

ECONOMIC OUTLOOK ANNUAL FORECAST LUNCHEON



2009

2010

Featuring
insight from
economists
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Presented by the
Eller College
of Management
in cooperation
with The University of
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Westin La Paloma

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2009 | 2010 OUTLOOK

Riding Out the Storm

The economic outlook has deteriorated significantly as a result of recent financial turmoil. The downturn, which began in late 2007, accelerated in August and the economy is in a free fall as year end approaches. We now expect a recession stretching into the second half of 2009 and comparable in severity to the recessions of the mid-1970s and early 1980s. Will these events become truly transformational?

The first seven years of this decade are best described as a period of easy money. Financial innovation in the form of sub-prime mortgages and securitization, which permitted risk to be spread across investors worldwide, allowed credit to expand seemingly without limits – and with little effective regulation. The expansion of credit allowed asset bubbles to develop in real estate (and later) commodities.

EXHIBIT 1 | GDP Declines in Post-WW II Recessions, U.S.

<u>Year of Peak</u>	<u>peak-to-trough</u>	
	<u>% change</u>	<u># months</u>
1948	-1.8	11
1953	-2.6	10
1957	-3.7	8
1960	-1.6	10
1969	-1.1	11
1973	-3.1	16
1980	-2.2	6
1981	-2.9	16
1990	-1.3	8
2001	-0.4	8
2007	-1.6 to -3.3	18 to 24

note: 2007 are forecasts from Global Insight

Now credit is contracting, and overextended financial institutions are being forced to deleverage. That's a painful process in which panic has sent asset prices tumbling. The U.S. stock market has lost over 40% of its value so far – the largest drop since the mid 1970s. Home prices are down nearly 9% nationwide (according to the National Association of Realtors). Oil prices have fallen from over \$140 per barrel to below \$60.

Financial institutions have suffered crippling losses of capital, the nation's investment banks have all but disappeared, and some portions of financial markets all but stopped functioning in recent weeks.

The freeze in financial markets was precipitated by the bursting of

the housing bubble and the subsequent insolvency of investment banks, which were major investors in sub-prime mortgage securities, as well as facilitators in the securitization process. These minimally-regulated institutions were operating effectively as hedge funds and taking huge bets using very high leverage. The failure of Lehman Brothers in mid-September precipitated a hard freeze on portions of financial markets.

This is a classic financial crisis that is well understood by Federal Reserve Chairman Ben Bernanke. He is quoted as saying, "The Federal Reserve's first responsibility is to do its part to ensure the integrity of the financial

"The Federal Reserve's first responsibility is to do its part to ensure the integrity of the financial infrastructure – in particular, the payments system and the systems for settling trades of securities and other financial instruments. If necessary, the Fed should provide ample liquidity until the immediate crisis has passed."

- Fed Chairman Bernanke

EXHIBIT 2 | Growth Will Return After a Significant Drop
Nonfarm Job Growth, Arizona

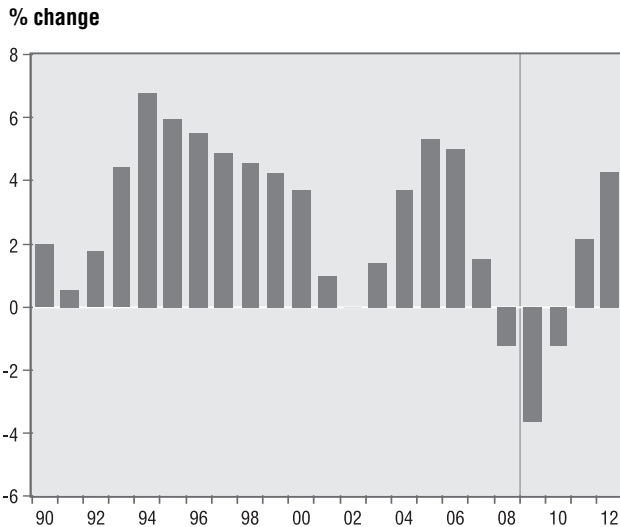


EXHIBIT 3 | Bankruptcy Filings Rising But Still Low
Business Reorganizations Chapter 11, Arizona (smoothed)



infrastructure – in particular, the payments system and the systems for settling trades of securities and other financial instruments. If necessary, the Fed should provide ample liquidity until the immediate crisis has passed.”

So, the Fed has been doing just as expected – providing liquidity. In the evolving process, it has implemented unprecedented measures. As lender of last resort, the Fed has set up new lending facilities for primary dealers (including investment banks), asset-backed commercial paper markets, money market mutual funds, and foreign central banks.

Working through the U.S. Treasury, the federal government has effectively nationalized the mortgage lending industry, and

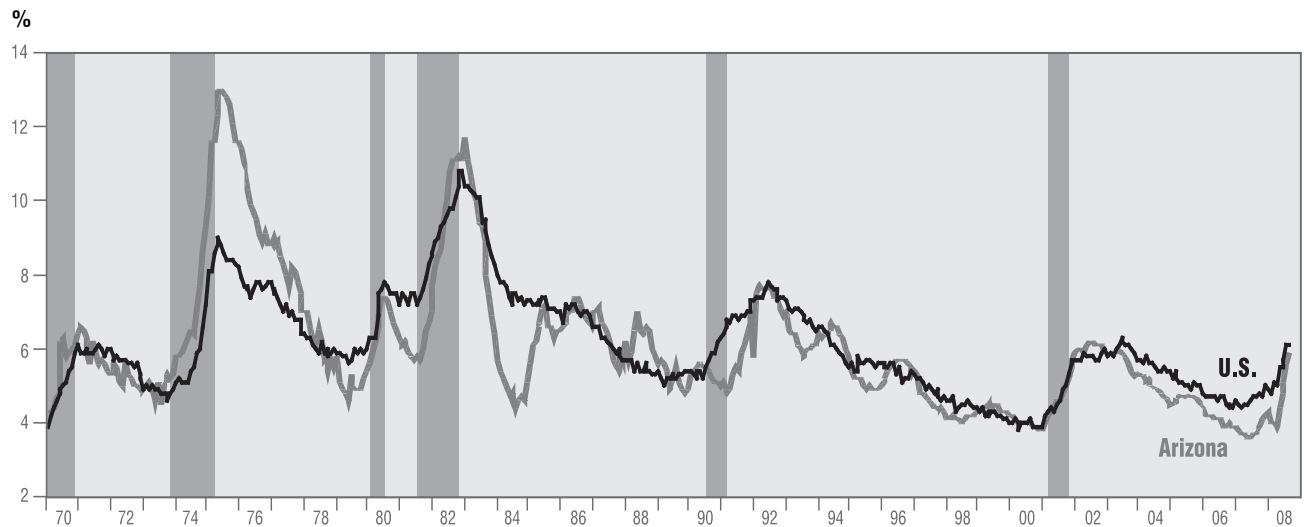
assumed control of the nation’s largest insurer. It is also buying preferred stock in dozens of the nation’s largest banks and buying mortgage-backed securities, in an effort to pump liquidity into the financial system.

Since the economy floats on a sea of credit, it is no surprise that the U.S. economy is now in a free fall — like Arizona has been all year. Real GDP declined a modest 0.5% in the third quarter and will likely plunge in the fourth and remain in negative territory until 2009’s second half.

On December 1, the National Bureau of Economic Research (NBER) officially declared that December of 2007 marked the peak of the last expansion, which spanned 73 months (just over six years). Arizona’s economy peaked a

few months earlier. Whereas the nation’s economy didn’t begin to drop significantly until this August, Arizona’s economy has been rapidly losing ground throughout 2008.

Consumers are in full retreat as year end approaches. They are truly stunned by recent developments as consumer confidence measures have plunged to the lowest levels ever recorded. Driven by declining housing values and stock holdings, household net worth has fallen by roughly 13% from its recent peak. Households are highly leveraged and very illiquid and their balance sheets are in the worst shape in the post-World War II era. Real consumption dropped 3.7% in the third quarter, the worst decline in 28 years. Auto sales in October were the lowest since 1983.

EXHIBIT 4 | Unemployment Remains Relatively Low*Unemployment Rate*

Consumer finances are unlikely to get much better anytime soon. Falling employment, declining real wages, negative wealth effects from lower housing values and stocks, tightening credit conditions, high debt burdens, and low savings will limit consumers' ability to spend. The unemployment rate stood at a 14-year high at 6.5% in October and is headed toward 8% or higher. Inflation-adjusted consumption is expected to log the worst back-to-back years (2008-09) in the post-World War II period.

Homebuilding is at the lowest level since 1945, with starts nationwide dropping below a one million annual rate in recent months. Housing starts have declined by nearly two-thirds from their peak.

Inflation is yesterday's problem. In July, inflation was running at 5.6%. Suddenly, *deflation* is a real threat. October numbers showed both producer prices and consumer prices declining, due to the effects of falling energy prices. Core inflation at the consumer level fell by 0.1% as well. With declining energy and food prices, headline inflation at the consumer level will remain negative next year. Core price inflation will recede to near 1% from 2.2% currently, but if the core rate drops below zero for several months, monetary policy would be rendered ineffective. This is what happened in Japan in the 1990s as people stopped buying in the face of declining prices. Any money pumped into the system by monetary authorities was stuffed

under the mattress. This is economists' worst fear – the dreaded “liquidity trap.”

On the bright side, the economy has four positive factors acting to limit the severity of the recession. First, oil prices are less than half the \$140+ peak reached only a few months ago. That means households have more than \$200 billion extra to spend on essentials rather than at the pump. Second, swift and coordinated action by governments around the world will stabilize financial markets. Three, these actions have infused a huge amount of liquidity into financial markets that will recapitalize banks and get credit flowing again. Four, we can expect further fiscal stimulus of \$200 billion or so from Washington very soon. Expected to

EXHIBIT 5 | This Year's Pull Back Was Unprecedented

*Retail Sales Growth, Arizona
(retail, restaurant & bar, food, and gasoline)*

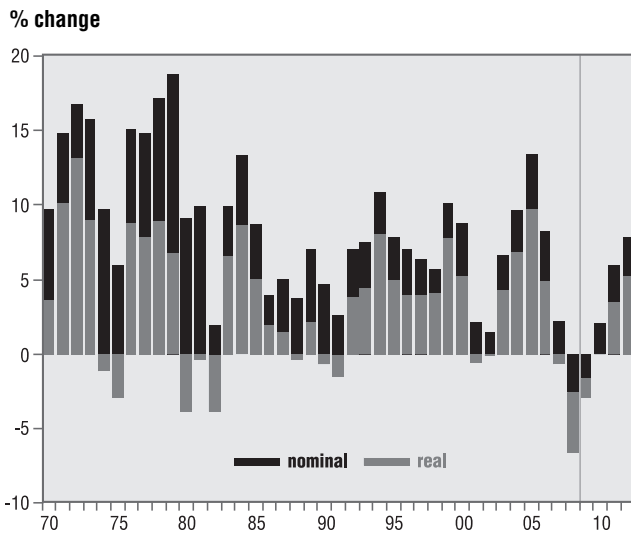
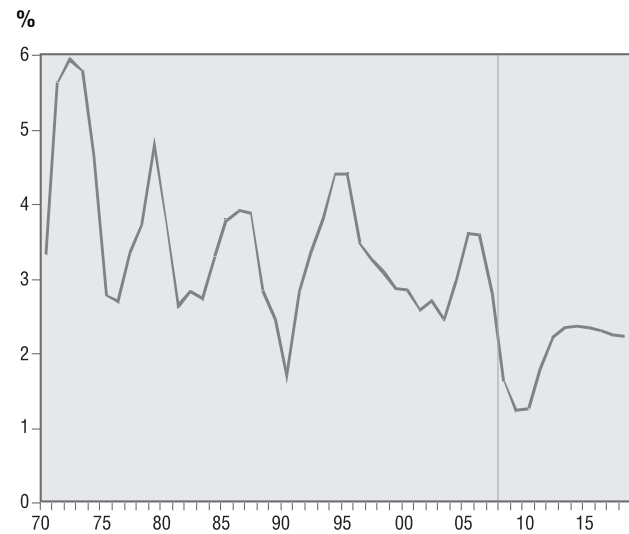


EXHIBIT 6 | Population Growth Slows Significantly

Population Growth, Arizona



be included are grants to states for infrastructure, Medicaid, and other safety net programs; extended unemployment insurance; and rebates to individuals similar to (but smaller than) those provided earlier this year. Combined these actions represent *huge* amounts of stimulus being poured into the economy and we can rest assured that more will be forthcoming if needed.

The Outlook

How do we find solace in today's depressing environment? The answer is: we've been here before and often when things appear bleakest, recovery is not too far off. Recessions are messy and downright scary, but they eventually come to an end with the stage set for the return of prosperity.

All considered, we should expect a recession comparable in severity to the mid-70s and early 80s recessions – each lasted 16 months, nearly a year-and-a-half. This one likely will be a bit longer spanning some 18-21 months and stretching into the second half of 2009. According to Global Insight, a global economic forecasting firm, the peak-to-trough decline in real GDP should range between -1.6% and -3.3% (see Exhibit 1).

We've been through ten recessions since World War II and the bad times eventually fade. The last two were very short and mild, so this one seems extreme (as if we were in uncharted territory). But that's just because many don't remember the earlier episodes. The primary challenge is to survive – to

remain solvent – and secondarily to prepare for the recovery and expansion when the business cycle turns up again.

The Outlook for Arizona

Arizona's economy has been contracting since the third quarter of 2007 – a few months before the nation's economy topped out. Arizona normally enters recessions later but this time it's leading the rest of the country, along with California, Nevada, and Florida — states that also participated in the recent housing bubble. Malaise has spread far beyond homebuilding, affecting nearly every sector of the economy.

Since peaking one year ago (September 2007), nonfarm employment has dropped by more than 85,000 statewide. The

construction industry accounts for almost half of those losses (44,000), but effects of the housing debacle are widely felt throughout the economy. The trade, transportation, and utilities (TTU) sector has trimmed 20,200 jobs, followed by professional and business services at 18,000. Other sectors that have trimmed jobs over the past year include manufacturing, financial activities, other services, leisure and hospitality, and information. Only three sectors have added jobs: educational and health services (12,500), government (6,400), and mining (1,100). Mining will swing to negative in coming months with recently announced layoffs due to falling copper prices.

Aggregate nonfarm employment statewide is expected to continue falling through most of 2009 and perhaps into early 2010. Roughly 6.5% or 170,000 jobs will be lost from peak to trough. That will make this the longest and deepest recession in Arizona history. The longest lasted 16 months with a decline of a little over 2%. The forecast for jobs is shown in Exhibit 2.

Bankruptcies are increasingly in the news; Circuit City, Linens and Things, Lehman Brothers, and Mervyn's are some of the more recognizable recent examples. Filings for smaller companies as well as consumers are up as well. During the past year (with data through October), total filings have increased by 90% statewide. Most are Chapter 7 liquidations of

individuals and businesses. Business bankruptcies under Chapter 11 have nearly doubled during the past year, but remain less than half the number experienced during the 1990-91 recession (Exhibit 3).

Arizona's unemployment rate in October was 6.1%, up sharply from 3.9% 12 months earlier. That remains well below the rates posted during the mid-1970s and early 1980s recessions, when the unemployment rate reached 13% and 11%, respectively. We look for the rate to approach 8% during this recession (Exhibit 4).

Sales figures for Arizona show that consumers are in full retreat. Retail sales (as narrowly defined) plunged at double-digit annual rates during the second and third quarters, and were 8.3% lower in August than 12 months earlier. A big reason for the out-sized weakness was high gasoline prices. Sales of gasoline were 26% higher during the same period, thereby leaving less money to spend on retail goods. Meanwhile, restaurant and bar sales were declining only slightly, down a little over 2%. Combining all three categories, which sum to \$70 billion of spending at an annual rate, the total was 3.8% lower.

Gasoline is taxed on a per gallon basis, rather than as a percent of the dollars spent, so sales tax revenues reflect the other two categories. Unfortunately, in recent years policy makers have shifted more of the tax burden onto sales taxes in the belief that it was the most stable of the

three sources (income taxes and property taxes are the other two). They are now discovering that sales taxes can be quite volatile.

Retail spending (including all three categories plus food) will decline 1.6% next year, following a drop of 2.5% this year. That's in current dollars. In real terms (after adjusting for inflation), sales will drop 2.9% following an outsized 6.6% decline this year. Next year's decline will be smaller as inflation subsides and as autos and home related components stabilize (Exhibit 5).

Population growth, a major prop under Arizona's economy, slowed significantly in recent months as potential residents found that they were unable to sell their houses back home. According to U.S. Census Bureau estimates, annual population growth peaked at 3.6% in 2005 and 2006. We expect growth in the 1.2-1.3% range during the next two years, only slightly faster than nationwide (Exhibit 6). With reduced population growth, it will take longer to fill now vacant houses.

We should expect a recession comparable in severity to the mid-70s and early 80s recessions.

The recession in Arizona began earlier and will last longer than the national recession. The main reason is that credit conditions must first improve and then Arizona's large inventory of houses must be absorbed. That must happen before homebuilding can commence once again. Unless another source of growth surprises us, homebuilding will need to get back on track before economy-wide growth returns.

Will the Current Environment Become Truly Transformational?

There is a good chance that policies and behaviors will change in response to the current upheaval. Here are some things that may transform.

Arizona's unemployment rate remains well below the rates posted during the mid-1970s and early 1980s recessions. Look for the rate to approach 8% during this recession.

The structure of the financial system is changing and so will the regulatory structure. The policy of minimal regulation in the belief that financial institutions would self-regulate, in the interest of shareholders and their own preservation, has failed. Much tighter regulatory oversight can now be expected.

A topic of interest in coming months is how the federal government will undo its recent actions. It is now the nation's de facto mortgage lender. It controls the largest insurer. It has assumed large equity stakes in banking institutions. How will the federal government undo these intrusions into free markets? At present the government has no discernable exit strategy.

What about the issue of moral hazard? Will the "too big to fail" doctrine entice ever-riskier behavior in the future with the expectation that Uncle Sam will socialize their losses?

We should expect a change in spending and savings patterns on the part of consumers. Household net worth (wealth) has plunged by 13% so far, and that means less spending and more savings. The period of easy money is over and Americans' standard of living has taken a hit. Preferences have already shifted to more fuel efficient cars. Homeowners may even rediscover the wisdom of

paying down (or paying off) the mortgage. And consumers will boost their savings rather than spending every dollar.

The nation's policies to boost home ownership (the great American dream) lie at the heart of the current crisis. Affordable housing programs, grants for down payments, low interest/interest only/negative amortization mortgages, second mortgages to cover down payments, etc., were commonly offered to borrowers who had miniscule chances of servicing the loan. Additionally, mortgage interest and real estate taxes are deductible and gains on the sale of a house are free of capital gains within certain limits. Will we continue to promote home ownership with our tax and lending policies?

Americans are being blamed by others around the world for the economic problems they are now experiencing. Will U.S. financial markets retain the "safe haven" status that they've enjoyed for years? Will foreign investors continue to provide capital?

If the liquidity currently being pumped into financial markets isn't drained as the economy recovers, we're likely to see much higher inflation and higher interest rates a few years down the road. We may be sowing the seeds of the next bubble. (Do you like roller coasters?) Hang on tightly.

Review of Past Forecasting Accuracy

Assessing last year's accuracy is always a challenge since most of the actuals are "best guesses" based on partial-year figures. For example, only nine months of data are available for retail sales when this publication goes to press. For personal income and population, which are reported with significant lag, actuals for the most recent two to three years are preliminary estimates.

In addition to the lag in reporting, some measures are subject to substantial revision. Employment estimates are a prime example. Here, preliminary estimates will be revised at least twice before the "final" actuals are known. During the past decade, preliminary job growth, statewide, has subsequently been revised upward by as much as 1.3 percentage points and downward by as much as 1.7% (2007, the largest on record). During the past 25 years,

upward revisions outnumber downward by 19 to six. We're expecting sizable downward revisions to the 2008 preliminary employment estimates, which we expect to show a loss of 1.3% after the data is revised. Last year at this time, we projected an decrease of 0.4% – an error of 0.9% (see table). Over the past ten years, forecast errors for employment growth have averaged 0.8%.

We predicted one year ago that 2008 would be a recession year for Arizona with declining employment, reduced population growth, failures in growth-related businesses, a major pullback by consumers, and severe stress for state and local budgets. Our forecasts for 2008 turned out to be too high as the financial crisis worsened and fear overpowered consumers and business leaders alike. Growth in personal income was only 2.9%, and

population growth waned to only 1.6%, the slowest in at least 35 years. Retail sales fell by 2.5%. Homebuilding continued to decline, falling by nearly half. These realizations were worse than expected and closer to our "low" scenario that resembled the severe recessions of the mid-1970s and early 1980s.

Our forecasts continue to be a reliable guide, due at least in part to our process, which incorporates input gathered each quarter from our stable of thoroughbred sponsors. We continue to work hard to provide the most comprehensive and accurate forecasts available anywhere for Arizona and the Phoenix and Tucson metro areas.

The editors of the Arizona Blue Chip newsletter have recognized our forecasts as the best among Arizona forecasters four times, the most recent being our forecasts for 2006. ■

Accuracy of 2008 Forecast (percentage change 2008 versus 2007)

	Arizona		Phoenix-Mesa		Tucson	
	Forecast	Actual	Forecast	Actual	Forecast	Actual
Personal Income	3.4	2.9	3.3	3.8	5.0	4.2
Wages Per Employee	3.0	2.6	3.7	4.8	3.7	3.8
Retail Sales	1.0	-2.5	-1.0	-2.4	3.7	-1.9
Population	2.7	1.6	2.5	1.7	2.1	1.3
Building Permits	-22.2	-43.6	-29.3	-45.5	-4.2	-30.9
Non Farm Employment	-0.4	-1.3	-1.0	-1.4	0.5	-1.6
Private	-0.8	-1.9	-1.3	-1.8	0.7	-2.3
Government	1.7	1.9	1.5	1.3	-0.1	1.4

Forecasts were prepared in December of 2007.

TABLE 1
Selected Economic
Indicators
TUCSON Metro Area

	2006	2007	2008	2009	2010
INCOME					
Personal Income (\$mill)	29,806.6	31,727.6	33,061.9	33,496.7	34,548.6
% change	8.4	6.4	4.2	1.3	3.1
Per capita Personal Income (\$)	31,418	32,807	33,755	33,815	34,333
% change	5.9	4.4	2.9	0.2	1.5
SALES (\$millions)					
Retail Sales (current dollars)	11,681.5	11,969.5	11,736.8	11,812.9	12,142.8
% change	6.4	2.5	-1.9	0.6	2.8
Food Sales	1,616.0	1,715.9	1,831.4	1,869.2	1,923.4
% change	7.9	6.2	6.7	2.1	2.9
Retail Sales less Food	7,758.0	7,790.5	7,316.4	7,424.2	7,601.1
% change	6.7	0.4	-6.1	1.5	2.4
Restaurant and Bar Sales	1,406.2	1,455.1	1,398.4	1,415.7	1,480.1
% change	8.6	3.5	-3.9	1.2	4.5
Gasoline Sales	901.3	1,008.1	1,190.6	1,103.7	1,138.2
% change	-1.8	11.9	18.1	-7.3	3.1
EMPLOYMENT (000s)					
Non Farm Employment	379.6	384.3	378.2	370.0	370.9
% change	3.5	1.2	-1.6	-2.2	0.2
Mining	1.6	1.8	2.1	2.1	2.0
% change	13.9	17.6	11.5	-0.1	-1.6
Construction	27.9	26.2	21.4	18.2	17.8
% change	8.7	-6.1	-18.3	-15.0	-2.1
Manufacturing	28.1	27.4	26.7	26.6	26.7
% change	-0.7	-2.4	-2.6	-0.5	0.4
Trade, Transportation & Utilities	62.7	64.3	63.8	62.2	62.4
% change	5.2	2.6	-0.8	-2.6	0.3
Information	6.8	6.0	5.8	5.6	5.6
% change	-6.1	-10.7	-4.9	-2.1	-0.4
Professional & Business Services	49.7	52.1	51.4	50.3	48.8
% change	8.3	4.7	-1.4	-2.1	-2.9
Leisure & Hospitality	40.6	40.1	39.1	38.2	38.8
% change	2.1	-1.2	-2.5	-2.3	1.6
Government	76.3	77.9	79.0	76.8	76.8
% change	-1.0	2.1	1.4	-2.7	0.0
OTHER INDICATORS					
Population (000s)	948.7	967.1	979.5	990.6	1,006.3
% change	2.3	1.9	1.3	1.1	1.6
Residential Permits (units)	8,522	5,237	3,618	3,433	5,556
% change	-26.8	-38.5	-30.9	-5.1	61.8
Single family	8,132	4,698	2,909	2,871	5,068
% change	-27.2	-42.2	-38.1	-1.3	76.5
Multi-family	390	539	709	562	488
% change	-18.4	38.2	31.5	-20.7	-13.2
Gasoline Sales (mill of gals)	353.6	371.5	357.7	367.7	364.3
% change	-10.3	5.1	-3.7	2.8	-0.9
Unleaded Gasoline Price, PHX (\$)	2.50	2.70	3.30	3.00	3.10
% change	9.4	6.5	22.7	-9.8	4.1
Aggregate Earnings Rate	39,743	41,042	42,591	43,411	44,354
% change	3.4	3.3	3.8	1.9	2.2

	2006	2007	2008	2009	2010
INCOME					
Personal Income (\$mill)	138,465.1	146,322.4	151,927.7	153,475.0	155,848.2
% change	9.2	5.7	3.8	1.0	1.5
Per capita Personal Income (\$)	34,215	35,010	35,742	35,657	35,750
% change	4.8	2.3	2.1	-0.2	0.3
SALES (\$millions)					
Retail Sales (current dollars)	56,331.1	57,389.2	55,994.0	55,211.2	56,700.4
% change	8.3	1.9	-2.4	-1.4	2.7
Food Sales	7,037.0	7,454.5	7,943.6	8,068.6	8,171.7
% change	6.5	5.9	6.6	1.6	1.3
Retail Sales less Food	38,285.8	38,245.6	35,622.4	35,124.6	36,052.9
% change	7.7	-0.1	-6.9	-1.4	2.6
Restaurant and Bar Sales	6,601.8	6,745.7	6,535.0	6,651.6	6,838.4
% change	10.6	2.2	-3.1	1.8	2.8
Gasoline Sales	4,406.6	4,943.4	5,893.0	5,366.4	5,637.4
% change	13.3	12.2	19.2	-8.9	5.1
EMPLOYMENT (000s)					
Non Farm Employment	1,884.1	1,918.2	1,891.2	1,839.1	1,805.9
% change	5.4	1.8	-1.4	-2.8	-1.8
Mining	2.7	3.1	3.2	3.4	3.1
% change	25.9	13.8	2.2	6.6	-8.0
Construction	180.1	169.0	139.0	123.7	103.3
% change	9.9	-6.2	-17.7	-11.1	-16.5
Manufacturing	139.9	137.4	134.6	129.1	129.6
% change	2.4	-1.8	-2.1	-4.0	0.4
Trade, Transportation & Utilities	379.5	392.0	387.7	366.4	361.0
% change	4.8	3.3	-1.1	-5.5	-1.5
Information	32.4	31.7	30.7	30.5	30.1
% change	-2.8	-2.1	-3.1	-0.8	-1.0
Professional & Business Services	319.2	327.3	324.3	316.9	303.4
% change	7.6	2.5	-0.9	-2.3	-4.3
Leisure & Hospitality	180.5	185.6	189.7	183.7	185.8
% change	5.9	2.9	2.2	-3.1	1.2
Government	229.2	239.8	243.0	241.2	238.8
% change	1.6	4.6	1.3	-0.8	-1.0
OTHER INDICATORS					
Population (000s)	4,046.9	4,179.4	4,250.7	4,304.2	4,359.4
% change	4.2	3.3	1.7	1.3	1.3
Residential Permits (units)	44,280	37,272	20,314	15,269	17,478
% change	-29.3	-15.8	-45.5	-24.8	14.5
Single family	36,282	26,404	13,709	10,209	13,912
% change	-33.2	-27.2	-48.1	-25.5	36.3
Multi-family	7,998	10,868	6,605	5,060	3,566
% change	-3.7	35.9	-39.2	-23.4	-29.5
Gasoline Sales (mill of gals)	1,728.7	1,821.7	1,771.3	1,788.4	1,805.1
% change	3.6	5.4	-2.8	1.0	0.9
Unleaded Gasoline Price, PHX (\$)	2.55	2.71	3.33	3.00	3.12
% change	9.4	6.5	22.6	-9.8	4.1
Aggregate Earnings Rate	47,532	48,617	50,972	52,648	54,258
% change	3.9	2.3	4.8	3.3	3.1

TABLE 2**Selected
Economic Indicators**PHOENIX-MESA-SCOTTSDALE
Metro Area

TABLE 3
Selected
Economic Indicators
ARIZONA

	2006	2007	2008	2009	2010
INCOME					
Personal Income (\$mill)	199,479.8	208,544.8	214,582.4	214,448.2	218,052.1
% change	9.3	4.5	2.9	-0.1	1.7
Per capita Personal Income (\$)	32,353	32,900	33,308	32,880	33,012
% change	5.5	1.7	1.2	-1.3	0.4
SALES (\$millions)					
Retail Sales (current dollars)	81,005.9	82,792.8	80,700.9	79,397.3	81,029.4
% change	8.2	2.2	-2.5	-1.6	2.1
Food Sales	10,681.4	11,286.0	11,851.4	12,091.8	12,223.3
% change	9.8	5.7	5.0	2.0	1.1
Retail Sales less Food	54,268.0	54,378.2	50,726.2	50,072.3	50,823.2
% change	7.6	0.2	-6.7	-1.3	1.5
Restaurant and Bar Sales	9,381.9	9,636.3	9,364.1	9,300.6	9,635.1
% change	10.1	2.7	-2.8	-0.7	3.6
Gasoline Sales	6,939.4	7,770.9	9,056.3	8,230.6	8,648.4
% change	8.3	12.0	16.5	-9.1	5.1
EMPLOYMENT (000s)					
Non Farm Employment	2,634.5	2,675.3	2,641.8	2,546.3	2,515.3
% change	5.0	1.5	-1.3	-3.6	-1.2
Mining	9.9	11.5	12.9	13.6	13.0
% change	15.4	16.2	11.9	5.2	-4.4
Construction	240.3	224.3	191.7	151.3	130.1
% change	9.6	-6.7	-14.5	-21.1	-14.0
Manufacturing	185.7	182.1	179.0	170.8	168.7
% change	1.9	-1.9	-1.7	-4.6	-1.2
Trade, Transportation & Utilities	512.2	527.5	525.1	500.9	493.9
% change	4.8	3.0	-0.5	-4.6	-1.4
Information	44.1	42.8	41.2	40.9	41.2
% change	-2.5	-3.0	-3.7	-0.8	0.7
Professional & Business Services	394.4	403.8	396.9	379.3	370.2
% change	7.8	2.4	-1.7	-4.4	-2.4
Leisure & Hospitality	266.7	272.4	269.5	260.1	263.6
% change	4.9	2.1	-1.1	-3.5	1.3
Government	408.5	422.8	430.9	429.0	425.3
% change	1.4	3.5	1.9	-0.5	-0.9
OTHER INDICATORS					
Population (000s)	6,165.7	6,338.8	6,442.3	6,522.2	6,605.3
% change	3.6	2.8	1.6	1.2	1.3
Unemployment Rate, percent	4.1	3.8	5.0	7.5	7.1
Residential Permits (units)	65,199	48,434	27,317	21,399	28,461
% change	-28.5	-25.7	-43.6	-21.7	33.0
Single family	55,091	36,574	19,234	15,789	23,822
% change	-32.1	-33.6	-47.4	-17.9	50.9
Multi-family	10,108	11,861	8,083	5,609	4,639
% change	-0.2	17.3	-31.8	-30.6	-17.3
Gasoline Sales (mill of gals)	2,728.9	2,857.8	2,720.9	2,748.5	2,775.0
% change	-0.6	4.7	-4.8	1.0	1.0
Civilian Nonag Wage Rate	41,711	43,153	44,269	45,369	46,434
% change	4.8	3.5	2.6	2.5	2.3



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