

ZIONS BANK

Press Release

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

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FALLING GASOLINE PRICES DRIVE SLIGHT DECLINE IN WASATCH FRONT CONSUMER PRICE INDEX

SALT LAKE CITY, Utah; March 16, 2016 — The Zions Bank Wasatch Front Consumer Price Index (CPI) decreased 0.4 percent from January to February on a non-seasonally adjusted basis. The index has increased 1.8 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 increased 0.1 percent from January to February and increased 1.0 percent over the last year.

Transportation prices were the primary driver of the decrease in Utah's February CPI, falling 2.7 percent from the month before as gas prices, insurance rates and rates for airfare declined. The price of Brent Crude Oil, the international benchmark for oil prices, has increased almost 50 percent from the 12-year lows seen two months ago. The latest rally, which comes in spite of inventories that remain high, stems from hopes for an output freeze that could be announced in an upcoming OPEC meeting, and seasonal sentiment as the summer driving season nears along with its positive impact on gasoline demand. Currently, futures register at about \$40 per barrel compared to \$63 per barrel a year ago. Gasoline prices, which typically lag trends seen in crude oil prices, remain low. Gas prices in Utah are lower than the national average of \$1.96 per gallon, currently averaging \$1.84 per gallon in the state.

After transportation, clothing prices decreased more than any other sector, falling 0.8 percent from January to February. This decline stems from decreased prices for women's and children's apparel. However, with clothing only accounting for 4.6 percent of the average Utahn's expenditures, these decreases had only a mild impact on the Wasatch Front CPI. Similarly, medical care prices declined 0.2 percent.

Food at home and recreation prices both increased 0.4 percent, registering greater increases than

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any other sectors. Rising food at home prices resulted from raised prices for bell peppers, lettuce, citrus fruits, and dairy. Recreation prices rose due to increased prices for pets and pet products. With food at home and recreation accounting for 8.5 and 6.1 percent of the average Utahn's expenditures, respectively, these two categories tempered the significant price decreases for transportation and clothing.

Food away from home prices increased 0.3 percent as fast food restaurants raised prices. Prices for both food away and food at home may continue to rise as normal inflation patterns are compounded with the effects of the drought in the Southwest and California. In contrast, the average price of food in global markets has fallen 14.5 percent in the last year as wholesale prices have fallen for oil, grains, and other major staples. The national Producer Price Index, a measure of the average changes in prices received by domestic producers for their output, decreased 0.2 percent in February, primarily driven by falling energy prices. But this month also marks the first time since January 2015 that the year-over-year PPI did not decrease—with the dollar losing some momentum, import deflation is beginning to wane, which could also contribute to slight increases for food prices.

Meanwhile, prices for housing and utilities remained unchanged from January to February. Rates for hotels and motels and prices for appliances declined, but were offset by price increases for apartments and bedding. Utilities, which include gas, electricity, water, and garbage, remained unchanged across the board.

“Drought throughout the Southwest and California has suppressed agricultural production,” said Scott Anderson, Zions Bank's President and CEO. “But low transportation costs have kept food distribution costs low, easing the financial burden on consumers at grocery stores and restaurants.”

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 Mar. 29, 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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