

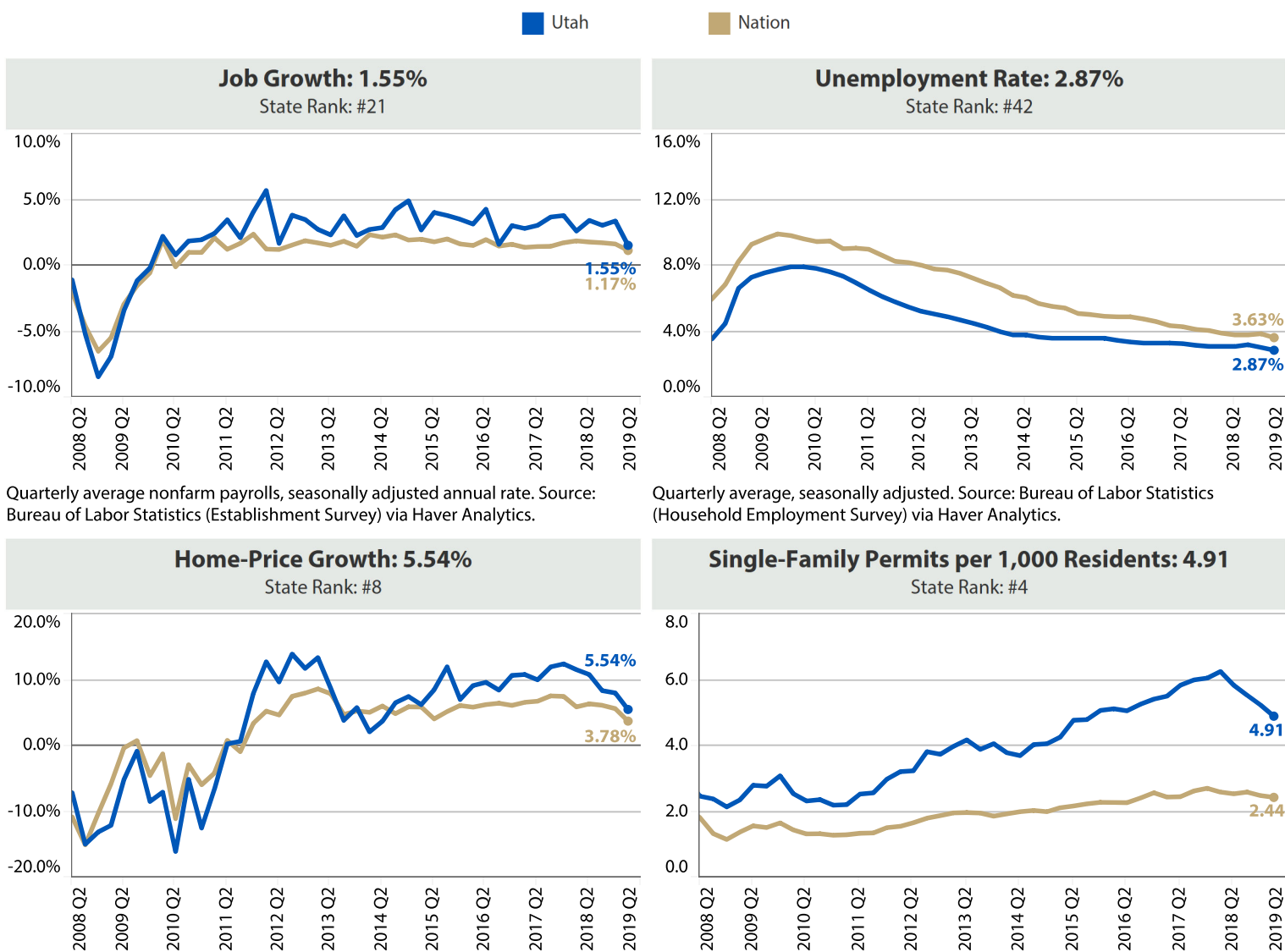
Economy

Utah's economy cooled further in the first half of 2019. Quarterly job growth slowed to nearly the national average after ranking among the top five states for several quarters. Nevertheless, education/health services, professional/business services, and manufacturing hiring was resilient. Employment continued to increase faster than the growing labor force, which pushed the unemployment rate to new lows for this cycle and contributed to robust wage growth as firms competed for workers. Population growth, per capita single-family permits issued, and home price appreciation remained above national averages and housing was affordable relative to other 12th District states, despite a cooling housing market in recent quarters.

Banks

Utah banks continued to post top-ranking profitability and improved capital positions year-over-year; however, loan growth eased further. Average bank profitability, while still strong, was flat from a year earlier in 2Q19, as wider net interest margins were offset by higher average provision expense. Since mid-2018, average 1-4 family mortgage lending has contracted, and consumer and CRE lending slowed considerably. The CRE slowdown kept the average CRE concentration-to-capital ratio in the state in line with the national average. Restrained dividend activity so far in 2019 fostered capital accretion. Average holdings of liquid instruments improved during 2019, but reliance on noncore funding sources was high and increasing.

Key Economic Metrics (ranking #1 = highest among 50 states)

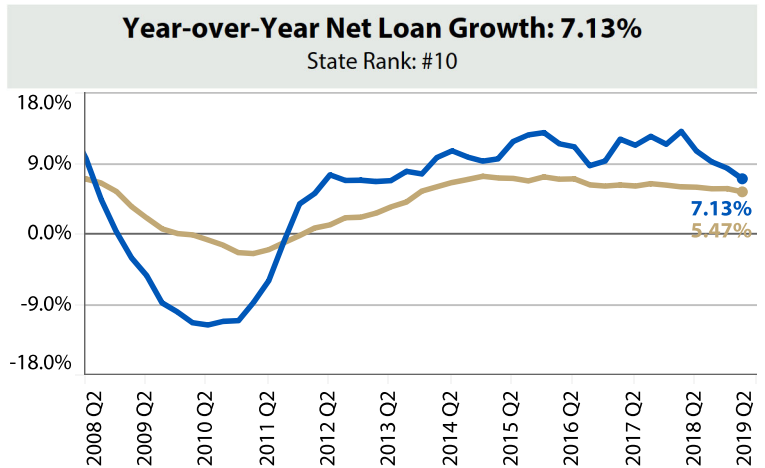
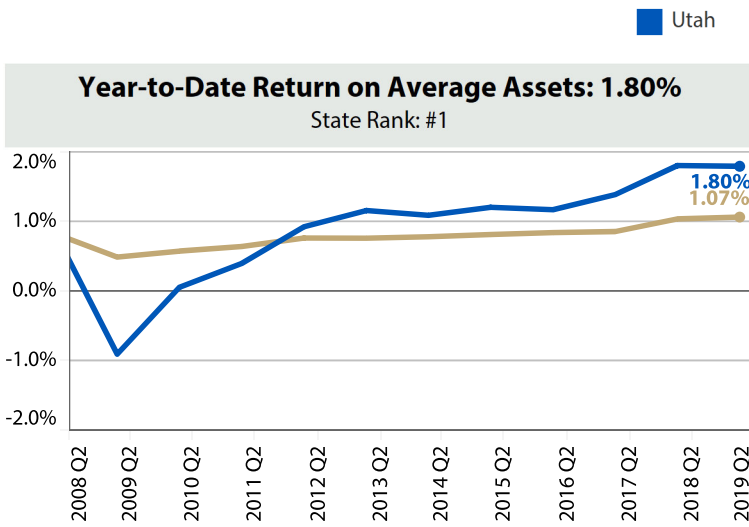


Expanded House Price Index, seasonally adjusted annual rate. Source: Federal Housing Finance Agency via Haver Analytics.

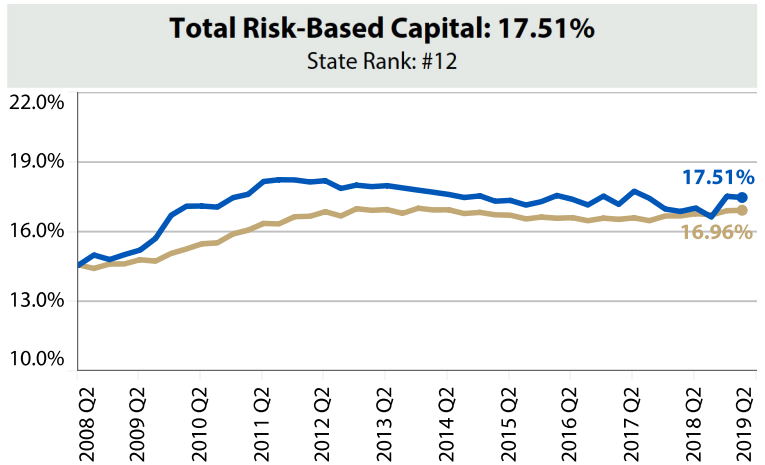
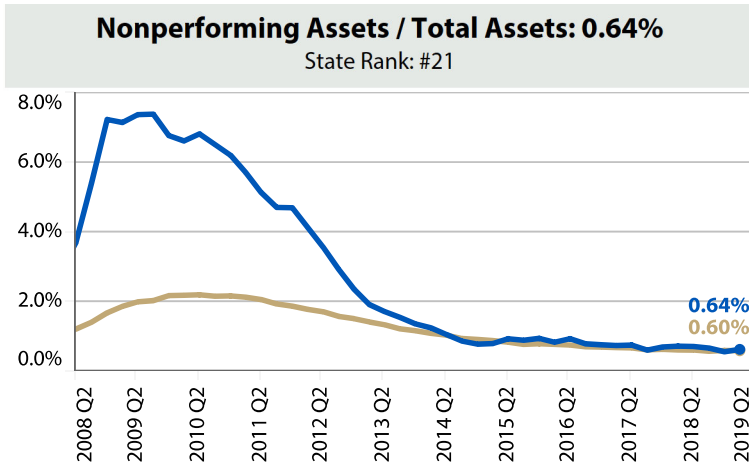
Quarterly average single-family permits (seasonally adjusted annual rate) / quarterly population in thousands. Source: Census Bureau via Haver Analytics.

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Key Banking Metrics (averages across banks; ranking #1 = highest among 50 states)

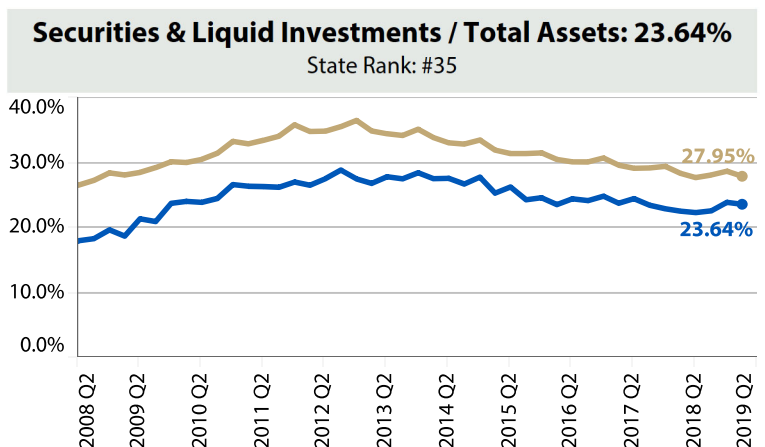
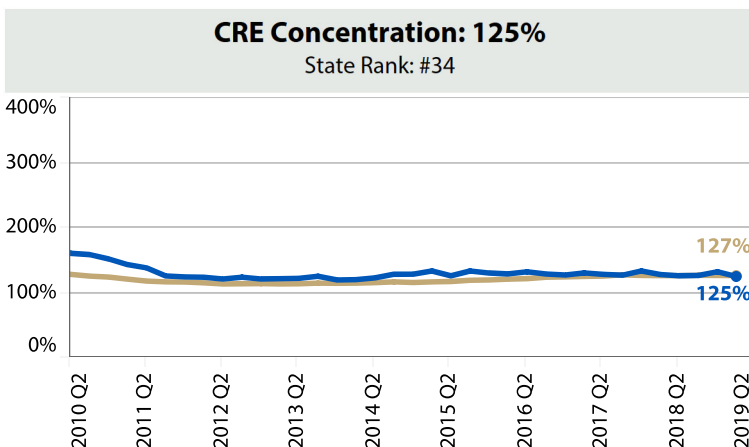


Net income / average assets, adjusted for S-Corps, annualized.



90+ days past due + nonaccruals + other real estate owned / total assets.

Total capital / risk-weighted assets.



Total non-owner-occupied commercial real estate / total capital.

Liquid investments = cash, due-from balances, interest-bearing bank balances, and fed funds sold and securities purchased under agreement to resell.

Source: Call Report data for commercial banks based upon headquarters location. Averages are "trimmed" by removing the highest and lowest 10% of values prior to averaging to prevent distortion by outliers. All charts display quarterly data, except for return on average assets which displays the same quarter in each year. Growth rates are not adjusted for mergers. Graphics and data exclude "de novo" banks (less than five years old), zero-loan banks, and banks where credit card lending is more than 80% of total lending. As of the latest period, the count of banks included in these statistics were 24 for the state and 4,605 for the nation. Utah banking averages reflect the specialty business models of several banks in the state (even after excluding industrial banks); these lenders often report elevated off-balance-sheet activity, non-CRE loan concentrations, and high usage of noncore funding.