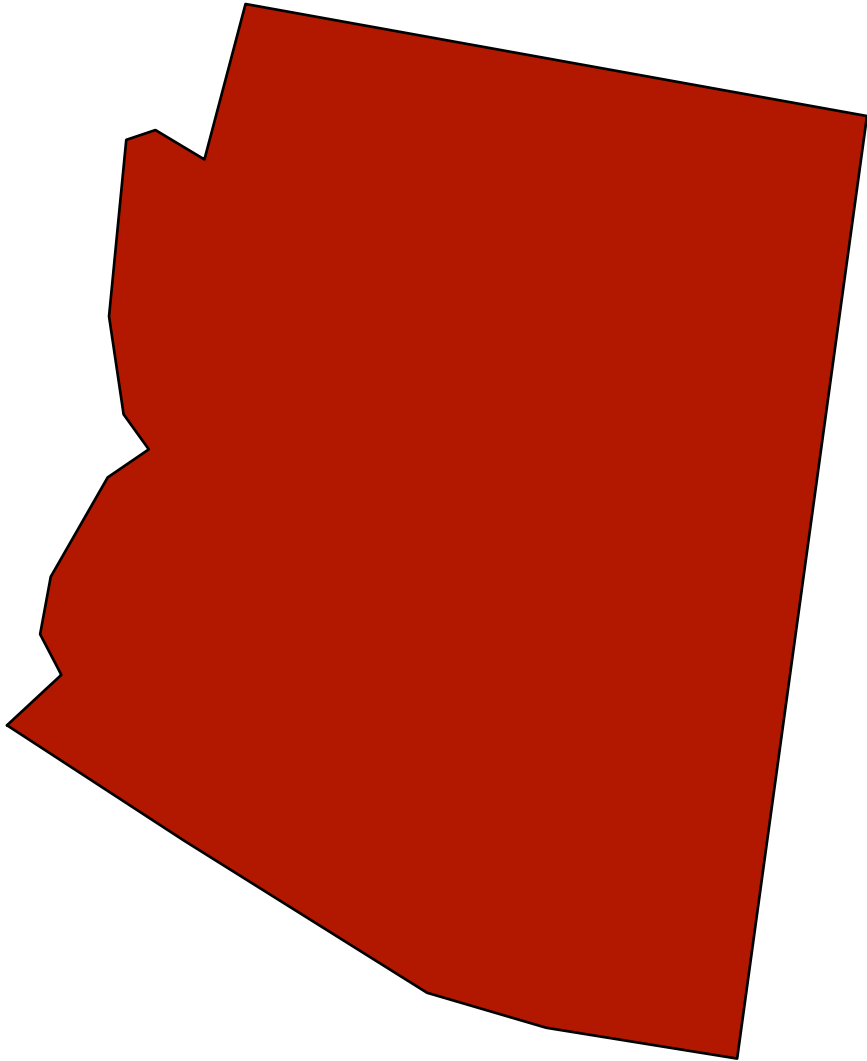


# *Arizona Outlook*

**49<sup>th</sup> ASU/Chase  
Economic Forecast  
Luncheon**

**December 5, 2012**

# The New Normal in Arizona



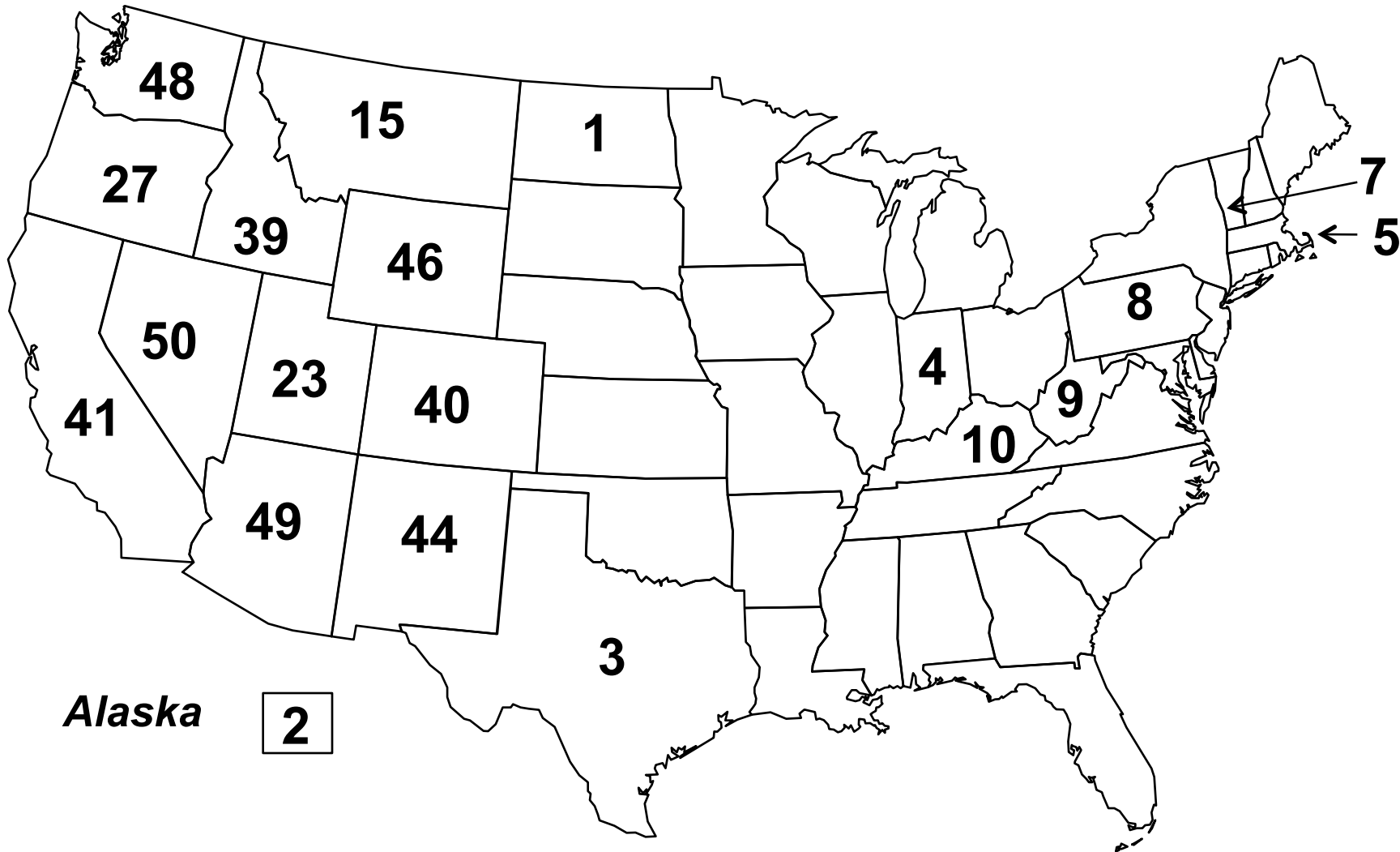
**Short Term  
“New Normal”  
In Arizona:**

**Slow Growth  
For 2 – 3  
More Years**

**By The Numbers:  
Year-over-Year  
Arizona Economy  
Is (Slowly) Improving**

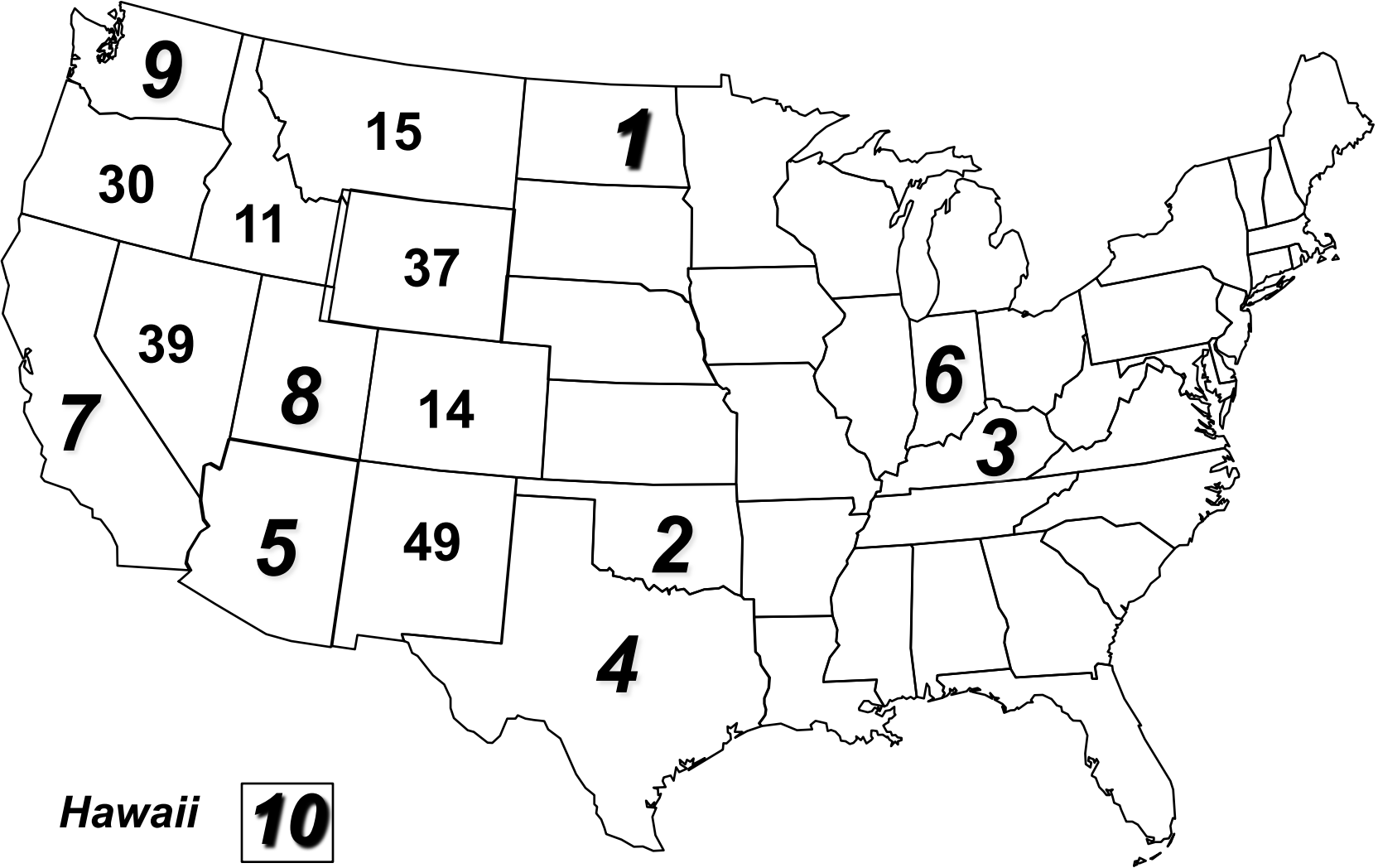
# Arizona Ranked 49<sup>th</sup> in 2010

( Ranked by Employment Percent Change 2010 vs 2009)



# Arizona in Job Growth Top 10

(Ranked by Employment Percent Change Sept. 2012 vs Sept. 2011)



# Arizona Labor Market Improves

Comparison For October 2012 vs October 2011

Indicator		2012	2011
Labor Force	↓	3,022,700	3,034,100
Unemployed	↓	244,100	281,100
Unemp. Rate	↓	8.1%	9.2%
Jobs–12 Mos	↑	46,600	39,800

*U. S. Bureau Labor Statistics*

# Arizona Set to Add 48,000 Jobs in 2012

(Year-Over-Year Nonfarm Job Growth by Month)



*U. S. Bureau of Labor Statistics, Not Seasonally Adjusted*



# Most New Jobs Are in Services

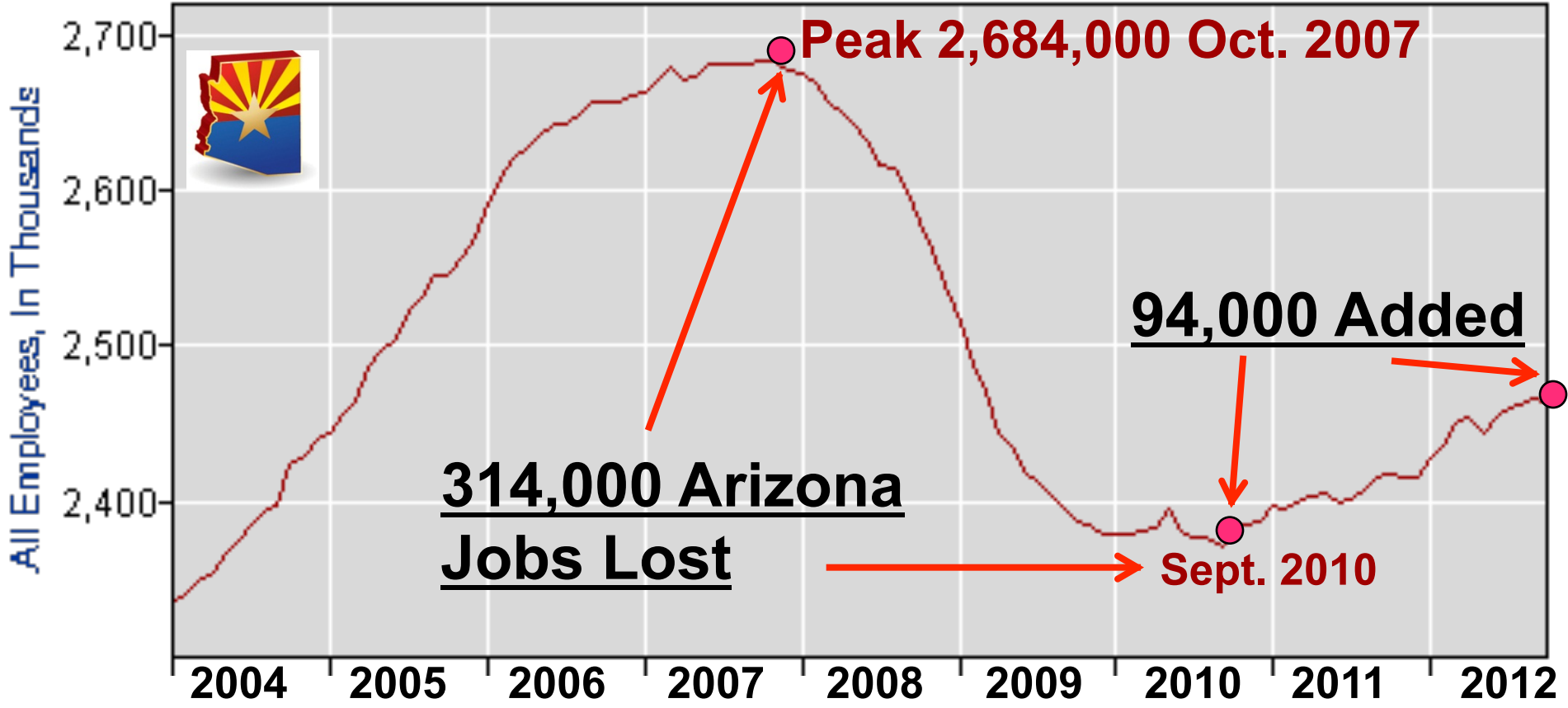
<b>Arizona Industry</b>	<b>New Jobs</b>	<b>Share</b>
<b>New Jobs – October 2012</b>	<b>46,600</b>	<b>100%</b>
<b>Prof., Business Services</b>	<b>15,200</b>	<b>33%</b>
<b>Retail Trade</b>	<b>6,300</b>	<b>13%</b>
<b>Health Care</b>	<b>5,900</b>	<b>12%</b>
<b>Financial Services</b>	<b>4,800</b>	<b>10%</b>
<b>Leisure &amp; Hospitality</b>	<b>4,400</b>	<b>9%</b>
<b>Construction</b>	<b>3,600</b>	<b>8%</b>

*U. S. Bureau Labor Statistics, change in jobs Oct. 2012 vs. Oct. 2011*



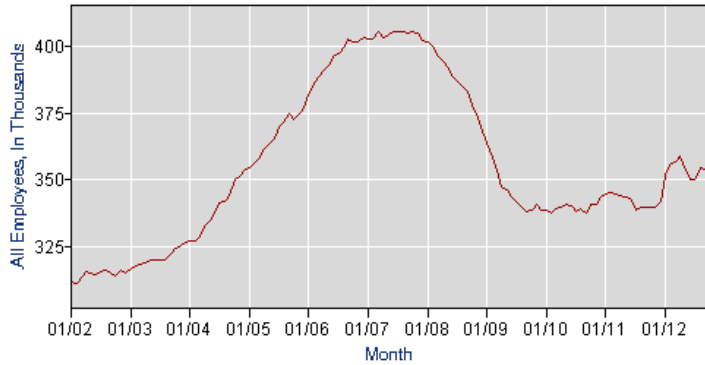
**Realistically...  
Full Recovery  
(Return to “Normal”)  
is  
Years Away**

# Arizona Must Regain 220,000 Jobs To Return To Pre-Recession Employment



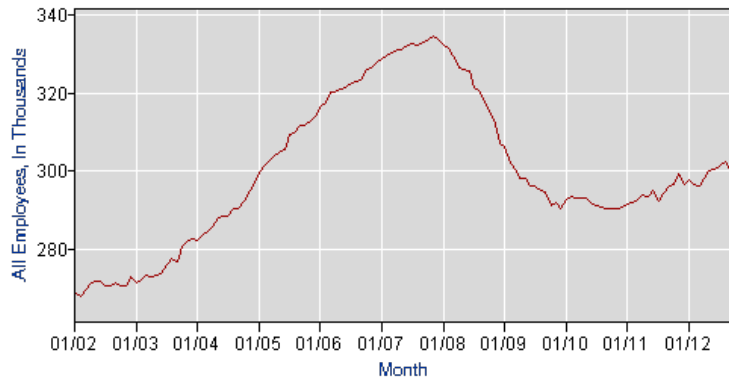
*U. S. Bureau of Labor Statistics, Thousands of Jobs, Seasonally Adjusted*

# Arizona Must Regain 220,000 Jobs



**Professional, Business Services  
Jobs Lost: 67,900 (17%)**

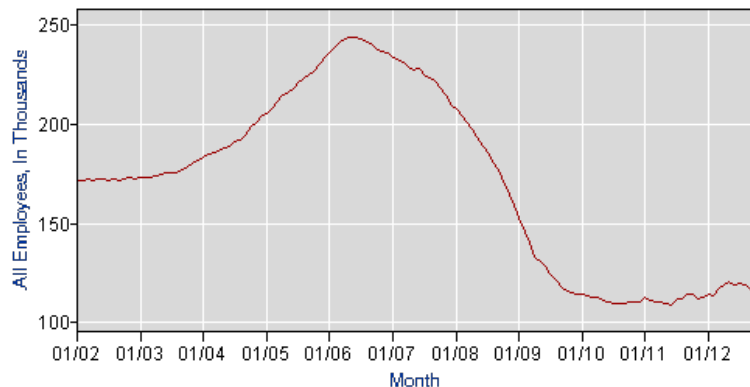
**Still to Regain: 50,400 (74%)**



**Retail Trade**

**Jobs Lost: 44,500 (13%)**

**Still to Regain: 32,000 (72%)**

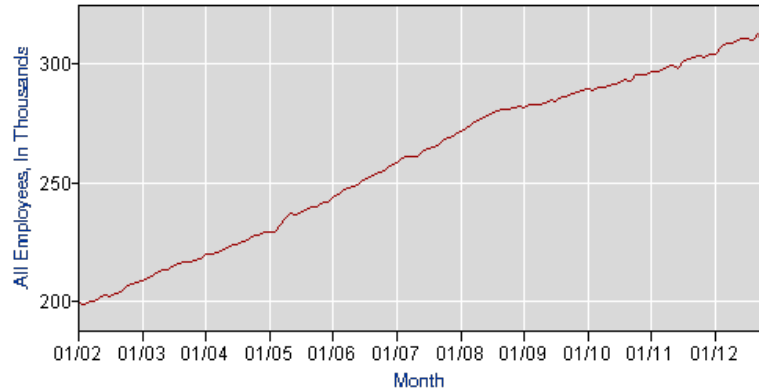


**Construction**

**Jobs Lost: 135,000 (55%)**

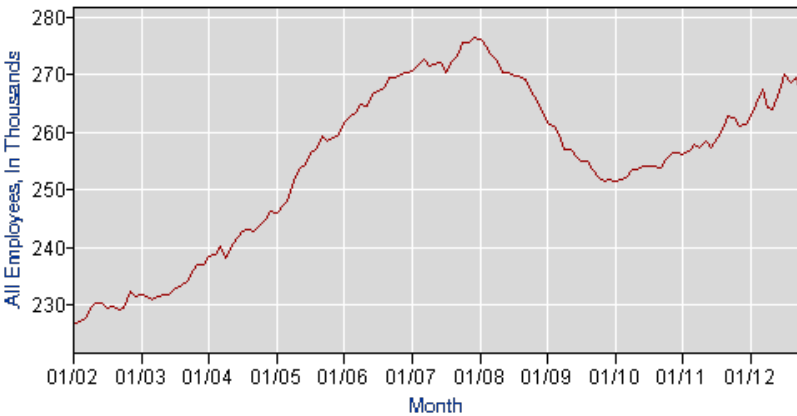
**Still to Regain: 127,000 (94%)**

# Arizona Must Regain 220,000 Jobs



## Health Care

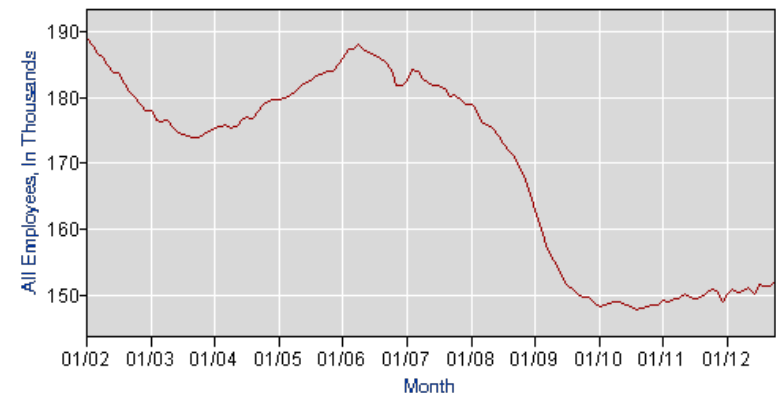
**Jobs Added: 39,600 (+15%)**



## Leisure & Hospitality

**Jobs Lost: 25,100 (9%)**

**Still to Regain: 9,700 (39%)**



## Manufacturing

**Jobs Lost: 36,100 (20%)**

**Still to Regain: 32,200 (89%)**

# Jobs Recovery: How Far Away?

	<b>U.S.</b>	<b>AZ</b>
<b>Jobs Lost</b>	<b>8.8 mil</b>	<b>314,000</b>
<b>Regained To Date</b>	<b>4.5 mil</b>	<b>94,000</b>
<b>% Jobs Regained</b>	<b>51%</b>	<b>30%</b>
<b>Jobs Yet to Regain</b>	<b>4.3 mil</b>	<b>220,000</b>
<b>New Jobs 2012</b>	<b>1.8 mil yr</b>	<b>48,000 yr</b>
<b>Years to Recovery</b>	<b>2.4 yrs</b>	<b>4.6 yrs</b>

# Jobs Recovery: How Far Away?

	<b>U.S.</b>	<b>AZ</b>
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<b>Jobs Yet to Regain</b>	<b>4.3 mil</b>	<b>220,000</b>
<b>New Jobs 2013</b>	<b>2.0 mil</b>	<b>60,000</b>
<b>Years to Recovery</b>	<b>1.9 yrs</b>	<b>3.7 yrs</b>

# Jobs Recovery: How Far Away?

	<b>U.S.</b>	<b>AZ</b>
<b>Jobs Lost</b>	<b>8.8 mil</b>	<b>314,000</b>
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<b>Jobs Yet to Regain</b>	<b>4.3 mil</b>	<b>220,000</b>
<b>“Normal” Job Gain</b>	<b>2.4 mil*</b>	<b>100,000*</b>
<b>Years to Recovery</b>	<b>1.7 yrs</b>	<b>2.2 yrs</b>

**\*AVERAGE Growth 1977 – 2007: US 1.8%, AZ 4.0%**

# Best Metro Job Growth 2012

Job Gains – Sept. 2012 vs Sept. 2011 – Labor Force > 1 Million

<b>Metro Area</b>	<b>Percent</b>	<b>Job Gains</b>
<b>1. Houston</b>	<b>3.7%</b>	<b>94,400</b>
<b>2. Seattle</b>	<b>3.4%</b>	<b>57,000</b>
<b>3. San Francisco</b>	<b>2.9%</b>	<b>57,600</b>
<b>4. Phoenix</b>	<b>2.8%</b>	<b>47,000</b>
<b>5. Denver</b>	<b>1.9%</b>	<b>30,200</b>



***Arizona***  
***Economic Outlook:***

***Slow***  
***(very slow)***  
***Growth***

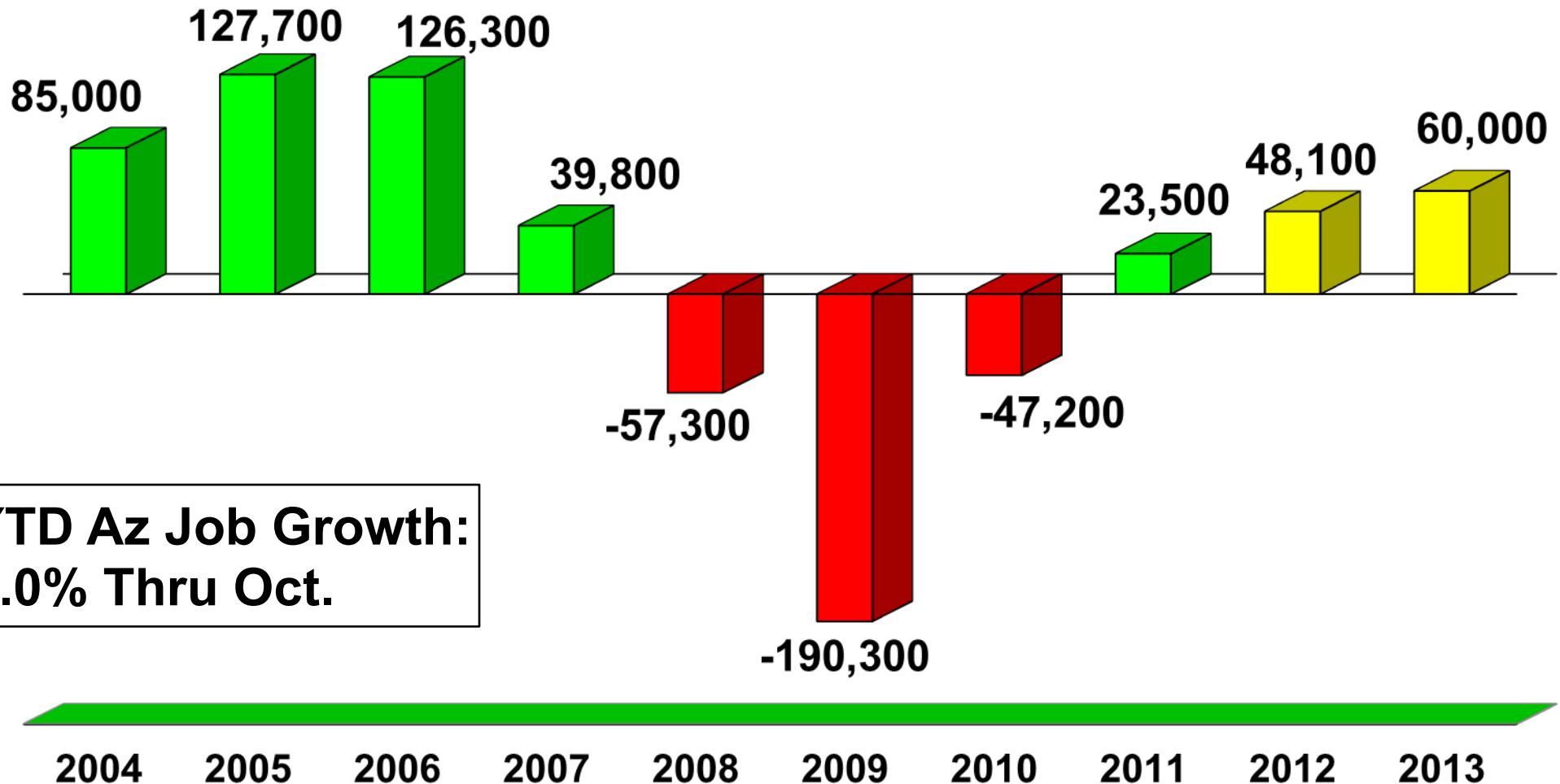
# **ARIZONA** Economic Forecast

## **Major Arizona Risk – U.S. Economy**

	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Personal Income (%)</b>	<b>4.9</b>	<b>4.0</b>	<b>5.0</b>
<b>Employment (%)</b>	<b>1.0</b>	<b>2.0</b>	<b>2.5</b>
<b>Retail Sales (%)</b>	<b>10.4</b>	<b>5.0</b>	<b>6.0</b>
<b>Population (%)</b>	<b>1.1</b>	<b>1.3</b>	<b>1.5</b>

# 2013 Employment: 60,000 New Jobs

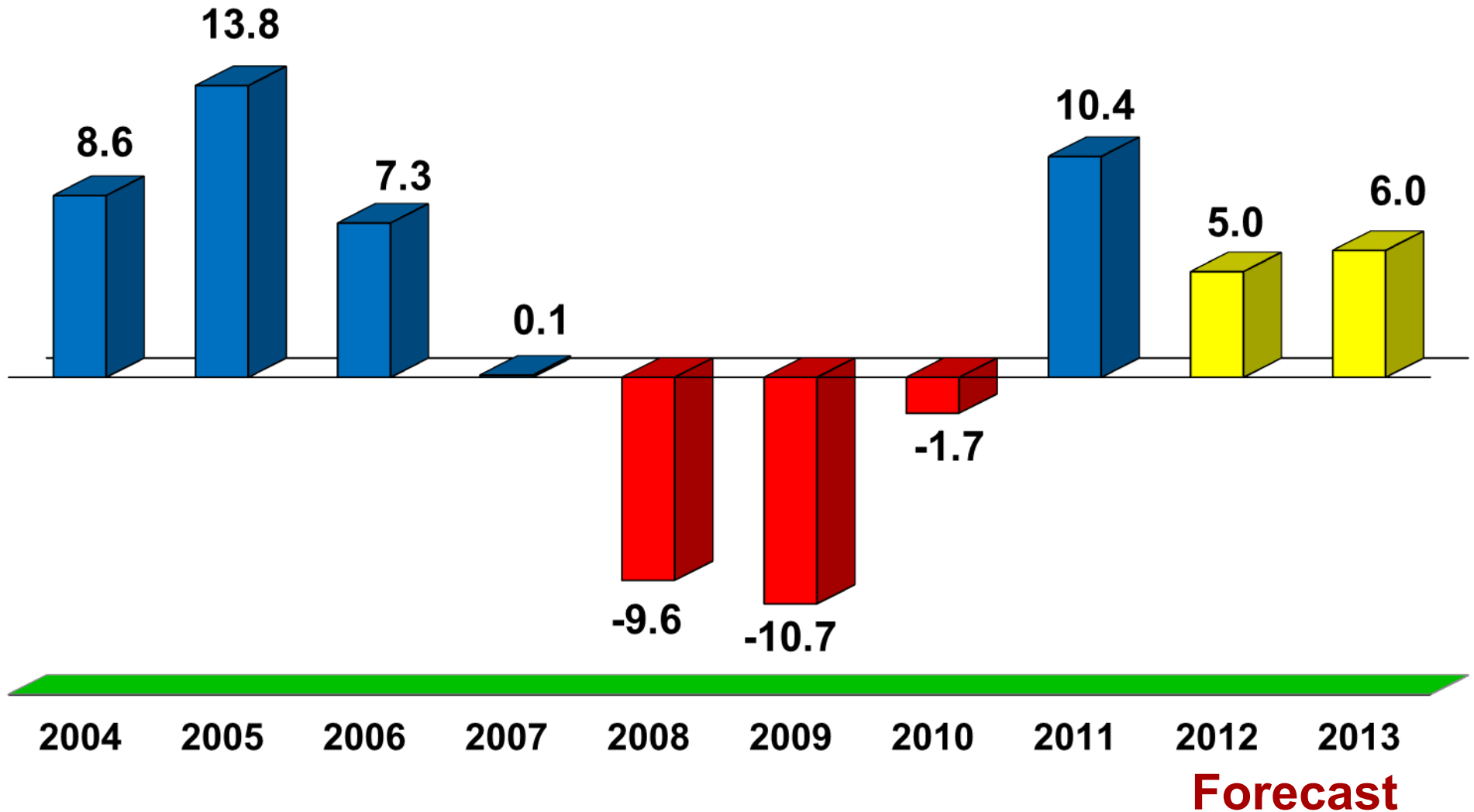
## Annual Numeric Change In Arizona Employment



**YTD Az Job Growth:  
2.0% Thru Oct.**

# 2013 Retail Sales: Up 6 Percent

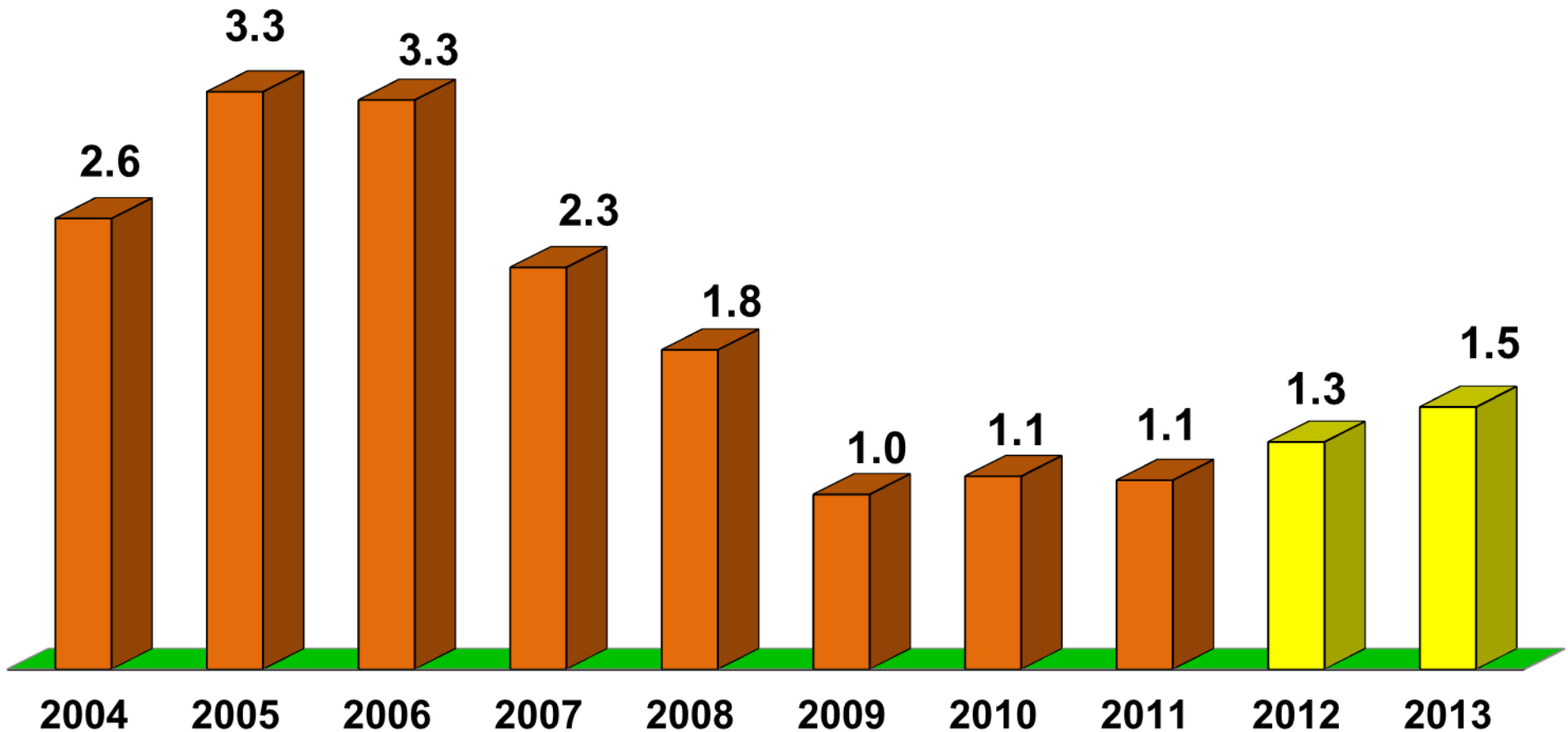
## Annual Percent Change in Arizona Retail Sales



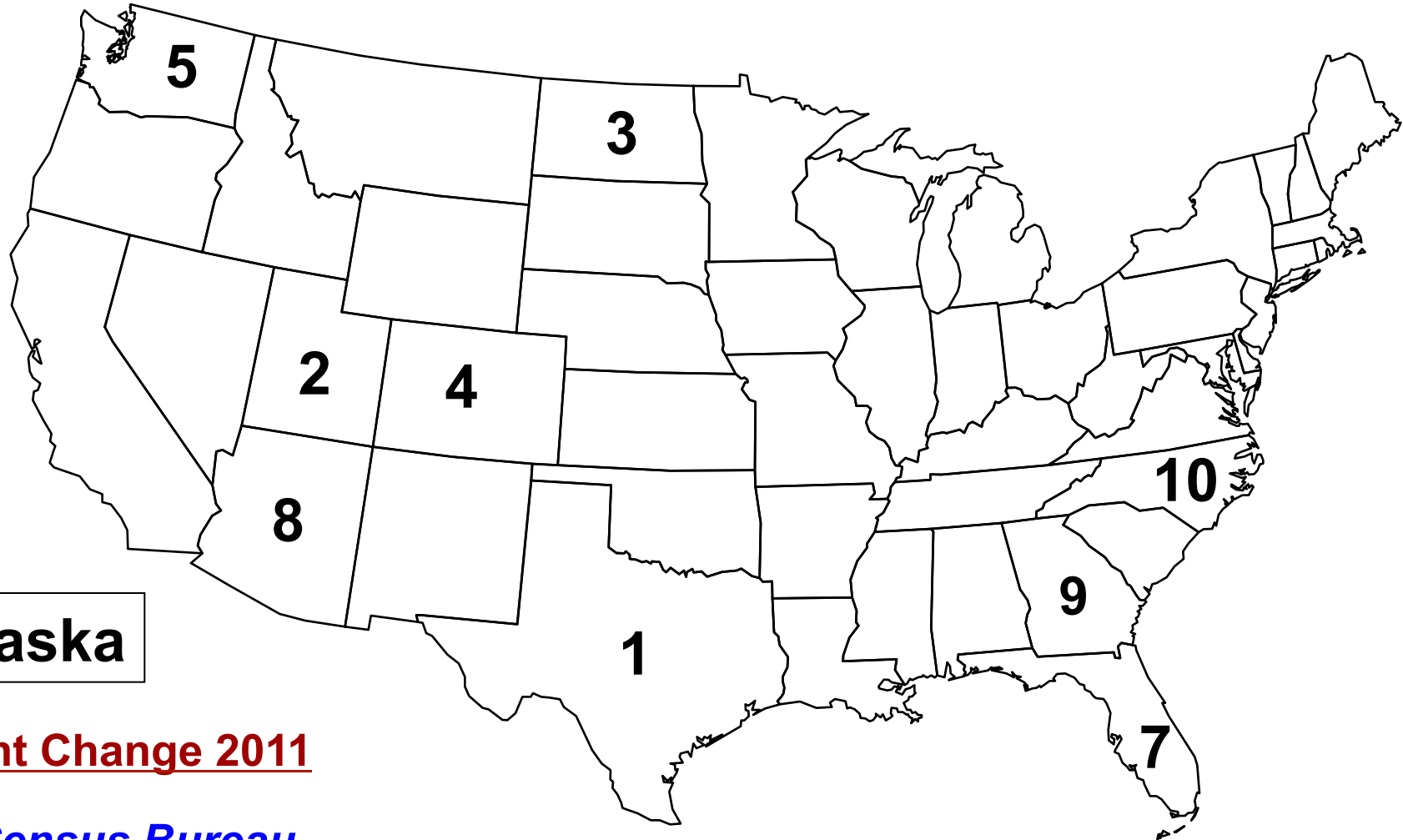
# 2013 Population Growth: 1.5%

## *Key Ingredient for Stronger Recovery*

Annual Percent Change in Arizona Population



# Arizona Population Growth Slowed But Still Top 10 in 2011



**6 Alaska**

**Percent Change 2011**

***U. S. Census Bureau***

# Arizona Comes Back From Recession

(State Rank Based on Monthly Yr/Yr Growth Rate)

Percent

