

ECONOMIC
REPORT
2003
TO THE
GOVERNOR

Annual

Utah Economic Review

Council of Economic Advisors

January 2003

Overview

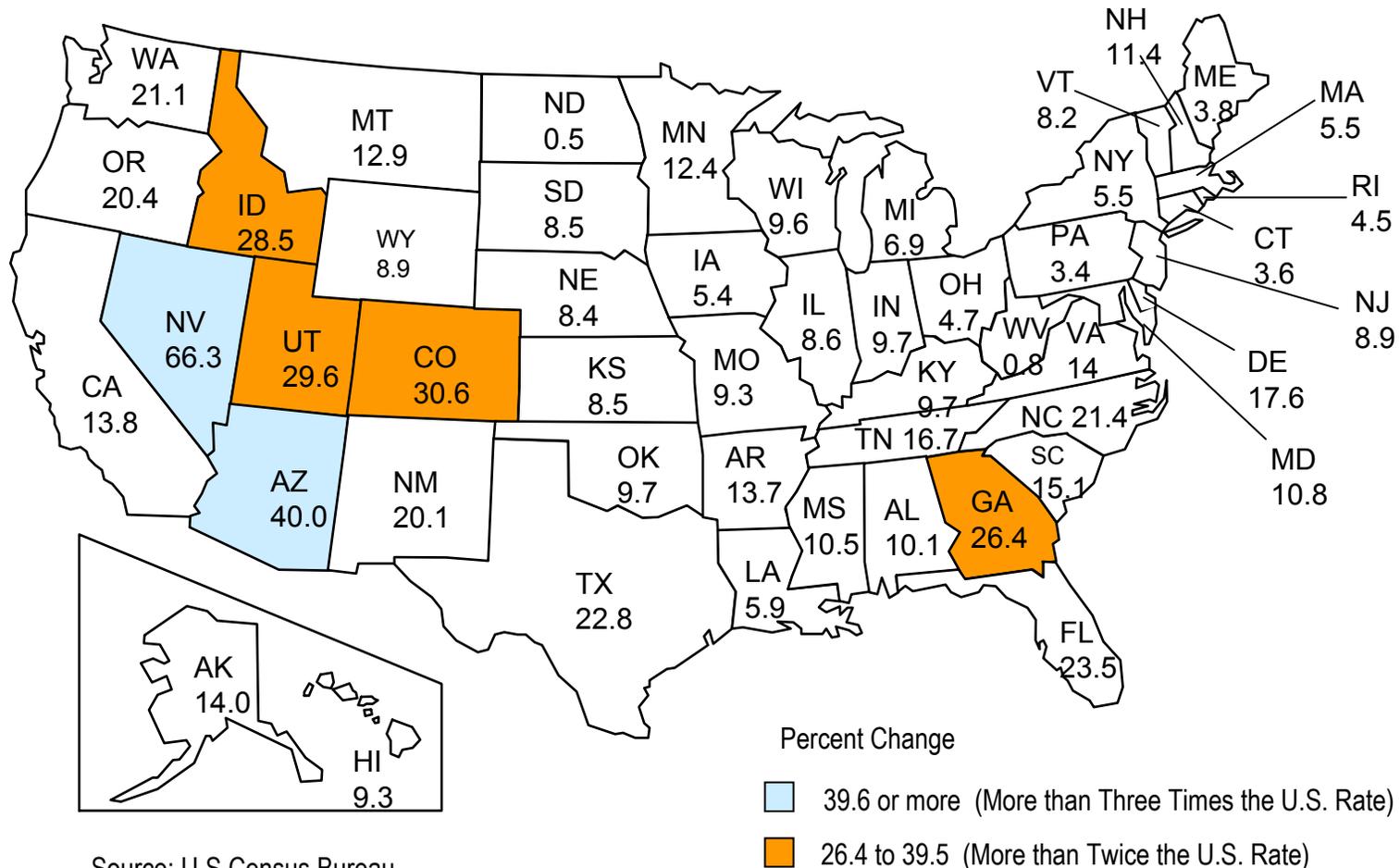
- **Key Indicators**
- **Important Factors**
- **Outlook**

Key Indicators

- **Population**
- **Employment and Labor Force**
- **Income**

Utah is in the Center of the Fastest Growing Region in the Country

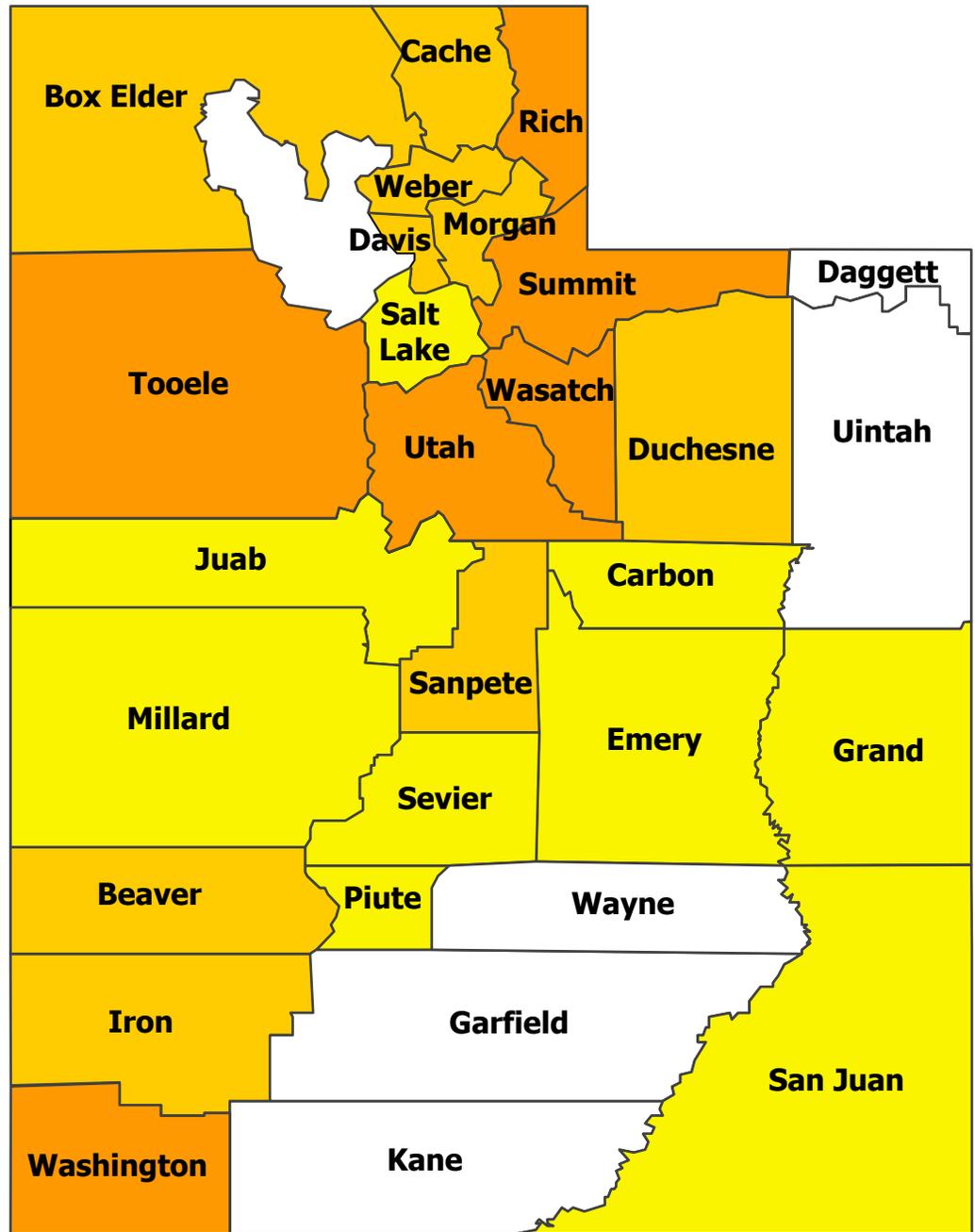
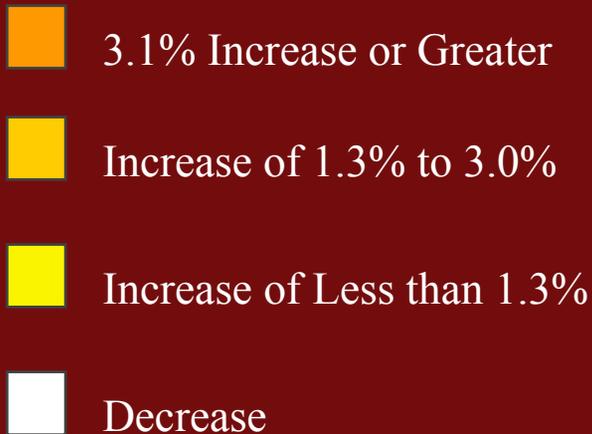
Percent Change in Population for States: 1990 to 2000
U.S. Rate = 13.2%



Source: U.S. Census Bureau

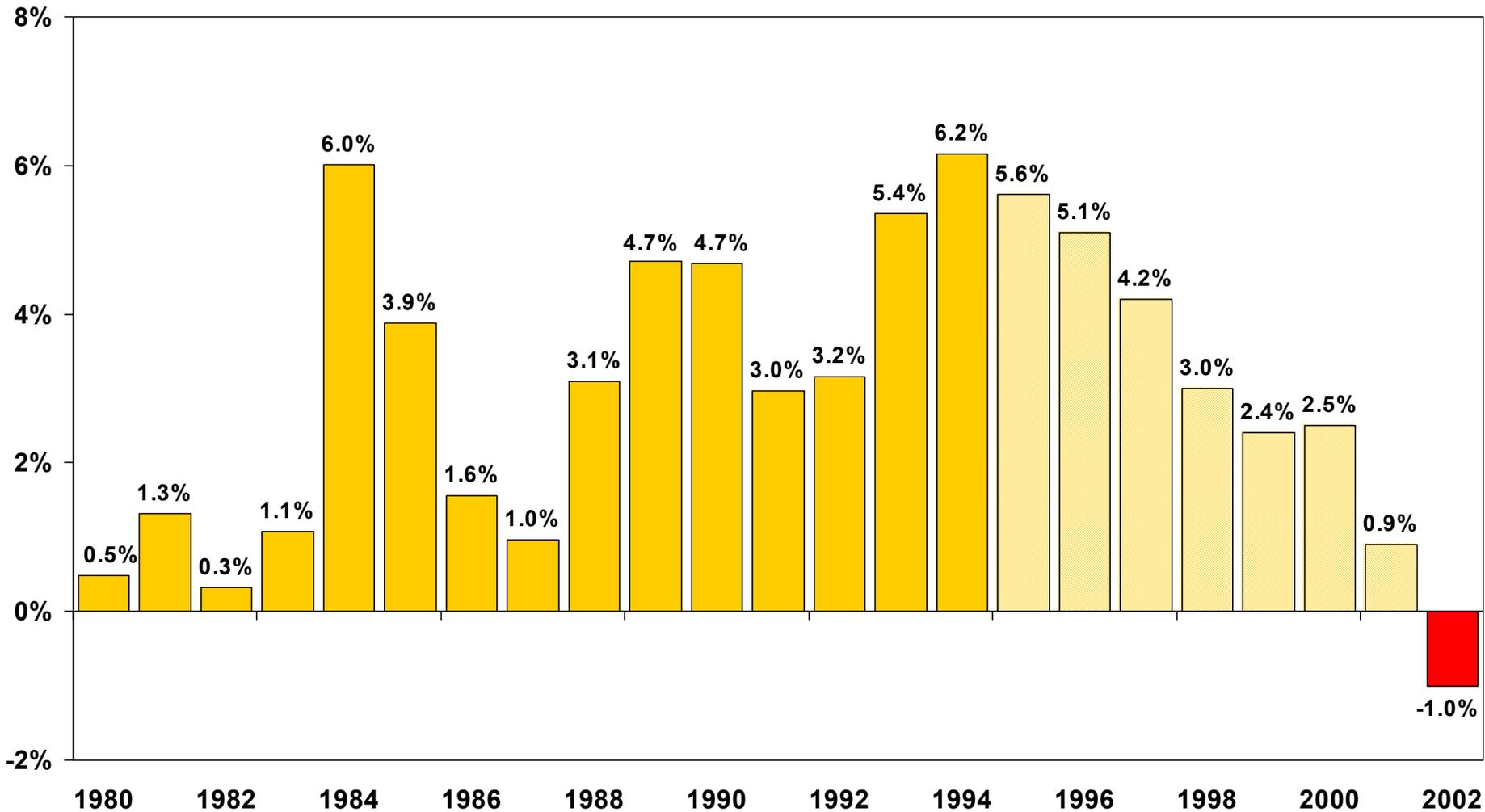
Utah Population Growth Rates By County 2001 to 2002

State Average = 1.9%



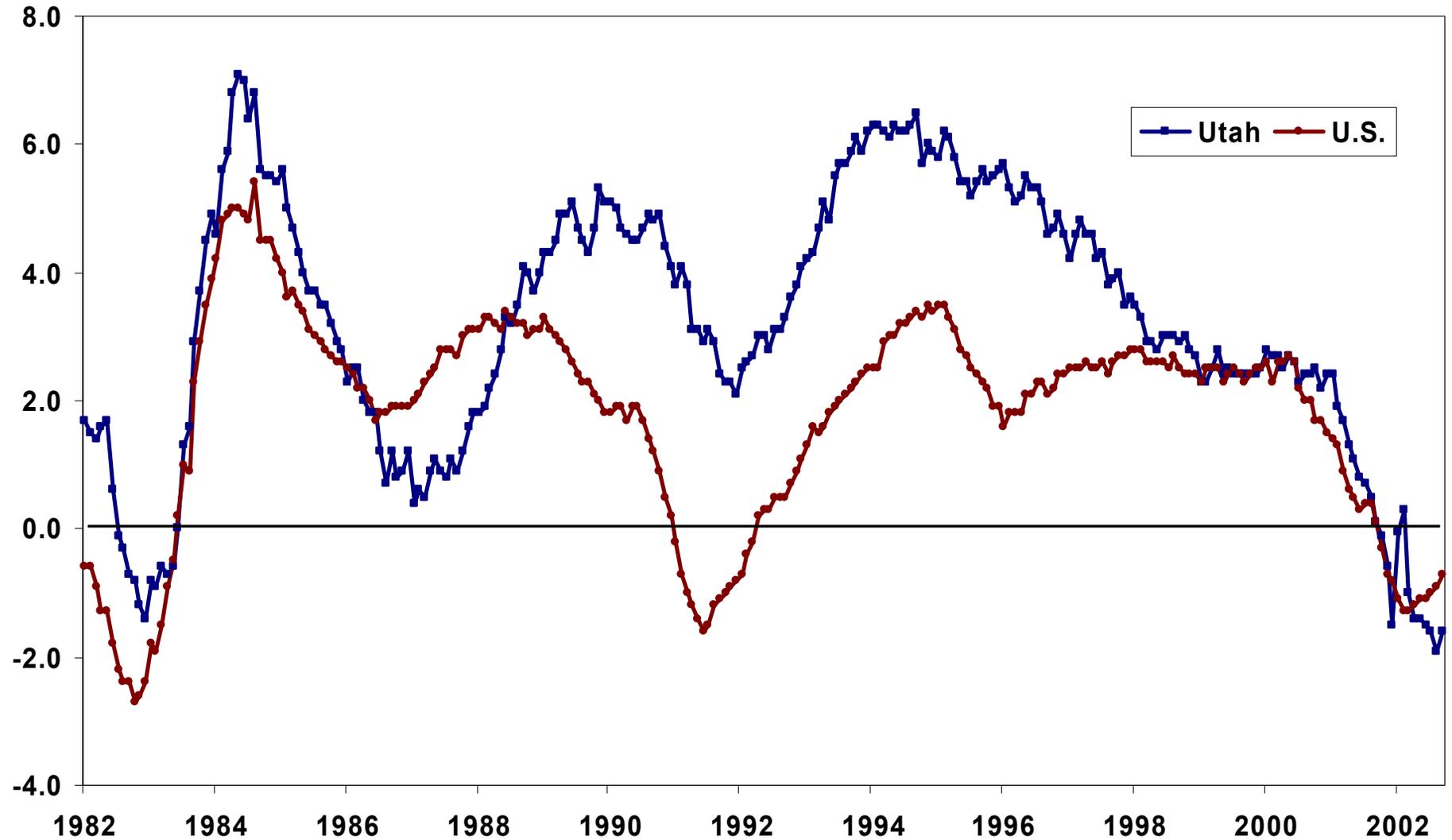
The Deceleration in Job Growth Continued

Year Over Rate of Job Growth



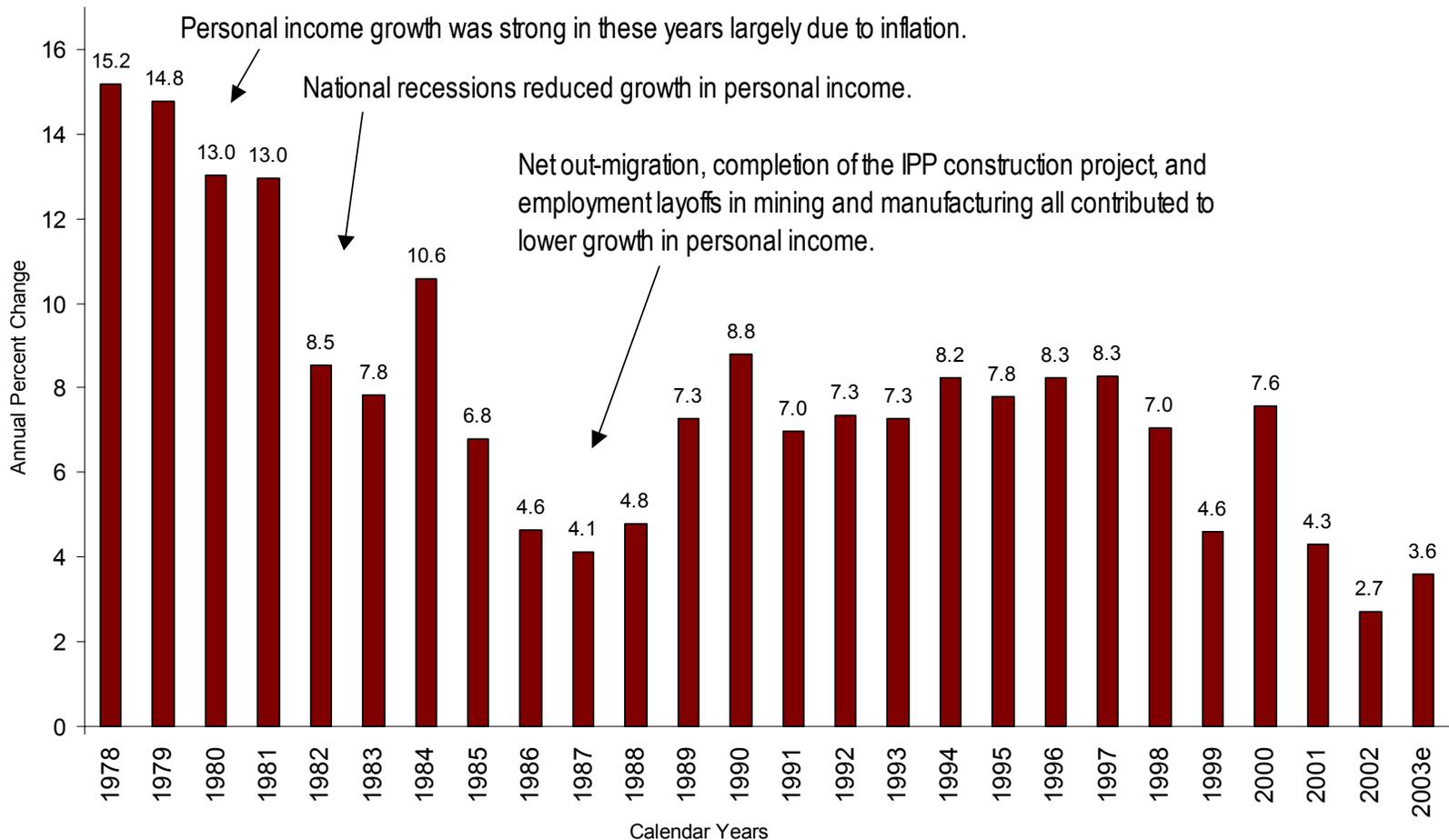
Source: Utah Department of Workforce Services

Year Over Job Growth: Utah vs. U.S.



Utah Personal Income Rising

Utah Personal Income Growth Rates

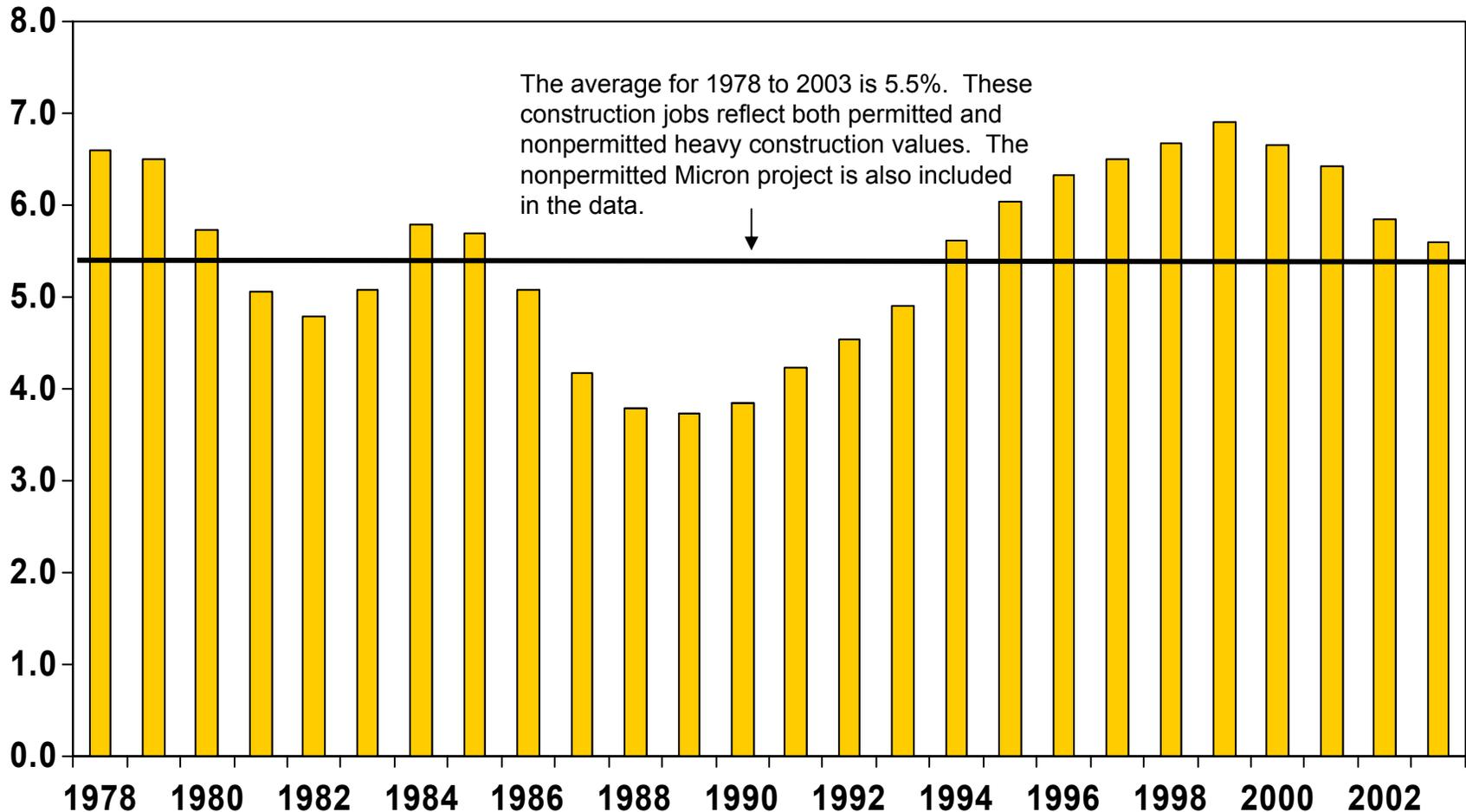


Important Factors

- **Adverse Influences**
 - **Construction**
 - **Many industries contracting**
 - **Decline in Exports**

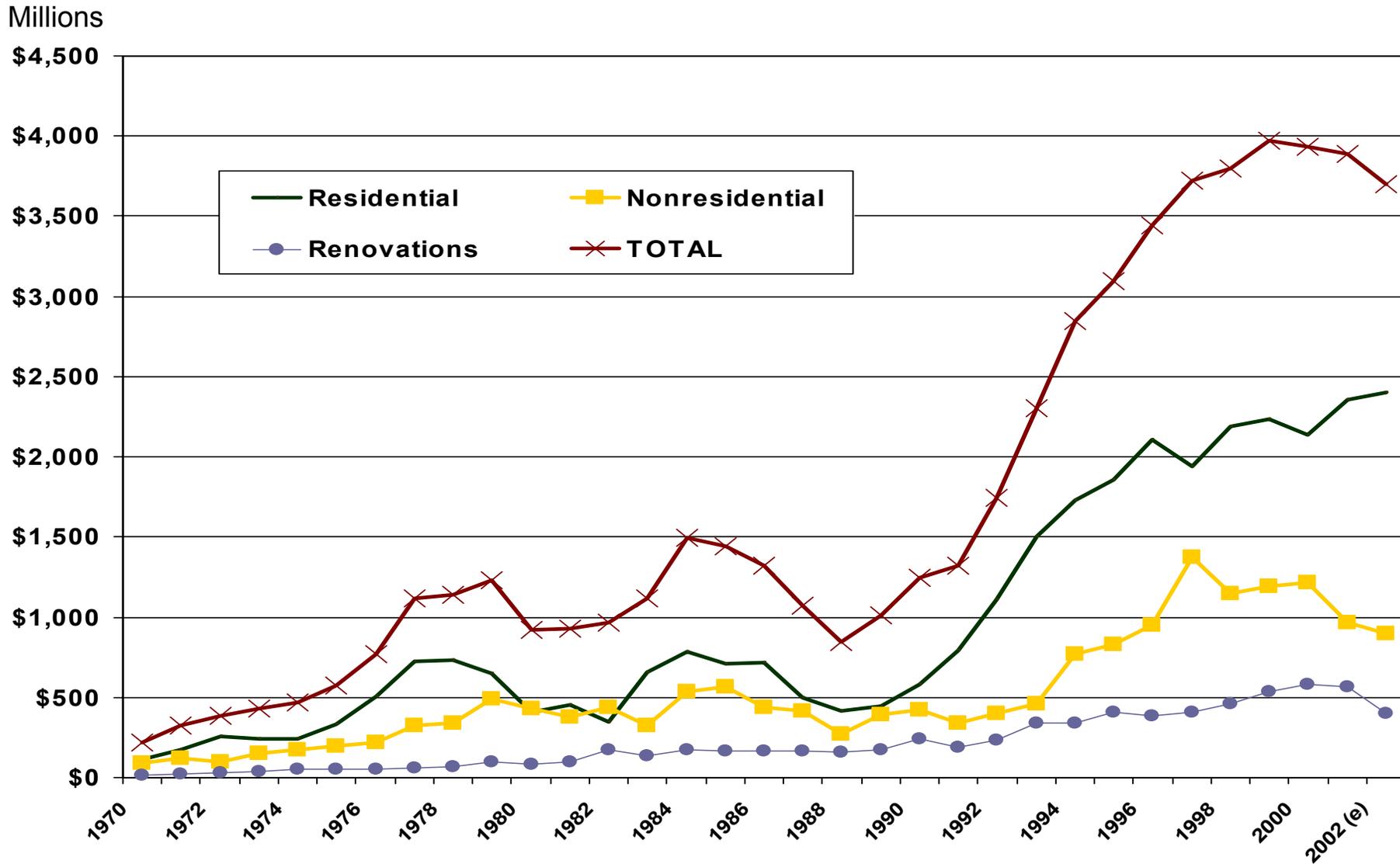
The Construction Contraction Continues

Construction Jobs as a Percent of Total Jobs



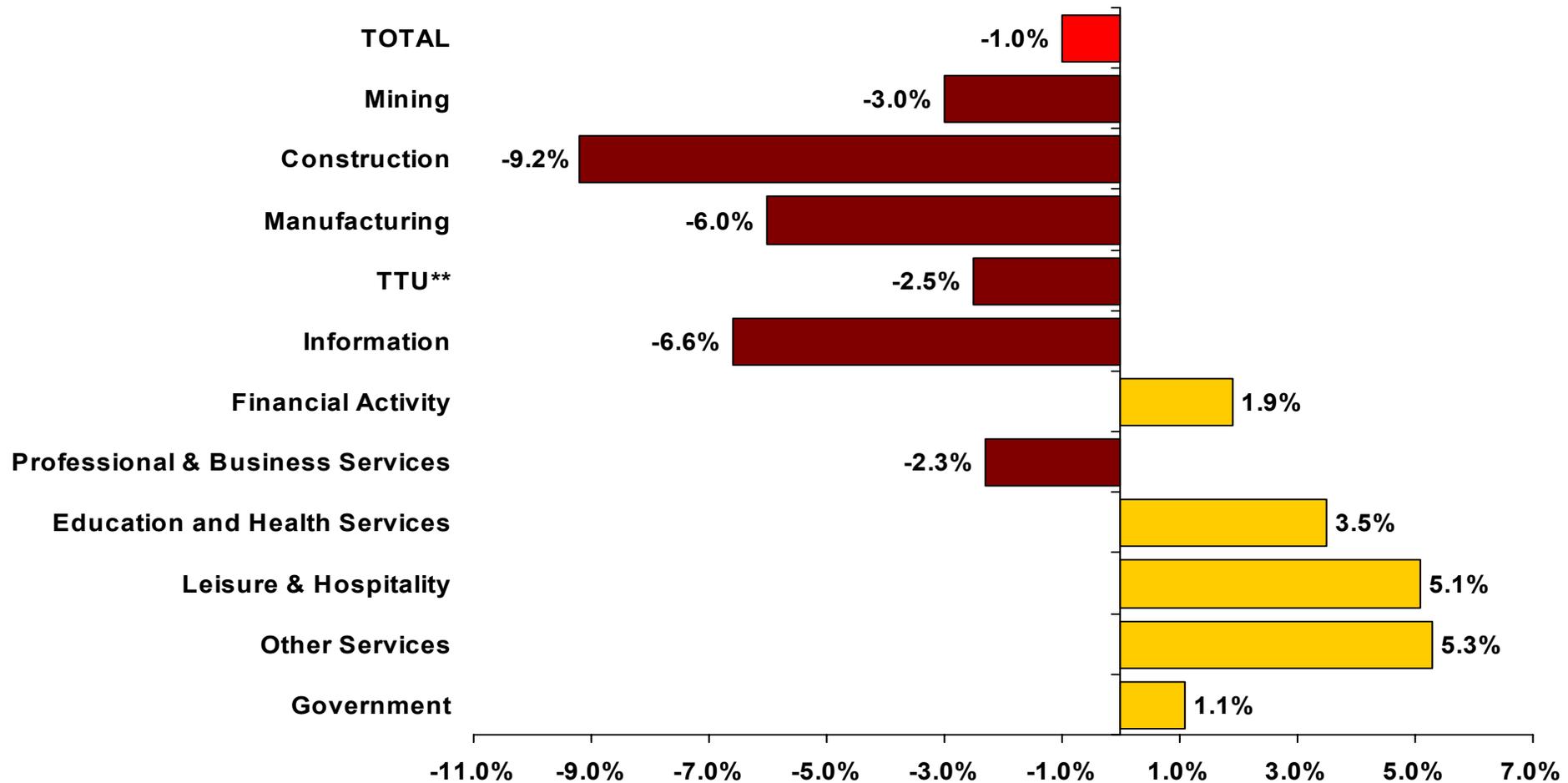
Calendar Years

Construction Valuation: 1970 - 2002



Many Utah Industries Contracting

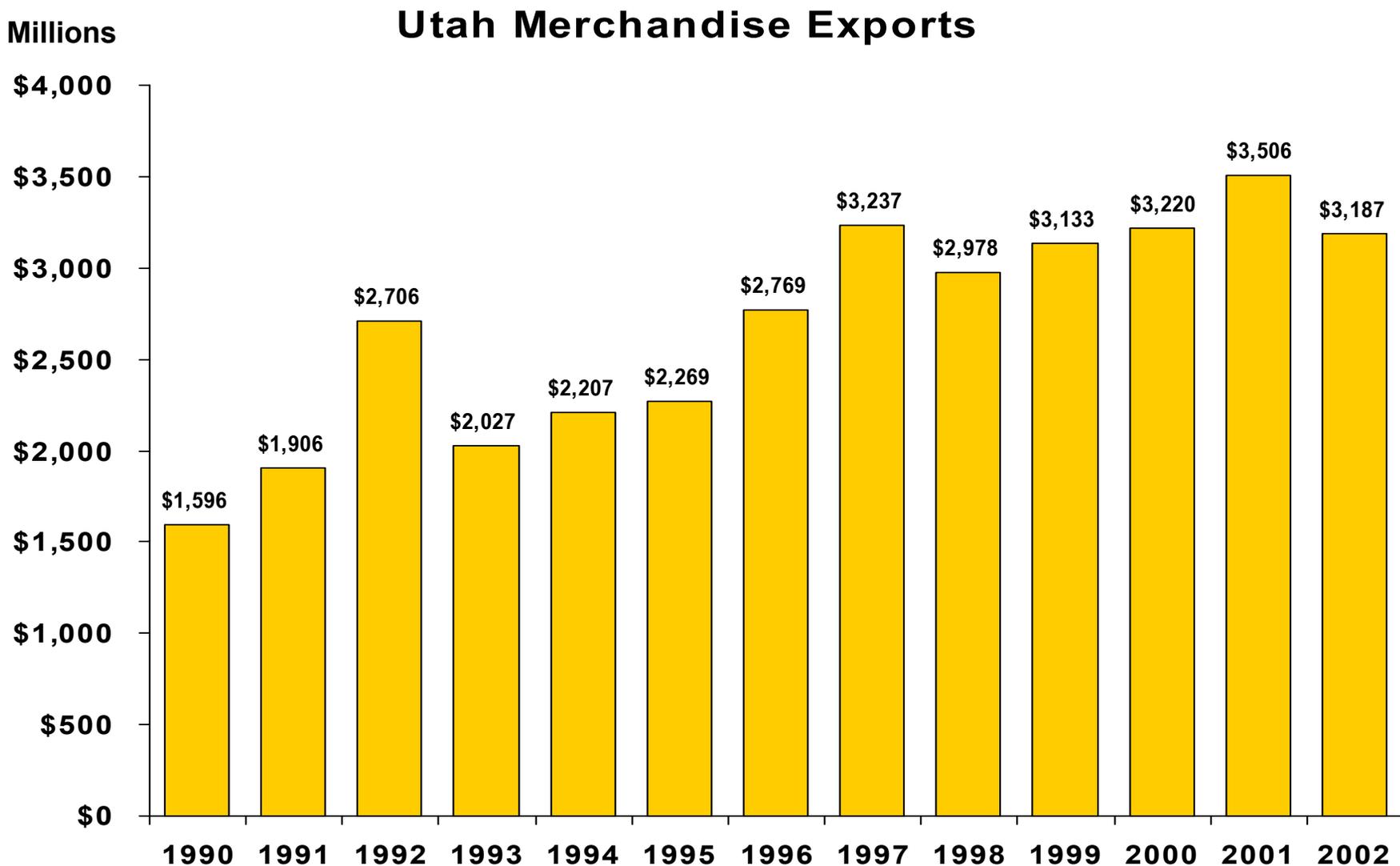
Percent Change in Employment: 2001 - 2002



**Trade, Transportation and Utilities

Source: Utah Department of Workforce Services

Utah Exports Decline by 9% in 2002



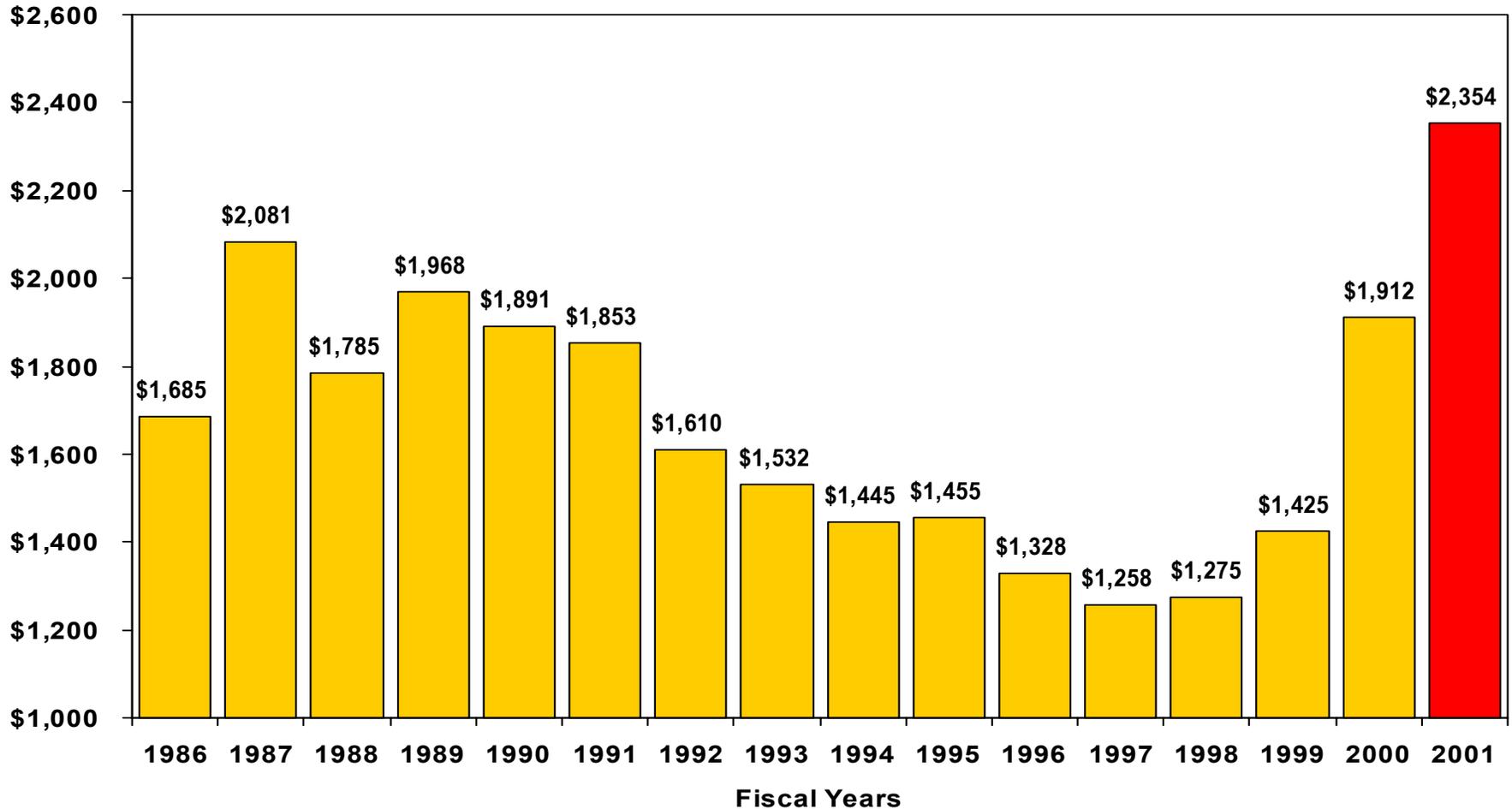
Important Factors

- **Stabilizing Influences**
 - **Defense**
 - **Layoffs have slowed**
 - **Residential construction remains strong**

Defense Spending Increased 23% in 2001

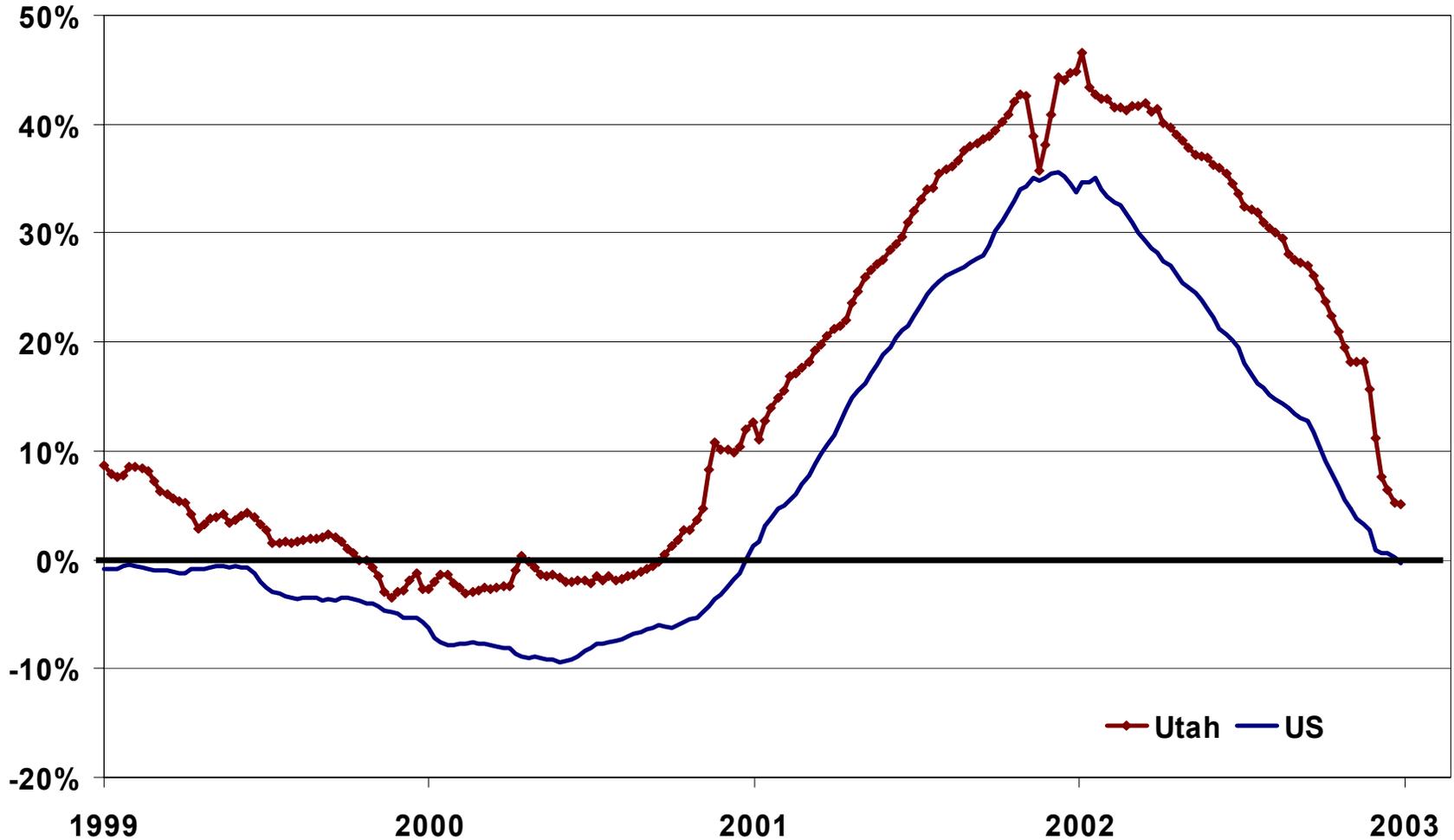
Utah Defense-Related Spending

Millions

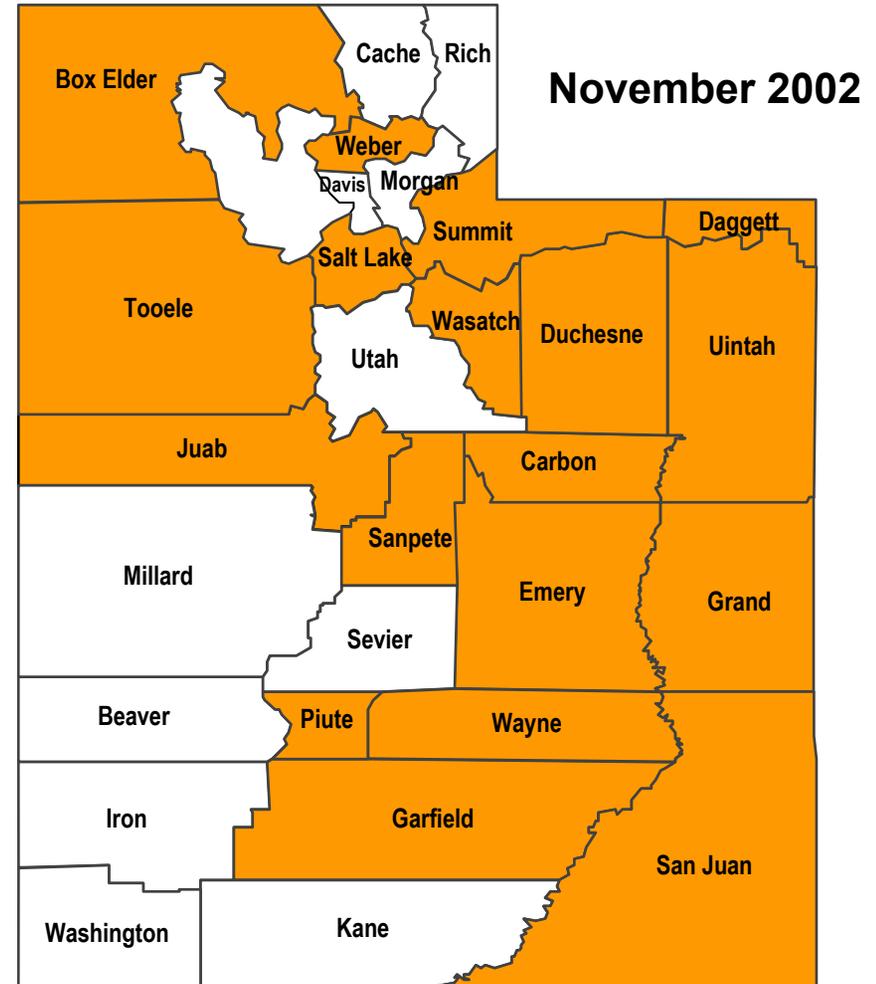
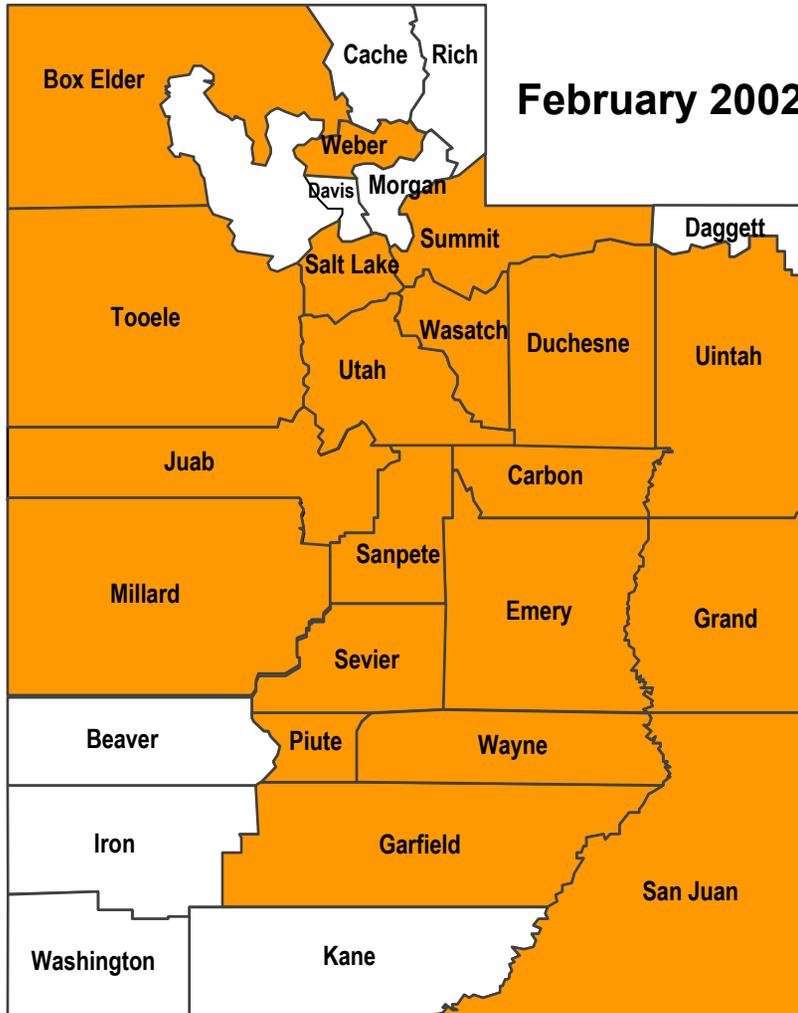


Unemployment Continues to Recover

Initial Unemployment Insurance Claims
Year on Year Percent Change in 52 Week Moving Average of Weekly Claims
Utah and the US



Utah Unemployment Rates by County



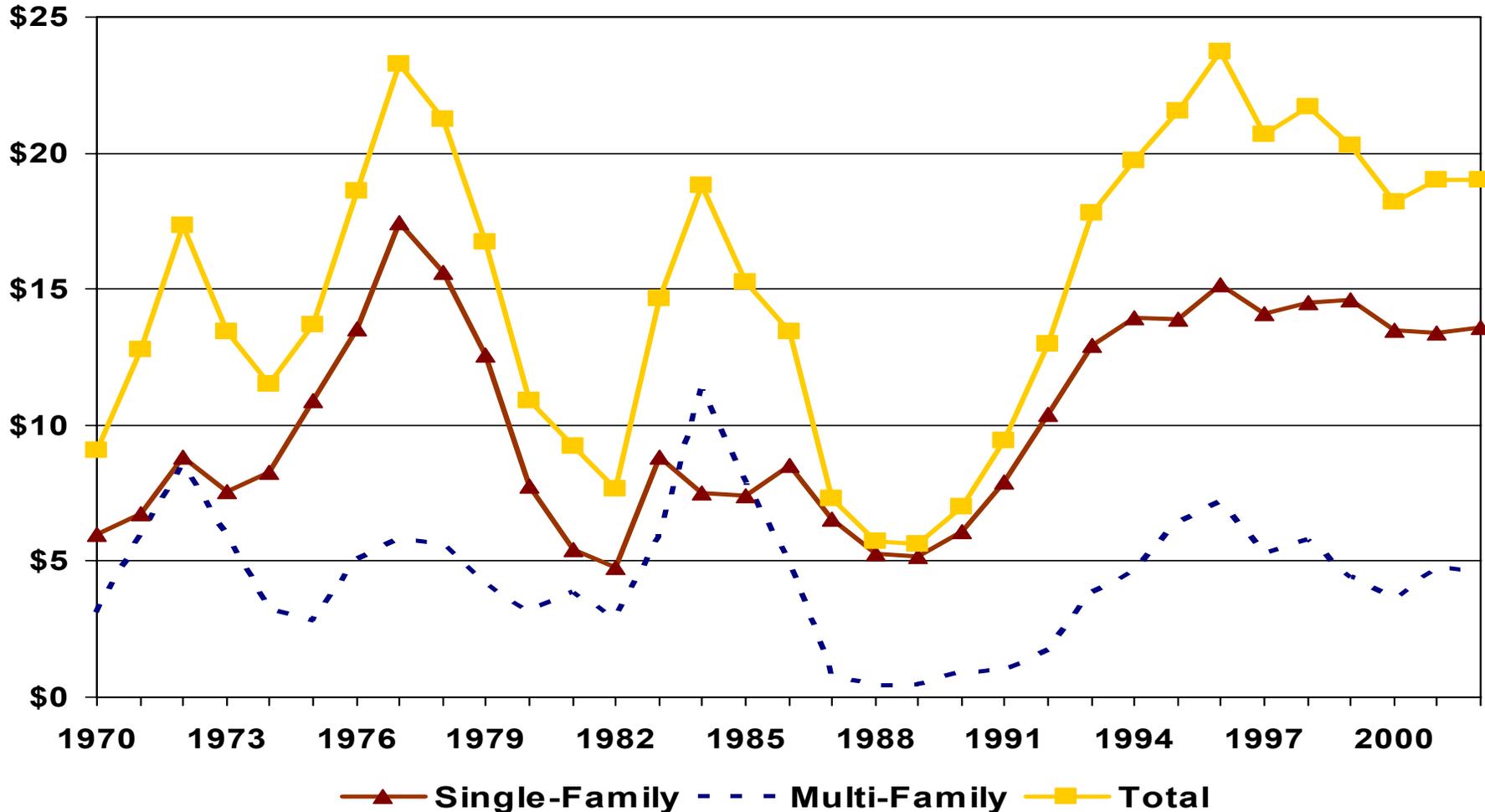
Unemployment Above 5%

Unemployment at or Below 5%

Residential Construction Continues to Hold Strong

Utah Residential Construction Permits: 1970 to 2002

Thousands



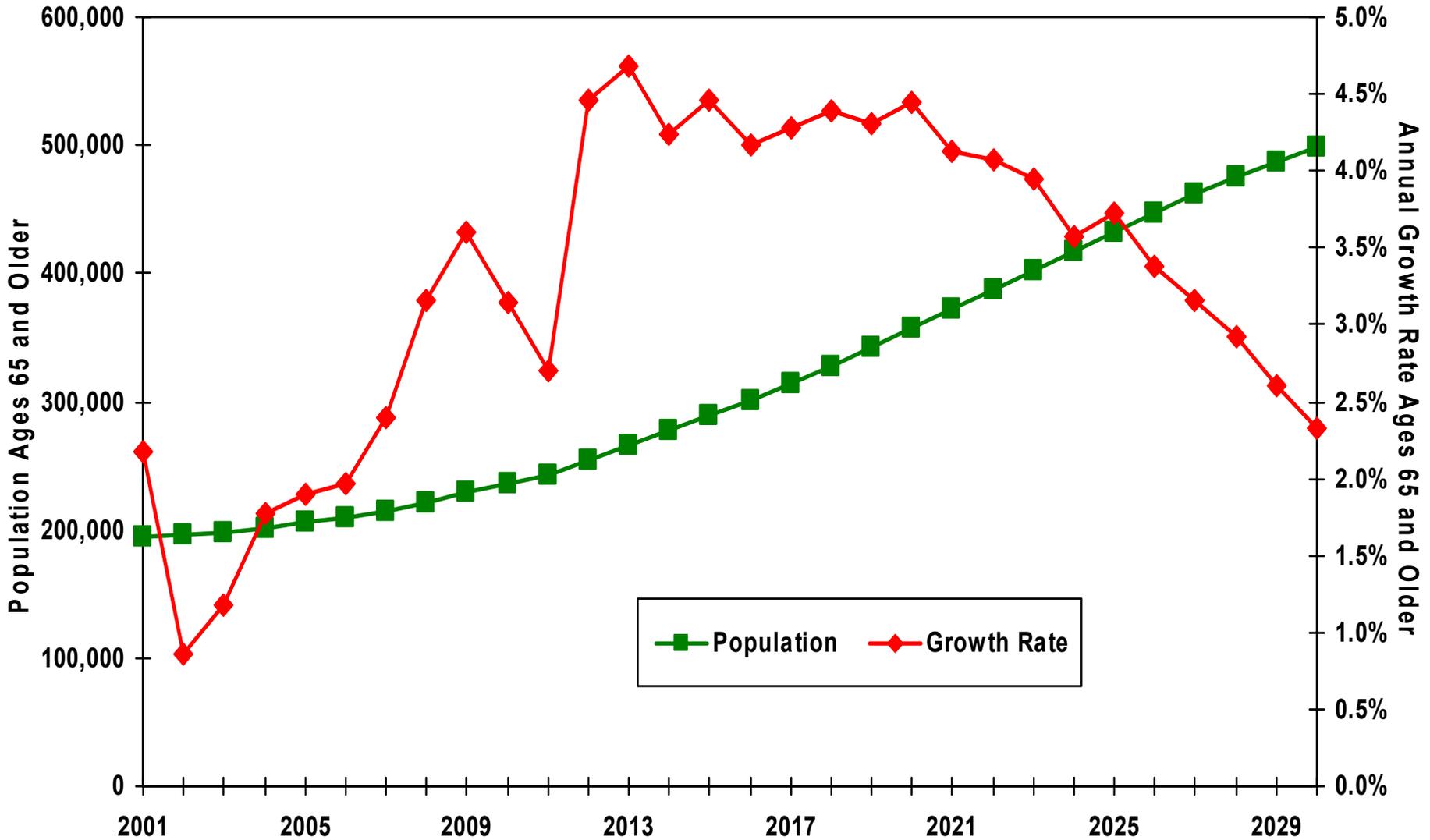
Outlook: Challenges

- **Surge in School-Age and 65 and Older Population**
- **Fragile National Economy**

Utah's School Age Population is Expected to Increase by 100,000 Over the Next Decade



Utah Growth of 65 and Older Age Group



Fragile National Economy

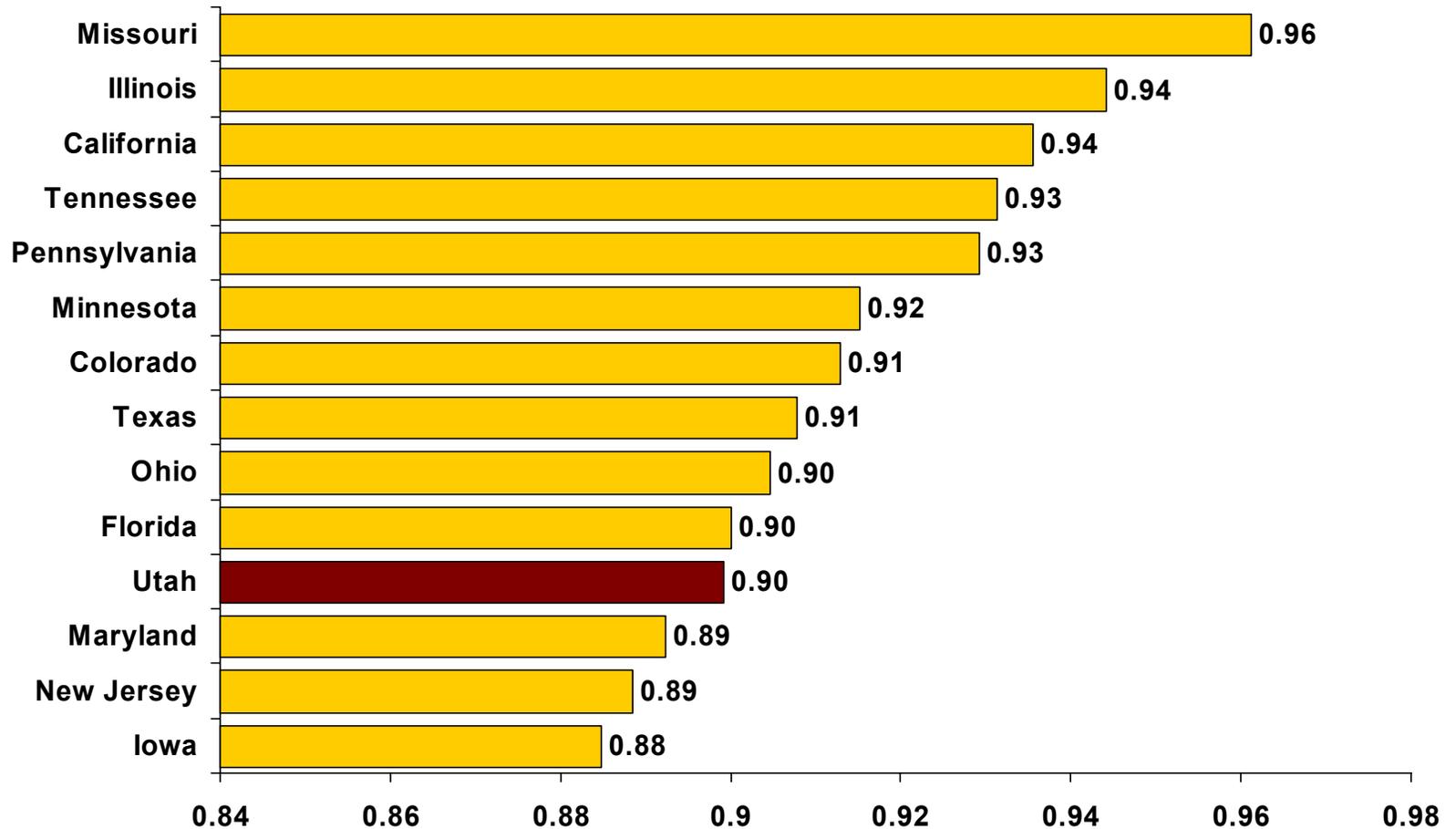
- International factors:
 - weak global economy
 - growing geo-political tensions
- National factors:
 - decline in manufacturing
 - inventory surpluses
 - downturn in the high-technology sector
 - decreased capital spending.
- Monetary stimulus by the Federal Reserve
- Latter half of 2003 will see moderate economic rebuilding

Outlook: Opportunities

- **Economic diversity**
- **Education and Income Improving**
- **Mega-Projects**

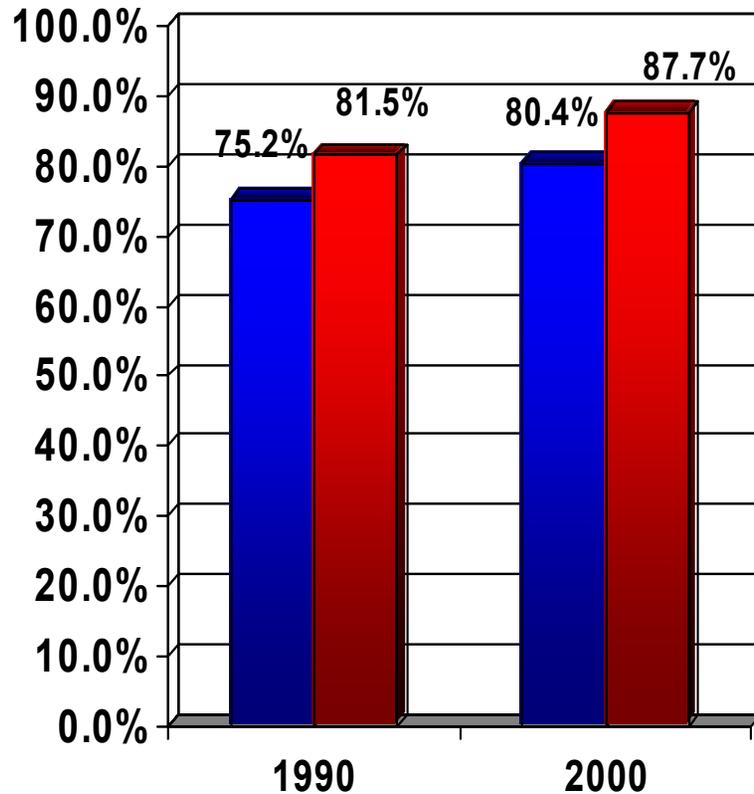
Utah's Economy Remains Relatively Well-Diversified

Most Diversified Economies in the Country: 2001
Hachman Index (1.0 = Nation; 2 digit SIC)



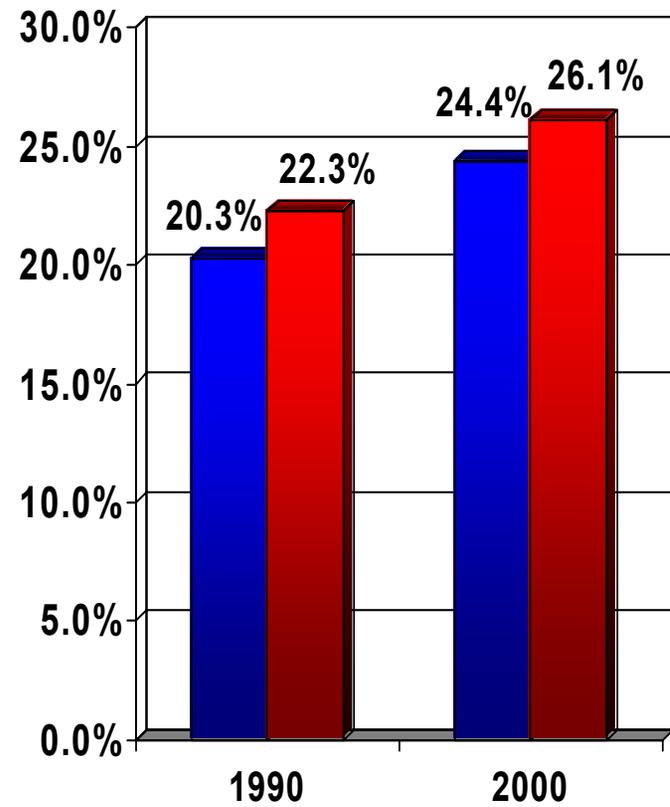
Education-Minded

High School Diploma or Higher



■ U.S. ■ Utah

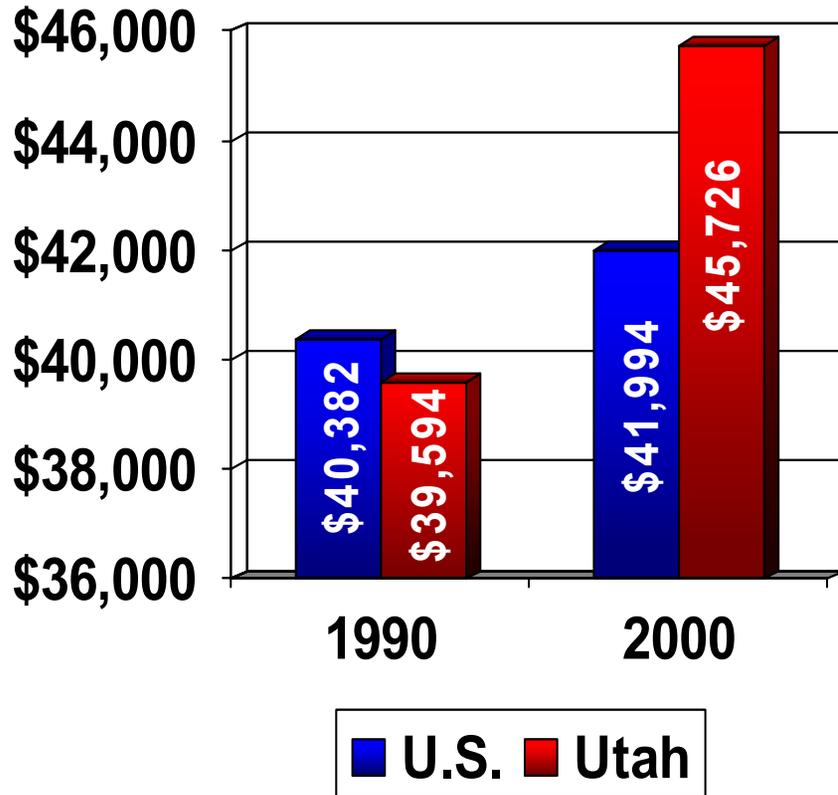
Bachelor's Degree or Higher



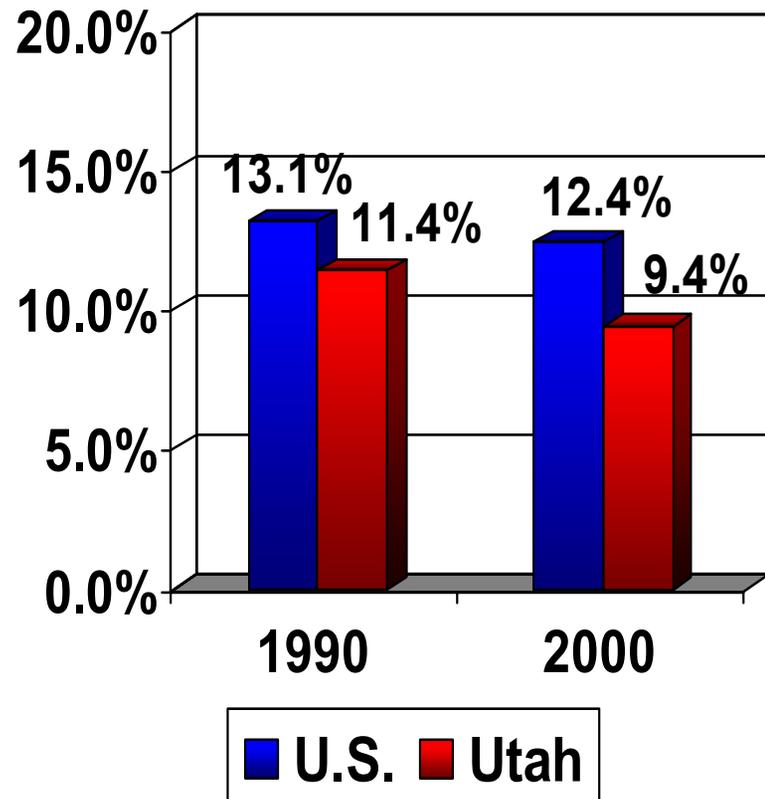
■ U.S. ■ Utah

Utah Incomes are on the Rise

Median Household Income



Percent of Persons in Poverty



Mega-Projects

- 2002

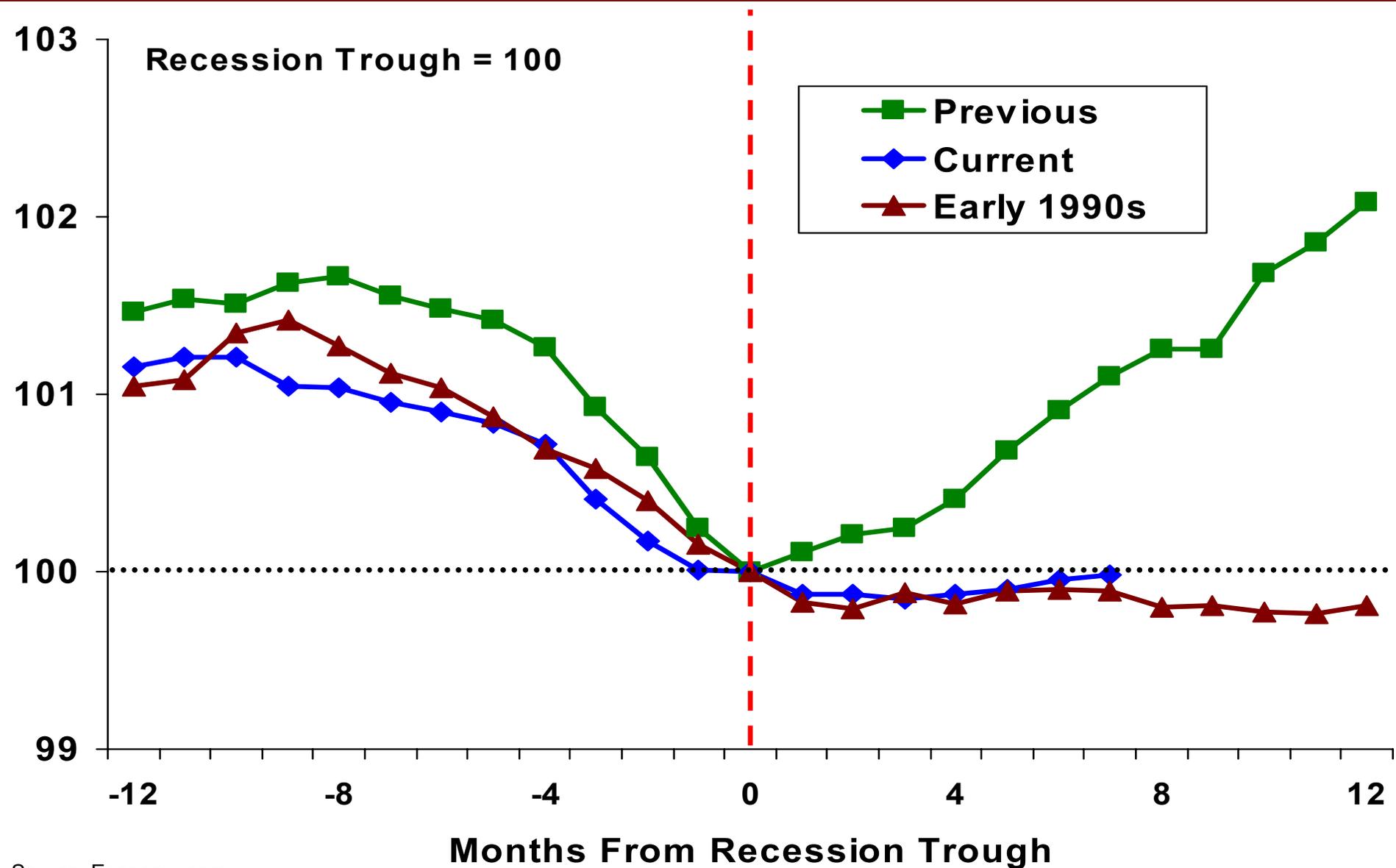
- Huntsman Cancer Institute Hospital - \$100m
- Kern River Gas Pipeline (UT) - \$526m
- Thanksgiving Point Retail Center - \$105m
- Williams' Petroleum Pipeline - \$200m

- 2003

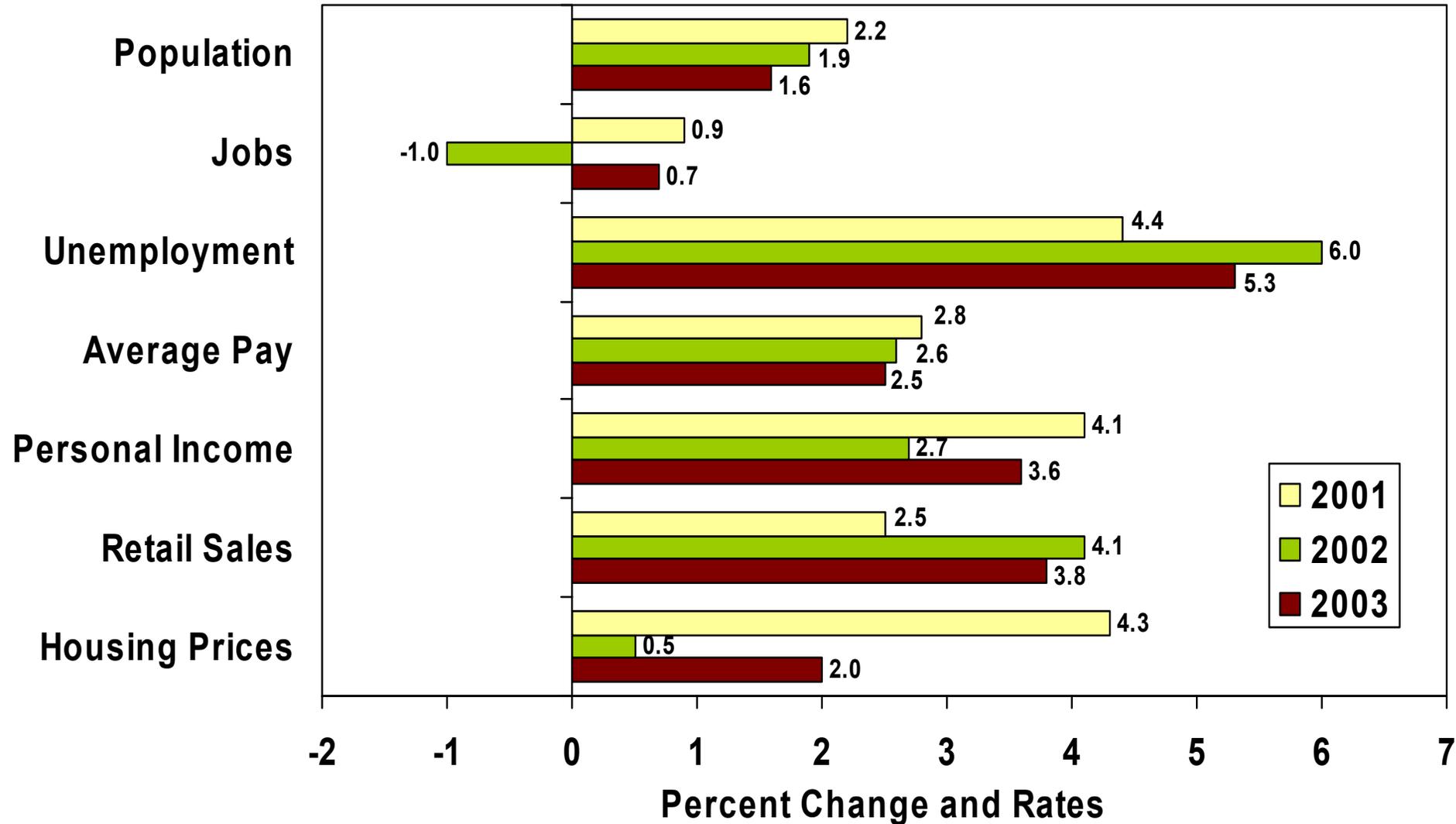
- Federal Courthouse Expansion - \$70m
- IHC Murray Hospital - \$325m
- Sun Rise Development by Kennecott - \$1b
- Union Pacific Maintenance Facility - \$150m



More Like the Jobless Recovery



Utah Economic Forecast



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