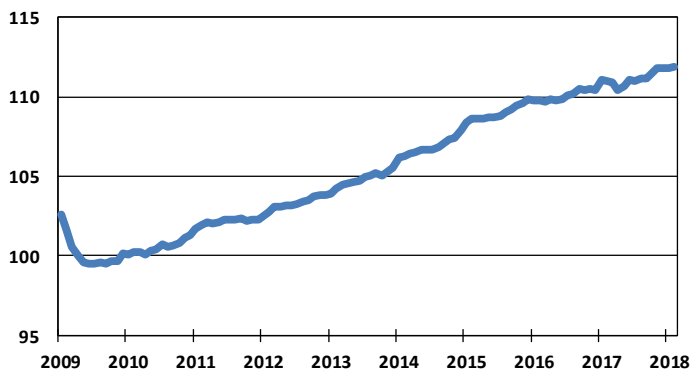


Arizona Economic Activity Index

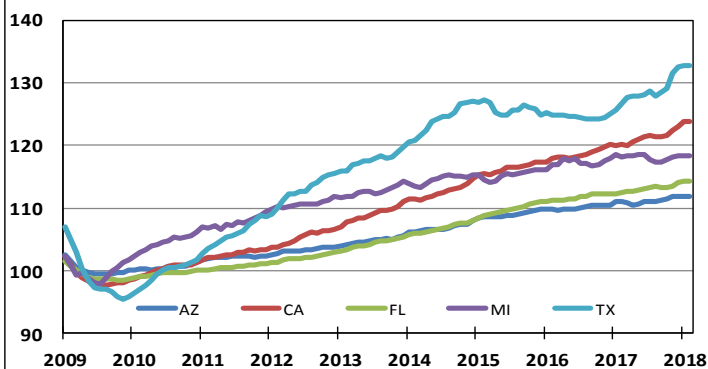
| | <u>Value</u> | <u>% Change</u> |
|----------------------|--------------|-----------------|
| February 2018 | 111.8 | 0.0 |
| January 2018 | 111.8 | 0.0 |

**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 Stalled

Comerica Bank's Arizona Economic Activity Index was unchanged in February at a level of 111.8. February'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.

The Comerica Bank Arizona Economic Activity Index was unchanged again in February, at 111.8 for the fourth consecutive month. After good economic momentum through last fall, Arizona entered 2018 with a flat economy. We expect our Arizona Index to begin tracking north again soon, supported by good job growth in early 2018, and positive net-migration to the state. Six out of nine index components were positive in February. They were non-farm payrolls, unemployment insurance claims (inverted), house prices, industrial electricity demand, state sales tax collections, and enplanements. Only three components were negative for the month, but they were enough to hold the overall index flat. The negative components were housing starts, total state trade and hotel occupancy. We expect housing starts to be a more consistent positive factor for the state economy this year. Housing supply is tight in most major markets. States like Arizona, where there is available space for new housing with reasonable land prices, will benefit as housing affordability declines elsewhere. International trade is a wildcard for Arizona and other border states in 2018. We expect the NAFTA negotiations to conclude soon without a major disruption to U.S./Mexico trade. Hotel occupancy increased in January, February and March, so that will be a positive factor in our March report, due out next month. Payroll jobs also increased in March, supporting our expectation for an increase in the Arizona Index next month.

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Arizona Economic Activity Index



| Indicator | Feb-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 |
|--|--------|--------------|--------------|--------------|--------------|--------------|
| Nonfarm Payroll Employment (Thousands) | 2,743 | 2,791 | 2,793 | 2,793 | 2,797 | 2,804 |
| <i>Percent Change</i> | | 0.2% | 0.1% | 0.0% | 0.1% | 0.3% |
| Continuing UI Claims (Weekly Average) | 29,206 | 27,196 | 26,675 | 26,214 | 25,764 | 25,468 |
| <i>Percent Change</i> | | -1.0% | -1.9% | -1.7% | -1.7% | -1.2% |
| Housing Starts (Annualized Rate) | 36,716 | 37,950 | 39,443 | 38,774 | 40,199 | 40,064 |
| <i>Percent Change</i> | | 6.2% | 3.9% | -1.7% | 3.7% | -0.3% |
| House Price Index (Jan 2000=100) | 147.8 | 152.2 | 152.5 | 152.7 | 153.1 | 153.9 |
| <i>Percent Change</i> | | 0.3% | 0.2% | 0.2% | 0.2% | 0.5% |
| Industrial Electricity Sales (Millions, KwHr) | 1,160 | 1,117 | 1,092 | 1,099 | 1,132 | 1,153 |
| <i>Percent Change</i> | | 0.8% | -2.2% | 0.6% | 3.1% | 1.8% |
| Total Trade (Millions, 2009 USD, Annualized Rate) | 37,188 | 37,094 | 38,066 | 38,161 | 38,250 | 38,148 |
| <i>Percent Change</i> | | 2.2% | 2.6% | 0.3% | 0.2% | -0.3% |
| Hotel Occupancy Index (2009=100) | 128.0 | 126.2 | 126.4 | 126.7 | 125.5 | 124.0 |
| <i>Percent Change</i> | | 0.7% | 0.2% | 0.2% | -0.9% | -1.2% |
| State Taxable Sales (Millions, 2009 USD) | 5,991 | 6,166 | 6,221 | 6,198 | 6,173 | 6,218 |
| <i>Percent Change</i> | | 0.1% | 0.9% | -0.4% | -0.4% | 0.7% |
| Enplanements Index (2009=100) | 115.6 | 115.6 | 116.8 | 117.6 | 118.3 | 118.6 |
| <i>Percent Change</i> | | 1.0% | 1.1% | 0.7% | 0.6% | 0.3% |
| Total Index | 111.0 | 111.5 | 111.8 | 111.8 | 111.8 | 111.8 |
| <i>Percent Change</i> | | 0.3% | 0.2% | 0.0% | 0.0% | 0.0% |

(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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