



The Economic Outlook

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July 10, 2013**

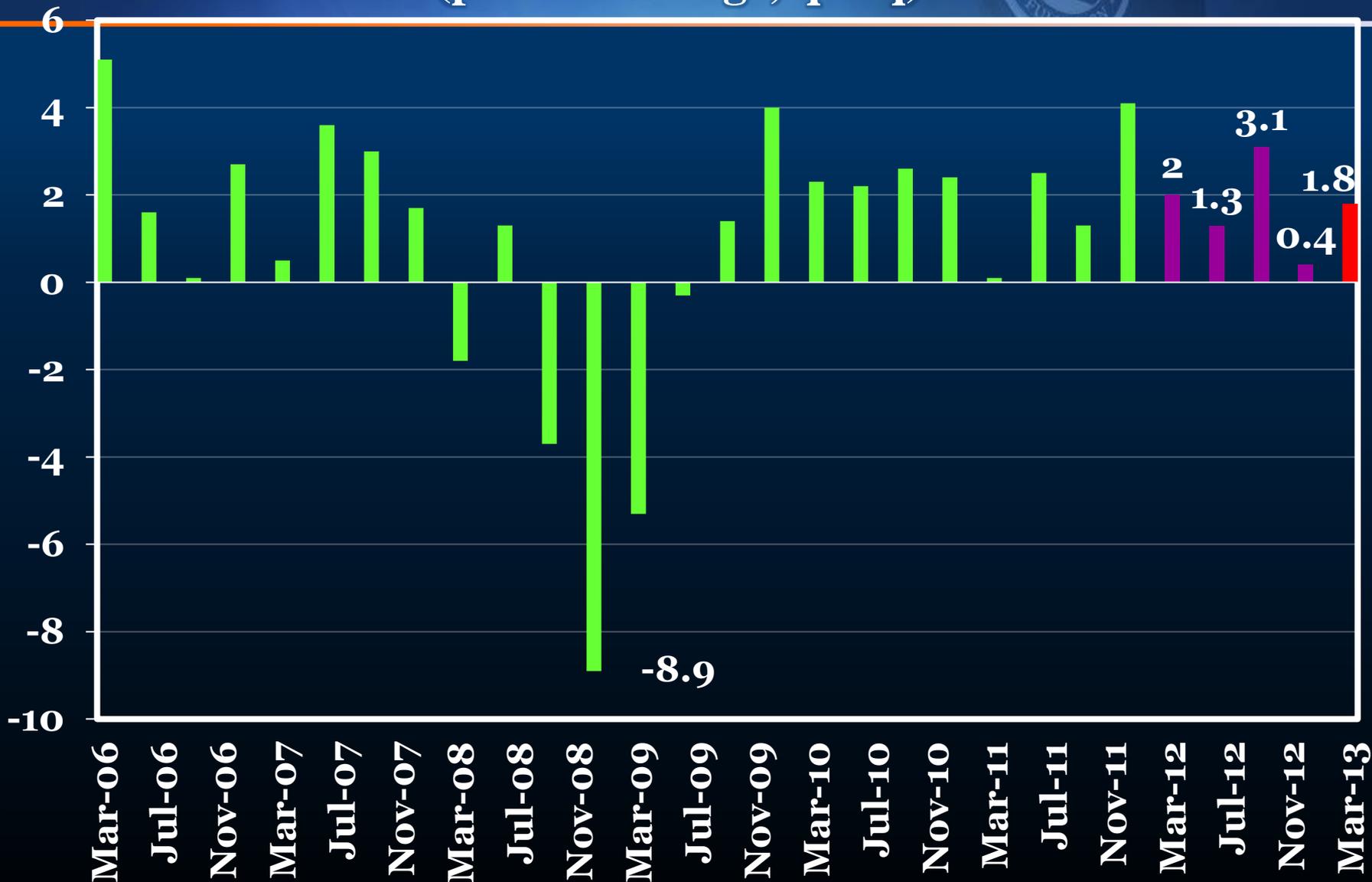
Labor Market is Healing Slowly

(total payrolls, thousand of employees)



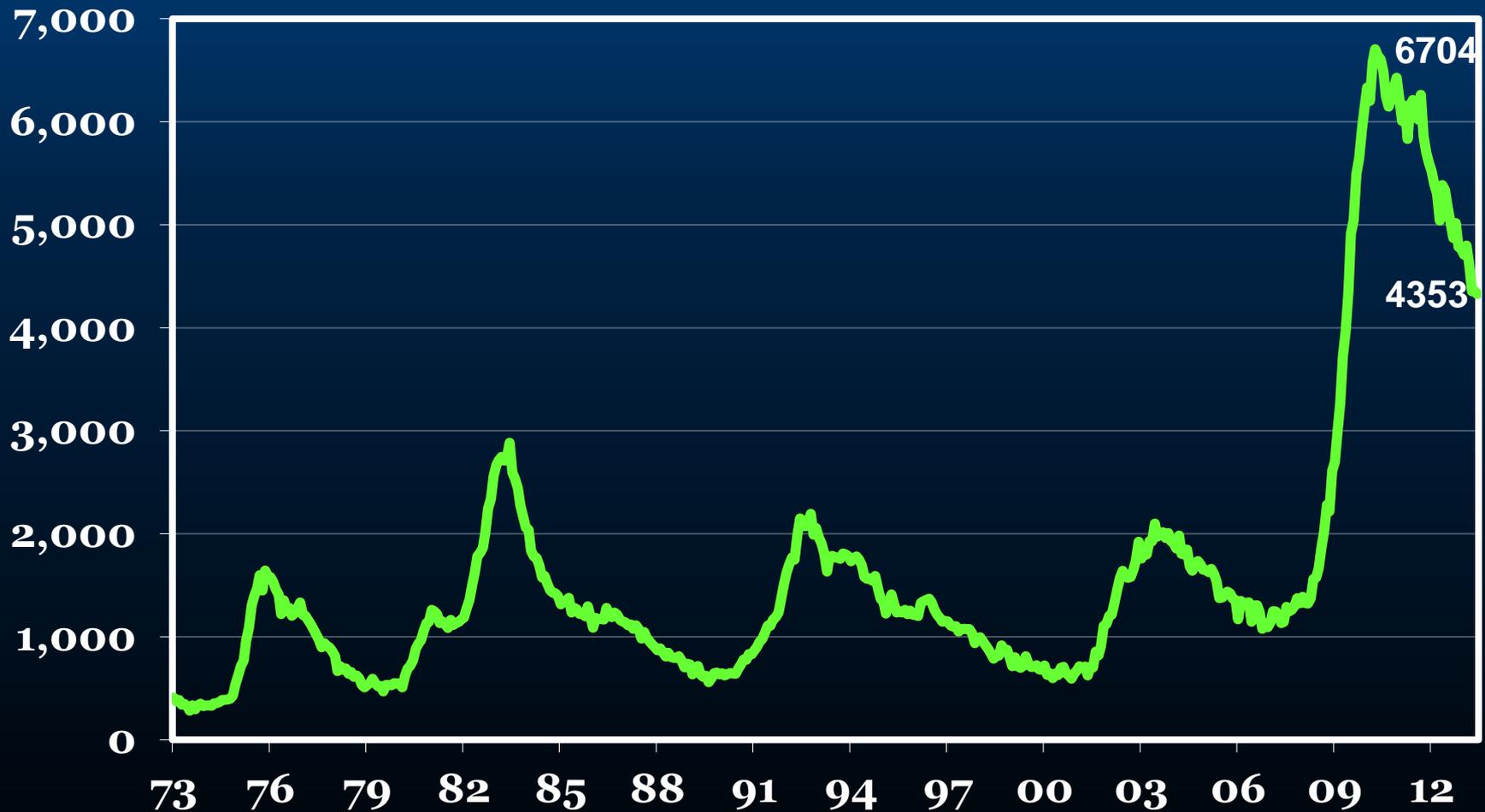
GDP Growth has been Sluggish

(percent change, q-o-q)



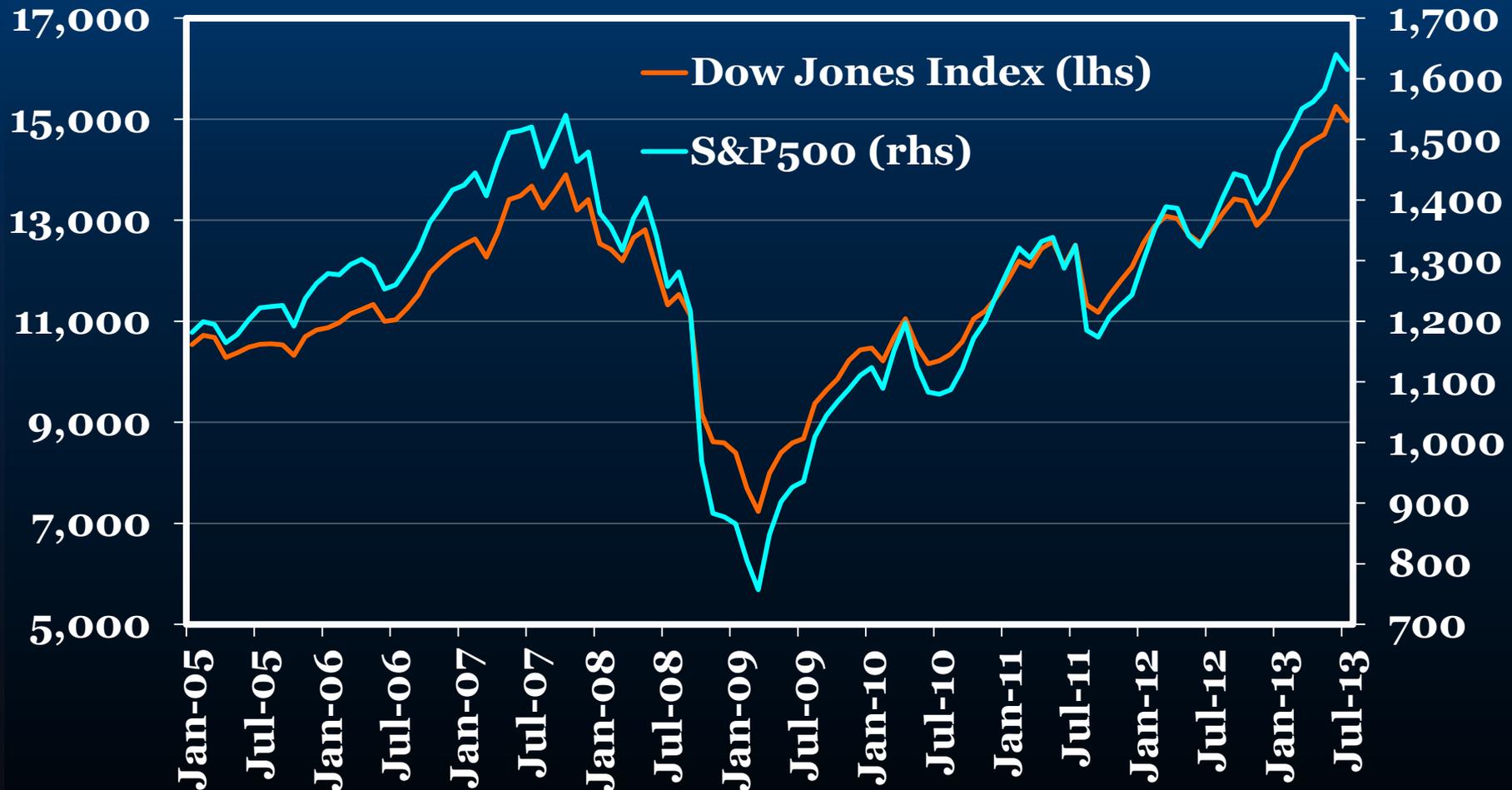
One of the biggest Issues: Long-Term Unemployment still Very High

(unemployed, thousands of units, without a job >27 weeks)



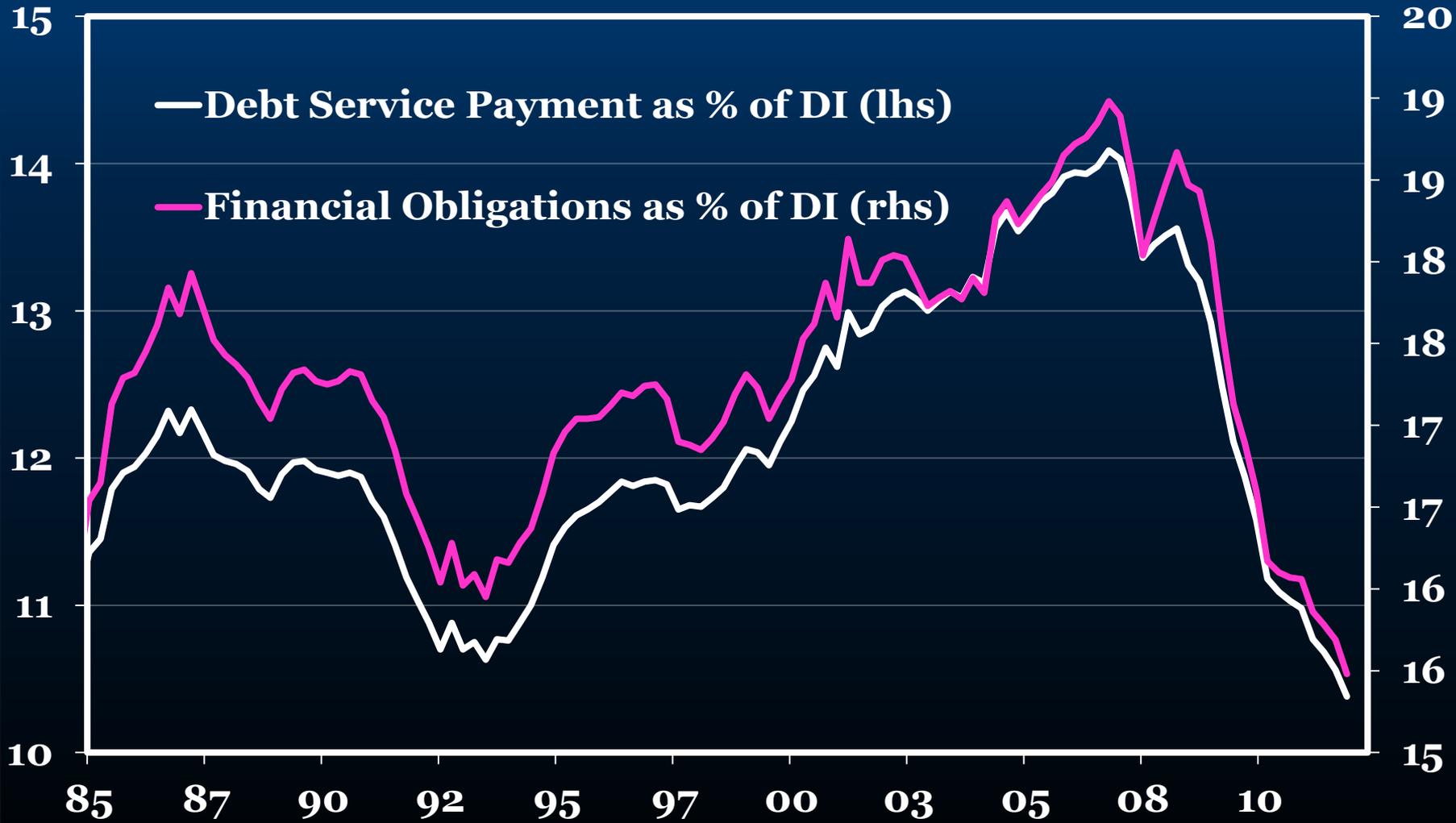
An Impressive Run for Financial Markets

(Dow Jones and S&P500 Index, level)



Household Debt Payments -- Lowest in over 30 Years

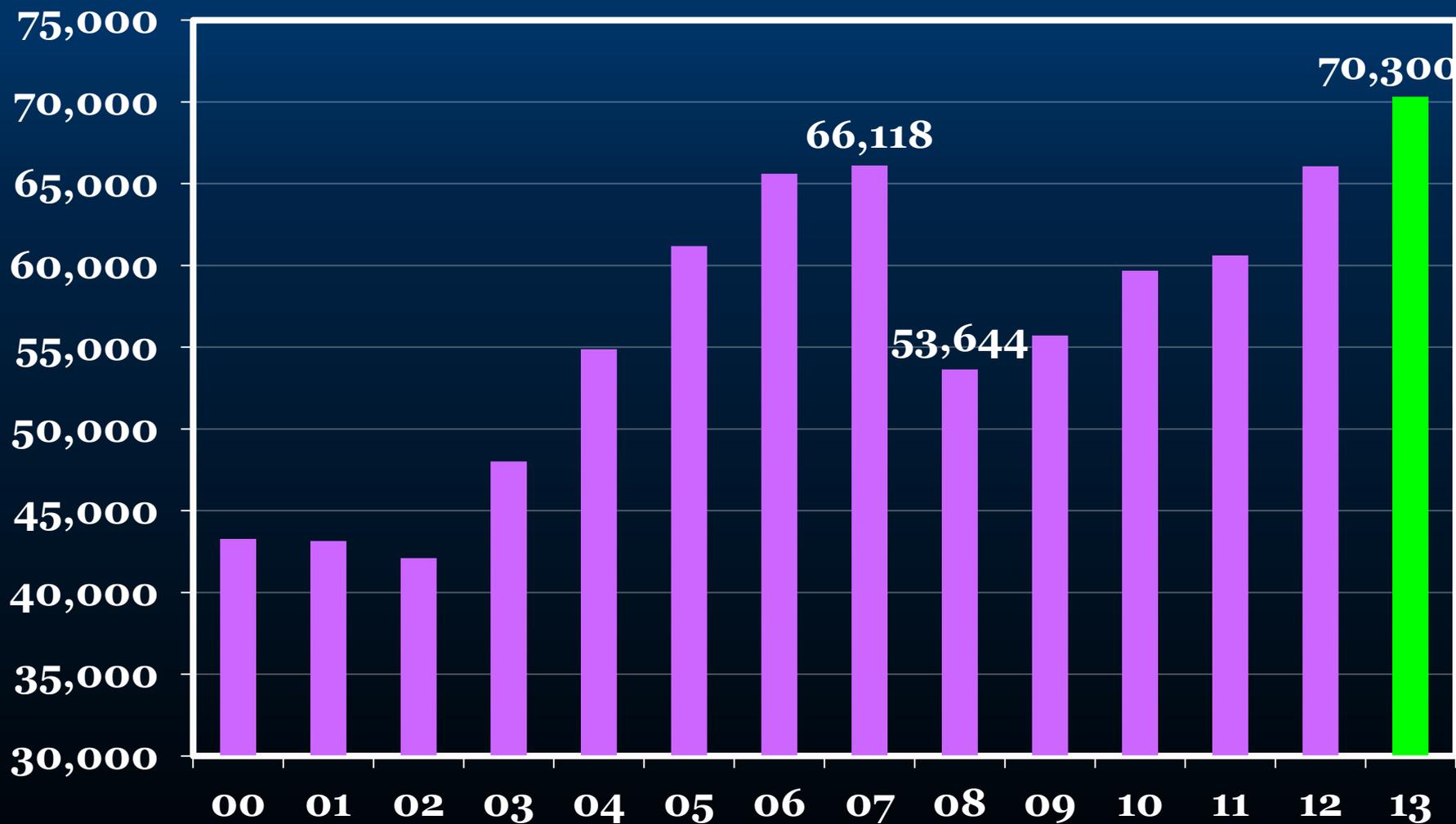
(payment as percent of disposable income, percent)



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The Good News: Household Wealth above Pre-recession Peaks

(level, billions of dollars)



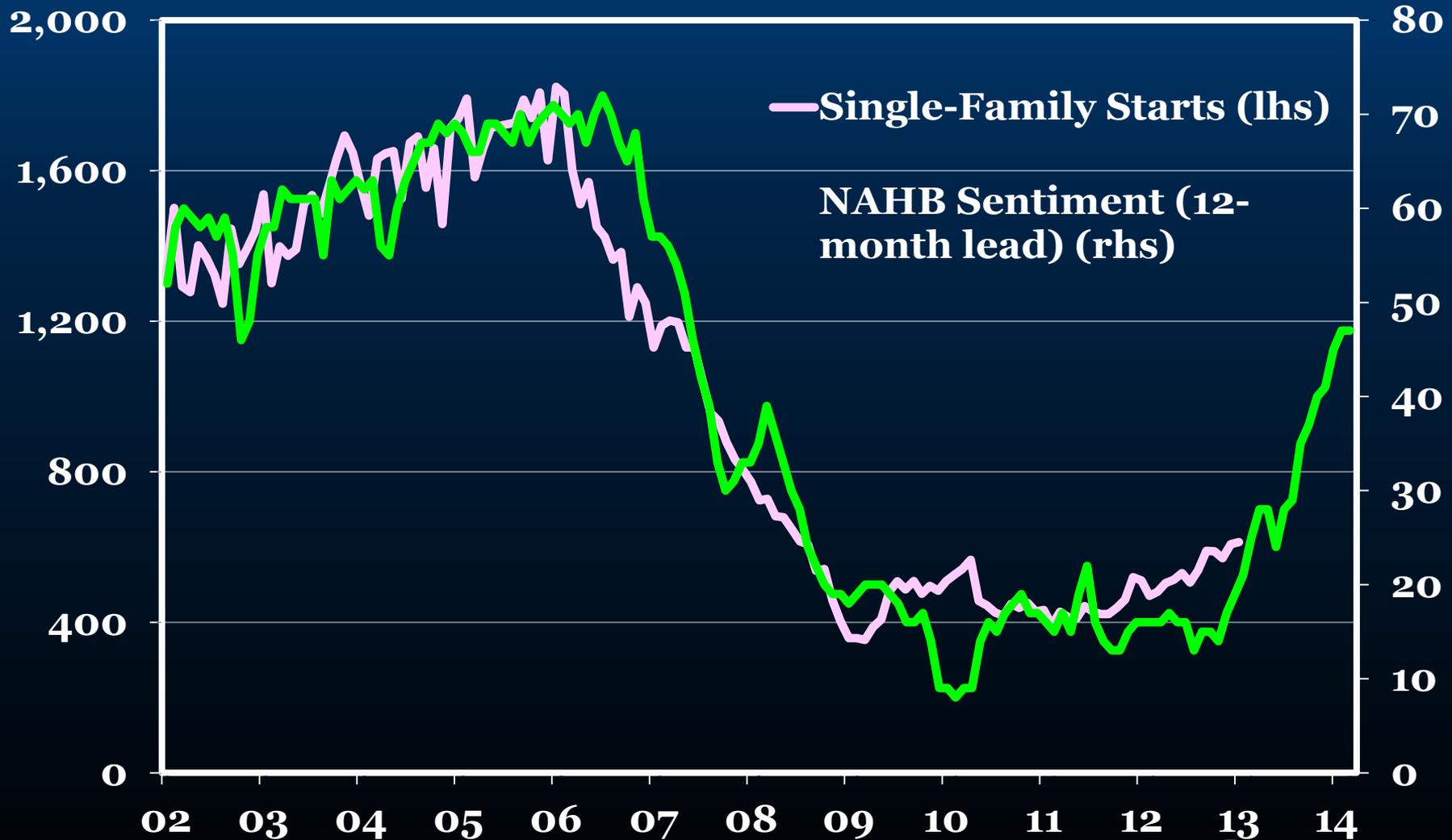
The Brightest Spot: Housing on the Rebound Home Prices are Rising

(Case/Shiller Index, y-o-y changes, percent)



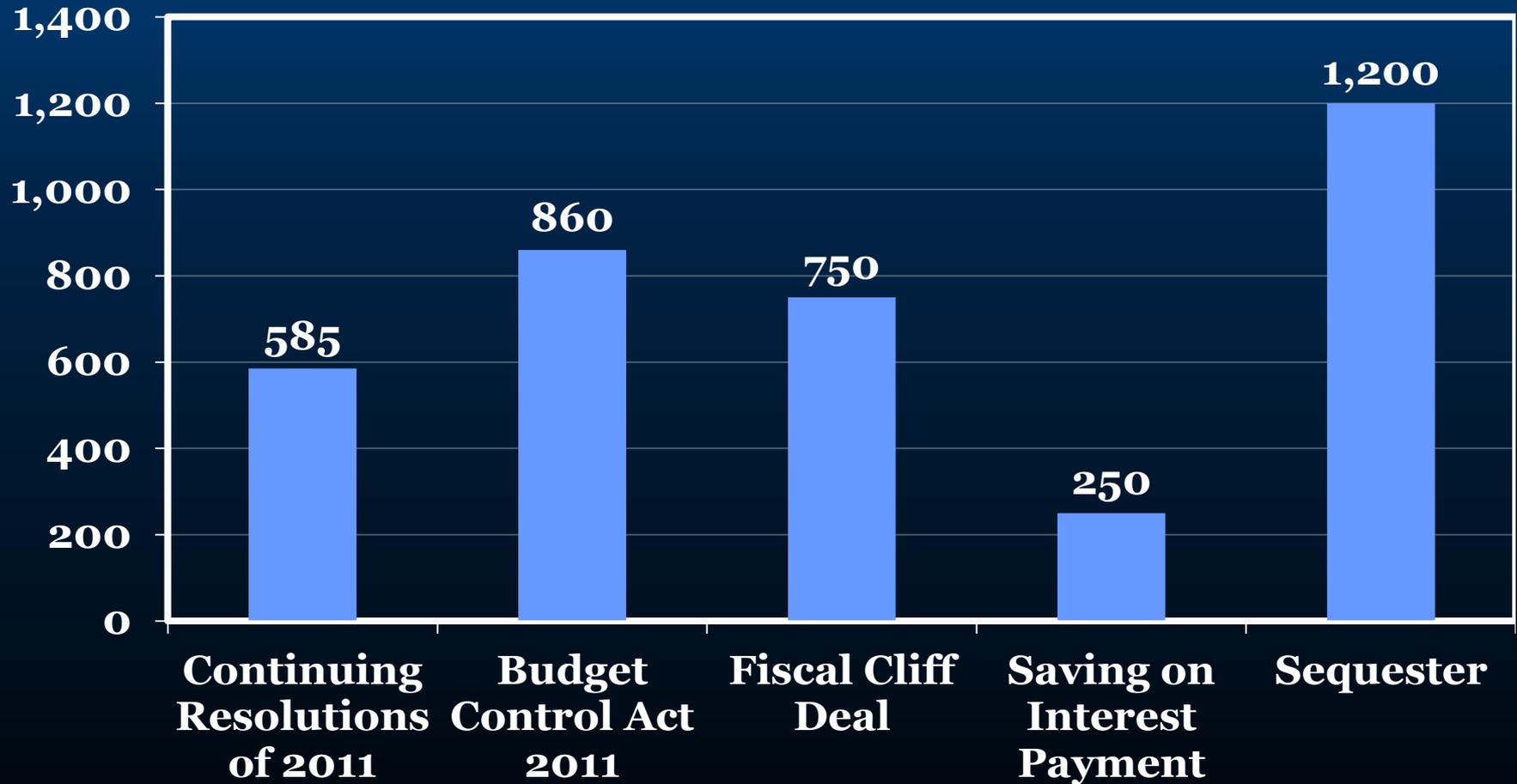
The Comeback Kid: Housing Construction on an Upswing

(Housing Starts, thousands of units and NAHB Index, level)



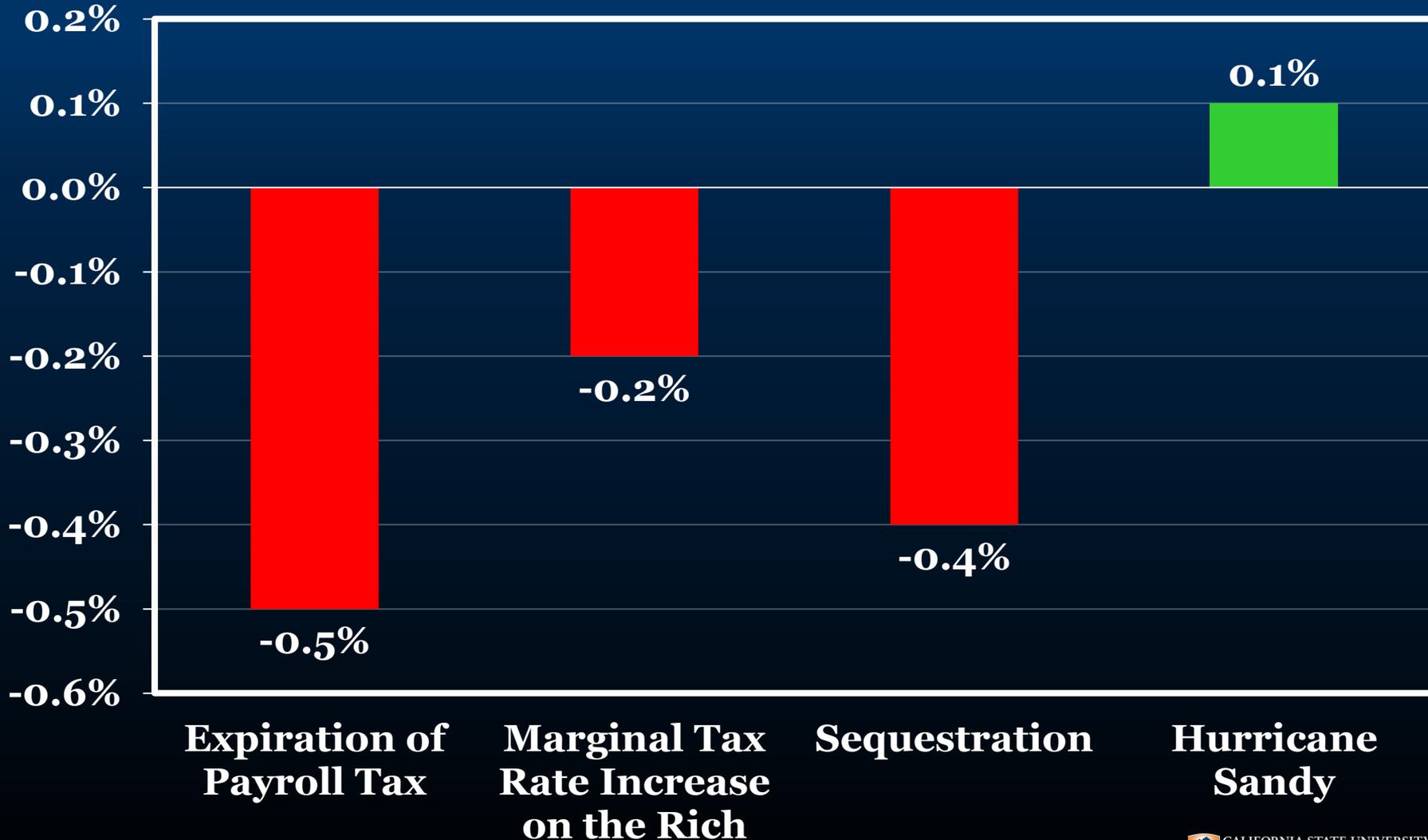
Deficit Reduction Deals: 3.7 Trillion in 10-years

(billions of dollars, level)



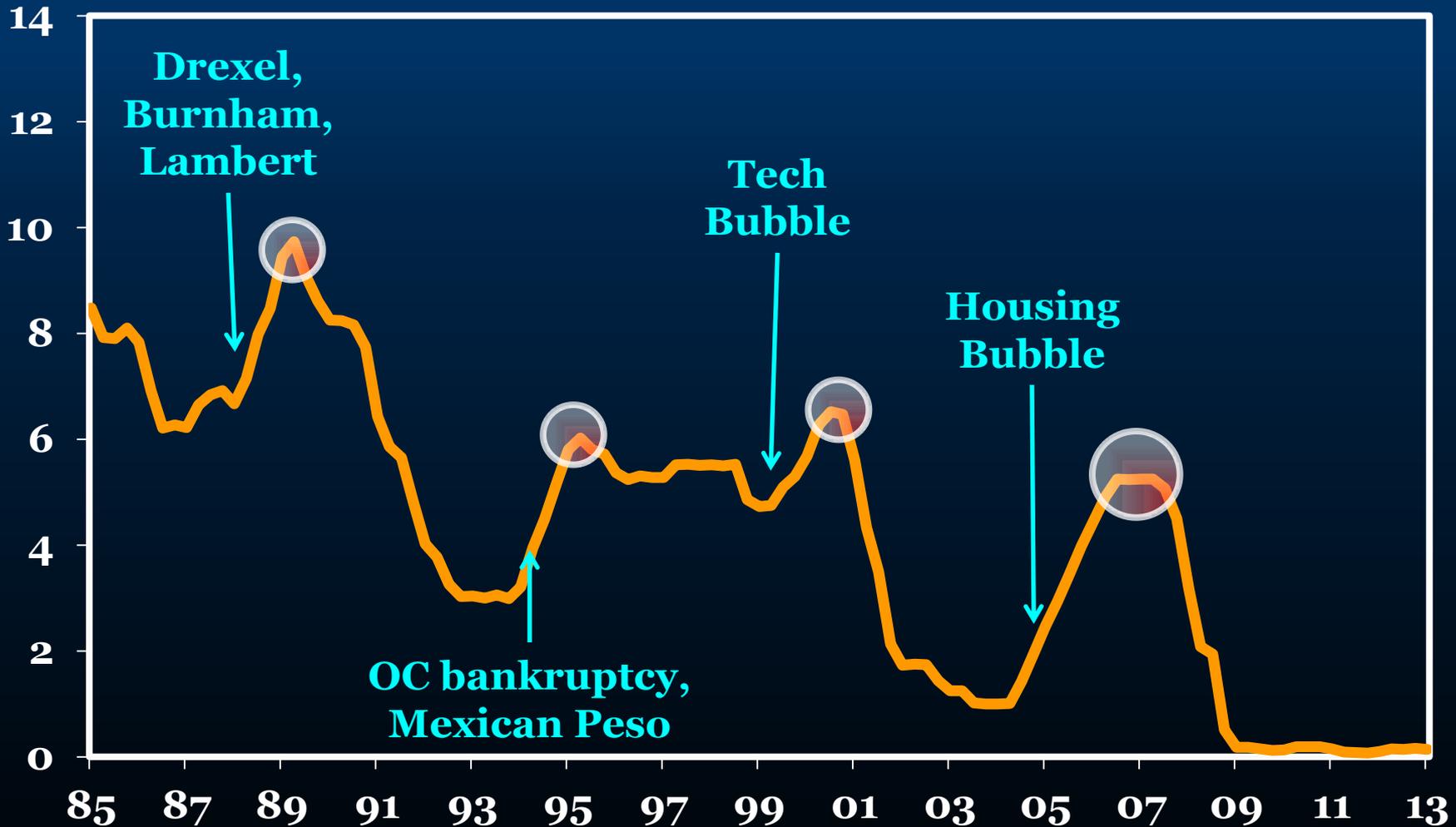
Fiscal Policy Impact on Real GDP Growth in 2013

(contribution to real GDP, percent)



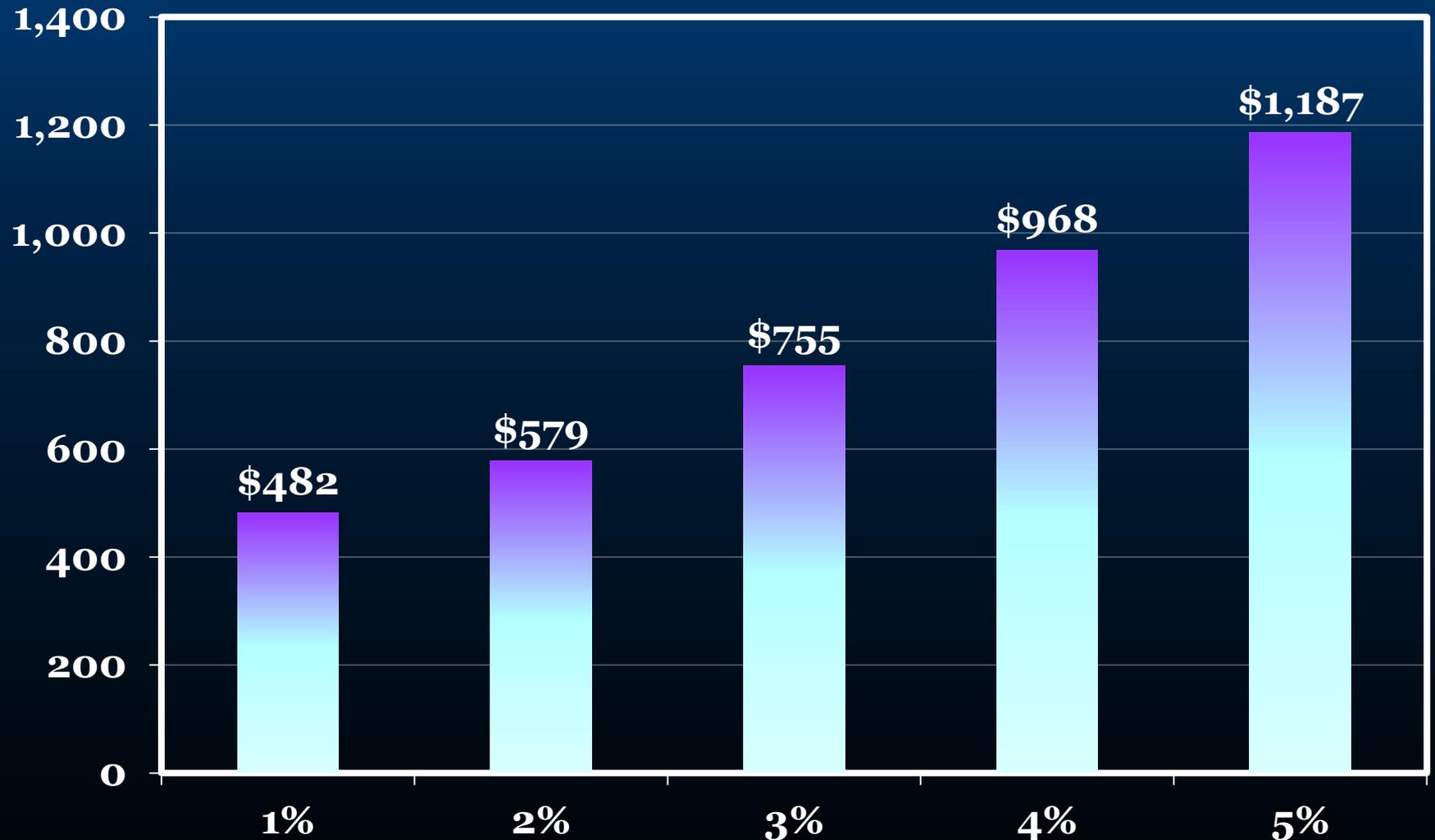
“Exit” Panic: Fed’s Tightening has Exposed Bubbles in the Past

(federal funds rate, percent)



Fed Tightening and Net Interest Payments: A \$1 Trillion Dollar Affairs

(interest payment on the national debt, level, billions of dollars)



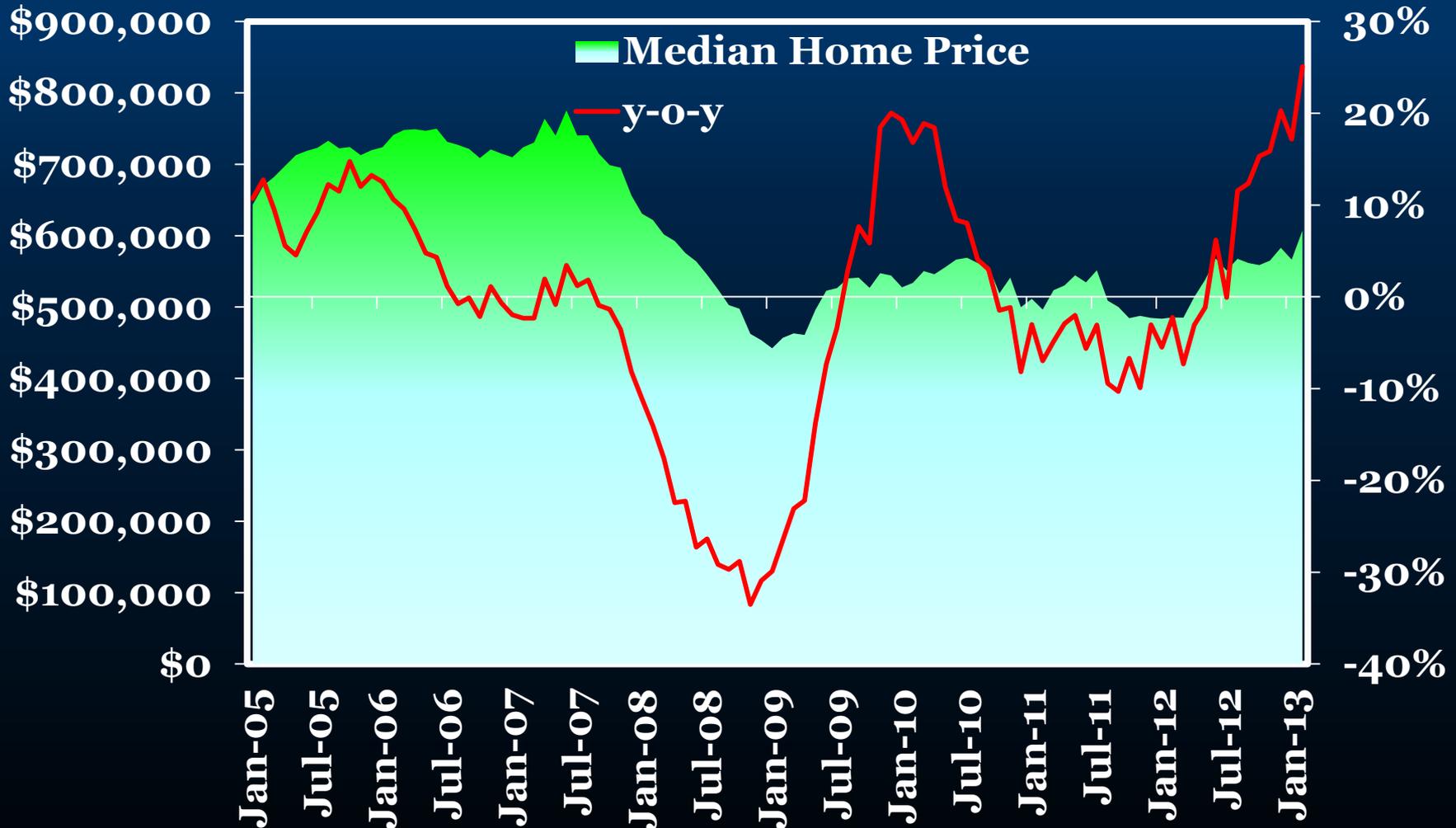
Orange County

Orange County

Orange County Home Prices

(Median Price - Single Family Existing Homes)

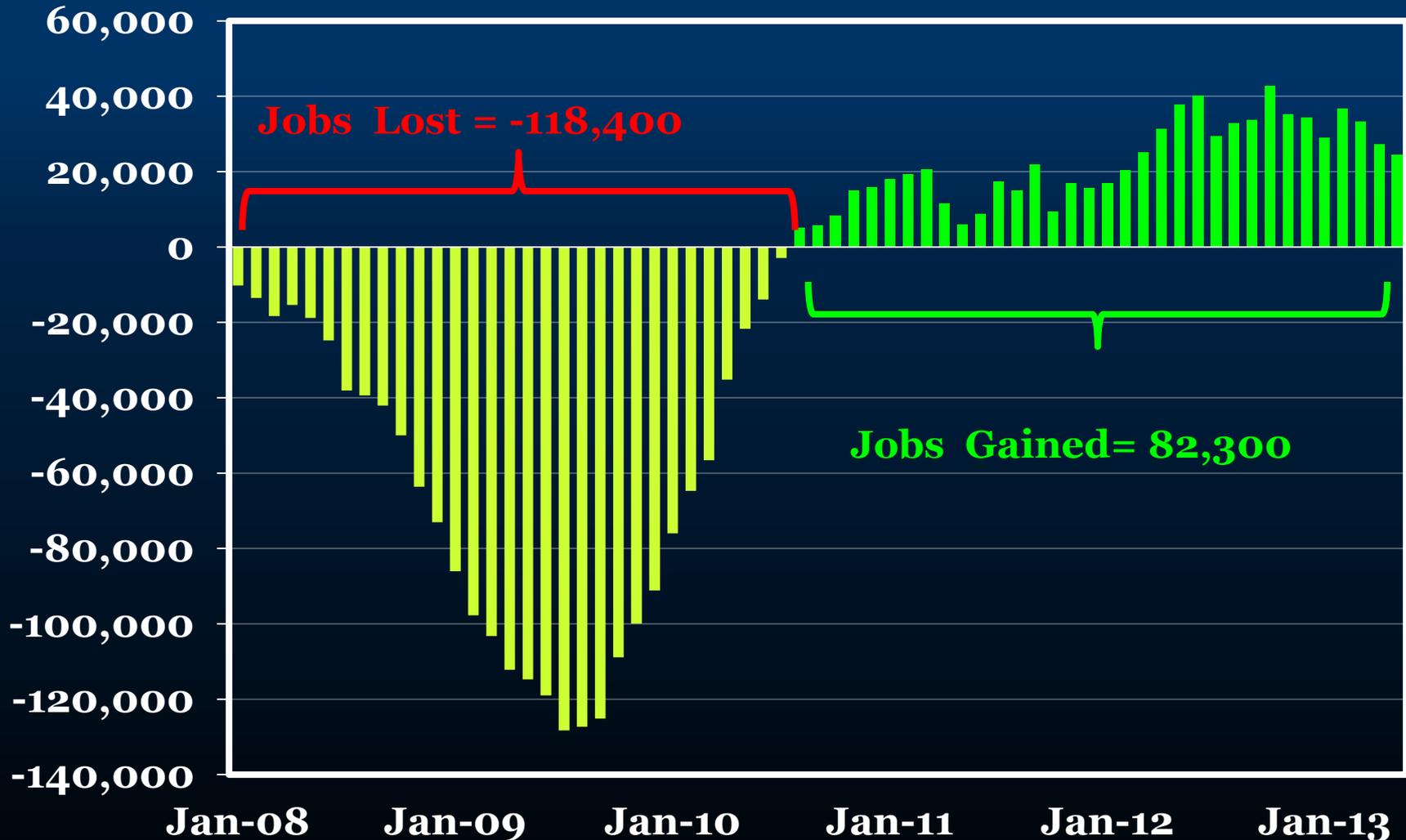
(level and y-o-y percent change)



Source: California Association of Realtors

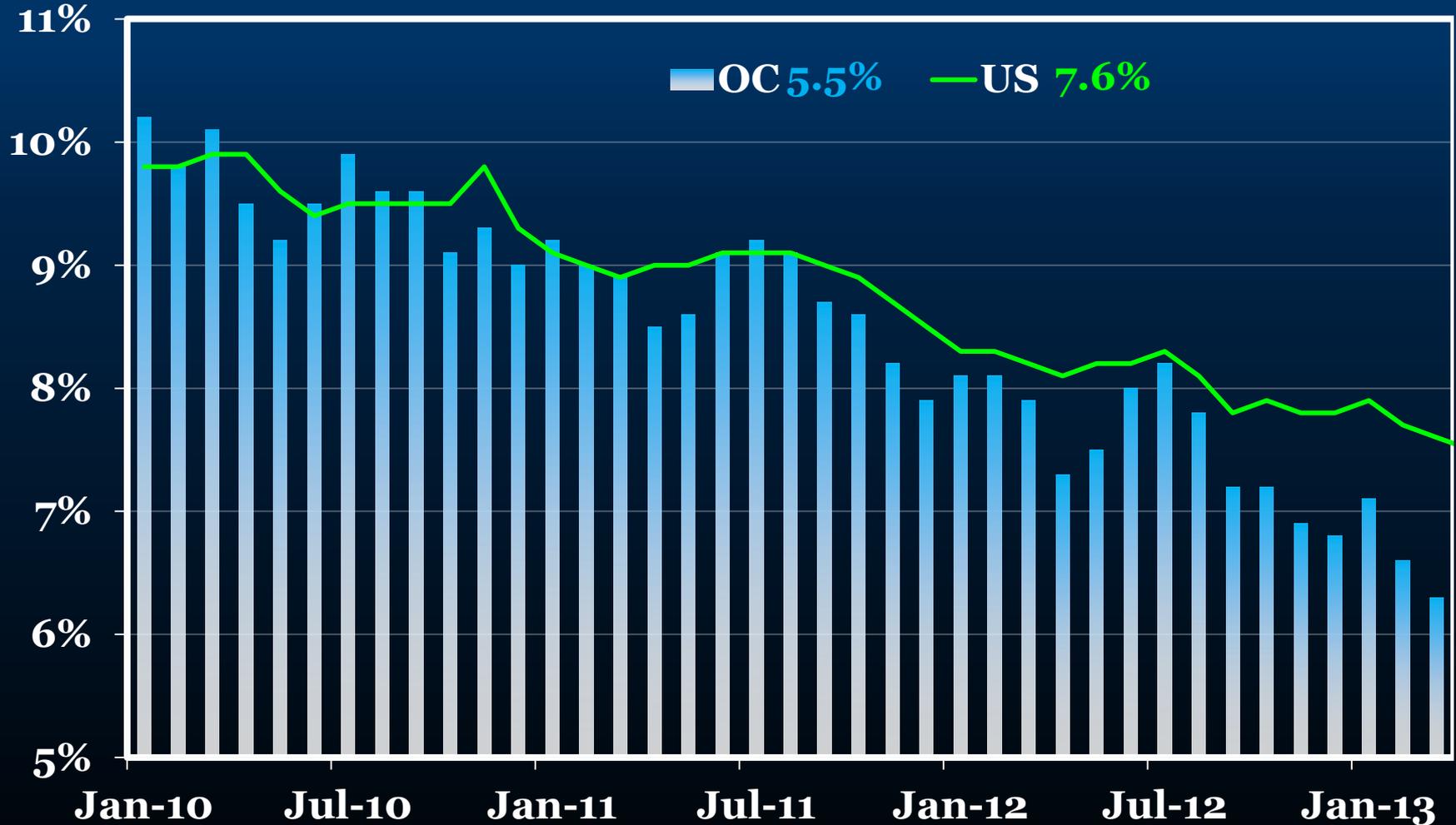
OC Job Gains/Losses

(Nonfarm Payroll, Year-over-year change)



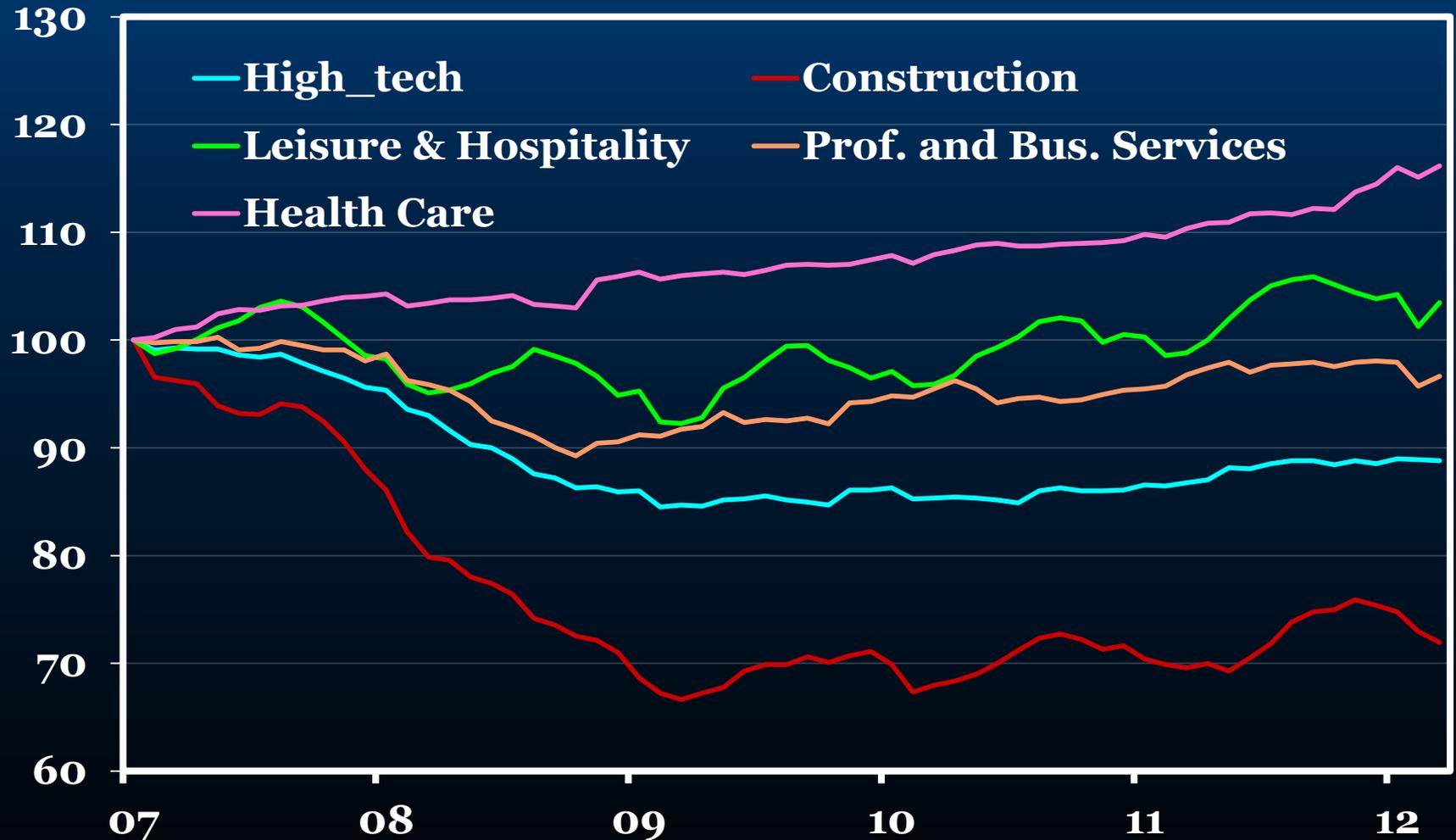
Unemployment Rates Declining

(Unemployment rates, percent)



Only Health Care and Leisure & Hospitality are Above Water

(employment levels, Dec 2007=100)



OC Job Changes by Sector, 2007-12



| 2012 Size | Share of Total | Wage & Salary Emp. | 2007-2110 | | 2010-2012 | |
|-----------|----------------|-------------------------|-----------|------|-----------|------|
| 1,400,000 | | Total Nonfarm | -162,000 | -11% | 47,000 | 3.4% |
| 256,000 | 18% | Prof. and Bus. Serv. | -30,000 | -18% | 12,000 | 5% |
| 181,000 | 13% | Leisure and Hospitality | -4,000 | -3% | 12,000 | 7% |
| 163,000 | 12% | Edu. and Health Serv. | 13,000 | 8% | 8,000 | 5% |
| 158,000 | 11% | Manufacturing | -30,000 | -19% | 7,000 | 5% |
| 148,000 | 11% | Government | -7,000 | -4% | -5,000 | -3% |
| 142,000 | 10% | Retail Trade | -21,000 | -13% | 2,000 | 2% |
| 108,000 | 8% | Financial Activities | -24,000 | -15% | 5,000 | 4% |
| 77,000 | 6% | Wholesale Trade | -9,000 | -6% | -900 | -1% |
| 71,000 | 5% | Construction | -35,000 | -22% | 3,000 | 5% |



Orange County Business Expectations Survey OCBX

A Quarterly Survey Of Business Executives

Conducted by:
Institute for Economic and Environmental Studies
Cal State Fullerton

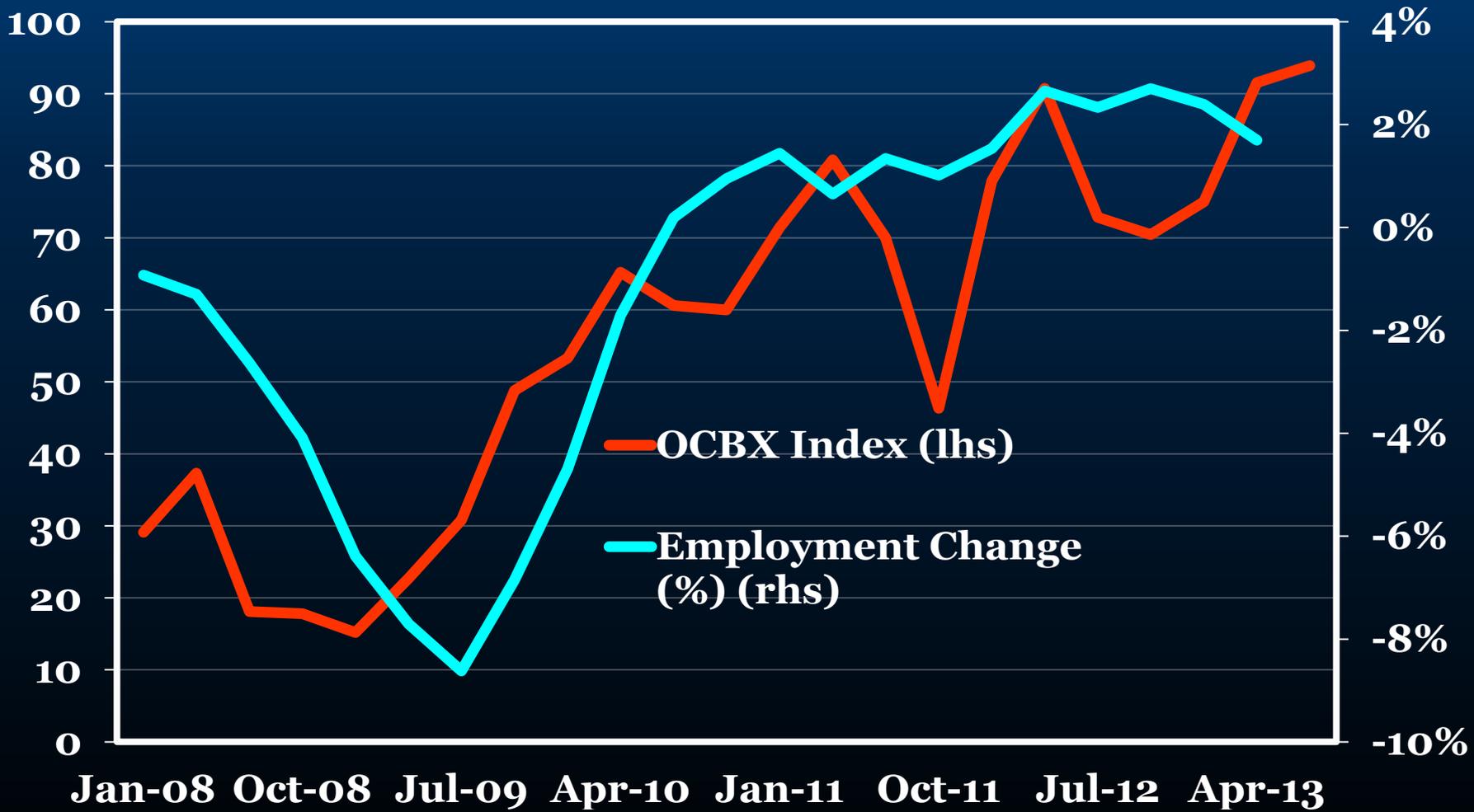
Orange County Business Expectations

OCBX Index and Employment Change

(OCBC Index and y-o-y employment change)



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Questions?

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