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Webinar Details

► The MAP Talk will be recorded
► See the MAP Dashboard website for recordings
► Conference mode
► Everyone muted except presenter
► How to ask a question
► Email anytime to jkanipe@email.arizona.edu
Key Topics Today

- Uncertainty dominates the outlook
  - When will the outbreak be contained?
  - How severe will the economic downturn be?
  - When will the economic recovery begin and what will it be like?
- The Arizona economy was strong before the outbreak
  - Tucson economy added jobs at the fastest pace in more than a decade
- The Arizona economy will suffer a major downturn
  - Huge job losses in the near term, across all sectors
  - Travel and tourism hit first
- Federal monetary and fiscal relief will help
  - But not eliminate the downturn
- Outlook calls for a gradual return to trend growth,
  - once the outbreak is contained

Arizona Job Growth

- Annual
- Arizona: 2.8%
- Phoenix: 3.3%
- Tucson: 1.9%
- U.S.: 1.4%

How Was Tucson Doing?

- Business Growth: 0.0% from 2017 to 2018
- Employment Growth: 1.9% from 2018 to 2019
- Housing Affordability: 66.2%
- Median Household Income: $51,037
- Patents: 17.4 per 10,000 workers
- Real GDP: 3.6%

Arizona Coronavirus Cases

- Daily Data

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U.S. Initial Claims  
Unemployment Insurance, Weekly

Week Ended  
March 14: 282,000  
March 21: 3,307,000  
March 28: 6,867,000  
April 4: 6,606,000

Arizona Initial Claims  
Unemployment Insurance, Weekly

Week Ended  
March 14: 3,844  
March 21: 29,348  
March 28: 88,940  
April 4: 132,428

U.S. Movie Box Office Sales  
Weekly

Last Week: $5,058

U.S. Hotel Occupancy Rates  
Weekly

Last Week: 21.6%
**U.S. Outlook**

IHS Markit, April 2020

- Social distancing begins to ease in July-August
- U.S. Real GDP forecast to drop 8% from 2019Q4 to 2020Q3
  - 26.5% decline in 2020Q2, SAAR
  - Hardest hit are travel and tourism expenditures
  - Auto sales drop dramatically as well
- U.S. loses 14 million jobs during the downturn
  - Unemployment rate rise to (at least) 10.3%
- Pessimistic scenario calls for bigger declines

**Arizona, Phoenix and Tucson Outlook**

Updated Forecasts in Progress

- Big job, income, and sales declines
  - Declines at least as bad as the 2008-2009 period
  - Peak-to-trough job losses between 10%-20%
  - More than 300,000 jobs lost statewide
- Unemployment rate peaks well above 2008-2009 high
  - Which was 10.9% in 2009Q4
- Population growth slows temporarily
  - Which reduces housing activity
- Recovery may begin late this year
  - If the outbreak is under control
  - Late 2021 or 2022 before the level of activity returns to pre-outbreak

**Federal Economic Policy Responses**

- Monetary policy
  - Interest rates near zero for the foreseeable future
  - Increased lending facilities
  - Return to Quantitative Easing
- Fiscal policy
  - $2.2 trillion CARES Act
  - Direct payments to individuals/families
  - Expanded unemployment insurance
  - Small business loans
  - Other support
- Speed matters here, so support needs to reach individuals and businesses rapidly
- More will be needed

**What Can Individuals Do?**

- Continue social distancing until instructed otherwise
- Support local small businesses where possible
  - Take out/delivery
  - Gift cards
- Make sure you and everyone in your business community knows that small business support is available
  - Tucson Metro Chamber of Commerce
    - https://tucsonchamber.org/
  - Tucson Hispanic Chamber of Commerce
    - https://www.tucsonhispanicchamber.org/
- Donate to charities where possible
Economic and Business Research Center
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