

USA & Arizona *Looking for the Recovery*

Economic Club of Phoenix

Based on Information available as of April 20, 2010

ASU[®] W. P. CAREY
SCHOOL of BUSINESS

ARIZONA STATE UNIVERSITY



Sharlot Hall, Frontier Historian

Outlook: USA & Arizona

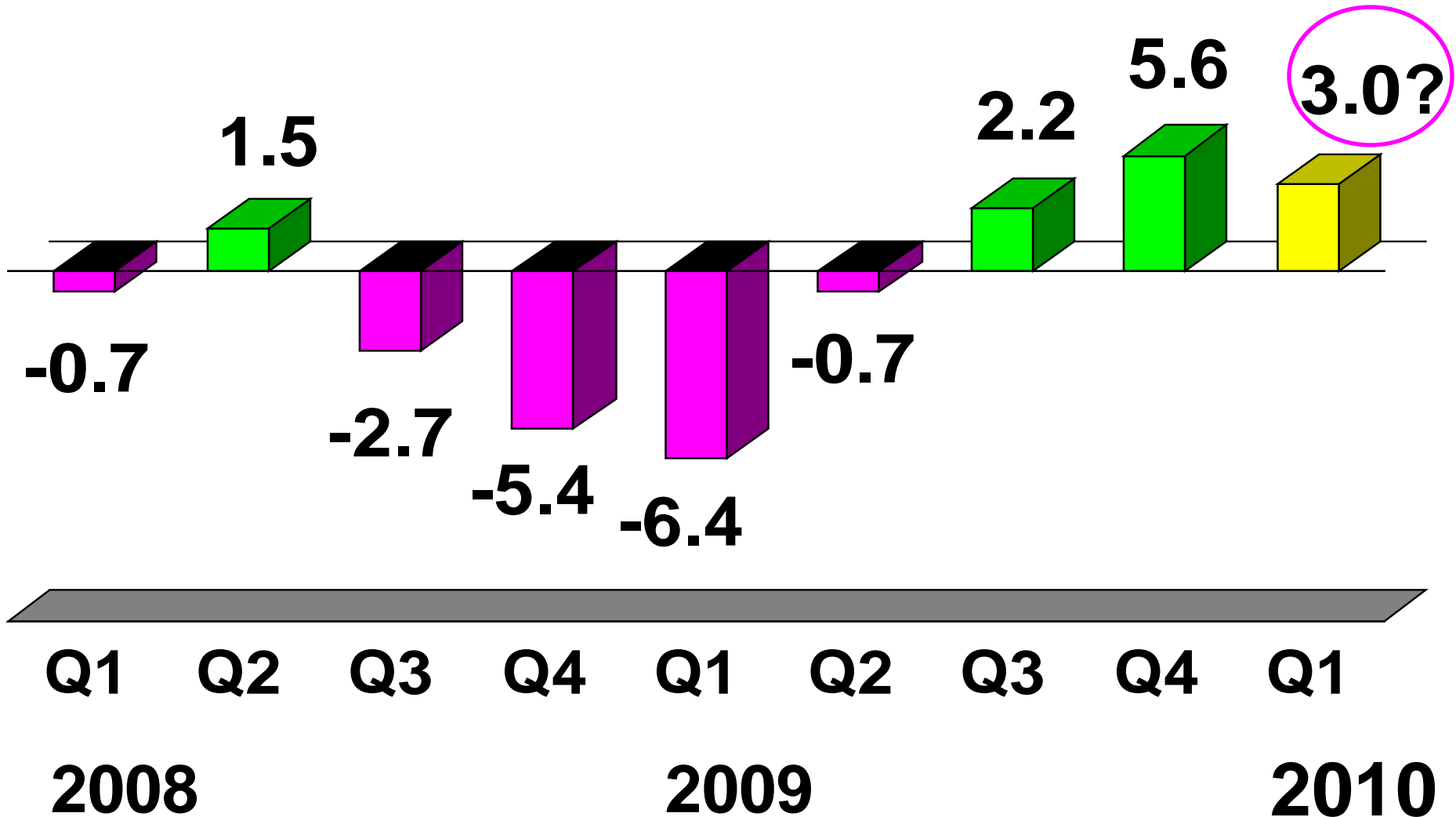
- **Recession Almost Over!**
- **Obstacles Still Ahead**
- **Full Recovery: 3 – 4 Years?**
- **Outlook: USA & Arizona**

Is Recession Over?

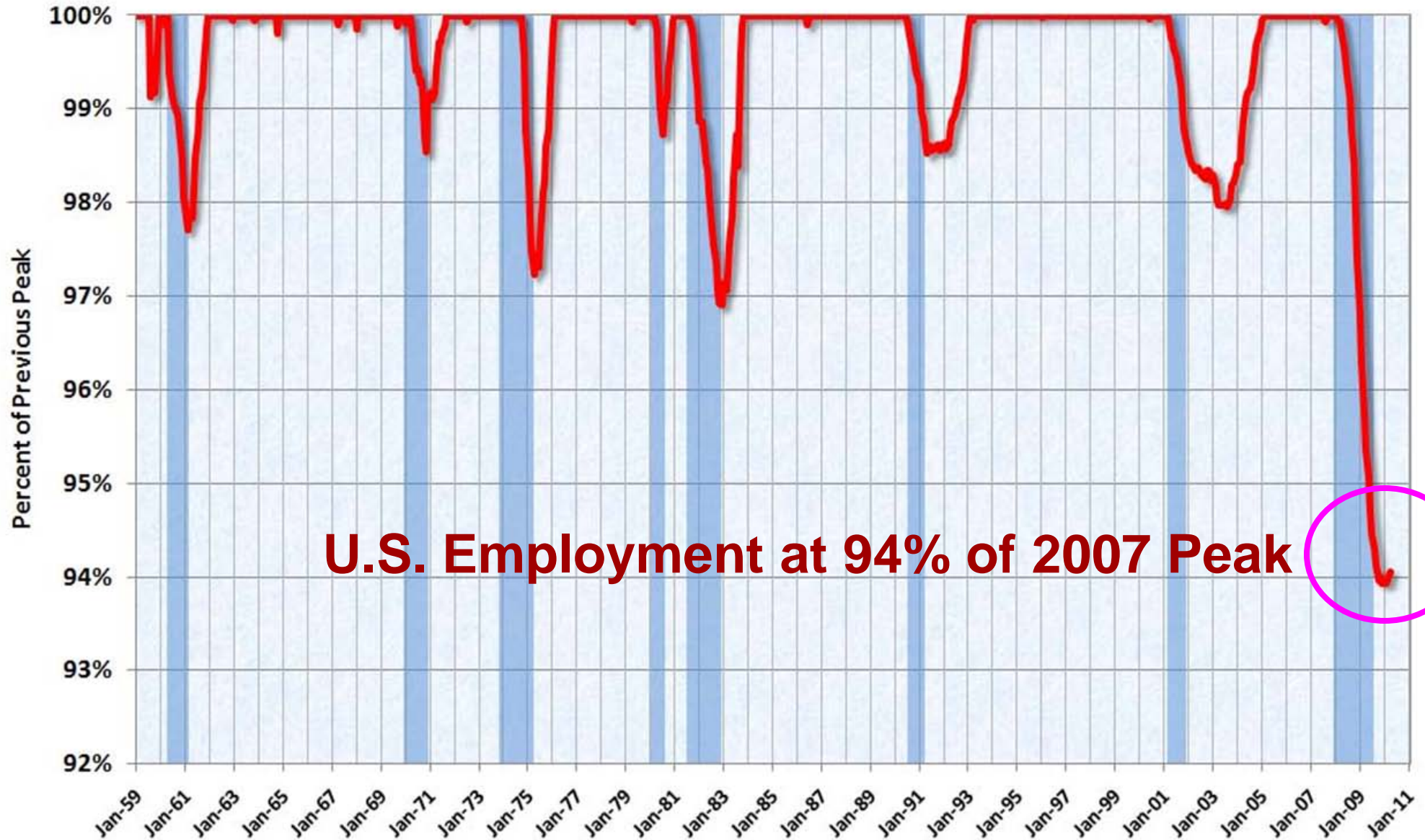
- Recession is a contraction
- Ends when indicators turn up
- At the bottom of the cycle
- When conditions are worst!

GDP Is Growing Again

Percent Change in Real GDP at Annual Rate



U.S. Job Growth: A Long Way to Recovery



Hurdles On Road To Recovery

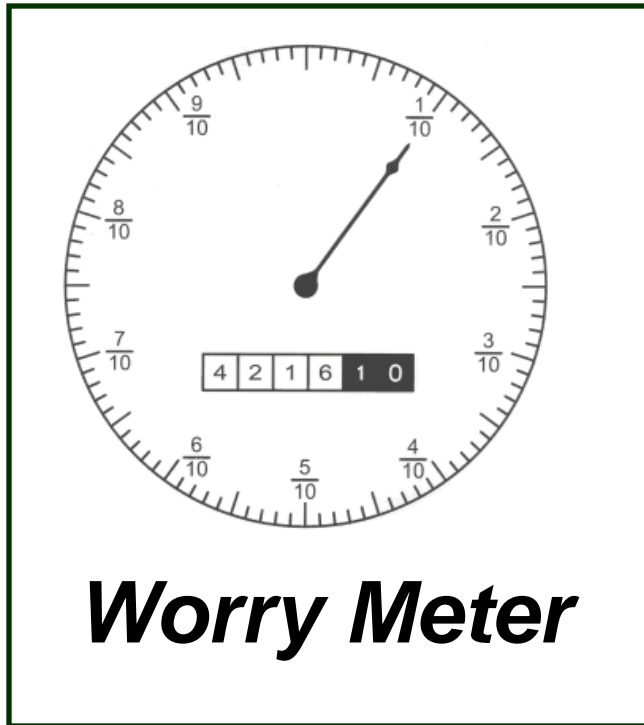


- **Tight Credit**
- **The Consumer**
- **Labor Markets**
- **Housing Market**
- **Commercial RE**
- **Federal Deficit**
- **Skeptical Public**

Consumer Sentiment Fell in April

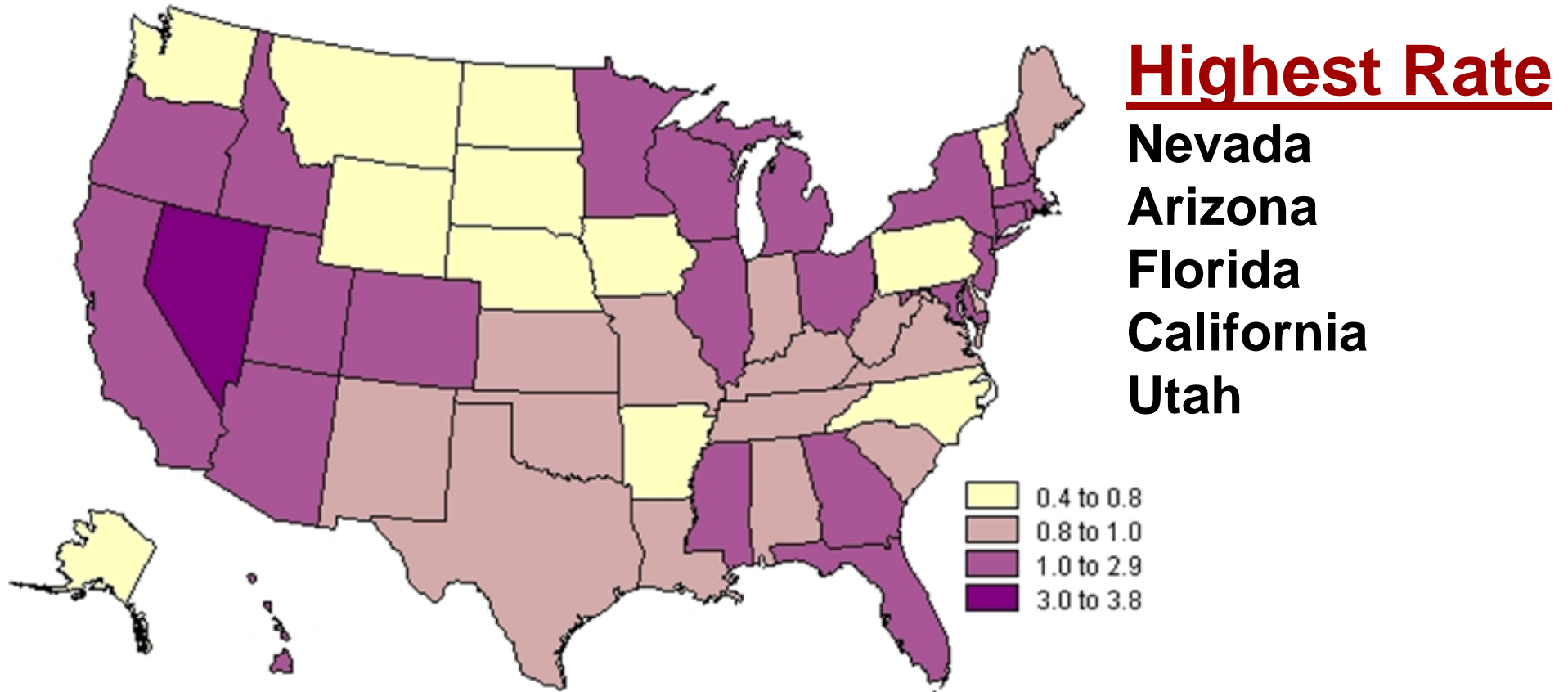
April 16 (Bloomberg) -- Confidence among U.S. consumers unexpectedly fell in April to the lowest level in five months as Americans fretted about the labor market and health care.

Consumer Worry Meter



- **Foreclosures Up**
- **Home Values Down**
- **Job Losses**
- **High Unemployment**
- **No End in Sight?**

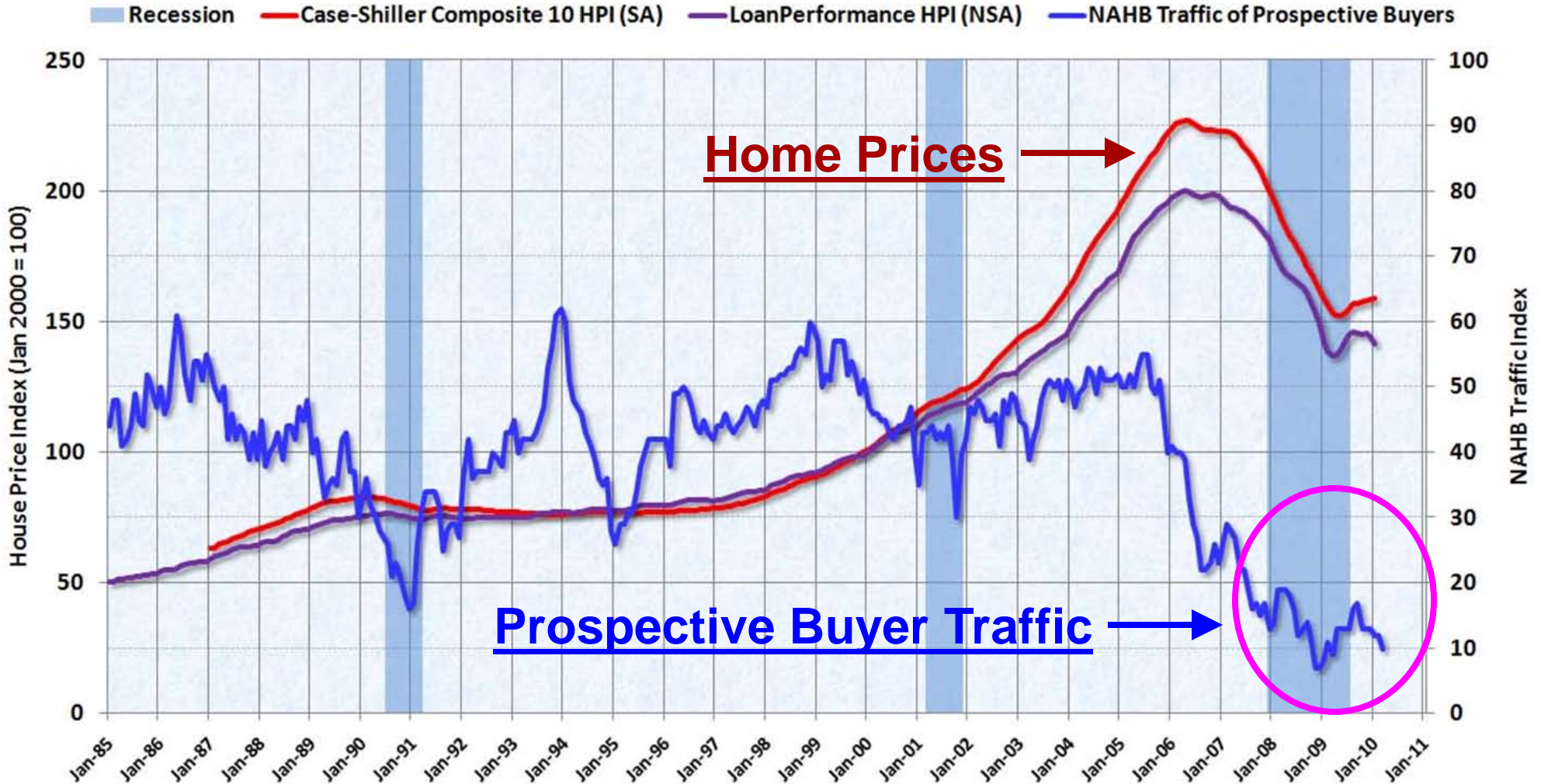
2.8 Mil U. S. Foreclosures in 2009



(1 in 4 mortgages in U.S. are “under water”)

Data from RealtyTrac

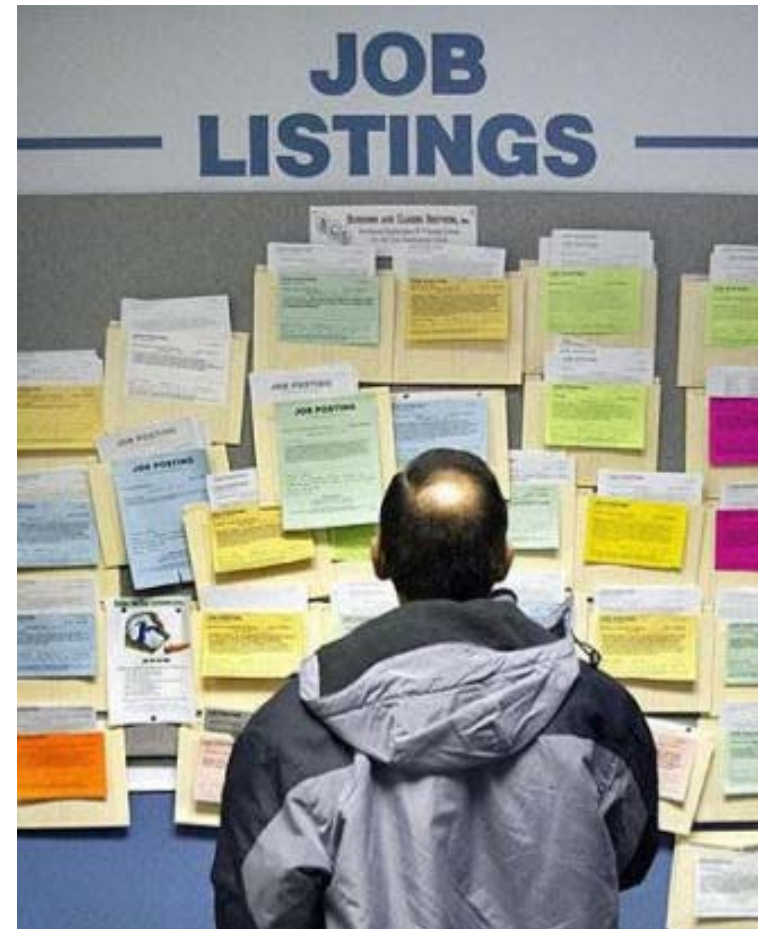
Still No Rebound In New Home Buyer Traffic



Adapted from CalculatedRiskBlog.com

8.4 Mil. U. S. Jobs Lost in Past Two Years

Time Period	Job Loss
Dec. 2007 – Dec. 2008	3.6 Mil
Dec. 2008 – Dec. 2009	4.8 Mil
Two Year Total	8.4 Mil



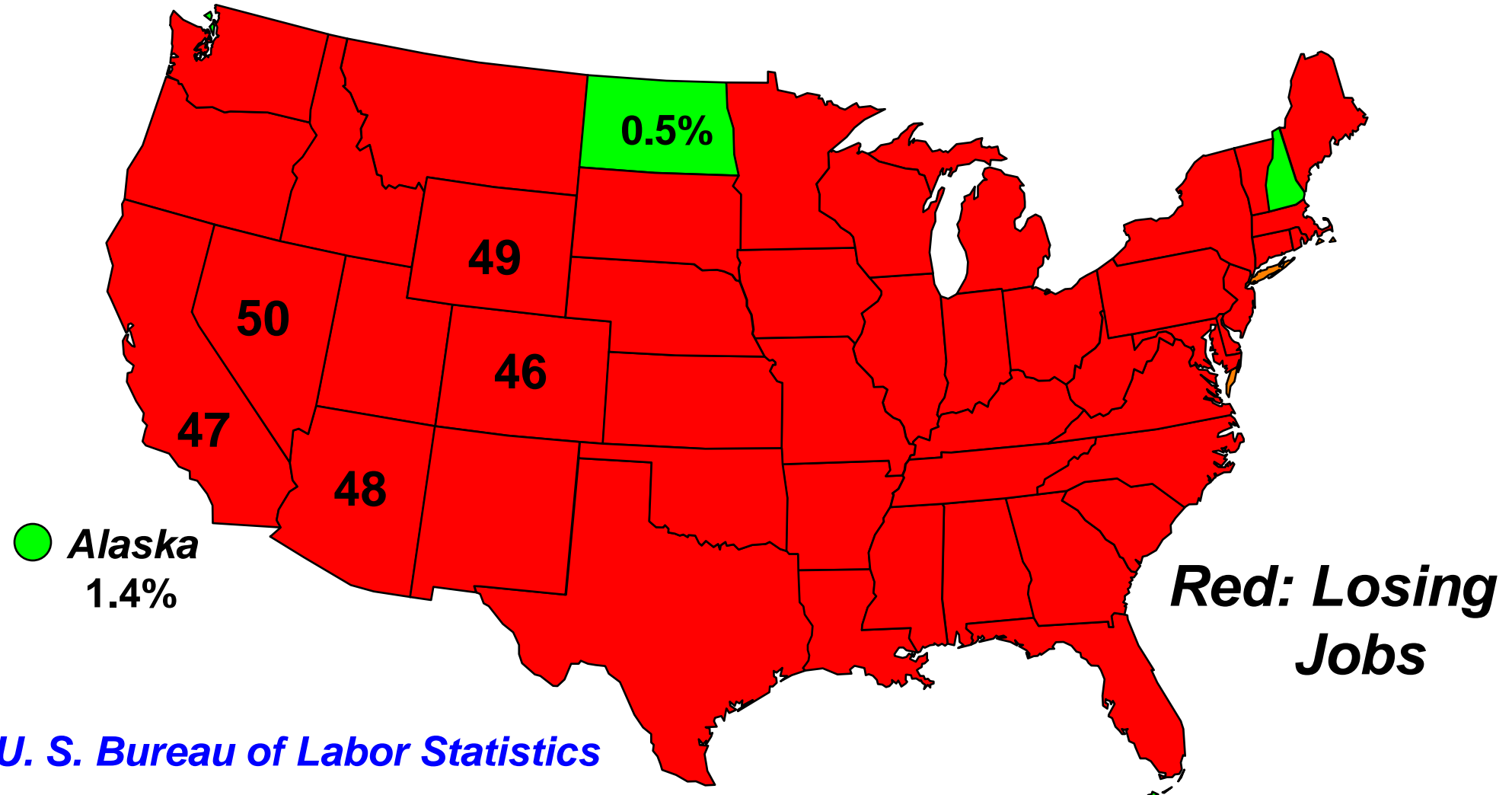
U. S. Bureau of Labor Statistics

March Unemployment: 9.7%

- **Up in 24 states March vs Feb.**
- **Up in 44 states vs last year**
- **10% or higher in 15 states**
- **CA, FL, GA, NV all time high**

Jobs: Bottom 5 States in West

(Percent Change March 2010 vs March 2009)

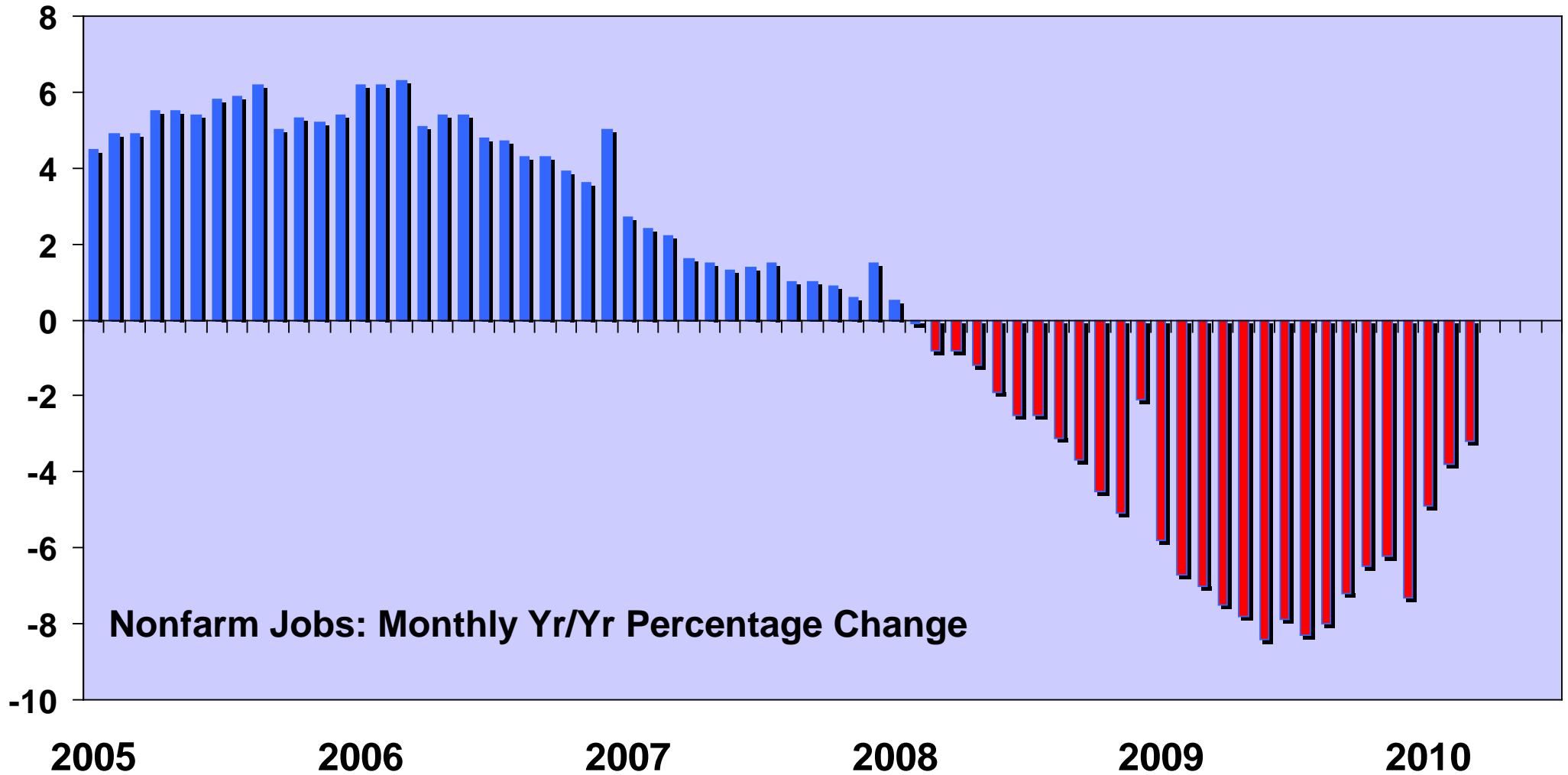


Is the Arizona economy getting better or worse?

Getting Worse	43%
Getting Better	30%
Staying the Same	24%

Rasmussen Poll, April 21, 2010

Arizona Has Lost Jobs (Yr/Yr) For Past 25 Months



US Bureau of Labor Statistics & Arizona Department of Commerce

End in Sight? Return to Previous Employment Peak Takes Longer

U. S. Recessions	Jobs Recovery
8 from 1947 - 1982	20 months
1990 - 1991	32 months
2001	48 months
2007 - 2009	65 months (?)

(Months required for U.S. employment to contract from recession and return to previous peak before recession began)

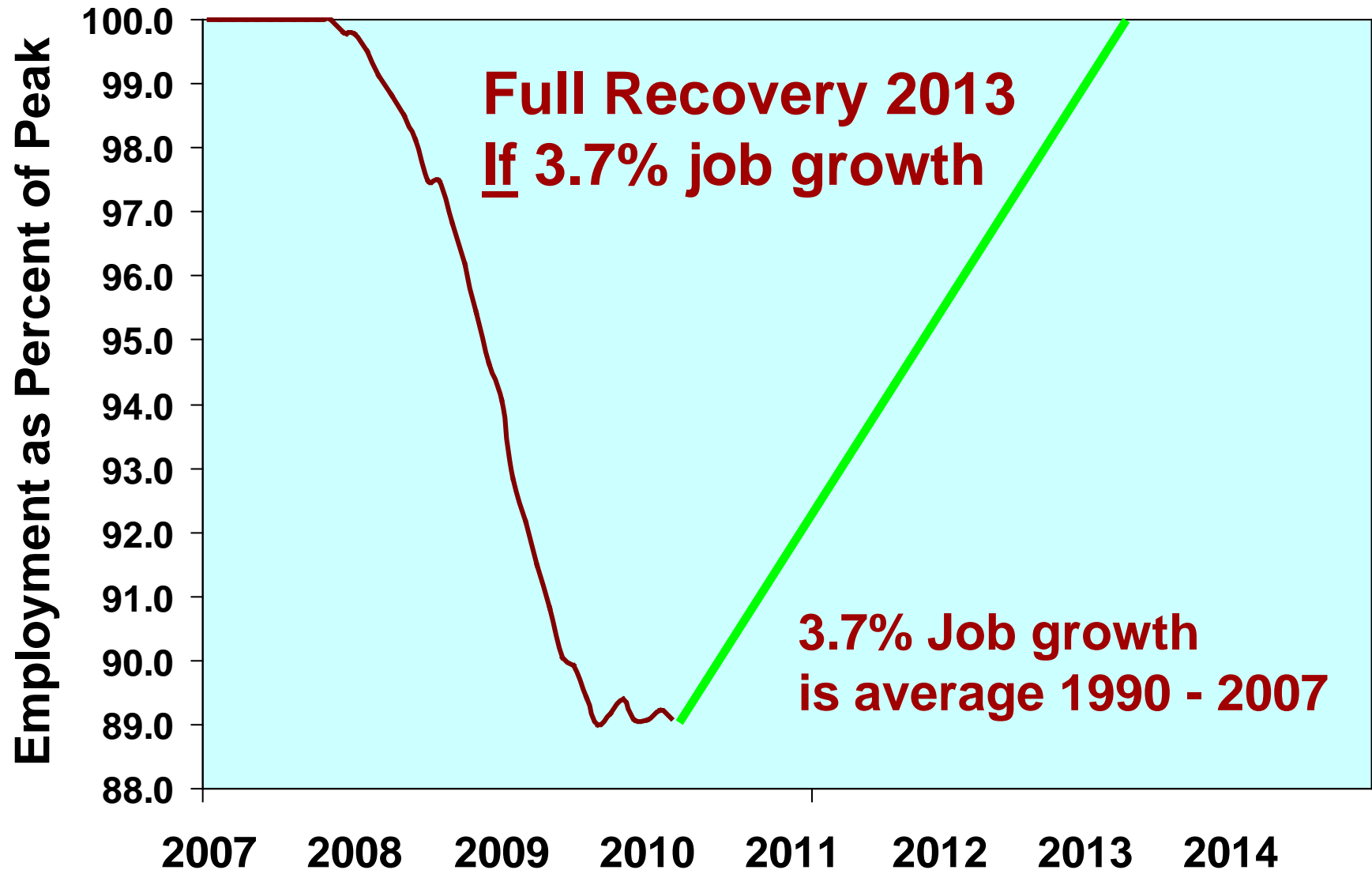
Az Jobs: Peak – Bottom - Recovery



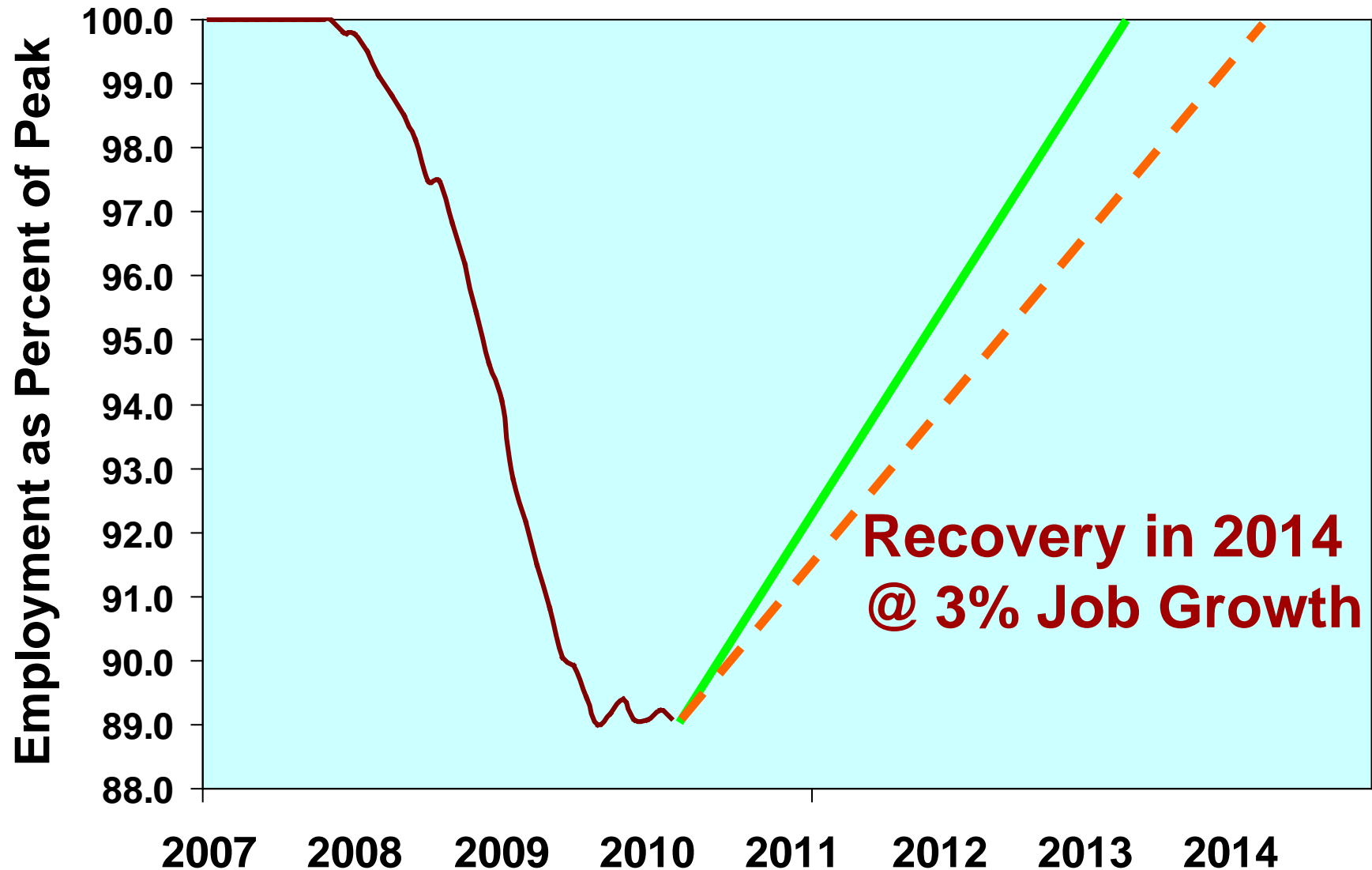
Az Job Losses Greater This Time



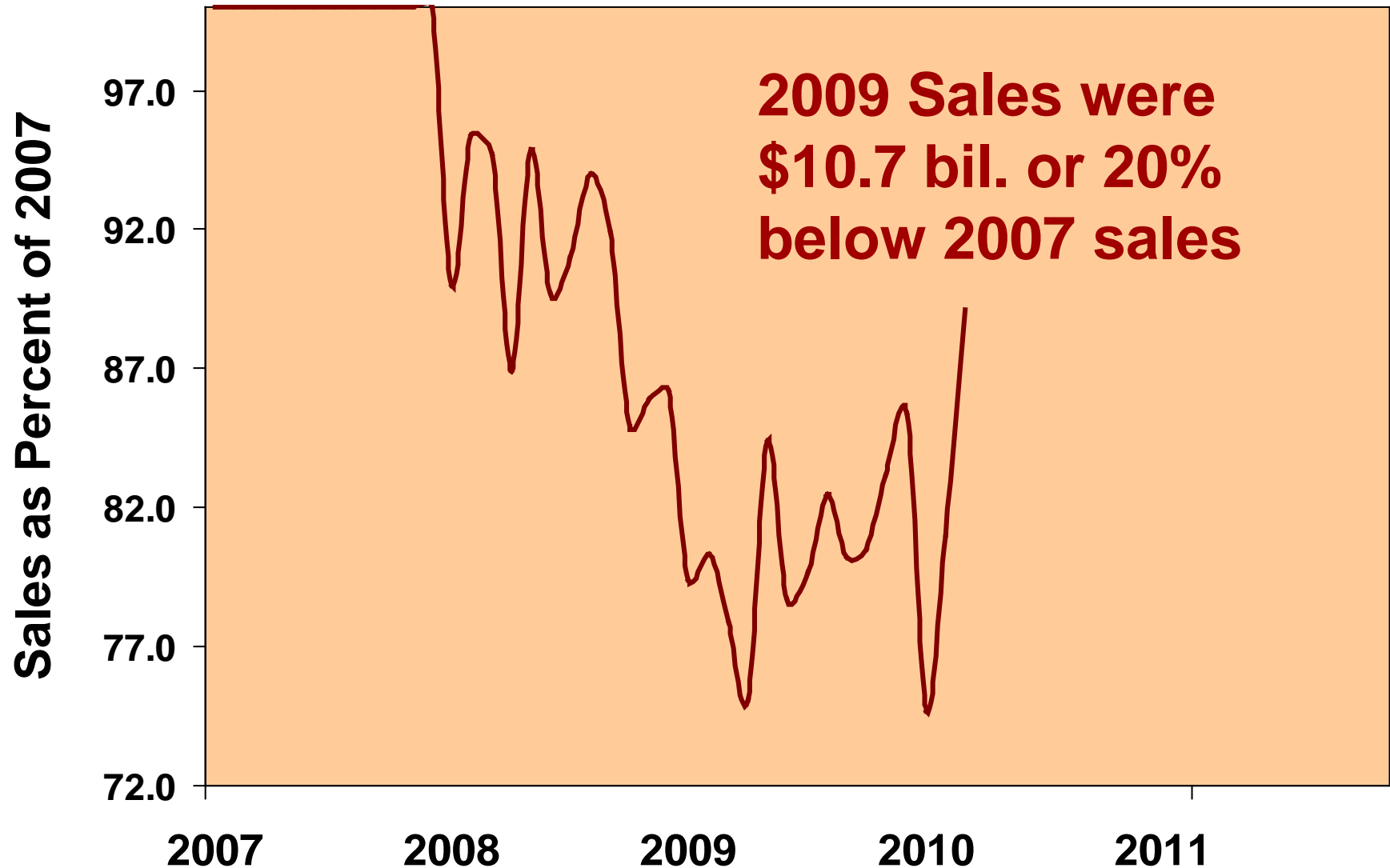
3 Year Recovery If Average Growth



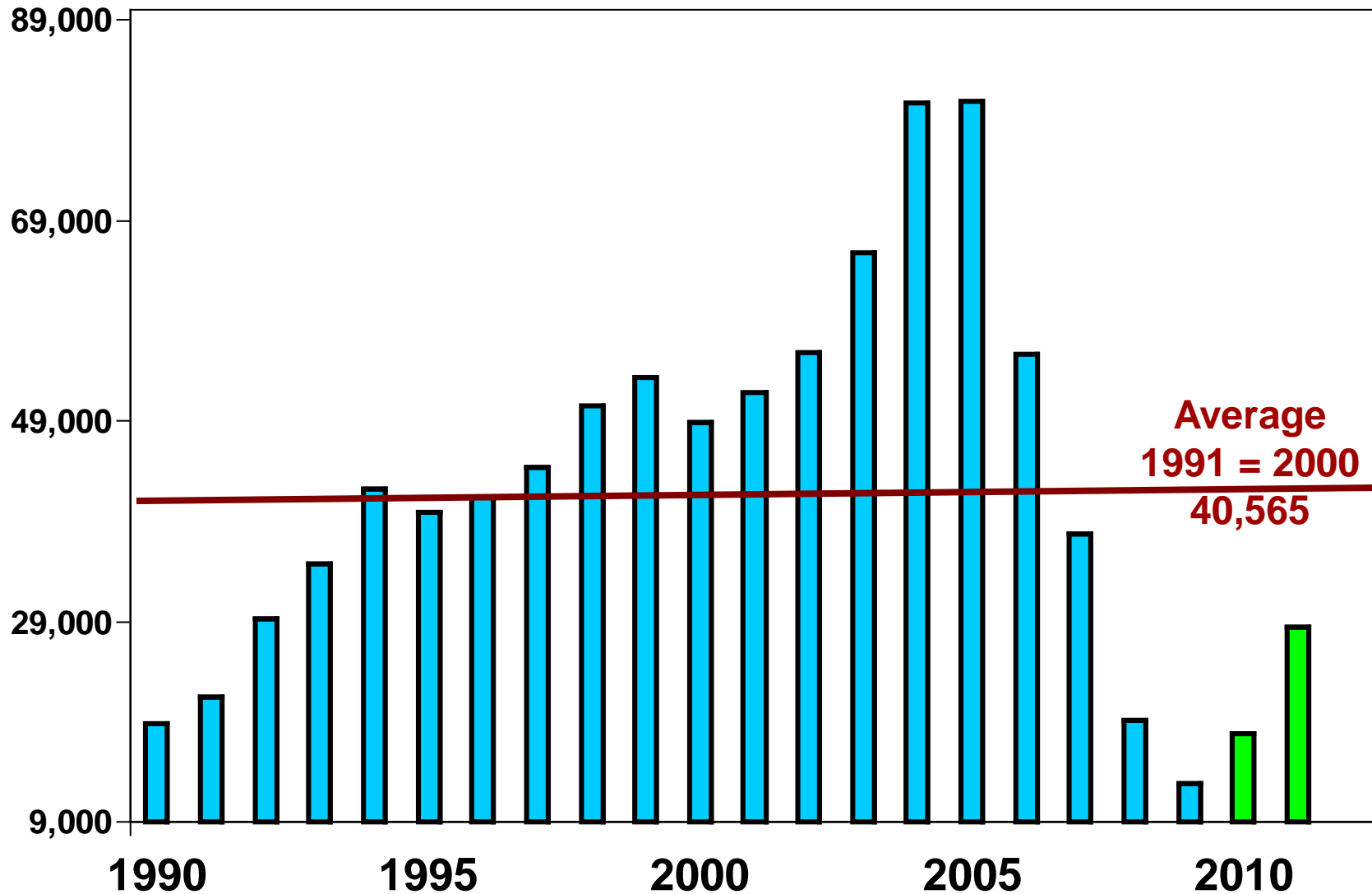
“U” Shape Brings 4 Year Recovery



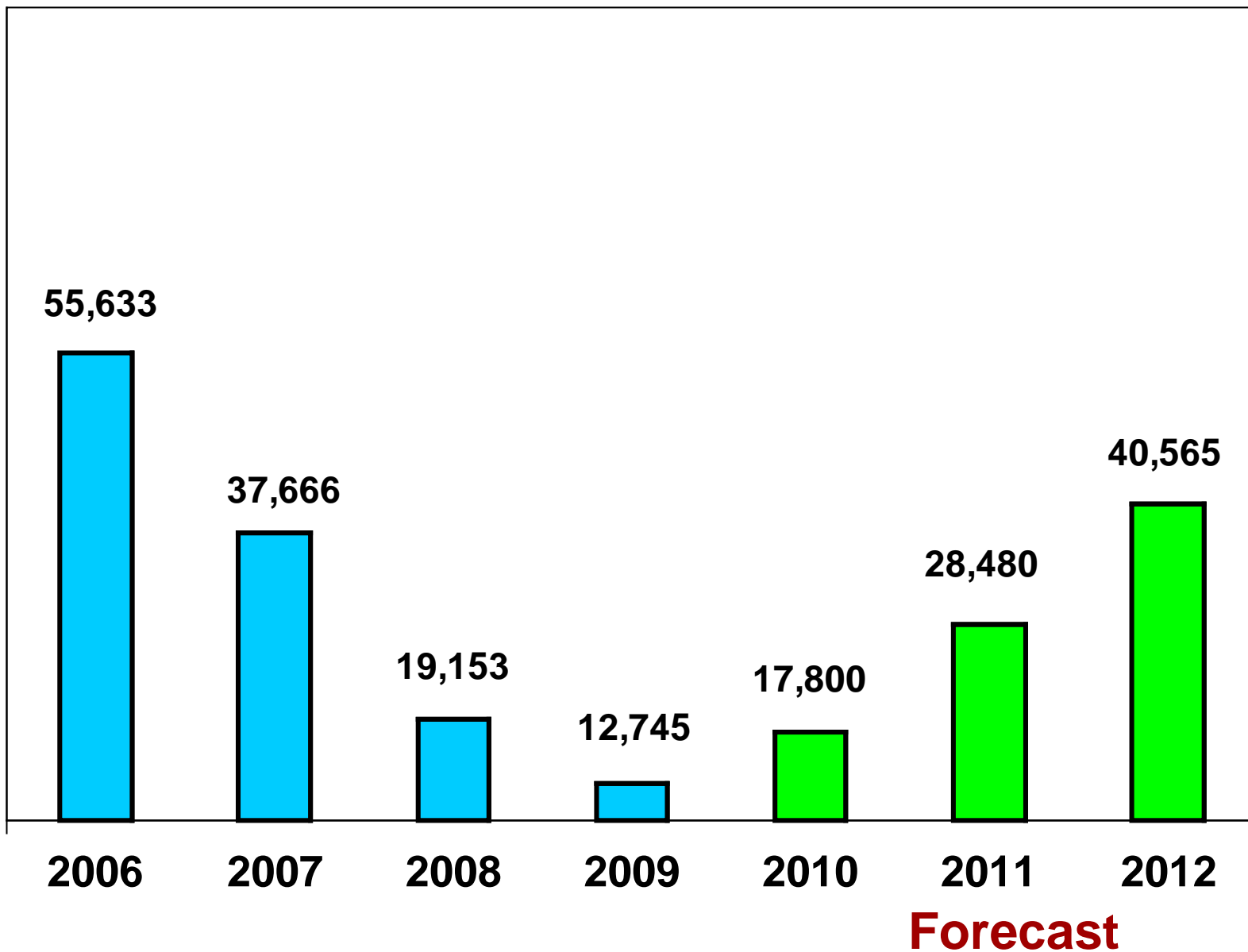
Az Retail Sales May Have Bottomed



Az Single Family Building Depressed



Az Single Family Permit Forecast



United States Economic Forecast

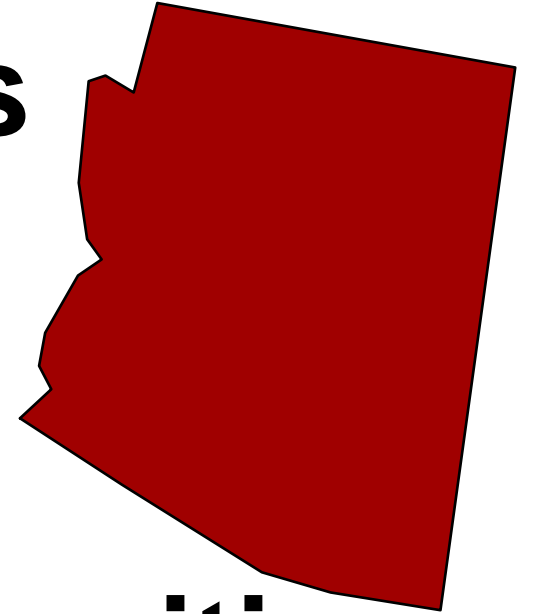
	2009	2010	2011
Real GDP Growth	-2.4%	3.0%	3.0%
Employment Growth	-4.3%	-0.5%	2.0%
Inflation (CPI)	-0.3%	1.9%	2.0%
Housing Starts (000)	553	675	1,200

ARIZONA Economic Forecast

	2009	2010	2011
Job Gain (Loss)	-190,000	-24,000	48,000
<i>Percent Change</i>	<i>-7.3%</i>	<i>-1.0%</i>	<i>+2.0%</i>
Single Family Units	12,745	17,800	28,480
<i>Percent Change</i>	<i>-33%</i>	<i>+40%</i>	<i>+60%</i>
Population Growth	1.5%	1.5%	1.8%

Arizona Outlook Summary

- **2010 – recovery begins**
- **More foreclosures**
- **Unemployment high**
- **Job growth weak but positive**
- **2011 – recovery continues**
- **3 – 4 years to full recovery**





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