



The slide features a dark blue background with a bokeh effect of out-of-focus light spots. In the top left corner, there is a white right-angled triangle. The text is centered and reads: "Eller College of Management" next to the UA logo, followed by "ECONOMIC OUTLOOK LUNCHEON" in large white letters, and "PRESENTED BY PNC BANK" with the PNC logo.

Eller College  
of Management

**ECONOMIC  
OUTLOOK LUNCHEON**

PRESENTED BY  PNC BANK

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The slide has a white background with a thin red border. In the top left corner, there is a red right-angled triangle. The word "Welcome" is written in large red font. To the right is a portrait of Karthik Kannan, a man in a suit and tie. Below the portrait, his name and title are listed. At the bottom center is the UA logo and "Eller College of Management".

**Welcome**



**Karthik Kannan**  
Dean  
Eller College of Management

 Eller College  
of Management

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# Welcome




**Brett Plains**  
Arizona Commercial Banking Market Leader  
PNC Bank




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# Our world



**Gus Faucher**  
Chief Economist  
The PNC Financial Services Group




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# Economic Outlook

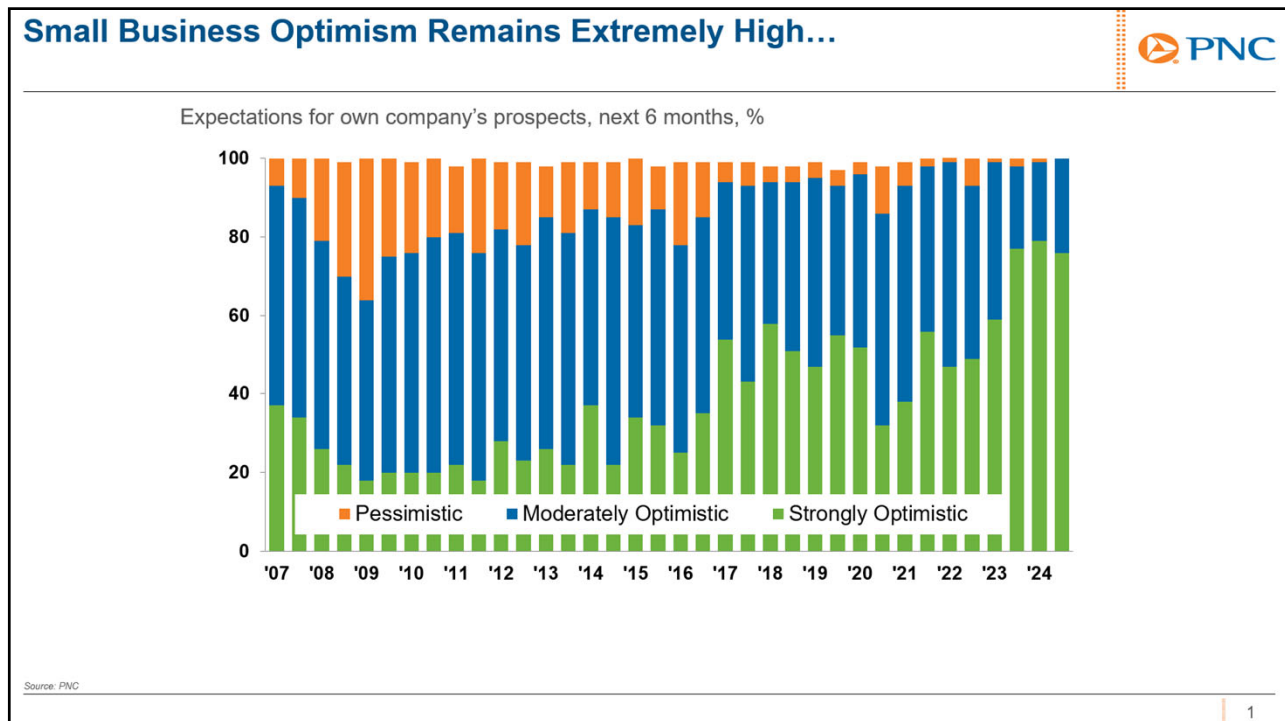
President-Elect Trump Inherits a Strong US Economy

**Augustine Faucher**  
Chief Economist  
The PNC Financial Services Group

Eller College of Management 2024 Economic Outlook Luncheon  
Westin La Paloma Resort, Tucson, AZ  
December 12, 2024



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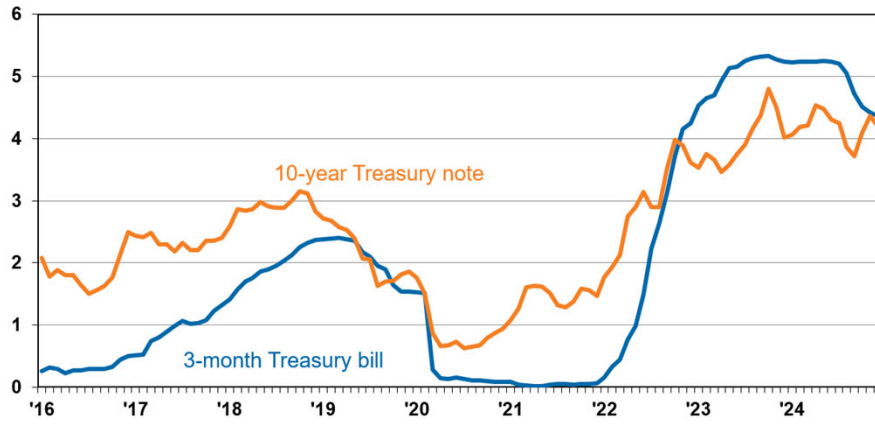


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### ...Interest Rates Are Moving Lower...



Yield, %

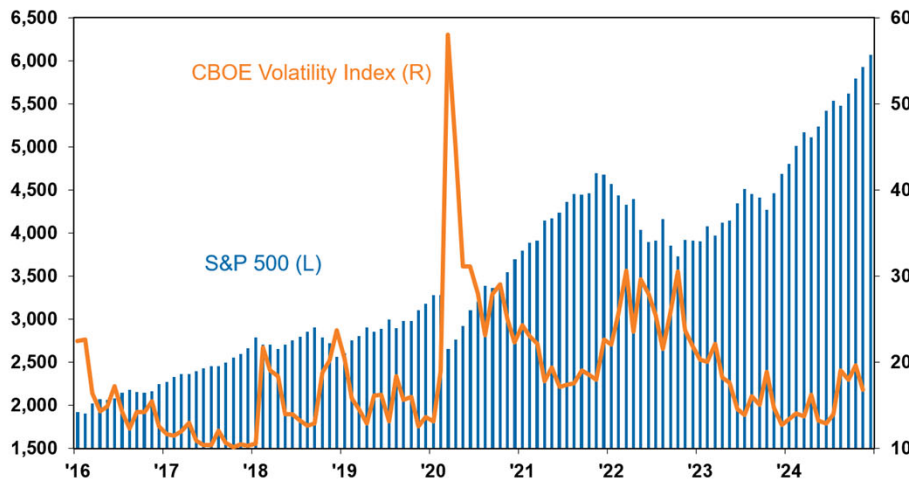


Source: Federal Reserve Board

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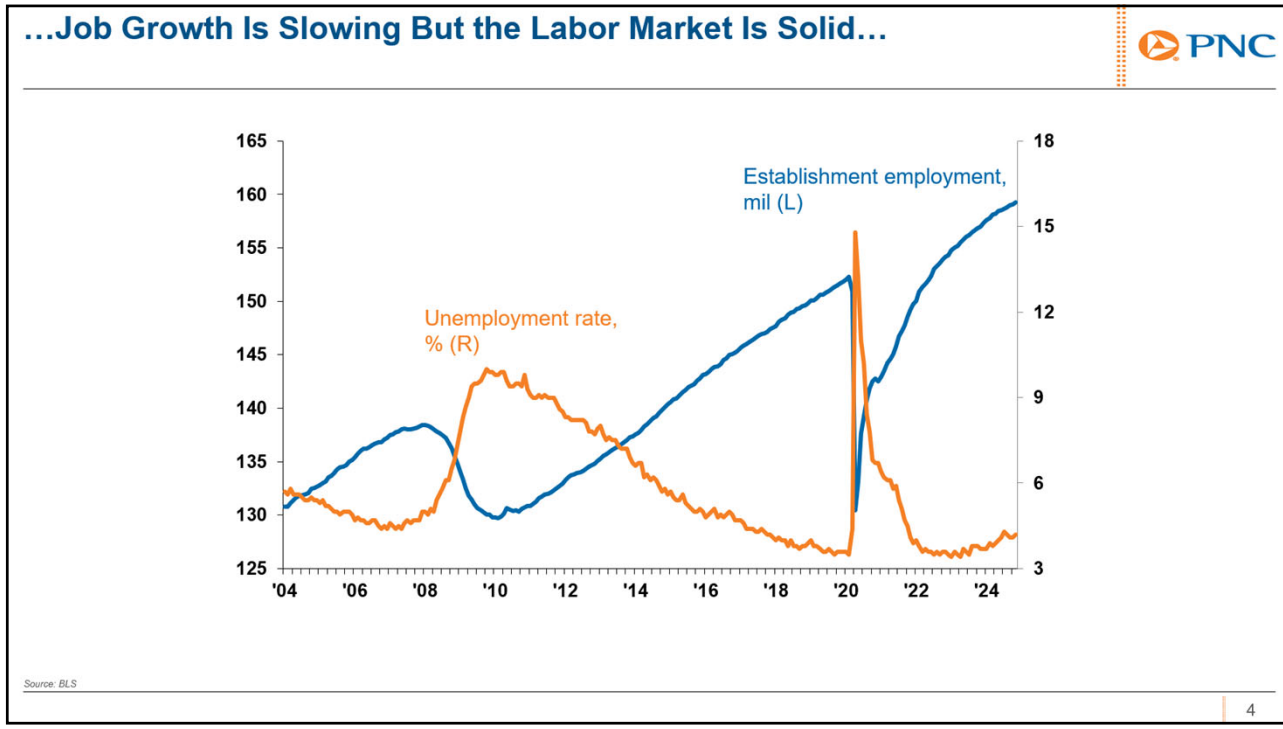
### ...Investors Are Feeling Good...



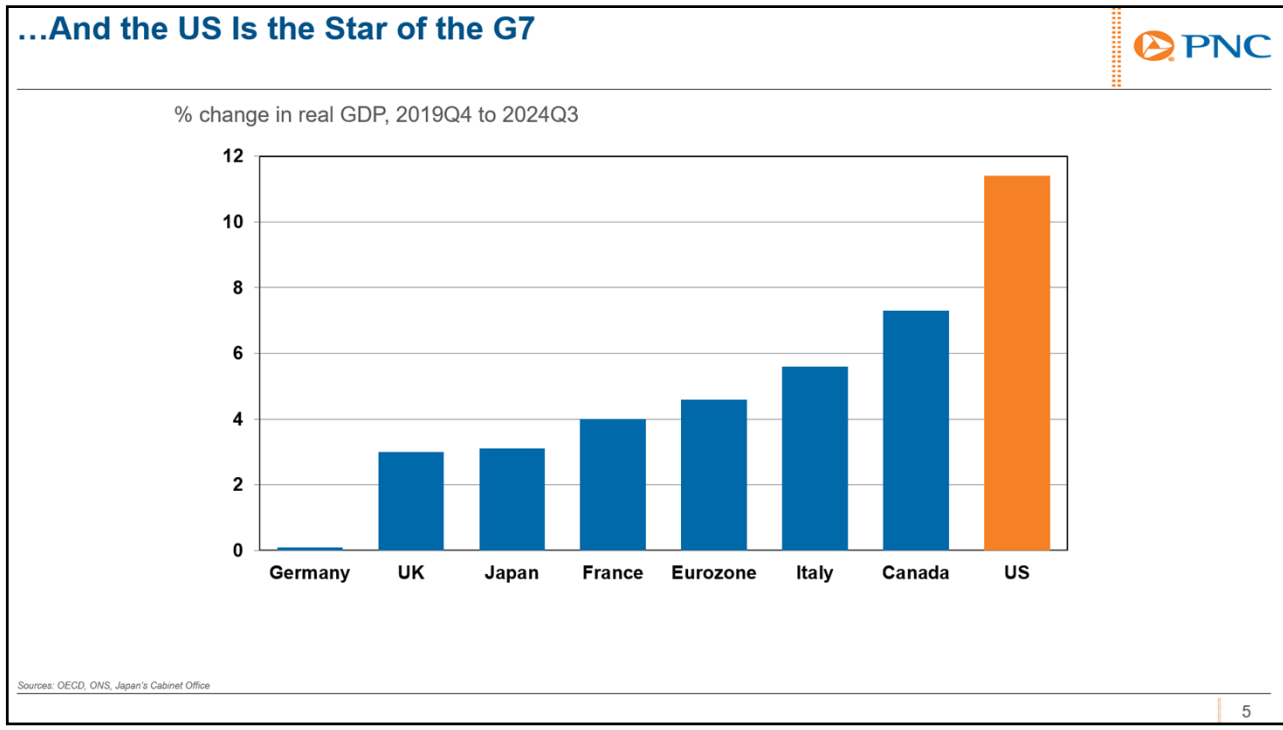
Source: S&P, CBOE

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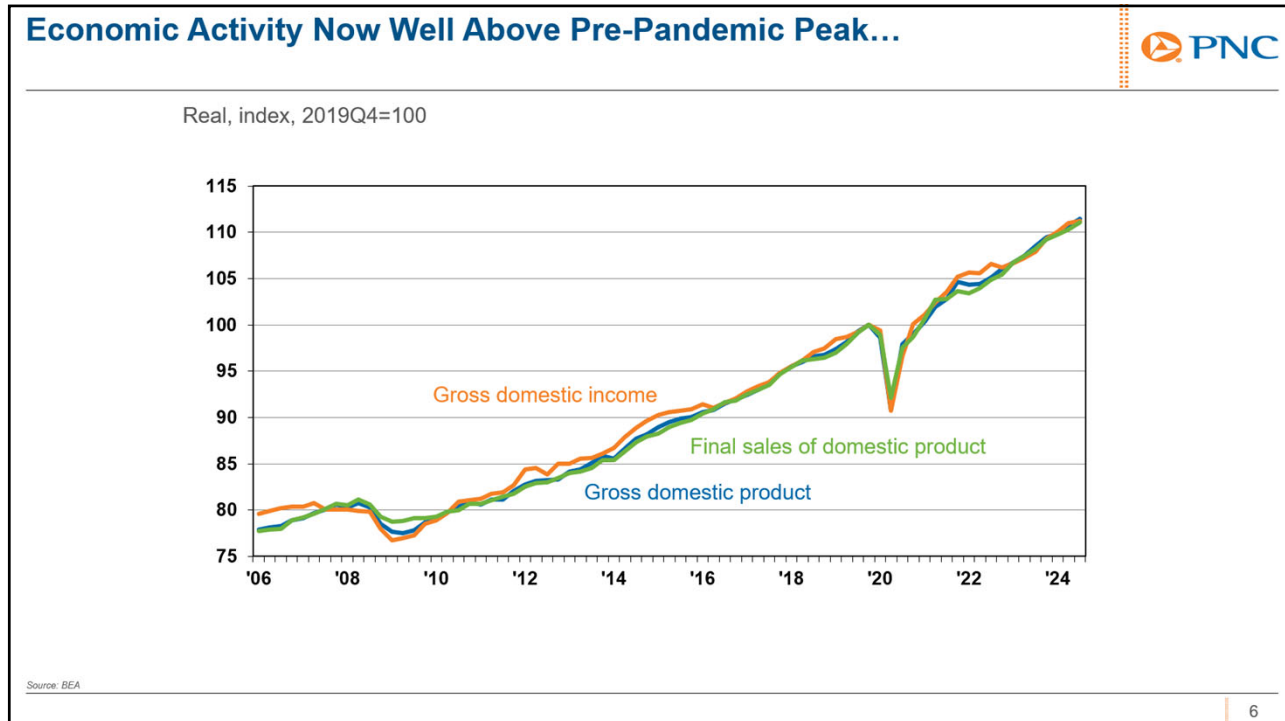
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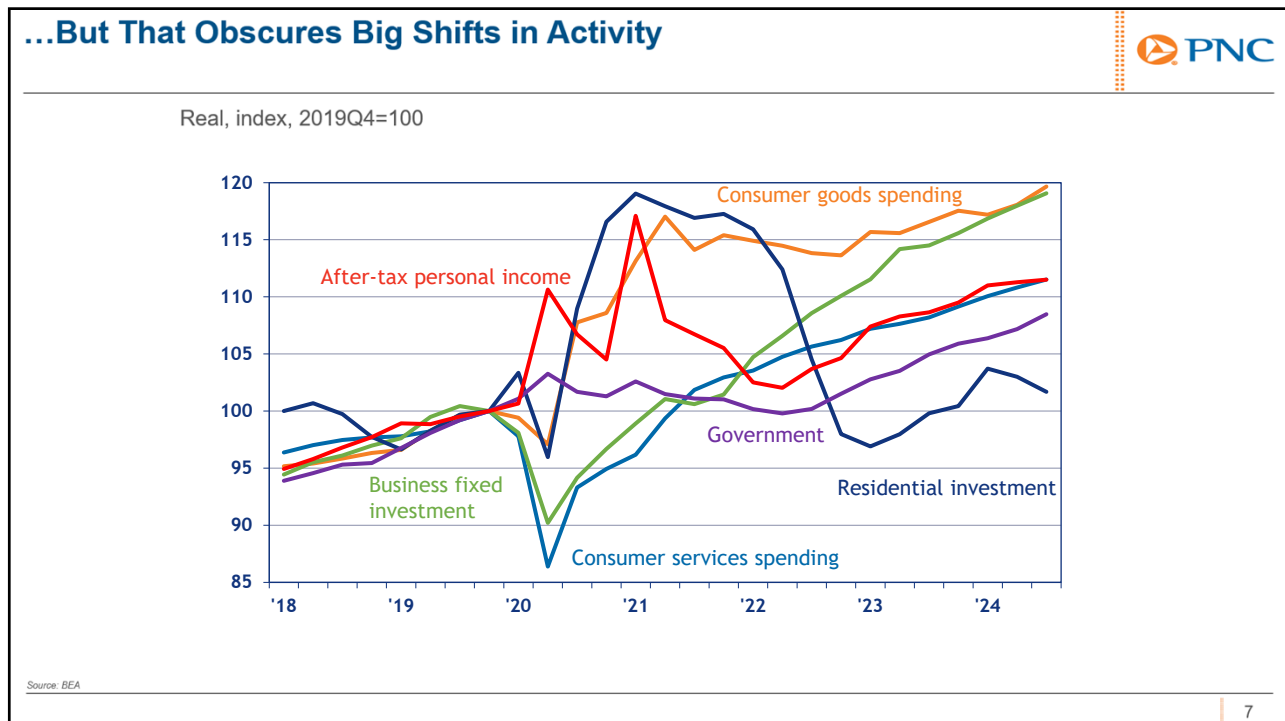
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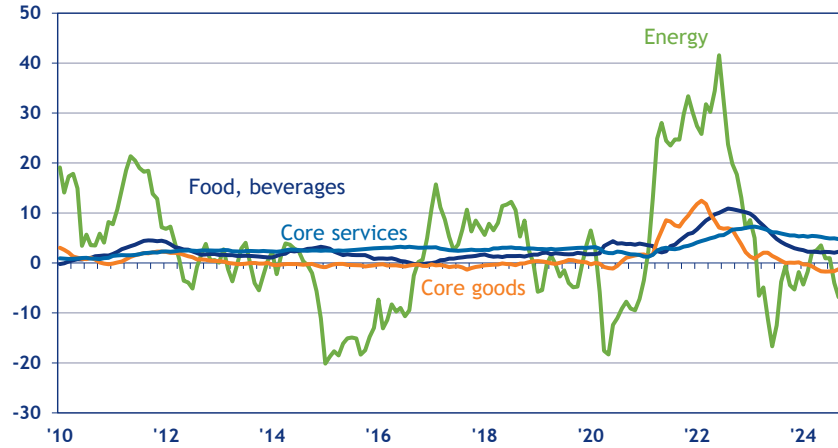


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### High Core Services Inflation Is Still a Concern...



Consumer price index, % change year ago

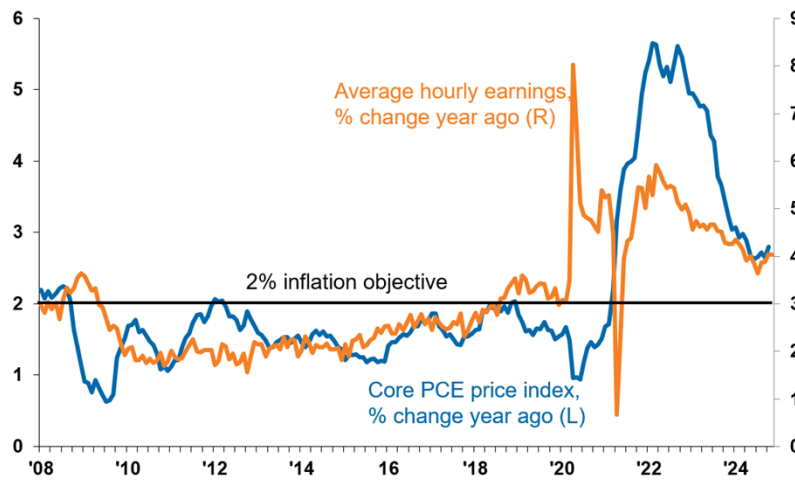


Source: BLS

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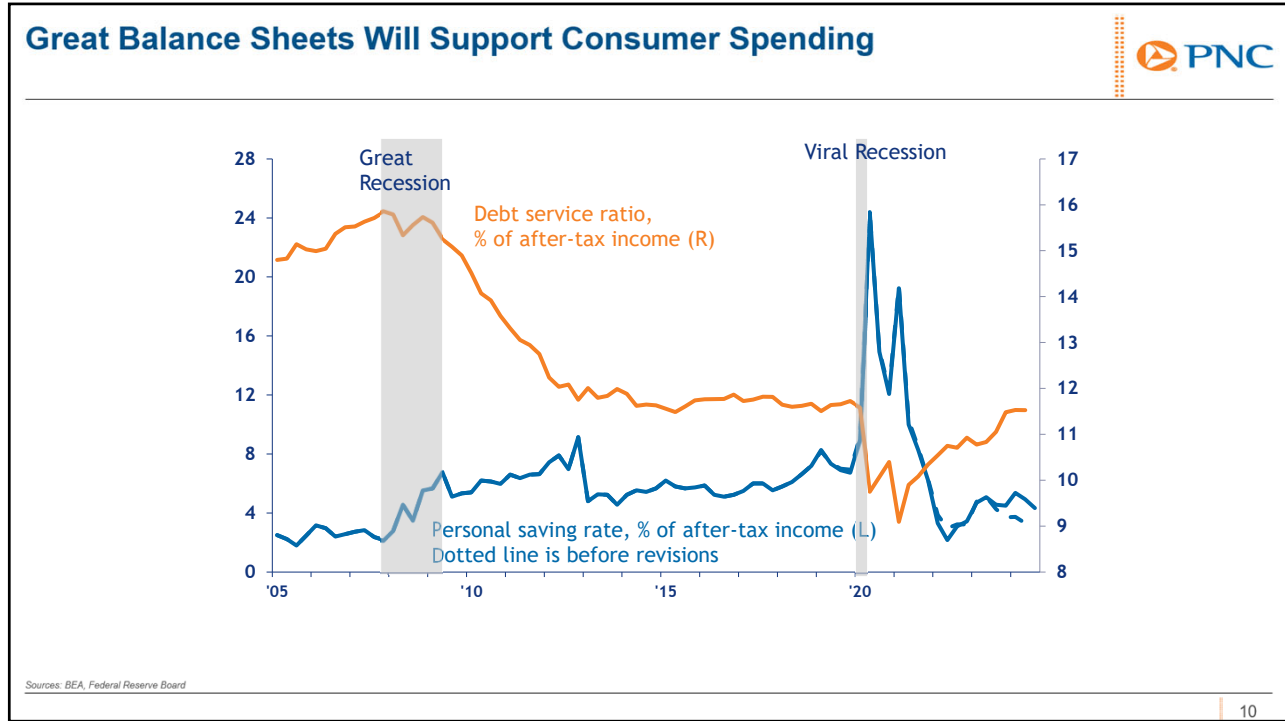
### ...But Wage Growth Is Slowing to a More Sustainable Pace



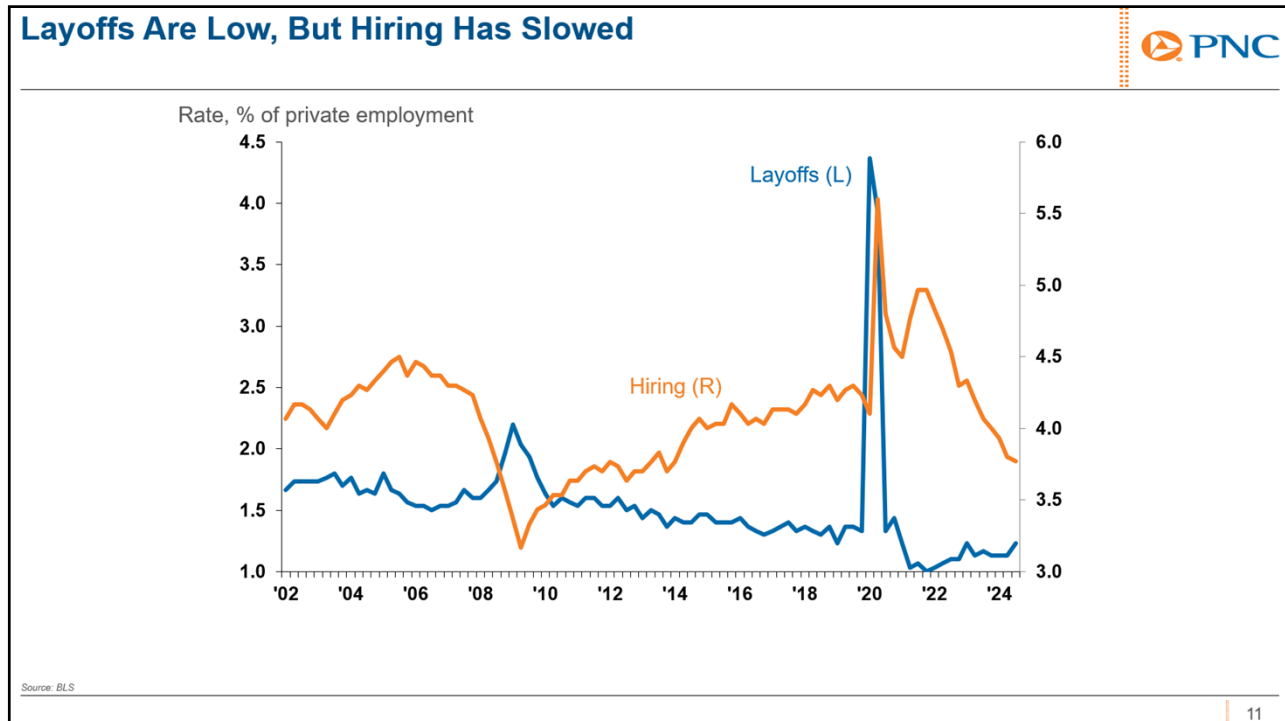
Sources: BEA, BLS

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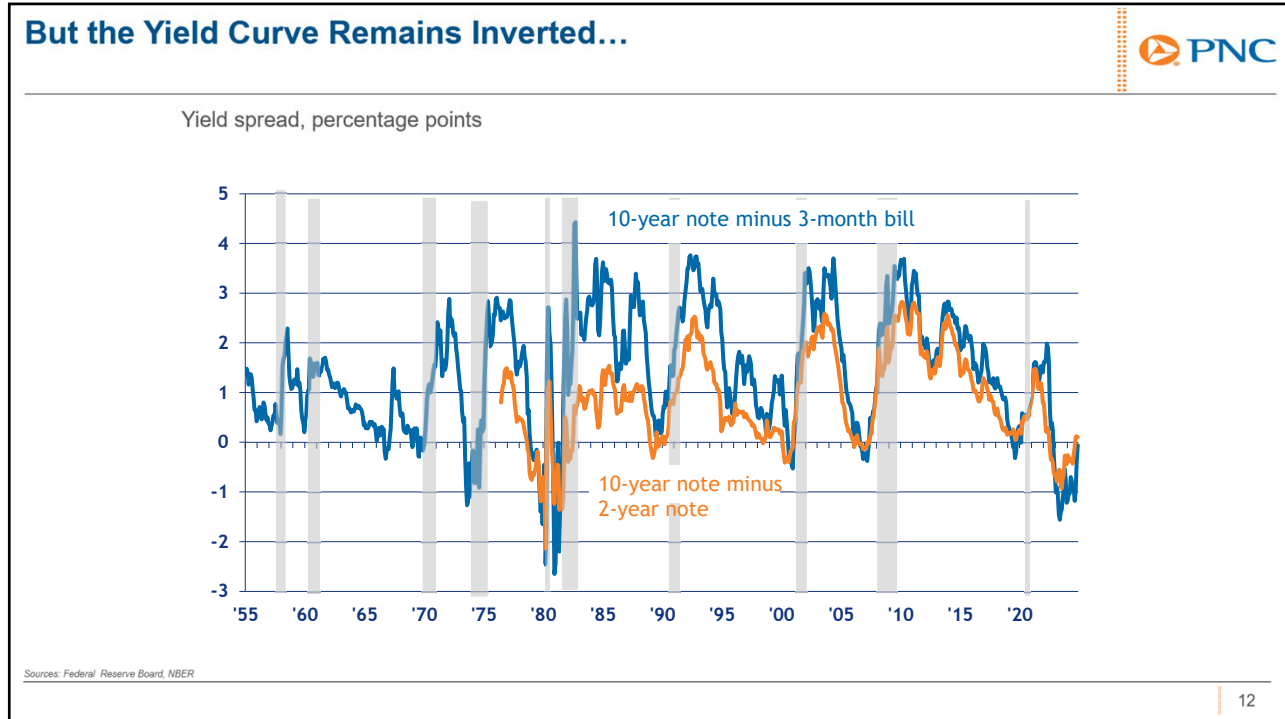


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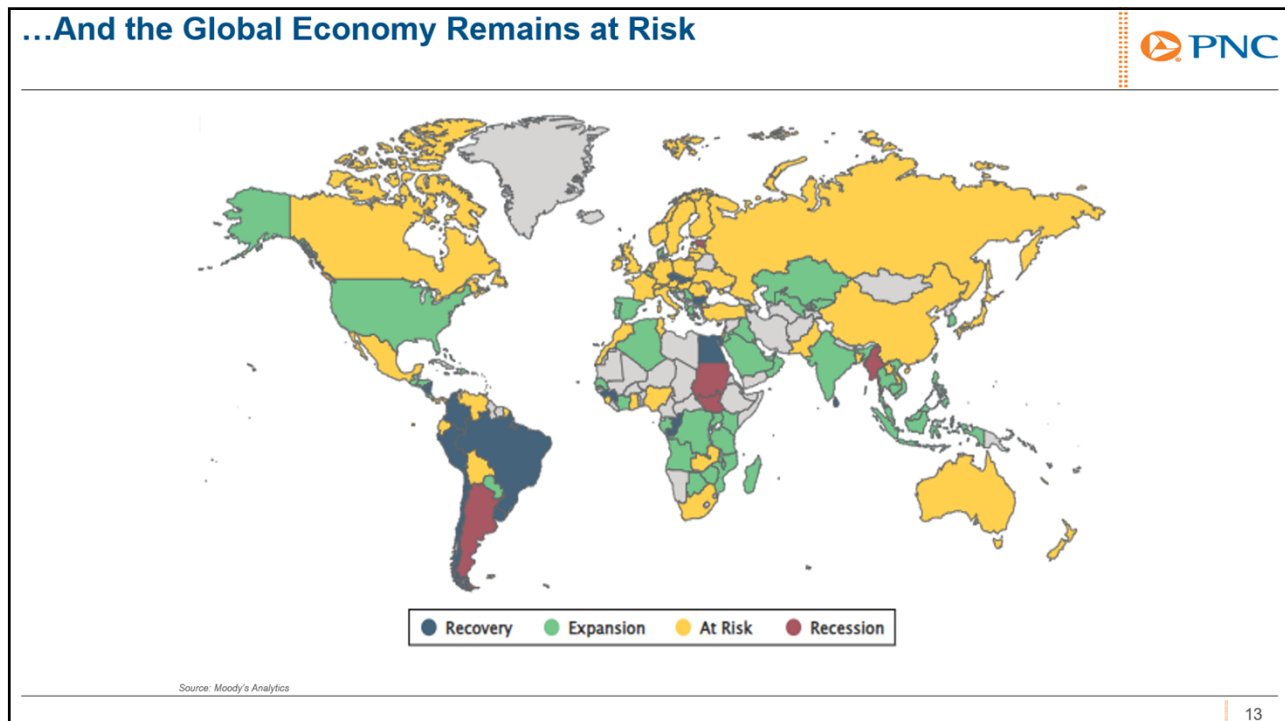


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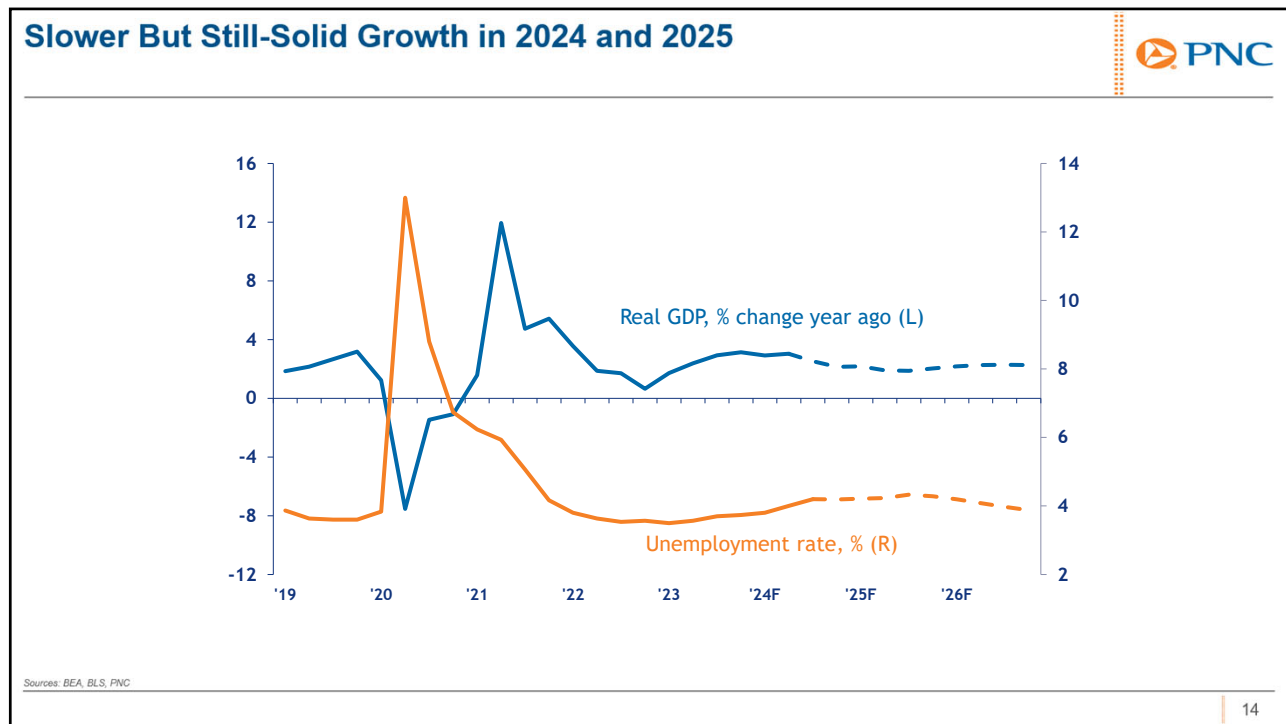




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### What I'm Pretty Sure About

- Very steep recession in 2020
- Labor market historically strong but slowing, structural changes
- Fed will do what's necessary
- Structural shifts
  - Commercial real estate, retail, supply chains

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## Open Questions

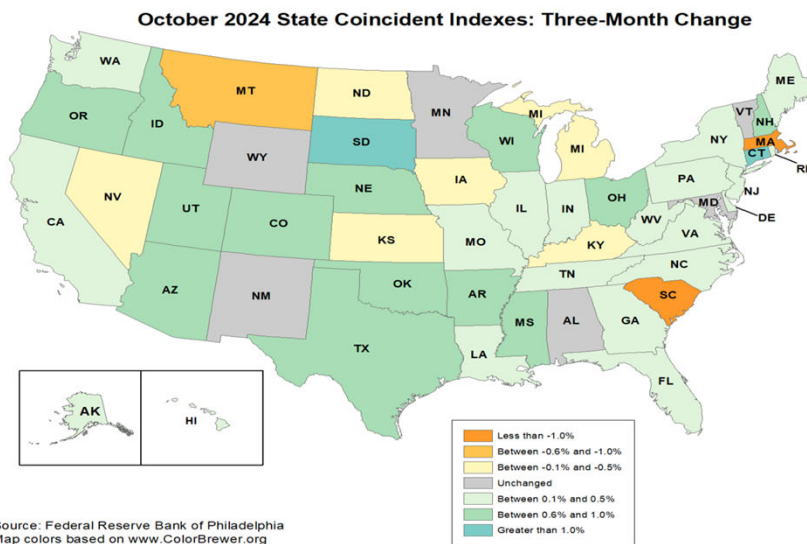


- Tariffs
- Restricted immigration/deportations
- Tax cuts
- Regulation
- How does the Fed respond?
- Geopolitical: Middle East, China/Taiwan, Russia/Ukraine
- Financial stresses
- Commercial real estate
- Housing market
- AI
- Path of pandemic

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## Mixed Conditions in the Fall of 2024



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# Tucson Outlook



**George Hammond**  
Director and Research Professor  
Economic and Business Research Center



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George Hammond, director  
Economic and Business Research Center  
ghammond@arizona.edu

# 75 Years of Excellence



**Eller Economic and Business Research Center**



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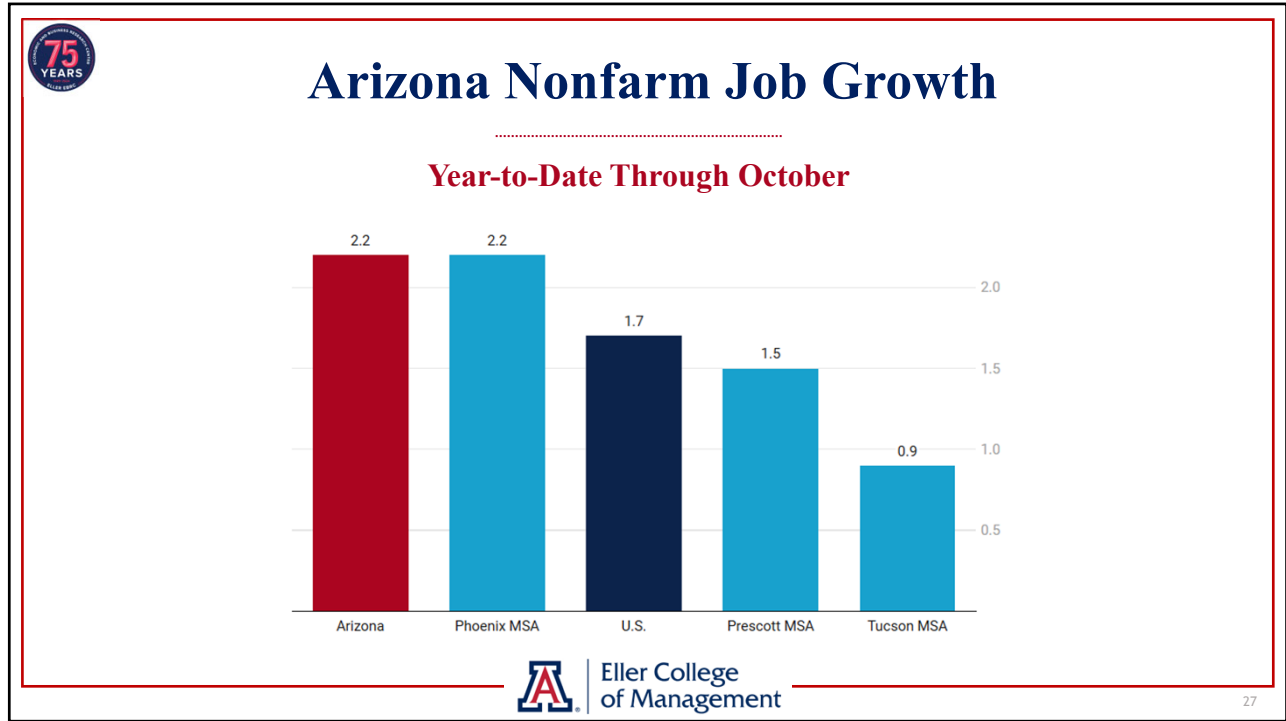
## Key Topics

- ▶ **Tucson's job growth is lagging behind the state and nation**
  - ▶ But unemployment is low
- ▶ **Tucson's personal income growth was strong last year**
  - ▶ Generating faster per capita income gains than the U.S.
- ▶ **Phoenix inflation is below the U.S.**
  - ▶ With falling commodities prices
- ▶ **At the median, Tucson families are housing cost burdened**
  - ▶ But the level is slightly below the U.S.
- ▶ **The outlook is positive for Arizona, Phoenix, and Tucson**
  - ▶ But policy uncertainty is elevated

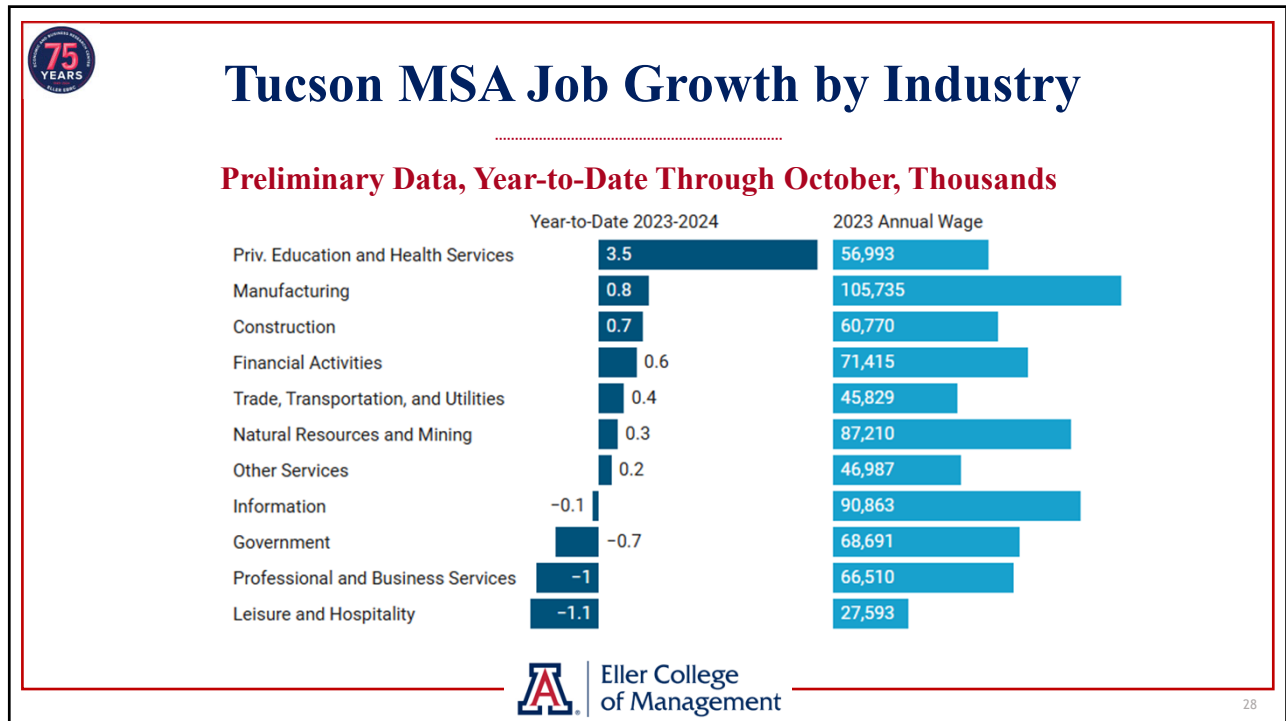


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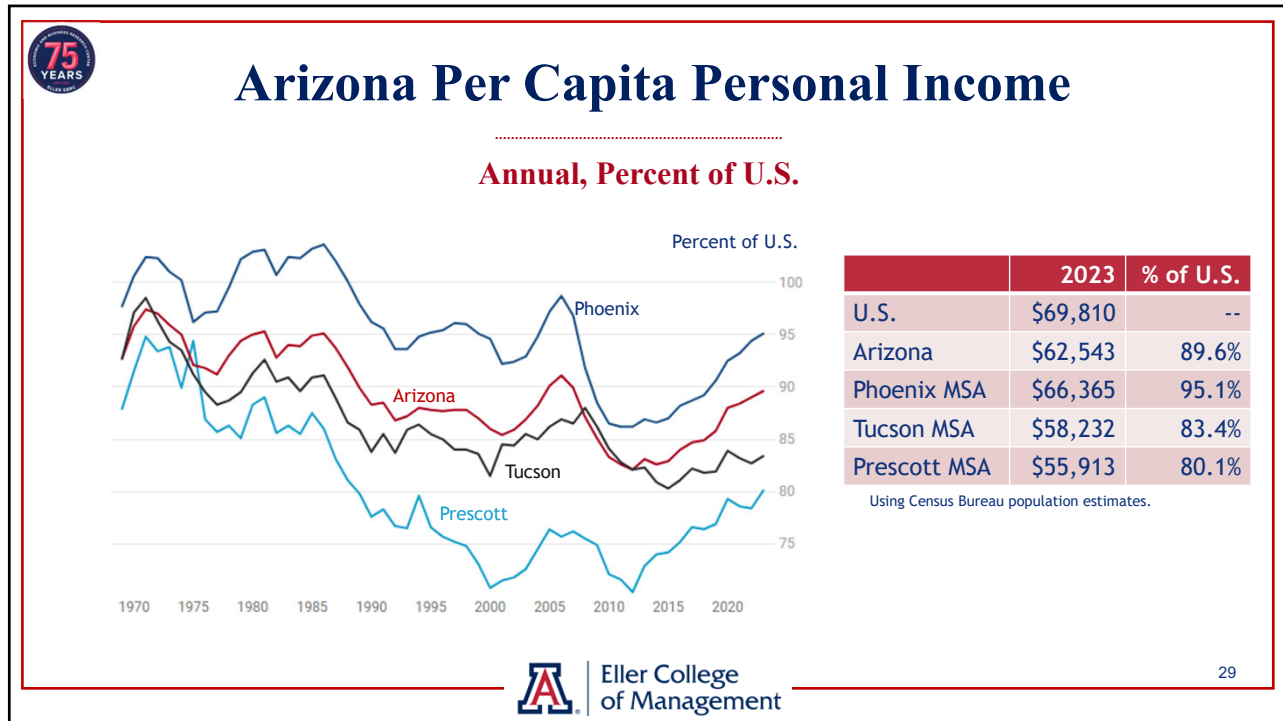
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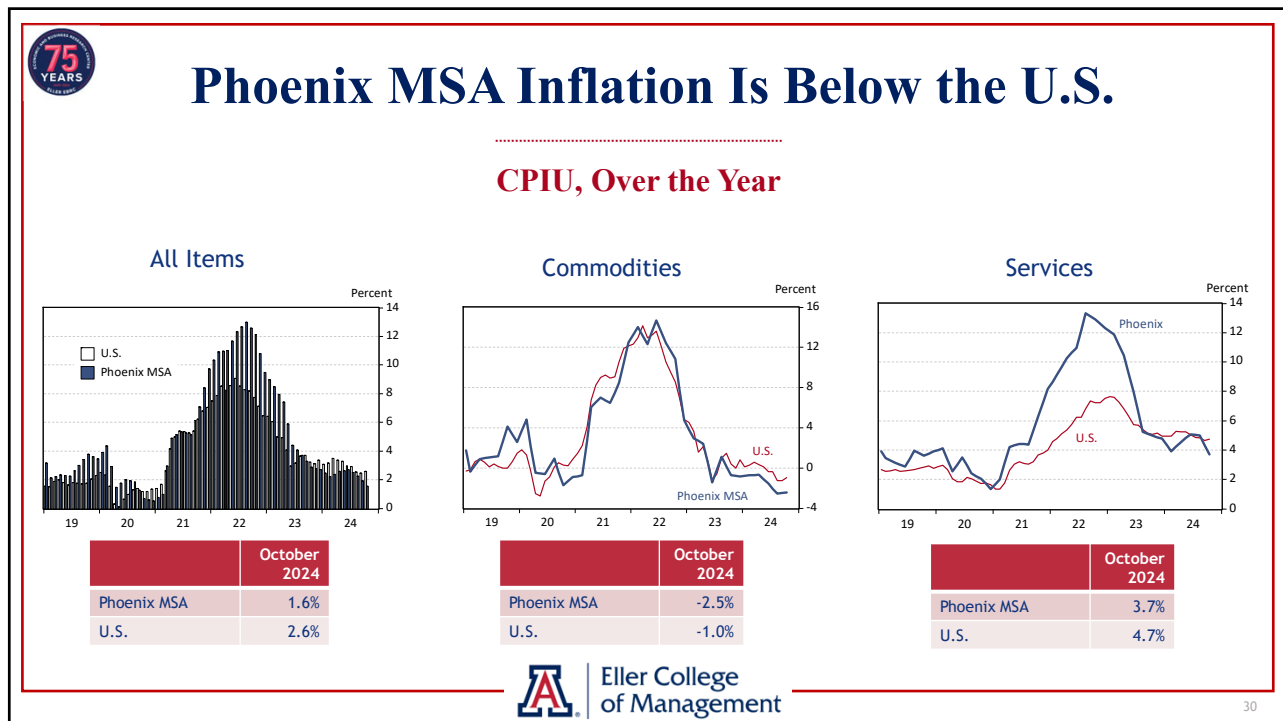
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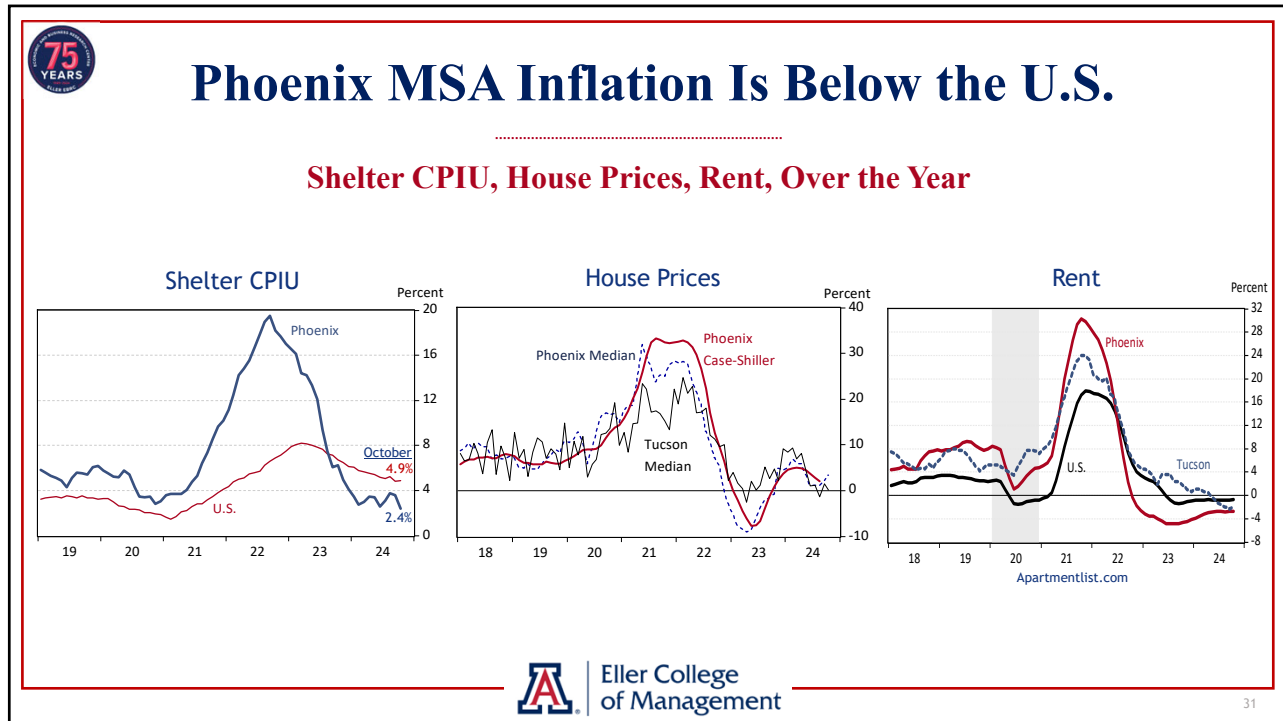
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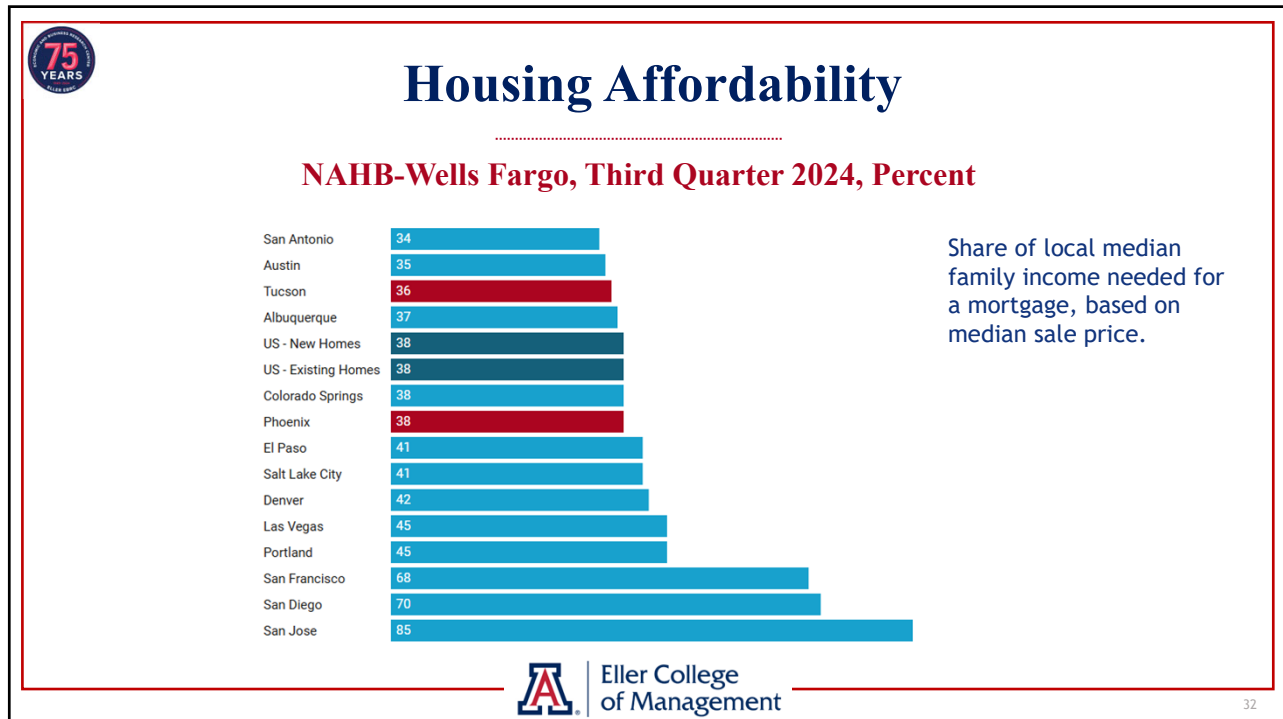
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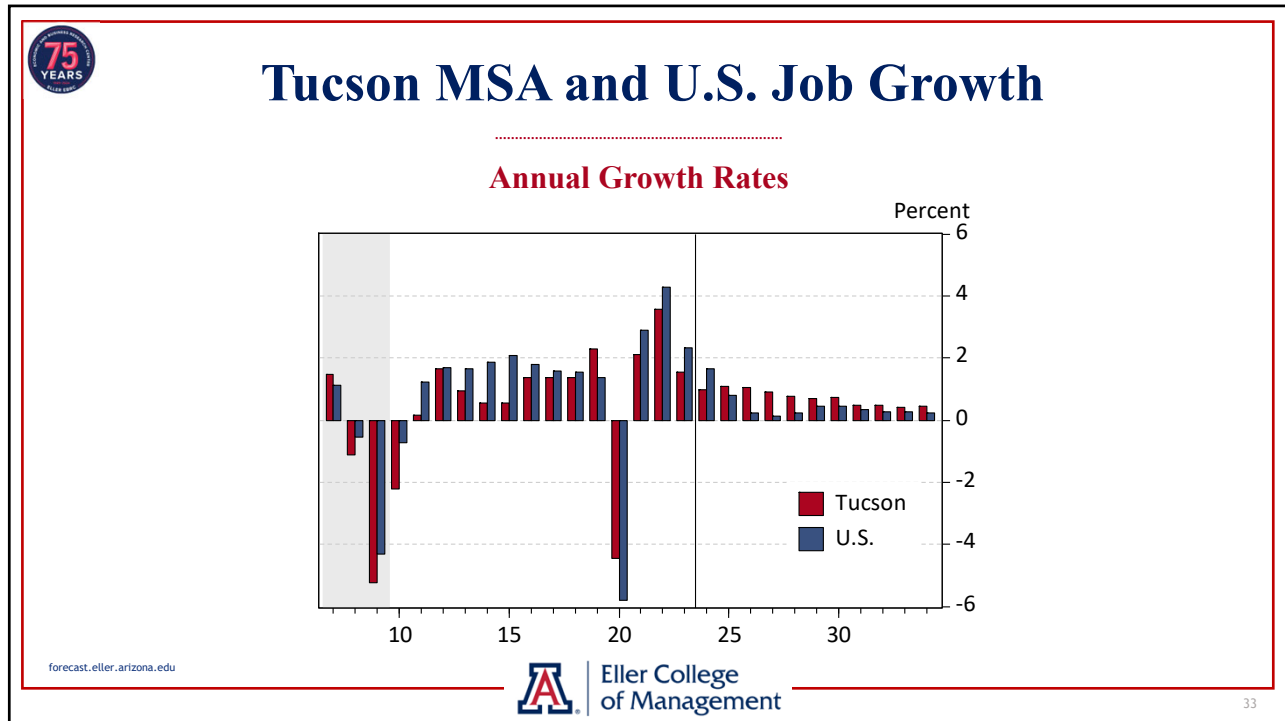


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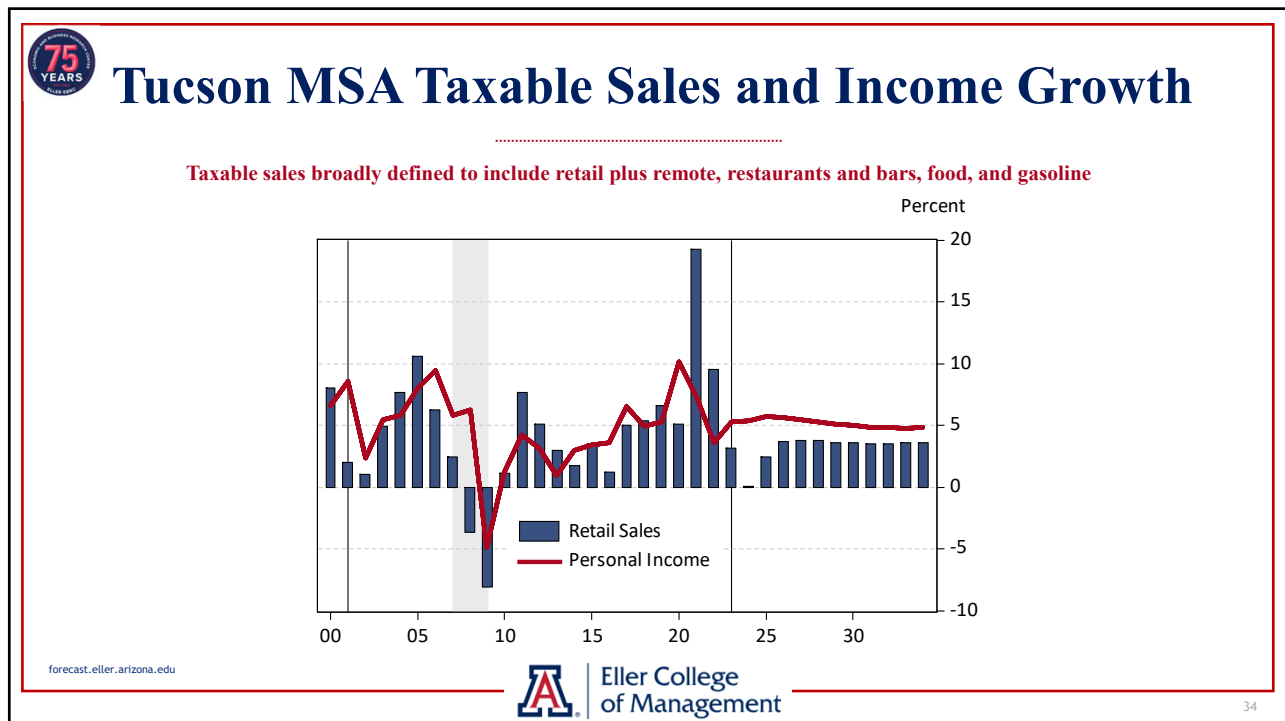


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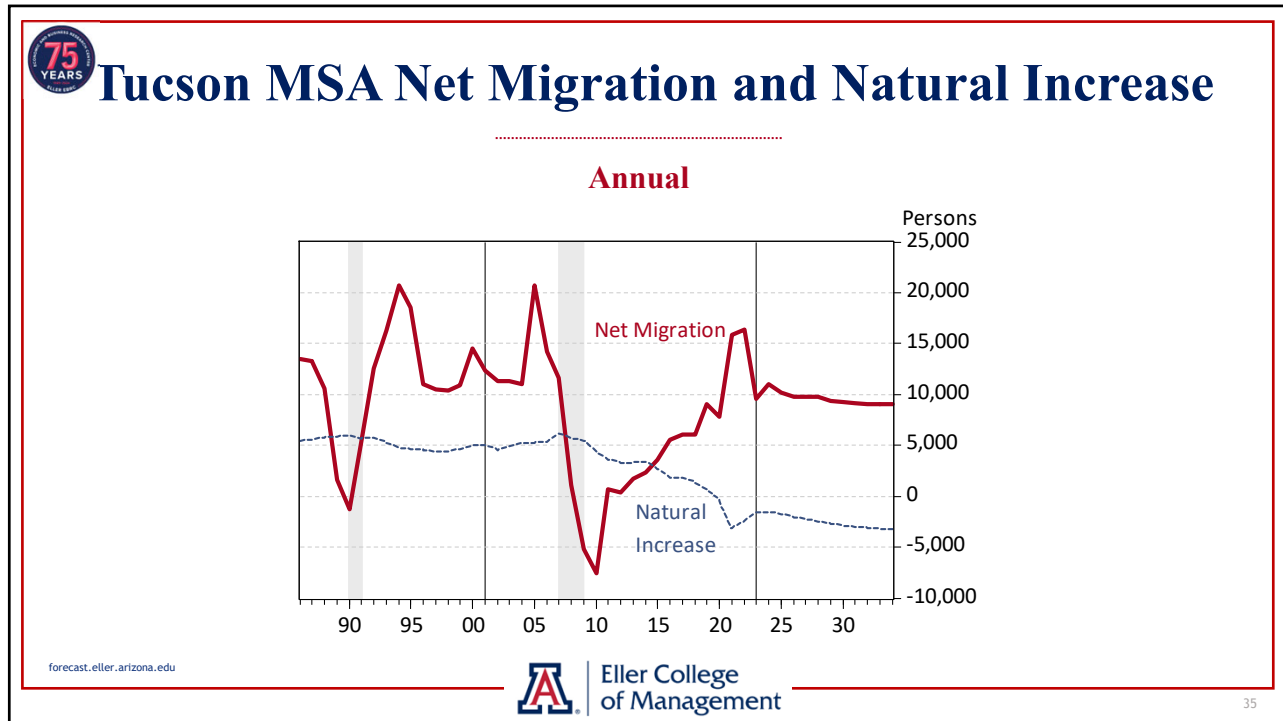




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**Top 10 Tucson Origin/Destination Metros**

**PUMS ACS 2018-2022 from IPUMS USA**

Tucson MSA			
Origin metro:	In-migration	Destination metro:	Out-migration
Los Angeles-Long Beach-Anaheim, CA	2,752	San Diego-Carlsbad, CA	1,490
San Diego-Carlsbad, CA	1,507	Augusta-Richmond County, GA-SC	720
Seattle-Tacoma-Bellevue, WA	1,083	Los Angeles-Long Beach-Anaheim, CA	710
Riverside-San Bernardino-Ontario, CA	1,033	Las Vegas-Henderson-Paradise, NV	521
Las Vegas-Henderson-Paradise, NV	905	Colorado Springs, CO	492
New York-Newark-Jersey City, NY-NJ-PA	853	Baltimore-Columbia-Towson, MD	470
Chicago-Naperville-Elgin, IL-IN-WI	844	Seattle-Tacoma-Bellevue, WA	438
Austin-Round Rock, TX	721	New York-Newark-Jersey City, NY-NJ-PA	409
Portland-Vancouver-Hillsboro, OR-WA	718	Austin-Round Rock, TX	408
Washington-Arlington-Alexandria, DC-VA-MD-WV	657	Chicago-Naperville-Elgin, IL-IN-WI	383

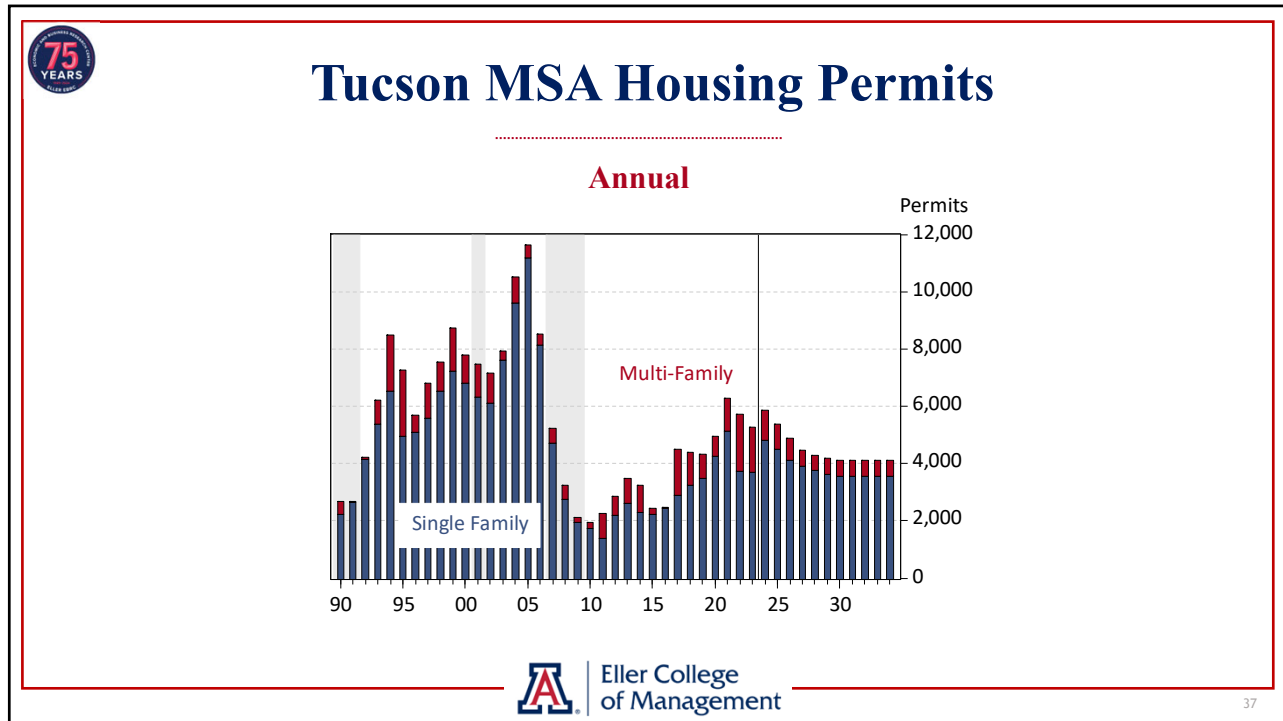
Source: Delaney O'Kray-Murphy, Research Economist, EBRC

<https://www.azeconomy.org/2024/09/economy/whos-moving-in-and-out-of-the-phoenix-and-tucson-metros/>

IPUMS does not report data for metropolitan areas  
With high standard errors.

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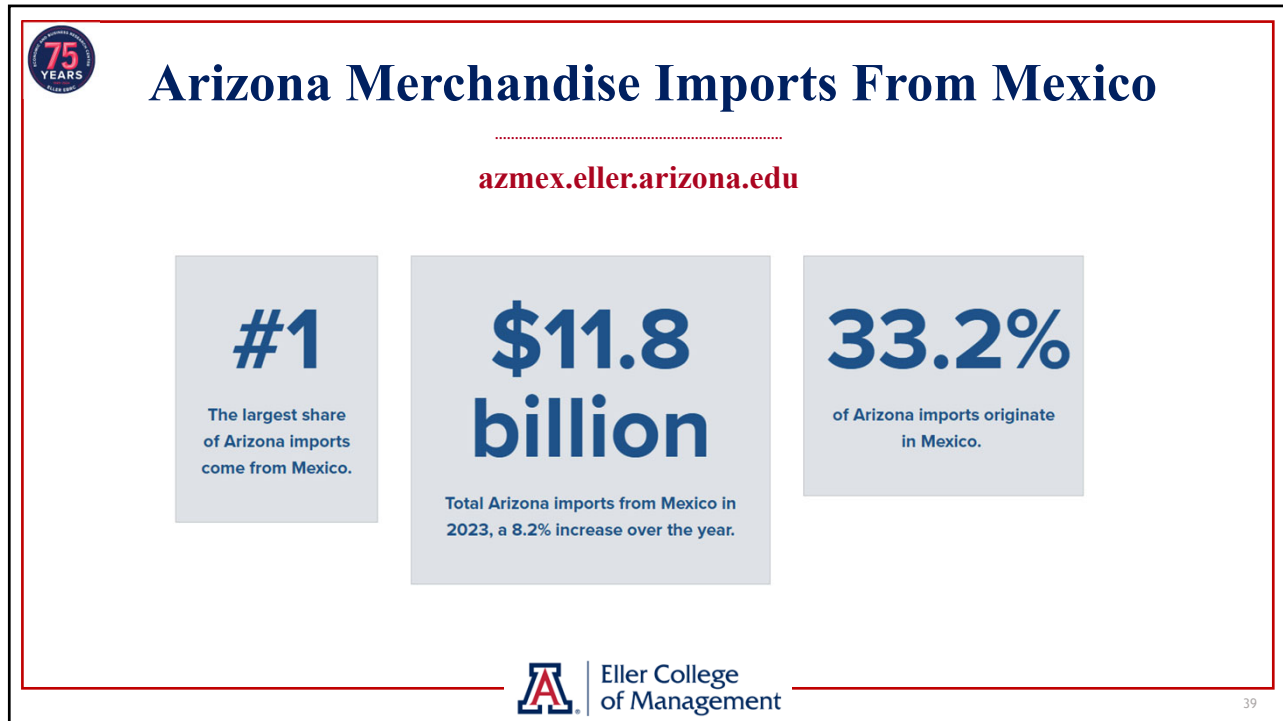
## Post-Election Risks to Consider for Arizona

- ▶ **Major increases in tariffs on goods from Mexico and Canada**
  - ▶ Reduces gains from trade, raises costs and prices, other things constant
- ▶ **Major effort to implement mass deportation**
  - ▶ Labor supply falls, supply-chain issues, raises costs and prices, other things constant

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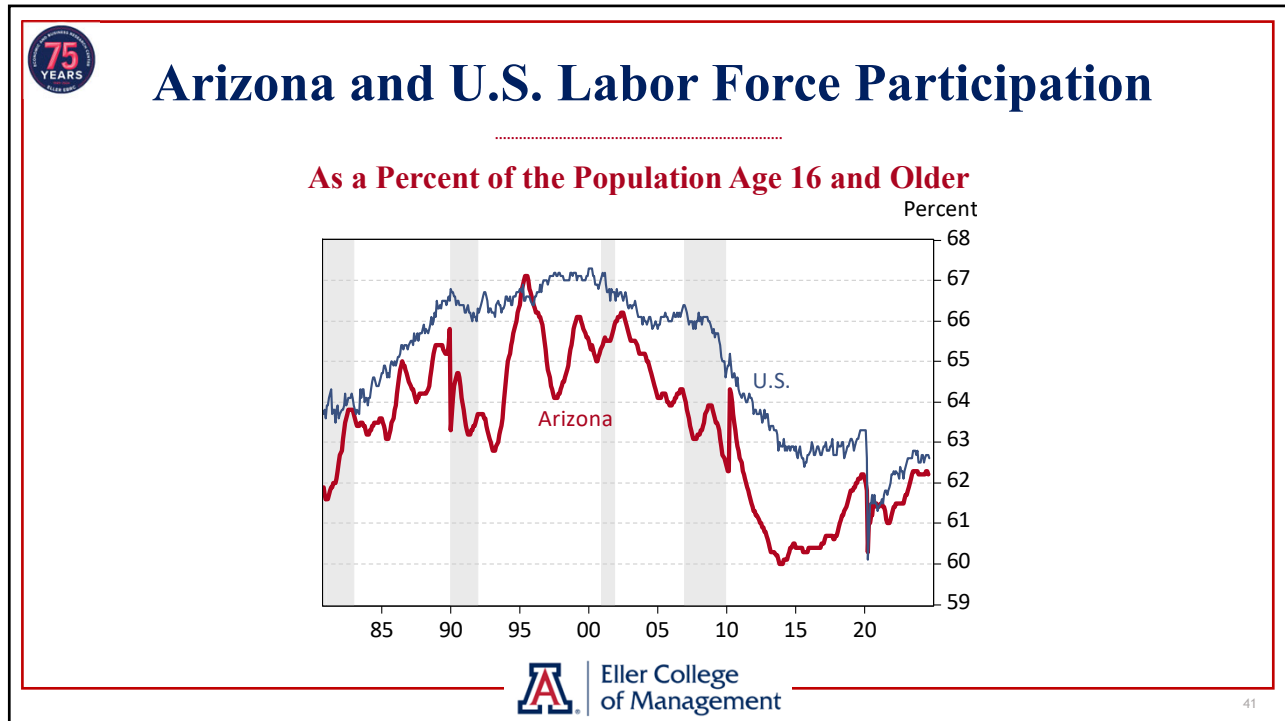
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**Unauthorized Immigrants**  
 Pew Research Center

	Arizona	U.S.
Unauthorized immigrants in labor force (rank)	190,000 (13 <sup>th</sup> )	8,250,000
Share of labor force (rank)	4.9% (13 <sup>th</sup> )	4.8%
Industry with most unauthorized immigrants	Construction	Construction
Industry with highest share unauthorized immigrants	Agriculture	Construction

<https://www.pewresearch.org/short-reads/2024/07/22/what-we-know-about-unauthorized-immigrants-living-in-the-us/>  
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## Main Takeaways

- ▶ **Tucson's labor market performance is mixed**
  - ▶ Slow job gains, low unemployment
- ▶ **Phoenix inflation is low and commodities prices are falling**
  - ▶ Which leaves services driving price increases
- ▶ **Tucson's personal income growth was strong in 2023**
  - ▶ And made progress closing the per capita income gap with the U.S.
- ▶ **The baseline Tucson outlook calls for continued, but slowing, growth**
  - ▶ Downside risks focus on global conflict, increased tariffs, and mass deportations

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**for presenting today's event.**

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