

Zions Bank Economic Overview

Utah Government Finance Officers Assoc

2025 Economic Outlook

April 2, 2025

ZIONS BANK



What Best Describes the Trump Economic Agenda?

What word best describes the Trump economic agenda?



Poll #1 – Are Tariffs Good for the Economy?

Are tariffs good for the economy?

No - Team Devestation Day



Unsure



Yes - Team Liberation Day



The Trump Economic Policy

Reindustrialize

Reprivatize

Refocus

Current Trump Tariffs

As of April 1, 2025

In Effect

- 25% tariffs on Canada and Mexico
 - 10% for Canadian energy
 - Carve-out for USMCA industries until April 2

In Effect

- Additional 20% tariffs on Chinese imports (total of 45%)

In Effect

- 25% tariffs on steel and aluminum

Planned April 2

- 25% tariffs on automobiles; reciprocal tariffs; agricultural products

Planned May

- 25% tariffs on auto parts

Announced

- Tariffs on semiconductors, pharmaceuticals, copper, lumber, European Union, buyers of Venezuelan oil

Possible Tariff Options

- Blanket tariff of up to 20%
- Multiple tiers of rates
- Custom rates for each country

The Trump Trade Policy

A User's Guide to Restructuring the Global Trading System

November 2024

Executive Summary

The desire to reform the global trading system and put American industry on fairer ground *vis-à-vis* the rest of the world has been a consistent theme for President Trump for decades. We may be on the cusp of generational change in the international trade and financial systems.

The root of the economic imbalances lies in persistent dollar overvaluation that prevents the balancing of international trade, and this overvaluation is driven by inelastic demand for reserve assets. As global GDP grows, it becomes increasingly burdensome for the United States to finance the provision of reserve assets and the defense umbrella, as the manufacturing and tradeable sectors bear the brunt of the costs.

Stephen Miran, Senior Strategist

Stephen Miran is Senior Strategist at Hudson Bay Capital. Previously, Dr. Miran served as senior advisor for economic policy at the U.S. Department of the Treasury, where he assisted with fiscal policy during the pandemic recession. Prior to Treasury, Dr. Miran worked for a decade as an investment professional. Dr. Miran is also an economics fellow at the Manhattan Institute for Policy Research. He received a Ph.D. in economics from Harvard University and a B.A. from Boston University.

Please direct enquiries to research@hudsonbaycapital.com



U.S. Manufacturing Employment

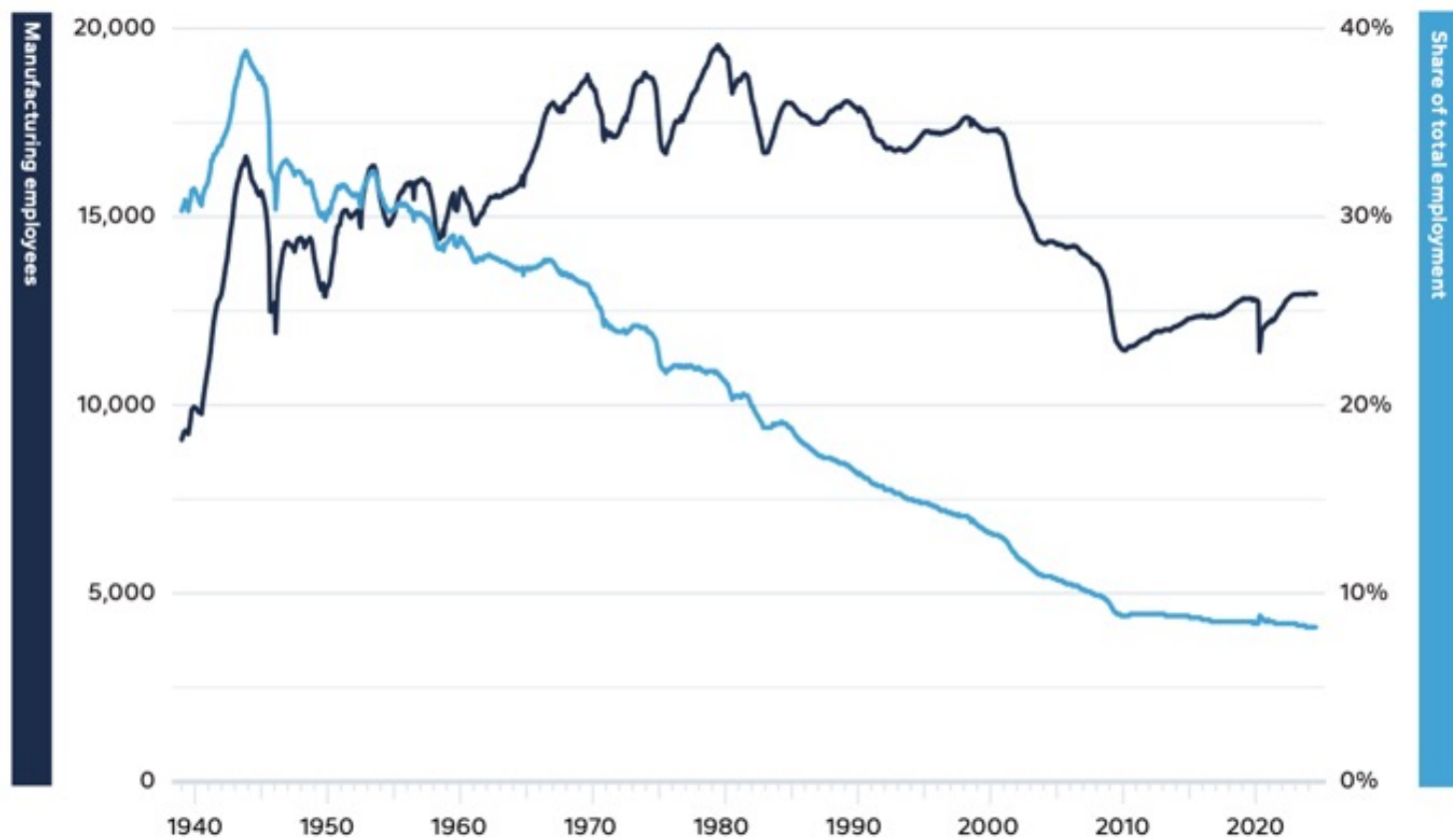


Figure 1 Manufacturing employment in the United States. Source: Bureau of Labor Statistics

U.S. Share of Global GDP Trending Down...

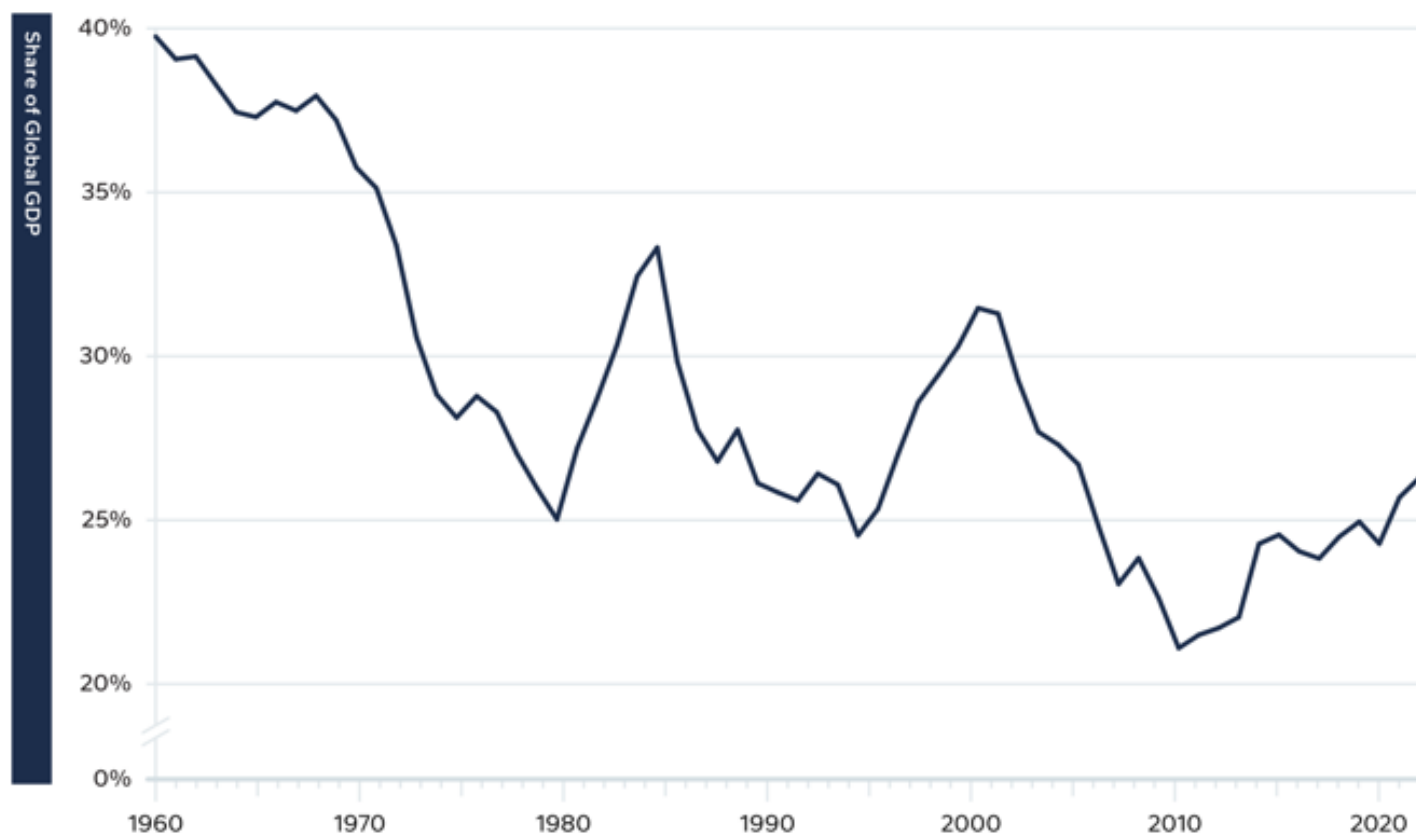
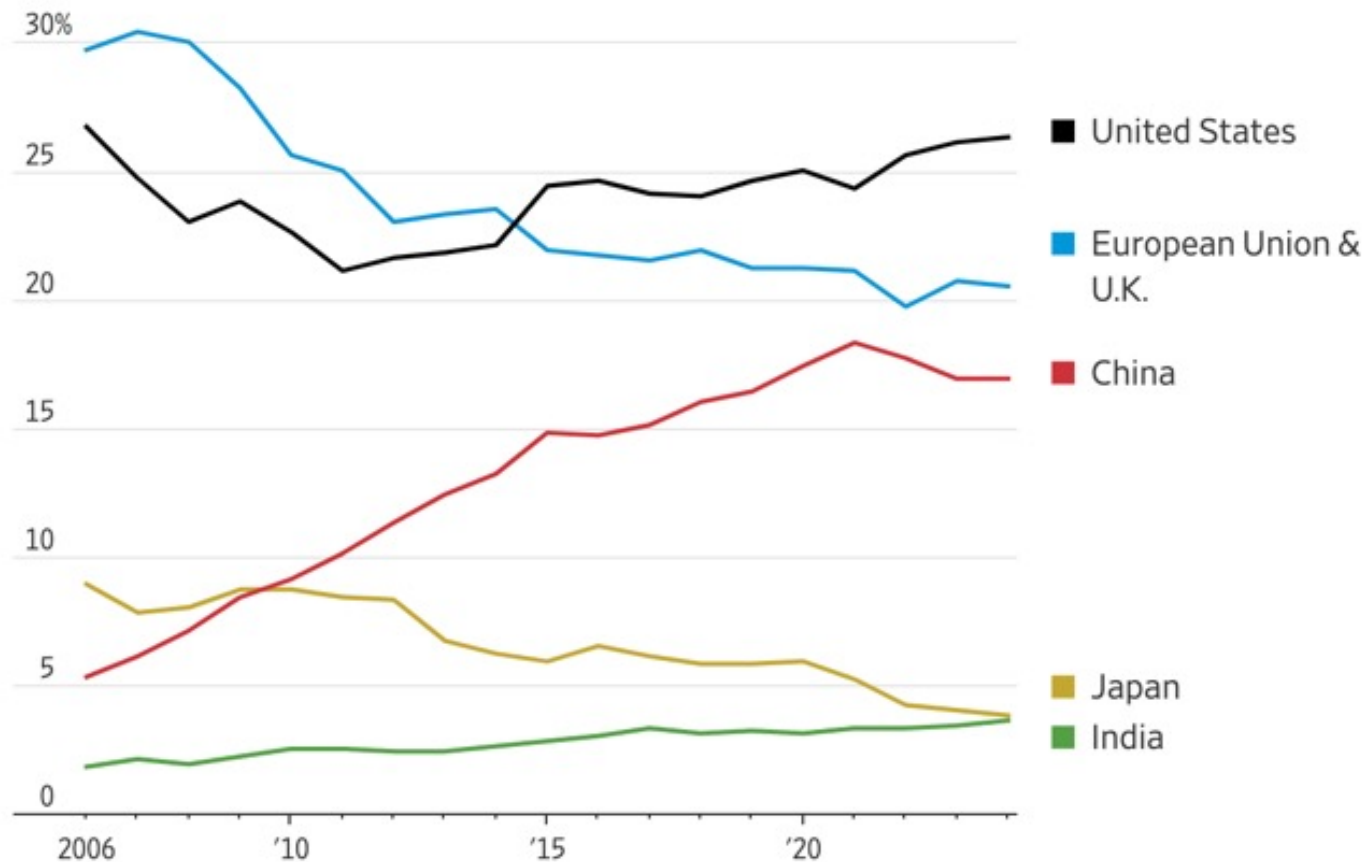


Figure 2 U.S. share of global GDP. Source: World Bank

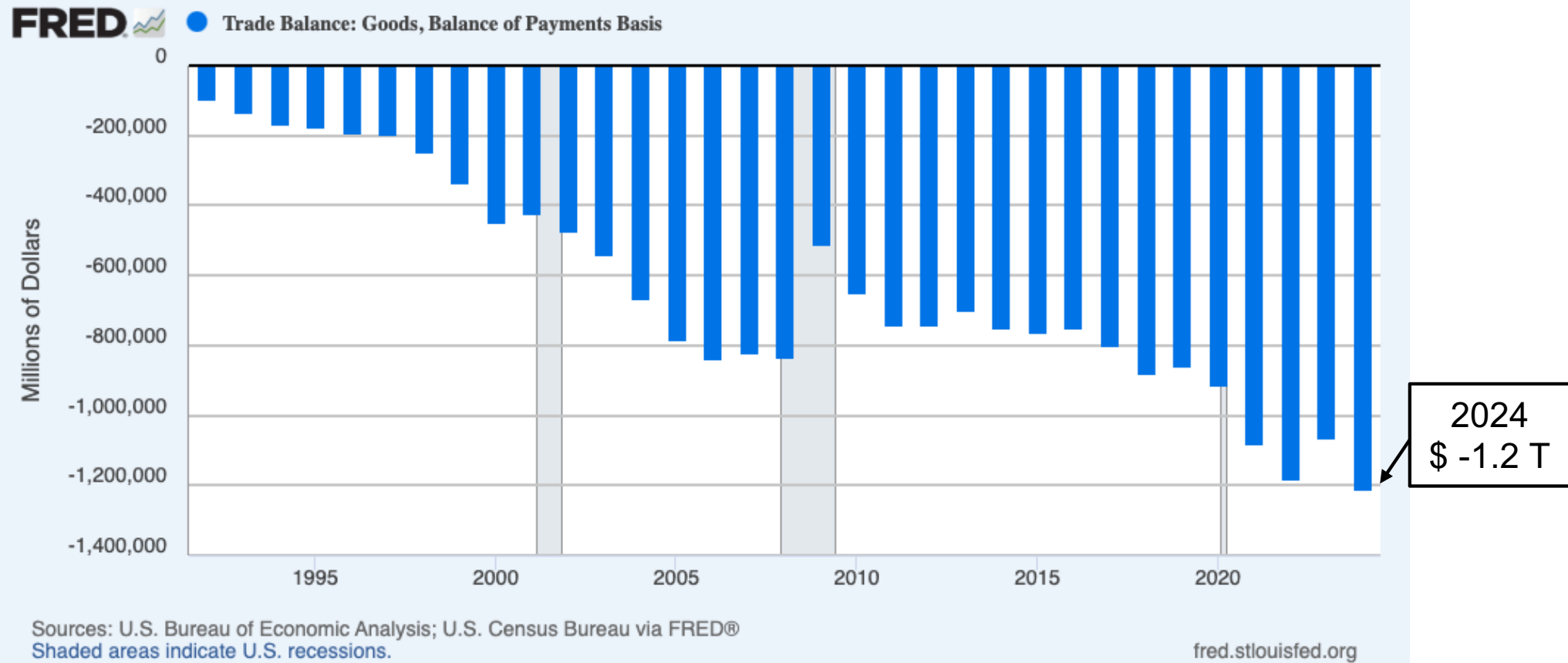
... China's Share of Global GDP Trending Up



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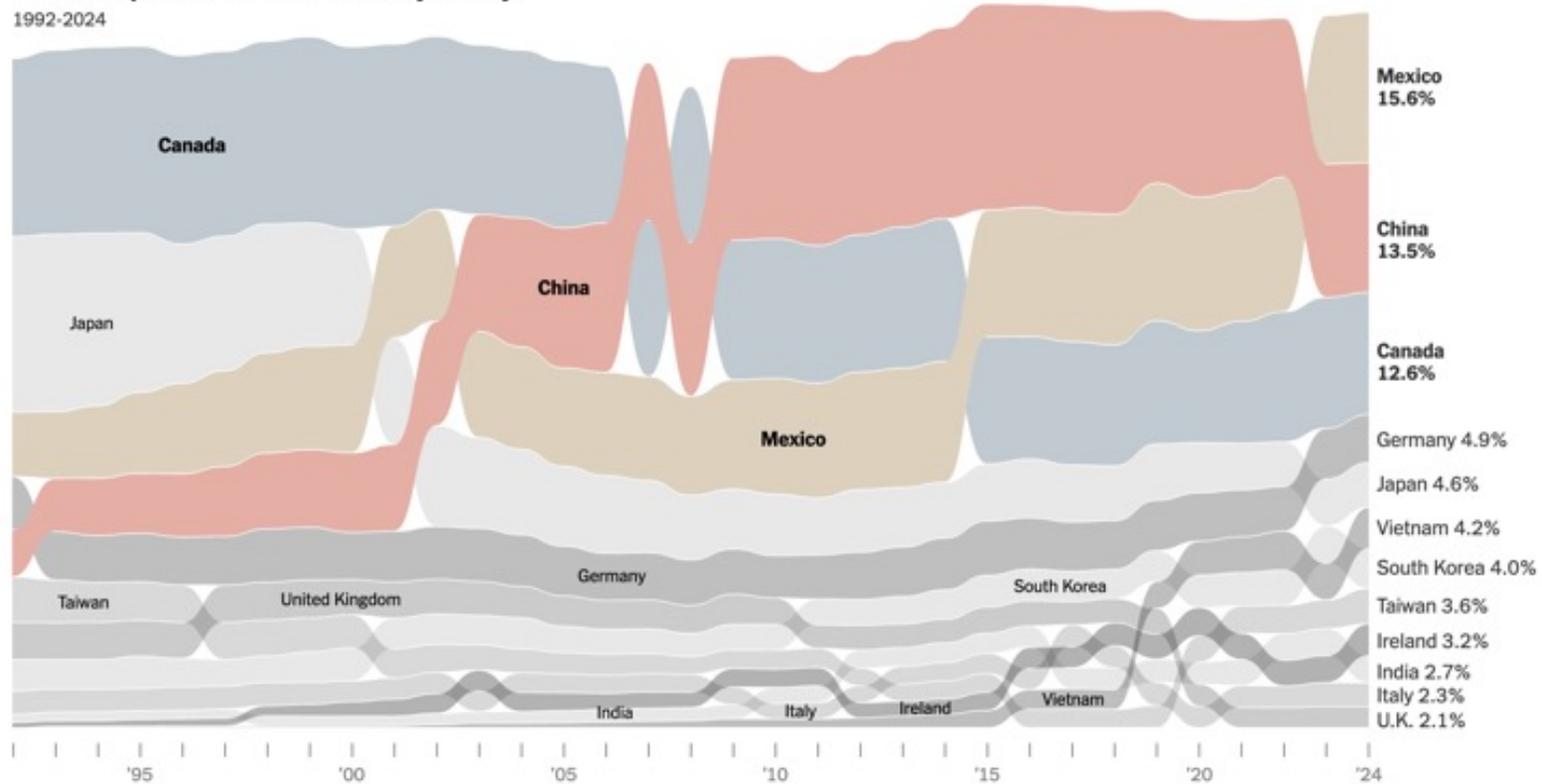
Sources: Wall Street Journal, International Monetary Fund

US Trade Deficit Growing



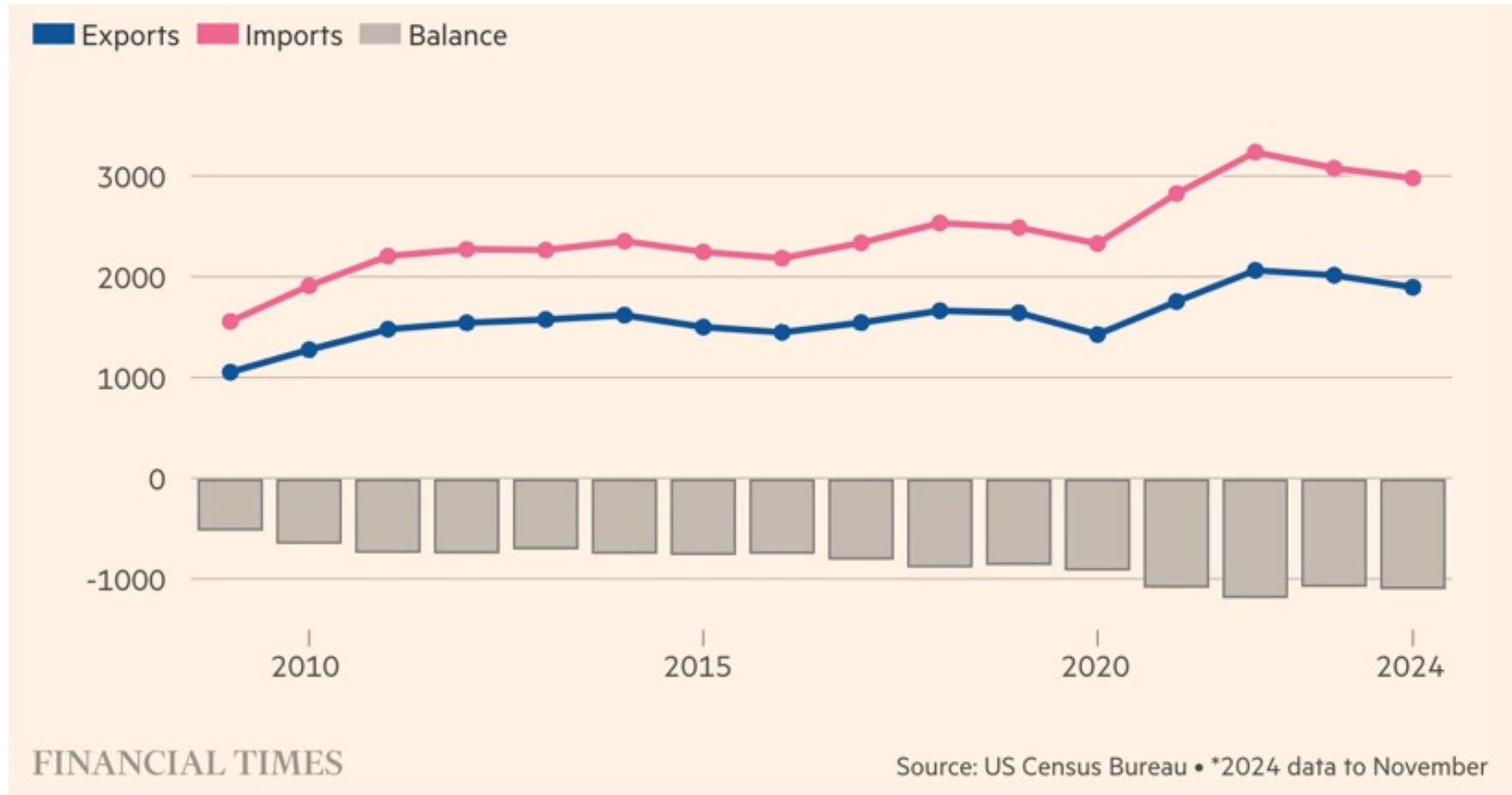
How Have US Imports Changed?

Share of imports to the United States by country
1992-2024



Source: Census Bureau - Notes: Countries with at least a 2 percent share in 2024, through November, are shown, accounting for about three-quarters of imports. - The New York Times

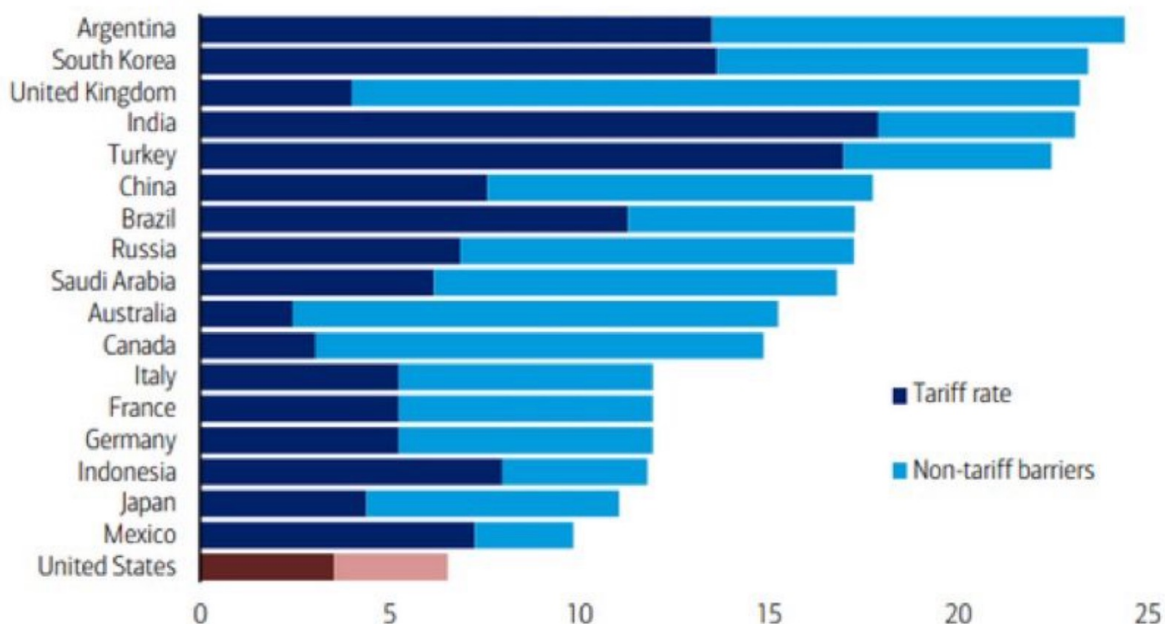
US Imports vs Exports to the Rest of the World



What Could Reciprocal Tariffs Look Like?

Exhibit 5: “Free trade”

G20 trade barriers by type, data as of 2022 to 2023, %

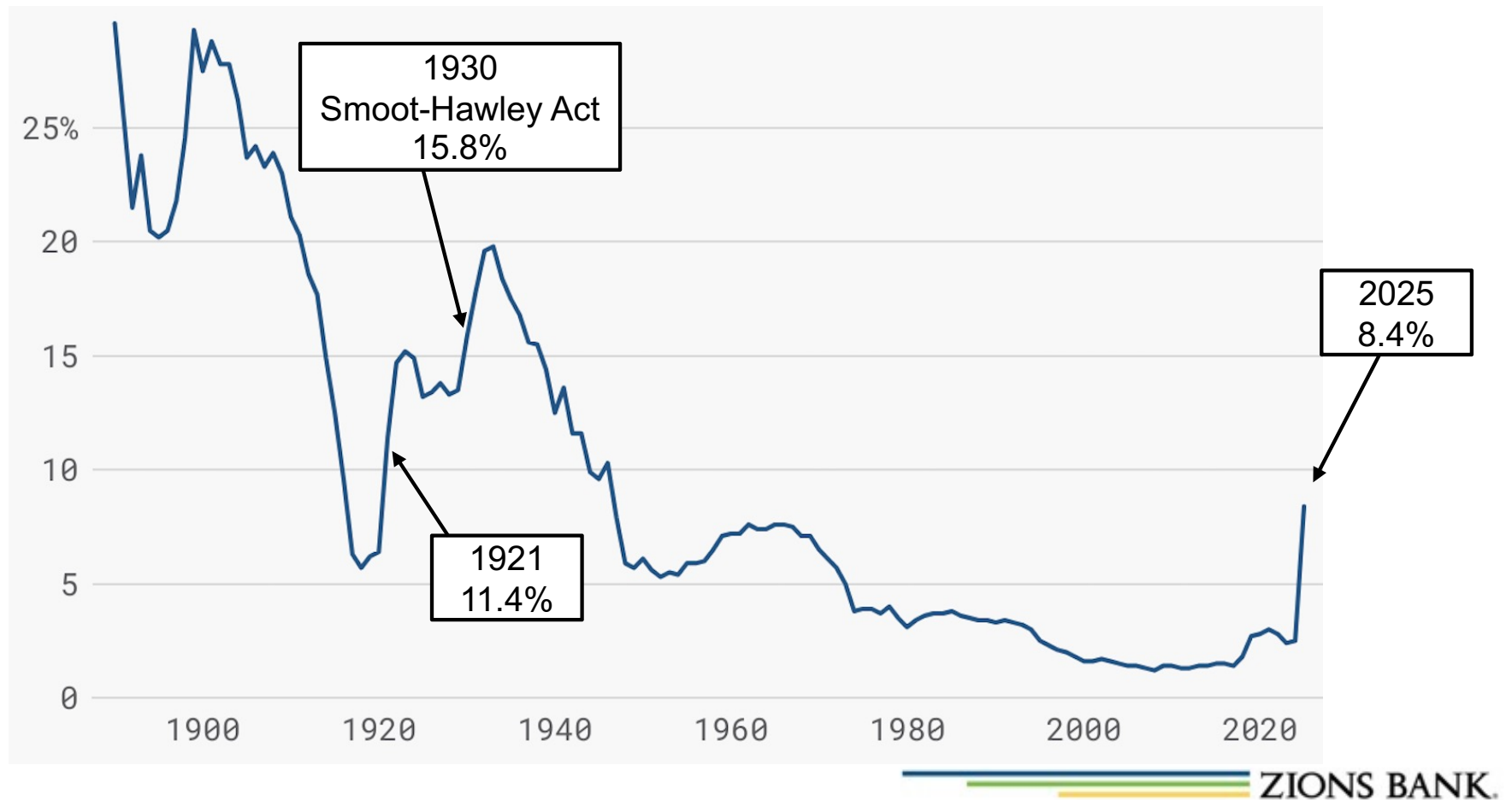


Source: BofA Research Investment Committee, World Bank, PWC; tariff rate = MFN simple average, barriers = average ad valorem equivalent; UN Trade and Development data used for non-tariff barriers in Saudi Arabia, China, Türkiye, India, and South Korea; Non-tariff barriers include regulations, rules of origin, and quotas.

BofA GLOBAL RESEARCH

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Average Tariff Rate on U.S. Imports Highest Since 1946

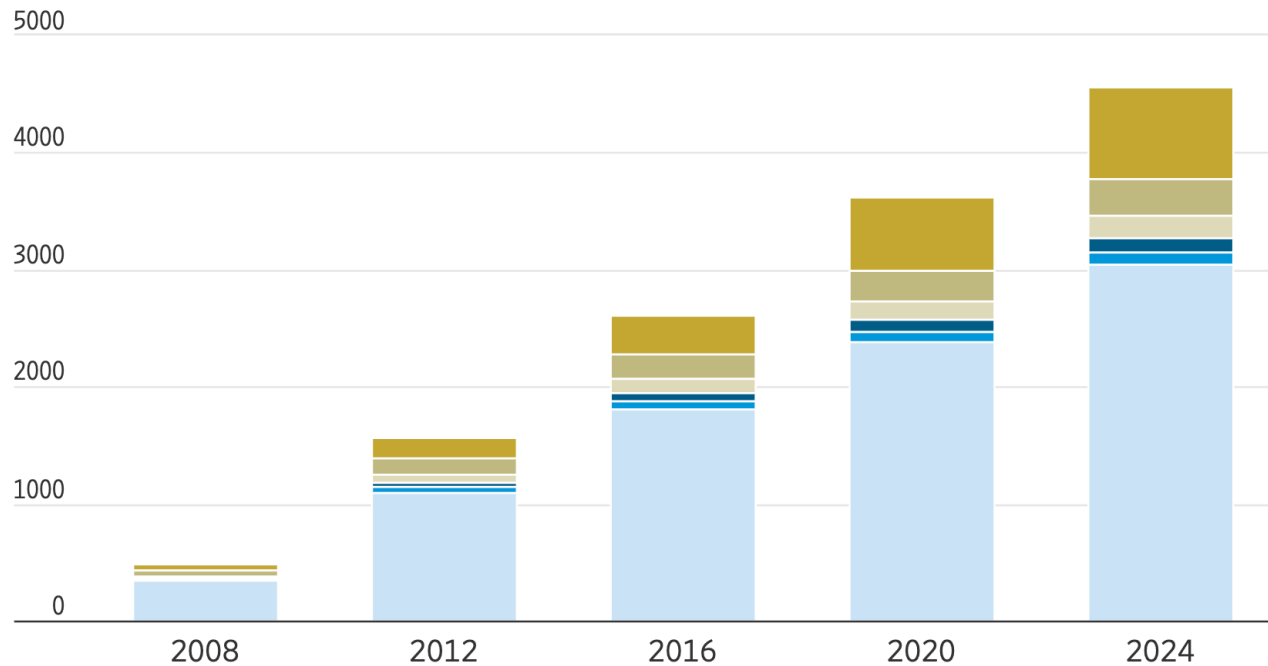


Source: Tax Foundation

Trade Barriers Mounting Around the World

Number of import curbs in force

Rest of G20 Mexico Canada China EU U.S.

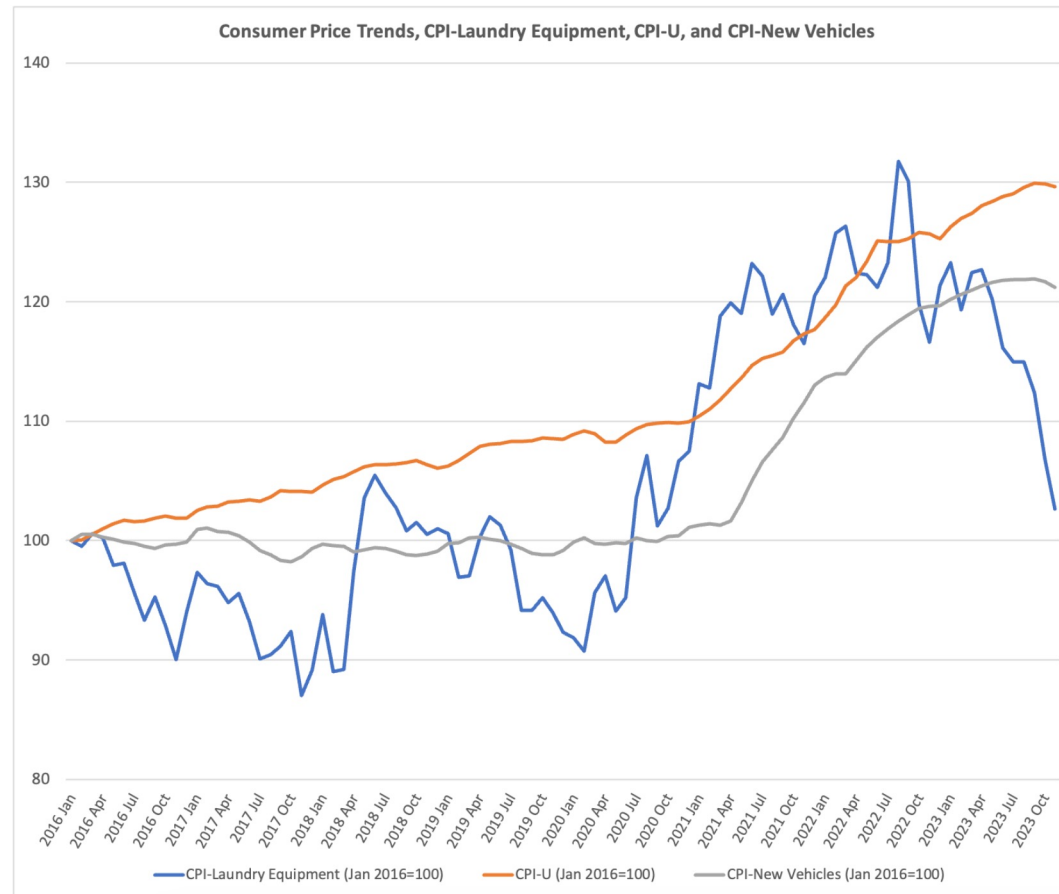


Note: Note: As of Dec. 31. Includes tariffs, antidumping duties, import quotas and other restrictions.

Source: Global Trade Alert

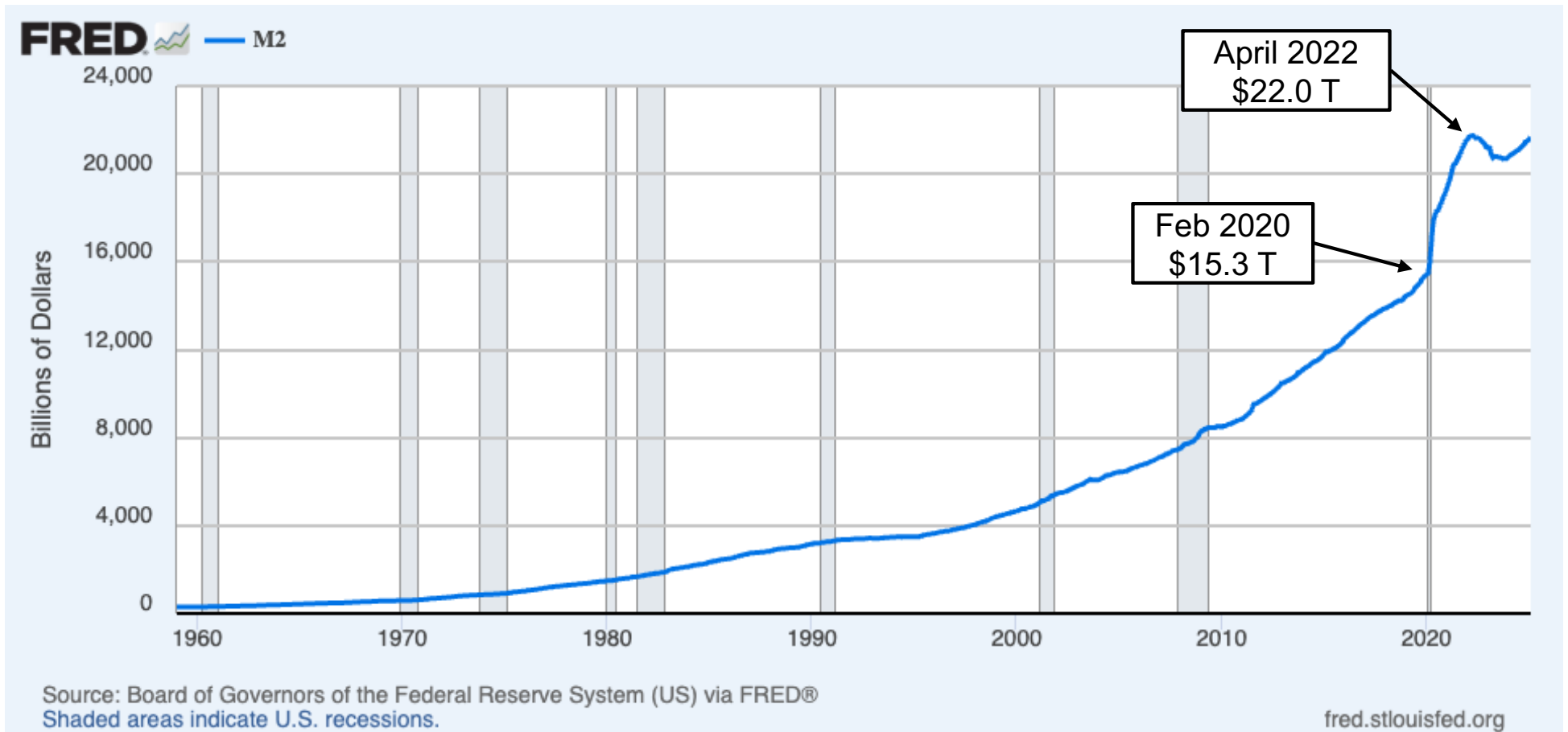


Tariff Case Study – Washing Machines

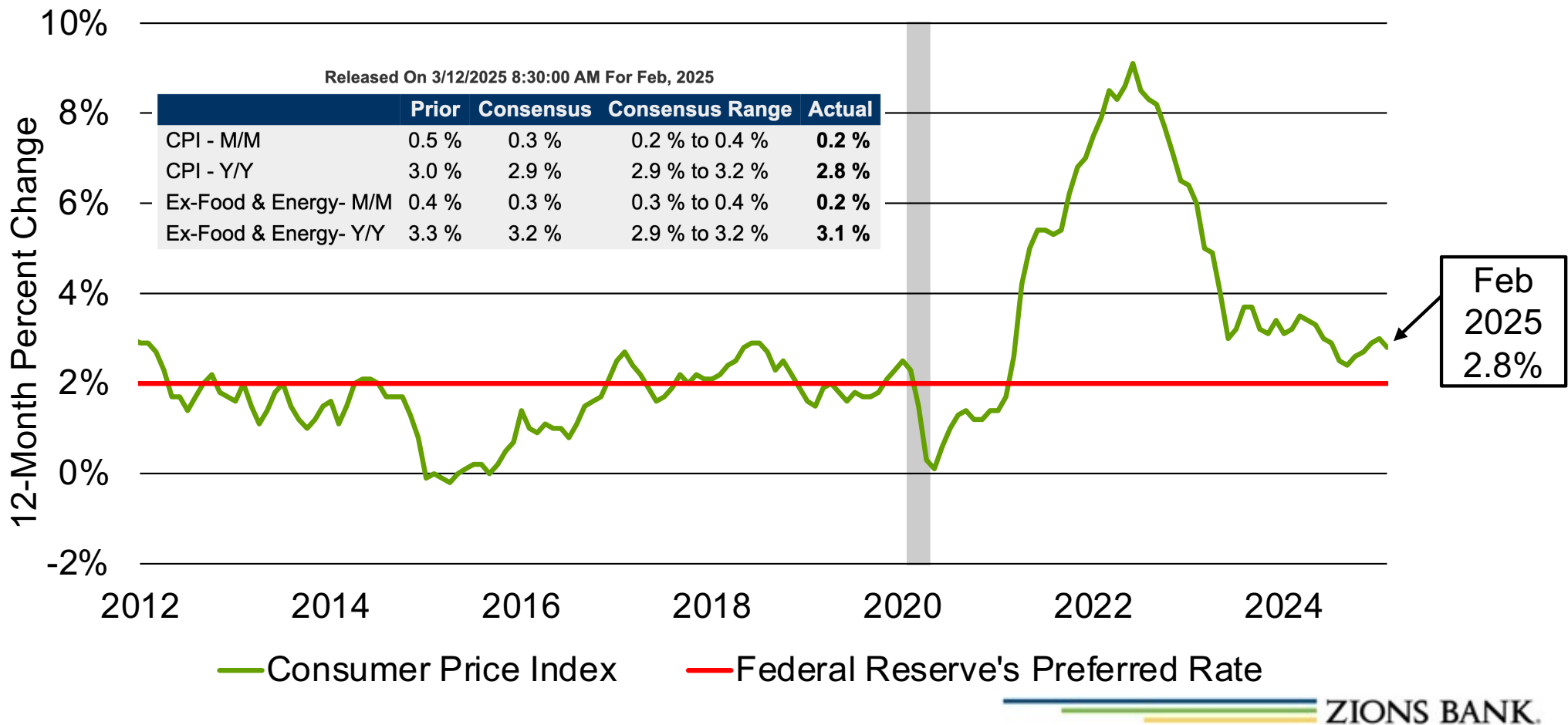


Source: Coalition for a Prosperous America

U.S. Money Supply Jumped Nearly \$7 Trillion



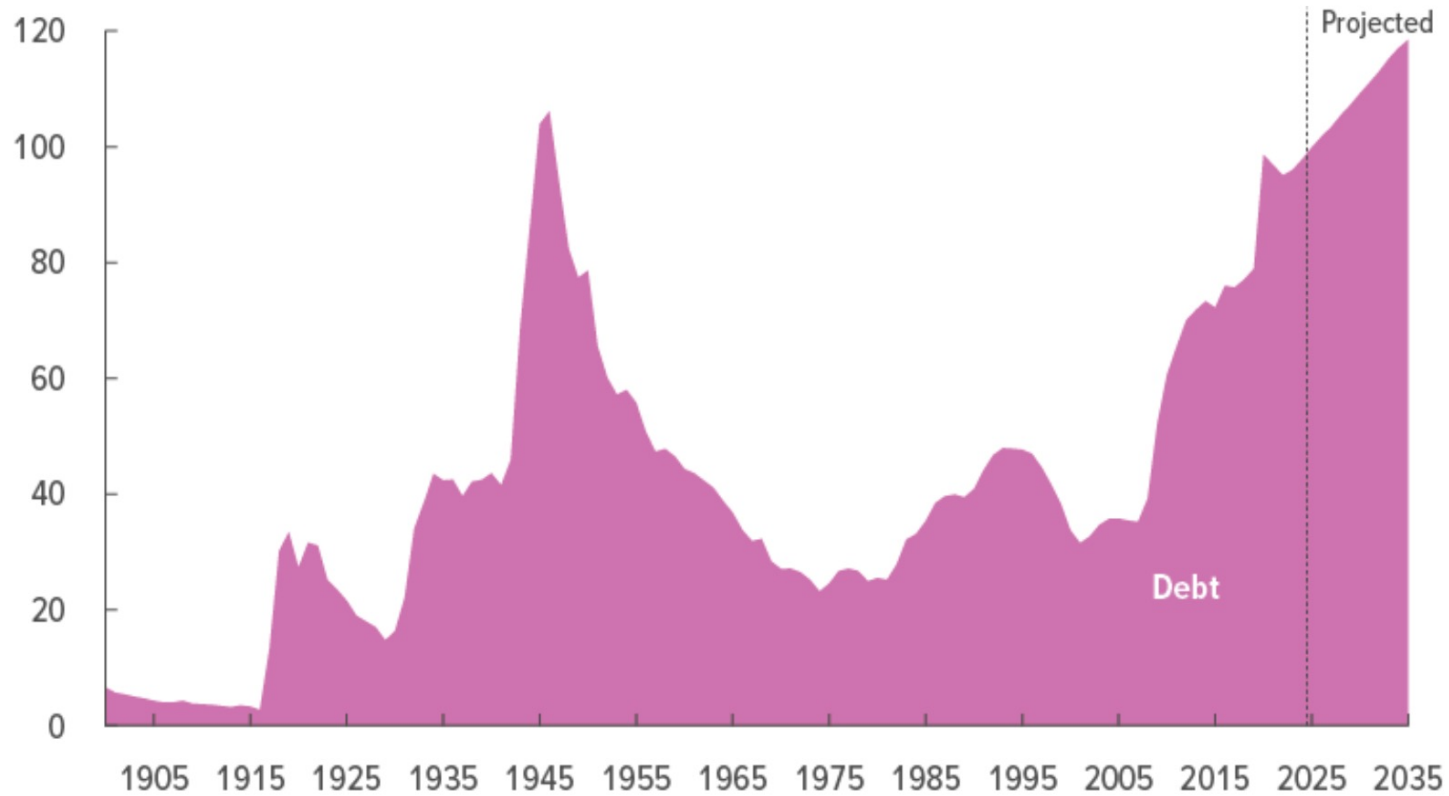
Consumer Inflation Surged in 2021



Sources: U.S. Bureau of Labor Statistics, Econoday

National Debt a Mounting Problem

Percentage of GDP



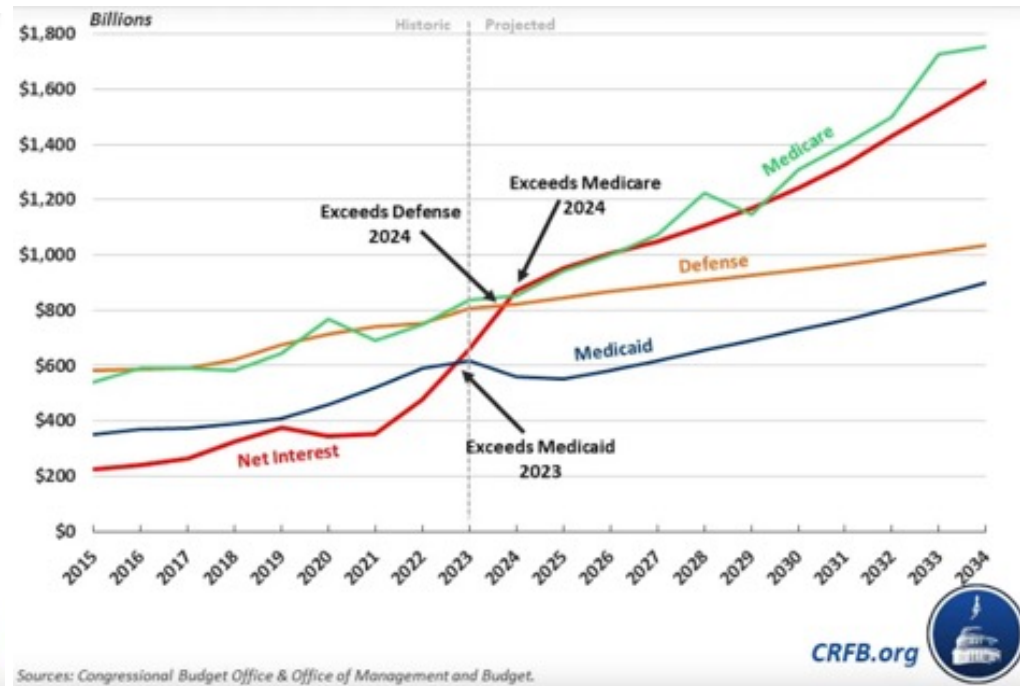
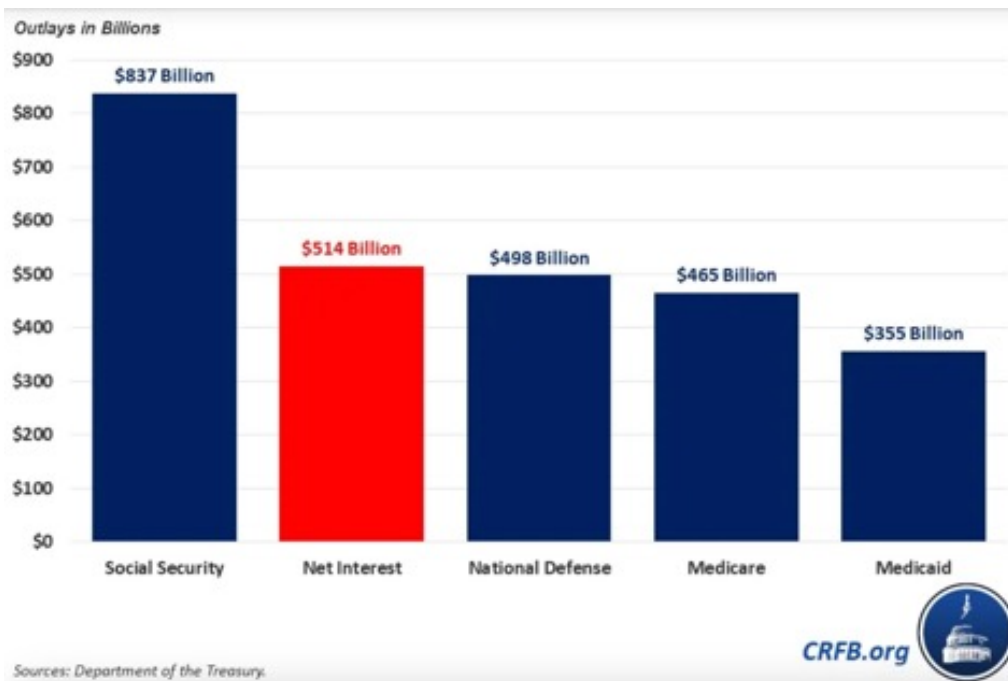
Debt

Projected

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Source: Congressional Budget Office

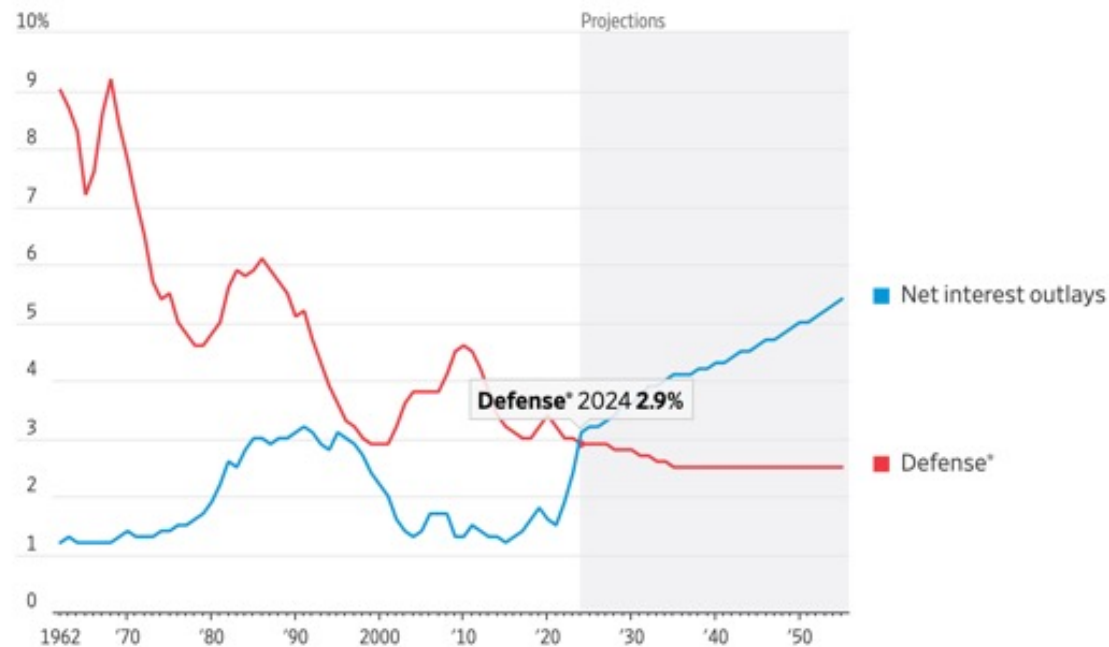
Spending on National Debt Is Now Larger than Defense, Medicare, and Medicaid



National Debt Payments Surpass Defense Spending

THE WALL STREET JOURNAL.

U.S. net interest payments and defense spending as a percentage of GDP

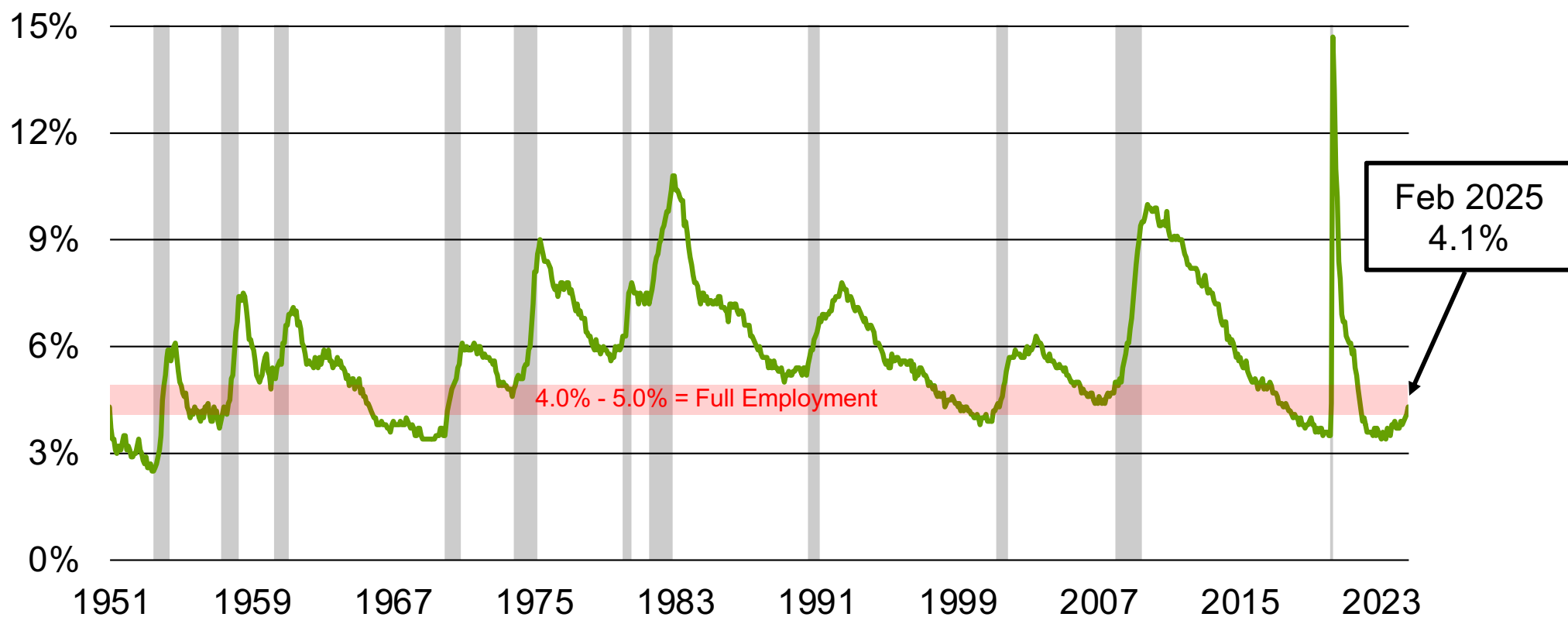


*Defense spending after 2023 extrapolated on the assumption that it remains consistently 48% of total discretionary (the average of 2014-23).

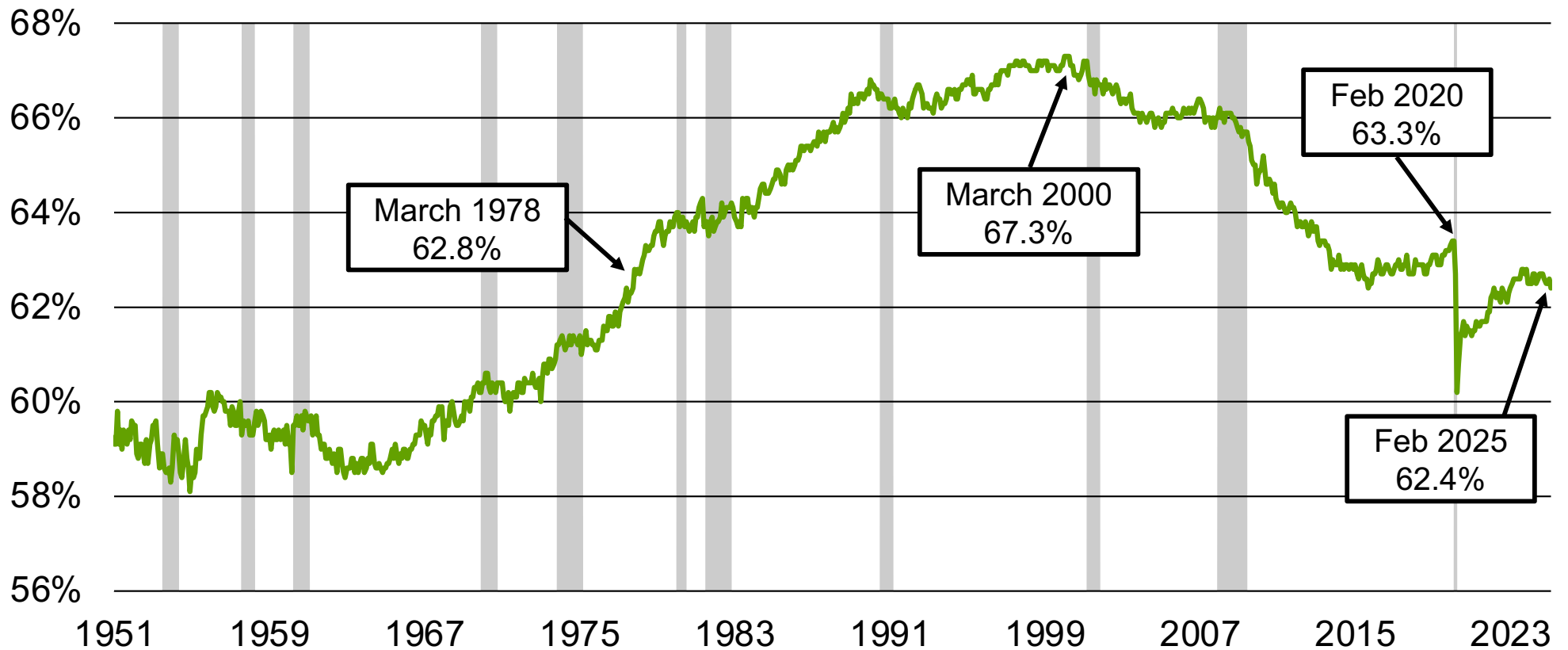
Source: Congressional Budget Office

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U.S. Unemployment Low...



... But Labor Force Participation Trending Down



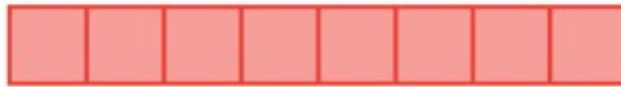
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Source: U.S. Bureau of Labor Statistics

Overview of House Budget Bill

Spending cuts

\$2 trillion



Tax cuts and spending increases

\$4.8 trillion



Deficit increase

\$2.8 trillion



Each square represents \$250 billion over 10 years.

The DOGE Tracker

 An official website of the United States government



Department of Government Efficiency

The people voted for major reform.

[Savings](#)

[Payments](#)

[Spend](#)

[Workforce](#)

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Estimated Savings

\$140B

Combination of asset sales, contract/lease cancellations and renegotiations, fraud and improper payment deletion, grant cancellations, interest savings, programmatic changes, regulatory savings, and workforce reductions.

Amount Saved Per Taxpayer

\$869.57

Per taxpayer amount is calculated using an estimate of 161 million individual federal taxpayers.

We are working to upload all of our receipts in a digestible and transparent manner consistent with applicable rules and regulations. To get started, listed below are a subset of contract, grant, and lease cancellations, representing ~30% of total savings.

The contracts listed below have been posted publicly on [fpds.gov](https://www.fpd.gov). FPDS posting of the contract termination notices can have up to a 1 month lag. There may be discrepancies between FPDS / USAspending and the posted numbers, the latter of which originate directly from agency contracting and grant officials.

Last updated **March 30th, 2025**. This will initially be updated weekly; over time, the website will improve and the updates will converge to real-time.



DOGE Spending Tracker

 **Department of Government Efficiency**
The people voted for major reform.

An official website of the United States government

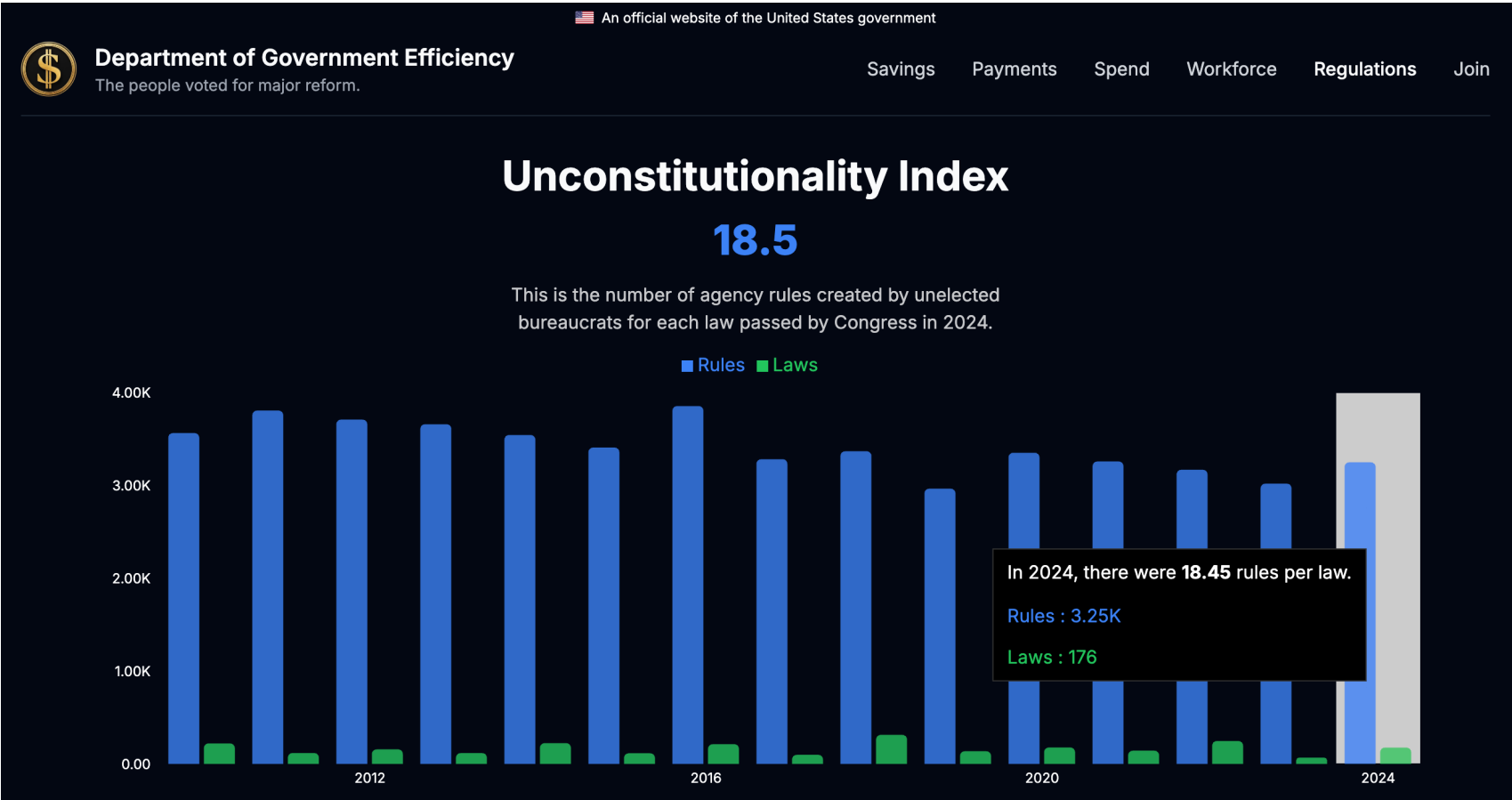
[Savings](#) [Payments](#) [Spend](#) [Workforce](#) [Regulations](#) [Join](#)

Agency Spending

Agency	FY2019	FY2024
Department of Health and Human Services #9	\$1213.8B	\$1720.6B
Social Security Administration #8	\$1101.8B	\$1519.7B
Department of the Treasury #15	\$689.5B	\$1311.9B
Department of Defense #17	\$654.0B	\$826.3B
Department of Veterans Affairs #11	\$199.6B	\$325.0B
Department of Education #2	\$104.4B	\$268.4B
Total Spending	\$4446.6B	\$6746.5B

+51.7% change from FY2019 to FY2024

DOGE Regulation Tracker



DOGE Regulation Tracker

Code of Federal Regulations

98.68M

Total Words

215.23K

Total Sections of regulation

100.00M

75.00M

50.00M

25.00M

0.00

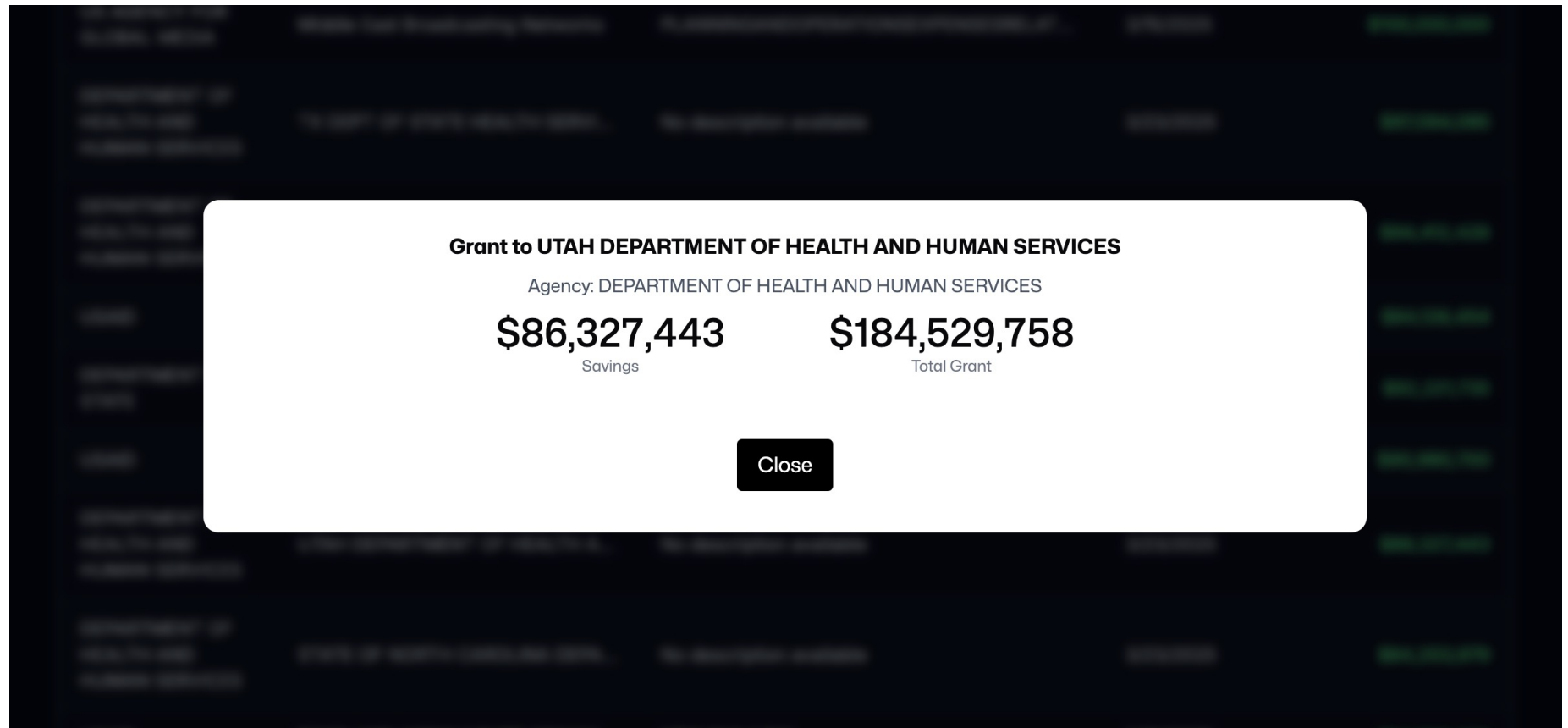
2012

2016

2020

2024

DOGE Local Impact – Utah DHHS



DOGE Local Impact - Moab

MOAB, UT

Agency: NATIONAL PARK SERVICE

\$8,058,490

Total Savings

\$805,408

Annual Lease Cost

Square Footage: 35,358 sq ft

Termination via Mass Mod

Close

The Trump Economic Policy

- Increased tariffs – reduce international imports
- Slow international migration – reinforce domestic workforce

Vs.

- Lower taxes
- Deregulation
- Reduced government spending and debt

Poll #2 – Are Tariffs Good for the Economy?

Are tariffs good for the economy?

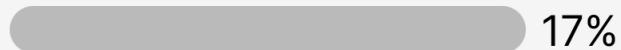
Yes - Team Liberation Day



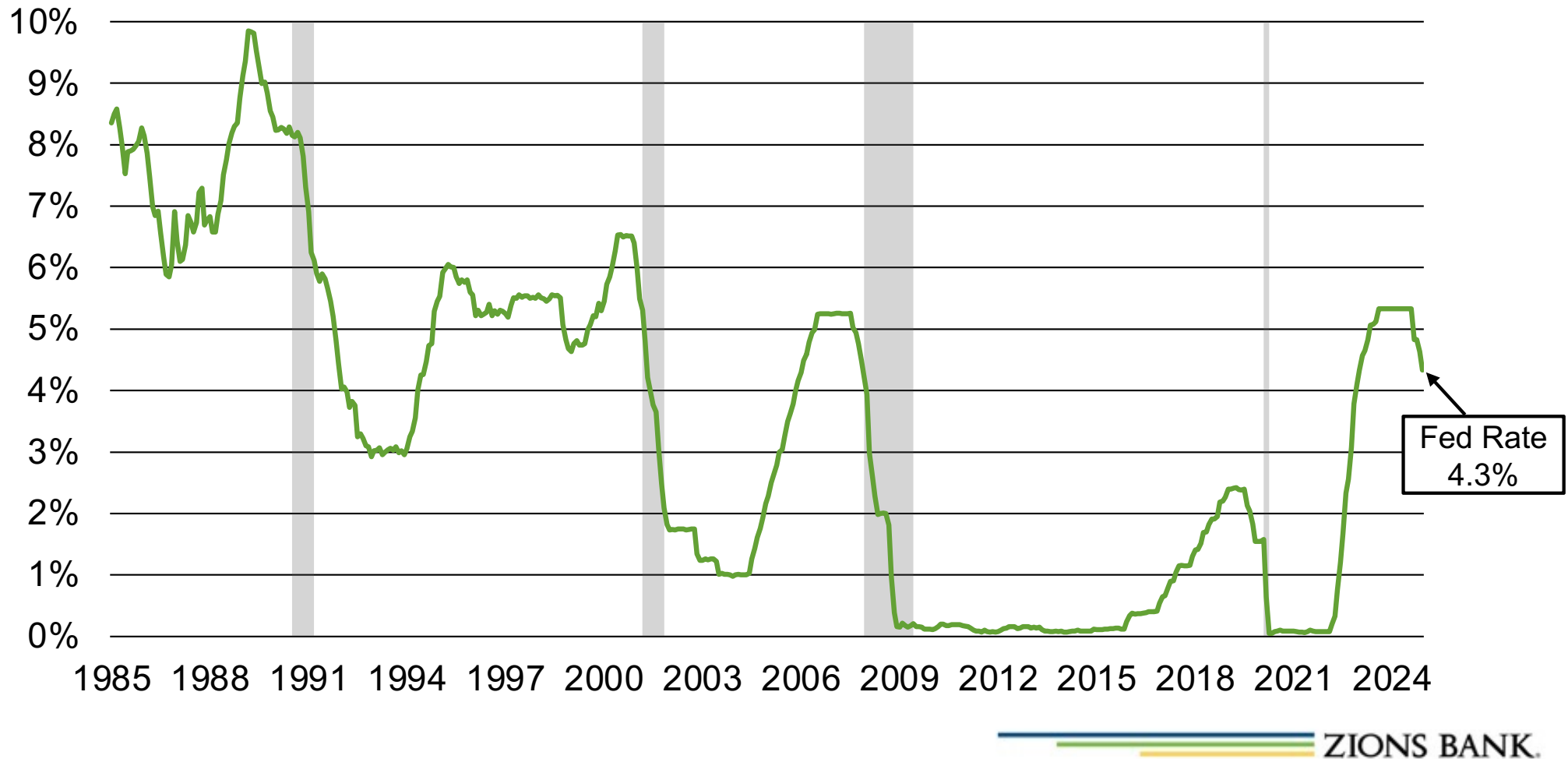
No - Team Devestation Day



Unsure



Federal Reserve Held Fed Funds Rate in March

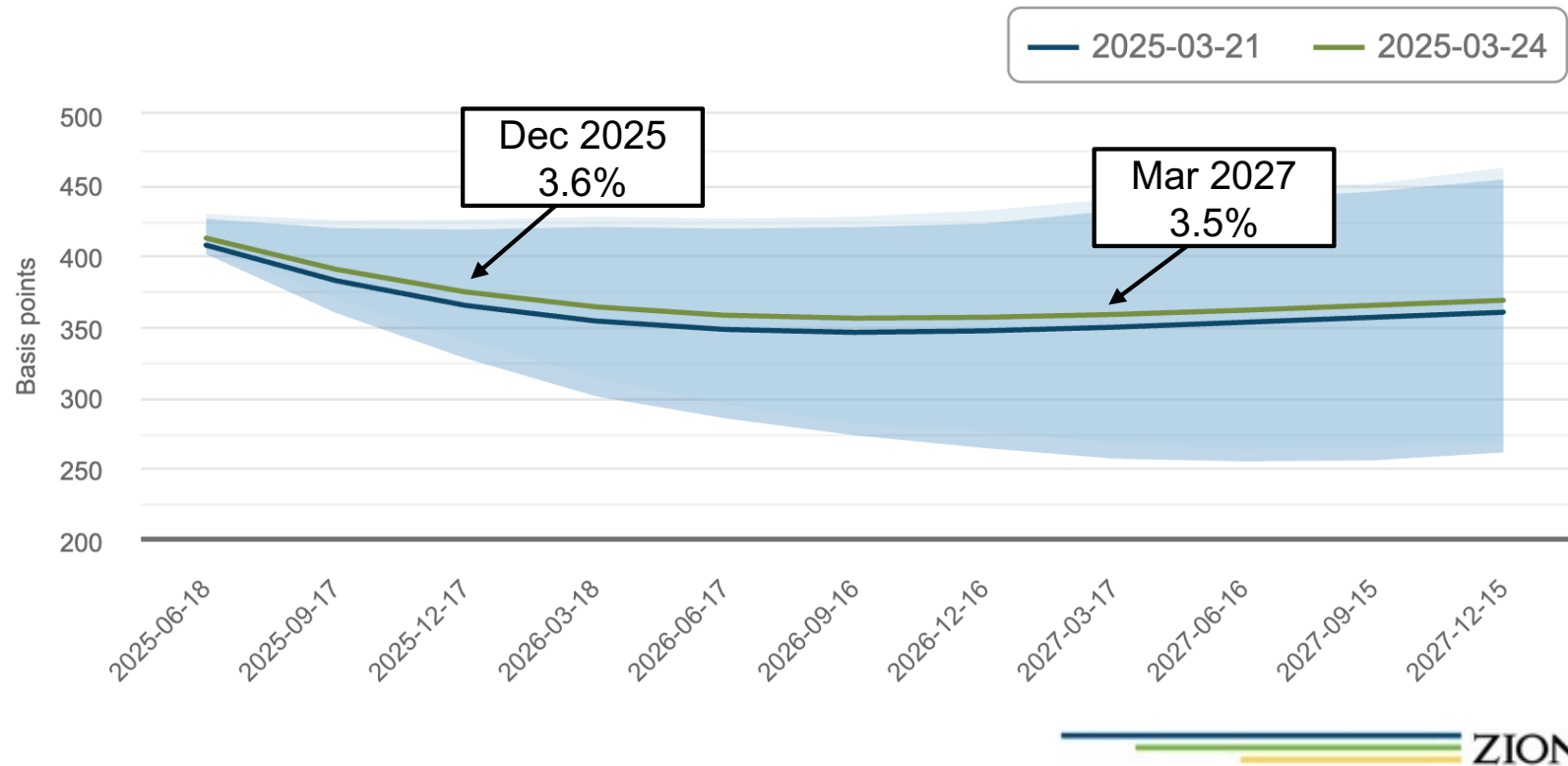


Source: Federal Reserve Board of Governors

Markets Uncertain About Additional Rate Cuts

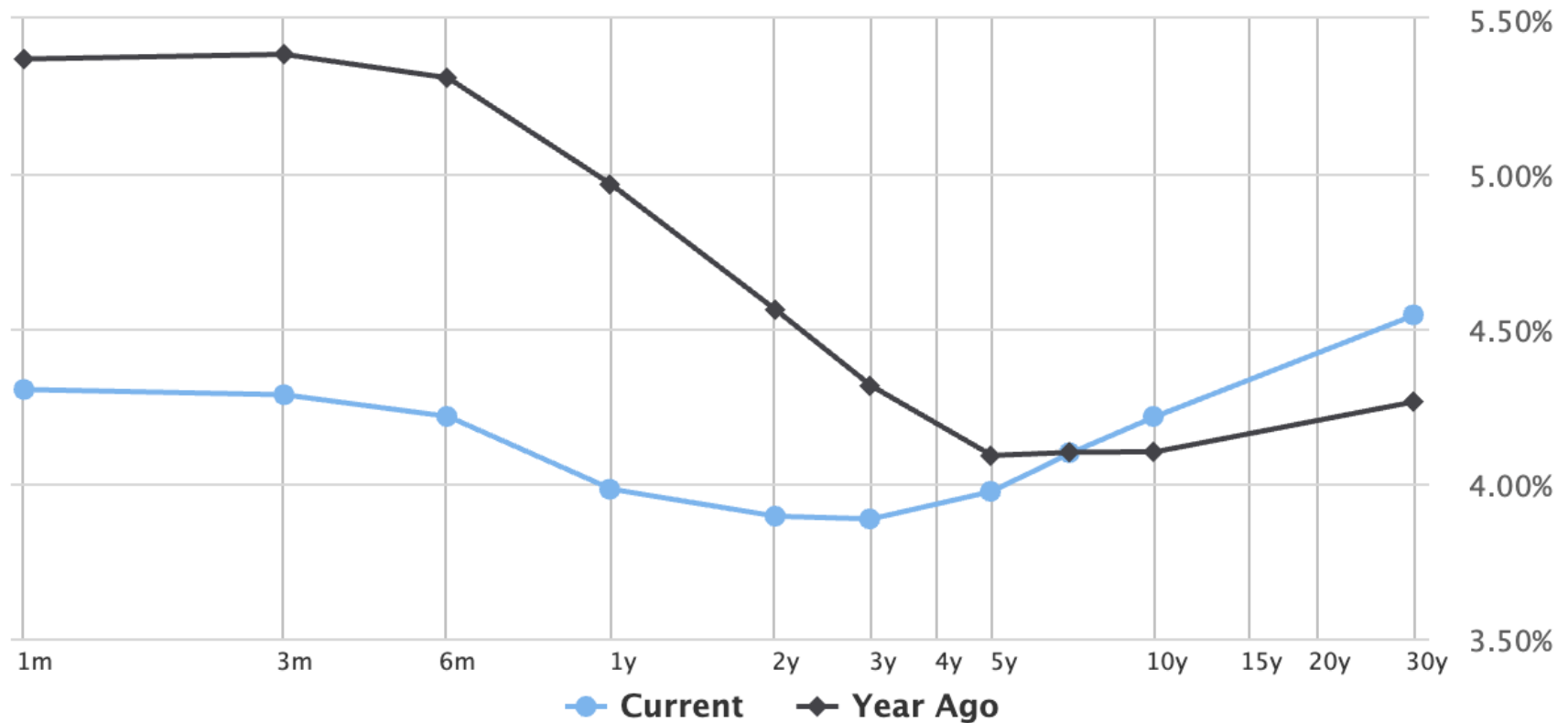
The Expected Three-Month Average SOFR Path

Current target range: 425 - 450 basis points



Source: Federal Reserve Bank of Atlanta

Treasury Yield Curve Trying to Find Direction



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Source: Wall Street Journal

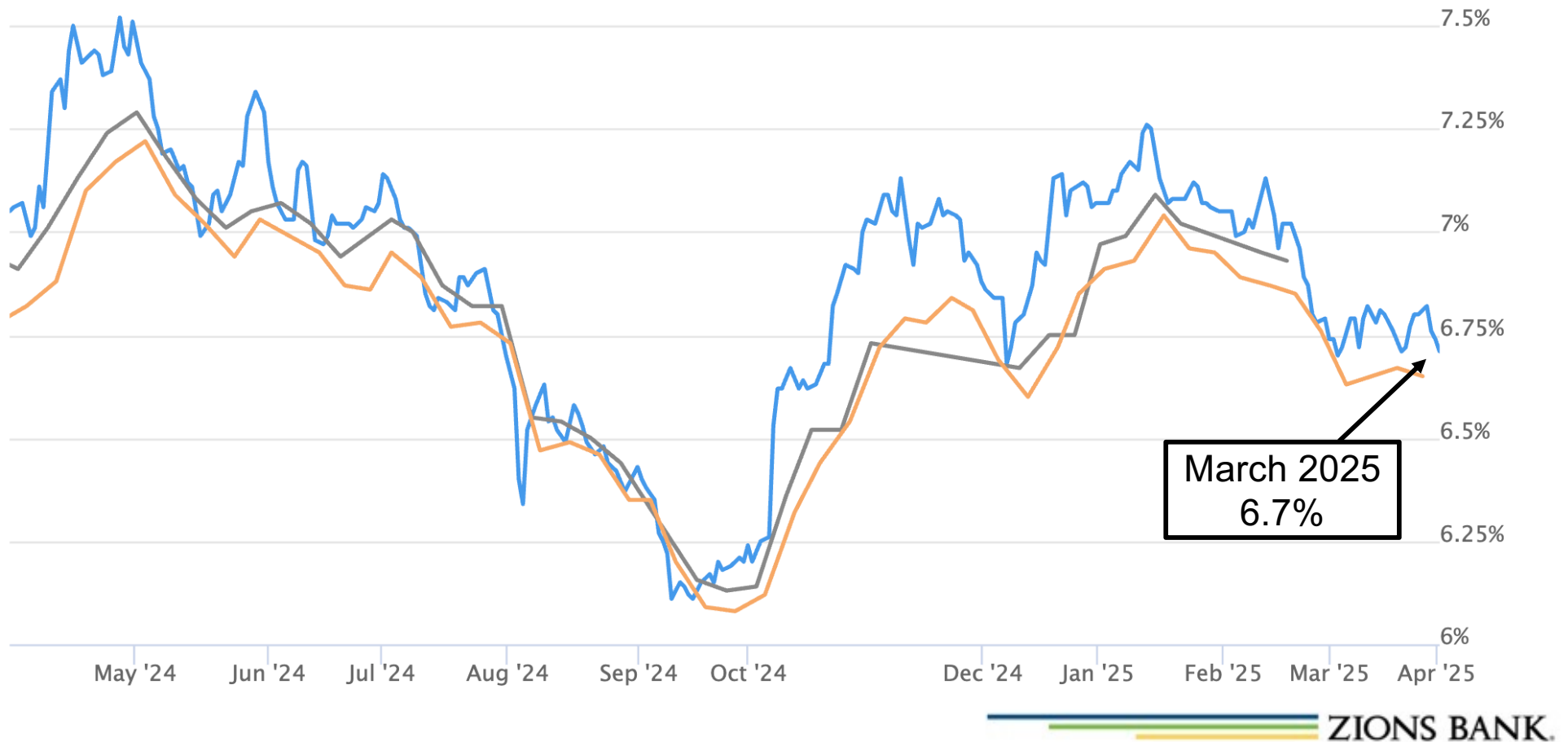
Large Swings in Long Term Rates

U.S. 10 Year Treasury



Source: CNBC

Mortgage Rates Down in 2025



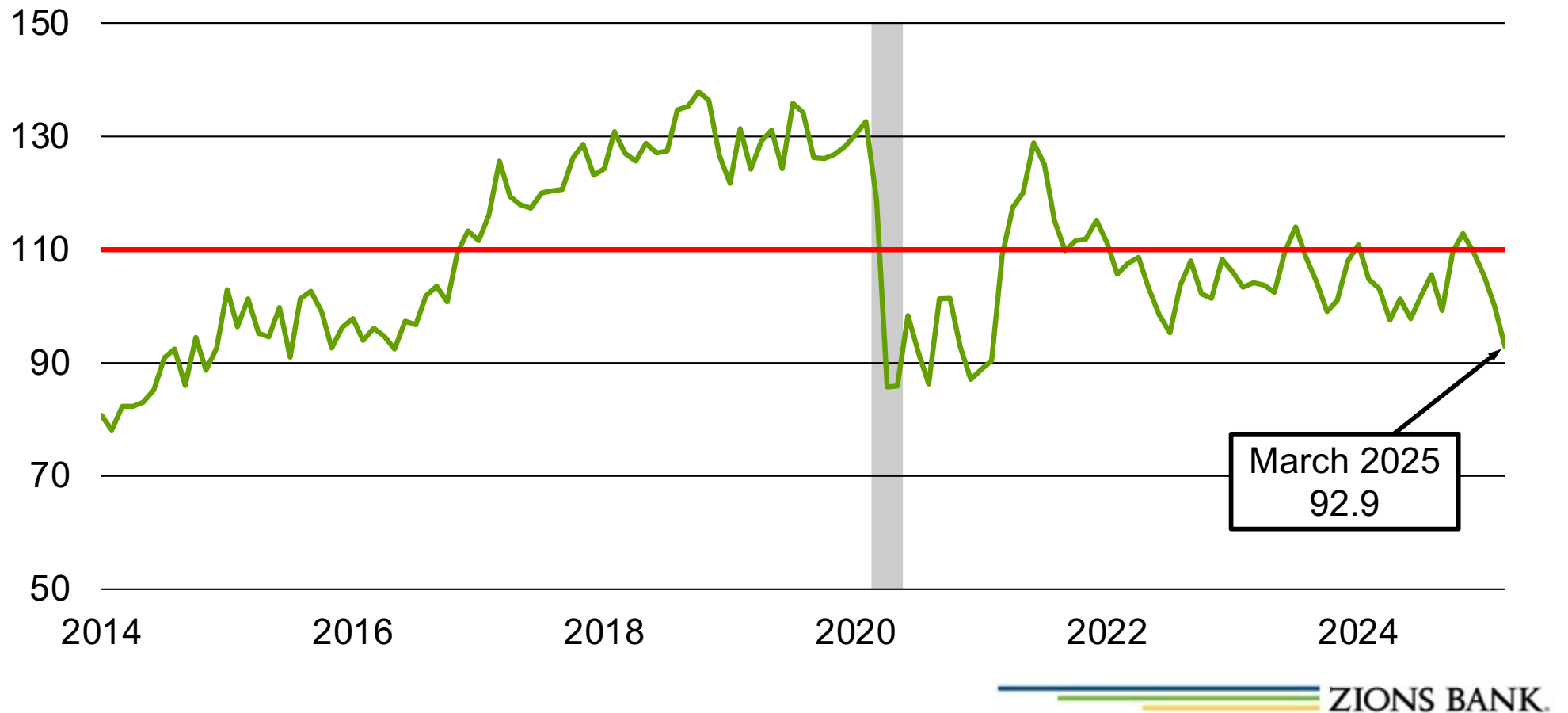
Source: Mortgage News Daily

Soft Indicators

Market Volatility is Up – But Not Much

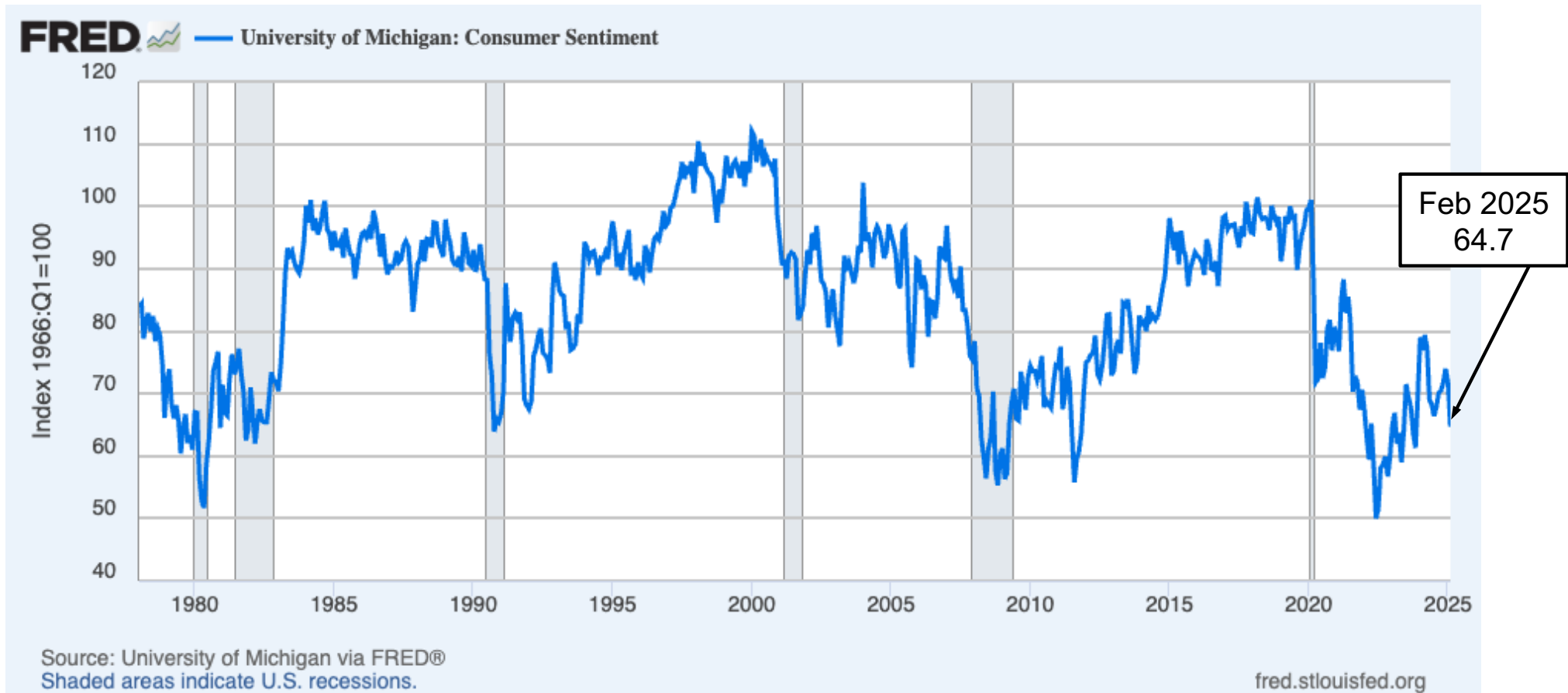


Consumer Confidence Continued to Drop in March

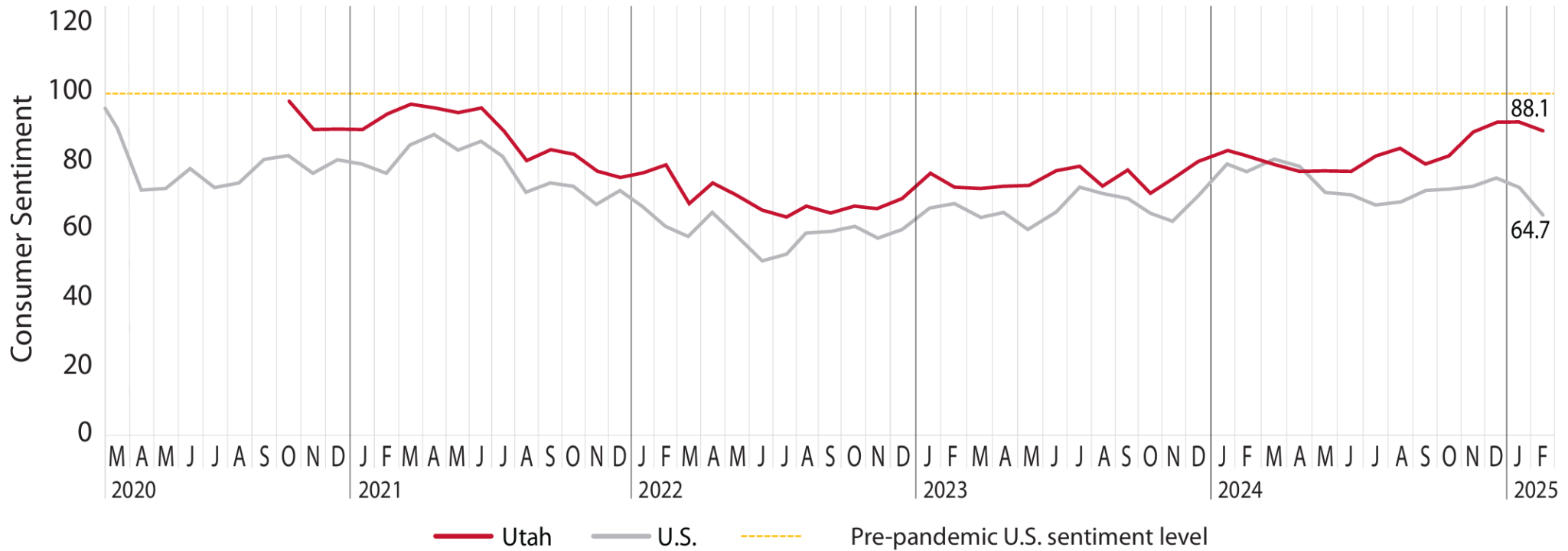


Source: The Conference Board

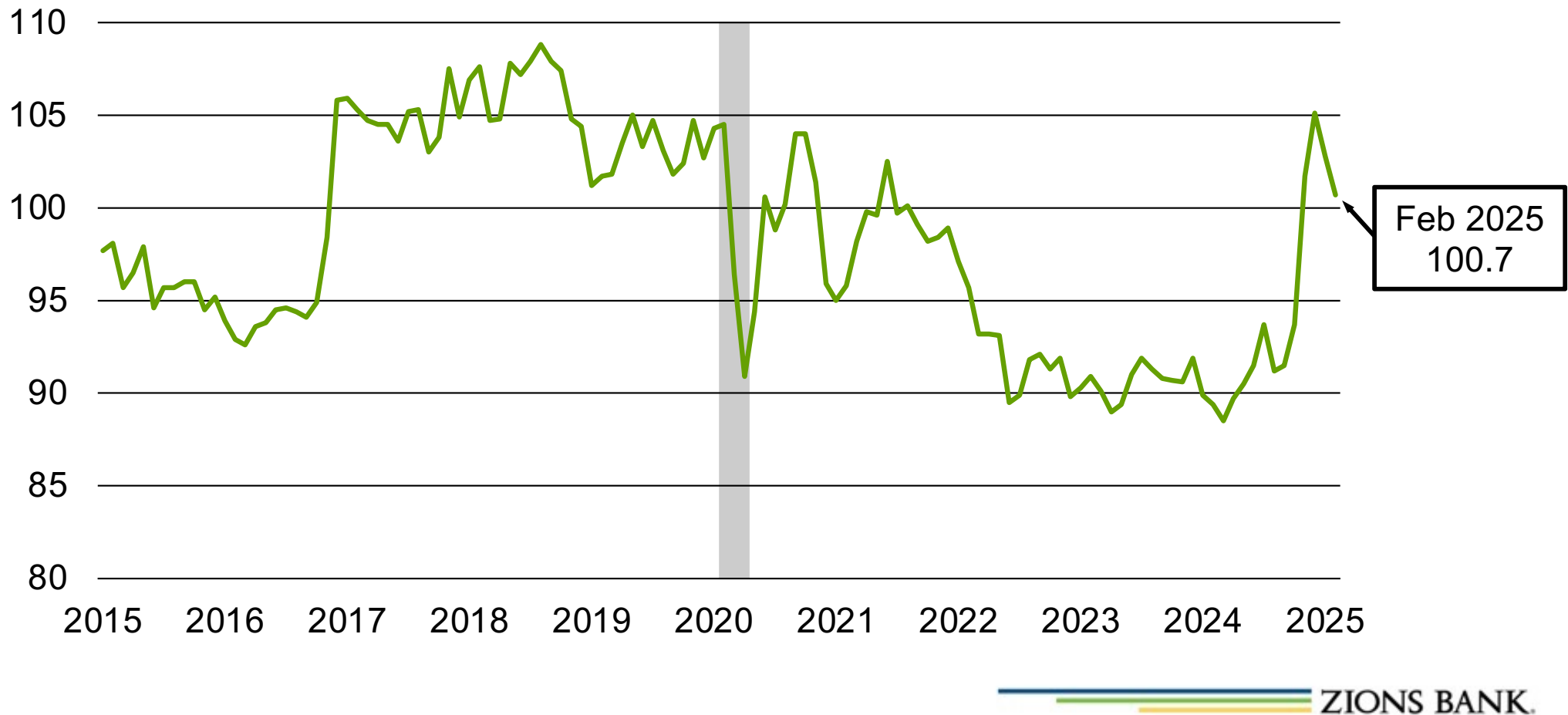
Consumer Sentiment Dropping



Consumer Sentiment Dropping

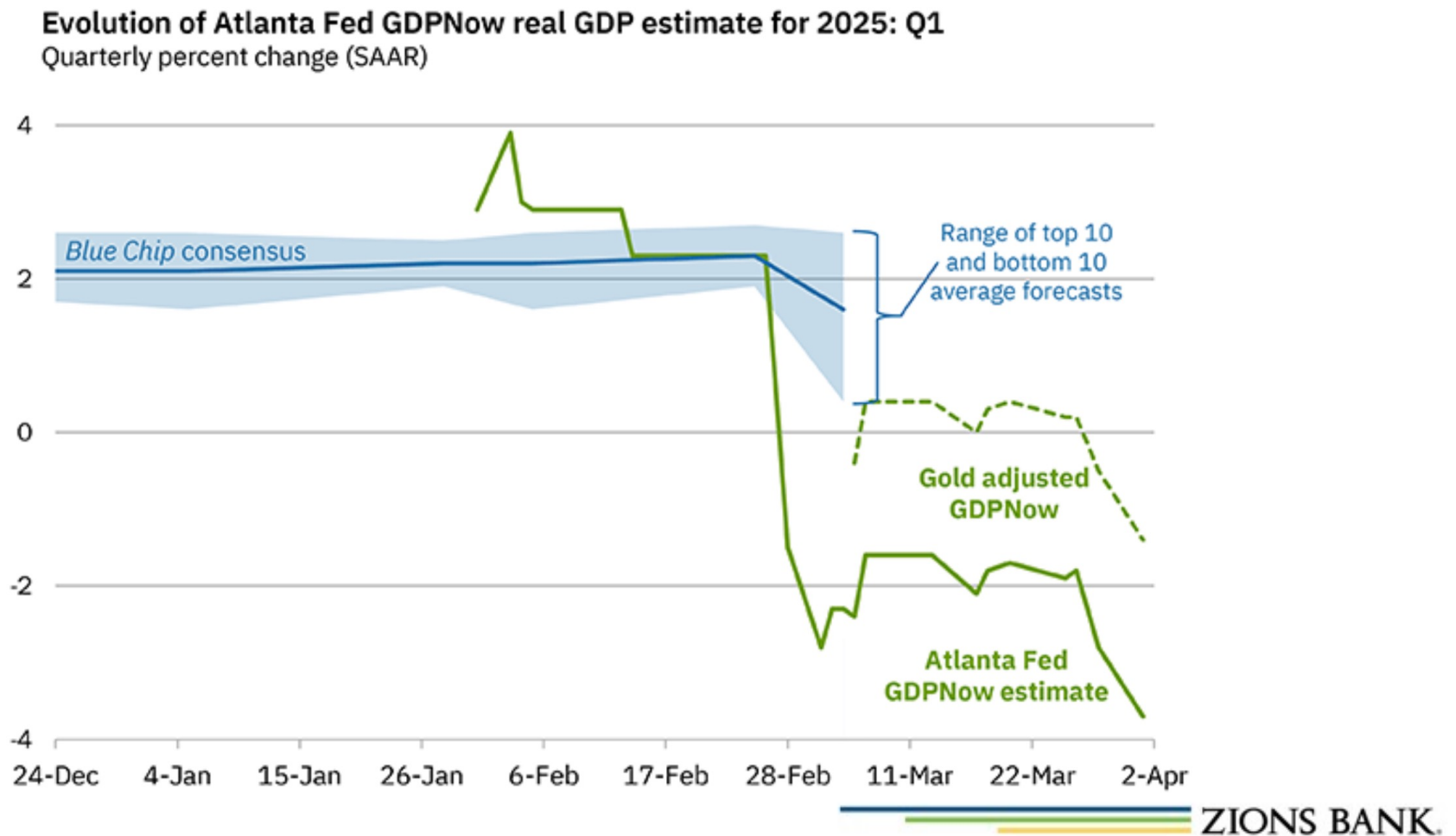


Small Businesses Optimism Dropped in February



Source: National Federation of Independent Business

First Quarter GDP Forecasts Getting Negative



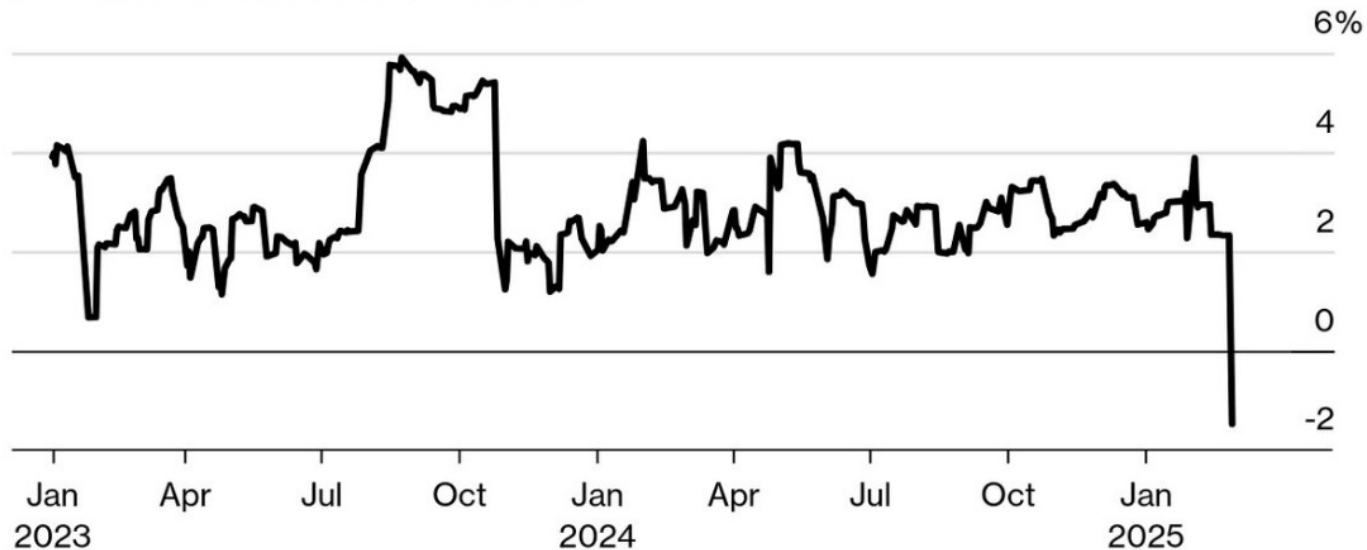
Source: Federal Reserve Bank of Atlanta

First Quarter GDP Forecasts Getting Negative

Going Down

The Atlanta Fed's (sometimes volatile) gauge of US growth has taken a sudden turn for the worse

Atlanta Fed GDPNow GDP Forecast



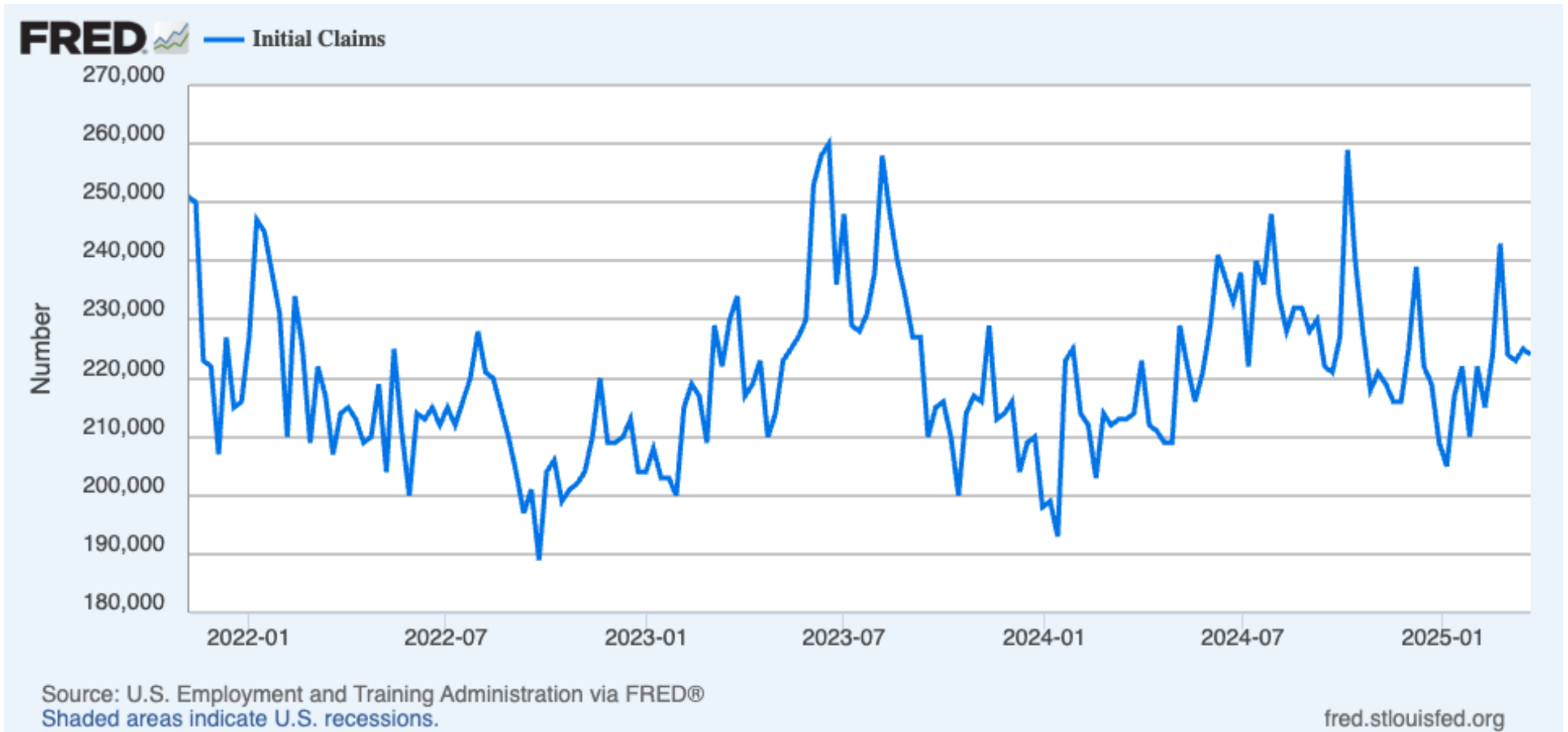
Source: Federal Reserve Bank of Atlanta

Bloomberg

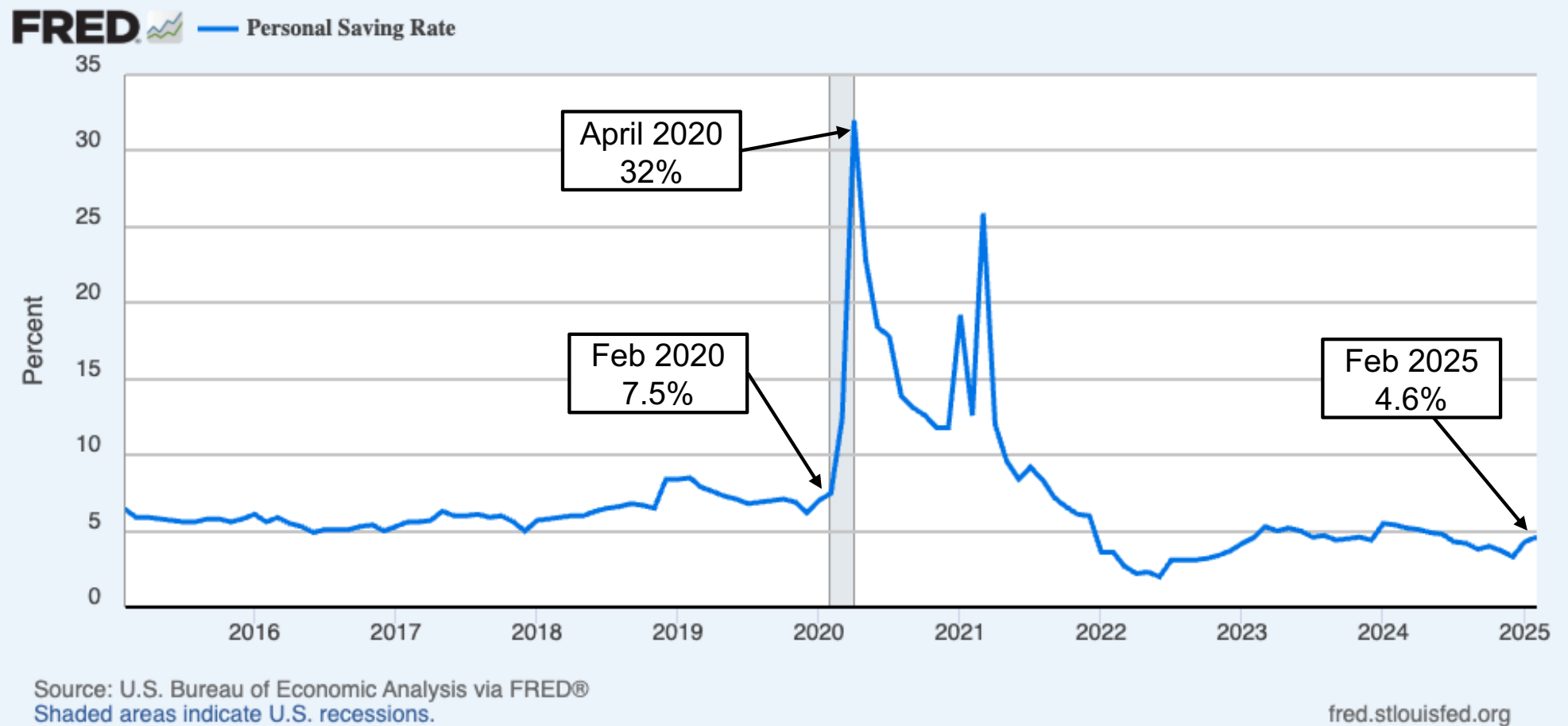
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Source: Federal Reserve Bank of Atlanta

Weekly Unemployment Claims Holding Steady



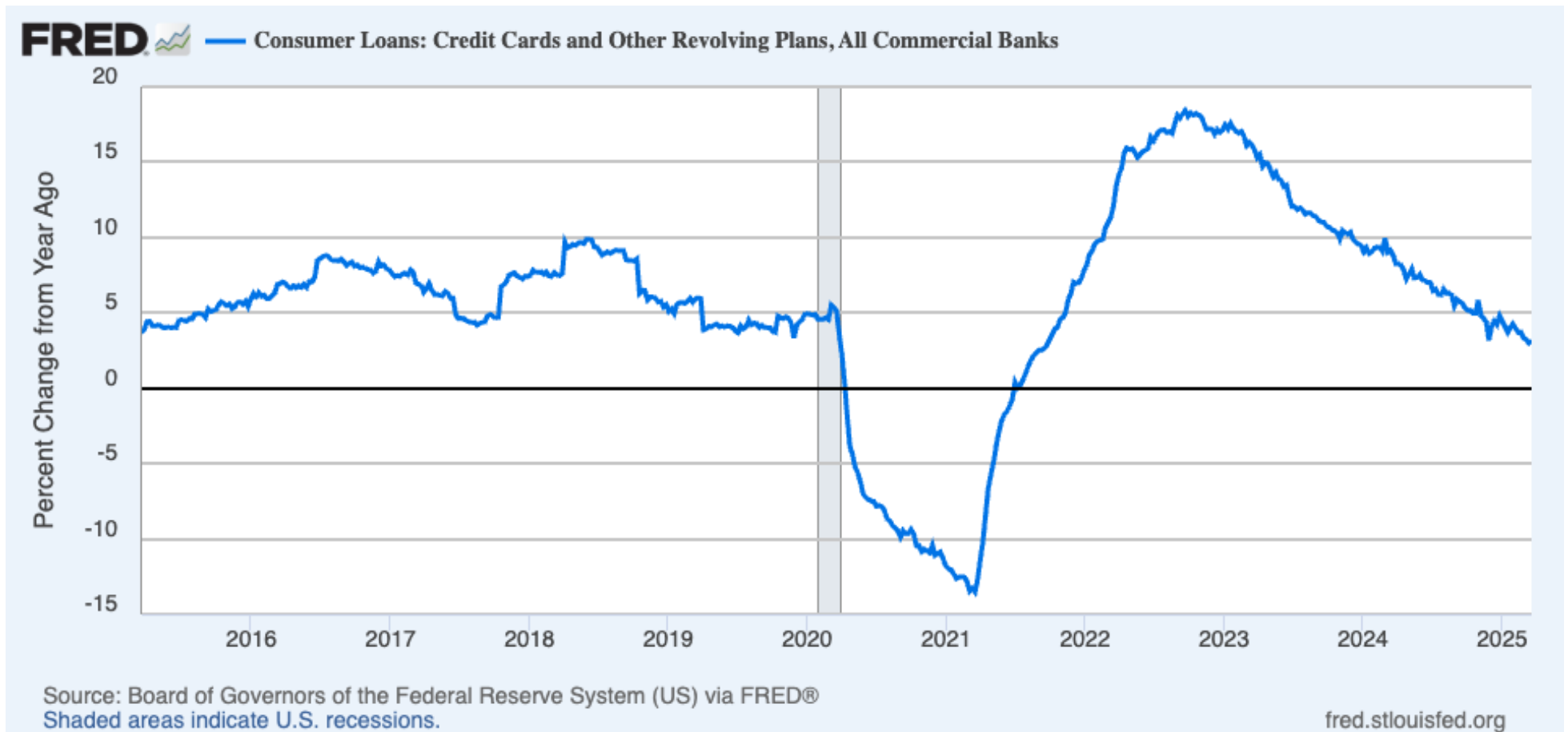
Personal Saving Rate Up In February



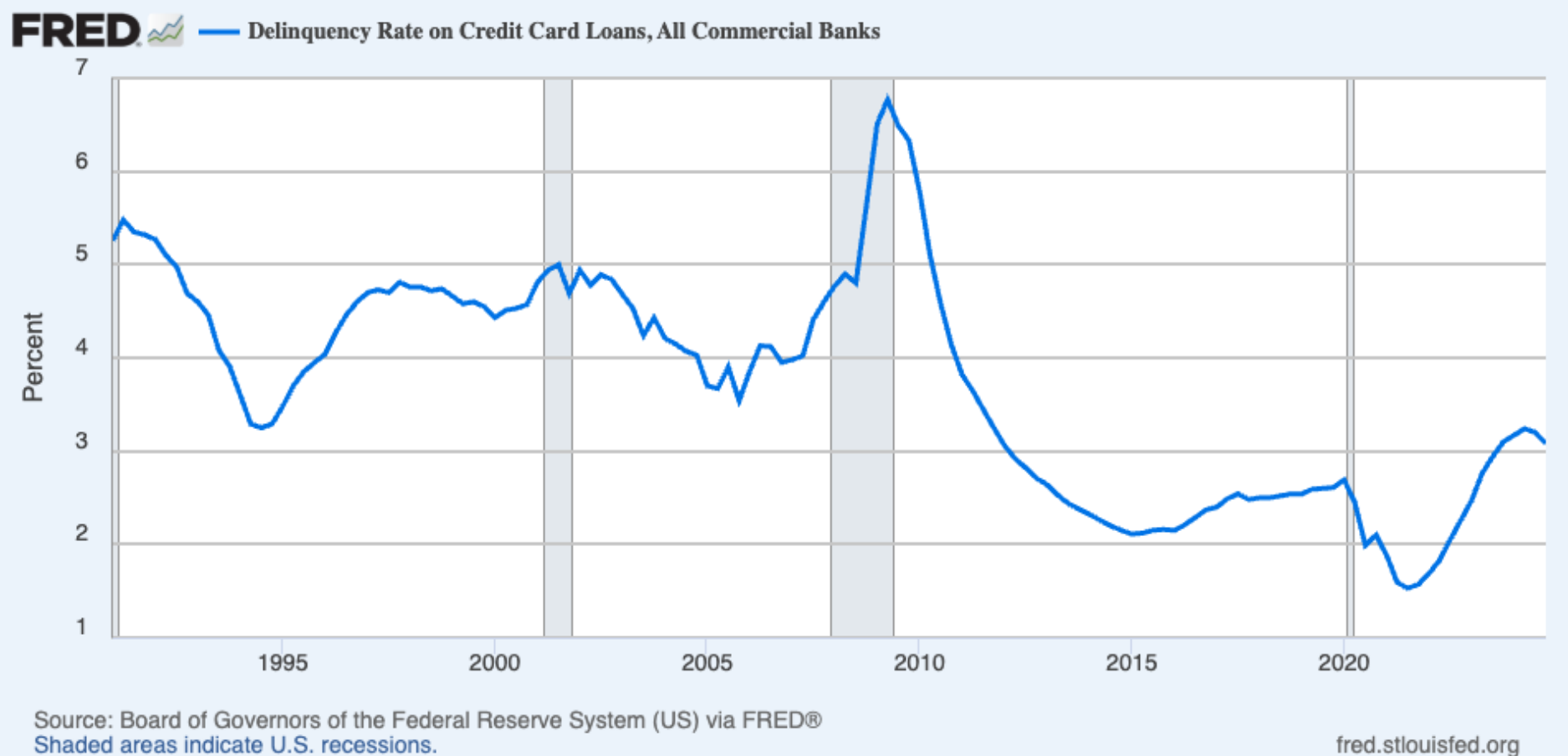
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Source: Federal Reserve Bank of St Louis

Credit Card Loan Growth



Credit Card Delinquency Rate Elevated



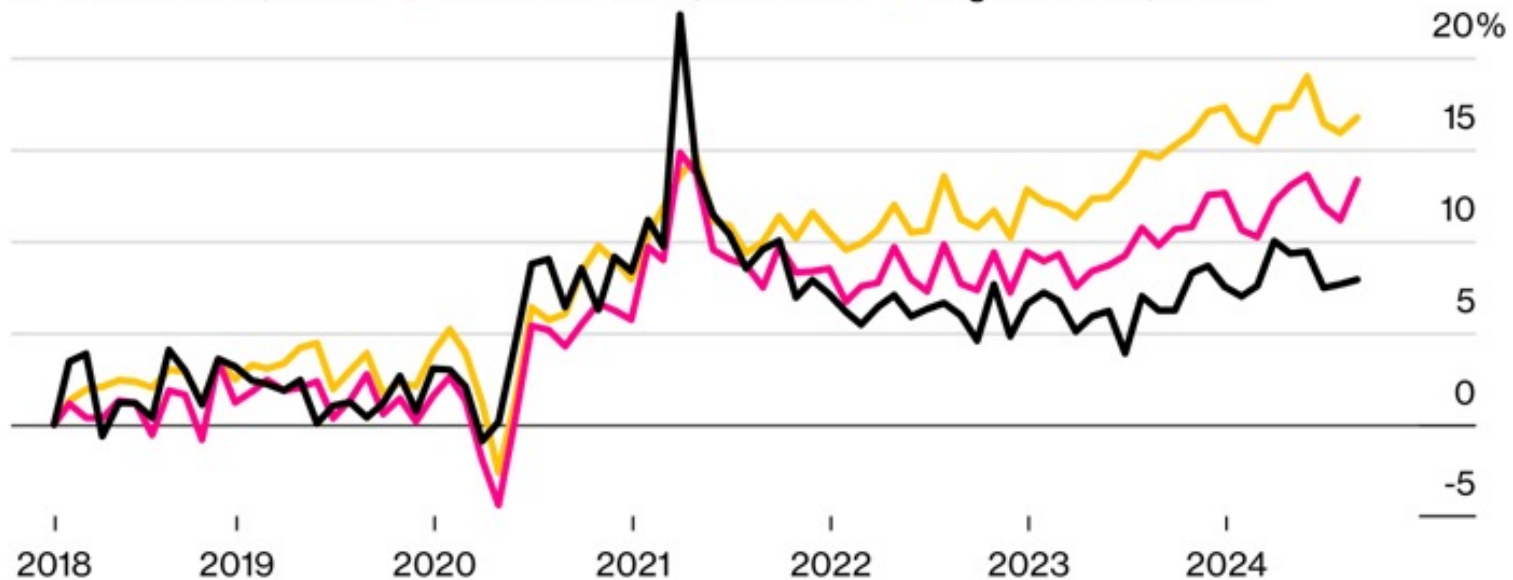
Source: Federal Reserve Bank of St Louis

Retail Spending by Income

Higher Income Consumers Pulling Away

Growth of retail spending broken down by household income

Low income \$0-60K Middle income \$60K-100K High income \$100K+



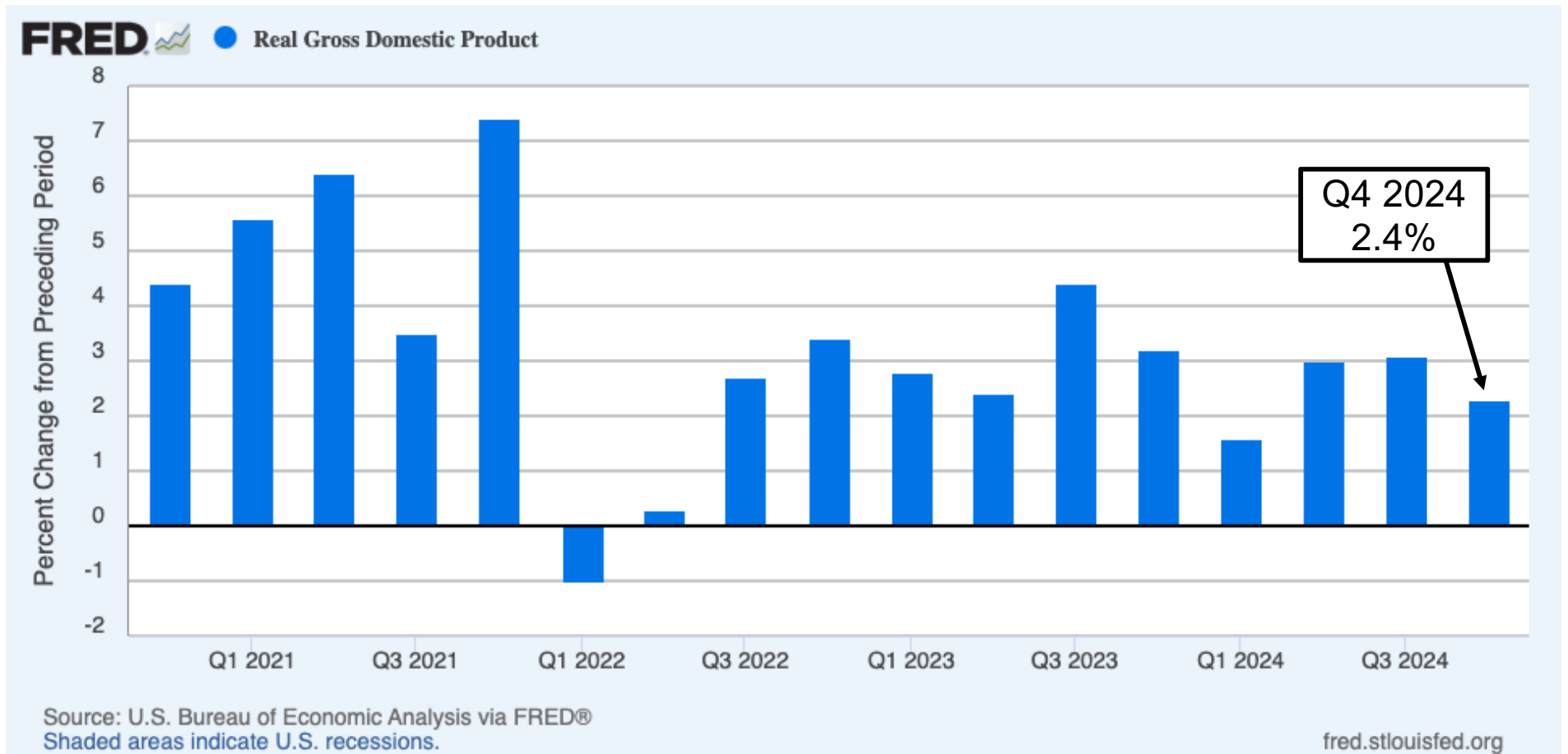
Source: Federal Reserve

Note: Seasonally-adjusted and inflation-adjusted indexed to 2018

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Hard Indicators

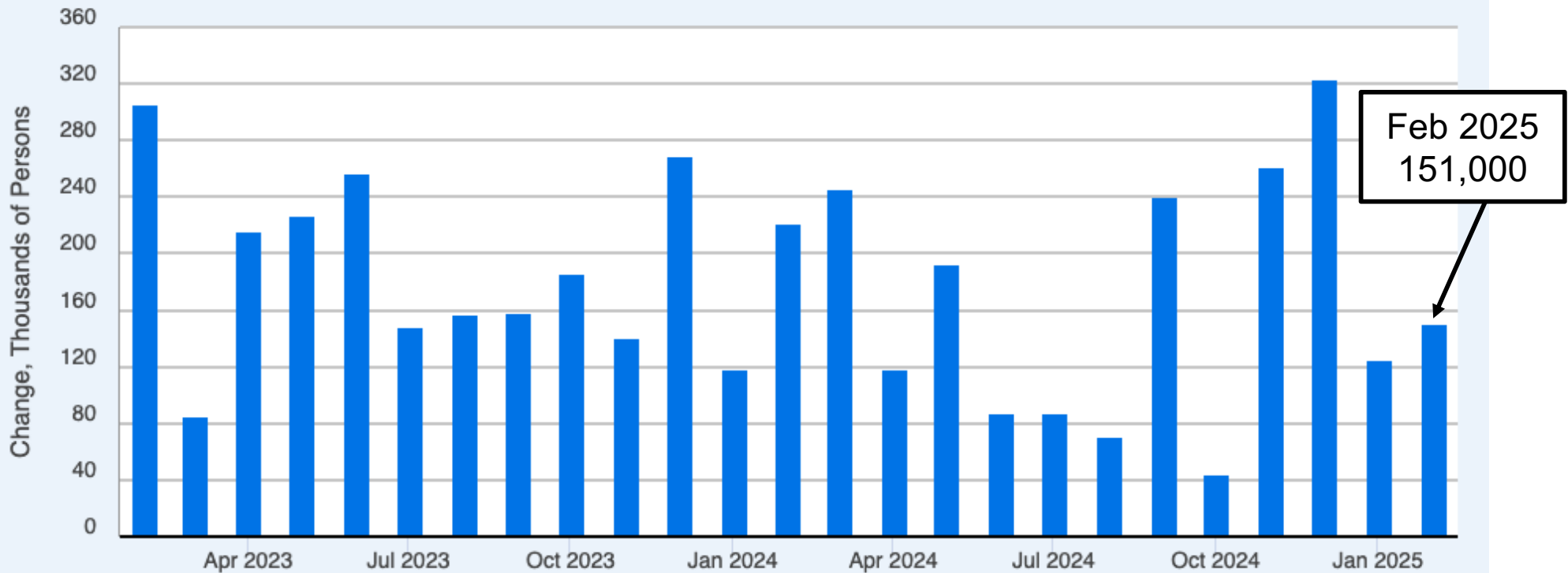
GDP Slowed Slightly in Fourth Quarter



U.S. Job Growth Accelerated in February

FRED

● All Employees, Total Nonfarm



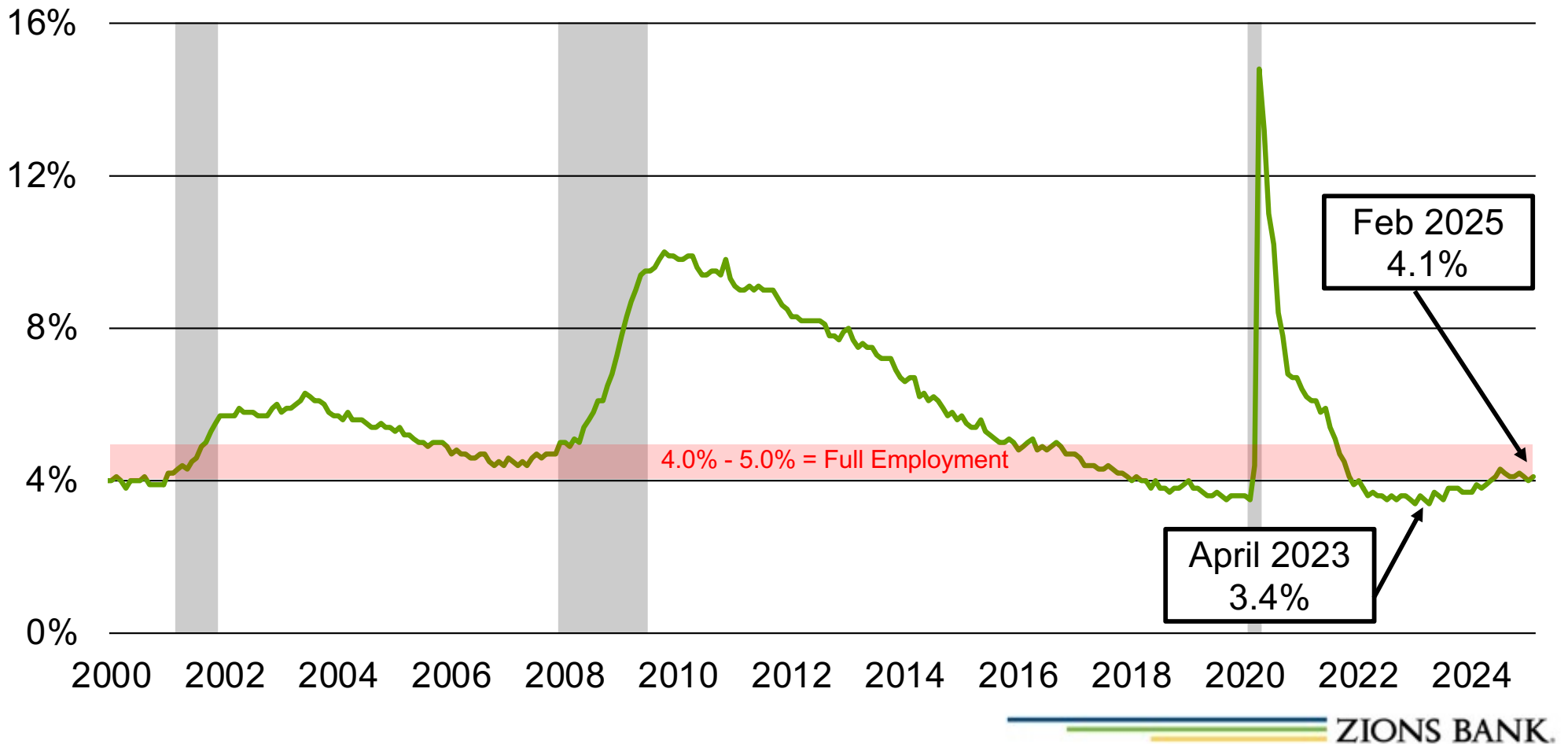
Source: U.S. Bureau of Labor Statistics via FRED®
Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

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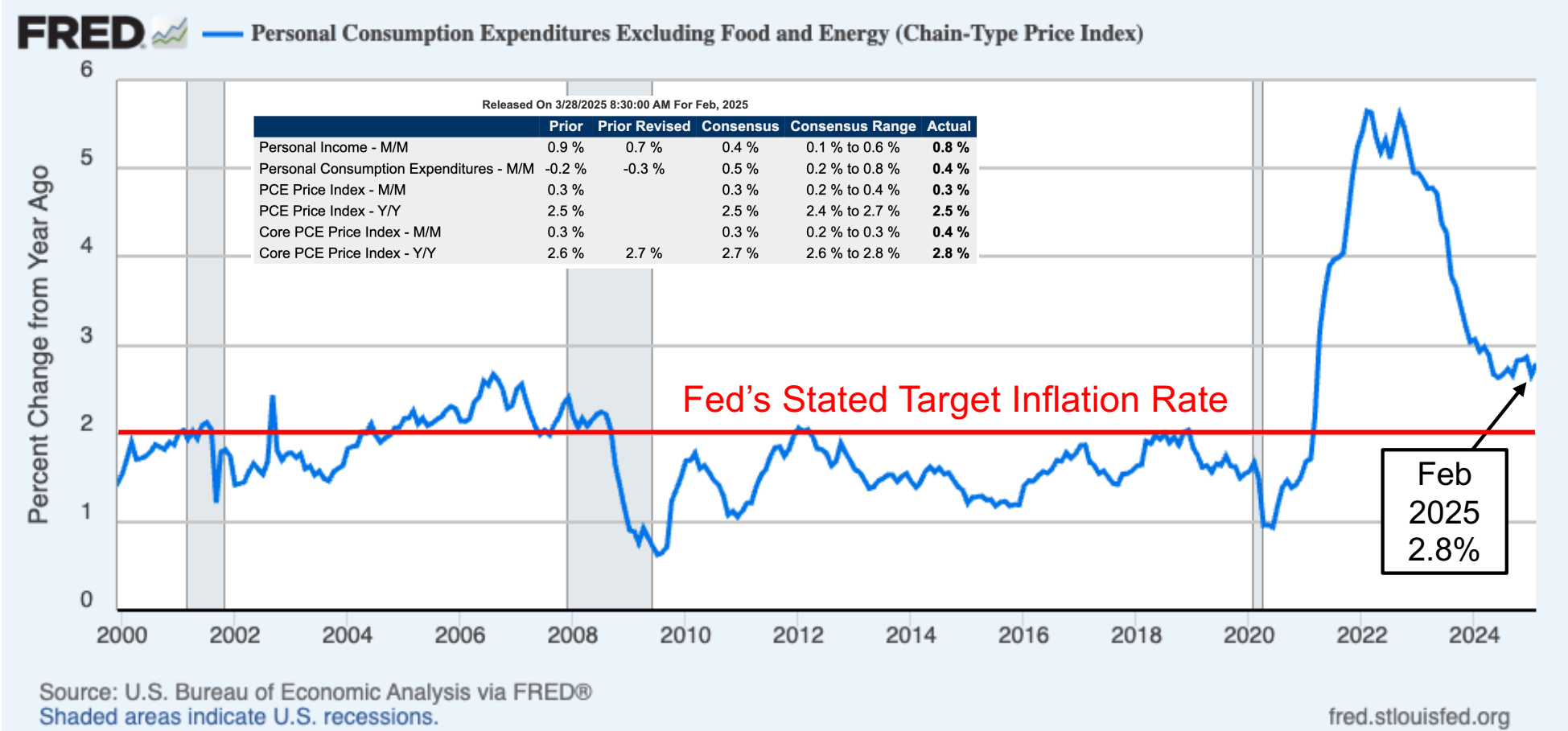
Source: FRED

U.S. Unemployment Rate Up in February

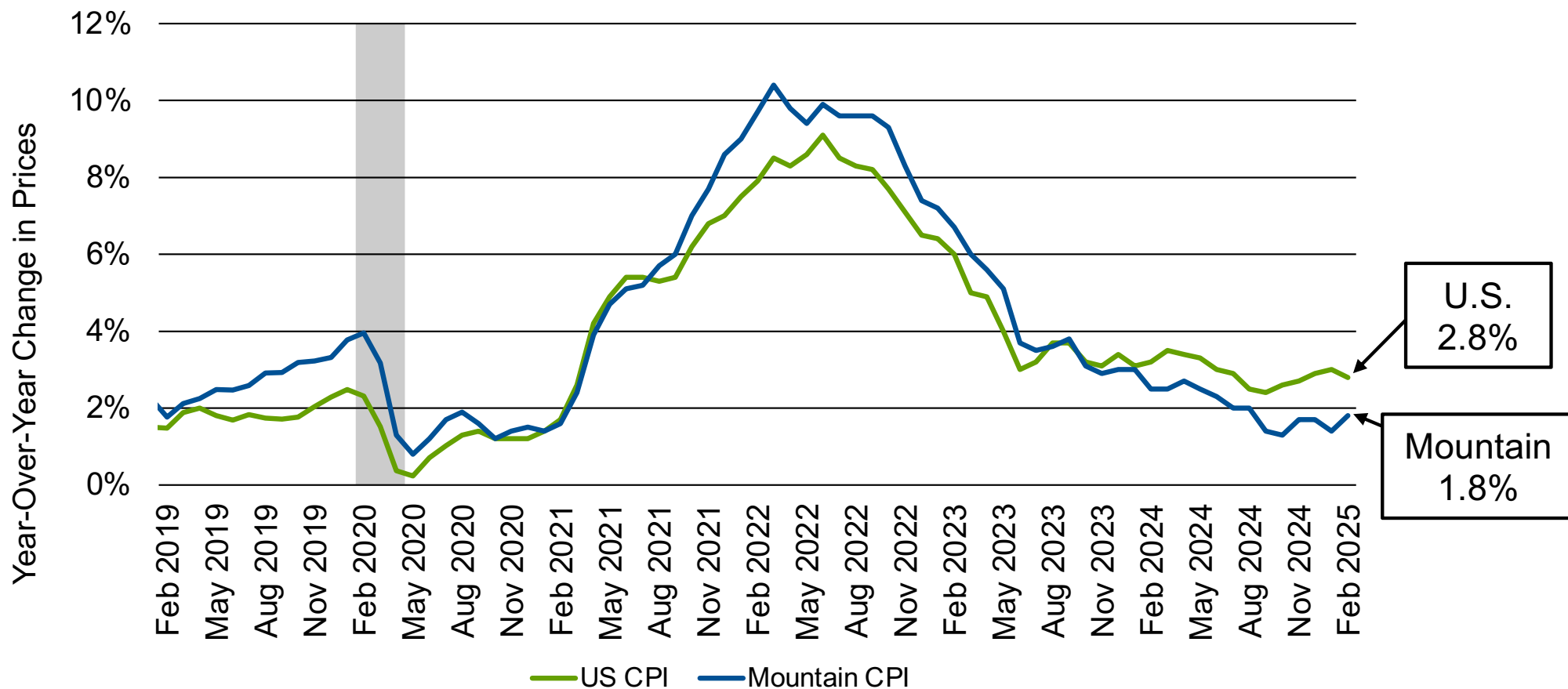


Source: U.S. Bureau of Labor Statistics

The Fed's Preferred Inflation Measure Remains Elevated



U.S. and Regional Inflation Mixed in February

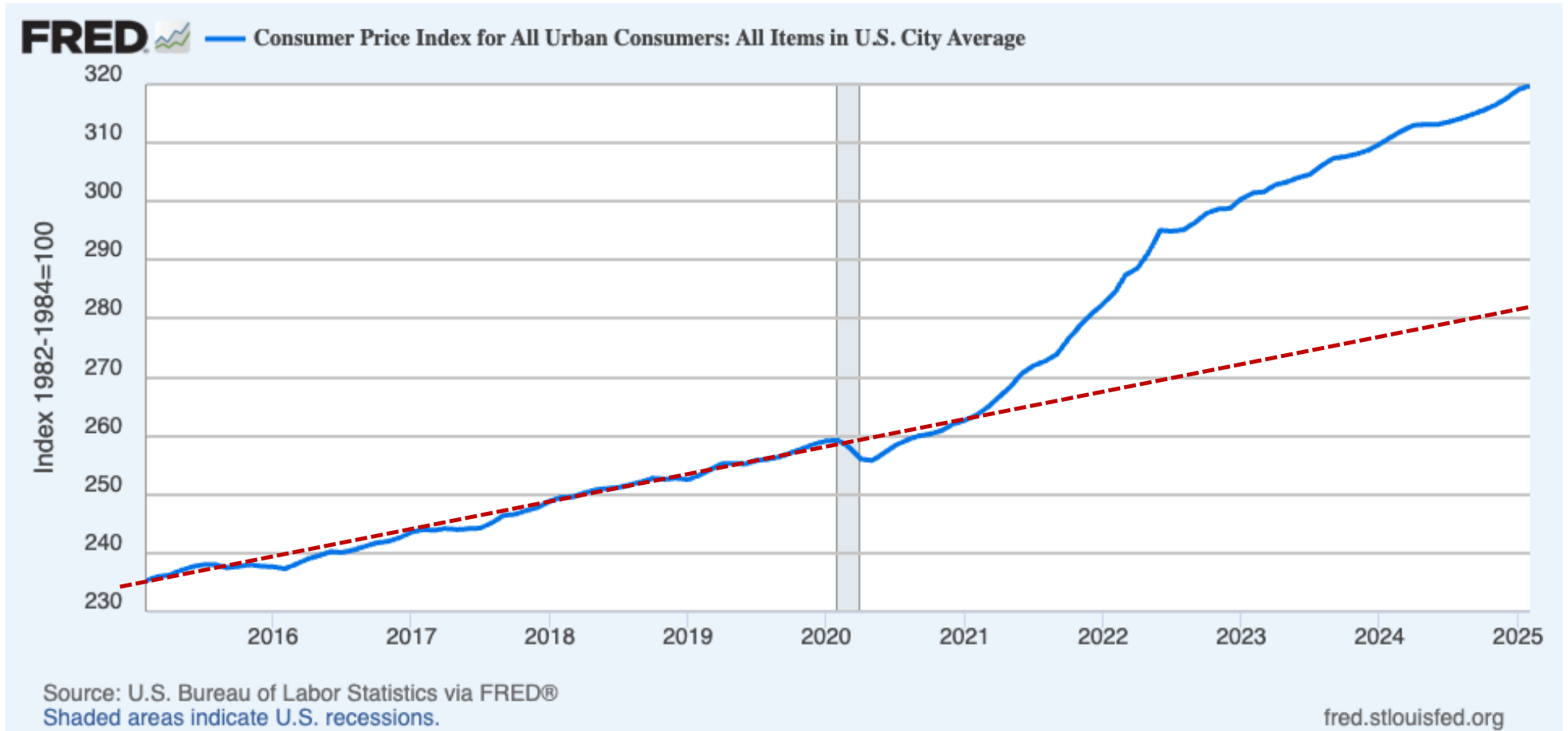


Source: U.S. Bureau of Labor Statistics

Note: Mountain states include AZ, CO, ID, MT, NV, NM, UT, WY

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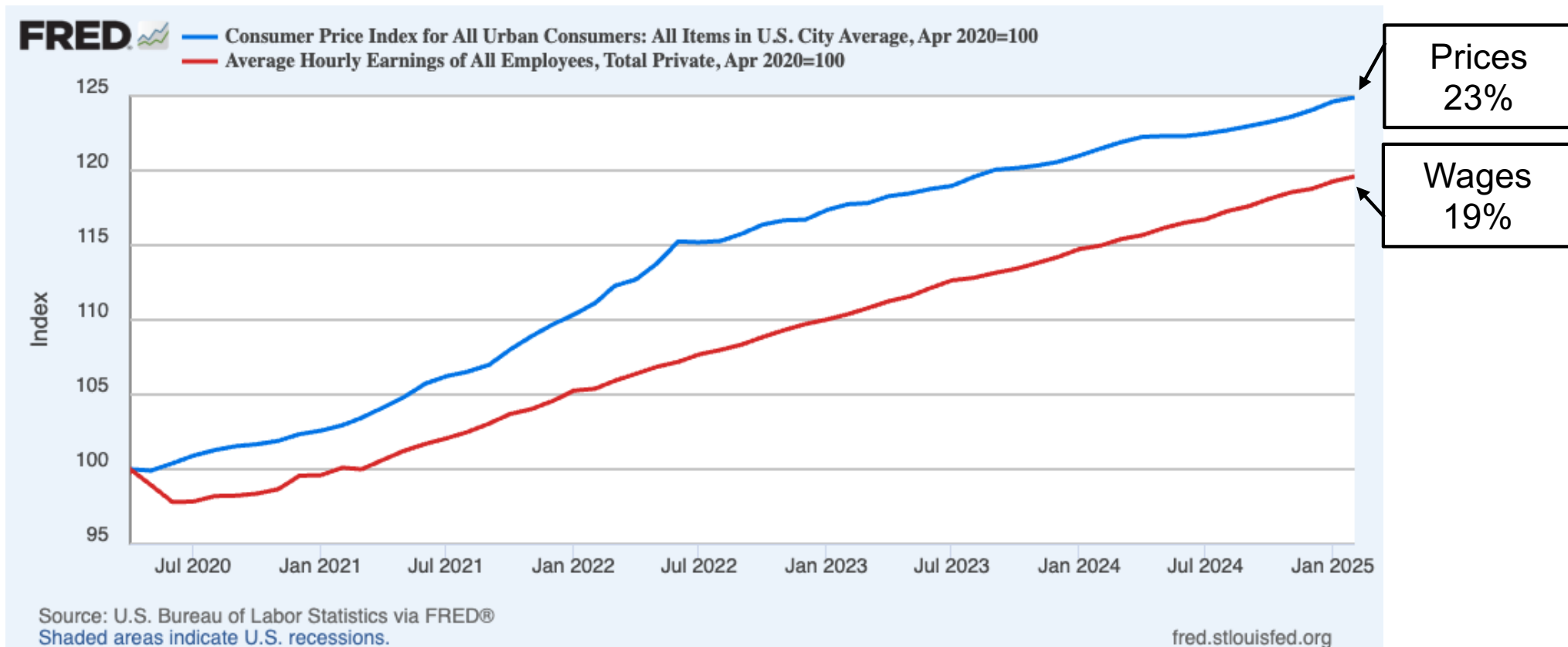
Consumer Prices Up 23% Since 2020



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Source: Federal Reserve Bank of St Louis

Wage Increases Haven't Kept Up With Price Increases

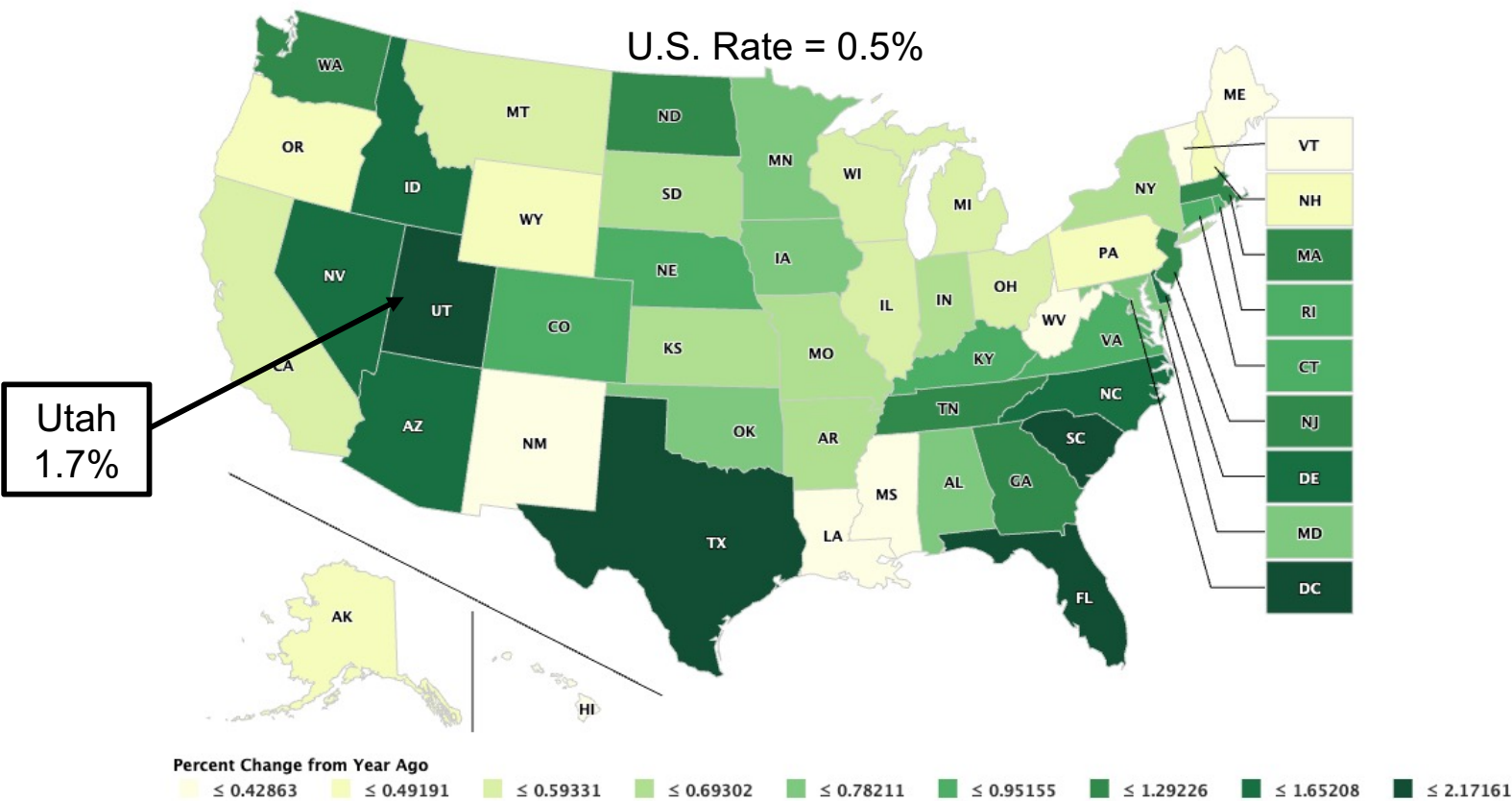


Source: Federal Reserve Bank of St Louis

Regional Economic Conditions

Utah Population Growth Among Highest in Nation

FRED 2024 Resident Population by State (Percent Change from Year Ago)



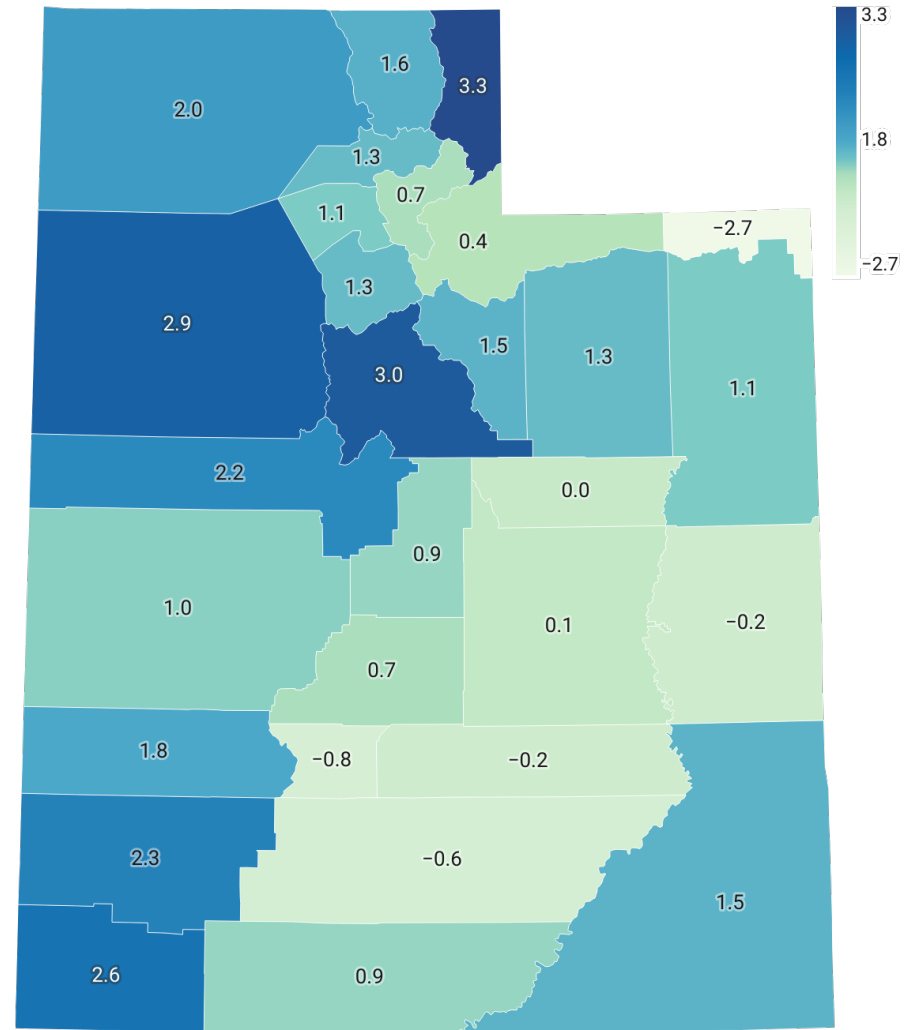
Source: U.S. Census Bureau



Source: US Census Bureau

2023 - 2024 Utah Population Change By County

State Average = 1.8%

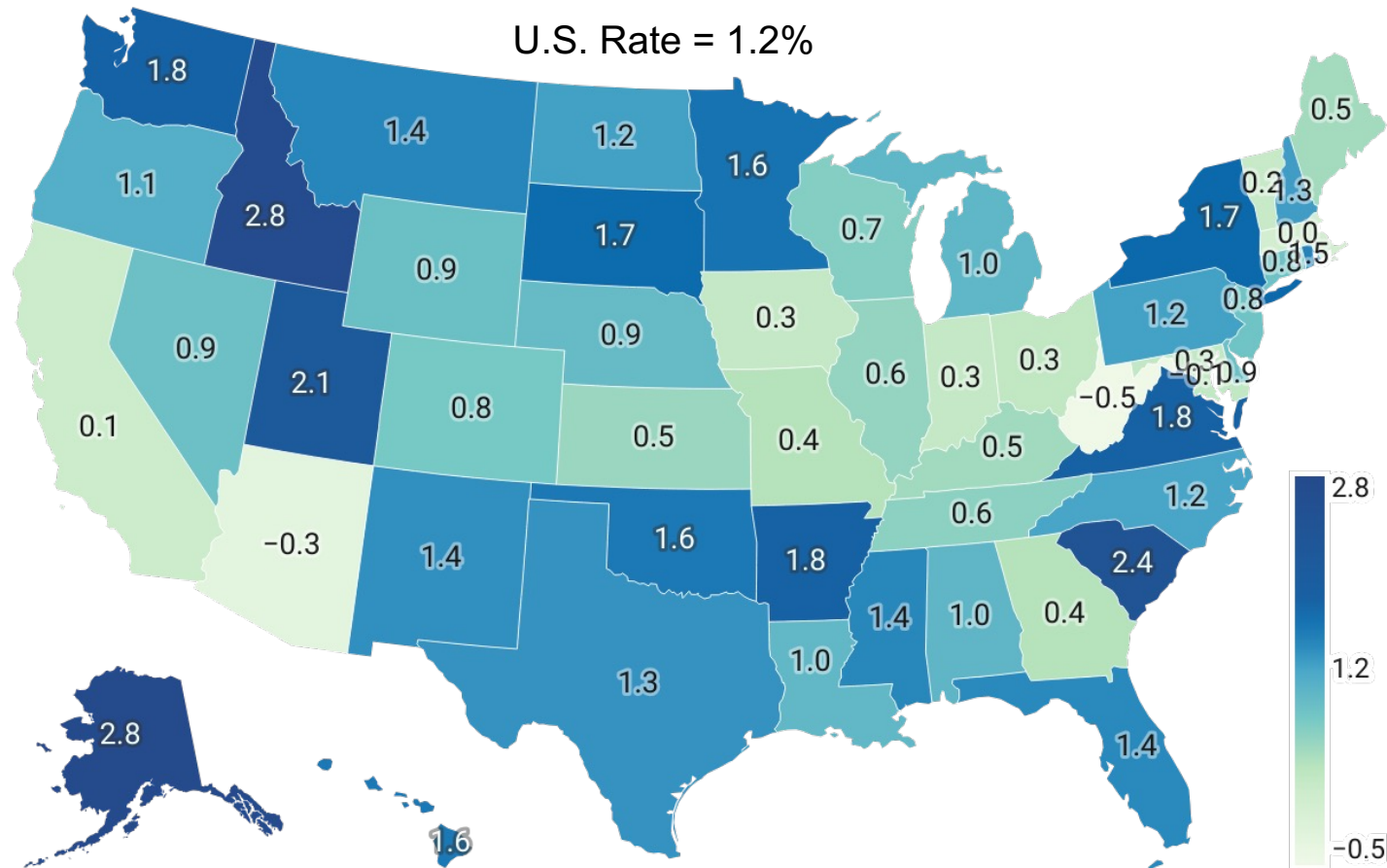


Created with Datawrapper



Source: U.S. Census Bureau

Utah Employment Growth Among Top in U.S.

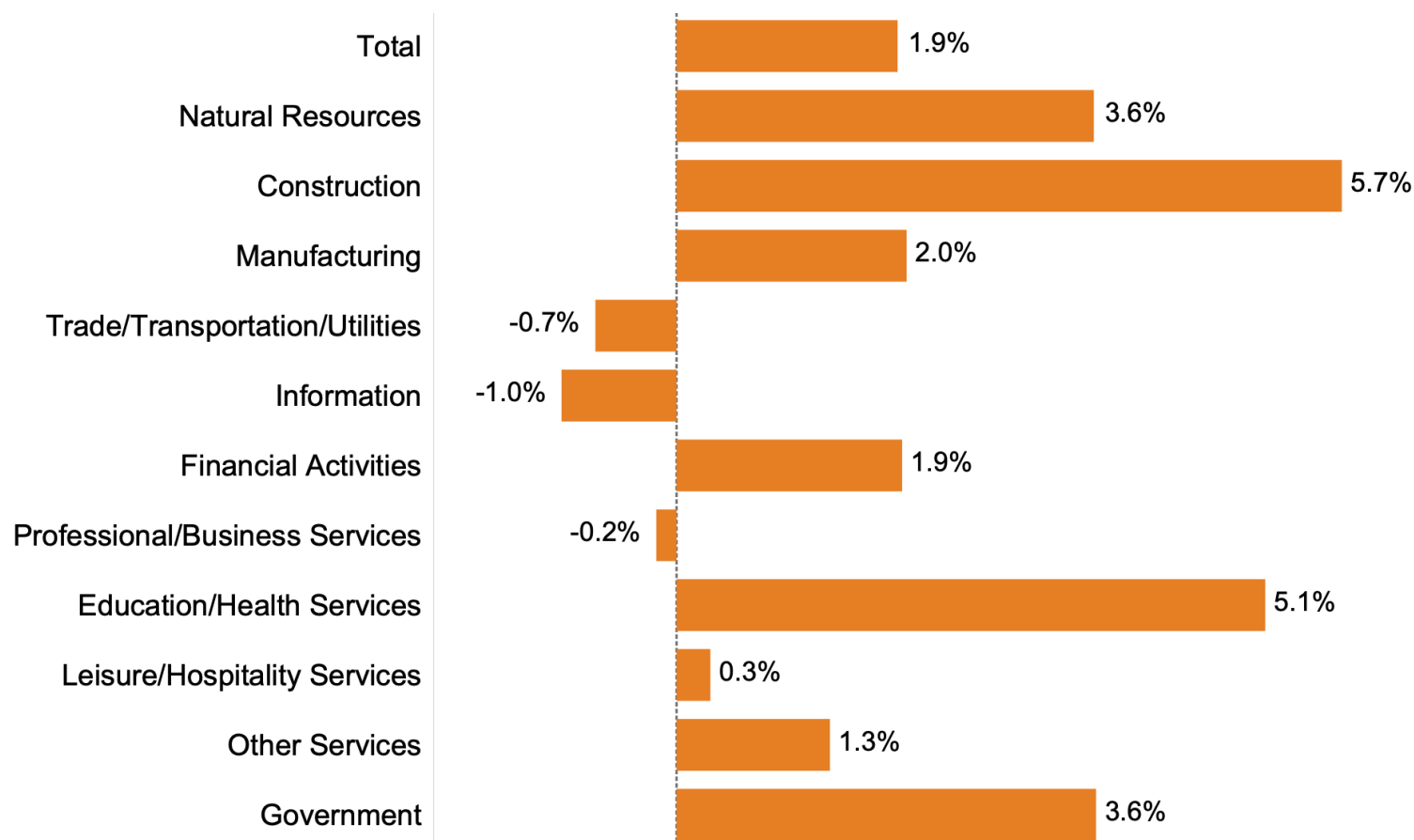


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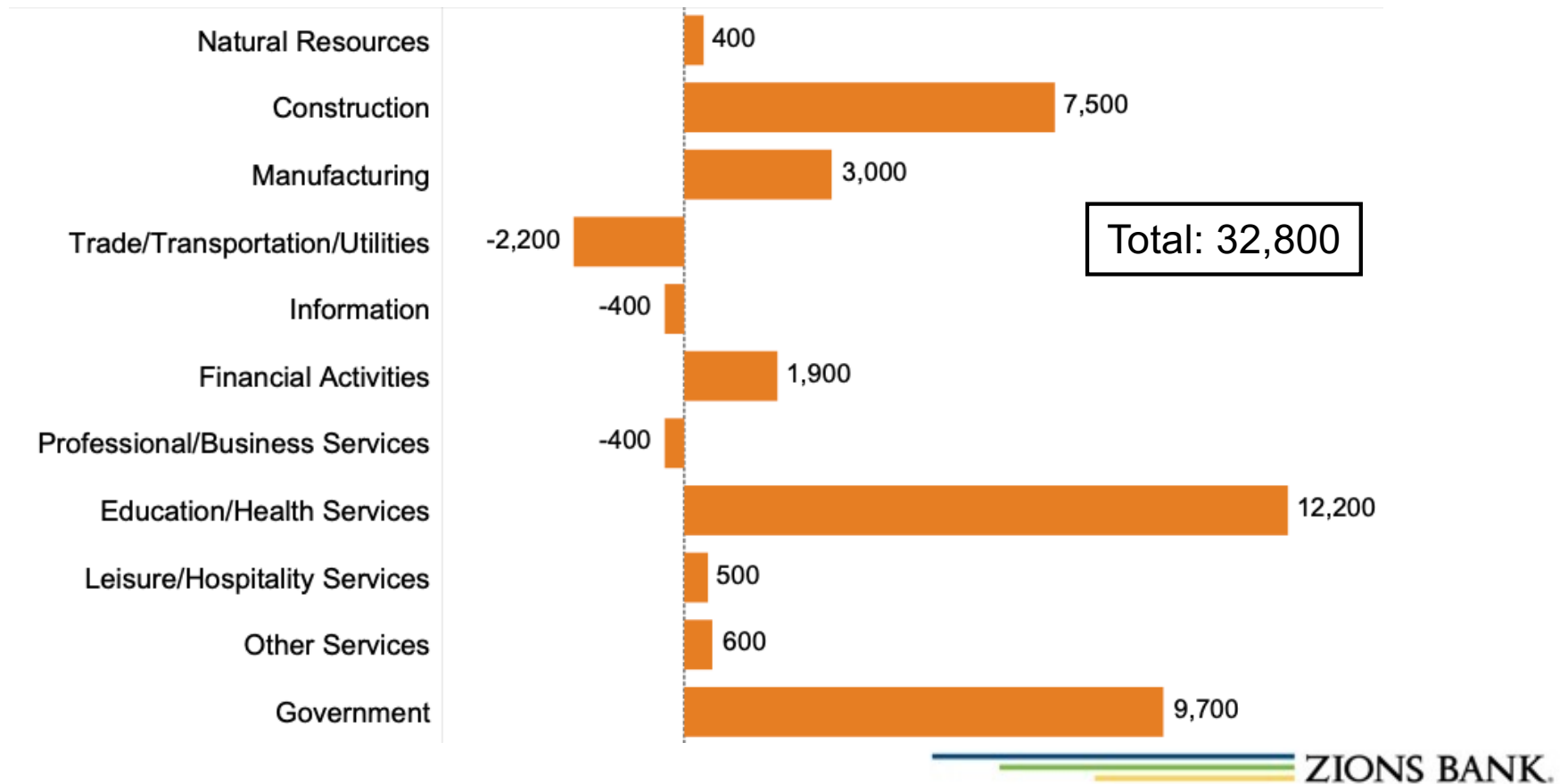
Source: U.S. Bureau of Labor Statistics

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Most Utah Industries Grew Over the Past Year

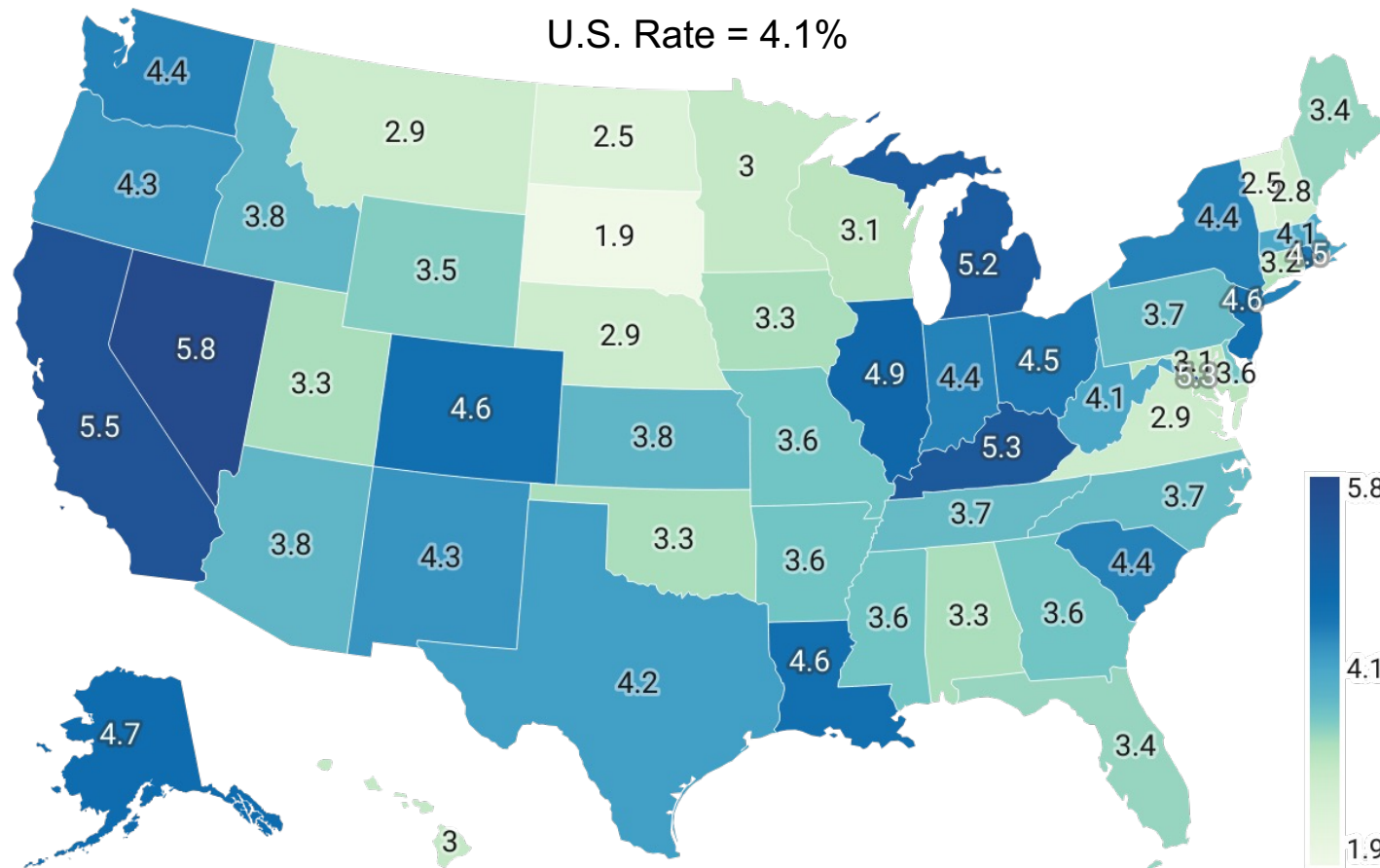


Most Utah Industries Grew Over the Past Year



Source: Utah Department of Workforce Services

Unemployment Low in Much of the U.S.

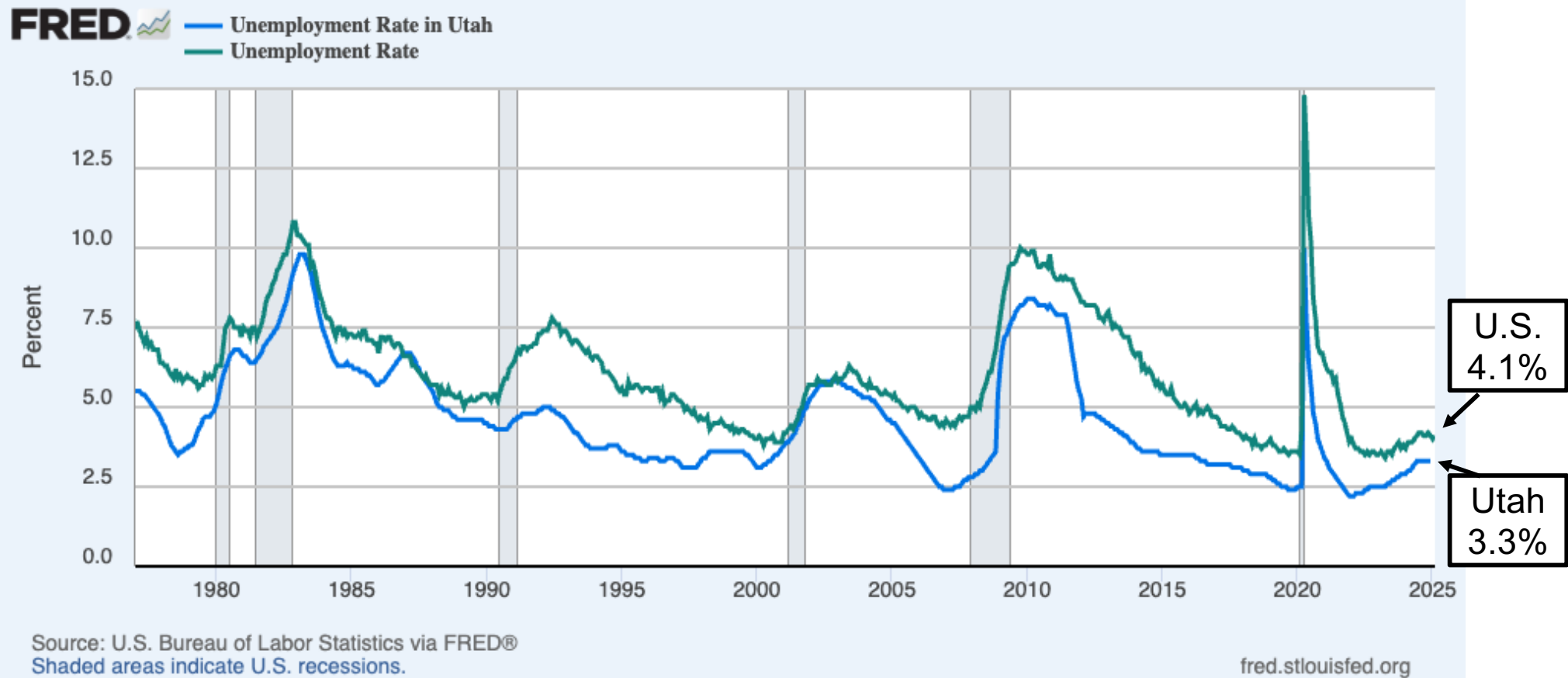


Created with Datawrapper

Source: U.S. Bureau of Labor Statistics

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Utah Unemployment Lower Than U.S.

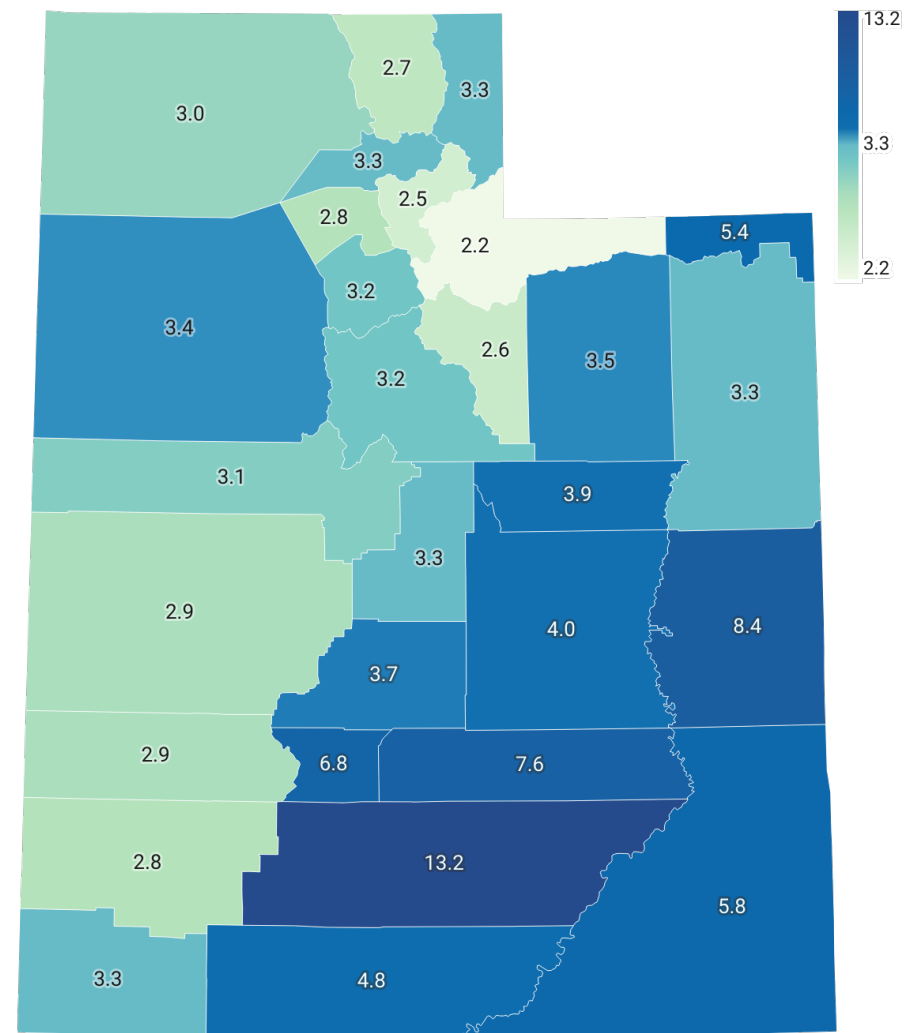


 **ZIONS BANK.**

Source: FRED

Utah Unemployment Rate By County

State Average = 3.2%

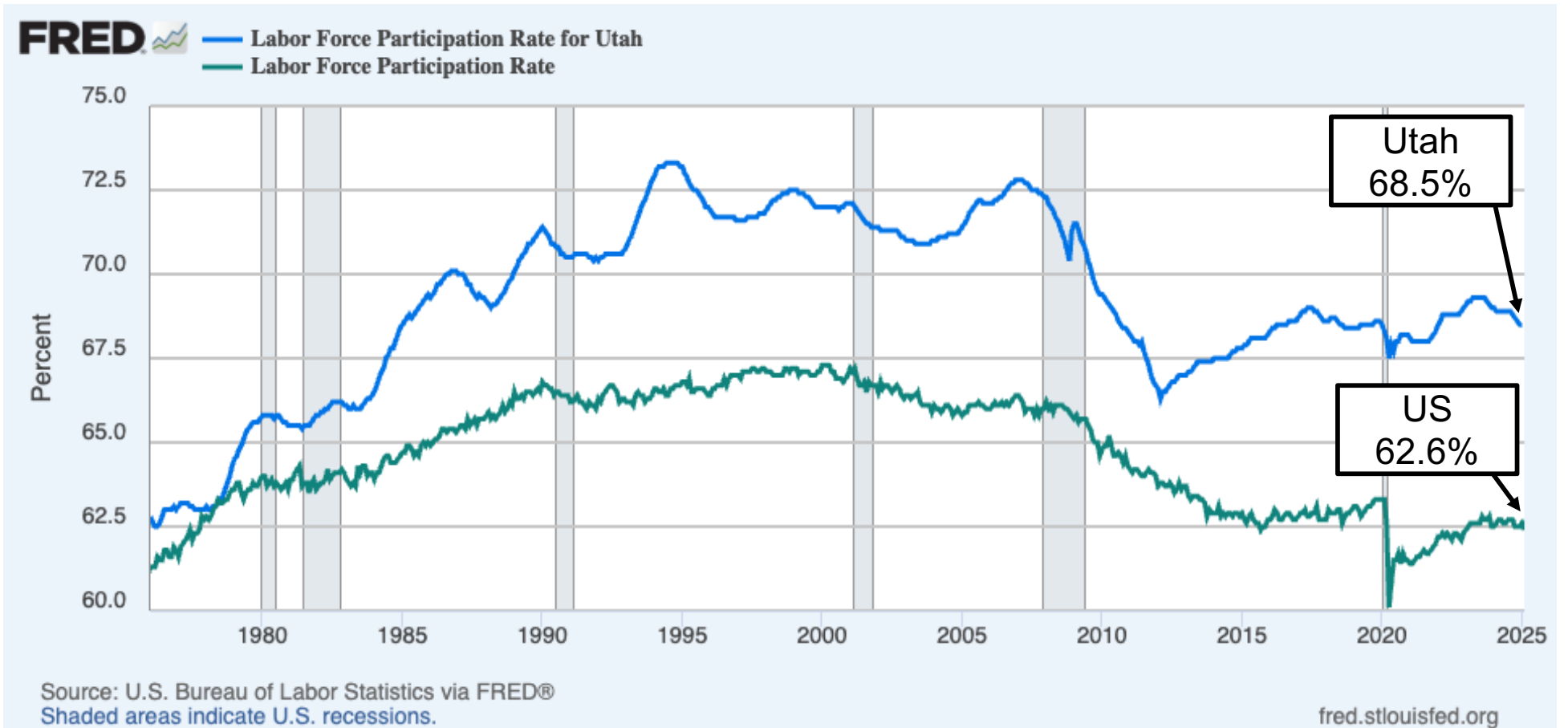


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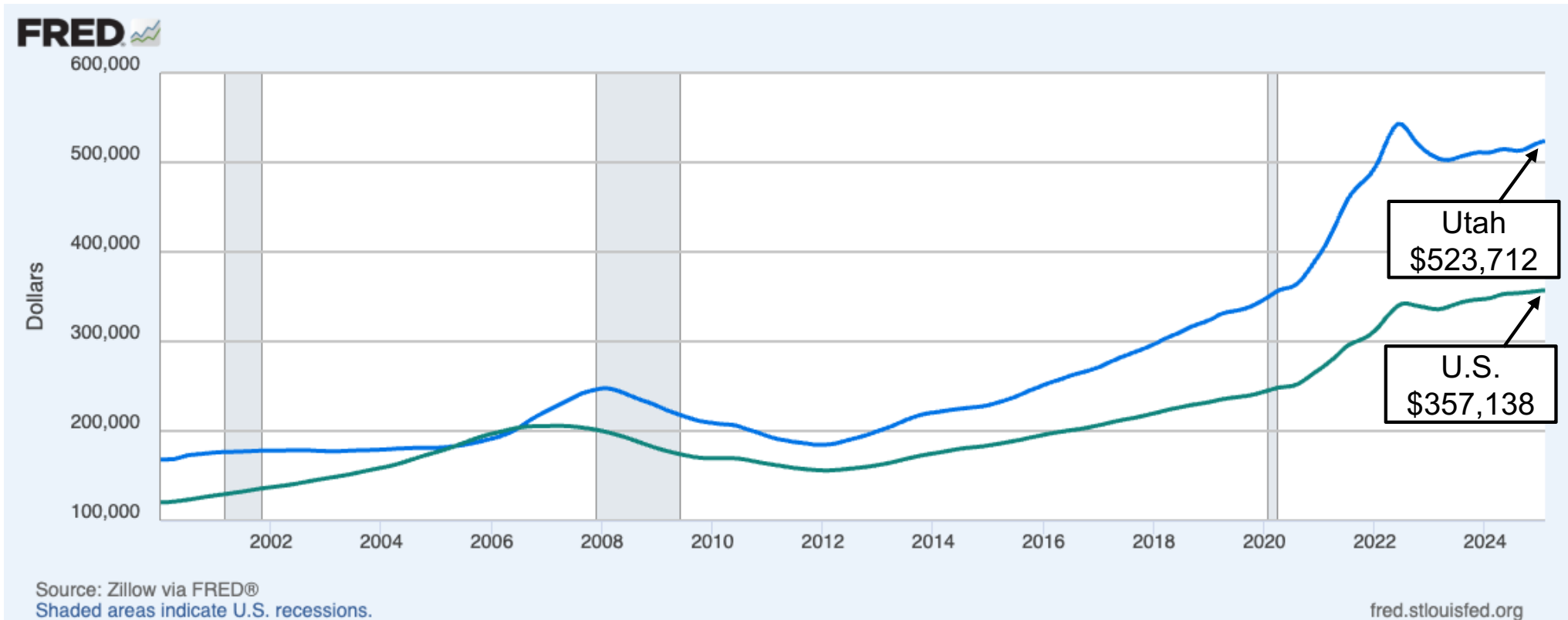


Source: U.S. Bureau of Labor Statistics

Utah Labor Participation Much Higher Than U.S.



Utah Home Prices Far Above Nation



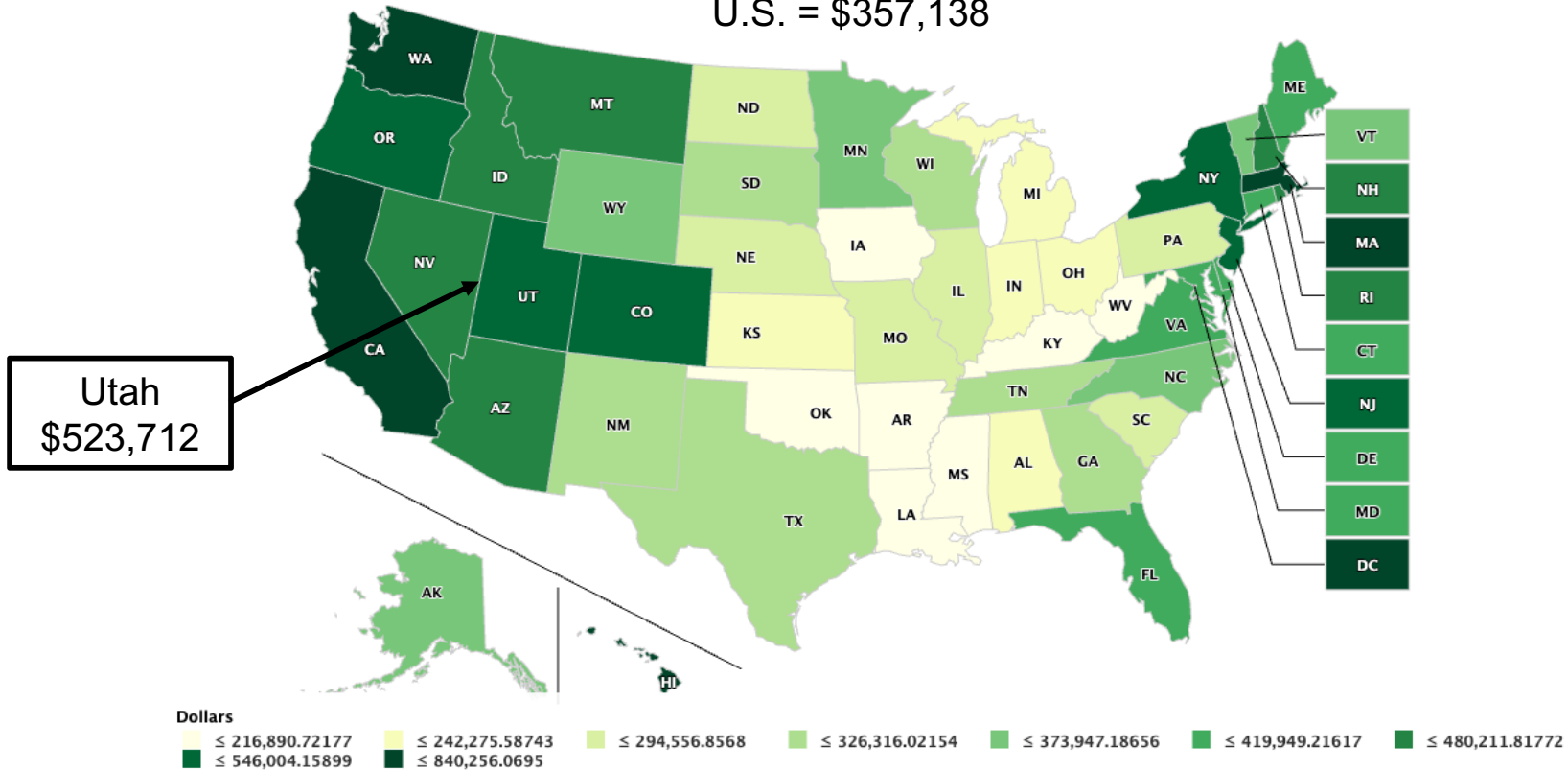
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Source: FRED

Median Home Price by State

FRED 2025 February Zillow Home Value Index (ZHVI) for All Homes Including Single-Family Residences, Condos, and CO-OPs by State (Dollars)

U.S. = \$357,138

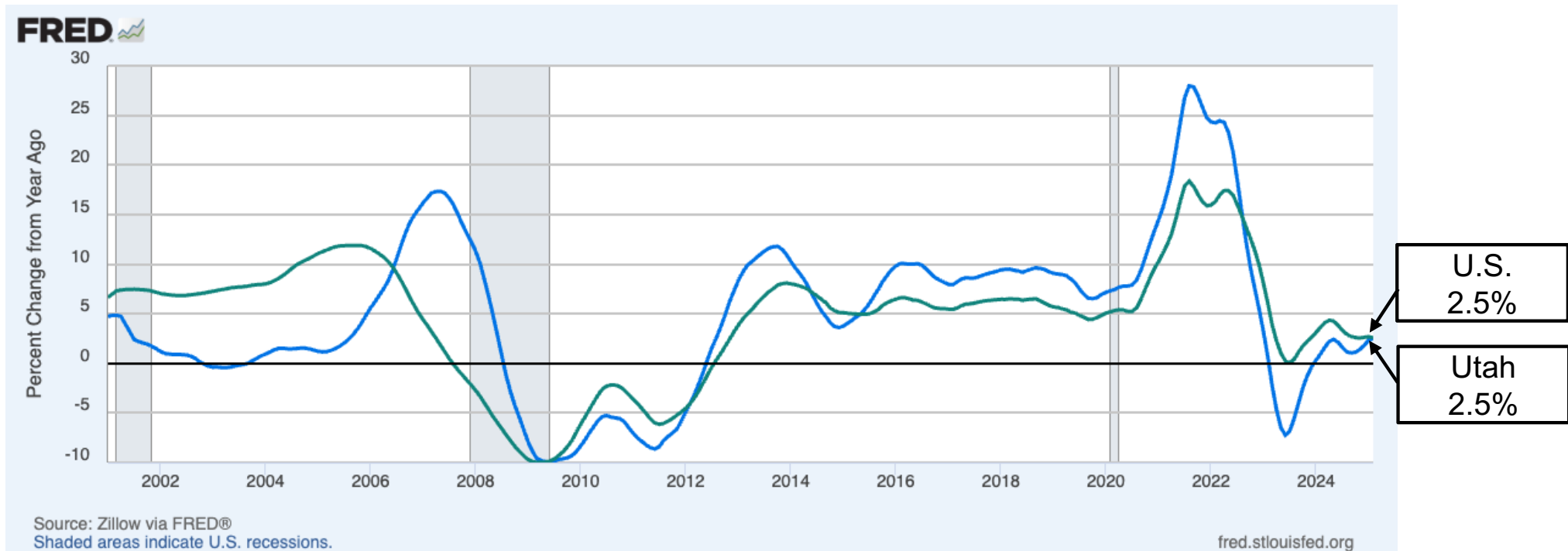


Source: Zillow via FRED®



Source: US Census Bureau

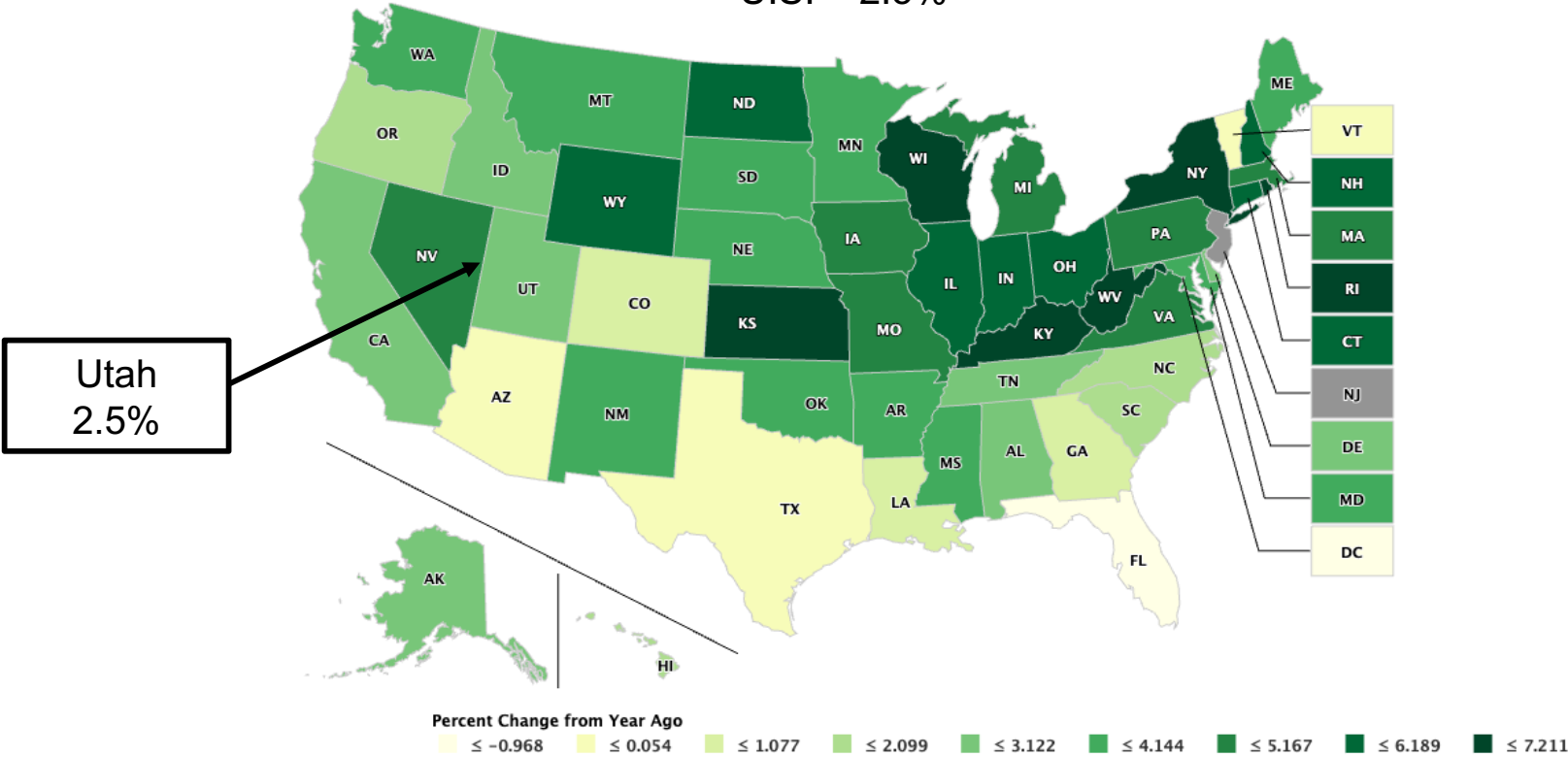
Home Price Appreciation Stable



Home Price Change by State

FRED 2025 February Zillow Home Value Index (ZHVI) for All Homes Including Single-Family Residences, Condos, and CO-OPs by State (Percent Change from Year Ago)

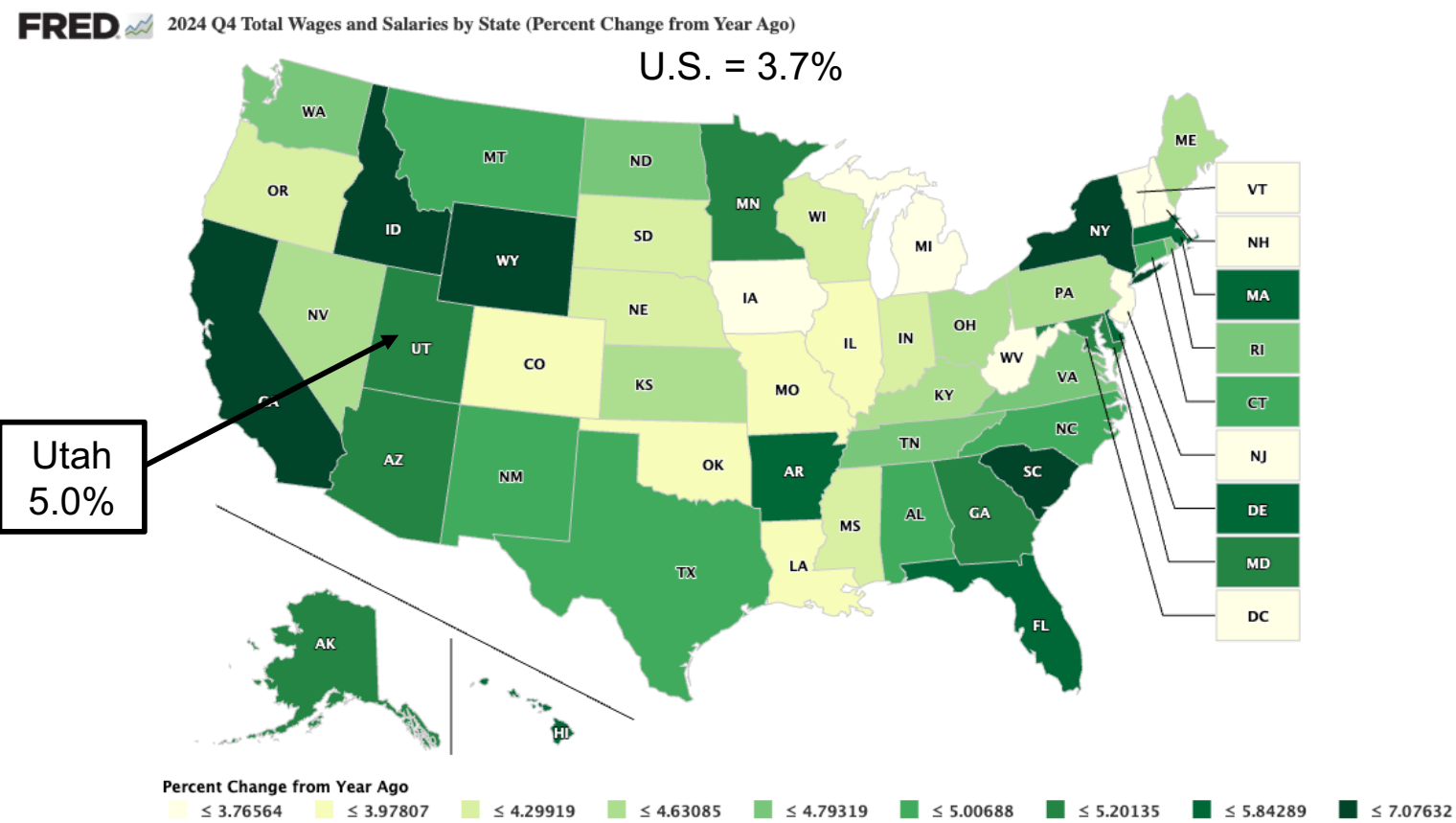
U.S. = 2.5%



Source: Zillow via FRED®



Utah Wage Growth Among Highest in Nation

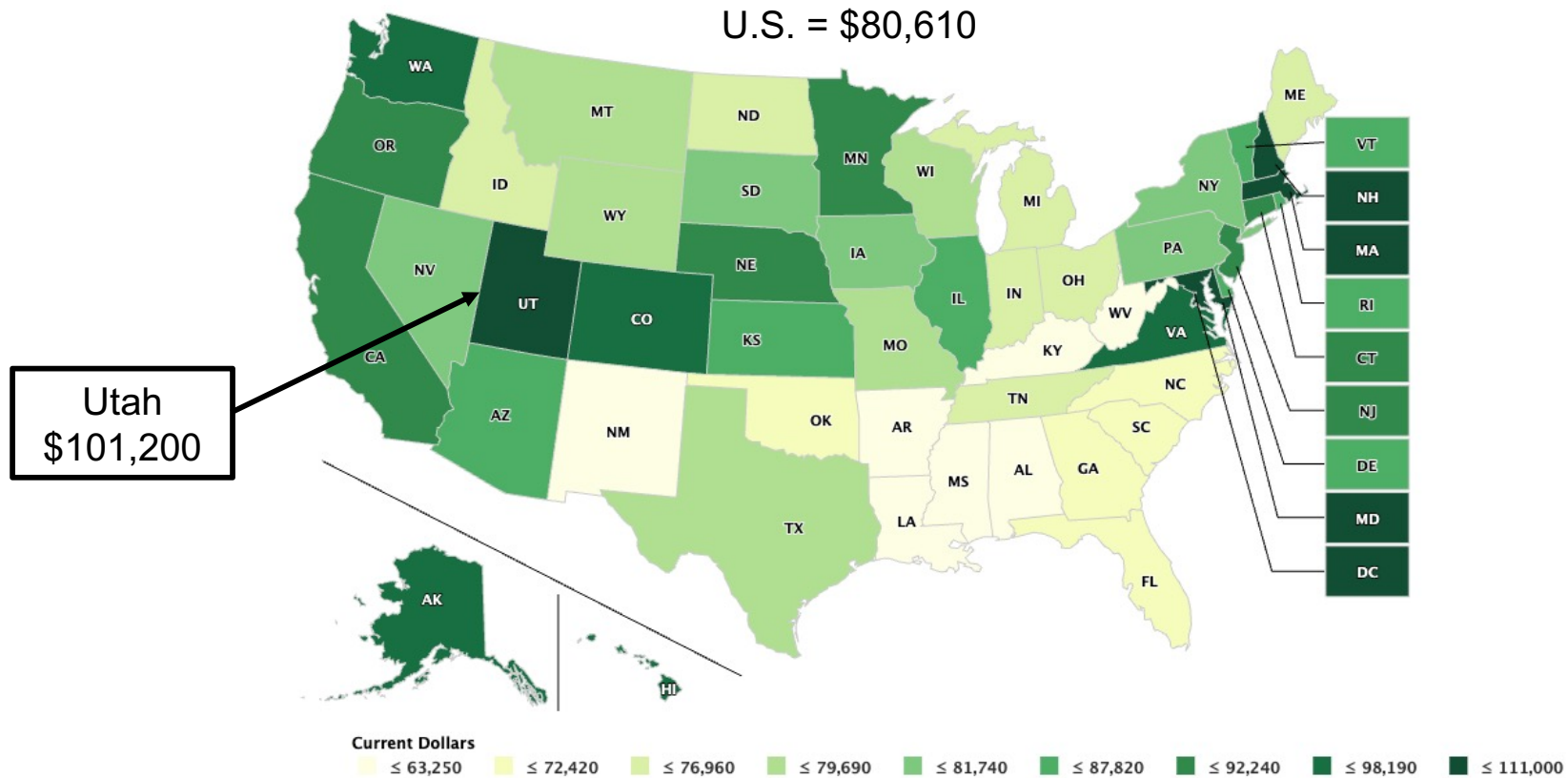


Sources: Federal Reserve Bank of St. Louis; U.S. Bureau of Economic Analysis via FRED®



Utah Median Household Income 3rd Highest in U.S.

FRED 2023 Median Household Income by State (Current Dollars)

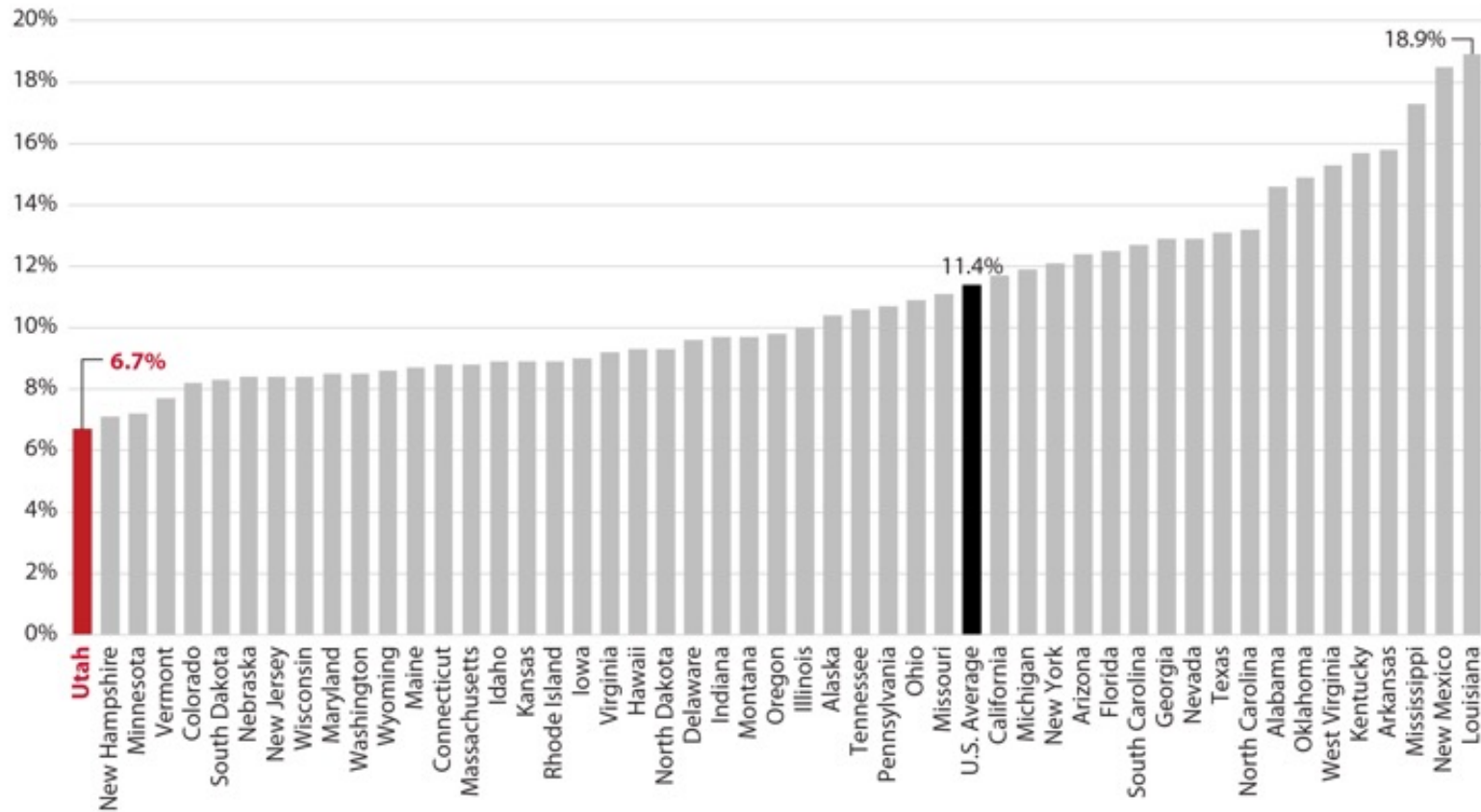


Source: U.S. Census Bureau

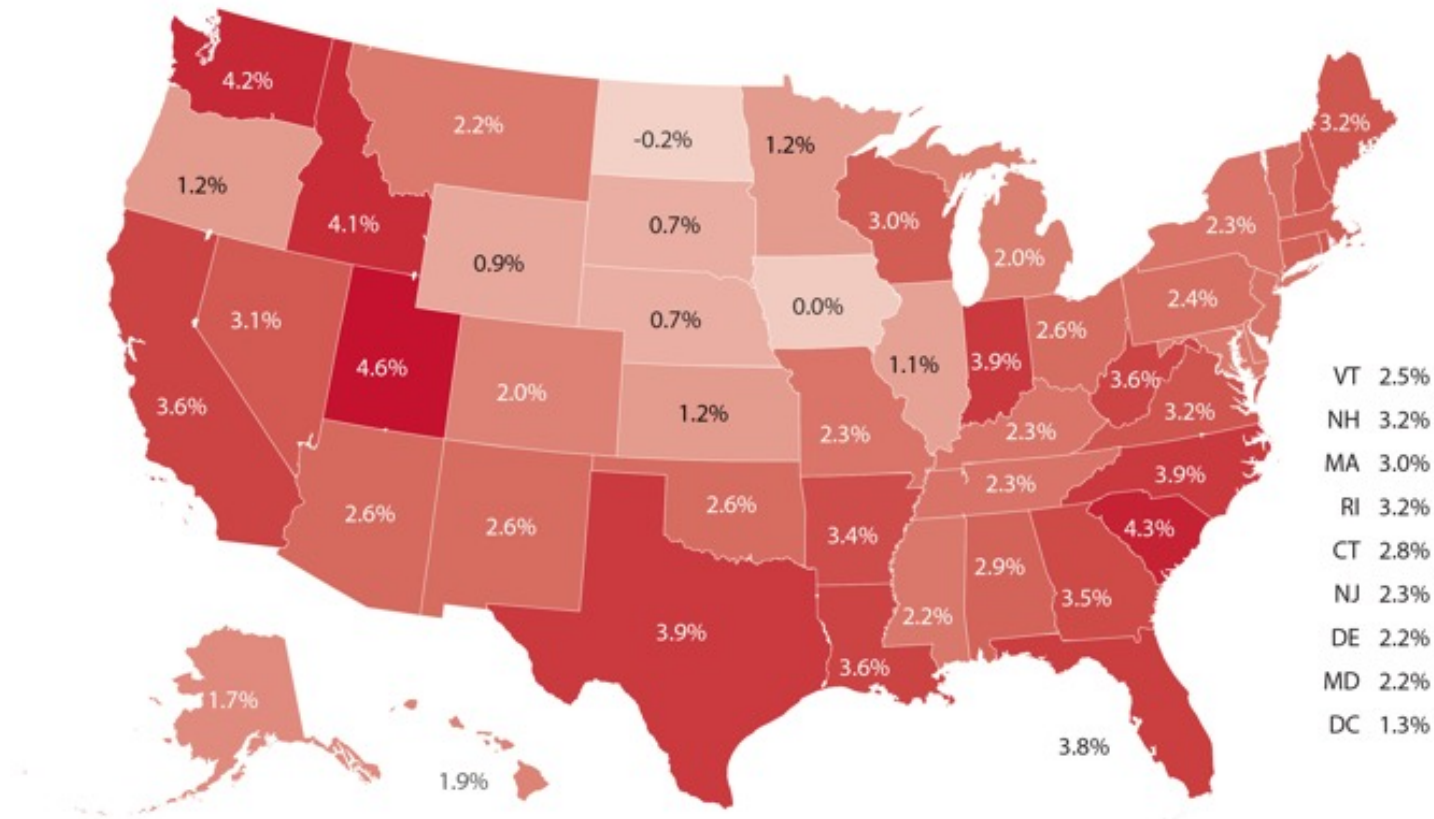


Source: US Census Bureau

Utah Poverty Rate Lowest in the Nation



Utah 2024 GDP Growth Led the Nation



2025 Economic Outlook

- Trade policy and government cuts leading to uncertainty and risk
- Economic downturn more likely
- Consumer confidence dropping and lower income groups stressed
- Labor market growth should slow, but remains solid
- Inflation remains “sticky” and could reaccelerate under tariffs
- Continued focus on trade, immigration, taxes, debt, and deregulation

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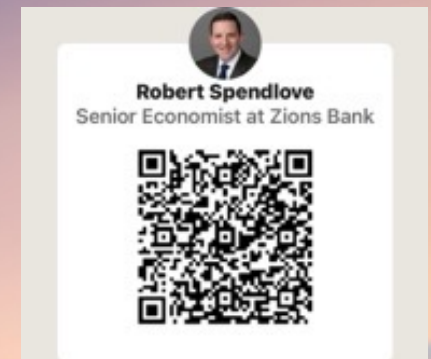
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