



Looking Back at 2009

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Economically, 2009 was a very rough year for the state of Utah. It will be marked as Utah's worst year of job loss in the post-World War II era. In fact, no other year comes close to matching the anticipated 4.9-percent job loss of 2009. The closest Utah has come is a 2.5-percent decline in 1954 when the Korean War was shutting down. Since 1950, Utah has had only a handful of periods in which jobs were being shed. On a calendar year basis, only 1954, 1964, 2002, and now 2009 can make that list. To underscore how strong the current downturn is, its negative momentum will likely add 2010 to the list also.

It was a great wave of negative national economic events that overwhelmed the usually robust Utah economy. Subprime mortgage defaults, the meltdown in the housing market, and finally the powerful stock market crash of September 2008 all conspired to throw the capitalistic economic system that this country (and Utah) operates under into its worst fears—the melting down of

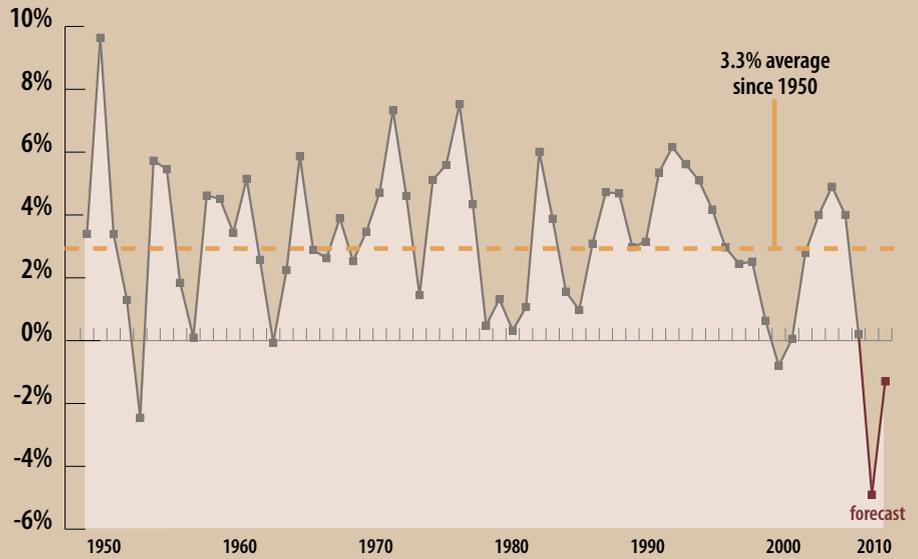
capitalism's heart and soul, its financial markets. History shows that when the financial markets suffer severe shocks, it can be years before the system functions smoothly again and resumes its place as the lifeblood of a robust and expanding economy. In the meantime, the economy struggles and underperforms. The immediate repercussions of the downturn are just now beginning to ease, but the longer-term effects are yet to transpire, creating a less-than-rosy outlook for the next year.

If the -4.9 percent employment forecast holds true for 2009, then Utah will have lost 61,000 jobs between 2008 and 2009. This is an average of the monthly flows throughout the year, and the decline did not occur at a steady pace from January to December. The numbers fell hard throughout the first half of 2009, but seemed to have found a bottom sometime around September 2009. The numbers thereafter should show improvement, only because the economy is not expected to repeat its epic collapse that began in the fourth

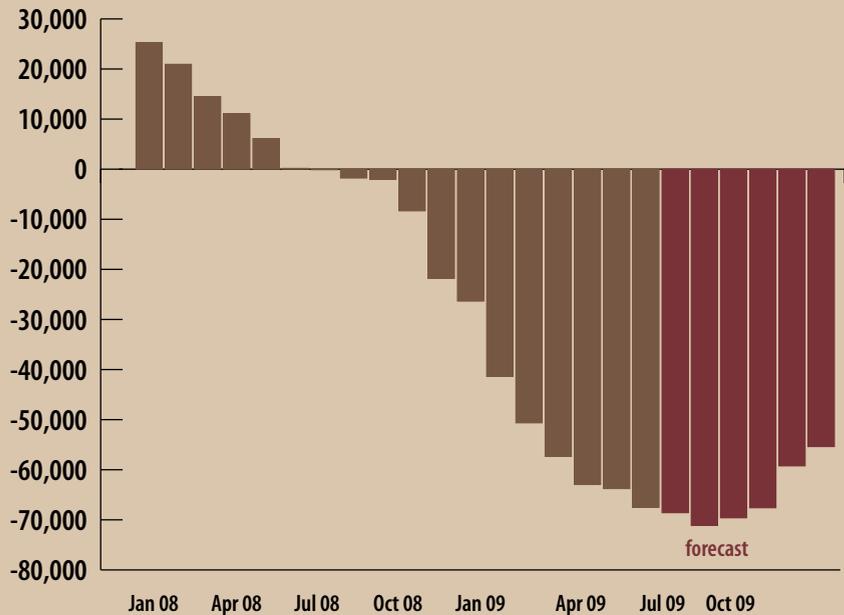
quarter of 2008. So the worst (nadir) month for over-the-year job loss might be August, when just over 71,000 fewer jobs will be counted than were recorded for August 2008.

Prior to this downturn, the worst month for job loss compared to the same month of the prior year was March 2002, when the Utah economy had shed 14,900 jobs across that 12-month span. The best month of job growth was June 2006, when 62,500 jobs were created over the previous 12-month span. The best 12-month period of job growth greatly exceeded the worst 12-month span of job loss—until this downturn. If the August numbers hold true, then the 71,000 anticipated lost jobs from August 2008 to August 2009 will exceed even the best 12-month period of Utah job growth (which is so pervasive throughout Utah's post-WWII economic history that it almost seems the state's natural birthright)—a dubious testament to the uniqueness and extremes of this economic downturn. ⓘ

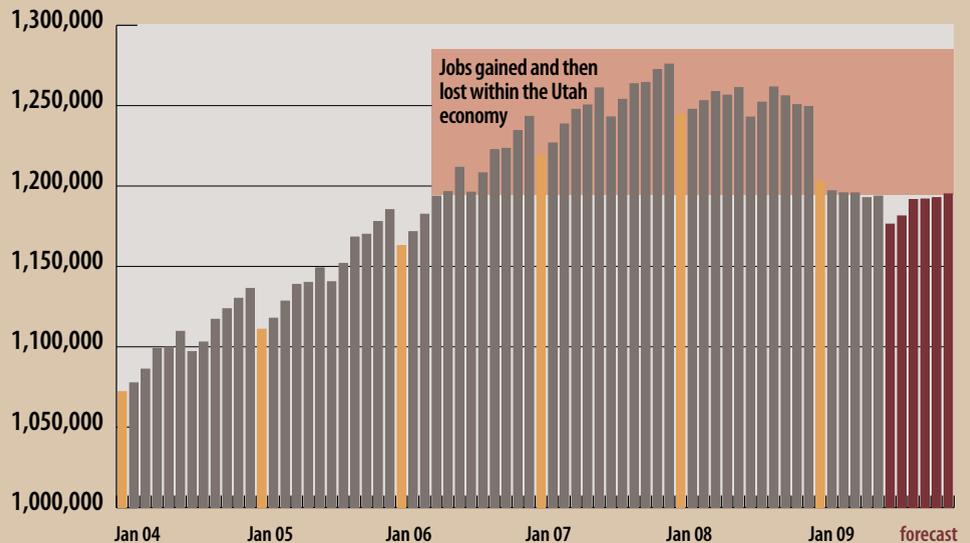
Utah State Employment Growth Rates 1950 – 2010



12-Month Numeric Change in Utah Employment by Month January 2008—December 2009



Utah Employment by Month January 2008—December 2009



Source: Utah Department of Workforce Services
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