

# ZIONS BANK ECONOMIC OVERVIEW

## Navigating Economic Policy Shifts

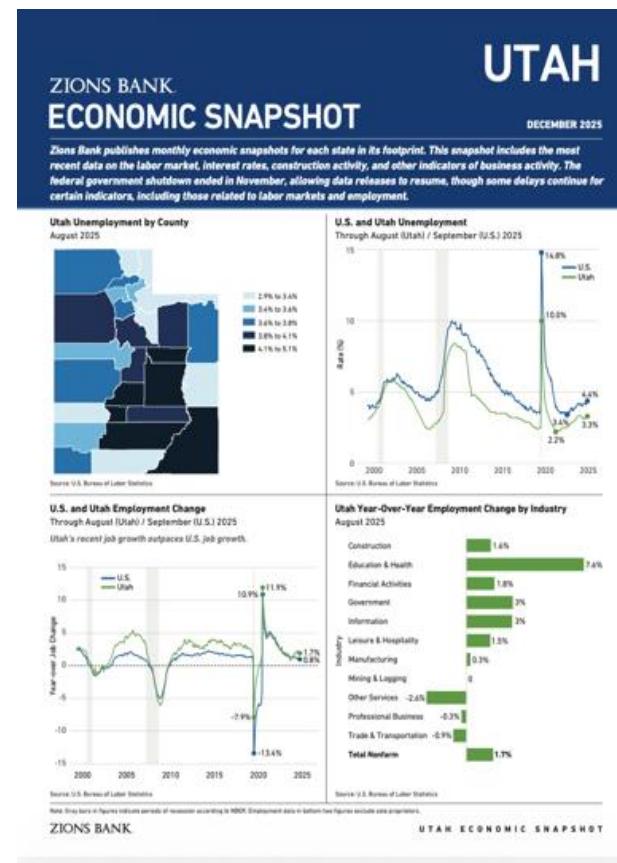
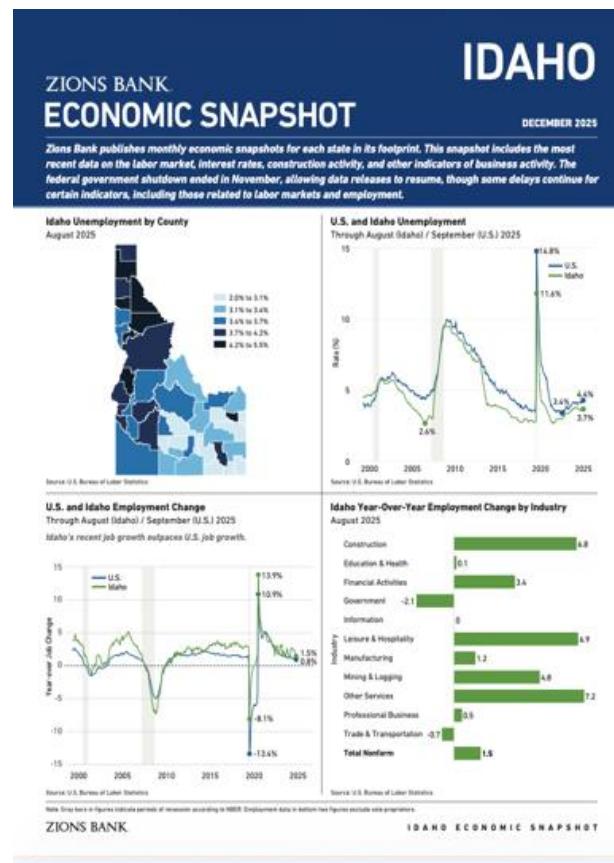
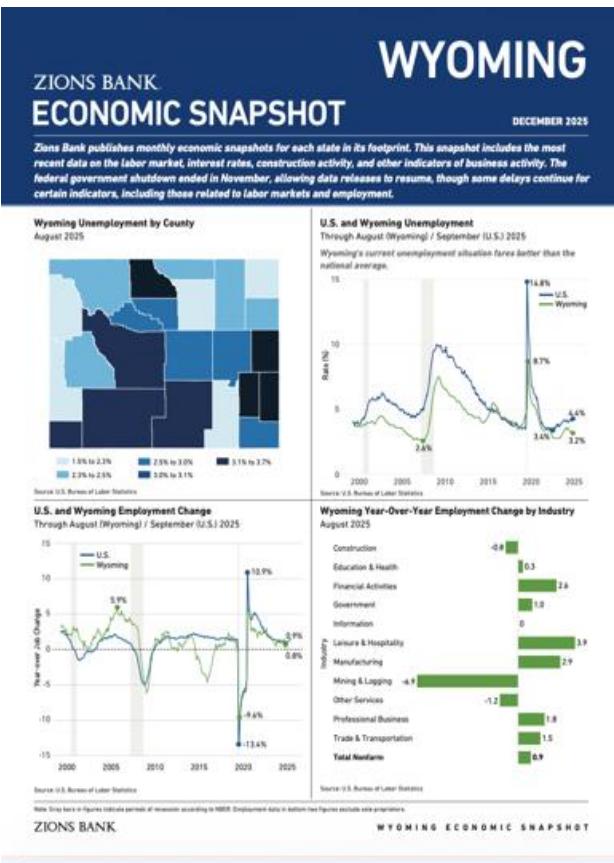
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January 2026

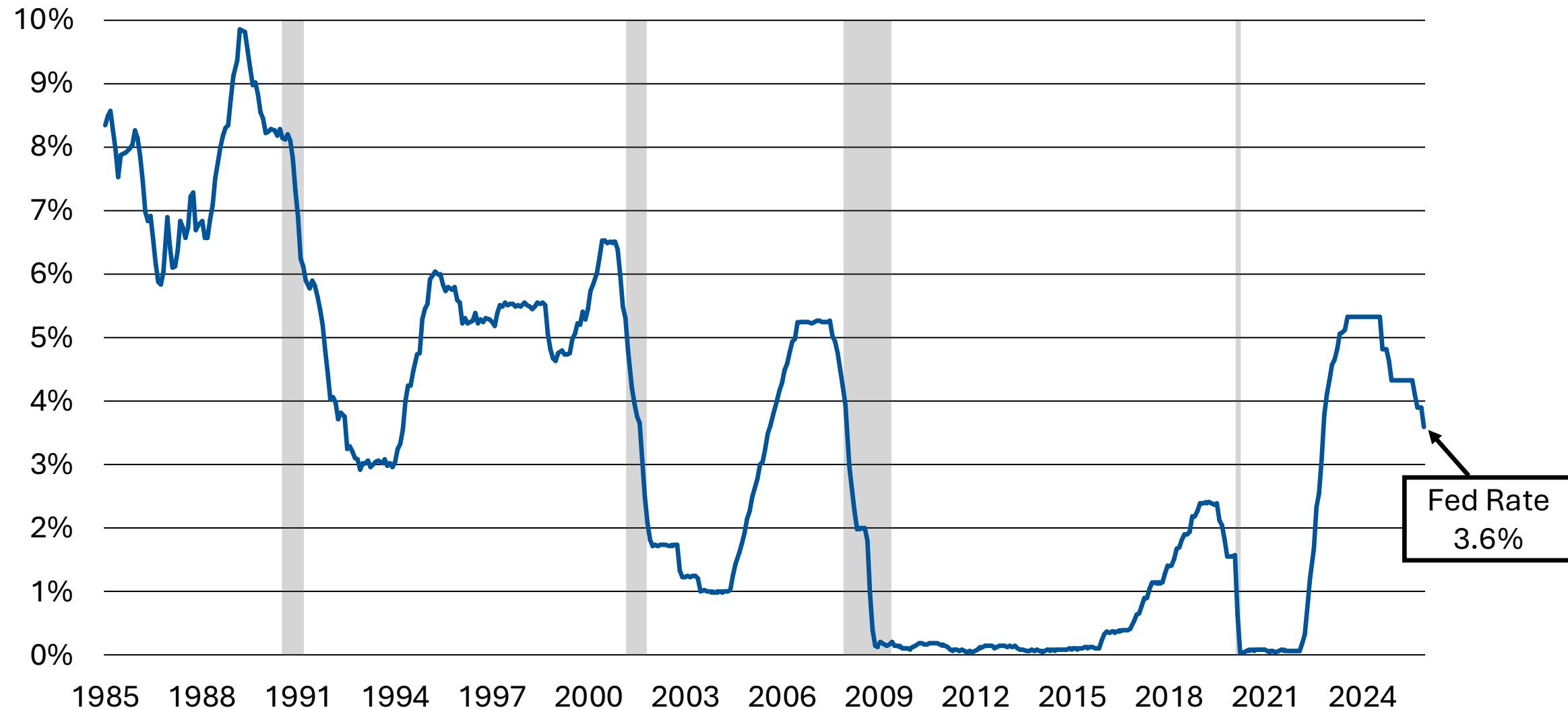
# Zions Bank Economic Snapshot

## ZionsBank.com/economy



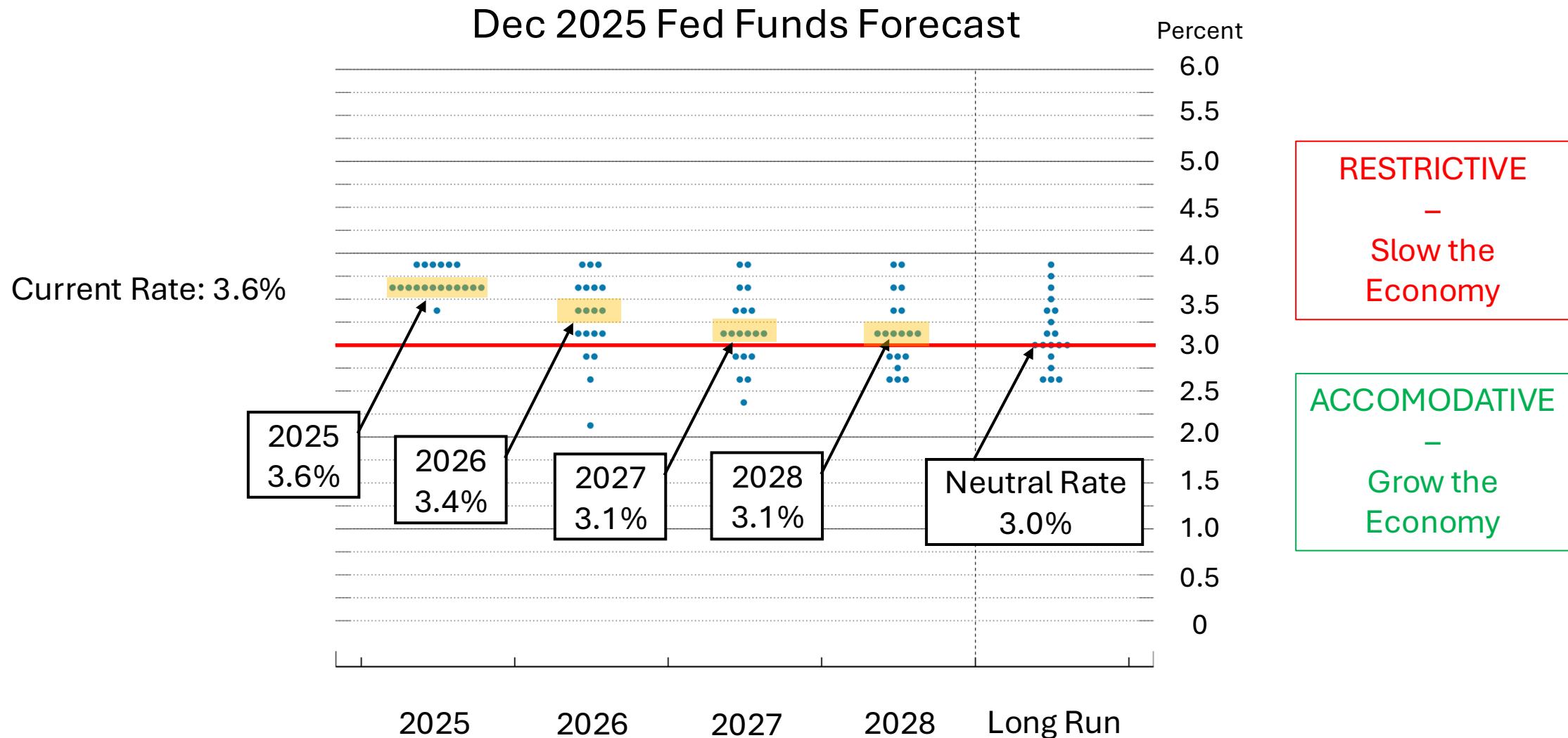
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# Federal Reserve Cut Again in December



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# Fed Rate Cuts Will Slow in 2026



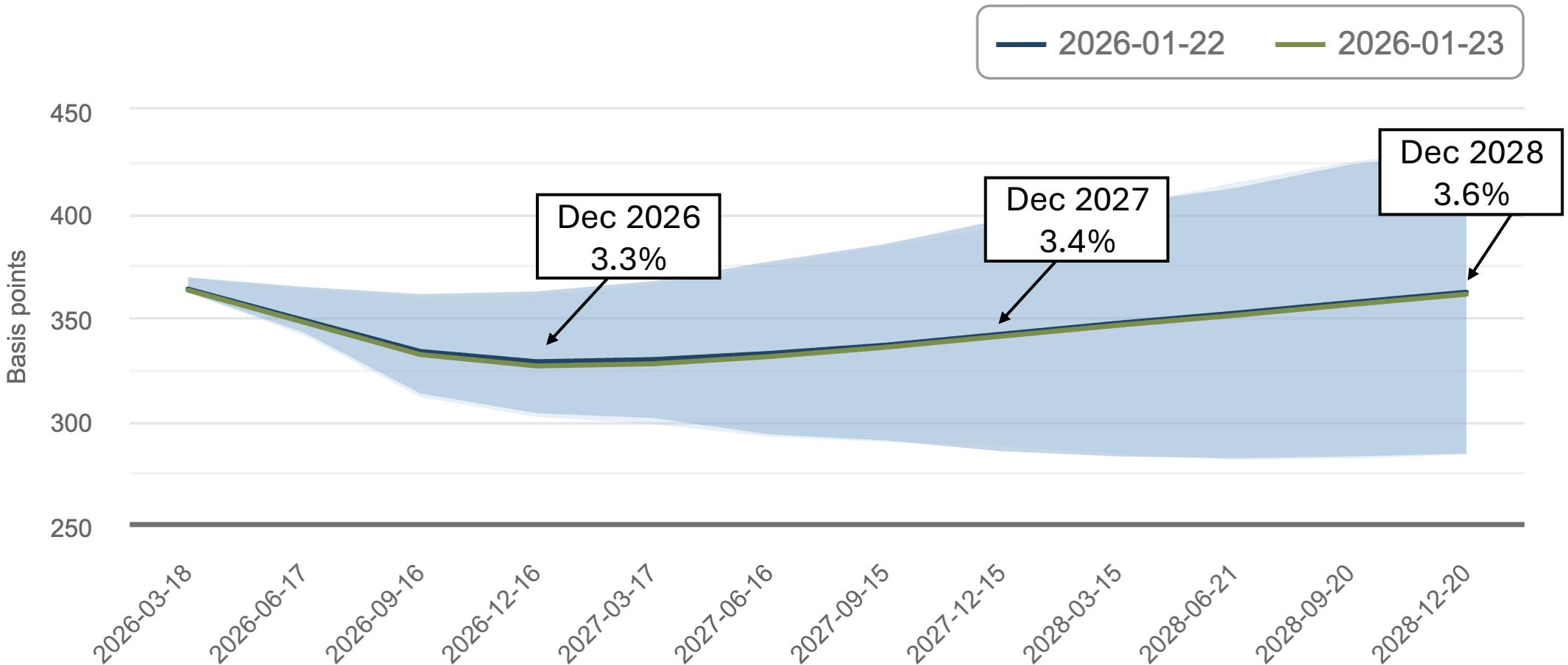
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# Markets Anticipate Rate Uncertainty

## The Expected Three-Month Average SOFR Path

Current target range: 350 - 375 basis points

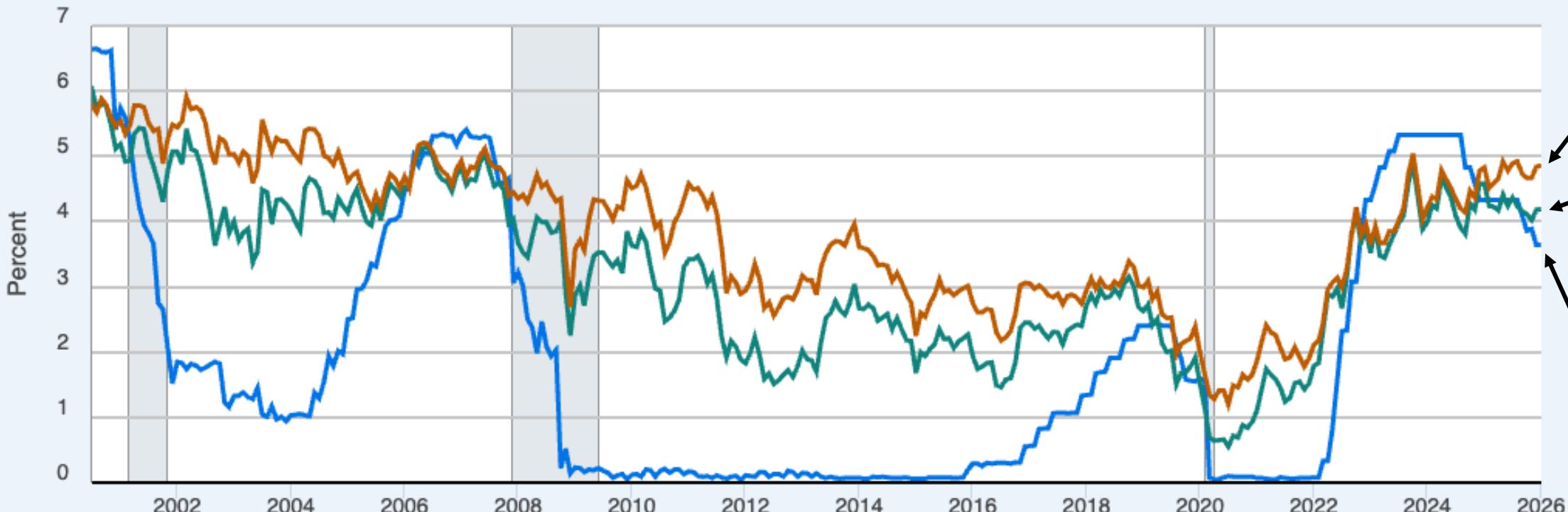


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# Short-Term vs Long-Term Interest Rates

**FRED** 

- Effective Federal Funds Rate
- Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis
- Market Yield on U.S. Treasury Securities at 30-Year Constant Maturity, Quoted on an Investment Basis



Sources: Board of Governors of the Federal Reserve System (US); Federal Reserve Bank of New York via FRED®  
Shaded areas indicate U.S. recessions.

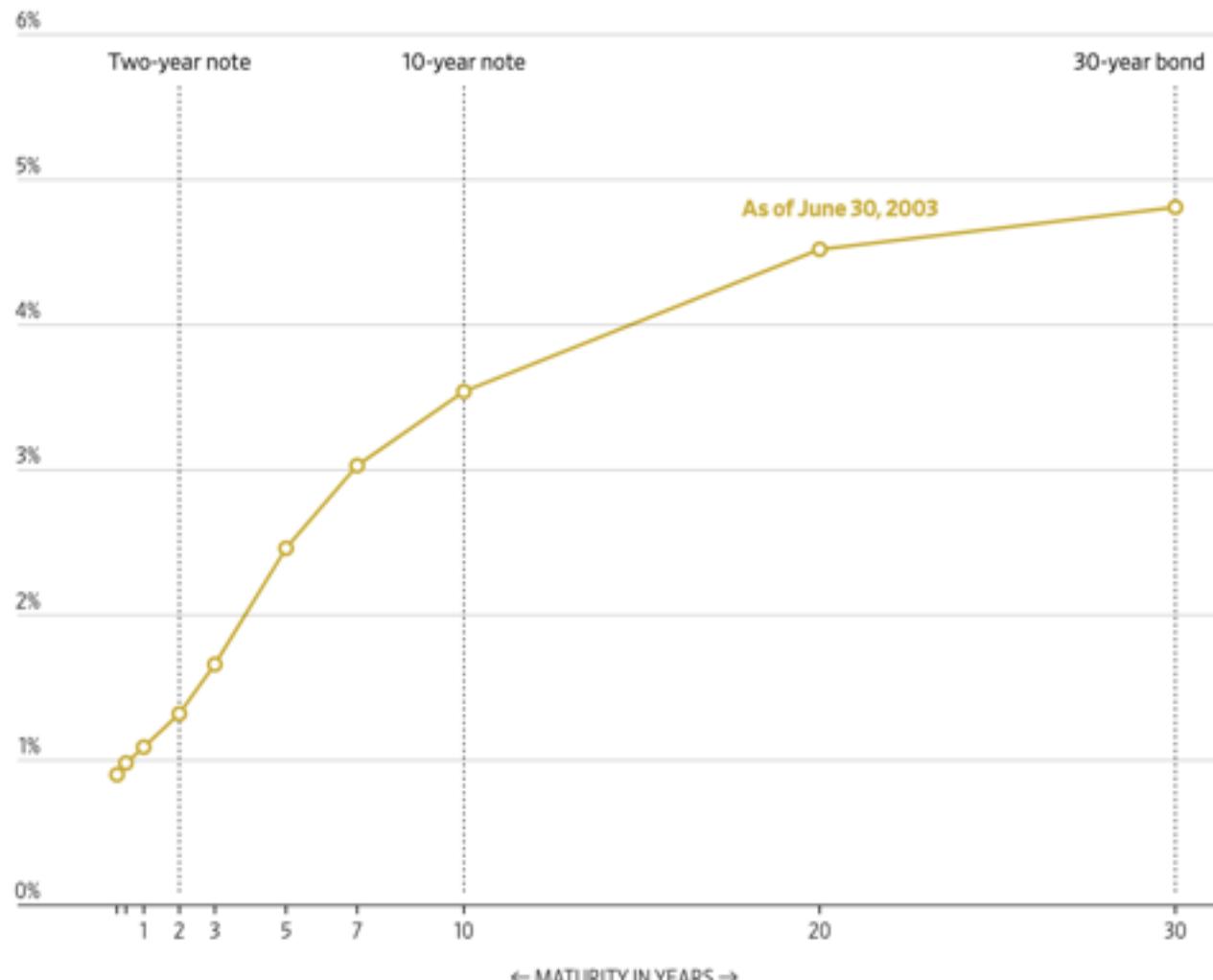
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# Treasury Yield Curve Trying to Find Direction

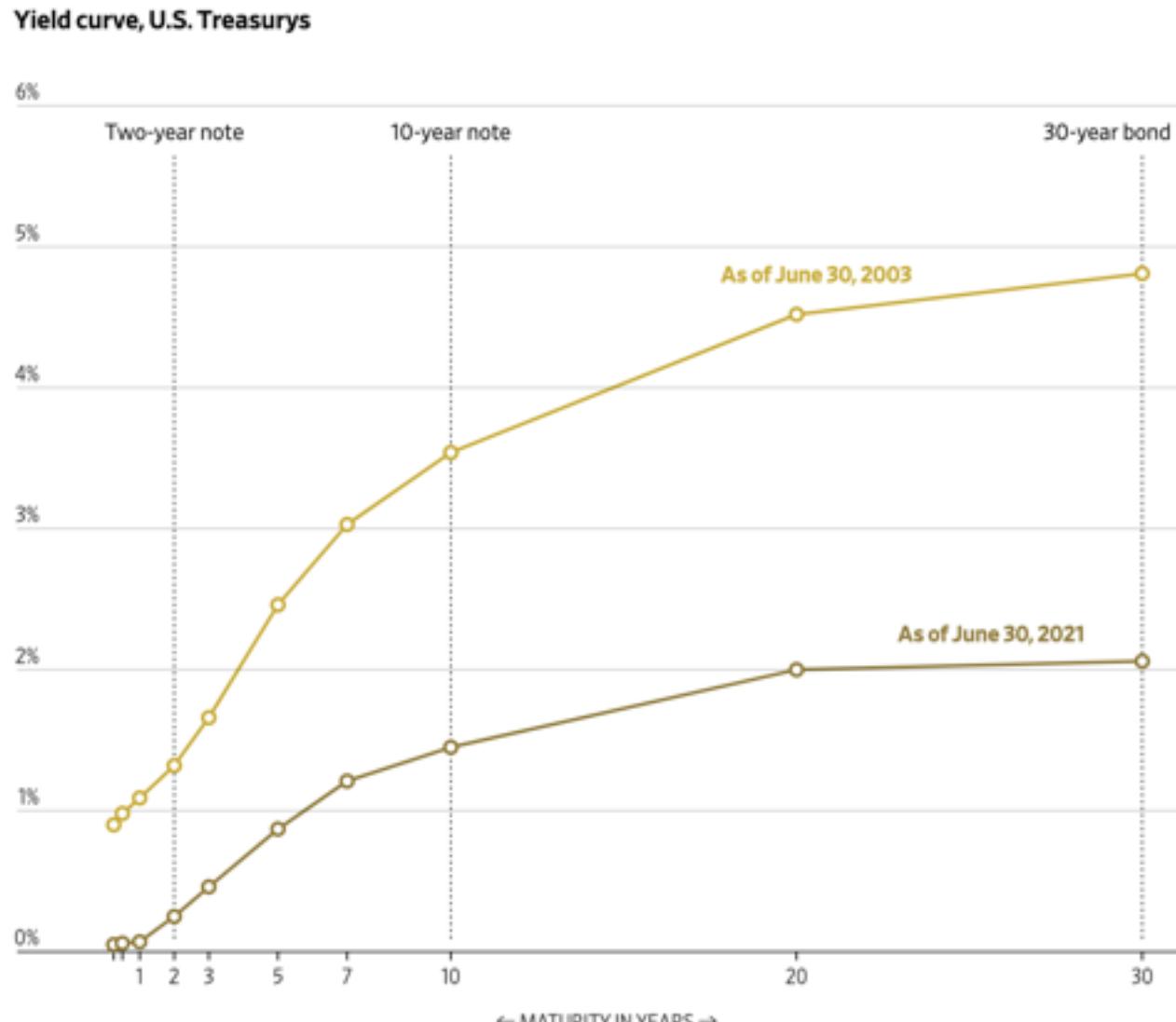
Yield curve, U.S. Treasurys



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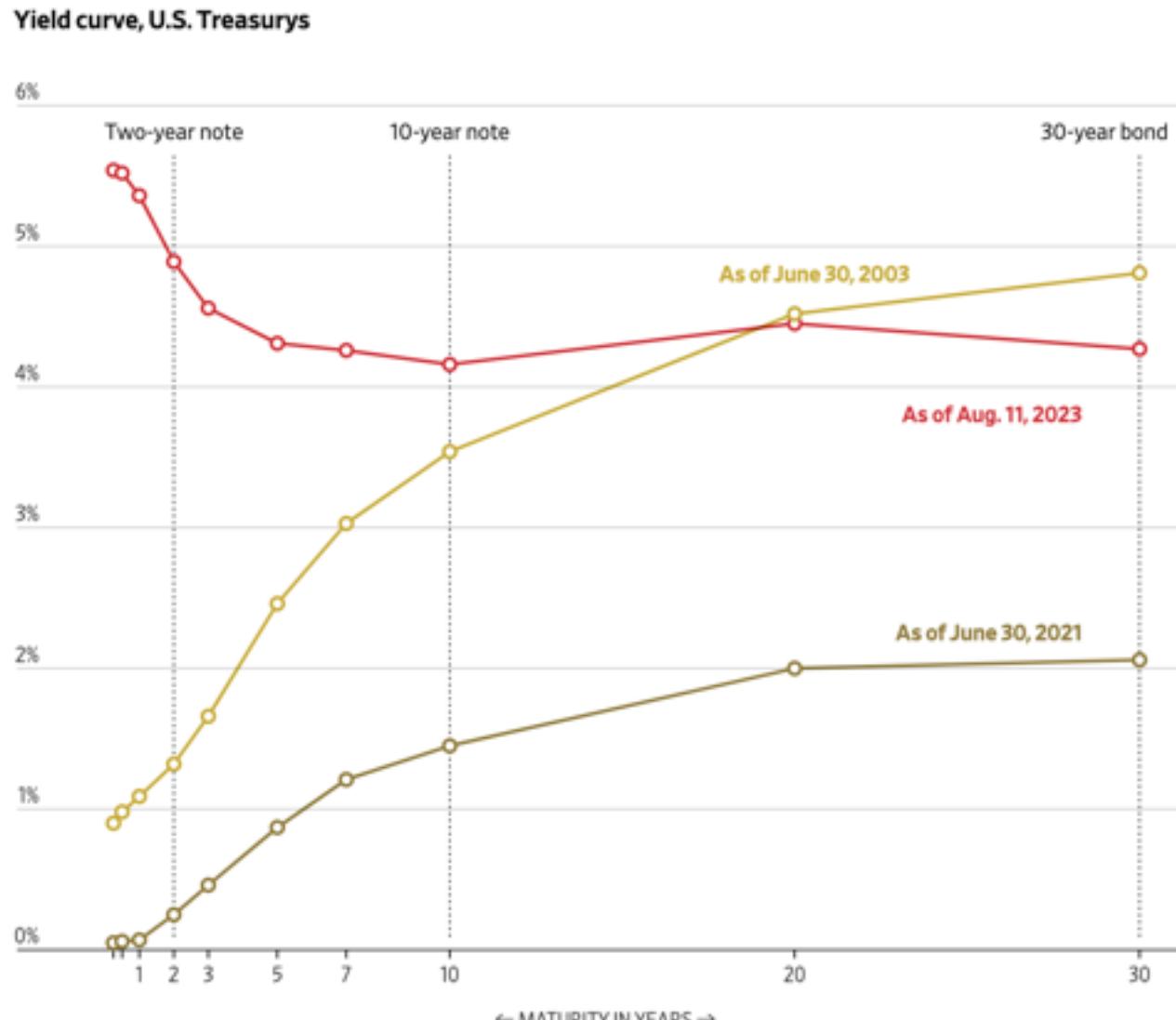
# Treasury Yield Curve Trying to Find Direction



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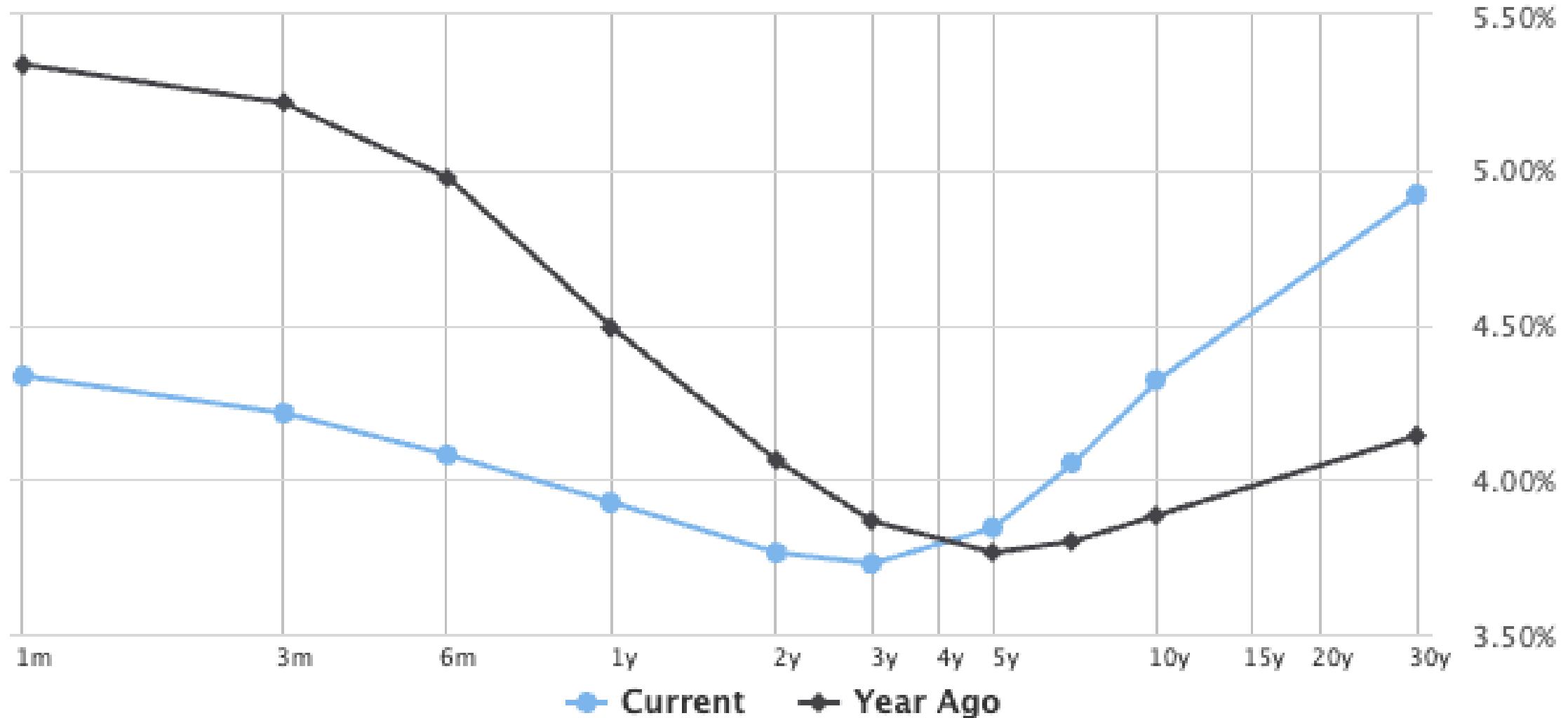
# Treasury Yield Curve Trying to Find Direction



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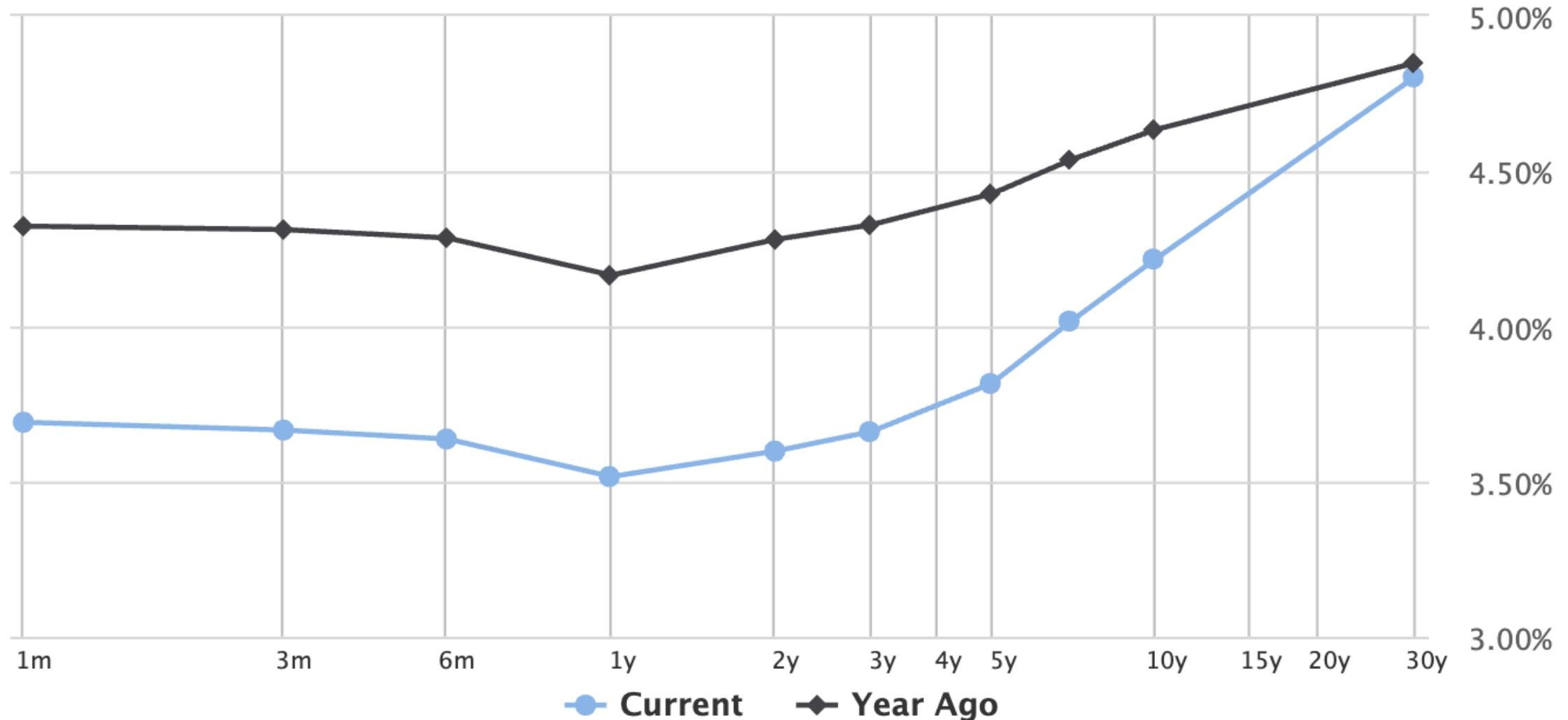
# Treasury Yield Curve Re-Steepling (August 25)



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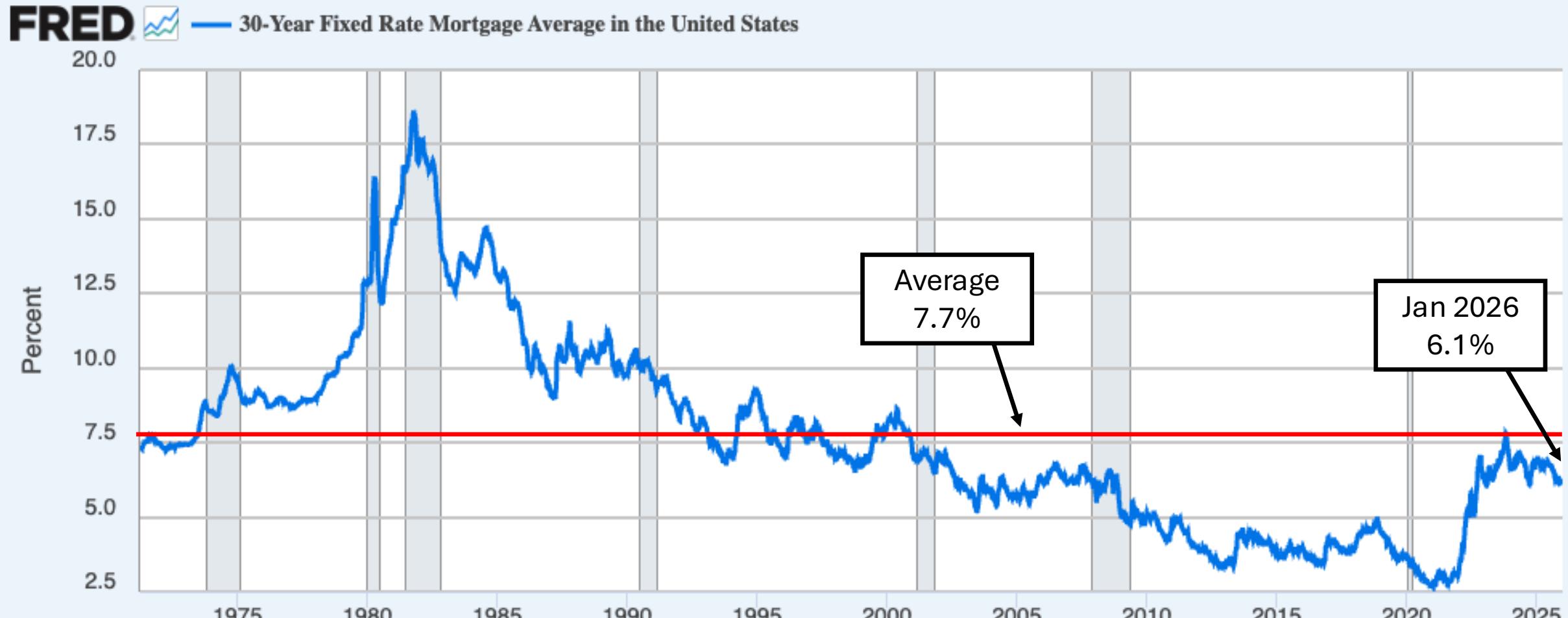
# Treasury Yield Curve Re-Steeplinging (Now)



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# Mortgage Rates Have Been Elevated for 3 Years



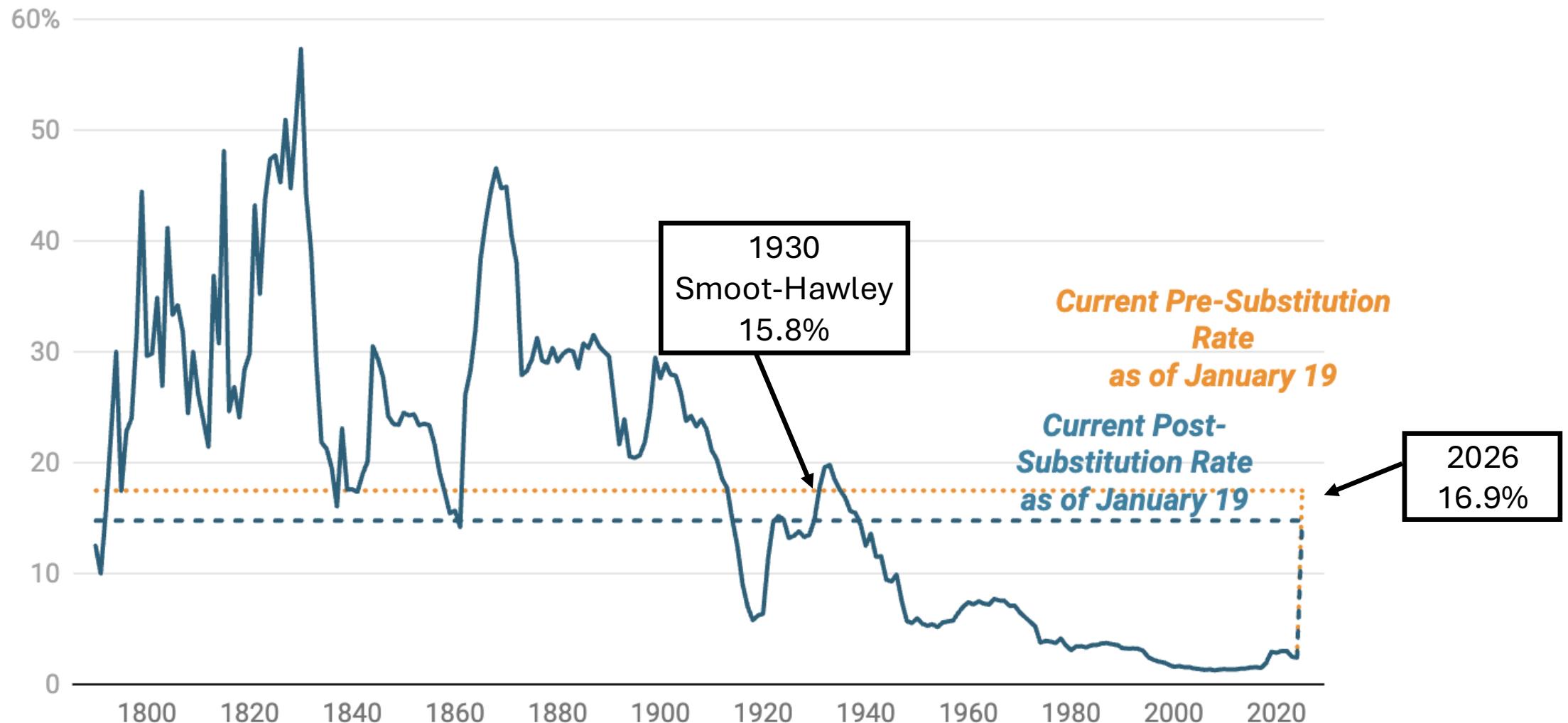
Source: Freddie Mac via FRED®  
Shaded areas indicate U.S. recessions.

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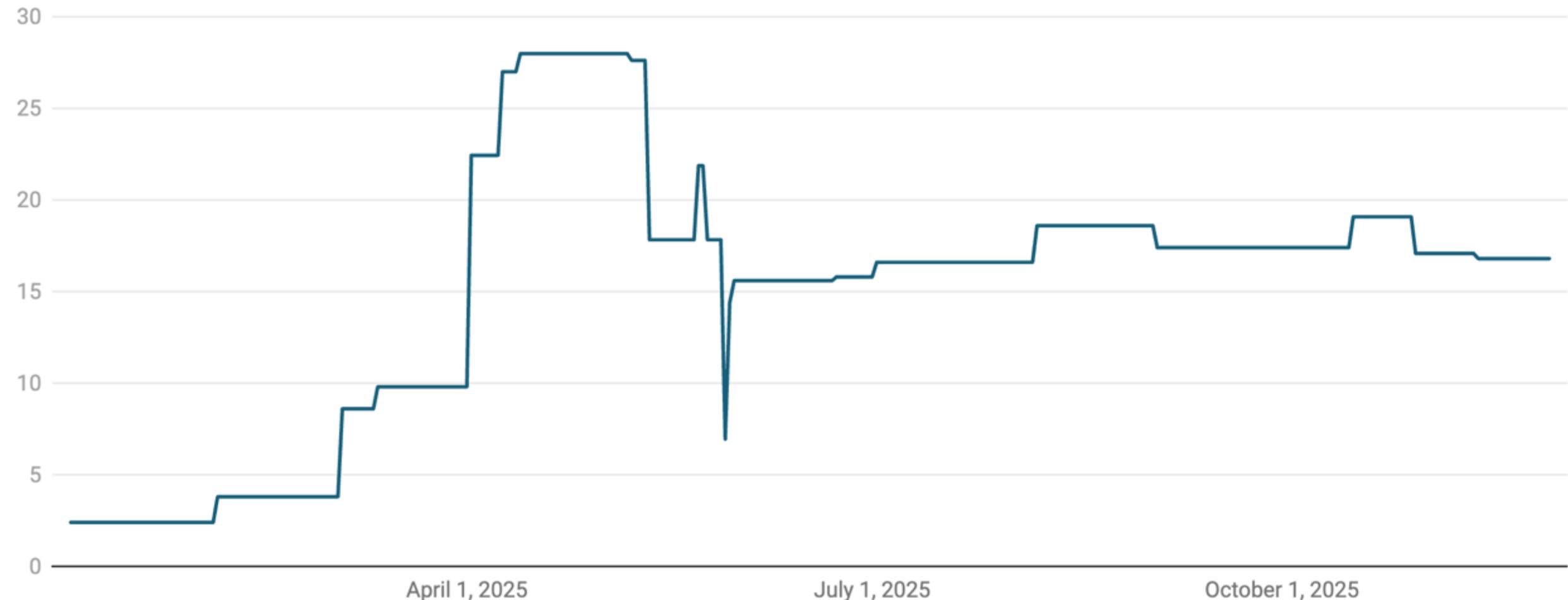
# Average Effective Tariff Rate Since 1790

Customs duty revenue as a percent of goods imports



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# 2025 Average Effective Tariff Rate

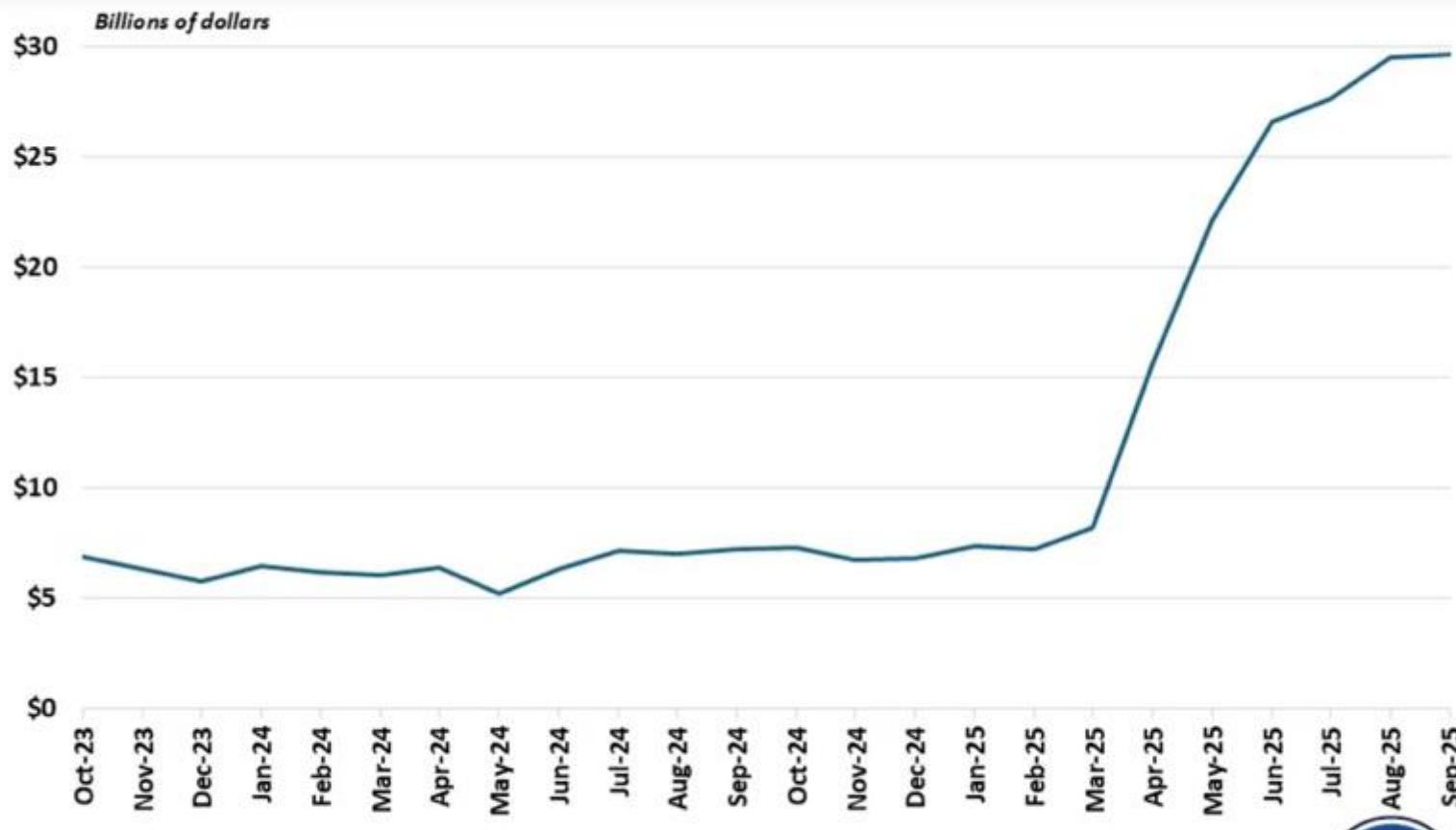


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# Tariffs Generating Federal Revenue

Monthly Customs Duties Rise to \$30 billion



Source: U.S. Department of the Treasury

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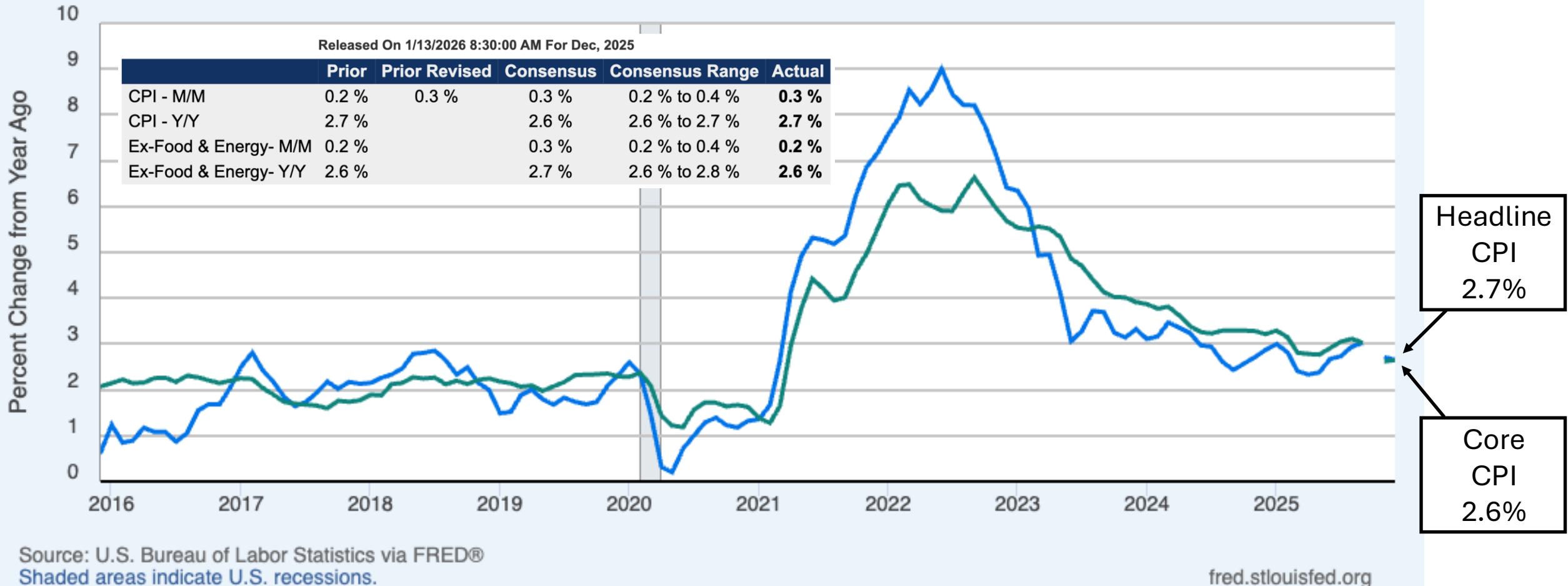
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# Headline and Core Inflation Remain Elevated

**FRED**

— Consumer Price Index for All Urban Consumers: All Items in U.S. City Average  
— Consumer Price Index for All Urban Consumers: All Items Less Food and Energy in U.S. City Average

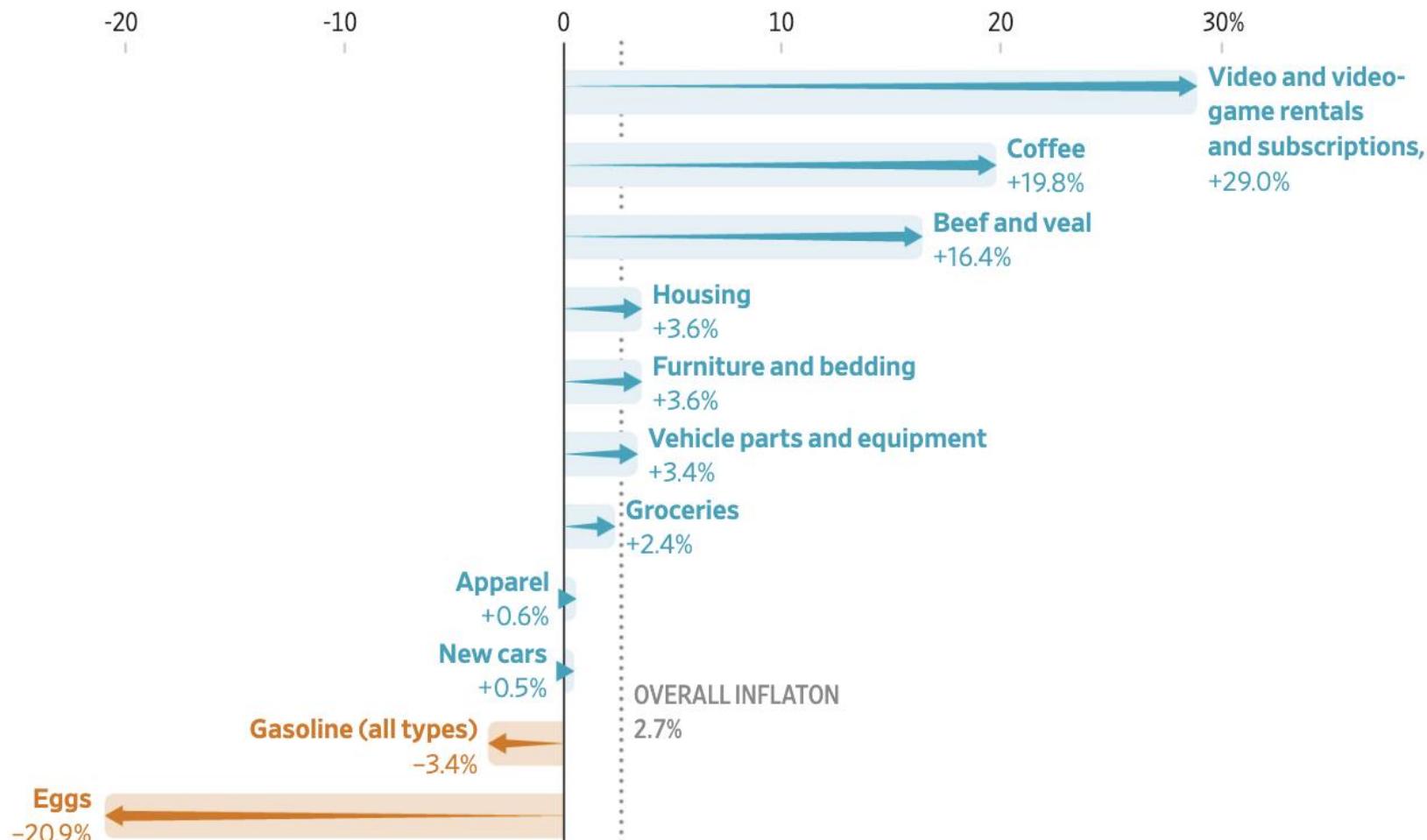


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# Big Differences in Price Changes by Category

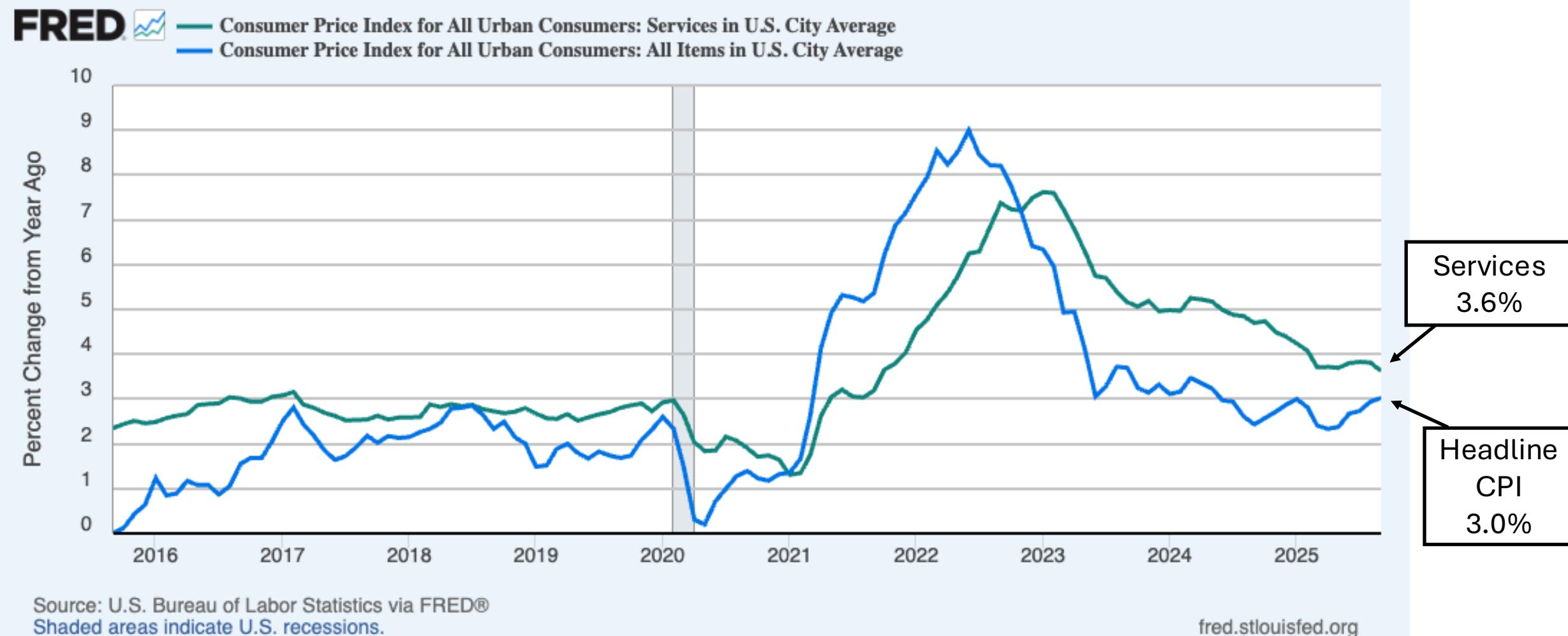
Consumer prices for select categories, change from a year earlier



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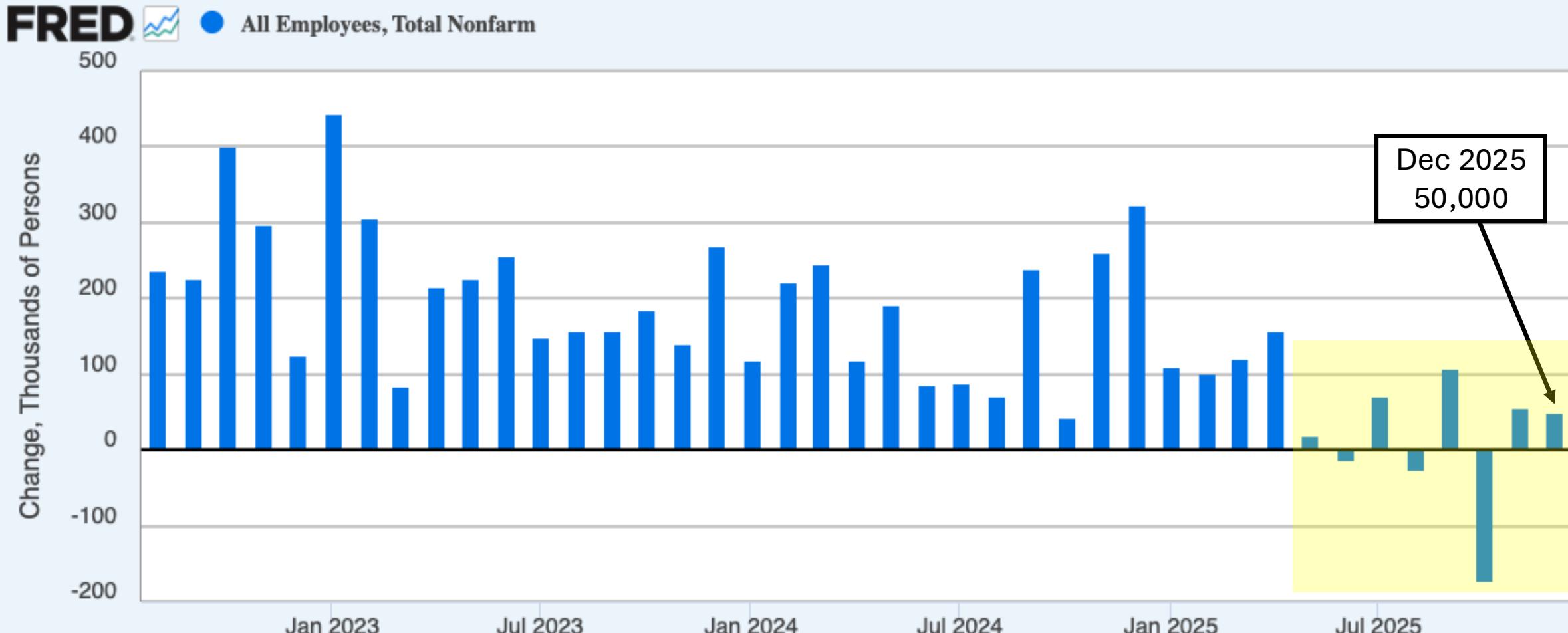
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# Services Inflation Higher Than Overall CPI



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# Job Growth Engine is Stalling

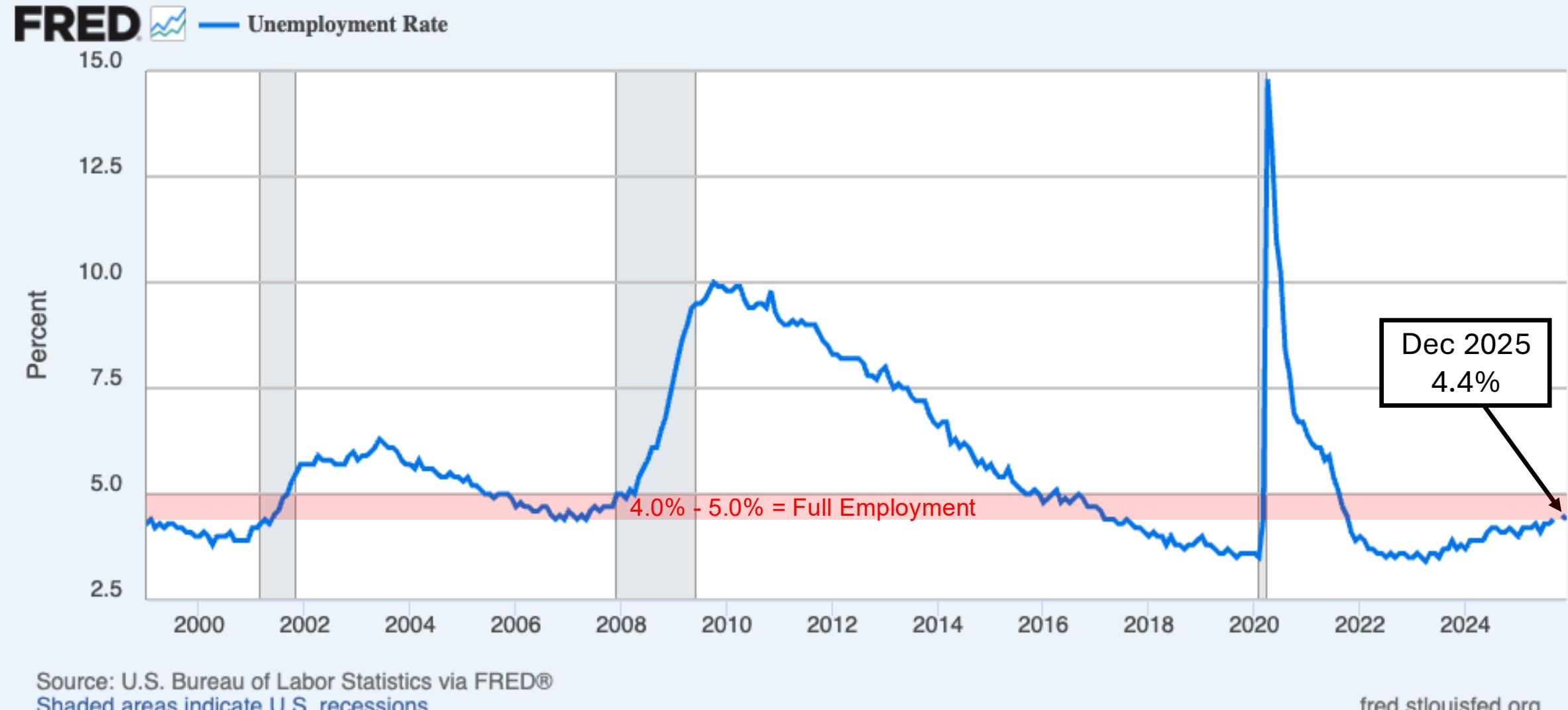


Source: U.S. Bureau of Labor Statistics via FRED®  
Shaded areas indicate U.S. recessions.

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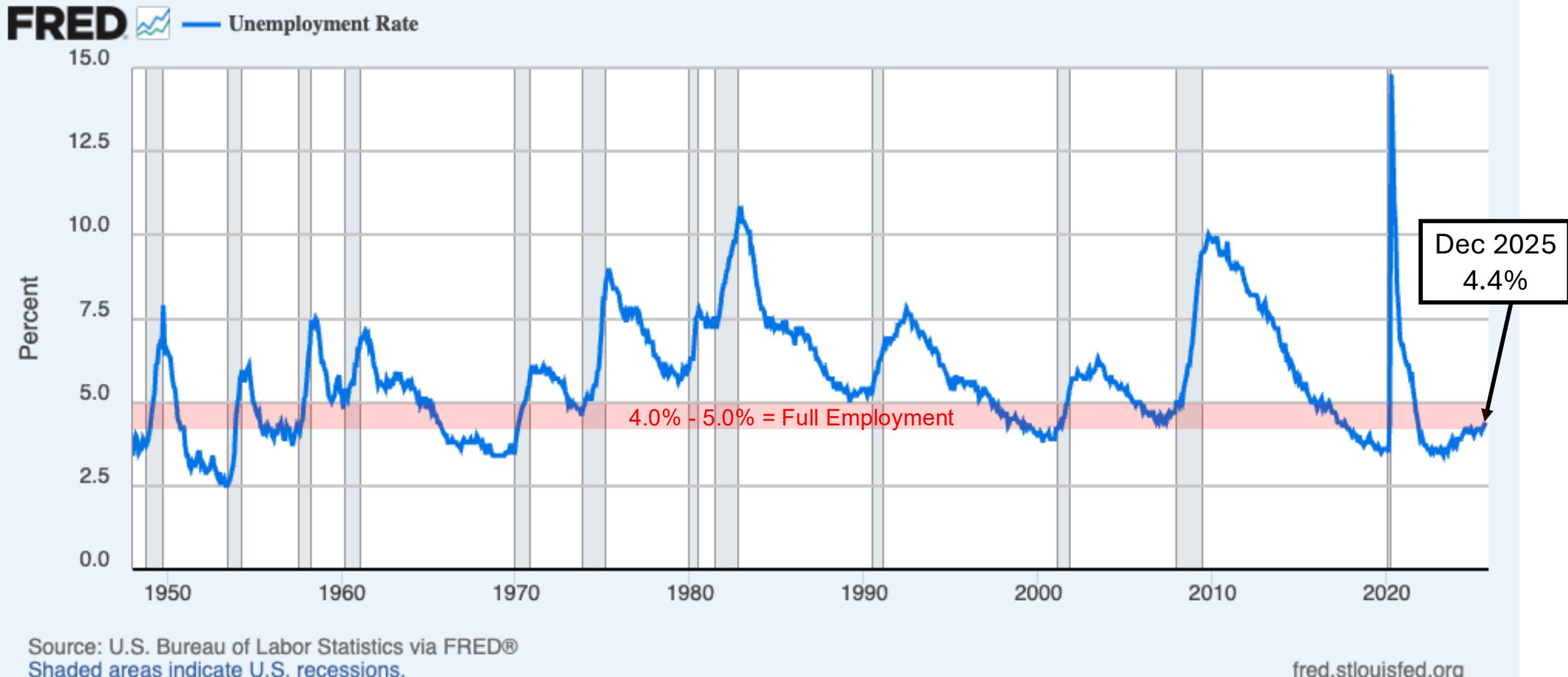
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# Unemployment Rate Trending Up



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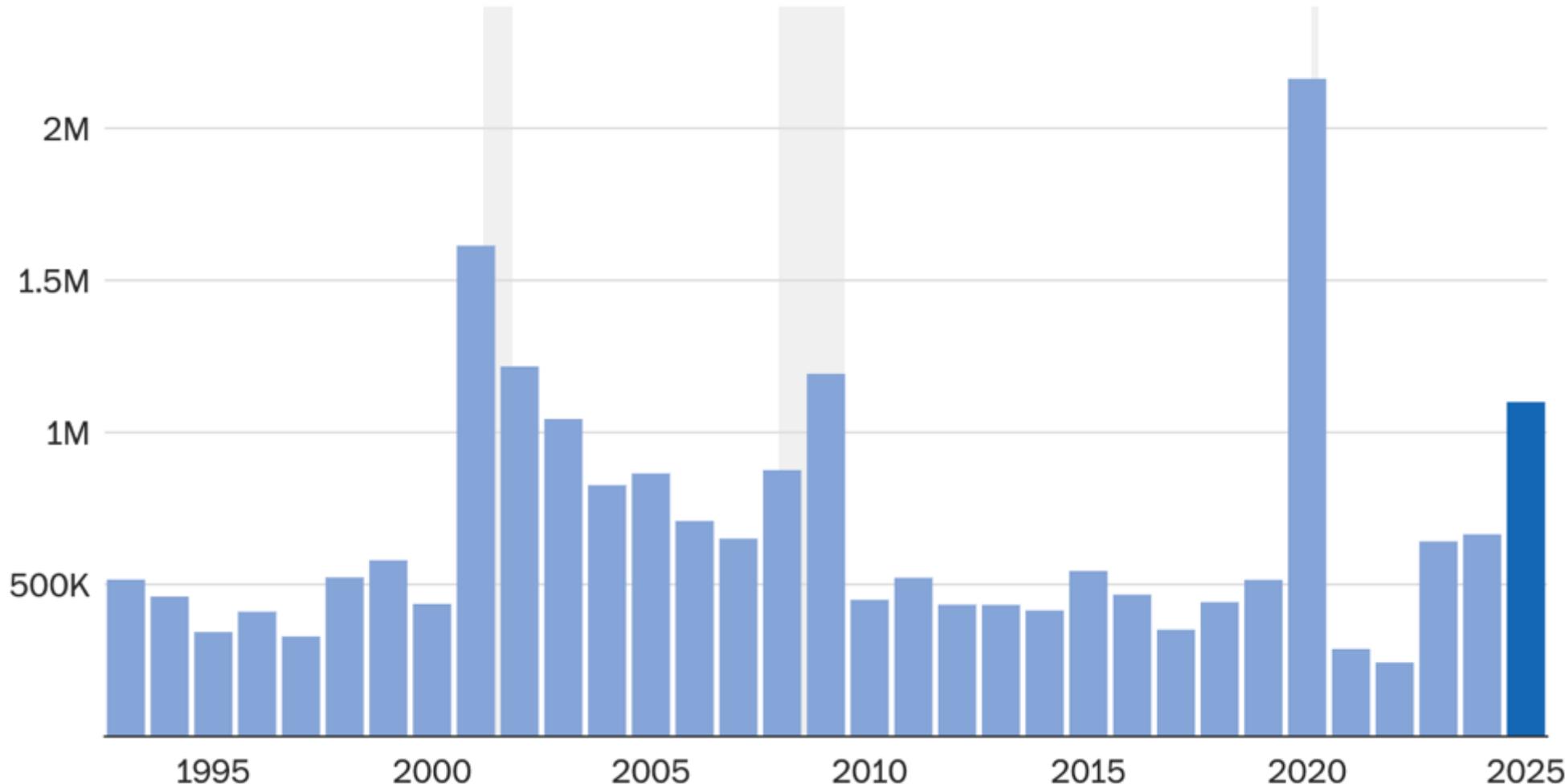
# U.S. Unemployment Rate Increasing



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# More Than 1 Million Workers Laid Off in 2025

Number of job cuts, January through October of each year

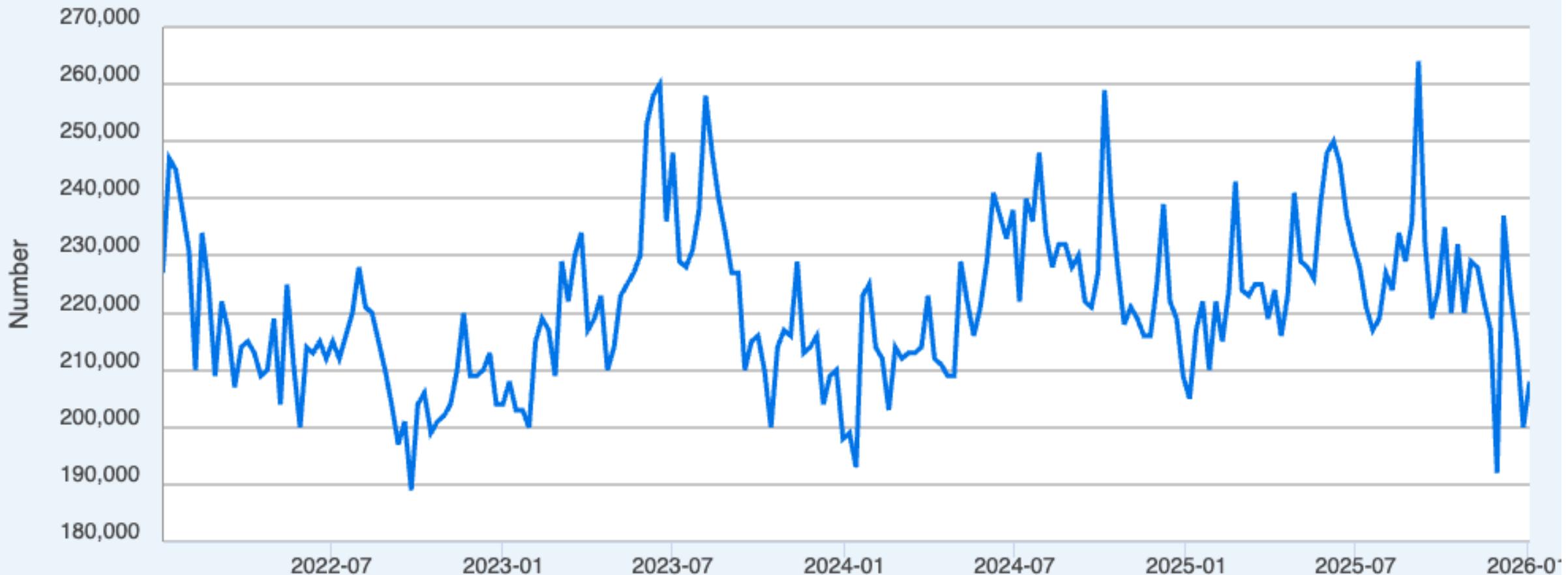


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# Initial Unemployment Insurance Claims Down

**FRED**  Initial Claims



Source: U.S. Employment and Training Administration via FRED®  
Shaded areas indicate U.S. recessions.

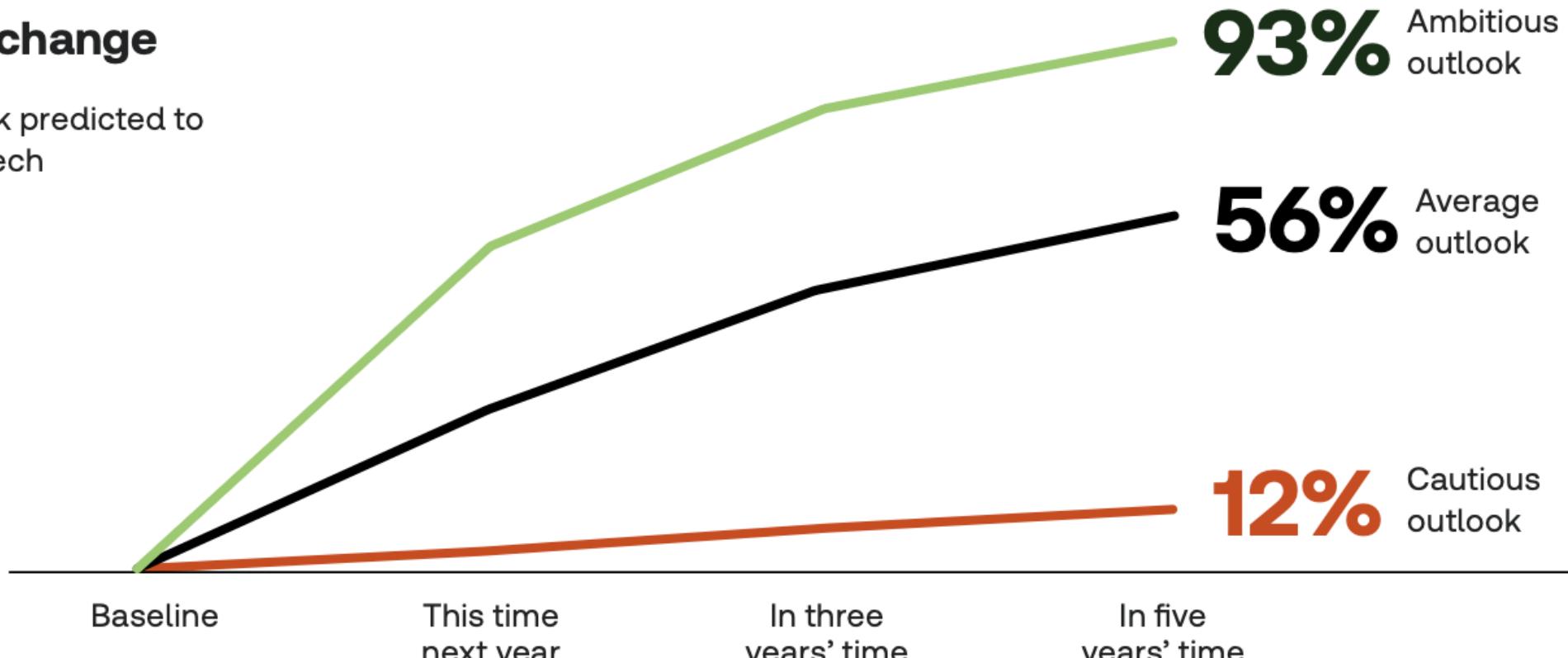
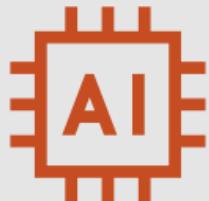
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# AI Is Expected to Transform the Workforce

## 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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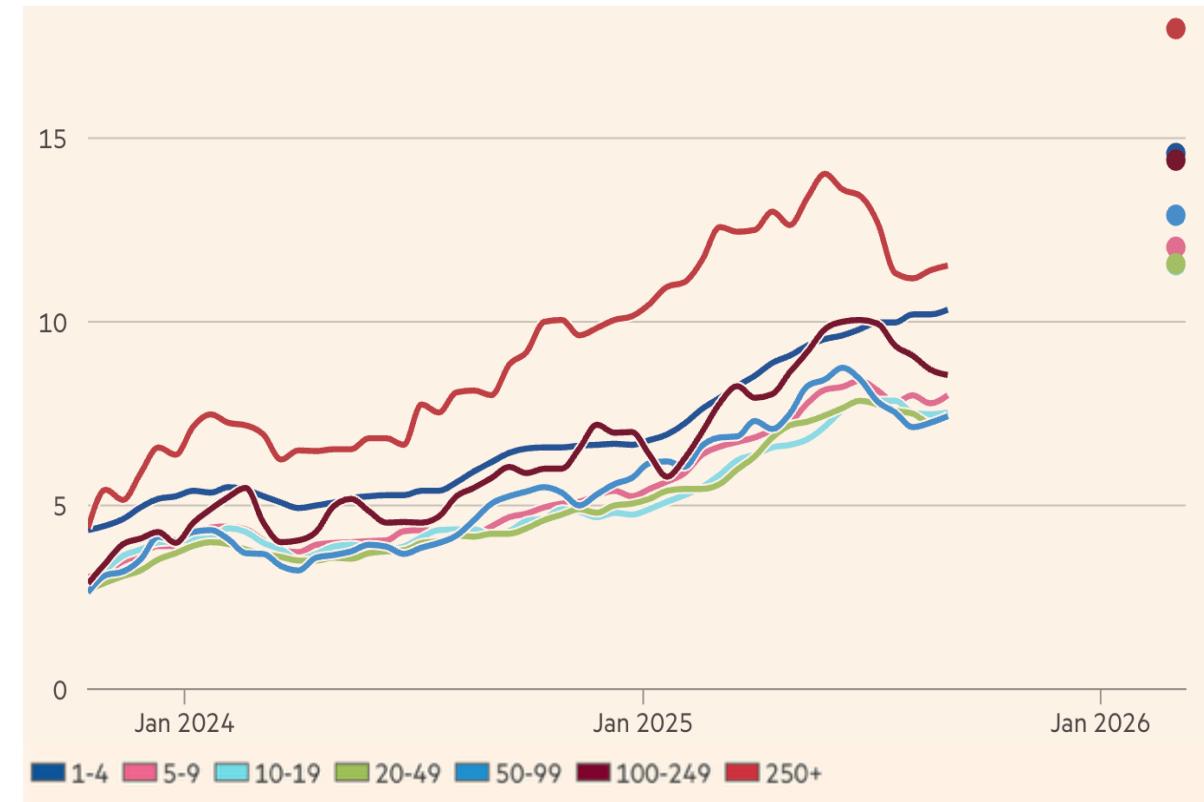
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# AI Adoption is Increasing

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



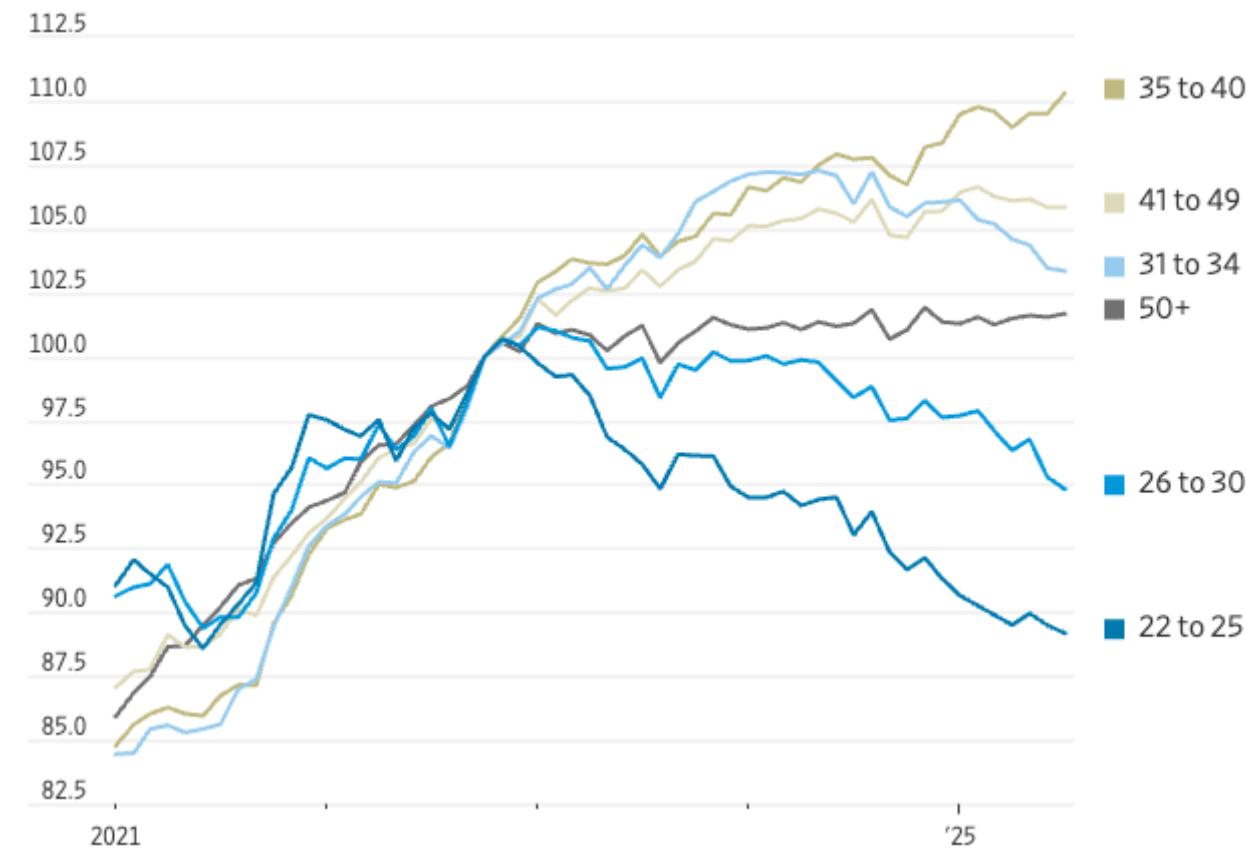
# AI Is Transforming the Workforce

## Employee Headcount By Age

### Software Developers



### Customer Service Reps



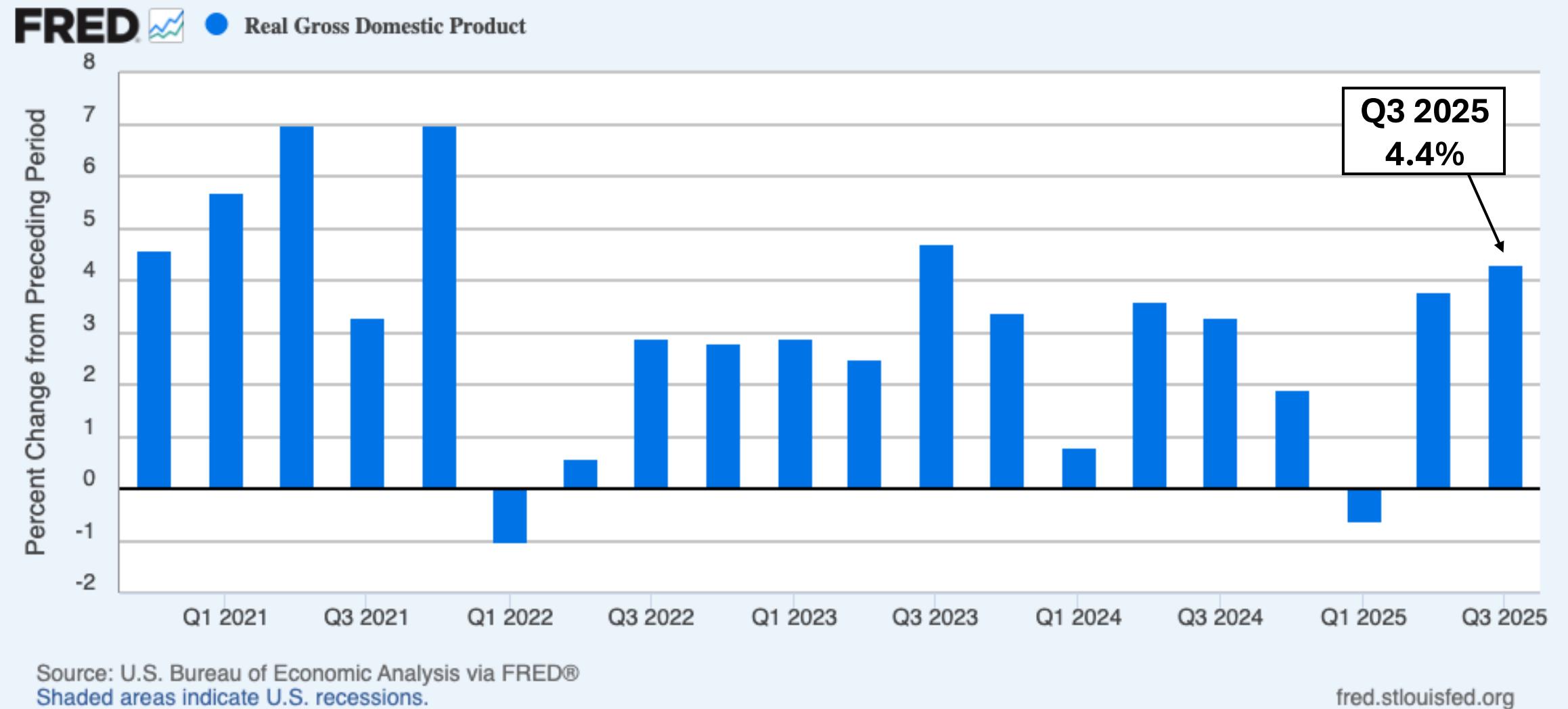
Note: Indexed to 100 at October 2022

Sources: Wall Street Journal; Brynjolfsson, Chandar and Chen

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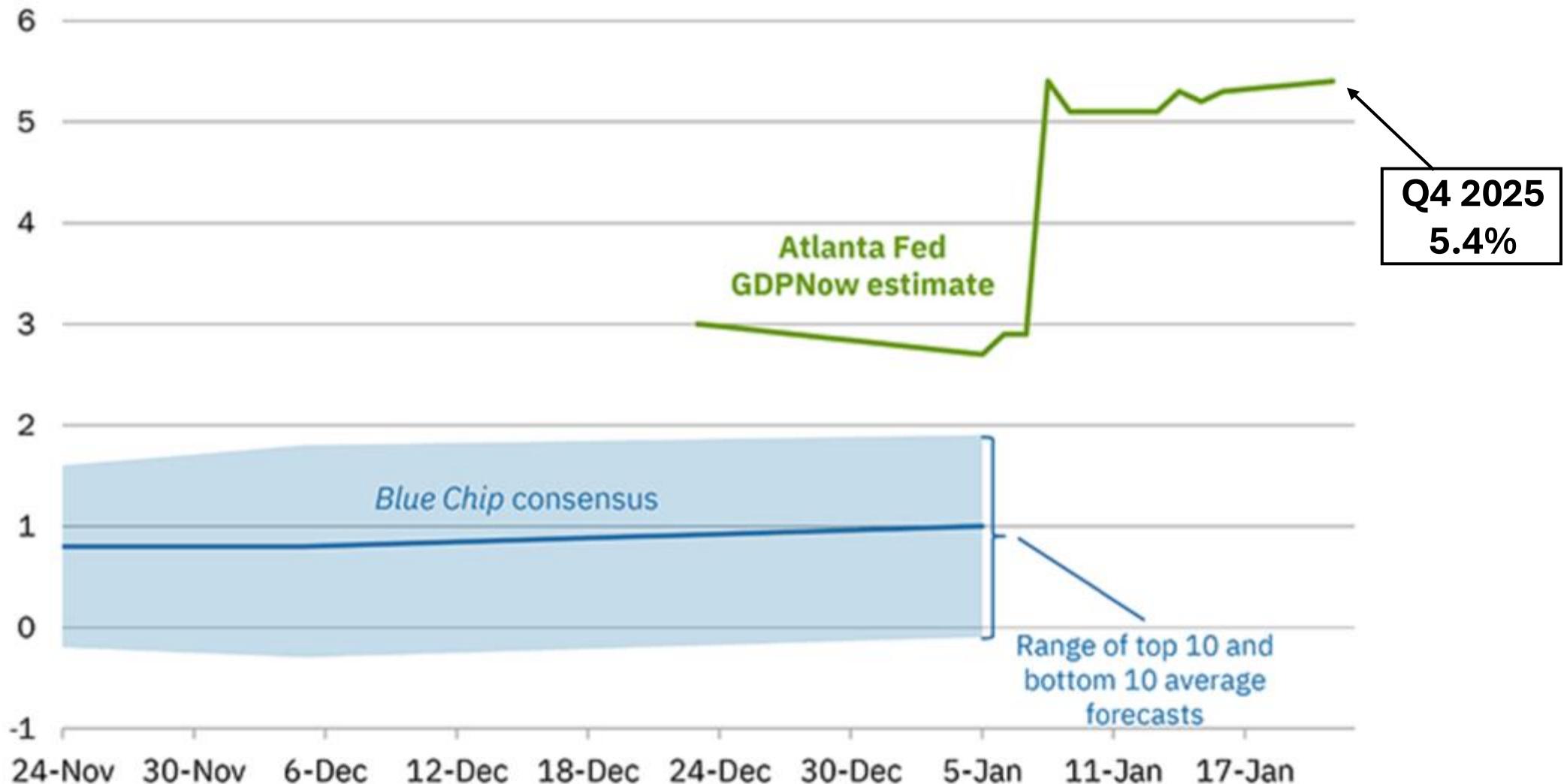
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# GDP Growth Accelerated in the 3<sup>rd</sup> Quarter



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# 4th Quarter GDP Expected to Remain Strong



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# Consumer Sentiment Trending Down

**FRED**  — University of Michigan: Consumer Sentiment

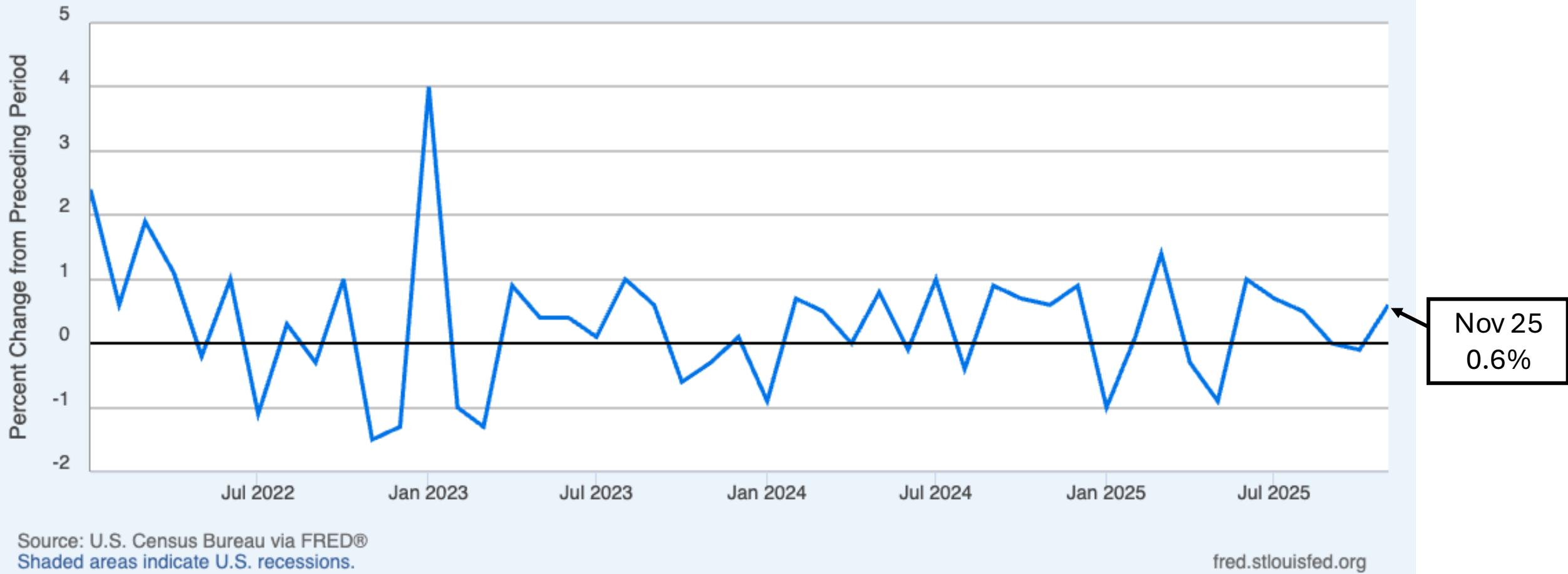


Source: University of Michigan via FRED®  
Shaded areas indicate U.S. recessions.

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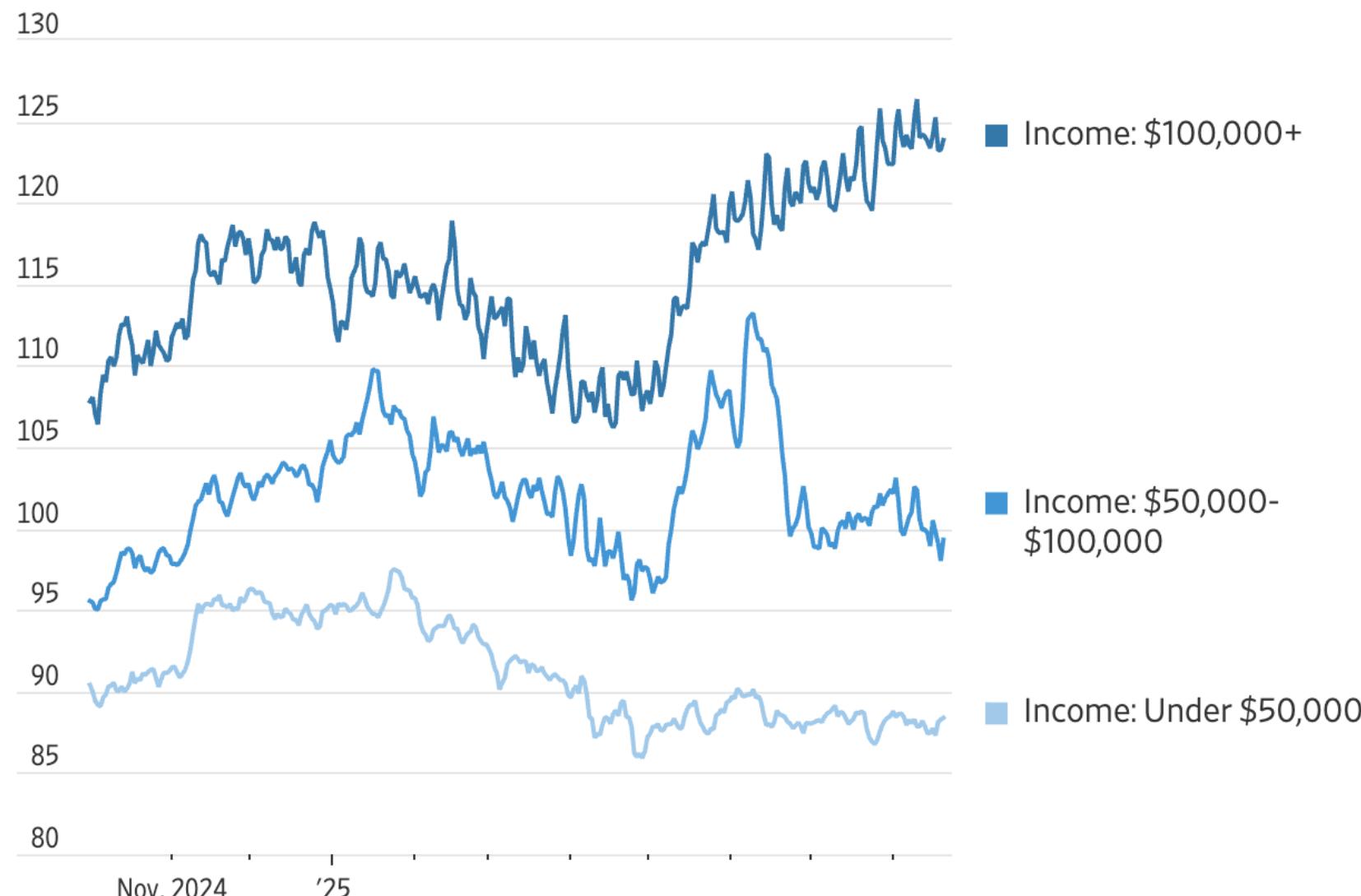
# Retail Sales Holding Up

**FRED**  — Advance Retail Sales: Retail Trade



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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

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# Personal Saving Rate Lower Than Before Covid



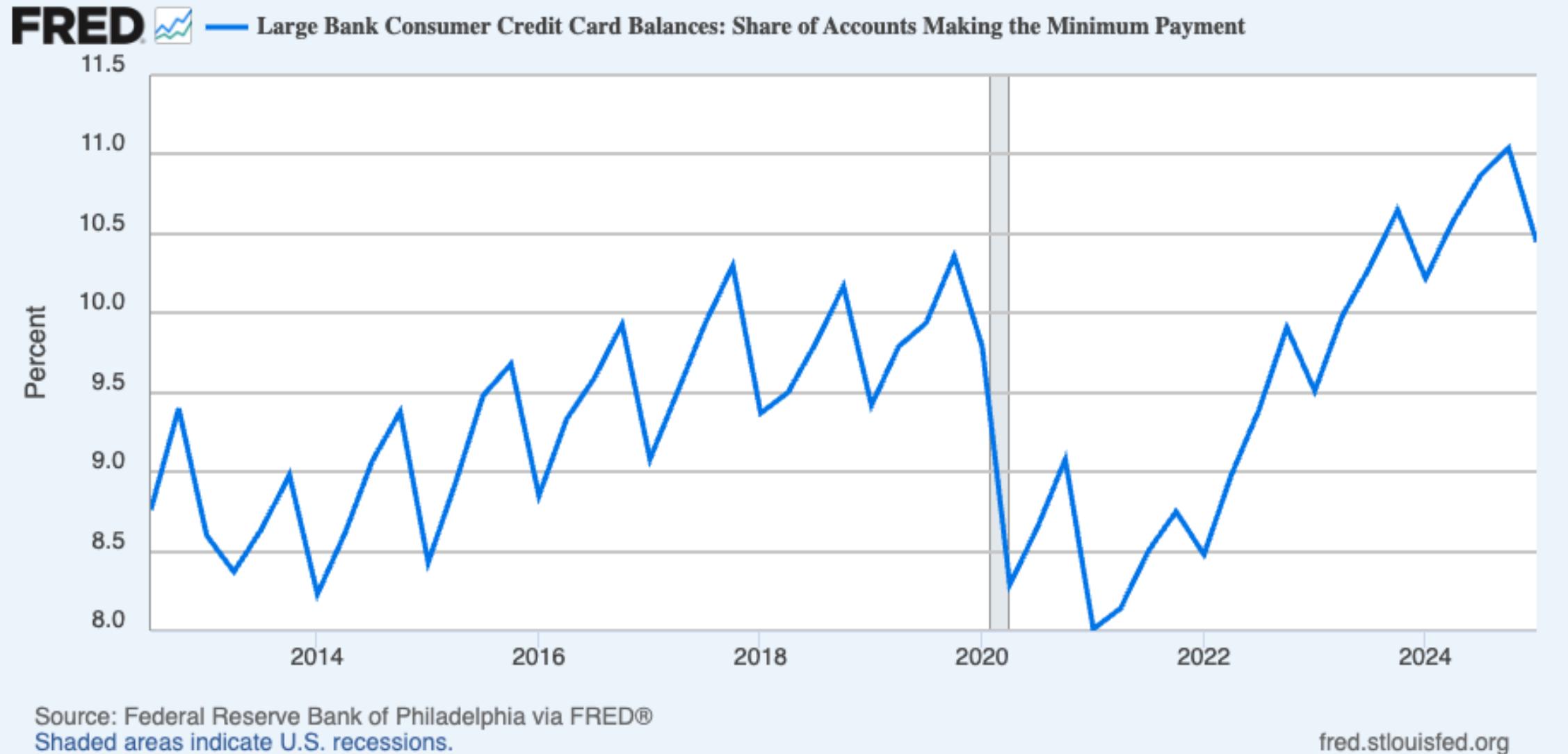
Source: U.S. Bureau of Economic Analysis via FRED®  
Shaded areas indicate U.S. recessions.

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# Minimum Credit Card Payments Trending Up



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# Consumer Loan Delinquency Rate Elevated

**FRED** 

— Delinquency Rate on Credit Card Loans, All Commercial Banks



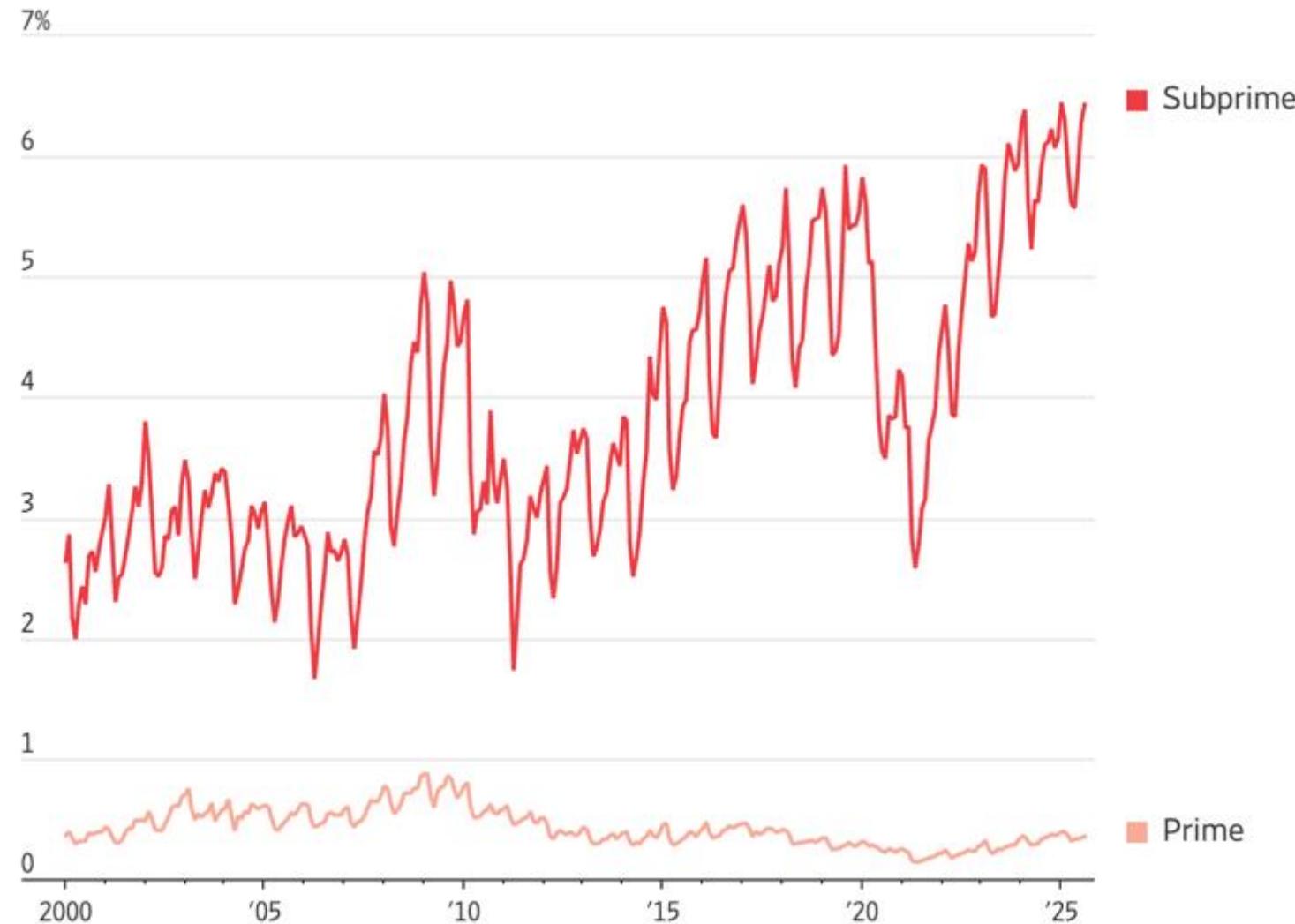
Source: Board of Governors of the Federal Reserve System (US) via FRED®  
Shaded areas indicate U.S. recessions.

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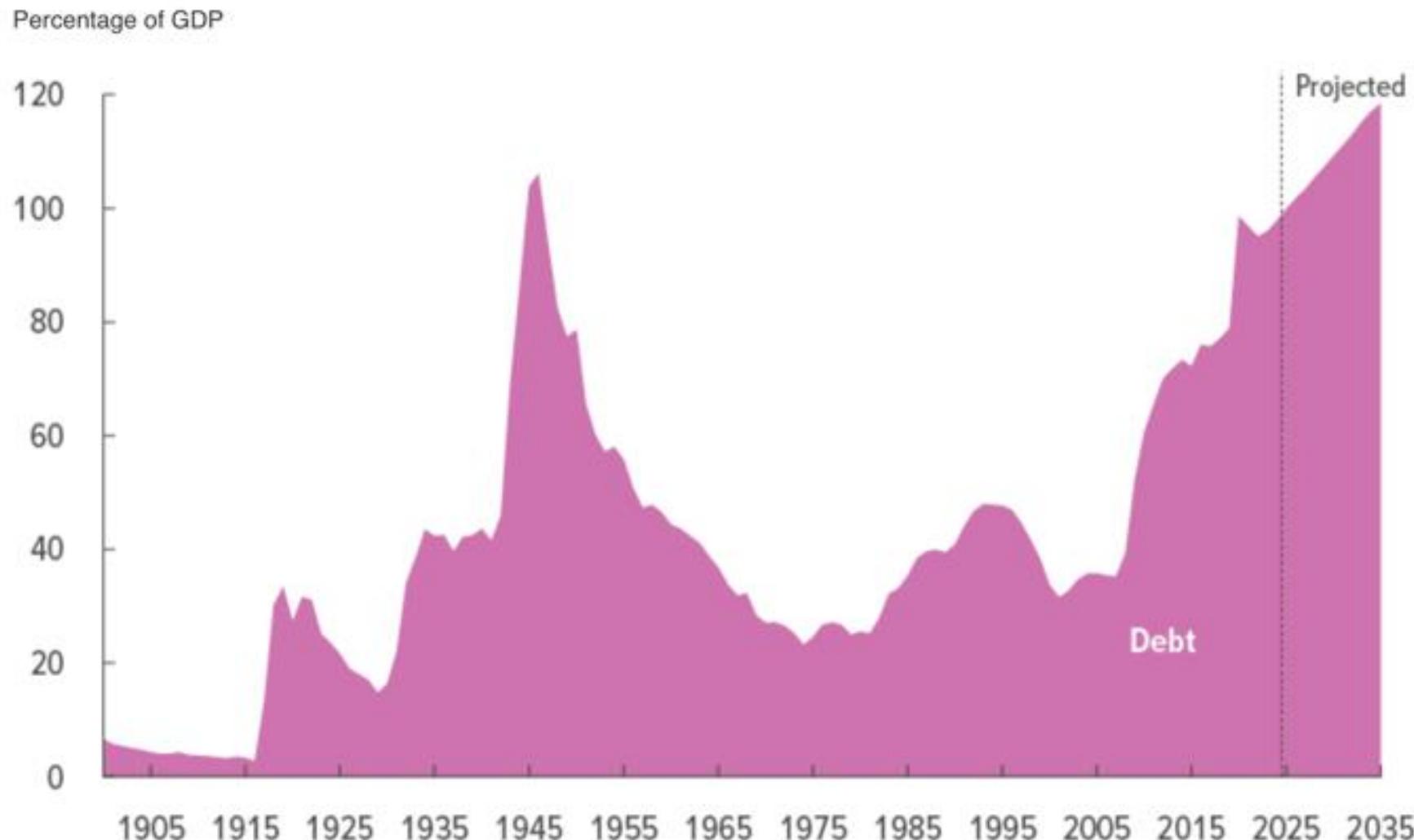
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# Americans Are Falling Behind on Car Payments

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



# National Debt a Mounting Problem

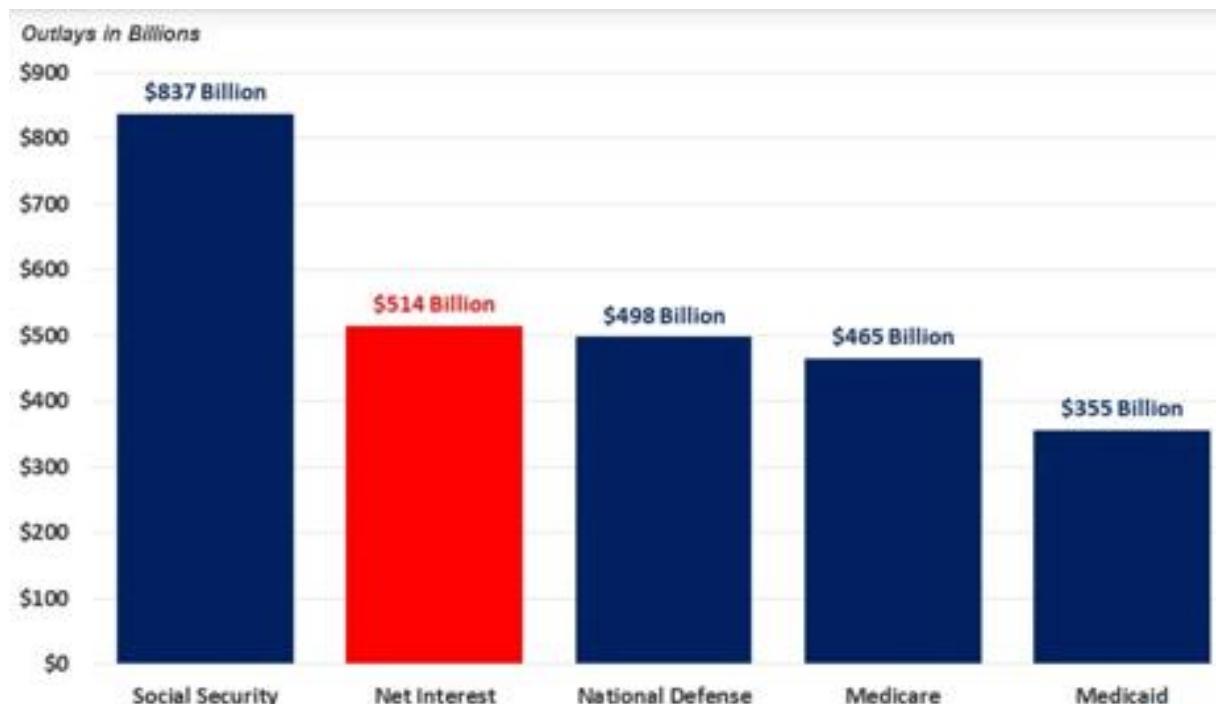


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# Net Interest Payments Crowd Out Priorities

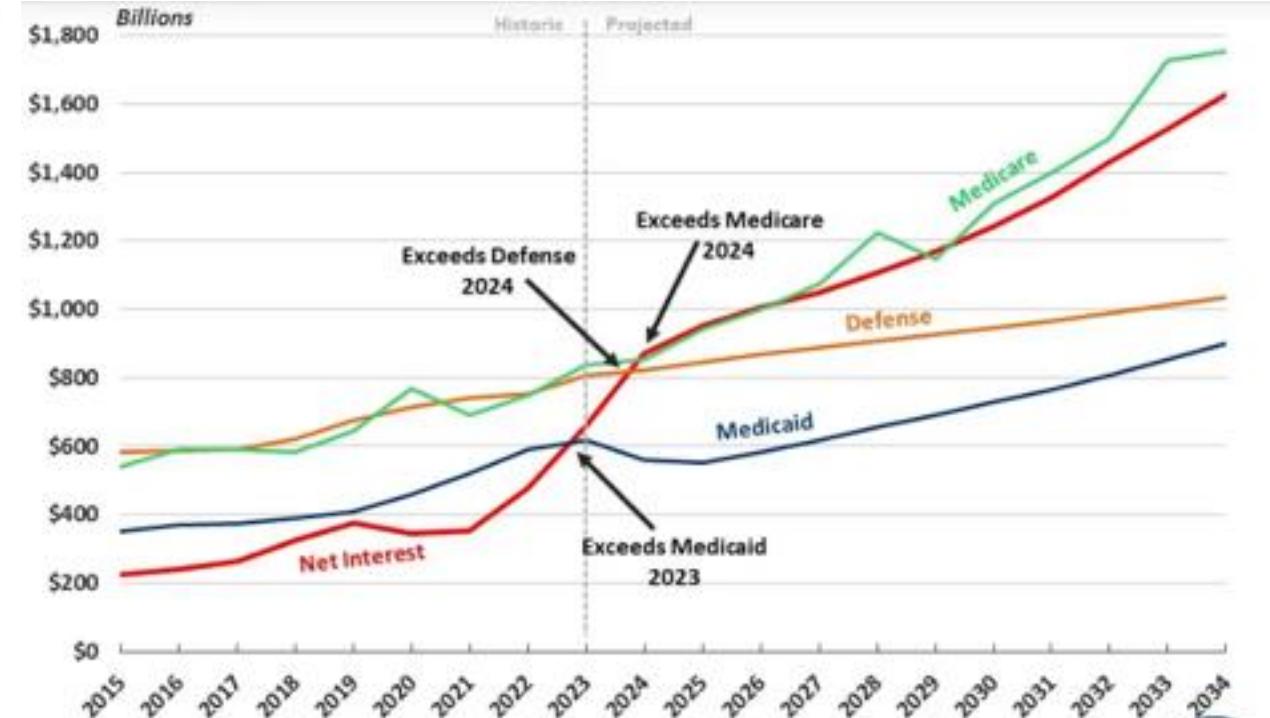
## Servicing National Debt Is Now More than Defense, Medicare, and Medicaid



CRFB.org



Sources: Department of the Treasury.



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

CRFB.org



# 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

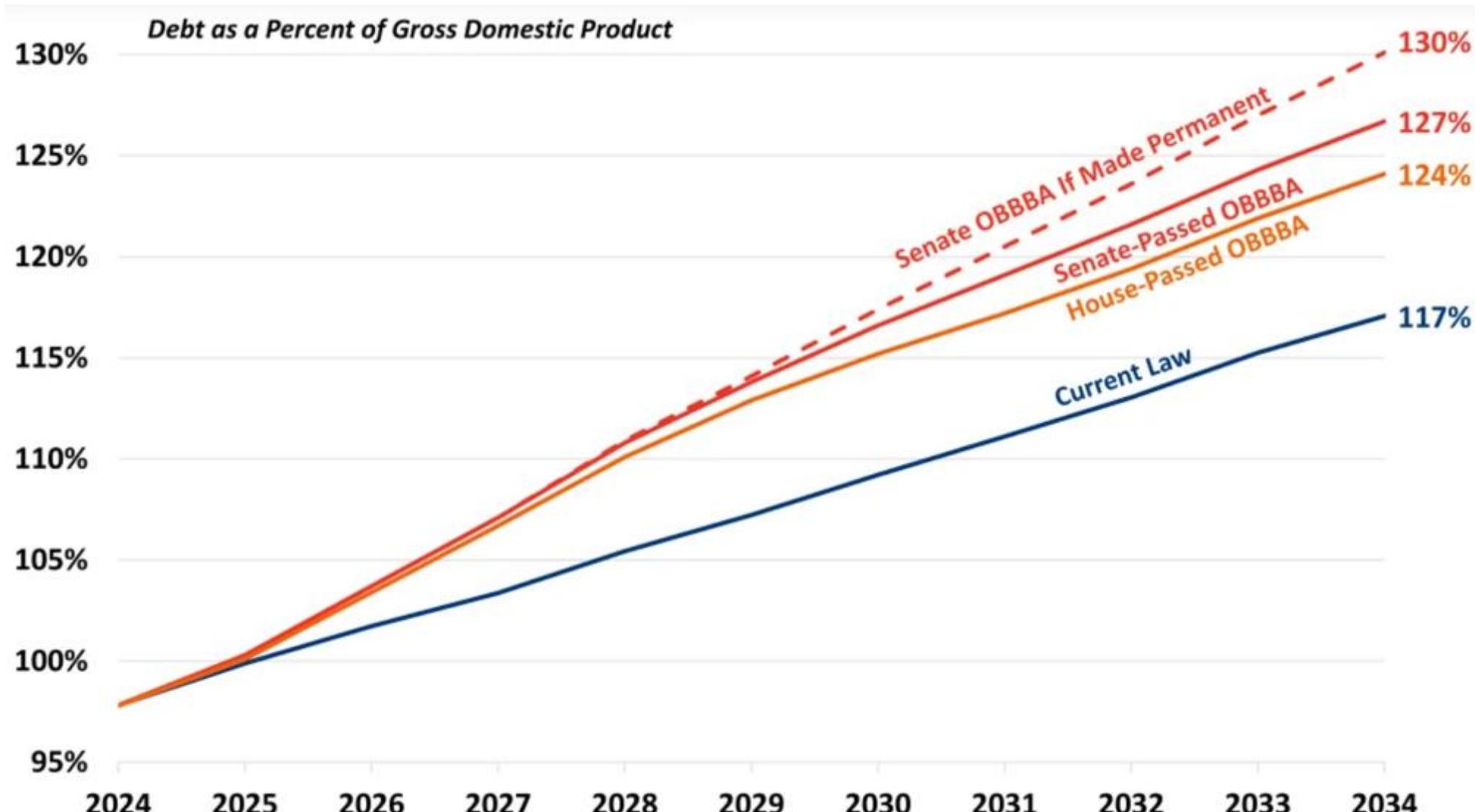
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# National Debt Surges Under the OBBBA



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# 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
<i>Memorandum:</i>												
Dynamic revenues	388	516	504	492	477	462	444	425	405	383	4,496	11,829

Source: Penn Wharton Budget Model.

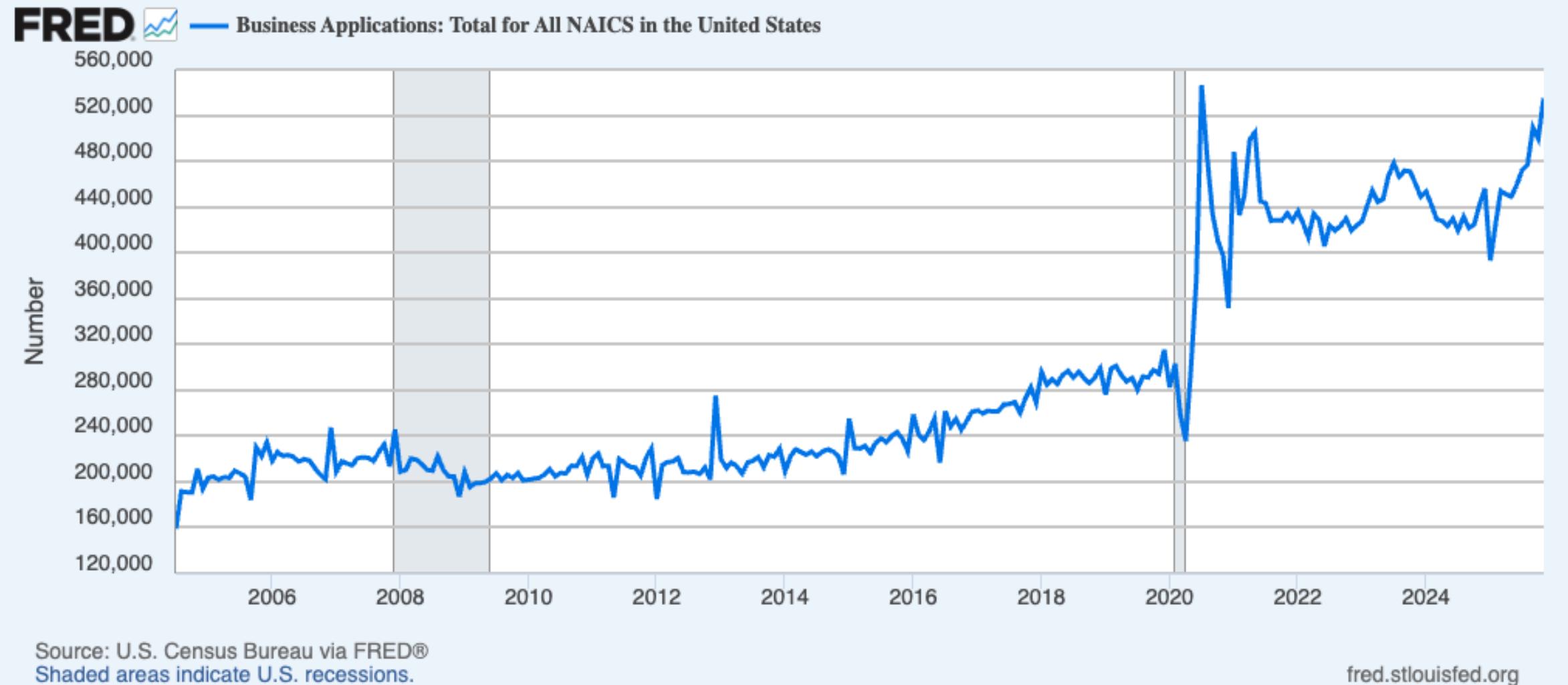
Notes: Revenues include an estimate of how demand will respond to higher prices.

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.

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



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# Regional Economic Conditions

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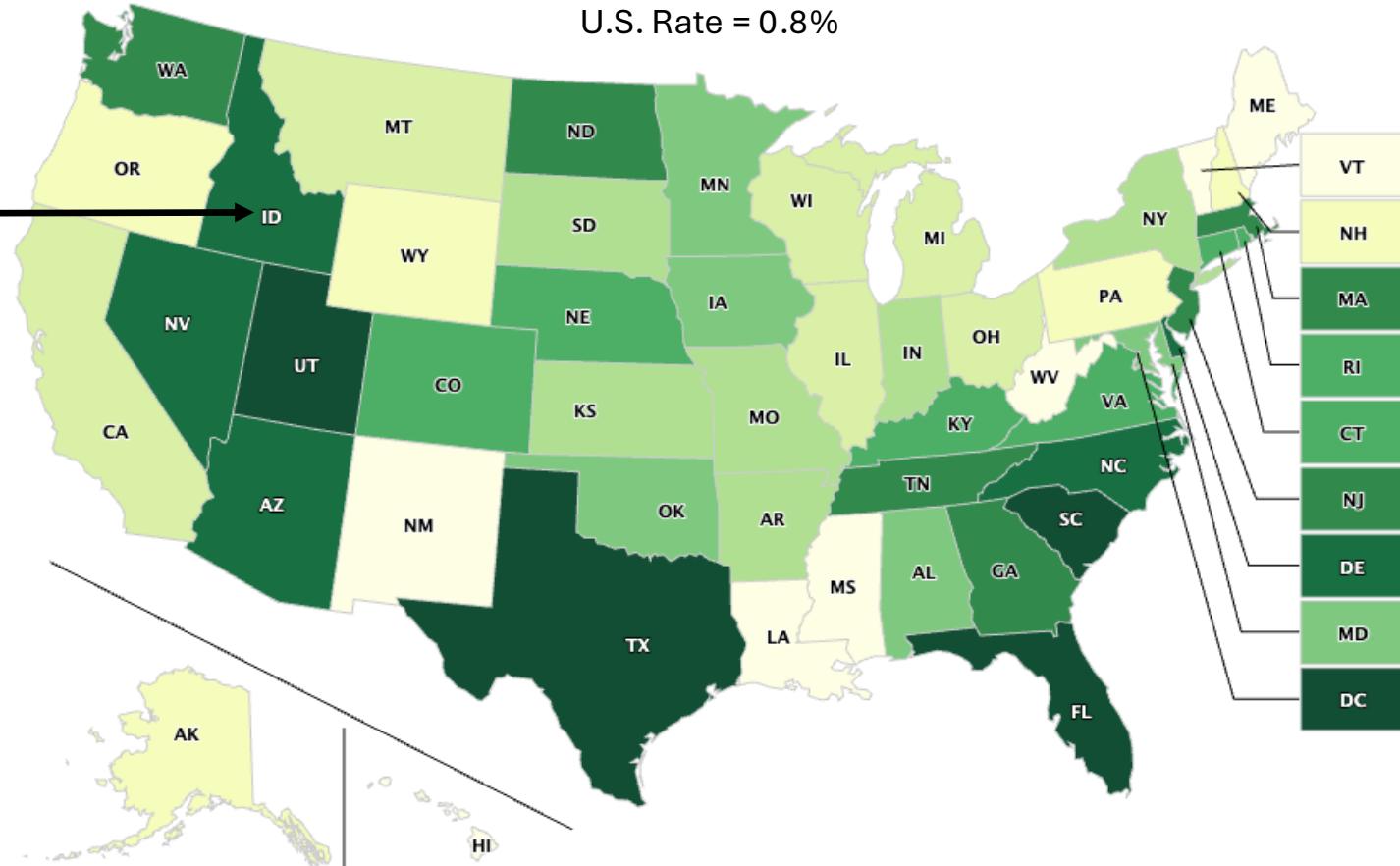
# Idaho Population Growth Among Top in Nation



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

U.S. Rate = 0.8%

Idaho  
1.5%



Source: U.S. Census Bureau

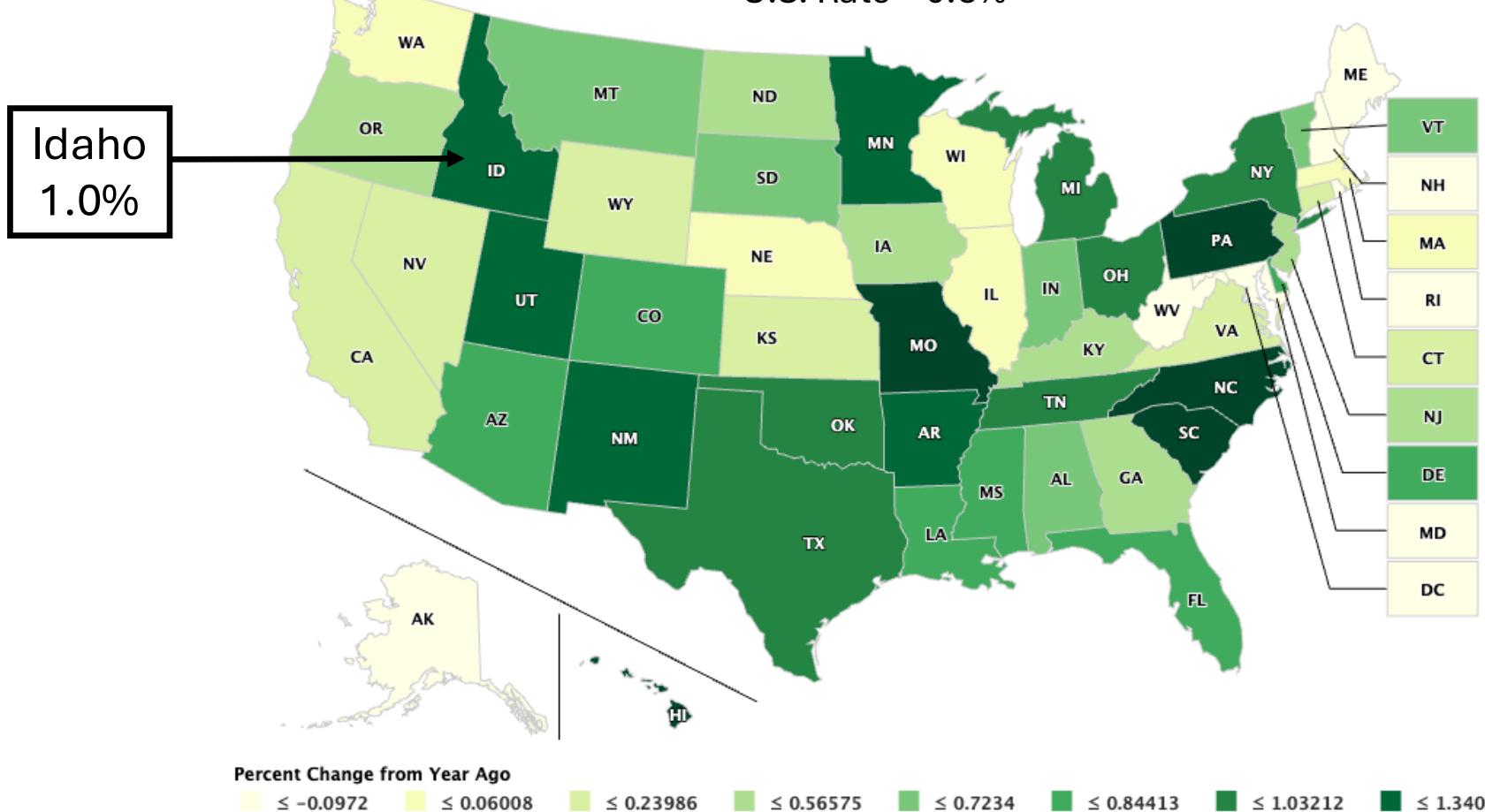
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# Idaho Employment Growth Among Top in Nation



2025 November All Employees: Total Nonfarm by State (Percent  
Change from Year Ago)

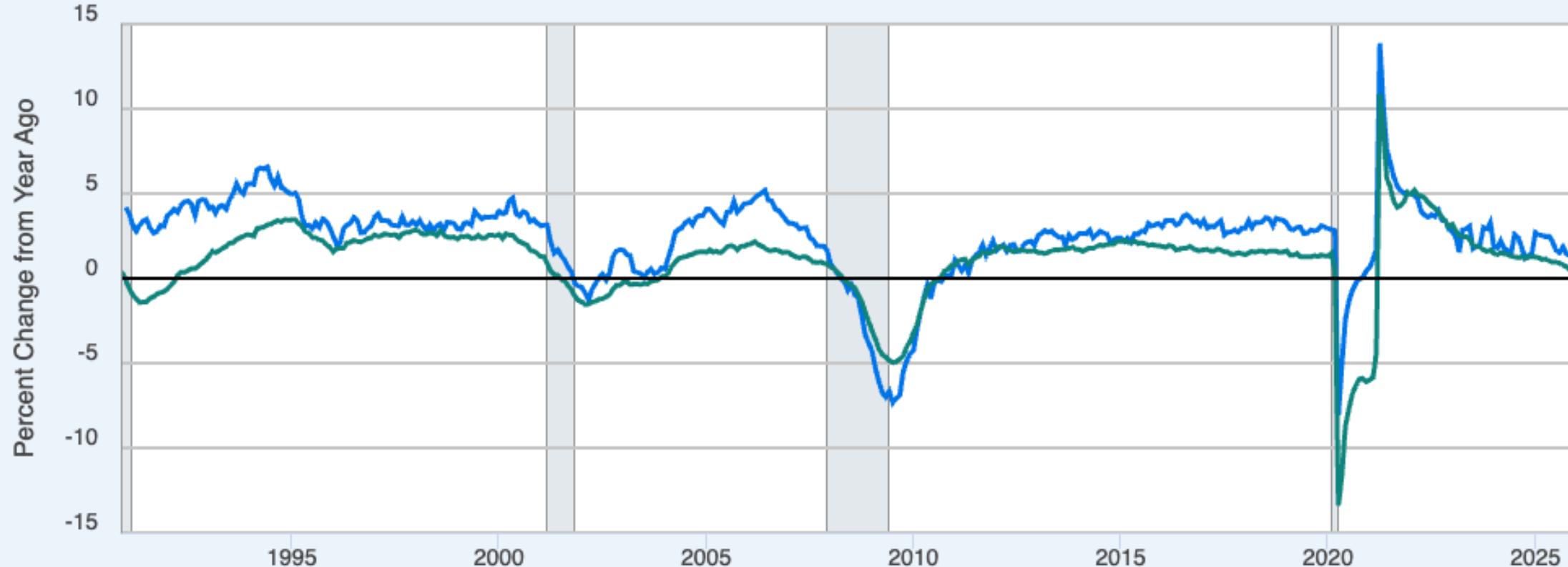
U.S. Rate = 0.5%



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# Idaho Employment Growth Slowing

**FRED**  All Employees: Total Nonfarm in Idaho  
All Employees, Total Nonfarm



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

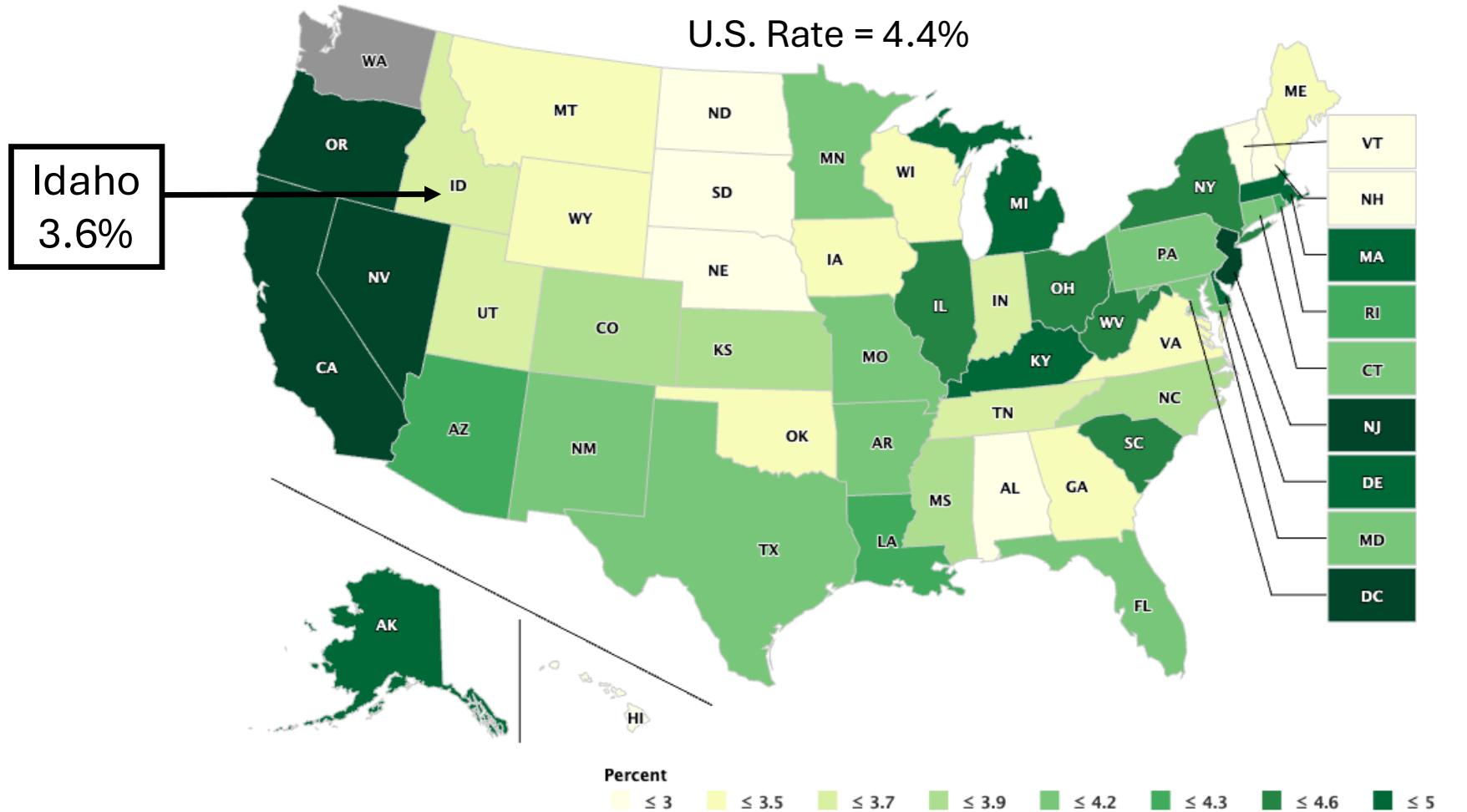
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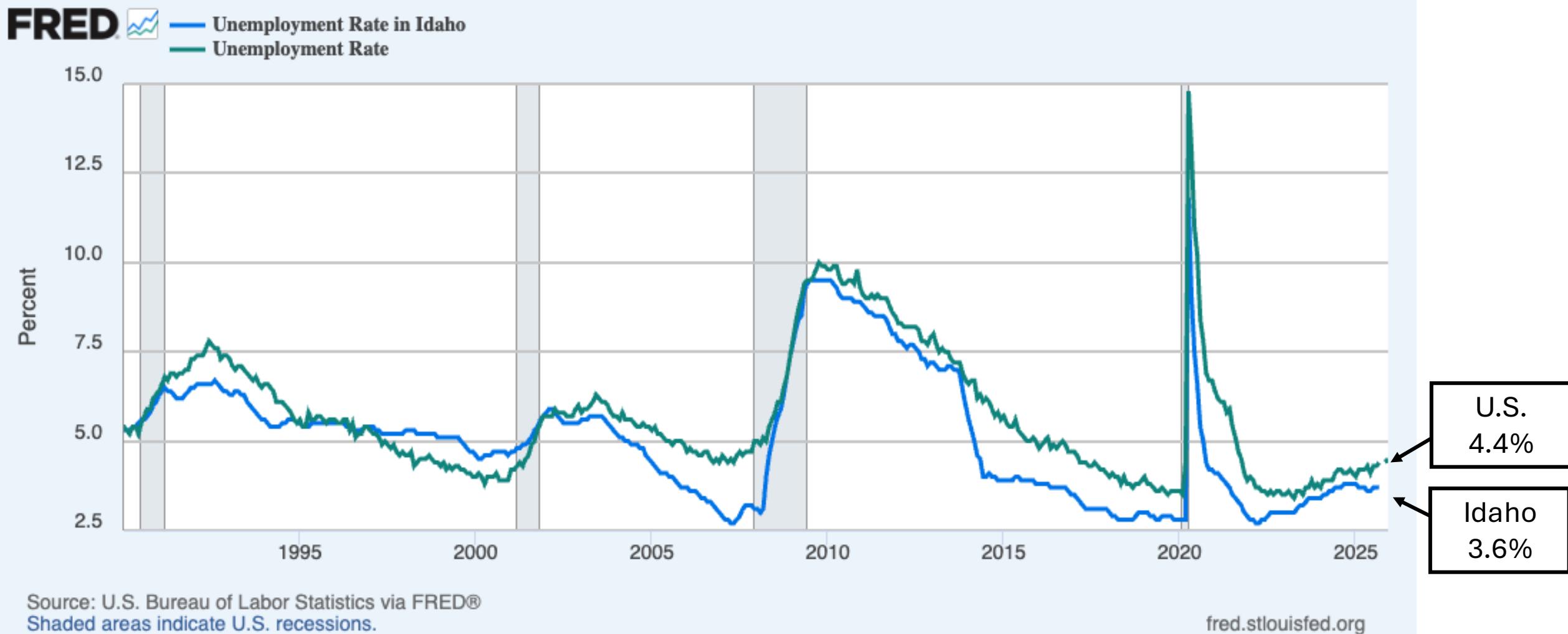
# Idaho Unemployment Rate Lower Than Average

**FRED** 

2025 November Unemployment Rate by State (Percent)

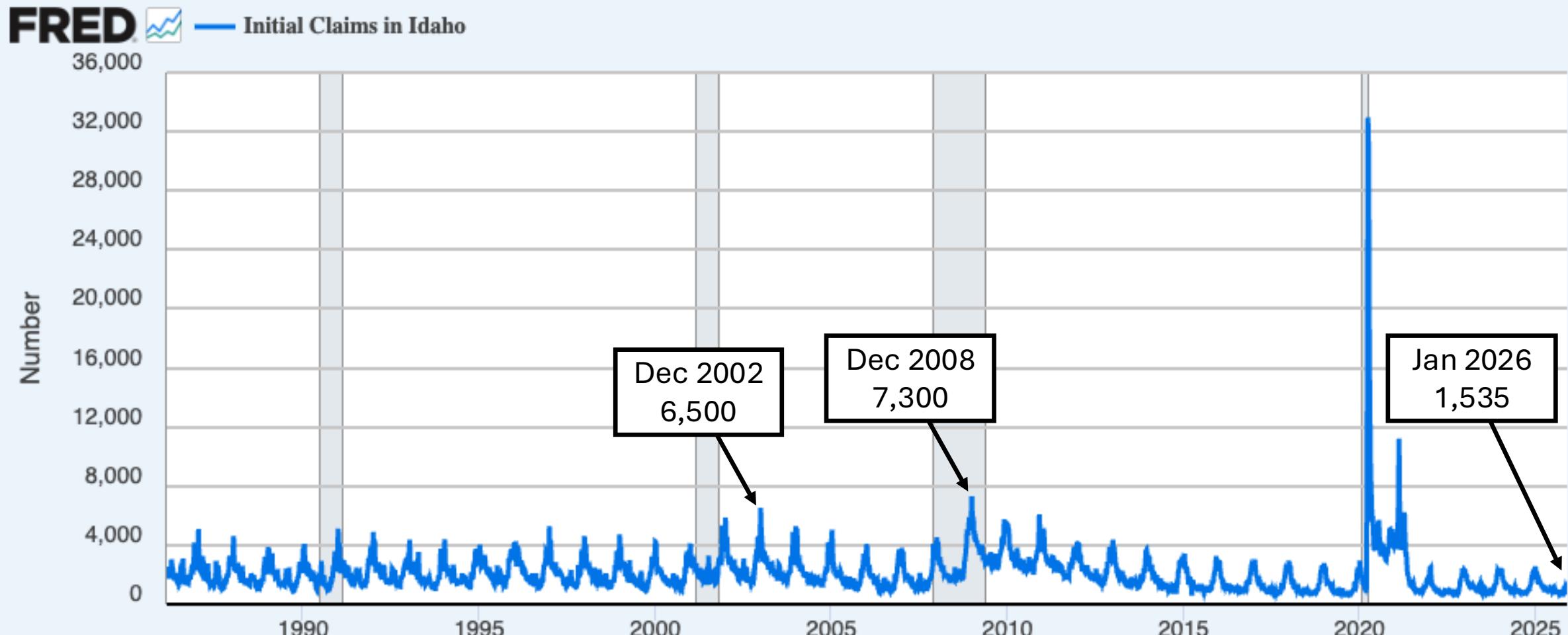


# Idaho Unemployment Rate Stable



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# Idaho Unemployment Claims Remain Low



Source: U.S. Employment and Training Administration via FRED®  
Shaded areas indicate U.S. recessions.

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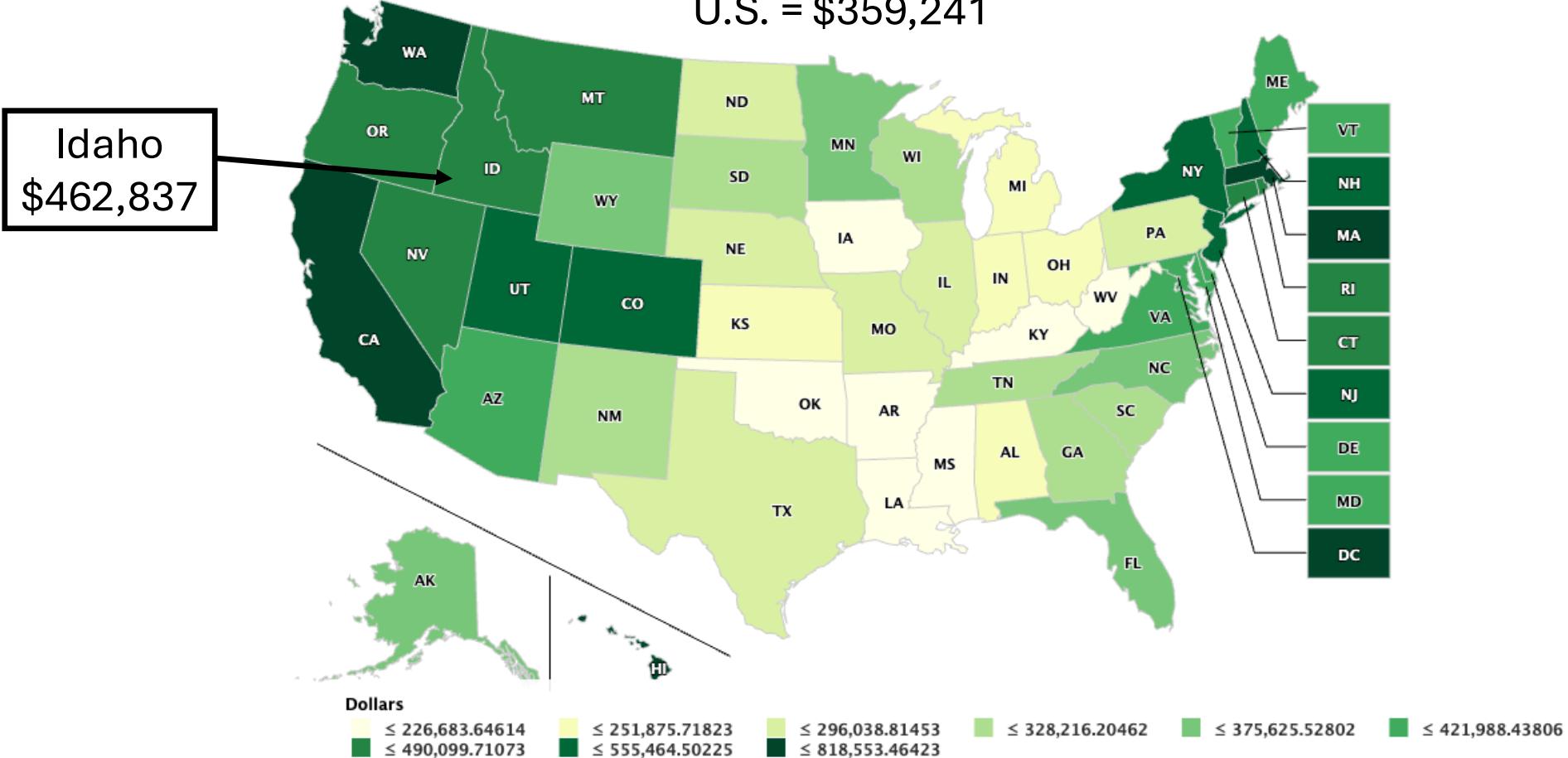
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# Idaho Home Prices Much Higher Than Nation



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

U.S. = \$359,241



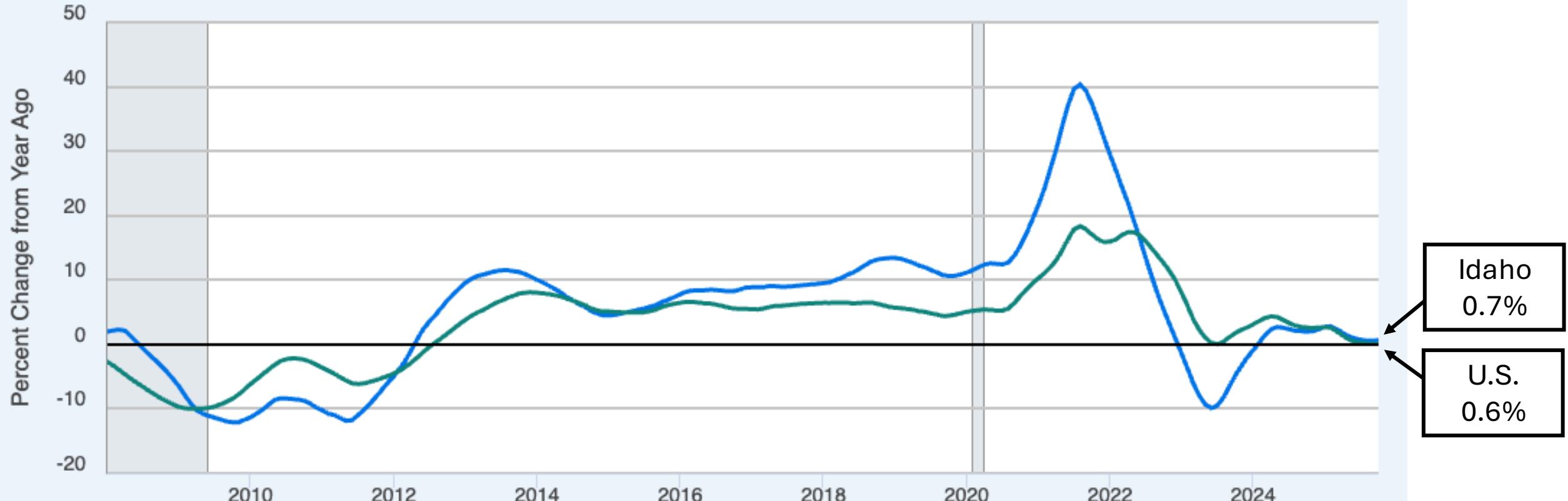
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# Positive Idaho Home Price Appreciation

**FRED**



— Zillow Home Value Index (ZHVI) for All Homes Including Single-Family Residences, Condos, and CO-OPs in Idaho  
— Zillow Home Value Index (ZHVI) for All Homes Including Single-Family Residences, Condos, and CO-OPs in the United States of America



Source: Zillow via FRED®

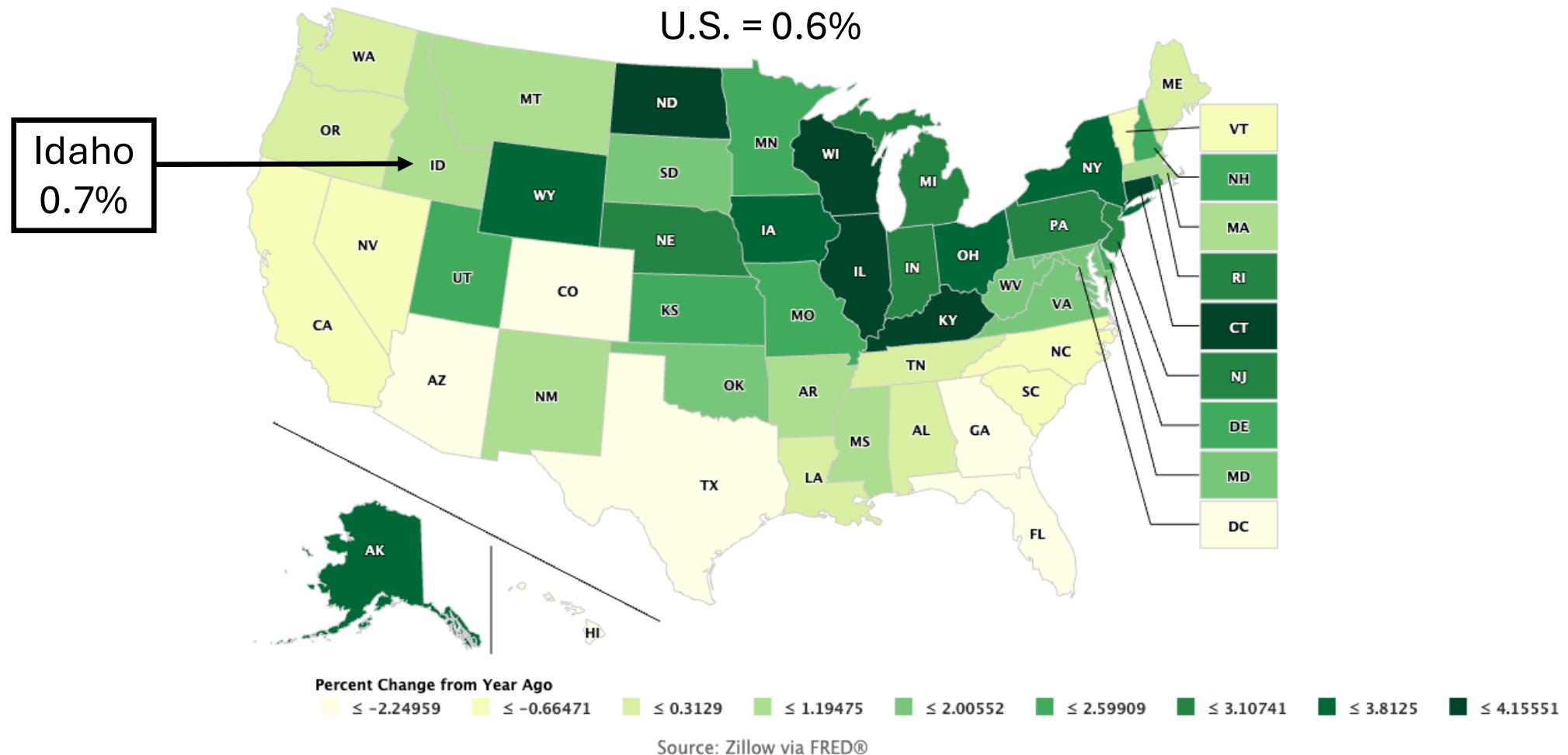
Shaded areas indicate U.S. recessions.

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# Idaho Home Price Growth Near US Average



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)



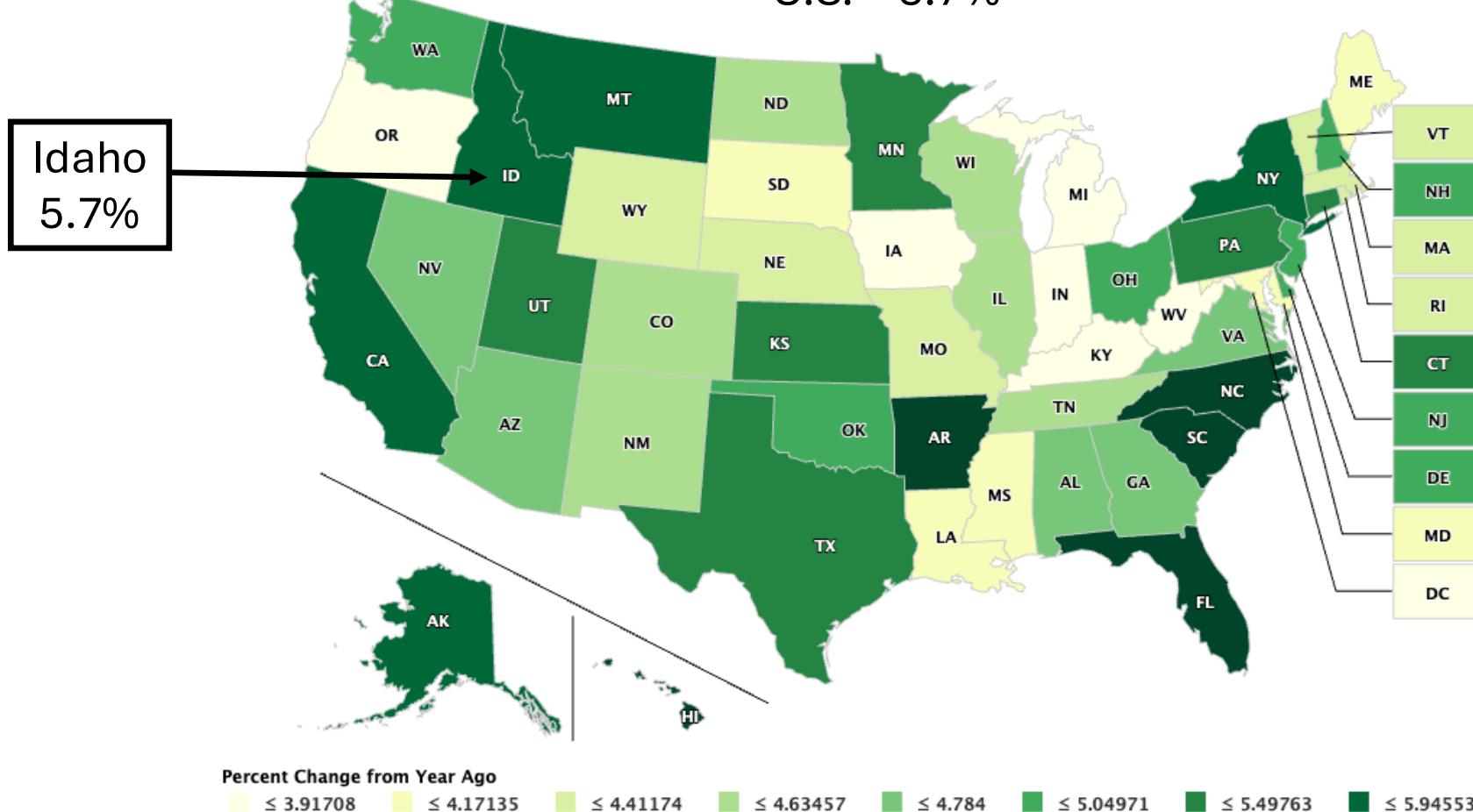
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# Idaho Wage Growth Above National Average



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

U.S. = 3.7%



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

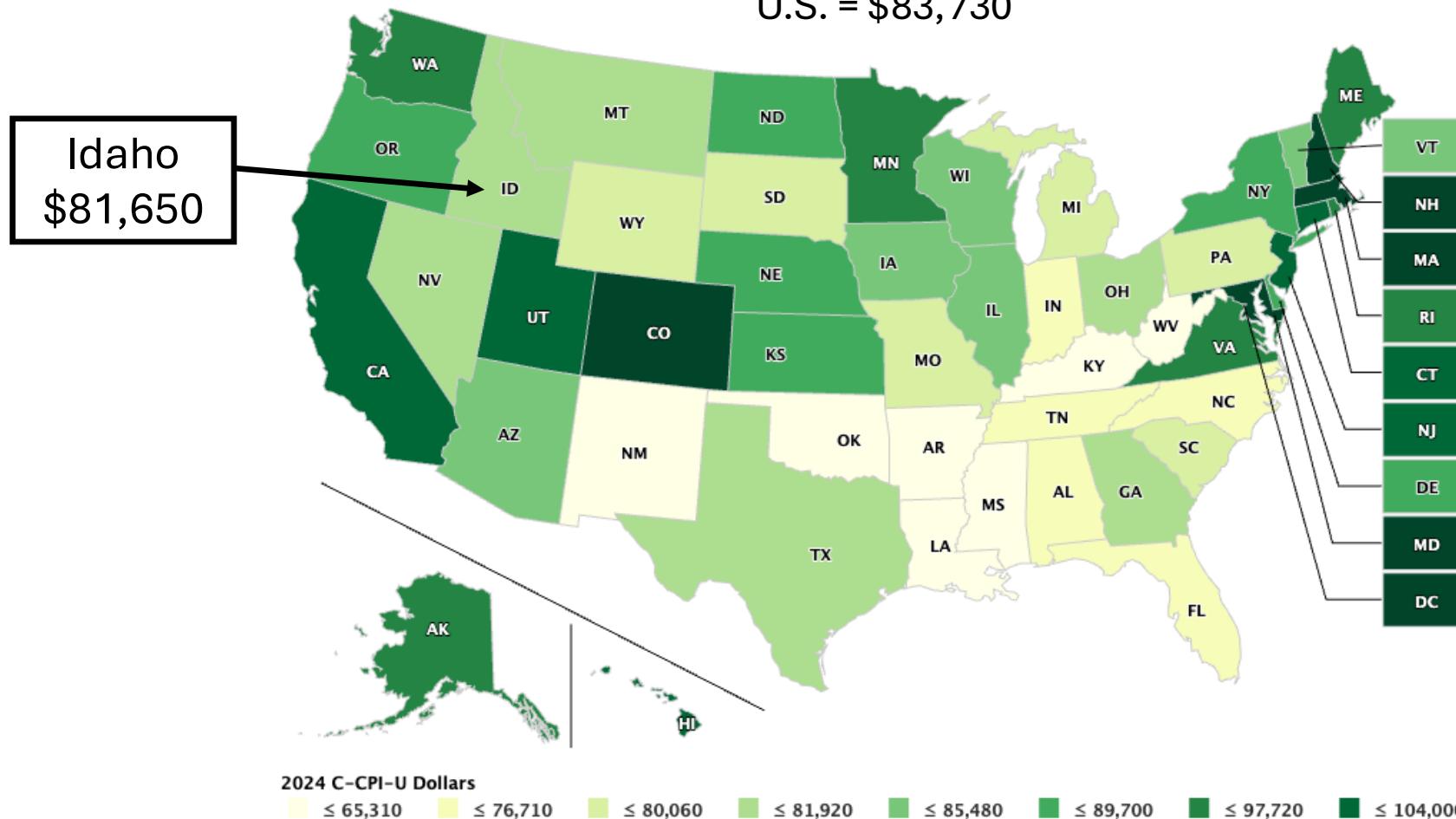
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# Median Household Income by State



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

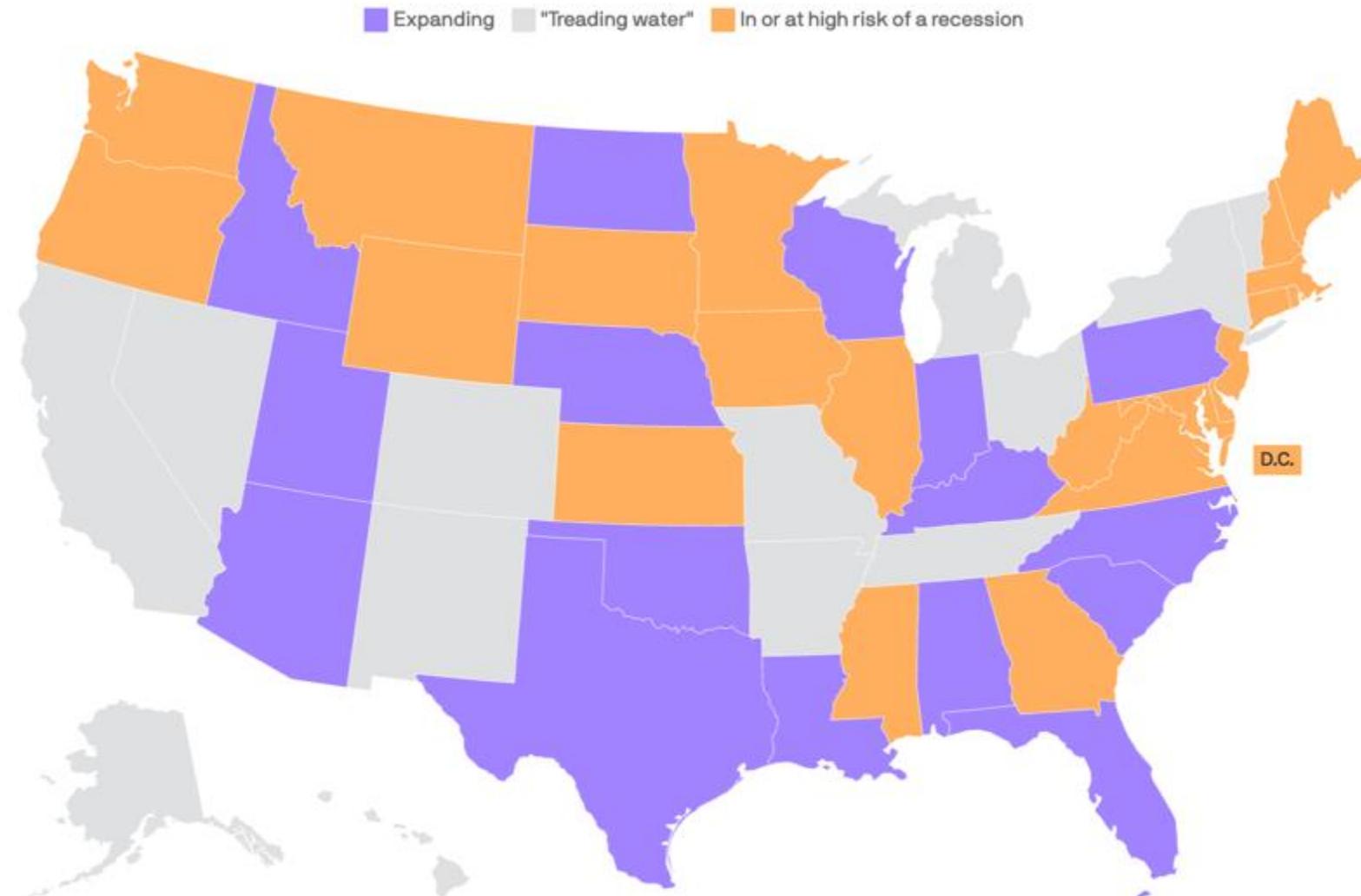
U.S. = \$83,730



Source: U.S. Census Bureau via FRED®

# Many States Already in Recession Risk

Moody's estimated strength of each state's economy



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# 2026 Economic Outlook

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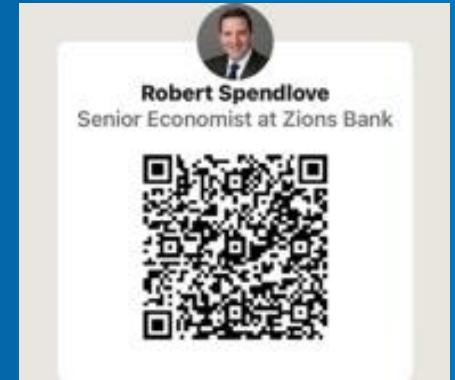
- Tariffs and government shutdown caused higher uncertainty and risk
- Consumer sentiment lower, but consumer spending continuing
- Labor market growth slowing
- Inflation could reaccelerate from increased tariffs
- Intermountain region remains resilient and strong

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**Robert Spendlove**  
**Senior Economist**

**Robert.Spendlove@zionsbank.com**

**801-560-5394**



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