

The Essay Assignment Help

Economic factors in Arizona

Student name

Student ID

University name

Table of Contents

Introduction..... 2

Macroeconomic indicators..... 2

Data collection and analysis: 4

Conclusion: 6

Reference list 7

Introduction

As per the data released today by the US Bureau of economic analysis, of Phoenix in Arizona, actual GDP increased by **2.3% in 2018 (stlouisfed.org, 2019)**. Arizona is termed as the fourth fastest-growing area. Arizona's GDP rate outpaced the other states because of Phoenix's growth, including California, Texas and Florida. Sectors including rental, real estate and construction, contributed to the macroeconomic growth of the place last year. A growing rate of the economy refers to the increase in the number of job opportunities and bigger paychecks for employees of Phoenix. The aspect of improvement in job opportunities means more investments in essential areas such as public safety, education and even child protection. The growth continues to be fuelled by the hard-working employees of Phoenix, Arizona, innovators and creators. One can remain focussed by creating the best economic environment while ensuring responsible and sustainable growth.

It is observed that Phoenix's economic growth is one of the fastest in the US. The median household income recently reached as high as \$61,125 (epi.org, 2019). Simultaneously, Phoenix ranked third in the US for its economy and fourth in population growth, coupled with 5th position in terms of personal income growth. **More than 169,000 jobs are created in Phoenix since 2015, and the state is expected to add 95,000 by 2020 (stlouisfed.org, 2019)**. The following factors make Phoenix a suitable region to be studied.

Macroeconomic indicators

The link between unemployment and inflation is inversely correlated. However, the relationship is complicated on several occasions. Buccieri et al. (2016) stated inflation and wages are two of the most closely monitored macroeconomic indicators and the ways it can affect Phoenix's

The Essay Assignment Help

economic condition. The labour supply and demand can be used to explain the wage inflation and even the rate of change in the wages, as a proxy for inflation within the economy when the price of unemployment is on the higher side the number of people looking for employment tends to be on the more upper hands. In simple words, the demand is less than the supply of labour. In case Phoenix is subjected to high unemployment crisis due to increasing rates of population and limited scope of employment, wages are likely to remain stagnant, and wage inflation is non-existent (Kidd, Gaetz & O'Grady, 2017). In the scenario of low rates of unemployment, the demand by employers for labour is seen to exceed the supply. In such a situation of tight labour markets, employers typically need to pay high levels of wages for attracting employees. Analysing the scenario of high rates of personal fee among the Phoenix's employees it can be stated that higher wages may appear as the sole reason to attract suitable employees with the right talent leading to the rise in the wage inflation.

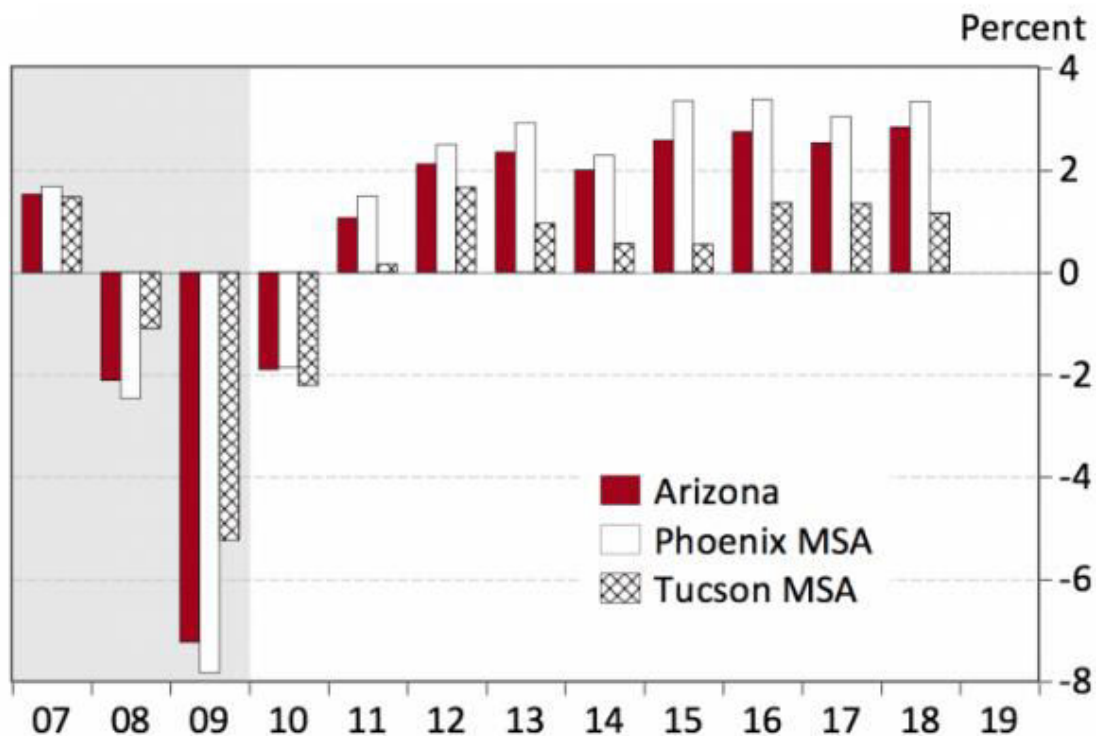


Figure 1: Wage growth in Phoenix in last few years

(Source: azeconomy.org, 2019)

The rate of change in wage is dependent on the move in employment rates. In case the business in Phoenix, Arizona is booming the employers would make a rigorous bid for workers increasing the demand for labour. As wages and salaries are often perceived as an original input cost for the businesses, the rise in wages should lead to high prices of services and products within Phoenix's economy (Pfeiffer & Lucio, 2015). The increase in product prices and services is responsible for pushing the general price inflation and employment and is referred through the use of the Phillips curve.

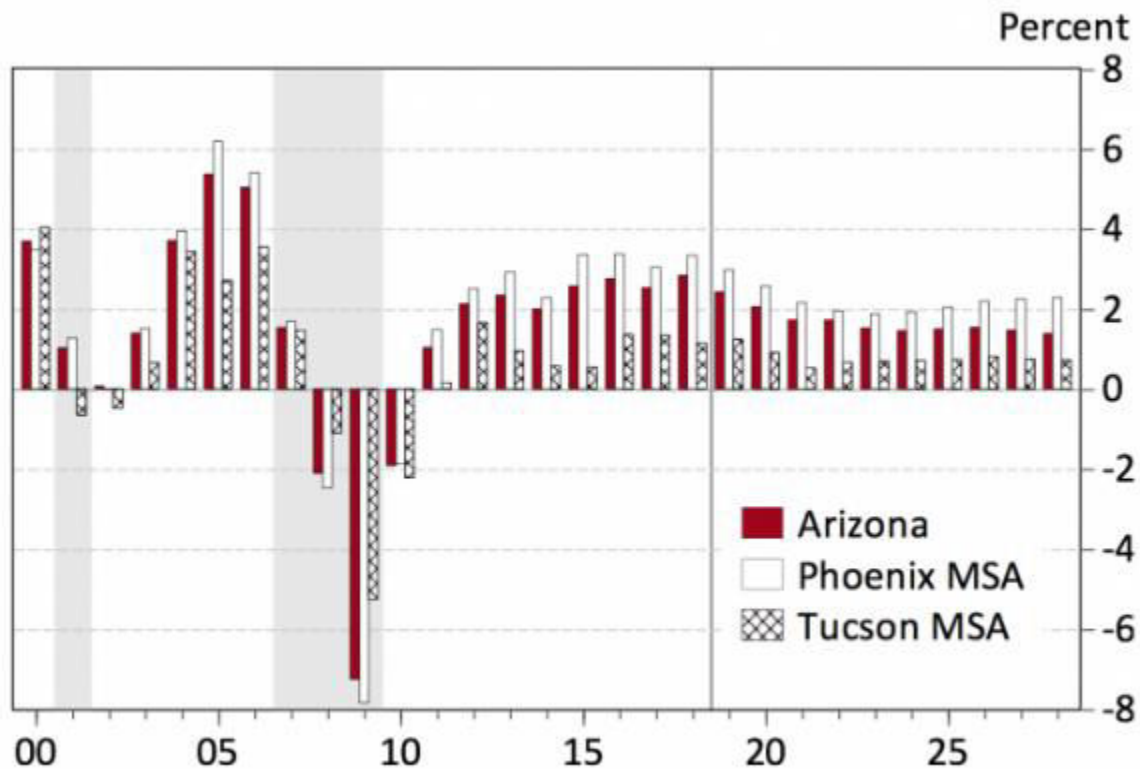


Figure 2: Job gains in Phoenix

(Source: azeconomy.org, 2019)

Data collection and analysis:

Full employment and low inflation are often termed as cornerstones of monetary policy for Phoenix. For example, Federal Reserve monetary policy by the US are concentrated on the based on the objectives of maximum employment and long term rates of interest (Pfeiffer, D., & Lucio, 2015). The link between unemployment and inflation led economists to use the Phillips curve to show an explicit level of inflation for specific rates of employment.

	Actual 2018	Forecast		
		2019	2020	2021
Growth Rate				
Nonfarm Jobs	2.8	2.4	2.1	1.7
Personal Income	5.5	5.5	6.2	5.8
Retail Sales Less Food	7.0	4.4	4.3	4.4
Population**	1.6	1.6	1.5	1.4
Level				
Unempl. Rate	4.8	4.9	4.3	4.2
Housing Permits	41,631	43,417	43,481	43,006

Table 1: Summary of the Phoenix outlook

(Source: azeconomy.org, 2019)

On analyzing the graphs, it would be fair enough to conclude that the employment rates were 3% and 3.3% in 2018. However, the other cities in Arizona such as Tuscon were subjected to high rates of unemployment.

Time	Event
2001	Mild unemployment caused 6% unemployment and recession fell below 2.5%
The mid-2000s	Employment increased, and inflation climbs to 5%
During the Great Recession	A dramatic decrease in CPI and 10% of wage decrease
2012 to 2015	Inverse correlation broke down, and rise with unemployment moved to tandem
2015 till now	Unemployment remained relatively low, and there has been a continuous increase in the number of jobs

Table 1: Timeline of employment and salary

(Source: investopedia.com, 2019)

Conclusion:

In recent years the economy faced limited unemployment. However, the governing bodies have seen to engage in stringent monetary policies to curb the increasing rates of inflation. One needs to wait to see the actual effect of the systems on Phoenix’s economic conditions.

Reference list

azeconomy.org (2019) Arizona's Economy: Still Strong After All These Years. (2019).

Retrieved 18 October 2019, from <https://www.azeconomy.org/2019/05/outlook/arizonas-economy-still-strong-after-all-these-years/>

Bucciari, K., Warner, L., Norman, R., Jeng, M., Wright, A., & Forchuk, C. (2016). Apples to apples: A comparative demographic analysis of homeless and housed youth in Canada. *Canadian Journal of Family and Youth/Le Journal Canadien de Famille et de la Jeunesse*, 8(1), 19-45.

epi.org (2019) Disappointing wage growth in September. Retrieved 17 October 2019, from <https://www.epi.org/types/economic-indicators/>

investopedia.com (2018) How Inflation and Unemployment are Related. (2019). Retrieved 17 October 2019, from <https://www.investopedia.com/articles/markets/081515/how-inflation-and-unemployment-are-related.asp>

Kidd, S. A., Gaetz, S., & O'Grady, B. (2017). The 2015 national canadian homeless youth survey: Mental health and addiction findings. *The Canadian Journal of Psychiatry*, 62(7), 493-500.

Pfeiffer, D., & Lucio, J. (2015). An unexpected geography of opportunity in the wake of the foreclosure crisis: low-income renters in investor-purchased foreclosures in Phoenix, Arizona. *Urban Geography*, 36(8), 1197-1220.

stlouisfed.org (Total Gross Domestic Product for Phoenix-Mesa-Scottsdale, AZ (MSA). (2019).

Retrieved 18 October 2019, from <https://fred.stlouisfed.org/series/NGMP38060>

The Essay Assignment Help