

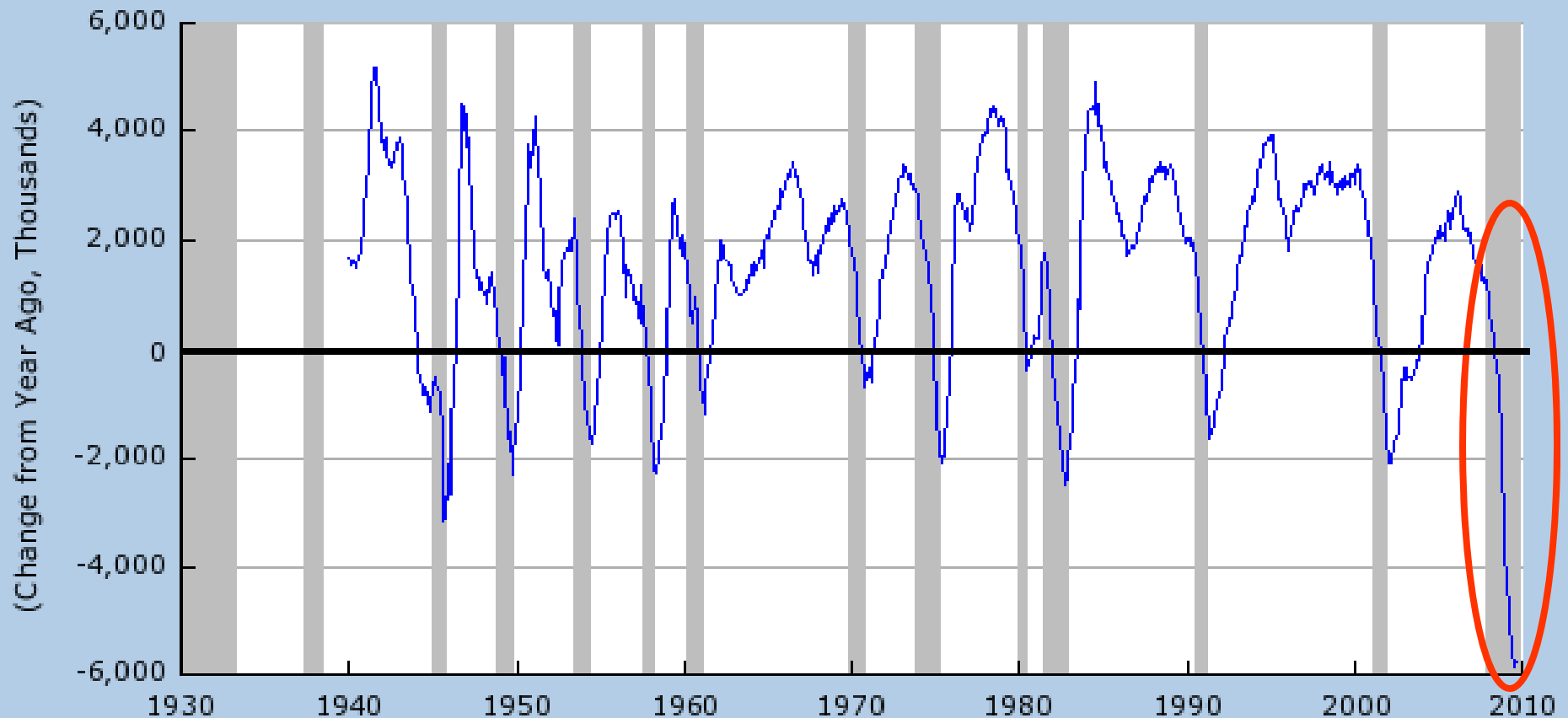


# **San Diego's 2009-10 Economic Outlook**

**Marney Cox, Chief Economist, SANDAG**

# US W&S Employment Declining Y-O-Y Change by Month 1939-2009

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

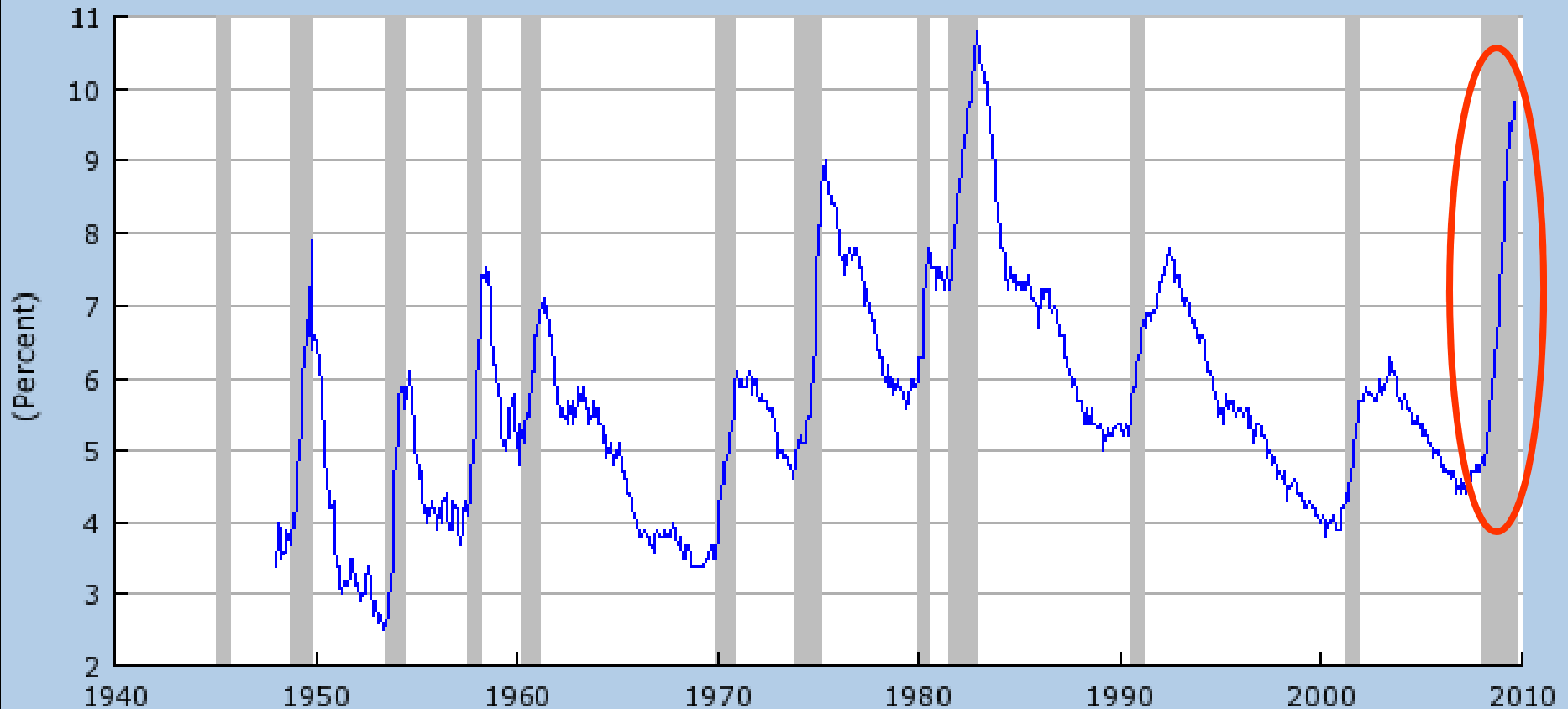


Shaded areas indicate US recessions.  
2009 research.stlouisfed.org

# US Unemployment Rate Rising

Civilian Unemployment Rate (UNRATE)

Source: U.S. Department of Labor: Bureau of Labor Statistics



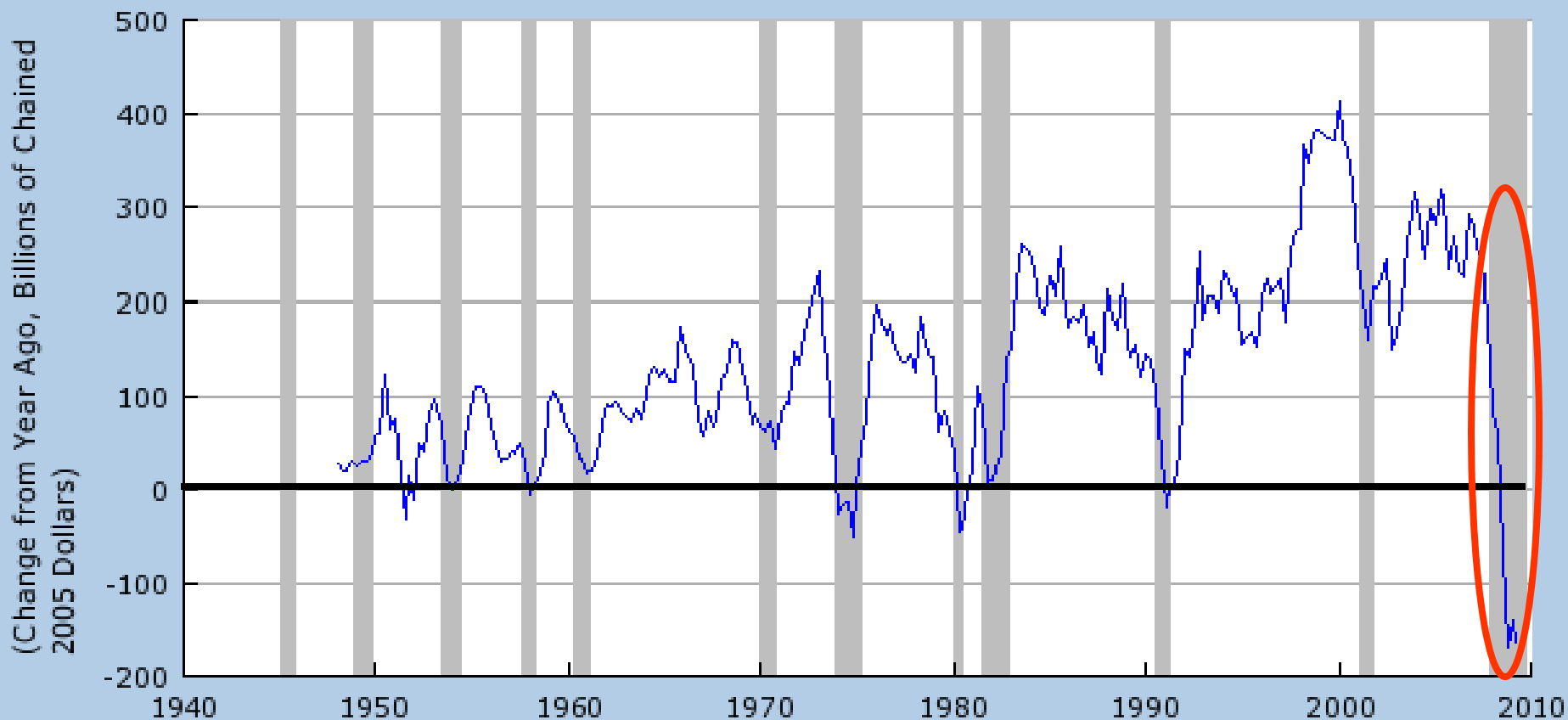
Shaded areas indicate US recessions.

2009 research.stlouisfed.org

# US Real Personal Consumption Falling

Real Personal Consumption Expenditures (PCECC96)

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



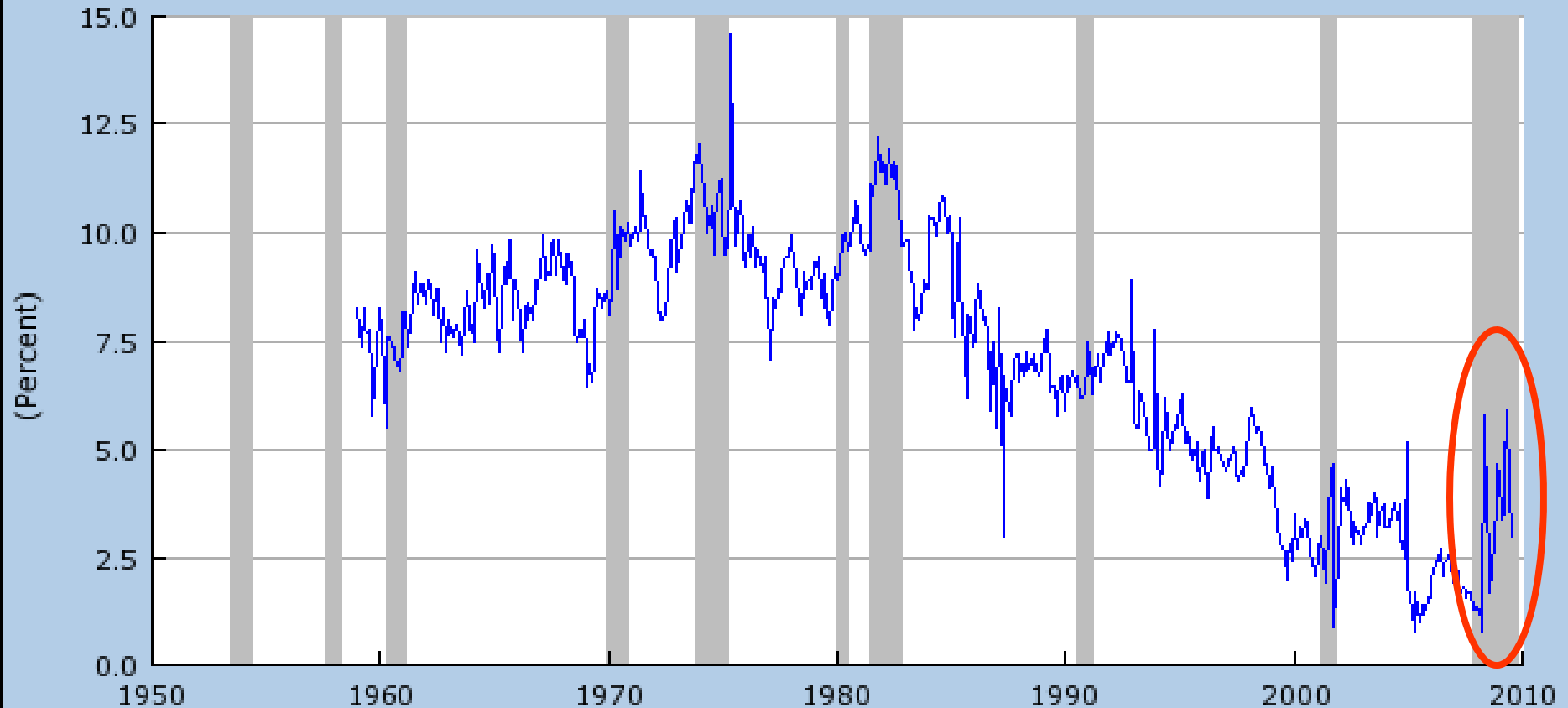
Shaded areas indicate US recessions.

2009 research.stlouisfed.org

# US Savings Rate Rising

Personal Saving Rate (PSAVERT)

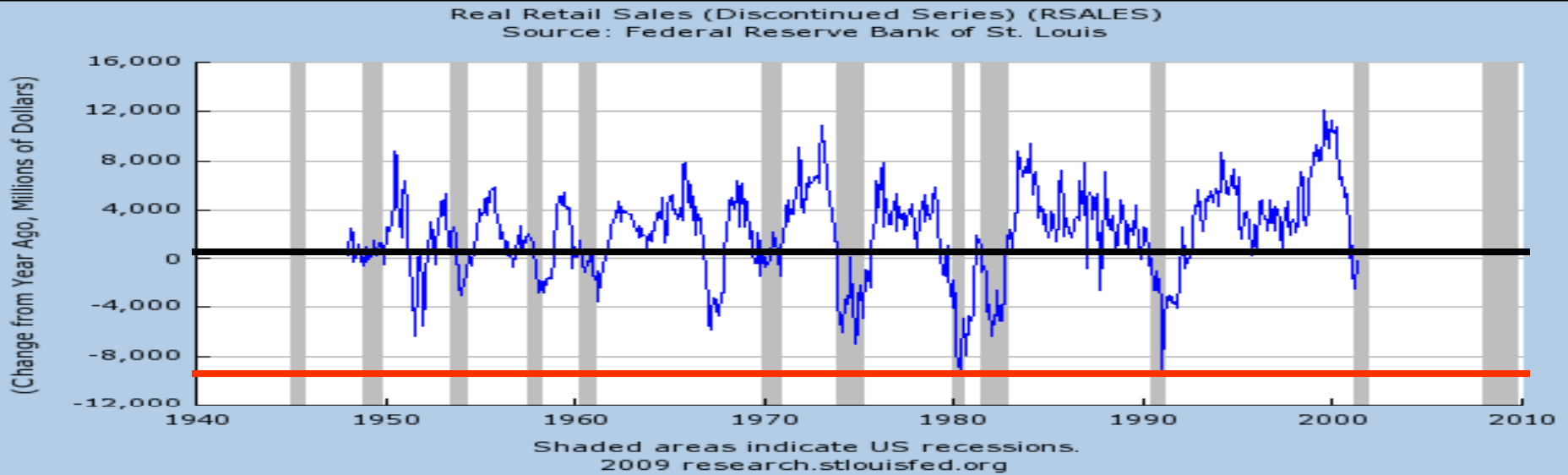
Source: U.S. Department of Commerce: Bureau of Economic Analysis



Shaded areas indicate US recessions.  
2009 [research.stlouisfed.org](http://research.stlouisfed.org)

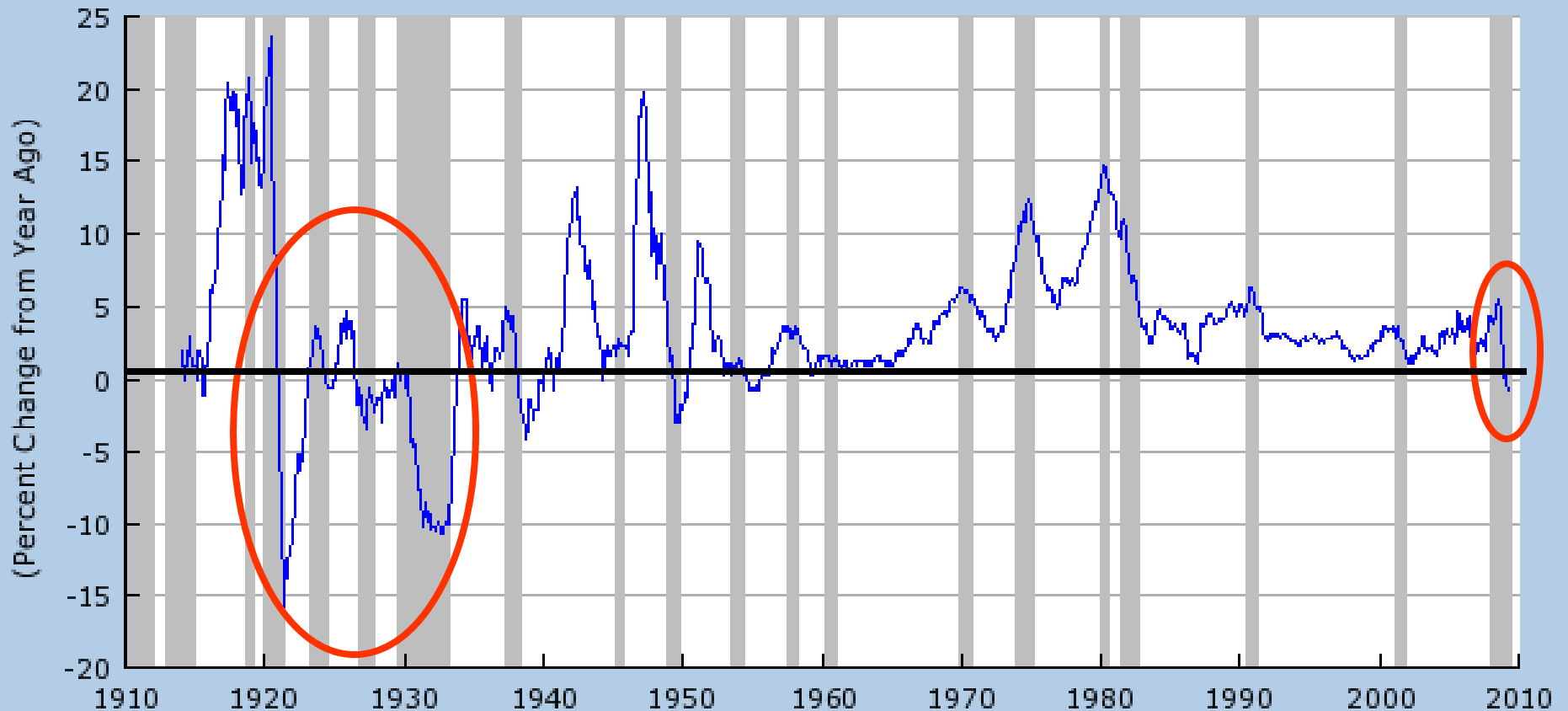
# US- Retail Sales Declining

## Y-O-Y Change by Month, M\$, 1949-2010



# US Deflation (Decline in General Price Level) Y-O-Y Percent Change by Month 1915-2009

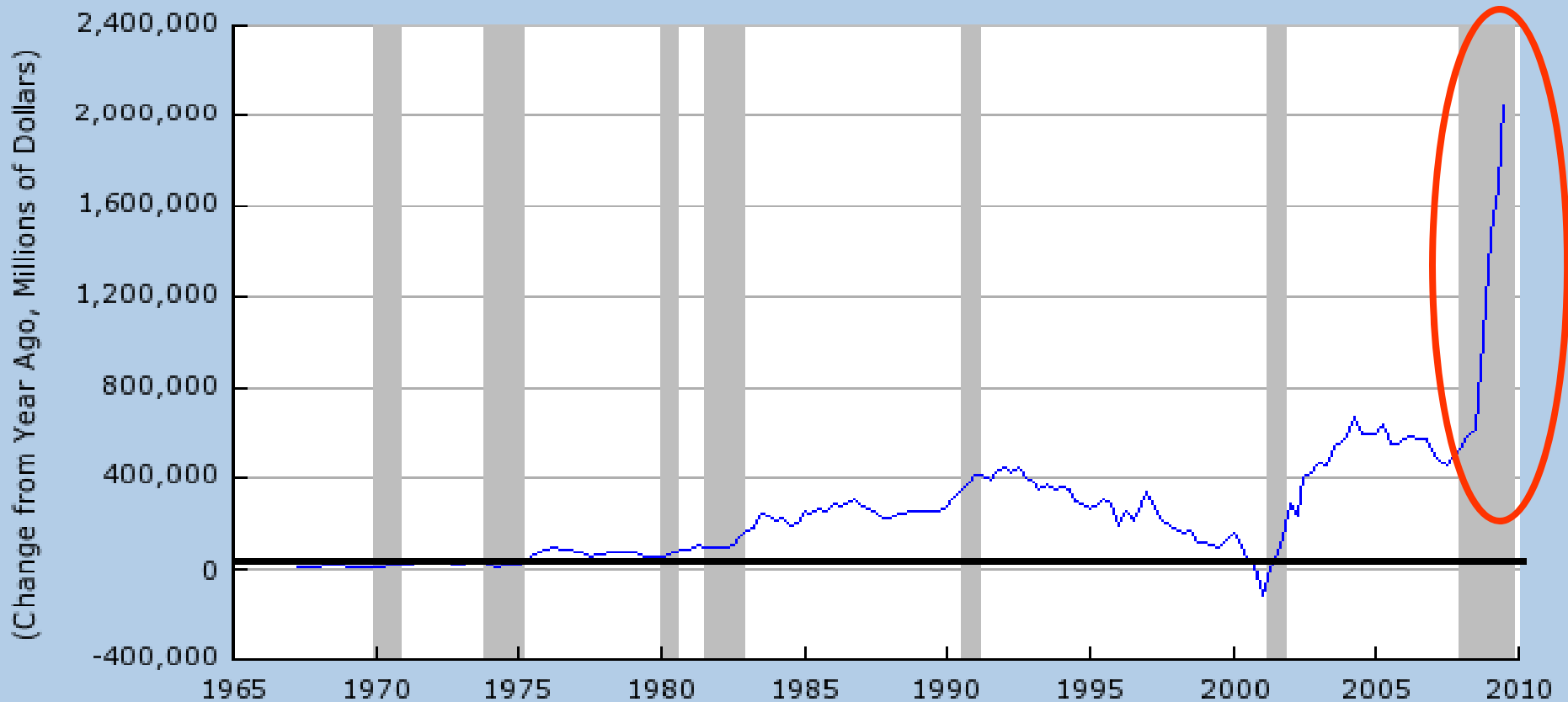
Consumer Price Index for All Urban Consumers: All Items (CPIAUCNS)  
Source: U.S. Department of Labor: Bureau of Labor Statistics



Shaded areas indicate US recessions.  
2009 research.stlouisfed.org

# US Total Federal Public Debt Has Nearly Quadrupled Y-O-Y Change by Month, M\$, 1966-2009

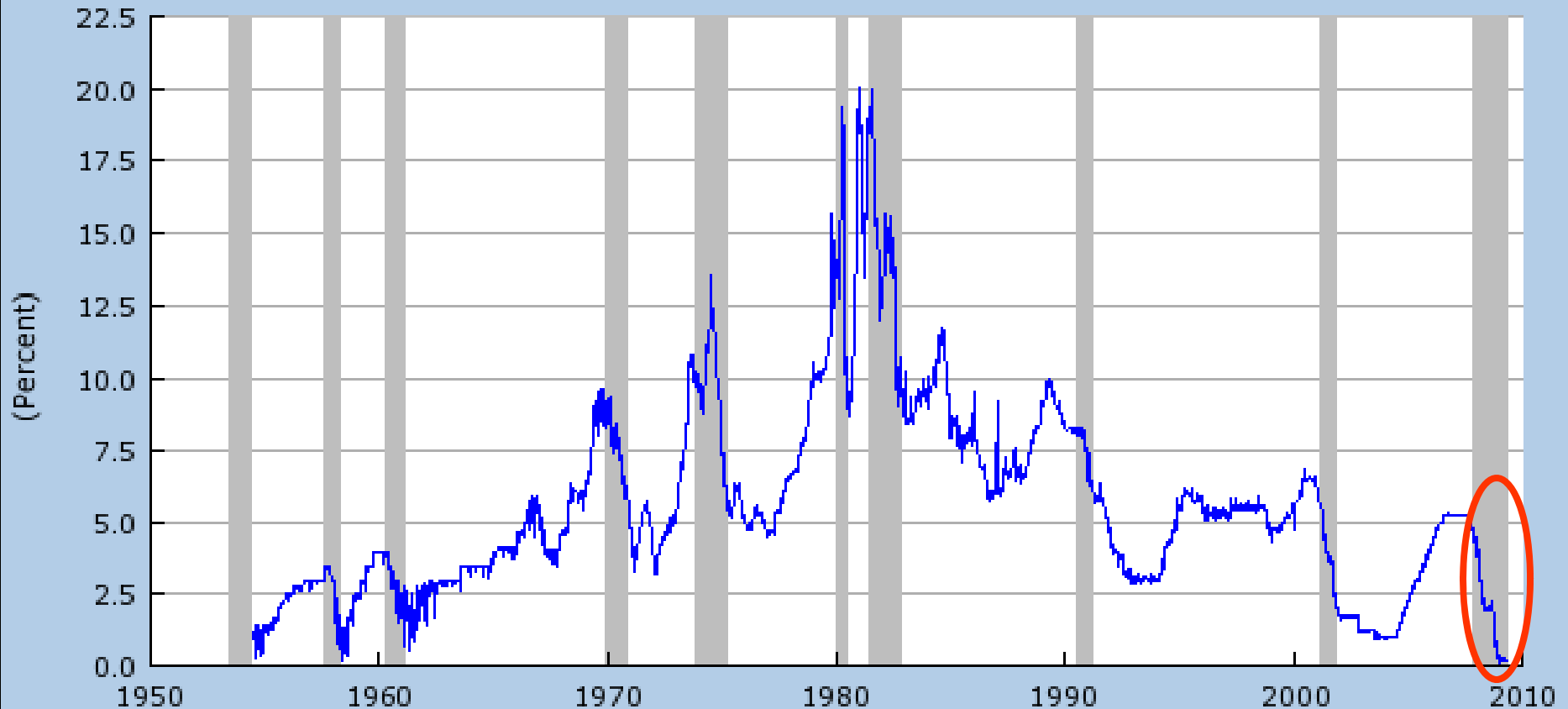
Federal Government Debt: Total Public Debt (GFDEBTN)  
Source: U.S. Department of the Treasury, Financial Management Service



Shaded areas indicate US recessions.  
2009 research.stlouisfed.org

# US Federal Funds Rate Reduced to “0 - .25”

Effective Federal Funds Rate (FF)  
Source: Board of Governors of the Federal Reserve System



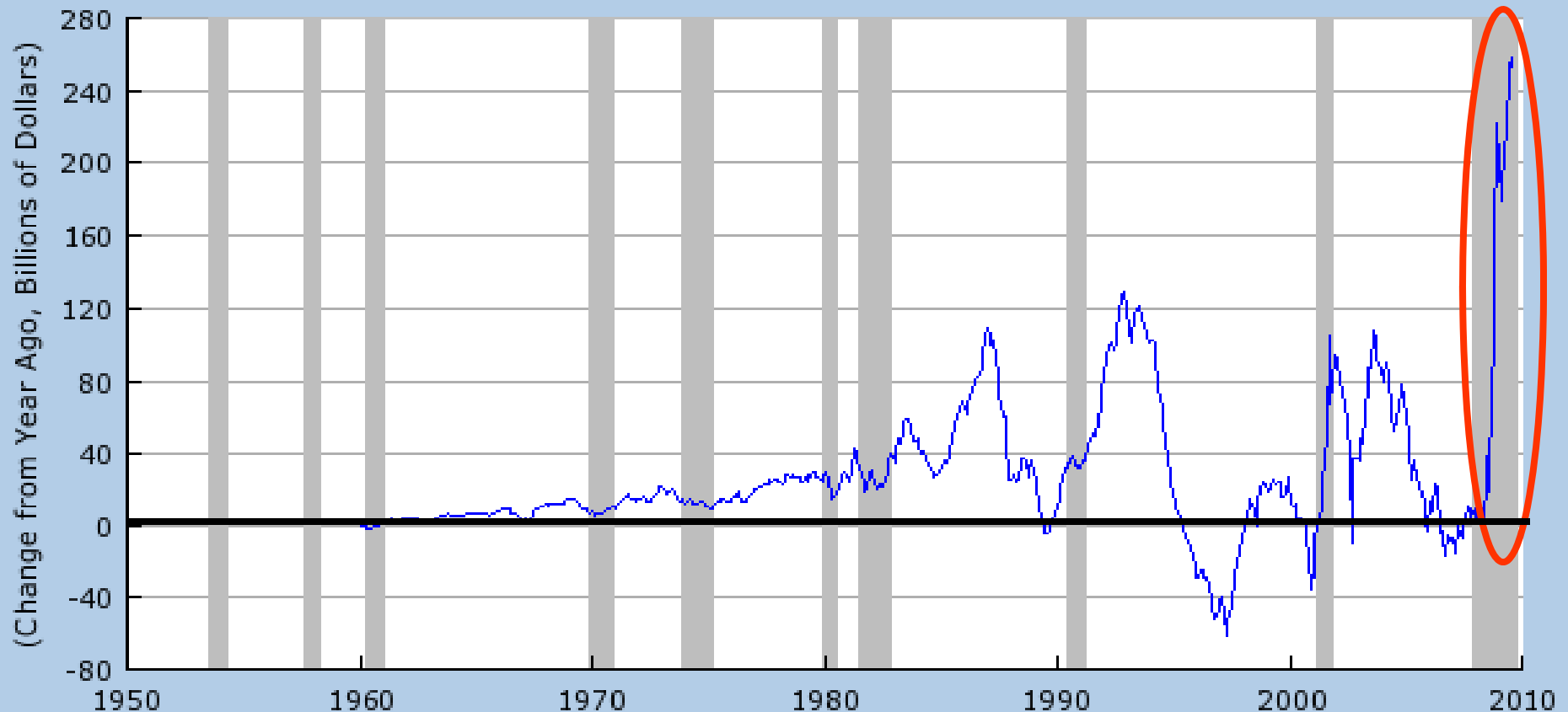
Shaded areas indicate US recessions.  
2009 research.stlouisfed.org

# US Money Supply is Increasing

YOY Change by Month, \$B, 1959-2009

M1 Money Stock (M1SL)

Source: Board of Governors of the Federal Reserve System



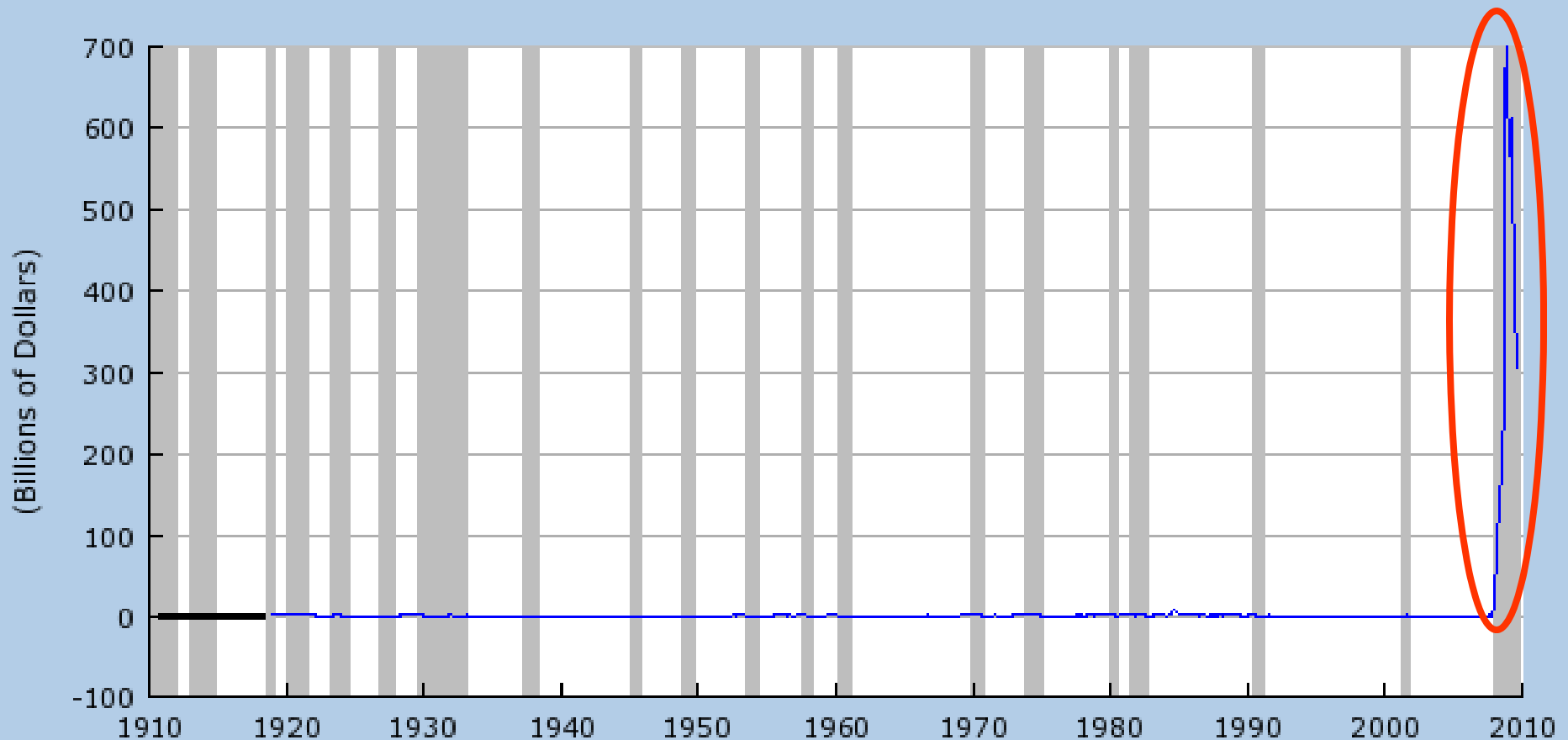
Shaded areas indicate US recessions.

2009 research.stlouisfed.org

# US Borrowing from Federal Reserve

(Change Y-O-Y for monthly borrowings, B\$)

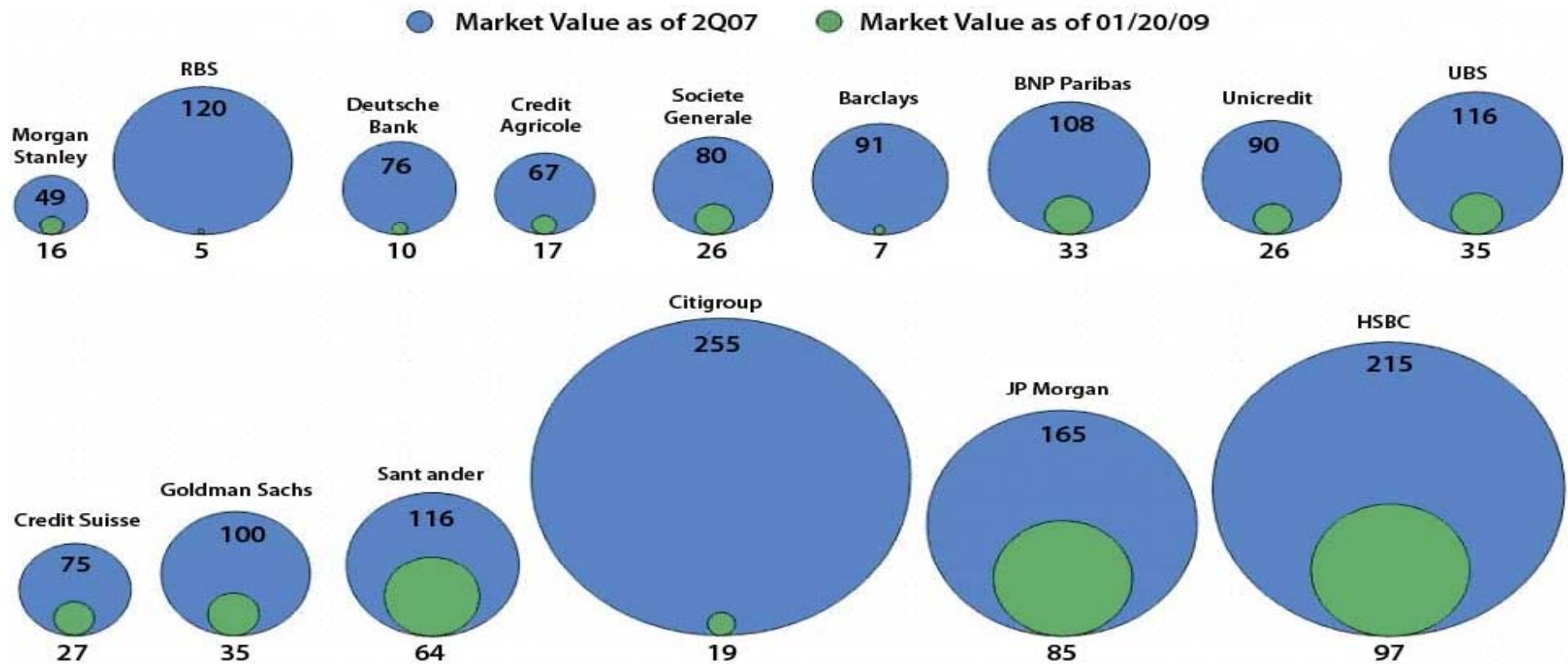
Total Borrowings of Depository Institutions from the Federal Reserve (BORROW)  
Source: Board of Governors of the Federal Reserve System



Shaded areas indicate US recessions.  
2009 [research.stlouisfed.org](http://research.stlouisfed.org)

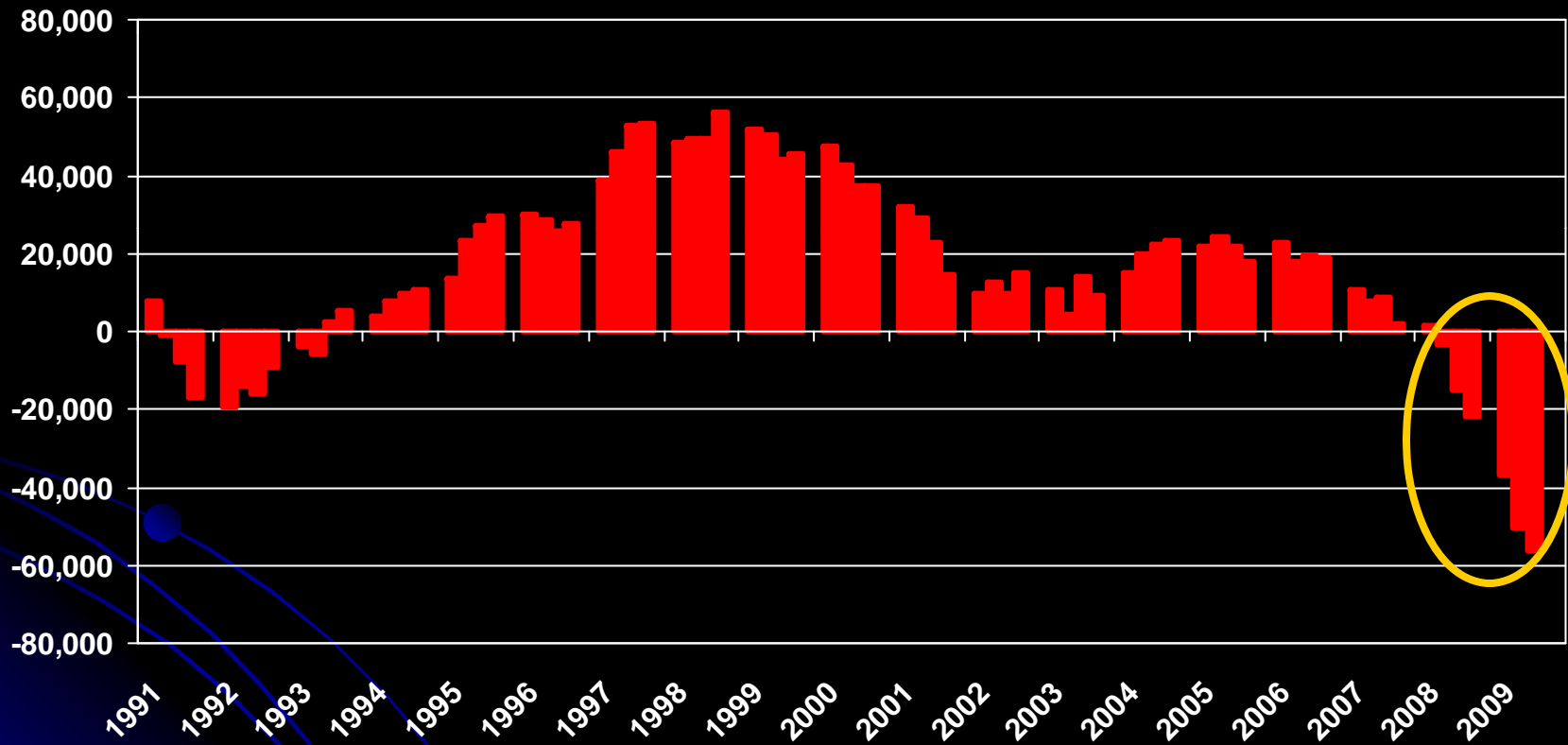
# US Banks- A Balance Sheet Problem

Change in Banks Market Capital In Billions \$



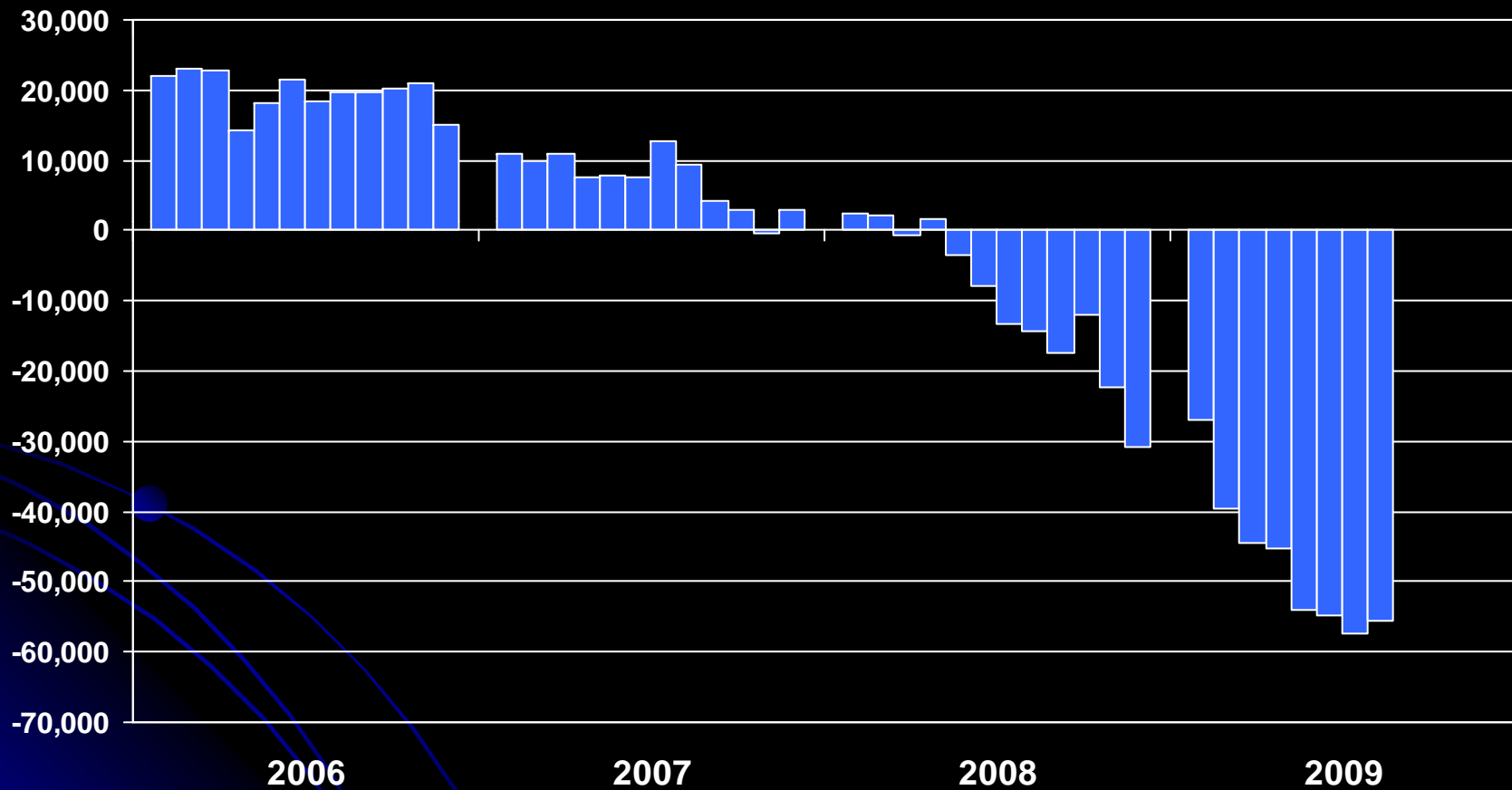
# SD Decline in Payroll Jobs

## Change Y-O-Y by Quarter



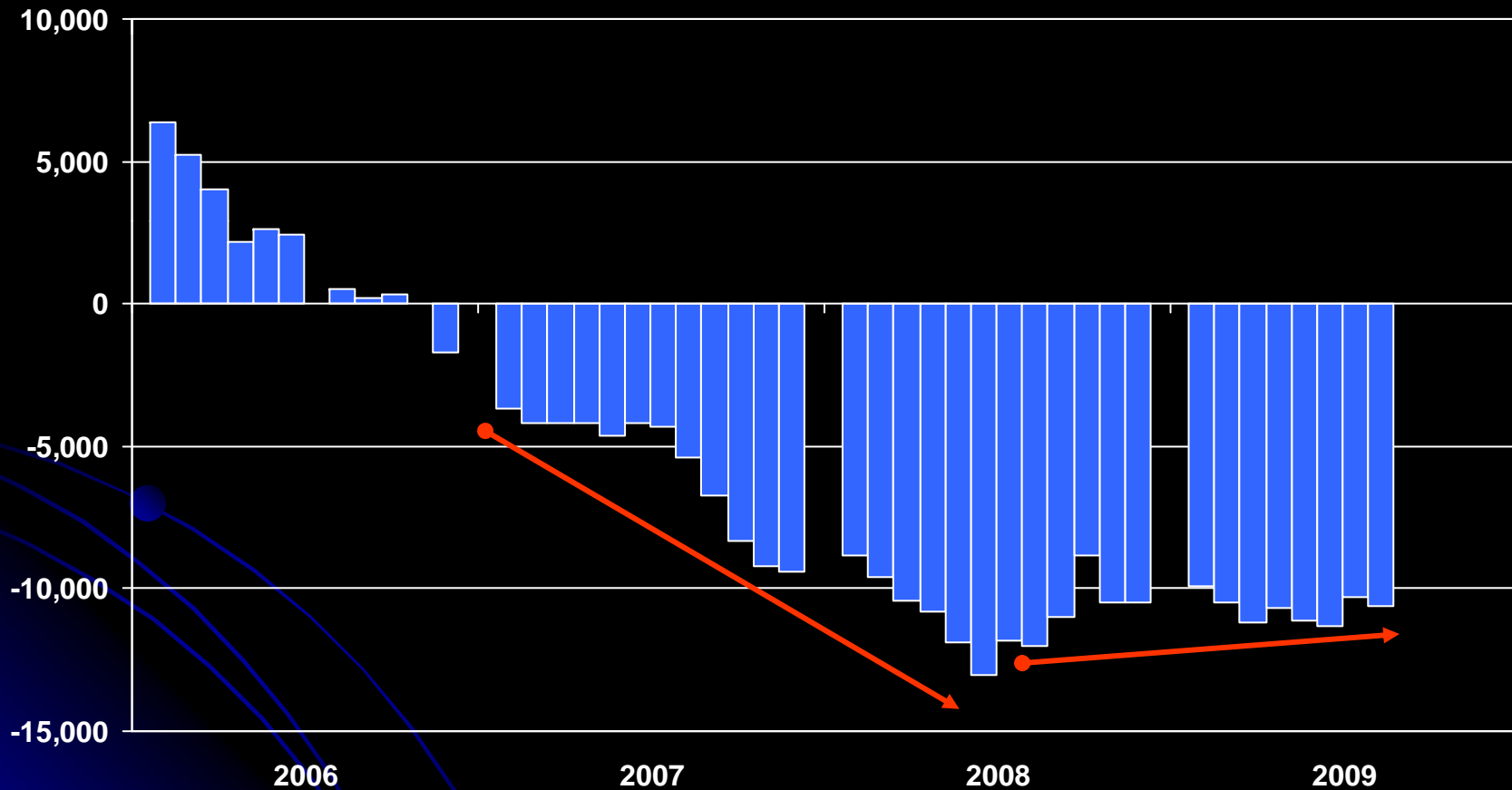
# SD Decline in Payroll Jobs

## Change Y-O-Y by Month



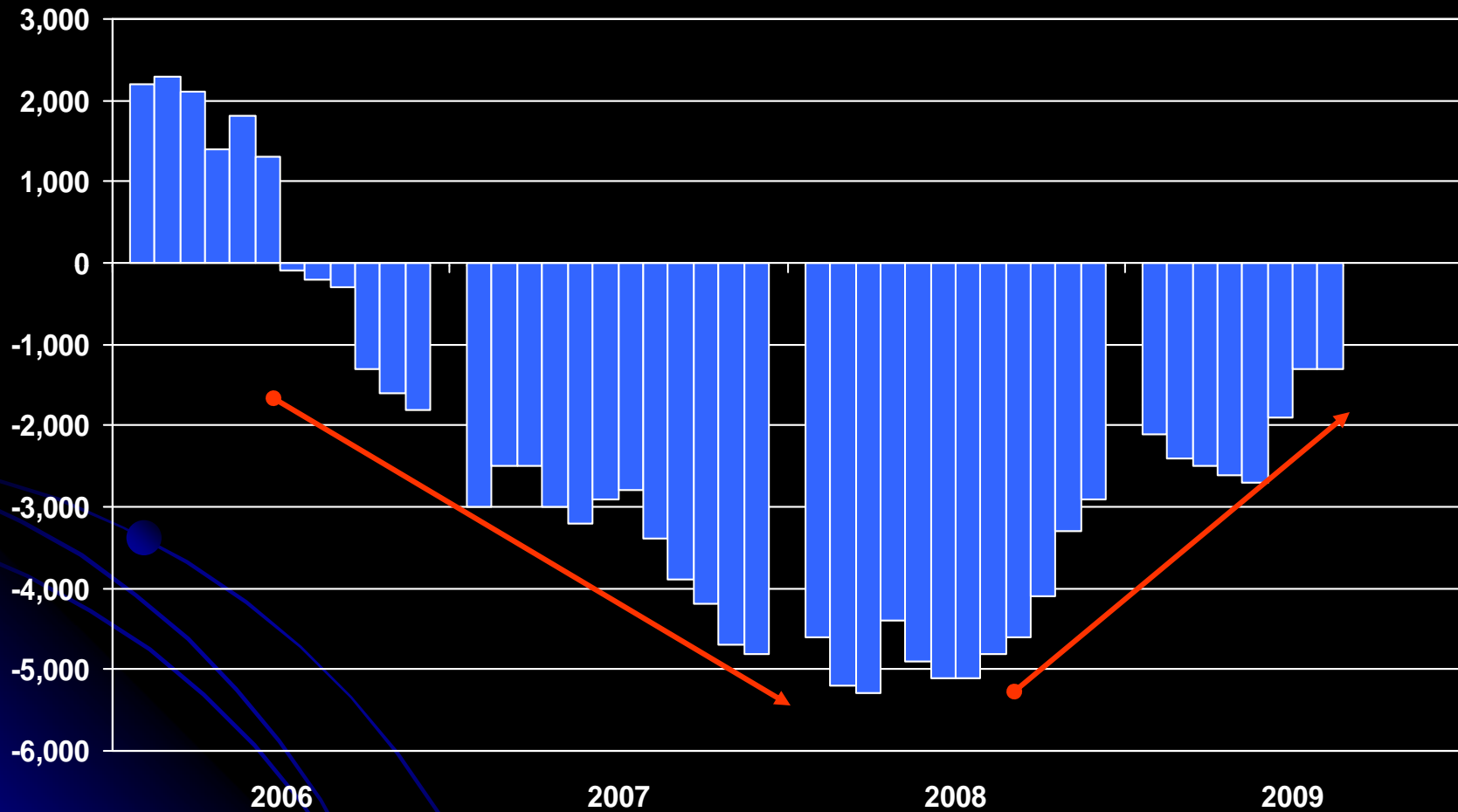
# SD Construction Employment

## Stabilizing Trend ?, Change Y-O-Y by Month

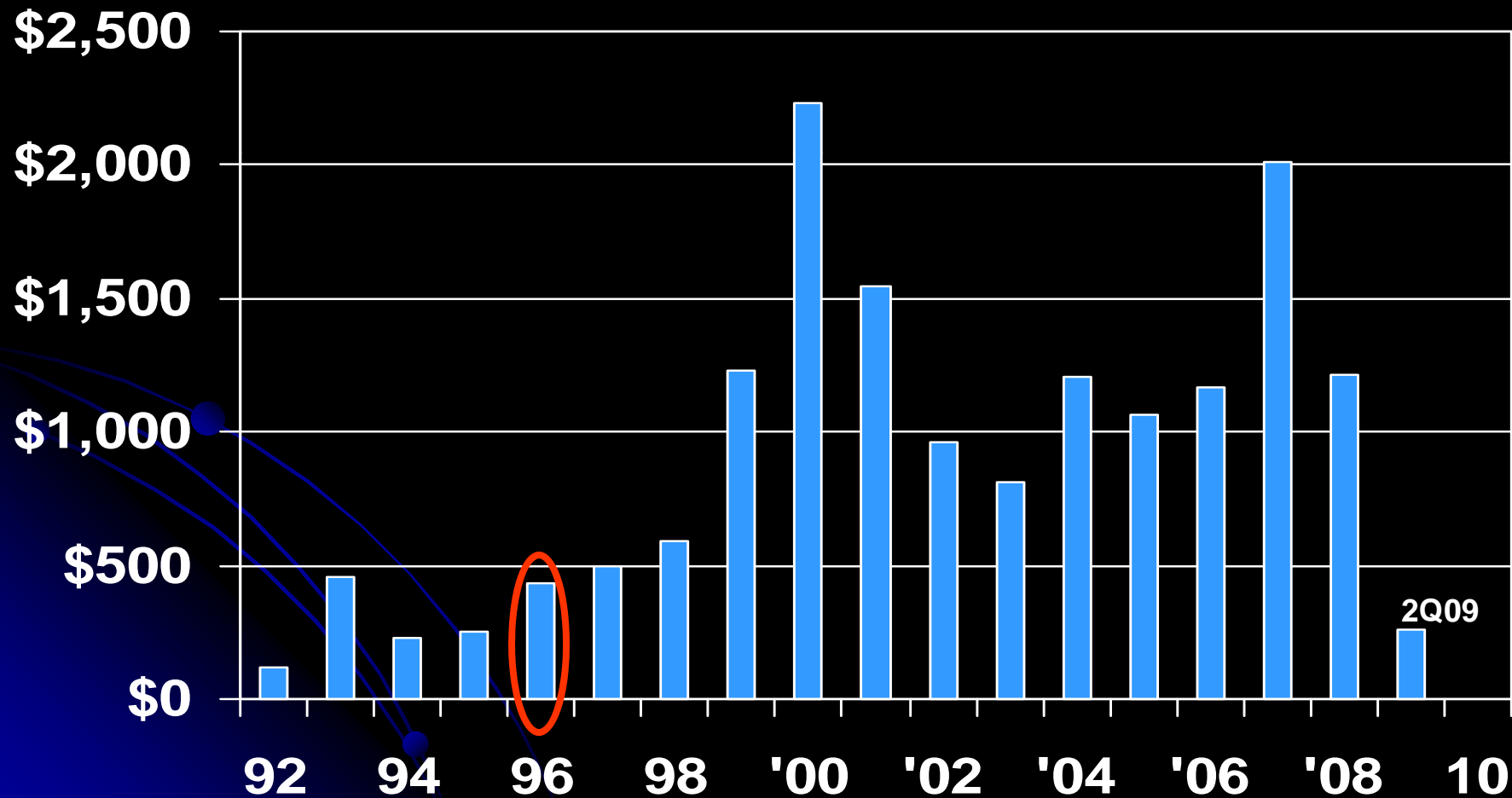


# SD Financial Activities Employment

## Stabilizing Trend ?, Change Y-O-Y by Month

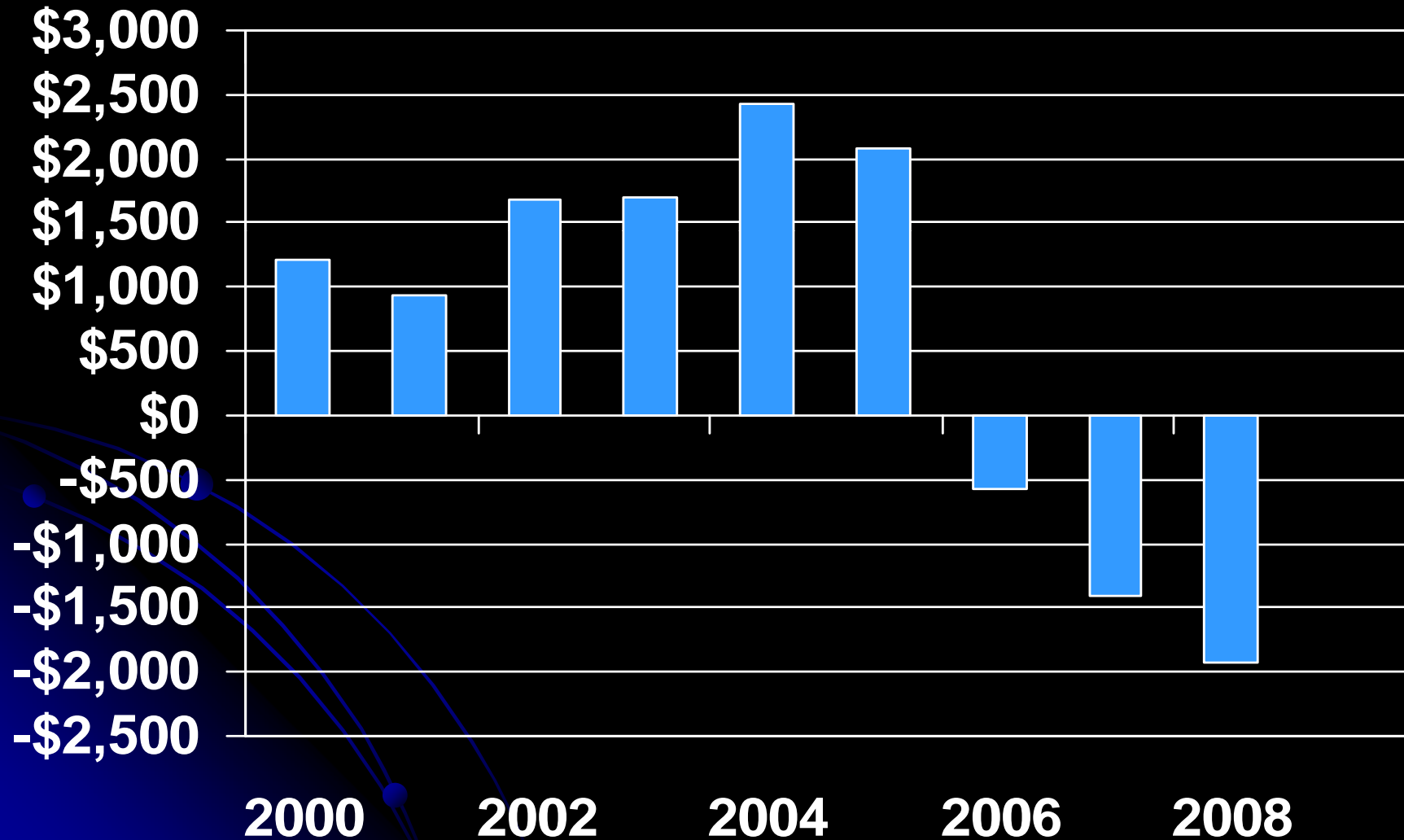


# SD Less Venture Capital Funds Less Fuel for High Tech Jobs, M\$ per Year



# SD Housing-Reverse Wealth Effect

“Great Consumer Contraction”, M\$ per year



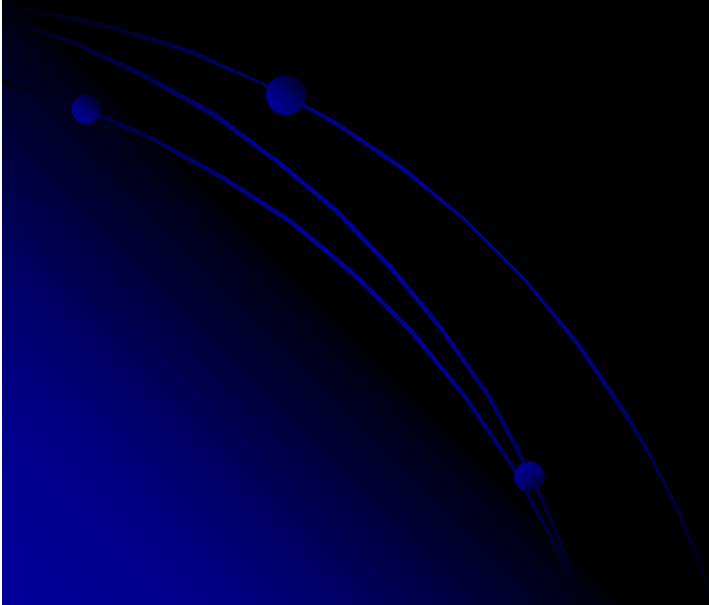
# SD Outlook-2009 Industry Talley Sheet

## Pluses

- Defense
- Construction
- Health Services

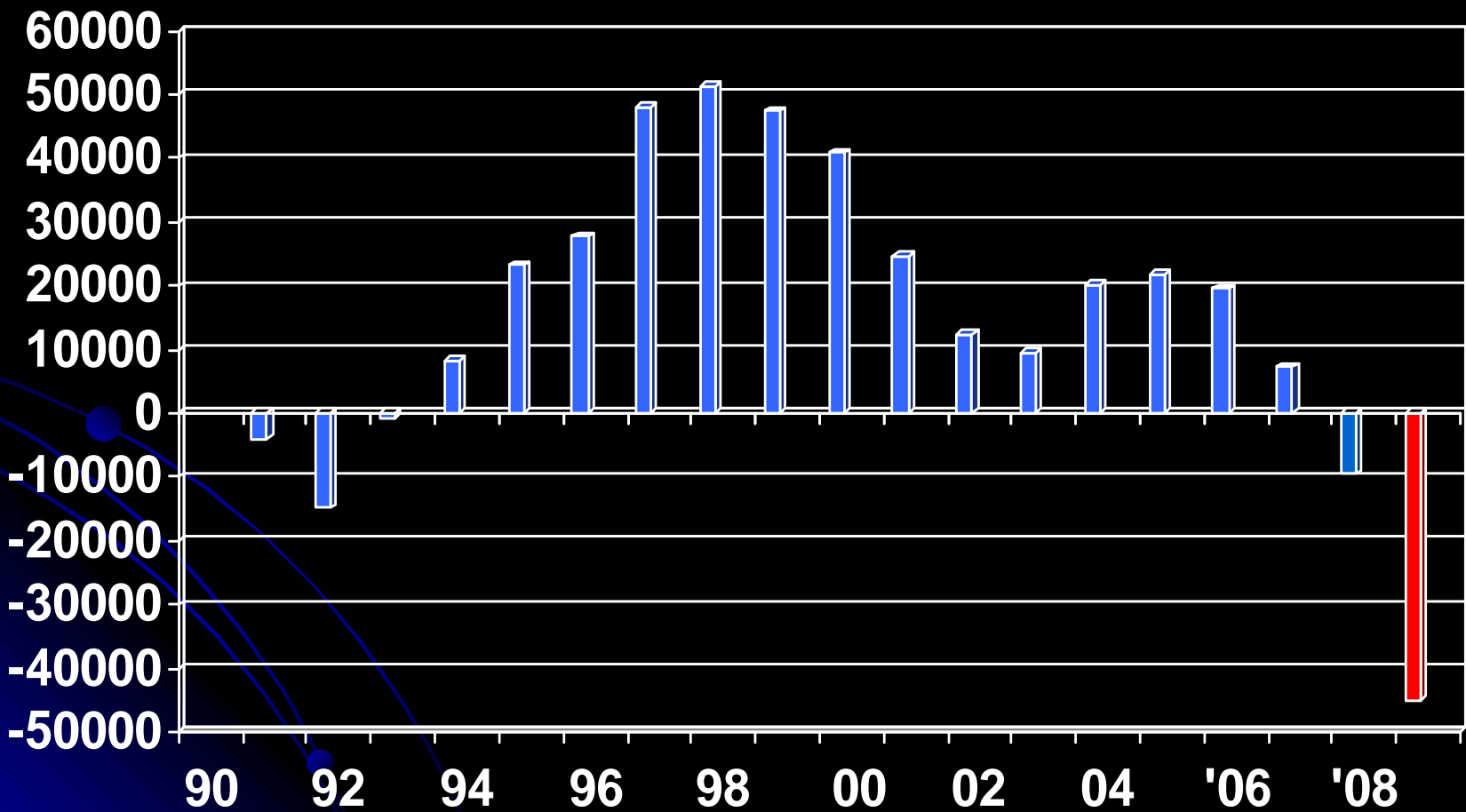
## Minuses

- Retail Services
- High-Tech Clusters
- Financial Services
- Agriculture

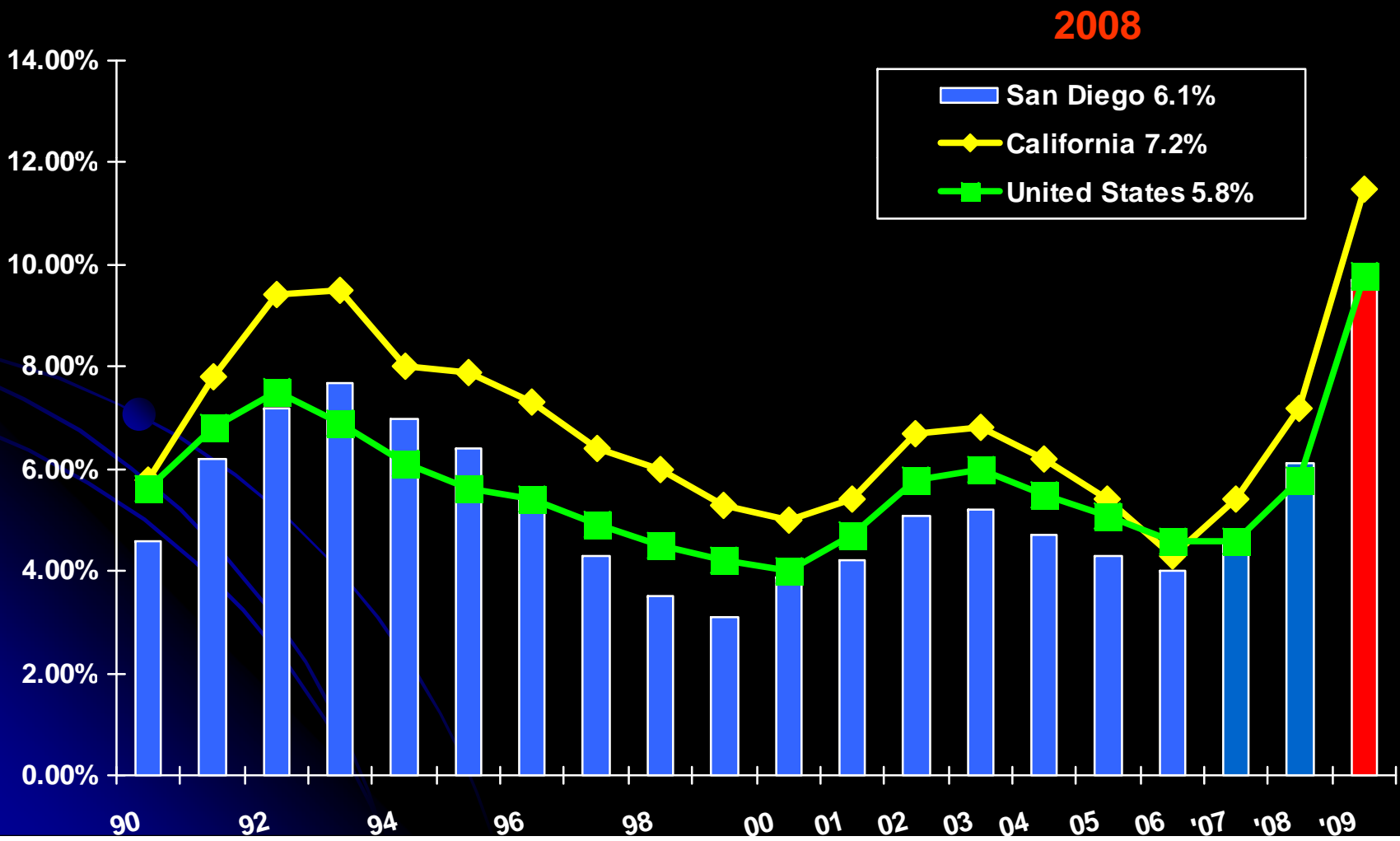


# SD Outlook-2009 More Job Losses

## Annual Change Payroll Jobs

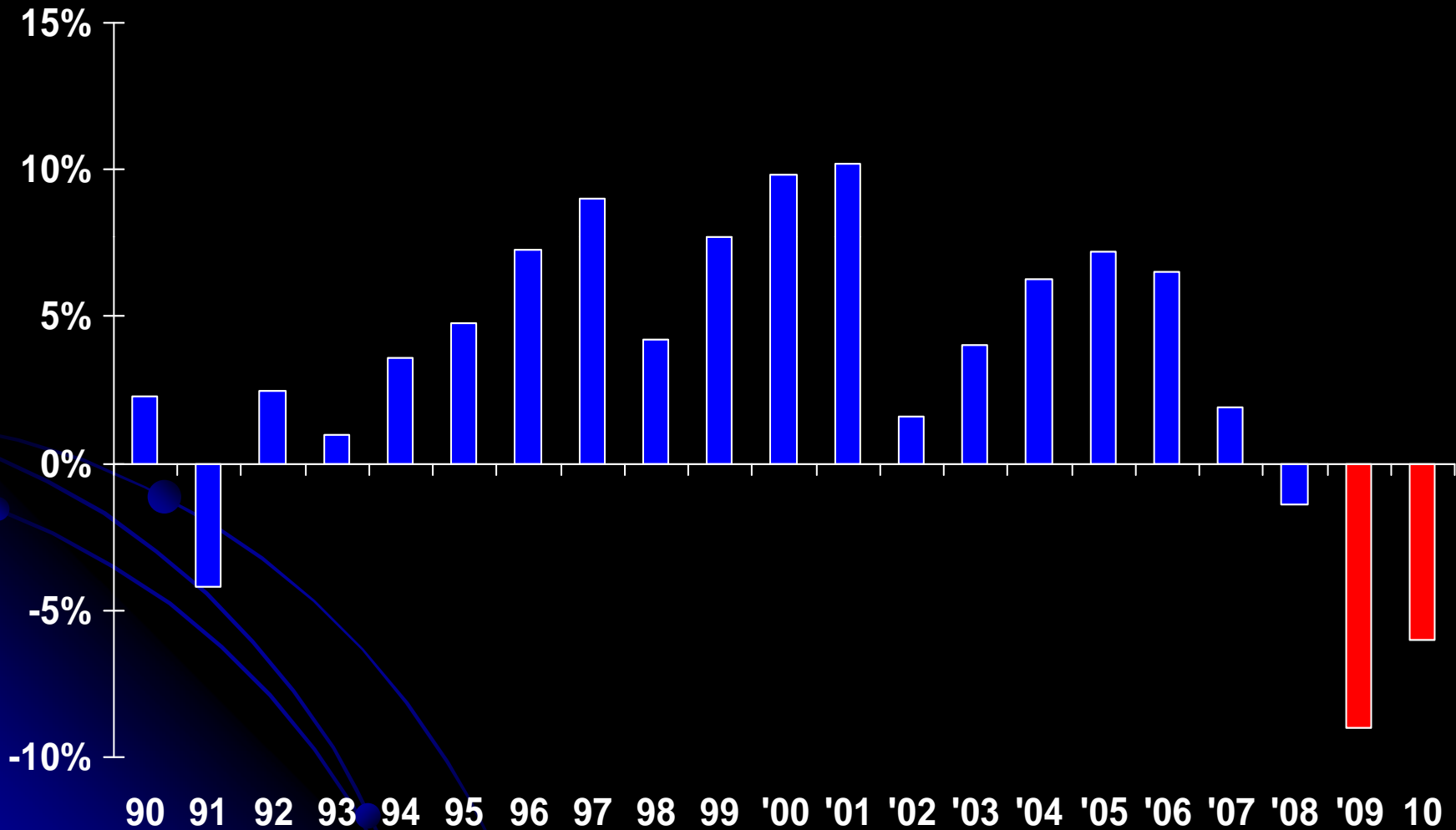


# SD Outlook-Rising Unemployment Rate



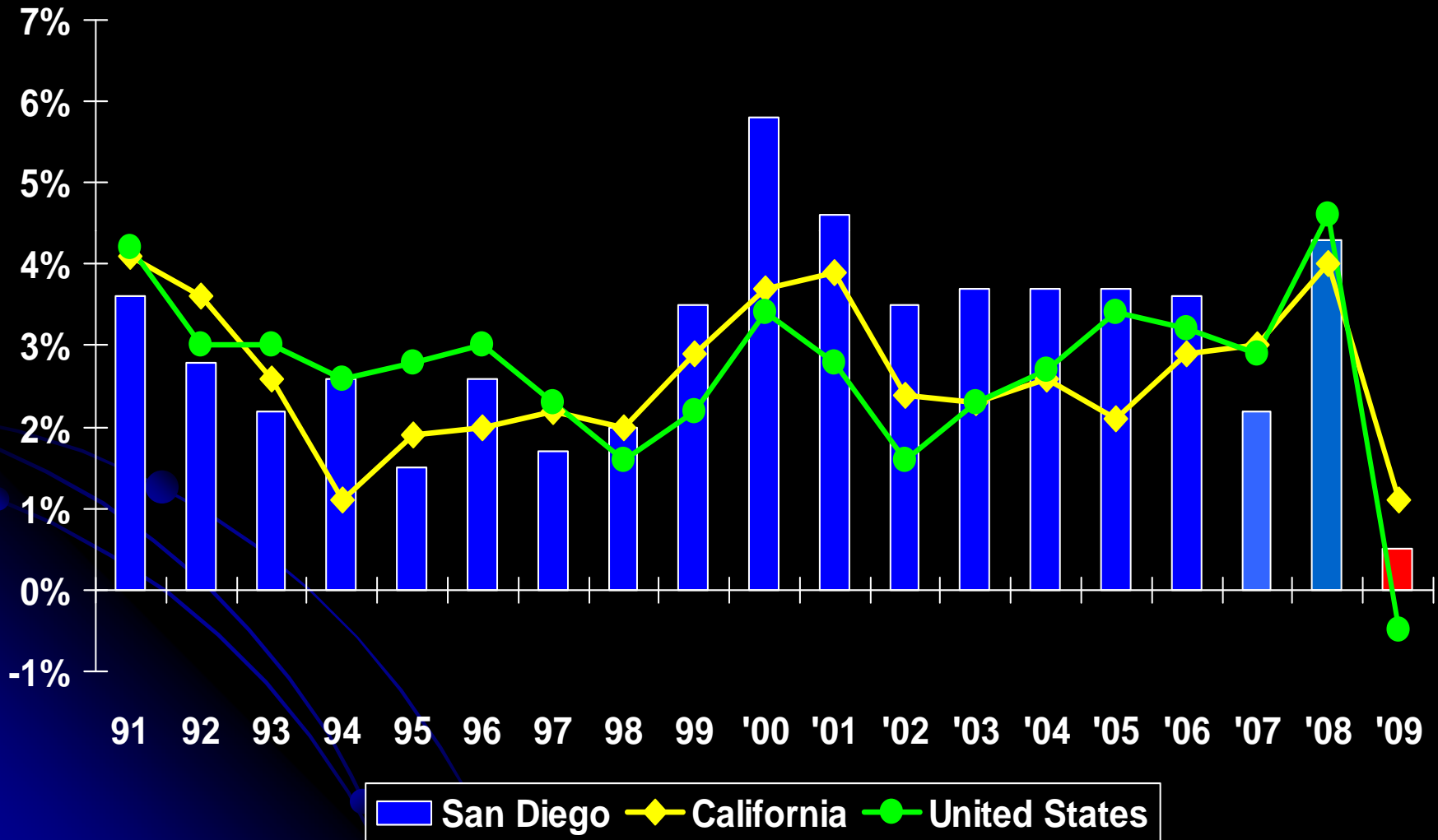
# SD Outlook- Decline in Taxable Retail Sales

## Y-O-Y Percent Change, Fiscal Years 09 & 10



# SD Outlook-Disinflation

## US Deflation, Rate of Change in CPI-U



# 2009-10 **Outlook** Key Assumptions

“Structural Changes Will Dominate Federal Stimulus Programs?”

- **More Savings Less Spending**
- **U Rate Remains High**
- **Impacts from Wealth Effect**
- **Deflation Except Wages**
- **Bundles of New Money**
- **Economic Stimulus**
- **Stable Marginal Tax Rates**
- **Low Interest Rates**
- **US-Lingering Recession**



# 2009-10 **SD Outlook** Summary

“Moving Sideways then Slow Growth”



- Job Losses Ease 2Q10
- U-Rate Stays High
- Less VC Investment
- Reverse Wealth Effect
- Declining R-Sales (FY09-10)
- Stabilizing Home Prices
- Disinflation
- **SD-Boost** from Gov't Construction
- **Significant Risks**



# **San Diego's 2009-10 Economic Outlook**

**Marney Cox, Chief Economist, SANDAG**