THE UCLA ANDERSON FORECAST FOR THE NATION AND CALIFORNIA

December 2014 Report

FORECASTS:

2014 4th Quarter 2016 4th Quarter

63rd Year

UCLA Anderson Forecast

Director: Edward E. Leamer Professor of Global Economics and Management and Chauncey J. Medberry Chair in Management

The UCLA Anderson Forecast Staff: Jerry Nickelsburg, Senior Economist, Adjunct Professor of Economics, UCLA Anderson School David Shulman, Senior Economist William Yu, Economist Patricia Nomura, Economic Research and Managing Editor Eydie Grossman, Director of Business Development George Lee, Publications and Marketing Manager

The UCLA Anderson Forecast provides the following services:

Membership in the California Seminar Membership in the Los Angeles and Regional Modeling Groups The UCLA Anderson Forecast for the Nation and California Quarterly Forecasting Conferences Special Studies

California Seminar and Regional Modeling Groups members receive full annual forecast subscriptions, invitations to private quarterly meetings of the Seminar and the right to access the U.S., California and Regional Econometric models.

For information regarding membership in the California Seminar and the Los Angeles and Regional Modeling Groups or to make reservations for future Forecast Conferences, please call (310) 825-1623.

The UCLA Anderson Forecast Sponsorships:

- Are recognized at each conference event, audience includes business, professional and government decisions makers from all over California and the United States
- Receive prominent placement on conference materials, promotions for event on Forecast website, and Forecast publication

Priority admission for two to all conference events

Promotional table at the conference events.

For information regarding sponsorship of the UCLA Anderson Forecast, please call (310) 825-1623 or visit www.uclaforecast.com

This forecast was prepared based upon assumptions reflecting the Project's judgements as of the date it bears. Actual results could vary materially from the forecast. Neither the UCLA Anderson Forecast nor The Regents of the University of California shall be held responsible as a consequence of any such variance. Unless approved by the UCLA Anderson Forecast, the publication or distribution of this forecast and the preparation, publication or distribution of any excerpts from this forecast are prohibited.

Published quarterly by the UCLA Anderson Forecast, a unit of UCLA Anderson School of Management.

Copyright 2014 by the Regents of the University of California.

The Quarterly Forecast:

"December 2014 Economic Outlook"

Upcoming Events:

Spring Quarterly Conference Summer Conference Fall Quarterly Conference

March 12, 2015 June 2015 December 2015

THE UCLA ANDERSON FORECAST FOR THE NATION AND CALIFORNIA

December 2014 Report

California Nation From Wall Street to Main Street The Changing Face of Construction 11 55 David Shulman and Manufacturing Jerry Nickelsburg Charts 17 Recent Evidence Infrastructure and Residential Investment 61 in Los Angeles Charts 25 William Yu Forecast Charts 71 Tables 35 Recent Evidence Short-Term Charts 76 Tables 39 Forecast Detailed Tables 83 Summary Tables 87 Detailed

THE UCLA ANDERSON FORECAST FOR THE NATION

DECEMBER 2014 REPORT

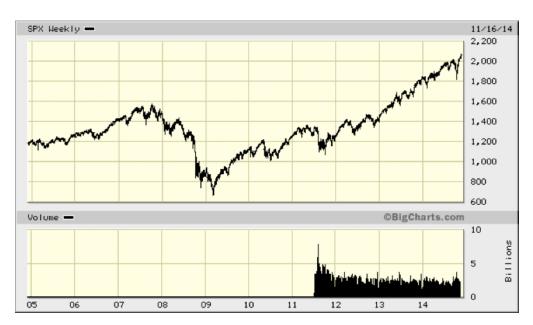
From Wall Street to Main Street

From Wall Street to Main Street

David Shulman Senior Economist, UCLA Anderson Forecast December 2014

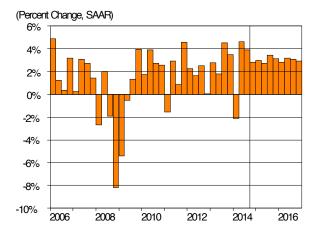
While stocks have tripled off of their financial crisis lows of March 2009 and are now trading well above the old high reached in November 2007, the feeling on Main Street has been far less ebullient. (See Figure 1) As we have noted in prior quarters, we believe that the tepid 2% growth path experienced from 2009-2014 is now in the process of ramping up to a sustained period of 3% growth in real GDP which will bring with it a sense of economic progress on Main Street. (See Figure 2) Specifically we are forecasting 2.8% growth in the current quarter and for growth to average 3.1% in both 2015 and 2016.

Figure 1 S&P 500 Index, November 2004 – November 2014, Weekly Data



Source: BigCharts.com

Figure 2



Real GDP Growth, 2006Q1 - 2016Q4F

Source: U.S. Department of Commerce and UCLA Anderson Forecast

In this environment the economy will be generating 200,000 - 260,000 jobs a month and that will engender a fall in the unemployment rate to 5% by the end of 2016. (See Figures 3 and 4) We note that this forecast allows for a decline of about 0.1% per quarter, half the 0.2% decline experienced from 2012Q1 - 2013Q3. The reason for this is that in response to the rising demand for labor, the labor force participation rate will begin to increase. Our forecast is consistent with the recent history where household employment gains have averaged 315,000 jobs a month and payroll employment gains have averaged 220,000 a month over the past year ended in October. Perhaps more importantly, the rate of increase in employee compensation will rise from an average of 1.8% a year from 2009-2013 to 3.2% this year and next and then to 3.9% in 2016. (See Figure 5)

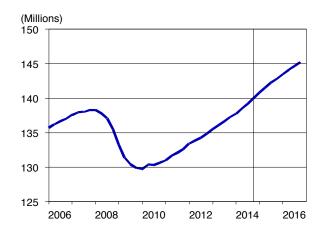
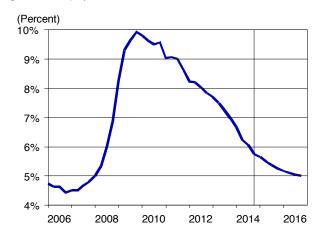


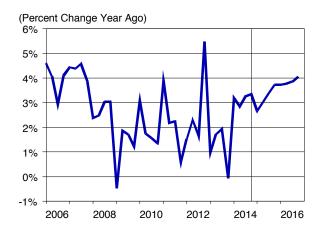
Figure 3. Payroll Employment, 2006Q1 - 2016Q4

Figure 4. Unemployment Rate, 2006Q1 - 2016Q4F



Bureau of Labor Statistics and UCLA Anderson Forecast

Figure 5. Total Compensation per Hour, 2006Q1 -2016Q4F

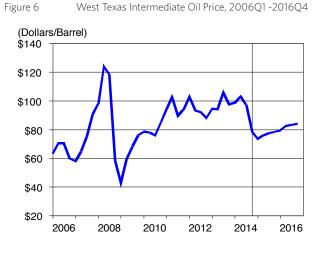


Sources: Bureau of Labor Statistics and UCLA Anderson Forecast

Mostly Good News and Some Bad News from the Drop in Oil Prices

In recent weeks, the price of oil went into a free fall. After trading for much of the year in the \$100 a barrel range, the price of oil plummeted to around \$75 a barrel. (See Figure 6) Should the oil price remain at this new level, and we expect it will, there will be huge benefits to consumers. For example, such a price reduction translates to at least a 50 cent a gallon price cut for gasoline. With the U.S. consuming about 135 billion gallons of gasoline a year that calibrates into a \$67 billion a year boon to consumers.

Sources: Bureau of Labor Statistics and UCLA Anderson Forecast

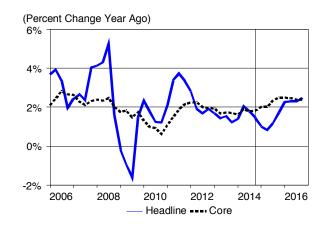


Sources: Commodity Research Bureau and UCLA Anderson Forecast

On a more macro basis, the U.S. consumes about 19 million barrels a day of oil and natural gas liquids of which we will produce about 11 million barrels and import about 8 million barrels each day. Thus, a \$25 cut in the price of oil yields a gross cost reduction of about \$173 billion a year; the net reduction is a far lower \$73 billion. Simply put, more than half the consumer benefit of lower oil prices will be absorbed by U.S. producers. That, in turn, will lead to lower than otherwise incomes, employment and capital spending in the oil producing regions of the United States which have been the fastest growing regional economies in recent years. We note that this has become a high class problem as domestic oil and gas liquid production has surged from seven million barrels a day in 2009 to an estimated ten million barrels a day in 2014 and will likely reach 11 million barrels a day in 2015.

Meantime, headline consumer prices will actually decrease in the current quarter and will be flat first quarter of 2015. (See Figure 7) However, once the oil price reductions run through the system we forecast that consumer prices will begin to increase at a clip in excess of 2%. Why? The higher wages we are forecasting along with rising rents will work to elevate the core consumer price index that excludes food and energy. Further, the broader consumption deflator used in the GDP accounts, and the critical targeting variable of the Federal Reserve will be running at a much cooler 1.8%-2.0% until late in 2016. A major difference between the two measures is that housing costs have a lower weight



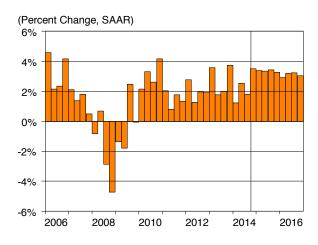


Source: U.S. Bureau of Labor Statistics and UCLA Anderson Forecast

and healthcare costs have a much higher weight in the consumption deflator.

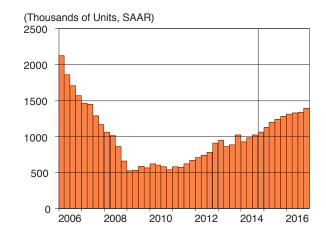
With lower oil prices adding fuel to rising employment and wages, consumer spending will ramp up from a 2% or so pace to over 3% over the next two years. (See Figure 8) Unlike prior cycles, these gains will not be funded out of a lower savings because the income growth will be there to support the higher level of spending.





U.S. Department of Commerce and UCLA Anderson Forecast





Sources: U.S. Department of Commerce and UCLA Anderson Forecast

In contrast, housing will not be as strong as we previously forecast. To be sure, housing starts will advance at a 21% clip in 2015 to 1.21 million, up from an estimated 1.0 million units this year. (See Figure 9) Our 2015 forecast is now far lower than the 1.38 million units we expected as recently as June. Simply put, still tight credit standards which are in the process of being eased, the lack of cash for down payments and the impact of the Great Recession and recovery on delaying major life events have rendered housing activity far more modest than we expected. Nevertheless, the multi-family housing boom that we have been talking about for years will continue unabated.

The Fed Waits until June

Although the Fed ended its third and largest quantitative easing program in October as we expected, with falling oil prices and a strong dollar suppressing near-term inflation, the Fed will take longer than we previously thought to start normalizing interest rates. (Figures 10 and 11) For over a



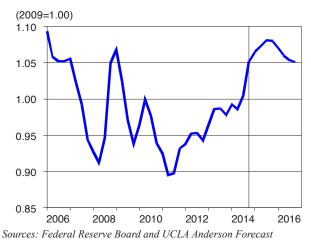
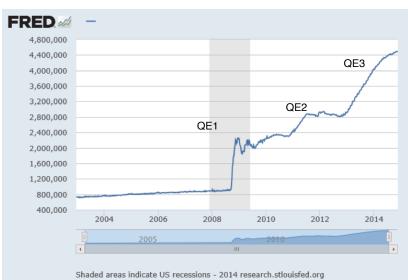
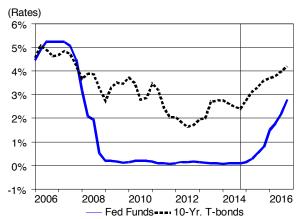


Figure 11 Federal Reserve Balance Sheet, 18 Dec 02 - 19 Nov 14, In \$ millions



Source: Federal Reserve Board via Fred



Federal Funds vs. 10-Year U.S. Treasury Bonds, 2006Q1

Figure 12

- 201604F

Sources: Federal Reserve Board and UCLA Anderson Forecast

year we thought the first increase in the Federal Funds rate would take place in March; we now think it will be June 2015. (See Figure 12) Thereafter, we anticipate that the Fed will be on a gradual path to return the economy to more normal interest rates. However, our forecast for the fourth quarter of 2016 calls for a still low Fed Funds rate of 2.8%. This is just barely above the 2.3% (2.1% core) increase in the consumption deflator that we expect at that time--hardly a "normal" funds rate, especially when the unemployment rate will be approximating 5% then.

The big surprise to us and to most forecasters this year has been the decline in long-term interest rates. Like most forecasters, we predicted a substantial rate rise, but instead we got a substantial decline. In our view, the rate decline has its origins internationally as long-term rates dropped across Europe and Japan. As of mid-November, European and Japanese sovereign were plumbing record lows as both the Bank of Japan and the European Central Bank announced further easing programs. (See Figure 13) Thus, in order for our 4% forecast for long-term interest rates in 2016, there almost has to be at least a modest revival in Europe and Japan that will begin to elevate their rates. 10-Year Yields in Selected Countries, November 28, 2014

Country	Yield
United States	2.16%
France Germany Japan UK	0.97 0.70 0.41 1.93
Spain	1.89

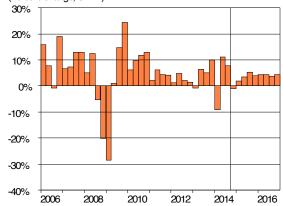
Source: Bloomberg

Figure 13

Not A Lot of Help from Exports

With the strong dollar, Japan in recession and Europe stalled, we do not expect much help to come from the export sector. Thus, we forecast that real exports will grow modestly in the 3-4% range over the next two years.

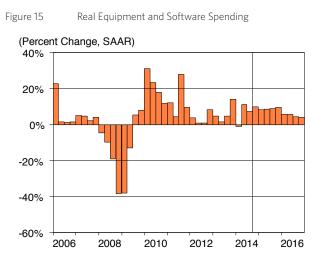




Sources: U.S. Department of Commerce and UCLA Anderson Forecast

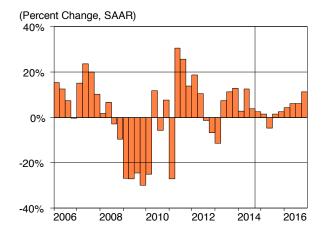
Capital Spending Strengthening, Ex-Energy

A major source of strength in 2015 will be strong gains in equipment and software spending as corporations shift from buying back stock to increasing capital spending. Specifically we forecast equipment and software spending to increase 8.8% and 6.6% in 2015 and 2016, respectively. (See Figure 15) By contrast, investment in nonresidential structures will stall with a gain of only 1.5% overall in 2015 as oil drilling declines in response to lower prices. (See Figure 16) What few people realize is that mining-related construction will account for 30% of nonresidential activity in 2014. Put simply, it is a big sector and much larger than all of commercial construction. The decline here is the flipside of the gains to consumers coming from lower oil prices.



Source: U.S. Department of Commerce and UCLA Anderson Forecast

Figure 16 Real Nonresidential Construction Spending

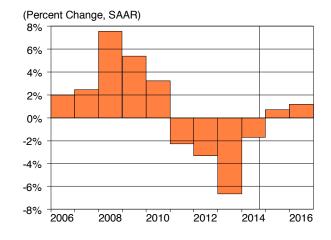


Sources: U.S. Department of Commerce and UCLA Anderson Forecast

Defense Spending on the Rise

The three-year decline in real defense spending is over. (See Figure 17) The rise of ISIL in Iraq and Syria along with what appears to be an emerging Cold War with Russia will cause defense spending to modestly increase in 2015 and 2016. Moreover, with the Republican takeover of the U.S. Senate it is likely that the "sequestration" of defense department funding will either be modified or ended. As a result, overall Federal purchases will increase modestly in 2015 and 2016. And real state and local spending will increase at a 1.3% rate over the next two years.





Source: U.S. Department of Commerce and UCLA Anderson Forecast

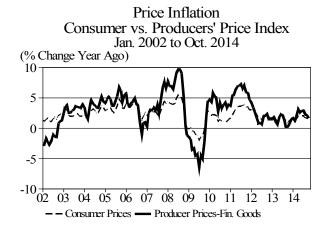
Conclusion

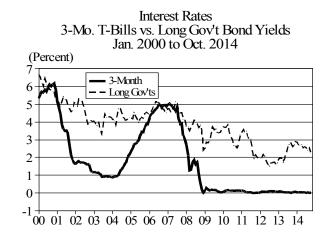
Overall, the economy appears on track to grow at a 3% growth path over the next two years. Lower oil prices and higher wages will buttress consumer spending as the unemployment rate declines to 5%. Growth will be led by strong gains in consumer spending along with more aggressive corporate investment in equipment and software. In response, the Fed will begin to normalize interest rates in next year's second quarter, but the Fed Funds rate will remain at historically low levels. Housing activity will increase, but it will be far less than what we previously thought and oil related capital spending will decline. All in, Main Street will begin to feel the recovery that Wall Street has already experienced over the past several years.

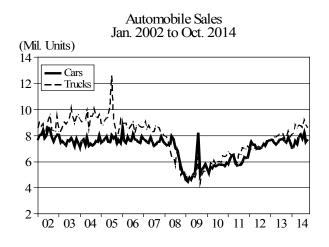
THE UCLA ANDERSON FORECAST FOR THE NATION

DECEMBER 2014 REPORT

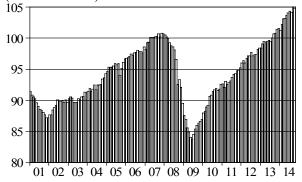
Charts



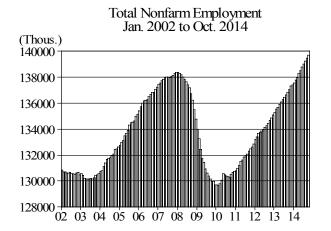


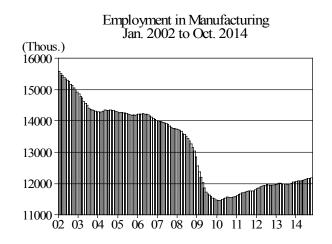


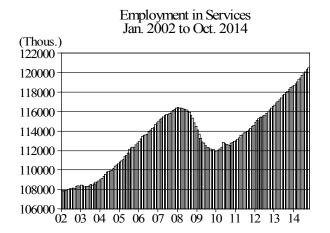
Industrial Production Jan. 2001 to Oct. 2014 (Index 2007 = 100)



UCLA Anderson Forecast, December 2014

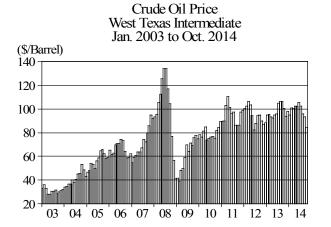


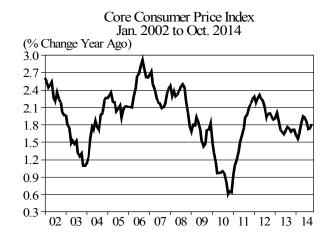


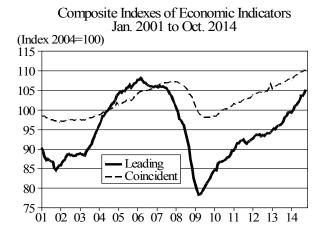


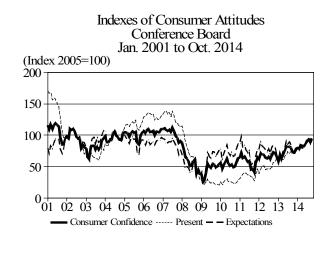


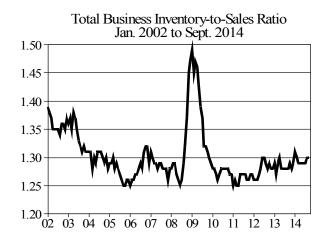
UCLA Anderson Forecast, December 2014

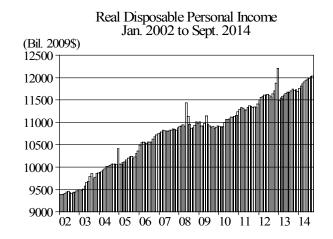




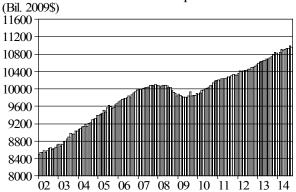




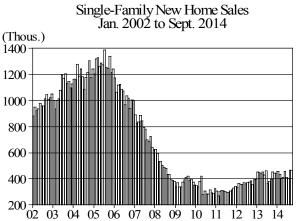


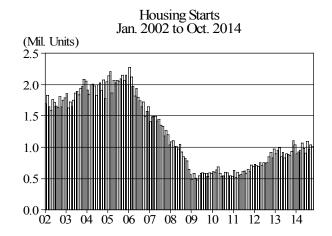


Retail Sales Jan. 2002 to Oct. 2014 (Bil. \$) **à**00 350 300 250 200 150 100 02 03 04 05 06 07 08 09 10 11 12 13 14



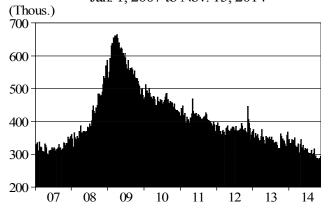
Real Personal Consumption Jan. 2002 to Sept. 2014

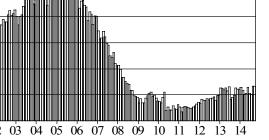


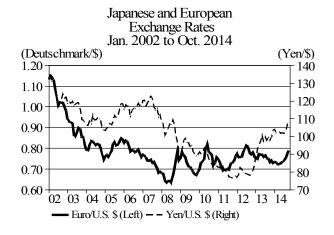


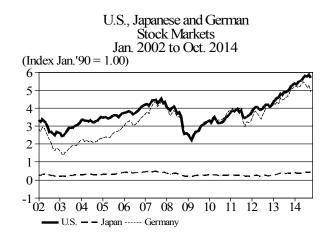


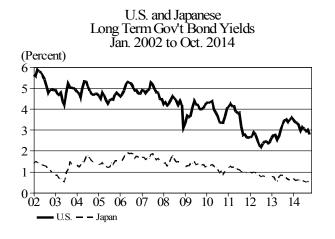
Unemployment Insurance Claims Jan. 1, 2007 to Nov. 15, 2014

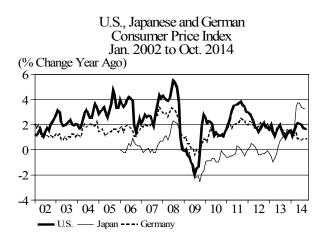


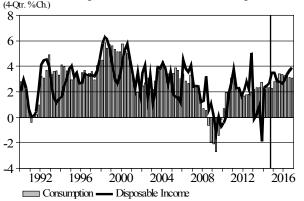












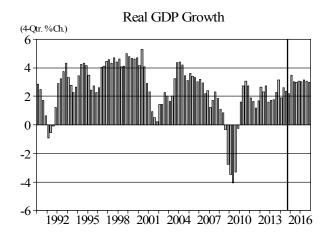
Real Disposable Income and Consumption

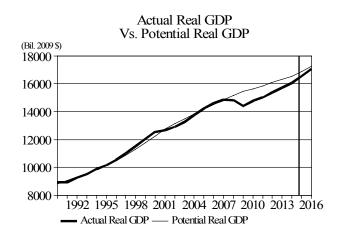
(3-Yf: %Ch) 10 8 6 4 2 0 1998 2000 2002 2004 2006 2008 2010 2012 2014 2016 □ Quantity Price

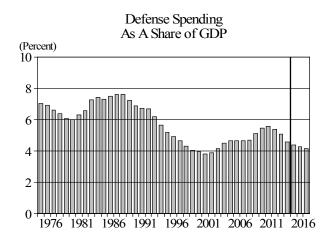
Consumer Expenditures on Medical Services: Quantity % + Price % = Expenditure %

Real Export and Import Growth

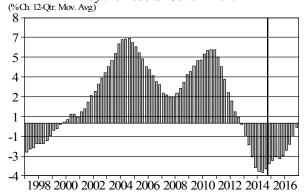
Real GDP Growth Developed World vs. U.S. (5-Yr.%Ch) 5 4 3 2 1 0 1992 1995 1998 2001 2004 2007 2010 2013 2016 - U.S. — Developed World

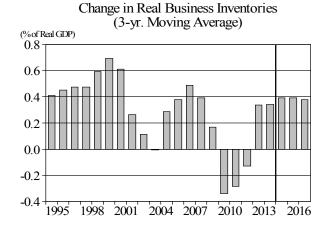






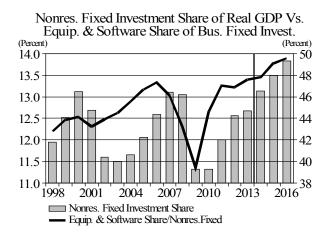
Real Purchases of Goods and Services by the Federal Government



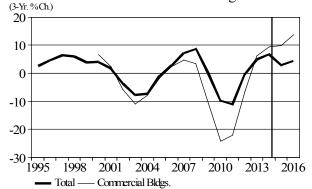


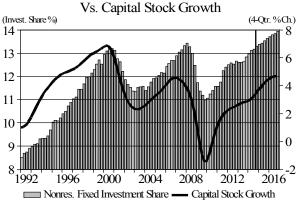
Real Investment-Equipment & Software Info. Processing Equip. vs. Other Equip. 30 20 10 10 -10 -20 1995 1998 2001 2004 2007 2010 2013 2016

Total Less Info. Equip. — Information Processing Equip.



Real Investment in Nonresidential Structures Total vs. Commercial Bldgs.

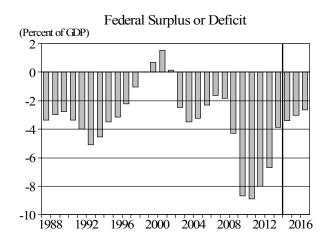




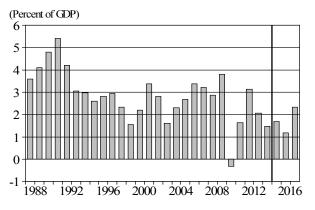
Nonresidential Fixed Investment Share of Real GDP Real Investment in Residential Structures (Bil. 2009 \$) <u>900</u> 800 700



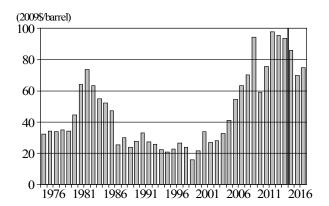
Real Hourly Wage Compensation Vs. Productivity in Nonfarm Sector (10-Yr.%Ch.) 3.0 2.5 2.0 1.5 1.0 0.5 0.0 -0.5 1971 1976 1981 1986 1991 1996 2001 2006 2011 2016 Real Wage - Productivity



Real Investment (Left) - Housing Starts (Rt.)

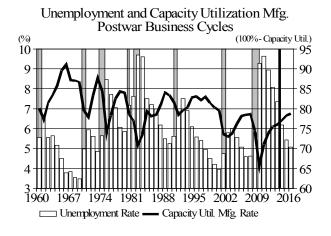


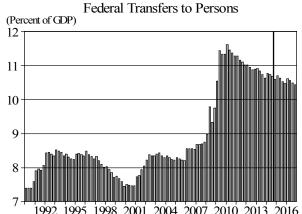
Consumer Price Index Inflation



Real Refiner's Cost of Crude Oil

Real and Nominal Exchange Rate Industrial Countries Trade Weighted Average (Indexet 2005 = 1.00) 1.6 1.4 1.2 1.0 0.8 0.6 0.4 0.4 0.2 0.0 1988 1992 1996 2000 2004 2008 2012 2016 Nominal Exchange Rate — Real Exchange Rate Treasury Yields Vs. CPI Inflation (Percent) 11 7 2 1960 1967 1974 1981 1988 1995 2002 2009 2016 Inflation - - 30-Year Bords - 90-Day Bills





Federal Transfers to Persons For Health Insurance (Percent of GDP) 3.0 2.5 2.0 1.5 + - 1988 2000 2004 2008 2012 2016 1992 1996



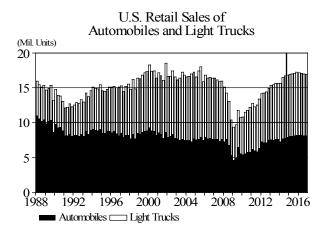
2.0

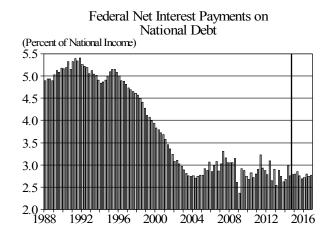
1.5

1.0



1992 1995 1998 2001 2004 2007 2010 2013 2016





THE UCLA ANDERSON FORECAST FOR THE NATION

DECEMBER 2014 REPORT

Tables

Table 1. Summary of the l	JCLA Ander	rson Fore	ecast for	the Nat	tion							
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
					* **	gates and	-	% Ch.)				
Money Supply (M1)	2.0	0.2	-0.2	4.5	14.2	6.4	15.4	15.0	10.1	10.4	1.6	-3.5
Money Supply (M2)	4.3	5.3	6.2	6.8	8.1	2.5	7.3	8.6	6.7	6.2	4.5	3.2
GDP Price Index	3.2	3.1	2.7	1.9	0.8	1.2	2.1	1.8	1.5	1.6	2.1	2.1
Real GDP	3.3	2.7	1.8	-0.3	-2.8	2.5	1.6	2.3	2.2	2.3	3.1	3.1
					Inter	rest Rates	s (%) oi	n:				
Federal Funds	3.2	5.0	5.0	1.9	0.2	0.2	0.1	0.1	0.1	0.1	0.4	2.1
90-day Treasury Bills	3.1	4.7	4.4	1.4	0.2	0.1	0.1	0.1	0.1	0.0	0.5	2.1
10-year Treasury Bonds	4.3	4.8	4.6	3.7	3.3	3.2	2.8	1.8	2.4	2.6	3.2	3.9
30-year Treasury Bonds	4.6	4.9	4.8	4.3	4.1	4.3	3.9	2.9	3.4	3.4	3.9	4.4
Moody's Corporate Aaa Bonds	5.2	5.6	5.6	5.6	5.3	4.9	4.6	3.7	4.2	4.2	4.6	5.4
30-yr Bond Less Inflation	1.7	2.2	2.3	1.2	4.1	2.6	1.5	1.1	2.2	2.0	2.6	2.5
						Federal I						
Defense Purchases (% Ch.)						i cuci u i i	15cui i	orreg				
Current \$	6.7	5.6	5.7	11.1	4.5	5.6	0.5	-2.3	-5.9	-0.5	2.2	2.8
Constant \$	2.0	2.0	2.5	7.5	5.4	3.2	-2.3	-3.3	-6.6	-1.7	0.7	1.1
Other Expenditures (% Ch.)												
Transfers to Persons	6.2	6.6	6.4	8.8	17.1	7.0	-0.4	0.3	1.9	4.3	5.5	5.1
Grants to S&L Gov't	3.4	-0.7	5.3	3.4	23.5	10.3	-6.5	-5.9	1.3	11.7	7.9	6.7
	0.1					s, Unified					7.5	0.7
Receipts	2153.4	2406.7	2567.7	2523.6			2302.5	2449.1	2774.0	3020.8	3335.7	3589.4
Outlays	2472.1	2654.9	2729.2	2978.4	3520.1		3599.3	3538.3	3454.2	3504.2	3814.5	3965.9
Surplus or Deficit (-)	-318.7	-248.2	-161.5			-1294.2 -			-680.2	-483.4	-478.8	-376.5
Sulpius of Deficit (-)	-310.7	-240.2	-101.5			s of GDP				-403.4	-4/0.0	-370.5
Revenues	17.6	18.3	18.4	17.0	15.5	16.0	16.2	16.6	18.6	19.0	19.2	19.4
Expenditures	19.9	19.9	20.2	21.3	24.1	24.9	24.3	23.3	22.4	22.4	22.2	22.0
Defense Purchases	4.6	4.6	4.7	5.1	5.5	5.6	5.4	5.1	4.6	4.4	4.3	4.2
Transfers to Persons	11.3	11.3	11.6	12.4	14.8	15.2	14.6	14.1	13.8	13.9	13.9	13.9
Surplus or Deficit (-)	-2.3	-1.6	-1.8	-4.3	-8.7	-8.9	-8.0	-6.7	-3.9	-3.4	-3.0	-2.6
Sulpius of Deficit (-)	-2.0	-1.0	-1.0			f Real GDI			-3.9	-3.4	-3.0	-2.0
Real GDP	3.3	2.7	1.8	-0.3	-2.8	2.5	1.6	.)	2.2	2.3	3.1	3.1
	3.3	2.7	2.0	-0.3	-2.0	2.5 1.1	1.0	2.3	2.2	2.3	3.1	3.1
Final Sales		2.0	2.0	-0.3	-2.0	1.1	2.3		2.2	2.3	3.2	3.1
Consumption	3.5							1.8				
Nonres. Fixed Investment	7.0	7.1	5.9	-0.7	-15.6	2.5	7.7	7.2	3.0	6.0	6.0	5.6
Equipment	9.6	8.6	3.2	-6.9	-22.9	15.9	13.6	6.8	4.6	6.6	8.8	6.6
Intellectual Property	6.5	4.5	4.8	3.0	-1.4	1.9	3.5	3.9	3.4	4.0	5.1	5.2
Structures	1.7	7.2	12.7	6.1	-18.9	-16.4	2.3	13.1	-0.5	7.8	1.5	4.0
Residential Construction	6.6	-7.7	-19.0	-24.3	-21.4	-2.7	0.5	13.8	12.0	1.3	10.9	9.6
Exports	6.3	9.0	9.3	5.7	-8.8	11.9	6.9	3.3	3.0	3.3	3.5	4.2
Imports	6.3	6.3	2.5	-2.6	-13.7	12.7	5.5	2.3	1.1	3.5	4.4	5.7
Federal Purchases	1.7	2.5	1.7	6.8	5.7	4.3	-2.7	-1.8	-5.7	-1.7	0.2	0.5
State & Local Purchases	-0.0	0.9	1.5	0.3	1.6	-2.7	-3.3	-1.2	0.5	1.0	1.2	1.4
						ns of 2009						
Real GDP						14783.8 1						
Final Sales	14169.9	14542.2	14838.2	14864.1	14566.3	14725.6 1	4983.0	15312.1	15646.7	15999.0	16507.9	17014.2
Inventory Change	64.3	71.6	35.6	-33.7	-147.6	58.2	37.6	57.1	63.6	65.1	61.0	60.7

Table 1. Summary of the UCLA Anderson Forecast for the Nation

lable 2. Summary of the U	LA Ande	3011 1 0	ecasi	ioi the	Nucron								
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
				Inducto	ial Pro	duction	and Do	counco	1+11170	tion			
	0.0	0.0									0.0	4 1	
Industrial Prod. (% Ch.)	3.2	2.2	2.5		-11.3	5.7	3.3	3.8	2.9	4.1	3.3	4.1	
Capacity Util. Manuf. (%)	78.2	78.4	78.7	74.6	65.6	71.1	73.9	75.5	76.1	77.1	78.3	78.7	
Real Bus. Investment													
as % of Real GDP	18.3	18.2	17.5	16.4	14.0	13.9	14.6	15.4	15.8	16.2	16.8	17.4	
Nonfarm Employment (mil.)	134.0	136.4	137.9	137.2				134.1	136.4	138.9	141.9	144.4	
1 0													
Unemployment Rate (%)	5.1	4.6	4.6	5.8	9.3	9.6	8.9	8.1	7.4	6.2	5.4	5.1	
						Inflati	on (% C	h.)					
Consumer Price Index	3.4	3.2	2.9	3.8	-0.3	1.6	3.1	2.1	1.5	1.7	1.2	2.3	
Total less Food & Energy	2.1	2.5	2.3	2.3		1.0	1.7	2.1	1.8	1.8	2.2	2.4	
Consumption Chain Index	2.9	2.7	2.5	3.1		1.7	2.5	1.8	1.2	1.4	1.3	1.9	
GDP Chain Index	3.2	3.1	2.7	1.9	0.8	1.2	2.1	1.8	1.5	1.6	2.1	2.1	
Producers Price Index	7.3	4.7	4.8	9.8	-8.7	6.8	8.8	0.5	0.6	1.2	-0.5	2.4	
				Fa	actors R	elated	to Infla	tion ()	(h)				
Nonfarm Business Sector					1000101	lerabea	00 11110		0111)				
	0.0		4 0	0 7		1 0		0 7			0.0	0.0	
Wage Compensation	3.6	3.9	4.3	2.7		1.9	2.2	2.7	1.1	3.2	3.2	3.9	
Productivity	2.1	0.9	1.6	0.8	3.2	3.3	0.1	1.0	0.9	0.8	1.8	2.0	
Unit Labor Costs	1.6	3.0	2.7	2.0	-2.0	-1.3	2.1	1.7	0.3	2.4	1.4	1.9	
Farm Price Index	-3.8	-1.2	22.5	12.4	-16.5	12.2	23.6	3.1	1.4	1.1	-5.4	-0.8	
Crude Oil Price (\$/bbl)	56.5	66.1	72.3	99.6	61.7	79.4	95.1	94.2	98.0	94.3	76.5	82.4	
New Home Price (\$1000)	234.2	243.1	243.7	230.4		221.2		242.1	265.1	274.9	274.4	275.6	
				Inc	ome, Co	nsumpti	on and S	Saving	(% Ch.)				
Disposable Income	4.4	6.8	4.7	4.6	-0.5	2.7	5.0	4.9	1.0	4.2	4.2	5.4	
Real Disposable Income	1.5	4.0	2.1	1.5		1.0	2.5	3.0	-0.2	2.7	2.9	3.4	
Real Consumption	3.5	3.0	2.2	-0.3		1.9	2.3	1.8	2.4	2.3	3.1	3.2	
Savings Rate (%)	2.5	3.3	3.0	5.0	6.2	5.6	6.0	7.2	4.9	5.3	5.0	5.3	
				Housi	ng and I	Automob	ilesm	illions	of uni	ts			
Housing Starts	2.073	1.812	1.342	0.900	-	0.586			0.930		1.209	1.344	
Auto & Light Truck Sales	16.9	16.5	16.1	13.2			12.7		15.5	16.4	17.0	17.0	
AULU & LIGHT HUCK Sales	10.9	10.5	10.1	13.2	10.4				15.5	10.4	17.0	1/.0	
						Corpor	ate Pro	its					
Billions of Dollars													
Before Taxes	1653.3	1851.4	17/8 /										
After Taxes			1/ -0	1382.5	1472.6	1840.7	1806.8	2136.1	2235.3	2424.1	2609.2	2637.8	
	1240 9	1378 1											
	1240.9	1378.1			1472.6 1203.1								
Percent Change			1302.9	1073.3	1203.1	1470.2	1427.7	1681.3	1761.1	1837.7	1994.4	2016.2	
Percent Change Before Taxes	31.8	12.0	-5.6	1073.3 -20.9	1203.1 6.5	1470.2 25.0	-1.8	1681.3	1761.1	1837.7 8.4	1994.4 7.6	2016.2	
Percent Change			-5.6	1073.3	1203.1	1470.2	1427.7	1681.3	1761.1	1837.7	1994.4	2016.2	
Percent Change Before Taxes	31.8	12.0	-5.6	1073.3 -20.9	1203.1 6.5 12.1	1470.2 25.0 22.2	1427.7 -1.8 -2.9	1681.3 18.2 17.8	1761.1 4.6 4.7	1837.7 8.4	1994.4 7.6	2016.2	
Percent Change Before Taxes After Taxes	31.8	12.0	-5.6	1073.3 -20.9	1203.1 6.5 12.1	1470.2 25.0	1427.7 -1.8 -2.9	1681.3 18.2 17.8	1761.1 4.6 4.7	1837.7 8.4	1994.4 7.6	2016.2	
Percent Change Before Taxes After Taxes Nominal	31.8	12.0	-5.6	1073.3 -20.9	1203.1 6.5 12.1	1470.2 25.0 22.2	1427.7 -1.8 -2.9	1681.3 18.2 17.8	1761.1 4.6 4.7	1837.7 8.4	1994.4 7.6	2016.2	
Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change	31.8 30.8	12.0 11.1	1302.9 -5.6 -5.5	1073.3 -20.9 -17.6	1203.1 6.5 12.1 Inter	1470.2 25.0 22.2 mationa	1427.7 -1.8 -2.9 al Trade	1681.3 18.2 17.8 Factor	1761.1 4.6 4.7	1837.7 8.4 4.4	1994.4 7.6 8.5	2016.2 1.1 1.1	
Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change Industrial Countries	31.8 30.8 -1.9	12.0 11.1 -1.5	1302.9 -5.6 -5.5 -5.6	1073.3 -20.9 -17.6 -4.5	1203.1 6.5 12.1 Inter 4.3	1470.2 25.0 22.2 mationa -3.0	1427.7 -1.8 -2.9 al Trade -5.9	1681.3 18.2 17.8 Factor 3.7	1761.1 4.6 4.7 *s 3.4	1837.7 8.4 4.4 3.0	1994.4 7.6 8.5 6.6	2016.2 1.1 1.1 -1.5	
Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change	31.8 30.8	12.0 11.1	1302.9 -5.6 -5.5	1073.3 -20.9 -17.6	1203.1 6.5 12.1 Inter 4.3	1470.2 25.0 22.2 mationa -3.0	1427.7 -1.8 -2.9 al Trade	1681.3 18.2 17.8 Factor	1761.1 4.6 4.7	1837.7 8.4 4.4	1994.4 7.6 8.5	2016.2 1.1 1.1	
Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change Industrial Countries Developing Countries	31.8 30.8 -1.9 -3.1	12.0 11.1 -1.5 -2.5	1302.9 -5.6 -5.5 -5.6 -3.8	1073.3 -20.9 -17.6 -4.5 -2.6	1203.1 6.5 12.1 Inter 4.3 7.2	1470.2 25.0 22.2 mationa -3.0 -4.1	1427.7 -1.8 -2.9 al Trade -5.9 -3.5	1681.3 18.2 17.8 Factor 3.7 2.0	1761.1 4.6 4.7 *s 3.4 -0.3	1837.7 8.4 4.4 3.0 2.6	1994.4 7.6 8.5 6.6 1.5	2016.2 1.1 1.1 -1.5 -0.9	
Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change Industrial Countries Developing Countries Exports	31.8 30.8 -1.9 -3.1 10.8	12.0 11.1 -1.5 -2.5 12.8	1302.9 -5.6 -5.5 -5.6 -3.8 12.8	1073.3 -20.9 -17.6 -4.5 -2.6 10.7	1203.1 6.5 12.1 Inter 4.3 7.2 -13.8	1470.2 25.0 22.2 mationa -3.0 -4.1 16.7	1427.7 -1.8 -2.9 al Trade -5.9 -3.5 13.7	1681.3 18.2 17.8 Factor 3.7 2.0 4.2	1761.1 4.6 4.7 s 3.4 -0.3 3.1	1837.7 8.4 4.4 3.0 2.6 3.7	1994.4 7.6 8.5 6.6 1.5 4.1	2016.2 1.1 1.1 -1.5 -0.9 6.2	
Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change Industrial Countries Developing Countries Exports Imports	31.8 30.8 -1.9 -3.1 10.8 12.7	12.0 11.1 -1.5 -2.5 12.8 10.7	1302.9 -5.6 -5.5 -5.6 -3.8 12.8 6.0	1073.3 -20.9 -17.6 -4.5 -2.6 10.7 7.6	1203.1 6.5 12.1 Inter 4.3 7.2 -13.8 -22.7	1470.2 25.0 22.2 mationa -3.0 -4.1 16.7 19.3	1427.7 -1.8 -2.9 al Trade -5.9 -3.5 13.7 13.6	1681.3 18.2 17.8 Factor 3.7 2.0 4.2 2.8	1761.1 4.6 4.7 's 3.4 -0.3 3.1 0.3	1837.7 8.4 4.4 3.0 2.6 3.7 3.2	1994.4 7.6 8.5 6.6 1.5 4.1 0.8	2016.2 1.1 1.1 -1.5 -0.9 6.2 6.5	
<pre>Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change Industrial Countries Developing Countries Exports Imports Net Exports (bil. \$)</pre>	31.8 30.8 -1.9 -3.1 10.8	12.0 11.1 -1.5 -2.5 12.8	1302.9 -5.6 -5.5 -5.6 -3.8 12.8	1073.3 -20.9 -17.6 -4.5 -2.6 10.7	1203.1 6.5 12.1 Inter 4.3 7.2 -13.8 -22.7	1470.2 25.0 22.2 mationa -3.0 -4.1 16.7	1427.7 -1.8 -2.9 al Trade -5.9 -3.5 13.7	1681.3 18.2 17.8 Factor 3.7 2.0 4.2	1761.1 4.6 4.7 s 3.4 -0.3 3.1	1837.7 8.4 4.4 3.0 2.6 3.7	1994.4 7.6 8.5 6.6 1.5 4.1 0.8	2016.2 1.1 1.1 -1.5 -0.9 6.2	
Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change Industrial Countries Developing Countries Exports Imports Net Exports (bil. \$) Real	31.8 30.8 -1.9 -3.1 10.8 12.7	12.0 11.1 -1.5 -2.5 12.8 10.7	1302.9 -5.6 -5.5 -5.6 -3.8 12.8 6.0	1073.3 -20.9 -17.6 -4.5 -2.6 10.7 7.6	1203.1 6.5 12.1 Inter 4.3 7.2 -13.8 -22.7	1470.2 25.0 22.2 mationa -3.0 -4.1 16.7 19.3	1427.7 -1.8 -2.9 al Trade -5.9 -3.5 13.7 13.6	1681.3 18.2 17.8 Factor 3.7 2.0 4.2 2.8	1761.1 4.6 4.7 's 3.4 -0.3 3.1 0.3	1837.7 8.4 4.4 3.0 2.6 3.7 3.2	1994.4 7.6 8.5 6.6 1.5 4.1 0.8	2016.2 1.1 1.1 -1.5 -0.9 6.2 6.5	
<pre>Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change Industrial Countries Developing Countries Exports Imports Net Exports (bil. \$)</pre>	31.8 30.8 -1.9 -3.1 10.8 12.7	12.0 11.1 -1.5 -2.5 12.8 10.7	1302.9 -5.6 -5.5 -5.6 -3.8 12.8 6.0	1073.3 -20.9 -17.6 -4.5 -2.6 10.7 7.6	1203.1 6.5 12.1 Inter 4.3 7.2 -13.8 -22.7	1470.2 25.0 22.2 mationa -3.0 -4.1 16.7 19.3	1427.7 -1.8 -2.9 al Trade -5.9 -3.5 13.7 13.6	1681.3 18.2 17.8 Factor 3.7 2.0 4.2 2.8	1761.1 4.6 4.7 's 3.4 -0.3 3.1 0.3	1837.7 8.4 4.4 3.0 2.6 3.7 3.2	1994.4 7.6 8.5 6.6 1.5 4.1 0.8	2016.2 1.1 1.1 -1.5 -0.9 6.2 6.5	
Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change Industrial Countries Developing Countries Exports Imports Net Exports (bil. \$) Real	31.8 30.8 -1.9 -3.1 10.8 12.7	12.0 11.1 -1.5 -2.5 12.8 10.7 -771	1302.9 -5.6 -5.5 -5.6 -3.8 12.8 6.0	1073.3 -20.9 -17.6 -4.5 -2.6 10.7 7.6	1203.1 6.5 12.1 Inter 4.3 7.2 -13.8 -22.7 -395	1470.2 25.0 22.2 mationa -3.0 -4.1 16.7 19.3	1427.7 -1.8 -2.9 al Trade -5.9 -3.5 13.7 13.6	1681.3 18.2 17.8 Factor 3.7 2.0 4.2 2.8	1761.1 4.6 4.7 's 3.4 -0.3 3.1 0.3	1837.7 8.4 4.4 3.0 2.6 3.7 3.2	1994.4 7.6 8.5 6.6 1.5 4.1 0.8 -437	2016.2 1.1 1.1 -1.5 -0.9 6.2 6.5	
Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change Industrial Countries Developing Countries Exports Imports Net Exports (bil. \$) Real U.S. Dollar% change Industrial Countries	31.8 30.8 -1.9 -3.1 10.8 12.7 -721 -2.2	12.0 11.1 -1.5 -2.5 12.8 10.7 -771 -2.4	1302.9 -5.6 -5.5 -5.6 -3.8 12.8 6.0 -719 -6.4	1073.3 -20.9 -17.6 -4.5 -2.6 10.7 7.6 -723 -5.3	1203.1 6.5 12.1 Inter 4.3 7.2 -13.8 -22.7 -395 7.8	1470.2 25.0 22.2 mationa -3.0 -4.1 16.7 19.3 -513 -0.5	1427.7 -1.8 -2.9 al Trade -5.9 -3.5 13.7 13.6 -580 -7.9	1681.3 18.2 17.8 Factor 3.7 2.0 4.2 2.8 -568 3.8	1761.1 4.6 4.7 's 3.4 -0.3 3.1 0.3 -508 4.7	1837.7 8.4 4.4 3.0 2.6 3.7 3.2 -511 3.8	1994.4 7.6 8.5 6.6 1.5 4.1 0.8 -437 7.0	2016.2 1.1 1.1 -1.5 -0.9 6.2 6.5 -472 -1.4	
Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change Industrial Countries Developing Countries Exports Imports Net Exports (bil. \$) Real U.S. Dollar% change Industrial Countries Developing Countries	31.8 30.8 -1.9 -3.1 10.8 12.7 -721 -2.2 -6.0	12.0 11.1 -1.5 -2.5 12.8 10.7 -771 -2.4 -5.1	1302.9 -5.6 -5.5 -5.6 -3.8 12.8 6.0 -719 -6.4 -7.5	1073.3 -20.9 -17.6 -4.5 -2.6 10.7 7.6 -723 -5.3 -9.5	1203.1 6.5 12.1 Inter 4.3 7.2 -13.8 -22.7 -395 7.8 6.3	1470.2 25.0 22.2 mationa -3.0 -4.1 16.7 19.3 -513 -0.5 -5.2	1427.7 -1.8 -2.9 al Trade -5.9 -3.5 13.7 13.6 -580 -7.9 -8.2	1681.3 18.2 17.8 Factor 3.7 2.0 4.2 2.8 -568 3.8 -0.5	1761.1 4.6 4.7 's 3.4 -0.3 3.1 0.3 -508 4.7 -1.1	1837.7 8.4 4.4 3.0 2.6 3.7 3.2 -511 3.8 1.6	1994.4 7.6 8.5 6.6 1.5 4.1 0.8 -437 7.0 0.7	2016.2 1.1 1.1 -1.5 -0.9 6.2 6.5 -472 -1.4 -2.6	
Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change Industrial Countries Developing Countries Exports Imports Net Exports (bil. \$) Real U.S. Dollar% change Industrial Countries Developing Countries Exports	31.8 30.8 -1.9 -3.1 10.8 12.7 -721 -2.2 -6.0 6.3	12.0 11.1 -1.5 -2.5 12.8 10.7 -771 -2.4 -5.1 9.0	1302.9 -5.6 -5.5 -5.6 -3.8 12.8 6.0 -719 -6.4 -7.5 9.3	1073.3 -20.9 -17.6 -4.5 -2.6 10.7 7.6 -723 -5.3 -9.5 5.7	1203.1 6.5 12.1 Inter 4.3 7.2 -13.8 -22.7 -395 7.8 6.3 -8.8	1470.2 25.0 22.2 mationa -3.0 -4.1 16.7 19.3 -513 -0.5 -5.2 11.9	1427.7 -1.8 -2.9 a1 Trade -5.9 -3.5 13.7 13.6 -580 -7.9 -8.2 6.9	1681.3 18.2 17.8 Factor 3.7 2.0 4.2 2.8 -568 3.8 -0.5 3.3	1761.1 4.6 4.7 's 3.4 -0.3 3.1 0.3 -508 4.7 -1.1 3.0	1837.7 8.4 4.4 3.0 2.6 3.7 3.2 -511 3.8 1.6 3.3	1994.4 7.6 8.5 6.6 1.5 4.1 0.8 -437 7.0 0.7 3.5	2016.2 1.1 1.1 -1.5 -0.9 6.2 6.5 -472 -1.4 -2.6 4.2	
<pre>Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change Industrial Countries Developing Countries Exports Imports Net Exports (bil. \$) Real U.S. Dollar% change Industrial Countries Developing Countries Exports Imports</pre>	31.8 30.8 -1.9 -3.1 10.8 12.7 -721 -2.2 -6.0 6.3 6.3	12.0 11.1 -1.5 -2.5 12.8 10.7 -771 -2.4 -5.1 9.0 6.3	1302.9 -5.6 -5.5 -5.6 -3.8 12.8 6.0 -719 -6.4 -7.5 9.3 2.5	1073.3 -20.9 -17.6 -4.5 -2.6 10.7 7.6 -723 -5.3 -9.5 5.7 -2.6	1203.1 6.5 12.1 Inter 4.3 7.2 -13.8 -22.7 -395 7.8 6.3 -8.8 -13.7	1470.2 25.0 22.2 mationa -3.0 -4.1 16.7 19.3 -513 -0.5 -5.2 11.9 12.7	1427.7 -1.8 -2.9 a 1 Trade -5.9 -3.5 13.7 13.6 -580 -7.9 -8.2 6.9 5.5	1681.3 18.2 17.8 Factor 3.7 2.0 4.2 2.8 -568 3.8 -0.5 3.3 2.3	1761.1 4.6 4.7 's 3.4 -0.3 3.1 0.3 -508 4.7 -1.1 3.0 1.1	1837.7 8.4 4.4 3.0 2.6 3.7 3.2 -511 3.8 1.6 3.3 3.5	1994.4 7.6 8.5 6.6 1.5 4.1 0.8 -437 7.0 0.7 3.5 4.4	2016.2 1.1 1.1 -1.5 -0.9 6.2 6.5 -472 -1.4 -2.6 4.2 5.7	
Percent Change Before Taxes After Taxes Nominal U.S. Dollar% change Industrial Countries Developing Countries Exports Imports Net Exports (bil. \$) Real U.S. Dollar% change Industrial Countries Developing Countries Exports	31.8 30.8 -1.9 -3.1 10.8 12.7 -721 -2.2 -6.0 6.3	12.0 11.1 -1.5 -2.5 12.8 10.7 -771 -2.4 -5.1 9.0	1302.9 -5.6 -5.5 -5.6 -3.8 12.8 6.0 -719 -6.4 -7.5 9.3	1073.3 -20.9 -17.6 -4.5 -2.6 10.7 7.6 -723 -5.3 -9.5 5.7	1203.1 6.5 12.1 Inter 4.3 7.2 -13.8 -22.7 -395 7.8 6.3 -8.8 -13.7	1470.2 25.0 22.2 mationa -3.0 -4.1 16.7 19.3 -513 -0.5 -5.2 11.9	1427.7 -1.8 -2.9 a1 Trade -5.9 -3.5 13.7 13.6 -580 -7.9 -8.2 6.9	1681.3 18.2 17.8 Factor 3.7 2.0 4.2 2.8 -568 3.8 -0.5 3.3	1761.1 4.6 4.7 's 3.4 -0.3 3.1 0.3 -508 4.7 -1.1 3.0	1837.7 8.4 4.4 3.0 2.6 3.7 3.2 -511 3.8 1.6 3.3	1994.4 7.6 8.5 6.6 1.5 4.1 0.8 -437 7.0 0.7 3.5 4.4	2016.2 1.1 1.1 -1.5 -0.9 6.2 6.5 -472 -1.4 -2.6 4.2	

Table 2. Summary of the UCLA Anderson Forecast for the Nation

Table 3. Quarterly Summary of										
	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4	2016:1	2016:2	2016:3	2016:4
				Monetar	y Aggreg	ates and	GDP (%	Ch.)		
Money Supply (M1)	5.6	5.6	-0.2	-1.4	-2.4	-3.2	-4.5	-3.4	-4.0	-3.5
Money Supply (M2)	5.5	5.3	4.0	3.7	4.1	3.4	2.9	3.1	3.0	2.9
GDP Price Index	1.3	2.2	2.1	2.5	2.4	1.9	2.2	2.1	2.2	2.3
Real GDP	3.5	2.8	3.0	2.7	3.4	3.1	2.8	3.2	3.1	2.9
					Intere	est Rates	s (%) on:	:		
Federal Funds	0.1	0.1	0.1	0.3	0.5	0.8	1.5	1.8	2.2	2.8
90-day Treasury Bills	0.0	0.0	0.1	0.3	0.6	0.8	1.5	1.8	2.2	2.8
10-year Treasury Bonds	2.5	2.4	2.8	3.1	3.3	3.6	3.7	3.8	4.0	4.2
30-year Treasury Bonds	3.3	3.1	3.5	3.9	4.0	4.2	4.3	4.3	4.5	4.6
Moody's Corporate Aaa Bonds	4.1	3.9	4.2	4.5	4.7	4.9	5.1	5.2	5.5	5.7
30-yr Bond Less Inflation	2.0	2.8	2.8	1.9	1.9	2.5	2.5	2.4	2.4	2.3
					I	Federal F	Fiscal Po	olicy		
Defense Purchases (% Ch.)										
Current \$	16.7	-5.0	1.5	1.8	1.9	2.7	4.2	2.4	2.6	1.7
Constant \$	15.9	-6.1	-1.2	0.5	0.7	1.5	1.3	1.3	1.3	0.3
Other Expenditures (% Ch.)	10.9	-0.1	-1.2	0.5	0.7	1.5	1.0	1.0	1.0	0.0
	10 1	1 0	11 0	1 0	0.0	0 7	10 7	0.0	0.0	2.0
Transfers to Persons	13.1	1.2	11.0	1.9	2.6	2.7	12.7	2.2	2.9	3.8
Grants to S&L Gov't	10.9	-1.1	15.7	2.6	3.7	3.7	16.6	3.6	3.9	4.2
			Billior	is of Cur	rent Dol	lars, Uni	ified Budg	get Basi	s, NSA	
Receipts	760.5	760.2	735.2	997.9	842.4	827.2	800.3	1066.3	895.6	866.6
Outlays	878.0	940.6	983.8	941.1	949.1	973.0	1017.5	982.2	993.1	1023.2
Surplus or Deficit (-)	-117.5	-180.4	-248.6	56.9	-106.6		-217.3	84.1	-97.5	-156.5
Surprus of Deficit (-)	-11/.5	-100.4	-240.0						- 37.3	-130.3
					s Shares					
Revenues	19.0	18.9	19.0	19.2	19.2	19.3	19.5	19.5	19.4	19.3
Expenditures	22.6	22.3	22.5	22.3	22.1	21.9	22.2	22.1	22.0	21.9
Defense Purchases	4.5	4.4	4.3	4.3	4.2	4.2	4.2	4.2	4.2	4.1
Transfers to Persons	14.0	13.9	14.1	14.0	13.9	13.8	14.0	13.9	13.8	13.8
Surplus or Deficit (-)	-3.6	-3.4	-3.4	-3.2	-2.9	-2.6	-2.7	-2.6	-2.6	-2.6
	0.0	0.1	0.1		tails of				2.0	2.0
	0 5	0.0	0.0						0 1	0.0
Real GDP	3.5	2.8	3.0	2.7	3.4	3.1	2.8	3.2	3.1	2.9
Final Sales	4.1	2.5	3.2	3.0	3.5	3.2	2.8	3.0	3.1	3.1
Consumption	1.8	3.5	3.4	3.4	3.4	3.3	2.9	3.2	3.2	3.0
Nonres. Fixed Investment	5.5	6.7	5.7	4.3	6.1	6.8	5.3	5.4	4.8	5.7
Equipment	7.2	9.7	8.3	8.5	9.0	9.4	5.5	5.5	4.3	4.2
Intellectual Property	4.2	5.5	5.0	4.9	5.2	6.0	5.6	4.8	4.6	4.1
Structures	3.8	2.6	1.5	-4.7	1.5	2.6	4.3	6.2	6.0	11.2
							7.2			
Residential Construction	1.8	3.7	15.0	15.6	16.9	11.5		8.0	6.9	5.1
Exports	7.8	-1.1	2.0	3.6	5.2	4.0	4.3	4.3	3.7	4.4
Imports	-1.7	3.7	3.8	5.7	6.4	6.6	5.7	5.9	4.2	4.4
Federal Purchases	9.9	-4.1	-0.8	-0.0	0.1	0.8	0.4	0.7	0.7	0.1
State & Local Purchases	1.3	1.2	1.0	1.0	0.9	1.4	1.2	1.7	1.8	1.5
						s of 2009	Dollars			
Real GDP	16150 6	16263 5	1632/ 1	16494.1					171/1 /	17266 2
				16435.0						
Inventory Change	62.8	77.5	70.2	59.1	58.3	56.5	59.0	64.0	62.0	57.9

Table 3. Quarterly Summary of the UCLA National Anderson Forecast for the Nation

Table 4. Quarterly Summary (2015:4		2016.2	2016.3	2016:4
	2014.3	2014.4				ion and F				2010.4
Production% change	3.2	4.9	2.1	2.6	3.4	3.9	5.2	4.5	3.4	3.5
Capacity Util. Manuf. (%)	77.3	4.9	78.0	78.1	78.4	78.7	78.8	78.8	78.8	78.6
Real Bus. Investment	//.0	11.5	70.0	/0.1	/0.4	/0./	/0.0	/0.0	/0.0	70.0
as % of Real GDP	16.3	16.4	16.6	16.7	16.9	17.1	17.2	17.3	17.4	17.5
Nonfarm Employment (mil.)	139.2	140.0	140.8	141.5	142.2	142.8	143.5	144.1	144.7	145.2
Unemployment Rate (%)	6.1	5.8	5.7	5.5	5.4	5.3	5.2	5.1	5.0	145.2 5.0
Unemproyment Rate (%)	0.1	0.0	5.7	5.5				5.1	5.0	5.0
Course During Taday	1 1	0.0	0 1	0.0		tion% o		0.4	0.4	0.0
Consumer Price Index	1.1	-0.2	0.1	2.3	2.5	2.0	2.2	2.4	2.4	2.8
Total less Food & Energy	1.3	1.8	2.4	2.5	2.7	2.4	2.4	2.4	2.4	2.4
Consumption Deflator	1.2	0.3	0.7	2.0	2.1	1.7	1.8	1.9	2.1	2.3
GDP Deflator	1.3	2.2	2.1	2.5	2.4	1.9	2.2	2.1	2.2	2.3
Producers Price Index	-0.6	-5.4	-1.0	1.7	2.0	1.6	2.6	2.6	2.9	3.4
				Factor	rs Relate	ed to Inf	lation%	change		
Nonfarm Business Sector				0 7		0.6			4 7	
Wage Compensation	2.3	2.3	3.8	3.7	3.8	3.6	3.8	3.9	4.1	4.4
Productivity	2.0	1.2	1.7	1.6	2.3	2.0	1.7	2.1	2.1	2.0
Unit Labor Costs	0.3	1.1	2.1	2.1	1.5	1.5	2.1	1.8	1.9	2.3
Farm Price Index	-22.7	0.8	-7.7	-6.9	-4.5	-2.7	0.9	1.3	1.4	1.5
Crude Oil Price (\$/bbl)	97.1	78.7	73.6	76.1	77.7	78.5	79.5	82.6	83.5	84.0
New Home Price (\$1000)	277.0	266.6	277.9	275.1	271.4	273.3	277.1	275.7	275.1	274.3
						tion and	-			
Disposable Income	4.0	3.8	4.1	3.8	4.7	4.7	6.1	5.6	6.0	6.3
Real Disposable Income	2.7	3.5	3.4	1.8	2.5	3.0	4.2	3.6	3.8	3.9
Real Consumption	1.8	3.5	3.4	3.4	3.4	3.3	2.9	3.2	3.2	3.0
Savings Rate (%)	5.5	5.5	5.4	5.1	4.9	4.8	5.1	5.2	5.3	5.5
			ŀ	lousing a	and Auton	nobiles-	millions	s of unit	ts	
Housing Starts	1.024	1.062	1.125	1.196	1.237	1.278	1.315	1.327	1.338	1.394
Auto and Light Truck Sales	16.7	16.8	16.9	17.0	17.1	17.2	17.1	17.1	17.0	16.9
					Corp	porate Pr	rofits			
Billions of Dollars										
Before Taxes	2424.1	2525.0	2518.0	2590.7	2652.6	2675.6	2632.6	2659.8	2642.4	2616.5
After Taxes	1846.5	1927.4	1923.5	1978.6	2028.0	2047.3	2004.7	2030.0	2019.6	2010.4
Percent Change										
Before Taxes	-4.2	17.7	-1.1	12.1	9.9	3.5	-6.3	4.2	-2.6	-3.9
After Taxes	0.9	18.7	-0.8	12.0	10.4	3.9	-8.1	5.1	-2.0	-1.8
					Inter	national	Trade			
Nominal										
U.S. Dollar% change										
Industrial Countries	7.9	20.3	5.1	3.0	3.1	-0.3	-3.6	-3.9	-2.5	-0.9
Developing Countries	0.3	7.3	0.8	0.8	-0.2	-0.5	-1.3	-1.4	-1.4	-0.4
Exports% change	7.0	-1.8	2.7	5.6	7.1	5.4	6.3	6.5	5.8	6.5
Imports% change	-1.9	-6.0	-1.6		6.2	7.1	6.1	7.4	5.9	6.8
Net Exports (bil. \$)	-495.1	-461.6	-434.3	-431.3	-432.5	-450.1	-456.1	-470.0	-477.2	-486.4
Real										
U.S. Dollar% change										
Industrial Countries	8.5	20.2	5.6	3.6	3.6	0.0	-3.6	-3.9	-2.6	-1.0
Developing Countries	-0.1	6.7	0.1	-0.3	-1.5	-2.0	-3.1	-3.4	-3.4	-2.6
Exports% change	7.8	-1.1	2.0	3.6	5.2	4.0	4.3	4.3	3.7	4.4
Imports% change	-1.7	3.7	3.8	5.7	6.4	6.6	5.7	5.9	4.2	4.4
Net Exports (bil. '09\$)	-409.9	-438.9	-452.6	-469.9	-483.5	-504.9	-519.7	-535.7	-543.7	-549.1

Table 4. Quarterly Summary of The UCLA National Anderson Forecast for the Nation

Table 5. Part A. Gross Domestic Product

lable 5. Part A. Gross	Domestic I	Product										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
				Bi	llions c	of Currer	nt Dollar	rs				
Gross Domestic Product	13093.7	13855.9	14477.6	14718.6					16768.1	17417.0	18349.0	19314.9
Personal Consumption												
Expenditures	8794.1	9304.0	9750 5	10013.6	9847 0	10202 2	10689.3	11083.1	11484 3	11907.7	12437 6	13076.7
Durable Goods	1127.2	1156.1	1184.6	1102.3	1023.3	10202.2	1125.3		1249.3	1301.4	1379.6	1441.3
Autos and Parts	410.0	394.9	400.6	339.6	317.1	342.0	363.5	395.1	417.7	447.3	481.4	504.3
Nondurable Goods	1953.0	2079.7	2176.9	2273.4	2175.1	2292.1	2471.1		2601.9	2661.6	2720.2	2854.5
Services	5713.8	6068.2	6388.9	6637.9	6648.5	6839.4	7092.8		7633.2	7944.7	8337.8	8780.9
Gross Private Domestic	5715.0	0000.2	0300.9	0037.9	0040.5	0039.4	/092.0	/ 041.0	/033.2	/ 344 . /	000/.0	0/00.9
Investment	2527.1	2680.7	2643.7	2424.8	1878.1	2100.8	2239.9	2479.2	2648.0	2838.8	3078.2	3329.9
Residential	856.1	837.4	688.7	515.9	392.3	381.1	386.0	442.3	519.9	557.5	638.7	718.3
Nonres. Structures	345.6	415.6	496.9	552.4	438.2	362.0	381.6		457.2	505.6	527.8	564.7
Equipment	790.7	856.1	885.8	825.1	644.3	731.8	838.2	904.1	949.7	1018.1	1116.9	1201.9
Intellectual Property	475.1	504.6	538.0	563.4	550.9	564.4	592.2		647.2	682.5	725.6	774.8
Change In Inv.	59.6	67.0	34.5	-32.0	-147.6	61.5	41.8	64.9	74.1	75.0	69.2	70.2
Net Exports	-721.2	-771.0	-718.6	-723.1	-395.5	-512.7	-580.0	-568.3	-508.2	-511.0	-437.0	-472.4
Exports	1308.9	1476.3	1664.6	1841.9	1587.7	1852.3	2106.4			2346.8	2443.4	2594.1
Imports	2030.1	2247.3	2383.2		1983.2	2365.0	2686.4		2770.4	2857.8	2880.4	3066.5
1mpor 03	2000.1	2217.0	2000.2	2000.0	1900.2	2000.0	2000.1	2702.0	2770.1	2007.0	2000.1	0000.0
Government Purchases	2493.7	2642.2	2801.9	3003.2	3089.1	3174.0	3168.7	3169.2	3143.9	3181.5	3270.2	3380.7
Federal	946.3	1002.0	1049.8	1155.6	1217.7	1303.9	1303.5	1291.4	1231.5	1223.2	1244.4	1271.1
Defense	608.3	642.4	678.7	754.1	788.3	832.8	837.0	818.0	769.9	765.8	782.9	804.7
Other	338.1	359.6	371.1	401.5	429.4	471.1	466.5	473.4	461.6	457.4	461.5	466.4
State and Local	1547.4	1640.2	1752.2	1847.6		1870.2	1865.3	1877.8	1912.4	1958.3	2025.8	2109.6
				F		of 2009						
Gross Domestic Product	14234.3	14613.8	14873 8	14830.4					15710 3	16064.1	16568 9	17074.9
Personal Consumption	11201.0	11010.0	110/010	11000.1	11110.0	100.0	10020.0	10000.2	10/10.0	10001.1	10000.5	1/0/11.5
Expenditures	9531.8	9821.7	10041 6	10007.2	9847 0	10036 3	10263 5	10449.7	10699 7	10943.4	11287 9	11645.5
Durable Goods	1046.9	1091.5	1141.7	1083.2	1023.3	1085.7	1151.5		1319.0	1406.3	1505.5	1588.0
Autos & Parts	400.0	385.1	392.8	340.8	317.1	323.4	333.8	357.9	376.0	403.6	428.6	443.3
Nondurable Goods	2132.3	2202.2	2239.3	2214.7	2175.1	2223.5	2263.2		2322.6	2358.7	2430.2	2504.1
Services	6353.4	6526.6	6656.4	6708.6	6648.5	6727.6	6851.4		7073.1	7202.8	7386.9	7596.0
Gross Private Domestic	0355.4	0520.0	0000.4	0/00.0	0040.0	0/2/.0	0001.4	0942.4	/0/3.1	/202.0	/300.9	/590.0
Investment	2672.6	2730.0	2644.1	2396.0	1878.1	2120.4	2230.4	2435.9	2556.2	2692.0	2870.7	3050.4
Residential	872.6	806.6	654.8	497.7	392.3	382.4	384.5	436.5	488.4	495.3	548.7	601.0
Nonres. Structures	421.2	451.5	509.0	540.2	438.2	366.3	374.7	423.8	421.7	454.7	461.4	480.0
Equipment	801.6	870.8	898.3	836.1	644.3	746.7	847.9	905.6	947.2	1009.3	1098.2	1170.4
Intellectual Property	495.0	517.5	542.4	558.8	550.9	561.3	581.3	603.8	624.1	648.8	681.8	717.3
Change In Inv.	64.3	71.6	35.6	-33.7	-147.6	58.2	37.6	57.1	63.6	65.1	61.0	60.7
Net Exports	-782.3	-794.3	-712.6	-557.8	-395.4	-458.8	-459.4	-452.5	-420.5	-439.1	-477.8	-537.1
Exports	1381.9	1506.8	1646.4	1740.8	1587.7	1776.6	1898.3	1960.1	2019.8	2085.6	2157.7	2249.3
Imports	2164.2	2301.0	2359.0	2298.6	1983.2	2235.4	2357.7	2412.6	2440.3	2524.7	2635.5	2786.4
Government Purchases	2826.2	2869.3	2914.4	2994.8	3089.1	3091.4	2997.4	2954.0	2894.5	2892.1	2916.3	2946.9
Federal	1034.8	1060.9	1078.7	1152.3	1217.7	1270.7	1236.4		1145.3	1125.9	1128.2	1133.5
Defense	665.5	678.8	695.6	748.1	788.3	813.5	795.0	768.7	717.7	705.3	710.2	718.3
Other	369.4	382.1	383.1	404.2	429.4	457.1	795.0 441.4	445.7	427.5	420.5	417.9	415.1
State and Local	1792.3	1808.9	1836.2	1842.5	1871.4	1820.8	1761.0	1739.5	1748.5	1765.3	1787.0	1812.1

Table 5. Part B. Gross Domestic Product

lable 5. Part B. Gross												
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
			Anni	ual Rate	es of Cl	nange of	Curren	t Dolla	r GDP	Componer	nts (%)	
Gross Domestic Product	67	58				0						53
	0.7	0.0	1.0	1./	2.0	0.0	0.7	1.6	0.7	0.5	0.1	0.0
	с г	F 0	4 0	0 7	1 7	0.0	4 0	0 7	0.0	0 7	4 5	F 1
•										••••		
Durable Goods			2.5			4.6		5.9	4.8	4.2	6.0	4.5
Autos and Parts	0.2	-3.7	1.4	-15.2	-6.6	7.9	6.3	8.7	5.7	7.1	7.6	4.8
Nondurable Goods	7.3	6.5	4.7	4.4	-4.3	5.4	7.8	3.2	2.0	2.3	2.2	4.9
Services	6.6	6.2	53	39	0 2	29	3 7	3.5	4 0	4 1	49	53
	0.0	0.2	0.0	0.5	0.2	L.J	0.7	0.0	1.0	1.1	1.5	0.0
	11 0	6 1	1 /	0.0	22 E	11 0	6 6	10 7	6 0	7 0	0 /	0 0
Nonres. Structures	14.5	20.2	19.6	11.2	-20.7	-17.4	5.4	17.1	2.3	10.6	4.4	7.0
Equipment	9.9	8.3	3.5	-6.8	-21.9	13.6	14.5	7.9	5.1	7.2	9.7	7.6
Intellectual Property	7.5	6.2	6.6	4.7	-2.2	2.5	4.9	4.9	4.2	5.5	6.3	6.8
Exports	10 0	12 0	12 0	10 7	12 0	16 7	10 7	1 2	2 1	27	1 1	6 2
Annual Rates of Change of Current Dollar GDP Components (x) Gross Domestic Product 6.7 5.8 4.5 1.7 -2.0 3.8 3.7 4.2 3.7 3.9 5.4 5.3 Personal Consumption 6.5 5.8 4.8 2.7 -1.7 3.6 4.8 3.7 4.2 3.7 3.9 5.4 5.3 Durable Goods 6.4 2.6 2.5 7.0 7.2 4.6 5.1 5.9 4.8 4.2 6.0 4.5 Nondurable Goods 7.3 6.5 4.7 4.4 4.3 5.4 7.8 3.2 2.0 2.3 2.2 4.9 Services 6.6 6.2 5.3 3.9 0.2 2.9 3.7 7.6 1.4 4.8 2.2 1.3 14.6 17.5 7.2 14.6 12.5 Nonres. Structures 14.5 20.2 19.6 11.2 2.07 -1.7 4.1 1.1 7.0 5.1 7.4 <t< td=""></t<>												
Imports	12.7	10./	6.0	/.6	-22.1	19.3	13.0	2.8	0.3	3.2	0.8	6.5
Government Purchases	5.8	6.0	6.0	7.2	2.9	2.7	-0.2	0.0	-0.8	1.2	2.8	3.4
Federal	6.0	5.9	4.8	10.1	5.4	7.1	-0.0	-0.9	-4.6	-0.7	1.7	2.1
Defense	67	56	57	11 1	4 5	56	0.5	-23	-59	-0.5	22	28
								U./	1.0	(.4	0.4	4.1
State and Ebear	0.0	0.0										
			Annu	al Rate	es of Ch	ange of	Constar	nt Doll	ar GDP	Compone		
Gross Domestic Product			Annu	al Rate	es of Ch	ange of	Constar	nt Doll	ar GDP	Compone		
Gross Domestic Product			Annu	al Rate	es of Ch	ange of	Constar	nt Doll	ar GDP	Compone		
Gross Domestic Product Personal Consumption	3.3	2.7	Annu 1.8	al Rate	es of Ch -2.8	ange of 2.5	Constar 1.6	2.3	ar GDP 2.2	Compone 2.3	3.1	3.1
Gross Domestic Product Personal Consumption Expenditures	3.3 3.5	2.7 3.0	Annu 1.8 2.2	-0.3	es of Ch -2.8	ange of 2.5 1.9	Constar 1.6 2.3	1.8	ar GDP 2.2 2.4	Compone 2.3 2.3	3.1 3.1	3.1 3.2
Gross Domestic Product Personal Consumption Expenditures Durable Goods	3.3 3.5 5.4	2.7 3.0 4.3	Annu 1.8 2.2 4.6	-0.3 -0.3 -5.1	es of Ch -2.8 -1.6 -5.5	ange of 2.5 1.9 6.1	Constar 1.6 2.3 6.1	1.8 7.3	ar GDP 2.2 2.4 6.7	Compone 2.3 2.3 6.6	3.1 3.1 7.1	3.1 3.2 5.5
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts	3.3 3.5 5.4 -1.4	2.7 3.0 4.3 -3.7	Annu 1.8 2.2 4.6 2.0	-0.3 -0.3 -5.1 -13.2	es of Ch -2.8 -1.6 -5.5 -7.0	ange of 2.5 1.9 6.1 2.0	Constar 1.6 2.3 6.1 3.2	1.8 7.3 7.2	ar GDP 2.2 2.4 6.7 5.1	Compone 2.3 2.3 6.6 7.3	3.1 3.1 7.1 6.2	3.1 3.2 5.5 3.4
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods	3.3 3.5 5.4 -1.4 3.3	2.7 3.0 4.3 -3.7 3.3	Annu 1.8 2.2 4.6 2.0 1.7	-0.3 -0.3 -5.1 -13.2 -1.1	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8	ange of 2.5 1.9 6.1 2.0 2.2	Constar 1.6 2.3 6.1 3.2 1.8	1.8 7.3 7.2 0.7	ar GDP 2.2 2.4 6.7 5.1 1.9	Compone 2.3 2.3 6.6 7.3 1.6	3.1 3.1 7.1 6.2 3.0	3.1 3.2 5.5 3.4 3.0
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services	3.3 3.5 5.4 -1.4 3.3	2.7 3.0 4.3 -3.7 3.3	Annu 1.8 2.2 4.6 2.0 1.7	-0.3 -0.3 -5.1 -13.2 -1.1	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8	ange of 2.5 1.9 6.1 2.0 2.2	Constar 1.6 2.3 6.1 3.2 1.8	1.8 7.3 7.2 0.7	ar GDP 2.2 2.4 6.7 5.1 1.9	Compone 2.3 2.3 6.6 7.3 1.6	3.1 3.1 7.1 6.2 3.0	3.1 3.2 5.5 3.4 3.0
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods	3.3 3.5 5.4 -1.4 3.3 3.2	2.7 3.0 4.3 -3.7 3.3 2.7	Annu 1.8 2.2 4.6 2.0 1.7 2.0	-0.3 -0.3 -5.1 -13.2 -1.1 0.8	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9	ange of 2.5 1.9 6.1 2.0 2.2 1.2	Constar 1.6 2.3 6.1 3.2 1.8 1.8	1.8 7.3 7.2 0.7 1.3	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9	Compone 2.3 2.3 6.6 7.3 1.6 1.8	3.1 3.1 7.1 6.2 3.0 2.6	3.1 3.2 5.5 3.4 3.0 2.8
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic	3.3 3.5 5.4 -1.4 3.3 3.2	2.7 3.0 4.3 -3.7 3.3 2.7	Annu 1.8 2.2 4.6 2.0 1.7 2.0	-0.3 -0.3 -5.1 -13.2 -1.1 0.8	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9	ange of 2.5 1.9 6.1 2.0 2.2 1.2	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2	1.8 7.3 7.2 0.7 1.3	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9	Compone 2.3 2.3 6.6 7.3 1.6 1.8	3.1 3.1 7.1 6.2 3.0 2.6	3.1 3.2 5.5 3.4 3.0 2.8
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment	3.3 3.5 5.4 -1.4 3.3 3.2 6.4	2.7 3.0 4.3 -3.7 3.3 2.7 2.1	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1	-0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9 -21.6	ange of 2.5 1.9 6.1 2.0 2.2 1.2 1.2	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2	nt Doll 2.3 1.8 7.3 7.2 0.7 1.3 9.2	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 4.9	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3	3.1 3.1 7.1 6.2 3.0 2.6 6.6	3.1 3.2 5.5 3.4 3.0 2.8 6.3
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8	al Rate -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2	ange of 2.5 1.9 6.1 2.0 2.2 1.2 1.2 12.9 -2.5	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2 0.5	t Doll 2.3 1.8 7.3 7.2 0.7 1.3 9.2 13.5	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 4.9 11.9	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8	3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential Nonres. Structures	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6 1.7	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6 7.2	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8 12.7	al Rate -0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0 6.1	-1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2 -18.9	ange of 2.5 1.9 6.1 2.0 2.2 1.2 12.9 -2.5 -16.4	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2 0.5 2.3	t Doll 2.3 1.8 7.3 7.2 0.7 1.3 9.2 13.5 13.1	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 4.9 11.9 -0.5	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4 7.8	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8 1.5	3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5 4.0
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential Nonres. Structures Equipment	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6 1.7 9.6	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6 7.2 8.6	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8 12.7 3.2	al Rate -0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0 6.1 -6.9	-1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2 -18.9 -22.9	ange of 2.5 1.9 6.1 2.0 2.2 1.2 12.9 -2.5 -16.4 15.9	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2 0.5 2.3 13.6	t Doll 2.3 1.8 7.3 7.2 0.7 1.3 9.2 13.5 13.1 6.8	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 1.9 4.9 11.9 -0.5 4.6	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4 7.8 6.6	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8 1.5 8.8	3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5 4.0 6.6
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential Nonres. Structures Equipment	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6 1.7 9.6	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6 7.2 8.6	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8 12.7 3.2	al Rate -0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0 6.1 -6.9	-1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2 -18.9 -22.9	ange of 2.5 1.9 6.1 2.0 2.2 1.2 12.9 -2.5 -16.4 15.9	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2 0.5 2.3 13.6	t Doll 2.3 1.8 7.3 7.2 0.7 1.3 9.2 13.5 13.1 6.8	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 1.9 4.9 11.9 -0.5 4.6	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4 7.8 6.6	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8 1.5 8.8	3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5 4.0 6.6
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential Nonres. Structures Equipment Intellectual Property	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6 1.7 9.6 6.5	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6 7.2 8.6 4.5	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8 12.7 3.2 4.8	al Rate -0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0 6.1 -6.9 3.0	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2 -18.9 -22.9 -1.4	ange of 2.5 1.9 6.1 2.0 2.2 1.2 12.9 -2.5 -16.4 15.9 1.9	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2 0.5 2.3 13.6 3.5	t Doll 2.3 1.8 7.3 7.2 0.7 1.3 9.2 13.5 13.1 6.8 3.9	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 1.9 1.9 11.9 -0.5 4.6 3.4	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4 7.8 6.6 4.0	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8 1.5 8.8 5.1	3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5 4.0 6.6 5.2
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential Nonres. Structures Equipment Intellectual Property	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6 1.7 9.6 6.5 6.3	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6 7.2 8.6 4.5 9.0	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8 12.7 3.2 4.8 9.3	al Rate -0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0 6.1 -6.9 3.0 5.7	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2 -18.9 -22.9 -1.4 -8.8	ange of 2.5 1.9 6.1 2.0 2.2 1.2 1.2 12.9 -2.5 -16.4 15.9 1.9 11.9	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2 0.5 2.3 13.6 3.5 6.9	t Doll 2.3 1.8 7.3 7.2 0.7 1.3 9.2 13.5 13.1 6.8 3.9 3.3	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 1.9 1.9 1.9 -0.5 4.6 3.4 3.0	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4 7.8 6.6 4.0 3.3	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8 1.5 8.8 5.1	 3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5 4.0 6.6 5.2 4.2
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential Nonres. Structures Equipment Intellectual Property Exports	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6 1.7 9.6 6.5 6.3	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6 7.2 8.6 4.5 9.0	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8 12.7 3.2 4.8 9.3	al Rate -0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0 6.1 -6.9 3.0 5.7	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2 -18.9 -22.9 -1.4 -8.8	ange of 2.5 1.9 6.1 2.0 2.2 1.2 12.9 -2.5 -16.4 15.9 1.9 11.9	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2 0.5 2.3 13.6 3.5 6.9	t Doll 2.3 1.8 7.3 7.2 0.7 1.3 9.2 13.5 13.1 6.8 3.9 3.3	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 1.9 1.9 1.9 -0.5 4.6 3.4 3.0	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4 7.8 6.6 4.0 3.3	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8 1.5 8.8 5.1 3.5	 3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5 4.0 6.6 5.2 4.2
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential Nonres. Structures Equipment Intellectual Property Exports	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6 1.7 9.6 6.5 6.3	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6 7.2 8.6 4.5 9.0	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8 12.7 3.2 4.8 9.3	al Rate -0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0 6.1 -6.9 3.0 5.7	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2 -18.9 -22.9 -1.4 -8.8	ange of 2.5 1.9 6.1 2.0 2.2 1.2 12.9 -2.5 -16.4 15.9 1.9 11.9	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2 0.5 2.3 13.6 3.5 6.9	t Doll 2.3 1.8 7.3 7.2 0.7 1.3 9.2 13.5 13.1 6.8 3.9 3.3	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 1.9 1.9 1.9 -0.5 4.6 3.4 3.0	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4 7.8 6.6 4.0 3.3	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8 1.5 8.8 5.1 3.5	 3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5 4.0 6.6 5.2 4.2
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential Nonres. Structures Equipment Intellectual Property Exports Imports	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6 1.7 9.6 6.5 6.3 6.3	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6 7.2 8.6 4.5 9.0 6.3	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8 12.7 3.2 4.8 9.3 2.5	al Rate -0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0 6.1 -6.9 3.0 5.7 -2.6	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2 -18.9 -22.9 -1.4 -8.8 -1.3,7	ange of 2.5 1.9 6.1 2.0 2.2 1.2 12.9 -2.5 -16.4 15.9 1.9 11.9 12.7	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2 0.5 2.3 13.6 3.5 6.9 5.5	t Doll 2.3 1.8 7.2 0.7 1.3 9.2 13.5 13.1 6.8 3.9 3.3 2.3	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 1.9 1.9 1.9 -0.5 4.6 3.4 3.0 1.1	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4 7.8 6.6 4.0 3.3 3.5	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8 1.5 8.8 5.1 3.5 4.4	3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5 4.0 6.6 5.2 4.2 5.7
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential Nonres. Structures Equipment Intellectual Property Exports Imports Government Purchases	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6 1.7 9.6 6.5 6.3 6.3 0.6	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6 7.2 8.6 4.5 9.0 6.3 1.5	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8 12.7 3.2 4.8 9.3 2.5 1.6	al Rate -0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0 6.1 -6.9 3.0 5.7 -2.6 2.8	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2 -18.9 -22.9 -1.4 -8.8 -13.7 3.1	ange of 2.5 1.9 6.1 2.0 2.2 1.2 12.9 -2.5 -16.4 15.9 1.9 11.9 12.7 0.1	Constar 1.6 2.3 6.1 3.2 1.8 1.8 1.8 5.2 0.5 2.3 13.6 3.5 6.9 5.5 -3.0	t Doll 2.3 1.8 7.2 0.7 1.3 9.2 13.5 13.1 6.8 3.9 3.3 2.3 -1.4	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 1.9 1.9 1.9 -0.5 4.6 3.4 3.0 1.1 -2.0	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4 7.8 6.6 4.0 3.3 3.5 -0.1	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8 1.5 8.8 5.1 3.5 4.4 0.8	3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5 4.0 6.6 5.2 4.2 5.7 1.0
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential Nonres. Structures Equipment Intellectual Property Exports Imports Government Purchases Federal	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6 1.7 9.6 6.5 6.3 6.3 0.6 1.7	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6 7.2 8.6 4.5 9.0 6.3 1.5 2.5	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8 12.7 3.2 4.8 9.3 2.5 1.6 1.7	al Rate -0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0 6.1 -6.9 3.0 5.7 -2.6 2.8 6.8	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2 -18.9 -22.9 -1.4 -8.8 -13.7 3.1 5.7	ange of 2.5 1.9 6.1 2.0 2.2 1.2 12.9 -2.5 -16.4 15.9 1.9 11.9 12.7 0.1 4.3	Constar 1.6 2.3 6.1 3.2 1.8 1.8 1.8 5.2 0.5 2.3 13.6 3.5 6.9 5.5 -3.0 -2.7	t Doll 2.3 1.8 7.2 0.7 1.3 9.2 13.5 13.1 6.8 3.9 3.3 2.3 -1.4 -1.8	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 1.9 1.9 -0.5 4.6 3.4 3.0 1.1 -2.0 -5.7	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4 7.8 6.6 4.0 3.3 3.5 -0.1 -1.7	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8 1.5 8.8 5.1 3.5 4.4 0.8 0.2	3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5 4.0 6.6 5.2 4.2 5.7 1.0 0.5
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential Nonres. Structures Equipment Intellectual Property Exports Imports Government Purchases Federal Defense	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6 1.7 9.6 6.5 6.3 6.3 0.6 1.7 2.0	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6 7.2 8.6 4.5 9.0 6.3 1.5 2.5 2.0	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8 12.7 3.2 4.8 9.3 2.5 1.6 1.7 2.5	al Rate -0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0 6.1 -6.9 3.0 5.7 -2.6 2.8 6.8 7.5	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2 -18.9 -22.9 -1.4 -8.8 -13.7 3.1 5.7 5.4	ange of 2.5 1.9 6.1 2.0 2.2 1.2 12.9 -2.5 -16.4 15.9 1.9 11.9 12.7 0.1 4.3 3.2	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2 0.5 2.3 13.6 3.5 6.9 5.5 -3.0 -2.7 -2.3	t Doll 2.3 1.8 7.3 7.2 0.7 1.3 9.2 13.5 13.1 6.8 3.9 3.3 2.3 -1.4 -1.8 -3.3	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 1.9 1.9 -0.5 4.6 3.4 3.0 1.1 -2.0 -5.7 -6.6	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4 7.8 6.6 4.0 3.3 3.5 -0.1 -1.7 -1.7	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8 1.5 8.8 5.1 3.5 4.4 0.8 0.2 0.7	3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5 4.0 6.6 5.2 4.2 5.7 1.0 0.5 1.1
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential Nonres. Structures Equipment Intellectual Property Exports Imports Government Purchases Federal Defense Other	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6 1.7 9.6 6.5 6.3 6.3 0.6 1.7 2.0 1.3	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6 7.2 8.6 4.5 9.0 6.3 1.5 2.5 2.0 3.5	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8 12.7 3.2 4.8 9.3 2.5 1.6 1.7 2.5 0.3	al Rate -0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0 6.1 -6.9 3.0 5.7 -2.6 2.8 6.8 7.5 5.5	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2 -18.9 -22.9 -1.4 -8.8 -13.7 3.1 5.7 5.4 6.2	ange of 2.5 1.9 6.1 2.0 2.2 1.2 12.9 -2.5 -16.4 15.9 1.9 11.9 12.7 0.1 4.3 3.2 6.5	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2 0.5 2.3 13.6 3.5 6.9 5.5 -3.0 -2.7 -2.3 -3.4	t Doll 2.3 1.8 7.2 0.7 1.3 9.2 13.5 13.1 6.8 3.9 3.3 2.3 -1.4 -1.8 -3.3 1.0	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 1.9 1.9 -0.5 4.6 3.4 3.0 1.1 -2.0 -5.7 -6.6 -4.1	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4 7.8 6.6 4.0 3.3 3.5 -0.1 -1.7 -1.7 -1.6	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8 1.5 8.8 5.1 3.5 4.4 0.8 0.2 0.7 -0.6	3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5 4.0 6.6 5.2 4.2 5.7 1.0 0.5 1.1 -0.7
Gross Domestic Product Personal Consumption Expenditures Durable Goods Autos & Parts Nondurable Goods Services Gross Private Domestic Investment Residential Nonres. Structures Equipment Intellectual Property Exports Imports Government Purchases Federal Defense	3.3 3.5 5.4 -1.4 3.3 3.2 6.4 6.6 1.7 9.6 6.5 6.3 6.3 0.6 1.7 2.0	2.7 3.0 4.3 -3.7 3.3 2.7 2.1 -7.6 7.2 8.6 4.5 9.0 6.3 1.5 2.5 2.0	Annu 1.8 2.2 4.6 2.0 1.7 2.0 -3.1 -18.8 12.7 3.2 4.8 9.3 2.5 1.6 1.7 2.5	al Rate -0.3 -0.3 -5.1 -13.2 -1.1 0.8 -9.4 -24.0 6.1 -6.9 3.0 5.7 -2.6 2.8 6.8 7.5	es of Ch -2.8 -1.6 -5.5 -7.0 -1.8 -0.9 -21.6 -21.2 -18.9 -22.9 -1.4 -8.8 -13.7 3.1 5.7 5.4	ange of 2.5 1.9 6.1 2.0 2.2 1.2 12.9 -2.5 -16.4 15.9 1.9 11.9 12.7 0.1 4.3 3.2	Constar 1.6 2.3 6.1 3.2 1.8 1.8 5.2 0.5 2.3 13.6 3.5 6.9 5.5 -3.0 -2.7 -2.3	t Doll 2.3 1.8 7.3 7.2 0.7 1.3 9.2 13.5 13.1 6.8 3.9 3.3 2.3 -1.4 -1.8 -3.3	ar GDP 2.2 2.4 6.7 5.1 1.9 1.9 1.9 1.9 -0.5 4.6 3.4 3.0 1.1 -2.0 -5.7 -6.6	Compone 2.3 2.3 6.6 7.3 1.6 1.8 5.3 1.4 7.8 6.6 4.0 3.3 3.5 -0.1 -1.7 -1.7	3.1 3.1 7.1 6.2 3.0 2.6 6.6 10.8 1.5 8.8 5.1 3.5 4.4 0.8 0.2 0.7	3.1 3.2 5.5 3.4 3.0 2.8 6.3 9.5 4.0 6.6 5.2 4.2 5.7 1.0 0.5 1.1

Table 6. Employment												
1 0	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
						Emp1	oyment	(Millio	ns)			
Total	141.7	144.4	146.1	145.4	139.9	139.1	139.9	142.5	143.9	146.3	149.1	151.8
Nonagricultural	134.0	136.4	137.9	137.2	131.2	130.3	131.8	134.1	136.4	138.9	141.9	144.4
Natural Res. & Mining	0.6	0.7	0.7	0.8	0.7	0.7	0.8	0.8	0.9	0.9	0.9	0.9
Construction	7.3	7.7	7.6	7.2	6.0	5.5	5.5	5.6	5.8	6.0	6.4	6.8
Manufacturing	14.2	14.2	13.9	13.4	11.8	11.5	11.7	11.9	12.0	12.1	12.3	12.4
Trans. Warehous. Util	4.9	5.0	5.1	5.1	4.8	4.7	4.9	5.0	5.0	5.2	5.3	5.5
Trade	21.0	21.3	21.5	21.2	20.1	19.9	20.2	20.5	20.8	21.2	21.5	21.7
Financial Activities	8.2	8.4	8.3	8.2	7.8	7.7	7.7	7.8	7.9	8.0	8.0	8.0
Information	3.1	3.0	3.0	3.0	2.8	2.7	2.7	2.7	2.7	2.7	2.7	2.8
Professional & Busi.	17.0	17.6	17.9	17.7	16.6	16.7	17.3	17.9	18.6	19.3	20.3	21.2
Education & Health	17.6	18.1	18.6	19.2	19.5	19.9	20.2	20.7	21.1	21.5	21.9	22.2
Leisure & Hospitality	12.8	13.1	13.4	13.4	13.1	13.0	13.4	13.8	14.2	14.6	14.9	15.1
Other Services	5.4	5.4	5.5	5.5	5.4	5.3	5.4	5.4	5.5	5.5	5.5	5.6
Government	21.8	22.0	22.2	22.5	22.6	22.5	22.1	21.9	21.9	21.9	22.0	22.2
Federal	2.7	2.7	2.7	2.8	2.8	3.0	2.9	2.8	2.8	2.7	2.7	2.7
State & Local	19.1	19.2	19.5	19.7	19.7	19.5	19.2	19.1	19.1	19.2	19.3	19.5
					Popul	ation a	nd Labo	r Force	(Milli	ons)		
Population aged 16+	231.4	234.2	237.0	239.6	242.2	244.6	247.0	249.2	251.5	253.7	255.9	258.2
Labor Force	149.3	151.4	153.1	154.3	154.2	153.9	153.6	155.0	155.4	155.9	157.7	159.9
Unemployment (%)	5.1	4.6	4.6	5.8	9.3	9.6	8.9	8.1	7.4	6.2	5.4	5.1

Table 7. Personal Income and Its Disposition 2008 2014 2016 2005 2006 2007 2009 2010 2011 2012 2013 2015 Billions of Current Dollars 10609.3 11389.0 11994.9 12429.6 12087.5 12429.4 13202.0 13887.7 14166.9 14768.9 15496.3 16406.4 Personal Income Wages & Salaries 5692.0 6057.4 6395.2 6531.9 6251.4 6377.5 6633.2 6932.1 7124.7 7478.0 7886.1 8334.6 Other Labor Income 966.8 997.6 1041.4 1075.1 1077.5 1114.6 1142.0 1160.5 1193.9 1226.0 1254.5 1295.0 Nonfarm Income 932.6 1017.7 941.1 979.5 937.6 986.7 1068.1 1187.9 1253.5 1319.0 1410.7 1484.8 Farm Income 47.0 35.5 83.2 36.0 38.1 46.0 75.6 72.3 71.2 77.3 46.4 65.1 652.2 Rental Income 238.4 207.5 189.4 262.1 333.7 402.8 485.3 533.0 595.8 641.2 651 1 544.6 Dividends 578.3 723.7 816.6 805.5 553.8 682.3 832.7 824.6 855.3 907.1 1005.7 Interest Income 1088.2 1214.8 1350.1 1361.6 1264.3 1195.1 1231.6 1255.9 1255.2 1267.3 1300.7 1463 5 Transfer Payments 1512.0 1609.7 1722.8 1884.0 2140.2 2276.9 2307.9 2350.7 2414.6 2531.6 2667.3 2792.8 Personal Contributions For Social Insurance 445.3 475.2 499.7 516.9 506.3 423.9 698.3 514.7 437.3 578.4 614.7 653.7 Personal Tax and Nontax 1208.5 1352.1 1487.9 1435.2 1144.9 1191.5 1400.6 1503.7 1661.8 1743.0 1917.4 2090.5 Payments Disposable Income 9400.8 10036.9 10507.0 10994.4 10942.5 11237.9 11801.4 12384.0 12505.2 13025.9 13578.9 14316.0 Consumption 8794.1 9304.0 9750.5 10013.6 9847.0 10202.2 10689.3 11083.1 11484.3 11907.7 12437.6 13076.7 275.1 305.9 289.6 274.0 250.8 241.4 241.6 247.1 257.0 273.6 Interest 248.8 284.7 Transfers To Foreigners 48.4 51.6 59.3 66.2 66.1 73.0 74.1 73.2 74.3 75.0 78.9 84.1 237.9 310.3 542.2 672.0 628.1 711.1 896.2 608.1 691.1 685.2 Personal Saving 329.5 757.1 Personal Saving Rate(%) 2.5 3.3 3.0 5.0 6.2 5.6 6.0 7.2 4.9 5.3 5.0 5.3

Table 8 Personal Consumption Expenditures By Major Types

Table 8. Personal Consum	ption Ex	penditure	es By M	ajor Typ	es										
	2005	2006	2007	2008	2009	201	LO	2011	2012	201	.3 2	2014	2015	2	016
					Billi	ions of	Curre	ent Do	ollars						
Personal Consumption	8794.1	9304.0 9	9750.5	10013.6	9847.0	10202	.2 106	89.3	11083.1	11484.	3 1190	07.7 12	2437.6	1307	6.7
Durable Goods	1127.2	1156.1 1	184.6	1102.3	1023.3	1070	.7 11	25.3	1192.1	1249.	3 130	01.4	1379.6	144	1.3
Autos and Parts	410.0	394.9	400.6	339.6	317.1	342	.0 3	63.5	395.1	417.	7 44	47.3	481.4	504	4.3
Nondurable Goods	1953.0	2079.7 2	2176.9	2273.4	2175.1	2292	.1 24	71.1	2549.8	2601.	9 266	51.6 2	2720.2	2854	4.5
Services	2005 2006 2007 2008 2009 2010 2011 2011 2014 2015 2016 sonal Consumption 6794.1 904.0 9750.5 10013.6 9647.0 10202.2 10680.1 1144.3 1141.3 Autos and Parts 410.0 334.9 400.6 339.6 371.1 342.0 363.5 356.1 147.7 447.3 481.4 504.3 Services 573.8 6602.5 6633.6 468.5 6833.4 7032.5 794.7 793.7 197.9 1164.5 Durable Goods 1046.9 1692.1 7******* 1007.2 9947.0 1033.5 376.0 403.6 433.8 837.9 376.0 403.6 433.8 837.9 376.0 403.6 43.3 837.9 376.0 403.6 43.3 837.9 33.8 37.9 376.0 403.6 43.3 467.6 6648.6 6708.6 6648.6 6708.6 6618.7 670.7 5.5 5.9 7.0 <t< td=""></t<>														
					Bil	lions (of 200	9 Dol	lars						
Personal Consumption	9531.8	9821.7 *	*****	10007.2	9847.0	10036	.3 102	63.5	10449.7	10699.	7 1094	43.4 1	1287.9	1164	5.5
		1091.5 1	141.7	1083.2											
Autos and Parts	400.0	385.1	392.8	340.8	317.1	323	.4 3	33.8	357.9	376.	0 40	03.6	428.6	44;	3.3
Nondurable Goods	2132.3	2202.2 2	2239.3	2214.7	2175.1	2223	.5 22	63.2	2280.1	2322.	6 235	58.7	2430.2	2504	4.1
Services	6353.4	6526.6 6	656.4	6708.6	6648.5	6727	.6 68	51.4	6942.4	7073.	1 720)2.8	7386.9	759	6.0
					Annua	al Rate	s of I	Real (Growth						
Personal Consumption	3.5	3.0	2.2	-0.3	-1.6	1.	.9	2.3	1.8	2.	4	2.3	3.1		3.2
Durable Goods	5.4	4.3	4.6	-5.1	-5.5	6.	. 1	6.1	7.3	6.	7	6.6	7.1	ļ	5.5
Autos and Parts	-1.4	-3.7	2.0	-13.2	-7.0	2.	. 0	3.2	7.2	5.	1	7.3	6.2		3.4
Other Durables 7.4 7.2 4.7 -3.3 -5.0 4.2 5.5 5.5 5.9 3.1 2.4 2.2															
Other Durables 7.4 7.2 4.7 -3.3 -5.0 4.2 5.5 5.5 5.9 3.1 2.4 2.2 Nondurable Goods 3.3 3.3 1.7 -1.1 -1.8 2.2 1.8 0.7 1.9 1.6 3.0 3.0															
Nondurable Goods 3.3 3.3 1.7 -1.1 -1.8 2.2 1.8 0.7 1.9 1.6 3.0 3.0 Food and Beverages 3.8 3.1 1.3 -1.2 -1.5 2.1 1.1 0.8 1.0 -0.0 2.7 3.4															
Nondurable Goods3.33.31.7-1.1-1.82.21.80.71.91.63.03.0Food and Beverages3.83.11.3-1.2-1.52.11.10.81.0-0.02.73.4Gasoline and Oil0.80.4-0.3-3.9-0.8-0.1-2.0-1.31.00.01.71.2															
Nondurable Goods3.33.31.7-1.1-1.82.21.80.71.91.63.03.0Food and Beverages3.83.11.3-1.2-1.52.11.10.81.0-0.02.73.4Gasoline and Oil0.80.4-0.3-3.9-0.8-0.1-2.0-1.31.00.01.71.2															
Nondurable Goods 3.3 3.3 1.7 -1.1 -1.8 2.2 1.8 0.7 1.9 1.6 3.0 3.0 Food and Beverages 3.8 3.1 1.3 -1.2 -1.5 2.1 1.1 0.8 1.0 -0.0 2.7 3.4 Gasoline and Oil 0.8 0.4 -0.3 -3.9 -0.8 -0.1 -2.0 -1.3 1.0 0.0 1.7 1.2 Fuel -13.3 -6.6 1.1 -11.3 15.0 -7.9 -12.4 -9.1 0.1 2.7 0.1 0.7															
Clothing and Shoes	5.4	3.5	2.0	-0.5	-4.9	5.	. 3	3.9	0.7	1.	0	0.4	3.5	4	4.1
Other Nondurables	3.4	4.9	2.7	0.4	-1.7	2.	.3	3.6	1.9	3.	4	4.0	3.7		2.9
Services	3.2	2.7	2.0	0.8	-0.9	1.	.2	1.8	1.3	1.	9	1.8	2.6		2.8
Housing	Billions of Current Dollars Billions of Current Dollars Description Billions of Current Dollars Durable Goods 1172.2 1186.1 1184.6 1102.3 1020.2 10689.3 11007.1 1243.6 1307.6 7 Autos and Parts 410.0 394.9 400.6 339.6 317.1 342.0 363.5 395.1 417.7 447.3 481.4 504.3 Nondurable Goods 1950.0 2079.7 217.5 2279.4 271.1 254.9 260.1 272.0 2854.5 Services 571.3 608.2 638.9 633.9 648.5 639.4 7092.8 7341.3 7633.2 794.4 733.8 878.9 Sorvices 1033.1 328.2 340.8 317.1 323.4 338 357.9 376.0 443.6 443.3 Nondurable Goods 1.4 .3.7 20.1.2 217.5 223.2 222.1 228.7 232.2 217.3 224.3 131.1 3.2 Autos and Parts 1.4 </td														
Transportation Serv.	2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 sonal Consumption 3794.1 9304.0 9756.5 10013.6 9847.0 10027.2 10689.3 11043.1 11143.3 11043.1 11143.4 1307.7 1437.6 1441.3 Mutos and Parts 410.0 934.9 400.6 336.6 337.1 324.2 2471.1 249.3 2601.6 2720.2 284.5 Services 5713.8 60682.5 6339.4 7028.5 7049.7 7033.2 794.7 337.8 670.9 Services 5713.8 6082.1 794.7 1035.3 1044.9 11063.3 1045.3 1044.9 71063.2 794.7 733.2 794.7 733.2 794.7 733.2 794.7 733.2 740.2 2504.1 Services 6335.4 6526.6 6656.4 6707.6 6681.4 47.4 73.3 750.0 733.2 740.2 2504.1														
Health Care	2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 sonal Consumption 8794.1 9004.0 9750.5 10013.6 9947.0 10022.2 10689.3 11048.1 1104.3 1007.7 1427.3 1301.4 1379.6 1441.3 Mutos and Parts 410.0 334.9 400.6 339.6 317.1 342.0 363.5 356.1 417.7 447.3 481.4 504.3 Services 5713.8 66025 6637.9 6685.4 5683.4 7032.2 794.7 733.2 794.7 137.8 670.9 Services 5811.8 9621.7 ************************************														
Recreational Service	Billions of Current bollars Billions of Current bollars Durable Goods 1127.2 1156.1 1184.6 1102.3 11023.3 111484.3 11907.7 1243.3 11907.7 1243.3 1301.4 1377.6 1367.6 Durable Goods 130.0 127.2 1216.9 127.4 127.6 127.7 147.3 340.4 157.6 127.7 147.3 340.4 504.3 100.7 122.3 122.1 1249.3 1201.7 147.3 481.4 504.3 Nondurable Goods 533.0 0297.7 125.5 1289.8 2601.9 202.2 284.5 589.9 731.3 733.2 794.7 833.7.8 8780.9 Brillions of Consumption 931.8 9821.7 7****** 1003.3 1085.7 1131.9 1406.3 1505.5 1588.0 443.3 1087.5 1319.0 1406.3 1505.5 1588.0 Services 633.4 466.6 651.1 275.6 681.4 942.4 7073.1 72														
Food Svcs. Accom.	3.6	3.2	1.3	-1.0	-4.1	1.	.5	2.6	2.5	2.	2	2.7	4.0		3.7
Financial Services	5.3	2.3	3.1	-0.7	-2.5	2.	.1	1.8	-4.5	2.	1	4.1	4.0		2.0
Other Services	0.4	2.6	2.3	-0.7	-2.2	0.	.2	1.3	2.1	0.	6	0.4	3.4	4	4.9
T 1 1 0 D 1 1 1 1 0															
Table 9. Residential Con			-		000	2000	2010	2	011	2012	2012	20.	1.4	2015	2016
	20	00 200	10 2	007 2	000	2009	2010	2	011	2012	2013	20.	14 /	2015	2010
				F	lousina	Starts	(Mill	ions	of Unit	c)					
Housing Starts	2 0	73 1 81	2 1		-						0 930	0.90	99 1	209	1 344
5															
5 0															
narer rainig	0.0	01 0.00	0.0		201 0		0.111	0.	1,0 0	. 2 17	0.005	0.0	00 0	±	0.170
			Reside	ential C	onstruct	ion Fx	nendi	tures	(Billi	ons of	Dollar	(21			
Current Dollars	856	1 837					•						5 6	38 7	718 3
2009 Dollars															
			-									-			
						Relate	ed Con	cepts	;						
Treas. Bill Rate	3	15 4 7	73 4	35 1	37					0 09	0 06	0 (04 (0 47	2 08
Conventional 30-year	0.		5 1				0.11	0			0.00	0.1	- '	- • • · /	2.00
Mortgage Rate	5.	87 6.4	11 6	.34 6	.04	5.04	4.69	4	.46	3.66	3.98	4.	19	4.83	5.72
Median Sales Price of	0.		0								0.50				U./ L
New Homes (Thous \$)	234	.2 243.	1 24	3.7 23	0.4 2	14.5	221.2	22	4.3 2	42.1	265.1	274	.9 2	74.4	275.6
Real Disp. Income		.8 10036.													
% Change		.5 4.				-0.4	1.0		2.5	3.0	-0.2		.7	2.9	3.4
	-				-				-			-		-	

Table 10. Nonresidential Fi	vod Invor	stmont ar	nd Invont	onios								
Table 10. Nonresidential Fiz	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	2005	2000	2007		11ions of				2010	2014	2015	2010
Nonres. Fixed Investment	1611.5	1776.3	1920.6	1941.0	1633.4	1658.2	1812.1		2054.0	2206.2	2370.3	2541.4
Equipment	790.7	856.1	885.8	825.1	644.3	731.8	838.2	904.1	949.7	1018.1	1116.9	1201.9
Intellectual Property	475.1	504.6	538.0	563.4	550.9	564.4	592.2	621.0	647.2	682.5	725.6	774.8
Nonresidential Structures	345.6	415.6	496.9	552.4	438.2	362.0	381.6	446.9	457.2	505.6	527.8	564.7
Buildings	211.5	244.8	293.9	317.5	249.1	173.7	170.2	191.6	201.7	221.6	248.9	290.4
Commercial	112.8	128.4	150.7	148.9	95.4	64.7	66.8	75.6	83.4	94.5	107.5	131.5
Industrial	28.4	32.3	40.2	52.8	56.3	39.8	39.0	45.8	46.3	54.0	61.6	61.2
Other Buildings	70.3	84.2	103.0	115.8	97.4	69.2	64.5	70.2	72.0	73.1	79.7	97.7
Utilities	54.3	63.6	89.6	104.6	104.3	93.3	90.7	112.2	105.6	121.8	125.8	118.4
Mining Exploration	69.4	96.0	102.2	117.0	75.0	86.2	112.3	133.1	139.7	152.7	142.6	143.8
Other	10.5	11.1	11.2	13.3	9.9	8.9	8.4	10.1	10.2	9.6	10.6	12.1
				E	Billions	of 2009	Dollars					
Nonres. Fixed Investment	1717.4	1839.6	1948.4	1934.5	1633.5	1673.8	1802.3	1931.8	1990.6	2110.4	2236.2	2361.1
Equipment	801.6	870.8	898.3	836.1	644.3	746.7	847.9	905.6	947.2	1009.3	1098.2	1170.4
Intellectual Property	495.0	517.5	542.4	558.8	550.9	561.3	581.3	603.8	624.1	648.8	681.8	717.3
Nonresidential Structures	421.2	451.5	509.0	540.2	438.2	366.3	374.7	423.8	421.7	454.7	461.4	480.0
Buildings	250.8	268.7	305.2	317.9	249.1	179.3	172.3	188.8	194.0	206.1	224.6	254.3
Commercial	137.6	144.3	159.9	151.7	95.4	66.6	67.3	73.9	79.8	88.0	98.0	117.2
Industrial	34.2	36.5	43.1	53.8	56.3	40.8	39.1	44.9	44.3	49.9	54.0	50.9
Other Buildings	79.7	88.5	102.6	112.8	97.4	71.9	65.9	70.0	69.8	68.1	72.5	86.7
Utilities	64.9	70.0	94.3	103.6	104.3	89.8	82.8	99.1	92.2	104.6	104.2	95.1
Mining Exploration	92.1	99.5	97.9	105.0	75.0	87.8	110.9	124.5	125.2	134.3	123.5	122.5
Other	10.7	10.8	10.6	12.6	9.9	9.2	8.6	10.1	9.9	8.8	8.8	9.3
					in Real N							
Nonres. Fixed Investment	7.0	7.1	5.9	-0.7	-15.6	2.5	7.7	7.2	3.0	6.0	6.0	5.6
Equipment	9.6	8.6	3.2	-6.9	-22.9	15.9	13.6	6.8	4.6	6.6	8.8	6.6
Intellectual Property	6.5	4.5	4.8	3.0	-1.4	1.9	3.5	3.9	3.4	4.0	5.1	5.2
Nonresidential Structures Buildings	1.7 -0.9	7.2 7.2	12.7 13.6	6.1 4.2	-18.9 -21.7	-16.4 -28.0	2.3 -3.9	13.1 9.6	-0.5 2.7	7.8 6.2	1.5 9.0	4.0 13.2
Commercial	-0.9	4.9	10.8	-5.2	-21.7	-20.0	-3.9	9.0	2.7	10.2	9.0 11.4	19.6
Industrial	-1.5	4.9 6.6	18.2	24.8	-37.1	-27.5	-4.2	9.8 14.8	-1.3	10.5	8.4	-5.8
Other Buildings	-5.3	11.0	16.0	9.9	-13.7	-26.2	-4.2	6.2	-0.4	-2.5	6.5	19.6
Utilities	3.8	7.9	34.6	9.9	0.7	-13.9	-7.8	19.8	-7.0	13.5	-0.3	-8.8
Mining Exploration	9.4	8.0	-1.6	7.3	-28.6	17.1	26.4	12.3	0.5	7.3	-8.1	-0.8
Other	3.2	0.8	-1.4	18.0	-21.3	-7.4	-5.9	17.5	-2.3	-11.1	0.4	5.4
						ed Conce					••••	
Annual Growth-Price Deflator	For:						, , , , , , , , , , , , , , , , , , , ,					
Producers Dur. Equip.	0.3	-0.3	0.3	0.1	1.3	-2.0	0.9	1.0	0.4	0.6	0.8	1.0
Structures	12.6	12.2	6.1	4.8	-2.2	-1.2	3.0	3.5	2.8	2.6	2.8	2.8
Moody's AAA Rate(%)	5.2	5.6	5.6	5.6	5.3	4.9	4.6	3.7	4.2	4.2	4.6	5.4
Capacity Utilization in												
Manufacturing(%)	78.2	78.4	78.7	74.6	65.6	71.1	73.9	75.5	76.1	77.1	78.3	78.7
Final Sales(Bil. 2009 \$)	14169.9	14542.2	14838.2	14864.1	14566.3	14725.6	14983.0	15312.1	15646.7	15999.0	16507.9	17014.2
				Char	nge in Bu	siness I	nventori	es				
Current Dollars	59.6	67.0	34.5	-32.0	-147.6	61.5	41.8	64.9	74.1	75.0	69.2	70.2
2005 Dollars	64.3	71.6	35.6	-33.7	-147.6	58.2	37.6	57.1	63.6	65.1	61.0	60.7

Table 11. Federal Government Re	ceipts a	ind Exper	nditure	s								
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
				Bi	llions o	f Curren	t Dollar	s				
Unified Budget Basis, Fiscal Yea	r											
Receipts	2153.4	2406.7	2567.7	2523.6	2104.4	2161.7	2302.5	2449.1	2774.0	3020.8	3335.7	3589.4
Outlays	2472.1			2978.4		3455.9	3599.3	3538.3	3454.2	3504.2	3814.5	3965.9
Surplus or Deficit (-)	-318.7				*****	-1294.2	-1296.8	-1089.2	-680.2	-483.4	-478.8	-376.5
National Income & Products Acco		sis, Cale	endar Ye	ear								
Current Receipts	2298.1			2503.7		2391.8	2519.5	2684.1	3113.0	3303.0	3520.2	3749.4
Current Tax Receipts	1384.6			1448.1		1305.0	1501.3	1651.6	1811.8	2019.5	2197.1	2357.5
Personal Current Taxes	932.1	1049.6	1164.4		857.2	893.8	1076.6	1149.0	1286.8	1374.8	1524.2	1663.3
Taxes - Corporate Income	341.0	395.0	362.8	233.6	200.4	298.7	299.4	369.5	384.9	492.5	515.7	521.4
Taxes - Production/Imports		99.2	94.6	94.0	91.4	96.8	108.6	115.0	120.9	133.0	137.0	151.7
Contributions for Soc. Ins.	853.4	905.7	947.3	974.4	950.8	970.9	904.0	938.1	1092.3	1154.6	1224.1	1303.4
Income Receipts on Assets	27.3	28.9	33.4	33.9	48.5	54.6	56.4	53.6	164.8	80.4	57.6	42.1
Current Transfer Receipts	32.0	36.8	41.0	46.5	63.9	64.4	65.0	49.9	59.5	68.5	63.1	65.9
Surplus of Gov't. Enterprises	0.9	1.8	2.0	0.8	0.7	-3.1	-7.1	-9.1	-15.3	-20.1	-21.6	-19.3
Current Expenditures	2602.8	2758.8	2926.4	3137.7	3476.6	3720.5	3763.7	3763.2	3762.1	3898.6	4074.7	4257.0
Consumption Expenditures	723.4	763.9	798.3	879.8	933.7	1003.9	1006.1	1003.6	963.1	969.6	989.8	1019.2
Defense	475.9	500.3	526.1	582.8	613.3	653.2	662.3	650.5	616.4	623.0	639.1	663.0
Nondefense	247.5	263.6	272.3	297.0	320.4	350.7	343.8	353.2	346.6	346.6	350.7	356.2
Transfer Payments	1474.5	1571.4	1672.4	1820.3	2132.4	2281.7	2272.4	2278.3	2322.0	2421.3	2555.7	2685.2
Government Social Benefits	1079.7	1184.2	1258.9	1391.9	1608.9	1710.1	1727.3	1767.0	1806.8	1862.7	1940.3	2032.0
To the Rest of the World	11.3	12.5	13.3	15.5	16.0	16.5	17.1	18.1	18.9	19.4	20.0	20.4
Grants-in-Aid												
To S&L Governments	343.4	340.8	359.0	371.0	458.1	505.3	472.5	444.4	450.0	502.6	542.4	578.9
To the Rest of the World	40.2	33.9	41.3	41.9	49.4	49.7	55.6	48.8	46.4	36.7	53.0	53.8
Interest Payments	344.4	372.4	408.2	388.0	353.6	380.6	425.7	423.8	417.4	450.8	472.5	495.2
Subsidies	60.5	51.1	47.5	49.6	56.9	54.3	59.5	57.6	59.7	56.9	56.7	57.4
Surplus or Deficit (-)	-304.7	-227.0	-265.6	-634.0	*****	-1328.7	-1244.2	-1079.1	-649.1	-595.6	-554.5	-507.6

Table 12. State and Local	Governme	ent Rec	eipts a	nd Expei	nditure	S							
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
					Bil1	lions of	⁻ Currer	nt Dolla	ars				
Receipts	1166.5	1254.5	1321.3	1328.9	1268.1	1305.7	1368.3	1424.8	1471.8	1491.7	1556.7	1647.6	
As Share of GDP	8.9	9.1	9.1	9.0	8.8	8.7	8.8	8.8	8.8	8.6	8.5	8.5	
Personal Tax and Nontax													
Receipts	276.4	302.5	323.5	333.5	287.8	297.6	324.1	354.7	375.0	368.1	393.2	427.2	
Corporate Profits	55.0	59.2	57.9	47.4	45.6	47.7	50.2	53.2	55.3	57.1	61.4	61.3	
Indirect Business Tax and													
Nontax Accruals	835.1	892.7	940.0	947.9	934.8	960.4	994.0	1017.0	1041.6	1066.4	1102.0	1159.1	
Contributions For Social													
Insurance	24.6	21.5	18.9	18.7	18.6	18.2	18.2	17.7	17.7	17.7	18.4	19.5	
Federal Grants-In-Aid	343.4	340.8	359.0	371.0	458.1	505.3	472.5	444.4	450.0	502.6	542.4	578.9	
Expenditures	1775.4	1850.3	1973.3	2074.1	2191.2	2235.9	2246.4	2293.8	2350.8	2442.5	2542.9	2641.4	
As Share of GDP	13.6	13.4	13.6	14.1	15.2	14.9	14.5	14.2	14.0	14.0	13.9	13.7	
Purchases	1547.4	1640.2	1752.2	1847.6	1871.4	1870.2	1865.3	1877.8	1912.4	1958.3	2025.8	2109.6	
Transfer Payments	406.6	403.9	433.3	455.4	492.6	523.8	530.4	540.6	565.4	624.7	678.4	708.4	
Interest Received	35.0	25.4	17.3	36.0	114.3	123.0	125.9	143.7	137.0	131.8	128.5	127.2	
Net Subsidies	7.7	11.5	25.6	25.0	22.8	21.4	17.9	16.6	14.8	14.9	14.4	13.6	
Dividends Received	2.0	2.1	2.2	2.6	2.2	2.3	2.7	3.4	3.7	4.1	4.2	4.3	
Net Wage Accruals													
Surplus Or Deficit	-66.6	-39.4	-72.7	-165.1	-271.9	-237.3	-215.9	-232.6	-225.2	-237.5	-221.2	-177.3	

Table 13 U.S. Exponts and Impo	rts of	Coods a	nd Sonv	icoc								
Table 13. U.S. Exports and Impo	2005		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
					illions							
Net Exports-Goods & Serv.	-721.2	-771.0	-718.6	-723.1	-395.5	-512.7	-580.0	-568.3	-508.2	-511.0	-437.0	-472.4
Current Account Balance											-299.1	
Merchandise Balance	-792.8	-850.1	-837.3	-850.6	-525.2	-670.2	-777.9	-778.9	-739.4	-745.1	-693.3	-735.3
Exports-Goods & Services	1308 9	1476.3	1664 6	1841 9	1587 7	1852.3	2106 4	2194 2	2262 2	2346 8	2443.4	2594 1
Merchandise											1672.4	
Food, Feeds & Beverages	59.0	66.0	84.3	108.3	93.9	107.7	126.2	132.9	136.2	140.1	135.5	138.4
Industrial Supplies	236.8	279.1			293.5	388.6					535.0	589.2
Motor Vehicles & Parts	98.4				81.7	112.0			152.6			186.9
Capital Goods, Ex. MVP	302.5		360.0			375.9					448.8	471.4
Computer Equipment Other	45.5 257.0		45.5 314.5	43.9 339.8	37.7 279.0	43.8 332.1			48.1 381.5	49.2 388.7		55.3 416.1
Consumer Goods, Ex. MVP	115.2		145.9			164.9			188.4		206.4	206.0
Other	58.8				55.2	58.6					62.0	63.4
Services	382.3								699.4			824.4
Innente Orede & Couriere	0000 1	0047 0	0000 0	0565 0	1000 0	0005 0	0000 4	0760 5	0770 4	0057 0	0000 4	00CC F
Imports-Goods & Services Merchandise											2880.4 2365.7	
Foods, Feeds & Beverage	69.1		83.0	90.4	82.9	92.5					123.5	127.8
Petroleum & Products	263.2											299.1
Indus Supplies Ex. Petr	268.0		297.9			249.4			291.2			353.0
Motor Vehicles & Parts	238.7	256.0	258.5			225.6	255.2		309.6	326.7	313.2	306.4
Capital Goods, Ex. MVP	357.0						477.9					617.9
Computer Equipment	93.5								121.2			128.6
Other Consumer Goods, Ex. MVP	263.5 412.7		309.2 479.8						389.7 533.9			489.4 609.7
Other	84.9				429.9	405.1 93.1			106.1			139.5
Services	310.7		379.4					456.4				
					Billion	s of 20	09 Doll	ars				
Net Exports-Goods & Serv.											-477.8	
Exports-Goods & Services											2157.7	
Imports-Goods & Services	2164.2	2301.0	2359.0		1983.2 orts and				2440.3	2524.7	2635.5	2/86.4
Current Dollars				LXPC			13 /0	change				
Exports	10.8	12.8	12.8	10.7	-13.8	16.7	13.7	4.2	3.1	3.7	4.1	6.2
Imports	12.7	10.7	6.0	7.6	-22.7	19.3	13.6	2.8	0.3	3.2	0.8	6.5
Constant Dollars												
Exports	6.3		9.3		-8.8	11.9	6.9	3.3	3.0	3.3		4.2
Imports	6.3	6.3	2.5	-2.6 Prod	-13.7 uction	12.7 Indicat	5.5		1.1	3.5	4.4	5.7
U.S. Industrial Production	3.2	2.2	2.5		-11.3			-		4.1	3.3	4.1
Real GDP Industrial Countries						2.9			1.3			2.2
Real GDP Developing Countries						7.4	5.4					4.3
					Pri	ce Indi	cators					
Price Deflators (% Ch) Exports	4.3	3.4	<u> </u>	4.6	-5.5	4.3	6.4	0.9	0.1	0.5	0.6	1.8
Imports	4.3					4.3 5.8						0.7
impor es	0.0	1.1	0.1	10.0	10.1	0.0	/./	0.0	0.0	0.0	0.1	0.7
Crude Oil Prices (\$/barrel) Real U.S. Dollar	56.5	66.1	72.3	99.6	61.7	79.4	95.1	94.2	98.0	94.3	76.5	82.4
Ex. Rate-Indust. Countries	1.07		0.98	0.93		0.99			1.00	1.03	1.11	1.09
%Change	-2.2					-0.5			4.7			-1.4
Ex. Rate-Dev. Countries	1.18					0.95			0.86			0.85
%Change	-6.0	-5.1	-7.5	-9.5	6.3	-5.2	-8.2	-0.5	-1.1	1.6	0.7	-2.6

Table 14. Price Indexes	2005 2005	2006	2007	2008	2009	2010 2010	2011	2012	2013	2014	2015	2016
						Impl	icit Pri	ce Defla	tors			
GDP	3.2	3.1	2.7	1.9	0.8	1.2	2.1	1.8	1.5	1.6	2.1	2.1
Consumption	2.9	2.7	2.5	3.1	-0.1	1.7	2.5	1.8	1.2	1.4	1.3	1.9
Durables	-1.0	-1.6	-2.0	-1.9	-1.7	-1.4	-0.9	-1.3	-1.8	-2.3	-1.0	-1.0
Motor Vehicles	1.5	0.1	-0.6	-2.3	0.3	5.7	3.0	1.4	0.6	-0.2	1.4	1.3
Furniture	0.0	-0.5	-0.8	-0.7	-0.4	-4.2	-1.6	-0.3	-2.0	-3.3	-0.6	-0.6
Other Durables	-0.6	1.5	2.6	3.3	1.1	0.4	3.2	0.5	-0.2	-1.3	0.9	1.1
Nondurables	3.8	3.1	2.9	5.6	-2.6	3.1	5.9	2.4	0.2	0.7	-0.8	1.8
Food	1.7	1.7	3.9	6.1	1.2	0.3	4.0	2.3	1.0	1.9	1.5	0.9
Clothing & Shoes	-0.9	-0.4	-0.9	-0.8	0.9	-0.7	1.8	3.6	0.9	0.7	0.4	0.3
Gasoline	22.5	12.9	8.3	18.0	-27.2	18.1	26.4	3.4	-2.6	-3.1	-13.6	5.2
Fuel Matan Vabiala Fuel	33.0	13.7	6.9	35.6	-31.5	17.0	27.2	1.3	-1.2	0.3	-7.1	5.6
Motor Vehicle Fuel	21.6	12.8	8.4	16.6	-26.8	18.2	26.3	3.5	-2.7	-3.4	-14.1	5.2
Services	3.3	3.4	3.2	3.1	1.1	1.7	1.8	2.1	2.1	2.2	2.3	2.4
Housing	2.6	3.5	3.6	2.7	1.8	0.1	1.3	2.2	2.4	2.7	2.9	3.0
Utilities	8.9	8.0	3.1	7.8	-2.2	1.3	1.7	-0.2	3.2	4.6	0.5	1.4
Electricity	6.2	12.1	3.9	6.4	3.0	0.2	1.7	-0.0	2.1	4.0	1.5	0.4
Natural Gas	19.4	2.4	-1.2	13.8	-21.9	-2.0	-3.0	-9.7	4.7	8.0	-8.6	0.6
Water & Sanit. Health Care	5.2 3.2	4.9 3.0	5.1 3.7	5.9 2.7	6.1 2.7	6.3 2.5	5.2 1.8	5.5 1.8	4.5	3.5 1.3	3.9 2.5	3.8 2.6
Transportation	3.2 3.6	3.0 4.1	2.3	2.7 5.3	2.7	2.5	2.7	1.0	1.4 1.3	1.3	2.5 1.4	2.0 2.1
Recreation	2.8	4.1	2.3	3.1	1.2	2.0	2.7	2.7	1.3	1.1	1.4	1.7
Food & Accomm.	2.0	3.4	2.0 3.9	3.1	2.2	1.1	2.5	2.7	2.1	2.6	2.6	2.0
Financial & Insur.	3.1	2.7	2.9	1.1	-4.4	4.0	2.4	3.7	2.7	2.9	2.0	2.6
Other Services	4.8	4.0	3.1	4.6	2.8	3.0	2.5	2.5	2.8	2.3	2.0	2.2
	4.0	7.0	0.1	7.0	2.0	0.0	2.5	2.5	2.0	2.0	2.0	<i>L</i> . <i>L</i>
Investment Deflators:												
Nonresidential	2.9	2.9	2.1	1.8	-0.3	-0.9	1.5	1.5	1.1	1.3	1.4	1.5
Structures	12.6	12.2	6.1	4.8	-2.2	-1.2	3.0	3.5	2.8	2.6	2.8	2.8
Equipment	0.3	-0.3	0.3	0.1	1.3	-2.0	0.9	1.0	0.4	0.6	0.8	1.0
Intellectual Prop.	0.9	1.6	1.7	1.7	-0.8	0.5	1.3	1.0	0.8	1.4	1.2	1.5
Residential	7.2	5.8	1.3	-1.5	-3.5	-0.4	0.8	0.9	5.0	5.8	3.4	2.7
Government Purchases	5.1	4.4	4.4	4.3	-0.3	2.7	3.0	1.5	1.2	1.3	1.9	2.3
Federal	4.2	3.3	3.0	3.0	-0.3	2.6	2.7	0.9	1.1	1.0	1.5	1.7
State & Local	5.6	5.0	5.2	5.1	-0.3	2.7	3.1	1.9	1.3	1.4	2.2	2.7
Exports	4.3	3.4	3.2	4.6	-5.5	4.3	6.4	0.9	0.1	0.5	0.6	1.8
Imports	6.0	4.1	3.4	10.5	-10.4	5.8	7.7	0.5	-0.8	-0.3	-3.4	0.7
					Otł	ner Infla	ation Re	elated I	ndicato	ors		
Consumer Price Index												
All Urban	3.4	3.2	2.9	3.8	-0.3	1.6	3.1	2.1	1.5	1.7	1.2	2.3
Producers Price Index	7.3	4.7	4.8	9.8	-8.7	6.8	8.8	0.5	0.6	1.2	-0.5	2.4
						Nonfa	rm Secto	n India	ators			
Wage Compensation	3.6	3.9	4.3	2.7	1.1	1.9	2.2	2.7	.ators 1.1	3.2	3.2	3.9
Productivity	2.1	0.9		0.8	3.2	3.3	0.1	1.0	0.9	0.8	1.8	2.0
Unit Labor Costs	1.6	3.0	2.7	2.0	-2.0	-1.3	2.1	1.7	0.3	2.4	1.4	1.9
		2.5										
Wast Toxas Intermediate	56 16	66 10	72 20	00 61			Prices	• • • • • • • • • • • • • • • • • • • •			76 10	92 12

Table 14. Price Indexes for GDP and Other Inflation Indicators (Percent Change)

West Texas Intermediate 56.46 66.10 72.28 99.61 61.69 79.41 95.07 94.21 97.96 94.35 76.48 82.42

Table 15. Producers Price Indexes

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
						Annua	al Perce	nt Char	nge			
All Commodities	7.3	4.7	4.8	9.8	-8.7	6.8	8.8	0.5	0.6	1.2	-0.5	2.4
Industrial Commodities	8.6	5.4	3.8	9.8	-9.0	7.0	8.0	0.0	0.4	0.7	-0.6	2.8
Textiles & Apparel	1.5	1.4	1.0	2.4	0.5	1.7	7.6	0.3	0.8	1.5	0.8	0.9
Fuels	23.2	6.6	6.6	20.5	-25.8	17.1	16.0	-1.8	-0.2	-0.8	-9.0	4.1
Chemicals	10.1	7.2	4.4	14.3	-6.5	7.5	11.5	0.5	0.9	1.1	3.4	3.7
Rubber & Plastics	7.5	6.9	0.8	7.0	-0.4	3.3	7.1	2.3	1.1	0.5	1.5	1.7
Lumber & Wood	0.4	-1.1	-1.0	-0.6	-4.4	5.4	1.1	3.5	6.5	4.5	4.1	1.9
Pulp & Paper	3.5	3.6	3.4	4.6	-0.5	5.0	3.5	-0.4	1.9	0.9	1.7	2.4
Metals & Products	7.5	12.9	6.5	10.1	-12.2	11.1	8.8	-2.7	-2.9	1.2	2.8	2.7
Equipment	1.3	2.0	0.9	1.9	1.2	-0.1	1.3	1.1	0.7	0.8	1.6	1.2
Trans. Equipment	1.6	1.1	1.6	2.3	2.3	0.7	1.7	2.2	1.2	1.5	2.6	2.3
Farm	-3.8	-1.2	22.5	12.4	-16.5	12.2	23.6	3.1	1.4	1.1	-5.4	-0.8
Processed Foods & Feeds	1.3	0.4	7.3	9.3	-2.4	3.4	8.4	3.9	1.5	4.2	1.0	0.3
By Stage of Processing												
Crude Materials	14.6	1.4	12.2	21.5	-30.5	21.3	17.4	-3.2	2.1	1.4	-8.0	2.8
Intermediate Materials	8.0	6.4	4.0	10.3	-8.2	6.4	8.9	0.5	0.0	0.9	-0.1	2.1
Finished Goods	4.9	2.9	3.9	6.4	-2.6	4.2	6.0	1.9	1.2	1.9	-0.1	2.0
Consumers	5.8	3.4	4.5	7.4	-3.8	5.5	7.5	2.0	1.4	2.1	-0.7	2.0
Producers	2.3	1.5	1.9	2.9	1.8	0.4	1.5	1.9	0.9	1.5	2.1	1.8

Table 16. Money, Interest Ra	ites and C 2005	Corporate 2006	Profits 2007	2008	2009 Billion	2010 s of Dol	2011	2012	2013	2014	2015	2016
Money Supply (M1)	1371.8	1374.8	1372.6	1434.3	1637.6	1741.9	2009.6	2311.4	2544.7	2808.2	2853.5	2754.1
Money Supply (M2)	6505.6	6848.0	7269.9			8601.2	9229.4				11868.0	12249.1
						ent Chang						
Money Supply (M1)	2.0	0.2	-0.2	4.5	14.2	6.4	15.4	15.0	10.1	10.4	1.6	-3.5
Money Supply (M2)	4.3	5.3	6.2	6.8	8.1	2.5	7.3	8.6	6.7	6.2	4.5	3.2
				Ir	nterest F	Rates (Pe	ercent)					
Short-term Rates												
3-Month Treas. Bills	3.15	4.73	4.35	1.37	0.15	0.14	0.05	0.09	0.06	0.04	0.47	2.08
Prime Bank Loans	6.19	7.96	8.05	5.09	3.25	3.25	3.25	3.25	3.25	3.25	3.46	5.08
U.S. Government Bond Yields												
5 Year Maturity	4.05	4.75	4.43	2.80	2.19	1.93	1.52	0.76	1.17	1.65	2.21	3.26
10 Year Maturity	4.29	4.79	4.63	3.67	3.26	3.21	2.79	1.80	2.35	2.57	3.21	3.93
30 Year Maturity	4.56	4.87	4.84	4.28	4.07	4.25	3.91	2.92	3.45	3.37	3.89	4.42
State and Local Governments	Pond Viol	de										
Domestic Municipal Bonds	4.40	us 4.41	4.39	4.85	4.62	4.29	4.51	3.73	4.26	4.28	4.86	5.38
bollestre nurrerpar bolles	+.+0	7.71	т.0J	4.05	4.02	7.23	4.51	0.70	7.20	7.20	4.00	5.00
Corporate Bond Yields												
Moodys AAA Corp. Bonds	5.23	5.59	5.56	5.63	5.31	4.94	4.64	3.67	4.24	4.17	4.57	5.38
Conventional Mortgage Rate	5.87	6.41	6.34	6.04	5.04	4.69	4.46	3.66	3.98	4.19	4.83	5.72
conventional nortgage Rate	5.07	0.41	0.54	0.04	5.04	4.09	4.40	5.00	5.90	4.19	4.03	5.72
			(Corporate	e Profits	(Billior	ns of Dol	lars)				
Profits Before Taxes	1653.33	1851.43				-		-	2235.33	2424.12	2609.20	2637.82
Inventory Valuation Adj.	-32.13	-35.68	-39.50	-36.95	6.68	-41.03	-68.30	-9.50	3.33	-6.01	-7.92	-20.32
Profits After Taxes	1240.93	1378.08	1302.88	1073.33	1203.13	1470.15	1427.70	1681.33	1761.08	1837.74	1994.37	2016.16

THE UCLA ANDERSON FORECAST FOR CALIFORNIA

DECEMBER 2014 REPORT

The Changing Face of Construction and Manufacturing

Infrastructure and Residential Investment in Los Angeles

The Changing Face of Construction and Manufacturing

Jerry Nickelsburg Senior Economist, UCLA Anderson Forecast Adjunct Professor of Economics, UCLA Anderson School December 2014

The California Outlook remains much the same as it has over the past 12 months. In spite of all of the turmoil in the world, labor markets keep improving a pace with nothing spectacular derailing the recovery process. A year ago we forecast that California employment would grow at 2%, faster than the U.S., fast enough to drive down the unemployment rate to 8.2%. We were right on target with the employment forecast, but the labor force did not grow as fast as we anticipated and the unemployment rate dropped a full 0.9% more than forecast. The latest job numbers (45,000 new payroll jobs in October) do not give us any reason to think that the projected fall in the unemployment rate to approximately the same as the U.S. by the end of 2016 is in jeopardy.

The short story of the forecast is that it is not much changed. The latest data show the growth of housing starts were slightly slower than predicted, a slowdown which we attribute more to the difficulty of beginning construction on multi-family projects in already developed areas rather than a change in the underlying fundamentals of demand and supply. We expect continued weakness abroad, in particular slower growth in Japan, China and the European Union, which will reduce the growth of manufactured goods for export other than components for commercial airplanes, and increased consumption at home which will generate more demand for transportation and warehousing services. Though each of these three factors will have an impact on our forecast, the net effect is for 2015 to look much like 2014 - a good but not spectacular year - and 2016 to show stronger growth and an unemployment rate plummeting to 5.3%.

Indeed, our optimism about the future of the California economy is only tempered by two elements; 1. That Sacramento could take the passage of the rainy day fund as the solution to the volatile revenue stream relied upon for State government funding, a topic we have discussed previously, and 2. The changed nature of labor demand in California leaves a sizable segment of the State's working population out in the cold. In this California Report we will discuss the latter in the context of the market for construction and manufacturing workers.

Through the recovery phase of this business cycle we have been talking about California as a bifurcated economy with an increasingly prosperous coastal region driven by technology and an inland region stuck in the construction/ manufacturing contraction doldrums. While this characterization has helped guide our understanding of the recent evolution of the California economy, from the viewpoint of the sixth year of economic expansion those lines have become blurred. Construction employment, for example, has returned and is an important part of current job growth in the State, but we do not expect it to hit the levels of 2003 much less 2006 again any time soon. As well, manufacturing is finally beginning to grow once again, but those laid off in the last recession do not find solace in this fact as manufacturing employment continues to transform in fundamental ways.

Construction and Housing

One of the oft-expressed concerns about housing markets is over their fragility. Pundits observing the rising prices of houses associate the increasing lack of affordability squeezing out potential buyers as putting a damper on the market. More importantly, the consequent impact on home sales is seen as discouraging the construction of new housing units. This analysis mixes up supply and demand. To straighten it out, consider the FHFA home price index for the state shown in Chart 1. Home prices have indeed risen sharply in the past year, though that trend seems to have abated in recent months. But, this only brings them back to where they were pre-bubble (2004). That means that home prices have not appreciated over the last 10 years in nominal terms (excluding inflation) and have actually fallen after accounting for inflation.

Still the rise look scarily like the beginning of another bubble. This is an illusion of looking at charts that show the level of prices rather than their change. By taking logs of the price data we get a different picture. In Chart 2 the FHFA Home Price Index lines are plotted such that the slope of the line represents the speed of price change. A constant slope indicates a constant percentage rate of change, and identical slopes correspond to identical rates of change. In this chart we can see the increase in prices is by historical standards quite normal. Still, the similarity to the early part of the Millennial Decade gives one pause. Are these two episodes much the same? The question is one of the nature of the demand for housing. Is there a potential flood of new demanders who are about to enter the market and bid prices up in the way the recipients of sub-prime mortgage largesse did between 2005 and 2007? The evidence suggests not. Rather the current increase in demand, seen in the rise in home rental rates, is much more closely aligned with the growth in employment than it was during the exuberance of the housing bubble.

The double-digit increase in prices has been due to two fundamental components. First, there has been an underbuilding of homes in the State since 2008. The level of permits, though rising, is now only about the same as it was in the 1990s. Second, there is very little inventory on the market for sale. Higher prices are bringing more homes onto the market, but the process of price discovery – what is my house worth and is it time to list it for sale? – is one that requires some time. Consequently, potential buyers in the market over the last year ended up having to bid up the price of homes simply because there was not enough of them. This is the market doing its job of rationing supply through the price system and not the exuberance of speculators trying to make a quick buck.

Evidence that the State is moving to more normal real estate markets is also seen in the level of foreclosures. They have now dropped to 6 percent of all home sales with total foreclosure and short sales falling to 11 percent (Chart 3). Even though the number of homes sold in the last few months is only about 60% of the number expected in more normal housing markets, the level of foreclosures is about right for a such a market. Now that home prices levels more aligned with fundamentals as evidenced by the slowdown in home price appreciation, potential home sellers are more able to formulate when and for how much to sell their home. It is our expectation that the inventory listed for sale will continue to increase at a measured pace over the next few years and by the end of the forecast horizon will look quite normal.

But, tastes for housing have changed. The historical mix between new single-family and new multi-family homes has been on average 2.5 to 1 in favor of single-family construction. The exception to that ratio was in the early 1980s when a change in the tax laws made investments in apartments much more attractive. The building of multifamily units, fueled by tax syndications and the S&L boom and supported on the demand side by a wave of domestic immigration to California ended with the 1986 Tax Reform Act. The subsequent demand for single-family housing was in fact one of the drivers of growth in the Inland Empire and parts of the East Bay and San Joaquin County in the ensuing years. Though anecdotal, the evidence points to something different in today's market. There appears to be a shift in tastes among Millennials towards apartments and condominiums located much closer to the centers of business activity. While this may be a function of youth and not a permanent change in taste - Millennials may have the same taste as their parents when they too become parents - for the near future it has important implications.

Multi-family home building is different than singlefamily building in important ways. The process requires land assemblage, a different set of entitlements, and the demolition of structures. As well, these projects can often be tied up in courts due to the real or perceived impact of higher density housing on the neighborhood's character.

Once the developer is past these hurdles, building begins generating a demand for construction workers. However, required labor force per unit is lower than that for single-family homes. This is because the units tend to be smaller, there are fewer walls per unit as walls are shared, there is one roof structure rather than many, and to some extent there are shared utilities. The National Association of Builders estimates that it takes only 38% the number of workers to build a multi-family residence as a single-family one. To evaluate the impact of this change in housing tastes on labor demand we took the existing mix of multi and single family permits issued and conduct a "what if" experiment. If the 2013/2014 mix were the mix in 2003/2004 then about 75,000 to 100,000 fewer construction workers (10 to 15 percent of the estimated normal construction employment) would have been employed building homes (Chart 5). Absent a change in the mix, those jobs will not be coming back any time soon. So whether this is the City of Riverside or the City of San Jose, construction will not be the economic engine it was in the past.

Manufacturing

The permanent loss of manufacturing jobs has been a salient characteristic of the last three recessions and certainly contributed to the geographical variation in the 2008/2009 recession's impact. In today's California the story is more complex and nuanced than that. A county by county comparison of the percentage of the workforce in manufacturing in 2007 to the subsequent recovery of jobs (Chart 6) shows little correlation between the two. In fact each county is unique in its own advantages and weaknesses and in the type of manufacturing it was doing in 2007.

The counties with the highest percentage of jobs recovered relative to their previous peak are San Francisco, San Mateo, Santa Clara, Kern, and Merced. The first three are no surprise. What maybe a surprise is that San Mateo and Santa Clara Counties are heavily dependent on manufacturing for employment. Kern County has been driven by the nationwide boom in energy exploitation and extraction. In Merced, the recovery in jobs lost is almost entirely a result of agricultural and UC Merced hiring.

The story in Merced is instructive. The expansion in State education employment completely offset the contraction in private sector non-farm employment. Though the count indicates a recovery of all the jobs lost, job losses in mining, manufacturing, construction, finance, and professional and business services did not recover. The newly created jobs at the University and in health care are different jobs and most certainly did not re-employ the bulk of the laid off Merced County Workers.

In Merced's agricultural sector, fields have been converted to almond orchards and new orchards have been planted. This created new, but different jobs. Almond farming is far more mechanized than grain farming. As a result, a smaller more stable year-round work force has been created for some, and there is less unskilled seasonal work for others. This engenders a statistical artifact in the employment numbers. To a large extent the seasonal field hands did not show up in the numbers as they were either under the radar (undocumented) or were smoothed out of the data by the adjustment for seasonal employment effects. As with manufacturing the gain in agricultural jobs in Merced County did little to re-employ those who lost their jobs in the recession.

Manufacturing jobs have been declining in California since 1990 (Chart 7). However, the output of the manufacturing sector has not (Chart 8). Today factories produce more goods with many fewer people and that additional productivity allows them to be competitive with producers throughout the world. But not only are they producing more goods with fewer workers, the workers have decidedly different skills. We have no reason to believe that these trends will not continue until, aside from craftsman or artisanal manufacturing, none of the old style mechanical processes exist. Our expectation for manufacturing employment in 2015 and 2016 is that it will be moderately larger, but one must keep in mind that such a forecast means something quite different for the labor force than it would have in the aftermath of pre-1990 recessions.

The Forecast

What do these facts about construction and manufacturing mean for the future evolution of the California Economy? They have been in play since the beginning of the recovery and are expected to remain so. The transformation of the Golden State to the Information Economy of the 21st Century will continue apace. The real implication is that having the appropriate skills in the labor force is critical to keep the faster-than-the-U.S. economic growth going for the long-term. Because of this, the shape of immigration reform, the ability of California to attract highly-skilled labor from other parts of the U.S. and home grown workforce development could derail, or accelerate the forecast growth rates presented here.

The current forecast is for continued steady gains in employment through 2016. The increase in U.S. growth rates from construction, automobiles, and business investment as well as higher consumer demand will continue to fuel our local economy. What this means is a steady decrease in the unemployment rate in California over the next two years. We expect California's unemployment rate to be insignificantly different from the U.S. rate at 5.3% by the end of the forecast period.

Our estimate for the 2014 total employment growth is 1.8%, and for 2015 and 2016 the forecast is for 2.1% and 2.2%. Payrolls will grow more at about the same rate the three years. Real personal income growth is estimated to be 3.1% in 2014 and forecast to be 4.5% and 4.5% in 2015 and 2016, respectively.

The unemployment rate will hover around 7.1% through the balance of 2014. Unemployment will fall through 2015 and will average approximately 6.6% a slight decrease from our last forecast. In 2016 we expect the unemployment rate to be approximately 5.6%, a half percent higher than the U.S. forecast.

THE CHANGING FACE OF CONSTRUCTION AND MANUFACTURING

Figure 1

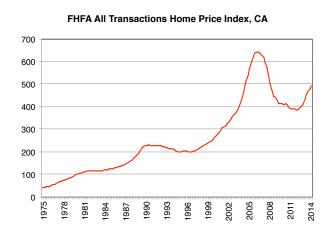
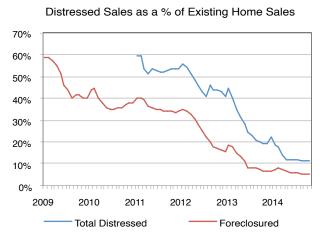


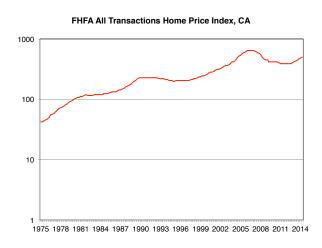
Figure 3



Source: FHFA.gov

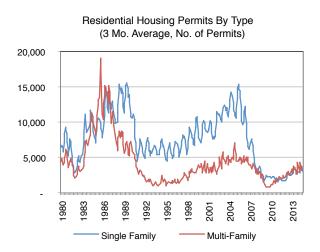
Source: DataQuick & UCLA Anderson Forecast

Figure 2



Source: FHFA.gov

Figure 4



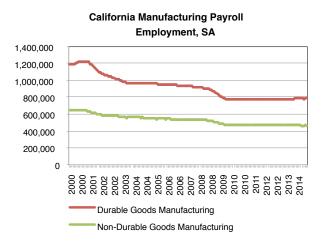
Source: U.S. Census Bureau

Figure 7

Figure 5

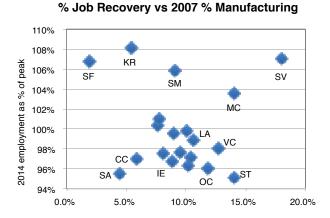


Source: EDD.ca.gov, National Association of Home Builders, UCLA Anderson Forecast, US Census Bureau



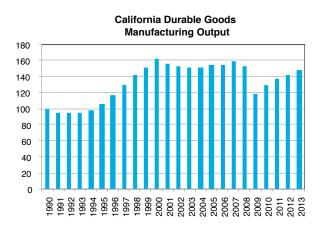
Source: EDD.ca.gov

Figure 6



Source: EDD.ca.gov, UCLA Anderson Forecast

Figure 8



Source: EDD.ca.gov, Bls.gov, UCLA Anderson Forecast

Infrastructure and Residential Investment in Los Angeles

William Yu Economist, UCLA Anderson Forecast December 2014

With its balmy weather, beautiful beaches, and diverse and dynamic populace, Los Angeles is a great city for millennials. But there are two things that young Angelinos don't like about L.A.: congested traffic and expensive housing. In this report, we explain why a successful future for L.A. will be built on investing in transportation and residential infrastructure.

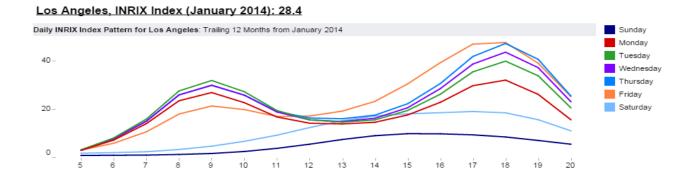
Traffic Congestion in L.A.

According to the INRIX Traffic Index , L.A. is the second most congested metropolitan statistical area (MSA) among 100 MSAs in the U.S. In 2013, INRIX index of L.A. is 31.2, which is slightly behind the most congested city, which is Honolulu, with an index of 31.3. The index of 31.2

represents that travel takes 31.2% more time during peak hours (6:00 to 10:00 and 15:00 to 19:00, Monday through Friday) than it does under free-flow conditions. Figure 1 displays the daily patterns of index numbers in L.A. from 5am to 8pm. Peak hours commutes take about 20% longer in the morning and get up to 40% longer in the late afternoon. The statistics make it easy to imagine every driver's frustration in L.A.

L.A. claims 37 of the 219 worst corridors in the nation for traffic congestion, in which I-10 East Bound and I-405 North Bound rank top 2 and 3 in the country as shown in Appendix 1. Figure 2 displays the INRIX index among the 40 largest MSAs in the U.S. L.A. is number one followed by San Francisco's 26.8, Austin's 22.9, and New York's 21.3.

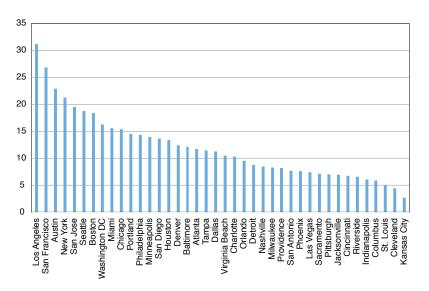
Figure 1 Daily INRIX Index Pattern for Los Angeles



Source: www.inrix.com

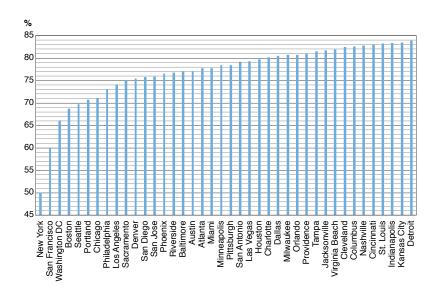
INFRASTRUCTURE AND RESIDENTIAL INVESTMENT IN LOS ANGELES

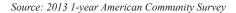
Figure 2 INRIX Congestion Index Among 40 Largest MSAs in the U.S.



Source: www.inrix.com

Figure 3 Percentage of Workers Who Drive Cars Alone Among 40 Largest MSAs in 2013





25 20 15 10 5 Virginia Beach Charlotte Orlando Detroit San Diego Portland Tampa Denver Baltimore Dallas Atlanta Houston New York lashville acksonville Vashington D(auke Cincinna Pittsburg Los Angele Phoen

Figure 4 Adjusted INRIX Congestion Index Among 40 Largest MSAs in the U.S.

Source: www.inrix.com, 2013 1-year American Community Survey, and author's calculation

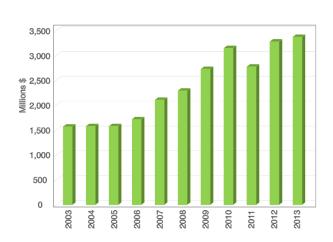
The above index shows how much delay a driving commute would take in that city. But the index misses one big component: each MSA has a different percentage of workers who drive cars to commute. For example, with a more widespread and penetrating public transportation system, New York and San Francisco have a smaller fraction of their residents getting stuck in traffic. Figure 3 shows the percentage of workers in each MSA who drove alone (excluding carpools) in 2013, according to the American Community Survey.

Thanks to its extensive subway system, New York MSA only has 50.1% of workers driving their cars alone, which ranks it as the city with the lowest percentage of driving commuters. San Francisco (59.9%) has the second lowest, followed by Washington DC (66.1%), Boston (68.7%), Seattle (69.7%), Portland (70.7%), Chicago (71.1%), and Philadelphia (73%). With its expanding metro system, L.A. ranks number nine with 74% of workers driving alone. In Figure 4, we multiply the INRIX index in Figure 2 by the percentage numbers in Figure 3 to find how congestion impacts the average worker in the city as a whole. L.A.

still ranks number one for the most impacted congestion for workers, but the gap between it and number 2, which is now Austin, has widened in comparison to Figure 2.

Transportation Investment in L.A.

Facing the serious congestion problem, L.A. has secured over \$40 billion in federal, state, and local funding for expanding its metro rail network and highways. Over the past decade, City of L.A. has opened four projects: the Orange Line, the Gold Line Eastside Extension, Exposition Phase 1 and the Orange Line Chatsworth Extension. Two projects are under construction and several more will begin construction in coming years. Figure 5 demonstrates the increasing transportation expenditure in City of L.A. from \$1.57 billion in 2003 (14.8% of that year's grand total expenditure) to \$3.37 billion in 2013 (22.4% of that year's grand total expenditure). Over this 10-year period, the compound annual growth rate of transportation expenditure is 7.9% for City of L.A., which is higher than San Francisco's 5.3%. It is imperative for L.A. to persist or speed up its transportation investment for building a system less dependent on cars.



Transportation Expenditure in City of L.A. from 2003

Figure 5

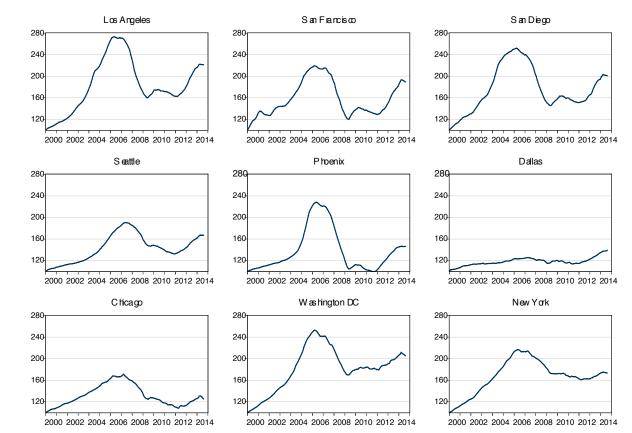
to 2013

Source: Government Financial Reports from California State Controller's Office

Figure 6 Case-Shiller Home Price Index in Nine MSAs

Expensive and Unaffordable Homes in L.A.

From 2000 to August 2014, L.A.'s nominal home price has increased by 121% as shown in Figure 6. That increase is bigger than in any other major MSAs in the U.S., higher than Washington DC's 105%, San Diego's 101%, San Francisco's 89%, New York's 73%, Seattle's 67%, Dallas' 39%, and Chicago's 25%. In our previous report, we have explained several factors for this disparity of home price growth. If household income growth in L.A. rose as fast as the growth of home price, then this would not be a problem. The problem is that the growth of family income is lagging behind home price growth. There are several ways of measuring housing affordability. For simplicity, we use the ratio of the median home price over the median household income in a county as a simple indicator of home affordability. The higher the number, the less affordable the home is. Among the 100 largest counties in the U.S., L.A. County's ratio is 7.7, making it the 8th least affordable county as shown in Appendix 2.



Source: Case-Shiller Home Price Index; index of 100 in 2000

Residential Real Estate Investment

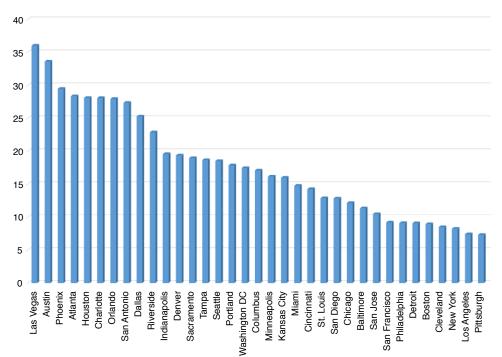
Although there are several reasons for the steep increase in L.A. home prices, we suggest that the insufficient supply of homes to meet the demand for them has played a large role in the escalation over the past 14 years. Figure 7 presents the share of home units built after 2000 over total home units among 35 largest MSAs. We assume the share is a simple measurement of home supply since the beginning of the 21st century. 36% of Las Vegas home were built after 2000, which ranks as number one, followed by Austin's 33.6%, Phoenix's 29.4%, and Atlanta's 28%. L.A. MSA (includes L.A. and Orange Counties) ranks 34th with only 7.4% of home units having been built in the 21st century, trailed only by Pittsburgh's 7.3%.

Figure 8 shows the same ratio for 30 largest counties and New York City (New York, Queens, Kings, Bronx, and Richmond Counties). L.A. County is again near the bottom, followed only by two New York City counties, Wayne County MI (Detroit), Nassau County NY (Long Island), and Philadelphia PA.

How do the home supply (new unit share) numbers relate to home affordability? Again, we use the simplest way: the ratio of median home price to median household income. Figure 9 shows the association between these two variables in 2013. It seems that we cannot find any obvious linear relationship from this wild scatter chart. However, if we exclude those MSAs in the left-bottom corner where both new unit share and price-to-income ratio are low, the rest could become a downward sloping relationship. We could see the left-bottom as the equilibrium of low-supply and low-demand due to their undesirable economies and/or amenities, such as Pittsburgh and Detroit.

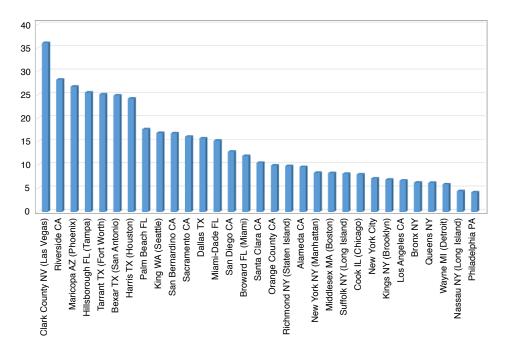
For the rest of the cities, the lower the home supply, the less affordable the home price, such as L.A., San Francisco, and San Jose. The higher the home supply, the more affordable the houses, such as Dallas, Phoenix, and Austin.

Figure 7 Ratio of Home Units Built After 2000 to All Home Units Among 35 Largest MSAs



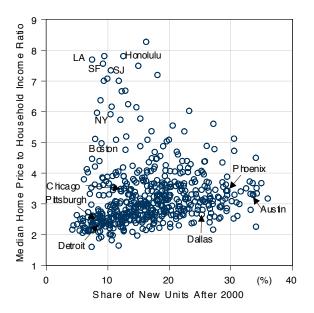
Source: 2013 1-year American Community Survey, and author's calculation

Figure 8 Ratio of Home Units Built After 2000 to All Home Units Among 30 Largest Counties



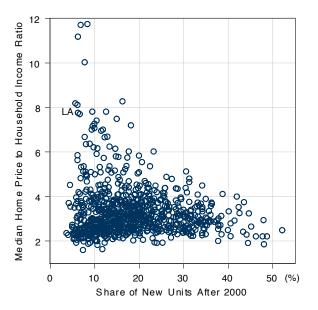
Source: 2013 1-year American Community Survey, and author's calculation

Figure 9 The Correlation Between Share of New Units After 2000 and the Median Home Price to Income Ratio Among 508 MSAs



Source: 2013 1-year American Community Survey, and author's calculation

Figure 10 The Correlation Between Share of New Units After 2000 and the Median Home Price to Income Ratio Among 817 Counties



Source: 2013 1-year American Community Survey, and author's calculation

Figure 11

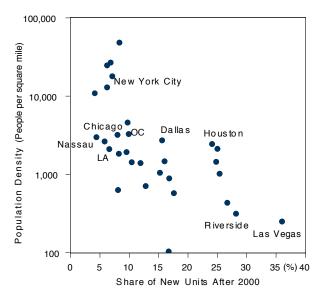
Figure 10 shows the association for 817 counties in 2013, which leads us to a similar conclusion.

Suburb Syndrome

Now the question becomes, "Why did L.A. build so many fewer homes over the past 14 years?" The first answer we usually hear is that L.A. is a highly developed metro area. Therefore, it is more difficult and more costly to build as many homes as in less developed cities such as Dallas, Phoenix, and Austin. This is partly true, but it still cannot answer why L.A. built fewer homes than other highly developed metros such as New York, Boston, San Francisco, Chicago, and Washington DC. Even compared to other major counties or MSAs in California, L.A. has the lowest unit share from the 21st century.

Figure 11 confirms the negative correlation between new home supply and population density (population per square mile) in the 30 largest counties in the nation. Newly developed areas like Las Vegas (density: 251) and Riverside (density: 314) are more likely to produce new home units, for obvious reasons. But controlling for a similar degree of density, we see Houston (density: 2,439) and Dallas (density: 2,729) produced more units than L.A. County (density: 2,108). Lax zoning rules in Texas could explain the difference. But why will New York City (density: 17,963), Chicago (Cook County; density: 3,206), and other California counties be able to provide more home supply than L.A. in the 21st century?

We argue that one possible reason is that some Angelinos, especially rich ones, have a suburban mentality. This mentality propels them to make efforts to maintain the current status quo and go against developing their neighborhoods with higher density housing, even near the Metro rail system. We can also find this "Suburb Syndrome" in Nassau County (Long Island; density: 2,983) in New York, where its new units share is only 4.4% as shown in Figures 8 and 11. Limited home supply results in not only unaffordability but also larger-sized households on average. According to the American Community Survey, there are 2.89 people per housing unit in L.A., much higher than New York City's 2.48 and Chicago's 2.41. The Correlation Between Share of New Units After 2000 and Population Density Among 30 Largest Counties



Source: 2013 1-year American Community Survey, and author's calculation

We're Not In Kansas Anymore

To keep Los Angeles' economy prosperous and to embrace more young talent in this great city, we suggest that "Suburb Syndrome" in Angelinos' minds needs to be cured. And the medicine is that all of us need to understand some new realties, as Dorothy in The Wizard of Oz said: "Toto, I've a feeling we're not in Kansas anymore."

- 1) With continued urbanization and population growth, L.A. has been and will continually be the destination of newcomers with the American dream.
- 2) High-density cities will have more affordable home prices. This will be one of the most efficient policies to help the middle class and the poor in the U.S. The infinite wealth of gorgeous sunshine in L.A. should be shared by more Americans.
- Higher-density neighborhoods do not necessarily mean the streets will become dirty, the crime will go up, or

the schools will fall apart. With a joint and consistent commitment from residents, nonprofit, private, and public sectors, we can make it work. The revival of downtown L.A. proves that high-density can accompany high amenities.

- 4) In the 21st century, high-density cities are actually more environmentally friendly and sustainable than low-density suburbs because of their smaller carbon footprint.
- 5) High-density cities do not necessarily bring more congestion. If so, we should have seen six time more congestion in New York City than in L.A., since it is six times more densely populated. Obviously, the numbers tell a different story. Building a smarter and more connected public transportation system will make a city less congested.

Conclusions

The take-away points of this report are:

- Congested traffic and unaffordable housing are two major infrastructure problems facing young Angelinos.
- L.A. should continue and even expand its commitment and allocate its resources to its public transportation system.
- Over the past 14 years, L.A. has not supplied sufficient homes to meet the demand for them, causing prices to skyrocket. Residents' suburban mentality probably plays a key role in this deficiency.
- A higher-density L.A. could partly solve its expensive home price problem and create a shared prosperous economy for the next generation.

Endnotes

^{1.} http://www.inrix.com/scorecard/

^{2.} See William Yu's "What Predicts the Long-Term Home Price Appreciation of A City? Evidence from 1995 to 2012" Anderson Forecast, June 2013.

Appendix 1 INRIX's Worst Traffic Corridors in L.A. in 2013

														Worst	
					Free-						Total		Day	Day	Worst
					flow		Peak	Peak		Delay	Delay			Hour	Day
					Travel			Average		Per	Per	Worst		Average	Hour
				Distance		Peak	Time	Speed	Delay	Year	Year	Day		Speed	Delay
	Road(s)	From	То	(miles)	· · ·	Period	<u>, </u>	(mph)	(min)	(hrs)	(days)		<u> </u>	(mph)	(min)
	I-10 EB	20th St/Exit 1B	Alameda St	14.89		pm	49					Th 6pm	65		
	I-405 NB	Century Blvd	Getty Center Dr	13.08		pm	43					Th 5pm	53	-	
	I-5 SB	Cesar E Chavez Ave	Valley View Ave	17.52		pm	52			-		F 6 pm	66		
-	CA-91 EB	Lakeview Ave	McKinley St	20.72	-	pm	57	22	-			F 5pm	87		
	US-101 NB	CA-60/Soto St	Haskell Ave	21.51		pm	51		-	-		W 6pm	68	-	
11	I-5 NB	CA-133 (North)	Olympic Blvd/Exit 127	35.97	34	pm	62	35	28	110	-	F 5pm	79		-
13	I-405 SB	Roscoe Blvd	Mulholland Dr	8.11	8	am	29	17	21	83	3	W 8am	39		
18	CA-110 NB	I-110/I-10/Santa Moni	Stadium Way/Exit 24C	3.07	3	pm	15	12	12	48	2	Th 6pm	24	8	21
29	I-405 NB	CA-55/Costa Mesa Fw	Brookhurst St	7.75	7	pm	23	20	16	64	3	F 5pm	34	14	27
33	CA-55 NB	I-405/San Diego Fwy	4th St/Irvine Blvd	6.45	6	pm	20	19	14	56	2	W 6pm	31	13	25
39	I-10 EB	Eastern Ave/Ramona	Baldwin Park Blvd	12.8	13	pm	35	22	22	89	4	F 5pm	46	17	34
48	I-105 EB	I-405	I-605	17.63	17	pm	41	26	25	99	4	Th 5pm	52	20	35
50	I-10 WB	I-5/US-101	National Blvd	12.55	12	am	31	24	19	77	3	Th 6pm	49	15	37
53	I-605 SB	CA-72/Whittier Blvd	Florence Ave	4.83	5	pm	15	19	10	40	2	Th 5pm	19	16	14
65	I-210 EB	Mountain St	CA-39/Azusa Ave	17.22	17	pm	40	26	23	91	4	F 4pm	60	17	43
71	I-5 NB	CA-133 (North)	17th St	8.44	8	pm	20	25	12	49	2	Th 6pm	28	18	20
76	I-710 SB	Cesar E Chavez Ave	Atlantic Blvd/Bandini	3.66	4	pm	11	20	7	28	1	W 5pm	15	15	11
85	I-110 SB	I-110/I-10/Santa Moni	51st St	2.5	2	pm	8	20	5	20	1	Th 5pm	9	17	6
90	I-110 NB	Century Blvd	I-110/I-10/Santa Moni	6.54	7	am	17	24	10	40	2	W 8am	25	16	18
103	CA-60 EB	Lorena St	Brea Canyon Rd	21.67	22	pm	48	27	26	103	4	F 4pm	58	23	36
109	CA-91 EB	Main St (West)	Cherry Ave	6.7	7	pm	16	25	9	37	2	Th 5pm	21	19	15
	CA-57 NB	Orangewood Ave	CA-60/Pomona Fwy	14.71	14	pm	31	28	17	68	3	F 4pm	43	21	29
114	US-101 SB	CA-27/Topanga Canyo	Vignes St/Exit 2B	26.73	26	pm	55	29	29	116	5	T 8 am	71	22	45
117	I-10 WB	CA-39/Azusa Ave	Baldwin Park Blvd	5.22	5	am	13	25	7	30	1	T 7 am	18	17	13
131	I-5 NB	Tuxford St	Osborne St	3.33	3	pm	8	24	5	19	1	F 5pm	10	21	6
134	CA-110 SB	Via Marisol	Olympic Blvd/9th St	6.56	6	am	15	27	8	33	1	W 8am	19	20	13
154	I-710 NB	Rosecrans Ave	Imperial Hwy	3.02	3	pm	7	26	4	16	1	Th 7am	9	20	6
156	I-210 WB	Buena Vista St	Baldwin Ave	5.53	6	am	12	28	6	25	1	T 8am	19	17	14
160	I-405 SB	Macarthur Blvd	Jeffrey Rd/University	4.49	4	pm	9	31	5	19	1	M 6pm	14	19	10
163	I-105 WB	CA-19/Lakewood Blvd		12.48	12	am	24	31	13	50		T 8am	31	24	20
164	I-5 NB	Artesia Blvd	Cesar E Chavez Ave	19.83	_	pm	40	29	21	82	3	Th 6pm	56	21	36
171	I-405 NB	Main St	Inglewood Ave	7.26		am	14	31	7	29	1	M 7am	20	21	14
	I-605 NB	Rose Hills Rd	Valley Blvd	4.97		pm	10			-		F 5pm	11		
198	I-10 WB	Peck Rd	Atlantic Blvd	6.42		am	11	34	5	20		M 8am	16	24	
	CA-57 SB	Tonner Canyon Rd	Orangewood Ave	11.67		am	20	-	-			T 8am	29		
	I-405 NB	US-101/Ventura Fwy		9.51		pm	15	37	-			Th 6pm	18		
	I-5 SB	Scott Rd/San Fernand		12.57		pm	20		-			F 4pm	29	-	-

Source: www.inrix.com

Appendix 2 Home Affordability: The Ratio of Median Home Price over Median Household I	ncome
---	-------

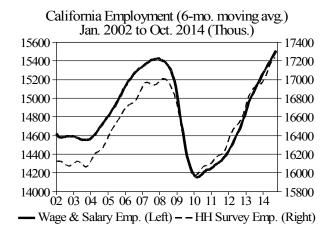
Rank	County	Ratio	Rank	County	Ratio
1	New York County, New York	11.8	51	El Paso County, Colorado	3.7
2	Kings County, New York	11.7	52	Baltimore County, Maryland	3.7
3	Bronx County, New York	11.2	53	Hartford County, Connecticut	3.6
4	San Francisco County, California	10.0	54	Broward County, Florida	3.6
5	San Mateo County, California	8.2	55	DuPage County, Illinois	3.6
6	Honolulu County, Hawaii	7.8	56	Maricopa County, Arizona	3.6
7	Queens County, New York	7.8	57	Pima County, Arizona	3.5
8	Los Angeles County, California	7.7	58	Davidson County, Tennessee	3.5
9	Santa Clara County, California	7.4	59	Milwaukee County, Wisconsin	3.5
10	Orange County, California	7.3	60	Wake County, North Carolina	3.4
11	Alameda County, California	7.2	61	Prince George's County, Maryland	3.4
12	District of Columbia	7.0	62	Kern County, California	3.4
13	San Diego County, California	6.7	63	Hennepin County, Minnesota	3.4
14	Suffolk County, Massachusetts	6.7	64	Orange County, Florida	3.4
	Essex County, New Jersey	6.4	65	Lee County, Florida	3.3
	Westchester County, New York	5.9	66	Mecklenburg County, North Carolina	3.3
17	Hudson County, New Jersey	5.8		Jefferson County, Kentucky	3.
	Ventura County, California	5.7		Jefferson County, Alabama	3.2
	Contra Costa County, California	5.4		Clark County, Nevada	3.
	Bergen County, New Jersey	5.3	-	Lake County, Illinois	3.
	King County, Washington	5.2	-	Pinellas County, Florida	3.
	Denver County, Colorado	5.2		DeKalb County, Georgia	3.
	Essex County, Massachusetts	5.1		Hillsborough County, Florida	3.
	Fairfield County, Connecticut	5.1		Hamilton County, Ohio	3.
	Multnomah County, Oregon	5.1		Oklahoma County, Oklahoma	2.9
	Middlesex County, Massachusetts	4.9		Cobb County, Georgia	2.9
	Norfolk County, Massachusetts	4.7		St. Louis County, Missouri	2.
	Miami-Dade County, Florida	4.6	-	Franklin County, Ohio	2.
	Montgomery County, Maryland	4.5		Duval County, Florida	2.
	Nassau County, New York	4.5		Marion County, Indiana	2.
	Sacramento County, California	4.5		El Paso County, Texas	2.
	Fairfax County, Virginia	4.5	_	Cuyahoga County, Ohio	2.
	San Bernardino County, California	4.4	-	Will County, Illinois	2.
	Riverside County, California	4.4		Shelby County, Tennessee	2.
	· ·		_	Monroe County, New York	
	Suffolk County, New York	4.3		<i></i>	2.
	Fresno County, California	4.2	_	Gwinnett County, Georgia	2.
	Fulton County, Georgia	4.1		Collin County, Texas	2.
	New Haven County, Connecticut	4.1	-	Dallas County, Texas	2.
	Snohomish County, Washington	4.1		Jackson County, Missouri	2.
	Middlesex County, New Jersey	4.1	-	Oakland County, Michigan	2.
	San Joaquin County, California	4.1	-	Denton County, Texas	2.
	Worcester County, Massachusetts	4.0	_	Bexar County, Texas	2.
	Cook County, Illinois	3.9	-	Harris County, Texas	2.
	Pierce County, Washington	3.9	-	Erie County, New York	2.
	Bernalillo County, New Mexico	3.8		Allegheny County, Pennsylvania	2.
	Travis County, Texas	3.8		Tarrant County, Texas	2.
	Montgomery County, Pennsylvania	3.8		Hidalgo County, Texas	2.
	Palm Beach County, Florida	3.7		Macomb County, Michigan	2.
	Philadelphia County, Pennsylvania	3.7	_	Fort Bend County, Texas	2.
50	Salt Lake County, Utah	3.7	100	Wayne County, Michigan	1.

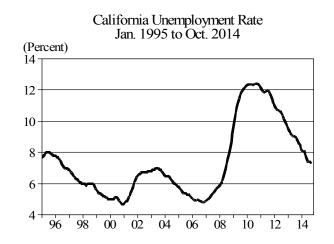
Source: 2013 1-year American Community Survey, and author's calculation

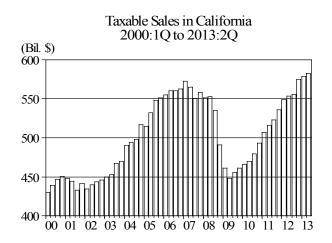
THE UCLA ANDERSON FORECAST FOR CALIFORNIA

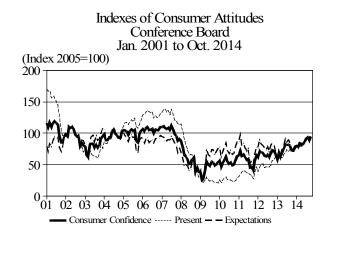
DECEMBER 2014 REPORT

Charts

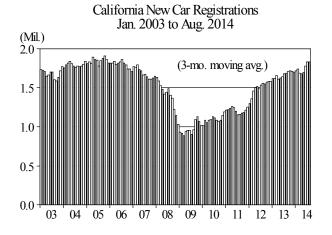


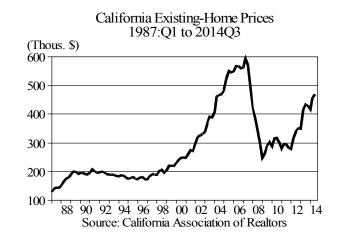


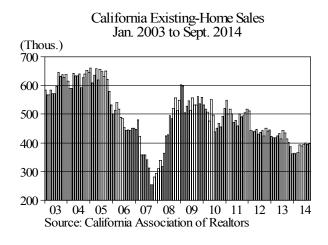




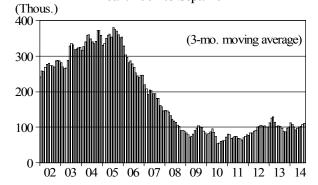


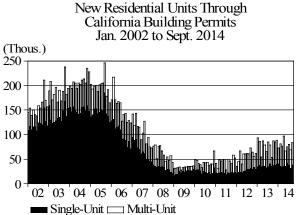


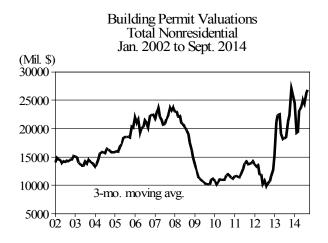




New One-Family Houses Sold Western Region Jan. 2002 to Sept. 2014

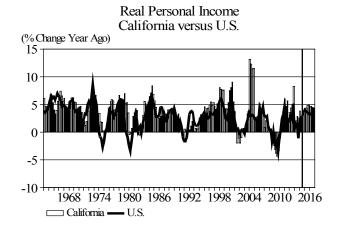


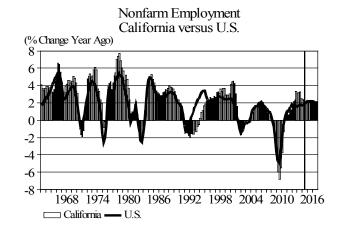


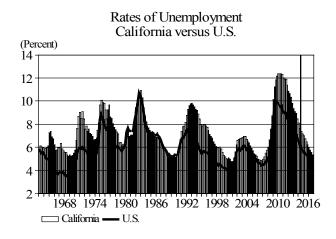






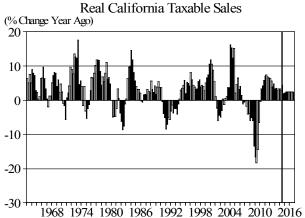


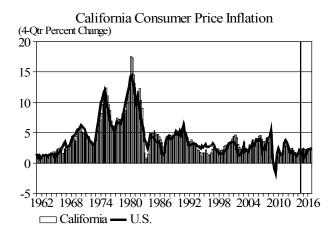






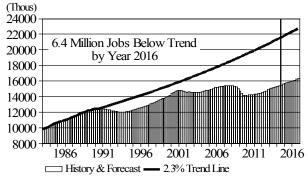
72-California

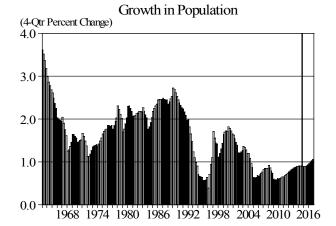


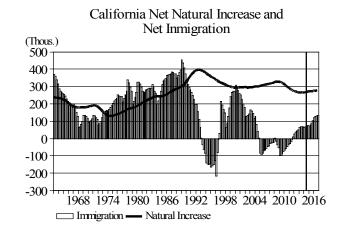




California Nonfarm Employment History & Forecast Vs. 2.3% Trend from 1990:3

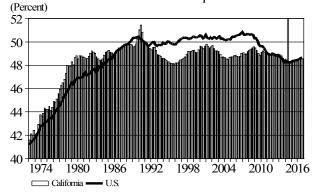




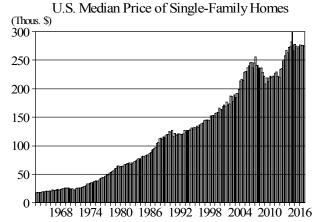


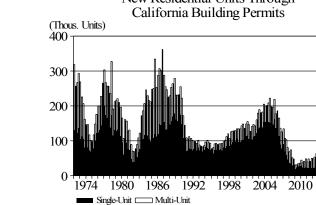
Population of California vs. U.S. (Ca. Mil; U.S. 10 Mil.) 40 35 30 25 20 15 1968 1974 1980 1986 1992 1998 2004 2010 2016 □ California — U.S.

Gross Labor Force Participation Rate Labor Force/Total Population

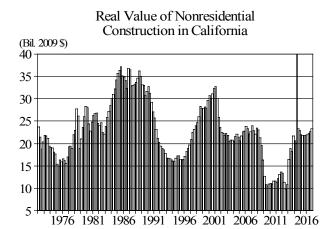


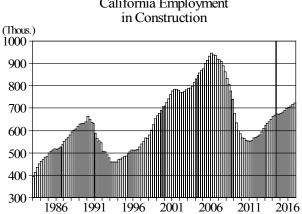
2016



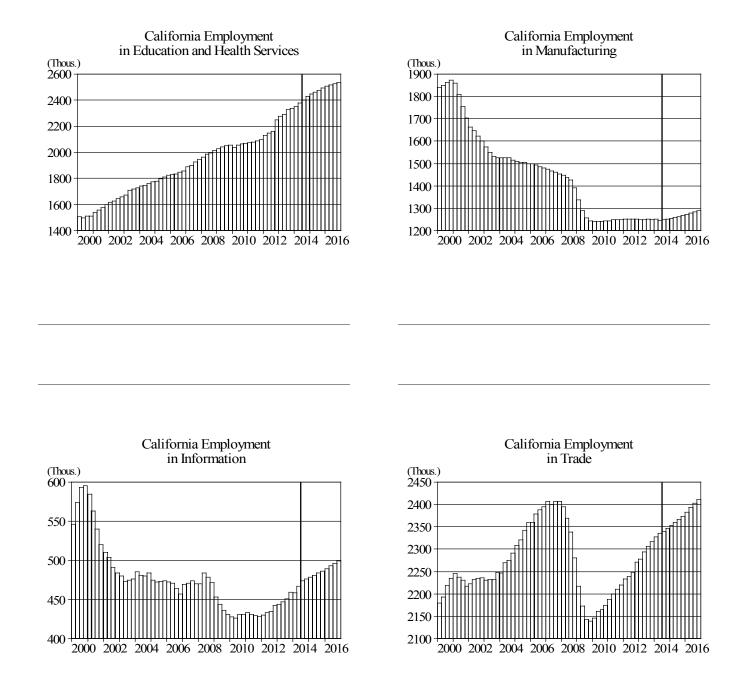


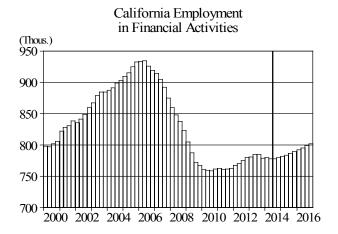
New Residential Units Through

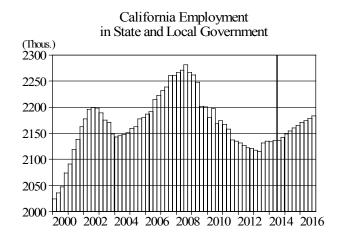




California Employment







 California Employment in Federal Government (Thous.) 300 290 280 270 260 250 240 200 2002 2004 2006 2008 2010 2012 2014 2016

THE UCLA ANDERSON FORECAST FOR CALIFORNIA

DECEMBER 2014 REPORT

Tables

Table 1. Summary of the UCLA Forecast for California												
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
	Personal Income, Taxable Sales, and Price Inflation (%Change)											
Personal Income (Bil.\$)	1499.3	1564.3	1596.2	1537.1	1578.6	1685.6	1805.2	1856.6	1949.3	2077.1	2217.2	
Calif. (% Ch)	7.4	4.3	2.0	-3.7	2.7	6.8	7.1	2.8	5.0	6.6	6.7	
U.S.(% Ch)	7.3	5.3	3.6	-2.8	2.8	6.2	5.2	2.0	4.2	4.9	5.9	
Pers. Income (Bil. 2009\$)		1604.6	1595.4	1537.1	1558.6	1631.5	1710.7	1733.4	1787.1	1867.3	1951.4	
Calif. (% Ch)	3.9	1.4	-0.6	-3.7	1.4	4.7	4.9	1.3	3.1	4.5	4.5	
U.S. (% Ch)	4.6	2.7	0.6	-2.7	1.1	3.7	3.3	0.8	2.8	3.6	3.9	
Taxable Sales (Bil.\$)	559.5	561.3	532.4	456.6	477.0	520.2	558.1	584.4	613.4	640.0	669.3	
(% Ch)	4.3	0.3	-5.2	-14.2	4.5	9.1	7.3	4.7	5.0	4.3	4.6	
(Bil. 2009\$)	590.6	575.8	532.1	456.5	471.0	503.5	528.9	545.8	562.4	575.4	589.0	
(% Ch)	0.9	-2.5	-7.6	-14.2	3.2	6.9	5.0	3.2	3.0	2.3	2.4	
Consumer Prices (% Ch)	3.9	3.3	3.4	-0.3	1.3	2.7	2.2	1.5	2.0	2.3	2.3	
	Employment and Labor Force (Household Survey, % Change)											
Employment	1.4	0.9	-0.4	-4.3	-0.6	1.1	2.1	2.1	1.8	2.1	2.2	
Labor Force	0.8	1.3	1.6	0.1	0.6	0.5	0.6	0.4	0.2	1.1	1.2	
Unemployment Rate (%)	4.9	5.3	7.2	11.3	12.3	11.8	10.4	8.9	7.5	6.6	5.6	
U.S.	4.6	4.6	5.8	9.3	9.6	8.9	8.1	7.4	6.2	5.4	5.1	
Total Nonfarm												
Total Nonfarm Nonfarm Employment (Payroll Survey, % Change) Calif. 1.8 0.8 -1.1 -5.7 -1.1 1.0 2.4 3.0 2.2 2.2 2												
U.S.	1.8	1.1	-0.6	-4.3	-0.7	1.2	1.7	1.7	1.8	2.2	1.8	
	3.2	-4.4	-11.7	-20.9	-10.2	0.2	5.1	7.9	5.1	2.2	3.9	
Construction												
Manufacturing	-1.0	-1.7	-2.7	-10.0	-3.1	0.5	0.3	-0.1	-0.1	0.9	1.6	
Nondurable Goods	-0.6	-1.1	-2.0	-8.1	-2.5	-0.4	0.3	-0.1	-1.3	0.8	2.0	
Durable Goods	-1.2	-2.1	-3.0	-11.2	-3.5	1.0	0.3	-0.1	0.7	1.0	1.4	
Trans. Warehousing & Util	1.8	2.3	-0.5	-6.0	-1.8	1.7	2.7	3.4	1.8	1.8	2.2	
Trade	2.0	1.1	-2.5	-7.5	-0.3	2.0	2.0	2.3	1.7	1.1	1.4	
Information	-1.6	1.1	1.1	-7.3	-2.8	0.4	1.0	3.5	4.1	2.8	2.5	
Financial Activities	0.8	-3.4	-6.1	-7.0	-2.9	0.2	1.5	1.1	-0.4	0.8	1.5	
Professional Busi. Serv.	3.8	1.0	-1.2	-7.9	0.6	2.8	5.0	4.1	4.4	4.4	3.9	
Edu. & Health Serv.	2.3	3.8	4.0	2.7	0.6	1.4	4.2	6.2	3.5	3.3	2.1	
Leisure & Hospitality	3.0	2.7	0.8	-4.4	-0.1	2.3	4.1	4.6	2.5	2.4	2.4	
Other Services	0.3	1.0	-0.2	-4.9	-0.3	1.8	2.2	2.1	1.5	2.2	2.7	
Federal Gov't	-0.7	-0.6	0.5	1.1	6.8	-4.9	-1.9	-2.0	-1.4	0.6	0.8	
State & Local Gov't	1.6	2.0	1.0	-1.9	-2.2	-1.4	-1.1	-0.0	0.6	0.0	0.0	
State & Local GOV t	1.0	2.0	1.0							0.9	0.9	
	15004	1 - 41 1	15040				yroll Su			15000	1 (1 7 (
Total Nonfarm	15284	15411	15243	14373	14210	14359	14705	15147	15484	15829	16176	
Construction	934	893	788	624	560	561	590	636	669	687	713	
Manufacturing	1490	1464	1425	1282	1242	1248	1252	1251	1250	1262	1282	
Nondurable Goods	543	536	526	483	471	469	471	470	464	468	477	
Durable Goods	948	928	900	799	771	779	781	781	786	794	806	
Trans. Warehousing & Util	496	508	505	475	466	474	487	504	513	522	533	
Trade	2380	2405	2345	2168	2162	2204	2248	2299	2337	2363	2397	
Information	466	471	476	441	429	431	435	450	469	482	494	
Financial Activities	928	897	842	783	760	762	773	782	779	785	797	
Professional Busi. Serv.	2243	2266	2239	2061	2074	2131	2238	2331	2433	2539	2639	
Edu. & Health Serv.	1843	1913	1990	2044	2056	2084	2172	2307	2389	2468	2521	
Leisure & Hospitality	1519	1560	1573	1503	1502	1536	1599	1671	1714	1754	1796	
Other Services	507.0	512.1	511.3	486.2	485.0	493.7	504.7	515.2	523.0	534.7	549.1	
Federal Gov't	248.7	247.1	248.4	251.2	268.3	255.2	250.5	245.4	241.9	243.5	245.4	
State & Local Gov't	2203.9	2247.9	2271.0	2228.2	2179.9	2149.5	2125.5	2124.7	2137.1	2157.2	2176.9	
STALE & LUCAT GUV L	2203.9	2241.9	22/1.U	LLL0.L					210/.1	2101.2	21/0.9	
		0.4	05	~~	•		nd Migrat		~~~	05	100	
Net Inmigration(Thous)	-53	-24	-25	-89	-51	-11	39	67	69	85	128	
Population (Thous)	36247	36553	36856	37077	37309	37570	37872	38205	38549	38899	39294	
(% Ch)	0.7	0.8	0.8	0.6	0.6	0.7	0.8	0.9	0.9	0.9	1.0	
					Con	structio	n Activi	ty				
Residential Building												
Permits (Thous. Un.)	153.1	106.5	60.8	33.2	43.1	44.8	56.6	78.3	80.0	101.1	121.4	
Nonres.Permits (Mil.'09\$)		23178	18820	10906	11318	12852	11106	20251	21539	21858	22746	
					. = -							

Table 1. Summary of the UCLA Forecast for California

Table 2. Quarterly Summary of the UCLA Forecast for California

Table 2. Quarterly Summary			ecast fo 2014:3			2015.2	2015:3	2015.4	2016.1	2016.2	2016.3	2016.4
	2014.1	2014.2									2010.3	2010.4
Personal Income (Bil.\$)	1909.1	1937.4	1961.8	1988.8	2025.6	2059.1	and Pric 2095.3	2128.6	2163.9	2199.1	2234.7	2271.2
		1937.4 6.1	1901.0 5.1	1966.6 5.6	2025.6	6.8		6.5	6.8	6.7	2234.7 6.6	6.7
Calif.(% Ch)	4.1 4.9				5.3		7.2 5.2	0.5 5.4			0.0 5.9	
U.S. (% Ch)	4.9	6.3 1779.4	4.2 1792.8	4.4 1811.2	5.3 1835.4	4.7 1856.1	5.2 1878.8	5.4 1899.1	6.8 1921.1	5.9 1941.5	5.9 1961.7	6.1 1981.2
Pers. Income (Bil. 2009\$) Calif.(% Ch)	2.0	3.3	3.0	4.2	5.4	4.6	5.0	4.4	4.7	4.3	4.2	4.0
U.S. (% Ch)	2.0	3.9	3.0	4.2	5.4 4.5	4.0	3.0	4.4	4.7	4.3	4.2	4.0 3.7
Taxable Sales (Bil. \$)	3.5 604.2	5.9 610.0	5.0 616.4	4.2 623.0	4.5 629.5	636.1	643.6	650.8	4.9 658.0	665.5	3.0 672.9	3.7 680.8
(% Ch)	3.8	3.9	4.3	4.4	4.2	4.3	4.8	4.6	4.5	4.6	4.5	4.8
(% CH) (Bil. 2009\$)	558.6	560.3	4.3 563.3	4.4 567.4	4.2 570.4	4.3 573.4	4.0 577.1	4.6 580.7	4.5 584.1	4.0 587.5	4.5 590.7	4.0 593.9
(%Ch)	1.3	1.2	2.2	3.0	2.1	2.1	2.6	2.5	2.4	2.3	2.2	2.2
Consumer Prices (% Ch)	2.2	2.9	2.2	2.4	2.1	2.2	2.0	1.9	2.4	2.5	2.2	2.2
Consumer Frices (& CII)	2.2	2.9					ousehold				2.0	2.7
Employment	2.8	2.6	0.5	2.2	2.3	2.5	2.4	2.2	2.3	2.2	2.0	2.0
Labor Force	1.1	0.6	-0.6	1.3	1.7	1.3	1.2	1.2	1.2	1.1	1.2	1.1
Unemployment Rate (%)	8.1	7.6	-0.0	7.1	7.0	6.7	6.5	6.2	6.0	5.7	5.5	5.3
U.S.	6.7	6.2	6.1	5.8	5.7	5.5	5.4	5.3	5.2	5.1	5.0	5.0
Total Nonfarm	0.7	0.2	0.1				nt (Payro		y, % Cha		5.0	5.0
Calif.	2.2	2.0	2.1	2.2	2.3	2.3	2.3	2.2	2.2	2.2	2.1	2.0
U.S.	1.5	2.2	2.0	2.2	2.4	2.1	2.0	1.7	1.8	1.8	1.6	1.5
Construction	8.9	3.0	3.1	-1.6	3.3	4.1	4.7	4.0	3.8	3.6	3.6	3.8
Manufacturing	0.6	-2.0	1.0	0.7	1.0	1.4	1.7	1.4	1.7	1.9	1.6	1.9
Nondurable Goods	0.7	-2.8	1.7	0.1	0.7	1.4	1.8	1.7	1.8	3.0	1.8	2.0
Durable Goods	0.6	-1.5	0.6	1.1	1.2	1.3	1.5	1.3	1.6	1.3	1.5	1.8
Trans. Warehousing & Util.	0.0	0.7	-0.8	2.4	2.3	2.4	2.3	2.1	2.2	2.2	2.1	1.9
Trade	1.7	1.4	0.8	1.1	1.2	1.2	1.2	1.2	1.5	1.7	1.5	1.5
Information	-0.5	7.4	5.9	1.8	1.2	2.3	2.3	1.9	2.7	2.9	2.7	2.7
Financial Activities	0.2	-0.9	-0.2	1.0	1.0	1.3	1.1	1.3	1.7	1.7	1.6	1.5
Professional Busi. Serv.	6.9	3.8	3.9	4.5	4.8	4.6	4.0	3.9	4.0	3.9	3.5	3.5
Edu. & Health Serv.	1.9	5.3	4.1	4.3	2.8	2.6	2.5	2.5	2.3	1.8	1.7	1.5
Leisure & Hospitality	1.6	2.3	2.9	2.0	2.1	2.2	3.0	2.6	2.2	2.2	2.3	2.2
Other Services	2.4	-0.4	-0.2	3.2	2.3	3.6	2.4	2.2	2.3	3.1	3.2	3.0
Federal Gov't	-3.2	-2.3	1.0	0.5	0.9	1.1	0.7	0.8	0.8	0.8	0.7	0.8
State and Local Gov't	-0.1	0.4	0.2	1.1	1.2	1.1	1.1	1.0	0.9	0.8	0.8	0.7
				Nonfarm	Employme		roll Sur	vev. Tho				
Total Nonfarm	15366	15442	15522	15606	15695	15785	15876	15961	16050	16137	16219	16300
Construction	663	668	673	670	676	683	690	697	704	710	716	723
Manufacturing	1253	1246	1249	1252	1255	1259	1264	1269	1274	1280	1285	1291
Nondurable Goods	465	462	464	464	465	467	469	471	473	476	478	481
Durable Goods	787	784	785	788	790	793	796	798	801	804	807	810
Trans. Warehousing & Util.	512	513	512	515	518	521	524	526	529	532	535	537
Trade	2327	2335	2339	2346	2353	2360	2367	2374	2383	2393	2402	2411
Information	459	467	474	476	478	481	484	486	489	493	496	499
Financial Activities	780	778	778	780	782	784	786	789	792	796	799	802
Professional Busi. Serv.	2398	2420	2443	2470	2500	2528	2553	2577	2603	2628	2651	2673
Edu. & Health Serv.	2347.5	2378.1	2402.1	2427.4	2444.5	2460.3	2475.6	2490.7	2505.0	2516.0	2526.5	2535.7
Leisure & Hospitality	1698.0	1707.6	1720.0	1728.6	1737.8	1747.1	1760.0	1771.4	1781.1	1790.9	1801.2	1811.1
Other Services	522.5	522.0	521.8	525.9	528.9	533.5	536.7	539.7	542.8	547.0	551.3	555.4
Federal Gov't	243	241	242	242	243	243	244	244	245	245	246	246
State and Local Gov't	2134	2136	2137	2142	2149	2154	2160	2165	2170	2175	2179	2183
					Popula	tion and	d Migrati	on				
Net Inmigration(Thous)	65.8	66.9	69.5	74.1	68.3	78.4	90.1	101.8	119.4	126.8	131.8	135.3
Population (Thous)	38420	38506	38592	38679	38764	38852	38943	39038	39139	39241	39345	39450
(% Ch)	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.1	1.1	1.1
					Const	truction	Activit	у				
Residential Building												
Permits (Thous. Units)	76.6	79.1	77.3	87.3	91.8	99.0	103.5	110.3	111.8	118.8	124.3	130.8
Nonres.Permits (Mil. '09\$)	17572	22683	24034	21868	21957	21788	21824	21864	22040	22344	22972	23628

Table 3. Personal Income	. Taxable	Sales, (Construct	tion and	Populat	ion in C	aliforni	а				
	2006	2007	2008	2009	2010	2011		2013	2014	2015	2016	
						Aggreg	ates					
(Bil \$)												
Personal Income	1499.3	1564.3	1596.2	1537.1	1578.6	1685.6	1805.2	1856.6	1949.3	2077.1	2217.2	
Disposable Income	1302.0	1348.9	1395.3	1375.7	1405.7	1483.3	1586.5	1613.7	1692.6	1798.4	1911.5	
(Bil 2009\$)												
Personal Income	1582.7	1604.6	1595.4	1537.1	1558.6	1631.5		1733.4	1787.1	1867.3	1951.4	
Disposable Income	1374.4	1383.7	1394.5	1375.7			1503.5	1506.7	1551.8	1616.7	1682.3	
Personal Income	7.4	4.3	2.0	-3.7	ninal %Cl 2.7	n) 6.8	7.1	2.8	5.0	6.6	6.7	
Disposable Income	7.4 6.7	4.3	2.0	-3.7	2.7	0.0 5.5		2.0	5.0 4.9	6.2	6.3	
Disposable income	0.7	3.0	3.4		(Real %Cl		7.0	1./	4.9	0.2	0.5	
Personal Income	3.9	1.4	-0.6	-3.7	1.4	4.7	4.9	1.3	3.1	4.5	4.5	
Disposable Income	3.3	0.7	0.8	-1.3	0.9	3.4		0.2	3.0	4.2	4.1	
Broposabre fricolle	Components of Personal Income (Bil \$)											
Personal Income	1499.3 1564.3 1596.2 1537.1 1578.6 1685.6 1805.2 1856.6 1949.3 2077.1 2217.2											
Wages & Salaries	791.5	834.4	842.9	799.5	814.5	848.7		934.7	987.5	1041.9	1105.3	
Other Labor Income	194.5	200.6	204.8	197.1	203.3	218.9	219.2	227.9	239.8	261.3	284.8	
Farm	4.9	7.5	5.2	5.7	6.3	10.6	10.1	9.8	9.9	18.4	27.7	
Other Income	447.9	452.6	458.0	415.9	415.4	460.5	525.0	543.5	566.9	605.8	645.4	
Transfer Payments	181.6	192.1	210.3	239.9	261.0	261.8	269.7	281.2	295.5	311.5	328.7	
Social Insurance	120.9	122.7	124.9	121.0	121.9	114.5	119.0	140.1	149.9	161.3	174.3	
							Taxab	le Sales				
Nominal												
Level (Bil \$)	559.5	561.3	532.4	456.6	477.0	520.2		584.4	613.4	640.0	669.3	
%Ch	4.3	0.3	-5.2	-14.2	4.5	9.1	7.3	4.7	5.0	4.3	4.6	
Real	F00 C		F00 1		471 0		F 00 0				F00 0	
Level (Bil. 2009\$)	590.6	575.8 -2.5	532.1 -7.6	456.5 -14.2	471.0 3.2	503.5 6.9		545.8 3.2	562.4 3.0	575.4 2.3	589.0 2.4	
%Ch	0.9	-2.5	-/.0	-14.2						2.3	2.4	
Now Registrations	1.79	1.68	1.34	0.99	1.11	1.21	bile Sale 1.52	1.68 1	1.80	1.90	1.94	
New Registrations U.S. Sales	16.50	16.09	13.19	10.40	11.55	12.74		15.52	16.42		17.03	
0.5. 30165	10.50	10.09	13.19	10.40			on Activ		10.42	17.04	17.03	
Residential Building Pe	rmits (Th) (200			COI	ISLIUCLI	UII ACLIV	lly				
Total	153.1	106.5	60.8	33.2	43.1	44.8	56.6	78.3	80.0	101.1	121.4	
Single-Family	101.6	66.2	31.6	24.0	25.0	22.2		36.3	37.8	45.7	51.2	
Multi-family	51.5	40.3	29.2	9.2	18.1	22.6		42.0	42.3	55.4	70.2	
Nonresidential Permit Valuation												
Nominal (Mil. \$)	21142.9	22627.9	19191.8	10907.2	11189.0	13101.0	11708.9	21966.5	23964.9	25002.2	26764.2	
%Ch	15.8	7.0	-15.2	-43.2	2.6	17.1	-10.6	87.6	9.1	4.3	7.0	
Real (Mil. 2009\$)	22976.6	23177.6	18819.8	10906.0	11318.5	12852.4	11106.3		21539.5	21858.1	22746.2	
%Ch	3.4	0.9	-18.8	-42.1	3.8	13.6		82.3	6.4	1.5	4.1	
	Population (Thous.)											
Net Inmigration	-52.8	-24.2	-25.2	-89.0	-51.2	-11.0		67.0	69.1	84.7	128.3	
Net Natural Increase	314.0	329.9	328.9	310.0	283.0	272.0		266.0	274.6	274.6	283.5	
Population	36246.8	36552.5	36856.2	3/0//.2	3/309.0	3/5/0.0	37872.0	38205.0	38549.3	38899.4	39293.9	



The Los Angeles Department of Water and Power (DWP), established at the beginning of the century is the largest municipally-owned utility in the nation. It exists under and by virtue of the Charter of the City of Los Angeles enacted in 1925.

With a work force in excess of 9,000, the DWP provides water and electricity to some 3.5 million residents and businesses in a 464-square-mile area.

DWP's operations are financed solely by the sale of water and electric services. Capital funds are raised through the sale of bonds. No tax support is received.

A five-member Board of Water and Power Commissioners establishes policy for the DWP. The Board members are appointed by the Mayor and confirmed by the City Council for five-year terms.



The Los Angeles County Metropolitan Transportation Authority (Metro) is unique among the nation's transportation agencies. It serves as transportation planner and coordinator, designer, builder and operator for one of the country's largest, most populous counties. More than 9 million people – one-third of California's residents – live, work, and play within its 1,433-square-mile service area.

Besides operating over 2,000 coaches in the Metro Bus fleet, Metro also designed, built and now operates over 73 miles of Metro Rail service. The Metro Rail system currently consists of 62 stations and several more are in the planning and/or design stage.

In addition to operating its own services Metro funds 16 municipal bus operators and funds a wide array of transportation projects including bikeways and pedestrian facilities, local road and highway improvements, goods movement, and the popular Freeway Patrol and Call Boxes.

Recognizing that no one form of transit can solve urban congestion problems, Metro's multimodal approach uses a variety of transportation alternatives to meet the needs of the highly diverse population in the region. Metro's Mission is to insure the continuous improvement of an efficient and effective transportation system for Los Angeles County. In support of this mission, our team members provide expertise and leadership based on their distinct roles: operating transit system elements for which the agency has delivery responsibility, planning the countywide transportation system in cooperation with other agencies, managing the construction and engineering of transportation system components and delivering timely support services to the Metro organization.

Metro was created in the state legislature by Assembly Bill 152 in May 1992. This bill merged the Los Angeles County Transportation Commission (LACTC) and the Southern California Rapid Transit District (RTD) to become the Los Angeles County Metropolitan Transportation Authority. The merger became effective on April 1, 1993.

Metro is governed by a 13-member Board of Directors comprised of: the five Los Angeles County Supervisors, the Mayor of Los Angeles, three Los Angeles mayor-appointed members, four city council members representing the other 87 cities in Los Angeles County and one non-voting member is appointed by the Governor of California.





FOUNDED 1850

The nonpartisan Legislative Analyst's Office (LAO) has been providing fiscal and policy advice to the California Legislature for more than 65 years. It is particularly well known for its fiscal and programmatic expertise and nonpartisan analyses relating to the state budget, including making recommendations for operating programs in the most effective and cost-efficient manner possible. Its responsibilities also include making economic and demographic forecasts for California, and fiscal forecasts for state government revenues and expenditures. It also prepares fiscal analyses for all propositions that appear on the California statewide ballot, including bond measures.

For more information about the LAO, please visit our website at www.lao.ca.gov or call us at 916-445-4656.

The Legislature and Governor created the California Research Bureau (CRB) within the California State Library in the 1991 Budget Act. The bureau provides objective, nonpartisan, timely, and confidential research to the Governor's Office, members of both houses of the Legislature, and other state constitutional officers. The Bureau provides these clients with research, policy assistance through written reports and other documents, consultations, seminars, and other training and assistance in preparing legislative proposals. The Bureau has five branches: Environmental and Natural Resources; Education and Human Services; Economics; General Law and Government; and Information Services. It maintains a small office at the State Capitol in Room 5210 to make reference services conveniently available.

City of Hermosa Beach

The Los Angeles Magazine has named Hermosa an "outstanding coastal town" praising many of our businesses and shops. From traditional Surf and Turf to more exotic cuisines, from Comedy to Jazz, Hermosa Beach has many fine dining and entertainment places from which to choose. Our hotel and lodging facilities offer breath taking ocean views and all the comforts of home which are surrounded by a Mecca of restaurants, upscale shops and tourist delights. Come to Hermosa Beach, relax and enjoy the warmth of our hospitality.

The State of California's Department of Finance is responsible for submitting to the State's fiscal year budget to the Governor in January of each year. The Department is part of the State's Executive Branch and part of the Governor's Administration. The Director of Finance is appointed by the Governor and is his chief fiscal advisor. The Director sits as a member of the Governor's cabinet and senior staff. Principal functions include:

CALIFORNIA

ŋ

Establish appropriate fiscal policies to carry out the Administration's Programs.

AT NENT

0

Prepare, enact and administer the State's Annual Financial Plan.

Analyze legislation which has a fiscal impact.

Develop and maintain the California State Accounting and Reporting System (CALSTARS).

Monitor/audit expenditures by State departments to ensure compliance with approved standards and policies.

Develop economic forecasts and revenue estimates.

Develop population and enrollment estimates and projections.

Review expenditures on data processing activities of departments.

In addition, the Department of Finance interacts with the Legislature through various reporting requirements, by presenting and defending the Governor's Budget and in the legislature.

The Department interacts with other State departments on a daily basis on terms of administering the budget, reviewing fiscal proposals, establishing accounting systems, auditing department expenditures and communicating the Governor's fiscal policy to departments.

Health Net°



Health Net, Inc. is among the nation's largest publicly traded managed health care companies. Its mission is to help people be healthy, secure and comfortable. The company's health plans and government contracts subsidiaries provide health benefits to approximately 6.7 million individuals across the country through group, individual, Medicare, Medicaid and TRICARE and Veterans Affairs programs. Health Net's behavioral health subsidiary, MHN, provides mental health benefits to approximately 7.0 million individuals in all 50 states. The company's subsidiaries also offer managed health care products related to prescription drugs, and offer managed health care product coordination for multi-region employers and administrative services for medical groups and self-funded benefits programs. The Employment Development Department's Labor Market Information Division (LMID) regularly collects, analyzes, and publishes information about California's labor market, which has approximately 1,068,000 employers covered by Unemployment Insurance and a civilian labor force of approximately 16.6 million. In addition to employment and unemployment data, LMID provides economic development and planning information; industry and occupational characteristics, trends, and wage information; and social and demographic information. Most of these data are available for the state and counties. Some data are available for other geographic regions a well.

In addition to basic labor market information, the LMID provides technical assistance, training seminars for data users, and standard and customized reports for state and sub-state geographic areas. Labor market information is available electronically and in print.

For more information, visit our website at www.calmis.ca.gov or call 916-262-2162.



Since 1864

The energy industry is changing rapidly and dramatically. As global competition transforms the way companies do business, energy issues are no longer simply local, or even national. At the same time, its clear that the importance of providing reliable local service has never been more important.

Our heritage at Southern California Edison is based on reliability. For more than 100 years we have provided high-quality, reliable electric service to more than 4.2 million business and residential customers over a 50,000 square mile service area in coastal, central, and southern California.

Of course, recent changes in the California's electric industry have affected us as well. In 1997, as part of the restructuring of the electric industry in our state, SCE sold its 12 fossil fuel generating stations and overhauled nearly every aspect of its business to prepare for the changing environment. While we still own and operate hydro and nuclear power facilities that serve our area, our main role is that of power transmission and distribution. The power needed for our customers is largely purchased from the California Power Exchange and provided by SCE to our customers without a price markup.

At SCE we want you to know that even in times of change, we retain our proven commitment to service, reliability, innovation, and the community.

Celebrating its 150th anniversary in 2014, the Irvine Company is one of America's most respected and diversified real estate companies. The Company is renowned for its investment properties across coastal California and its stewardship and master planning of The Irvine Ranch in Orange County, California.

The Irvine Company's property portfolio exceeds 105 million square feet and includes 500 office buildings, 41 retail centers, 130 apartment communities, five marinas, three hotels, and three golf courses, primarily in Orange County, with one-third of the Company's investment properties in Los Angeles, San Diego, Silicon Valley and Chicago.

As master planner of the historic Irvine Ranch, the Irvine Company plans and brings to life balanced, sustainable communities with a full range of housing, job and retail centers, schools, recreation and permanently preserved open spaces. Nearly 60% of the 93,000-acre Irvine Ranch — or 55,000 acres has been preserved in perpetuity as parklands and open space.

Donald Bren is Chairman of the Irvine Company. He has been deeply involved in California real estate as a master planner, master builder and long-term investor for more than 50 years. He oversees a Board of Directors that includes some of the nation's most accomplished and respected business leaders and former public officials.



THE ENERGY OF **>> ECONOMIC DEVELOPMENT**

SoCalGas[®] is a proud supporter of the *Economic Forecast*. We understand that local busnesses are the backbone of our economy. For more than 147 years, SoCalGas has been providing the community with energy solutions to support its growth with safe, reliable natural gas.



© 2014 Southern California Gas Company. All copyright and trademark rights reserved.

N14E0008A

Saving Water is Serious Business.

Don't Waste Another Minute Wasting Water



õ

bewaterwise.com®

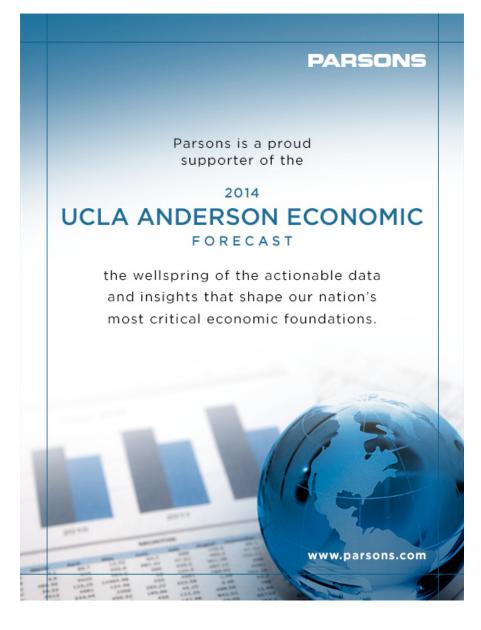
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA



To learn more about Metro's projects and programs, visit *metro.net*.

@metrolosangeles
 facebook.com/losangelesmetro





Corporate 6 California Energy Commission The California Endowment

Corporate 4 ADP CFA Society Los Angeles City National Bank - Coscia City of Los Angeles IS Associates IBIS World, Inc. Southern California Assoc of Governments

Corporate 3 Ameron International **Citizens Business Bank** City of El Segundo City of Santa Monica Hanmi Bank Kaiser Permanente Kia Motors America, Inc. Korea Trade Invt Promotion Agency Los Angeles Police Federal Credit Union McMaster-Carr Supply Company Metropolitan Water District Mitsubishi Cement Corp. Pepperdine University **RPA** State Farm Insurance Co. The Newhall Land and Farming Company Unified Grocers, Inc. **WCIRB** Winreal Operating Co.

Individual Member Alliance Bernstein ALG Alliance Bernstein Austrian Trade Commission **BBCN Bank** Brand Management Inc BRE Properties, INC **Business First Books** Cal Recycle California Air Resources Board California Association Of Realtors California Department of Transportation California Public Utilities Commission California State Board of Equalization California State Polytechnic University, Pomona California State University, Fullerton California State University, Sacramento California Steel Industries, Inc Cathay Bank Chartwell Capital Solutions Chicago Title Chu & Waters, LLP City of Carlsbad City of Garden Grove City Of Sacramento City of San Diego City of San Jose City of Santa Clara City of Torrance City of Torrance - Kenneth Flewellyn Community Bank Consulate General of Japan Cornerstone Real Estate Advisers LLC County of San Diego Crystal Cruises

CSU Chico Desmond, Marcello & Amster East West Bank FDIC Fidelity Investments Money Management Inc. GHD Inc Gilmore Bank Goodwin Procter LLP Granite Rock Company Harold Davidson & Associates Inc. Heritage Bank of Commerce Howard Hsieh HR and A Advisors. Inc. JETRO. Los Angeles Kinecta Federal Credit Union **KPMG** Lehigh Southwest Cement Company Lloyd Management Corporation Logix Federal Credit Union Londre Marketing Consultants, LLC Los Angeles Public Library - Business Economics Dept Los Angeles Times Massmann International Booksellers Maynard Consulting Services Metropolitan Water Dist Northern California Power Agency Orange County Executive Office - Budget **Orange County Resources & Development** Orange County Transportation Authority 2 Pacific Western Bank Pasadena Public Library PG&E Preferred Employers Insurance Company **RBC** Capital Markets San Diego Gas & Electric Co. School Services of California Inc.

SMUD Stanford University State Compensation Insurance Fund State of Hawaii - Department of Taxation Sully-Miller Contracting Co **Teichert Aggregates** The Aerospace Corporation The Olson Company UCLA Anderson School United Methodist F.C.U. University of California Library, Berkeley University of California San Diego University of Cincinnati University of Hawaii Library University of Richmond **USS-POSCO** Industries Visterra Credit Union Vulcan Materials Warland Investments Wells Fargo Securities York Universities Libraries California Economic Forecast California Legislative Analyst's Office California Research Bureau City of Hermosa Beach County of Los Angeles CEO Department of Finance **Employment Development Department** Irvine Company Los Angeles Department of Water & Power MBK Real Estate Metropolitan Transportation Authority **Orange County Transportation Authority** Southern California Edison State Controller's Office



UCLAAnderson

Edward E. Leamer Director

Edward E. Leamer is the Chauncey J. Medberry Professor of Management, Professor of Economics and Professor of Statistics at UCLA. He received a B.A. degree in mathematics from Princeton University and a Ph.D. degree in economics and an M.A. degree in mathematics from the University of Michigan. After serving as Assistant and Associate Professor at Harvard University he joined the University of California at Los Angeles in 1975 as Professor of Economics and served as Chair from 1983 to 1987.

In 1990 he moved to the Anderson Graduate School of Management and was appointed to the Chauncey J. Medberry Chair. Professor Learner is a Fellow of the American Academy of Arts and Sciences, and a Fellow of the Econometric Society. He is a Research Associate of the National Bureau of Economic Research and a visiting scholar at the International Monetary Fund and the Board of Governors of the Federal Reserve System. Dr. Leamer has published over 100 articles and 4 books . This research has been supported by continuous grants for over 25 years from the National Science Foundation, the Sloan Foundation and the Russell Sage Foundation. His research papers in econometrics have been collected in Sturdy Econometrics, published in the Edward Elgar Series of Economists of the 20th Century. His research in international economics and econometric methodology has been discussed in a chapter written by Herman Leonard and Keith Maskus in New Horizons in Economic Thought: Appraisals of Leading Economists. Recent research interests of Professor Leamer include the North American Free Trade Agreement, the dismantling of the Swedish welfare state, the economic integration of Eastern Europe, Taiwan and the Mainland, and the impact of globalization on the U.S. economy.



UCLAAnderson FORECAST

David Shulman Senior Economist

David Shulman is currently managing member of his own LLC and engages in educational and charitable activities, including being a Distinguished Visiting Professor at Baruch College and a Visiting Professor at the University of Wisconsin. Dr. Shulman is currently a member of NAREIT's Real Estate Investment Advisory Council. He blogs at Shulmaven.blogspot.com. Shulman received a bachelor's degree from Baruch College in 1965, an MBA in 1966 from the Graduate School of Management at UCLA; and his Ph.D. in 1975 with a specialization in Finance.

From 1986 to 1997, Dr. Shulman was employed by Salomon Brothers Inc. in various capacities. He was their director of real estate research from 1987 to 1991 and became Chief Equity Strategist from 1992 to 1997. As Chief Equity Strategist, he was responsible for developing the firms overall equity market view and maintaining their list of recommended stocks. Dr. Shulman was widely quoted in print and electronic media and he coined the terms "Goldilocks Economy" and "New Paradigm Economy." In 1991, he was named a Managing Director; and in 1990, he won the First Annual Graaskamp Award for Excellence in real estate research from the Pension Real Estate Association.

In March 2005, Dr. Shulman retired from Lehman Brothers, where he was Managing Director and head Real Estate Investment Trust Analyst. Before joining Lehman Brothers in 2000, he was a member and Senior Vice President at Ulysses Management LLC from 1998-1999, an Investment Manager of a private investment partnership and an offshore corporation, whose investment capital approximated \$1 billion at the end of 1999.



UCLAAnderson

Jerry Nickelsburg Senior Economist

Jerry Nickelsburg joined the UCLA Anderson Forecast in 2006 as an economist. At the Anderson Forecast he plays a key role in the economic modeling and forecasting of the Los Angeles, Southern California and California economies. He has conducted special studies into the future of manufacturing in Los Angeles, the distribution of income, the economic impact of the writer's strike, the aerospace industry, the undocumented construction and manufacturing labor force, the ports of Los Angeles and Long Beach and the garment industry, focusing on the development of new data and the application of economic theory and statistical methods to sectoral issues. He is a regular presenter at the Los Angeles Mayor's Economic Conference and has been cited in the national and local media including the Financial Times, New York Times, Los Angeles Times, Reuters, Variety, CNBC, NBC, PBS, and L.A. Business Journal.

He received his Ph.D. in economics from the University of Minnesota in 1980 specializing in monetary economics and econometrics. He was formerly a professor of Economics at the University of Southern California and has held executive positions with McDonnell Douglas, Flight Safety International, and Flight Safety Boeing during a fifteen year span in the aviation business.

From 2000 to 2006, he was the Managing Principal of Deep Blue Economics, a consulting firm he founded. He held a position with the Federal Reserve Board of Governors developing forecasting tools, and has advised banks, investors and financial institutions. He has been the recipient of the Korda Fellowship, USC Outstanding Teacher, India Chamber of Commerce Jubilee Lecturer and is a Fulbright Scholar. He has published over 40 articles on monetary economics, econometrics, aviation economics, and industrial organization.



UCLAAnderson FORECAST

William Yu Economist

William Yu joined the UCLA Anderson Forecast in 2011 as an economist. At Forecast he focuses on the economic modeling and forecasting of Los Angeles and other regional economies in California. He also conducts research and forecast on Asian emerging economies, especially China, and their impacts on the US economy. His research interests include a wide range of economic and financial issues, such as time series econometrics. stock, bond and commodity price dynamics, public health, human capital, higher education, and economic sustainability. He has published over a dozen research articles in Journal of Forecasting, International Journal of Forecasting, Journal of International Money and Finance, Journal of Health Care Finance, Journal of Education Finance, Economic Affairs, and Global Economic Review, etc. He has also served as a reviewer for various journals, such as Journal of Money, Credit, and Banking, Journal of Banking and Finance, Japan and the World Economy, and Energy Journal, etc.

He received his bachelor's degree in finance from National Taiwan University in 1995 and was an analyst in Fubon Financial Holding in Taipei from 1997 to 2000. In 2006, he received his Ph.D. degree in economics from the University of Washington where he was also an economics instructor and won two distinguished teaching awards. In 2006, he worked for the Frank Russell Investment Group for Treasury and corporate yields modeling and forecasting. From 2006 to 2011, he served as an assistant and an associate professor of economics at Winona State University where he taught courses including international economics, forecasting methods, intermediate macroeconomics, introductory macroeconomics, money and banking, and Asian economies.