

ZIONS BANK ECONOMIC OVERVIEW

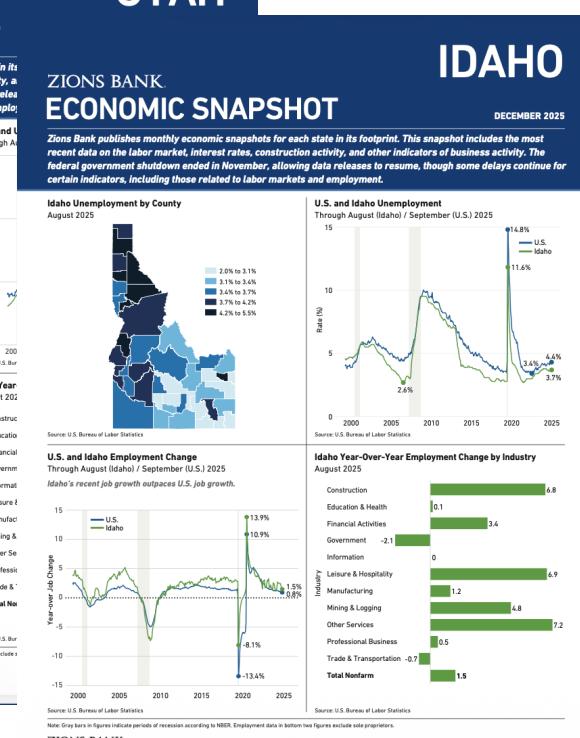
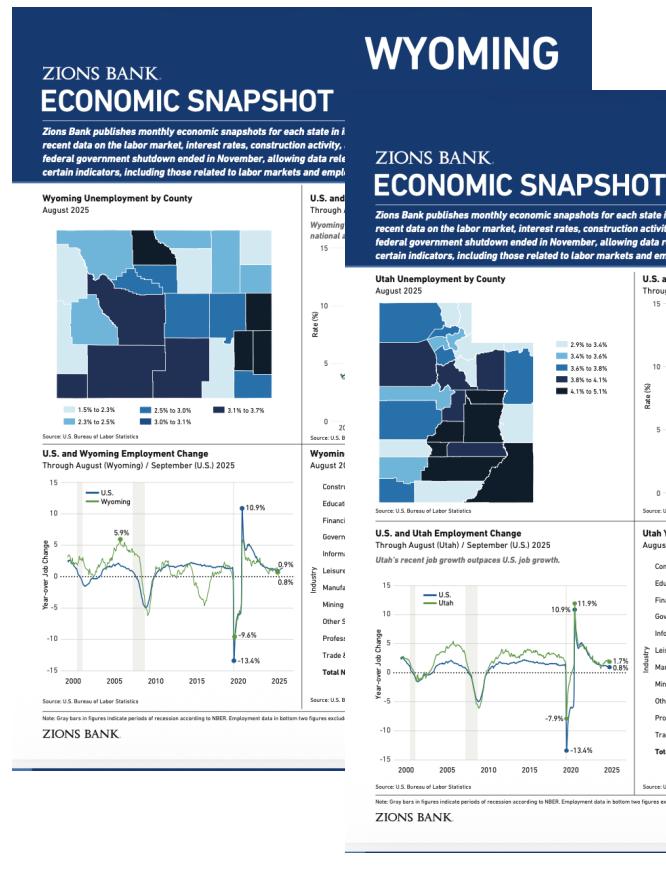
Navigating Economic Policy Shifts

ZIONS BANK®

January 2026

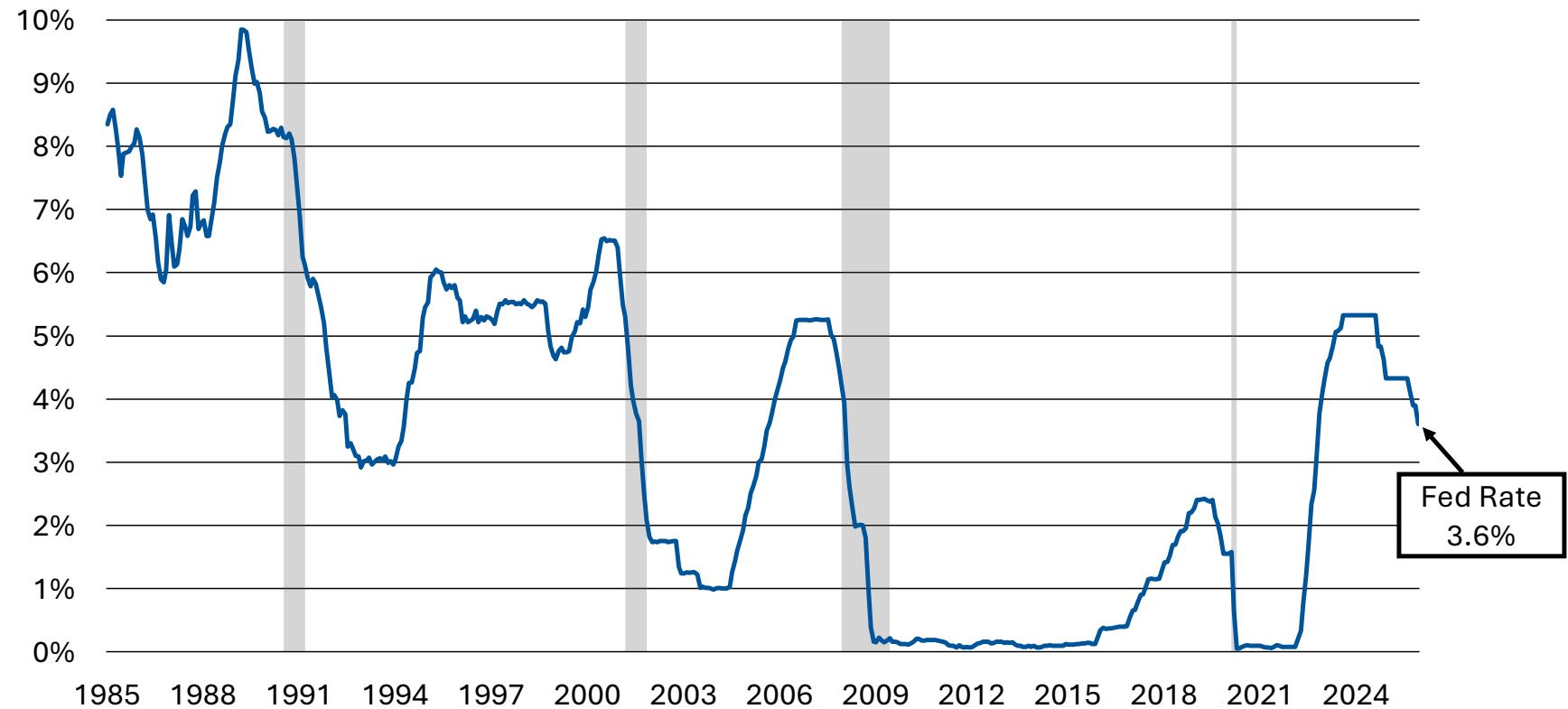
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Zions Bank Economic Snapshot



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Federal Reserve Cut Again in December

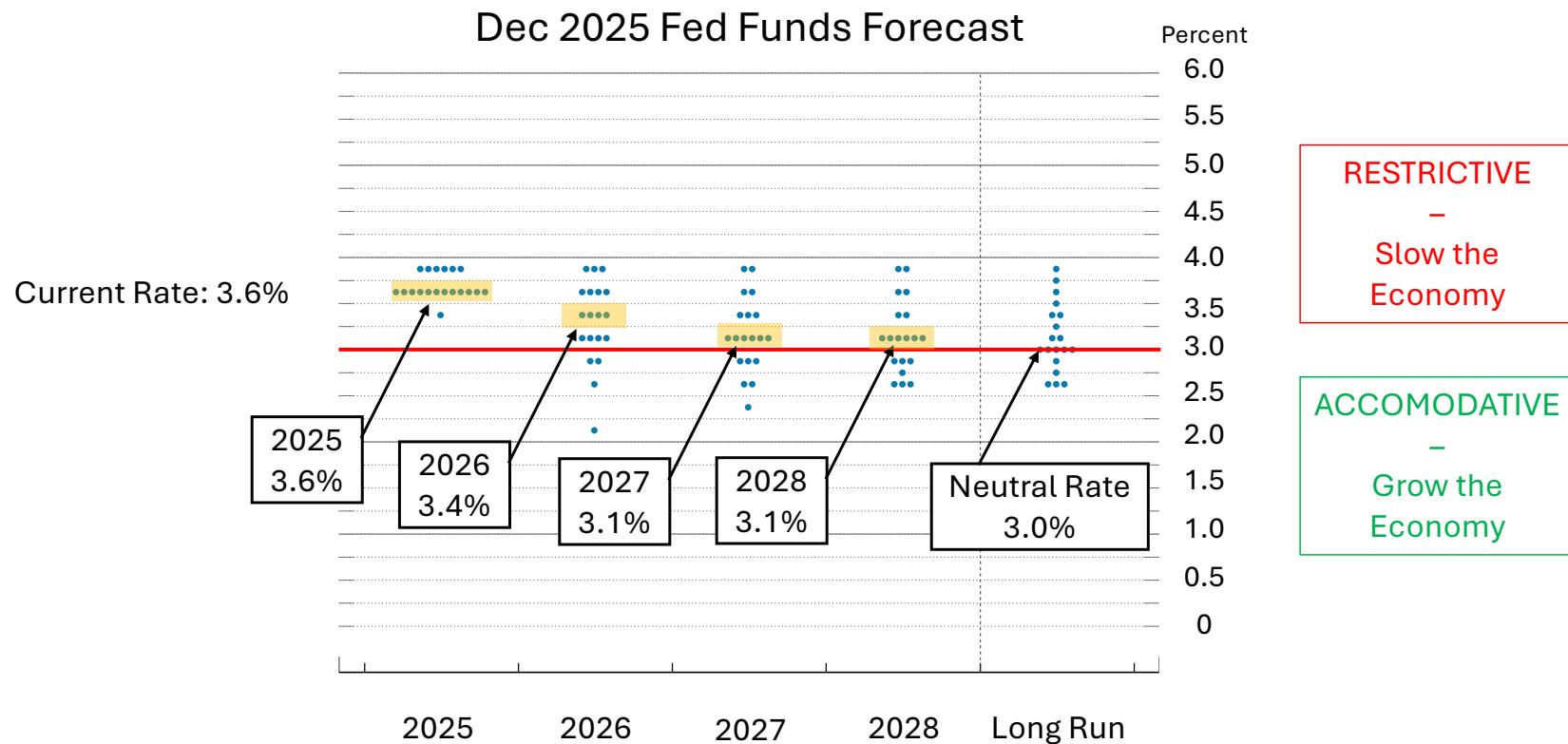


Source: Federal Reserve Board of Governors

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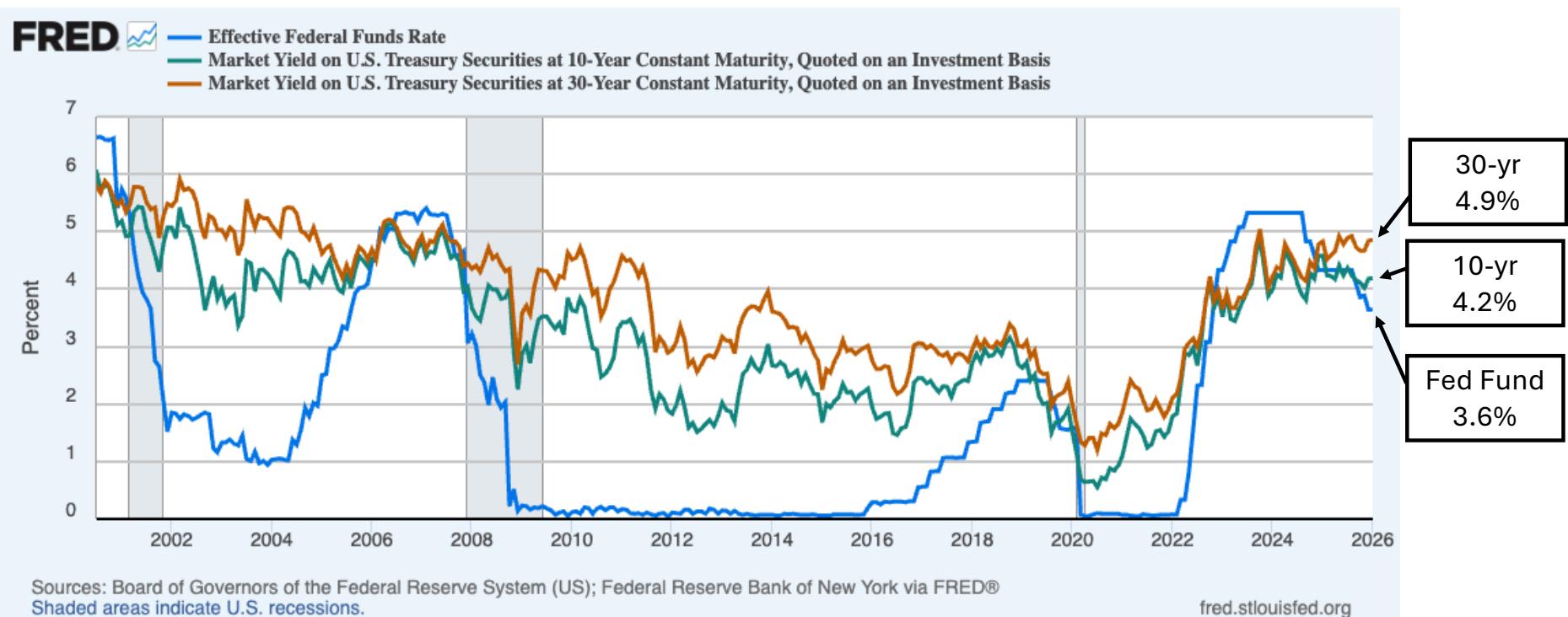
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Fed Rate Cuts Will Slow in 2026



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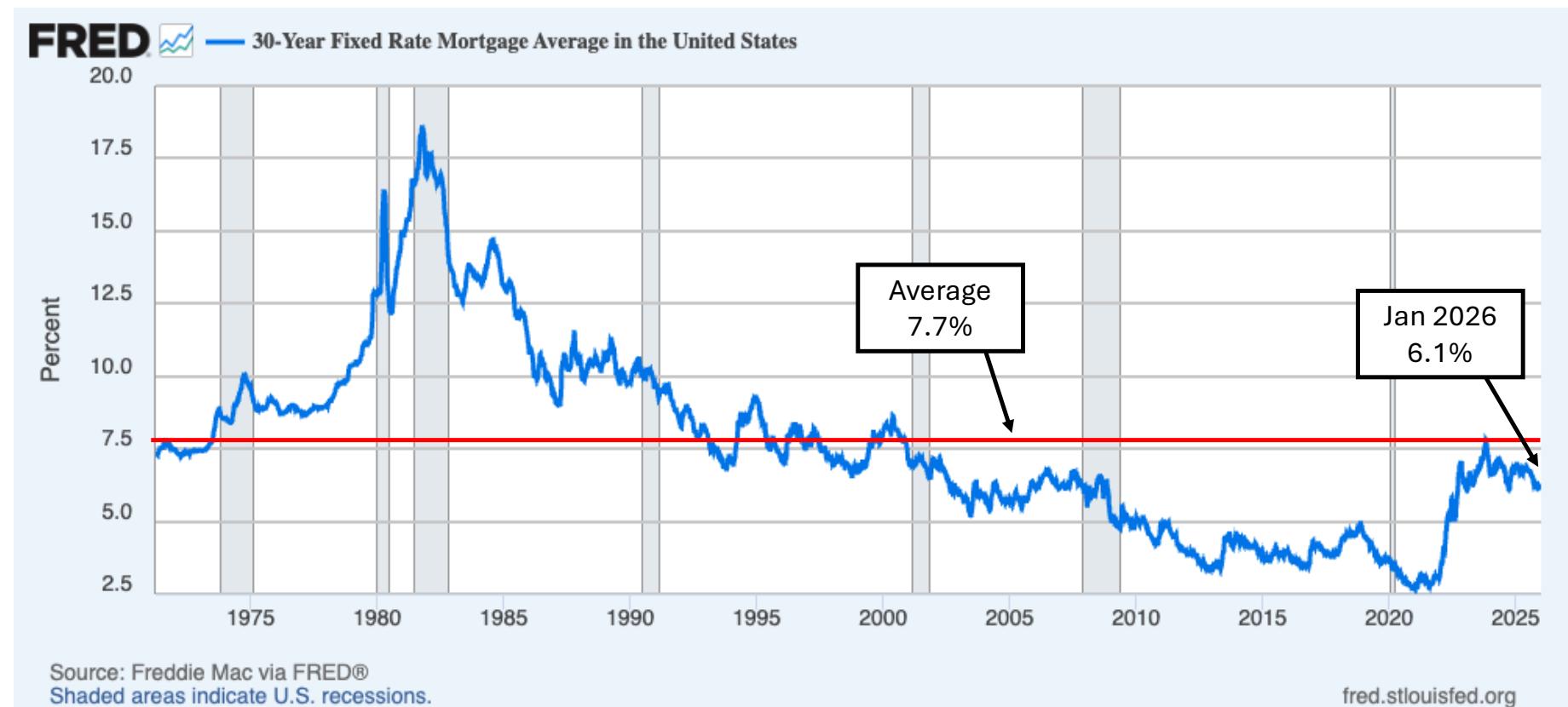
Short-Term vs Long-Term Interest Rates



Source: Federal Reserve Bank

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Mortgage Rates Have Been Elevated for 3 Years

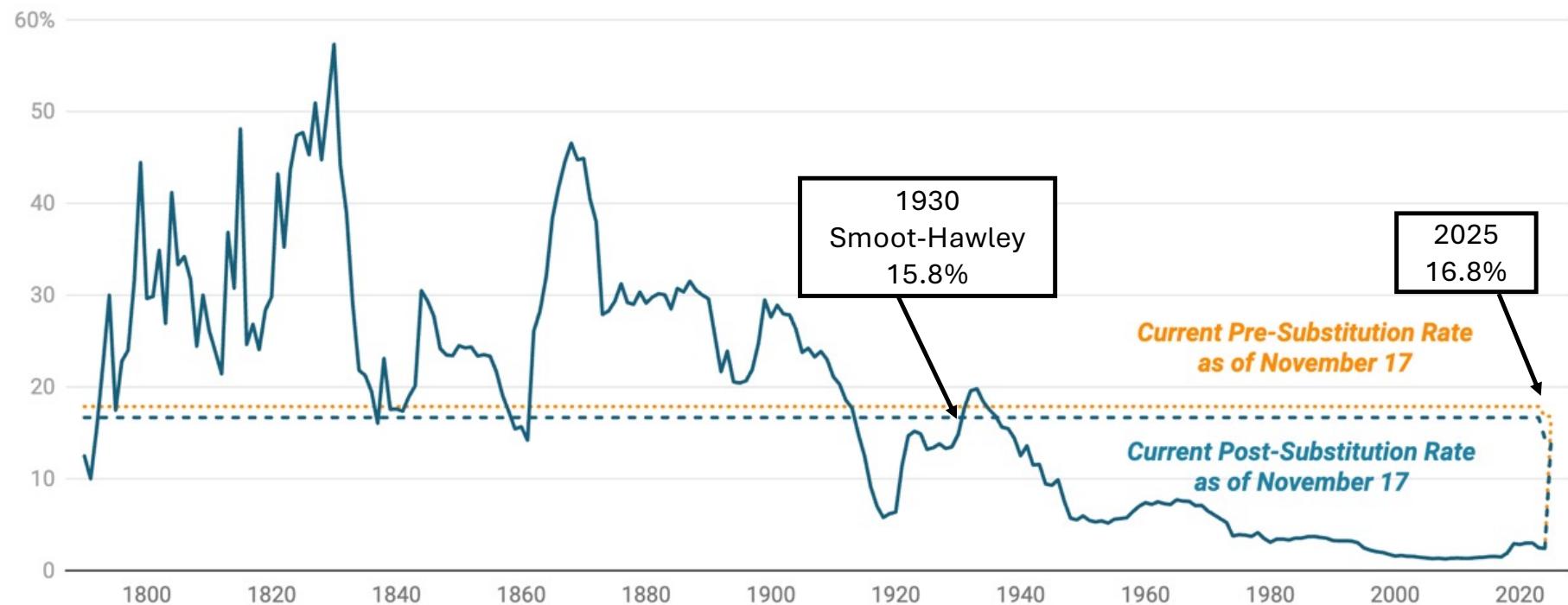


Sources: Freddie Mac, FRED

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Average Effective Tariff Rate Since 1790

Customs duty revenue as a percent of goods imports



Source: Yale Budget Lab

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2025 Average Effective Tariff Rate

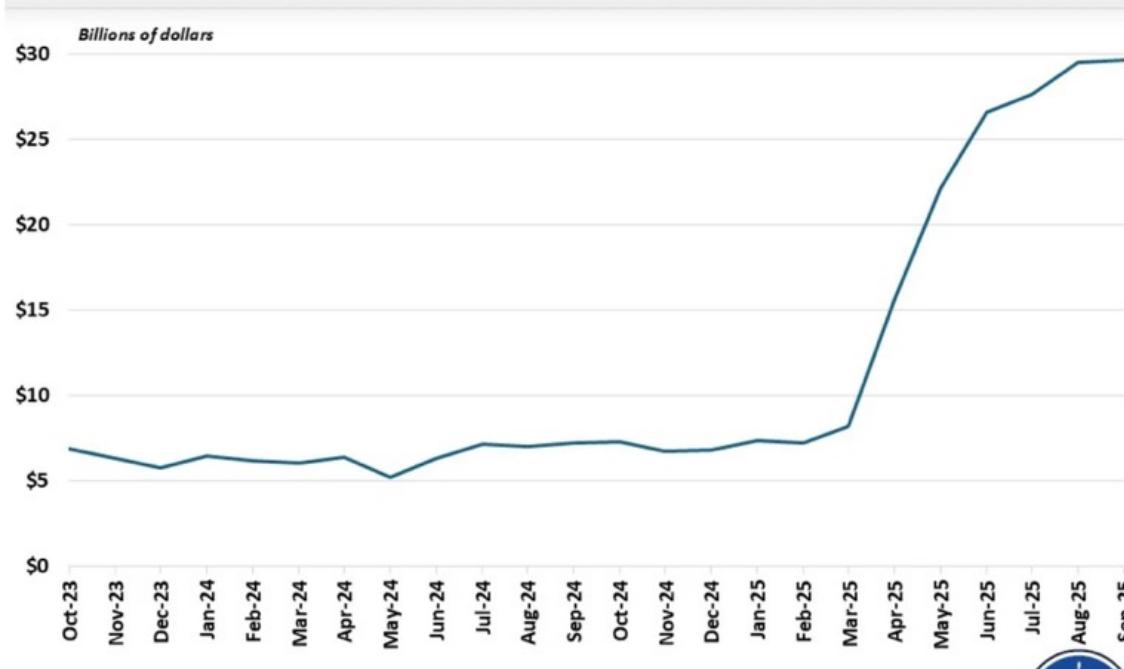


Source: Yale Budget Lab

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Tariffs Generating Federal Revenue

Monthly Customs Duties Rise to \$30 billion



Source: U.S. Department of the Treasury

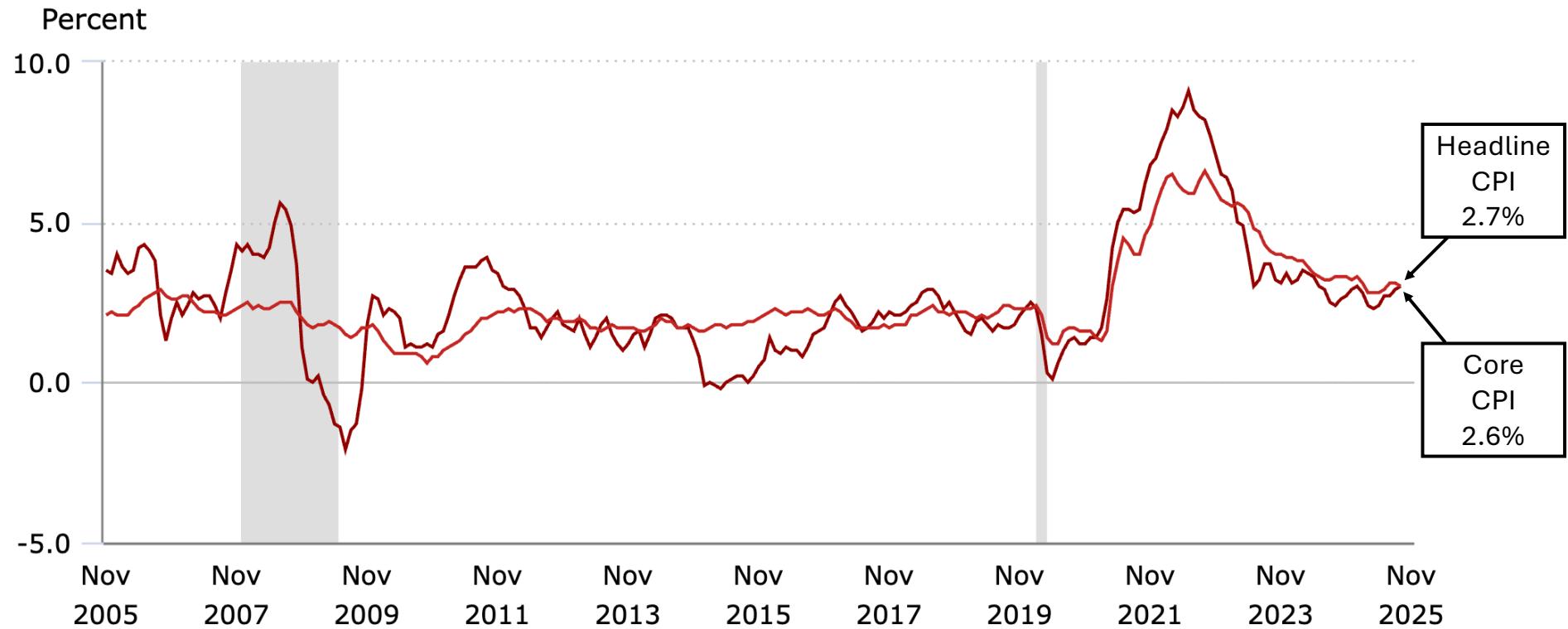
Source: CRFB



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Inflation Slowed in November



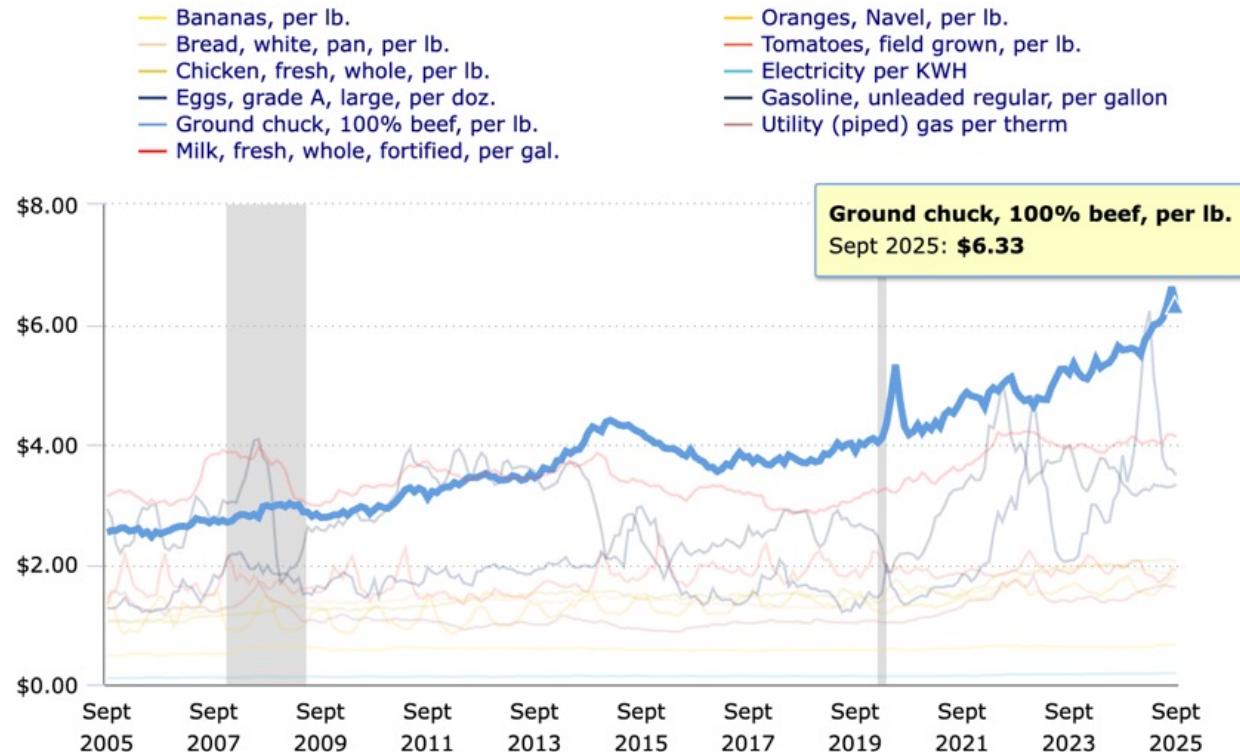
Sources: U.S. Bureau of Labor Statistics, Econoday

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Beef Prices Up Nearly 15% in the Last Year

Average price data (in U.S. dollars), selected items

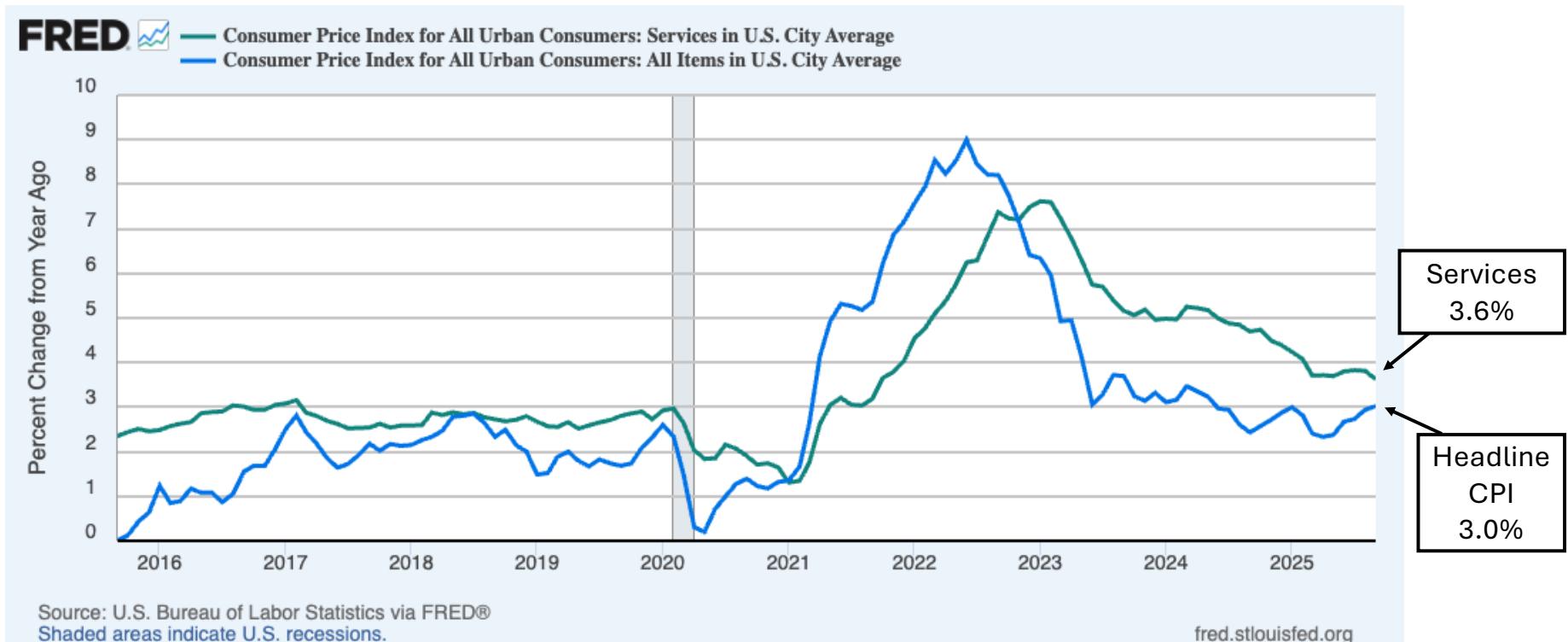


Sources: U.S. Bureau of Labor Statistics

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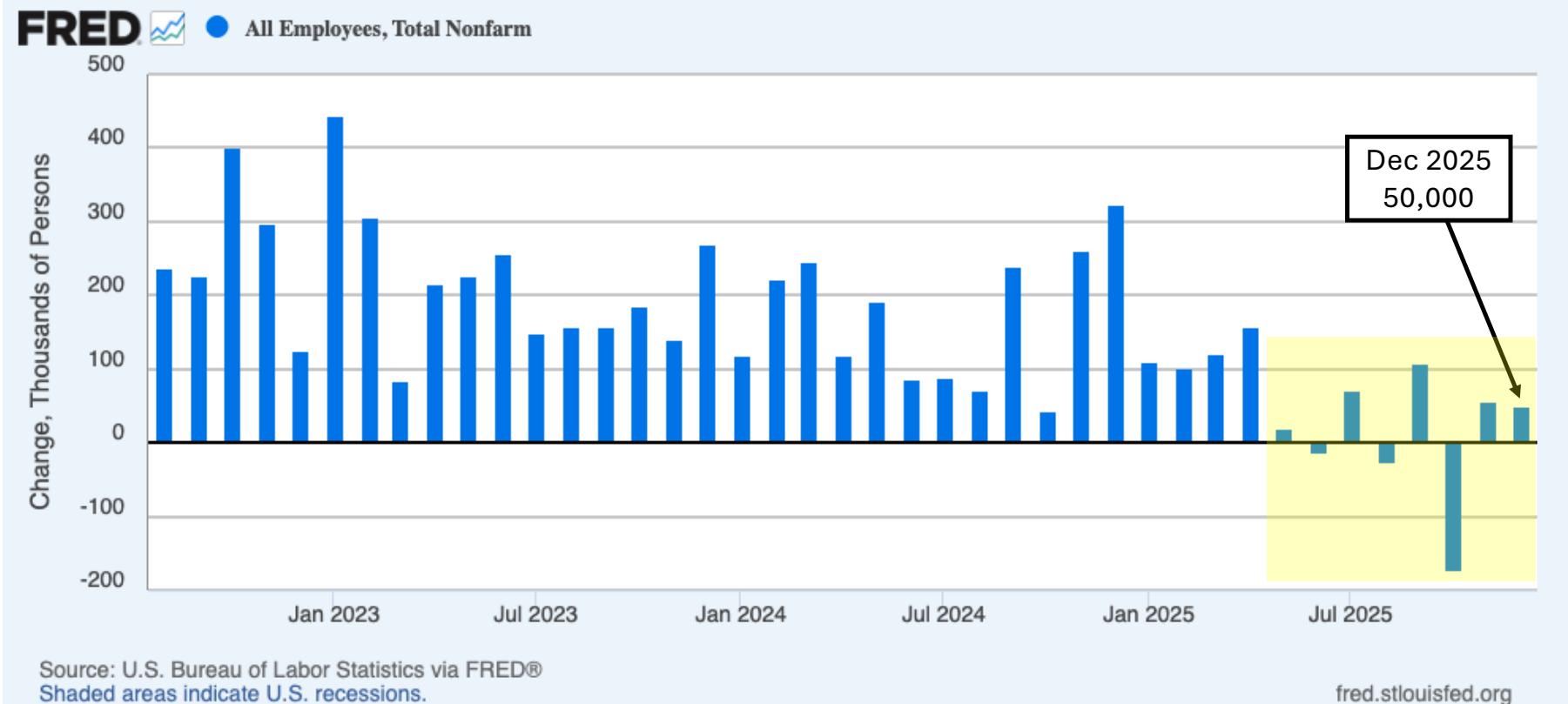
Services Inflation Higher Than Overall CPI



Source: U.S. Bureau of Labor Statistics, FRED

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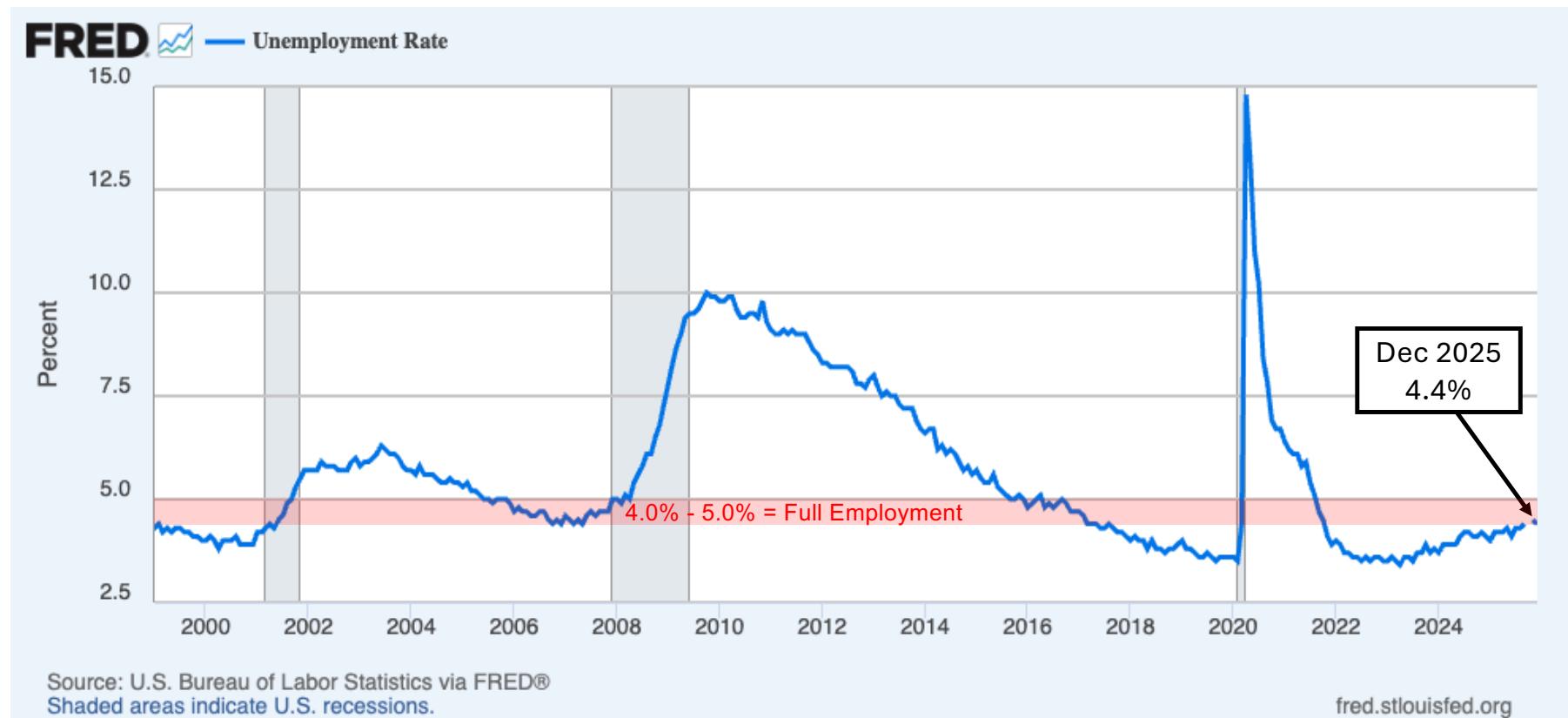
Job Growth Engine is Stalling



Sources: BLS, FRED

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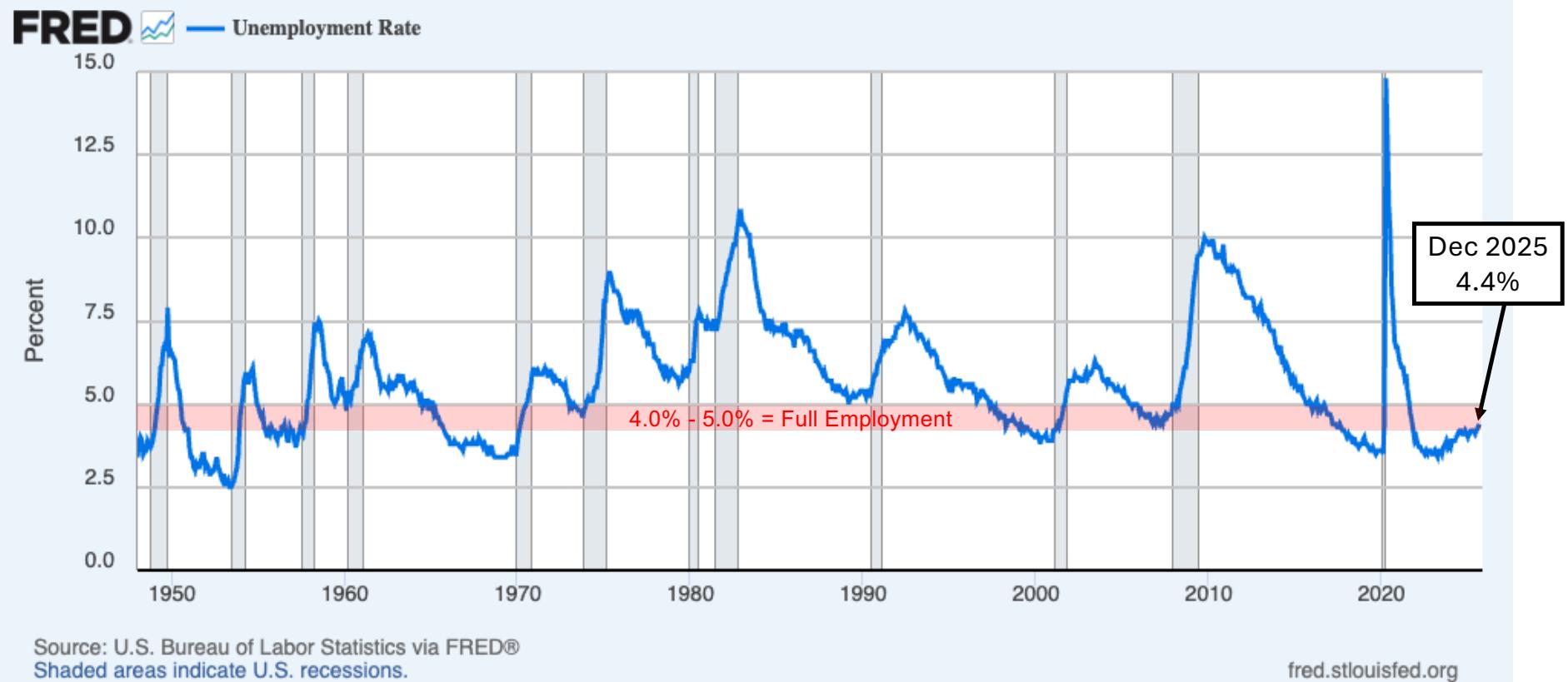
Unemployment Rate Trending Up



Sources: BLS, FRED

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U.S. Unemployment Rate Increasing

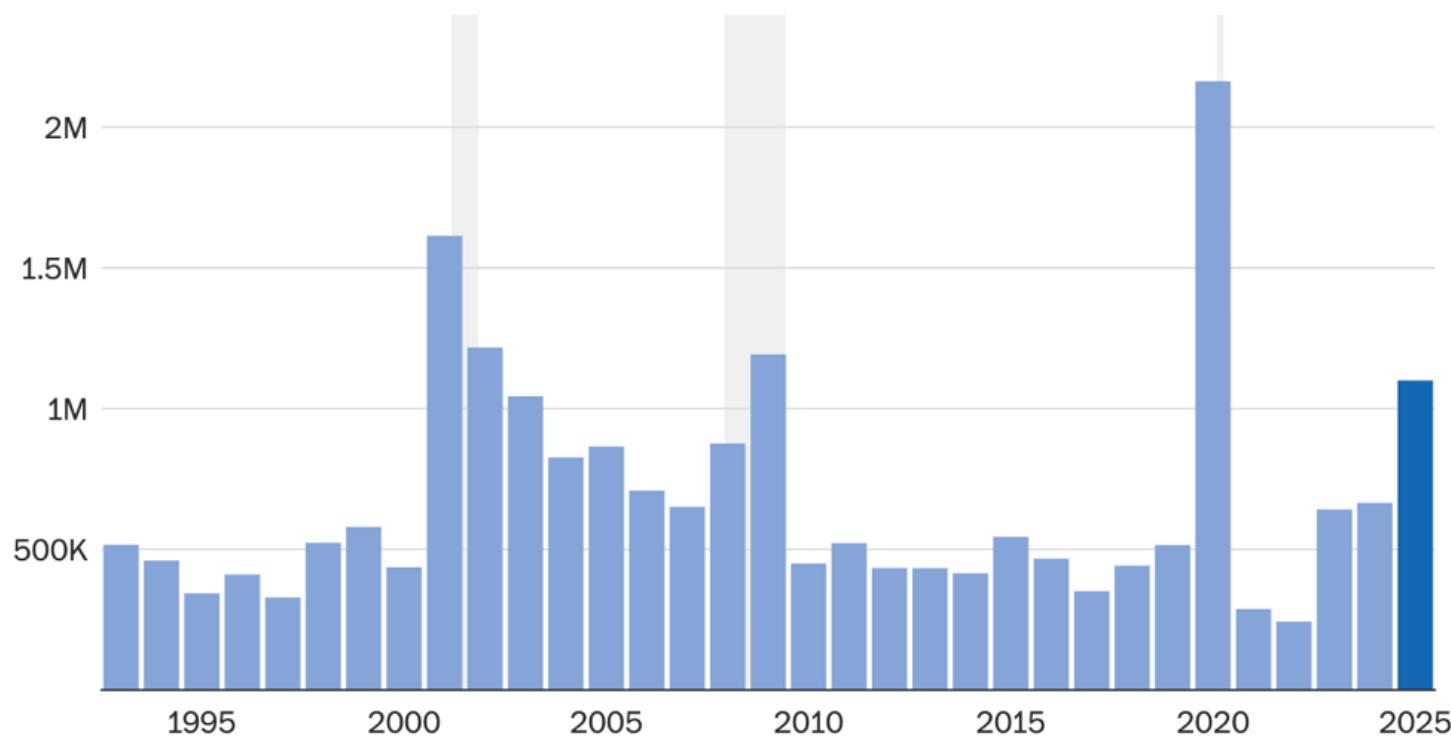


Sources: BLS, FRED

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More Than 1 Million Workers Laid Off in 2025

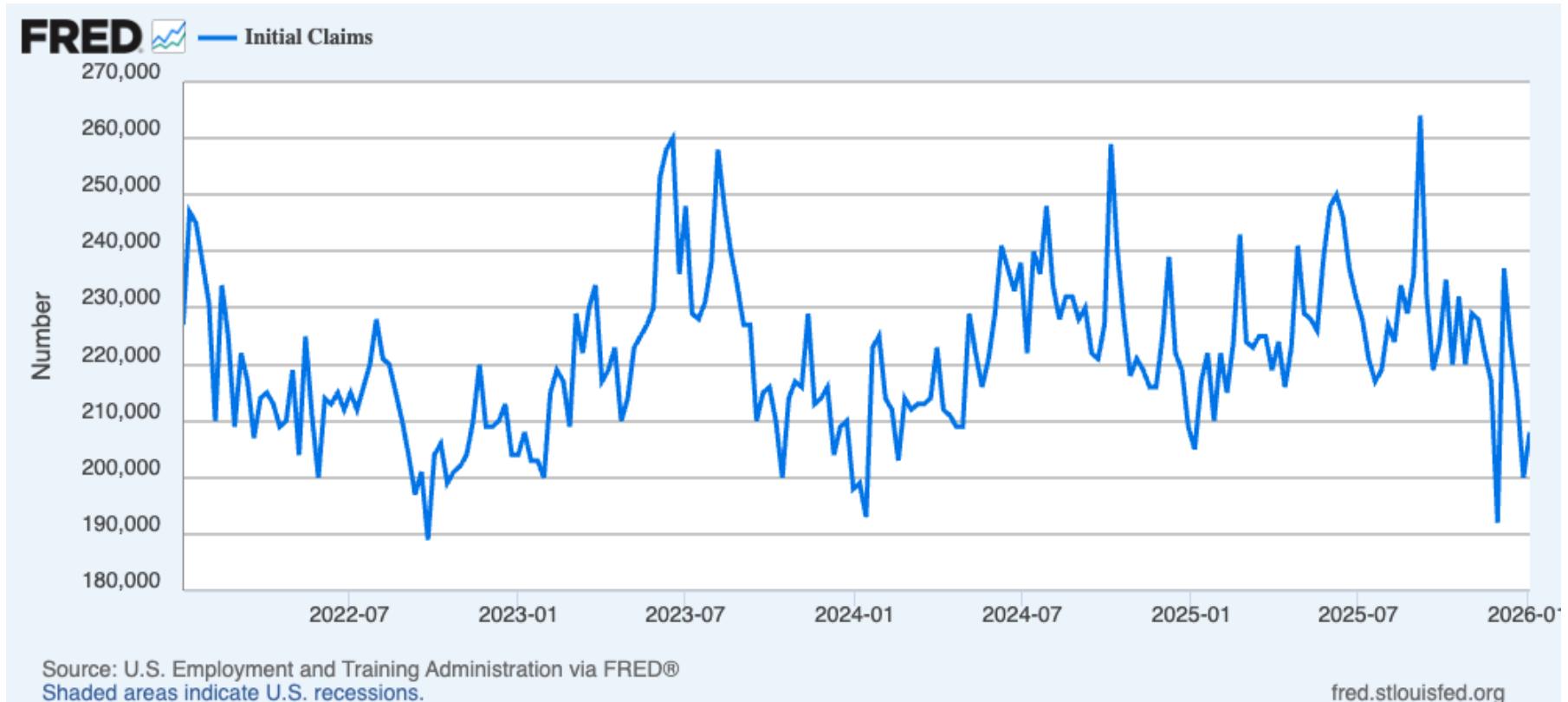
Number of job cuts, January through October of each year



Sources: Challenger, Gray & Christmas; Washington Post

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Initial Unemployment Insurance Claims Down



Sources: FRED, U.S. Dept of Labor

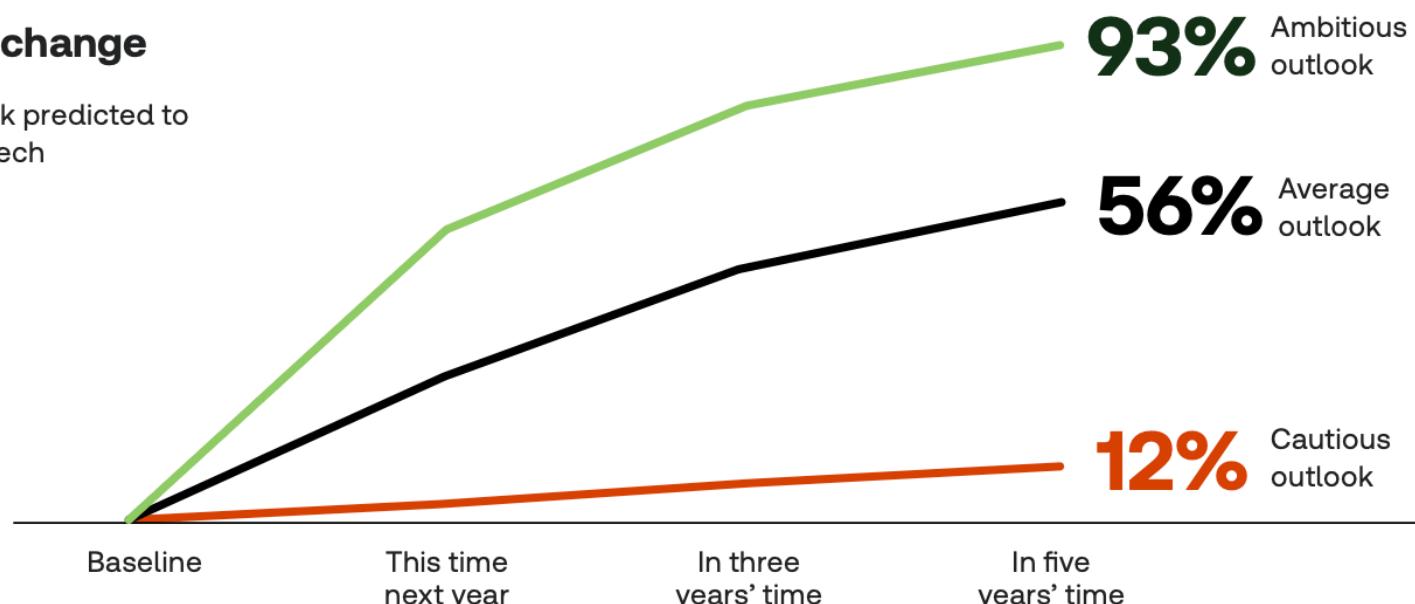
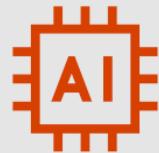
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AI Is Expected to Transform the Workforce

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

Source: Thomson Reuters

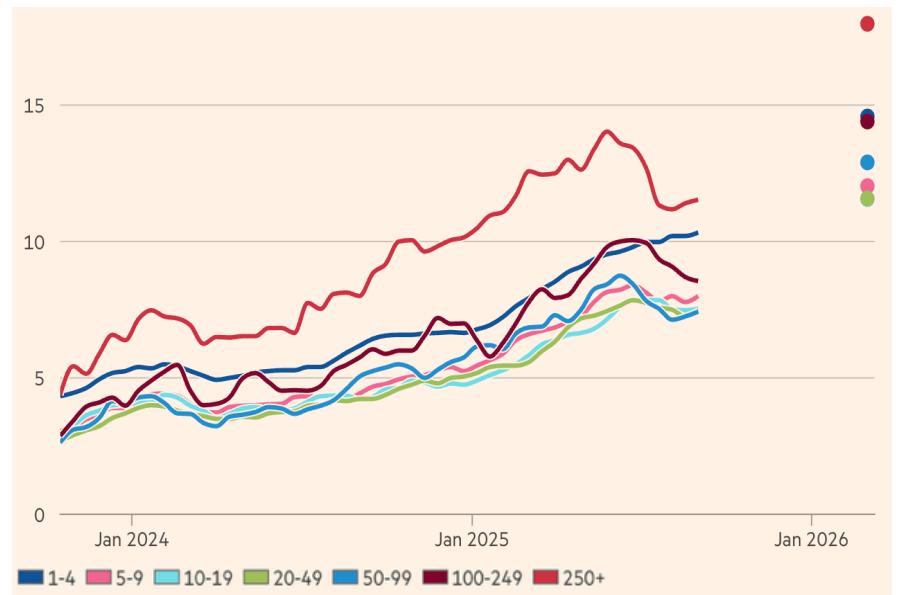
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AI Adoption is Increasing

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



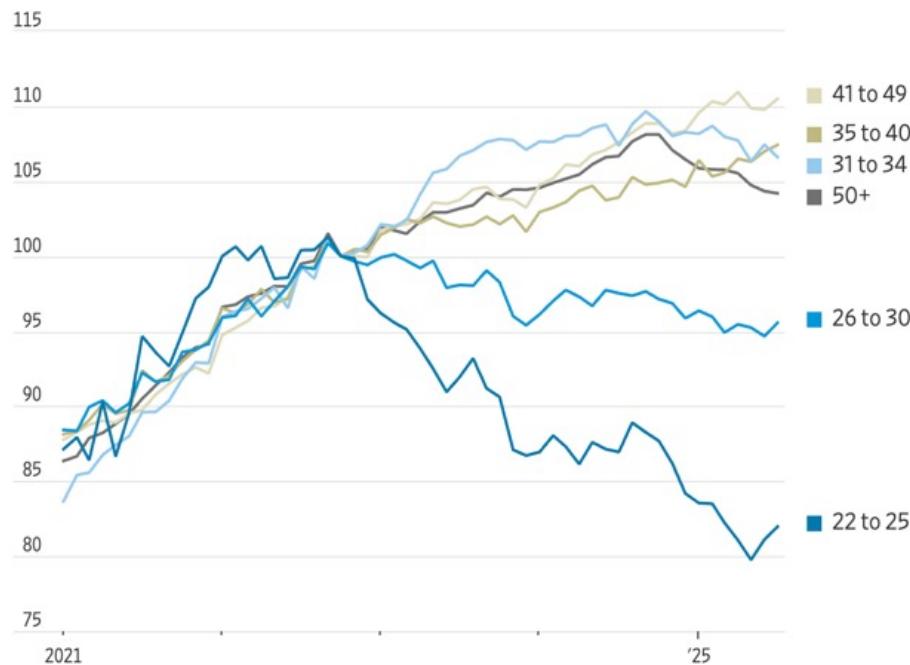
Sources: Wall Street Journal; Financial Times, US Census Bureau, BCA Research

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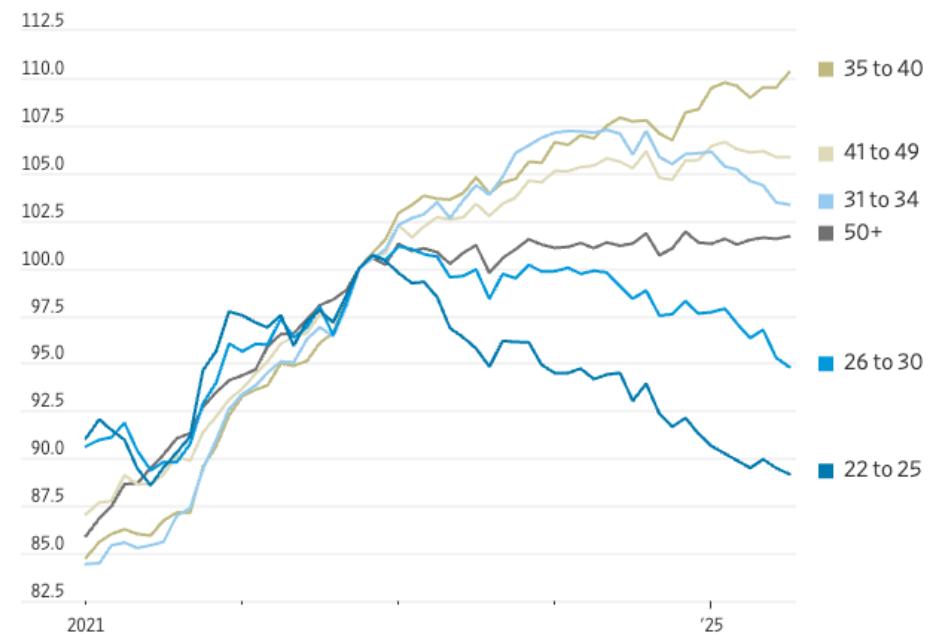
AI Is Transforming the Workforce

Employee Headcount By Age

Software Developers



Customer Service Reps

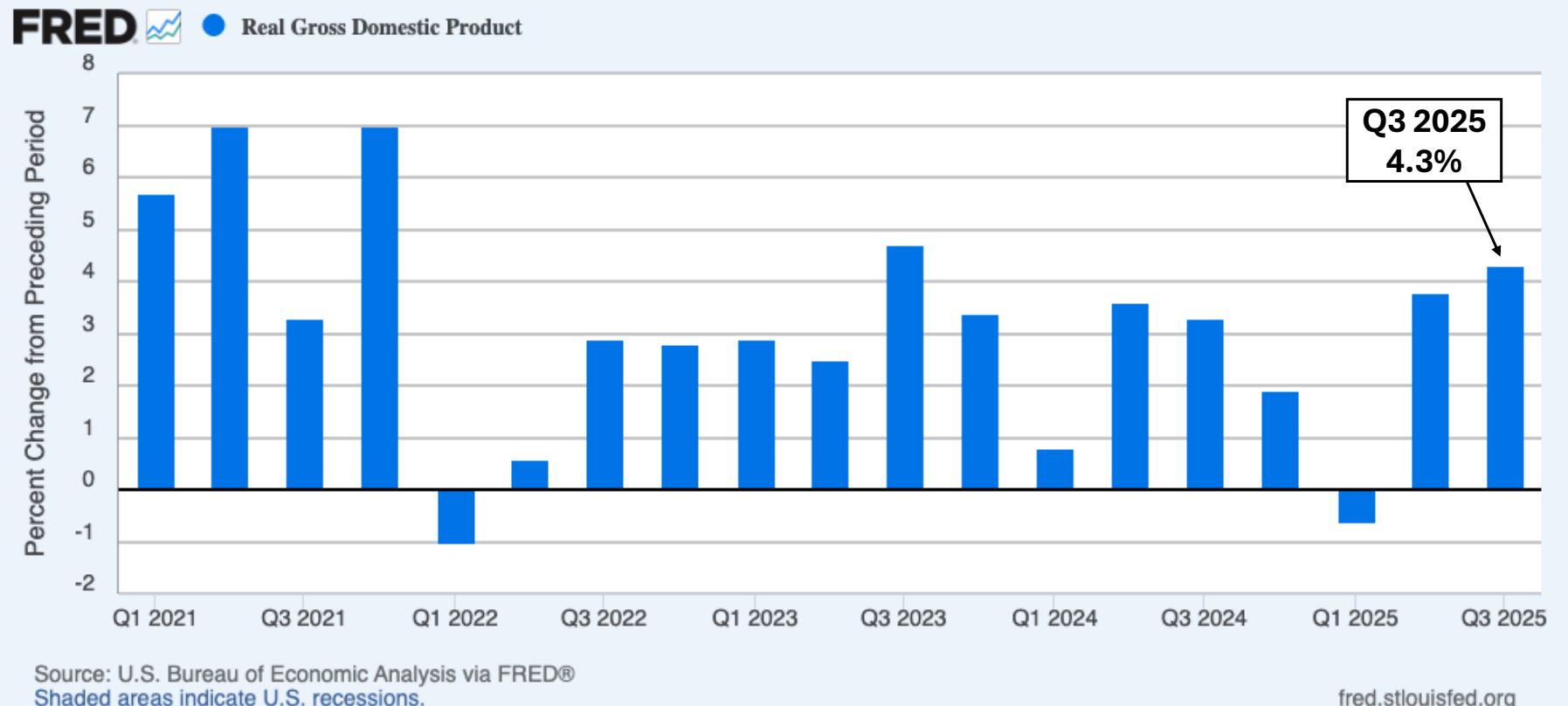


Note: Indexed to 100 at October 2022

Sources: Wall Street Journal; Brynjolfsson, Chandar and Chen

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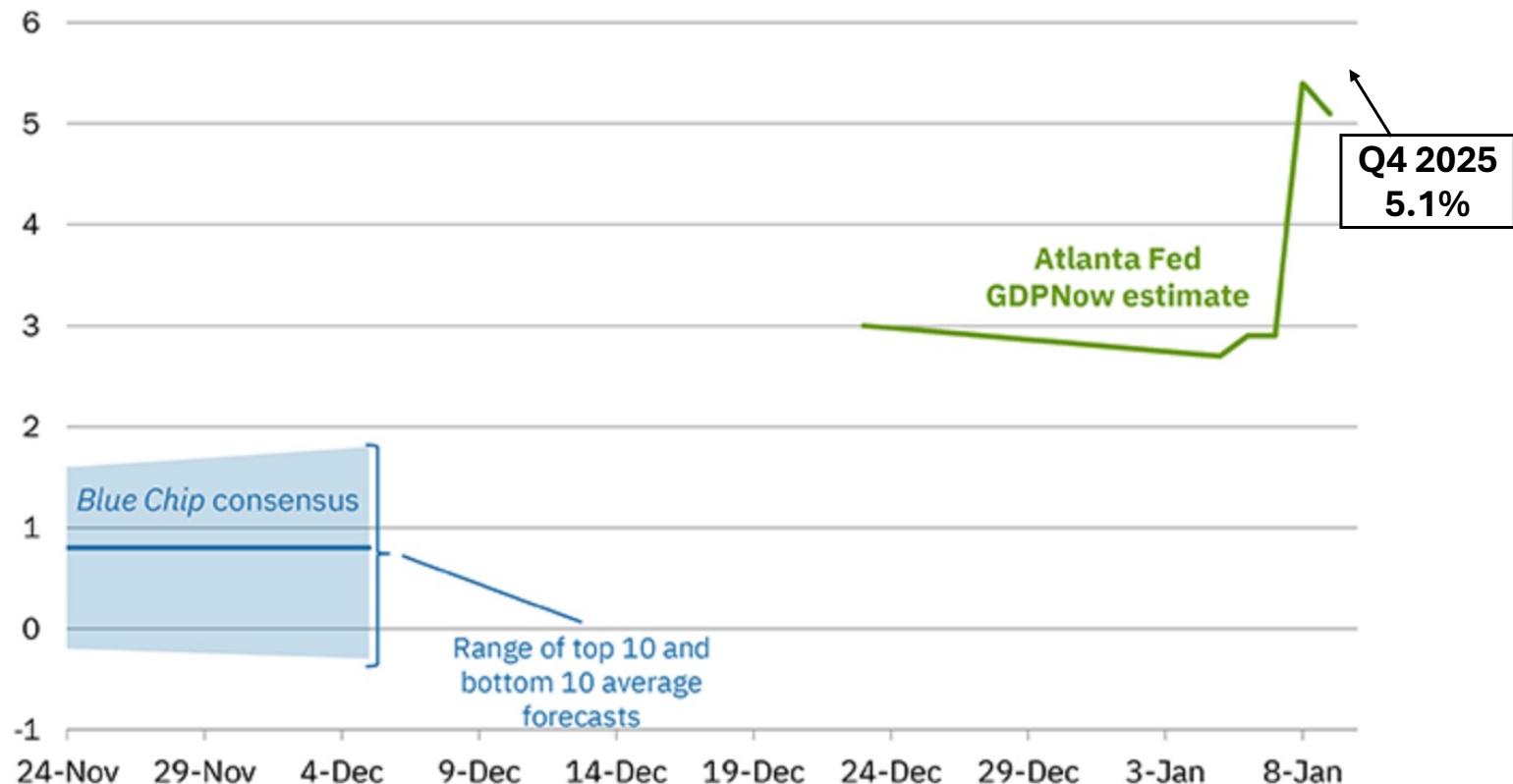
Strong GDP Growth in 3rd Quarter



Sources: FRED, U.S. Bureau of Economic Analysis

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4th Quarter GDP Expected to Remain Strong



Sources: Federal Reserve Bank of Atlanta; Blue Chip

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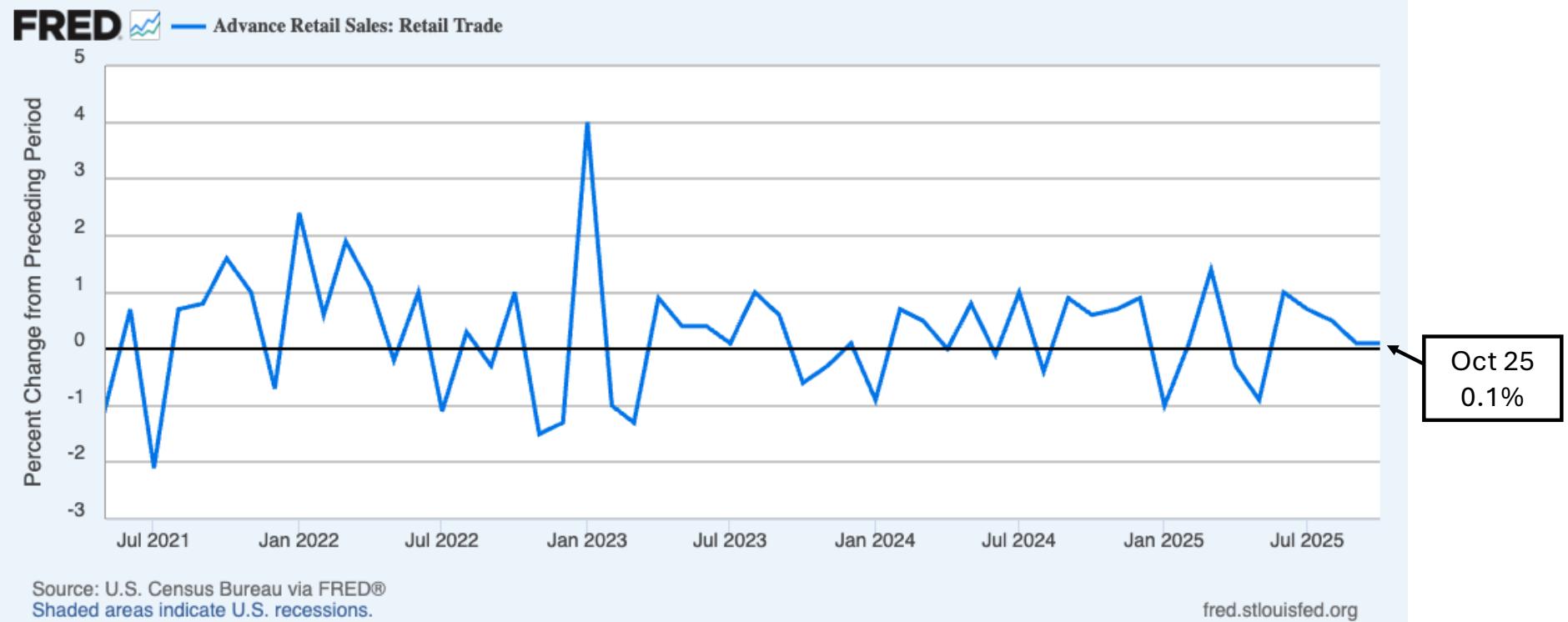
Consumer Sentiment Trending Down



Sources: FRED, University of Michigan

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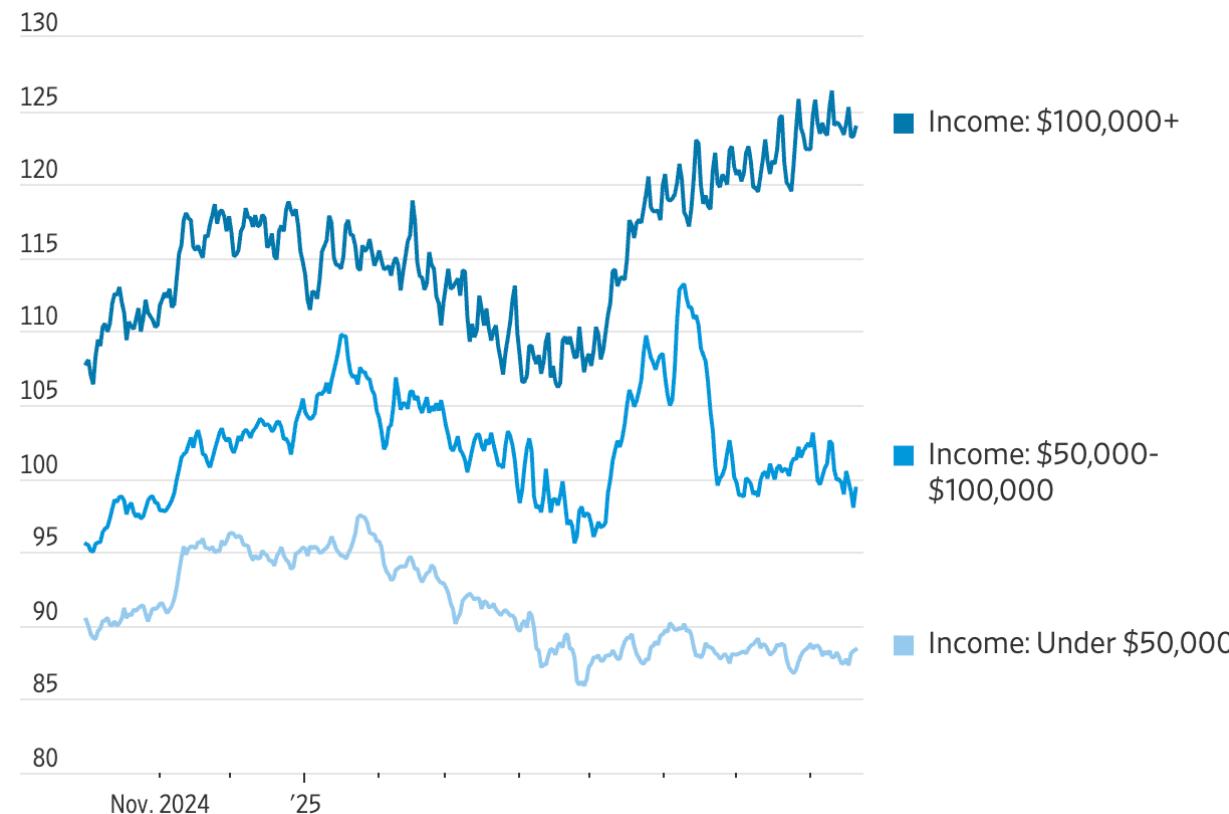
Retail Sales Holding Up



Sources: Census Bureau, FRED

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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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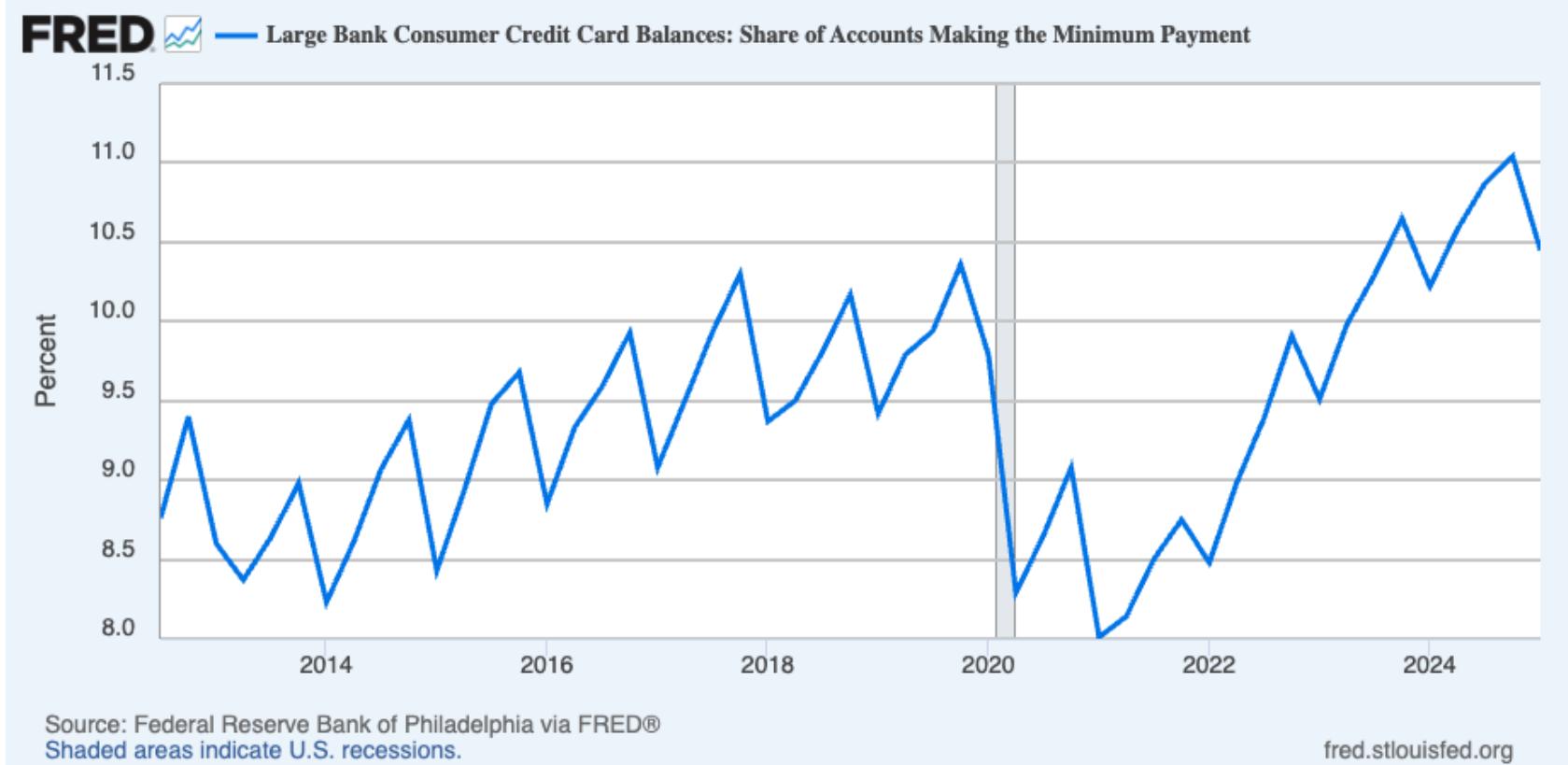
Personal Saving Rate Lower Than Before Covid



Sources: BEA, FRED

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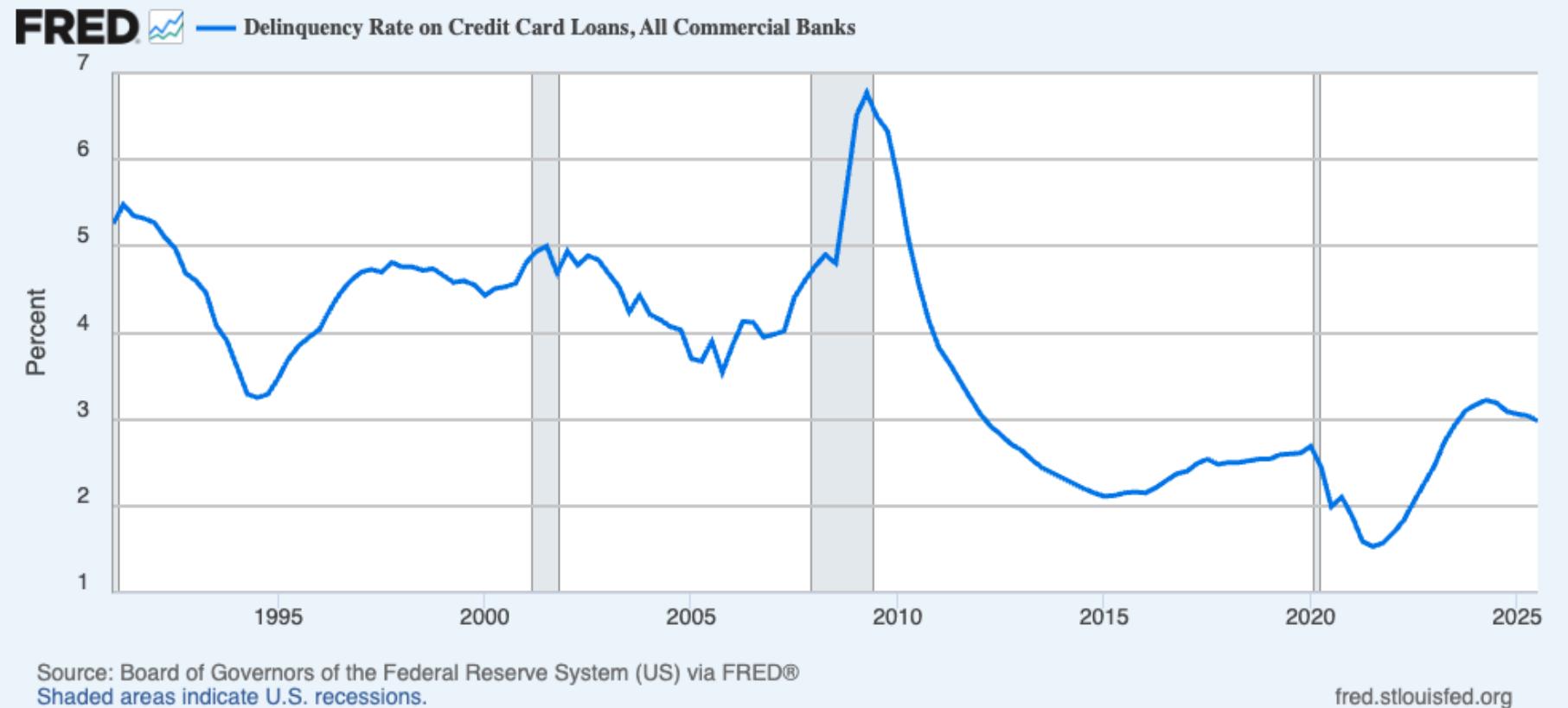
Minimum Credit Card Payments Trending Up



Source: Federal Reserve Bank

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Consumer Loan Delinquency Rate Elevated

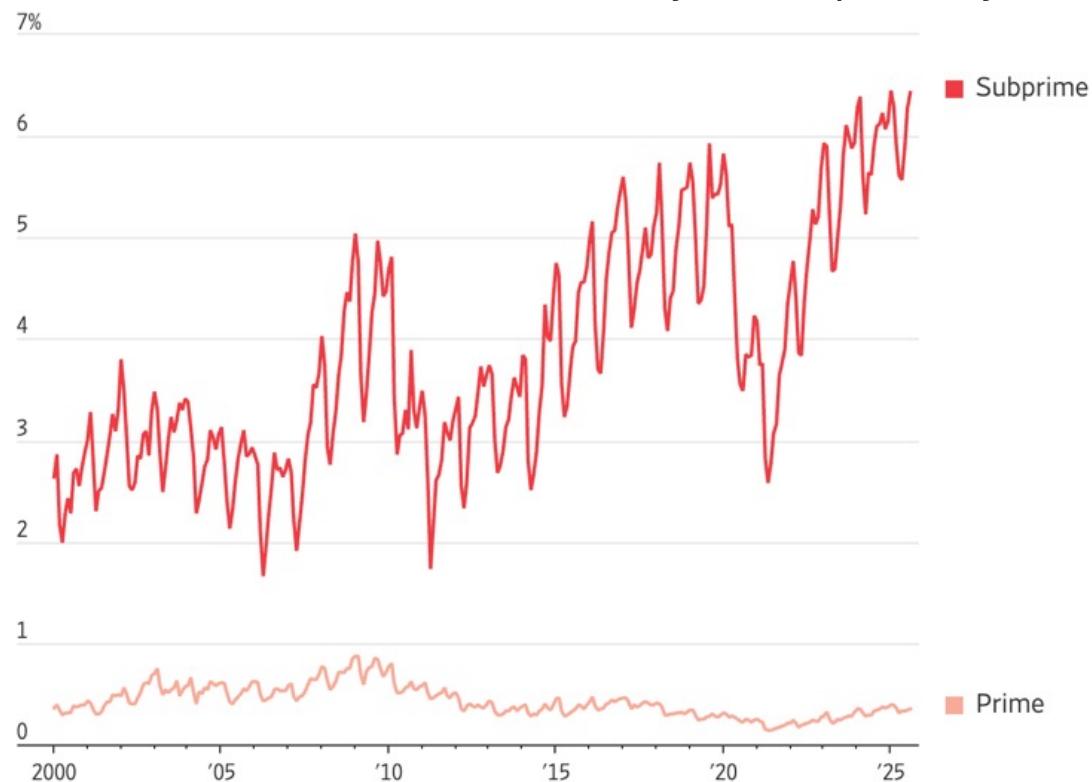


Source: Federal Reserve Bank

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Americans Are Falling Behind on Car Payments

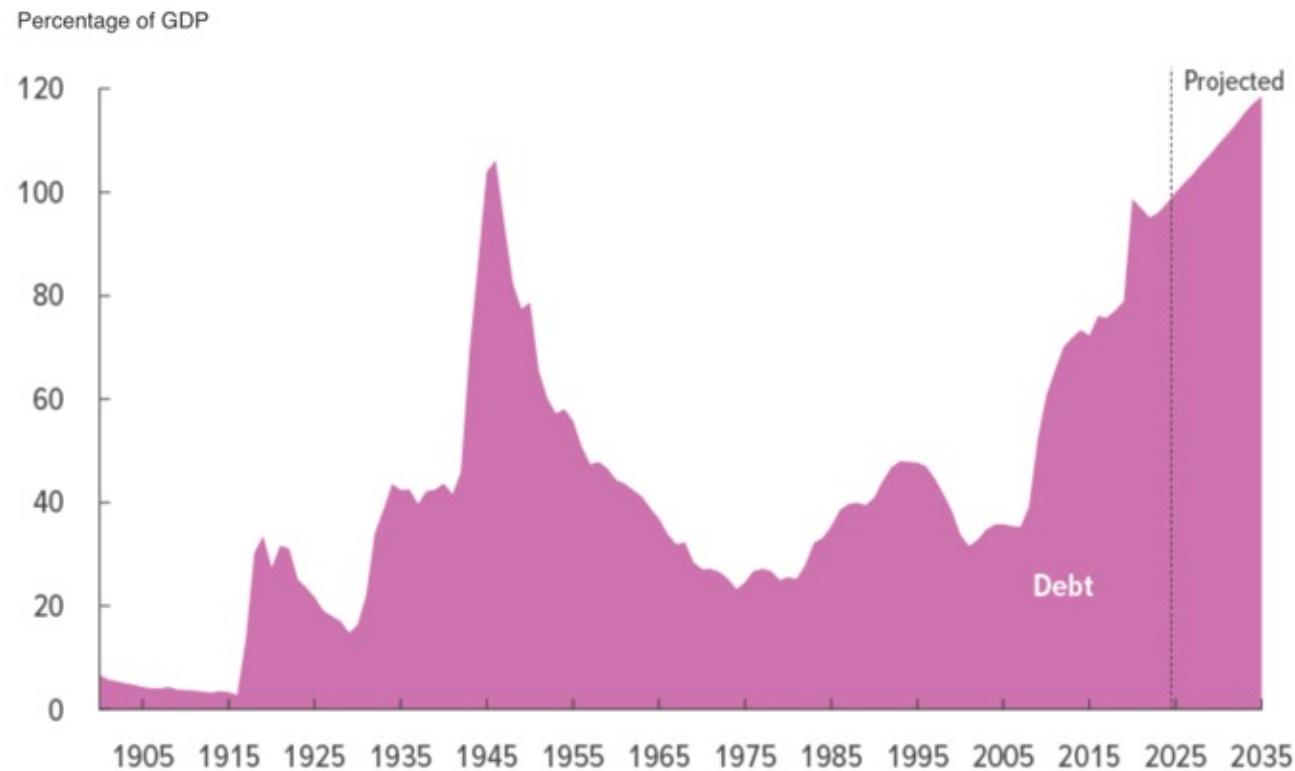
Portion of loan receivables 60 or more days delinquent, by credit type



Sources: Wall Street Journal; Fitch Ratings

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National Debt a Mounting Problem

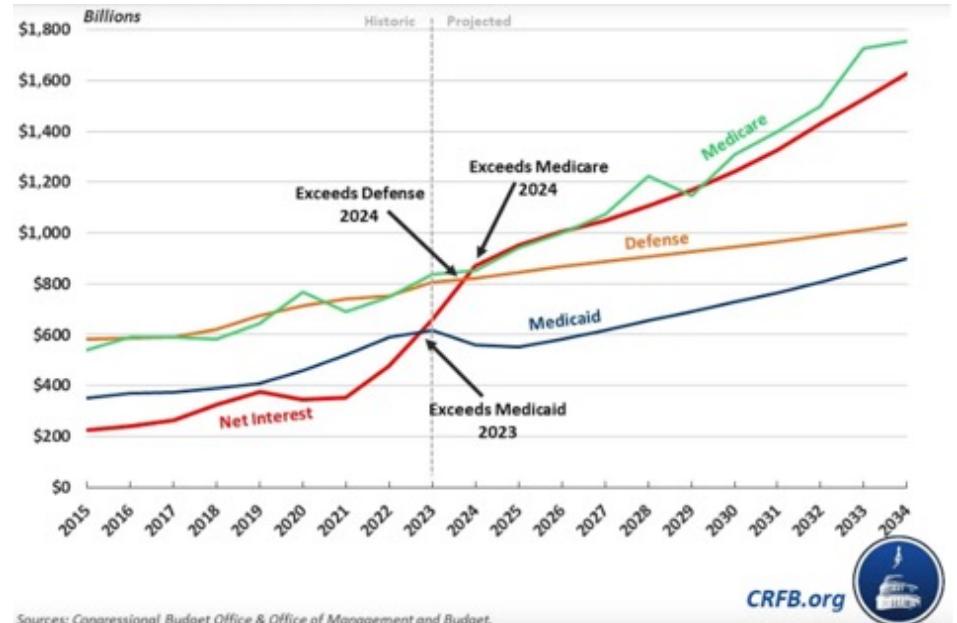
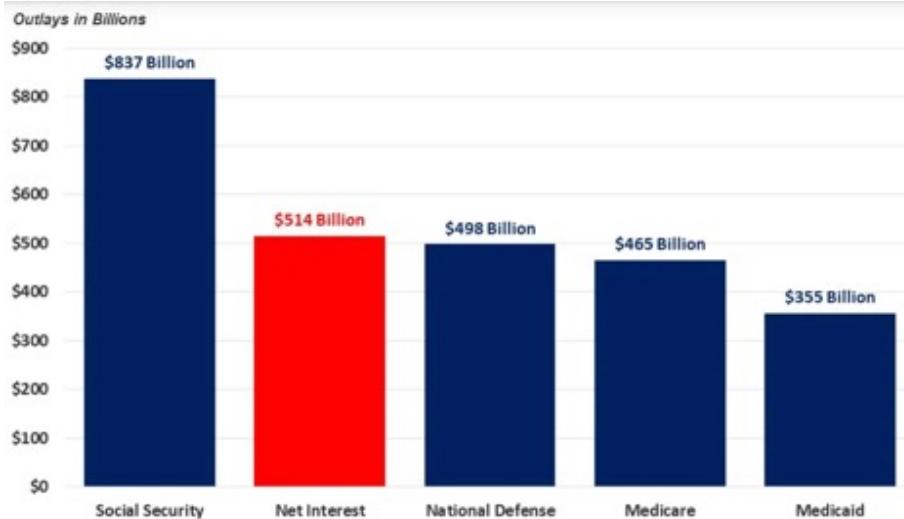


Source: Congressional Budget Office

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Net Interest Payments Crowd Out Priorities

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



Source: Committee for a Responsible Federal 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

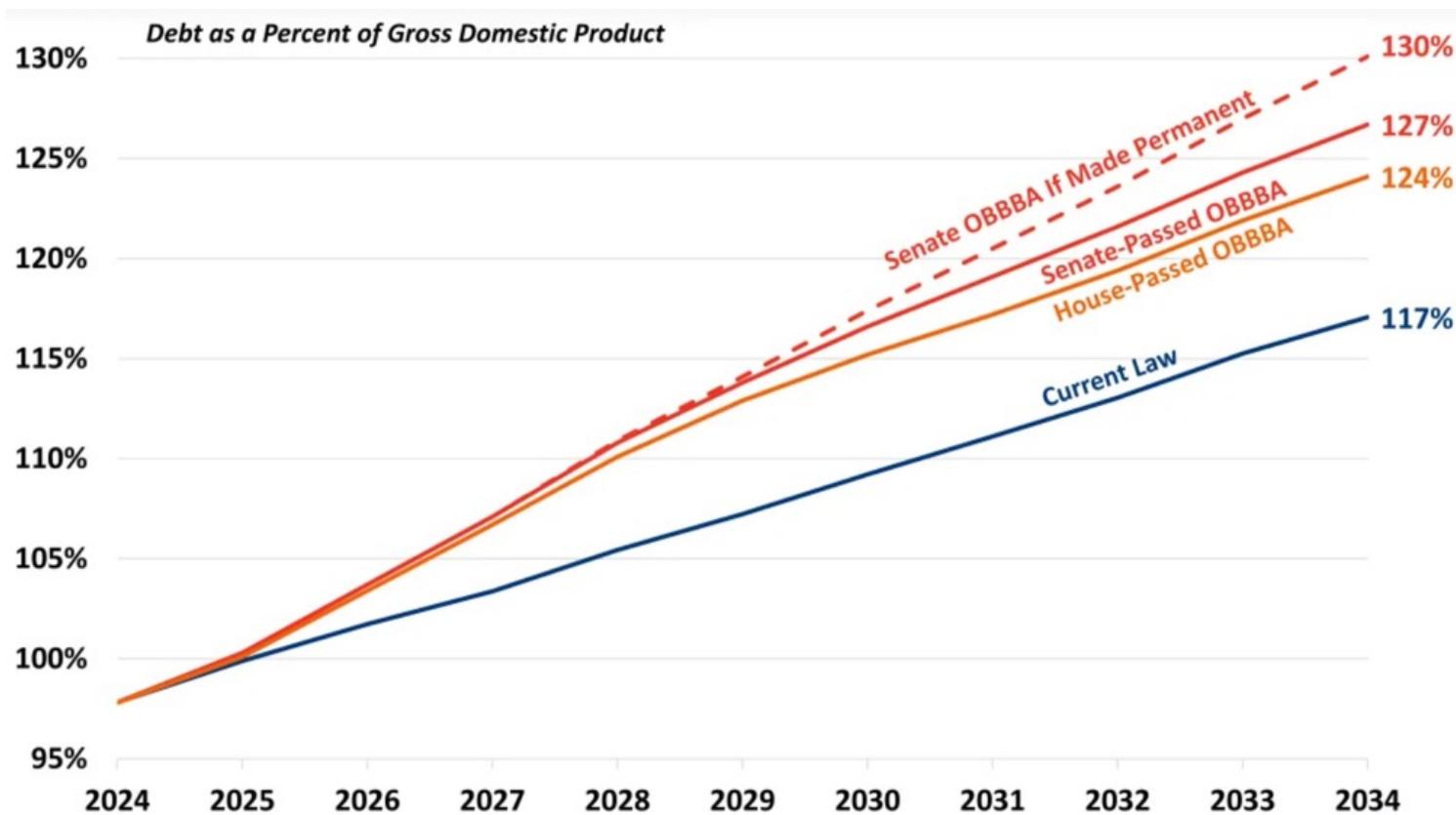
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National Debt Surges Under the OBBBA



Source: Committee for a Responsible Federal Budget

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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.

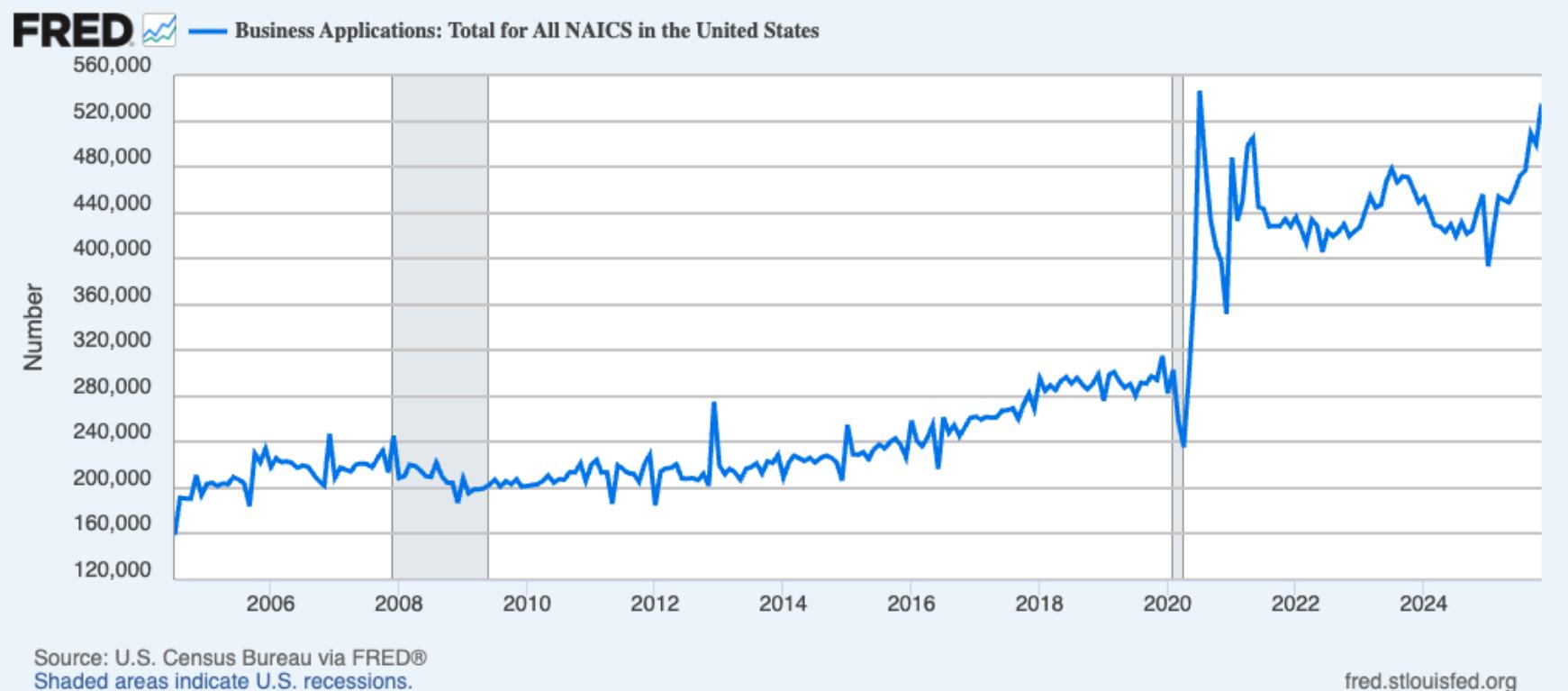
Notes: Revenues include an estimate of how demand will respond to higher prices.

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.

Source: Penn Wharton Budget Model

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



Sources: FRED, US Census Bureau

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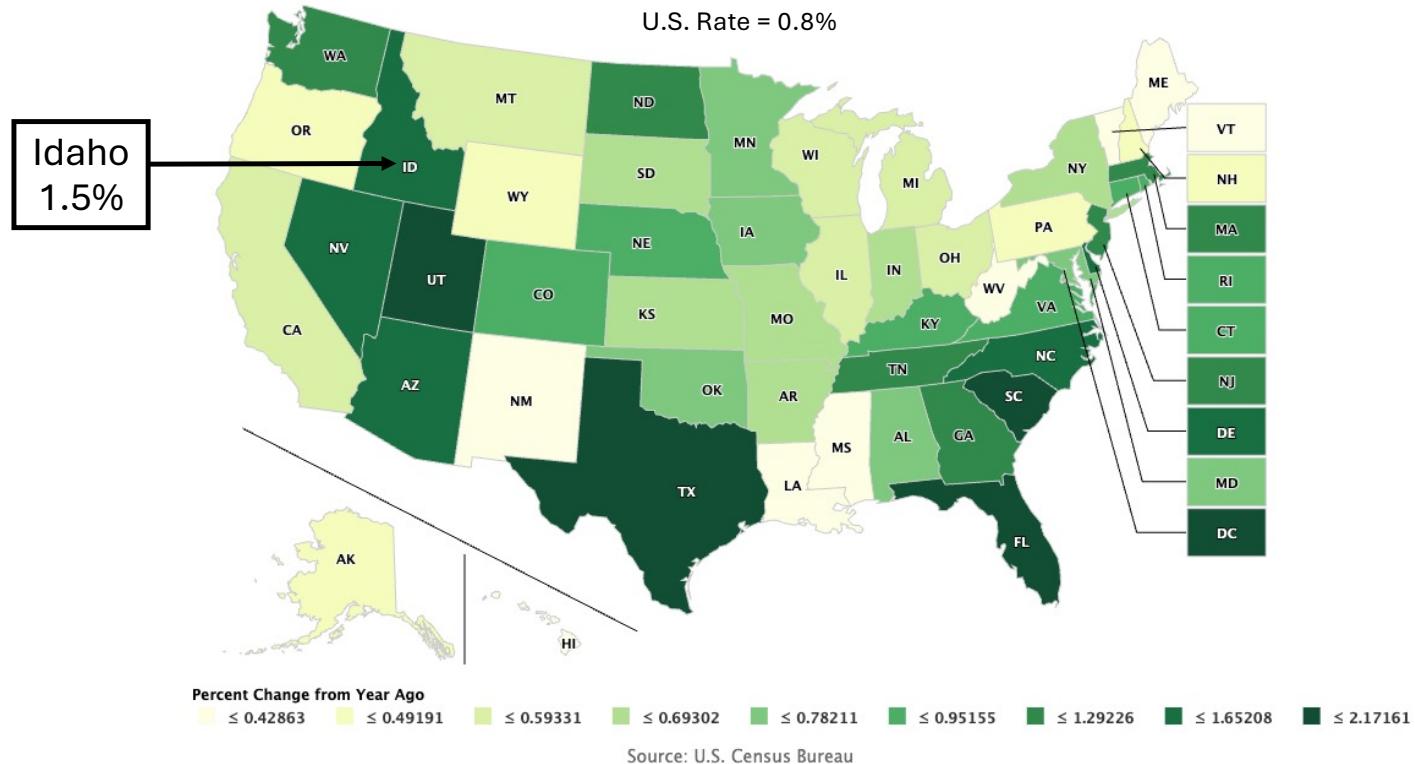
Regional Economic Conditions

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Idaho Population Growth Among Top in Nation

FRED

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



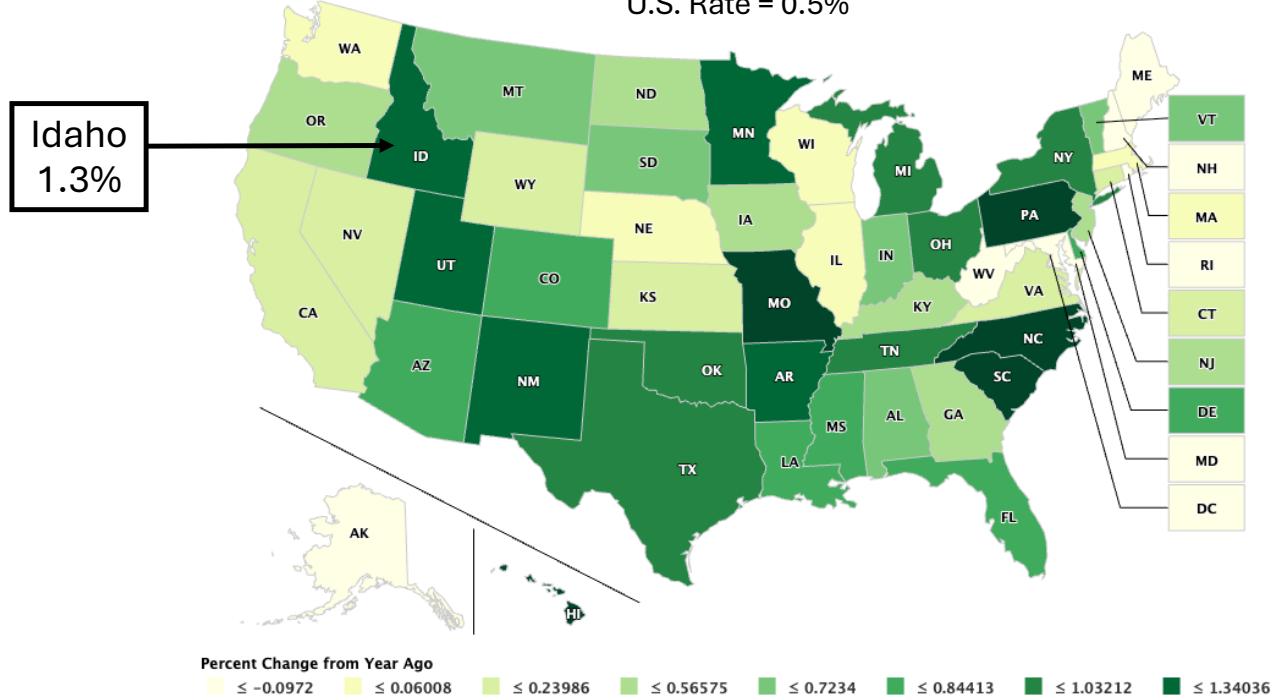
Sources: US Census Bureau, FRED

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Idaho Employment Growth Among Top in Nation

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

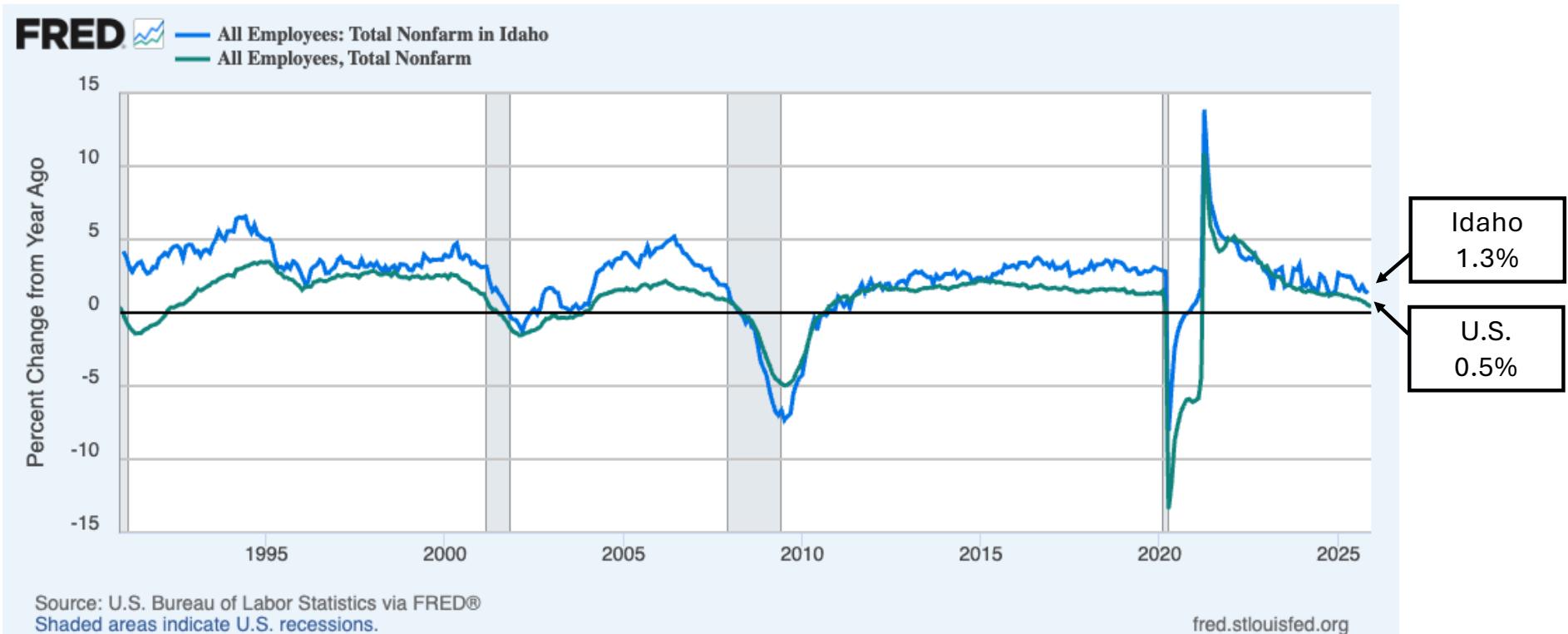
U.S. Rate = 0.5%



Sources: US Census Bureau, FRED

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Idaho Employment Growth Slowing



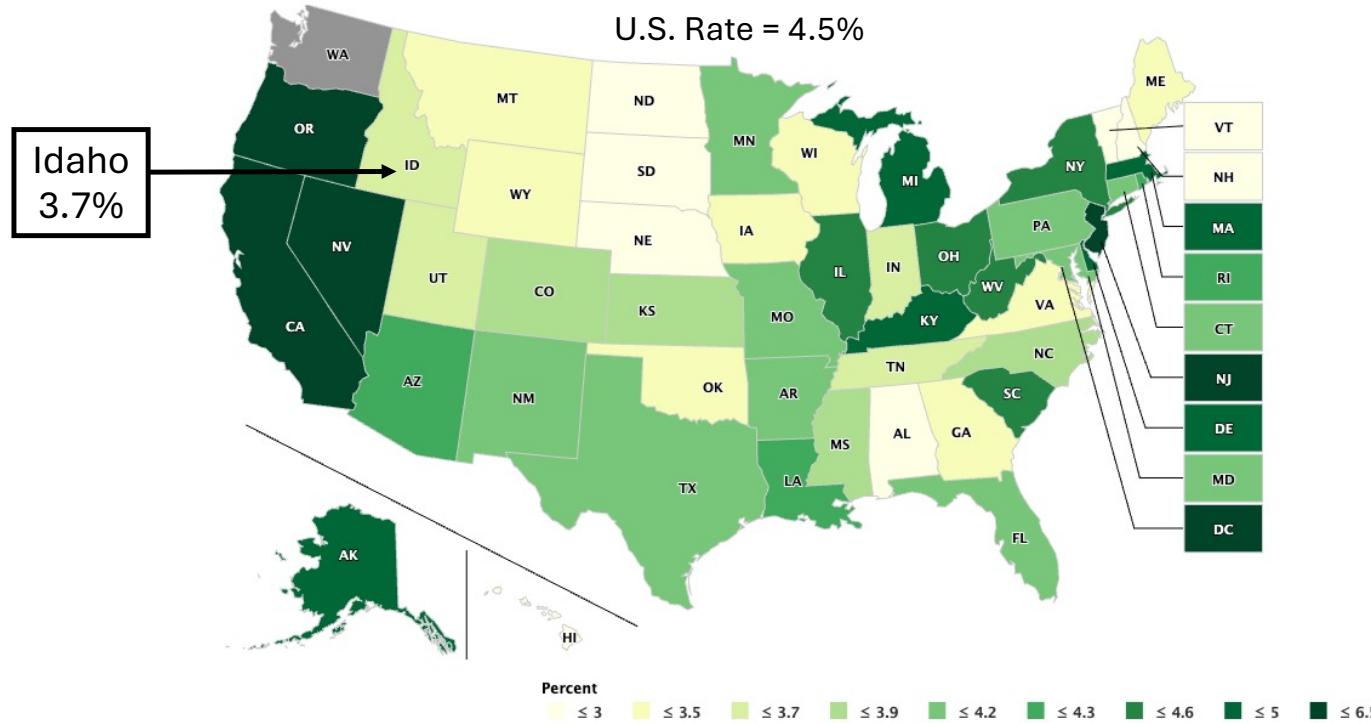
Sources: FRED, BLS

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Idaho Unemployment Rate Lower Than Average

FRED 

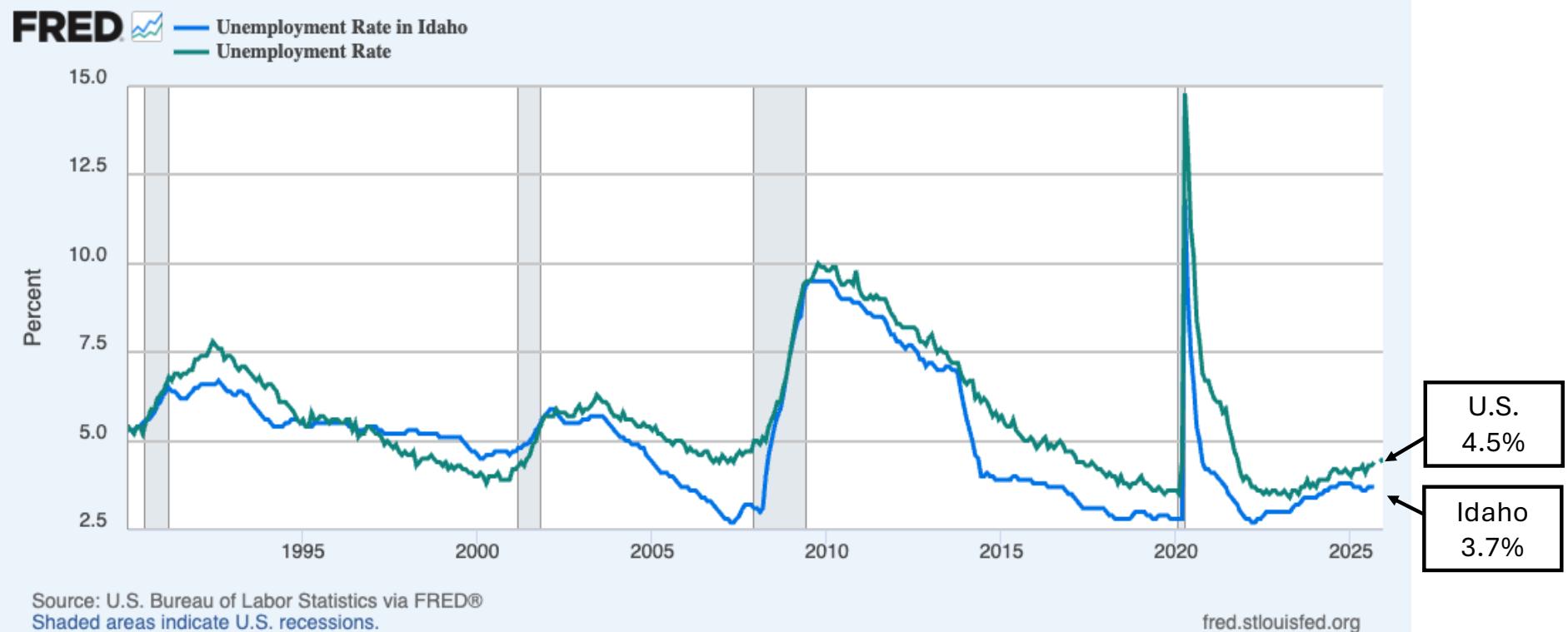
2025 November Unemployment Rate by State (Percent)



Source: U.S. Bureau of Labor Statistics

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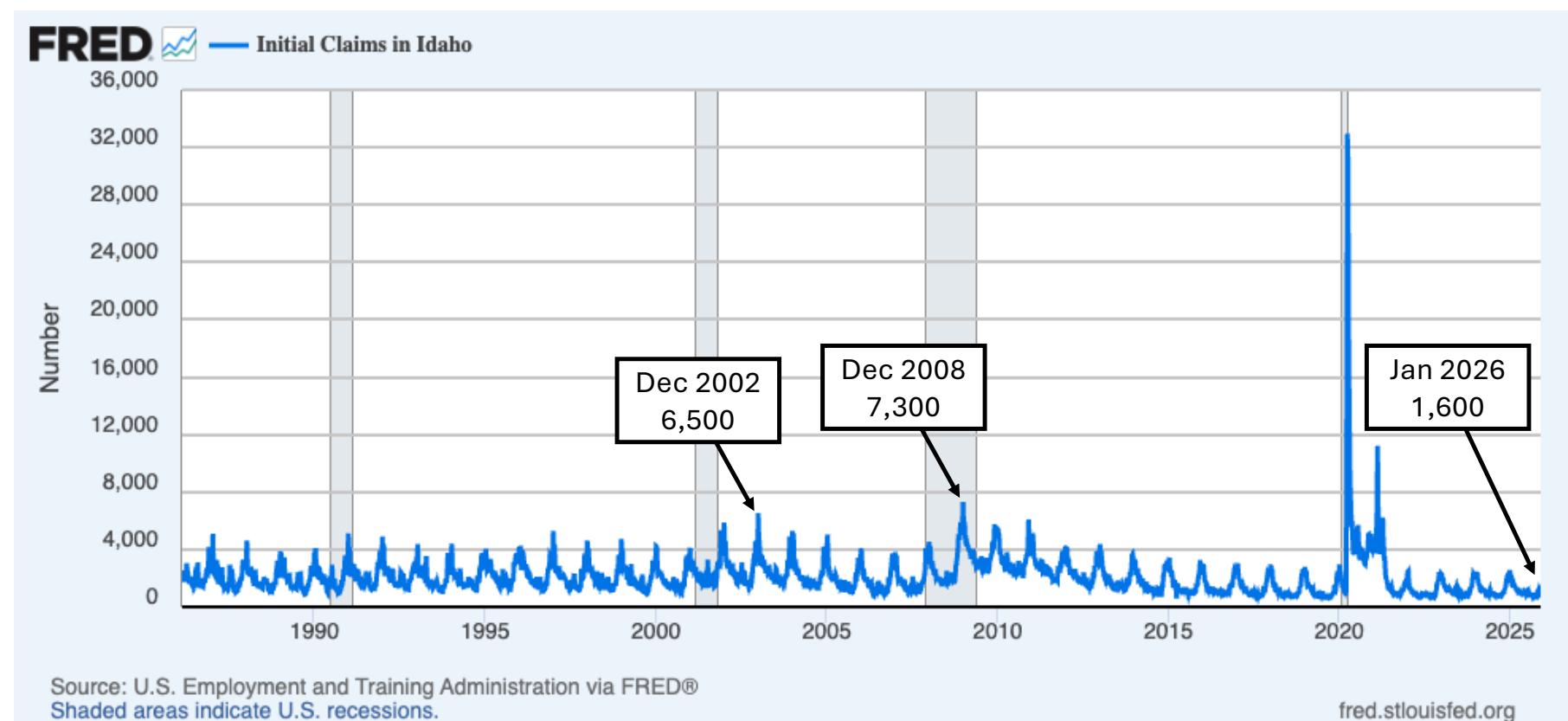
Idaho Unemployment Rate Stable



Sources: FRED

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Idaho Unemployment Claims Remain Low



Sources: FRED

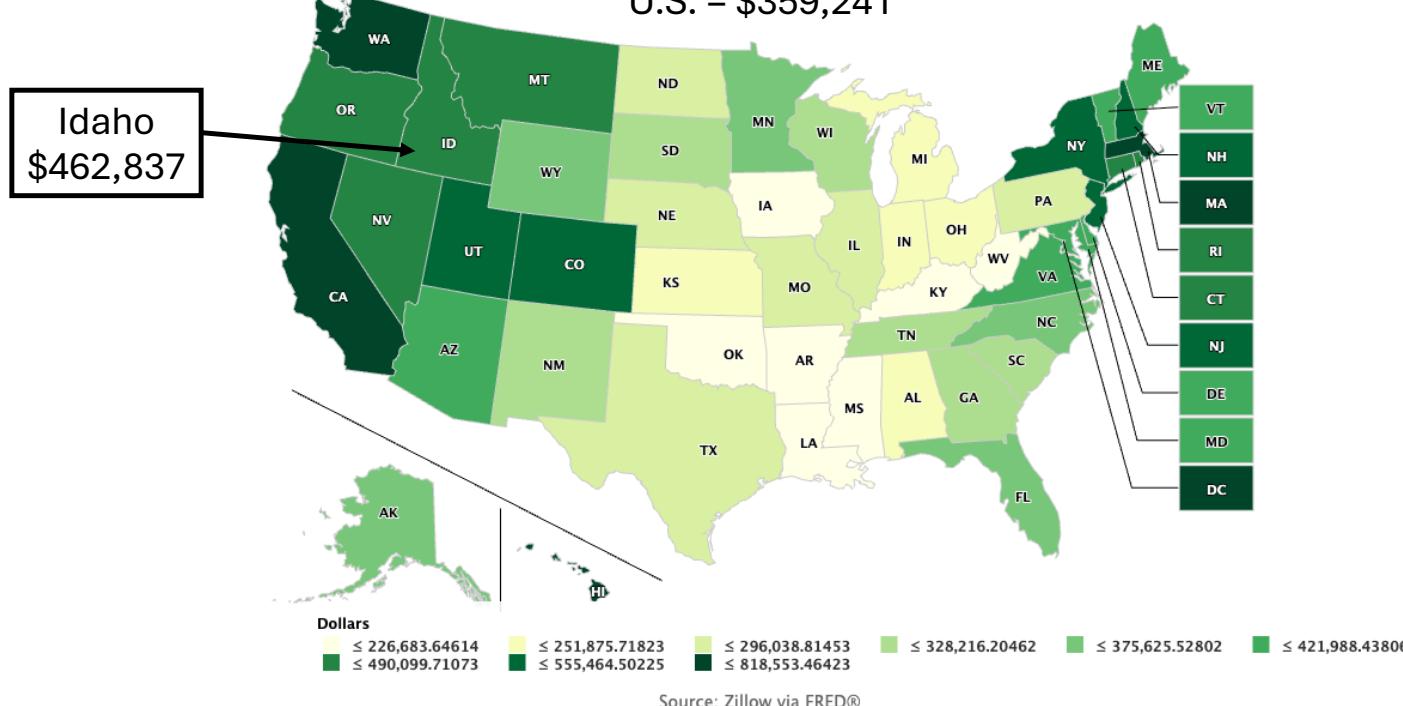
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Idaho Home Prices Much Higher Than Nation



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

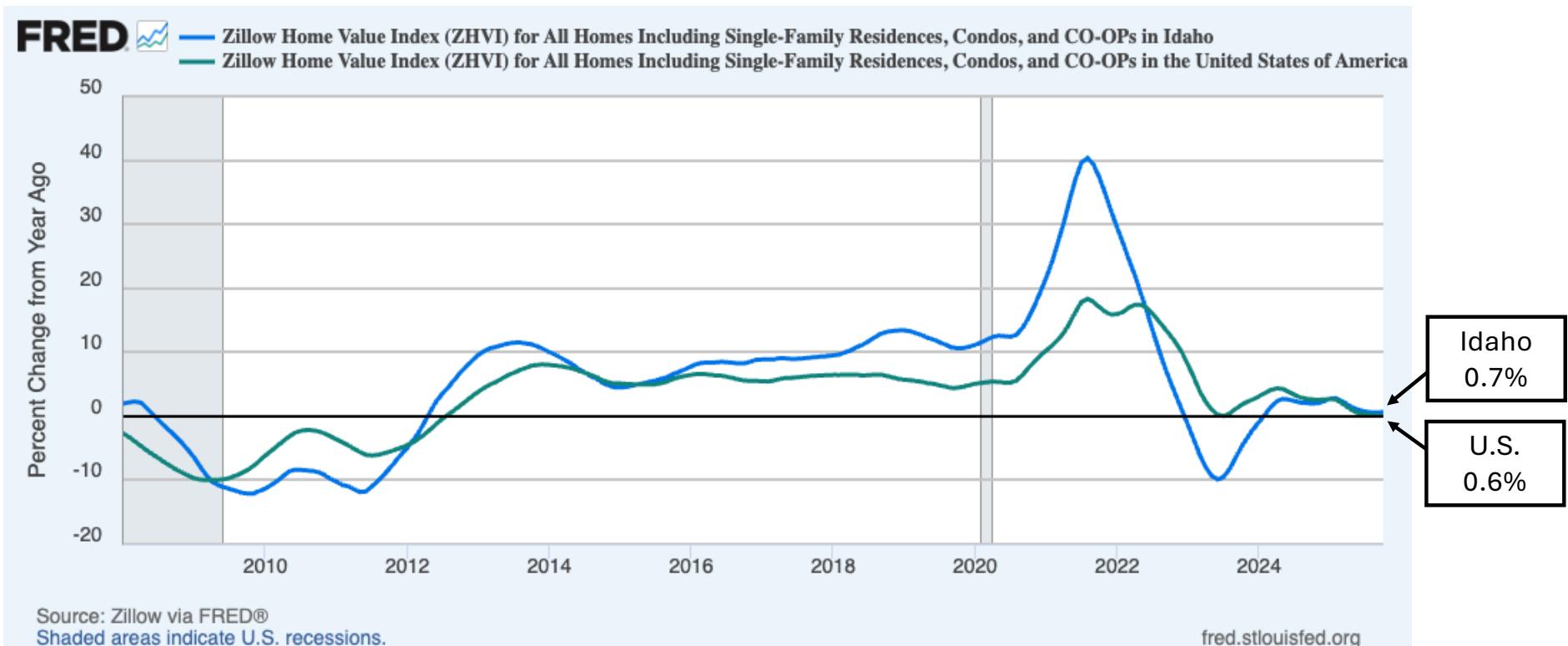
U.S. = \$359,241



Sources: Zillow, FRED

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Positive Idaho Home Price Appreciation

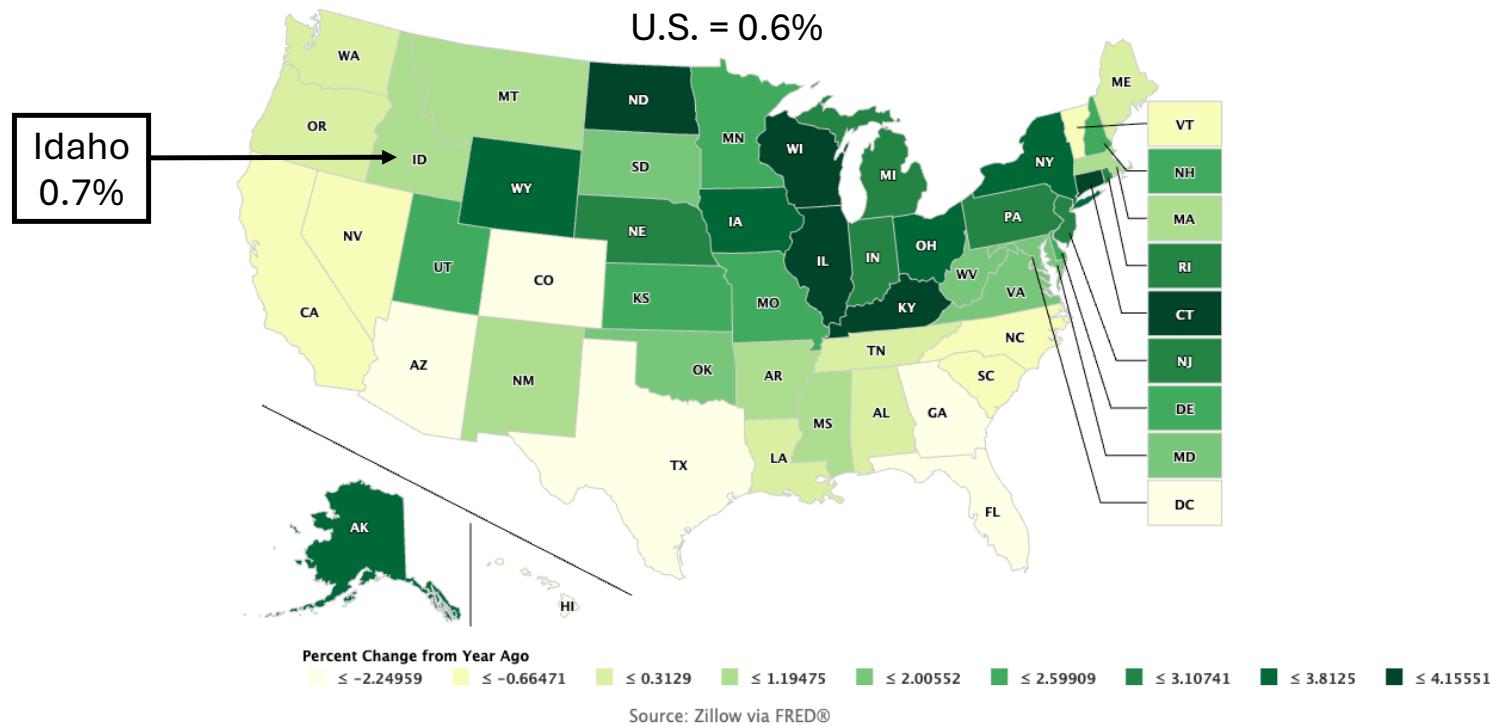


Sources: FRED

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Idaho Home Price Growth Near US Average

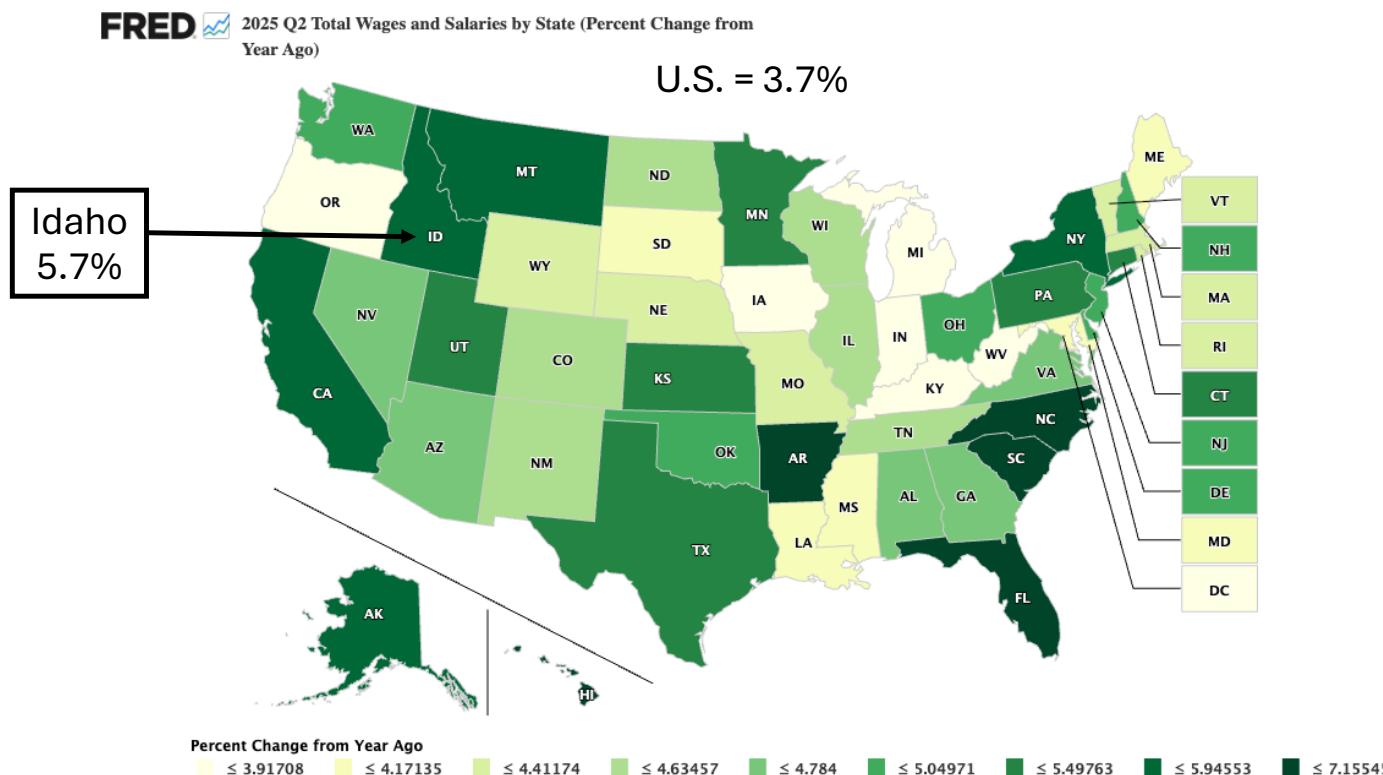
FRED  2025 October Zillow Home Value Index (ZHVI) for All Homes Including Single-Family Residences, Condos, and CO-OPs by State (Percent Change from Year Ago)



Sources: Zillow, FRED

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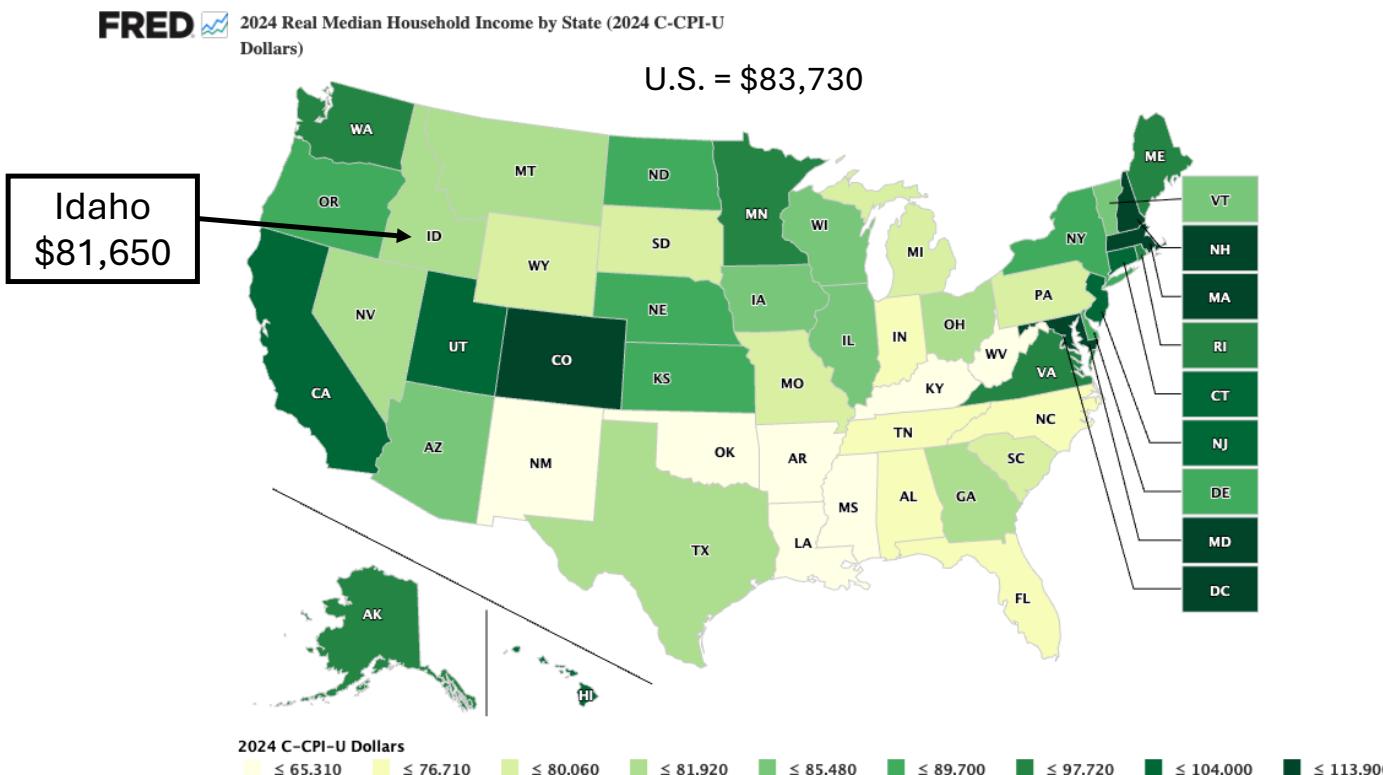
Idaho Wage Growth Above National Average



Sources: BEA, FRED

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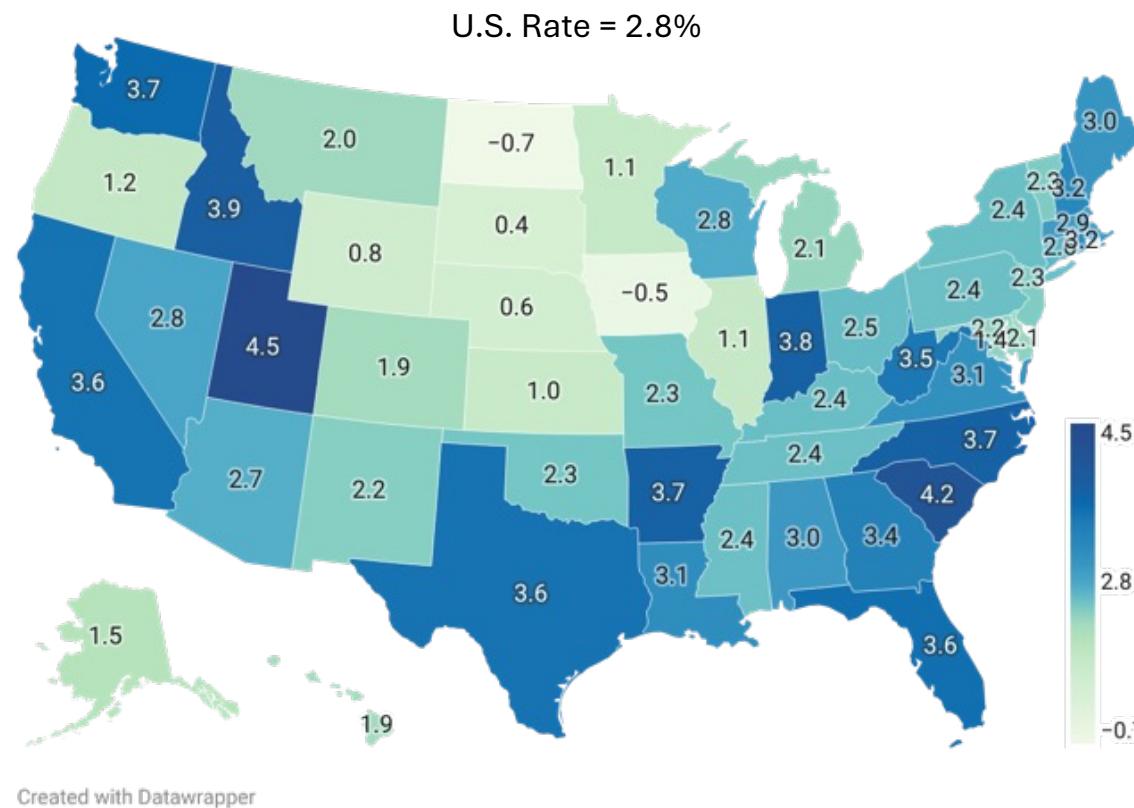
Median Household Income by State



Source: US Census Bureau

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Idaho GDP Growth Higher Than the Nation

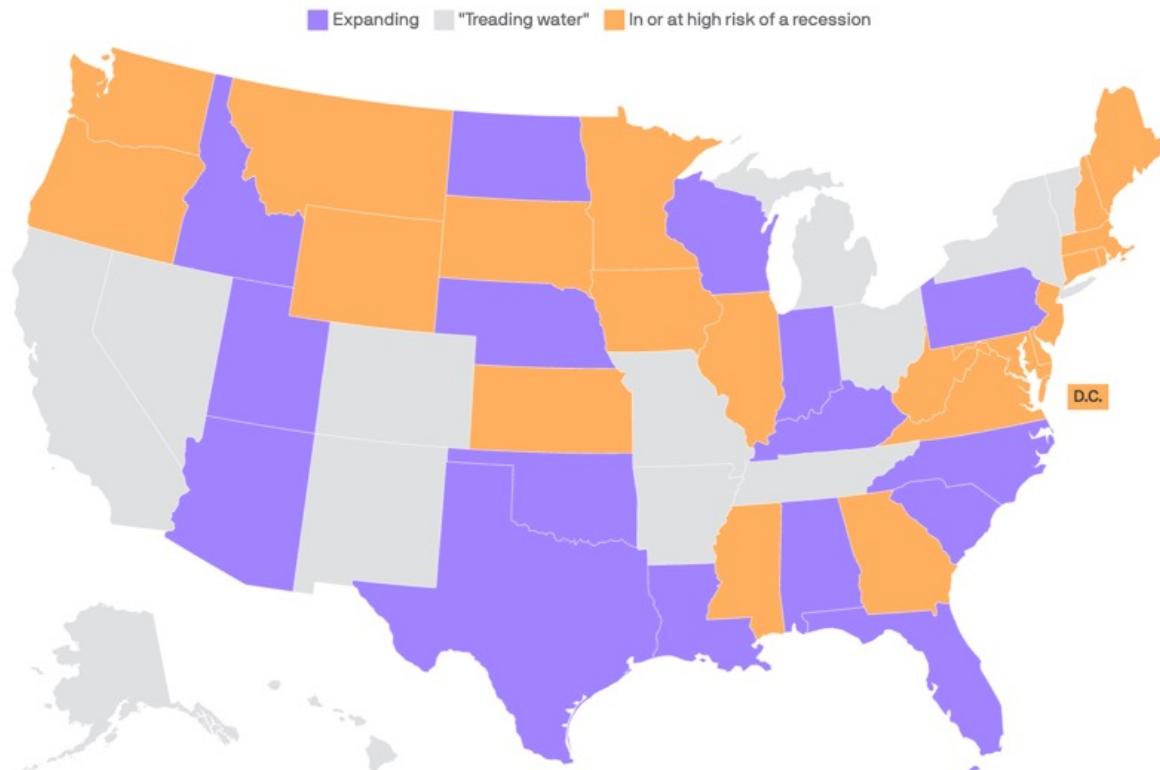


Source: US Bureau of Economic Analysis

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Many States Already in Recession Risk

Moody's estimated strength of each state's economy



Source: Data: Moody's; Map: Jacque Schrag/Axioss

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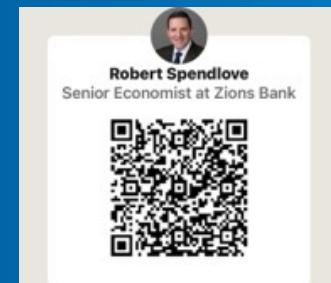
2026 Economic Outlook

- 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

THANK YOU

**Robert Spendlove
Senior Economist**

**Robert.Spendlove@zionsbank.com
801-560-5394**



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