

2016

ECONOMIC REPORT *to the* GOVERNOR

.....
PREPARED BY THE
UTAH ECONOMIC COUNCIL



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**A collaborative endeavor of the David Eccles School of Business and
Governor's Office of Management and Budget**

2016 Economic Report to the Governor

The Utah economy continues to prosper. During 2015 Utah led the nation in job growth for seven months and ranked second the remaining five months. With an estimated year-over job growth rate of 3.7 percent and a 49,100 job increase, Utah's economy exceeded expectations in 2015.

Many industries contributed to Utah's strong performance. Information jobs grew an impressive 7.7 percent, affirming Utah's reputation as "Silicon Slopes." Financial Activities also made their mark in 2015 with an estimated 3.5 percent increase in jobs. Goldman Sachs, Fidelity Investments, and other employers helped Utah earn the reputation as the "Wall Street of the West."

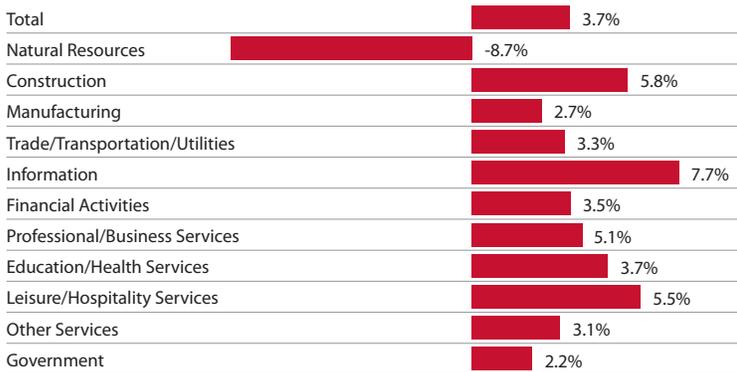
Utah's construction sector also performed well in 2015. Permit-authorized construction reached its highest level in eight years and major projects like the rebuild of the Salt Lake City International Airport, a new high rise and performing arts center downtown, and multiple commercial buildings at the nexus of Utah's two largest counties contributed to a strong year.

Utah's leisure and hospitality industry also made a solid contribution by adding 7,000 jobs. Park City expanded and created the largest ski resort in the country. This, combined with Utah's "Mighty Five" national parks, prompted Fodor's Travel to name Utah the top travel destination of the year. Capping it off, Utah's

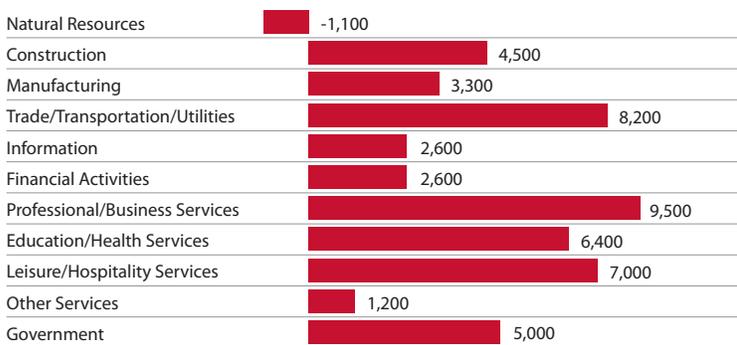
Utah Nonfarm Industry Profiles

2014–2015e

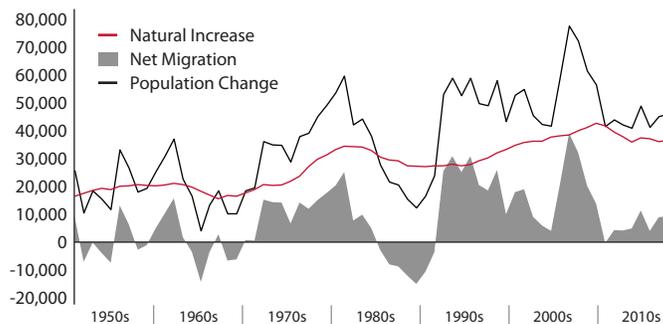
Employment Percent Change



Employment Numeric Change



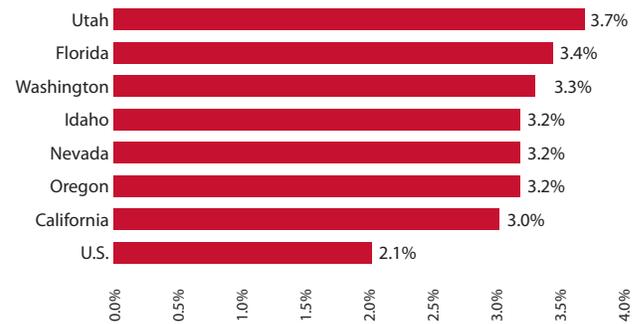
Utah Components of Population Change



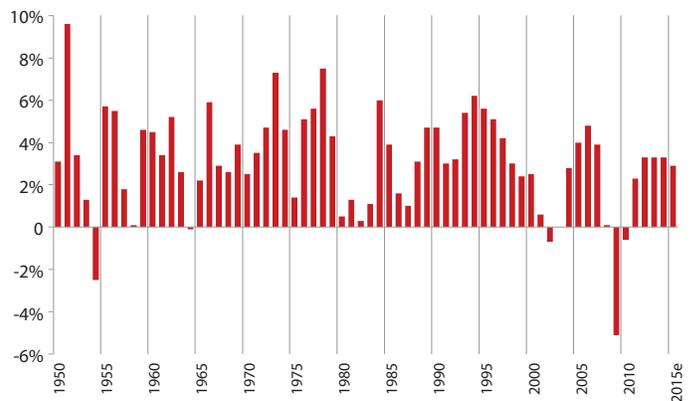
States with Strongest Job Growth

Job Growth 2014–2015e

U.S. Average = 2.1%



Utah Job Growth



Utah Demographic Profile

	Utah	U.S.
Highest fertility rate (2014)	2.33	1.86
Youngest median age (2014)	30.5	37.7
Under 18 per 100 Working Age (2014) (Utah ranks 1st)	51.9	37.0
Over 65 per 100 Working Age (2014) (Utah ranks 49th)	16.9	23.2
Largest household size (2014)	3.16	2.65
Rapidly growing (% ch. 2010-2015; Utah ranks 5th)	8.4%	4.1%
Life expectancy (2010) (Utah ranks 10th)	80.2	78.9

The Utah economy exceeded expectations in 2015 and has room to run in 2016

merchandise exports continued to diversify, with 4 percent year-over growth in non-gold exports.

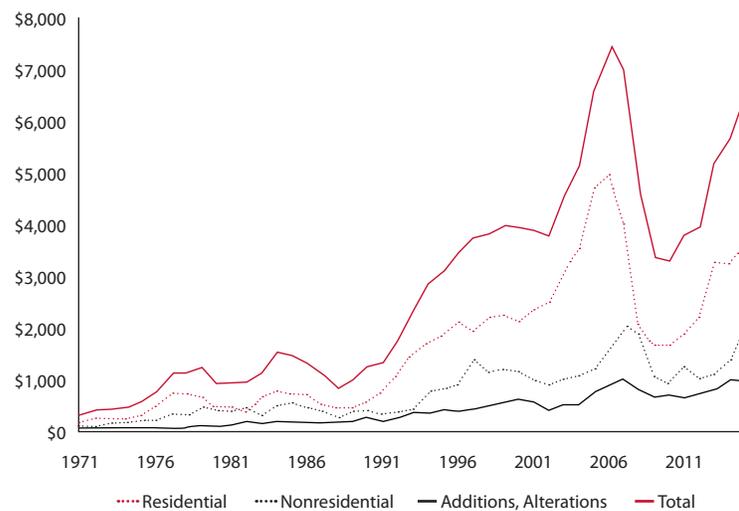
The Utah economy is not without headwinds in 2016. Geopolitical instability, the global slowdown, normalization of monetary policy, and supply of workers will continue to create uncertainty and reason for caution. In addition, education warning signs and persistent air quality challenges continue to concern economists.

The consensus forecast calls for an economy with room to run in 2016, fueled by low motor-fuel prices, strong consumer spending, demographic advantages, new construction, and an attractive

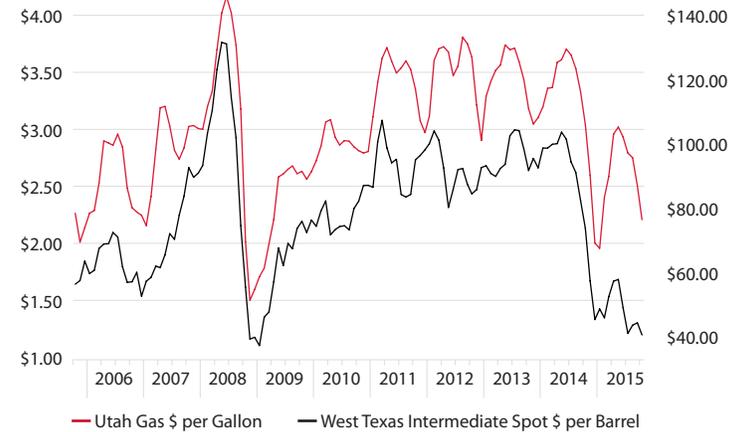
business climate. Economists forecast net in-migration, steady job and wage growth, low unemployment, and low levels of inflation in 2016. All going well, Utah's economy will once again be one of the top performing economies in the country.

Utah Value of New Construction

(millions)

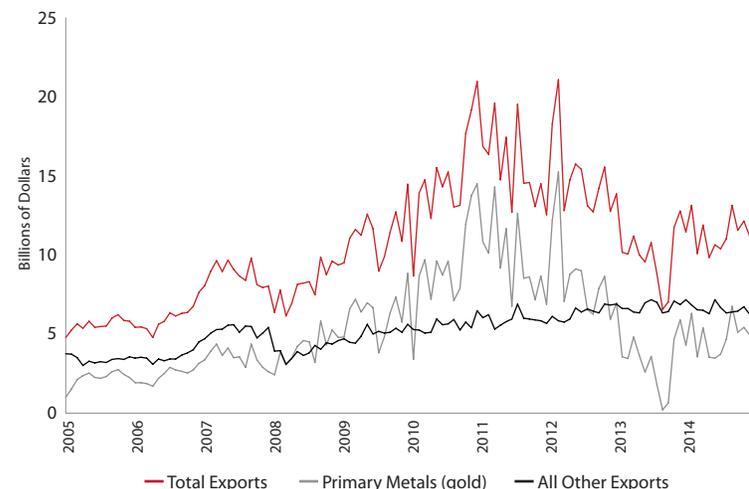


Oil and Motor Fuel Prices



Utah Exports

With and Without Gold



Economic Tailwinds

- Low motor-fuel prices
- Unique demographic profile
- Relatively low cost of living
- Business-friendly economic climate
- Geographic location ("Crossroads of the West")
- Major construction projects

Economic Headwinds

- Geopolitical instability
- Global slowdown
- Normalization of monetary policy
- Supply of workers
- Education warning signs
- Air quality

Sources: David Eccles School of Busines, University of Utah; Kem C. Gardner Policy Institute; U.S. Energy Information Administration and Oil Price Information Service; U.S. Bureau of Labor Statistics; State of Utah Revenue Assumptions Working Group; Moody's Economy.Com; IHS Global Insight; Natonal Vital Statistics Reports; U.S. Census Bureau; The Henry J. Kaiser Family Foundaton; Utah Economic Council

Economic Indicators For Utah And The United States

ECONOMIC INDICATORS	UNITS	2013	2014	2015	2016	PERCENT CHANGE		
		ACTUAL	ACTUAL	ESTIMATE	FORECAST	2014	2015	2016
PRODUCTION AND SPENDING								
U.S. Real Gross Domestic Product	Billion Chained \$2009	15,583.3	15,961.7	16,346.8	16,780.6	2.4	2.4	2.7
U.S. Real Exports	Billion Chained \$2009	2,018.1	2,086.4	2,108.2	2,156.7	3.4	1.0	2.3
Utah Exports (NAICS, Census)	Million Dollars	16,111.4	12,305.5	13,851.4	14,619.6	-23.6	12.6	5.5
Utah Coal Production	Million Tons	17.0	17.9	15.0	15.0	5.8	-16.4	-0.3
Utah Crude Oil Production	Million Barrels	35.0	40.9	37.3	37.3	16.9	-8.8	-0.1
Utah Natural Gas Production Sales	Billion Cubic Feet	409.5	385.5	385.0	390.0	-5.8	-0.1	1.3
Utah Copper Mined Production	Million Pounds	486.9	470.2	214.1	405.0	-3.4	-54.5	89.2
SALES AND CONSTRUCTION								
U.S. Private Residential Investment	Billion Dollars	508.9	549.2	608.5	678.3	7.9	10.8	11.5
U.S. Nonresidential Structures	Billion Dollars	462.1	507.0	498.6	516.4	9.7	-1.7	3.6
U.S. Home Price Index (FHFA)	1980Q1 = 100	199.4	210.4	222.1	232.7	5.5	5.6	4.8
U.S. Nontaxable & Taxable Retail Sales	Billion Dollars	5,011.9	5,205.0	5,314.6	5,512.9	3.9	2.1	3.7
Utah Residential Permit Value	Million Dollars	3,220.5	3,270.5	3,950.0	4,250.0	1.6	20.8	7.6
Utah Nonresidential Permit Value	Million Dollars	1,087.2	1,400.0	2,000.0	2,000.0	28.8	42.9	0.0
Utah Home Price Index (FHFA)	1980Q1 = 100	330.8	352.1	376.7	393.7	6.4	7.0	4.5
Utah Taxable Retail Sales	Million Dollars	24,944	26,193	27,527	28,822	5.0	5.1	4.7
DEMOGRAPHICS								
U.S. July 1st Population	Millions	317.1	319.5	321.9	324.5	0.7	0.8	0.8
Utah July 1st Population	Thousands	2,903.7	2,944.5	2,995.9	3,049.9	1.4	1.7	1.8
Utah Net Migration	Thousands	11.8	5.7	15.5	18.0			
PRICES, INFLATION AND INTEREST RATES								
West Texas Intermediate Crude Oil	\$ Per Barrel	98.0	93.0	48.8	45.1	-5.1	-47.5	-7.6
U.S. CPI Urban Consumers (BLS)	1982-84 = 100	233.0	236.7	237.0	239.9	1.6	0.1	1.2
U.S. 3-Month Treasury Bills (FRB)	Discount Rate	0.06	0.03	0.05	0.83			
30 Year Mortgage Rate (FHLMC)	Percent	3.98	4.17	3.86	4.42			
Utah Coal Prices	\$ Per Short Ton	34.2	33.5	32.2	33.5	-2.0	-3.8	4.0
Utah Oil Prices	\$ Per Barrel	84.8	79.0	40.0	42.0	-6.8	-49.4	5.0
Utah Natural Gas Prices	\$ Per MCF	3.69	4.34	2.55	2.80	17.6	-41.2	9.8
Utah Copper Prices	\$ Per Pound	3.40	3.11	2.55	2.60	-8.5	-18.0	2.0
EMPLOYMENT AND WAGES								
U.S. Establishment Employment (BLS)	Millions	136.4	139.0	141.9	144.3	1.9	2.1	1.7
U.S. Average Annual Pay (BEA)	Dollars	52,161	53,788	55,232	56,957	3.1	2.7	3.1
U.S. Total Wages & Salaries (BEA)	Billion Dollars	7,114	7,478	7,840	8,220	5.1	4.8	4.8
Utah Nonagricultural Employment (DWS)	Thousands	1,290.5	1,328.1	1,377.2	1,420.5	2.9	3.7	3.1
Utah Average Annual Pay (DWS)	Dollars	41,060	42,187	43,452	44,756	2.7	3.0	3.0
Utah Total Nonagriculture Wages (DWS)	Million Dollars	52,989	56,026	59,842	63,575	5.7	6.8	6.2
INCOME AND UNEMPLOYMENT								
U.S. Personal Income (BEA)	Billion Dollars	14,068	14,694	15,360	15,998	4.4	4.5	4.2
U.S. Unemployment Rate (BLS)	Percent	7.4	6.2	5.3	4.9			
Utah Personal Income (BEA)	Million Dollars	106,073	110,842	115,868	121,980	4.5	4.5	5.3
Utah Unemployment Rate (DWS)	Percent	4.4	3.8	3.7	3.5			

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