Zions Bank Economic Overview

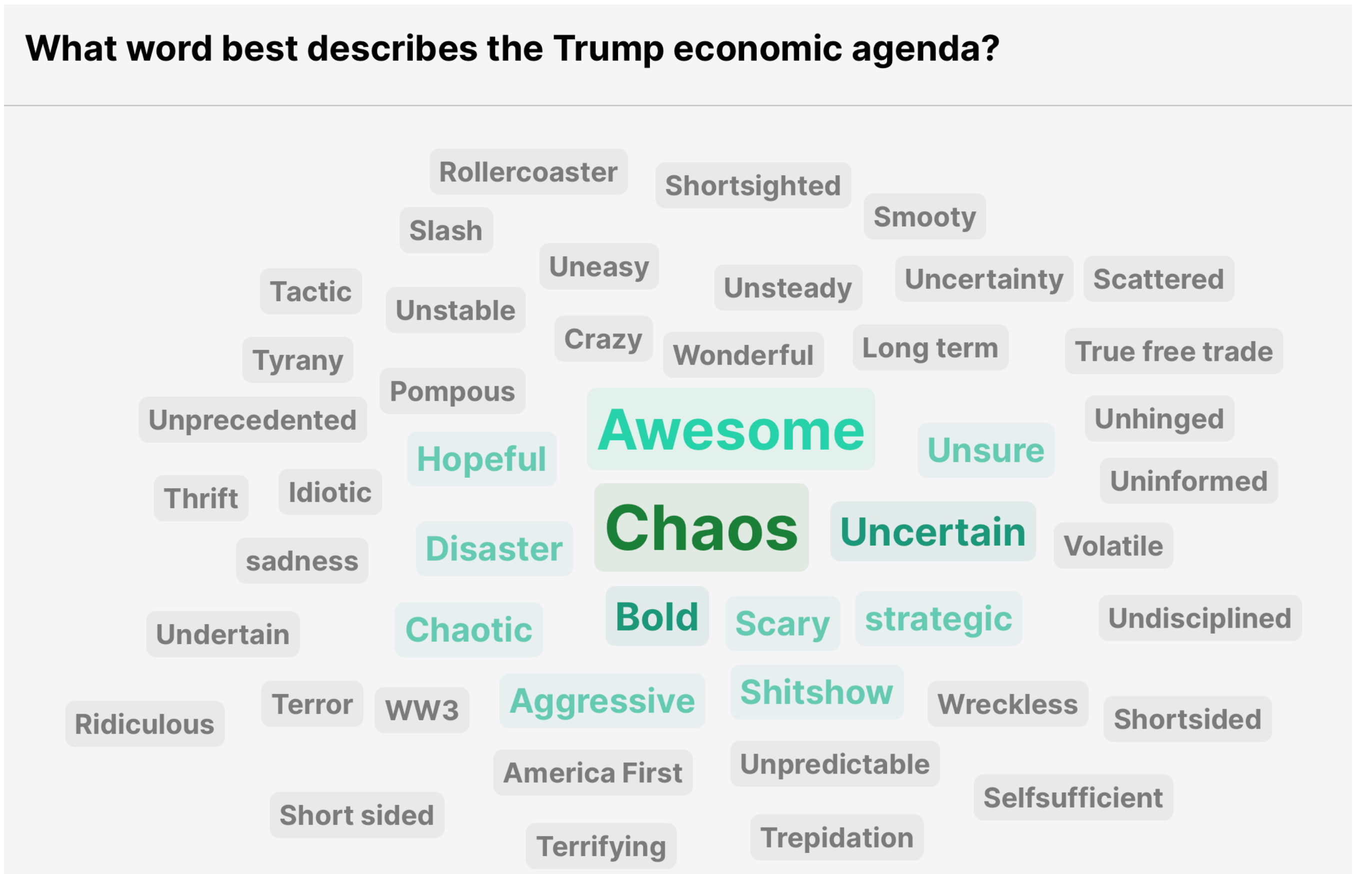
Utah Government Finance Officers Assoc

2025 Economic Outlook

April 2, 2025

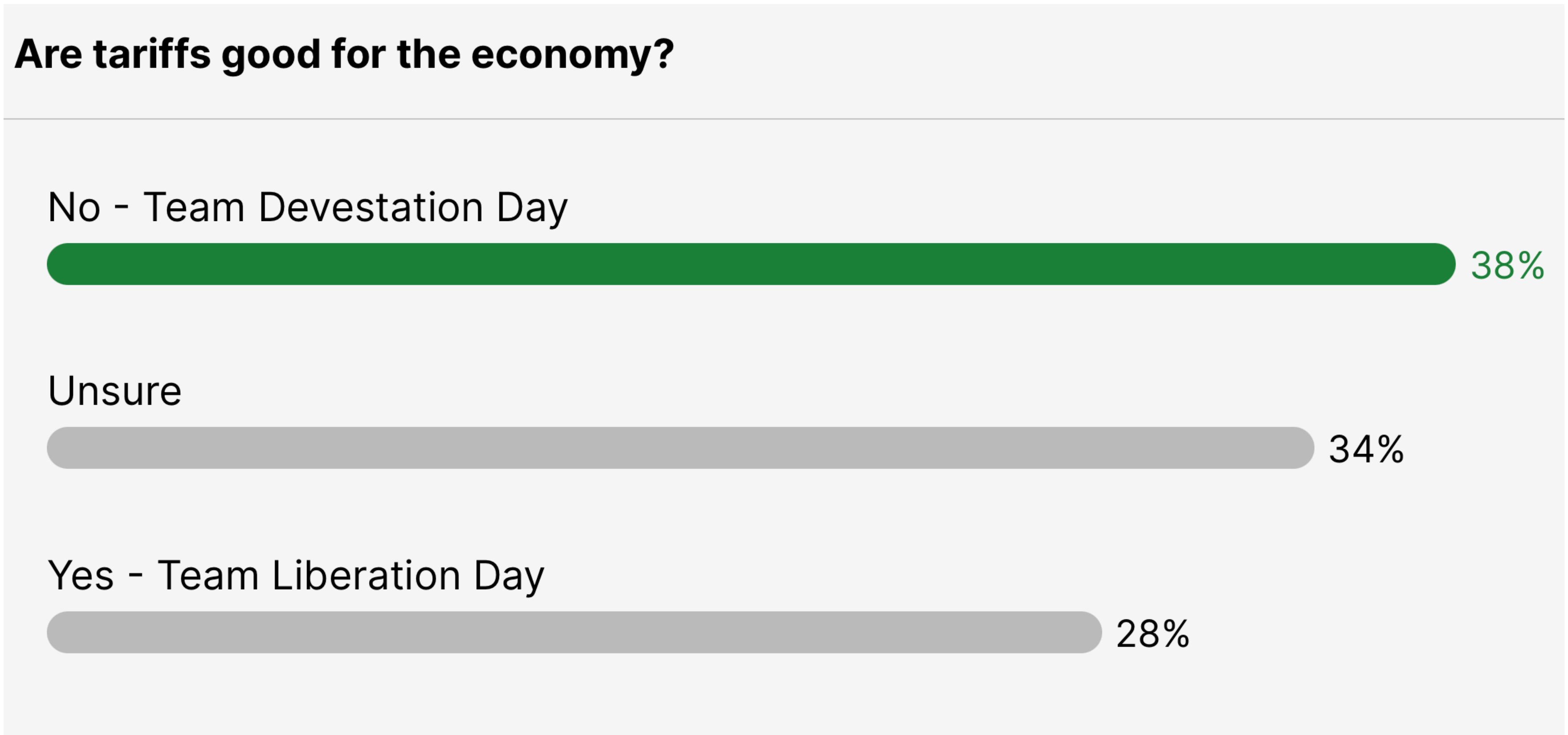
ZIONS BANK

What Best Describes the Trump Economic Agenda?



ZIONS BANK

Poll #1 – Are Tariffs Good for the Economy?



ZIONS BANK

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

ZIONS BANK

Possible Tariff Options

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

ZIONS BANK.

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

Source: Hudson Bay Capital

U.S. Manufacturing Employment

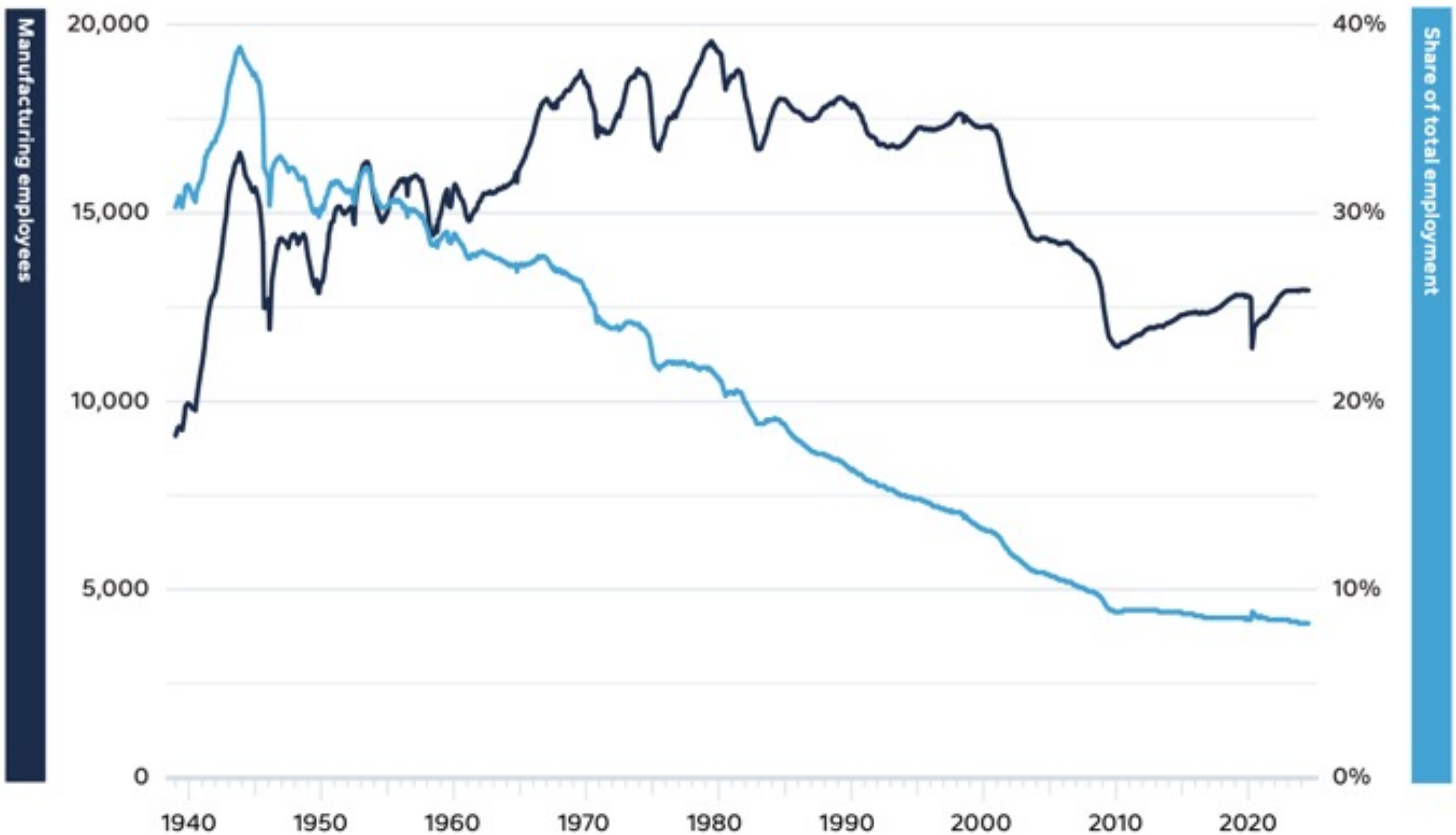


Figure 1 Manufacturing employment in the United States. Source: Bureau of Labor Statistics

ZIONS BANK.

Source: Hudson Bay Capital

U.S. Share of Global GDP Trending Down…

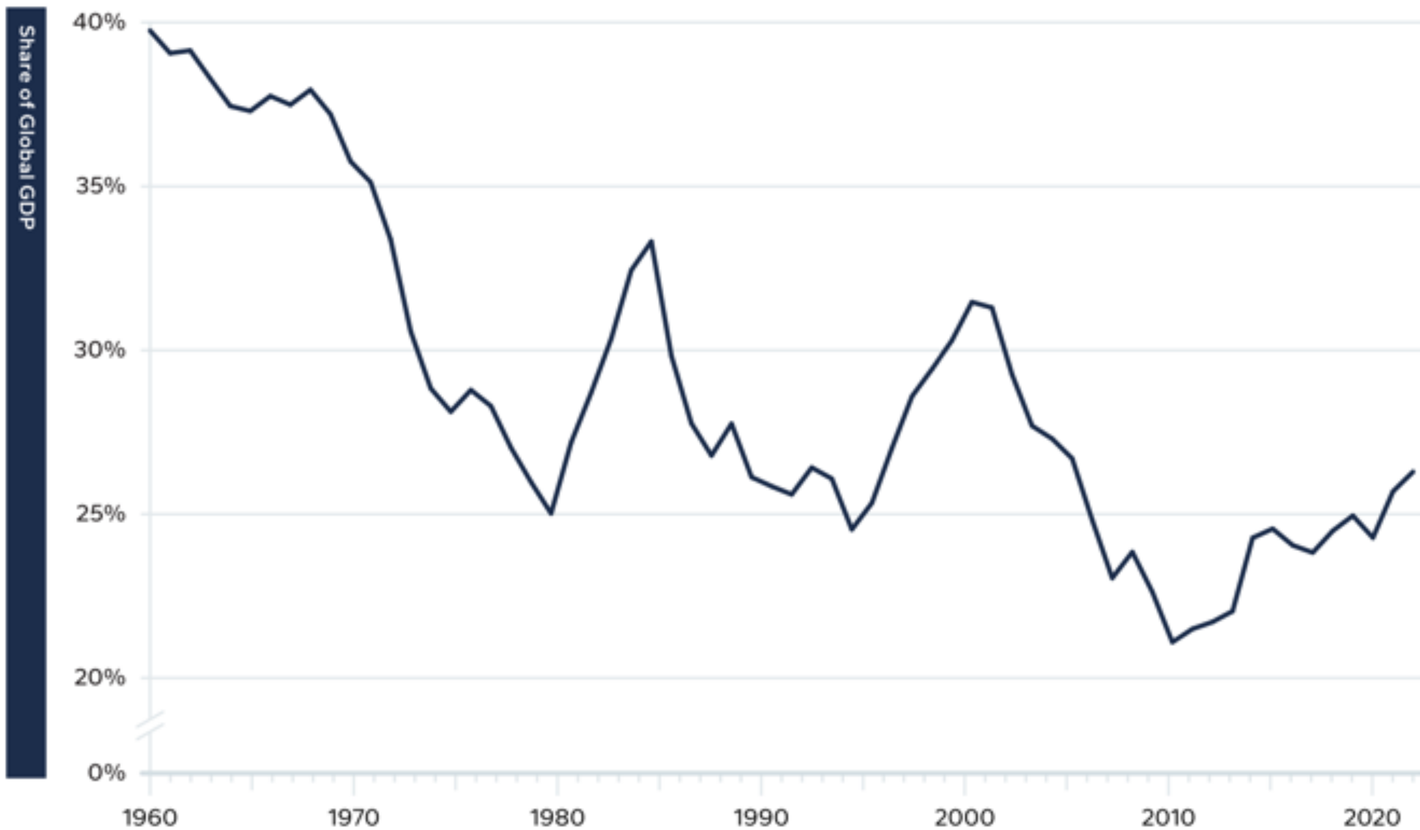
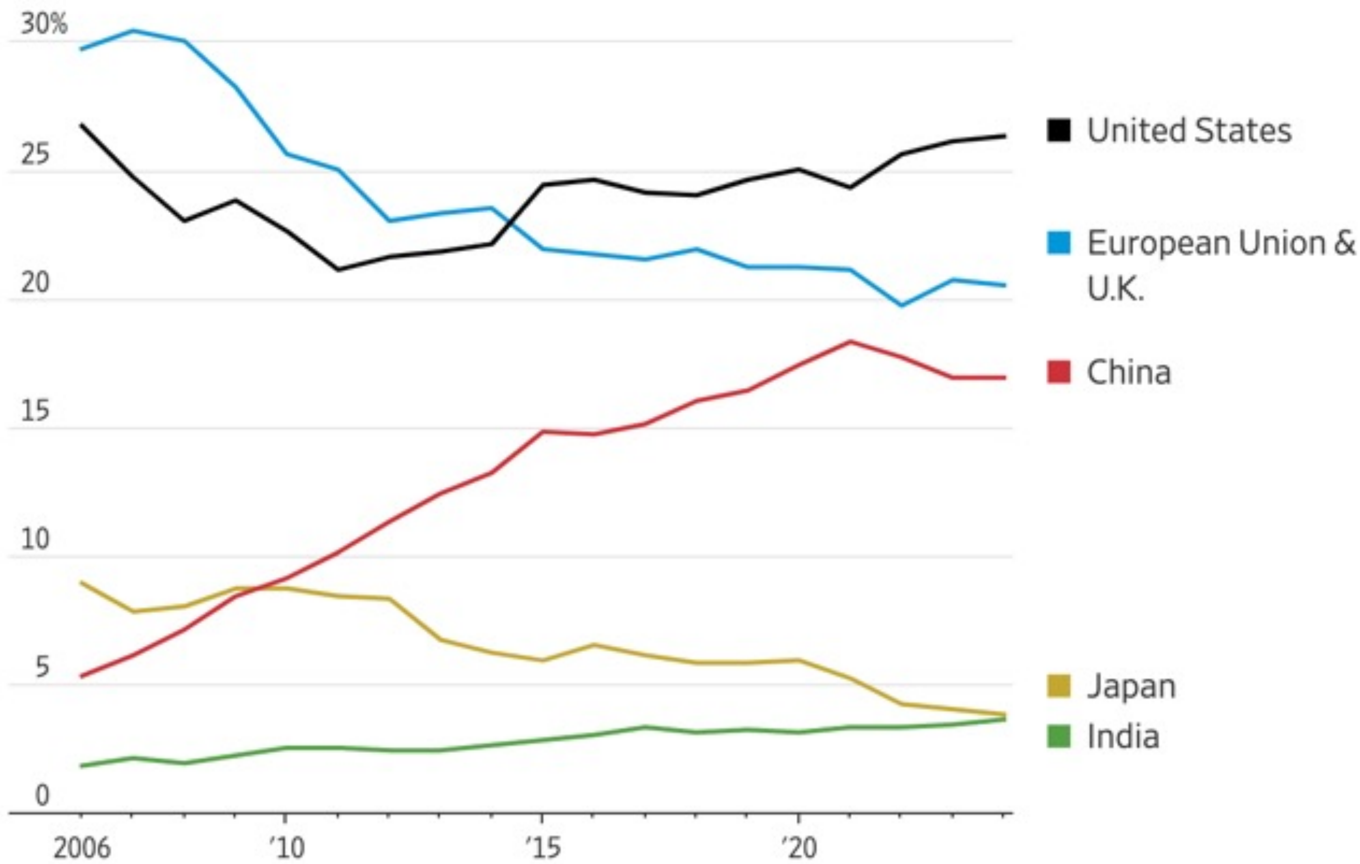


Figure 2 U.S. share of global GDP. Source: World Bank

ZIONS BANK.

Source: Hudson Bay Capital

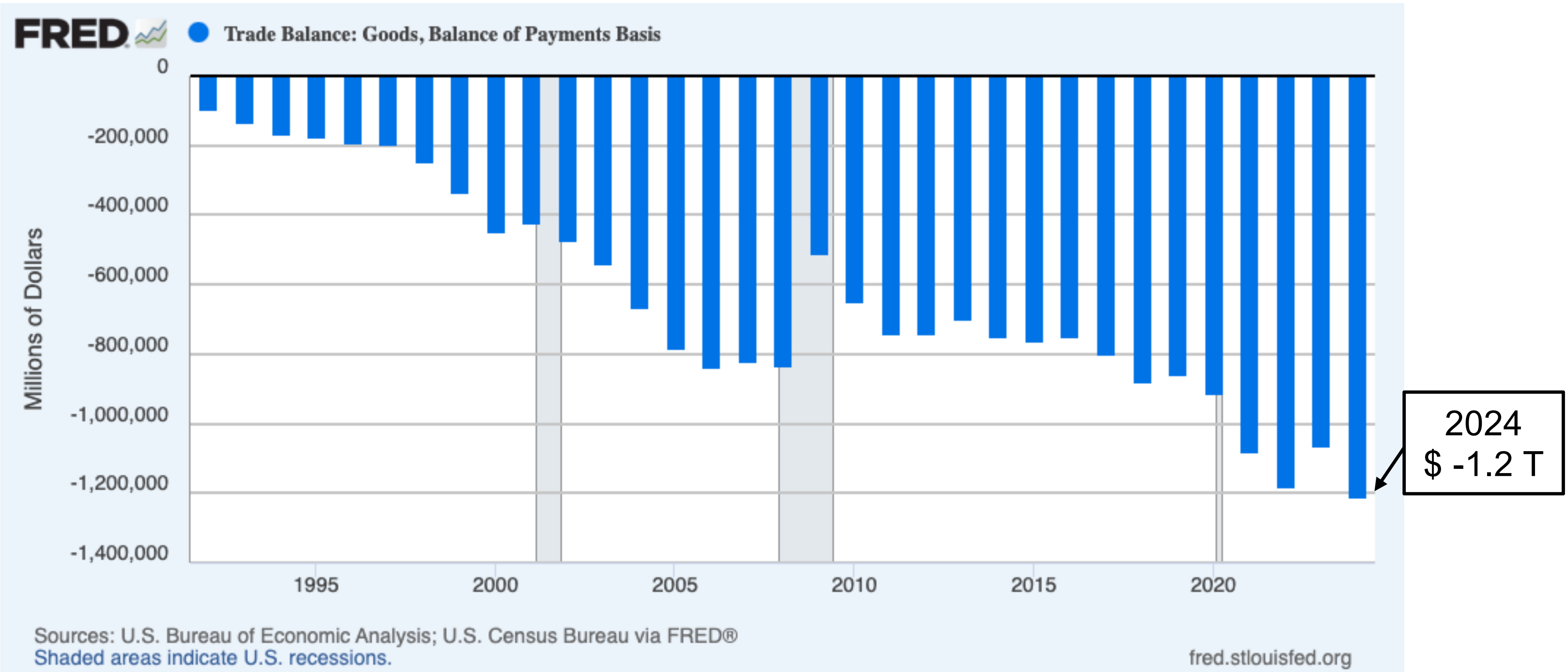
… China’s Share of Global GDP Trending Up



ZIONS BANK.

Sources: Wall Street Journal, International Monetary Fund

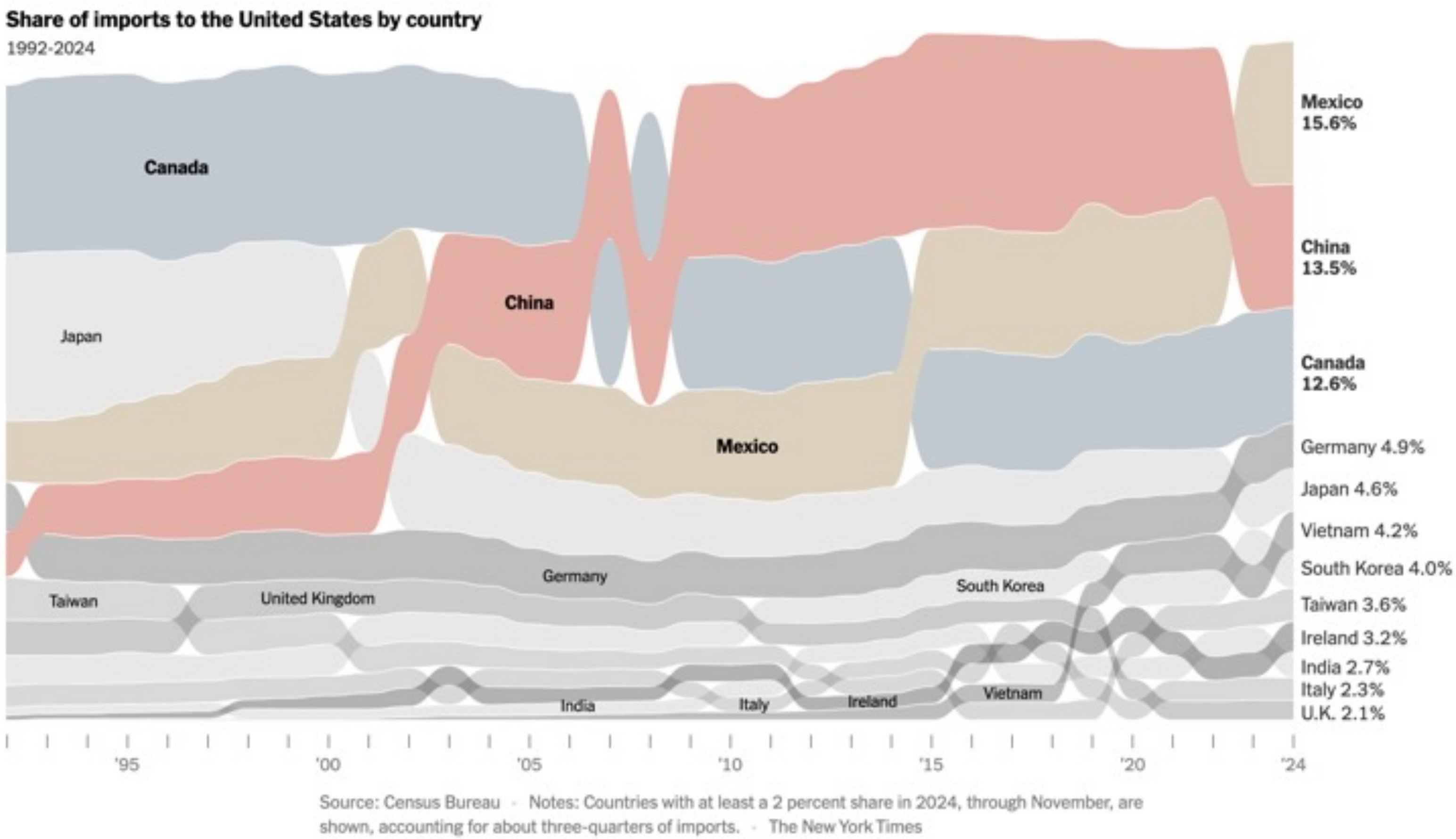
US Trade Deficit Growing



ZIONS BANK

Source: FRED

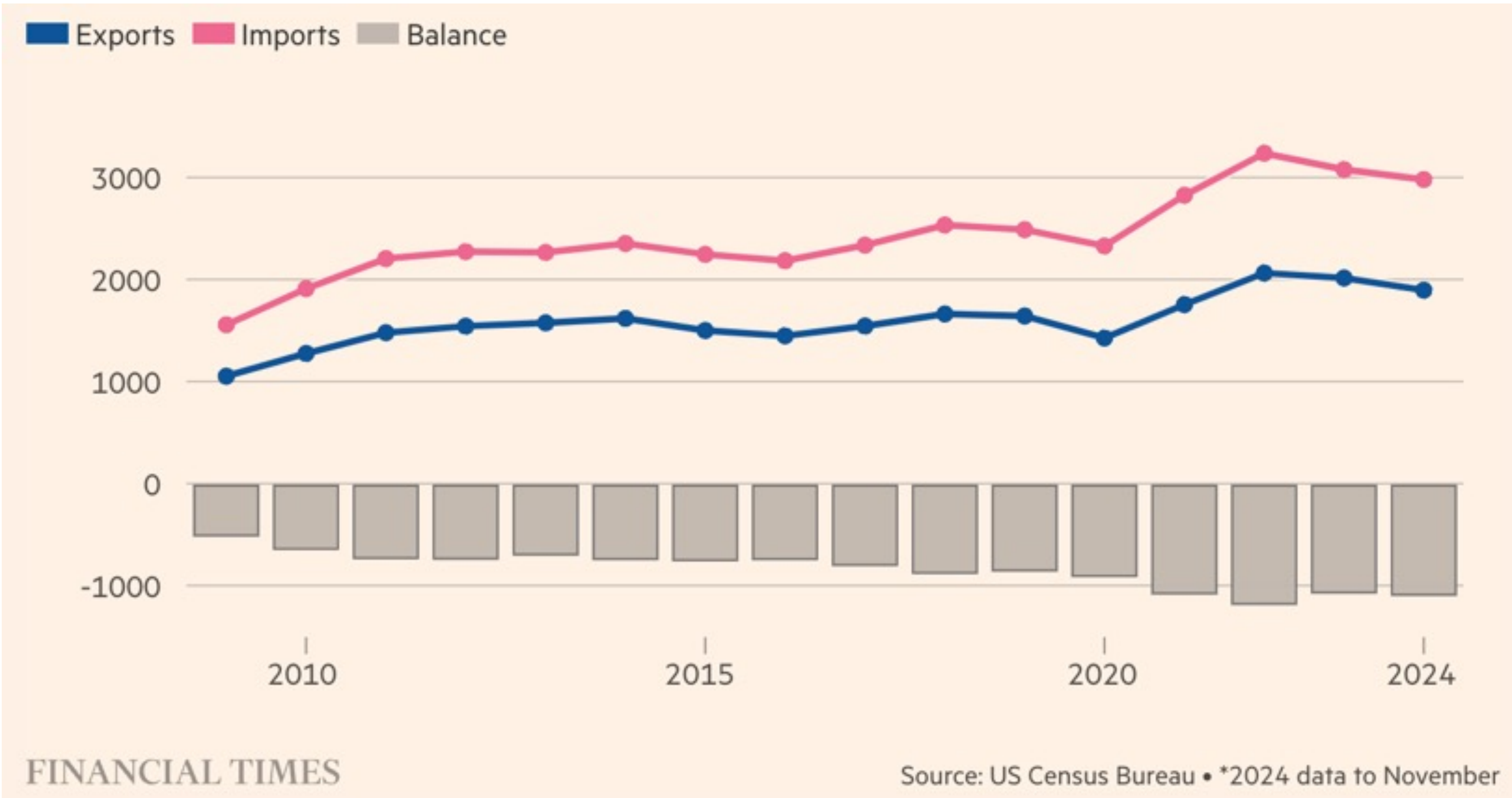
How Have US Imports Changed?



ZIONS BANK.

Source: New York Times

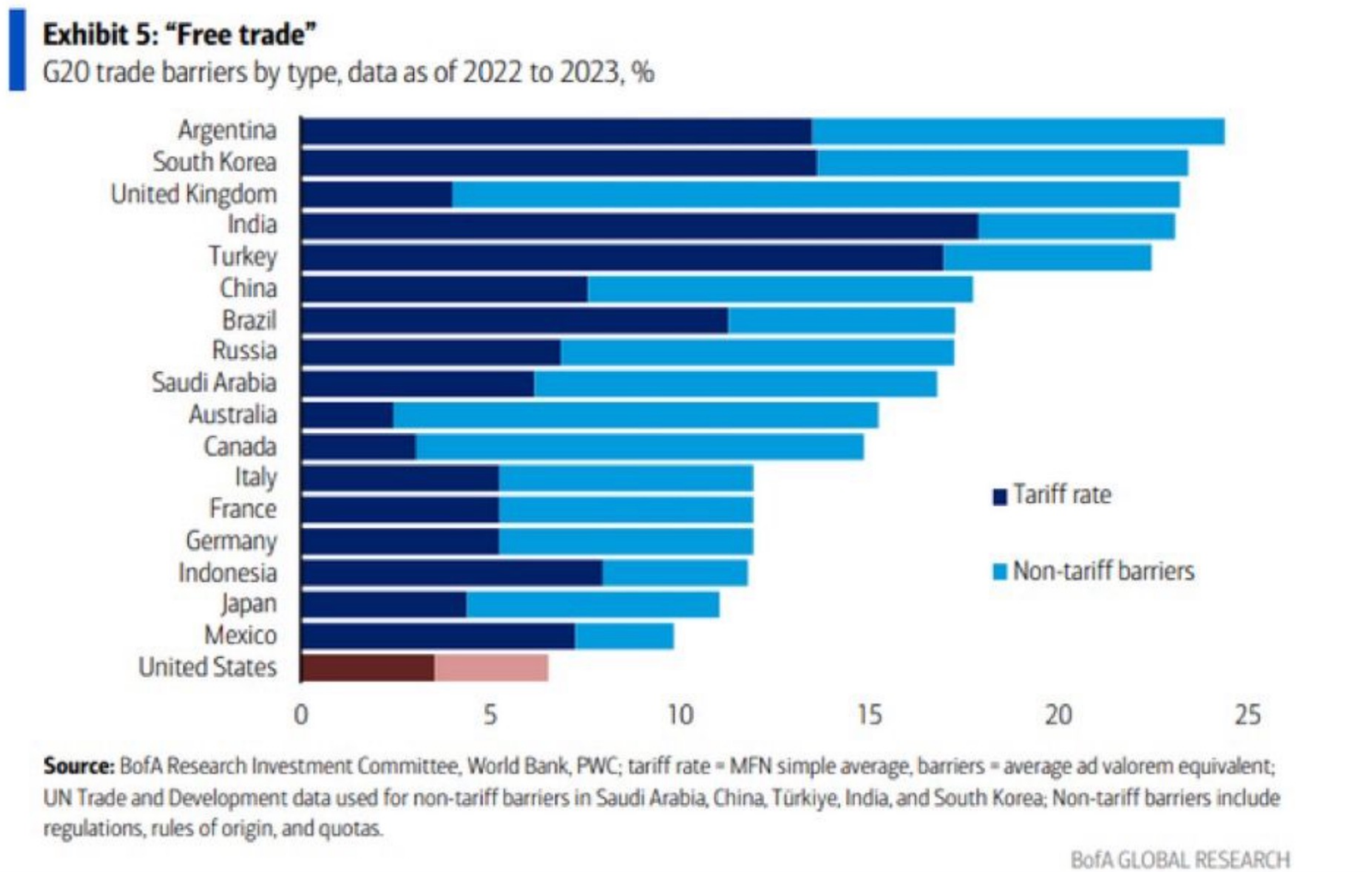
US Imports vs Exports to the Rest of the World



ZIONS BANK.

Source: FT

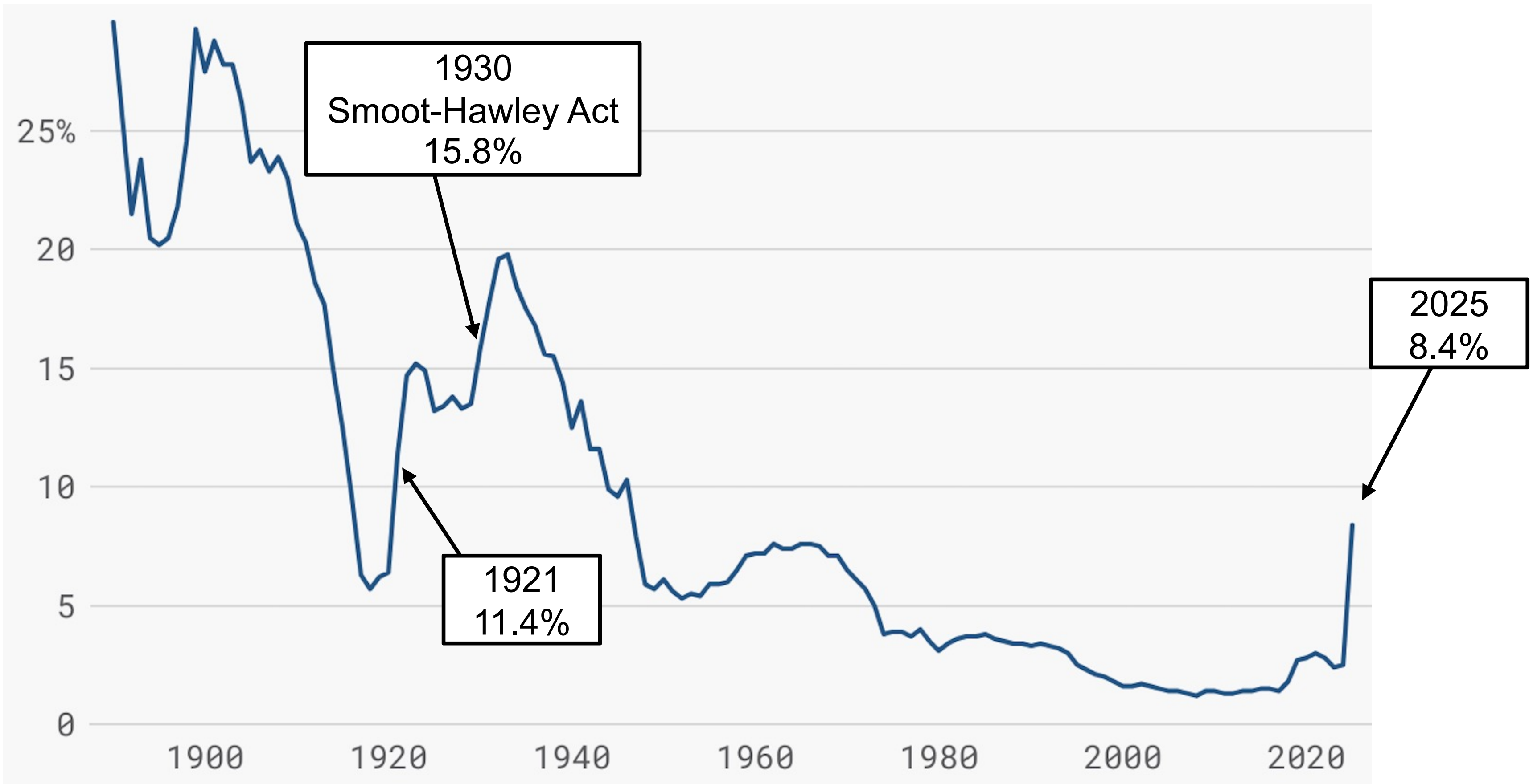
What Could Reciprocal Tariffs Look Like?



ZIONS BANK.

Sources: CNBC, BofA Global Research

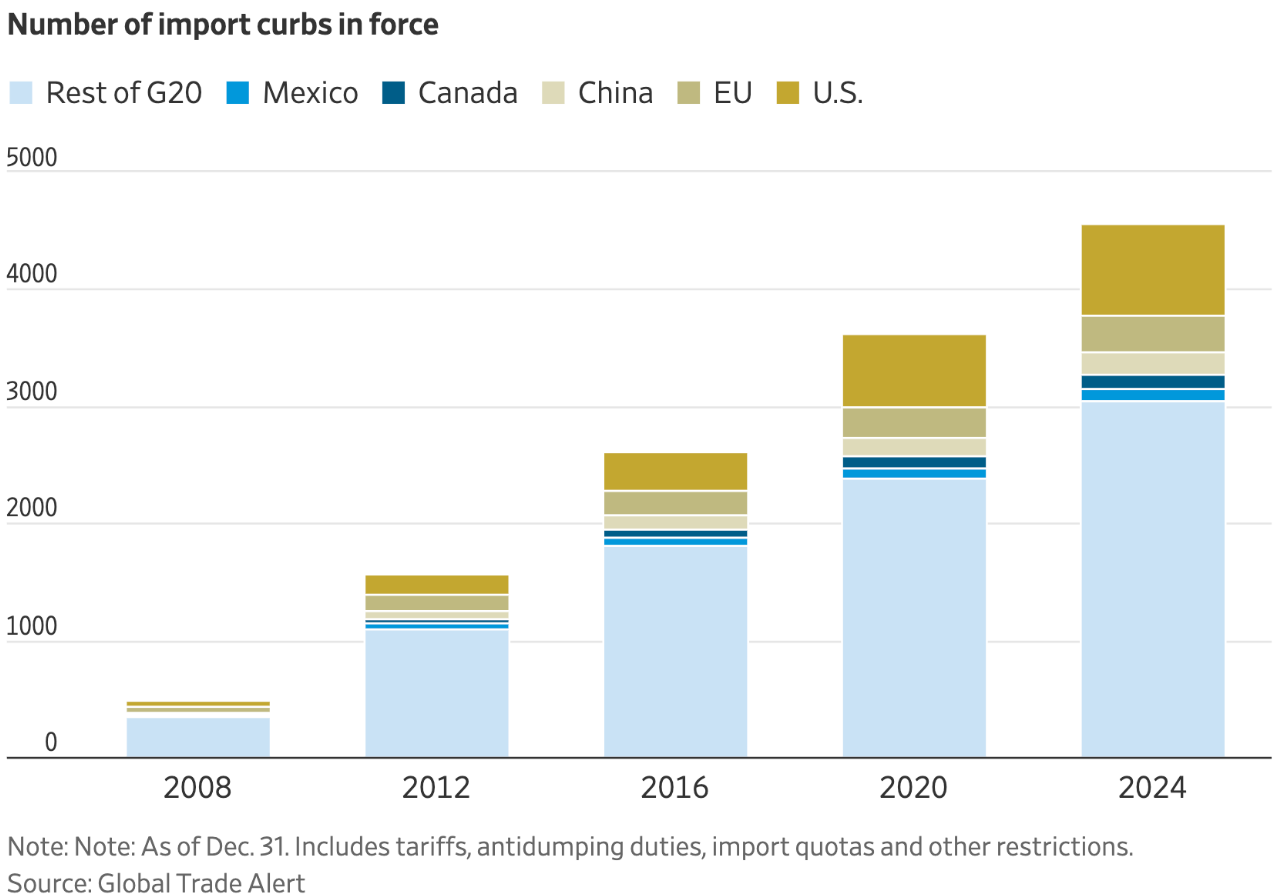
Average Tariff Rate on U.S. Imports Highest Since 1946



ZIONS BANK.

Source: Tax Foundation

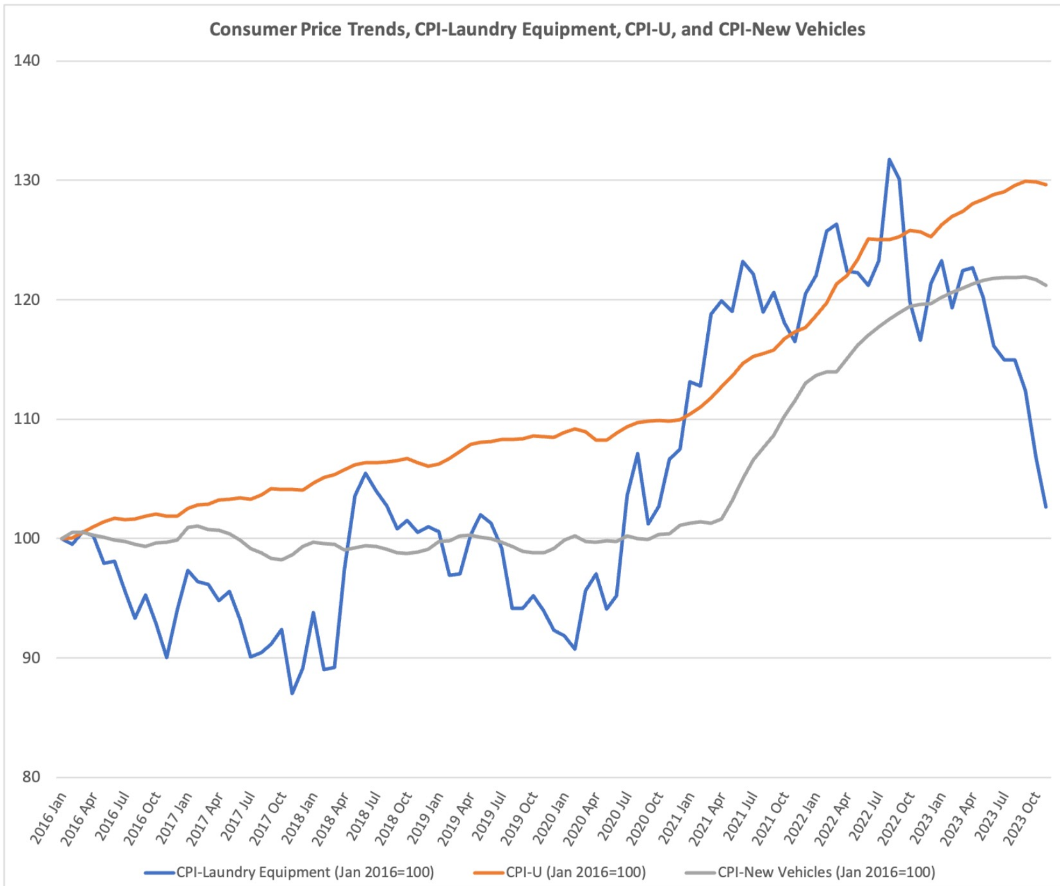
Trade Barriers Mounting Around the World



ZIONS BANK.

Source: Wall Street Journal

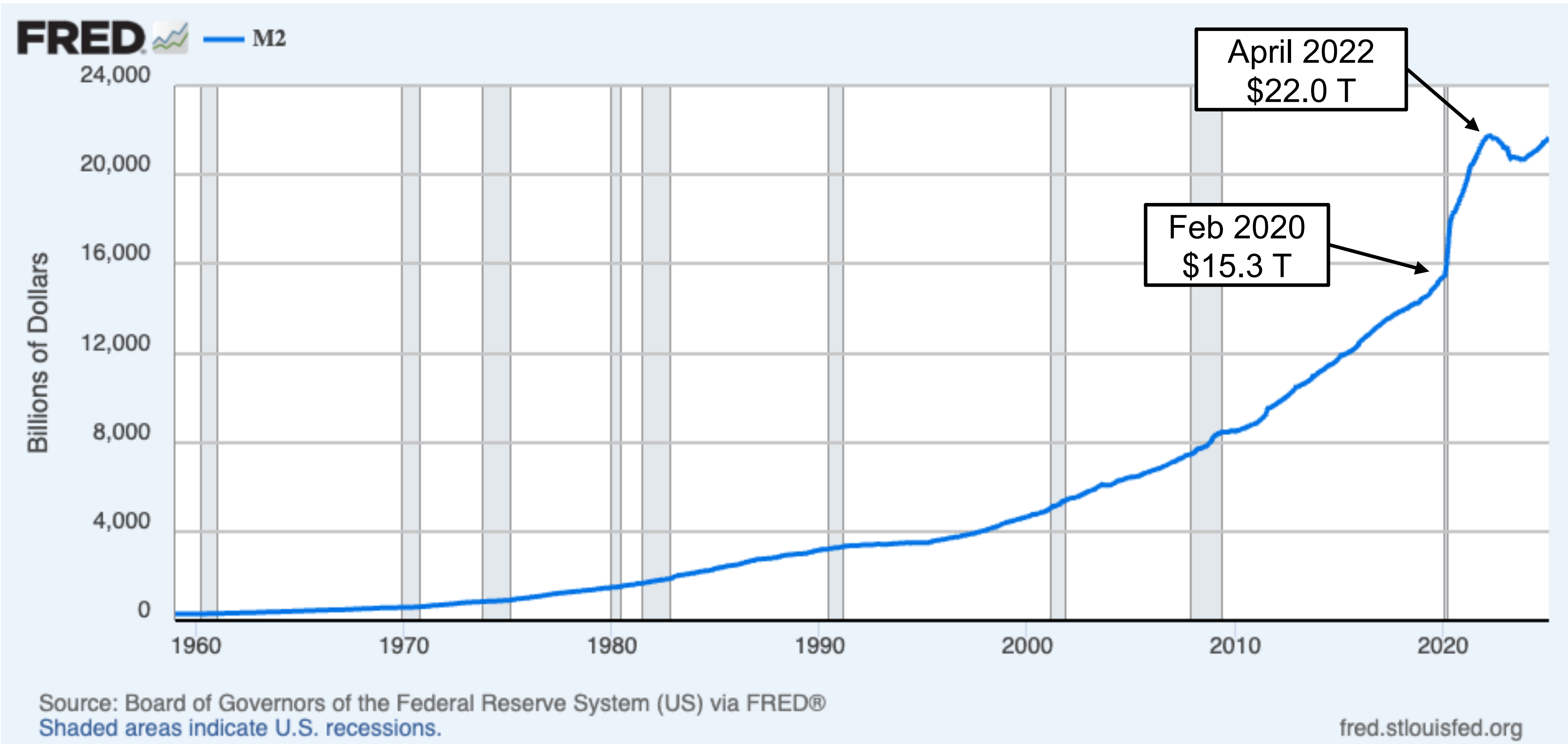
Tariff Case Study – Washing Machines



ZIONS BANK.

Source: Coalition for a Prosperous America

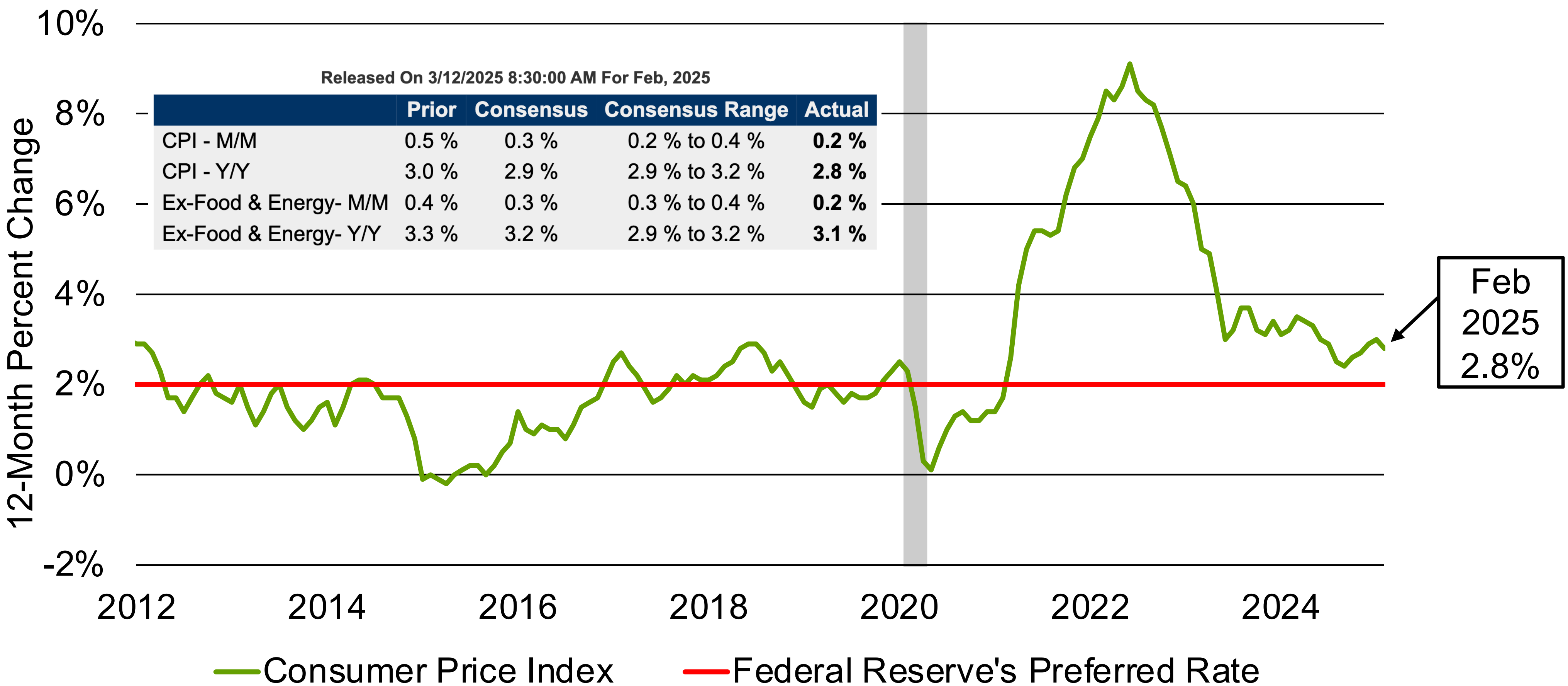
U.S. Money Supply Jumped Nearly $7 Trillion



ZIONS BANK.

Source: Federal Reserve Bank of St Louis

Consumer Inflation Surged in 2021

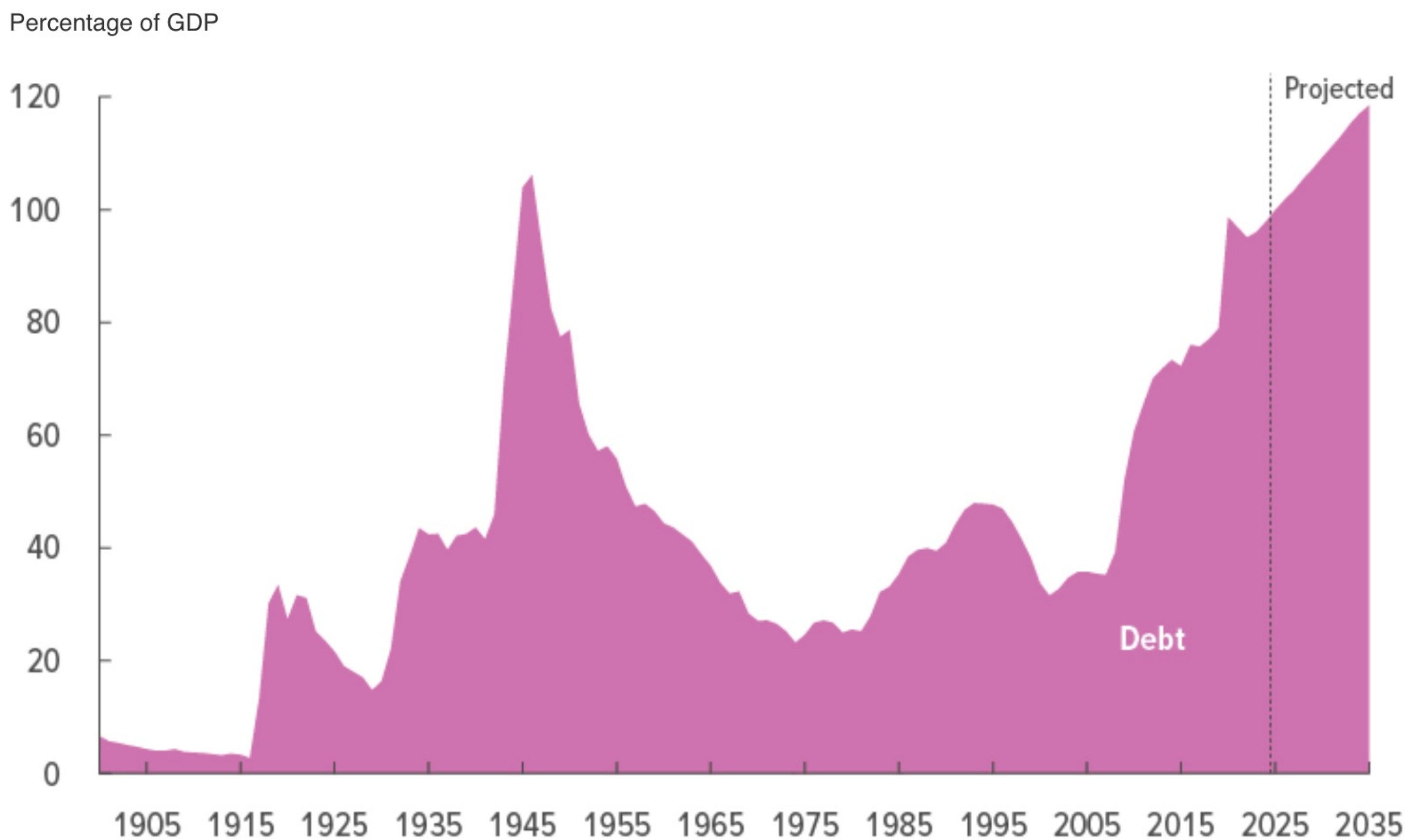


Released On 3/12/2025 8:30:00 AM For Feb, 2025

	Prior	Consensus	Consensus Range	Actual
CPI - M/M	0.5 %	0.3 %	0.2 % to 0.4 %	**0.2 %**
CPI - Y/Y	3.0 %	2.9 %	2.9 % to 3.2 %	**2.8 %**
Ex-Food & Energy- M/M	0.4 %	0.3 %	0.3 % to 0.4 %	**0.2 %**
Ex-Food & Energy- Y/Y	3.3 %	3.2 %	2.9 % to 3.2 %	**3.1 %**

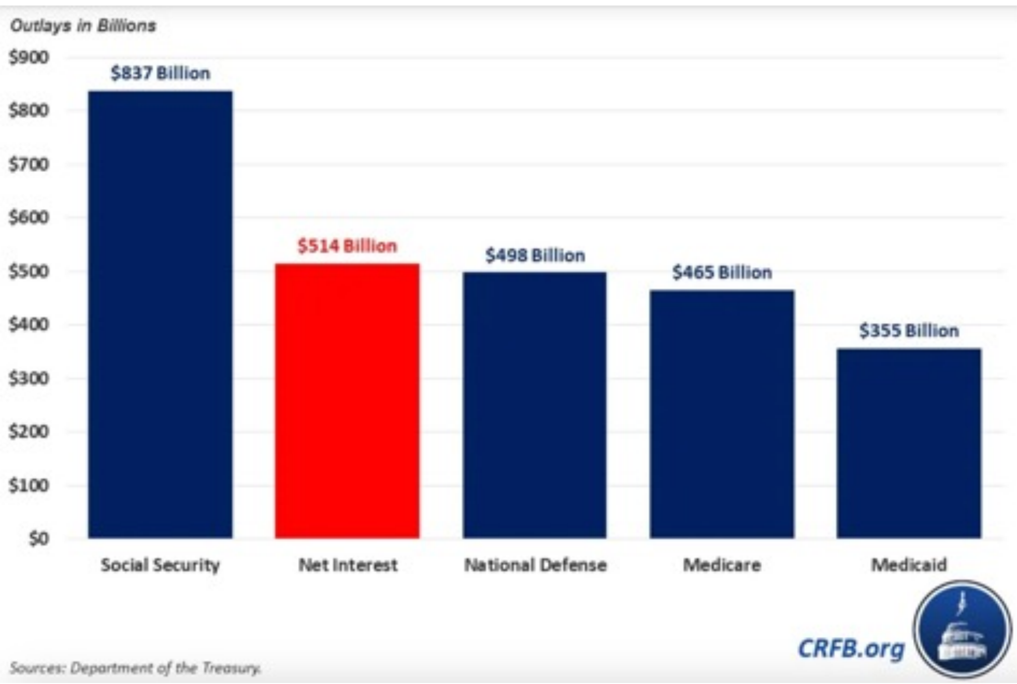
Sources: U.S. Bureau of Labor Statistics, Econoday

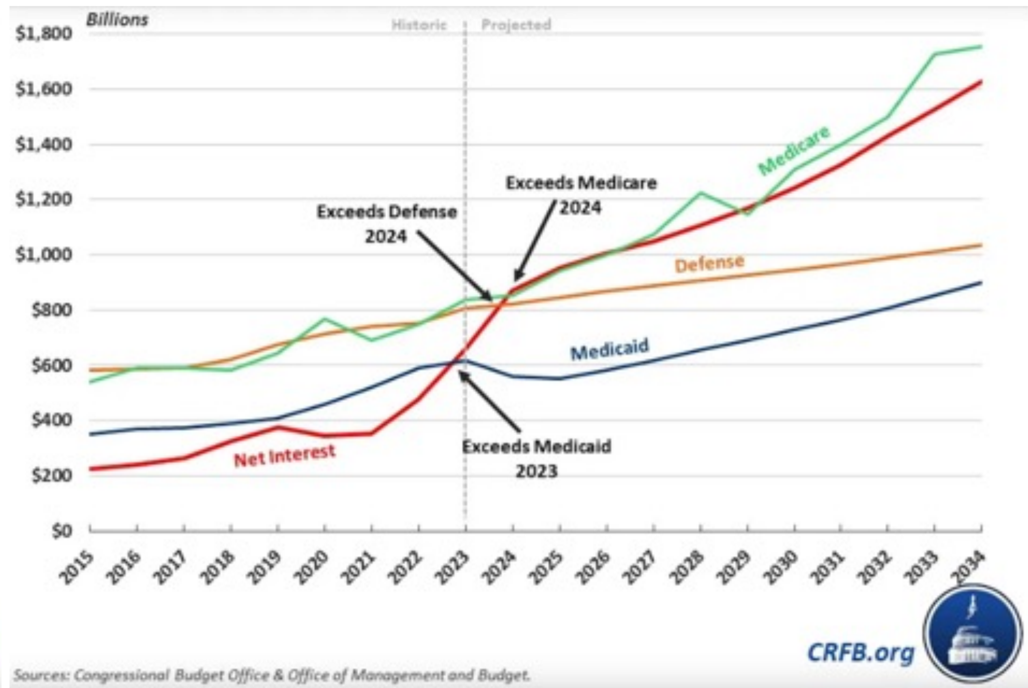
National Debt a Mounting Problem



Source: Congressional Budget Office

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

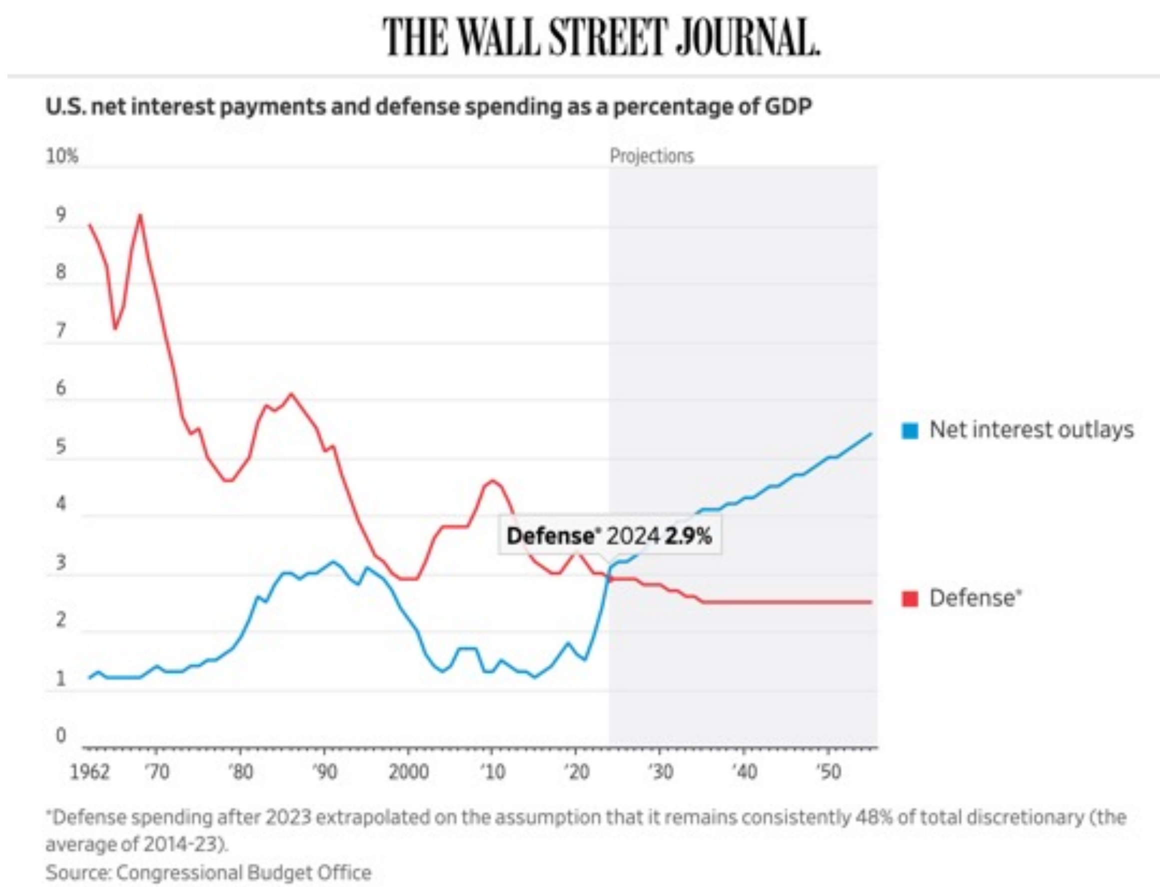




ZIONS BANK

Source: Committee for a Responsible Federal Budget

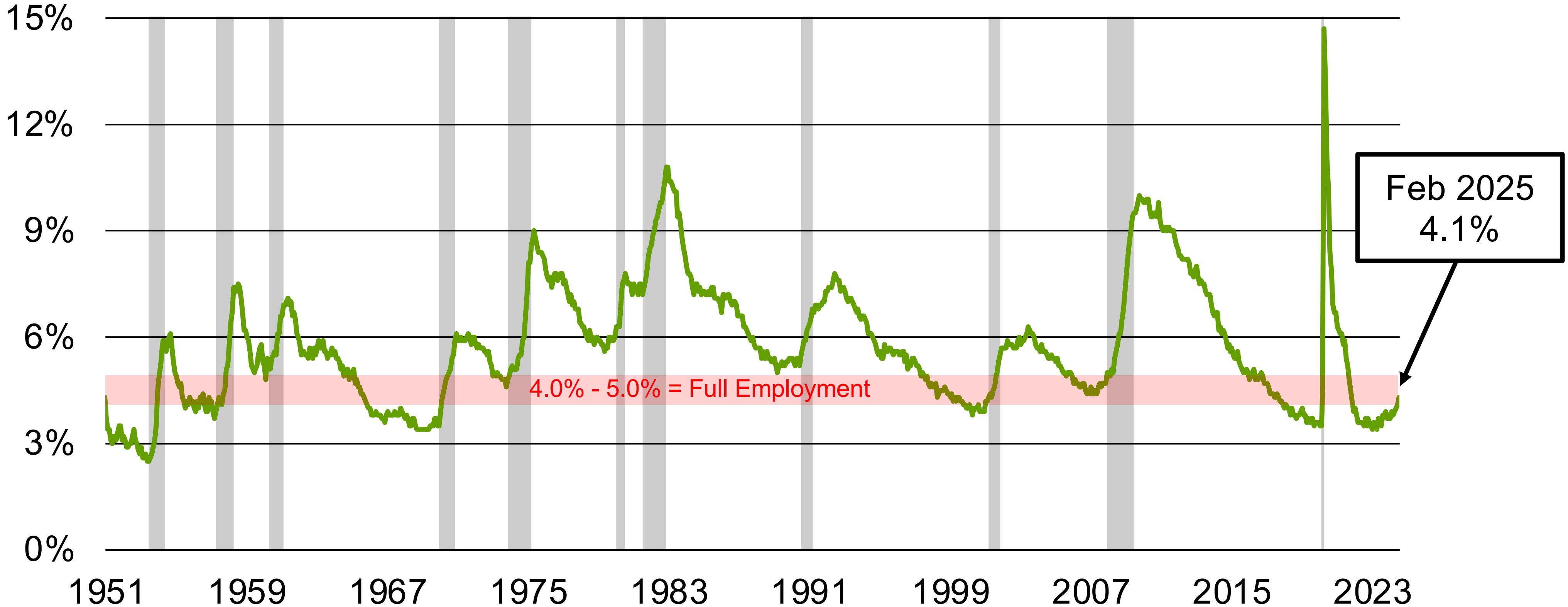
National Debt Payments Surpass Defense Spending



ZIONS BANK.

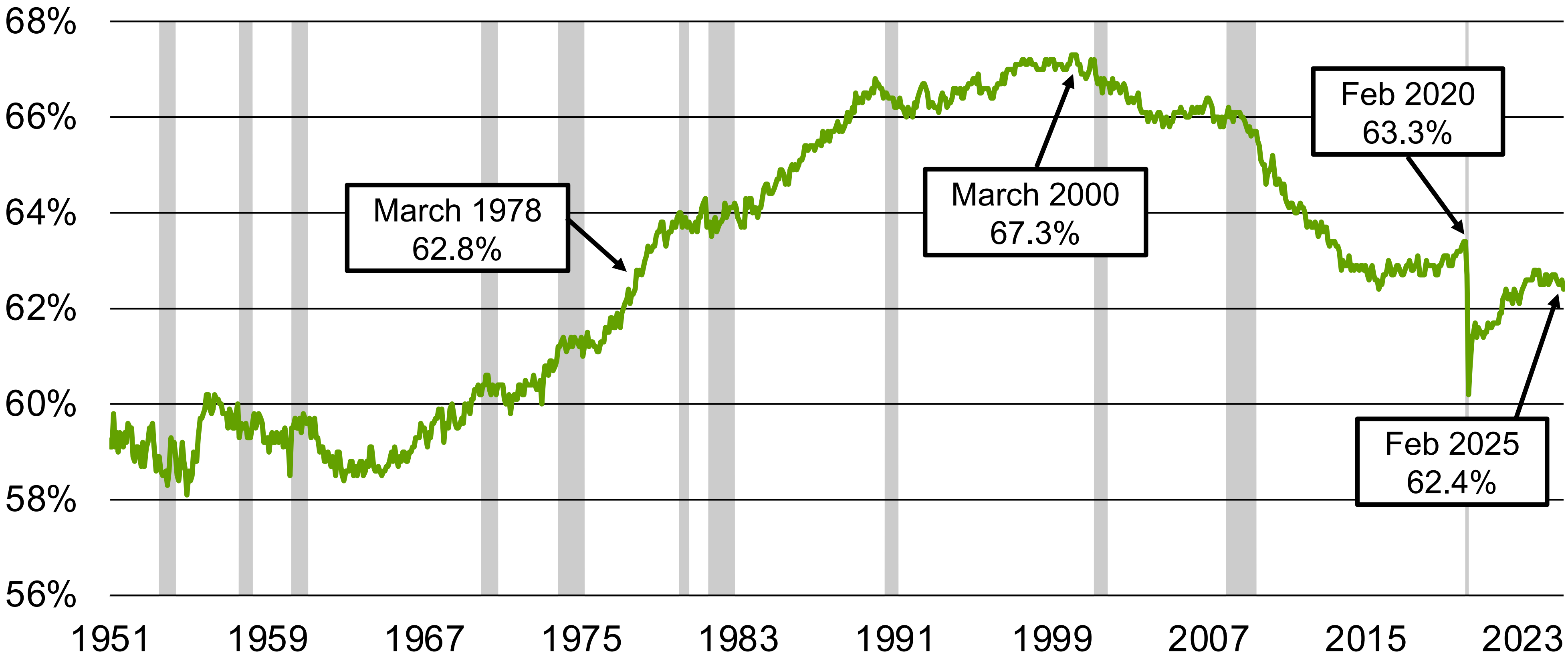
Source: The Wall Street Journal

U.S. Unemployment Low…



Source: U.S. Bureau of Labor Statistics

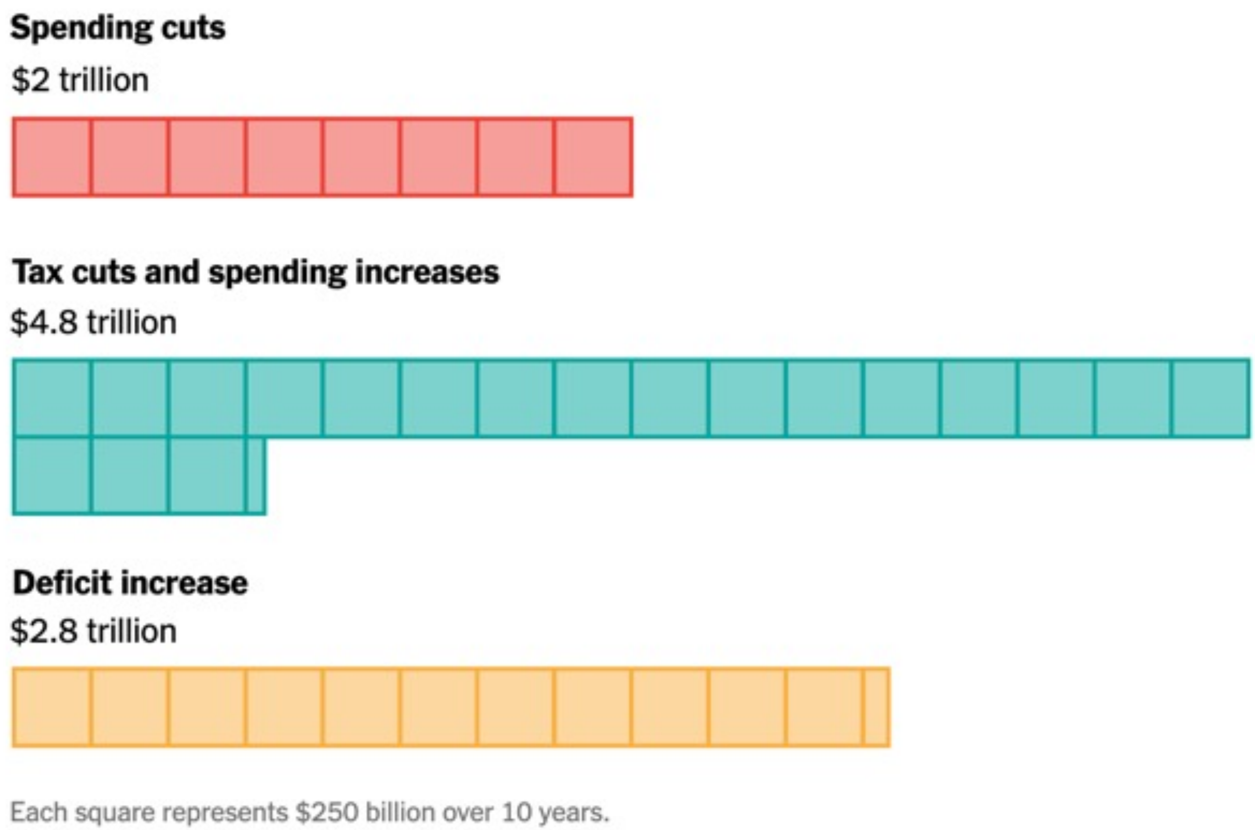
… But Labor Force Participation Trending Down



ZIONS BANK

Source: U.S. Bureau of Labor Statistics

Overview of House Budget Bill



ZIONS BANK

Source: New York Times

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 | Regulations | Join

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. FPDS posting of the contract termination notices can have up to a 1 month lag. There may be discrepencies 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

An official website of the United States government

Department of Government Efficiency
The people voted for major reform.

Savings Payments **Spend** Workforce Regulations Join

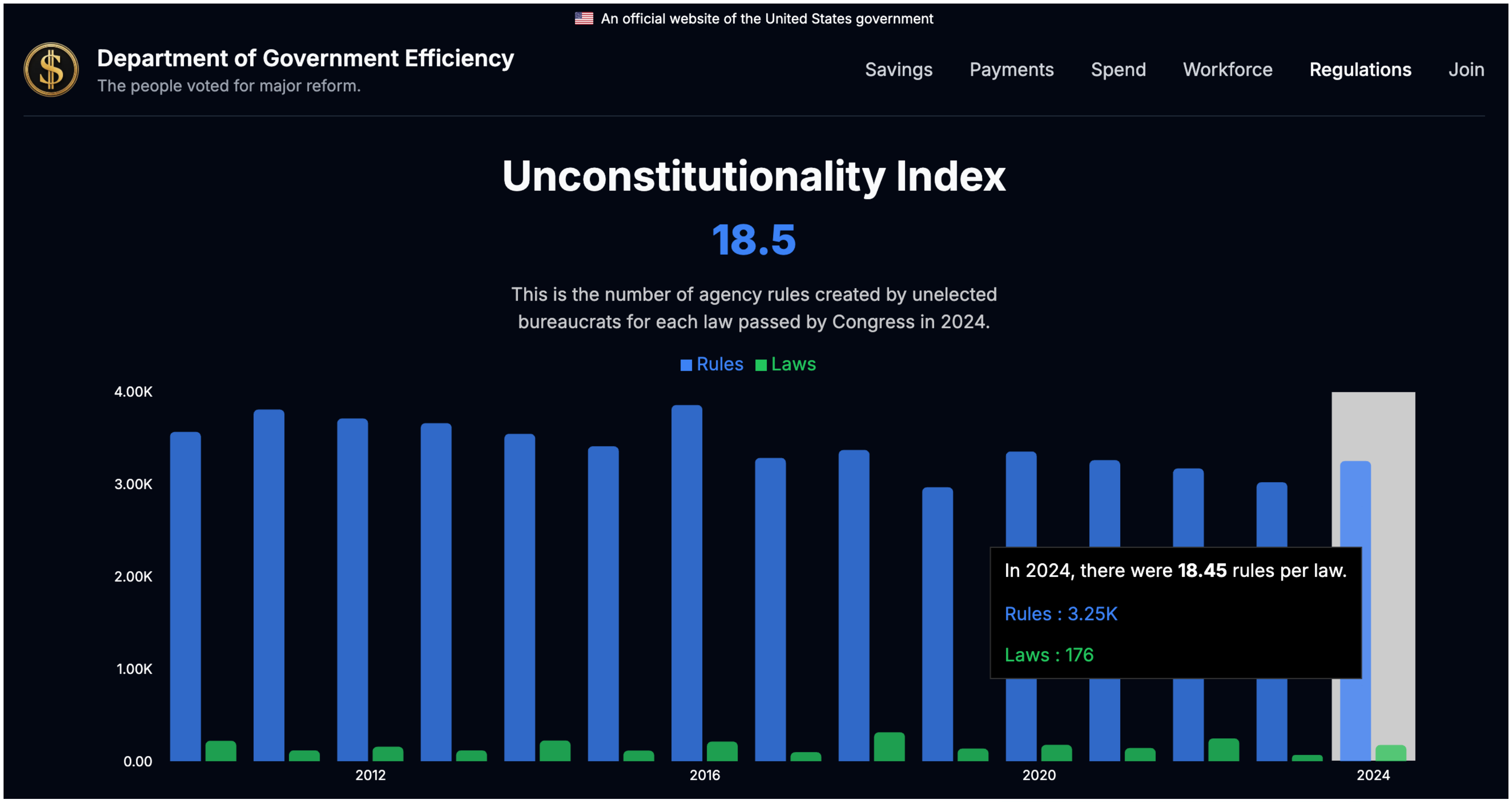
Agency Spending

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**

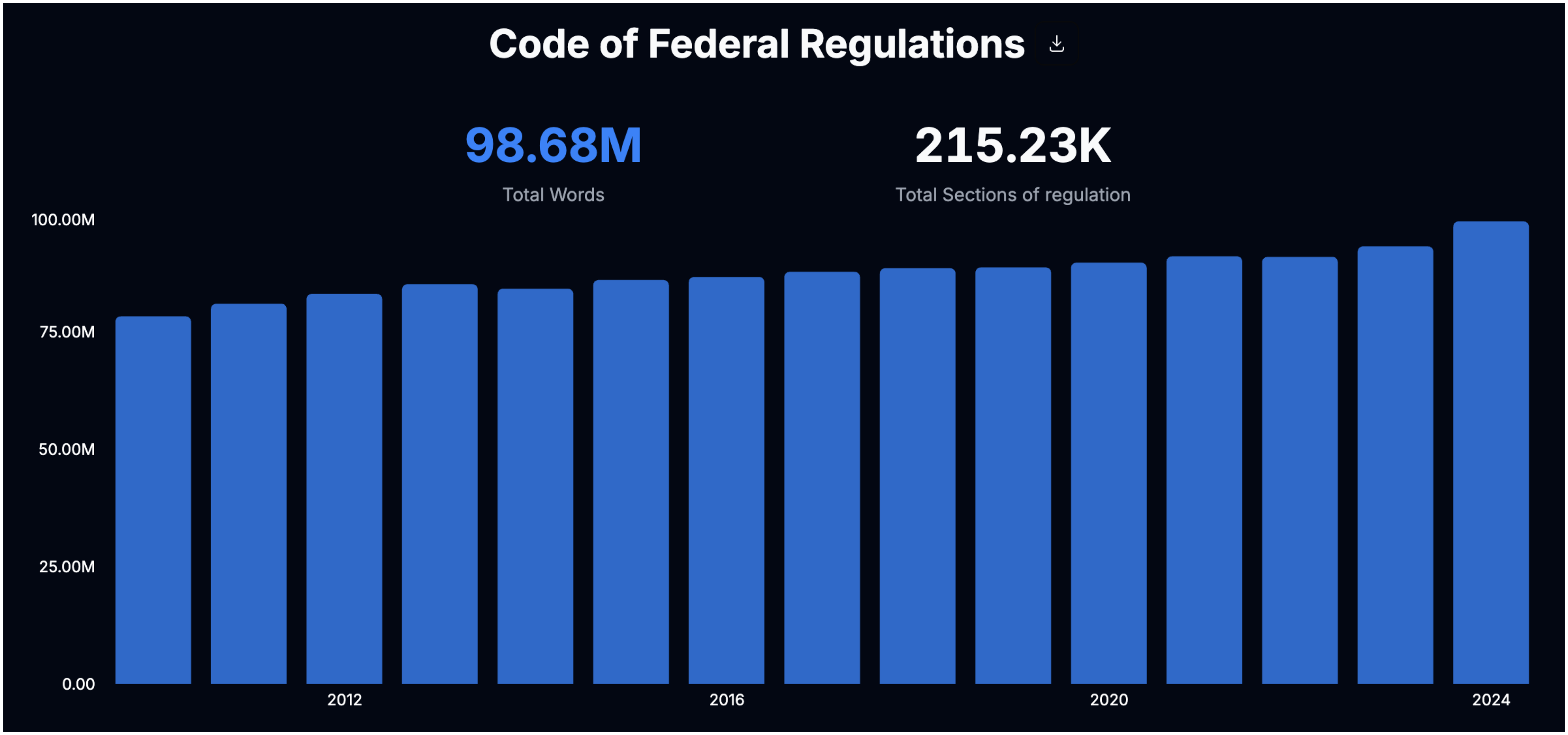
+51.7% change from FY2019 to FY2024

ZIONS BANK

DOGE Regulation Tracker

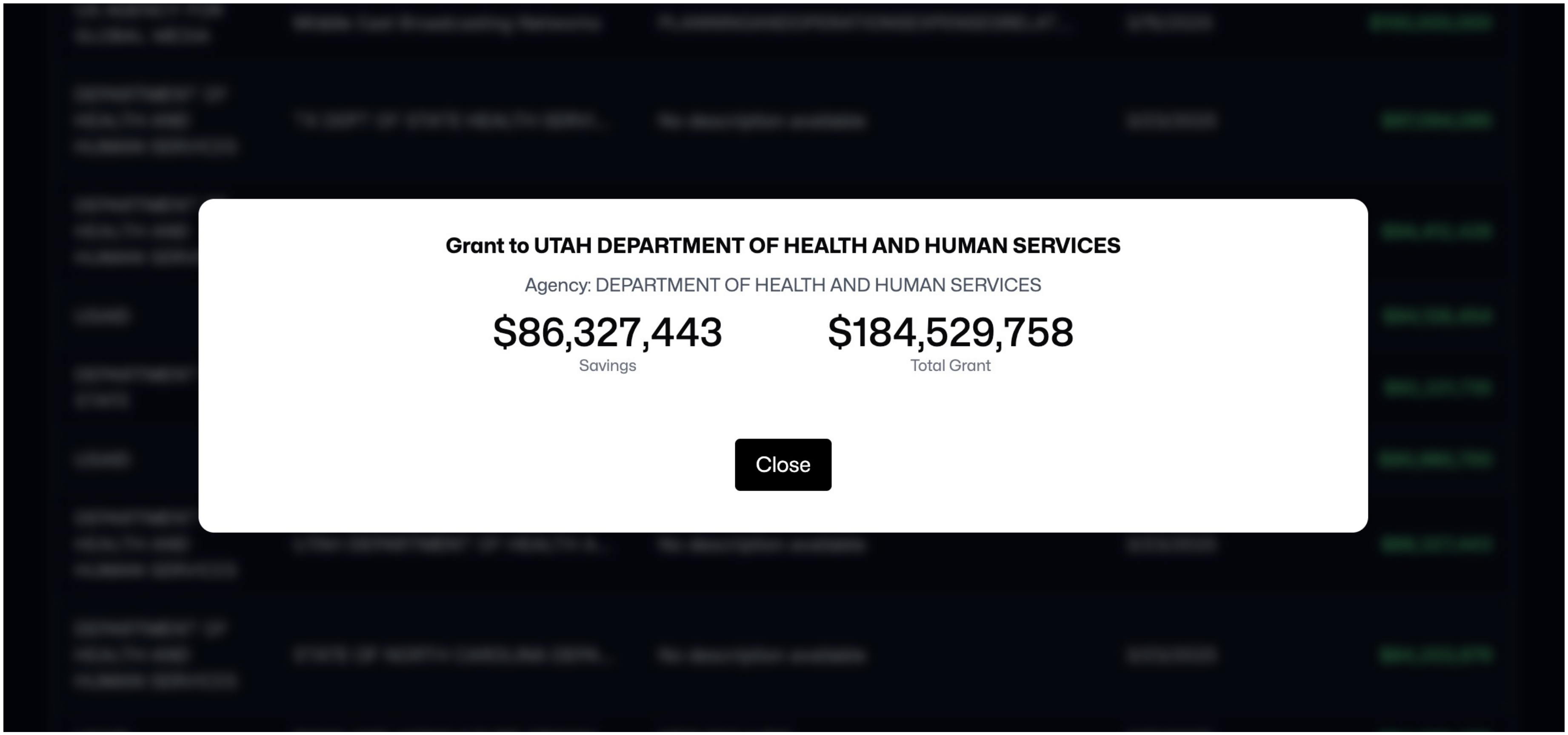


DOGE Regulation Tracker



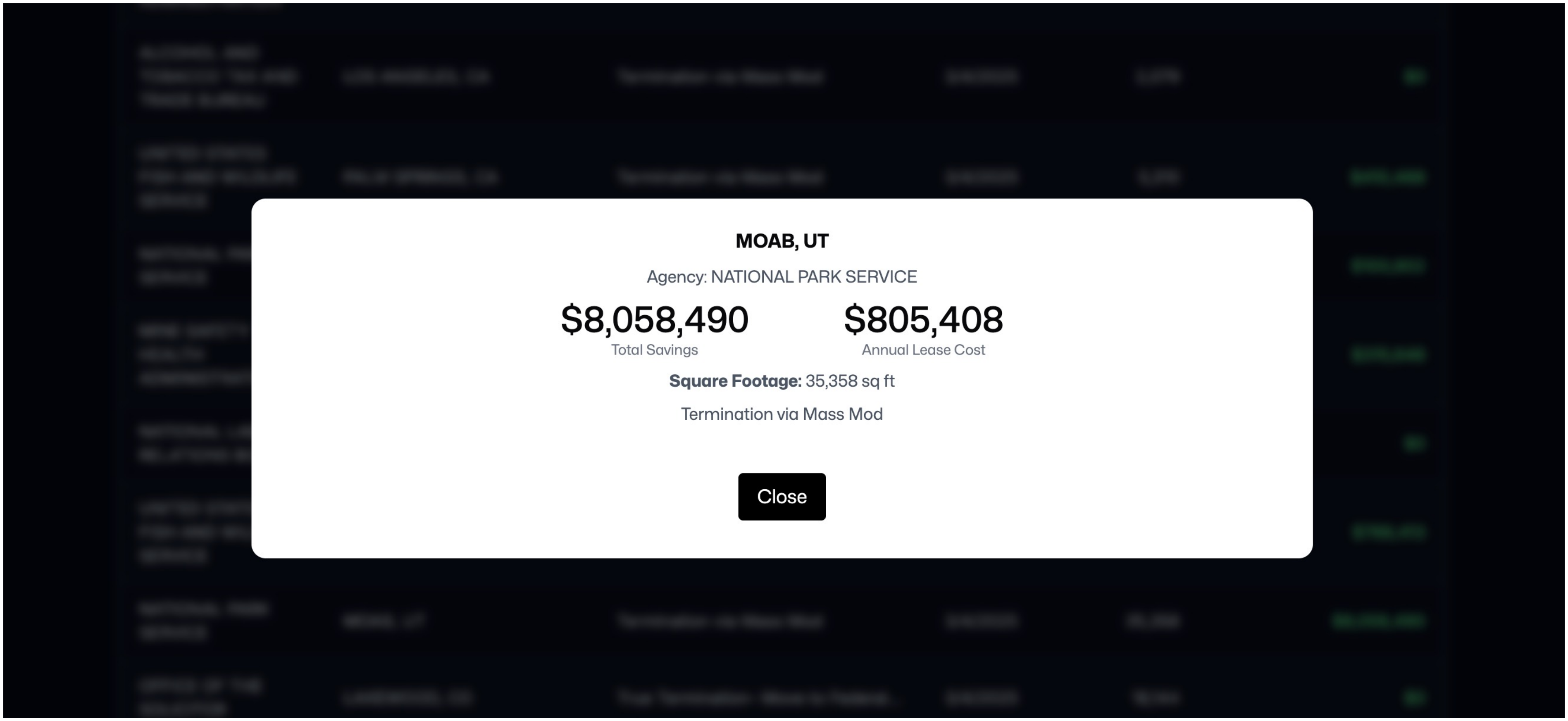
ZIONS BANK.

DOGE Local Impact – Utah DHHS



ZIONS BANK

DOGE Local Impact - Moab



ZIONS BANK.

The Trump Economic Policy

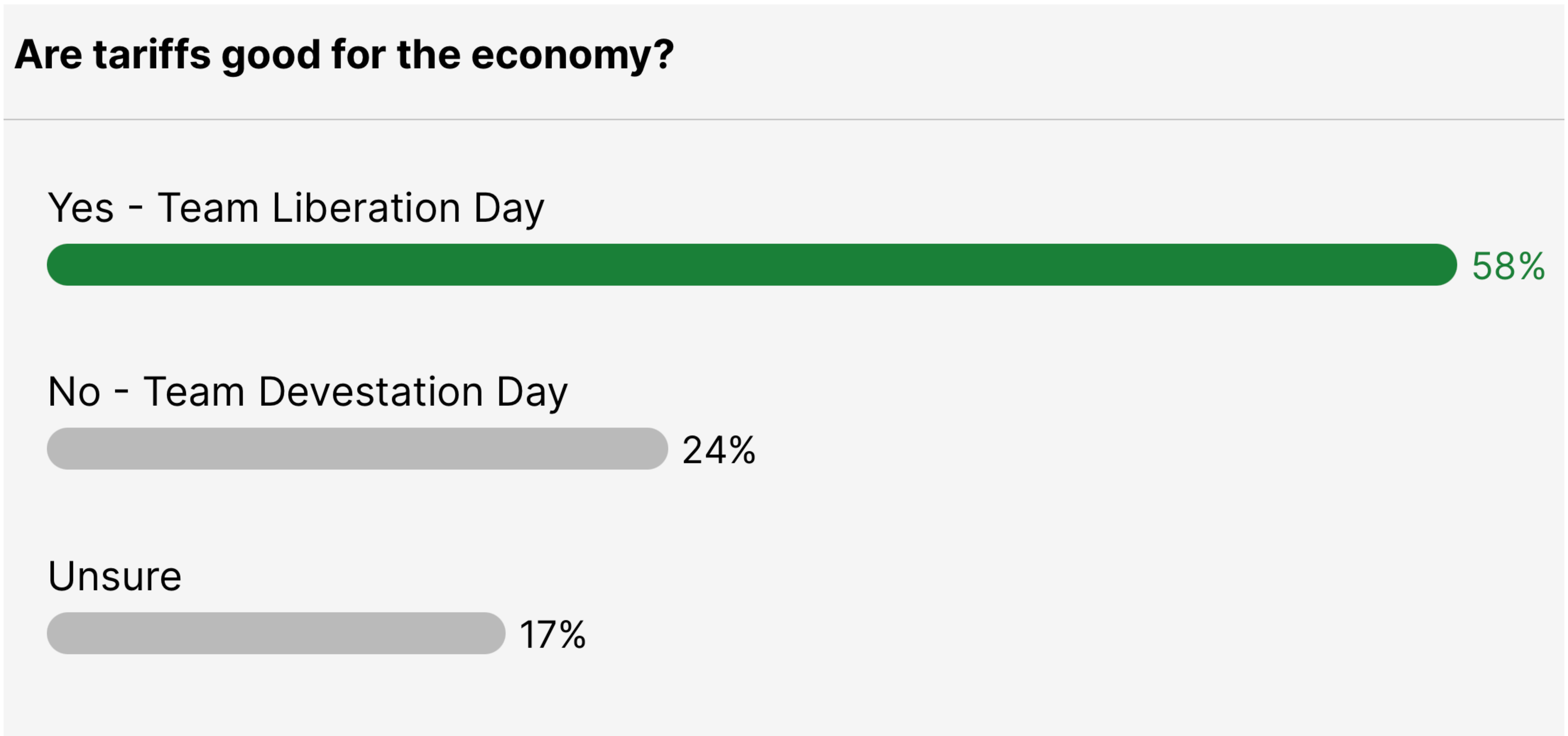
- Increased tariffs – reduce international imports
- Slow international migration – reinforce domestic workforce

Vs.

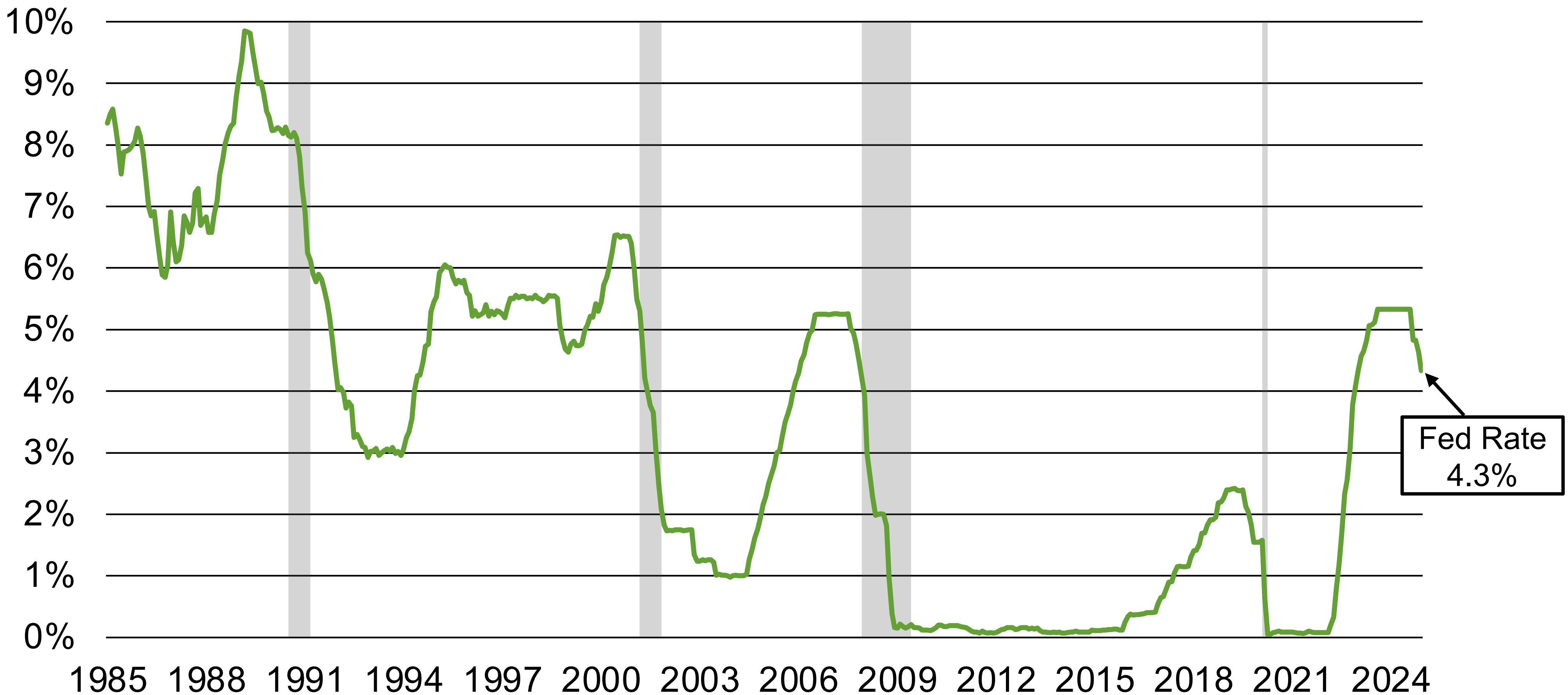
- Lower taxes
- Deregulation
- Reduced government spending and debt

ZIONS BANK

Poll #2 – Are Tariffs Good for the Economy?



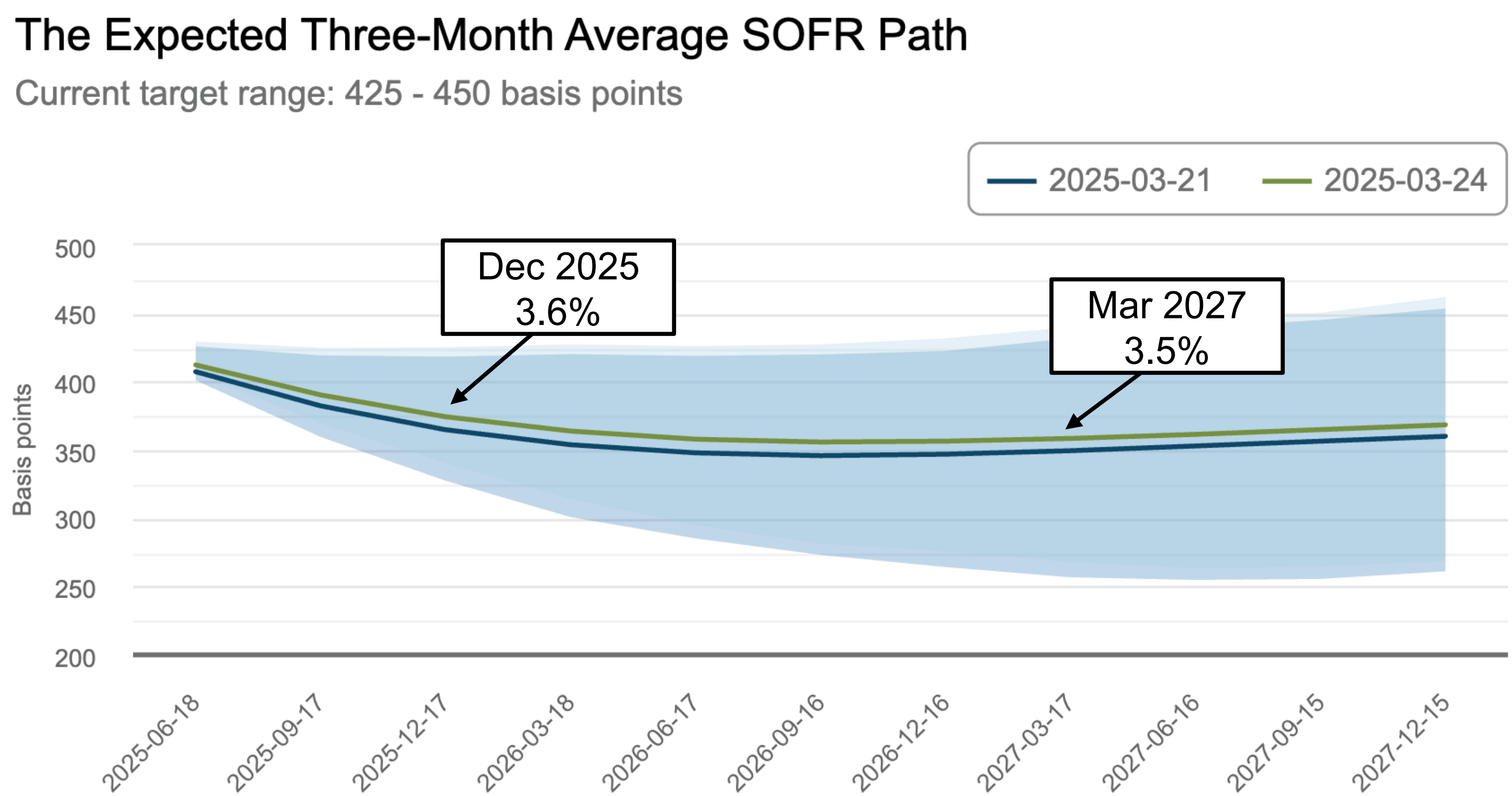
Federal Reserve Held Fed Funds Rate in March



ZIONS BANK

Source: Federal Reserve Board of Governors

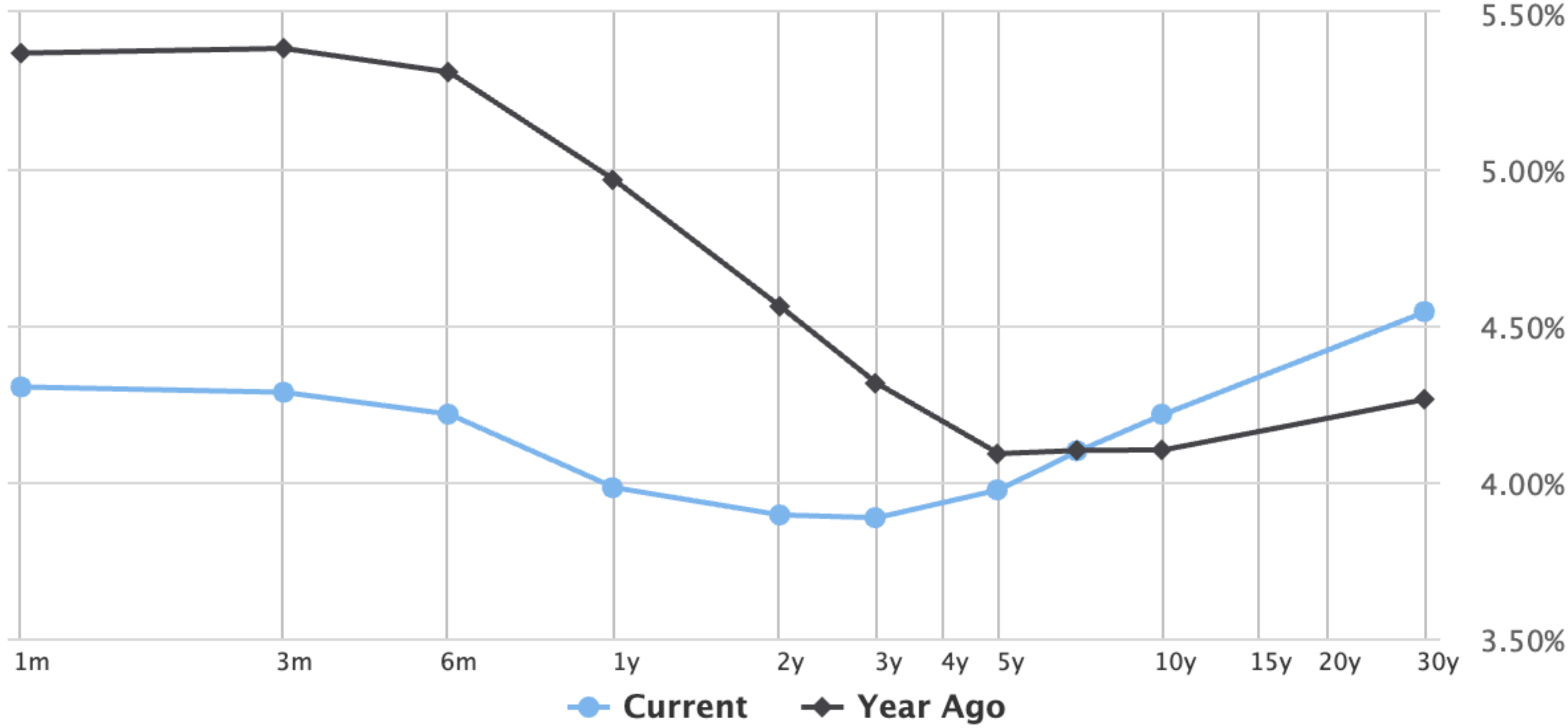
Markets Uncertain About Additional Rate Cuts



ZIONS BANK

Source: Federal Reserve Bank of Atlanta

Treasury Yield Curve Trying to Find Direction



ZIONS BANK.

Source: Wall Street Journal

Large Swings in Long Term Rates

U.S. 10 Year Treasury

ZIONS BANK.

Source: CNBC

Mortgage Rates Down in 2025

Source: Mortgage News Daily

Soft Indicators

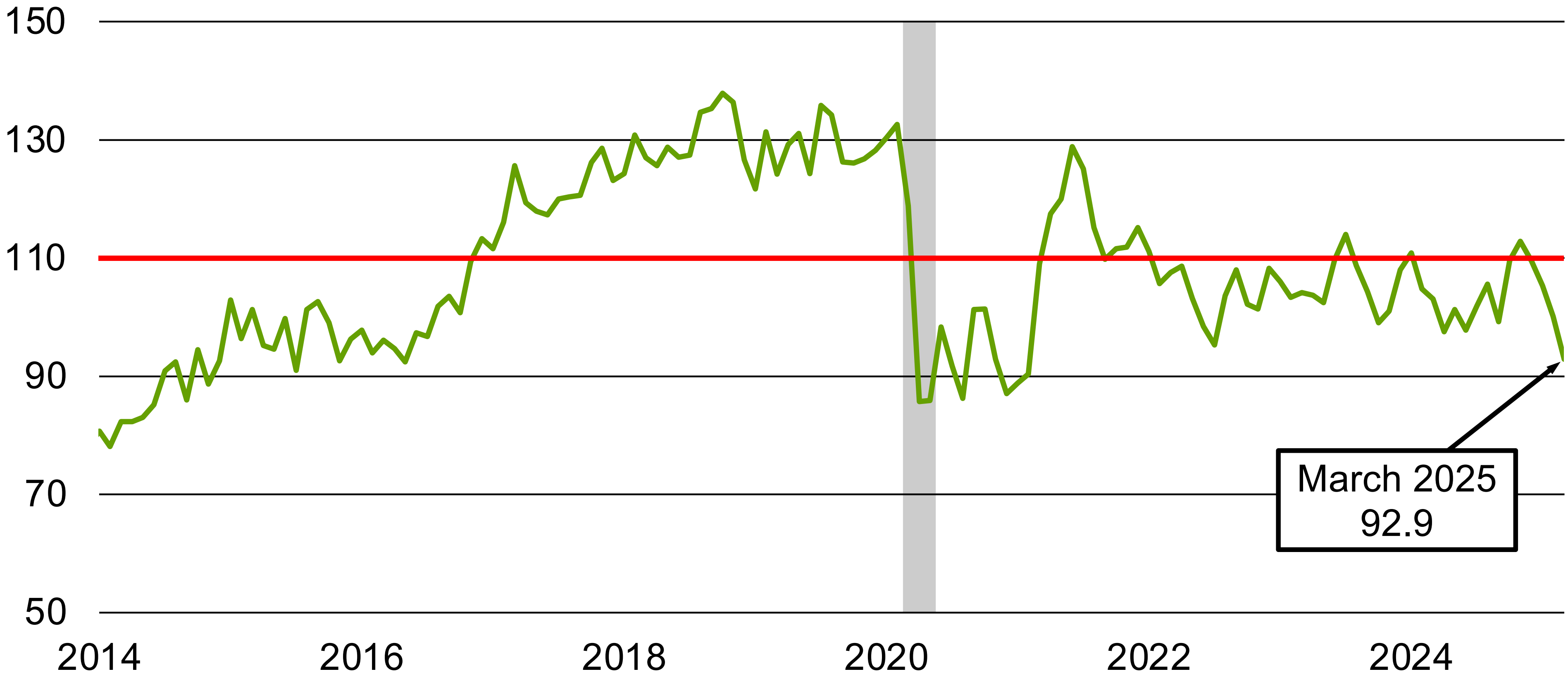
ZIONS BANK.

Market Volatility is Up – But Not Much

ZIONS BANK.

Source: FRED

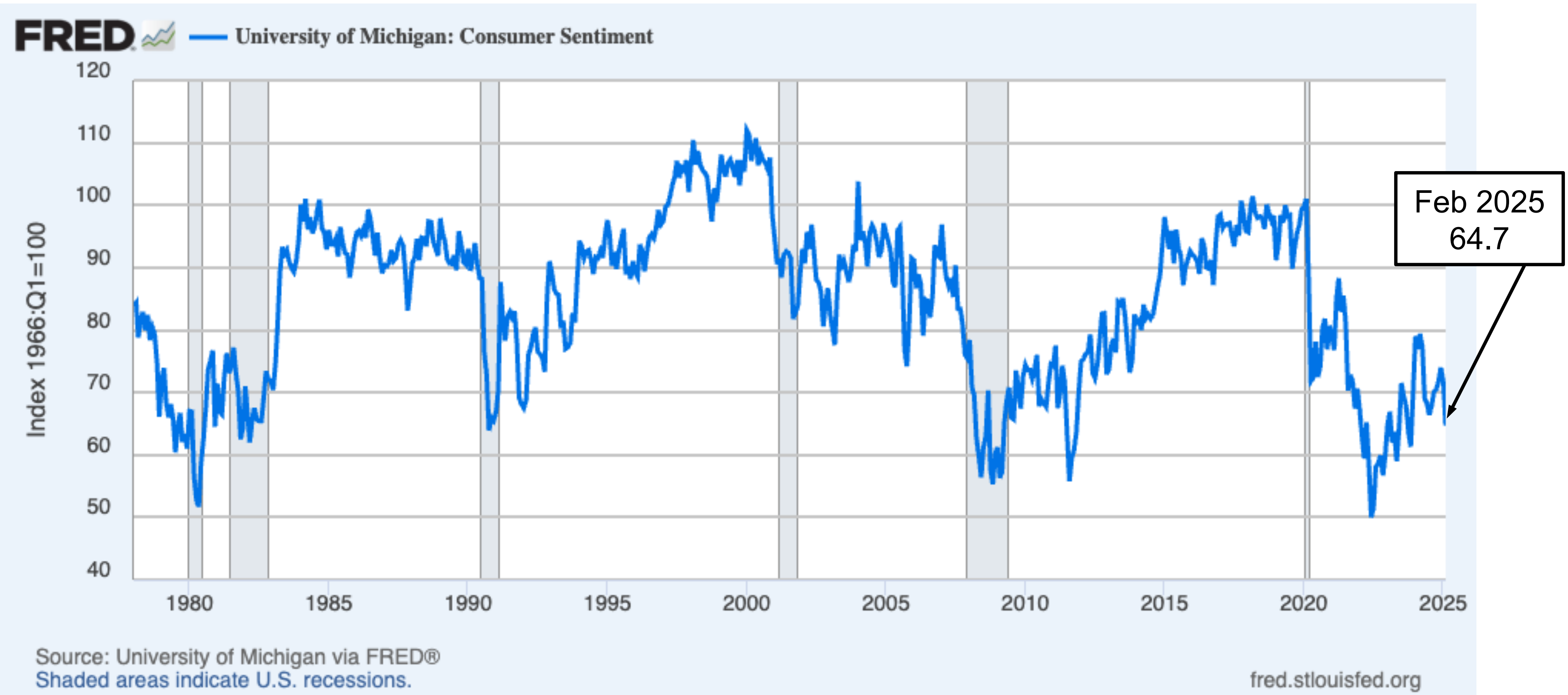
Consumer Confidence Continued to Drop in March



ZIONS BANK.

Source: The Conference Board

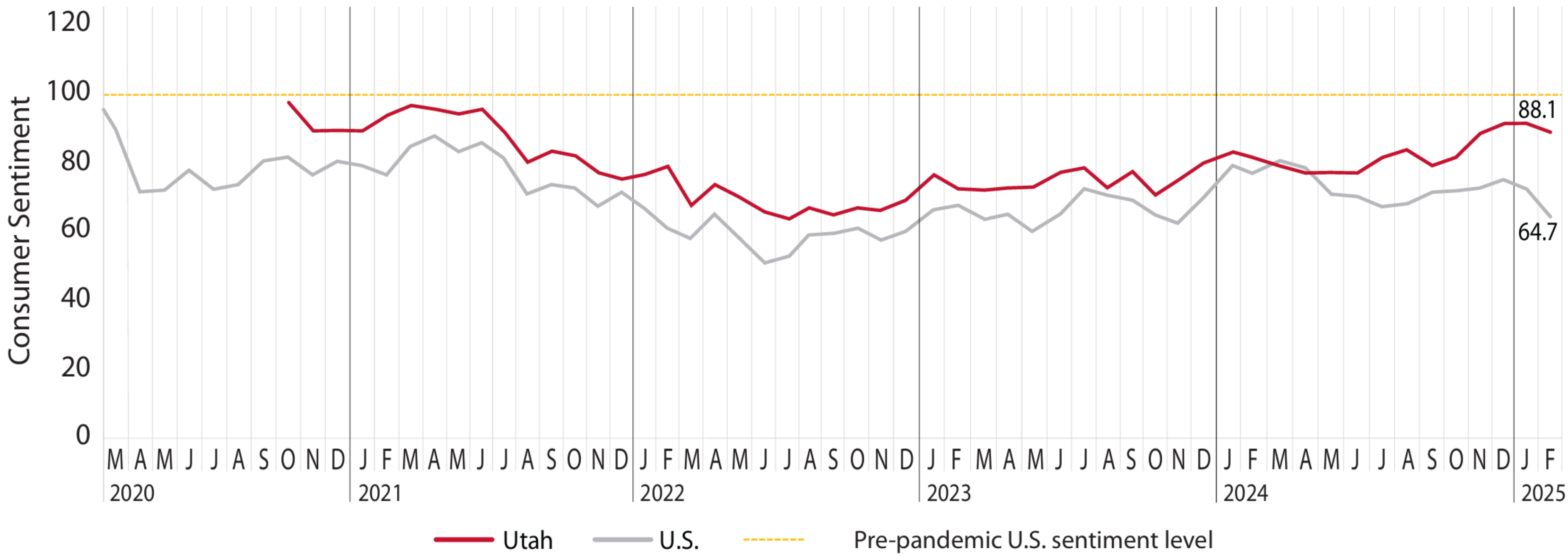
Consumer Sentiment Dropping



ZIONS BANK.

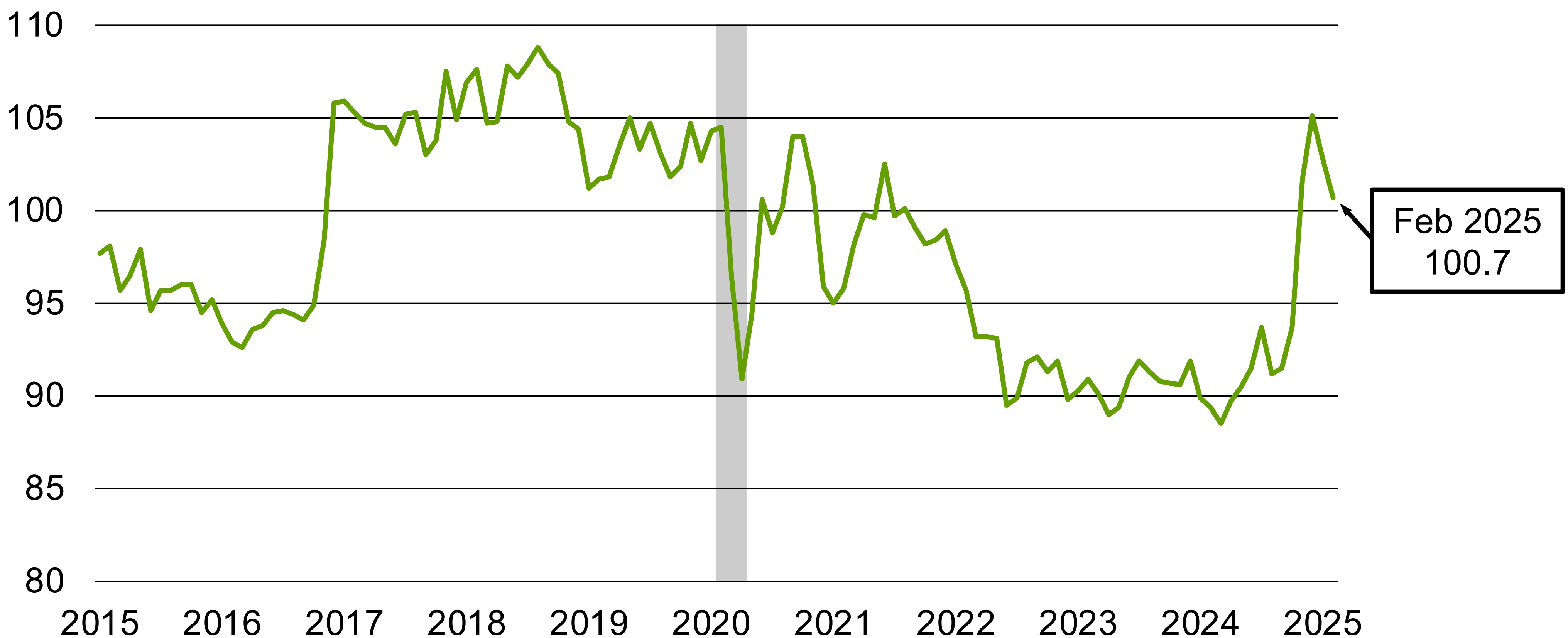
Source: FRED

Consumer Sentiment Dropping



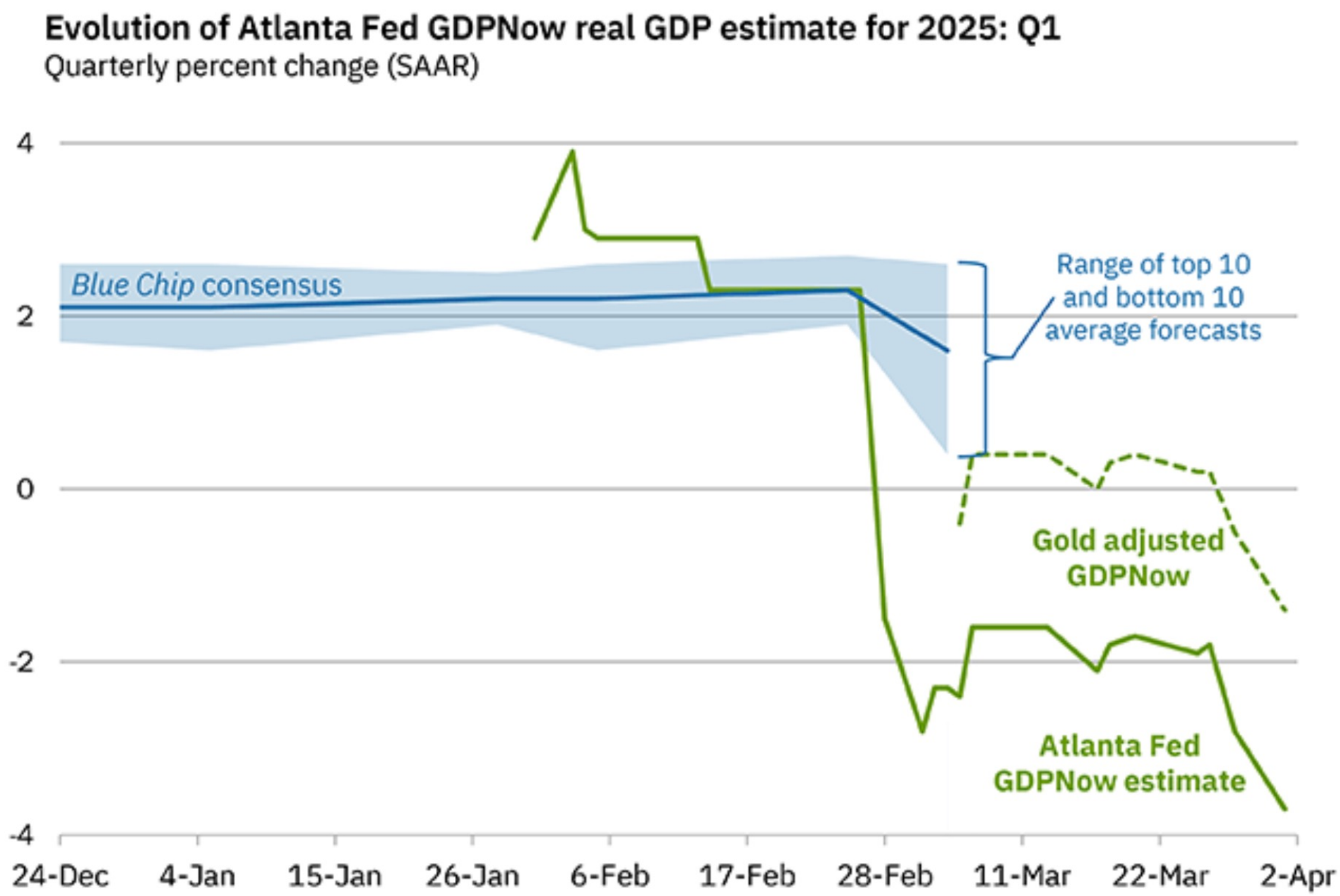
Sources: University of Michigan, University of Utah Kem C Gardner Institute

Small Businesses Optimism Dropped in February



Source: National Federation of Independent Business

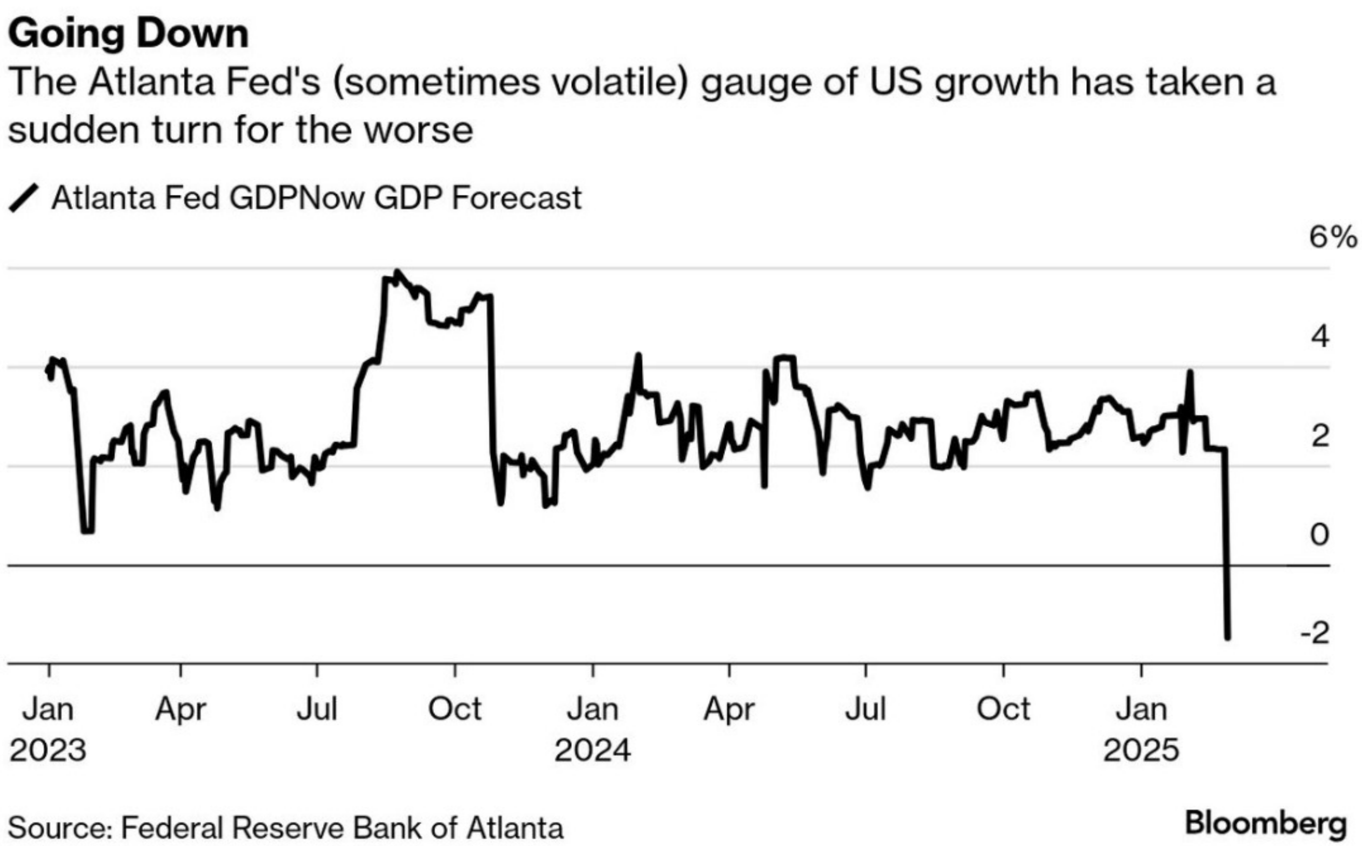
First Quarter GDP Forecasts Getting Negative



ZIONS BANK.

Source: Federal Reserve Bank of Atlanta

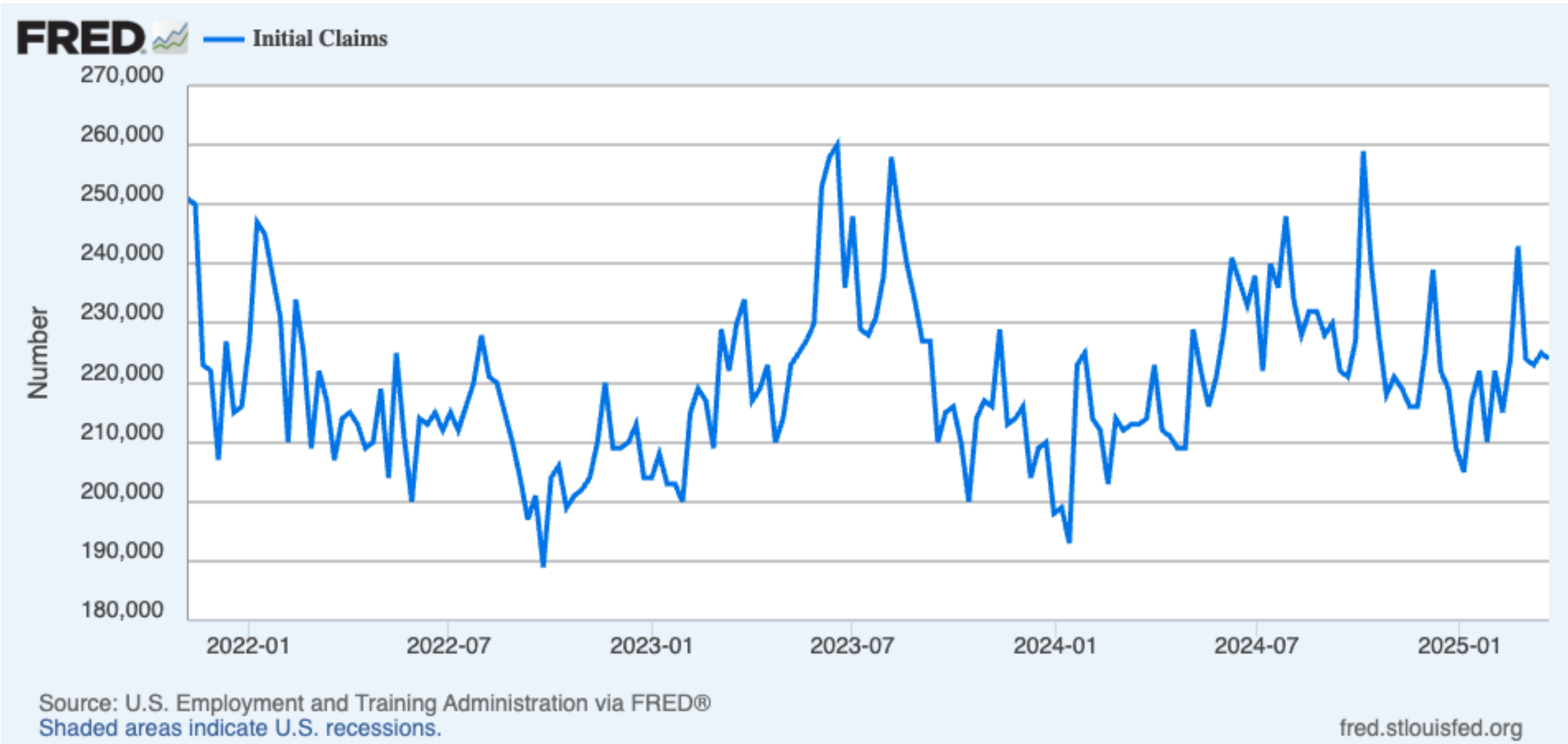
First Quarter GDP Forecasts Getting Negative



ZIONS BANK.

Source: Federal Reserve Bank of Atlanta

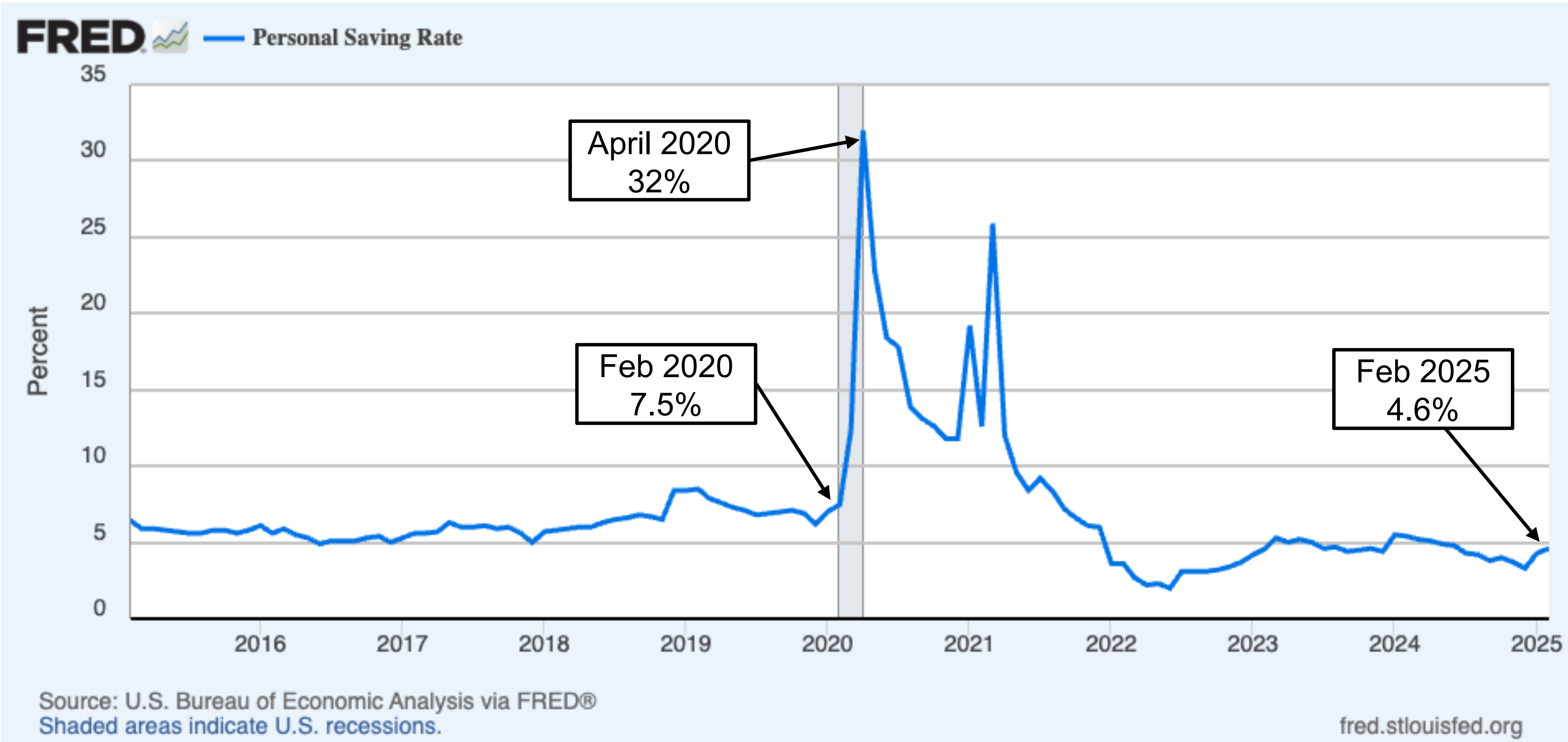
Weekly Unemployment Claims Holding Steady



ZIONS BANK.

Source: Federal Reserve Bank

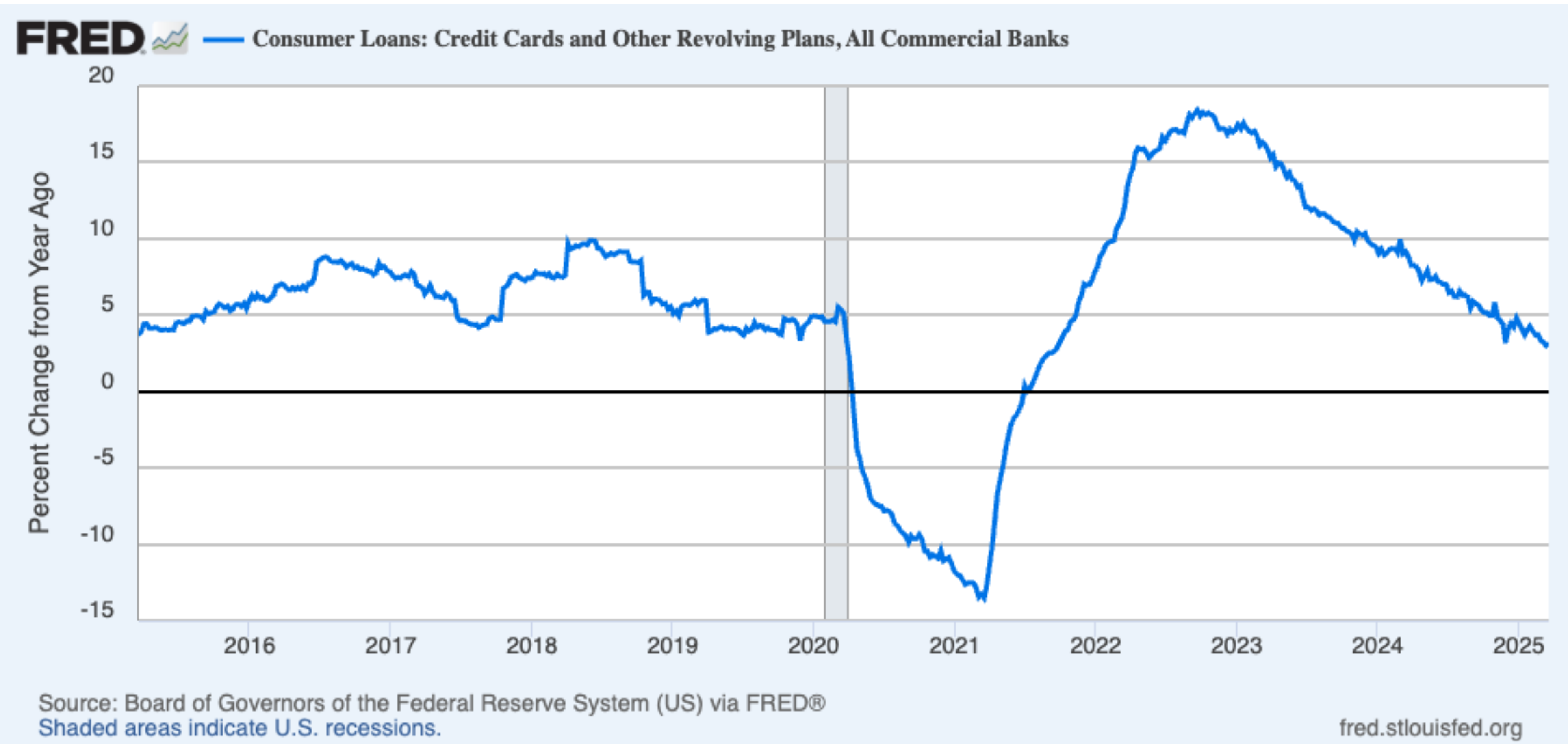
Personal Saving Rate Up In February



ZIONS BANK.

Source: Federal Reserve Bank of St Louis

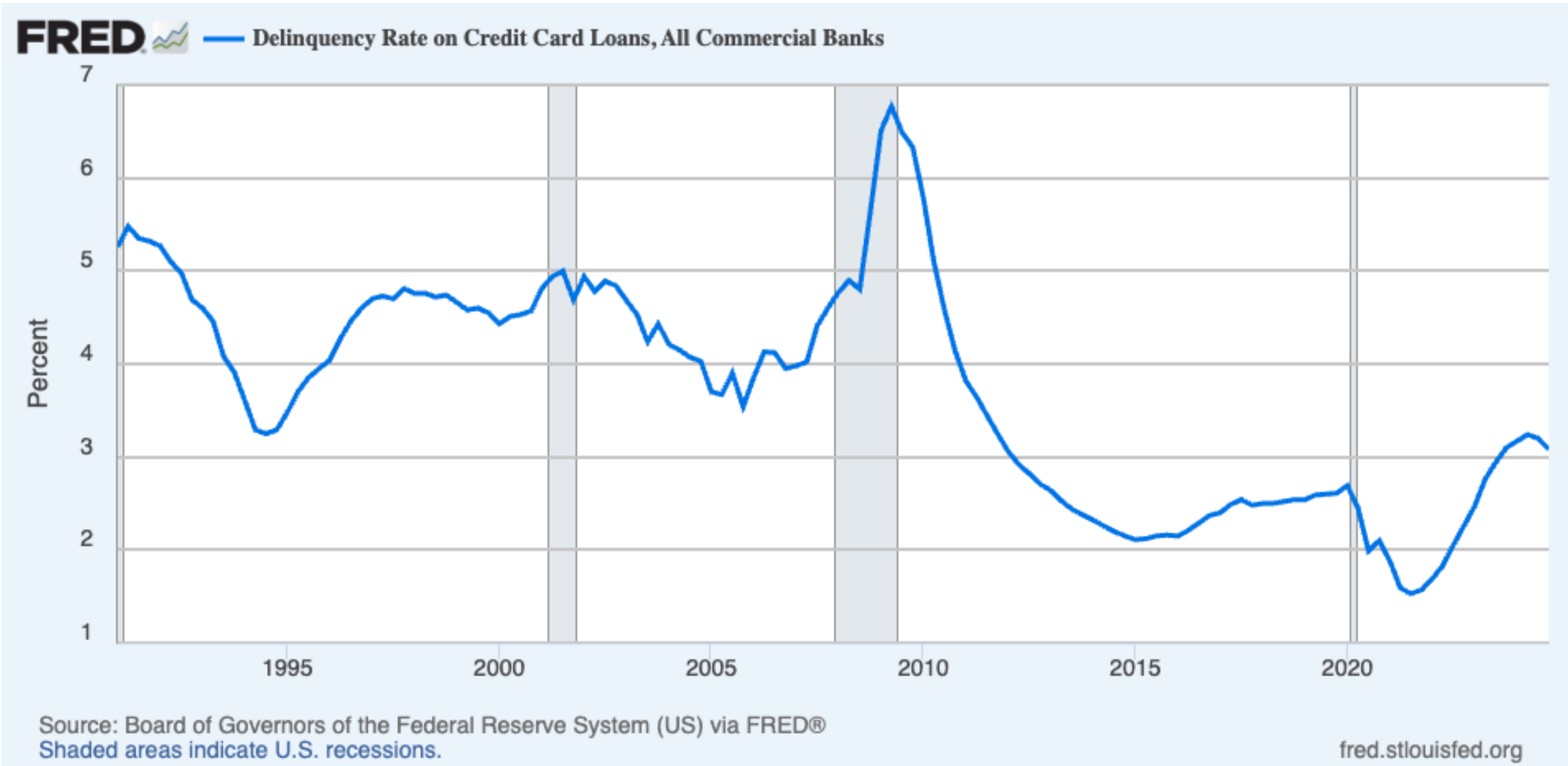
Credit Card Loan Growth



ZIONS BANK.

Source: Federal Reserve Bank

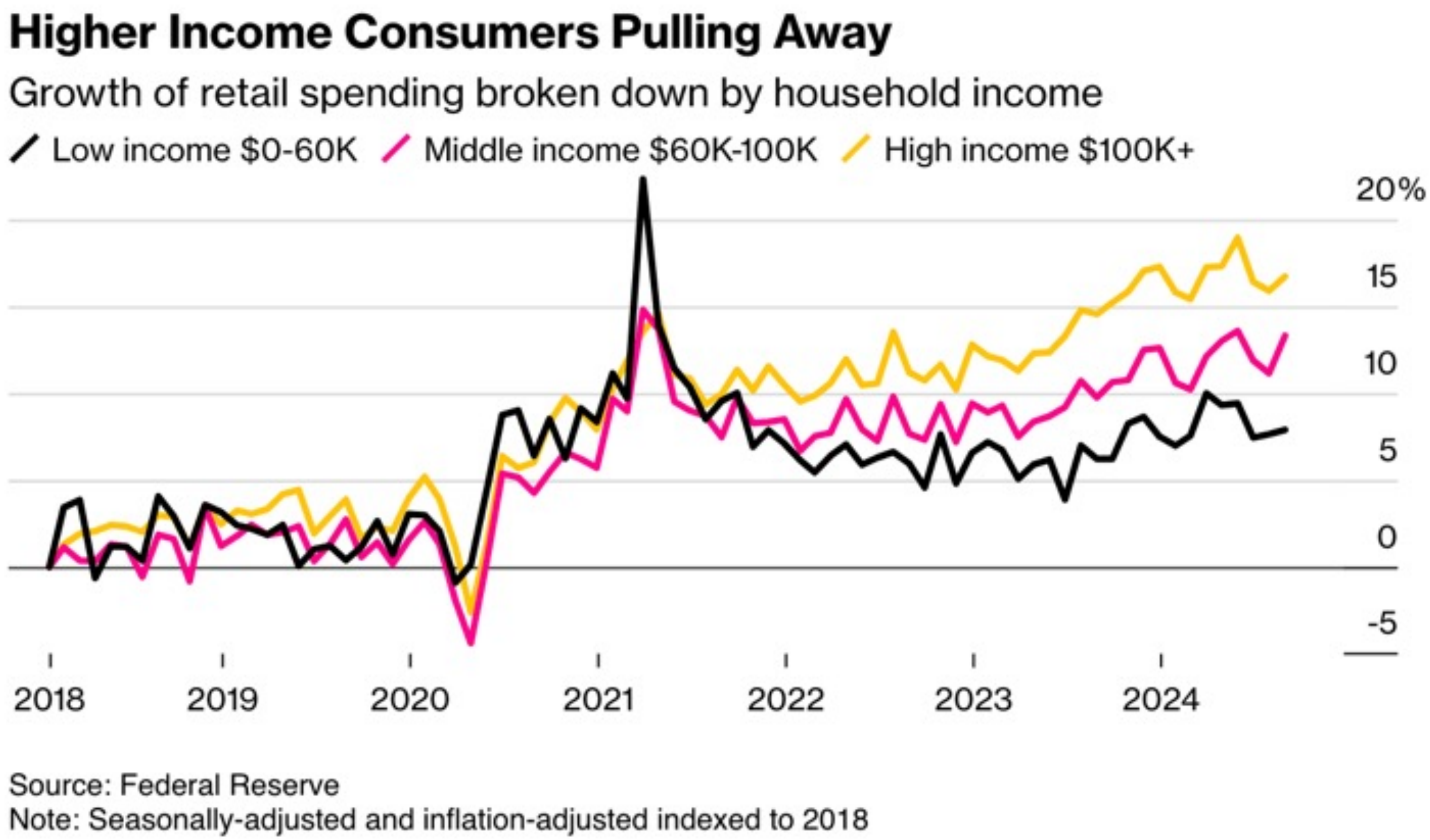
Credit Card Delinquency Rate Elevated



ZIONS BANK.

Source: Federal Reserve Bank of St Louis

Retail Spending by Income



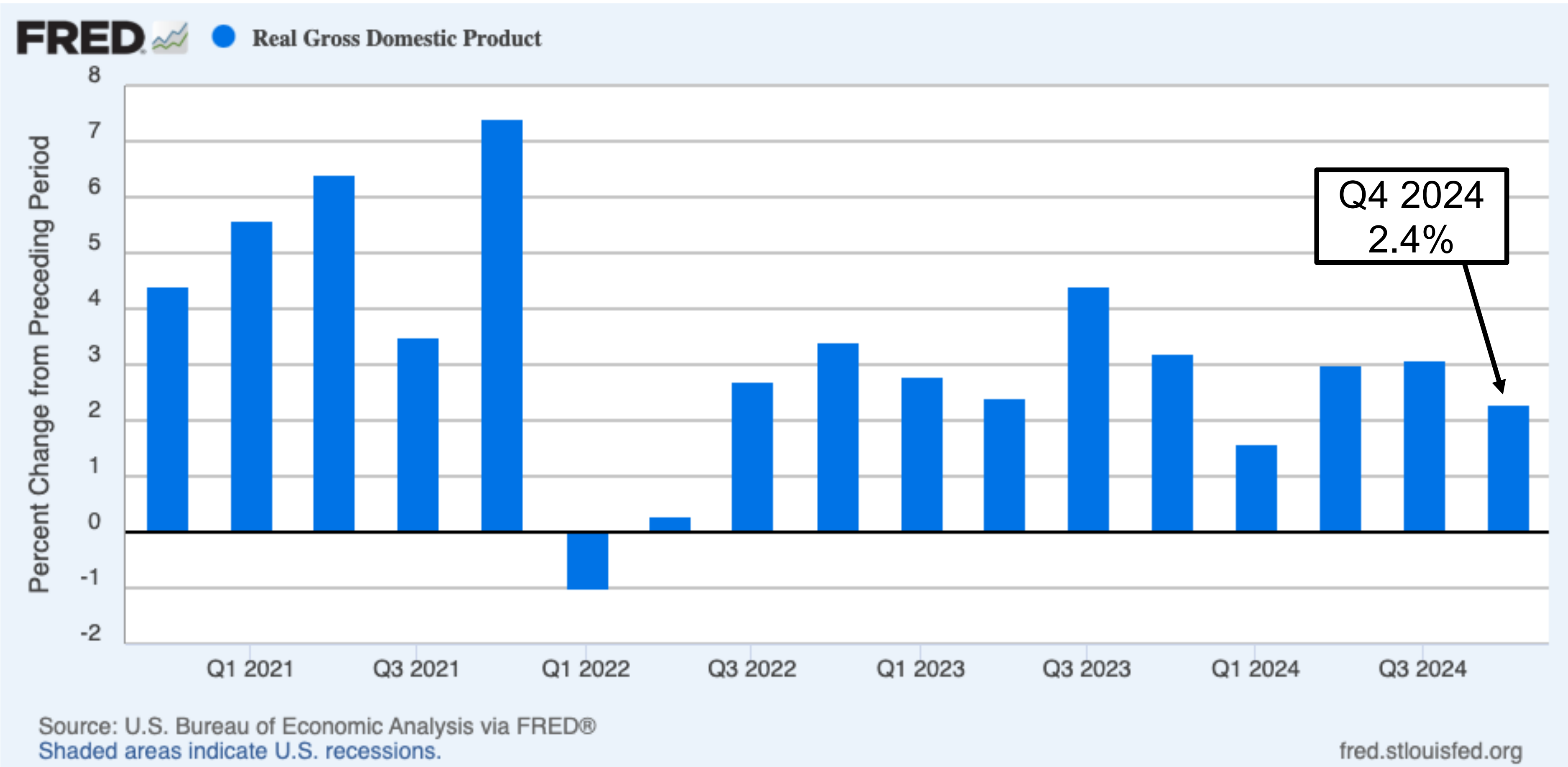
ZIONS BANK

Source: Bloomberg

Hard Indicators

ZIONS BANK

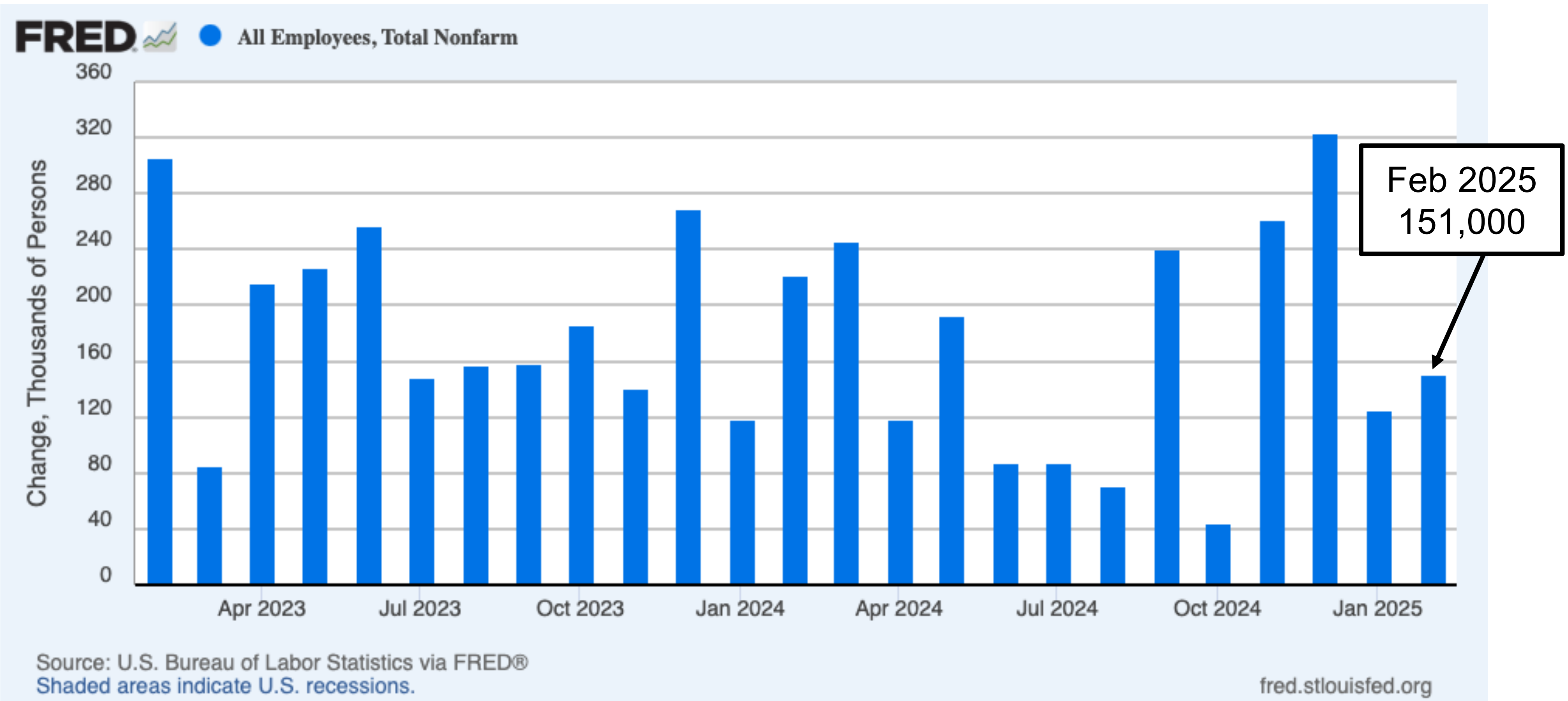
GDP Slowed Slightly in Fourth Quarter



ZIONS BANK.

Source: FRED

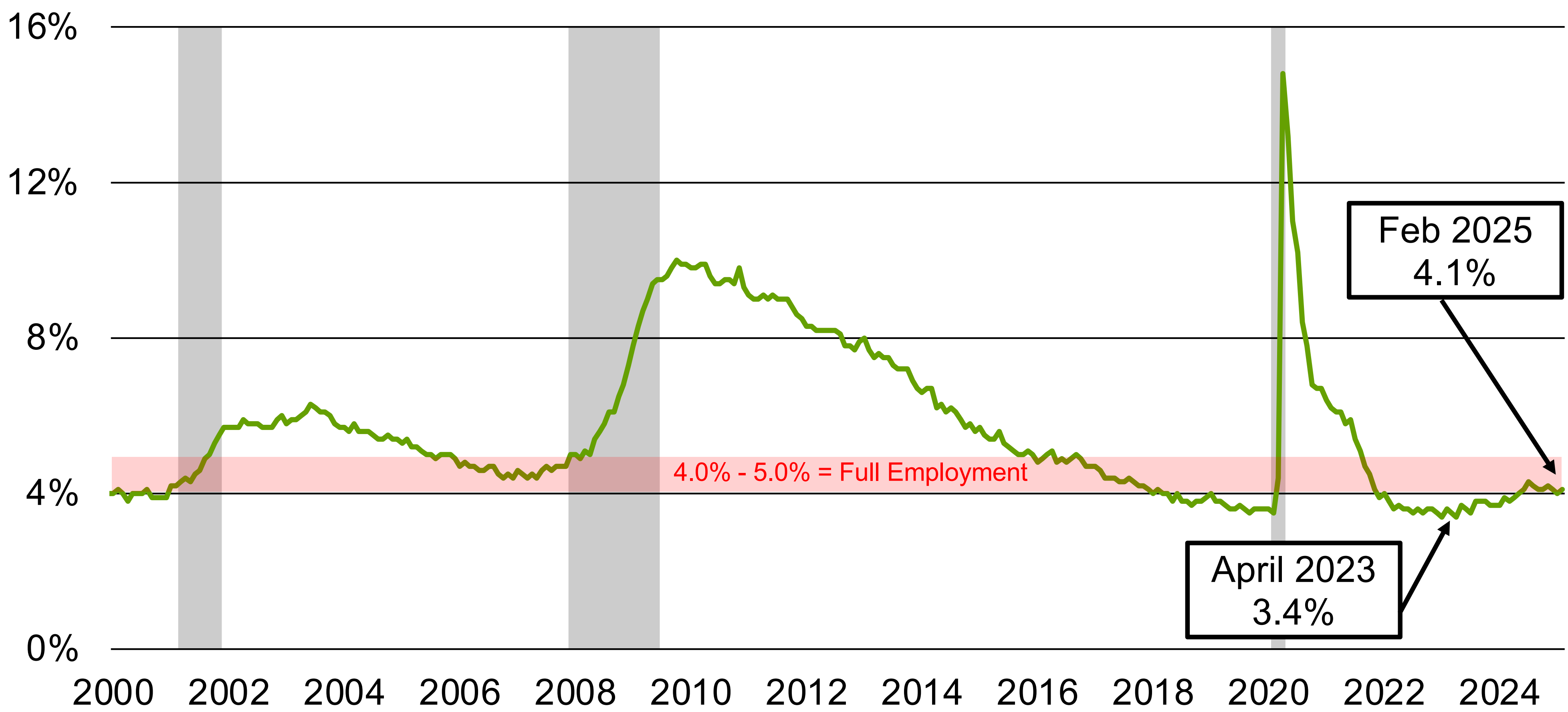
U.S. Job Growth Accelerated in February



ZIONS BANK.

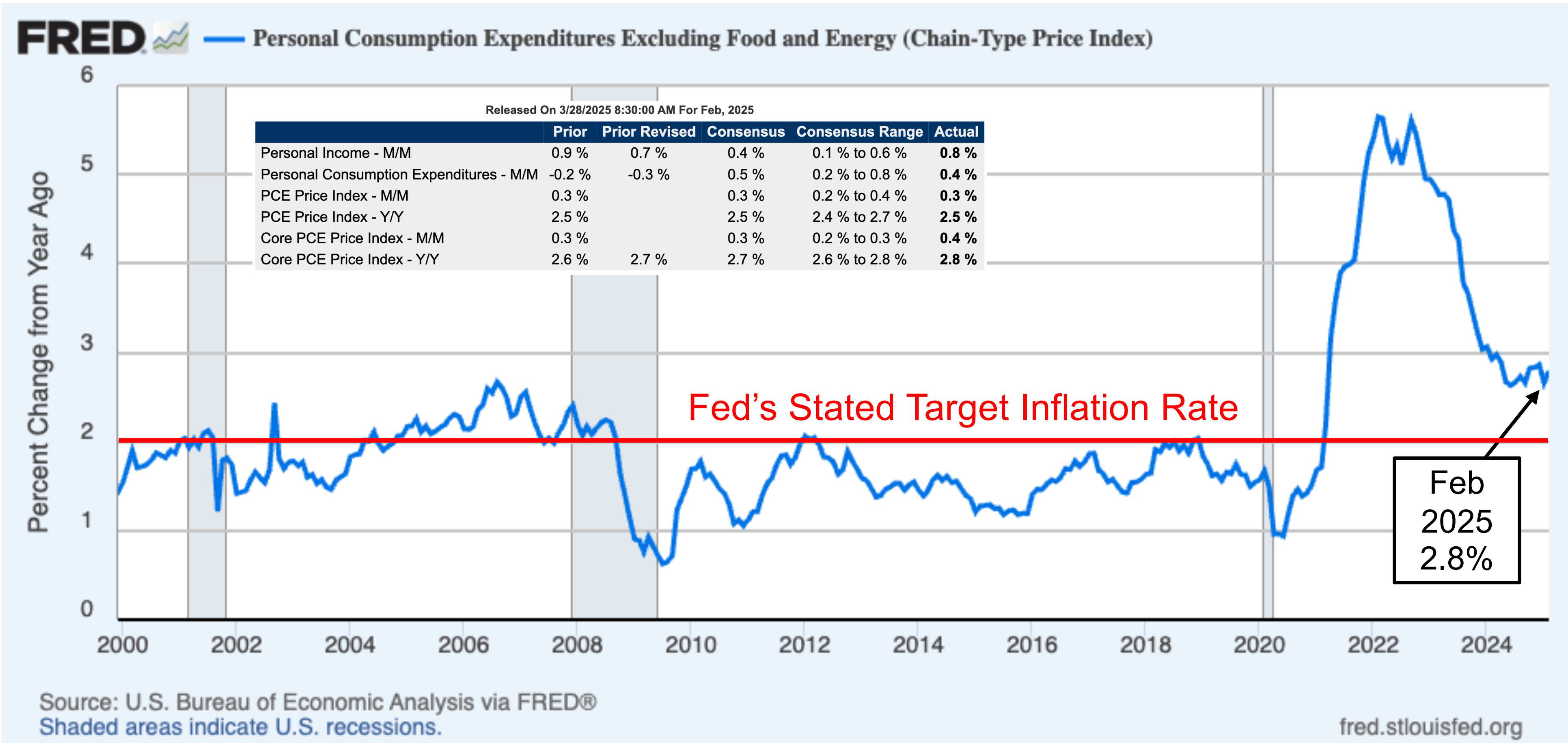
Source: FRED

U.S. Unemployment Rate Up in February



Source: U.S. Bureau of Labor Statistics

The Fed's Preferred Inflation Measure Remains Elevated

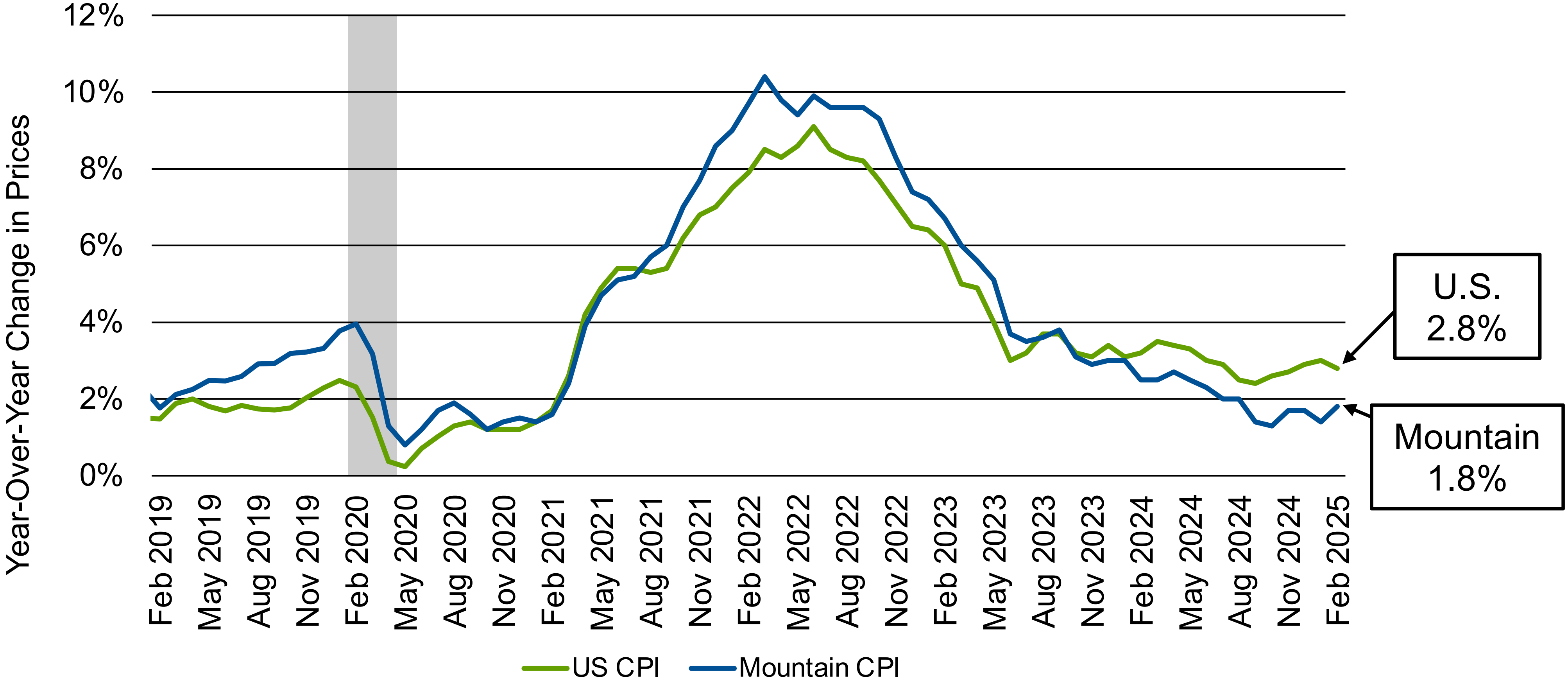


	Prior	Prior Revised	Consensus	Consensus Range	Actual
Personal Income - M/M	0.9 %	0.7 %	0.4 %	0.1 % to 0.6 %	**0.8 %**
Personal Consumption Expenditures - M/M	-0.2 %	-0.3 %	0.5 %	0.2 % to 0.8 %	**0.4 %**
PCE Price Index - M/M	0.3 %		0.3 %	0.2 % to 0.4 %	**0.3 %**
PCE Price Index - Y/Y	2.5 %		2.5 %	2.4 % to 2.7 %	**2.5 %**
Core PCE Price Index - M/M	0.3 %		0.3 %	0.2 % to 0.3 %	**0.4 %**
Core PCE Price Index - Y/Y	2.6 %	2.7 %	2.7 %	2.6 % to 2.8 %	**2.8 %**

ZIONS BANK.

Source: FRED

U.S. and Regional Inflation Mixed in February

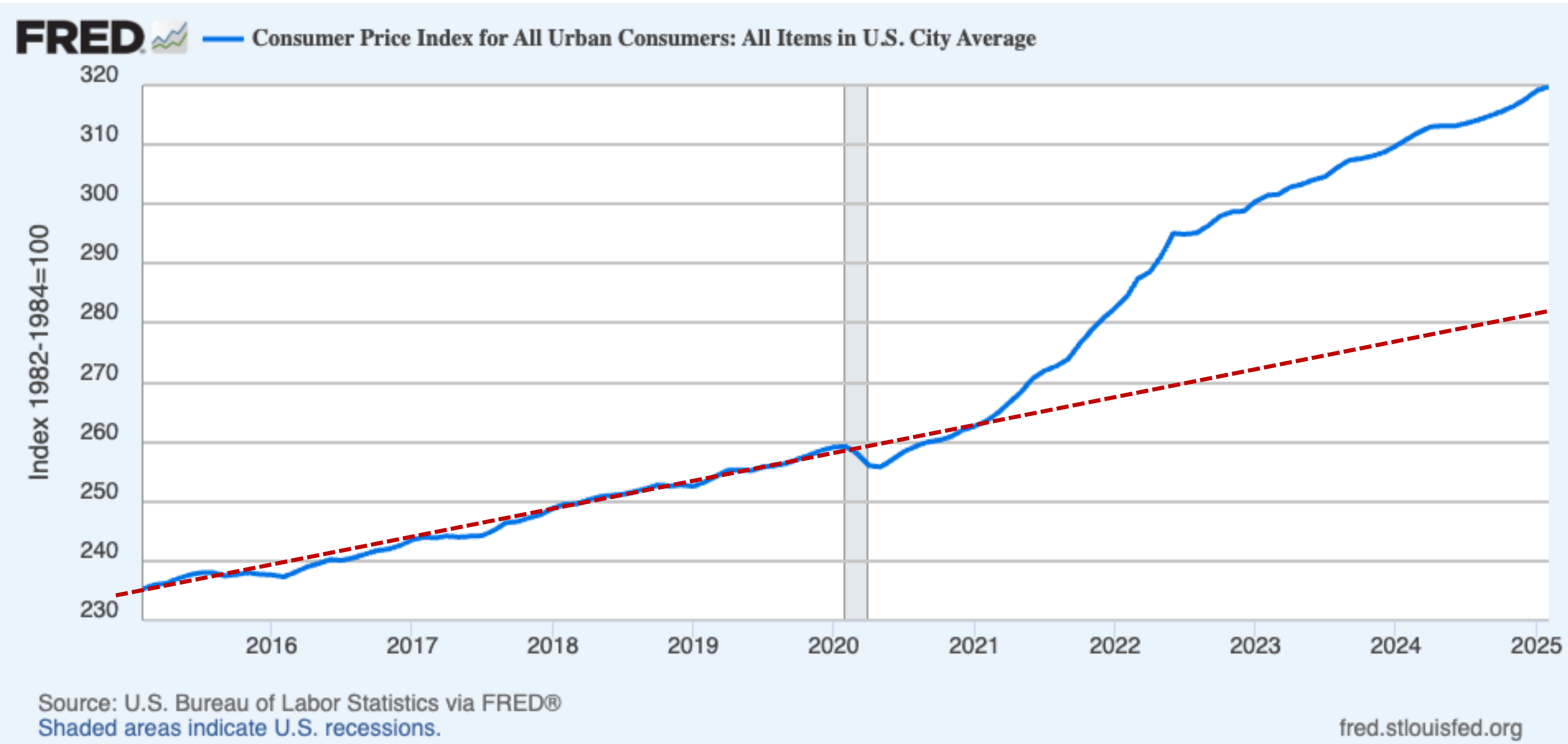


Source: U.S. Bureau of Labor Statistics

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

ZIONS BANK

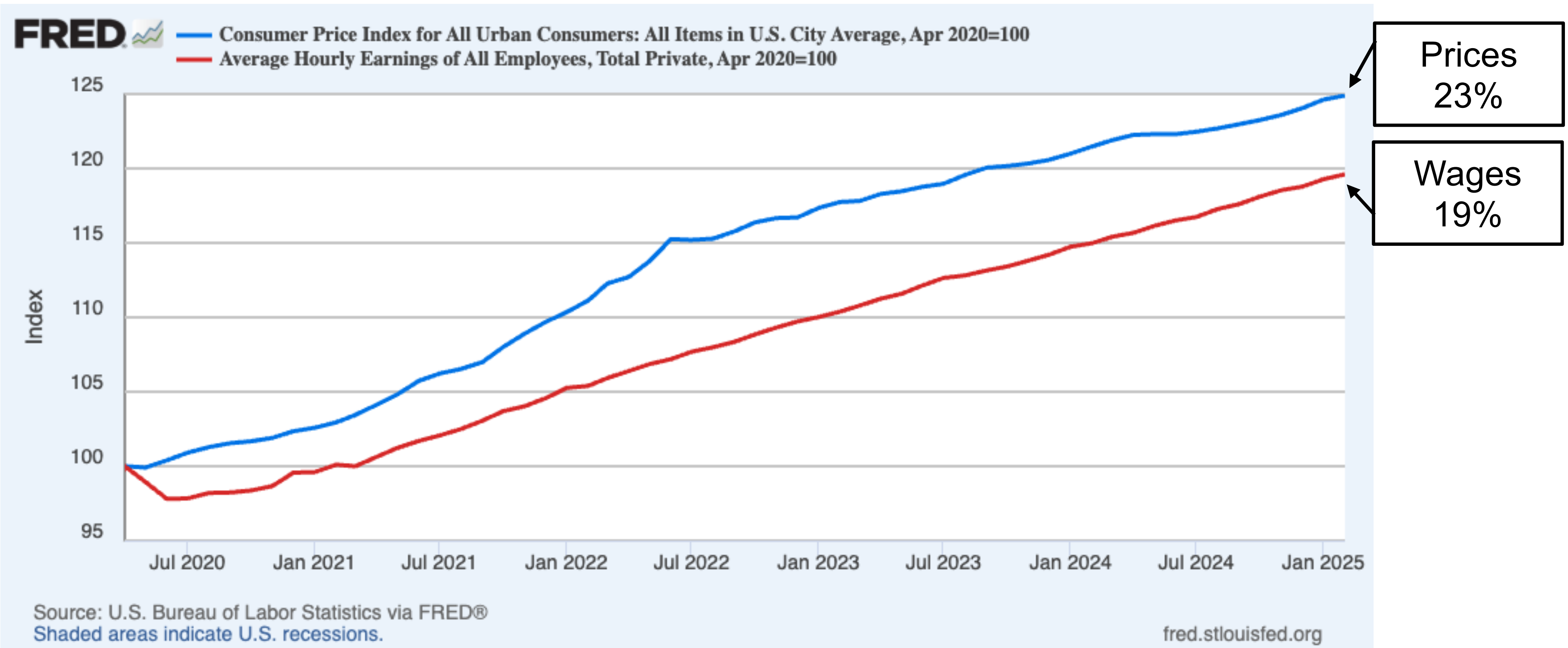
Consumer Prices Up 23% Since 2020



ZIONS BANK.

Source: Federal Reserve Bank of St Louis

Wage Increases Haven't Kept Up With Price Increases



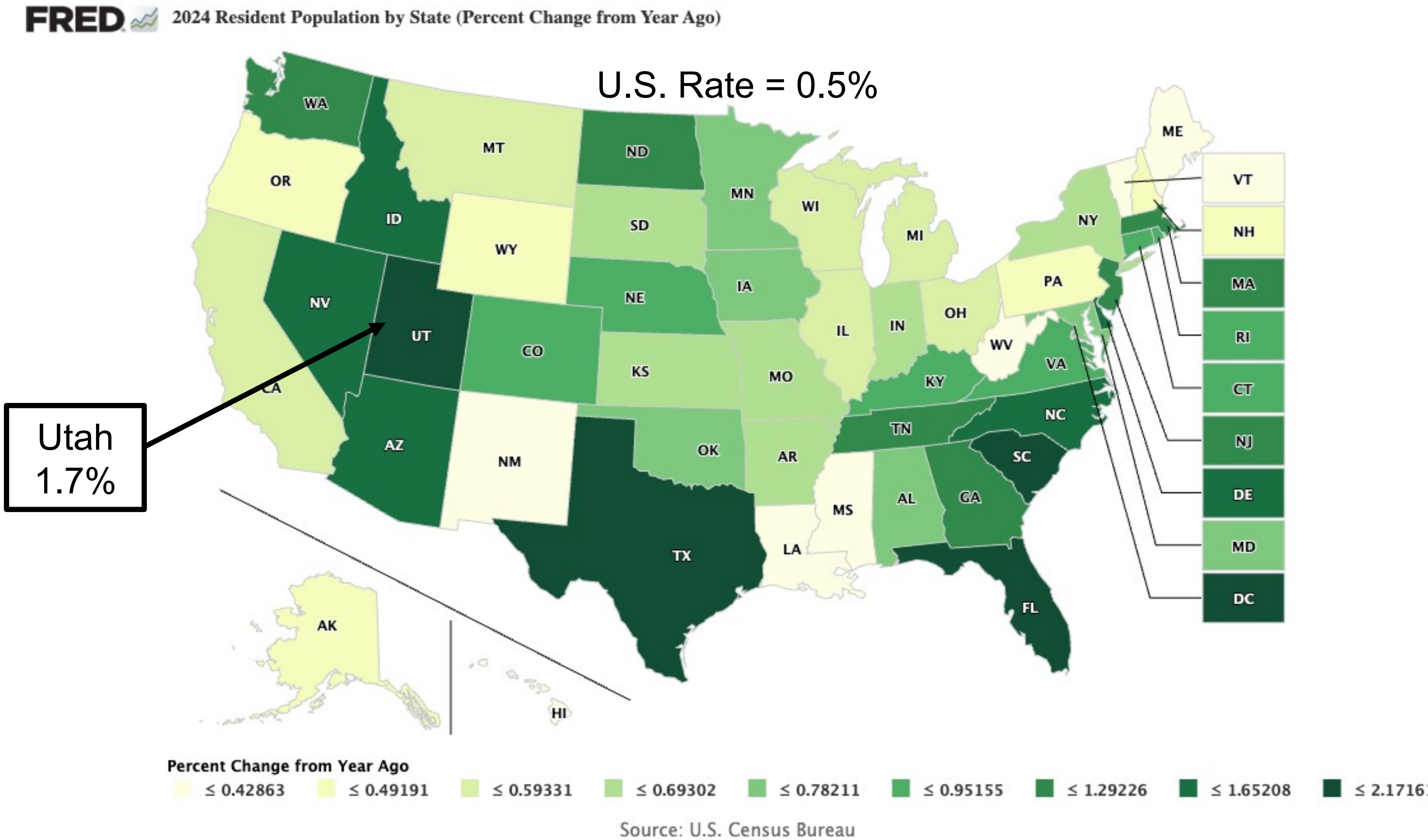
ZIONS BANK

Source: Federal Reserve Bank of St Louis

Regional Economic Conditions

ZIONS BANK

Utah Population Growth Among Highest in Nation

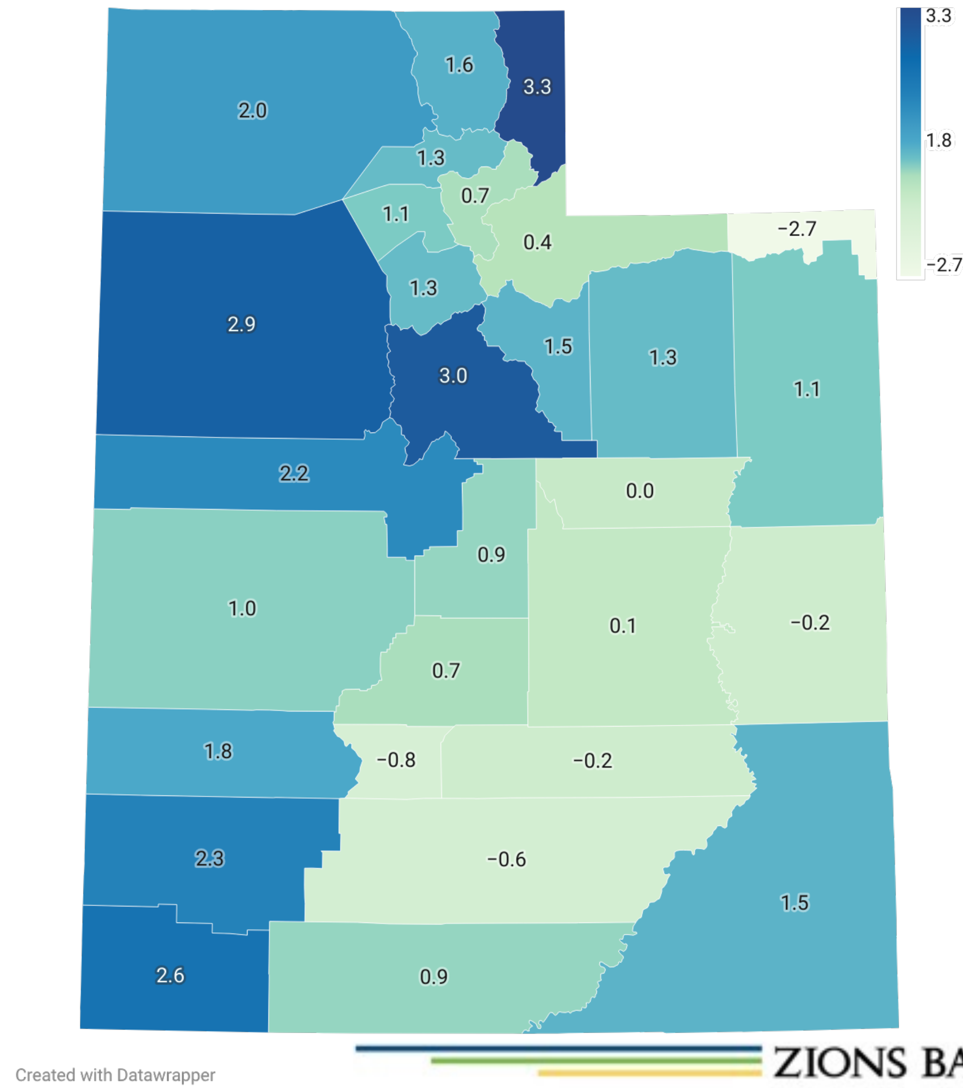


ZIONS BANK.

Source: US Census Bureau

2023 - 2024 Utah Population Change By County

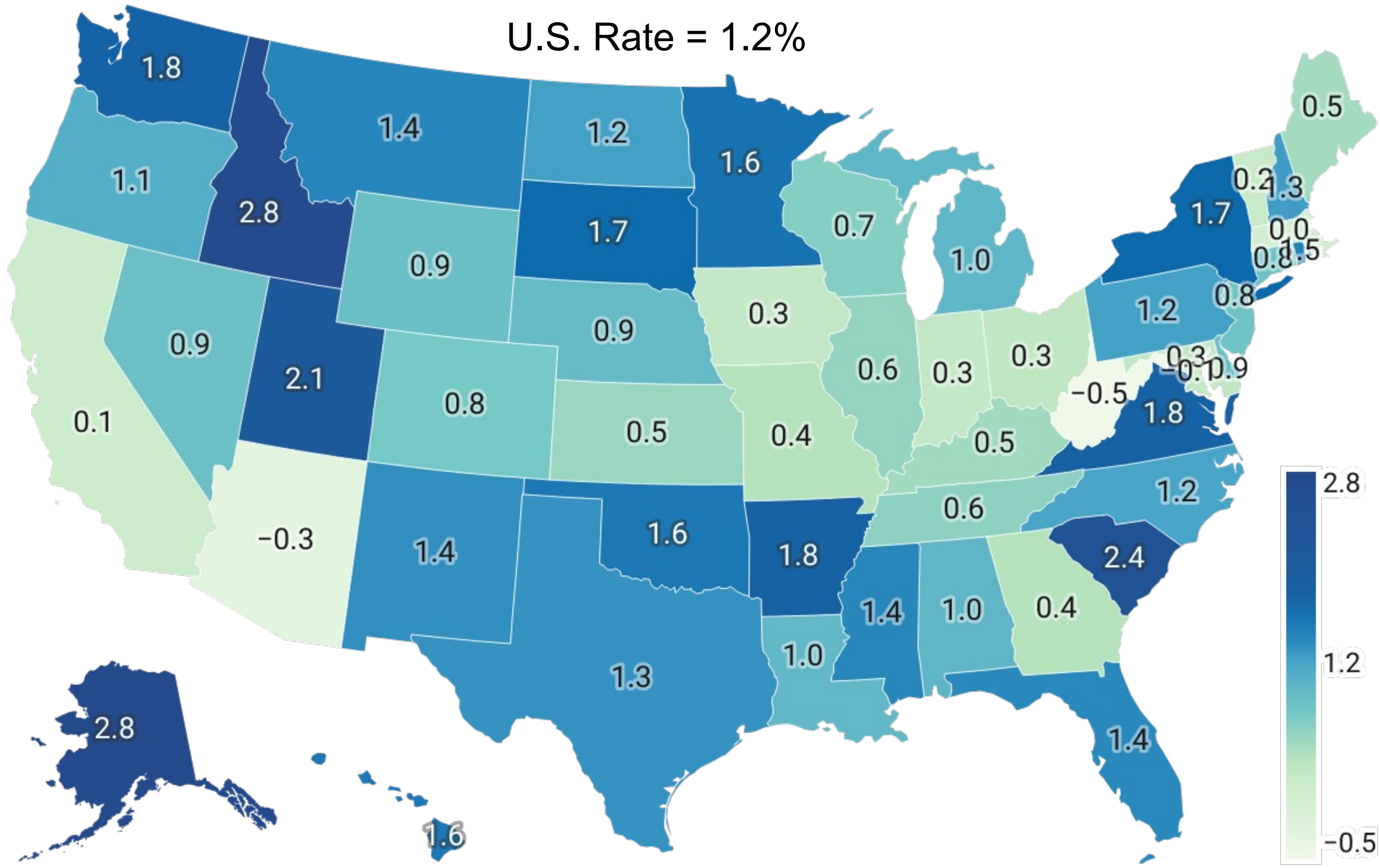
State Average = 1.8%



Source: U.S. Census Bureau

Utah Employment Growth Among Top in U.S.

U.S. Rate = 1.2%

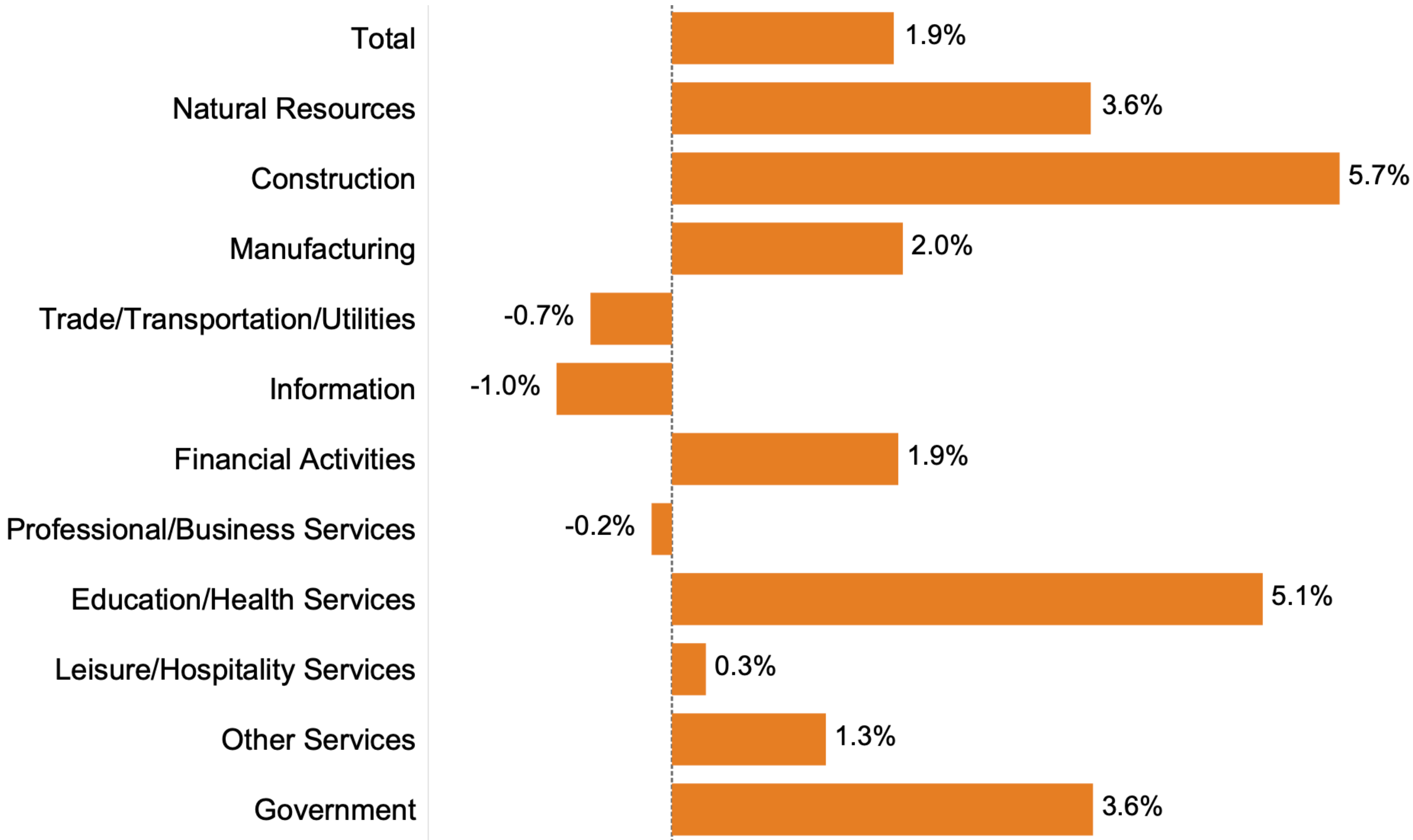


Created with Datawrapper

ZIONS BANK.

Source: U.S. Bureau of Labor Statistics

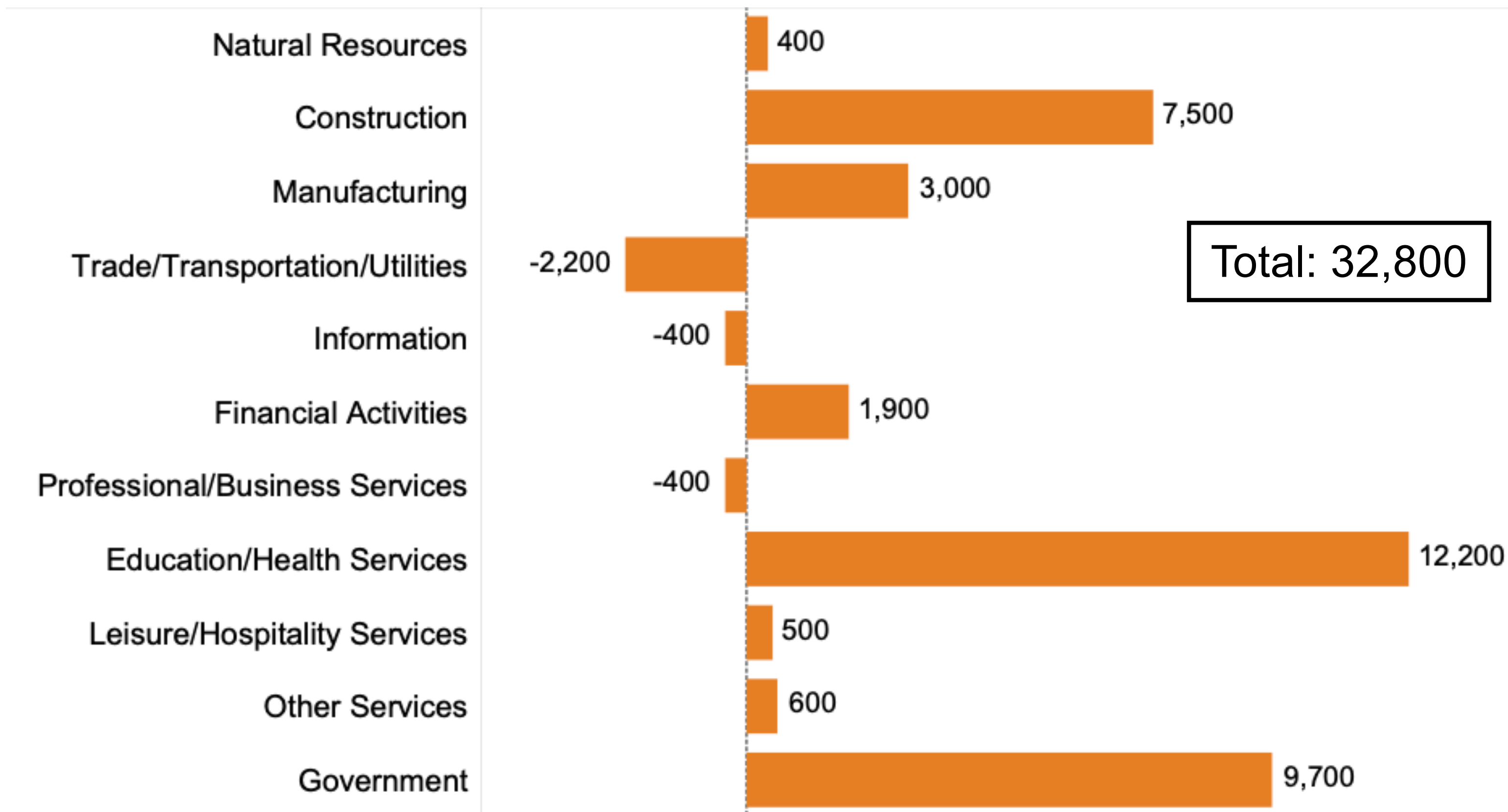
Most Utah Industries Grew Over the Past Year



ZIONS BANK

Source: Utah Department of Workforce Services

Most Utah Industries Grew Over the Past Year

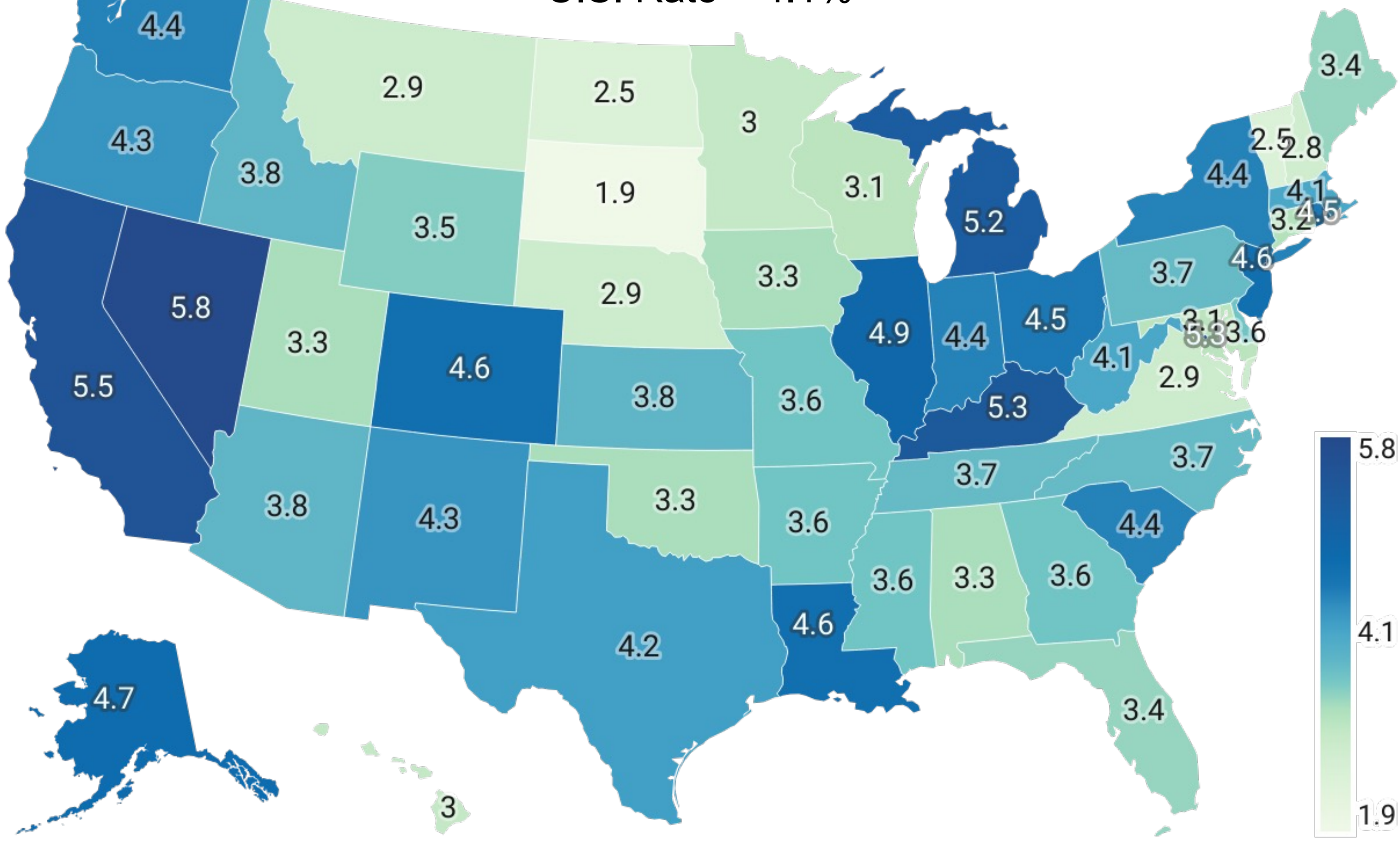


ZIONS BANK

Source: Utah Department of Workforce Services

Unemployment Low in Much of the U.S.

U.S. Rate = 4.1%

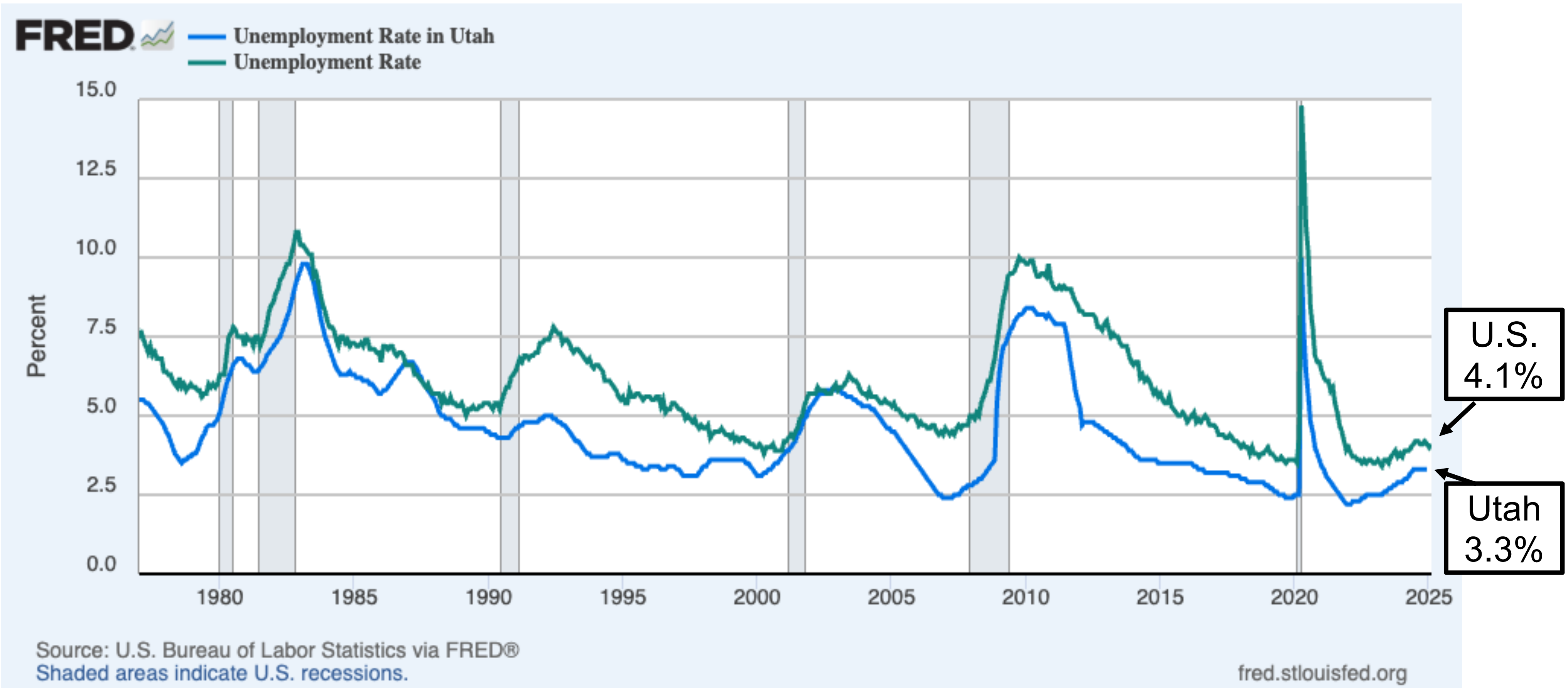


Created with Datawrapper

ZIONS BANK

Source: U.S. Bureau of Labor Statistics

Utah Unemployment Lower Than U.S.

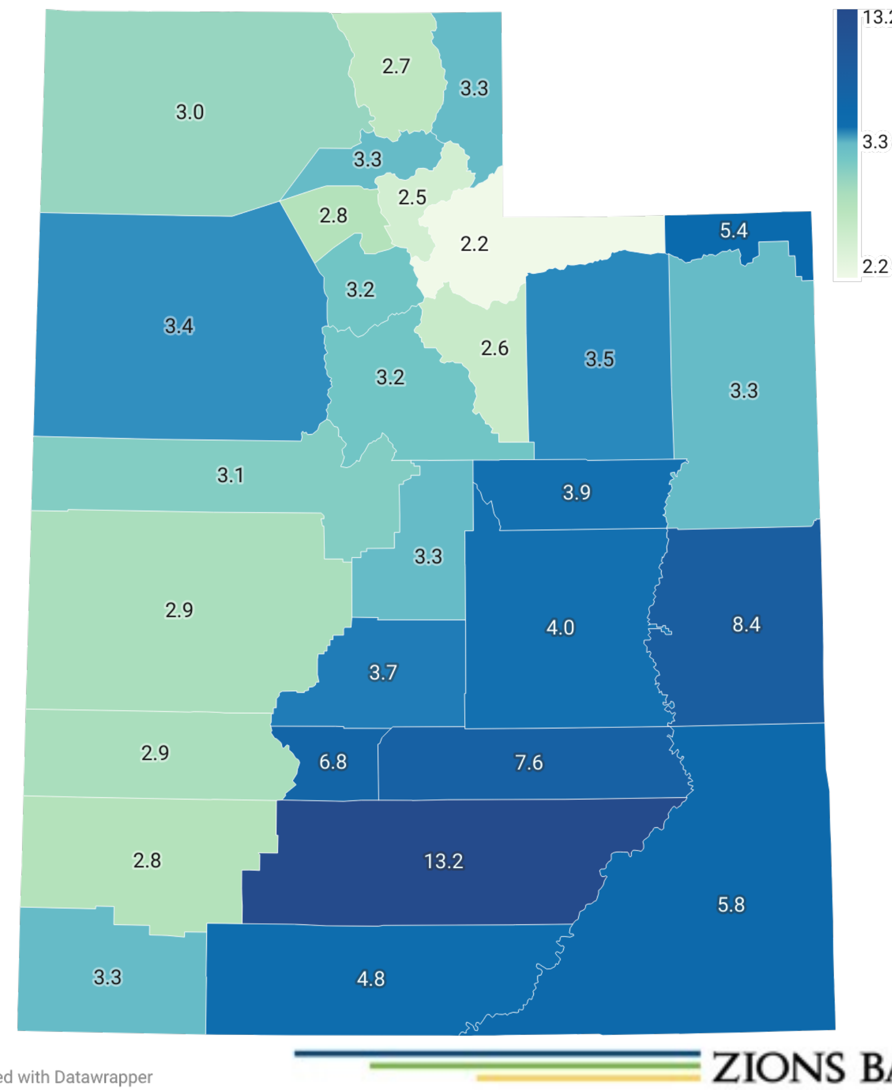


ZIONS BANK.

Source: FRED

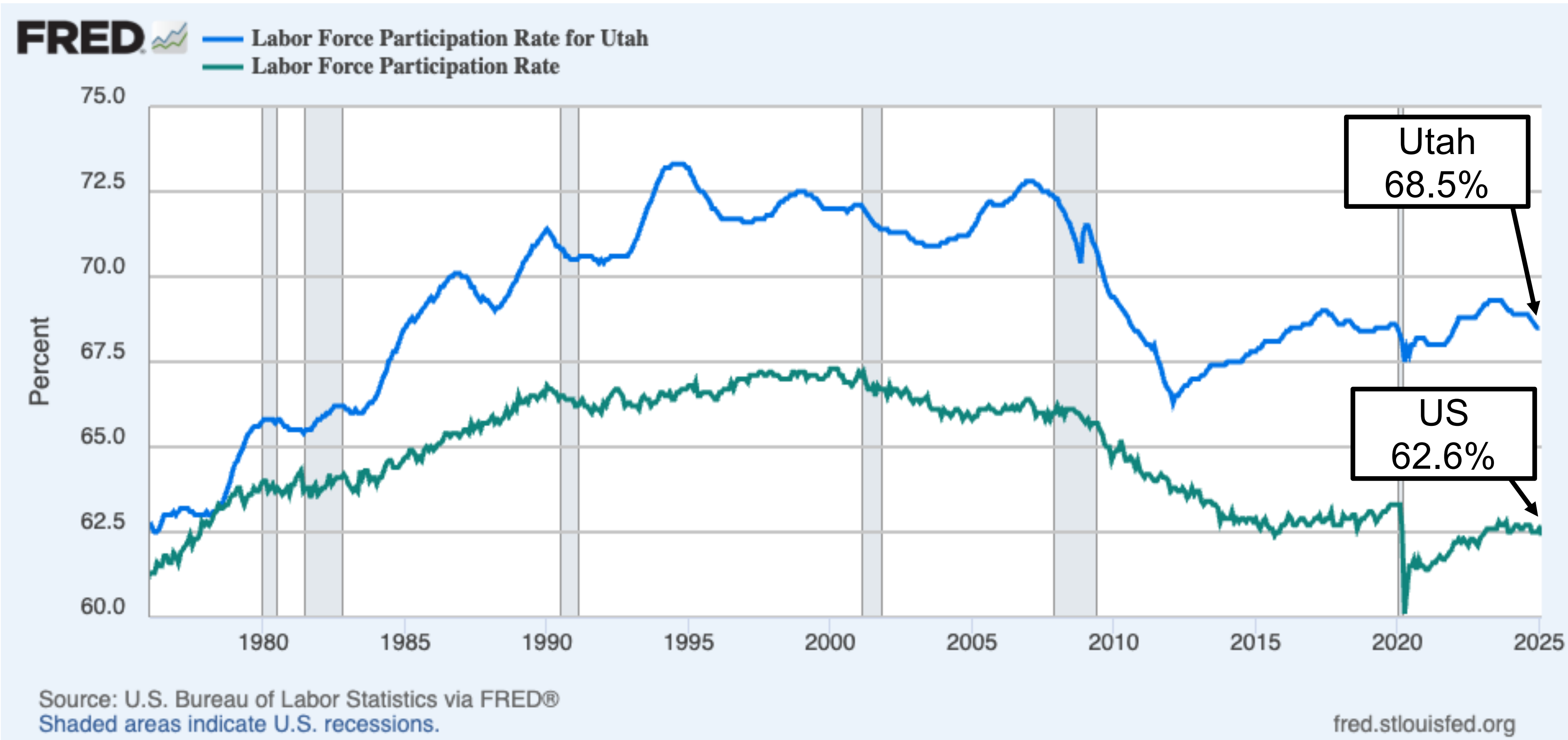
Utah Unemployment Rate By County

State Average = 3.2%



Source: U.S. Bureau of Labor Statistics

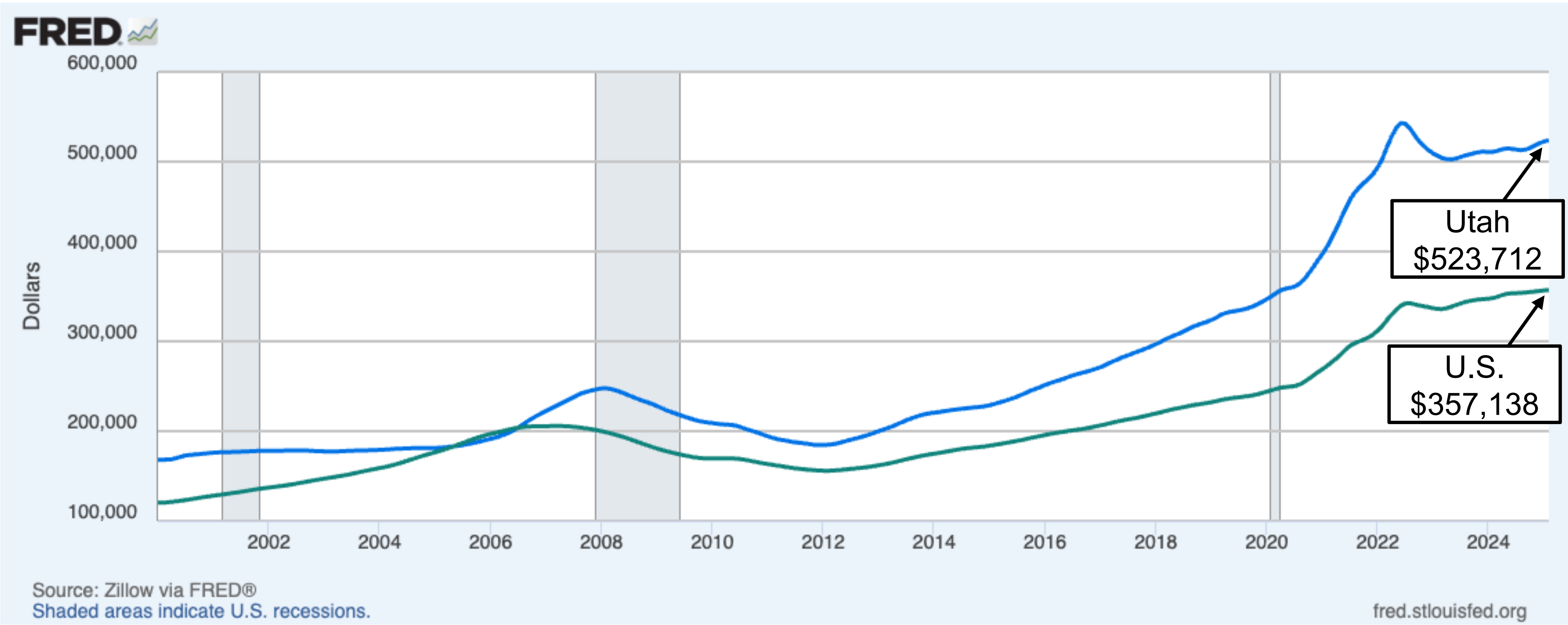
Utah Labor Participation Much Higher Than U.S.



ZIONS BANK

Source: FRED

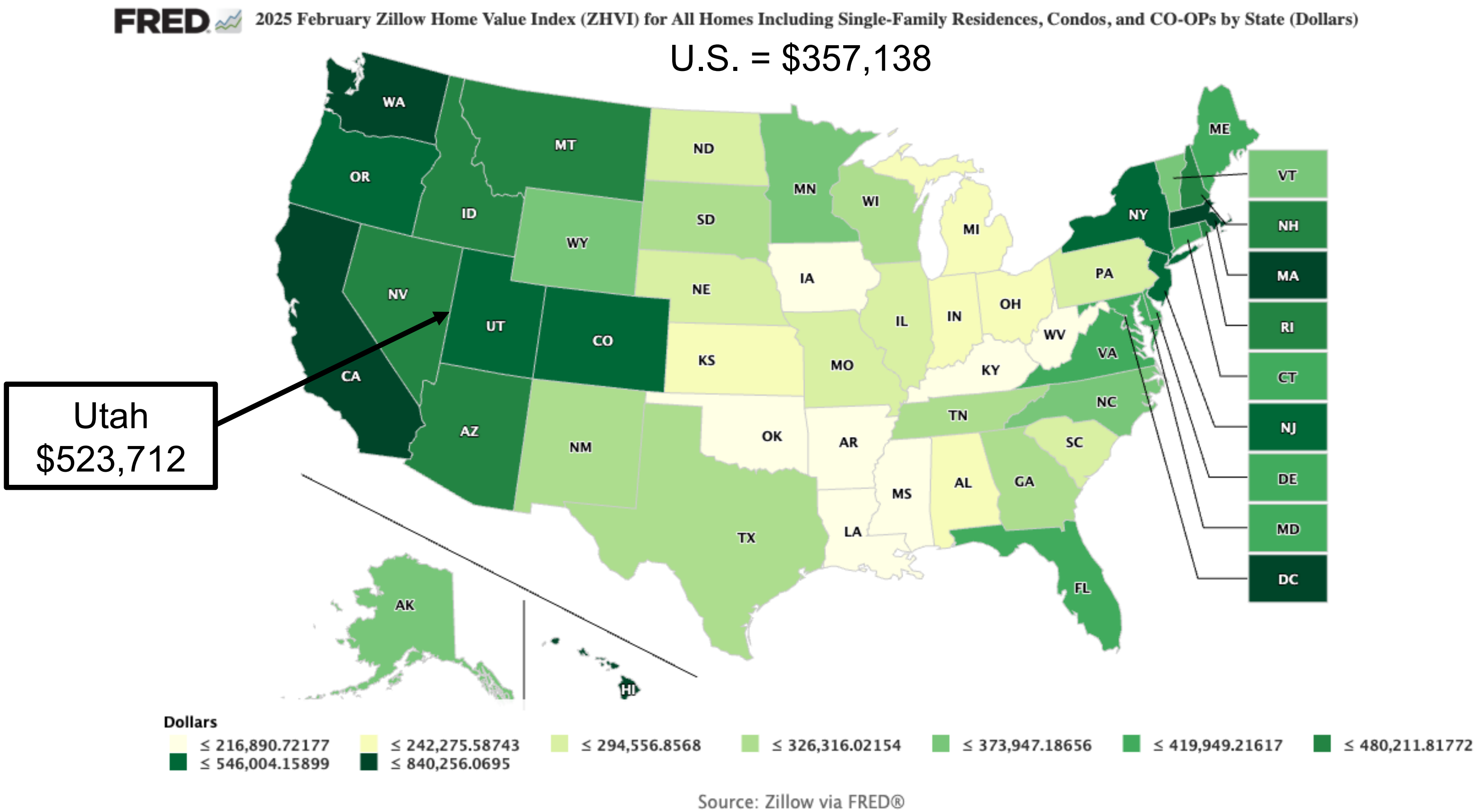
Utah Home Prices Far Above Nation



ZIONS BANK

Source: FRED

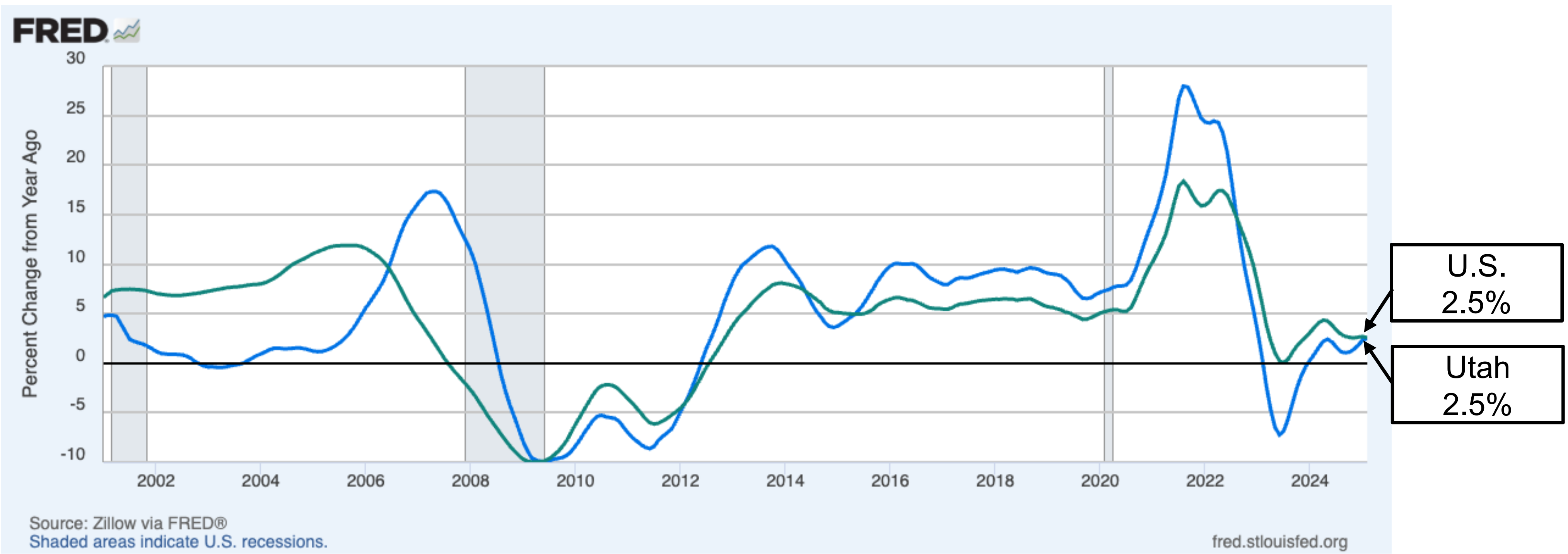
Median Home Price by State



ZIONS BANK

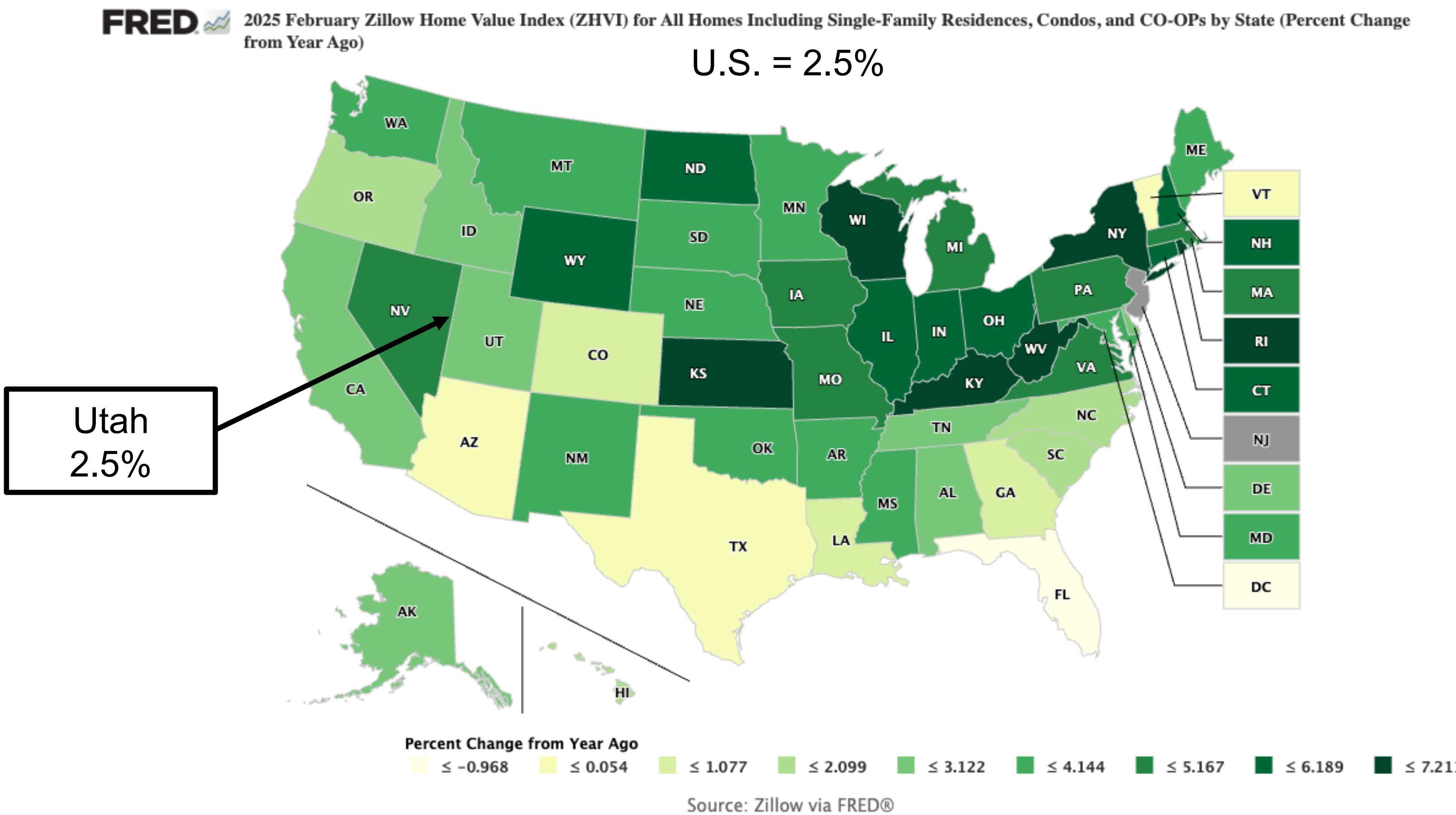
Source: US Census Bureau

Home Price Appreciation Stable



Source: FRED

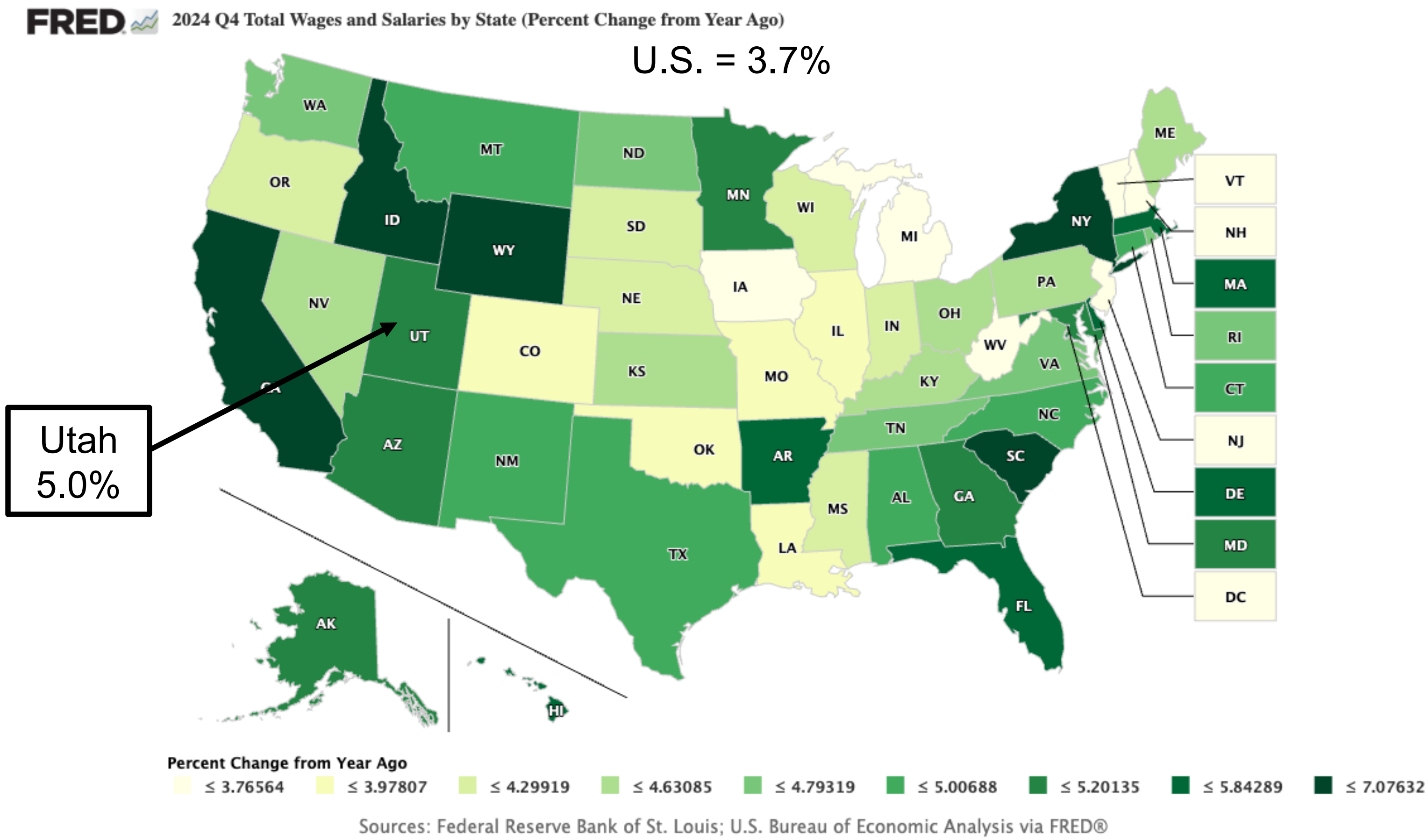
Home Price Change by State



ZIONS BANK

Source: US Census Bureau

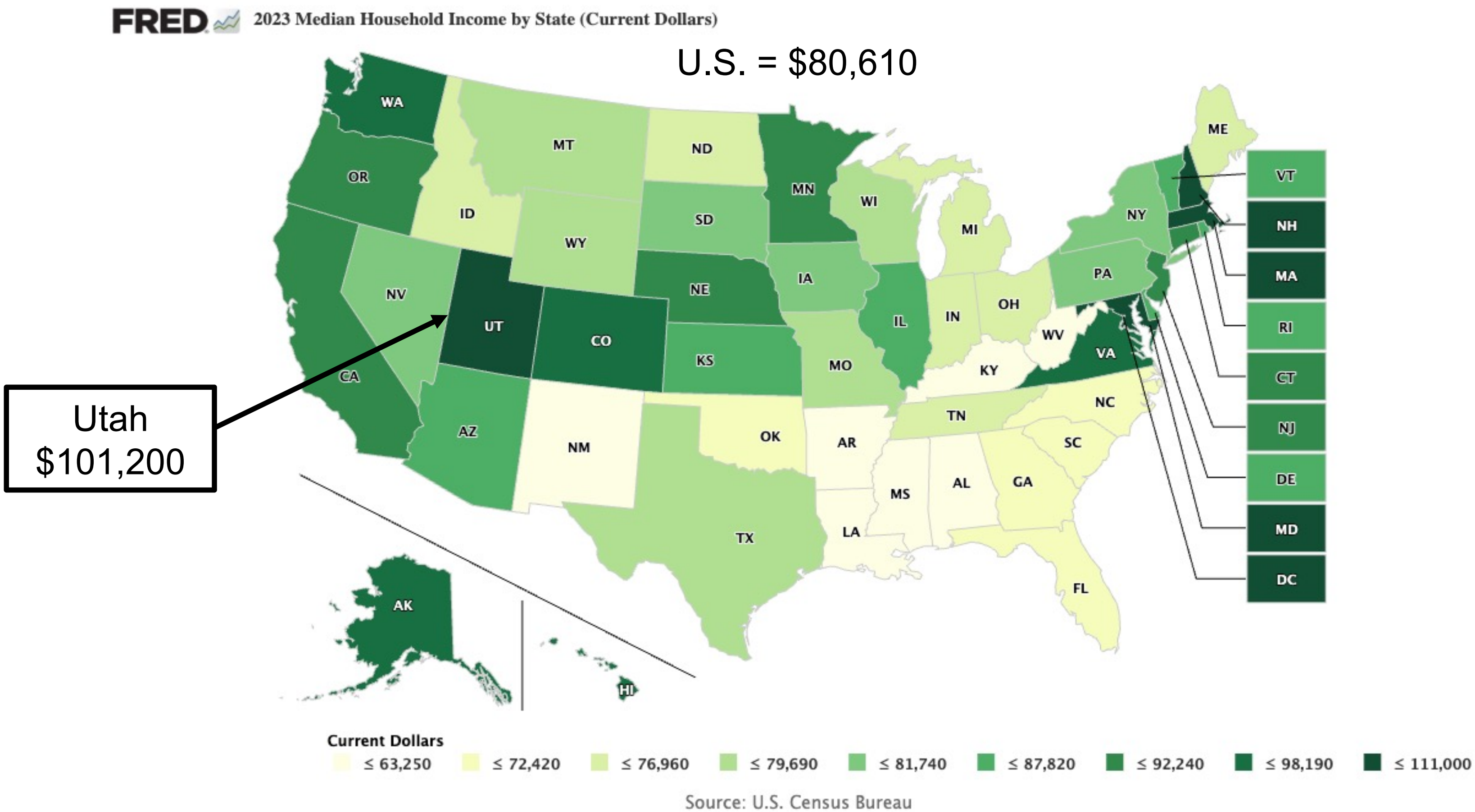
Utah Wage Growth Among Highest in Nation



ZIONS BANK

Source: FRED

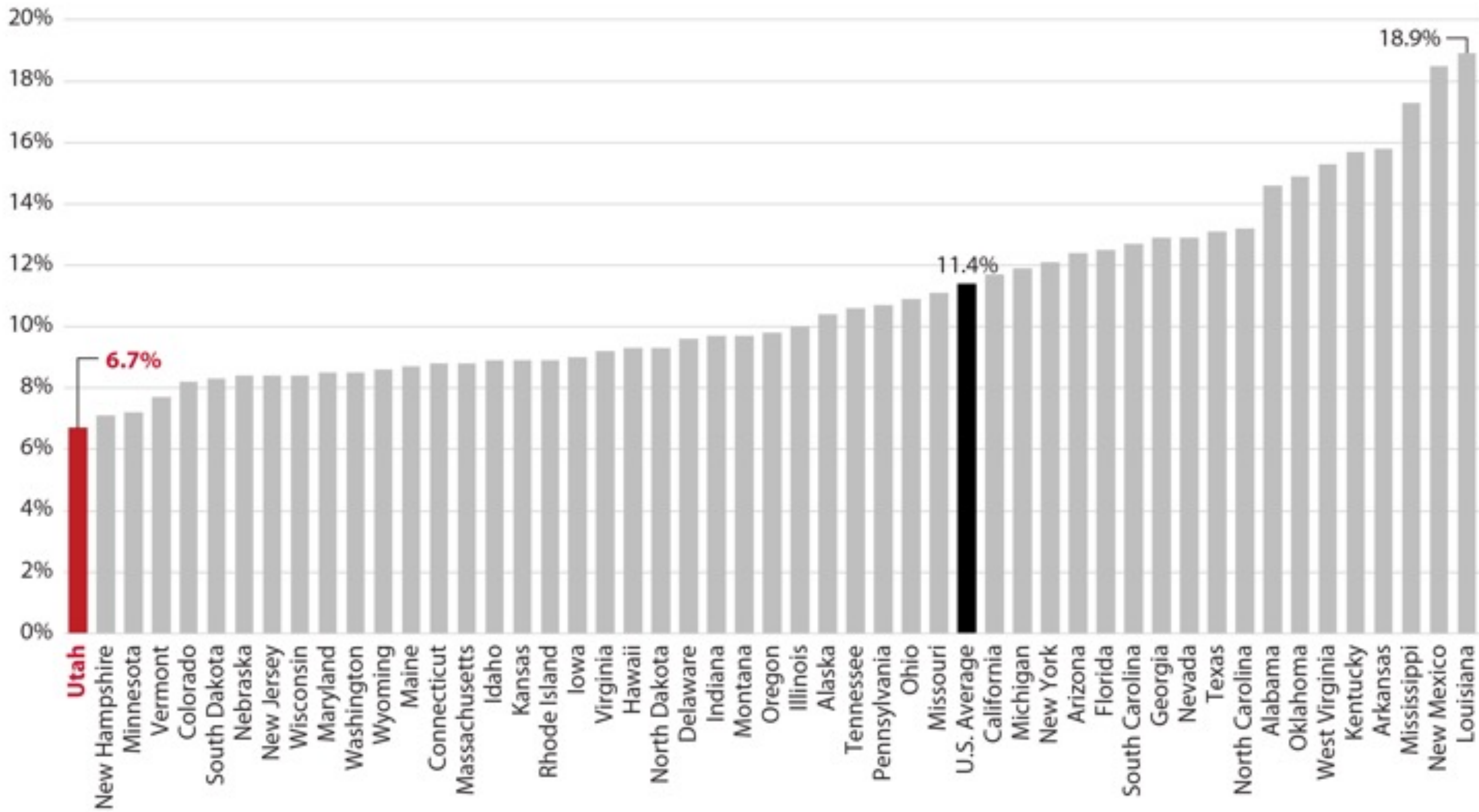
Utah Median Household Income 3rd Highest in U.S.



ZIONS BANK

Source: US Census Bureau

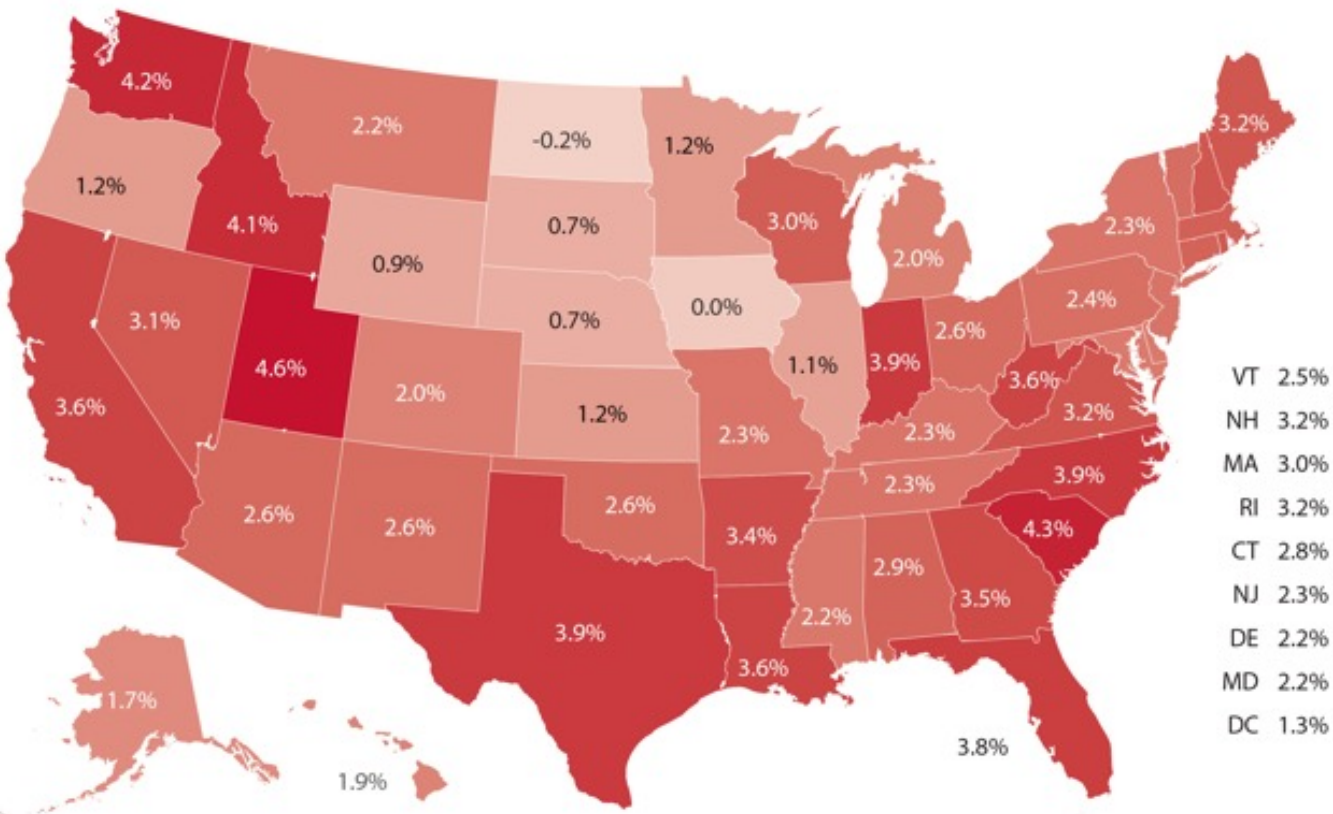
Utah Poverty Rate Lowest in the Nation



ZIONS BANK.

Sources: Kem C Gardner Institute, US Census Bureau

Utah 2024 GDP Growth Led the Nation



Source: Kem C Gardner Institute, US Bureau of Economic Analysis

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

ZIONS BANK.

ZIONS BANK | WE HAVEN'T FORGOTTEN WHO KEEPS US IN BUSINESS®

Robert Spendlove

Senior Economist

Robert.Spendlove@zionsbank.com

801-560-5394