

ZIONS BANK

Press Release

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

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INCREASED HOUSING PRICES DRIVE GROWTH IN WASATCH FRONT CONSUMER PRICE INDEX

SALT LAKE CITY, Utah; August 16, 2016 — The Zions Bank Wasatch Front Consumer Price Index (CPI) increased 0.1 percent from June to July on a non-seasonally adjusted basis. The index has grown 1.0 percent since this same time last year, which is below the Federal Reserve's national inflation target of 2 percent. The national Consumer Price Index decreased 0.2 percent from June to July and has grown 0.8 percent over the last year.

Medical prices rose more than any other sector in July, increasing 0.9 percent as prices for certain medical and hospital care services increased. However, the average Utahn spends more on housing-related expenditures. As such, this month's 0.8 percent increase in housing prices contributed most to the increase in this month's overall CPI. Housing prices rose as apartment rental and hotel and motel rates rose. The housing sector includes prices for furniture, bedding, appliances, and maintenance, in addition to rates for hotels, motels, and apartment rent. Prices in the housing sector as a whole have increased 3.0 percent since this time last year. Prices for homes specifically have fared even better, rising 7.9 percent in the last year compared to a national increase of 5.7 percent.

Transportation prices also contributed to the increase in this month's CPI, rising 0.8 percent since last month as prices for gasoline and vehicle rental rates rose. In spite of these increases, the price of Brent Crude Oil, the international benchmark for oil prices, decreased nearly 20 percent in the month of July before recovering slightly in early August. 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. Though gasoline prices increased slightly in Utah in July, prices across the nation have declined. Gas prices in Utah are slightly higher than the national average of \$2.13 per gallon, currently averaging \$2.31 per gallon.

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Education and communication prices increased 0.2 percent this month as tuition and fees at some elementary and high schools rose. Prices for clothing increased 0.7 percent as price increases for women's and children's apparel more than offset lower prices for men's clothing. Combined, these two categories account for almost 12 percent of the average Utahn's expenditures, resulting in a moderate impact on the overall CPI in spite of only minor price increases.

Recreation prices decreased more than any other sector, falling 4.1 percent as subscription rates for cable and satellite television declined. Cable television penetration among U.S. households began declining in recent years as consumers have shifted to favor internet streaming services. As such, some providers have shifted to more aggressive prices and incentives to remain competitive.

Prices for food away from home decreased 0.7 percent from June to July as fast food prices fell. Despite this month's declines, food away from home prices have increased 2.1 percent this year due to higher labor costs. Food at home prices declined 1.5 percent this month as prices for a variety of fruits and vegetables decreased. Food at home prices have decreased 1.8 percent since last year, causing many consumers to shift away from eating out in favor of cooking at home.

Prices for other goods and services decreased 0.4 percent this month as prices for smoking and tobacco products increased, more than offsetting lower prices for things like cosmetics and laundry services.

"Utah's robust housing market has continued to consistently outperform other regions," said Scott Anderson, Zions Bank President and CEO. "And with Utah enjoying one of the highest home-ownership rates in the nation, Utahns can remain confident in their home investments while continuing to purchase consumer products."

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 30, 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.