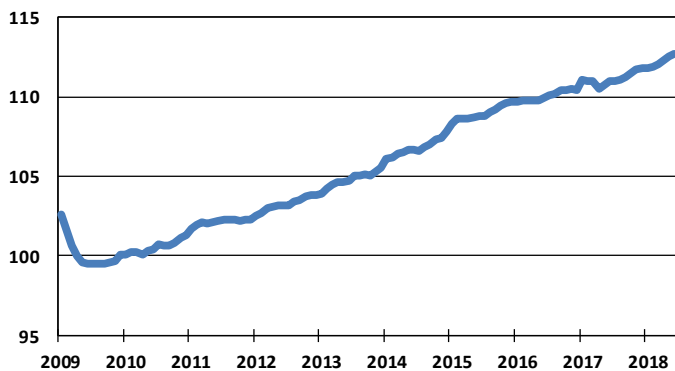


Arizona Economic Activity Index

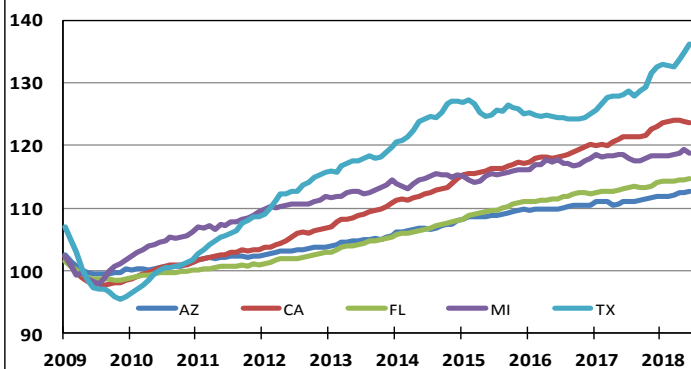
	<u>Value</u>	<u>% Change</u>
June 2018	112.7	0.2
May 2018	112.5	0.2

**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 Extends Gains

Comerica Bank's Arizona Economic Activity Index increased 0.2 percentage points in June to a level of 112.7. June's index reading is 13 points, or 13 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 May index reading was 112.5.

The Comerica Bank Arizona Economic Activity Index registered its fifth consecutive monthly gain in June. The Arizona Index has not declined since April 2017. The components were mixed in June however, suggesting that the Arizona economy is still vulnerable to cooling. Four out of nine sub-indexes were positive in June. They were non-farm employment, house prices, hotel occupancy, and state sales tax revenue. The five negative components were unemployment insurance claims (inverted), housing starts, industrial electricity demand, total state trade, and state sales tax revenue. Arizona job growth in 2018 continues to look firmer than it did in 2017. Through the first half of the year, 7,250 jobs per month have been added, on average. This helped to lower the state unemployment rate to 4.6 percent in July, still well above the low of 3.6 percent from mid-2007. Hopes for a resolution this year to NAFTA renegotiations continue to rise as the U.S. and Mexico struck a preliminary accord on trade earlier this week. According to the Arizona Republic, about one third of Arizona's international exports and imports are tied to trade with Mexico. Affected industries include semiconductors, logistics, agriculture, and tourism, while some prominent Arizona corporations have operations in Mexico. Despite positive bilateral developments between the U.S. and Mexico, it is still uncertain how or if Canada, Arizona's second largest trade partner, will join the accord.

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Arizona Economic Activity Index



Indicator	Jun-17	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Nonfarm Payroll Employment (Thousands)	2,767	2,804	2,812	2,819	2,827	2,834
<i>Percent Change</i>		0.3%	0.3%	0.3%	0.3%	0.2%
Continuing UI Claims (Weekly Average)	27,762	25,468	25,153	25,334	25,482	25,694
<i>Percent Change</i>		-1.2%	-1.2%	0.7%	0.6%	0.8%
Housing Starts (Annualized Rate)	38,857	43,202	43,566	43,235	41,845	40,545
<i>Percent Change</i>		-0.6%	0.8%	-0.8%	-3.2%	-3.1%
House Price Index (Jan 2000=100)	159.6	163.4	164.5	165.6	166.6	167.3
<i>Percent Change</i>		0.5%	0.7%	0.7%	0.6%	0.4%
Industrial Electricity Sales (Millions, KwHr)	1,154	1,155	1,149	1,135	1,145	1,143
<i>Percent Change</i>		1.9%	-0.5%	-1.2%	0.9%	-0.2%
Total Trade (Millions, 2012 USD, Annualized Rate)	38,533	40,783	41,566	42,146	41,740	41,462
<i>Percent Change</i>		-0.2%	1.9%	1.4%	-1.0%	-0.7%
Hotel Occupancy Index (2009=100)	124.4	123.9	122.8	124.2	125.6	126.5
<i>Percent Change</i>		-1.0%	-0.9%	1.1%	1.2%	0.7%
State Taxable Sales (Millions, 2012 USD)	5,885	6,594	6,604	6,720	6,696	6,754
<i>Percent Change</i>		0.8%	0.1%	1.8%	-0.4%	0.9%
Enplanements Index (2009=100)	117.0	118.6	118.9	118.8	118.9	118.4
<i>Percent Change</i>		0.1%	0.3%	-0.2%	0.1%	-0.4%
Total Index	111.0	111.9	112.0	112.3	112.5	112.7
<i>Percent Change</i>		0.1%	0.1%	0.3%	0.2%	0.2%

(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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