# **Economic Insights**

**Salt Lake County Council** 

June 4, 2024

INFORMED DECISIONS™

# Summary

- Economic humility Now is a difficult time to forecast.
- Positives and negatives The economy faces simultaneous positives and negatives.
- Inflation and interest rates Be aware of "long and variable" lags.
- Utah's decelerating growth The Beehive State is no longer the nation's best economy.
- Trends to watch Keep an eye on unemployment, net migration, housing, and consumer sentiment.

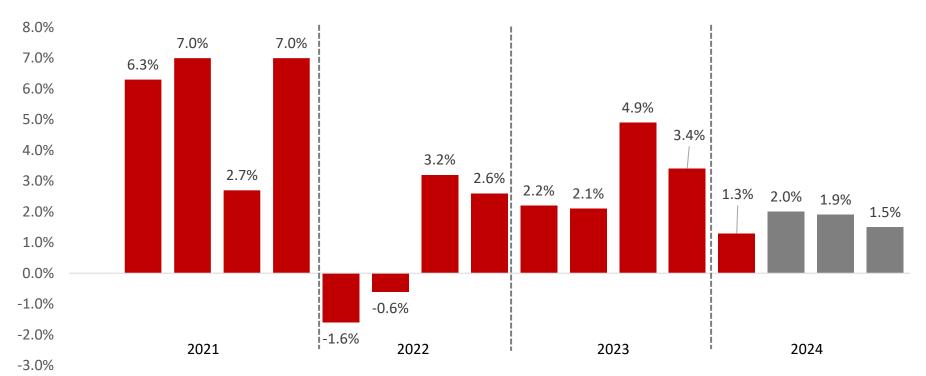
## **U.S. Economic T-Chart**

Positives	Negatives
Full employment (unemployment below 4%)	Inflation still above target
Real GDP near potential of ~2%	High short-term interest rates
Employment expanding @ ~200k/mo.	Elevated mortgage rates at 7%
Wage growth outpacing inflation	Inverted yield curve
Strong corporate earnings	Social unrest in an election year
Stocks hitting record highs	Geopolitical conflicts

Source: Kem C. Gardner Policy Institute

#### **U.S. Real GDP Growth**

#### Quarter-over, seasonally adjusted annual rate

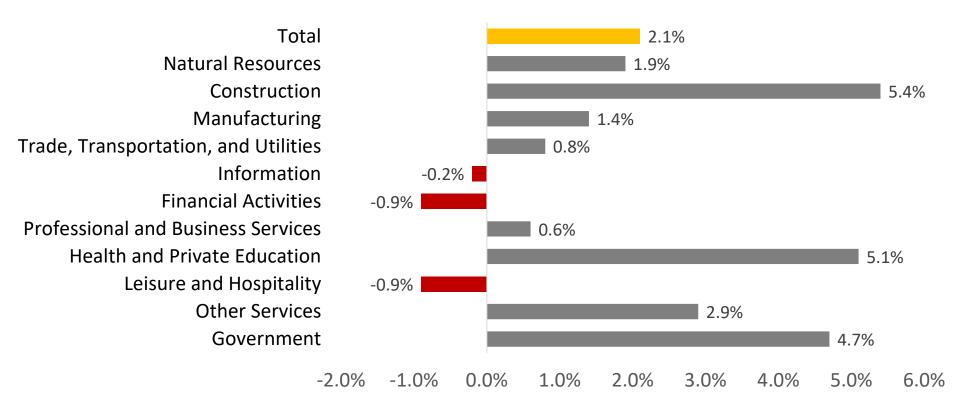


2021 1Q 2021 2Q 2021 3Q 2021 4Q 2022 1Q 2022 2Q 2022 3Q 2022 4Q 2023 1Q 2023 2Q 2023 3Q 2023 4Q 2024 1Q 2024 2Qf 2024 3Qf 2024 4Qf

Source: Bureau of Economic Analysis, Gardner Institute, and Wells Fargo Economics

#### **Utah Job Growth**

Year-over percent change, April 2024

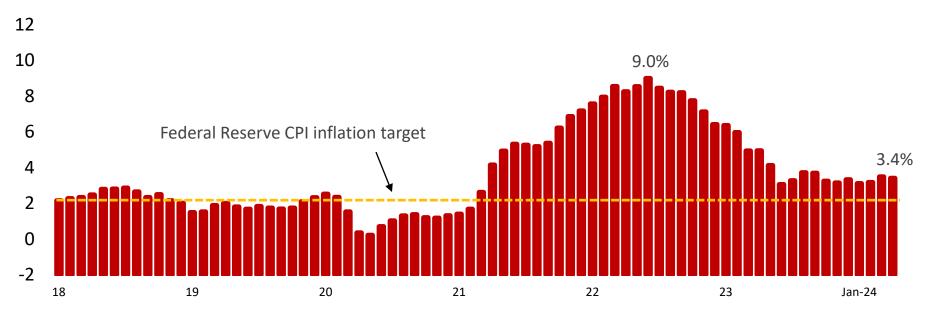


# You may not be interested in monetary policy, but monetary policy but monetary policy is interested in you.

- Adapted from Leon Trotsky

#### **U.S. Consumer Price Inflation**



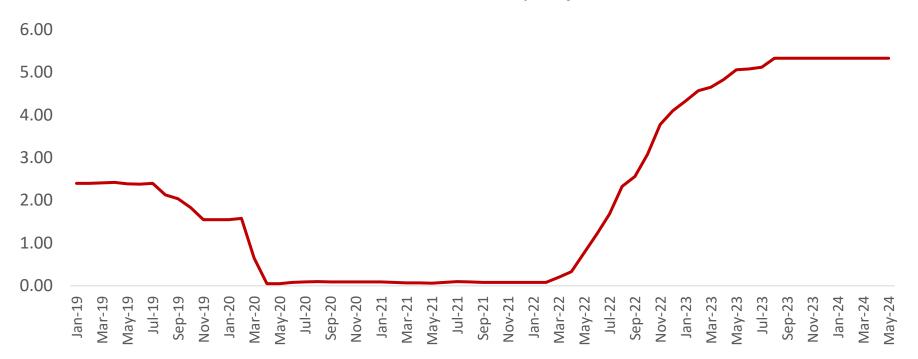


# "We are navigating by the stars under cloudy skies."

- Jerome Powell, August 2023 FED Statement

# **Effective Federal Funds Rate**

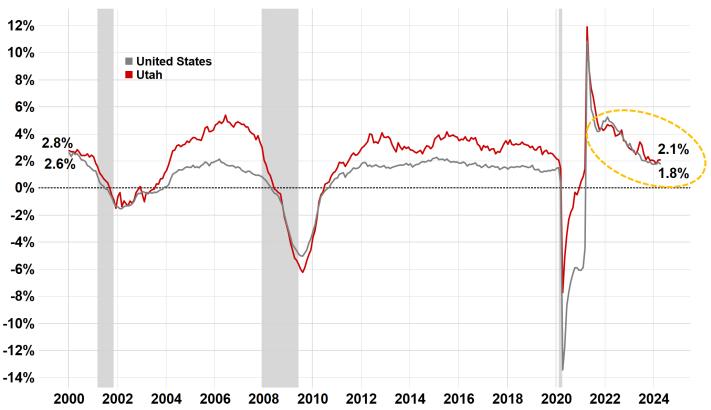
Percent, Not Seasonally Adjusted



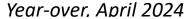
Source: Federal Reserve

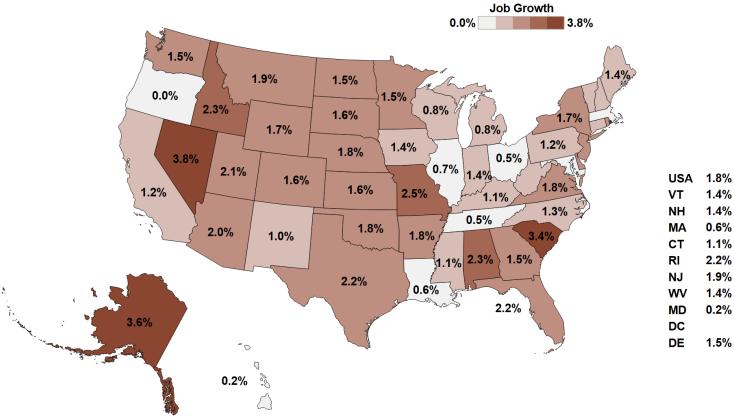
#### U.S. and Utah Monthly Job Growth

Year-Over Percent Change, Seasonally Adjusted



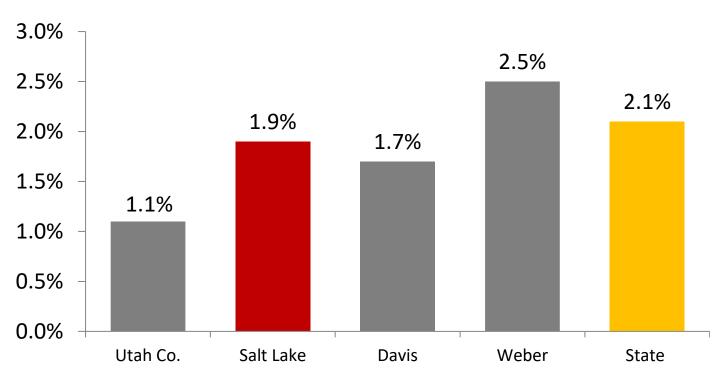
#### **Job Growth**





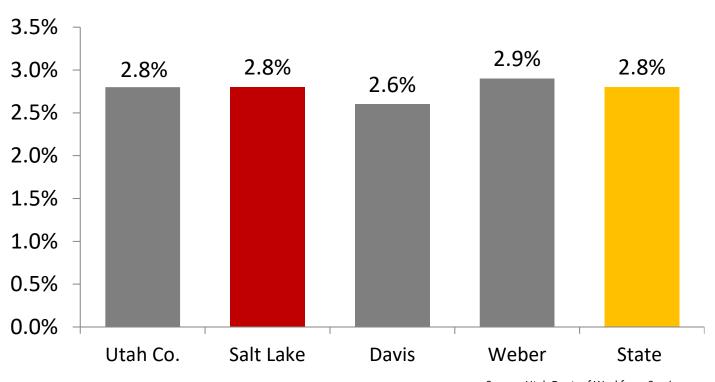
#### **Job Growth**

April 2023-2024



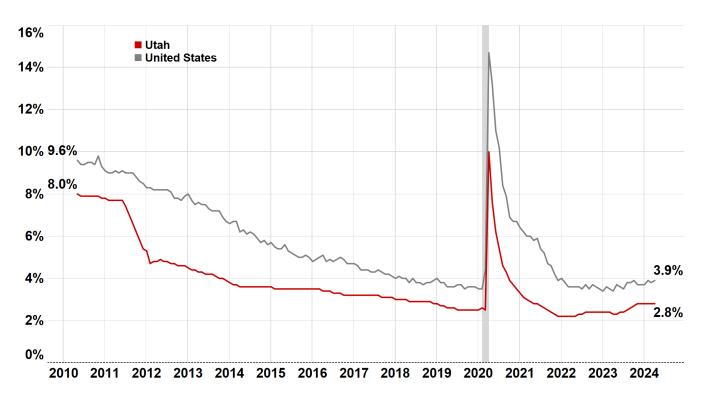
# **Unemployment Rate**

*April 2024* 

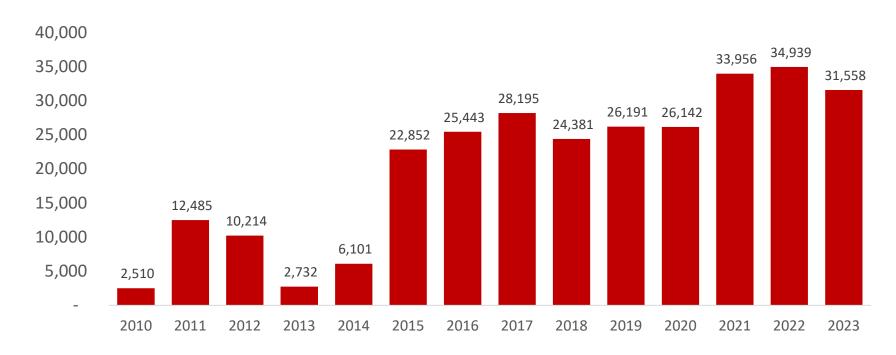


#### **Unemployment Rate**

U.S. and Utah, Not Seasonally Adjusted



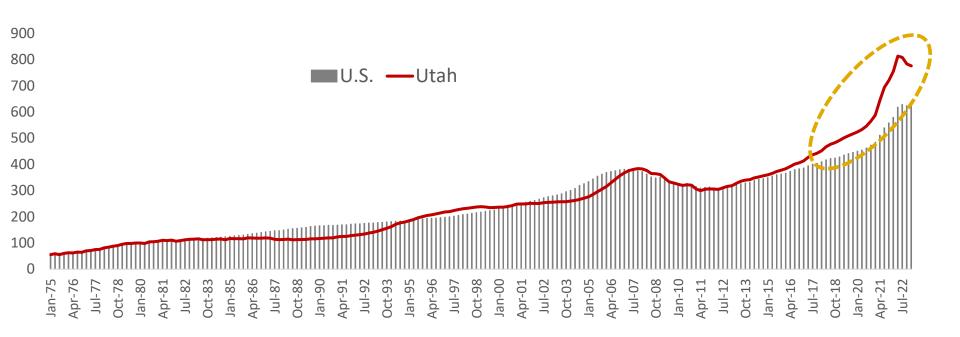
#### **Utah Net Migration**



Source: Utah Population Committee

# **Housing Price Index**

Utah and U.S., All Transactions



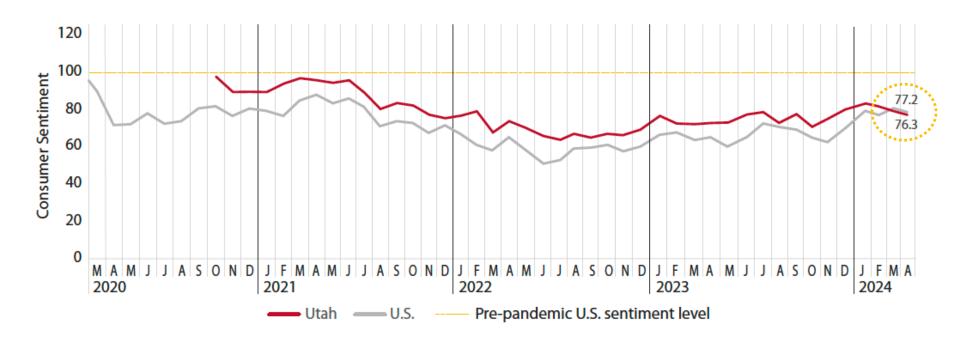
Source: U.S. Federal Housing Finance Agency

# Utah Housing Shortage, 2011-2024(f)



Source: Kem C. Gardner Policy Institute

#### **Consumer Sentiment**



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

## In a Nutshell...

- Inflation and interest rates Beware of "long and variable" lags.
- Utah's decelerating growth The Beehive State no longer has the nation's best economy.
- **Salt Lake County** Performing at about the state average. Expect slower growth moving forward.
- **Issues** Keep an eye on monetary policy, housing, and consumer sentiment. Be mindful of social unrest and geopolitical conflicts.