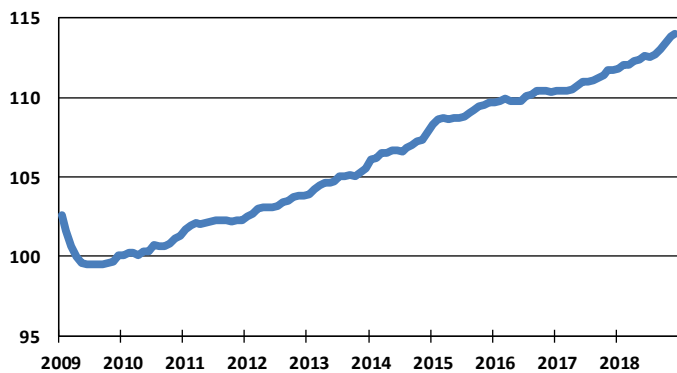


Arizona Economic Activity Index

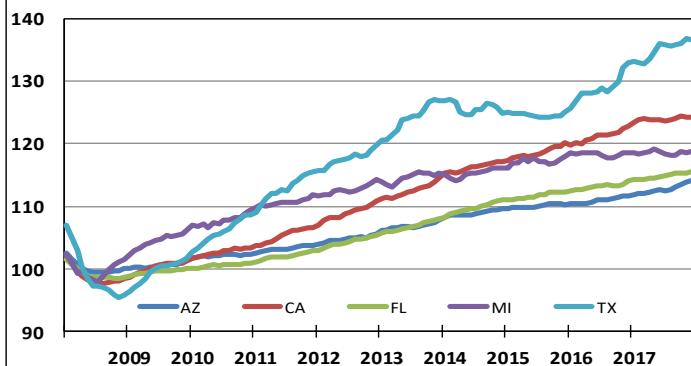
	<u>Value</u>	<u>% Change</u>
December 2018	114.0	0.2
November 2018 (Revised)	113.8	0.4

**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 Improves

Comerica Bank's Arizona Economic Activity Index increased by 0.2 percent in December to a level of 114.0. December's index reading is 15 points, or 15 percent, above the index cyclical low of 99.5. The index averaged 112.7 points for all of 2018, 1.7 points above the average for 2017. November's revised index reading was 113.8.

The Comerica Bank Arizona Economic Activity Index ticked up again, this time by 0.2 percent in December, showing sustained momentum in the Arizona economy with its fifth consecutive monthly gain. Please note that housing starts, industrial electricity demand, and total trade were estimated for the month of December due to delays in the release of these data points. Eight of the nine indicators were positive for December, including nonfarm employment, unemployment insurance claims (inverted), house prices, industrial electricity demand, state trade, hotel occupancy, state sales tax revenue and enplanements. Only housing starts posted a decline for the month. Despite the slump in housing starts for a second straight month, longer-term prospects for construction remain positive as households are expected to continue streaming into Arizona. The State of Arizona's Office of Economic Opportunity recently released its annual Projected Employment Report, which forecasts construction to lead all other sectors. Beyond construction, Arizona's tech and professional services sectors are expected to remain strong as firms continue to take advantage of the state's comparatively low-cost and business-friendly environment. Several notable firms in these sectors have already announced plans to relocate operations to Arizona, including Infosys and Deloitte, who have committed to 1,000 and 2,500 new jobs in the Phoenix metro area, respectively.

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Arizona Economic Activity Index



Indicator	Dec-17	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Nonfarm Payroll Employment (Thousands)	2,793	2,850	2,863	2,877	2,884	2,889
Percent Change		0.4%	0.4%	0.5%	0.3%	0.2%
Continuing UI Claims (Weekly Average)	26,214	25,499	25,199	24,576	23,884	23,189
Percent Change		-0.6%	-1.2%	-2.5%	-2.8%	-2.9%
Housing Starts (Annualized Rate)	41,772	41,284	42,977	44,952	41,759	40,691
Percent Change		5.3%	4.1%	4.6%	-7.1%	-2.6%
House Price Index (Jan 2000=100)	162.3	168.3	169.1	170.0	171.1	172.0
Percent Change		0.3%	0.5%	0.5%	0.6%	0.5%
Industrial Electricity Sales (Millions, KwHr)	1,124	1,135	1,139	1,138	1,146	1,157
Percent Change		0.0%	0.4%	-0.2%	0.7%	1.0%
Total Trade (Millions, 2012 USD, Annualized Rate)	40,278	40,690	40,566	41,204	42,180	42,617
Percent Change		0.8%	-0.3%	1.6%	2.4%	1.0%
Hotel Occupancy Index (2009=100)	125.8	126.9	128.1	128.4	129.2	129.4
Percent Change		0.3%	1.0%	0.2%	0.6%	0.2%
State Taxable Sales (Millions, 2012 USD)	5,971	6,754	6,806	6,843	6,893	6,952
Percent Change		0.8%	0.8%	0.5%	0.7%	0.9%
Enplanements Index (2009=100)	117.4	117.2	118.0	119.2	120.8	121.4
Percent Change		-0.6%	0.7%	1.1%	1.3%	0.6%
Total Index	111.7	112.7	113.0	113.4	113.8	114.0
Percent Change		0.2%	0.3%	0.4%	0.4%	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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