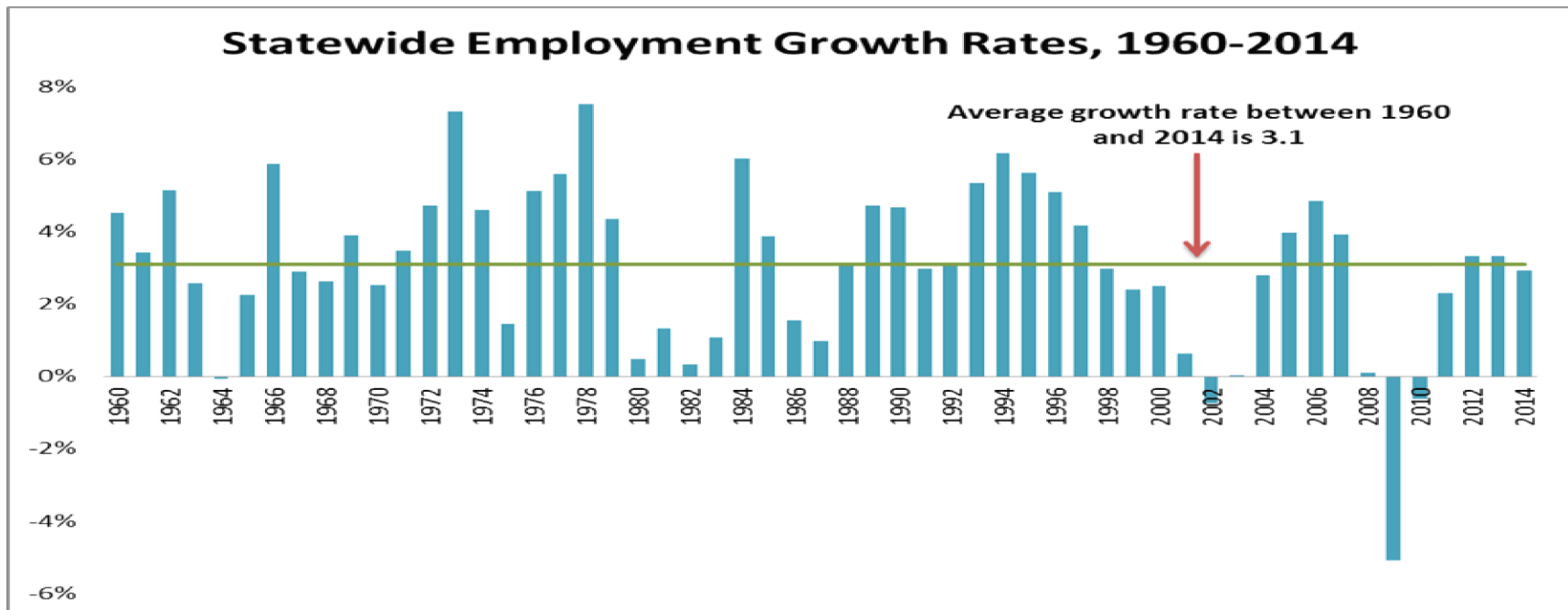


UTAH'S ECONOMY - 2014

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The Great Recession may seem but a distant memory, but 2014 was the first full year since that event where the state's aggregate job growth over the twelve months counted as expansion and not simply recovery. The number of jobs added over the year totaled 37,800, a 2.9 percent increase from the 2013 employment level. Our state ended the year with an average 1,328,140 jobs on the payrolls. The unemployment rate exhibited a downward trend over the year, ending at 2014 at an average of 3.8 percent.¹ Despite a few minor challenges, 2014 can be described as another banner year for Utah's economy.



¹ The unemployment rate and all other labor force statistics are subject to additional revisions.

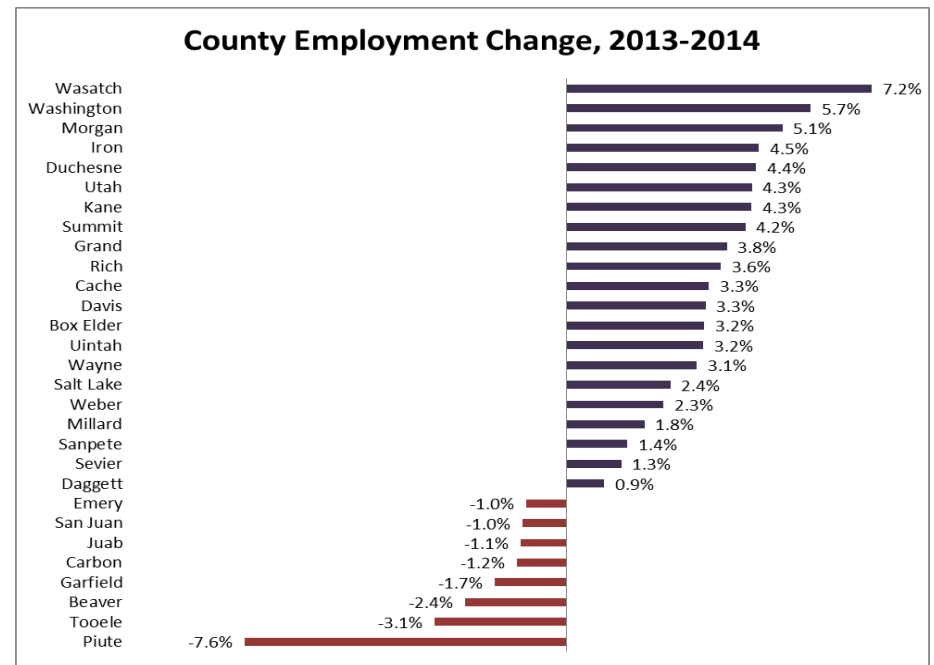
Utahns may easily take for granted the high-performing economy we have enjoyed since the Great Recession, but comparing our state to others quickly puts things in perspective. In terms of post-recession performance, Utah ranks third among the states, with only North Dakota and Texas outpacing us as measured by jobs added since the states' recession low point. Currently there are 14 states that have yet to fully recover all the employment lost since the recession.

The year can also be described as a good one for labor force measures as well. Unemployment stayed below 4.0 throughout the year, averaging 3.8 overall. The size of the labor force grew 1.5 percent to 1,431,104. However, the labor force participation rate was a most puzzling measure over the year, as it remained virtually unchanged from 2013 at 68 percent. Prior to the recession, labor force participation had held relatively steady for several decades at 72 percent which leads one to question whether the economy today continues to operate under slack with 4 percent of the working age population sitting on the sidelines until they are enticed back into the labor market, or did the Utah economy experience a shift to a new, lower, equilibrium labor force participation rate.

While it is true that at the aggregate level, our state employment has grown well past the pre-recession peak, once that analysis is disaggregated by industry we see that there are still gaps left to be filled. All industry sectors expanded in 2014, but all of our goods-producing industries still lag behind their pre-recession peak employment. Three of the service-producing industries only just surpassed the pre-recession peak in 2014: Trade, Transportation, and Utilities; Information; and Financial Activities.

COUNTY EMPLOYMENT

Fifteen of Utah's counties experienced job growth above the statewide average of 2.9 percent. Wasatch County grew at the fastest rate, adding 483 jobs or 1.2 percent of the total jobs gained in the state over the year. Primary drivers of the county's growth include Construction which added 123 jobs, Leisure and Hospitality which added 110 jobs, and Professional and Business Services which added 109. Salt Lake County added the largest volume of jobs (15,137) with the largest private sector industry contributions coming from Professional and Business Services (4,881) and Financial Activities (1,494). Economic momentum in Utah County put it in second place for volume of job growth with 8,685 jobs added in 2014. Job growth in Utah County was driven by expansion in Trade, Transportation and Utilities (1934 jobs); Professional and Business Services (1,696 jobs); and Construction (1550 jobs). Those three sectors combined contributed 60 percent of the job growth in the county in 2014.



Eight of Utah's counties contracted in employment from 2013 to 2014. All together, the eight job shedding counties comprise only 2.9 percent of the total state employment. While Piute County saw the largest percentage decrease (7.2 percent) the actual size of the loss was 19 jobs.

Tooele County lost the largest volume of jobs (478) with 81 percent of the loss occurring in the Professional and Business Services sector. Beaver County also posted a loss of 2.4 percent, with a majority of the jobs lost in Construction (62) and Leisure and Hospitality (35).

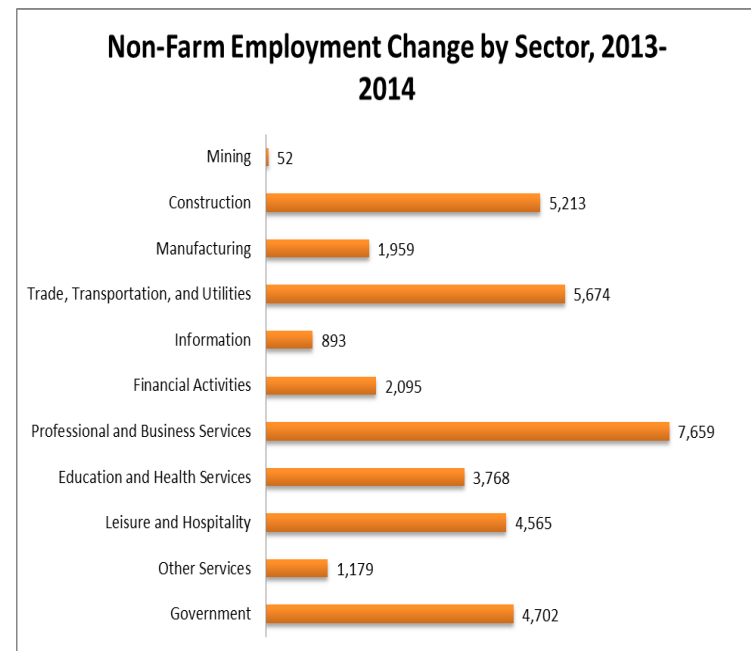
EMPLOYMENT BY INDUSTRY

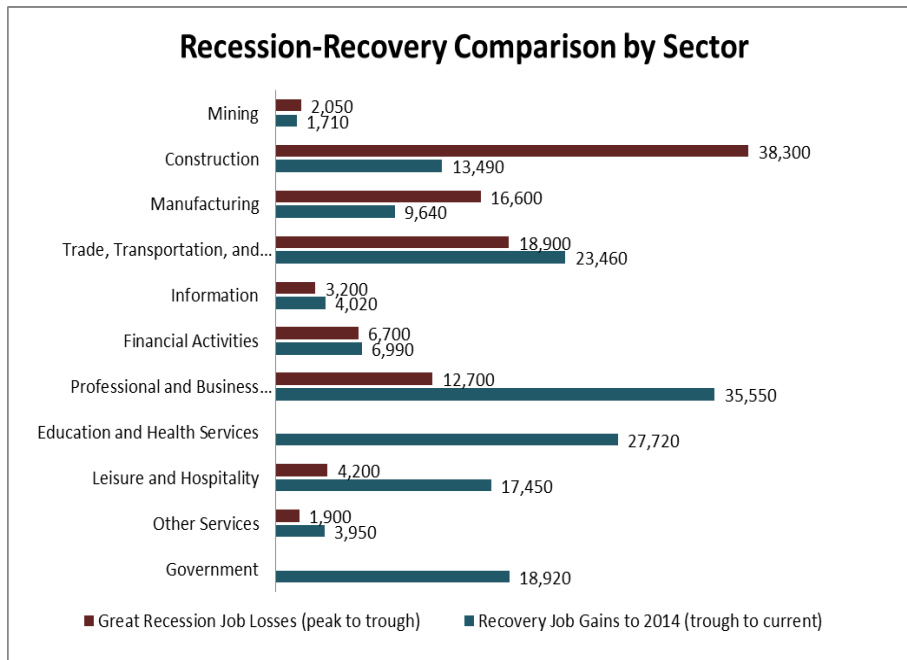
Mining employment grew in 2014, after experiencing an overall contraction in 2013. The industry benefitted from Kennecott Copper Mine recovering employment from the landslide of 2013 and increased demand in the natural gas industry. Continued decline in the coal demand kept employment expansion at a moderate level for the industry overall. The future outlook for mining will depend greatly on local and national demand for the state's natural resources as well as the global forces driving prices for those resources.

Construction employment accelerated 2 percentage points over 2013's growth rate, adding 5,213 jobs in 2014. This marks the third consecutive year of post-recession job gains, although the industry is still over 24,000 jobs short of the pre-recession peak. Expansion of the Salt Lake International Airport began in the summer, and should continue until 2019. All three subsectors of the Construction industry posted net gains, with Construction of Buildings growing 7.5 percent; Heavy and Civil Engineering growing 2.5 percent; and Specialty Trade Contractors growing 7.8 percent.

Manufacturing continued along a slow but steady path toward recovery from the deep blow of the recession and the offshoring trend. Employment expanded by 1.6 percent over 2013, adding 1,959 jobs with the majority of growth in Miscellaneous Manufacturing, Transportation Equipment Manufacturing, Food Manufacturing, and Chemical Manufacturing. Almost 60 percent of the industry's employment lies in Salt Lake and Utah Counties and another third lies in the northern counties of Weber, Davis, Cache, and Box Elder.

Trade, Transportation, and Utilities, the state's largest employment sector, ended the year with average employment of 252,574. With 19 percent of the state's total nonfarm jobs, trends in this industry can have a large effect on the overall labor market performance in the state. A contraction of 16 jobs in utilities was outweighed by expansions in Wholesale Trade (387 jobs), Retail Trade (3,837 jobs), and Transportation and Warehousing (1,466 jobs).





Information, one of the smaller sectors of Utah’s labor market, grew by 2.8 percent in 2014, adding 893 jobs over the 2013 employment level. Primary drivers in the sector include Publishing, Telecommunications, and Data Processing. The sector was a hot performer in the early years of post-recession recovery, but has cooled somewhat since then.

Financial Activities ended 2014 with an annual average employment level of 74,965. The year was noteworthy for this sector, as it finally moved past Great Recession recovery and into the black on the job ledger. While job growth was especially strong in 2013 at 4.8 percent, it cooled off somewhat in 2014, registering 2.9 percent. One prominent feature of the recession was the dramatic tightening of credit that slowed job recovery in the industry. But as credit markets have slowly loosened and the housing market has rebounded, jobs in financial activities are

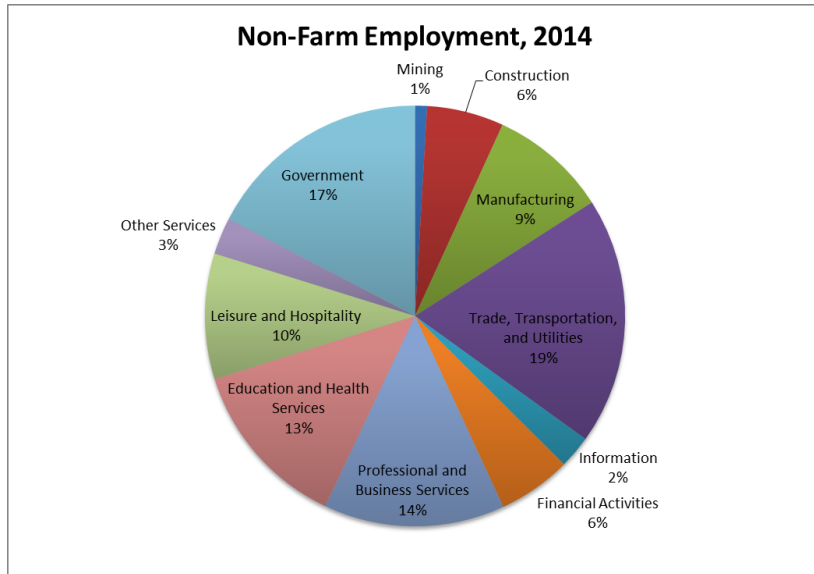
following suit.

Professional and Business Services added the most jobs in 2014, increasing payroll employment by 7,659 positions. This industry brings together a wide spectrum of jobs in terms of typical wage and skill levels, including Professional, Scientific and Technical Services which expanded by 5.9 percent; Management of Companies which grew by 3.8 percent; and Administration, Support and Waste Management Services which grew by 2.9 percent. While this industry lost 12,700 jobs in the Great Recession, recovery over the last several years has added almost triple the number of jobs lost.

Education and Health Services² provides amenities that are essential to human beings. Therefore, demand for the services tends to grow along with the population, and that tends to make them recession proof. Such was indeed the case for education and health care in Utah, where no jobs were lost during the Great Recession and since that time the industry has expanded to an employment level of 174,309. In 2014 the industry’s rate of expansion was 2.2 percent. Of the jobs added over the year, 1,062 were in educational services and 2,706 were in health care and social assistance.

² Only private sector entities included. Education or health care entities run by federal, state, or local government are included in the government employment totals.

Leisure and Hospitality runs the gambit of businesses providing services in arts, entertainment, recreation, accommodation, and food services. In some Utah counties, especially those containing national parks and other tourist attractions, leisure and hospitality is one of the largest sources of employment. In 2014, the industry grew by 3.7 percent, meaning that statewide, 4,656 jobs were added in the industry, which makes it one of the above-average growth rate sectors.



Other Services is an industry containing a wide range of establishments such as repair services, personal care, and membership organizations. In 2014 employment reached a level of 37,604, which put the industry more than 2,000 positions beyond the pre-recession peak. Employment grew by 1,370 in the sector, constituting an annual average growth rate of 3.2 percent.

Government employment increased by 4,702 positions in 2014, but this sector is better explained by examining the details. There are actually three levels of government contained in the group: federal, state, and local. And the three sub-groups are trending much differently post-recession. While federal government employment has shown a slow downward trend, state and local governments have trended upward. In 2014, federal government employment contracted 0.8 percent while state

government grew 4.3 percent and local government grew 1.6 percent. A portion of the upward trends at the state and local levels can be attributed to employment in education (state universities and local school districts). As stated earlier, education tends to growth with population.