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BREAKFAST WITH THE ECONOMISTS

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Welcome.



Jeff Schatzberg
Dean
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George Hammond, director
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Welcome.



Andrea Casavilca
Banker
JP Morgan Private Bank


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Our world



Anthony Chan
Chief Economist and Chairman
Chan Economics LLC
Former Chief Economist, JP Morgan Chase

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Our region




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Director
Economic and Business Research Center




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Key Topics

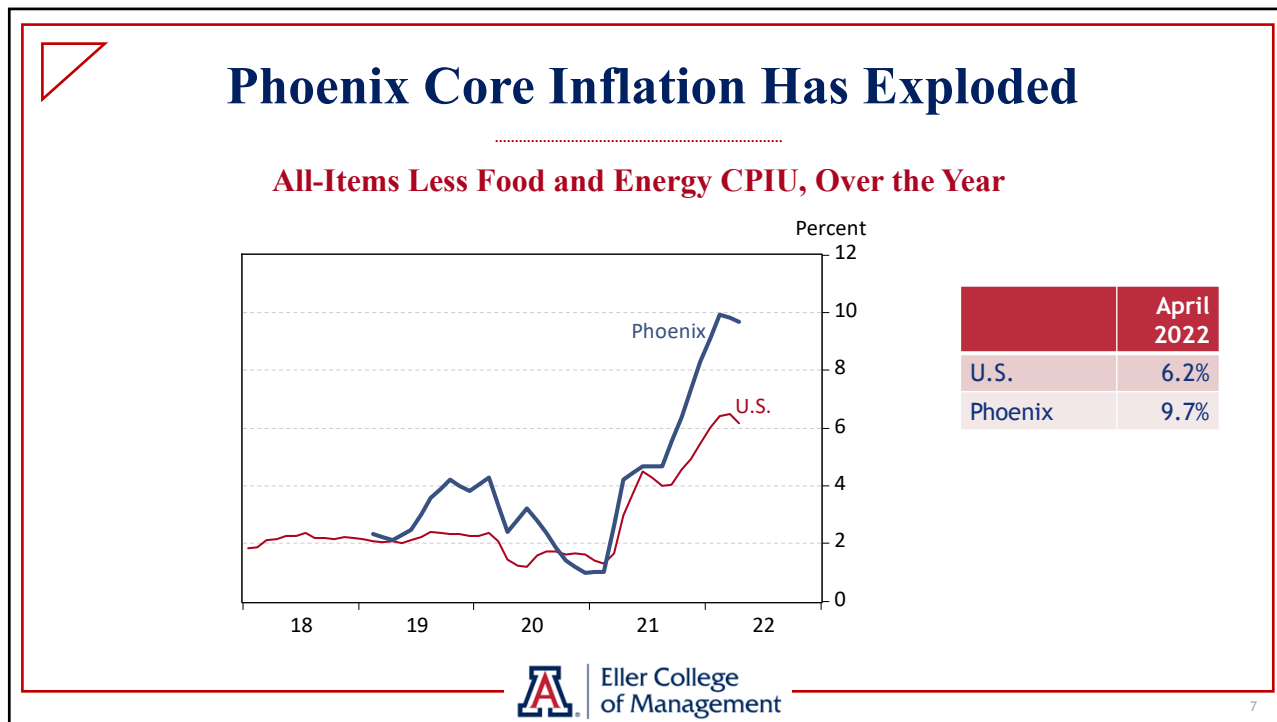
- ▶ **U.S. inflation is still running very hot**
 - ▶ Phoenix prices are rising faster, driven by housing
- ▶ **Housing affordability has declined in Tucson**
 - ▶ But has plummeted in Phoenix
- ▶ **Arizona's labor market remains very tight**
 - ▶ Very low unemployment rate
 - ▶ Increased labor market churn
- ▶ **Baseline forecast calls for continued recovery in Tucson, but downside risks are elevated**



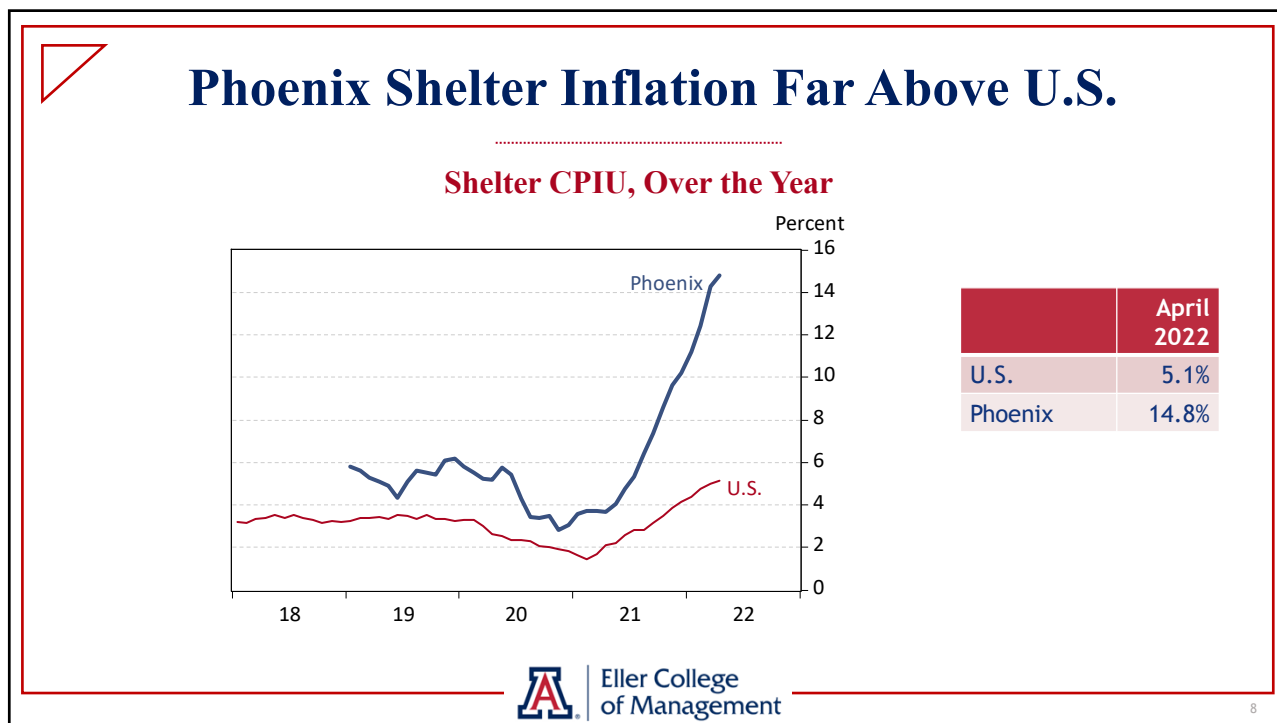
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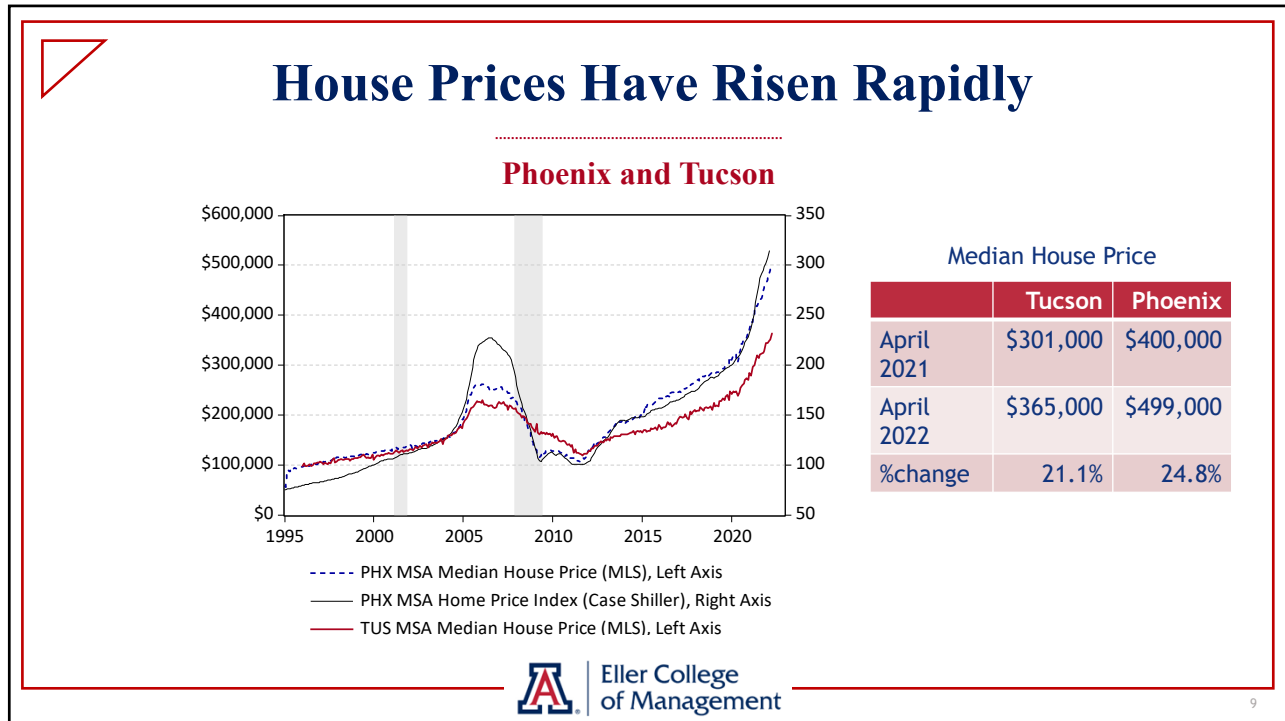


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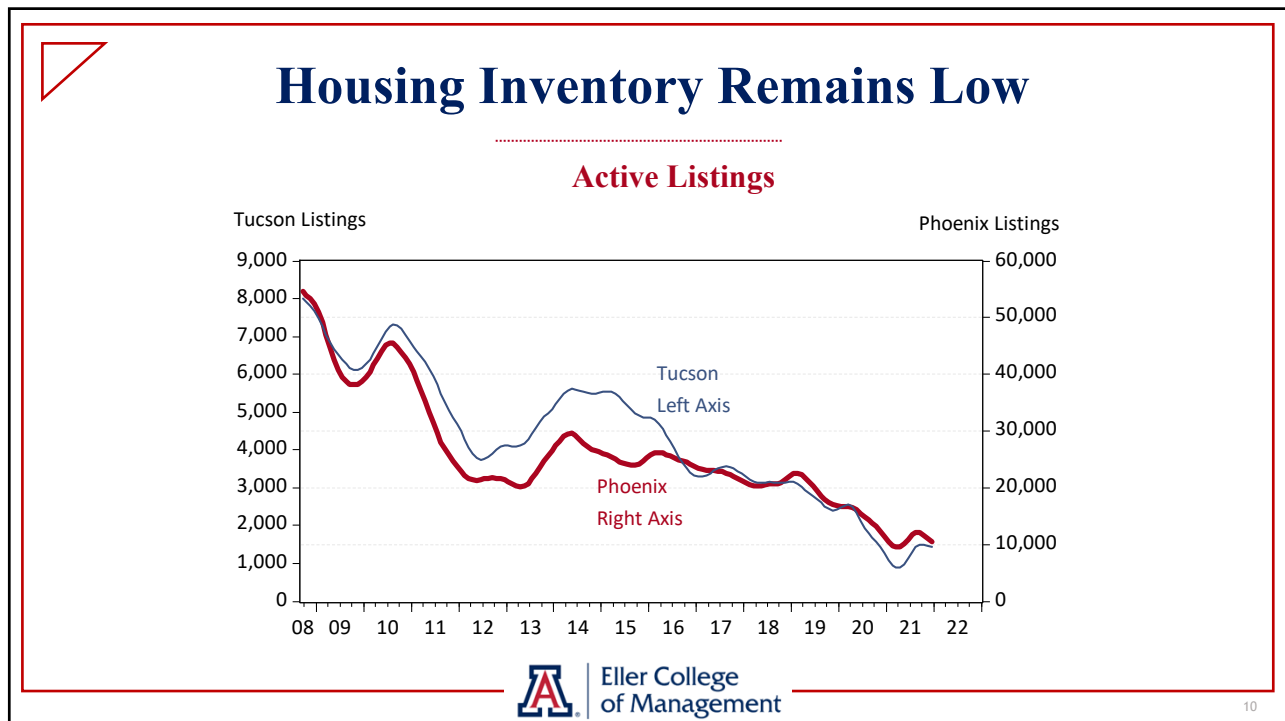


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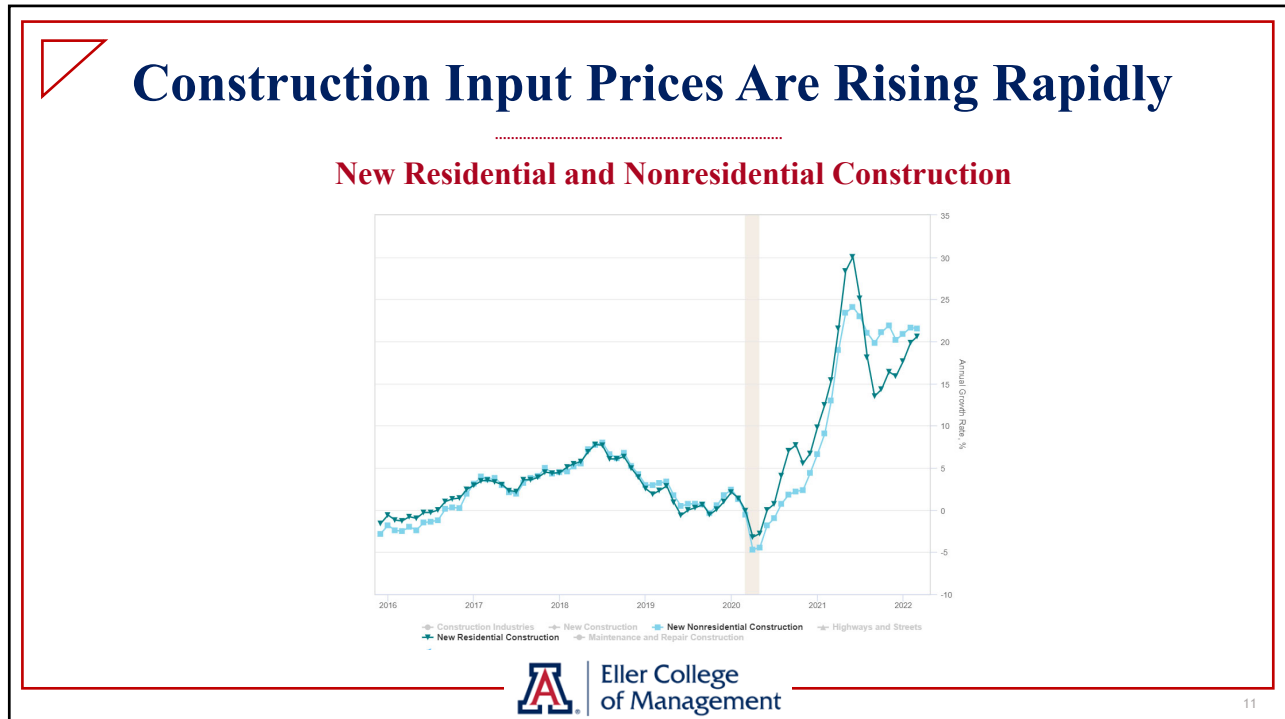


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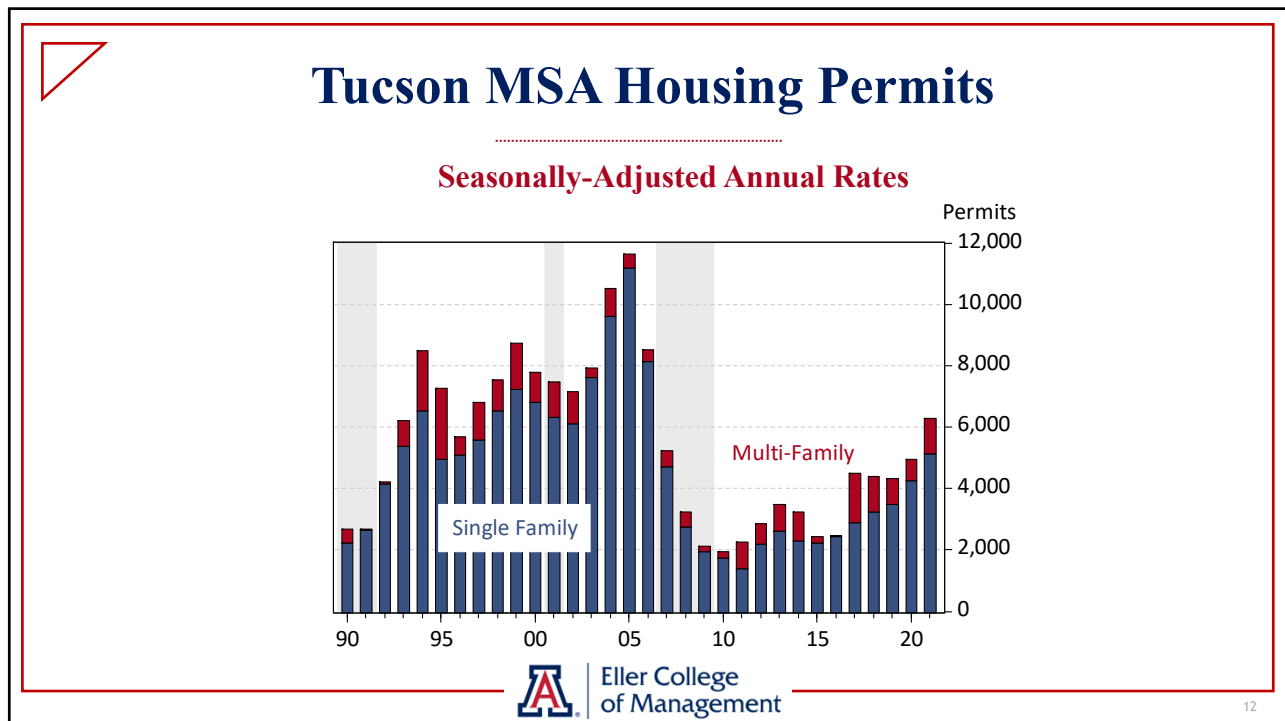


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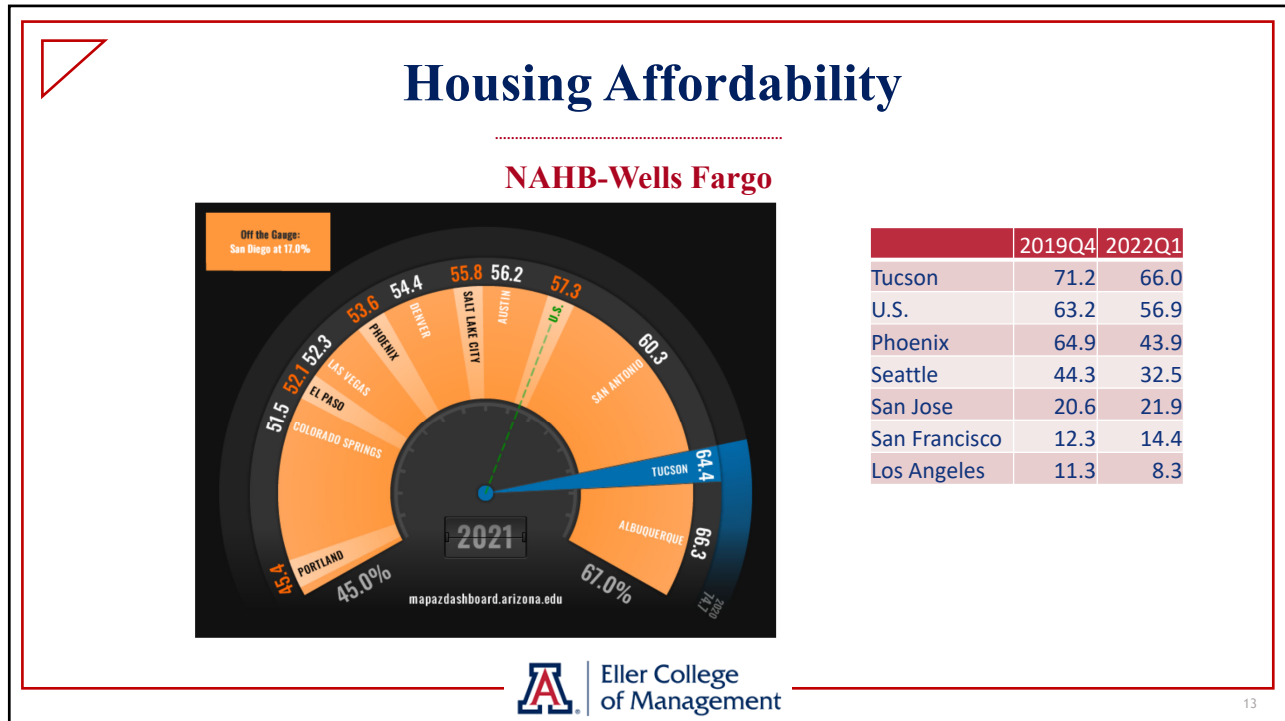
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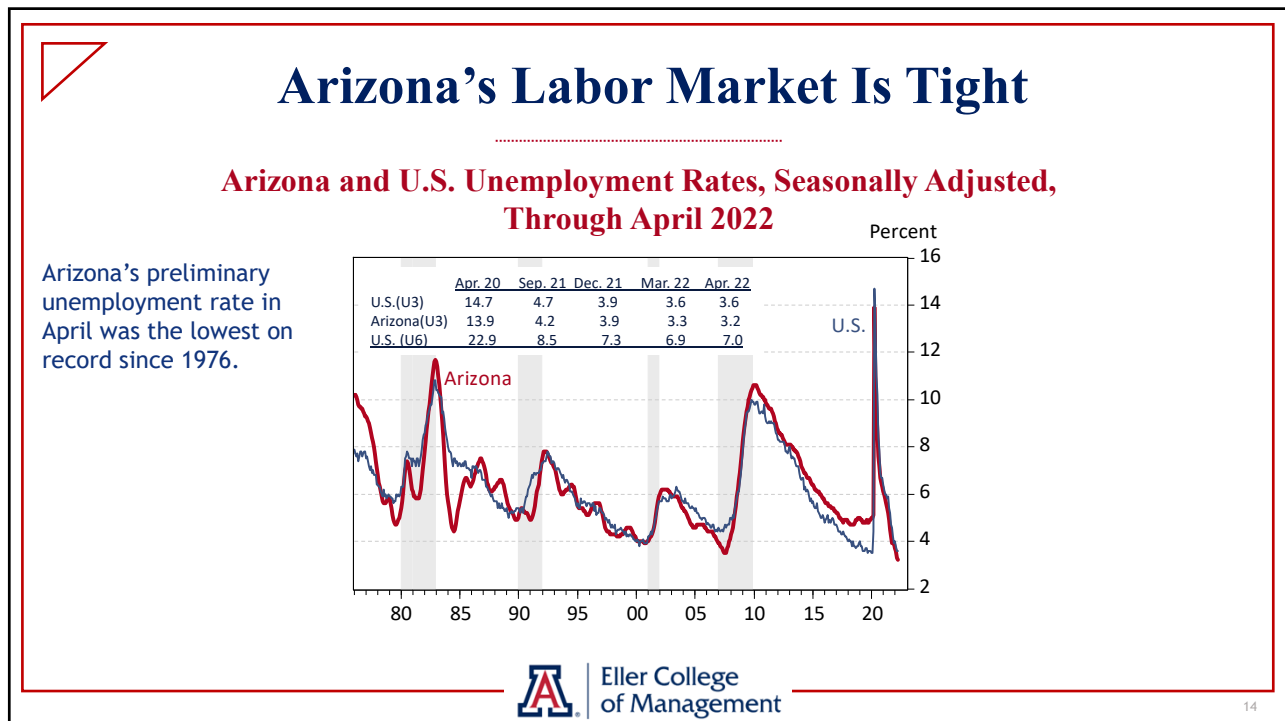
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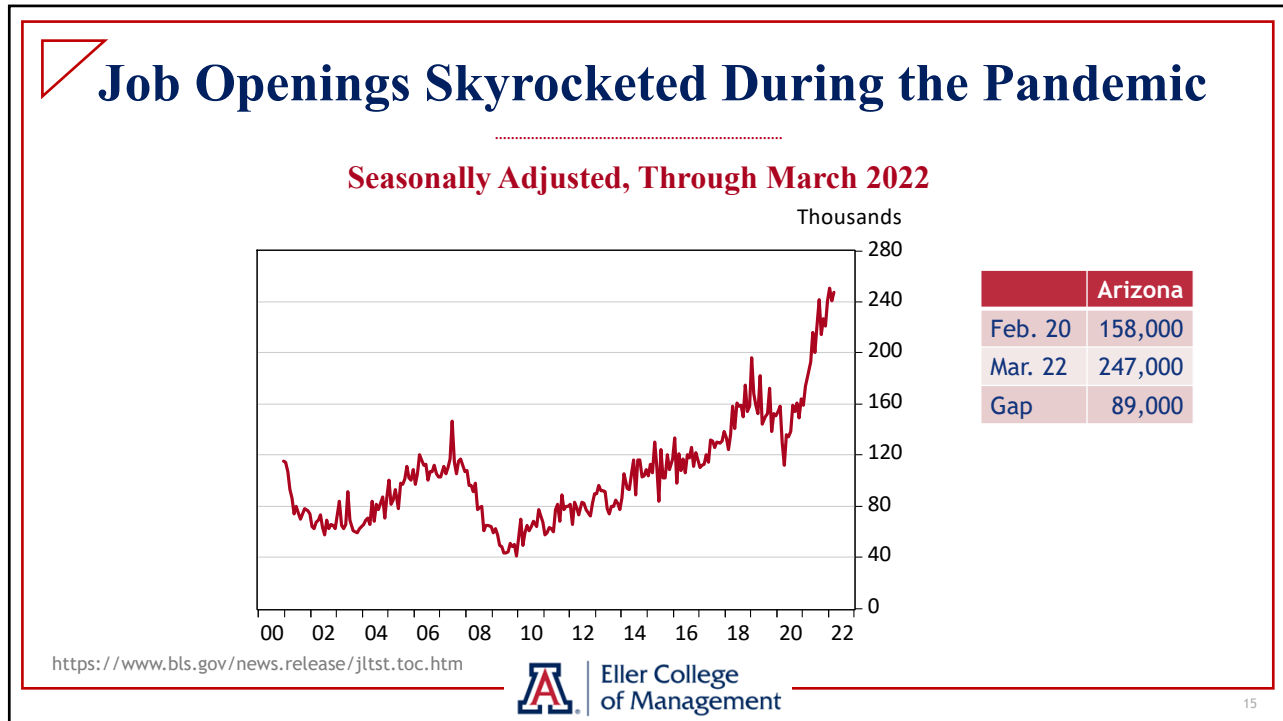
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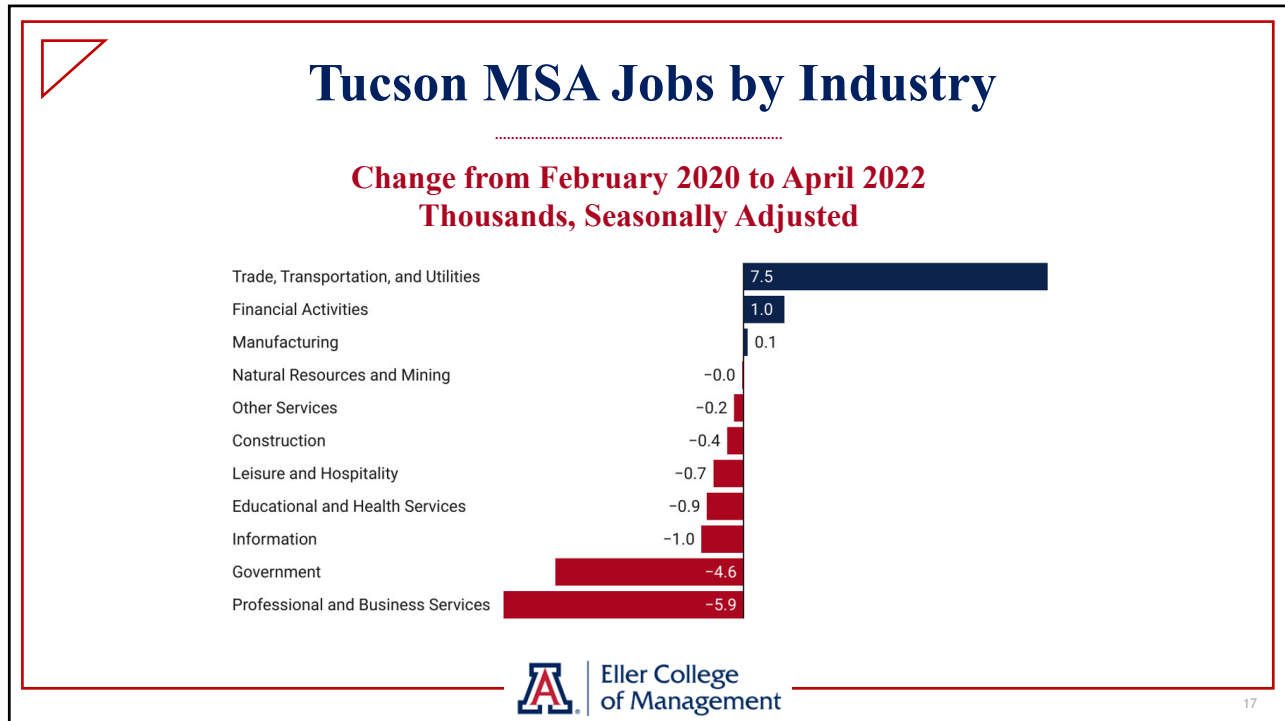
Arizona Jobs Recovery by Metro Area

Thousands, Seasonally Adjusted

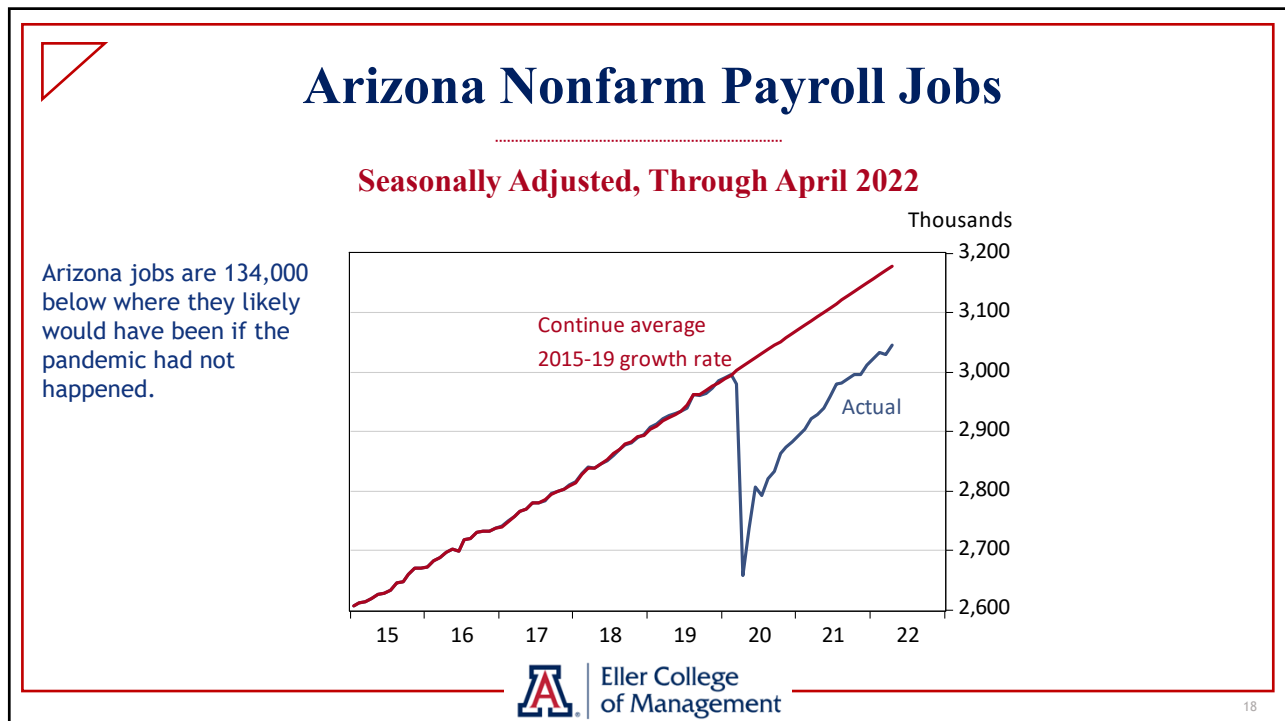
	Jobs Lost (000s)	Jobs Gained (000s)	Replacement Rate (%)
	Feb.-April 2020	April 2020-Apr. 2022	April 2022
Flagstaff	-12.8	11.8	92.2
Lake Havasu City-Kingman	-6.1	8.3	136.1
Phoenix	-249.7	293.6	117.6
Prescott	-8.9	10.4	116.9
Sierra Vista-Douglas	-2.2	1.4	63.6
Tucson	-45.5	40.2	88.4
Yuma	-5.9	6.4	108.5
Arizona	-338.7	387.4	114.4
U.S.	-21,991.0	20,801.0	94.6

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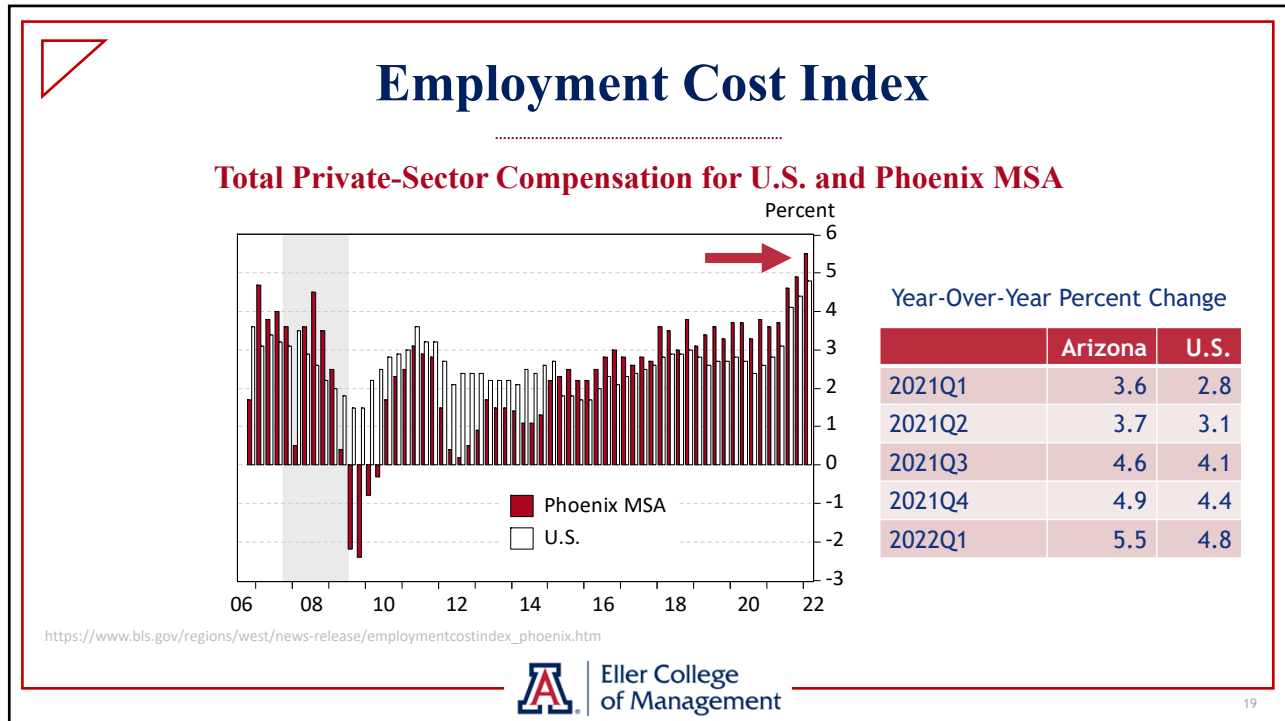
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Tucson MSA Forecast Summary

Second Quarter 2022

	Actual 2021	Forecast		
		2022	2023	2024
Growth Rate				
Nonfarm Jobs	1.6	3.2	2.6	1.6
Personal Income	7.4	0.4	6.5	6.2
Retail Plus Remote Sales	19.1	7.5	3.9	5.1
Population	1.2	1.2	1.1	1.0
Level				
Housing Permits	6,075	6,001	5,917	5,101

Personal income is forecast in 2021.

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Key Takeaways

- ▶ **House prices are rising fast and contributing to rapid rates of inflation**
- ▶ **Housing affordability is under pressure**
 - ▶ With further deterioration likely
- ▶ **Tucson's labor market remains tight**
 - ▶ As strong demand meets workers re-evaluating career options
- ▶ **The baseline forecast calls for Tucson's job recovery to gain momentum**
- ▶ **Downside risks are elevated, driven by the Russian invasion of Ukraine and supply-chain issues**

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