



**ARIZONA**

**&**



# **The Trump Economy**

**Economic Club Of Phoenix**

**May 9, 2017**

# Early Reports Show Steady Arizona Economic Growth in 1<sup>st</sup> 100 Days

<b>Indicators</b>	<b>2015</b>	<b>2016</b>	<b>Q1</b>
<b>New Jobs (thousands)</b>	<b>65.6</b>	<b>68.0</b>	<b>56.2</b>
<b>Employment (% change)</b>	<b>2.5</b>	<b>2.6</b>	<b>2.1</b>
<b>Unemployment Rate</b>	<b>6.0</b>	<b>5.3</b>	<b>5.0</b>
<b>Retail Sales (% change)</b>	<b>8.6</b>	<b>3.7</b>	<b>1.5</b>
<b>Single Family Permits (% change)</b>	<b>32.0</b>	<b>11.0</b>	<b>10.0</b>

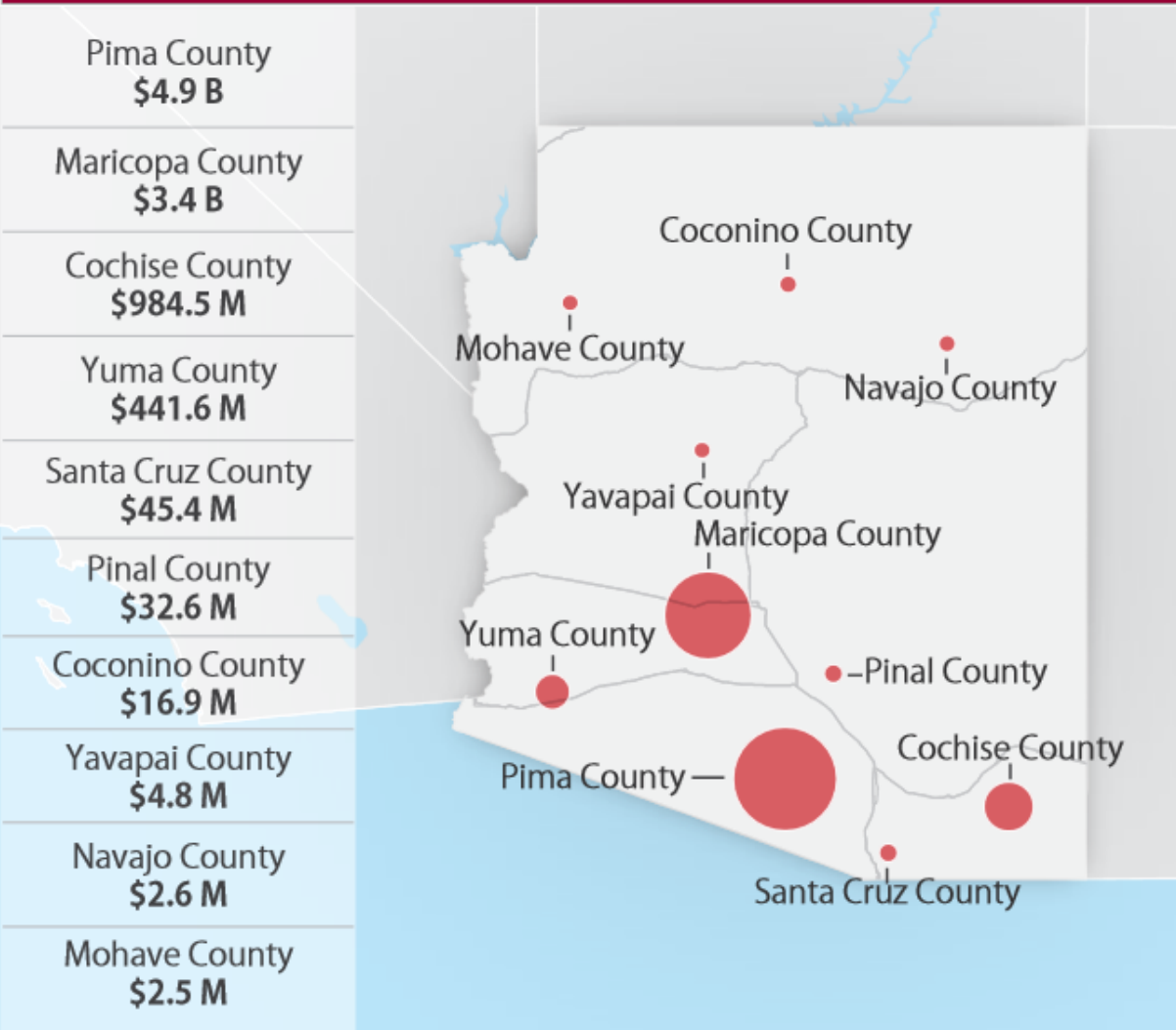
*W. P. Carey School of Business, ASU, based on data available May, 2017*

# Trump Economy Watch List

- Strengthen U.S. defense - increase spending
- Health care - repeal Obamacare
- International trade - renegotiate NAFTA
- Immigration - build the wall
- Infrastructure - transportation + more
- Tax reform - cut corporate taxes

# Defense Spending Increase Benefits Arizona

## TOP DEFENSE SPENDING LOCATIONS (M=millions B=billions)



<b>\$10.0 BILLION</b> SPENT IN STATE	<b>#12</b> IN NATION
<b>3.4%</b> OF STATE GDP	<b>#13</b> IN NATION

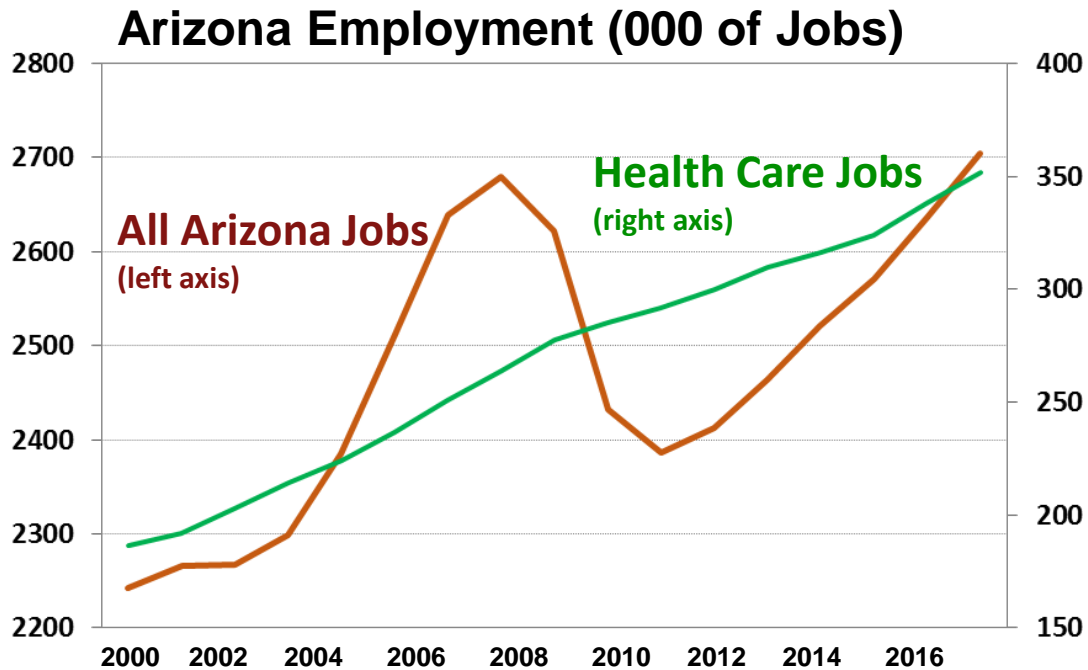
### Top Contractors (M=millions B=billions)

Raytheon	\$4.2 B
Boeing	\$1.5 B
General Dynamics	\$319.0 M
Honeywell	\$294.5 M
Patriarch Partners	\$135.0 M
Northrop Grumman	\$128.3 M
TRAX International	\$87.8 M
Robertson Fuel Systems	\$73.4 M
BAE Systems	\$58.0 M
Orbital Sciences Corporation	\$56.2 M

# Health Care is A Recession-Resistant Growth Driver For the Arizona Economy

## Health Care Job Growth: Arizona vs. All States

2010	2011	2012	2013	2014	2015	2016
9 <sup>th</sup>	4 <sup>th</sup>	1 <sup>st</sup>	10 <sup>th</sup>	11 <sup>th</sup>	3 <sup>rd</sup>	5 <sup>th</sup>



**20% of New Jobs**

Health care accounted for one out of every five new Arizona Jobs created in 2016

**25% of Residents**

One out of every four Arizona residents receives Medicaid health funding

# Arizona International Trade Supports More Than 100,000 Jobs

## Arizona Depends on World Markets

- Exports from Arizona helped contribute to the \$2.21 trillion of U.S. goods and services exports in 2016.

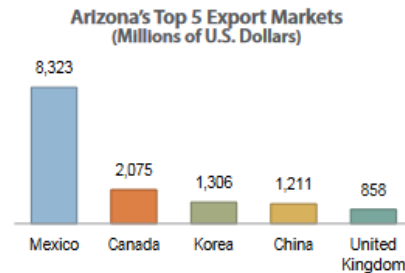
## Exports Support Jobs

- Nationally, U.S. jobs supported by exports reached an estimated 11.5 million in 2015, up 1.9 million from 2009.

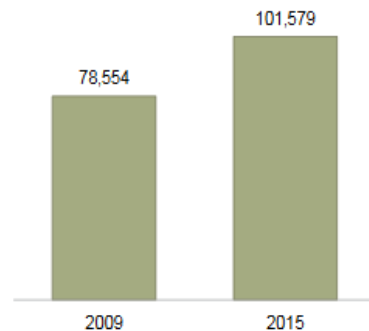
Exports Sustain  
Thousands of Arizona  
Businesses

**\$22.0 billion**

Arizona goods exports in 2016



Jobs Supported by Arizona Goods Exports  
Up by 23 Thousand Jobs Since 2009



**101,579**  
U.S. jobs supported  
by goods exports  
from Arizona in  
2015

**80%** of these jobs  
were supported by  
manufactured goods  
exports

**6,663**

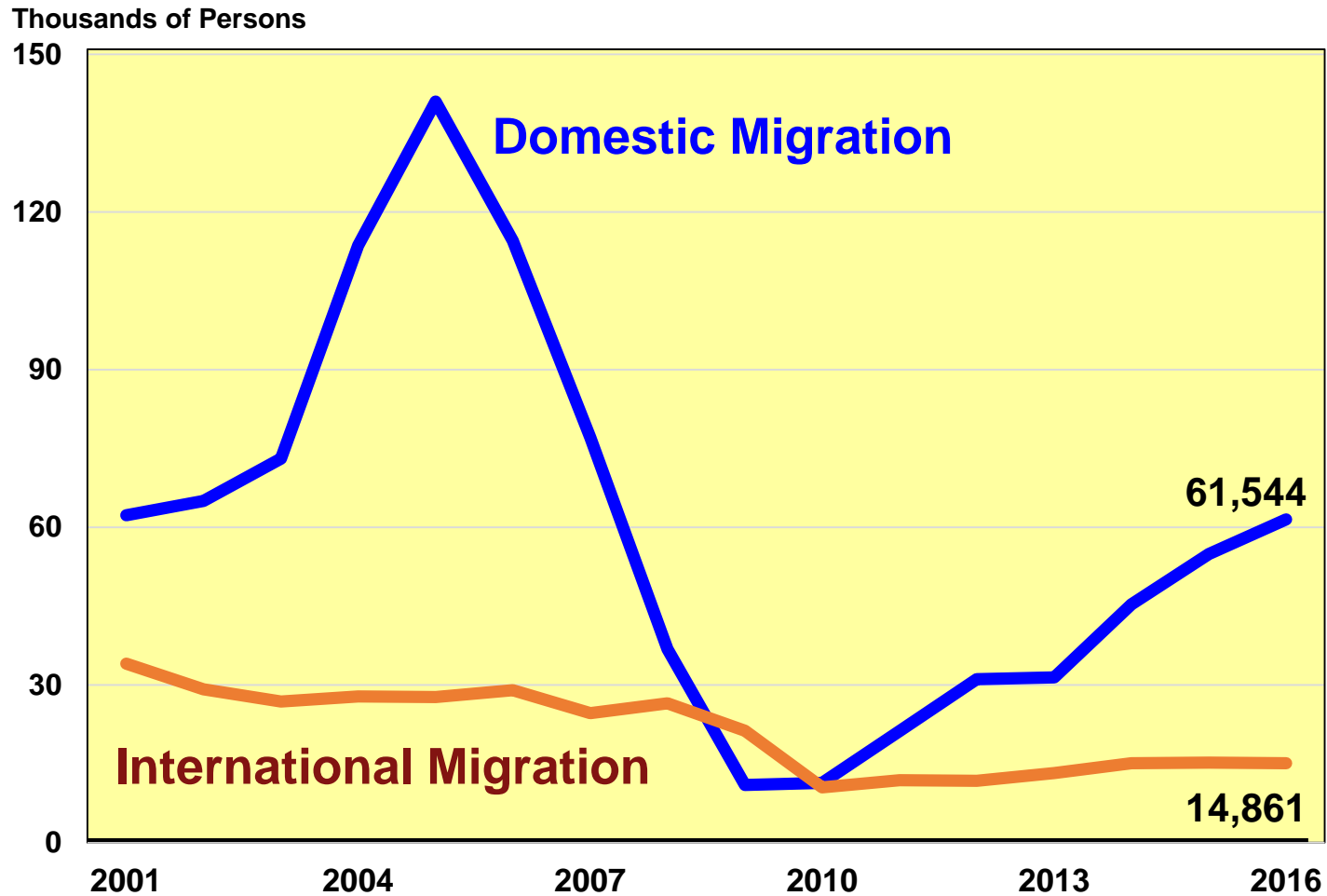
Number of small and medium-sized (SME)  
goods exporters in Arizona in 2014

## Top Trading Partners

- Mexico
- Canada
- S. Korea
- China
- UK

**6,663 small/medium  
Arizona export firms**

# Arizona International Migration is Down By Half Since 2001





# Arizona Economic Outlook

## Western Blue Chip Consensus Forecast

Indicators	2015	2016	2017
New Jobs (thousands)	65.6	68.0	70.0
Employment (% change)	2.5	2.6	2.6
Retail Sales (% change)	8.6	3.7	4.4
Population (% change)	1.5	1.7	1.6
Single Family Permits (% change)	32.0	11.0	14.4

2017 Forecast from <https://research.wpcarey.asu.edu/economic-outlook/western-blue-chip/wbc-economic-forecasts/>  
JPMorgan Chase Economic Outlook Center, W. P. Carey School of Business, consensus based on data available Q1 2017

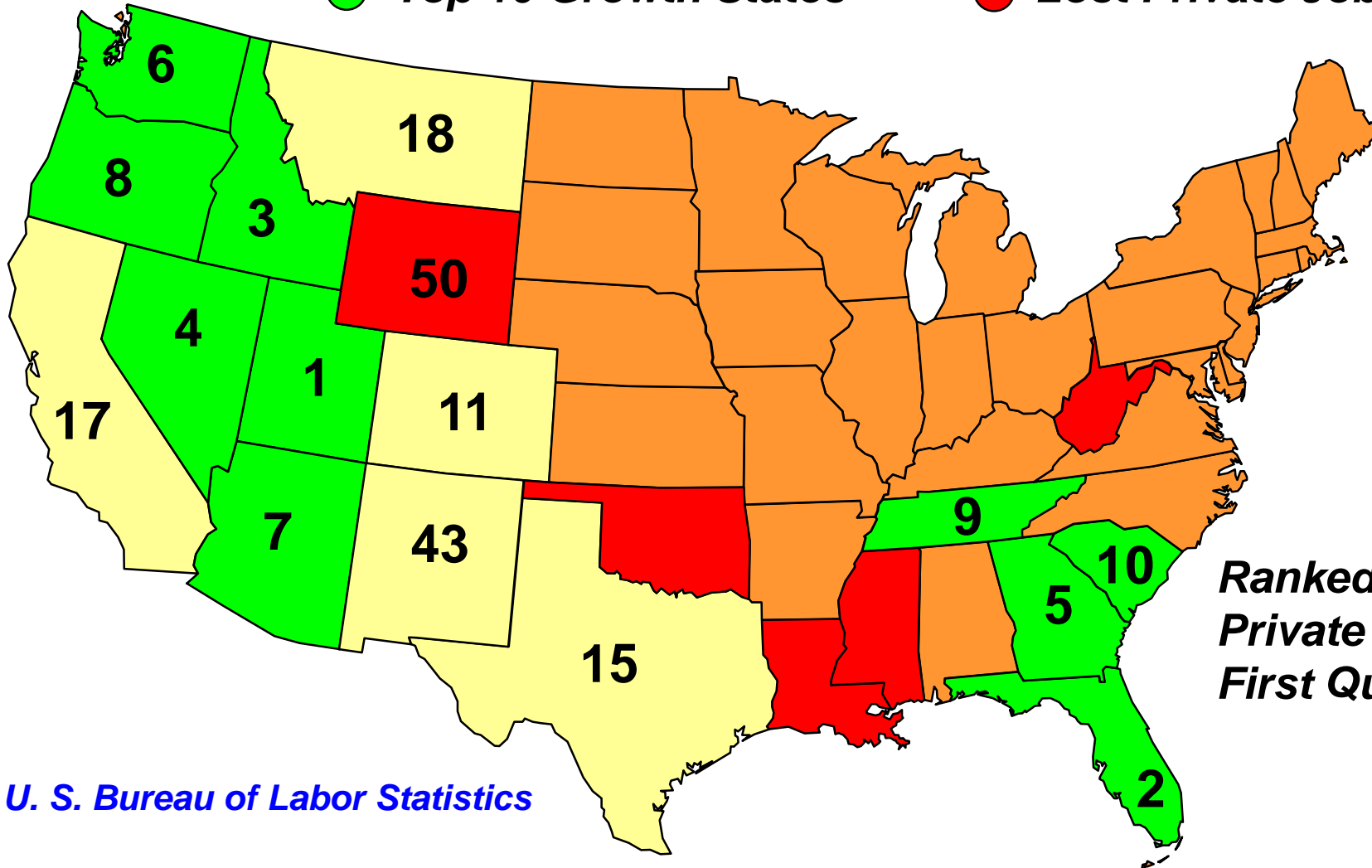


# Private Job Growth: Arizona 7<sup>th</sup>

(Private Q1 Jobs Up by 2.5% - All Jobs Up by 2.1%)

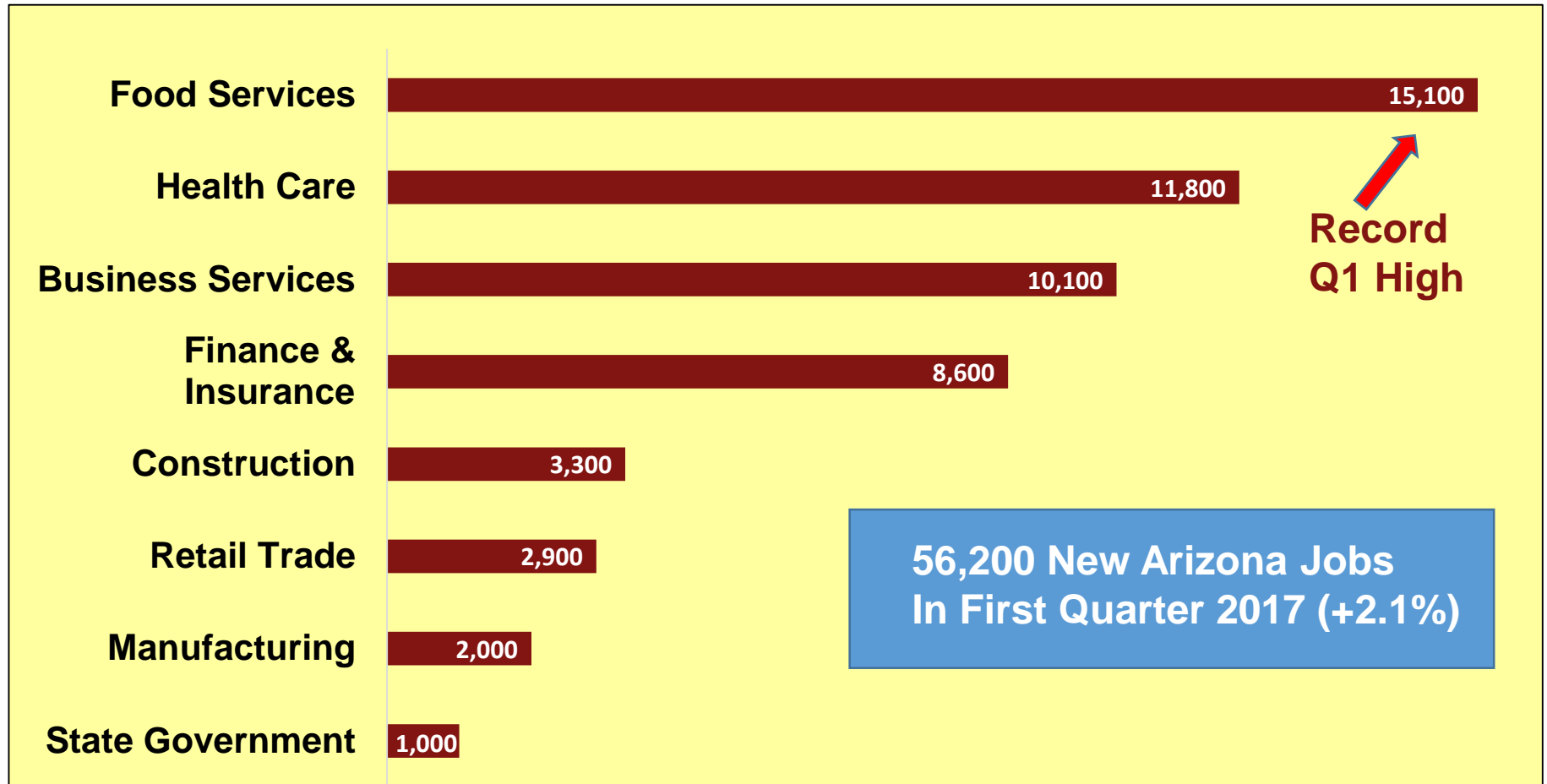
● Top 10 Growth States

● Lost Private Jobs



**Ranked by % Change:  
Private Sector Jobs  
First Quarter 2017**

# Minimum Wage Increase Did Not Slow Arizona Food Service Hiring in First Quarter



# Arizona Job Growth Update

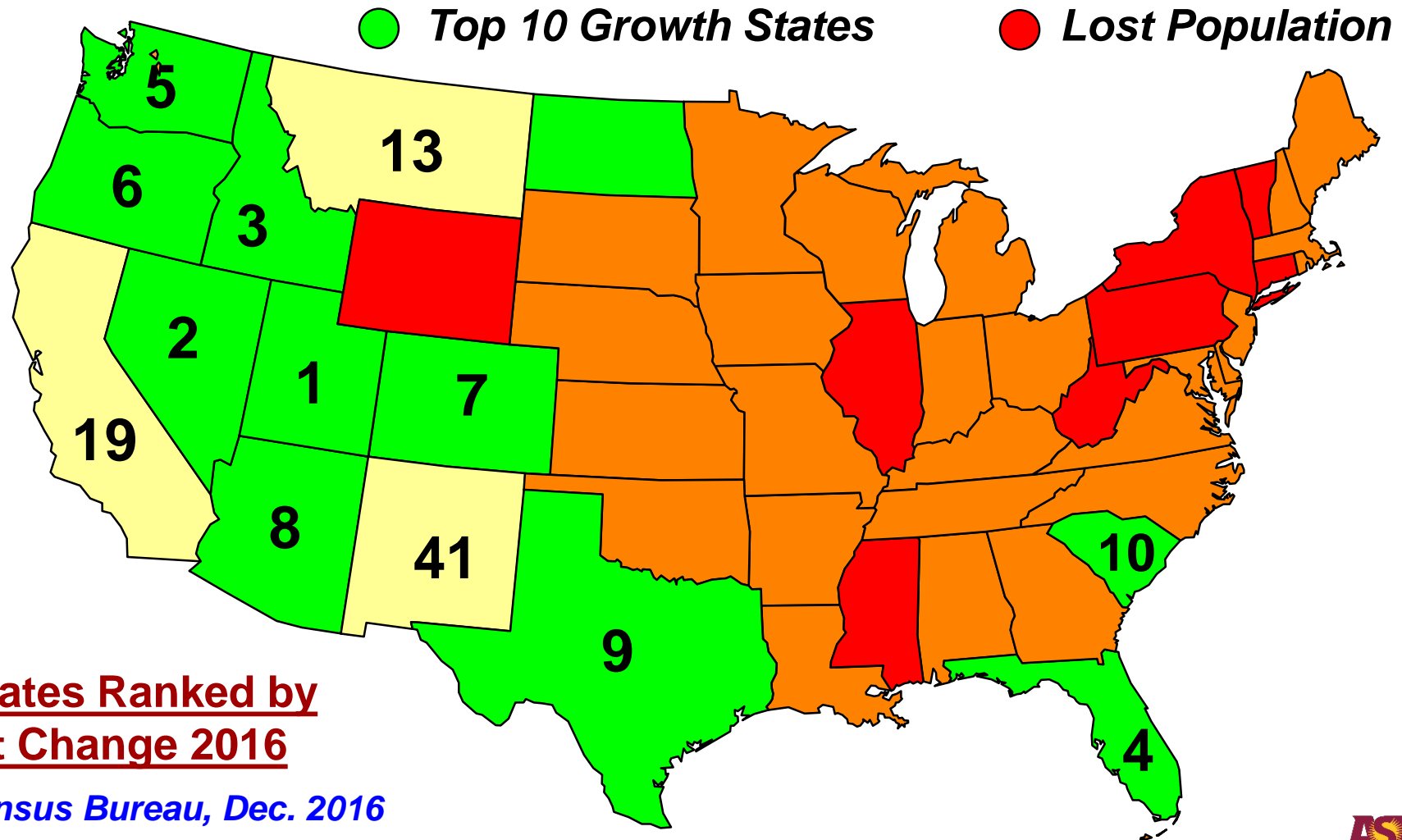
*Percent Change: Year-to-Date First Quarter 2017*

<b>Arizona Industry</b>	<b>% Change</b>	<b>U.S. Rank</b>
<b>Nonfarm Employment</b>	<b>2.1</b>	<b>9</b>
<b>Private Employment</b>	<b>2.5</b>	<b>7</b>
<b>Finance &amp; Insurance</b>	<b>5.8</b>	<b>1</b>
<b>Food Services</b>	<b>6.8</b>	<b>1</b>
<b>Health Care</b>	<b>3.4</b>	<b>10</b>
<b>Manufacturing</b>	<b>1.2</b>	<b>12</b>
<b>Business Services</b>	<b>2.5</b>	<b>19</b>

<https://research.wpcarey.asu.edu/economic-outlook/job-growth/growth-at-a-glance/>

*W. P. Carey School of Business & U. S. Bureau of Labor Statistics*

# Arizona Ranked 8<sup>th</sup> Fastest in Population Growth in 2016



U. S. States Ranked by  
Percent Change 2016

U. S. Census Bureau, Dec. 2016

# Arizona Population: 2016

- **14<sup>th</sup> Largest State (6.8 mil)**
- **8<sup>th</sup> Fastest Growth Rate (1.7%)**
- **5<sup>th</sup> In New Residents (113k)**
- **4<sup>th</sup> in Domestic Migration**
- **17<sup>th</sup> in International Migration**



*U.S. Census Bureau, Dec. 2016*



# Metro Phoenix Outlook

## Greater Phoenix Blue Chip Forecast

Indicators	2015	2016	2017
<b>New Jobs</b> (thousands)	<b>60.1</b>	<b>60.2</b>	<b>65.0</b>
<b>Employment</b> (% change)	<b>3.2</b>	<b>3.1</b>	<b>3.3</b>
<b>Personal Income</b> (% change)	<b>4.7</b>	<b>4.6</b>	<b>5.4</b>
<b>Population</b> (% change)	<b>2.0</b>	<b>2.1</b>	<b>2.0</b>

2017 forecast from <https://research.wpcarey.asu.edu/economic-outlook/greater-phoenix-blue-chip/economic-forecast/>  
JPMorgan Chase Economic Outlook Center, W. P. Carey School of Business, consensus based on Q1 2017 data

# Arizona In the Trump Economy

- A top 10 state for job creation and population growth – if domestic migration continues strong
- Arizona wins from higher defense spending but new policies on trade/NAFTA could be negative
- Watch health care – over one third of Arizona residents receive some government support
- Labor force, quality of life, cost structure will drive growth but national business cycle is major risk



# ARIZONA &



# The Trump Economy

Economic Club Of Phoenix

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