

Outlook for the California Economy

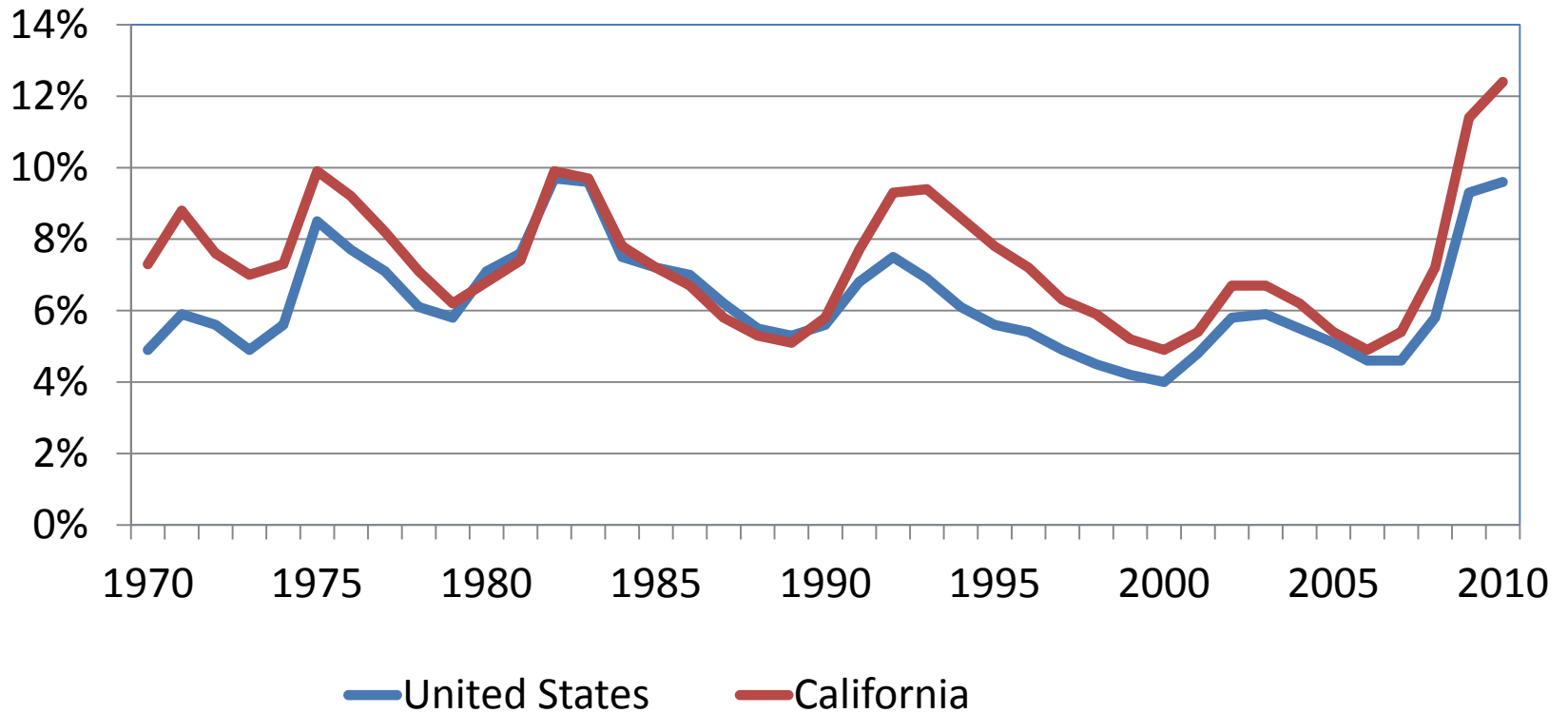
Stephen Levy, Director, CCSCE
State Compensation Insurance Fund
Board Strategic Planning Meeting
September 13, 2011

Overview

- The short-term outlook for the California economy primarily depends on U.S. trends.
- The CA economy had a deeper recession compared to the nation, primarily as a result of the construction slump.
- The CA economy is growing slowly with activity levels growing faster than jobs.
- The pace of recovery largely depends on a construction rebound and resolution (if any) of the political gridlock in the nation and CA.

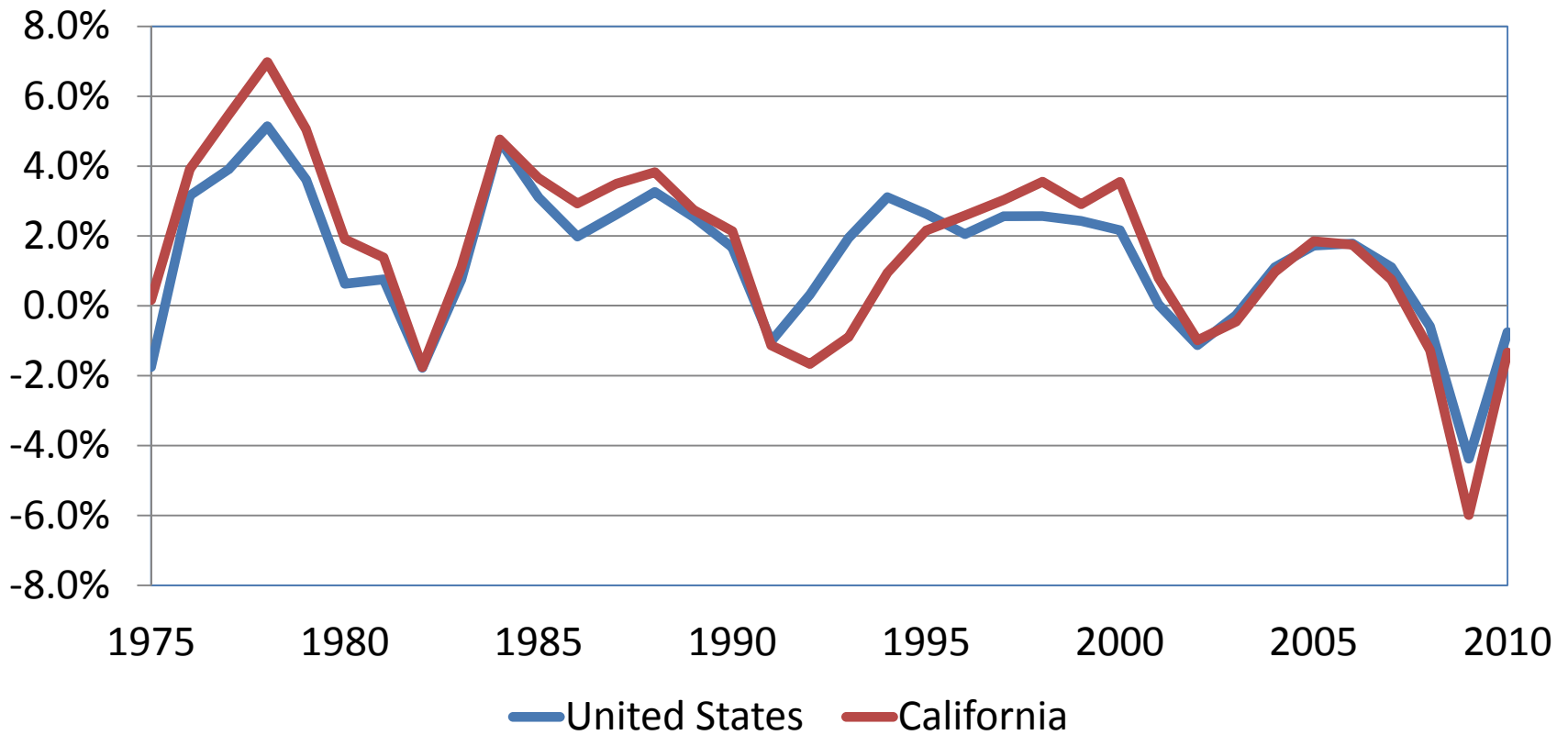
California and the Nation Move Together-1

Unemployment Rates



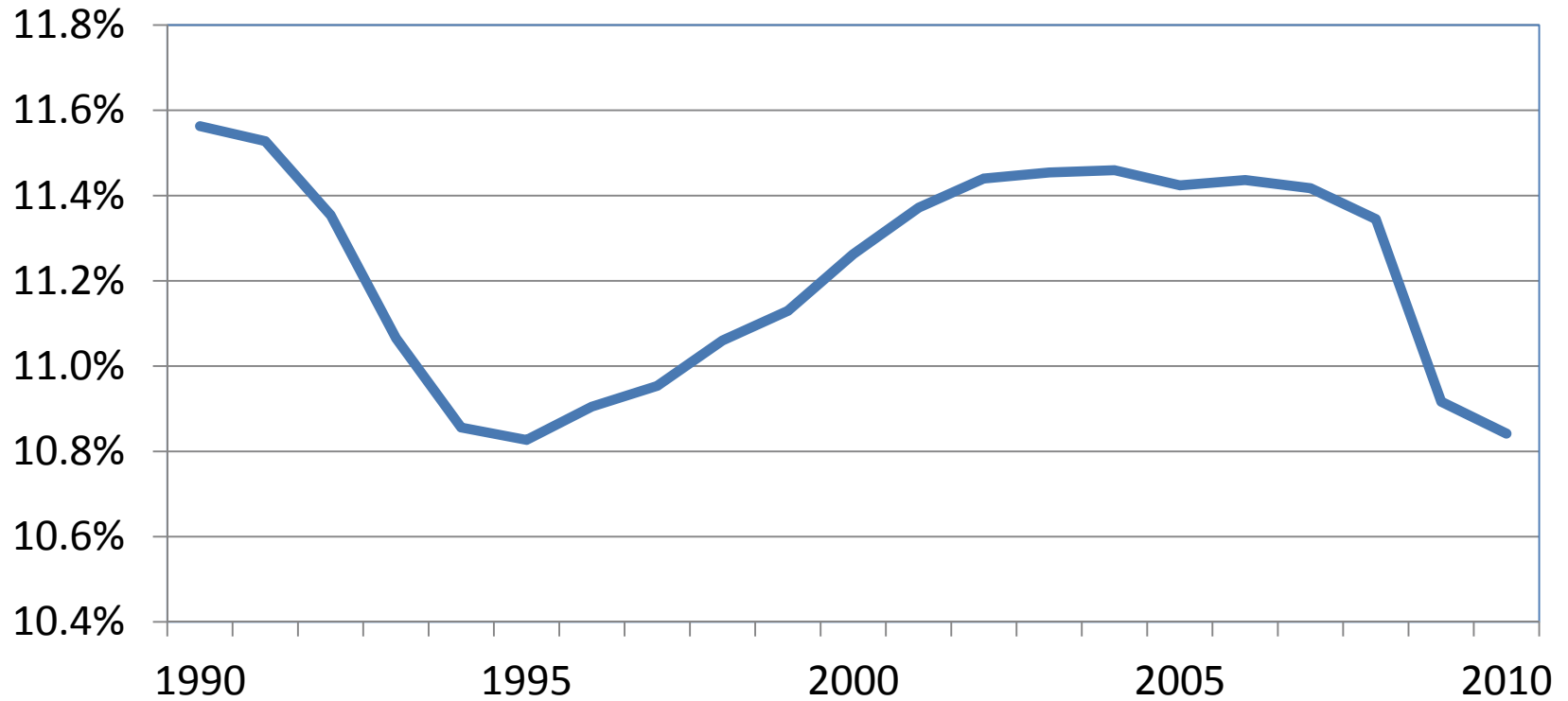
California and the Nation Move Together-2

Annual Job Growth



California Became an Average Job Growth State

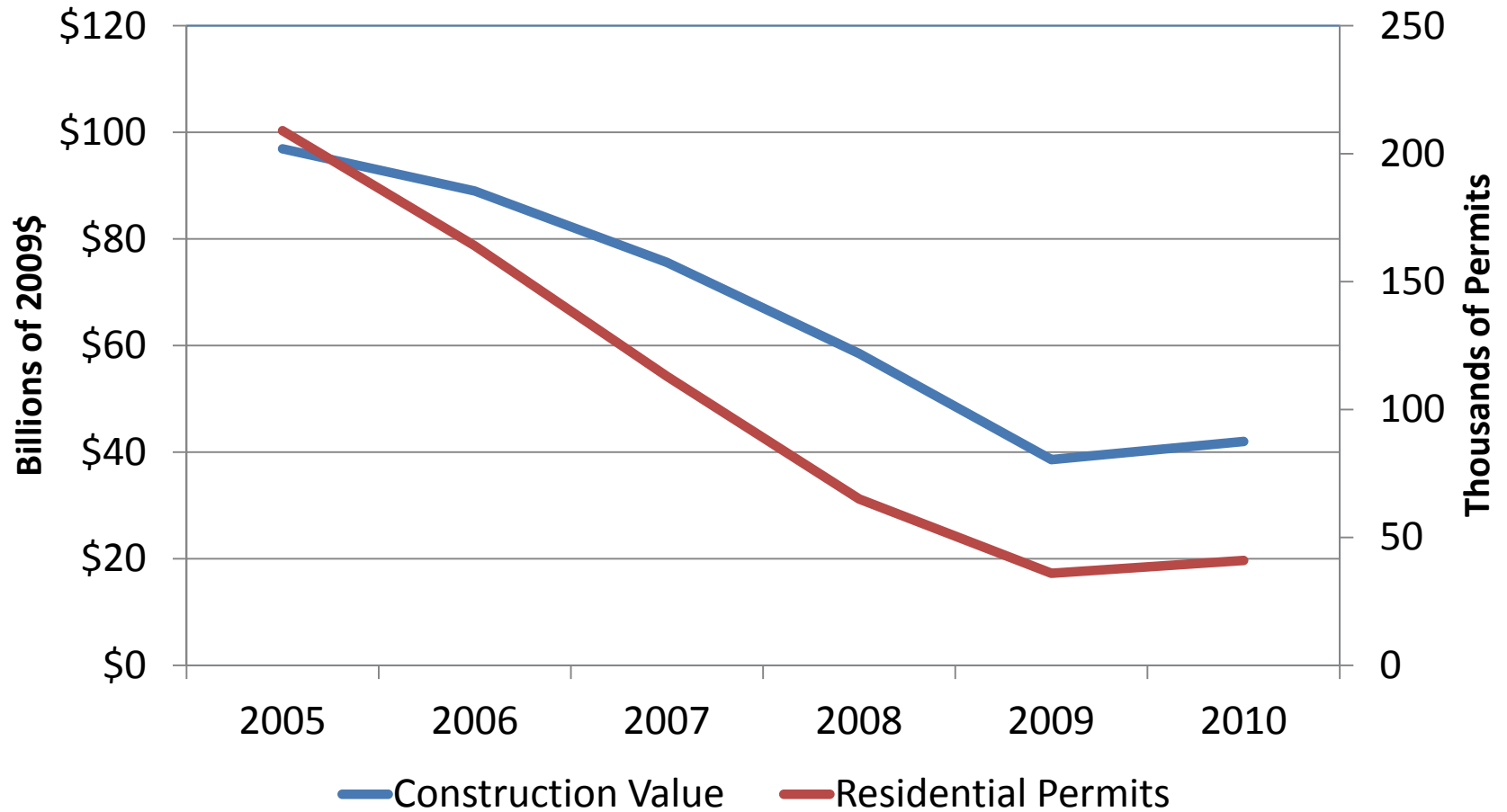
California Share of U.S. Jobs



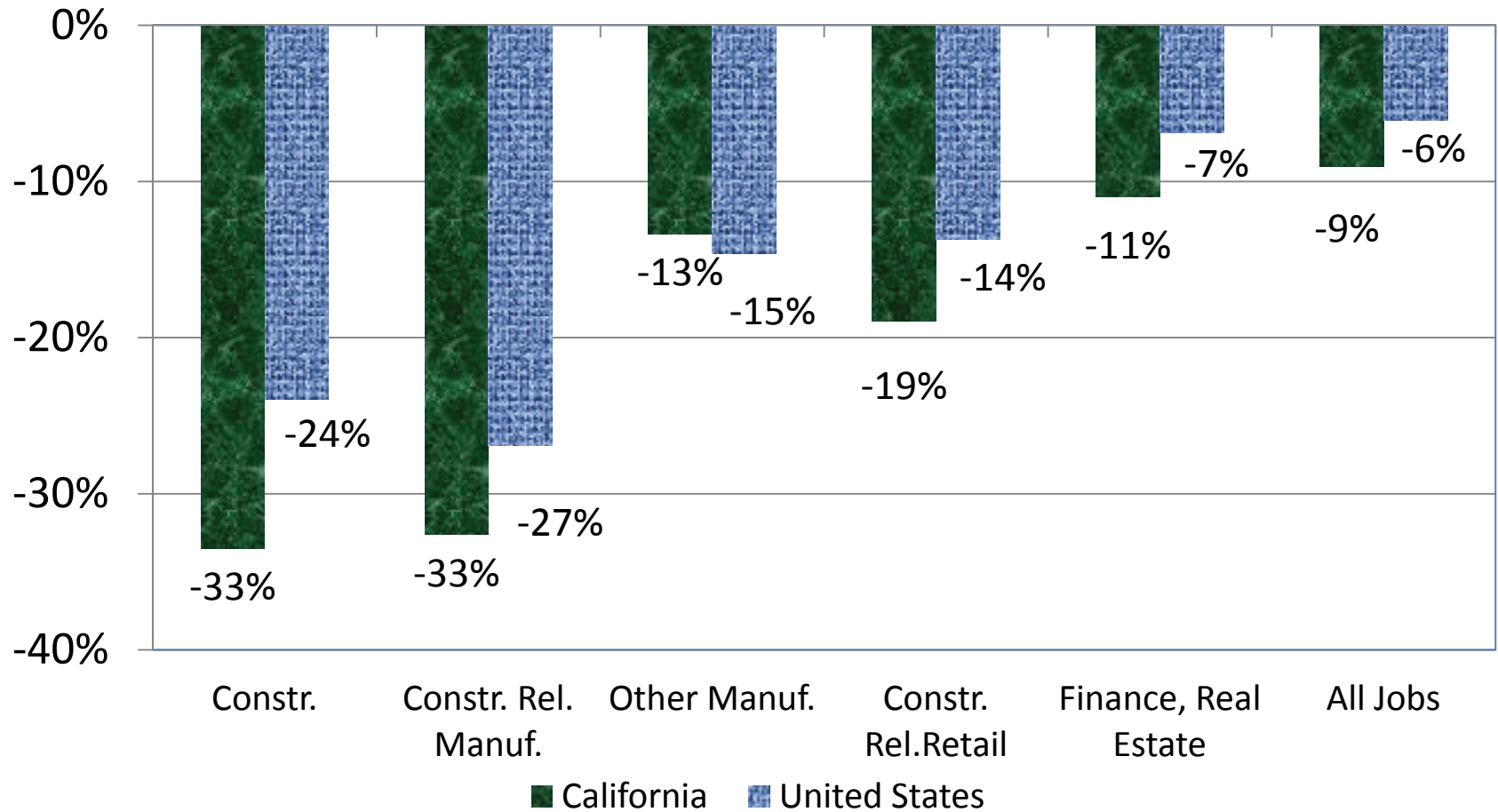
The Recent Poor Performance is Primarily the Result of Construction Declines

- California housing and construction activity slumped deeply and worse than the nation.
- Almost 600,000 lost jobs are attributable to the construction slump.
- Manufacturing job losses are everywhere but not a cause of CA's above average job losses.

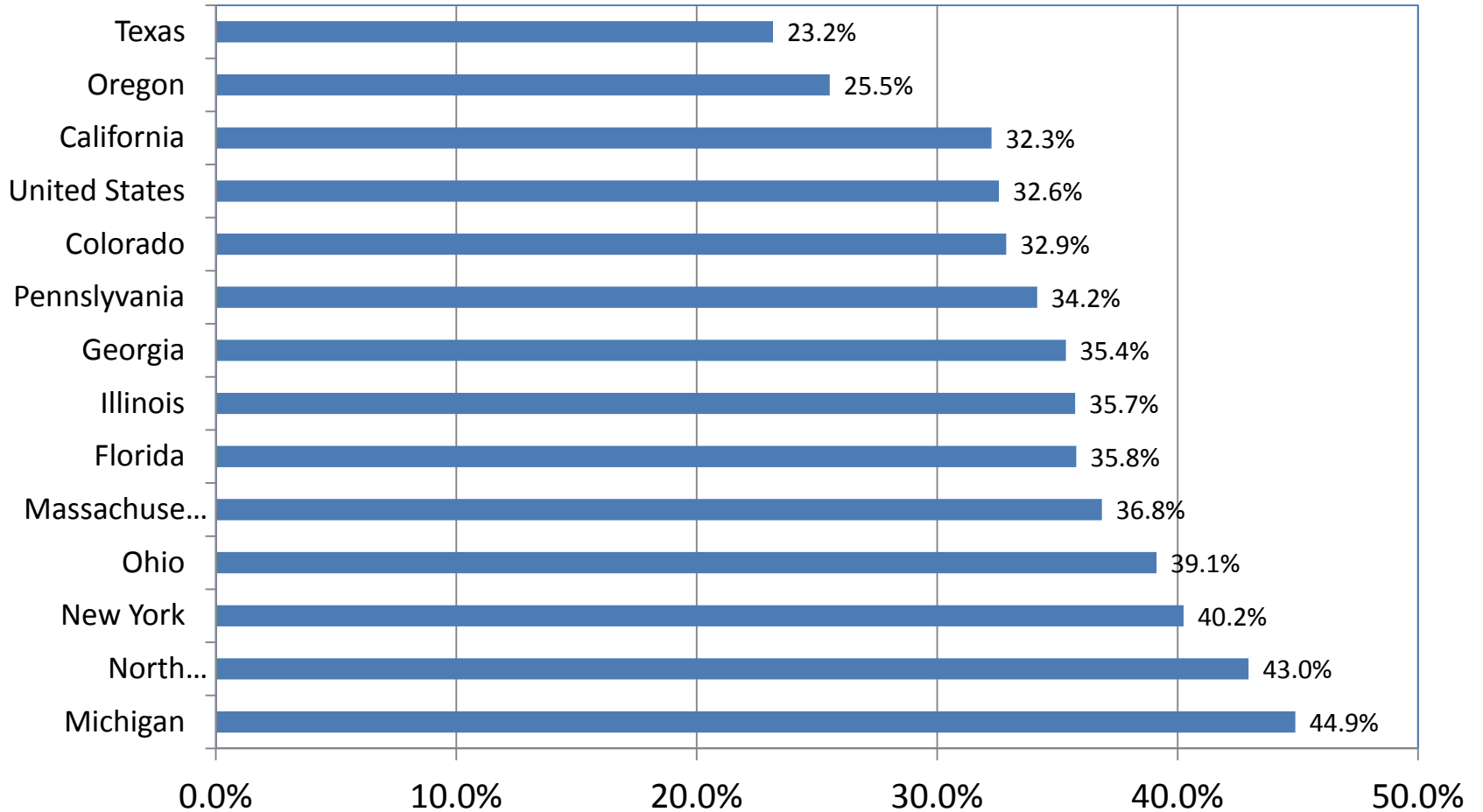
California's Sharp Construction Decline



Job Losses Dec 07-09



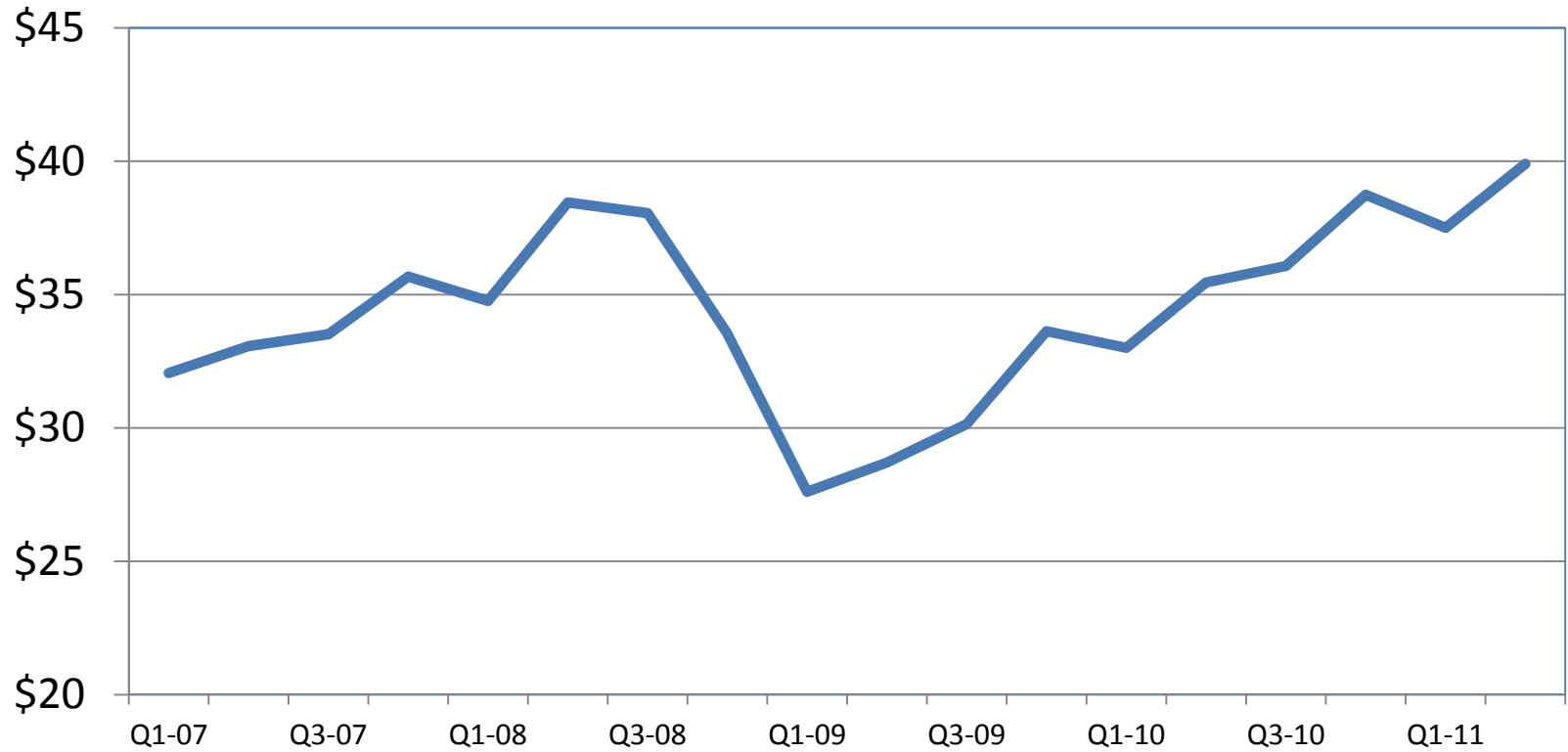
Manufacturing Jobs 2000-2011



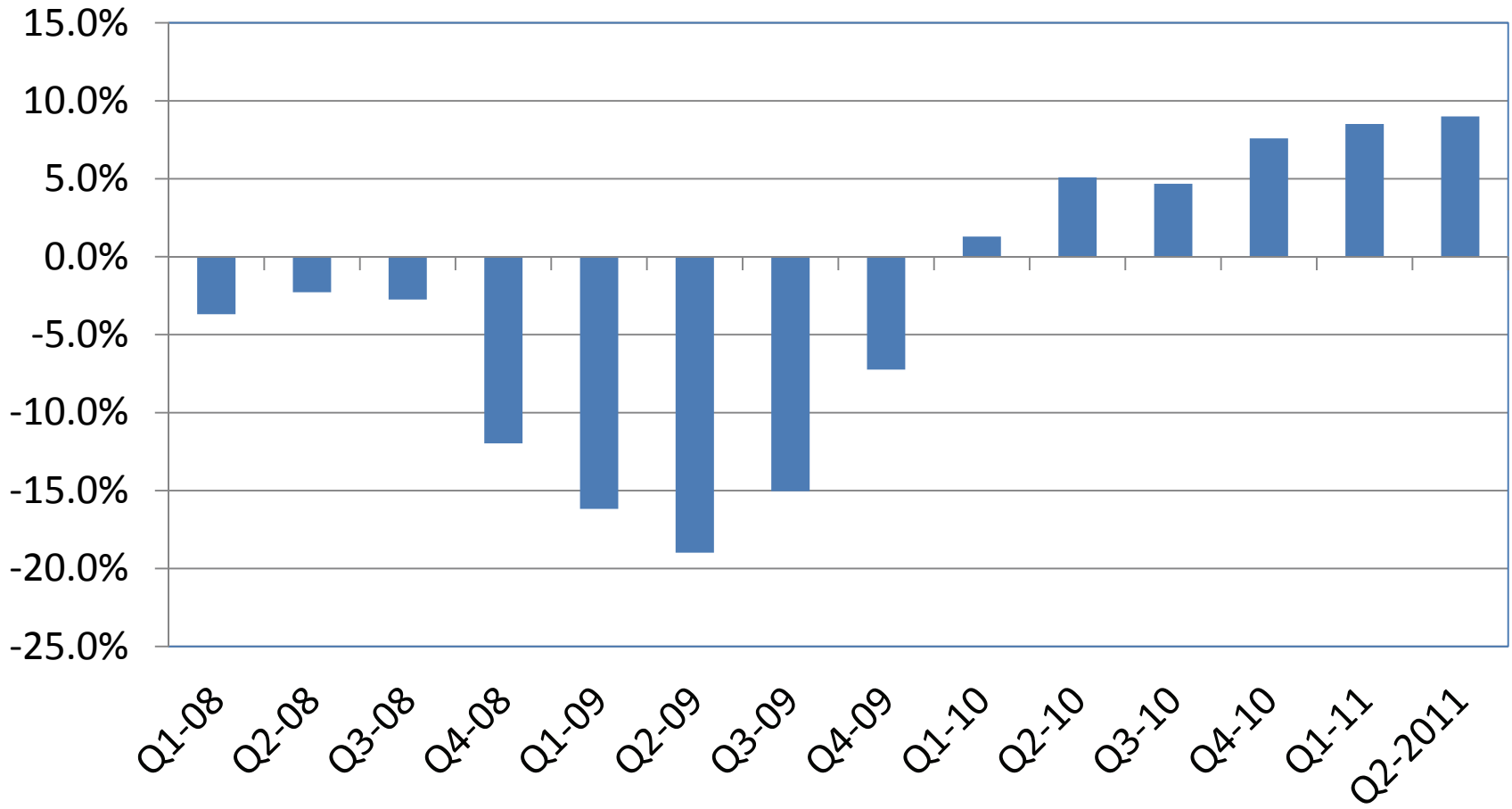
CA is Posting Some Economic Growth

- In the past 12 months, job levels grew by 1.4% in CA and 1.0% in the nation
- Exports, trade volumes, taxable sales and VC funding are showing strong rebounds—though most indicators slowed in the summer.

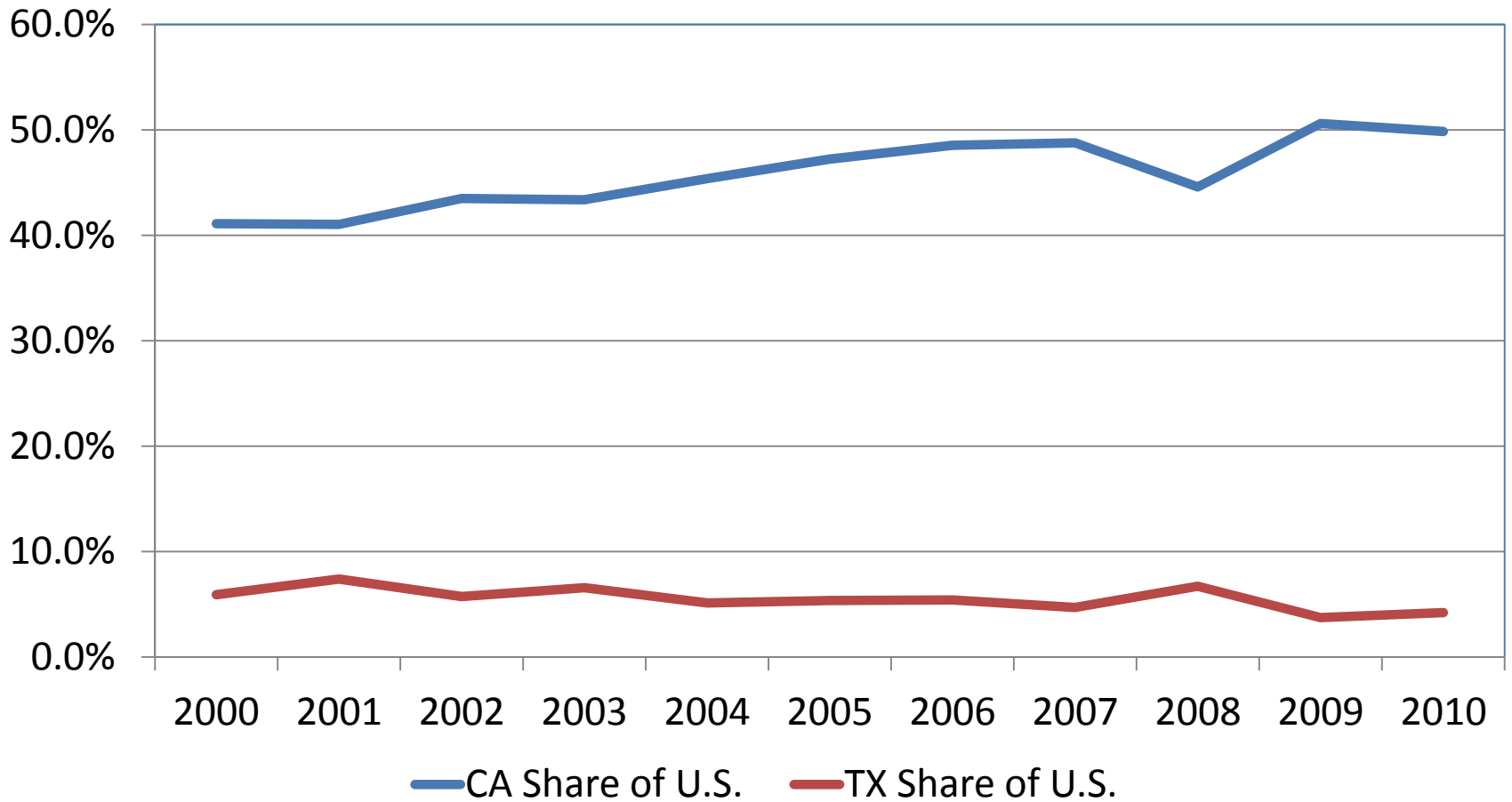
Ca Exports (\$Billions)



California Taxable Sales % Change



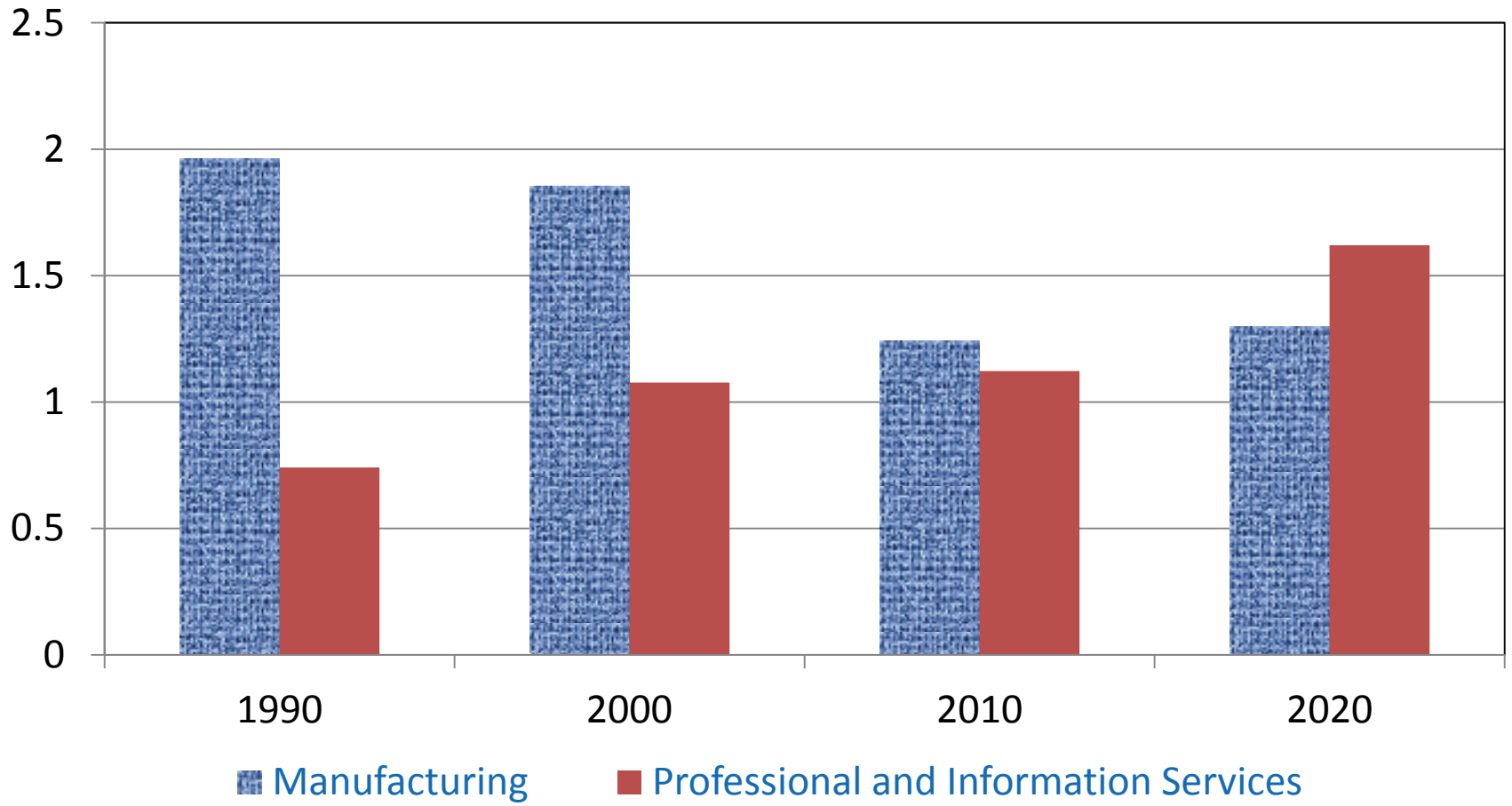
CA and Texas Share of VC Funding



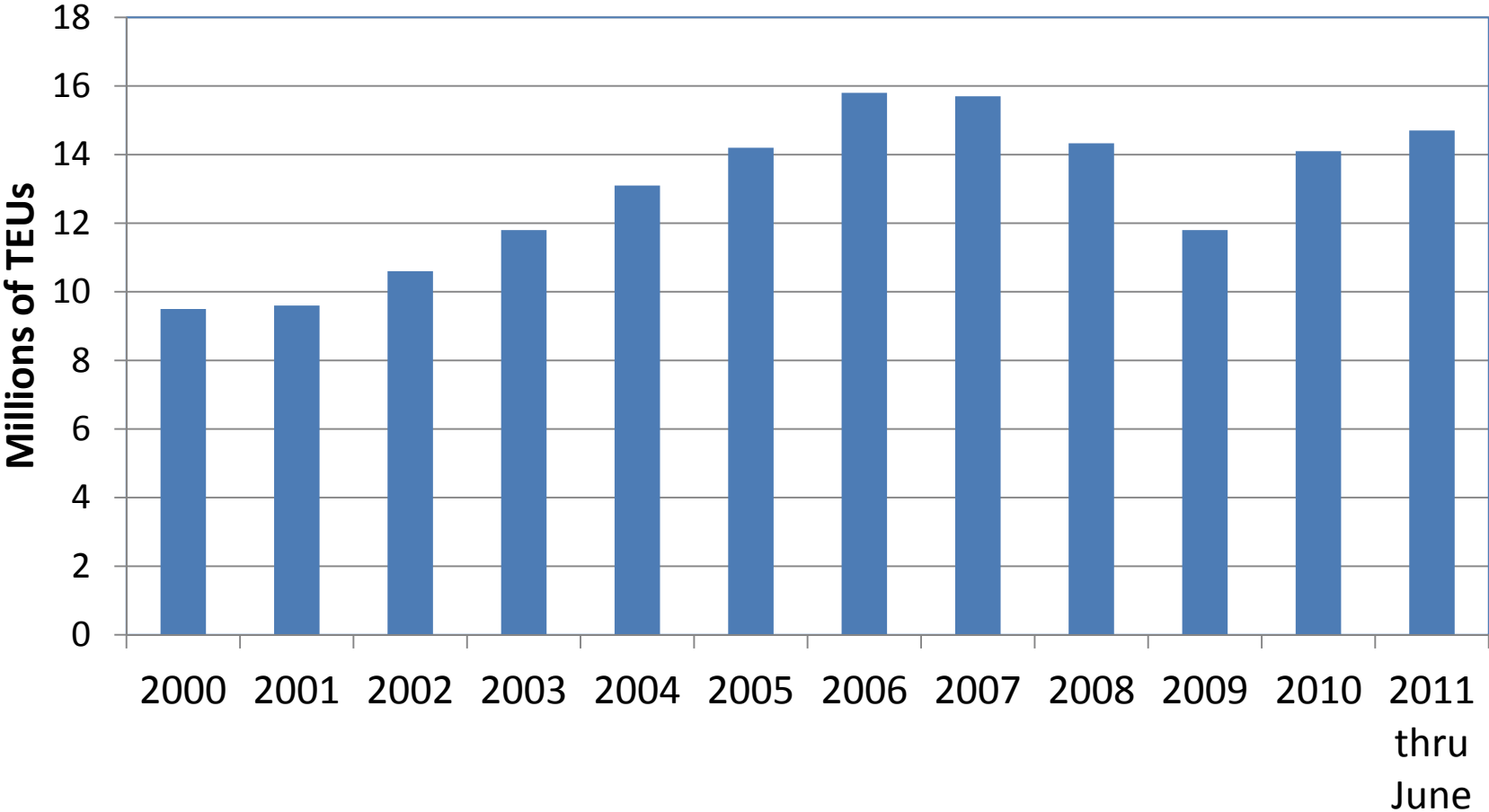
Drivers of Growth

- Most jobs in CA serve local residents and businesses.
- But the drivers of growth are those sectors that sell goods and services to customers across the nation and around the world.
- CA drivers are technology (in many dimensions), trade, tourism and entertainment and the application of creativity to developing new products and services.

Jobs in CA (Millions)

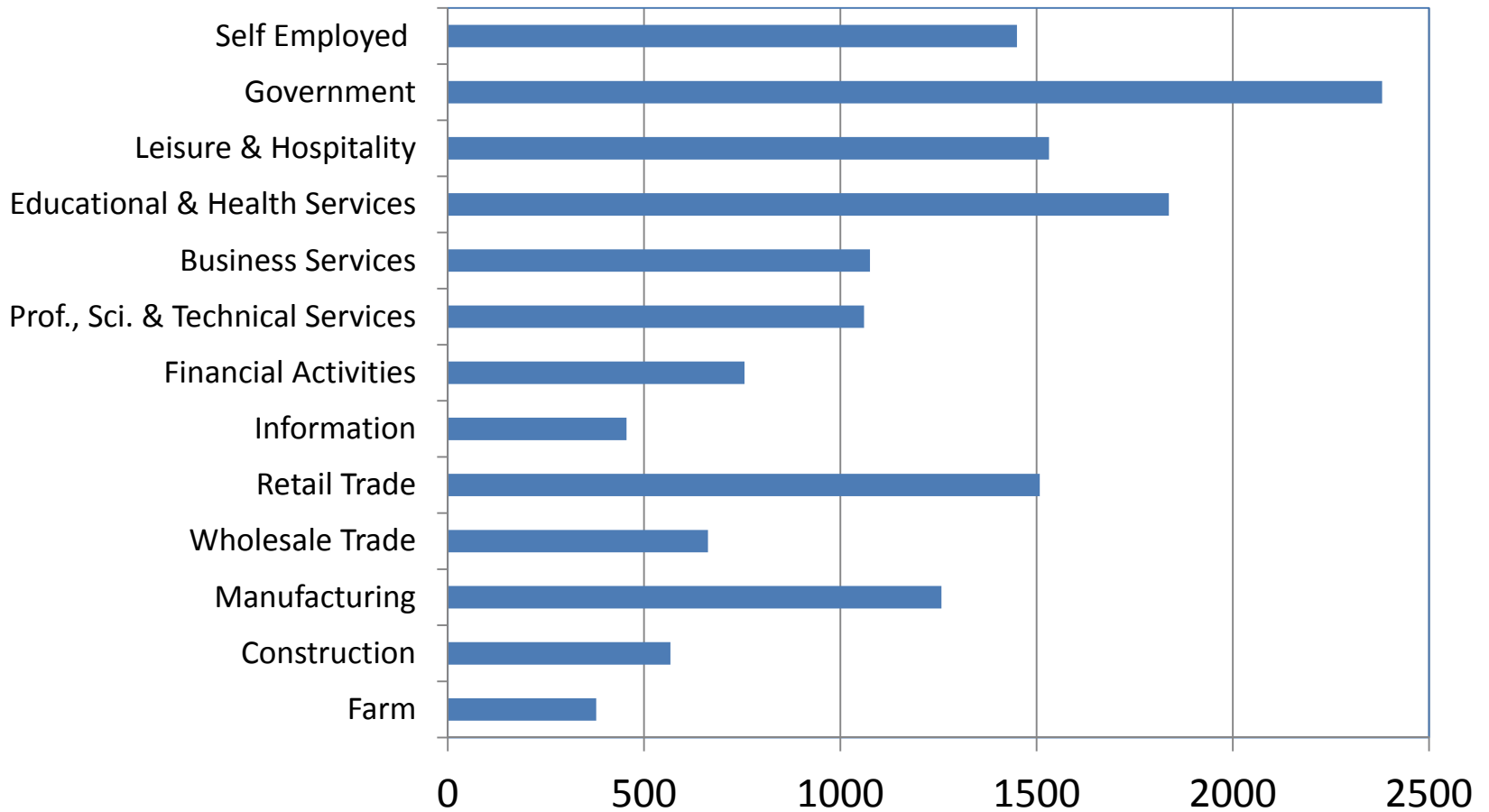


Container Traffic in Southern California



CA Major Sector Jobs July 2011

(Thousands)



Additional Topics

- Age Trends
- State Budget
- Interest Rates and Inflation
- Opportunities for State Compensation Insurance Fund
- Discussion

CA Population Growth by Age Group

