



JOB MARKET & AI IMPACTS



NATIONAL BANK OF ARIZONA®

Economic Conditions 1

Labor Market Conditions 2

Employment Growth 3

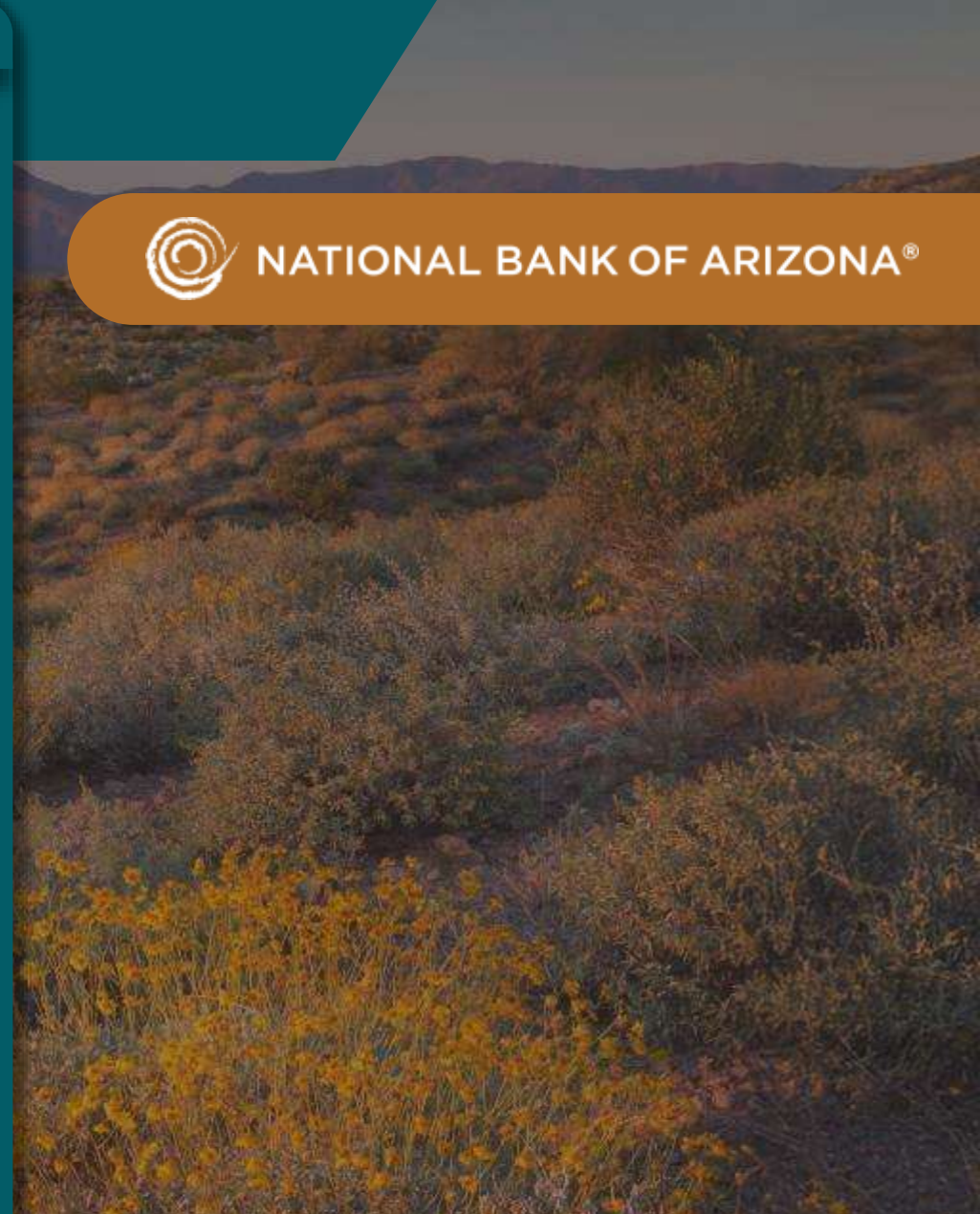
AI Shifts 4

Workforce Adaptation 5

Outlook 6



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Performance Indicators

United States | Annual Change

Indicator	Current Period	Current Value	Prior Year Value	Percent Change	
Real Gross Domestic Product	Q1 '26	\$24.2 T	\$23.5 T	2.7%	▲
Unemployment Rate ^[1]	Jun '26	4.4%	4.2%	0.2 pts.	▲
Real Wage and Salary Growth	May '26	3.5%	4.3%	-0.8 pts.	▼
Producer Price Index	May '26	292.5	258.7	13.1%	▲
Retail Sales	May '26	\$662.8 B	\$616.2 B	7.5%	▲
Industrial Production ^[1]	May '26	101.7	100.4	1.3%	▲
Housing Starts	May '26	107,000	117,800	-9.2%	▼
Building Permits	May '26	120,500	126,200	-4.5%	▼
Balance of Trade	May '26	-\$77.6 B	-\$66.7 B	-16.2%	▼
Value of U.S. Dollar	Jun '26	120.1	120.6	-0.4%	▼
Corporate Profits After Tax	Q1 '26	\$4.0 T	\$3.3 T	18.4%	▲

Source: Federal Reserve of St. Louis. Note: [1] Trailing 12-month average.

Performance Indicators

Arizona | Annual Change

Indicator	Current Period	Current Value	Prior Year Value	Percent Change	
Real Gross Domestic Product	Q1 '26	\$462.2 B	\$449.8 B	2.8%	▲
Population	2025	7.62 M	7.56 M	0.9%	▲
Total Nonfarm Employment	May '26	3.28 M	3.27 M	0.5%	▲
Labor Force Participation Rate ^[1]	May '26	61.4%	62.0%	-0.6 pts.	▼
Unemployment Rate ^[1]	May '26	4.6%	4.0%	+0.6 pts.	▲
Average Weekly Earnings	May '26	\$1,217	\$1,192	+2.1%	▲
Average Weekly Hours Worked	May '26	34.0	34.4	-1.2%	▼
Home Price Index (Purchase)	Q1 '26	567.3	566.07	+0.2%	▲
New Private Housing Permits ^[2]	May '26	46,355	54,714	-15.3%	▼
Business Applications ^[2]	Jun. '26	151,832	122,638	23.8%	▲
High-Propensity Business Apps. ^[2]	Jun. '26	37,958	35,874	5.8%	▲

Source: Federal Reserve of St. Louis. Note: [1] Trailing 12-month average. [2] Trailing 12-month total.

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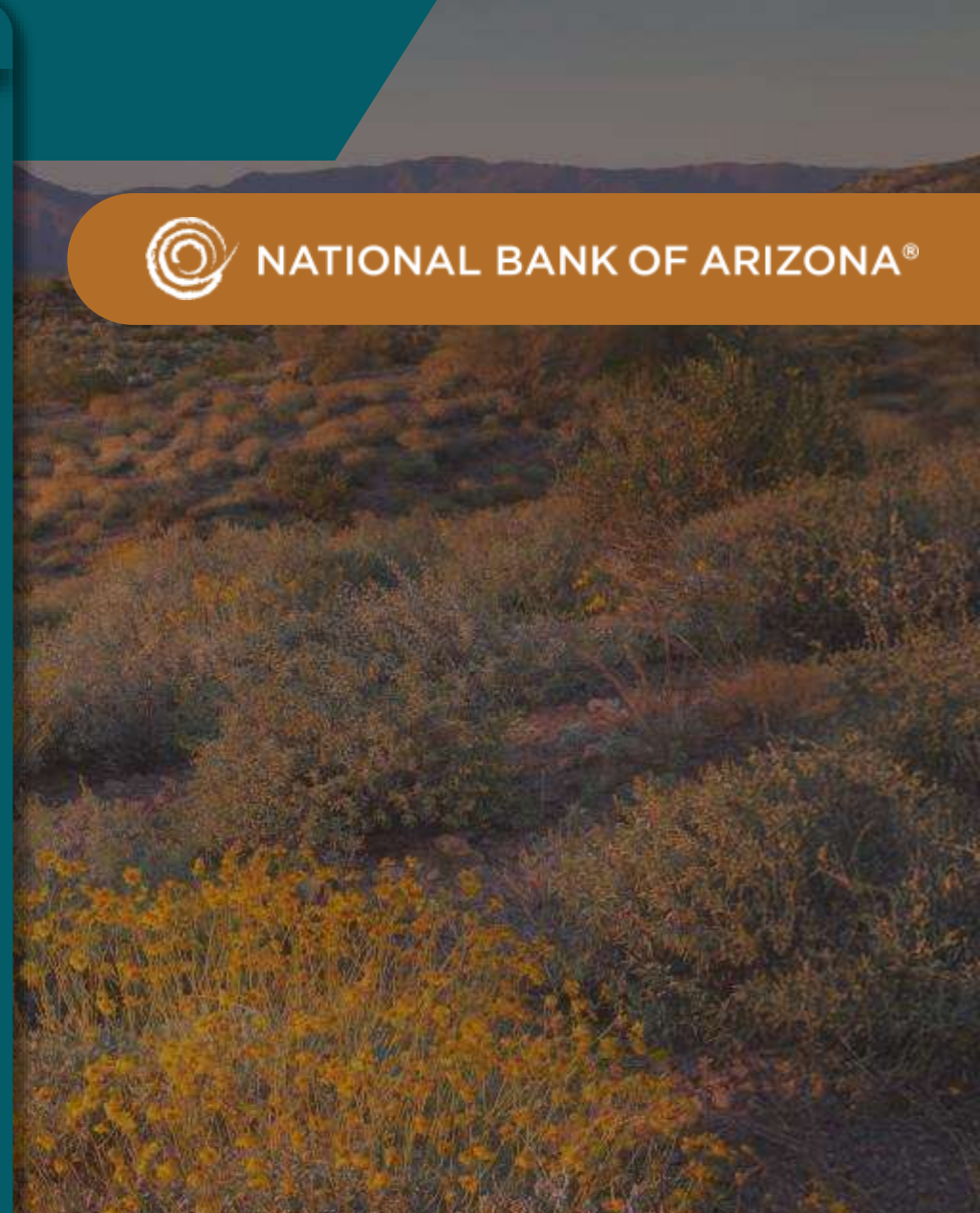
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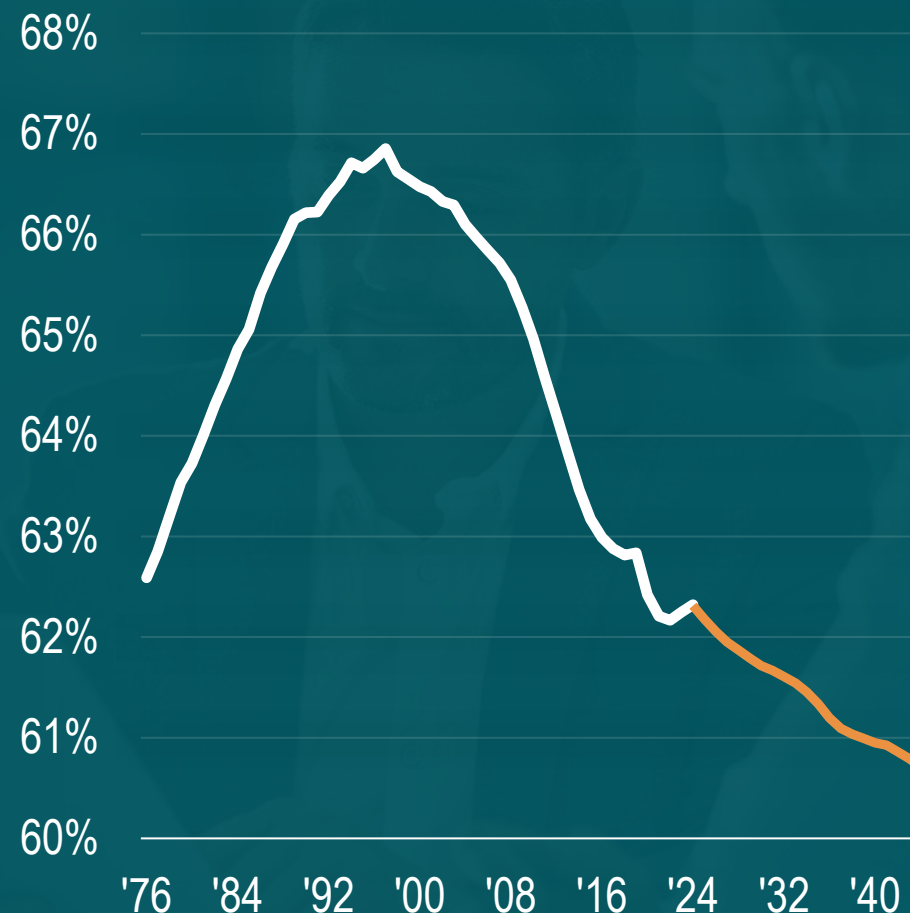
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Headwind Signal

“A [declining] trend in labor force participation [is projected] over the next 20 years. Aging remains the dominant source of downward pressure, as the population shifts toward lower-participation ages. Rising education is expected to continue to offset part but not all of that loss.”

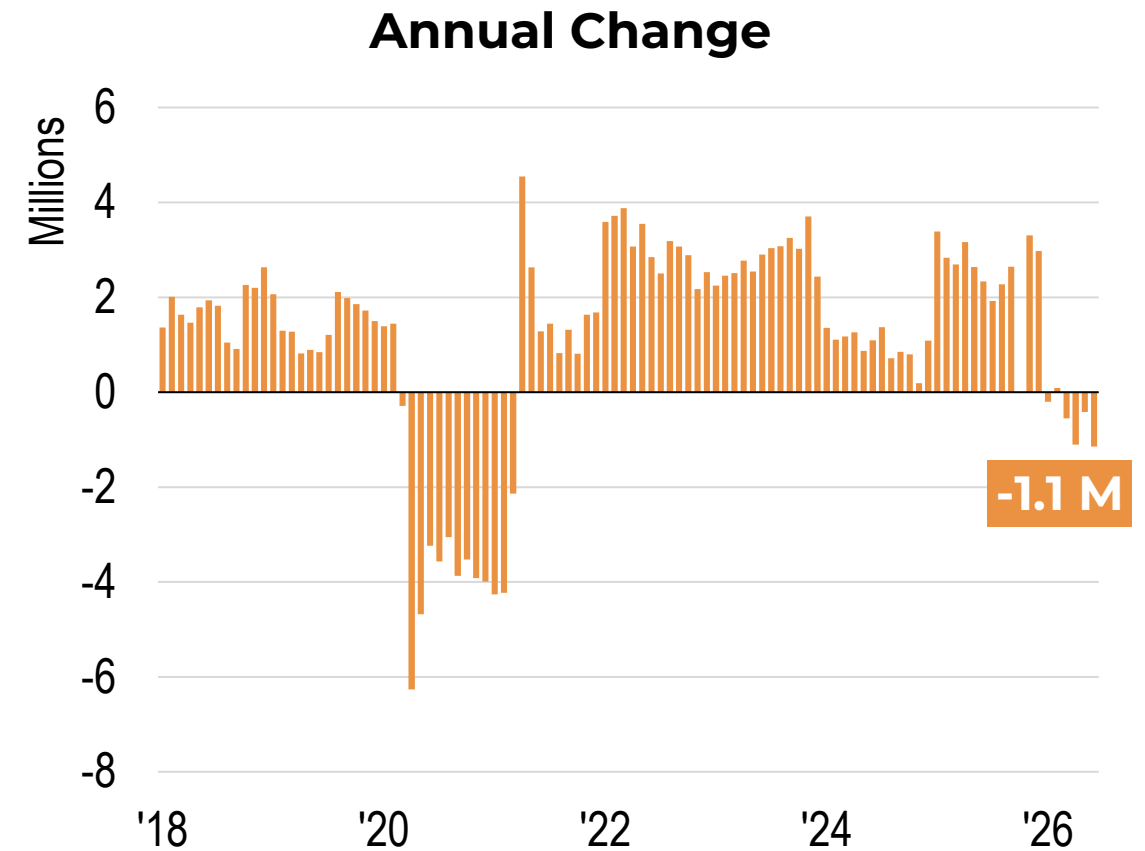
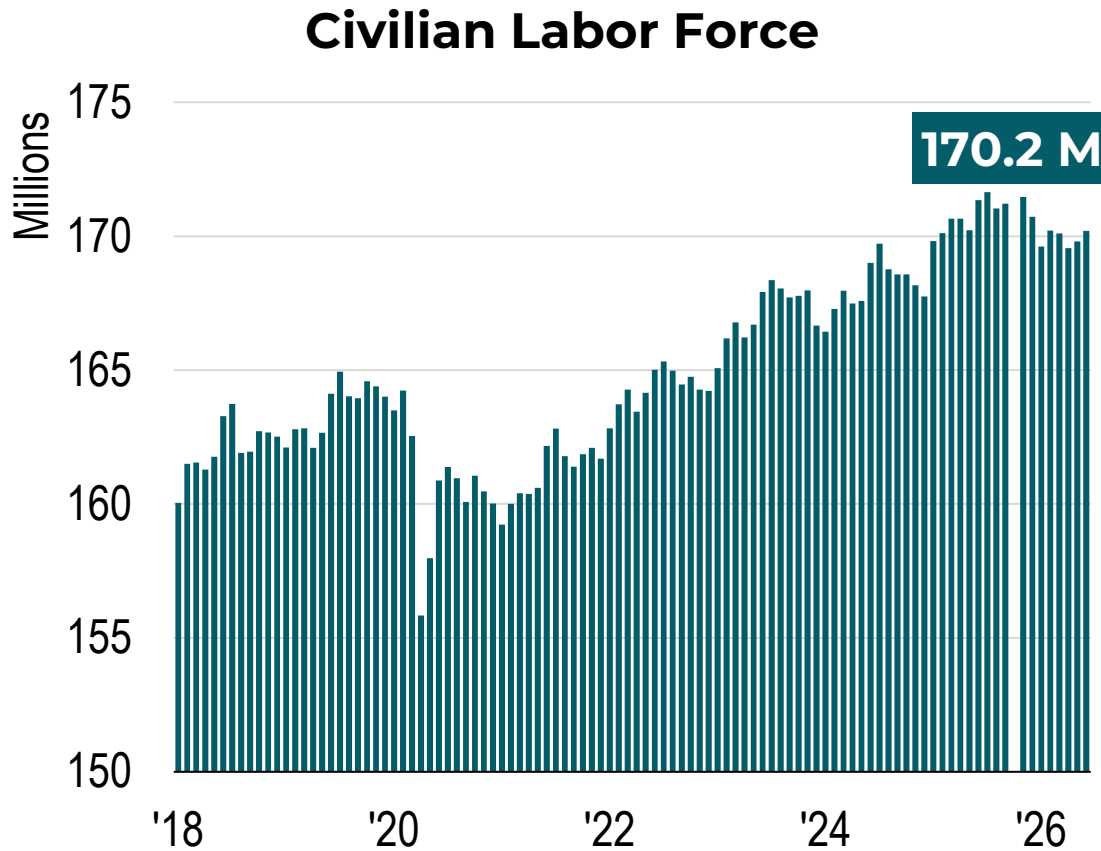
Labor Force Participation Rate



Source: Federal Reserve of San Francisco, June 1, 2026

Labor Force

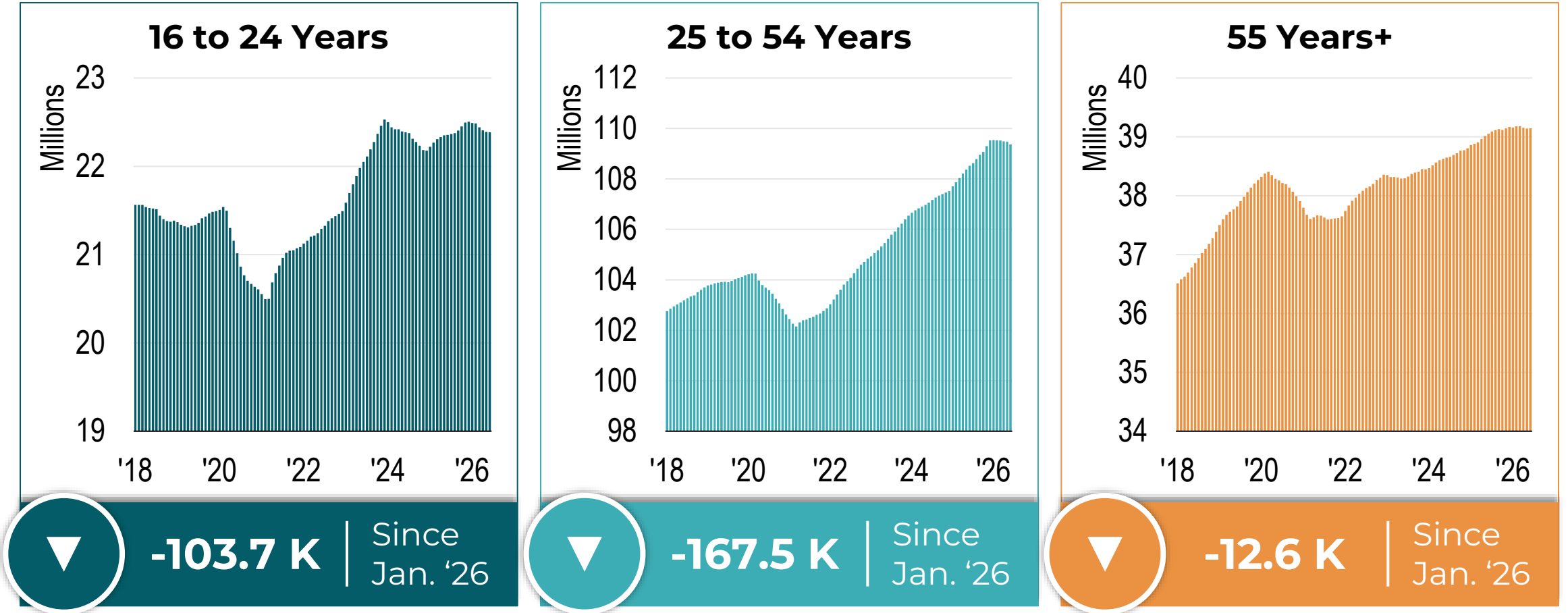
United States



Source: U.S. Bureau of Labor Statistics. Note: October 2025 data unavailable due to federal shutdown, not seasonally adjusted.

Labor Force

United States | By Age Group



Source: U.S. Bureau of Labor Statistics. Note: Data reflects trailing 12-month average, not seasonally adjusted.

Labor Force Participation Rate

United States | By Age Group



Source: U.S. Bureau of Labor Statistics. Note: Data reflects trailing 12-month average, not seasonally adjusted.



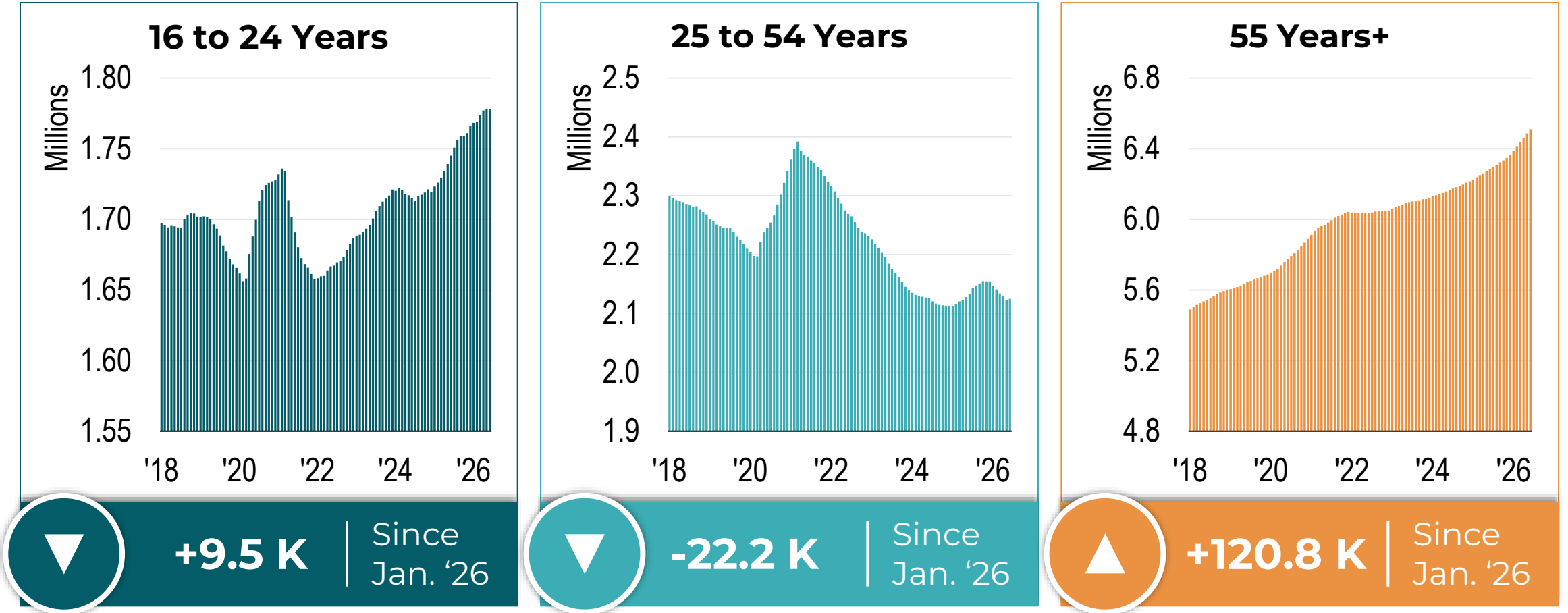
The population is aging, **fewer younger workers are entering the workforce**, and relative stability amongst prime-age workers (aged 25-54) can't fully offset the gap. The result, according to the BLS projections, will be roughly 4.3 million fewer workers by 2034 than would be expected if participation rates held steady.

Indeed Hiring Lab

April 7, 2026

Not in Labor Force

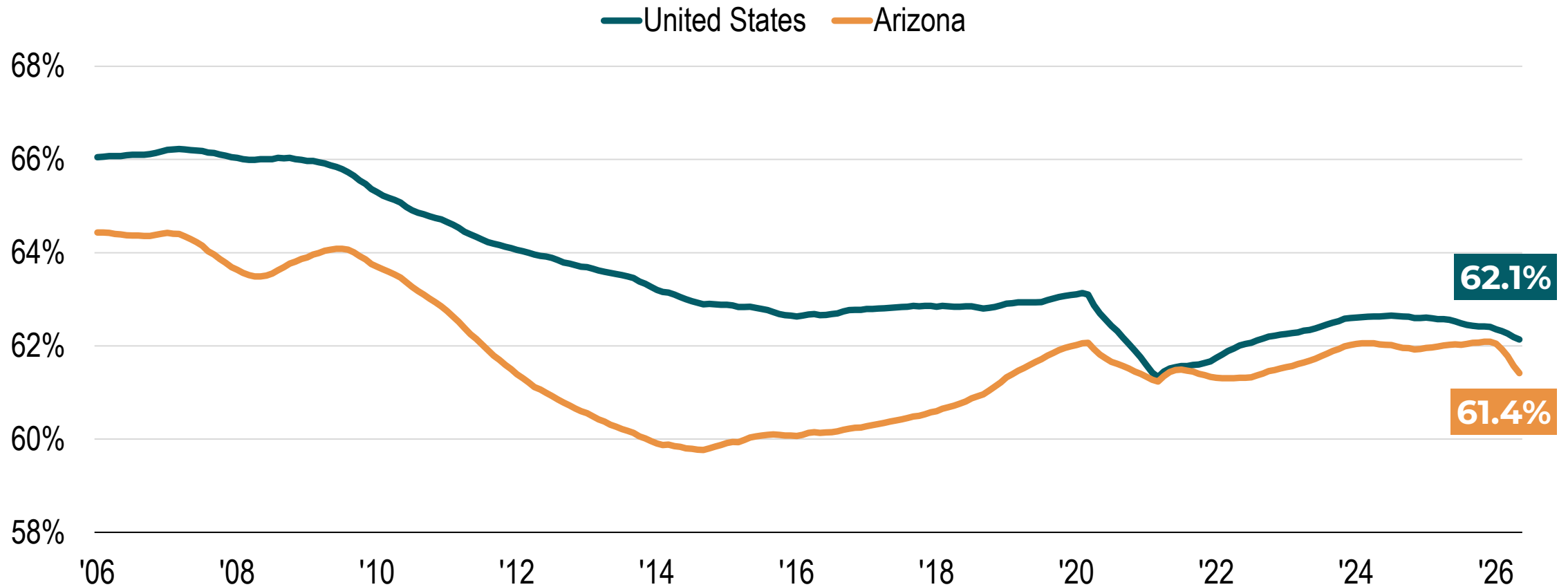
United States | By Age Group



Source: U.S. Bureau of Labor Statistics. Note: Data reflects trailing 12-month average, not seasonally adjusted.

Labor Force Participation Rate

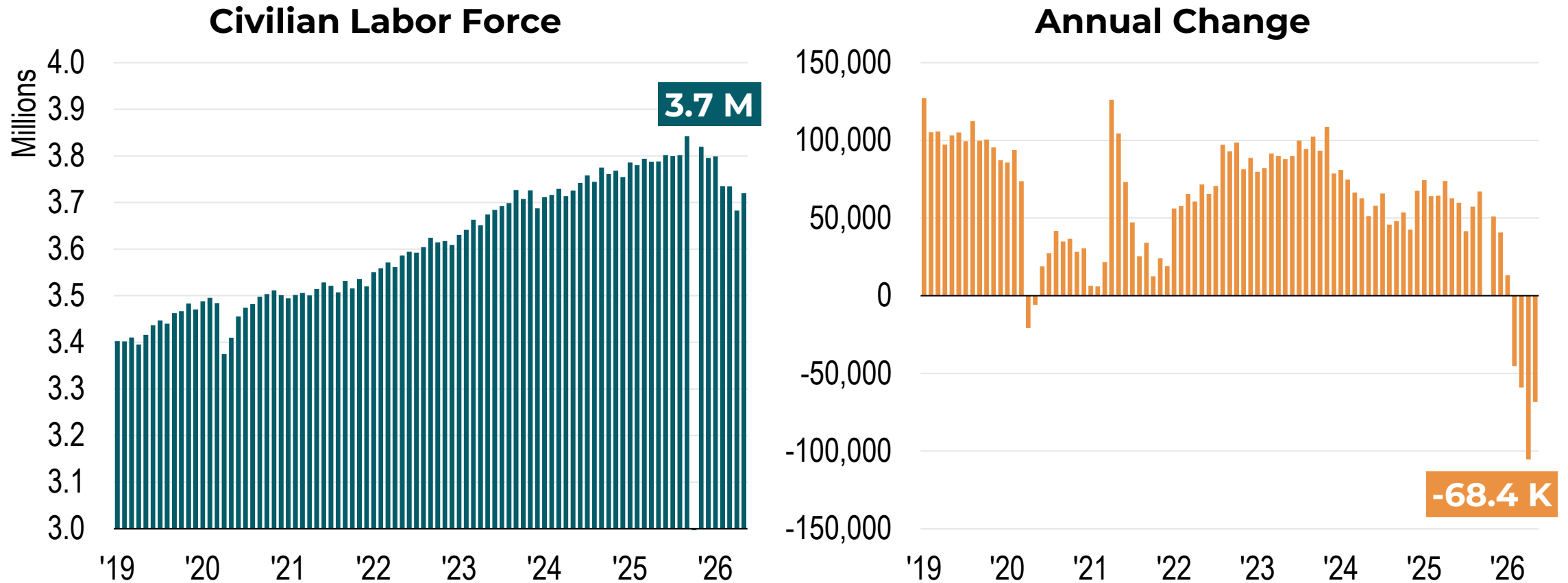
United States vs. Arizona



Source: U.S. Bureau of Labor Statistics. Note: Data reflects trailing 12-month average, not seasonally adjusted.

Labor Force

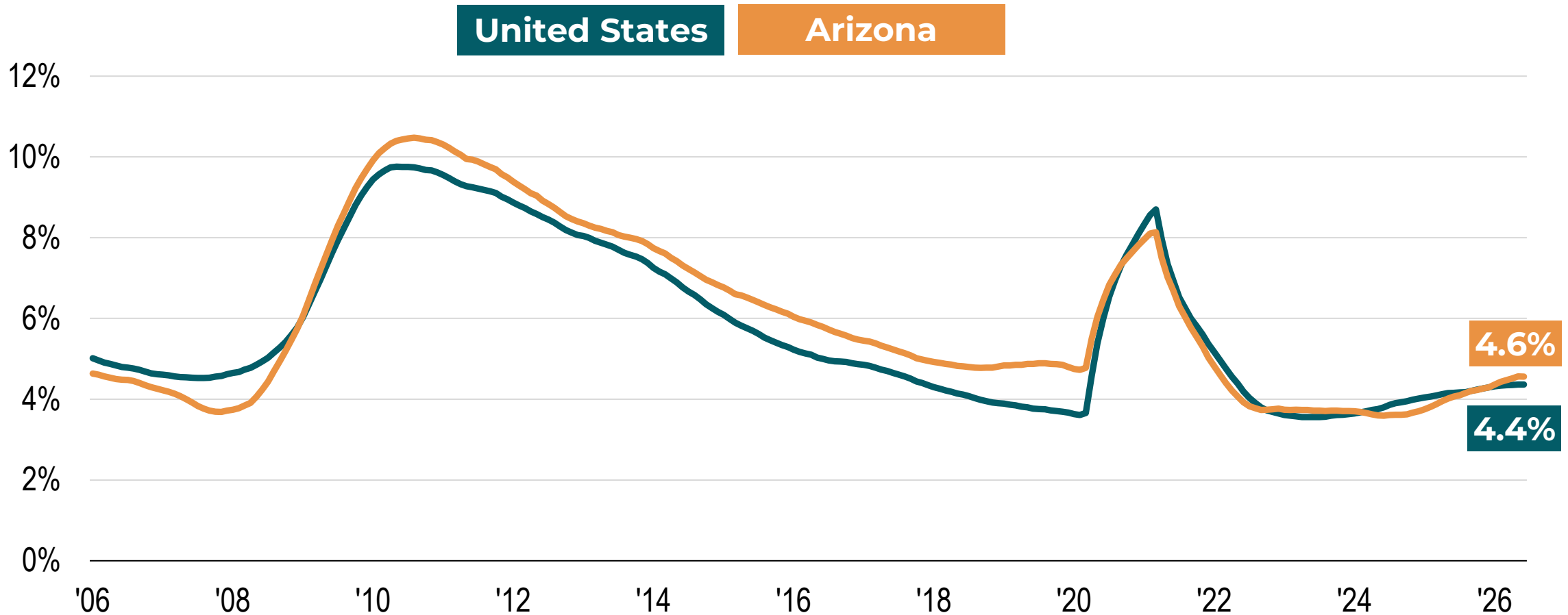
Arizona



Source: U.S. Bureau of Labor Statistics. Note: October 2025 data unavailable due to federal shutdown, not seasonally adjusted.

Unemployment Rates

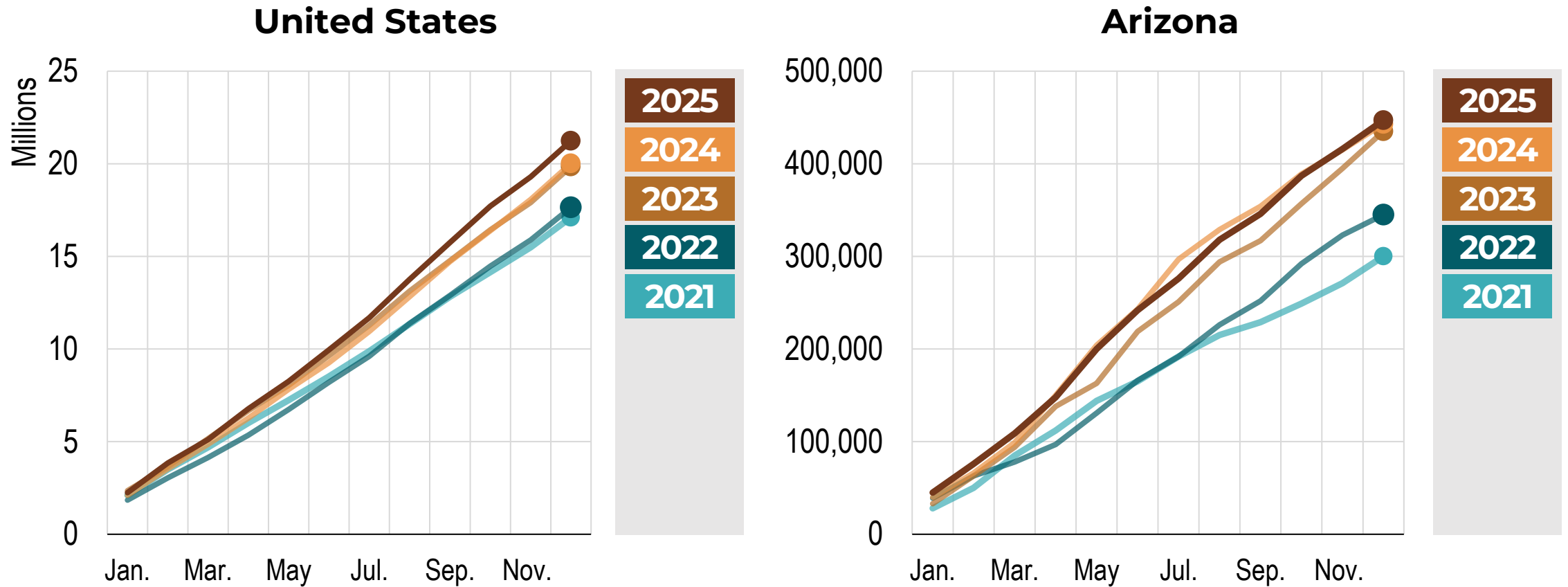
United States vs. Arizona



Source: U.S. Bureau of Labor Statistics. Note: Data reflects trailing 12-month average, not seasonally adjusted.

Layoffs & Discharges

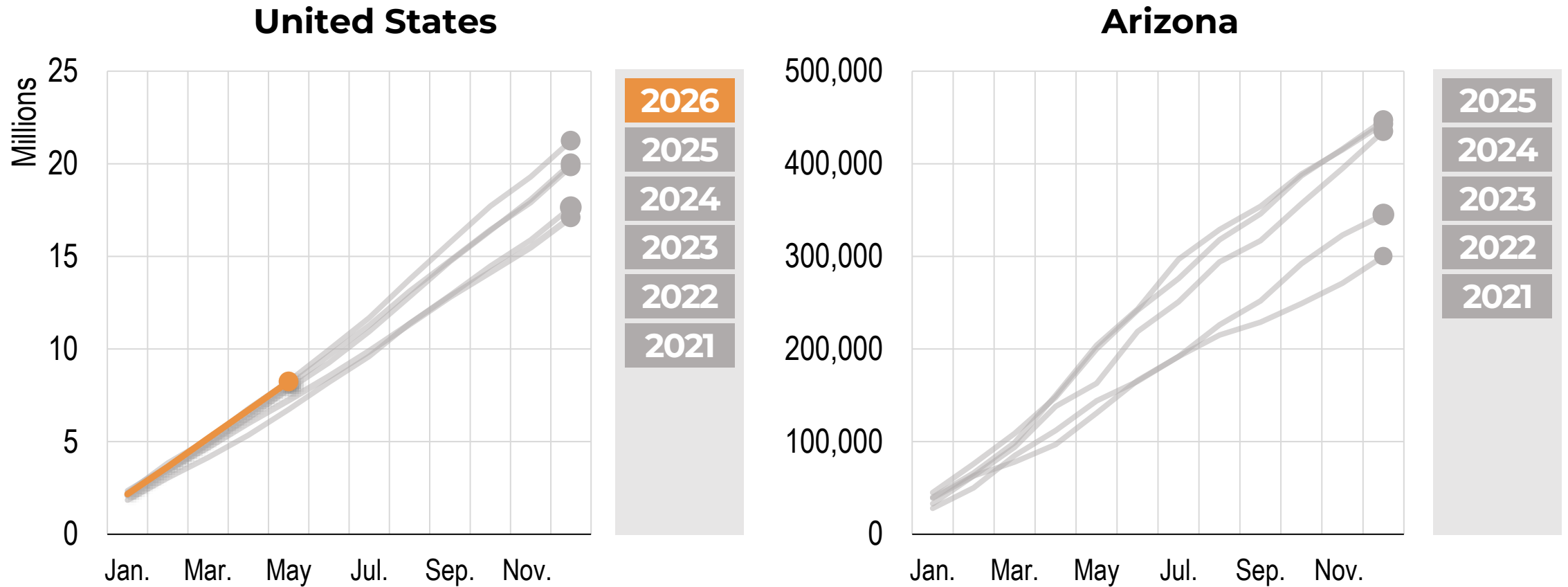
Cumulative Total | By Year



Source: U.S. Bureau of Labor Statistics. Note: Data is not seasonally adjusted.

Layoffs & Discharges

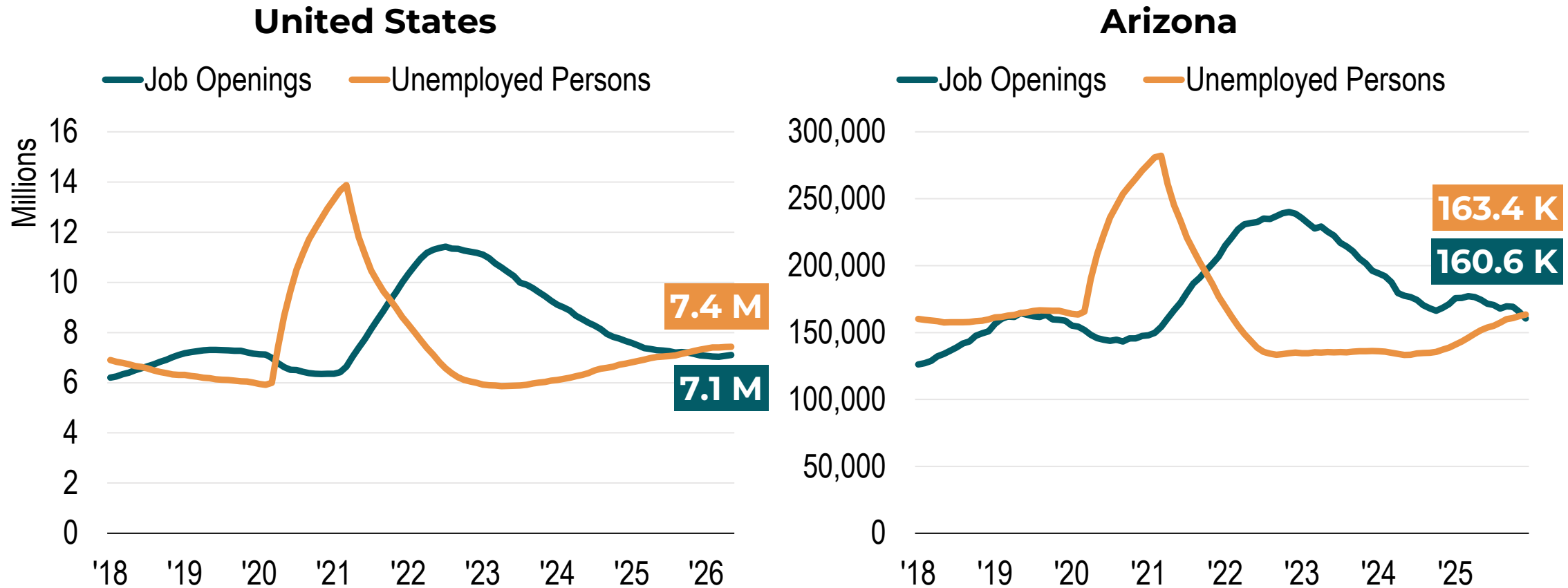
Cumulative Total | By Year



Source: U.S. Bureau of Labor Statistics. Note: Data is not seasonally adjusted.

Job Openings vs. Unemployment

United States vs. Arizona



Source: U.S. Bureau of Labor Statistics. Note: Data reflects trailing 12-month average, not seasonally adjusted.



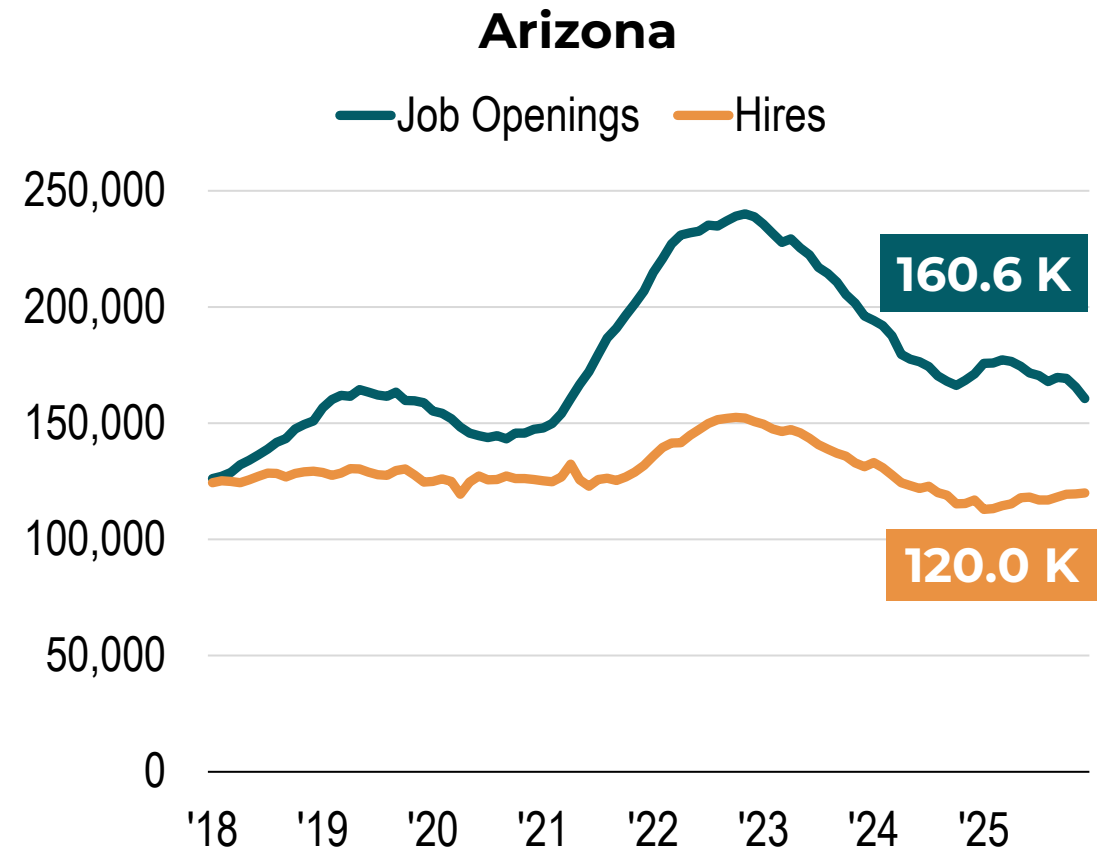
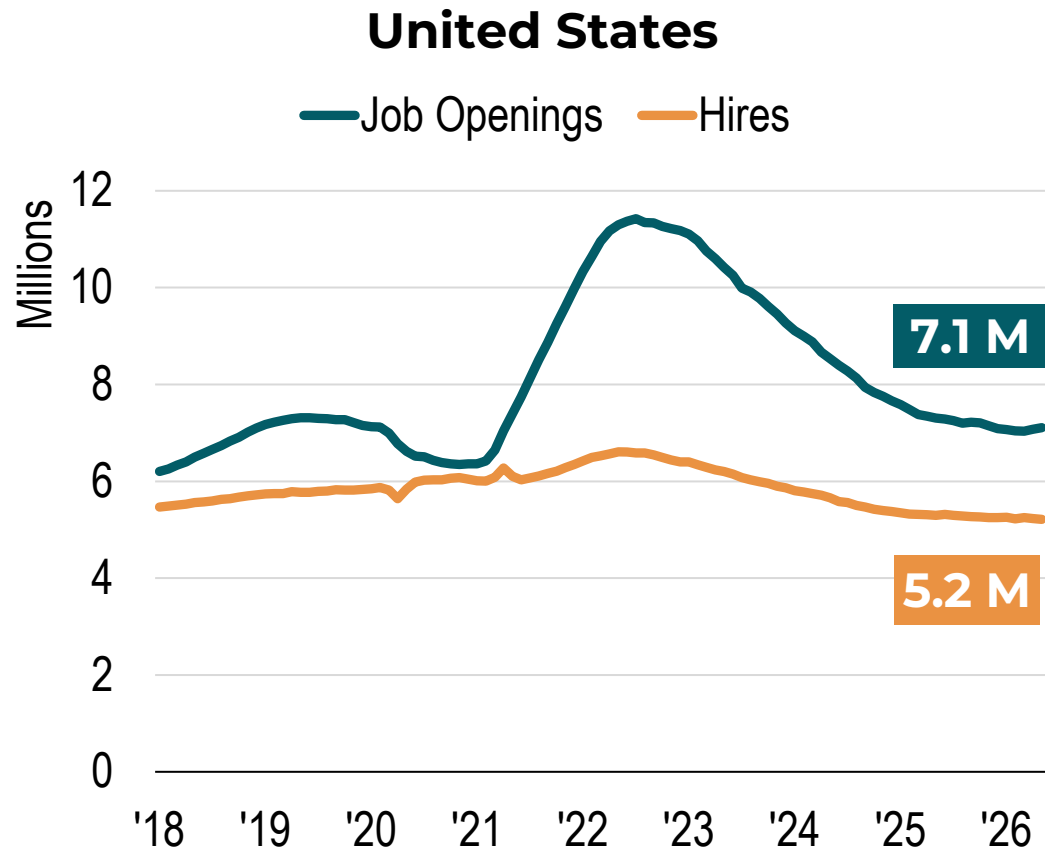
Businesses remain wary of the economy's health, with inflation at a three-year high and consumer confidence near post-pandemic lows. **The job market has been stuck in a 'low-hire, low-fire' rut** in which the employed enjoy some job security while layoffs are low, but those out of work are struggling to get hired."

PBS News

July 2, 2026

Hiring Momentum

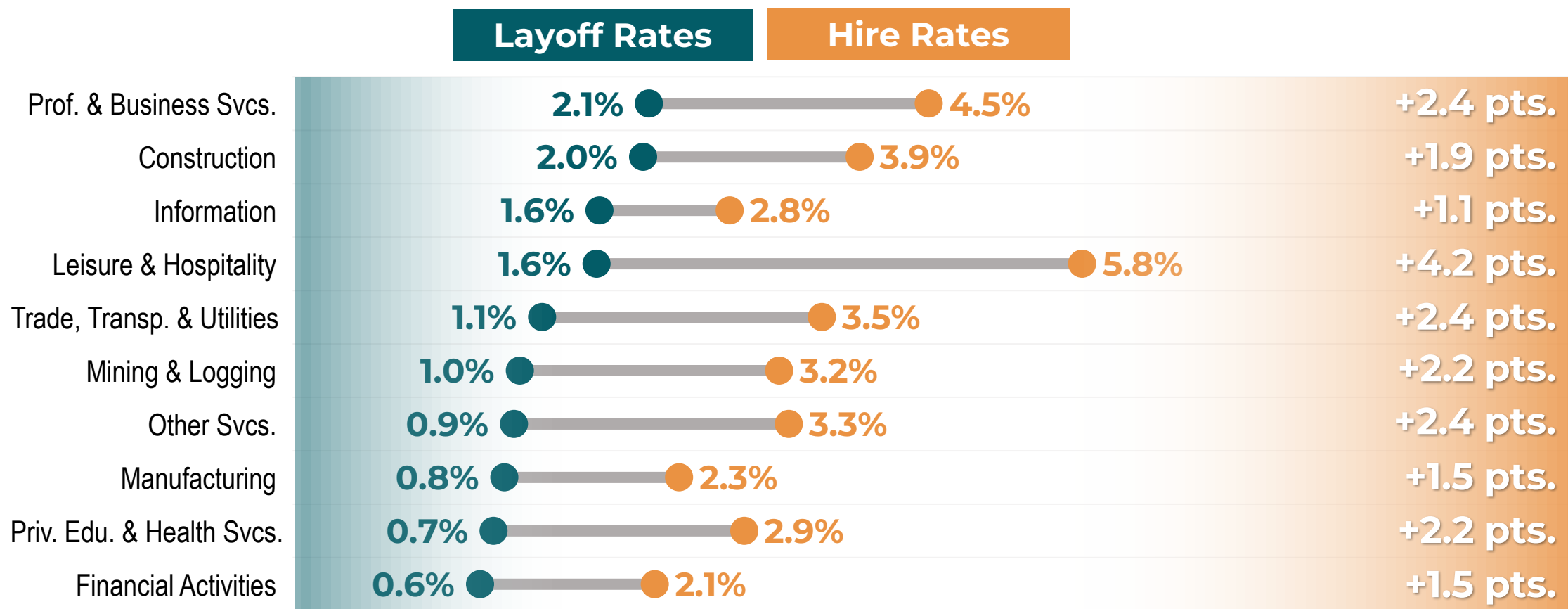
United States vs. Arizona



Source: U.S. Bureau of Labor Statistics. Note: Data reflects trailing 12-month average, not seasonally adjusted.

Hiring Momentum

United States | By Private Industries



Source: U.S. Bureau of Labor Statistics. Note: Data reflect trailing 12-month average for May 2026, not seasonally adjusted.

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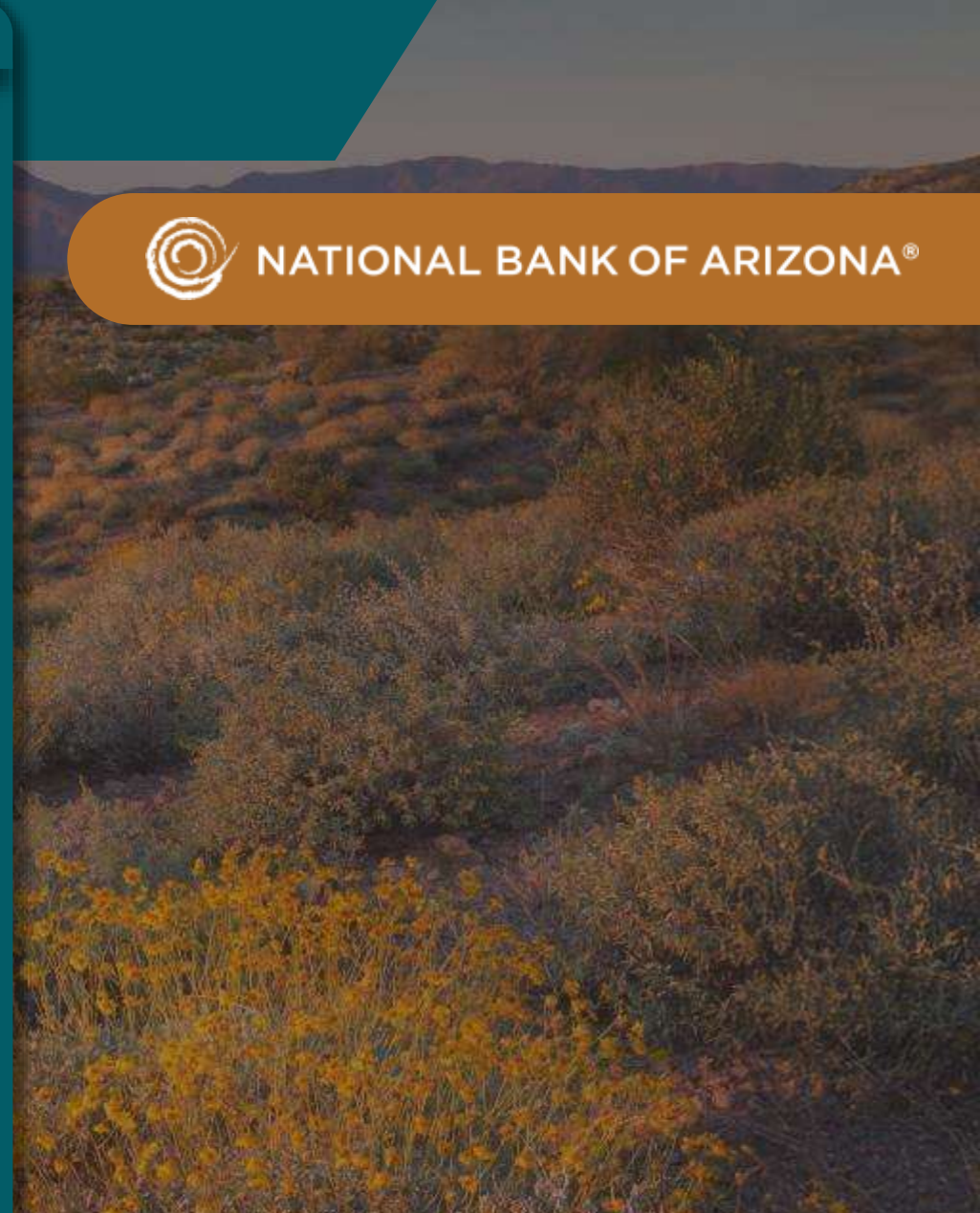
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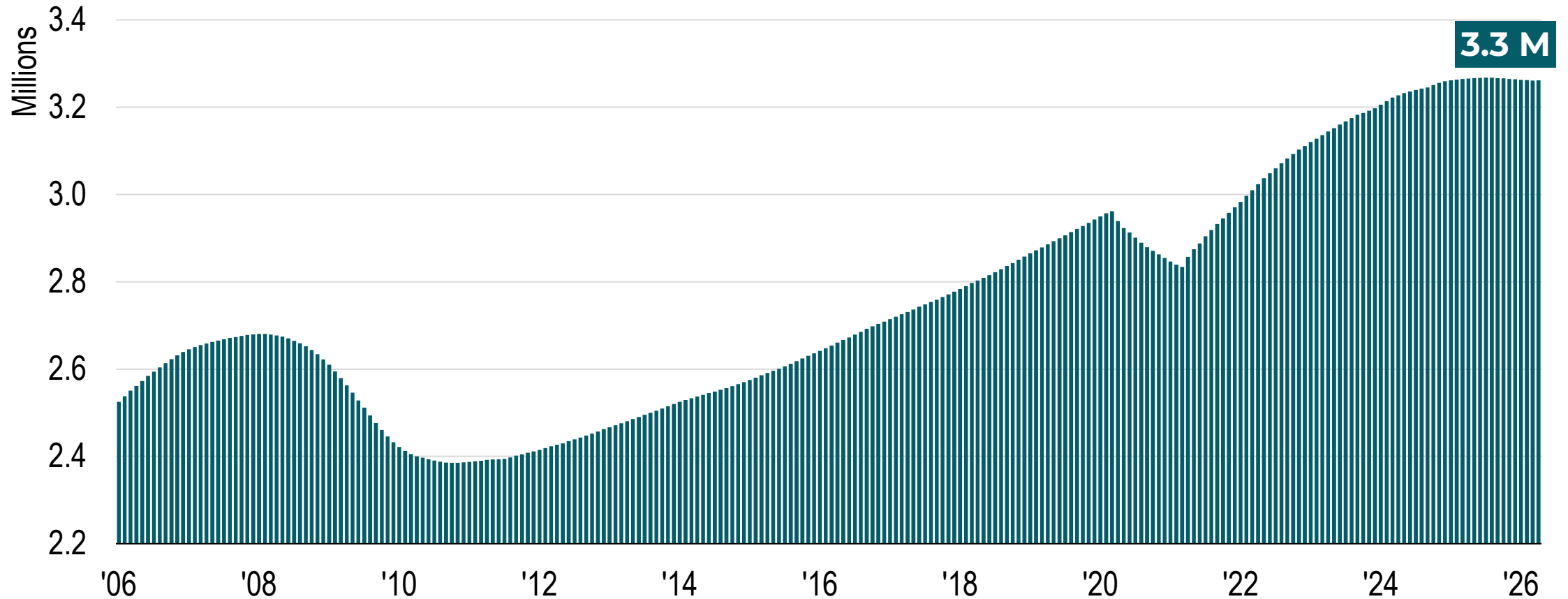


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3 Employment

Arizona | Trailing 12-Month Average



Source: U.S. Bureau of Labor Statistics. Note: Data is not seasonally adjusted.



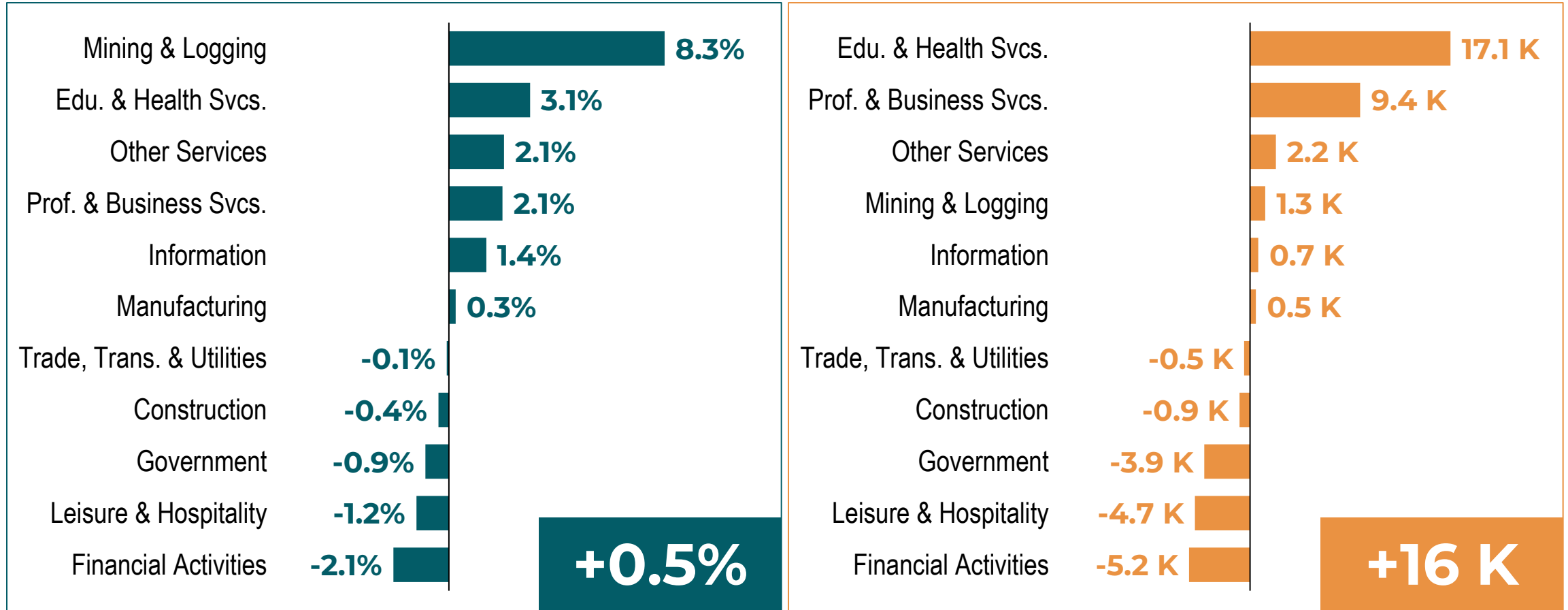
U.S. job growth slowed sharply in June and payroll gains for the prior two months were revised lower, pointing to a cooling labor market and prompting financial markets to dial back expectations for a near-term interest rate hike from the Federal Reserve.

Reuters

July 1, 2026

Employment Growth

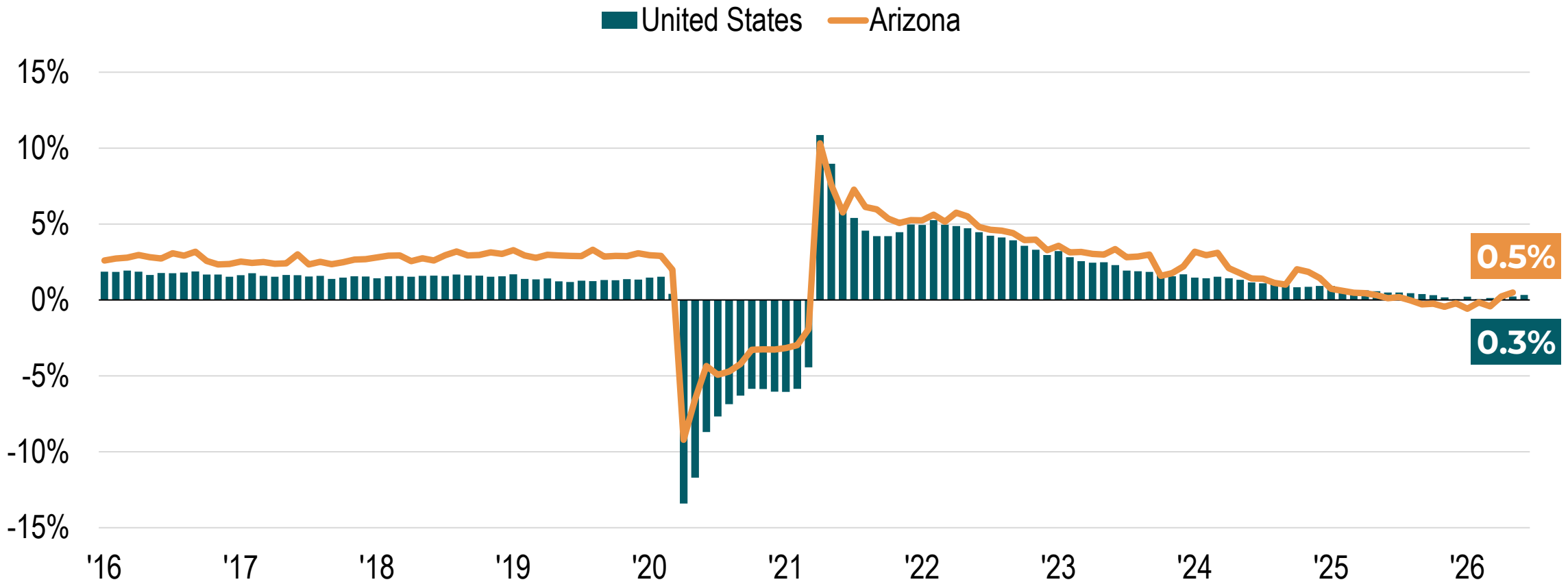
Arizona | May 2026



Source: U.S. Bureau of Labor Statistics. Note: Data reflects year-over-year change, not seasonally adjusted.

Employment Growth

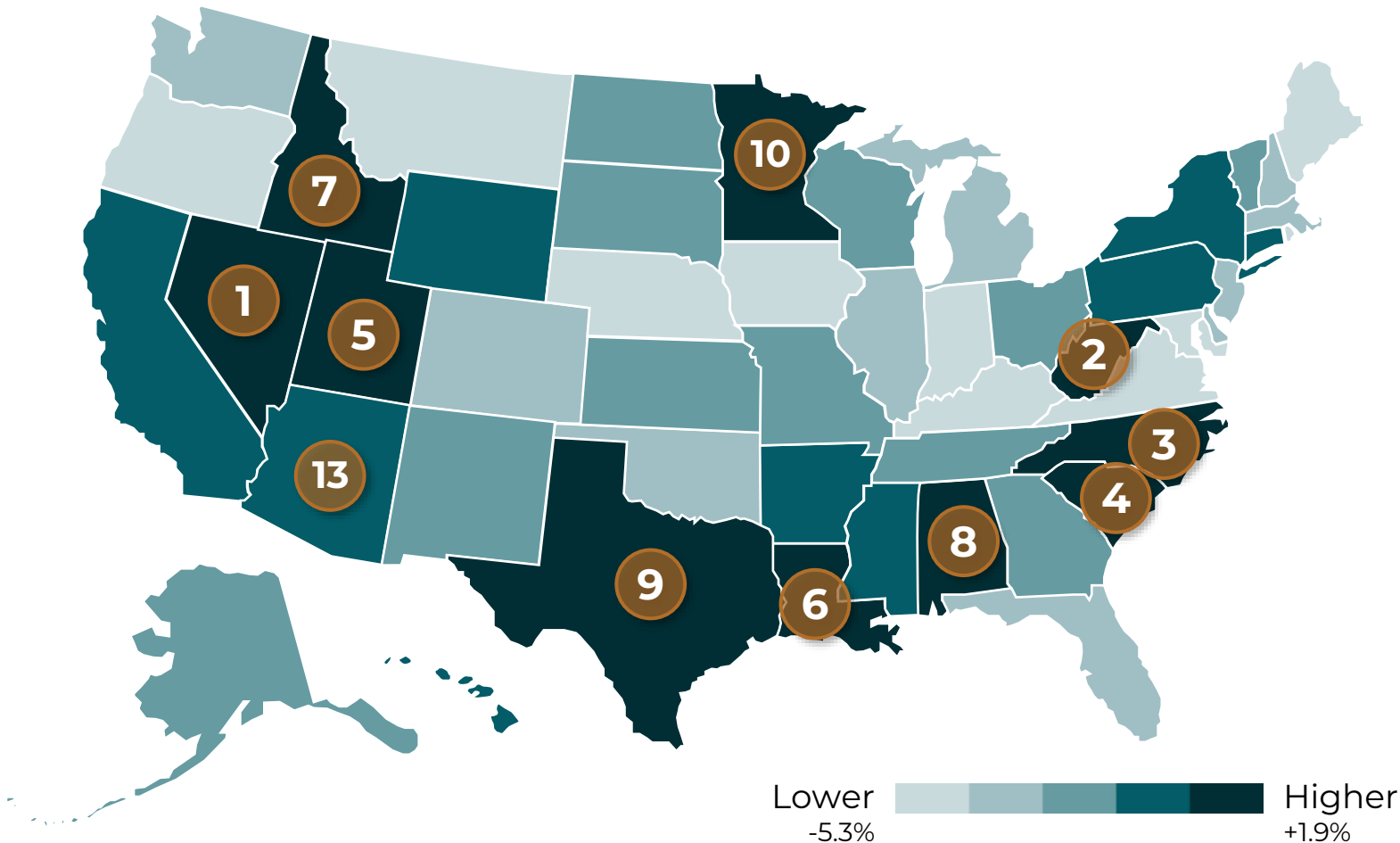
United States vs. Arizona



Source: U.S. Bureau of Labor Statistics. Note: Data is not seasonally adjusted.

Employment Growth

By State | May 2026

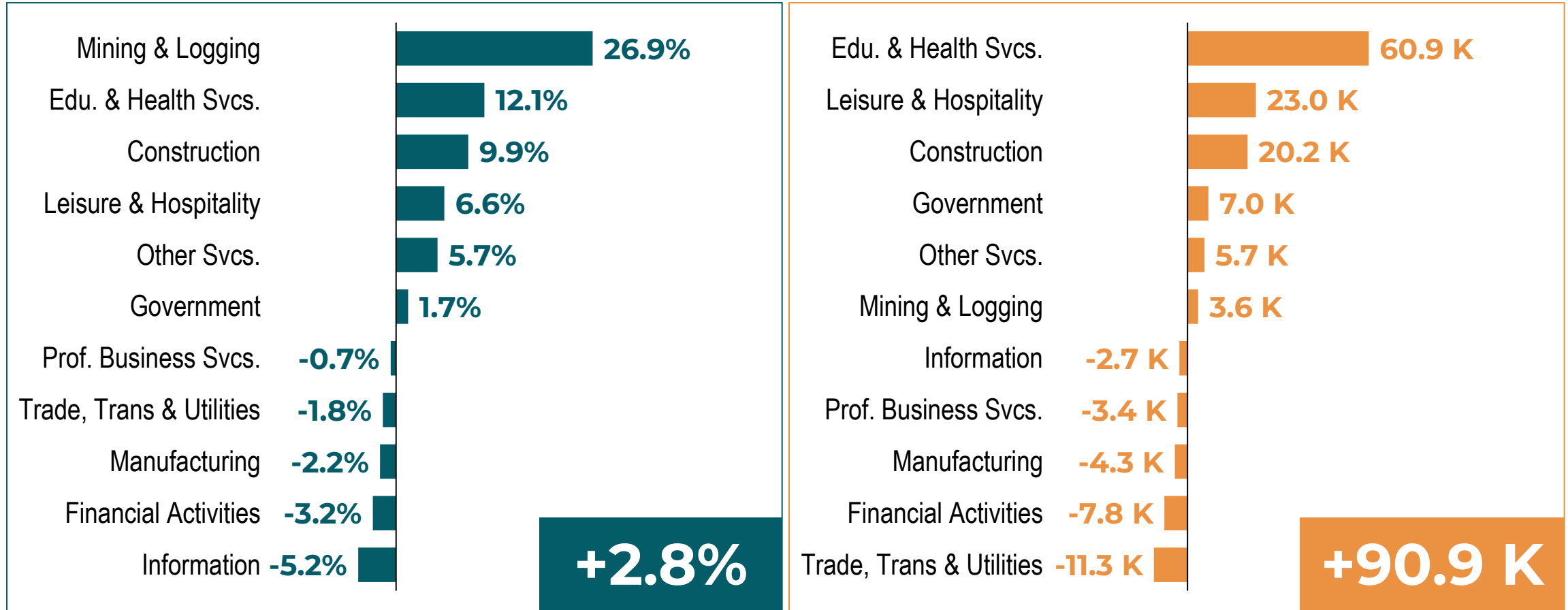


Rank	State	Growth
1	Nevada	+1.9%
2	West Virginia	+1.1%
3	North Carolina	+1.1%
4	South Carolina	+1.0%
5	Utah	+1.0%
6	Louisiana	+0.8%
7	Idaho	+0.7%
8	Alabama	+0.7%
9	Texas	+0.7%
10	Minnesota	+0.6%
13	Arizona	+0.5%
UNITED STATES		+0.2%

Source: U.S. Bureau of Labor Statistics. Note: Data is not seasonally adjusted.

Employment Growth

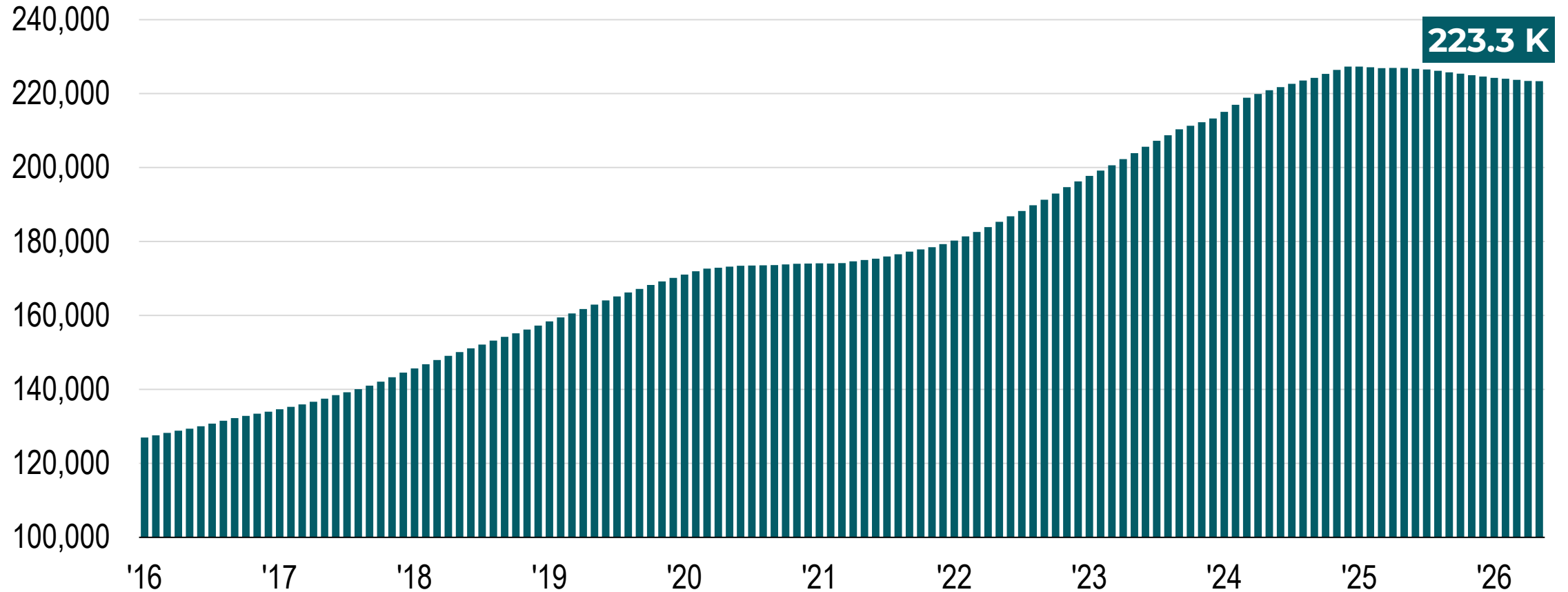
Arizona | Since December 2022



Source: U.S. Bureau of Labor Statistics. Note: Data reflects year-over-year change, not seasonally adjusted.

Construction Employment

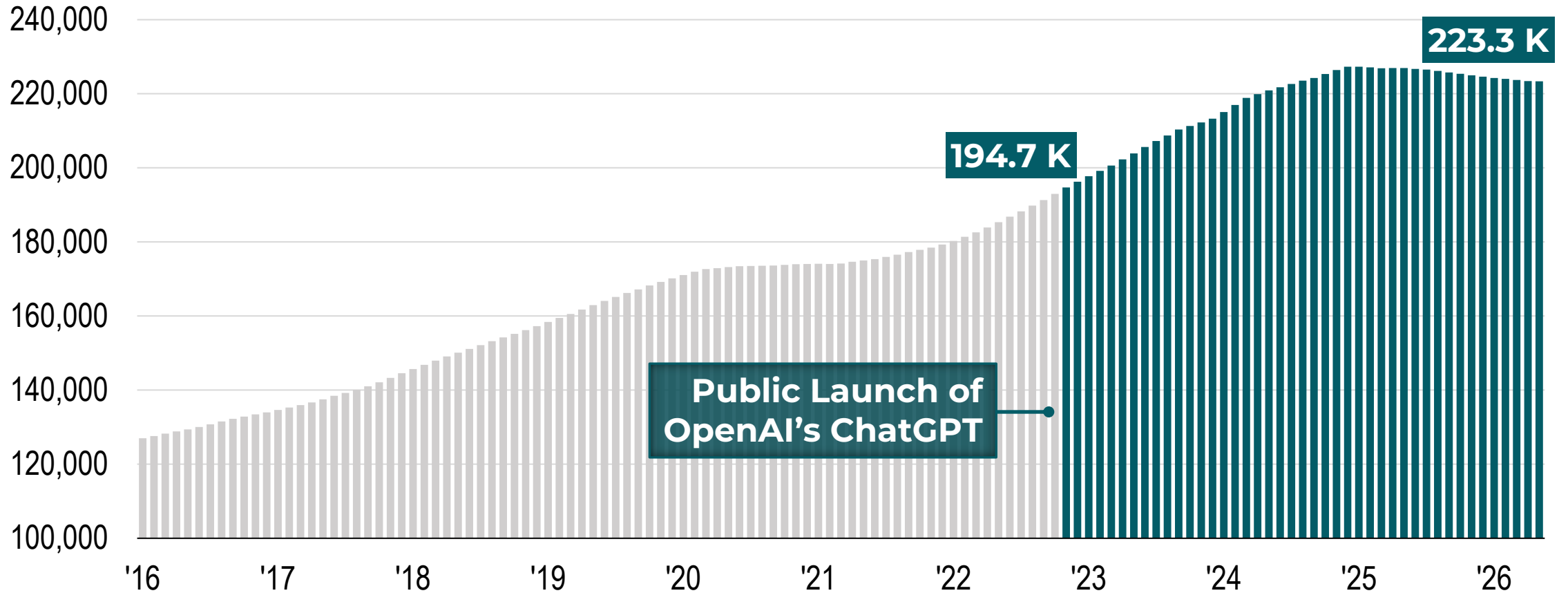
Arizona



Source: U.S. Bureau of Labor Statistics. Note: Data is not seasonally adjusted.

Construction Employment

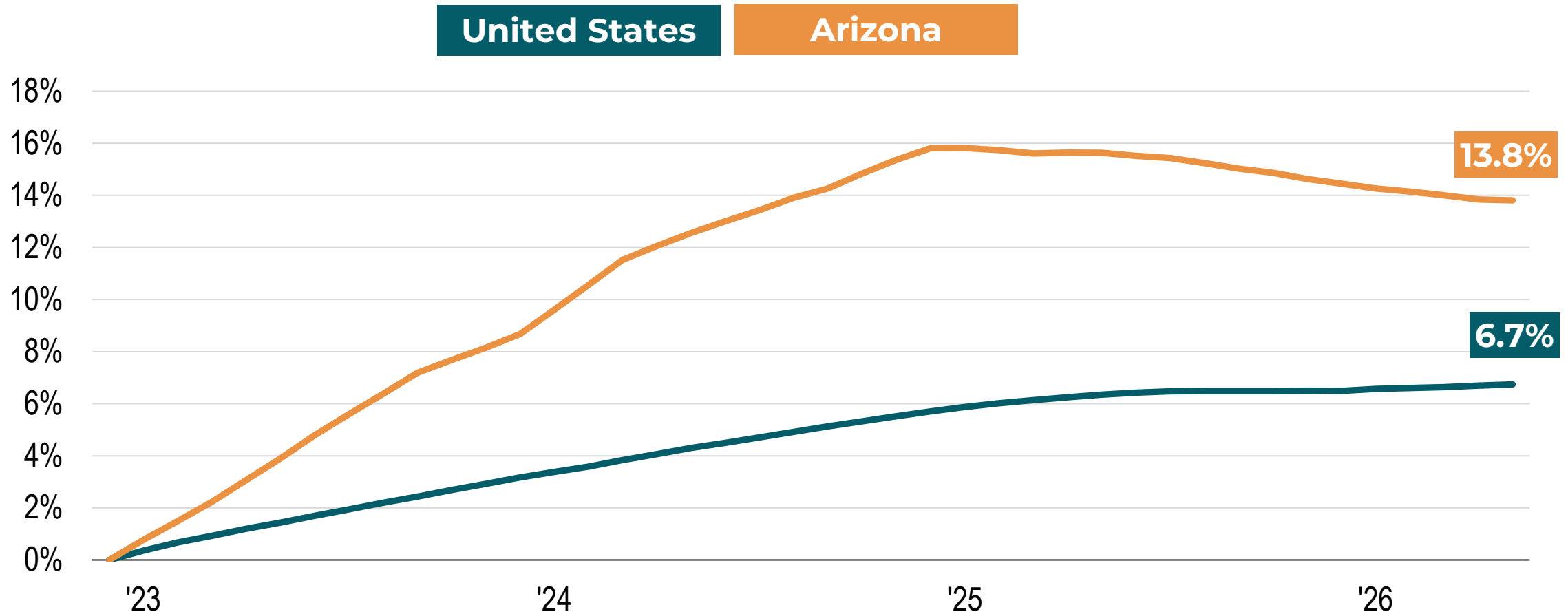
Arizona



Source: U.S. Bureau of Labor Statistics. Note: Data is not seasonally adjusted.

Construction Employment

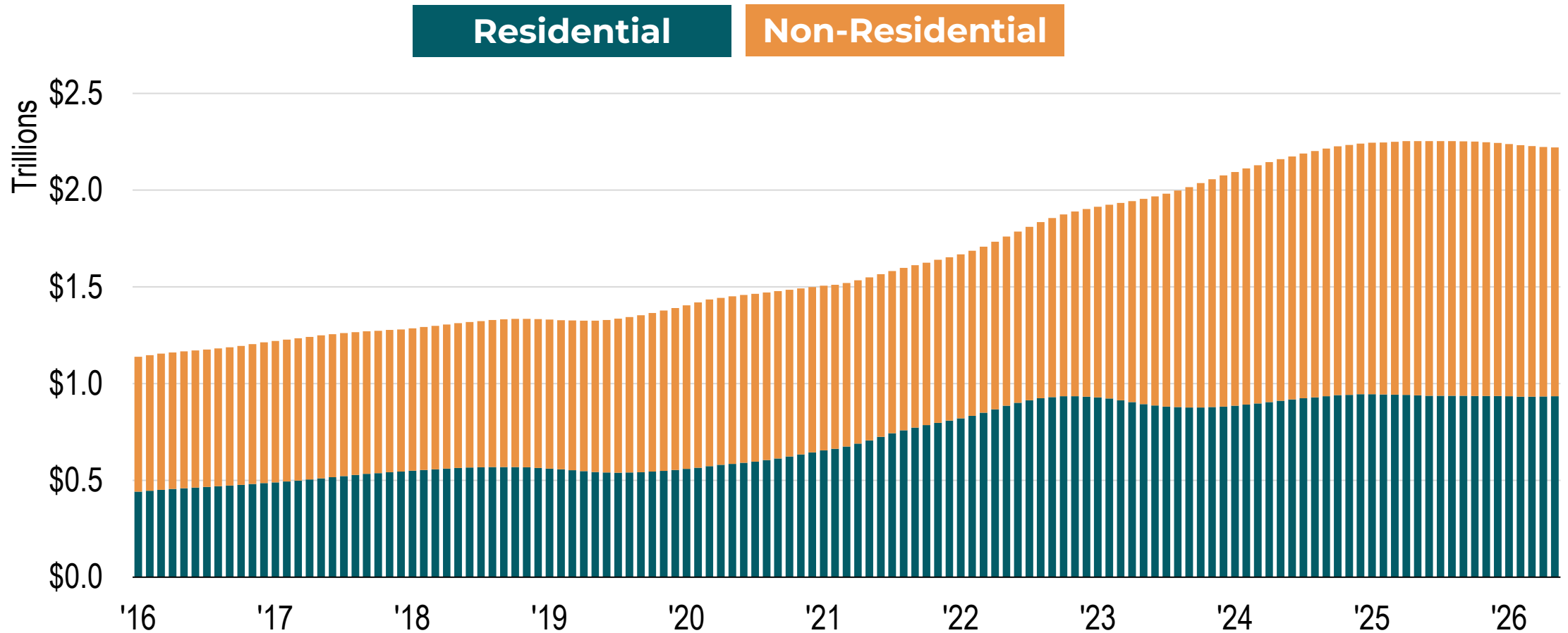
Since December 2022



Source: U.S. Bureau of Labor Statistics. Note: Data reflect growth of trailing 12-month average values, not seasonally adjusted.

Construction Spending

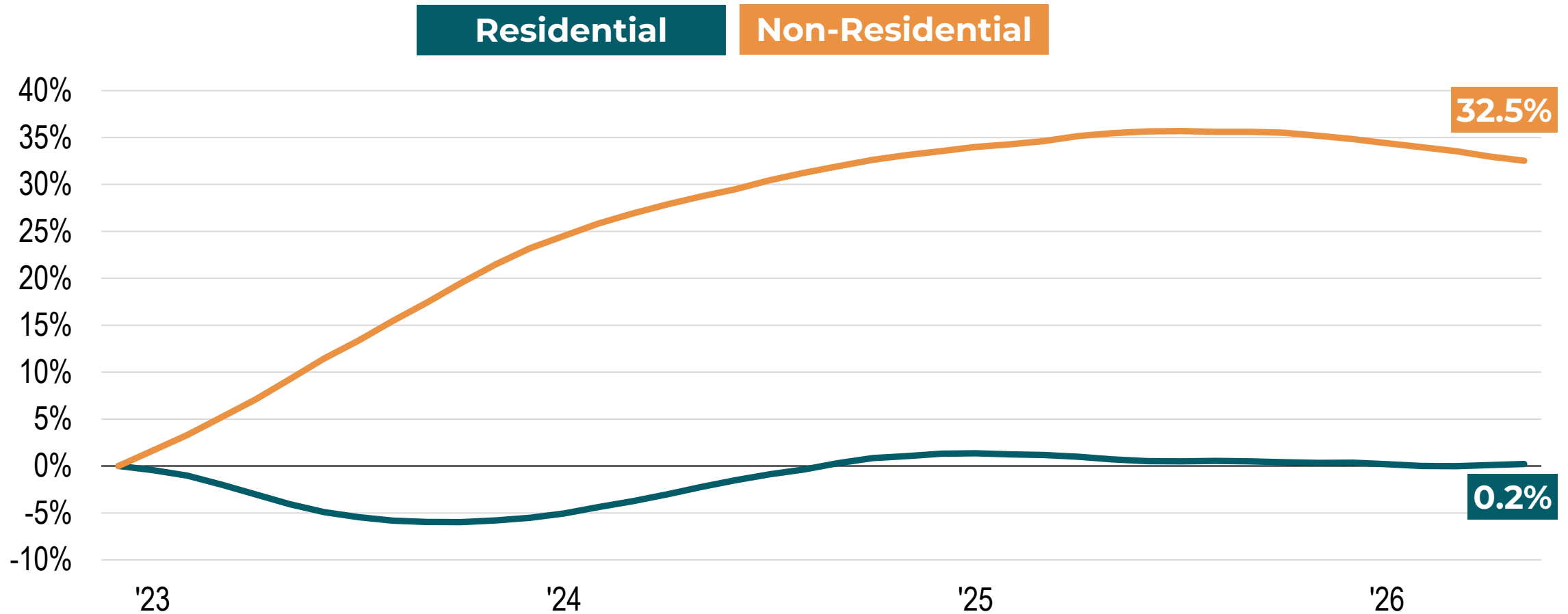
United States



Source: U.S. Census Bureau. Note: Data reflects trailing 12-month average, not seasonally adjusted.

Construction Spending Growth

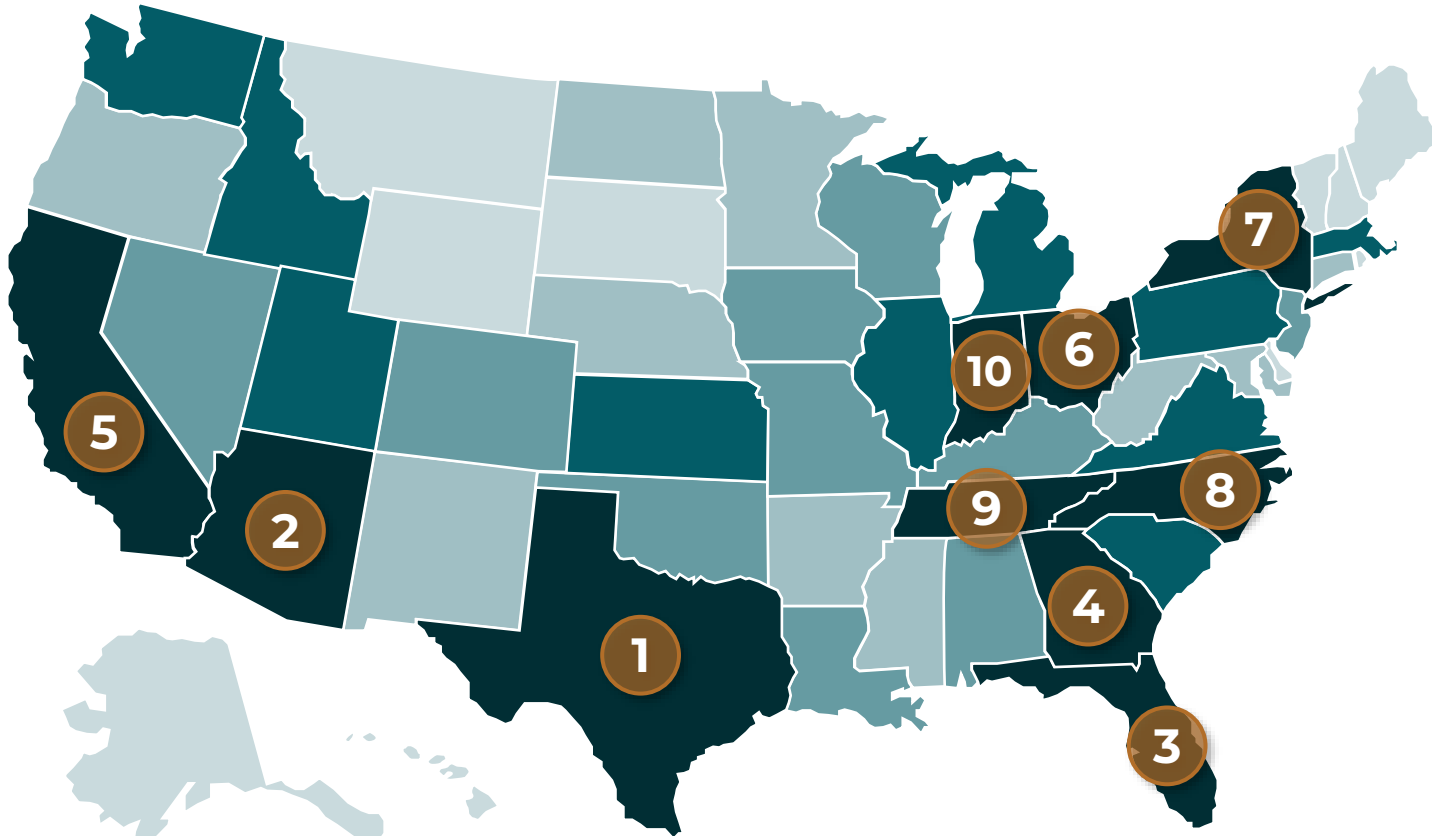
United States | Since December 2022



Source: U.S. Census Bureau. Note: Data reflects trailing 12-month total, not seasonally adjusted.

Construction Spending

By State | Non-Residential



Lower \$478 M Higher \$101 B

Rank	State	\$ Value
1	Texas	\$101.0 B
2	Arizona	\$34.9 B
3	Florida	\$34.2 B
4	Georgia	\$33.7 B
5	California	\$31.3 B
6	Ohio	\$30.2 B
7	New York	\$27.3 B
8	North Carolina	\$25.7 B
9	Tennessee	\$15.7 B
10	Indiana	\$15.6 B
UNITED STATES		\$588.8 B

Source: U.S. Census Bureau, 2024 (Latest Available). Note: Data reflects growth of private spending. Not inflation adjusted.



Global corporate AI investment more than doubled in 2025.

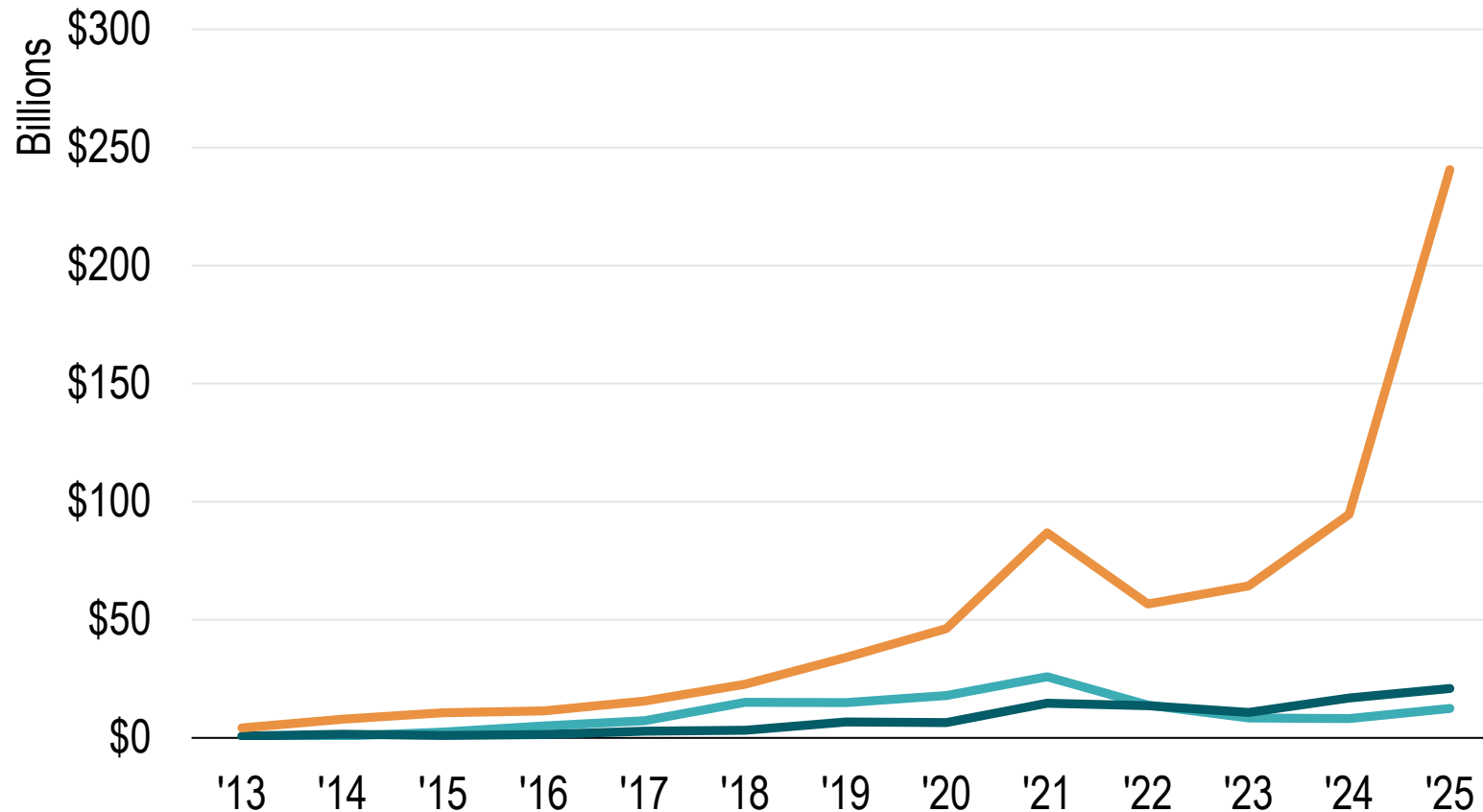
Private investment grew fastest at 127.5% and now accounts for 60% of the total. Generative AI led the surge, growing more than 200% and capturing nearly half of all private AI funding. Newly funded AI companies rose 71%, and billion-dollar funding events nearly doubled.

Stanford “The AI Index 2026 Annual Report”

April 2026

Real Private Investment in AI

Select Geographic Areas



United States
\$240.6 B



Europe
\$20.9 B

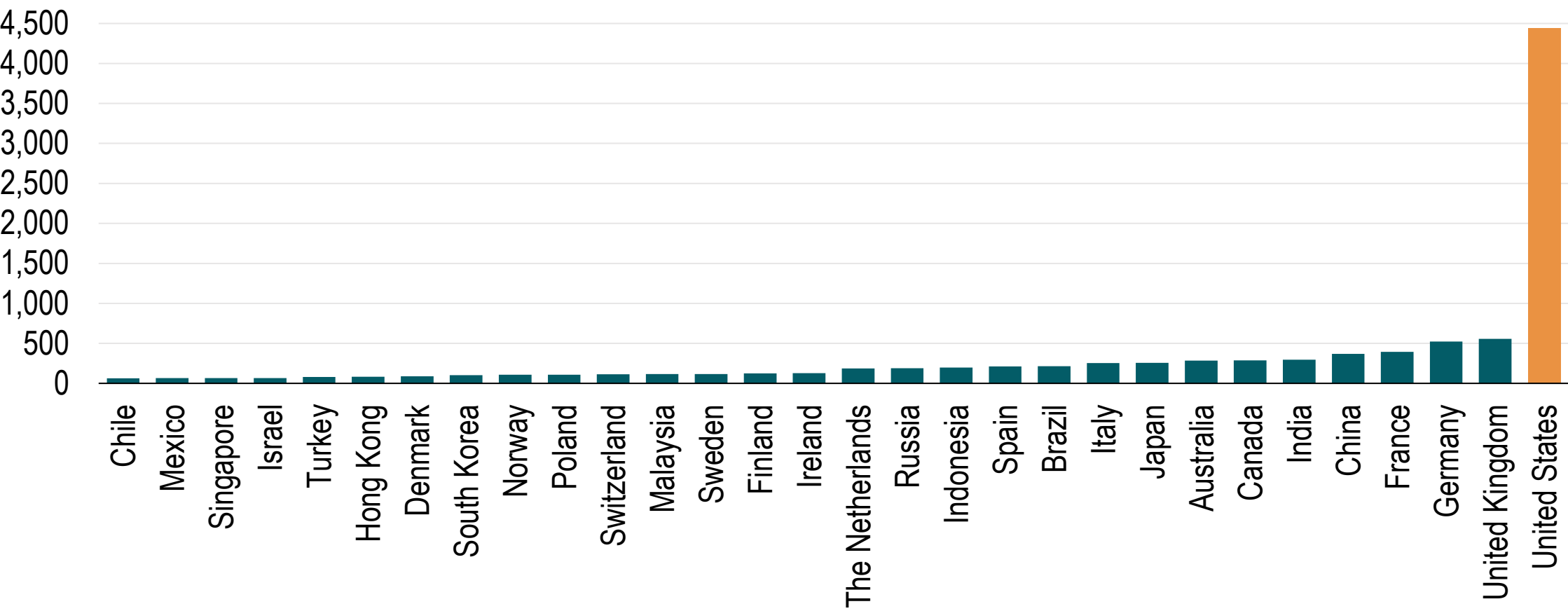


China
\$12.4 B

Source: Quid via AI Index Report (2026); U.S. Bureau of Labor Statistics (2026). Note: Data is inflation adjusted, 2021 constant dollars.

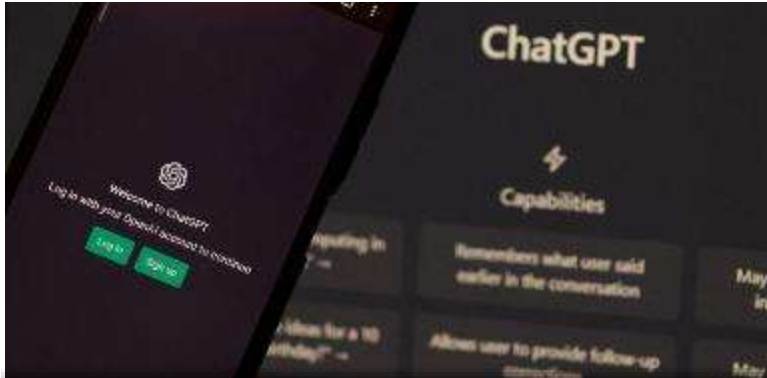
3 Data Centers

Top 30 Countries



Source: Data Center Map

How Do Data Centers Serve People?



Artificial Intelligence



Video Streaming



Storage



Banking & Payments



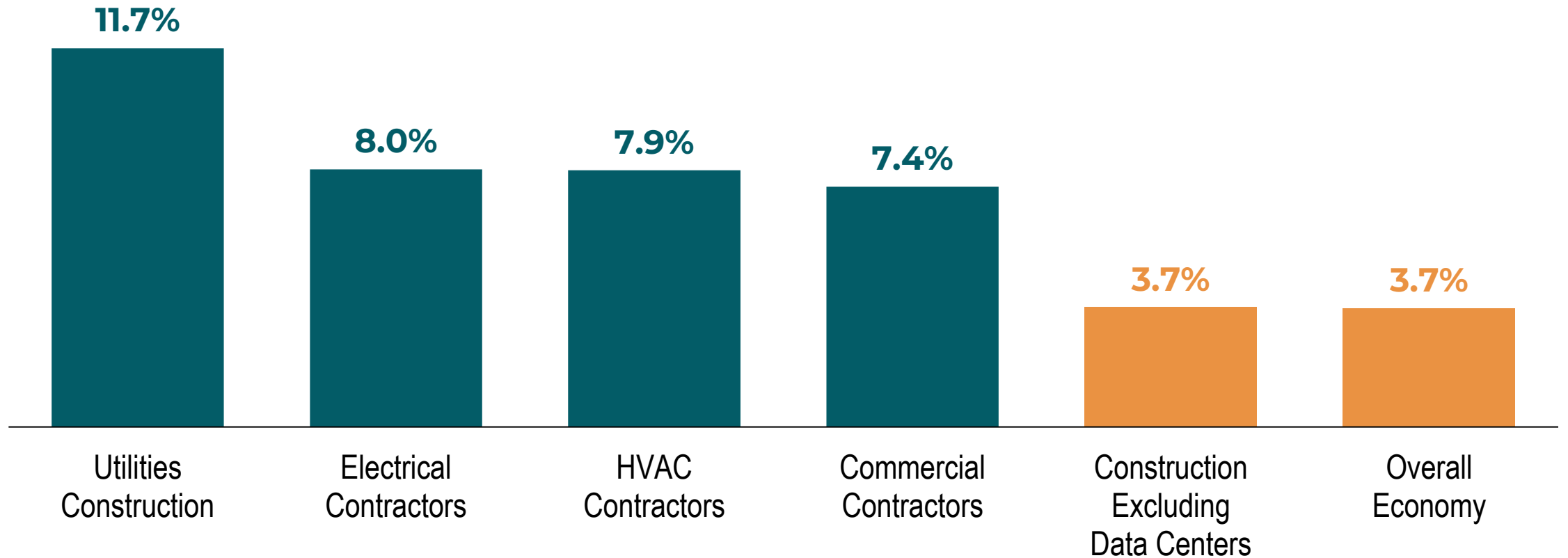
Social Media & Apps



Internet & Connectivity

Employment Growth

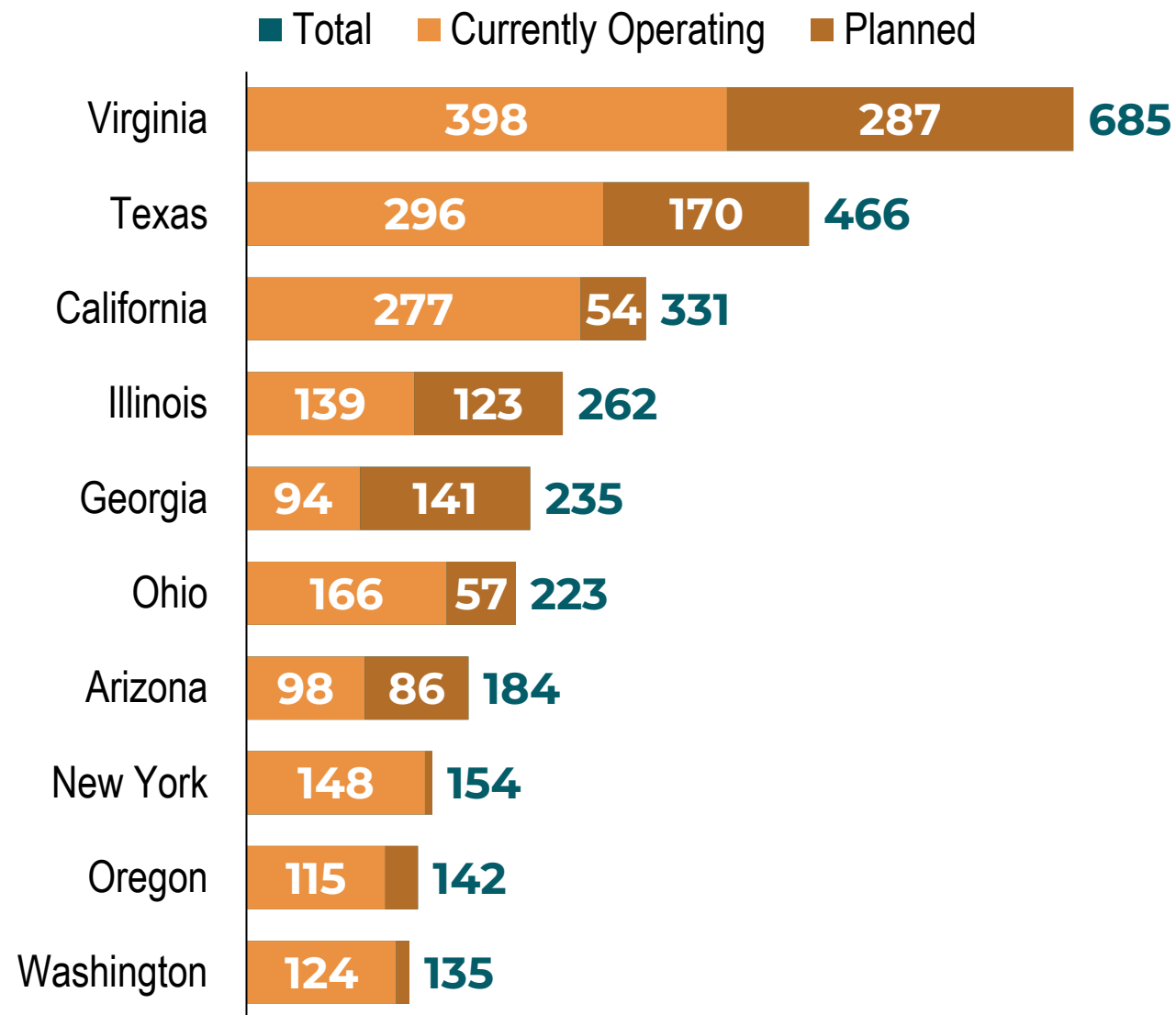
United States | Since October 2022



Source: Yale Budget Lab; Goldman Sachs

Data Centers

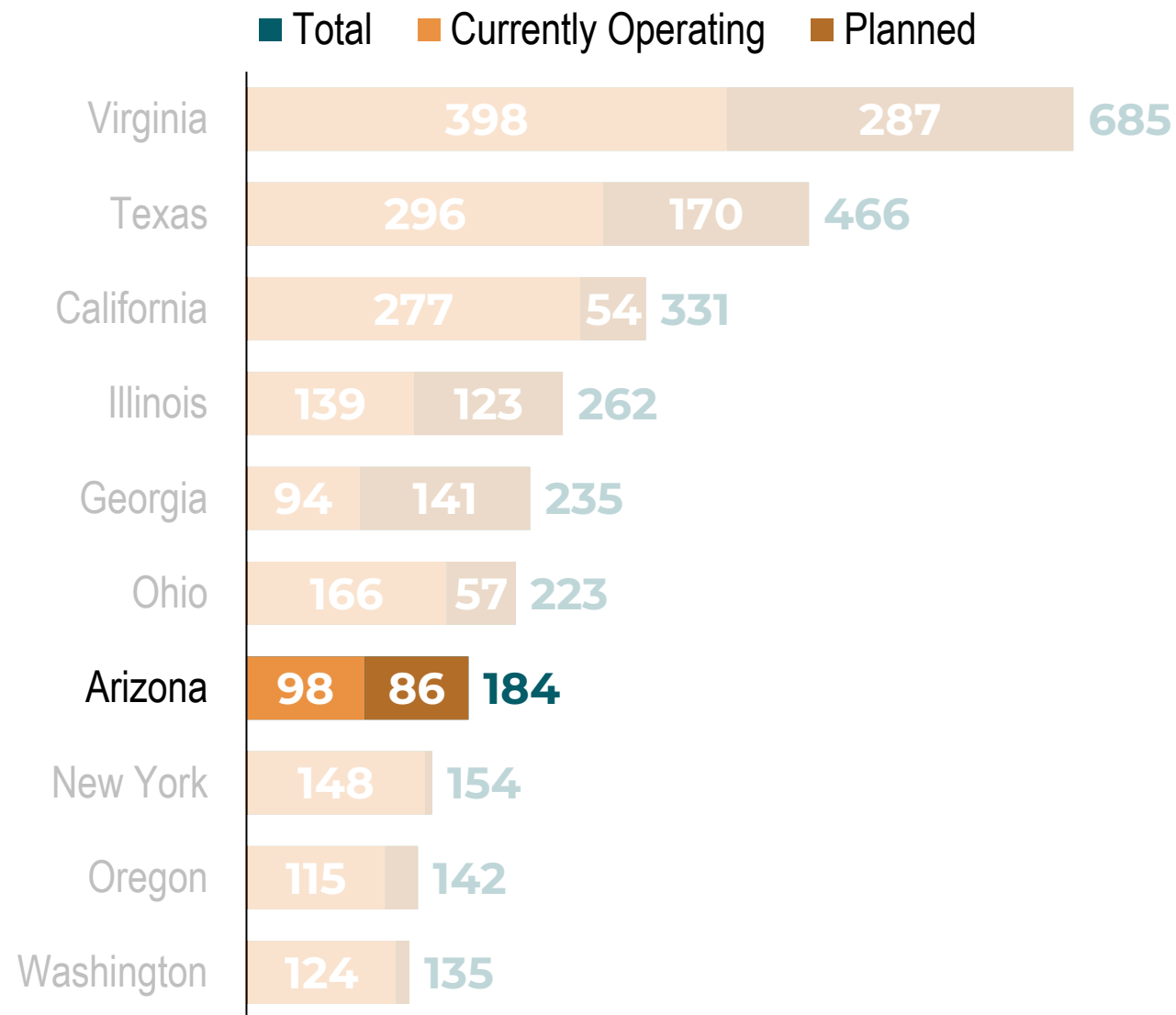
Top 10 States



Source: Data Center Map; Pew Research Center. Note: Data was accessed February 19, 2026.

Data Centers

Top 10 States



Source: Data Center Map; Pew Research Center. Note: Data was accessed February 19, 2026.



Arizona has attracted more data centers than most states, with many more in the pipeline. They generate tax revenue, support jobs in other industries and help extend services like telehealth and prescription delivery to rural areas.

But there are downsides to the rapid construction [to consider].

ASU News

February 16, 2026





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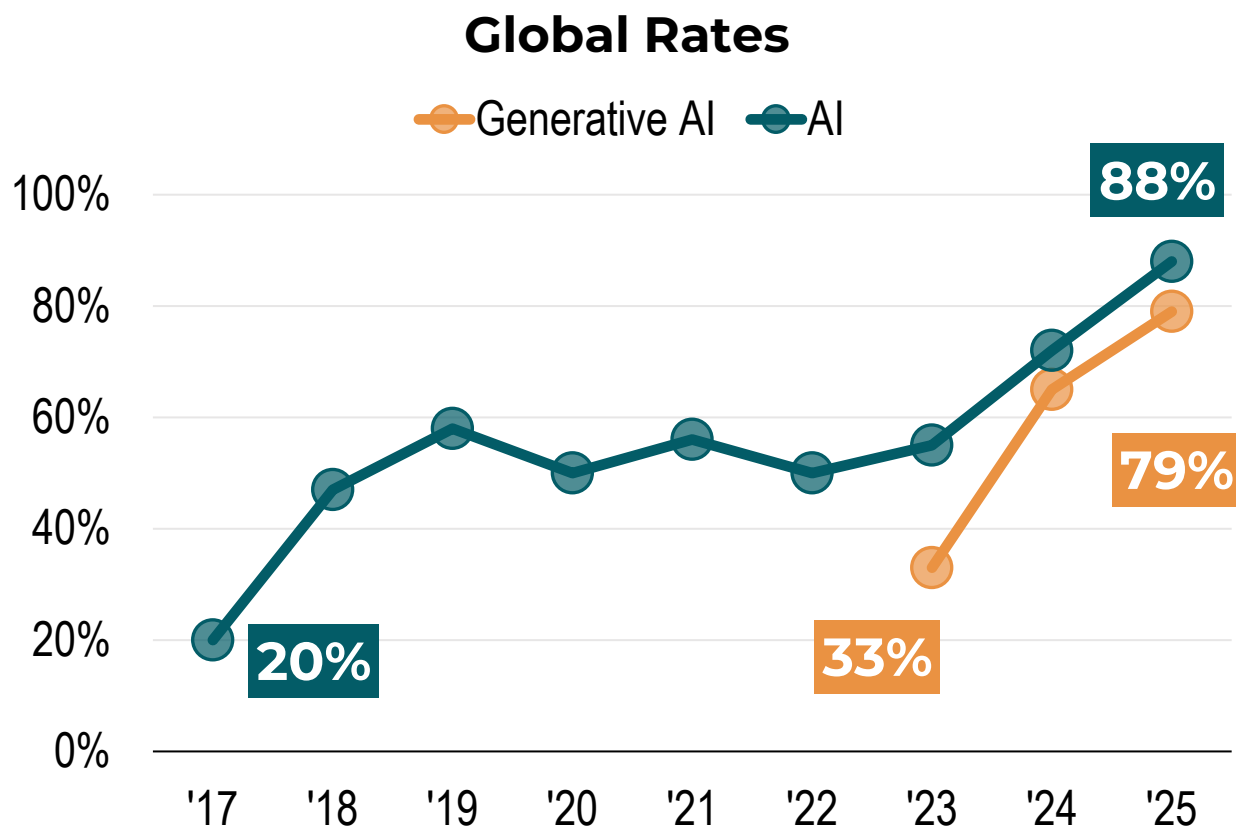
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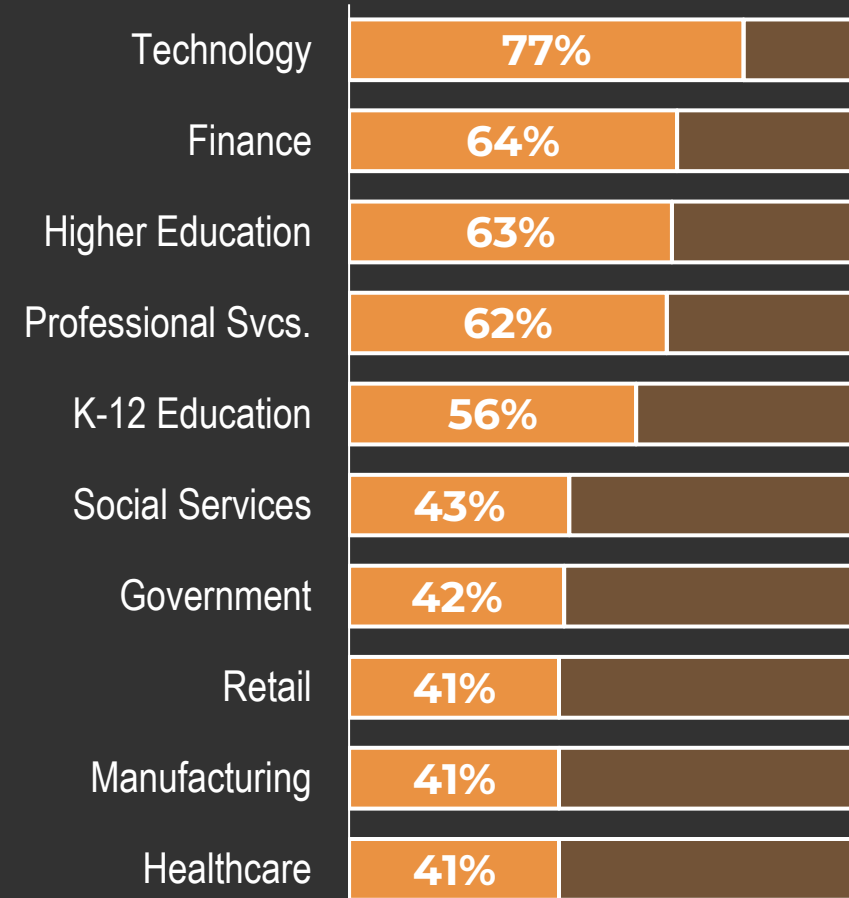
AI Adoption Rate

Organizations



Source: McKinsey State of AI Global Surveys (2017–2025); Gallup. Note: Global figures measure AI adoption in at least one organizational function; U.S. figures measure AI use from a few times per year to daily (Q4 2025).

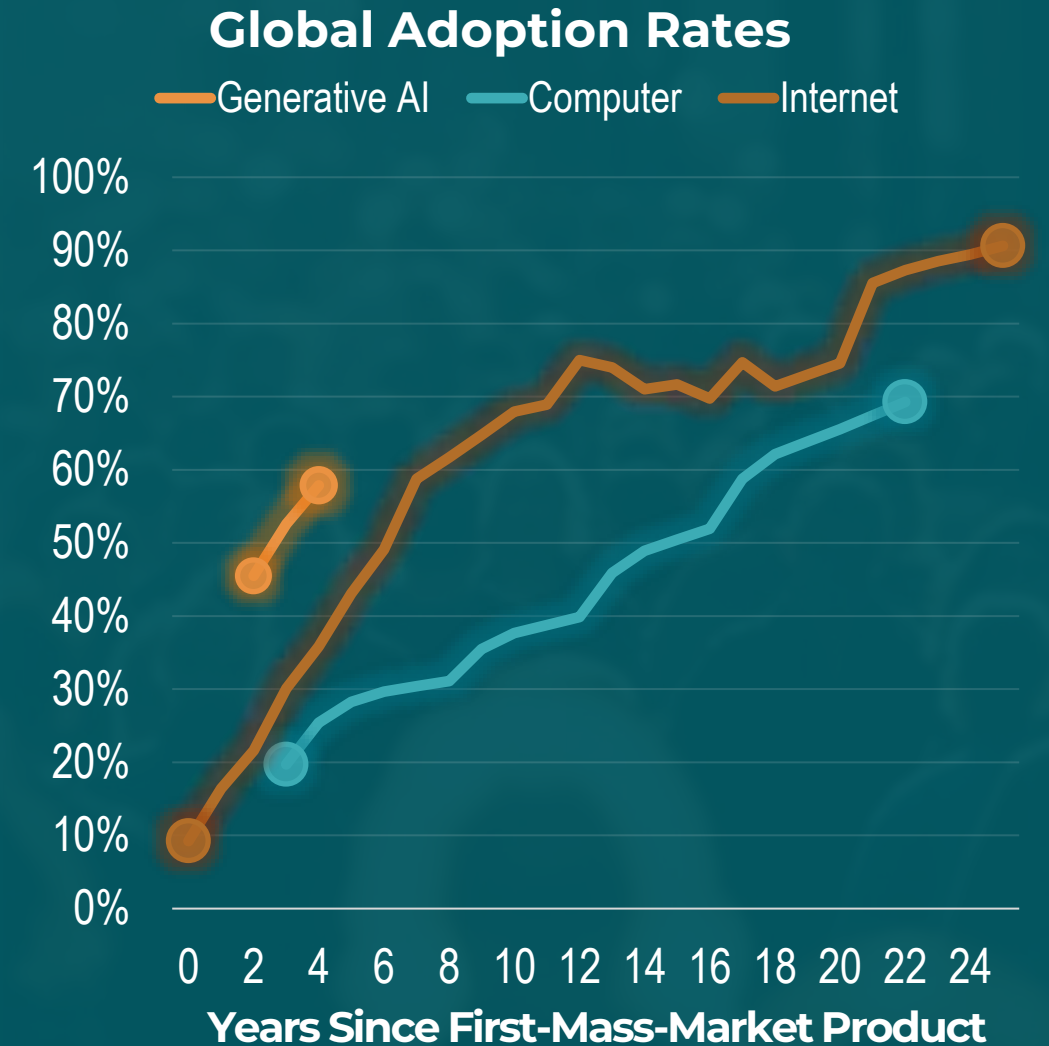
U.S. Rates By Select Industries



Historic Speed

“AI adoption is spreading at historic speed, and consumers are deriving substantial value from tools they often access for free.

Generative AI reached 53% population adoption within three years, faster than the PC or the internet, though the pace varies by country and correlates strongly with GDP per capita.”

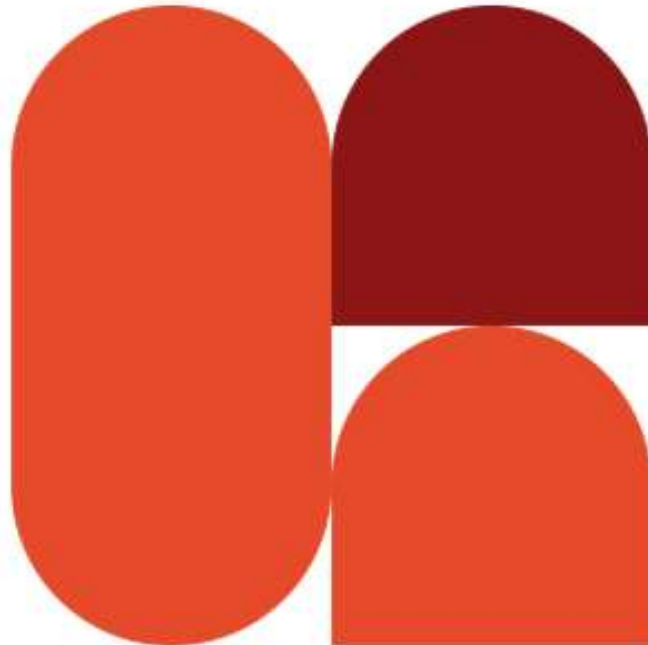


Source: The Project on Workforce at Harvard, 2025; International Telecommunication Union

Stanford Digital Economy Lab / July 13, 2026

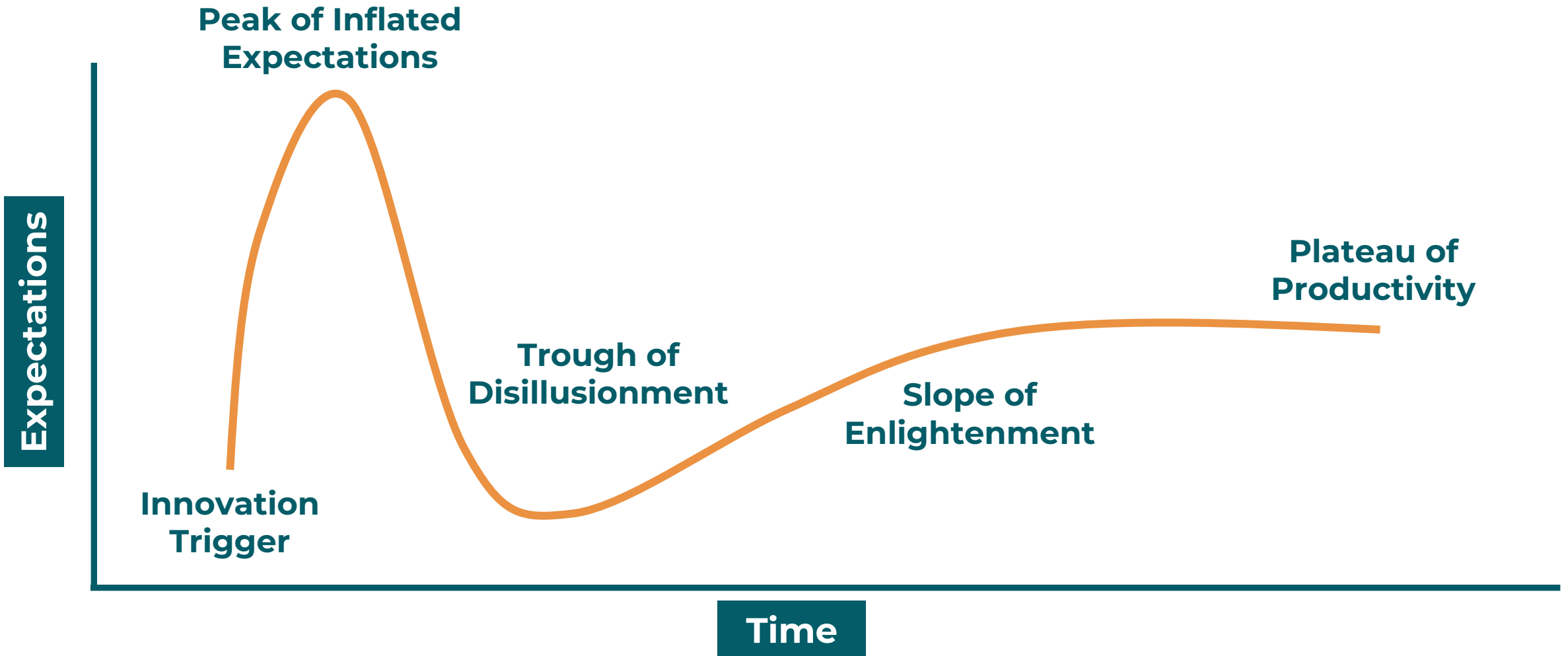
“We Must Act Now”: Sixteen Nobel Laureates Join Leading Economists and AI Researchers in Call to Prepare for AI’s Economic Transformation

NEWS



New statement warns that AI could drive an economic transformation larger than the Industrial Revolution — on a vastly shorter timeline — and urges economists, policymakers, and technology leaders to prepare.

Gartner Technology Hype Cycle



Source: Gartner



Gartner Technology Hype Cycle

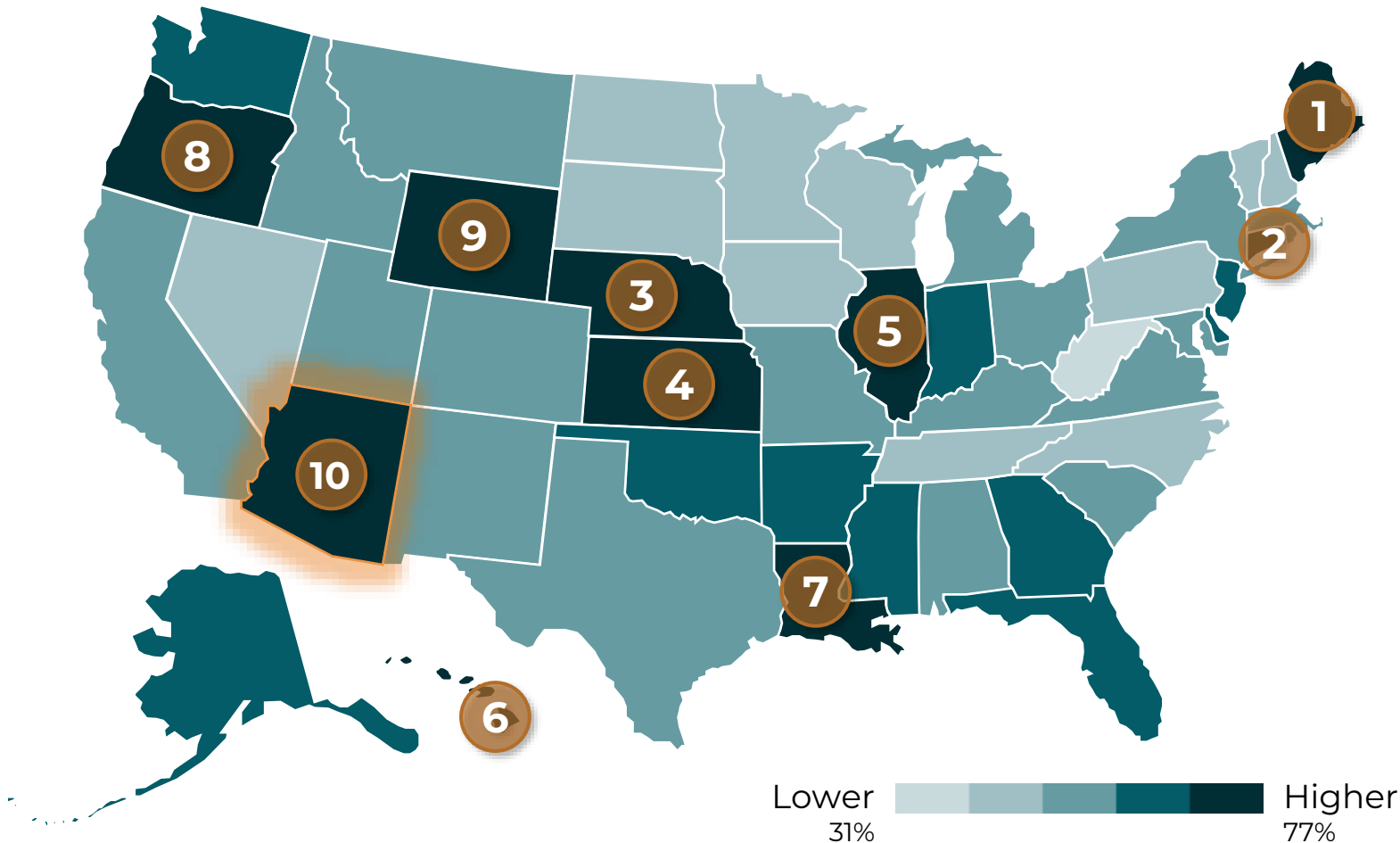


Source: Gartner



Small Business AI Adoption Rate

By State

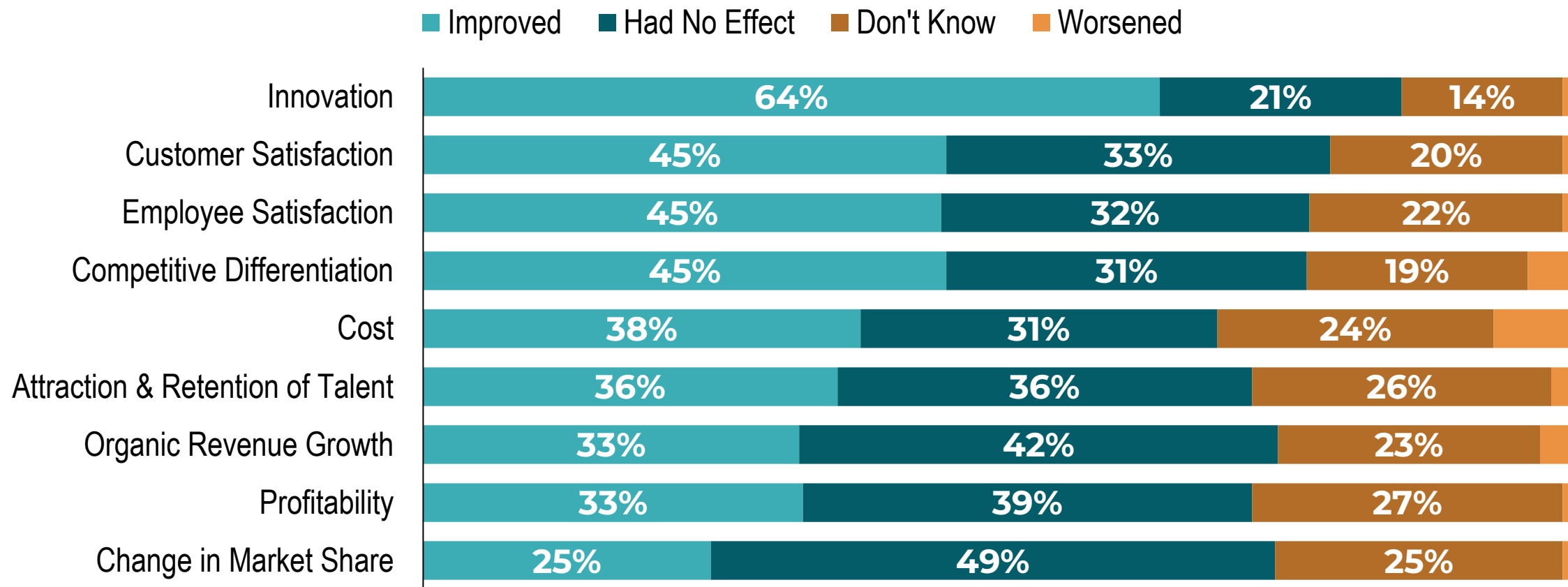


Rank	State	% Use
1	Maine	77%
2	Connecticut	72%
3	Nebraska	72%
4	Kansas	69%
5	Illinois	67%
6	Hawaii	66%
7	Louisiana	65%
8	Oregon	65%
9	Wyoming	65%
10	Arizona	64%
UNITED STATES		54%

Source: U.S. Chamber of Commerce. Data reflects share of businesses using generative AI.

AI's Effect on Business Operations

Over the Past Year

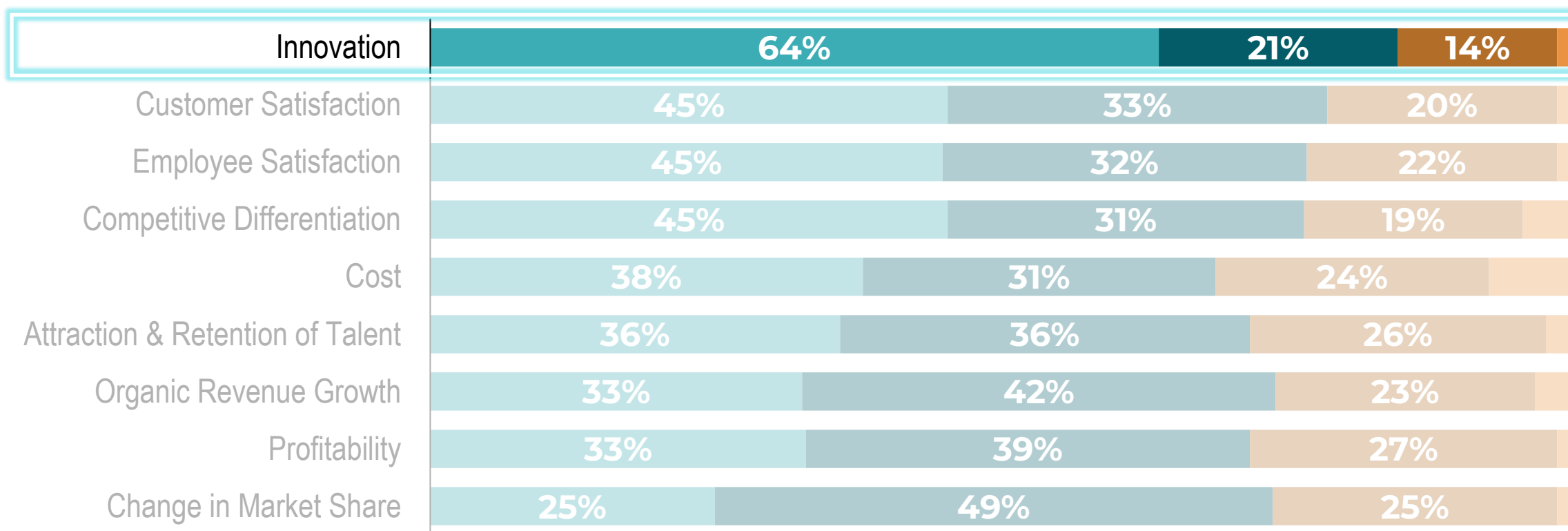


Source: McKinsey Global Survey, June 25-July 29, 2025

AI's Effect on Business Operations

Over the Past Year

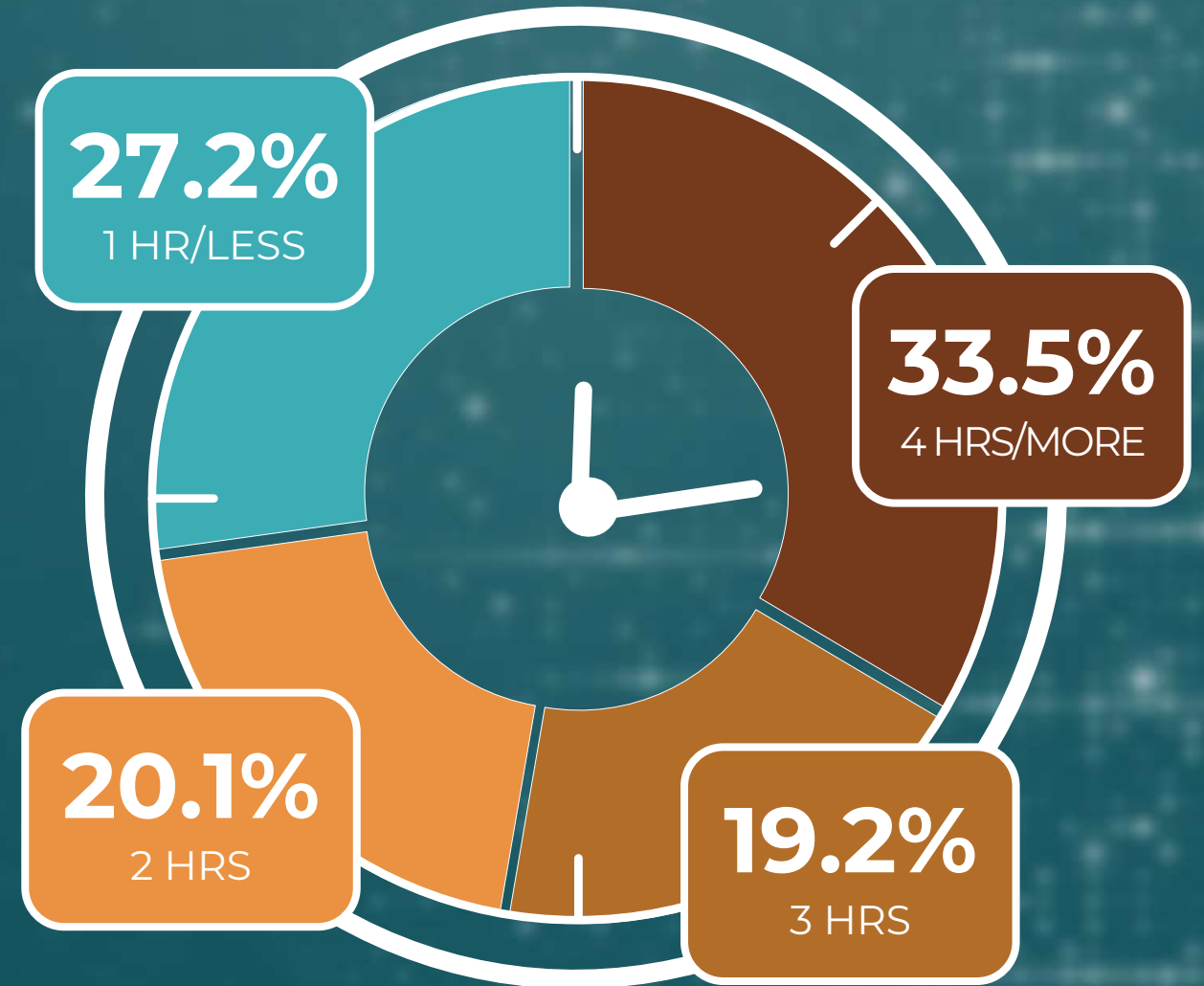
■ Improved ■ Had No Effect ■ Don't Know ■ Worsened



Source: McKinsey Global Survey, June 25-July 29, 2025

How Much Time Does AI Save?

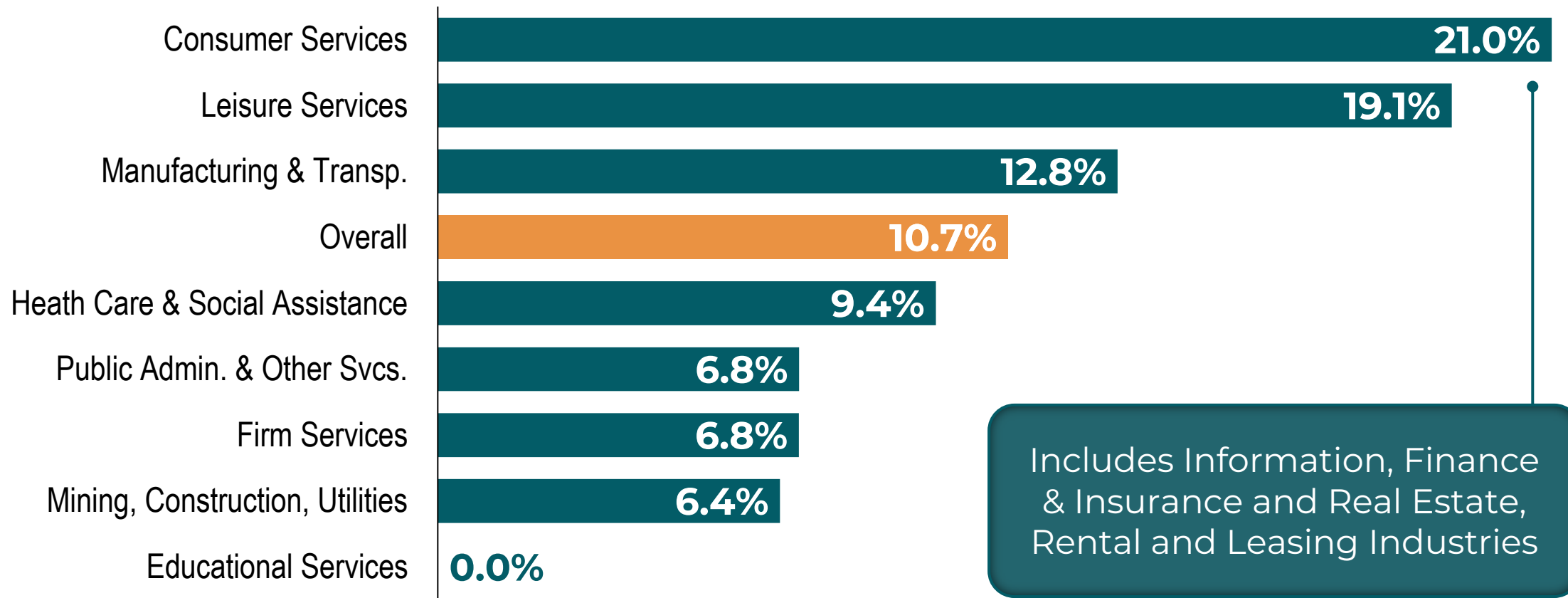
Employees Who Use AI Every Workday



Source: Federal Reserve Bank of St. Louis (2025). Note: Data reflects share of user reporting saved hours.

Workforce Pessimism

By Industry | Workers Reporting Negative AI-Related Job Expectations



Source: Federal Reserve Bank of Boston. Note: Pessimism reflects worries about job loss, losing income or having to search for another job.



78 M

Net New Jobs are Projected
to be Added Globally by 2030

41%

Of Employers Expect to
Reduce Their Workforce
Where AI Can
Automate Tasks

Global Workforce Impact of AI



Source: World Economic Forum, Future Jobs Report 2025

Reported Job Cuts

United States



Source: Challenger, Gray & Christmas. Note: 2026 reflects January through May.



[Sam Altman, co-founder of OpenAI] has said that AI will 'probably replace most of the jobs people do today'

Now, however, Altman appears to have changed his tune, saying **'I don't think we're going to have the kind of jobs apocalypse that some of the companies in our space advocate or talk about.'**

Time Magazine

May 26, 2026



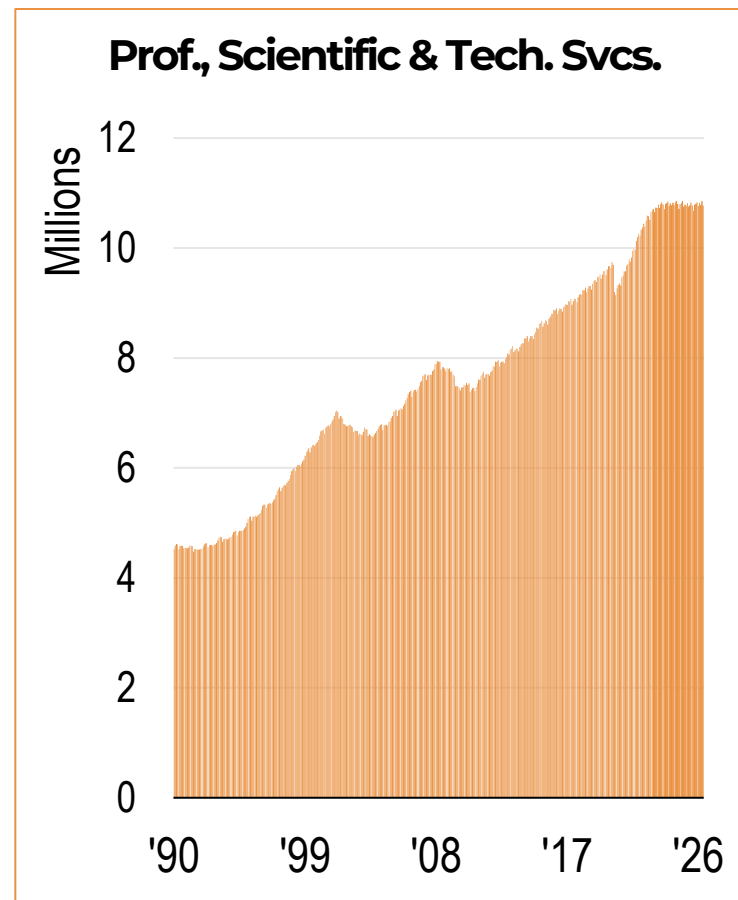
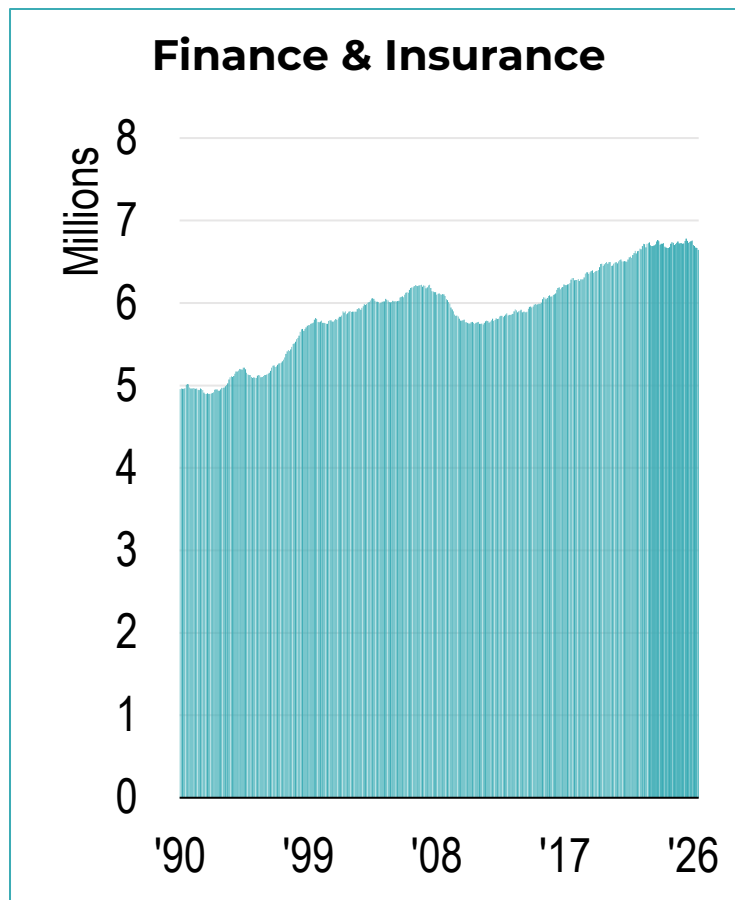
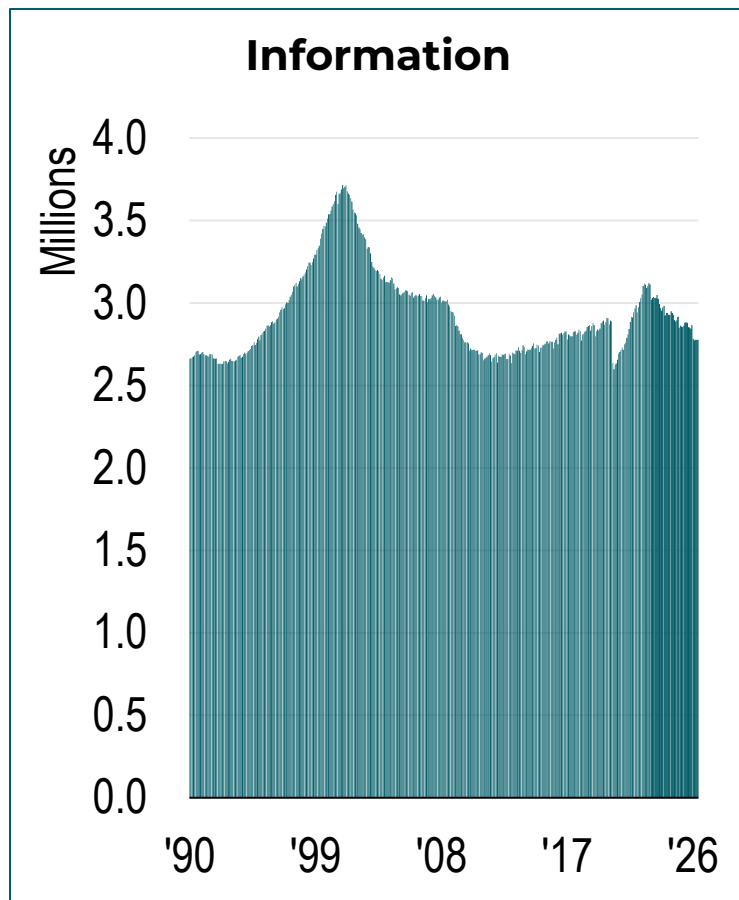
Share of Jobs at Risk of AI-Related Displacement By Sector



Source: Digital Planet; Anthropic Economic Index (2025); Tomlinson et al. (2025).

AI-Exposed Industry Employment

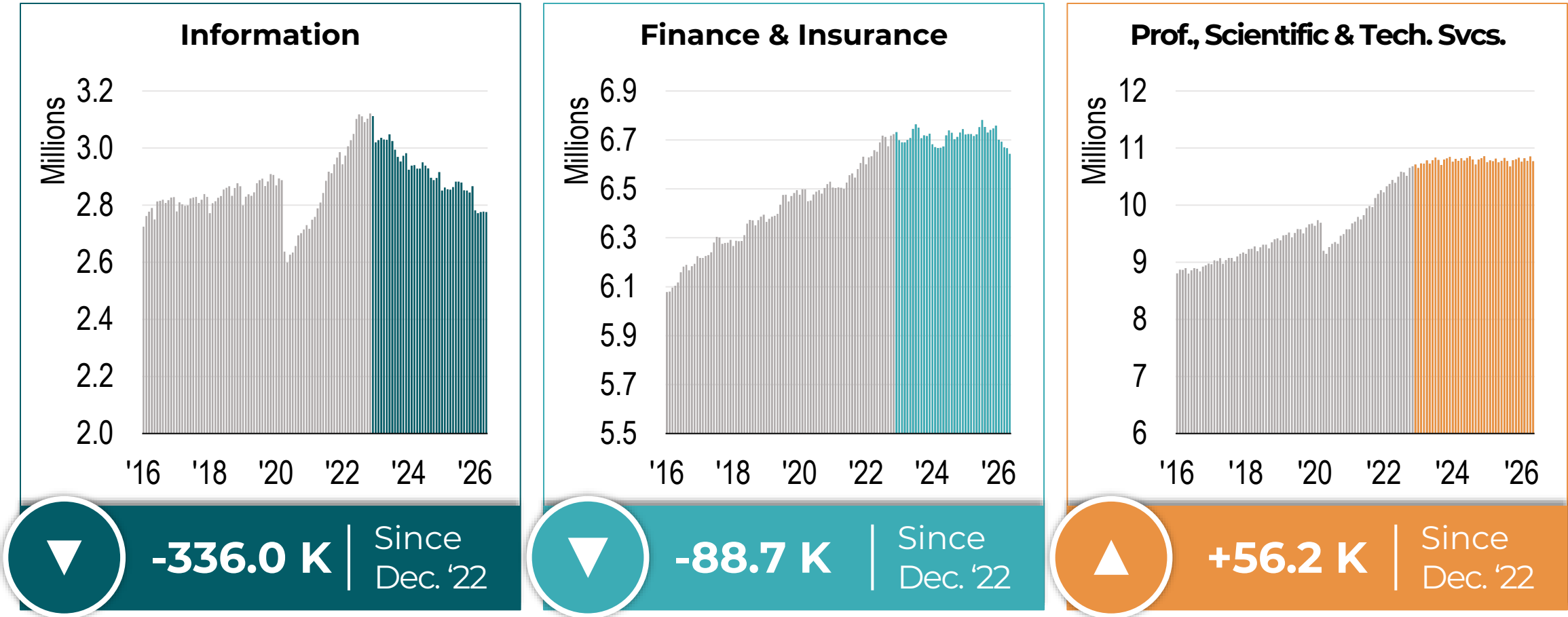
United States | Highest-Risk Industries for AI Displacement



Source: U.S. Bureau of Labor Statistics. Note: Data is not seasonally adjusted.

AI-Exposed Industry Employment

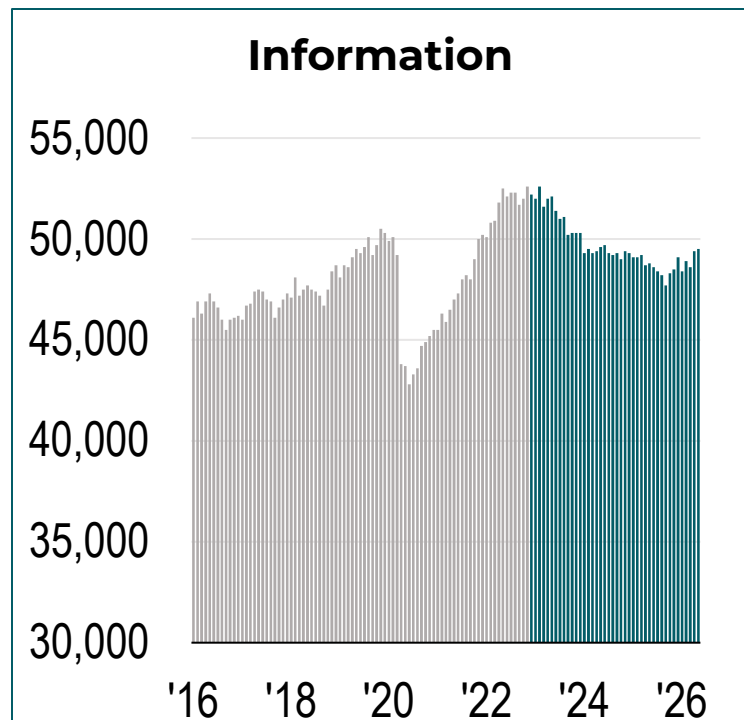
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Source: U.S. Bureau of Labor Statistics. Note: Data is not seasonally adjusted.

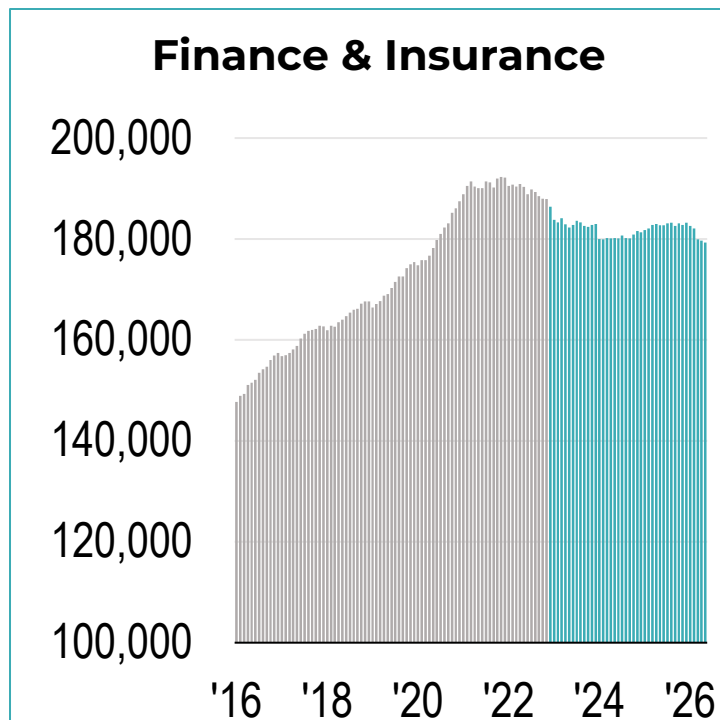
AI-Exposed Industry Employment

Arizona | Highest-Risk Industries for AI Displacement



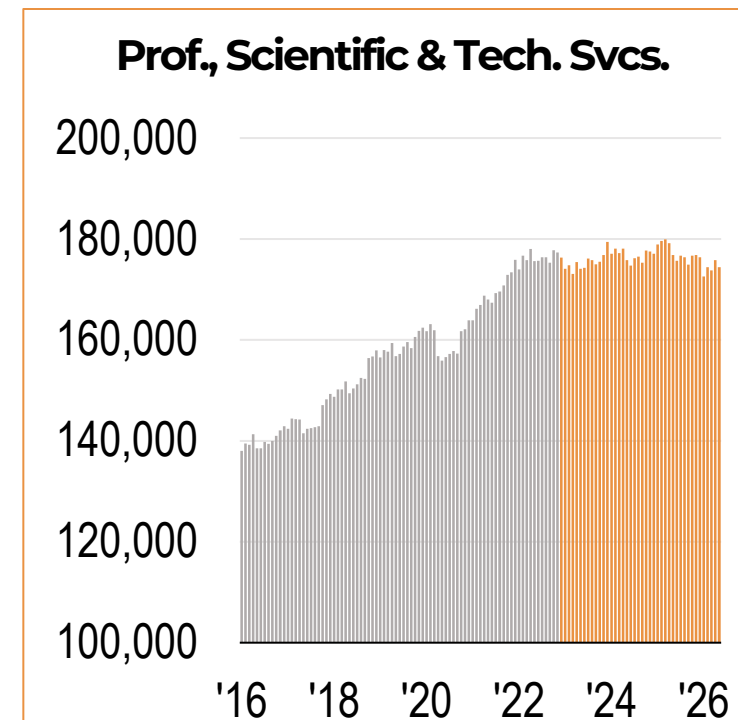
-2.7 K

Since
Dec. '22



-7.1 K

Since
Dec. '22



-1.9 K

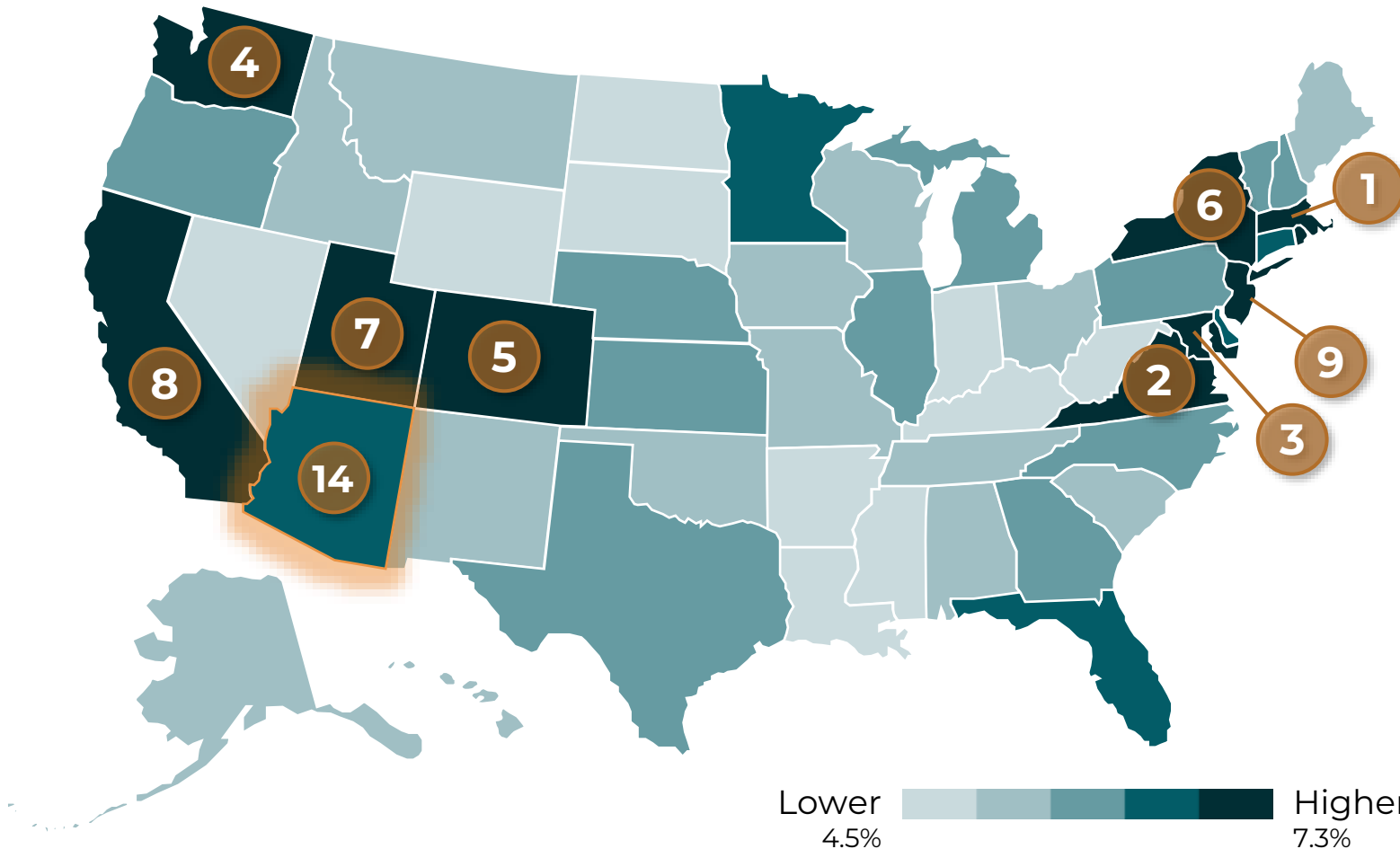
Since
Dec. '22

Source: U.S. Bureau of Labor Statistics. Note: Data is not seasonally adjusted.



Job Vulnerability to AI

By State | Share of Jobs At Risk of Displacement



Rank	State	Job Loss
1	Massachusetts	7.3%
2	Virginia	7.3%
3	Maryland	7.2%
4	Washington	7.1%
5	Colorado	7.1%
6	New York	6.8%
7	Utah	6.7%
8	California	6.6%
9	New Jersey	6.4%
10	Rhode Island	6.4%
14	Arizona	6.3%
UNITED STATES		6.0%

Source: Digital Planet; Anthropic Economic Index (2025); Tomlinson et al. (2025).



New research has found that **companies spending the most on AI aren't slashing jobs; they're actually hiring faster than their peers.** That includes entry-level jobs, which are often seen as among the most at risk of automation.

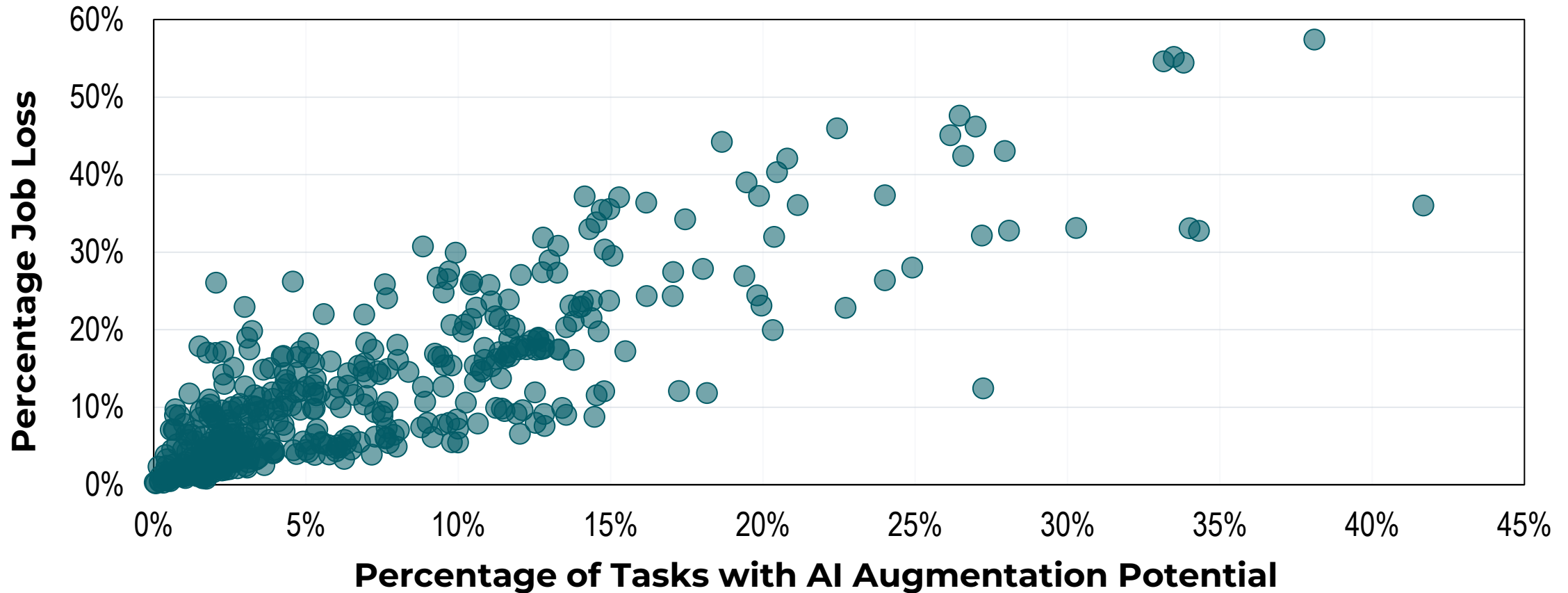
Tech startups Ramp and Revelio Labs **...found that the biggest AI adopters tended to grow their head count after rolling out the technology.**

Business Insider

June 30, 2026

Augmentation & Displacement Risk

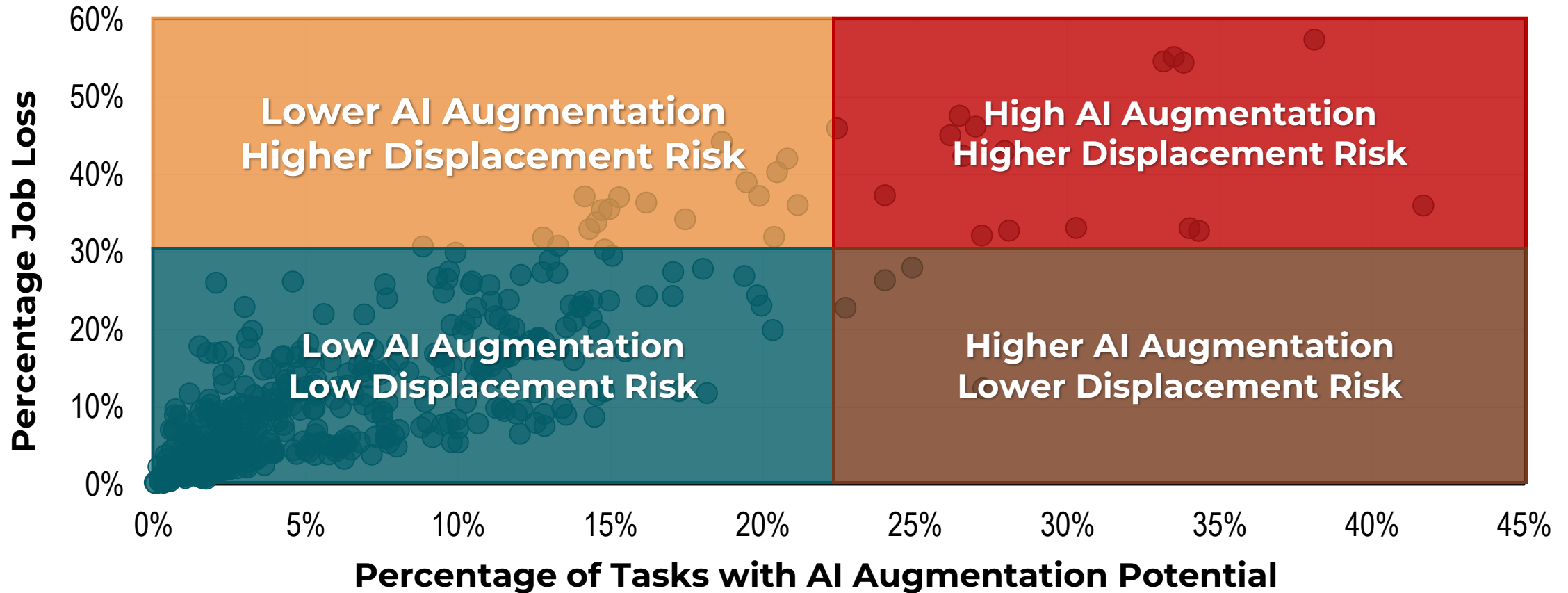
Occupational-Level Estimates



Source: Digital Planet; Anthropic Economic Index (2025); Tomlinson et al. (2025)

Augmentation & Displacement Risk

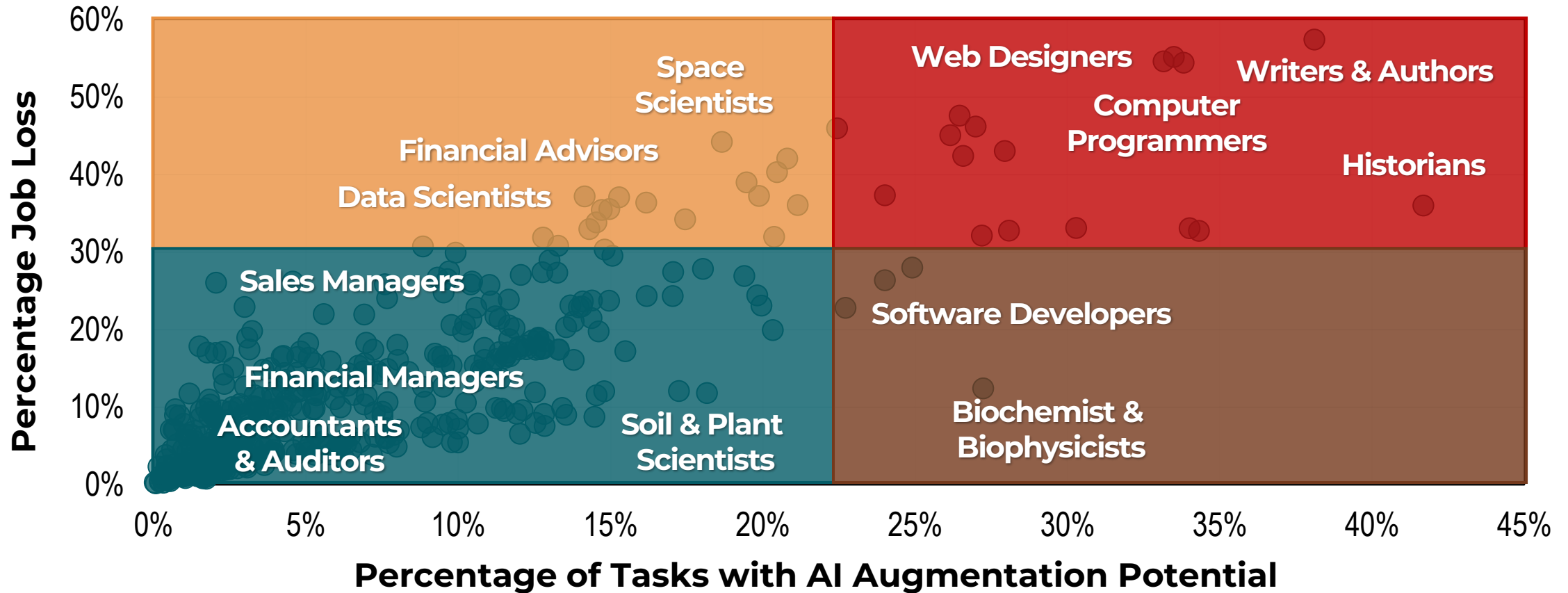
Occupational-Level Estimates



Source: Digital Planet; Anthropic Economic Index (2025); Tomlinson et al. (2025)

Augmentation & Displacement Risk

Occupational-Level Estimates



Source: Digital Planet; Anthropic Economic Index (2025); Tomlinson et al. (2025)



Executives at the companies we studied made it clear that **they are investing in training existing mid-level professionals to become proficient in AI rather than replacing them with new AI native hires.** Professionals' functional knowledge, decision-making skills, and accumulated experience will still be critical, they said.

Harvard Business Review

June 8, 2026



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Economic Conditions 1

Labor Market Conditions 2

Employment Growth 3

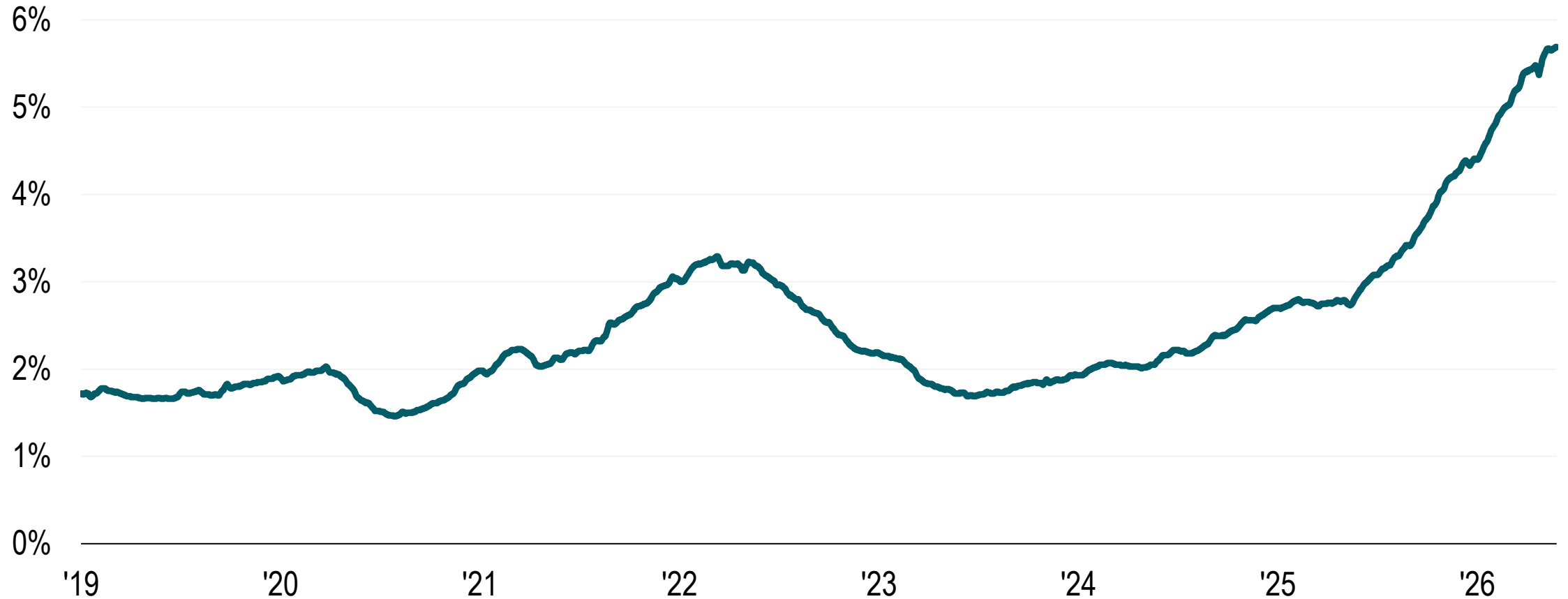
AI Shifts 4

Workforce Adaptation 5

Outlook 6

Demand for AI Skills

United States | Share of Jobs Posting Containing AI Terms



Source: Indeed

Is a College Degree Worth It?

Students discuss the value of higher education at a time when universities are expensive and federal student loan debt is skyrocketing.

Is college worth it? More than half of graduates have second thoughts

In the age of AI, is college worth it? | Opinion

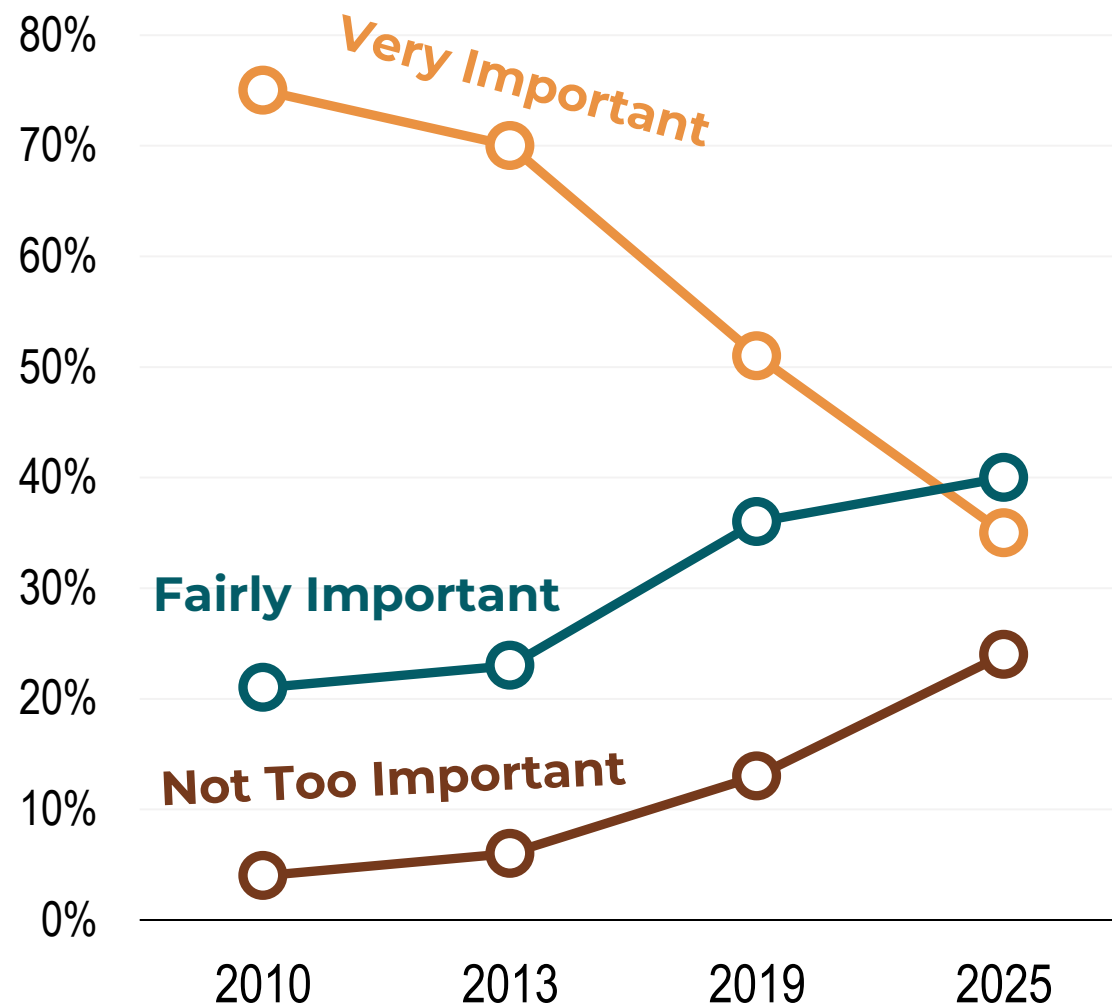
As Tennessee rapidly expands AI and tech training programs, one student wonders whether a four-year degree is still worth the cost.

Is College Worth It? Not at These Prices.

Majority of Americans Say College Is Not Worth the Cost

Source: Gallup, September 11, 2025

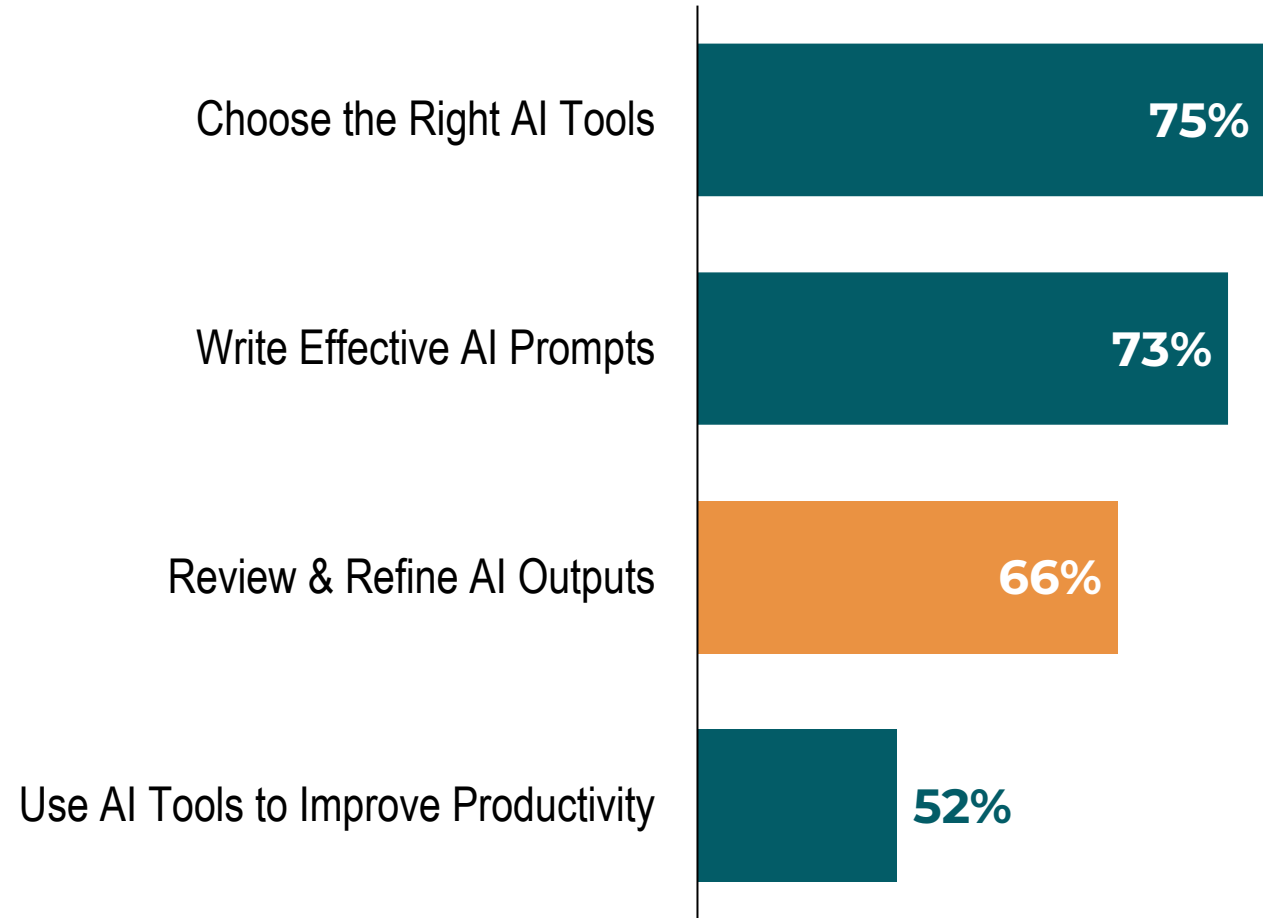
Perceived Importance of Higher Education





AI Literacy and Prompting Lead Employer Demand

AI Skills that Employers are Seeking



Source: National Association of College and Employers, Job Outlook 2026

Workslop is Widespread

40%

of Workers Report
Receiving Workslop

2 Hours

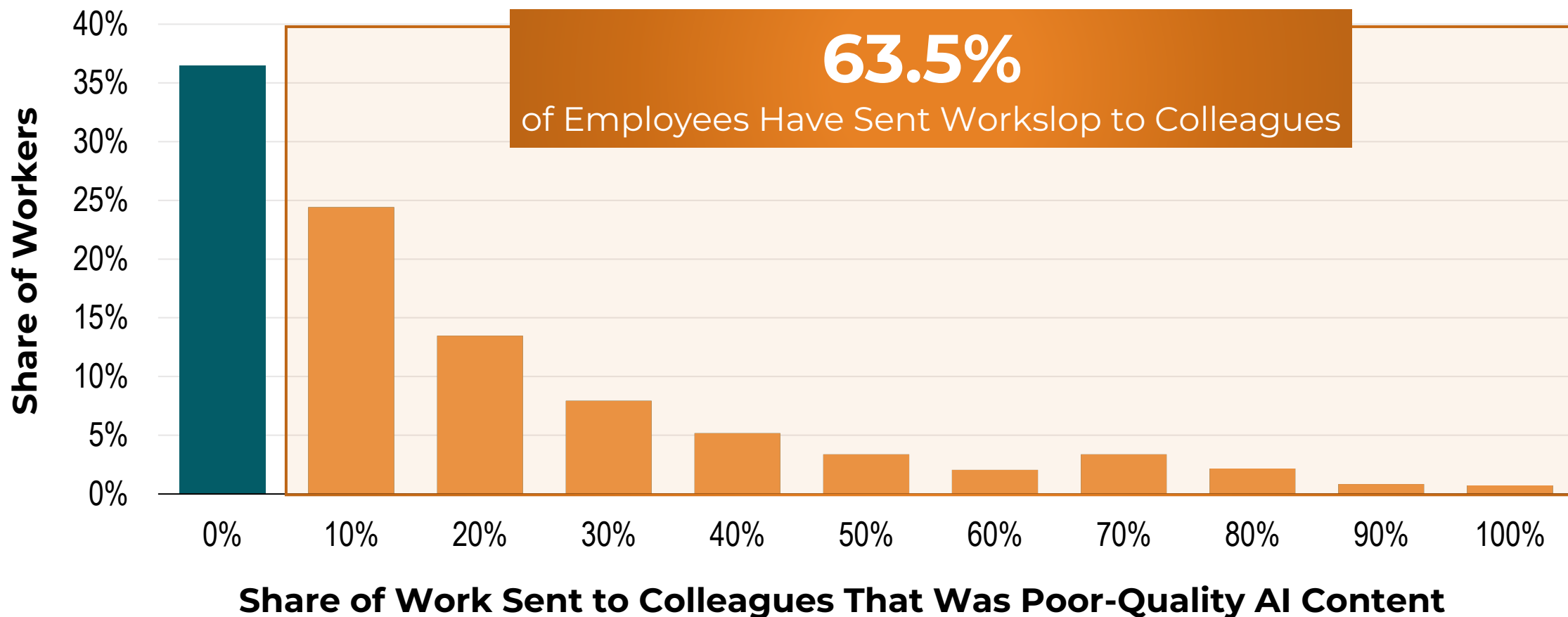
Lost Per
Workslop Incident

Source: BetterUp; Stanford Social Media Lab; Leibscher et al (2026). Note: Workslop is defined as low-quality AI-generated work.



The Rise of *Workslop*

Low-Quality AI Content Shared with Colleagues



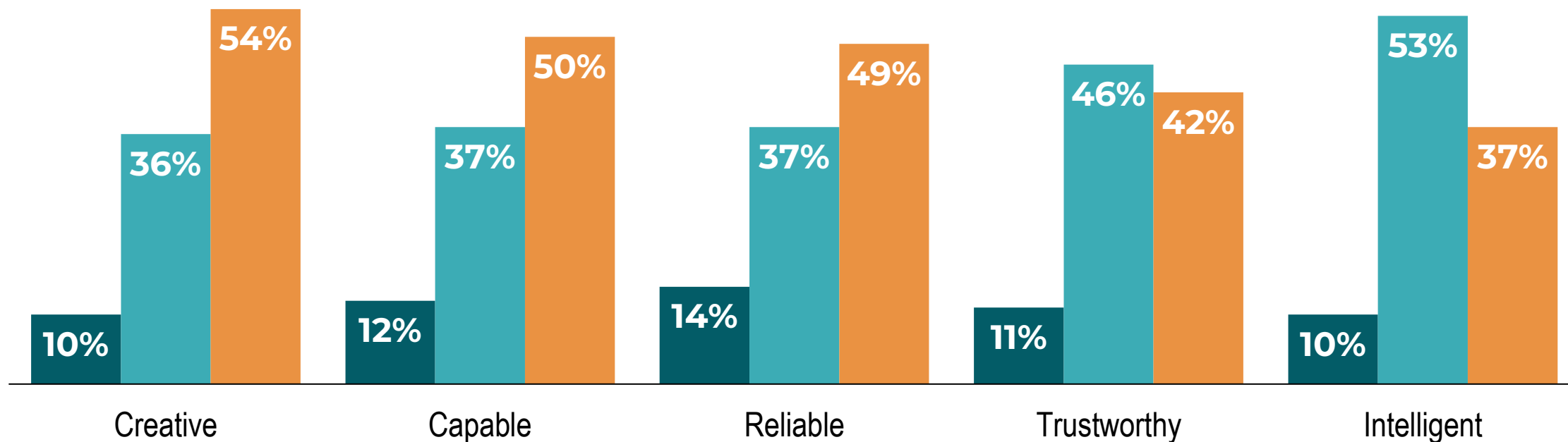
Source: Harvard Business Review. Note: Workslop is defined as low-quality AI-generated work.

Cost of *Workslop*

Changes in Colleague Perceptions

“After Receiving Workslop I Saw My Colleague as...”

■ More ■ The Same ■ Less

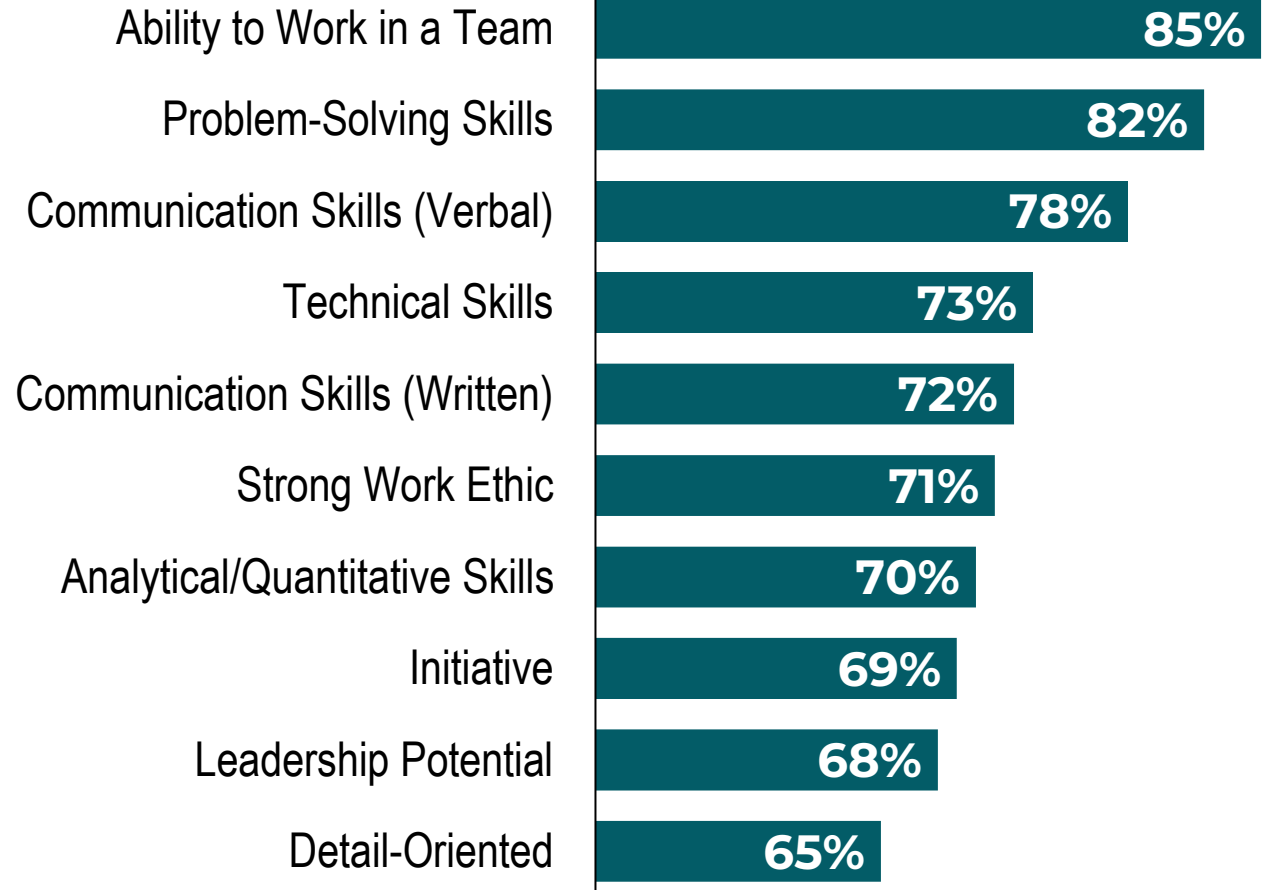


Source: BetterUp; Stanford Social Media Lab; Harvard Business Review. Note: Workslop is defined as low-quality AI-generated work.



Soft Skills Remain Among Employers' Top Priorities

Top Employer Seeking Attributes



Source: National Association of College and Employers, Job Outlook 2026



New artificial intelligence tools are making it easier to start a business, fueling entrepreneurship and potentially job growth.

AI can write a business plan, conduct in-depth industry research, generate marketing content, design logos, prototype new products, and otherwise help launch or scale up a new enterprise

In recent years, new business formation across the U.S. has surged to its highest level ever. Solo founders are driving much of that growth.

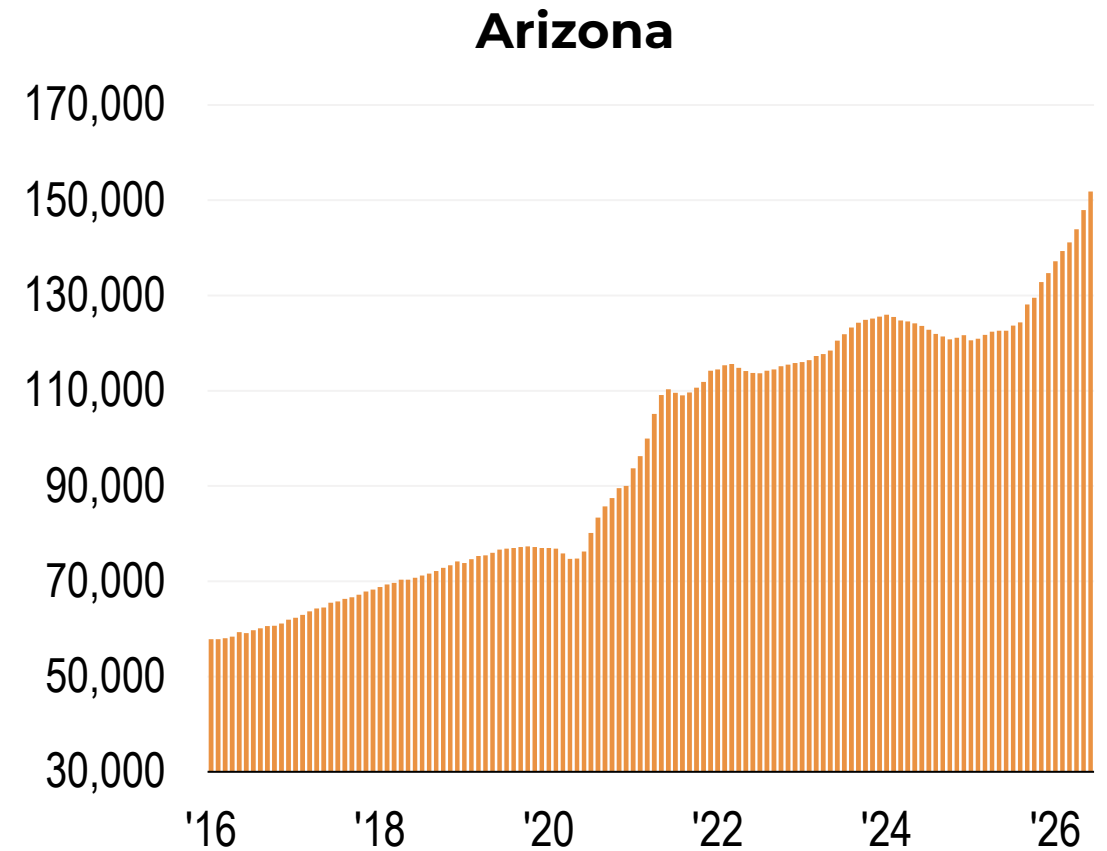
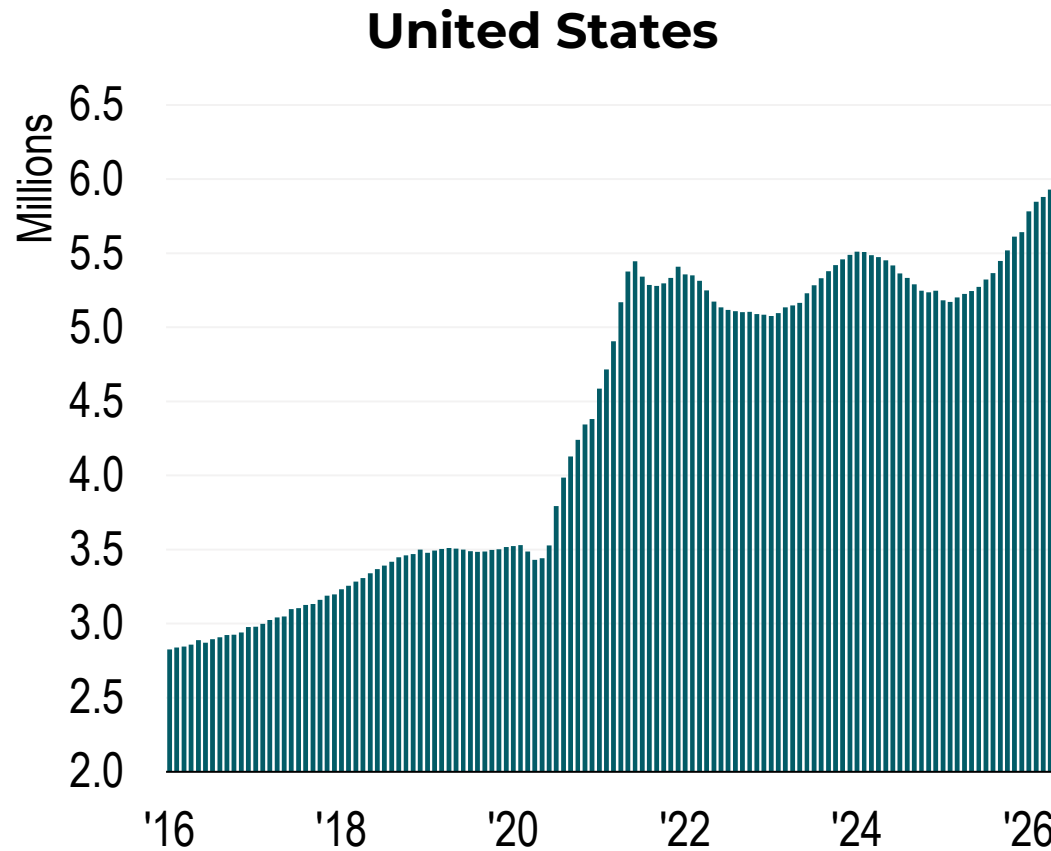
CNBC

June 17, 2026



New Business Applications

Trailing 12-Month Total



Source: U.S. Census Bureau. Note: Data is seasonally adjusted.

5

81%

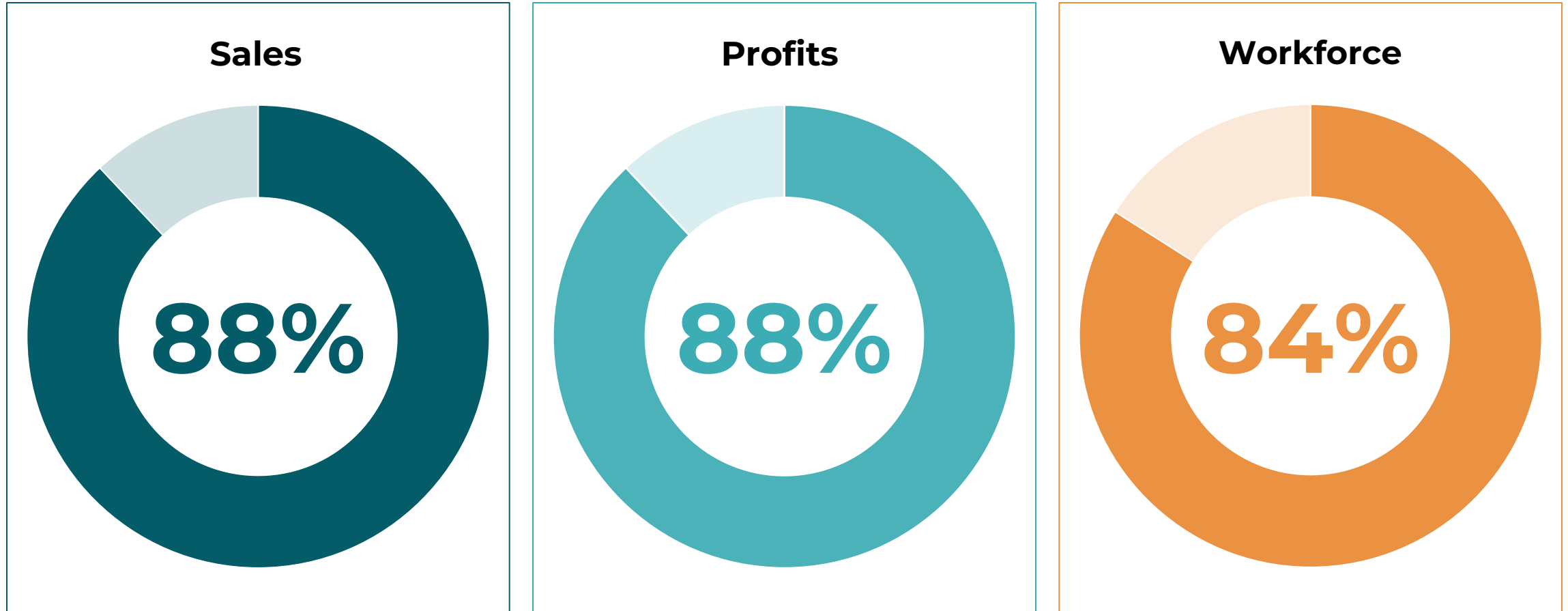
of Small Businesses in Arizona Believe AI
Will Help Their Business in the Future



Source: U.S. Chamber of Commerce

AI Use & Economic Growth

Arizona | Share of Small Businesses That Reported Increases



Source: U.S. Chamber of Commerce. Note: Data reflect share of responses from AI users.



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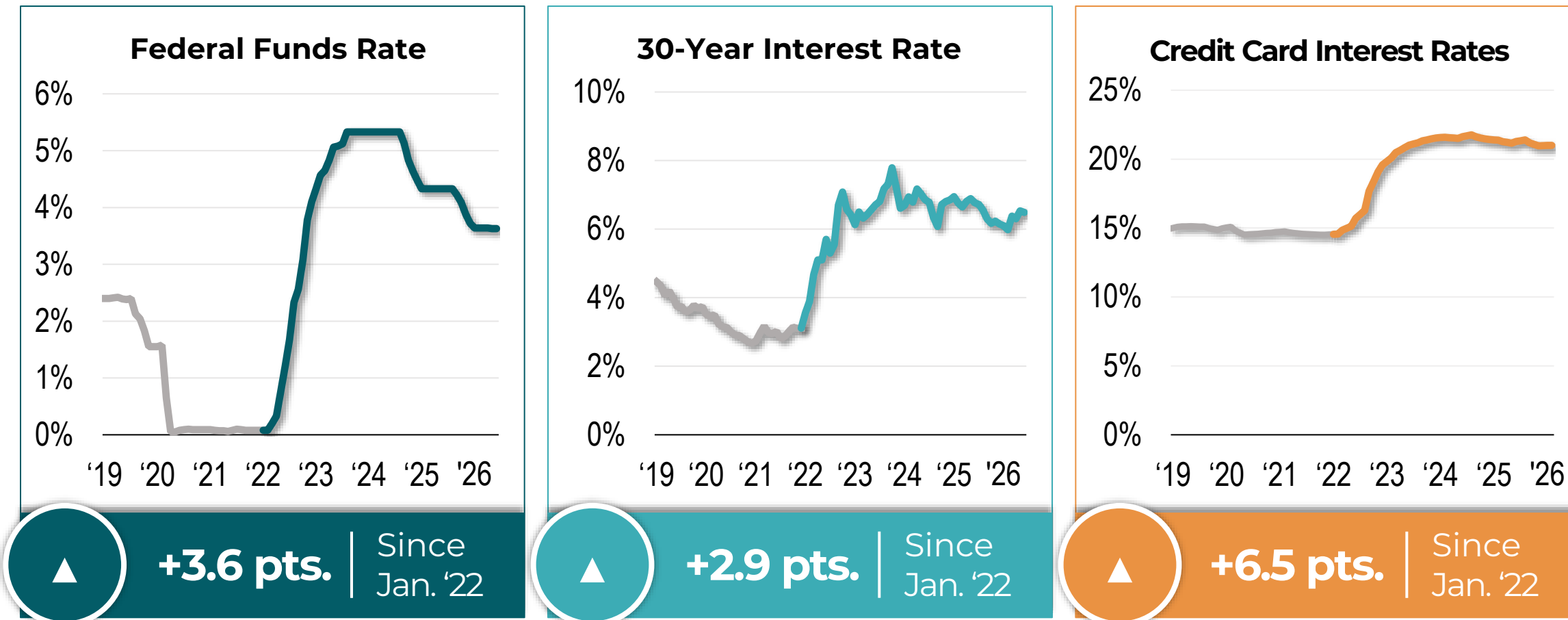
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Interest Rate Conditions

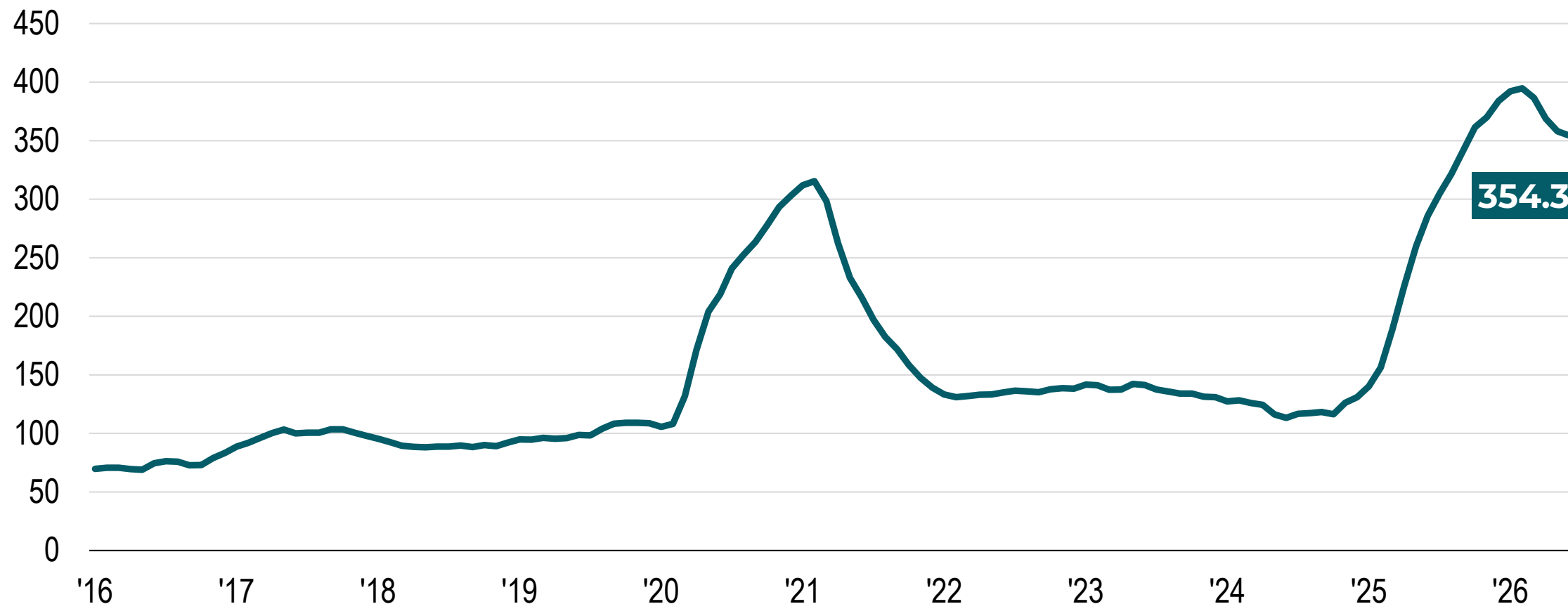
United States



Source: Federal Reserve; Freddie Mac. Note: Percentage point growth is between January 2022 to current rates.

Econ. Policy Uncertainty Index

United States



Source: U.S. Bureau of Labor Statistics. Note: Data reflects trailing 12-month average, not seasonally adjusted.



As AI takes on more of what organizations do, the human edge becomes not a soft consideration but the defining competitive advantage. **Ultimately, technology will keep evolving, but it is human qualities like curiosity, resilience, connected teaming, and emotional and social intelligence, grounded in a clear sense of purpose, that can sustain trust, drive engagement, and unlock innovation.**

Wall Street Journal, CEO Perspectives

July 13, 2026

APPLIED
ANALYSIS



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