



CASH Spring Conference

Economic Overview

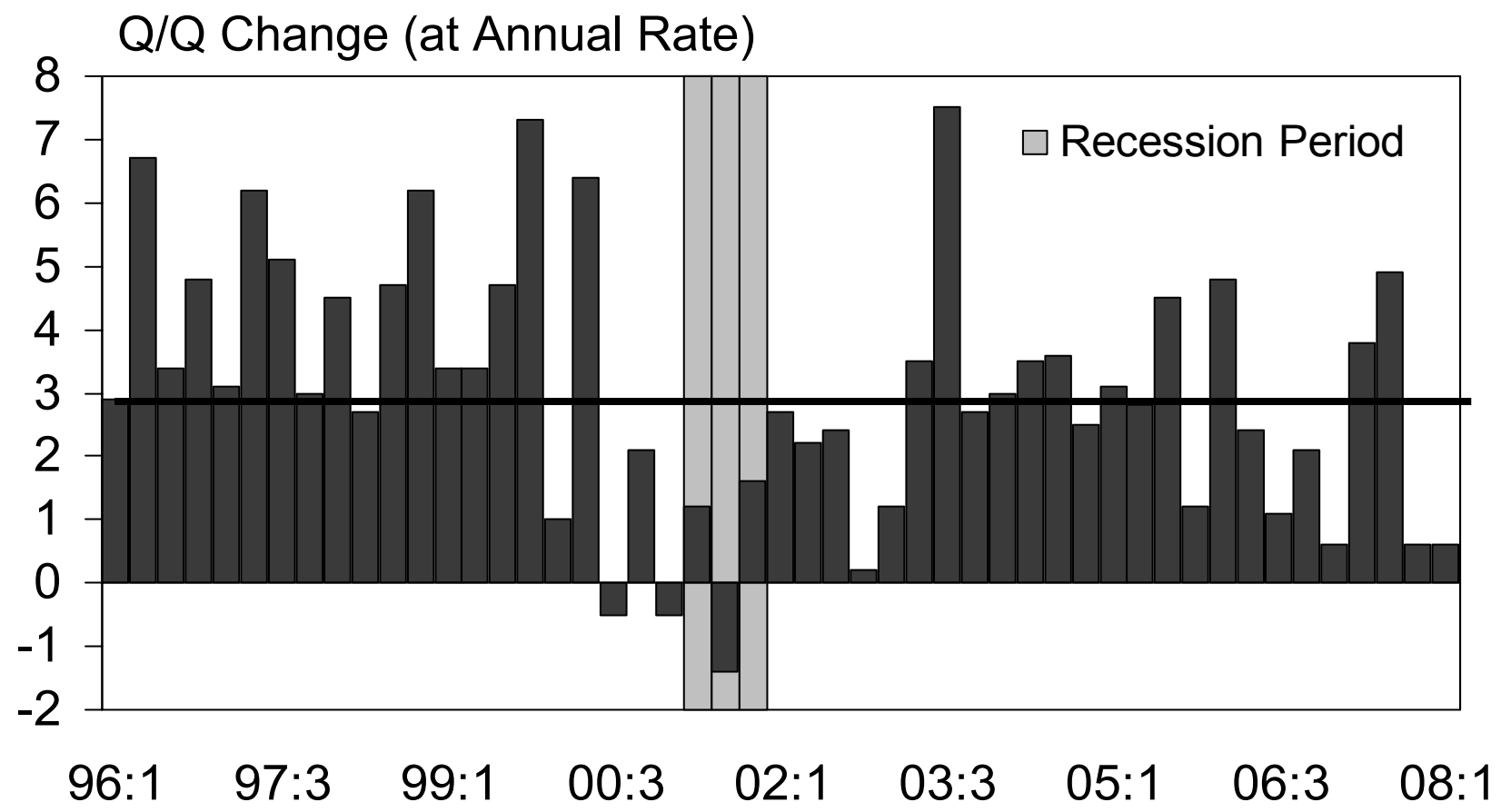
Nancy D. Sidhu, Ph.D.
VP & Senior Economist, LAEDC
May 13, 2008



The “R” word or not?



U.S. ECONOMIC GROWTH



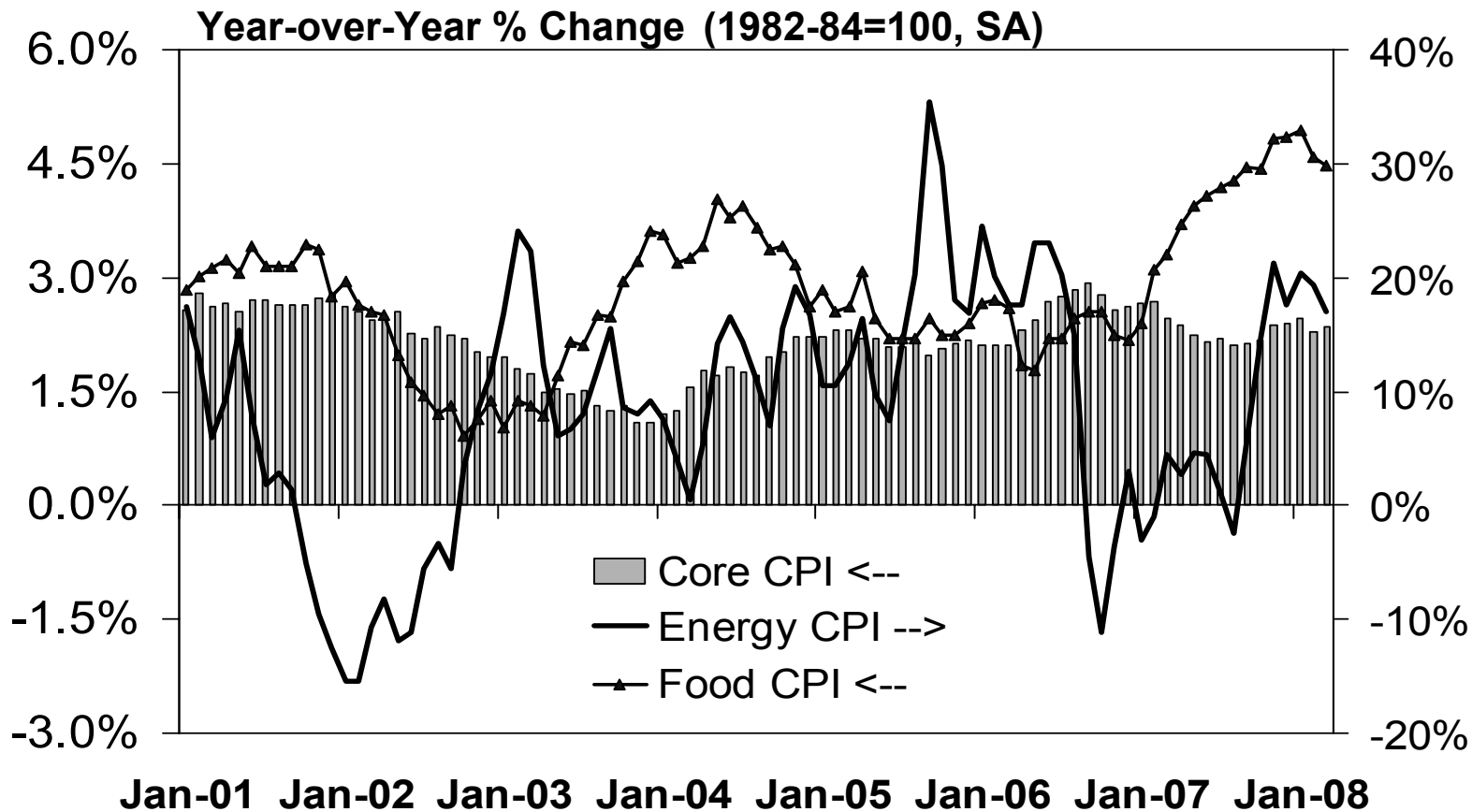
Sources: Bureau of Economic Analysis, forecast by LAEDC



Inflation is up!



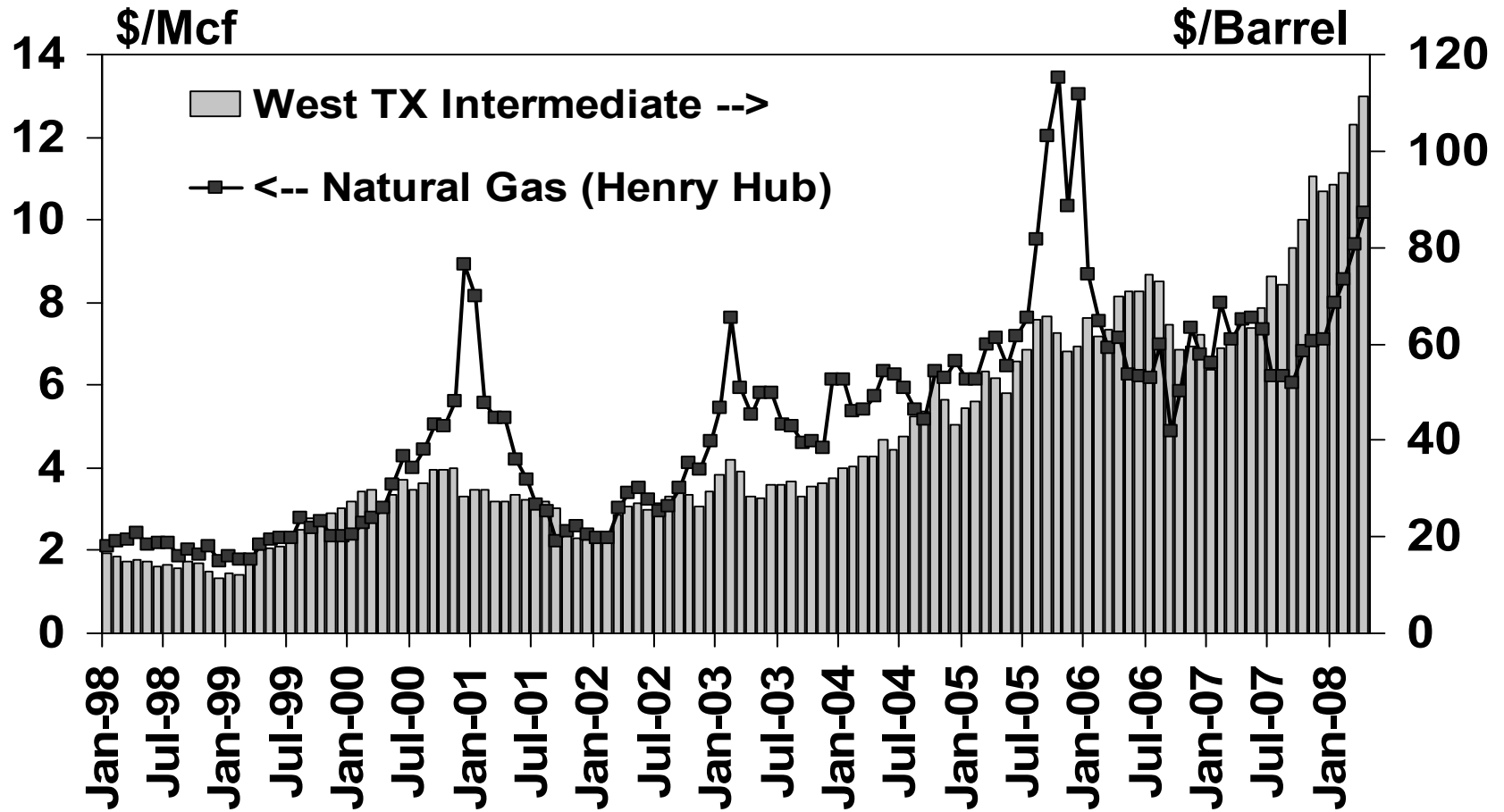
INFLATION TRENDS



Source: Bureau of Labor Statistics



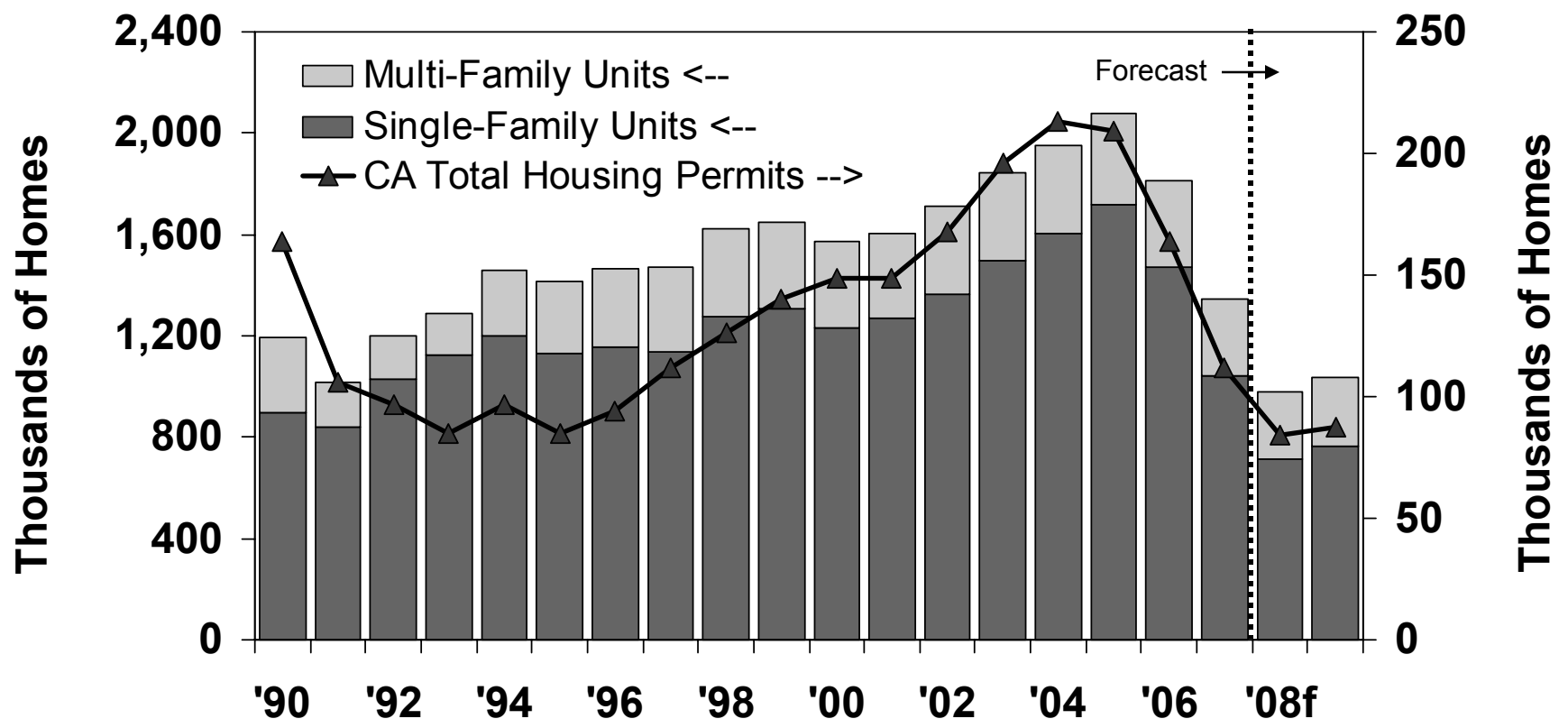
SPOT ENERGY PRICES



Sources: EIA, Natural Gas Weekly



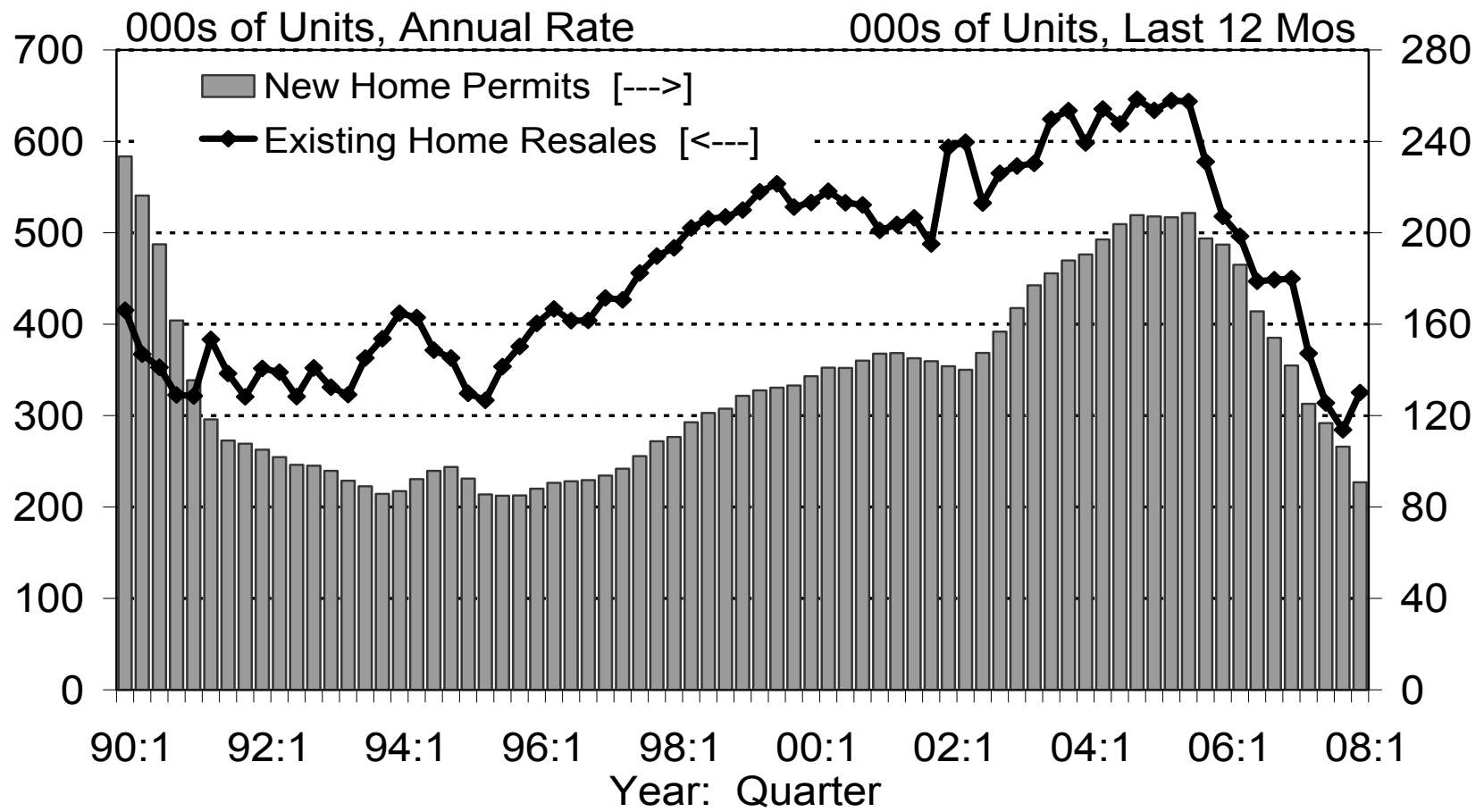
HOUSING STARTS ARE DOWN



Sources: Bureau of the Census, CIRB, forecasts by LAEDC



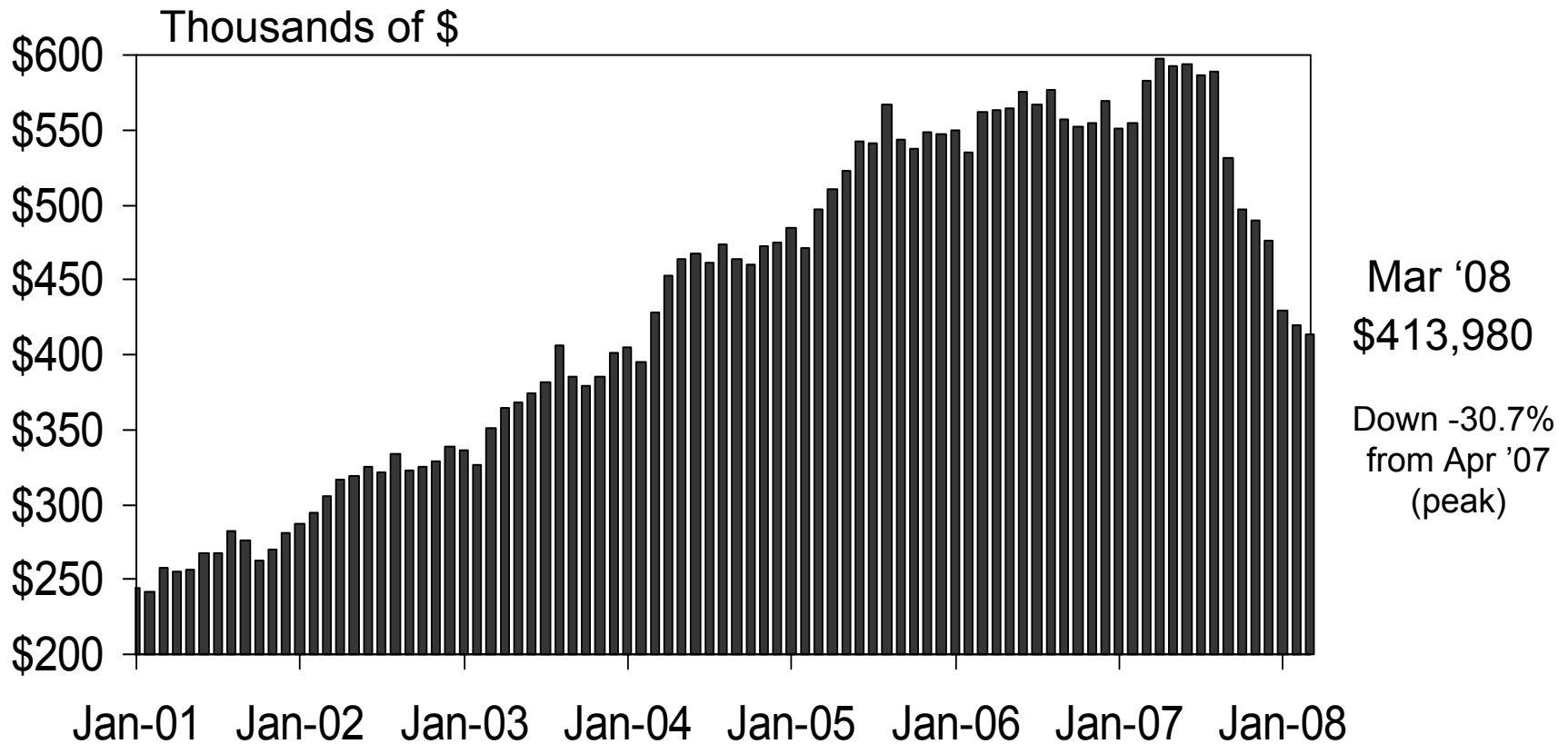
CALIFORNIA HOUSING MARKET



Sources: U.S. Census Bureau, California Association of Realtors



MEDIAN HOME PRICE IN CALIFORNIA



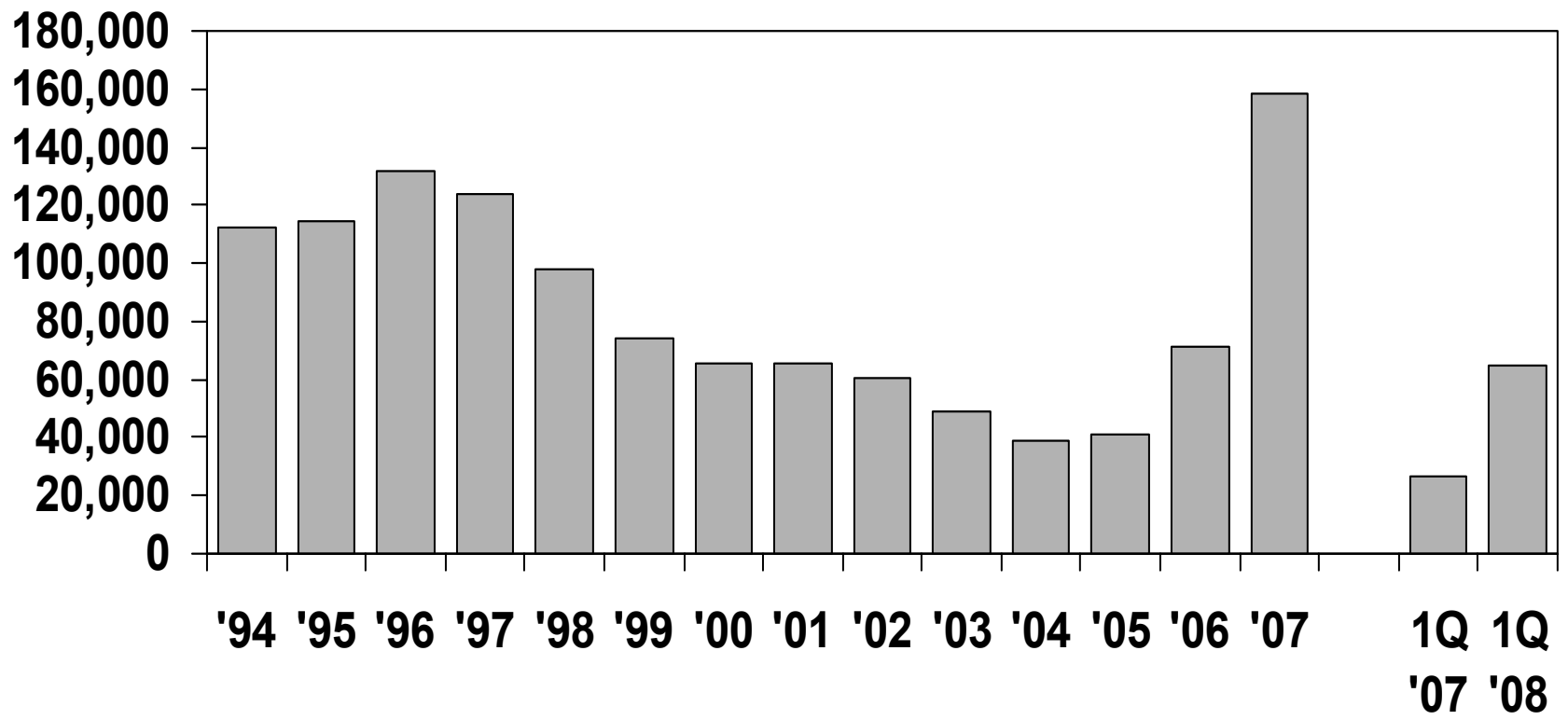
Source: California Association of REALTORS®



Housing Crash Fallout



NOTICES OF DEFAULT IN SOUTHERN CALIFORNIA

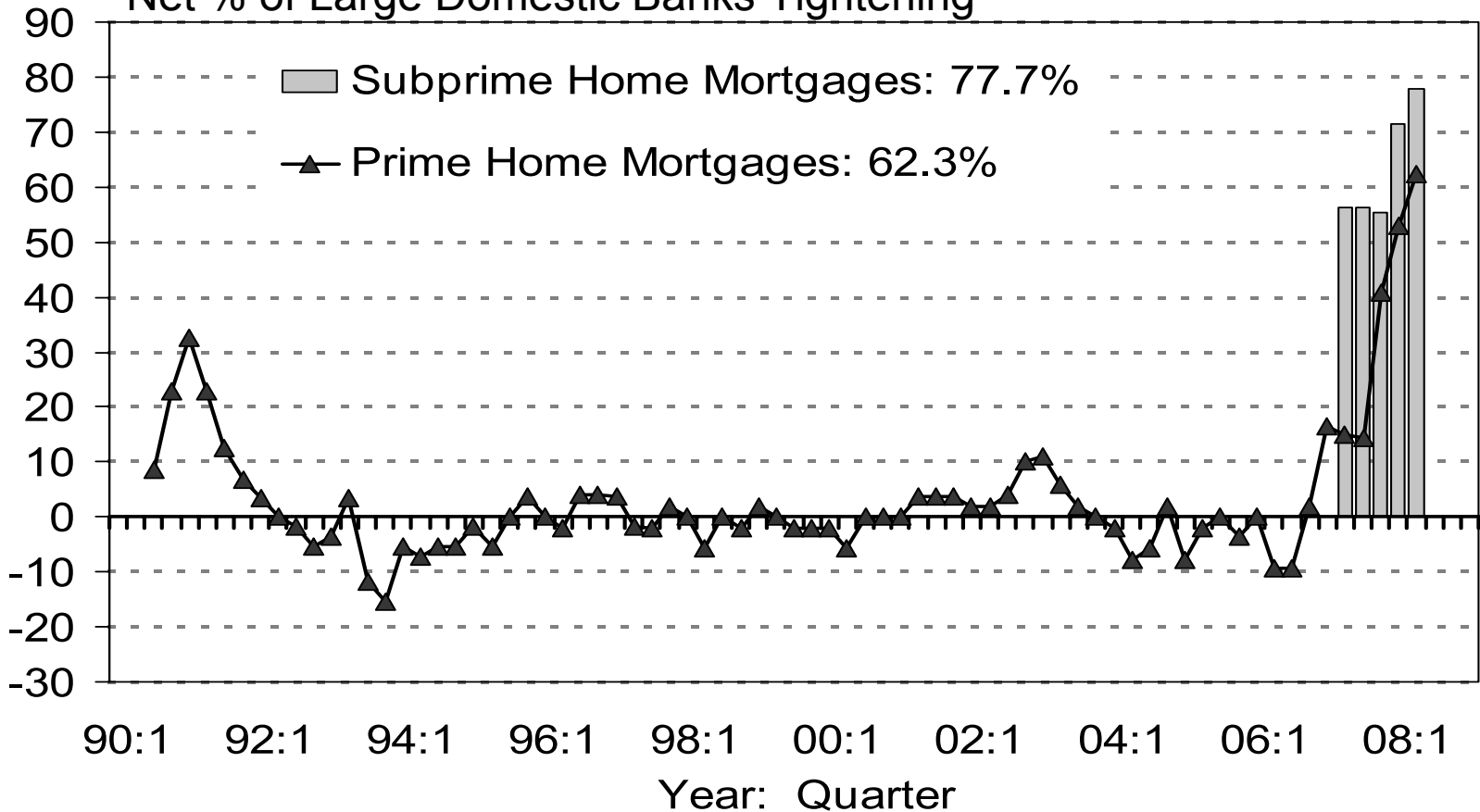


Sources: Real Estate Research Council, County Records, DataQuick



TIGHTER LENDING STANDARDS

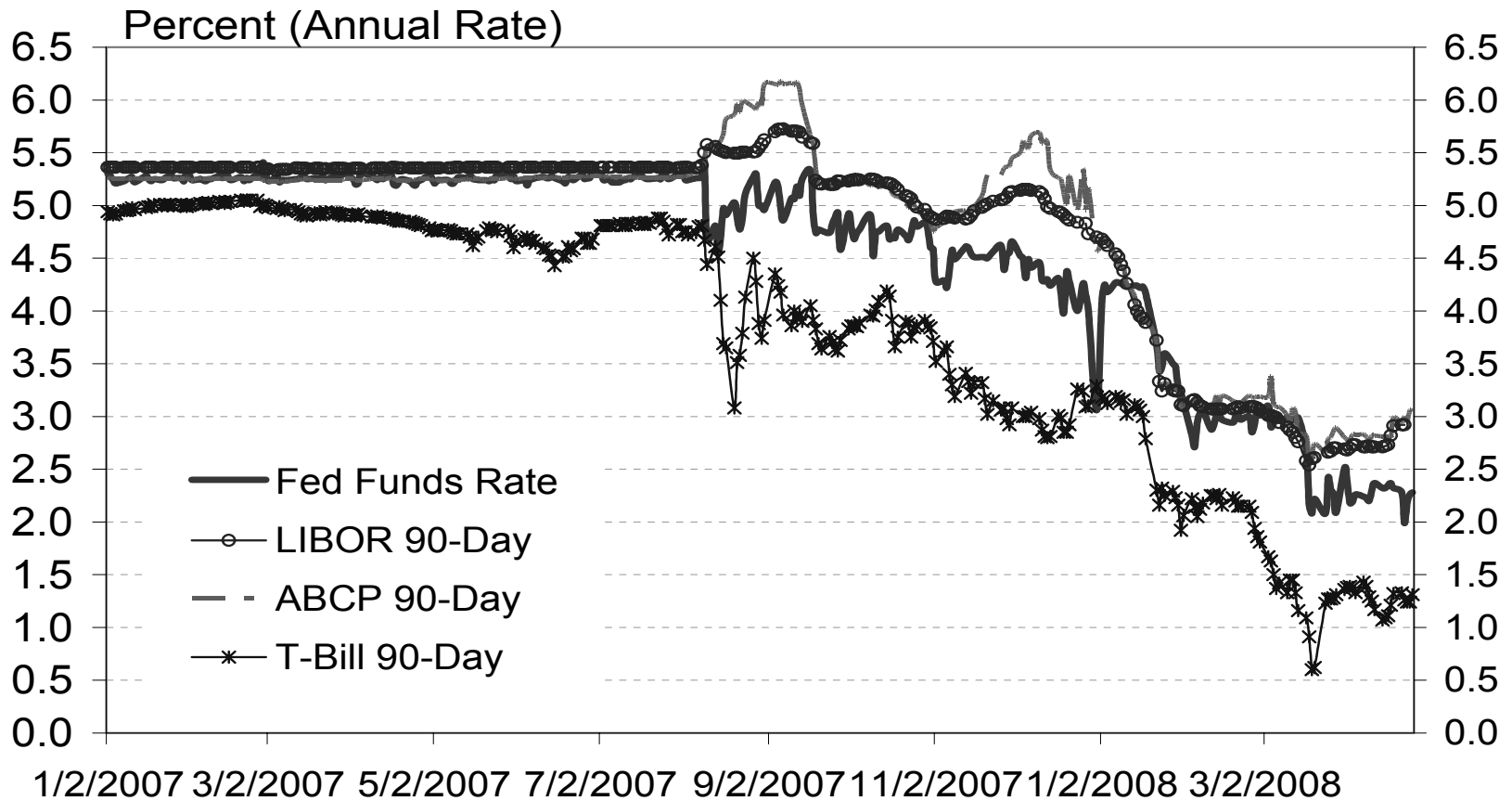
Net % of Large Domestic Banks Tightening



Source: Federal Reserve Board, latest survey April 2008



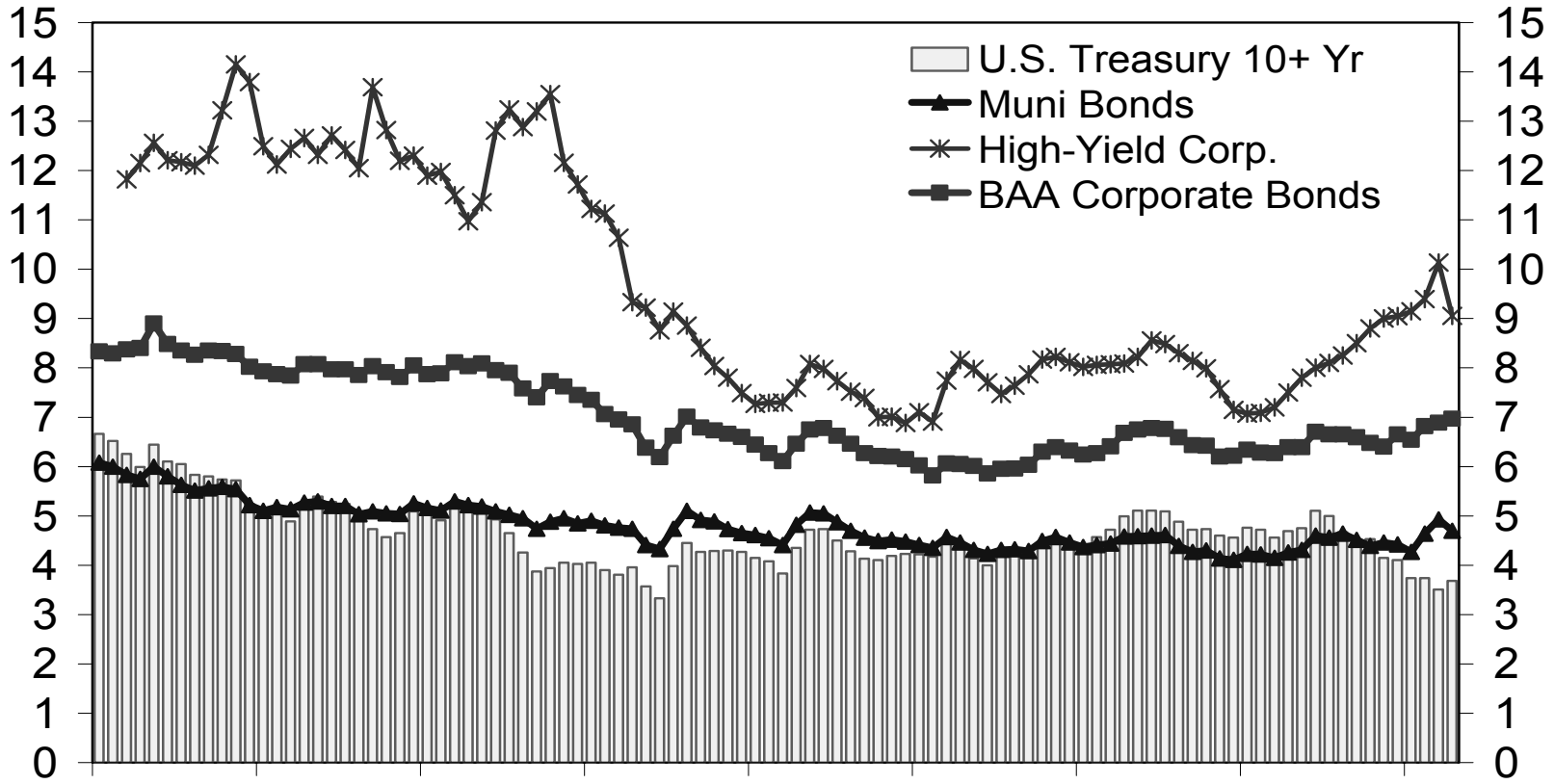
SHORT-TERM INTEREST RATES



Sources: Federal Reserve Board, British Bankers' Association



BORROWING SPREADS vs. U.S. TREASURIES (10+ YEARS)



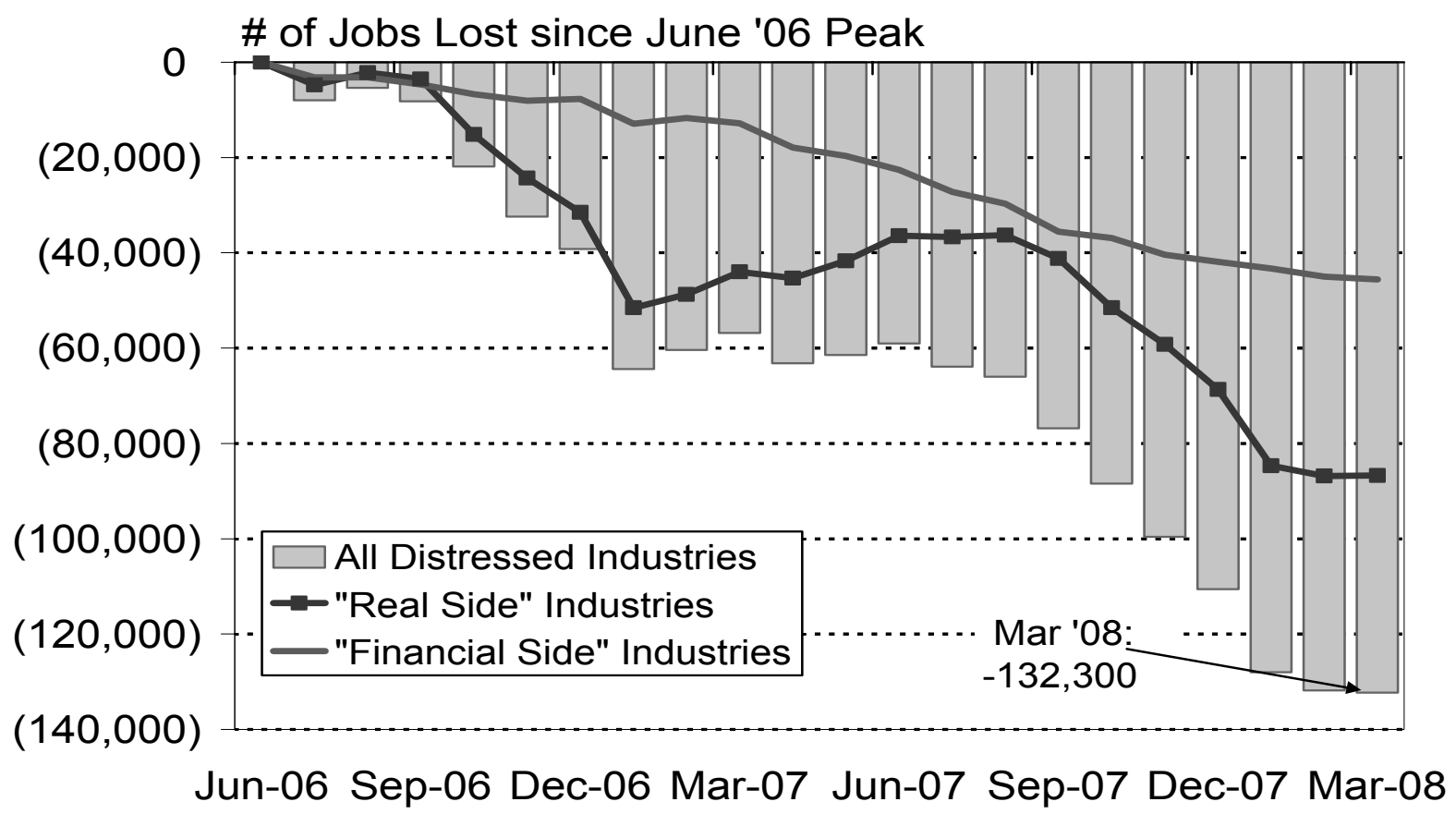
Jan-00 Jan-01 Jan-02 Jan-03 Jan-04 Jan-05 Jan-06 Jan-07 Jan-08

Sources: Federal Reserve Board, Merrill Lynch



HOUSING/MORTGAGE RELATED FALLOUT

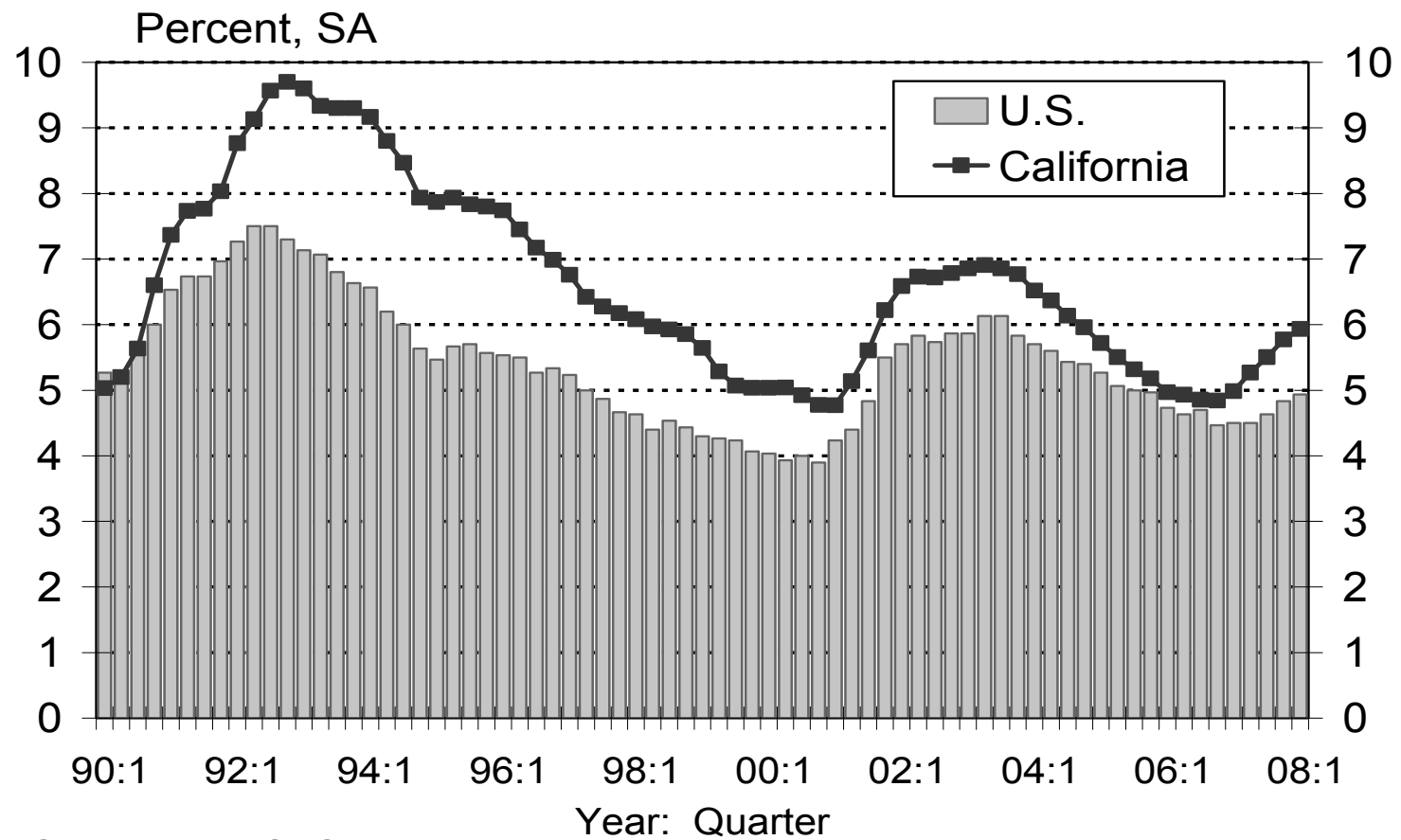
-- California



Source: California Employment Development Dept.



UNEMPLOYMENT: UP



Sources: BLS, CA EDD



Will They Help?

- **Federal Reserve Monetary Policy:**
 - Rate cuts
 - Discount window actions
 - Accept wider collateral
 - Open to investment banks
 - Rescue of Bear Stearns
- **Federal government's stimulus package:**
 - Rebates
 - Business investment write-offs
 - Higher mortgage loan limits

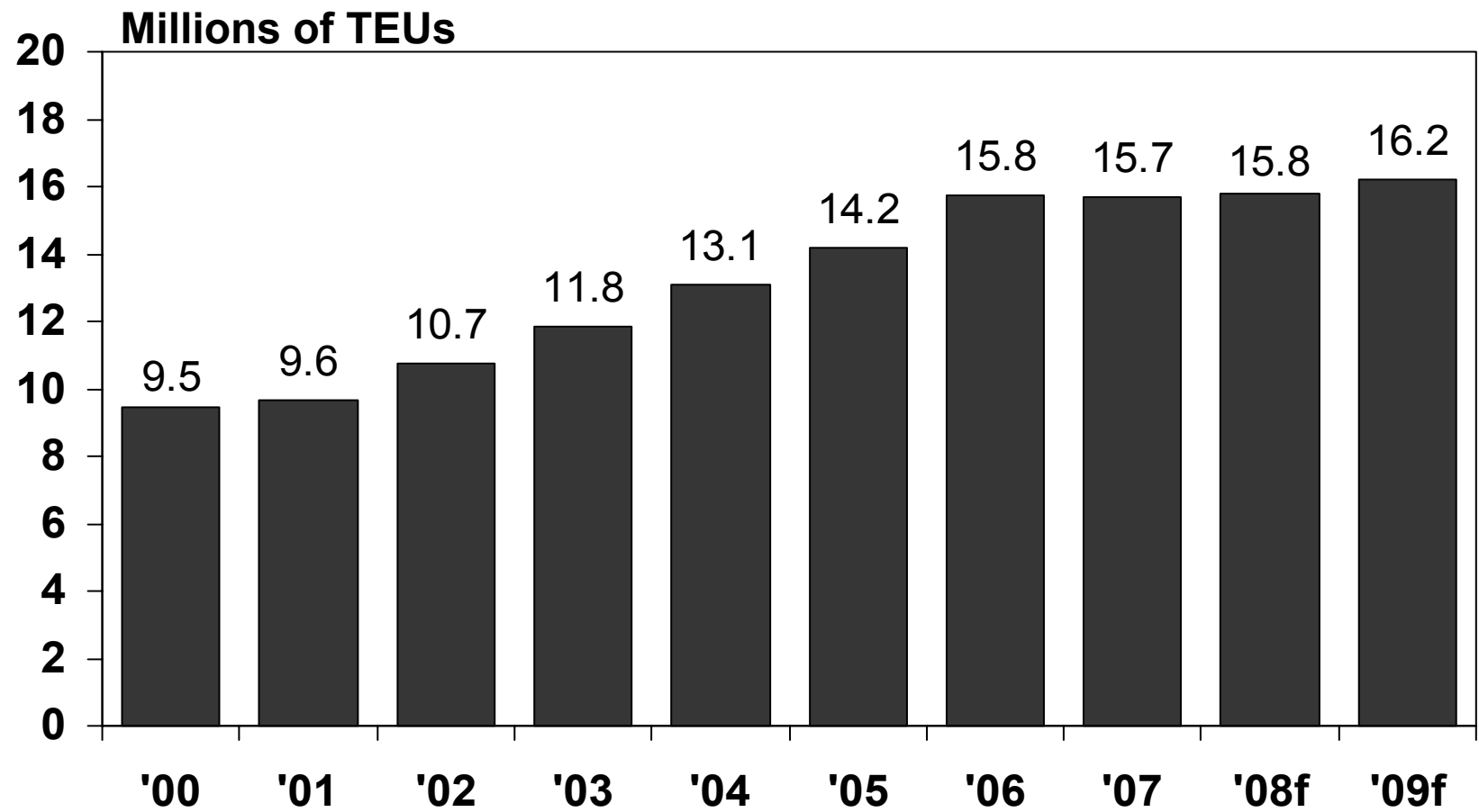
When will they kick in?



What About the Other Track?



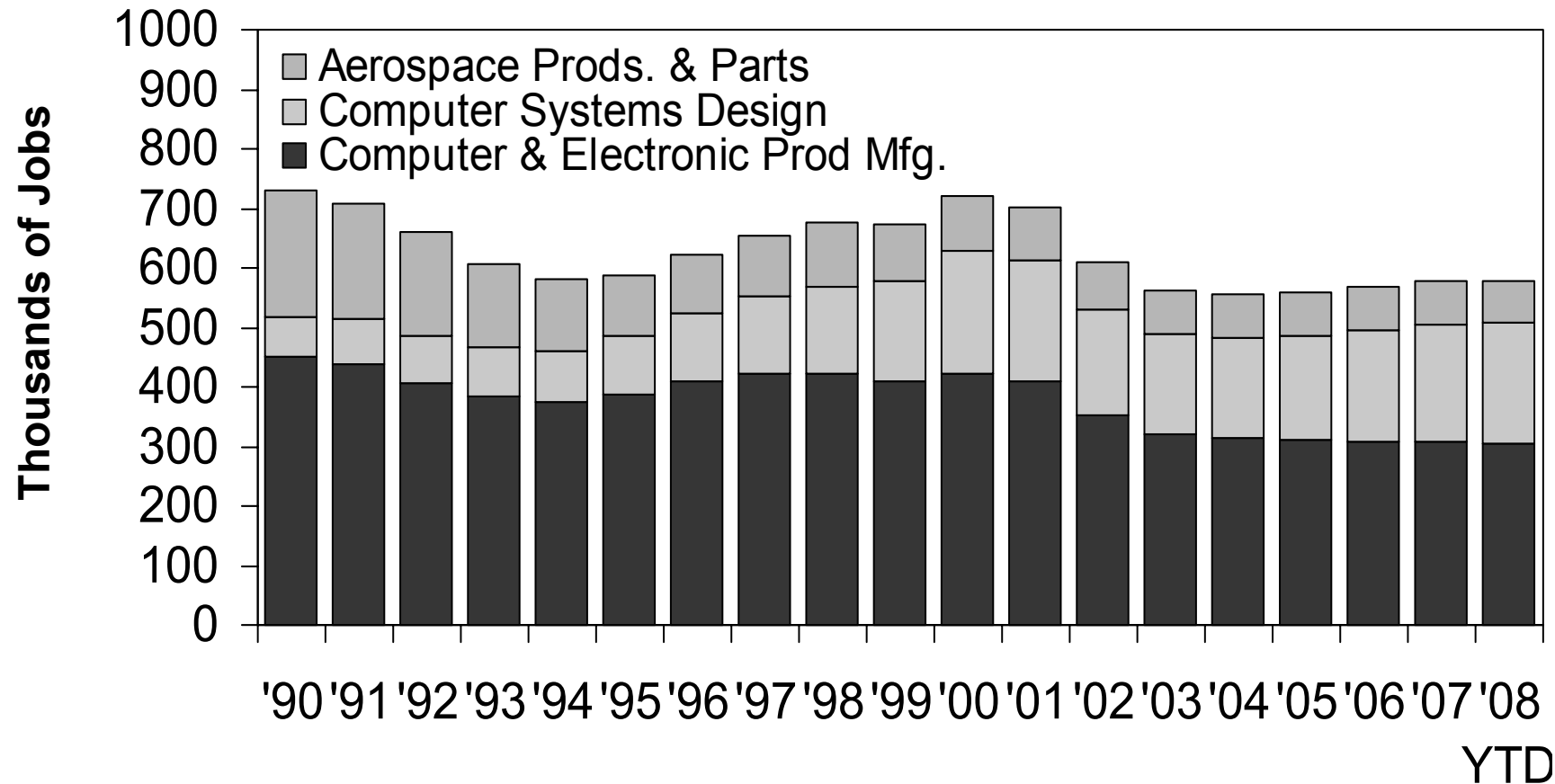
TEUs HANDLED AT LA/LB PORTS



Source: Ports of Los Angeles & Long Beach, LAEDC



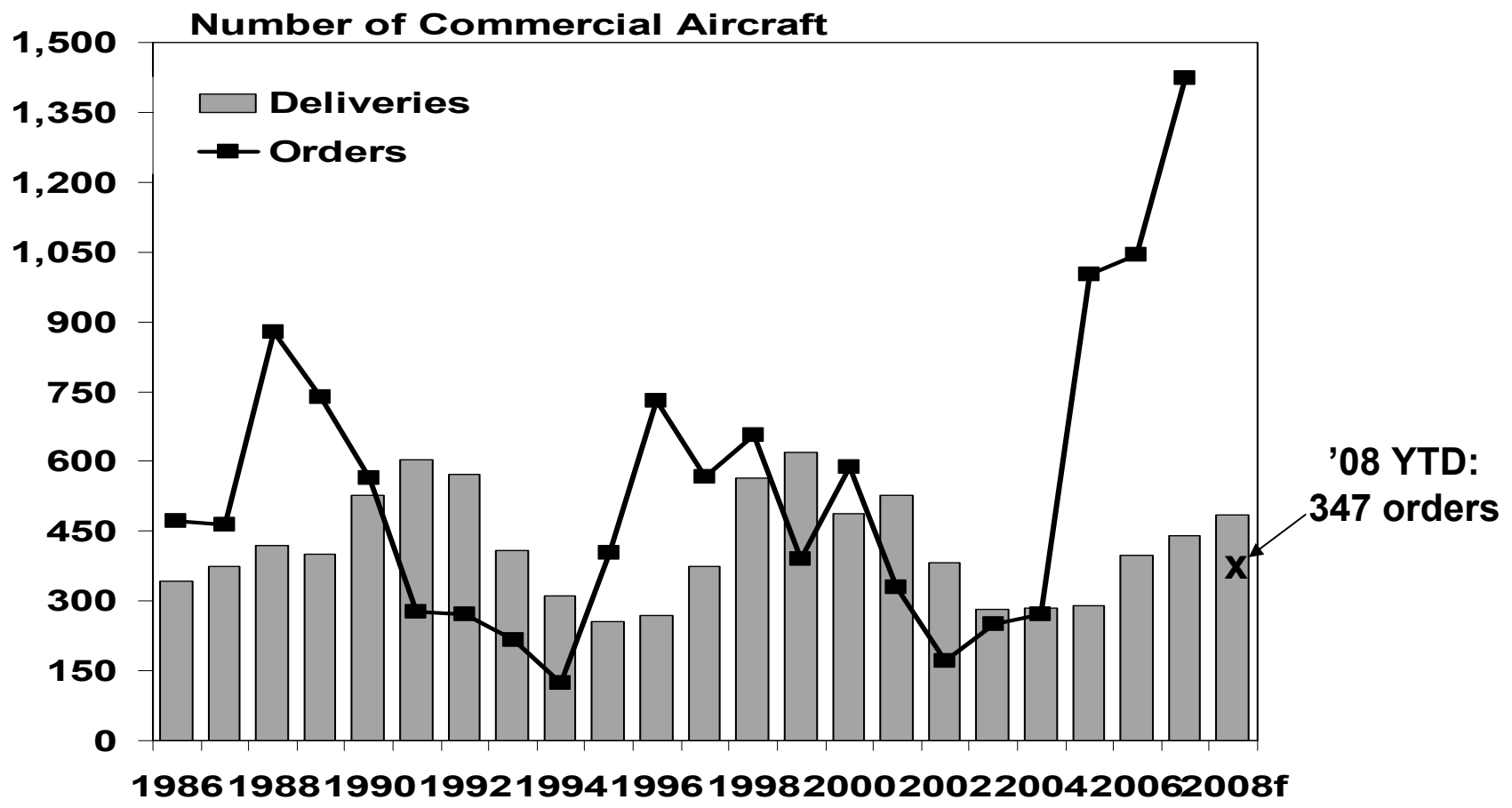
TECHNOLOGY JOB TRENDS IN CALIFORNIA



Source: California Employment Development Department



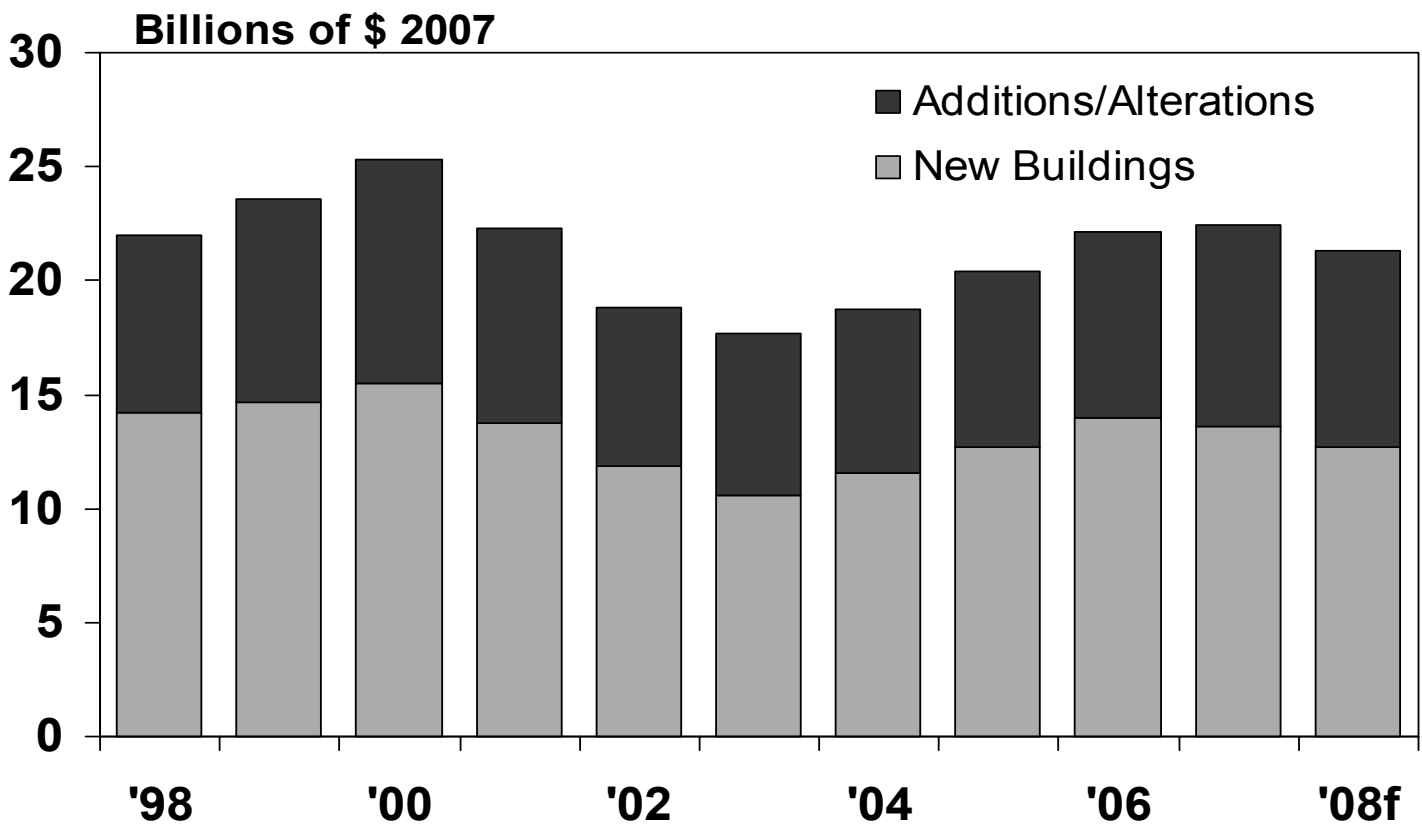
BOEING COMMERCIAL AIRCRAFT



Sources: Boeing, LAEDC



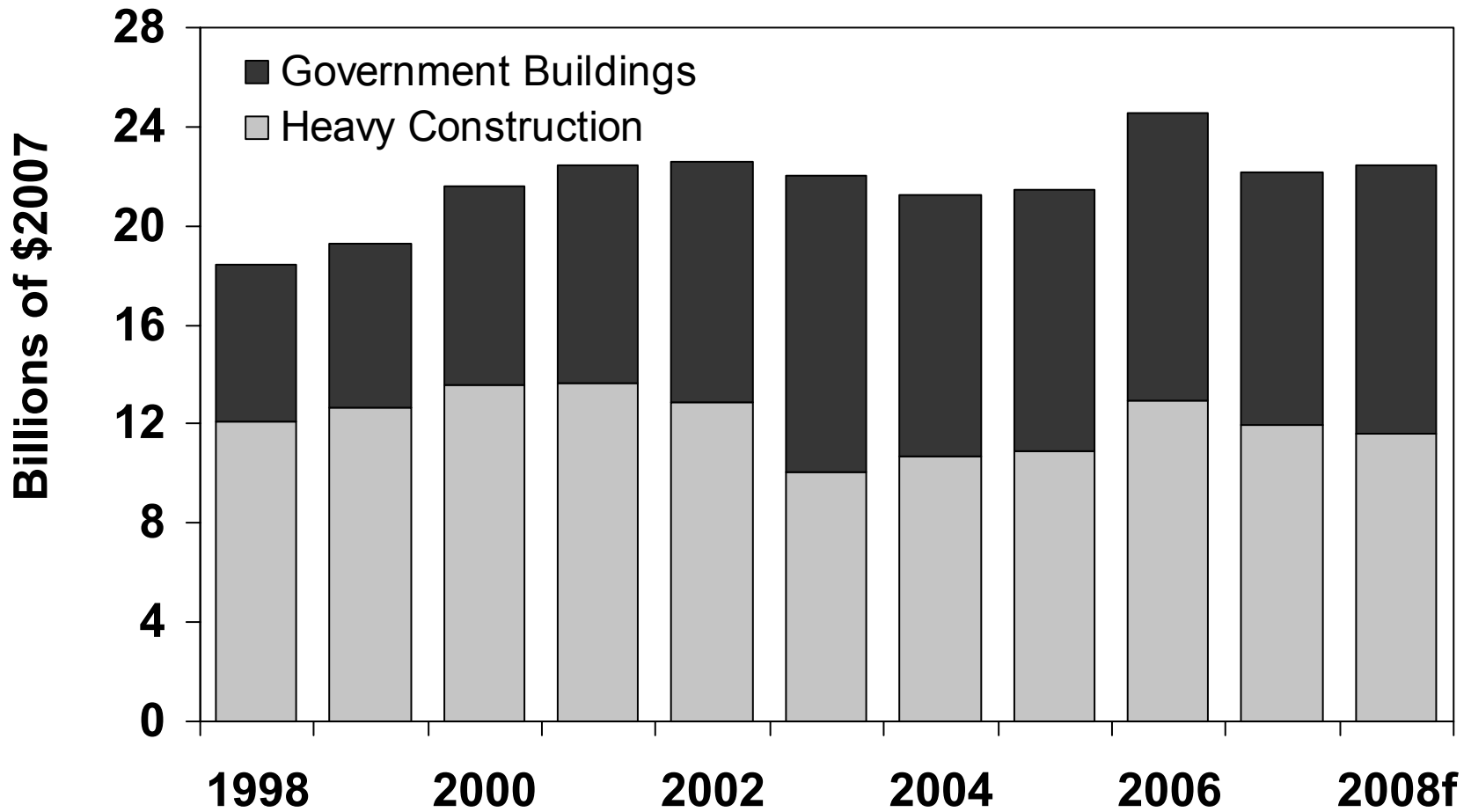
CALIFORNIA NONRESIDENTIAL BUILDING PERMITS



Source: Construction Industry Research Board



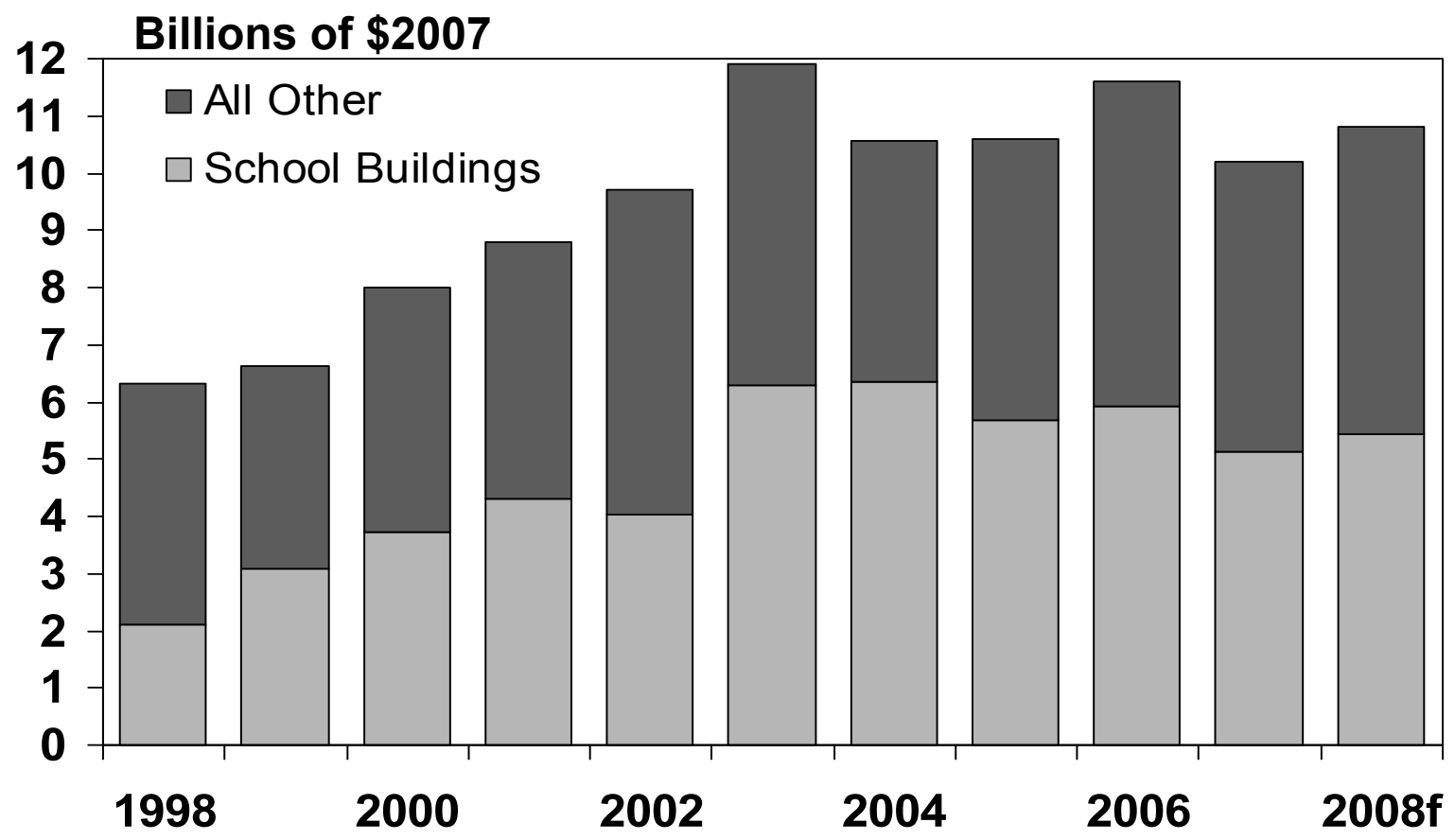
PUBLIC CONSTRUCTION



Source: Construction Industry Research Board



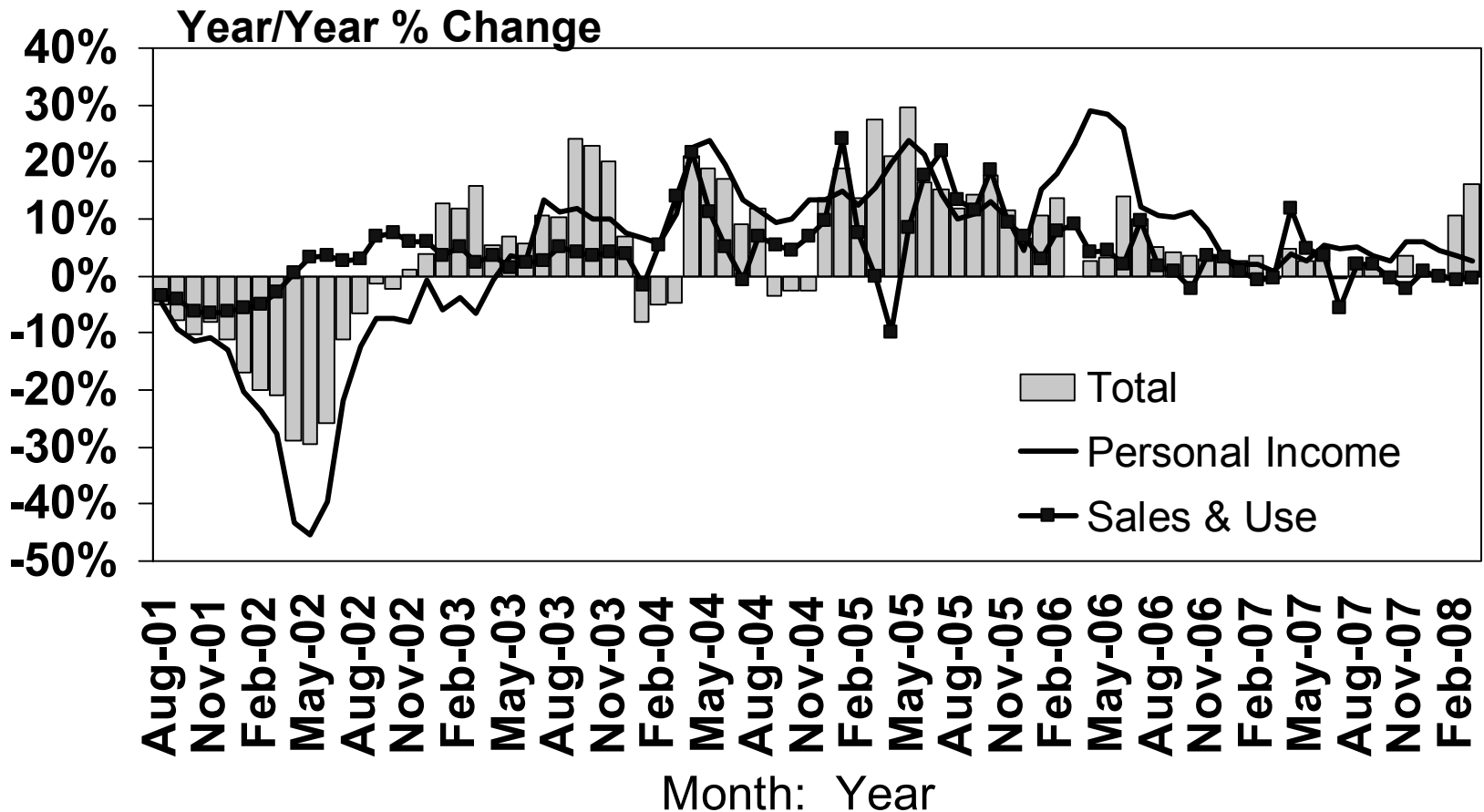
PUBLIC BUILDINGS



Source: Construction Industry Research Board



CALIFORNIA TAX REVENUES



Source: CA Department of Finance



CALIFORNIA ECONOMIC FORECAST

	2005	2006	2007	2008f
Nonfarm Jobs	1.8	1.7	0.7	0.7
Unemployment Rate	5.4	4.9	5.3	5.9
Total Personal Income	6.5	6.5	5.9	4.9
Taxable Retail Sales	7.3	3.5	-0.5	-1.6
Housing Unit Permits	208,972	164,280	112,300	84,500

Annual % change except housing permits, which are in units.

Forecast Source: LAEDC

THANK YOU and STAY INFORMED

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November Jobs Report Not Encouraging

The November report from the California Employment Development Department continued to point to a slowing economy. Just 900 jobs were created from October to November (seasonally adjusted). The September-to-October decline was revised down to 13,500 jobs.

>> [full article](#)

County & State Unemployment Rates Rise in November

The California Employment Development Department (EDD) released November unemployment estimates last week. Seasonally adjusted, the Los Angeles County unemployment rate was 5.3%, up from 5.1% in both October and September, and up from 4.4% a year earlier. November was the sixth consecutive month that the County's unemployment rate increased over the year. >> [full article](#)

October Hotel Numbers Good

The October data from PKF Consulting revealed a still healthy hotel sector in Southern California. In Los Angeles County, the occupancy rate was 82.7% compared with 78.9% last year. Better yet, the average daily room rate (ADR) rose by 11.7% to \$163.05.

>> [full article](#)