

Arizona Economic Activity Index

	<u>Value</u>	<u>% Change</u>
March 2018	111.9	0.1
February 2018	111.8	0.0

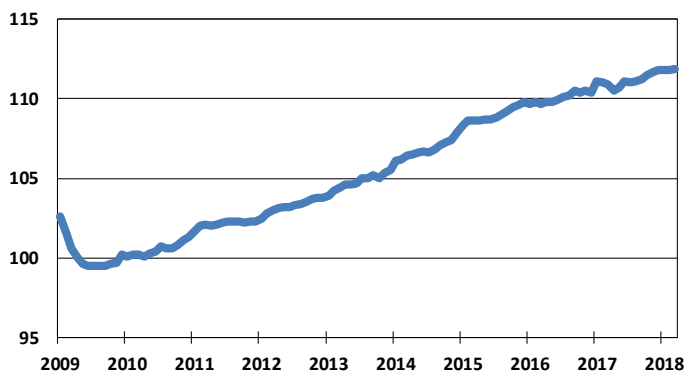
**All data has been adjusted for seasonality and changes in price.*

Comerica Bank's Arizona Index Improves

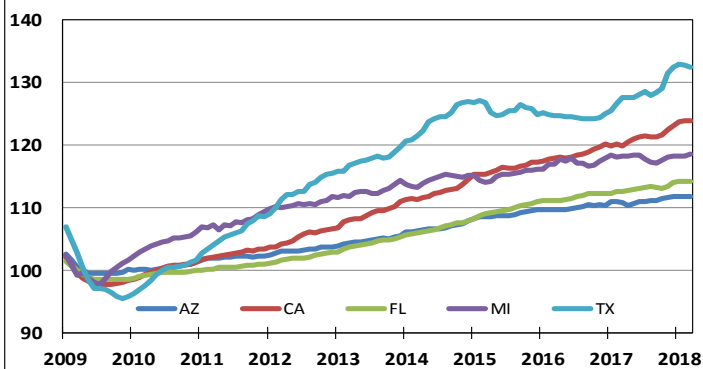
Comerica Bank's Arizona Economic Activity Index increased 0.1 percentage points in March to a level of 111.9. March's index reading is 12 points, or 12 percent, above the index cyclical low of 99.5. The index averaged 111.1 points for all of 2017, one point above the average for 2016. The February index reading was 111.8.

The Comerica Bank Arizona Economic Activity Index improved slightly in March. Six out of nine index components were positive in March including nonfarm payrolls, unemployment insurance claims (inverted), housing starts, house prices, total state trade and enplanements. The three negative components for the month were industrial electricity consumption, hotel occupancy and state taxable sales. Our Arizona index stalled from December through February. During this time, monthly job growth continued to improve, boosted by gains in the state's construction, manufacturing and private services sectors. The sustained job growth helped to counter declines in our hotel occupancy and sales tax indexes, leading to the three consecutive monthly readings of 111.8. The Arizona Index is increasing again, signaling an ongoing moderate expansion for the Arizona economy heading into the second half of 2018. The outlook for the state's housing sector also remains positive. The three consecutive monthly increases in our housing starts index are further evidence of healthy construction activity, particularly around the Phoenix metropolitan area. Arizona home prices continue to improve and year-over-year growth has accelerated in recent months. We expect the state's housing market to continue to benefit from the state's relatively high affordability which will boost in-migration of potential workers and baby boomers entering retirement.

Arizona Index Historical Values



5 State Index Historical Values



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Arizona Economic Activity Index



Indicator	Mar-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Nonfarm Payroll Employment (Thousands)	2,749	2,793	2,793	2,797	2,804	2,812
<i>Percent Change</i>		0.1%	0.0%	0.1%	0.3%	0.3%
Continuing UI Claims (Weekly Average)	28,670	26,675	26,214	25,764	25,468	25,153
<i>Percent Change</i>		-1.9%	-1.7%	-1.7%	-1.2%	-1.2%
Housing Starts (Annualized Rate)	34,410	39,443	38,774	40,107	41,495	42,358
<i>Percent Change</i>		3.9%	-1.7%	3.4%	3.5%	2.1%
House Price Index (Jan 2000=100)	148.4	152.5	152.7	153.1	153.9	154.9
<i>Percent Change</i>		0.1%	0.2%	0.2%	0.5%	0.7%
Industrial Electricity Sales (Millions, KwHr)	1,161	1,093	1,099	1,133	1,154	1,148
<i>Percent Change</i>		-2.2%	0.6%	3.1%	1.9%	-0.5%
Total Trade (Millions, 2009 USD, Annualized Rate)	36,841	38,066	38,161	38,250	38,151	39,044
<i>Percent Change</i>		2.6%	0.3%	0.2%	-0.3%	2.3%
Hotel Occupancy Index (2009=100)	127.7	126.3	126.5	125.3	123.8	122.5
<i>Percent Change</i>		0.2%	0.1%	-1.0%	-1.2%	-1.1%
State Taxable Sales (Millions, 2009 USD)	5,393	6,214	6,188	6,158	6,217	6,187
<i>Percent Change</i>		0.7%	-0.4%	-0.5%	1.0%	-0.5%
Enplanements Index (2009=100)	115.8	116.9	117.7	118.4	118.6	119.0
<i>Percent Change</i>		1.1%	0.6%	0.6%	0.2%	0.3%
Total Index	110.9	111.7	111.8	111.8	111.8	111.9
<i>Percent Change</i>		0.2%	0.1%	0.0%	0.0%	0.1%

(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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