

ZIONS BANK

Press Release

***** FOR IMMEDIATE RELEASE *****

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WASATCH FRONT CONSUMER PRICE INDEX DIPS SLIGHTLY AS TRANSPORTATION AND FOOD PRICES DECLINE

SALT LAKE CITY, Utah; August 19, 2015 — The Zions Bank Wasatch Front Consumer Price Index (CPI) decreased 0.2 percent from June to July on a non-seasonally adjusted basis. The index has increased 1.9 percent since this same time last year, which is just below the Federal Reserve's national inflation target of 2 percent. This month marks the highest annual inflation along the Wasatch Front since May 2014. The national Consumer Price Index remained flat from June to July and has increased 0.2 percent over the past twelve months.

Transportation prices once again had a substantial impact on the CPI in July, decreasing 1.9 percent. Airfare decreased the most: the tourism season is coming to a close as school will be starting soon for many. Vehicle maintenance and repair prices also decreased from June to July. Gasoline prices hit their summer peak in June and have been steadily declining since. In July gasoline prices averaged \$2.88 throughout the month. Current gasoline prices in Utah are \$2.79 per gallon, down from \$2.95 per gallon a month ago. Still, Utah's prices remain higher than the national price of \$2.66 per gallon. Brent crude oil futures, which partly drive gasoline prices, have dropped to approximately \$48 per barrel in recent weeks compared to \$66 per barrel in mid-May. Part of the drop in crude oil futures prices stems from China's recent devaluation of its currency, which has put downward pressure on commodities prices.

While clothing registered the largest decrease in the CPI this month, it has a small impact on the overall index when compared to housing and transportation, which together account for 53 percent of a typical Utahn's consumption. Clothing prices decreased 2.1 percent as women's apparel, children's clothing, and jewelry and watches all decreased slightly in price.

Prices of food at home decreased a marginal 0.5 percent from June to July. Many measured food items declined slightly in price, including dairy, beef, pork, and produce. Poultry registered the largest price increase from month to month, largely as a result of avian flu in the Midwest, but

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the hike didn't offset decreases in other areas. Although the bird flu crisis is over for now—there hasn't been a new case of bird flu reported for two months—it could take up to two years to rebuild flocks to where they were before, meaning egg and poultry prices could remain elevated over that period. The U.S. Department of Agriculture increased its estimate for wholesale frozen turkey prices in the second quarter to \$1.28-\$1.36 per pound, which is up from an average of about \$1.14 per pound a year ago.

Food away from home increased 2.0 percent in July as both full service meals and fast food increased in price. Unlike last month, alcoholic beverages declined in price. Housing prices bumped up just 0.5 percent due to increases in apartment rent and prices of appliances. Hotel and motel prices declined slightly—less than one percent—as the tourism season slows down.

Other goods and services decreased 1.3 percentage points from June to July, contributing to the overall decrease in the CPI this month. Items that increased in price last month decreased in price this month, namely personal care products, hygiene products, and laundry and dry cleaning.

Other categories of the CPI fluctuated less than one percent. Medical care prices declined 0.3 percent while recreation prices increased 0.3 percent. Education and communication prices increased 0.6 percent and school prices edged up heading into the new school year. Utilities prices did not change from June to July.

“Slightly lower prices in July allow consumers to maintain their living standards while pocketing a little more cash,” said Scott Anderson, Zions Bank President and CEO. “But more importantly, an improved annual inflation rate along the Wasatch Front shows that Utah is making good economic progress by growing closer to the Federal Reserve’s target rate of inflation.”

Analysis and data collection for the Zions Bank CPI and the Zions Bank Consumer Attitude Index are provided by the Cicero Group. The Cicero Group is a premier market research firm based in Salt Lake City. The Zions Bank Utah Consumer Attitude Index will be released August 25, 2015.

Zions Bank is Utah's oldest financial institution and is the only local bank with a statewide distribution of branches, operating 100 full-service offices. Zions Bank also operates 25 full-service branches in Idaho. In addition to offering a wide range of traditional banking services, Zions Bank is also a leader in small business lending and has ranked as the No. 1 lender of U.S. Small Business Administration 7(a) loans in Utah for the past 21 consecutive years. Founded in 1873, Zions Bank has been serving the communities of Utah for more than 140 years. Additional information is available at www.zionsbank.com.