

# North State Economic Forecast Conference: Changing Rates of Interest and Growth

**Oroville, CA**

**January 14, 2016**

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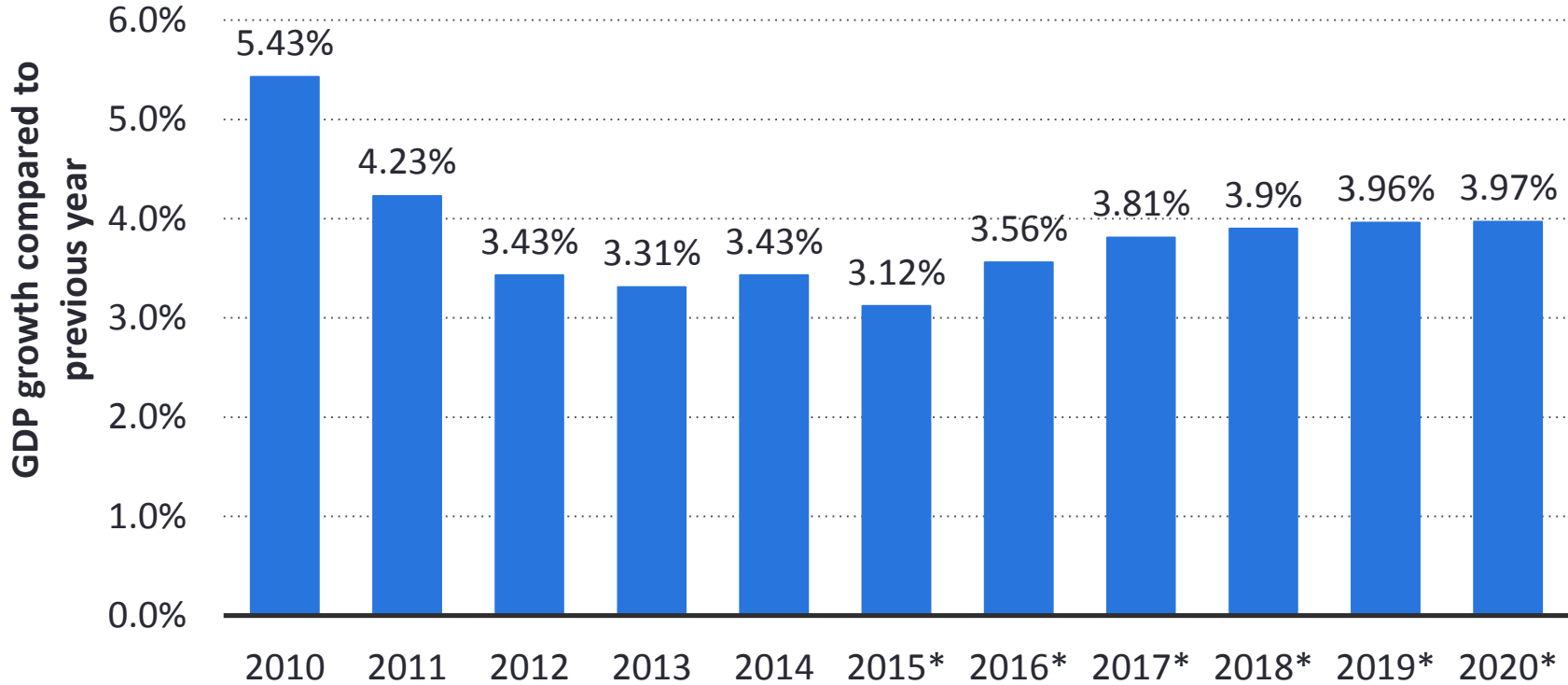
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# General Overview

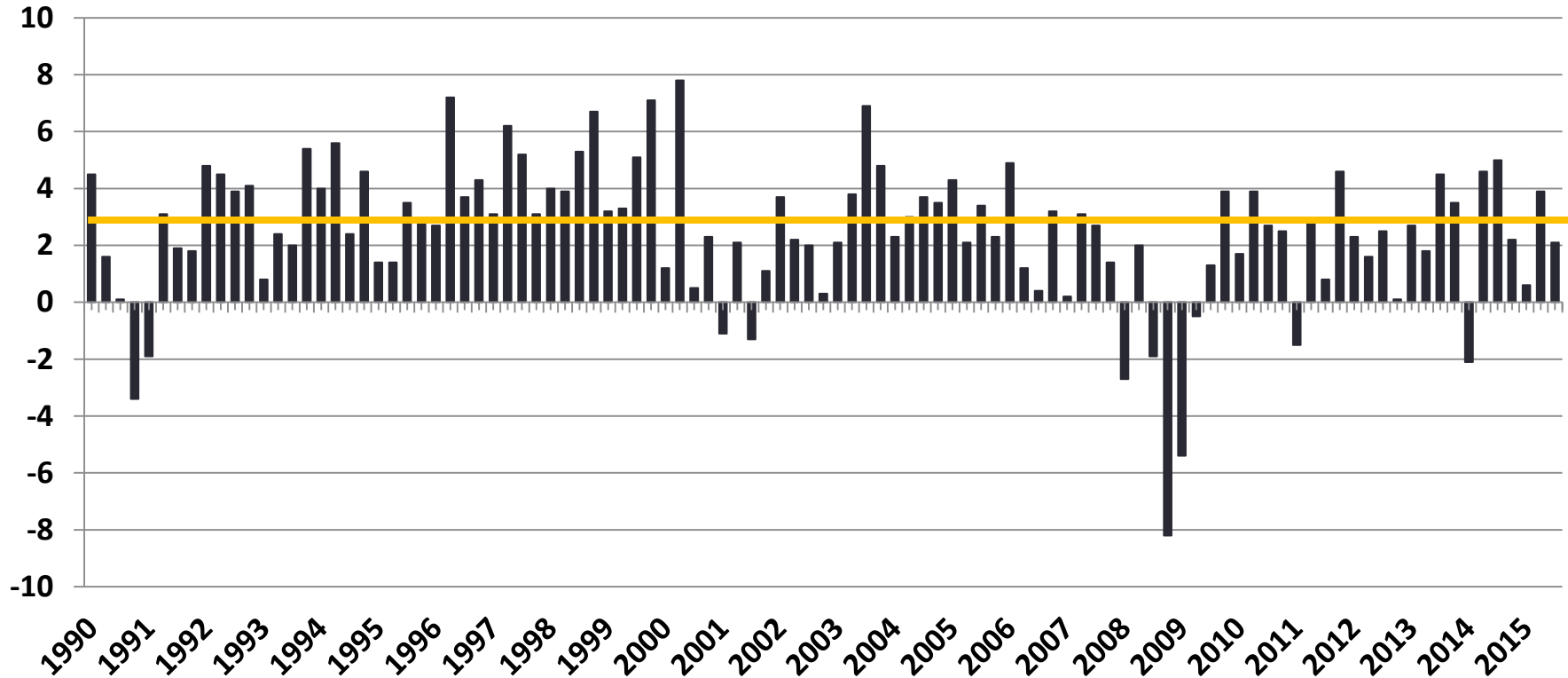
- **2016: the global beat goes on, or the beatings begin?**
  - Rising interest rates: housing markets growth to slow down?
  - Global growth starting to fade: why?
- **US labor markets still generating jobs: for how much longer?**
  - Are the jobs the “correct” types of jobs?
- **North State still slowly growing, emerging from recession**
  - Continued economic development using CSU, Chico as a labor engine
  - Continued need to focus on “export” industries
  - The North State and long-term decisions for new business: why?

# Growth of the global gross domestic product (GDP) from 2010 to 2020 (compared to the previous year)

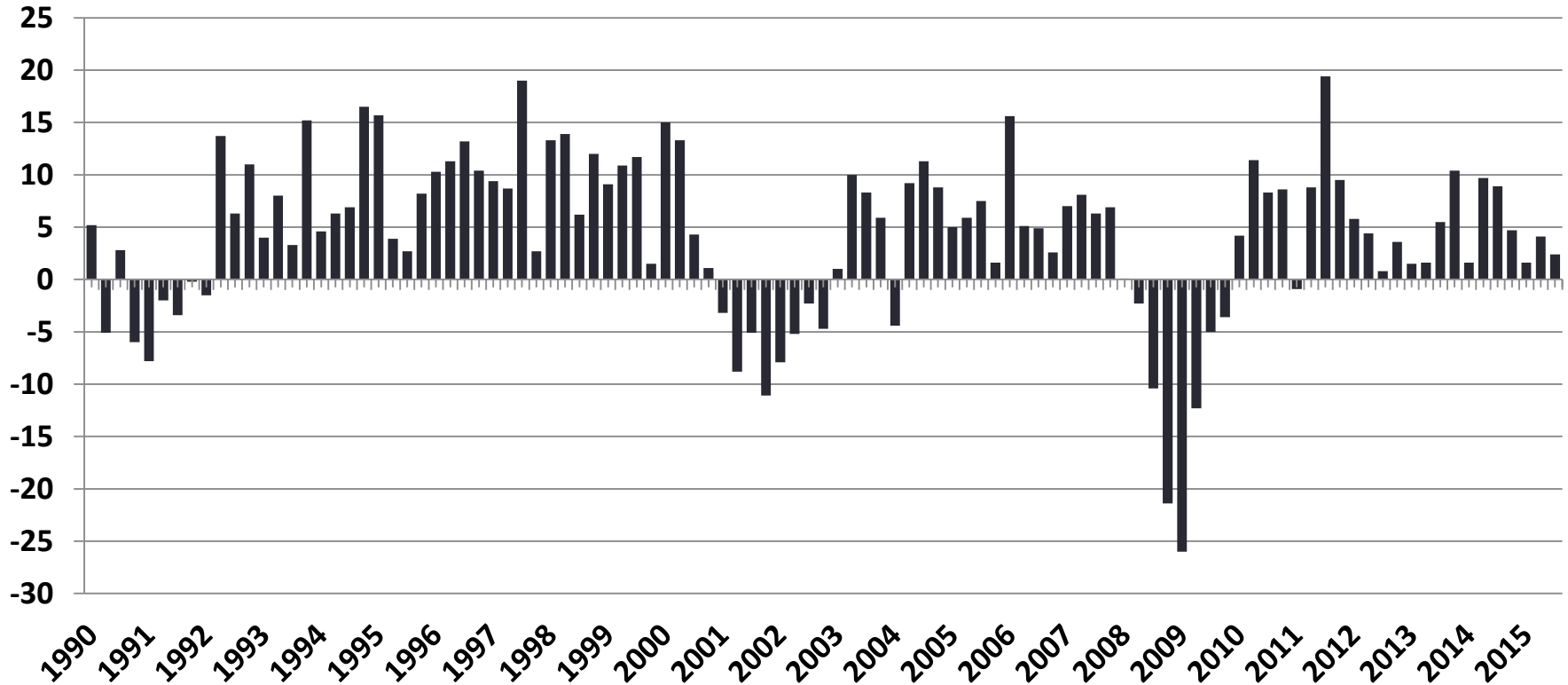


Source: IMF

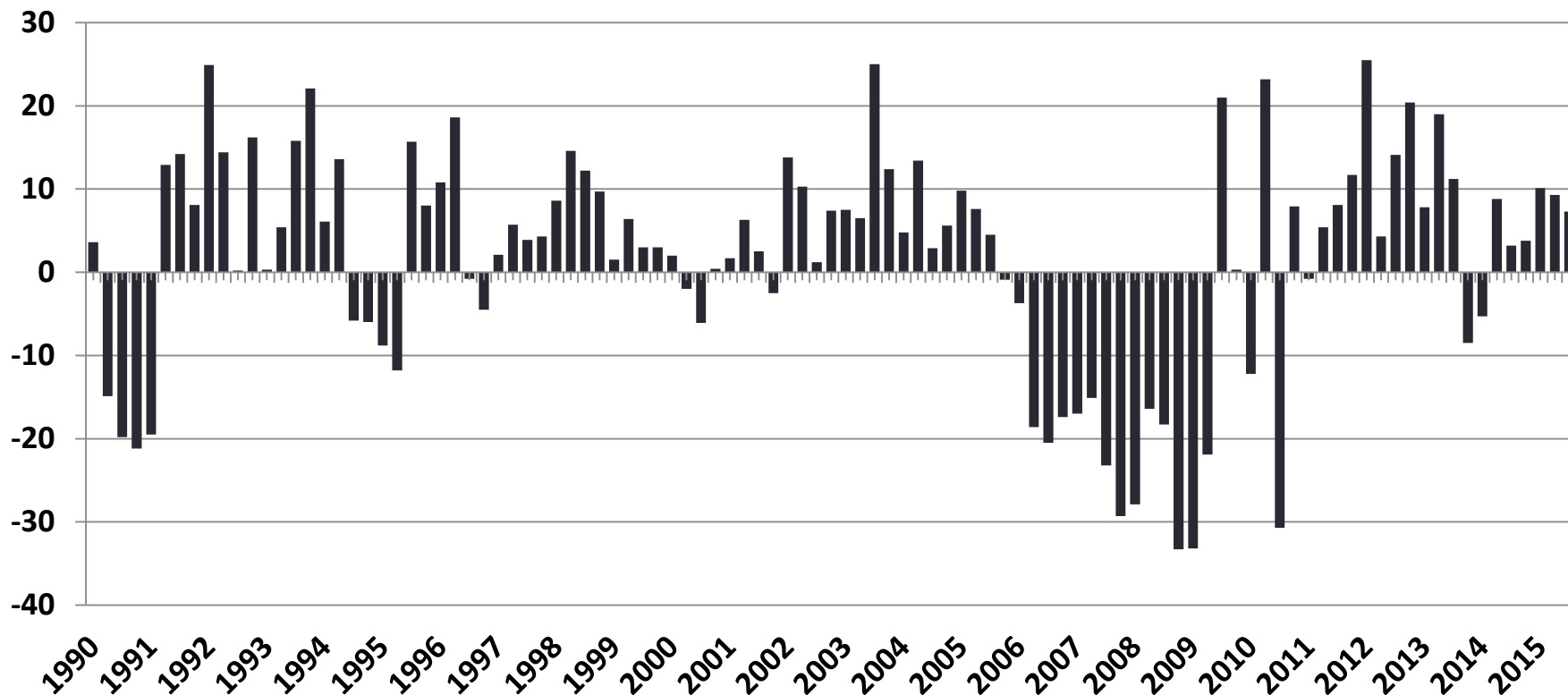
# GDP Change, Annualized, Seasonally Adjusted, Quarterly 1990-2015Q3 (% change)



# Non-Residential Investment, US (% change), 1990Q1 - 2015Q3

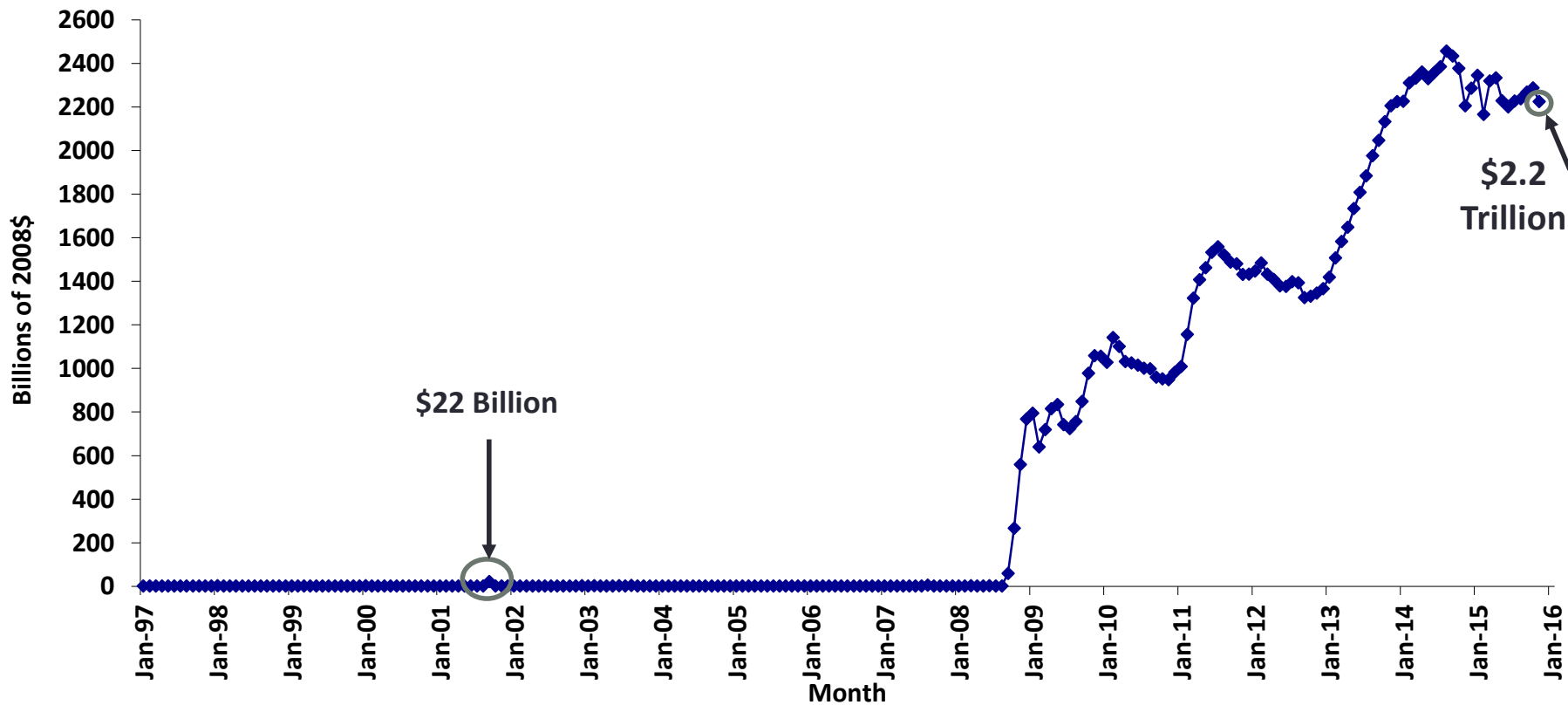


# Residential Investment, US (% change), 1990Q1 - 2015Q3



Source: BEA ([www.bea.gov](http://www.bea.gov))

# Excess Reserves at U.S. Depository Institutions (Loanable Funds Not Lent)

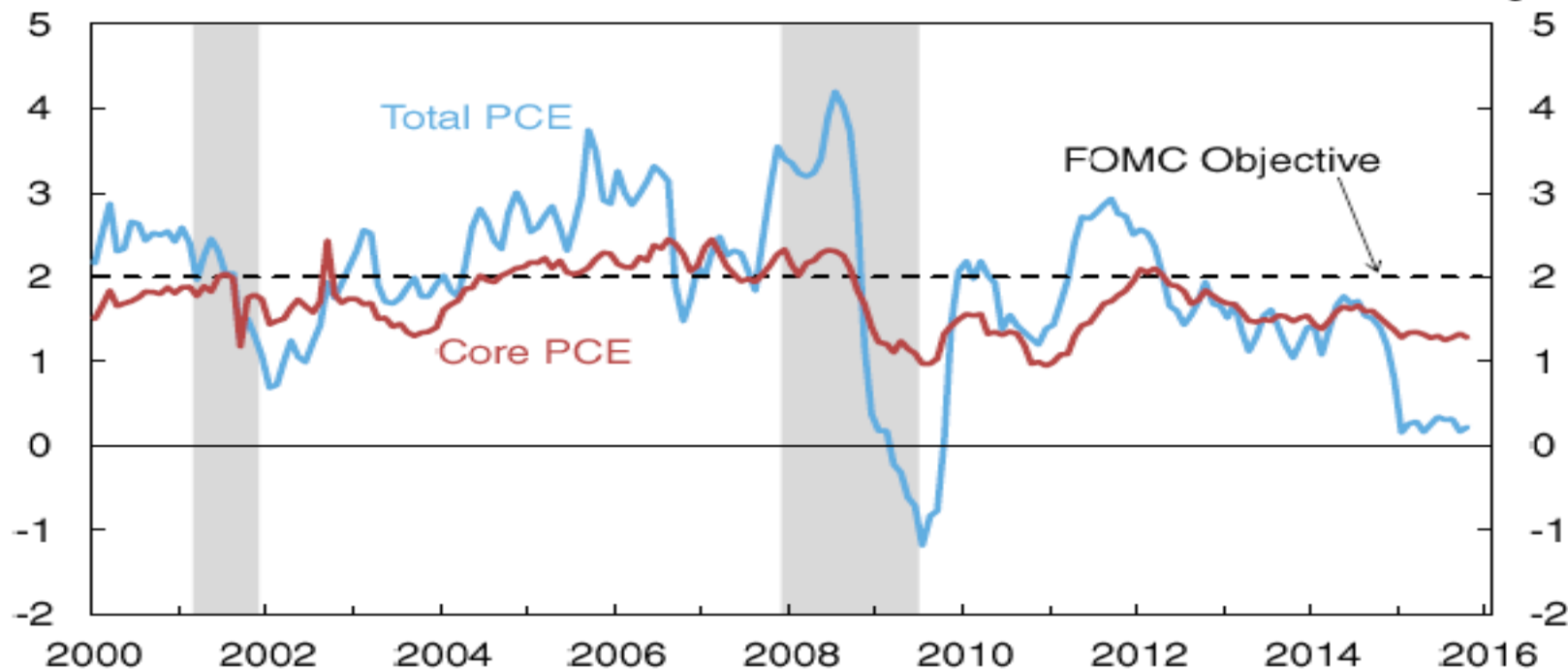


Source: Federal Reserve Board

# PCE Deflator

12 Month % Change

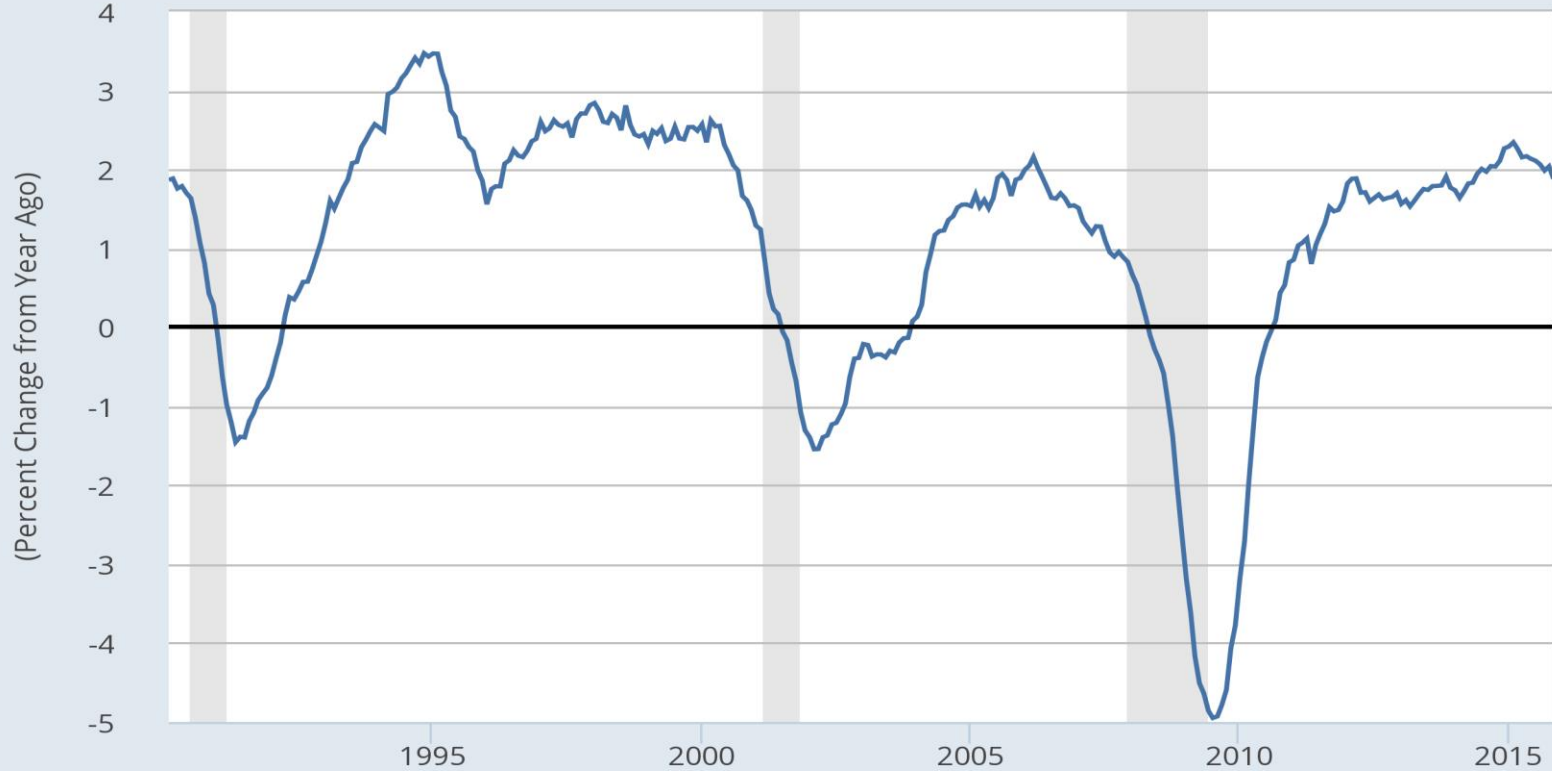
12 Month % Change



Source: Bureau of Economic Analysis,  
via Haver Analytics

Note: Shading shows NBER recessions.





Source: US. Bureau of Labor Statistics  
[research.stlouisfed.org](http://research.stlouisfed.org)

[myf.red/g/2Wpo](http://myf.red/g/2Wpo)

# Looking Forward Global and National

- Will the dollar weaken or get stronger?
- Will long-term rates move with FED policy in step?
- Presidential election year: some unknowns for sure
- How well, or not so well, will emerging markets perform?
- Is there a savings glut globally?

# California

- Growth continues, forecasted through at least 2018
- Bifurcated California continues: coastal versus valleys
- Bay Area growth continues
  - Across most tech, with services filling in
- Ag: water issues and land/labor concerns continue
  - Global commodities glut and slowdown not helping
- State-level budgets recovering in short-term
  - What about the long-term? Major question for CA

# North State Data Highlights (From 2015)

## Non-farm job growth

- **Butte:** Job growth +1,150 jobs, split between goods and services producing jobs, 2% growth
  - Real GCP growth 2015: 2.4%
- **Glenn:** Job growth +250 jobs, mainly services, 5% growth
  - Real GCP growth 2015: 2.4%
- **Tehama:** Job growth +340 jobs, split between goods and services, 2.8 percent growth
  - Real GCP growth 2015: 3.0%
- **Sutter:** Job growth +800 Non-farm, 4% growth, more goods than services
  - Real GCP growth 2015: 3.0%
- **Shasta:** Job growth +1,000 jobs (3 % growth), mainly in services
  - Real GCP growth 2015: 3.0%

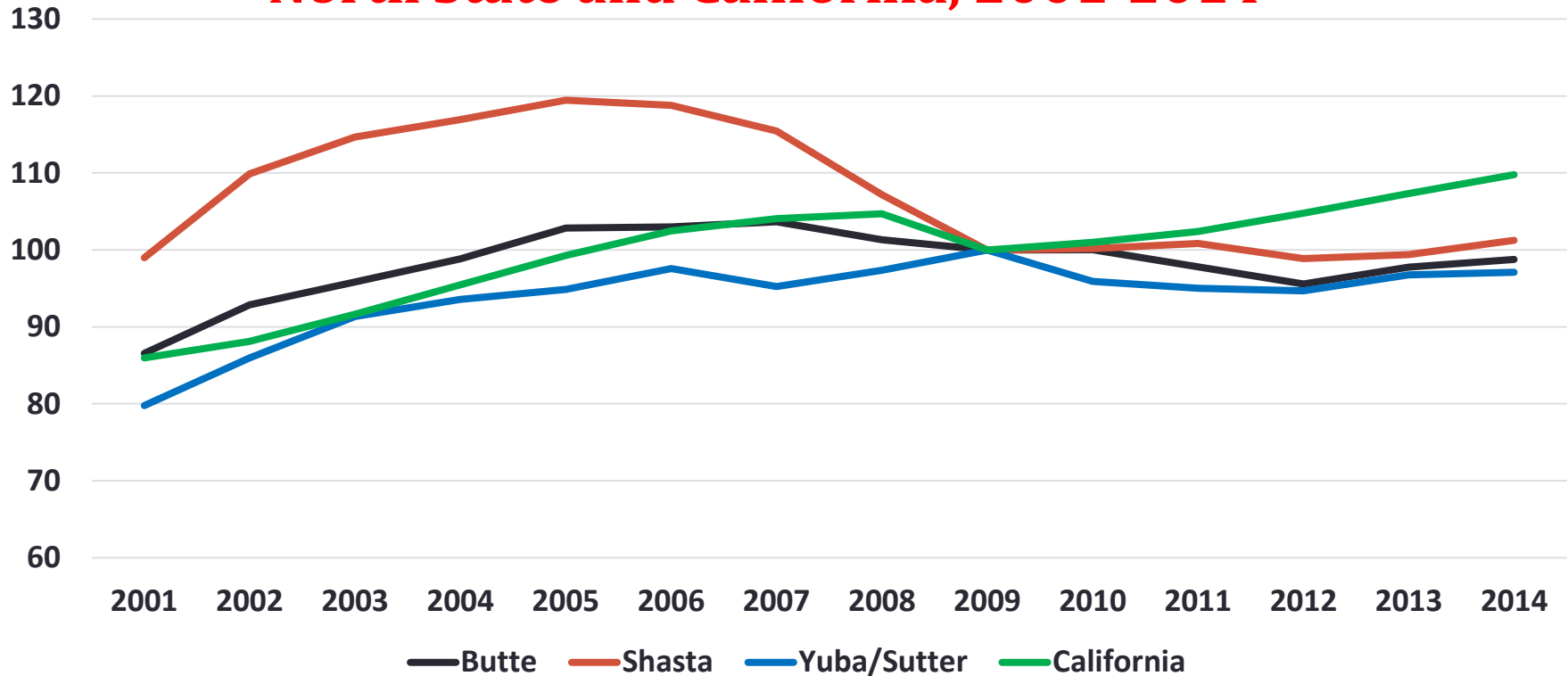
# Where growth is happening

- Farming: ag jobs have increased across all counties
- Professional services
- Tourism
- Education
- Health services
- Government in some counties

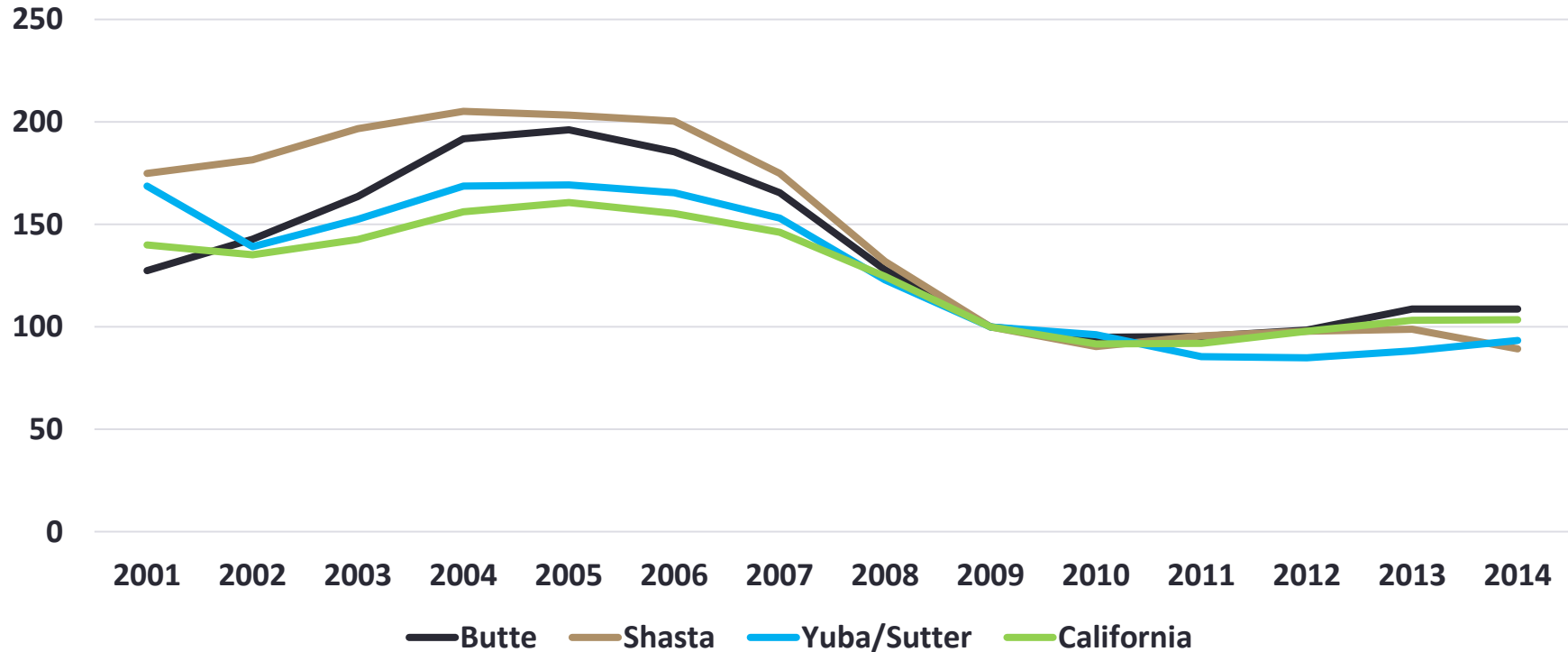
**Construction and manufacturing still struggling**

# GDP Annually, 2009 \$, Index 2009 = 100

## North State and California, 2001-2014

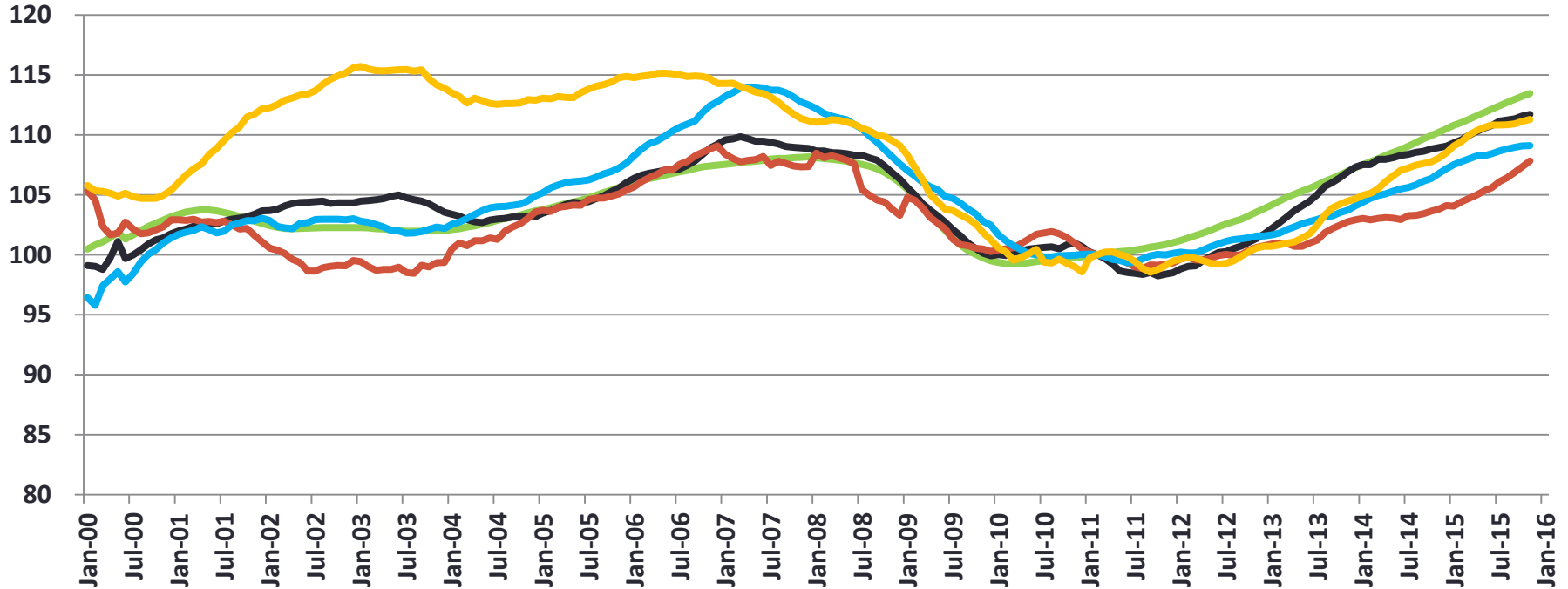


## Construction GDP, 2009 \$, 2009 =100 North State and California, 2001-2014



# Employment Indices: North State and CA SA, 2000 – Nov 2015, Index 2011 = 100

— CA — Butte — Glenn — Yuba/Sutter — Tehama

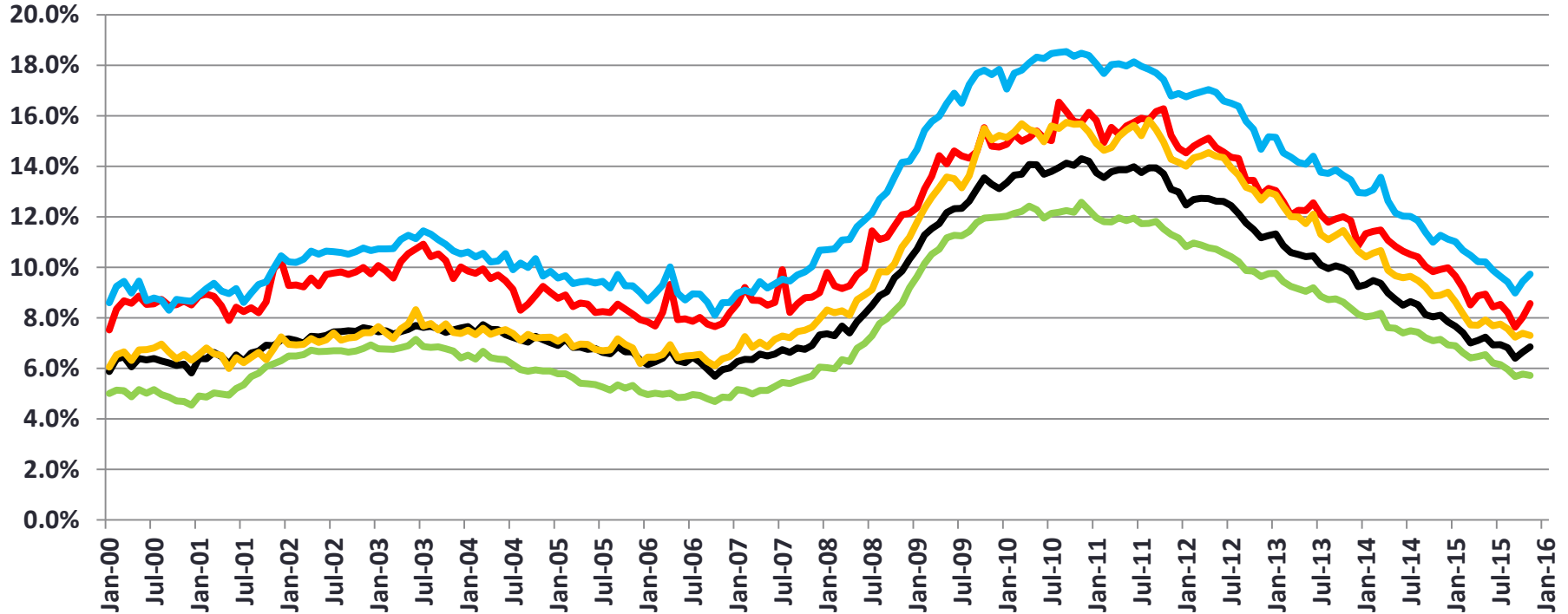


Source: EDD

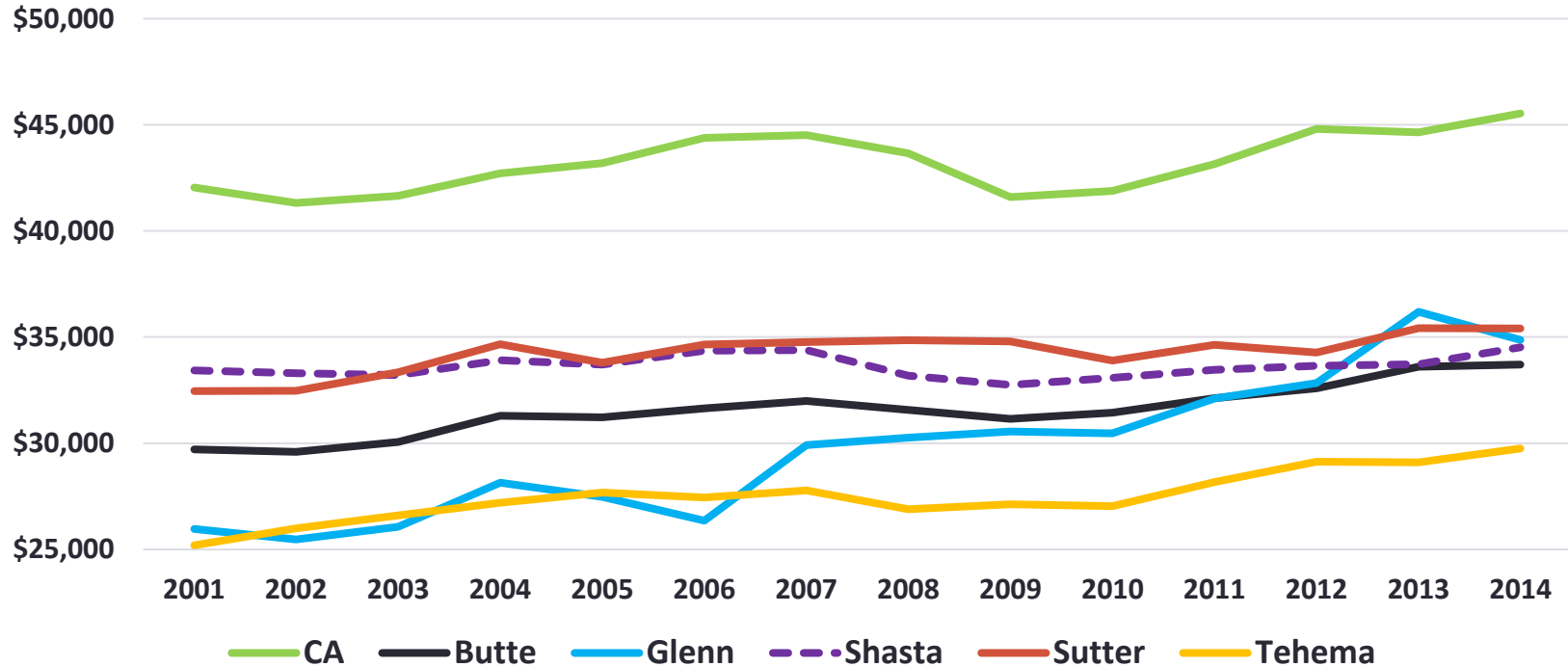


# Unemployment, Seasonally Adjusted, 2000 - Nov 2015

CA Butte Glenn Sutter Tehama



## Personal Income per Capita, 2009 \$ North State and California, 2001-2014

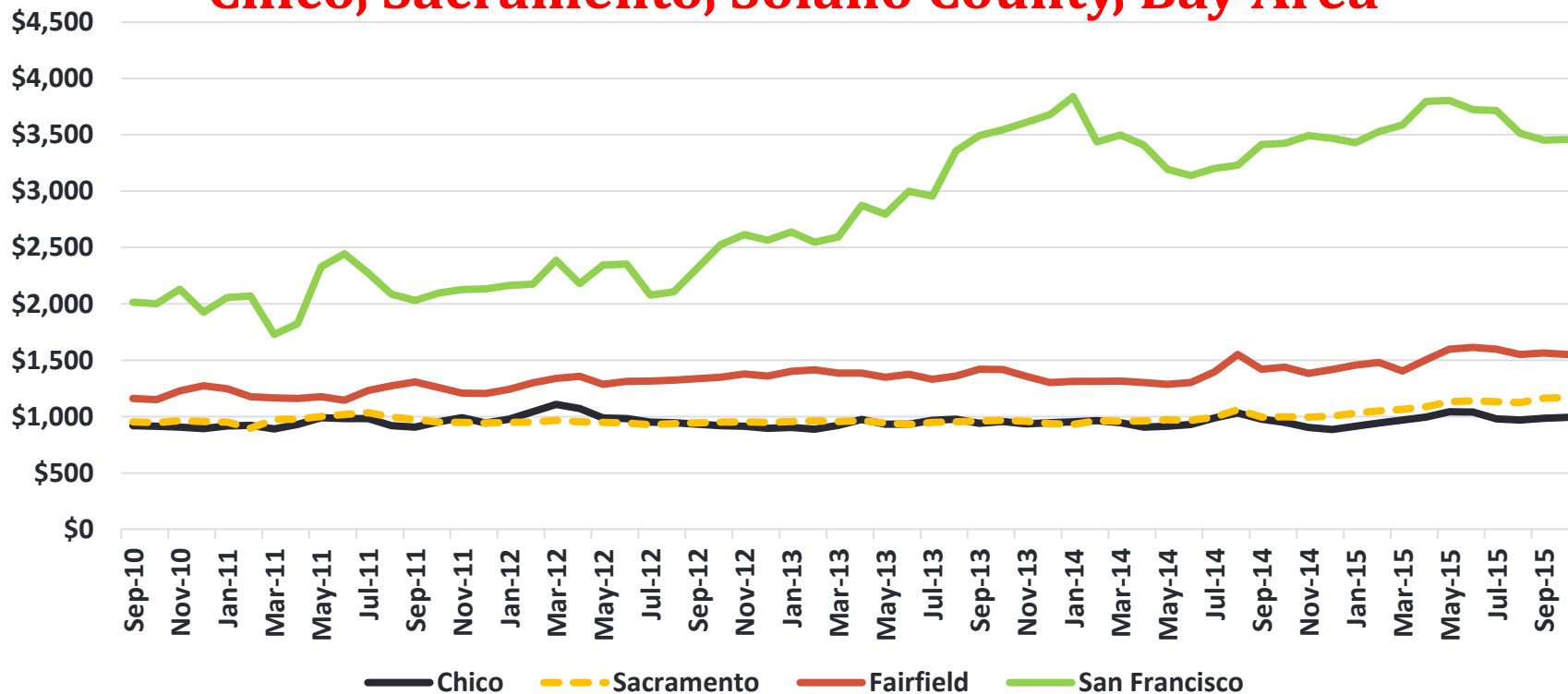


# Housing Markets and Social Issues

- **Basics data and takes**
  - Housing prices moving as predicted for the last few years
  - Inventory remains low, 2016 looks positive but a bit slower
  - Rents remain high and market is multi-faceted
- **Connections**
  - Abating poverty
  - Gentrification and housing
  - Wage levels and the correct jobs
  - Land use and next steps for this region
  - Will drought be alleviated?

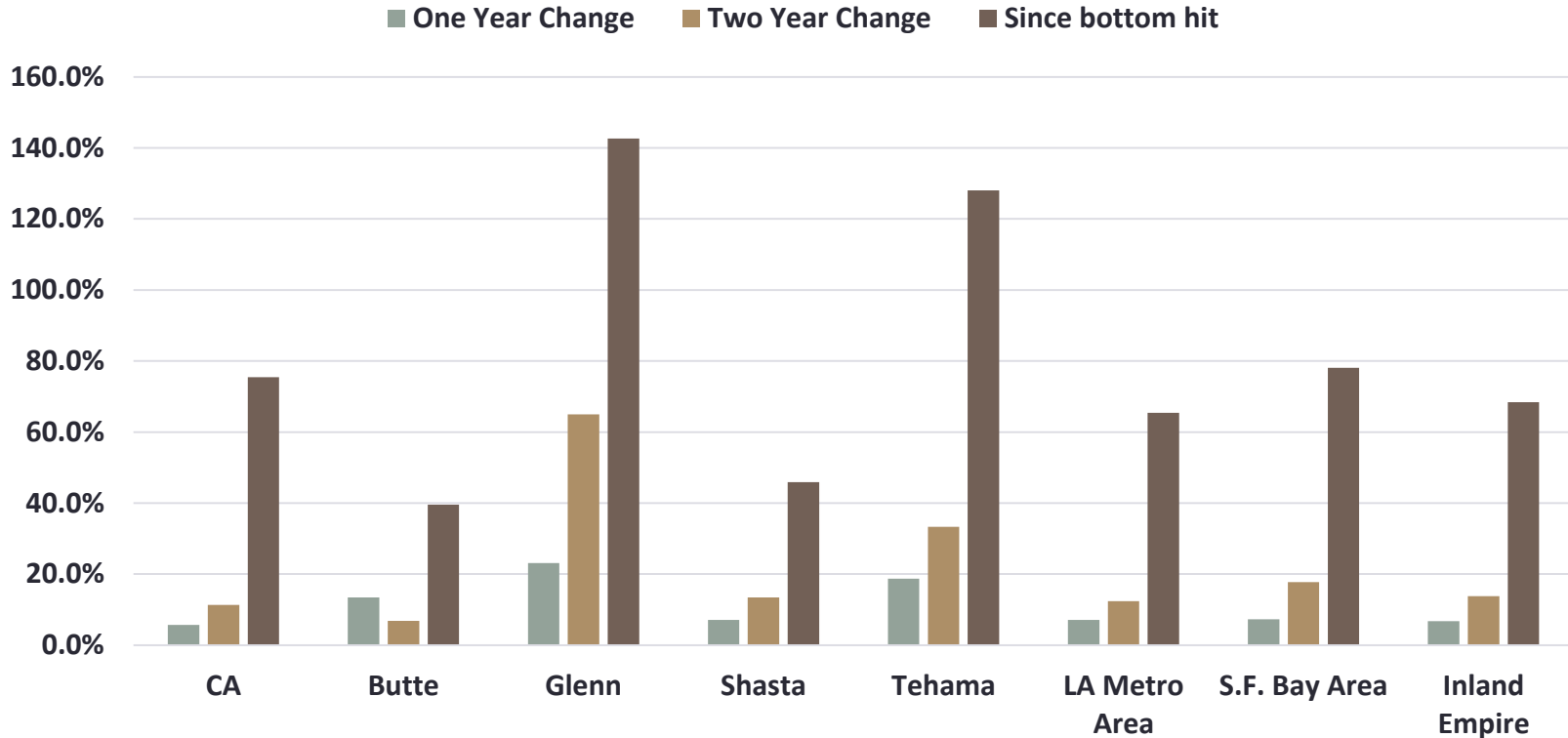
# Rental Housing Estimates, 2010 - 2015

## Chico, Sacramento, Solano County, Bay Area



Source: rentjungle.com

# Housing data: Median Home Price, % growth



Source: [www.car.org](http://www.car.org)

# Looking Forward

- Interest rates and debates: global growth and local policy
- The politics of growth and drought: Weed in Weed coming after November 2016?
- Continued slow moving economy on goods-producing industries (outside of ag)
- Recession to linger in parts of this region

# What can be done?

- Find a value proposition for 10 years, not one, and rally economic development around it
- Understand what can and what cannot be done in the North State
- Utilize the infrastructure and reduce the brain drain (specifically to Chico State)
- Thinking beyond local taxes: remove cyclic forces where possible

**Thanks!**  
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