

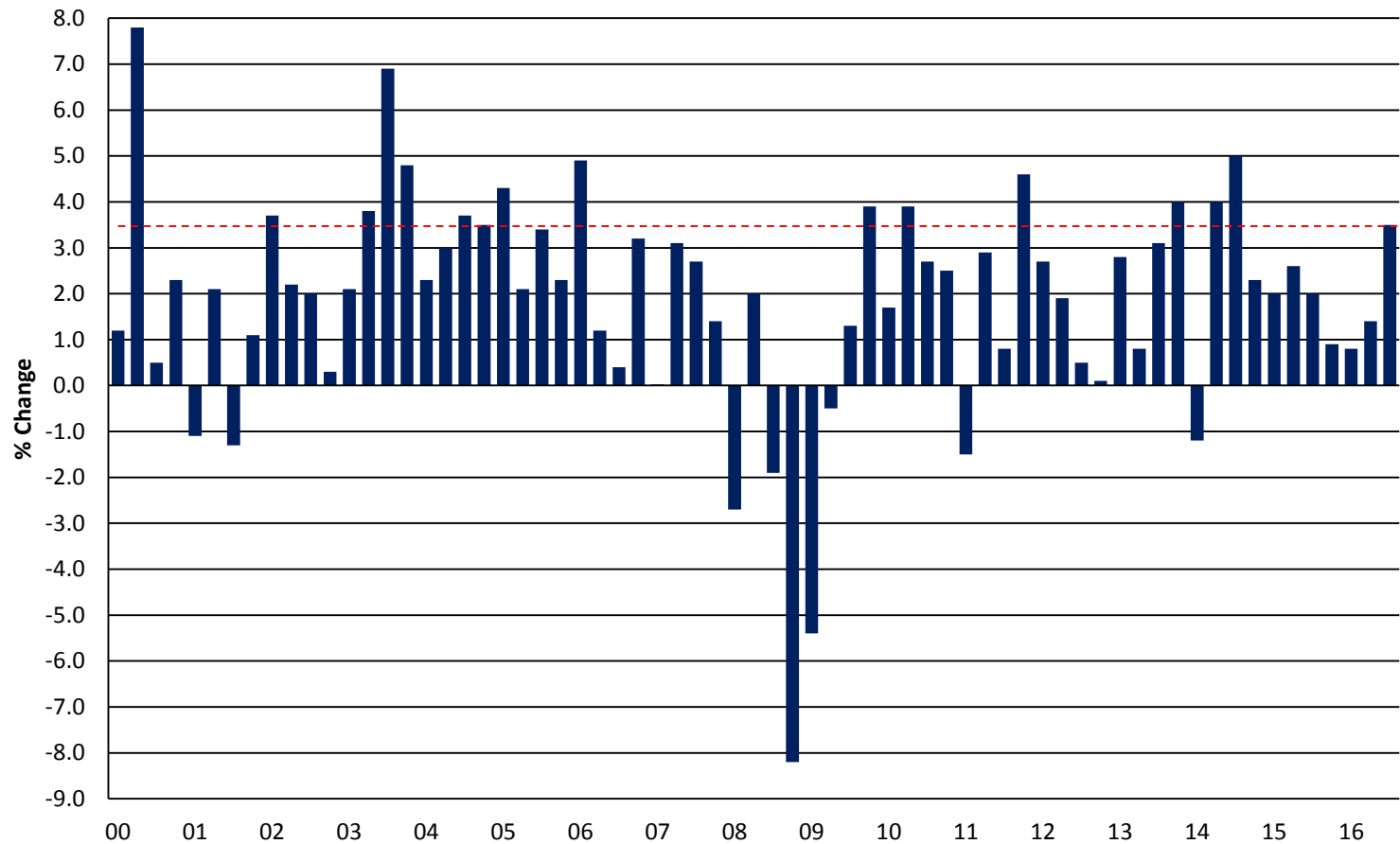
National Economic Outlook



Alan Gin

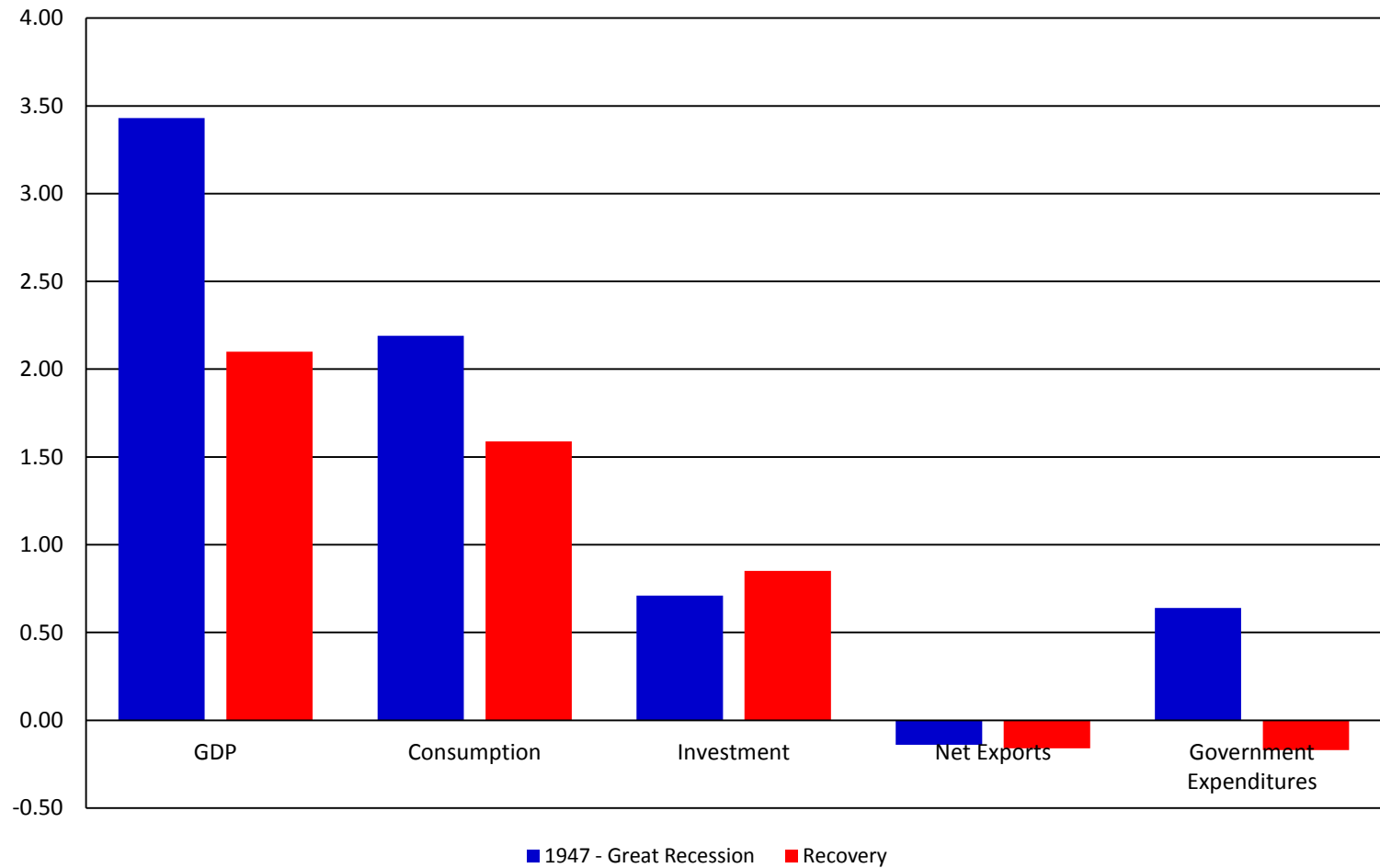
Associate Professor of Economics
School of Business Administration

U.S GDP Growth Rate 2000 - Present



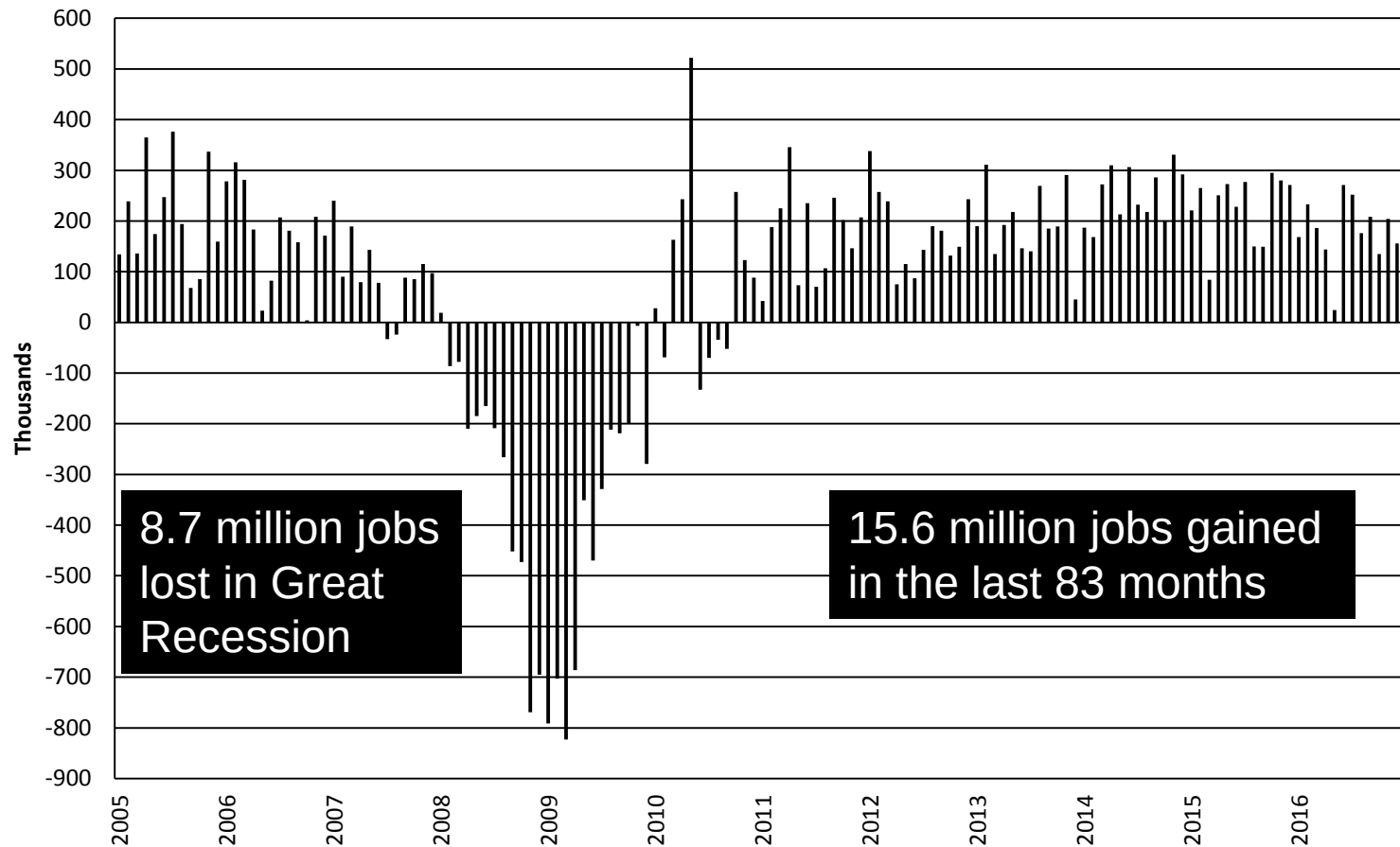
Source: Bureau of Economic Analysis, University of San Diego

Contributions to % Change in Real GDP



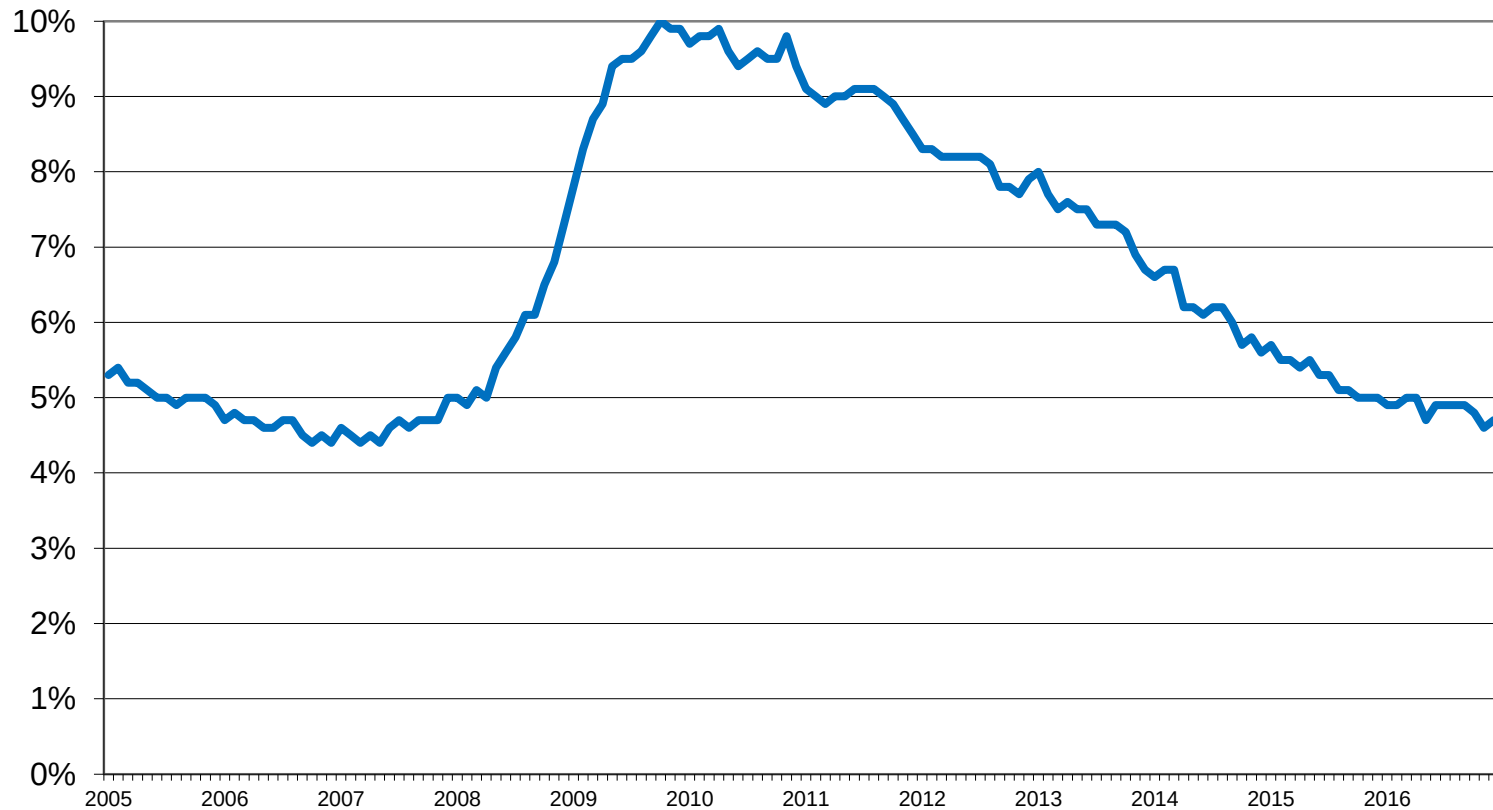
Source: Bureau of Economic Analysis, University of San Diego

Change in Employment National Economy (2005 - Present)



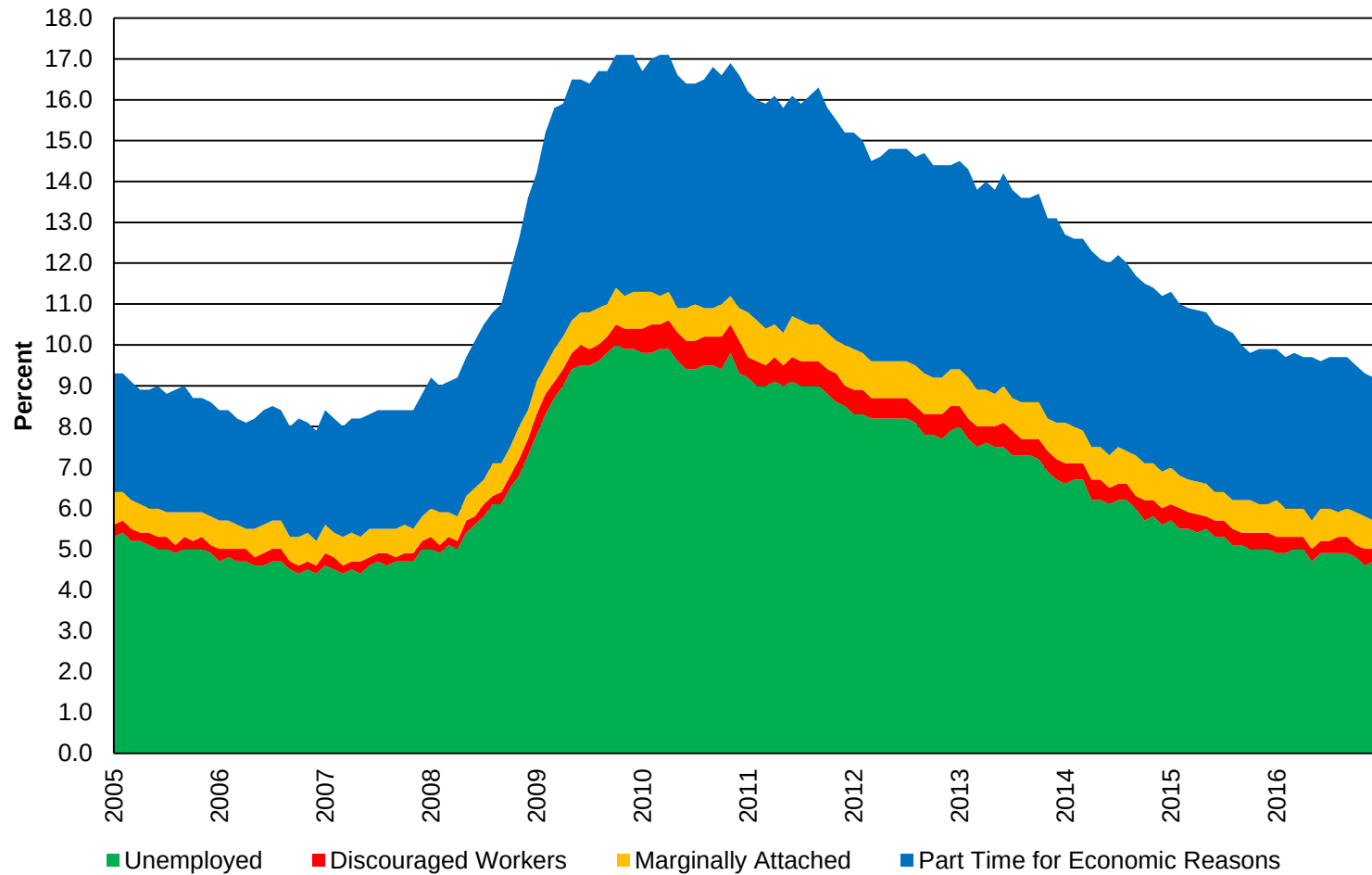
Source: Bureau of Labor Statistics, University of San Diego

Unemployment Rate U.S. (2005 - present)



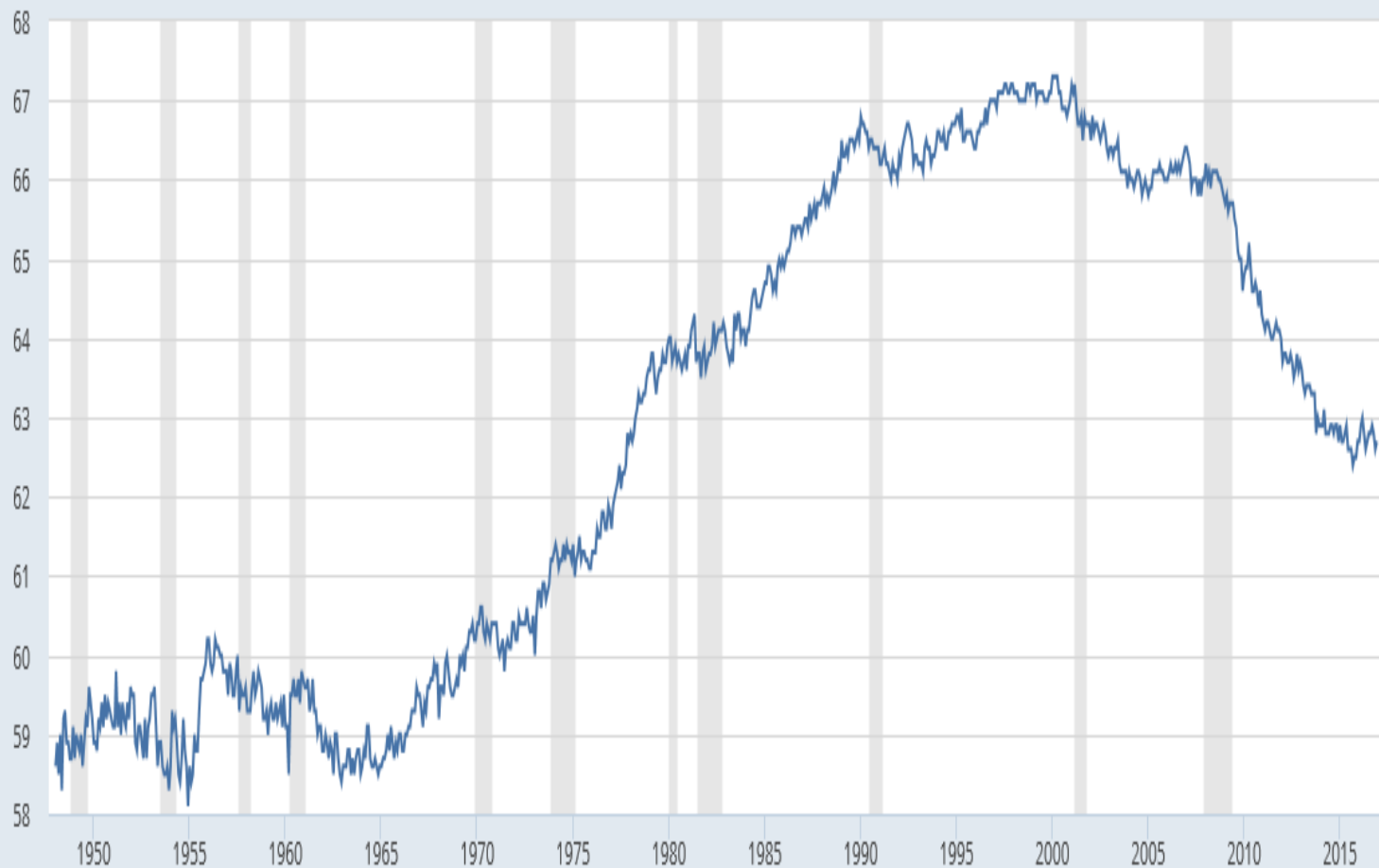
Source: Bureau of Labor Statistics, University of San Diego

Labor Underutilization



Source: Bureau of Labor Statistics, University of San Diego

FRED — Civilian Labor Force Participation Rate

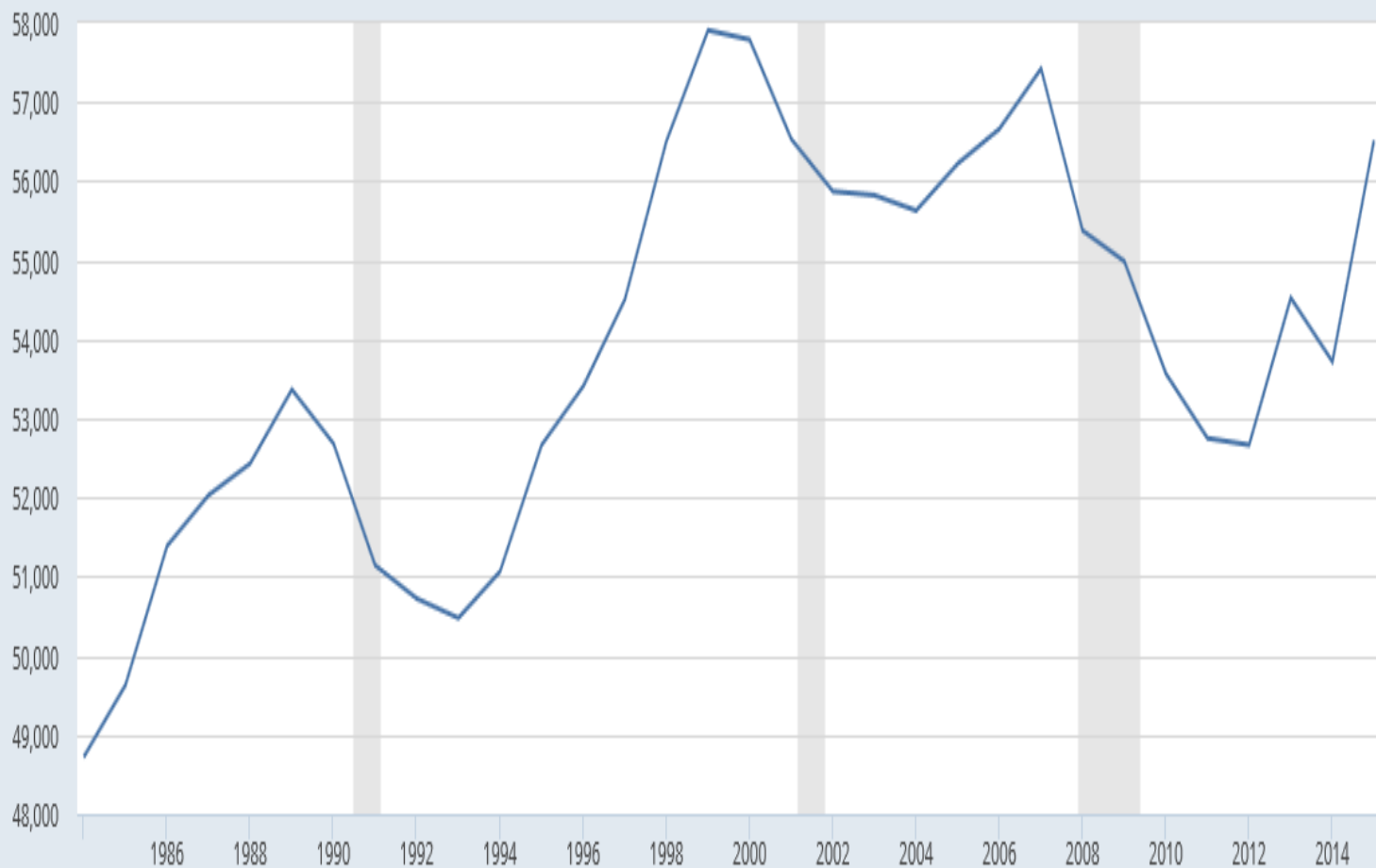


Source: Federal Reserve Bank of St. Louis

Reasons for decline in labor force participation rate

- Retirement of Baby Boom generation
- Less participation by students
- More people leaving for disability reasons
- Affordable Care Act allows some to leave work force and still have health insurance

FRED — Real Median Household Income in the United States



Source: Federal Reserve Bank of St. Louis

Labor Market

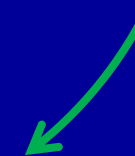
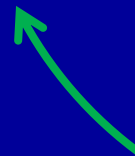
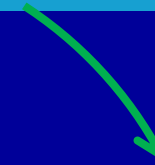
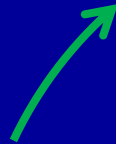
- Labor market finally beginning to tighten
 - Operations streamlined during Great Recession, more productivity from remaining workers
 - Greater use of temporary/part-time workers
- Downward pressure on middle and lower income workers
 - Technological changes
 - Globalization
 - Decline in unionization
 - Reduced real value of the minimum wage

Employment

Investment
and Hiring

Income

Consumer
Spending



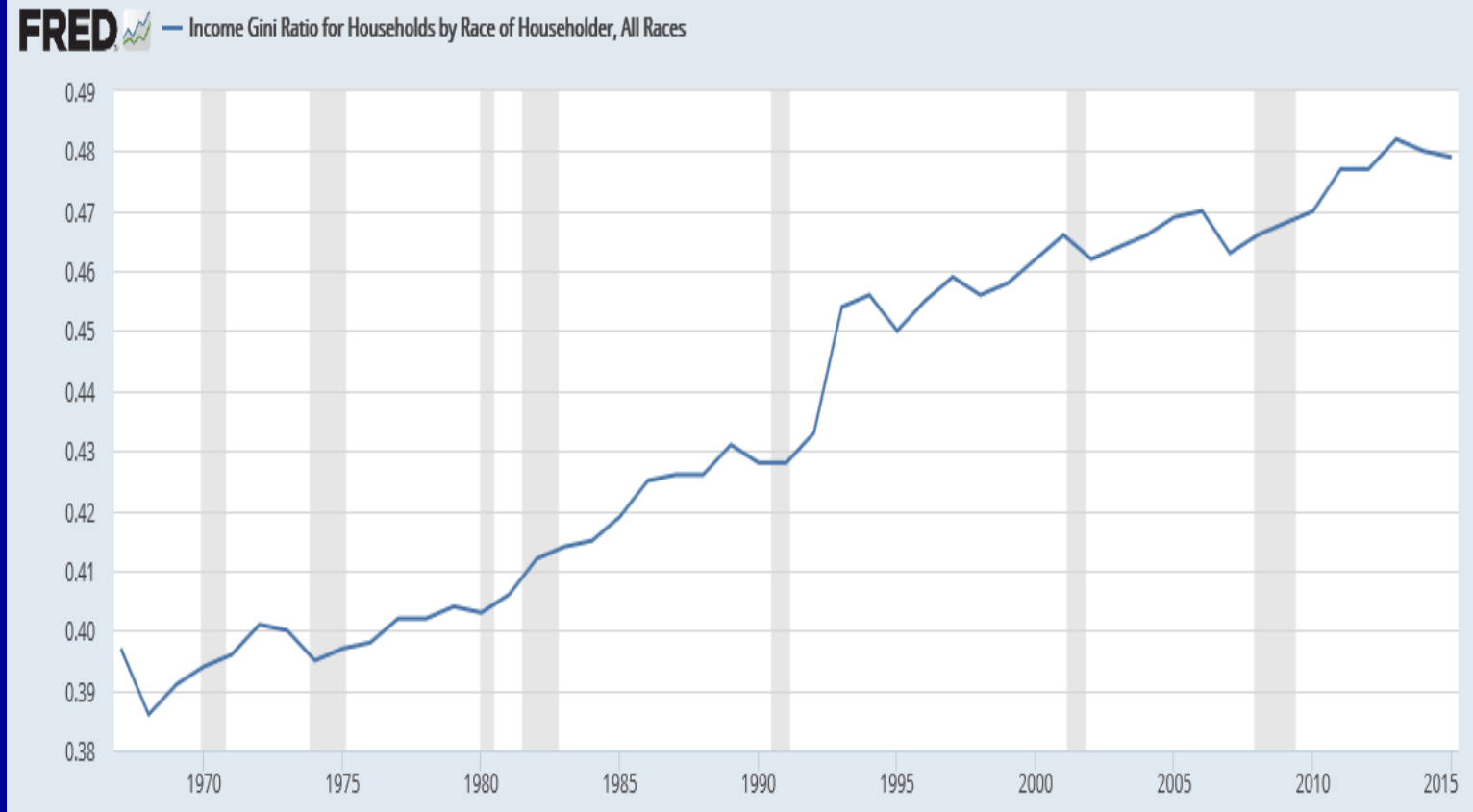
Outlook

- Economy growing, but slowly
 - GDP growth of 2.5 percent expected for 2017
 - Probability of a recession is low, but not zero
- Unemployment rate may edge up slightly
- Fed likely to increase interest rates by 50 basis points by the end of the year

Four Big, Long-Term Issues

- Reduced employment opportunities
 - Globalization
 - Technology – Internet, automation
 - “Gig” economy
- Retirement crisis
 - Low level of savings
- STEM divide
 - Education and skills more important than ever
- Growing income inequality
 - Social unrest?

Income inequality has increased significantly since the 1980s



Source: Federal Reserve Bank of St. Louis

Gini Coefficiency of the United States

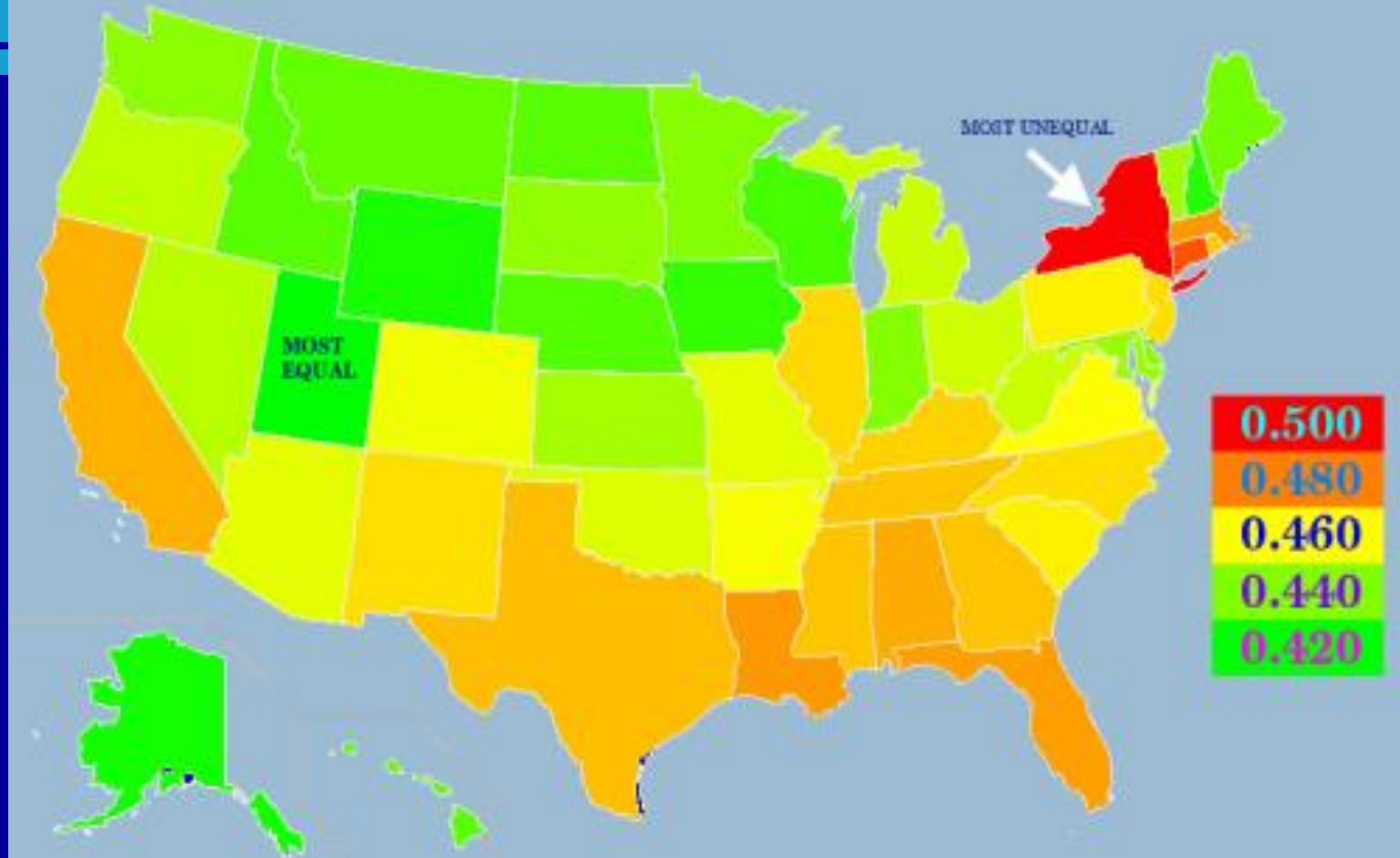
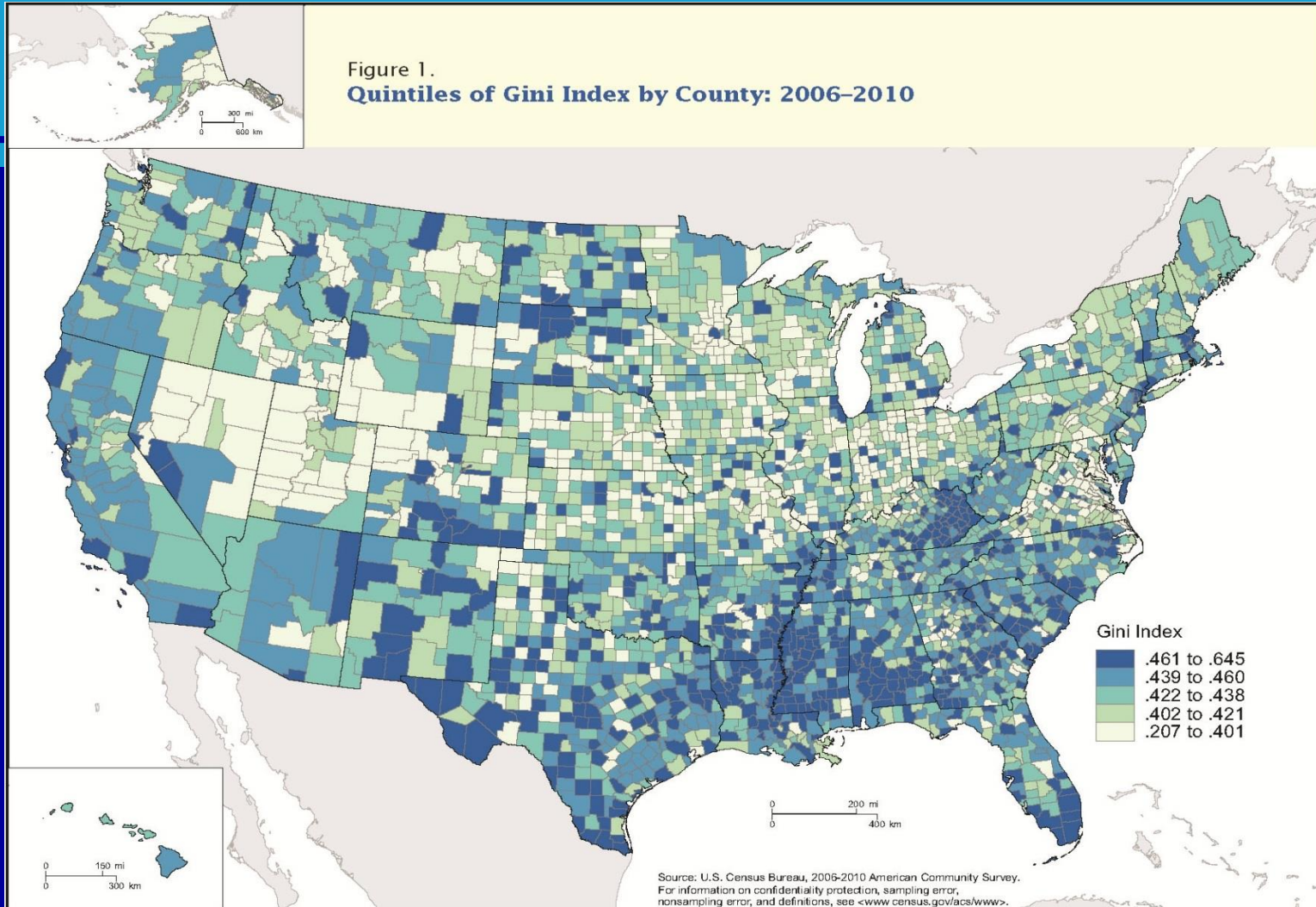
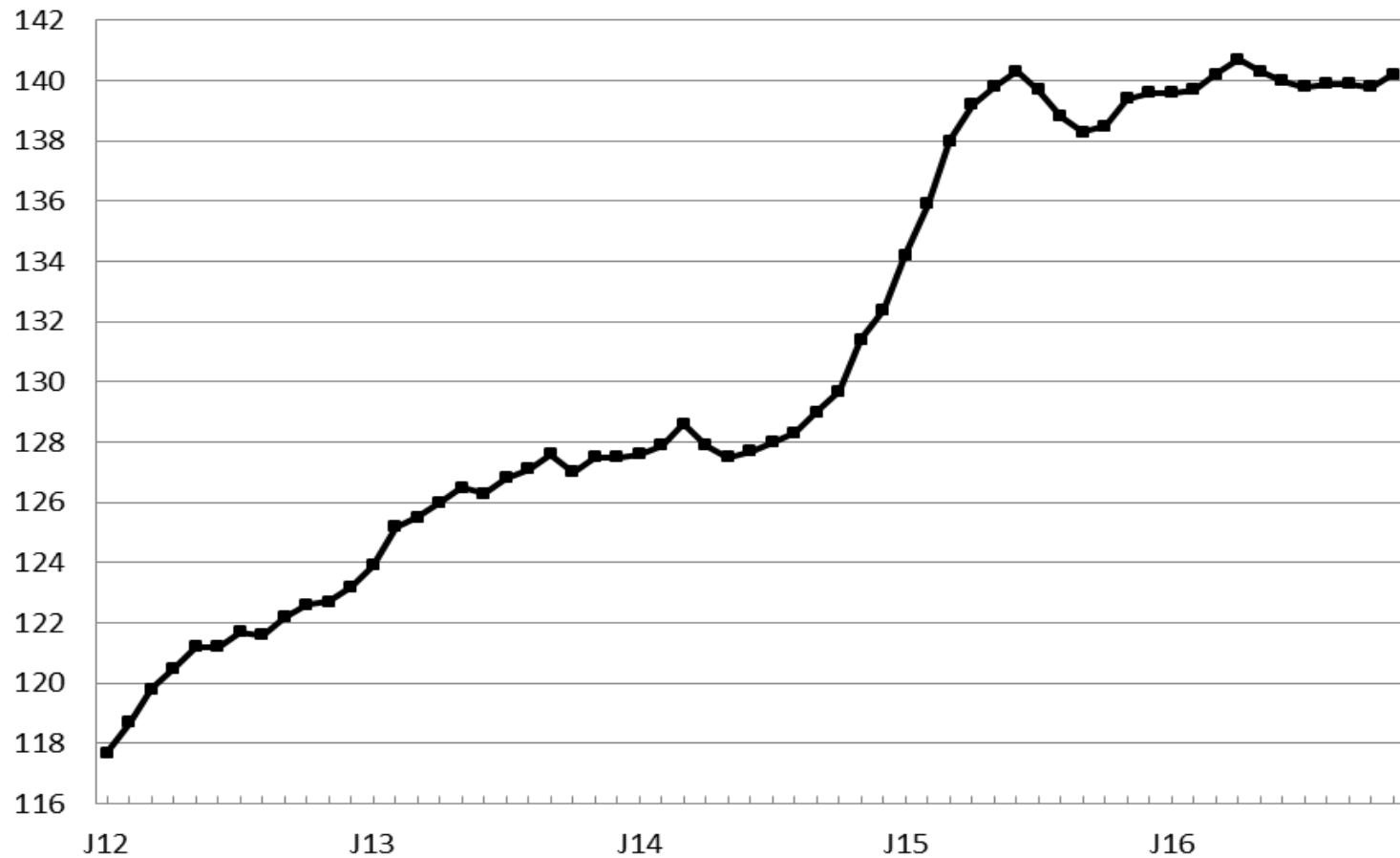


Figure 1.
Quintiles of Gini Index by County: 2006-2010



Index of Leading Economic Indicators San Diego County, 2012 - 2016



Outlook for San Diego

- Growth in the local economy slowing
 - Job growth of 30,000 expected in 2016, 25,000 in 2017
 - Unemployment rate to edge up slightly
 - Job growth in health care, administrative and waste services, leisure and hospitality, and construction
 - Low single digit gain expected in housing prices