



Kem C. Gardner

POLICY INSTITUTE

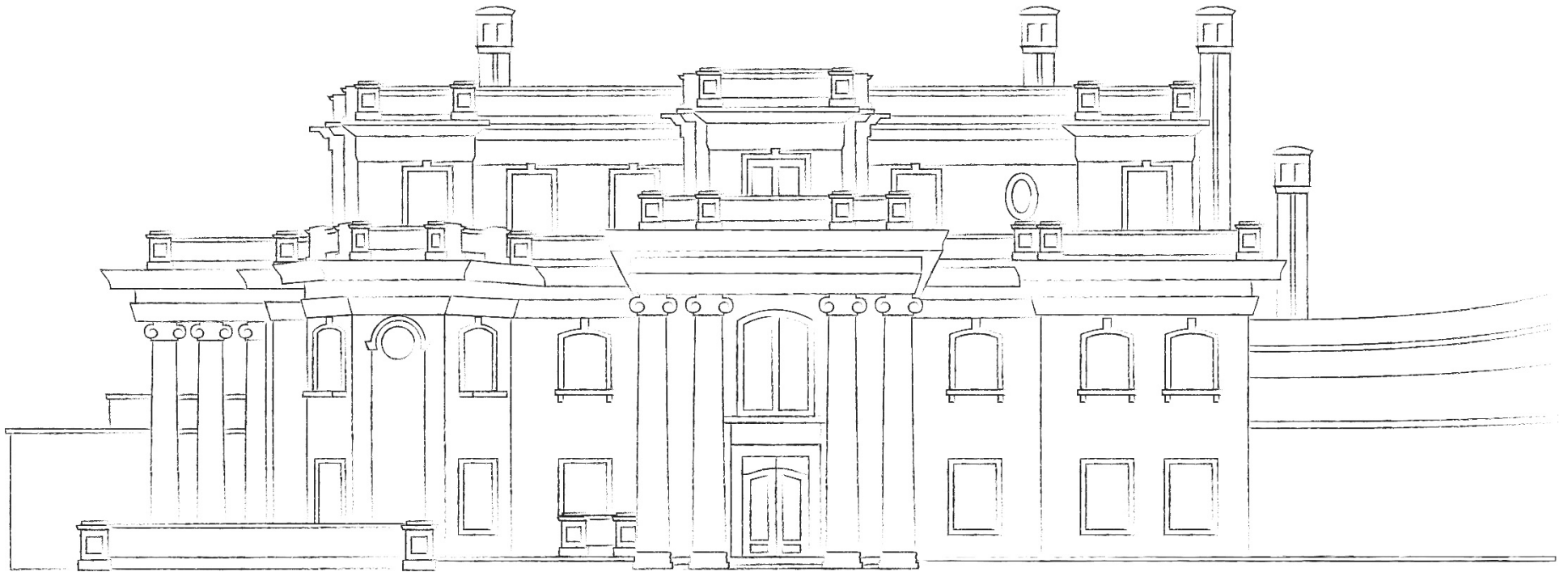
THE UNIVERSITY OF UTAH

Economic Update

March 23, 2017

INFORMED DECISIONS™

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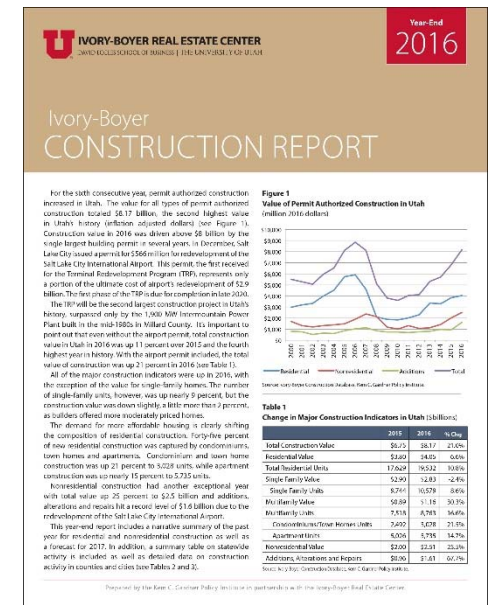
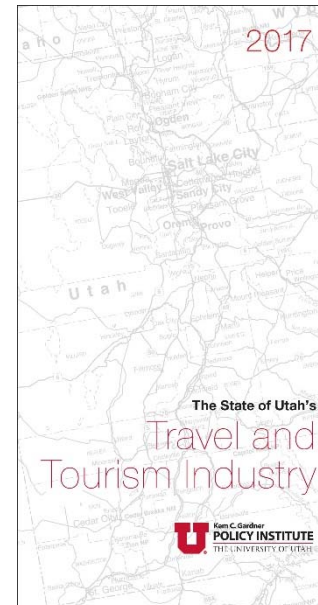
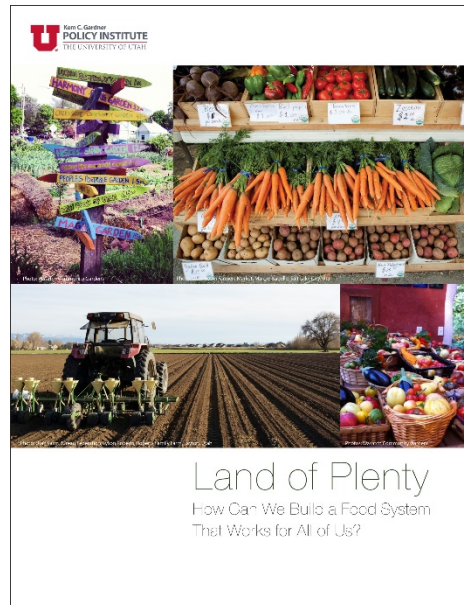
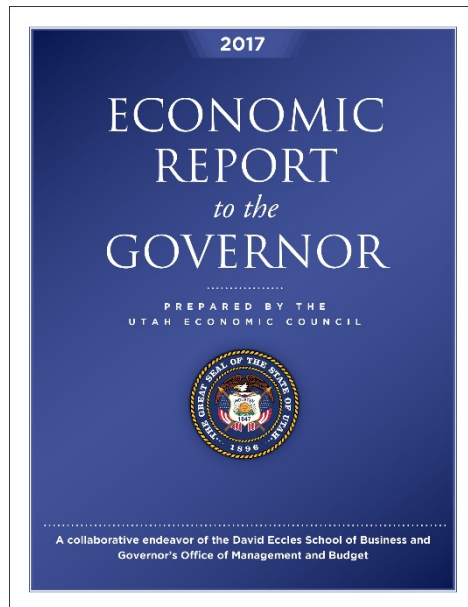


Our Mission: *To develop and share economic, demographic and public policy data and research that help individuals and the community make informed decisions.*

Our Vision: *To be a vital gathering place and center for independent economic, demographic and public policy thought leadership.*



Work Product Examples



Economic Update

- US Economy
- Utah Economy

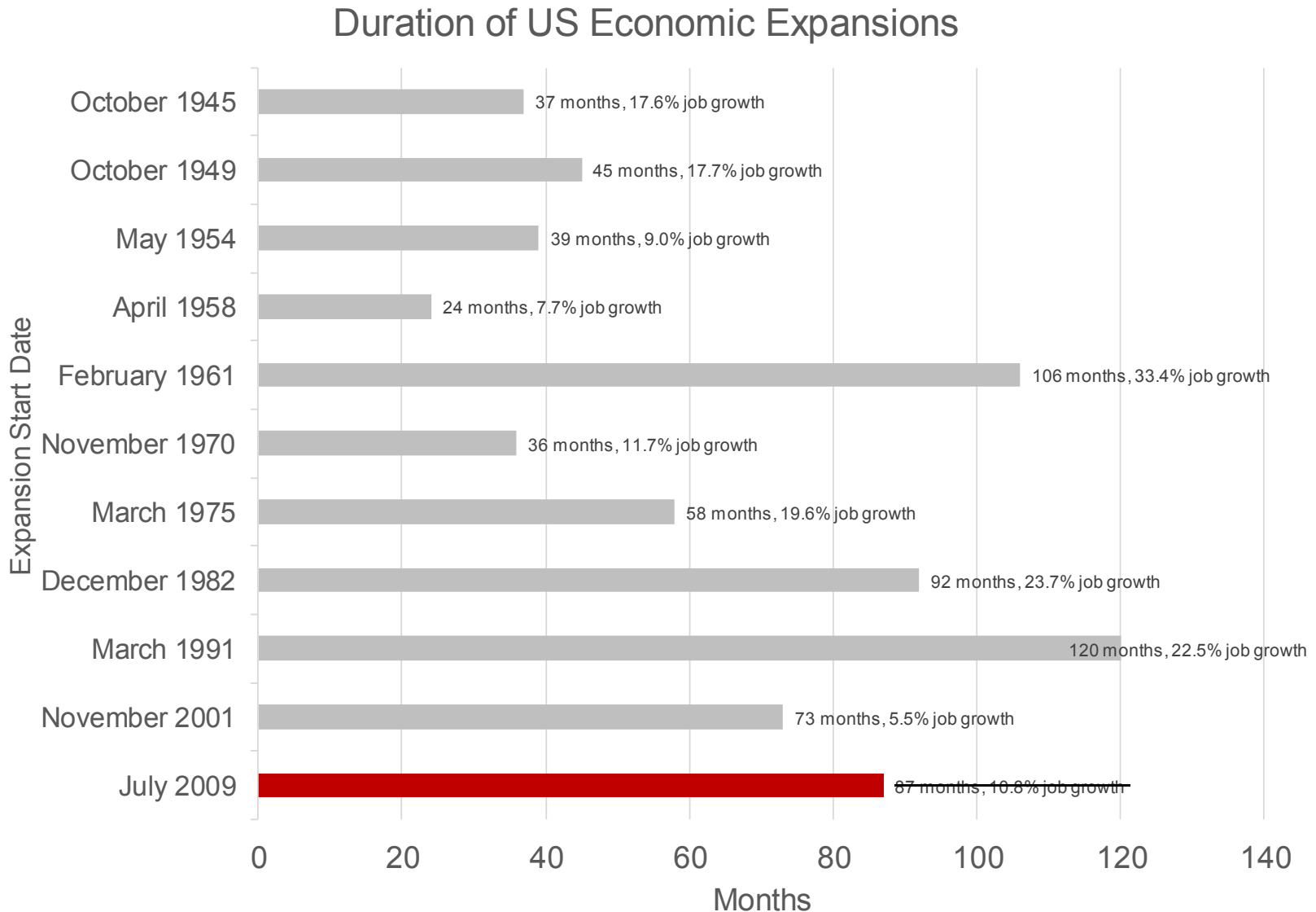


April 2008



July 2014

Current Expansion: ~~87~~ **92** Months and Counting...

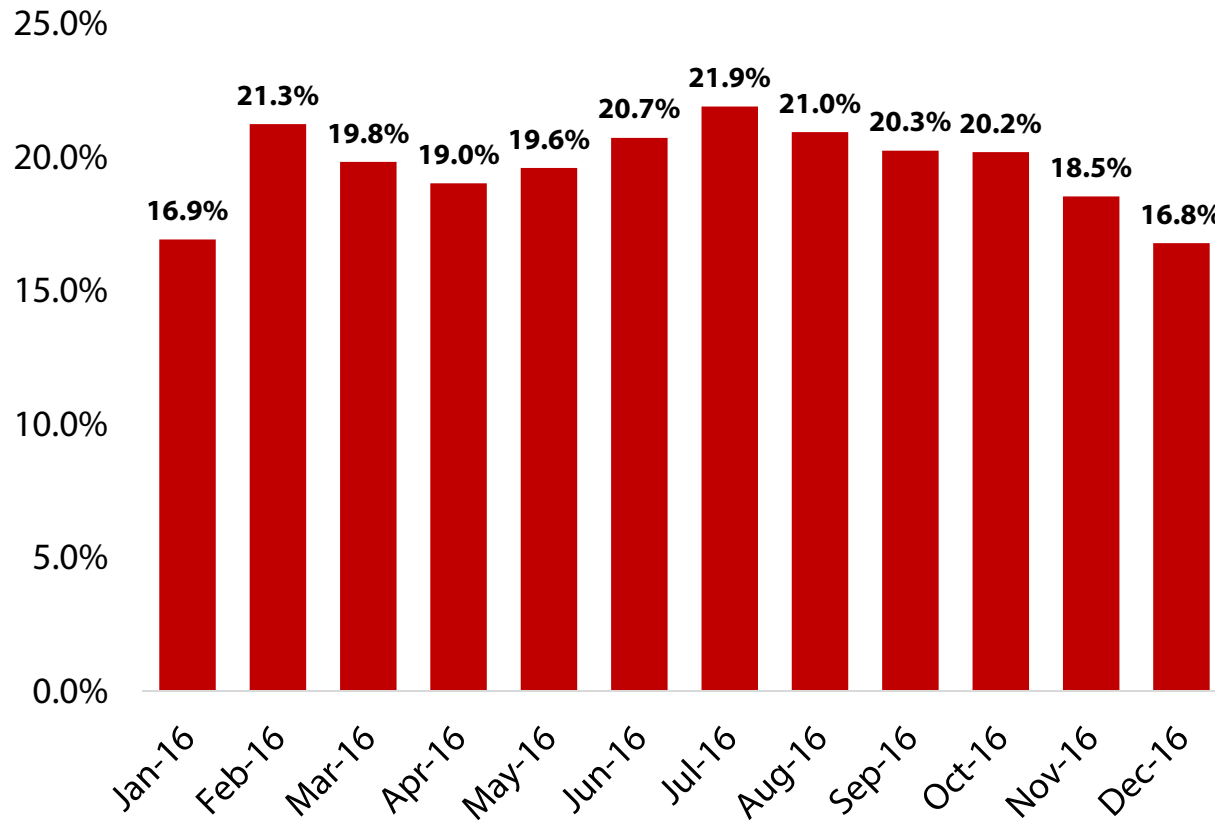




"I led a long and happy life. Twenty business cycles."

Recession Risks Decreasing (?)

Odds of US recession in next 12 months



US Economy: “Resiliency Amid Turmoil”

- ✓ Near Treasury Default
- ✓ European Debt Crisis
- ✓ Government Shutdown
- ✓ Oil Price Collapse
- ✓ China Economic Turmoil
- ✓ BREXIT

Moody's Analytics

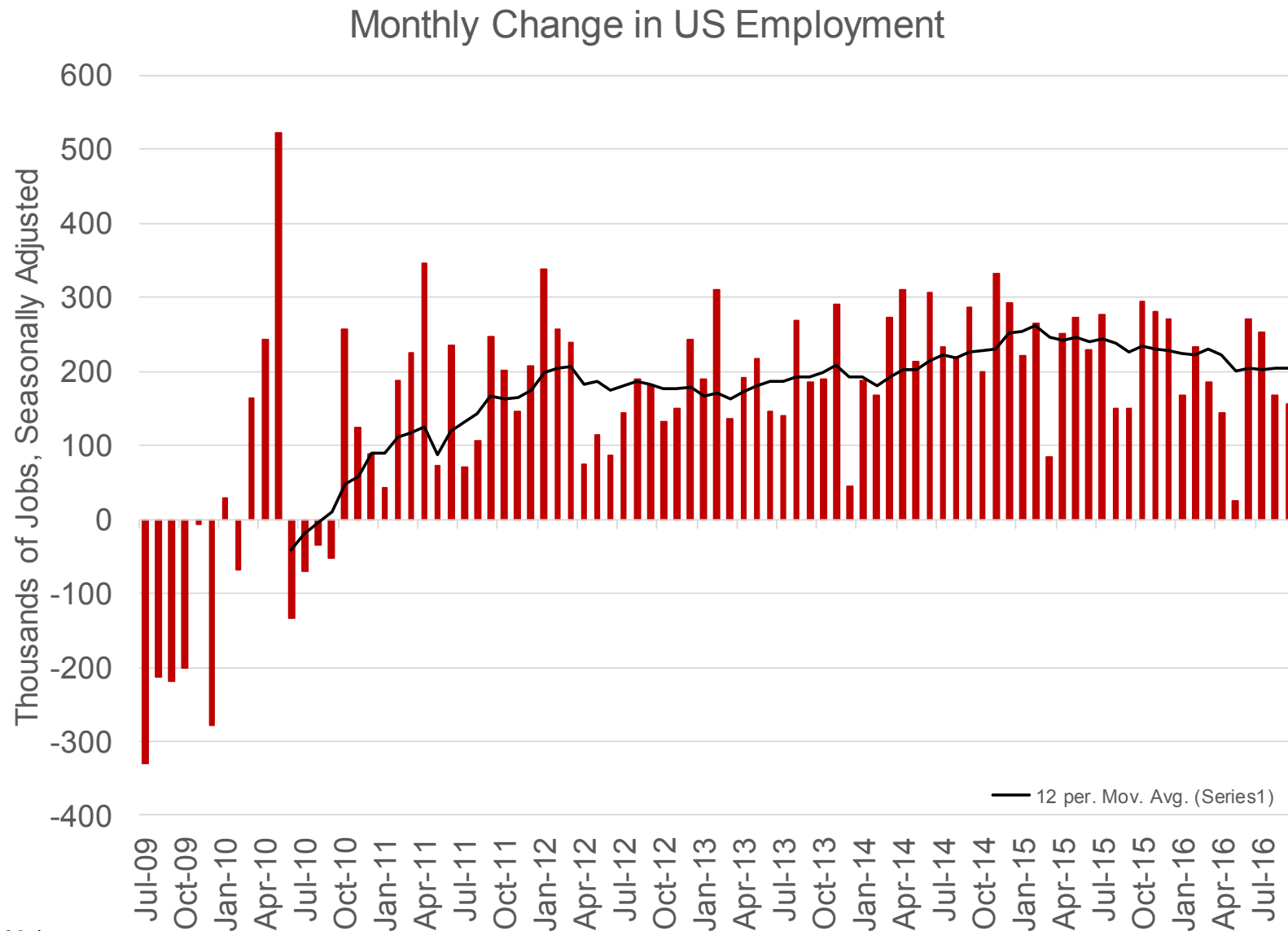
“What the hell happened in 2007?”

2007

- ✓ *Apple launched the **iPhone***
- ✓ ***Facebook** opened its service to everyone*
- ✓ ***Twitter** emerges*
- ✓ *Amazon debuted the **Kindle***
- ✓ *Google bought **YouTube***
- ✓ *IBM created AI system **Watson***
- ✓ *Intel introduced **non-silicon materials** into microchips*

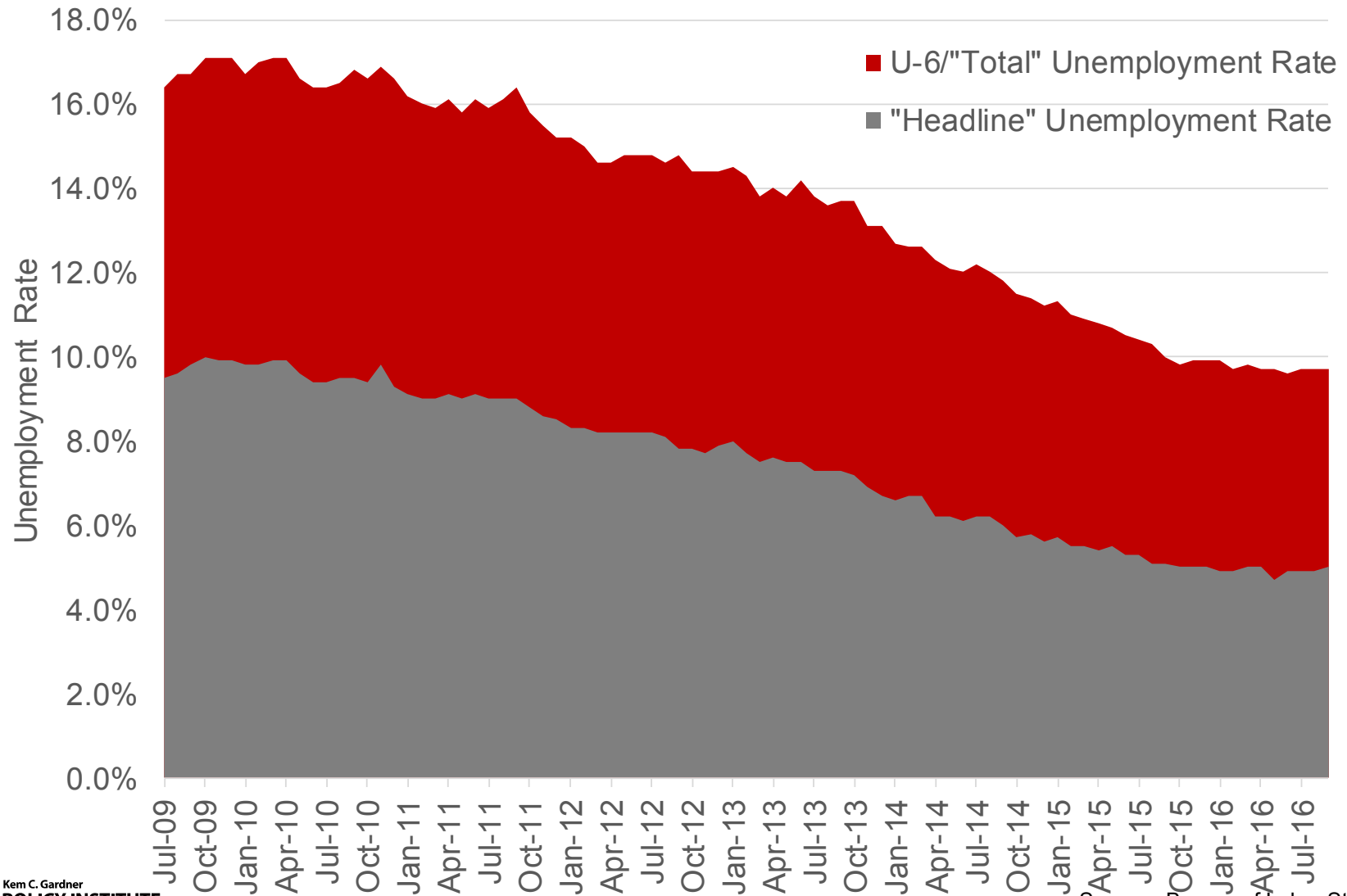
Friedman, Thomas. (2016). *Thank you for being late, An optimist's guide to thriving in the age of acclerations*. New York: Farrar, Straus, and Giroux.

Latest US Job Growth Better than Expected



Ranks of Unemployed Shrinking

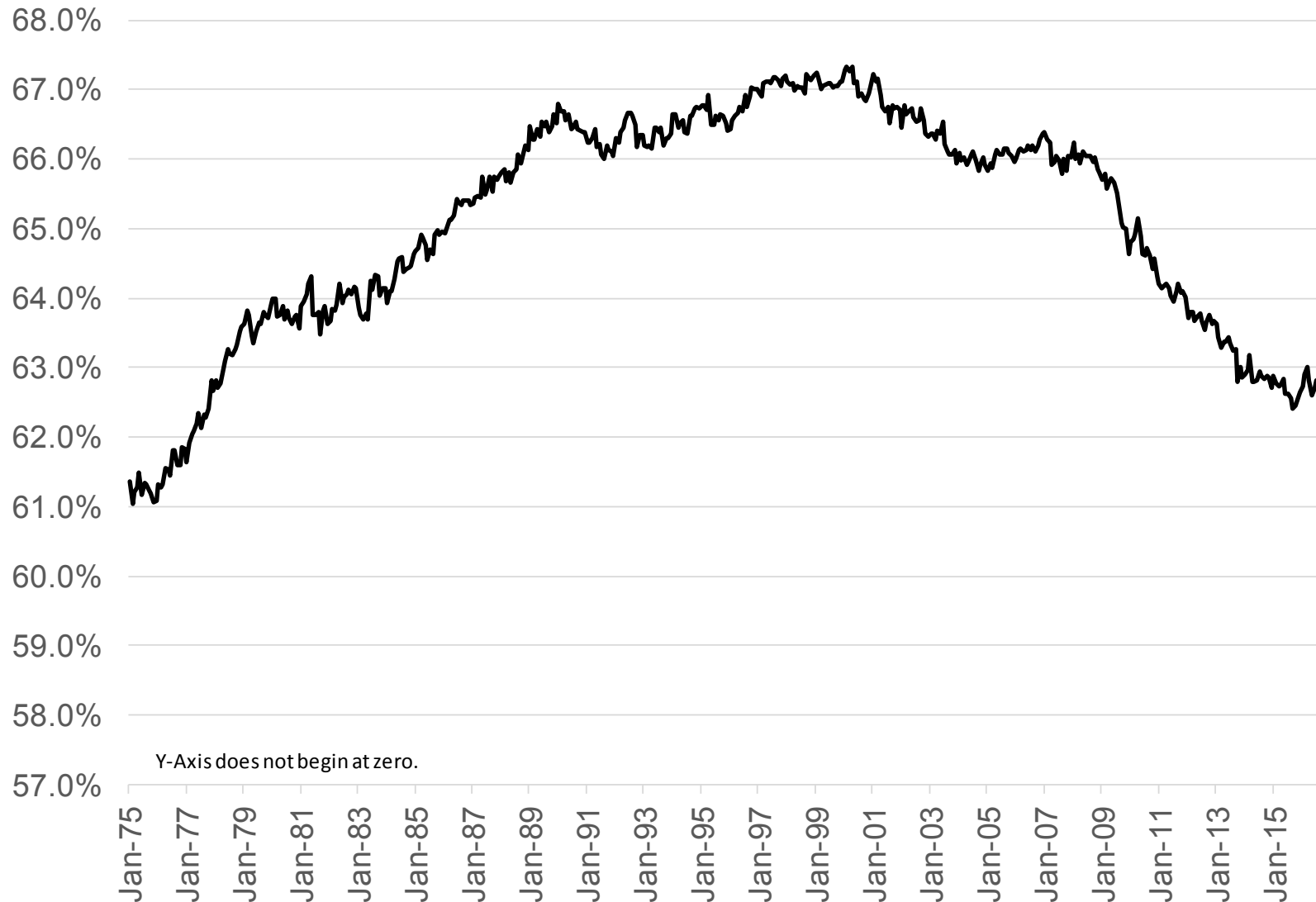
US Headline and U-6 Unemployment Rates



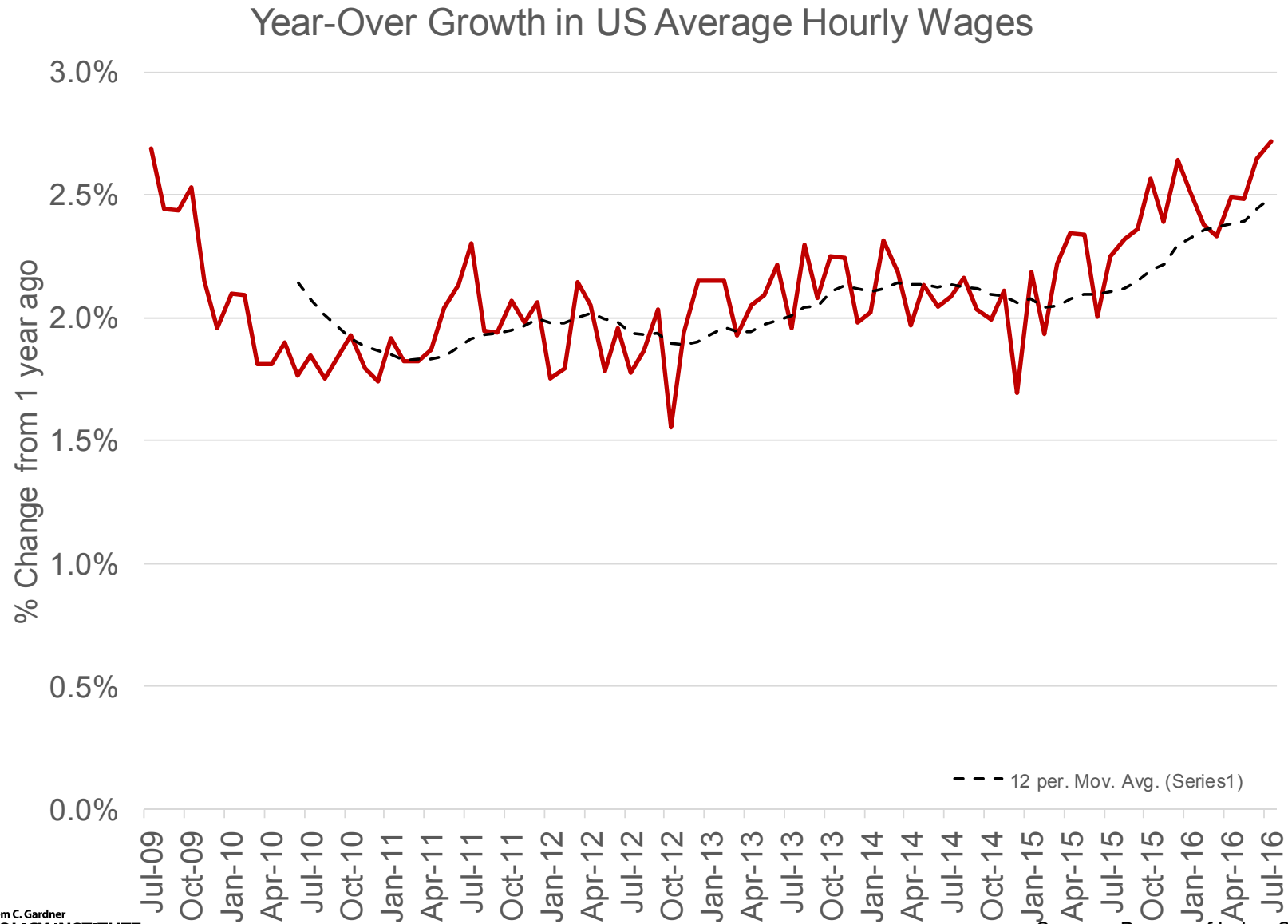
Source: Bureau of Labor Statistics

Labor Force Participation Steadying?

US Labor Force Participation Rates



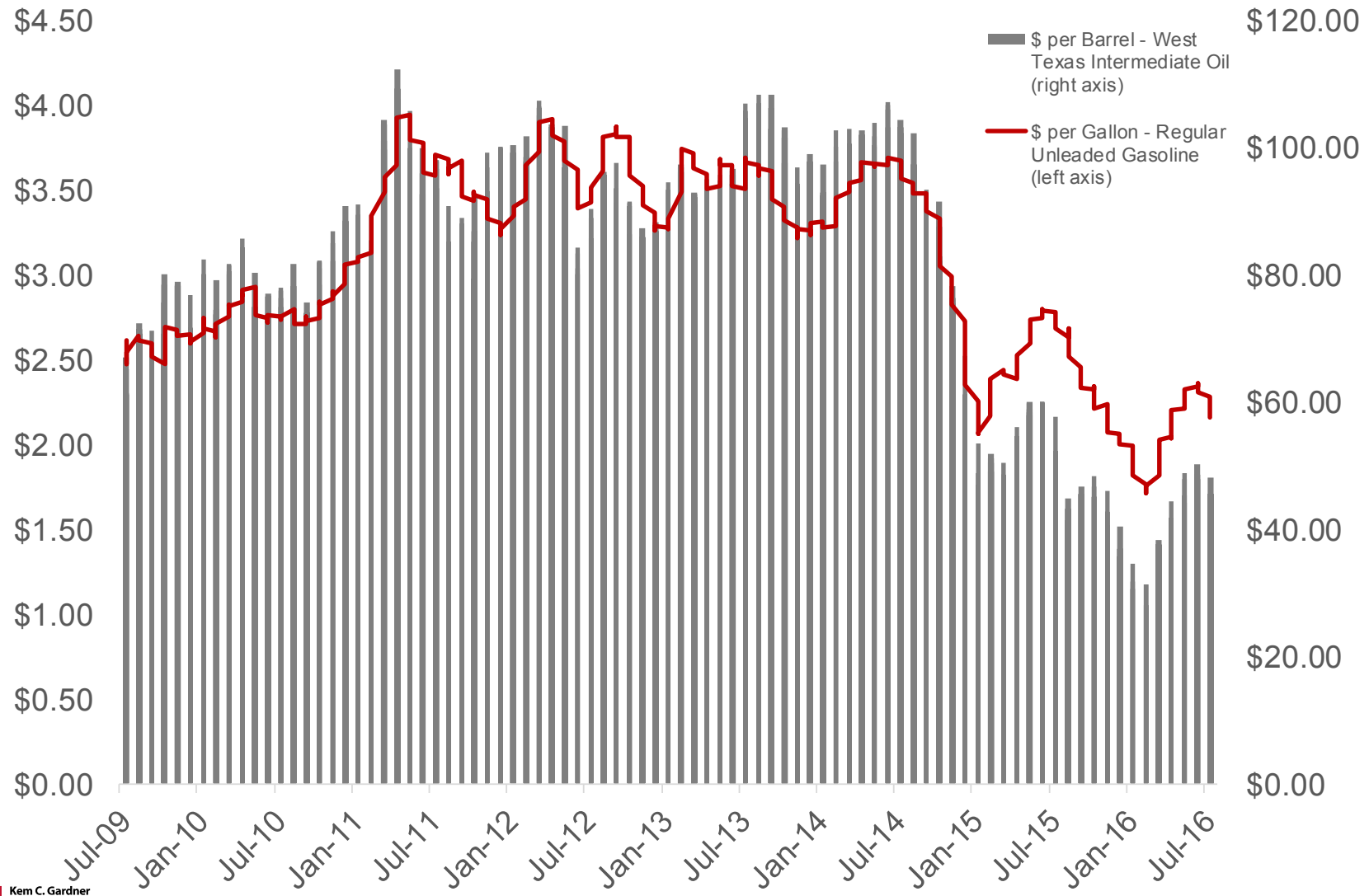
Wage Growth Finally Accelerating



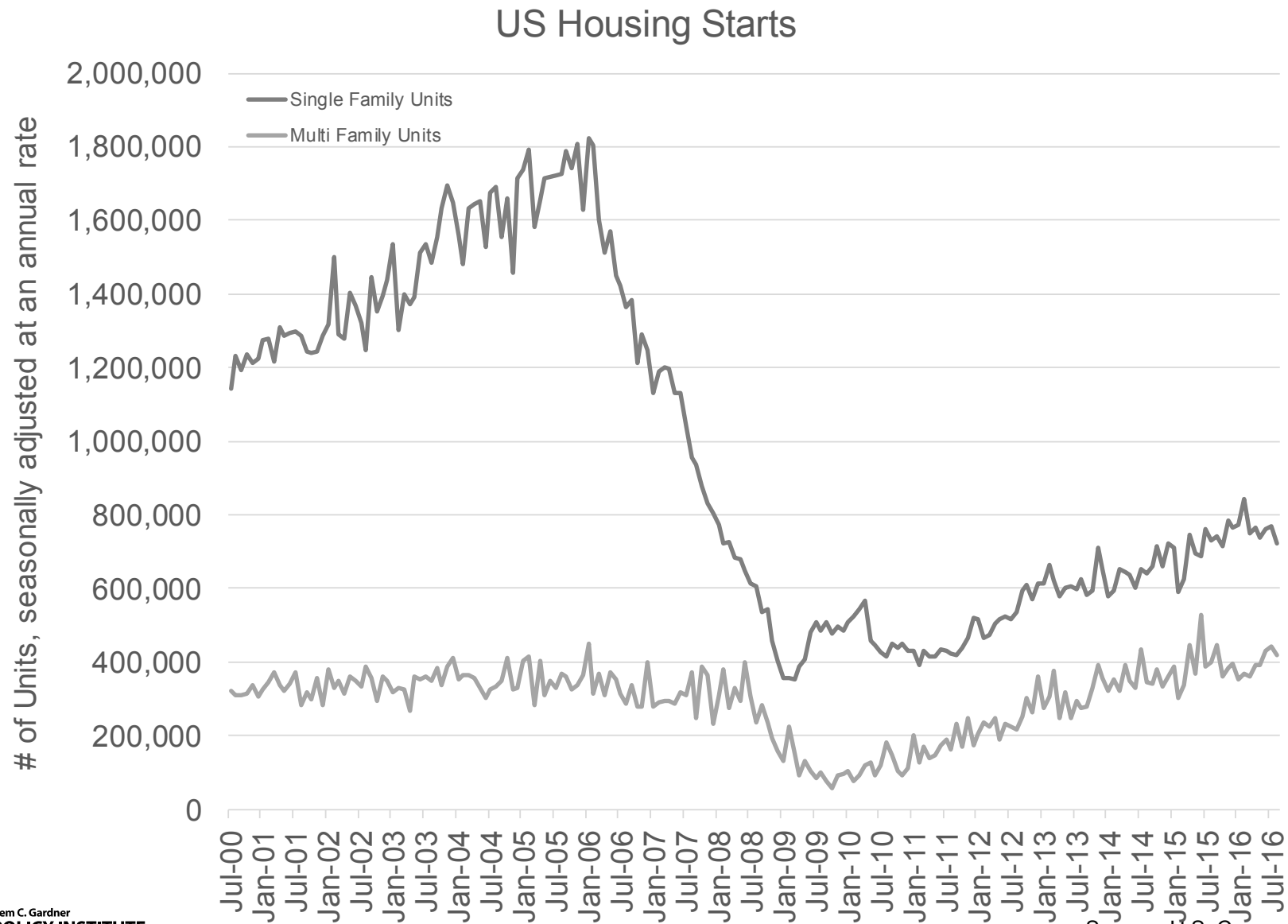
Source: Bureau of Labor Statistics

Price of Hit a Bottom

Weekly Oil and Motor Fuel Prices



(Some) Pent-Up Demand Fueling Construction



Source: U.S. Census Bureau

Consumer confidence at a 10-year high

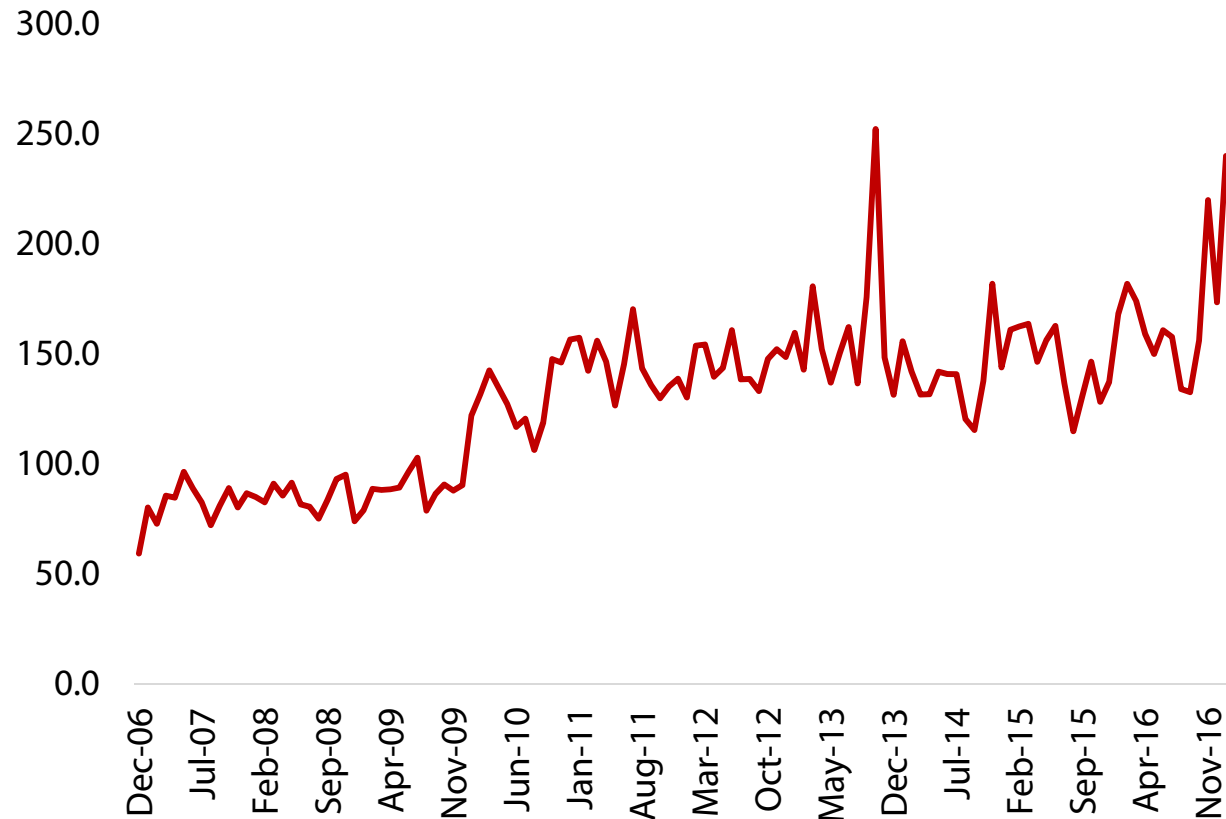


Source: The Conference Board

Partisan conflict also at a 10-year high

Partisan Conflict Index

1990 average = 100



Note: The Partisan Conflict Index measures the frequency of articles in major U.S. newspapers reporting political disagreement.

Source: Federal Reserve Bank of Philadelphia

Moodys' Key Questions for 2017

- ***Will there be expansionary fiscal policy?***
- ***Significant boost to GDP?***
- ***Will the labor market overheat?***
- ***Will there be a trade war?***
- ***Will the Fed raise rates more than markets anticipate?***

Economic Update

- US Economy
- Utah Economy

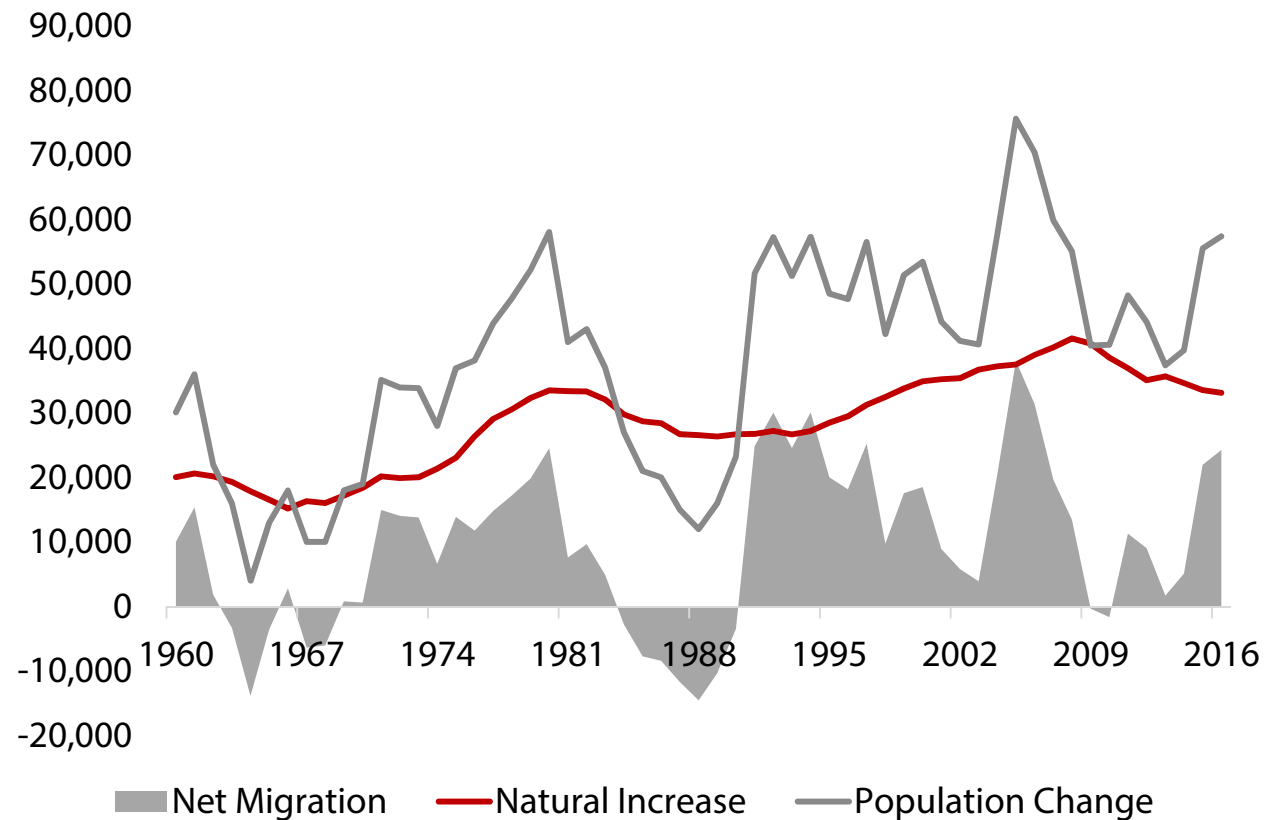
2016

Utah economy highlights

- ✓ *49,500 Jobs, 3.6% growth rate*
- ✓ *Unemployment rate post-recession low of 3.1%*
- ✓ *All sectors growing*
- ✓ *Record commercial construction value (\$2.5 b)*
- ✓ *Strong (relatively) net in-migration*

*Utah net migration growing,
natural increase declining*

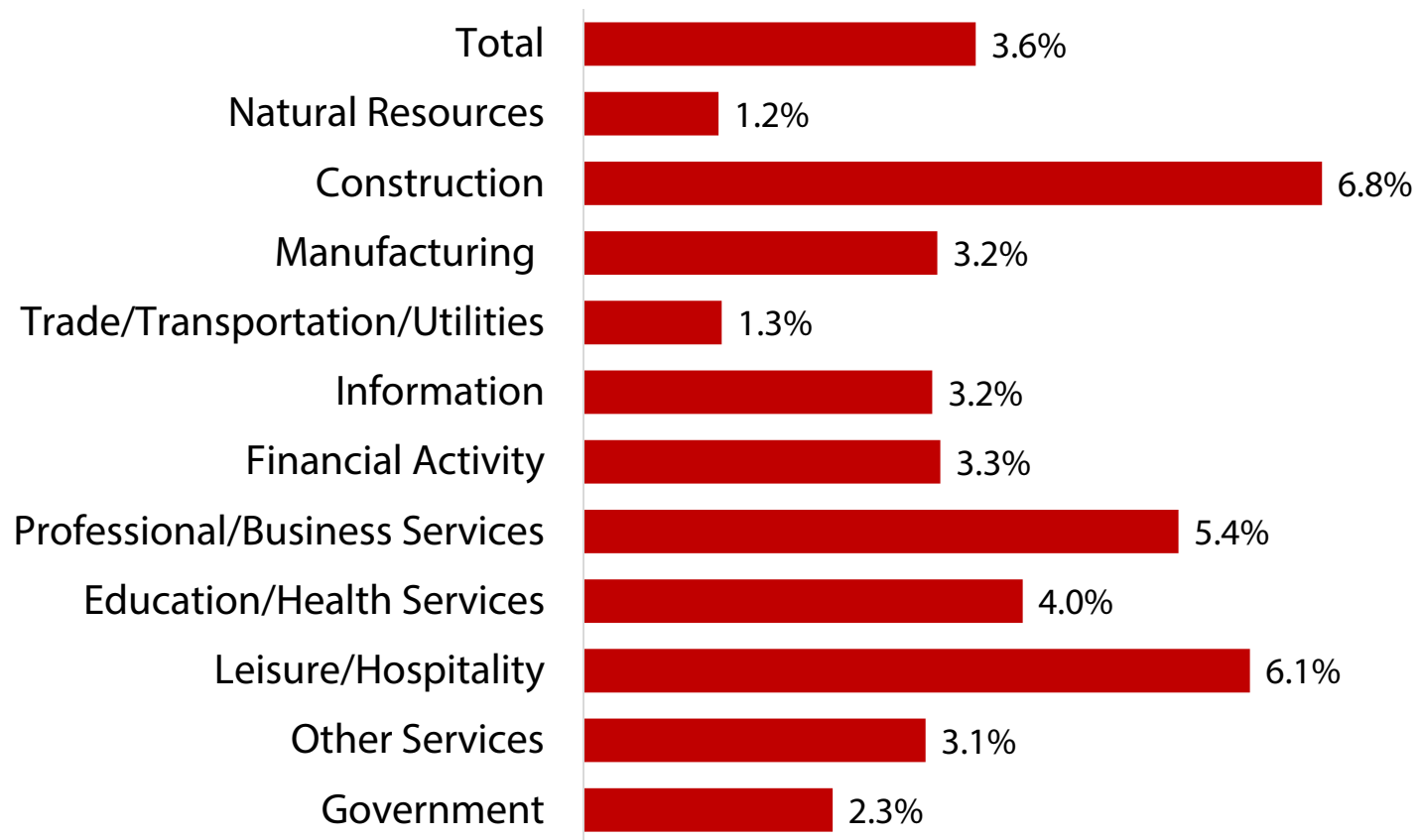
Utah Components of Population Change



Source: Utah Population Estimates Committee and Utah Population Committee

All sectors growing

Utah Job Growth: 2015 - 2016

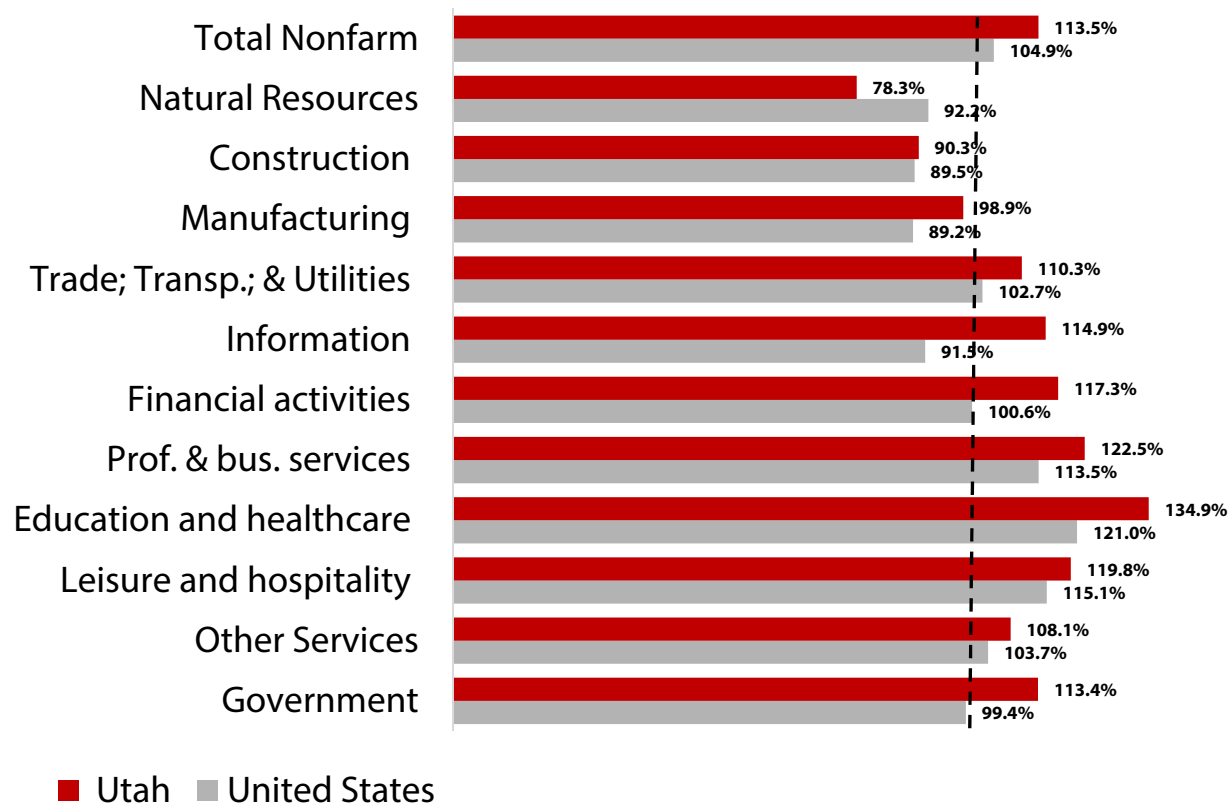


Source: Utah Department of Workforce Services

Employment has surpassed 2007 peak in all but three sectors

Employment as a percent of 2007 peak

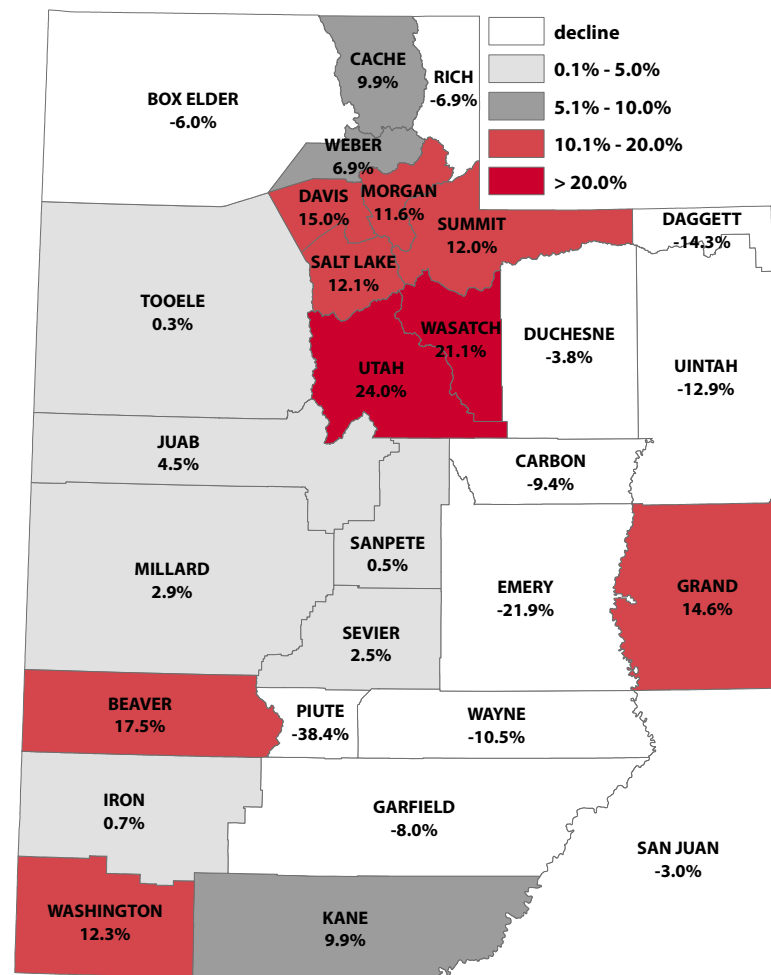
November, 2016



Source: Kem C. Gardner Policy Institute analysis of Bureau of Labor Statistics data

Wasatch Front and Wasatch Back lead post recession job recovery

Employment change, Q1 2008 – Q1 2016

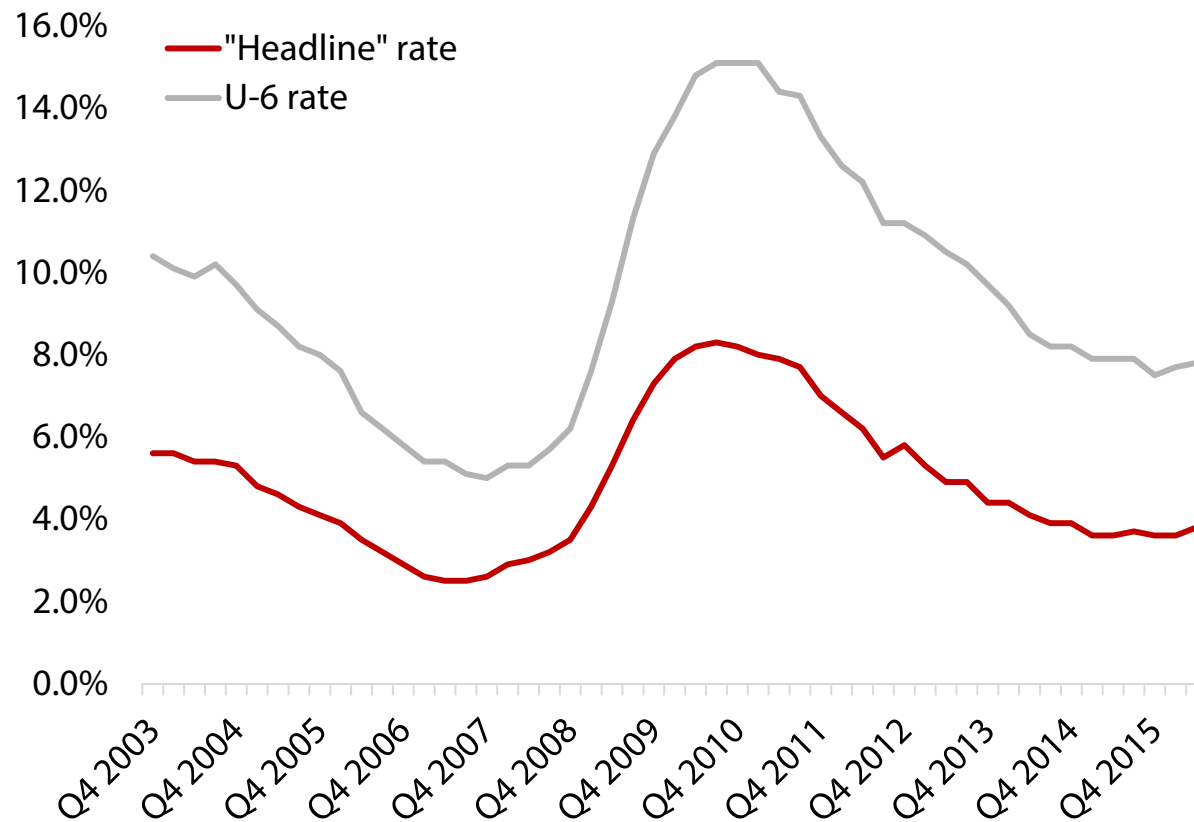


Source: Utah
Department of
Workforce Services

Has unemployment bottomed out in Utah?

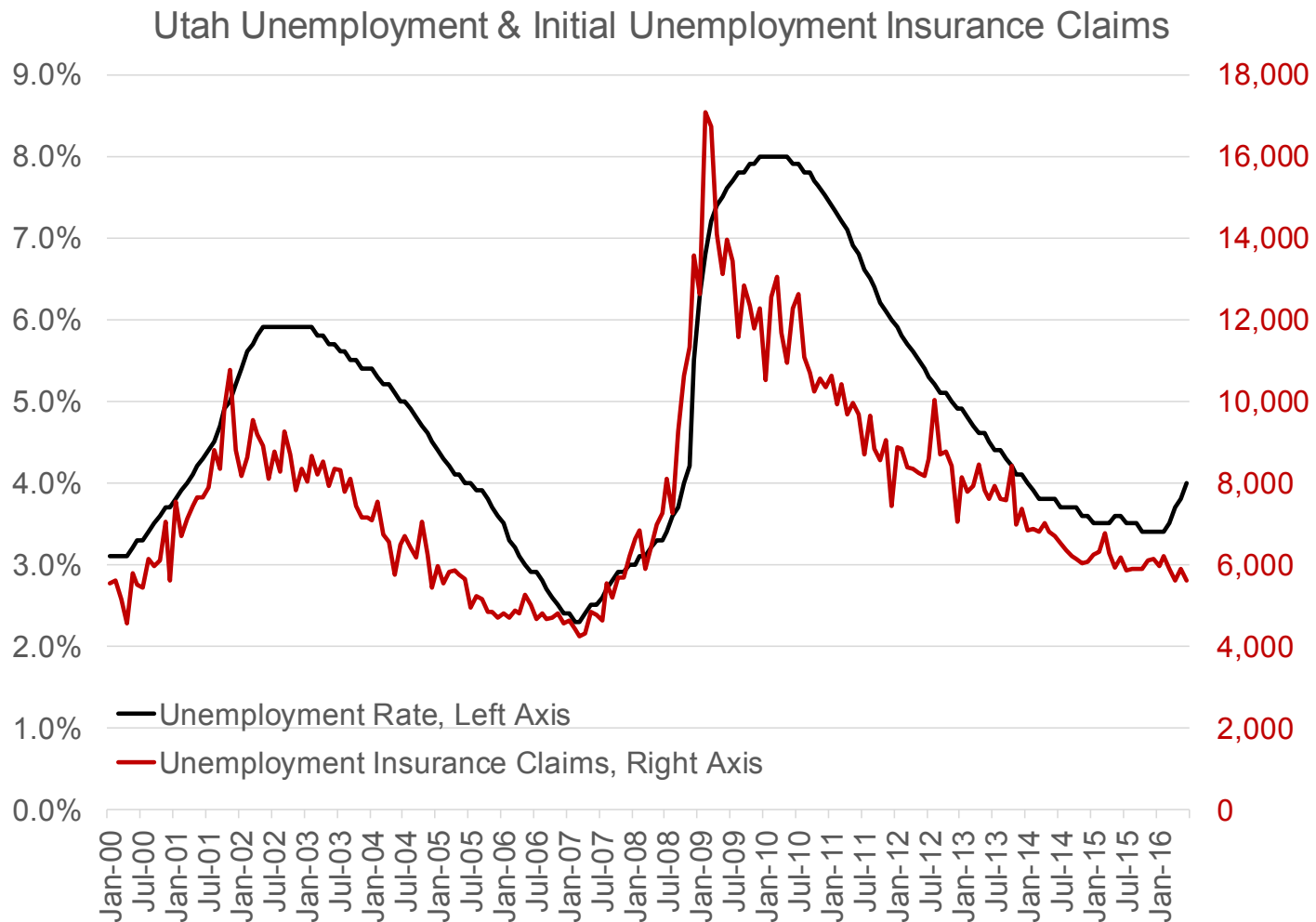
Utah Headline and U-6 unemployment rates

U-6 rate includes marginally attached and part-time for economic reasons



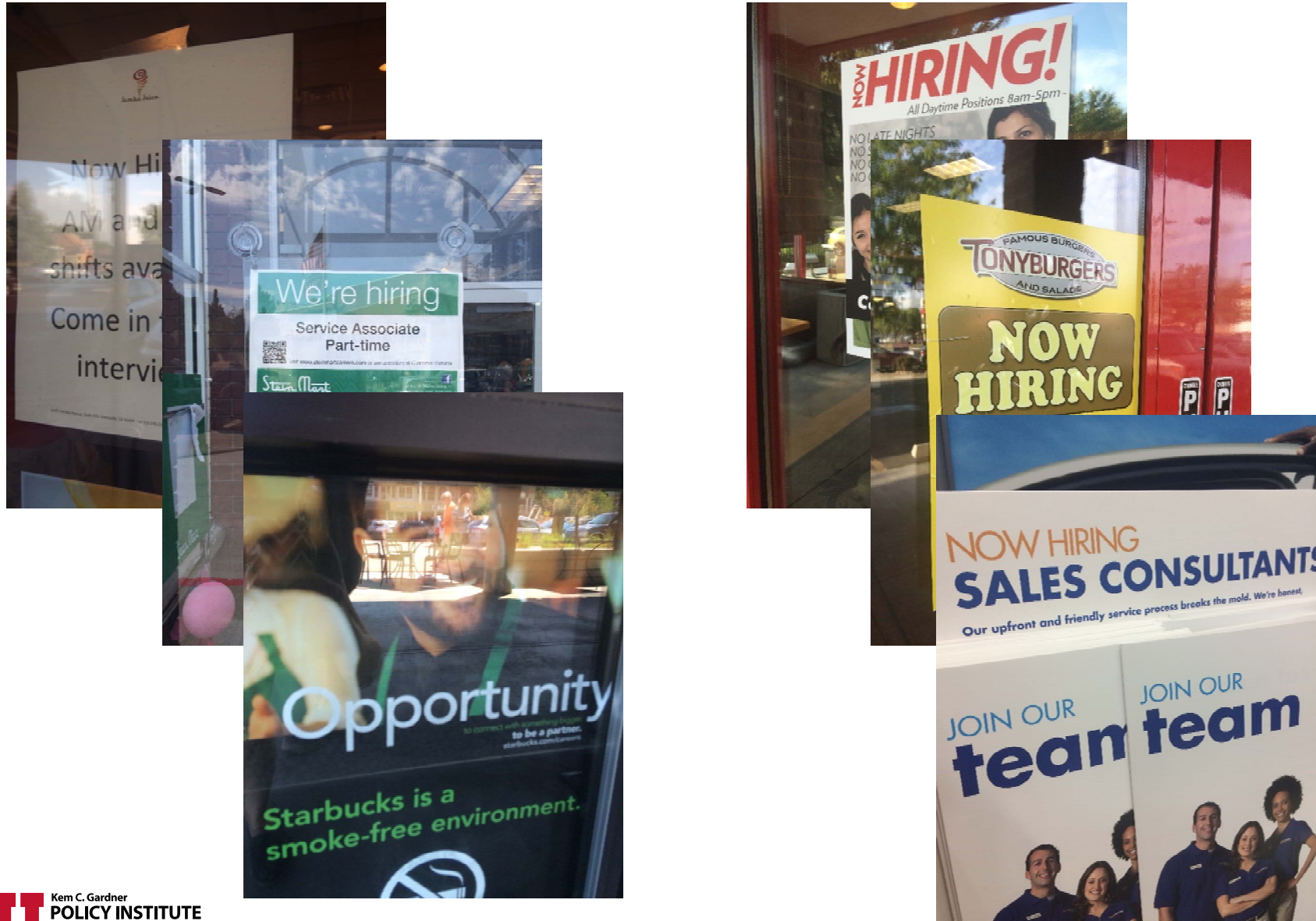
Source: Bureau of Labor Statistics

Has unemployment bottomed out in Utah?

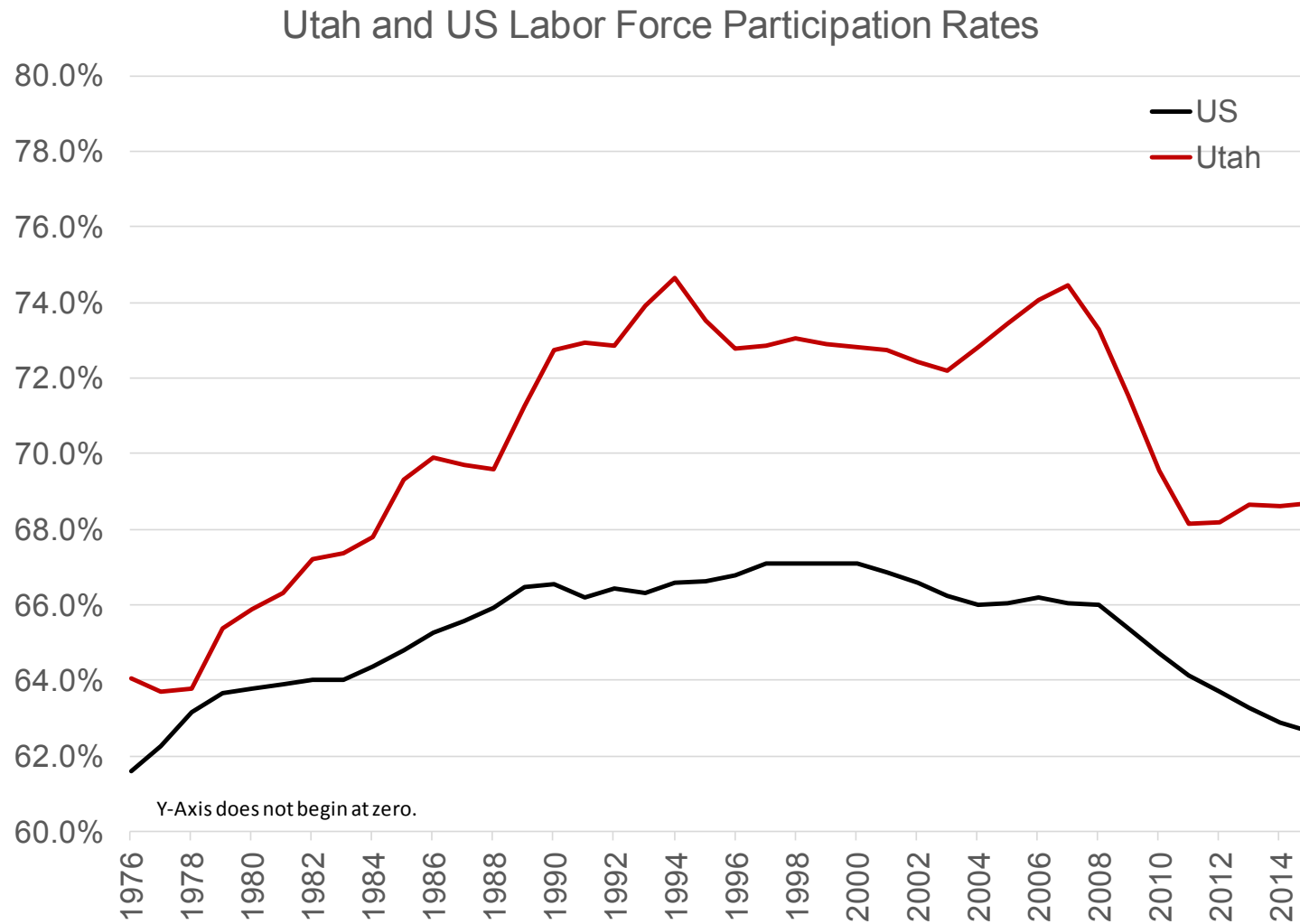


Source: Bureau of Labor Statistics

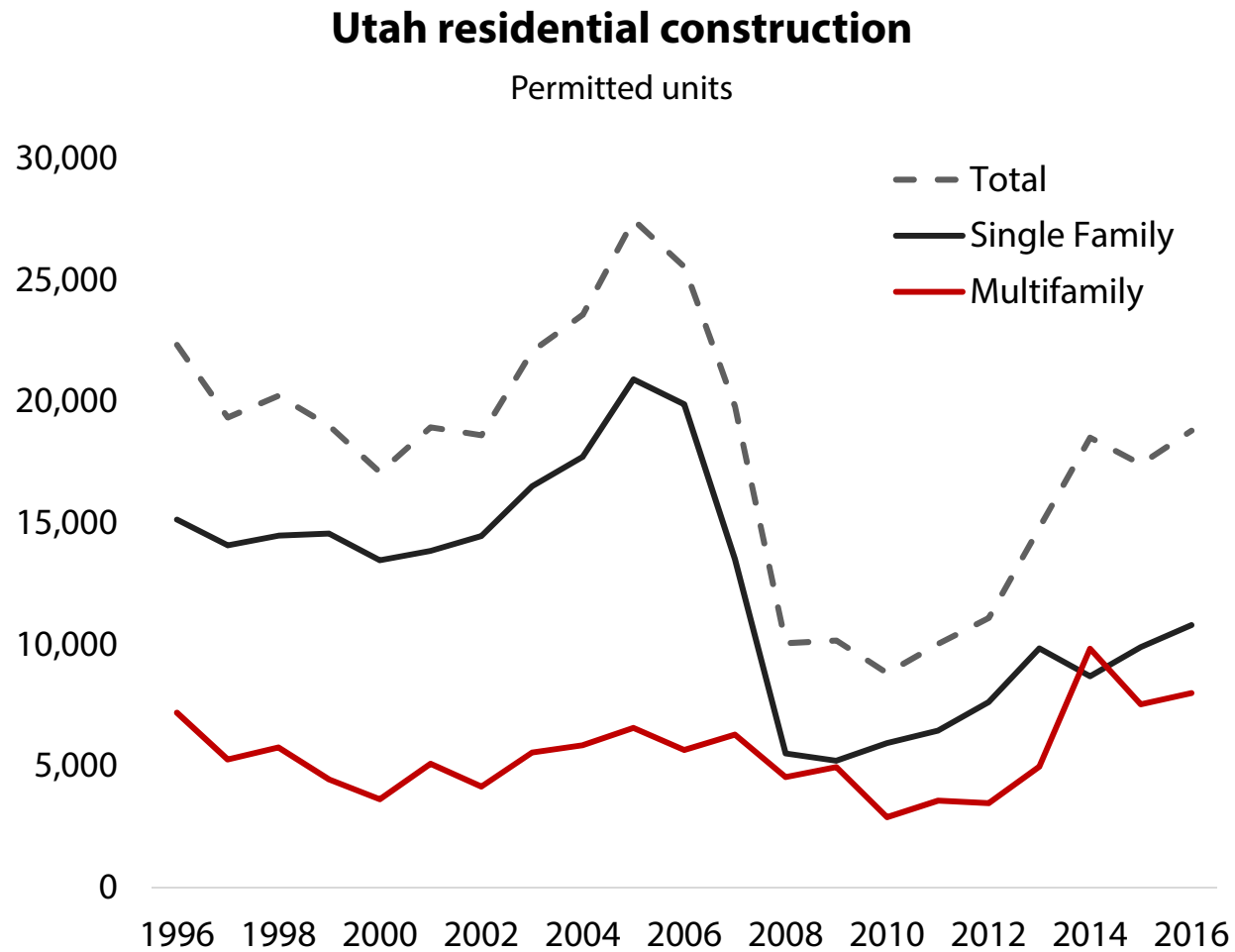
Utah Unemployment Rates Retreating?



Utah's labor force participation steady?



Elevated multifamily construction activity

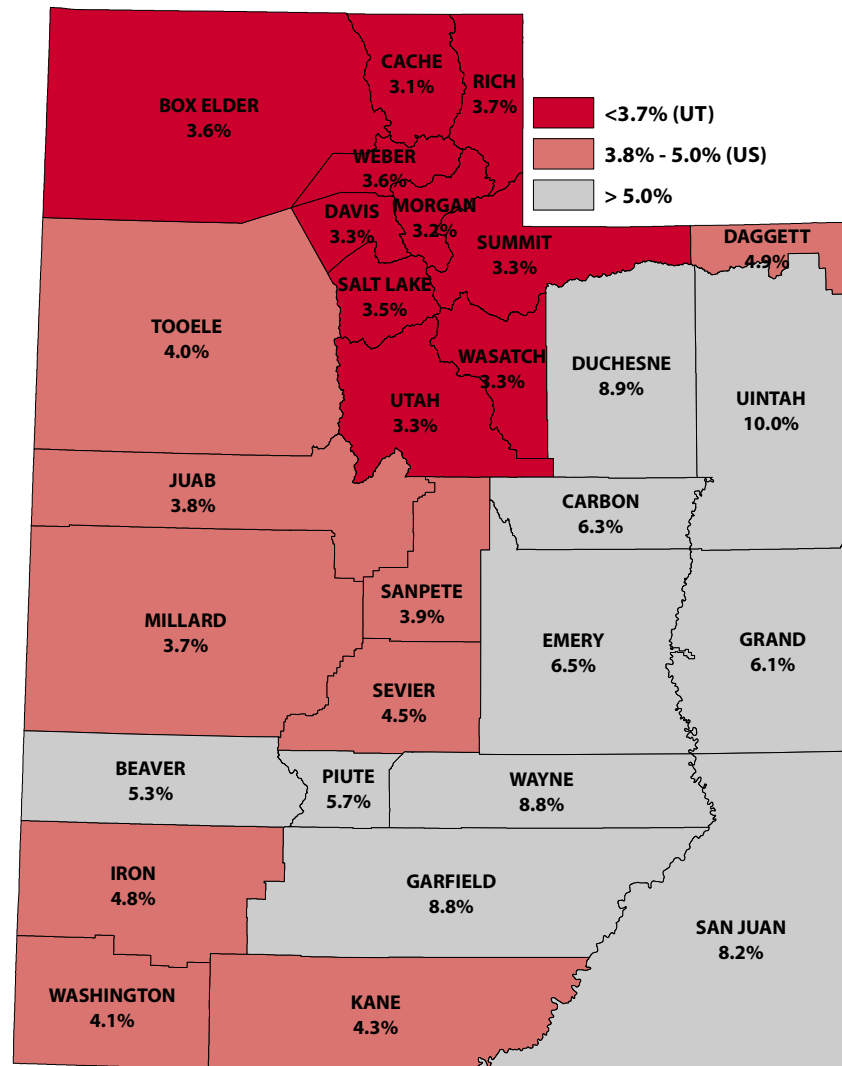


Note: 2016 is an estimate.

Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute

Unemployment Rates in Utah's Counties

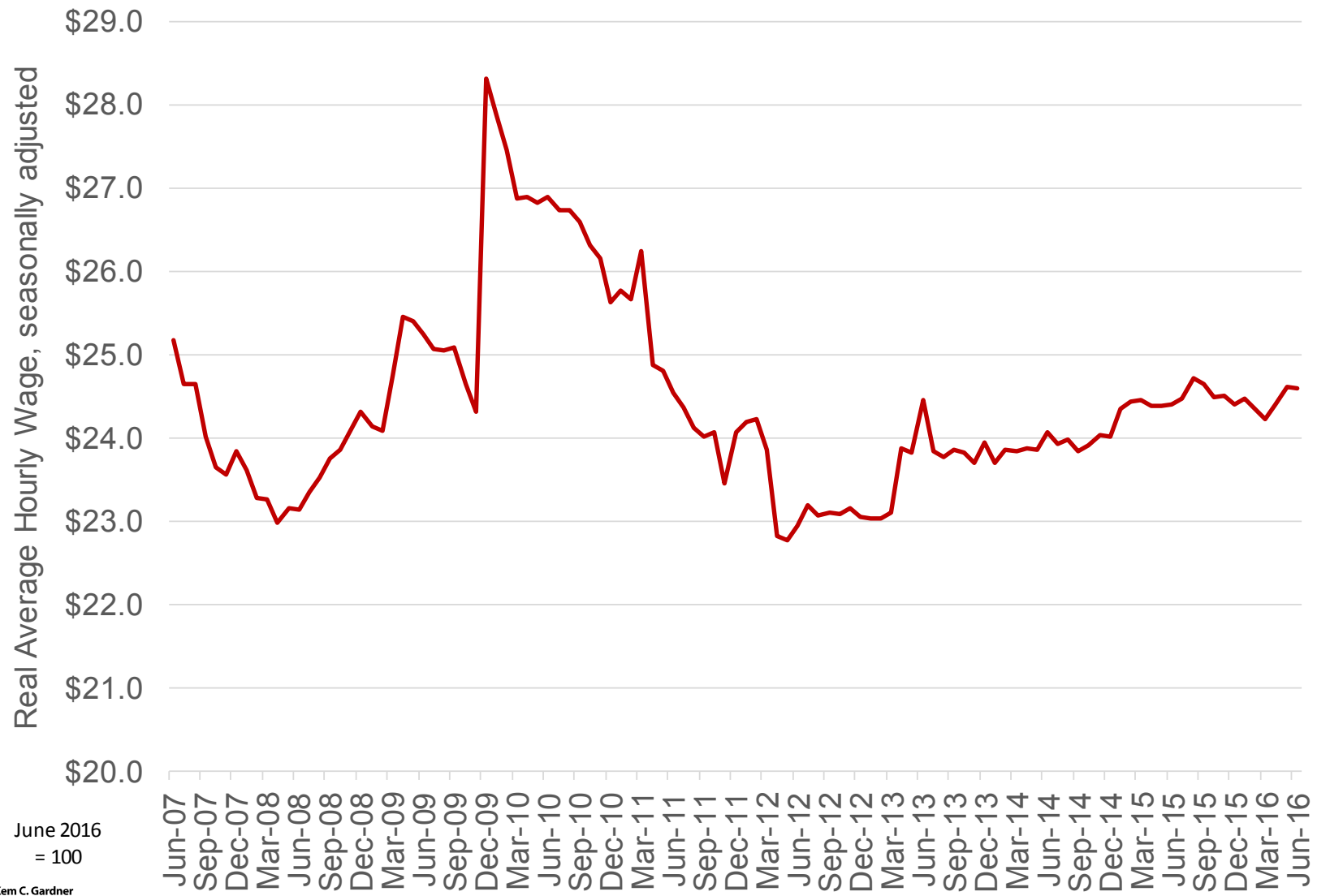
August 2016; US = 5.0% UT = 3.7%



Source: Kem C. Gardner Policy Institute analysis of Utah Department of Workforce Services data

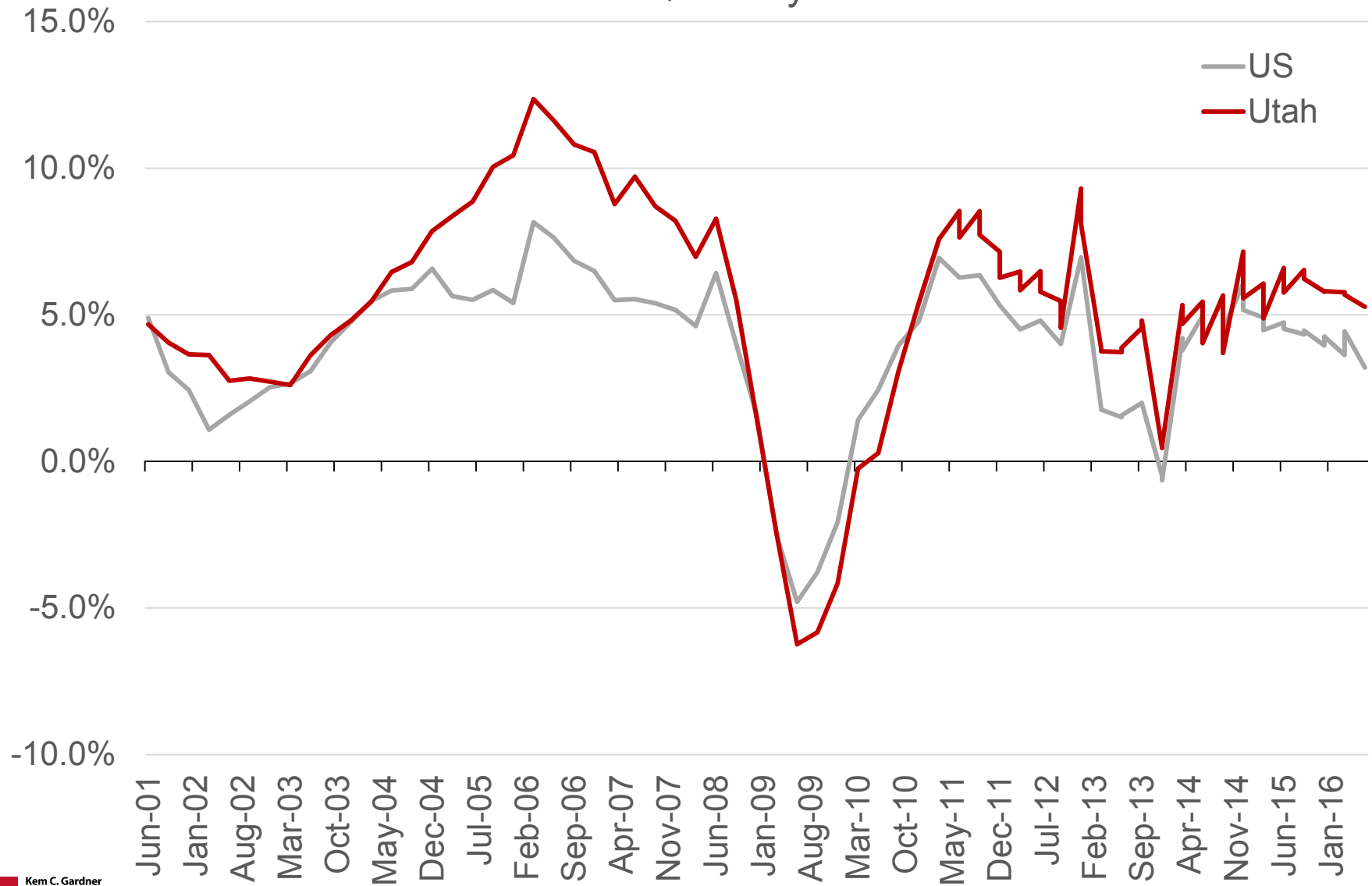
Slow Return to Wage Growth

Real Utah Average Hourly Wages, Private Employment



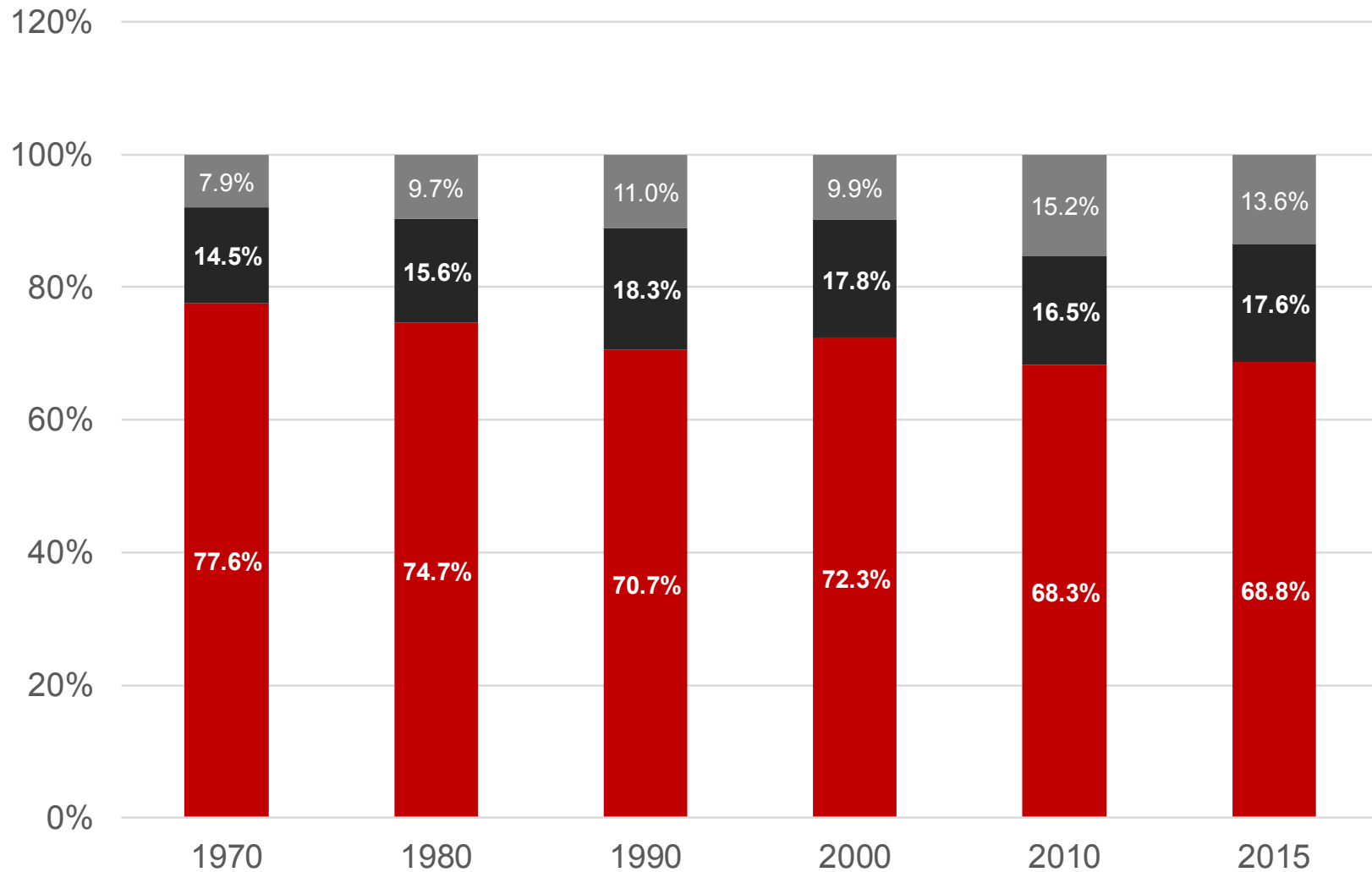
Total Personal Income Growth Below 2006 Peak

Year-Over Growth in Quarterly Personal Income



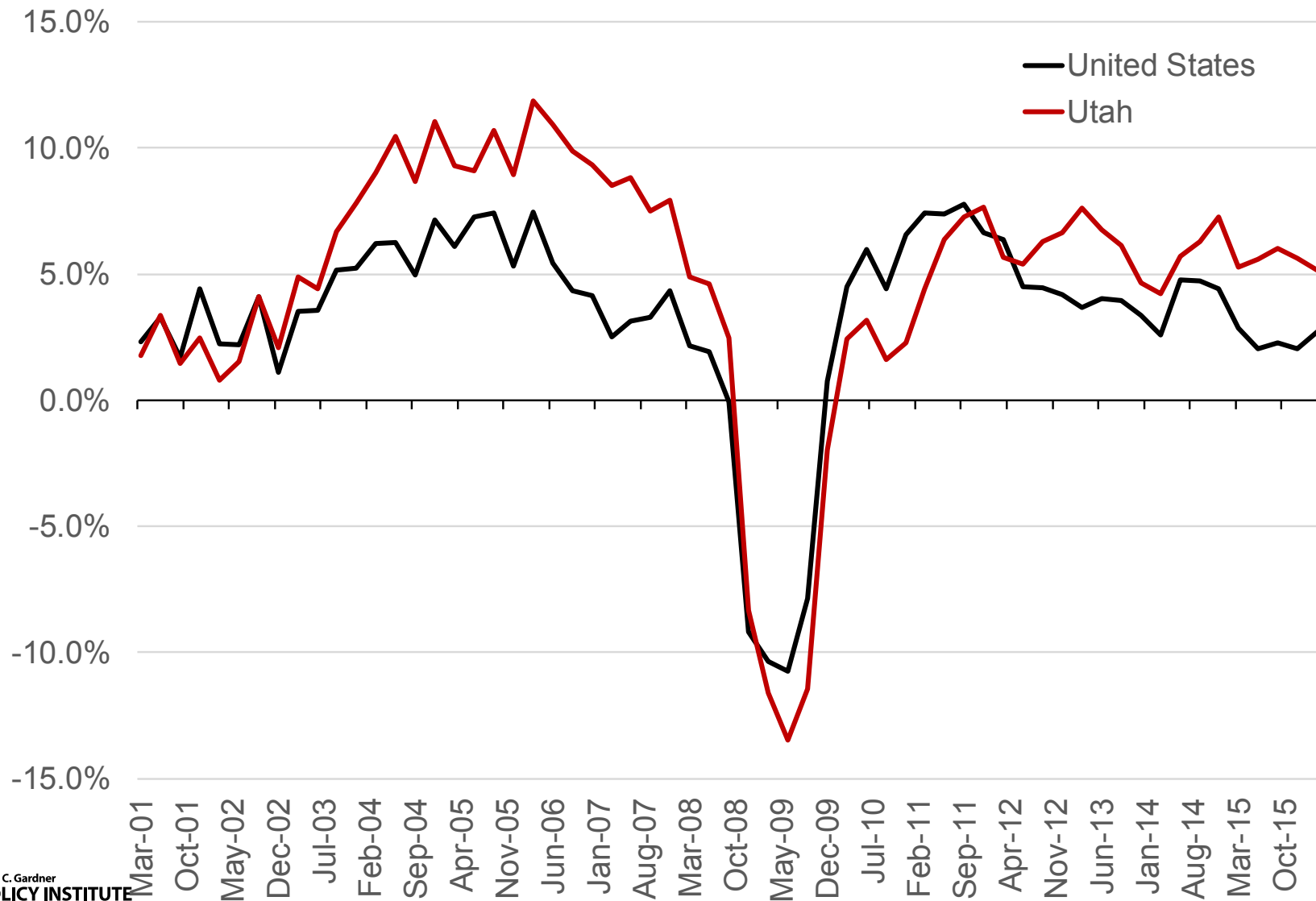
Transfer Payments Down Since 2010

Utah Components of Total Personal Income



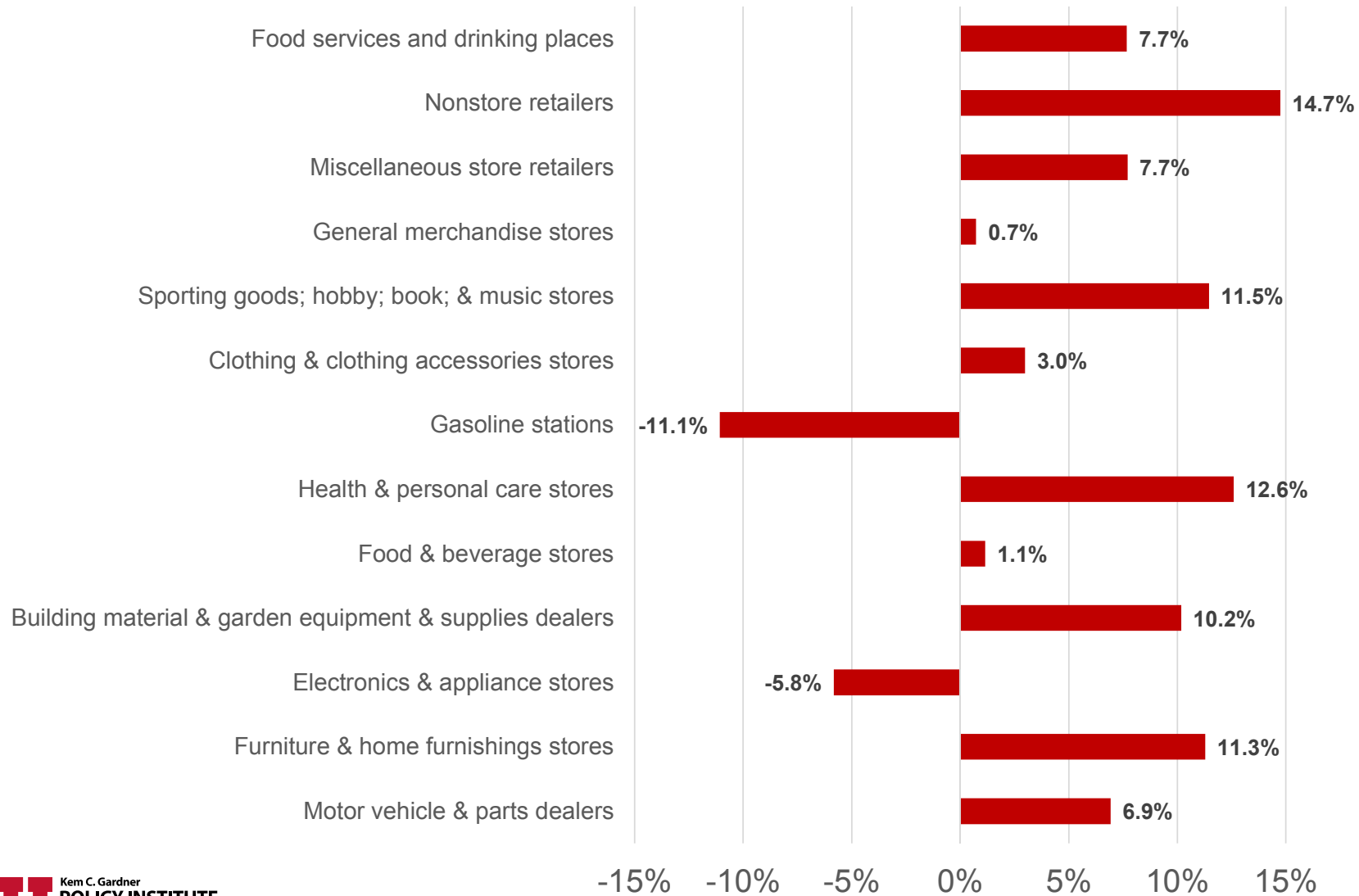
Utah Retail Sales Growth Stronger than US

Year-Over Growth in Quarterly Retail Sales

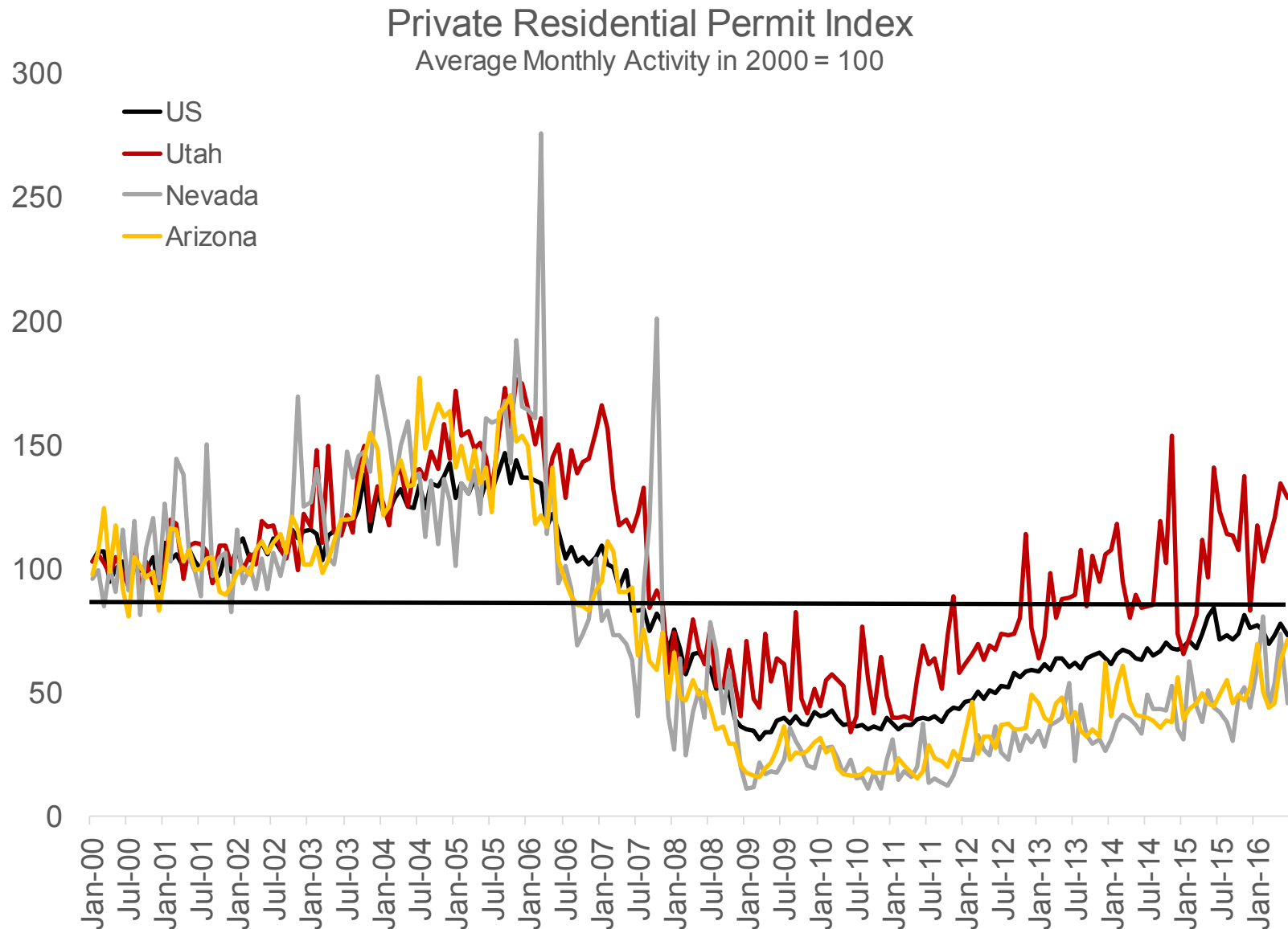


Utah Retail Sales Growth Across Most Sectors

Utah Retail Sales Change: Q1 2015 - Q1 2016

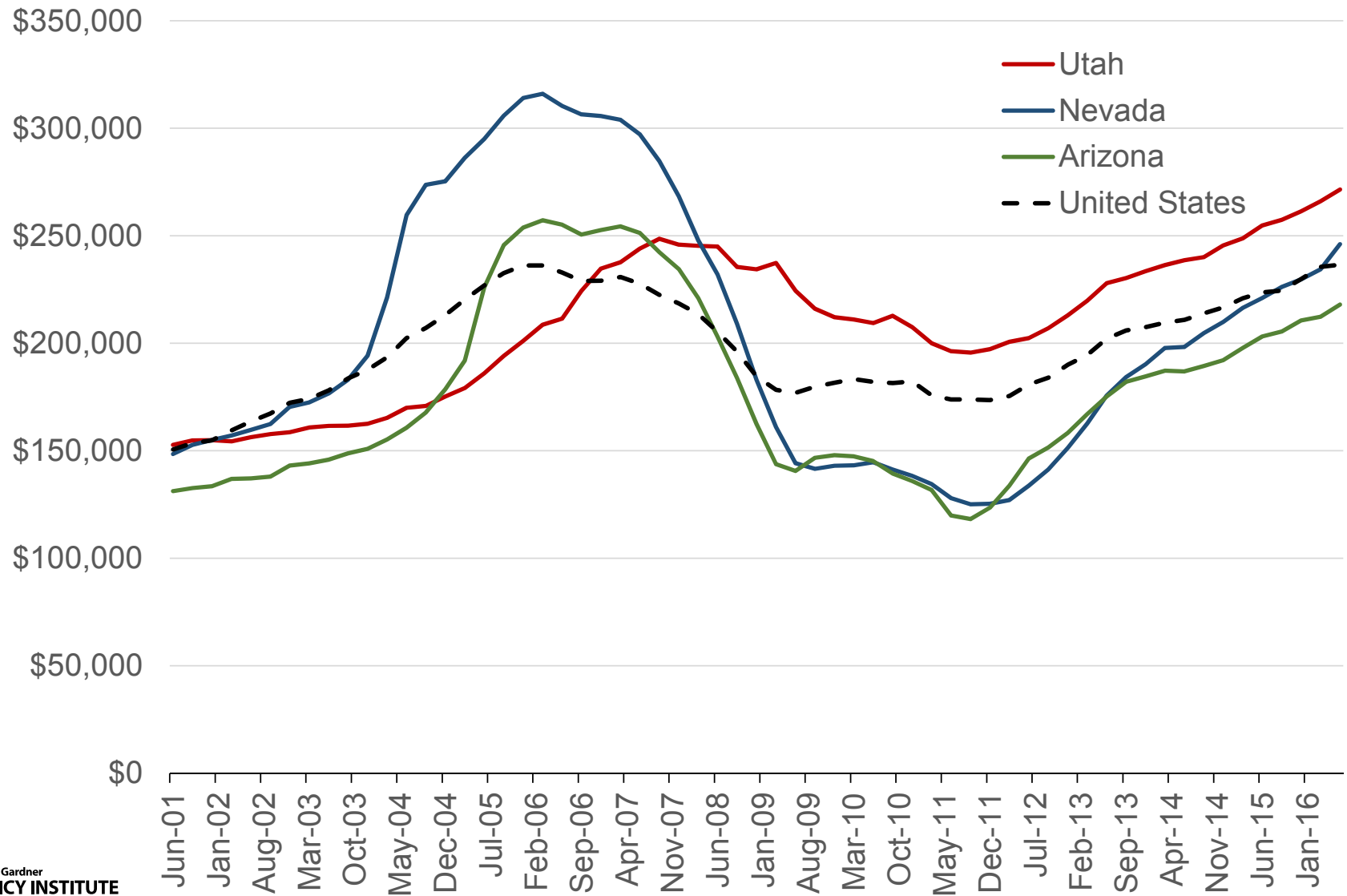


(Some) Pent-Up Demand Fueling Construction



Utah Home Prices Have Recovered

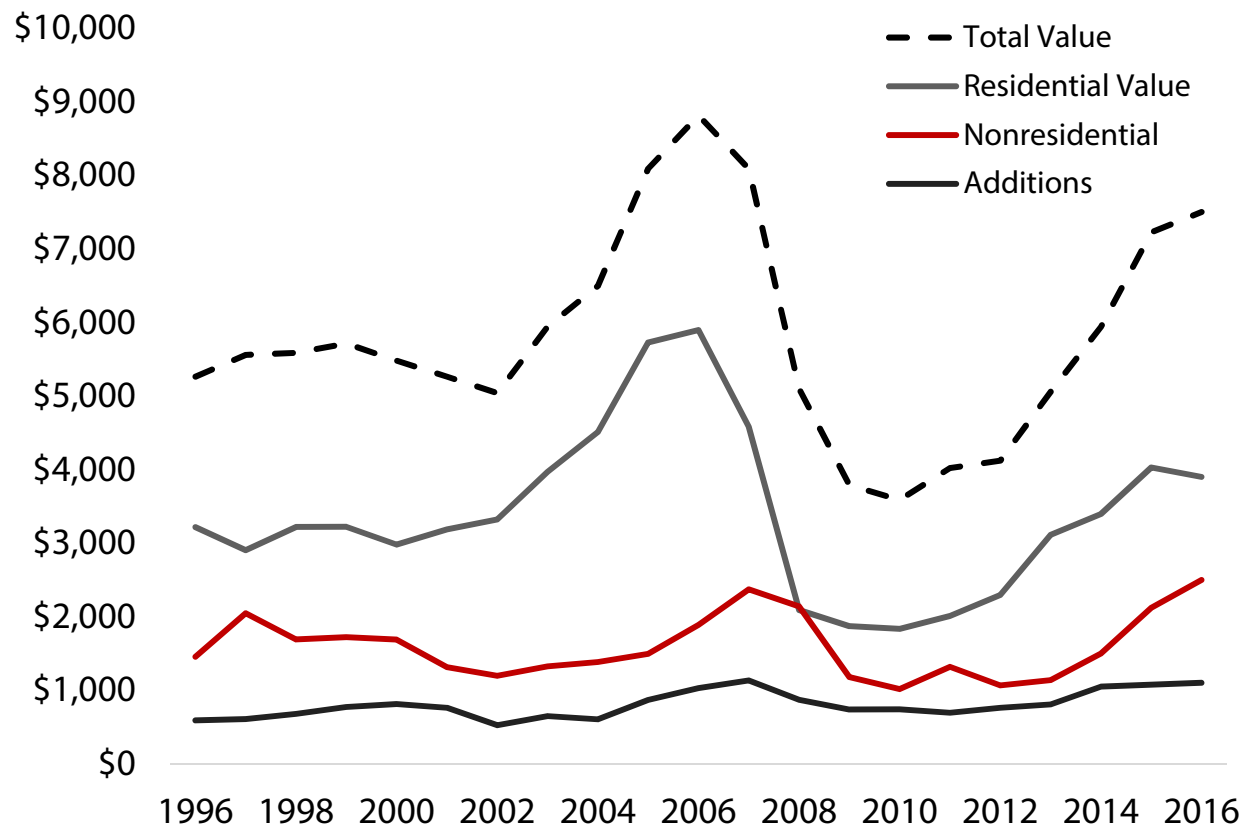
Median Existing Home Prices



Inflation-adjusted nonresidential construction value reached a record \$2.5 billion in 2016

Value of permit-authorized construction in Utah

Millions of constant 2016 dollars



Note: 2016 is an estimate.

Sources: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute and Bureau of Labor Statistics

Economic Update

- US Economy
- Utah Economy
- *The (Utah) Economist*



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The Economist Editor's Picks

Ten covers that define 2015





TAILWINDS

Exceptional market fundamentals

- Strong job growth
- Improving income and wages
- Solid demographic growth
- Favorable mortgage rates

Low motor-fuel prices

Major construction projects

Utah strong points

- Demographic cushion
- Business-minded
- Crossroads of the West
- Relatively low cost of living

Geopolitical instability / Global slowdown

Low oil prices

Normalization of monetary policy

Supply of workers

Education warning signs

Air quality

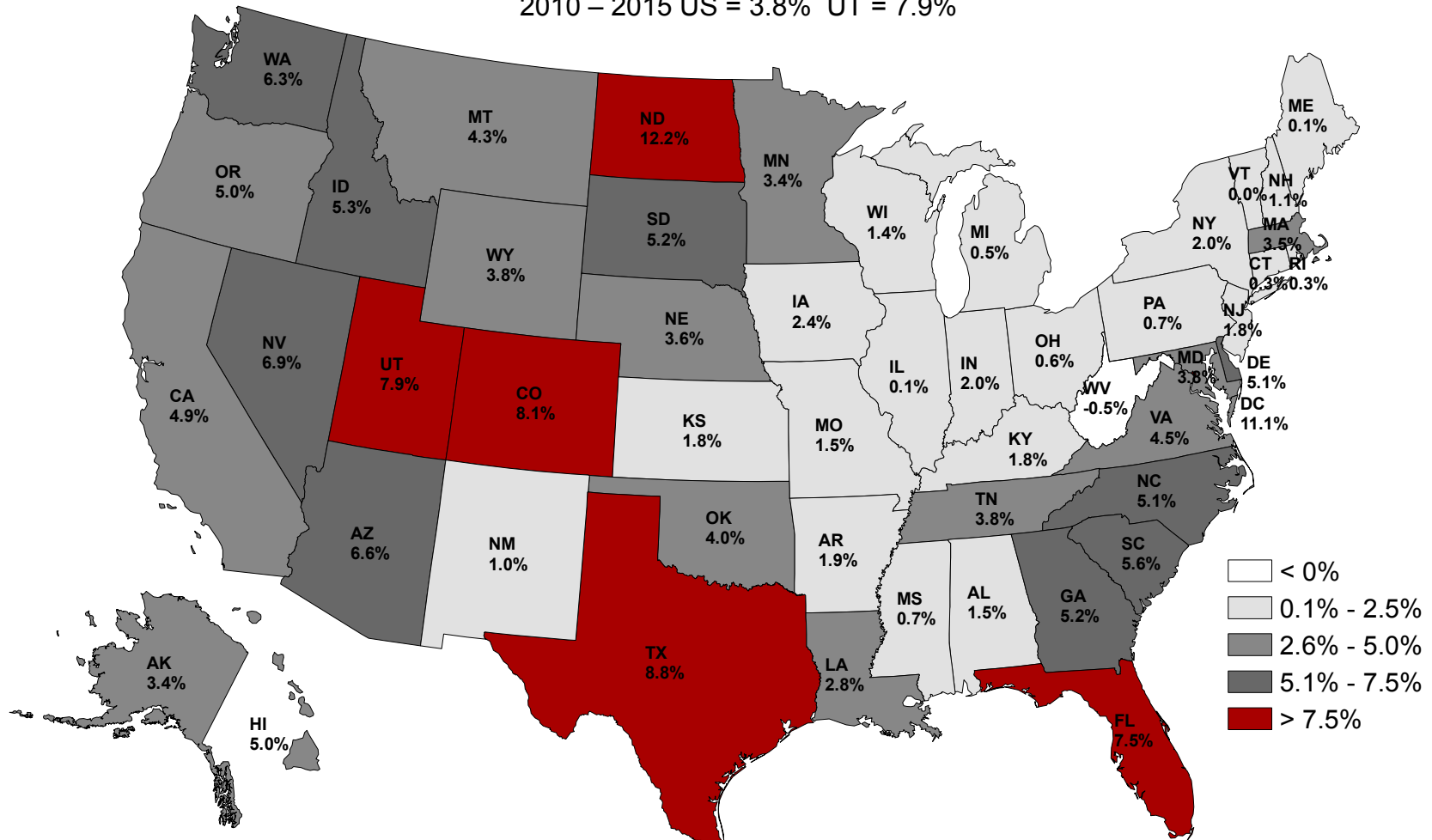


HEADWINDS

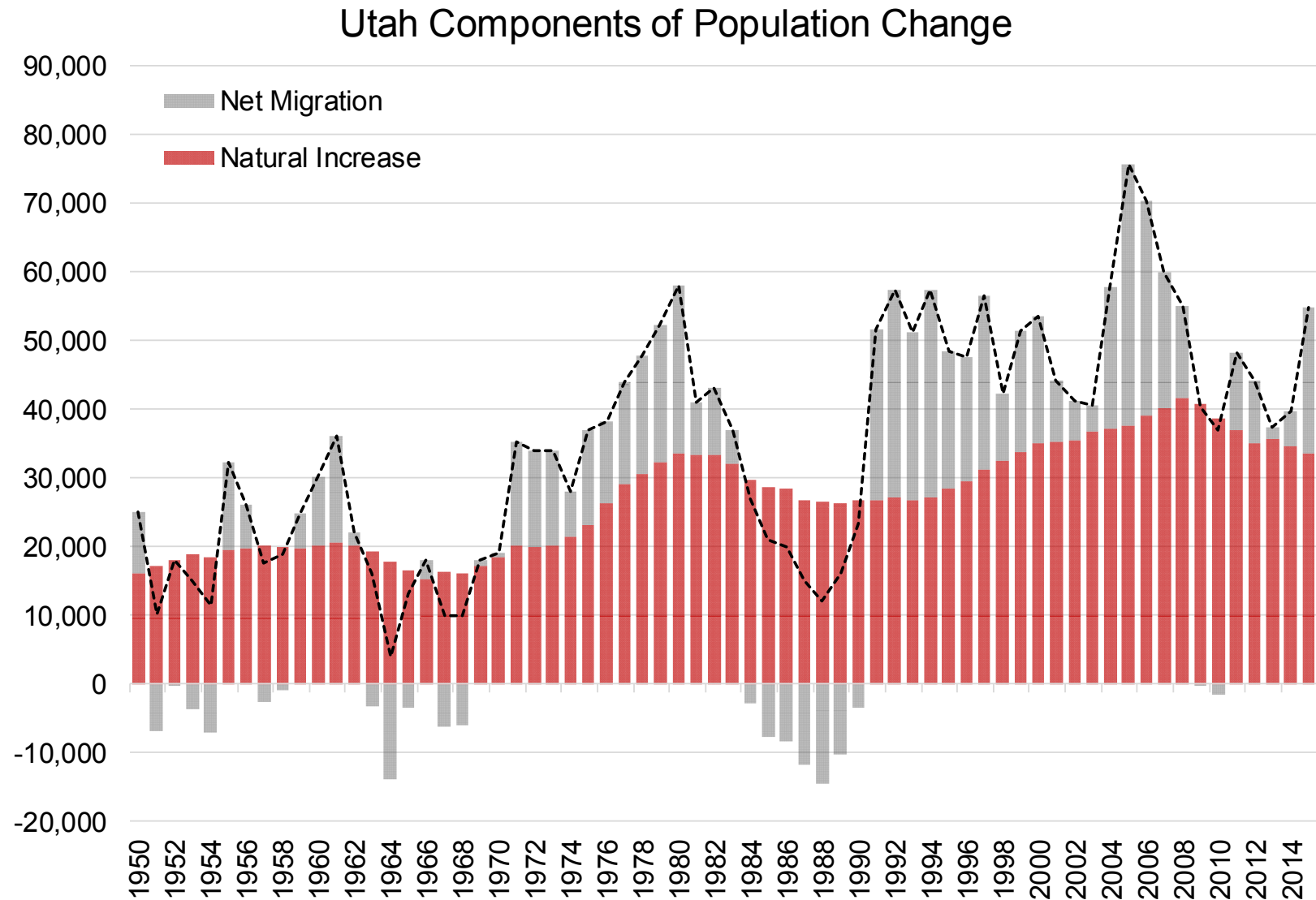
Utah's Population Growth Over 2X National Pace

Population Growth

2010 – 2015 US = 3.8% UT = 7.9%



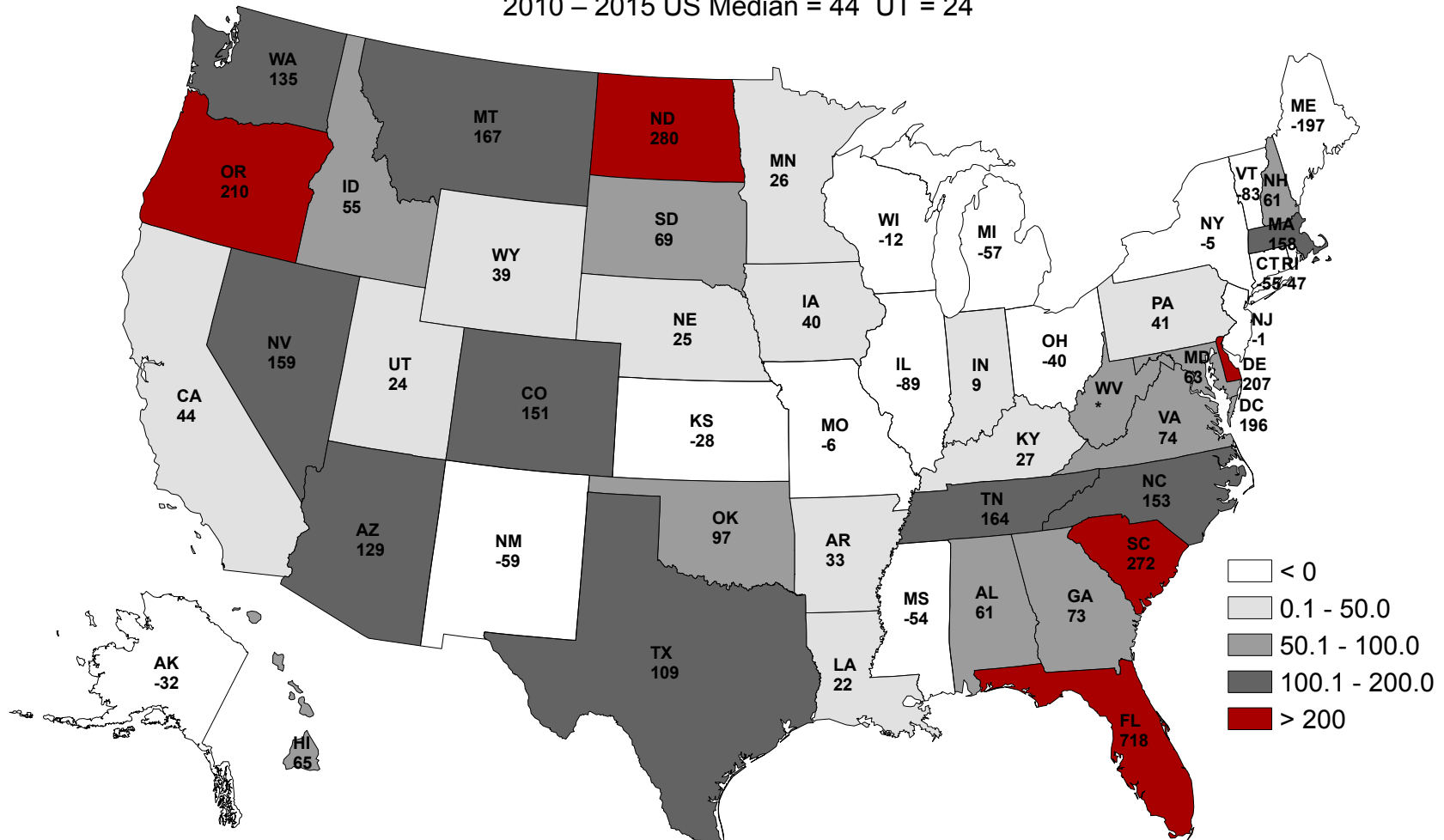
Over 15 Years Since Last Net Out-Migration



24 Migrants per 100 Internal Growth in Utah

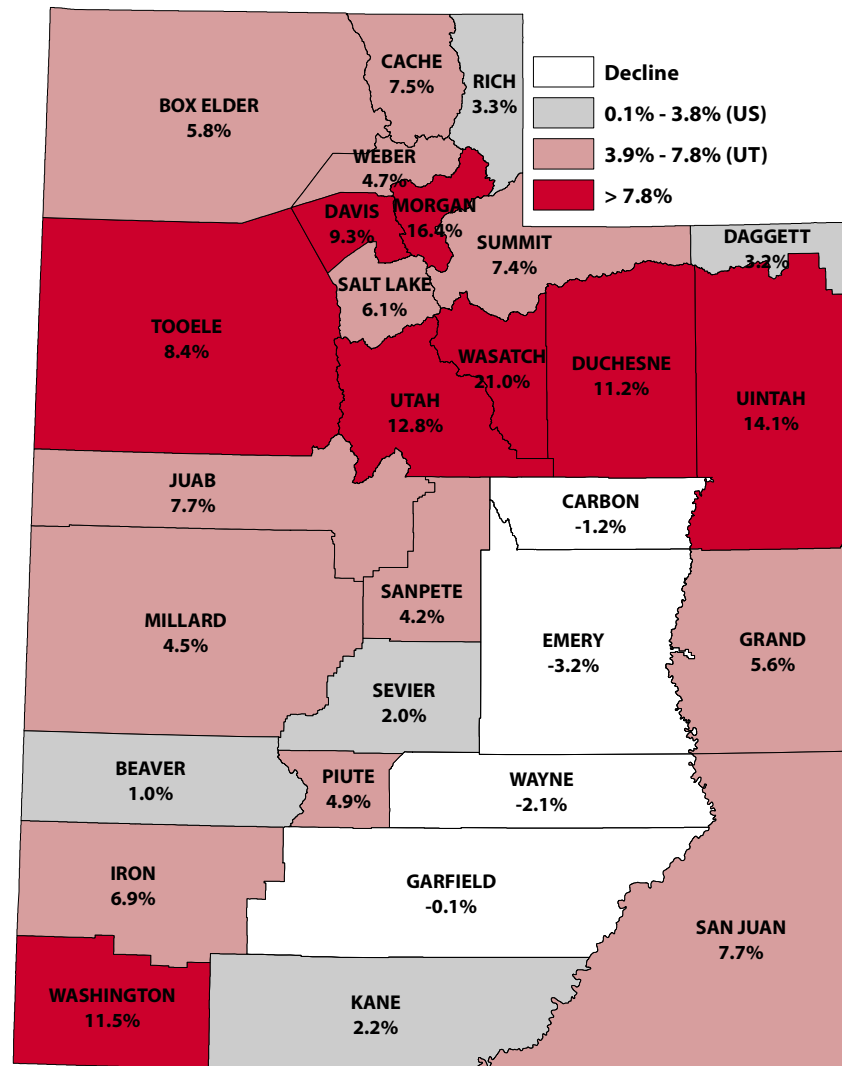
Net Migrants per 100 Natural Increase

2010 – 2015 US Median = 44 UT = 24



Population Growth in Utah's Counties

2010 - 2015; US = 3.8% UT = 7.8%



Source: Kem C. Gardner Policy Institute analysis of DemographyUtah
Population Estimates Committee & US Census Bureau