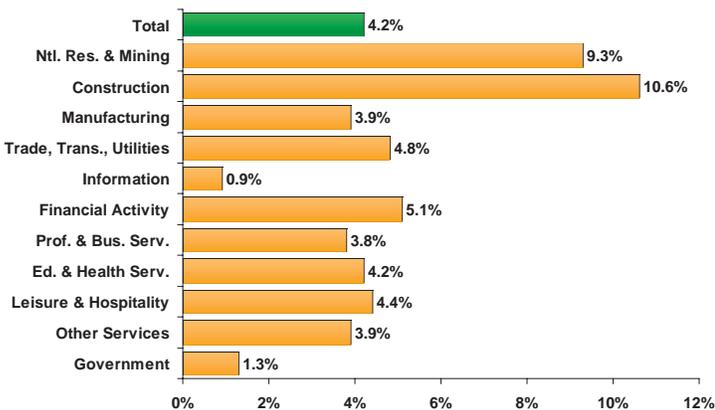




## Employment

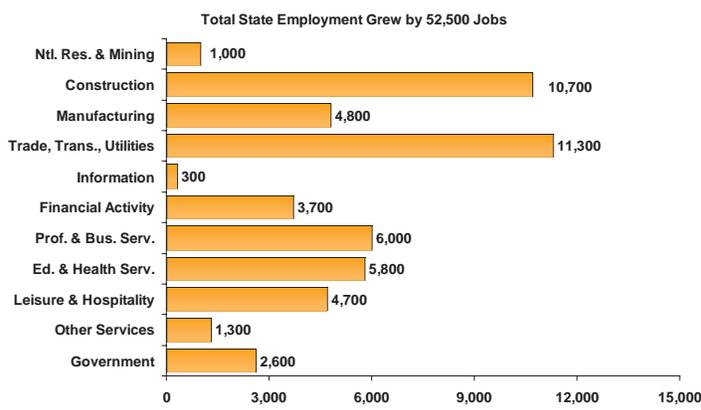
- ▶ **Employment Growth** – Year-over job growth in Utah reached 4.2% in October 2007, more than triple the national rate of 1.2%. In the last year, approximately 52,500 jobs were created in Utah's job market. The U.S. job market increased month over in October 2007 with 166,000, with a revised 96,000 in September 2007 and 93,000 in August 2007.
- ▶ **Unemployment** – Utah's October 2007 unemployment rate was 2.8%, higher than the October 2006 rate of 2.6%. The national October 2007 unemployment rate was 4.7%.

Percent Change in Utah Employment by Industry: October 2006-2007



Source: Department of Workforce Services

Numerical Change in Utah Employment by Industry: October 2006-2007

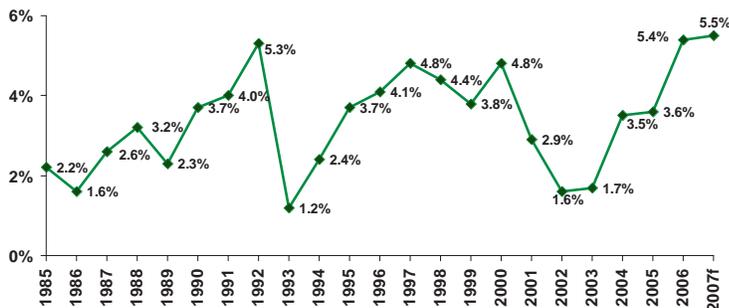


Source: Department of Workforce Services

## Wages and Income

- ▶ **Total Personal Income** – Utah's total personal income reached \$82.1 billion in second quarter 2007. Using this measure, economic activity expanded at an annual rate of 9.3% from Q2 2006 to Q2 2007, which ranked Utah first in the nation. National growth in personal income over the same period was 6.4%, 2.9% less than Utah.
- ▶ **Real Wage** – Utah's real, inflation adjusted, average payroll wage reached \$35,121 per job in 2006, which ranked 40th in the nation. Real pay (the best measure of an employee's standard of living) grew 2.1% from 2005 to 2006, which ranked Utah 10th in the nation. The national growth rate in pay averaged 1.3%, which was less than Utah's growth. Utah's pay averages 83% of the nation's.

Growth Rates for Utah Average Annual Pay



Sources: Department of Workforce Services, Council of Economic Advisors f = forecast

## GDP, CPI, Interest Rates, and Home Prices

Indicator	Period	Value	Period	Value
GDP	Q3-07	3.9%	Q2-07	3.8%
CPI	Sep-07	2.1%	Aug-07	3.8%
CPI-core	Sep-07	2.9%	Aug-07	2.8%

Note: CPI-core excludes Food and Energy

- ▶ **Interest Rates** – The 30-year fixed-rate mortgage (FRM) averaged 6.24% for the week ending November 8, 2007 according to Freddie Mac. On October 31, the Federal Reserve cut 25 basis points from the target for the federal funds rate from 4.75% to 4.50%.

- ▶ **Home Prices** – According to the Office of Federal Housing Enterprise Oversight (OFHEO) House Price Appreciation Ranking, Utah's house prices were up 15.3% in the second quarter of 2007 from second quarter of 2006. This ranks Utah first in the nation.

### Existing Home Prices Second Quarter 2007 Over Second Quarter 2006

Location	Home Price	Percent Change
Cache/Logan	\$152,710	8.9%
Salt Lake	\$227,570	16.0%
Provo	\$204,860	18.2%
Washington/St. George	\$224,990	2.7%
State of Utah	\$202,120	15.3%
United States	\$224,020	3.2%

Note: The home price is the median price of existing single family homes, seasonally adjusted, from Economy.com. The percent change is calculated from OFHEO home price appreciation index.

Sources: Moody's Economy.com; Office of Federal Housing Enterprise Oversight

## Significant Utah Rankings

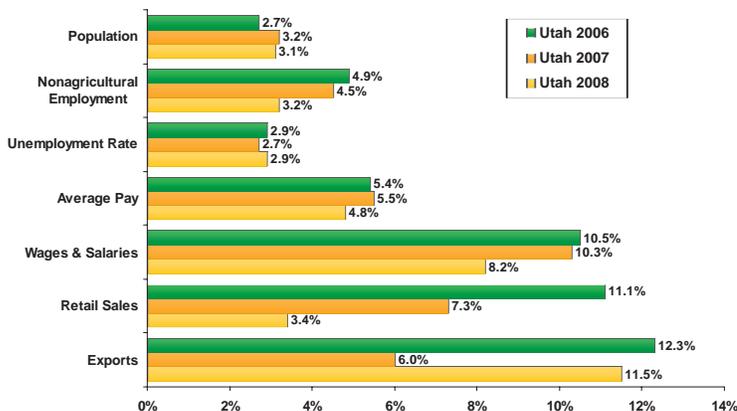
	State Rank	Value	Period		State Rank	Value	Period
<b>Demographic</b>				<b>Economic</b>			
Population Growth Rate	6th	2.4%	2005-2006	Rate of Job Growth	1st	4.2%	Oct. 2007
Fertility Rate	1st	2.54	2002	Unemployment Rate	3rd	2.8%	Oct. 2007
Life Expectancy	3rd	78.6 years	2000	Median Household Income	9th	\$55,179	2004-2006
Median Age	1st	28.3 years	2006	Average Wage	40th	\$35,121	2006
Household Size	1st	3.08 persons	2006	Per Capita Personal Income	47th	\$29,108	2006
<b>Social Indicators</b>				Total Personal Income (% Change)	1st	9.6%	2006-2007
Poverty Rate	11th	9.5%	2004-2006	Notes: 1) Rankings are based on the most current national data available for all states and may differ from other data.			
Educational Attainment high school degree	5th	91.2%	2006	2) Rank is most favorable to least favorable.			
of persons 25+ bachelor's degree	24th	27.0%	2006	3) Job Growth and Unemployment rate are seasonally adjusted			

## Industry Focus

- ▶ **Construction** - Shifts from residential to commercial construction continue to fuel strong employment growth. Utah house price appreciation still tops the nation, though price growth is moderating slightly. Residential permitting slowed; but was offset by strong commercial growth with billions planned in new investment.
- ▶ **Tourism** - Utah's travel and tourism sector saw improvements in leading indicators in 2006. Each of the five major tourism sectors experienced gains. For the third consecutive year, the Utah ski industry enjoyed a record breaking number of skier visits of over four million in 2006.
- ▶ **High Technology** - The number of technology industry companies grew by over 7% in 2005. The industry provides almost 60,000 jobs with an average salary 66% higher than the statewide average.
- ▶ **Exports** - Utah's exports increased 12.3% in 2006, from \$6.1 billion to \$6.8 billion. Utah's largest export markets are in Western Europe, Canada, and East Asia. Utah's exports to Mexico increased from \$128 million in 2005 to \$268 million in 2006, and Mexico rose from 10th to 6th on the list of foreign trading partners. In the first three quarters of 2007, Utah's exports totaled \$5.3 billion which should continue to grow as worldwide economic expansion continues.
- ▶ **Defense** - Defense related spending in Utah in FY 2005 was estimated at \$3.7 billion, rising 12.8% from 2004. U.S. defense spending grew by 11.2% in the same period. The current level of defense activity is expected to continue in 2007, a result of military involvement overseas and base realignment.
- ▶ **Energy and Minerals** - The estimated value of energy and mineral production in Utah was a record \$7.6 billion, up from \$6.2 billion in 2005. This increase is due to significant increases in most precious-metal and base-metal production and prices and coal and industrial mineral commodities production and prices. Utah experienced a significant increase in all areas of energy production in 2006. Prices for oil and coal rose to record highs in nominal dollars in 2006.
- ▶ **Agriculture** - With an increase in demand for grain as a source of energy--corn for the production of ethanol--the structure of agricultural production is changing. The price for cattle declined in late 2006, however demand for beef is expected to remain strong, generating welcome income growth.
- ▶ **Manufacturing** - The manufacturing sector is growing in Utah. In August 2006, Cephallon Inc. completed a \$100 million dollar facility expansion. Adam Aircraft is constructing a 96,000-square-foot facility at the Ogden airport, which will be the company's primary assembly point for the A-700 light jet.
- ▶ **Professional** - Venture capital investment in the first quarter of 2007 was \$25 million, down from \$61 million in the same quarter of 2006. This included an investment of \$3.6 million dollars to a Heber City-based company that is developing a wind farm. This is consistent with a national trend that is directing more venture capital into energy-tech startups.

## Economic Outlook

**Utah Economic Indicators: 2006-2008**



- ▶ **Overview of the Economy** - Utah's economy realized strong growth throughout 2007. The state experienced job growth at 4.5%, more than triple the national rate at 1.3%. The unemployment rate was at a record low of 2.7%. Growth in construction employment continued, with sustained growth in the energy industry and in the professional, business, and financial services. Utah has one of the best economies in the nation and appears set to continue the economic expansion.
- ▶ **Outlook 2008** - Robust economic growth is expected to continue, though moderate. Increased risk to the U.S. economy could yet impact Utah, though current economic indicators are expected to soften slightly. Employment growth will move from 4.5% in 2007 to 3.2% in 2008, while the unemployment rate should tick upward from a record low of 2.7% in 2007 to 2.9% in 2008. Residential construction is expected to weaken further, though buoyed by strong growth in commercial building.

## Demographics

- ▶ **Population:** The state's official July 1, 2007 population was estimated to be 2.7 million, an increase of 3.2% since 2006. Net migration made up 52.4% of this increase.
- ▶ **Rate of Growth:** The U.S. Census Bureau ranked Utah sixth among states with a population growth rate of 2.4% from 2005 to 2006. The U.S. rate of growth was 1.0%.
- ▶ **Long-Term Projections:** The state's population is projected to be 2.8 million in 2010, 3.5 million by 2020, 4.1 million in 2030, 4.7 million in 2040, and 5.4 million by 2050.
- ▶ **School Enrollment** - In 2006, an estimated 526,000 students were in Utah's public education system; an increase of 16,075 students, or 3.2%, over 2005.

2007 Utah Population Estimate	2,699,553
2006-2007 Percent Change	3.2%
2006-2007 Absolute Change	84,425
2007 Net Migration	44,252
2007 Fiscal Year Births	53,953
2007 Fiscal Year Deaths	13,780
2007 Natural Increase	41,173