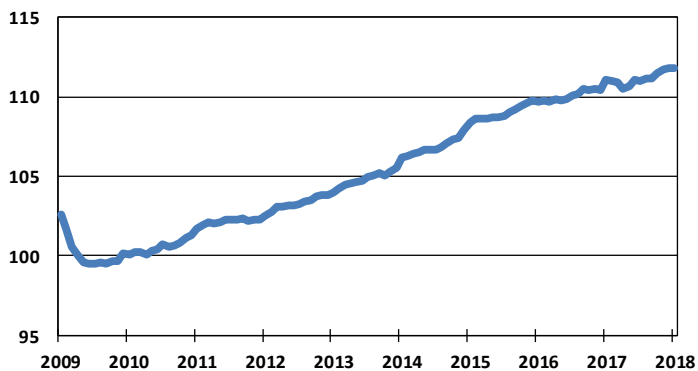


## Arizona Economic Activity Index

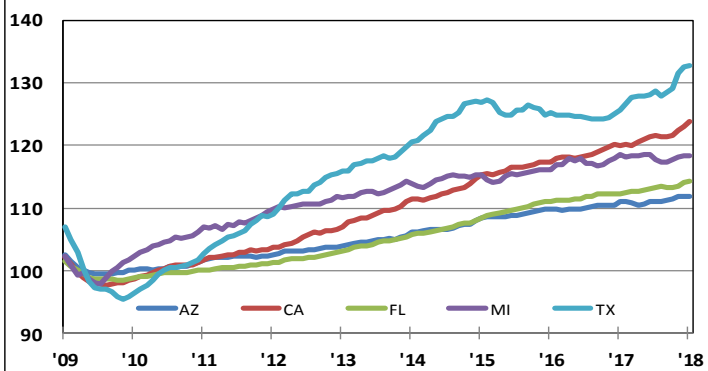
	<u>Value</u>	<u>% Change</u>
<b>January 2018</b>	<b>111.8</b>	<b>0.0</b>
<b>December 2017 (Revised)</b>	<b>111.8</b>	<b>0.1</b>

*\*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 Unchanged

Comerica Bank's Arizona Economic Activity Index was unchanged in January at a level of 111.8. January's index reading is 12 points, or 12 percent, above the index cyclical low of 99.5. The index averaged 111.1 points for all of 2017, one point above the average for 2016. December's index reading was revised to 111.8.

The Comerica Bank Arizona Economic Activity Index was unchanged again in January, now showing three consecutive months at 111.8. Seven out of nine sub-indexes were positive for the month. They were nonfarm employment, unemployment insurance claims (inverted), housing starts, house prices, industrial electricity demand, total state trade and enplanements. Hotel occupancy and state sales tax revenues were down in January. The fact that the majority of the index components were positive in January is a good sign. It also reflects the weighting scheme for the nine factors that drive our Arizona Index. Importantly, job growth for the state is picking up again after stalling last fall. The employment data through February shows three consecutive months of gains, so that will be a positive for the index next month. Both house prices and the rate of new home construction are also increasing for the state. So the Arizona economy is still showing positive signals in the historically important housing industry. We do not have reliable high frequency indicators for net migration, but that is another important factor for the state. Our assumption is that Arizona continues to attract retirees and others seeking a low cost alternative from nearby California. A negative for the state is apparent in the long-term trend in industrial electricity demand. After peaking in mid-2015, industrial electricity demand has declined steadily, showing a weakening of industrial activity in the state.

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# Arizona Economic Activity Index



Indicator	Jan-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
<b>Nonfarm Payroll Employment (Thousands)</b>	2,737	2,786	2,791	2,793	2,793	2,797
<i>Percent Change</i>		<b>0.2%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.1%</b>
<b>Continuing UI Claims (Weekly Average)</b>	29,337	27,563	27,276	26,717	26,184	25,668
<i>Percent Change</i>		<b>-0.2%</b>	<b>-1.0%</b>	<b>-2.0%</b>	<b>-2.0%</b>	<b>-2.0%</b>
<b>Housing Starts (Annualized Rate)</b>	34,865	35,739	37,950	39,443	38,774	40,260
<i>Percent Change</i>		<b>3.4%</b>	<b>6.2%</b>	<b>3.9%</b>	<b>-1.7%</b>	<b>3.8%</b>
<b>House Price Index (Jan 2000=100)</b>	147.4	151.7	152.2	152.5	152.7	153.1
<i>Percent Change</i>		<b>0.3%</b>	<b>0.3%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.3%</b>
<b>Industrial Electricity Sales (Millions, KwHr)</b>	1,182	1,109	1,119	1,096	1,103	1,135
<i>Percent Change</i>		<b>0.9%</b>	<b>0.9%</b>	<b>-2.1%</b>	<b>0.7%</b>	<b>2.9%</b>
<b>Total Trade (Millions, 2009 USD, Annualized Rate)</b>	37,000	36,281	37,094	38,066	38,161	38,252
<i>Percent Change</i>		<b>-0.8%</b>	<b>2.2%</b>	<b>2.6%</b>	<b>0.3%</b>	<b>0.2%</b>
<b>Hotel Occupancy Index (2009=100)</b>	129.2	125.3	126.2	126.4	126.7	125.5
<i>Percent Change</i>		<b>0.1%</b>	<b>0.7%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>-0.9%</b>
<b>State Taxable Sales (Millions, 2009 USD)</b>	5,992	6,166	6,171	6,218	6,193	6,165
<i>Percent Change</i>		<b>0.4%</b>	<b>0.1%</b>	<b>0.8%</b>	<b>-0.4%</b>	<b>-0.5%</b>
<b>Enplanements Index (2009=100)</b>	116.1	114.3	115.4	116.7	117.5	118.3
<i>Percent Change</i>		<b>-0.3%</b>	<b>1.0%</b>	<b>1.1%</b>	<b>0.7%</b>	<b>0.6%</b>
<b>Total Index</b>	111.1	111.2	111.5	111.8	111.8	111.8
<i>Percent Change</i>		<b>0.1%</b>	<b>0.3%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.0%</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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