



ORANGE COUNTY TRANSPORTATION AUTHORITY

**Taxable Sales Forecast – UCLA Anderson - Jerry
Nickelsburg, PhD**

PowerPoint

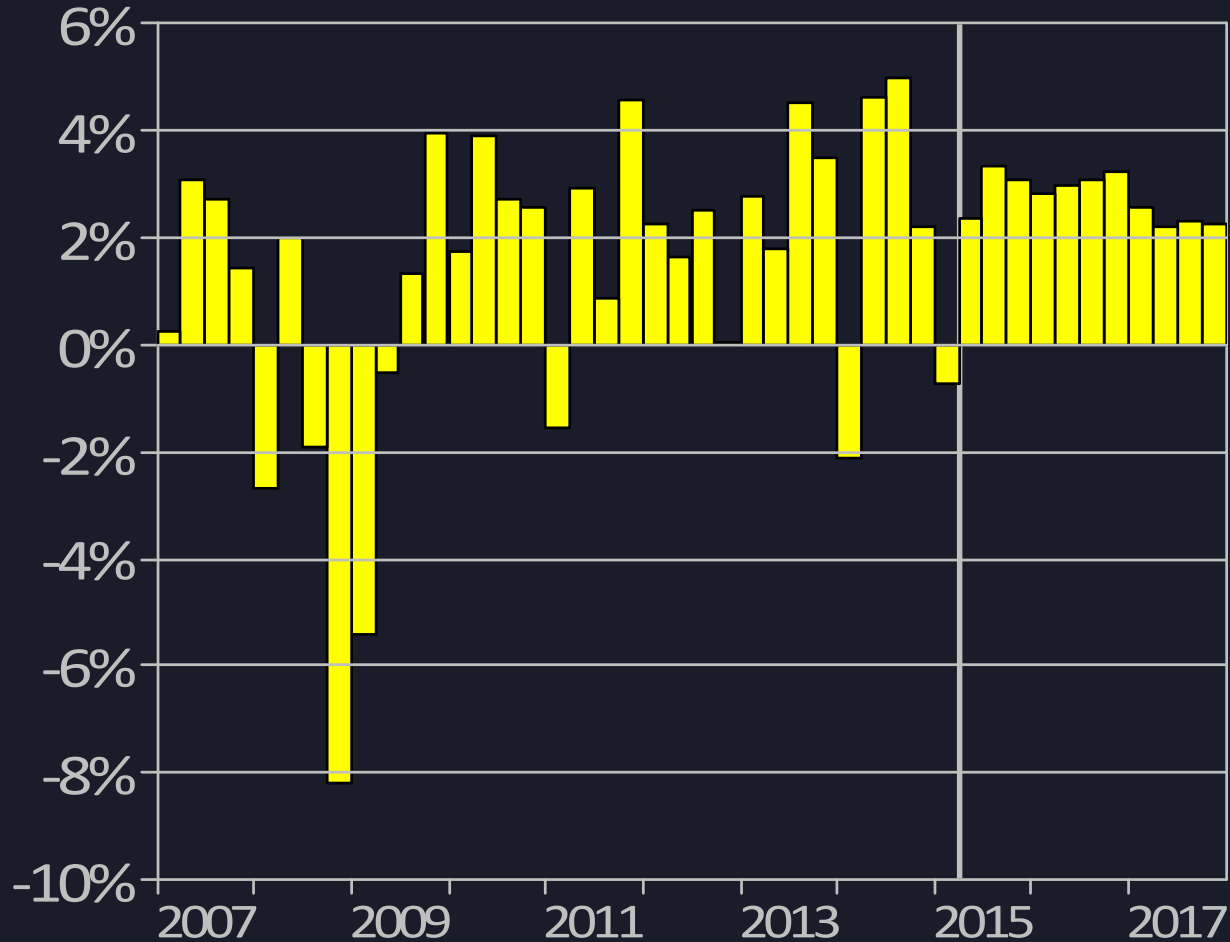
The Economic Recovery and Orange County Taxable Sales

Jerry Nickelsburg
Senior Economist
UCLA Anderson Forecast
Adjunct Professor of Economics
Anderson School of Management
UCLA

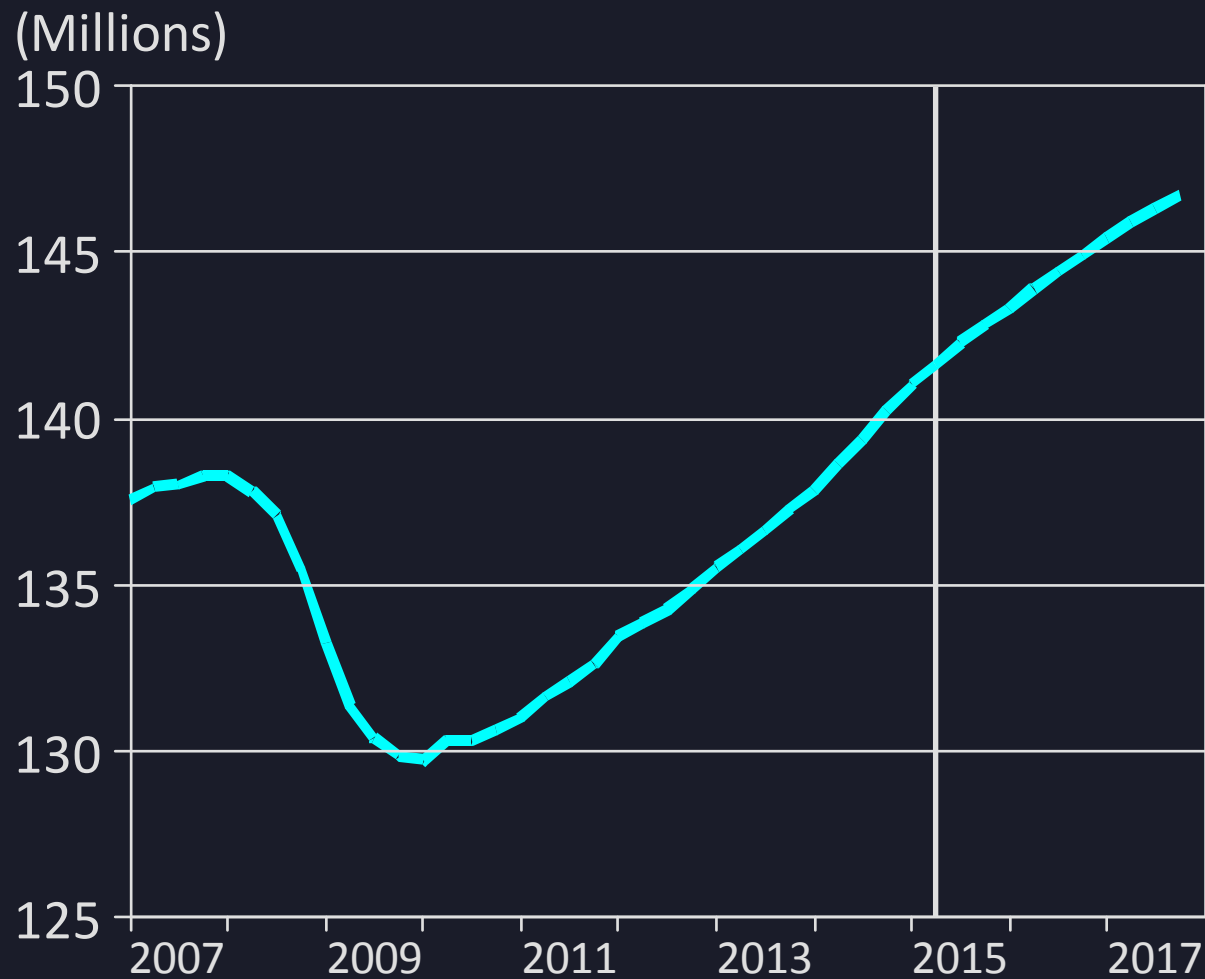
OCTA Briefing
June 10, 2015

Back to 3% Growth in the 2nd Half

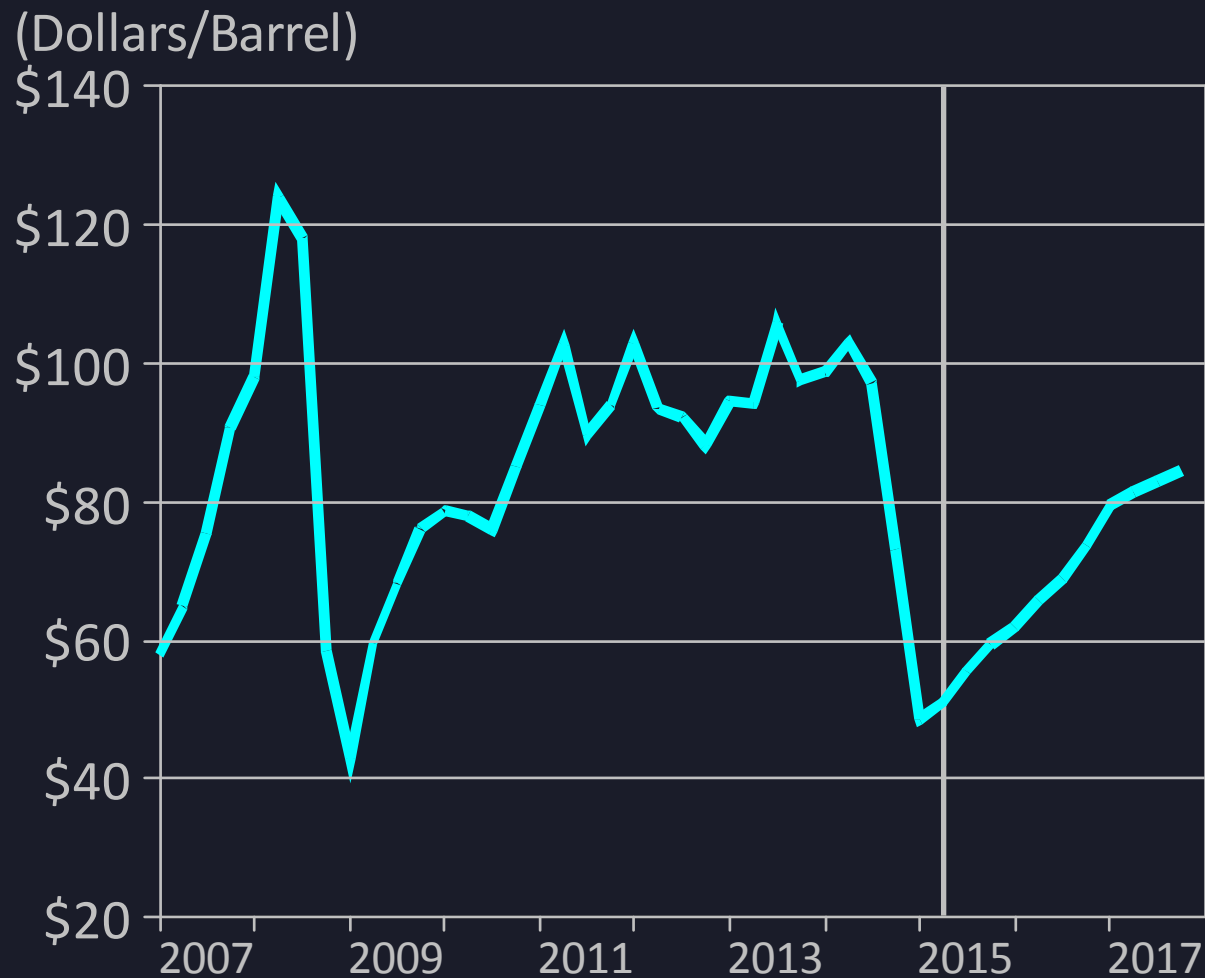
(Percent Change, SAAR)



Employment Growth Remains on Track

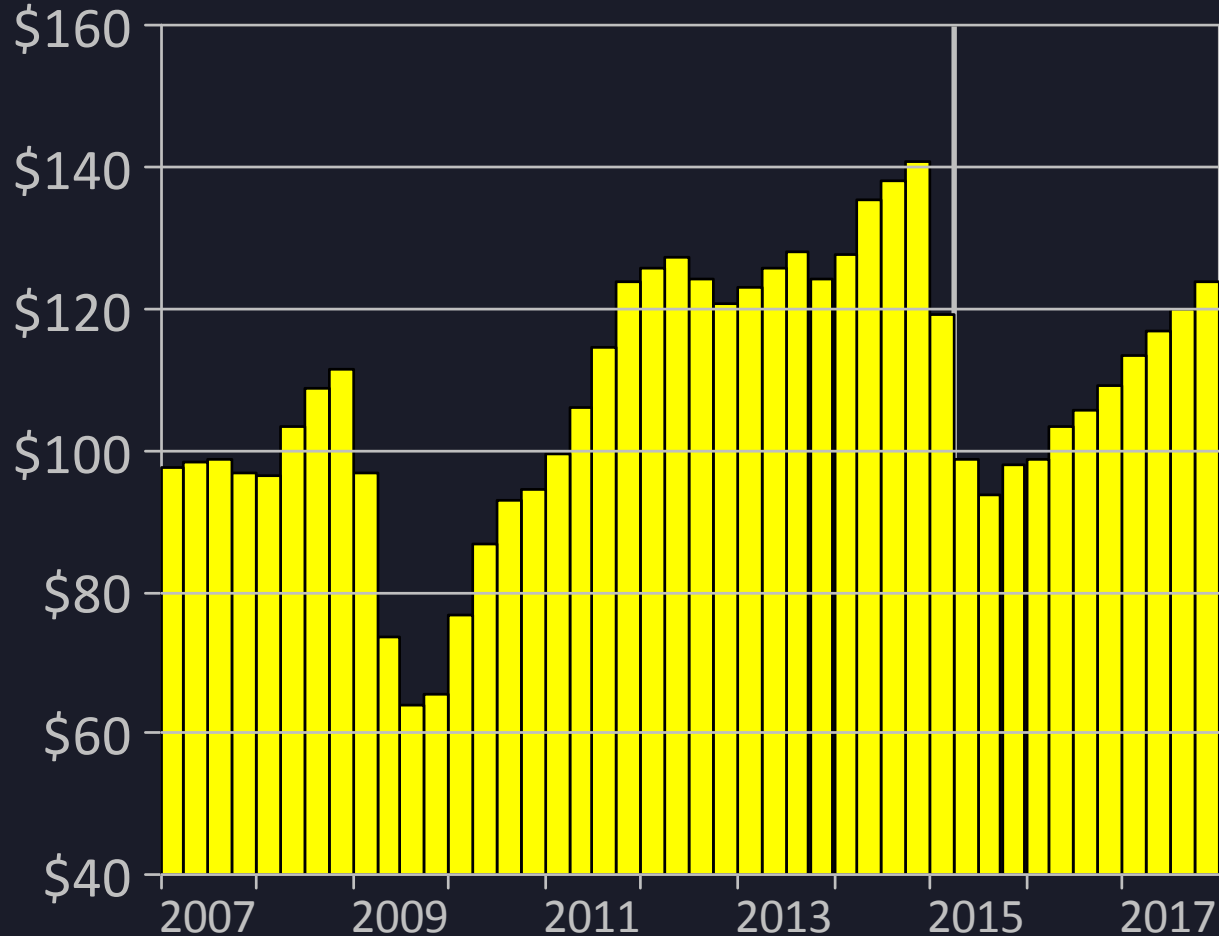


Oil Prices Have Seen Their Lows



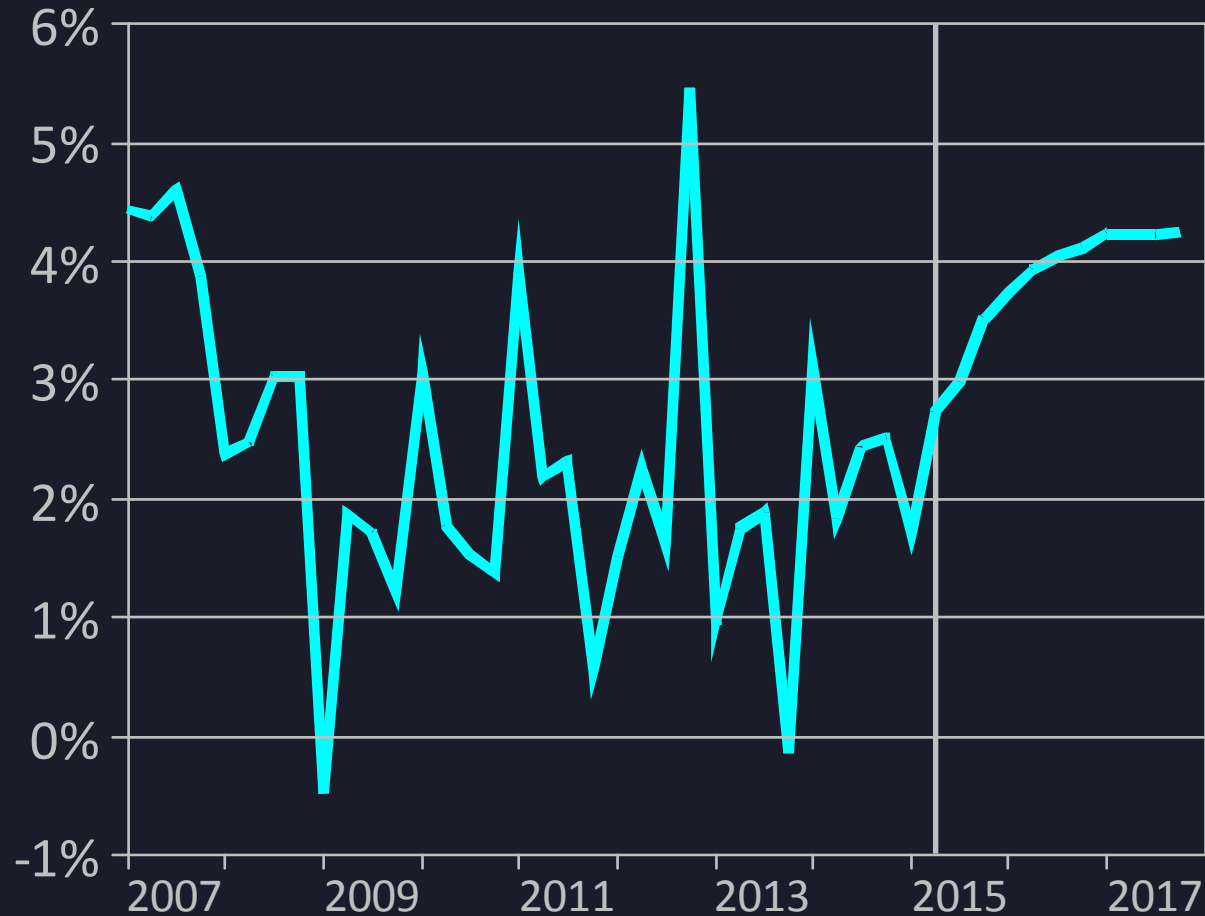
Oil Drilling Activity Collapses (Mines and Wells)

(Billions 2009\$)



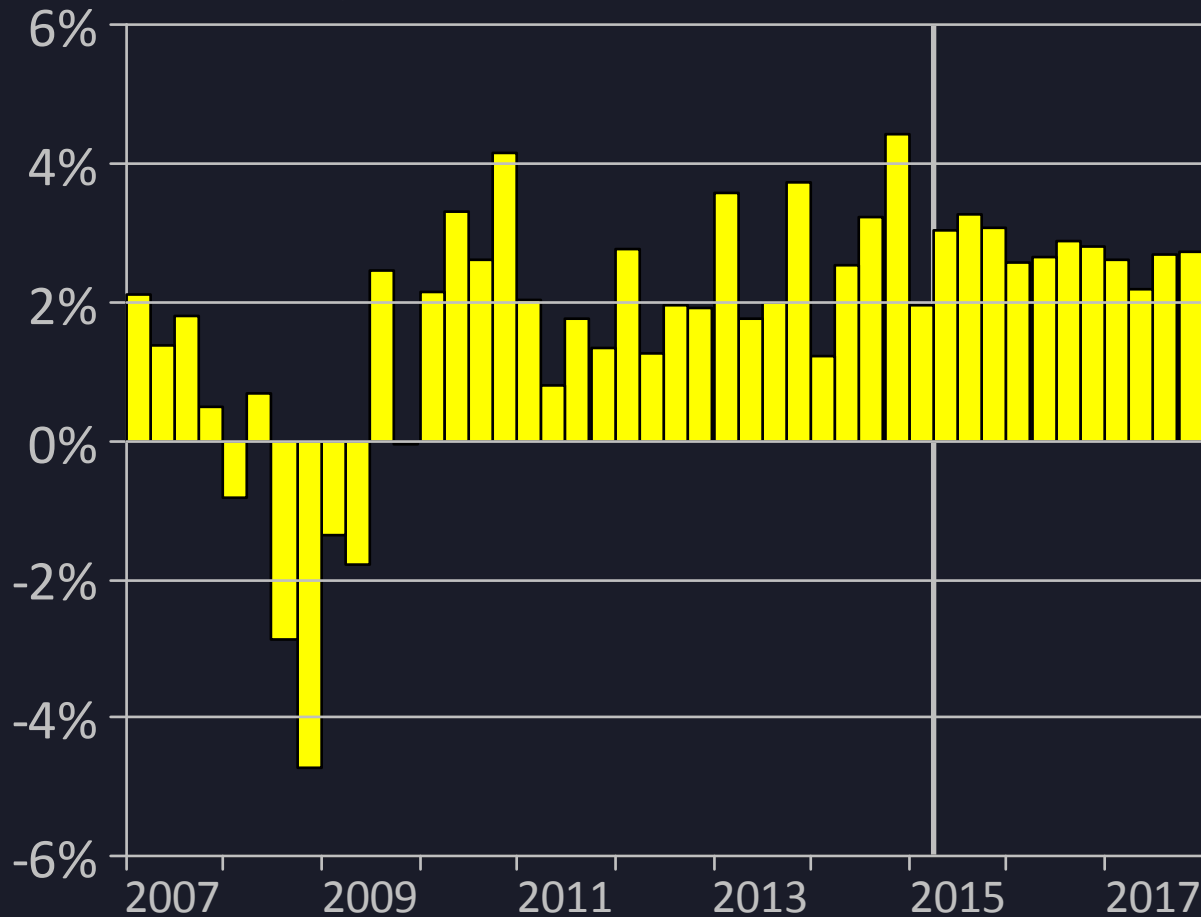
At Long Last.. Wages on the Rise

(Total Compensation, %CHYA)

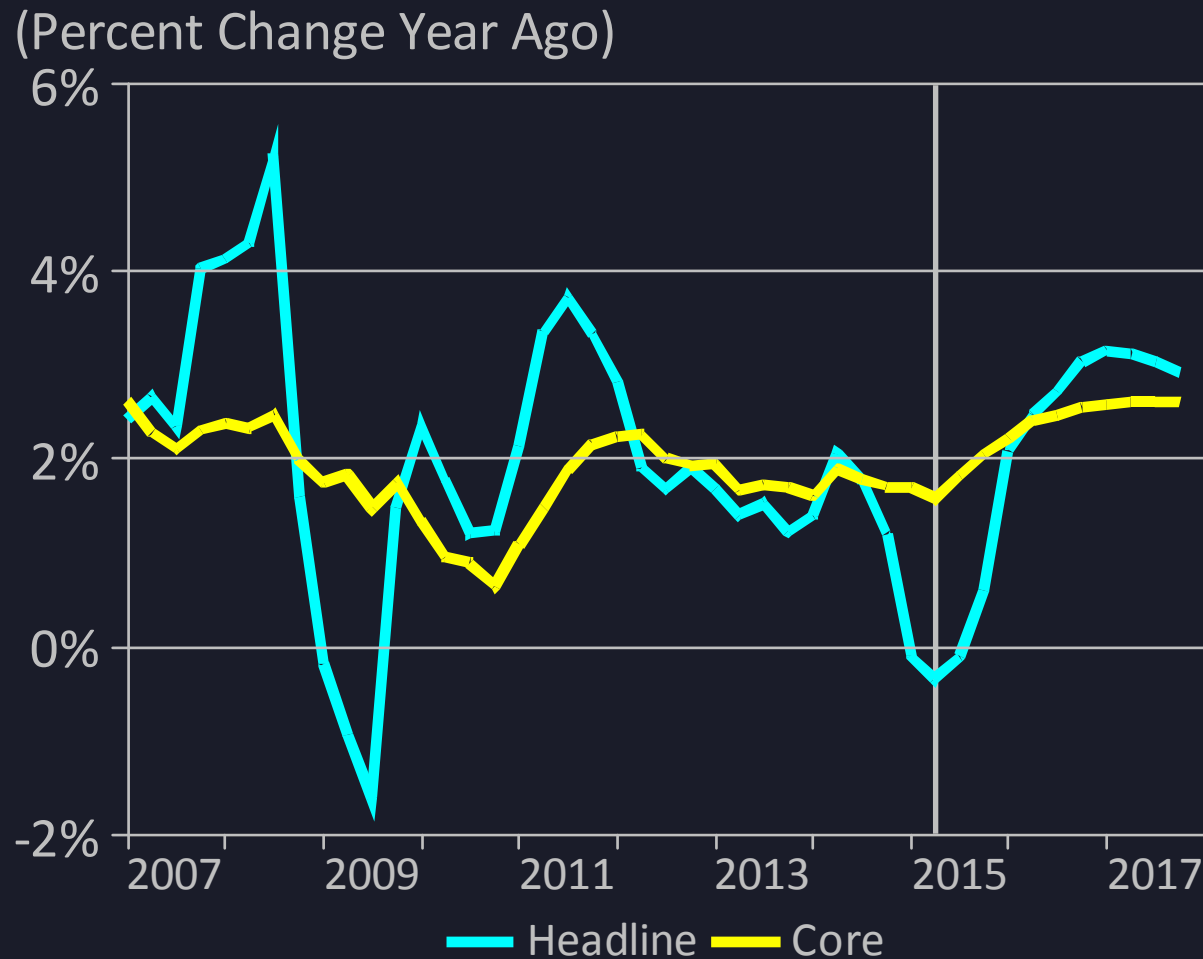


Despite Lower Gas Prices - Modest Rebound in Consumer Spending

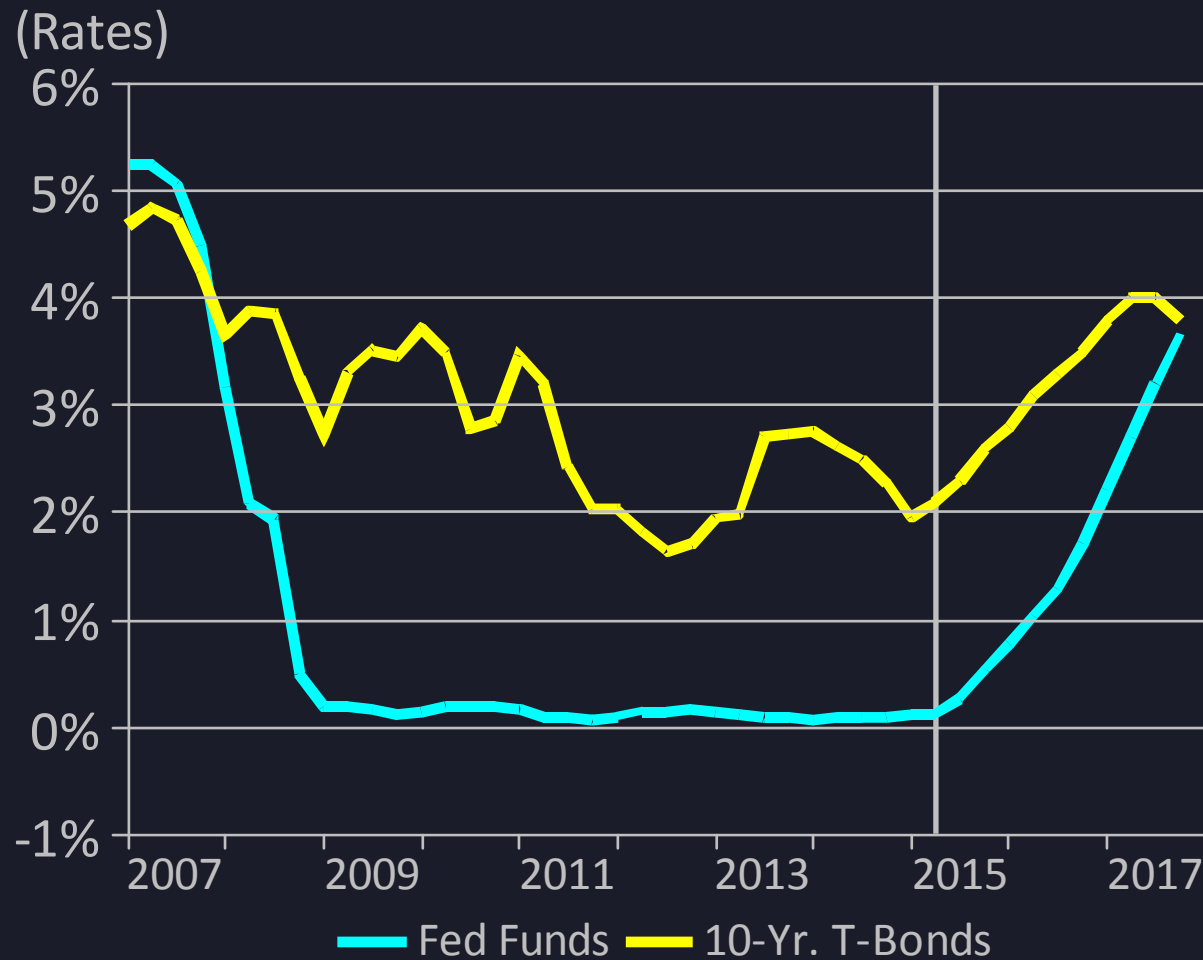
(Percent Change, SAAR)



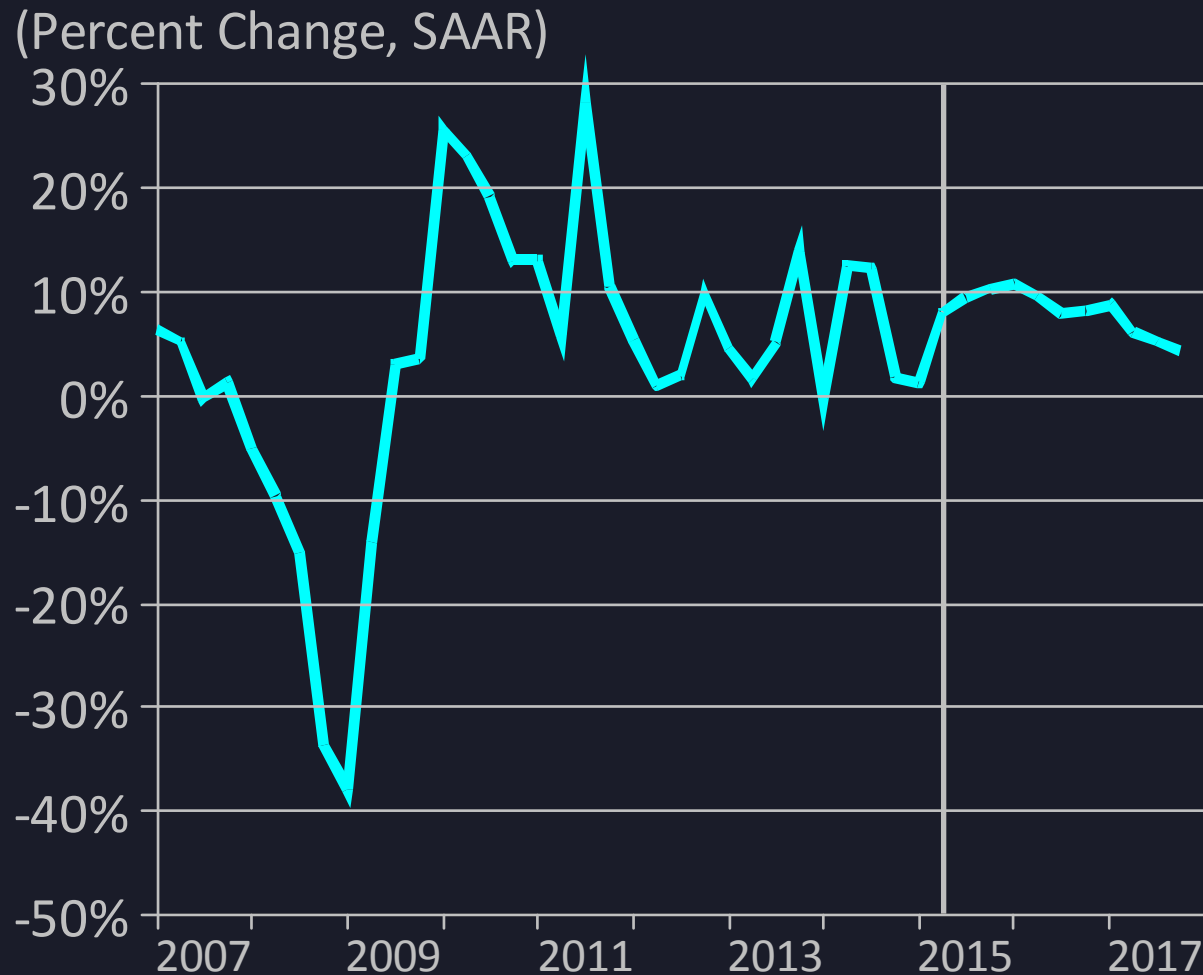
CPI Inflation to Move Above 2% Fed Target



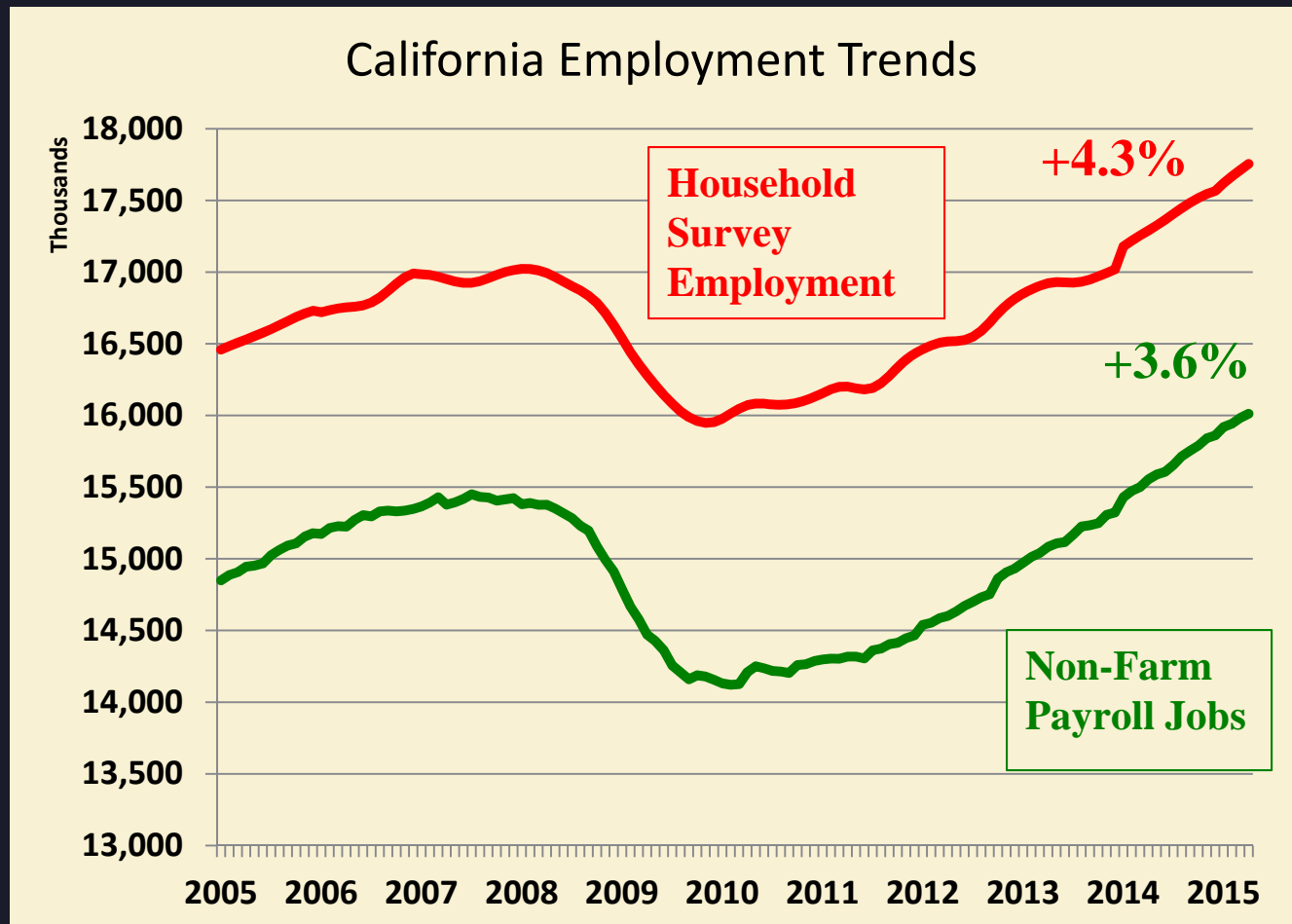
Fed Funds on the Rise From Zero to 3.75% Over 2 1/2 Years



Equipment Spending on 10% Growth Path Through 2016—But a Risk To The Forecast

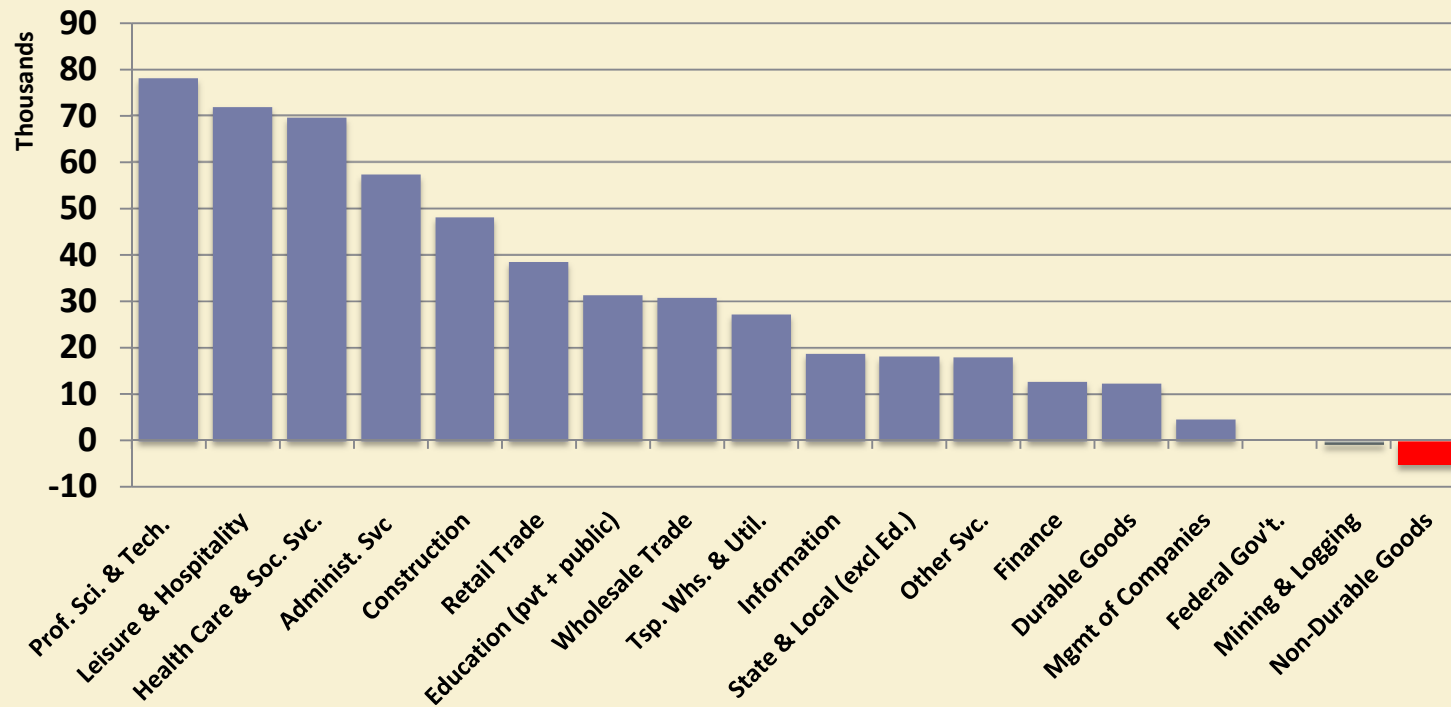


New Employment Heights

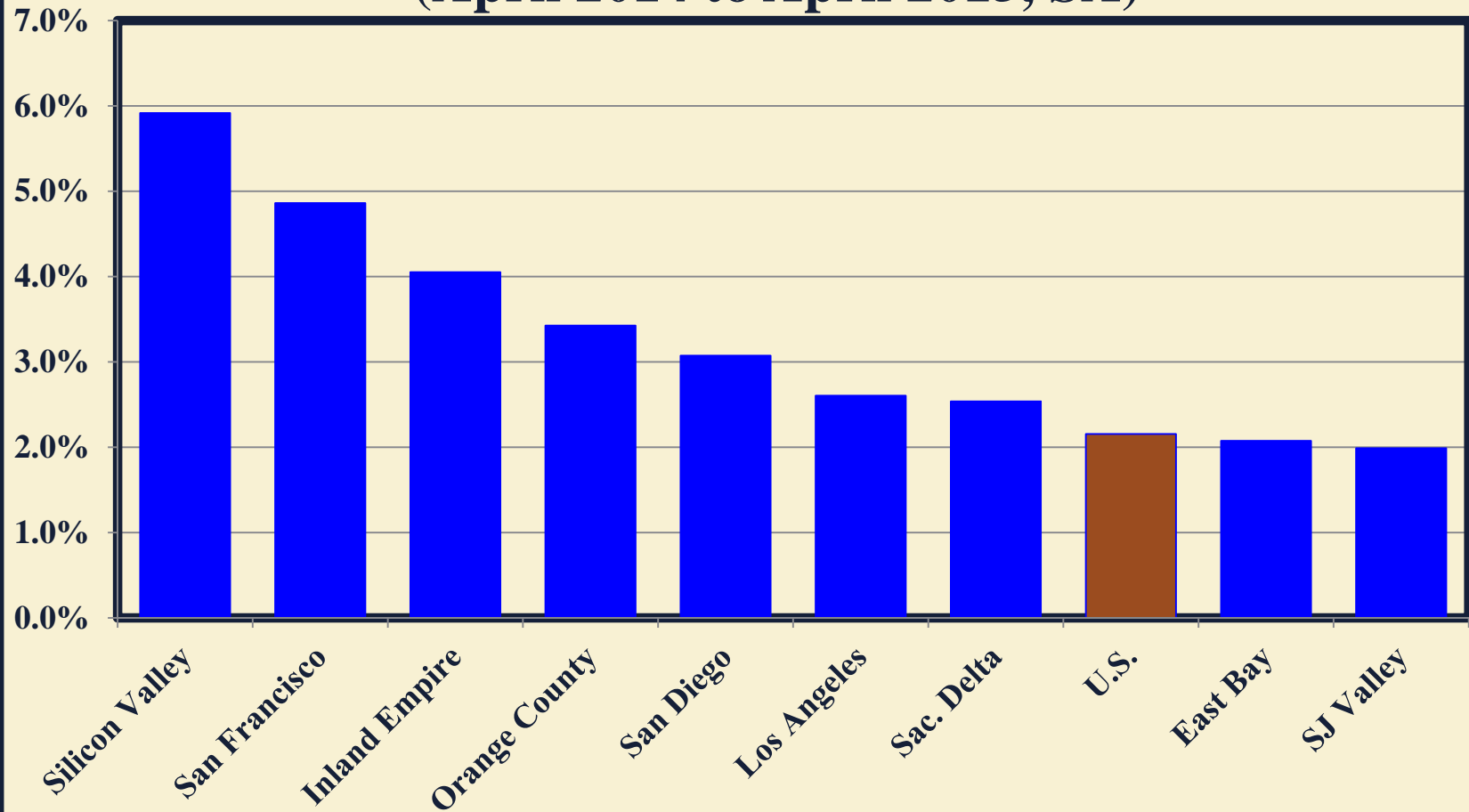


With Widespread Sectoral Growth

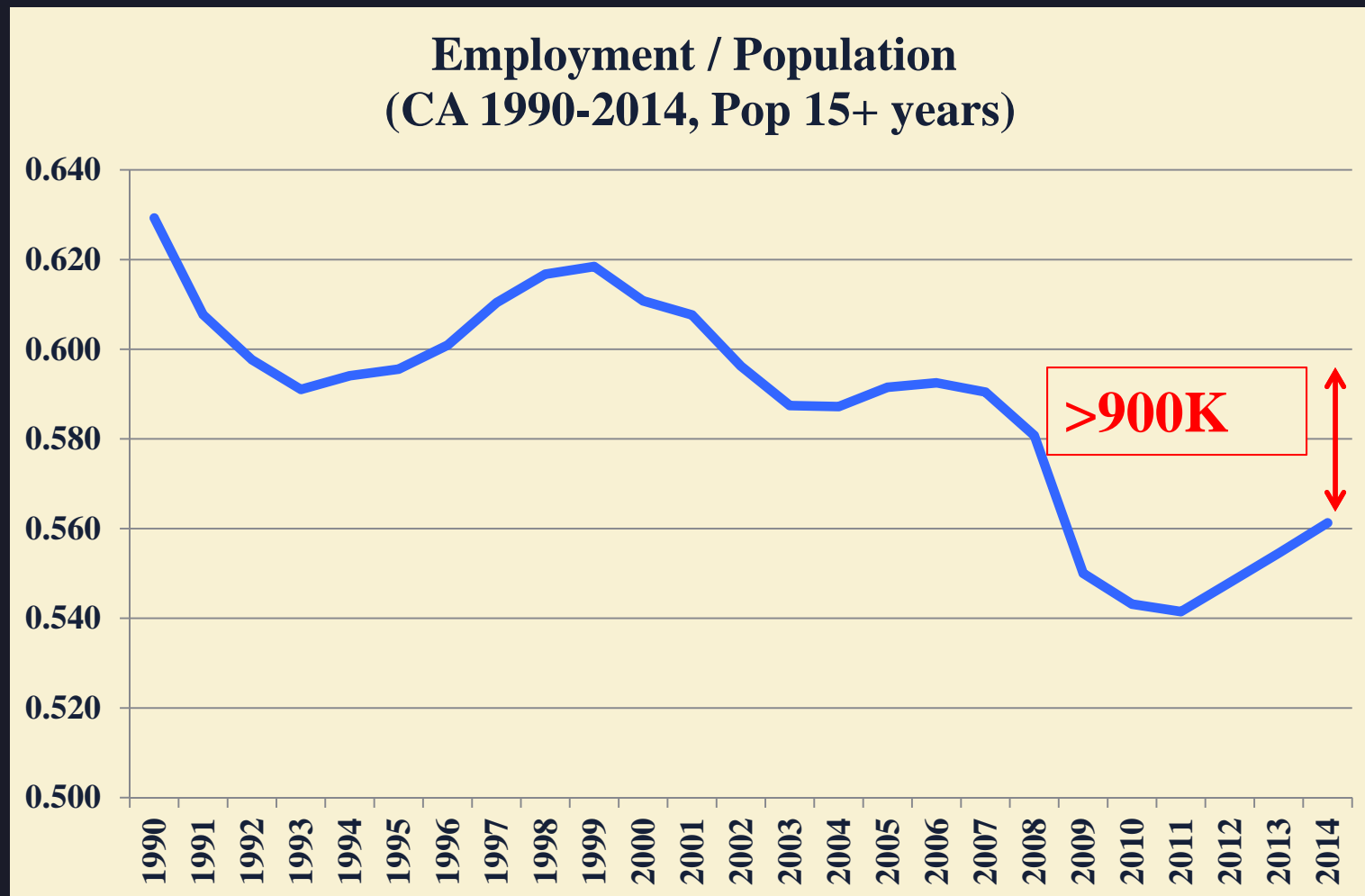
Change In Jobs By Sector
(April 2014 to April 2015)



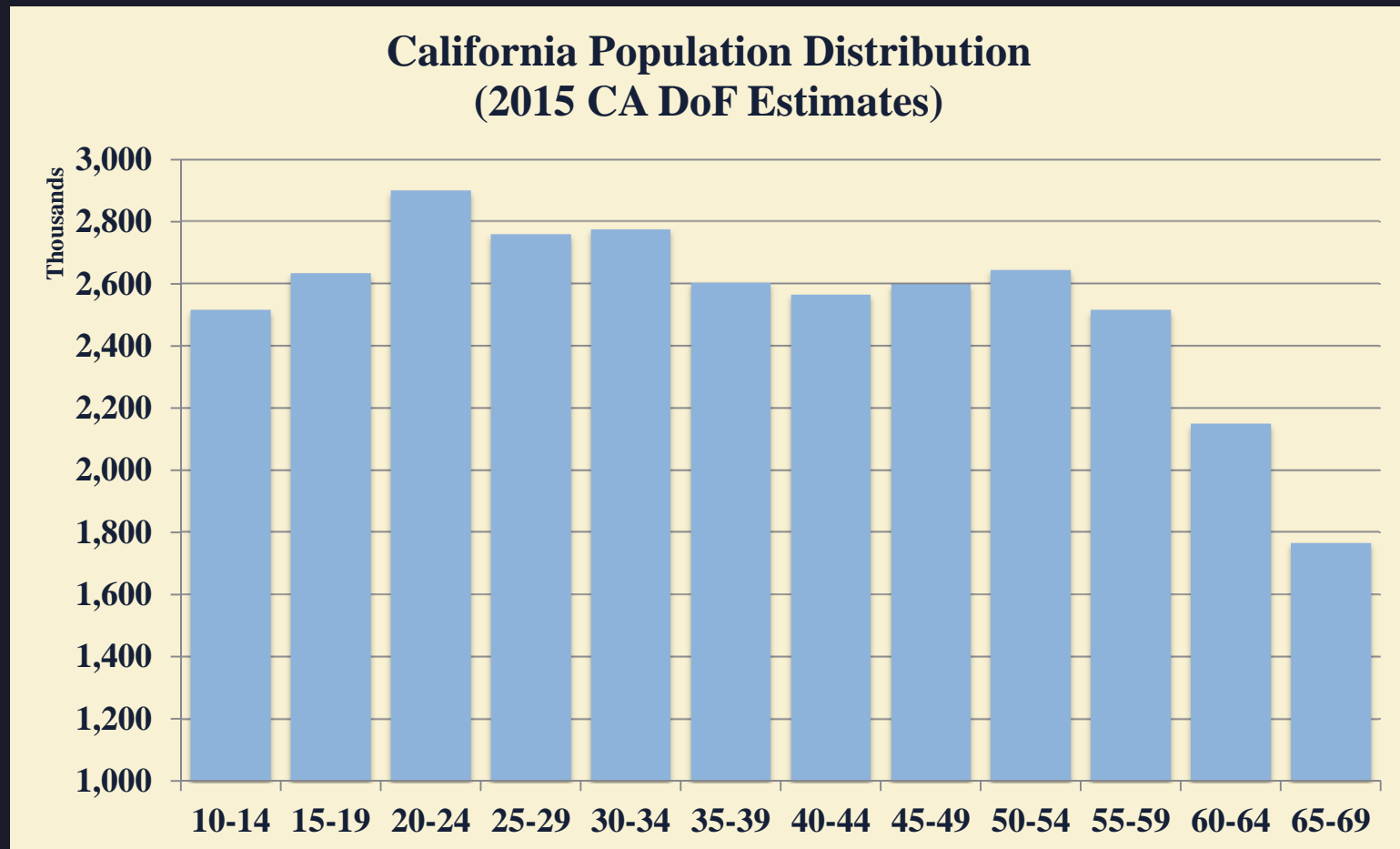
California Regional Job Gain (April 2014 to April 2015, SA)



Measuring Potential Employment



The Working Age Population Is Not Shrinking

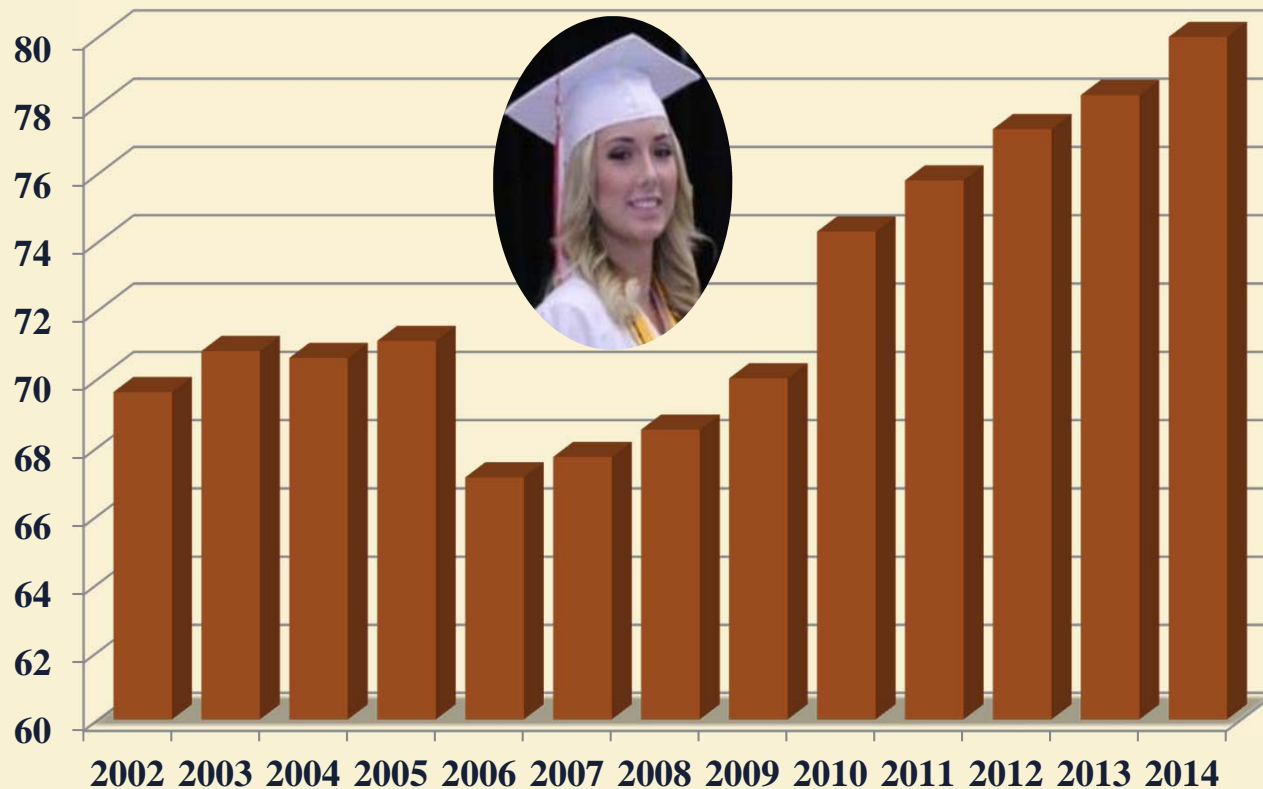


I. Potential Employment and The Boomers

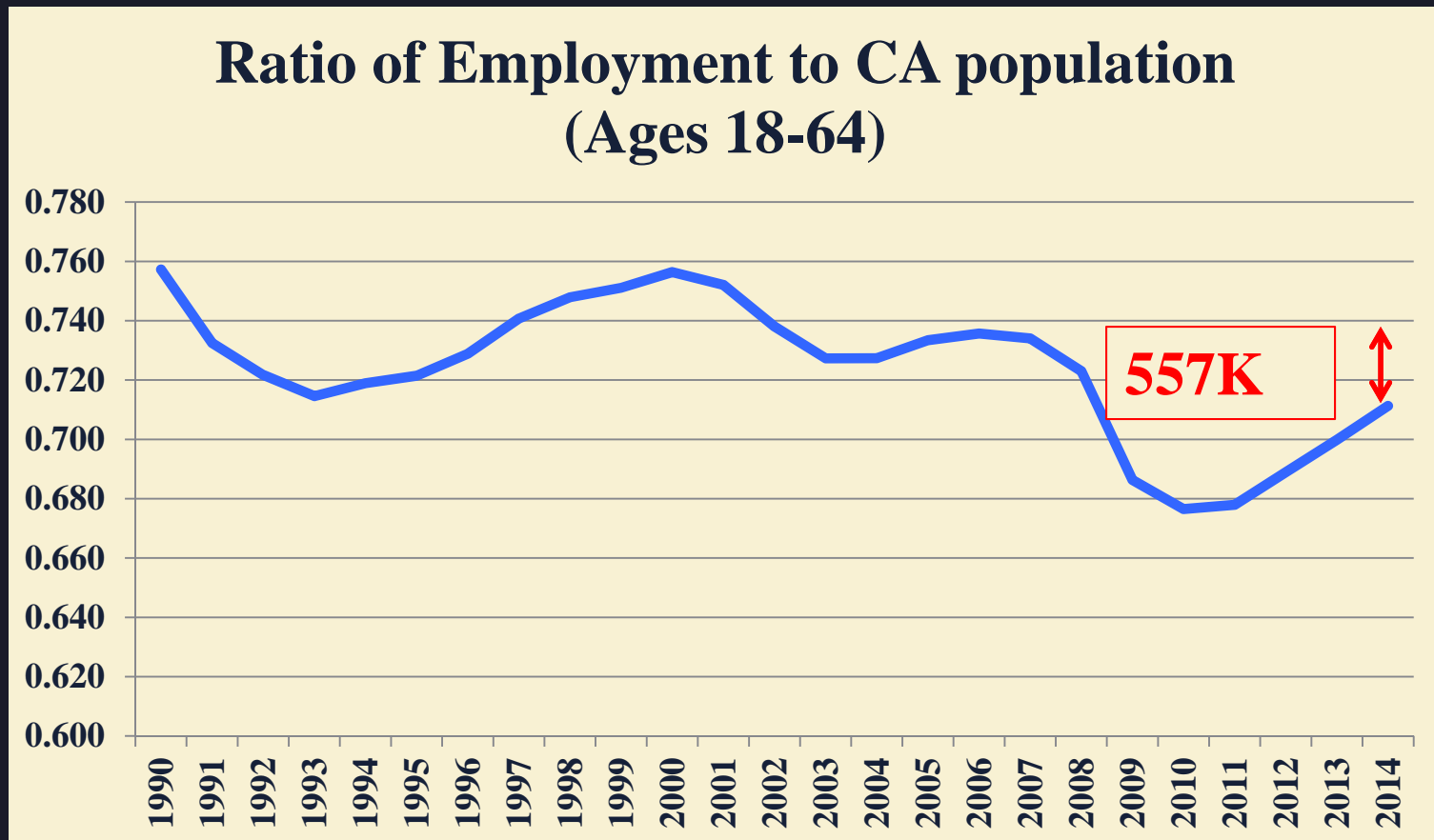
- Employment / Population – potential is reached when all of those who might reasonably come into the labor force have done so.
- It's 2008 and a factory worker is laid off
 - Age 35...today is probably a potential worker
 - Age 55...today is on social security and probably not
- The Boomers may not be more numerous than the Millennials, but they are more than the Silent Generation before them

II. The Kids Are Staying In School

CA High School Graduation Rates



A Crude Approximation of Distance to Potential Employment



Implications For The Forecast

- The lower level of potential employment reduces the rate at which CA employment can grow absent:
- Wild Cards
 - Immigration
 - Women & Seniors flock back to market work

CALIFORNIA FORECAST

	2015	2016	2017
Payroll Employment	2.5%	2.1%	1.3%
Unemployment	6.2%	5.2%	5.0%
Personal Income (real)	4.5%	4.4%	3.5%
Housing Permits (units)	112.6	128.9	134.1

Orange County Taxable Sales Growth

