

ZIONS BANK ECONOMIC OVERVIEW

Navigating Economic Policy Shifts

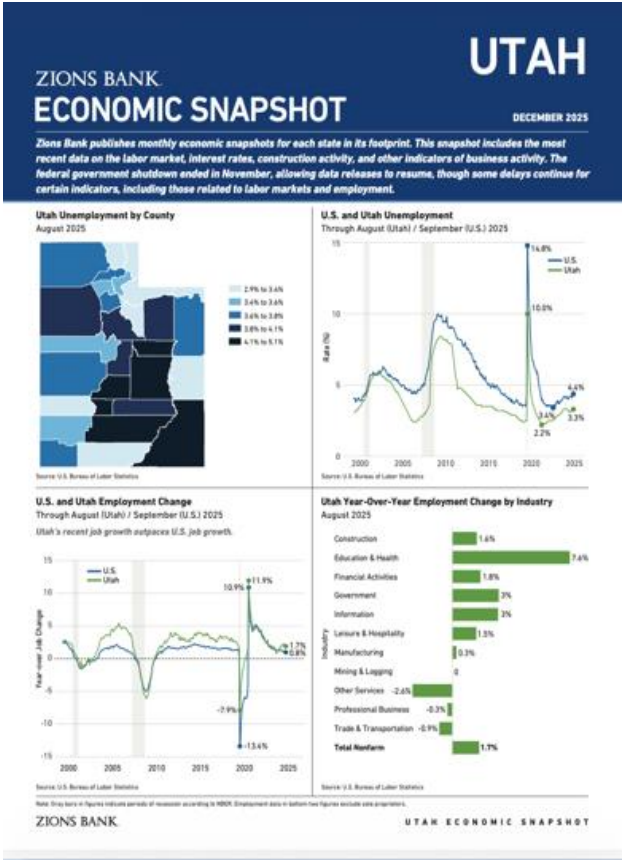
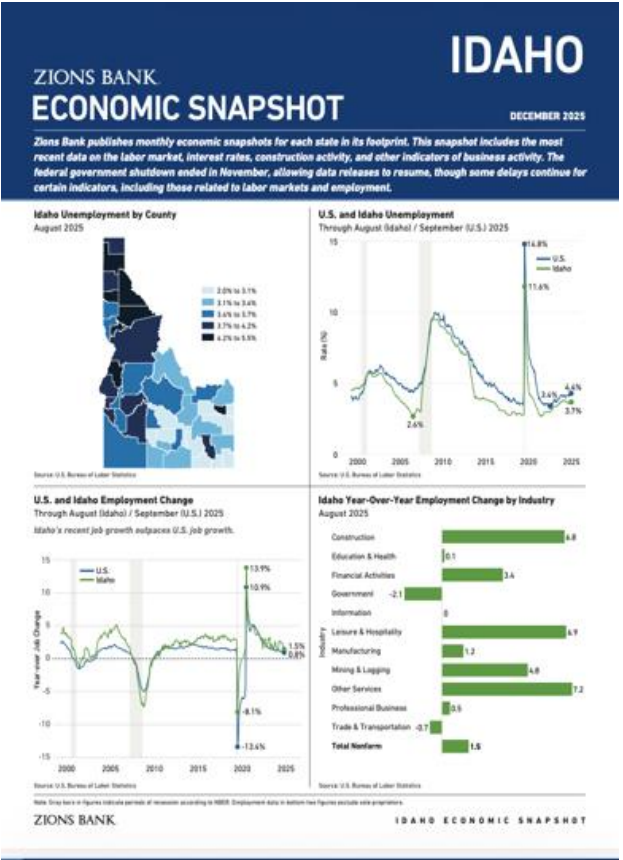
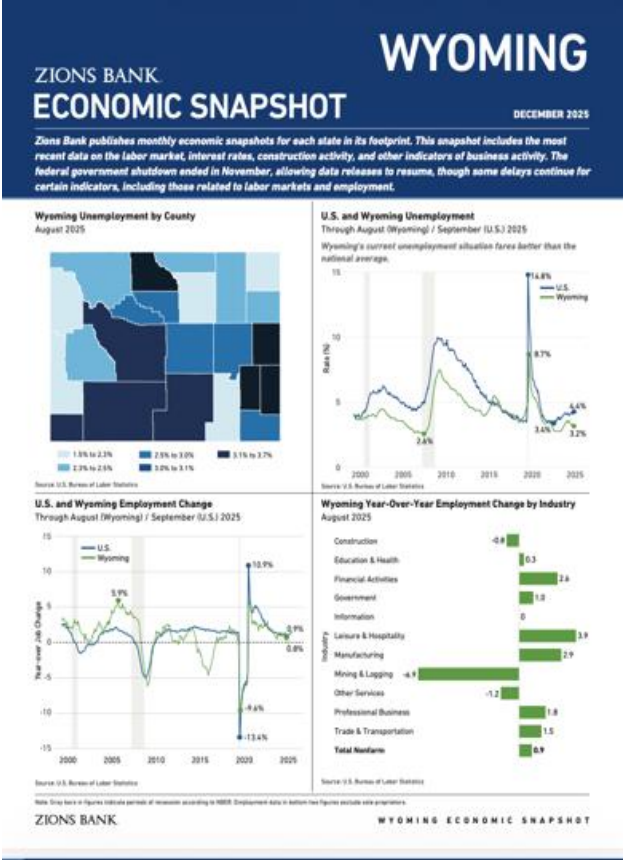
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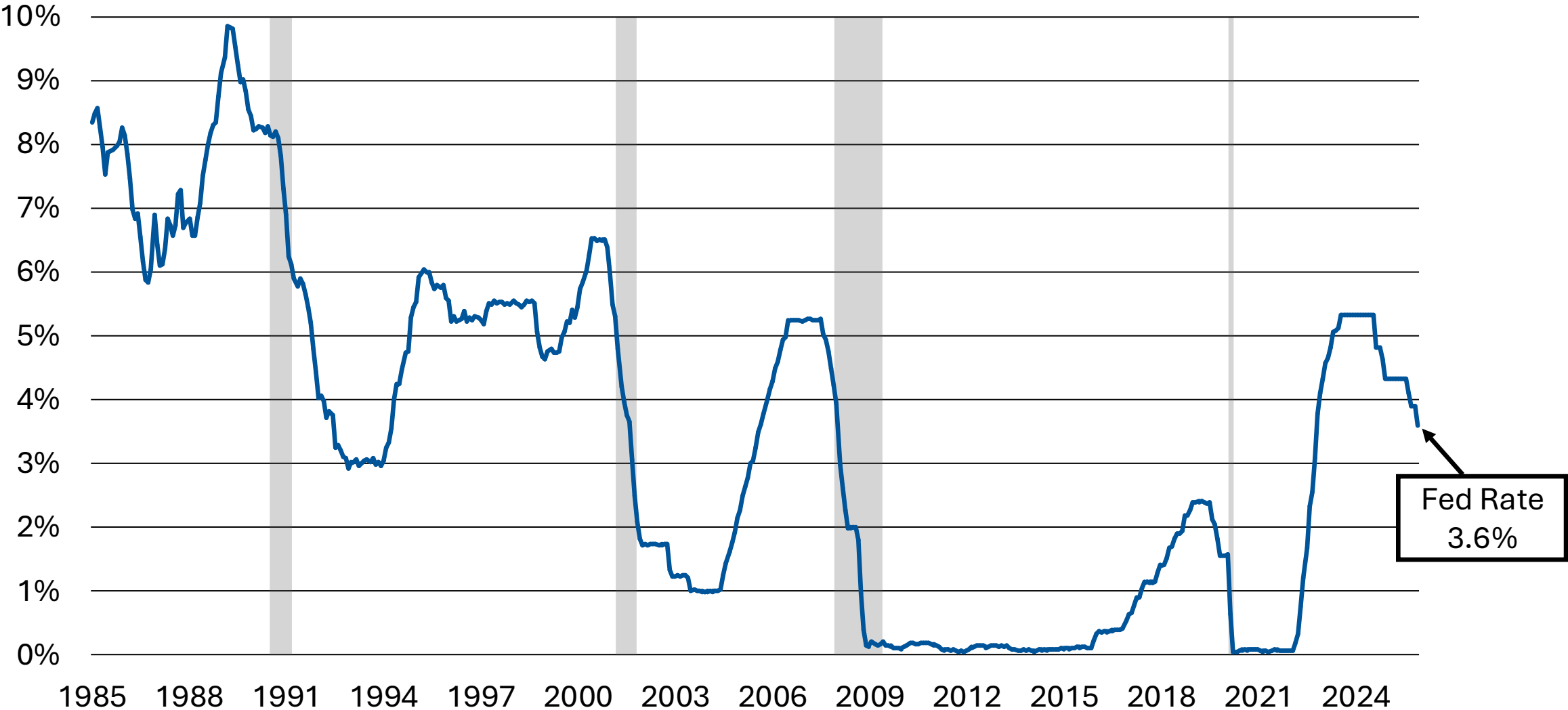
January 2026

Zions Bank Economic Snapshot

ZionsBank.com/economy



Federal Reserve Cut Again in December

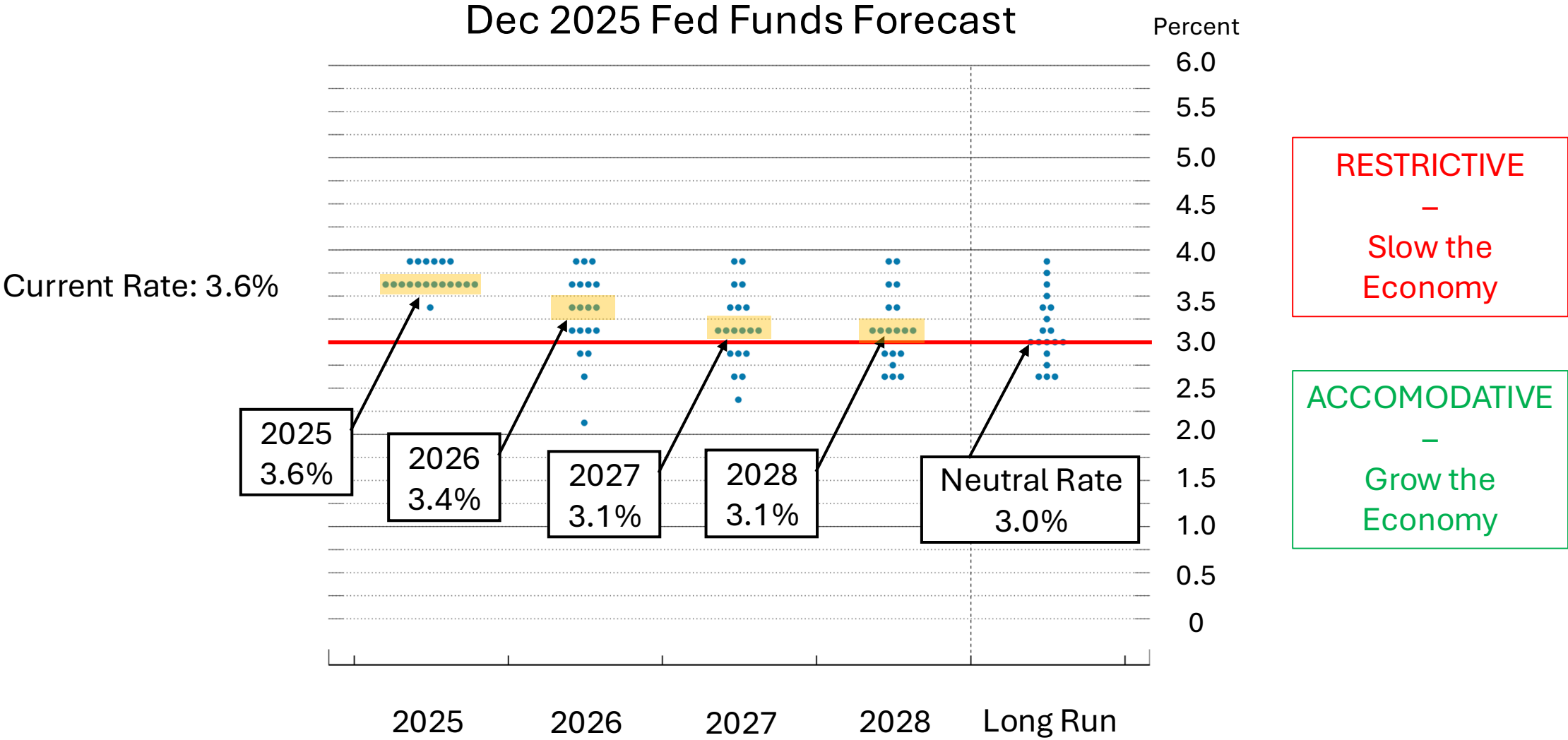


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Source: Federal Reserve Board of Governors

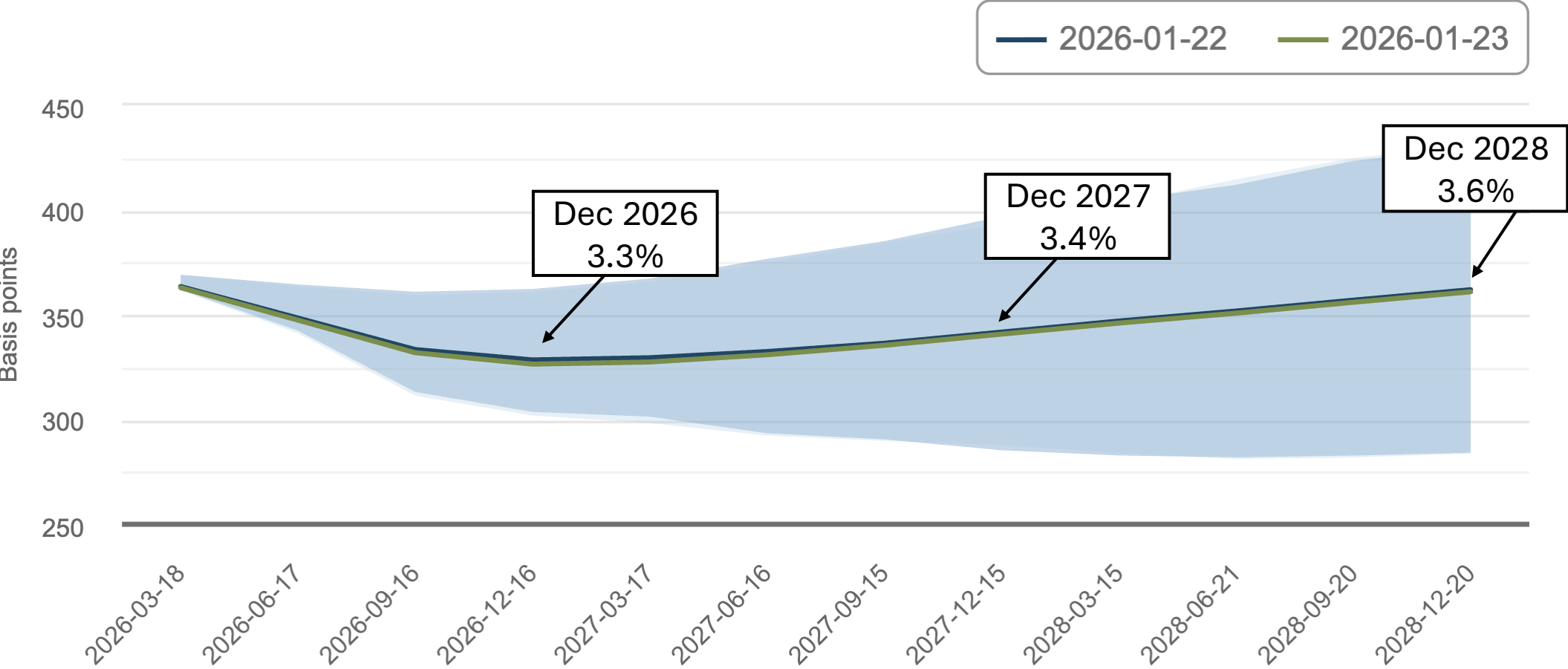
Fed Rate Cuts Will Slow in 2026



Markets Anticipate Rate Uncertainty

The Expected Three-Month Average SOFR Path

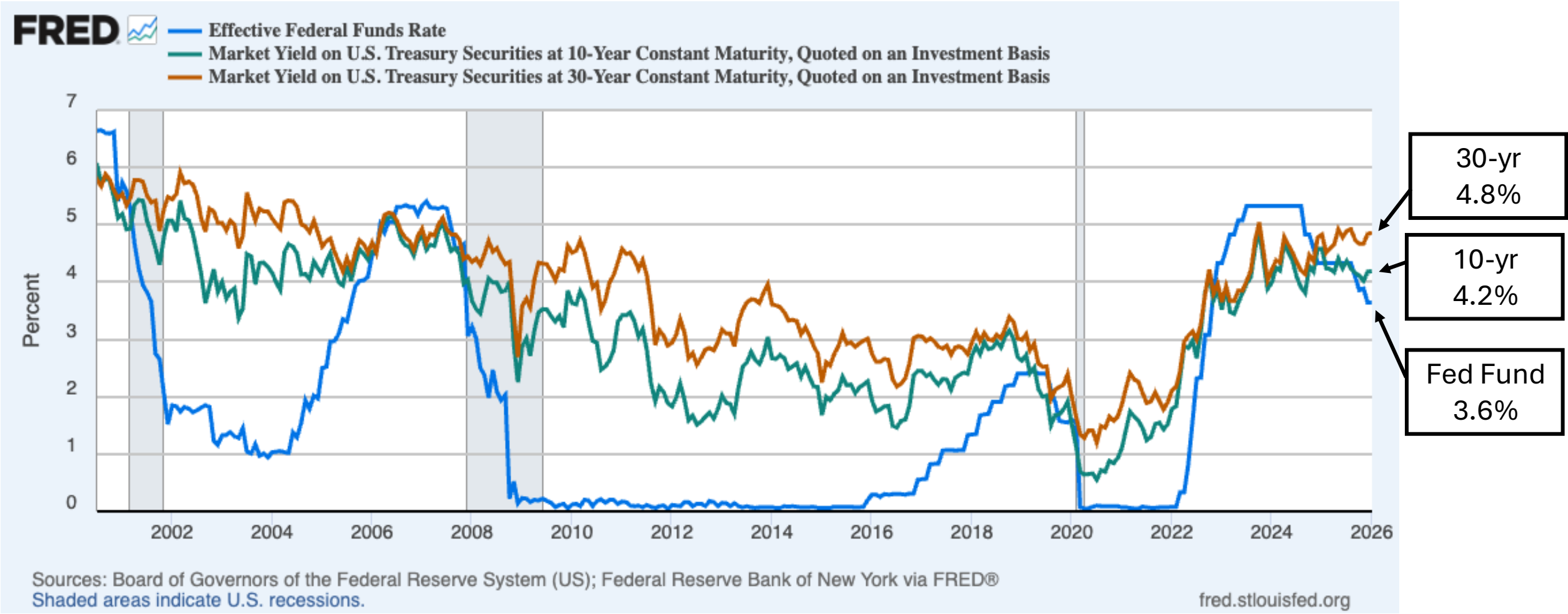
Current target range: 350 - 375 basis points



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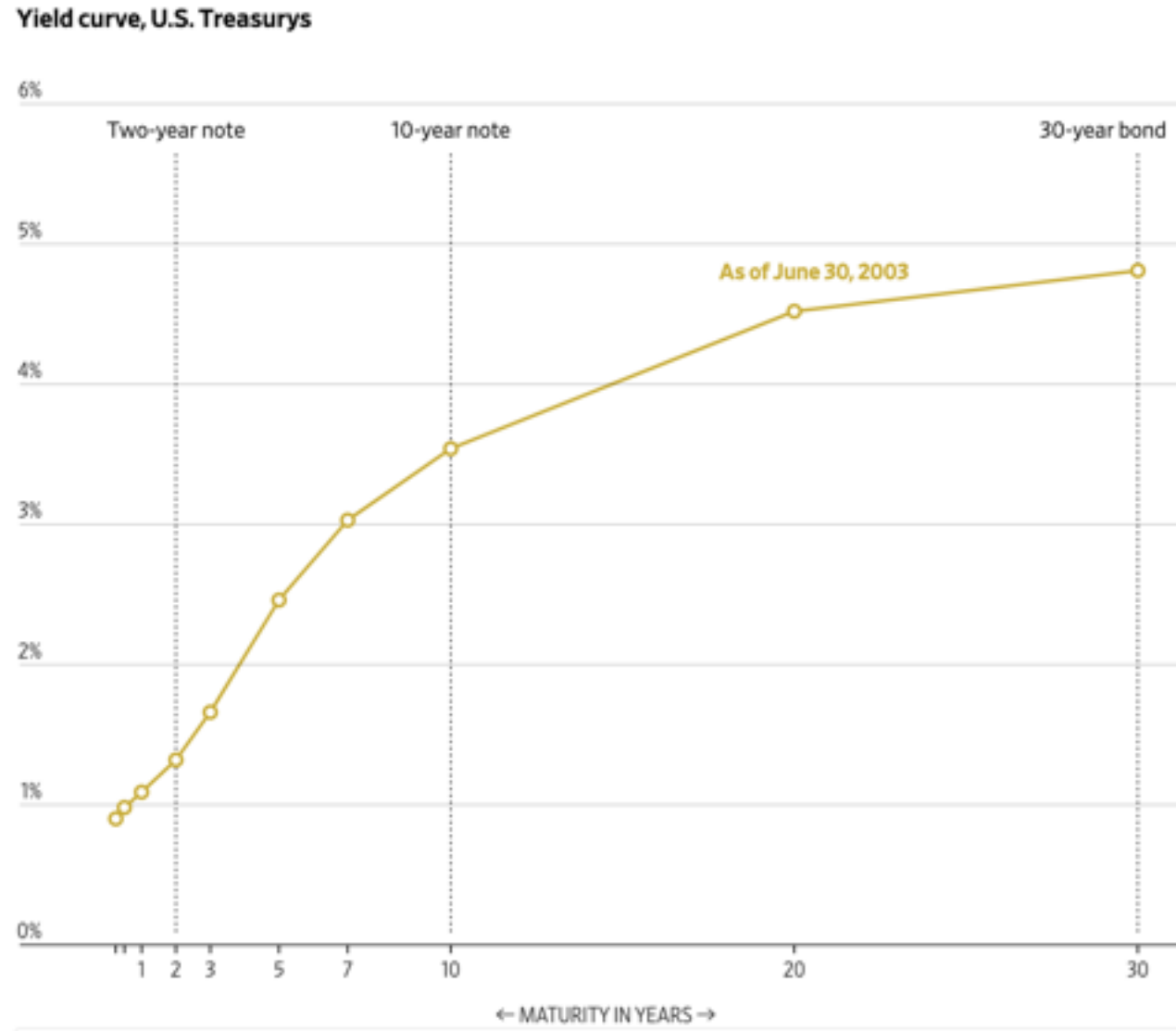
Short-Term vs Long-Term Interest Rates



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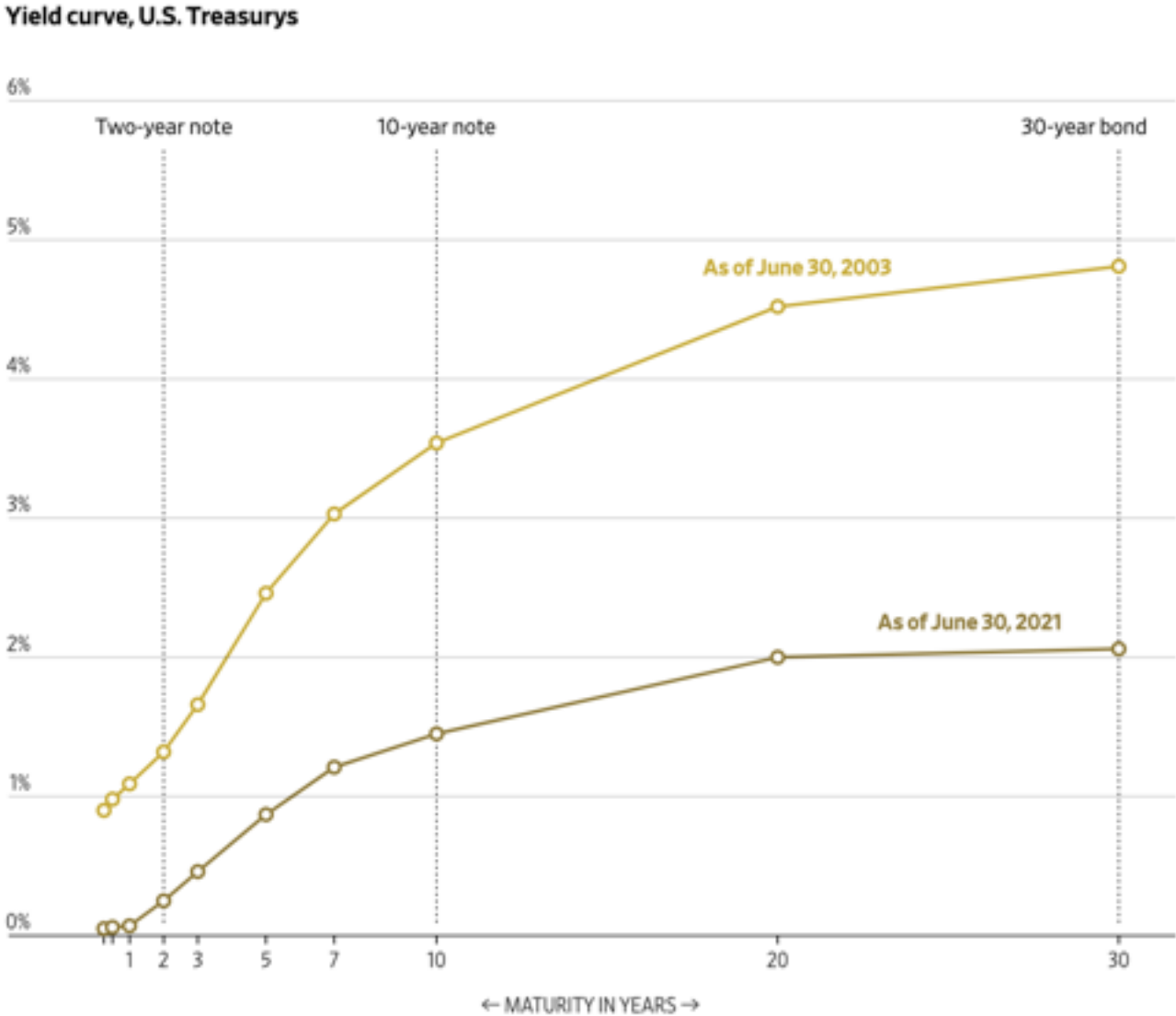
Treasury Yield Curve Trying to Find Direction



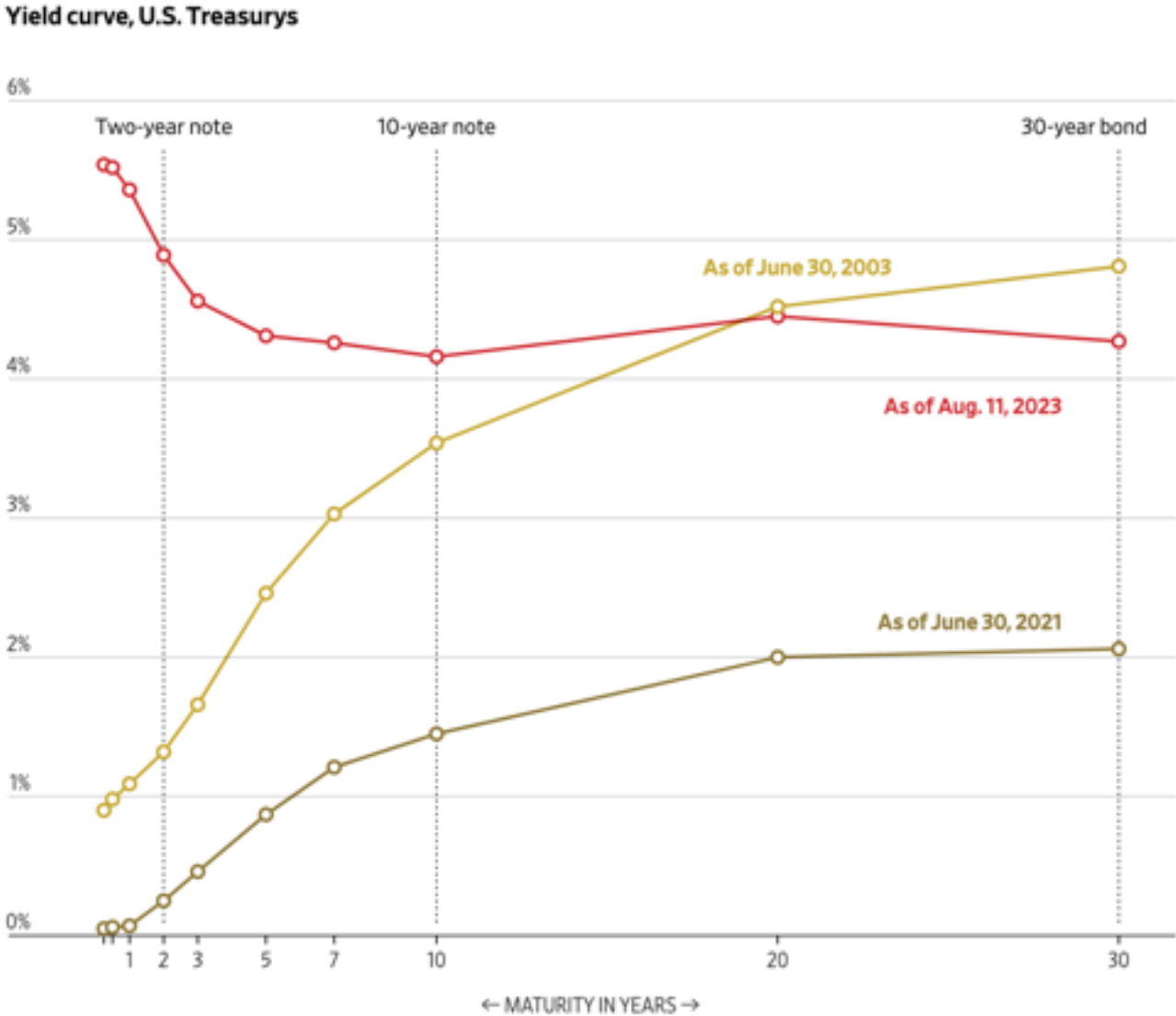
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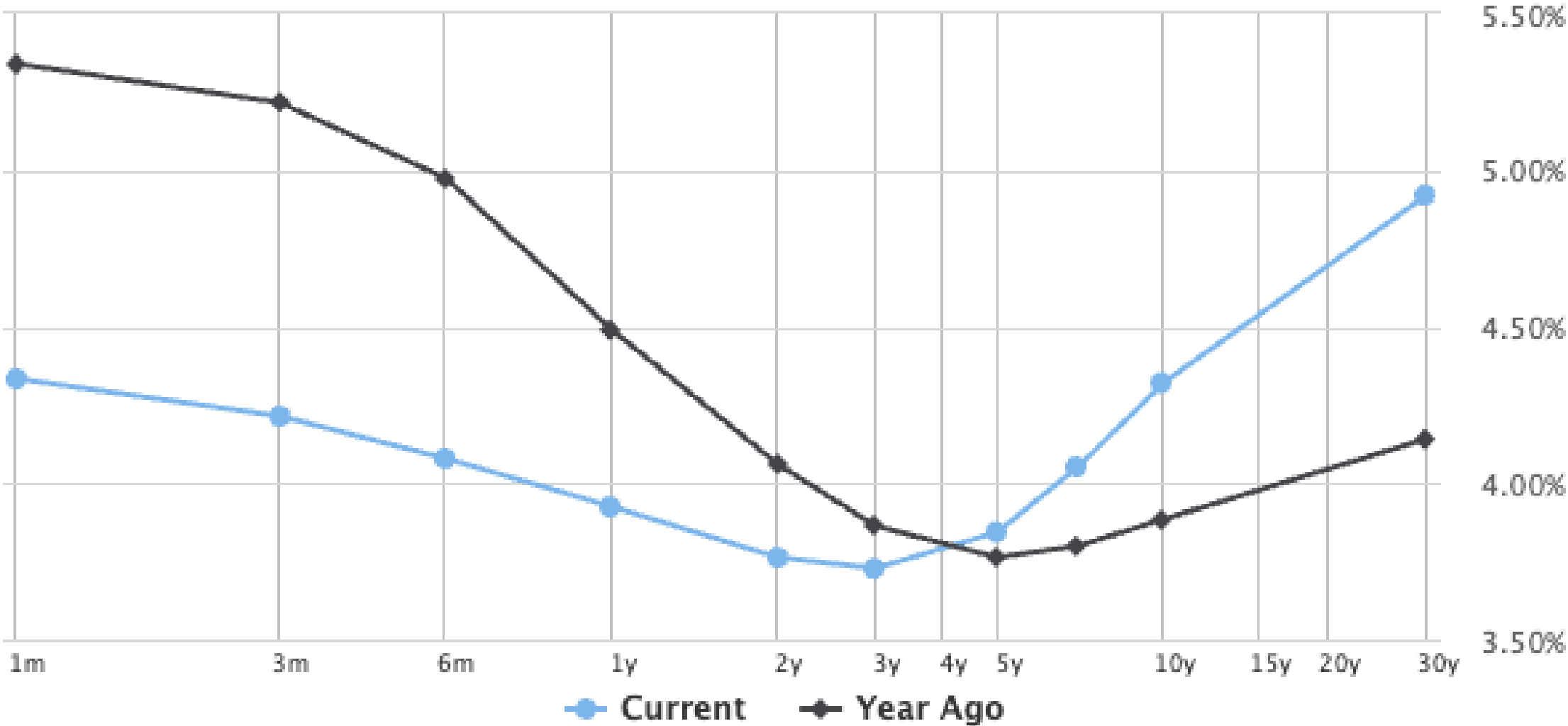
Treasury Yield Curve Trying to Find Direction



Treasury Yield Curve Trying to Find Direction



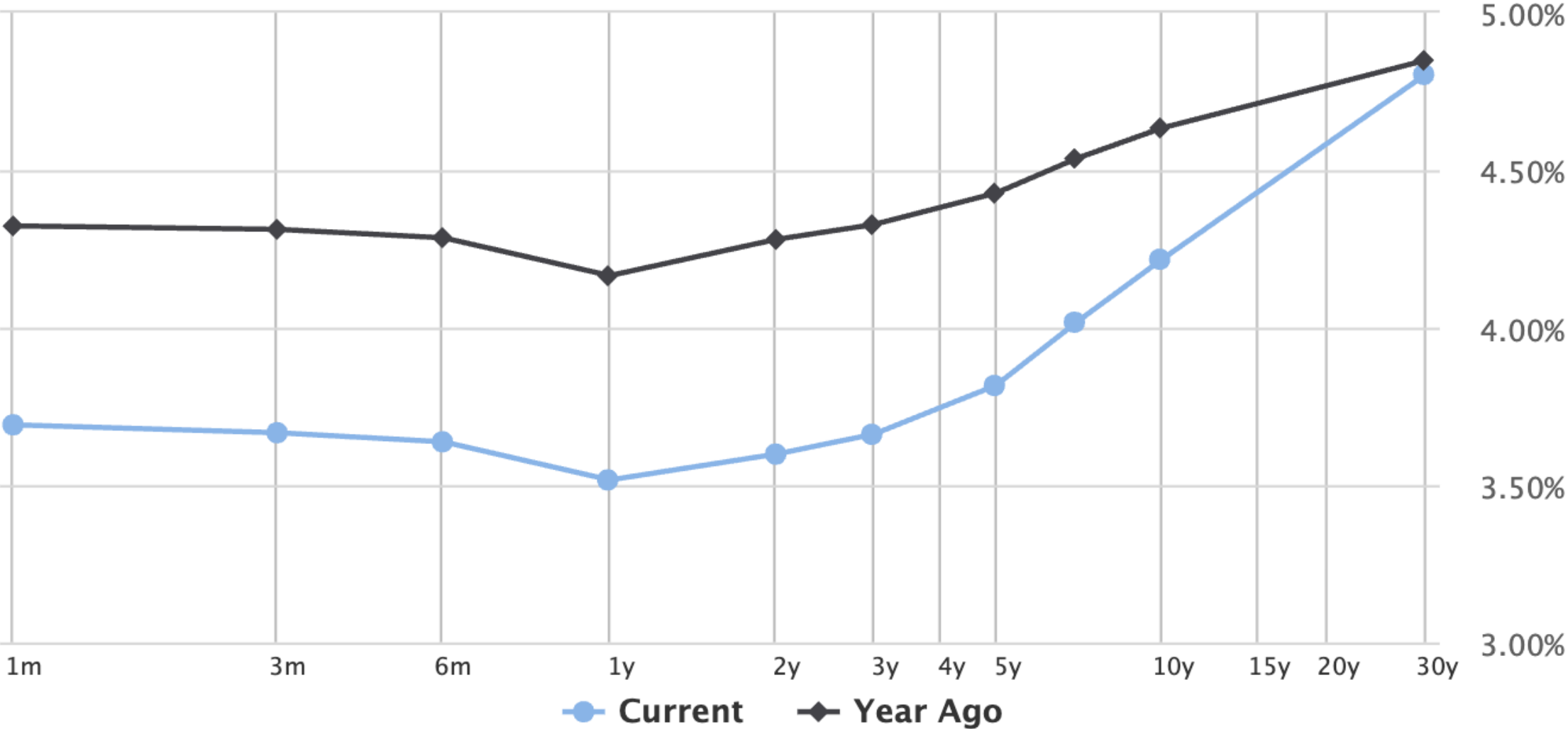
Treasury Yield Curve Re-Steepening (August 25)



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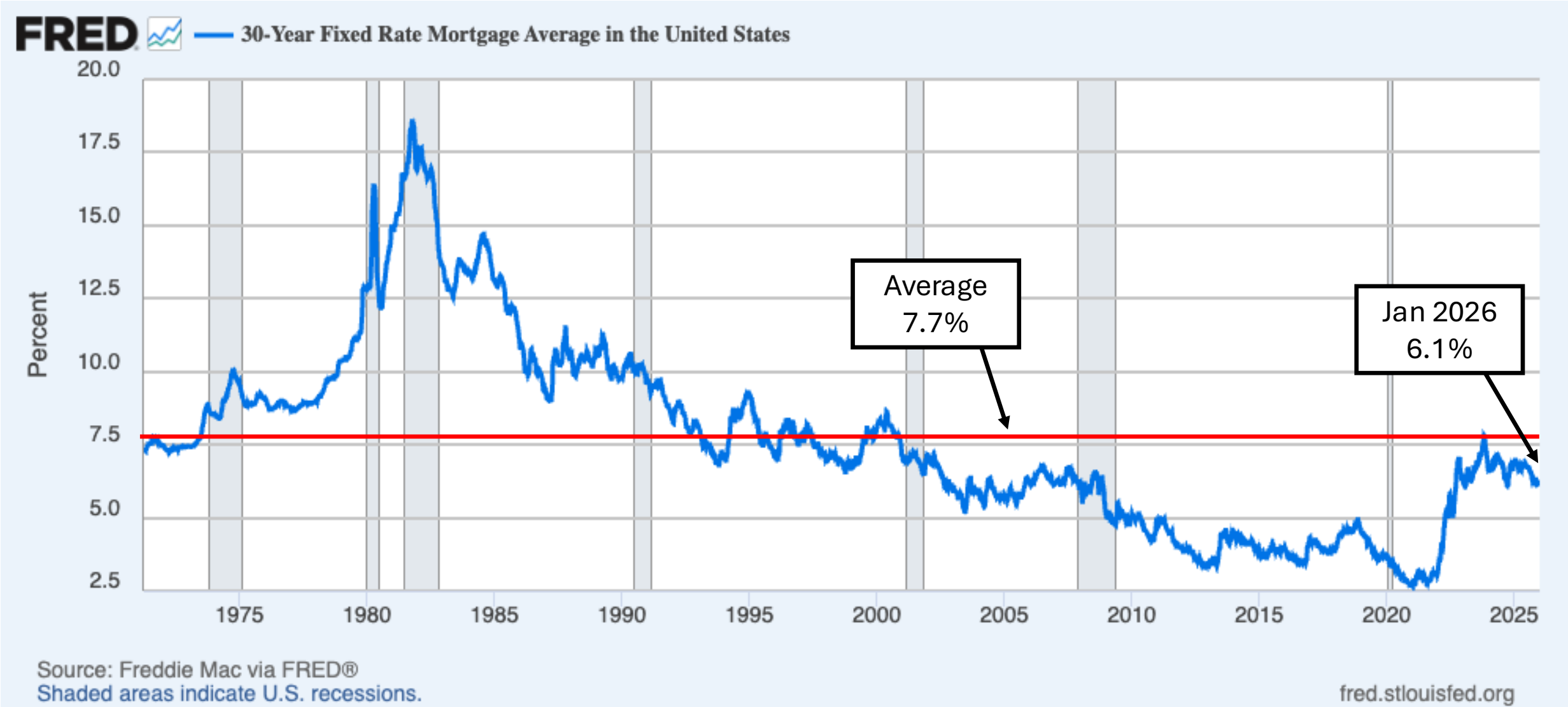
Treasury Yield Curve Re-Steepening (Now)



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Mortgage Rates Have Been Elevated for 3 Years

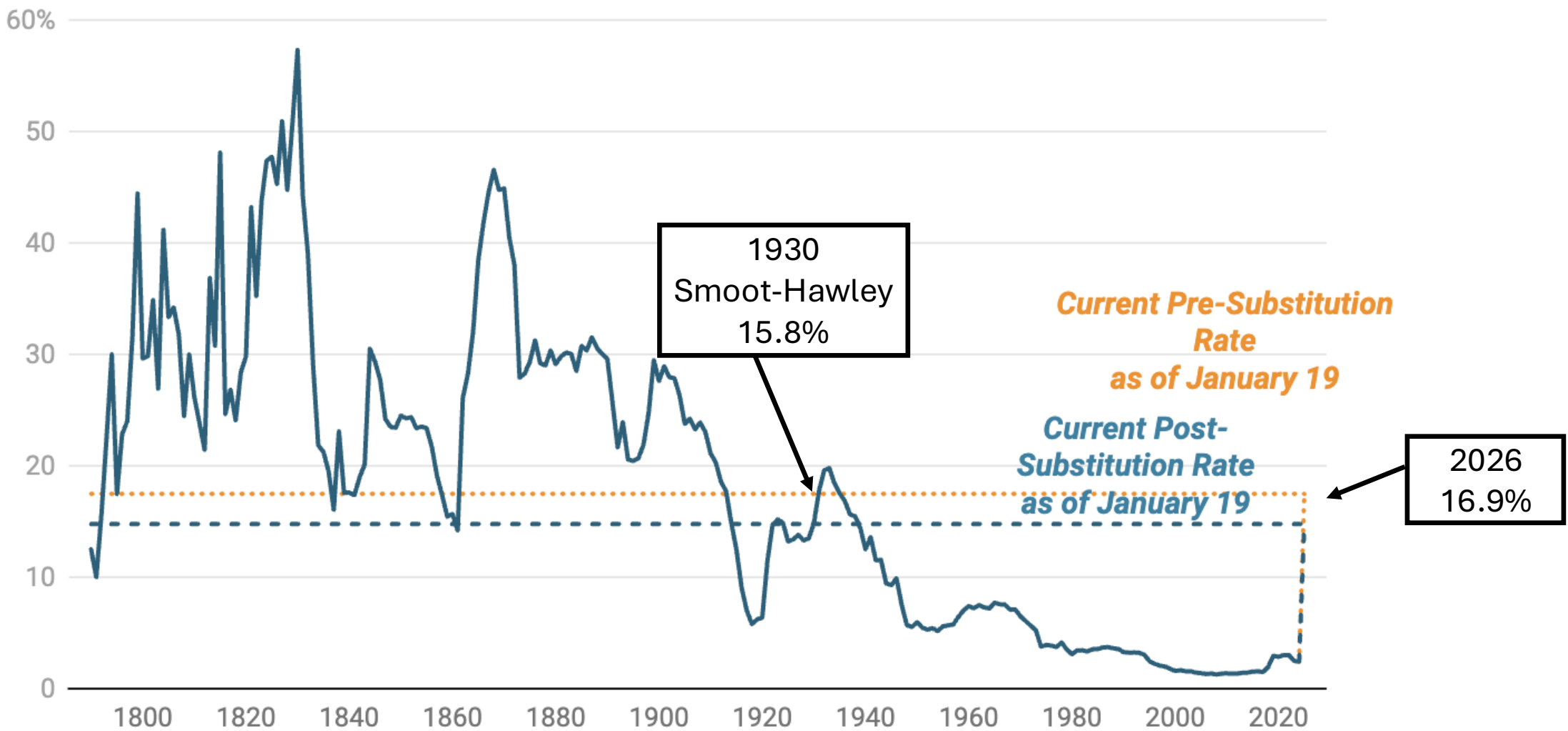


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Average Effective Tariff Rate Since 1790

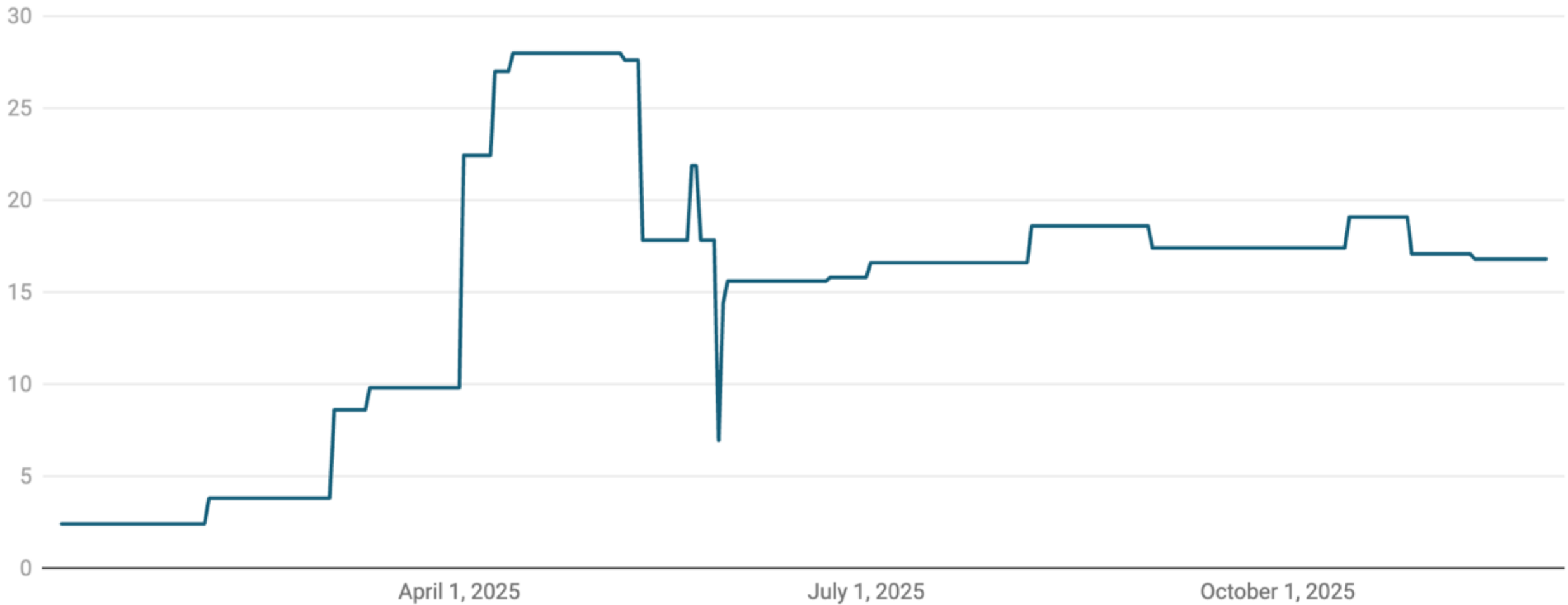
Customs duty revenue as a percent of goods imports



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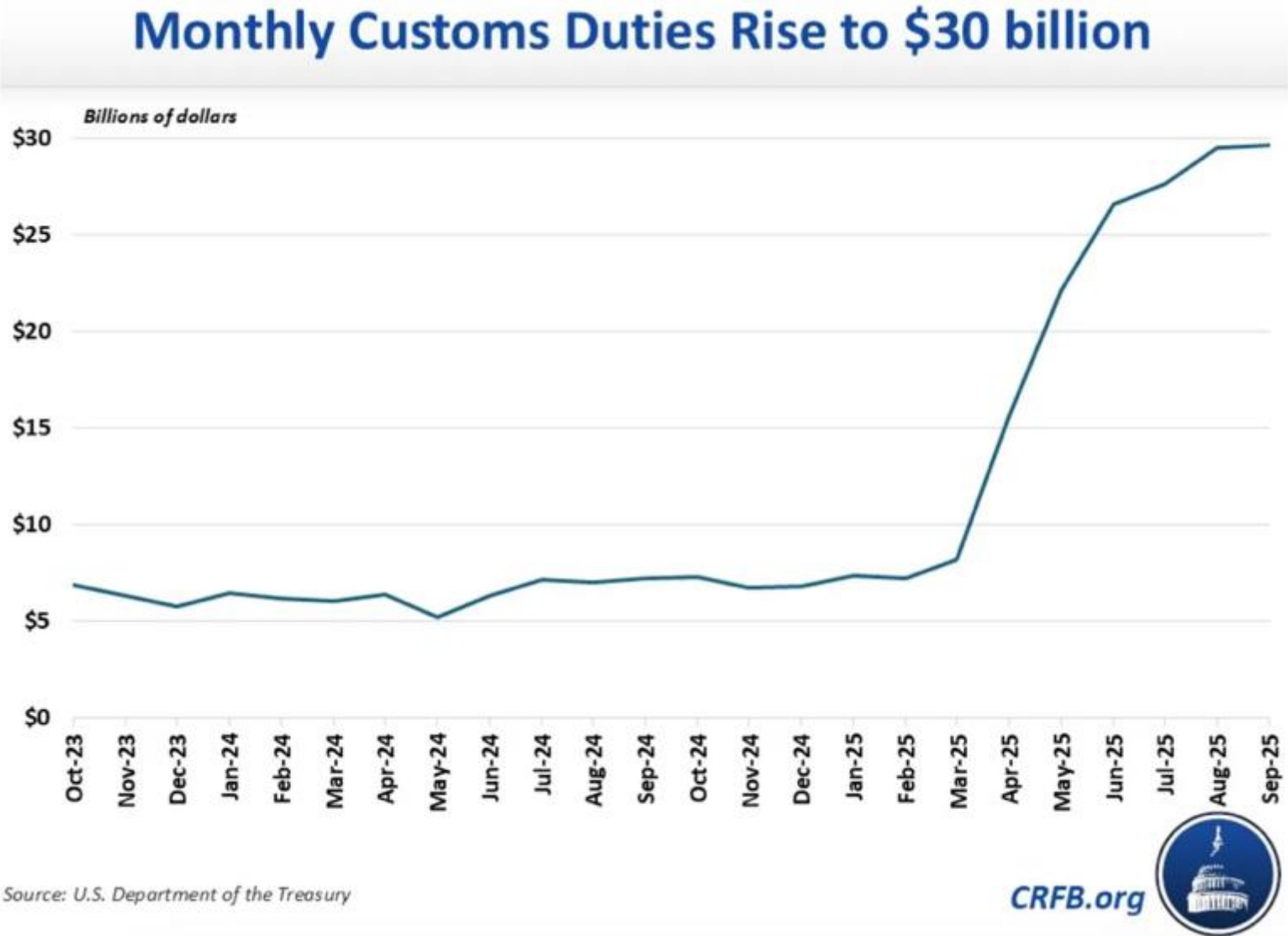
2025 Average Effective Tariff Rate



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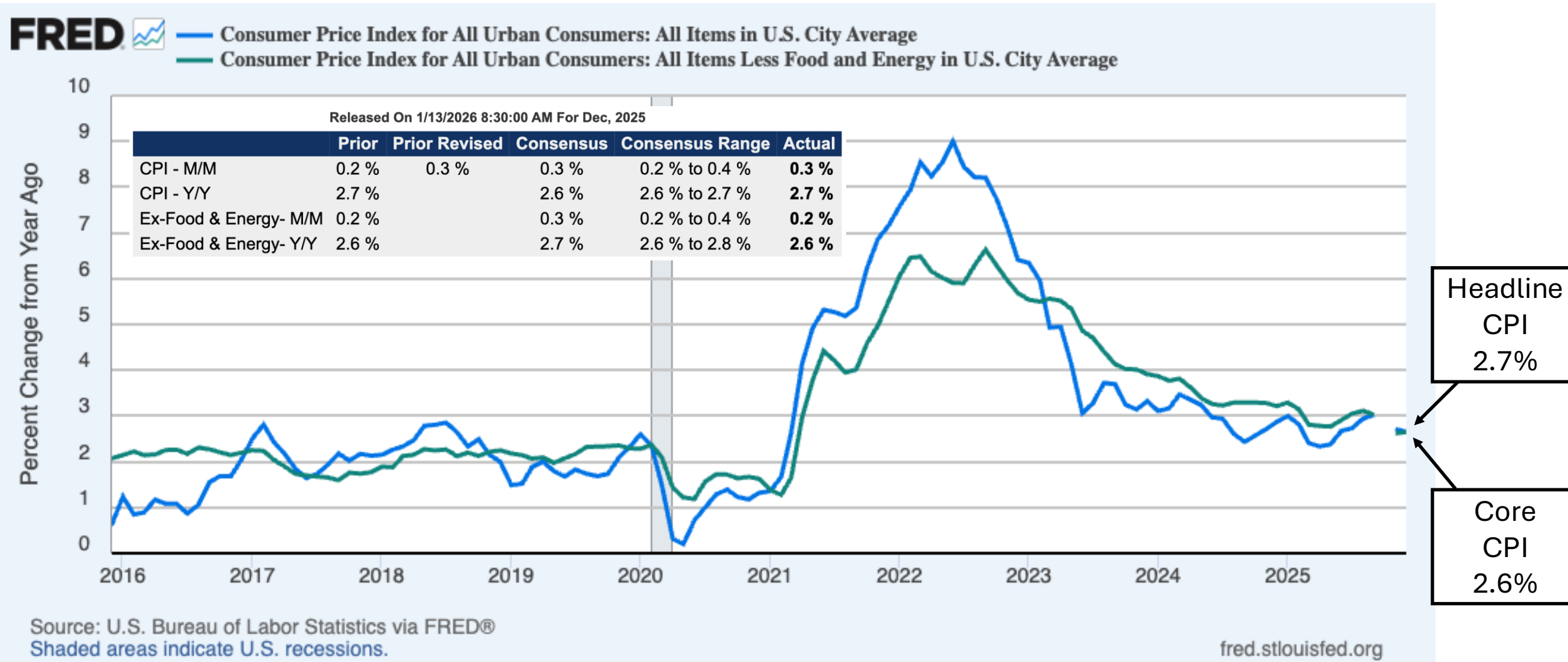
Tariffs Generating Federal Revenue



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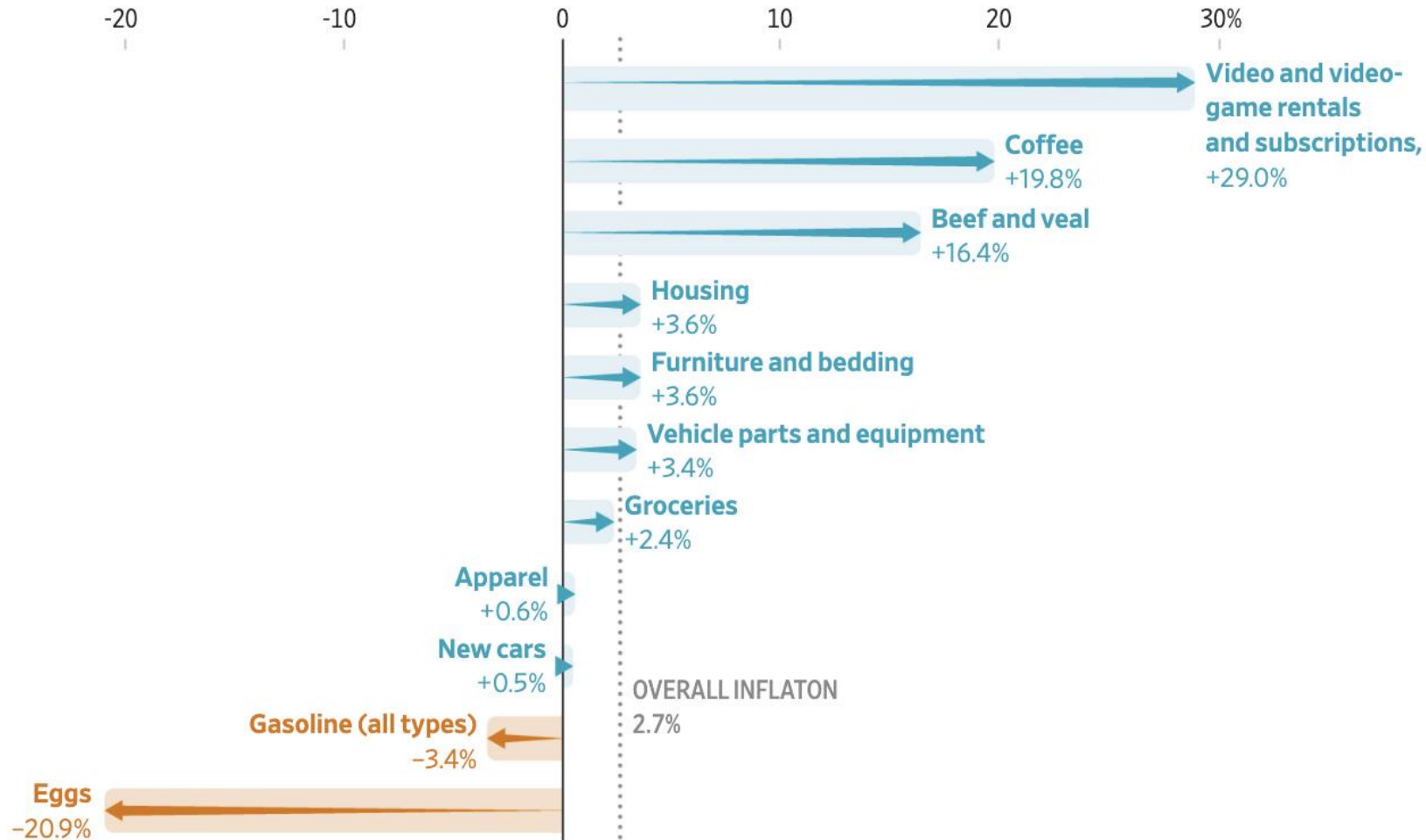
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Headline and Core Inflation Remain Elevated



Big Differences in Price Changes by Category

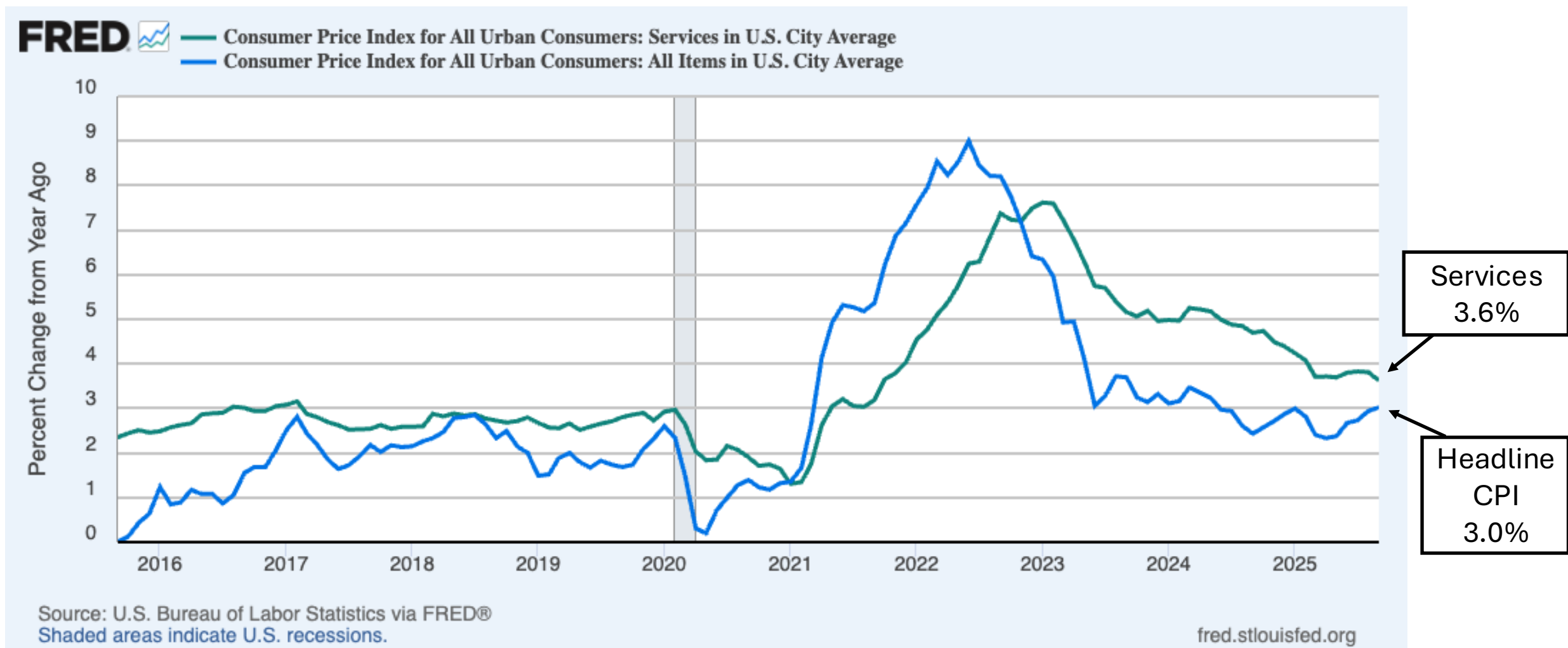
Consumer prices for select categories, change from a year earlier



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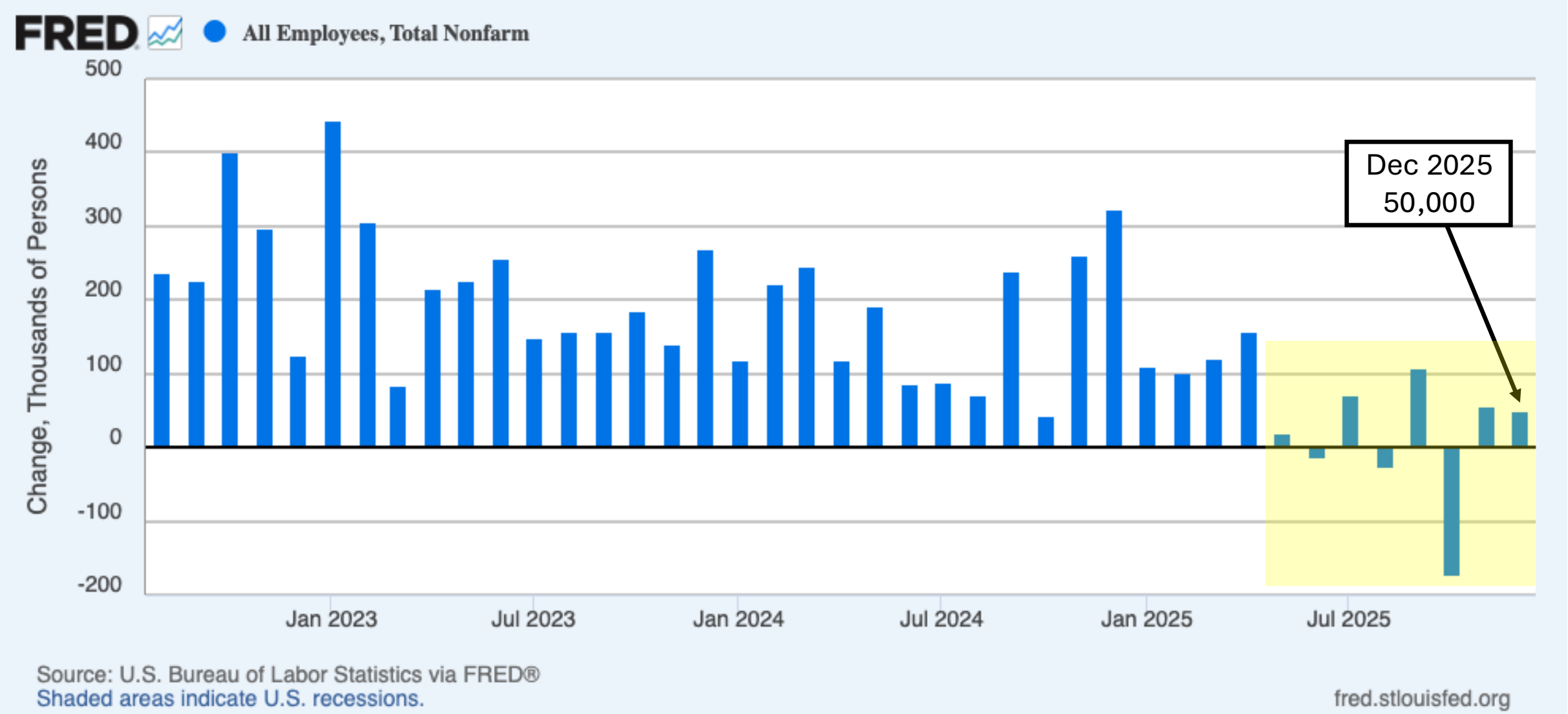
Services Inflation Higher Than Overall CPI



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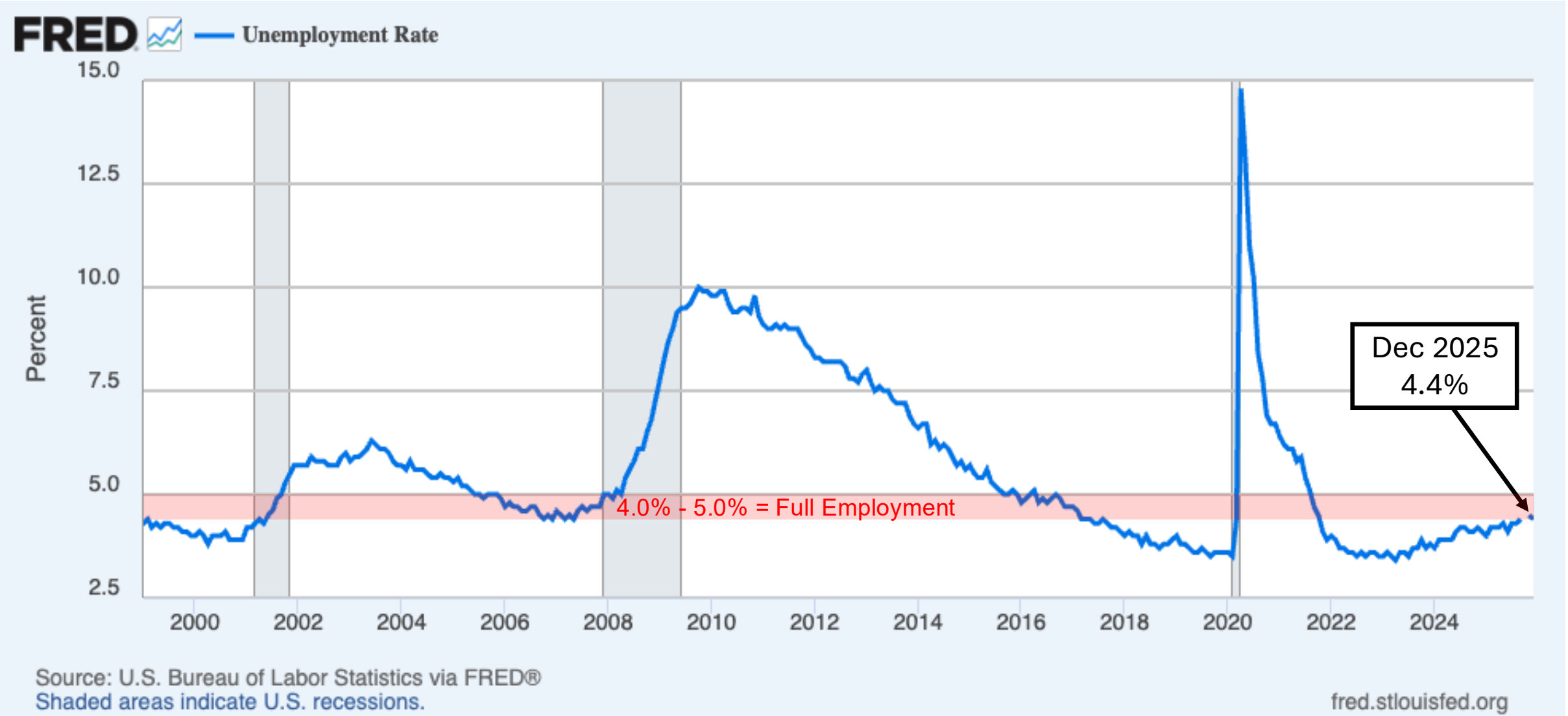
Job Growth Engine is Stalling



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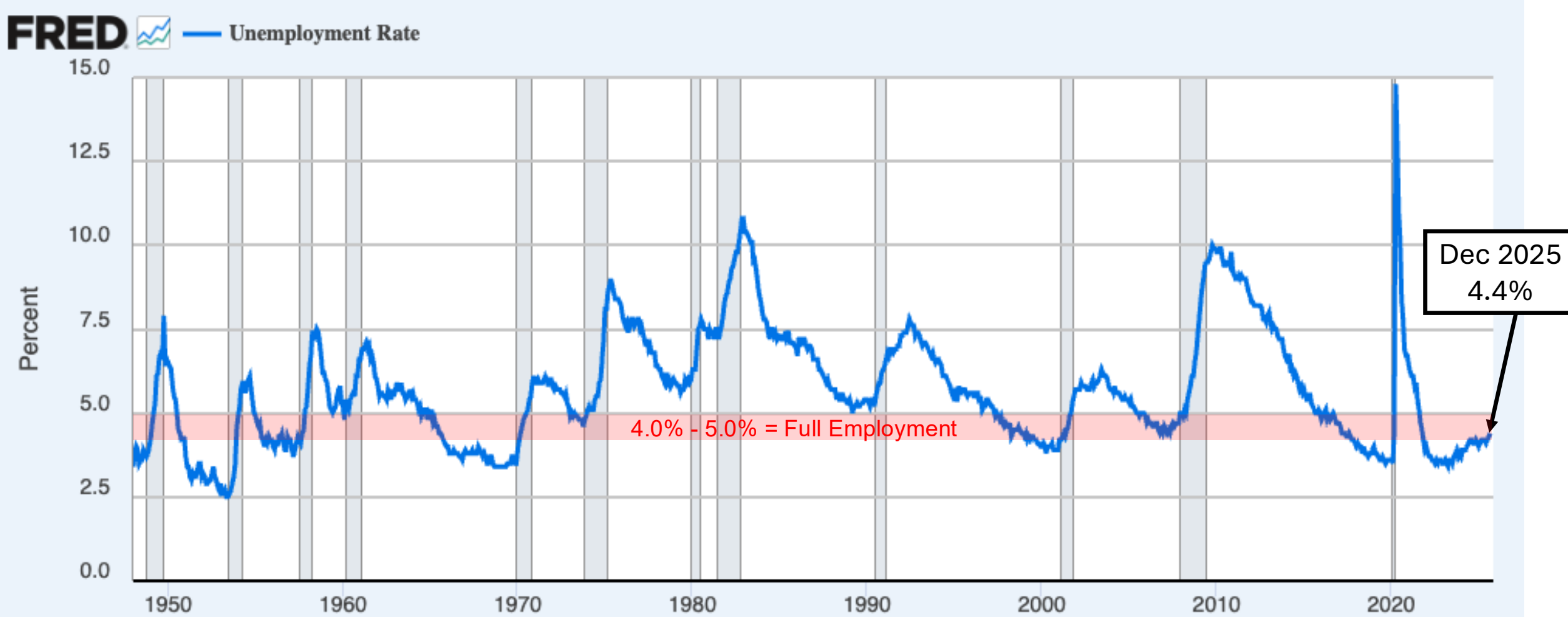
Unemployment Rate Trending Up



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U.S. Unemployment Rate Increasing



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

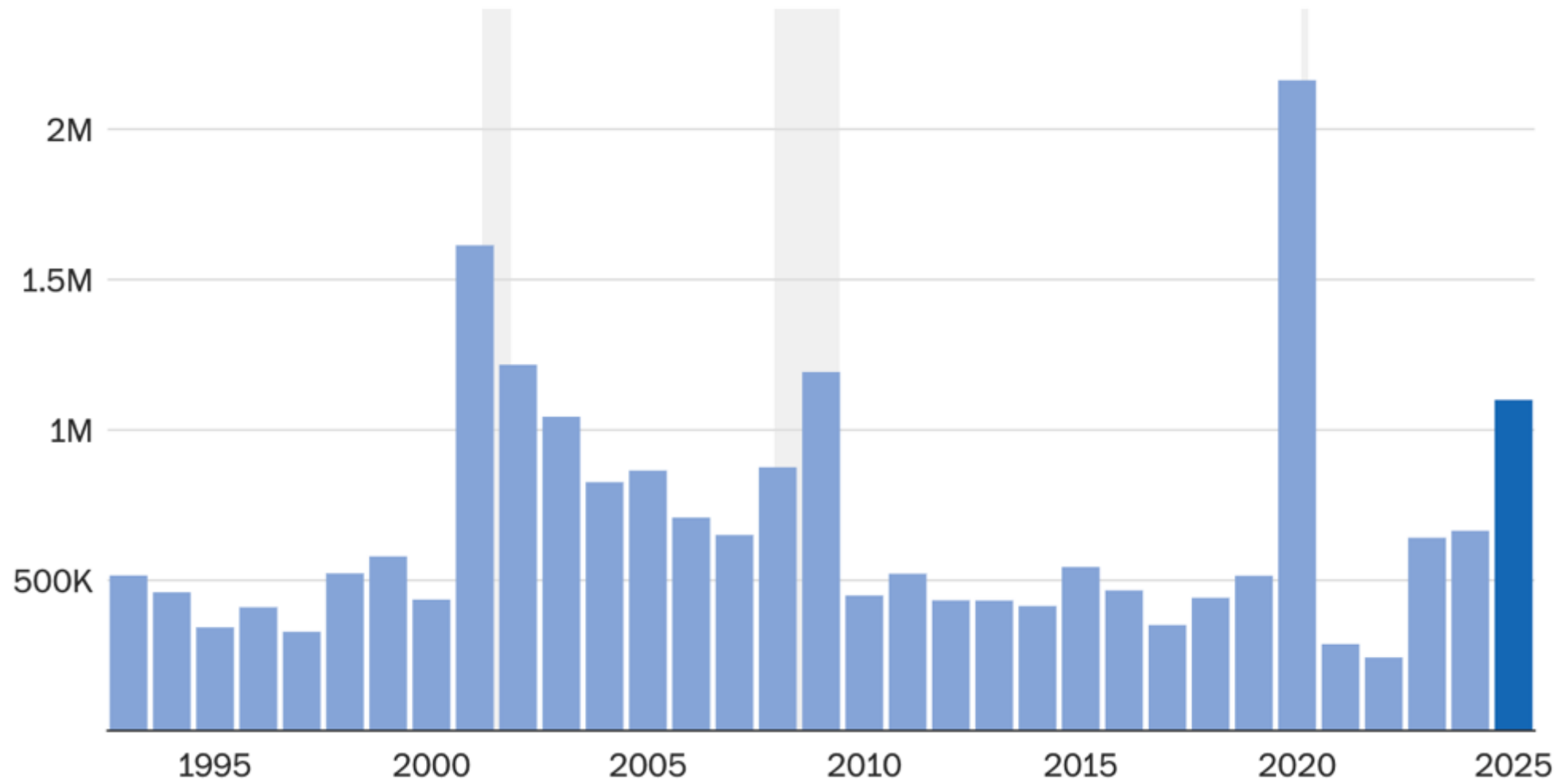
fred.stlouisfed.org

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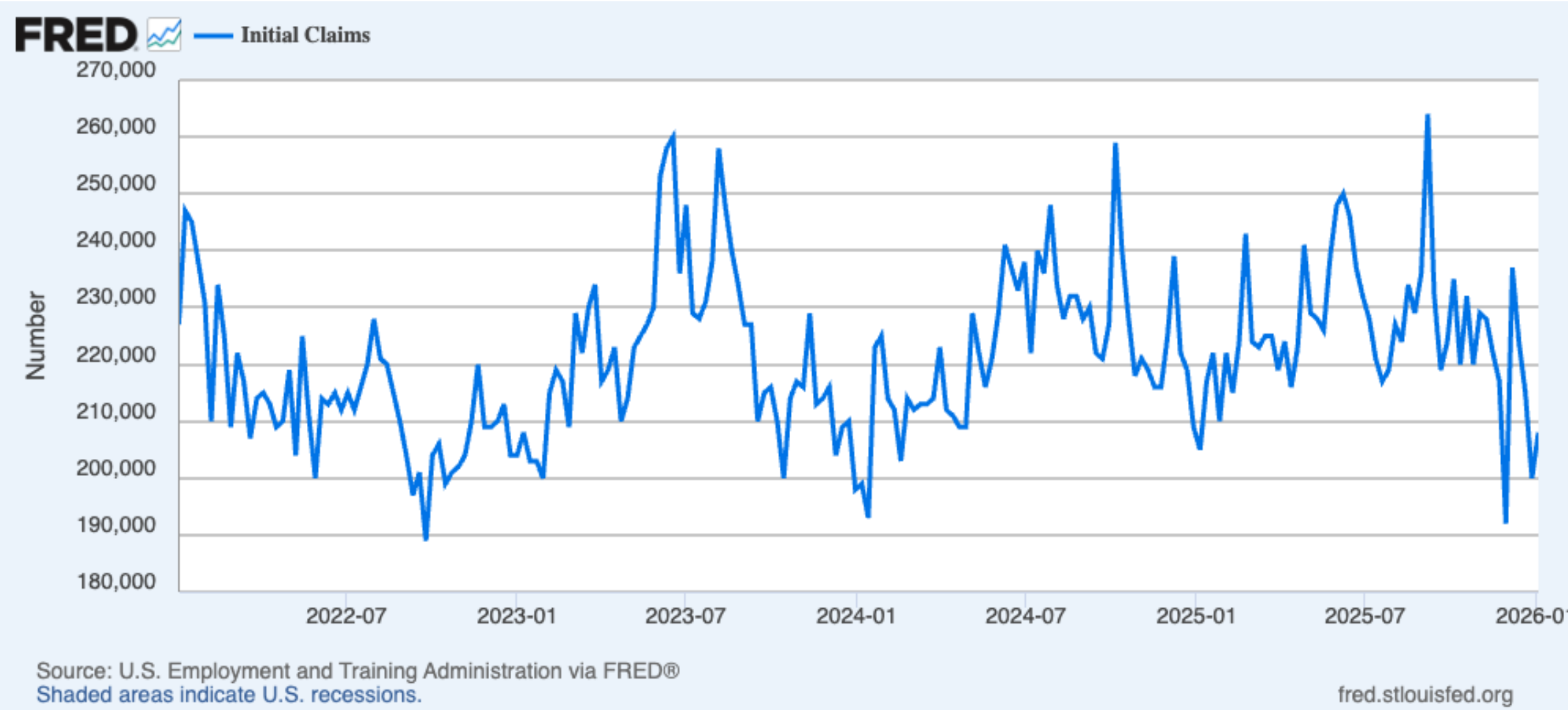
More Than 1 Million Workers Laid Off in 2025

Number of job cuts, January through October of each year



Sources: Challenger, Gray & Christmas; Washington Post

Initial Unemployment Insurance Claims Down



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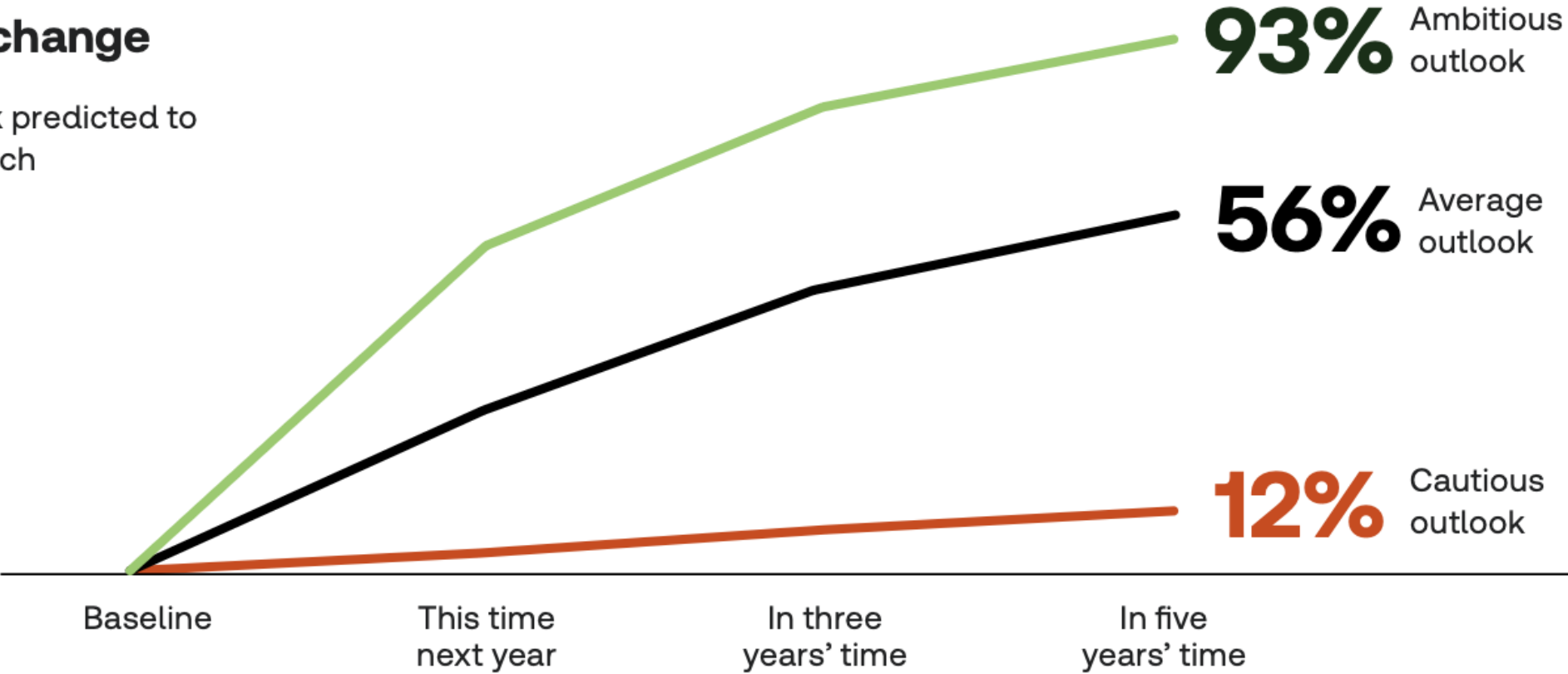

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AI Is Expected to Transform the Workforce

Predicted pace of change

Average proportion of work predicted to use the new AI-powered tech

In five years' time, an average of **56%** of professionals' work is predicted to utilize new AI-powered tech



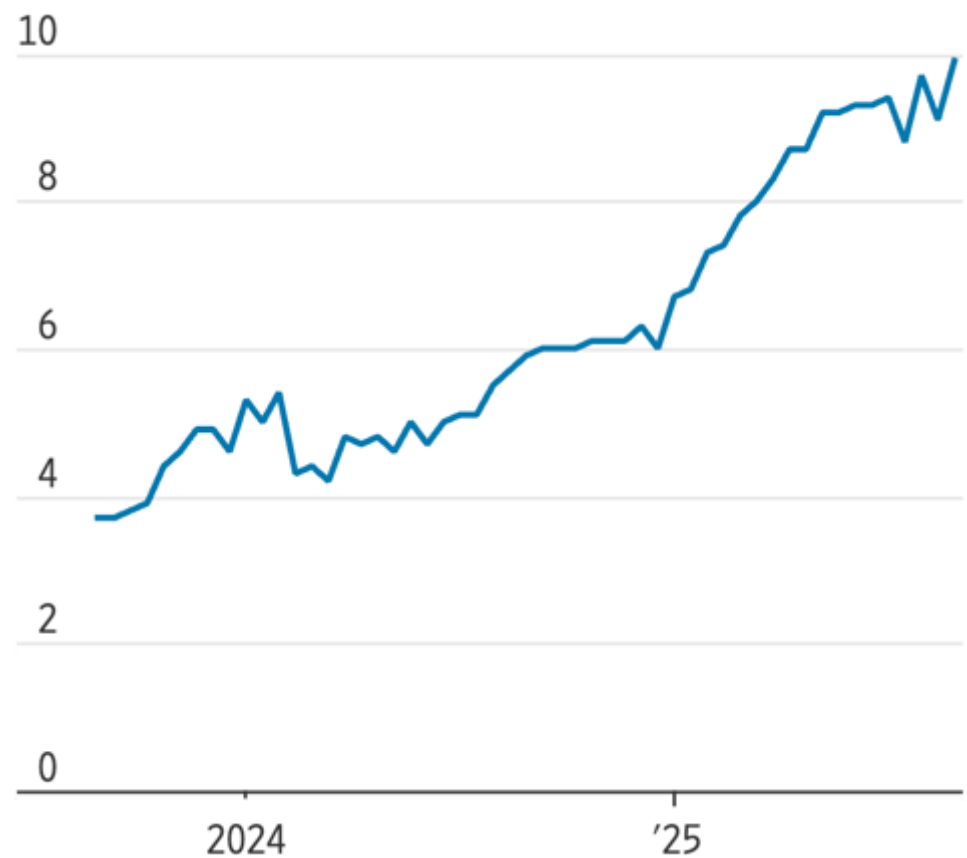
Source: Thomson Reuters 2024

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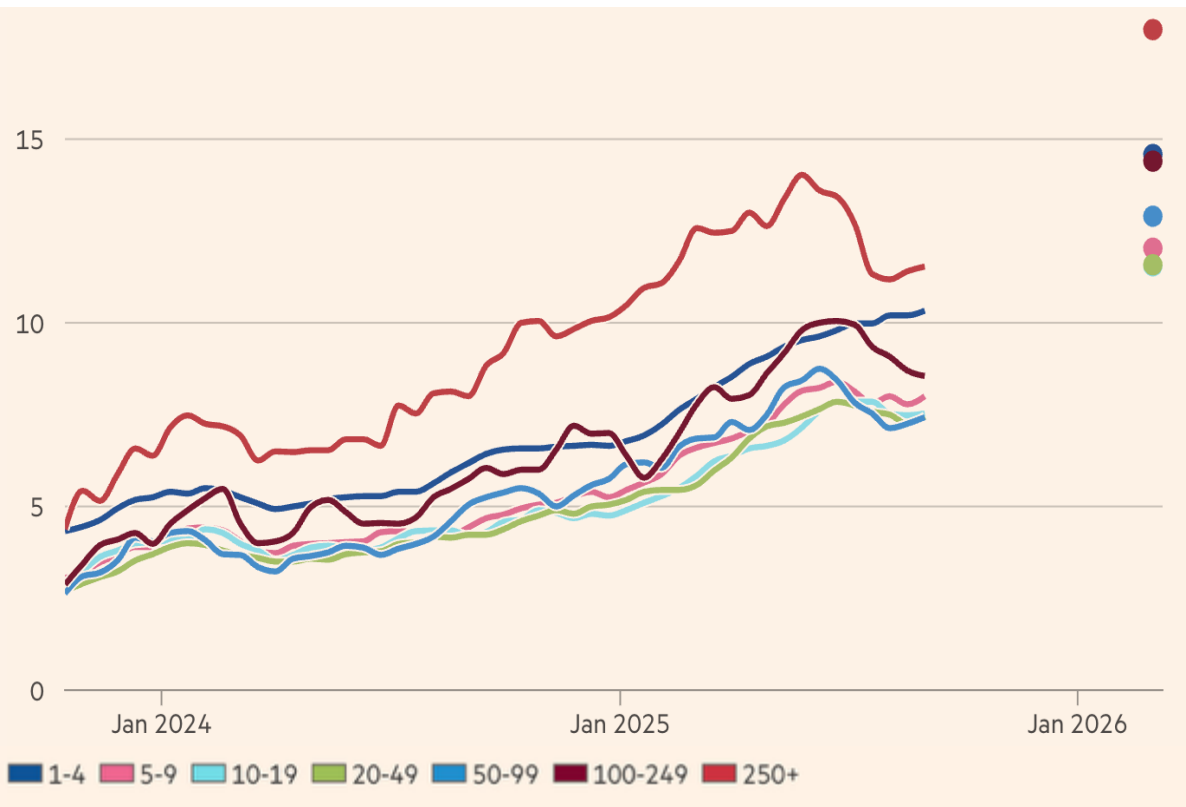
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AI Adoption is Increasing

Share of businesses reporting AI use in the last two weeks



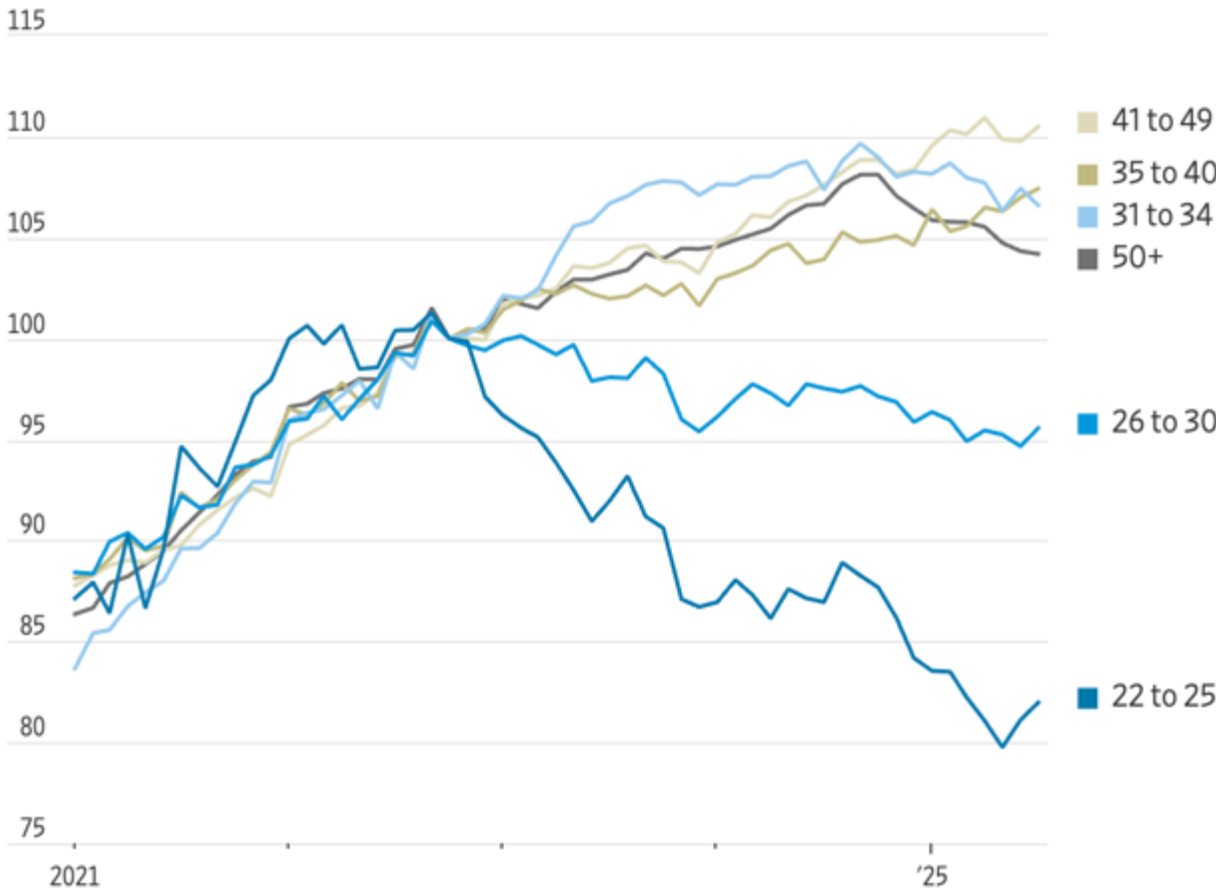
Current rate of adoption by firm size, based on number of employees. Dots show usage plans in 6 months



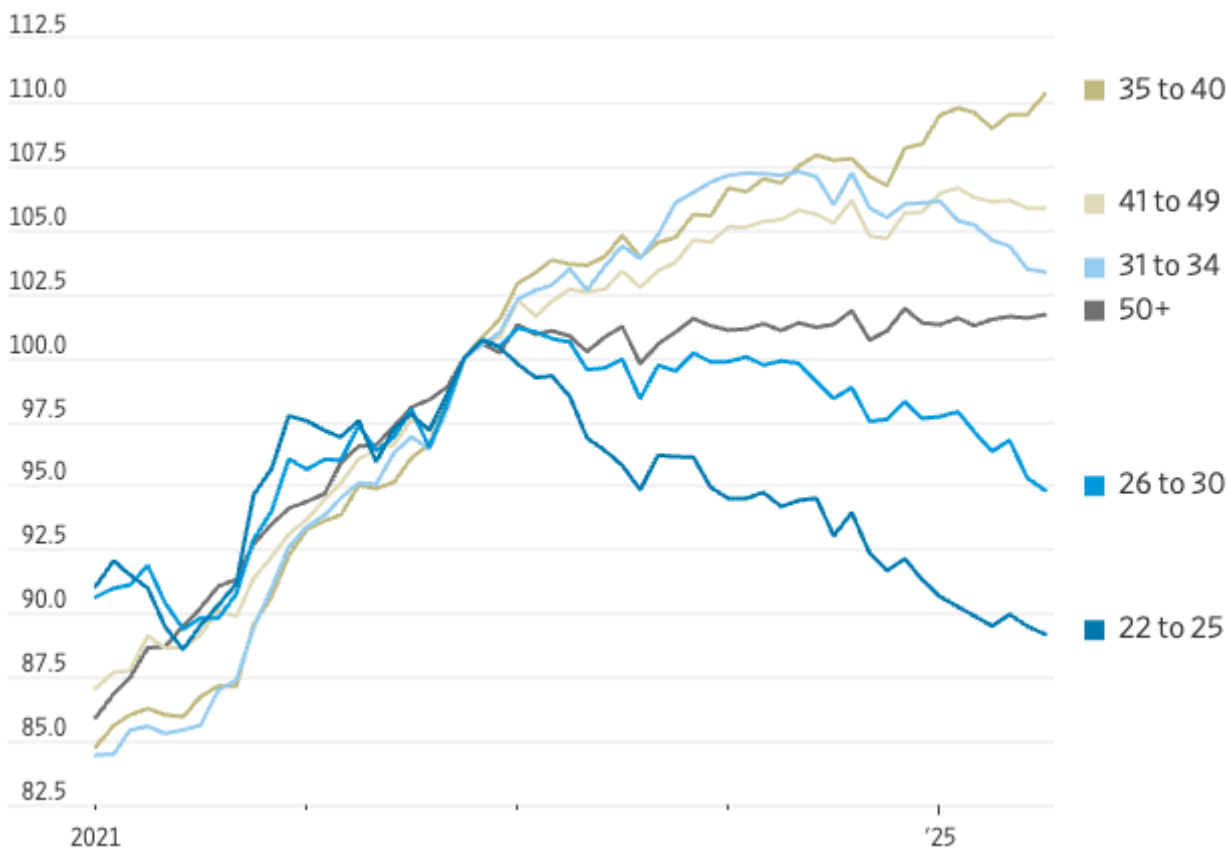
AI Is Transforming the Workforce

Employee Headcount By Age

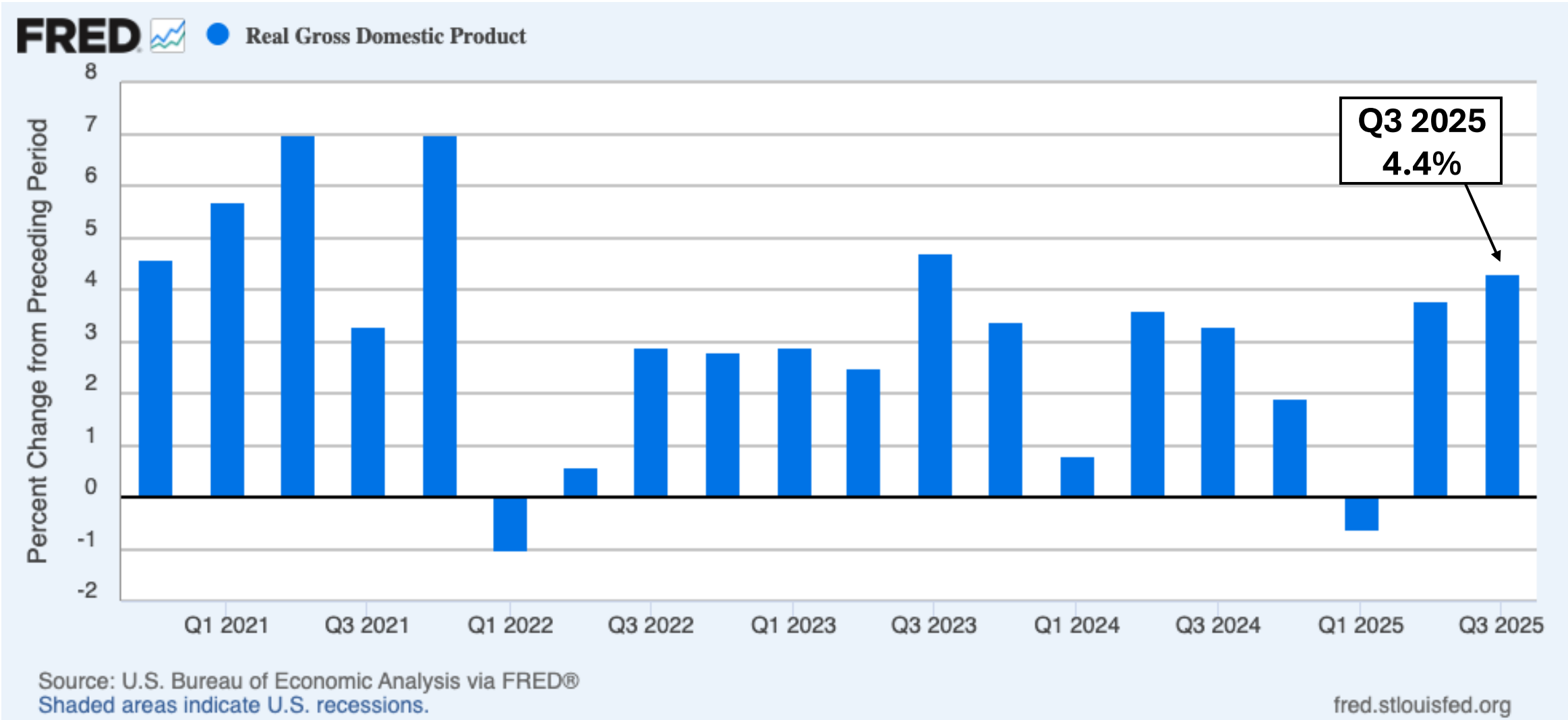
Software Developers



Customer Service Reps



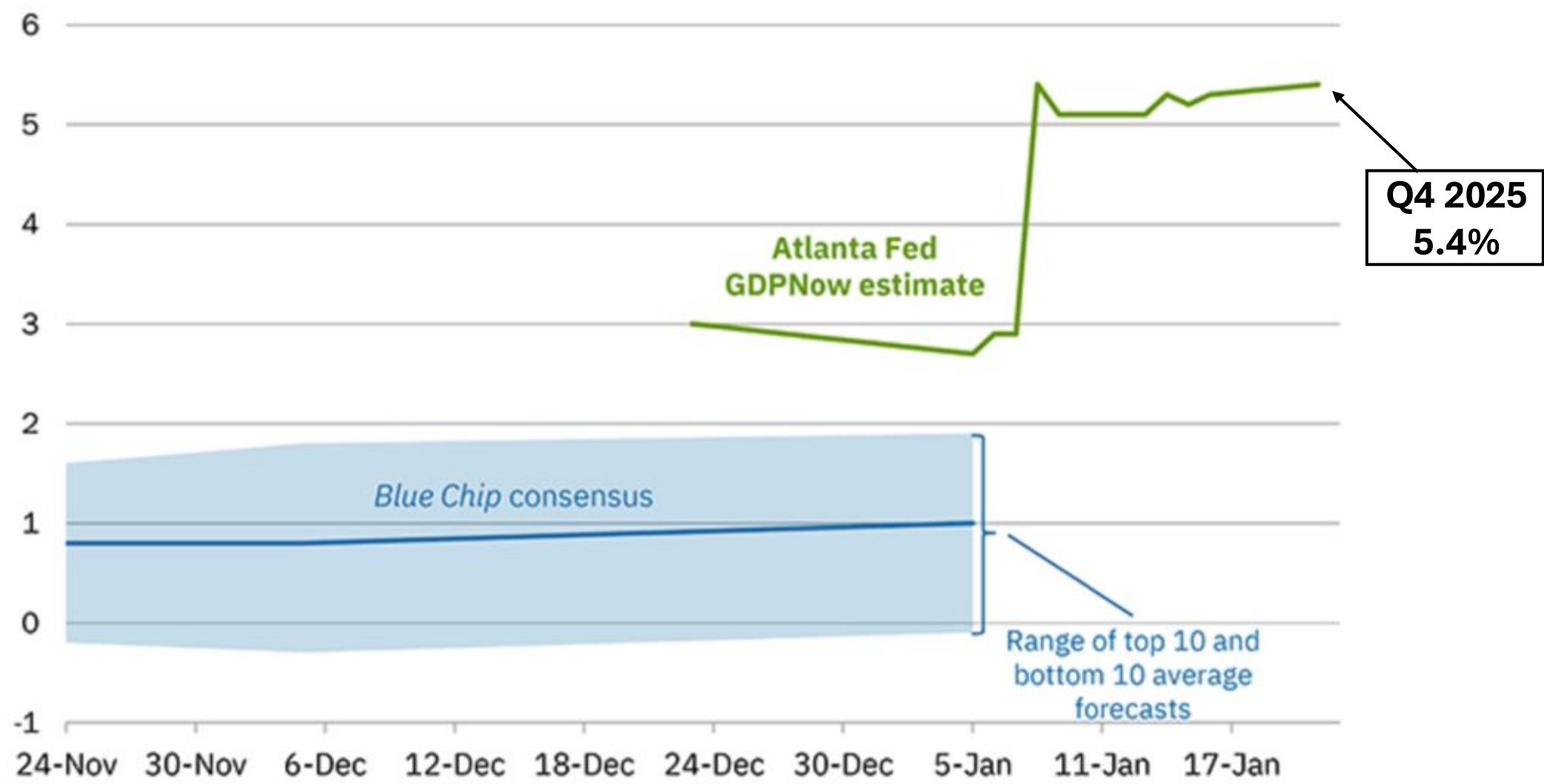
GDP Growth Accelerated in the 3rd Quarter



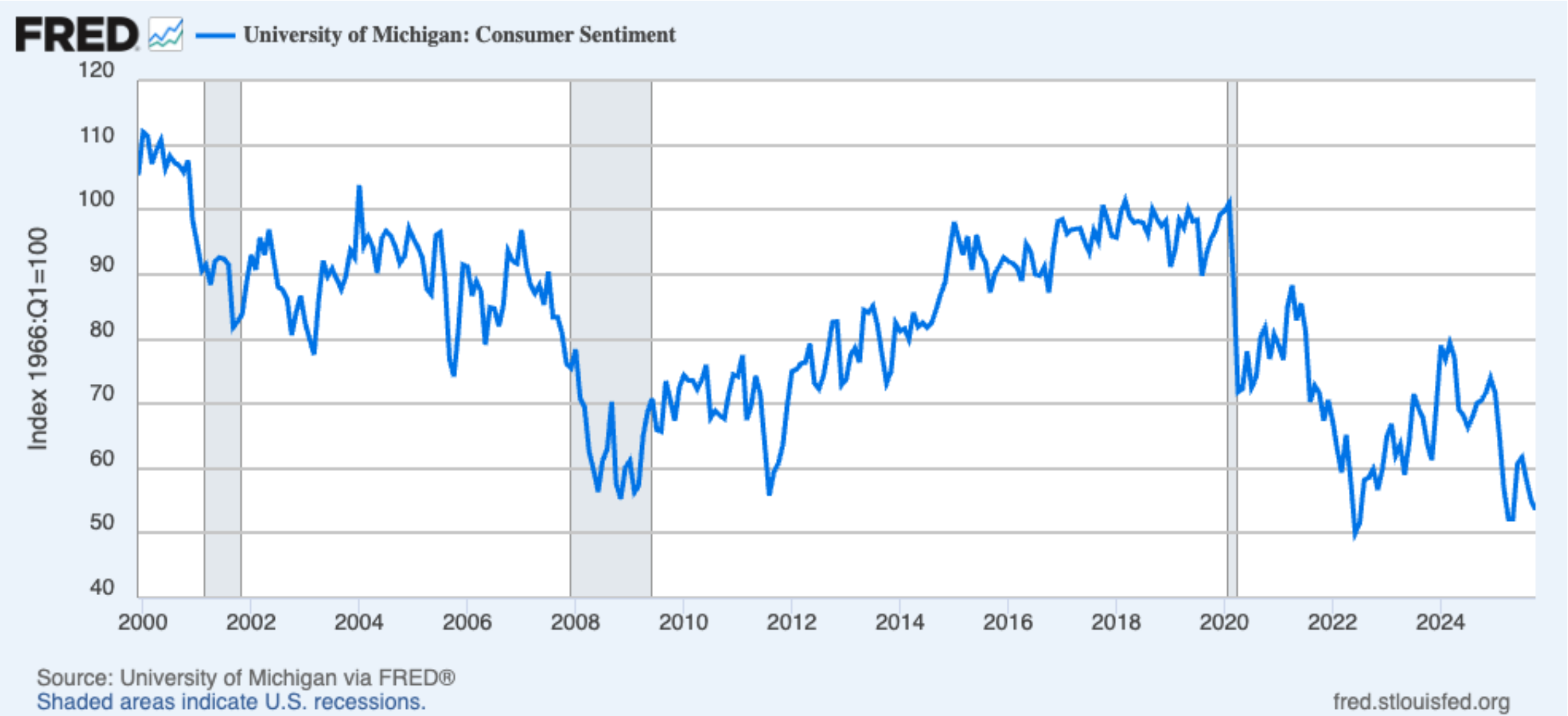
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4th Quarter GDP Expected to Remain Strong



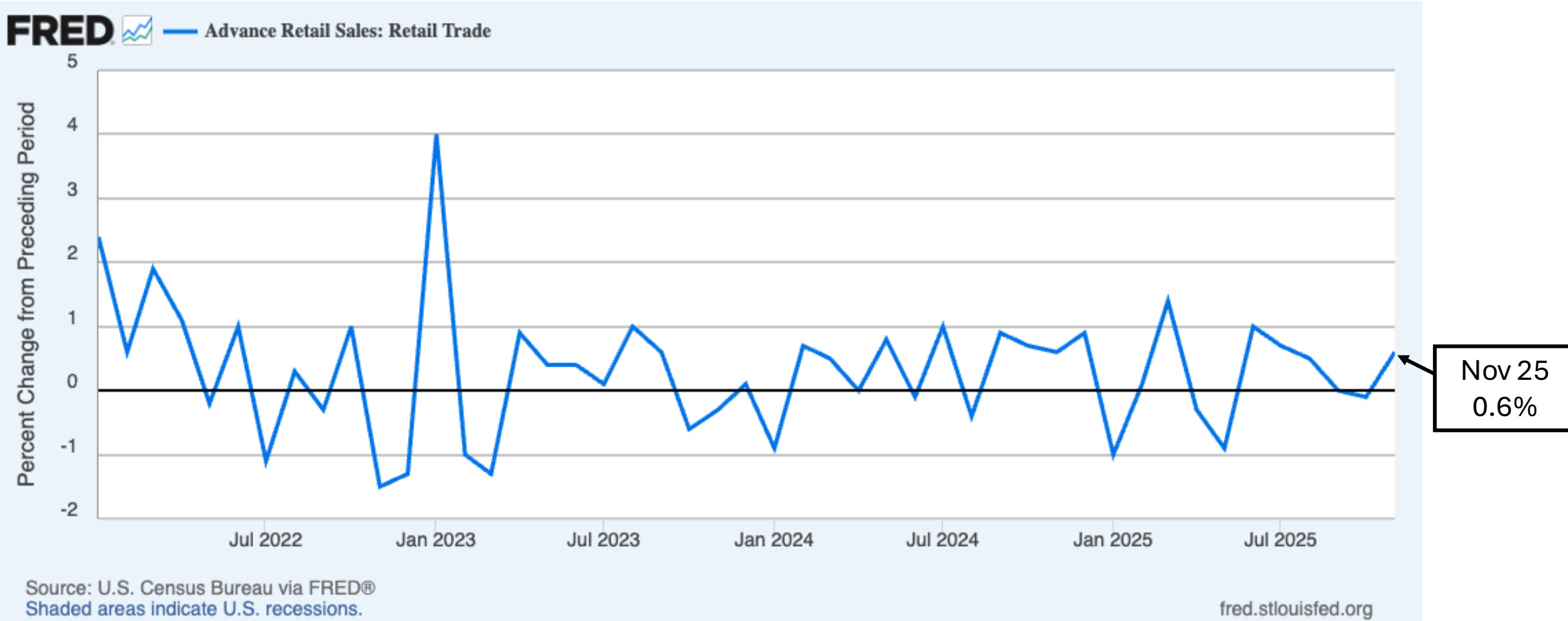
Consumer Sentiment Trending Down



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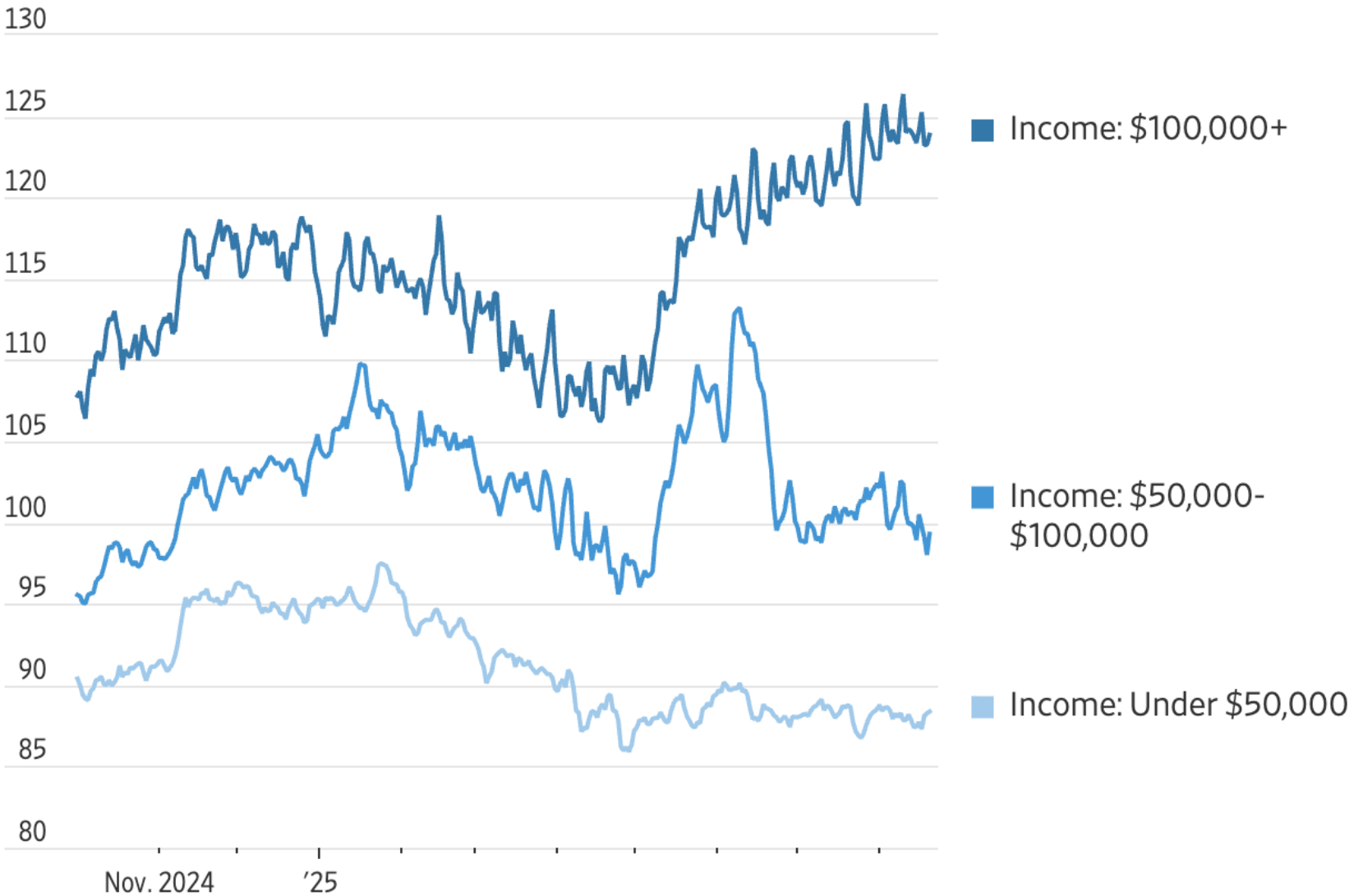
Retail Sales Holding Up



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Consumer Sentiment Varies by Income



Note: The daily index of consumer sentiment polls people about five questions regarding personal finances, and business and buying conditions
Sources: Morning Consult, Wall Street Journal

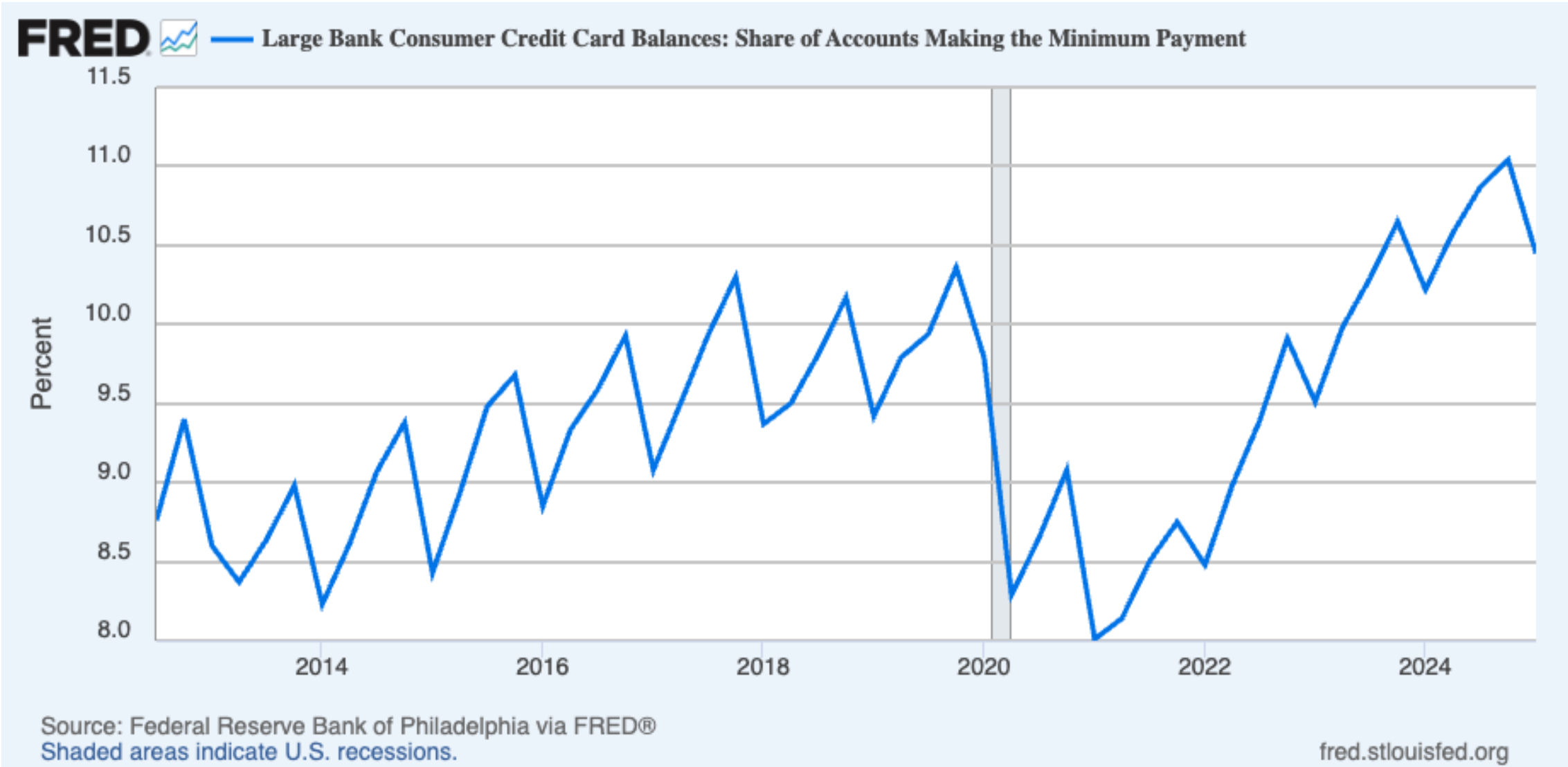
Personal Saving Rate Lower Than Before Covid



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Minimum Credit Card Payments Trending Up



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Consumer Loan Delinquency Rate Elevated

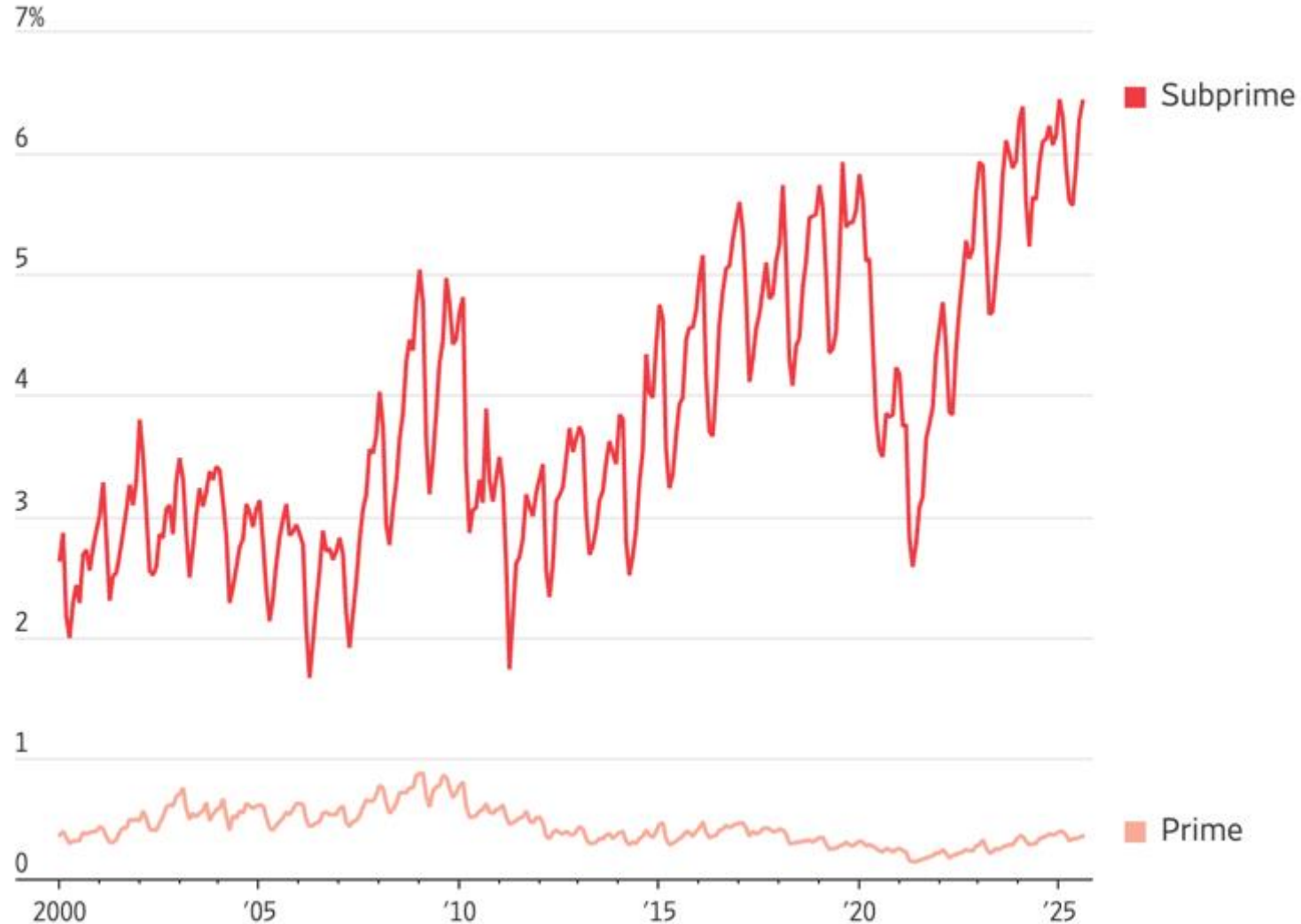


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Americans Are Falling Behind on Car Payments

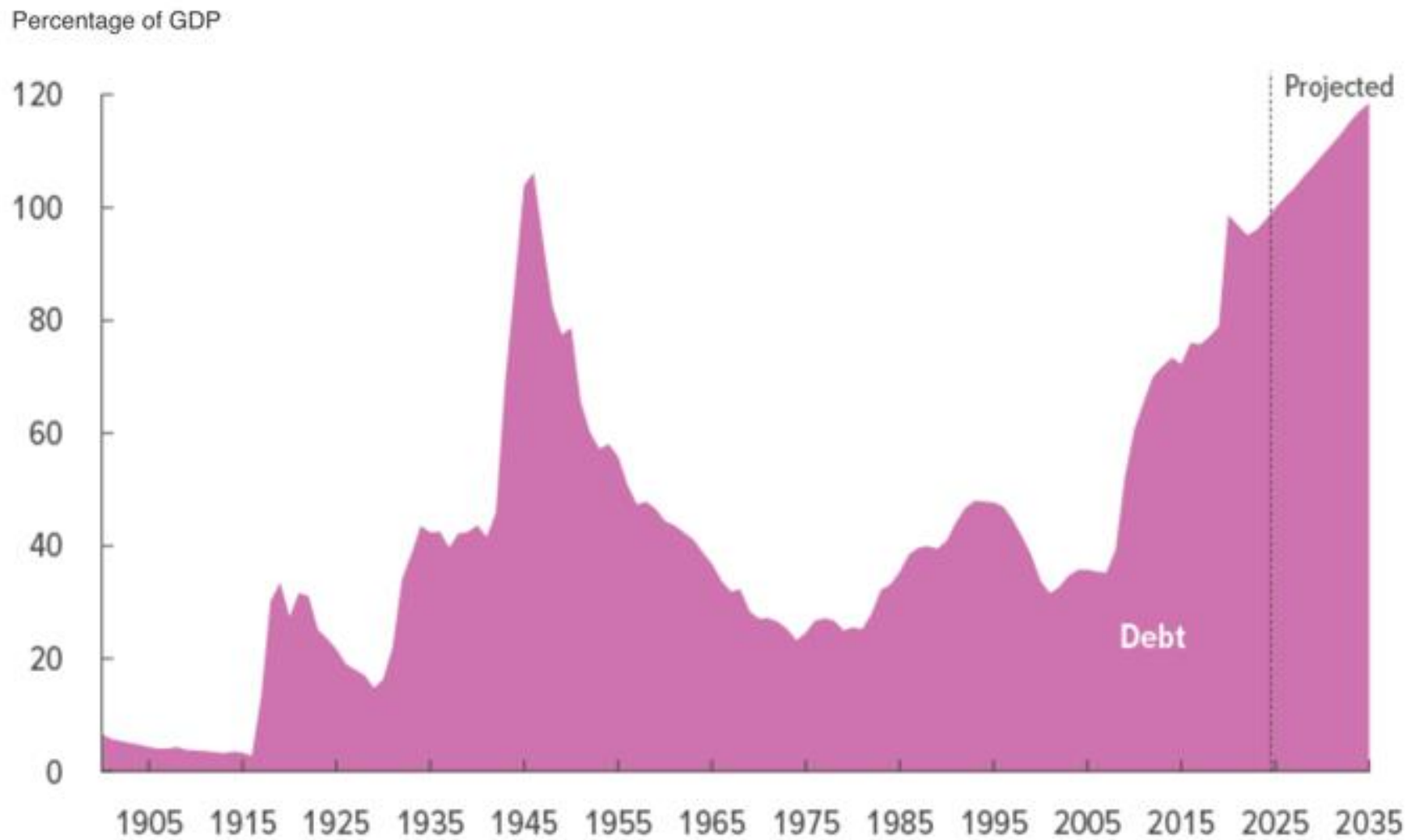
Portion of loan receivables 60 or more days delinquent, by credit type



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National Debt a Mounting Problem

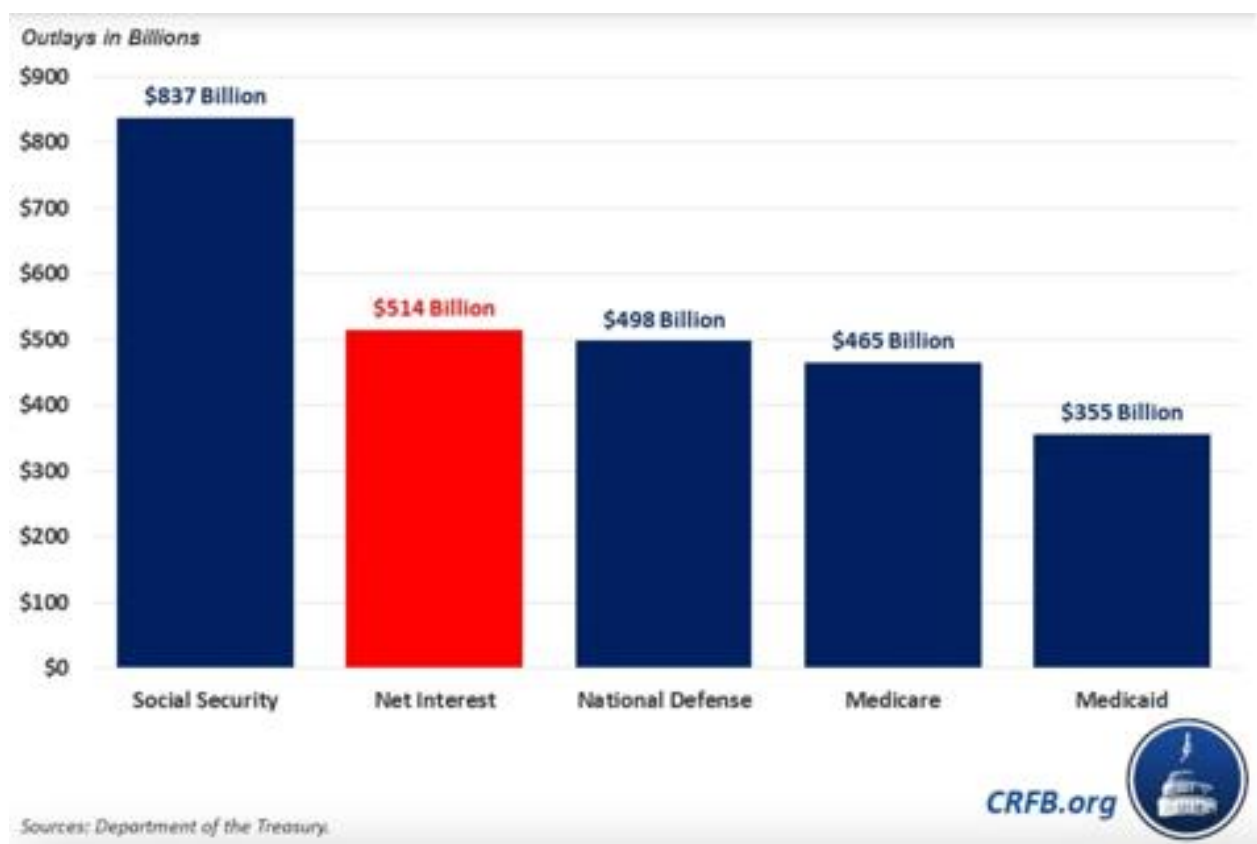


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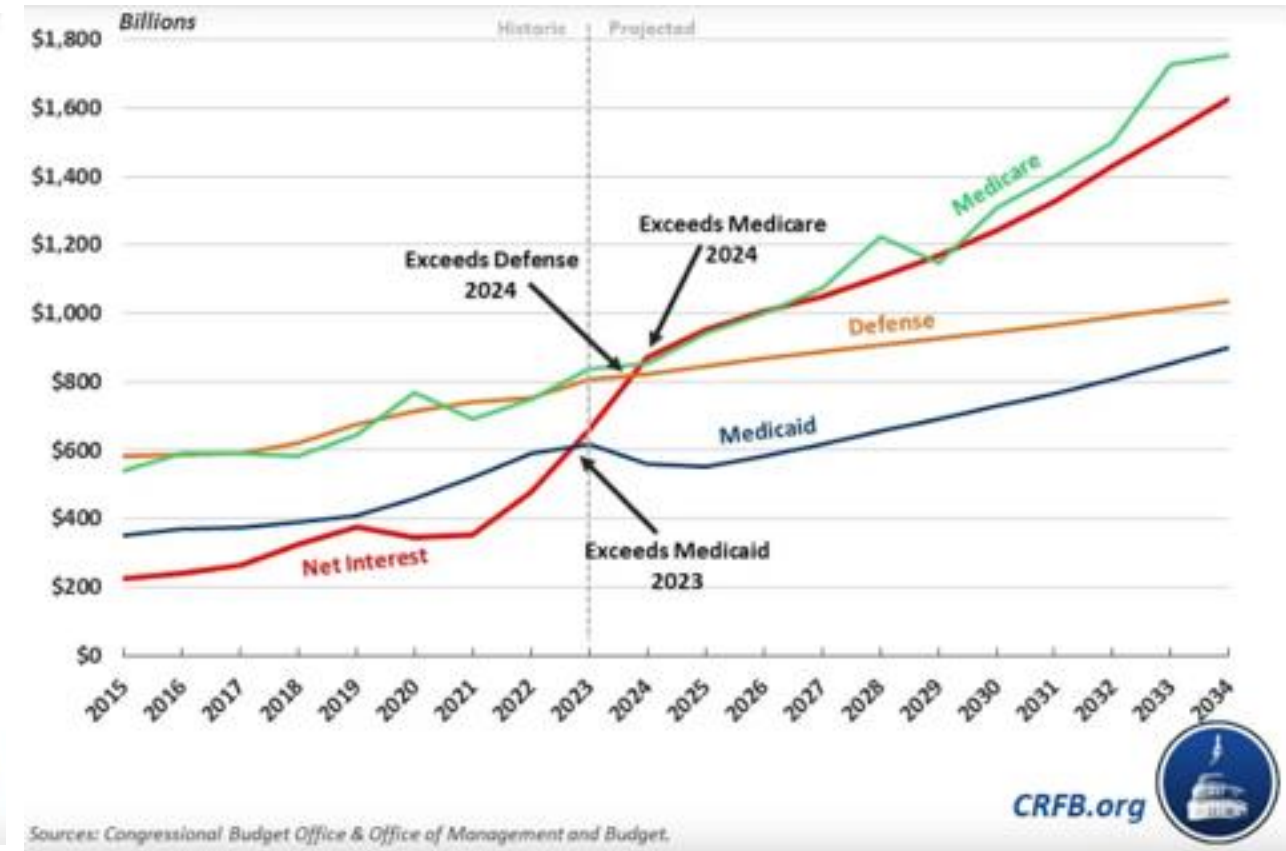
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Net Interest Payments Crowd Out Priorities

Servicing National Debt
Is Now More than Defense, Medicare, and Medicaid



Sources: Department of the Treasury.



Sources: Congressional Budget Office & Office of Management and Budget.

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Overview of H.R. 1 – the Big Beautiful Bill

"One Big Beautiful Bill Act" FY 2025 Reconciliation Tax Package: Topline Analysis

Gross Domestic Product (GDP)	+1.2%
Gross National Product (GNP)	+0.9%
Capital Stock	+0.7%
Pre-Tax Wages	+0.4%
Hours Worked Converted to Full-Time Equivalent (FTE) Jobs	+938,000
10-Year Conventional Revenue Estimate, 2025-2034 (Billions)	-\$5,041.3
10-Year Dynamic Revenue Estimate, 2025-2034 (Billions)	-\$4,104.4
10-Year Dynamic Deficit Increase Including Spending Cuts, 2025-2034 (Billions)	\$3,036.1

Source: Tax Foundation General Equilibrium Model, June 2025

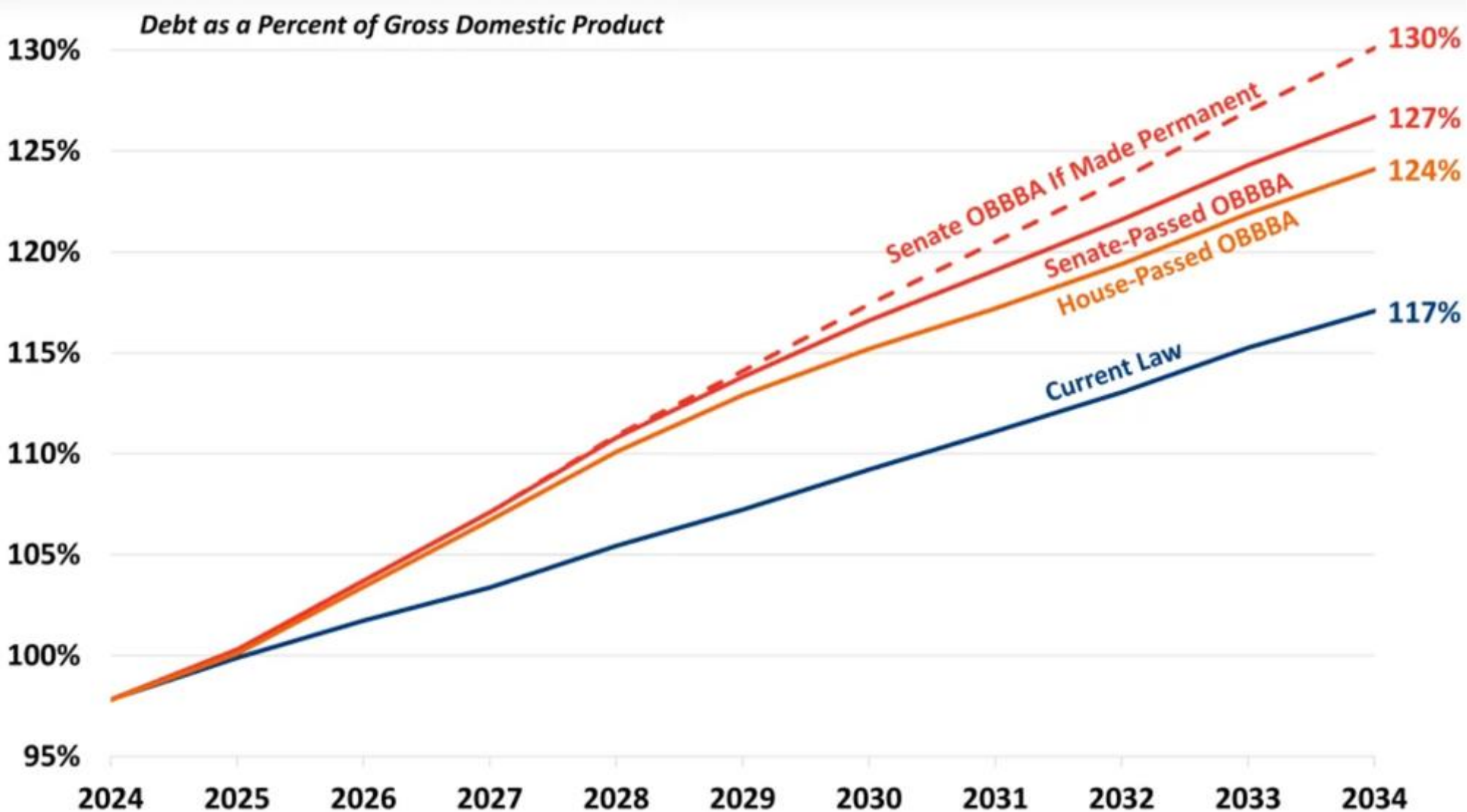
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National Debt Surges Under the OBBBA



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Source: Committee for a Responsible Federal Budget

Tariff Revenue Offsets Tax Cuts – If They Persist

Table 1: The Effects of President Trump's Tariffs on Revenues and Imports

Billions of dollars

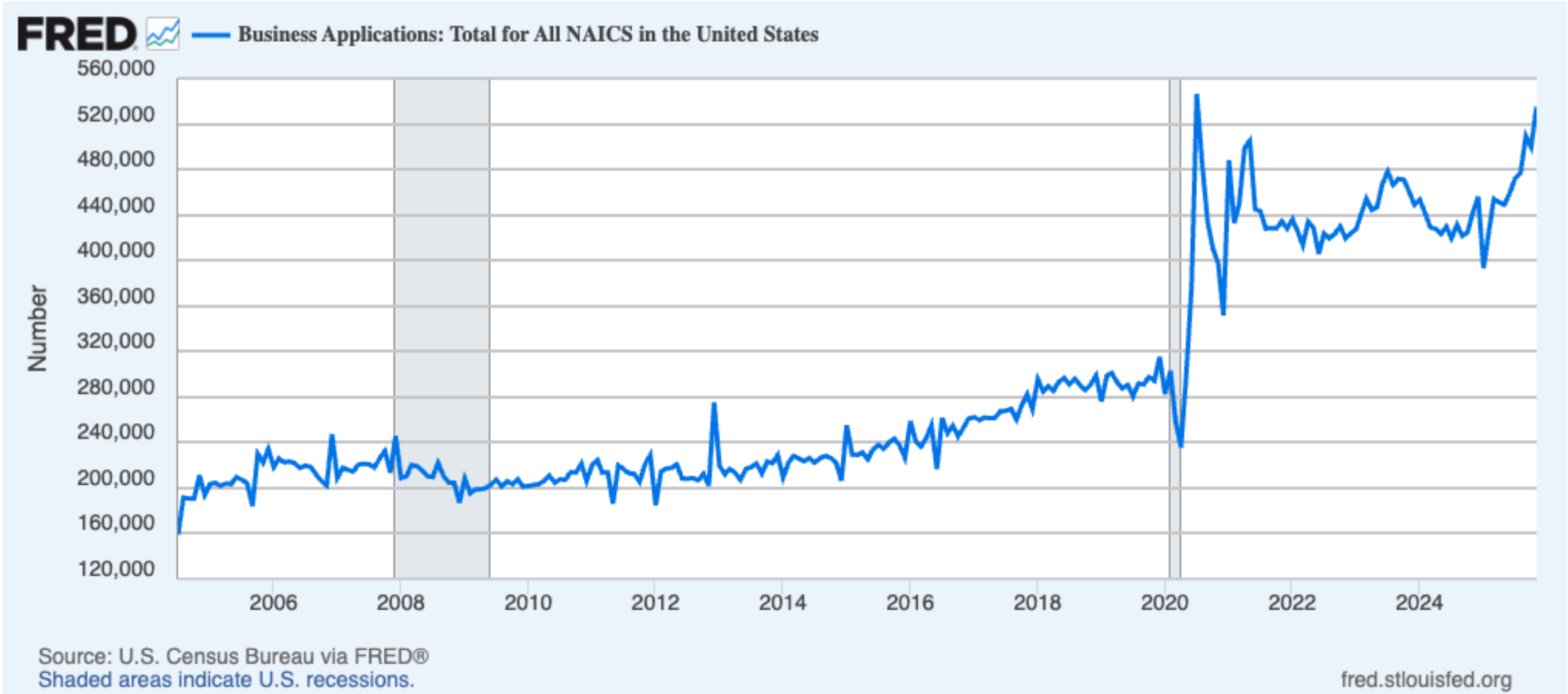
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025-2034	2025-2054
Revenues	419	570	566	561	554	544	532	518	501	481	5,246	16,390
Value of imports	-319	-434	-492	-555	-627	-706	-794	-892	-1,000	-1,118	-6,937	-37,236
Memorandum:												
Dynamic revenues	388	516	504	492	477	462	444	425	405	383	4,496	11,829

Source: Penn Wharton Budget Model.

Notes: Revenues include an estimate of how demand will respond to higher prices.

Dynamic revenues reflect the tariff revenues after households adjust their consumption in response to the higher import prices, thus capturing the broader behavioral and economic feedback effects.

U.S. Still the Most Dynamic Economy In the World



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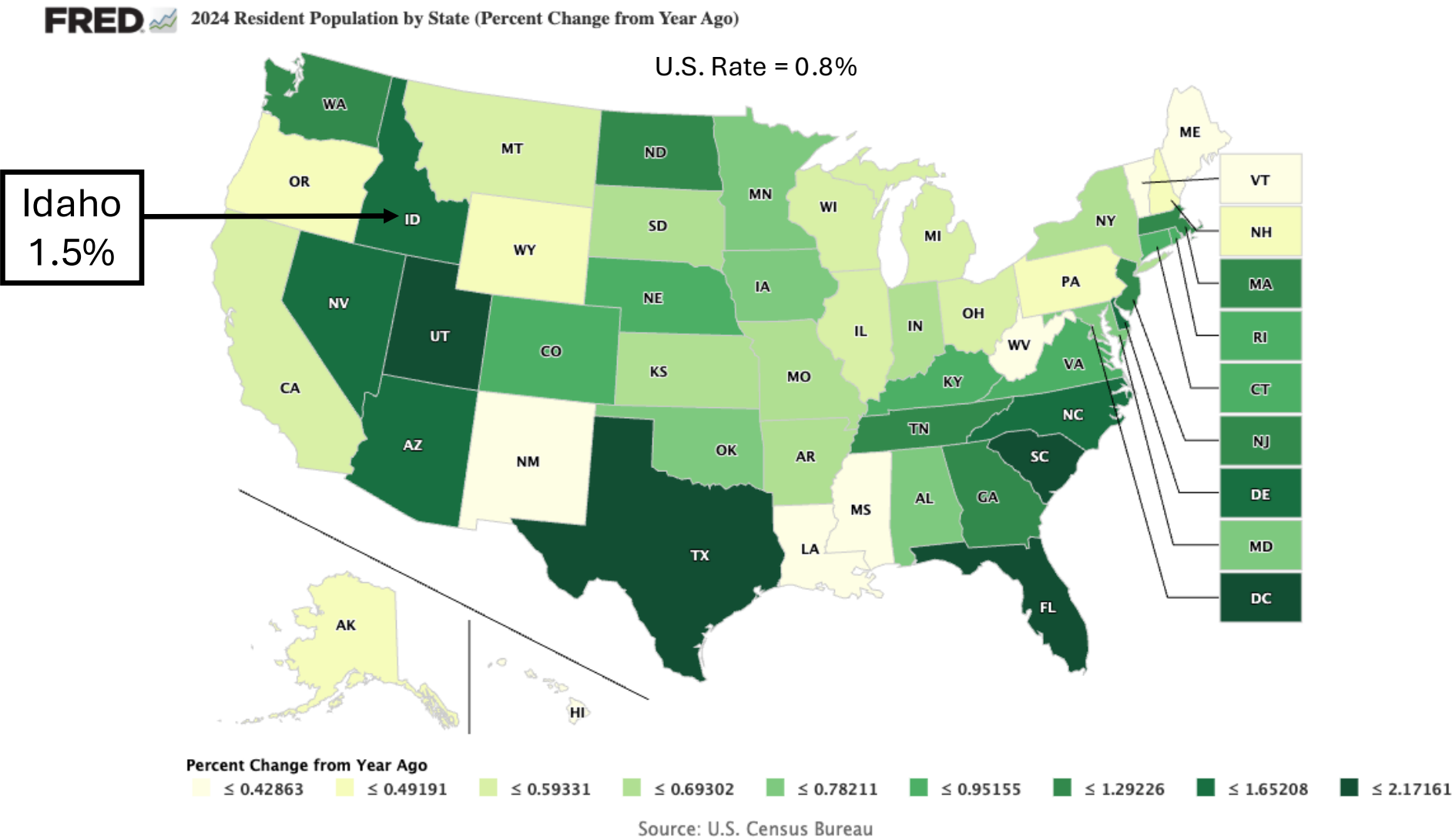
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Regional Economic Conditions

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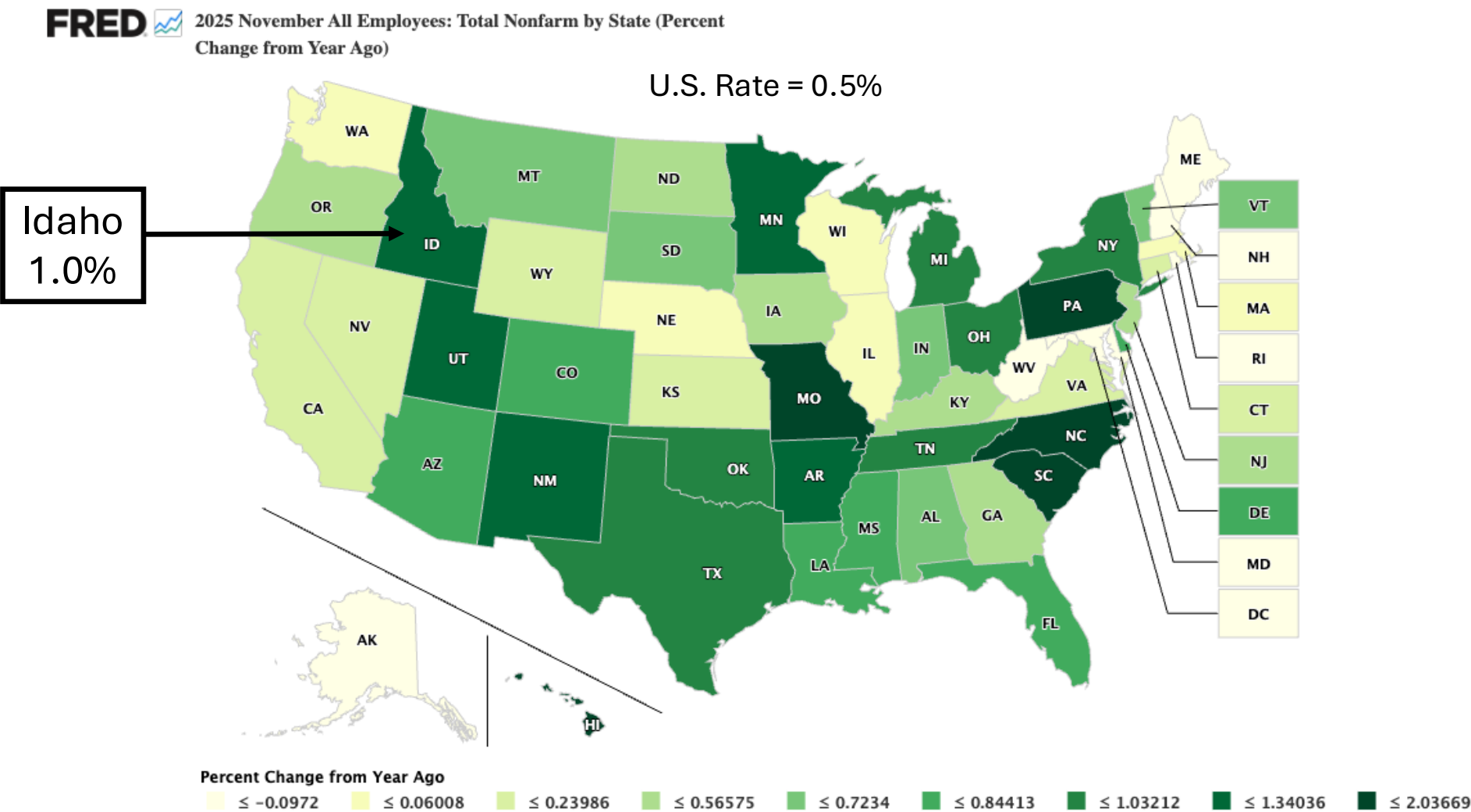
Idaho Population Growth Among Top in Nation



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Idaho Employment Growth Among Top in Nation

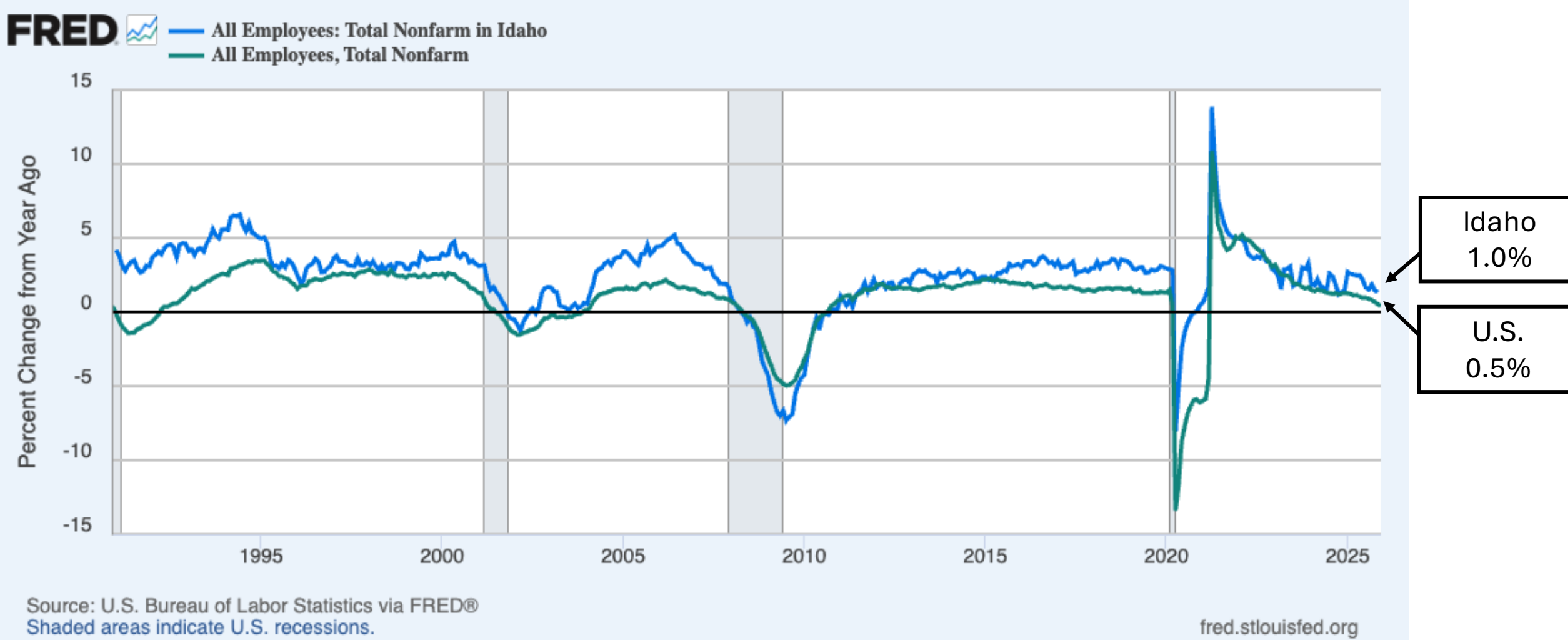


Source: U.S. Bureau of Labor Statistics via FRED®

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Idaho Employment Growth Slowing

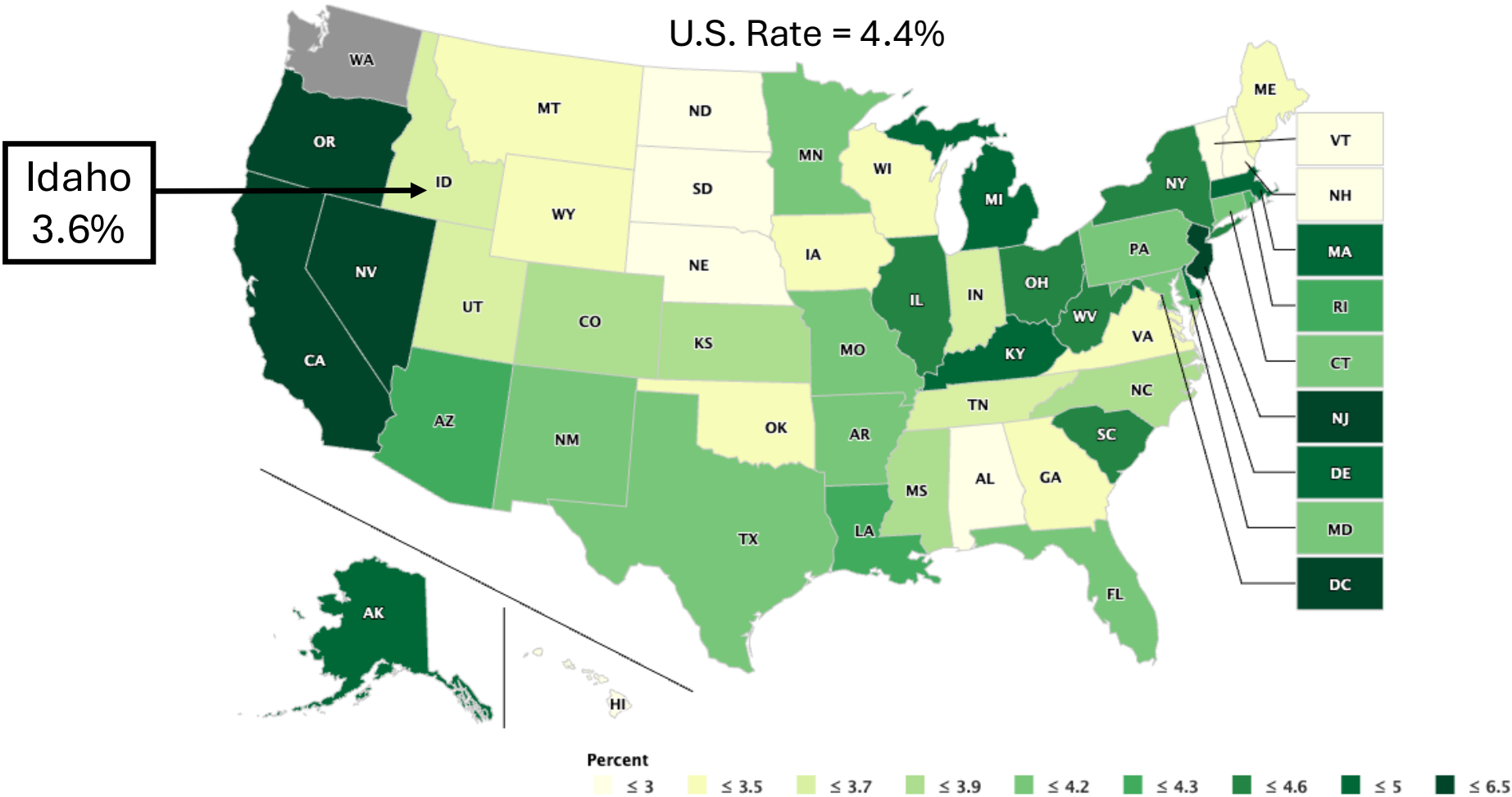


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Idaho Unemployment Rate Lower Than Average

FRED 2025 November Unemployment Rate by State (Percent)

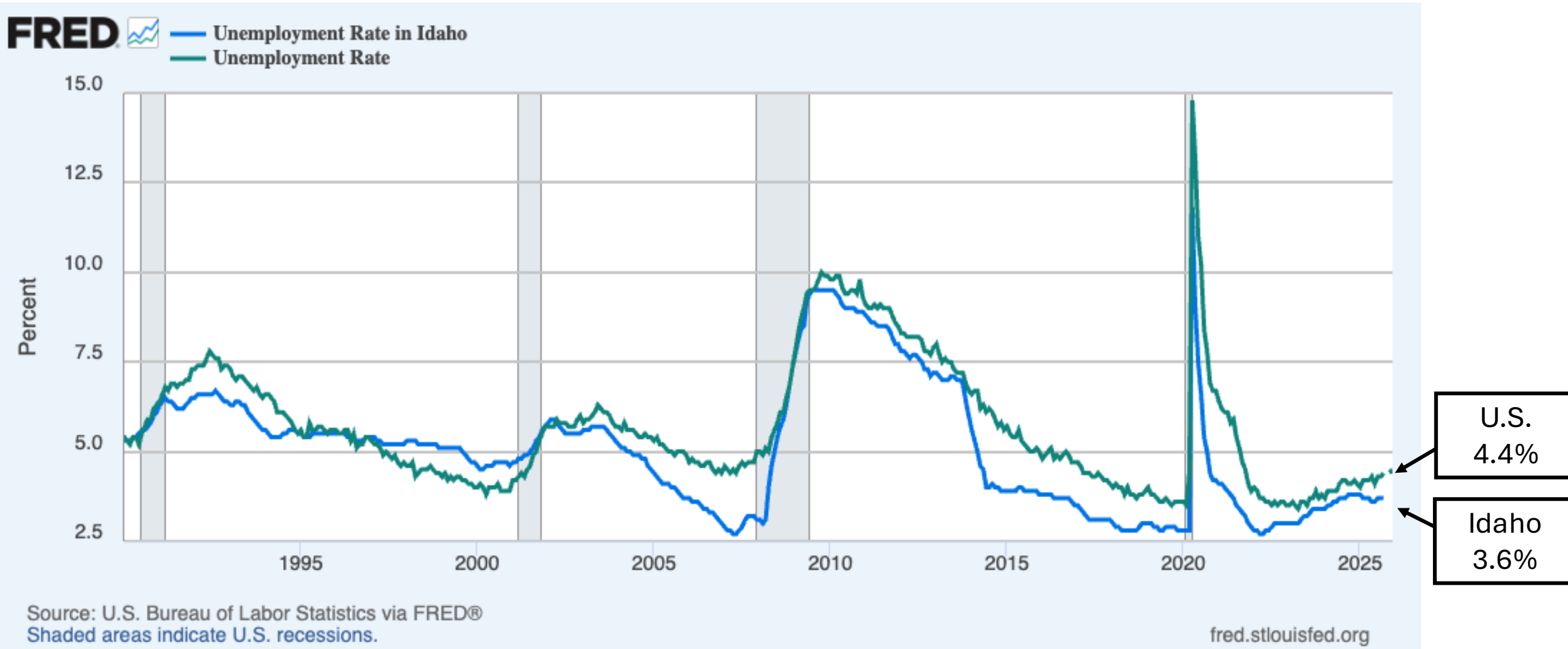


Source: U.S. Bureau of Labor Statistics via FRED®

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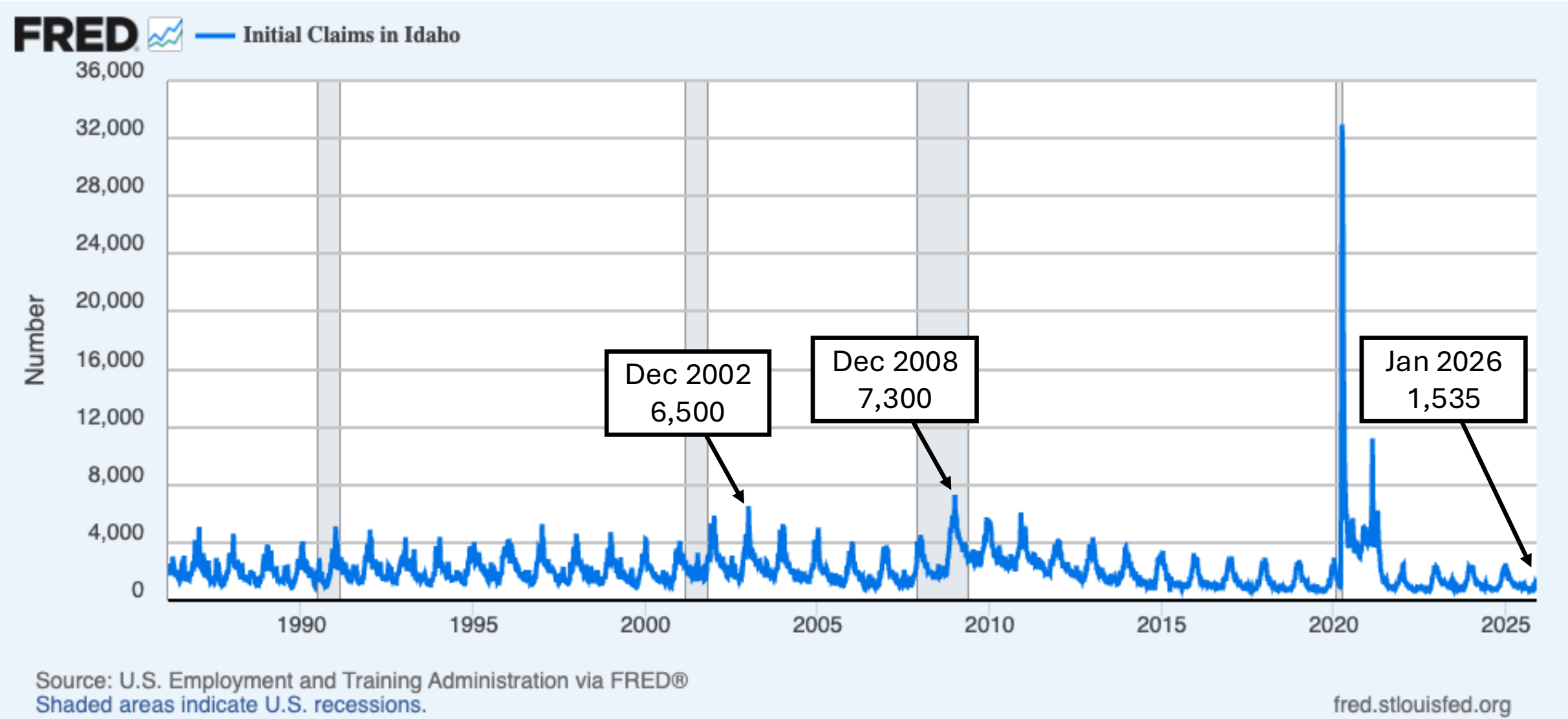
Idaho Unemployment Rate Stable



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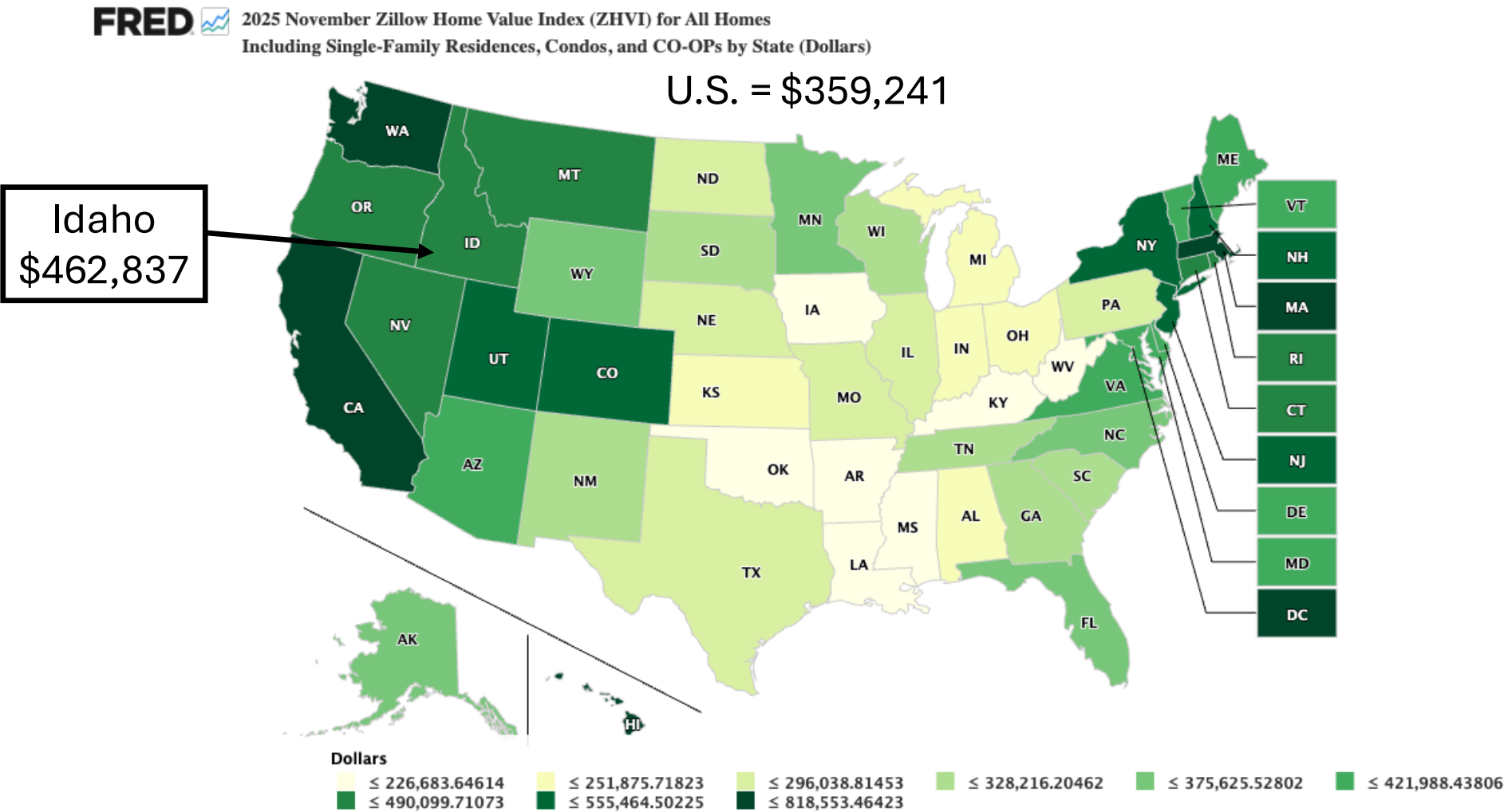
Idaho Unemployment Claims Remain Low



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Idaho Home Prices Much Higher Than Nation

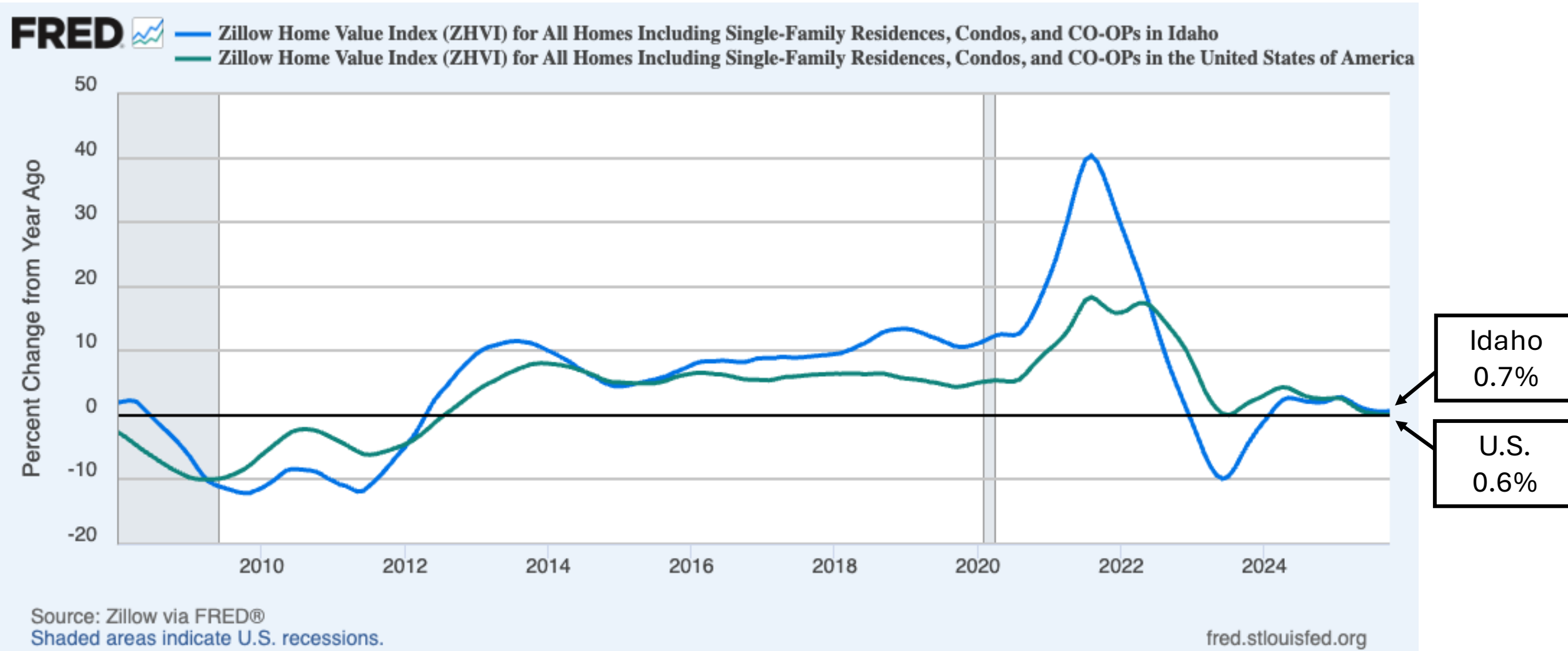


Source: Zillow via FRED®

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Positive Idaho Home Price Appreciation

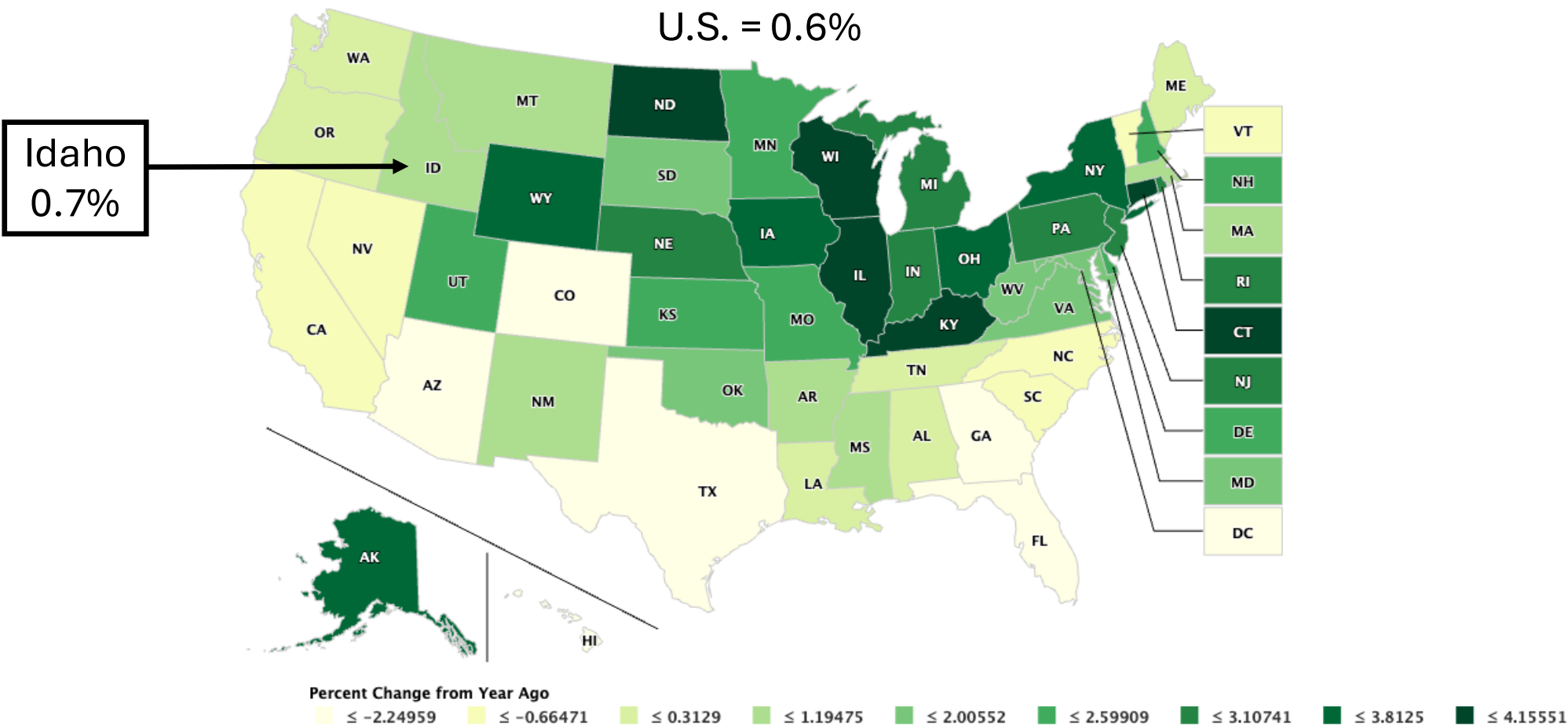


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Idaho Home Price Growth Near US Average

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



Source: Zillow via FRED®

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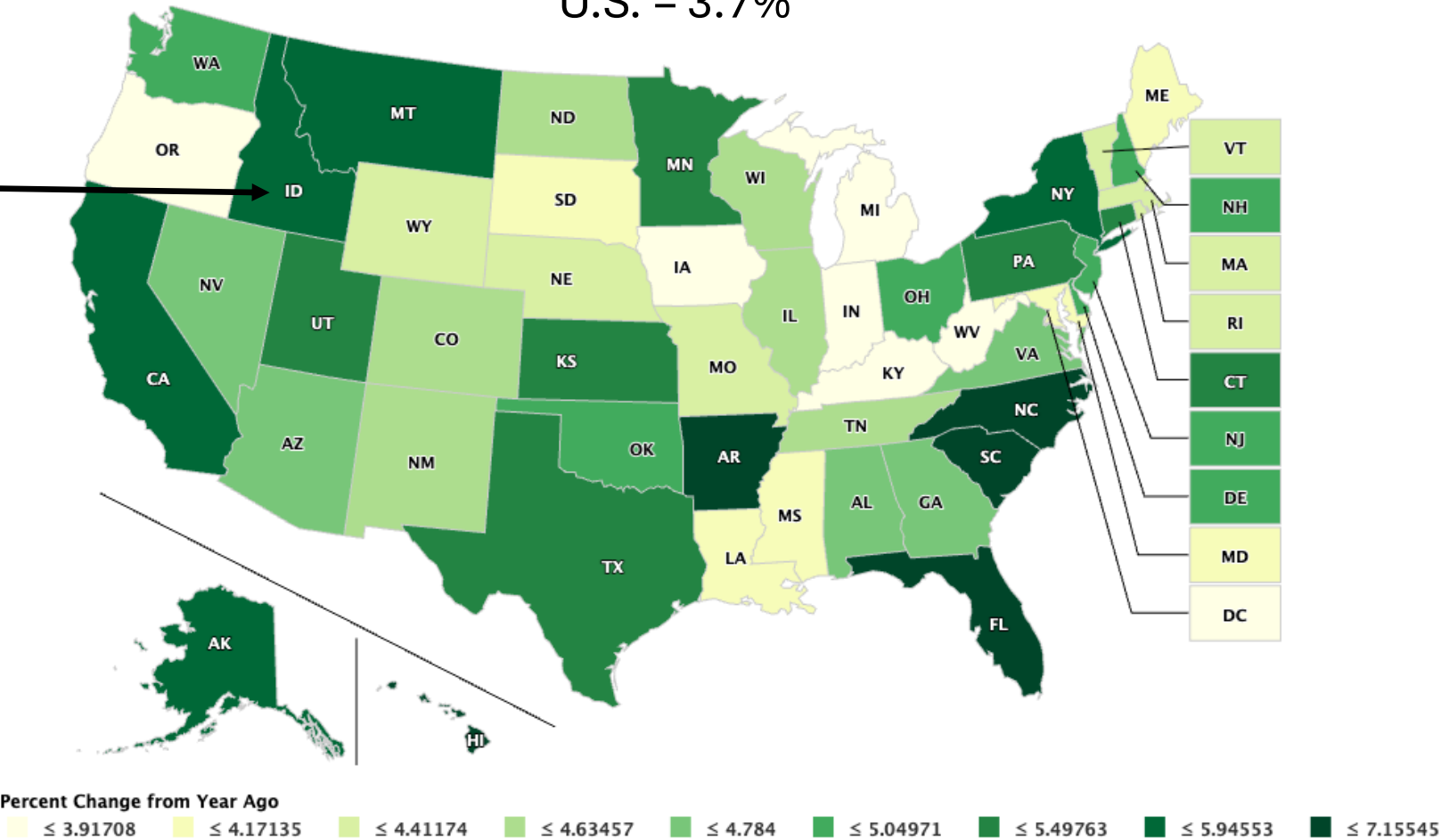
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Idaho Wage Growth Above National Average

FRED 2025 Q2 Total Wages and Salaries by State (Percent Change from Year Ago)

U.S. = 3.7%

Idaho
5.7%



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

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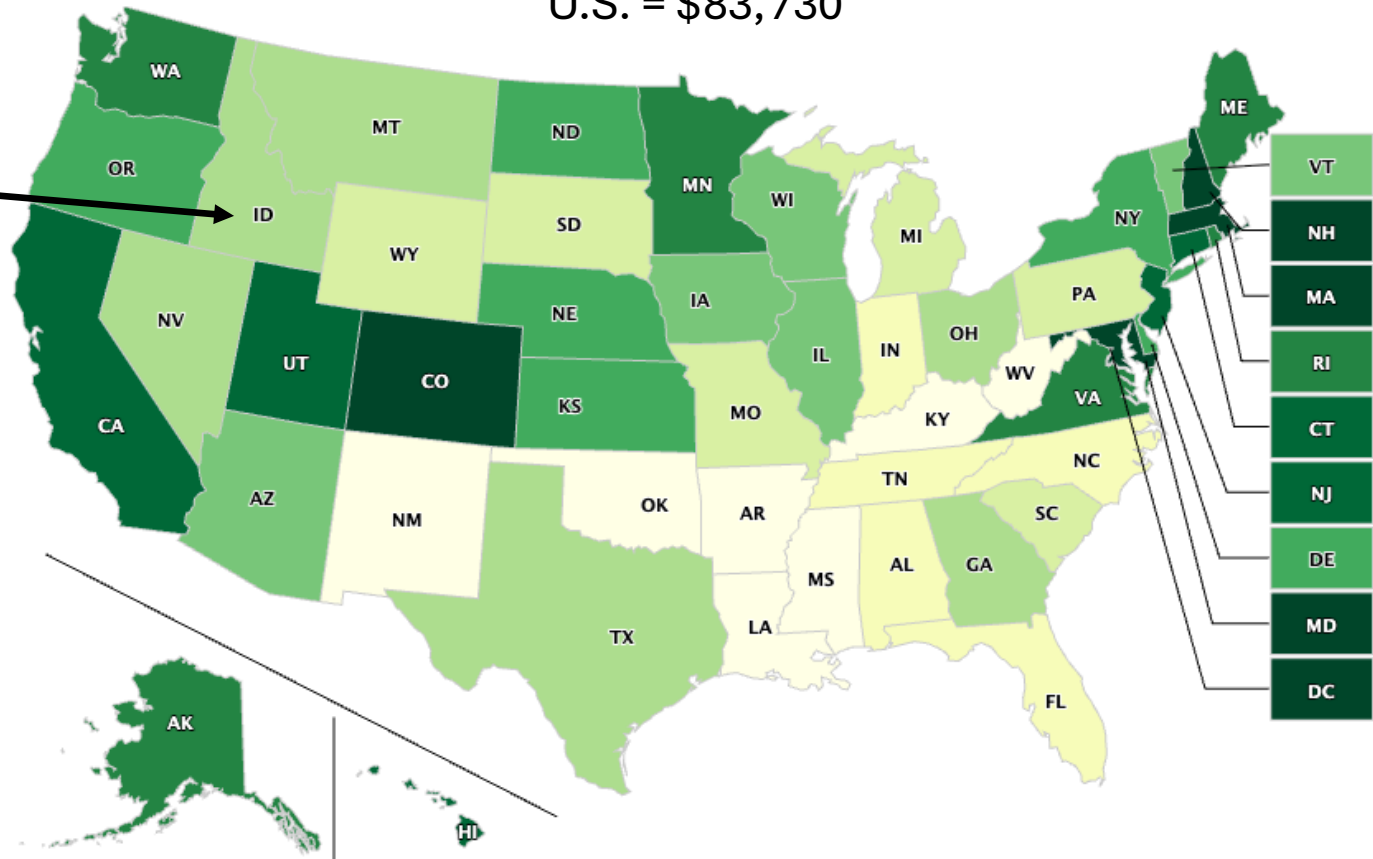
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Median Household Income by State

FRED 2024 Real Median Household Income by State (2024 C-CPI-U Dollars)

U.S. = \$83,730

Idaho
\$81,650



2024 C-CPI-U Dollars
≤ 65,310 ≤ 76,710 ≤ 80,060 ≤ 81,920 ≤ 85,480 ≤ 89,700 ≤ 97,720 ≤ 104,000 ≤ 113,900

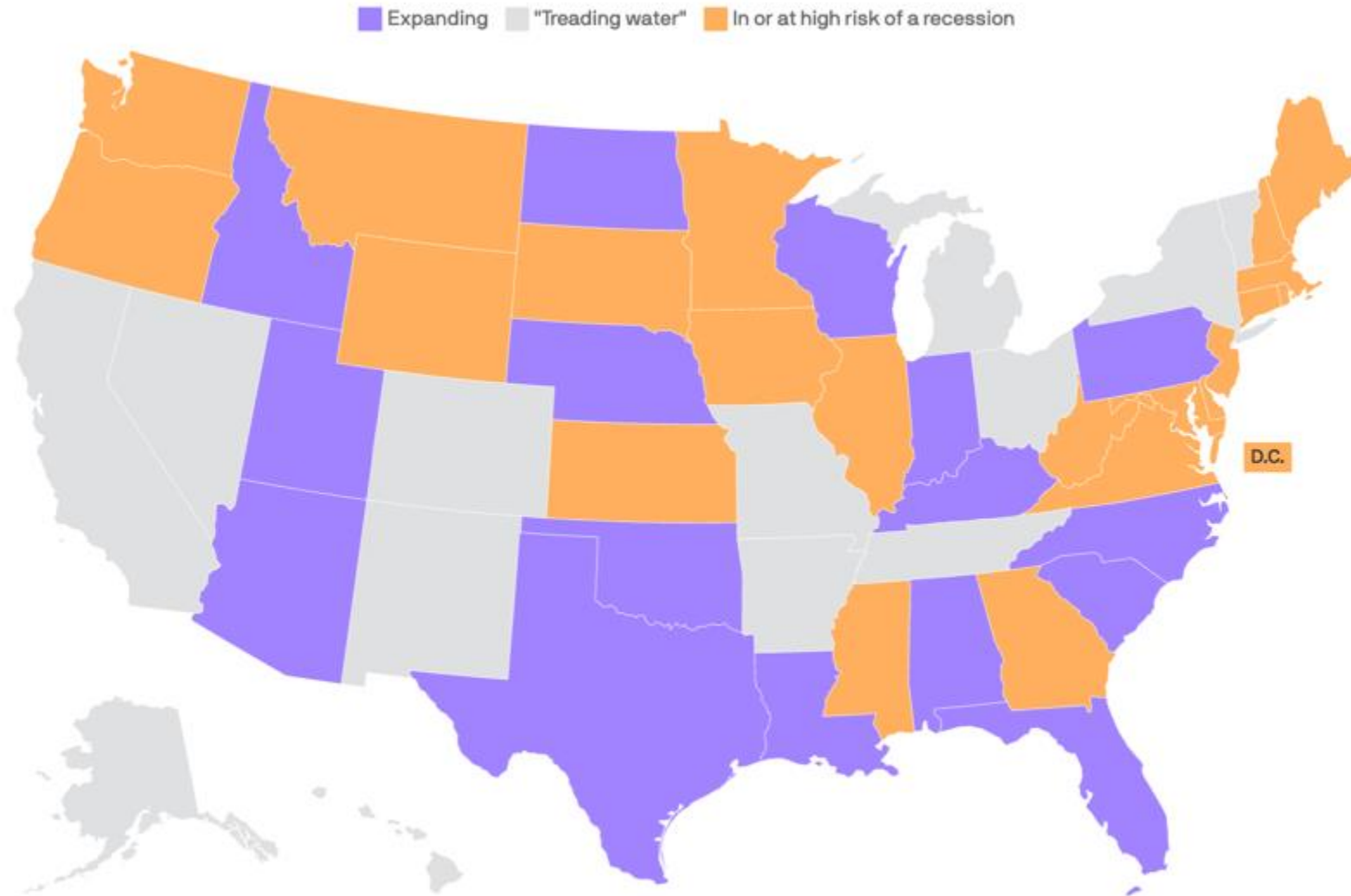
Source: U.S. Census Bureau via FRED®

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Many States Already in Recession Risk

Moody's estimated strength of each state's economy



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2026 Economic Outlook

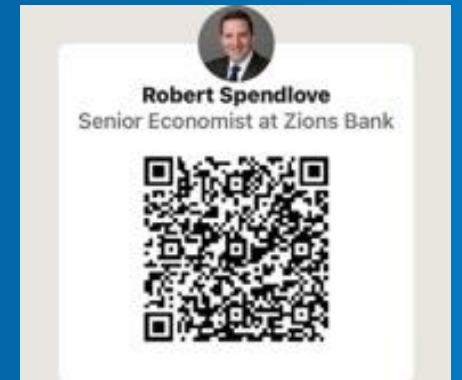
- Tariffs and government shutdown caused higher uncertainty and risk
- Consumer sentiment lower, but consumer spending continuing
- Labor market growth slowing
- Inflation could reaccelerate from increased tariffs
- Intermountain region remains resilient and strong

ZionsBank.com/economy

Robert Spendlove
Senior Economist

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801-560-5394



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