

ZIONS BANK

Press Release

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

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LOWER HOUSING AND GASOLINE PRICES CONTRIBUTE TO DECLINE IN WASATCH FRONT CONSUMER PRICE INDEX

SALT LAKE CITY, Utah; December 15, 2015 — The Zions Bank Wasatch Front Consumer Price Index (CPI) decreased 0.6 percent from October to November on a non-seasonally adjusted basis. The index has increased 1.9 percent since this same time last year, which is very near the Federal Reserve's national inflation target of 2 percent. The national Consumer Price Index decreased 0.2 percent from October to November and has increased 0.5 percent over the last year.

Housing prices have a large impact on the average Utahn's expenditures, which makes price trends this month broadly impactful across the state's economy. Housing prices declined 0.5 percent in November due to decreases in appliance and maintenance costs, as well as slightly lower apartment prices. Housing prices in Utah have declined in November the past three years, as hotel and motel prices and apartment prices typically go down heading into the colder months.

On the other hand, while prices for education and communication services increased more than all other sectors this month, rising 1.7 percent from October to November, education and communication expenses account for just 6.5 percent of the average Utahn's income. As a result, significant fluctuations in these prices have a relatively small impact on the overall CPI.

Transportation prices were a primary driver of the decrease in Utah's November CPI, as they declined 2 percent from the month before, partly due to lower insurance rates. Gasoline prices have continued their steady, months-long decline, accounting for the greatest impact on falling transportation prices. Brent Crude Oil, the international benchmark for oil prices, fluctuated throughout November but trended downward. Current futures register at about \$39 per barrel compared to \$67 per barrel a year ago. Gasoline prices in Utah are still higher than the national average of \$2.01 per gallon. Since Utah's gasoline prices typically trail the national average by four to six weeks, Utah can expect prices to flatten out for several weeks after national prices

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begin to increase again. Gasoline prices in Utah currently average \$2.05 per gallon.

Food away from home prices dropped 2.1 percent from October to November—a greater drop than any other sector—as prices notched lower at some fast food establishments. Food at home prices dropped 0.7 percent from October to November, as apples, bananas, pears and lettuce dropped in price. The decline was tempered by increases in prices for bell peppers, flour and prepared mixes. Producer prices nationally rose in November in response to increased costs of services, though the overall trend continues to indicate weak inflation pressures. For comparison, U.S. producer prices increased 0.3 percent in November and have decreased 1.1 percent from a year ago.

A few other categories contributed marginal increases to the CPI this month, although their impact was minimal. Recreation prices increased by 0.7 percent, and medical prices increased 0.2 percent this month as services and prescription drugs rose in price. Similarly, other goods and services prices increased by 0.3 percent. In contrast, utilities prices decreased by 0.2 percent, and clothing prices decreased 0.9 percent from last month.

“Falling energy prices signal some concern about the global economy,” said Scott Anderson, Zions Bank President and CEO. “But as Utahns continue to save on utilities and transportation expenses, these trends can be expected to help lead to a strong holiday shopping season that will lift both local and global businesses.”

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 Dec. 29, 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 24 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 22 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.

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