

Evaluating the Economy in Uncertain Times…

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Appraisal Institute®

The U.S. Economy



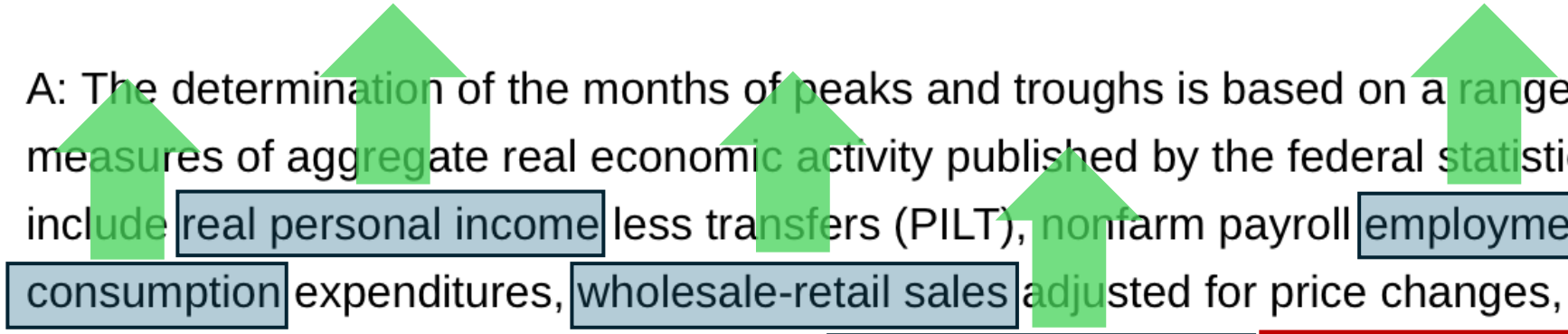
Question: ~~10~~ 11 ~~9~~

Why have economists predicted ~~EIGHT~~ of the last ZERO recessions?



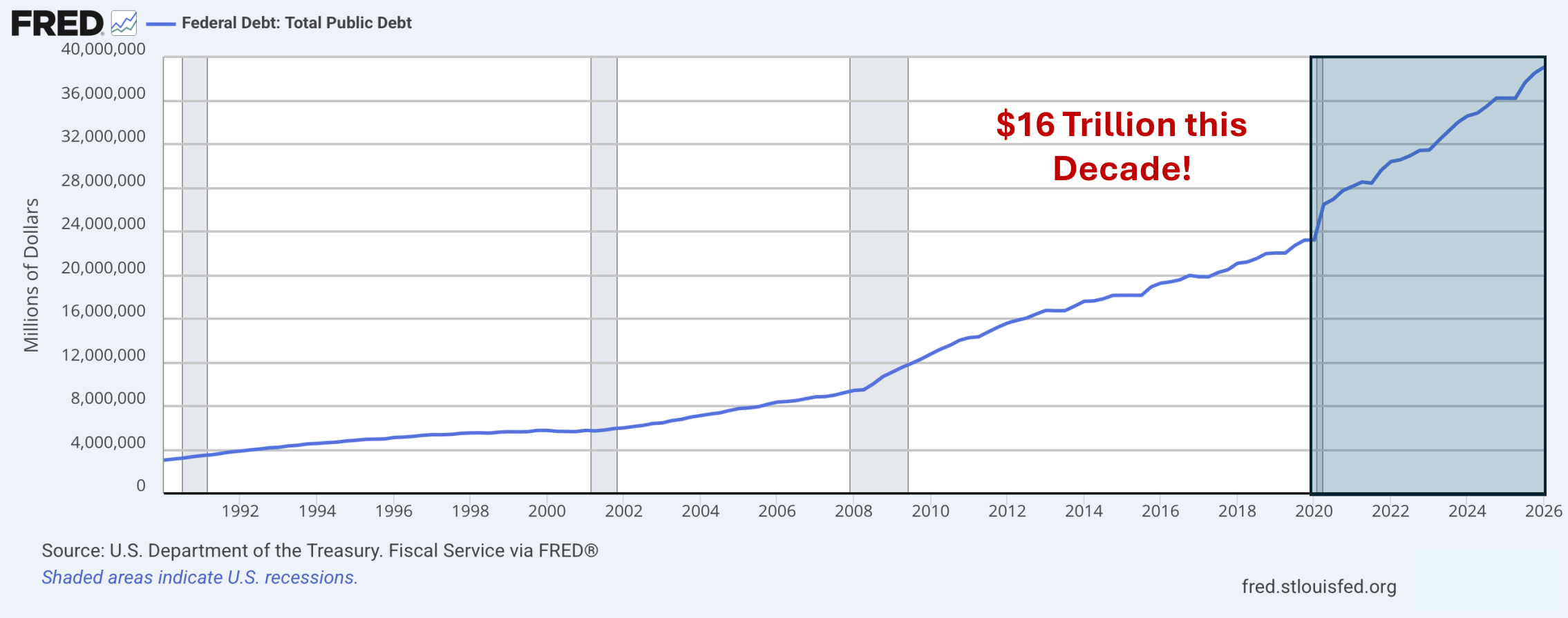
Defining a Recession:
What would pull these indicators up?

Q: What indicators does the committee use to determine peak and trough dates?



A: The determination of the months of peaks and troughs is based on a range of monthly measures of aggregate real economic activity published by the federal statistical agencies. These include real personal income less transfers (PILT), nonfarm payroll employment, real personal consumption expenditures, wholesale-retail sales adjusted for price changes, employment as measured by the household survey, and industrial production. There is no fixed rule about what measures contribute information to the process or how they are weighted in our decisions.

National Debt: Far too much borrowing… but it does boost the economy in the short-term.



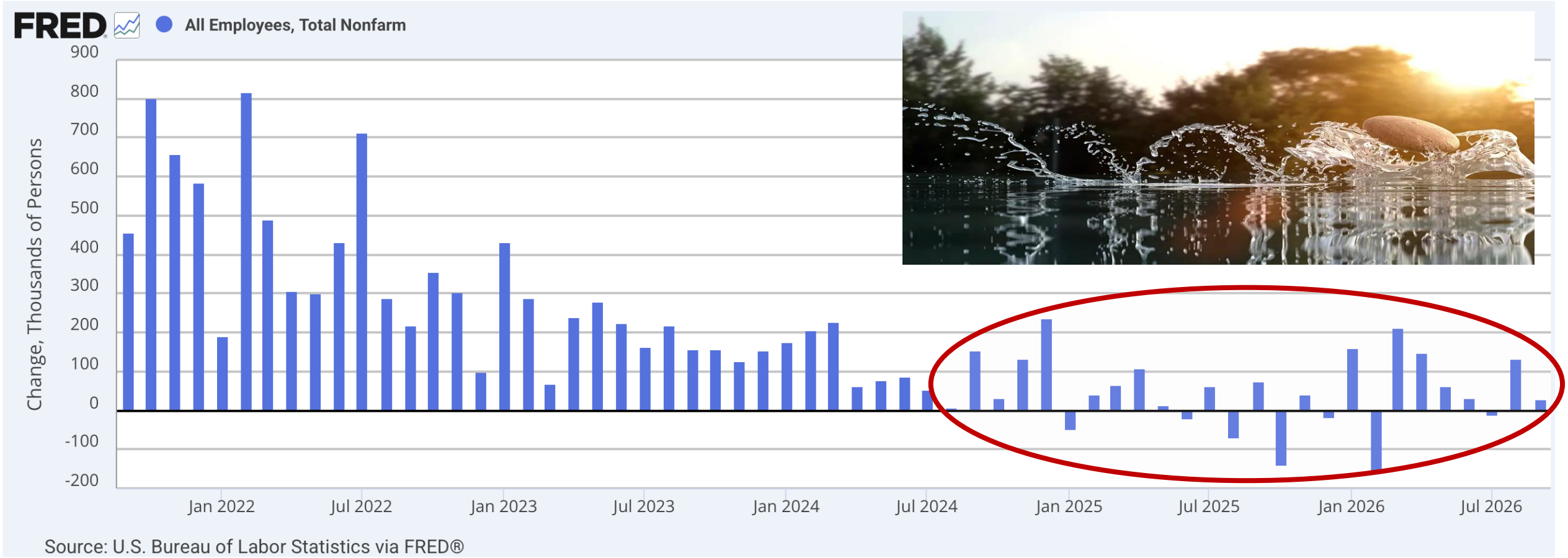
What does borrowing actually do?



Recession Predicting –
Actually, Economists are Always ***Late***

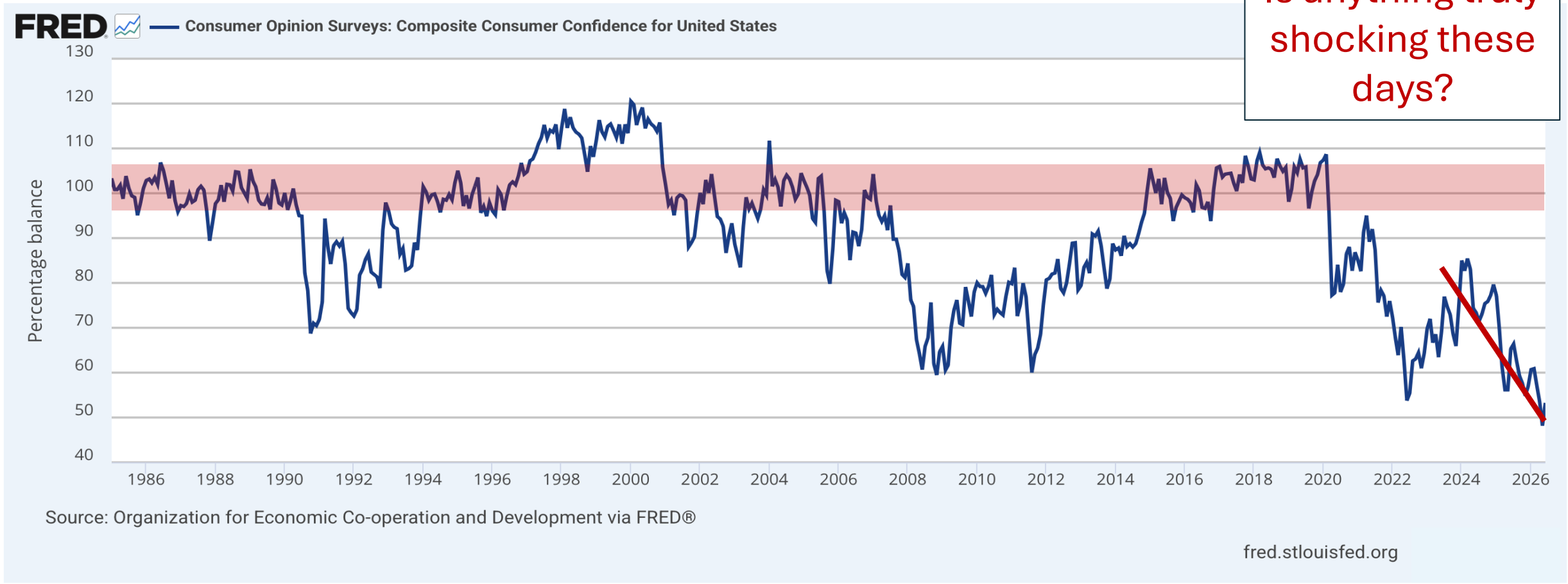
	Recession	Actual NBER dates	Blue Chip forecasting evidence
LATE	1980	Jan–Jul 1980	Reported example of forecasting recession beyond its end
NA	~~1981–82~~	~~Jul 1981–Nov 1982~~	~~Monthly forecast record not yet verified~~
LATE	1990–91	Jul 1990–Mar 1991	Forecasts anticipated recovery growth in 1992
LATE	2001	Mar–Nov 2001	Recession was not widely recognized until September 2001
LATE	2007–09	Dec 2007–Jun 2009	May 2009 Blue Chip forecast correctly anticipated a second-quarter 2009 GDP trough
LATE	2020	Feb–Apr 2020	September 2020 consensus forecast anticipated positive growth in 2021

U.S. Employment Net Change: The labor market is still adding jobs, but at an uneven pace.



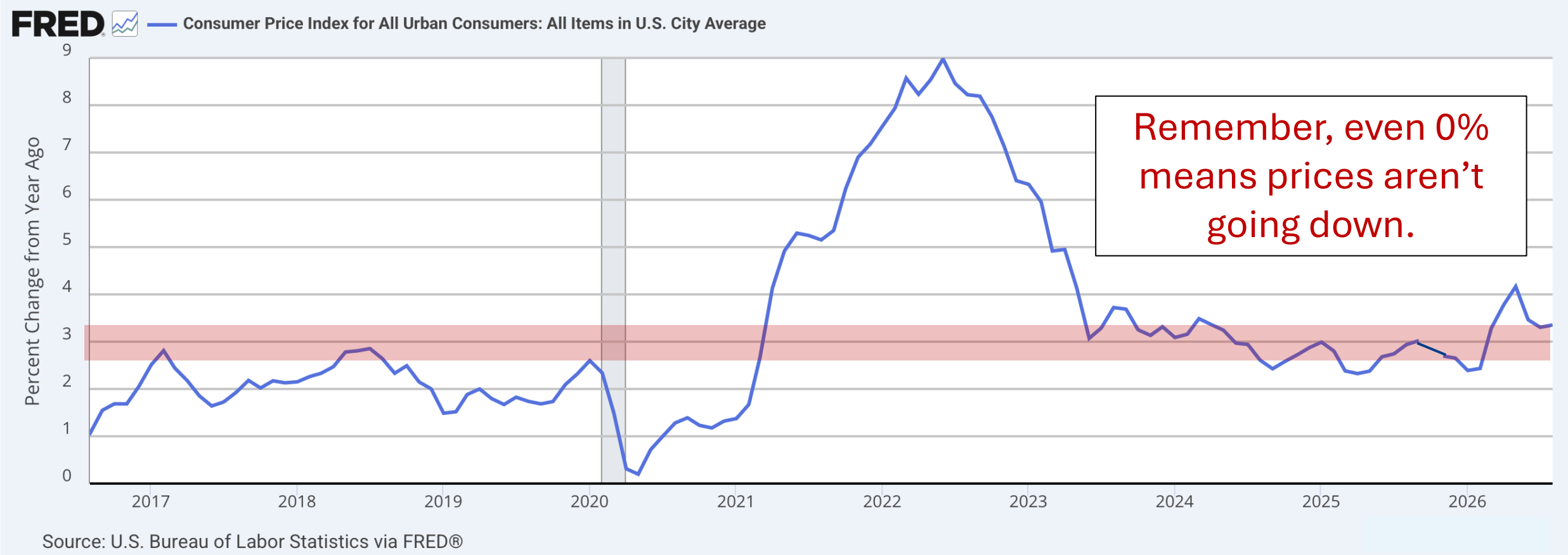
Source: U.S. Bureau of Labor Statistics via FRED®

U.S. Consumer Confidence: Confidence has fallen.

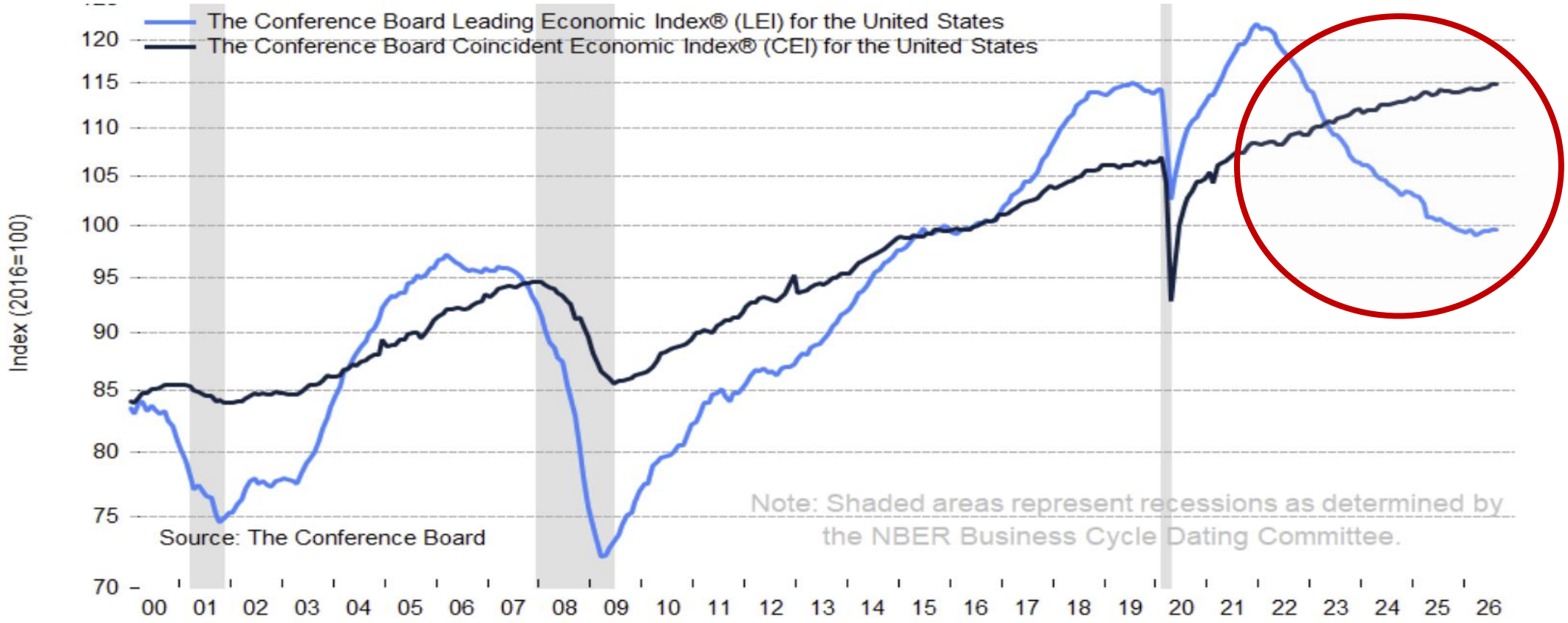


Is anything truly shocking these days?

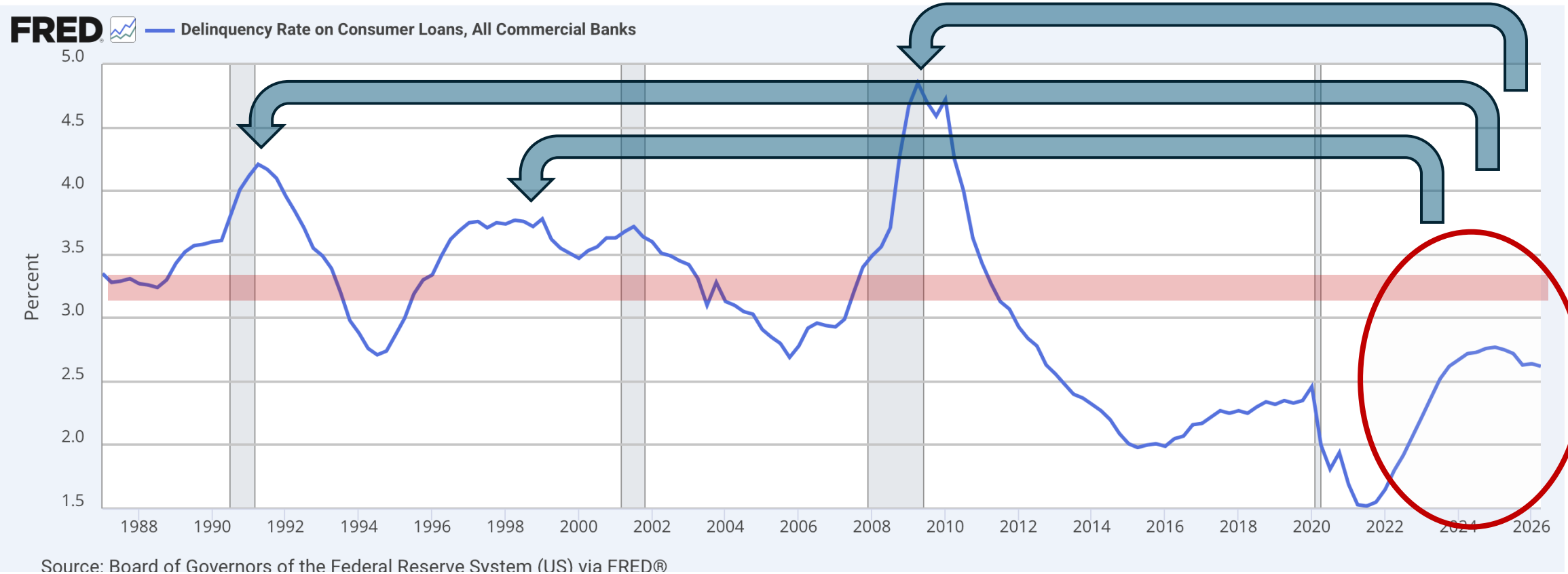
U.S. Consumer Price Index: Inflation remains above normal.



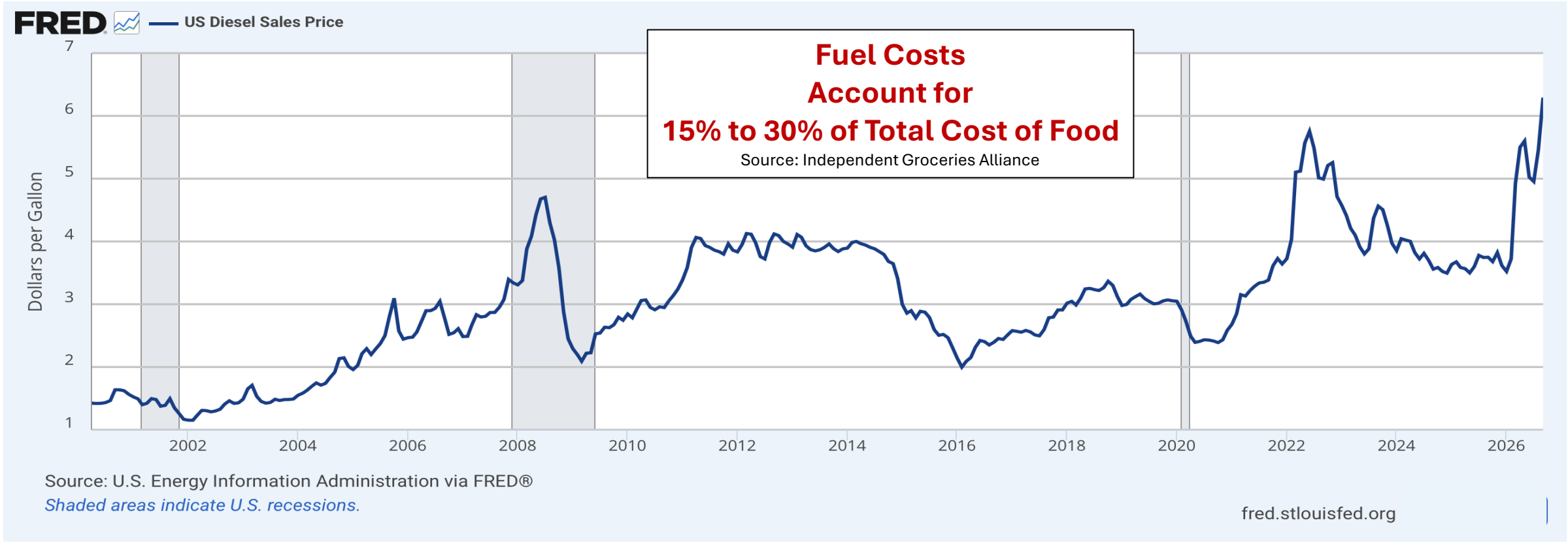
U.S. Leading Economic Index: Leading indicators continue to weaken, even as current conditions remain stable.



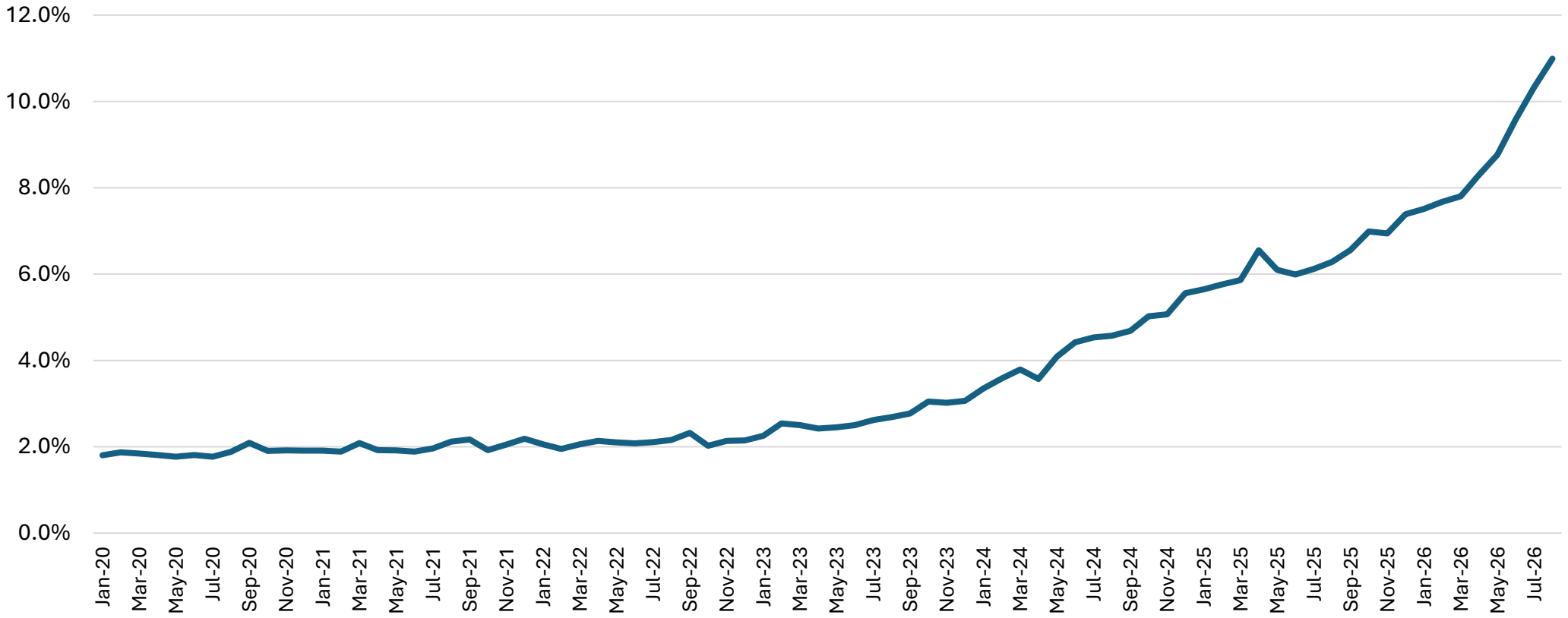
U.S. Delinquency Rates:
More households falling behind on debt…but



Diesel prices at an all time high:
How will that impact consumer demand?

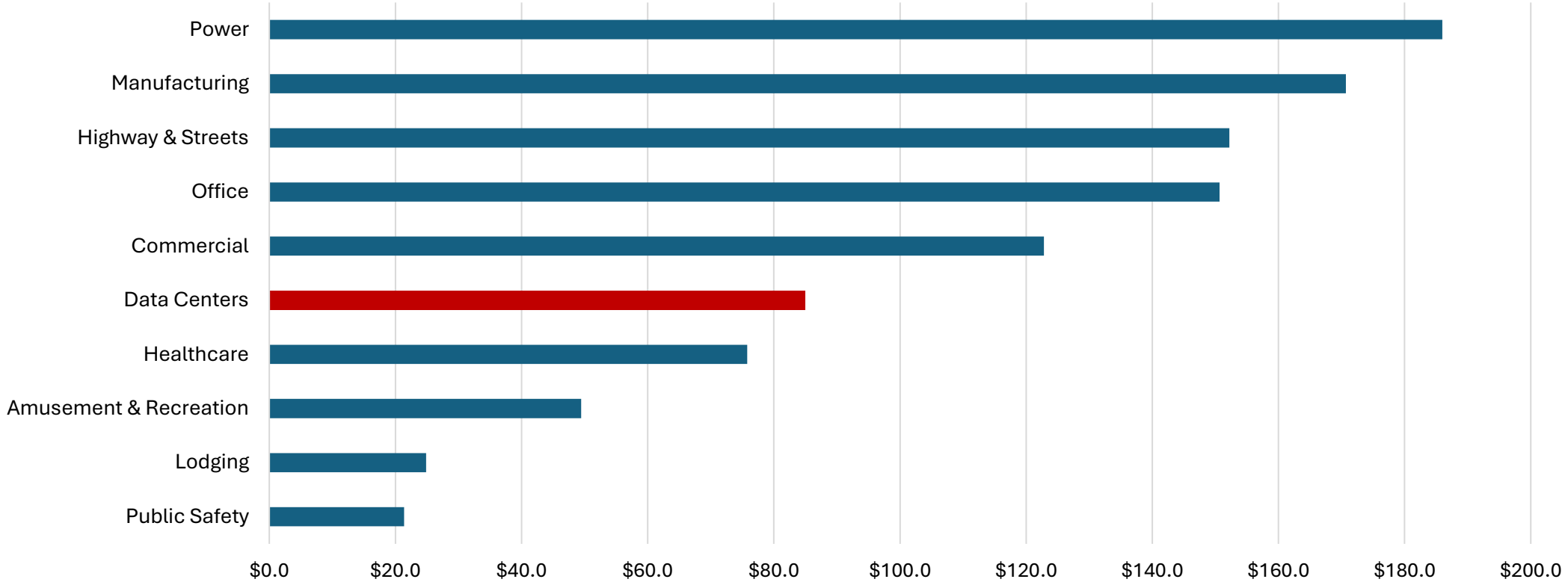


U.S. Data Center Construction Spending as a % of Total Nonresidential Construction



Monthly seasonally adjusted data through August 2026. Source: U.S. Census Bureau

U.S. Nonresidential Construction Spending by Select Categories (in billions)



Monthly seasonally adjusted data through August 2026. Source: U.S. Census Bureau



How do we account for A.I. in our economic analyses?

Will A.I. help or hurt?



Will A.I. help or hurt?



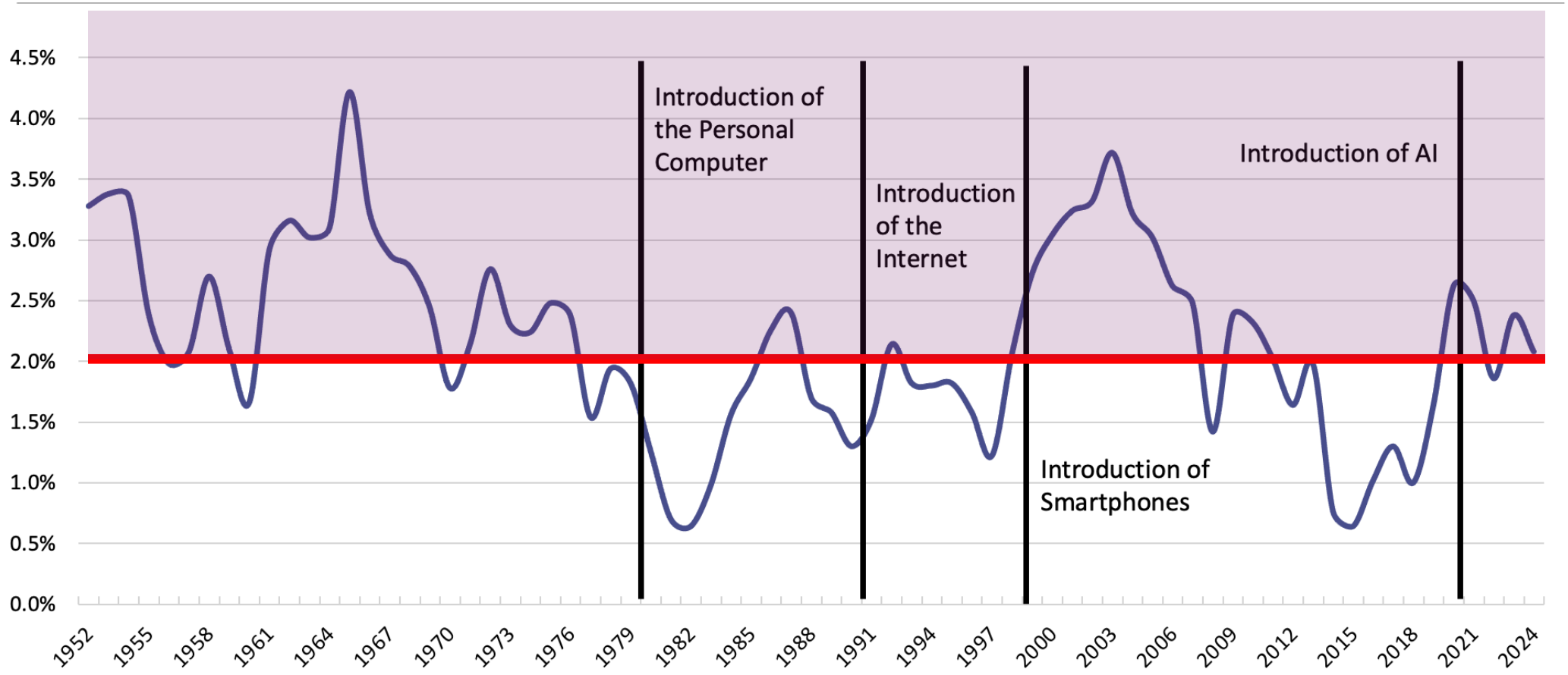
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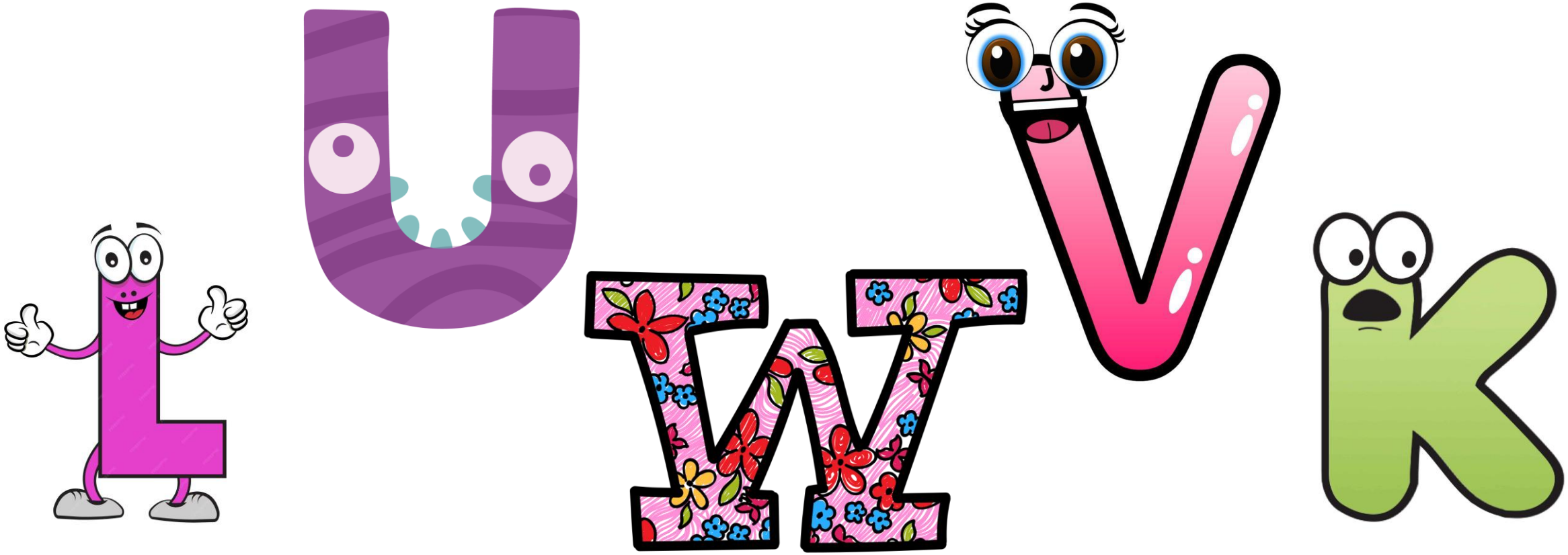
Population vs. Productivity?



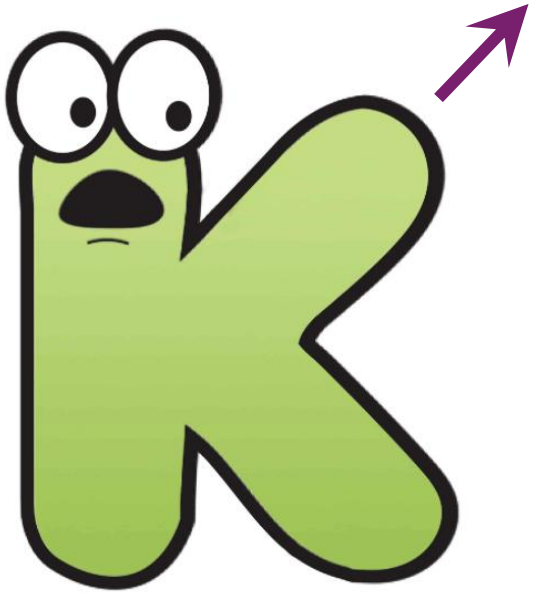
Will productivity gains be enough?



What is it with economists and recession letters?



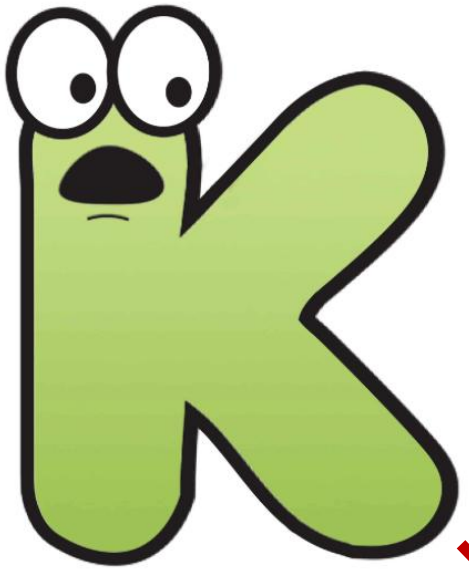
What is a “K” shaped economy?



Higher income households doing well…

- Rising home and investment values
- Greater savings
- More job stability

What is a “K” shaped economy?



- Higher housing-cost burden
- Limited savings
- Greater job and income insecurity

Lower income household not so much…

AZ Economy and Policy



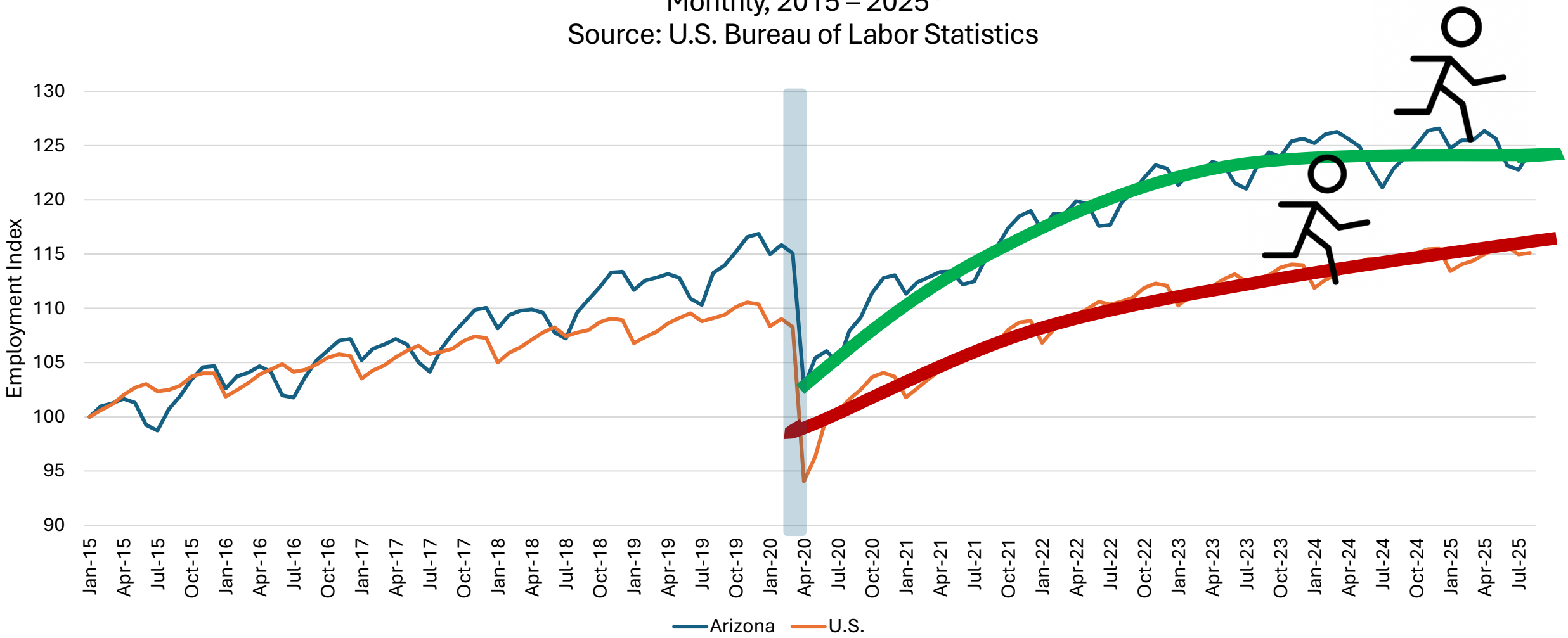
Rankings…Relevant?





AZ v. US Employment Growth Index

Monthly, 2015 – 2025*
Source: U.S. Bureau of Labor Statistics



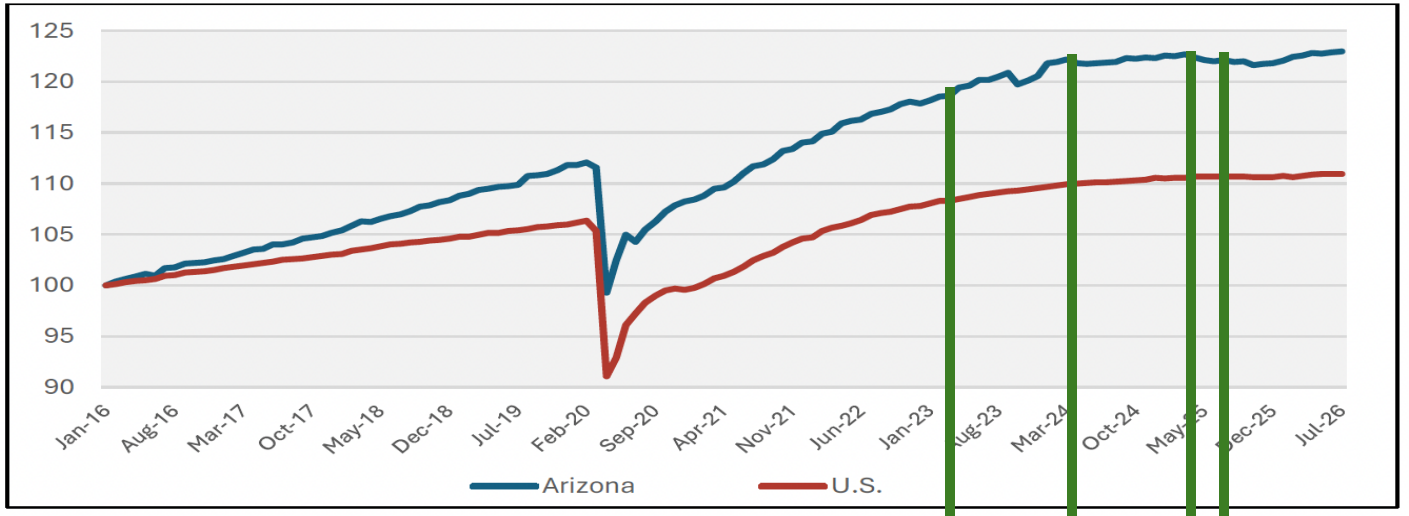
*Year-to-date through August 2025

Recession Period

A Different Story:

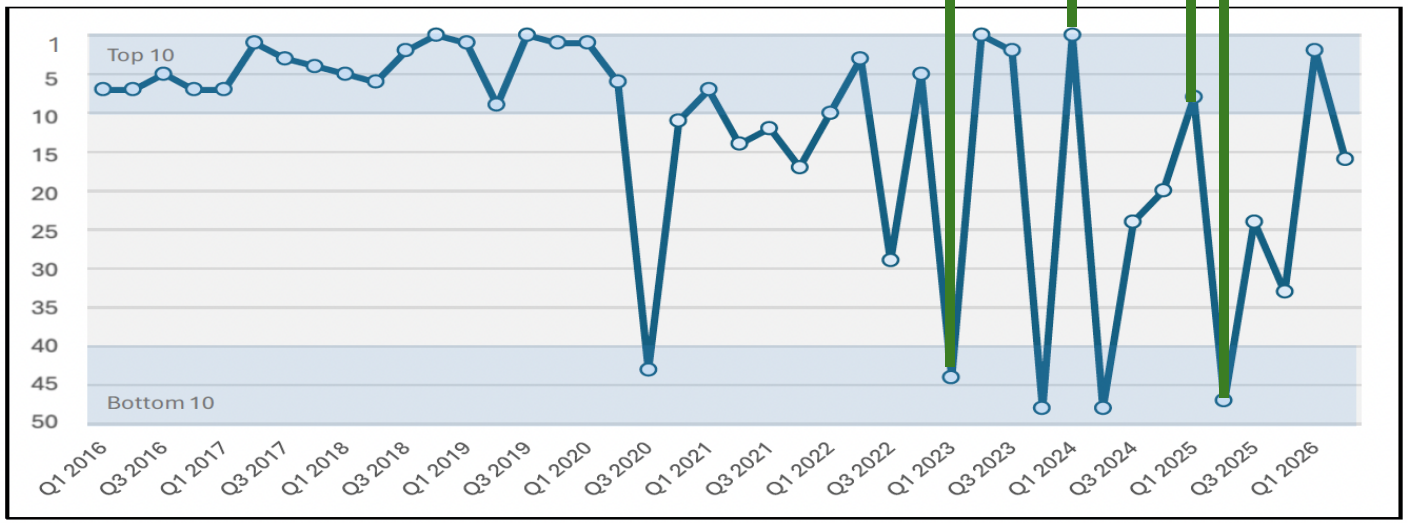
This is why economists don't use one slide PowerPoints!!!

Figure 2: Arizona and U.S. Employment Indexed (January 2016 = 100)



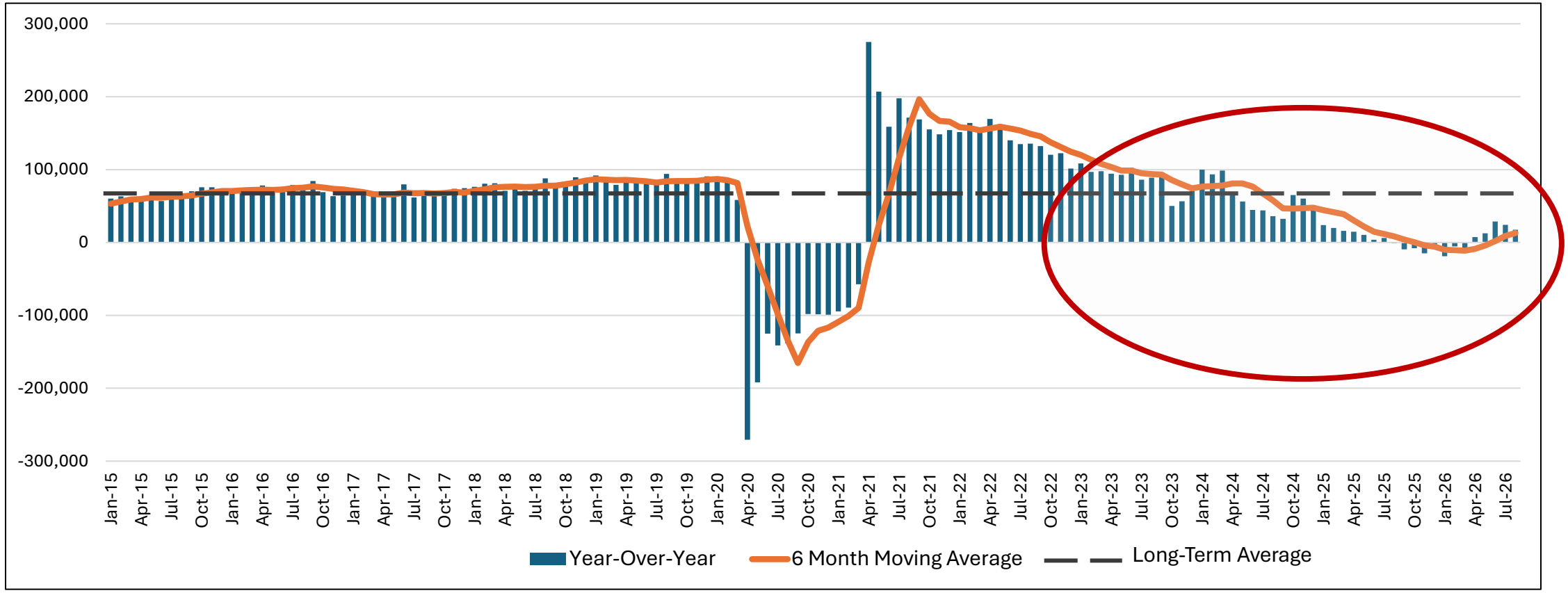
Source: U.S. Bureau of Labor Statistics

Figure 3: Arizona's Quarterly Employment Growth Ranking (2016 – Present)



Footnotes: Chart displays Arizona's employment growth ranking out of all 50 U.S. states since Q1 2016.
Source: U.S. Bureau of Labor Statistics, Rounds Consulting Group

Arizona employment growth rebound?



Not seasonally adjusted monthly year-over-year net change, August 2026. Source: Arizona Office of Economic Opportunity

The calm before the storm…
We haven’t even added the TSMC, etc. jobs.



Again, our slowdown could just be this… but will we sink or hit the other side?



Are we headed for a recession?

- Some states…possibly.
- Other states…expect a soft landing.
- Lower income households…maybe.
- Higher income households…soft landing.
- It’s possible we already had our downturn.



Soft landing in U.S.? Maybe.

- Iran conflict,
- Tariffs,
- Government spending,
- Government borrowing,
- Productivity increases,
- Other shocks (if even exist),
- Other opportunities?



Soft landing in U.S.? Maybe.

New Democrat Policies?



Questions?

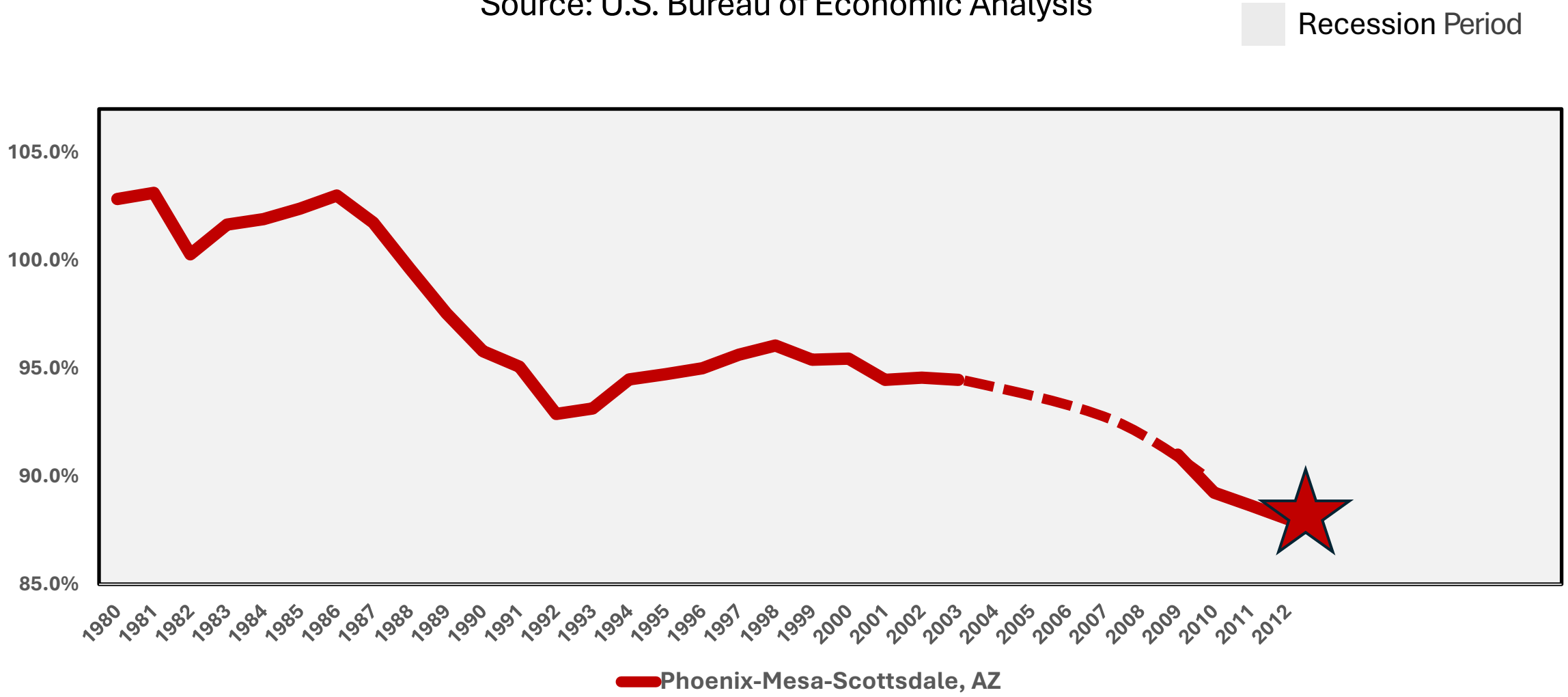


Appendix:

Additional Risks and Opportunities

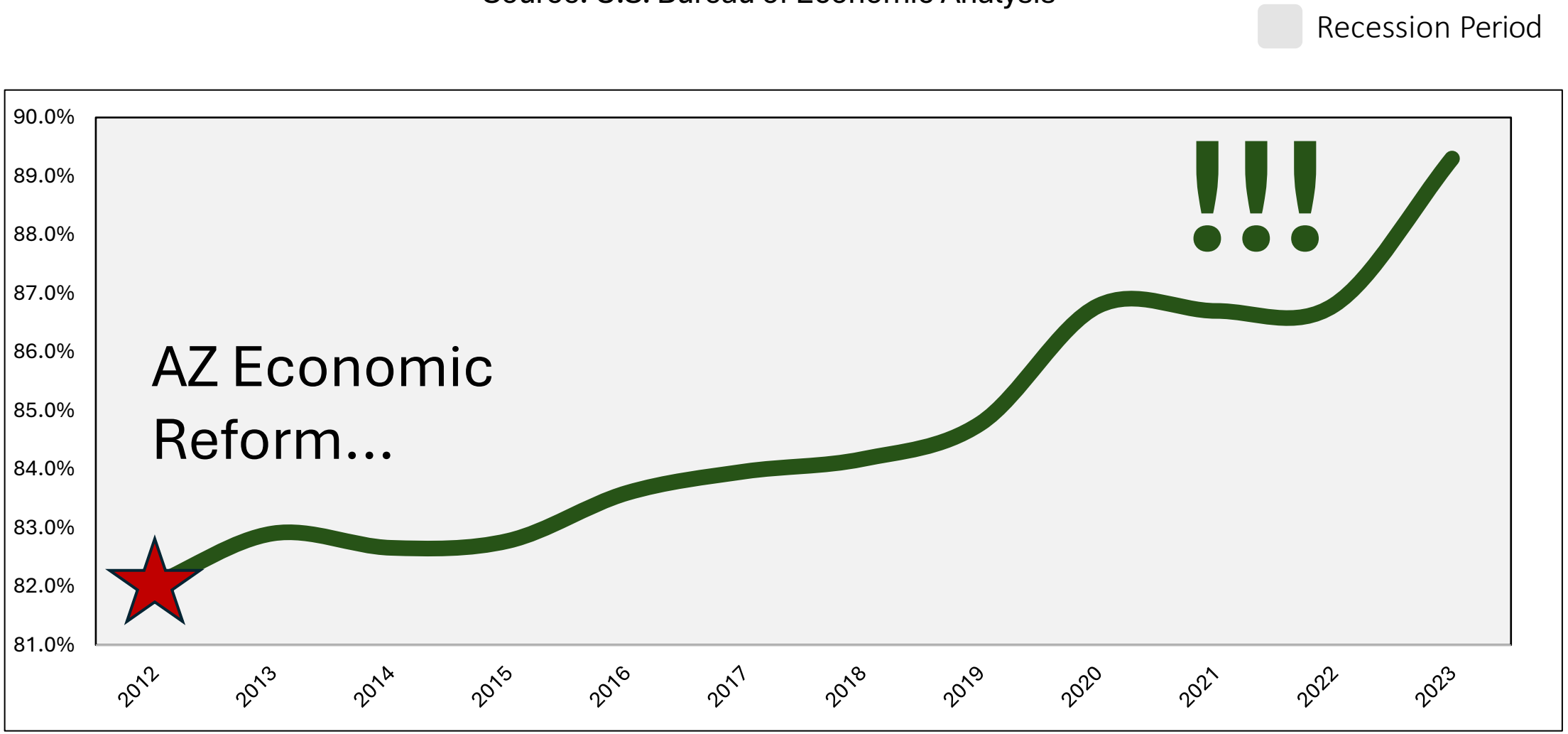
PCPI as a % of the U.S.

Source: U.S. Bureau of Economic Analysis



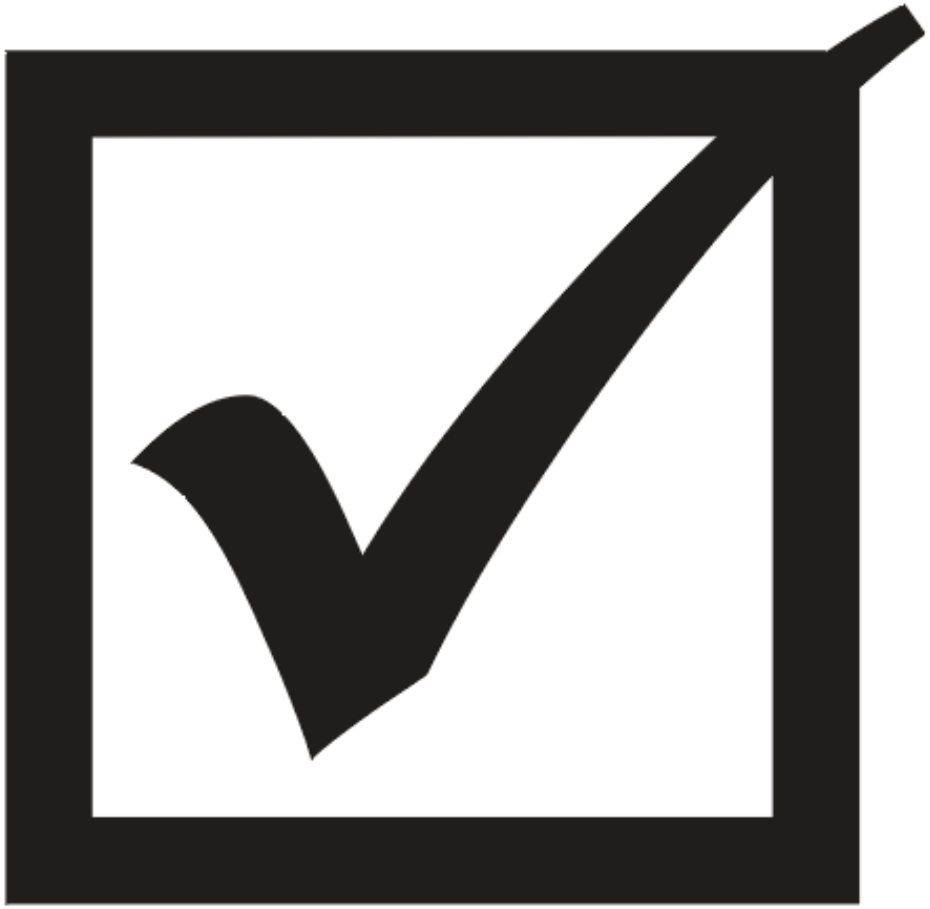
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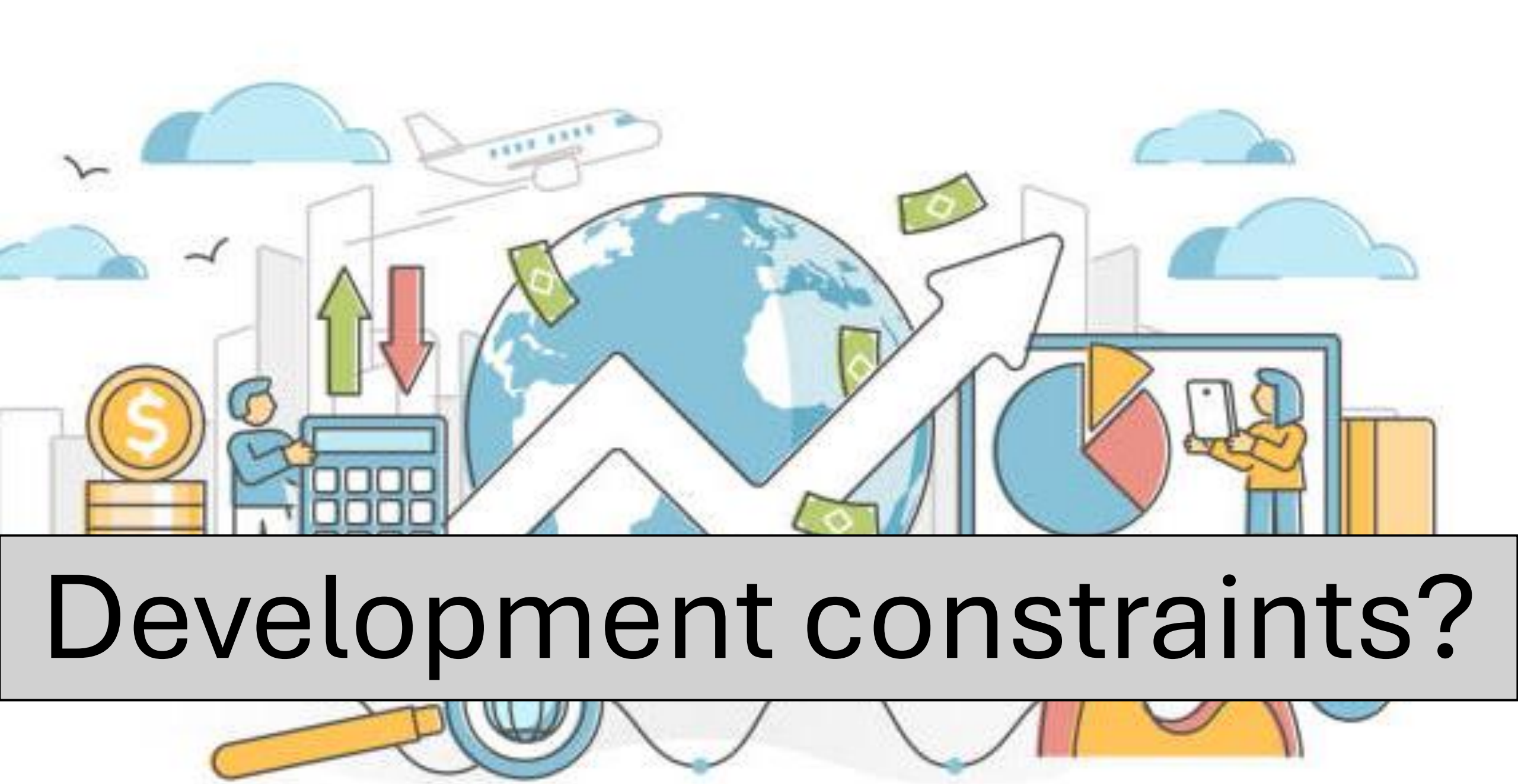
Source: U.S. Bureau of Economic Analysis



Where are the risks?

- Workforce (quality/avail/cost)
- Education
- Competitive Tax Rates
- Economic Development Programs
- Transportation Infrastructure
- Marketing
- Responsible Regulations
- Balanced Budget
- Reliable/Cost Effective Energy
- Water
- Housing Affordability





Development constraints?

Roads v. Broadband v. Energy Grid:

Does this image show any financial transactions? No.

So, is it worthless?



Roads v. Broadband v. Energy Grid:

How about these?



