Economic Outlook

Orange County Transportation Agency

June/July 2025

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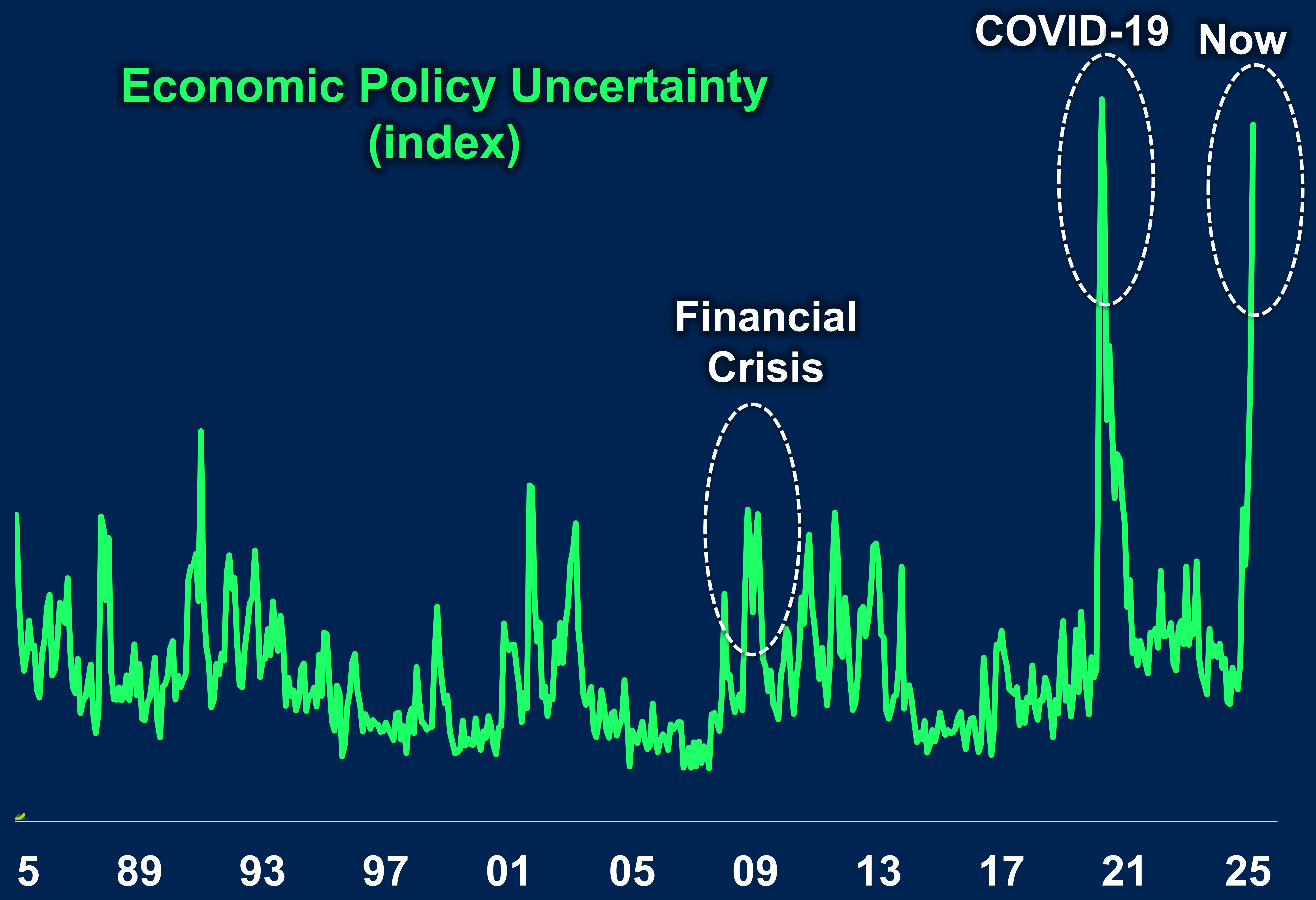
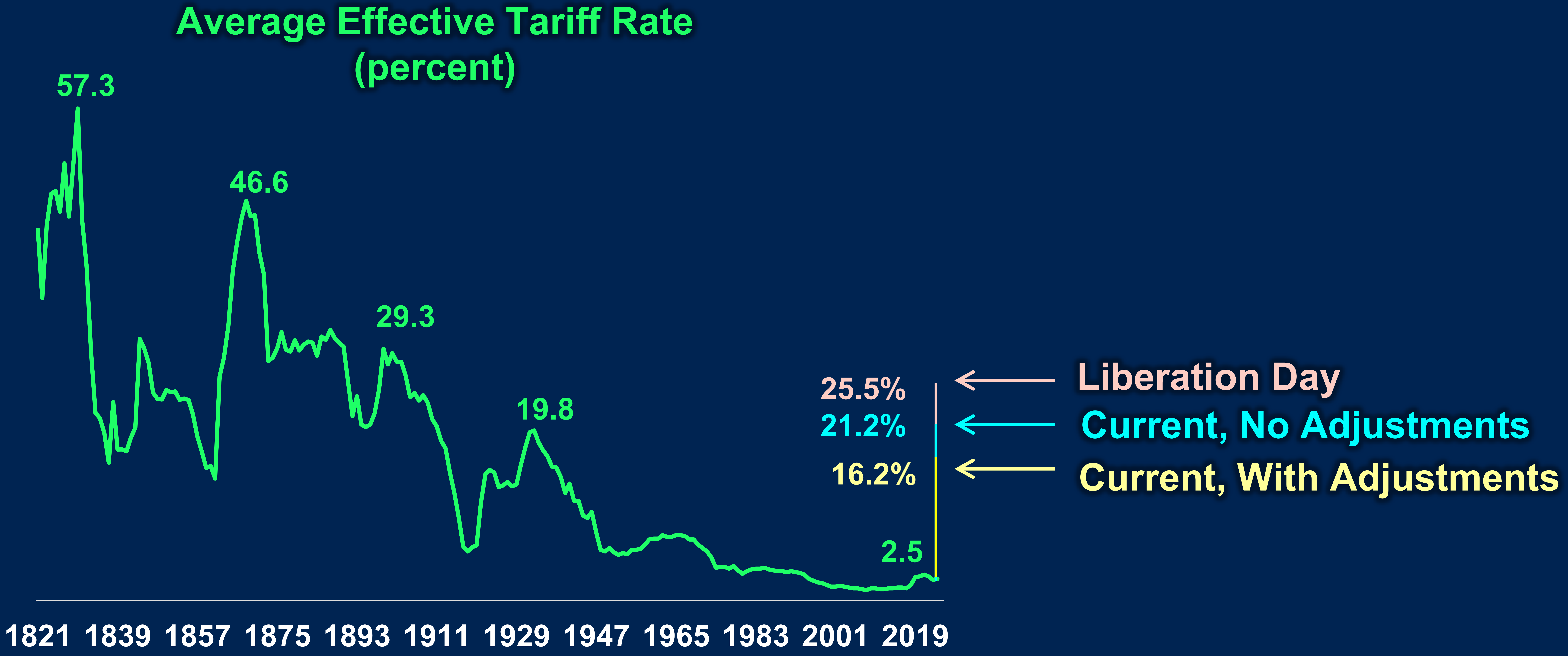
Shaken…And Stirred
A New World Order

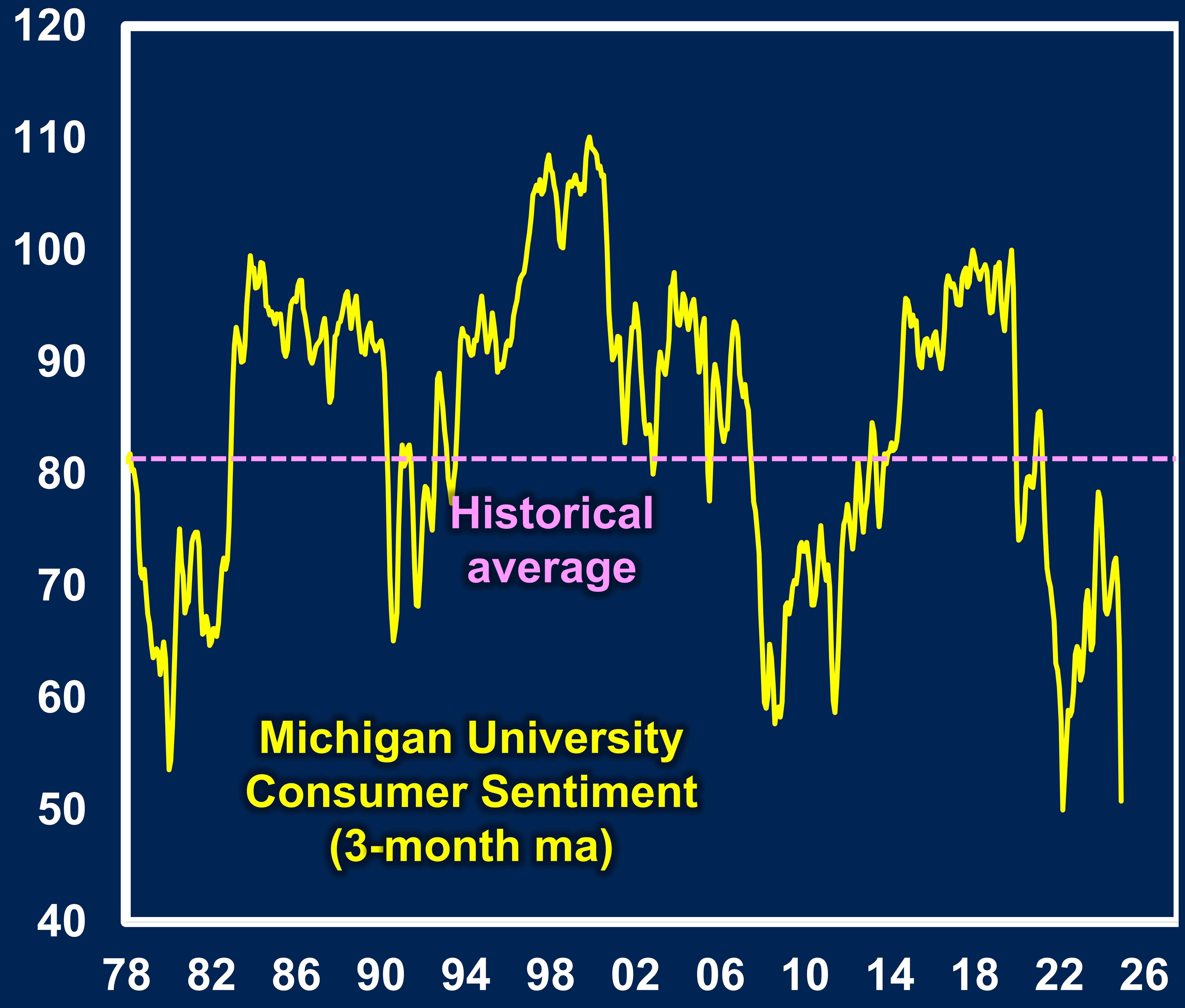


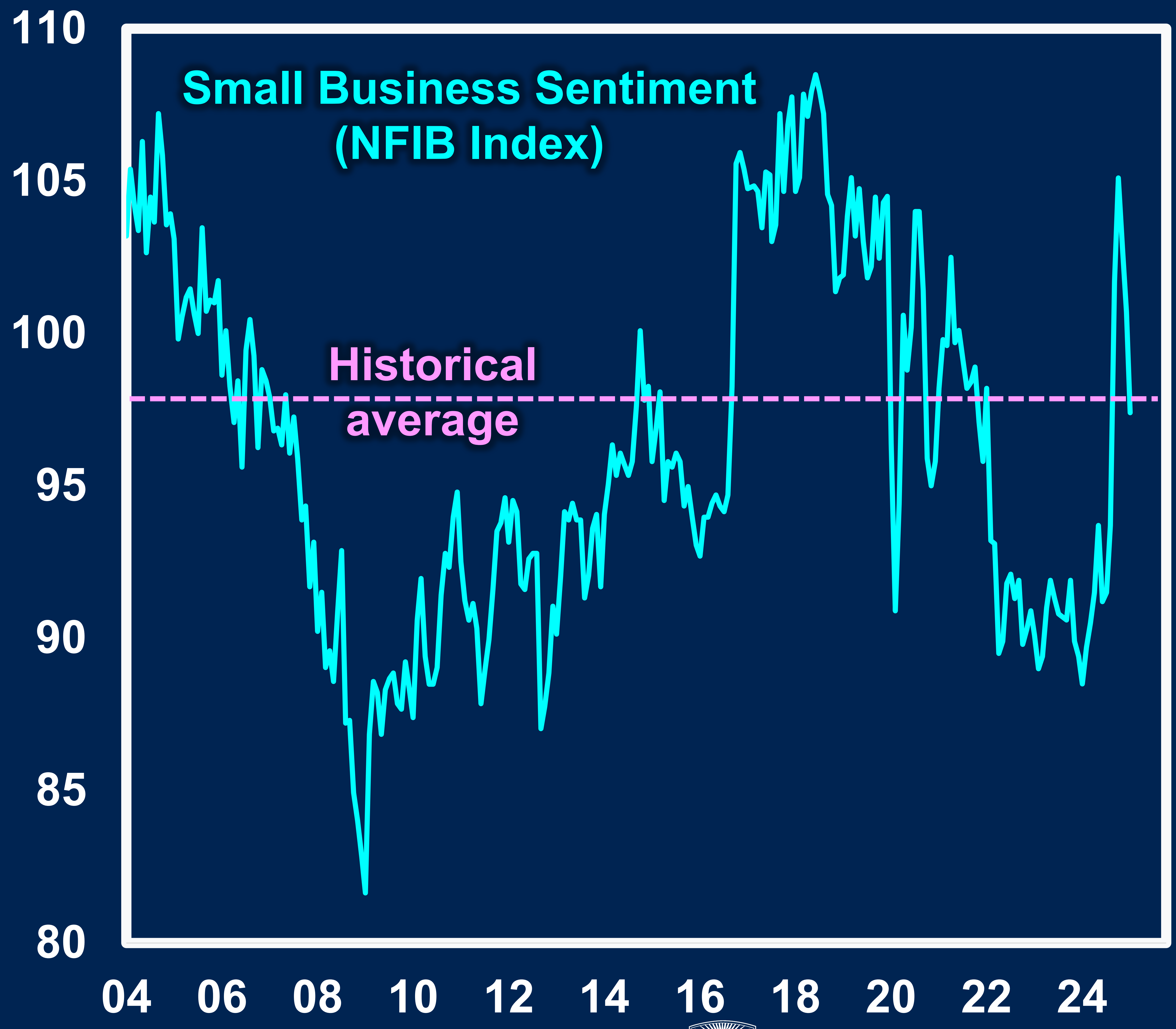
…A Vertiginous Rise
Tariffs Still Highest Since 1930s



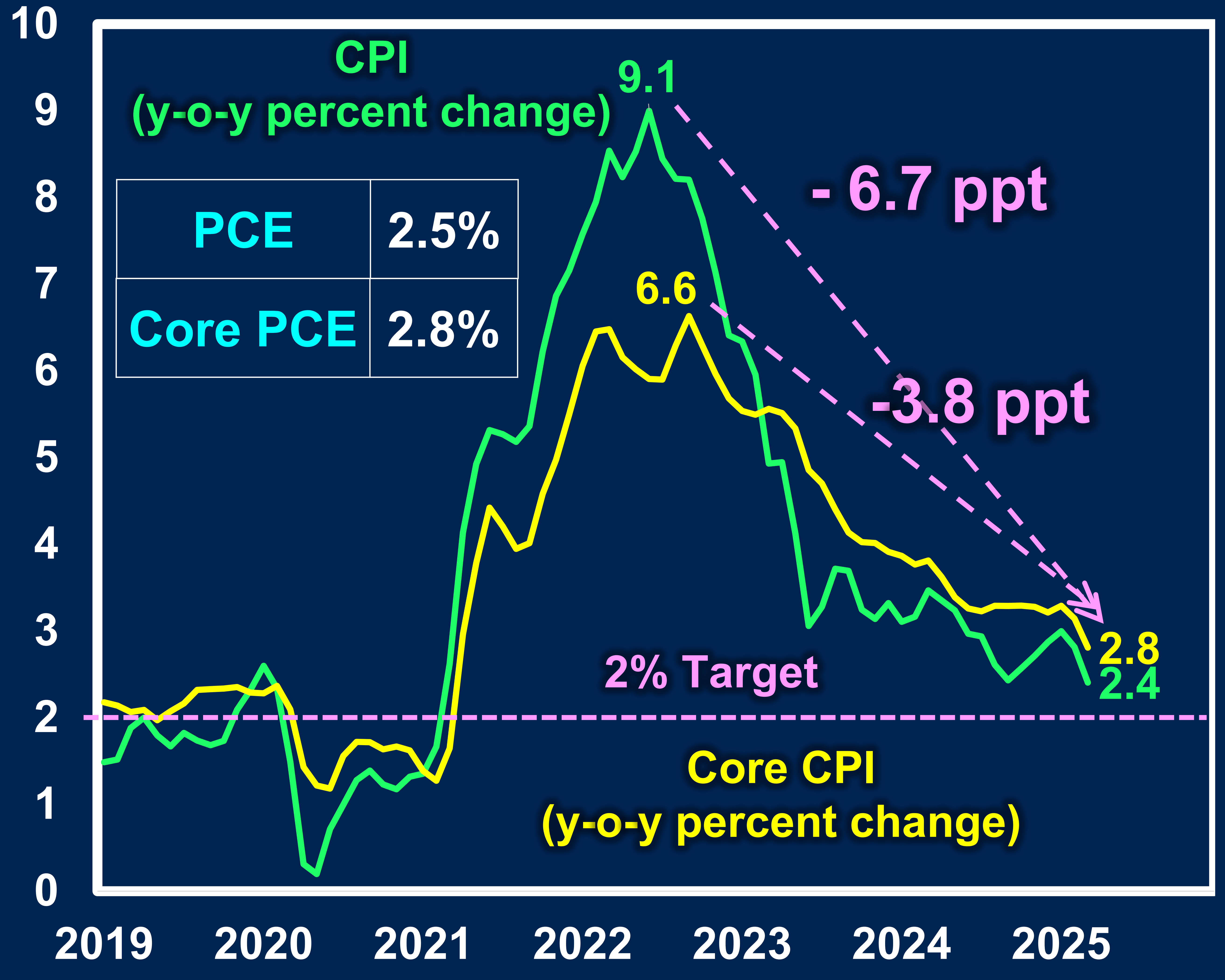
Consumer Confidence Has Collapsed

…Business Sentiment Has Also Declined…but Not as Much

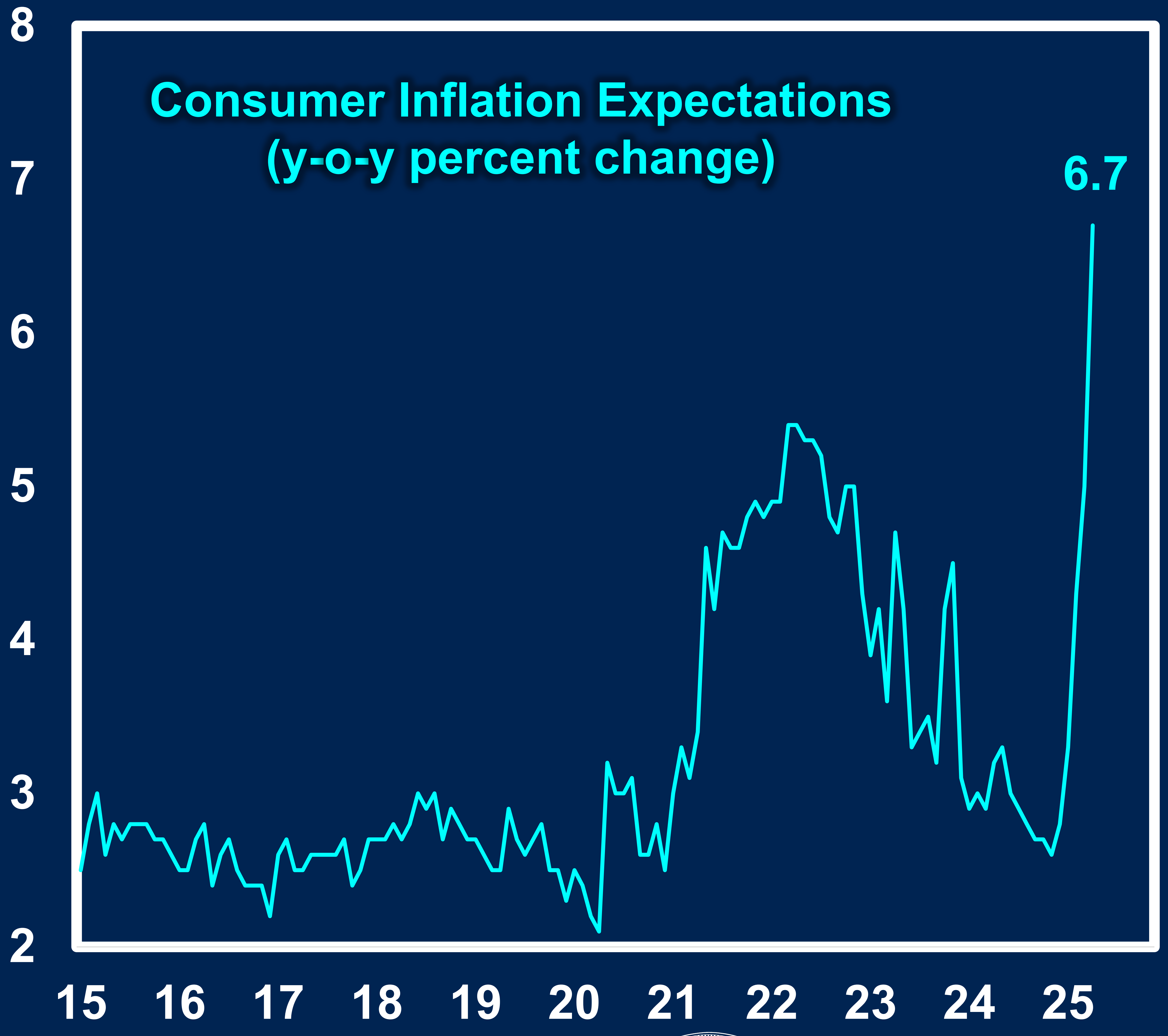




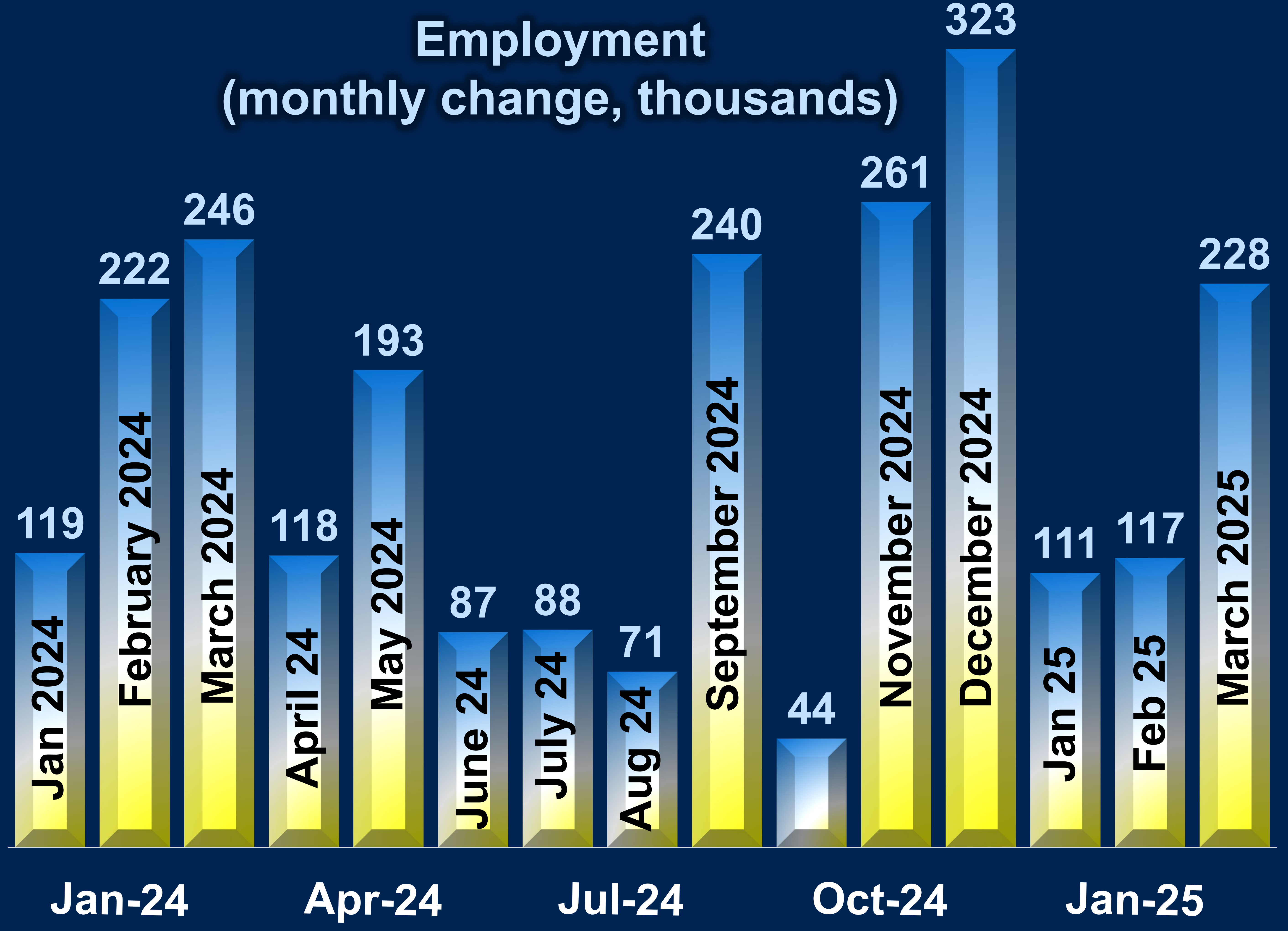
Inflation Has Been Cooling Off…
Inflation Expectations Higher!



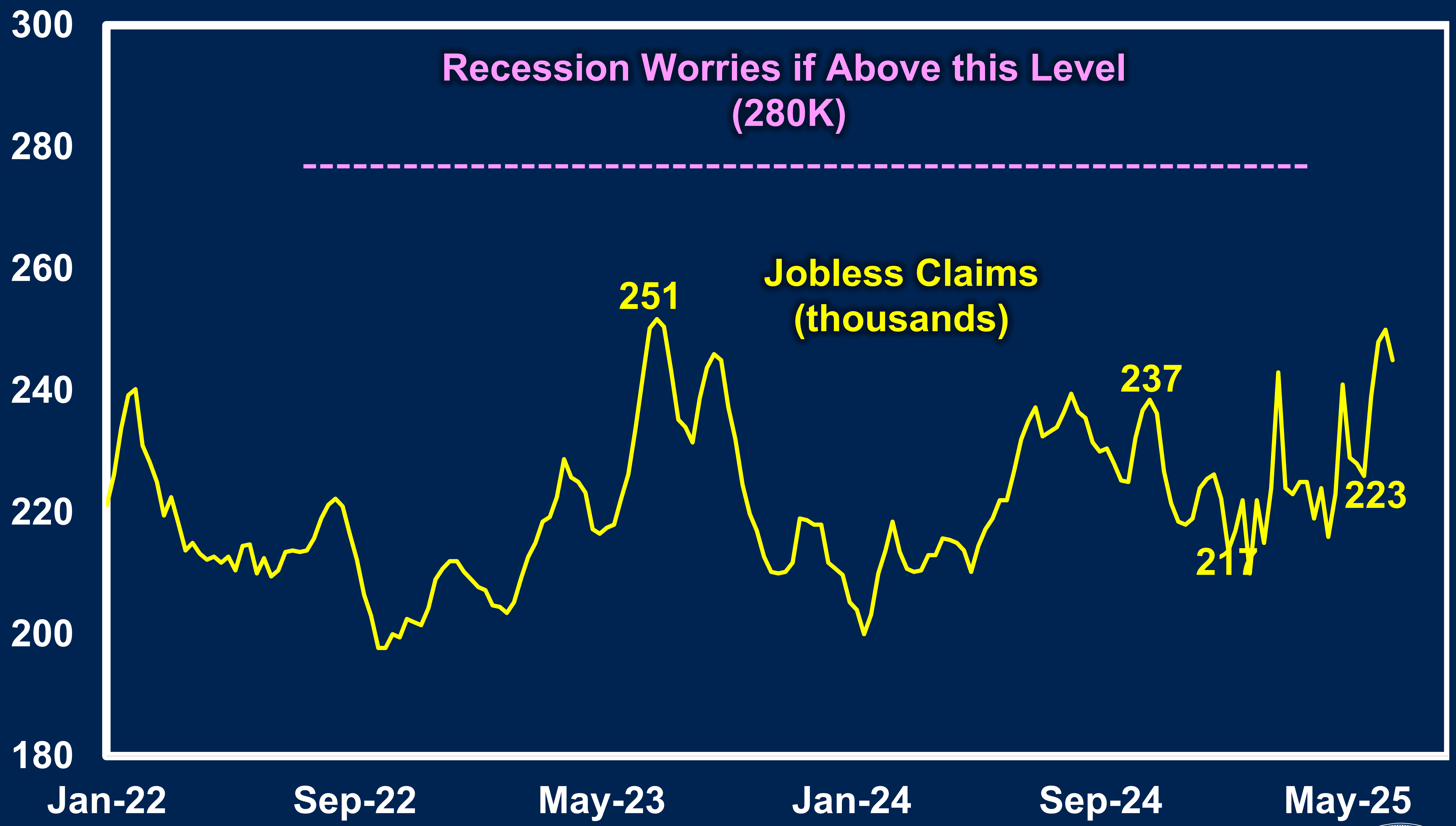
PCE	2.5%
Core PCE	2.8%



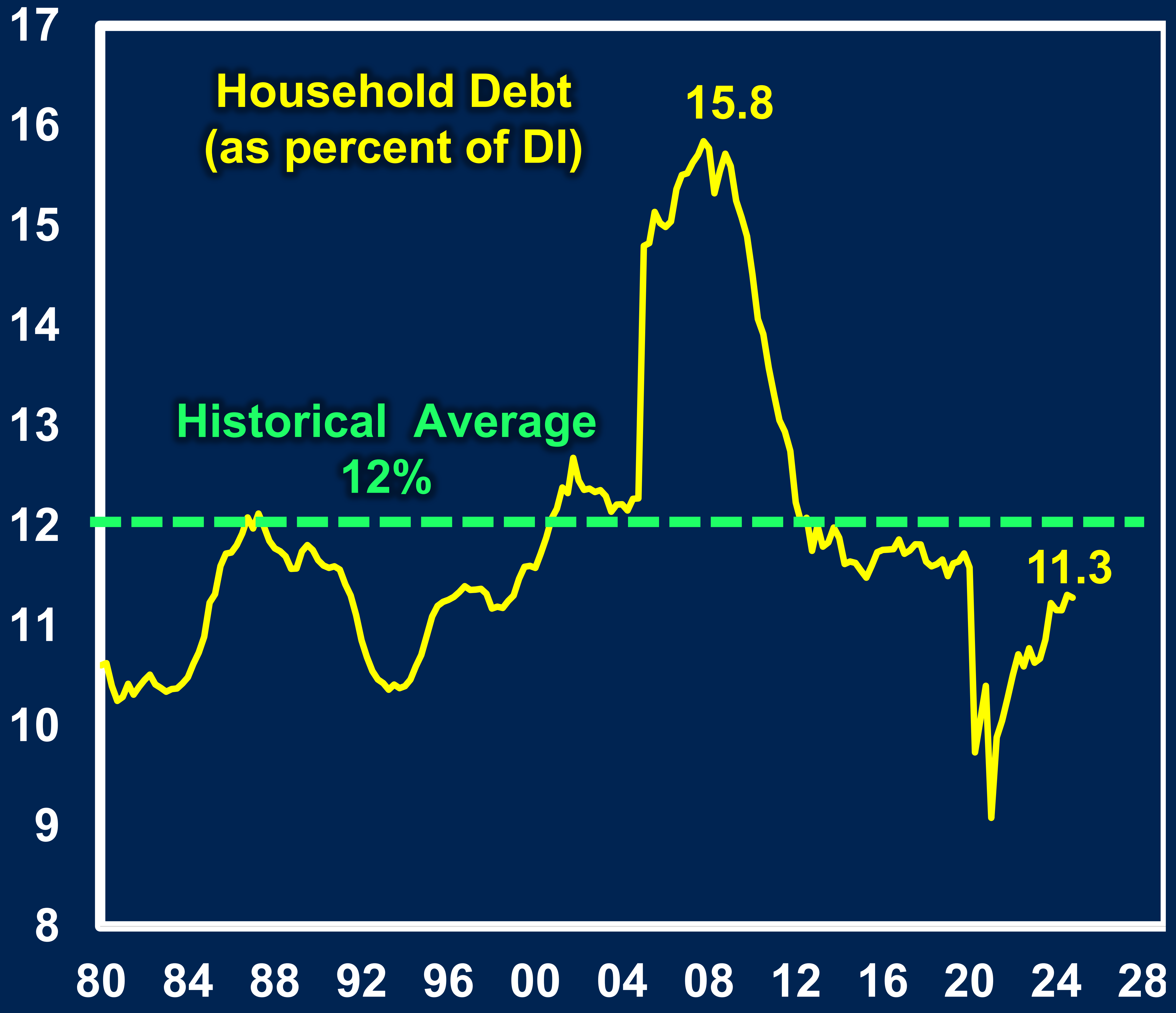
The Labor Market is Holding Up

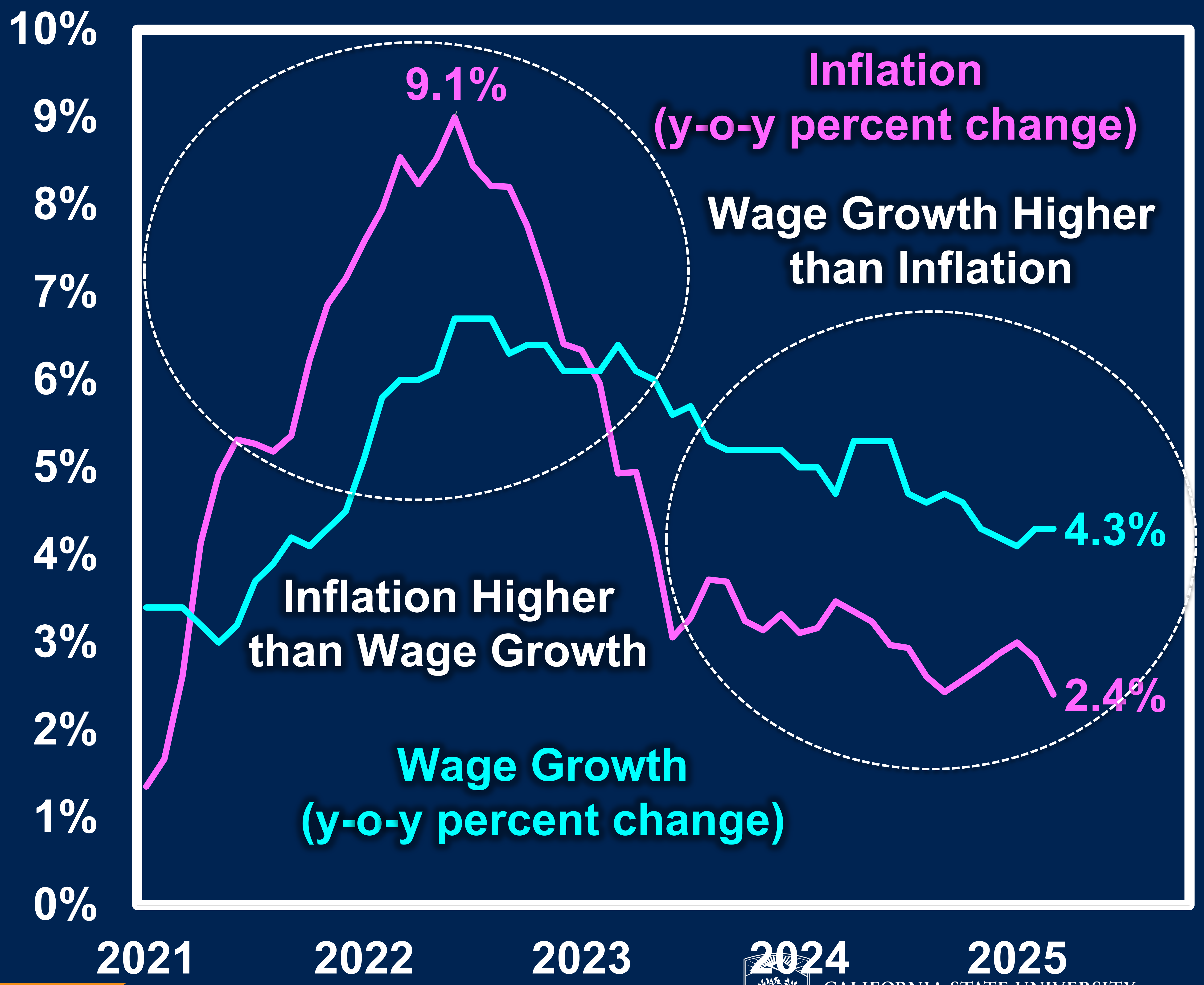


The Labor Market is Doing OK…So Far
Initial Claims are Below Recession Levels



Still Strong(ish) U.S. Consumer
Balance Sheets are Healthy and Incomes are Growing





Outlook?
World on Edge

~~Recession~~

~~Stagflation~~

~~Death of American Exceptionalism~~

Short-term: Very Bumpy & Stagflationary-ish
Slower Growth/Inflation Edging up

Longer-Term
Brighter Outlook

All Quiet From the Western Ports

A Sizable Share of Imports from China Come Through LA Ports

Imports from China
(28% come through LA Ports)

U.S.	$438 bn.
California	$123 bn.

Ports of LA
(share of containerized trade)

Imports	40%
Exports	30%

Logistics Sector at Risk
(employment)

LA	206K	4.5% of total
IE	194K	11.5% of total

But Exports Are Also at Risk

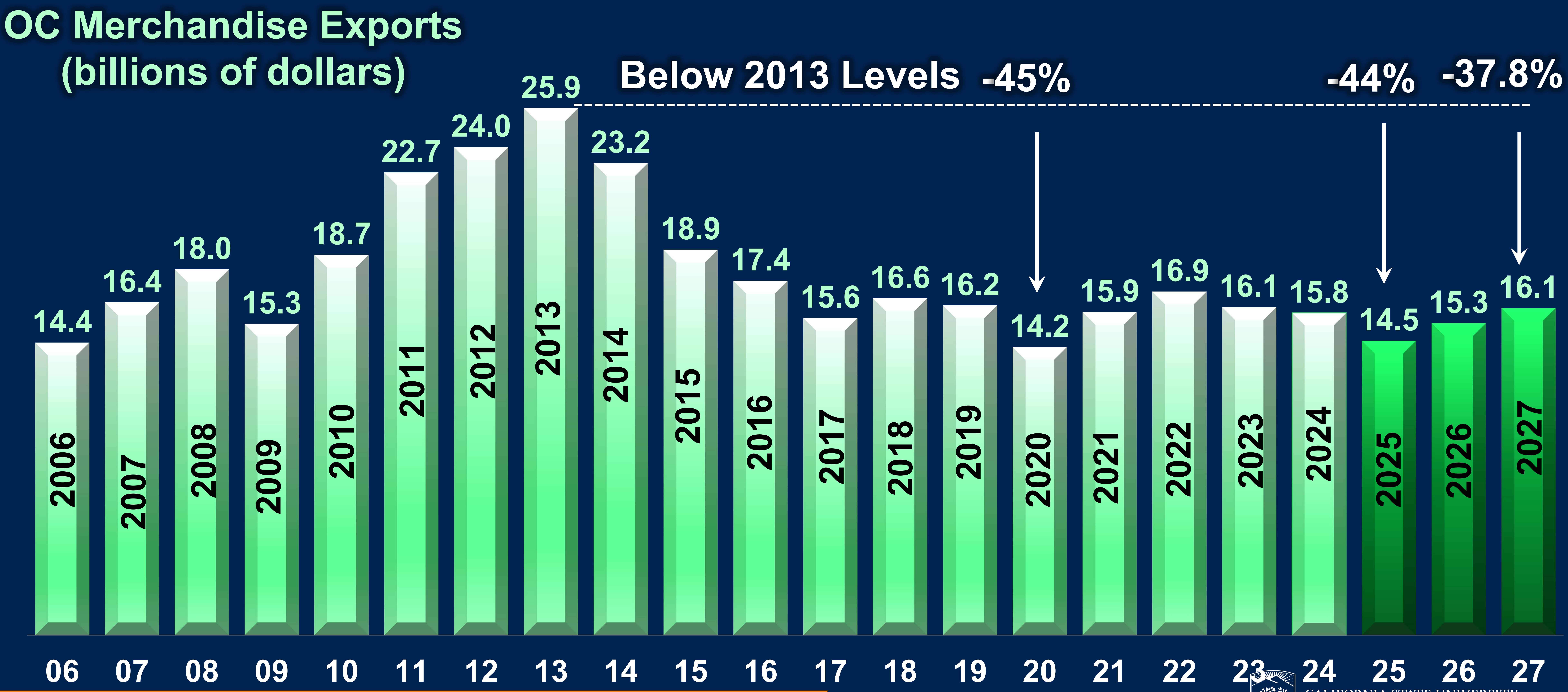
As Trade with China Comes to a Halt and USMCA Countries Slow

Orange County Exports

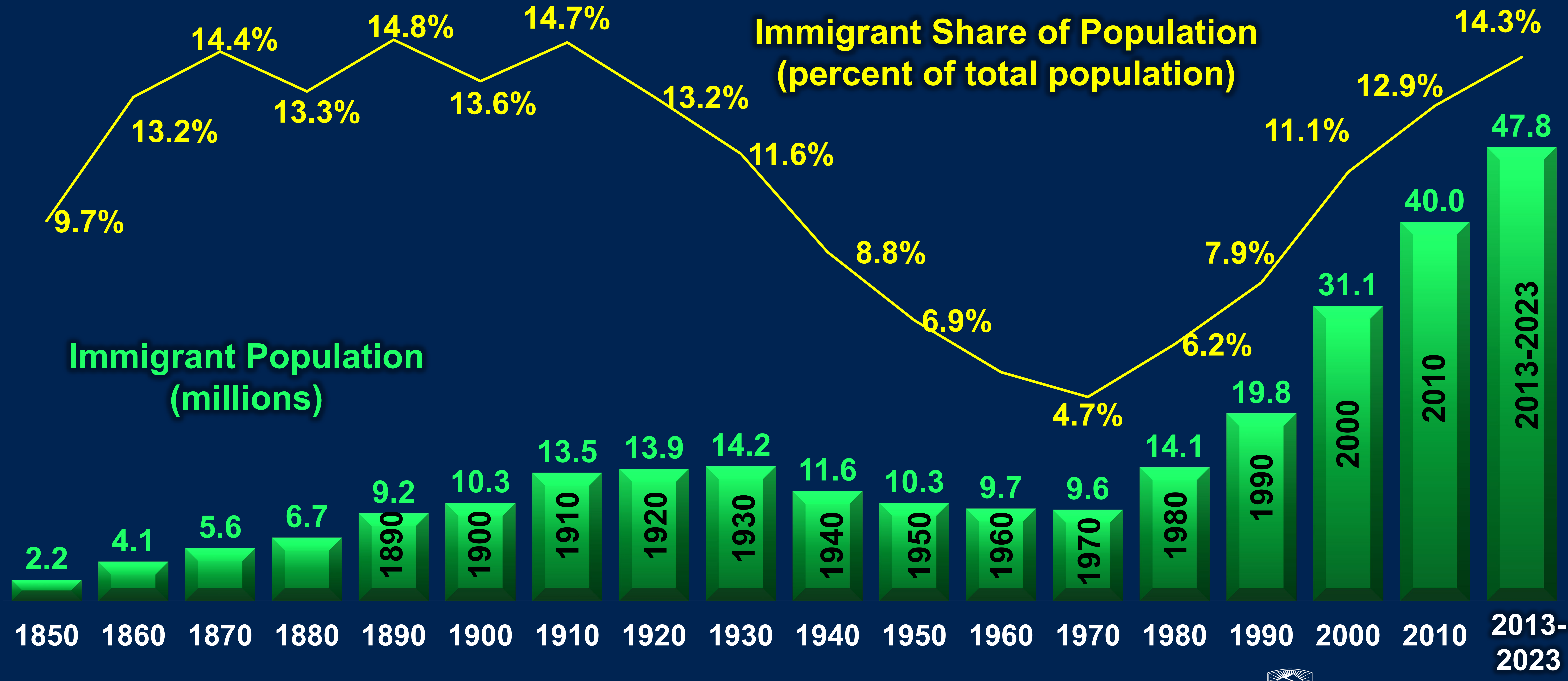
Mexico	$3.4 bn	21% of total
Canada	$1.8 bn.	11% of total
China	$1.3 bn.	8% of total
TOTAL	$6.5 bn.	40% of total

OC Exports Far Below A Decade Ago

… Even by 2027



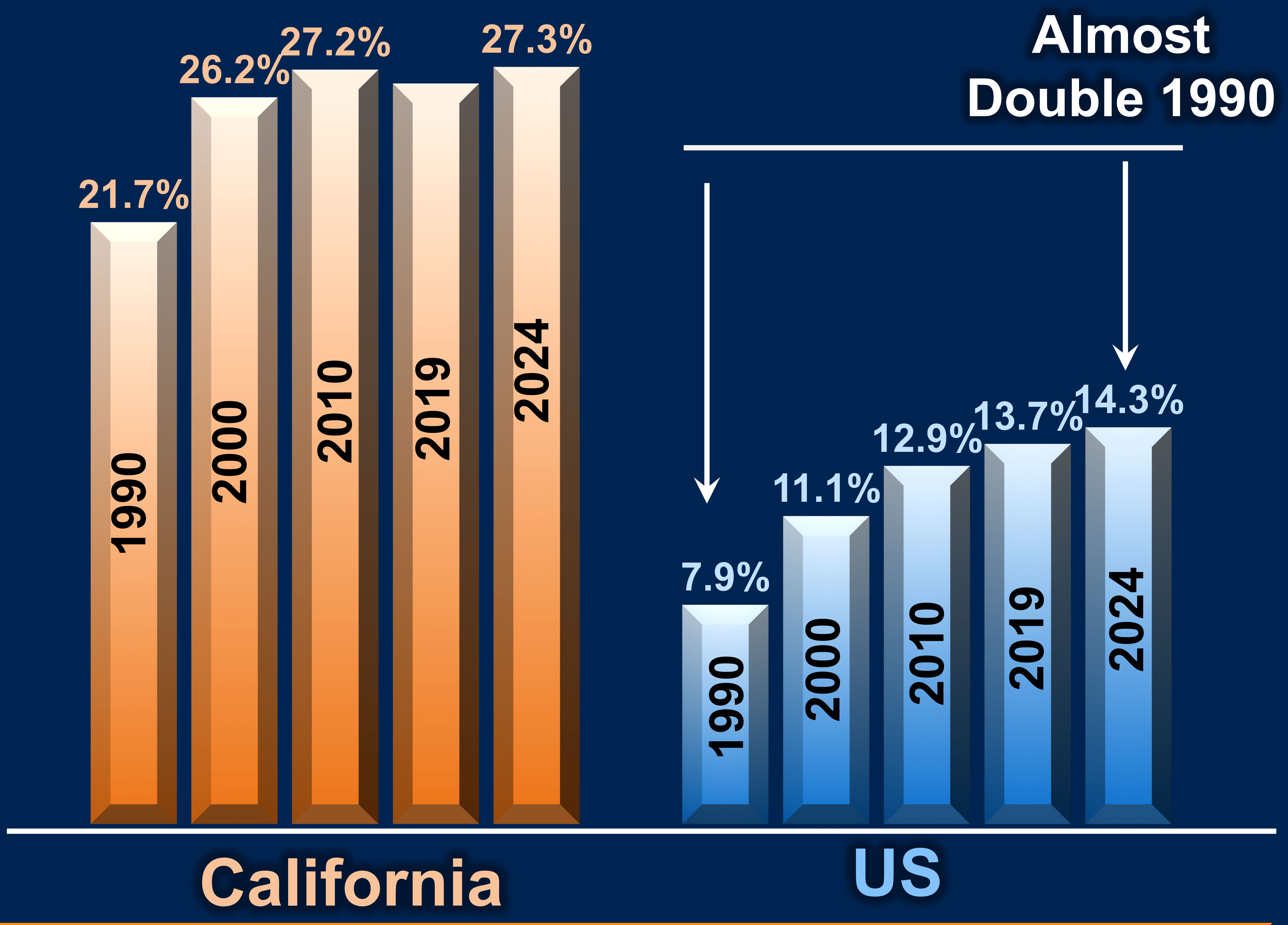
An Influx of Immigration
Share of Immigrants Now as High as Late 1800/Early 1900



Immigration Has Increased Faster Nationally than in CA

Share of Immigration in CA is Flat but Has Doubled Nationally

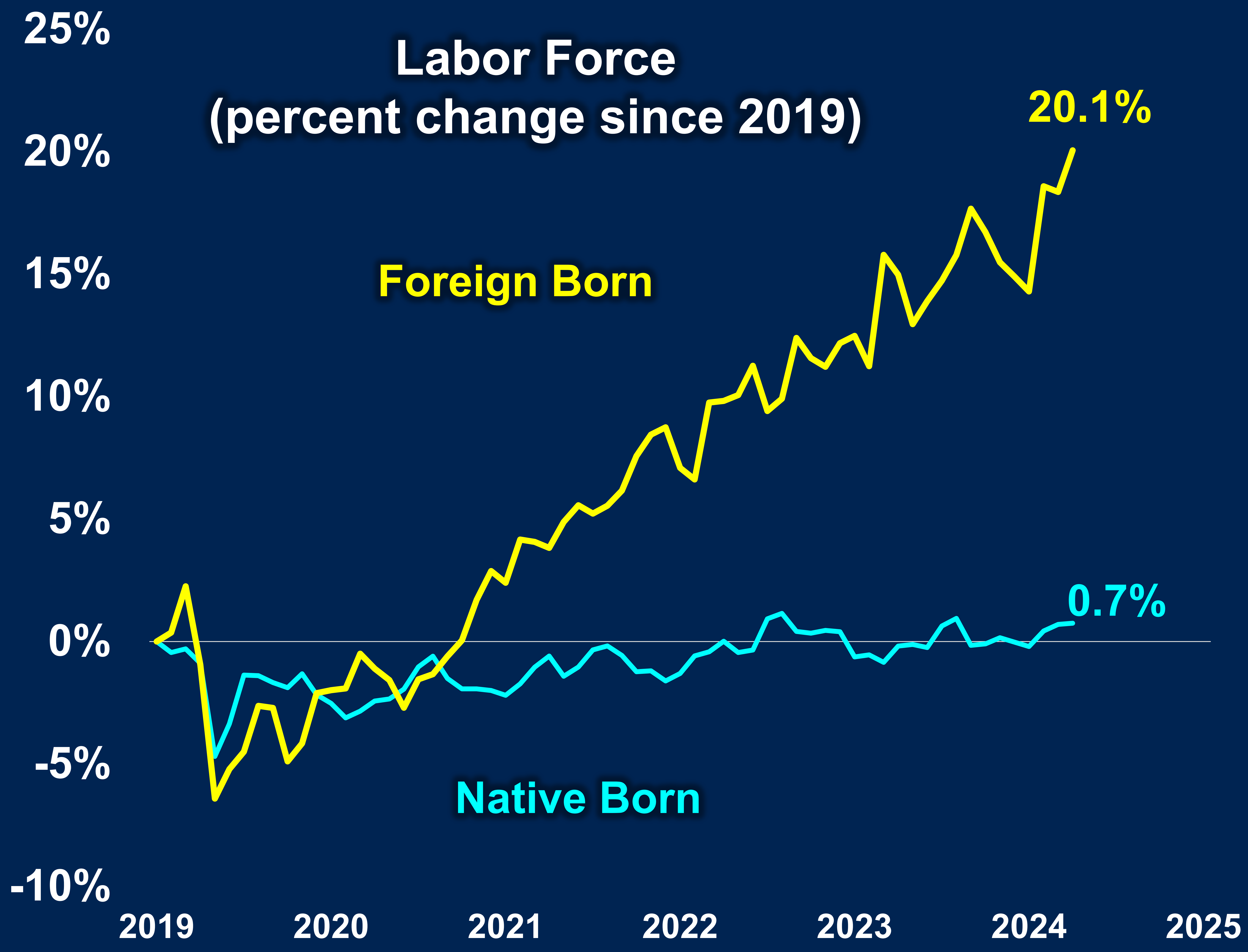
Immigrant Population
(percent of total population)

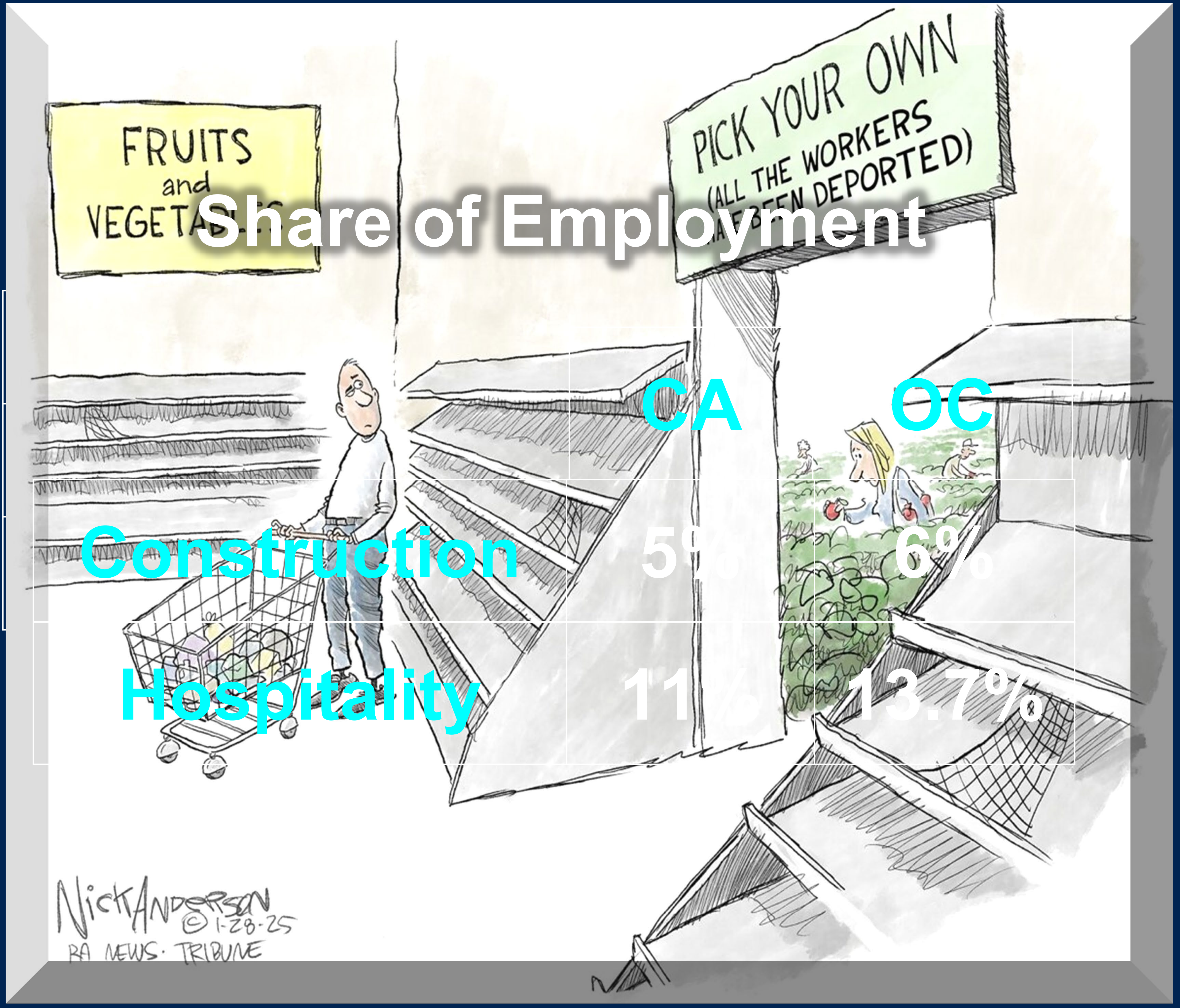


Immigrant Population in 2024
(percent of total population)

Orange County	35%
Los Angeles	34%
Inland Empire	21%

Immigration Has Boosted Labor Force
Some Sectors Will Suffer

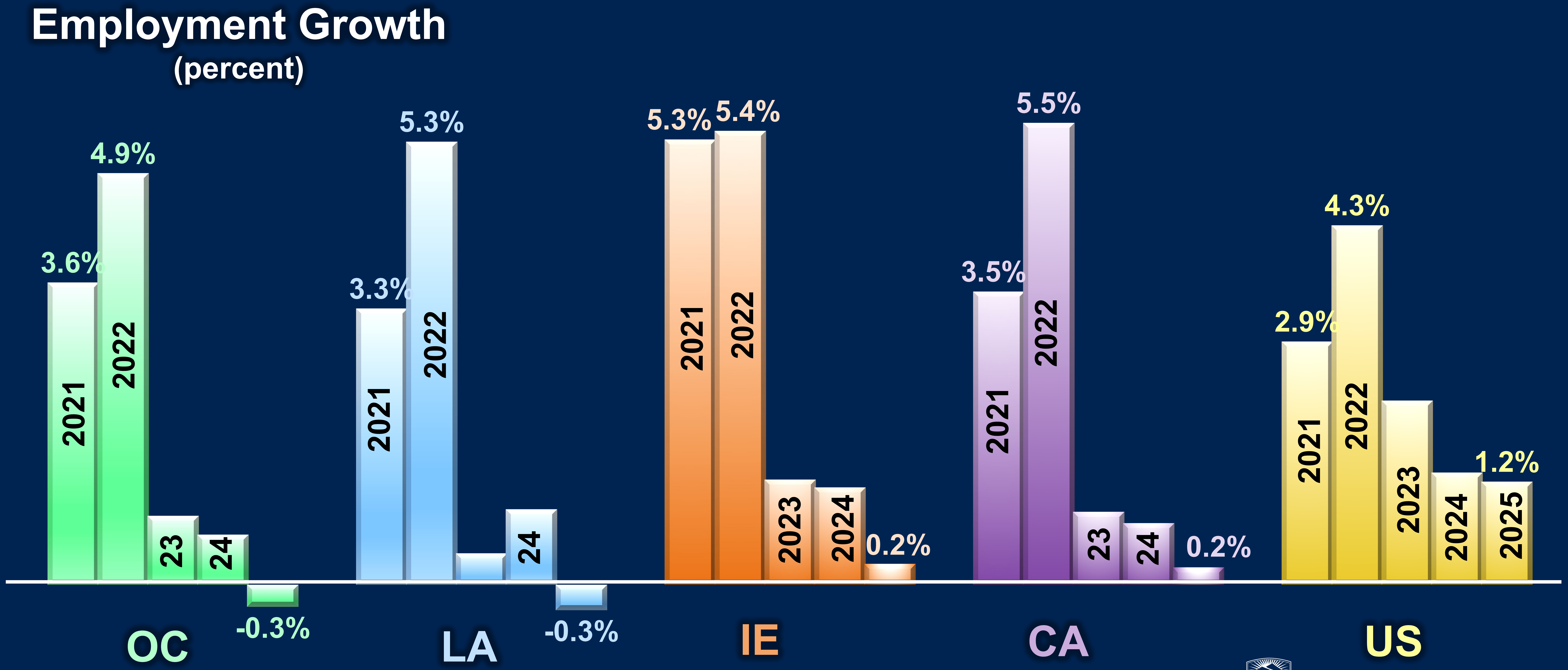




Share of Employment

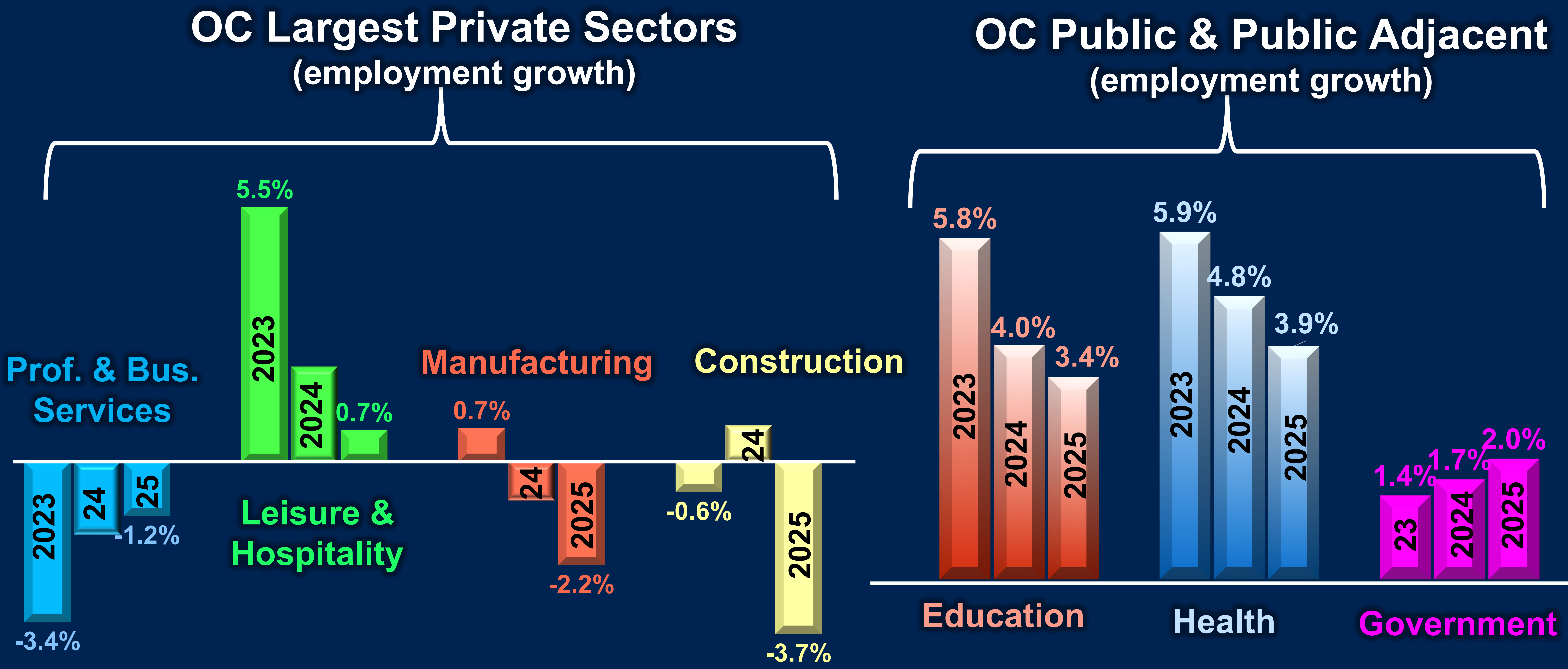
	CA	OC
Construction	5%	6%
Hospitality	11%	13.7%

But Job Growth Has Slowed Precipitously…
Especially in State and Local Economies



A Lopsided Labor Market

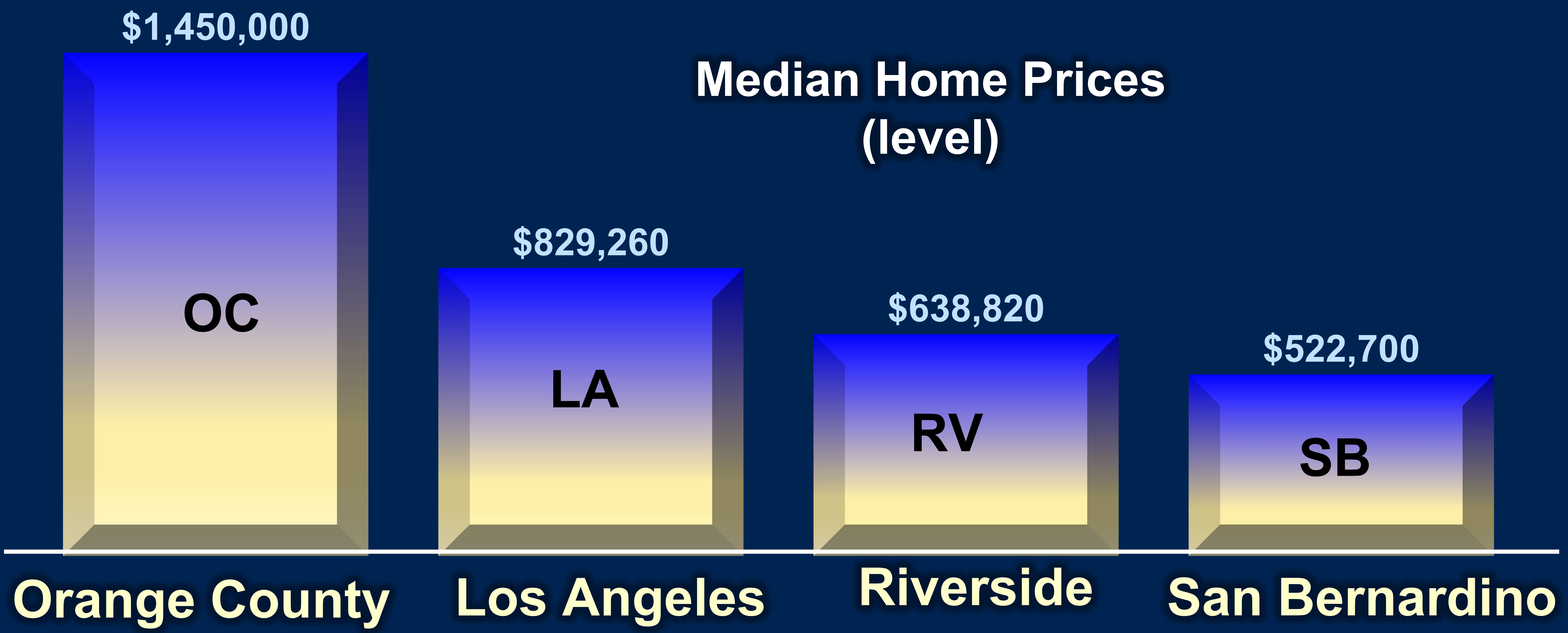
Job Growth Has Come Primarily From Public/Public Adjacent Sectors



Unaffordable!

Homes Are Expensive Everywhere in SoCal

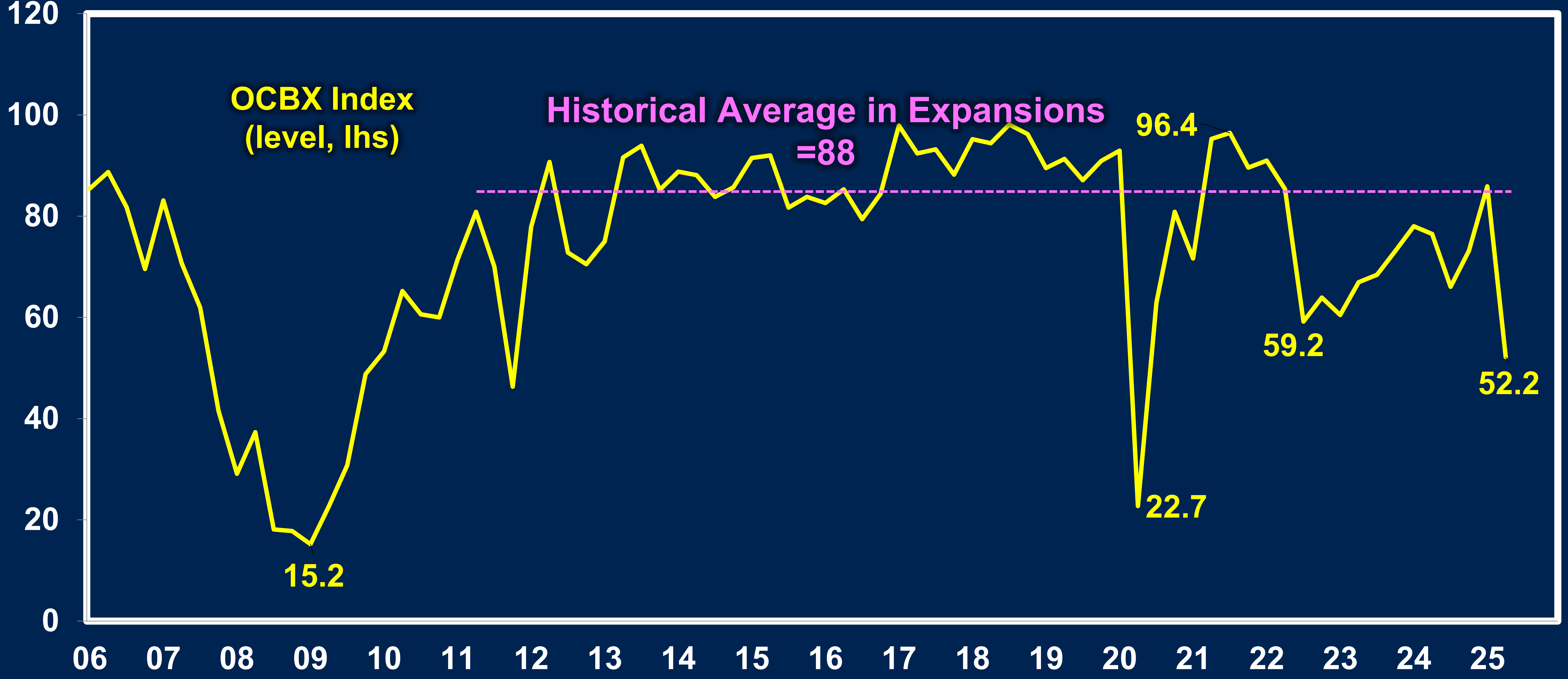
Qualifying Income	$230,700	$159,300	$106,800	$84,600
Monthly Payments	$7,690	$5,310	$3,560	$2,820



Sharp Deterioration in OC Sentiment

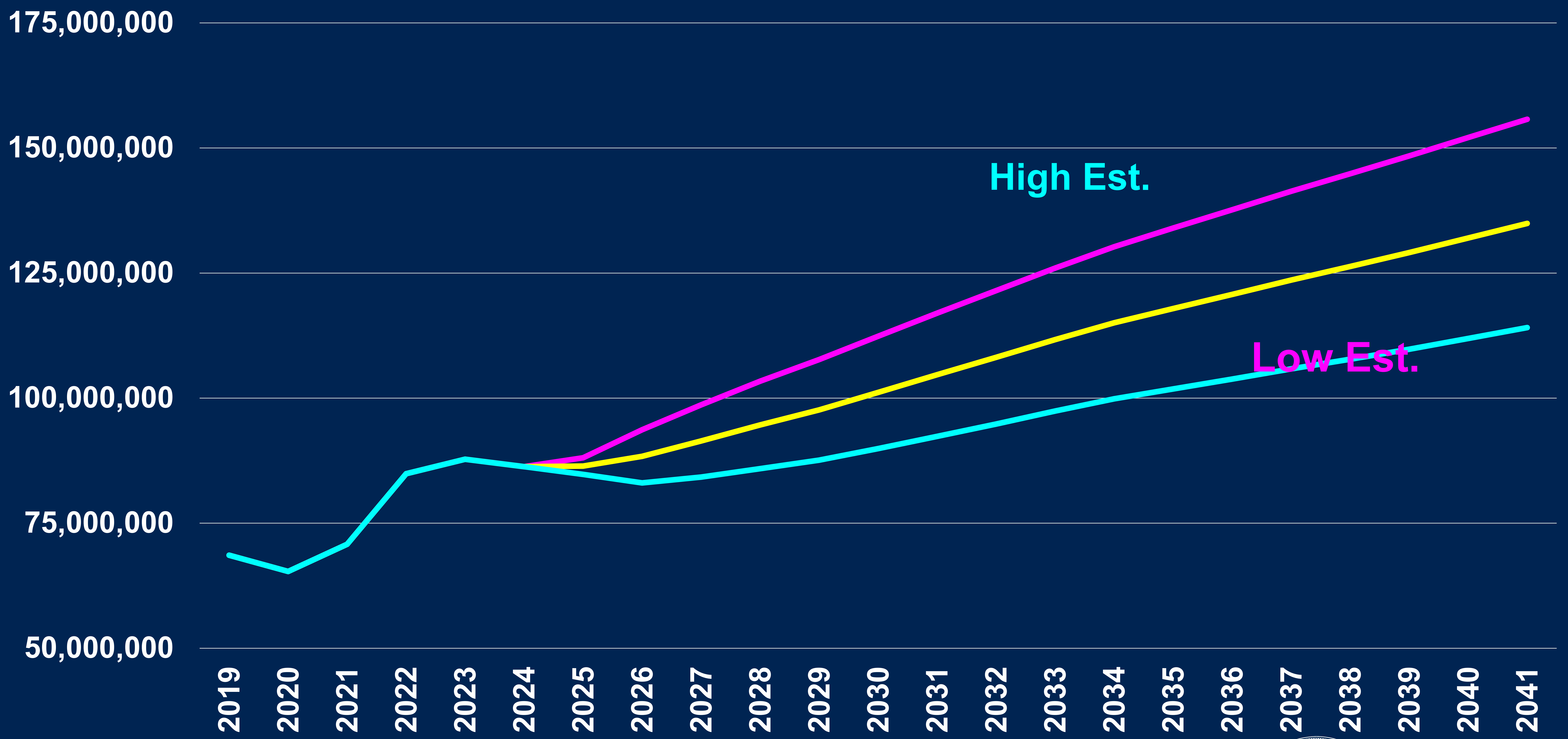
Sentiment Rose After Election…But Declined Sharply in Q1

(Woods Center OCBX Index, level)



OC Taxable Sales

Fiscal Years (000 dollars)



OC Taxable Sales

Fiscal Years (percent change)