



**ORANGE COUNTY TRANSPORTATION AUTHORITY**

**Taxable Sales Forecast - Dr. Anil Puri – California State  
University, Fullerton**

**PowerPoint**



# **Economic Outlook U.S. and Orange County**

**Anil Puri**

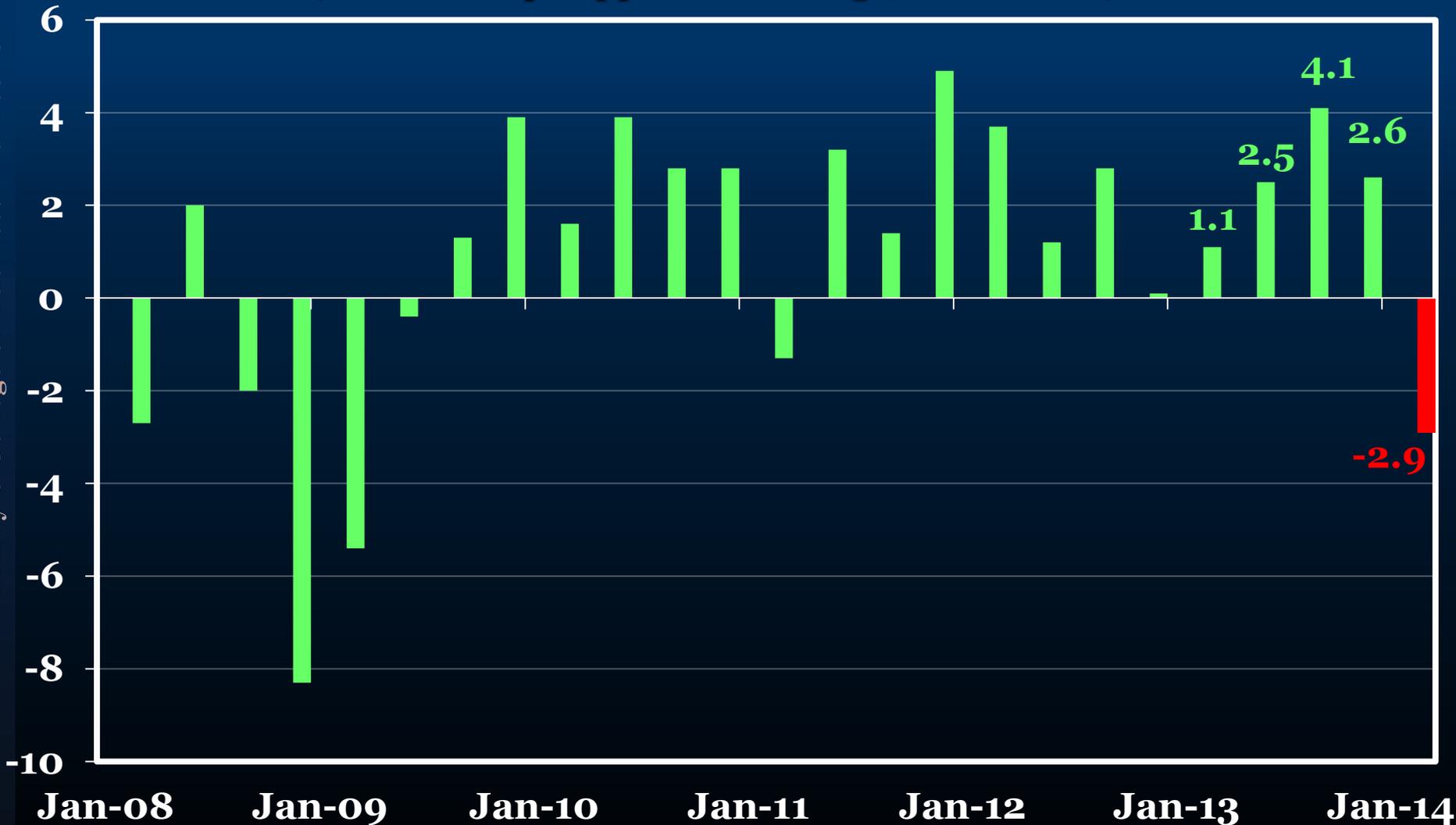
**Mihaylo College of Business and Economics  
California State University, Fullerton**

**OCTA  
July 23, 2014**

# Ebbing Momentum?

## Real GDP growth

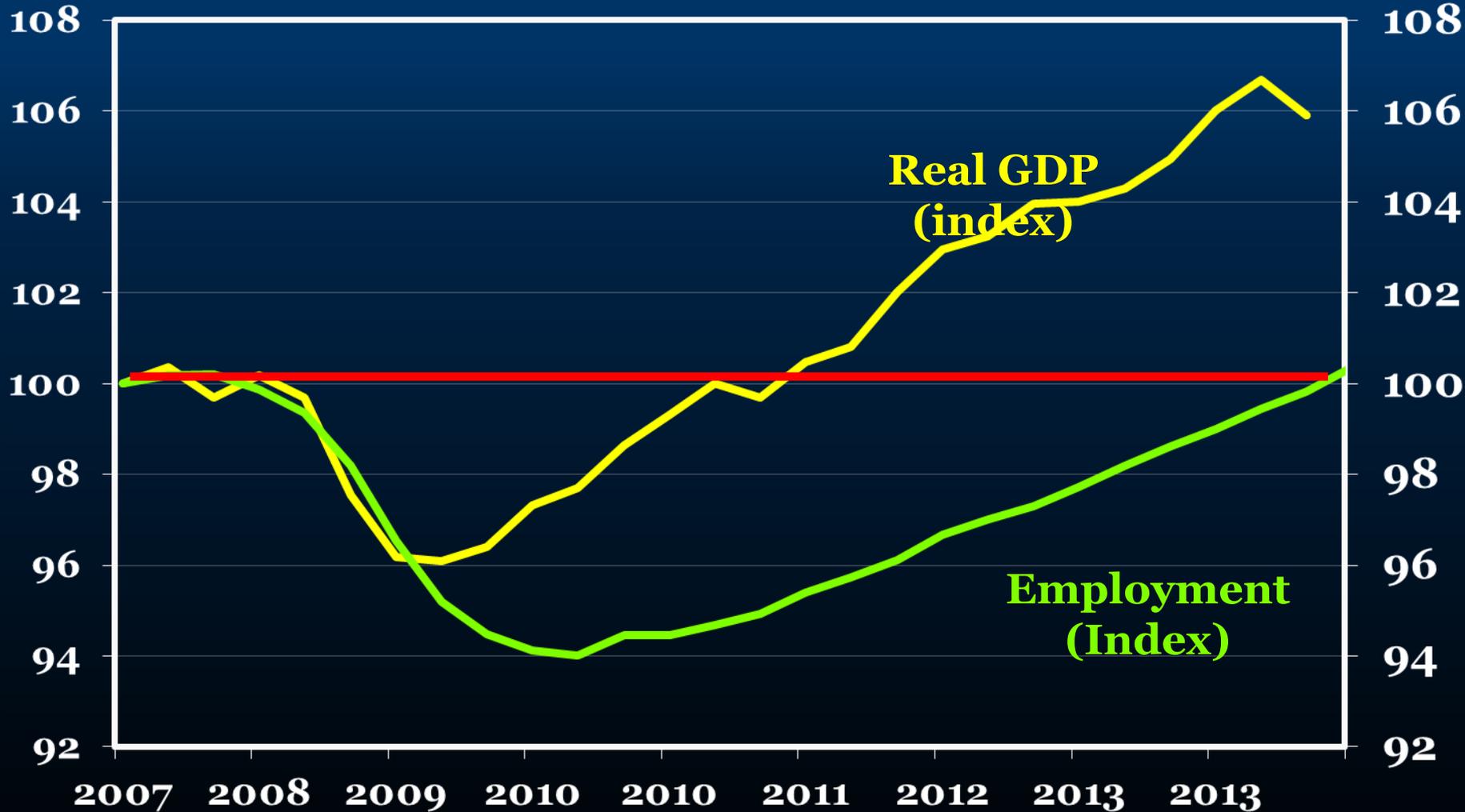
(real GDP, q-o-q percent change, annualized)



# A Tale of Two Recoveries

## Real GDP and Labor Market Part Ways

(Real GDP, NonFarm Payroll, Indices, Dec 2007=100)



# Consumer Sentiment

Still Below Normal, but Much Improved

(Conference Board, Index level)

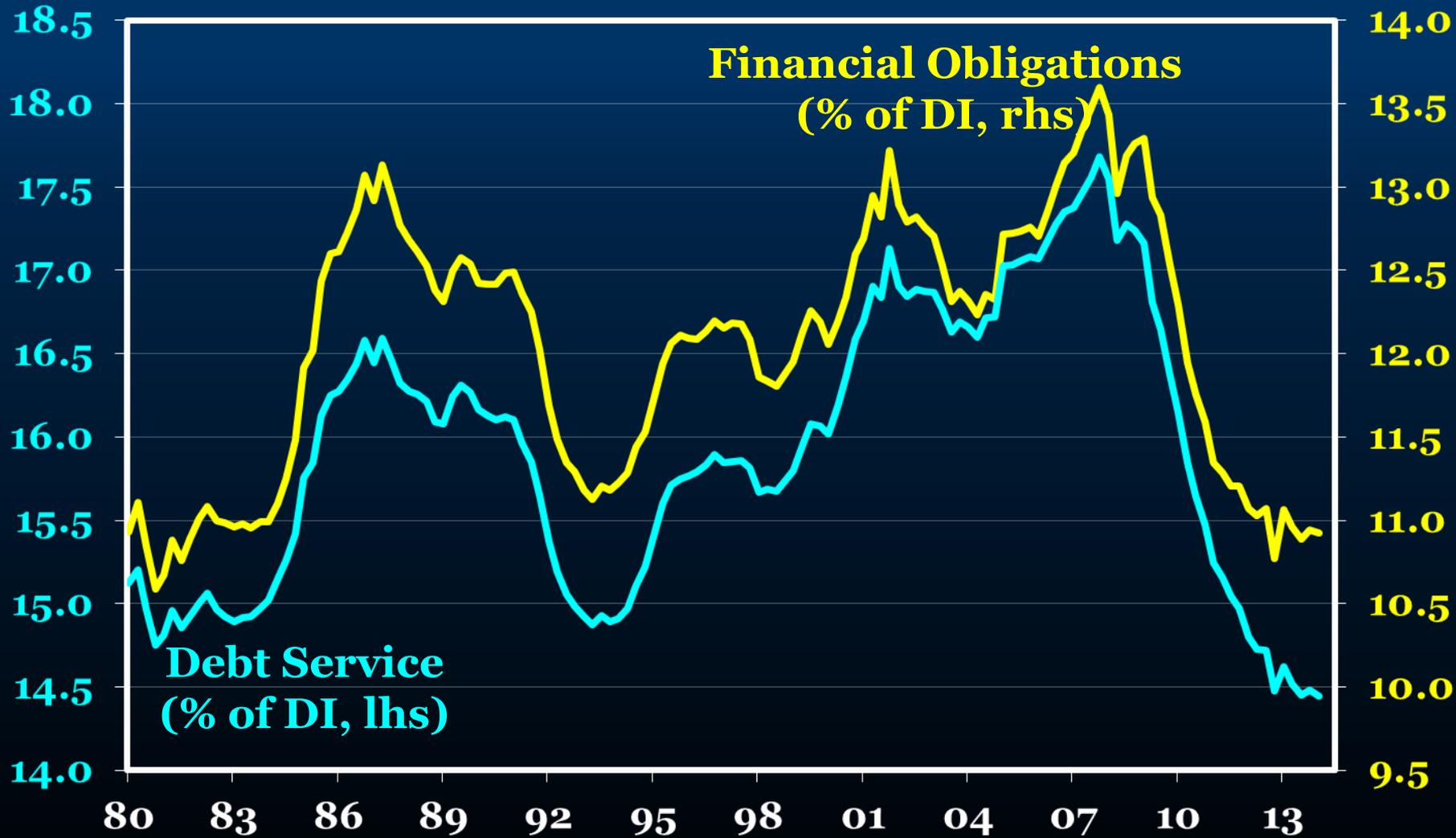


June:  
82.3

# Household Balance Sheets are in Great Shape

## Debt Payments at Historical Lows

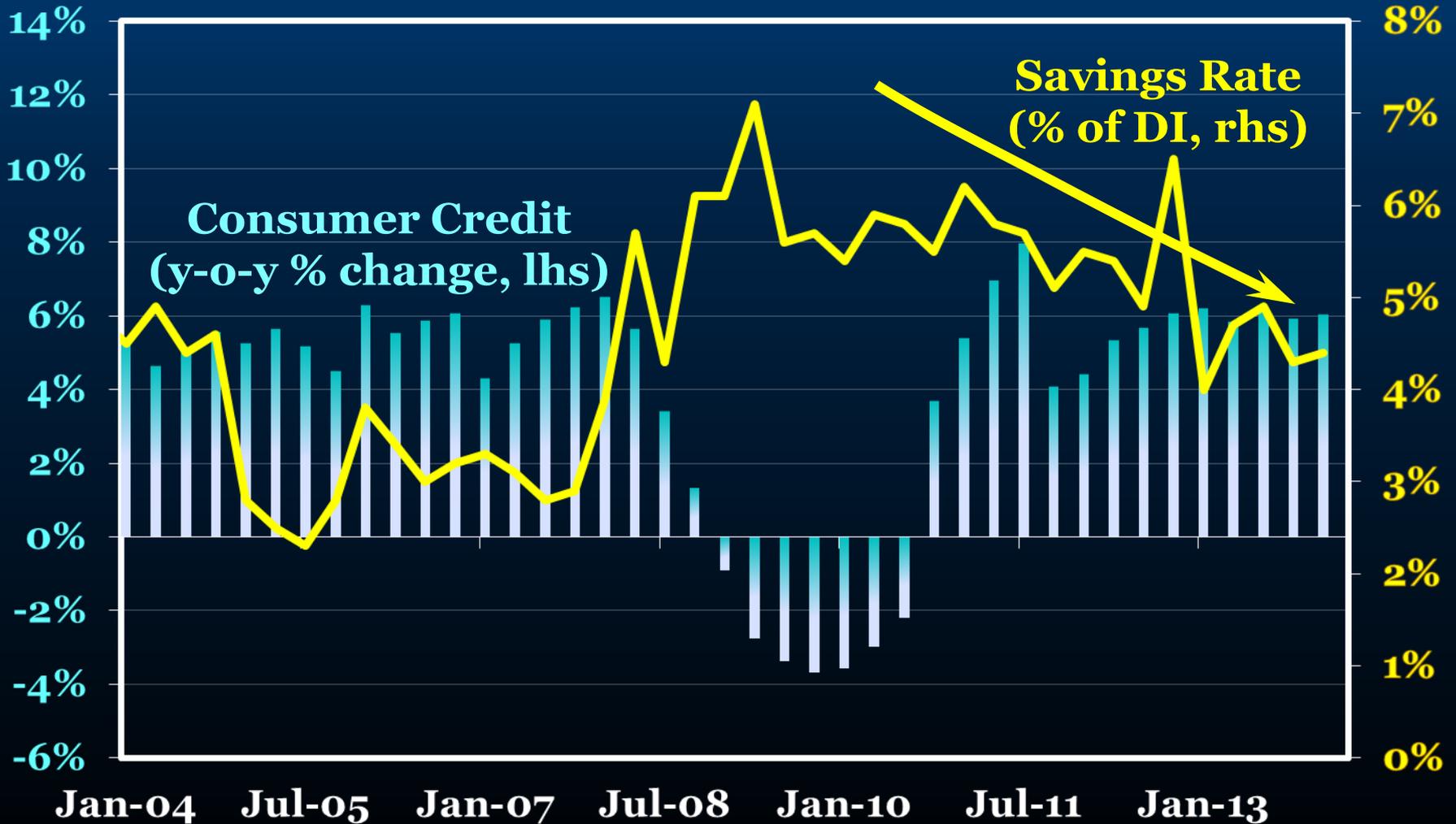
(financial obligations and debt service, percent of disposable income)



# Consumers Appear Willing to Spend

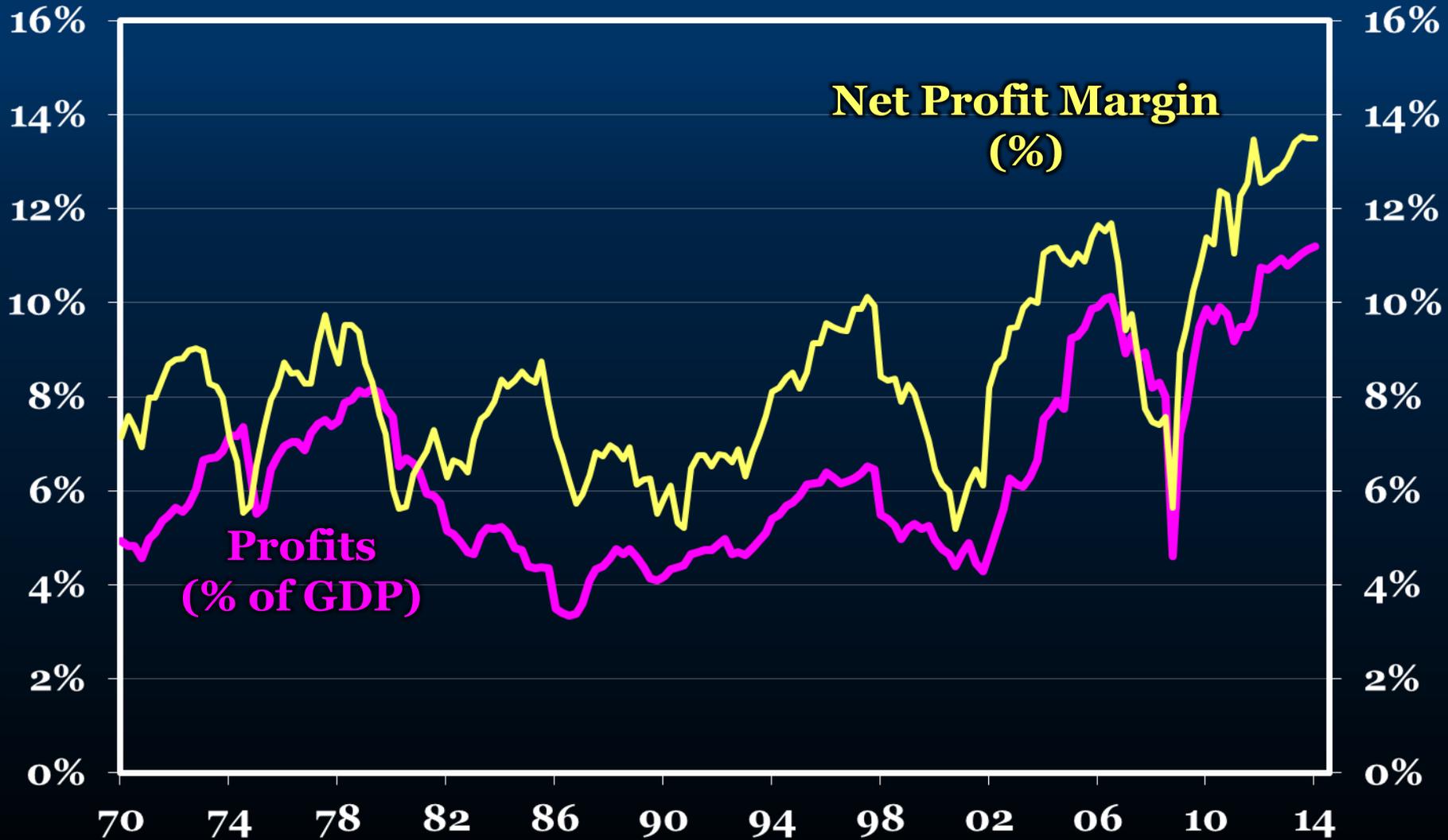
## Consume Credit Up, Savings Down

(consumer credit, year-over-year percent change, savings as percent of DI)



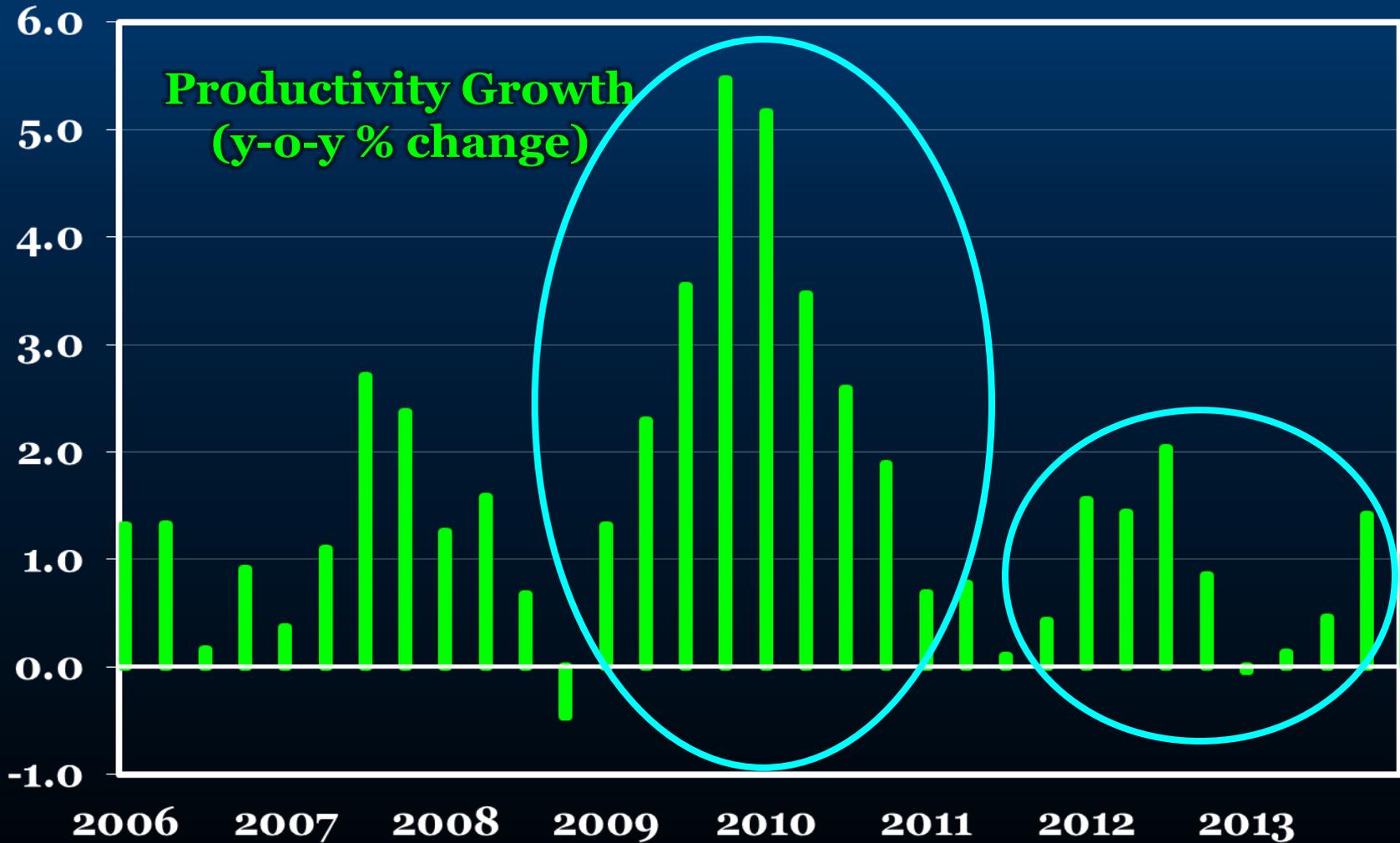
# Corporate Profits at Record Highs

Profits as % of GDP and Net Profit Margin  
(Percent)



# Hiring Too...

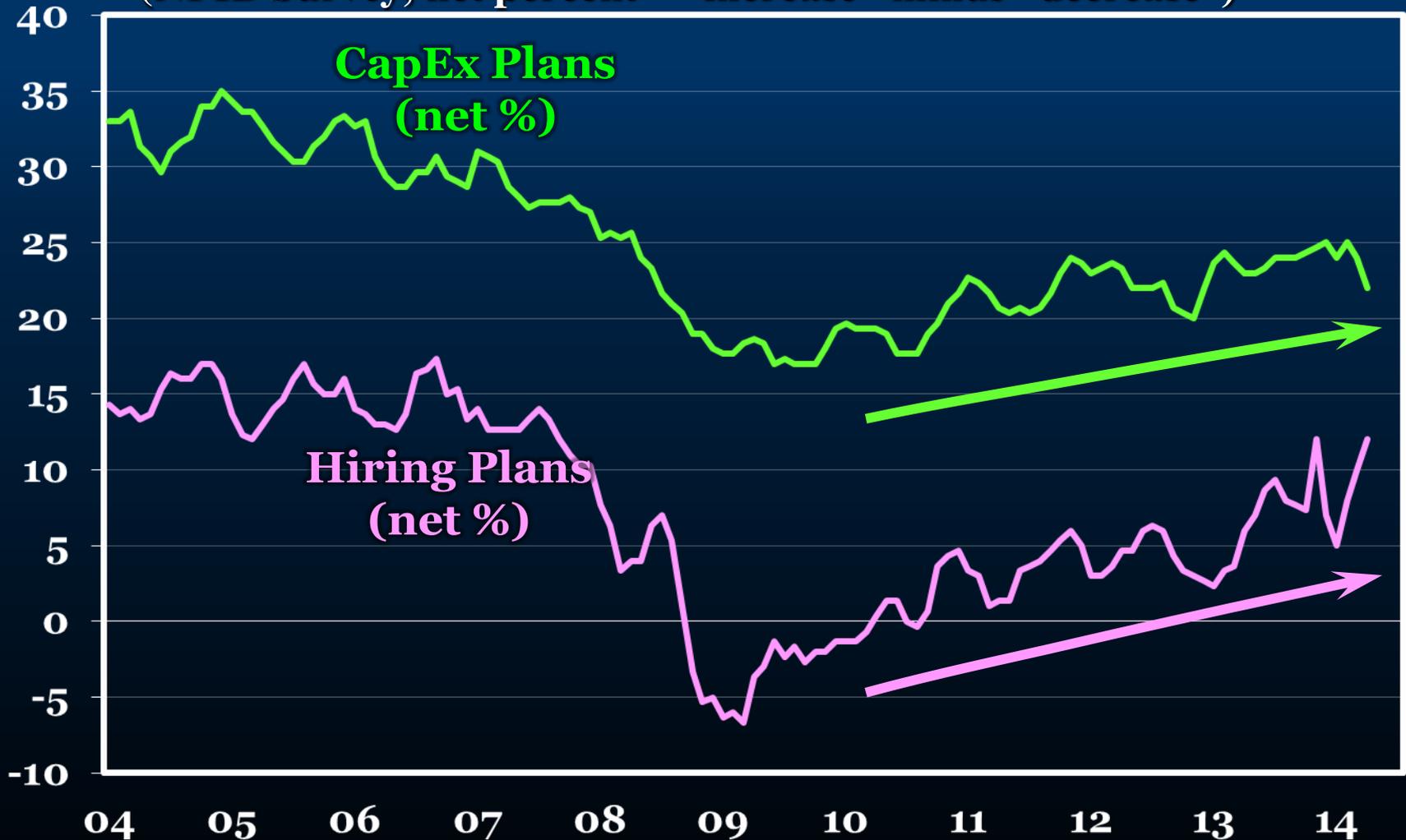
Productivity is Waning...Employment Should Increase  
(productivity y-o-y percent change)



# ...Turning a Corner... Slowly

## Small Business Plans for Hiring and Cap Spending

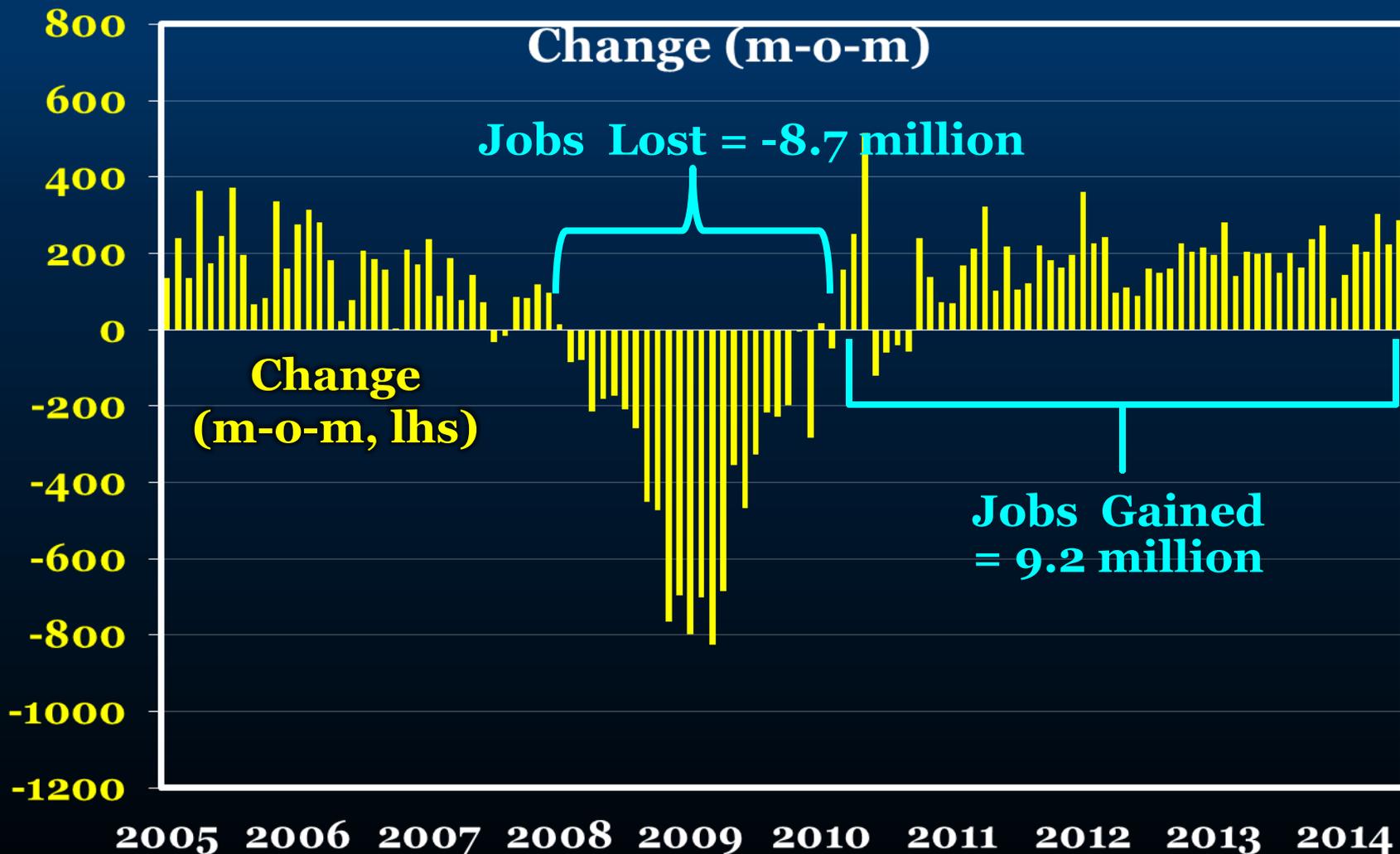
(NFIB Survey, net percent – “increase” minus “decrease”)



# Labor Market Continues to Heal

## Payroll Employment Recovered

(Nonfarm Payroll, thousands of people; y-o-y percent change)

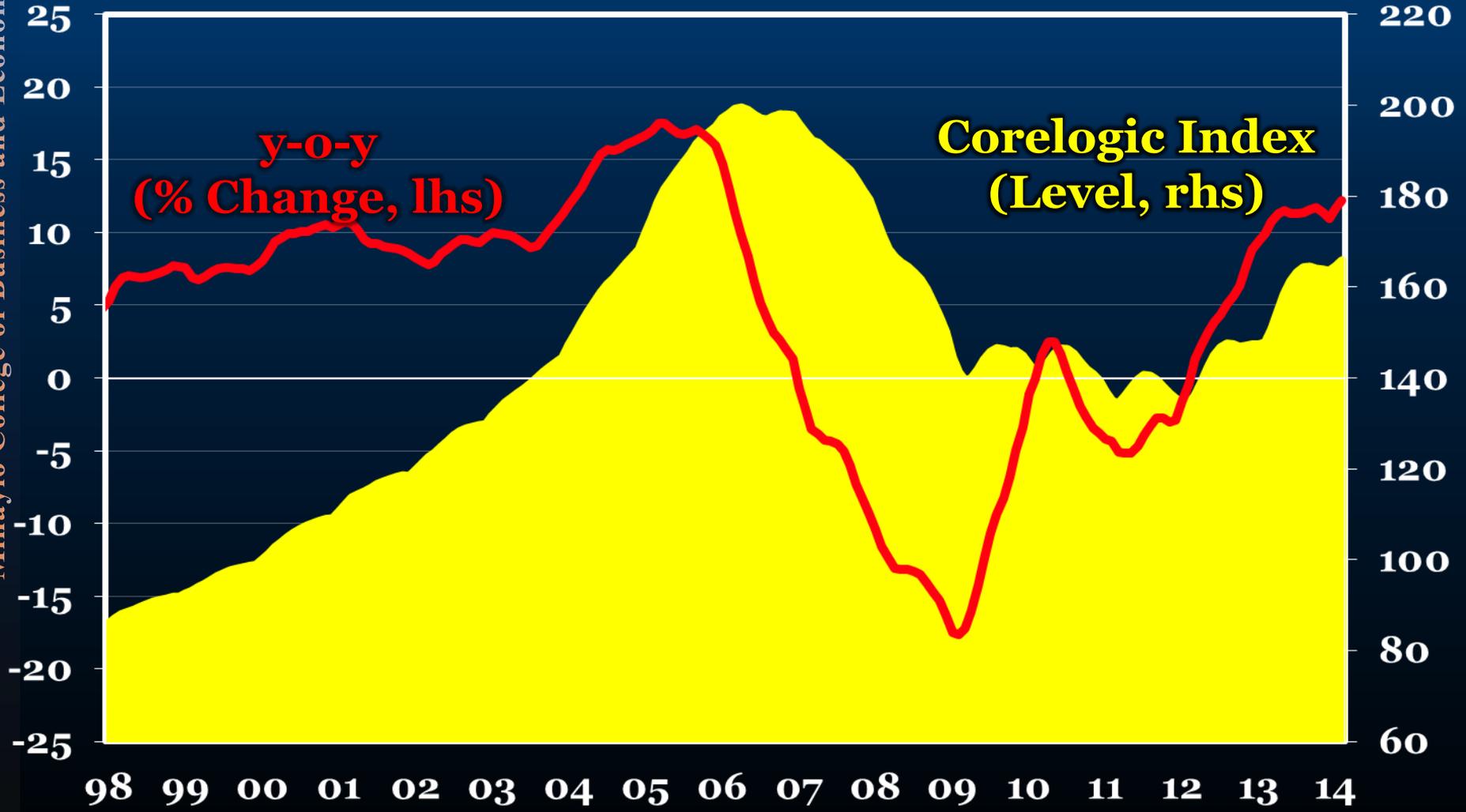


# Housing Rebound has been Spectacular

Home Prices have Risen at a Fast Clip

(CoreLogic Index; Level and y-o-y percent changes)

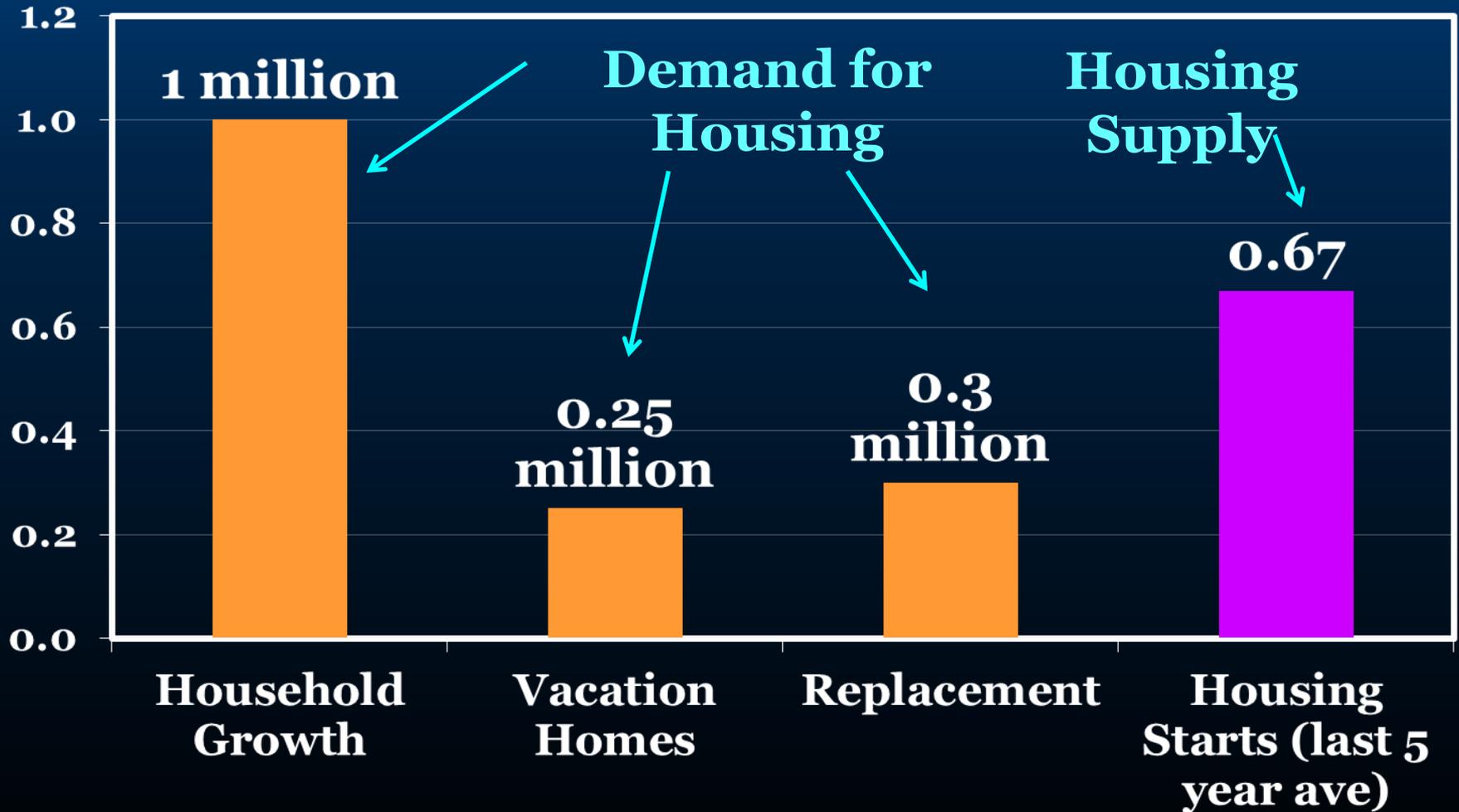
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# Housing Sector Will Boost Growth

Large Imbalances: Supply Significantly Below Historical Demand

(millions of units)

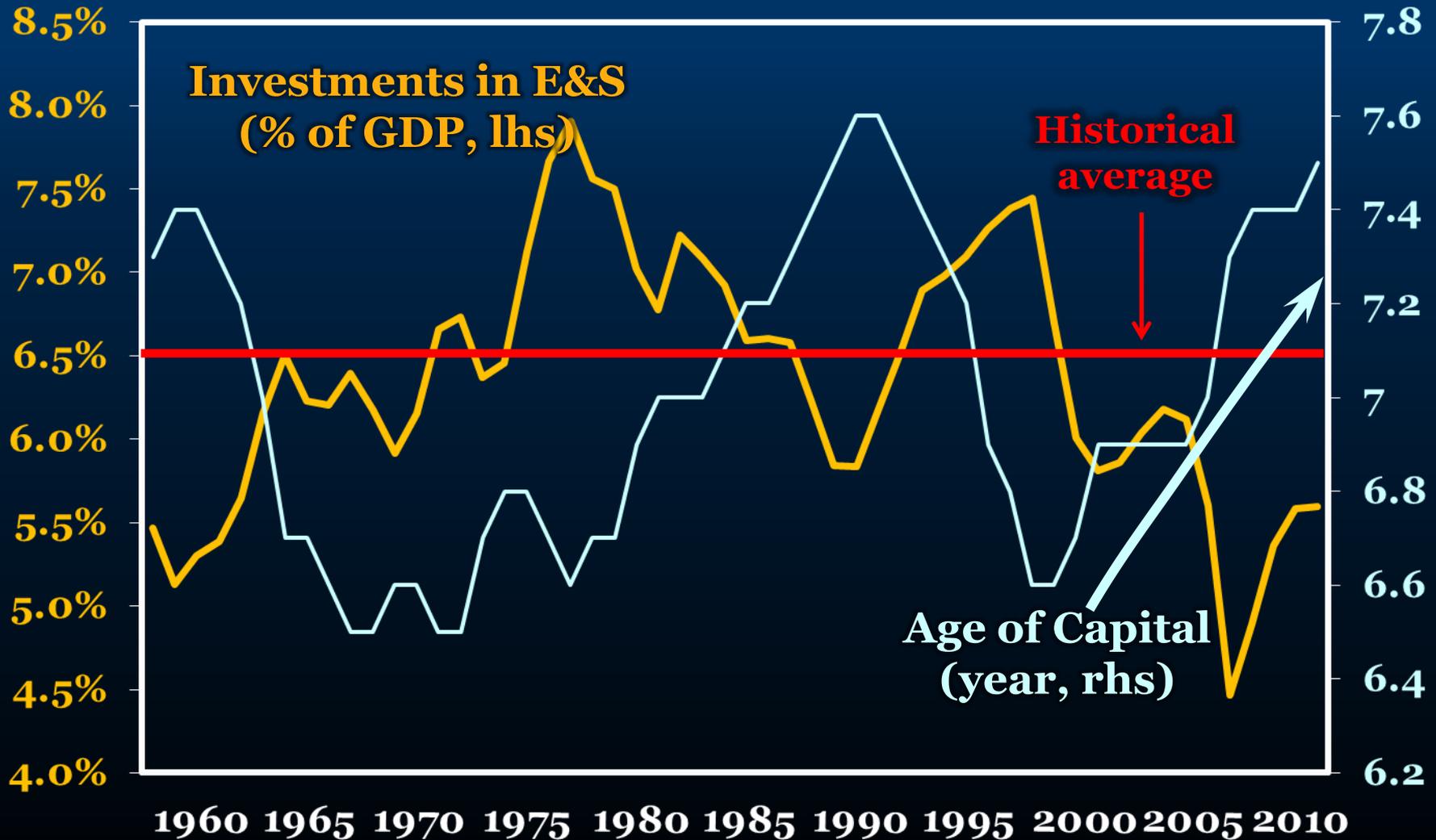


# Business Investments Should Pick Up

## Old and Shrunk: Below-trend Investments & Ageing Capital

(Investments in E & S, % of GDP; age of private fixed assets, years)

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# On the Bubbly Side: Market Froth

Margin Debt at Record High; Market Cap also Near Record

(Margin Debt level; Market Cap, percent of GDP)

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# Orange County

Orange County

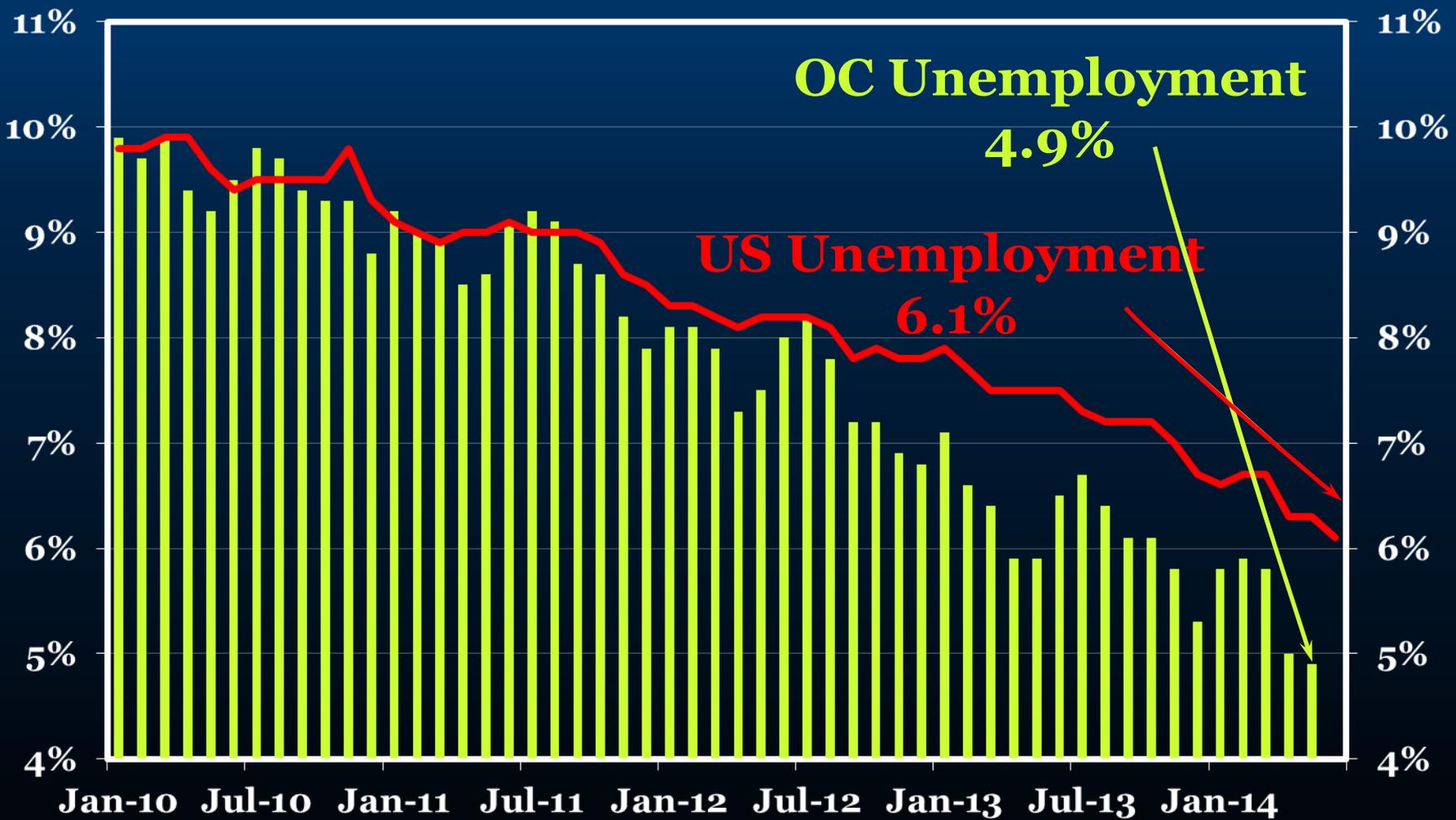
# Labor Market Improving

## Unemployment Rate on a Steady Downtrend

(Unemployment rates, percent)



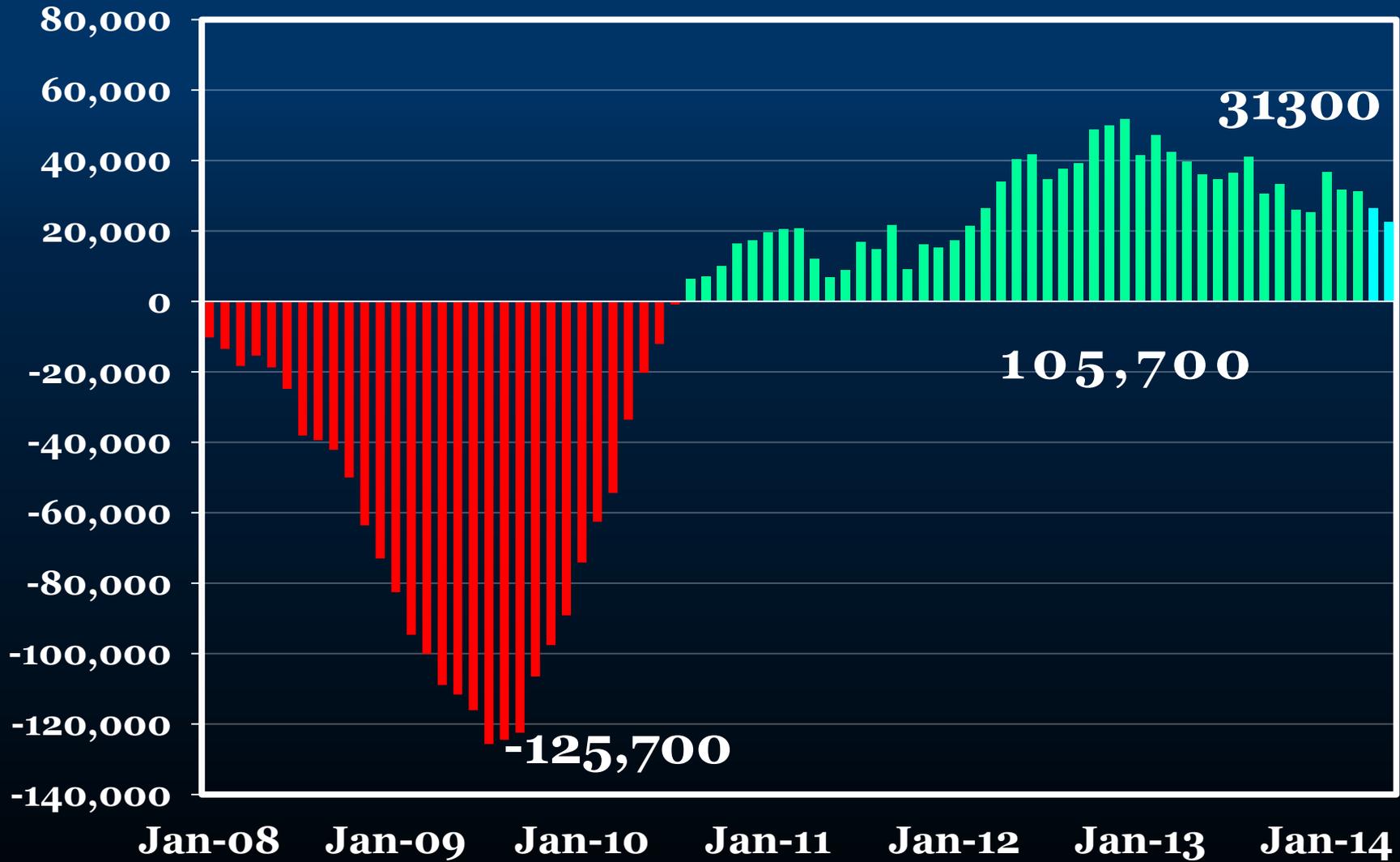
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# Almost Halfway Through OC Jobs Lost and Gained since Recession (Nonfarm Payroll, Year-over-year change)



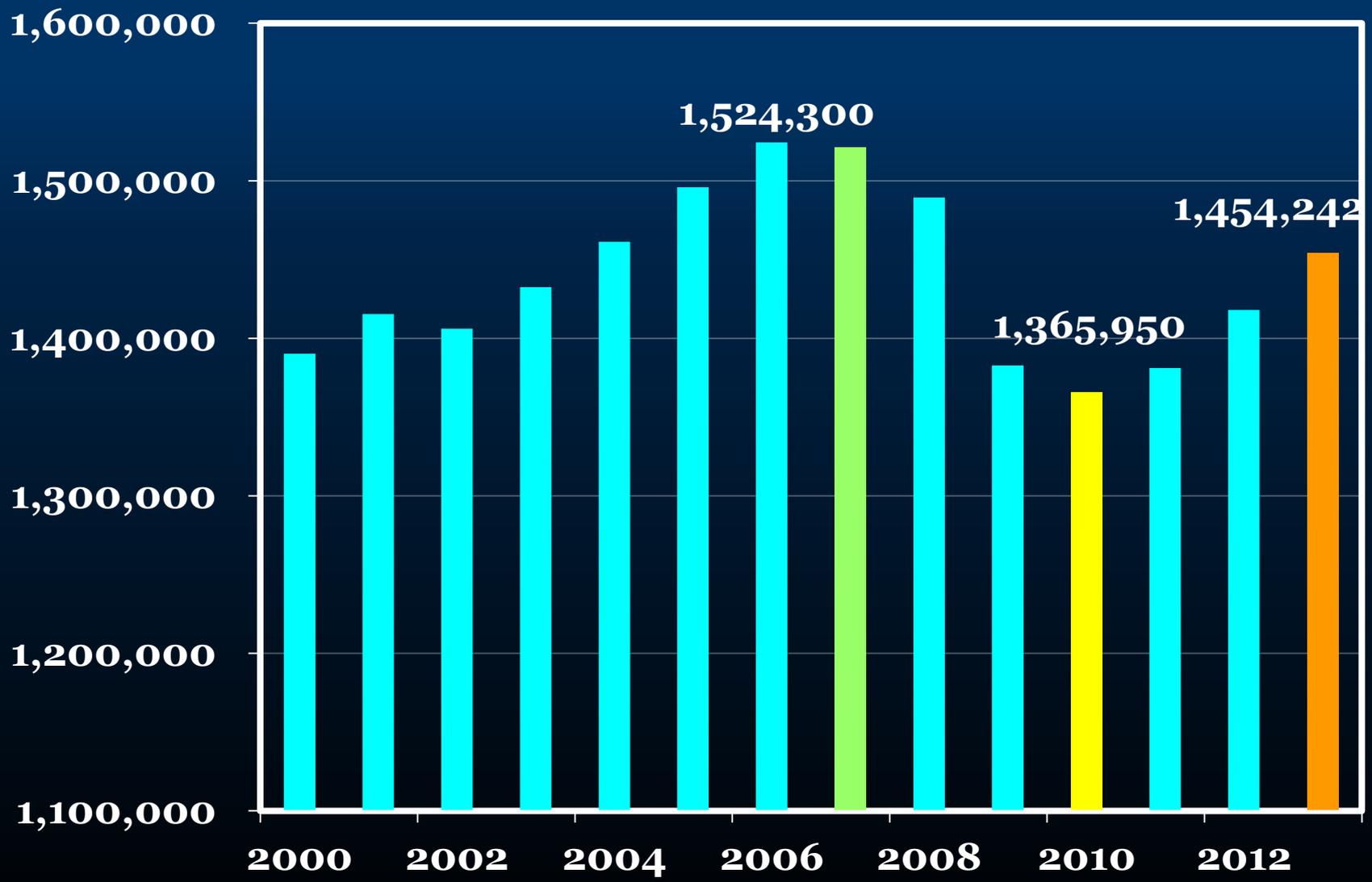
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# OC Employment Recovering (Payroll Employment)



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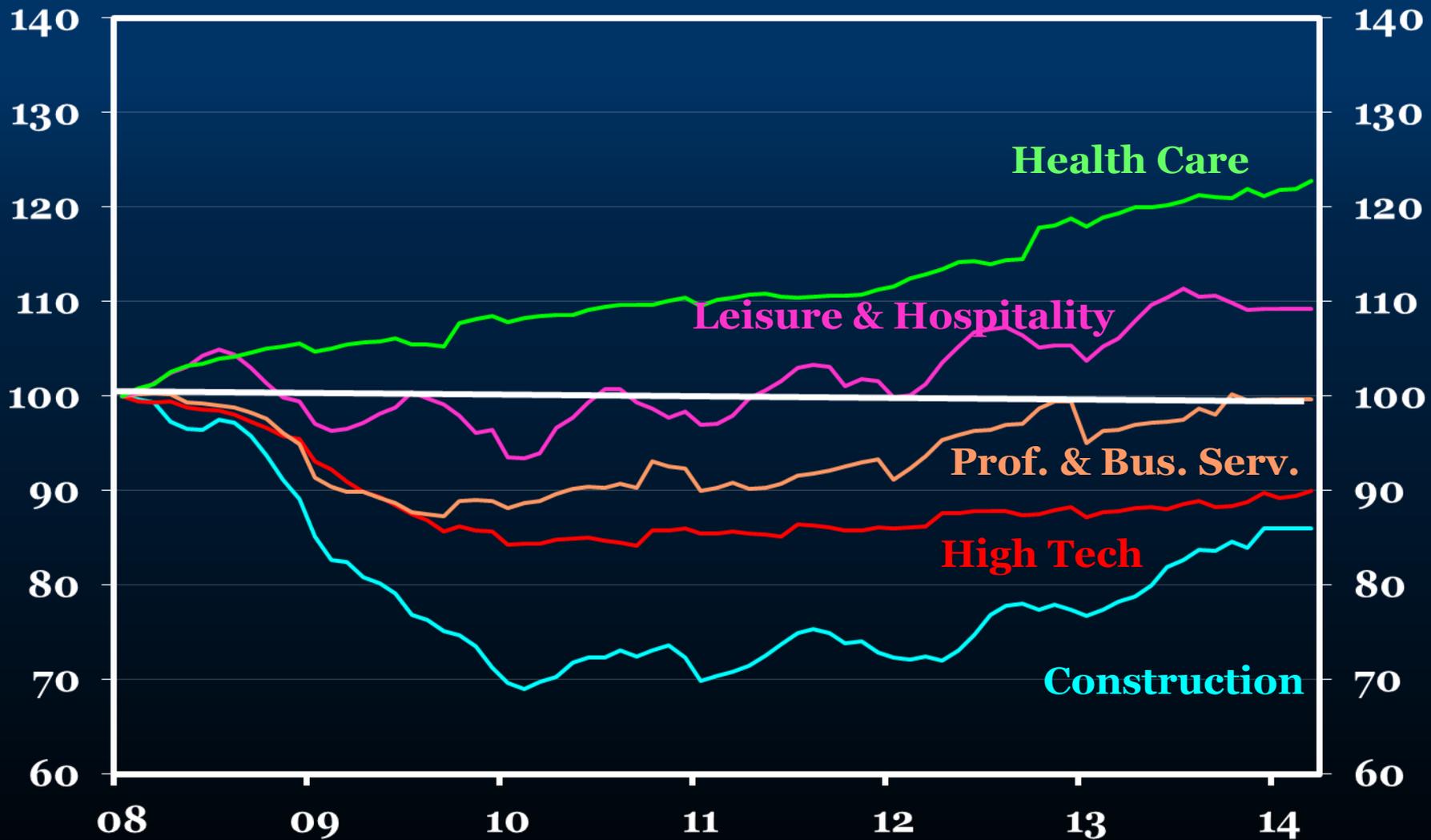
# OC Labor Market by Sector

## Only Health Care and Leisure & Hospitality Recovered

(employment levels, Dec 2007=100)



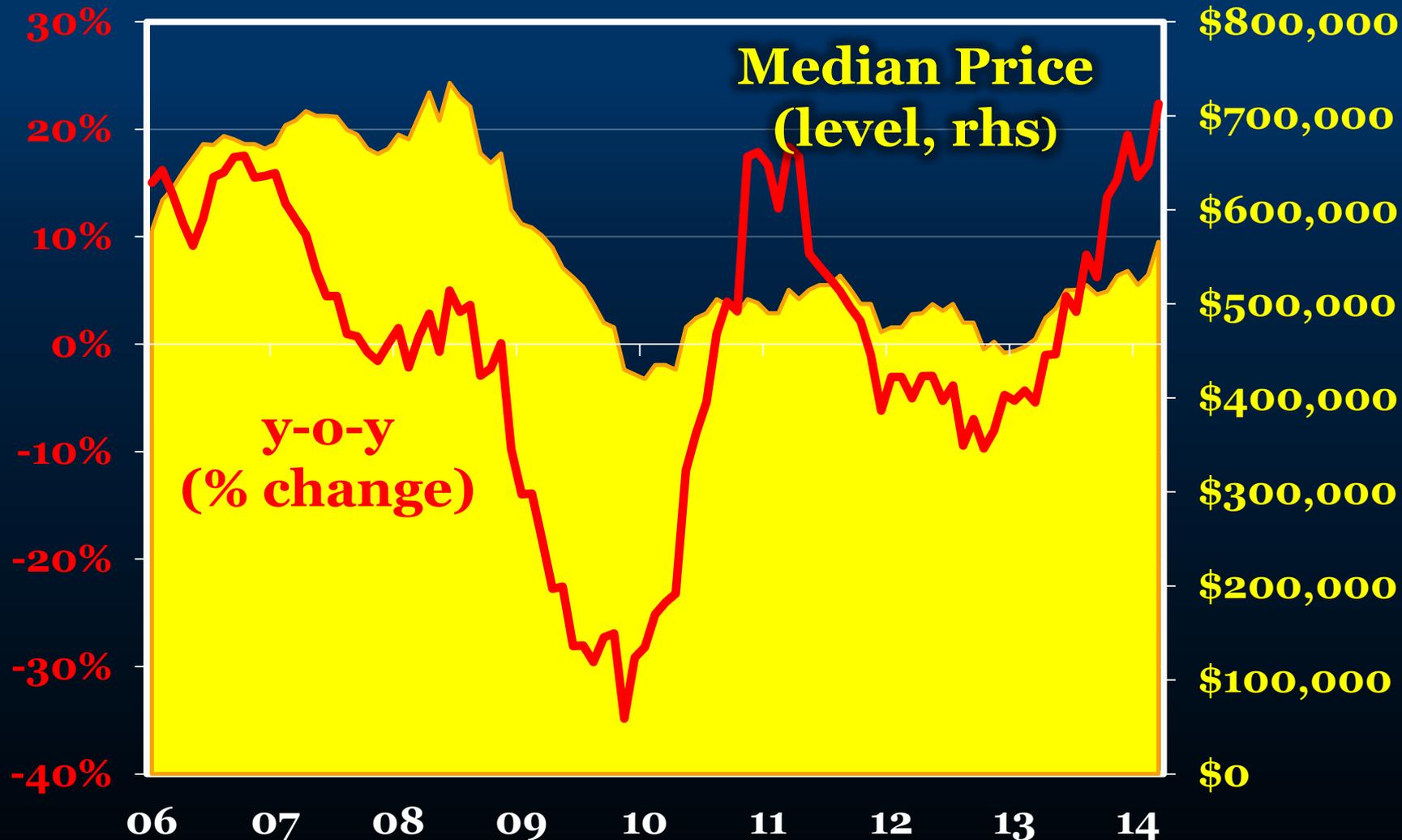
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# OC Home Prices On a Tear

Source: DataQuick/CoreLogic

(median single family price, level and y-o-y percent change)

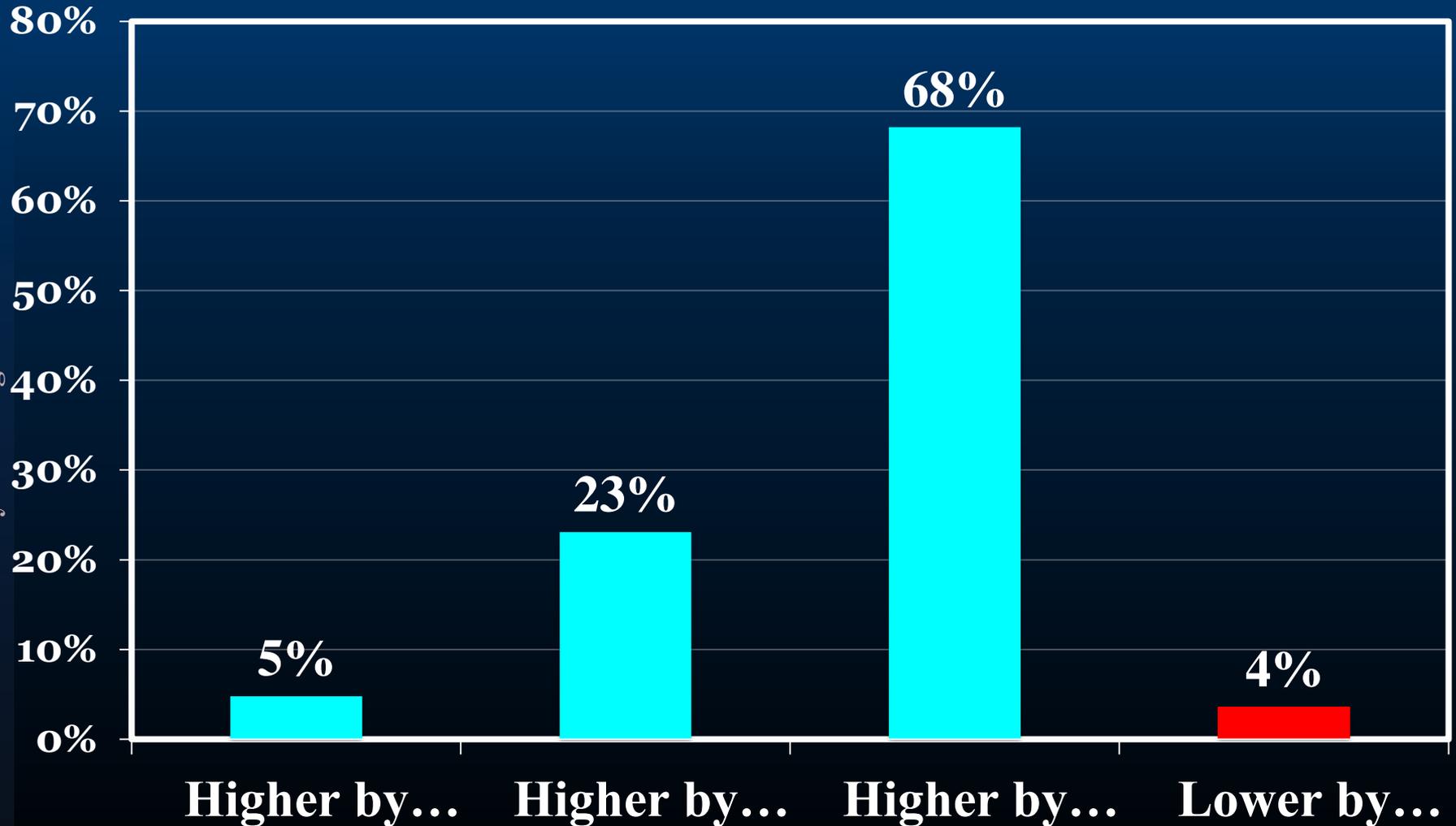


# Home Price Expectations: Moderating

Center for Economic Analysis and Forecasting

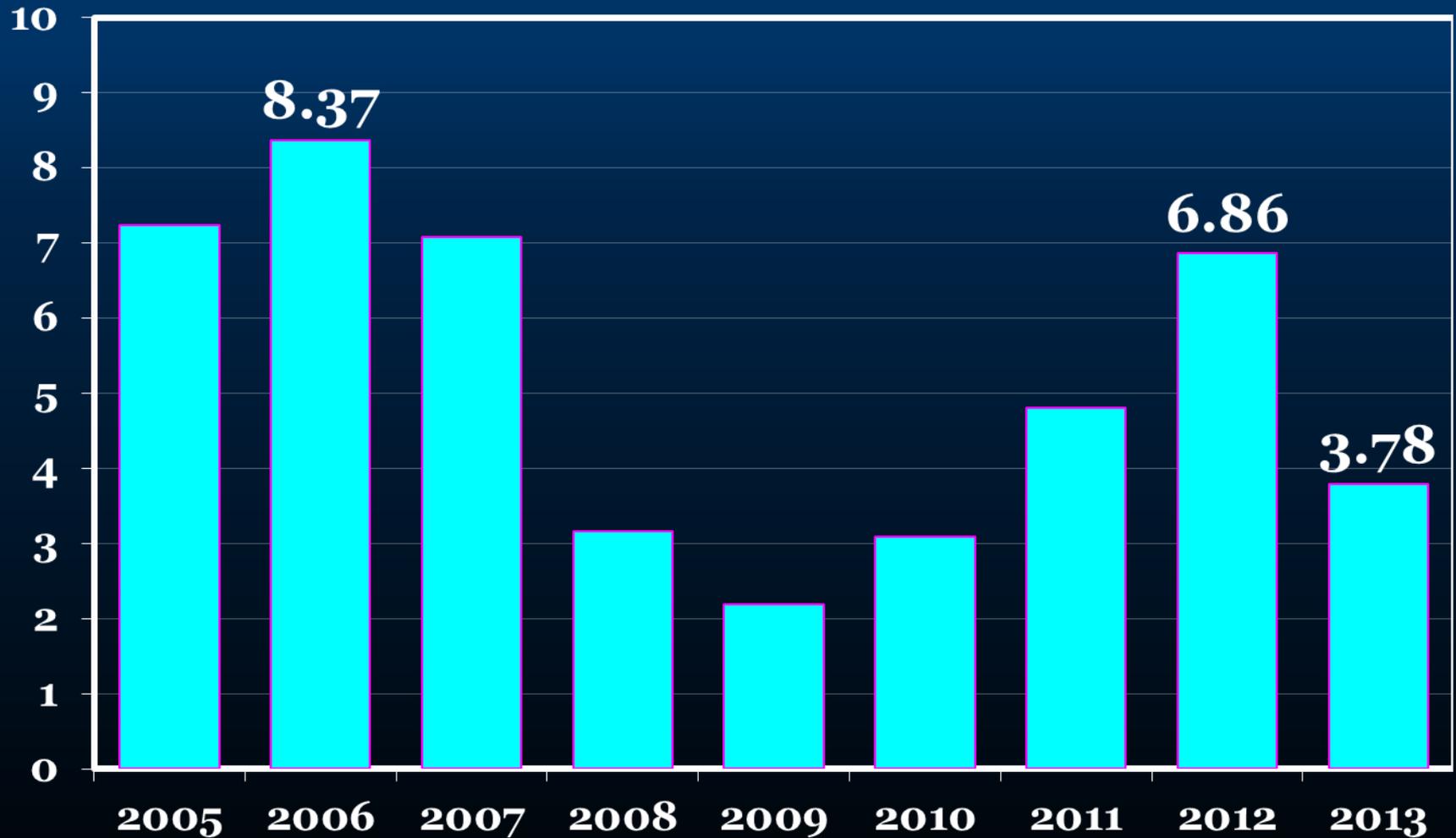
Survey of Business Expectations, March 2014

(percent of total respondents)



# Orange County Building Permits

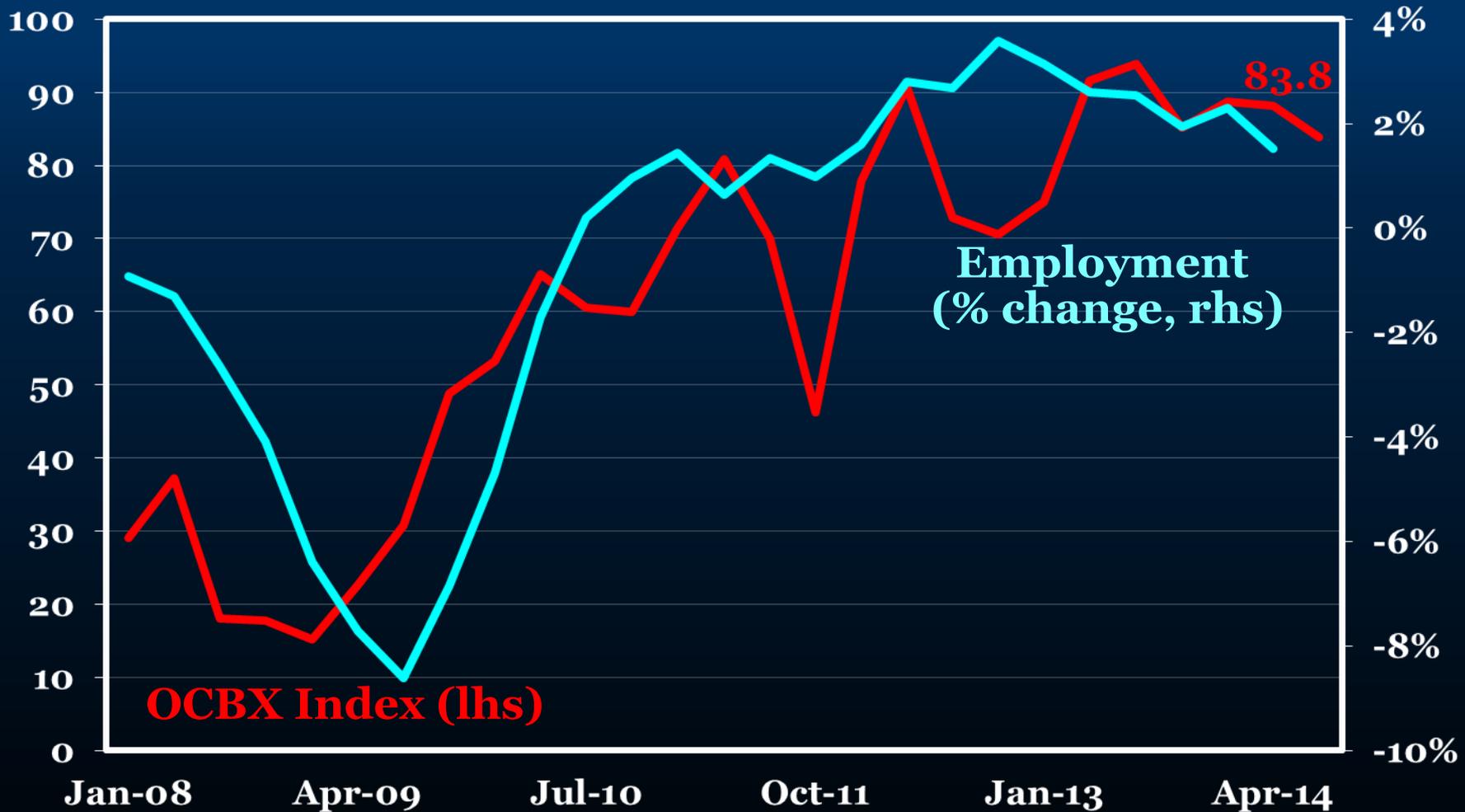
(thousands of units, level)



# OCBX Moderating Lately

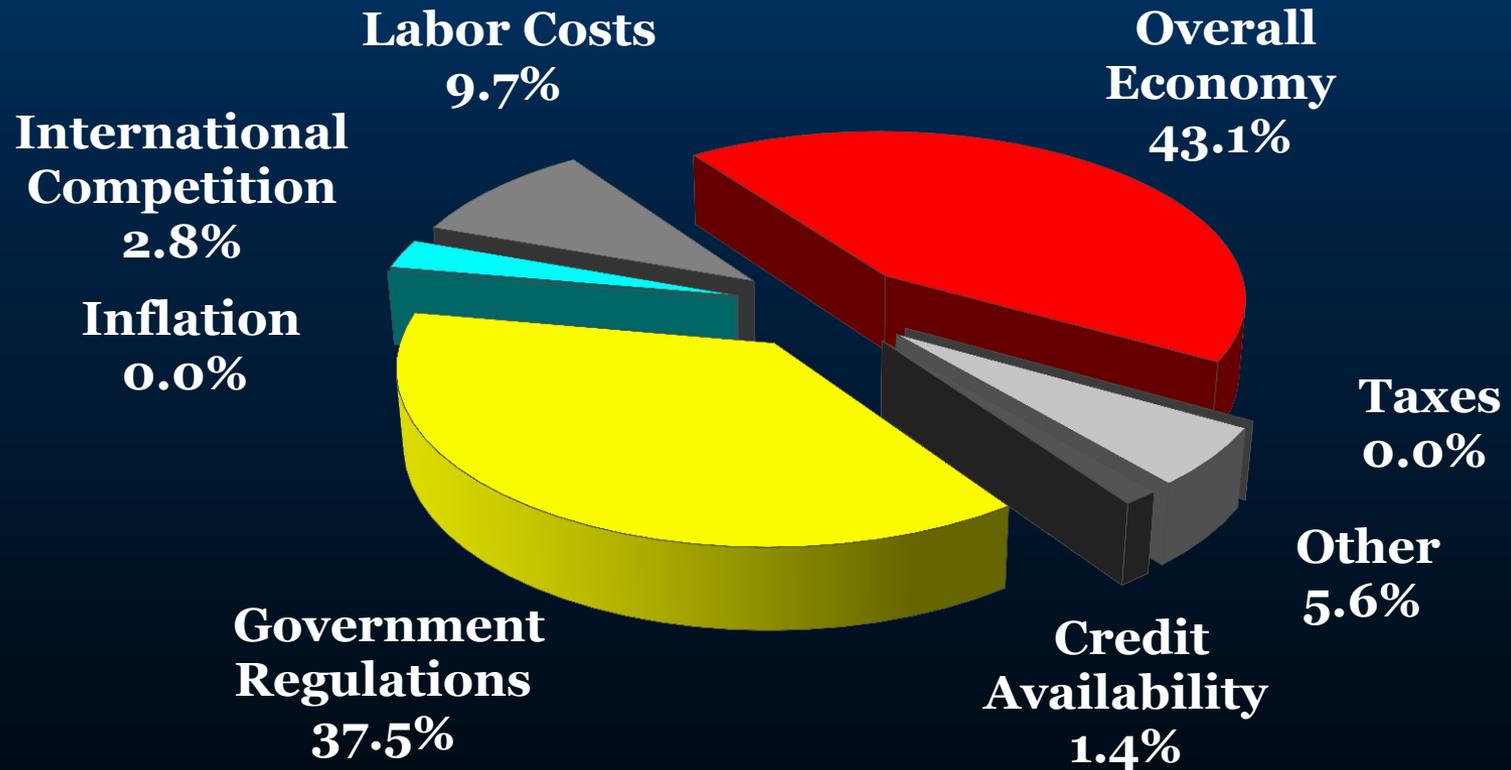
## OCBX Index, June 2014 and Employment Change

(Index level, employment y-o-y percent change)



# Most Significant Concerns

Orange County Business Executives Survey, June 2014



# Orange County Forecasts



	<b>Payroll Jobs (thousands)</b>	<b>% Change in Payroll Jobs</b>	<b>Unemployment Rate</b>
<b>2012</b>	<b>1,418.1</b>	<b>2.7%</b>	<b>7.6%</b>
<b>2013</b>	<b>1454.2</b>	<b>2.5%</b>	<b>6.2%</b>
<b>2014f</b>	<b>1,492.8</b>	<b>2.7%</b>	<b>5.6%</b>
<b>2015f</b>	<b>1,534.8</b>	<b>2.8%</b>	<b>5.1%</b>

# Orange County Taxable Sales Forecasts

