

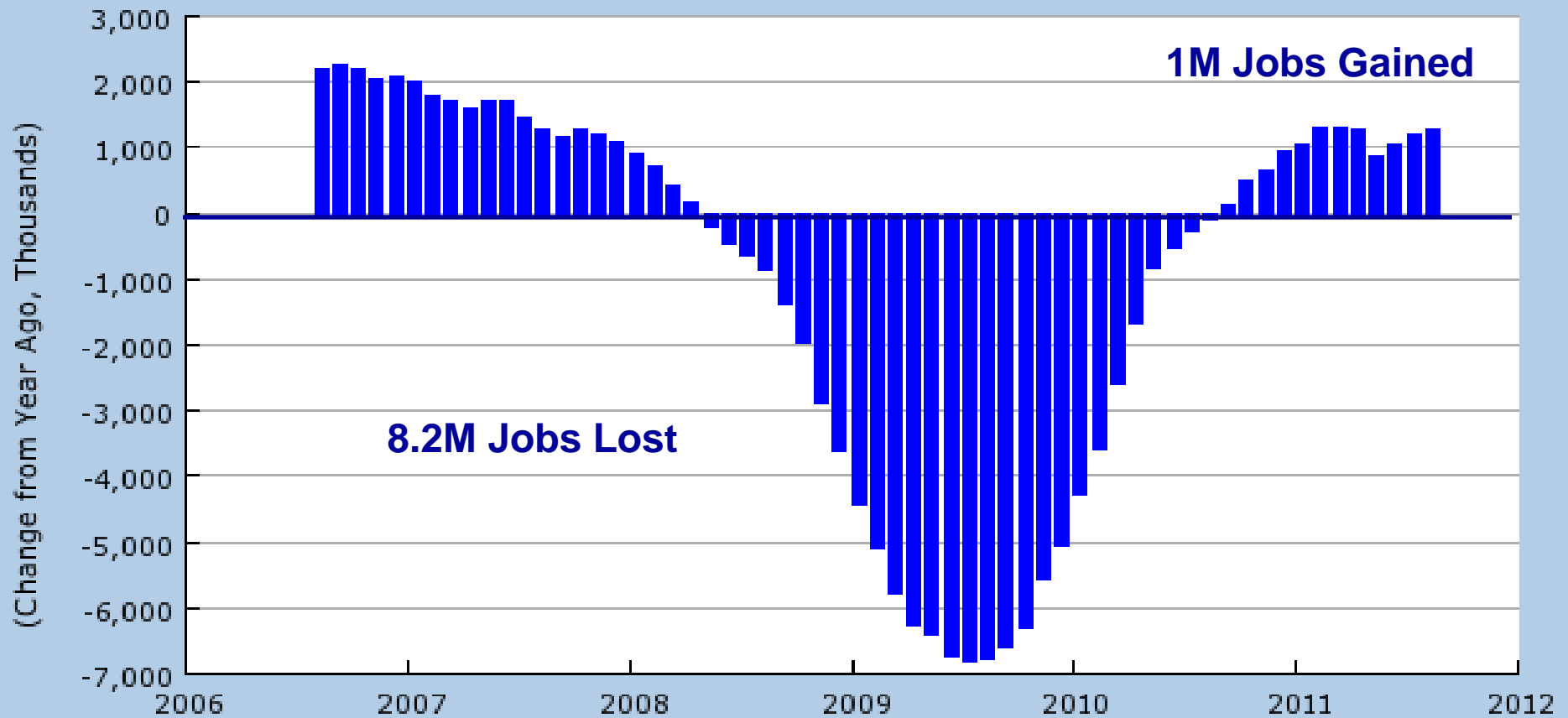
A close-up photograph of a dartboard. Three blue darts are visible, each with a white stem and a silver ferrule. One dart is perfectly centered in the red bullseye, while the other two are slightly off-center. The dartboard has a standard layout with white, black, green, and red segments, and numbers like 14, 17, and 10 are visible on the board. The background is a bright yellow-green gradient.

2011-12 Economic Outlook

**Marney Cox
Chief Economist
SANDAG
NAHEFFA
October 4, 2011**

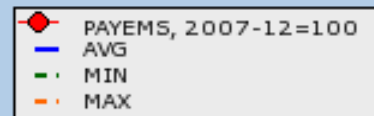
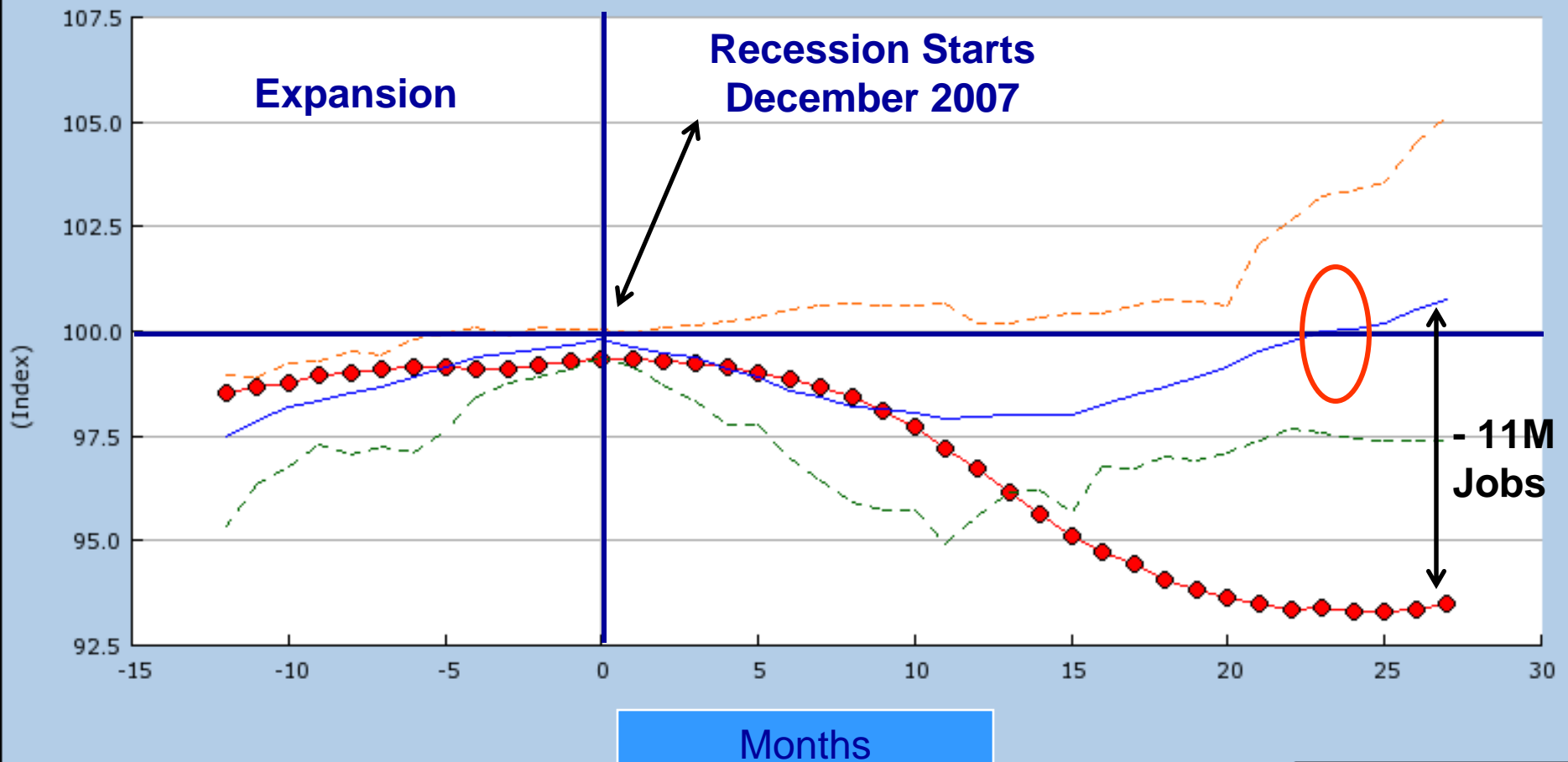
US Payroll Jobs Y-O-Y Change by Month

All Employees: Total nonfarm (PAYEMS)
Source: U.S. Department of Labor: Bureau of Labor Statistics



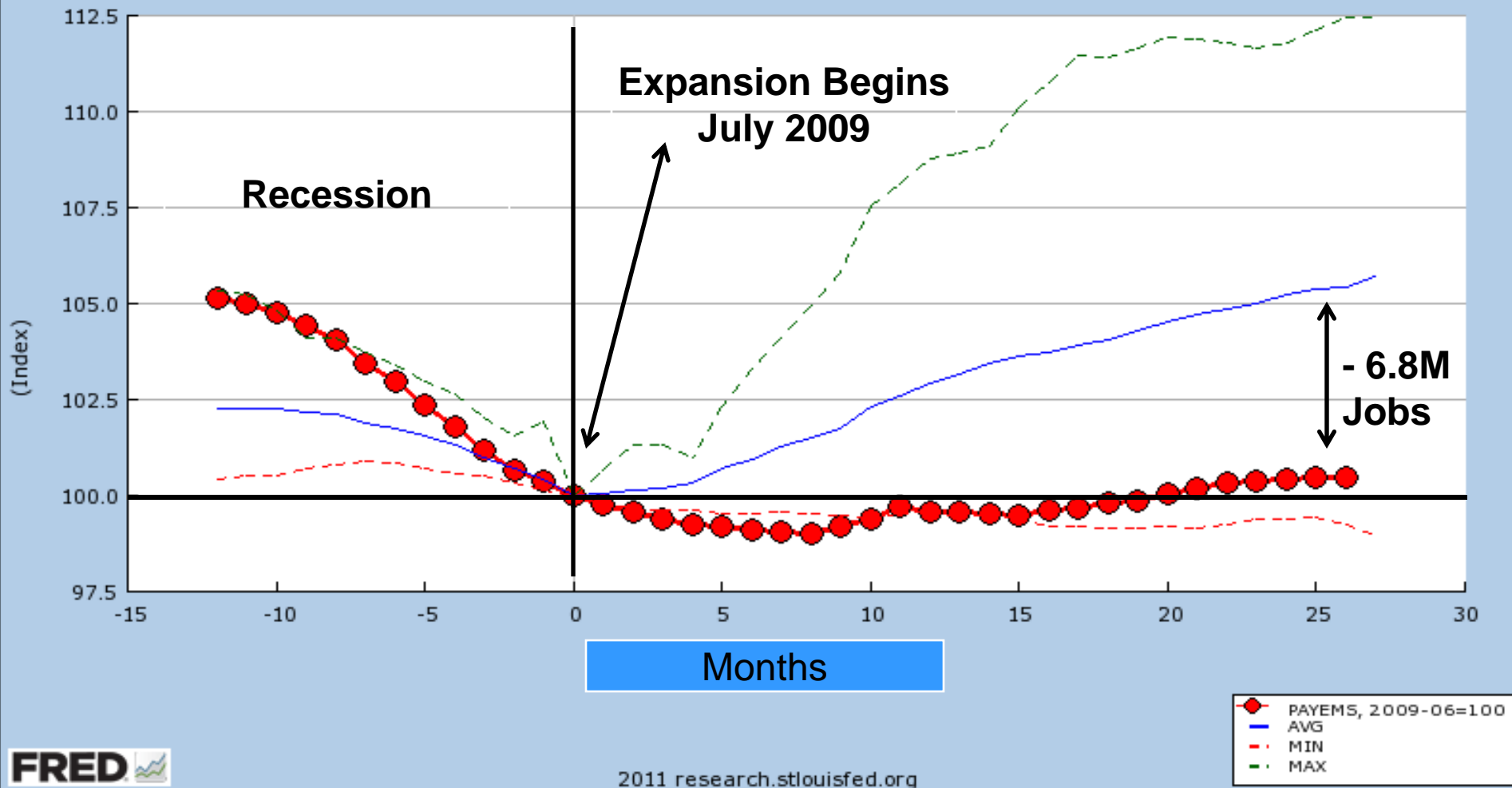
US Payroll Jobs Change During Recession

Total Nonfarm Payrolls: All Employees (PAYEMS)
Source: U.S. Department of Labor: Bureau of Labor Statistics



US Payroll Jobs Change During Expansion

All Employees: Total nonfarm (PAYEMS)
Source: U.S. Department of Labor: Bureau of Labor Statistics



Why Slow Job Growth?

Did Federal Stimulus Expenditures Generate Earnings?

- **Employment Multiplier is zero**
 - Job created is offset by a job lost.
Government spending moves jobs & resources away from private to public
- **Employment Multiplier is one**
 - Each dollar spent adds one dollar to GDP.
Government spends on idle resources.
- **Employment Multiplier exceeds one**
 - Earnings from newly employed resources create jobs for other idle resources.



US \$787 Billion Stimulus Package

Less than 10% of Stimulus Funds Spent Generated Earnings

- **Targeted Stimulus (multiplier > 1) \$62B**
 - Tax incentives for homes and cars
 - Education layoff prevention
- **Discretionary Spending (multiplier << 1) \$428B**
 - Jobless benefits
 - Health care for needy
 - Medicaid costs
 - Job training
 - Affordable housing programs
- **Tax Incentives & Breaks (multiplier = 0) \$279B**
 - Renewable energy
 - Home energy efficiency
 - Faster depreciation for capital investments
 - Tax credits for workers

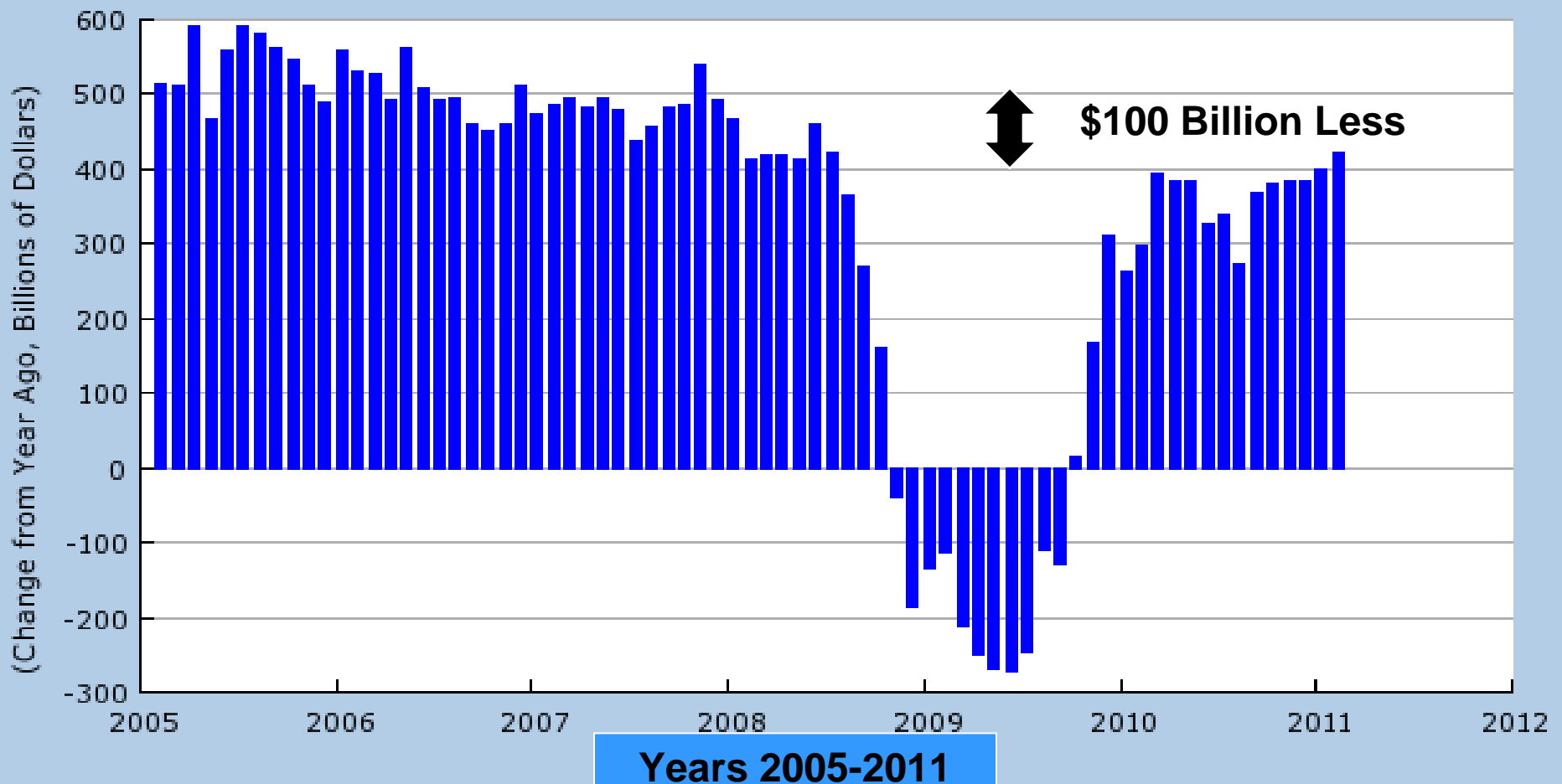


US Consumption Expenditures

Y-O-Y Change by Month

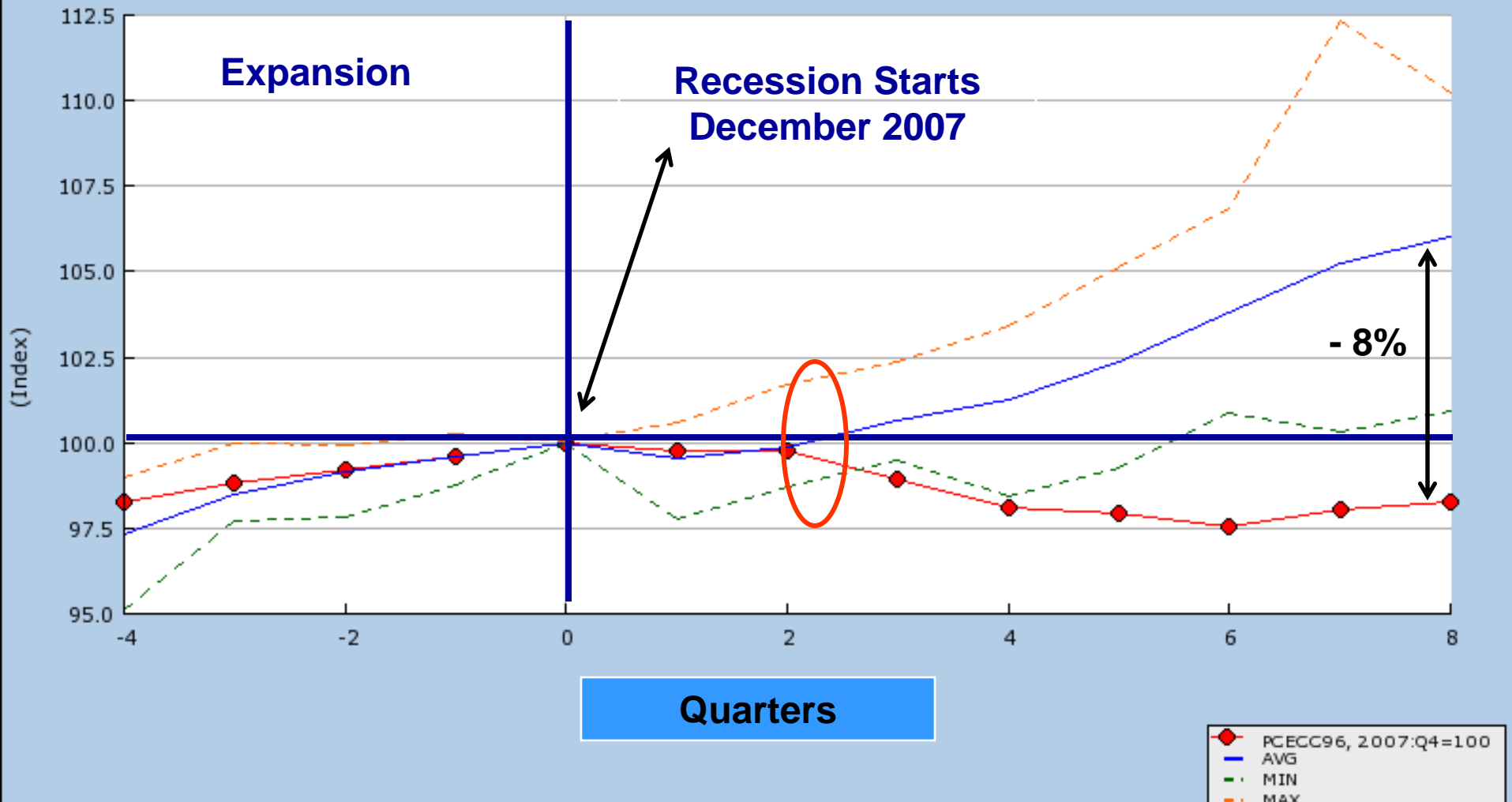
Personal Consumption Expenditures (PCE)

Source: U.S. Department of Commerce: Bureau of Economic Analysis



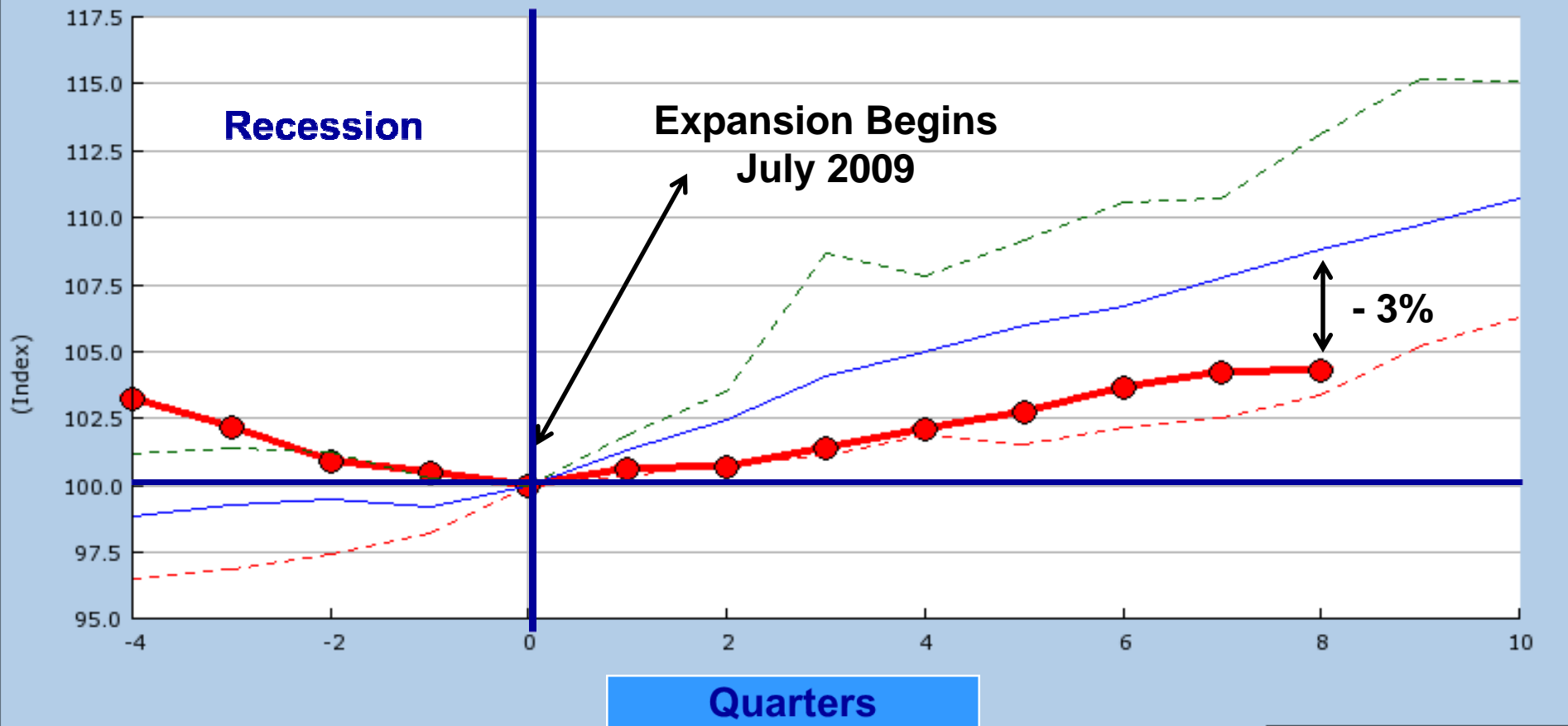
US Consumer Consumption Change During Recession

Real Personal Consumption Expenditures (PCECC96)
Source: U.S. Department of Commerce: Bureau of Economic Analysis



US Consumer Consumption Change During Expansion

Real Personal Consumption Expenditures (PCECC96)
Source: U.S. Department of Commerce: Bureau of Economic Analysis

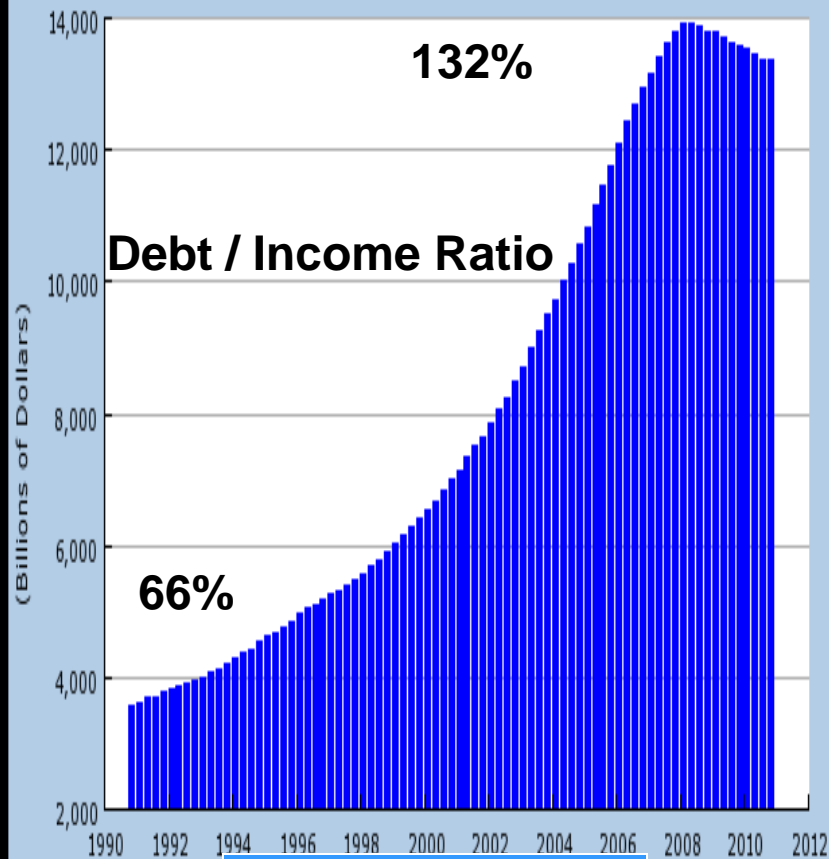


● PCECC96, 2009:Q2=100
— AVG
- - MIN
- - MAX

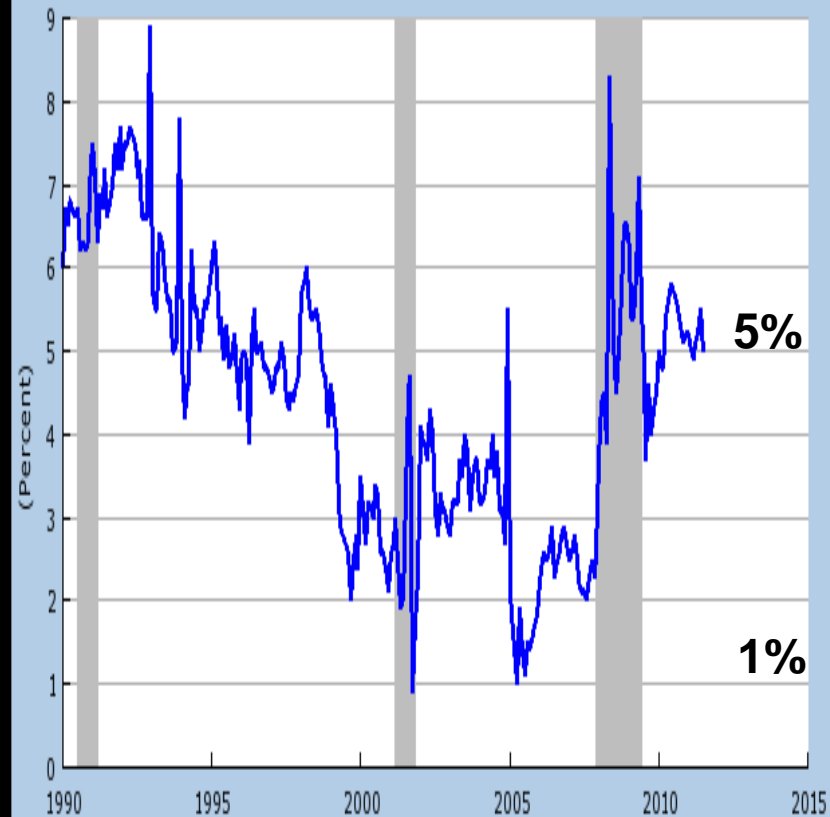
US Why Slow Consumption Growth?

Contributors to Slow Growth

Household Credit Debt Outstanding



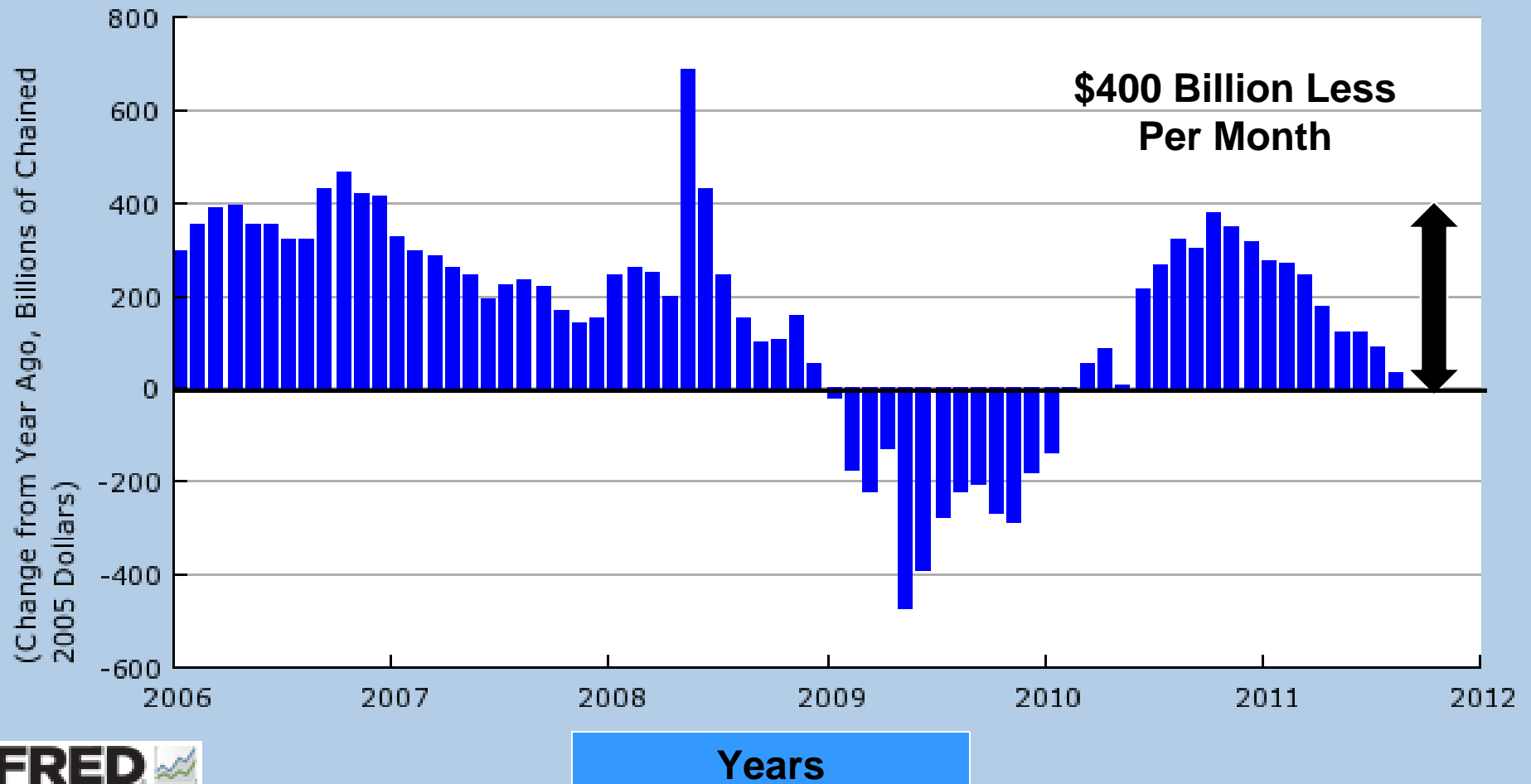
Personal Savings Rate



FRED

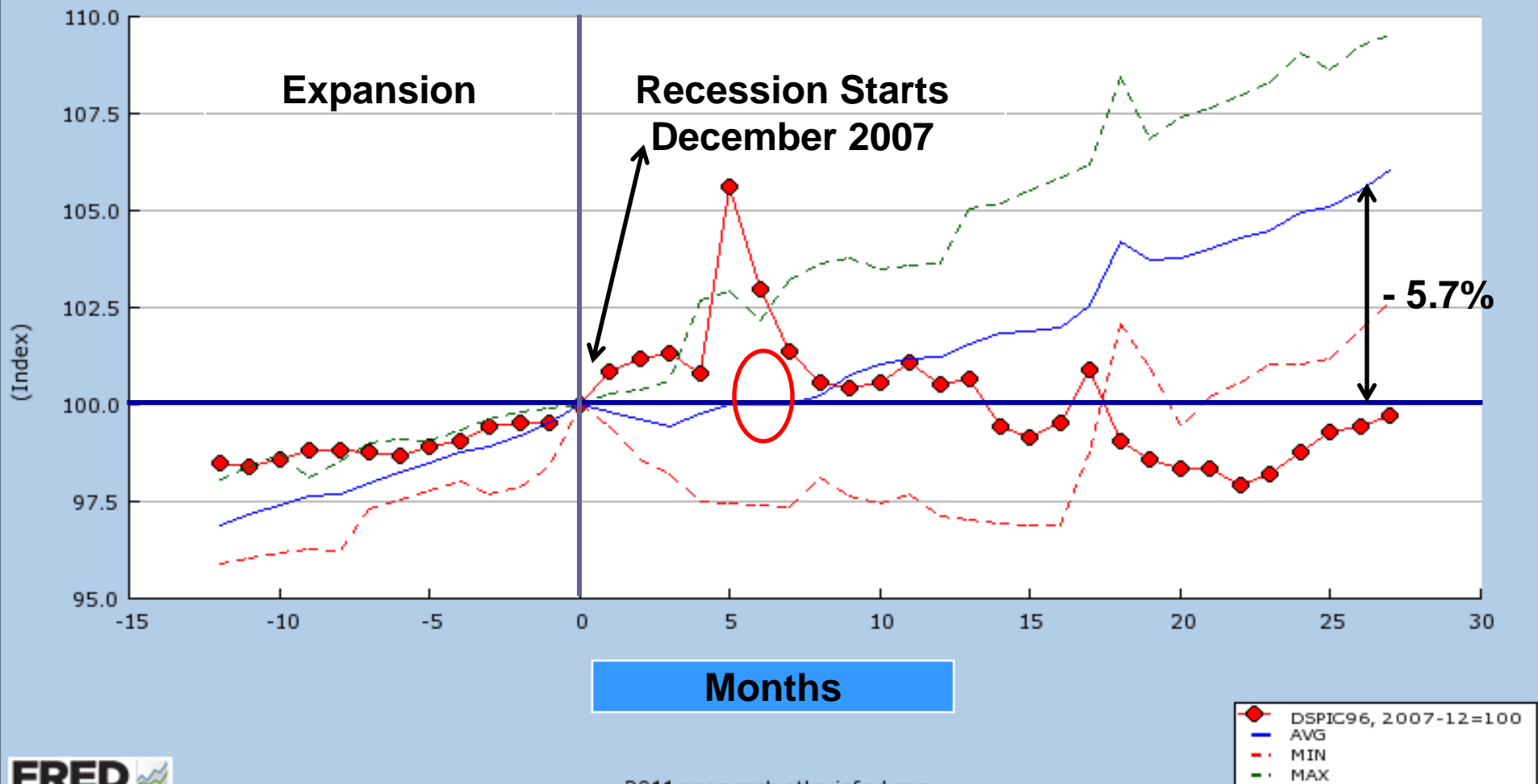
US Disposable Income Y-O-Y Change by Month

Real Disposable Personal Income (DSPIC96)
Source: U.S. Department of Commerce: Bureau of Economic Analysis



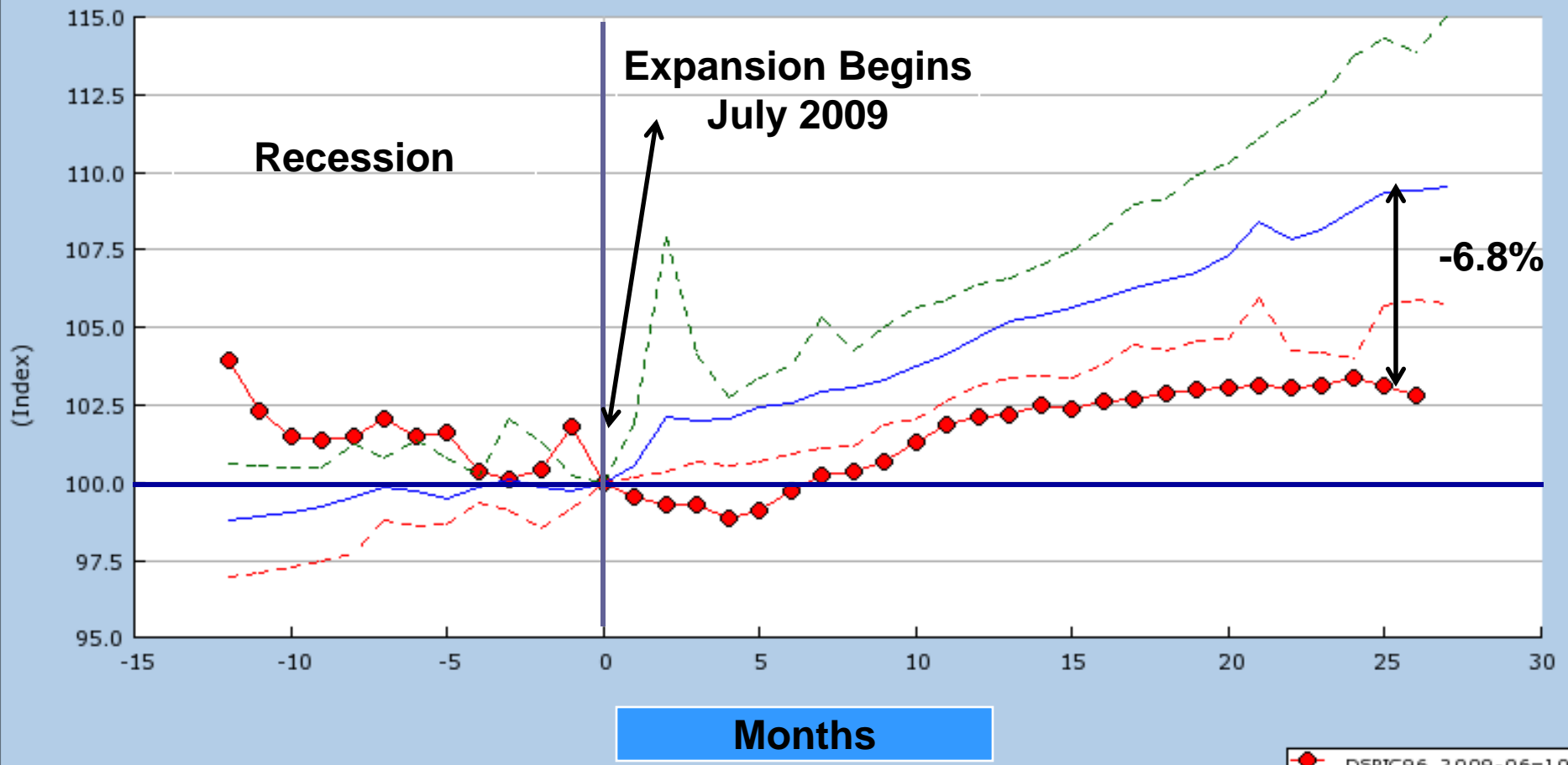
US Disposable Income Change During Recession

Real Disposable Personal Income (DSPIC96)
Source: U.S. Department of Commerce: Bureau of Economic Analysis



US Disposable Income Change During Expansion

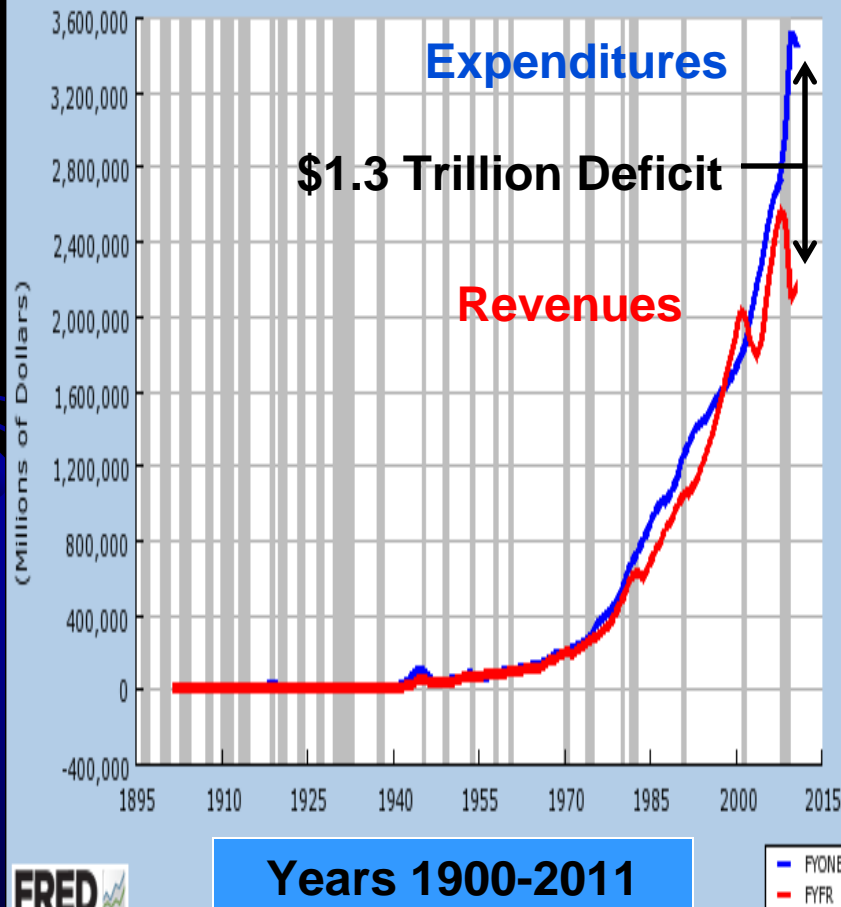
Real Disposable Personal Income (DSPIC96)
Source: U.S. Department of Commerce: Bureau of Economic Analysis



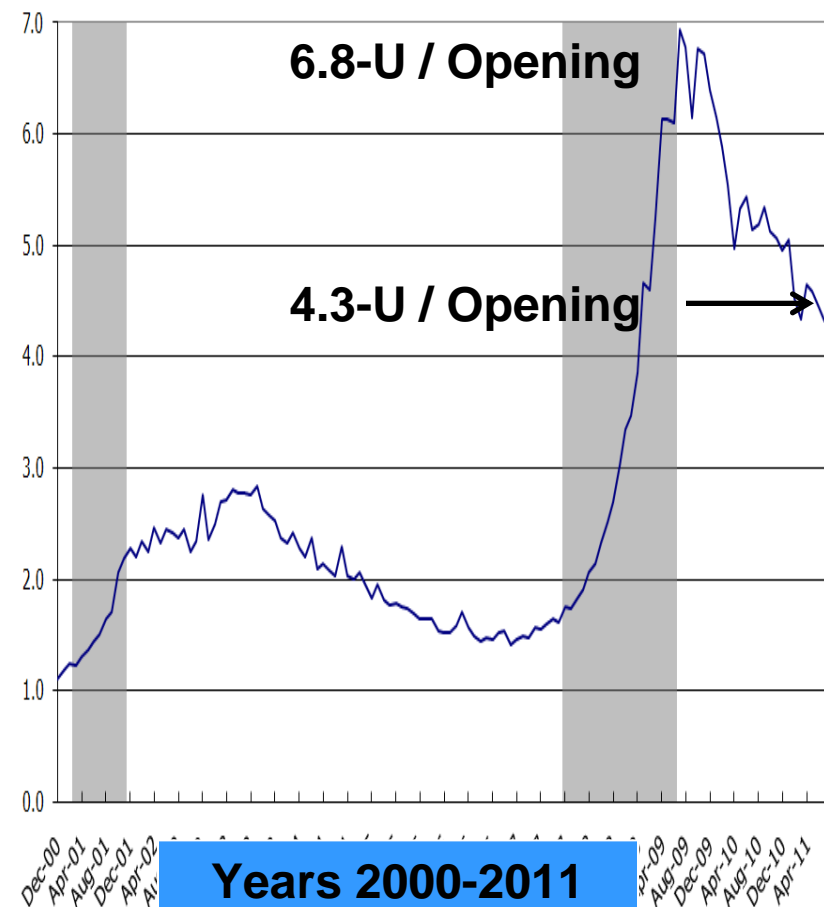
US Deficit Spending & Job Openings

Attempt to Stimulate Growth (1)

Federal Revenue & Expenditures



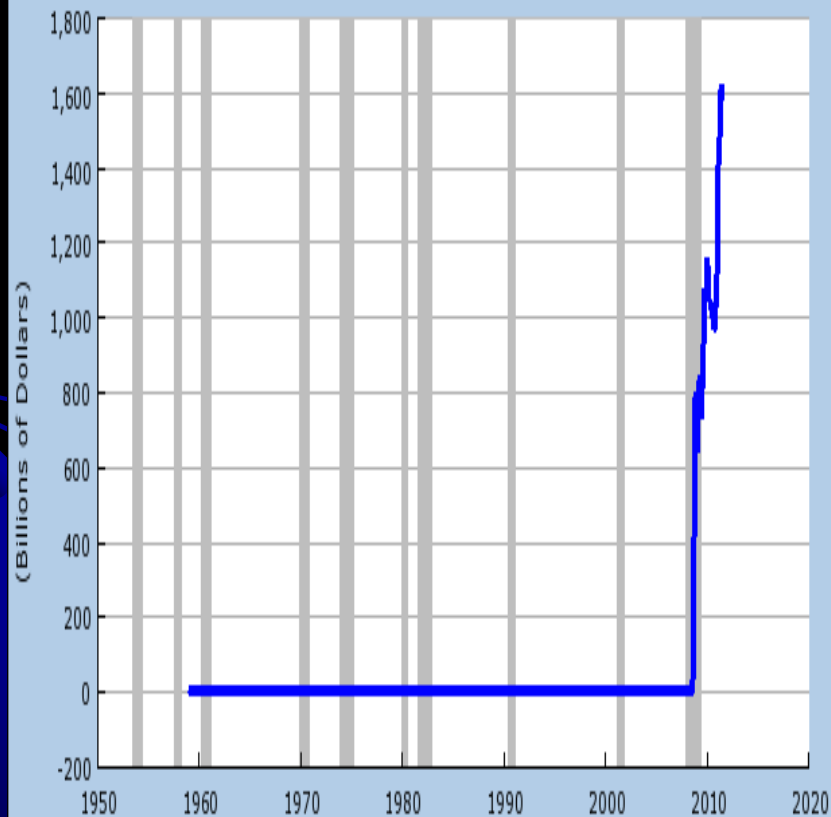
Unemployed Per Job Opening



US Loanable Funds & Loans

Attempt to Stimulate Growth (2)

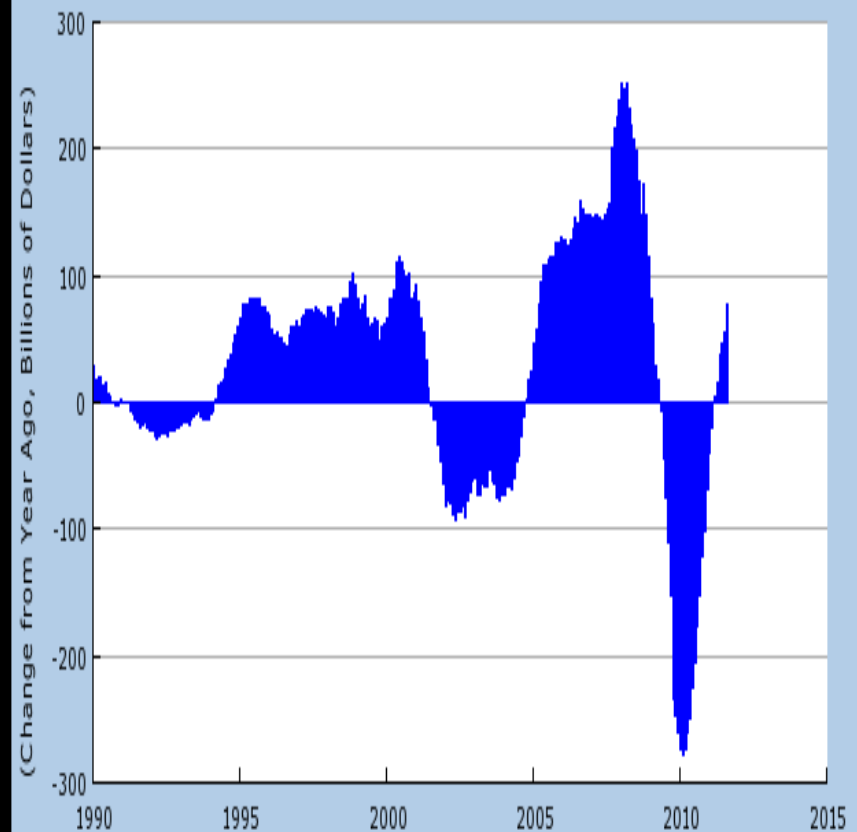
Excess Bank Reserves



Years 1960-2011



Business Loans Y-O-Y Change



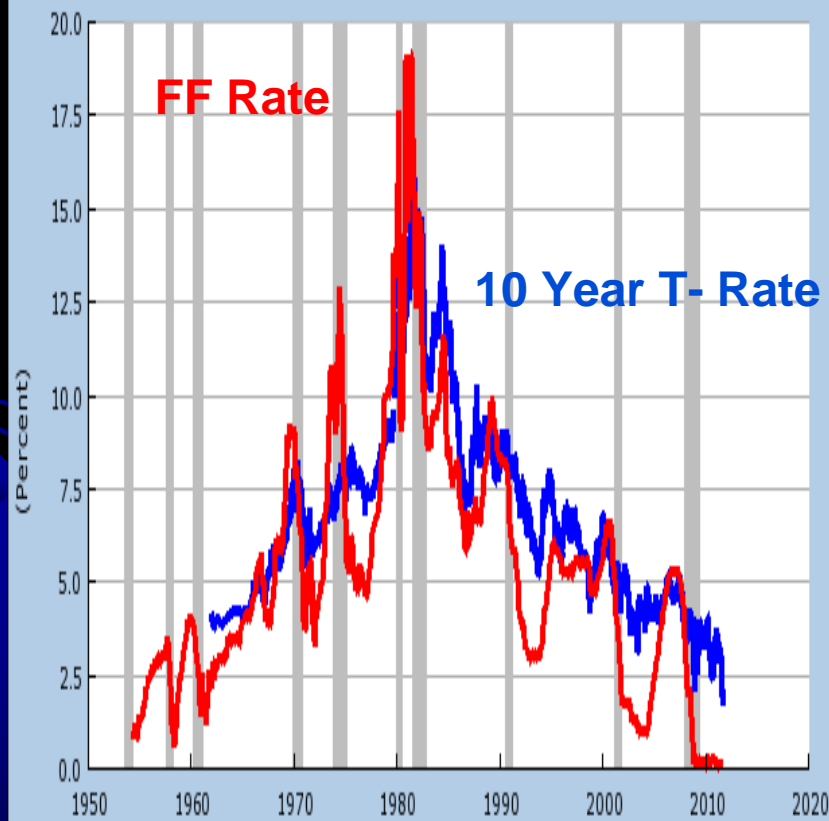
Years 1990-2011



US Interest Rates & Housing Starts

Attempt to Stimulate Growth(3)

Federal Reserve Interest Rates



FRED

Years 1950-2011

DGS10
FEDFUNDS

New Housing Starts



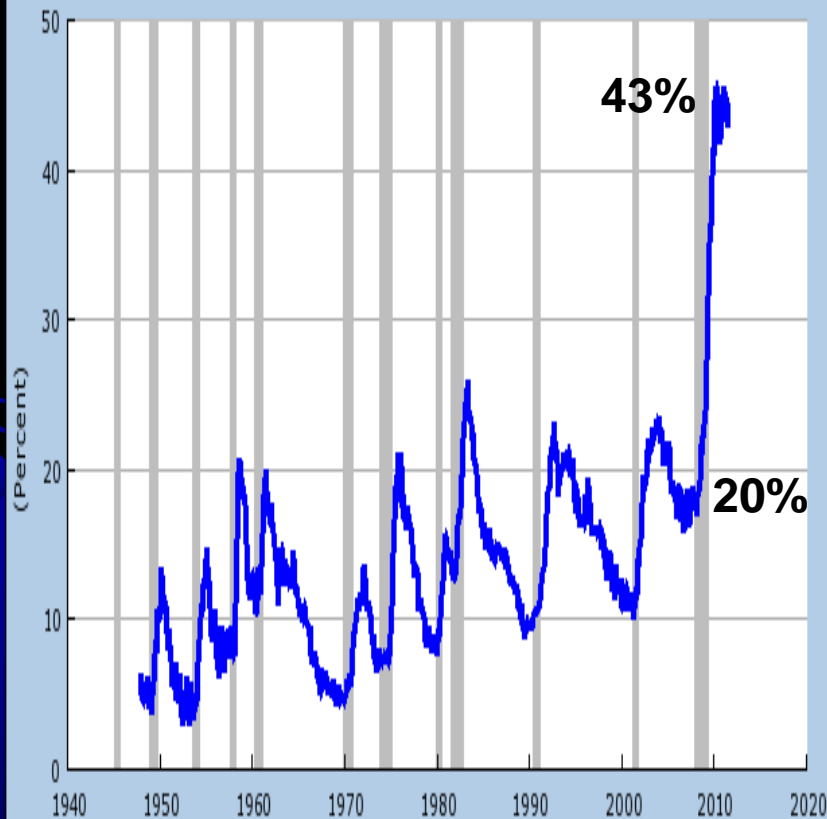
FRED

Years 1950-2011

US Lowering the U-Rate Will Take Time

Until U Falls Expect More Stimulus Policies

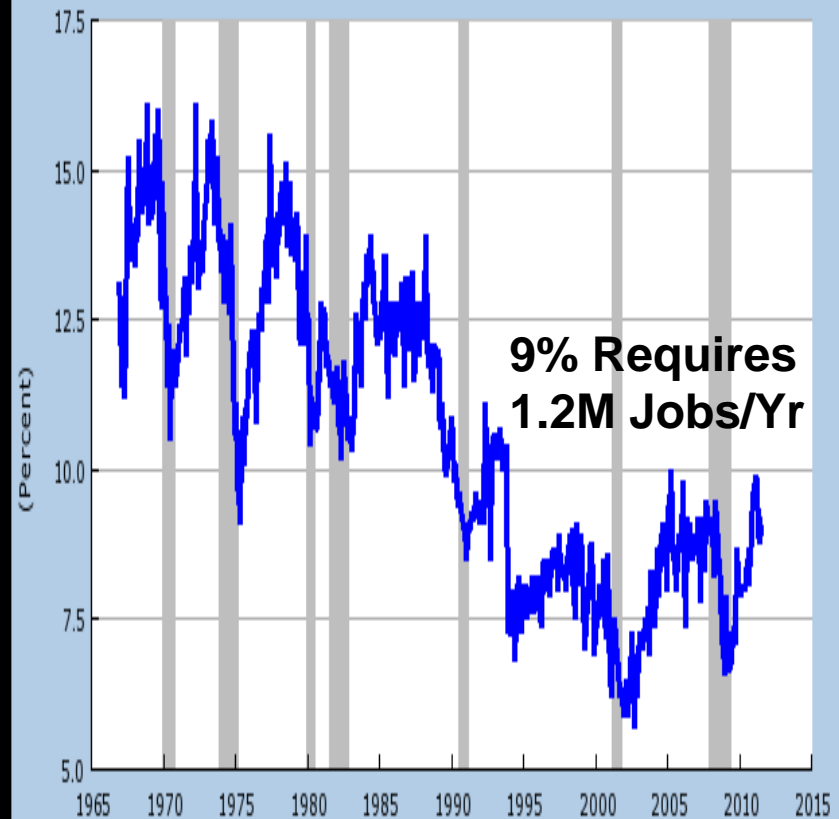
% Unemployed 27 Weeks or More



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Years 1950-2011

% New LF Entrants of Unemployed

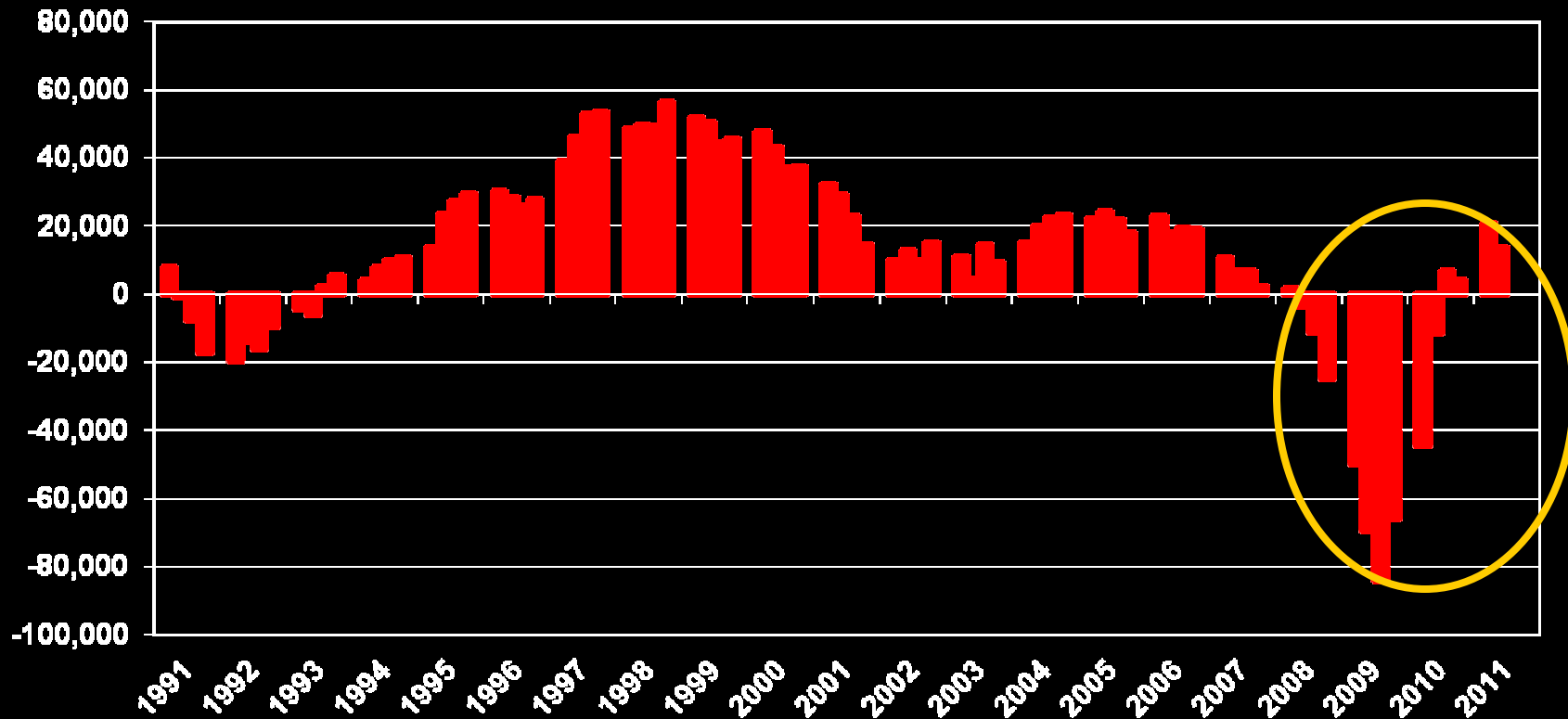


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Years 1965-2011

SD Decline in Payroll Jobs

Change Y-O-Y by Quarter

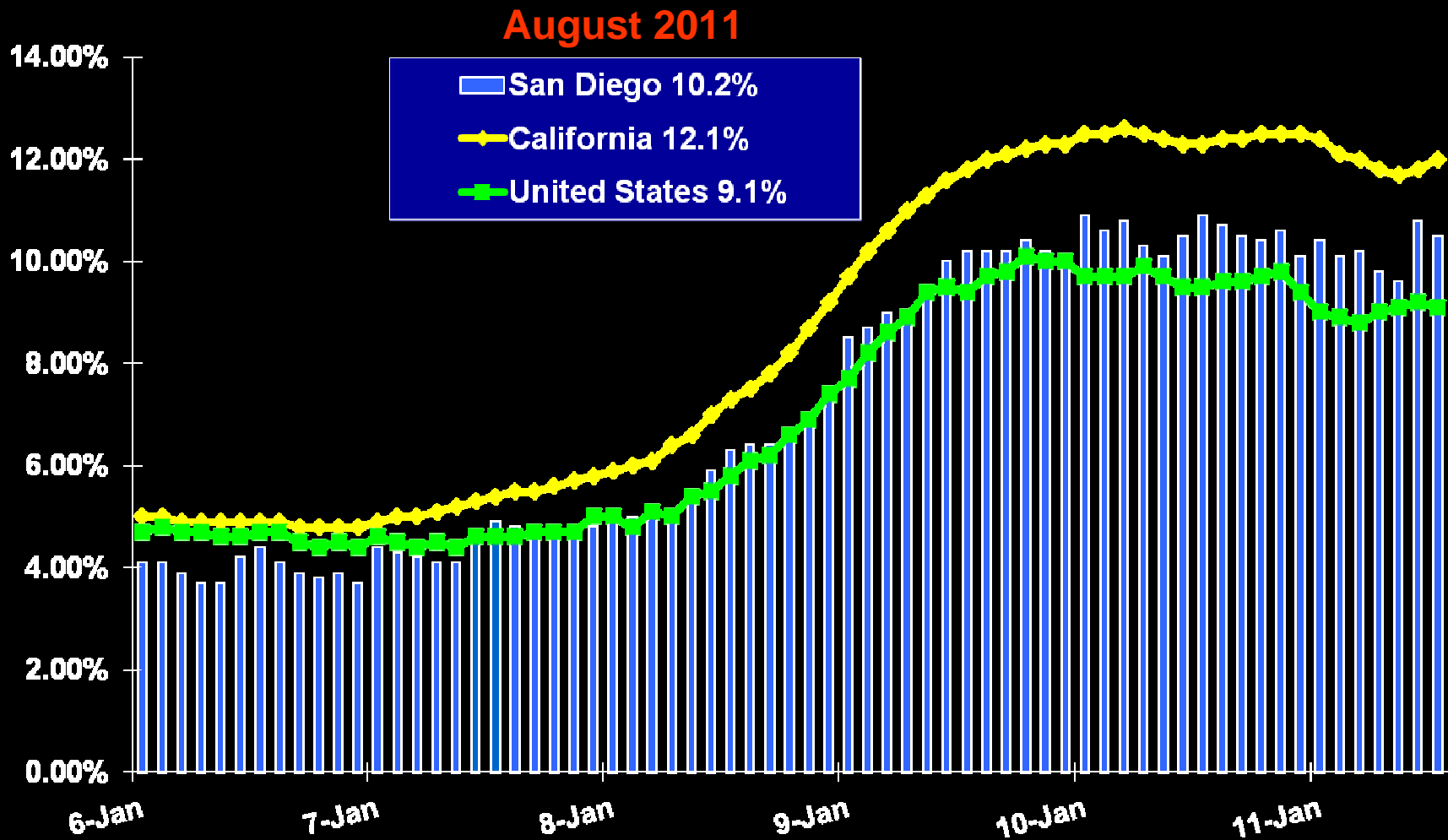


SD Job Change Following 90s Recession

Percent of Change in Jobs, First 6 Months of Job Growth

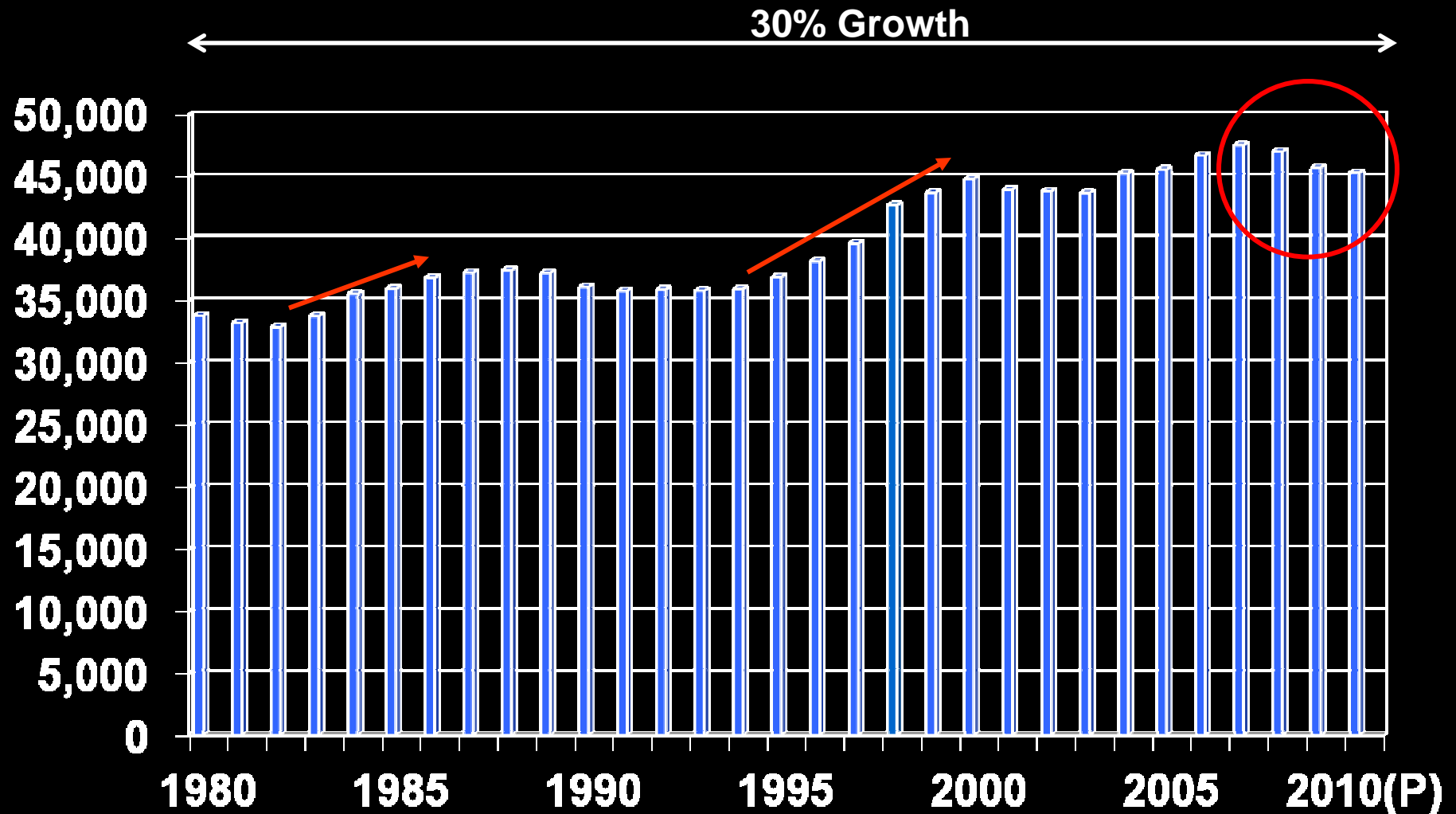
	1993	2010
Job Growth/Decline	11,600/- 4000	27,600/-15,700
Professional Services	+ 28%	+ 37%
Government	+ 20%	+ 23%
Education & Health Services	+ 18%	+ 19%
Finance	- 75%	- 17%
Construction	+ 7%	- 45%
Information	+ 10%	- 25%
W & R Trade	+ 15%	- 13%

SD-Monthly Unemployment Rates



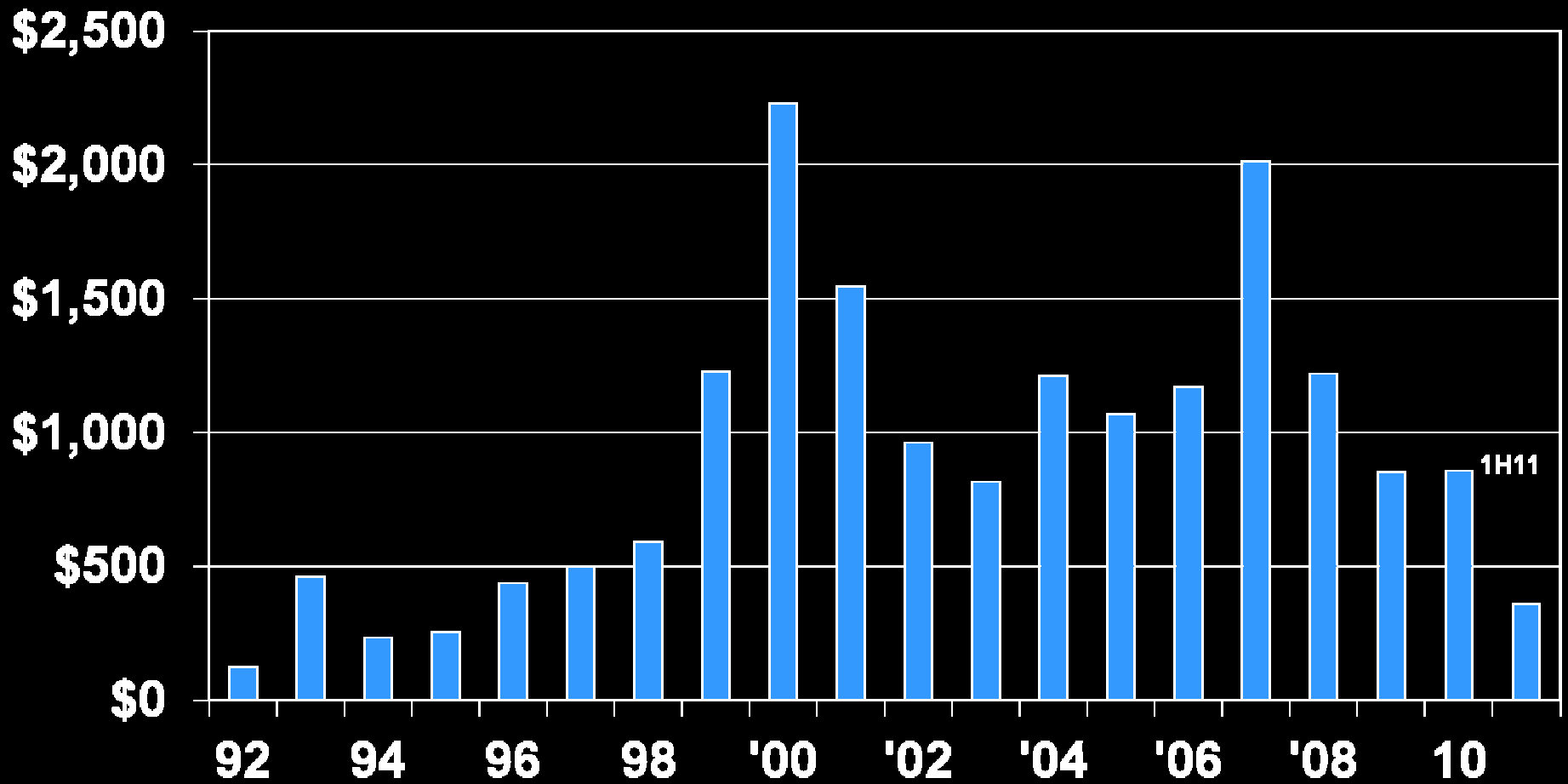
SD Per Capita Income

Real 2009\$, 1980 – 2010



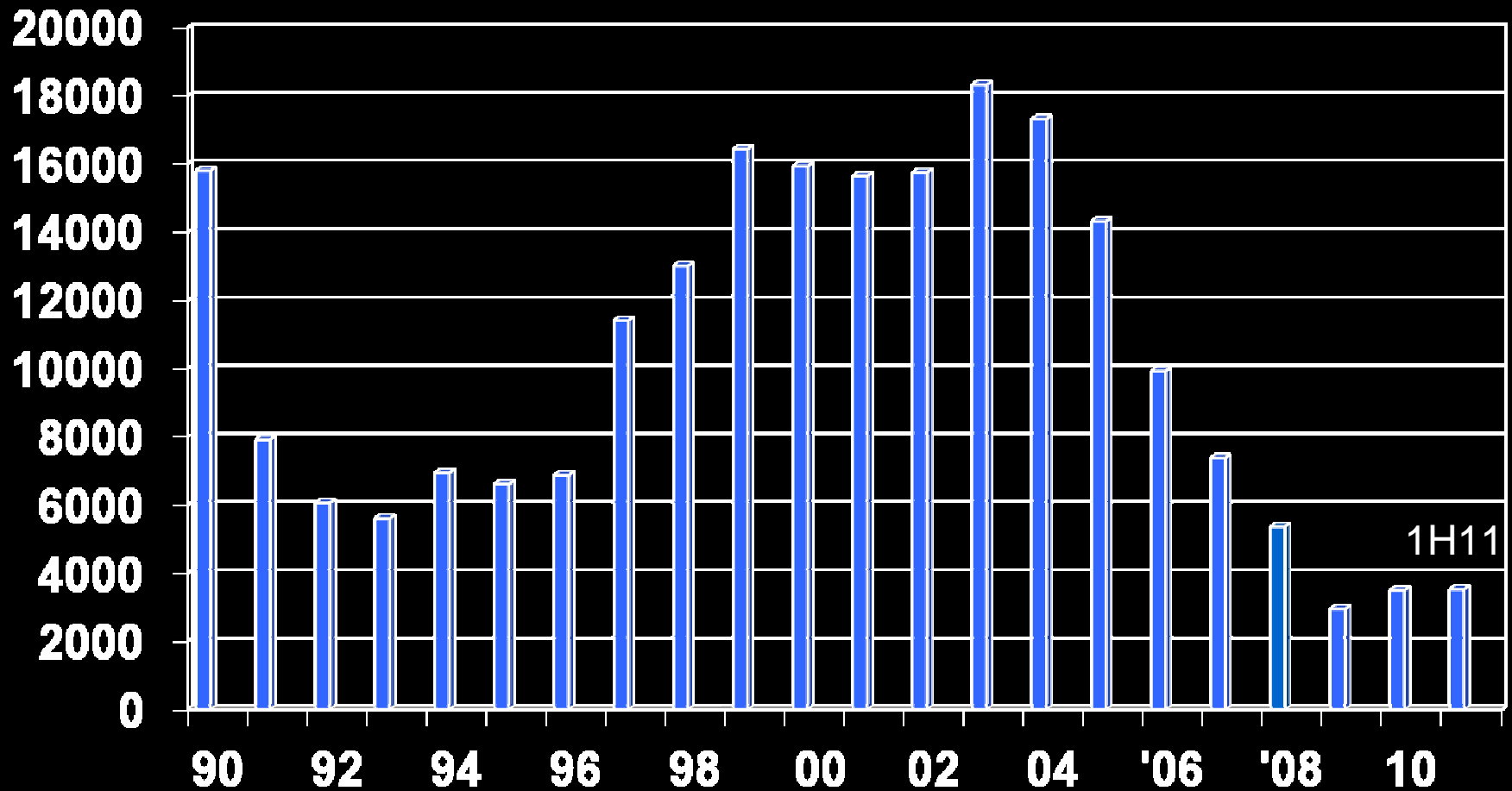
SD Venture Capital Funds

Resources for High Tech Jobs, M\$ per Year



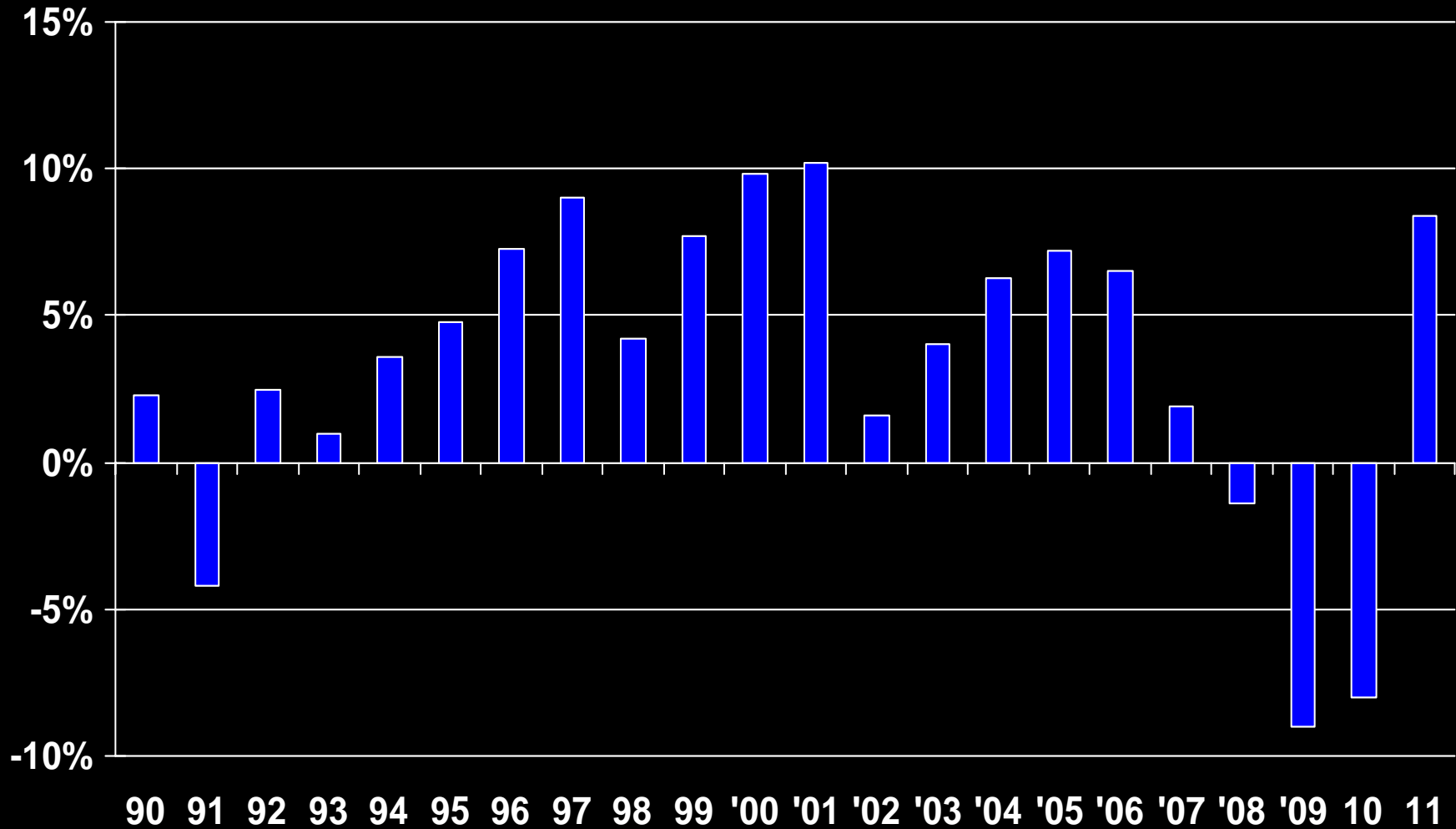
SD Residential Permits

Annual, 1990 – 2011



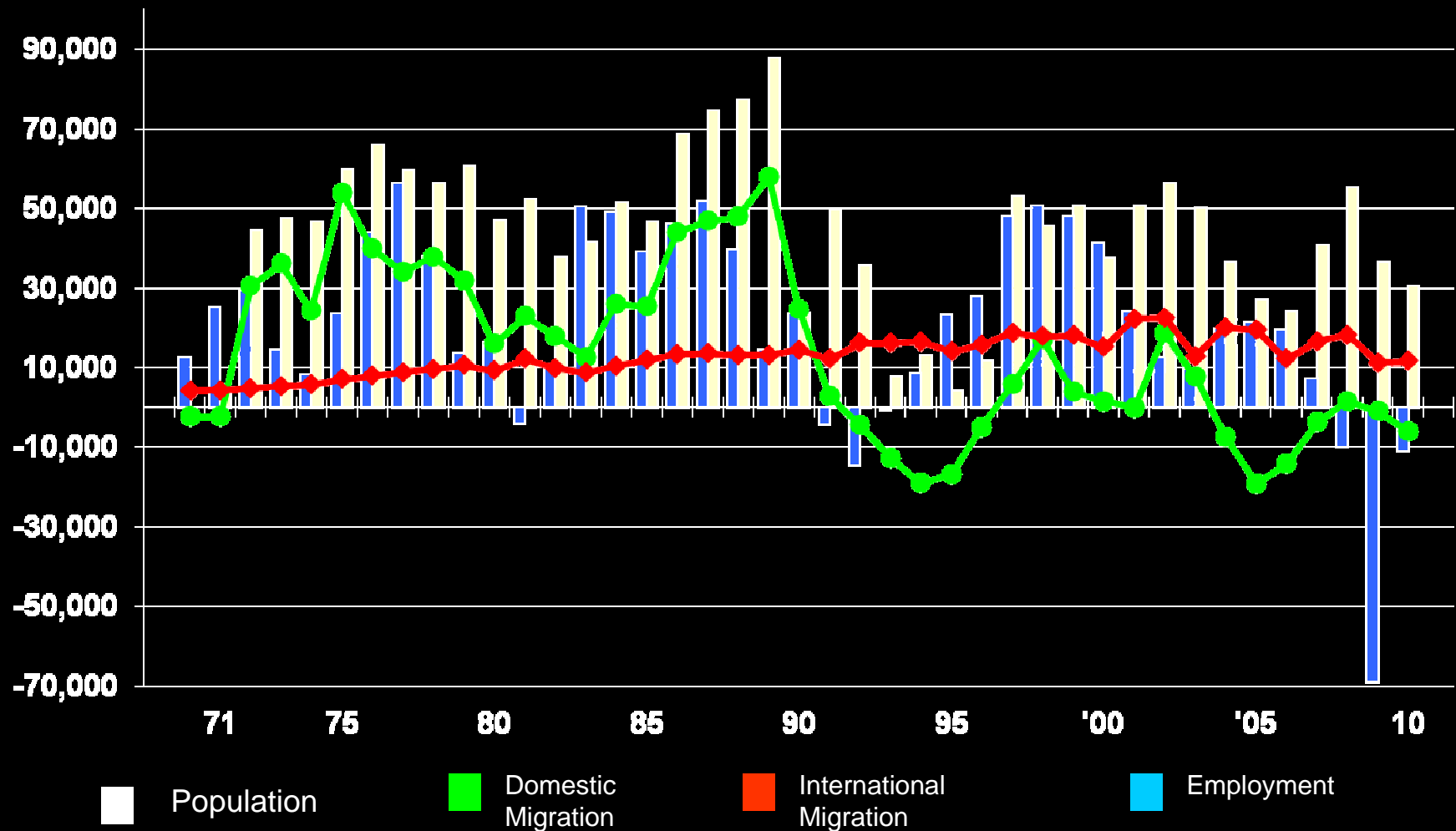
SD Taxable Sales

Y-O-Y Percent Change, **Fiscal Years** 1990-2011



SD Population Growth Slowing

Annual Change Population, Dom & Intl Migration, Employment 1971-2010



2011-12 Outlook Summary

“Slow Growth Followed by Slower Growth”

- **National / International**
- **No Double-Dip**
- **Slow Job Growth**
- **Cautious Consumer**
- **More Home Price Declines**
- **European Debt Crisis Drag**
- **Looming Trade & Budget Deficits**
- **San Diego / California**
- **Defense Cutbacks?**
- **Mid-Year State Budget Correction**
- **State's Competitiveness**



A close-up photograph of a dartboard. Three blue darts with white barrels are visible. One dart is embedded in the red bullseye in the center. The other two darts are positioned to the left, one above and one below the bullseye. The dartboard has a standard layout with white, black, green, and red segments, and numbers like 14, 17, and 10 are visible on the board. The background is a bright yellow-green gradient.

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