



## ECONOMIC CONDITION AND OUTLOOK 2012

CITY MANAGER'S DEPARTMENT MEETING, JANUARY 2012  
LEAGUE OF CALIFORNIA CITIES,

Perry Wong  
Chief Economist  
City National Bank

### Outlook for global economic growth

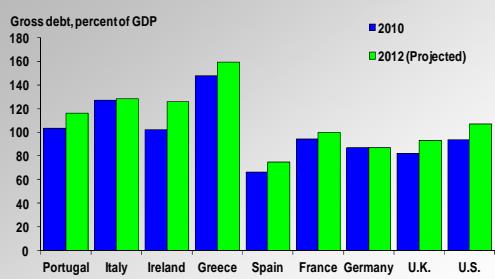
	Projections				Difference from Sept. 2011 WEO projection	
	2011	2012	2013	2012	2012	2013
World	3.8	3.3	3.9	-0.7	-0.6	
Advanced Economies	1.6	1.2	1.9	-0.7	-0.5	
United States	1.8	1.8	2.2	0	0	-0.3
Euro Area	1.6	-0.5	0.8	-1.6	0	-0.7
Germany	3	0.3	1.5	-1.0	-1.0	0
France	1.6	0.2	1	-1.2	-0.9	
Italy	0.4	-2.2	-0.6	-2.5	-1.1	
Spain	0.7	-1.7	-0.3	-2.8	-2.1	
Japan	-0.9	1.7	1.6	-0.6	-0.4	
United Kingdom	0.9	0.6	2	-1.0	-0.4	
Emerging Economies	6.2	5.4	5.9	-0.7	-0.6	
Russia	4.1	3.3	3.5	-0.8	-0.5	
China	9.2	8.2	8.8	-0.8	-0.7	
India	7.4	7	7.3	-0.5	-0.8	
Brazil	2.9	3	4	-0.6	-0.2	

Source: International Monetary Fund, January 2012.

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### Advanced economies:

Government debt-to-GDP ratios still rising

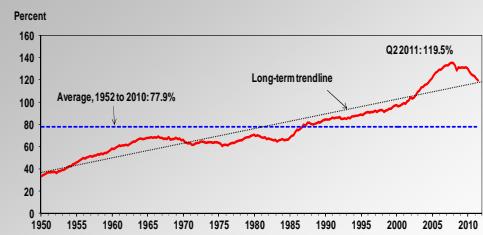


Source: OECD.

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**Deleveraging still in progress:  
U.S. household debt-to-income ratio**

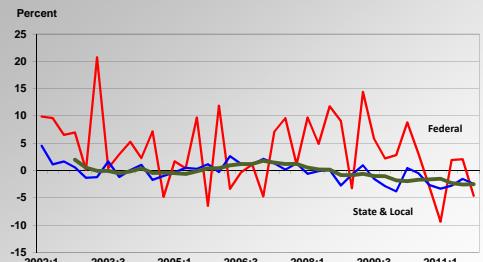
1950 to Q2 2011



Source: Federal Reserve, Milken Institute.

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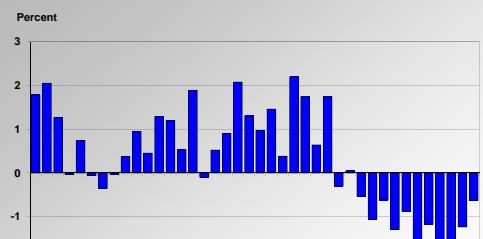
**Government spending trending down**



Source: BEA, City National Bank

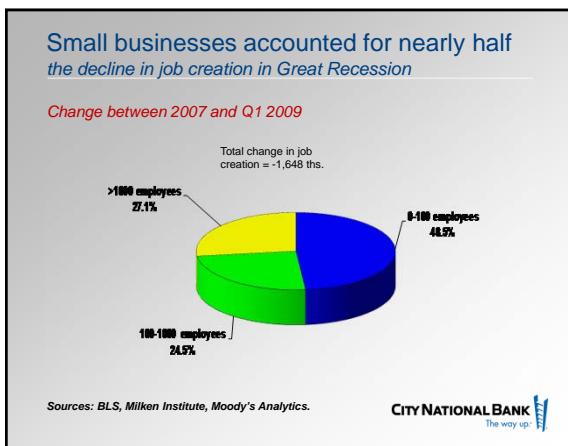
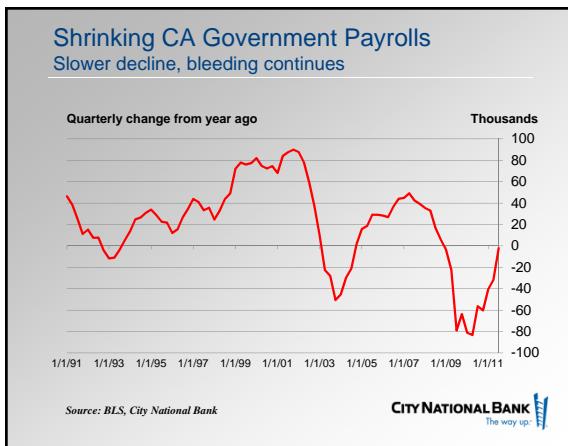
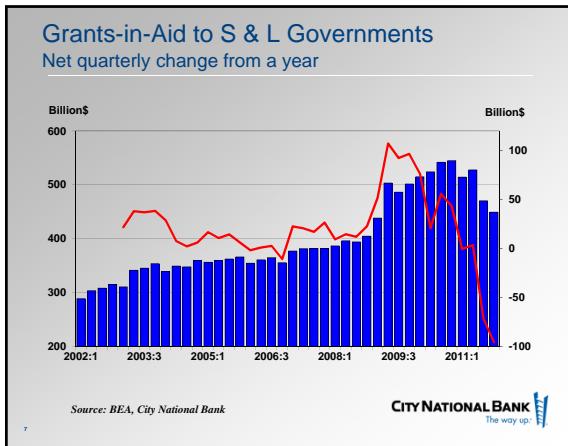
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**The worst pairing down is over  
State and local government job**

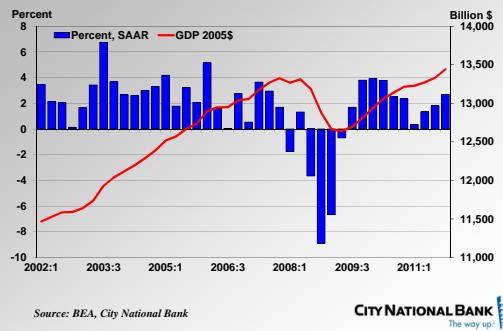


Source: BLS, City National Bank

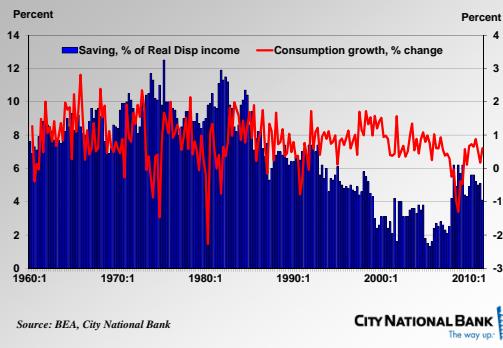
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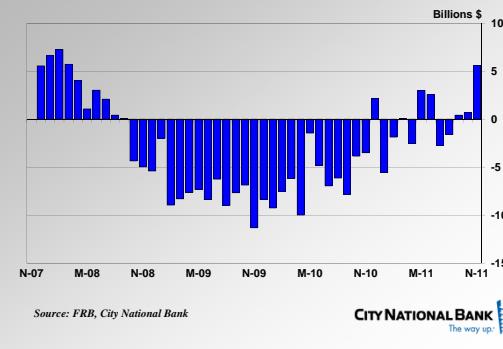
## A modest economic recovery continues

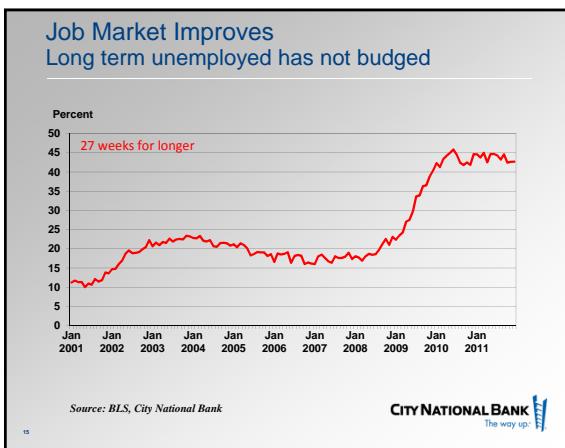
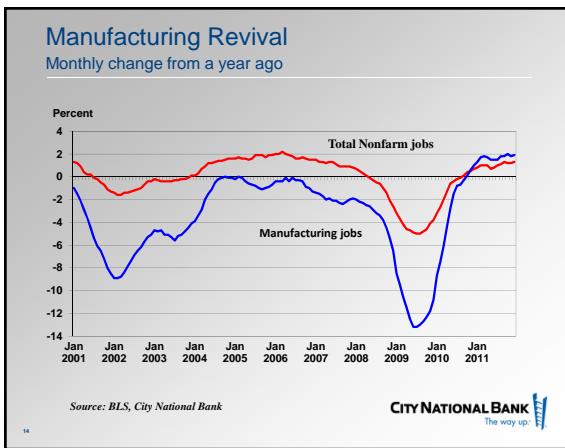
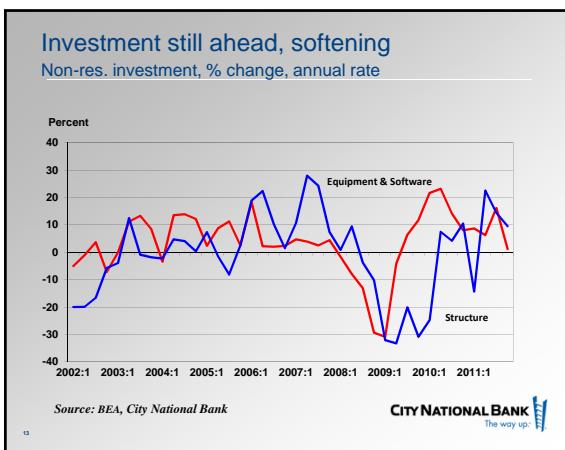


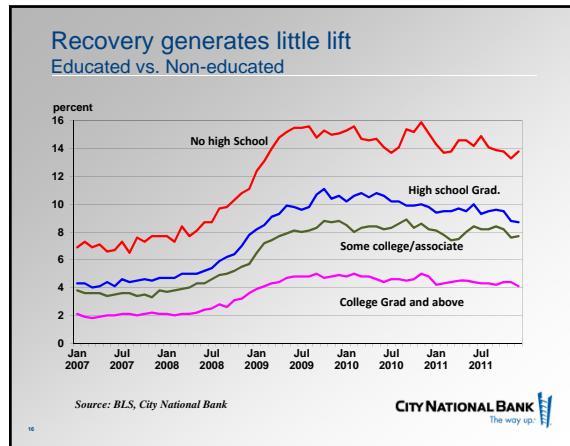
## Spending leads growth



## Surging Consumer Credit Consumer revolving credit growth







**California's Economic Condition**  
Total non-farm jobs, income growth

	2007	2008	2009	2010	2011
Total nonfarm jobs (000)	15,175	14,984	14,084	13,898	14,050
% Change	0.8	-1.3	-6.0	-1.3	1.4
Professional & business services employment (000)	2,265	2,239	2,059	2,072	2,132
% Change	1.0	-1.2	-8.0	0.6	3.1
Income growth %	2.0	-0.4	-5.3	2.2	3.6

Source: BLS, IHS, City National Bank

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**Growth is in the air**

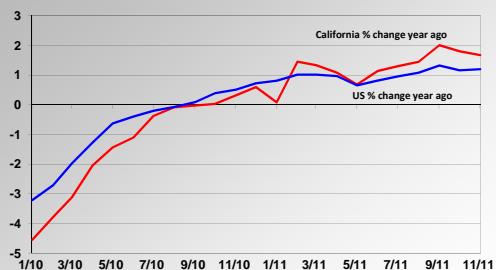
**Job growth ranking 2010 -2011**

	2010	percent change	2010 ranking	2011	percent change	2011 ranking	Net change
California	13,899	-1.3	44	14,090	1.4	15	192
Tennessee	2,612	-0.3	14	2,637	1.0	24	25
New York	8,555	0.0	11	8,629	0.9	29	74
Nevada	1,116	-2.8	51	1,119	0.2	45	3
Georgia	3,827	-1.3	45	3,813	-0.4	51	-14
U.S.	129,822	-0.7		131,149	1.0		1,327

Source: BLS, City National Bank

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**Defying Financial Turbulence**  
Nonfarm payroll advancing (California vs. U.S.)

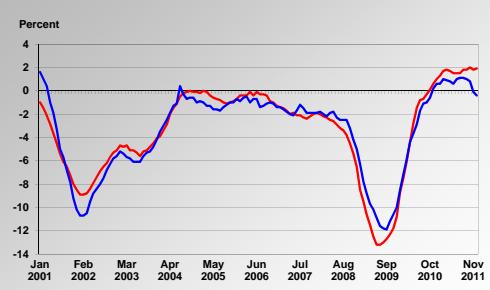


Source: BLS, City National Bank

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**CA manufacturing Softens**  
U.S. vs. CA

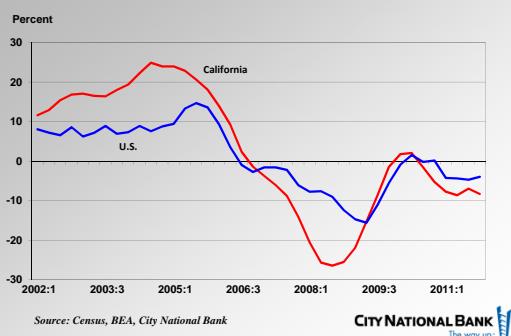


Source: BLS, City National Bank

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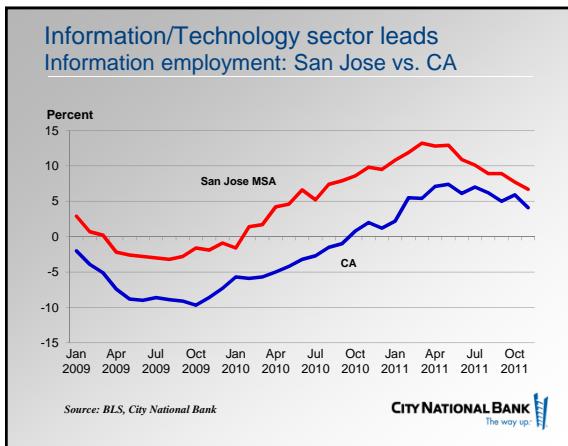
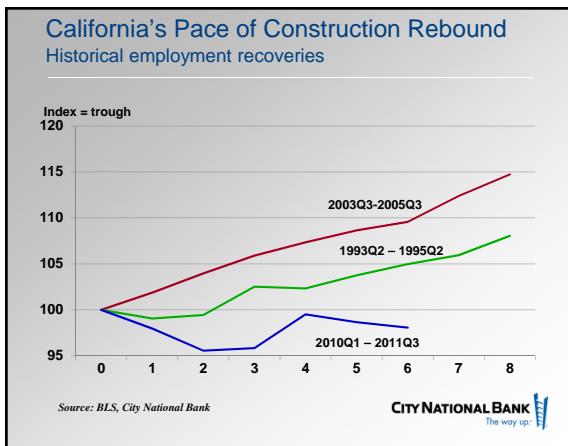
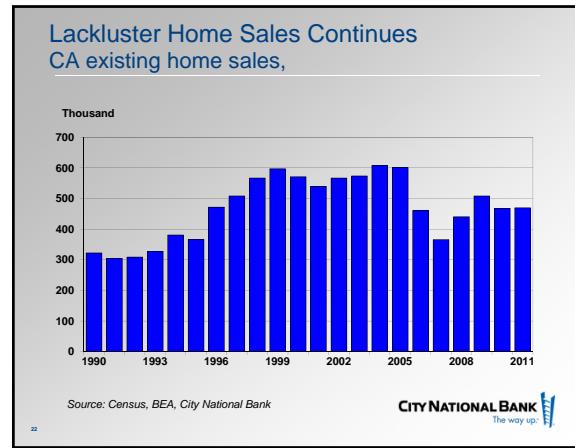
**Median existing single-family homes price**  
Quarterly, California vs. United States



Source: Census, BEA, City National Bank

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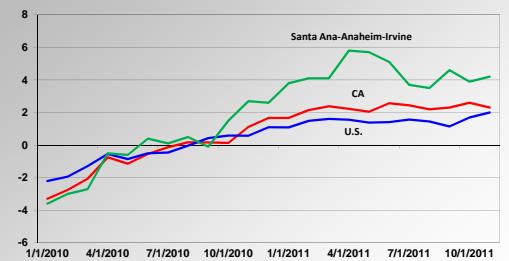
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## Tourism took the lead with staying power U.S., CA and Santa Ana-Anaheim-Irvine

Leisure and hospitality service, percent change from 12 months ago

Percent



Source: BLS, City National Bank

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