

The Odds of Recession Have Increased Significantly

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June 1, 2007

The nation's economy slowed sharply as last year came to an end and real GDP grew by only 0.6% during the first quarter.

Arizona's economy lost steam as well, due to the drag from reduced construction activity and subdued spending by consumers. Employment growth is slowing and construction jobs have started falling. The homebuilding industry remains in recession, with no prospect for improvement in the near term. Look for Arizona's economy to grow at the slowest pace since the 2001 recession, but there is a large risk of recession before year end.

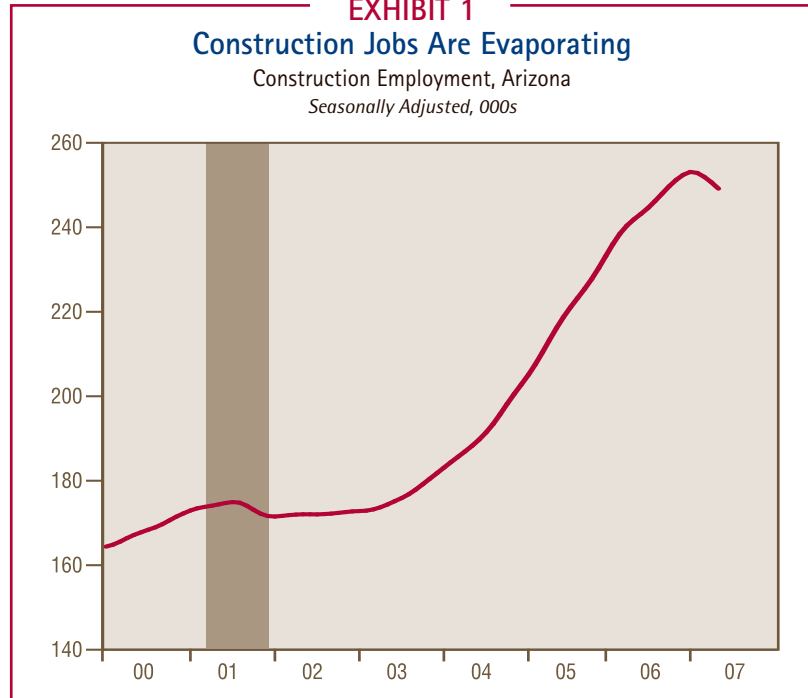
We may be in one already!

INSIDE :

Forecast Tables	4
Arizona Economic Indicators.....	5

EXHIBIT 1 Construction Jobs Are Evaporating

Construction Employment, Arizona
Seasonally Adjusted, 000s



Employment Revised Higher, But Slowing

In its annual revisions of employment, the Arizona Department of Economic Security boosted estimates for both 2005 and 2006 by 1,900 and 13,600 jobs, respectively. The new estimates show that job growth state-wide was 5.4% in both years, the strongest growth since 1994-96.

Even though the 2006 growth rate was revised higher, a slowing trend was evident as the year came to a close. With data through April, year-on-year growth has retreated to 3.7% and is poised to move lower as the year progresses. The help-wanted index for metro Phoenix has plunged in recent months, signaling weak hiring in the near term. For all of 2007, we are forecasting an increase of 2.8%. Next year is even slower, with a 1.7% increase.

As expected, construction employment is now declining and will become a major drag on overall job growth. So far some 4,000 jobs have evaporated since the peak of 253,100 jobs was reached last December. The peak would have come sooner and with larger losses were it not for the presence of "undocumented" (and uncounted) workers. We are

forecasting a decline of 30,000 construction jobs or more and lasting into early 2009 (Exhibit 1).

Also, Arizona's manufacturing employment has not grown in over a year. Although the industry has added a little over 13,000 jobs since the last recession, it remains 25,000 below the peak level reached in November 2000. Near-term prospects are not bright: both production and orders components of the ISM survey have fallen sharply and the orders index is barely over 50. Computer and electronic products account for recent losses. We expect manufacturing employment to stabilize or fall slightly in coming months.

Arizona's information industry, led by telecommunications, continued to shed jobs in recent months as well. The downward trajectory now spans seven years. We expect further losses this year to add to the total.

Overall the Arizona economy should create 75,000 jobs this year compared to 142,000 in 2006. Next year, we expect only 45,000-50,000.

Residential Building Permits Were Understated

The data we track for residential building permits is issued by the US Bureau of the Census. The Census C-40 data, as they are known, are based on monthly reports of each building permit-issuing agency in the U.S. Annual estimates are released three months after the end of the year, but the previously-issued monthly estimates are not revised. This year the annual counts were *significantly higher* than the sum of the 12 months. The annual estimates show 65,363 total permits statewide issued in 2006, compared to 61,262 shown in the monthly releases. Of the total, 55,633 were for single family units. The additional 4,000-plus units reflect late reporting on the part of many permit-issuing agencies. Some were known to be two to three months behind in the processing of permits as they were not adequately staffed to handle the surge in volume.

A much better source for permit data is the *Phoenix Housing Market Letter*, published by RL Brown and Greg Burger (www.rlbrownreports.com), and the *Southern Arizona Housing Market Letter* by Bright Future Business Consultants, John L. Strobeck, President (www.orangereports.com). These sources are much more reliable than what's available from any government source.

As best we can determine using the Census data, the number of residential building permits statewide declined roughly 30% last year. Since the beginning of 2007, the pace has picked up a bit, suggesting that the early stages of recovery are at hand. We think not. Rather, some builders appear to be getting ahead of themselves given the still-large supply of unsold homes. We expect permitting to again move lower in coming months, and the number for all of 2007 to be down another 20-25% (Exhibit 2).

A recent survey of forecasters who are members of the National Association for Business Economics found that nearly half think the bottom in housing will not be reached until the 4th quarter or later.

Are Housing Prices Declining?

The answer to this question is – it depends. There are at least three alternative measures, each with advantages and disadvantages, and they don't necessarily agree on the direction, much less the magnitude of change.

EXHIBIT 2 A Premature Bounce?

Building Permits, Arizona
Seasonally Adjusted Annual Rate, 000s

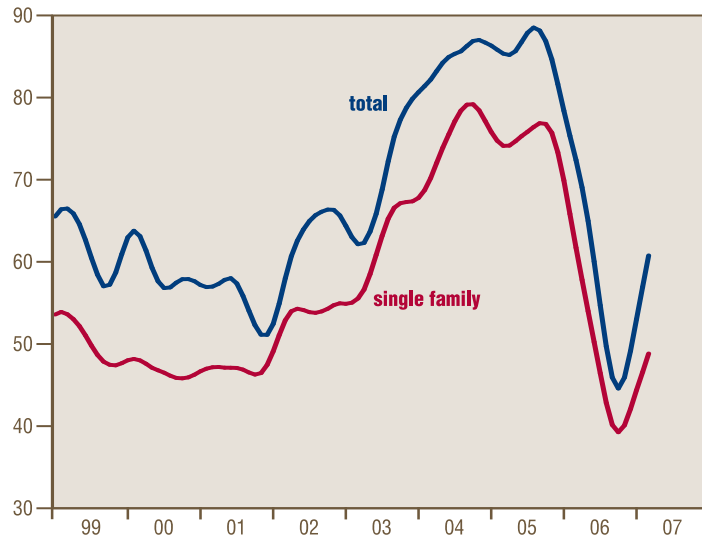
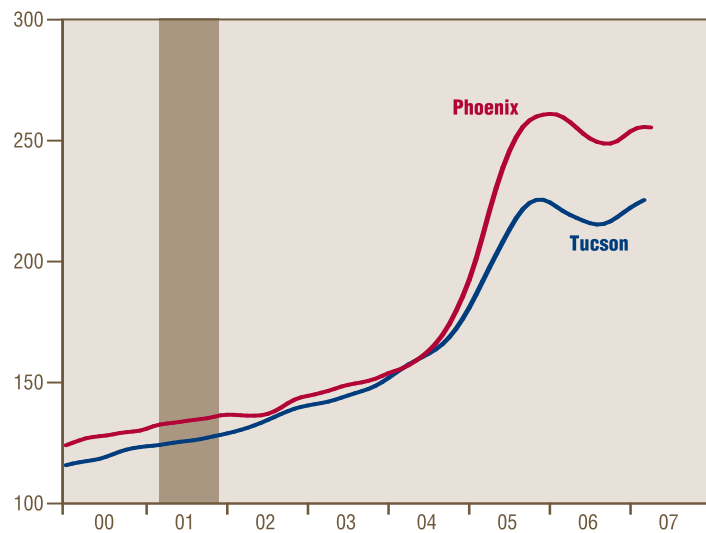


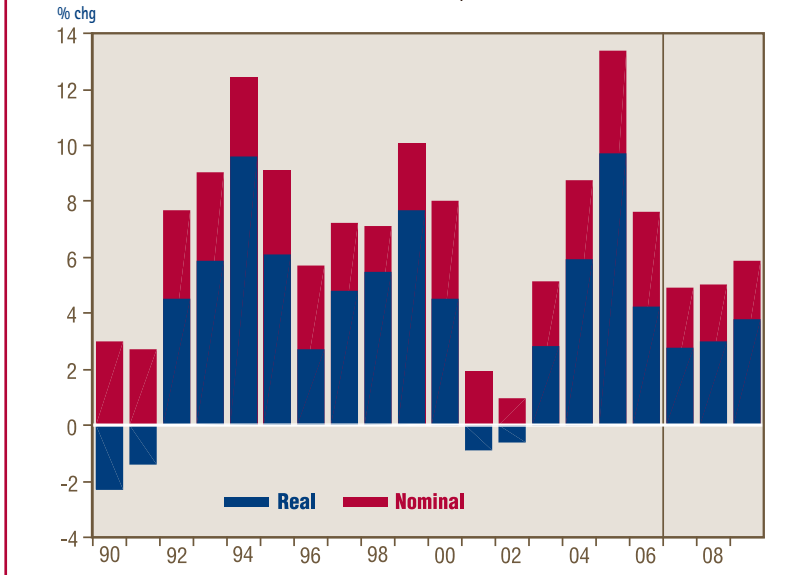
EXHIBIT 3 MLS Price Measures are Moving Up

Median Price of Homes Sold, MLS
Seasonally Adjusted, Smoothed, \$000s



A recent survey of forecasters who are members of the National Association for Business Economics found that nearly half think the bottom in housing will not be reached until the 4th quarter or later.

EXHIBIT 4
Consumers Will Remain Cautious
 Retail Sales Growth, Arizona



The measure most widely quoted is from Realtor associations' multiple listing services (MLS) data. It shows the median price of homes sold through that service, which is a small and changing sample of the housing stock. Prices can move up or down as the mix of houses-changing-hands varies, and activity in different segments of the market can vary widely over the housing cycle. During the first three quarters of 2006 the median price fell as purchasers of high-priced homes took their investment dollars elsewhere. In recent months this measure of prices moved up as sub-prime borrowers for less expensive houses were unable to obtain financing. In the first quarter, this measure in metro Phoenix increased at nearly a 15% annual rate and was down only 1.6% from the prior year. The median price of homes sold on the MLS is now almost back to peak levels of late 2005 in both Tucson and Phoenix metro areas, but its direction is not a reliable measure of the value of the existing housing stock (Exhibit 3).

The other two measures mentioned below are repeat sales indexes, i.e., they measure price movements of houses that have sold more than once. This minimizes changes in the mix and qual-

ity of housing that plagues the MLS data.

The second measure comes from the Office of Federal Housing Enterprise Oversight (OFHEO). Its shortcoming is that it reflects only conforming loans, thereby missing expensive houses (mortgages greater than \$417,000) as well as sub-prime loans that comprised 30% or more of mortgage originations during the recent housing boom. The database therefore covers less than half of mortgage originations. This index shows prices did not change in metro Phoenix in the first quarter although they were 4.5% higher year-on-year. Likewise for metro Tucson, where prices were unchanged but up 5.3%.

The third measure is the S&P/Case-Shiller Home Price Index, published by Standard and Poor's. This index includes sales with all types of financing and is therefore considered the best indicator of housing prices. Its shortcoming is that it is collected only in 20 metro areas across the country. Fortunately, Phoenix is one of those cities. This measure for metro Phoenix declined at a 9.0% annual rate during the first two months of this year, and in February prices were 2.1% lower than one year earlier.

So are housing prices moving up or down? One measure shows prices increasing, one shows prices decreasing, and one shows no change. Weighing all the evidence from the three measures, the best we can conclude is that housing prices have reached a plateau. Although there is some downside risk to prices as problems in the sub-prime mortgage market are resolved, we do not expect a catastrophic plunge in Arizona markets as some analysts are predicting for other parts of the country.

Consumers Have Reduced Spending

Retail sales statewide are growing once again after a period of no growth last summer. Over the past five months, sales have been increasing at a 2.5-3.5% annual rate. In March, sales were 2.0% higher than a year earlier. That's barely fast enough to keep up with consumer prices, so in real terms spending has not grown in a year.

Restaurant and bar sales have held up much better than the broader retail measure, but March was particularly weak with sales only 1.2% higher than the prior year.

Slower employment growth, high gasoline prices, and the housing recession will reduce spending over the next several months, but improvement should be visible before year end. We are forecasting 5% gains for retail sales this year and next (Exhibit 4).

The Outlook

The 2007-08 slowdown is taking shape pretty much as our recent forecasts have shown. Below-trend growth but no recession is the best bet. But if fallout from the sub-prime mortgage market brings a flood of repossessed homes to the market and precipitates a free fall in housing prices, or if the hurricane season damages production and refining capacity thereby pushing the price of gasoline to over \$4.00 per gallon, or if inflation surprises to the upside and drives interest rates significantly higher – all bets are off. The odds of recession are the highest that we've seen in a long time. Nearly two-thirds of the NABE panel of forecasters puts the risk of recession before year end at 25% or greater. Jim Smith, forecaster extraordinaire, thinks a recession has already started. Given the lags in reporting of data and the history of large revisions, he may well be right! Keep those contingency plans close at hand. ■

*The odds of recession are the highest
 that we've seen in a long time.*

FORECAST TABLES

	2006	2007	2008	2009	2010	2011	2012
Arizona							
Personal Income (\$ mill)	195,307.4	208,740.4	220,386.7	235,457.2	256,243.6	279,853.7	305,070.6
percent change	9.3	6.9	5.6	6.8	8.8	9.2	9.0
Wage per Employee	41,541	43,009	44,340	45,967	47,867	49,931	52,064
percent change	4.4	3.5	3.1	3.7	4.1	4.3	4.3
Aggregate Retail Sales (\$ mill)*	81,042.4	85,295.7	89,377.0	94,365.7	101,002.5	108,584.0	116,288.2
percent change	8.3	5.2	4.8	5.6	7.0	7.5	7.1
Population (000s, mid-year)	6,305.2	6,544.3	6,745.5	6,953.4	7,178.1	7,433.3	7,701.4
percent change	4.3	3.8	3.1	3.1	3.2	3.6	3.6
Residential Permits	61,262	45,170	49,477	67,784	85,356	95,887	101,236
percent change	-28.7	-26.3	9.5	37.0	25.9	12.3	5.6
Non Farm Employment (000s)	2,650.7	2,725.6	2,772.3	2,843.6	2,970.2	3,114.7	3,263.5
percent change	5.7	2.8	1.7	2.6	4.5	4.9	4.8
Goods-Producing	444.0	443.0	432.4	426.5	452.2	482.2	511.4
percent change	8.2	-0.2	-2.4	-1.4	6.0	6.6	6.1
Service-Providing	2,206.8	2,282.8	2,340.0	2,417.3	2,518.2	2,632.8	2,752.2
percent change	5.2	3.4	2.5	3.3	4.2	4.5	4.5
Trade, Trans., & Utilities	511.5	521.8	529.7	546.9	573.3	603.2	631.4
percent change	4.7	2.0	1.5	3.2	4.8	5.2	4.7
Prof. & Business Services	396.8	415.8	423.6	436.2	458.0	485.9	515.1
percent change	8.4	4.8	1.9	3.0	5.0	6.1	6.0
Leisure & Hospitality	266.6	274.5	283.6	295.8	309.1	322.0	334.3
percent change	4.8	3.0	3.3	4.3	4.5	4.2	3.8
Government	410.1	419.9	428.1	437.0	448.6	459.7	472.6
percent change	1.8	2.4	2.0	2.1	2.7	2.5	2.8
Phoenix-Mesa Metro Area							
Personal Income (\$ mill)	138,378.0	148,791.9	157,676.3	168,736.1	184,400.8	200,776.8	218,572.7
percent change	10.1	7.5	6.0	7.0	9.3	8.9	8.9
Wage per Employee	47,201	49,051	50,816	52,905	55,164	57,432	59,735
percent change	4.0	3.9	3.6	4.1	4.3	4.1	4.0
Aggregate Retail Sales (\$ mill)*	56,532.5	59,470.1	62,575.8	66,926.1	73,331.6	78,890.0	84,793.1
percent change	8.7	5.2	5.2	7.0	9.6	7.6	7.5
Population (000s, mid-year)	4,092.6	4,229.8	4,357.4	4,491.4	4,646.9	4,807.1	4,974.5
percent change	5.1	3.4	3.0	3.1	3.5	3.4	3.5
Residential Permits	44,280	33,344	38,206	49,303	70,175	72,265	75,561
percent change	-29.3	-24.7	14.6	29.0	42.3	3.0	4.6
Non Farm Employment (000s)	1,895.7	1,961.7	1,998.2	2,048.4	2,149.7	2,253.7	2,366.9
percent change	6.0	3.5	1.9	2.5	4.9	4.8	5.0
Goods-Producing	328.6	327.6	316.5	315.1	345.5	359.8	391.1
percent change	8.6	-0.3	-3.4	-0.5	9.7	4.1	8.7
Service-Providing	1,567.2	1,634.1	1,681.7	1,733.4	1,804.3	1,893.9	1,975.8
percent change	5.5	4.3	2.9	3.1	4.1	5.0	4.3
Trade, Trans., & Utilities	378.1	387.9	395.7	410.3	431.8	453.1	470.8
percent change	4.4	2.6	2.0	3.7	5.2	4.9	3.9
Prof. & Business Services	319.2	340.1	352.9	359.7	372.3	398.3	421.5
percent change	7.6	6.5	3.8	1.9	3.5	7.0	5.8
Leisure & Hospitality	182.7	188.1	193.8	201.8	210.9	219.0	226.5
percent change	7.2	3.0	3.0	4.1	4.5	3.8	3.4
Government	229.9	235.2	240.0	245.8	253.1	259.7	266.7
percent change	1.9	2.3	2.1	2.4	3.0	2.6	2.7
Tucson Metro Area							
Personal Income (\$ mill)	28,894.9	30,837.5	32,602.3	34,928.8	37,585.2	40,204.3	42,706.1
percent change	8.2	6.7	5.7	7.1	7.6	7.0	6.2
Wage per Employee	39,882	41,556	43,019	44,659	46,542	48,574	50,628
percent change	4.7	4.2	3.5	3.8	4.2	4.4	4.2
Aggregate Retail Sales (\$ mill)*	11,668.3	12,288.8	12,850.4	13,539.2	14,332.7	15,087.9	15,781.0
percent change	13.8	5.3	4.6	5.4	5.9	5.3	4.6
Population (000s, mid-year)	981.3	1,004.9	1,027.0	1,051.5	1,077.5	1,102.9	1,127.3
percent change	2.5	2.4	2.2	2.4	2.5	2.4	2.2
Residential Permits	8,315	7,293	7,717	9,688	10,260	10,020	9,624
percent change	-30.2	-12.3	5.8	25.6	5.9	-2.3	-4.0
Non Farm Employment (000s)	380.1	388.6	393.4	403.2	416.1	427.3	436.0
percent change	3.7	2.2	1.2	2.5	3.2	2.7	2.0
Goods-Producing	58.2	57.3	55.7	56.6	58.5	59.9	60.0
percent change	5.1	-1.6	-2.8	1.5	3.4	2.4	0.3
Service-Providing	321.9	331.3	337.7	346.7	357.6	367.4	376.0
percent change	3.4	2.9	1.9	2.7	3.1	2.7	2.3
Trade, Trans., & Utilities	61.9	63.2	64.4	66.3	68.5	70.3	71.8
percent change	3.9	2.1	2.0	2.9	3.2	2.7	2.1
Prof. & Business Services	49.3	52.0	53.1	53.9	55.7	58.0	59.8
percent change	7.4	5.5	2.2	1.4	3.4	4.0	3.2
Leisure & Hospitality	40.8	41.7	42.7	44.5	46.3	47.9	49.2
percent change	2.6	2.1	2.6	4.1	4.2	3.3	2.8
Government	76.9	77.4	77.8	79.0	80.5	81.2	81.8
percent change	-0.2	0.6	0.6	1.6	1.8	0.9	0.8

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

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

ARIZONA ECONOMIC INDICATORS

	DEC 2006	JAN 2007	FEB 2007	MAR 2007	APR 2007	% change versus year ago for most recent:	
						month	12-months
APACHE COUNTY							
Civilian Labor Force, ADES							
Employment	19,650	19,750	19,750	19,725	19,600	-1.1	0.7
Unemployment	17,675	17,600	17,750	17,750	17,875	-1.4	0.6
Unemployment Rate (%)	1,975	2,150	2,000	1,975	1,725	1.5	1.7
Unemployment Rate (%)	10.1	10.9	10.1	10.0	8.8	2.6	1.0
Employees on Nonagricultural Payrolls, ADES							
Total	19,650	19,800	19,750	19,950	20,175	0.4	1.1
<i>Total Private</i>	7,050	7,025	7,025	7,125	7,300	4.7	2.3
Goods-Producing	800	800	775	800	850	21.4	-1.3
Service-Providing	18,850	19,000	18,975	19,150	19,325	-0.4	1.2
Trade, Transportation, and Utilities	1,900	1,850	1,850	1,825	1,800	0.0	1.7
Other Private Service-Providing	4,350	4,375	4,400	4,500	4,650	3.9	3.3
<i>Government</i>	12,600	12,775	12,725	12,825	12,875	-1.9	0.4
Federal Government	3,225	3,150	3,125	3,175	3,200	0.0	2.0
State and Local Government	9,375	9,625	9,600	9,650	9,675	-2.5	-0.1
Sales (\$000s) ADOR							
Gross Retail	12,108	12,096	11,033	13,255	...	4.8	-2.9
Retail	7,174	6,237	5,671	5,675	...	-5.3	-2.0
Restaurants & Bars	639	531	633	883	...	23.9	-4.4
Gasoline, EBR	4,295	5,328	4,729	6,697	...	12.7	-3.7
Gallons (000s) ADOT	1,850	2,329	2,077	2,456	...	-0.9	-10.0
Contracting	4,320	2,910	3,029	6,252	...	2.5	-17.8
Hotel/Motel	727	539	681	961	...	48.8	8.4
NAVAJO COUNTY							
Civilian Labor Force, ADES							
Employment	37,325	36,875	36,625	36,550	36,050	-3.9	-0.0
Unemployment	34,625	33,900	33,975	33,875	33,625	-4.0	0.4
Unemployment Rate (%)	2,700	2,975	2,650	2,675	2,425	-3.0	-4.7
Unemployment Rate (%)	7.2	8.1	7.2	7.3	6.7	1.0	-4.7
Employees on Nonagricultural Payrolls, ADES							
Total	29,825	29,125	29,075	29,425	29,125	-2.6	0.7
<i>Total Private</i>	19,650	19,250	18,975	19,150	19,275	-0.1	3.5
Goods-Producing	4,075	4,000	3,825	3,875	3,975	3.2	7.5
Mining and Construction	3,200	3,125	2,975	3,025	3,125	7.8	10.7
Manufacturing	875	875	850	850	850	-10.5	-2.2
Service-Providing	25,750	25,125	25,250	25,550	25,150	-3.5	-0.3
Trade, Transportation, and Utilities	6,250	6,100	6,000	6,100	5,950	1.3	7.4
Information	825	850	825	825	800	3.2	6.8
Financial Activities	675	650	650	625	625	-7.4	3.7
Professional and Business Services	1,025	1,050	1,050	1,050	1,100	-10.2	-3.4
Educational and Health Services	3,425	3,375	3,400	3,425	3,450	5.3	3.3
Leisure and Hospitality	2,625	2,500	2,500	2,525	2,600	-8.0	-4.3
Other Services	750	725	725	725	775	-3.1	-6.0
<i>Government</i>	10,175	9,875	10,100	10,275	9,850	-7.1	-4.3
Federal Government	1,600	1,525	1,525	1,550	1,550	-7.5	-2.2
State and Local Government	8,575	8,350	8,575	8,725	8,300	-7.0	-4.7
Sales (\$000s) ADOR							
Gross Retail	89,552	74,623	71,662	86,479	...	7.0	7.1
Retail	71,645	57,716	55,243	66,237	...	5.4	8.7
Restaurants & Bars	7,145	6,406	6,914	7,120	...	5.3	8.8
Gasoline, EBR	10,761	10,501	9,505	13,122	...	17.1	-1.4
Gallons (000s) ADOT	4,635	4,590	4,175	4,813	...	3.0	-7.0
Contracting	21,679	18,058	17,869	19,780	...	28.9	11.8
Hotel/Motel	2,357	1,771	2,118	2,260	...	26.8	11.7
New Housing Units Authorized, Census C-40							
Total Units	30	28	24	52	41	17.1	-25.0
Single Family Units	30	26	24	52	41	17.1	-24.3

See sources and abbreviations at the bottom of page 12. • For additional detail and history, subscribe to *Arizona Economic Indicators Data Book*.

ARIZONA ECONOMIC INDICATORS

	DEC 2006	JAN 2007	FEB 2007	MAR 2007	APR 2007	% change versus year ago for most recent:	
						month	12-months
GRAHAM COUNTY							
Civilian Labor Force, ADES	14,050	13,975	14,175	14,225	14,250	9.6	11.2
Employment	13,425	13,275	13,550	13,625	13,675	10.5	12.4
Unemployment	625	700	625	600	575	-8.0	-8.6
Unemployment Rate (%)	4.4	5.0	4.4	4.2	4.0	-16.1	-17.8
Employees on Nonagricultural Payrolls, ADES							
Total	8,700	8,525	8,700	8,800	8,950	12.2	11.6
<i>Total Private</i>	5,775	5,800	5,875	5,950	6,100	16.7	14.4
Goods-Producing	1,150	1,175	1,200	1,300	1,350	86.2	63.4
Service-Providing	7,550	7,350	7,500	7,500	7,600	4.8	6.9
Trade, Transportation, and Utilities	1,700	1,675	1,675	1,750	1,775	4.4	9.8
Other Private Service-Providing	2,925	2,950	3,000	2,900	2,975	6.3	5.6
<i>Government</i>	2,925	2,725	2,825	2,850	2,850	3.6	6.5
Federal Government	400	400	400	450	425	0.0	18.7
State and Local Government	2,525	2,325	2,425	2,400	2,425	4.3	4.5
Sales (\$000s) ADOR							
Gross Retail	28,207	23,219	23,149	25,344	...	13.7	23.4
Retail	23,454	18,800	18,693	20,198	...	10.1	25.6
Restaurants & Bars	2,275	2,016	2,186	2,186	...	15.8	13.7
Gasoline, EBR	2,478	2,402	2,270	2,960	...	43.5	15.6
Gallons (000s) ADOT	1,067	1,050	997	1,086	...	26.2	9.6
Contracting	6,160	4,430	4,869	4,134	...	10.5	33.1
COCONINO COUNTY							
Civilian Labor Force, ADES	67,800	66,700	67,100	67,200	67,600	-1.2	1.7
Employment	64,800	63,300	64,100	64,300	65,100	-0.9	2.0
Unemployment	3,000	3,400	3,000	2,900	2,500	-7.4	-5.8
Unemployment Rate (%)	4.4	5.1	4.5	4.3	3.7	-6.3	-7.4
Employees on Nonagricultural Payrolls, ADES							
Total	63,400	62,000	62,400	63,300	64,300	0.8	2.6
<i>Total Private</i>	44,300	43,000	43,000	43,800	44,700	1.4	3.0
Goods-Producing	7,200	7,200	7,200	7,100	7,100	1.4	7.1
Mining and Construction	3,500	3,400	3,400	3,300	3,300	-5.7	3.9
Manufacturing	3,700	3,800	3,800	3,800	3,800	8.6	10.4
Service-Providing	56,200	54,800	55,200	56,200	57,200	0.7	2.1
Trade, Transportation, and Utilities	10,000	9,600	9,600	9,800	9,900	2.1	2.3
Information	500	500	400	400	400	-20.0	-1.7
Financial Activities	1,800	1,700	1,700	1,700	1,800	5.9	2.4
Professional and Business Services	3,300	3,200	3,200	3,400	3,400	0.0	0.2
Educational and Health Services	7,200	7,100	7,100	7,100	7,100	0.0	0.2
Leisure and Hospitality	12,400	11,800	11,900	12,400	13,000	1.6	4.1
Other Services	1,900	1,900	1,900	1,900	2,000	5.3	1.3
<i>Government</i>	19,100	19,000	19,400	19,500	19,600	-0.5	1.7
Federal Government	2,700	2,600	2,600	2,600	2,700	-6.9	-5.8
State and Local Government	16,400	16,400	16,800	16,900	16,900	0.6	3.1
Sales (\$000s) ADOR							
Gross Retail	143,409	100,894	110,453	140,907	...	12.1	6.9
Retail	100,650	63,029	74,592	86,408	...	8.2	6.0
Restaurants & Bars	24,531	21,872	21,967	31,554	...	16.2	9.2
Gasoline, EBR	18,227	15,993	13,893	22,946	...	23.0	7.6
Gallons (000s) ADOT	7,851	6,991	6,103	8,416	...	8.2	0.5
Contracting	34,353	26,116	27,777	33,586	...	29.9	14.2
Hotel/Motel	11,709	7,696	9,297	15,732	...	8.7	5.8
New Housing Units Authorized, Census C-40							
Total Units	39	35	28	34	41	-68.2	-55.7
Single Family Units	39	33	28	34	41	-36.9	-33.1

See sources and abbreviations at the bottom of page 12. • For additional detail and history, subscribe to *Arizona Economic Indicators Data Book*.

ARIZONA ECONOMIC INDICATORS

	DEC 2006	JAN 2007	FEB 2007	MAR 2007	APR 2007	% change versus year ago for most recent:	
						month	12-months
GREENLEE COUNTY							
Civilian Labor Force, ADES							
Employment	4,000	4,000	4,050	4,075	4,075	10.1	11.8
Unemployment	3,875	3,825	3,900	3,925	3,950	10.5	12.5
Unemployment Rate (%)	125	175	150	150	125	0.0	-4.1
Unemployment Rate (%)	3.1	4.4	3.7	3.7	3.1	-9.2	-14.4
Employees on Nonagricultural Payrolls, ADES							
Total	4,600	4,600	4,725	4,725	4,775	16.5	18.4
<i>Total Private</i>	4,100	4,100	4,225	4,200	4,275	18.8	21.4
Goods-Producing	3,350	3,375	3,475	3,475	3,500	20.7	22.6
Service-Providing	1,250	1,225	1,250	1,250	1,275	6.3	8.8
Trade, Transportation, and Utilities	325	325	325	325	325	18.2	11.1
Other Private Service-Providing	425	400	425	400	450	5.9	20.1
<i>Government</i>	500	500	500	525	500	0.0	-0.8
Federal Government	25	25	25	25	25	0.0	5.6
State and Local Government	475	475	475	500	475	0.0	-1.3
Sales (\$000s) ADOR							
Gross Retail	9,611	9,983	9,269	11,281	...	3.9	-37.5
Retail	8,747	9,015	8,404	9,960	...	0.5	-43.1
Restaurants & Bars	239	325	285	526	...	102.5	18.1
Gasoline, EBR	625	642	581	795	...	15.7	9.6
Gallons (000s) ADOT	269	281	255	292	...	1.8	2.7
Contracting	9,425	6,037	7,460	7,883	...	66.1	172.6
Hotel/Motel*	407	962	745	659	...	28.0	23.8
* Includes Graham County data.							
YAVAPAI COUNTY							
Civilian Labor Force, ADES							
Employment	96,700	95,400	96,100	96,100	96,900	0.8	4.3
Unemployment	93,100	91,000	92,400	92,400	93,300	1.0	4.6
Unemployment	3,600	4,400	3,700	3,700	3,600	-2.7	-3.2
Unemployment Rate (%)	3.7	4.6	3.9	3.9	3.7	-3.5	-7.2
Employees on Nonagricultural Payrolls, ADES							
Total	65,300	63,500	64,700	65,100	66,000	3.0	5.5
<i>Total Private</i>	53,800	52,300	53,000	53,300	54,200	3.0	5.6
Goods-Producing	13,100	12,700	12,900	12,900	13,000	0.0	5.5
Mining and Construction	9,200	8,900	9,100	9,100	9,100	0.0	6.8
Manufacturing	3,900	3,800	3,800	3,800	3,900	0.0	2.4
Service-Providing	52,200	50,800	51,800	52,200	53,000	3.7	5.5
Trade, Transportation, and Utilities	12,600	12,400	12,300	12,400	12,400	1.6	5.0
Information	600	600	600	600	600	0.0	0.0
Financial Activities	2,500	2,400	2,400	2,500	2,500	4.2	5.4
Professional and Business Services	5,100	5,000	5,200	5,200	5,400	5.9	6.7
Educational and Health Services	9,600	9,200	9,400	9,400	9,700	6.6	7.0
Leisure and Hospitality	8,200	8,000	8,100	8,200	8,500	4.9	5.7
Other Services	2,100	2,000	2,100	2,100	2,100	0.0	1.6
<i>Government</i>	11,500	11,200	11,700	11,800	11,800	2.6	5.4
Federal Government	1,200	1,200	1,200	1,200	1,200	0.0	4.2
State and Local Government	10,300	10,000	10,500	10,600	10,600	2.9	5.5
Sales (\$000s) ADOR							
Gross Retail	198,314	169,423	154,828	185,566	...	5.6	4.7
Retail	156,196	126,579	123,917	138,733	...	1.6	3.6
Restaurants & Bars	23,976	25,819	15,107	24,640	...	8.5	5.3
Gasoline, EBR	18,142	17,025	15,803	22,192	...	33.9	11.5
Gallons (000s) ADOT	7,814	7,442	6,942	8,139	...	17.7	4.8
Contracting	73,048	53,804	56,431	61,254	...	-19.8	3.2
Hotel/Motel	6,657	5,619	7,204	10,565	...	11.8	10.2
New Housing Units Authorized, Census C-40							
Total Units	131	121	126	120	130	-52.6	-46.3
Single Family Units	127	121	118	118	127	-52.6	-48.1

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ARIZONA ECONOMIC INDICATORS

	DEC 2006	JAN 2007	FEB 2007	MAR 2007	APR 2007	% change versus year ago for most recent:	
						month	12-months
GILA COUNTY							
Civilian Labor Force, ADES							
Employment	20,750	20,500	20,500	20,225	20,650	-0.5	1.0
Unemployment	19,775	19,350	19,500	19,225	19,725	0.1	1.6
Unemployment Rate (%)	975	1,150	1,000	1,000	925	-11.9	-10.3
Unemployment Rate (%)	4.7	5.6	4.9	4.9	4.5	-11.5	-11.2
Employees on Nonagricultural Payrolls, ADES							
Total	14,575	14,225	14,325	14,375	14,700	1.7	2.7
<i>Total Private</i>	9,750	9,475	9,550	9,725	9,875	3.1	4.7
Goods-Producing	2,675	2,625	2,650	2,675	2,725	9.0	18.4
Service-Providing	11,900	11,600	11,675	11,700	11,975	0.2	-0.3
Trade, Transportation, and Utilities	2,325	2,275	2,275	2,325	2,325	1.1	2.3
Other Private Service-Providing	4,750	4,575	4,625	4,725	4,825	1.0	-0.5
<i>Government</i>	4,825	4,750	4,775	4,650	4,825	-1.0	-1.3
Federal Government	475	450	450	450	450	-14.3	-2.4
State and Local Government	4,350	4,300	4,325	4,200	4,375	0.6	-1.2
Sales (\$000s) ADOR							
Gross Retail	40,692	31,946	31,649	38,639	...	7.7	6.1
Retail	29,822	21,591	21,469	25,904	...	3.1	6.2
Restaurants & Bars	4,676	4,241	4,520	4,670	...	-1.4	7.0
Gasoline, EBR	6,194	6,114	5,660	8,065	...	34.3	5.4
Gallons (000s) ADOT	2,668	2,673	2,486	2,958	...	18.0	-1.9
Contracting	13,363	8,231	5,843	9,989	...	21.3	24.9
Hotel/Motel	876	929	888	1,140	...	4.7	5.0
MOHAVE COUNTY							
Civilian Labor Force, ADES							
Employment	92,100	93,150	92,725	92,500	92,100	-0.7	2.8
Unemployment	88,000	88,225	88,450	88,100	88,000	-1.3	2.5
Unemployment Rate (%)	4,100	4,925	4,275	4,400	4,100	15.5	9.0
Unemployment Rate (%)	4.5	5.3	4.6	4.8	4.5	16.3	6.1
Employees on Nonagricultural Payrolls, ADES							
Total	55,575	55,375	55,475	56,000	55,850	-0.5	2.7
<i>Total Private</i>	47,050	46,800	46,825	47,400	47,175	-2.1	2.3
Goods-Producing	11,200	11,150	11,025	10,875	10,725	-8.9	-1.3
Mining and Construction	7,350	7,250	7,150	7,050	6,975	-9.7	-0.9
Manufacturing	3,850	3,900	3,875	3,825	3,750	-7.4	-2.2
Service-Providing	44,375	44,225	44,450	45,125	45,125	1.7	3.8
Trade, Transportation, and Utilities	11,725	11,525	11,450	11,675	11,550	-2.3	0.2
Information	1,025	1,025	1,000	1,000	1,000	0.0	7.6
Financial Activities	2,675	2,650	2,700	2,725	2,800	8.7	13.2
Professional and Business Services	3,875	3,775	3,650	3,800	3,825	-9.5	-1.3
Educational and Health Services	7,300	7,250	7,325	7,400	7,450	5.7	7.3
Leisure and Hospitality	6,650	6,775	6,950	7,175	7,050	-1.4	2.8
Other Services	2,600	2,650	2,725	2,750	2,775	6.7	6.7
<i>Government</i>	8,525	8,575	8,650	8,600	8,675	9.5	5.2
Federal Government	500	500	475	475	475	-5.0	-4.3
State and Local Government	8,025	8,075	8,175	8,125	8,200	10.4	5.9
Sales (\$000s) ADOR							
Gross Retail	186,419	154,682	155,459	182,011	...	-0.3	0.6
Retail	145,502	116,830	120,130	134,685	...	-2.7	0.2
Restaurants & Bars	18,689	16,317	17,038	19,544	...	6.5	8.7
Gasoline, EBR	22,229	21,535	18,292	27,782	...	7.7	-2.5
Gallons (000s) ADOT	9,575	9,414	8,035	10,190	...	-5.3	-9.0
Contracting	53,184	37,888	43,282	53,162	...	-15.8	-1.3
Hotel/Motel	2,681	2,783	4,393	2,896	...	-32.8	2.4
New Housing Units Authorized, Census C-40							
Total Units	140	128	120	167	99	-70.4	-44.7
Single Family Units	130	118	118	165	93	-70.4	-52.3

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ARIZONA ECONOMIC INDICATORS

	DEC 2006	JAN 2007	FEB 2007	MAR 2007	APR 2007	% change versus year ago for most recent:	
						month	12-months
LA PAZ COUNTY							
Civilian Labor Force, ADES							
Employment	7,850	7,925	7,800	7,650	7,450	-3.9	0.6
Unemployment	425	500	450	425	400	-5.9	-11.7
Unemployment Rate (%)	5.4	6.3	5.8	5.6	5.4	-2.1	-12.2
Employees on Nonagricultural Payrolls, ADES							
Total	5,700	5,675	5,725	5,600	5,525	-0.5	1.8
<i>Total Private</i>	2,925	2,900	2,925	2,900	2,800	-8.2	-3.4
Goods-Producing	475	500	500	500	475	-17.4	6.3
Service-Providing	5,225	5,175	5,225	5,100	5,050	1.5	1.3
Trade, Transportation, and Utilities	1,375	1,325	1,375	1,350	1,325	0.0	1.7
Other Private Service-Providing	1,075	1,075	1,050	1,050	1,000	-13.0	-12.5
<i>Government</i>	2,775	2,775	2,800	2,700	2,725	9.0	8.2
Federal Government	325	325	325	300	300	-7.7	25.2
State and Local Government	2,450	2,450	2,475	2,400	2,425	11.5	6.1
Sales (\$000s) ADOR							
Gross Retail	20,933	28,422	24,546	22,801	...	11.8	3.3
Retail	10,906	17,542	15,754	12,420	...	5.4	0.2
Restaurants & Bars	2,520	3,026	2,621	2,410	...	21.7	3.1
Gasoline, EBR	7,507	7,854	6,171	7,970	...	20.3	8.5
Gallons (000s) ADOT	3,234	3,433	2,711	2,923	...	5.7	2.2
Contracting	2,544	1,964	3,236	2,221	...	-31.0	4.8
Hotel/Motel	461	698	512	713	...	-9.1	-1.0
YUMA METROPOLITAN REGION							
Civilian Labor Force, ADES							
Employment	76,700	74,900	74,500	74,600	74,000	-1.9	0.7
Unemployment	8,700	8,300	7,000	7,500	9,600	-2.0	-3.7
Unemployment Rate (%)	11.3	11.1	9.4	10.1	13.0	-0.2	-4.5
Employees on Nonagricultural Payrolls, ADES							
Total	55,100	54,100	55,200	55,200	53,200	0.9	1.7
<i>Total Private</i>	40,300	39,800	40,200	40,300	38,500	0.3	0.4
Goods-Producing	8,300	8,200	8,300	8,200	7,800	-6.0	-2.3
Mining and Construction	5,200	5,100	5,000	4,900	4,800	-9.4	-3.3
Manufacturing	3,100	3,100	3,300	3,300	3,000	0.0	-0.3
Service-Providing	46,800	45,900	46,900	47,000	45,400	2.3	2.4
Trade, Transportation, and Utilities	11,700	11,400	11,500	11,700	10,500	1.0	0.7
Information	1,300	1,300	1,300	1,300	1,300	18.2	12.9
Financial Activities	1,600	1,600	1,500	1,500	1,500	-6.3	-3.2
Professional and Business Services	3,600	3,500	3,500	3,500	3,500	-5.4	1.2
Educational and Health Services	6,300	6,400	6,400	6,400	6,200	1.6	1.5
Leisure and Hospitality	5,900	5,800	6,000	6,000	6,100	8.9	1.1
Other Services	1,600	1,600	1,700	1,700	1,600	0.0	-0.5
<i>Government</i>	14,800	14,300	15,000	14,900	14,700	2.8	5.2
Federal Government	3,300	3,400	3,400	3,300	3,400	6.3	5.9
State and Local Government	11,500	10,900	11,600	11,600	11,300	1.8	5.0
Sales (\$000s) ADOR							
Gross Retail	191,987	151,716	166,066	180,898	...	8.6	5.3
Retail	153,165	117,752	126,777	134,255	...	7.3	6.1
Restaurants & Bars	18,225	18,287	19,576	20,601	...	7.8	6.4
Gasoline, EBR	20,596	15,677	19,712	26,041	...	16.7	0.6
Gallons (000s) ADOT	8,872	6,853	8,659	9,551	...	2.6	-6.0
Contracting	31,983	37,791	39,306	43,686	...	11.7	5.9
Hotel/Motel	3,870	5,213	6,134	5,156	...	-0.9	11.9
New Housing Units Authorized, Census C-40							
Total Units	86	62	71	70	51	-56.4	-42.3
Single Family Units	81	60	71	70	51	-54.5	-42.8

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ARIZONA ECONOMIC INDICATORS

	DEC 2006	JAN 2007	FEB 2007	MAR 2007	APR 2007	% change versus year ago for most recent:	
						month	12-months
SANTA CRUZ COUNTY							
Civilian Labor Force, ADES							
Employment	16,475	16,475	16,525	16,300	16,150	-0.9	1.6
Unemployment	1,225	1,250	1,100	1,075	950	5.6	-2.2
Unemployment Rate (%)	7.4	7.6	6.7	6.6	5.9	6.5	-4.0
Employees on Nonagricultural Payrolls, ADES							
Total	13,900	13,825	13,900	13,975	13,950	0.4	2.5
<i>Total Private</i>	10,425	10,350	10,450	10,500	10,475	0.7	3.8
Goods-Producing	1,125	1,100	1,150	1,150	1,175	2.2	6.6
Service-Providing	12,775	12,725	12,750	12,825	12,775	0.2	2.1
Trade, Transportation, and Utilities	5,425	5,375	5,325	5,350	5,200	-3.7	0.0
Other Private Service-Providing	3,875	3,875	3,975	4,000	4,100	6.5	8.2
<i>Government</i>	3,475	3,475	3,450	3,475	3,475	-0.7	-1.0
Federal Government	1,400	1,375	1,375	1,375	1,375	10.0	10.2
State and Local Government	2,075	2,100	2,075	2,100	2,100	-6.7	-7.2
Sales (\$000s) ADOR							
Gross Retail	66,023	38,441	39,153	47,338	...	9.8	9.6
Retail	54,876	28,835	29,874	35,976	...	8.2	11.1
Restaurants & Bars	4,519	4,183	4,480	4,774	...	14.7	13.5
Gasoline, EBR	6,628	5,423	4,799	6,588	...	15.7	-1.3
Gallons (000s) ADOT	2,855	2,371	2,108	2,416	...	1.7	-7.3
Contracting	12,444	9,636	9,358	8,720	...	-21.7	29.3
Hotel/Motel	934	1,231	1,300	1,371	...	-19.9	-2.6
New Housing Units Authorized, Census C-40							
Total Units	28	45	34	26	40	-24.5	-20.3
Single Family Units	28	45	34	26	37	-27.5	-21.2
COCHISE COUNTY							
Civilian Labor Force, ADES							
Employment	56,350	56,250	56,775	55,875	55,975	-1.1	1.4
Unemployment	2,450	2,900	2,550	2,500	2,350	-6.0	-3.1
Unemployment Rate (%)	4.3	5.2	4.5	4.5	4.2	-5.0	-4.5
Employees on Nonagricultural Payrolls, ADES							
Total	37,975	37,575	37,950	37,900	38,125	0.9	2.1
<i>Total Private</i>	25,725	25,450	25,725	25,775	26,000	2.2	2.9
Goods-Producing	3,700	3,650	3,675	3,675	3,700	1.4	3.9
Mining and Construction	2,800	2,750	2,750	2,750	2,775	-1.8	4.0
Manufacturing	900	900	925	925	925	12.1	3.6
Service-Providing	34,275	33,925	34,275	34,225	34,425	0.9	1.9
Trade, Transportation, and Utilities	6,875	6,675	6,700	6,725	6,750	3.1	2.7
Information	425	425	425	425	425	-5.6	-4.1
Financial Activities	1,000	950	975	950	950	-7.3	-2.2
Professional and Business Services	4,800	4,825	4,950	4,900	4,950	4.8	7.7
Educational and Health Services	4,100	4,075	4,100	4,050	4,100	3.8	0.9
Leisure and Hospitality	3,850	3,875	3,925	4,075	4,150	1.8	2.1
Other Services	975	975	975	975	975	-4.9	-2.0
<i>Government</i>	12,250	12,125	12,225	12,125	12,125	-1.6	0.5
Federal Government	4,750	4,700	4,675	4,650	4,675	-6.0	-3.1
State and Local Government	7,500	7,425	7,550	7,475	7,450	1.4	3.0
Sales (\$000) ADOR							
Gross Retail	112,832	80,915	83,437	96,326	...	9.7	6.2
Retail	85,686	59,167	62,047	69,778	...	9.1	6.5
Restaurants & Bars	14,159	9,825	10,355	11,787	...	10.6	11.0
Gasoline, EBR	12,988	11,922	11,035	14,761	...	11.7	0.8
Gallons (000s) ADOT	5,594	5,212	4,847	5,414	...	-1.8	-5.3
Contracting	27,621	28,116	22,071	27,311	...	15.9	22.3
Hotel/Motel	2,827	3,231	3,986	4,359	...	13.0	10.1
New Housing Units Authorized, Census C-40							
Total Units	38	28	51	49	49	-22.2	-28.7
Single Family Units	38	28	51	49	49	-22.2	-27.9

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	DEC 2006	JAN 2007	FEB 2007	MAR 2007	APR 2007	% change versus year ago for most recent:	
						month	12-months
TUCSON METROPOLITAN REGION (PIMA)							
Civilian Labor Force (000s) ADES							
Employment	458.1	453.8	459.2	455.7	456.5	1.8	2.4
Unemployment	440.9	433.7	441.9	438.4	439.9	2.1	2.8
Unemployment Rate, Seas. Adj. (%)	17.2	20.1	17.3	17.3	16.6	-4.0	-6.4
	4.0	4.2	3.8	3.8	3.8	-7.3	-8.8
Employees on Nonagricultural Payrolls (000s) ADES							
Total	391.0	383.4	391.1	392.0	393.5	3.7	3.4
Natural Resources and Mining	1.7	1.7	1.7	1.7	1.8	20.0	19.3
Construction	28.7	28.1	28.2	28.0	28.1	2.6	7.5
Manufacturing	27.9	27.8	29.4	28.8	28.8	0.7	0.8
Computer and Electronic Prod.	4.2	4.1	4.1	4.0	4.0	-11.1	-8.3
Aerospace Products and Parts	10.6	10.6	12.2	11.7	11.8	3.5	1.0
Wholesale Trade	9.6	9.5	9.5	9.7	9.7	5.4	6.5
Retail Trade	45.9	43.7	43.5	43.9	43.8	2.1	2.2
Transp., Warehousing, and Utilities	9.3	9.3	9.2	9.3	9.3	2.2	2.6
Information	6.6	6.5	6.3	6.1	6.1	-11.6	-8.6
Financial Activities	17.8	17.4	17.6	17.7	17.8	3.5	3.4
Professional and Business Services	50.8	50.5	51.0	51.1	51.6	6.6	6.3
Educational and Health Services	54.3	53.9	54.5	54.7	55.1	6.2	4.6
Arts, Entertainment, and Recreation	5.8	5.9	6.1	6.1	6.6	15.8	9.3
Accommodation	7.8	7.9	8.1	8.2	8.2	7.9	1.5
Food Svcs and Drinking Places	28.4	28.4	29.2	29.6	29.8	4.2	3.2
Other Services	16.2	16.3	16.6	16.9	16.9	7.6	7.5
Federal Government	10.4	10.5	10.5	10.6	10.6	6.0	2.7
State and Local Government	69.8	66.0	69.7	69.6	69.3	1.0	0.4
State and Local Government Education	43.8	39.9	43.4	43.1	43.4	0.2	-2.4
Sales (\$000s) ADOR							
Aggregate Retail Sales	1,196,523	954,206	945,975	1,081,428	...	6.5	10.8
Retail	856,342	618,906	607,077	707,784	...	4.1	5.5
Food, EBR	140,512	142,092	142,796	143,167	...	6.7	66.9
Restaurants & Bars	126,624	122,782	128,204	140,587	...	9.7	8.0
Gasoline, EBR	73,045	70,426	67,899	89,890	...	22.4	-1.1
Contracting	227,551	173,183	181,002	228,017	...	4.4	9.1
Hotel/Motel	27,736	38,003	44,558	46,448	...	-0.6	2.8
New Housing Units Authorized, Census C-40 adjusted by EBR							
Total Units	404	348	527	535	572	-26.2	-39.8
Single Family Units	369	300	463	468	517	-29.9	-37.9
2-5-plus Unit Structures	36	47	65	67	56	46.3	-54.8
Housing Sales and Prices, TAR							
Total Sales (\$000s)	256,382	263,542	264,405	370,122	353,825	-12.9	-15.2
Total Units	981	974	1,026	1,353	1,280	-12.7	-15.7
Average Price (\$)	261,348	270,577	257,704	273,556	276,426	-0.2	0.2
Tucson International Airport, TAA							
Total Passengers	355,122	351,381	350,265	422,493	393,426	3.5	1.1
Total Aircraft Movements	21,561	22,818	23,984	23,455	20,329	-16.0	-8.8

TUCSON METROPOLITAN REGION (PIMA COUNTY) - QUARTERLY DATA

	I 2006	II 2006	III 2006	IV 2006	I 2007	% change versus year ago for most recent:	
						quarter	4-quarters
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	972.5	978.3	984.2	990.1	996.0	2.4	2.5
Natural Increase	1.3	1.3	1.3	1.3	1.3	-1.2	-0.3
Births	3.3	3.3	3.3	3.3	3.3	0.9	2.1
Deaths	2.0	2.0	2.0	2.0	2.0	2.4	3.7
Net Migration	4.5	4.5	4.6	4.6	4.6	1.3	-2.9
Personal Income by Source (\$mil, SAAR) EBR							
Total Personal Income	28,102	28,656	29,176	29,645	30,109	7.1	7.9
Earnings by Place of Work	19,502	19,845	20,166	20,459	20,753	6.4	7.4
Less: Contributions for Social Insurance	2,238	2,283	2,324	2,359	2,394	7.0	8.5
Plus: Adjustment for Residence	145	147	148	150	152	5.0	5.6
Plus: Dividends, Interest & Rents	5,499	5,669	5,810	5,903	5,990	8.9	10.9
Plus: Transfer Payments	5,194	5,278	5,375	5,491	5,608	8.0	6.9
Per Capita Personal Income (\$, SAAR) EBR	28,898	29,292	29,646	29,942	30,230	4.6	5.3

ARIZONA ECONOMIC INDICATORS

	DEC 2006	JAN 2007	FEB 2007	MAR 2007	APR 2007	% change versus year ago for most recent:	
						month	12-months
PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL)							
Civilian Labor Force (000s) ADES							
Employment	2,059.8	2,055.0	2,056.5	2,049.2	2,050.1	2.3	4.2
Unemployment	1,991.4	1,973.9	1,987.3	1,980.0	1,984.1	2.5	4.7
Unemployment Rate, Seas. Adj. (%)	68.4	81.1	69.2	69.2	66.0	-4.9	-7.4
	3.5	3.7	3.4	3.4	3.3	-8.3	-11.7
Employees on Nonagricultural Payrolls (000s) ADES							
Total	1,959.1	1,926.1	1,948.5	1,959.2	1,961.8	4.2	5.3
Natural Resources and Mining	2.8	2.9	3.0	3.0	3.0	15.4	25.2
Construction	190.8	187.4	188.2	187.2	186.6	3.4	9.7
Durable Goods	112.6	112.5	112.0	112.1	112.2	-0.9	1.7
Computer and Electronic Prod.	40.6	40.4	40.3	40.4	40.4	-2.4	1.4
Aerospace Products and Parts	14.7	14.7	14.8	14.8	14.8	0.7	-0.4
Non-Durable Goods	27.2	26.6	26.7	26.9	27.1	-0.7	-0.7
Wholesale Trade	89.2	88.7	89.5	89.8	90.4	4.8	5.0
Retail Trade	242.9	235.7	234.4	235.7	235.1	4.6	5.1
Utilities	8.8	8.6	8.7	8.7	8.7	3.6	5.5
Transportation and Warehousing	56.4	55.5	55.4	55.4	55.2	-1.3	1.1
Information	31.9	31.3	31.7	31.3	31.2	-5.2	-3.0
Finance and Insurance	117.0	116.4	117.3	116.9	116.4	2.8	3.9
Real Estate, Rental, and Leasing	41.4	41.0	41.2	41.5	41.7	5.8	5.7
Professional and Business Services	335.4	327.3	332.5	335.8	337.9	7.2	7.8
Educational Services	33.6	33.5	34.6	34.9	35.0	7.0	7.0
Health Care and Social Assistance	165.8	164.7	165.5	166.5	167.3	3.3	4.8
Arts, Entertainment, and Recreation	25.6	25.0	26.0	26.7	27.2	10.6	8.9
Accommodation	29.0	28.7	29.1	29.5	29.7	2.1	3.0
Food Svcs and Drinking Places	131.8	131.1	134.0	136.6	137.2	5.5	5.6
Other Services	74.8	75.5	76.8	77.9	77.0	8.3	9.2
Federal Government	22.3	21.9	21.8	21.7	21.7	0.5	0.4
State and Local Government	219.8	211.8	220.1	221.1	221.2	4.1	3.4
State and Local Government Education	118.2	109.6	117.2	117.6	117.3	4.3	4.5
Sales (\$000s) ADOR							
Aggregate Retail Sales	5,720,911	4,609,771	4,586,696	5,229,129	...	6.4	6.9
Retail	4,130,774	3,014,335	3,038,517	3,476,381	...	3.4	5.5
Food, EBR	634,546	645,670	648,870	650,555	...	7.4	8.7
Restaurants & Bars	591,120	595,408	571,399	661,488	...	8.9	8.8
Gasoline, EBR	364,471	354,359	327,911	440,705	...	30.4	13.5
Contracting	1,688,962	1,288,439	1,207,796	1,391,057	...	-1.9	15.8
Hotel/Motel	104,817	168,168	172,888	213,149	...	10.4	10.7
New Housing Units Authorized, Census C-40							
Total Units	2,395	2,709	4,918	4,942	3,059	-30.0	-30.2
Single Family Units	2,148	2,564	2,736	3,410	2,632	-22.0	-33.2
2-4 Unit Structures	124	33	227	68	65	-48.4	-41.9
5-plus Unit Structures	123	112	1,955	1,464	362	-58.5	-9.8
Housing Sales and Prices, ARMLS							
Total Sales (\$000s)	1,653,122	1,381,429	1,500,234	1,879,980	1,669,300	-22.8	-25.7
Total Units	4,816	3,909	4,365	5,261	4,850	-25.3	-30.0
Average Price (\$)	343,256	353,397	343,696	357,343	344,186	3.3	5.6
Phoenix Sky Harbor International Airport, PSHIA							
Total Passengers	3,407,513	3,375,510	3,276,621	3,894,704	...	2.2	0.6
Total Aircraft Movements	45,899	46,081	42,688	47,959	...	0.1	-2.0

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: U.S. Census Bureau, U.S. Department of Commerce
EBR: Economic & Business Research Center, The University of Arizona
NPS: National Park Service, U.S. Department of the Interior

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

	I 2006	II 2006	III 2006	IV 2006	I 2007	% change versus year ago for most recent: quarter 4-quarters	
PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL COUNTY) - QUARTERLY DATA							
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	4,026.3	4,071.5	4,109.6	4,143.9	4,178.3	3.8	4.4
Natural Increase	10.0	10.1	10.2	10.3	10.3	3.0	3.4
Births	16.7	16.9	17.1	17.2	17.4	3.9	4.5
Deaths	6.7	6.8	6.9	7.0	7.0	5.2	6.2
Net Migration	40.0	35.0	27.9	24.1	24.0	-40.0	-27.8
Personal Income by Source (\$mil, SAAR) EBR							
Total Personal Income	134,071	137,111	139,921	142,409	144,887	8.1	9.4
Earnings by Place of Work	108,938	111,335	113,563	115,576	117,598	7.9	9.4
Less: Contributions for Social Insurance	12,117	12,370	12,605	12,820	13,038	7.6	9.2
Plus: Adjustment for Residence	-138	-139	-141	-142	-145	-4.9	-11.6
Plus: Dividends, Interest & Rents	20,373	20,882	21,296	21,564	21,820	7.1	9.5
Plus: Transfer Payments	17,015	17,404	17,808	18,231	18,652	9.6	9.3
Per Capita Personal Income (\$, SAAR) EBR	33,299	33,676	34,048	34,366	34,676	4.1	4.7

ARIZONA - QUARTERLY DATA							
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
	I 2006	II 2006	III 2006	IV 2006	I 2007	% change versus year ago for most recent: quarter 4-quarters	
Population	6,207.6	6,272.7	6,336.5	6,398.6	6,459.3	4.1	4.2
Natural Increase	13.1	13.7	13.9	14.2	13.8	5.4	9.3
Births	24.9	25.4	25.6	25.9	25.6	2.7	5.5
Deaths	11.9	11.7	11.7	11.7	11.8	-0.3	1.4
Net Migration	52.0	50.7	48.6	47.6	45.7	-12.1	-0.9
Personal Income Derivation (\$mil, SAAR) BEA & EBR							
Total Personal Income	191,022	193,105	196,590	200,513	205,290	7.5	8.6
Earnings by Place of Work	147,923	148,842	150,920	154,313	157,796	6.7	8.4
Less: Contributions for Social Insurance	16,649	16,756	16,965	17,308	17,805	6.9	9.0
Plus: Adjustment for Residence	685	689	699	716	732	6.9	6.8
Plus: Dividends, Interest & Rents	30,166	30,830	31,650	32,054	32,654	8.2	9.2
Plus: Transfer Payments	28,898	29,503	30,291	30,741	31,915	10.4	8.8
Components of Earnings (\$mil, SAAR) BEA & EBR							
Wages and Salaries	108,300	108,851	110,382	112,957	115,789	6.9	8.9
Other Labor Income EBR	23,482	23,752	24,163	24,693	25,149	7.1	8.5
Proprietor's Income	16,043	16,015	15,898	16,018	...	2.1	4.1
Farm	244	208	237	322	...	27.8	-20.1
Nonfarm	15,799	15,807	15,661	15,697	...	1.7	4.6
Per Capita Personal Income (\$, SAAR) EBR	30,772	30,785	31,025	31,337	31,782	3.3	4.2
Average Wage Per Employee, Annual Rate (\$) EBR	40,926	40,576	40,752	41,151	...	4.1	4.6

TRAVEL AND TOURISM - MONTHLY DATA							
	DEC 2006	JAN 2007	FEB 2007	MAR 2007	APR 2007	% change versus year ago for most recent: month 12-months	
Visits to Parks & Other Recreational Areas, NPS & ASPB							
Northern Arizona	629,115	769,073	845,445	1,287,293	1,646,688	1.2	-2.1
Historical	58,783	59,795	77,535	139,436	162,643	1.8	-3.6
Scenic	268,031	234,155	248,049	475,125	609,254	0.7	-2.6
Water Based Recreation	302,301	475,123	519,861	672,732	874,791	1.5	-1.5
Southern Arizona	209,825	271,540	326,074	434,677	326,049	2.6	4.4
Historical	36,672	42,790	55,691	58,548	41,418	-6.4	-6.3
Scenic	159,767	206,127	235,316	316,034	234,662	6.9	7.6
Water Based Recreation	13,386	22,623	35,067	60,095	49,969	-7.6	1.2
International Border Crossings, USCBP							
U.S. Citizens	729,319	643,143	617,521	704,184	...	9.4	-1.2
Aliens	2,239,147	1,927,787	1,922,522	2,095,682	...	27.9	5.9
Vehicles	760,662	730,888	665,862	760,713	729,451	-9.1	-10.0

MEASURES OF INFLATION AND PRICES - MONTHLY DATA							
Consumer Price Index (1982-1984=100) BLS							
	I 2006	II 2006	III 2006	IV 2006	I 2007	% change versus year ago for most recent: month 12-months	
U.S. - All Urban	201.8	202.4	203.5	205.4	206.7	2.6	2.9
U.S. - Wage Earners	197.2	197.6	198.5	200.6	202.1	2.5	2.8

See sources and abbreviations at the bottom of page 12. • For additional detail and history, subscribe to *Arizona Economic Indicators Data Book*.

ARIZONA ECONOMIC INDICATORS

	DEC 2006	JAN 2007	FEB 2007	MAR 2007	APR 2007	% change versus year ago for most recent:	
						month	12-months
ARIZONA MONTHLY DATA							
Civilian Labor Force (000s) ADES							
Employment	3,028.0	3,014.6	3,022.4	3,009.8	3,011.4	1.7	3.6
Unemployment	2,912.3	2,880.6	2,907.3	2,894.4	2,899.5	1.9	4.1
Unemployment Rate, Seas. Adj. (%)	115.7	134.0	115.1	115.4	111.9	-3.7	-6.0
	4.1	4.2	3.9	3.9	4.0	-3.9	-10.2
Employees on Nonagricultural Payrolls (000s) ADES							
Total	2,725.2	2,679.5	2,713.3	2,727.6	2,731.4	3.7	4.7
Natural Resources and Mining	10.5	10.7	10.7	10.8	11.0	15.8	19.2
Construction	252.1	247.6	248.5	247.4	246.8	2.7	8.8
Durable Goods Manufacturing	150.5	150.2	151.3	150.9	150.8	-0.6	1.7
Fabricated Metal Products	19.6	19.5	19.5	19.5	19.5	2.6	3.5
Computer and Electronic Prod.	45.3	45.2	45.0	45.0	45.0	-2.8	0.6
Aerospace Products and Parts	25.9	25.9	27.7	27.2	27.2	2.6	0.8
Non-Durable Goods Manufacturing	36.1	35.6	35.8	36.1	36.0	0.6	0.6
Wholesale Trade	109.2	108.5	109.5	110.0	109.7	5.0	5.2
Retail Trade	341.1	330.1	328.5	331.1	330.6	4.0	4.3
Utilities	12.5	12.3	12.3	12.3	12.4	1.6	3.3
Transportation and Warehousing	71.8	70.8	70.7	70.8	70.5	-0.7	1.3
Information	43.4	42.8	43.0	42.4	42.3	-5.4	-3.3
Finance and Insurance	134.1	133.4	134.3	133.8	133.4	2.7	3.8
Real Estate, Rental, and Leasing	54.0	53.4	53.6	54.1	54.3	5.4	5.5
Professional and Business Services	412.1	403.5	409.9	413.4	416.0	6.9	7.5
Educational Services	44.7	44.6	45.7	45.9	46.2	5.5	5.4
Health Care and Social Assistance	252.4	251.0	252.2	253.6	254.4	3.7	4.6
Arts, Entertainment, and Recreation	34.7	34.1	35.2	36.5	37.6	9.0	7.5
Accommodation	47.9	47.3	48.1	48.7	49.0	2.5	2.4
Food Svcs and Drinking Places	189.8	189.1	193.0	196.2	197.2	4.3	4.5
Other Services	102.7	103.3	105.0	106.6	105.7	7.7	8.5
Federal Government	52.4	51.7	51.5	51.4	51.8	0.2	0.3
State and Local Government	373.2	359.5	374.5	375.6	375.7	3.1	2.6
State and Local Government Education	201.1	186.5	200.6	200.7	201.1	2.3	2.1
Hours Worked Per Week, Manufacturing, ADES	41.1	41.1	41.1	41.3	41.0	1.5	1.0
Average Hourly Earnings (\$) ADES							
Construction	16.98	16.90	17.24	17.27	17.36	6.0	5.3
Manufacturing	14.63	14.95	15.25	15.15	15.19	3.3	3.5
Trade, Transportation, Utilities	15.32	15.62	15.59	15.77	15.99	5.4	3.5
Retail Trade	11.70	12.00	12.12	12.28	12.47	0.8	-1.0
Wholesale Trade	19.47	19.19	18.77	19.20	19.23	7.6	2.1
Sales (\$000s) ADOR							
Aggregate Retail Sales	8,182,655	6,606,255	6,580,114	7,508,575	...	6.5	6.5
Retail	5,834,937	4,276,335	4,308,165	4,924,395	...	3.6	5.3
Food, EBR	940,194	953,678	958,405	960,894	...	7.0	9.2
Restaurants & Bars	839,336	831,040	805,284	932,771	...	9.2	8.6
Gasoline, EBR	568,187	545,202	508,260	690,515	...	26.4	8.8
Gallons (000s) ADOT	244,739	238,329	223,254	253,261	...	11.1	2.5
Utilities	633,999	749,169	678,958	584,815	...	7.6	13.5
Communications	295,029	295,823	291,008	301,556	...	7.9	10.9
Amusements	77,484	79,116	117,548	131,999	...	13.6	13.6
Rentals - Personal Property	335,239	341,333	315,542	357,505	...	0.2	9.7
Contracting	2,206,635	1,696,602	1,629,329	1,897,053	...	-1.0	13.9
Mining - Metal, Oil & Gas	153,621	115,926	104,595	138,580	...	21.0	49.2
Hotel/Motel	166,058	236,843	254,705	305,409	...	7.7	8.7
New Housing Units Authorized, Census C-40							
Total Units	3,339	3,520	5,933	6,019	4,107	-33.4	-33.5
Single Family Units	3,002	3,332	3,702	4,448	3,644	-27.7	-35.7
2-4 Unit Structures	160	69	260	98	93	-43.3	-26.3
5-plus Unit Structures	177	119	1,971	1,473	370	-61.5	-18.7
Bankruptcy Filings, U.S. Bankruptcy Court							
Total	539	592	660	837	781	39.5	-75.1
Chapter 7	367	410	479	655	598	34.7	-78.9
Chapter 11	12	14	29	20	14	-12.5	2.5
Chapter 13	160	168	152	162	169	69.0	-42.2

See sources and abbreviations at the bottom of page 12. • For additional detail and history, subscribe to *Arizona Economic Indicators Data Book*.

	I 2006	II 2006	III 2006	IV 2006	I 2007	% 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.)	202.7	206.2	207.3	206.5	209.2	3.2	3.3
U.S. - All Urban Consumers	198.9	202.3	203.4	201.7	203.8	2.4	3.0
U.S. - Urban Wage Earners	194.5	198.0	199.1	197.0	198.9	2.3	2.9
Price Indexes (2000=100) BEA							
Gross Domestic Product	115.0	115.9	116.4	116.9	118.1	2.7	2.9
Personal Consumption Expenditures	113.4	114.6	115.2	115.0	115.9	2.2	2.5

See sources and abbreviations at the bottom of page 12. • For additional detail and history, subscribe to *Arizona Economic Indicators Data Book*.

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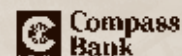
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