



Board Of Equalization

Legislative and Research Division
Research and Statistics Section

Economic and Related Trends
Sacramento
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Outline

- U.S. economic trends and forecast
- Factors behind these trends
- CA trends and forecast
 - GSP
 - Taxable sales
 - CA tax revenues
- Other social and political trends



Trends in U.S. Economy

Economic expansion since 2009:

- Slow economic growth, relative to most post World War II Expansions
- Extremely low interest rates
- Low productivity growth
- Increasing jobs growth; declining unemployment rate
- Low inflation



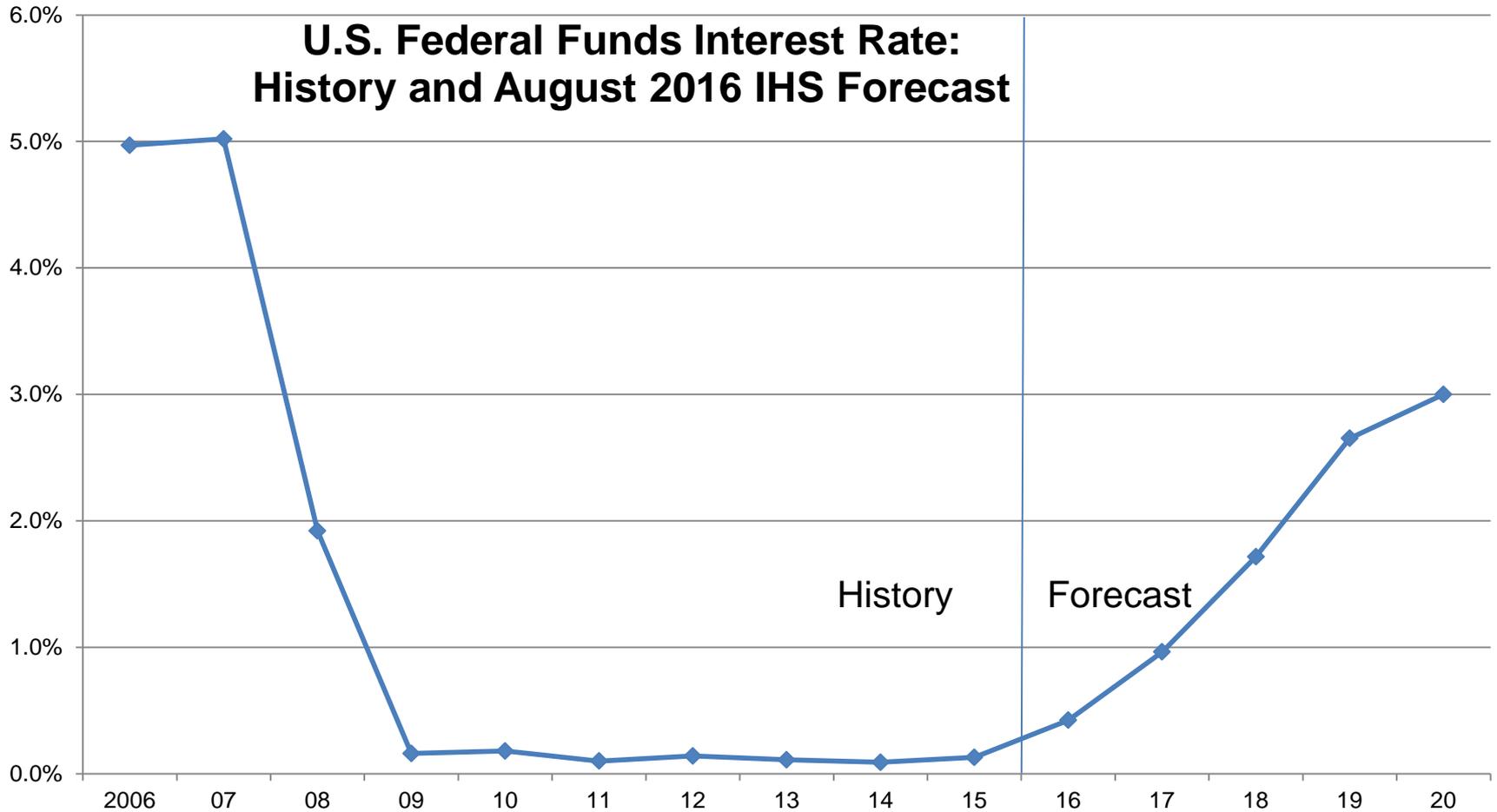
Expect Similar Growth to Recent Trend

Real GDP Growth (IHS August 2016 Forecast):

- 2010 – 2015: 2.1% per year
- 2016 – 2020: 2.3% per year

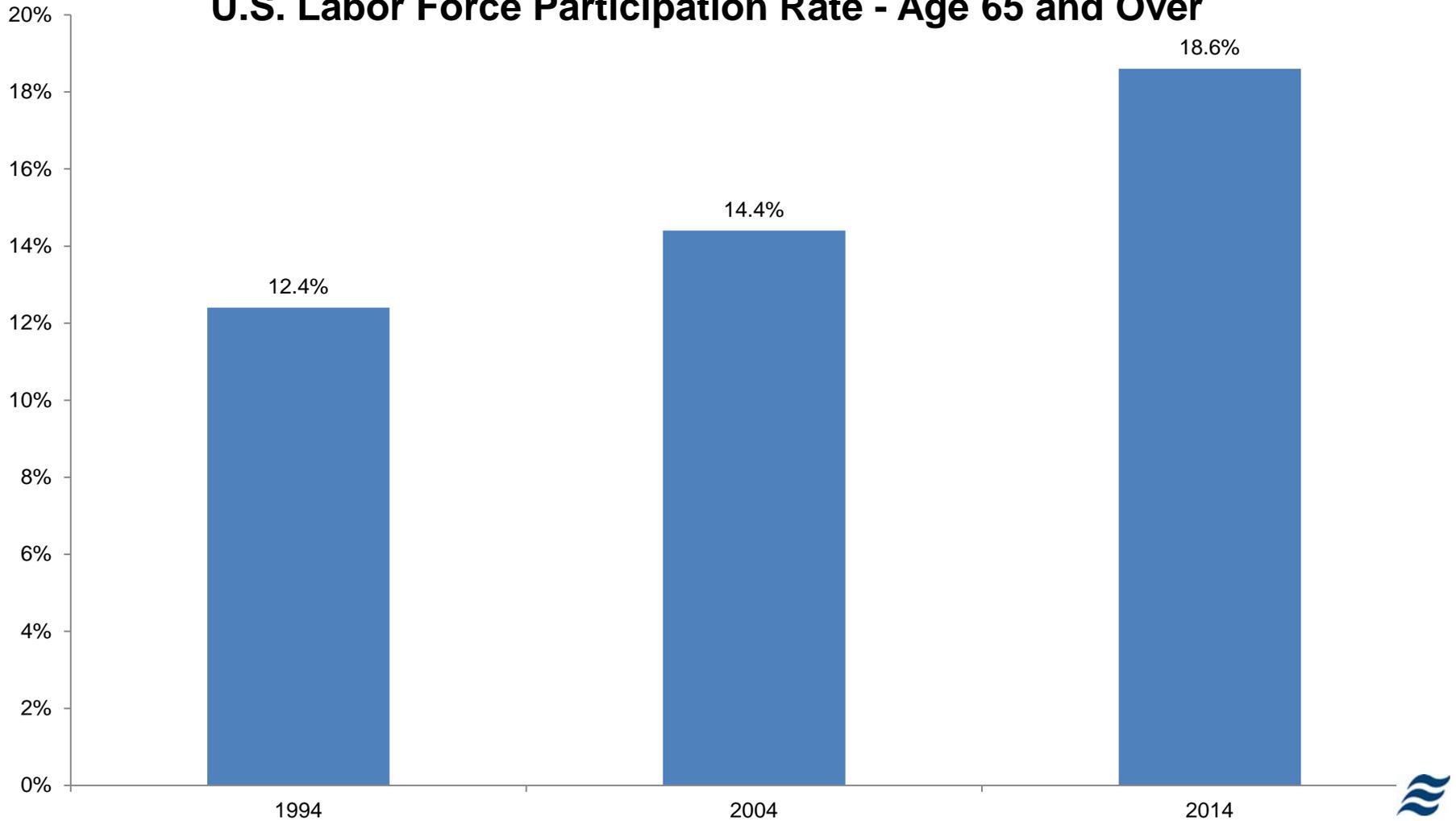


Expect Rising Interest Rates



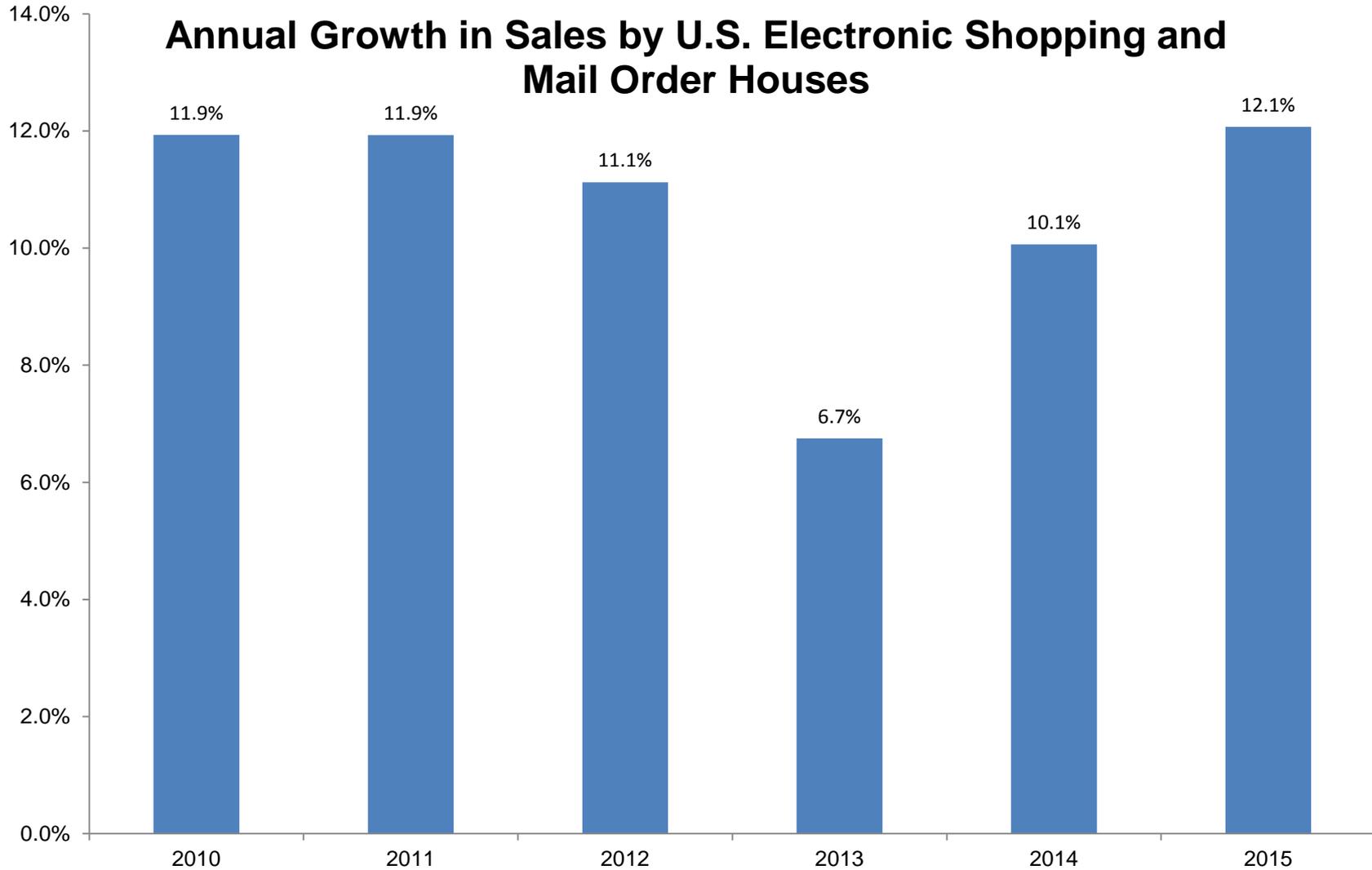
More Older People Working

U.S. Labor Force Participation Rate - Age 65 and Over

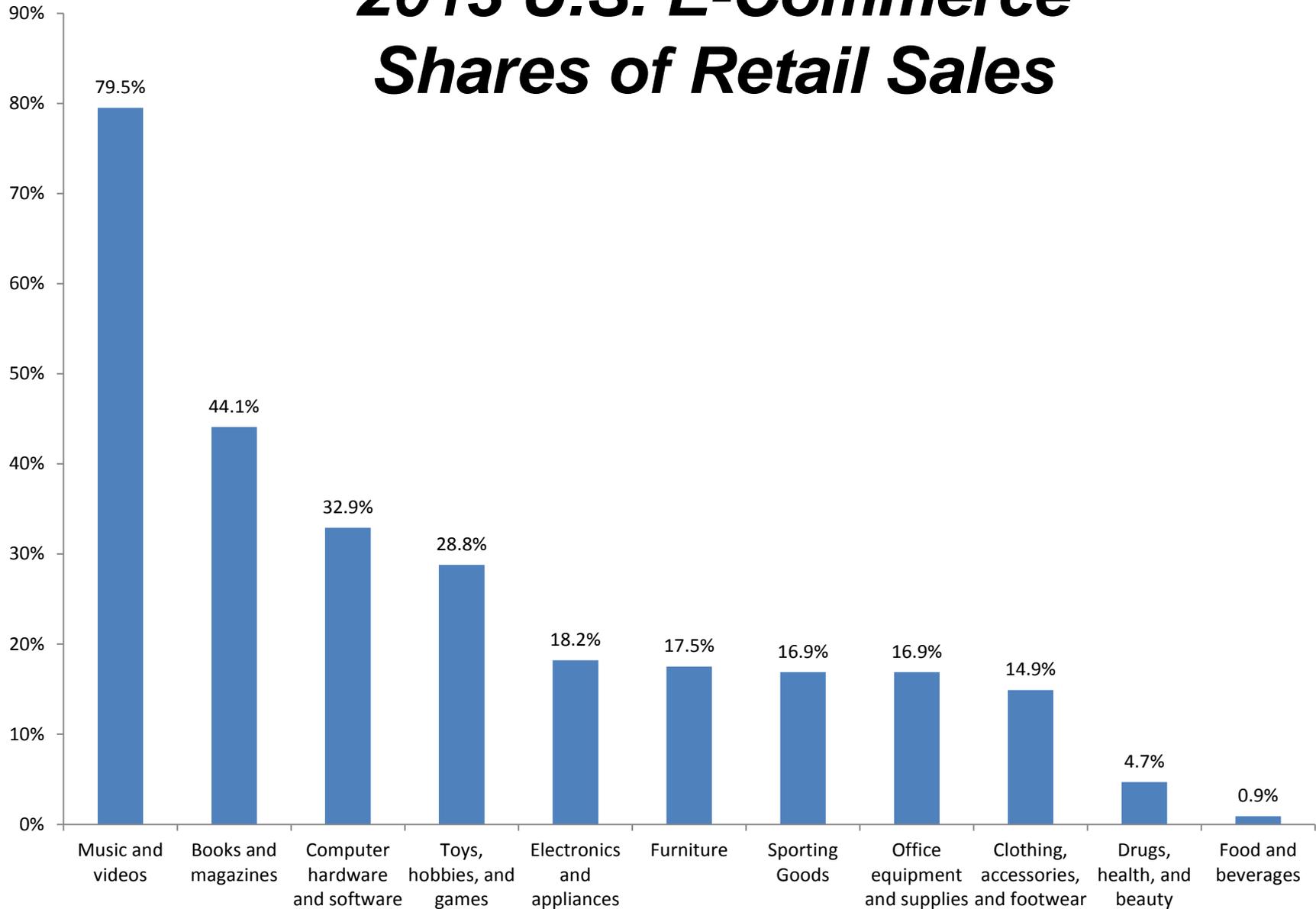


E-Commerce Continues Double-Digit Growth

**Annual Growth in Sales by U.S. Electronic Shopping and
Mail Order Houses**

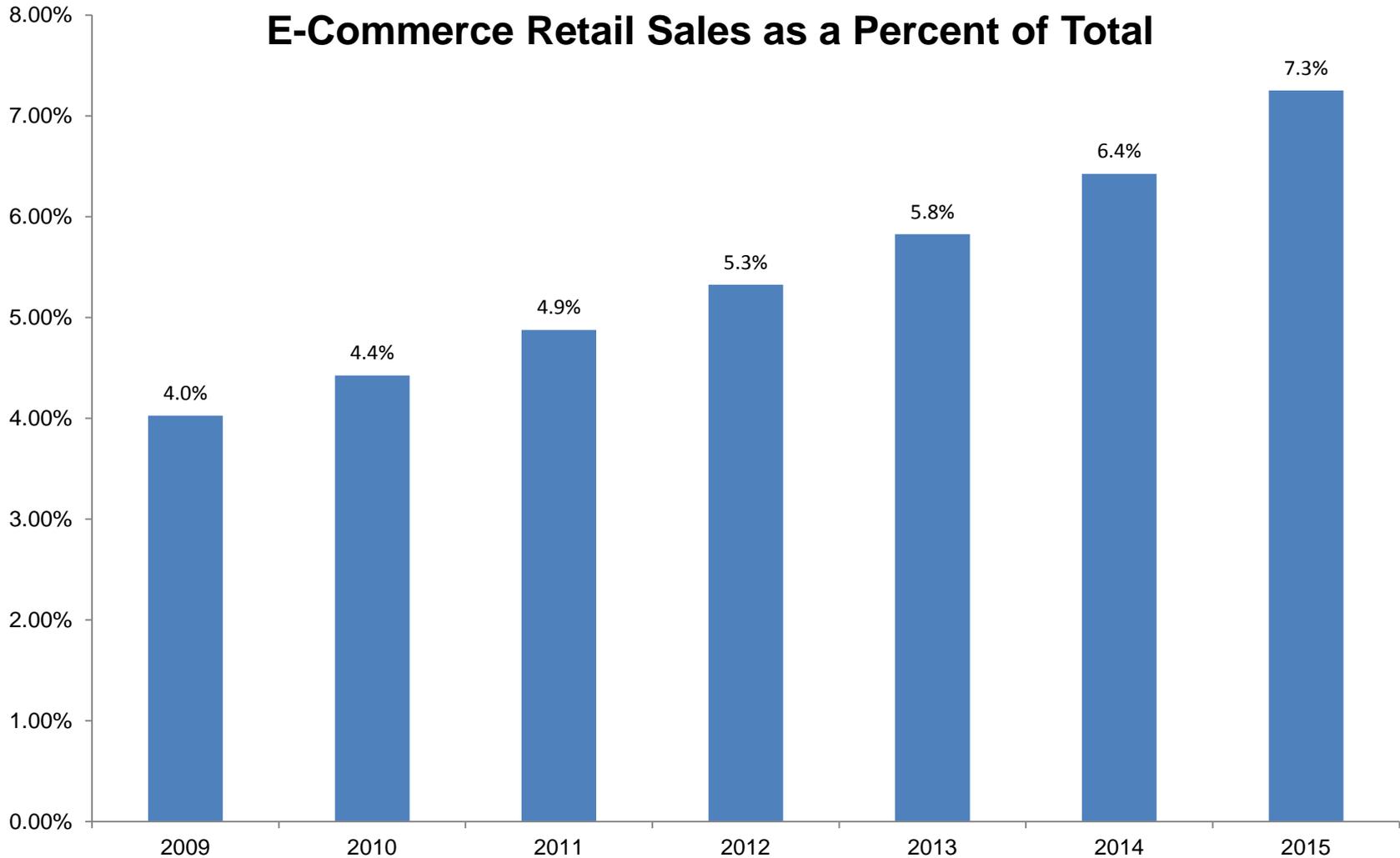


2013 U.S. E-Commerce Shares of Retail Sales



E-Commerce Share of Retail Growing Rapidly

E-Commerce Retail Sales as a Percent of Total



Decreasing Sales by Department Stores, Increasing Sales of Superstores

- U.S Retail Sales
- Dollars in billions
- Unadjusted for inflation

	2007	2012	Growth	2007 Shares	2012 Shares
General Merchandise Stores	\$577	\$641	11%	100%	100%
- Department Stores	\$209	\$177	-15%	36%	28%
- Superstores	\$325	\$406	25%	56%	63%
- Other General Merchandise Stores	\$43	\$53	33%	7%	9%



Some Perspectives on Gasoline Prices

- Inflation-adjusted (real) U.S. gas prices peaked in 2012
- IHS (a private economic forecasting firm) expects real U.S. gas prices to remain below the 2012 peak until 2023 (August 2016 forecast)
- Gas prices are about 4% of all consumer spending



Similarities and Differences Between California and US Economies

Similarity:

Population growth CA growing about the same as the U.S. (about 1% per year)

Difference:

Home prices Median CA home prices about 2X times those of US in 2015

- CA \$474,557
- US \$222,400

CA is still competitive with other states; stronger economic and jobs growth than rest of U.S.



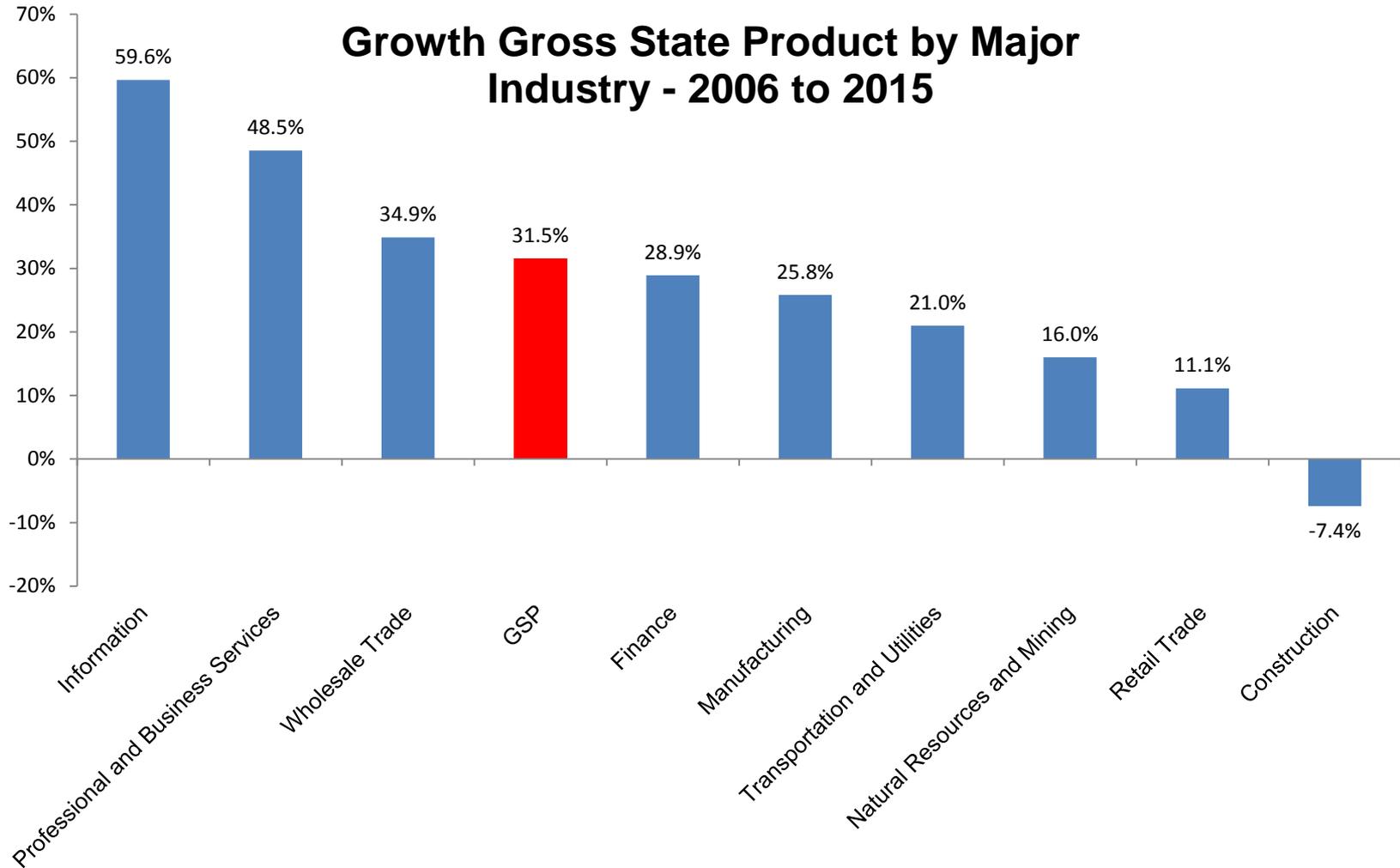
CA Long-Term Forecast

UCLA California Long-Term Forecast Annual Growth Rates for Five-Years Ending:

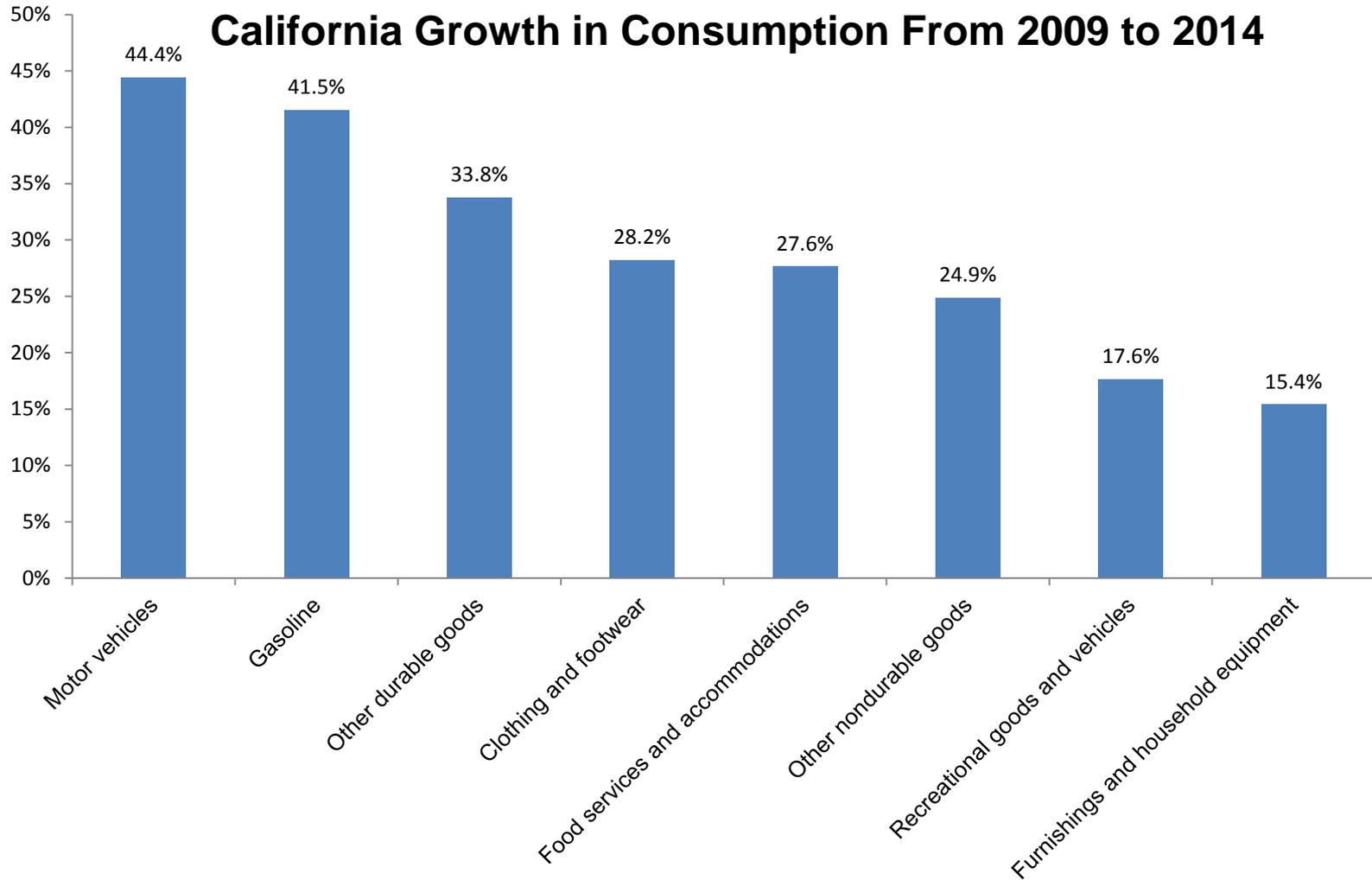
California:	2015	2020
Personal Income(% Change)	5.5%	5.8%
Taxable Sales (% Change)	6.1%	4.2%
Payroll Employment (% Change)	2.4%	1.3%
Unemployment Rate (Percent)	8.9%	5.1%
Housing Permits (Thousand Units)	72	120
Consumer Price Index (% Change)	1.9%	2.9%
<i>Source: June 2016 UCLA Anderson Forecast</i>		



Information and Services Lead CA GSP Growth

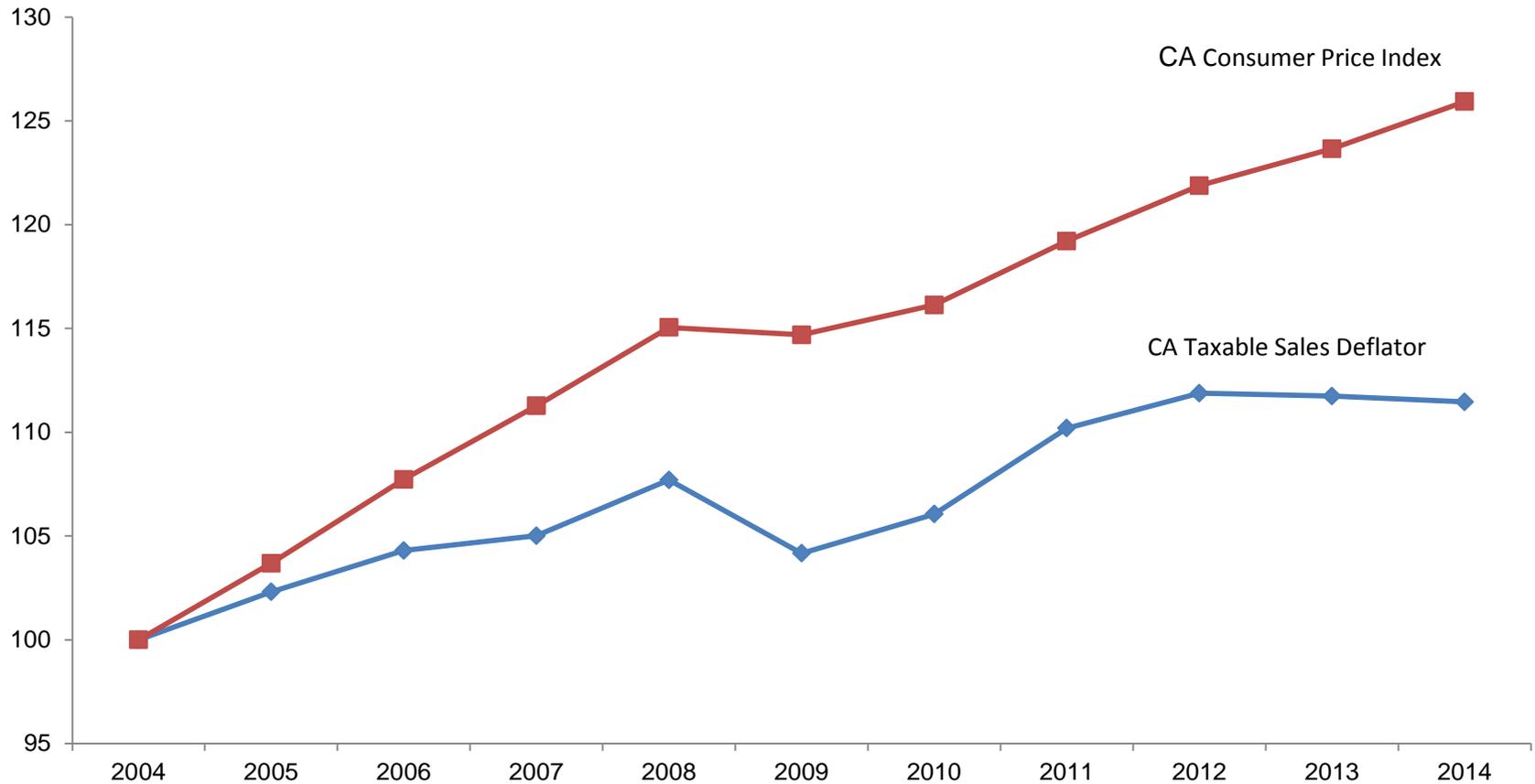


Autos and Gas Lead Growth in CA Consumer Spending



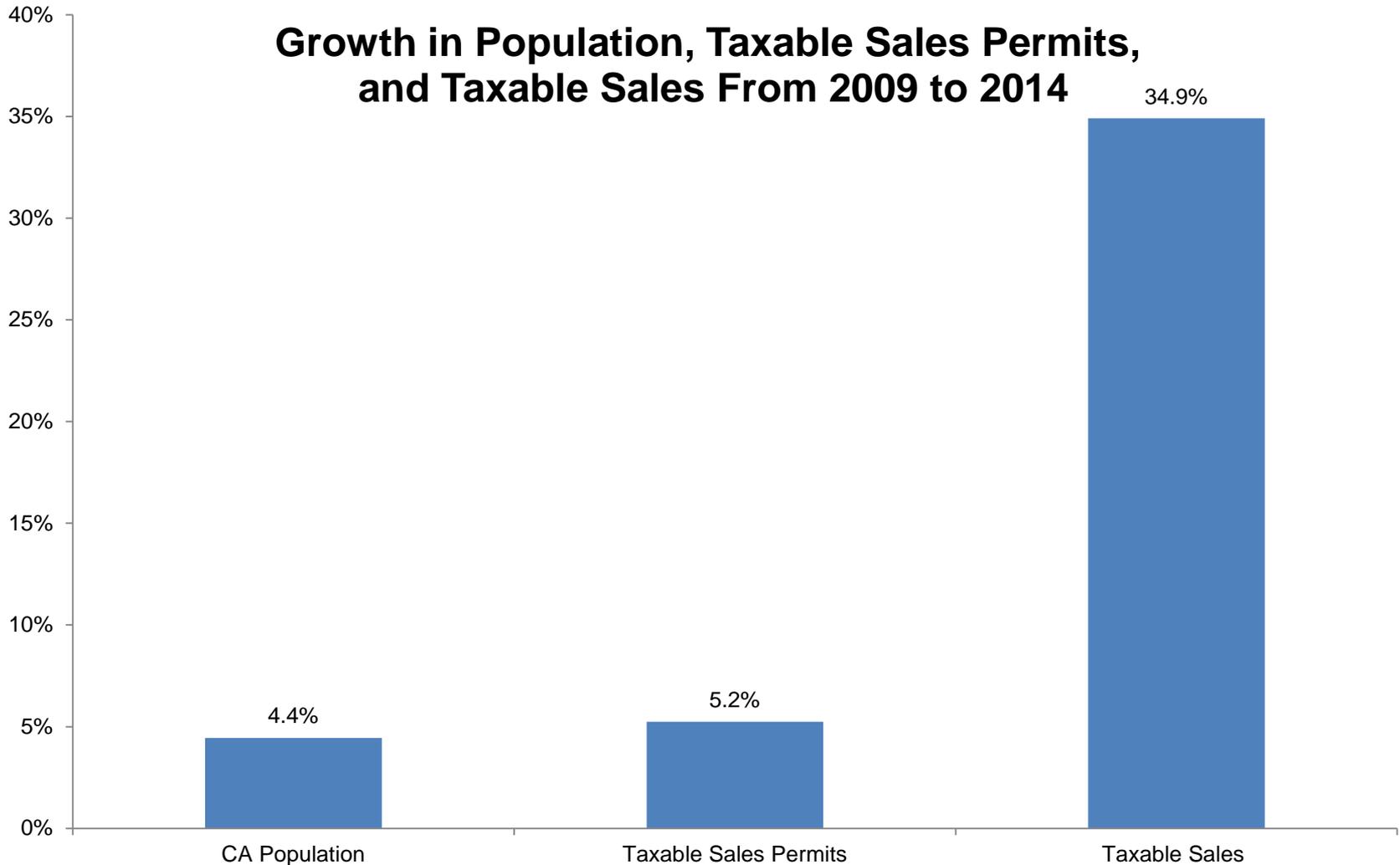
Low Inflation for Many Taxable Goods

California Taxable Sales Deflator and CA CPI (2004 = 100)



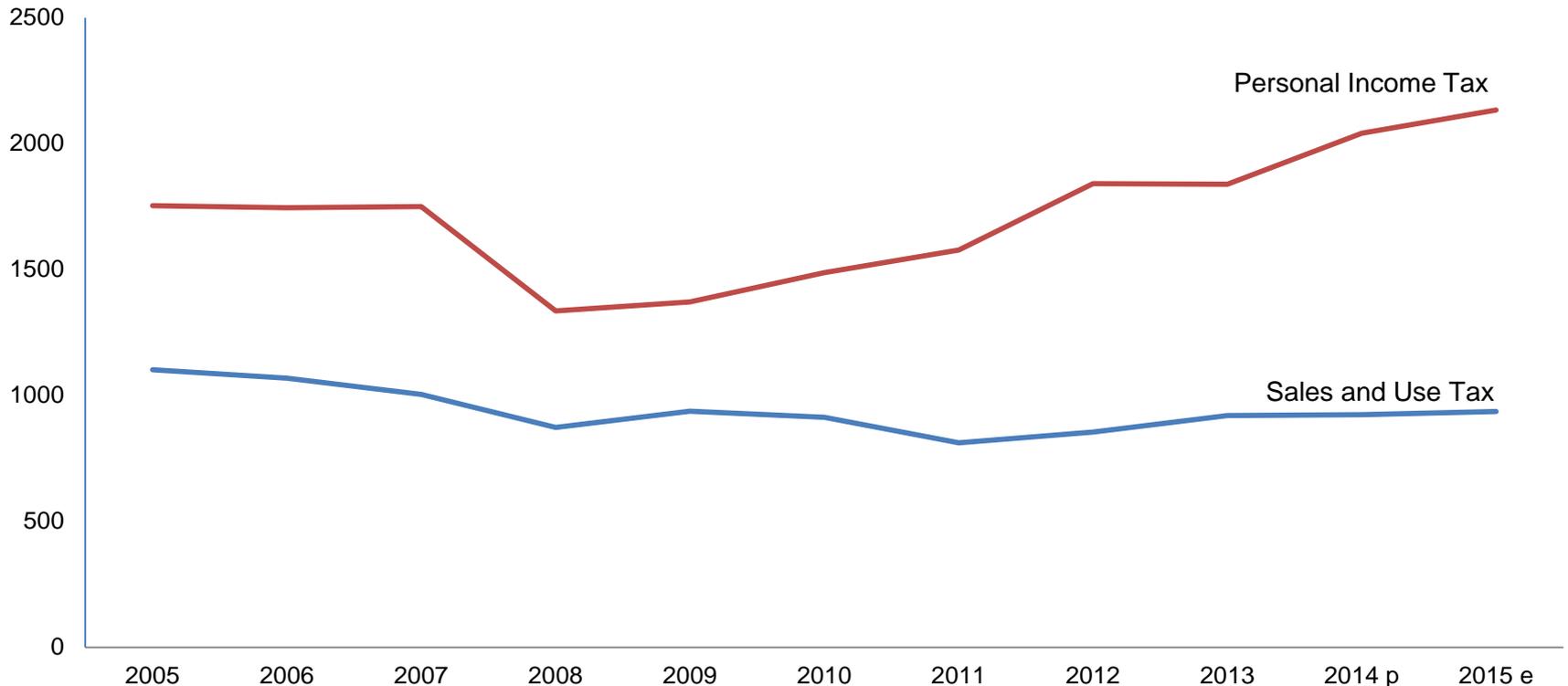
Permits Grow With Population

From 2009 to 2014

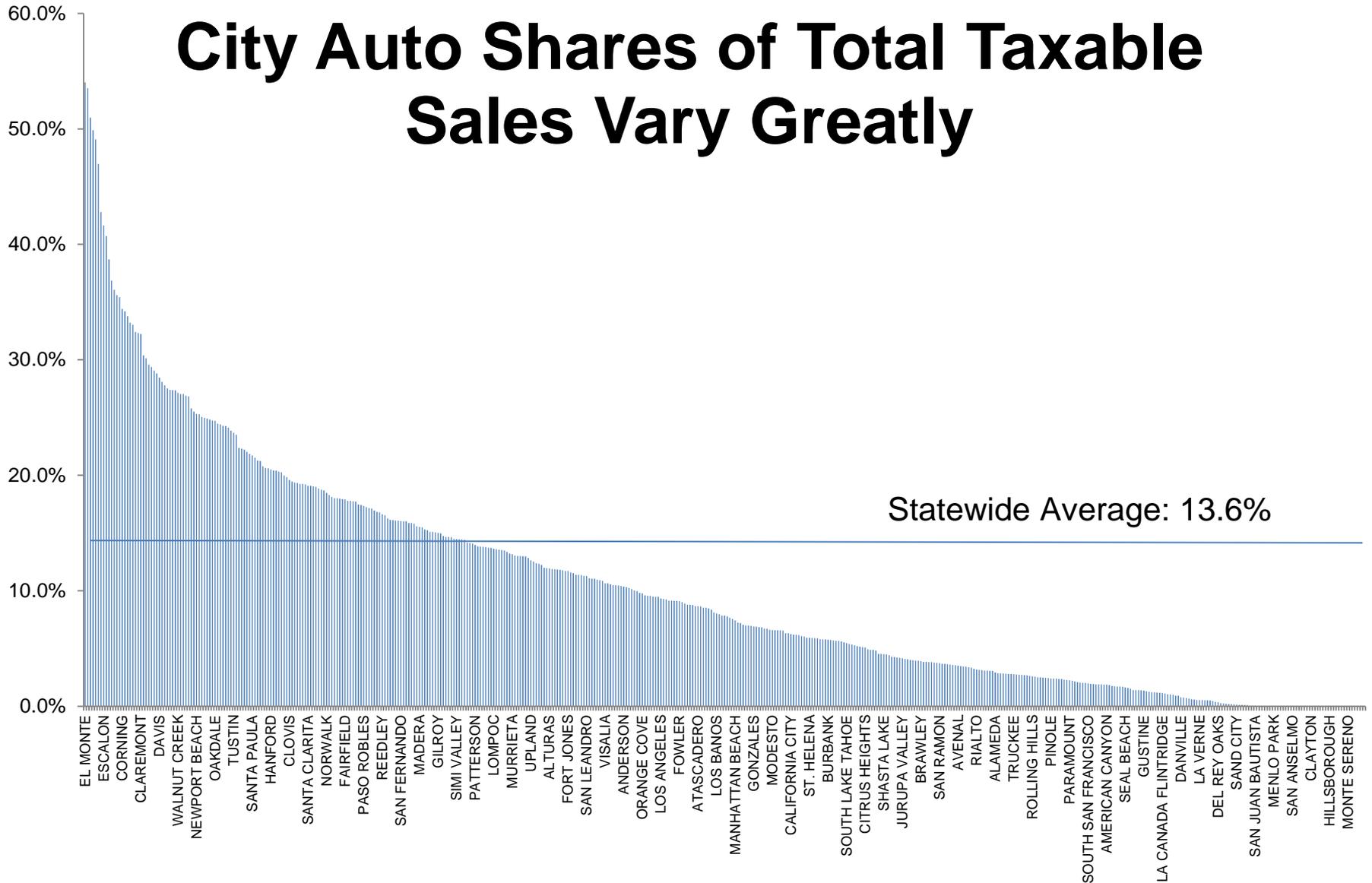


Sales and Use Tax Relatively Stable Revenue Source

**State Tax Revenues
(Inflation-Adjusted 2015 Dollars Per Capita)**



City Auto Shares of Total Taxable Sales Vary Greatly



Graph represents all California cities, however, not all are listed due to space constraints.



Other Social Trends: Electronic Devices and Social Media

	U.S. Percentages	
	2011	2015
Internet Penetration - % Of Adults	79%	84%
Smartphone Users - % of Mobile Subscriptions	40%	80%
Social Network Users - % of Adults	50%	65%
Tablet Users - % of Adults	10%	45%





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End of presentation

