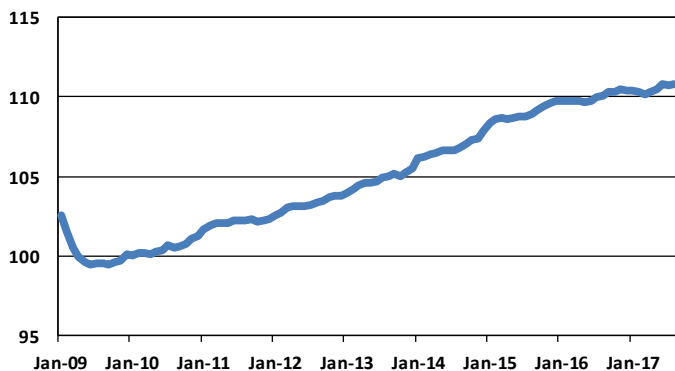


## Arizona Economic Activity Index

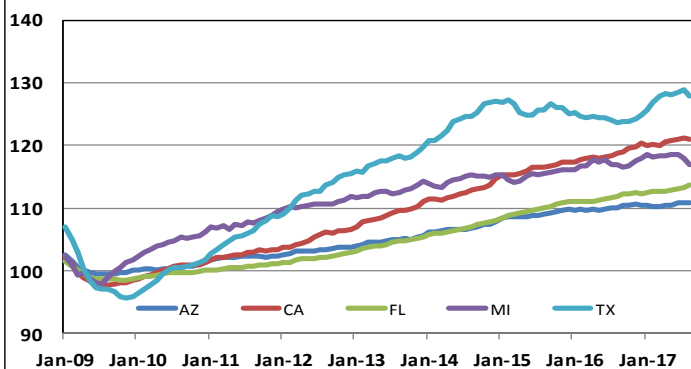
	<u>Value</u>	<u>% Change</u>
<b>August 2017</b>	<b>110.8</b>	<b>0.1</b>
<b>July 2017</b>	<b>110.7</b>	<b>-0.1</b>

*\*All data has been adjusted for seasonality and changes in price.*

Arizona Index Historical Values



5 State Index Historical Values



## Comerica Bank's Arizona Index Rises

Comerica Bank's Arizona Economic Activity Index rose 0.1 percent in August to a level of 110.8. August's index reading is 11 points, or 11 percent, above the index cyclical low of 99.5. The index averaged 110.0 points for all of 2016, one point above the average for 2015. July's index reading was 110.7.

The Comerica Bank Arizona Economic Activity Index for August 2018 increased slightly by 0.1 percent after easing in July based on revised data. The headline state index remains essentially stalled near the level first seen in November 2016. Fortunately, payroll job growth for Arizona improved in August and September, and this implies improving overall momentum for the state this fall, but the complete dataset through August still looks tepid. The August index values show four out of nine indicators improving. They were nonfarm employment, house prices, total state trade, and hotel occupancy. Five indicators declined for the month. They were unemployment insurance claims (inverted), housing starts, industrial electricity demand, state sales tax revenue and enplanements. Housing starts remain well below the late-2016 peak, showing that residential construction is simply not driving the state economy the way it has in the past. Although house prices are relatively firm, up 5.8 percent for the year ending in August for the Phoenix market according to the Case-Shiller data. This is just a little below the national average increase of 6.1 percent for the year ending in August. We look for moderate positive momentum for the state through year end. An important economic risk for Arizona is how home sales hold up in a rising interest rate environment through the end of this year and into 2018.

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# Arizona Economic Activity Index



Indicator	Aug-16	Apr-17	May-17	Jun-17	Jul-17	Aug-17
<b>Nonfarm Payroll Employment (Thousands)</b>	2,708	2,740	2,741	2,746	2,747	2,750
<i>Percent Change</i>		<b>0.1%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.1%</b>
<b>Continuing UI Claims (Weekly Average)</b>	30,673	28,335	27,947	27,688	27,551	27,618
<i>Percent Change</i>		<b>-1.2%</b>	<b>-1.4%</b>	<b>-0.9%</b>	<b>-0.5%</b>	<b>0.2%</b>
<b>Housing Starts (Annualized Rate)</b>	36,013	35,706	35,144	35,383	34,592	34,502
<i>Percent Change</i>		<b>5.0%</b>	<b>-1.6%</b>	<b>0.7%</b>	<b>-2.2%</b>	<b>-0.3%</b>
<b>House Price Index (Jan 2000=100)</b>	145.1	149.2	149.9	150.4	150.9	151.3
<i>Percent Change</i>		<b>0.5%</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>
<b>Industrial Electricity Sales (Millions, KwHr)</b>	1,216	1,177	1,181	1,157	1,100	1,095
<i>Percent Change</i>		<b>1.7%</b>	<b>0.3%</b>	<b>-2.0%</b>	<b>-4.9%</b>	<b>-0.4%</b>
<b>Total Trade (Millions, 2009 USD, Annualized Rate)</b>	38,264	36,649	35,843	36,232	35,910	36,581
<i>Percent Change</i>		<b>-0.5%</b>	<b>-2.2%</b>	<b>1.1%</b>	<b>-0.9%</b>	<b>1.9%</b>
<b>Hotel Occupancy Index (2009=100)</b>	121.6	121.7	123.0	124.3	124.0	124.8
<i>Percent Change</i>		<b>0.8%</b>	<b>1.0%</b>	<b>1.1%</b>	<b>-0.3%</b>	<b>0.6%</b>
<b>State Taxable Sales (Millions, 2009 USD)</b>	5,959	5,927	5,975	6,105	6,198	6,141
<i>Percent Change</i>		<b>-0.1%</b>	<b>0.8%</b>	<b>2.2%</b>	<b>1.5%</b>	<b>-0.9%</b>
<b>Enplanements Index (2009=100)</b>	112.0	116.8	117.3	117.2	115.7	114.6
<i>Percent Change</i>		<b>0.6%</b>	<b>0.4%</b>	<b>0.0%</b>	<b>-1.3%</b>	<b>-0.9%</b>
<b>Total Index</b>	110.1	110.4	110.5	110.9	110.7	110.8
<i>Percent Change</i>		<b>0.2%</b>	<b>0.1%</b>	<b>0.3%</b>	<b>-0.1%</b>	<b>0.1%</b>

**(Seasonally Adjusted, 3-Month Moving Average)**

## Explanatory Note:

The Arizona Economic Activity Index consists of nine variables, as follows: nonfarm payroll employment, continuing claims for unemployment insurance, housing starts, house price index, industrial electricity sales, total trade, hotel occupancy, state taxable sales and total enplanements. All data are seasonally adjusted. Nominal values have been converted to constant dollar values. Index levels are expressed in terms of three-month moving averages.

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