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of Management

ECONOMIC OUTLOOK LUNCHEON

PRESENTED BY  PNC BANK

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Welcome



Karthik Kannan
Dean
Eller College of Management

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

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Welcome



Mark Mistler
Regional President for Tucson and Southern Arizona
PNC Bank



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Our world



Gus Faucher
Chief Economist
PNC Bank




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

Economic Outlook

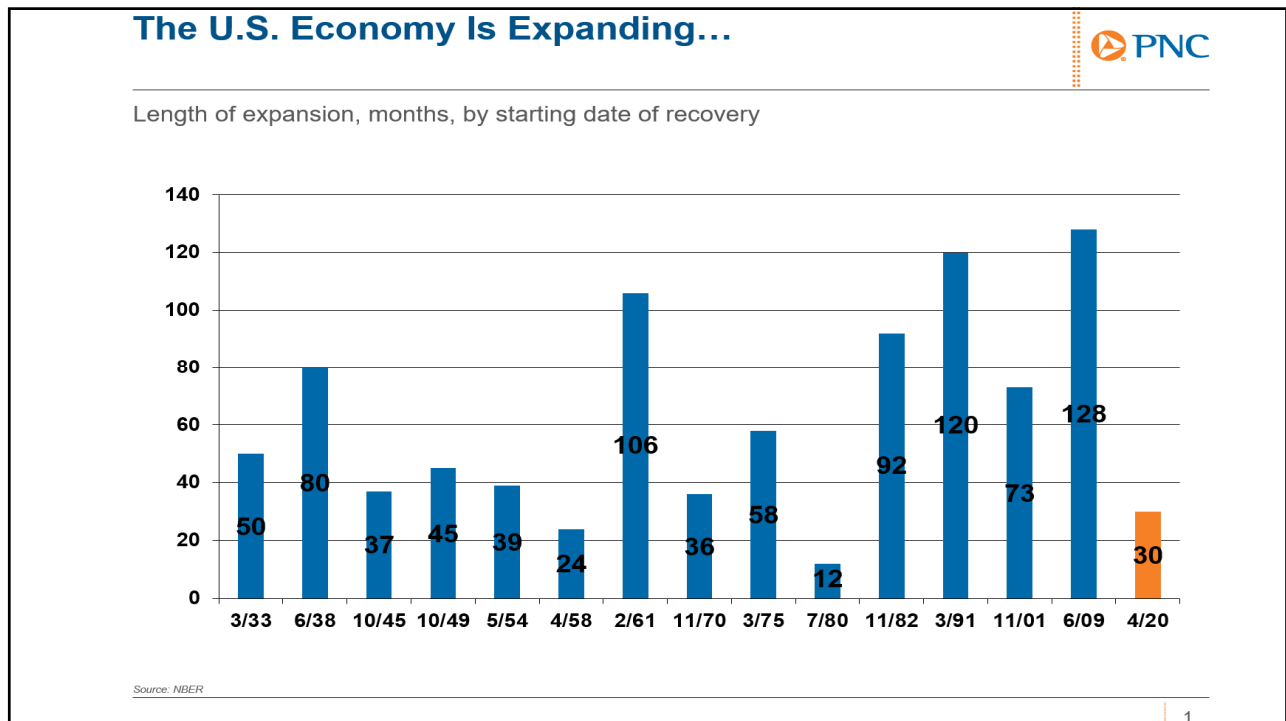
Mild Recession Is Most Likely 2023 Outcome as Fed Continues to Aggressively Tighten

Augustine Faucher
Chief Economist
The PNC Financial Services Group

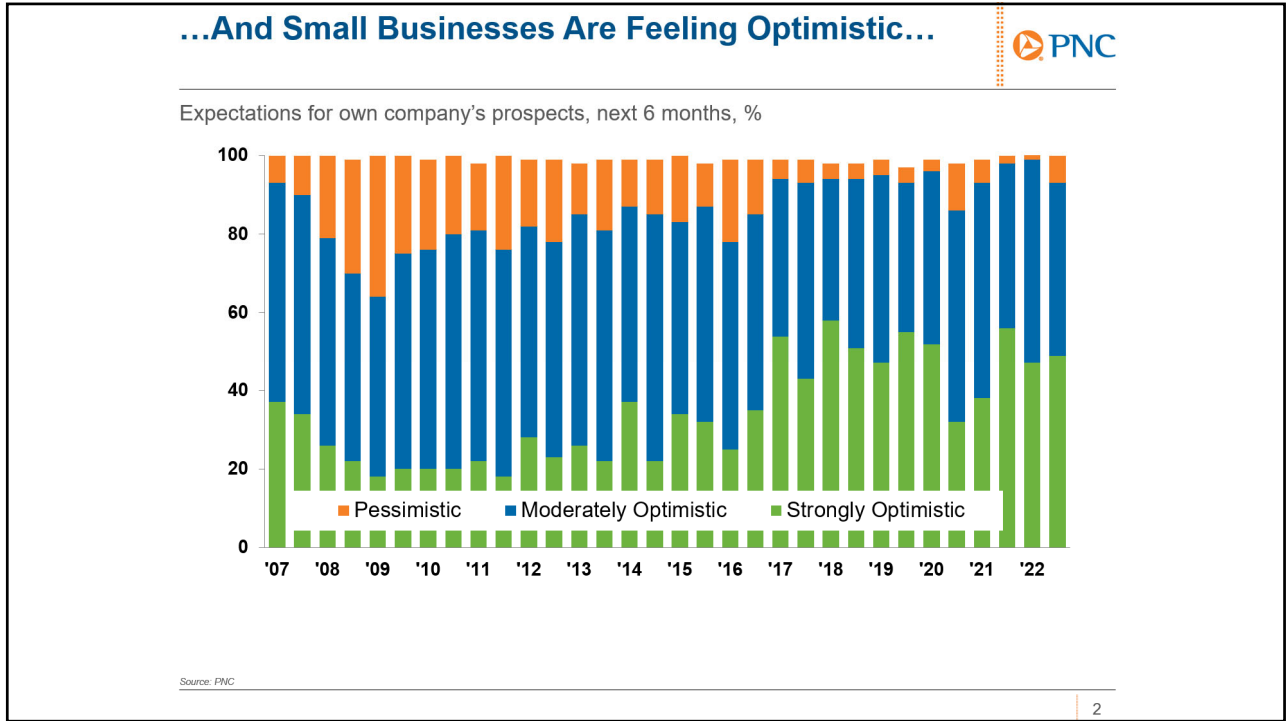
2022 Economic Outlook Luncheon
Westin La Paloma Resort and Spa, Tucson
December 9, 2022



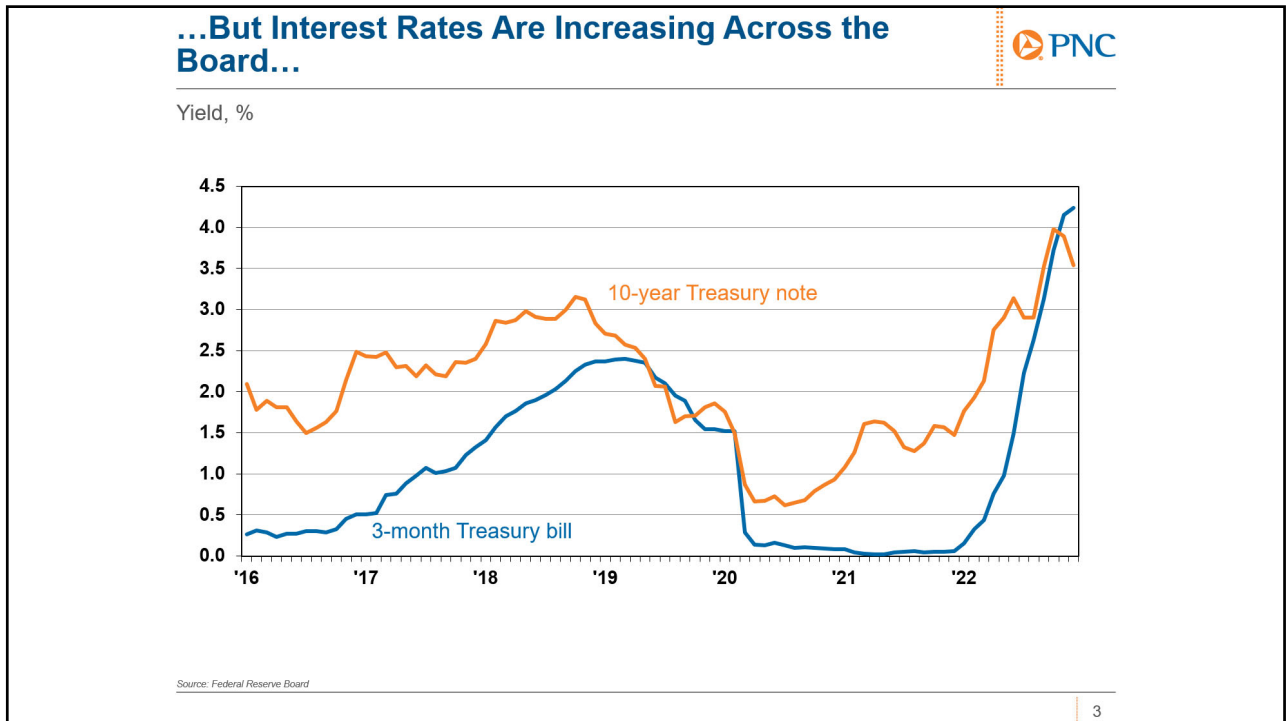
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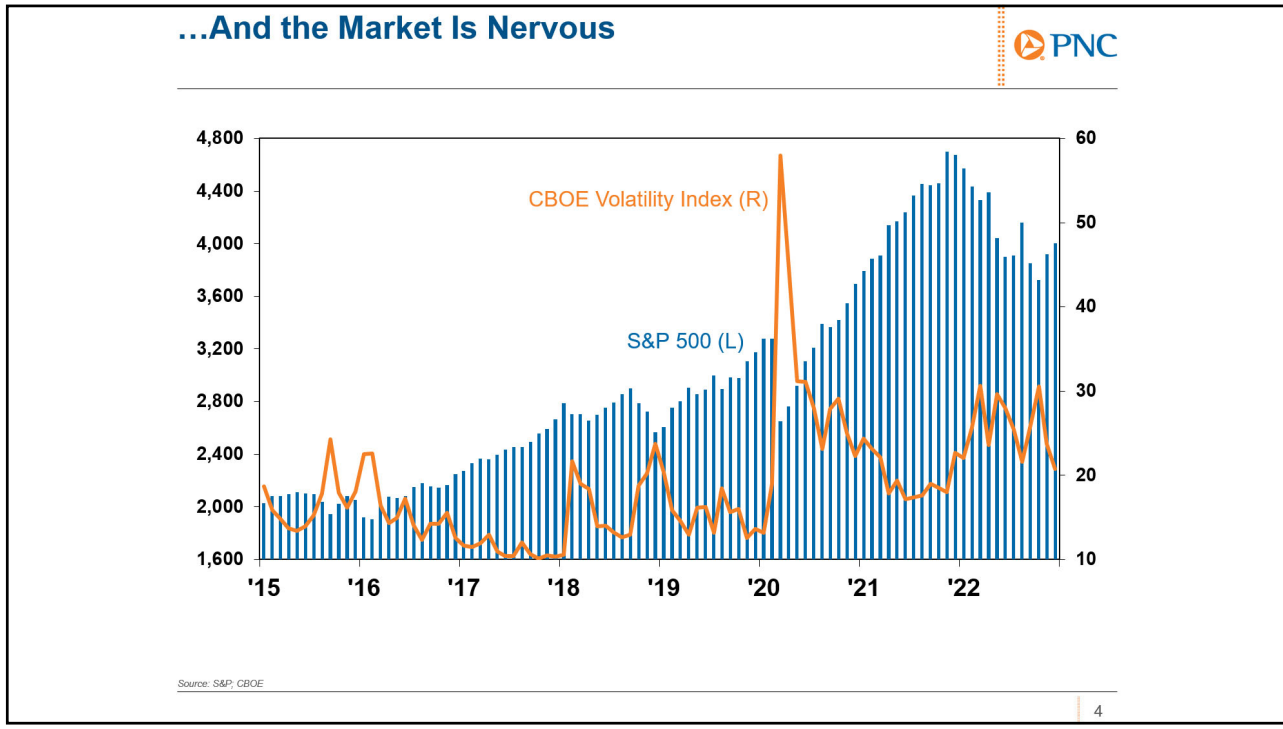


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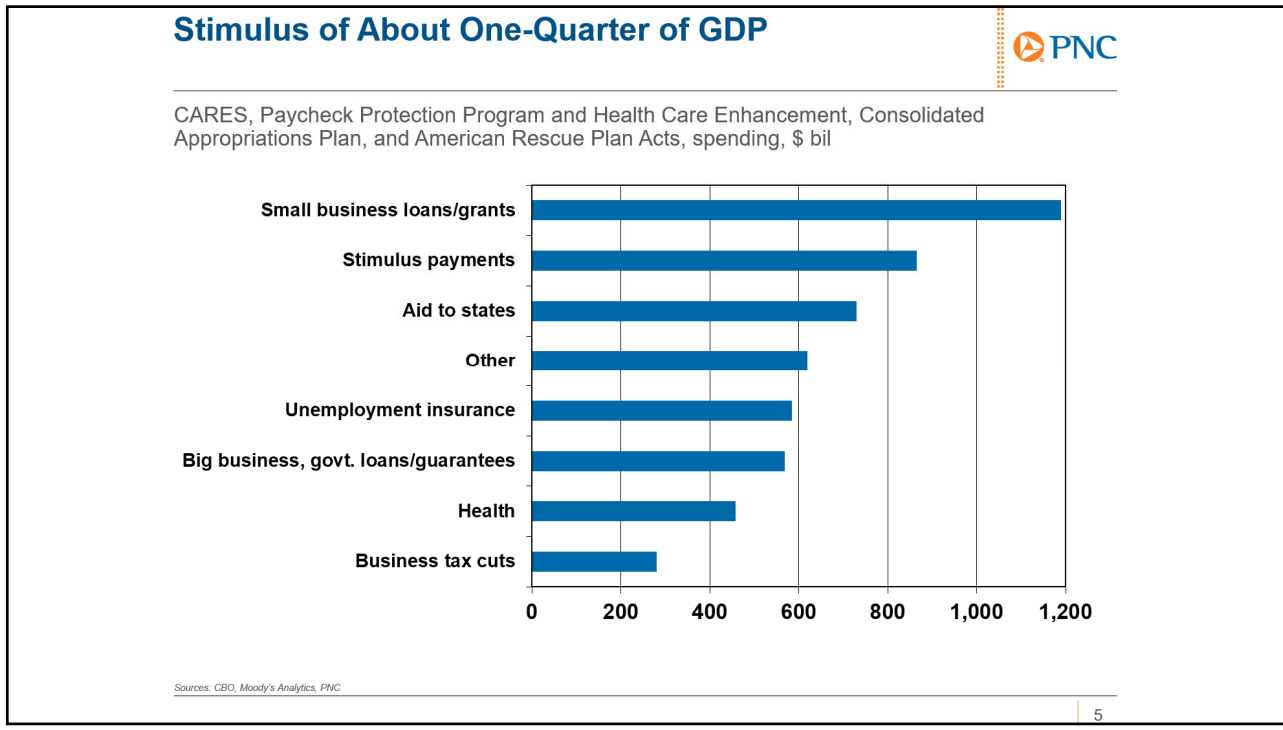


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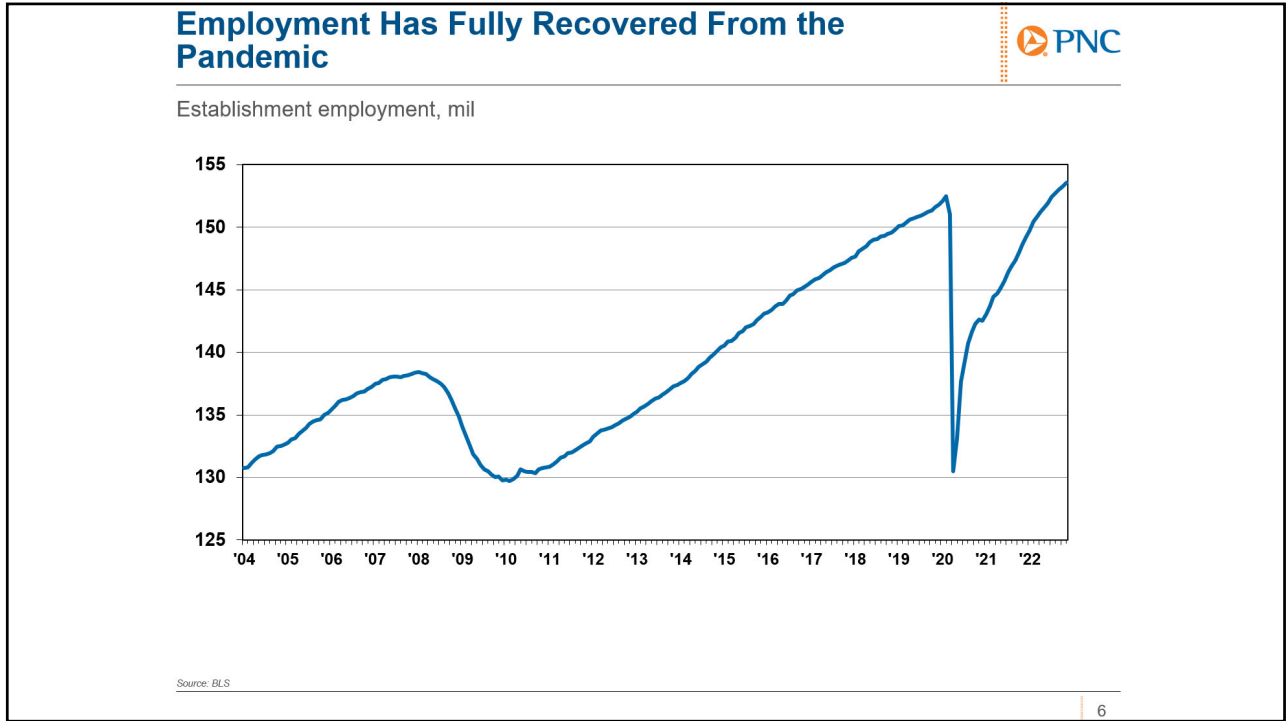


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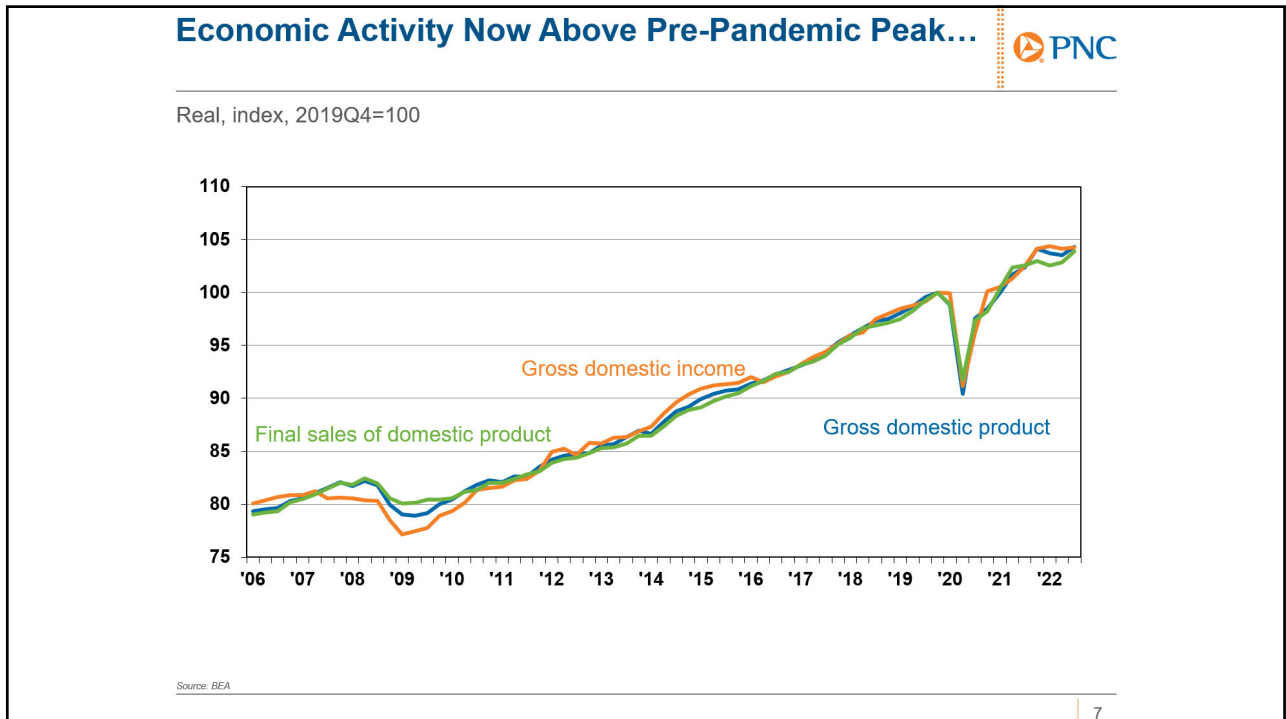


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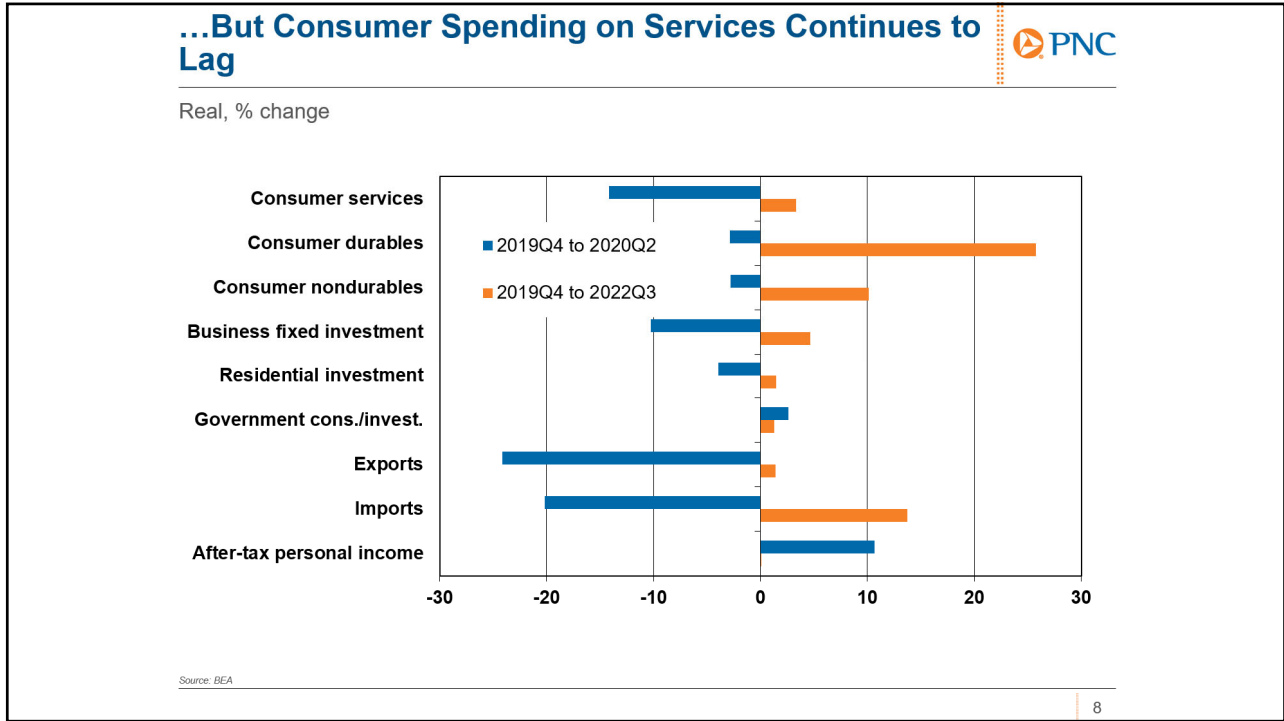
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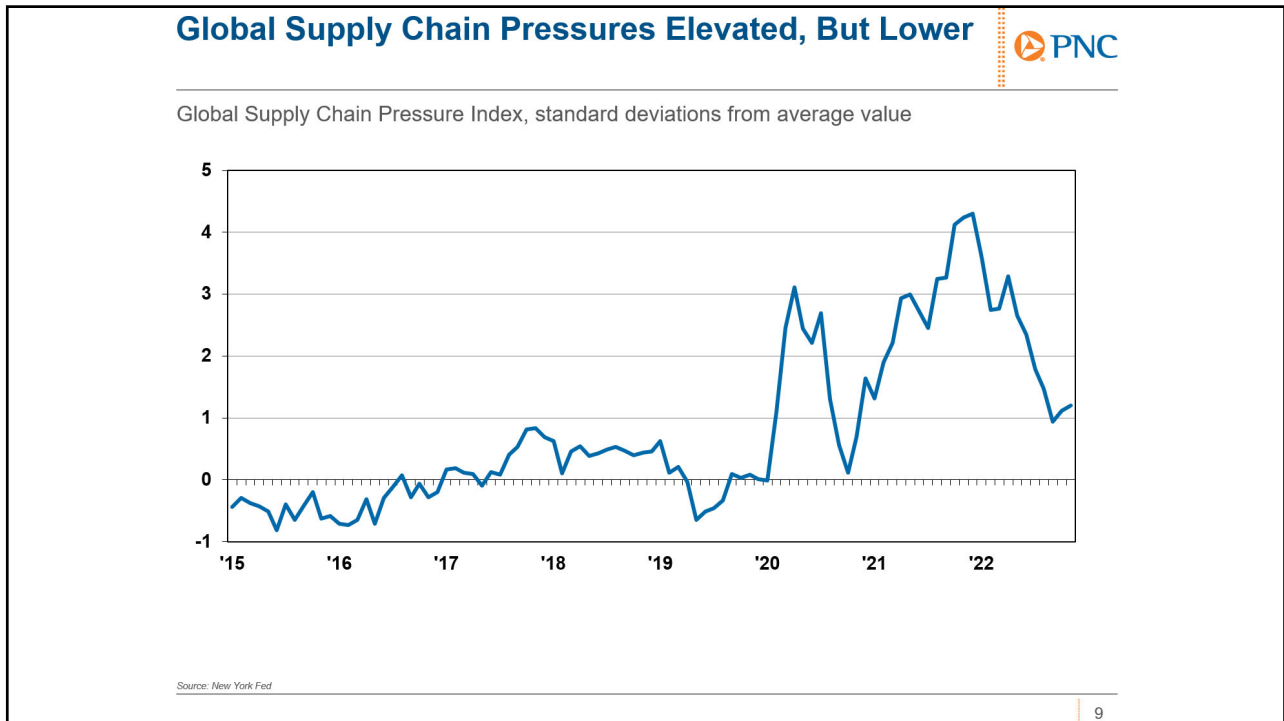
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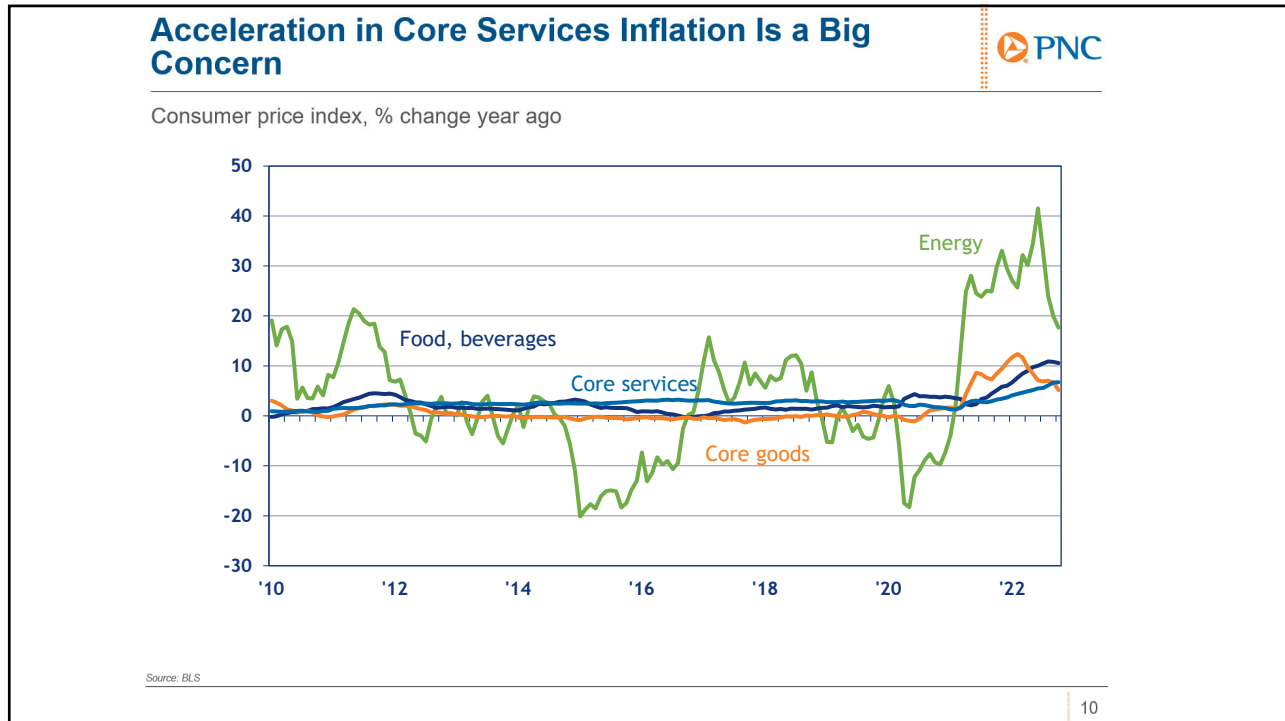
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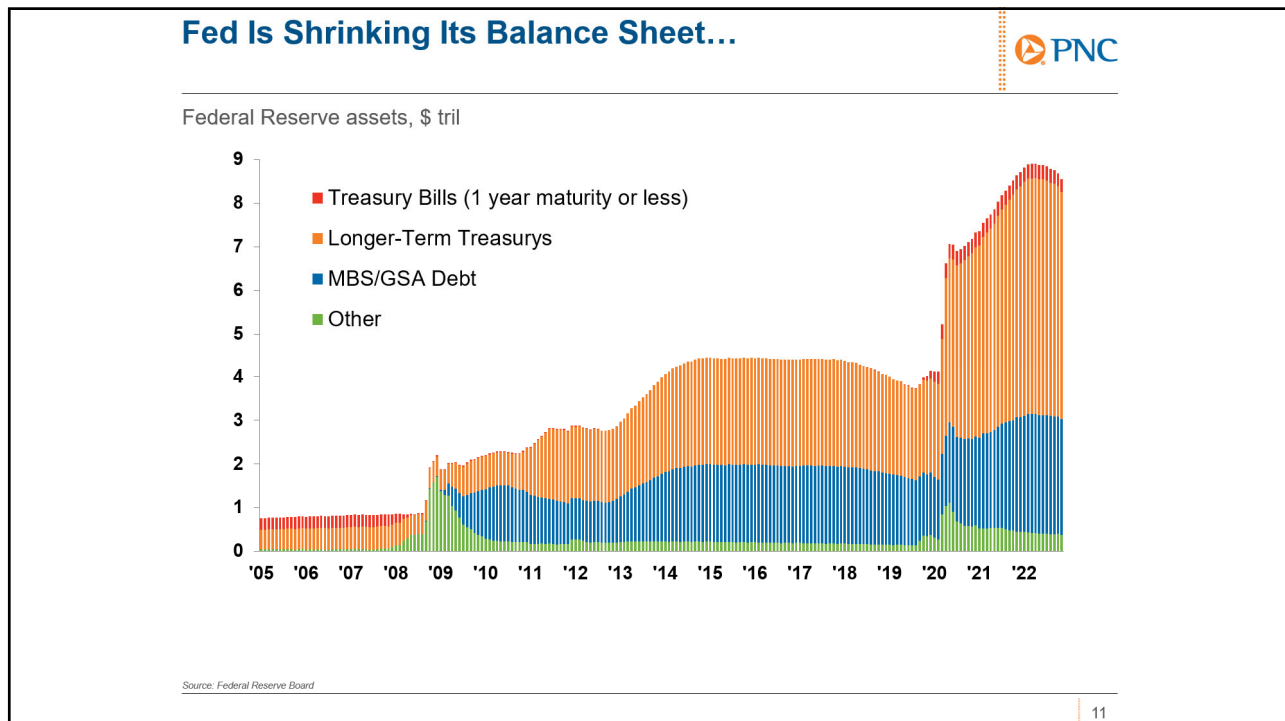
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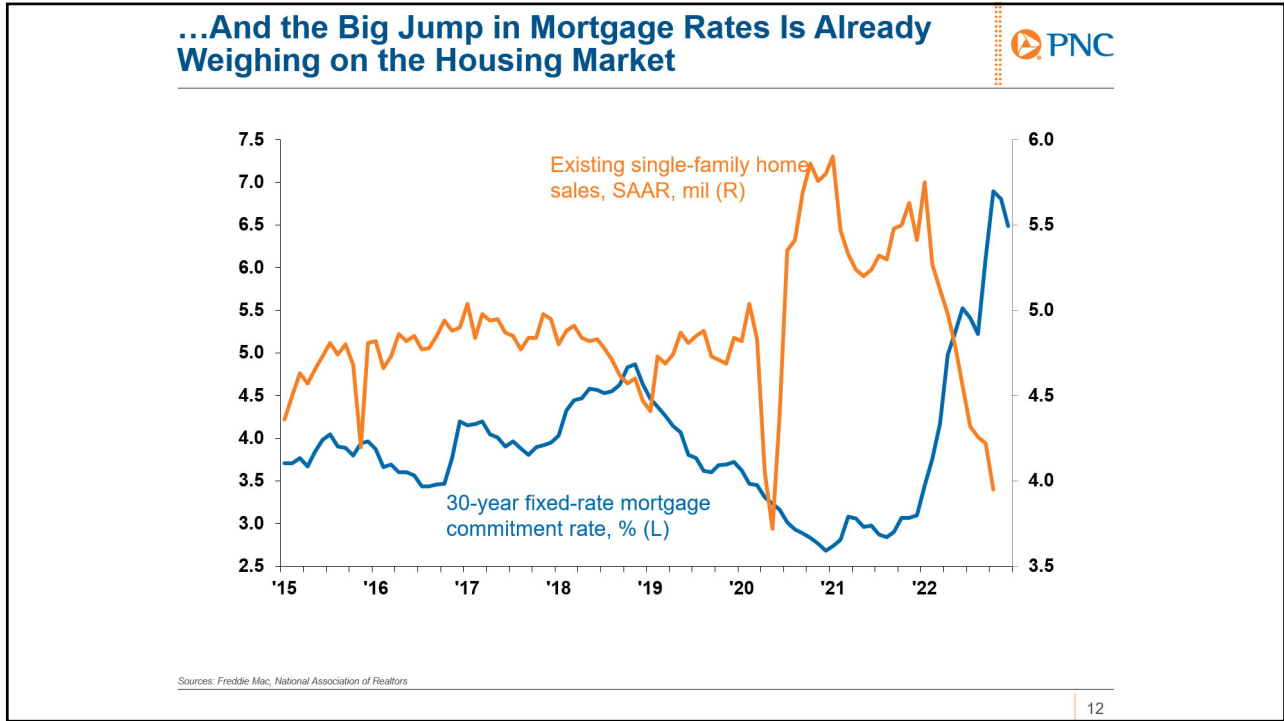
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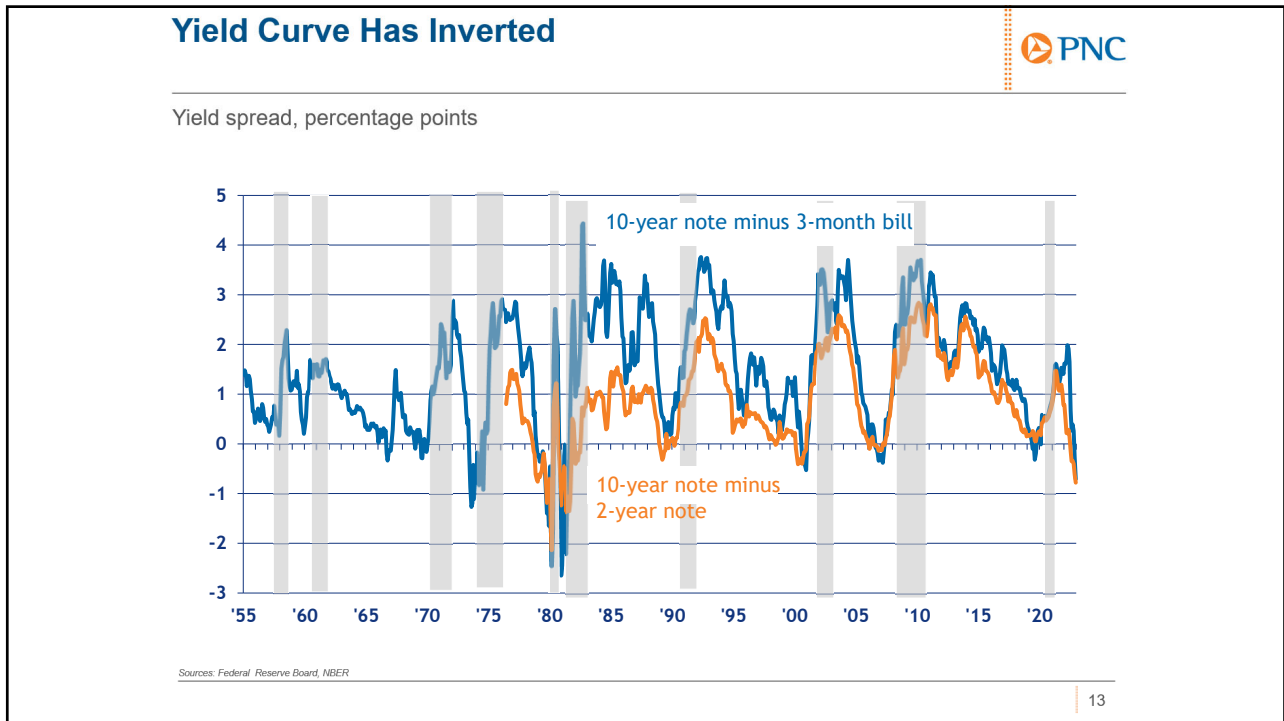
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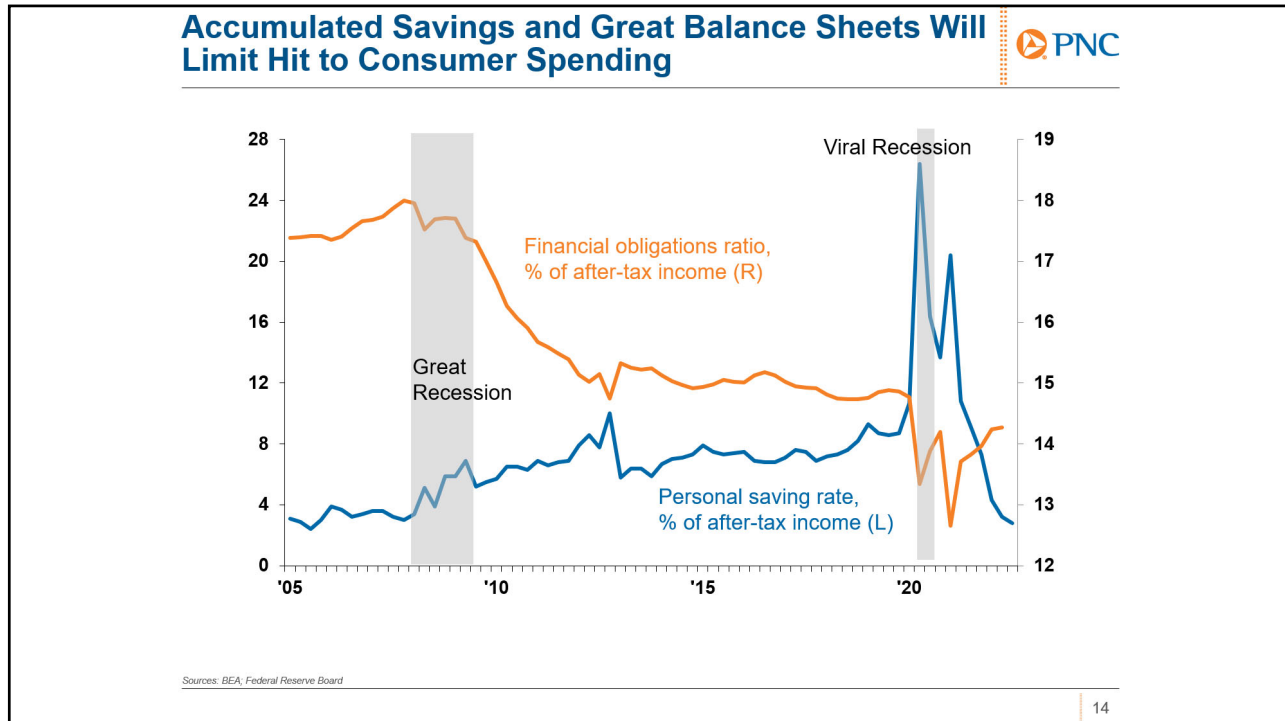
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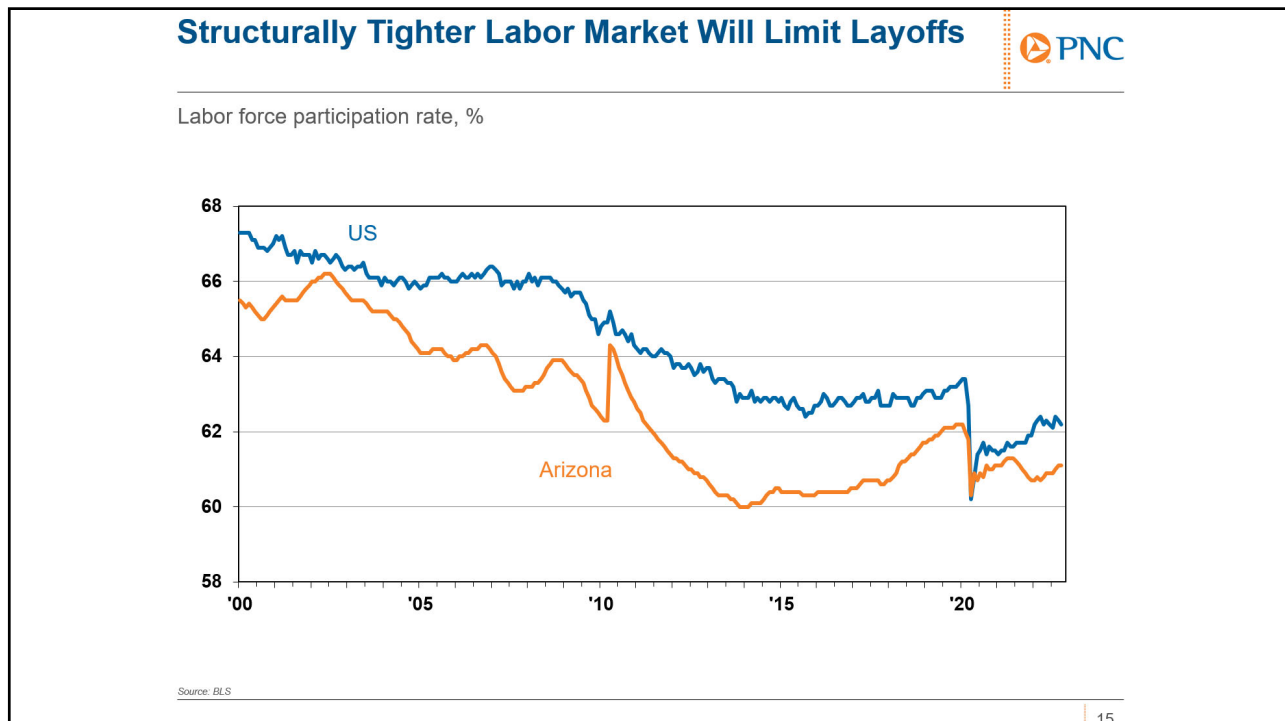
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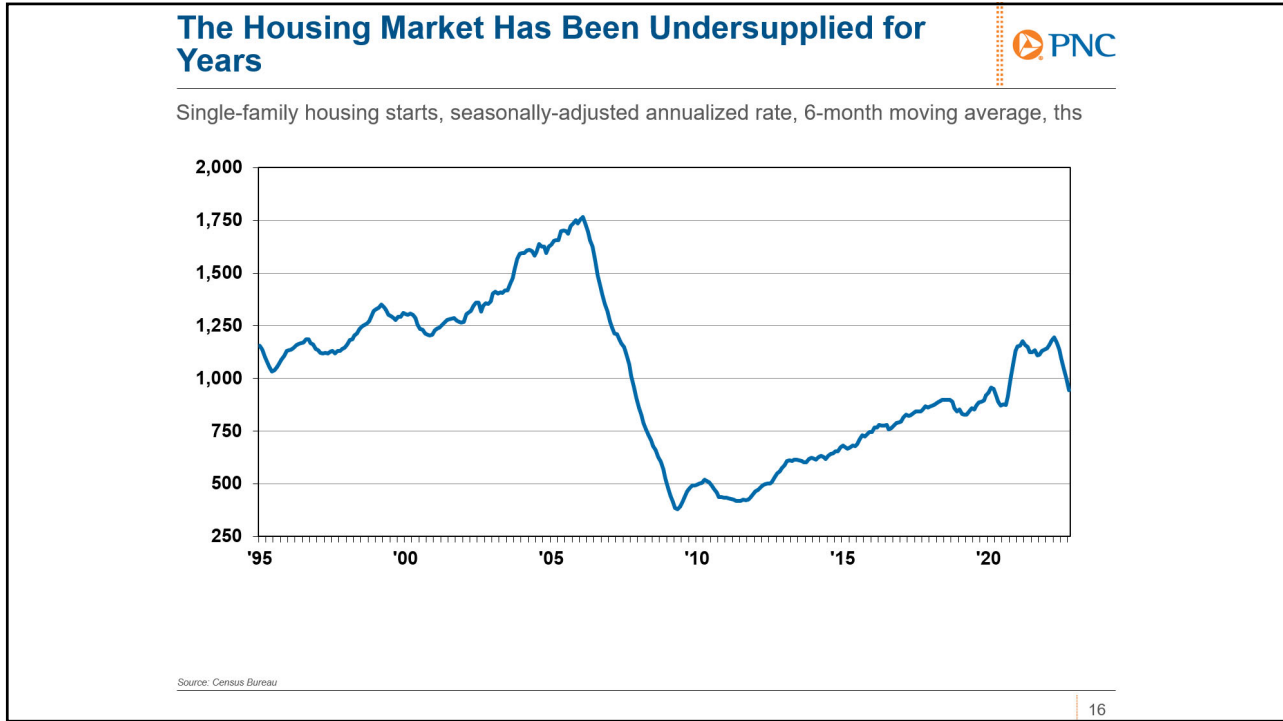
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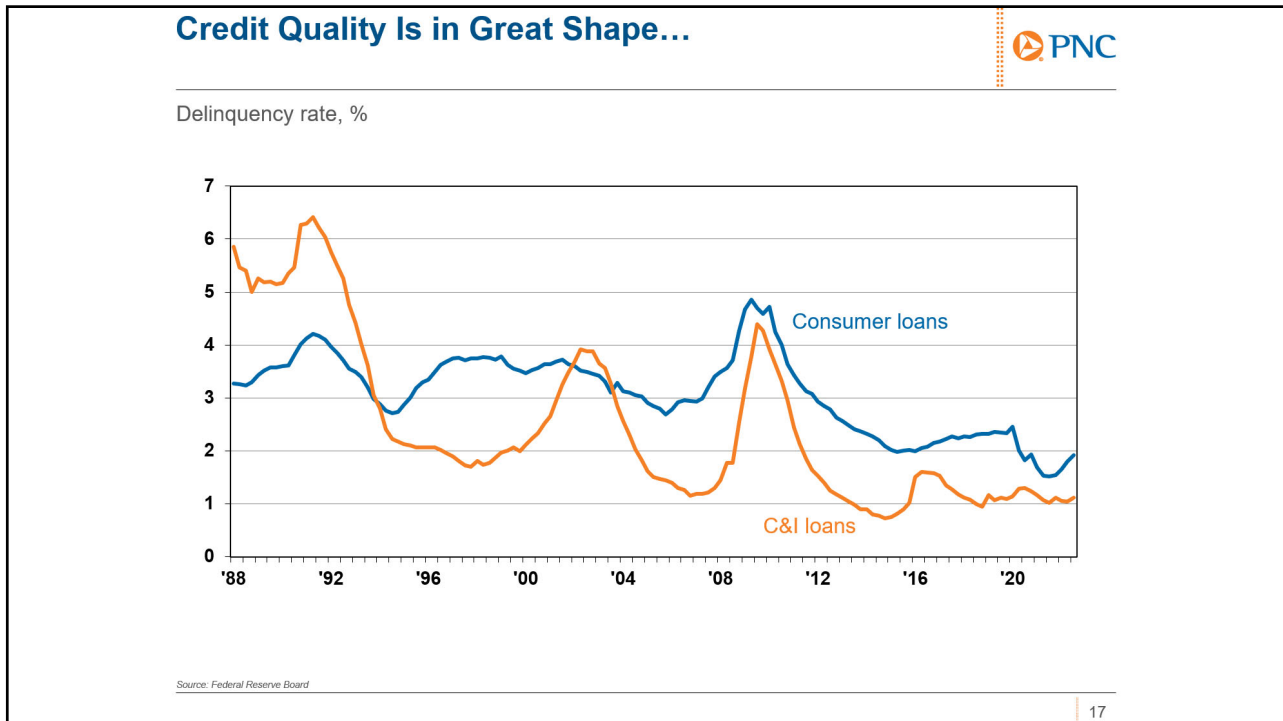
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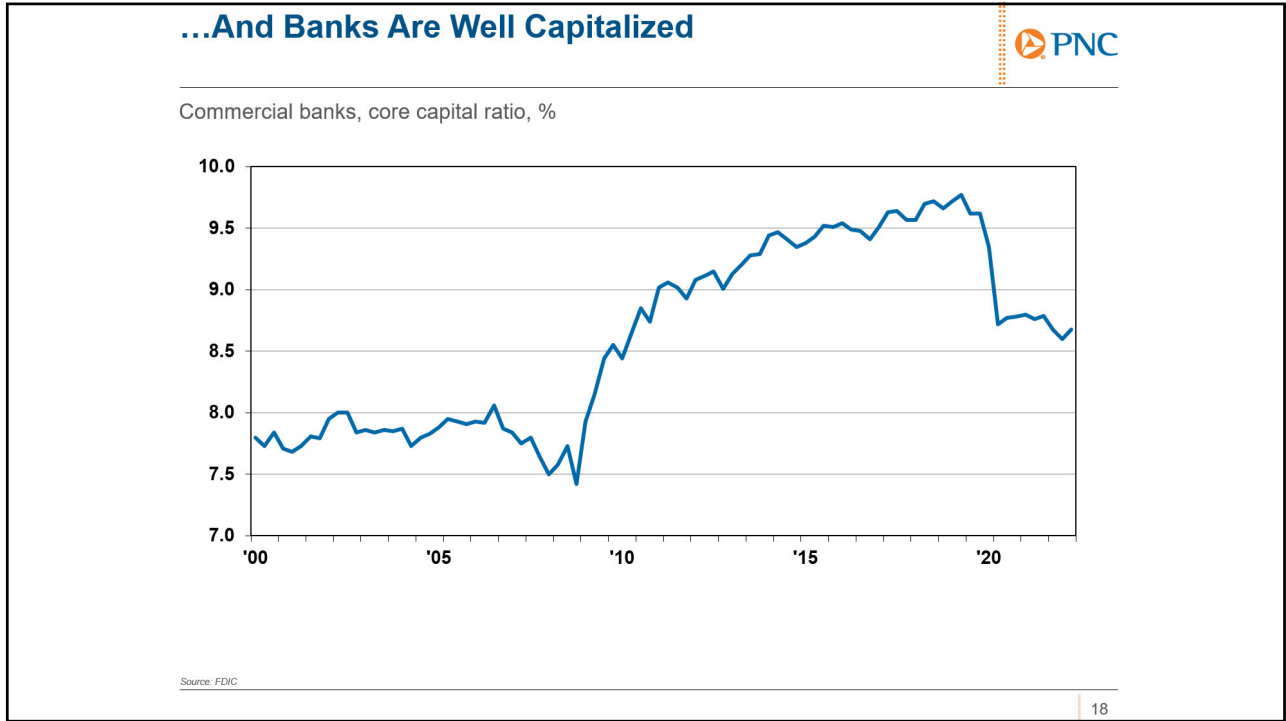
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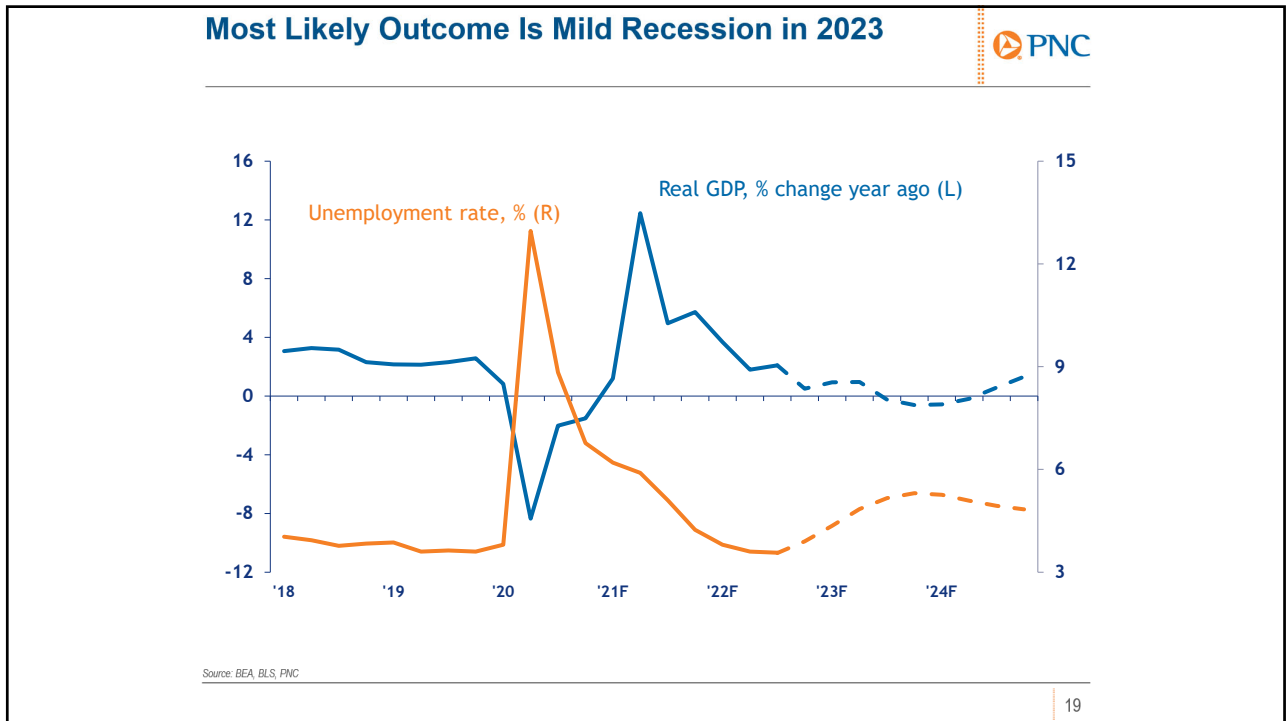
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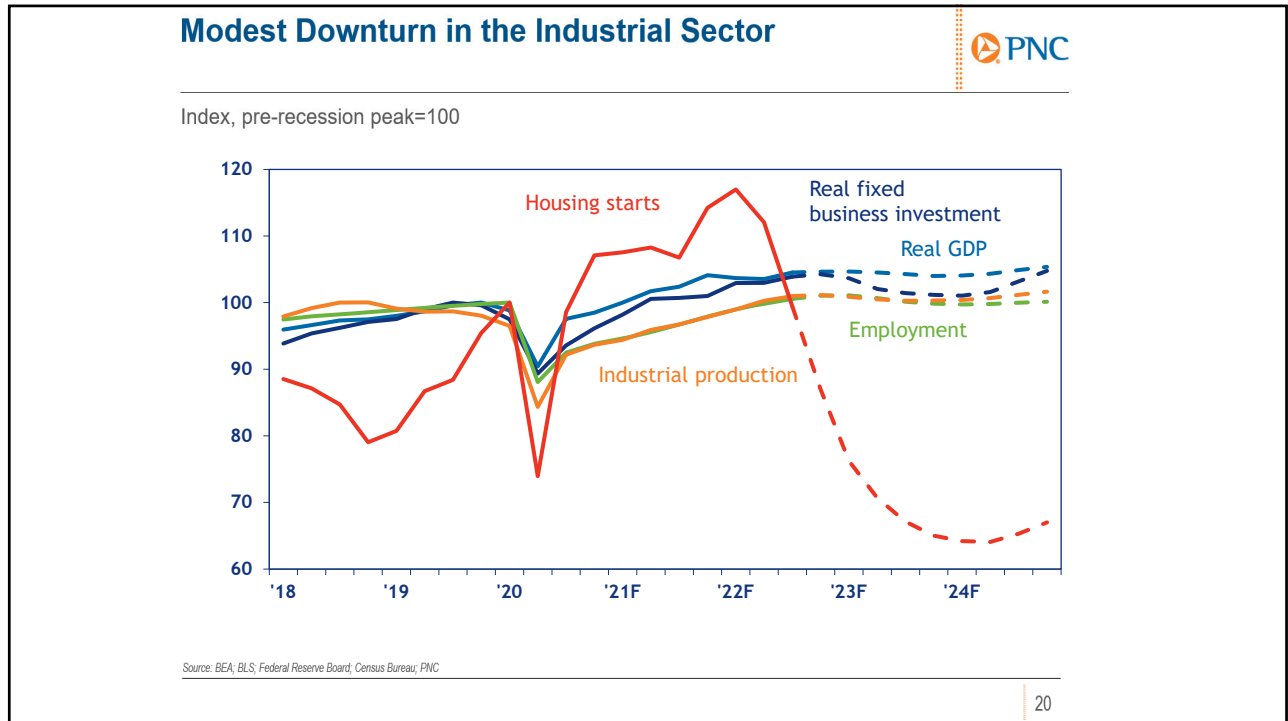


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 Economic and Business Research Center
 ghammond@eller.arizona.edu



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Economic and Business Research Center
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What I'm Pretty Sure About




- Very steep recession in 2020
- Not in recession now
- Fed will do what's necessary
- Structural shifts
 - Retail, supply chains, commercial real estate

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Open Questions




- Recession not inevitable
- What happens with inflation
- Russia/Ukraine
- Path of pandemic
- Longer-run growth
- Housing market

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Q&A



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Economic and Business Research Center
ghammond@eller.arizona.edu




Our region



George Hammond
Director
Economic and Business Research Center


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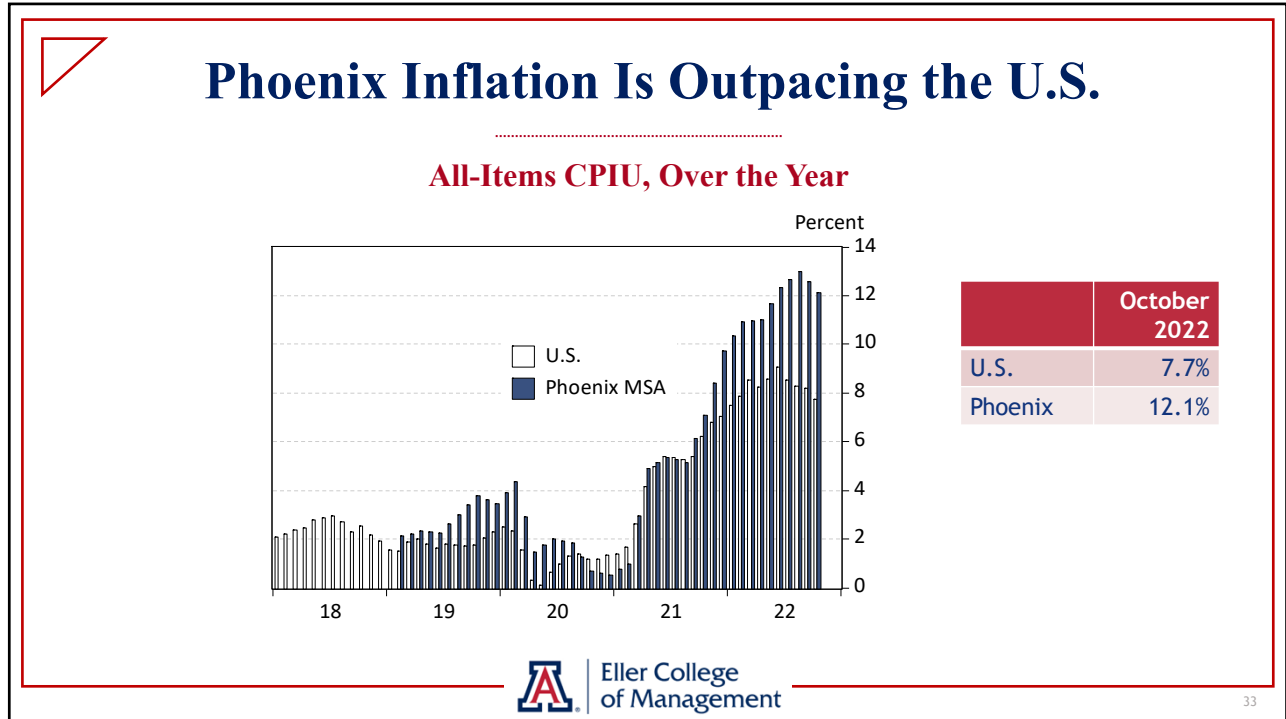
Key Topics

- ▶ **Phoenix inflation shows early signs of deceleration**
 - ▶ But prices are still rising much faster than nationally
- ▶ **Tucson housing affordability dismal again**
- ▶ **Arizona's unemployment rate is low**
 - ▶ But labor market churn, wage growth, and open jobs are high
 - ▶ Tucson jobs are still recovering
- ▶ **Baseline forecast calls for significantly slower growth in Arizona**
 - ▶ U.S. forecast assumes a mild recession

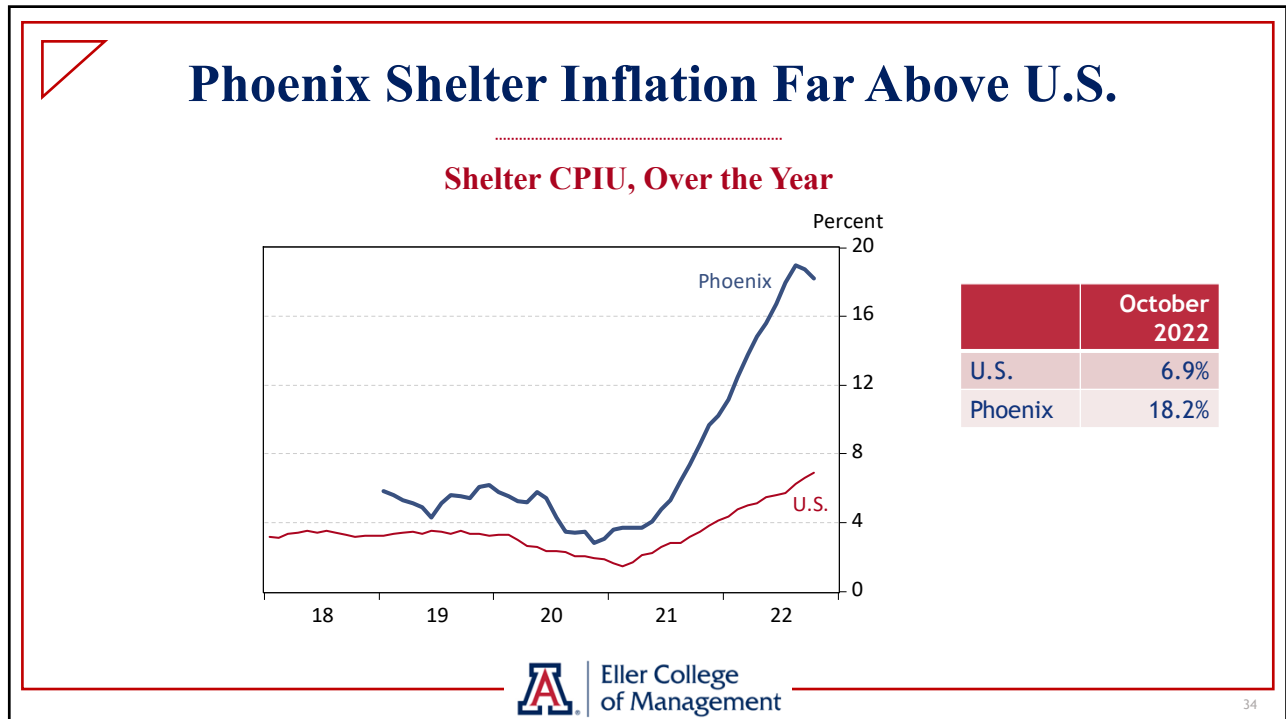
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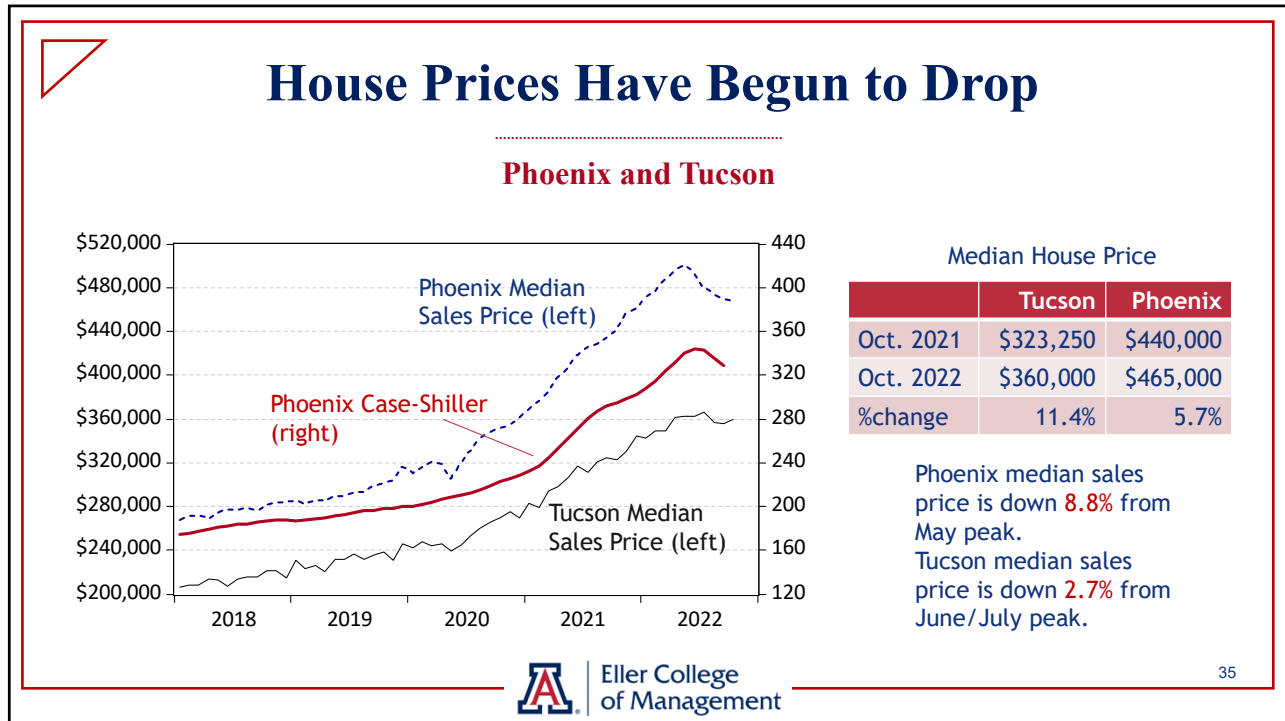
³²
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Economic and Business Research Center
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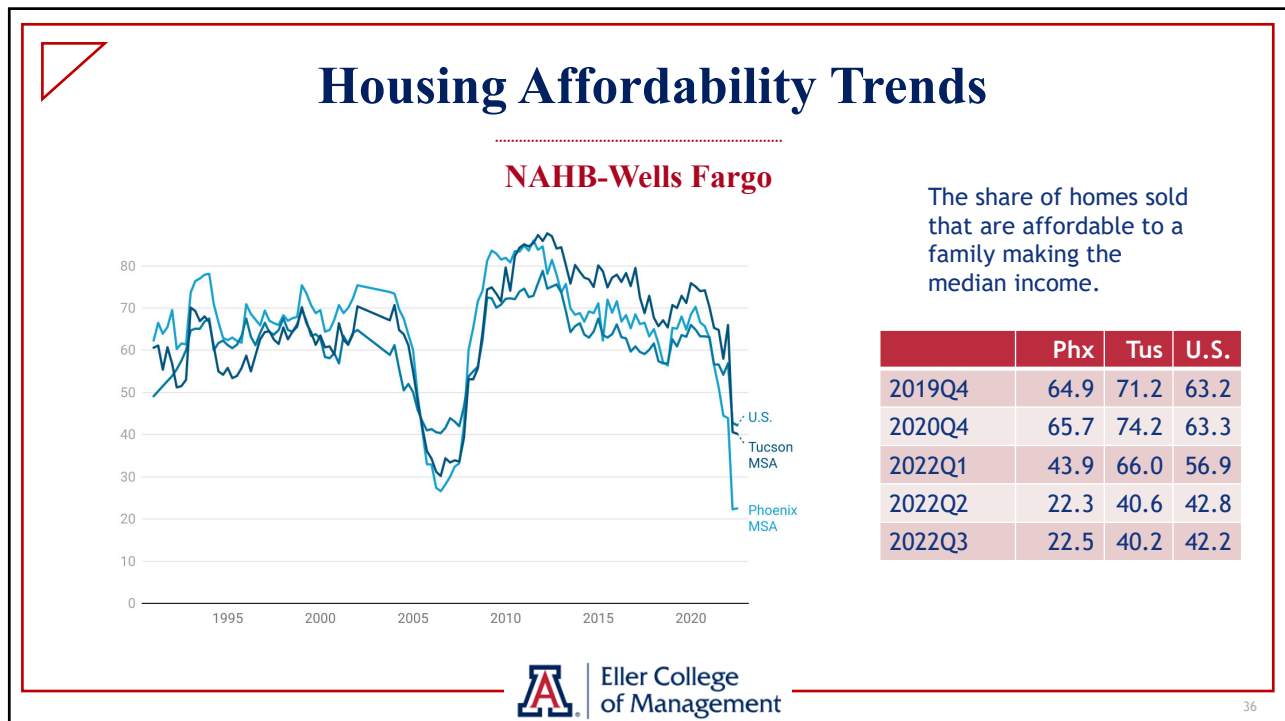
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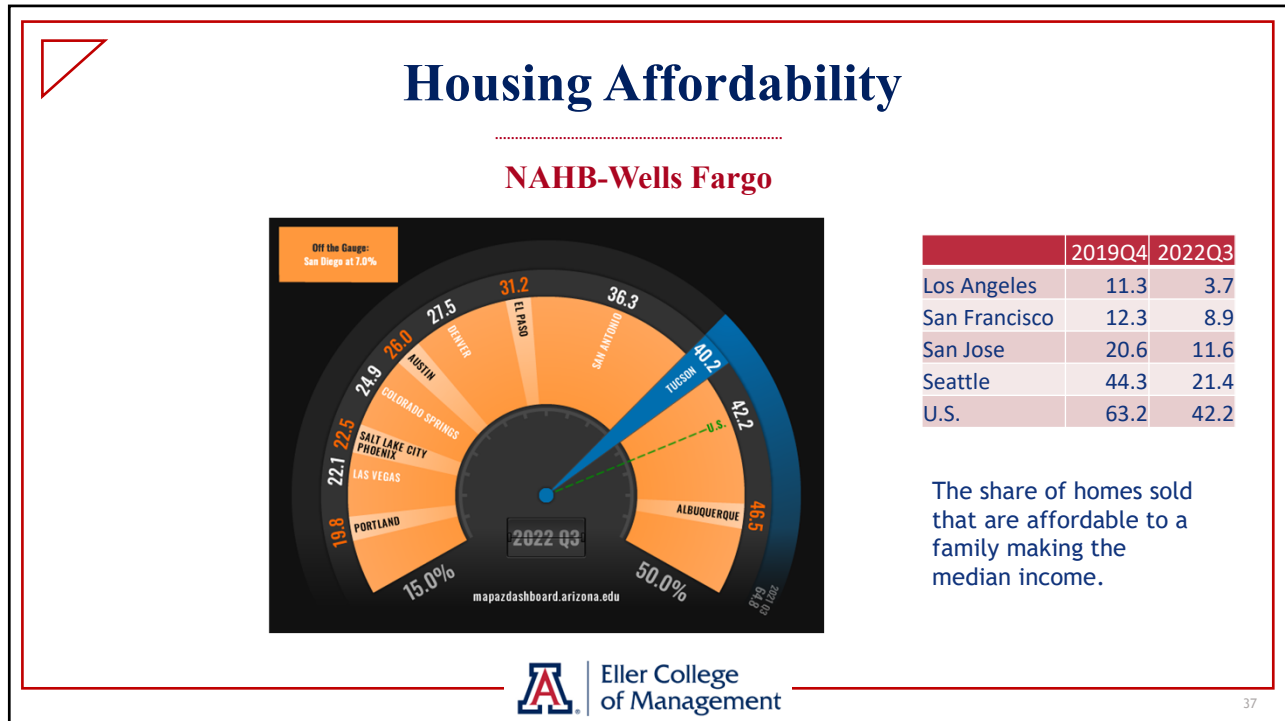
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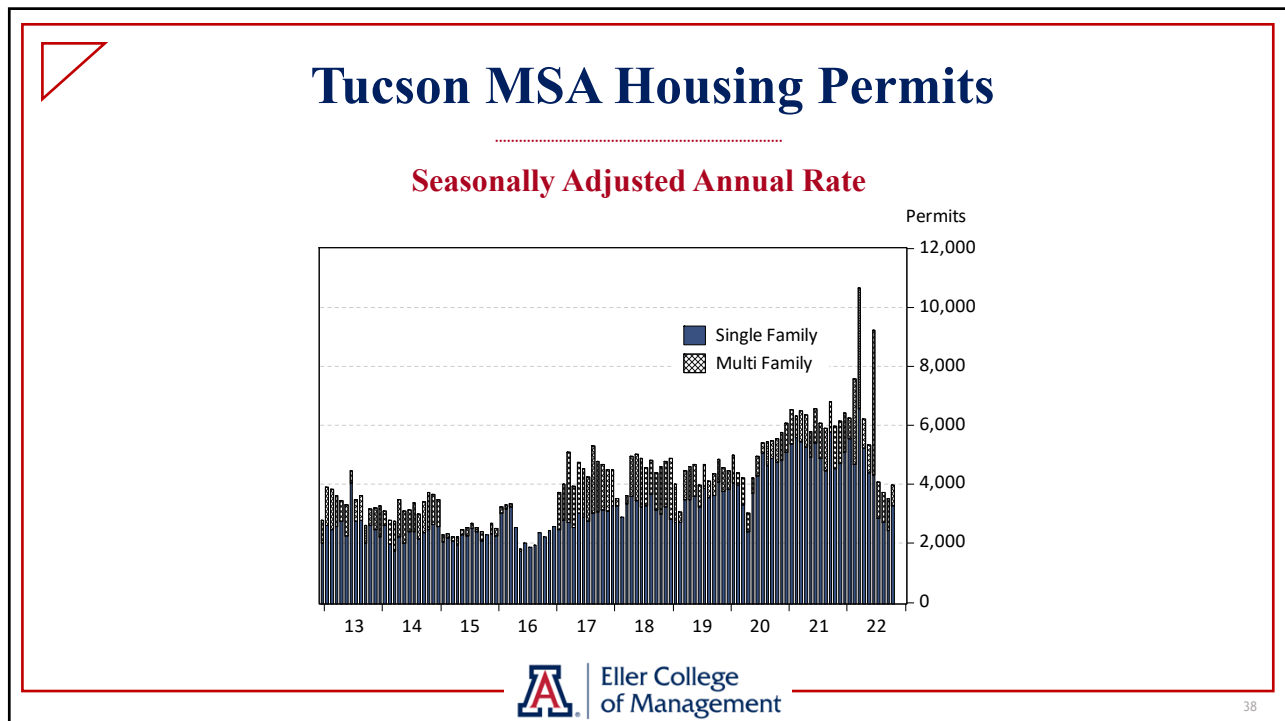
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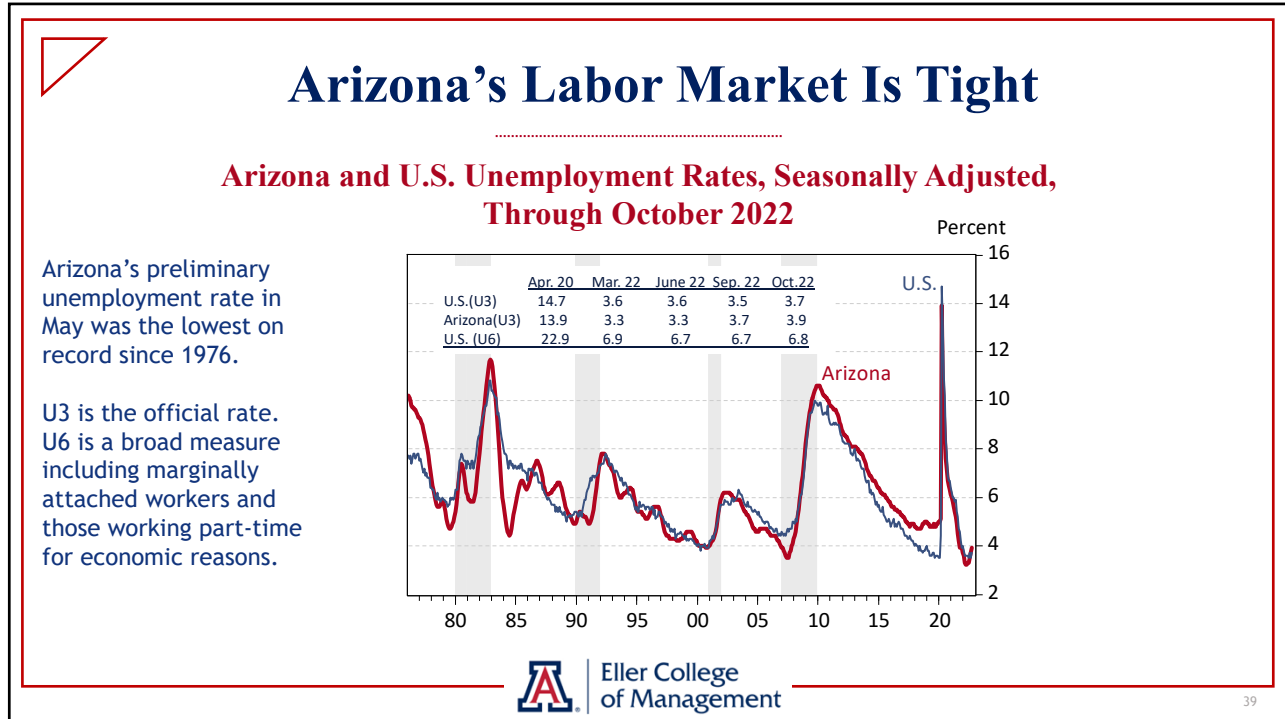
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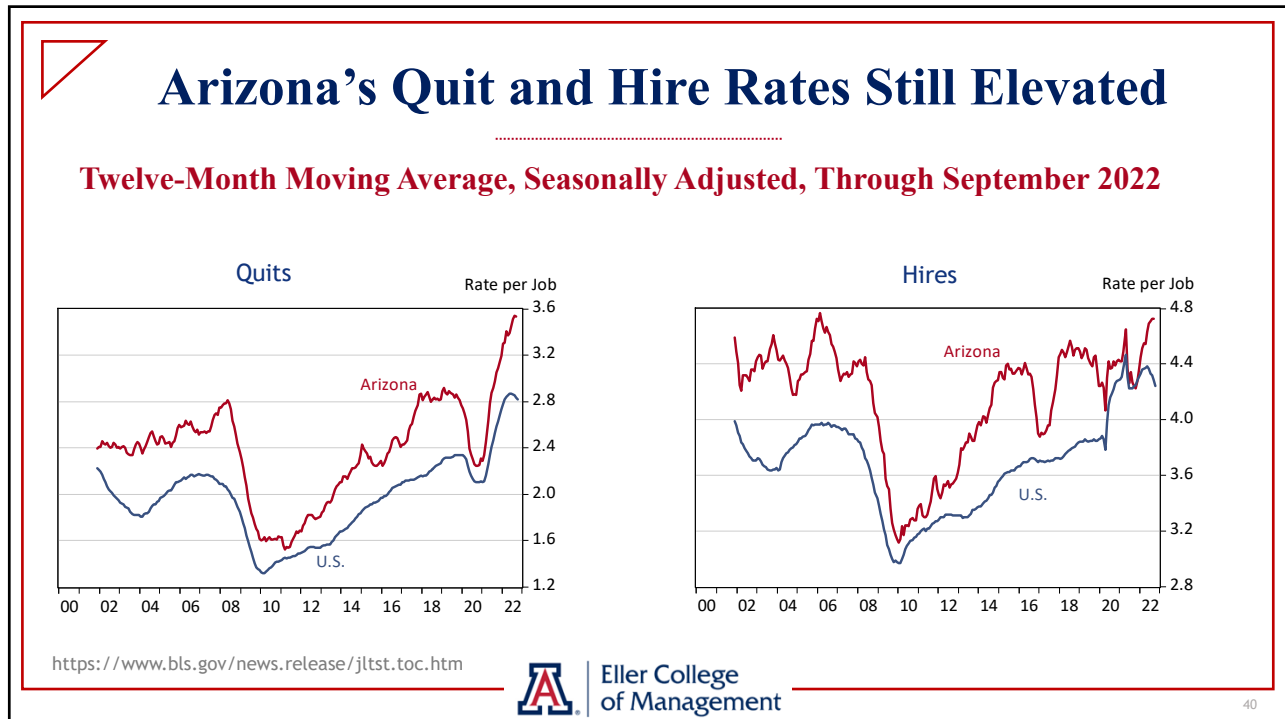
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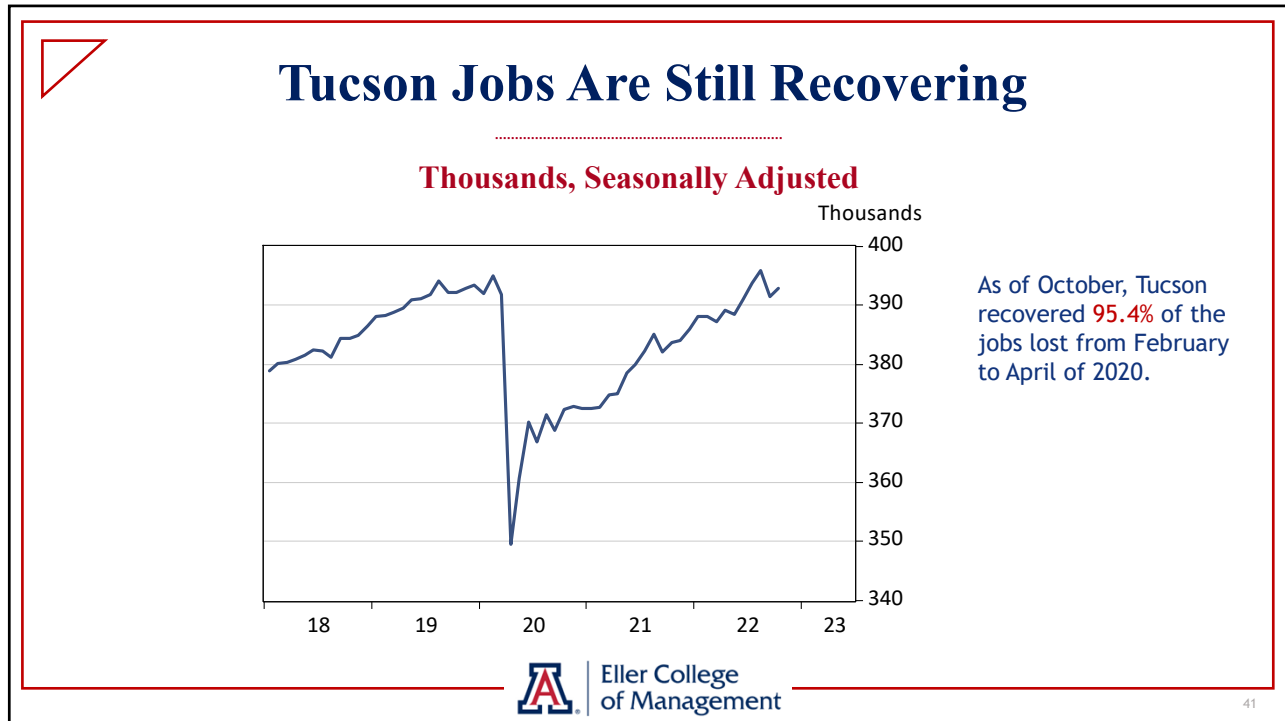
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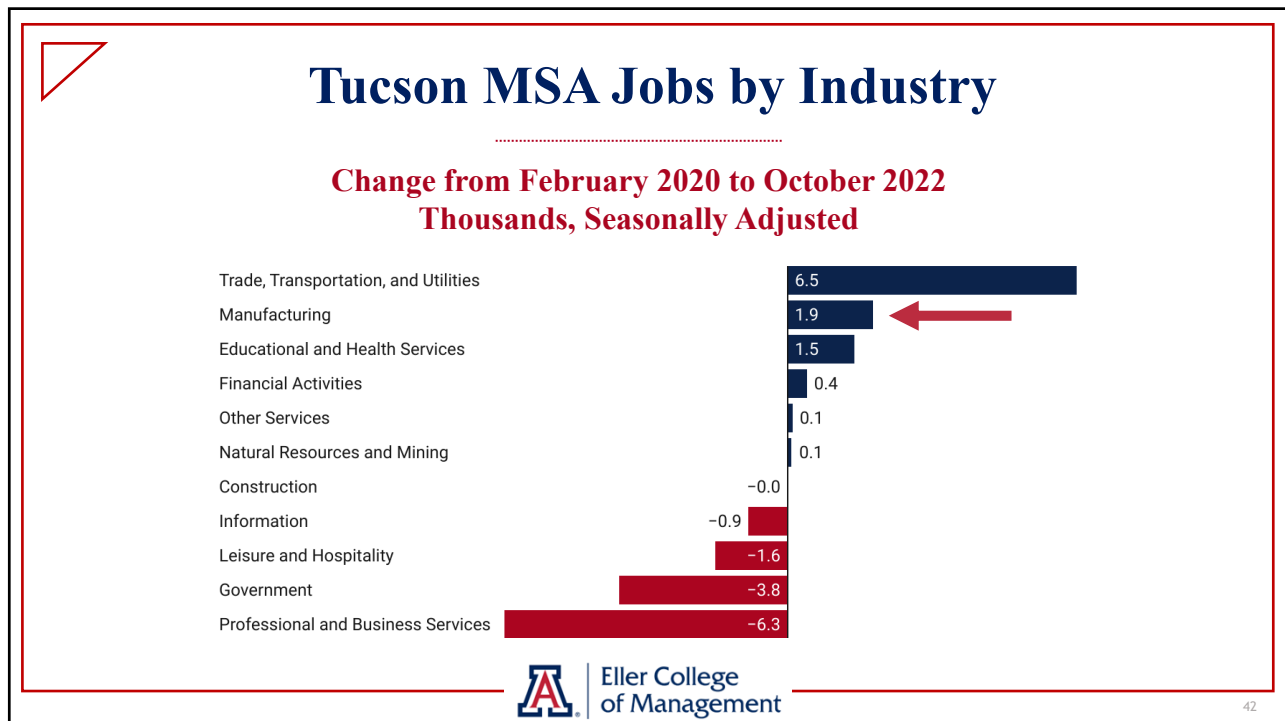
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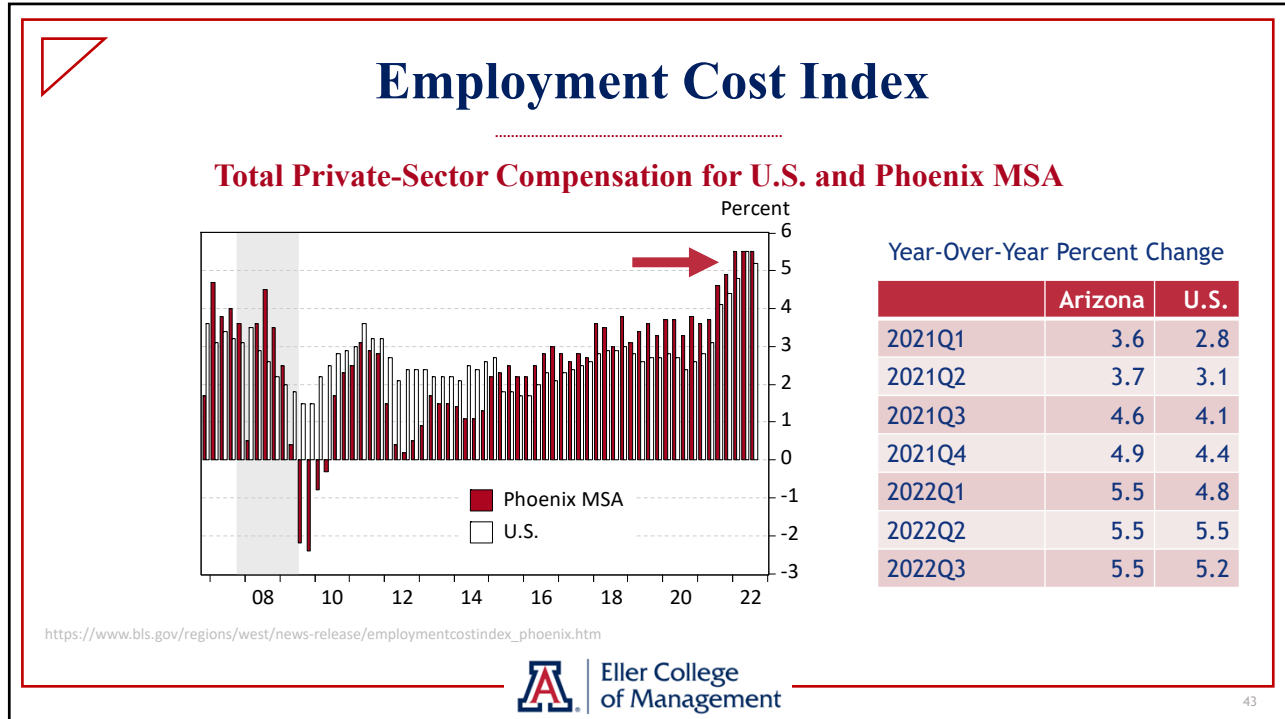
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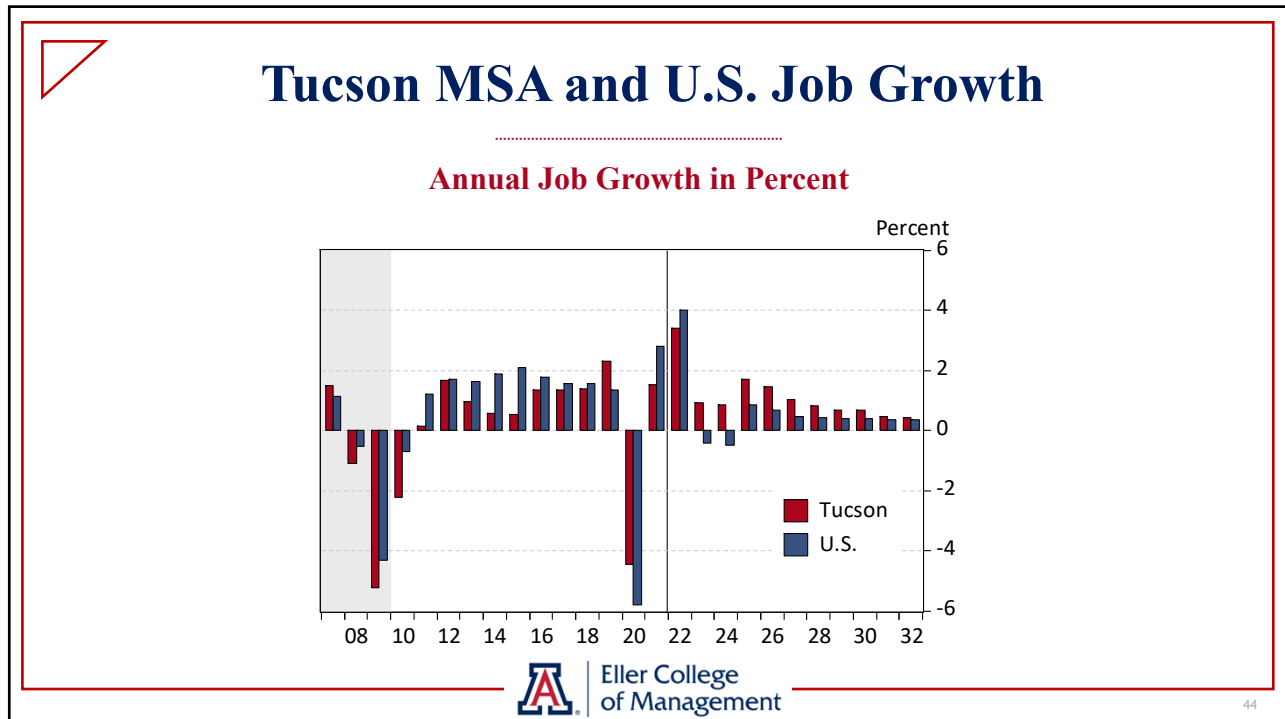
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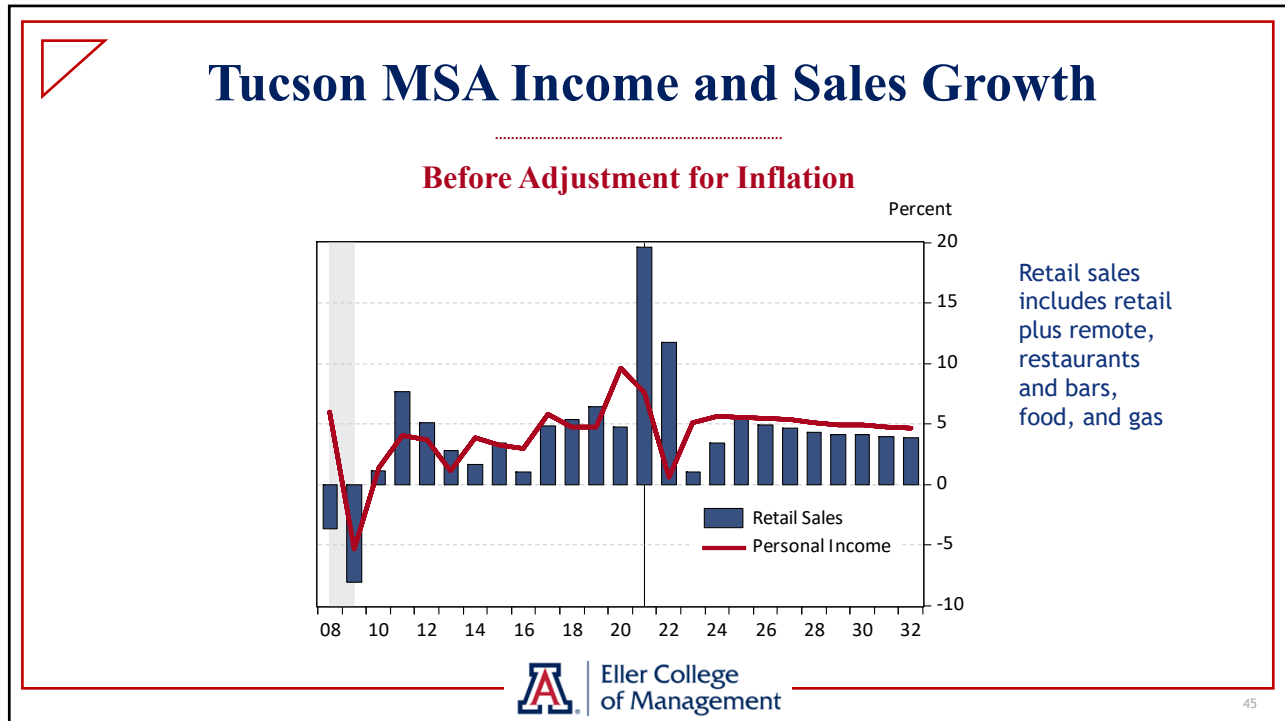
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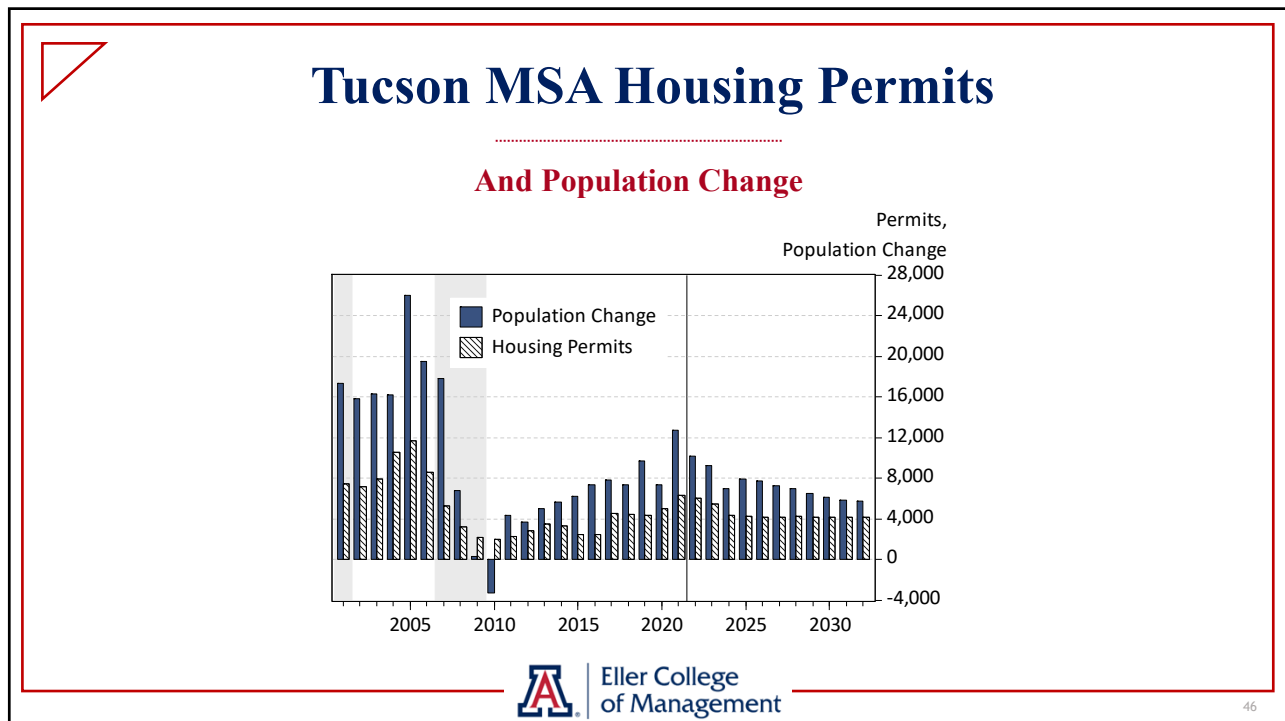
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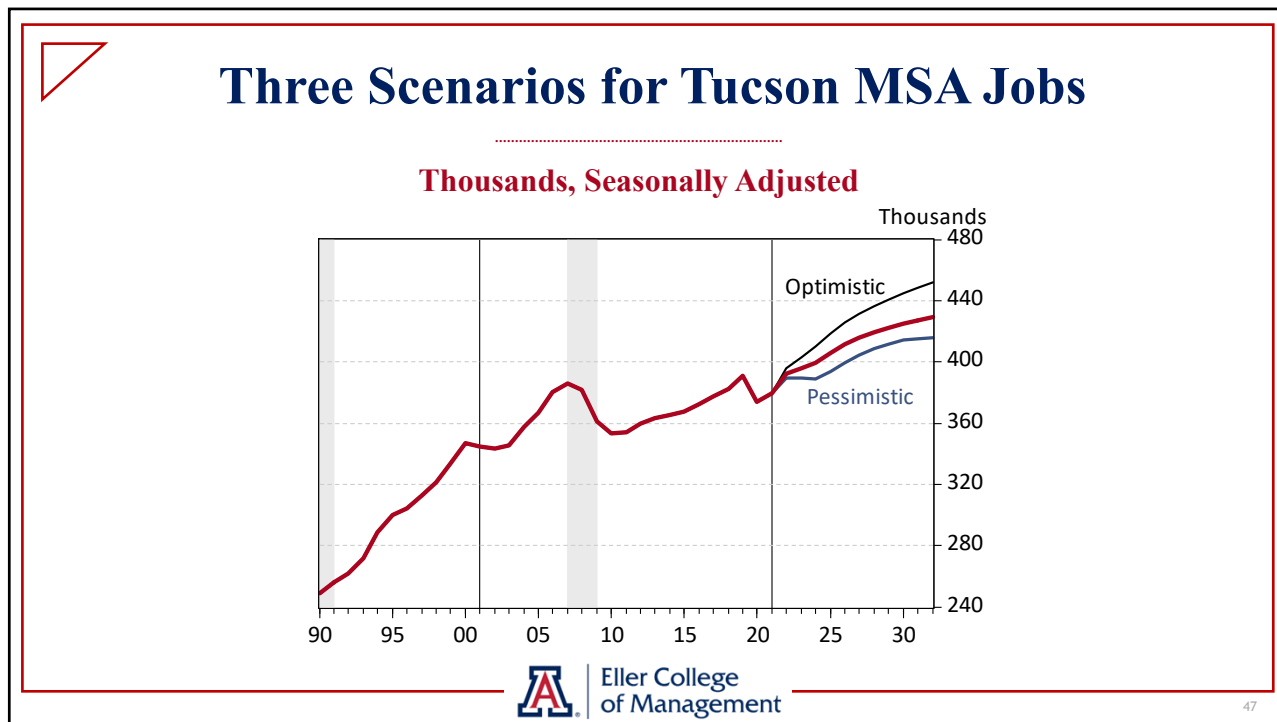
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Key Takeaways

- ▶ **Inflation is still rapid but the slowdown may have begun**
- ▶ **Housing affordability is down massively**
 - ▶ Which has put downward pressure on sales and prices
- ▶ **Arizona's labor market remains tight**
 - ▶ But will loosen as the economy slows next year
- ▶ **The baseline forecast calls for Tucson growth to slow significantly**
 - ▶ But to outperform the nation

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