

ARIZONA'S ECONOMY

JULY 2004

SUMMER ISSUE

WHAT SHOULD WE WORRY ABOUT NOW?

By Marshall J. Vest
Forecasting Project Director
June 1, 2004

How quickly perceptions change. Last quarter, there still were a large number of doubters about the U.S. economy's progress, particularly about the lack of or slow employment growth. Today, focus has shifted to inflation and higher interest rates, and whether the economy can sustain recent rapid growth. Can consumers continue to spend? What about the federal deficit? Oil prices? The quagmire in Iraq? There never seems to be too little to worry about—news outlets make sure of that. The reality is that neither higher short-term interest rates nor expiring tax cuts nor a dip in consumer spending are about to derail what has turned into a strong cyclical upturn. The economy has ample room to grow before any of these worries become restrictive. It may be too soon to use the word “boom,” but a number of measures may soon be signaling just that. In keeping with tradition, Arizona's economy is among the pace setters.

The U.S. economy is now growing rapidly. Real GDP is expanding at a 4-5% annual rate, unemployment is falling, businesses are investing in new equipment, and employment

is increasing. More than one million jobs have been created over the past eight months, and many are good, high-paying jobs. Forget about global outsourcing. It's too small to be a factor. The U.S. economy creates as many new jobs in a single month as the cumulative loss to global outsourcing over the past three years. Plus, the U.S. adds several times more jobs through “insourcing,” i.e., foreign-owned company hiring of U.S. workers at their U.S. facilities.

The resumption of growth has brought major changes in direction for both inflation and federal policy. First, consider inflation. Perhaps the most defining macroeconomic feature of the past twenty-five years is the downward trend of inflation. “Trend disinflation” has now come to an end, and prices will move higher going forward. Even Wal-Mart executives recently stated that the period of declining prices is over! Accelerating growth has brought higher prices across many sectors, including hotels, airlines, apparel, commodities, and the volatile food and energy sectors. Some price increases are quite large. For example, lumber prices are double what they were one year ago. However, recent spikes are now either

leveling off or receding, and futures markets indicate lower prices in coming months. Core inflation, which excludes volatile food and energy components, moved up at a 2.6% annual rate from February through April, but is only 1.8% higher than one year earlier. Given plenty of excess capacity in many industries—strong productivity gains and wage gains running at a contained 3.7% annual pace—a cost-push price spiral is not in the making. According to Global Insight, the worldwide leader in economic forecasting, core inflation should remain around 2% through 2006 (Exhibit 1).

The second major macroeconomic change relates to federal fiscal and monetary policies. Both turned very stimulative three

EXHIBIT 1 Disinflation Has Come to an End

Consumer Core Price Inflation (less food and energy)



INSIDE



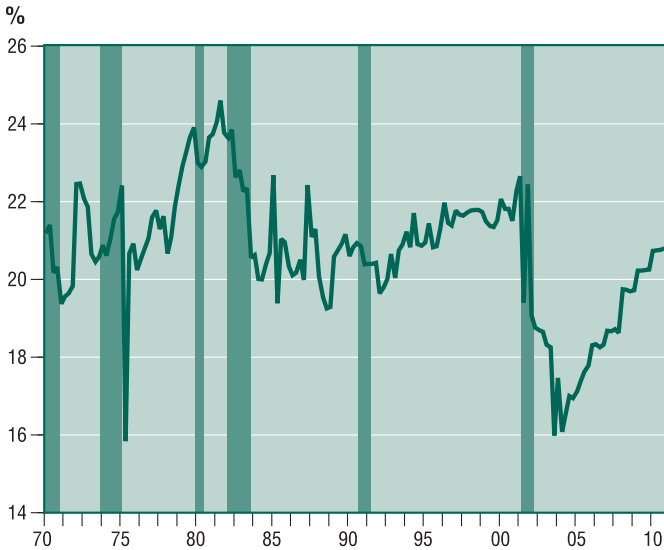
**ARIZONA'S
ECONOMY:
A Pace Setter**

FORECAST TABLES4

ECONOMIC INDICATORS5

EXHIBIT 2 Historically Low Taxes Will Rise

Effective Federal Personal Income Tax Rate



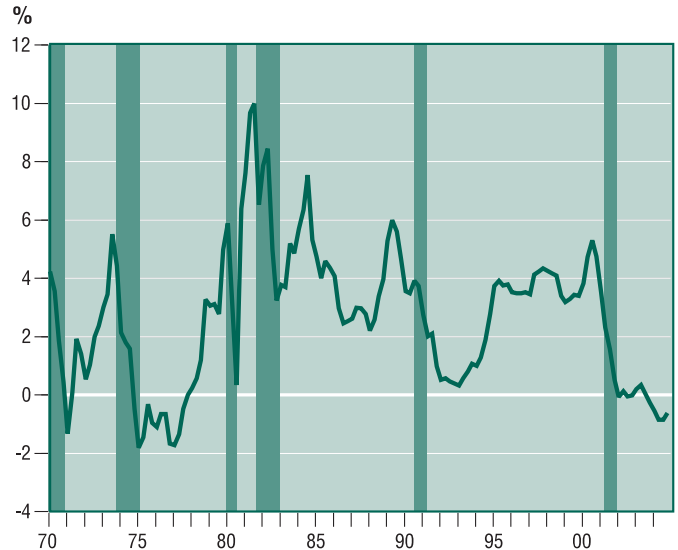
years ago, which prevented what could have been a severe recession. With the economy now growing smartly, both must retract excess stimulus.

With effective federal personal taxes running at a decades-low at 17.0%, out-sized budget deficits, and looming crises in Social Security and Medicare, taxes will increase. This will be accomplished little-by-little through expiration of some currently enacted tax cuts such as the bonus depreciation for capital equipment purchases, the growing numbers of taxpayers who are subject to the Alternative Minimum Tax, and other minor tinkering. There may even be substantial and broad-based tax hikes ahead, despite promises of our U.S. presidential candidates. Global Insight expects personal taxes to move back toward their historical average of 21% by the end of the decade (Exhibit 2). Government spending will continue to rise, but at a slower pace than in the recent past, which will allow the deficit to narrow.

Regarding monetary policy, bond investors already have boosted longer-term interest rates up nearly a full percentage point since the year began. Meanwhile, the Federal Reserve has kept its main policy instrument, the Fed Funds rate, at a four-decade low of only 1.0% for nearly a full year. That has resulted in a very steep treasury yield curve. Moreover, real short term interest rates are negative, and the last time that happened was some thirty years ago (Exhibit 3).

EXHIBIT 3 Short Term Interest Rates Will Rise

Real Interest Rates (Fed Funds rate less core inflation)



Real short term interest rates could rise three full percentage points before getting back to “neutral” levels typically found during a period of self-sustaining expansion. This will not derail the economy, but the Fed must do this carefully to keep from spooking the bond market. Expect a gradual rise of 200-300 basis points by the end of 2005.

THE ECONOMY HAS ENTERED
A PERIOD OF RAPID GROWTH.
BOTH 2004 AND 2005
PROMISE TO BRING THE FASTEST
GROWTH IN A DECADE.

THE AMAZING CONSUMER

The past recession was the first on record that didn't see a consumer retrenchment. Real consumer spending continued to grow throughout, and has been moving up for thirteen consecutive years. How did this happen?

Households with net worth less than \$1 million (94% of all households) experienced an increase in net worth over the 1999 to 2003 period. That's due to the increase in housing values, which accounts for a large portion of these households' wealth.

Existing home prices increased by nearly 8.0% nationwide last year. In Arizona, existing home prices increased by 7.4% overall with Phoenix at 6.4%, Tucson at 8.7%, and Flagstaff at 10.8% (according to a “constant

quality” repeat sales index from the Office of Federal Housing Enterprise Oversight).

As the stock market roared back last year, net worth increased for all households by an inflation-adjusted 3%. This year, the gain will be closer to eight percent, which reflects last year's stock market move. That puts household net worth almost back to where it was during the late 1990s at the height of the stock market “bubble.”

Gains in net worth, along with tax cuts and equity-out mortgage refinancing, kept spending from falling during the recession. Effects of the latter two factors are coming to an end, but the consumer is not done. Consumers have repaired their balance sheets during the period; Debt service burdens and household financial obligations have actually fallen since late 2001, and bankruptcies and credit card delinquencies have fallen in recent months.

Retail sales nationwide grew by 8% last year. The largest gains were in building materials, home furnishings, electronics & appliances, and apparel. Global Insight expects real consumer spending (of which retail sales accounts for roughly two-fifths) to increase by 4.0% this year, the strongest increase since 2000.

In Arizona, retail sales grew at an 8% annual rate during last year's fourth quarter and by a preliminary 8.5% during the first quarter of 2004. Our forecasts call for an 8.1% gain for the entire year. (Metro Phoenix

will also see 8.1% with 7.4% forecast for metro Tucson). See forecast table page 4.

Although consumers will continue spending, the driving forces behind spending are shifting. Extra cash from federal tax cuts has come to an end and mortgage refinancing has dwindled as interest rates moved up. These two sources are being replaced by real income growth fueled by solid wage gains, the return of incentive forms of compensation, and job growth.

Arizona personal income will increase by 7.6% this year, and wage gains will average 4.0%. This year will be a good year for the consumer.

HOUSING MARKETS REMAIN BUOYANT

It also will be a good year for housing markets. Residential permits statewide were up a strong 26% compared to the prior year during the first quarter, following a 12.7% gain for all of 2003. Resale markets, as measured by MLS data, recorded gains of 15.3% in metro Phoenix and 13.4% in metro Tucson during the first quarter.

Higher mortgage rates will slow new and resale housing, but only marginally. Mortgage rates are expected to move up very gradually, and would have to reach 8% before prospective buyers are shut out. Higher rates will act to restrain price appreciation, however, and will shift the demand for housing toward apartments. With apartment vacancies well above desirable levels, it will be several months before new construction shifts to apartments.

LABOR MARKETS GROWING RAPIDLY

Since mid-2003, labor markets have seen significant improvement, and job creation has taken off. During the past year, unemployment in Arizona has fallen a full percentage point to 4.9% in March. During that same period, nearly 56,000 new jobs have been created. That's roughly 2% year-on-year growth, but closer to three percent quarter-on-quarter, after adjusting for seasonal patterns. That ranks Arizona third for job growth, following only Nevada and Virginia. Metro Phoenix accounts for 40,000 of the new jobs, and Metro Tucson 5,500.

Job creation is spread widely across sectors, with only a few sectors not yet

NEITHER INFLATION IN
COMMODITIES AND ENERGY,
NOR RISING INTEREST RATES,
NOR HIGHER TAXES,
NOR FALTERING CONSUMERS,
WILL DERAIL THIS EXPANSION.

participating. Employment in information (which includes publishing, recording, broadcasting, telecommunications, Internet service providers, data processing, and the information services industries) continues to decline into a fourth year. Mining and "other services" are no longer losing jobs but neither are they growing. Manufacturing, state & local government, and professional and business services are adding workers, but employment levels remain below previous peaks. All the remaining sectors have fully recovered lost employment and are setting new all time records each month. Construction, education & health services, and professional & business services have created the most new jobs during the past year. All sectors will soon be setting new highs, and job growth will accelerate going forward.

A quarterly survey of hiring intentions conducted by Manpower, Inc. shows net hiring strength has improved during the past two surveys, reflecting increased willingness of business managers to hire. In Metro Tucson, net hiring strength is the highest since early 2001 with a reading in the high twenties.

These readings coincide with our joint efforts with Compass Bank to measure hiring intentions as part of the *Business Leaders Confidence Index*®. Just over half of the Arizona participants in our March 2004 survey said that they expected their industry to add workers during the second quarter.

Our forecasts call for job creation to accelerate to near 100,000 statewide by year end (a growth rate in excess of four percent). The largest numbers will be seen in professional & business services (23,200), retail trade (14,000), construction (13,200), education and health services (12,300), leisure & hospitality (9,200), and financial activities (8,800).

A looming challenge is the shortage of skilled workers, and a number of businesses already are experiencing shortages. Nurses,

medical technicians, radiologists, and pharmacists are reported to be hard to find. There is a huge shortage of teachers. Vehicle repair shops, long-haul trucking, home remodelers, security firms, manufacturers and information technology companies also will find it difficult to recruit skilled workers. And shortages are going to get worse as time passes. According to one estimate, the U.S. will see a shortfall of 10 million workers by 2015, as baby-boom retirees check out of the labor force.

As jobs continue to be created, labor force participation will increase as discouraged workers re-engage. Migration flows also will accelerate. Arizona's population will grow by nearly 165,000 (2.9%) this year and by 195,000 (3.4%) in 2005. Population growth will in turn boost demand for housing and for jobs across all sectors.

The economy has entered a period of rapid growth. Both 2004 and 2005 promise to bring the fastest growth in a decade. So what should we worry about now? Presidential campaigning will have a negative effect on confidence, but that will evaporate after the election. Neither inflation in commodities and energy, nor rising interest rates, nor higher taxes, nor faltering consumers, will derail this expansion. Neither will global outsourcing or a lack of job creation. The biggest challenge ahead may well be the looming shortage of skilled workers. ■

FORECAST SPONSORS

Arizona Department of Commerce
Arizona Joint Legislative Budget Committee
Arizona Public Service Company
Bank One
CB Richard Ellis
City of Glendale
City of Mesa
City of Tucson
Compass Bank
Elliott D. Pollack and Company
KB Home
Pascua Yaqui Tribe
Pima Association of Governments
Pima County
Salt River Project
Tucson Electric Power Company
Tucson Newspapers

F O R E C A S T T A B L E S

Forecasts for Arizona	2004	2005	2006	2007	2008	2009	2010
Personal Income (\$ mill)	161,620.2	172,802.3	184,668.1	198,870.5	213,797.9	230,414.5	250,660.9
percent change	7.6	6.9	6.9	7.7	7.5	7.8	8.8
Wage per Employee	37,991	39,469	40,868	42,608	44,472	46,395	48,515
percent change	4.0	3.9	3.5	4.3	4.4	4.3	4.6
Aggregate Retail Sales (\$ mill)*	64,627.7	67,908.7	71,101.9	75,376.9	80,030.3	84,934.4	90,978.4
percent change	7.5	5.1	4.7	6.0	6.2	6.1	7.1
Population (000s, mid-year)	5,794.6	5,990.1	6,180.8	6,374.3	6,574.1	6,777.9	6,994.1
percent change	2.9	3.4	3.2	3.1	3.1	3.1	3.2
Residential Permits	72,307	67,091	65,735	68,908	71,291	73,663	80,084
percent change	2.0	-7.2	-2.0	4.8	3.5	3.3	8.7
Non Farm Employment (000s)	2,389.3	2,489.8	2,573.5	2,666.8	2,758.7	2,855.9	2,983.7
percent change	4.3	4.2	3.4	3.6	3.4	3.5	4.5
Goods-Producing	373.7	383.8	393.9	403.8	413.5	425.1	440.0
percent change	4.3	2.7	2.6	2.5	2.4	2.8	3.5
Service-Providing	2,015.7	2,106.1	2,179.7	2,263.0	2,345.2	2,430.9	2,543.7
percent change	4.3	4.5	3.5	3.8	3.6	3.7	4.6
Trade, Trans., & Utilities	469.1	490.2	504.4	520.9	535.7	550.2	571.2
percent change	4.7	4.5	2.9	3.3	2.8	2.7	3.8
Prof. & Business Services	339.3	360.9	379.0	399.7	416.9	435.1	464.1
percent change	7.3	6.4	5.0	5.5	4.3	4.4	6.7
Leisure & Hospitality	241.9	250.1	257.6	265.9	272.7	280.1	289.9
percent change	4.0	3.4	3.0	3.2	2.6	2.7	3.5
Government	400.2	414.6	422.2	431.4	441.1	451.2	464.9
percent change	1.7	3.6	1.8	2.2	2.3	2.3	3.0
Phoenix-Mesa Metro Area							
Personal Income (\$ mill)	112,798.0	121,060.8	130,053.9	140,184.8	150,254.2	161,173.3	174,333.0
percent change	7.6	7.3	7.4	7.8	7.2	7.3	8.2
Wage per Employee	40,364	41,912	43,557	45,506	47,502	49,507	51,633
percent change	4.0	3.8	3.9	4.5	4.4	4.2	4.3
Aggregate Retail Sales (\$ mill)*	44,386.9	46,396.9	49,010.9	52,284.5	55,501.5	58,794.0	63,009.1
percent change	7.9	4.5	5.6	6.7	6.2	5.9	7.2
Population (000s, mid-year)	3,713.4	3,842.2	3,970.7	4,096.2	4,219.7	4,341.9	4,472.0
percent change	3.2	3.5	3.3	3.2	3.0	2.9	3.0
Residential Permits	55,919	52,315	52,564	53,749	57,255	57,136	60,751
percent change	1.9	-6.4	0.5	2.3	6.5	-0.2	6.3
Non Farm Employment (000s)	1,684.3	1,760.5	1,825.9	1,891.7	1,949.2	2,010.0	2,088.3
percent change	4.4	4.5	3.7	3.6	3.0	3.1	3.9
Goods-Producing	275.6	288.0	293.9	300.0	305.5	314.1	322.0
percent change	3.9	4.5	2.1	2.1	1.8	2.8	2.5
Service-Providing	1,408.8	1,472.5	1,532.0	1,591.7	1,643.8	1,695.9	1,766.4
percent change	4.5	4.5	4.0	3.9	3.3	3.2	4.2
Trade, Trans., & Utilities	346.1	362.0	376.6	390.1	400.7	410.9	424.3
percent change	4.9	4.6	4.0	3.6	2.7	2.5	3.3
Prof. & Business Services	265.8	281.3	296.8	311.1	321.0	330.0	345.9
percent change	5.9	5.8	5.5	4.8	3.2	2.8	4.8
Leisure & Hospitality	165.6	171.4	177.0	183.5	187.2	191.2	198.0
percent change	5.7	3.5	3.3	3.6	2.0	2.1	3.6
Government	220.5	228.8	233.3	238.0	242.8	247.7	254.6
percent change	1.8	3.8	2.0	2.0	2.0	2.0	2.8
Tucson Metro Area							
Personal Income (\$ mill)	24,213.2	25,759.6	27,773.7	29,934.8	32,085.9	34,423.1	37,086.0
percent change	6.1	6.4	7.8	7.8	7.2	7.3	7.7
Wage per Employee	32,391	33,510	34,671	36,019	37,428	38,855	40,341
percent change	3.5	3.5	3.5	3.9	3.9	3.8	3.8
Aggregate Retail Sales (\$ mill)*	9,825.6	10,295.0	10,846.3	11,451.9	12,024.9	12,647.5	13,346.4
percent change	6.8	4.8	5.4	5.6	5.0	5.2	5.5
Population (000s, mid-year)	933.0	955.6	979.4	1,003.4	1,026.5	1,048.7	1,071.3
percent change	2.4	2.4	2.5	2.4	2.3	2.2	2.2
Residential Permits	8,568	8,770	8,993	8,893	8,600	8,304	8,303
percent change	3.1	2.3	2.5	-1.1	-3.3	-3.4	0.0
Non Farm Employment (000s)	358.6	373.2	388.4	403.2	415.7	427.4	441.1
percent change	3.1	4.1	4.1	3.8	3.1	2.8	3.2
Goods-Producing	55.1	56.5	58.3	60.4	62.0	63.2	64.6
percent change	3.2	2.5	3.2	3.6	2.8	1.9	2.1
Service-Providing	303.5	316.7	330.1	342.9	353.7	364.2	376.5
percent change	3.1	4.4	4.2	3.9	3.1	3.0	3.4
Trade, Trans., & Utilities	56.1	57.4	58.8	60.3	61.5	62.7	64.2
percent change	2.9	2.4	2.5	2.5	2.0	2.0	2.4
Prof. & Business Services	43.5	48.0	52.2	55.6	58.0	60.0	62.4
percent change	4.1	10.2	8.8	6.5	4.2	3.6	4.0
Leisure & Hospitality	38.7	40.3	42.0	43.5	44.7	45.8	47.5
percent change	4.6	4.2	4.1	3.8	2.5	2.6	3.7
Government	80.5	82.7	85.1	87.7	90.2	92.7	95.6
percent change	2.5	2.7	2.9	3.1	2.8	2.8	3.2

* Aggregate Retail Sales includes retail, food, restaurant & bars and gasoline sales.

Source: Economic and Business Research Program, Eller College of Management, The University of Arizona

ARIZONA ECONOMIC INDICATORS

	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	% change versus year ago for most recent: month 12-months	
APACHE COUNTY							
Civilian Labor Force, ADES							
Employment	21,500	22,275	22,200	22,050	22,525	3.4	-1.4
Unemployment	18,750	19,050	19,075	19,200	19,550	3.3	-2.0
Unemployment Rate (%)	2,750	3,225	3,125	2,850	2,975	4.4	2.6
	12.8	14.5	14.1	12.9	13.2	0.9	3.8
Employees on Nonagricultural Payrolls, ADES							
Total	19,350	19,350	19,575	19,625	19,775	1.2	-2.7
<i>Total Private</i>	6,150	6,100	6,225	6,225	6,350	0.4	0.9
Goods-Producing	600	475	500	500	550	-8.3	-11.7
Service-Providing	18,750	18,875	19,075	19,125	19,225	1.5	-2.3
Trade, Transportation, and Utilities	1,950	1,925	1,925	1,950	1,950	8.3	6.6
Other Private Service-Providing	3,600	3,700	3,800	3,775	3,850	-1.9	0.6
<i>Government</i>	13,200	13,250	13,350	13,400	13,425	1.5	-4.3
Federal Government	3,000	3,025	3,000	3,025	3,025	0.8	1.8
State and Local Government	10,200	10,225	10,350	10,375	10,400	1.7	-6.0
Sales (\$000s) ADOR							
Gross Retail	9,791	8,859	8,923	...	...	-1.6	7.0
Retail	5,399	4,467	3,766	...	...	-7.3	-0.0
Restaurants & Bars	640	526	554	...	...	4.5	4.3
Gasoline, EBR	3,752	3,865	4,603	5,274	...	17.6	15.6
Gallons (000s) ADOT	2,500	2,460	2,344	2,702	...	20.4	-4.9
Contracting	7,425	6,649	4,825	...	...	9.8	9.9
Hotel/Motel	692	421	475	...	...	-15.9	3.0
New Housing Units Authorized, Census C-40							
Total Units	2	12	3	8	9	12.5	36.6
Single Family Units	2	12	3	8	9	12.5	36.6
NAVAJO COUNTY							
Civilian Labor Force, ADES							
Employment	35,700	36,375	36,250	36,250	36,600	3.5	1.6
Unemployment	32,075	32,150	32,150	32,450	32,625	2.0	1.2
Unemployment Rate (%)	3,625	4,225	4,100	3,800	3,975	16.9	4.2
	10.2	11.6	11.3	10.5	10.9	13.0	2.6
Employees on Nonagricultural Payrolls, ADES							
Total	28,525	28,150	28,450	28,650	28,800	1.0	0.6
<i>Total Private</i>	17,575	17,425	17,500	17,525	17,700	3.5	3.6
Goods-Producing	3,350	3,200	3,150	3,100	3,150	0.0	-0.9
Natural Resources and Mining	925	900	875	800	850	-5.6	-5.5
Construction	1,650	1,550	1,525	1,525	1,550	5.1	3.2
Manufacturing	775	750	750	775	750	-3.2	-3.6
Service-Providing	25,175	24,950	25,300	25,550	25,650	1.1	0.8
Trade, Transportation, and Utilities	5,575	5,425	5,500	5,450	5,475	3.3	3.2
Information	600	600	600	600	625	13.6	7.5
Financial Activities	875	875	875	900	825	13.8	14.7
Professional and Business Services	925	950	975	1,000	1,000	5.3	5.3
Educational and Health Services	3,025	3,150	3,175	3,175	3,175	8.5	11.4
Leisure and Hospitality	2,475	2,475	2,475	2,525	2,675	-1.8	-0.5
Other Services	750	750	750	775	775	0.0	-1.6
<i>Government</i>	10,950	10,725	10,950	11,125	11,100	-2.8	-4.0
Federal Government	1,650	1,450	1,500	1,575	1,625	3.2	-1.9
State and Local Government	9,300	9,275	9,450	9,550	9,475	-3.8	-4.3
Sales (\$000s) ADOR							
Gross Retail	72,593	59,450	57,776	...	...	5.4	4.0
Retail	58,917	46,676	42,972	...	...	-0.3	-2.0
Restaurants & Bars	5,562	4,857	5,087	...	...	8.8	6.1
Gasoline, EBR	8,114	7,917	9,717	11,320	...	38.5	48.5
Gallons (000s) ADOT	5,405	5,040	4,948	5,799	...	41.7	22.4
Contracting	12,568	7,739	9,516	...	...	2.9	5.9
Hotel/Motel	1,815	1,463	1,862	...	...	15.7	0.9
New Housing Units Authorized, Census C-40							
Total Units	19	30	28	28	44	12.8	3.6
Single Family Units	19	30	28	28	44	12.8	4.9

See sources and abbreviations at the bottom of Page 12.

ARIZONA ECONOMIC INDICATORS

	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	% change versus year ago for most recent: month 12-months	
GRAHAM COUNTY							
Civilian Labor Force, ADES							
Employment	11,025	10,875	10,925	10,925	10,850	-2.3	-2.3
Unemployment	625	750	725	700	700	-3.4	-14.3
Unemployment Rate (%)	5.7	6.9	6.6	6.4	6.5	-1.2	-12.3
Employees on Nonagricultural Payrolls, ADES							
Total	6,975	6,725	6,925	6,950	6,975	-2.4	-1.3
<i>Total Private</i>	4,300	4,150	4,225	4,250	4,250	-1.2	-0.3
Goods-Producing	450	425	450	475	450	-10.0	4.1
Service-Providing	6,525	6,300	6,475	6,475	6,525	-1.9	-1.6
Trade, Transportation, and Utilities	1,425	1,350	1,400	1,375	1,400	3.7	0.5
Other Private Service-Providing	2,425	2,375	2,375	2,400	2,400	-2.0	-1.5
<i>Government</i>	2,675	2,575	2,700	2,700	2,725	-4.4	-2.8
Federal Government	325	300	300	300	300	-7.7	-6.1
State and Local Government	2,350	2,275	2,400	2,400	2,425	-4.0	-2.3
Sales (\$000s) ADOR							
Gross Retail	16,406	13,532	13,700	...	...	72.7	6.3
Retail	13,898	11,009	10,751	...	...	90.2	5.6
Restaurants & Bars	1,190	1,275	1,372	...	...	87.9	4.2
Gasoline, EBR	1,318	1,248	1,577	1,747	...	-18.0	5.1
Gallons (000s) ADOT	878	795	803	895	...	-16.1	-12.9
Contracting	2,766	1,747	1,661	...	...	14.0	-8.8
COCONINO COUNTY							
Civilian Labor Force, ADES							
Employment	65,800	65,875	66,325	66,825	68,325	4.7	1.4
Unemployment	4,275	4,825	4,500	3,950	4,250	18.1	9.3
Unemployment Rate (%)	6.5	7.3	6.8	5.9	6.2	12.8	7.6
Employees on Nonagricultural Payrolls, ADES							
Total	57,900	56,550	57,650	58,175	59,050	2.8	0.1
<i>Total Private</i>	39,525	38,200	38,475	39,075	40,225	4.0	1.7
Goods-Producing	5,775	5,550	5,675	5,775	5,825	2.2	1.9
Natural Resources and Mining	100	125	125	125	125	-16.7	-4.3
Construction	2,750	2,500	2,550	2,600	2,650	3.9	1.2
Manufacturing	2,925	2,925	3,000	3,050	3,050	1.7	3.0
Service-Providing	52,125	51,000	51,975	52,400	53,225	2.9	-0.1
Trade, Transportation, and Utilities	9,725	9,275	9,150	8,825	9,125	1.7	0.2
Information	450	450	450	500	525	10.5	-3.1
Financial Activities	1,450	1,425	1,425	1,450	1,525	0.0	1.6
Professional and Business Services	2,975	2,925	2,975	3,075	3,200	10.3	7.0
Educational and Health Services	7,025	7,025	7,100	7,100	7,100	7.2	4.4
Leisure and Hospitality	10,500	9,975	10,100	10,725	11,275	4.2	0.5
Other Services	1,625	1,575	1,600	1,625	1,650	0.0	-1.5
<i>Government</i>	18,375	18,350	19,175	19,100	18,825	0.3	-3.1
Federal Government	3,350	3,075	3,050	3,125	3,125	-3.1	-1.8
State and Local Government	15,025	15,275	16,125	15,975	15,700	1.0	-3.3
Sales (\$000s) ADOR							
Gross Retail	117,052	87,328	94,072	...	...	18.6	1.8
Retail	87,358	59,697	62,633	...	...	7.9	1.0
Restaurants & Bars	18,023	15,633	16,879	...	...	39.3	6.3
Gasoline, EBR	11,670	11,998	14,560	18,271	...	15.3	-0.9
Gallons (000s) ADOT	7,774	7,637	7,415	9,361	...	18.0	-19.5
Contracting	23,116	21,844	17,809	...	...	-5.6	8.0
Hotel/Motel	9,048	6,645	7,661	...	...	19.0	4.4
New Housing Units Authorized, Census C-40							
Total Units	94	58	94	80	83	5.1	47.5
Single Family Units	92	56	88	77	83	5.1	13.6

See sources and abbreviations at the bottom of Page 12.

ARIZONA ECONOMIC INDICATORS

	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	% change versus year ago for most recent: month 12-months	
GREENLEE COUNTY							
Civilian Labor Force, ADES							
Employment	3,550	3,600	3,550	3,550	3,525	-4.1	-4.8
Unemployment	225	225	225	200	200	-27.3	-20.4
Unemployment Rate (%)	6.3	6.3	6.3	5.6	5.7	-24.2	-16.4
Employees on Nonagricultural Payrolls, ADES							
Total	3,325	3,350	3,350	3,350	3,325	-2.9	-3.5
<i>Total Private</i>	2,800	2,800	2,800	2,800	2,775	-3.5	-4.2
Goods-Producing	2,250	2,250	2,250	2,225	2,225	-2.2	-3.0
Service-Providing	1,075	1,100	1,100	1,125	1,100	-4.3	-4.3
Trade, Transportation, and Utilities	225	225	225	225	225	-10.0	-9.9
Other Private Service-Providing	325	325	325	350	325	-7.1	-7.9
<i>Government</i>	525	550	550	550	550	0.0	0.8
Federal Government	50	50	50	50	50	0.0	20.0
State and Local Government	475	500	500	500	500	0.0	-0.9
Sales (\$000s) ADOR							
Gross Retail	7,151	6,137	6,893	...	...	-29.9	18.7
Retail	6,556	5,566	6,266	...	...	-33.1	19.0
Restaurants & Bars	224	191	215	...	...	21.2	-3.3
Gasoline, EBR	371	380	412	438	...	25.1	32.3
Gallons (000s) ADOT	247	242	210	224	...	28.0	9.1
Contracting	355	916	891	...	...	29.5	-34.9
Hotel/Motel*	244	167	234	...	...	-16.9	-7.2
* Includes Graham County data.							
YAVAPAI COUNTY							
Civilian Labor Force, ADES							
Employment	81,950	82,575	83,075	84,075	84,275	4.0	3.3
Unemployment	2,450	2,800	2,825	2,700	2,650	-0.9	-5.2
Unemployment Rate (%)	3.0	3.4	3.4	3.2	3.1	-4.7	-8.2
Employees on Nonagricultural Payrolls, ADES							
Total	54,625	53,775	54,750	55,300	55,575	4.2	2.7
<i>Total Private</i>	43,550	42,950	43,150	43,700	44,025	3.4	2.0
Goods-Producing	9,550	9,375	9,375	9,600	9,575	2.4	-0.1
Natural Resources and Mining	975	925	950	1,075	1,100	15.8	9.4
Construction	5,450	5,400	5,400	5,475	5,375	2.4	-0.1
Manufacturing	3,125	3,050	3,025	3,050	3,100	-1.6	-2.7
Service-Providing	45,075	44,400	45,375	45,700	46,000	4.6	3.3
Trade, Transportation, and Utilities	10,275	10,025	9,900	9,875	10,025	0.0	0.5
Information	675	675	675	675	650	4.0	0.3
Financial Activities	1,875	1,875	1,875	1,900	1,850	4.2	5.3
Professional and Business Services	4,075	4,025	4,175	4,250	4,325	6.1	1.8
Educational and Health Services	8,550	8,600	8,750	8,825	8,900	10.9	9.4
Leisure and Hospitality	6,900	6,725	6,775	6,950	7,050	1.1	-0.4
Other Services	1,650	1,650	1,625	1,625	1,650	-4.3	-4.3
<i>Government</i>	11,075	10,825	11,600	11,600	11,550	7.4	5.8
Federal Government	1,275	1,275	1,275	1,275	1,275	2.0	4.8
State and Local Government	9,800	9,550	10,325	10,325	10,275	8.2	5.9
Sales (\$000s) ADOR							
Gross Retail	153,584	119,989	122,362	...	...	14.2	12.0
Retail	125,692	93,206	92,818	...	...	11.1	10.4
Restaurants & Bars	17,478	15,751	16,490	...	...	16.9	6.4
Gasoline, EBR	10,414	11,032	13,055	15,675	...	8.3	31.3
Gallons (000s) ADOT	6,937	7,023	6,648	8,031	...	10.9	8.3
Contracting	47,731	37,994	40,125	...	...	9.3	12.2
Hotel/Motel	4,520	4,002	5,437	...	...	14.8	3.4
New Housing Units Authorized, Census C-40							
Total Units	222	238	236	283	248	11.7	-5.2
Single Family Units	209	232	202	270	225	19.7	11.5

See sources and abbreviations at the bottom of Page 12.

ARIZONA ECONOMIC INDICATORS

	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	% change versus year ago for most recent: month 12-months	
GILA COUNTY							
Civilian Labor Force, ADES							
Employment	18,325	18,400	18,125	18,300	18,575	-0.4	-1.0
Unemployment	1,250	1,375	1,325	1,225	1,300	-10.3	-8.7
Unemployment Rate (%)	6.8	7.5	7.3	6.7	7.0	-10.0	-7.9
Employees on Nonagricultural Payrolls, ADES							
Total	13,675	13,425	13,350	13,550	13,725	-0.5	-1.1
<i>Total Private</i>	8,725	8,475	8,450	8,625	8,725	0.6	-2.5
Goods-Producing	2,025	2,000	1,975	2,000	2,025	-4.7	-8.9
Service-Providing	11,650	11,425	11,375	11,550	11,700	0.2	0.4
Trade, Transportation, and Utilities	2,200	2,125	2,100	2,150	2,200	3.5	-1.0
Other Private Service-Providing	4,500	4,350	4,375	4,475	4,500	1.7	0.0
<i>Government</i>	4,950	4,950	4,900	4,925	5,000	-2.4	1.3
Federal Government	475	450	450	475	475	-13.6	-7.3
State and Local Government	4,475	4,500	4,450	4,450	4,525	-1.1	2.4
Sales (\$000s) ADOR							
Gross Retail	31,314	22,754	26,674	...	...	16.5	8.0
Retail	24,479	15,742	18,548	...	...	9.7	1.9
Restaurants & Bars	3,603	3,492	3,614	...	...	10.6	4.4
Gasoline, EBR	3,233	3,519	4,512	4,936	...	-3.0	44.0
Gallons (000s) ADOT	2,153	2,240	2,298	2,529	...	-0.7	19.0
Contracting	8,273	6,858	7,345	...	...	27.1	1.1
Hotel/Motel	640	662	772	...	...	17.7	3.8
MOHAVE COUNTY							
Civilian Labor Force, ADES							
Employment	76,575	77,600	77,550	78,150	78,825	5.9	4.1
Unemployment	3,400	3,675	3,650	3,175	3,400	0.0	-9.8
Unemployment Rate (%)	4.4	4.7	4.7	4.1	4.3	-5.6	-13.3
Employees on Nonagricultural Payrolls, ADES							
Total	47,350	47,500	47,725	48,050	48,250	0.8	3.8
<i>Total Private</i>	39,925	40,125	40,275	40,550	40,775	1.7	5.3
Goods-Producing	9,425	9,400	9,300	9,400	9,475	-1.8	4.1
Natural Resources and Mining	100	100	100	100	100	0.0	0.0
Construction	5,900	5,825	5,775	5,875	5,925	-5.6	2.5
Manufacturing	3,425	3,475	3,425	3,425	3,450	5.3	7.2
Service-Providing	37,925	38,100	38,425	38,650	38,775	1.5	3.7
Trade, Transportation, and Utilities	10,950	10,675	10,750	10,650	10,725	-0.7	4.8
Information	875	875	875	900	900	2.9	0.2
Financial Activities	2,000	1,975	2,000	2,050	2,075	12.2	15.8
Professional and Business Services	3,475	3,675	3,625	3,475	3,500	2.2	10.0
Educational and Health Services	5,625	5,600	5,625	5,575	5,550	-0.9	0.4
Leisure and Hospitality	5,550	5,800	5,950	6,300	6,400	10.3	9.9
Other Services	2,025	2,125	2,150	2,200	2,150	2.4	1.5
<i>Government</i>	7,425	7,375	7,450	7,500	7,475	-3.5	-4.0
Federal Government	525	525	525	525	550	4.8	1.2
State and Local Government	6,900	6,850	6,925	6,975	6,925	-4.2	-4.4
Sales (\$000s) ADOR							
Gross Retail	140,343	115,994	127,974	...	...	19.0	10.8
Retail	113,604	90,001	95,693	...	...	16.2	9.3
Restaurants & Bars	13,895	12,164	14,903	...	...	19.8	6.4
Gasoline, EBR	12,843	13,829	17,377	19,973	...	6.7	21.0
Gallons (000s) ADOT	8,555	8,803	8,849	10,233	...	9.2	-0.4
Contracting	33,364	33,105	35,475	...	...	34.8	10.3
Hotel/Motel	1,914	2,611	2,922	...	...	16.3	8.0
New Housing Units Authorized, Census C-40							
Total Units	273	254	259	269	295	8.5	16.5
Single Family Units	228	226	239	267	277	5.7	16.9

See sources and abbreviations at the bottom of Page 12.

ARIZONA ECONOMIC INDICATORS

	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	% change versus year ago for most recent: month 12-months	
LA PAZ COUNTY							
Civilian Labor Force, ADES							
Employment	6,875	7,050	6,925	6,875	6,850	3.4	1.1
Unemployment	6,475	6,550	6,450	6,425	6,375	2.4	0.4
Unemployment Rate (%)	400	500	475	450	475	18.8	12.3
Unemployment Rate (%)	5.8	7.1	6.9	6.5	6.9	14.8	10.8
Employees on Nonagricultural Payrolls, ADES							
Total	4,775	4,875	4,925	4,950	5,000	3.6	1.0
<i>Total Private</i>	2,300	2,350	2,425	2,475	2,550	-1.0	-5.6
Goods-Producing	250	250	275	325	350	0.0	-0.7
Service-Providing	4,525	4,625	4,650	4,625	4,650	3.9	1.1
Trade, Transportation, and Utilities	1,050	1,050	1,100	1,075	1,100	-8.3	-9.7
Other Private Service-Providing	1,000	1,050	1,050	1,075	1,100	7.3	-2.4
<i>Government</i>	2,475	2,525	2,500	2,475	2,450	8.9	8.7
Federal Government	175	175	175	175	175	16.7	13.9
State and Local Government	2,300	2,350	2,325	2,300	2,275	8.3	8.3
Sales (\$000s) ADOR							
Gross Retail	16,190	21,655	18,200	...	...	11.8	14.2
Retail	10,189	14,724	10,396	...	...	4.8	6.5
Restaurants & Bars	2,080	2,815	2,680	...	...	15.0	14.3
Gasoline, EBR	3,922	4,116	5,124	5,633	...	-0.7	26.0
Gallons (000s) ADOT	2,612	2,620	2,609	2,886	...	1.6	4.6
Contracting	2,429	2,727	3,025	...	...	87.7	9.7
Hotel/Motel	342	526	428	...	...	-13.3	2.6
YUMA METROPOLITAN REGION							
Civilian Labor Force, ADES							
Employment	72,425	71,225	69,800	68,700	74,200	6.4	0.8
Unemployment	60,550	60,250	59,675	59,200	55,900	2.1	1.4
Unemployment Rate (%)	11,875	10,975	10,125	9,500	18,300	22.2	-1.0
Unemployment Rate (%)	16.4	15.4	14.5	13.8	24.7	14.8	-1.7
Employees on Nonagricultural Payrolls, ADES							
Total	47,400	47,125	47,875	47,675	45,450	2.2	1.8
<i>Total Private</i>	34,400	34,525	34,625	34,350	32,175	1.3	2.4
Goods-Producing	6,925	6,850	6,975	6,650	6,000	2.1	6.0
Natural Resources and Mining	25	25	25	25	25	0.0	0.0
Construction	3,900	3,850	3,975	3,925	4,025	15.8	12.4
Manufacturing	3,000	2,975	2,975	2,700	1,950	-17.9	-2.5
Service-Providing	40,475	40,275	40,900	41,025	39,450	2.3	1.2
Trade, Transportation, and Utilities	9,725	9,550	9,375	9,400	8,350	-0.3	-3.4
Information	1,050	1,000	1,000	1,000	975	-2.5	8.2
Financial Activities	1,250	1,250	1,275	1,300	1,225	-5.8	-2.9
Professional and Business Services	4,050	4,400	4,300	4,275	4,150	12.9	22.7
Educational and Health Services	5,675	5,700	5,725	5,700	5,675	2.7	4.6
Leisure and Hospitality	4,300	4,325	4,475	4,525	4,350	-4.4	-5.2
Other Services	1,425	1,450	1,500	1,500	1,450	-1.7	-4.3
<i>Government</i>	13,000	12,600	13,250	13,325	13,275	4.7	0.4
Federal Government	2,825	2,850	2,875	2,900	2,875	3.6	2.3
State and Local Government	10,175	9,750	10,375	10,425	10,400	5.1	-0.2
Sales (\$000s) ADOR							
Gross Retail	136,643	115,598	126,240	...	...	15.3	9.8
Retail	111,258	87,702	94,652	...	...	13.8	8.4
Restaurants & Bars	12,322	13,963	15,332	...	...	18.1	8.2
Gasoline, EBR	13,062	13,933	16,257	17,301	...	0.5	16.2
Gallons (000s) ADOT	8,701	8,869	8,279	8,864	...	2.8	-3.6
Contracting	25,880	24,453	21,678	...	...	-6.8	22.5
Hotel/Motel	2,739	3,547	4,780	...	...	22.8	17.2
New Housing Units Authorized, Census C-40							
Total Units	106	163	199	256	293	80.9	37.0
Single Family Units	106	163	199	256	293	80.9	47.5

See sources and abbreviations at the bottom of Page 12.

A R I Z O N A E C O N O M I C I N D I C A T O R S

	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	% change versus year ago for most recent: month 12-months	
SANTA CRUZ COUNTY							
Civilian Labor Force, ADES	14,650	15,000	14,825	14,750	14,675	4.1	2.4
Employment	13,150	13,475	13,325	13,350	13,200	3.1	3.9
Unemployment	1,500	1,525	1,500	1,400	1,475	13.5	-7.0
Unemployment Rate (%)	10.2	10.2	10.1	9.5	10.1	9.0	-9.0
Employees on Nonagricultural Payrolls, ADES							
Total	12,775	12,950	13,000	13,000	12,900	2.4	3.5
<i>Total Private</i>	9,225	9,425	9,425	9,450	9,325	0.3	2.0
Goods-Producing	1,300	1,325	1,325	1,350	1,350	-1.8	-0.9
Service-Providing	11,475	11,625	11,675	11,650	11,550	2.9	4.1
Trade, Transportation, and Utilities	5,100	5,250	5,200	5,200	5,075	0.5	5.8
Other Private Service-Providing	2,825	2,850	2,900	2,900	2,900	0.9	-2.9
<i>Government</i>	3,550	3,525	3,575	3,550	3,575	8.3	7.8
Federal Government	1,150	1,125	1,175	1,150	1,150	4.5	2.2
State and Local Government	2,400	2,400	2,400	2,400	2,425	10.2	10.8
Sales (\$000s) ADOR							
Gross Retail	45,301	27,679	30,733	...	...	13.6	10.9
Retail	37,358	20,402	22,551	...	...	10.7	6.4
Restaurants & Bars	3,394	3,101	3,198	...	...	4.2	3.3
Gasoline, EBR	4,549	4,176	4,984	5,443	...	8.2	44.4
Gallons (000s) ADOT	3,030	2,658	2,538	2,789	...	10.7	20.4
Contracting	6,994	5,402	5,331	...	...	63.4	50.0
Hotel/Motel	1,040	671	1,236	...	...	11.8	-0.8
New Housing Units Authorized, Census C-40							
Total Units	46	26	36	51	36	-33.3	2.2
Single Family Units	44	26	36	49	36	-29.4	10.3
COCHISE COUNTY							
Civilian Labor Force, ADES	45,575	46,050	45,850	45,975	46,250	0.8	0.5
Employment	43,675	43,850	43,650	43,900	44,050	1.7	1.1
Unemployment	1,900	2,200	2,200	2,075	2,200	-15.4	-10.3
Unemployment Rate (%)	4.2	4.8	4.8	4.5	4.8	-16.0	-10.8
Employees on Nonagricultural Payrolls, ADES							
Total	34,100	33,725	34,000	34,125	34,400	1.7	0.7
<i>Total Private</i>	22,475	22,325	22,300	22,450	22,625	1.0	0.2
Goods-Producing	3,075	3,100	3,050	3,100	3,125	1.6	-0.3
Natural Resources and Mining	50	50	50	50	50	0.0	9.1
Construction	2,150	2,200	2,150	2,200	2,175	0.0	1.0
Manufacturing	875	850	850	850	900	5.9	-4.0
Service-Providing	31,025	30,625	30,950	31,025	31,275	1.7	0.8
Trade, Transportation, and Utilities	6,350	6,100	6,050	6,050	6,100	0.8	2.2
Information	450	475	450	450	450	-5.3	-3.0
Financial Activities	900	900	900	925	900	2.9	0.9
Professional and Business Services	3,450	3,475	3,475	3,450	3,650	2.1	0.7
Educational and Health Services	3,625	3,600	3,650	3,700	3,725	4.9	2.5
Leisure and Hospitality	3,550	3,600	3,650	3,675	3,600	-2.7	-4.5
Other Services	1,075	1,075	1,075	1,100	1,075	-2.3	-0.8
<i>Government</i>	11,625	11,400	11,700	11,675	11,775	3.1	1.5
Federal Government	4,725	4,675	4,750	4,775	4,850	7.2	4.9
State and Local Government	6,900	6,725	6,950	6,900	6,925	0.4	-0.7
Sales (\$000) ADOR							
Gross Retail	93,447	65,467	71,636	...	...	9.3	6.9
Retail	77,371	49,834	53,610	...	...	4.2	7.9
Restaurants & Bars	8,586	8,125	8,956	...	...	15.0	0.4
Gasoline, EBR	7,490	7,508	9,070	10,496	...	22.9	5.4
Gallons (000s) ADOT	4,990	4,779	4,619	5,377	...	25.8	-13.5
Contracting	17,680	14,925	11,901	...	...	-17.6	24.5
Hotel/Motel	2,243	2,362	3,193	...	...	32.5	10.0
New Housing Units Authorized, Census C-40							
Total Units	53	54	53	76	90	28.6	10.5
Single Family Units	53	54	53	76	83	18.6	10.0

See sources and abbreviations at the bottom of Page 12.

ARIZONA ECONOMIC INDICATORS

	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	% change versus year ago for most recent:	
						month	12-months
TUCSON METROPOLITAN REGION (PIMA)							
Civilian Labor Force (000s) ADES							
Employment	430.3	429.1	432.2	433.9	435.5	2.2	0.6
Unemployment	414.6	412.1	415.1	417.5	418.5	2.5	1.2
Unemployment Rate, Seas. Adj. (%)	15.7	17.0	17.1	16.4	17.0	-5.6	-11.1
	3.7	3.9	3.9	3.9	4.2	-6.7	-12.2
Employees on Nonagricultural Payrolls (000s) ADES							
Total	355.2	347.1	351.9	352.2	353.1	1.4	0.5
Natural Resources and Mining	1.1	1.1	1.1	1.2	1.2	9.1	-15.9
Construction	23.5	23.2	23.1	23.2	23.3	4.0	1.9
Manufacturing	28.6	28.4	28.3	28.3	28.4	-1.0	-4.3
Computer and Electronic Prod.	5.2	5.3	5.3	5.3	5.3	0.0	-5.2
Aerospace Products and Parts	11.5	11.4	11.3	11.3	11.3	-2.6	-6.9
Wholesale Trade	7.2	7.2	7.3	7.3	7.3	0.0	-1.1
Retail Trade	42.2	39.6	39.2	39.2	39.3	1.0	0.4
Transp., Warehousing, and Utilities	7.7	7.7	7.8	7.7	7.7	-1.3	-0.4
Information	7.7	7.7	7.7	7.7	7.6	2.7	-1.9
Financial Activities	15.3	15.3	15.4	15.5	15.4	2.7	4.1
Professional and Business Services	42.5	41.3	41.7	41.2	41.6	1.7	0.4
Educational and Health Services	47.1	47.0	47.5	47.5	47.4	4.6	5.3
Arts, Entertainment, and Recreation	5.2	5.2	5.1	5.3	5.5	5.8	3.9
Accommodation	7.5	7.4	7.8	7.7	7.8	4.0	-0.2
Food Svcs and Drinking Places	24.3	24.3	24.7	25.1	25.1	0.8	-1.0
Other Services	14.5	14.4	14.5	14.7	14.9	2.1	0.7
Federal Government	9.8	9.7	10.0	10.0	10.1	6.3	5.9
State and Local Government	71.0	67.6	70.7	70.6	70.5	-1.5	-1.1
State and Local Government Education	48.0	44.8	47.9	47.8	47.8	1.1	0.6
Sales (\$000s) ADOR							
Aggregate Retail Sales	955,026	769,060	776,069	...	...	8.3	6.2
Retail	704,939	515,950	503,073	...	...	6.1	5.0
Food, EBR	108,903	108,331	108,893	109,233	...	5.5	9.1
Restaurants & Bars	90,944	93,206	101,423	...	...	13.3	2.3
Gasoline, EBR	50,240	51,573	62,680	66,888	...	-0.5	14.8
Contracting	153,835	126,494	137,959	...	...	14.5	9.4
Hotel/Motel	19,298	26,517	37,926	...	...	4.6	2.6
New Housing Units Authorized, Census C-40 adjusted by EBR							
Total Units	694	559	669	904	707	-11.3	9.2
Single Family Units	656	518	629	838	655	-7.7	19.3
2-5-plus Unit Structures	38	41	40	66	52	-40.2	-52.0
Housing Sales and Prices, TAR							
Total Sales (\$000s)	189,934	167,133	192,399	279,257	310,860	37.2	23.3
Total Units	1,081	929	1,024	1,346	1,505	20.5	13.2
Average Price (\$)	175,702	179,906	187,890	207,472	206,552	13.9	8.6
Tucson International Airport, TAA							
Total Passengers	308,589	280,768	319,935	369,092	...	6.9	0.2
Total Aircraft Movements	18,187	22,588	21,462	22,099	...	-3.3	-10.4

	I 2003	II 2003	III 2003	IV 2003	I 2004	% change versus year ago for most recent:	
						quarter	4-quarters
TUCSON METROPOLITAN REGION (PIMA) - QUARTERLY DATA							
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	903.1	908.3	913.8	919.3	924.8	2.4	2.3
Natural Increase	1.2	1.2	1.3	1.3	1.2	3.1	7.3
Births	3.1	3.1	3.2	3.2	3.2	1.9	2.6
Deaths	1.9	1.9	1.9	1.9	1.9	1.2	-0.3
Net Migration	3.9	4.0	4.2	4.2	4.3	9.4	8.4
Personal Income by Source (\$mil, SAAR) EBR							
Total Personal Income	22,511	22,725	22,938	23,152	...	3.9	3.9
Earnings by Place of Work	13,760	13,875	13,990	14,104	...	3.5	3.4
Less: Contributions for Social Insurance	846	855	864	873	...	4.4	4.3
Plus: Adjustment for Residence	112	114	115	116	...	4.6	4.1
Plus: Dividends, Interest & Rents	5,408	5,430	5,452	5,474	...	1.6	1.6
Plus: Transfer Payments	4,077	4,162	4,246	4,331	...	8.5	8.8
Per Capita Personal Income (\$, SAAR) EBR	24,927	25,018	25,103	25,186	...	1.5	1.5

See sources and abbreviations at the bottom of Page 12.

ARIZONA ECONOMIC INDICATORS

	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	% change versus year ago for most recent: month 12-months	
PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL)							
Civilian Labor Force (000s) ADES							
Employment	1,824.1	1,823.6	1,829.5	1,838.0	1,850.7	2.9	1.5
Unemployment	1,748.4	1,742.5	1,746.6	1,763.1	1,771.4	3.8	2.4
Unemployment Rate, Seas. Adj. (%)	75.7	81.1	82.9	74.9	79.3	-13.5	-13.1
Unemployment Rate, Seas. Adj. (%)	4.3	4.5	4.6	4.2	4.5	-16.7	-14.6
Employees on Nonagricultural Payrolls (000s) ADES							
Total	1,662.2	1,629.0	1,644.0	1,652.0	1,660.9	2.8	1.7
Natural Resources and Mining	2.0	2.0	2.0	2.0	2.0	0.0	-4.8
Construction	137.0	135.6	136.3	138.0	140.6	11.9	6.2
Durable Goods	101.8	101.4	101.3	101.2	101.5	-0.3	-4.9
Fabricated Metal Products	13.2	13.1	13.1	13.2	13.2	3.1	-1.3
Computer and Electronic Prod.	35.9	35.6	35.6	35.6	35.5	-5.6	-11.4
Aerospace Products and Parts	14.7	14.6	14.5	14.5	14.5	-1.4	-2.6
Non-Durable Goods	27.5	27.3	27.1	27.2	26.9	-3.2	-1.0
Wholesale Trade	77.5	76.6	76.4	76.3	76.1	-1.7	-1.8
Retail Trade	204.8	196.6	194.9	194.3	195.6	3.9	2.5
Utilities	8.0	8.0	8.1	8.1	8.1	2.5	3.0
Transportation and Warehousing	51.9	51.2	51.0	51.5	51.5	0.2	-0.9
Information	36.5	35.8	35.7	36.1	35.6	-6.6	-4.7
Finance and Insurance	102.5	101.5	102.6	103.2	103.7	3.3	3.5
Real Estate, Rental, and Leasing	33.8	32.9	33.1	33.3	33.2	0.3	-0.5
Professional and Business Services	262.9	258.5	260.5	261.5	264.2	2.9	2.3
Educational Services	27.1	26.9	27.5	27.7	28.4	15.9	14.9
Health Care and Social Assistance	140.4	140.7	141.1	142.1	142.3	4.2	4.7
Arts, Entertainment, and Recreation	20.7	20.6	20.8	21.0	21.0	-2.3	1.0
Accommodation	27.0	27.0	27.4	27.7	27.7	0.0	3.0
Food Svcs and Drinking Places	111.5	108.4	110.7	112.3	113.1	2.0	0.6
Other Services	61.7	61.4	61.8	62.4	62.4	1.1	-0.2
Federal Government	22.4	21.8	21.6	21.6	21.6	0.0	1.6
State and Local Government	205.2	194.8	204.1	204.5	205.4	2.4	1.8
State and Local Government Education	109.5	99.4	108.6	108.8	109.1	4.5	4.8
Sales (\$000s) ADOR							
Aggregate Retail Sales	4,301,857	3,413,037	3,520,035	...	...	10.5	8.6
Retail	3,196,318	2,286,934	2,330,510	...	...	8.9	6.4
Food, EBR	464,681	464,379	466,787	468,245	...	6.0	11.8
Restaurants & Bars	435,544	442,780	458,863	...	...	13.6	7.5
Gasoline, EBR	205,314	218,945	263,875	283,209	...	2.9	24.0
Contracting	856,205	673,335	718,092	...	...	14.9	8.3
Hotel/Motel	82,402	117,815	140,705	...	...	13.0	11.2
New Housing Units Authorized, Census C-40							
Total Units	5,313	3,623	3,940	5,818	6,480	58.9	21.0
Single Family Units	4,441	3,068	3,431	5,490	4,854	26.6	19.2
2-4 Unit Structures	44	112	154	174	254	296.9	192.1
5-plus Unit Structures	828	443	355	154	1,372	666.5	20.6
Housing Sales and Prices, ARMLS							
Total Sales (\$000s)	1,277,588	1,007,585	1,214,668	1,779,136	1,792,196	34.6	34.3
Total Units	6,023	4,774	5,863	8,205	8,452	21.4	18.5
Average Price (\$)	212,118	211,057	207,175	216,836	212,044	10.8	13.6
Phoenix Skyharbor International Airport, PSIA							
Total Passengers	3,129,645	2,936,387	2,985,842	3,576,506	3,344,797	6.9	4.7
Total Aircraft Movements	45,345	45,454	...	...	...	-2.2	-1.4

See sources and abbreviations below.

Sources and abbreviations:

ADES: Arizona Department of Economic Security
 ADHS: Arizona Department of Health Services
 ADOR: Arizona Department of Revenue
 ADOT: Arizona Department of Transportation
 ARMLS: Arizona Regional Multiple Listing Service
 ASPB: Arizona State Parks Board
 BEA: Bureau of Economic Analysis, U.S. Department of Commerce

BLS: Bureau of Labor Statistics, U.S. Department of Labor
 Census C-40: Bureau of the Census, U.S. Department of Commerce
 EBR: Economic & Business Research Program, The University of Arizona
 NPS: National Park Service, U.S. Department of the Interior

PSIA: Phoenix Skyharbor International Airport
 SAAR: Seasonally adjusted at annual rates
 TAA: Tucson Airport Authority
 TAR: Tucson Association of Realtors
 U.S. Bankruptcy Court, District of Arizona
 USBCBP: U.S. Bureau of Customs and Border Protection, U.S. Department of Homeland Security

ARIZONA ECONOMIC INDICATORS

	I 2003	II 2003	III 2003	IV 2003	I 2004	% change versus year ago for most recent: quarter 4-quarters	
PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL) - QUARTERLY DATA							
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	3,556.6	3,584.5	3,612.9	3,641.6	3,670.3	3.2	3.2
Natural Increase	8.8	9.0	9.1	9.1	9.1	3.7	7.3
Births	15.0	15.2	15.3	15.3	15.3	1.9	3.7
Deaths	6.2	6.2	6.2	6.2	6.2	-0.6	-1.3
Net Migration	18.5	18.8	19.3	19.6	19.6	5.8	2.9
Personal Income by Source (\$mil, SAAR) EBR							
Total Personal Income	102,760	104,142	105,524	106,907	...	5.5	5.6
Earnings by Place of Work	75,906	76,923	77,940	78,957	...	5.6	5.5
Less: Contributions for Social Insurance	4,833	4,904	4,974	5,045	...	6.1	6.1
Plus: Adjustment for Residence	-39	-39	-40	-40	...	-5.8	-2.6
Plus: Dividends, Interest & Rents	18,617	18,749	18,882	19,015	...	2.7	2.9
Plus: Transfer Payments	13,109	13,413	13,717	14,020	...	9.5	9.8
Per Capita Personal Income (\$, SAAR) EBR	28,892	29,054	29,208	29,357	...	2.3	2.3

ARIZONA QUARTERLY DATA

Demographics & Vital Statistics (000s, seas adj) ADHS & EBR

Population	5,571.0	5,610.2	5,649.2	5,688.2	5,728.7	2.8	2.8
Natural Increase	12.2	11.8	12.1	11.7	11.6	-5.1	1.2
Births	22.3	22.7	22.9	22.7	22.8	2.6	3.4
Deaths	10.0	10.9	10.8	11.1	11.2	11.8	5.8
Net Migration	27.1	27.5	26.5	27.7	30.1	11.1	2.2

Personal Income Derivation (\$mil, SAAR) EBR

Total Personal Income	146,229	148,975	151,520	153,998	156,615	7.1	6.0
Earnings by Place of Work	102,620	104,689	106,564	108,438	110,709	7.9	6.6
Less: Contributions for Social Insurance	6,472	6,592	6,718	6,845	7,097	9.7	7.7
Plus: Adjustment for Residence	604	613	621	629	639	5.7	4.9
Plus: Dividends, Interest & Rents	27,287	27,423	27,637	28,280	28,607	4.8	2.4
Plus: Transfer Payments	22,190	22,845	23,418	23,499	23,759	7.1	8.4

Components of Earnings (\$mil, SAAR) BEA

Wages and Salaries	81,571	83,064	84,435	85,745	87,440	7.2	5.4
Other Labor Income EBR	9,724	9,942	10,177	10,430	10,806	11.1	10.7
Proprietor's Income	11,130	11,309	11,845	...	...	11.7	8.5
Farm	665	568	733	...	...	64.3	22.2
Nonfarm	10,465	10,742	11,112	...	...	9.3	7.7

Per Capita Personal Income (\$, SAAR) EBR

Average Wage Per Employee, Annual Rate (\$) EBR	35,205	35,914	36,054	3.3	2.7
--	--------	--------	--------	-----	-----	-----	-----

TRAVEL AND TOURISM - MONTHLY DATA

	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	% change versus year ago for most recent: month 12-months	
Visits to Parks & Other Recreational Areas, NPS & ASPB							
Northern Arizona	820,878	921,308	884,717	1,360,123	...	14.7	2.7
Historical	76,287	74,844	83,771	155,483	...	13.1	2.9
Scenic	283,391	244,386	220,741	420,201	...	2.1	4.0
Water Based Recreation	461,200	602,078	580,205	784,439	...	23.1	1.9
Southern Arizona	208,345	249,197	303,594	415,362	...	-0.2	-1.8
Historical	41,948	46,305	64,489	62,651	...	3.4	3.7
Scenic	155,244	184,862	215,603	312,242	...	0.6	-2.2
Water Based Recreation	11,153	18,030	23,502	40,469	...	-10.8	-5.7
International Border Crossings, USBCBP							
U.S. Citizens	694,438	699,708	683,577	756,746	719,128	-0.1	-11.5
Aliens	1,981,063	1,995,408	1,940,255	2,055,396	2,001,759	6.0	-6.2

MEASURES OF INFLATION AND PRICES - MONTHLY DATA

Consumer Price Index (1982-1984=100) BLS

U.S. - All Urban	184.3	185.2	186.2	187.4	188.0	2.3	2.0
U.S. - Wage Earners	179.9	180.9	181.9	182.9	183.5	2.1	1.9

See sources and abbreviations at the bottom of Page 12.

ARIZONA ECONOMIC INDICATORS

	DEC 2003	JAN 2004	FEB 2004	MAR 2004	APR 2004	% change versus year ago for most recent: month 12-months	
ARIZONA MONTHLY DATA							
Civilian Labor Force (000s) ADES							
Employment	2,708.3	2,709.7	2,717.1	2,728.4	2,751.6	3.0	1.4
Unemployment	2,582.6	2,575.2	2,582.3	2,605.0	2,613.4	3.5	2.1
Unemployment Rate, Seas. Adj. (%)	125.7	134.5	134.8	123.4	138.2	-6.2	-9.8
	5.0	5.2	5.2	4.9	5.4	-8.5	-10.9
Employees on Nonagricultural Payrolls (000s) ADES							
Total	2,348.9	2,304.2	2,328.9	2,339.2	2,348.4	2.5	1.5
Natural Resources and Mining	7.9	7.8	7.9	8.0	8.1	1.3	-5.5
Construction	184.7	182.3	183.2	185.0	187.3	9.1	5.1
Durable Goods Manufacturing	138.5	138.0	137.9	138.0	138.6	0.1	-4.1
Fabricated Metal Products	17.4	17.2	17.0	17.1	17.1	3.0	-0.6
Computer and Electronic Prod.	41.7	41.4	41.4	41.4	41.3	-5.1	-10.6
Aerospace Products and Parts	26.7	26.4	26.4	26.3	26.3	-1.5	-4.4
Non-Durable Goods Manufacturing	35.4	35.1	34.9	34.7	33.6	-5.4	-2.7
Wholesale Trade	94.0	93.2	93.1	93.0	91.7	-1.3	-1.5
Retail Trade	293.6	280.9	278.4	277.7	279.9	3.4	2.2
Utilities	11.4	11.4	11.5	11.5	11.5	1.8	2.5
Transportation and Warehousing	65.5	64.9	64.7	65.1	65.1	-0.2	-0.9
Information	48.8	47.9	47.8	48.3	47.6	-4.8	-4.0
Finance and Insurance	117.1	116.2	117.5	118.0	118.5	3.1	4.0
Real Estate, Rental, and Leasing	44.0	43.1	43.4	43.7	43.4	0.5	-0.9
Professional and Business Services	326.1	320.8	323.3	324.4	327.6	3.0	2.4
Educational Services	37.3	37.5	38.5	38.5	39.3	14.6	13.3
Health Care and Social Assistance	216.3	216.3	217.4	218.3	218.8	4.4	4.8
Arts, Entertainment, and Recreation	29.6	29.4	29.6	30.4	31.0	2.6	3.3
Accommodation	43.7	43.5	44.4	45.2	45.4	1.8	2.2
Food Svcs and Drinking Places	161.3	158.4	161.5	164.1	165.1	1.7	0.2
Other Services	86.2	85.7	86.1	87.0	87.2	1.2	-0.0
Federal Government	51.8	51.0	51.2	51.5	51.6	3.0	2.8
State and Local Government	355.7	340.8	356.6	356.8	357.1	1.1	0.3
State and Local Government Education	195.9	181.0	196.7	196.7	196.8	2.8	2.2
	41.3	40.8	40.5	39.6	40.2	-0.5	1.3
Hours Worked Per Week, Manufacturing, ADES							
Average Hourly Earnings (\$) ADES							
Construction	15.38	15.42	15.28	15.29	15.27	1.6	4.5
Manufacturing	14.33	14.23	14.17	14.27	14.34	0.8	0.9
Trade, Transportation, Utilities	13.45	13.90	14.07	13.87	13.92	4.3	3.0
Retail Trade	11.42	11.73	11.86	11.65	11.54	0.2	2.2
Wholesale Trade	17.49	17.94	18.09	17.99	18.29	12.1	8.3
Sales (\$000s) ADOR							
Aggregate Retail Sales	6,219,633	4,979,216	5,134,651	...	...	10.8	7.6
Retail	4,573,335	3,301,909	3,348,238	...	...	8.6	6.2
Food, EBR	696,519	705,388	709,046	711,260	...	7.5	6.8
Restaurants & Bars	613,486	617,879	649,565	...	...	14.4	6.4
Gasoline, EBR	336,292	354,040	427,802	466,603	...	4.1	21.6
Gallons (000s) ADOT	224,016	225,360	217,855	239,051	...	6.6	0.2
Utilities	456,435	500,278	485,596	...	...	18.4	6.3
Communications	239,454	233,812	243,559	...	...	3.1	-2.9
Amusements	64,136	74,824	71,938	...	...	7.1	1.3
Rentals - Personal Property	279,521	249,901	259,869	...	...	-5.9	-7.8
Contracting	1,198,620	964,188	1,015,632	...	...	13.9	9.2
Mining - Metal, Oil & Gas	42,888	49,065	56,211	...	...	167.4	41.2
Hotel/Motel	126,938	167,408	207,632	...	...	12.0	5.3
New Housing Units Authorized, Census C-40							
Total Units	6,706	5,021	5,515	7,790	8,290	46.9	20.0
Single Family Units	5,742	4,400	4,919	7,393	6,575	24.5	20.4
2-4 Unit Structures	116	154	199	202	331	215.2	89.5
5-plus Unit Structures	848	467	397	195	1,384	442.7	7.4
Bankruptcy Filings, U.S. Bankruptcy Court							
Total	2,252	2,039	2,297	3,162	2,871	-2.5	3.7
Chapter 7	1,780	1,528	1,839	2,629	2,385	2.1	5.9
Chapter 11	22	21	14	22	14	-36.4	-8.9
Chapter 13	450	490	444	511	472	-19.5	-4.3

See sources and abbreviations at the bottom of Page 12.

	I 2003	II 2003	III 2003	IV 2003	I 2004	% change versus year ago for most recent: quarter 4-quarters	
MEASURES OF INFLATION AND PRICES - QUARTERLY DATA							
Consumer Price index (1982-84=100) BLS							
Western Region (U.S.)	188.0	188.5	189.1	188.7	190.8	1.5	1.8
U.S. - All Urban Consumers	183.0	183.7	184.6	184.6	186.3	1.8	2.0
U.S. - Urban Wage Earners	179.1	179.6	180.3	180.3	181.9	1.6	1.9
Price Indexes (1996=100) BEA							
Gross Domestic Product	105.2	105.4	105.9	106.3	106.9	1.6	1.6
Personal Consumption Expenditures	104.9	105.1	105.5	105.8	106.5	1.5	1.6

CHANGE OF ADDRESS

Attach old label or fill in old address in shaded box below.

NEW Address:

Name: _____
 Organization: _____
 Title: _____
 Address: _____
 City: _____
 State: _____ Zip: _____
 Telephone: _____ E-mail: _____

Mail to: Economic and Business
 Research Publications
 McClelland Hall 103
 The University of Arizona
 PO Box 210108
 Tucson, Arizona 85721-0108

Name: _____
 Organization: _____
 Title: _____
 Address: _____
 City: _____
 State: _____ Zip: _____
 Telephone: _____

TO ORDER

7/04

Check the appropriate box below and include a check or money order, where applicable.

Arizona's Economy—now also available on-line!

- Electronic subscription (Please notify me via e-mail when each new quarterly issue is posted on your Web site. Do not send hard copy.)
- Printed subscription only, please:
 - free of charge in the United States \$16.00 (U.S.) international subscription
 - Both of the above

Arizona Economic Indicators

- \$21.00 in the U.S. (Spring 2004 and Fall 2004)
- \$28.00 (U.S.) international subscription (Spring 2004 and Fall 2004)
- \$10.50 single issue *U.S.* (specify issue) \$14.00 single issue *international* (specify issue)

2003 Arizona Statistical Abstract (prices include shipping and handling)

- \$54.95 in the U.S. \$70.00 international

1993 Arizona Statistical Abstract (prices include shipping and handling)

- \$27.95 in the U.S. \$36.00 international

Name: _____ E-mail: _____
 Title: _____ Organization: _____
 Address: _____
 City: _____ State: _____ Zip: _____ - _____
 Country: _____ Telephone: () _____ Fax: () _____
 Total amount enclosed: \$ _____

Please make check or money order payable to: **Economic and Business Research**

Mail to: Economic and Business Research Publications, McClelland Hall 103,
 The University of Arizona, PO Box 210108, Tucson, Arizona 85721-0108



ARIZONA'S ECONOMY IS PUBLISHED QUARTERLY BY THE ELLER COLLEGE OF MANAGEMENT, THE UNIVERSITY OF ARIZONA, TUCSON, ARIZONA 85721. 520-621-2155.
 COPYRIGHT 2004 BY THE UNIVERSITY OF ARIZONA.
 REQUESTS FOR COPIES, PERMISSION TO REPRINT AND CHANGE OF ADDRESS NOTICES SHOULD BE DIRECTED TO THE STAFF.
 INTERIM DEAN.....KENNETH SMITH
 DIRECTOR, ECONOMIC AND BUSINESS RESEARCH.....MARSHALL J. VEST
 DIRECTOR OF MARKETING AND COMMUNICATIONS.....JULIE KRELL

ECONOMIC AND BUSINESS RESEARCH PROGRAMS
 520-621-2155

- ECONOMIC IMPACT & FISCAL ANALYSISALBERTA CHARNEY
621-2291
- FORECASTING PROJECTMARSHALL J. VEST
621-4075
- STATE DATA CENTER.....PIA MONTOYA
621-2523
- DATA REFERENCE.....VALORIE RICE
621-2109
- EBR WEBMASTERMAILE NADELHOFFER
621-4050

CLIP & MAIL

Visit our Web site! ebr.eller.arizona.edu **BANK ONE**
 Made possible through the support of Bank One

ARIZONA'S ECONOMY

HOW DO YOU MEASURE CONFIDENCE IN ARIZONA'S ECONOMY?

Printing and mailing

for this issue of

Arizona's Economy

made possible by



The Arizona **Business Leaders Confidence Index® (BLCI)** measures expectations about economic growth for Arizona industries, the state and nation. See the inside pages for recent survey results.

Why participate?

It's a tool for better decision making allowing you as an Arizona executive to stay ahead of coming trends and plan your company's strategies accordingly. Receive an **exclusive preview**, view survey results before they are publicized. It's easy—a user-friendly online survey takes five minutes or less to complete.

Visit **www.blcindex.com** and register for the next survey, which will open September 1. We'll send you an email reminder.

Register today!

THE UNIVERSITY OF
ARIZONA[®]
TUCSON ARIZONA

PUBLICATIONS OFFICE
ELLER COLLEGE OF MANAGEMENT
McCLELLAND HALL 103
PO BOX 210108
TUCSON, ARIZONA 85721-0108

ADDRESS SERVICE REQUESTED

PRSR. STD.
U.S. POSTAGE
P A I D
TUCSON, ARIZONA
PERMIT NO. 190