

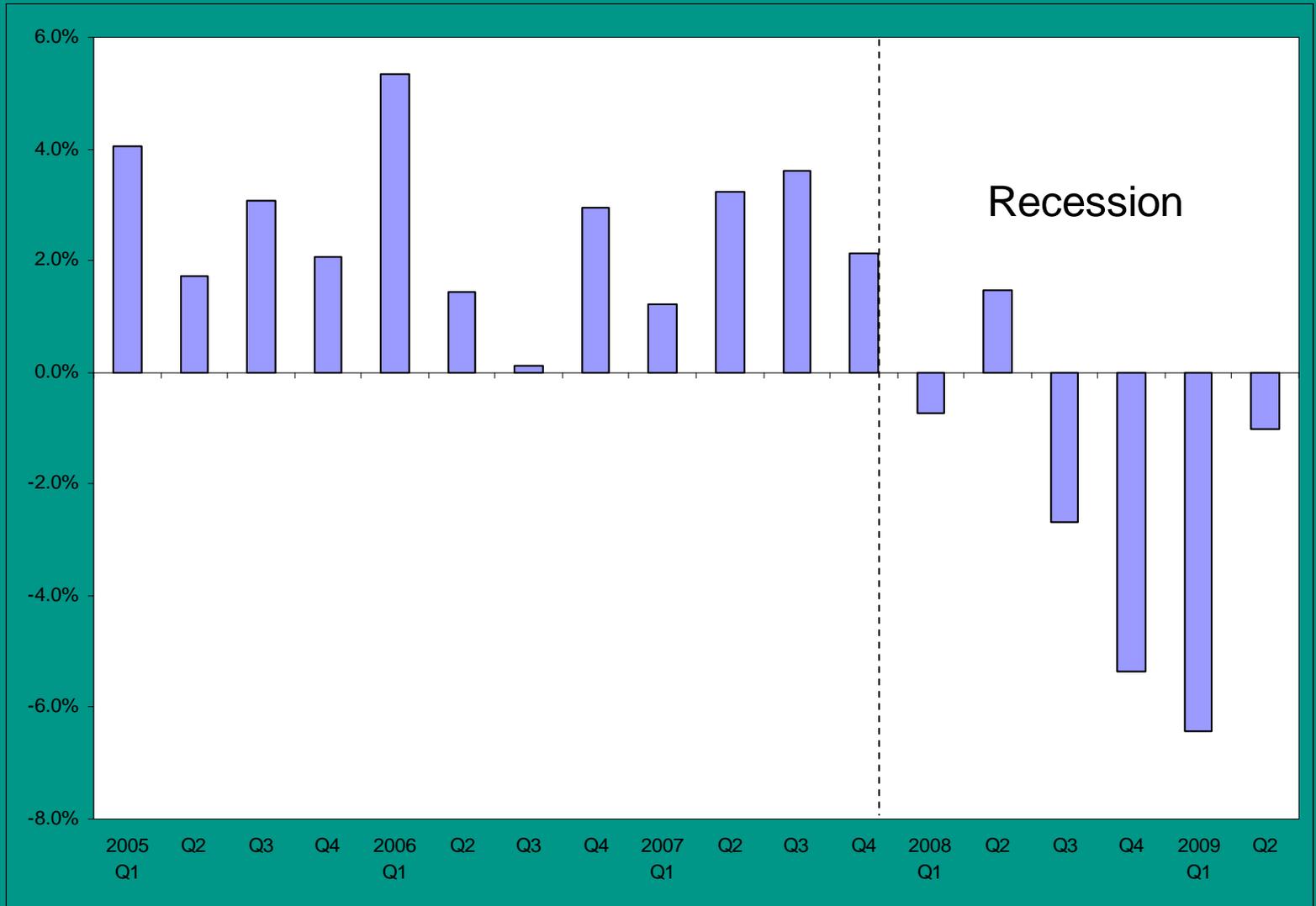
The Economic Outlook

Board of Equalization Meeting
August 12, 2009

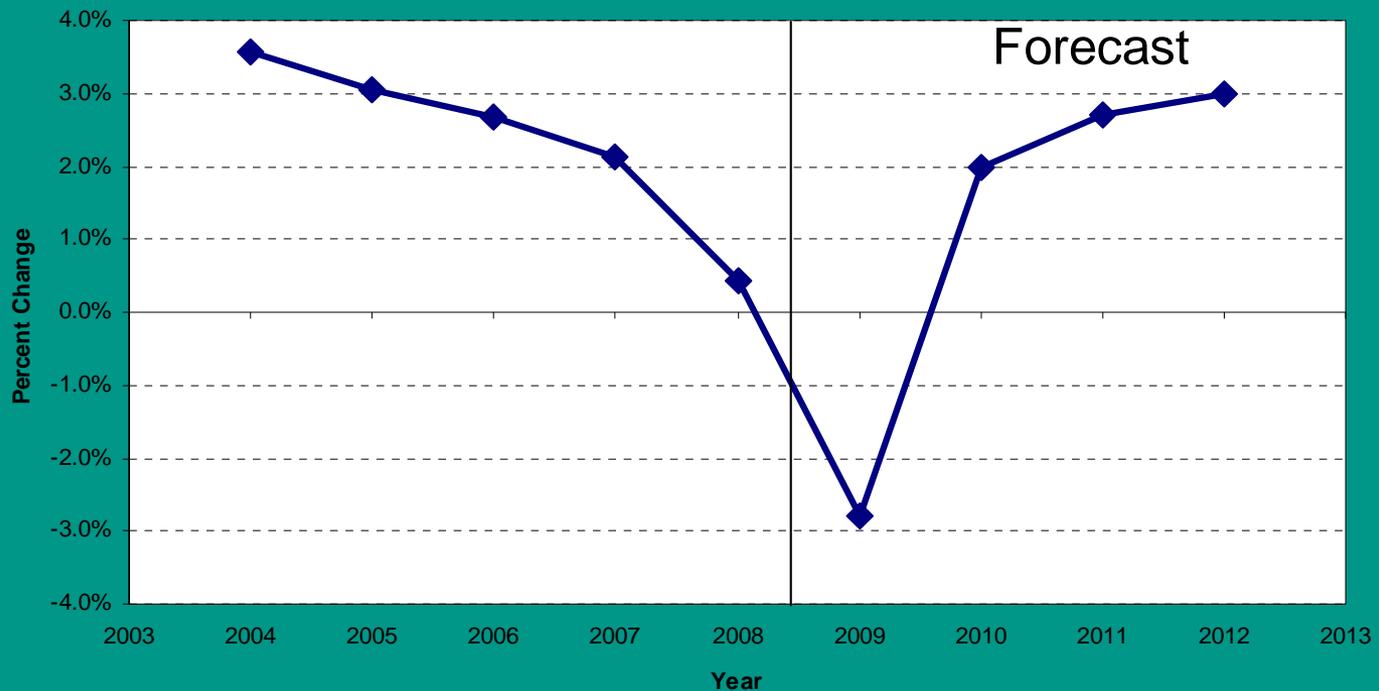
Joe Fitz

Chief Economist
Board of Equalization

Quarterly Real GDP



Annual Real GDP: History and Consensus Forecast ^{1/}



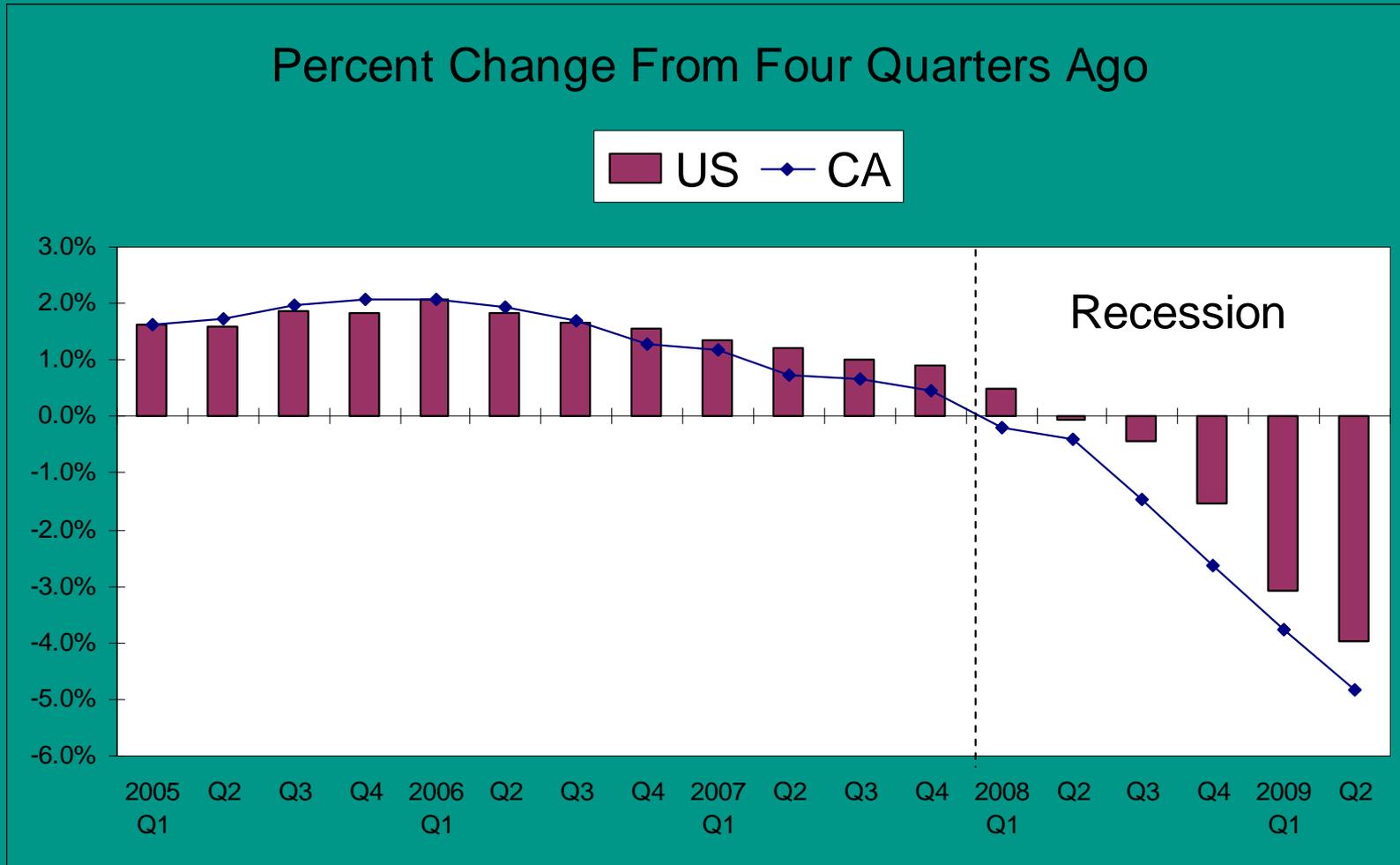
^{1/} Source of forecast: *Survey of Professional Forecasters*, Federal Reserve Bank of Philadelphia, May 15, 2009

U.S. Economy - Consensus Forecast

	Actual		Forecast 1/	
	2007	2008	2009	2010
Real Gross Domestic Product (Percent Change)	2.1%	0.4%	-2.8%	2.0%
Consumer Price Index (Percent Change)	2.8%	3.8%	0.4%	1.8%
Unemployment Rate (Percent)	4.6%	5.8%	9.1%	9.6%
Ten-Year U.S. Treasury Bond Rates	4.6%	3.7%	3.0%	3.6%

1/ Source: *Survey of Professional Forecasters*, Federal Reserve Bank of Philadelphia, May 15, 2009.
(Quarterly survey of about 50 economic forecasters)

U.S. and California Growth in Nonagricultural Employment



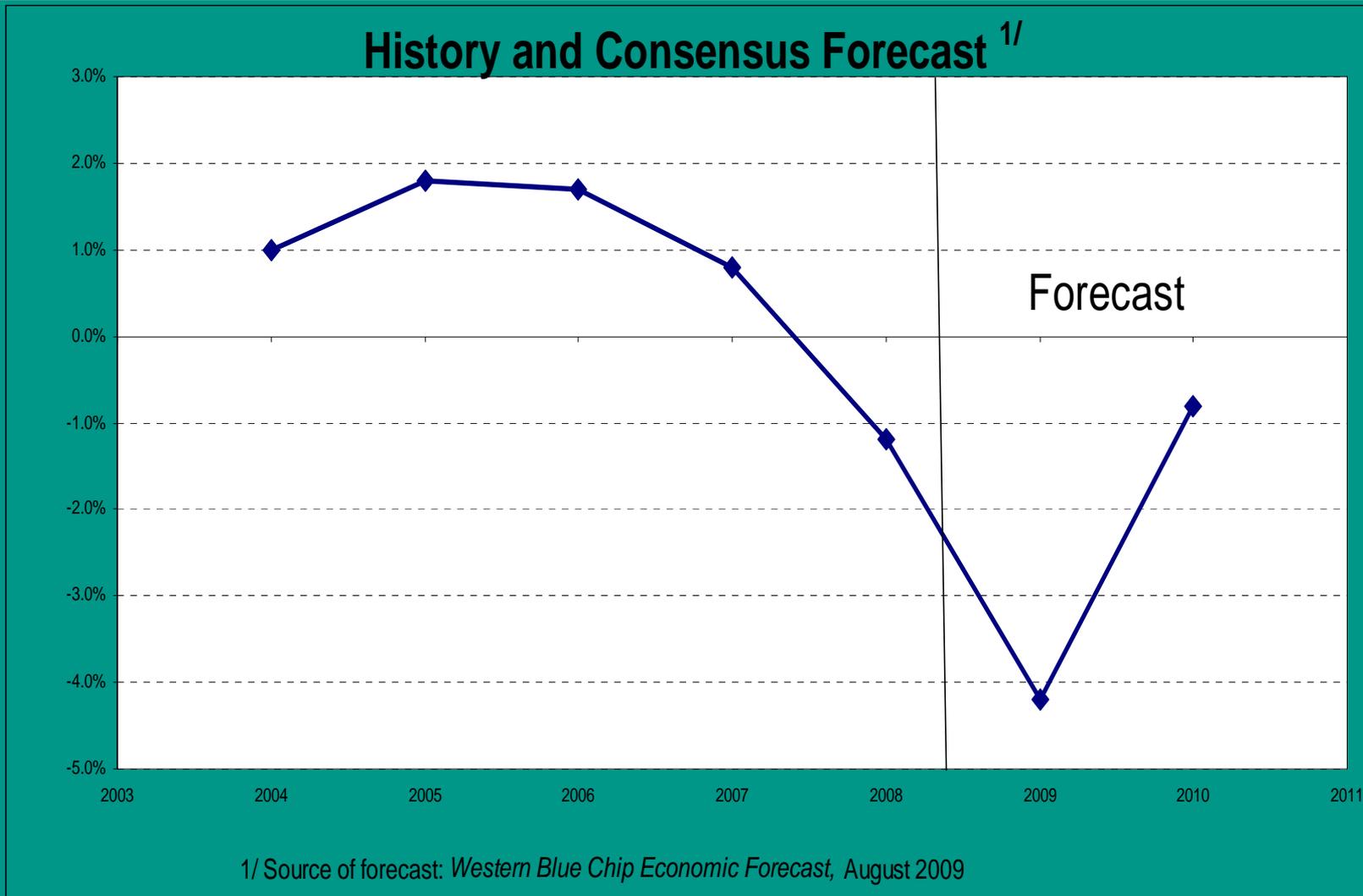
Unemployment Rates: MSAs Higher Than the State Average

	June 2008	June 2009
El Centro	22.1	27.5
Yuba City	11.6	18.0
Merced	11.9	17.6
Modesto	10.7	16.6
Stockton	9.6	15.5
Hanford-Corcoran	10.1	15.3
Redding	9.3	15.3
Fresno	9.6	15.2
Bakersfield	9.3	14.7
Visalia-Porterville	9.3	14.7
Madera-Chowchilla	8.8	13.9
Riverside-San Bernardino-Ontario	8.1	13.7
Chico	8.2	13.3
San Jose-Sunnyvale-Santa Clara	6.0	11.8
California	7.0	11.6

Unemployment Rates: MSAs Lower Than the State Average

	June 2008	June 2009
California	7.0	11.6
Sacramento--Arden-Arcade--Roseville	6.8	11.6
Vallejo-Fairfield	6.7	11.3
Los Angeles-Long Beach-Santa Ana	6.8	10.8
Santa Cruz-Watsonville	6.1	10.6
Salinas	6.4	10.3
San Francisco-Oakland-Fremont	5.6	10.3
Oxnard-Thousand Oaks-Ventura	5.9	10.2
Santa Rosa-Petaluma	5.6	10.2
San Diego-Carlsbad-San Marcos	5.9	10.1
San Luis Obispo-Paso Robles	5.6	9.0
Napa	4.6	8.8
Santa Barbara-Santa Maria-Goleta	5.0	8.2

Annual Changes in California Nonagricultural Employment



California Economy - Consensus Forecast^{1/}

	2007	2008	2009	2010
Nonagricultural Employment (% Change)	0.8	-1.2	-4.2	-0.8
Personal Income (% Change)	5.2	3.2	-1.0	1.7
Retail Sales ^{2/} (% Change)	0.2	-6.9	-8.2	2.3
Single Family Housing Permits (% Change)	-36.7	-51.7	-22.5	41.7

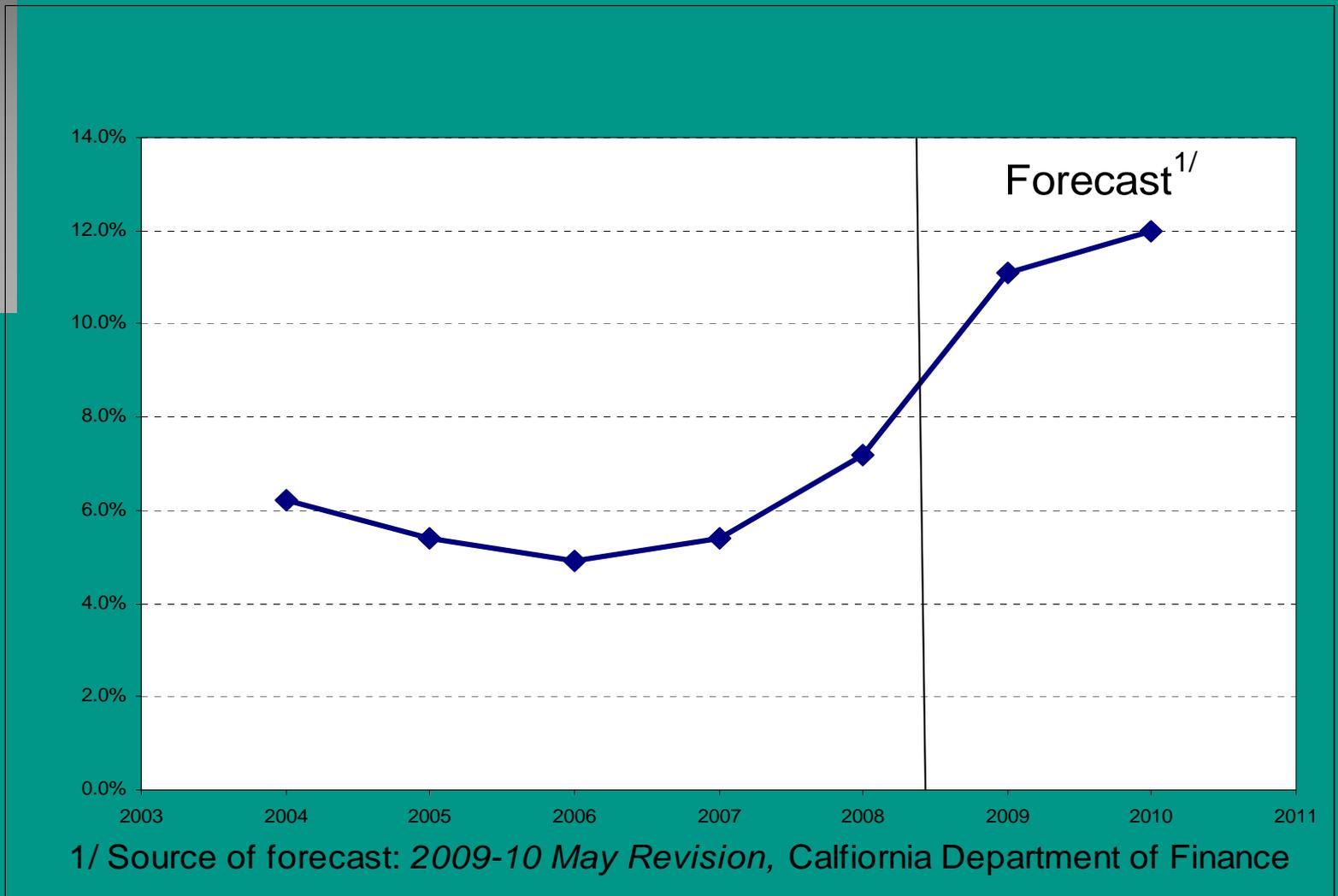
1/ Source: *Western Blue Chip Economic Forecast*, August 2009.
(This is a survey of seven California forecasters.)

2/ CA Department of Finance 2009-10 *May Revision* taxable sales estimate for 2008.

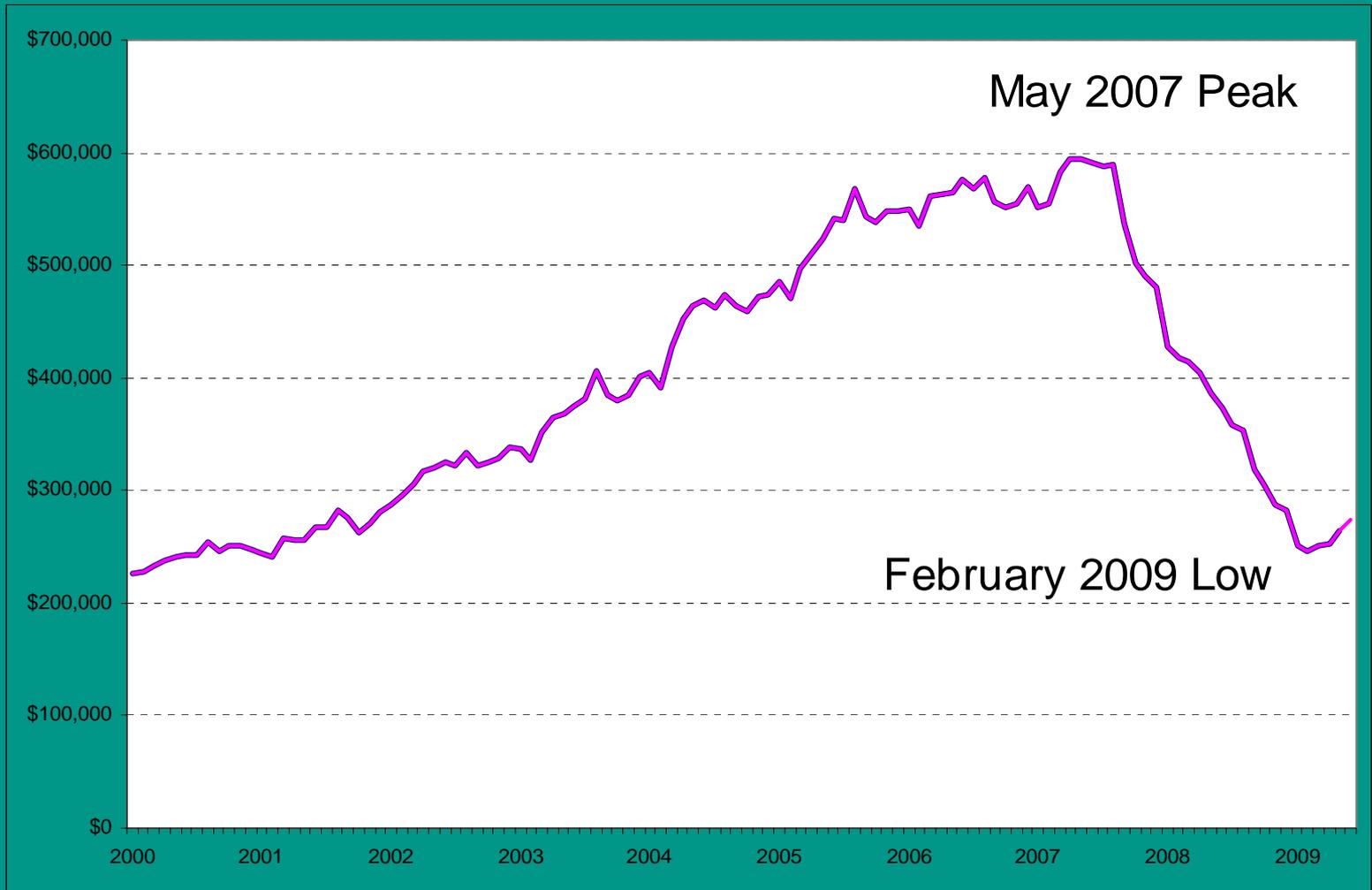
Department of Finance May Revision and Consensus Forecasts

	Forecast	
	2009	2010
U.S. Real GDP (% Change)		
Finance	-3.5	1.4
Consensus	-2.8	2.0
CA Nonagricultural Employment (% Change)		
Finance	-3.9	-0.9
Consensus	-4.2	-0.8
CA Personal Income (% Change)		
Finance	-1.0	1.4
Consensus	-1.0	1.7
CA Taxable Sales (% Change)		
Finance	-10.3	2.2
Consensus	-8.2	2.3

California Unemployment Rate



California Median Home Prices



Peak County Median Home Prices by Month in 2005

January	Siskiyou
February	
March	
April	
May	
June	
July	
August	Placer, Sacramento
September	Stanislaus
October	Merced
November	Santa Cruz
December	Humboldt

Peak County Median Home Prices by Month in 2006

January	Sonoma
February	
March	
April	
May	San Diego
June	Contra Costa, Fresno, Kern, Lake, Solano, San Joaquin
July	
August	Napa, San Bernardino, Ventura
September	
October	
November	
December	

Peak County Median Home Prices by Month in 2007

January

February Riverside

March

April Orange

May Alameda, San Francisco, Santa Barbara

June Marin, San Luis Obispo, Santa Clara

July

August Los Angeles, Monterey

September

October San Mateo

Total Housing Permits

January - June 2009 Compared
to January - June 2008

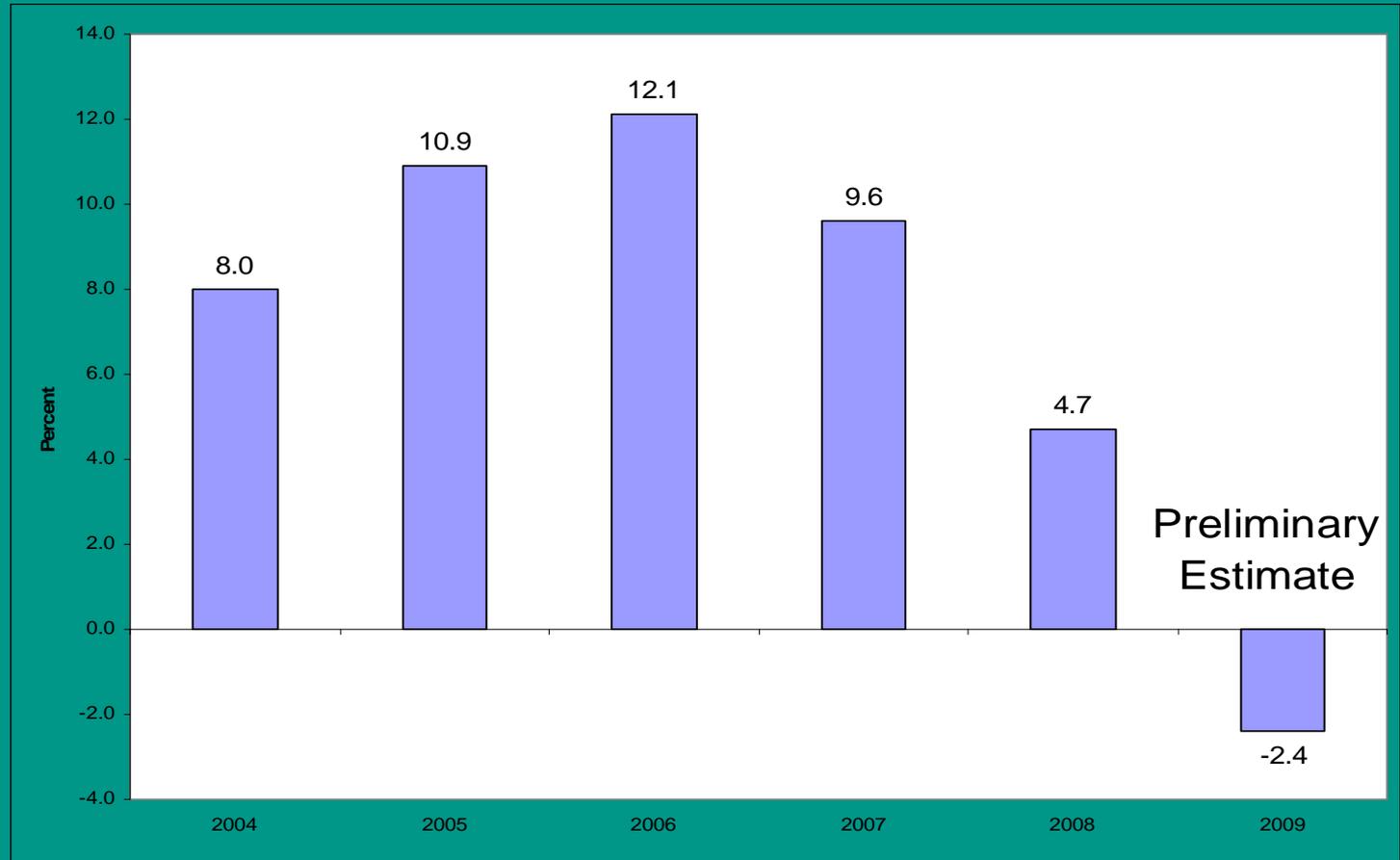
San Francisco Bay Area	-60%
Rest of State	-54%
Southern California	-51%
<i>California</i>	<i>-51%</i>
Central Coast	-49%
Sacramento Valley	-48%
San Joaquin Valley	-43%

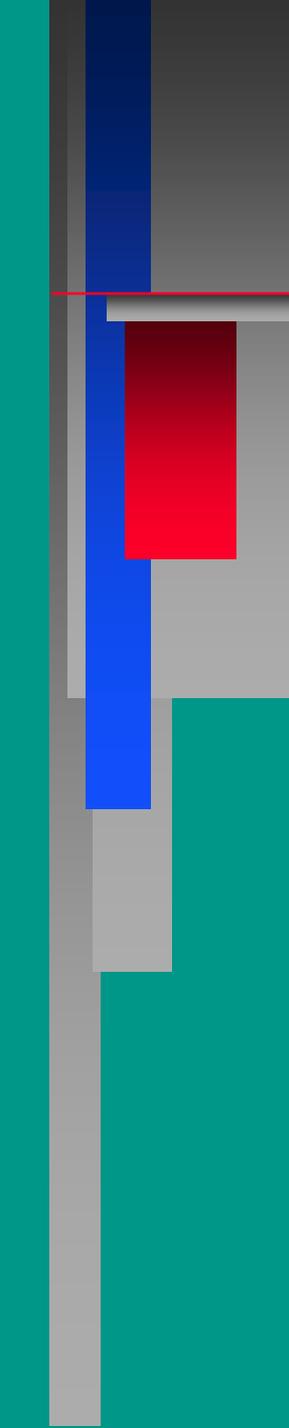
Nonresidential Permits

January - June 2009 Compared
to January - June 2008

San Joaquin Valley	-54%
Sacramento Valley	-52%
<i>California</i>	-49%
Southern California	-48%
San Francisco Bay Area	-48%
Central Coast	-37%
Rest of State	-29%

Trends in California State and Local Assessed Property Values





Questions ???

Sources of Historical Data

Slide Number	Sources
2, 3, 4	U.S. Bureau of Economic Analysis
4	U.S. Bureau of Labor Statistics, Federal Reserve Board
5, 6, 7, 8, 11	U.S. Bureau of Labor Statistics
9	California Department of Finance
12,13,14, 15	California Association of Realtors
16, 17	Construction Industry Research Board
18	California Board of Equalization