

ZIONS BANK

Press Release

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

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MINOR INCREASES ACROSS SEVERAL CATEGORIES YIELD SLIGHT RISE IN WASATCH FRONT CONSUMER PRICE INDEX

SALT LAKE CITY, Utah; February 19, 2016 — The Zions Bank Wasatch Front Consumer Price Index (CPI) increased 0.2 percent from December to January on a non-seasonally adjusted basis. The index has increased 3.0 percent since this same time last year, which is slightly higher than the Federal Reserve's national inflation target of 2 percent. The large year-over-year increase can be attributed to the period of several months leading up to January 2015, which were marked by price decreases, followed by a period of sustained price increases. The national Consumer Price Index increased 0.2 percent from December to January and increased 1.4 percent over the last year.

Transportation prices contributed more than any other category to the increase in Utah's January CPI, rising 1.8 percent from the month before as vehicle prices, insurance rates, and rates for airfare rose. Prices for flights outstripped falling fuel prices as airfares typically lag falling oil prices. Brent Crude Oil, the international benchmark for oil prices, fell at the beginning of the month, with US crude inventories rising to their highest level in nearly 8 decades. However, crude prices reversed their downward trend near the end of the month, suggesting a possible price bottom. Current futures register at about \$33 per barrel compared to \$67 per barrel a year ago. Gasoline prices in Utah are still higher than the national average of \$1.72 per gallon and currently average \$1.76 per gallon.

After transportation, recreation prices increased more than any other sector, rising 0.6 percent from December to January. This increase came as prices for pets and pet products increased. However, with recreation only accounting for 6.0 percent of the average Utahn's expenditures, these increases had a minor impact on the Wasatch Front CPI.

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These increases, combined with those in several other categories led to the increase in Utah’s CPI. Rates for utilities increased 0.2 percent, clothing prices rose 0.1 percent, education and communication prices rose 0.2 percent, and other goods and services prices rose 0.3 percent. Although each of these categories experienced only minor price increases, the four categories together make up nearly 20 percent of an average Utahn’s expenses. As such, these categories contributed to the increased CPI and tempered price decreases in other categories.

Medical care prices fell 1.8 percent, more than those in any other category, as lower prices were observed in hospitals and at other service providers. Housing prices declined 0.1 percent in January due to decreases in rates for hotels and motels, likely coming as the holiday season and the Sundance Film Festival concluded. Housing prices have a large impact on the average Utahn’s expenditures, making even a minor price decline significantly impactful on the overall CPI.

Food away from home prices decreased 0.5 percent as fast food restaurants and alcoholic beverage prices decreased. Food at home prices remained unchanged through the month of January as price increases for produce, bell peppers, tomatoes, and beef offset declines in prices for poultry, pork, and seafood.

“The sustained drop in oil prices has been distressing to some industries,” said Scott Anderson, Zions Bank President and CEO. “But while we may see some further market volatility in the coming months, recent increases in prices among several major consumer product categories—including oil itself—give us reason to be optimistic.”

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 Feb. 23, 2016.

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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