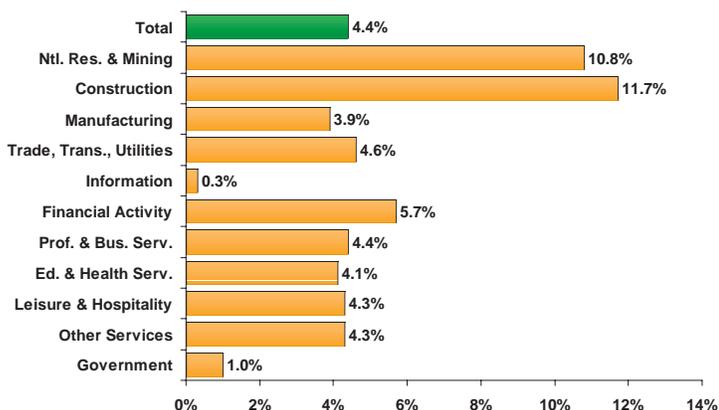




## Employment

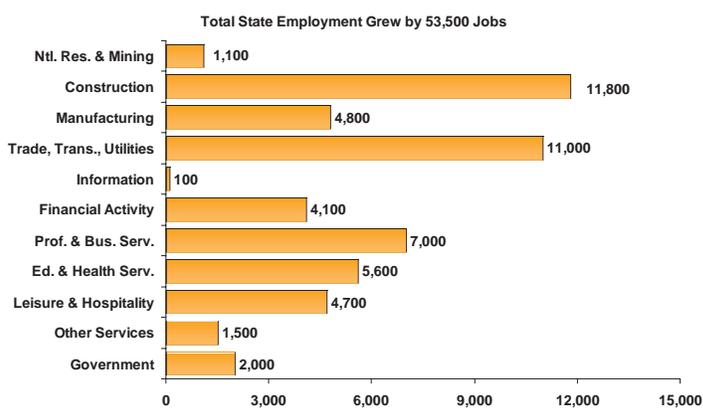
- ▶ **Employment Growth** – Year-over job growth in Utah reached 4.4% in September 2007, more than triple the national rate of 1.2%. In the last year, approximately 53,500 jobs were created in Utah's job market. The U.S. job market increased month over in September 2007 with 110,000, with a revised 89,000 in August 2007 and 93,000 in July 2007.
- ▶ **Unemployment** – Utah's September 2007 unemployment rate was 2.7%, equal to the September 2006 rate. The national September 2007 unemployment rate was 4.7%.

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



Source: Department of Workforce Services

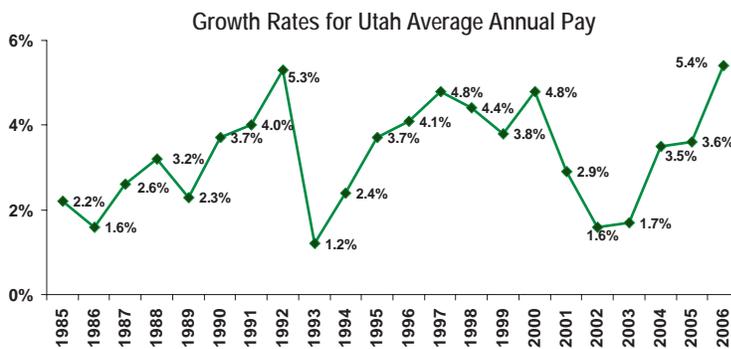
Numerical Change in Utah Employment by Industry: September 2006-2007



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 Pay** – Utah's real, inflation adjusted, average payroll wage reached \$37,028 per job in fourth quarter 2006, which ranked 36th in the nation. Real pay (the best measure of an employee's standard of living) grew 3.6% from fourth quarter 2005 to fourth quarter 2006, which ranked Utah 9th in the nation. The national growth rate in pay averaged 2.3%, which was 1.3% less than Utah's growth. Utah's pay averages 84% of the nation's.



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

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

Indicator	Period	Value	Period	Value
GDP	Q2-07	3.8%	Q1-07	0.6%
CPI	Jul-07	2.4%	Jun-07	2.7%
CPI-core	Jul-07	2.2%	Jun-07	2.2%

Note: CPI-core excludes Food and Energy

- ▶ **Interest Rates** – The 30-year fixed-rate mortgage (FRM) averaged 6.40% for the week ending October 11, 2007 according to Freddie Mac. On September 18, the Federal Reserve cut 50 basis points from the target for the federal funds rate from 5.25% to 4.75%.
- ▶ **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		
	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	4.5%	August 2007
Fertility Rate	1st	2.54	2002	Unemployment Rate	2nd	2.6%	August 2007
Life Expectancy	3rd	78.6 years	2000	Median Household Income	9th	\$55,179	2004-2006
Median Age	1st	28.3 years	2006	Average Pay	36th	\$37,000	4th Qtr. 2006
Household Size	1st	3.08 persons	2006	Per Capita Personal Income	47th	\$29,108	2006
<b>Social Indicators</b>				<b>Total Personal Income (% Change)</b>			
Poverty Rate	11th	9.5%	2004-2006		3rd	9.1%	2005-2006
Educational Attainment of persons 25+	high school degree 5th	91.2%	2006				
	bachelor's degree 24th	27.0%	2006				

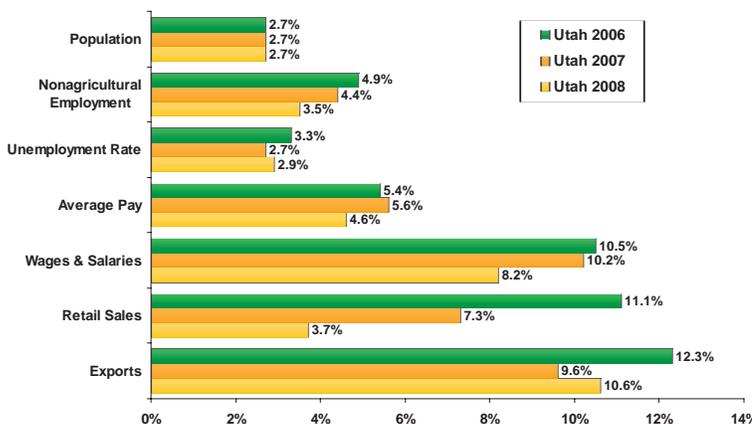
Notes: 1) Rankings are based on the most current national data available for all states and may differ from other data.  
 2) Rank is most favorable to least favorable.  
 3) Job Growth and Unemployment rate are seasonally adjusted

## 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 11.9% 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 two quarters of 2007, Utah's exports totaled \$3.4 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 experienced strong growth during 2006. The state continues to outperform the nation with job growth at 4.9% for all of 2006 compared to 1.9% for the nation; with near record unemployment at 3.3%. Utah's economy continues to look robust with strong growth in construction, professional and business services, and the energy industry. Utah appears to be in an excellent position for continued economic expansion.

▶ **Outlook 2007** - The current economic expansion has taken many economic indicators to record levels, leaving little room for acceleration. While the expansion is expected to continue, growth is expected to moderate slightly. Employment growth will move from 4.9% in 2006 to 4.4% in 2007, while the unemployment rate should move slightly lower from the near record 3.3% in 2006 to 2.7% in 2007. The explosive growth in construction and natural resource and mining employment is expected to moderate somewhat in 2007. Property valuation is expected to increase slightly through 2007, led largely by commercial activity.

## Demographics

- ▶ **Population:** The state's official July 1, 2006 population was estimated to be 2.6 million, an increase of 2.7% since 2005. Net migration made up 42.4% 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.

2006 Utah Population Estimate	2,615,129
2005-2006 Percent Change	2.7%
2005-2006 Absolute Change	67,740
2006 Net Migration	28,730
2006 Fiscal Year Births	52,368
2006 Fiscal Year Deaths	13,358
2006 Natural Increase	39,010