



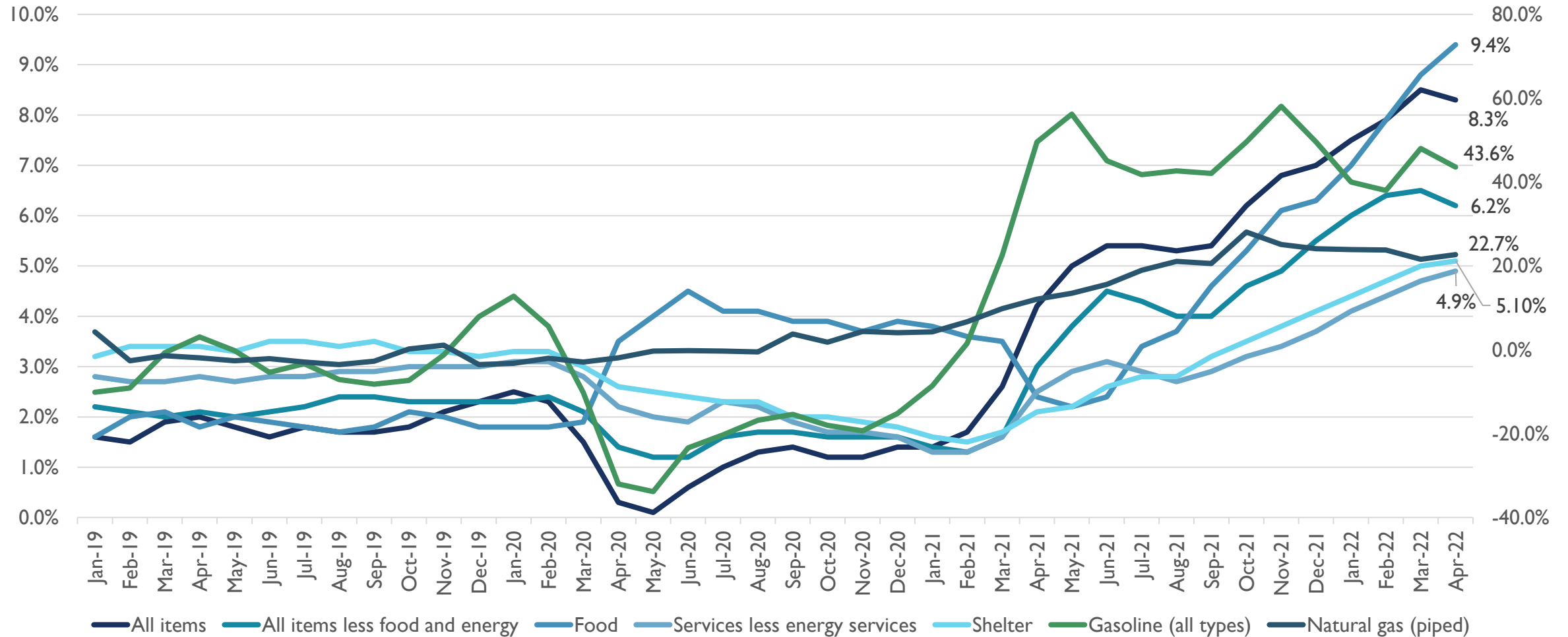
ECONOMIC UPDATE – MAY 2022

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Office of the Legislative Fiscal Analyst



HEADWINDS

INFLATION



WILL HIGH INFLATION PERSIST?

YES

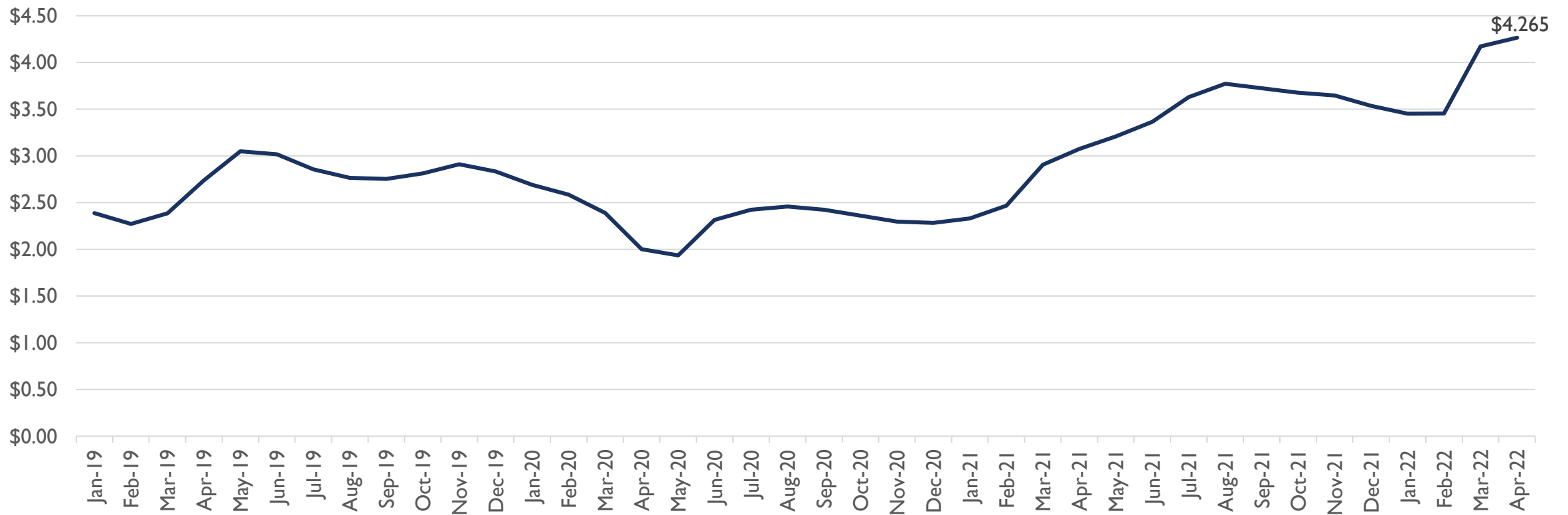
- Low real interest rates
- Delayed inflation (rent, Medicare)
- \$2.5T of excess savings
- >\$8T more housing wealth
- Tight labor markets
- State and local surpluses
- Wage-price spirals
- Rate-price spirals
- De-anchoring expectations
- New supply shocks (Russia, Ukraine, China)

NO

- Aggressive rate hikes and QT
- Transitory deflation (cars, oil)
- Shrinking balance sheets
- Disappearing stock gains
- Growing labor supply
- ~\$2T drop in federal deficits
- Supply chain fixes
- Shift from goods to services
- Anchored long-term expectations
- Strong reaction to Fed forward guidance

GAS PRICES

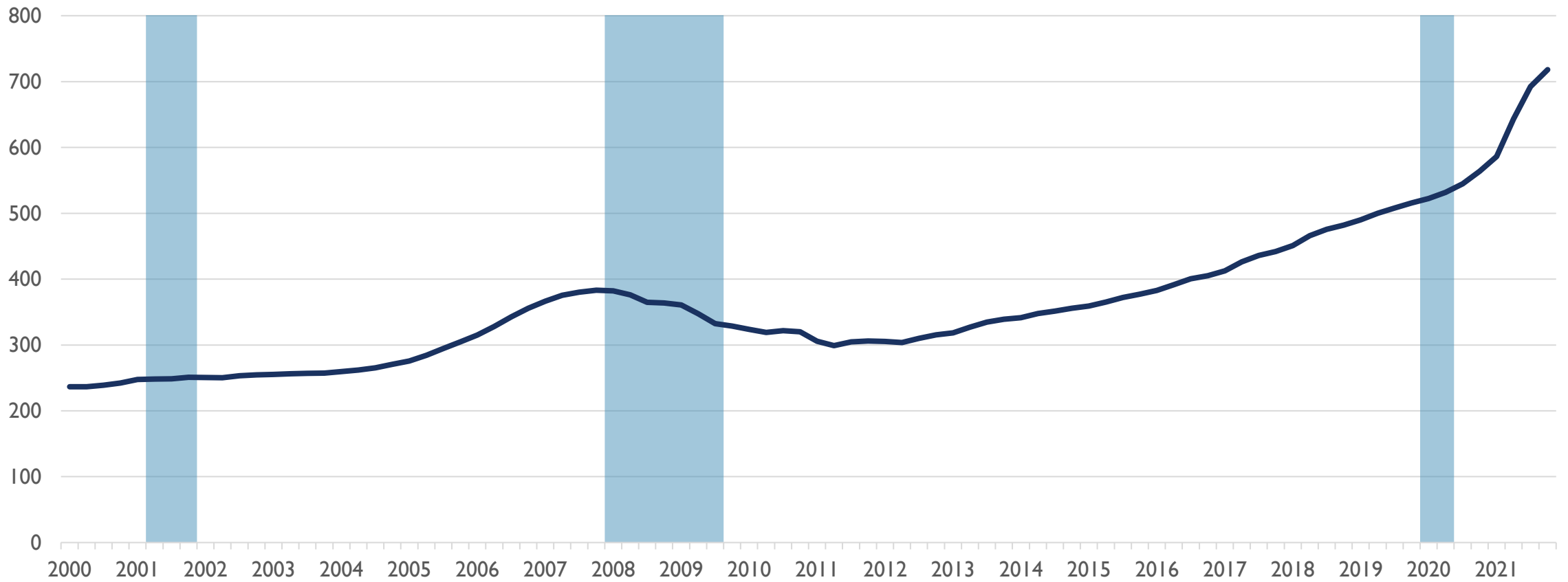
Rocky Mountain Region - Average Price per Gallon



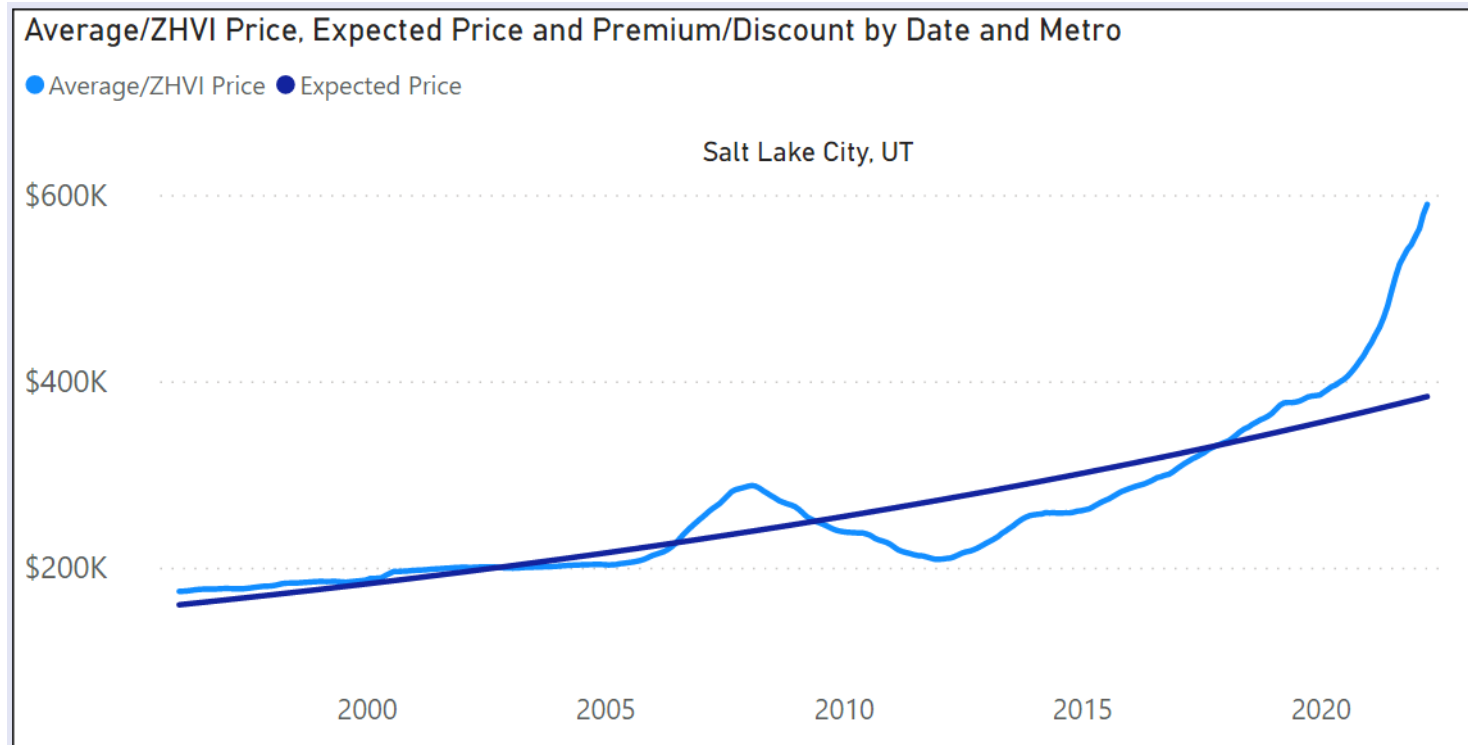
Source: U.S. Energy Information Administration

HOME VALUES

FHFA Utah House Price Index



HOME VALUES



3/31/2022
Date

Salt Lake City, UT
Metro

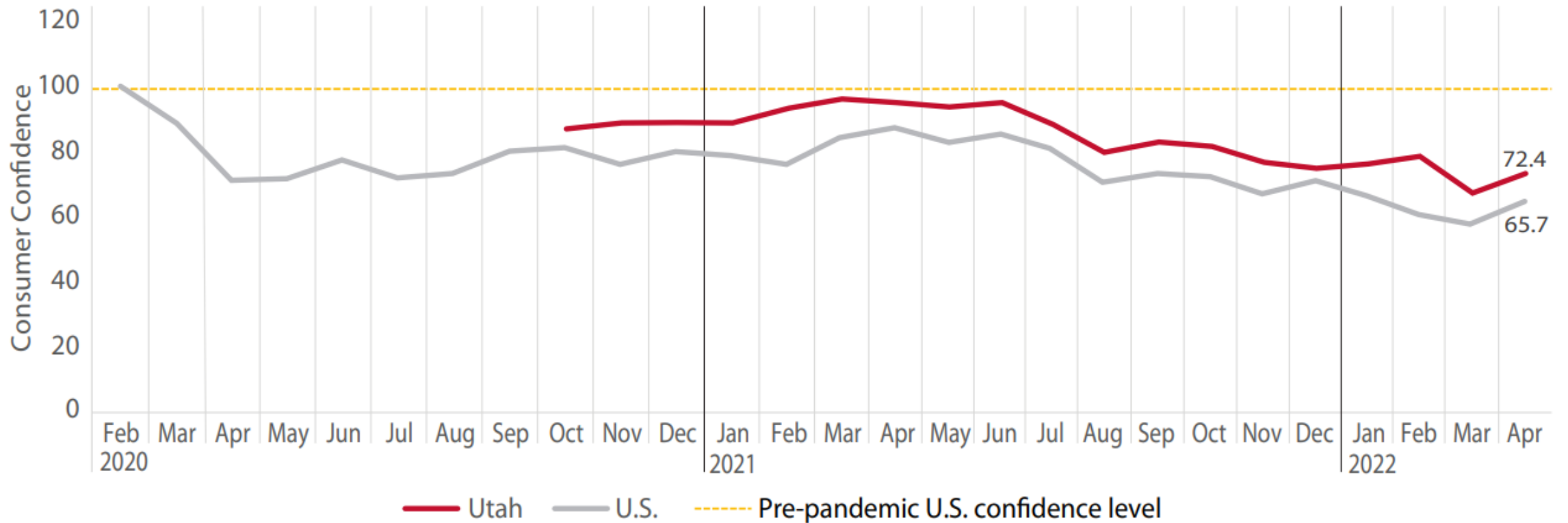
\$589,622
Average/ZHVI Price

\$383,450.9
Expected Price

53.77%
Premium/Discount

CONSUMER CONFIDENCE

Consumer Sentiment Index: Utah and U.S.



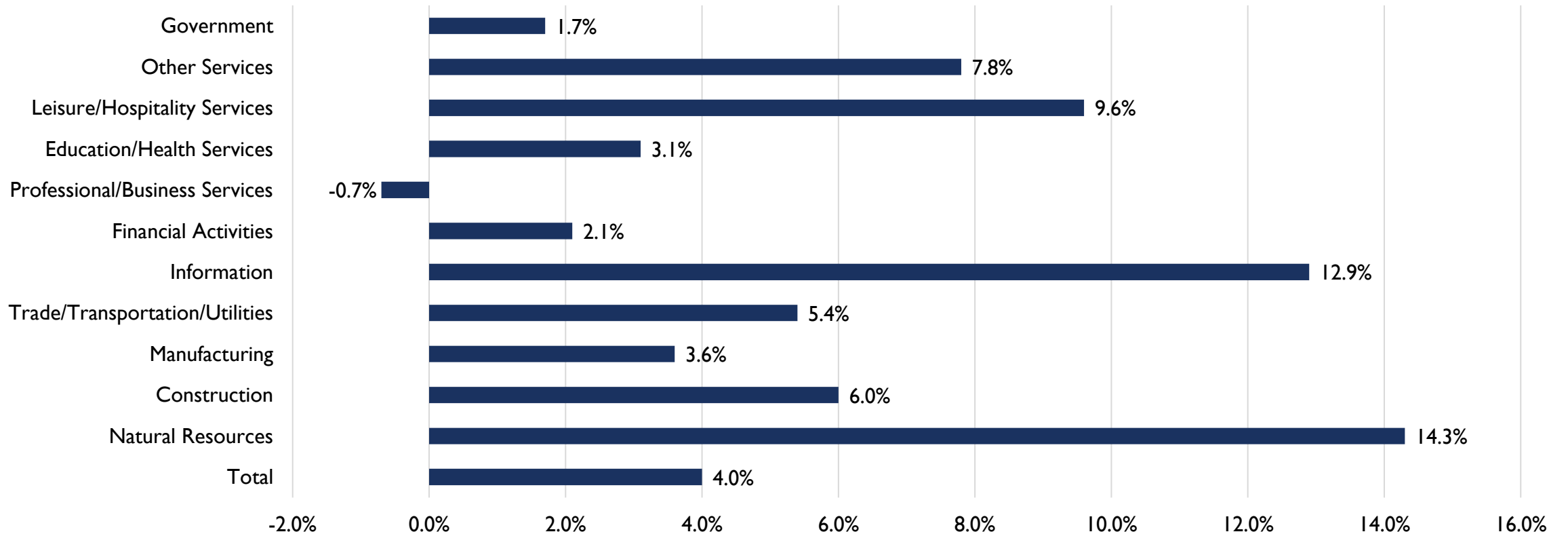
Source: Kem C. Gardner Policy Institute and University of Michigan



TAILWINDS

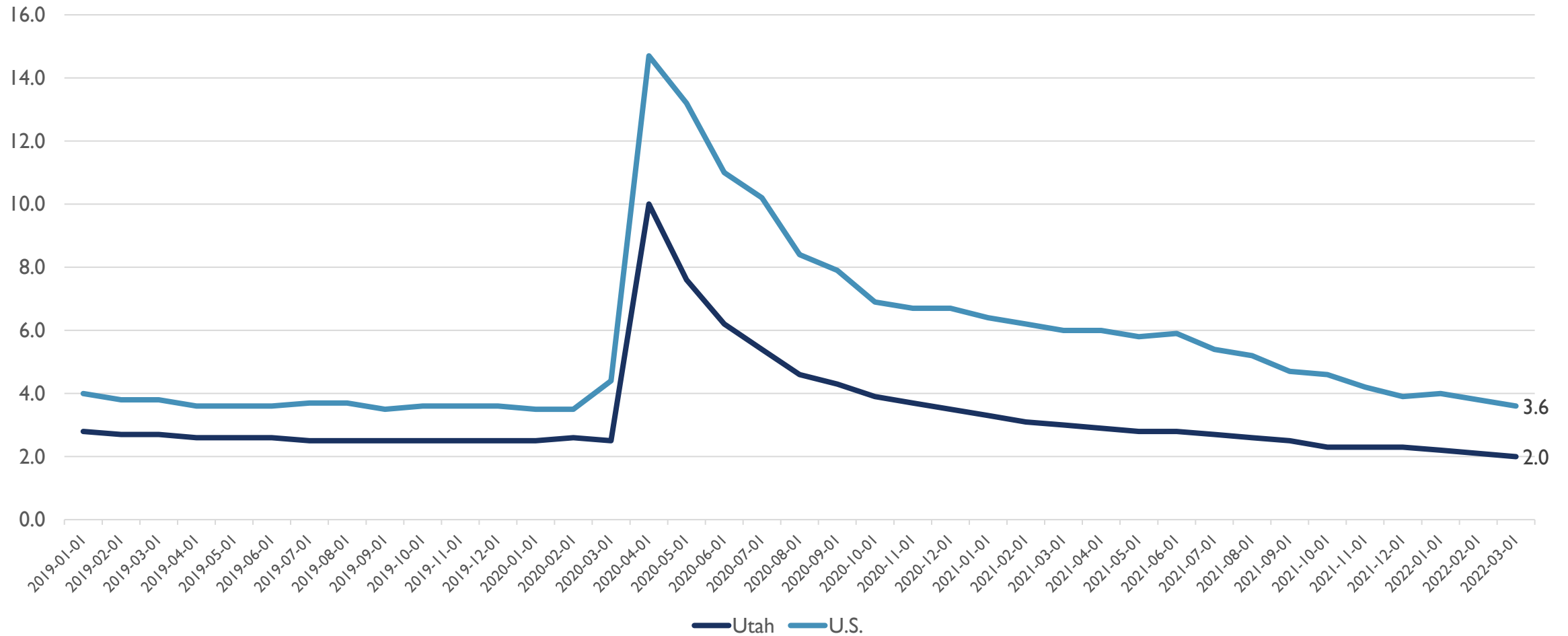
EMPLOYMENT

March 2021-2022 Utah Employment Percent Change



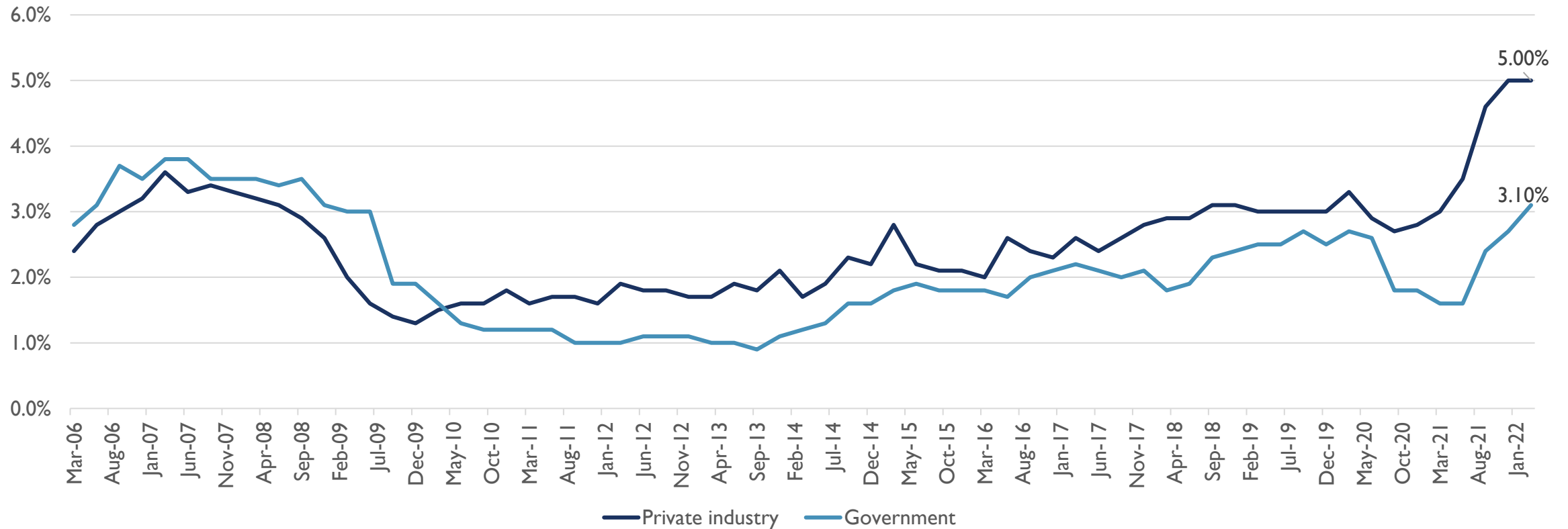
Source: U.S. Bureau of Labor Statistics

UNEMPLOYMENT RATE



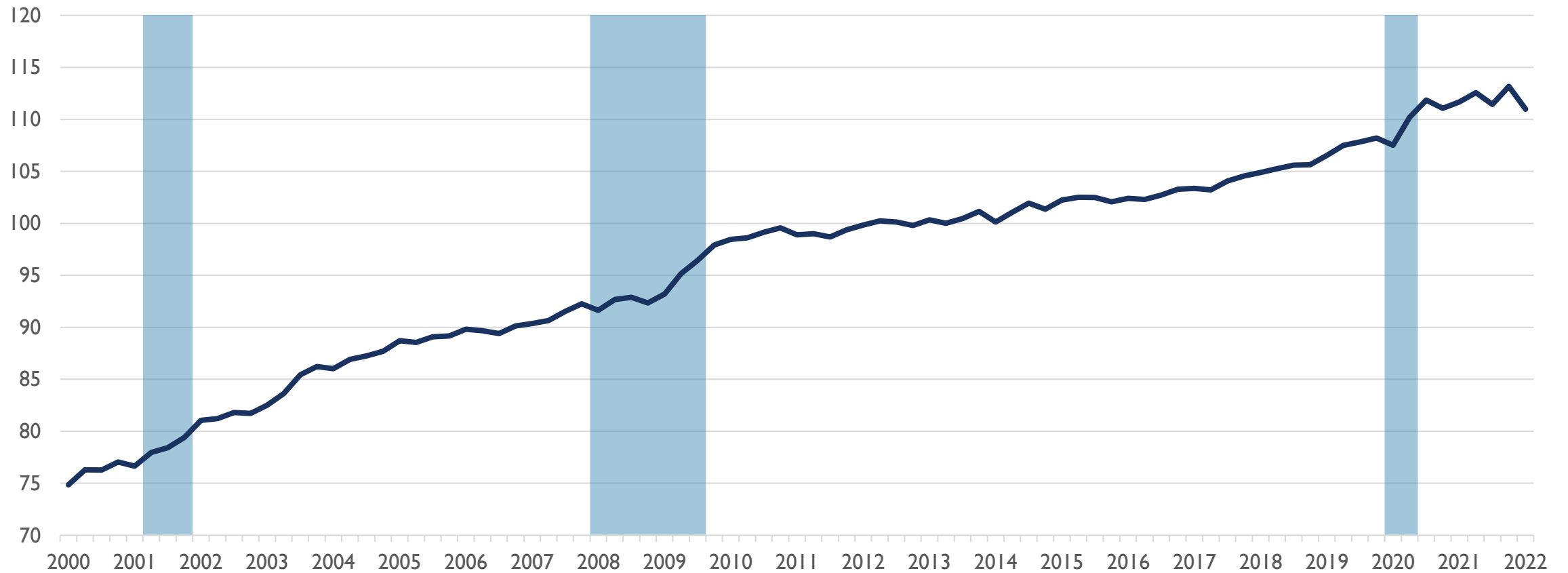
WAGES

Wages and salaries, 12-month % change



PRODUCTIVITY

Non-farm business productivity (output per hour)

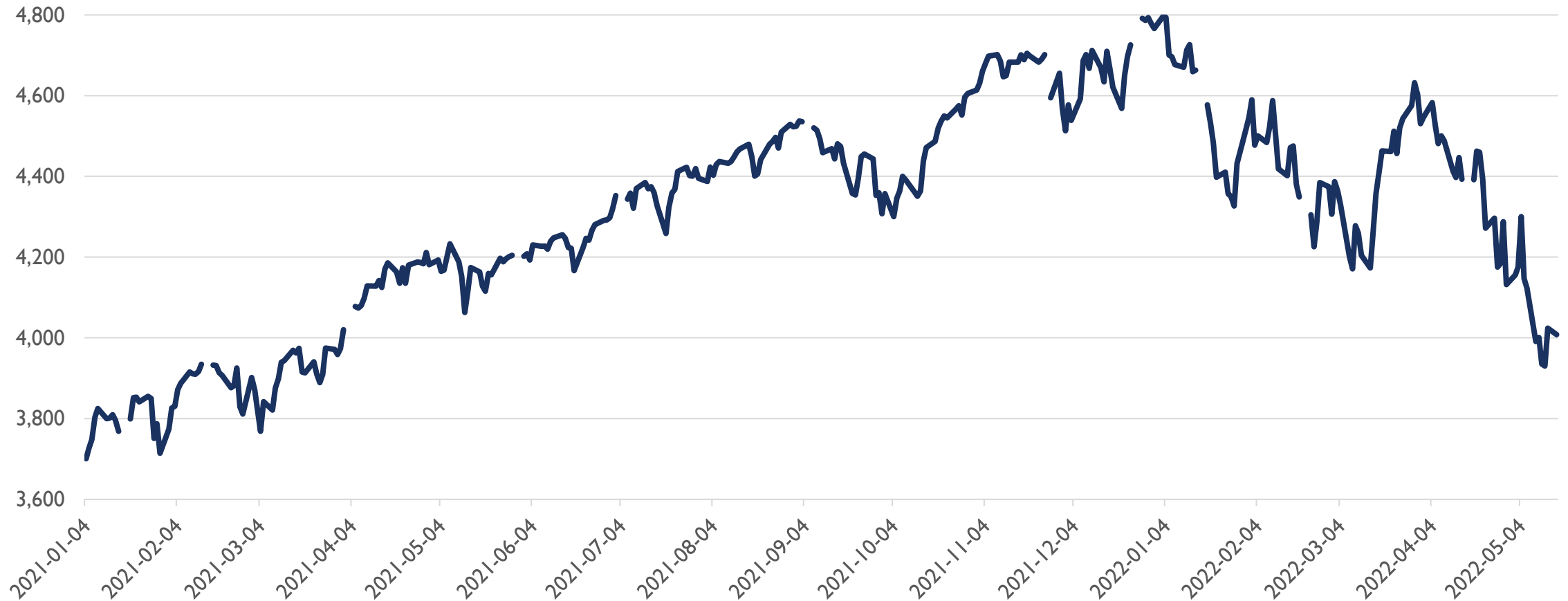


Source: Bureau of Labor Statistics

RECESSION?

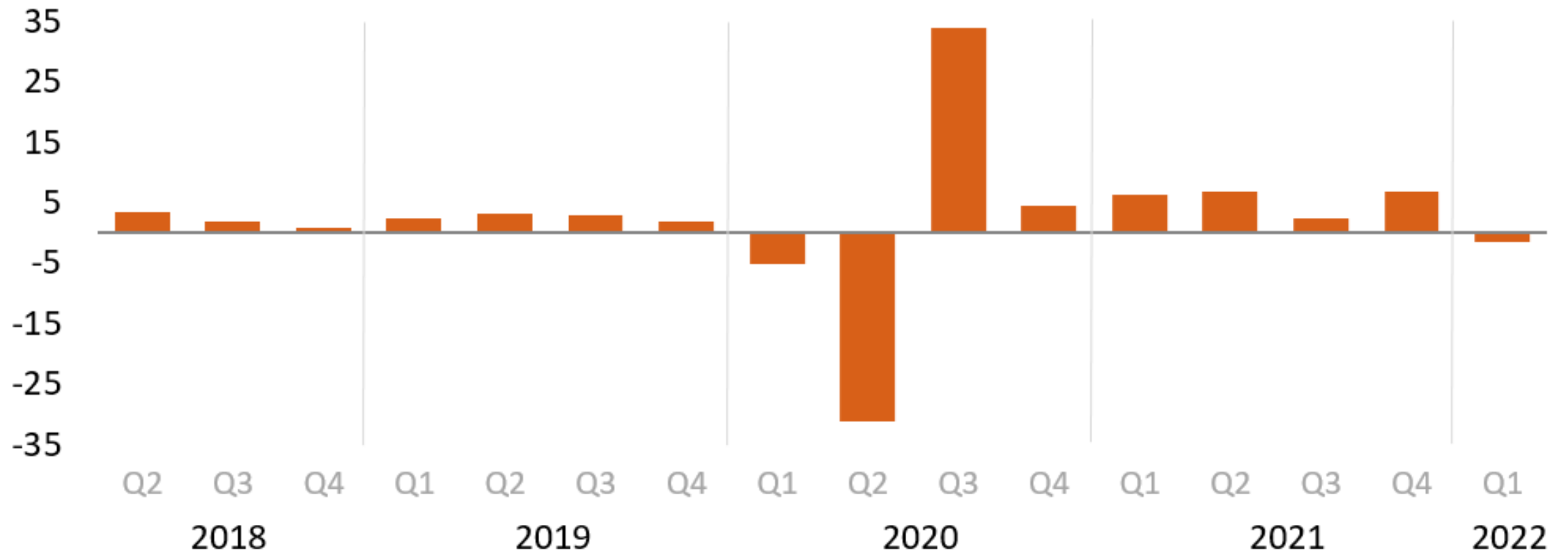
FED RATE HIKES + STOCK MARKET VOLATILITY

S&P 500



Q1 GDP

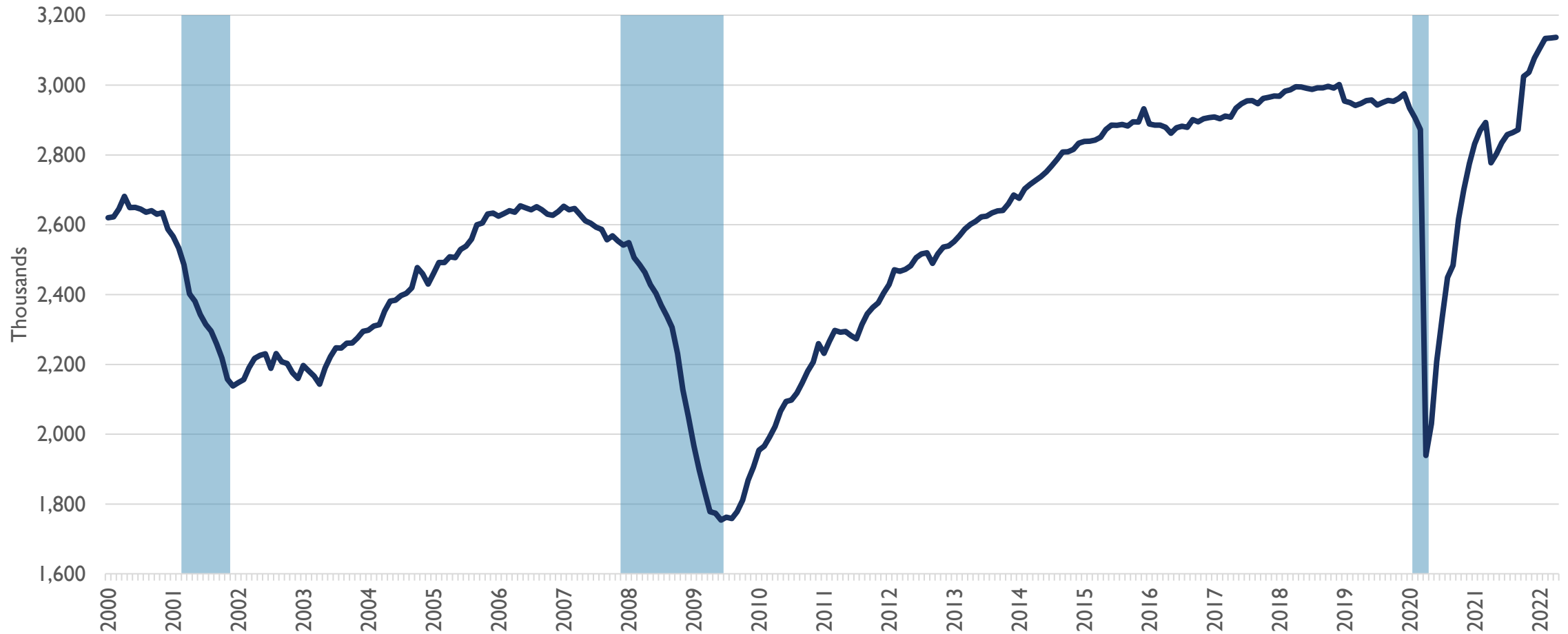
Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

TEMPORARY STAFFING



Source: Bureau of Labor Statistics

HOW WILL
UTAH FARE?

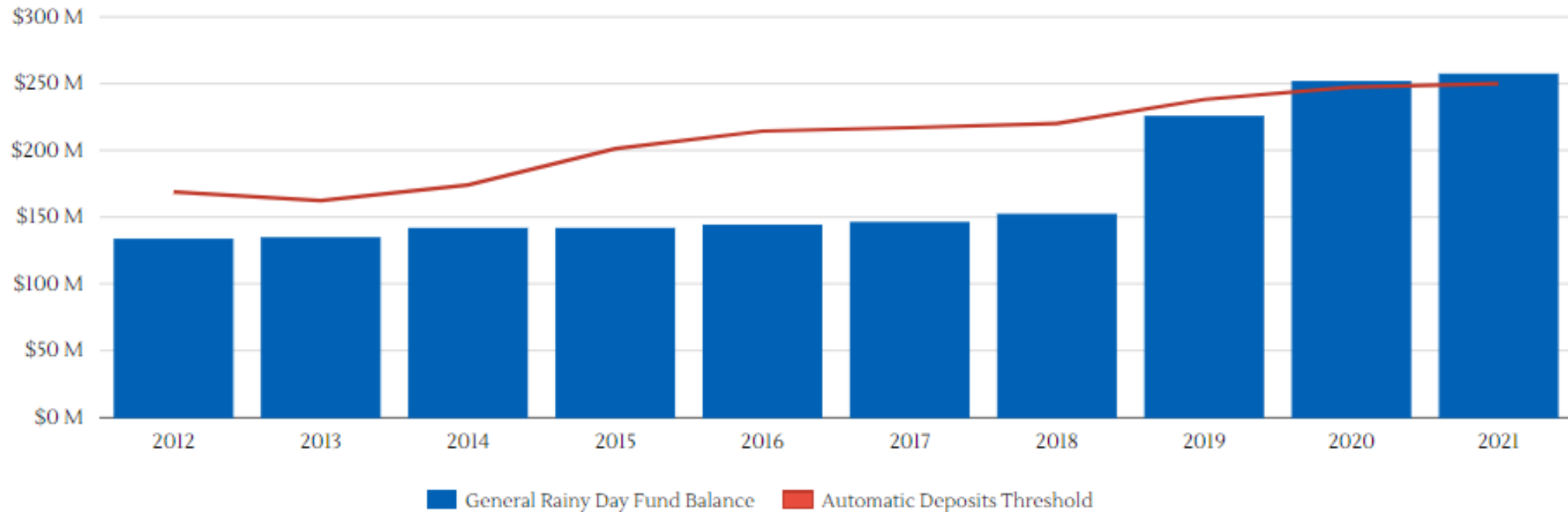
GENERAL FUND RAINY DAY RESERVE

\$256.8 M

Most Recent

↑2.2%

Change



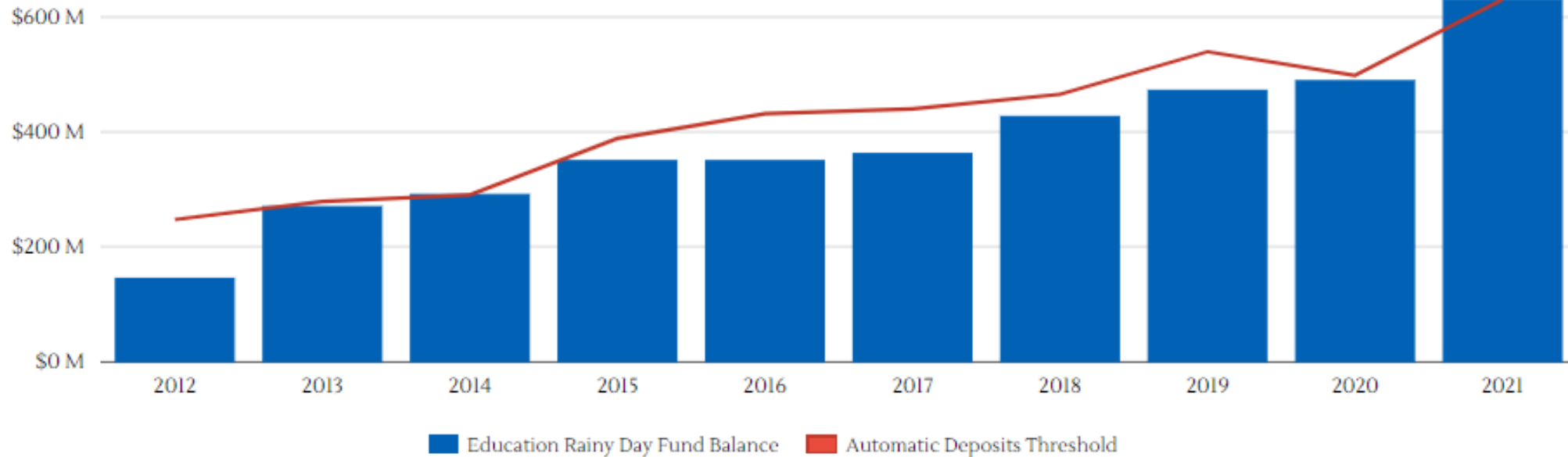
EDUCATION FUND RAINY DAY RESERVE

\$630.2 M

Most Recent

↑29.0%

Change



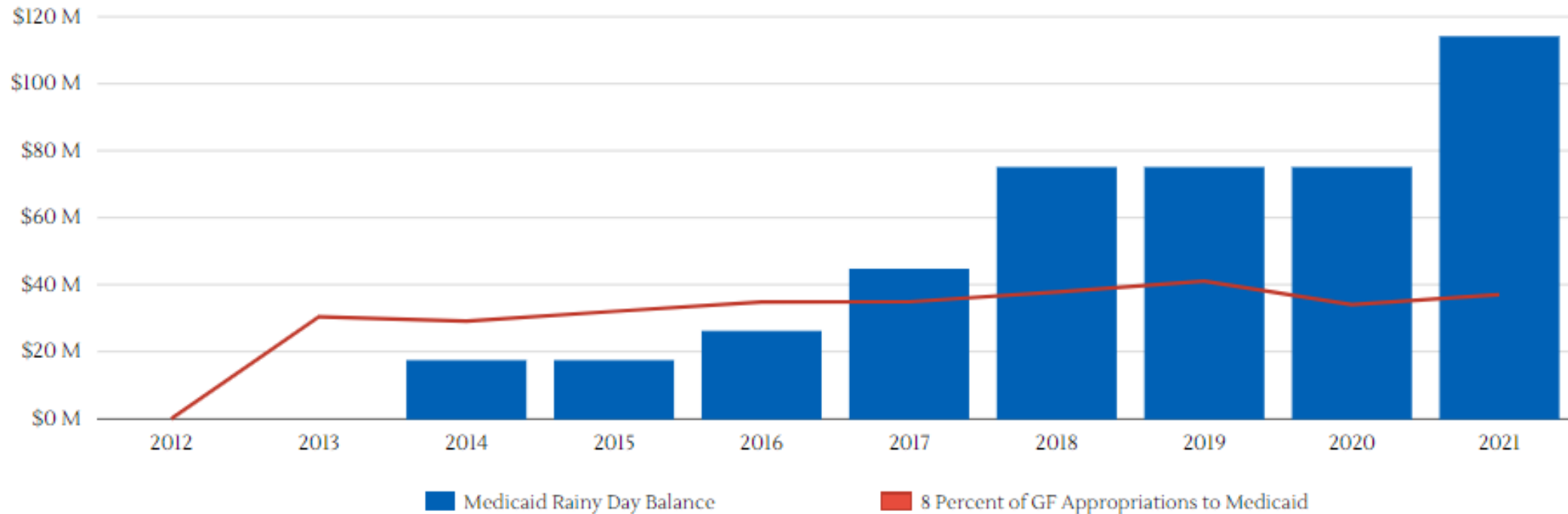
MEDICAID RAINY DAY RESERVE

\$113.9 M

Most Recent

↑52.2%

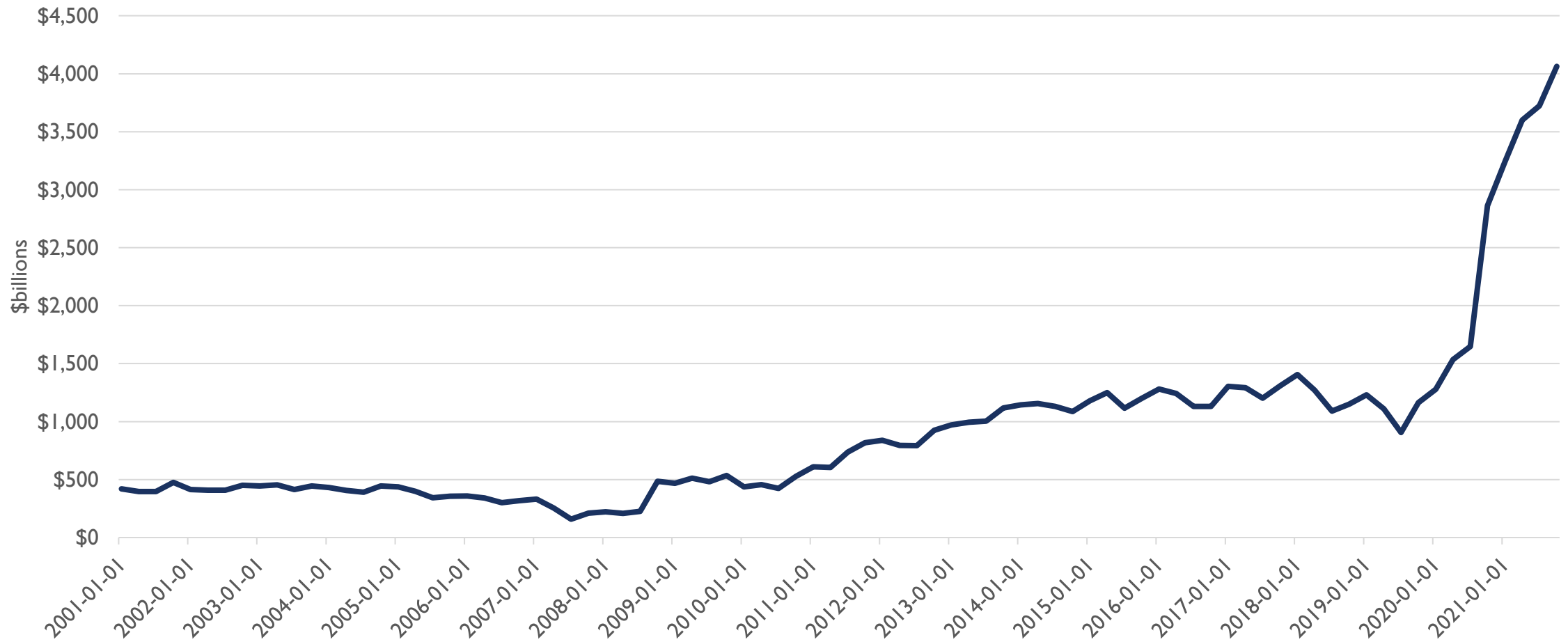
Change



ADDITIONAL NOTES ON LONG-TERM FISCAL HEALTH

- Following 2022 General Session, \$17.9 million temporal surplus
- Appropriated extra \$64.1 million to back-fill temporary FMAP enhancement
- \$350.2 million in principal payments on outstanding GO bonds in FY2022
- \$356.3 million in principal payments on outstanding GO bonds in FY2023
- \$250.0 million in prison bond defeasance in FY2023
- \$294.0 million in cash appropriations to avoid issuance of previously authorized transportation bonds

U.S. CHECKABLE DEPOSITS, HOUSEHOLDS AND NON-PROFITS





QUESTIONS?

