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Welcome




Karthik Kannan
Dean
Eller College of Management

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Tucson Outlook



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Key Topics

- ▶ **Arizona job growth was unusually slow last year**
 - ▶ Tucson jobs declined modestly over the year
- ▶ **Arizona’s labor market remains tight**
 - ▶ Tucson’s unemployment rate was stable, with a decline in the labor force
- ▶ **Phoenix inflation remains lower than the U.S.**
 - ▶ Consumer commodities prices may begin to rise going forward
- ▶ **Tucson MSA housing permits were roughly stable last year**
 - ▶ Housing affordability remains a challenge
- ▶ **Risks to economic growth are significantly elevated**
 - ▶ Macroeconomic policy uncertainty, tariffs, mass deportations, cuts to federal spending and jobs

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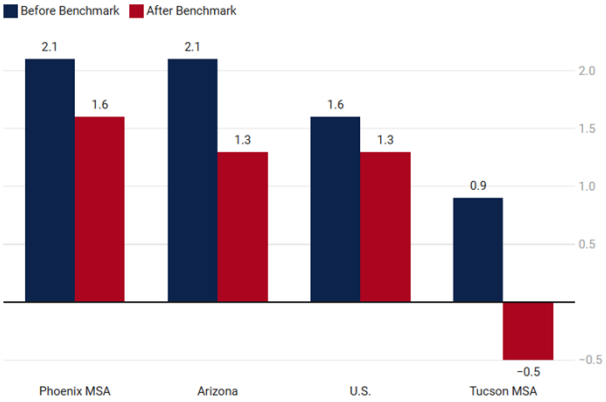
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Arizona Nonfarm Job Growth

2023 to 2024, Percent

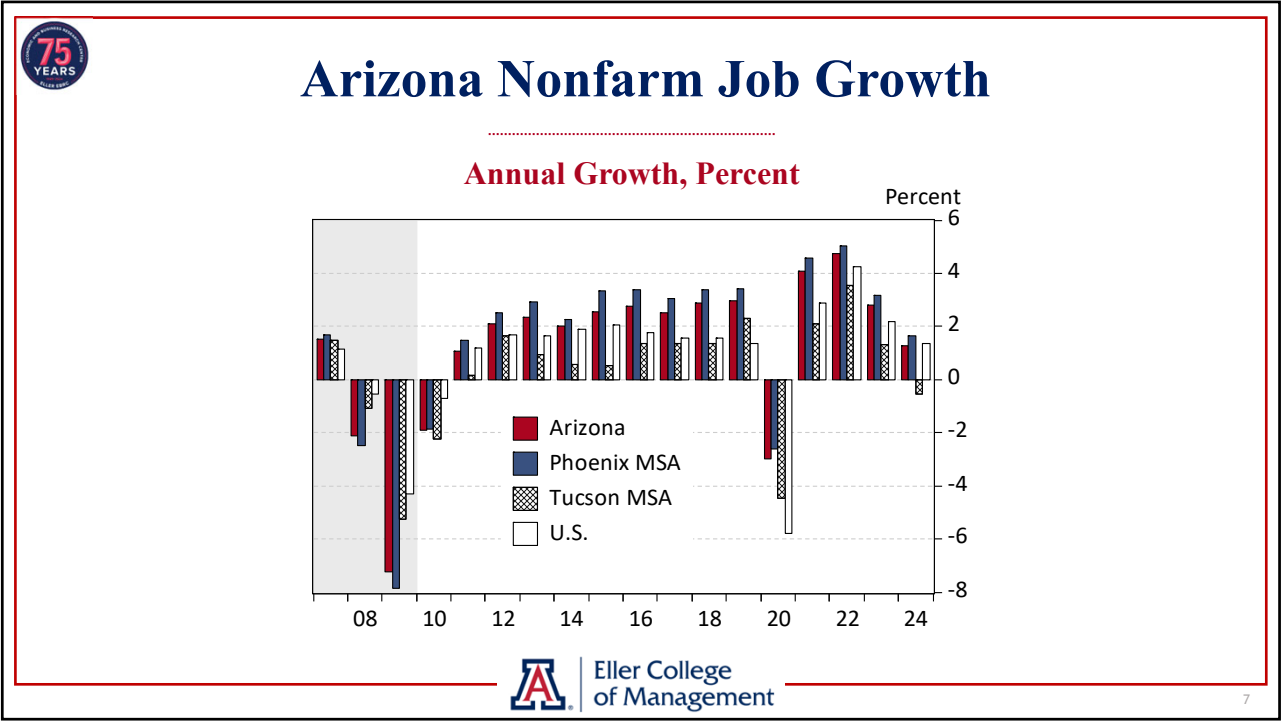


Region	Before Benchmark	After Benchmark
Phoenix MSA	2.1	1.6
Arizona	2.1	1.3
U.S.	1.6	1.3
Tucson MSA	0.9	-0.5

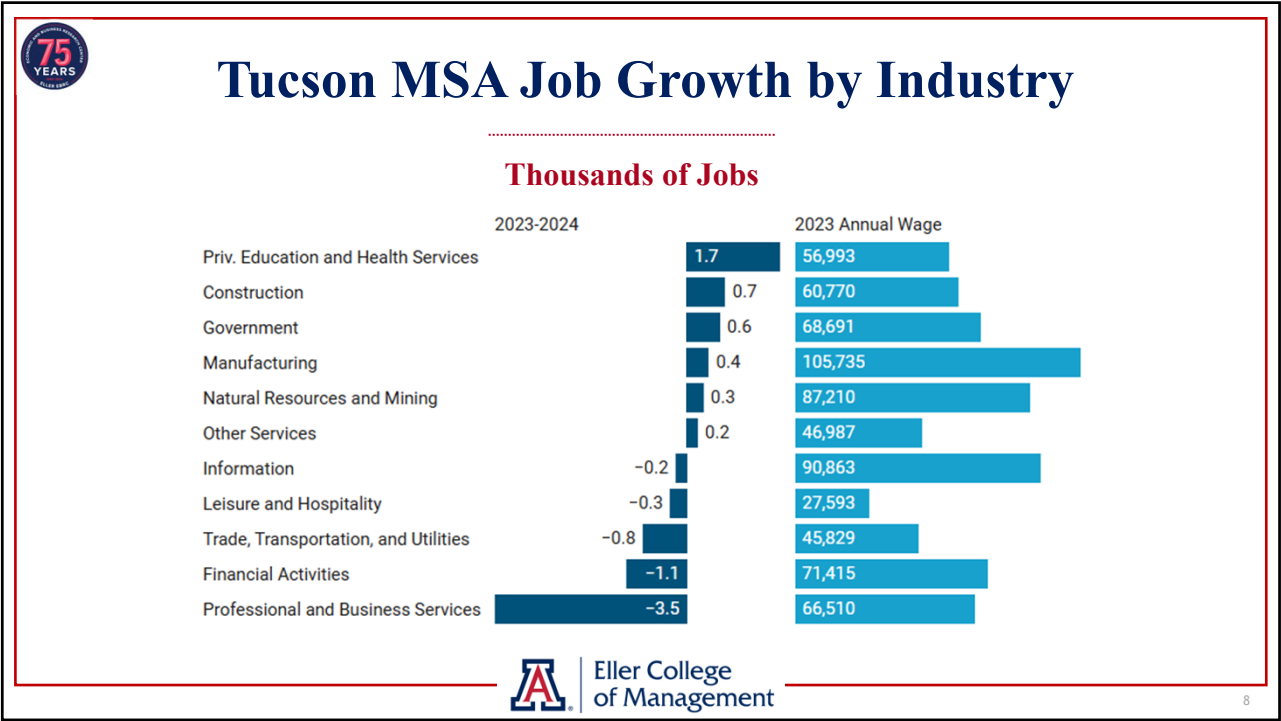
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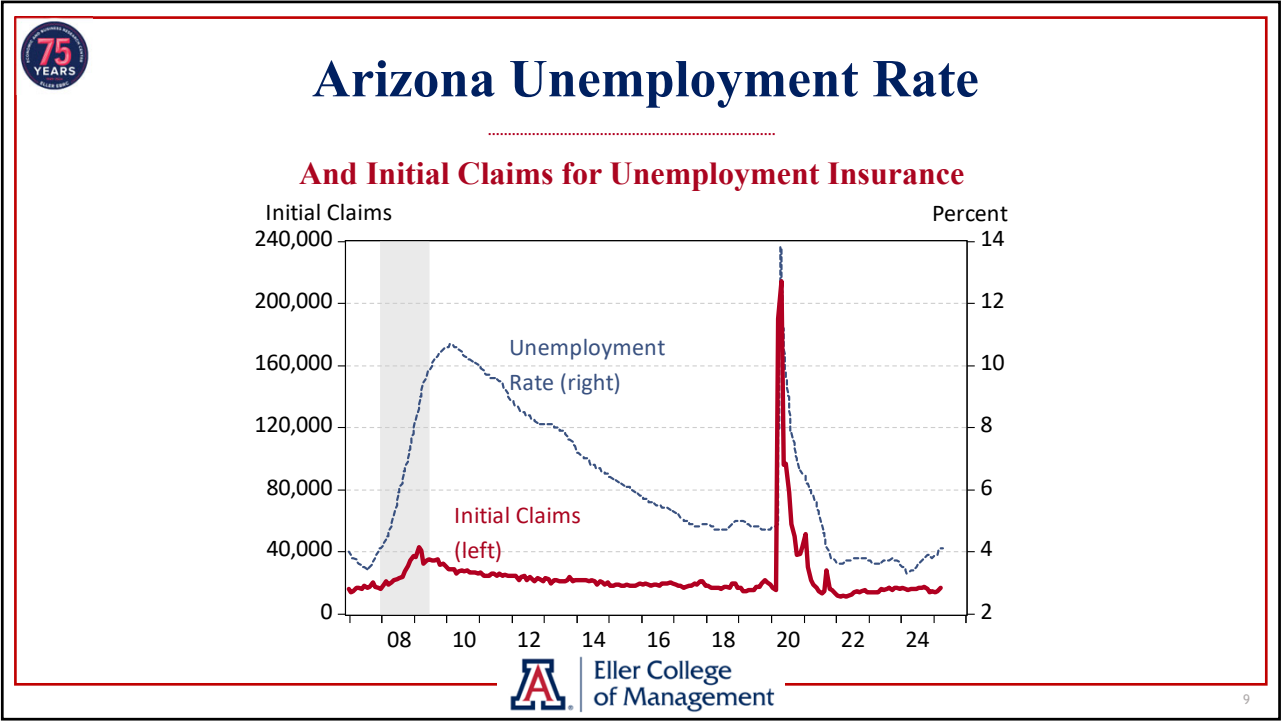
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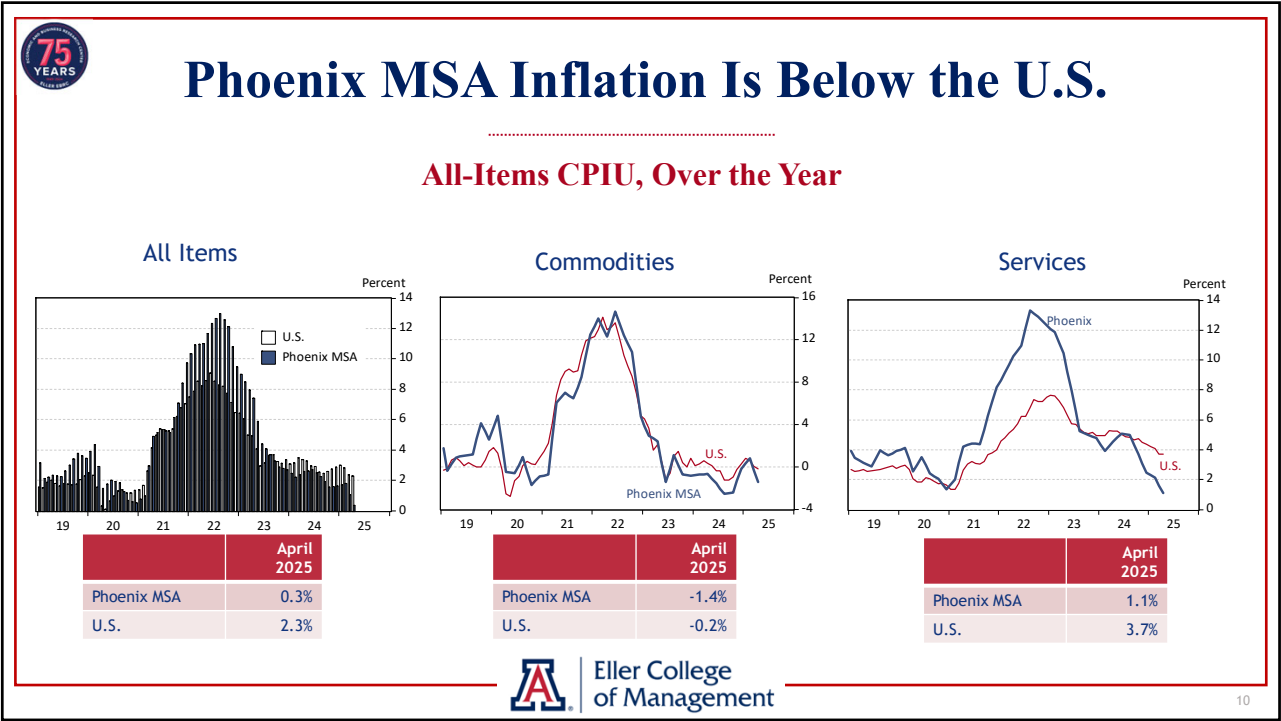
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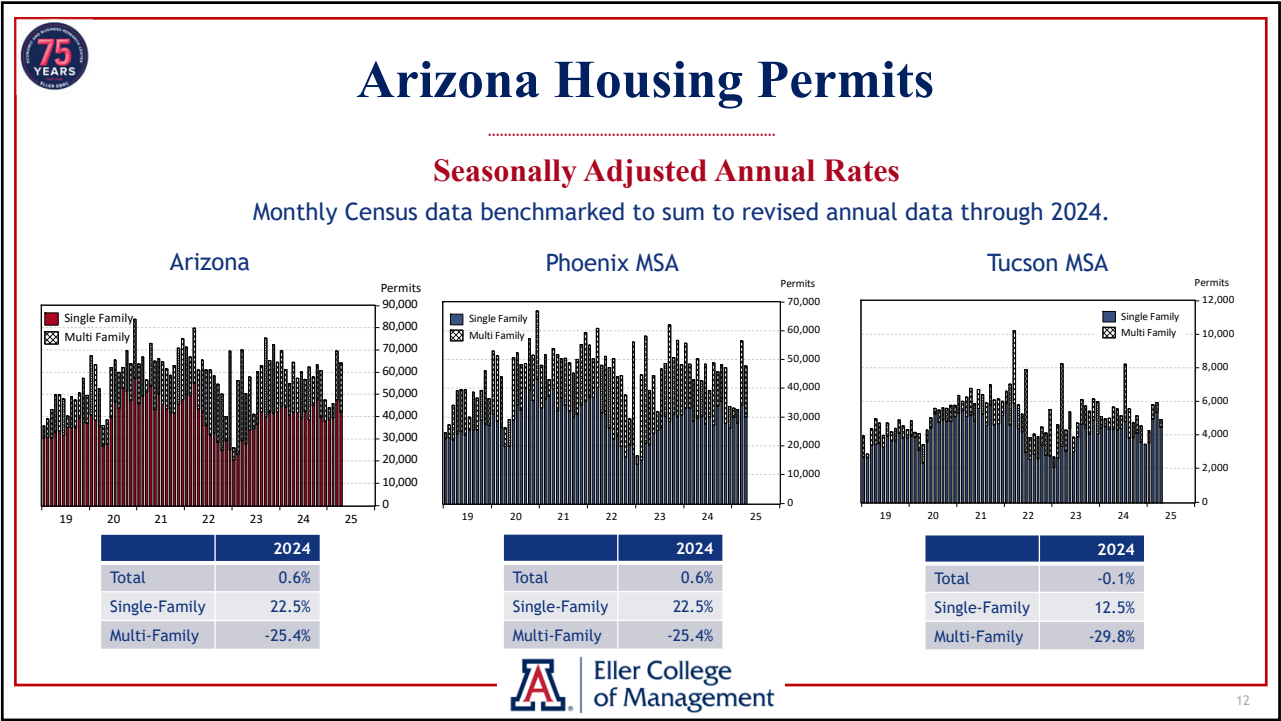
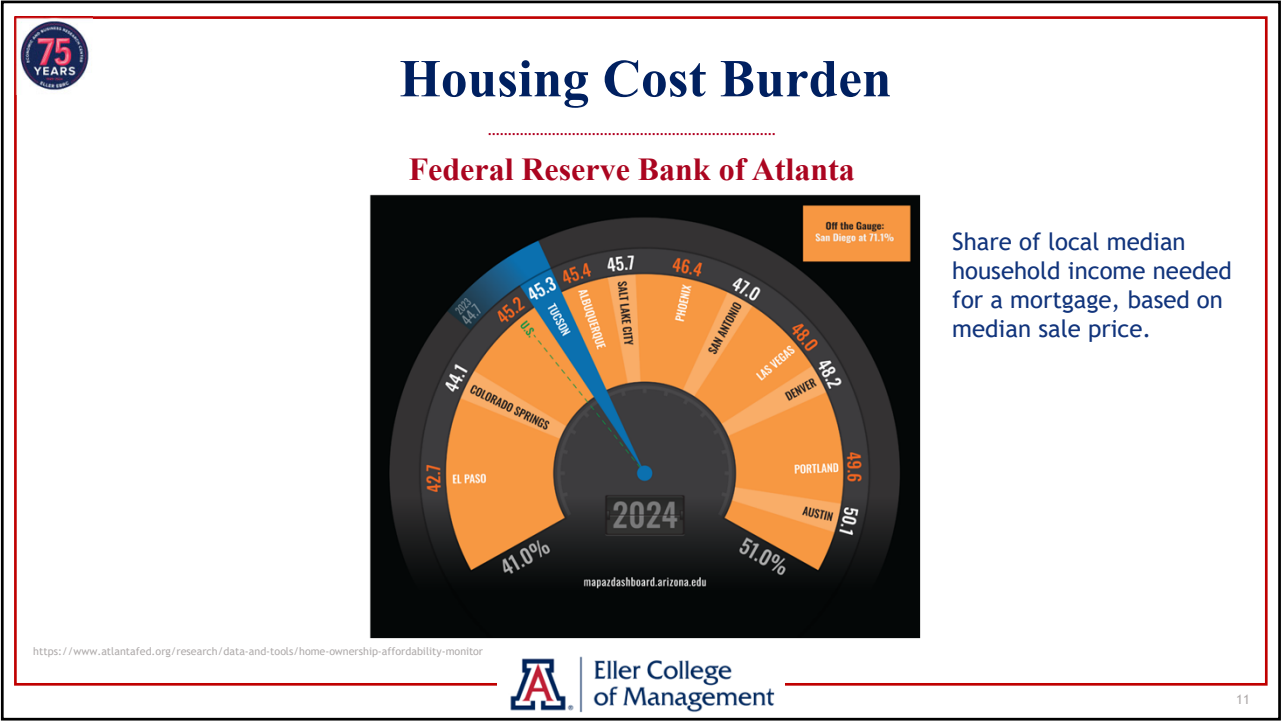
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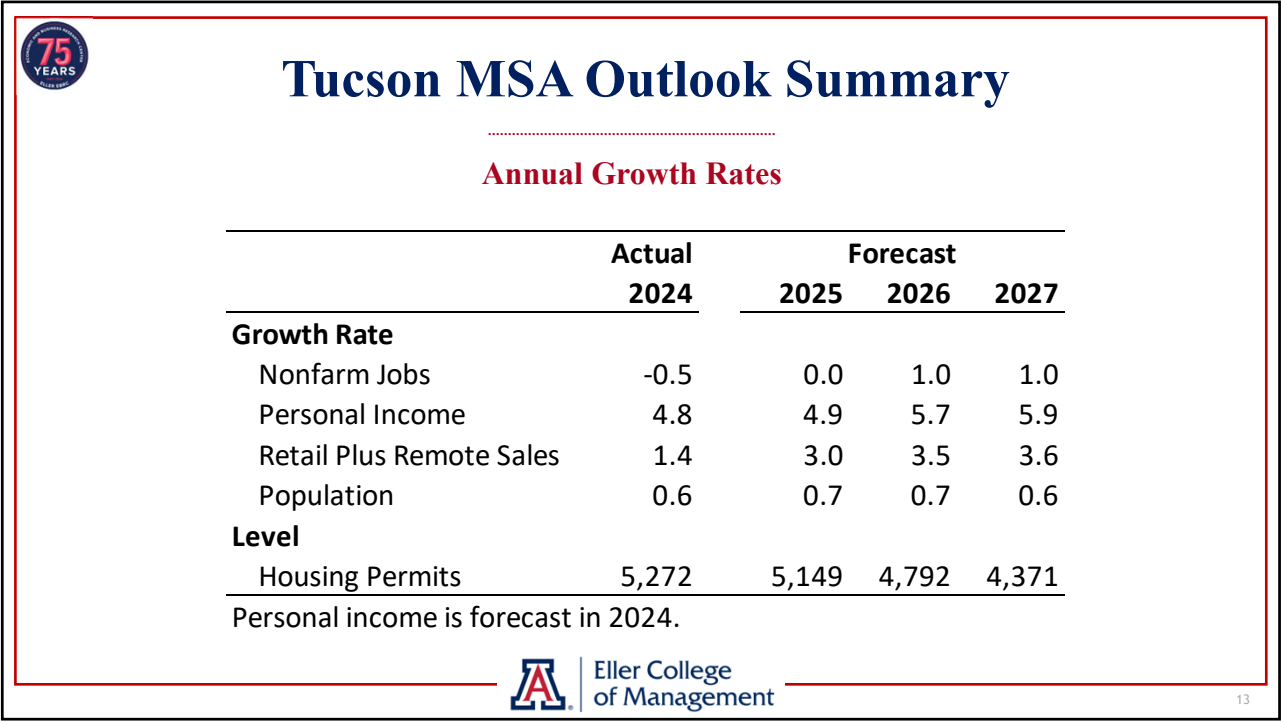


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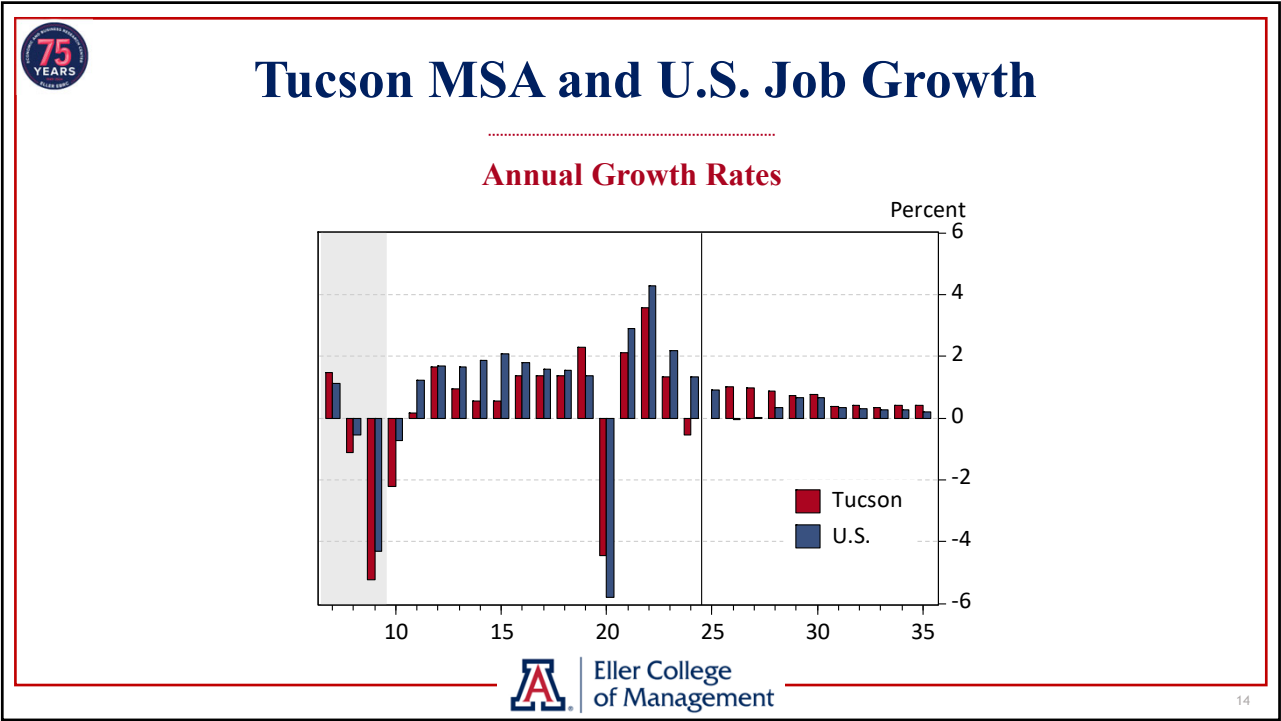


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Major Risks to the Arizona Economy

- ▶ **U.S. economic policy uncertainty**
- ▶ **Tariffs**
- ▶ **Mass deportations**
- ▶ **Federal spending and job cuts**



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Tariffs Will Adversely Impact the Economy

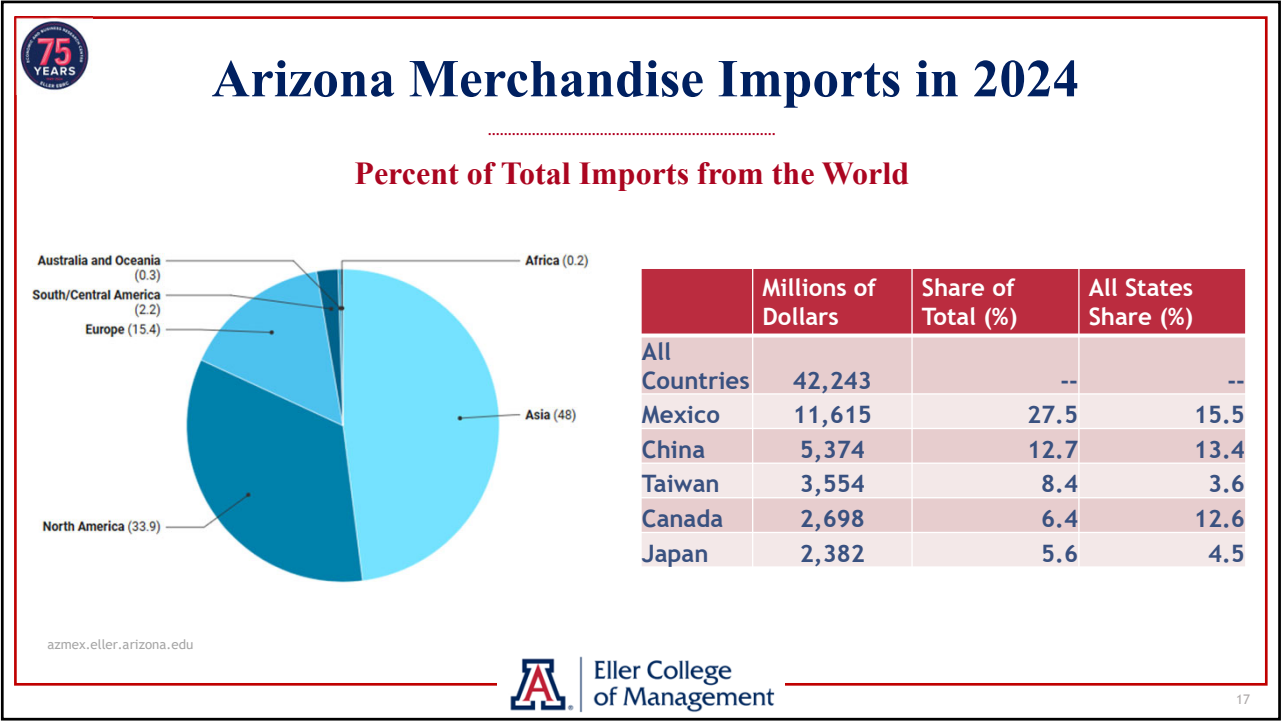
- ▶ **Arizona ranked 31st in the nation in the importance of international trade**
 - ▶ Arizona exports + imports amounted to 12.3% of state GDP in 2023
- ▶ **Arizona ranked 6th in the nation in the importance of trade with Mexico**
 - ▶ Arizona exports + imports with Mexico amounted to 3.8% of state GDP in 2023
- ▶ **Lower after-tax income for households, higher costs for businesses importing inputs**
- ▶ **Short-run burst of inflation followed by higher price levels that linger**



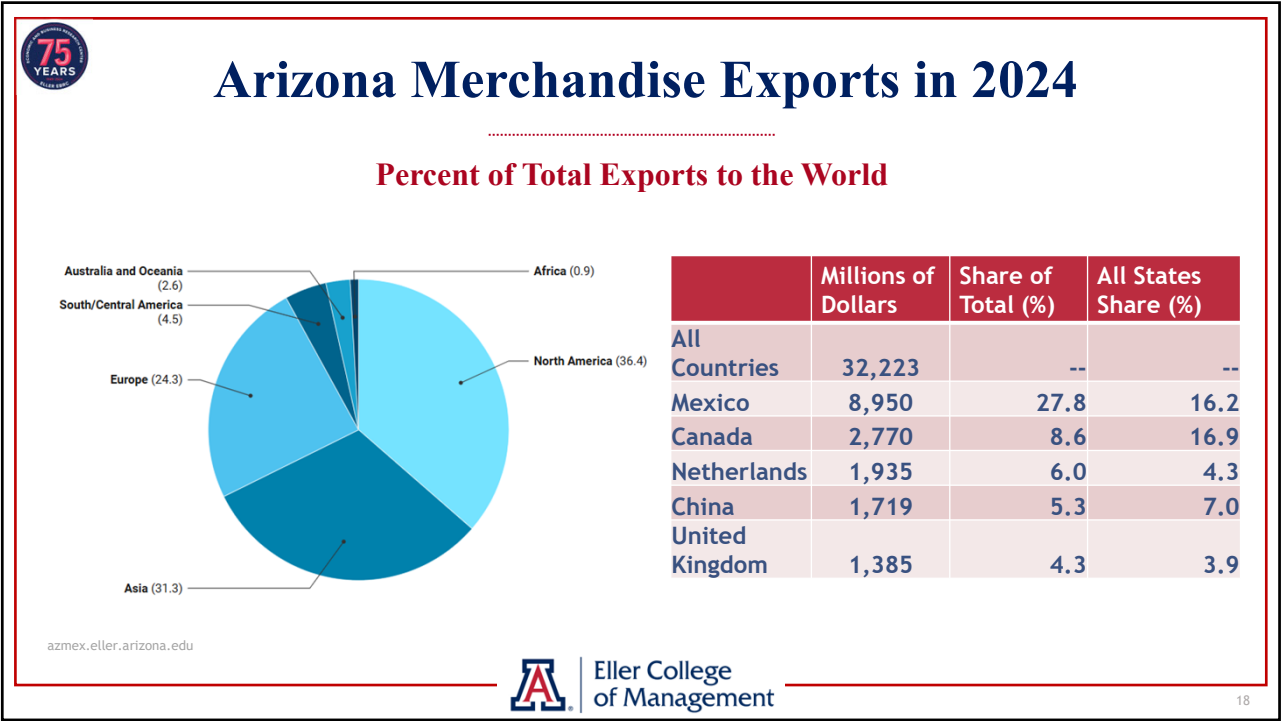
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75
YEARS
1948-2023

Unauthorized Immigrants

Pew Research Center

	Arizona	U.S.
Unauthorized immigrants in labor force (rank)	190,000 (13 th)	8,250,000
Share of labor force (rank)	4.9% (13 th)	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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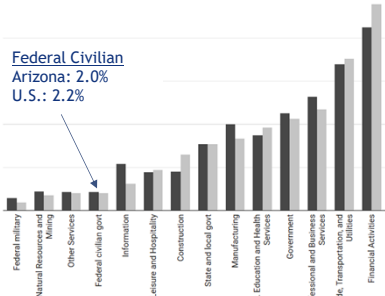
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YEARS
1948-2023

Arizona and U.S. Industry Mix

And Federal Civilian Government Jobs

Share of GDP by Industry in Percent (2024)

■ U.S. ■ Arizona




Federal Civilian
Arizona: 2.0%
U.S.: 2.2%

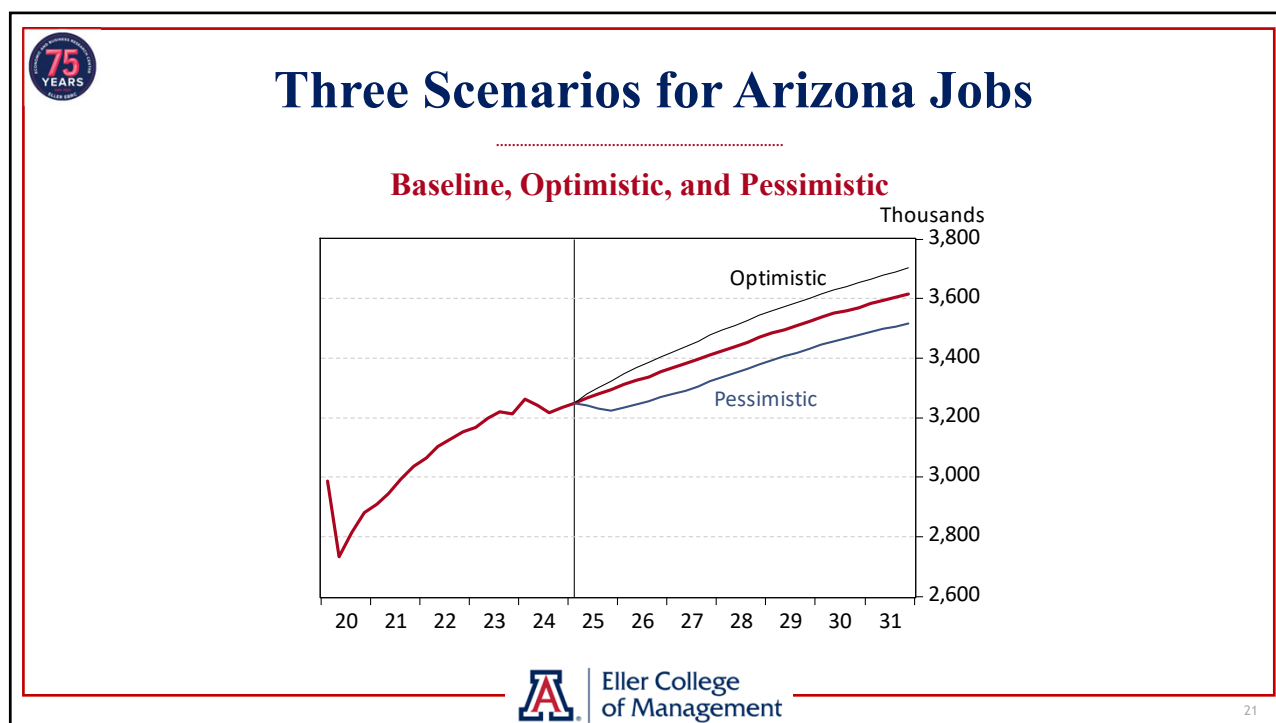
Government GDP includes federal civilian and military, state, and local government activity.

Federal Civilian Employment (2024)

	Jobs	Employment Share
Arizona	59,600	1.8%
Phoenix MSA	25,900	1.1%
Tucson MSA	13,000	3.3%
U.S.	3,000,000	1.9%

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
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Main Takeaways


- ▶ **Arizona job gains were slow last year**
 - ▶ Tucson lost jobs, although the unemployment rate was stable
- ▶ **Phoenix is no longer experiencing rapid inflation**
 - ▶ But consumer commodities prices are may begin to rise going forward
- ▶ **Housing cost burdens are a problem**
 - ▶ Housing permit activity decelerates with slower population gains (demographics)
- ▶ **The outlook is positive for Arizona, Phoenix, and Tucson in the long run**
 - ▶ After two years of subpar gains, growth rebounds next year in the baseline
 - ▶ Near-term recession risks have risen
 - ▶ Policy uncertainty, tariffs, mass deportations, federal job/spending cuts

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U.S. and Global Outlook



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

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June 3, 2025

Global Outlook

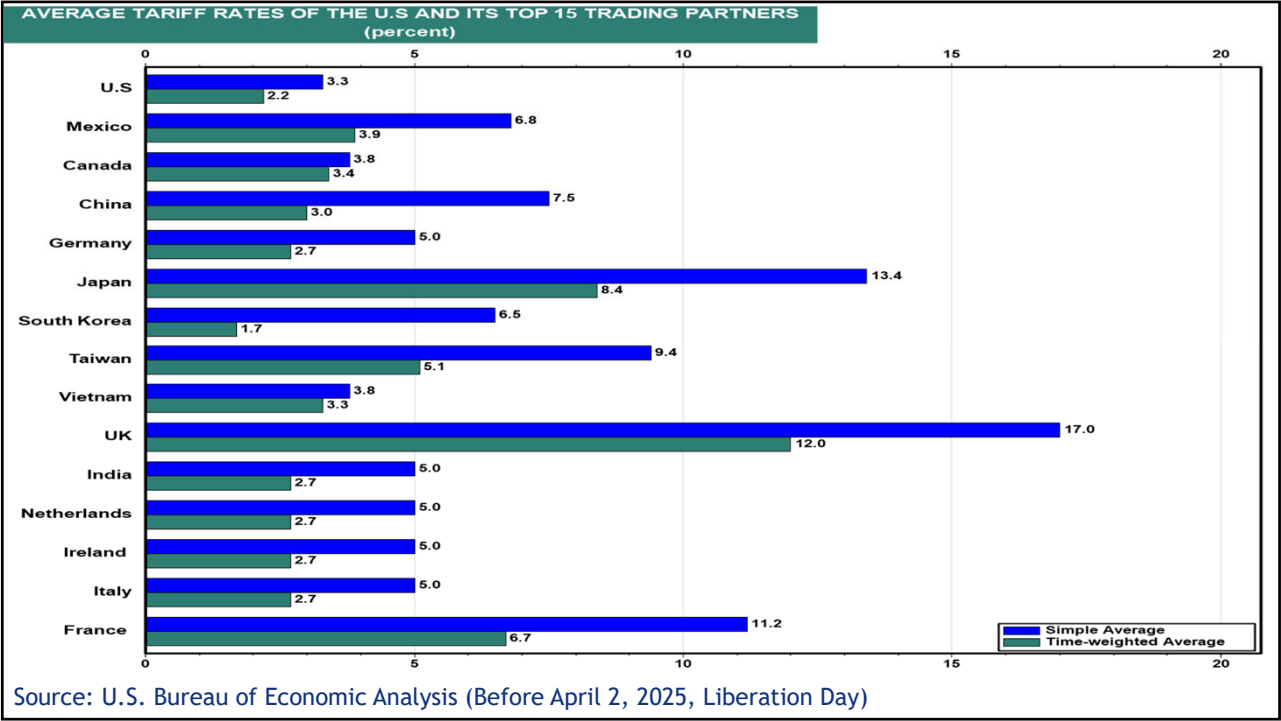
Dr. Anthony Chan

Global Tariff Uncertainty

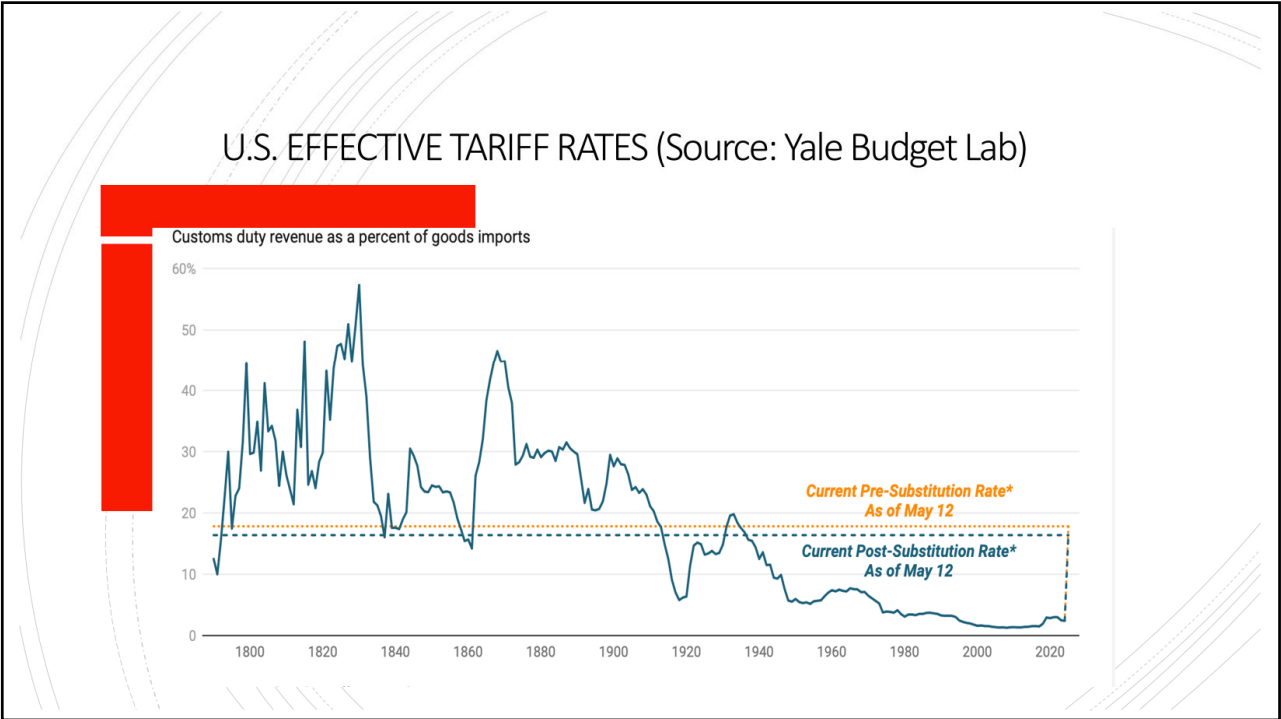
Supply Chains Under Threat

Results: Slower Global Economic Growth

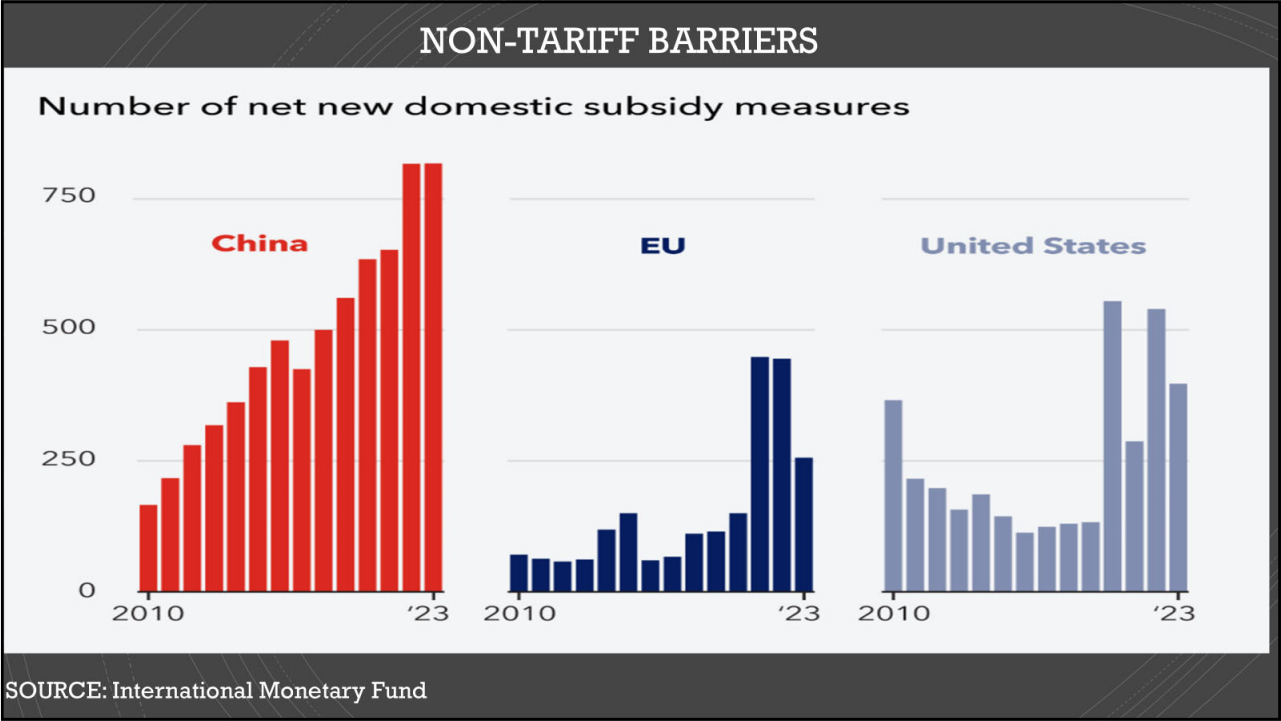
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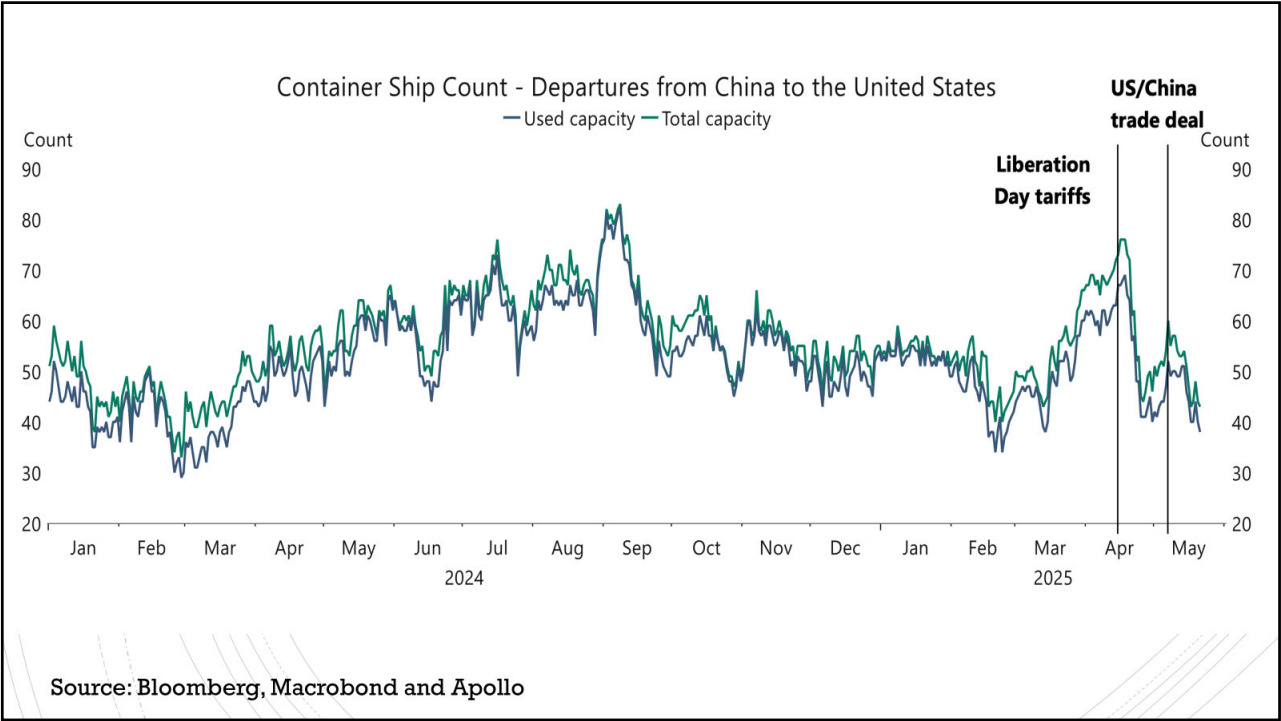
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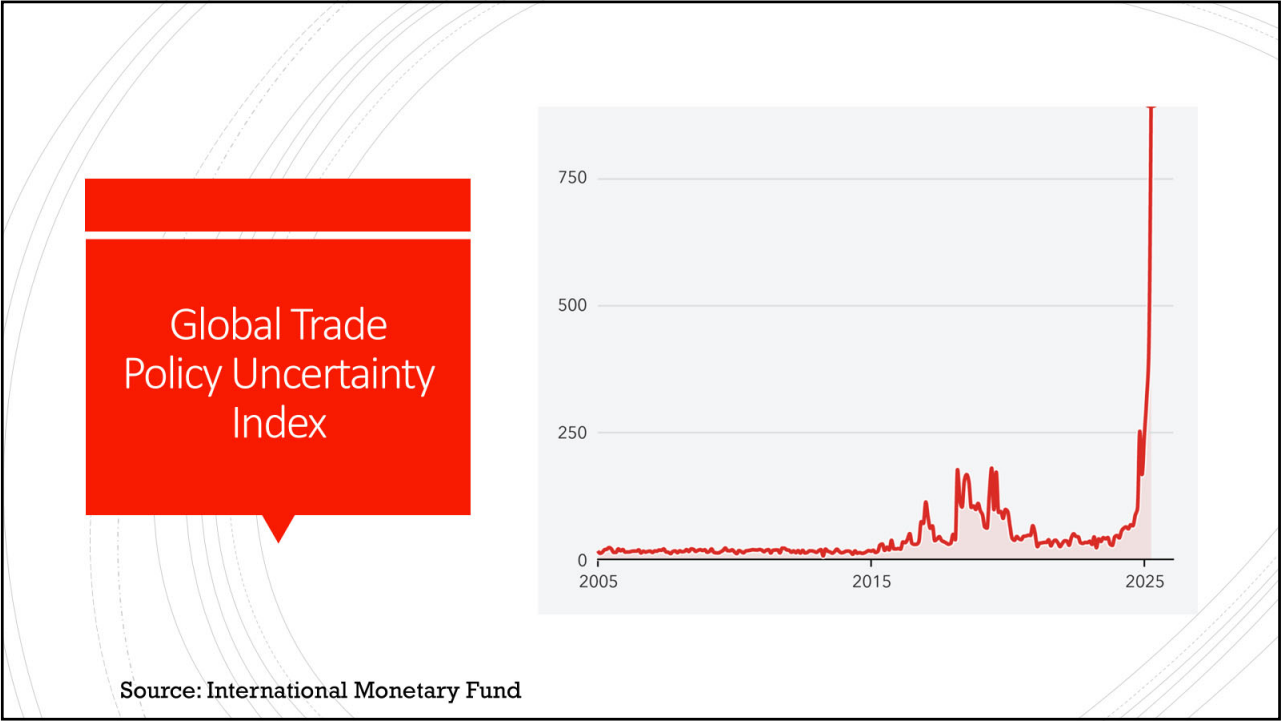
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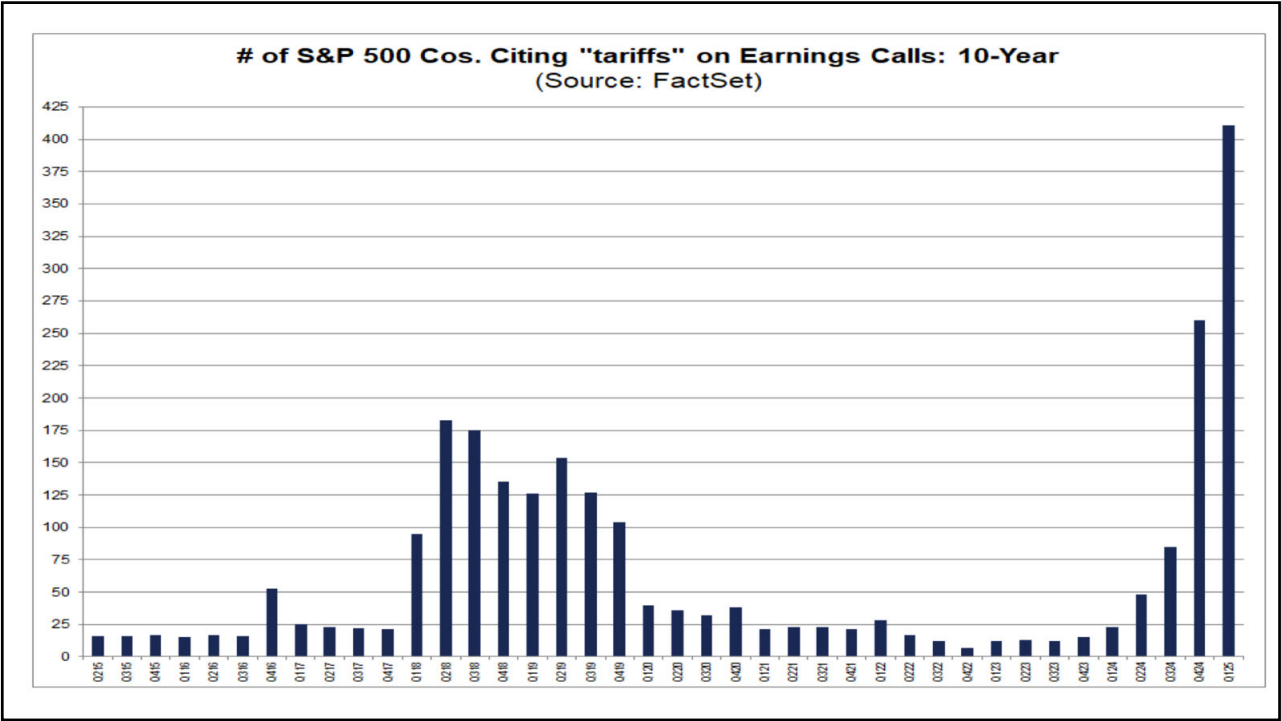
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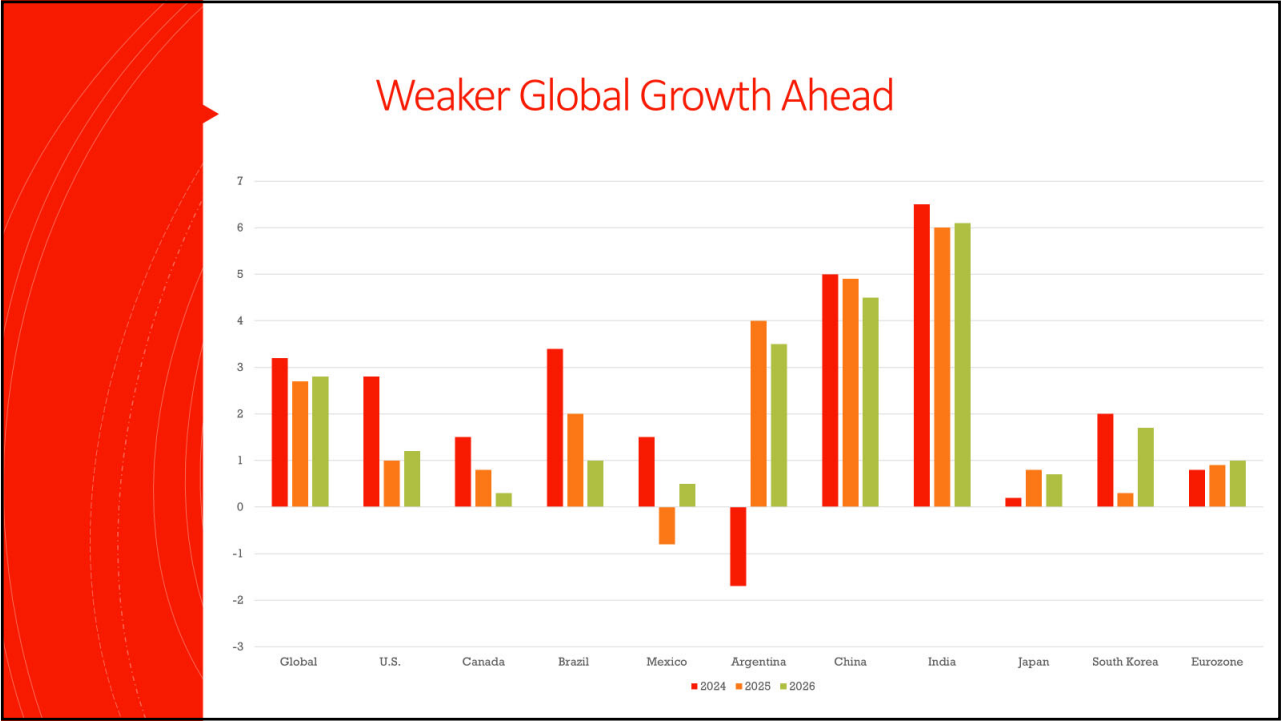
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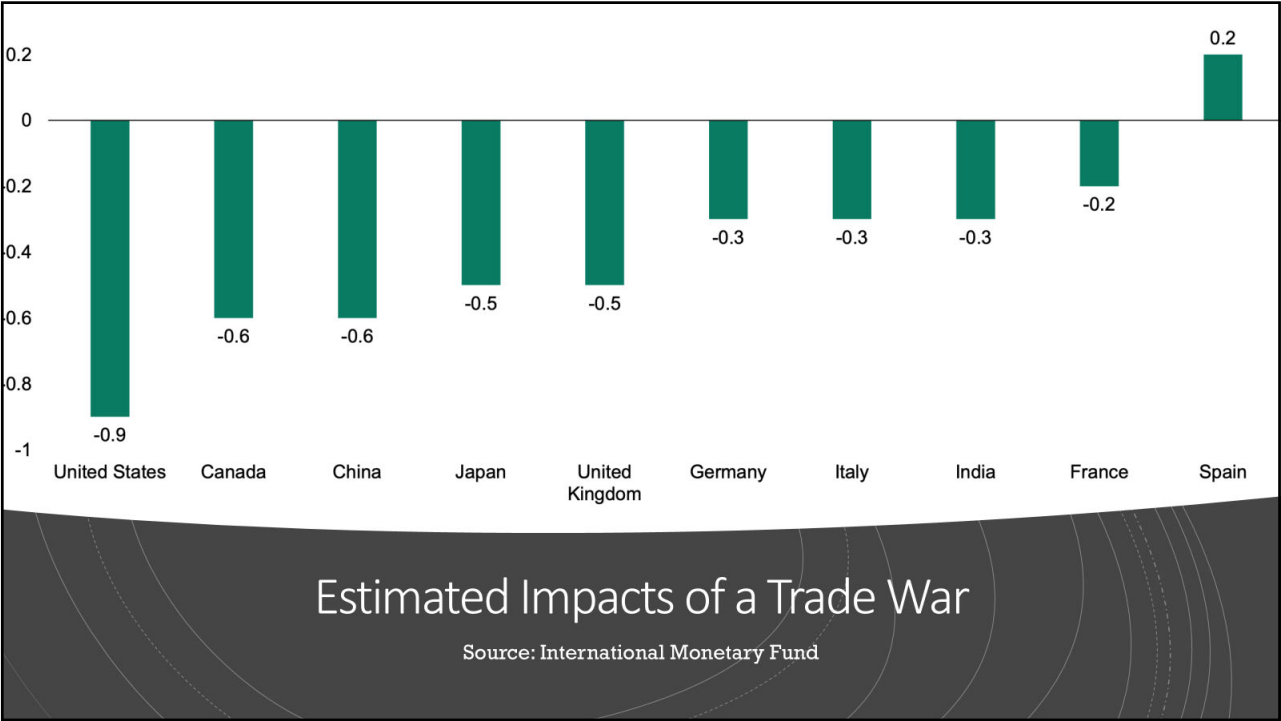
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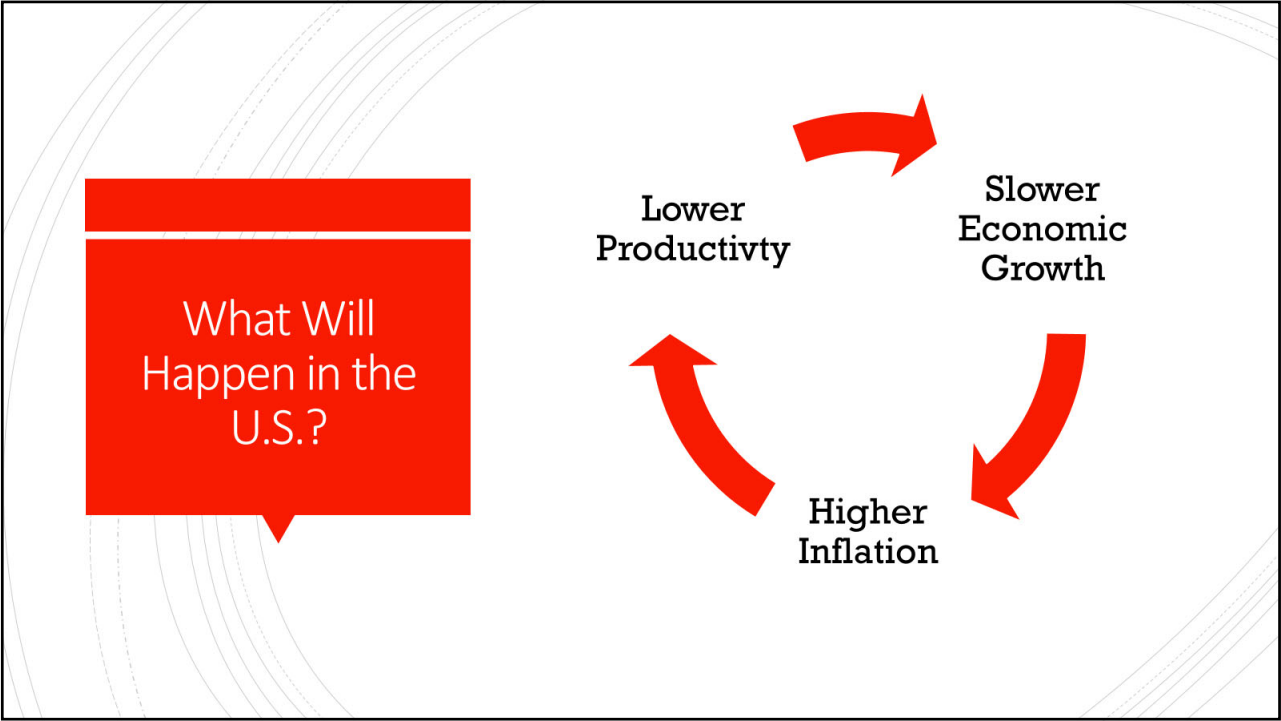
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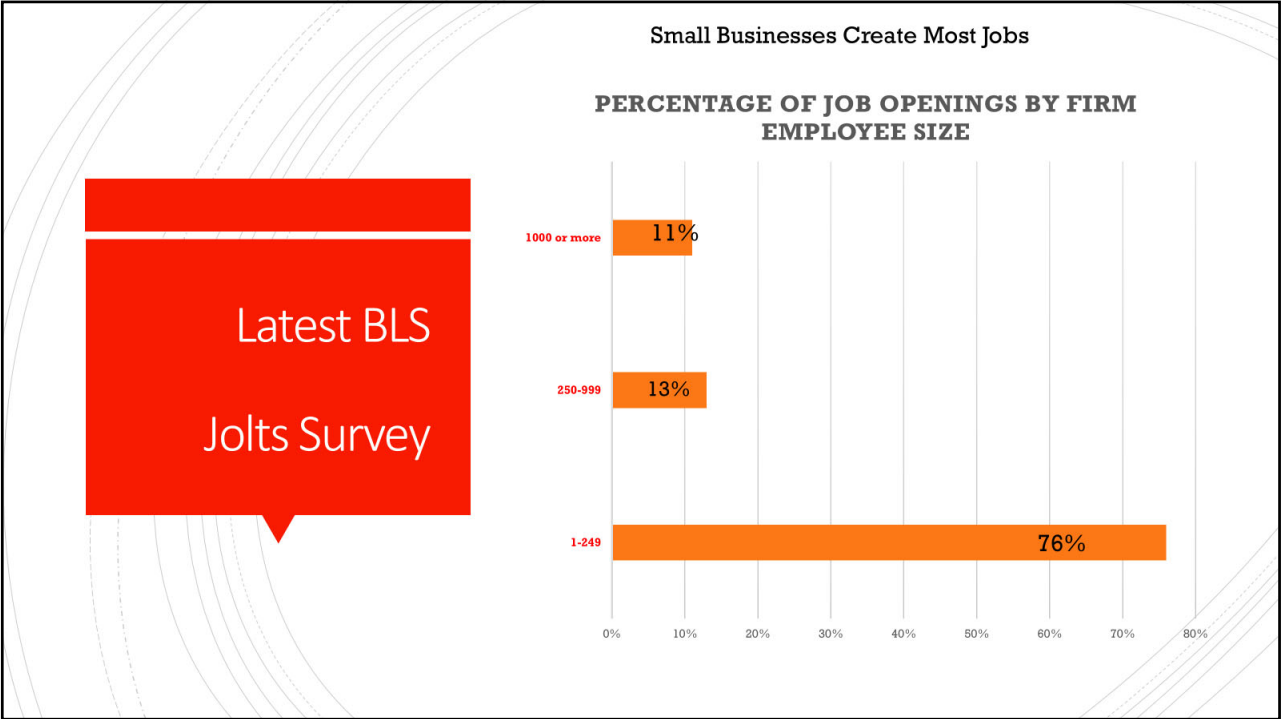
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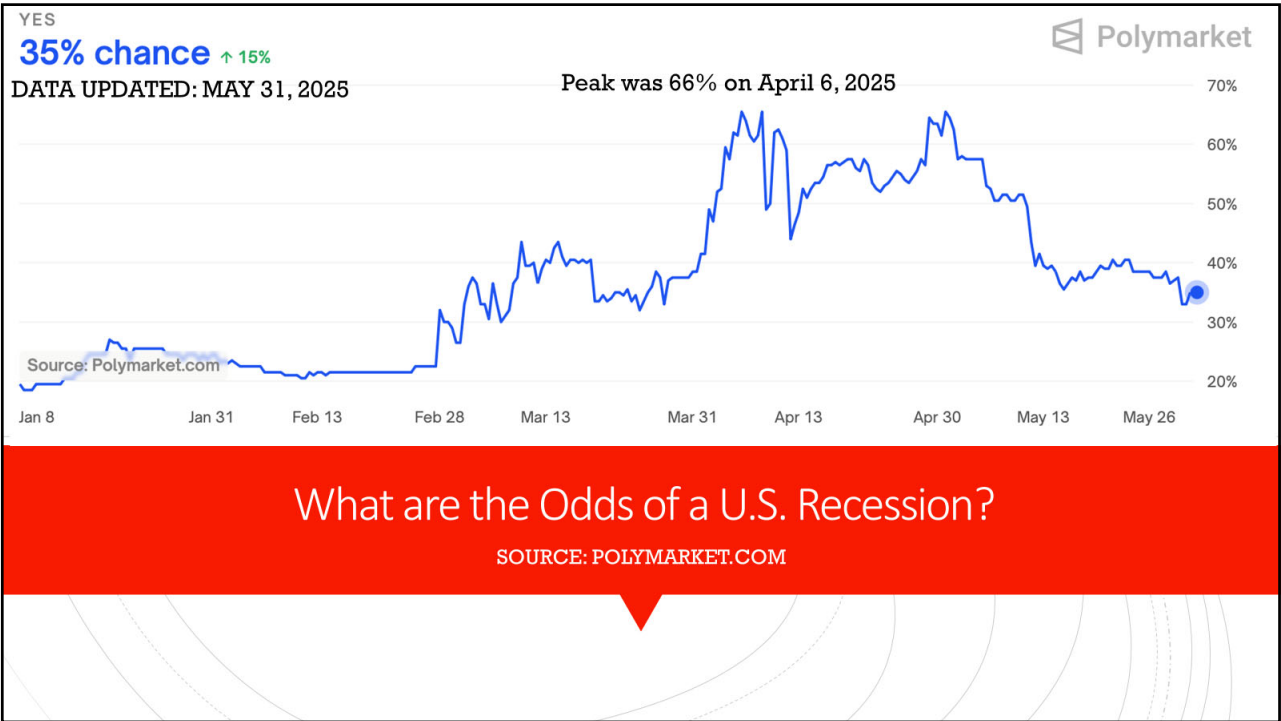
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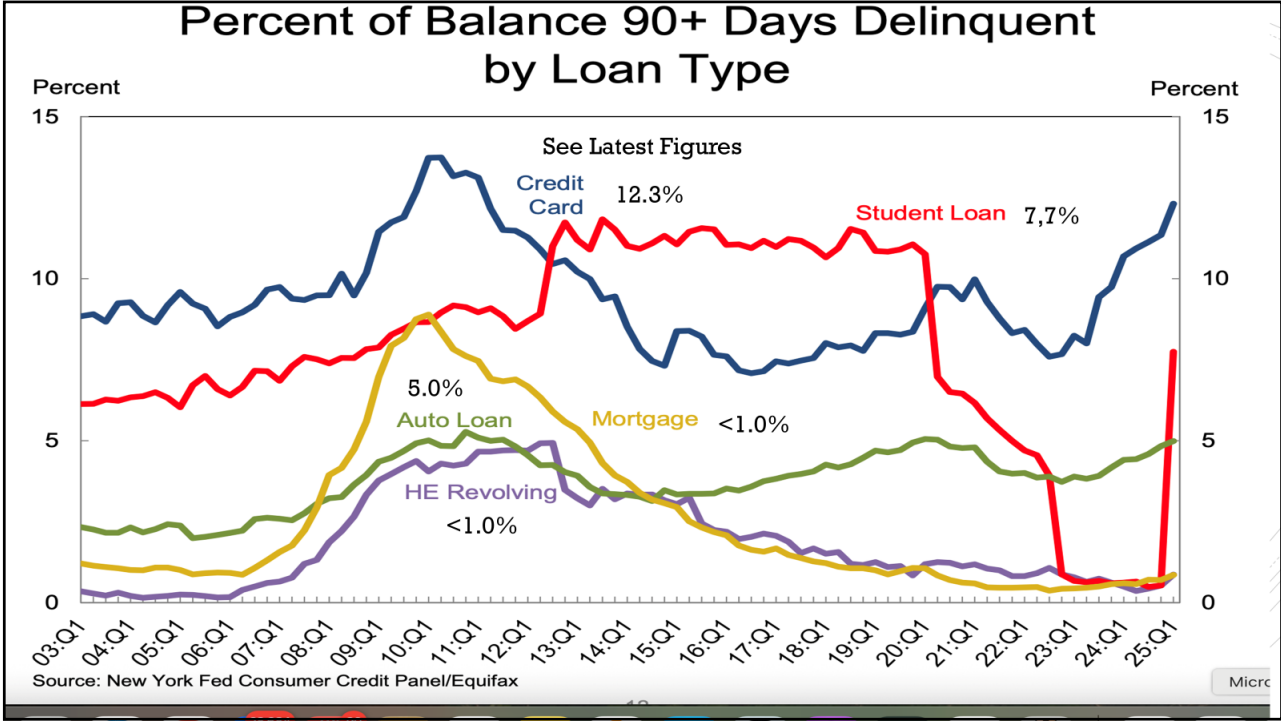
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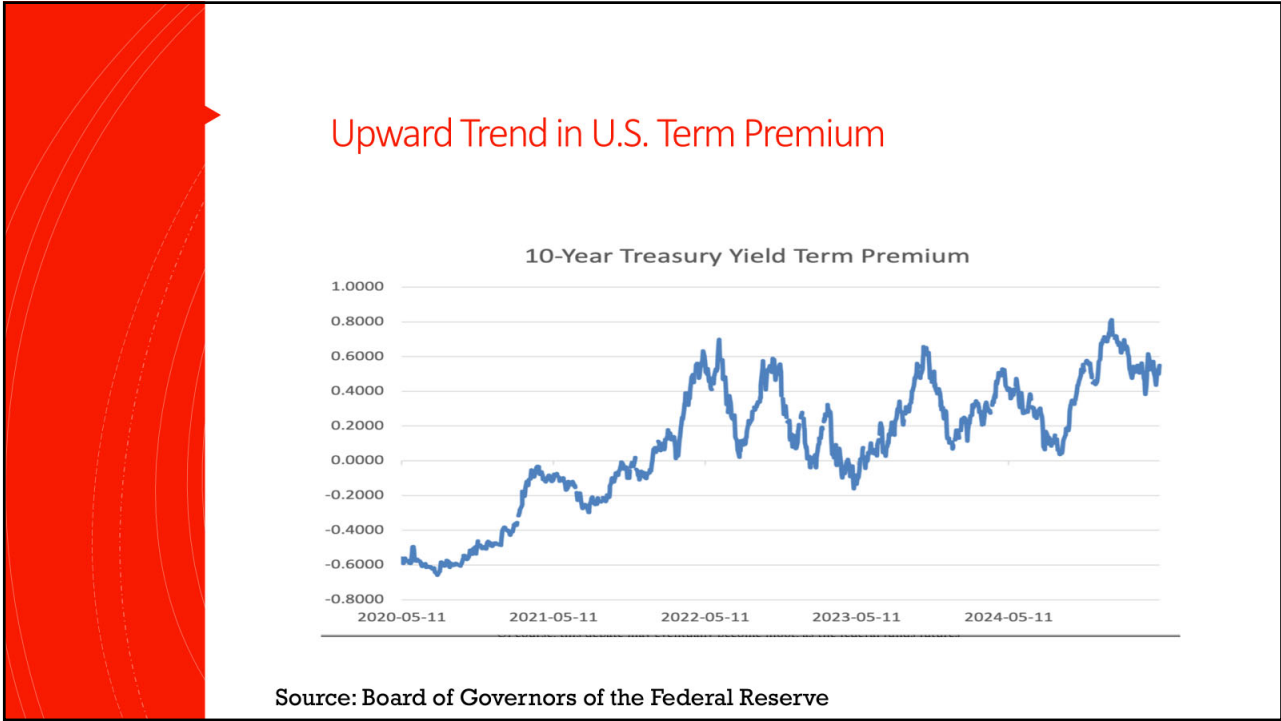
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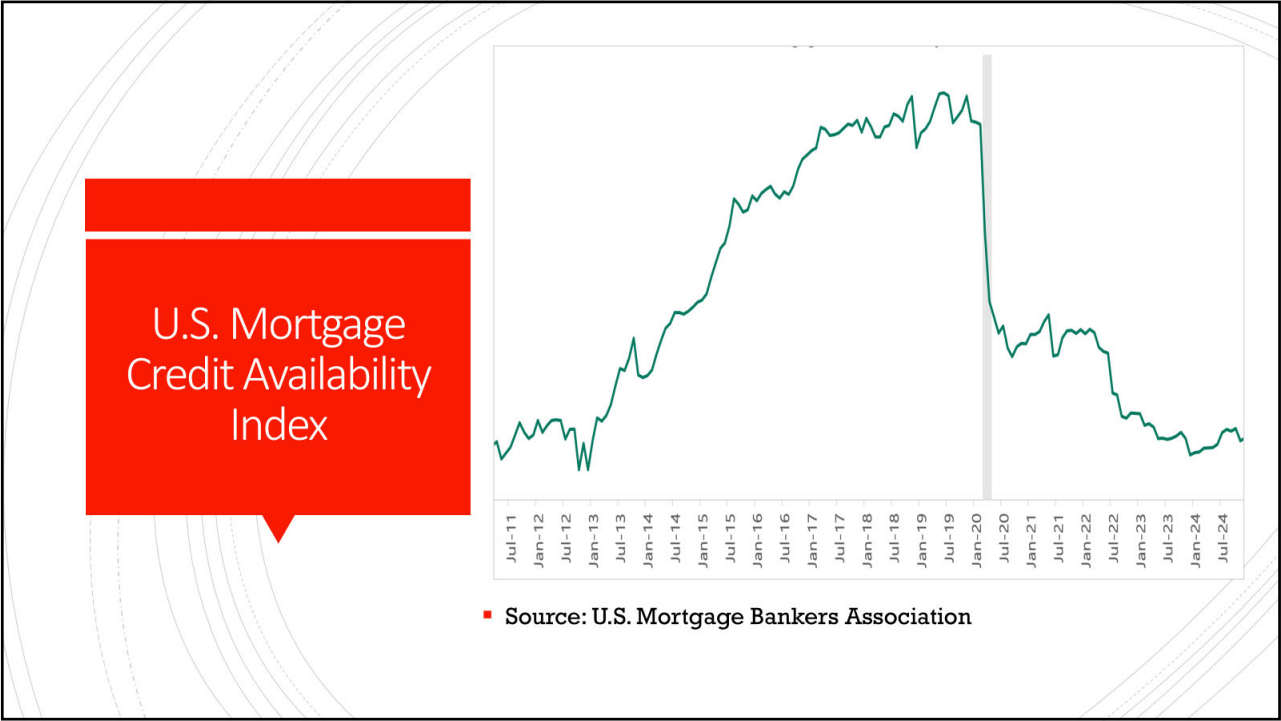
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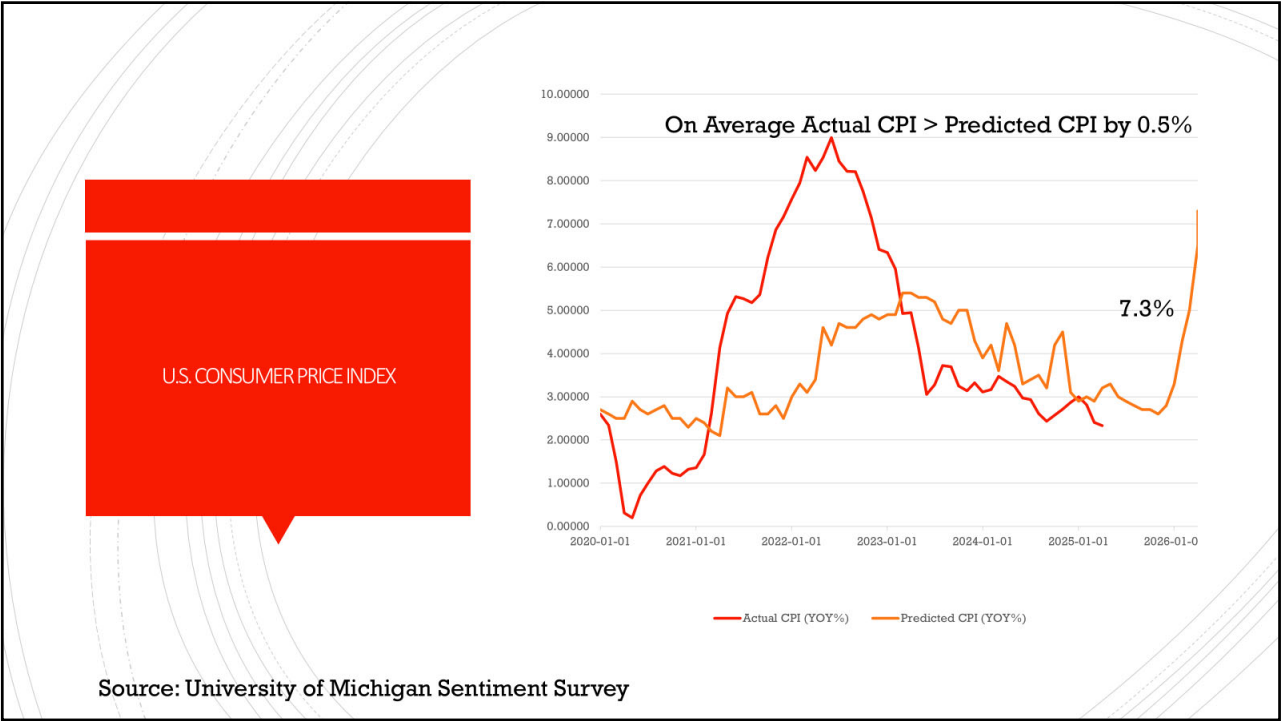
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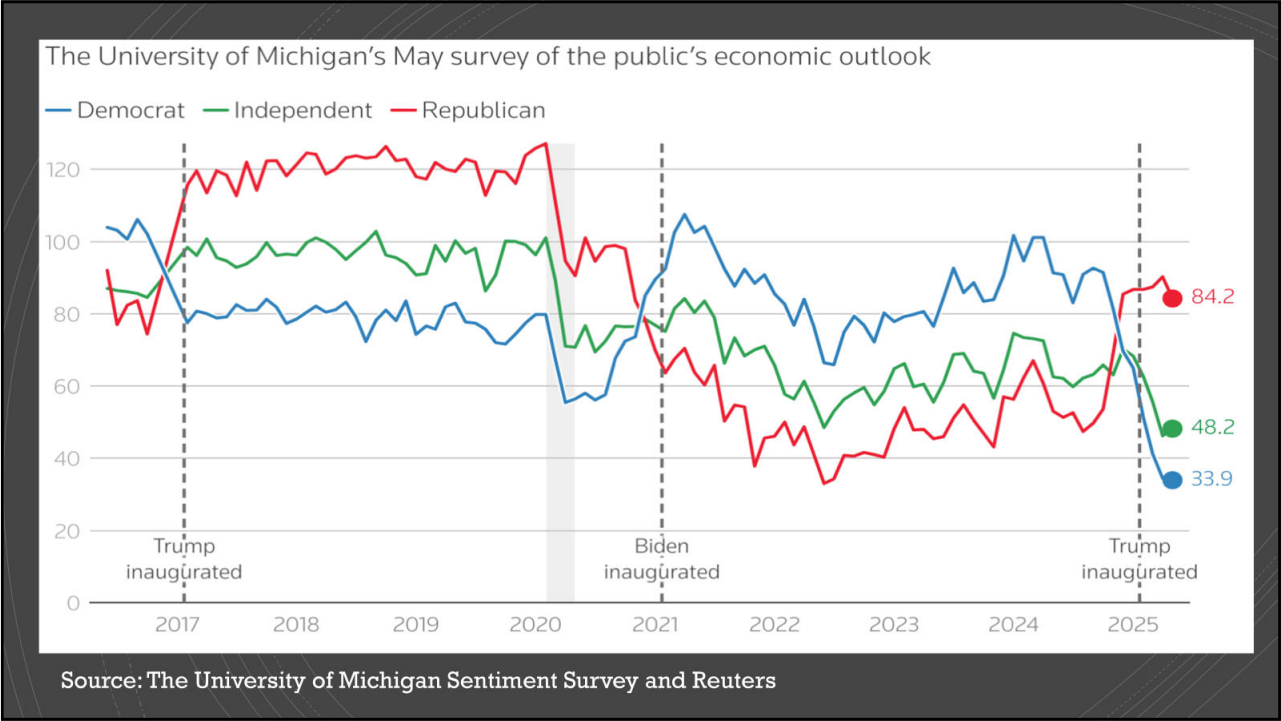
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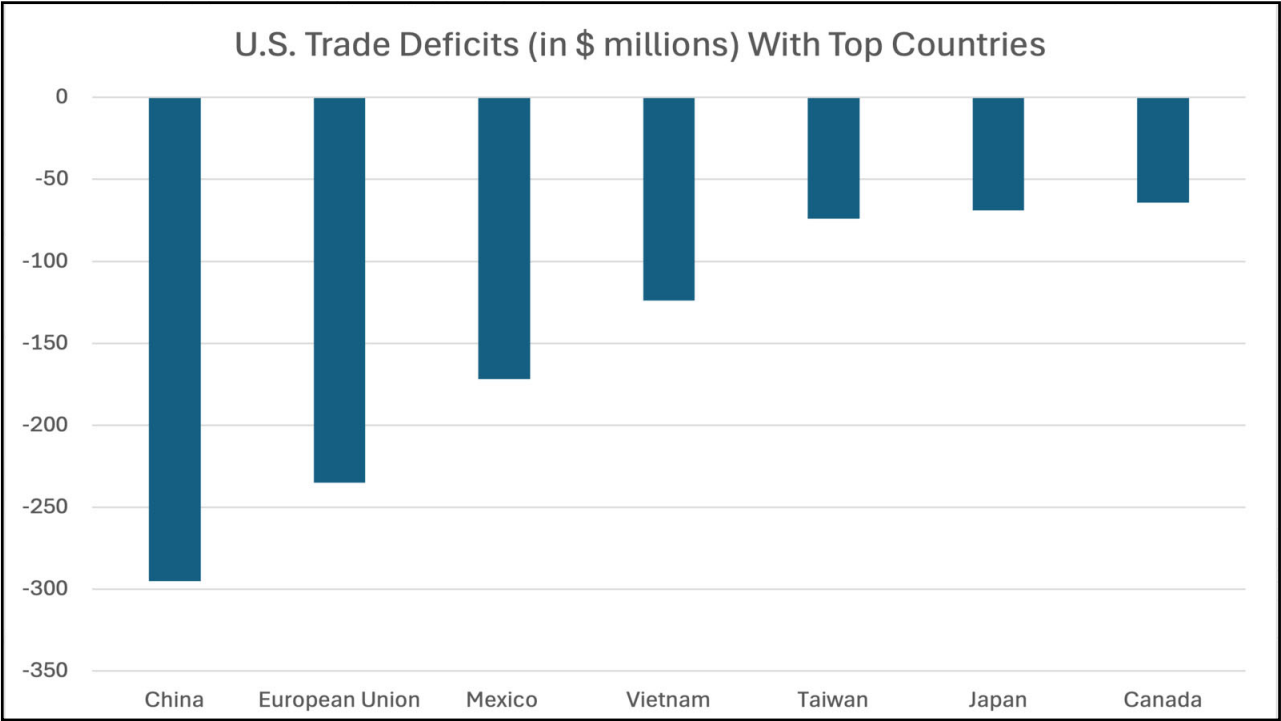
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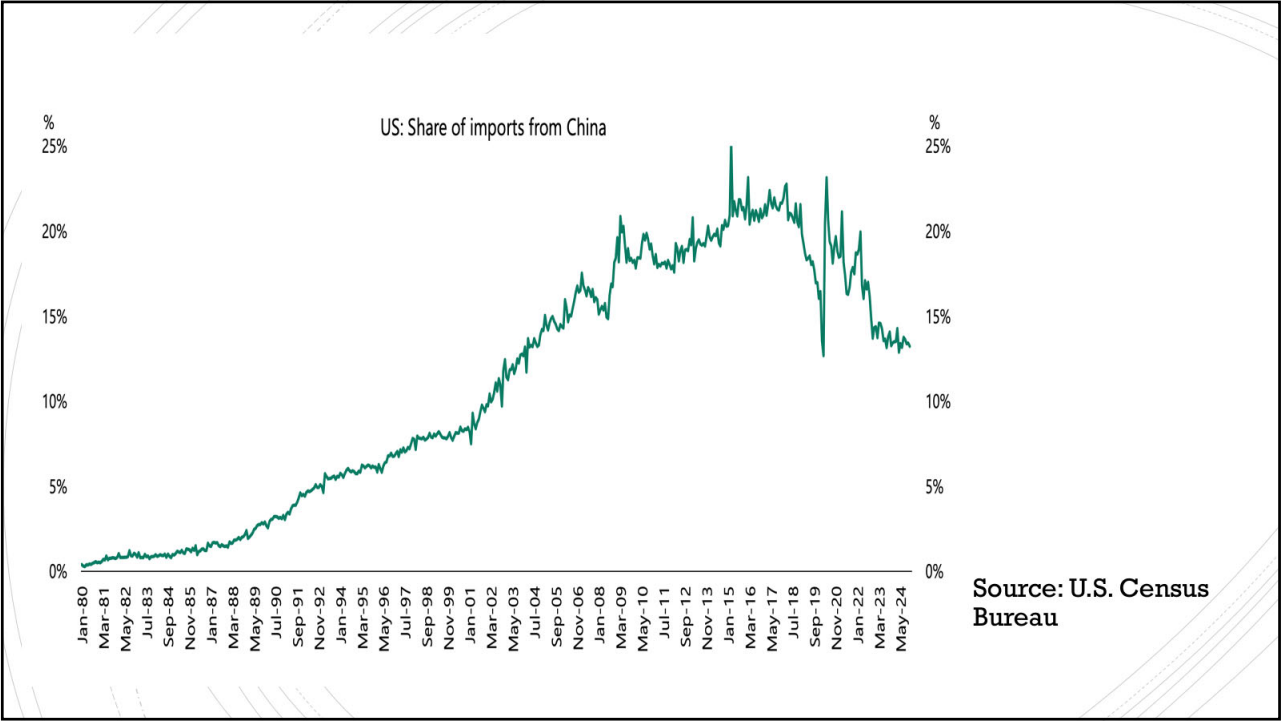
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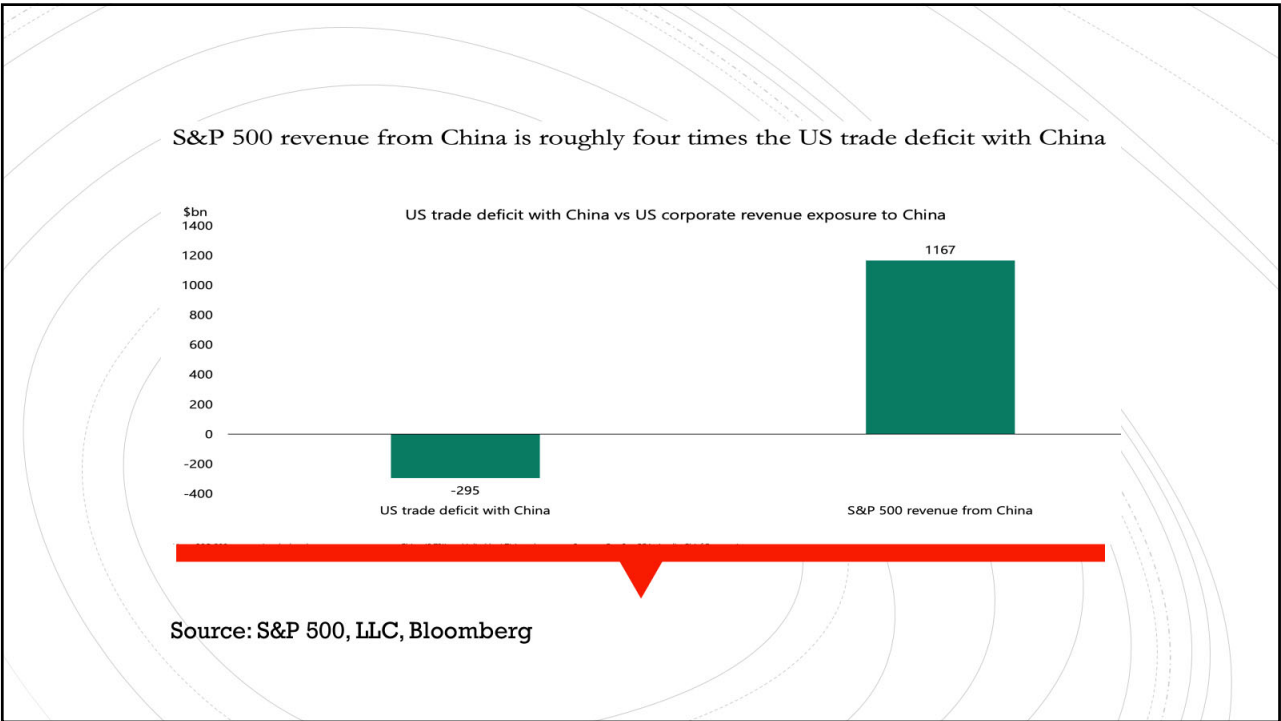
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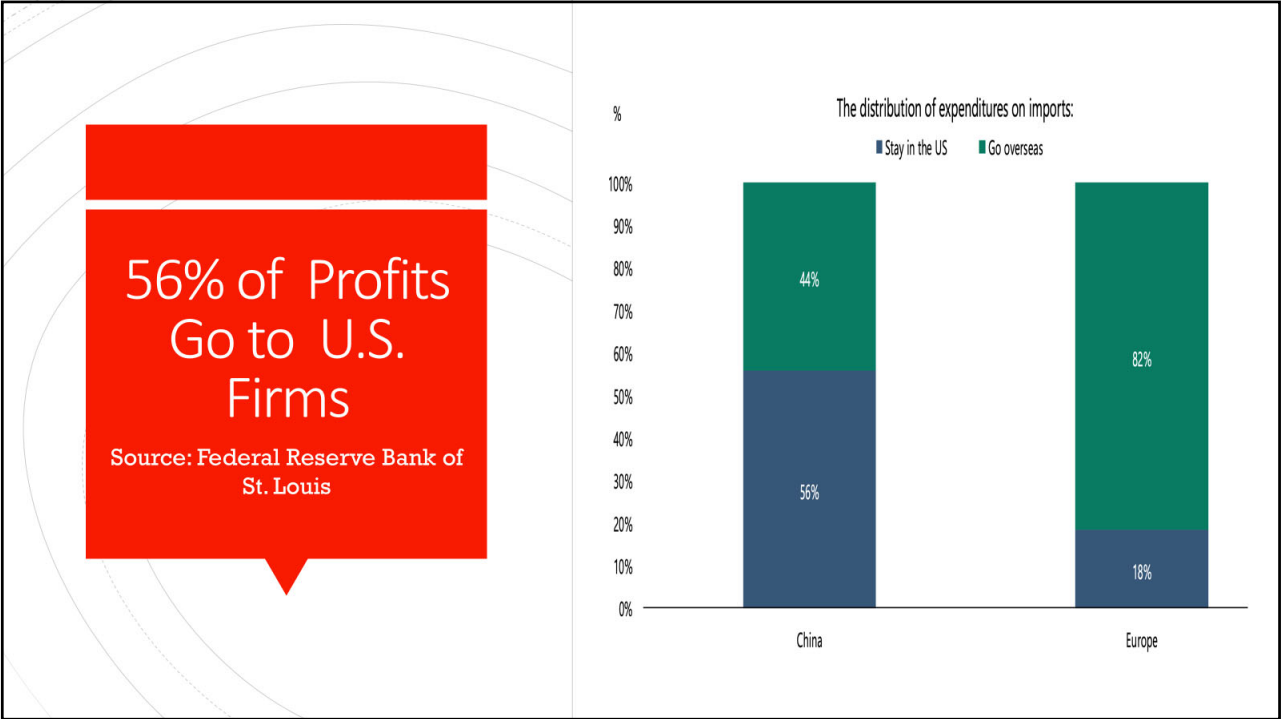
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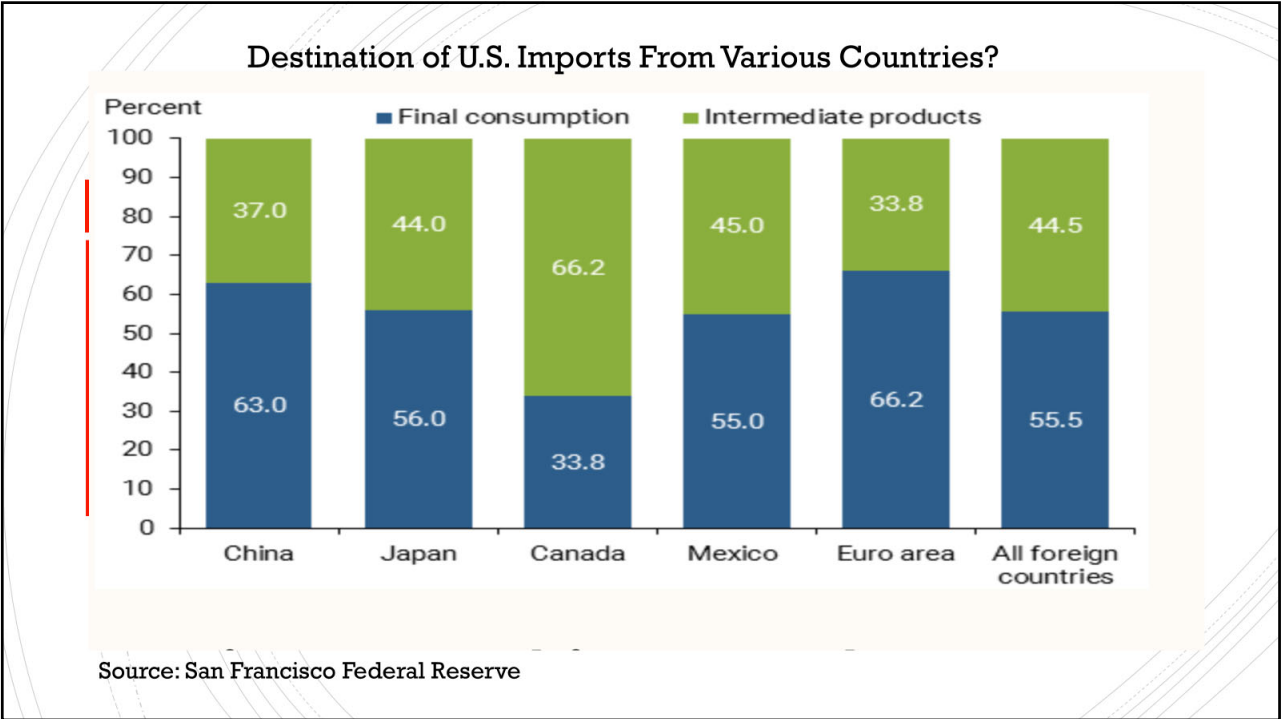
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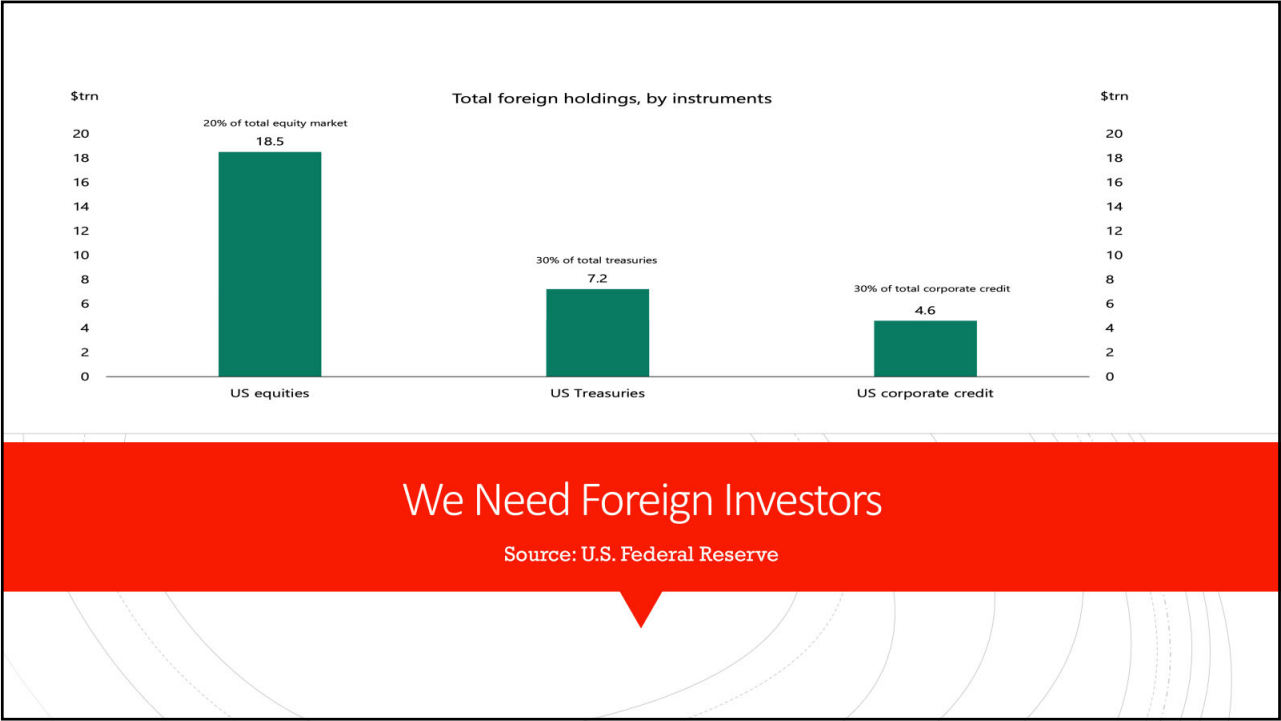
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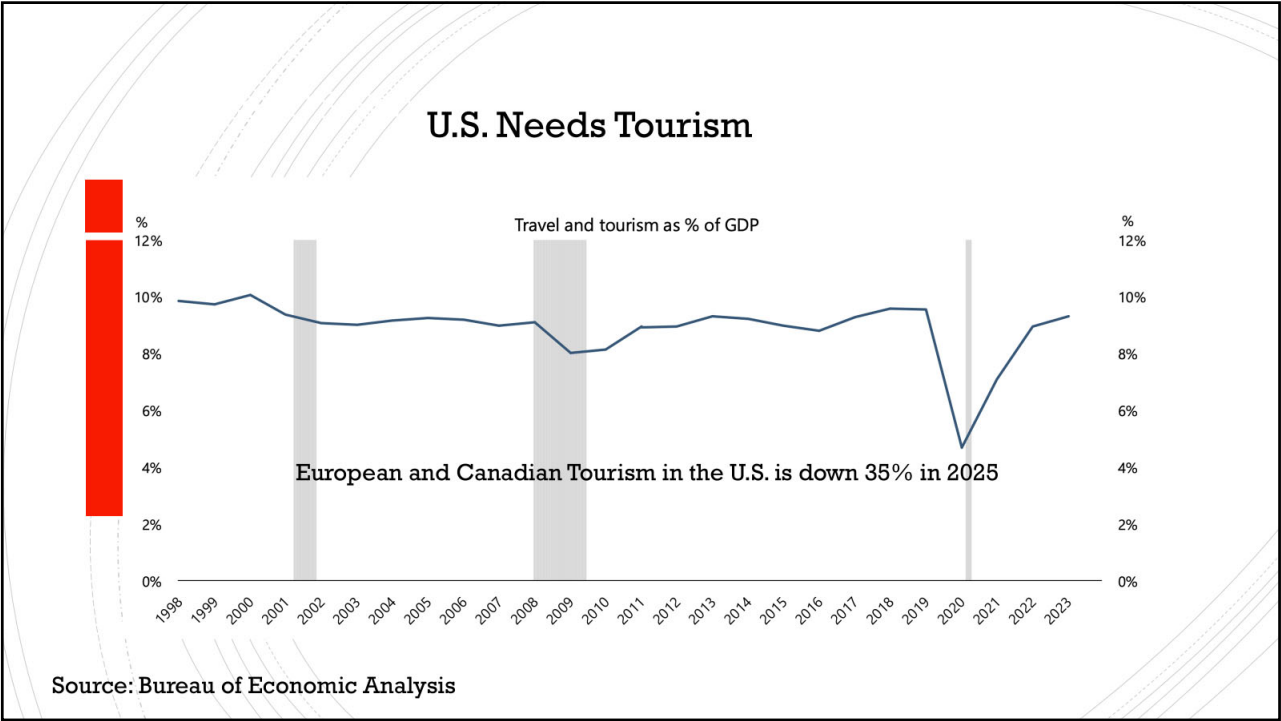
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Summary and Conclusions

Global Uncertainty: Are Tariffs Legal or Not?

Is TACO a Brilliant Negotiation Strategy or a Sign of Weakness?

The Situation Remains Fluid

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YEARS
1949-2024
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