

Zions Bank Economic Update

Economic Outlook
and Revenue Assessment Committee

2024 Economic Outlook

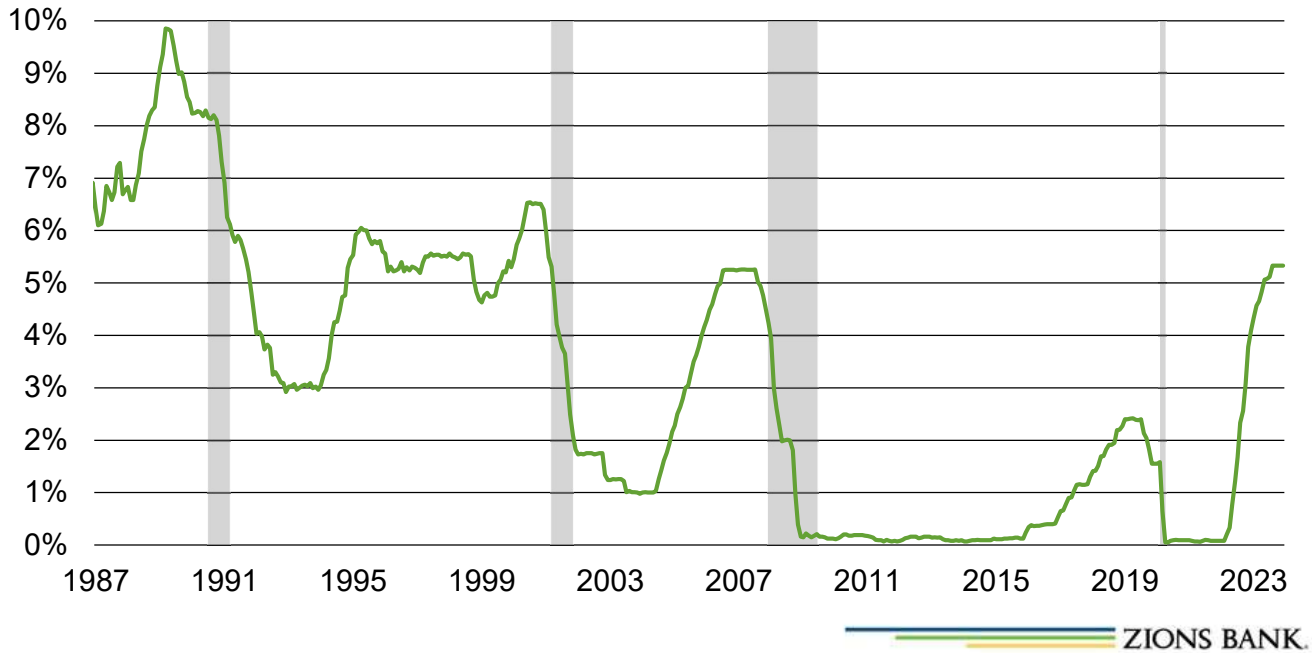
January 4, 2024



Economic Scenarios

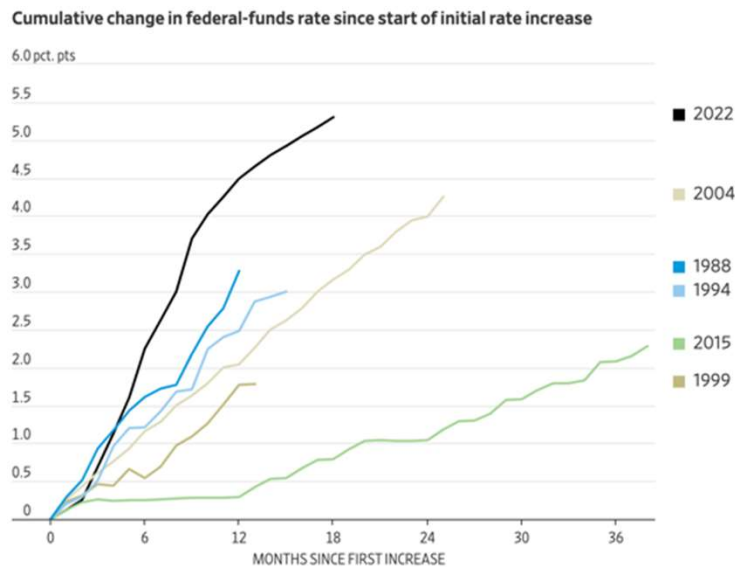
1. Hard Landing
2. Soft Landing
3. No Landing

Fed Again Held Interest Rates in December



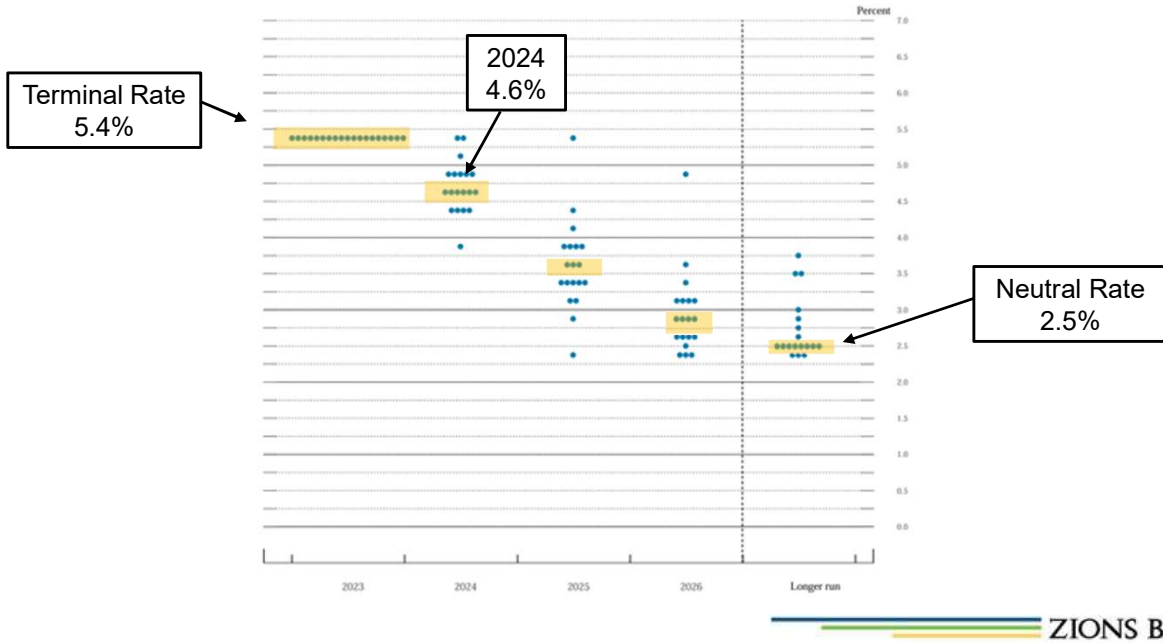
Source: Board of Governors of the Federal Reserve System (US)

Fed Rate Increases Most Aggressive in Decades



Sources: Wall Street Journal; Federal Reserve Bank

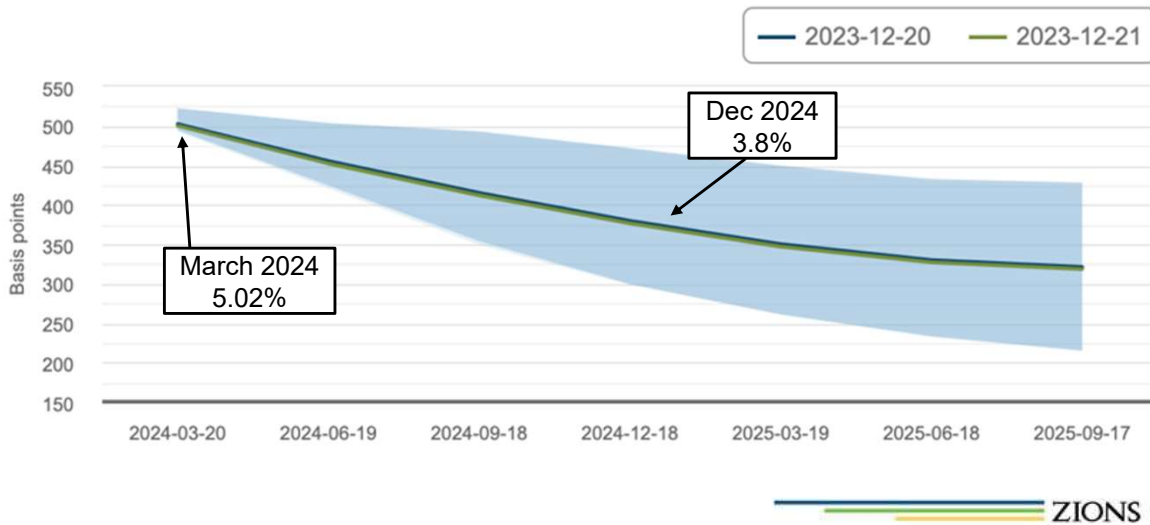
Fed Pivoted to Predicting Lower Interest Rates



Source: Board of Governors of the Federal Reserve System

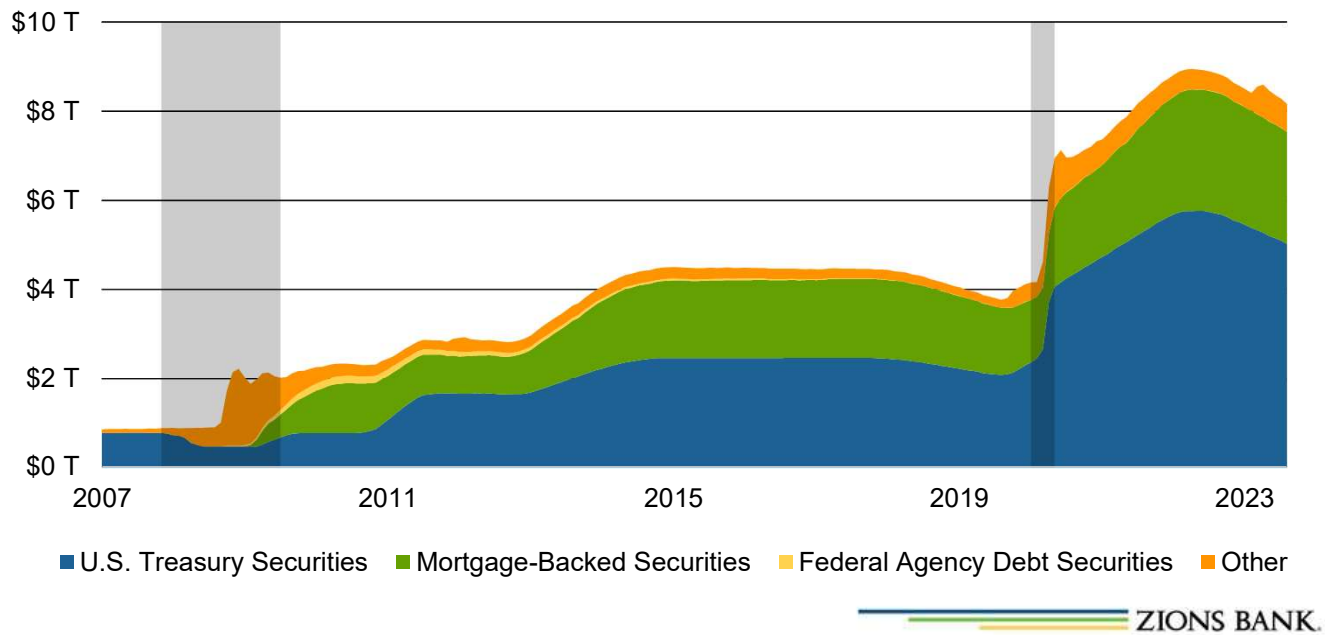
Markets Expect Even More Rate Cuts

The Expected Three-Month Average SOFR Path
 Current target range: 525 - 550 basis points

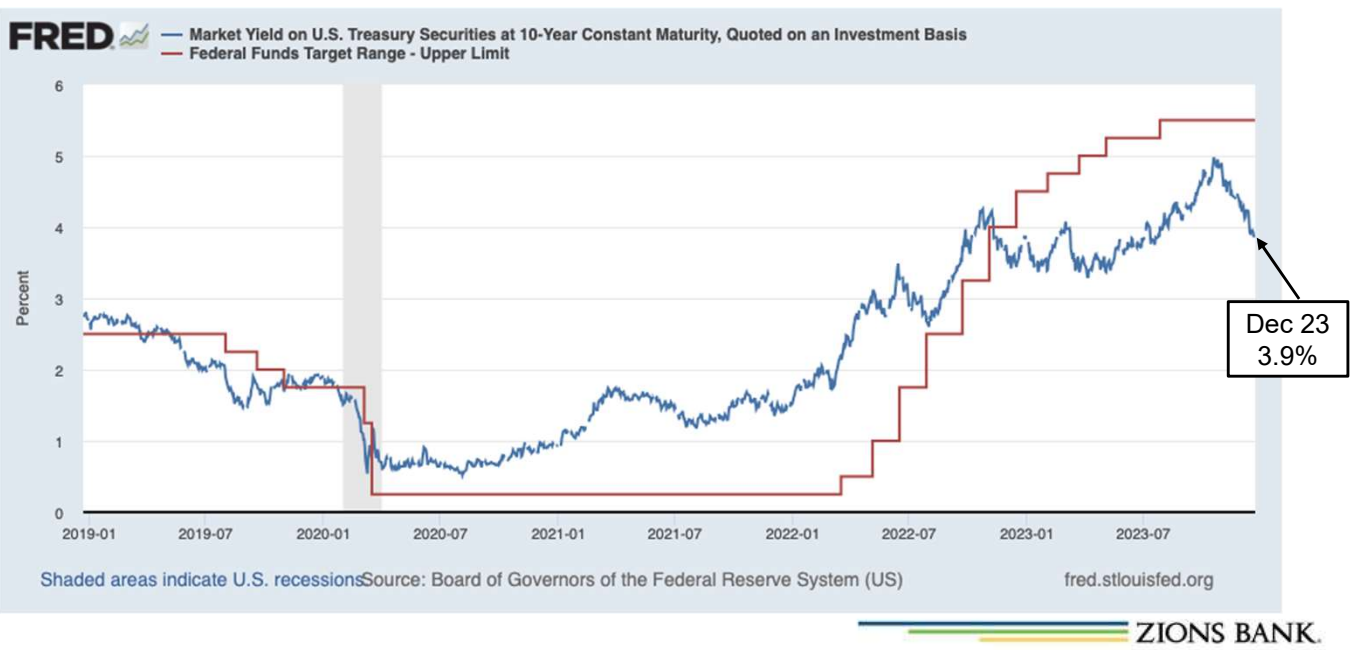


Source: Federal Reserve Bank of Atlanta

Fed Shrinking Its Balance Sheet



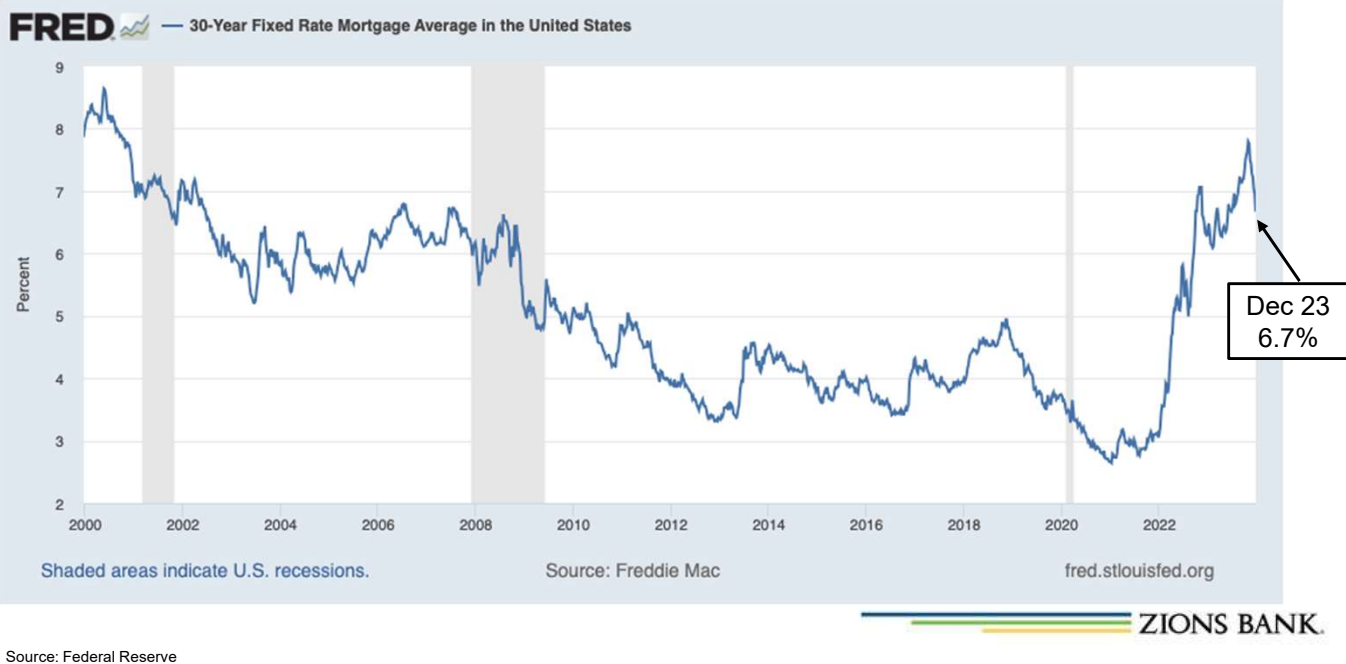
Federal Funds Rate vs 10-Year Bond



Don't Fight the Fed? How the Fed Impacts Markets

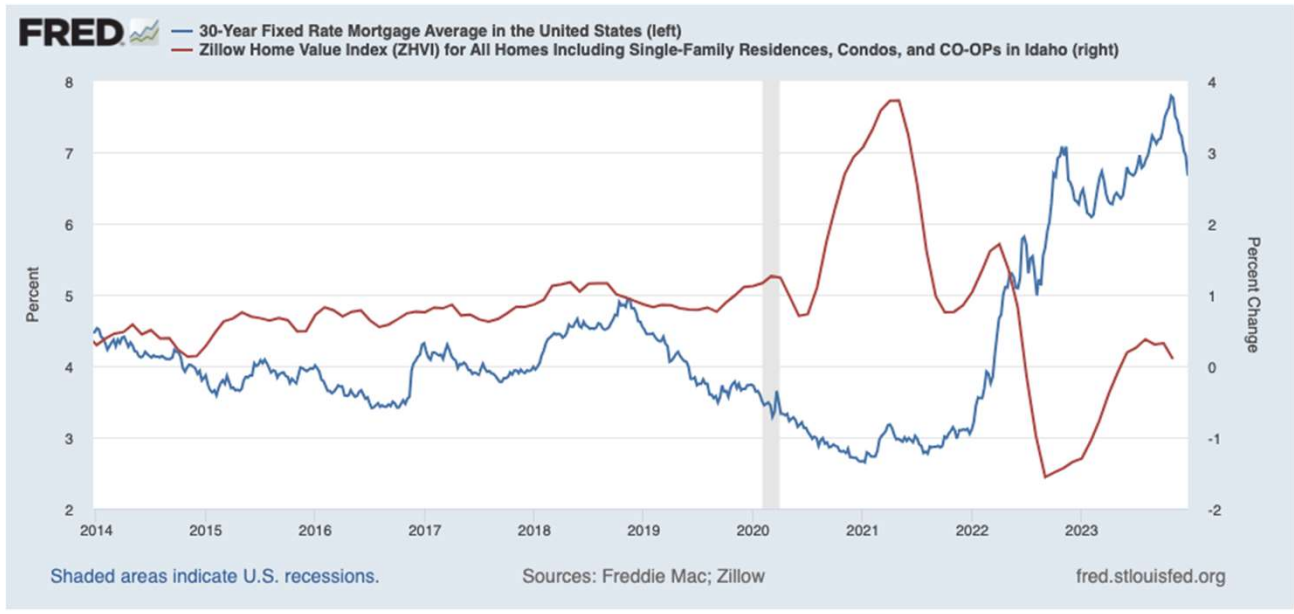


30 Year Mortgage Rates Dropping



Source: Federal Reserve

Mortgage Rate Swings Add To Idaho Home Price Volatility



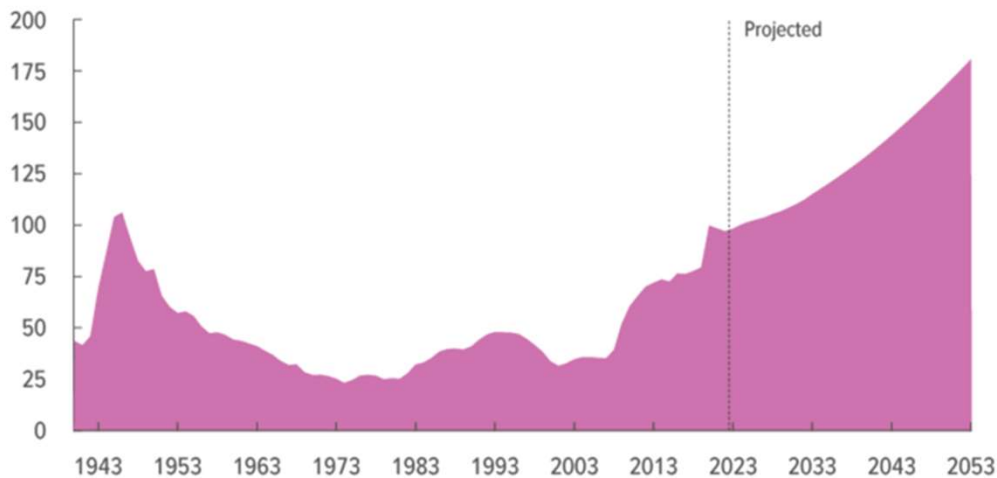
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Source: Federal Reserve

National Debt a Mounting Problem

Federal Debt Held by the Public

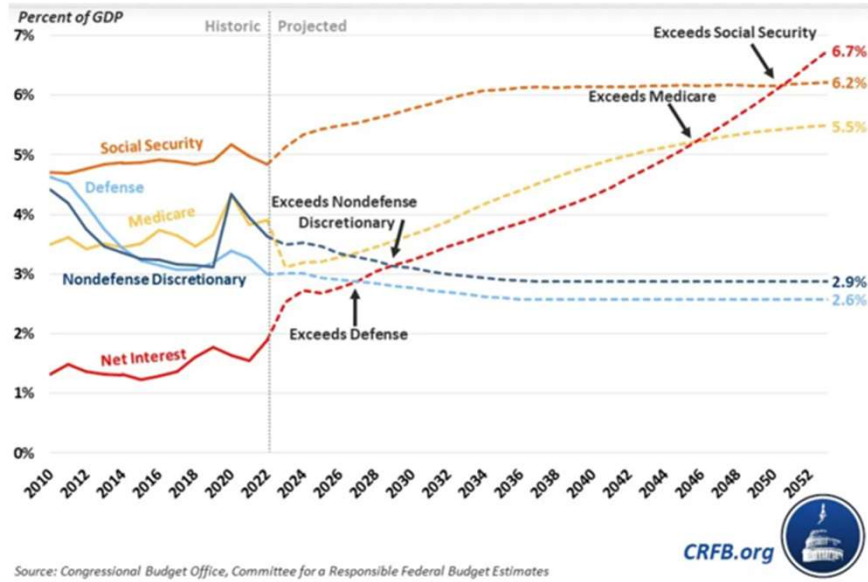
Percentage of GDP



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Source: Congressional Budget Office

Servicing National Debt Crowds Out Other Programs



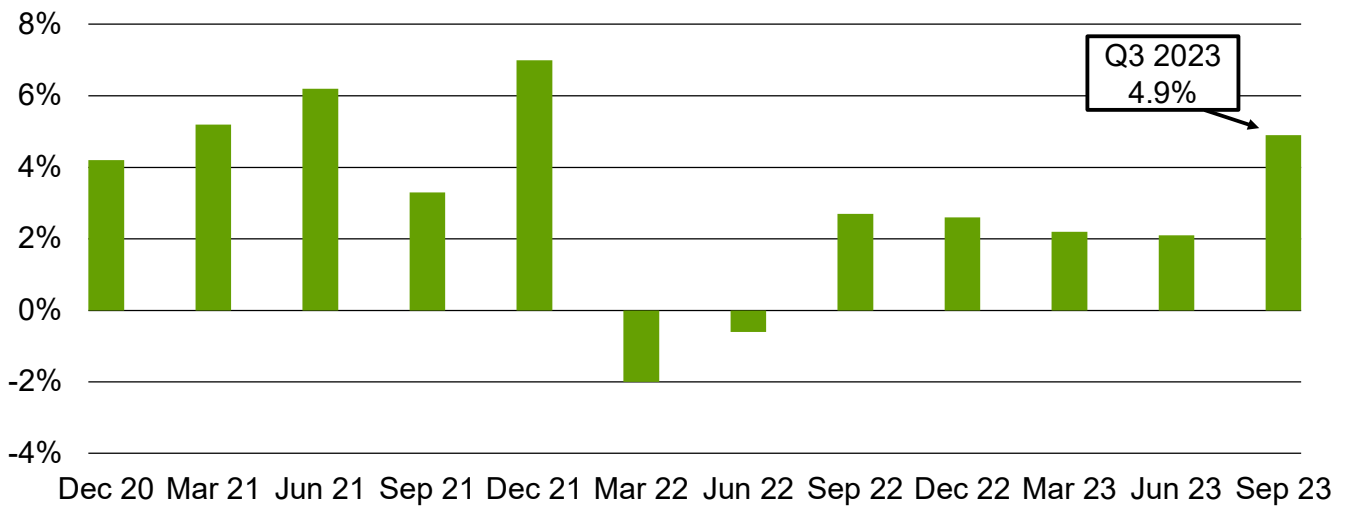
Source: Congressional Budget Office, Committee for a Responsible Federal Budget Estimates



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Source: CRFB

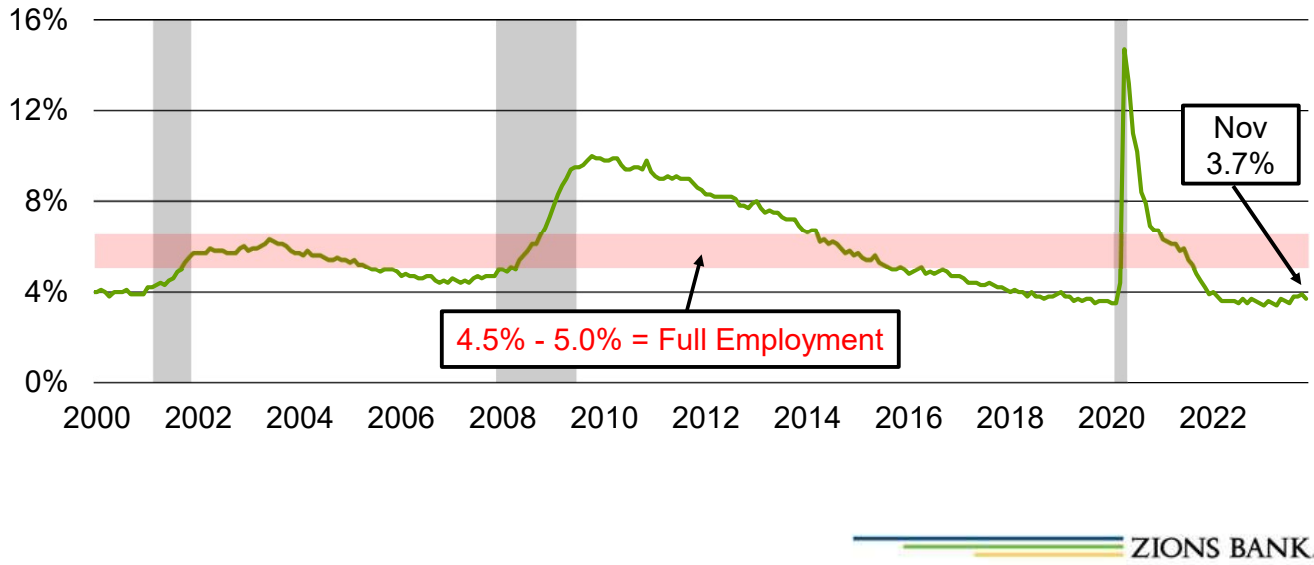
GDP Accelerated in the Third Quarter



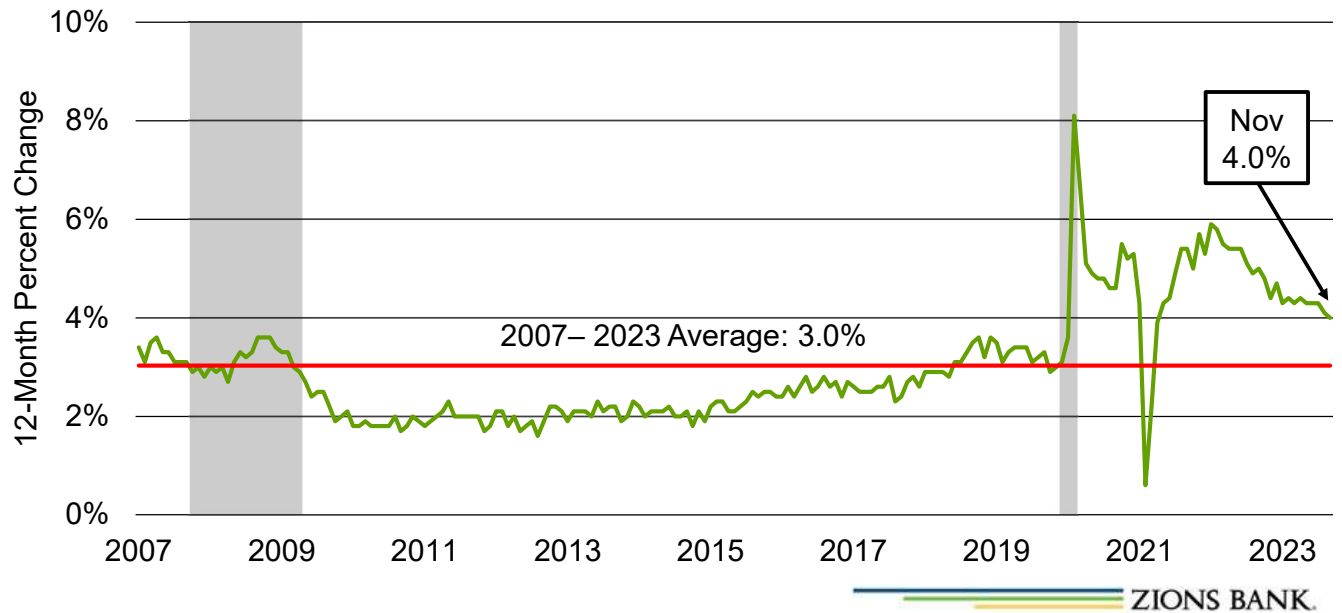
Source: U.S. Bureau of Economic Analysis
Seasonally Adjusted at Annual Rates

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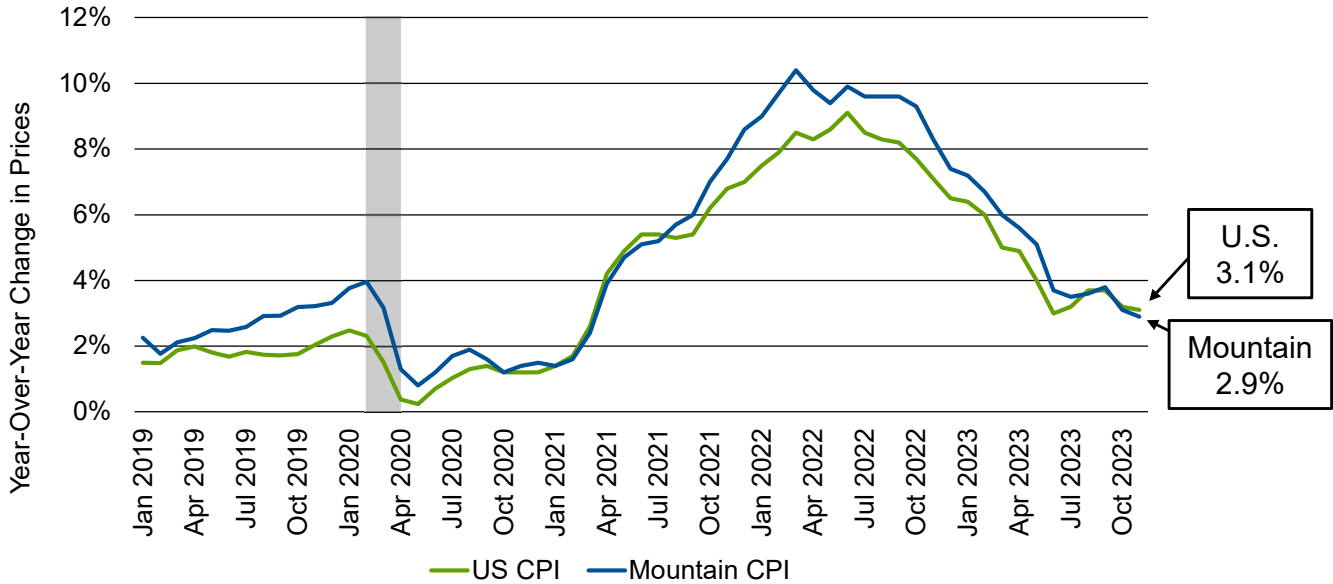
Unemployment Dropped in November



Wage Inflation Dropping But Too High



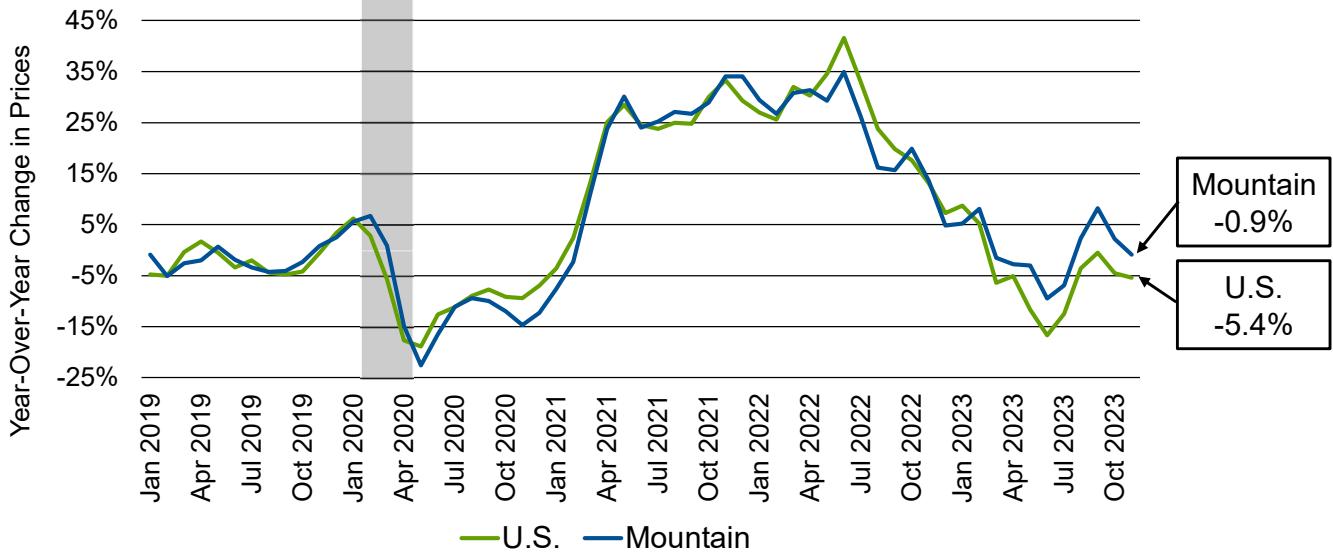
Inflation Dropping But Above Long-Term Average



Source: U.S. Bureau of Labor Statistics
 Note: Mountain states include AZ, CO, ID, MT, NV, NM, UT, WY

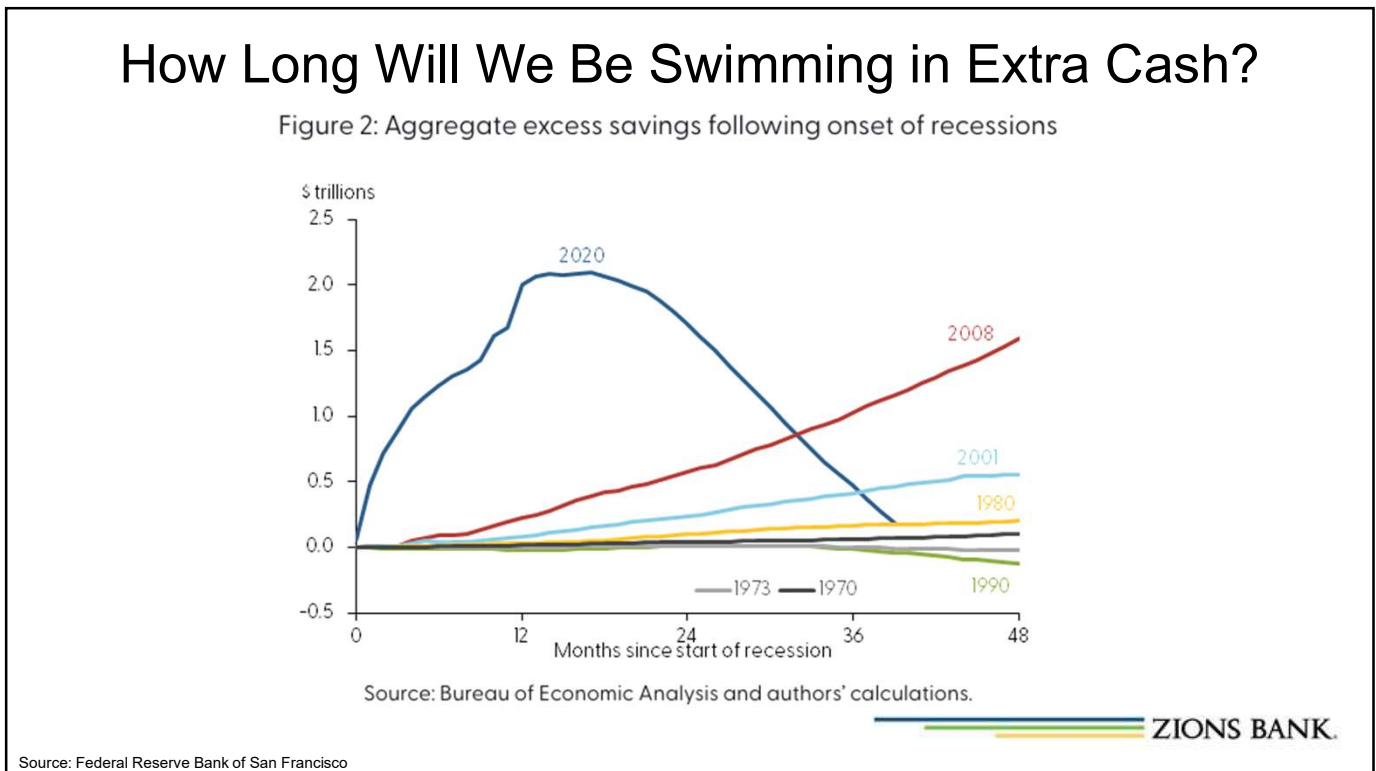
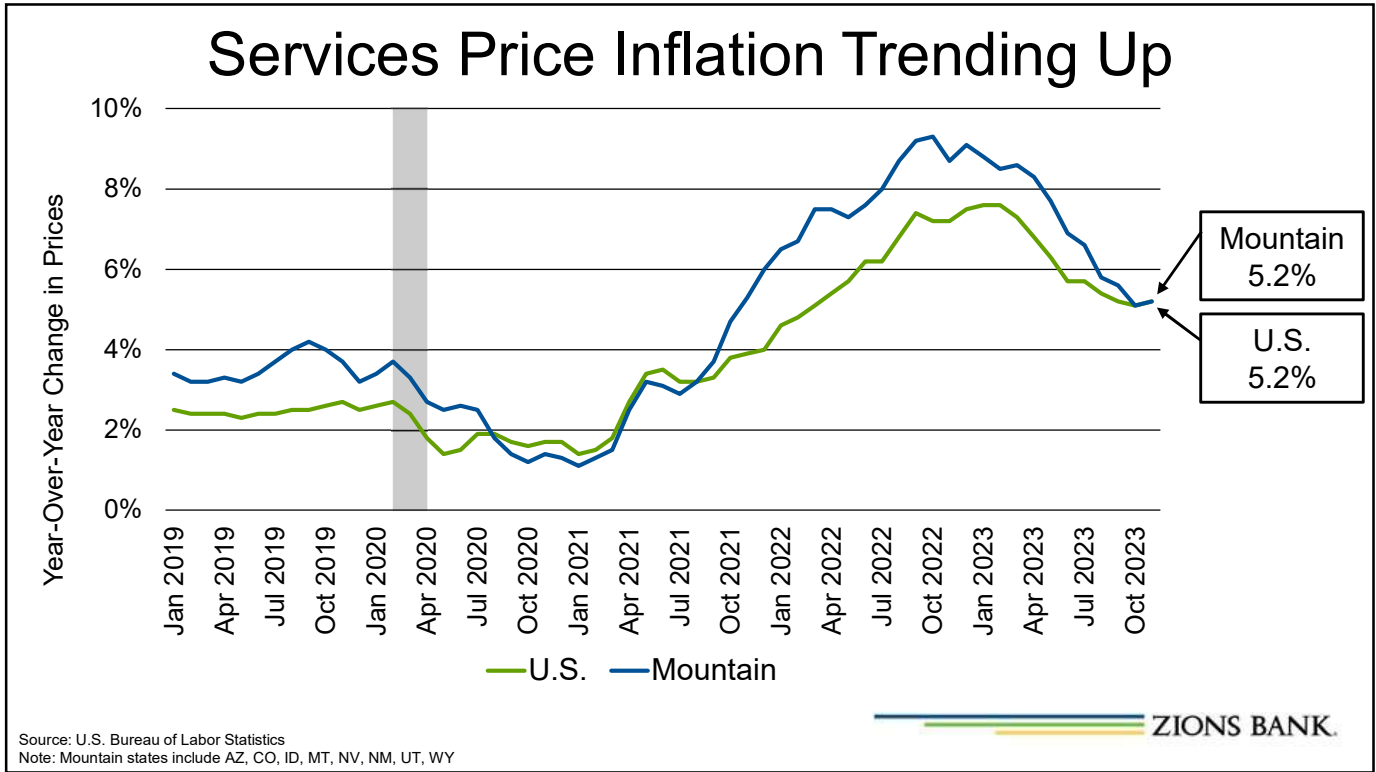
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Energy Prices Dropping



Source: U.S. Bureau of Labor Statistics
 Note: Mountain states include AZ, CO, ID, MT, NV, NM, UT, WY

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Source: Federal Reserve Bank of San Francisco

Delinquent Debt Increasing As Consumers Get Tapped Out



Source: Federal Reserve Bank of San Francisco

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Economic Outlook

Headwinds

- Labor Pressure
- High Prices
- International Uncertainty
- Increasing Energy Prices

Tailwinds

- Labor Market Strength
- Consumer Spending
- Government Stimulus
- Strong Mountain West Region

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WE HAVEN'T FORGOTTEN
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