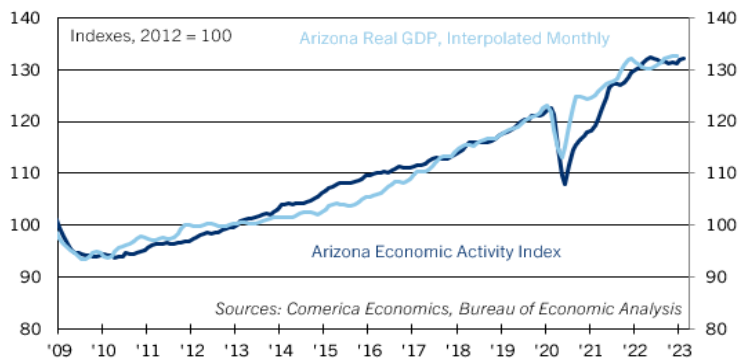


■ Bill Adams ■ Waran Bhahirethan

Arizona Economic Snapshot, February 2023

	Feb-23	Jan-23	Dec-22	Nov-22	Oct-22
Comerica Arizona Index					
3-month % change, annual rate	2.5	2.2	-1.2	0.3	-2.7
Year-over-year % change	1.4	1.4	1.3	2.3	2.8
Real GDP (Quarterly)			Dec-22		Sep-22
Quarterly change, annual rate	--	3.2	--	--	3.9
Year-over-year % change	--	0.7	--	--	2.4
Unemployment Rate, %	Feb-23	Jan-23	Dec-22	Nov-22	Oct-22
Percent	3.7	3.8	4.0	4.0	4.1

Arizona Index and Arizona Real GDP



Arizona Index Rises Again in February

The Comerica Arizona Economic Activity Index rose 2.5% annualized in the three months through February and was up 1.4% from a year earlier. Five of the Index’s nine components rose in February, while four fell.

Employment rose by 3,500, following a 19,500 gain in January and pushing the unemployment rate down a tenth to 3.7%. While continuing jobless claims edged higher, the Arizona labor market, overall, was in good shape in early 2023.

Housing starts rose robustly by 32.9% in February from January, but were still down by nearly a fourth from a year ago. House prices fell for the seventh consecutive month and were down 8.3% from July’s peak. Housing is likely to be a drag on Arizona’s economy in the coming months as high mortgage rates price many aspiring homebuyers out of the market.

Seasonally-adjusted hotel occupancy eased slightly, while air passenger volumes rose solidly in February.

Hotel occupancy and air passenger volumes through February were above the comparable period last year and in 2019, indicating the critical tourism sector is returning to pre-pandemic norms. Inflation-adjusted taxable sales receipts were up again by a strong 4.2% in the month, pointing to robust consumer spending at the turn of the year.

The Arizona economy grew by 2.5% last year, above the national average of 2.1%. Arizona’s economy is likely to grow in the coming quarters, but much slower than in 2021 and 2022, due to high interest rates, high inflation, and spillovers from weaker national and global economies.

The Comerica Arizona Economic Activity Index is a monthly composite indicator of state economic activity. The Index provides a wholistic advance view of the state of Arizona’s economy, using economic data that are available about one quarter earlier than real GDP is released.

The index is comprised of nine components: Nonfarm payroll employment, continuing claims for unemployment insurance, housing starts, house prices, industrial electricity sales, foreign trade, hotel occupancy, air passenger traffic data, and state tax receipts. All data are seasonally adjusted with nominal values converted to constant dollar values as appropriate. To filter out month-to-month volatility in the index components, the index is calculated from the three-month moving averages of its components. Values for a minority of components are projected from their releases in the prior month due to the timing of data releases.

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