MAP Talk Webinar

MAP Talk: Update on the Economy

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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
  - Use Zoom Chat or Email anytime to ghammond@arizona.edu

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Key Topics Today

- Uncertainty dominates the outlook
  - Will there be a resurgence of the outbreak?
  - How long will the downturn last?
  - 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 is suffering a major downturn
  - Huge job losses in the near term, across all sectors
  - Travel and tourism hit hardest
- Federal monetary and fiscal relief will help
  - But not eliminate the downturn
- Outlook calls for a gradual return to growth,
  - But the outbreak will drive the recovery

A Huge Shock to the System

Arizona and U.S. Unemployment Rates, Seasonally Adjusted

<table>
<thead>
<tr>
<th>Month</th>
<th>U.S. (U3)</th>
<th>Arizona (U3)</th>
<th>U.S. (U6)</th>
<th>Arizona (U6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr</td>
<td>14.7</td>
<td>13.4</td>
<td>22.8</td>
<td>8.9</td>
</tr>
<tr>
<td>May</td>
<td>13.3</td>
<td>8.9</td>
<td>21.2</td>
<td></td>
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</tbody>
</table>

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Percent Change in Jobs from February to May 2020
Seasonally Adjusted

- U.S.: -12.8
- -14.6 to -10.6
- -11.4 to -14.6
- -9.5 to -11.4
- -6.6 to -9.5
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Arizona Jobs and Employed Residents Seasonally Adjusted

February-May
Household: -222k, -6.4%
Establishment: -230k, -7.7%

Arizona Net Job Change by Industry
February-April 2020, Thousands, Nonseasonally Adjusted

Natural Resources and Mining
Financial Activities
Information
Construction
Manufacturing
Government
Other Services
Trade, Transportation and Utilities
Professional and Business Services
Education and Health Services
Leisure and Hospitality

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Arizona Net Job Change by Industry
Over the Month in May, Thousands, Nonseasonally Adjusted

Leisure and Hospitality
Trade, Transportation and Utilities
Other Services
Education and Health Services
Construction
Information
Natural Resources and Mining
Financial Activities
Manufacturing
Professional and Business Services
Government

A Huge Shock to the System

Arizona Job Growth, Over the Year, May 2020

Sierra Vista-Douglas
Prescott
Yuma
Phoenix
Tucson
Arizona
Lake Havasu-Kingman
U.S.
Flagstaff

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Consumer Spending
Card-Based Transactions, Relative to January

Consumer Spending
Restaurants and Hotels, Card-Based Transactions
Relative to January

Seated Diners
Over-the-Year Percent Change, Weekly

U.S. Hotel Occupancy
Weekly

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Consumer Spending

Entertainment and Recreation, Card-Based Transactions Relative to January

U.S. Box Office Sales Weekly
Last Week: $742,786

Consumer Spending
Transportation, Card-Based Transactions Relative to January

U.S. TSA Checkpoint Traffic Weekly
Last Week: 3.6 million

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Consumer Spending

Groceries, Card-Based Transactions Relative to January

Consumer Spending

Apparel and General Merchandise, Card-Based Transactions Relative to January

Consumer Spending

Health Care, Card-Based Transactions Relative to January

Arizona, Phoenix and Tucson Outlook

- Huge job, income, and sales declines in the baseline
  - Declines similar to the 2008-2009 period
  - Peak-to-trough job losses around 10%
  - Unemployment rate peaks well above 2008-2009 high
- Population growth slows modestly
  - Which slows housing activity
- Recovery will begin later this year
  - Return to pre-outbreak level of activity in early 2022
- Pessimistic scenario is almost as likely as baseline
Key Takeaways

► Uncertainty dominates the outlook
  ► There may be significant changes to the outlook
  ► One more monthly forecast in June, then regular long-run forecast in July/August

► The Arizona economy was strong before the outbreak
  ► Initially was not hit especially hard by the outbreak, but conditions have worsened

► The Arizona economy is suffering a major downturn
  ► Growth will return
  ► Travel and tourism will be slower to recover
  ► Consumer/worker perceptions of risk will be important

► Federal monetary and fiscal relief will help
  ► But not eliminate the downturn
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