

Arizona BC (Before COVID-19)



- Ranked 3rd in rate of population growth
- Ranked 3rd in number of new residents
- Ranked 3rd in rate of job creation
- 80,000 new jobs added in 2019
- 86% (69,000) were in Phoenix
- Phoenix wages up 4.4% vs. 3.0% in U.S

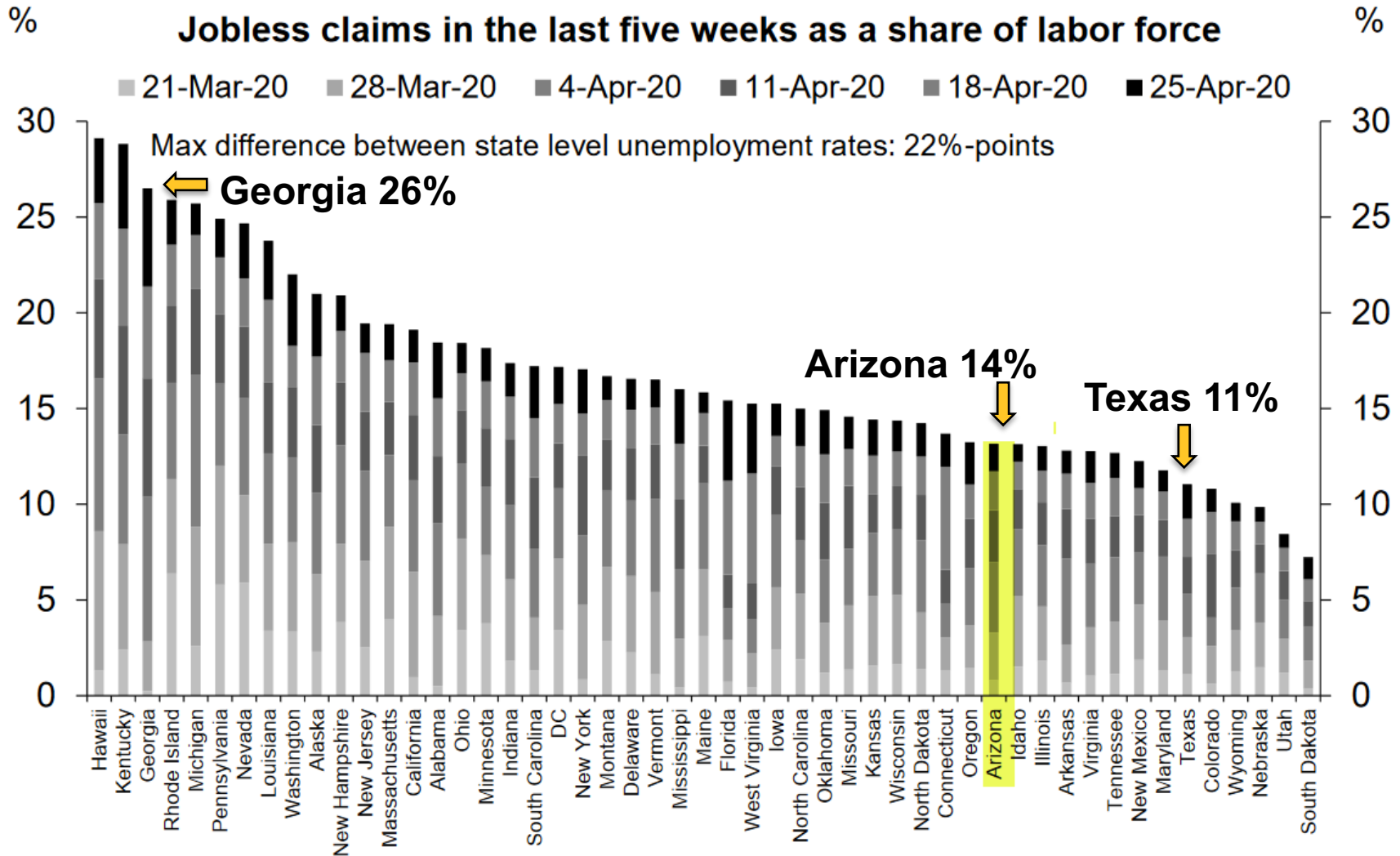
Arizona Economy – May 2020



- Lockdown since March 20, 2020
- 475,000 UI claims March 21 – April 25
- UI claims as percent of labor force = 14%
- Tourism, health care, retail hardest hit
- CARES & other stimulus yet to kick in
- Peak virus estimated for mid-May

www.azdhs.gov/documents/preparedness/epidemiology-disease-control

Arizona Claims Vs. Other States



Health Care NOT COVID-Recession Resistant



Claims By Industry



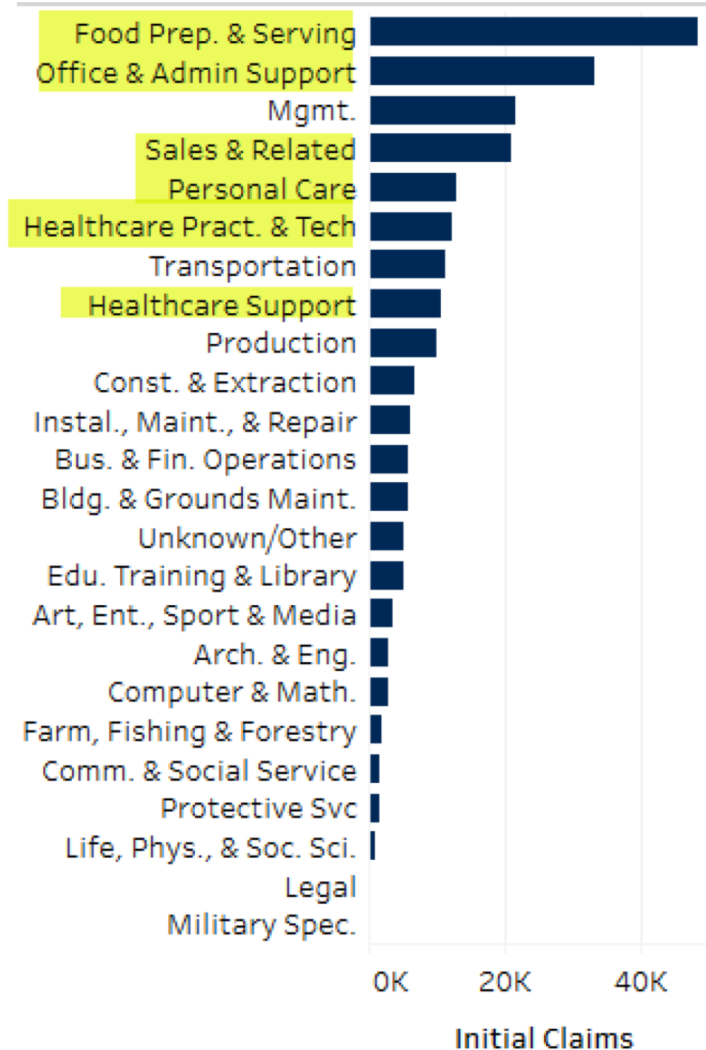
**Arizona health care workers
have lost the second most
jobs – but in the 2008 – 2010
downturn Arizona’s health care
industry ADDED 30,000 (+10%) jobs
while the overall economy
LOST 300,000 (-11%) jobs**

Occupations With Physical Proximity at Risk



Nationally, about 29% of occupations require close physical proximity
U.S. Department of Labor

Claims By Occupation

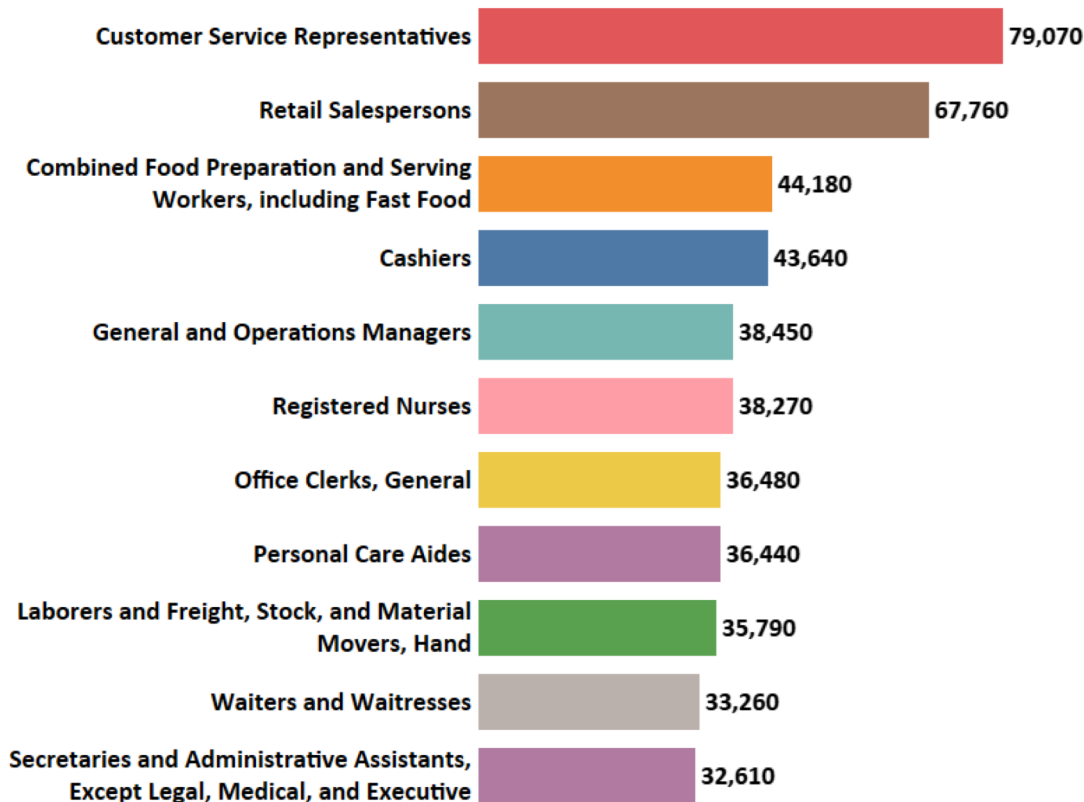


Occupations With Physical Proximity at Risk



Largest Occupations in Phoenix-Mesa-Scottsdale, AZ

Occupational Employment Statistics, May 2018



Largest occupation groups in Phoenix tend to require close physical proximity





Travel, Tourism are Vital to Arizona

The New York Times

Business Travel Has Stopped. No One Knows When It Will Come Back.

In a survey this month by the Global Business Travel Association, a trade group for corporate travel managers, nearly all its members said their employers had canceled or suspended all or most previously booked or planned international business travel, while 92 percent said all or most domestic business travel had been canceled or suspended.

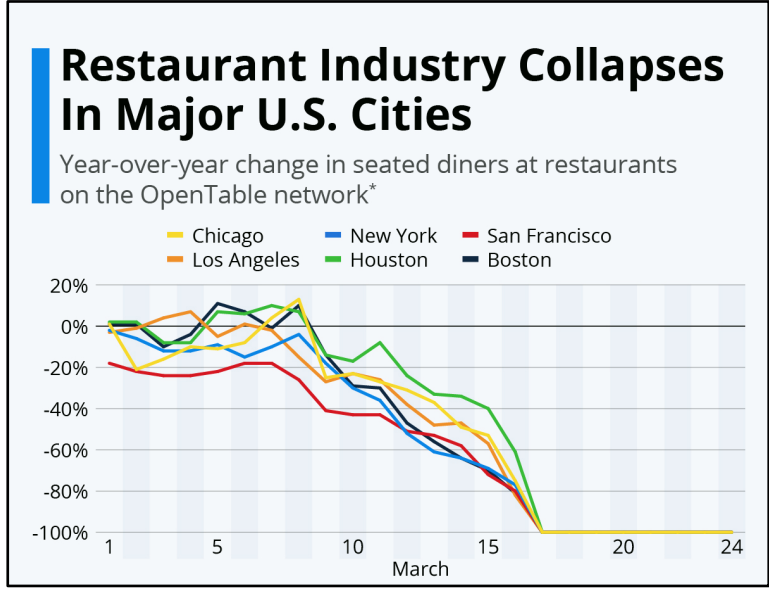
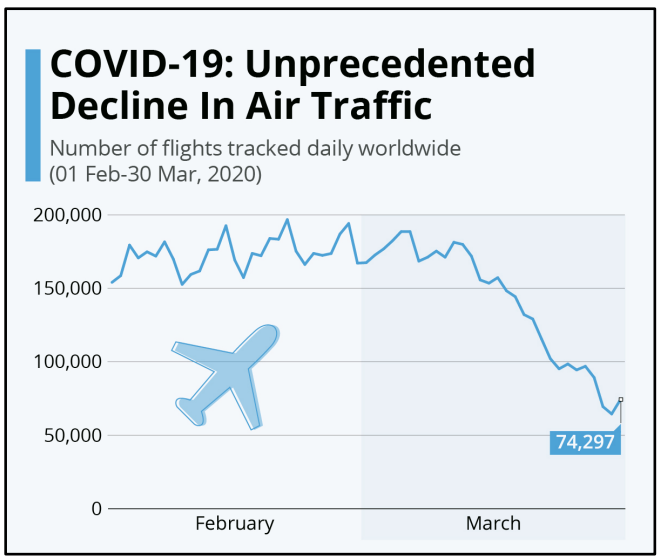
“The current crisis,” said John Snyder, chief executive of BCD Travel, one of the largest travel management companies, “is like nothing we’ve ever seen before.”

The latest findings of STR, a lodging research company, were equally stunning: In the week that ended April 11, hotel occupancy in the United States was down 70 percent from the same week in 2019, to 21 percent, and hotels’ revenue per available room, the major barometer of profitability, was down 84 percent to \$15.61.

HOTELS

'Levels we have never seen': Phoenix saw 70% drop in hotel occupancy due to coronavirus

Melissa Yeager Arizona Republic



Will It be “Different This Time?”



In a “normal” recession durable goods (cars, appliances) decline, spending on nondurables (groceries, gasoline) falls only slightly, and spending on services (health care, transportation) is rarely negative at all. As the economy bottoms out, durable goods spending recovers and drives growth in the expansion.

Table 10. Real Disposable Personal Income and Real Personal Consumption Expenditures:
Percent Change From Month One Year Ago

	2019					2020		
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. ^r	Feb. ^r	March ^p
Disposable personal income	2.6	3.0	2.6	2.9	1.8	2.1	2.1	0.1
Personal consumption expenditures	2.5	2.7	2.3	2.3	3.3	3.0	3.2	-5.0
Goods	4.1	4.4	3.6	2.9	5.4	4.3	4.8	0.6
Durable goods	5.0	6.2	4.8	4.6	8.4	7.8	7.7	-11.2
Nondurable goods	3.6	3.4	3.0	2.0	3.9	2.6	3.3	6.6
Services	1.7	1.9	1.8	2.1	2.4	2.4	2.5	-7.5



In this recession, service spending is not sustaining the economy, services are cratering the economy, causing loss of jobs and income. BUT as the economy recovers BOTH DURABLES and SERVICES will spring back WHEN/IF pent-up demand surges and the fiscal stimulus kicks in. The 3rd and 4th quarters may be stronger than many expect –BUT the recovery still depends on the virus!

\$2.9 trillion Stimulus on The Way



- \$670 bil loans with emphasis on small business
- \$1.8 trillion - CARES ACT - \$1,200 checks, add \$600 to monthly unemployment – no work requirement
- \$502 bil tax relief programs

Arizona PPP Per Capita was Lowest in the Nation

Arizona

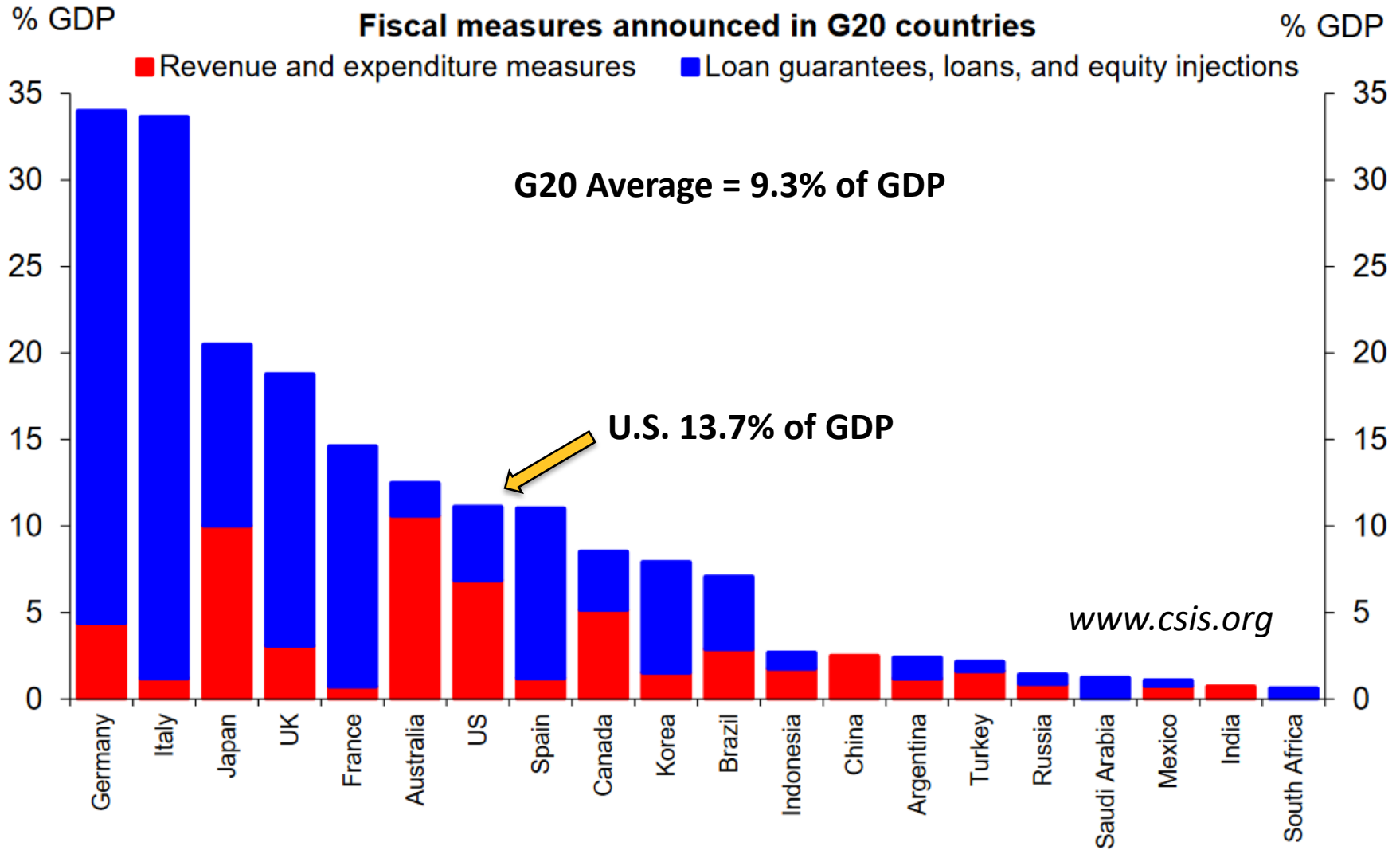
Total dollars awarded:	\$4,846,959,062
Number of loans given:	19,280
Number of loans per capita:	265
Population:	7,278,717

Average Arizona Wage: \$49,400

Arizona PPP jobs funded: 98,000

Arizona jobs lost thru 4/25: 475,000

G20 Fiscal Responses Vary in Size





Case for V Shaped Recovery

- Arizona Q1 job loss less than 1% - solid base
- Expect Arizona Q2 job loss of 18% (540,000)
- Arizona Q2 unemployment rate nears 15%
- \$trillion stimulus by Q3, pent up demand uncoils
- Q3 job growth begins as economy starts recovery
- Growth cycle follows Blue Chip U.S. outlook
- Assumption: advances in treatment, vaccine



Arizona Economic Outlook

Indicator	2019	2020	2021
Employment (<i>thousands</i>)	2,937	2,693	2,815
Employment (<i>% change</i>)	2.8	-8.3	4.5
Job Gain/Loss (<i>thousands</i>)	80	-244	122
Unemployment rate (<i>average</i>)	4.7	9.4	5.5
Population (<i>% change</i>)	1.7	1.0	1.4

Based on data available May 5, 2020; preliminary and subject to frequent revision.

Prioritize Economy or Public Health?



We have a public health problem that is affecting the economy. If we “open” the economy we risk affecting public health. The issue is how to balance the economy and public health, but we do not yet have the data/ the understanding/ the knowledge to evaluate the trade-offs.

Economy

COVID-19

Send me your thoughts
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