

ZIONS BANK

Press Release

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

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INCREASED TRANSPORTATION PRICES DRIVE INCREASE IN WASATCH FRONT CONSUMER PRICE INDEX

SALT LAKE CITY, Utah; July 15, 2016 — The Zions Bank Wasatch Front Consumer Price Index (CPI) increased 0.6 percent from May to June on a non-seasonally adjusted basis. The index has increased 0.7 percent since this same time last year, which is under the Federal Reserve's national inflation target of 2 percent. The national Consumer Price Index increased 0.3 percent from May to June and increased 1.0 percent over the last year.

Transportation prices were the primary driver of the increase in Utah's June CPI, rising 3.1 percent from the month before as airfare rates and vehicle prices rose. The price of Brent Crude Oil, the international benchmark for oil prices, increased from January through May, but has since receded slightly. Currently, futures register at about \$48 per barrel compared to \$38 per barrel at the year's open and \$53 per barrel at their peak in early June. Falling crude prices are contributing to lower gasoline prices which have fallen to their lowest mark for this time of year since 2004. Gas prices in Utah are slightly higher than the national average of \$2.22 per gallon, currently averaging \$2.33 per gallon.

Education and communication prices increased 1.5 percent from May to June as phone and internet rates increased. Prices for other goods and services increased 1.1 percent this month as prices for personal care products and laundry increased. Combined, these two categories account for 10 percent of the average Utah's consumption, resulting in a moderate impact on the overall CPI.

Prices for food away from home remained mostly unchanged from May to June, but have increased 4.9 percent since this time last year. Food away from home prices have been pushed higher as labor costs rise and as restaurants continue to make larger investments in technology

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and innovation. Meanwhile, food at home prices rose 0.5 percent this month, but have decreased 0.8 percent since this time last year. Food at home prices have remained steady as low oil prices have resulted in lower-than-usual distribution costs for grocery chains. Additionally, ample agricultural supply and a strong U.S. dollar has resulted in savings for Utah consumers at grocery stores.

Medical care prices increased 0.3 percent this month as medical care services prices rose slightly. Medical care prices in Utah have declined 4.7 percent since this time last year, compared to a national increase of 3.6 percent, highlighting the efficiency of Utah’s health systems. Utilities prices remained mostly unchanged in June as rates for water, electricity, and gas all held firm following increases in recent months.

No single sector’s prices declined by more than half a percent this month. Recreation prices saw the greatest declines, falling a modest 0.5 percent in June as prices for audio equipment and pet products fell.

Housing prices decreased 0.2 percent from May to June as hotel and motel rates decreased. In spite of this slight decline, prices in the housing sector have increased 4.9 percent since this time last year and are expected to continue to rise through 2016. Accounting for 36.3 percent of the average Utahn’s consumption, changes in housing prices have a significant impact on the overall CPI.

“The pace of inflation has slowed in the wake of a strengthening dollar,” said Scott Anderson, Zions Bank President and CEO. “While U.S. exports may slow, consumers can expect savings across a broad range of both domestic and international goods.”

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 July 26, 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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