

CALIFORNIA Steady Growth, but Structural Problems Remain

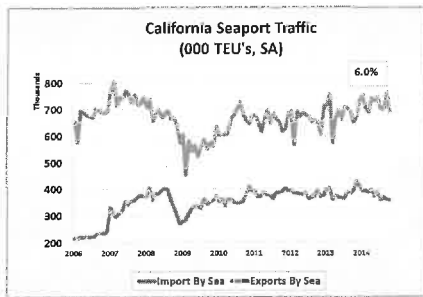
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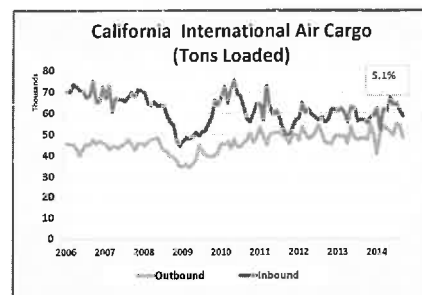
Road Map

- Recent Trends
 - Goods Movement
 - Housing
 - Employment
 - Construction and Manufacturing
- Trend Implications
- Forecast

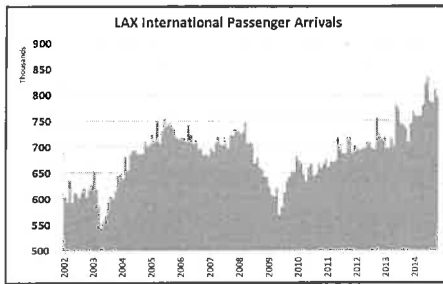
California Seaport Traffic



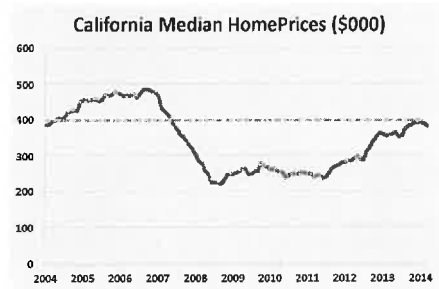
International Air Cargo



International Arrivals at Record Levels

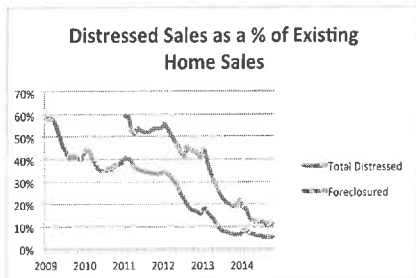


Median Prices Rise Slows

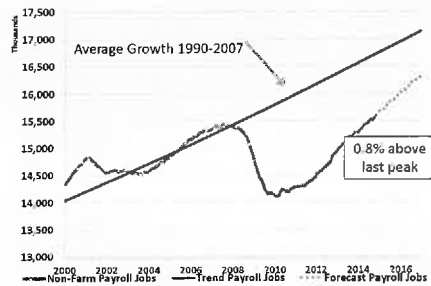


Housing Markets Normalizing

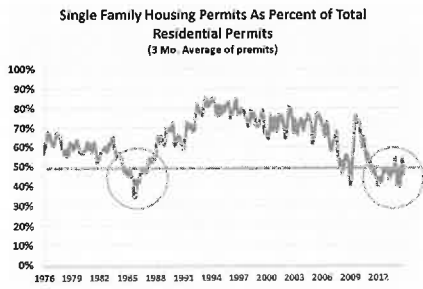
- Distressed Sales At 11% of total
- 2003/2004 at 8% of Total
- But home sales are at 58% of 2003/2004 levels
- Inventory of homes listed for sale increasing, particularly in So. CA



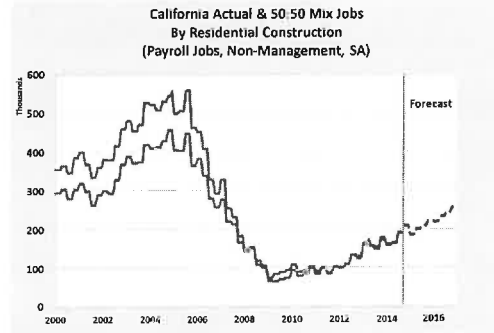
CA Jobs (Non-Farm Payroll Employment)



Housing Tastes Have Changed

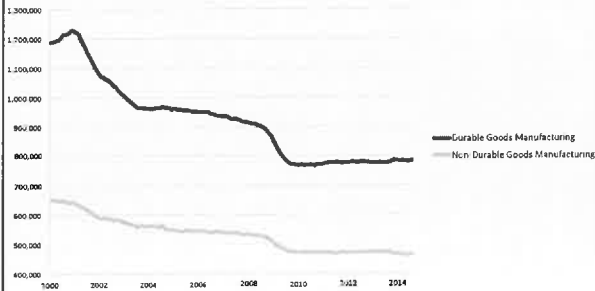


Construction

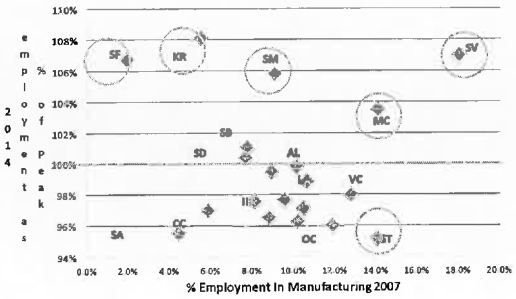


Manufacturing

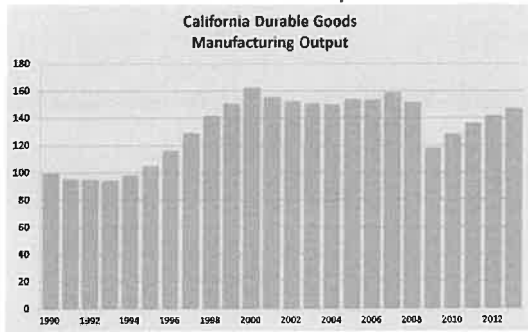
California Manufacturing Payroll Employment, SA



Manufacturing & Employment Recovery



Durable Goods Output in CA



Implications For Forecast

- California continued to improve over the last 3 months – but structural problems remain
- No indications in the data that Employment, logistics, housing, trade will do other than continue steady growth

CALIFORNIA FORECAST

	2014	2015	2016
Payroll Employment	2.2%	2.2%	2.2%
Unemployment	7.5%	6.6%	5.6%
Personal Income (real)	3.1%	4.5%	4.5%
Housing Permits (units)	80.0	101.1	121.4