The Economic Outlook and Orange County Taxable Sales

OCTA Briefing, June 28, 2017

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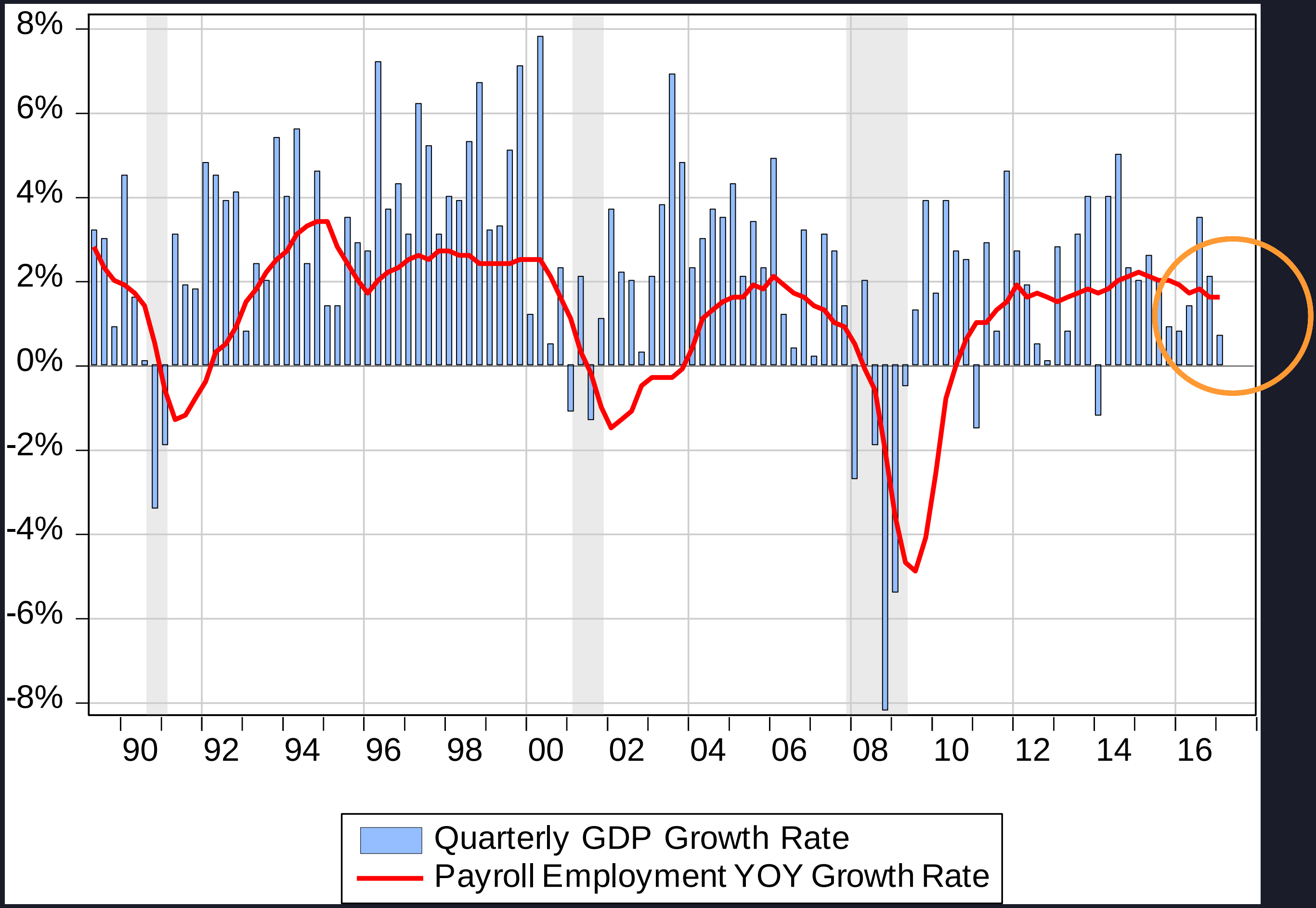
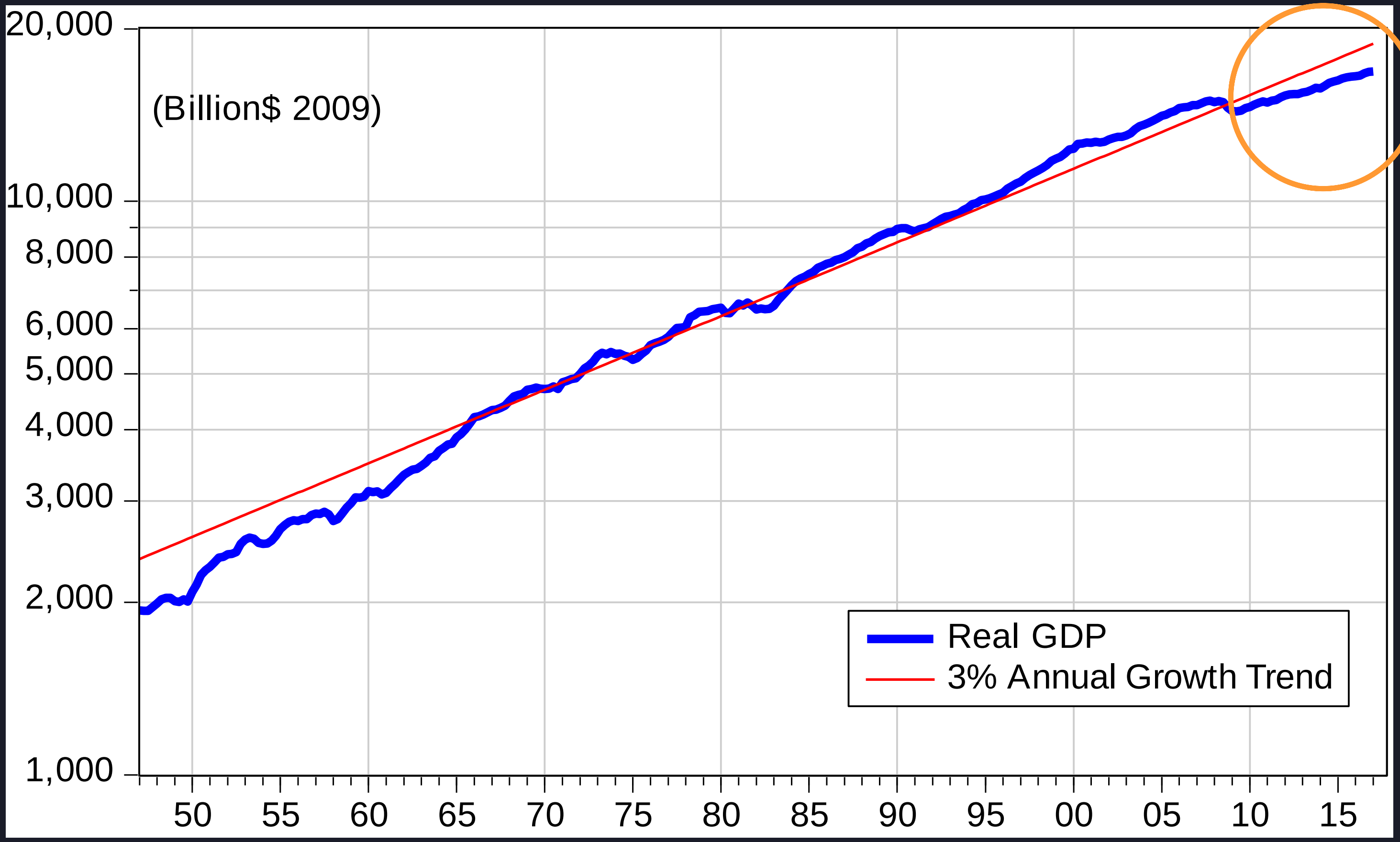
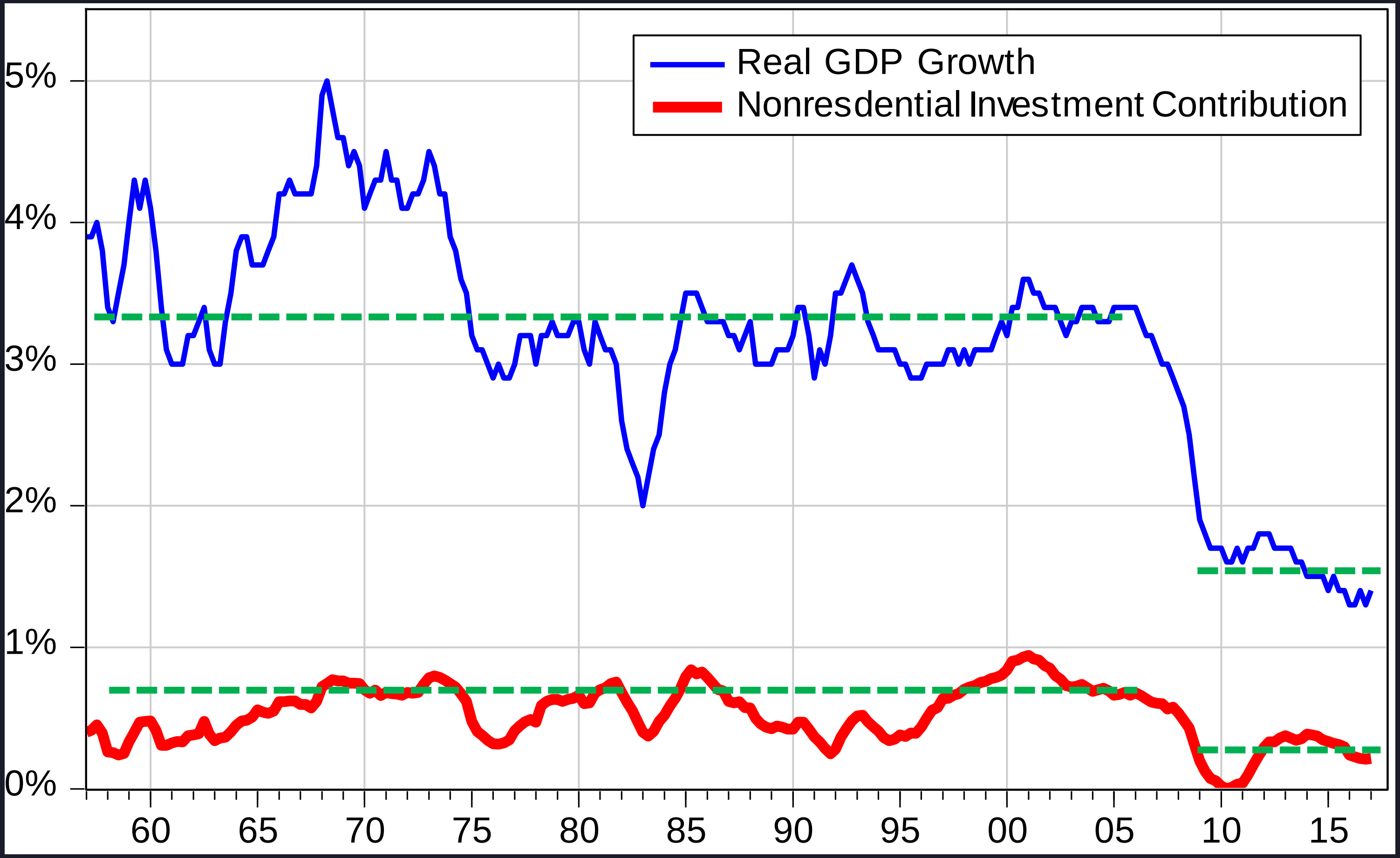
U.S. economy is doing all right



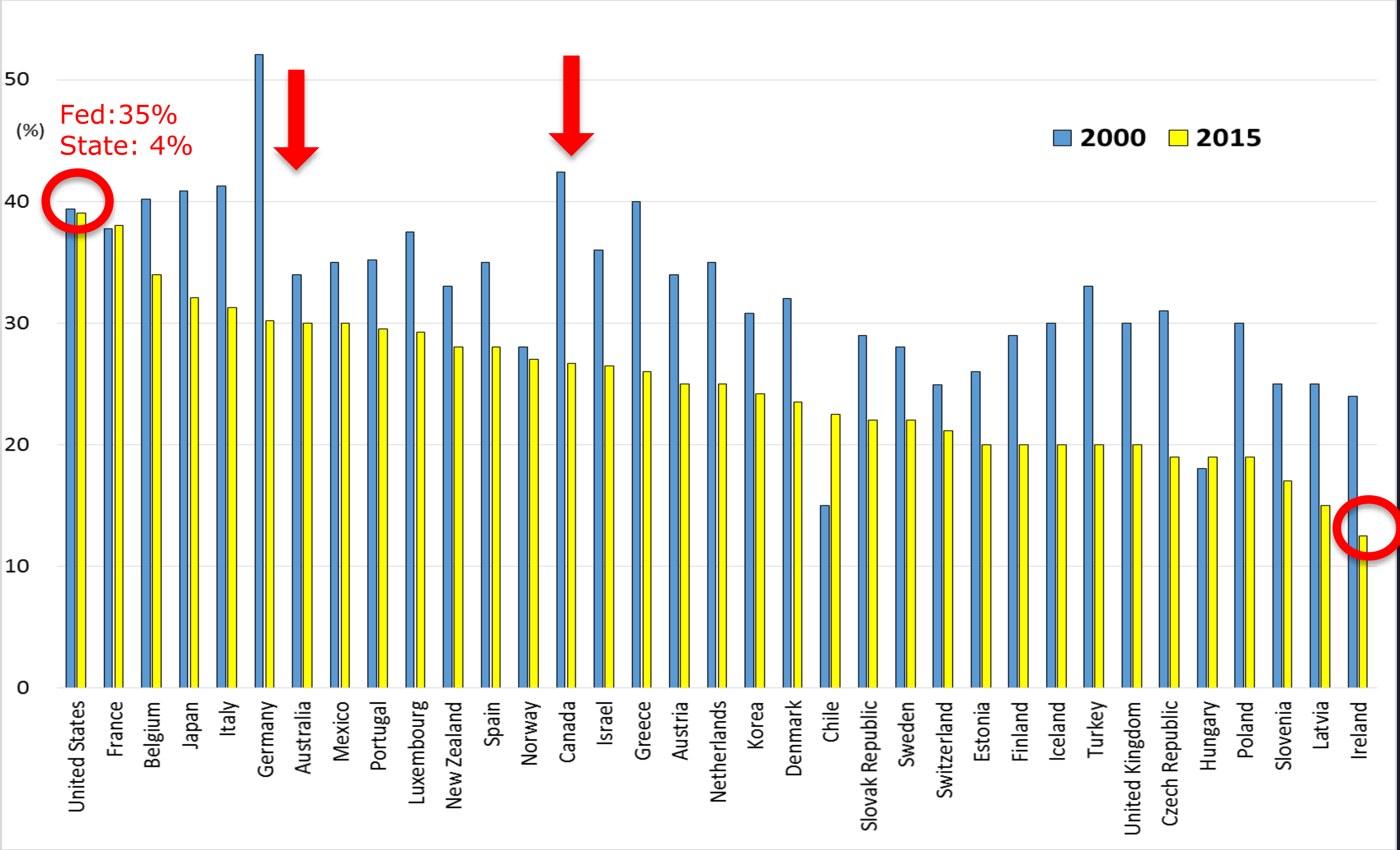
GDP is below the 3% trend growth after the Great Recession



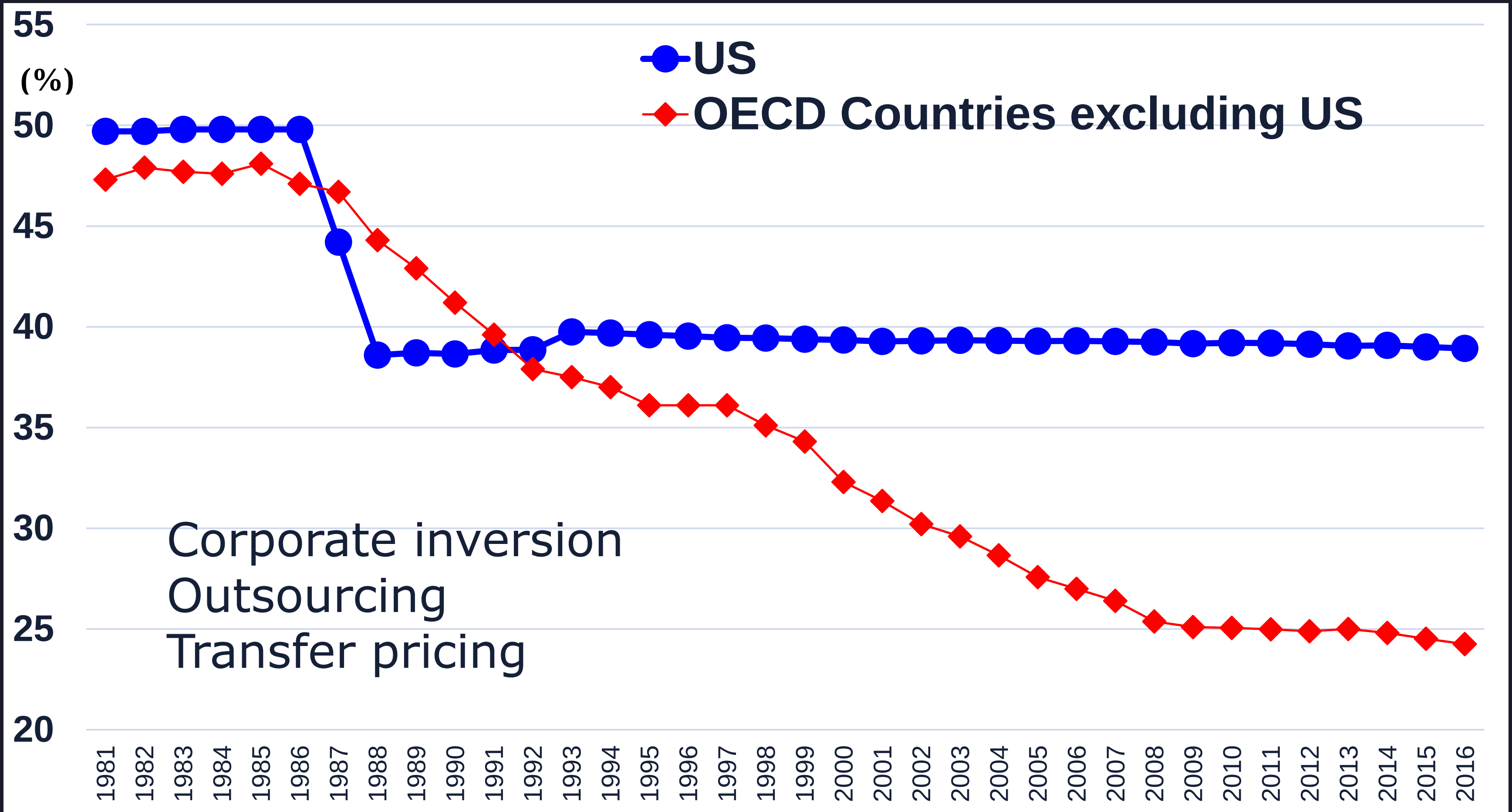
10-year moving-average GDP growth supports "secular stagnation"



Combined corporate income tax rates in OECD countries in 2000 and 2015

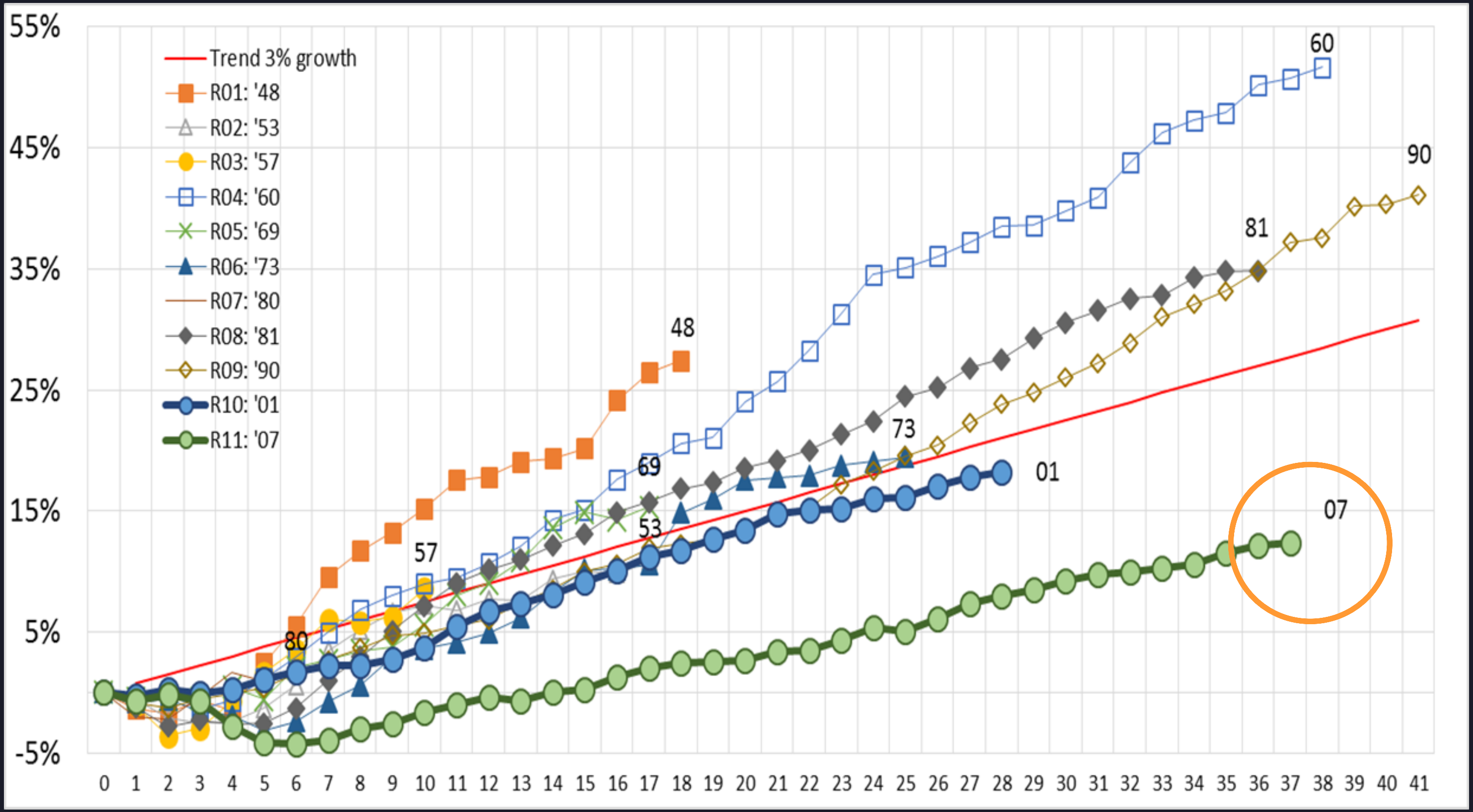


Corporate income tax rates in the US and other OECD countries from 1981 to 2016

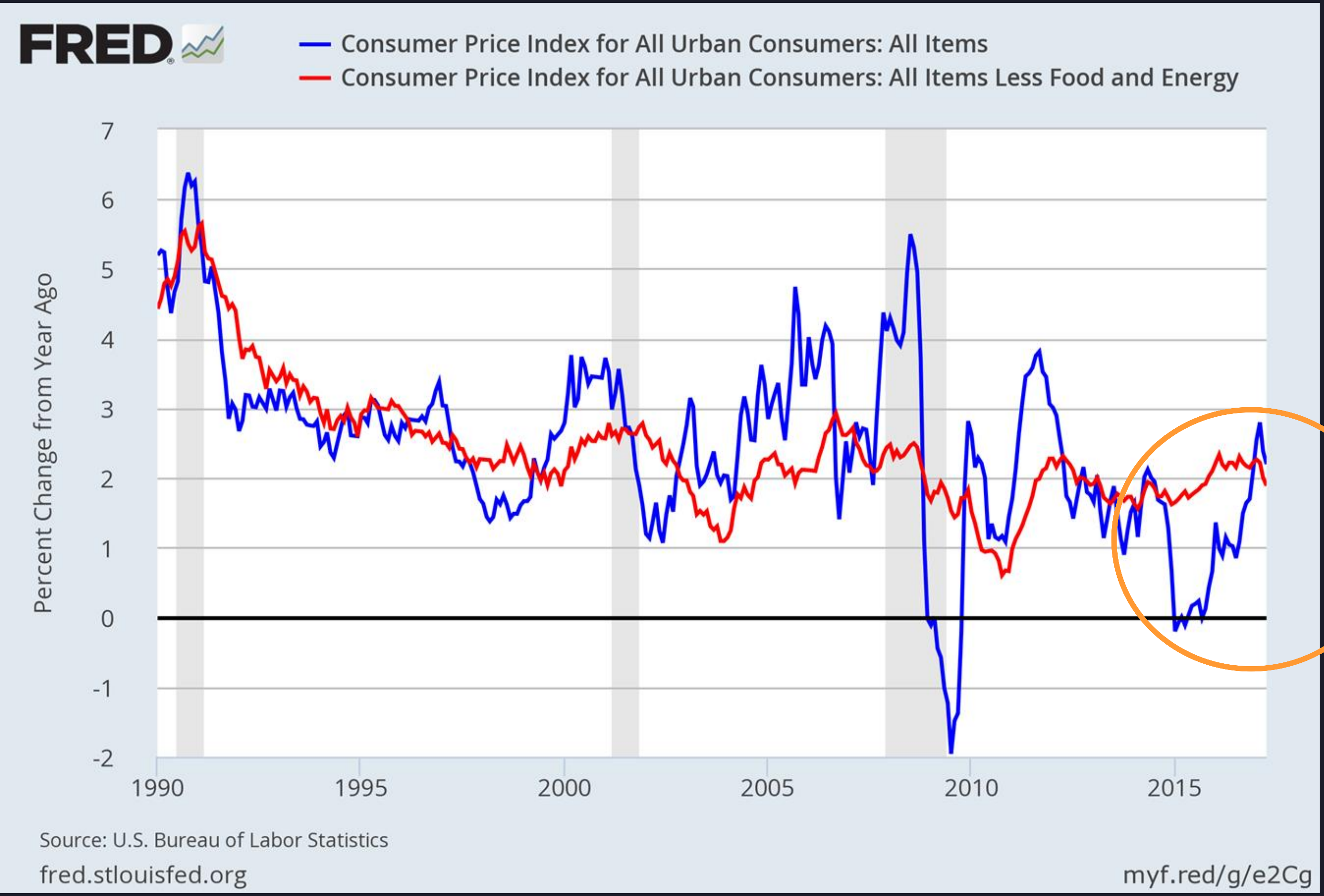


The current economic expansion is the 3rd longest in the postwar period but its accumulated growth is weak

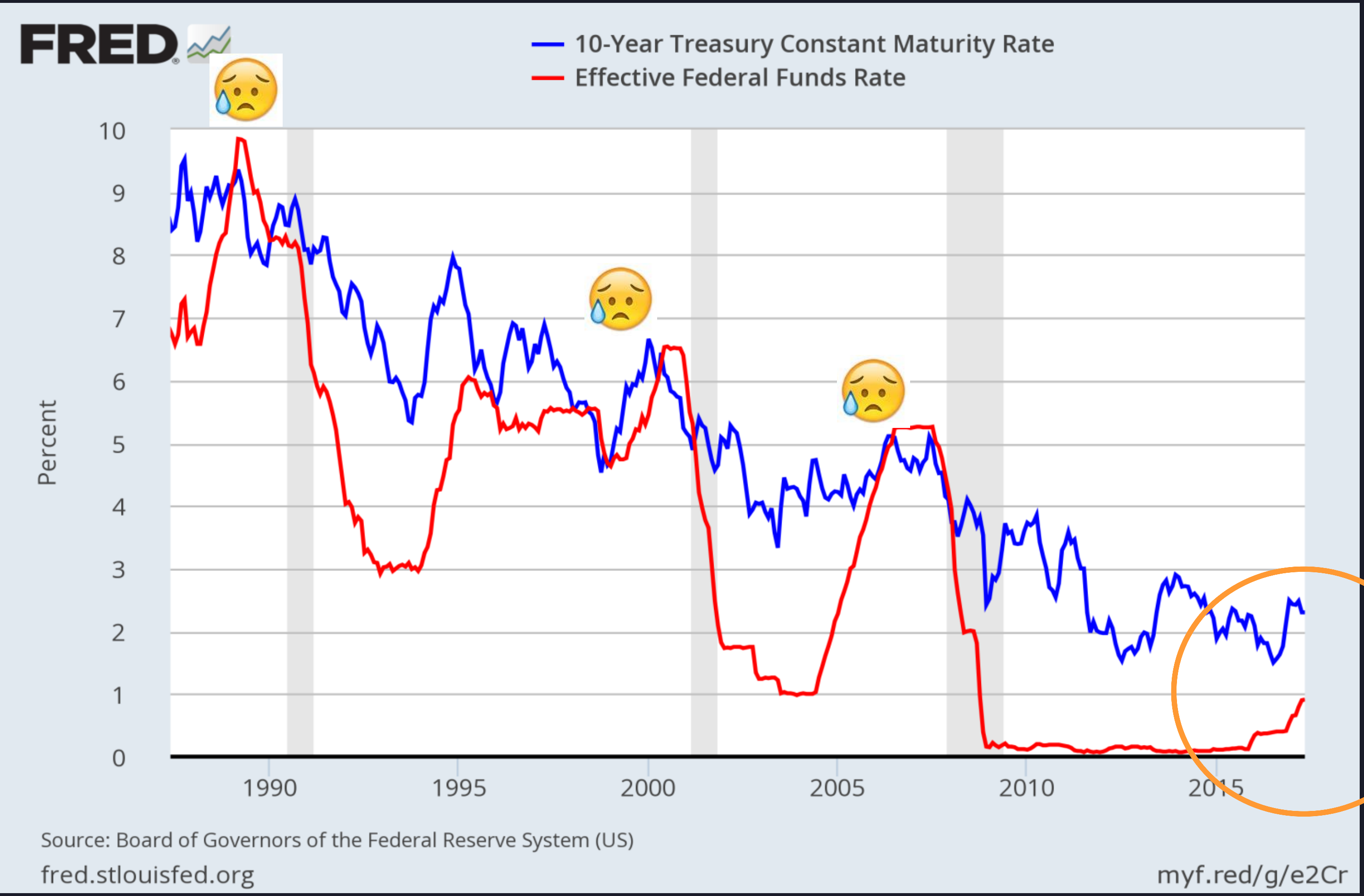
U.S. real GDP percentage change for each business cycle (peak to peak)



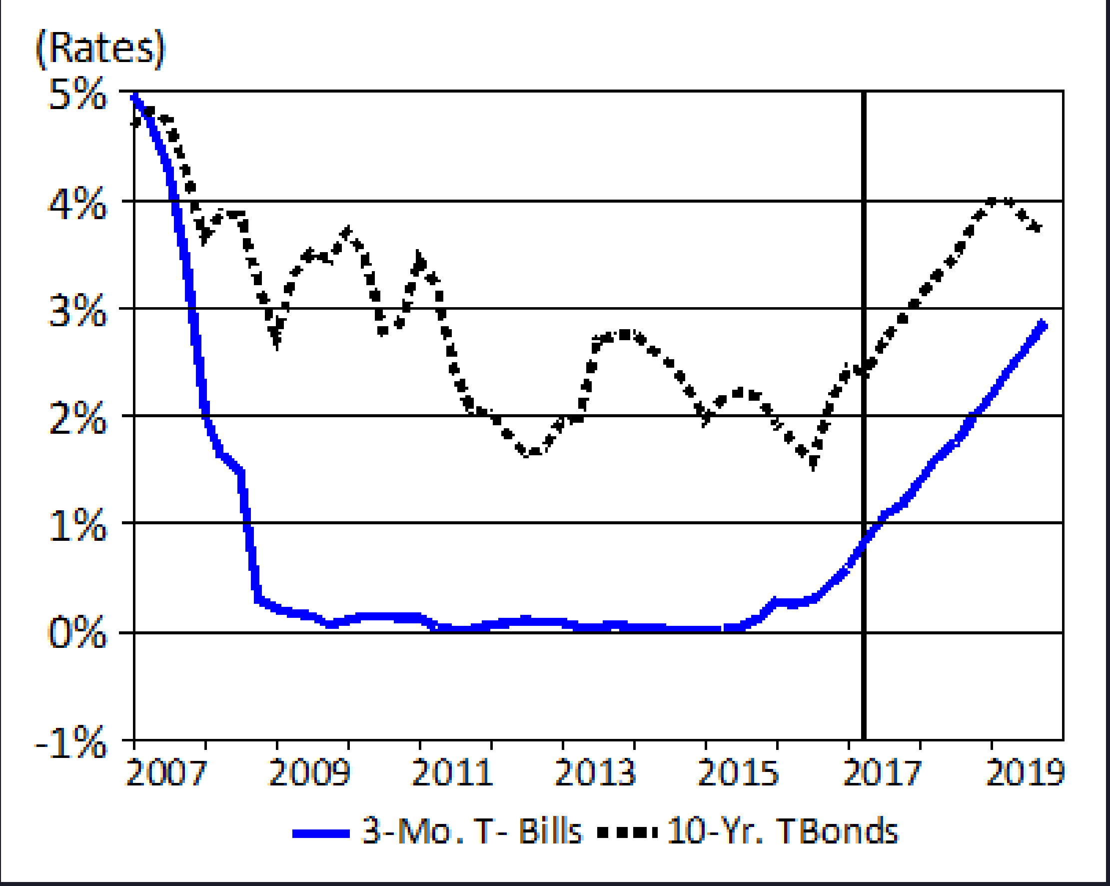
Headline inflation and core inflation are both around 2%



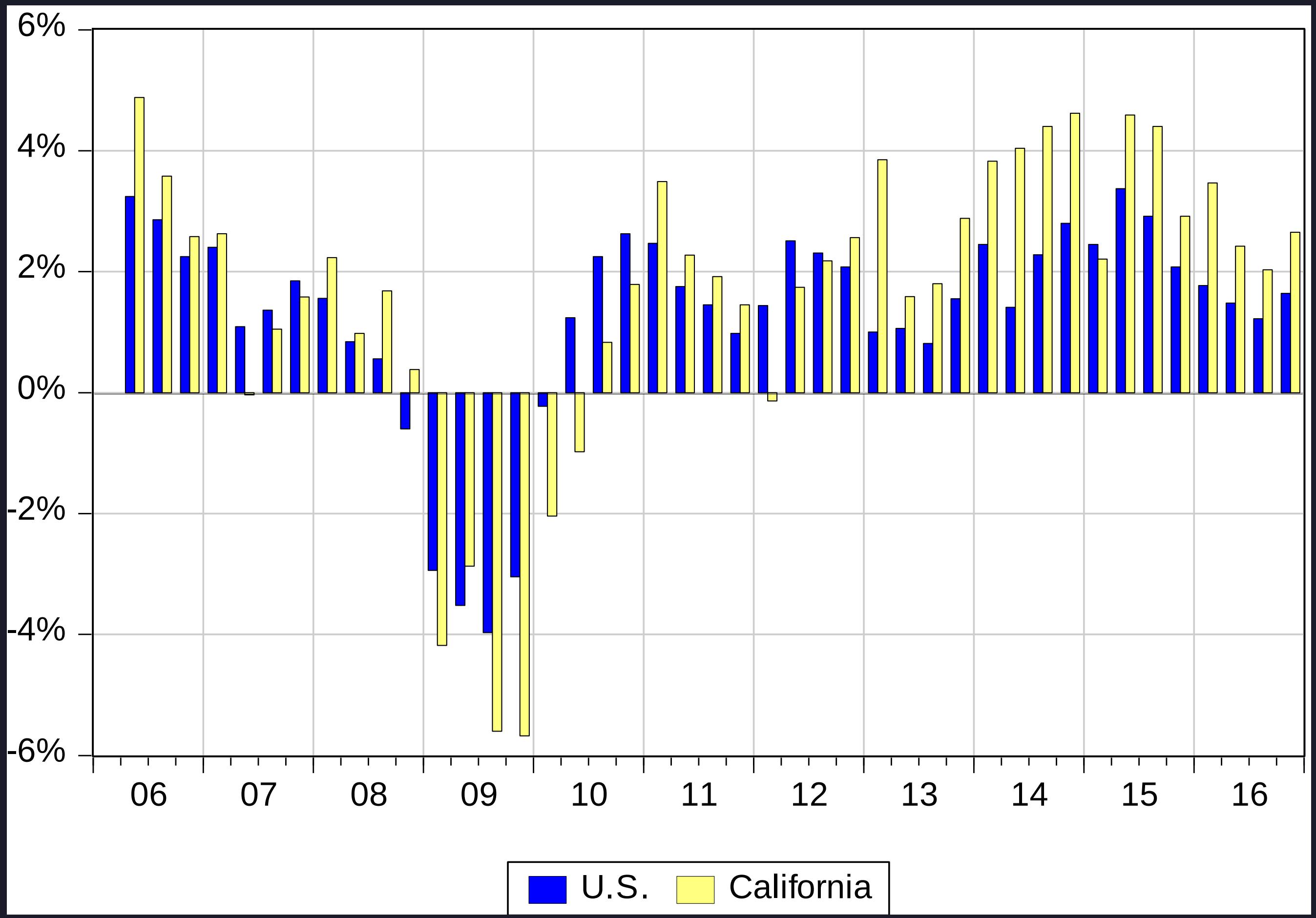
An inverted yield curve would be a leading indicator of the next recession



Interest rates forecast

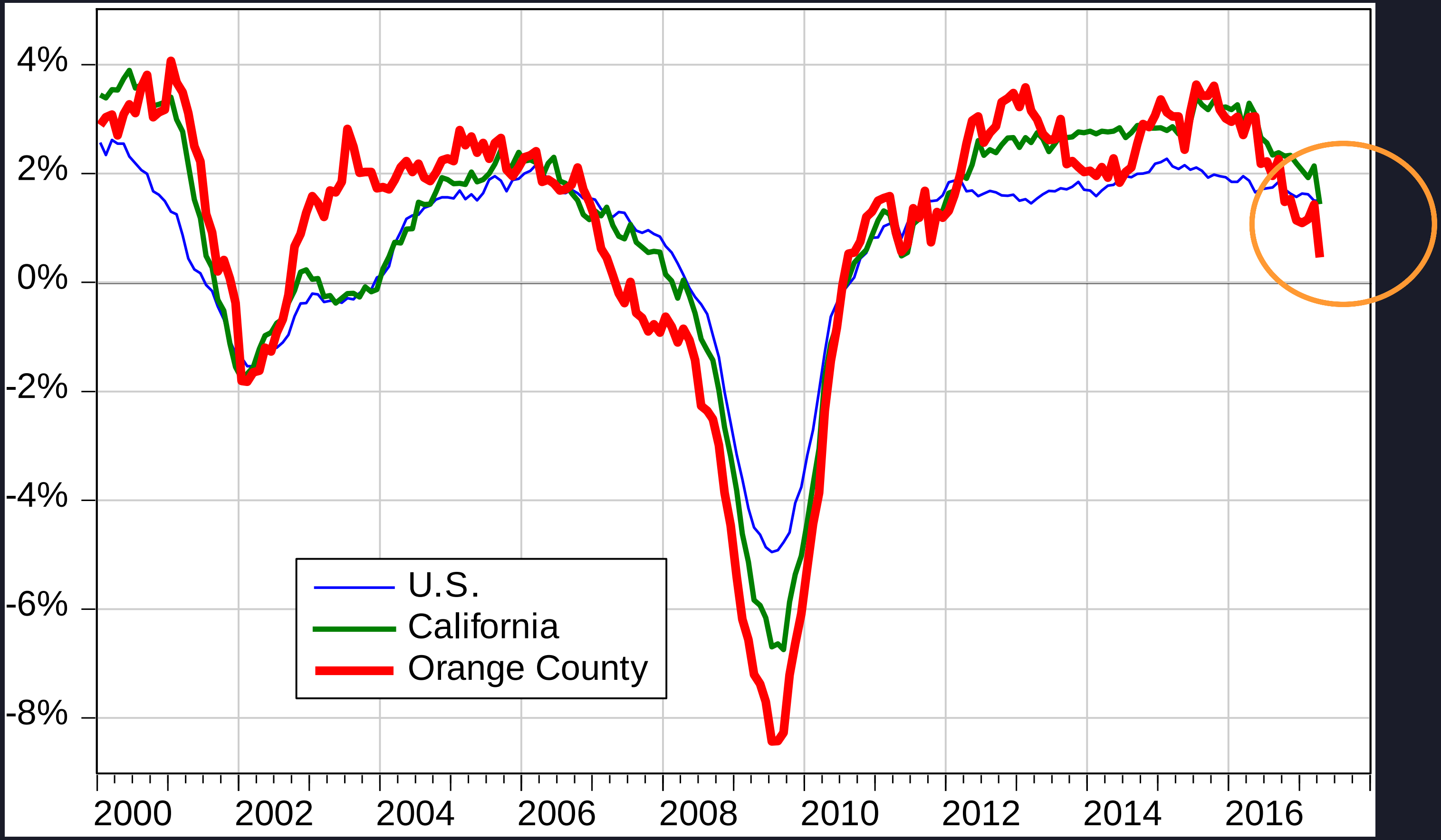


California has higher growth than the nation in the aftermath of Great Recession, real GDP growth

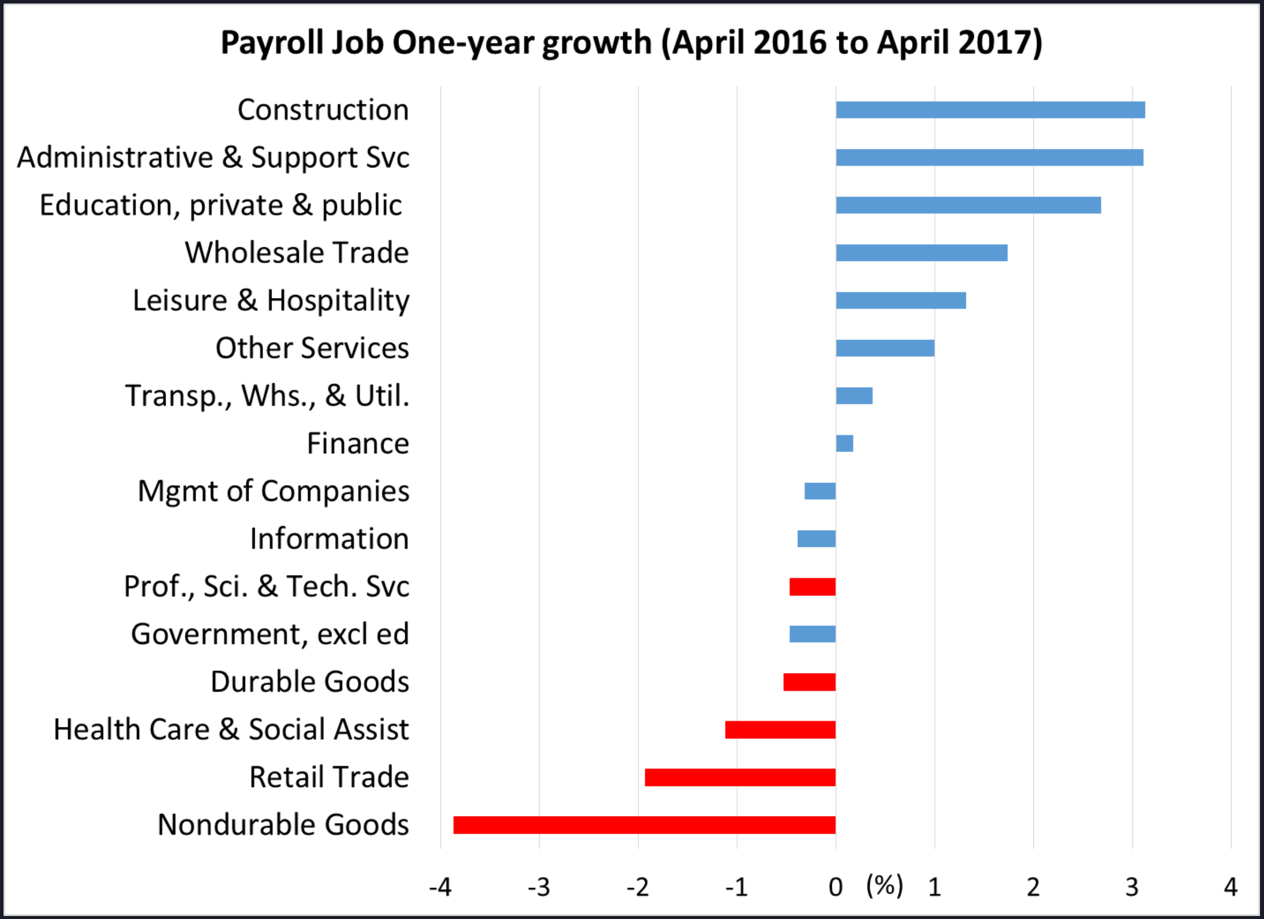


OC and CA have higher economic growth than the nation

Year-over-year payroll employment growth



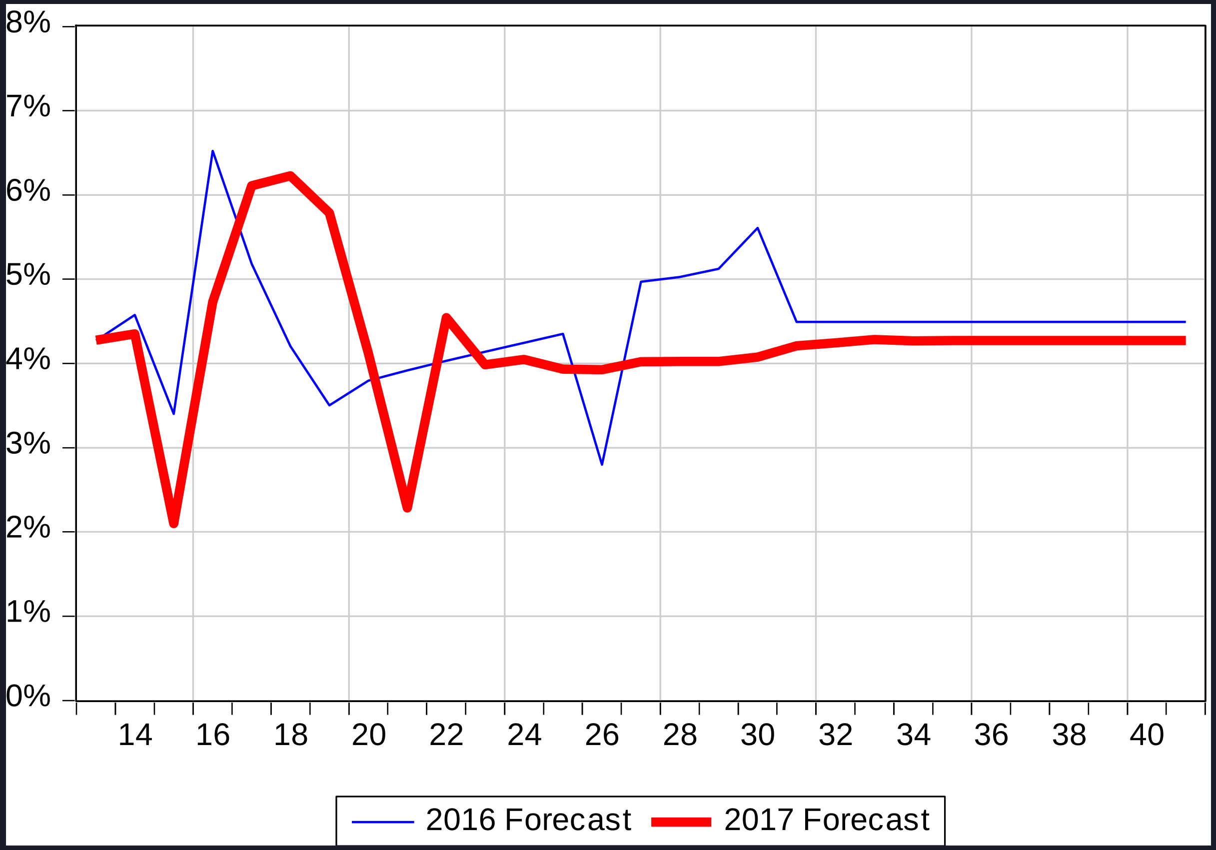
If the payroll number is correct, we should worry about the decline of retail trade, health care, and manufacturing sectors



California Forecast

	2017	2018	2019
Payroll employment	1.6%	1.1%	0.9%
Unemployment rate	4.8%	4.6%	4.5%
Personal income (real)	3.1%	3.3%	3.2%
Housing permits (units)	105.1	115.9	118.7
Population growth	0.7%	0.6%	0.6%

Orange County Taxable Sales Growth



Reasons for Lower long-term forecast:

- Lower inflation
- Lower population growth
  1. Lower fertility
  2. Lower migration