

Rupert Report

Peter Rupert
Professor

Department of Economics, UCSB
Director, UCSB Economic Forecast Project

Economic Update

January 26, 2017

www.efp.ucsb.edu/talk

economics and the election

what to expect

- uncertainty

what to expect

- uncertainty
 - Dodd-Frank

what to expect

- uncertainty
 - Dodd-Frank
 - international trade

what to expect

- uncertainty
 - Dodd-Frank
 - international trade
 - taxes and spending

what to expect

- uncertainty
 - Dodd-Frank
 - international trade
 - taxes and spending
 - Obamacare

what to expect

- uncertainty
 - Dodd-Frank
 - international trade
 - taxes and spending
 - Obamacare
 - oil/energy

what to expect

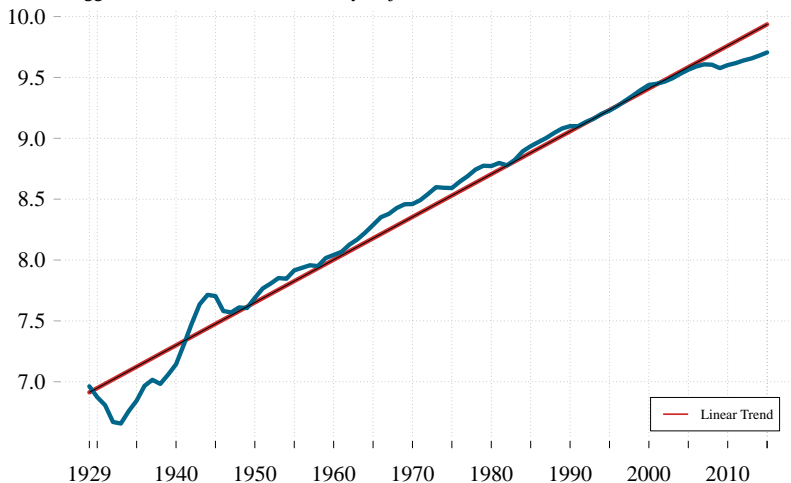
- uncertainty
 - Dodd-Frank
 - international trade
 - taxes and spending
 - Obamacare
 - oil/energy
 - immigration

what to expect

- uncertainty
 - Dodd-Frank
 - international trade
 - taxes and spending
 - Obamacare
 - oil/energy
 - immigration
 - ugh, I need a lot more slides! but...

Real GDP

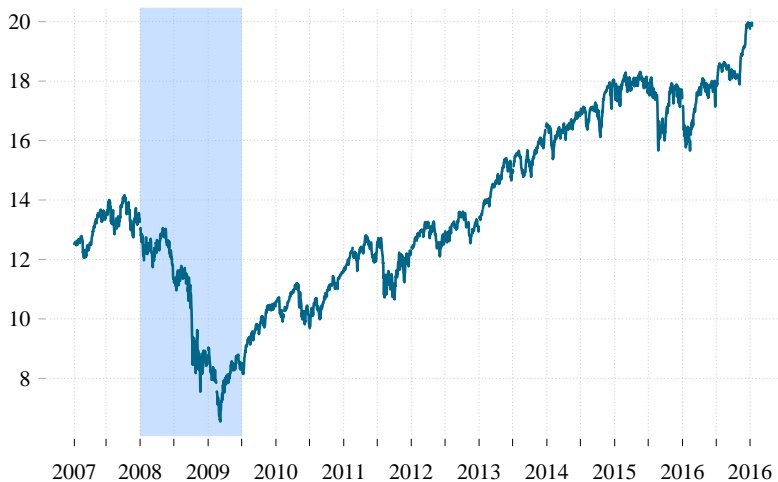
Logged Billions of 2009\$, Seasonally Adjusted



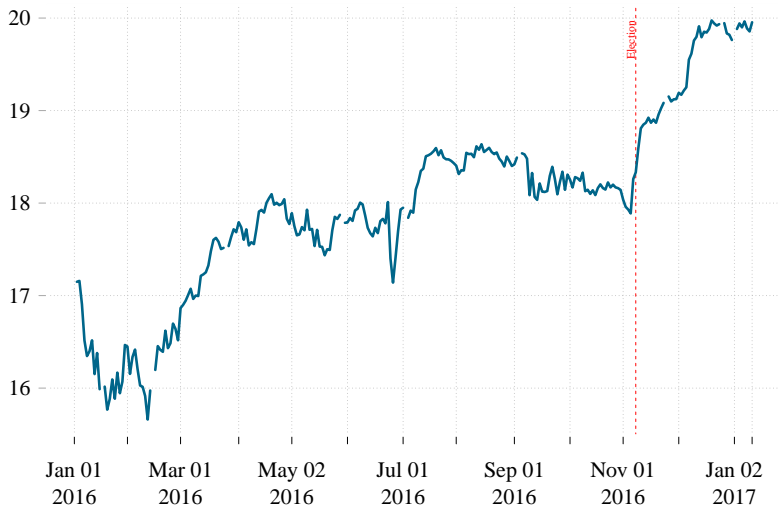
so far...

- some positive signs
 - stock market
 - gdp
 - FOMC a bit more upbeat

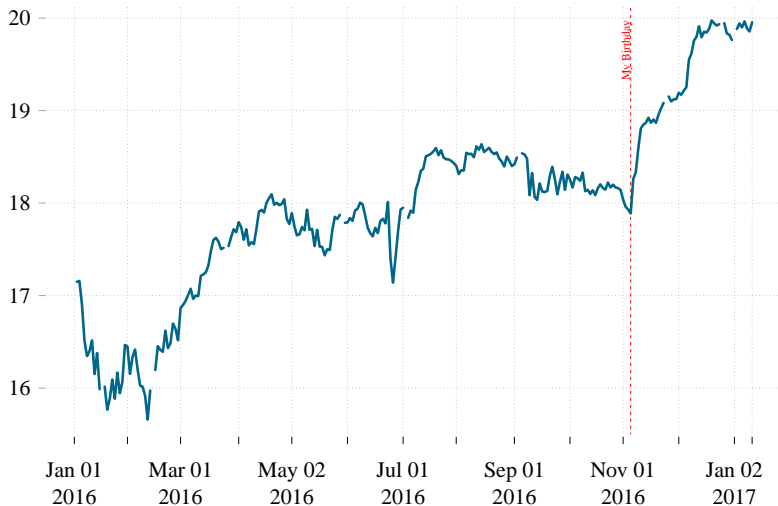
Dow Jones Industrial Index (000's)



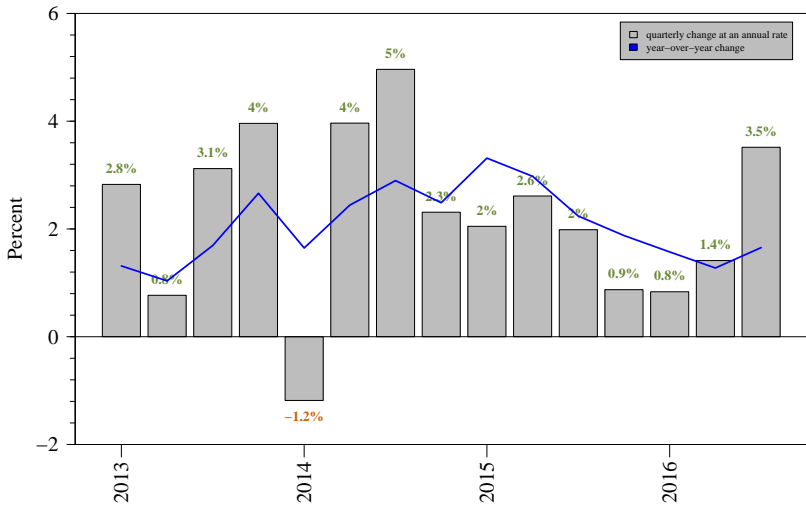
Dow Jones Industrial Index (000's)



Dow Jones Industrial Index (000's)



Real GDP



what's up with our friends at the Fed?

- increases this year?

For release at 2:00 p.m., EST, December 14, 2016

Figure 1. Medians, central tendencies, and ranges of economic projections, 2016–19 and over the longer run

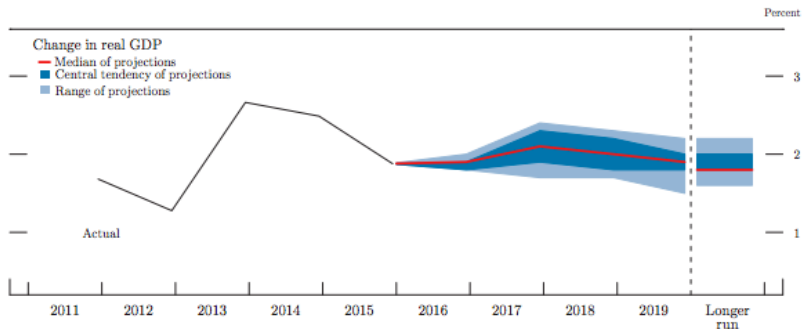
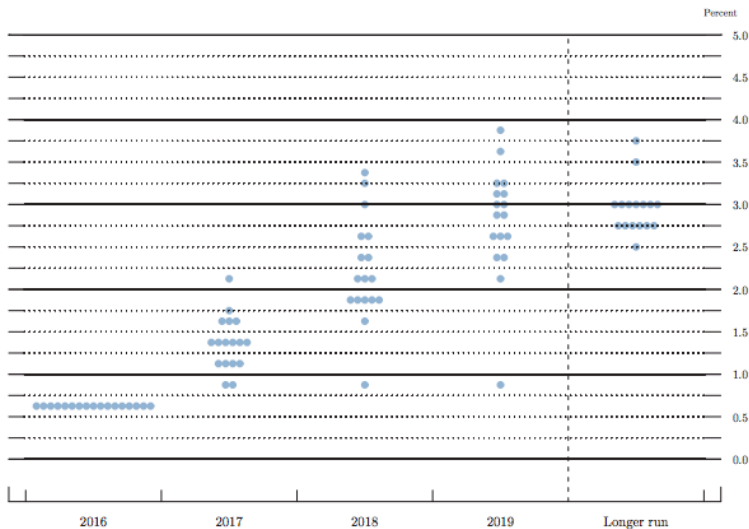


Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate

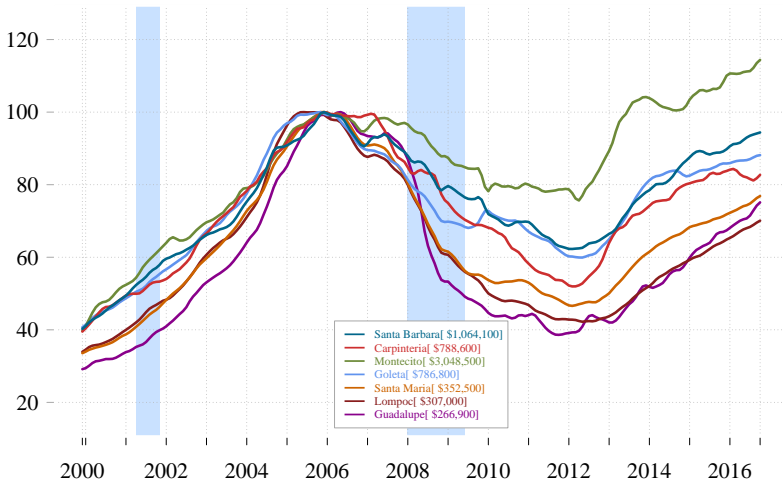


housing and financial aspects

- home price growth has moderated
- mortgage crisis has abated
- foreclosures back to “normal”
- yet, foreclosure timelines not!

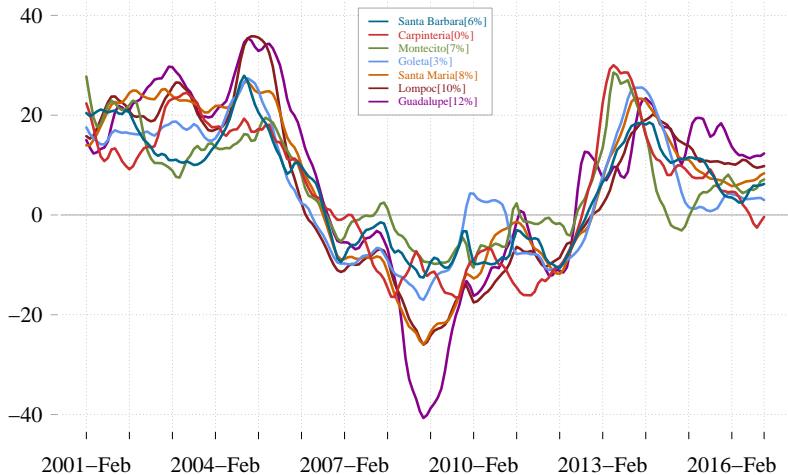
Zillow Home Value Index

Index (100 = Pre-Recession Max Value)



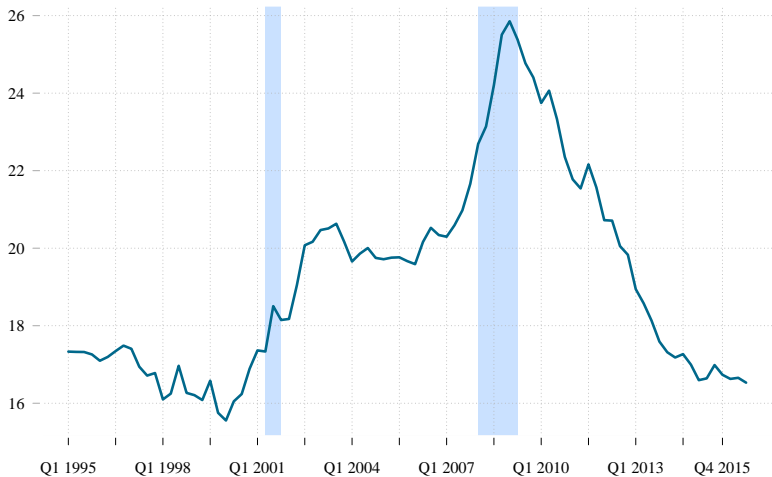
Zillow Home Value Index

YoY Growth Rate (%)



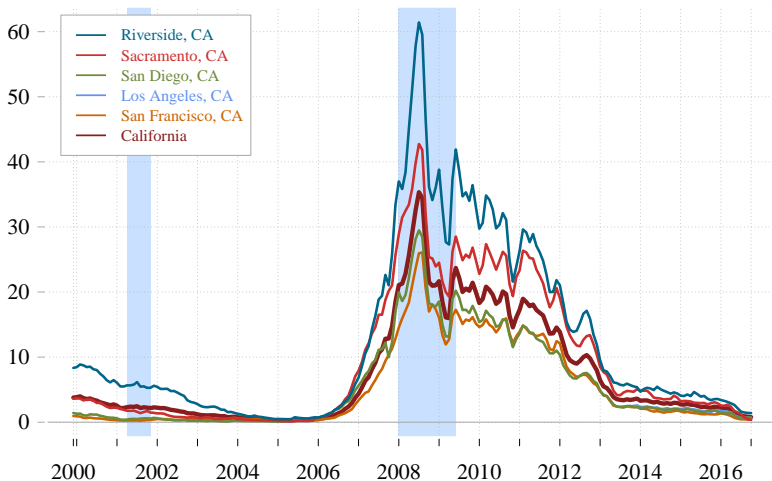
Ratio of HH Liabilities to HH Net Worth

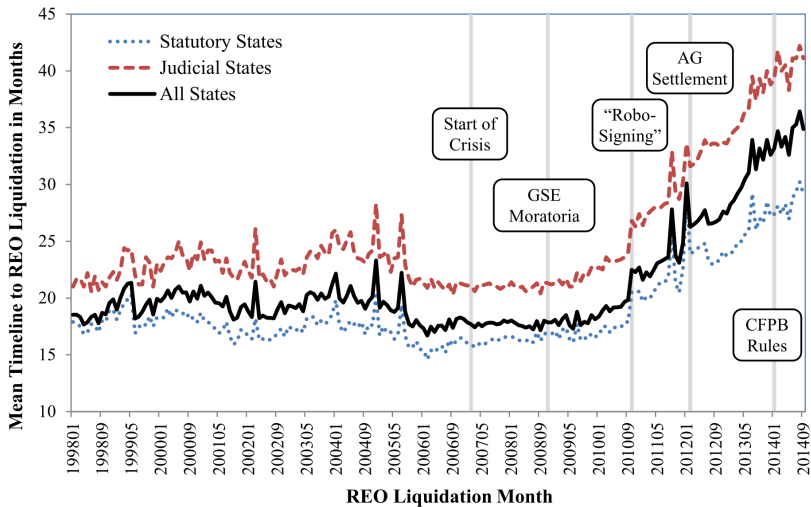
Percent (%)



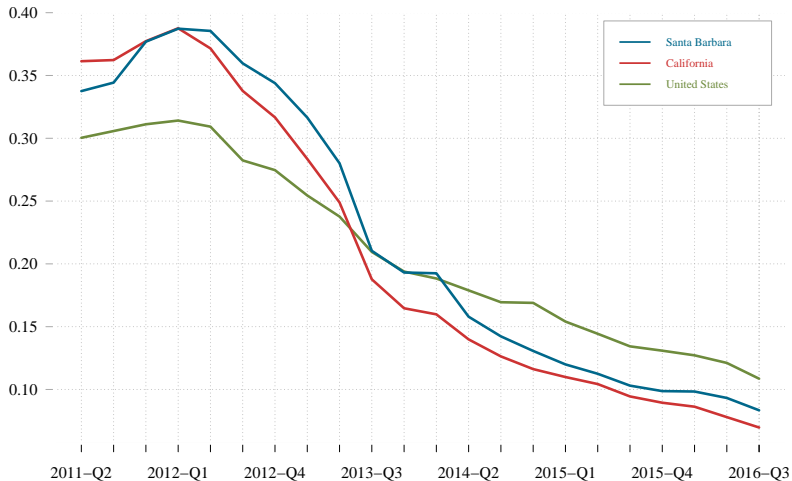
Homes foreclosed per month, by MSA

Number of homes per 10,000

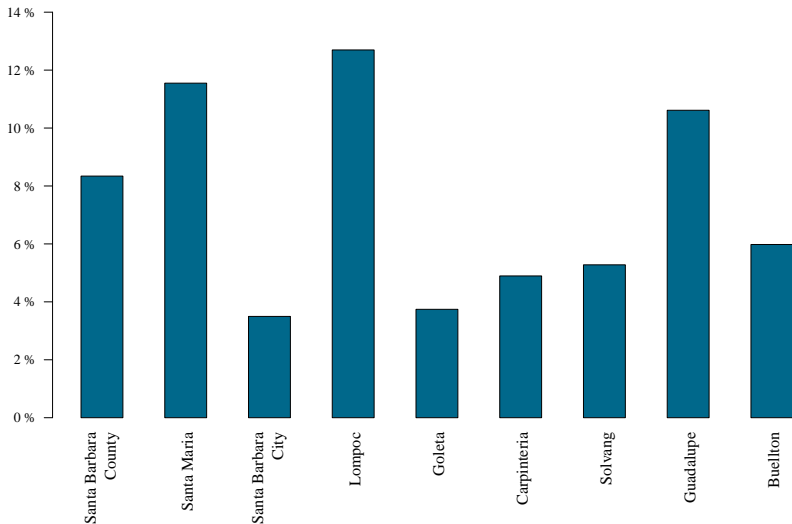




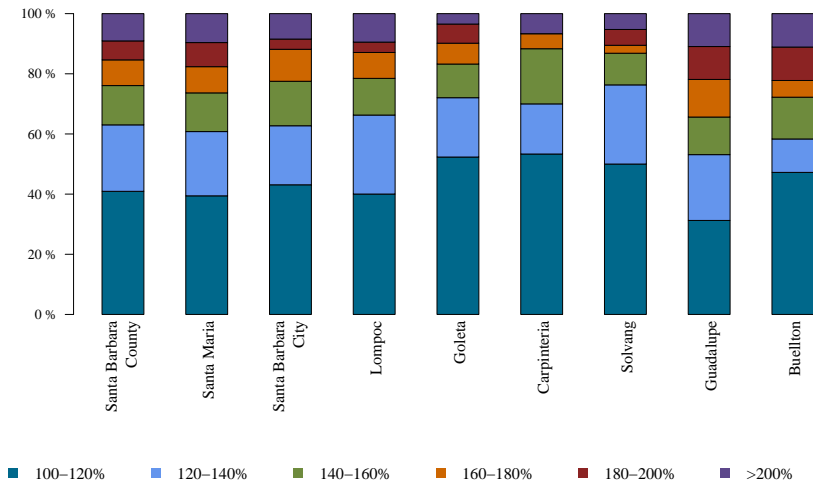
Percent of Home with Negative Equity



Percent of Homes with Negative Equity

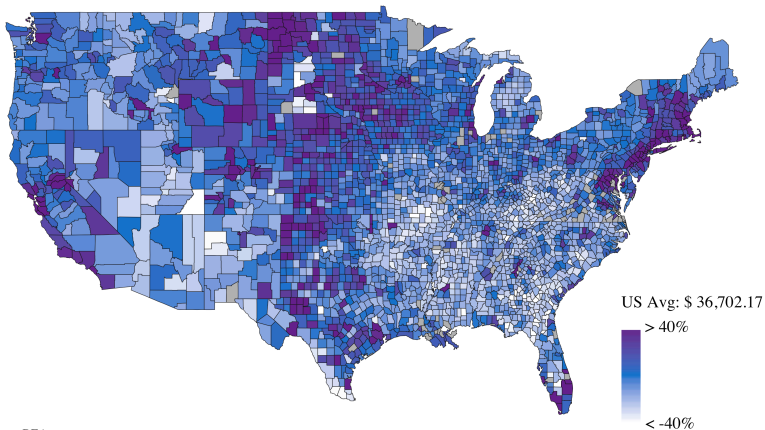


Negative Equity Loan-to-Value: 2016Q3



income and wages

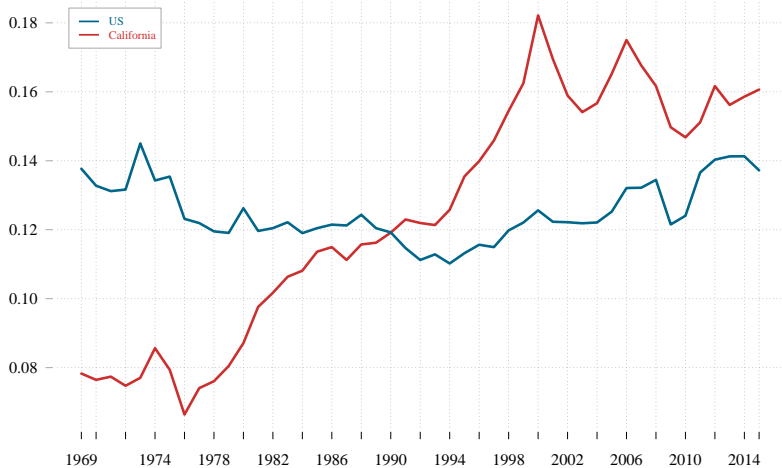
Real Personal Income Per Capita Relative to US Average: 2015



Source: BEA

Gini Coefficient

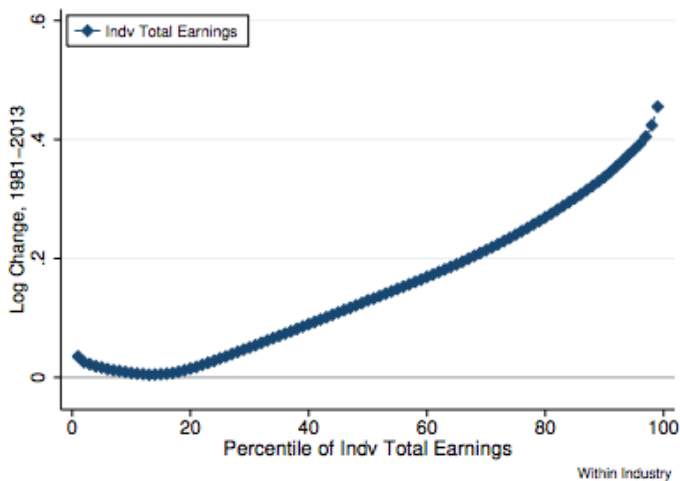
Real per capita personal income across counties



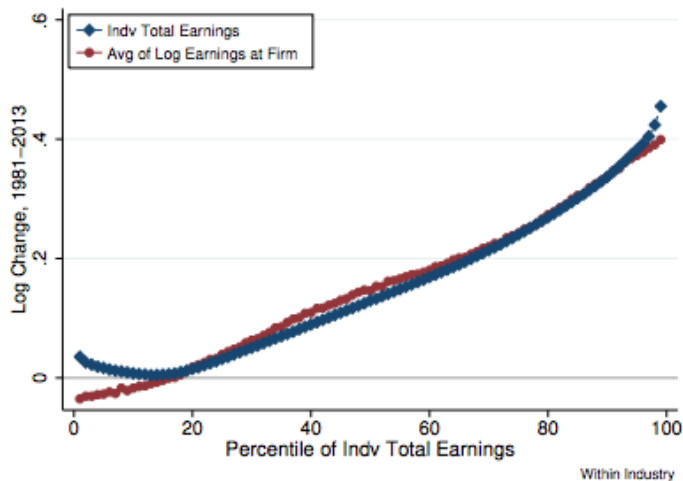
new findings on inequality

- most of the inequality is “between firms”
- not “within firms”

Fact #1: Rise in Inequality is Fractal



Fact #1: What is the Role of Employers?



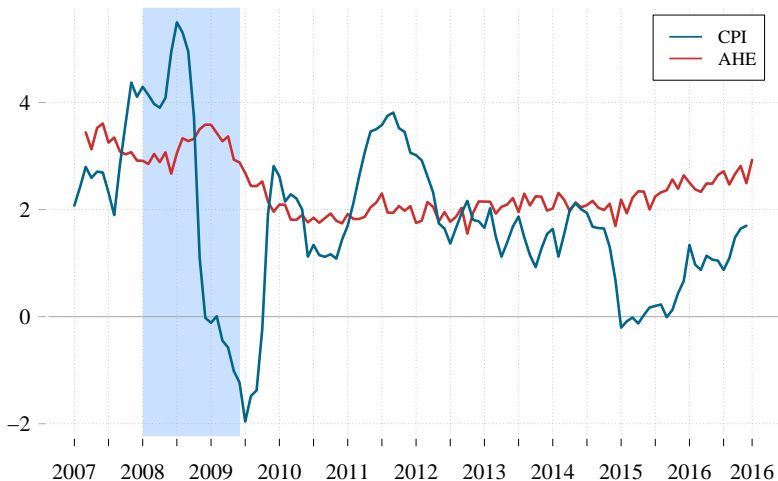
labor markets

wages

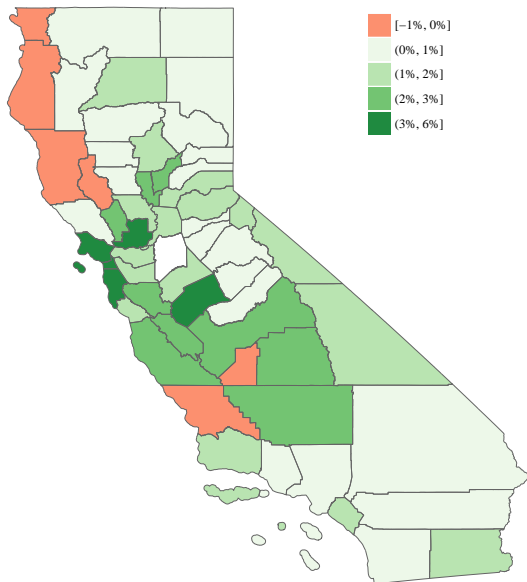
- wage growth picking up in the US
- but not evenly across the state

Inflation and Average Hourly Earnings

Percent change from a year ago, all private workers



Real Mean Wage Growth 2015 – 2016



employment

- employment growth strong
 - but varies by industry and geography
- unemployment as well

January 20, 2017

Employment Development Department
Labor Market Information Division
(916) 262-2162

Santa Maria Santa Barbara MSA
(Santa Barbara County)
Industry Employment & Labor Force
March 2015 Benchmark

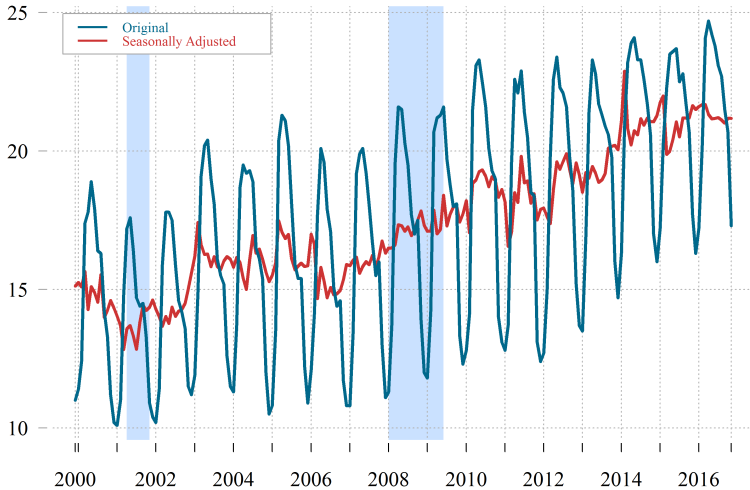
Data Not Seasonally Adjusted

	Dec 15	Oct 16	Nov 16 Revised	Dec 16 Prelim	Percent Change Month Year	
Civilian Labor Force (1)	218,900	225,000	224,500	221,900	-1.2%	1.4%
Civilian Employment	206,600	214,700	214,100	210,400	-1.7%	1.8%
Civilian Unemployment	12,300	10,300	10,400	11,500	10.6%	-6.5%
Civilian Unemployment Rate	5.6%	4.6%	4.6%	5.2%		
(CA Unemployment Rate)	5.7%	5.3%	5.0%	5.0%		
(U.S. Unemployment Rate)	4.8%	4.7%	4.4%	4.5%		

Total, All Industries (2)	201,100	208,900	209,100	206,000	-1.5%	2.4%
Total Farm	17,700	21,500	20,700	17,300	-16.4%	-2.3%
Total Nonfarm	183,400	187,400	188,400	188,700	0.2%	2.9%

Total Farm, Santa Barbara County

Number Employed (Thousands)



Most Recent (Unadjusted) = 17,300

Most Recent (Adjusted) = 21,187

Percent Change (Month) = 0 % and Percent Change (Year) = -2.11 %

January 20, 2017

UCSB Economic Forecast Project

www.efp.ucsb.edu

Santa Barbara - Santa Maria - Goleta MSA

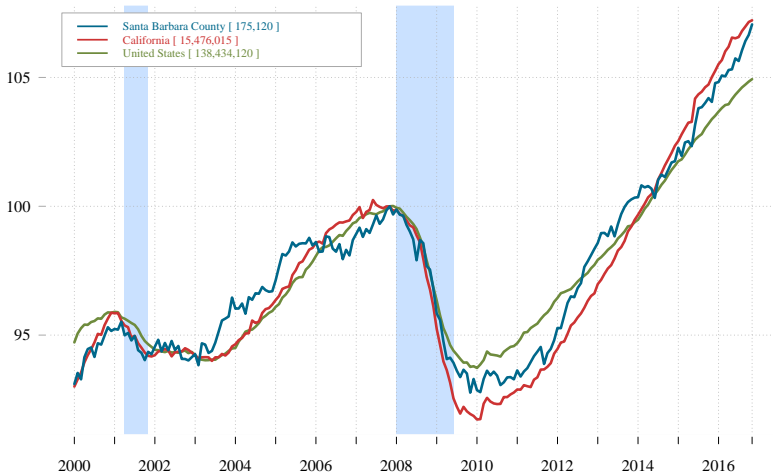
Data Seasonally Adjusted

(Santa Barbara County)

	Dec-15	Oct-16	Nov-16 Revised	Dec-16 Prelim	Percent Change	
					Month	Year
Civilian Labor Force	221,481	224,606	224,167	224,361	0.1%	1.3%
Civilian Employment	209,725	213,761	213,788	213,471	-0.1%	1.8%
Civilian Unemployment	11,567	10,730	10,298	10,728	4.2%	-7.3%
Civilian Unemployment Rate	5.2%	4.8%	4.6%	4.8%		
(CA Unemployment Rate)	5.9%	5.4%	5.1%	5.2%		
(U.S. Unemployment Rate)	5.0%	4.9%	4.7%	4.7%		
Total, All Industries	208,754				0.4%	2.4%
Total Nonfarm	187,483				0.4%	2.9%
Total Farm	21,187				0.0%	-2.1%

Total Nonfarm Payrolls, Seasonally Adjusted

Index (Dec 2007 = 100)



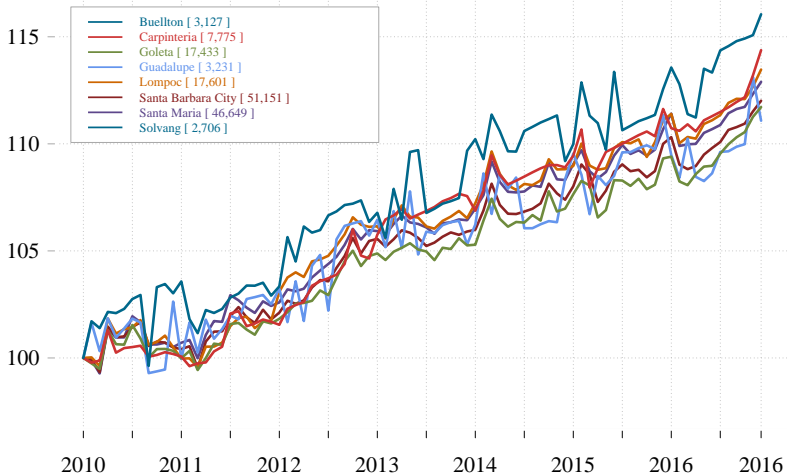
Notes: December 2007 level in brackets.

www.efp.ucsb.edu

Source: BLS & CA EDD

Total Civilian Employment, Seasonally Adjusted

Index (Jan 2010 = 100)

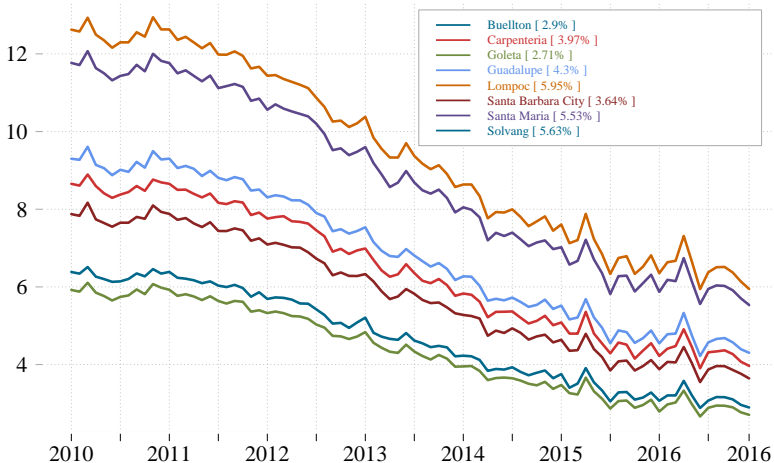


Note: Current level in brackets.
www.efp.ucsb.edu

Source: BLS & CA EDD

Unemployment Rate, Seasonally Adjusted

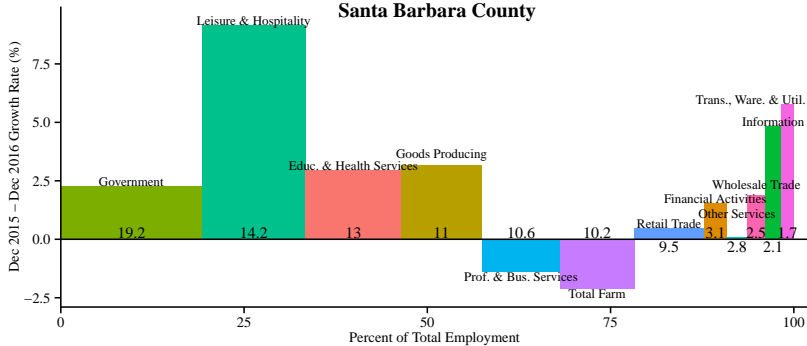
Percent (%)



Note: Most recent rate in brackets.
www.cfp.ucsb.edu

Source: BLS & CA EDD

December 2016 Employment by Industry Santa Barbara County

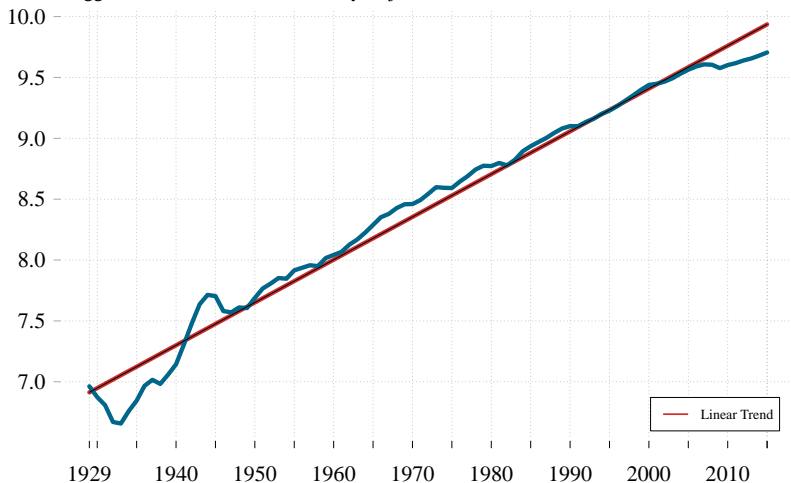


final thoughts

- policy uncertainty
- strong growth in the US
- FOMC forecast: 3 25bp increases in 2017?

Real GDP

Logged Billions of 2009\$, Seasonally Adjusted



thank you!