

The Economic Outlook

Focus on Macro Trends

April 2017

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The November Surprise!

The Perils of Political Forecasting

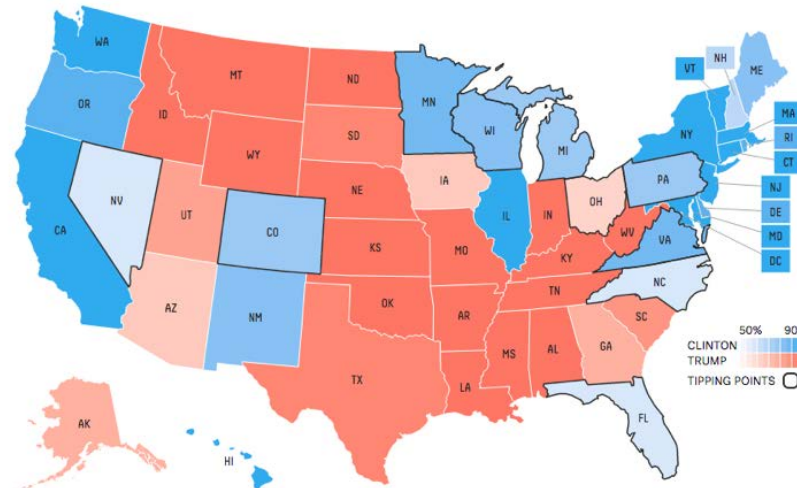
 **FiveThirtyEight**

Nate Silver

8 am, Tuesday November 8

Who will win the presidency?

Chance of winning



Anger of the Electorate

Miserabilism

The philosophy of pessimism – or –

Trying really hard to convince everyone that things are really bad when, in reality, they aren't.

- Crime on the rise
- Energy shortages
- Immigrants stealing jobs from discouraged workers
- Income inequality at record levels
- Federal debt levels at record levels
- The Fed holding rates too high



If it isn't broken....

Things aren't that bad

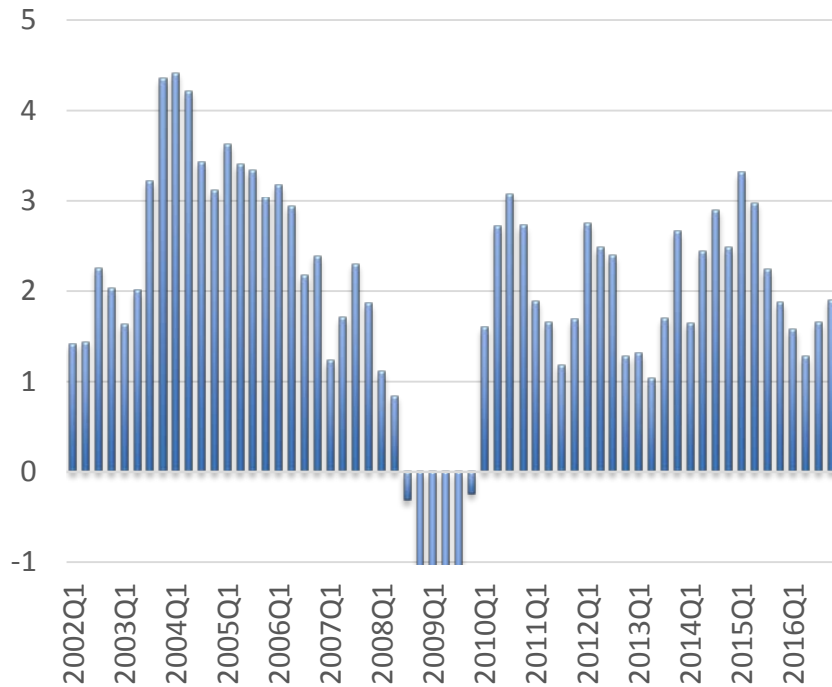
- US GDP is growing slow, but it is growing
- Fundamentals are fine, no chance of recession (for now)
- U.S.: 5% world's population, 20% of the world's consumption
- Real incomes have been rising, true well-being even more so
- Labor markets are tight
- Inflation slow, interest rates low
- Business investment solid, profits are high
- US energy: too successful for its own good
- Manufacturing: doing fine, trade (on net) good for US
- Housing market—signs of progress
- California still out in front

The true challenges

- Slow growth due to self-inflicted wounds / political gridlock
- The global commodity glut
- State and Local budgets still stressed, decaying Infrastructure
- Health cost inflation
- Underfunded pensions and entitlements
- An under-performing housing market / bad financial regulations (Dodd-Frank)
- Growing wealth inequality
- The shift to the information economy
- The growing disconnect between political debate and reality

GDP Growth

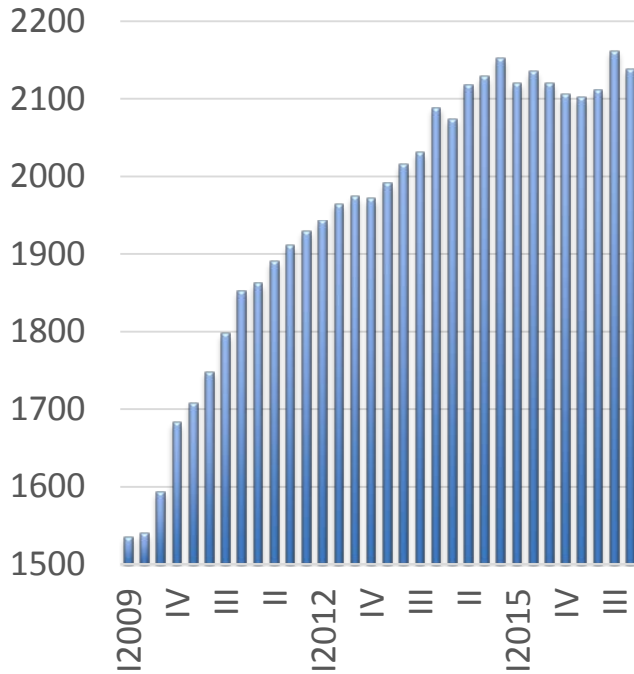
Real GDP: Y-o-Y Growth



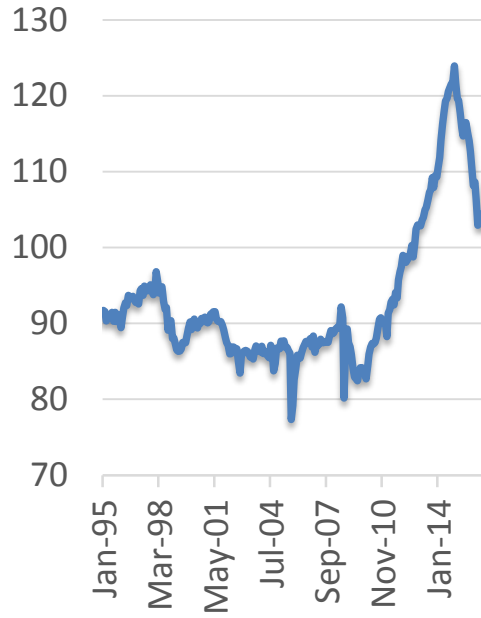
	2016			
	I	II	III	IV
GDP Gr	0.80	1.40	3.50	1.90
Final Demand Gr	1.20	2.38	2.16	2.66
Consumption	1.11	2.88	2.03	2.05
Goods	0.25	1.51	0.77	1.23
Services	0.86	1.37	1.26	0.81
Fixed Investment	-0.15	-0.18	0.01	0.51
Structures	0.00	-0.06	0.30	-0.12
Equipment	-0.59	-0.17	-0.26	0.11
IPP	0.15	0.35	0.13	0.18
Residential	0.29	-0.31	-0.16	0.35
Inventories	-0.41	-1.16	0.49	0.94
Net exports	0.01	0.18	0.85	-1.70
Exports	-0.09	0.21	1.16	-0.50
Imports	0.09	-0.03	-0.31	-1.20
Government	0.28	-0.30	0.14	0.06
Federal	-0.10	-0.02	0.16	-0.08
State and local	0.39	-0.28	-0.02	0.14

Drivers of Rebounding Growth

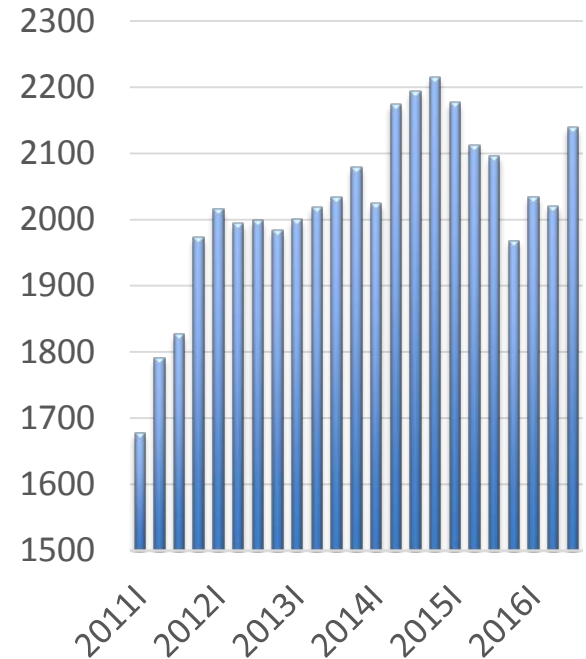
Exports



Industrial Production: Mining

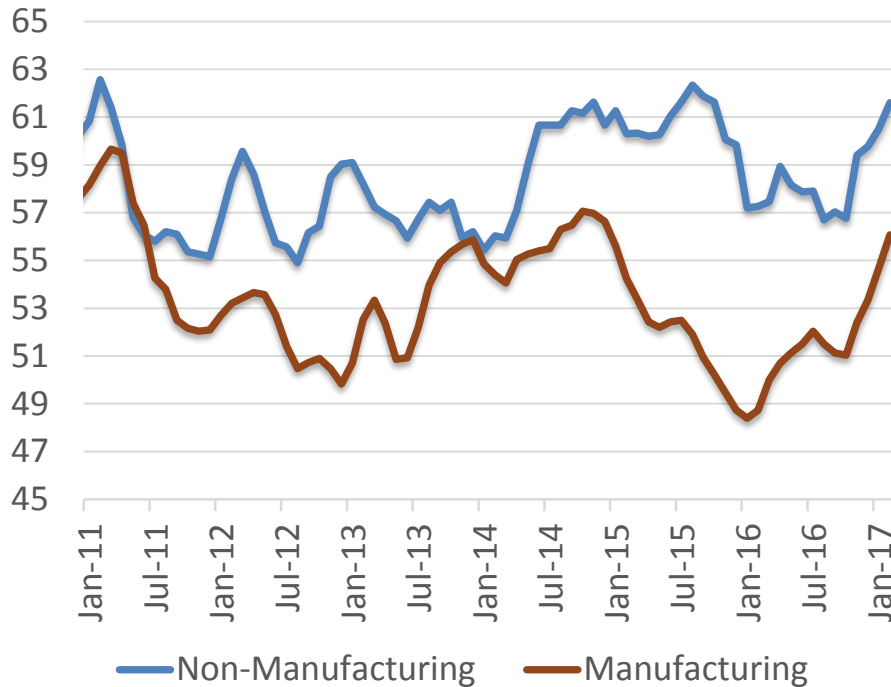


Corporate Profits

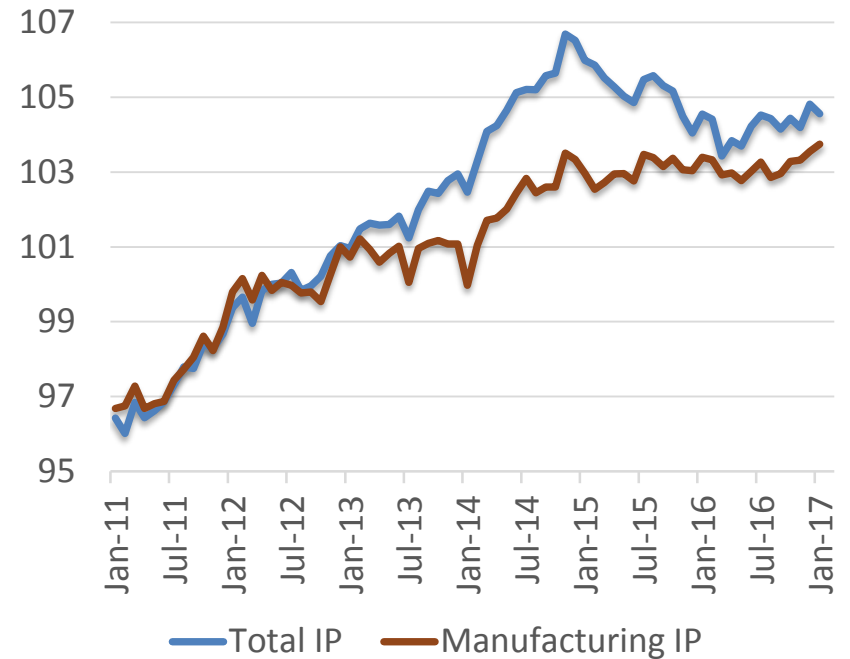


Industrial Indicators

ISM Diffusion Indexes to February, Smoothed

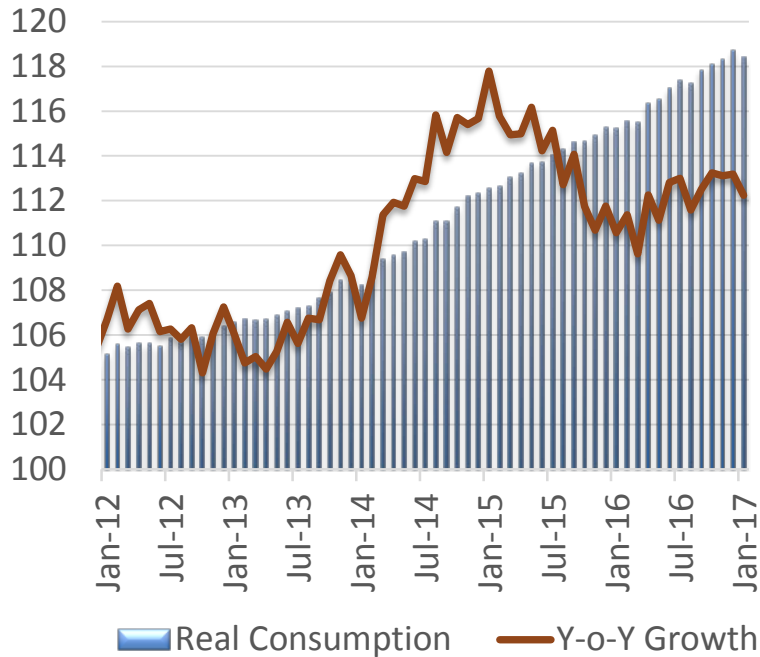


Industrial Production Indexes to January

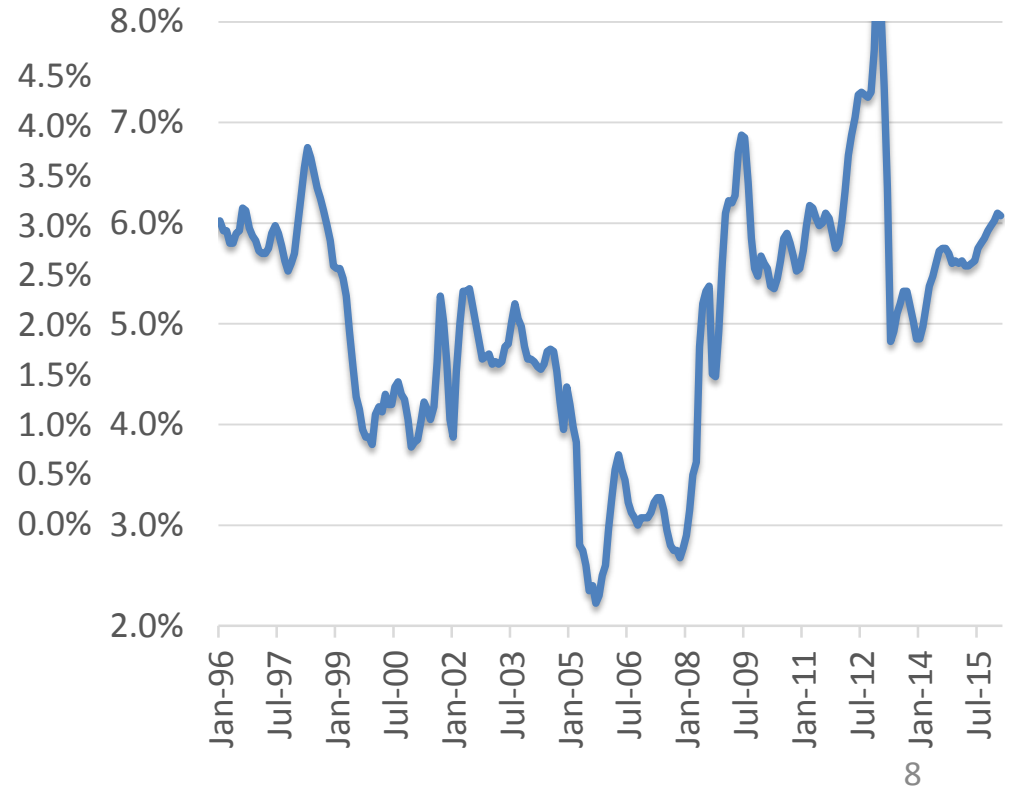


Consumer Spending

Real Consumer Spending (Index) to January

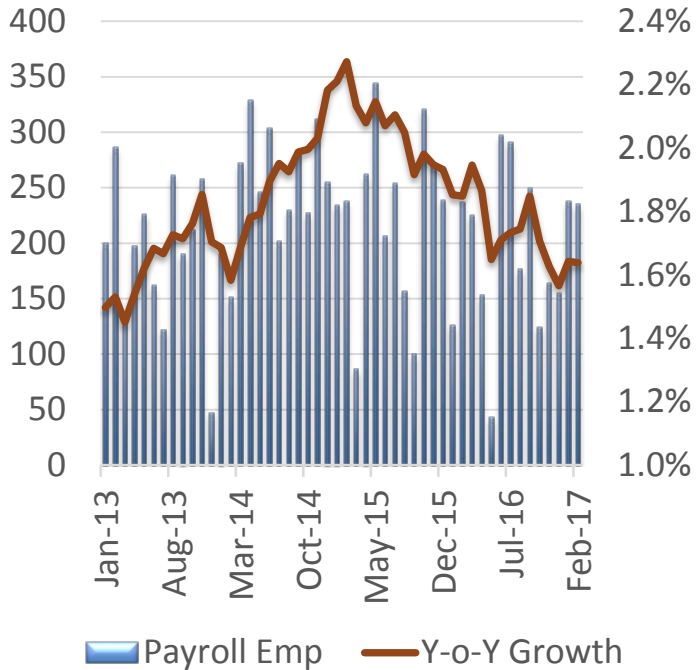


Consumer Savings Rate

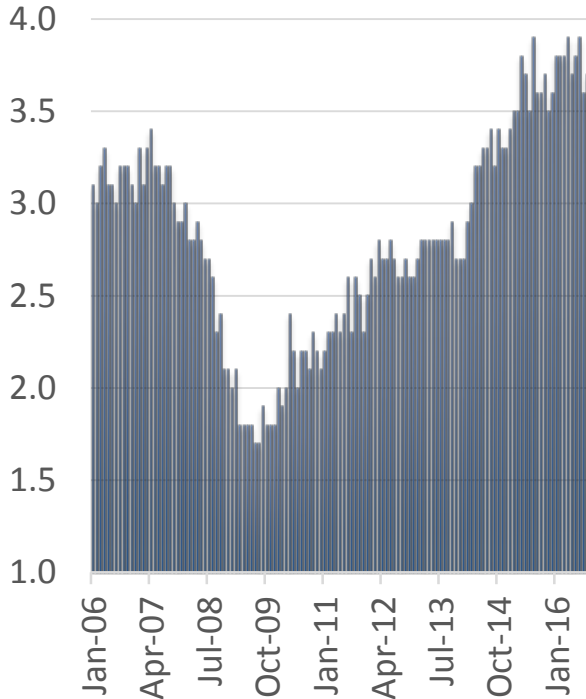


Labor Markets

Payroll Employment Growth to February



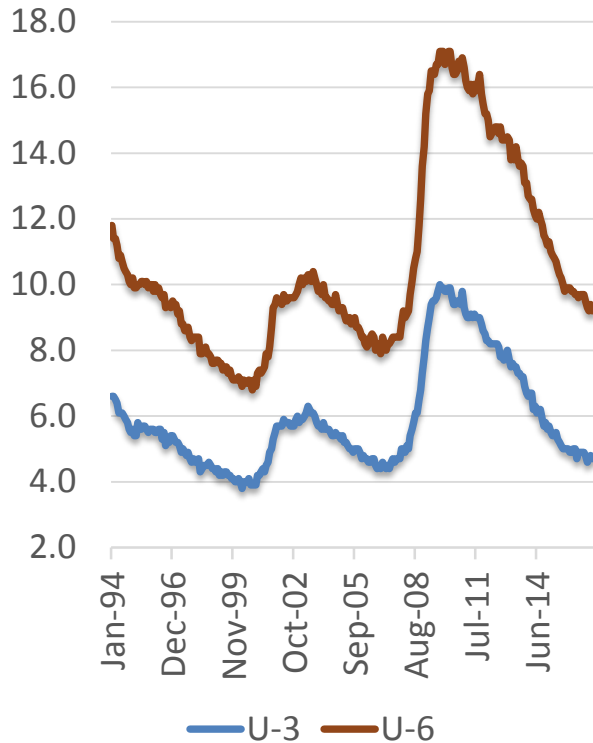
Job Openings Rate



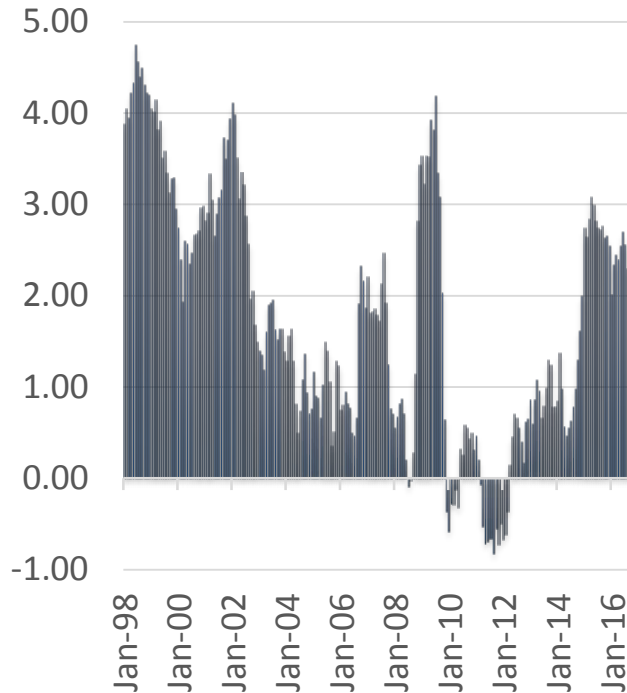
Job Open Rate	2015	2016
Health	4.3	4.7
Other	3.4	4
Finance	4.1	3.9
Professional	4.6	3.8
Leisure	3.7	3.3
Trade	2.5	3.2
Information	3.5	3.1
Mining	1.8	2.7
Manufacturing	2.5	2.6
Construction	1.9	2.2
Government	2.1	2

Unemployment / Wages

US Unemployment Rates



Growth Real Median Wages (Adj, Y-o-Y to Dec)



Change Median Earnings by Education 11-15

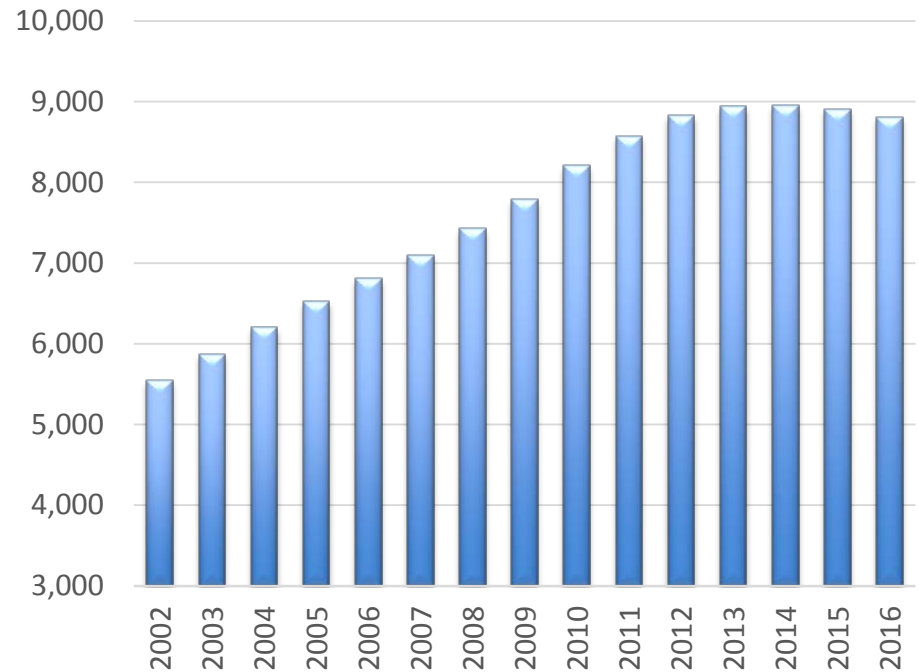
Pop 25 +	36,860	7.4%
< HS	21,320	13.4%
HS	29,004	8.6%
Some College	34,377	6.4%
Bachelor	50,930	5.4%
Graduate	67,286	4.6%

Signs of Tighter Labor Markets

Labor Force Growth

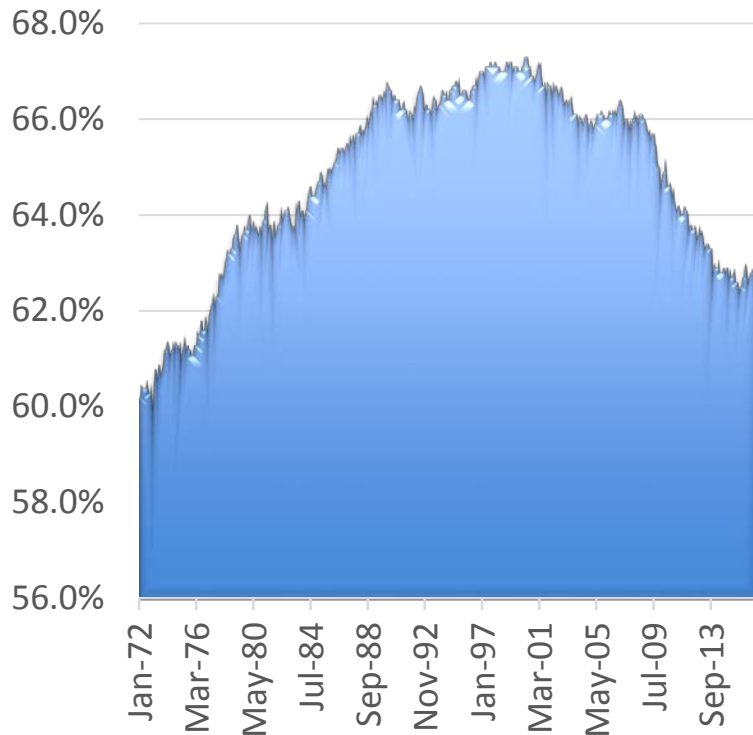


SSDI Enrollment (Thous)



Blue Collar Blues?

US Labor Participation Rate



Change in Labor Force With 2000
Participation Rates (Total 215 Million)

	Bach +	Some College	High School	< HS	All	
Men					Men	
25 to 34	-70.1	185.1	403.9	326.9	< 55 BC	1,940.1
35 to 44	-62.3	147.1	305.6	119.2	55+ BC	-382.5
45 to 54	-91.1	136.6	237.3	78.5	Bach +	-716.6
55 to 64	-217.7	-57.1	-133.9	16.3	Total	841.0
65+	-275.3	-131.9	-51.1	-24.7		
Women					Women	
25 to 34	-337.4	-161.9	121.8	92.4	< 55 BC	519.0
35 to 44	-362.3	56.6	222.5	124.1	55+ BC	-1,080.8
45 to 54	-37.0	-10.4	63.1	10.7	Bach +	-1,499.4
55 to 64	-435.7	-319.6	-215.3	-80.8	Total	-2,061.1
65+	-327.0	-276.7	-173.7	-14.5		

Local Economic Performance

State Unemployment Rate Nov 2016

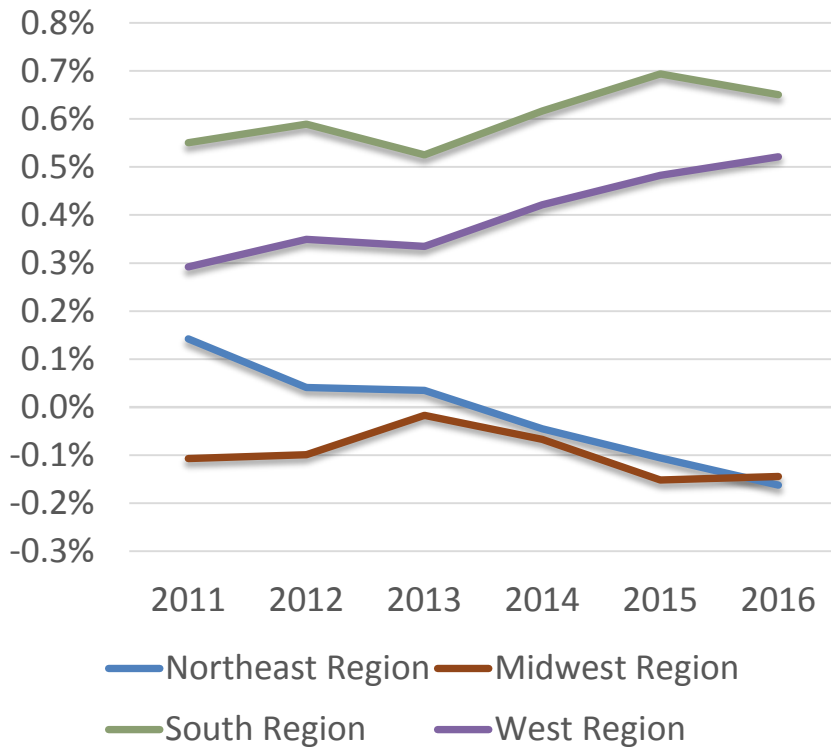
Alaska	6.9	Wyoming	5.3	Iowa	4.2
New Mexico	6.7	Missouri	5.2	Maryland	4.2
Louisiana	6.4	Oklahoma	5.2	Maine	4.1
DC	6.1	Georgia	5.1	Wisconsin	4.1
Mississippi	6	Kentucky	5	Arkansas	4
Nevada	5.8	New York	5	Minnesota	4
West Virginia	5.8	South Carolina	4.9	Virginia	4
Pennsylvania	5.7	Ohio	4.8	Idaho	3.8
Rhode Island	5.6	Texas	4.8	Colorado	3.6
Washington	5.6	Florida	4.7	Massachusetts	3.6
Arizona	5.5	North Carolina	4.7	Utah	3.4
California	5.5	Michigan	4.6	Hawaii	3.3
Illinois	5.5	Tennessee	4.6	Vermont	3.3
Oregon	5.5	Indiana	4.5	Nebraska	3.2
Alabama	5.4	Kansas	4.4	North Dakota	3
Connecticut	5.4	Delaware	4.3	New Hampshire	2.9
New Jersey	5.3	Montana	4.3	South Dakota	2.9

State Participation 2015

Minnesota	70.2	Pennsylvania	62.8
Wisconsin	68.0	Ohio	62.5
Maryland	66.8	California	62.2
Colorado	66.7	Georgia	61.3
Missouri	65.6	N Carolina	61.2
Virginia	65.2	New York	61.1
Mass.	64.9	Louisiana	60.5
Illinois	64.7	Michigan	60.3
New Jersey	64.1	Arizona	59.8
Indiana	63.7	Tennessee	59.3
Texas	63.7	Florida	59.3
Washington	63.0	S Carolina	59.0

Population Shifts

Net Migration (% of Pop) by region



Net Migration by State 14-16

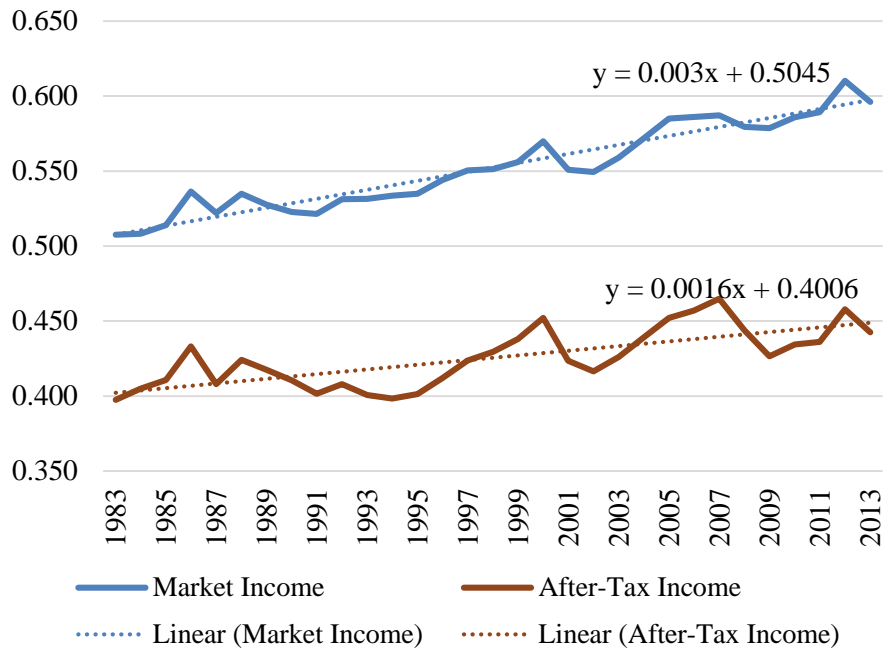
Florida	1.51%	Ohio	-0.05%
Nevada	1.27%	Penn	-0.06%
Colorado	1.10%	Wisconsin	-0.08%
Oregon	1.08%	Michigan	-0.08%
South Carolina	1.04%	New Jersey	-0.14%
Washington	0.99%	Vermont	-0.19%
Arizona	0.96%	W Virginia	-0.26%
Texas	0.90%	New York	-0.27%
North Dakota	0.79%	Mississippi	-0.28%
Idaho	0.77%	Kansas	-0.30%
Delaware	0.66%	Connecticut	-0.32%
North Carolina	0.66%	Wyoming	-0.35%
Montana	0.60%	New Mexico	-0.47%
Georgia	0.54%	Illinois	-0.58%
Tennessee	0.53%	Alaska	-0.73%
Utah	0.49%		

Income Stagnation?



Income vs Wealth

Gini Indexes for Gross and Net US Income
Source: Congressional Budget Office



Real Net Worth

	1989	2001	2013
Mean Net Worth by Percentile of Net Worth			
Less than 25	-\$1.0	\$0.1	-\$13.0
25-49.9	\$41.8	\$58.4	\$35.9
50-74.9	\$162.2	\$219.9	\$177.7
75-89.9	\$411.6	\$594.0	\$546.3
90-100	\$2,294	\$3,631	\$3,962

California fact versus fiction



2016 Best & Worst States For Business

- 50 [California](#)
- 49 [New York](#)
- 48 [Illinois](#)
- 47 [New Jersey](#)
- 46 [Massachusetts](#)
- 45 [Connecticut](#)
- 44 [Hawaii](#)
- 43 [Michigan](#)
- 42 [Oregon](#)
- 41 [Vermont](#)
- 40 [Maryland](#)
- 39 [Mississippi](#)
- 38 [West Virginia](#)
- 37 [Rhode Island](#)

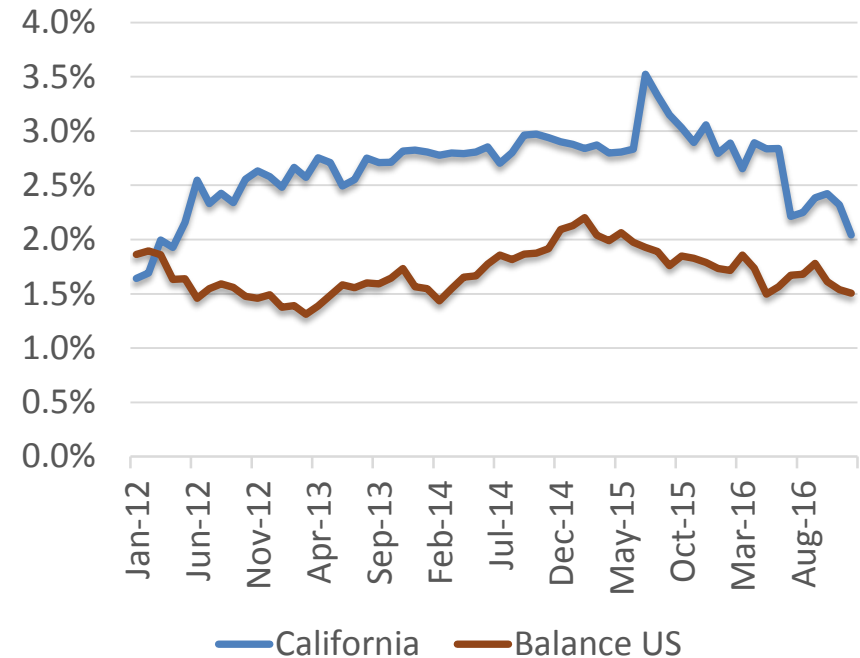


As for California

5 Year Change in Payroll Jobs by State

	New Jobs	Ann Gr	US Share
Utah	226	3.5%	1.8%
Nevada	188	3.1%	1.5%
Florida	1,207	3.1%	9.5%
Idaho	96	3.0%	0.8%
Colorado	344	2.9%	2.7%
Oregon	228	2.7%	1.8%
Washington	401	2.7%	3.2%
California	2,038	2.7%	16.1%
Georgia	521	2.5%	4.1%
Texas	1,425	2.5%	11.2%
Arizona	298	2.3%	2.3%
South Carolina	220	2.3%	1.7%
Tennessee	314	2.3%	2.5%
North Carolina	421	2.1%	3.3%
Montana	40	1.8%	0.3%

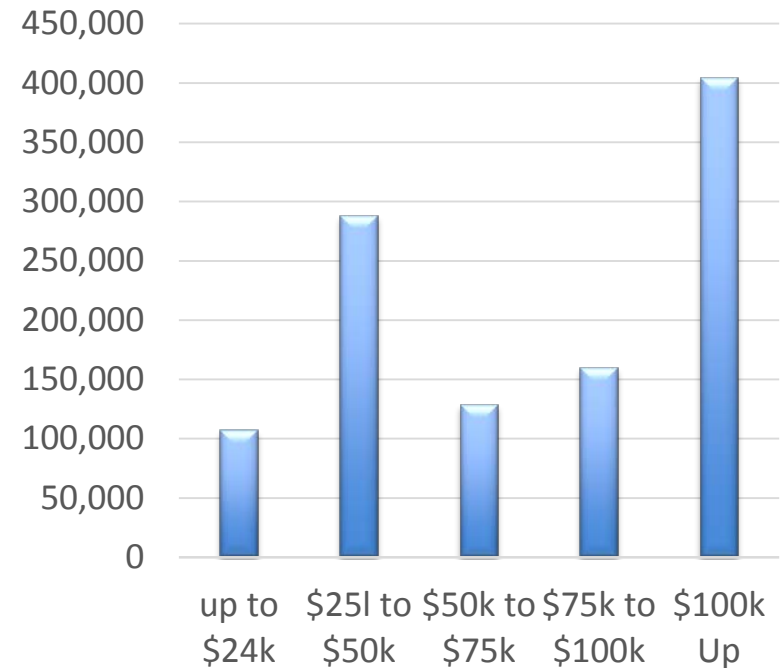
State and National Employment Growth



California Employment

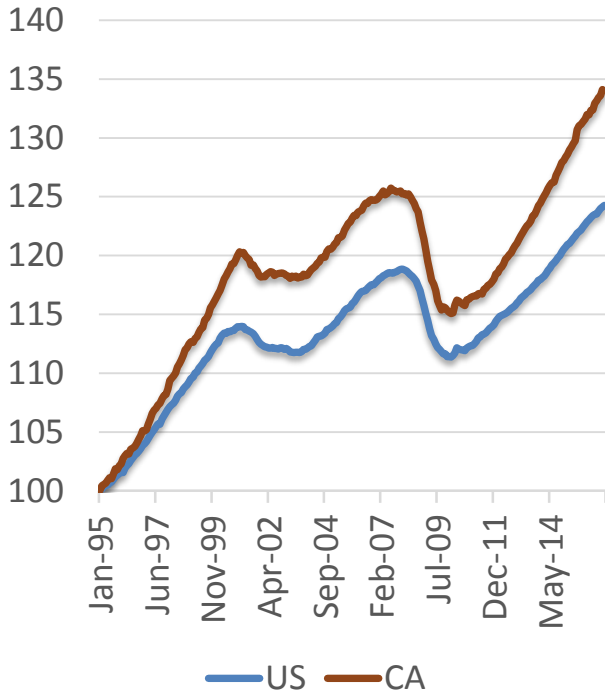
	Feb-17	1 Yr	Ch
Total Nonfarm	16676.1	1.9%	315.8
Education	370.2	5.7%	19.8
Government	2538.2	1.9%	46.4
Wholesale Trade	738.1	2.5%	18.3
Financial Activities	830.6	1.7%	14.1
Health Care	2222.8	3.2%	69.3
Prof Sci Tech	1241.8	2.7%	32.9
Other Services	565.3	2.3%	12.9
Retail Trade	1688.9	0.7%	11.3
Management	227.9	1.2%	2.8
Logistics	593.9	3.3%	18.9
Manufacturing	1299.7	-0.7%	-9.6
Information	532.2	3.1%	15.8
Hospitality	1928.6	2.6%	48.9
Admin Support	1091.6	0.0%	0.5
NR/Construction	806.2	1.7%	13.6

**Change in Employment by
Income Level 11-15**

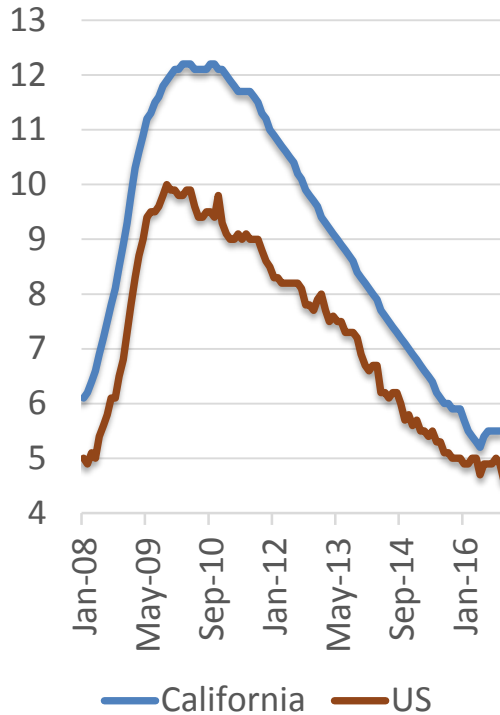


State Employment / Income

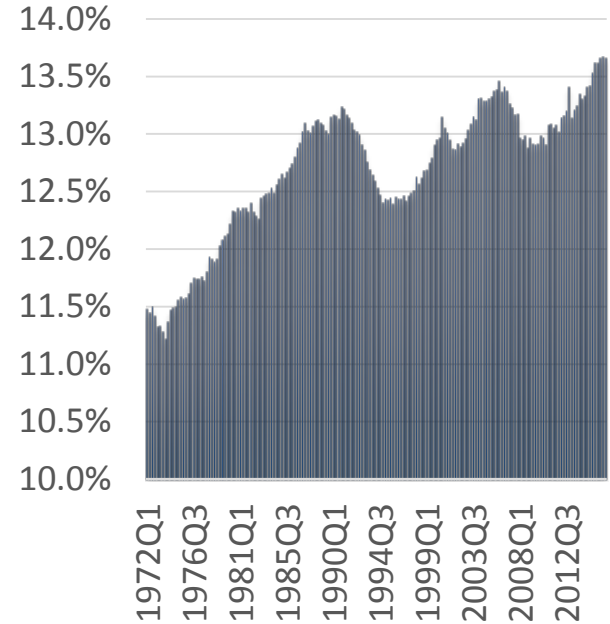
Employment (Index)



Unemployment Rates



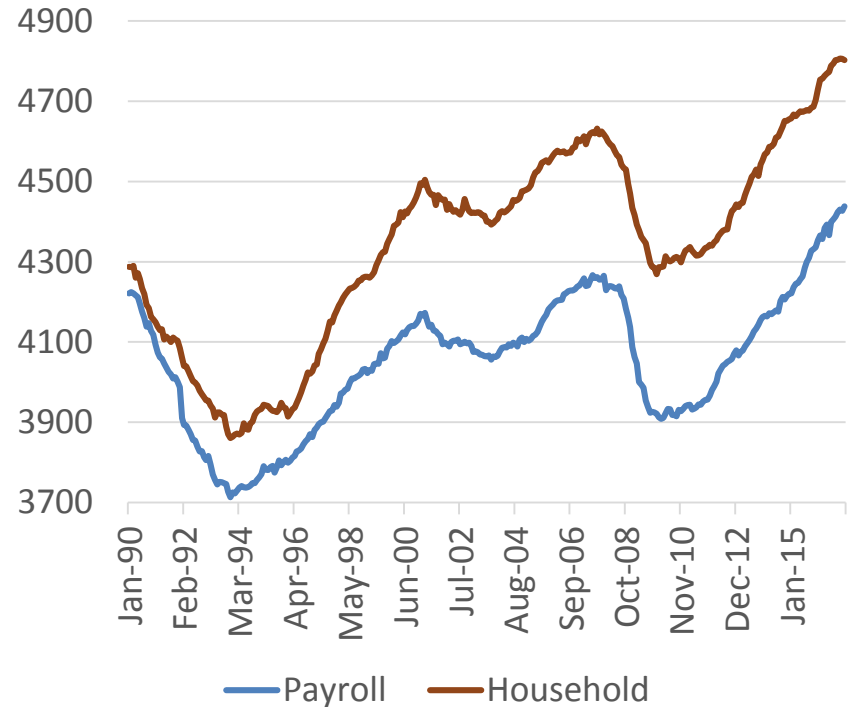
CA Share National Personal Income



Where is Growth?

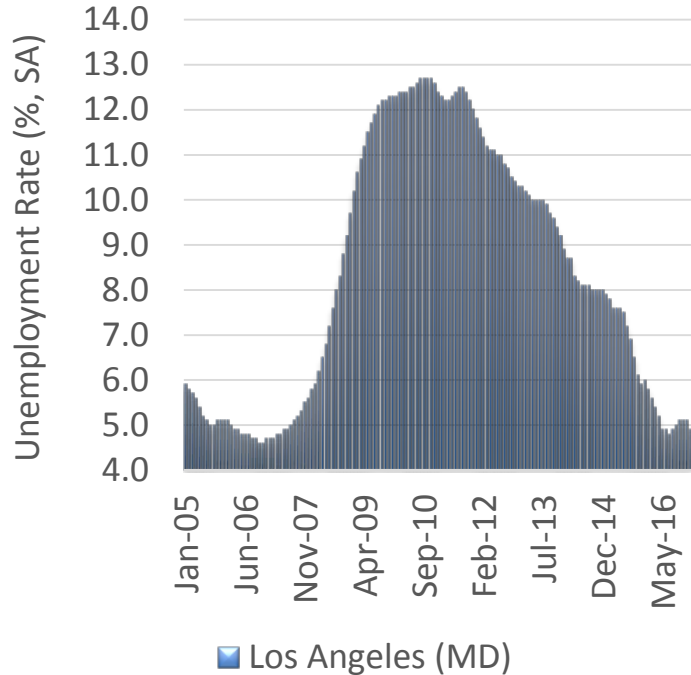
	Feb-17	Ch Abs	1 Yr Gr
Inland Empire	1,429,500	44,100	3.2%
Fresno	340,100	9,500	2.9%
San Francisco	1,109,300	29,100	2.7%
Oxnard	306,600	7,800	2.6%
Stockton	228,700	5,400	2.4%
Santa Barbara	183,400	3,600	2.0%
East Bay	1,145,300	21,200	1.9%
San Diego	1,439,100	26,200	1.9%
Sacramento	957,500	16,800	1.8%
Los Angeles	4,440,700	75,500	1.7%
San Jose	1,077,700	17,400	1.6%
Sonoma	203,300	2,800	1.4%
Orange County	1,591,600	19,000	1.2%

Los Angeles: Payroll v Household

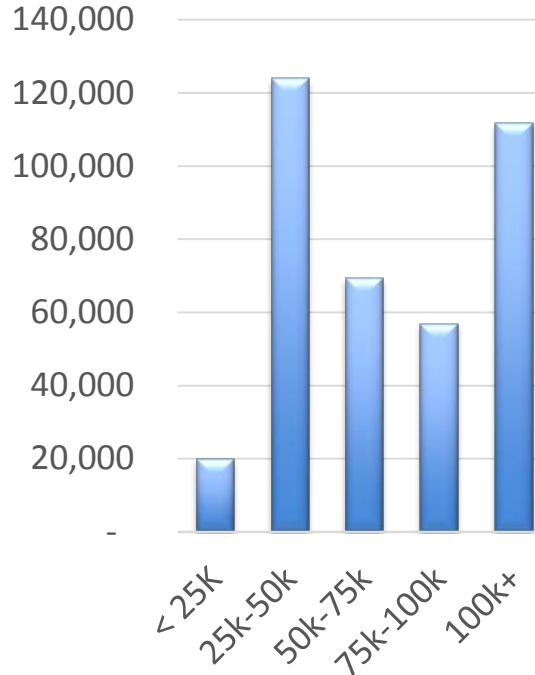


Employment Gains: LA

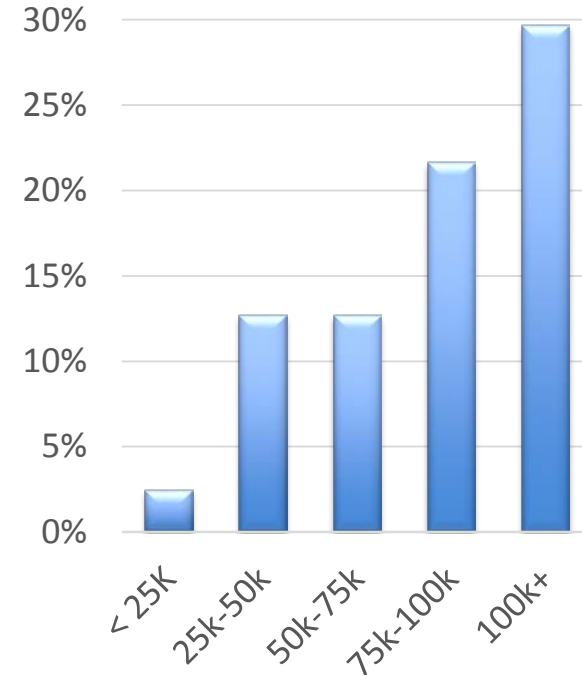
Regional Unemployment Rates



Change in Number of Earners by Income 11-15

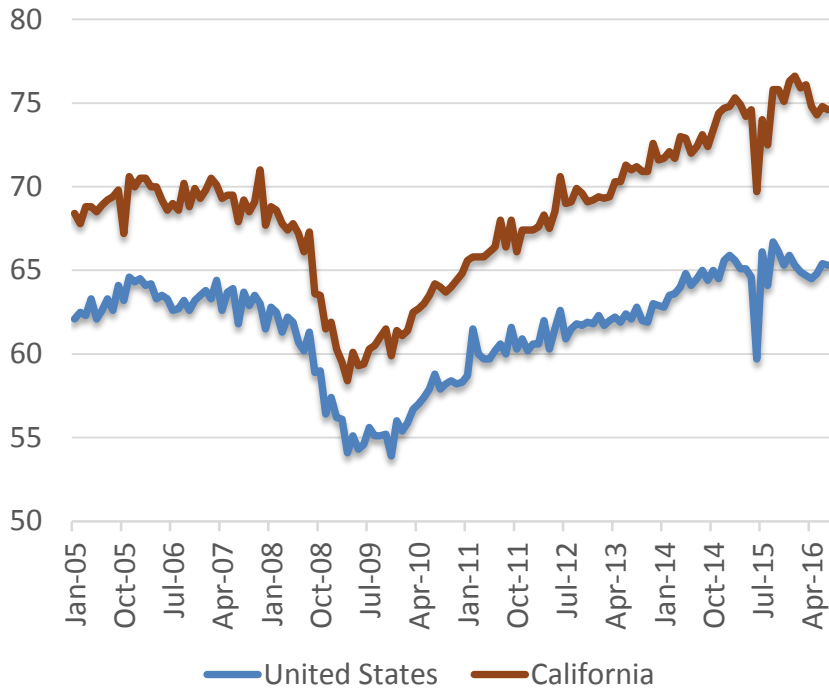


% Change in Number of Earners by Income 11-15

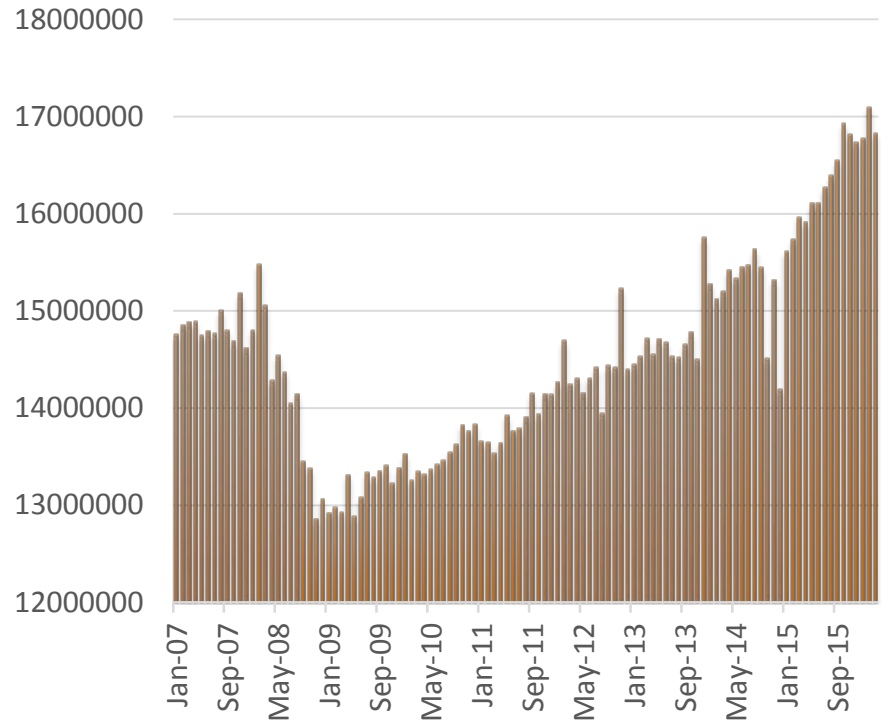


Tourism / Travel

Hotel Occupancy Rates

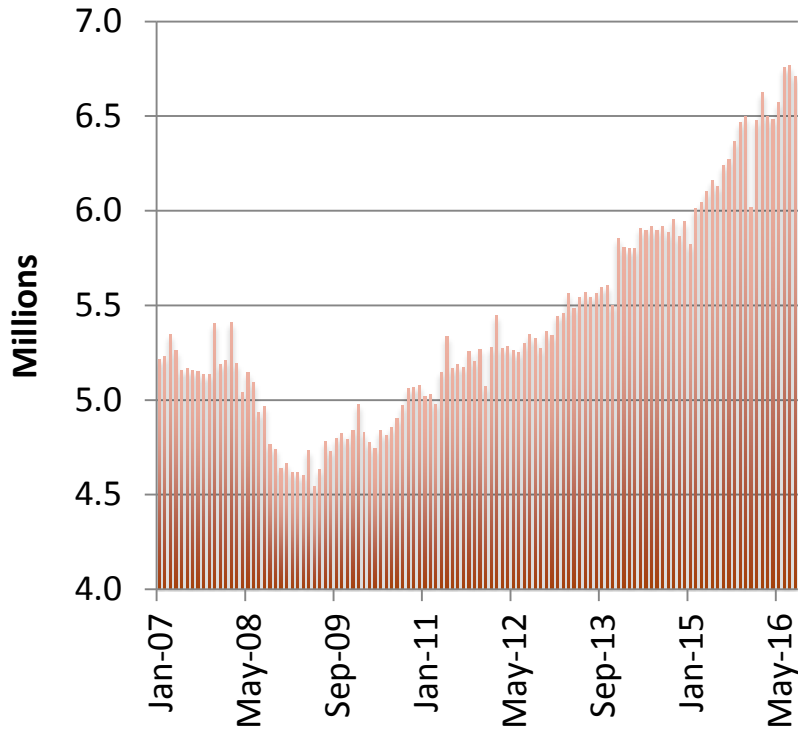


California Airport Traffic



Travel & Tourism

LAX Airport, Total Traffic

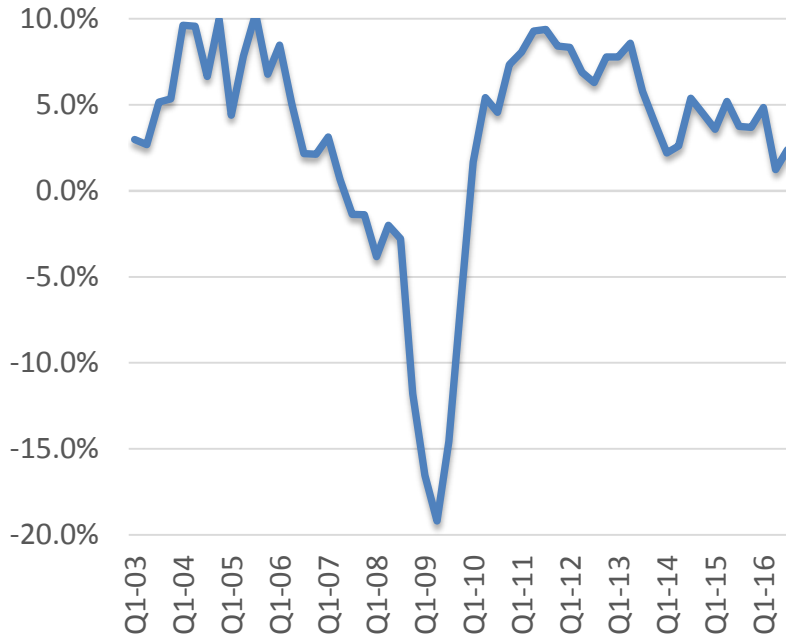


Hotels, YTD through September-16

Region	Average Daily Rate		Occupancy Rate	
	Level 2016 (\$)	YOY Growth (%)	Level 2016 (%)	YOY Change (p.p.)
South Bay	173.4	8.8	86.9	1.5
Long Beach	170.1	8.5	80.9	2.2
Santa Monica	370.6	5.2	87.1	0.8
Marina Del Rey	261.7	9.1	85.3	3.0
Los Angeles (MD)	208.8	9.8	85.6	2.4

Taxable Spending

CA Taxable Sales Y-o-Y Growth



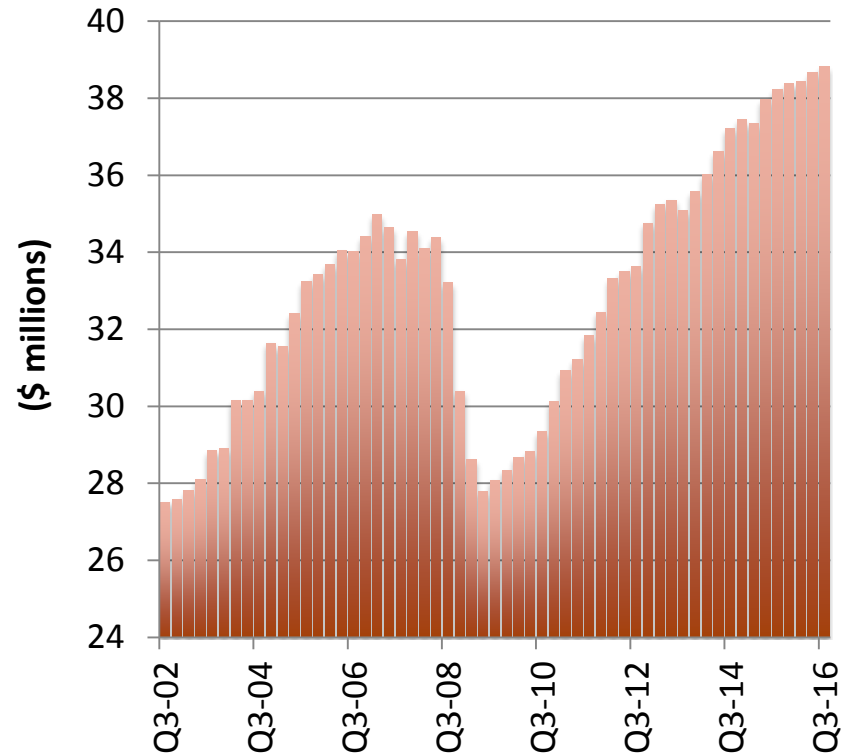
California	2.4%		
Tulare	9.6%	Solano	2.6%
Riverside	5.4%	San Diego	2.2%
Sacramento	5.3%	Orange	1.9%
Stanislaus	4.9%	Contra Costa	1.7%
Sonoma	4.5%	Los Angeles	1.5%
Alameda	4.4%	San Bernardino	1.3%
San Francisco	4.0%	Ventura	1.1%
San Joaquin	3.7%	Fresno	-1.0%
Placer	3.1%	Santa Clara	-1.0%
San Mateo	2.8%	Kern	-4.6%

Local Spending

Tax Receipts by Category, YTD through Q2-16

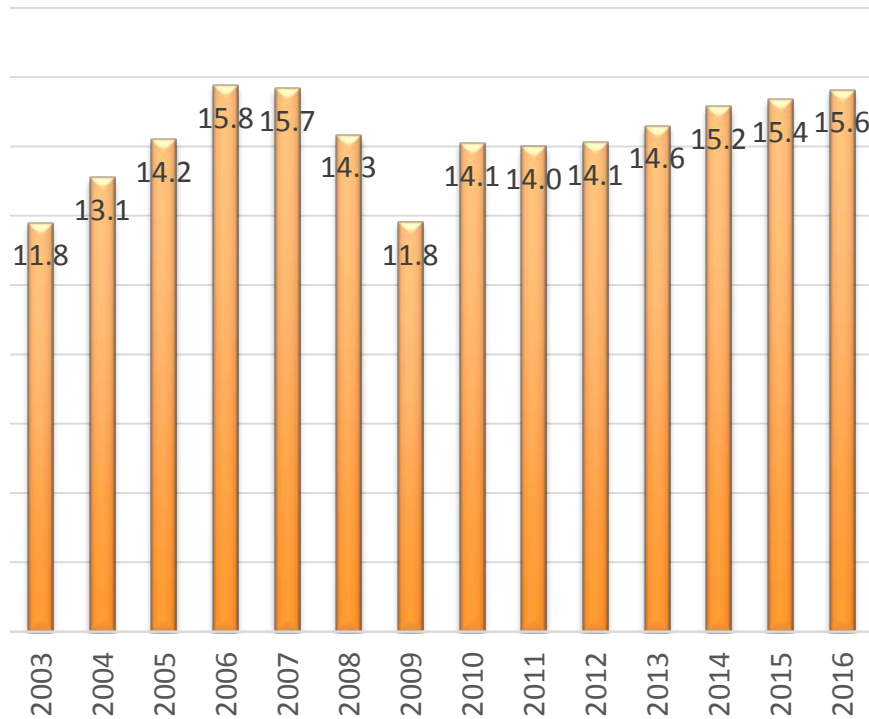
Industry	\$000s	YTD Chg (%)
Restaurants and Hotels	59,707.2	6.0
Building and Construction	27,275.6	5.2
Food and Drugs	22,031.1	2.5
Autos and Transportation	62,329.4	1.9
General Consumer Goods	87,399.7	1.1
Business and Industry	49,580.1	-1.5
Fuel and Service Stations	29,790.9	-18.9
Total	386,013.6	1.1

Los Angeles Taxable Sales

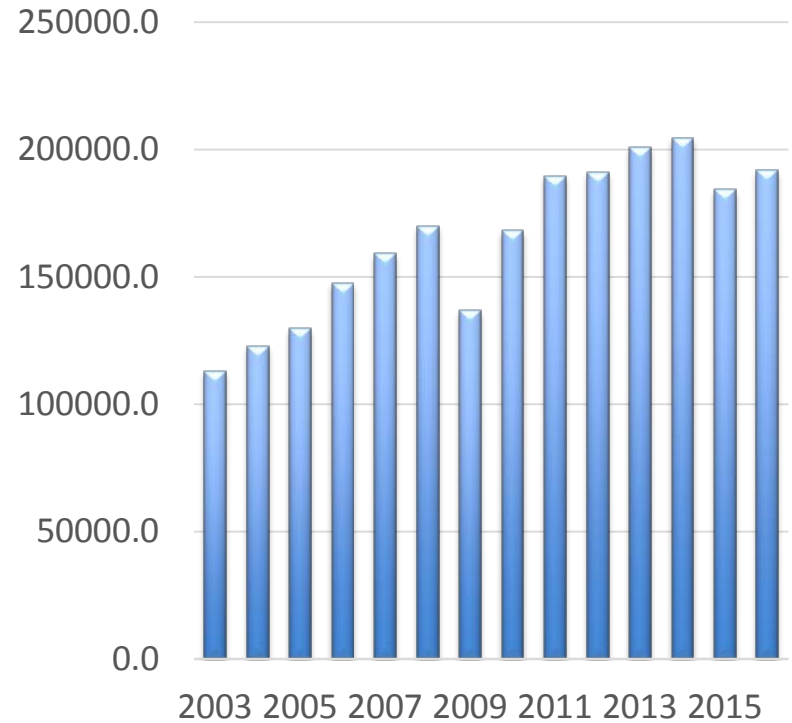


Container Activity

* 2016 was 3rd Best Year *



TOTAL ALL COMMODITIES

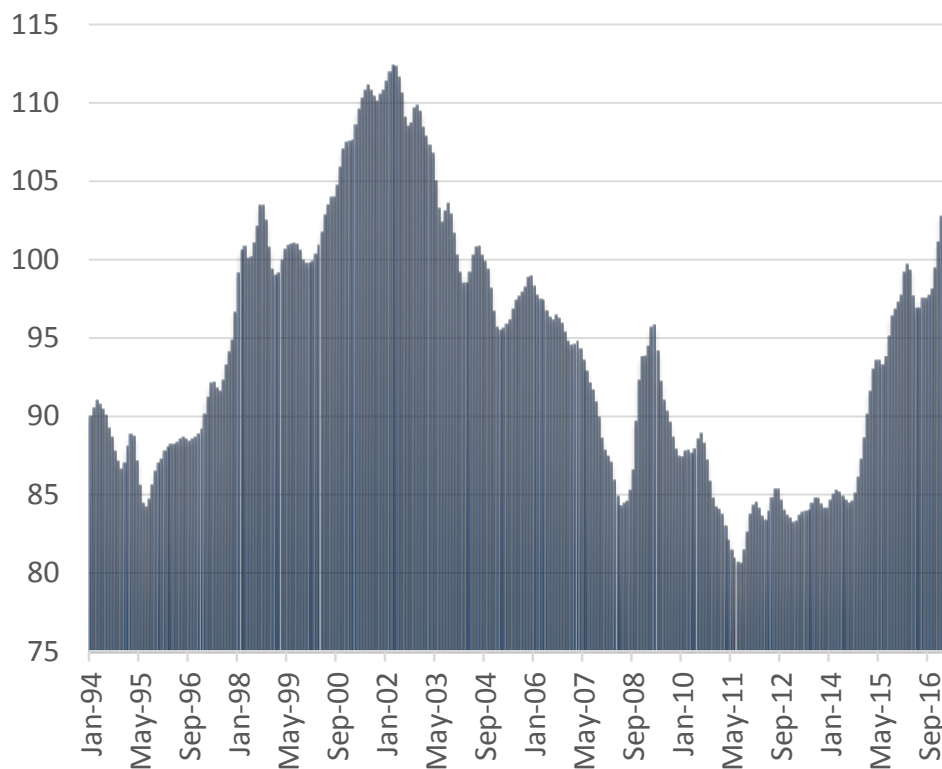


California Exports

CA Exports by Product

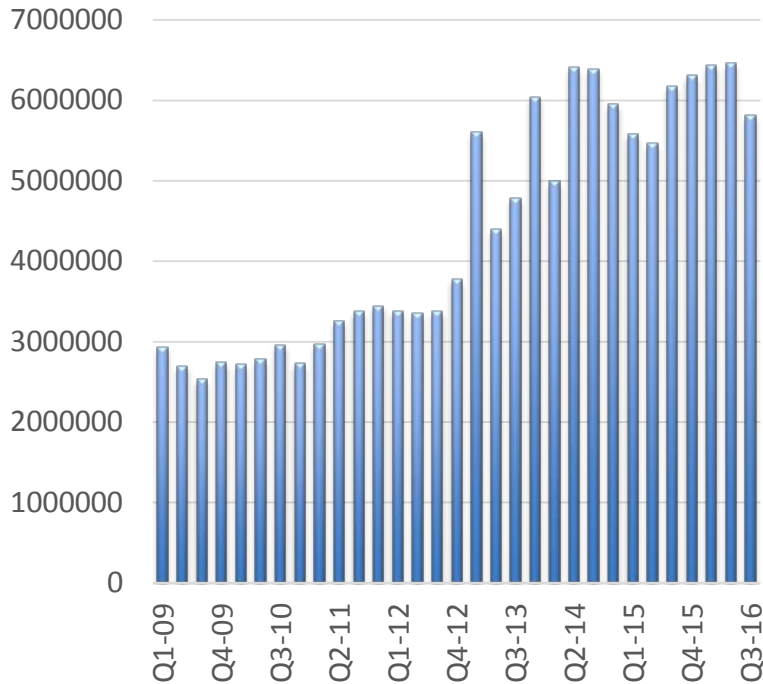
Electric	30,532	5.8%
Industrial	26,155	-3.2%
Instrments Etc	15,286	1.5%
Aircraft	12,827	33.6%
Agriculture	9,899	3.9%
Vehicles	9,744	20.9%
Minerals	8,660	0.2%
Pharmaceutical	8,088	8.2%
Plastics	5,659	12.6%
Mineral Fuel	4,263	11.0%
Aluminum	3,741	53.2%
Chemical	3,633	9.4%
Beverages	3,276	-33.1%

Value \$US, Real-Broad Index



Non-Res Work

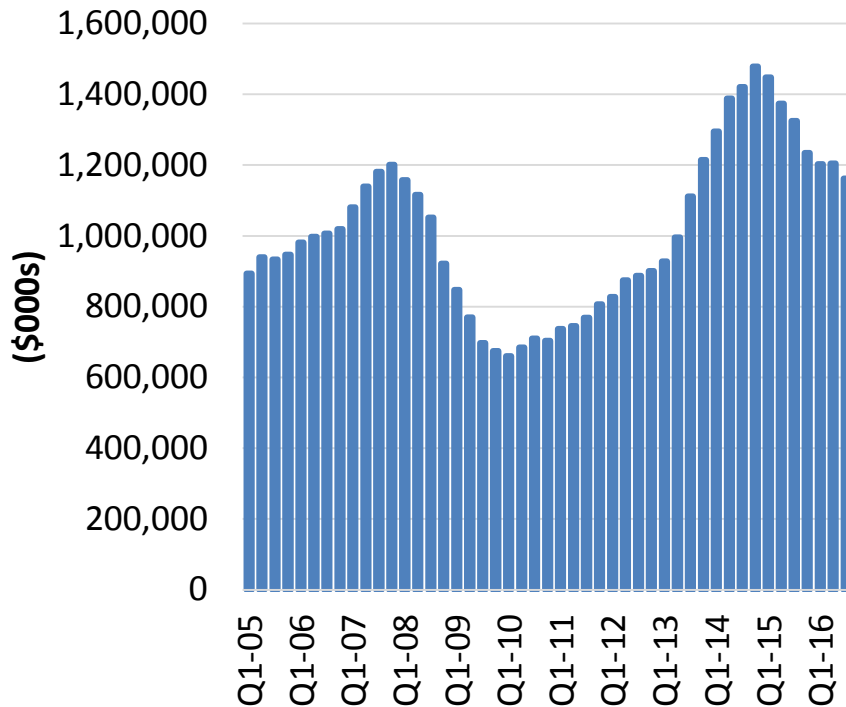
CA Non-Res Permits



	Office		Retail	
	Q3-16		Q3-16	
Fresno	20	0.1	9.7	-0.9
Inland Empire	22	-1.3	9.7	0.4
Los Angeles (MD)	13.3	-1.6	6.4	0.4
Oakland (MD)	14.1	-1.6	6.8	0.4
Orange County (MD)	16	-0.5	5.3	0.3
Sacramento	18.7	-0.5	10.7	0.2
San Diego	14.6	-0.5	6.7	0.4
San Francisco (MD)	9.9	-0.7	3.3	0
San Jose	16.6	0	5.6	1.3
Santa Rosa	23.7	-2.6	9.7	-0.2

Nonresidential Construction

Los Angeles (MD) Nonresidential Building Permit Values, Q1-05 to Q3-16



Los Angeles (MD) Nonres. Building Permit Values

Permit Type	2016 YTD (\$000s)	Level Change (\$000s)	Change (%)
New Commercial	1,171,798.0	-173,777.0	-12.9
Office	291,990.0	11,140.0	4.0
Retail	358,624.0	41,364.0	13.0
Hotel	279,043.0	54,206.0	24.1
Industrial	141,724.0	50,661.0	55.6
Other	333,263.0	-135,494.0	-28.9
Total Nonresidential	3,537,653.0	-456,794.0	-11.4

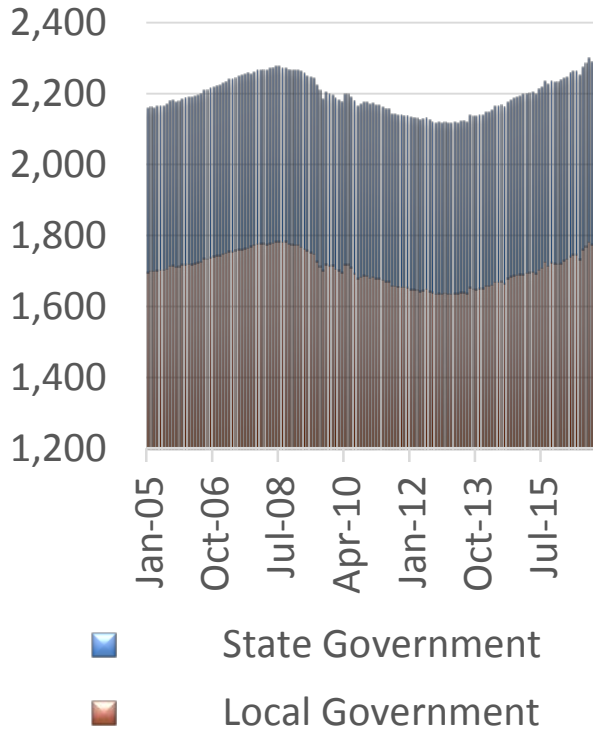
Nonresidential Construction by City

City	Total Value (\$)	% Change
Inglewood	17,556,265	10,454,23
Redondo Beach	514,400	302,900
Hermosa Beach	70,810,355	4,609,42
Manhattan Beach	4,300,840	-1,711,23
Rolling Hills	25,050	-27,750
Torrance	273,480	-6,000
Gardena	12,483,384	57,614,73
Rancho Palos Verdes	70,196	36,702
Hawthorne	14,672,700	9,459,131
El Segundo	640,511	-951,837
Lawndale	317,660	-831,813
Carson	86,000	605,800
Lomita		
Palos Verdes Estates		
Rolling Hills Estates		

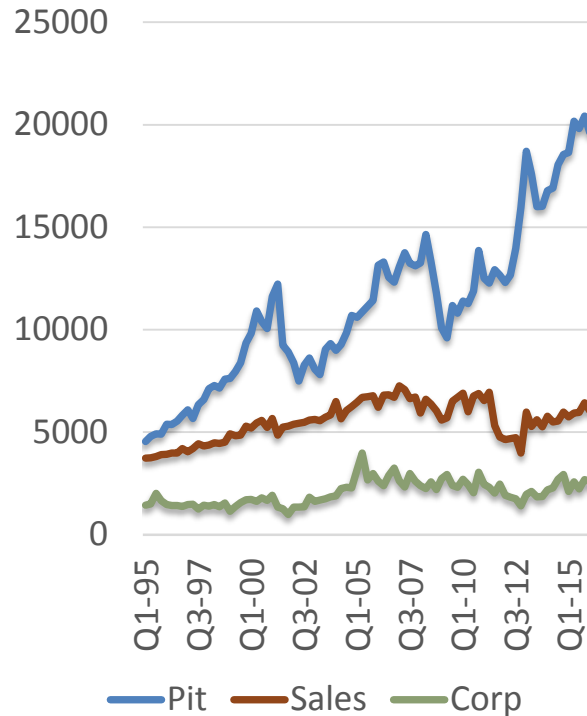


Public Sector

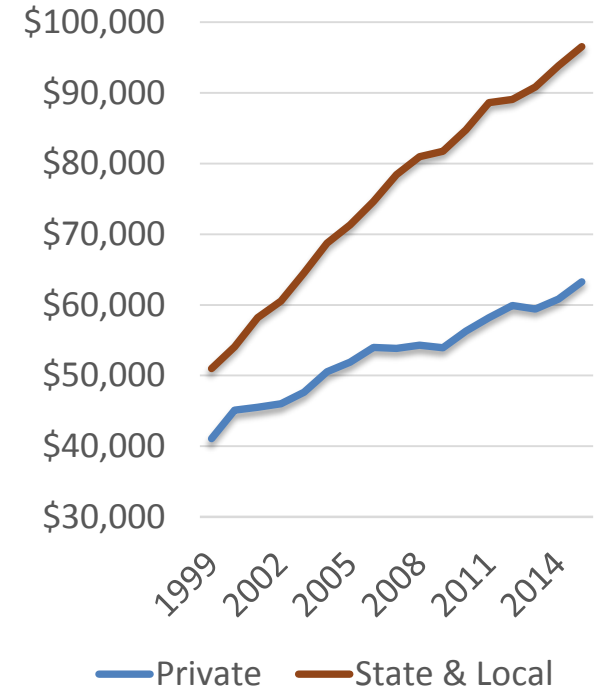
Public Employment



Major Sources State Revenues



Average Total Compensation: California

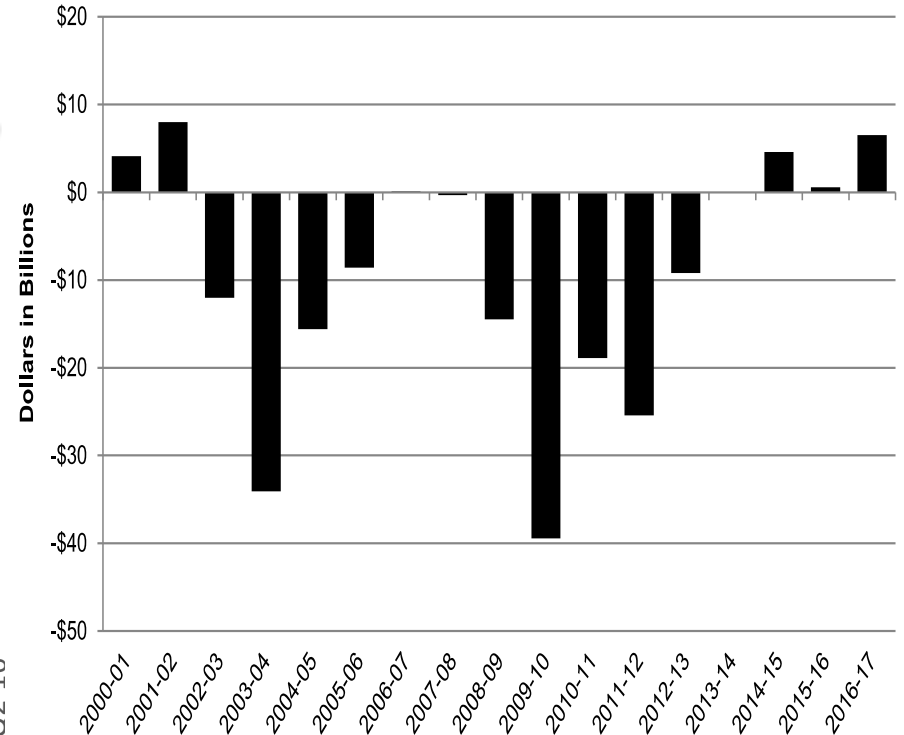


Income tax driving the show

PIT Share General Fund



Balanced Budgets Have Been Quickly Followed by Huge Deficits¹



If there were a bread shortage ...

I Support
Baking But
Not Near My
House

Bread Control

Government
Must Own The
Bread!

Non-Profit
Baking

**Stronger Baking
Regulation**

**Bread
Certainty**

**Baking Impact
Fee**

Inclusionary Baking

**Bakers Are
Greedy!**

Points-System Loaf
Valuation

**Tax New
Loaves!**

**The Bakeries
Have Failed!**

Minimum Loaf Size
Regulation

**Government
Bakery**

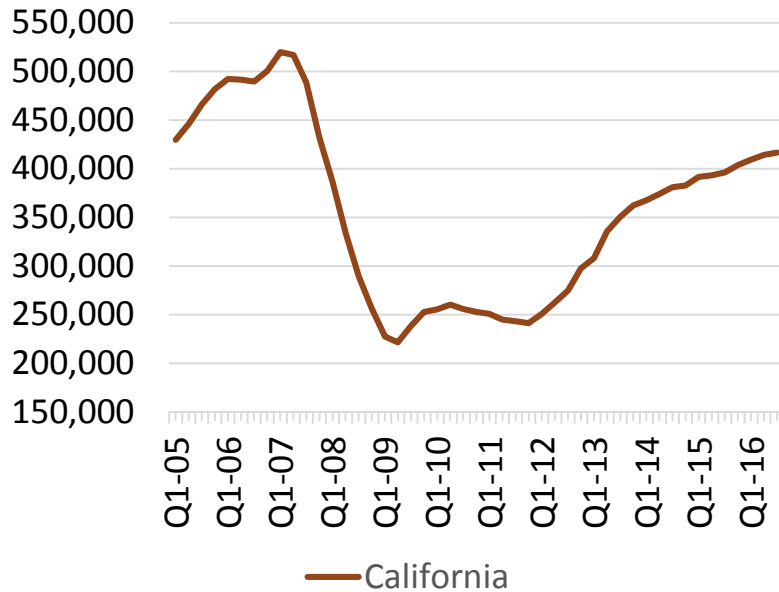
Baking bonus –
more loaves
allowed if some
discounted

**Bread Loaf
Baking
Targets**

**Link Loaf Prices
to CPI**

Homes

**Existing SFR Median Prices,
Q1-05 to Q3-16**



California Home Prices, Q3-16

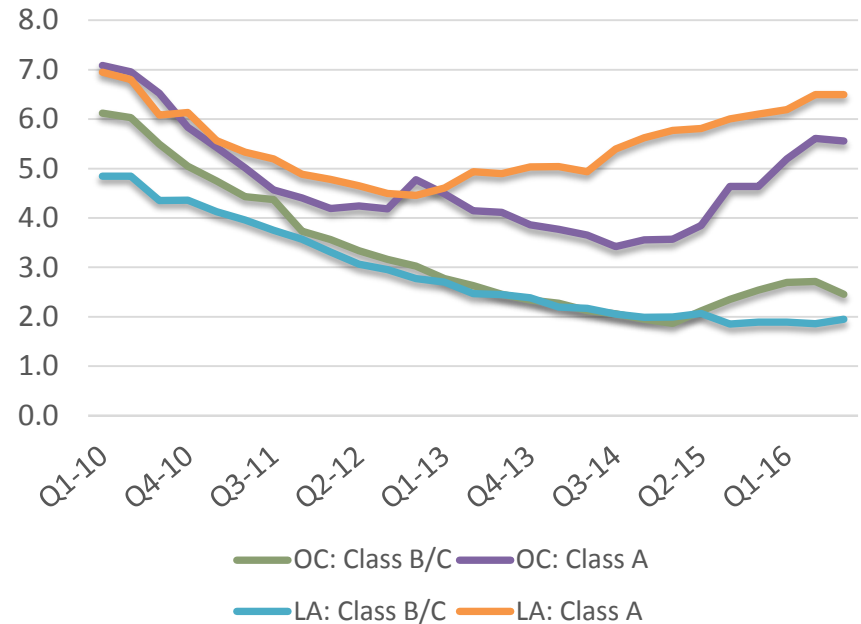
County	Median Price	YoY Growth (%)
Monterey	517,400	13.7
San Luis Obispo	537,200	8.1
Inland Empire	306,400	8.0
San Diego	536,400	6.0
San Francisco	1,221,500	5.8
Orange County	696,200	3.7
South Bay	919,000	2.3
Santa Barbara	461,600	-4.1
Los Angeles	542,600	6.9

Apartments

Share Renters with > 30% of Income on Rent

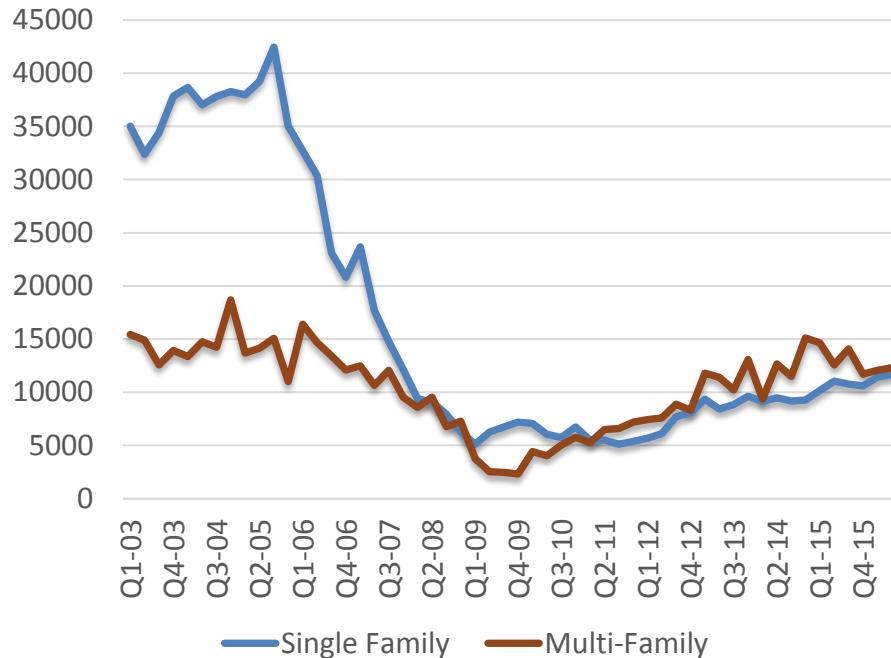
	2010	2014
Los Angeles	59.2%	60.1%
Riverside	62.7%	59.8%
Santa Barbara	56.7%	58.4%
Fresno	57.0%	58.3%
Orange	58.3%	58.0%
San Diego	58.8%	56.7%
Sacramento	58.7%	54.5%
Alameda	53.7%	51.4%
Santa Clara	47.7%	49.2%
San Francisco	46.2%	42.5%

Apartment Vacancy Rates (SA)



State Housing

State Residential Permits (Units)

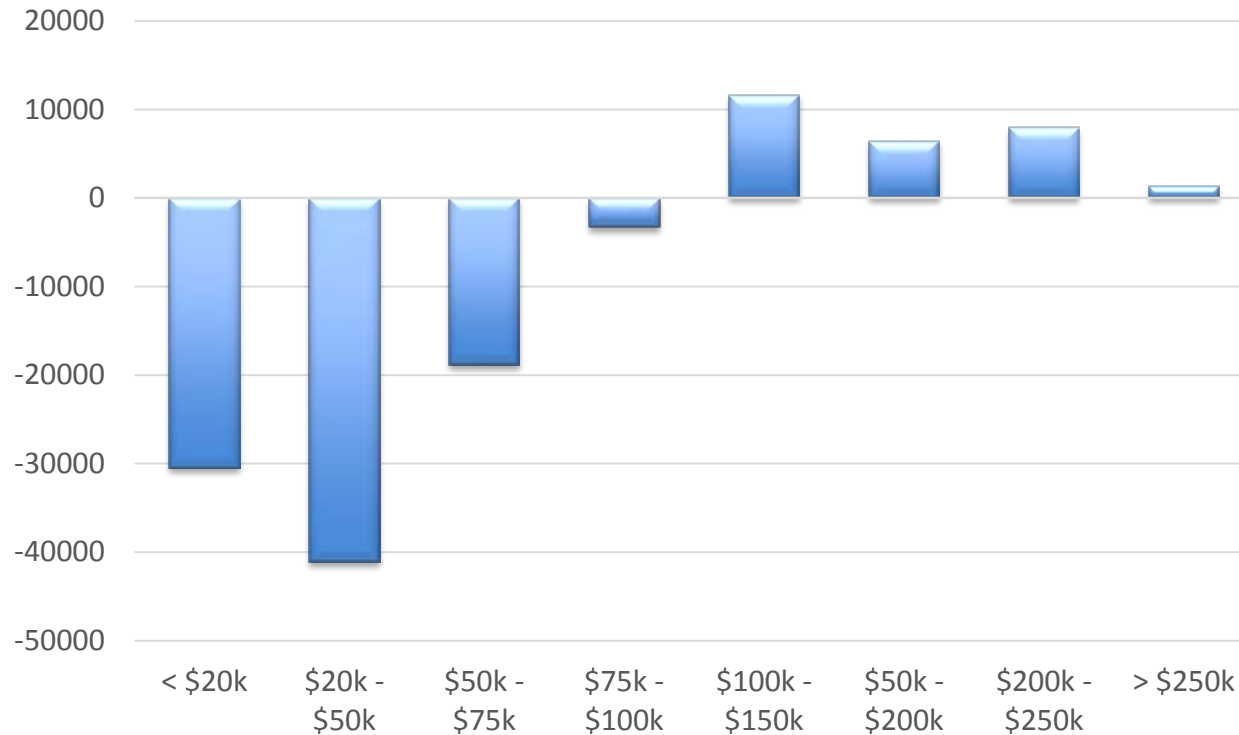


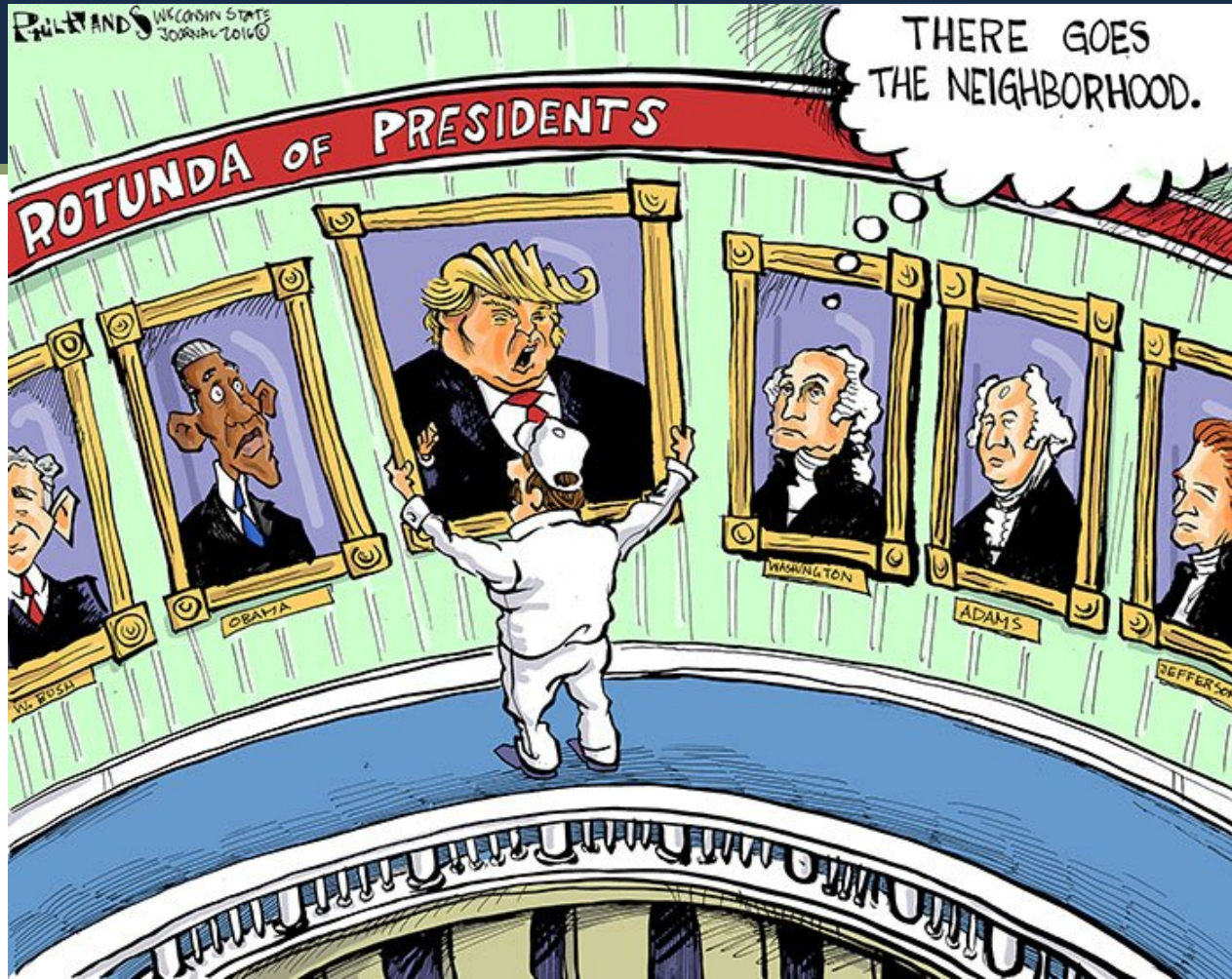
New Pop / Permits

California	4.1	Tulare	4.0
Ventura	6.8	Los Angeles	4.0
Contra Costa	6.6	Fresno	4.0
Sonoma	6.1	San Mateo	3.4
Alameda	5.9	Kern	3.0
Santa Barbara	5.3	Santa Clara	3.0
San Bernardino	5.0	Orange	2.8
Solano	4.6	Placer	2.1
Riverside	4.5	San Francisco	2.1
San Diego	4.2	Sacramento	0.7

Country Club California

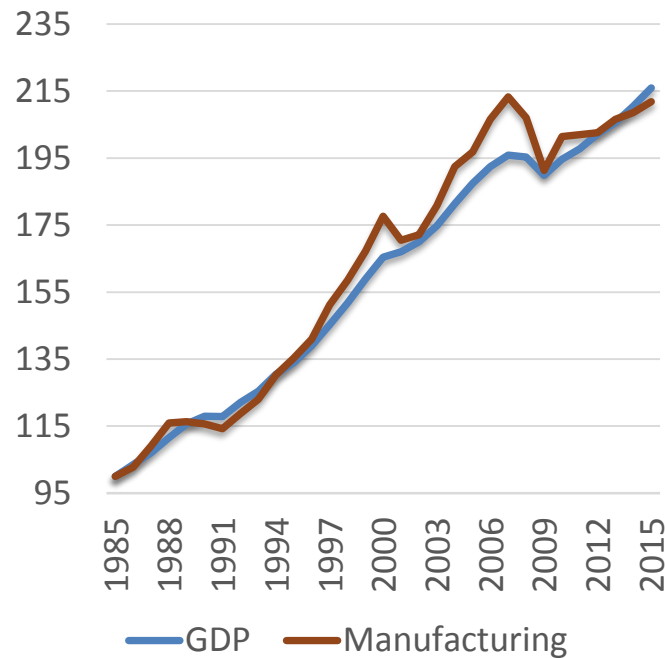
Domestic Net Migration by Income





US Manufacturing Output

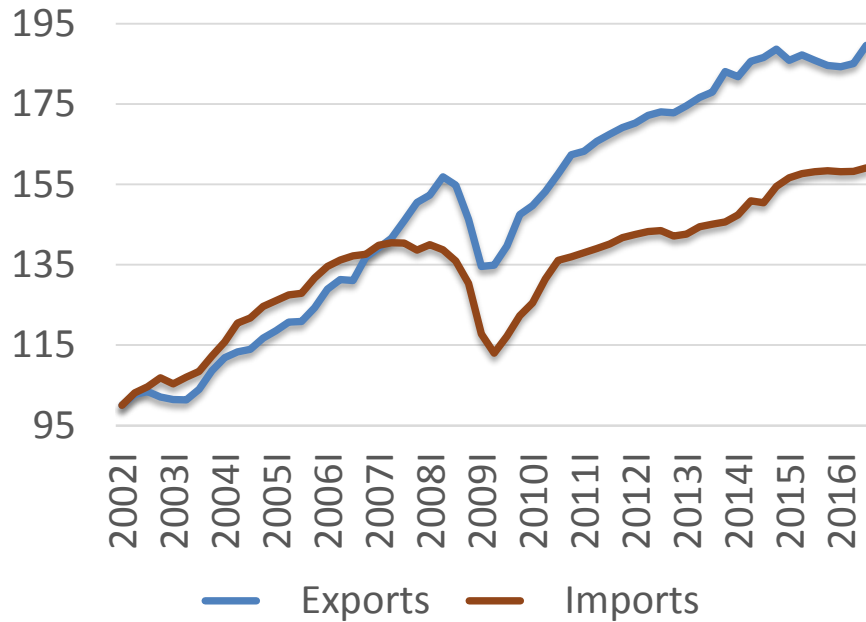
Real VA Output



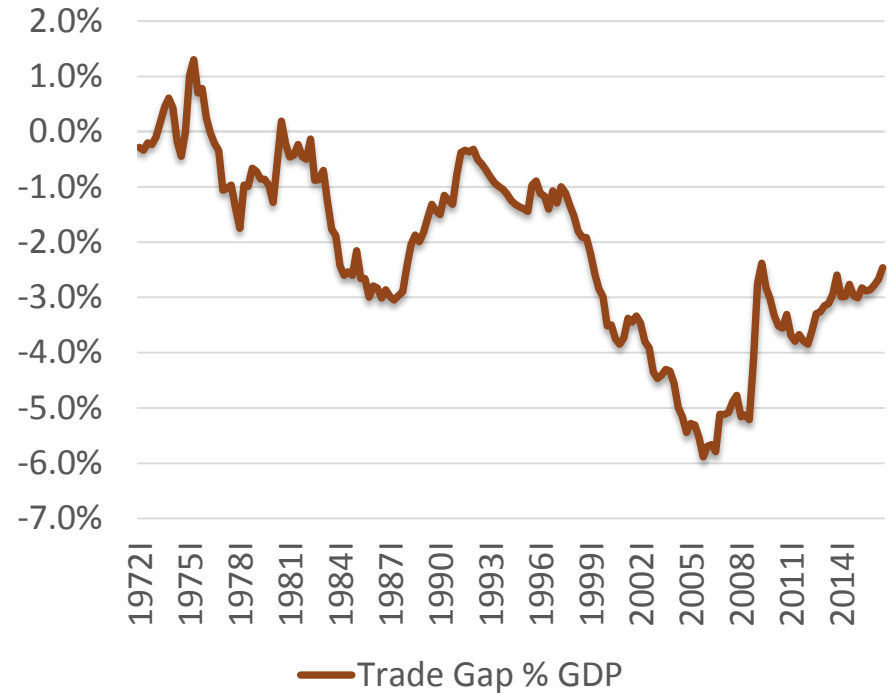
Growth in Real Output	95-15	Jobs
Petroleum Prod	126.0%	-9
Motor vehicles	78.5%	-353
Primary metals	43.9%	-240
Other transportation	33.6%	-111
Chemical products	28.1%	-160
Electrical eq	-3.1%	-205
Fabricated metal	-3.7%	-287
Printing	-5.6%	-372
Food and beverage	-9.3%	40
Wood products	-9.8%	-240
Furniture	-19.9%	-271
Paper	-28.1%	-258
Textile mills	-46.4%	-396
Apparel	-62.6%	-527

Trade Indicators

Real Imports and Exports (Index 2002=100)



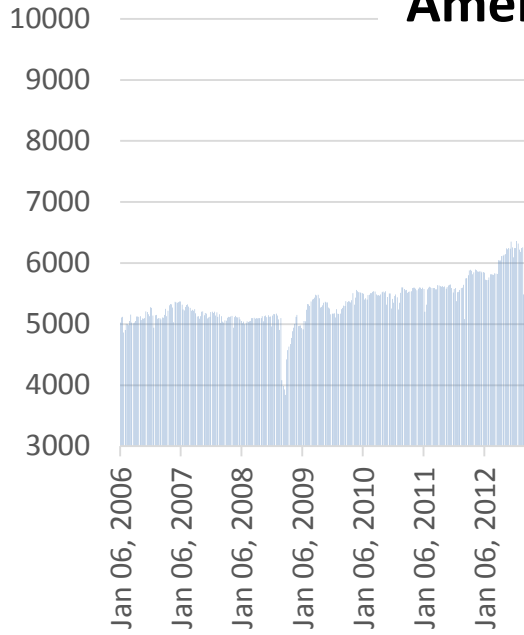
Nominal Trade Flows as % GDP



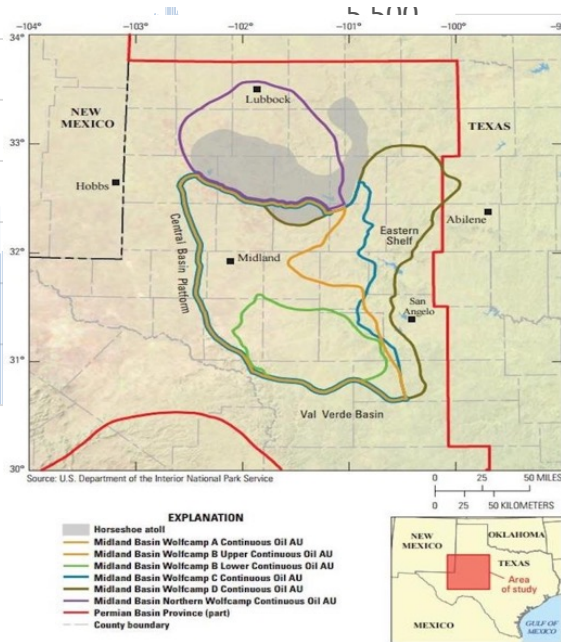
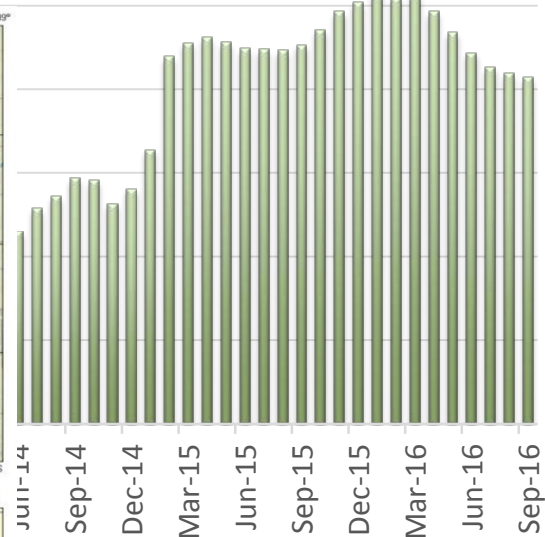
The Energy Sector

The largest oil deposit ever found in America was just discovered in Texas

Daily Oil Production
Sept



Wells



Dodd-Frank and Banking

Y-o-Y Growth Bank Balance Sheets

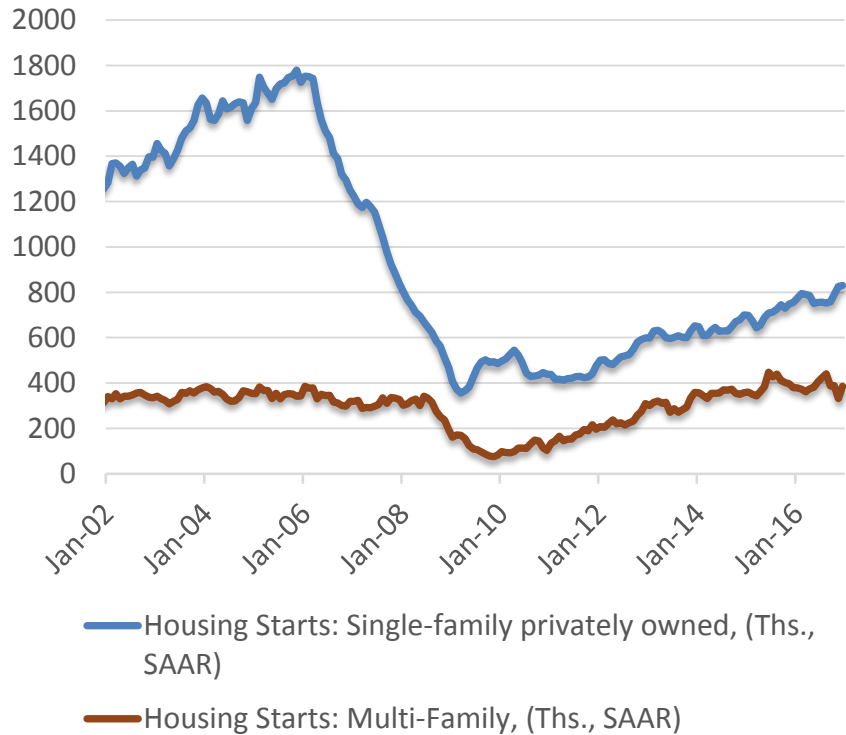


Finance Profits: Share of National Income

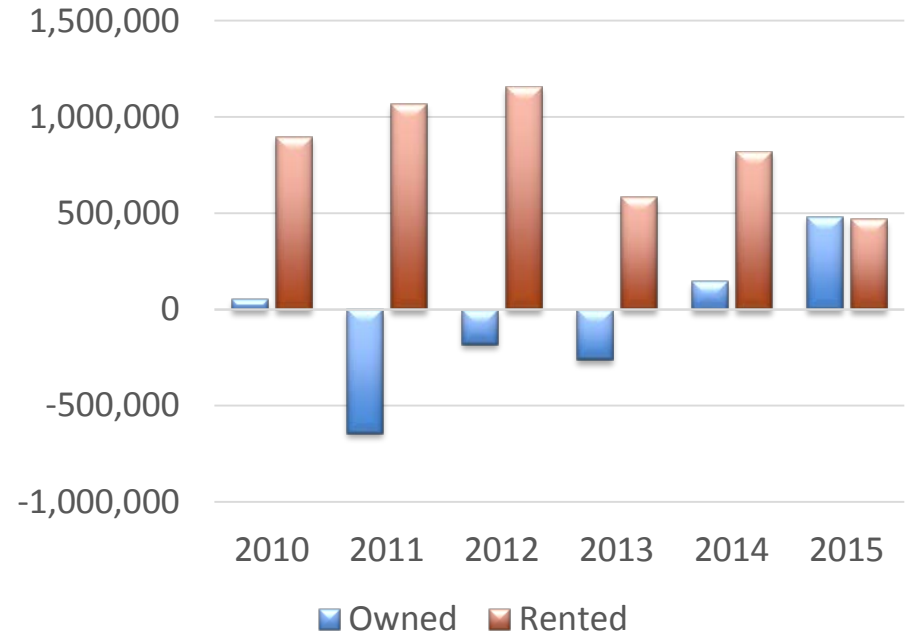


Housing Construction

Residential Starts

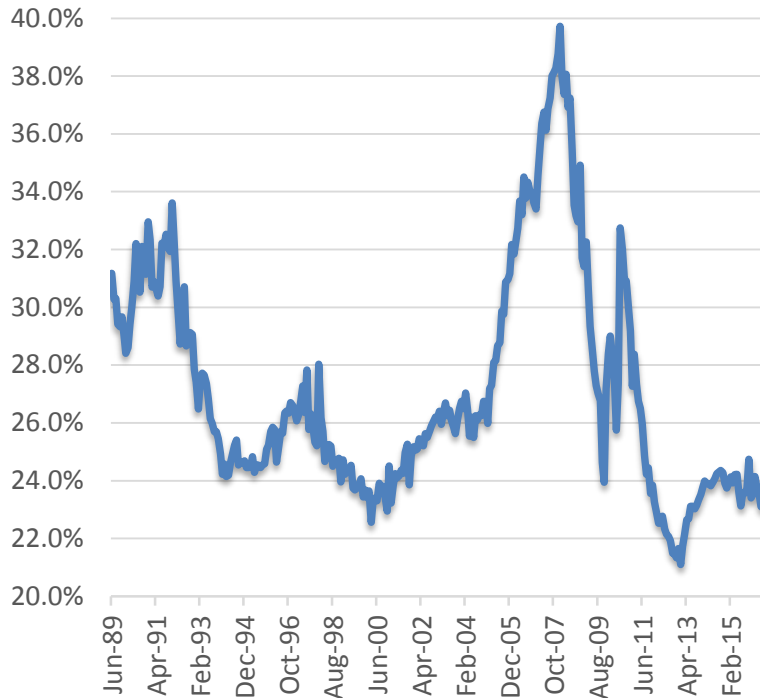


Change in US Households by Tenure from Previous Year (ACS)

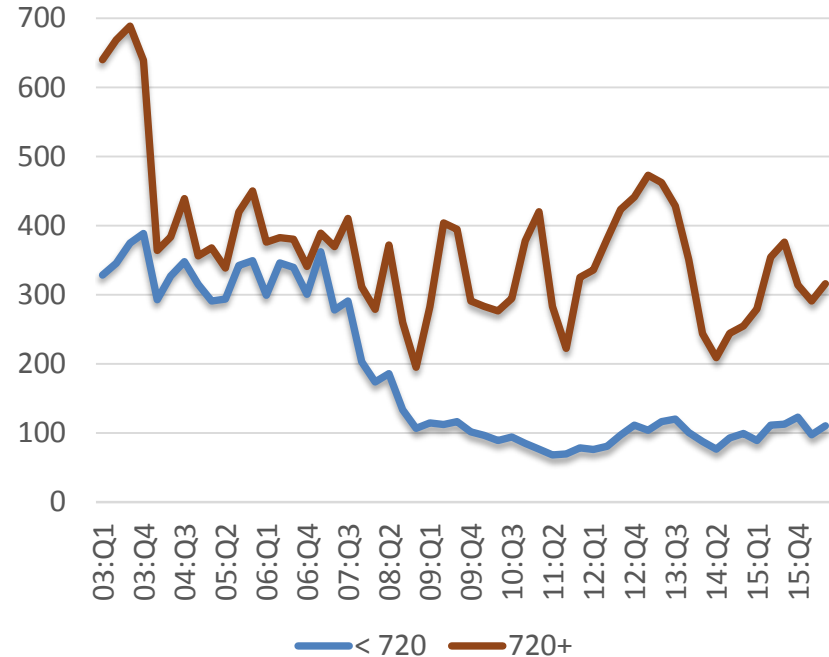


Housing Markets

Affordability: Median Price for Median HH, Tax Adjustment, DPI



Mortgage Credit Origination by Credit Score

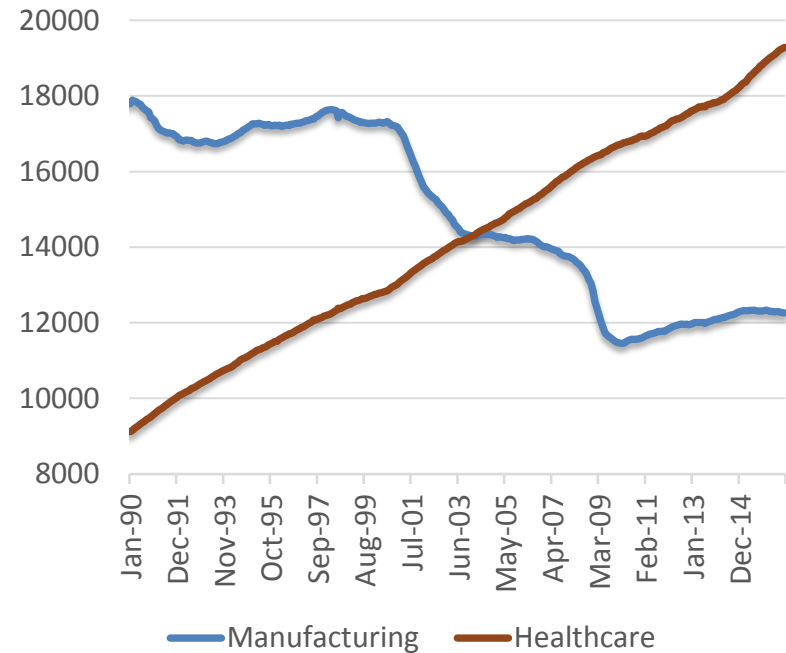


The Future of Obama-care?

US Population Insurance Status

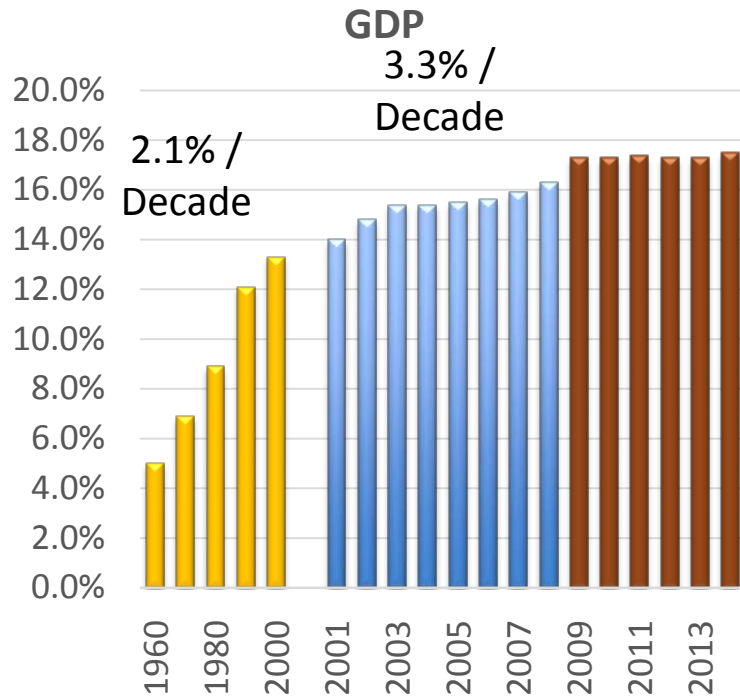
		2015	09-15 Change
65+	Public	44,731	7,913
	Private	1,314	558
	Uninsured	392	34
Total	Public	117,107	21,831
	Private	169,586	9,055
	Uninsured	29,758	-15,907

Employment by Sector



The Healthcare Crisis

National Health Spending %



Per Capita Healthcare Spending

2015, PPP Adjusted

USA	\$9,402	France	\$5,428
Norway	\$7,832	Canada	\$5,421
Switzerland	\$7,300	Belgium	\$5,340
Sweden	\$6,285	Australia	\$4,873
Netherlands	\$6,209	Finland	\$4,467
Germany	\$6,204	Japan	\$4,255
Austria	\$6,143	UK	\$3,717

Social Insurance

Population Growth Projections

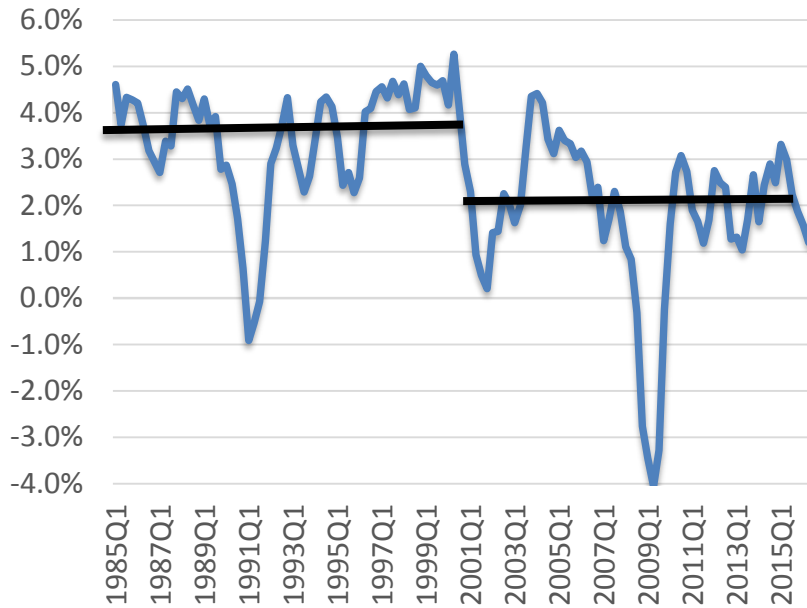
	2015	2015-2025		2025-2035	
Total	321,369	25,966	8.1%	23,003	6.6%
<18 years	73,635	1,380	1.9%	2,431	3.2%
18 to 24	31,214	(478)	-1.5%	154	0.5%
25 to 44	84,657	8,772	10.4%	3,552	3.8%
45 to 64	84,032	(1,797)	-2.1%	3,553	4.3%
65 years+	47,830	18,090	37.8%	13,313	20.2%
85 years+	6,304	1,178	18.7%	4,427	59.2%

Medicare Spending Projections

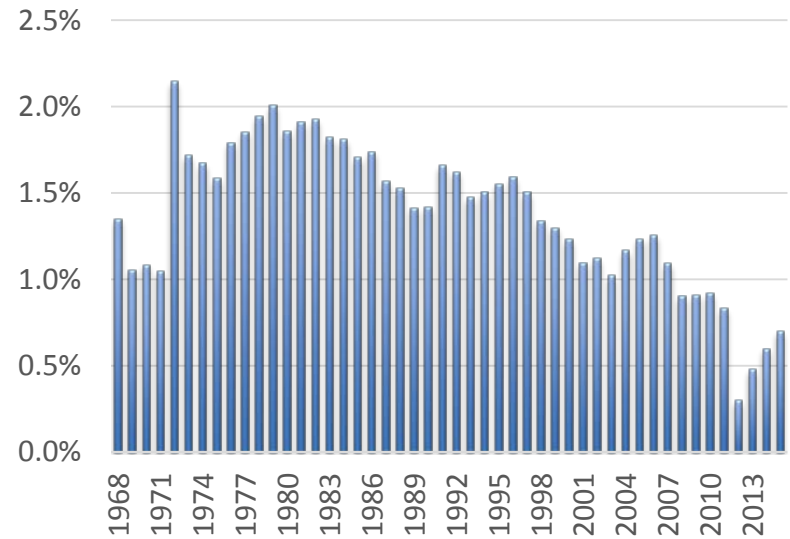
	Pop 65+	Fed M. Spending / Senior
1995	33,767	\$5,461
2015	47,761	\$13,531
2035*	78,761	\$43,395
	Spending Share of GDP	Spending Share Federal Rev
1995	2.4%	13.0%
2015	3.6%	18.7%
2035*	7.9%	41.0%

Secular Stagnation?

Real GDP Growth Y-o-Y

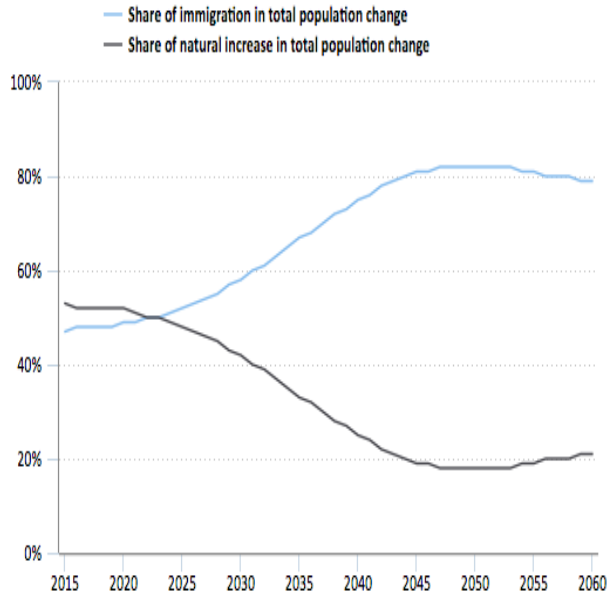


Growth Working Age Adults



Immigration

Projected share of natural increase of population and immigration in total population change

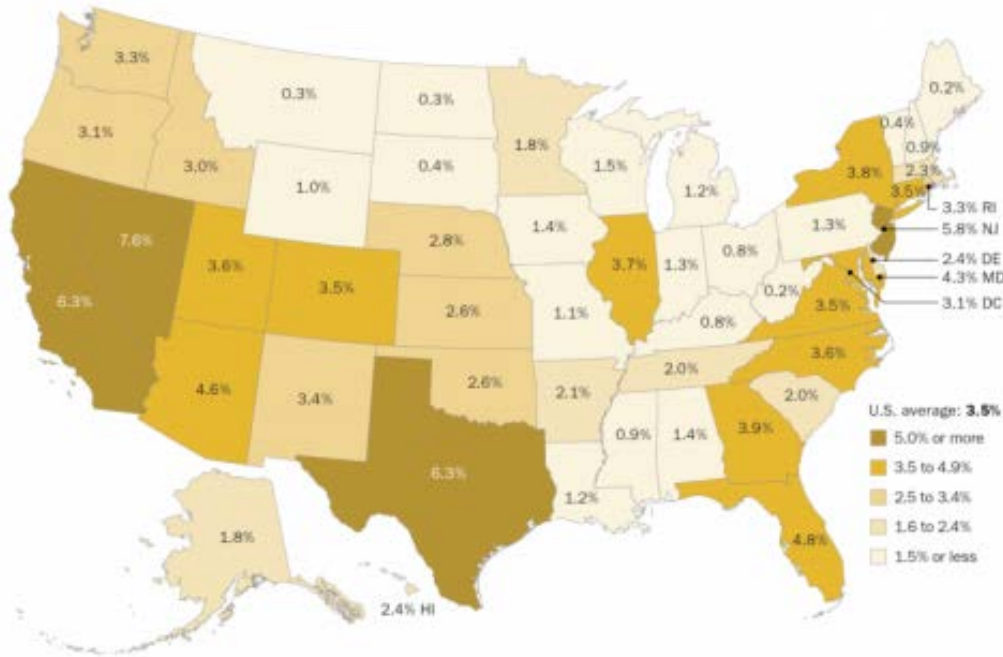


Share Foreign Born by State

California	39.1	27.3%	Minnesota	5.5	8.3%
New York	19.8	22.9%	North Carolina	10.0	7.9%
New Jersey	9.0	22.1%	Michigan	9.9	6.6%
Florida	20.3	20.2%	Pennsylvania	12.8	6.5%
Texas	27.5	17.0%	Oklahoma	3.9	6.0%
Massachusetts	6.8	16.1%	Tennessee	6.6	5.0%
Maryland	6.0	15.2%	Indiana	6.6	4.9%
Connecticut	3.6	14.5%	Wisconsin	5.8	4.8%
Illinois	12.9	14.2%	Iowa	3.1	4.8%
Washington	7.2	13.7%	South Carolina	4.9	4.8%
Arizona	6.8	13.4%	Ohio	11.6	4.3%
Virginia	8.4	12.2%	Missouri	6.1	4.0%
Georgia	10.2	10.0%	Louisiana	4.7	4.0%
Oregon	4.0	9.9%	Kentucky	4.4	3.6%
Colorado	5.5	9.8%	Alabama	4.9	3.5%

Direct Issues

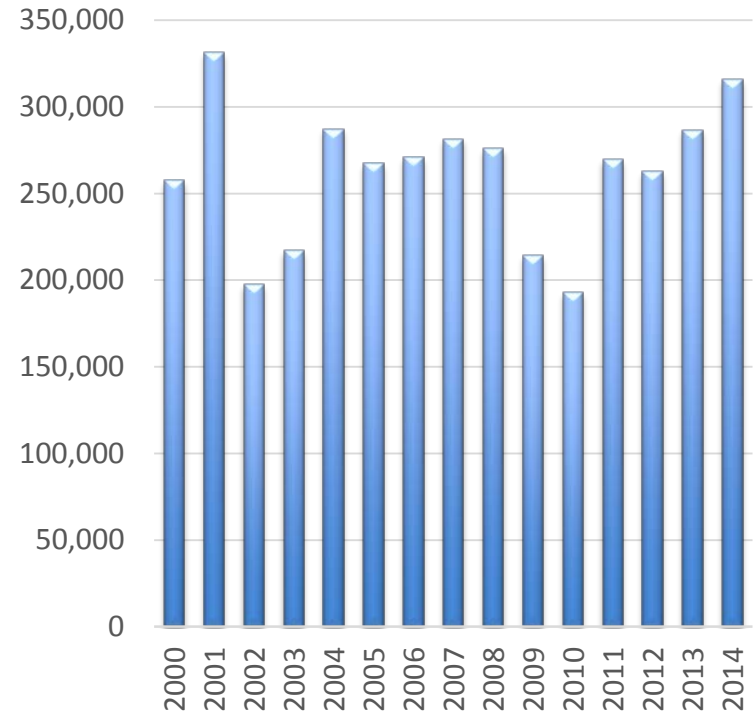
Unauthorized Immigrant Share of Population, by State, 2012



Note: Percentages calculated from unrounded numbers.

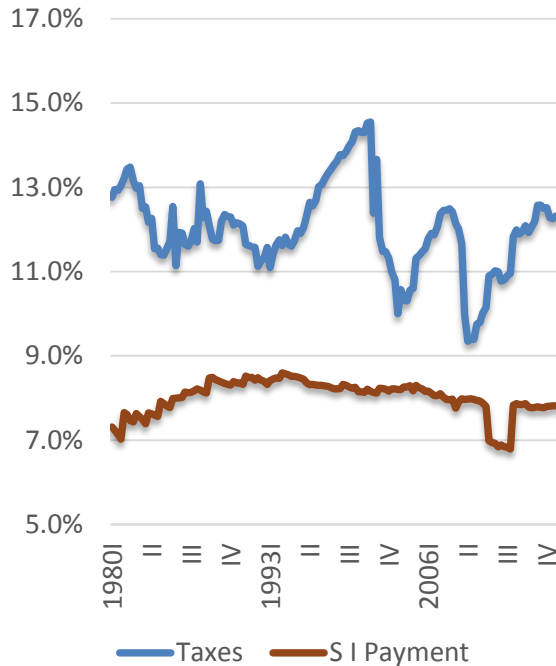
Source: Pew Research Center estimates for 2012 based on augmented American Community Survey data from Integrated Public Use Microdata Series (IPUMS)

H-1B Visa Acceptance Number by Year (New and Renew)

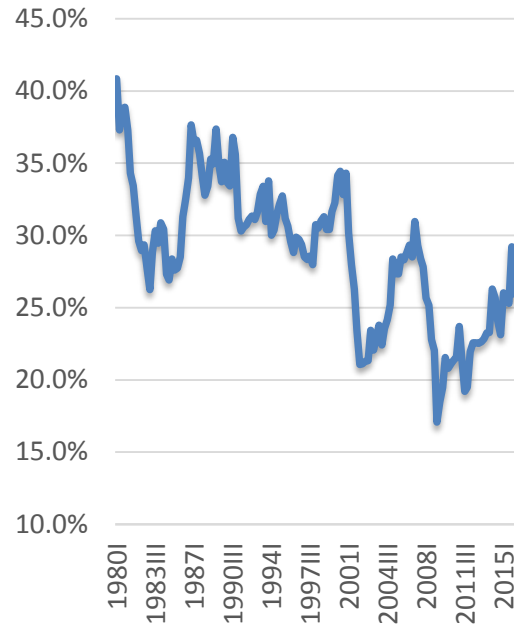


US Taxes

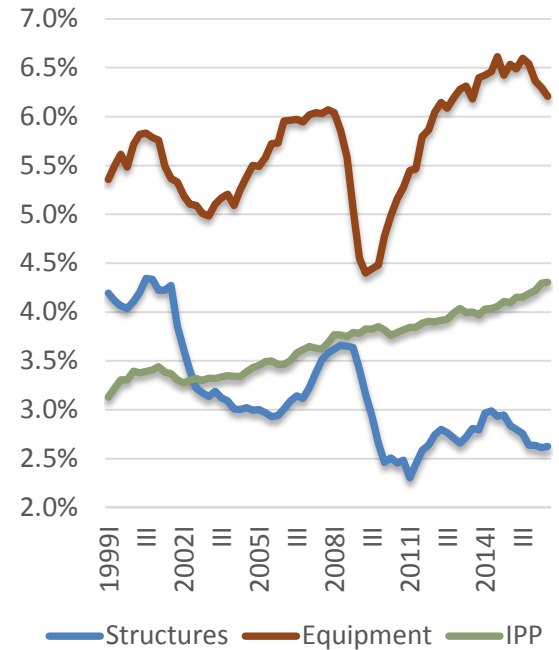
Income Taxes Share of Income



Corporate Effective Tax Rate State and Federal

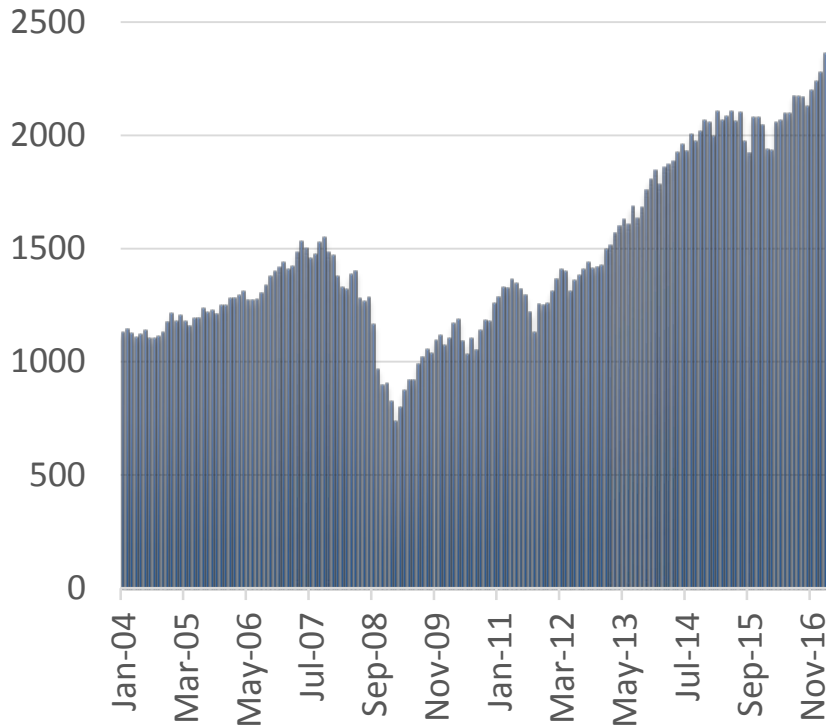


Investment (Real) Share of GDP

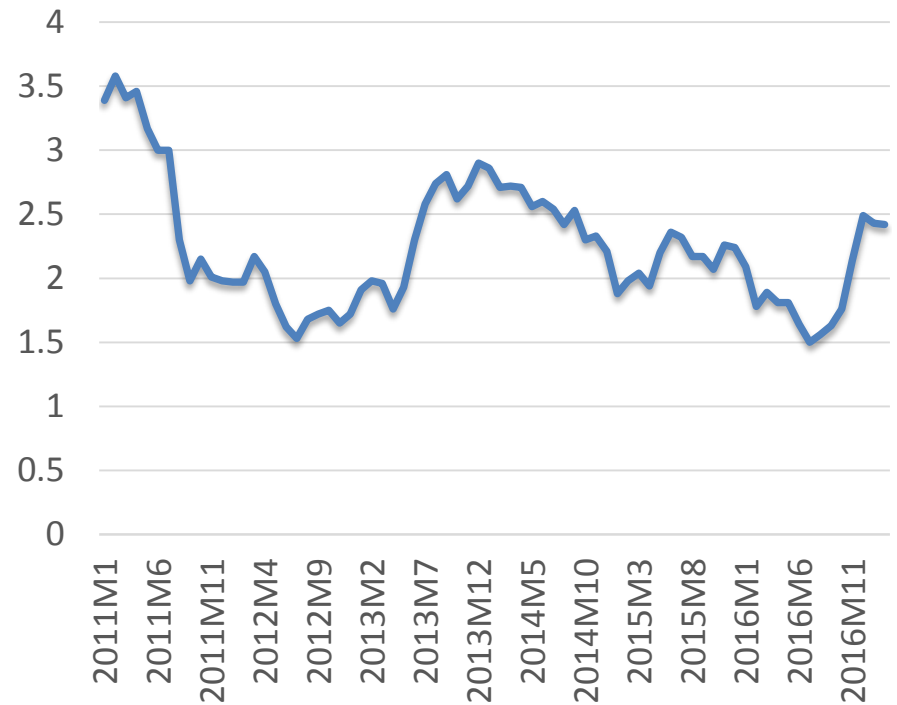


Asset Price Shifts

S&P 500

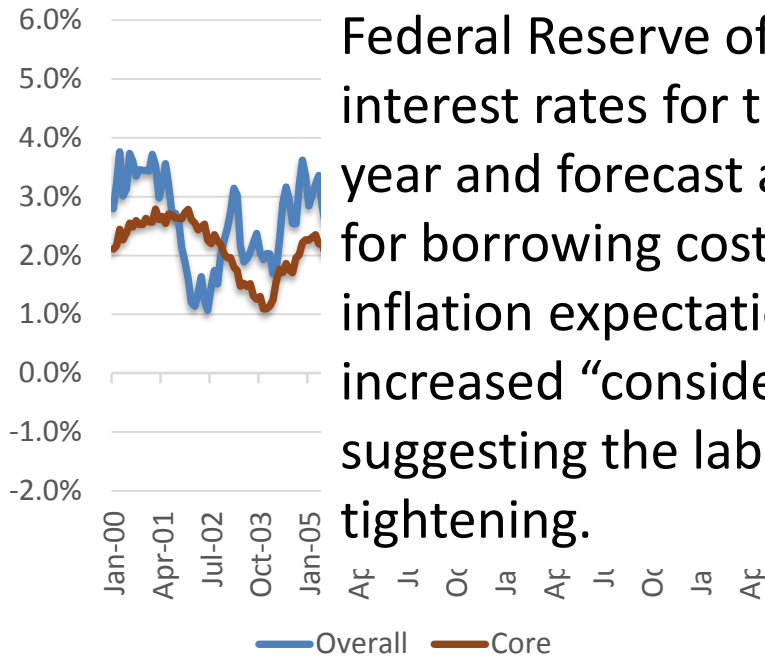


10 Year Bond Rates



Inflation / Money

CP December 14, 2016, 11:00 AM PST
 Federal Reserve officials raised interest rates for the first time this year and forecast a steeper path for borrowing costs in 2017, saying inflation expectations have increased “considerably” and suggesting the labor market is **tightening**.



Month Net Money Supply



The Big Picture

The Economic Outlook

- Economic Growth Outlook for 2017: 2-2.5% even with the weak first quarter
- Labor markets to remain tight, wages to put pressure on profits
- Financial markets a bit frothy, but interest rates to remain low
- Exports weak, business investment to pick up
- California to slow due to housing shortage

The Trump Factor

- **The Good**: Infrastructure, Mortgage Reform, Government Efficiency, Trade negotiations
- **The Bad**: Interest Rates, Federal Deficit, Personal Liabilities, Deregulation of Wall Street, Foreign policy, Healthcare
- **The Ugly**: The potential for a trade war, Immigration and the Environment, Entitlements, Revenge of the Left



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