Regional Economic Update
1st Quarter, 2013

Economic Development Committee
Maricopa Association of Governments
May 7, 2013

MARICOPA ASSOCIATION of GOVERNMENTS

Overview

- Macro and regional economic growth drivers
- Maricopa County’s economy picking up momentum
- Comparative Analysis
- Headwinds

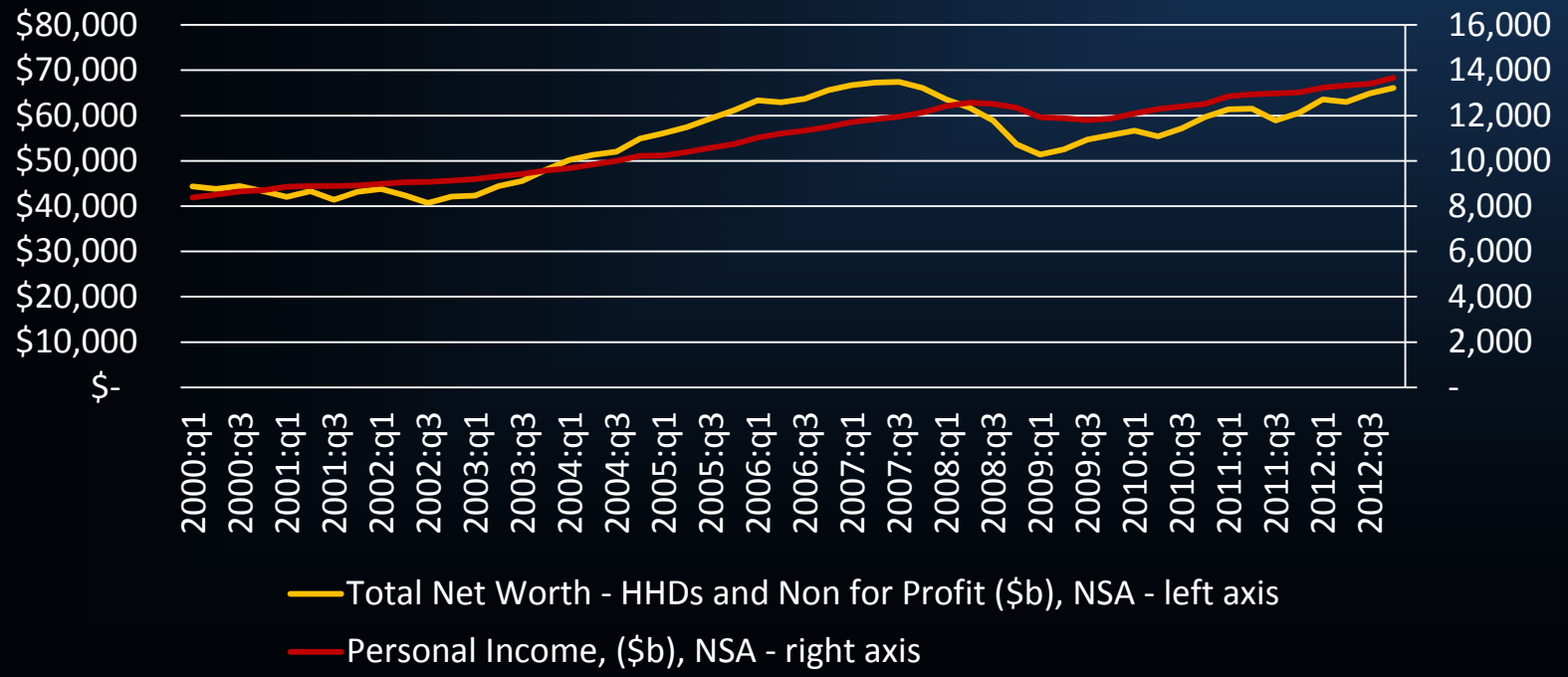
Macro and Regional Economic Trends

Economic Growth Drivers

- Consumer net worth and incomes rising
- Corporate profits at record high
- Increased production
- Region’s export markets strong

Consumer net worth and incomes rising

Graph 1: U.S. Household Net Worth and Personal Income ($b), 2000Q1 - 2012Q4



Data Source: BEA, FRED database

Corporate profits at record high

Graph 2: Corporate Profits (After Tax) and Compensation of Employees: (Wages & Salary) as Share to Gross Domestic Income, 1959Q1-2012Q4

Data Source: BEA, FRED database

Region's export markets strong

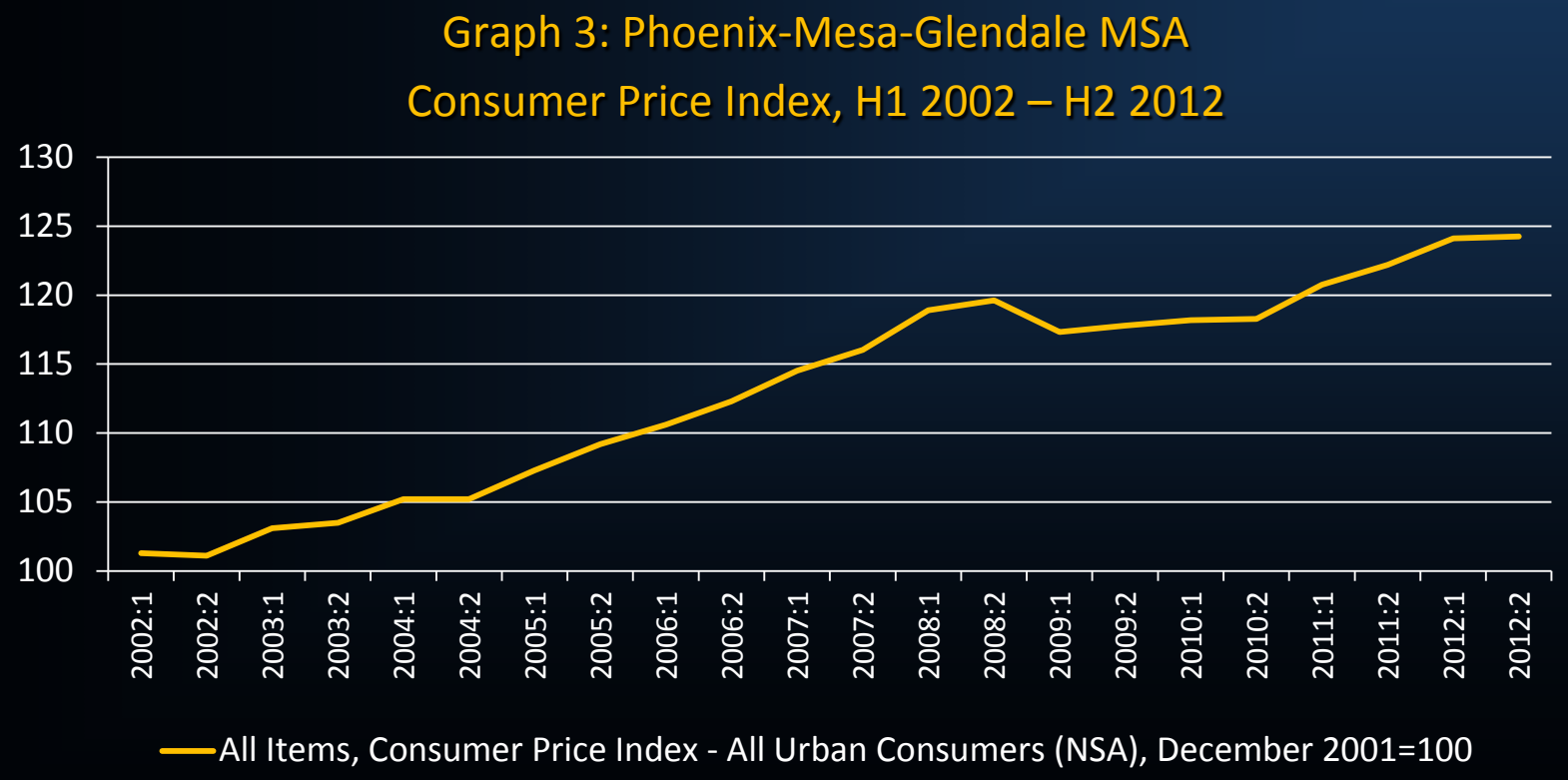
Table 1: Arizona Exports, Top 3 Destinations and Projected Economic Growth

	Export Value ($b)	Percent Change	GDP growth Projections
	2012	2010-2012	2014
World	$ 18.36	17.4%	4.0%
Mexico	$ 6.27	24.1%	3.4%
Canada	$ 2.16	10.4%	2.4%
China	$ 1.25	20.9%	8.3%

International Monetary Fund, April 2013 Projections

Data Source: TradeStats Express, International Trade Administration, U.S. Department of Commerce; IMF World Economic Outlook

Inflation is in check



Source: Bureau of Labor Statistics

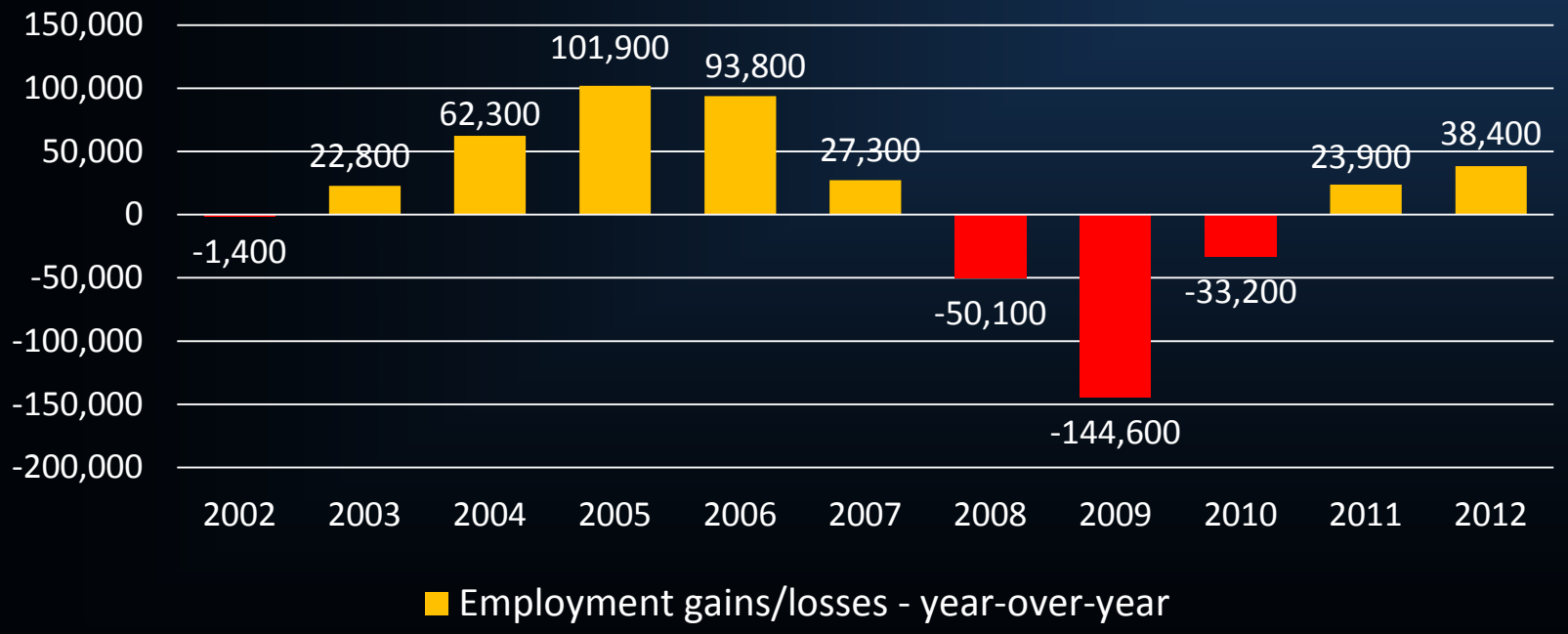
Maricopa County

Maricopa County's Economic Performance

- Employment situation improving
- Housing market leading the nation in recovery
- Consumers poised to spend on durable goods

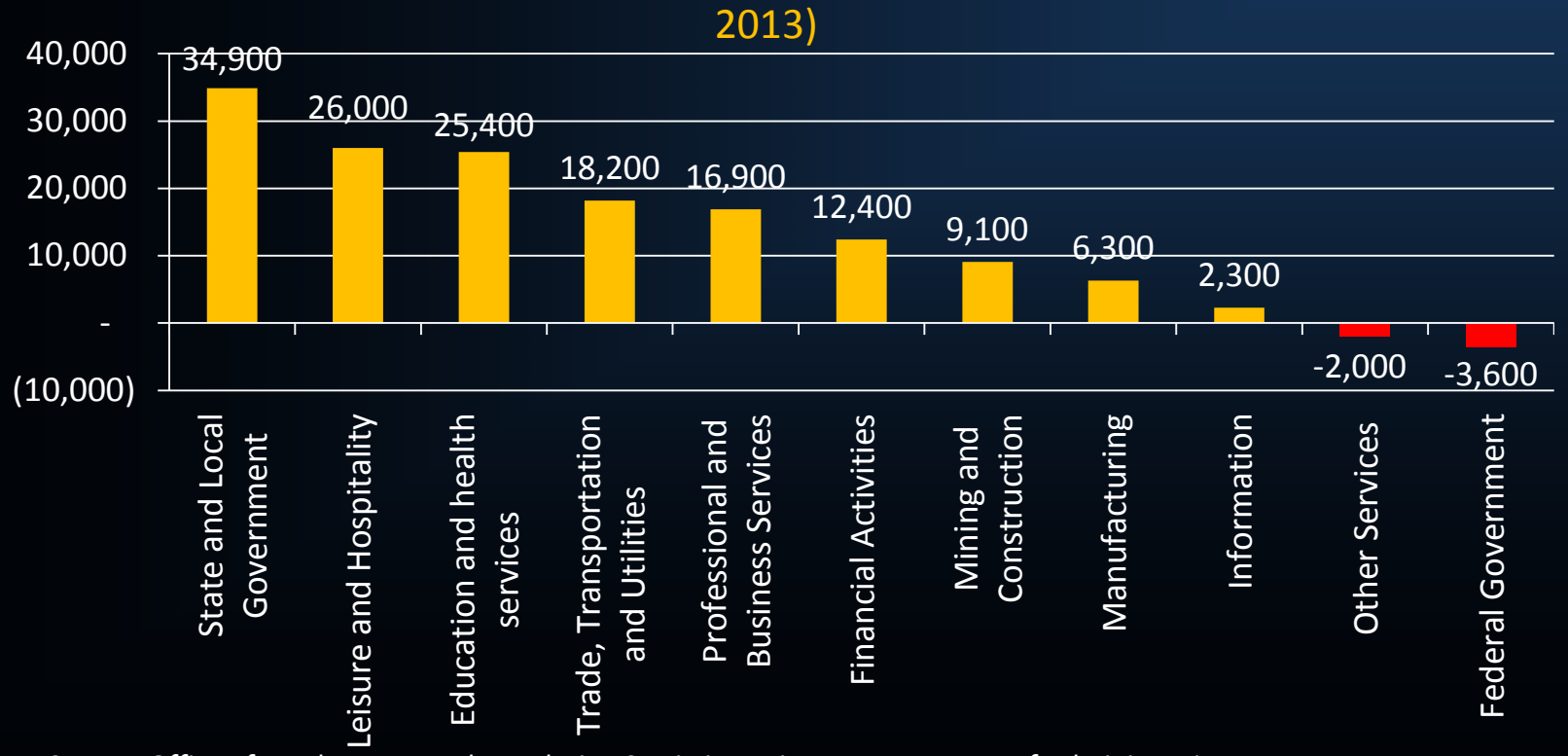
Employment Situation

Graph 4: Maricopa County - Employment gains/losses (annual change), 2002-2012



Data Source: Office of Employment and Population Statistics, Arizona Department of Administration

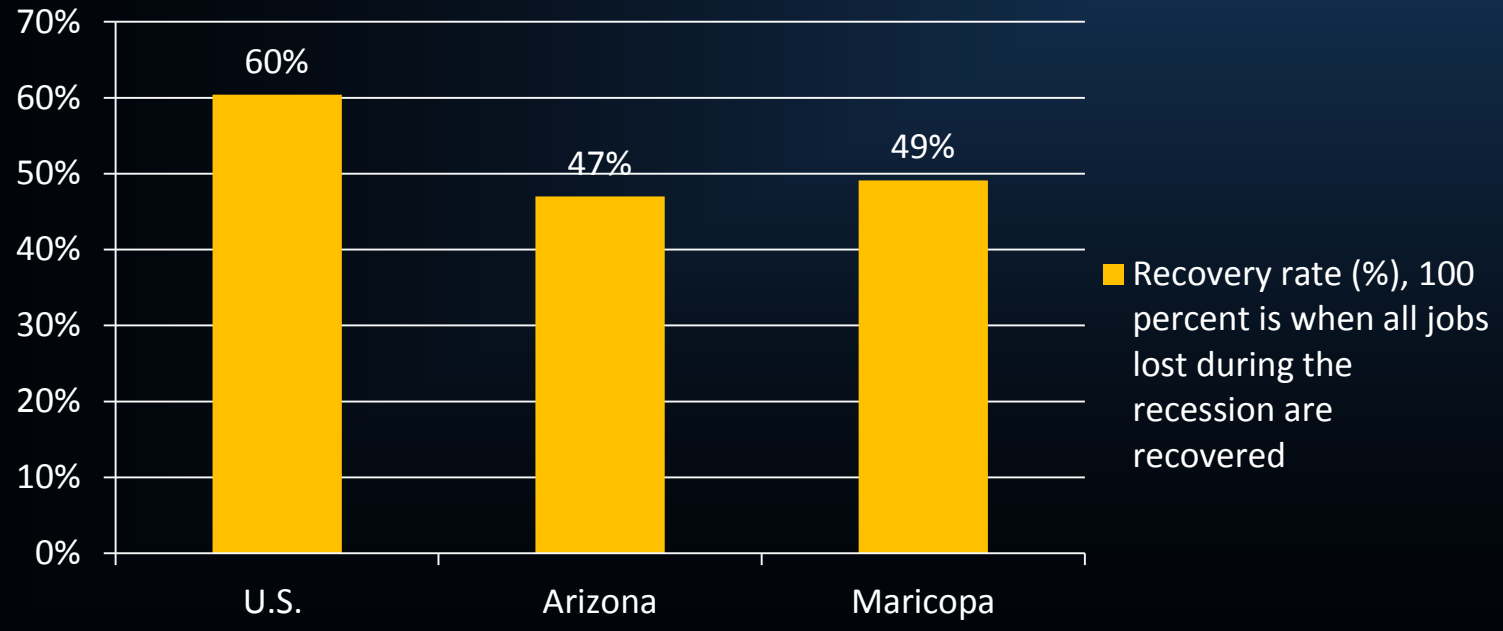
Employment by Sector



Data Source: Office of Employment and Population Statistics, Arizona Department of Administration

Employment Recovery Rate - Comparison

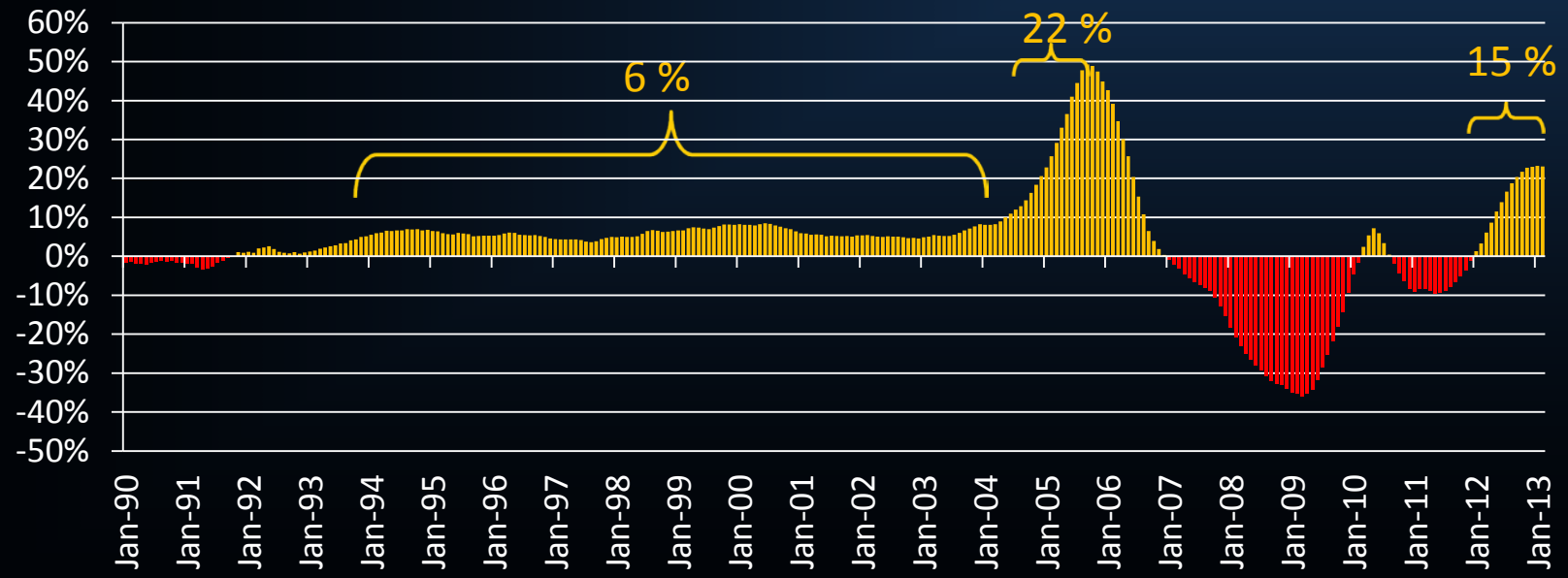
Graph 6: Jobs Generated from Trough to March 2013 as a Percent of Jobs Lost During the Recession



Data Source: Office of Employment and Population Statistics, Arizona Department of Administration

Housing Market

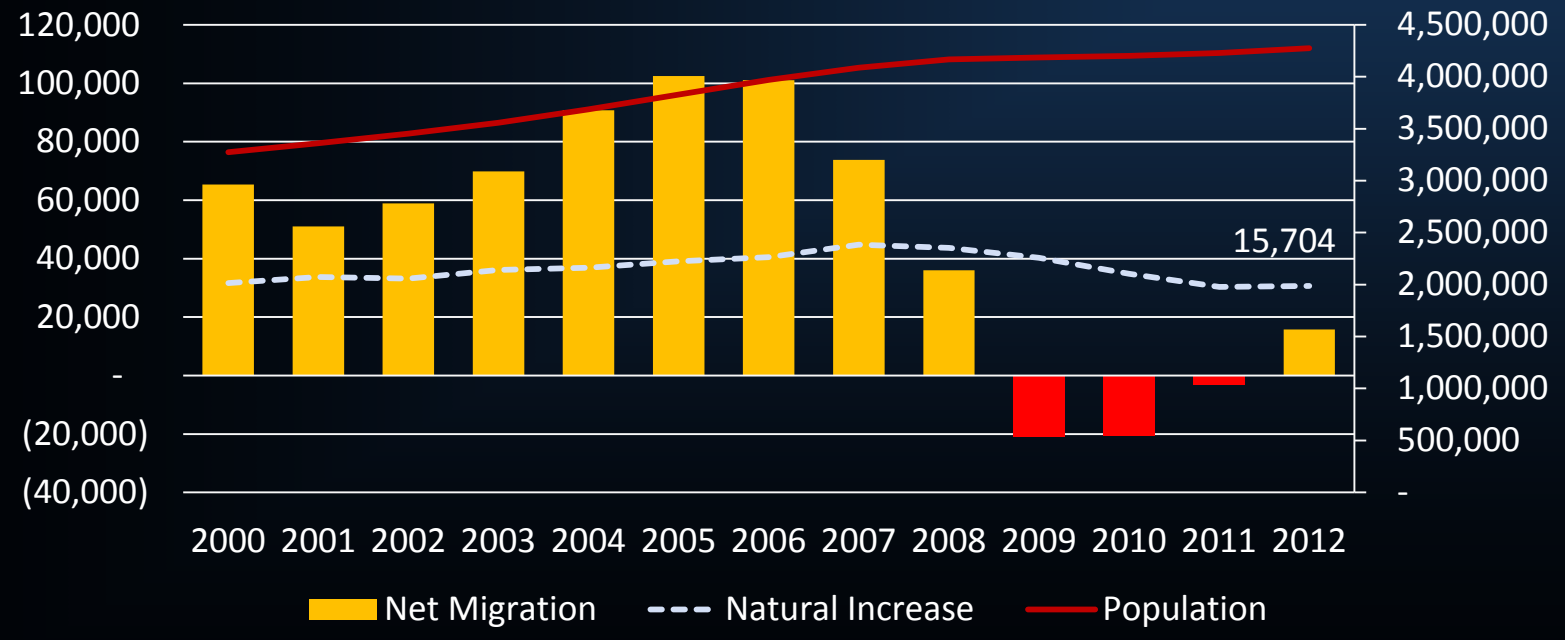
Graph 7: Phoenix-Mesa-Glendale Metro Area
S&P Case-Shiller Home Price Index (year-over-year percent change,
Jan. 1990 to Feb. 2013)



Source: Standard and Poor Case-Shiller

Housing Market and Mobility

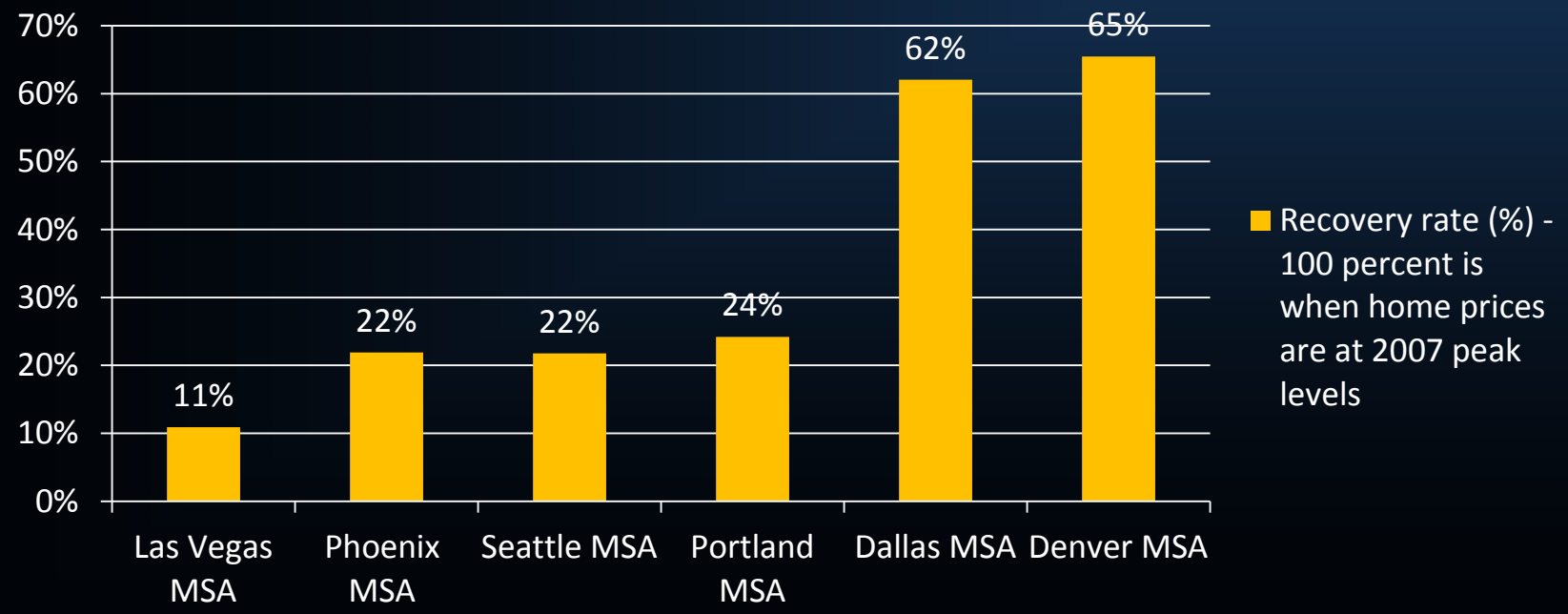
Graph 8: Phoenix-Mesa-Glendale Metro Area
Population, Natural Increase and Net Migration



Source: Arizona Vital Statistics, Arizona Department of Administration

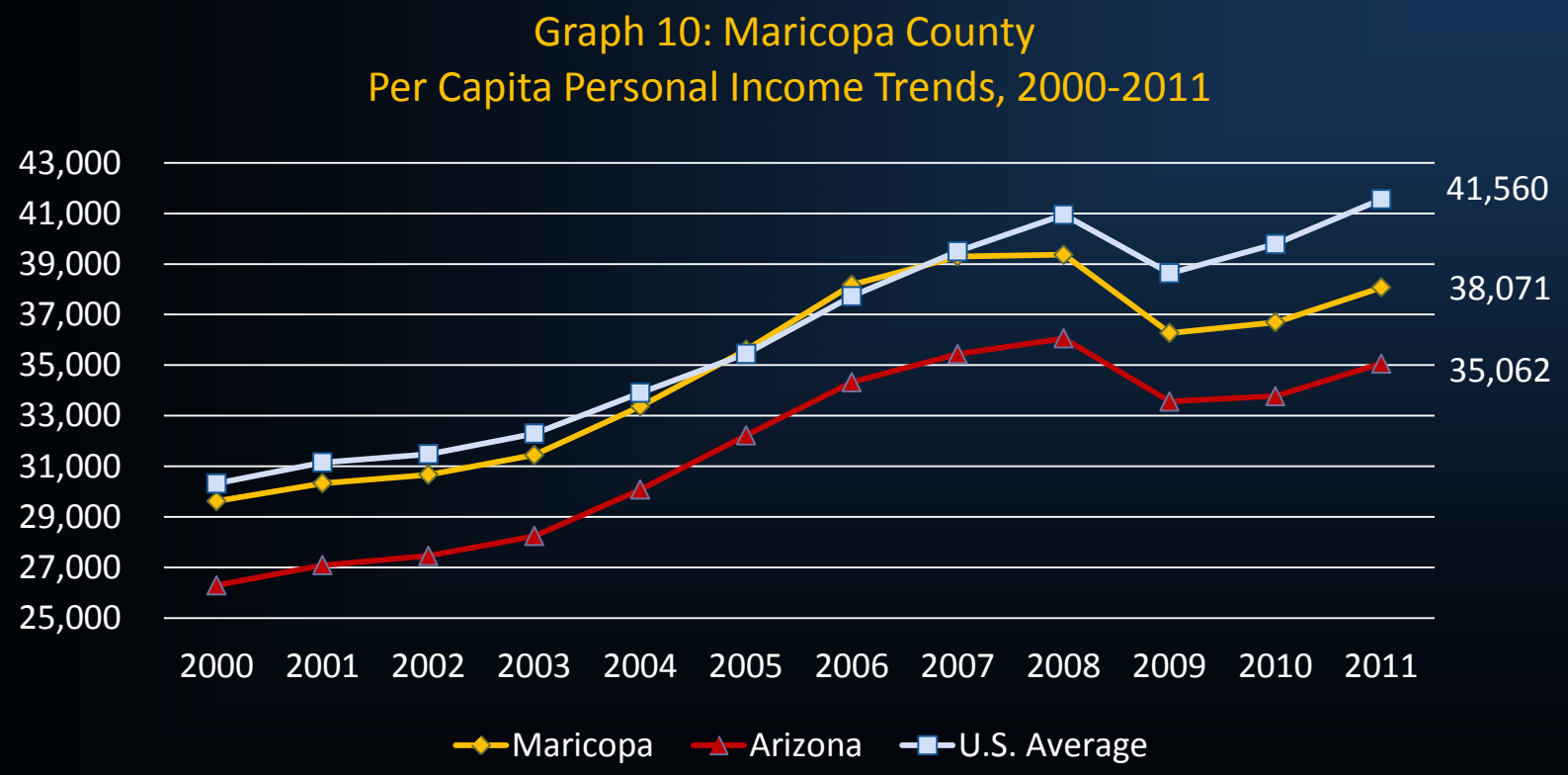
Housing Market Recovery Rate - Comparison

Graph 9: Home Price Value Appreciation - Recovery Rate (%)
Trough of S&P Home Price Index to current, Feb. 2013



Source: Standard and Poor Case-Shiller

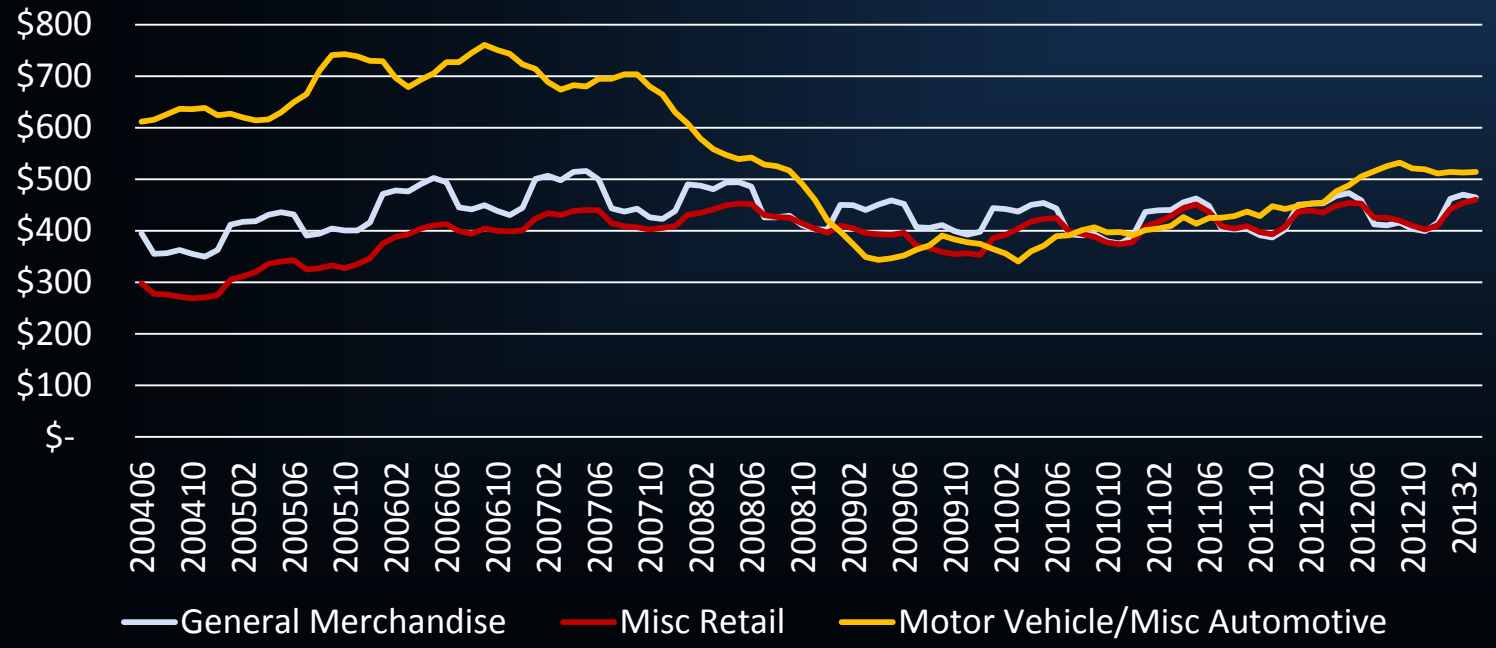
Household Income



Source: Arizona Department of Revenue

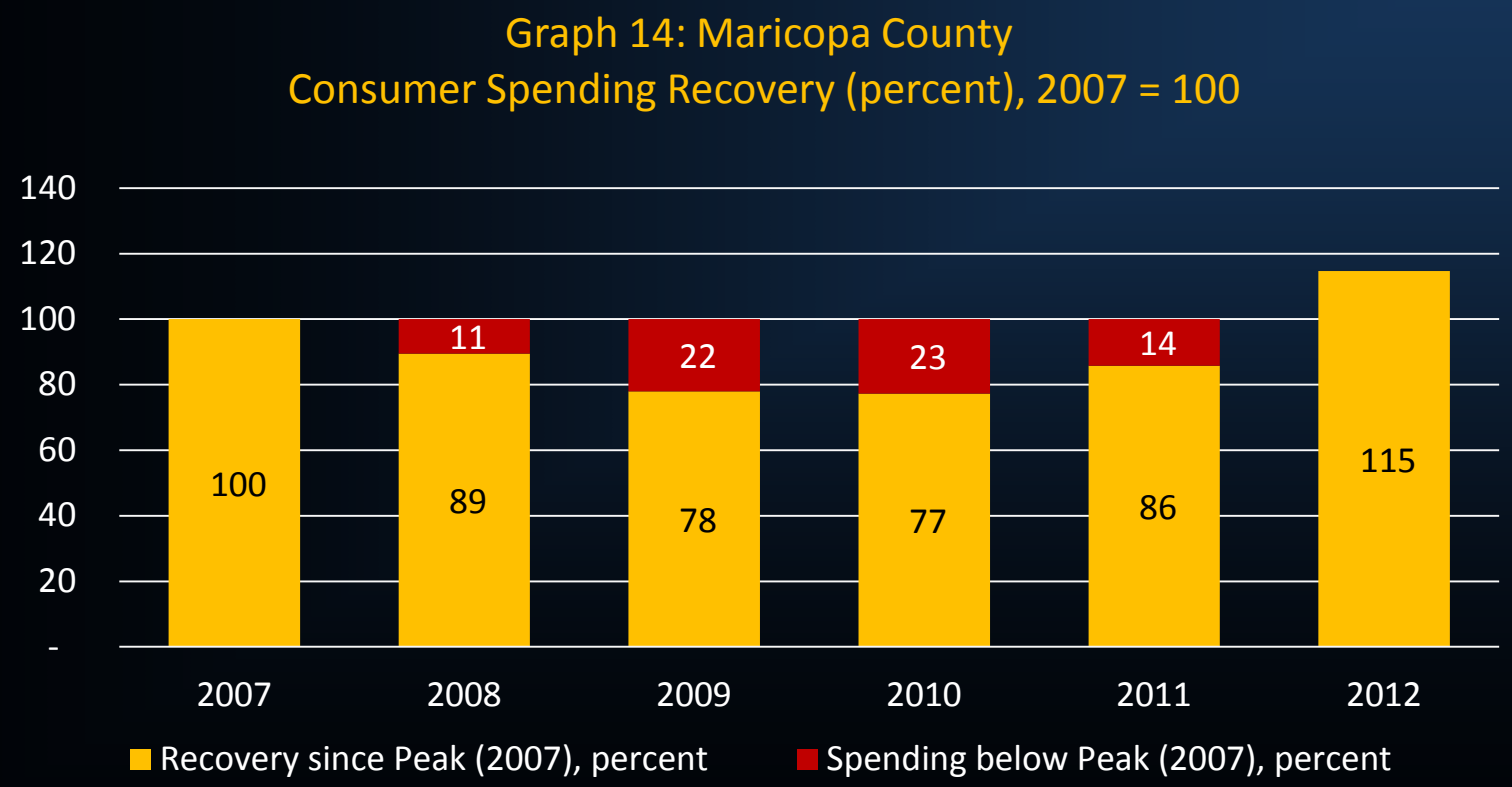
Household Spending

Graph 13: Maricopa County
Taxable Retail Sales by Top 3 Industry Sectors (Smoothed), Jun. 2004 to Mar. 2013



Source: Arizona Department of Revenue

Household Spending



Source: Arizona Department of Revenue

Conclusion

- Maricopa County's Economy in steady recovery
  - Housing market leading in the recovery
  - Rising in net worth stimulating consumer spending
  - Service sectors leading in job creation
- Corporates well positioned to make capital investments
  - Result in job creation
  - Manufacturing employment on the rise
- Small and Medium-size Enterprises' (SME's) lagging in the recovery

Macro and Regional Economic Trends

Headwinds and uncertainty

- Fiscal policy on spending and debt reduction
  - Sequestration
  - Tax Liability
- Patient Protection and Affordable Care Act 2010
- European Economy
  - In Recession
  - Euro zone debt restructuring potential shocks

Data Update

- U.S. Payroll Employment for February and March revised upwards
  - +268,000 to +332,000 in February
  - +88,000 to +138,000 in March
  - +165,000 in April
- Bank of Japan implements monetary policies
  - Induce inflation
- China's economy grew slower than expected, 7.7 percent in 2012
  - May affect manufacturing outlook

Questions and Comments

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