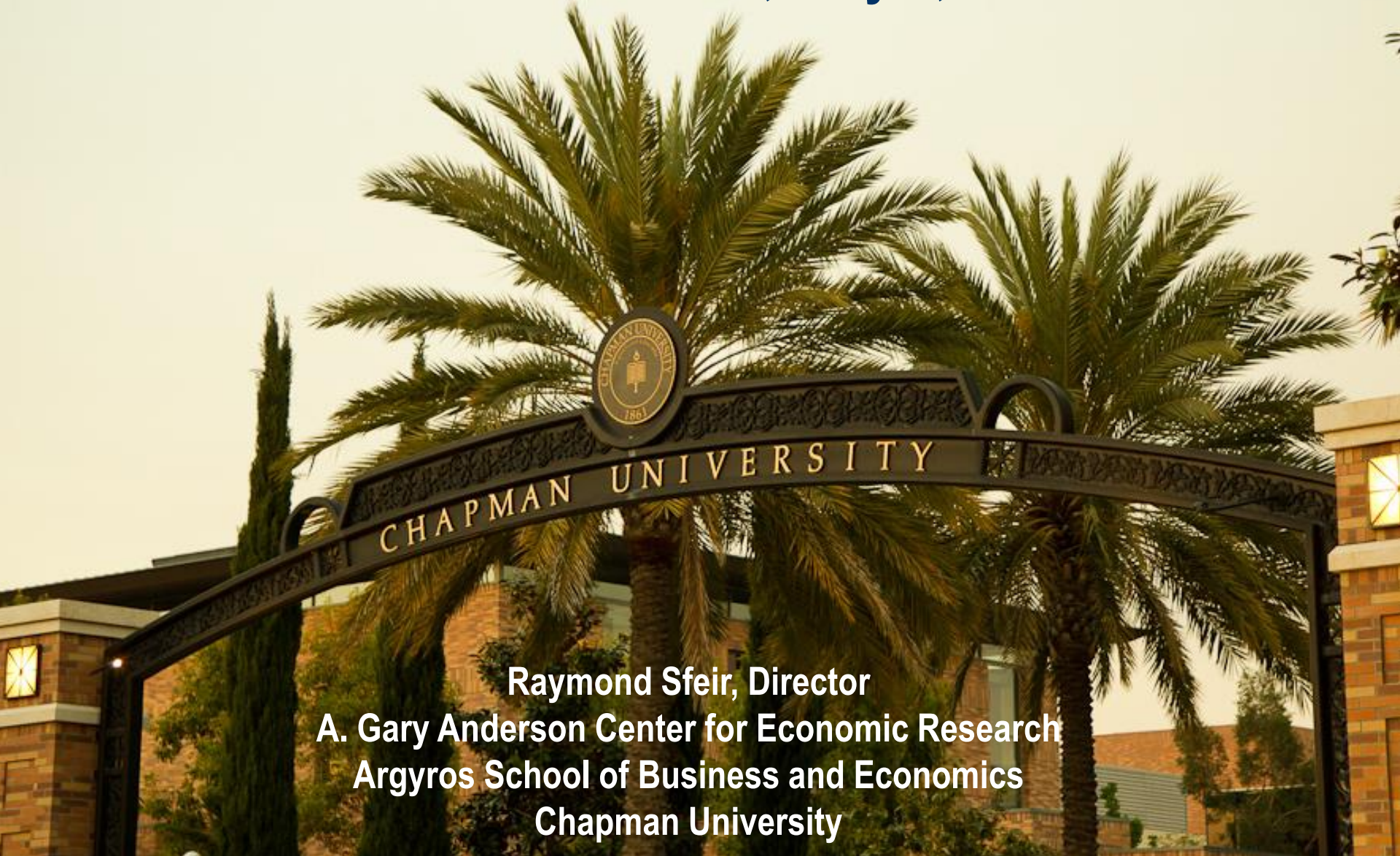


# OCTA

## Economic Forecast, July 8, 2020

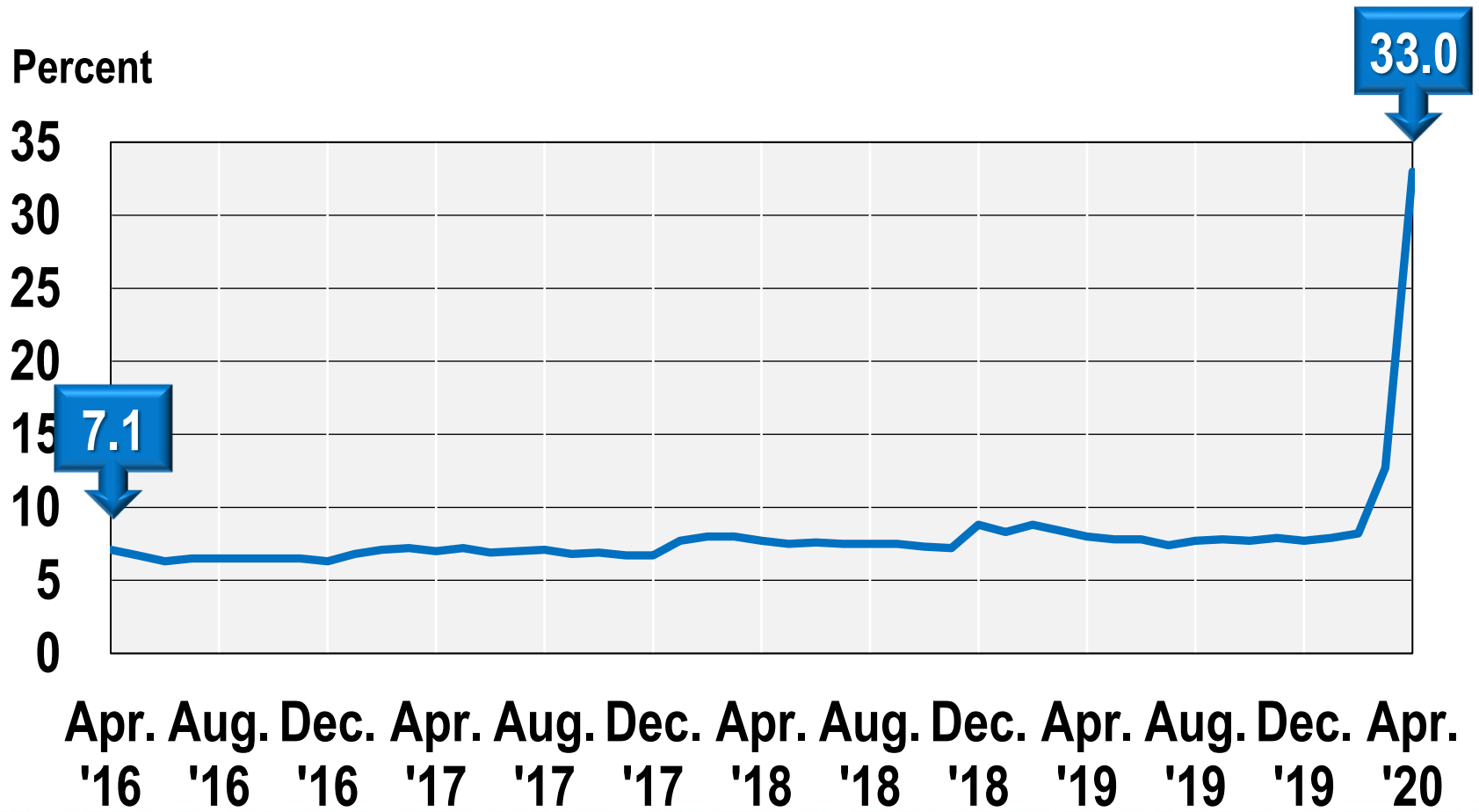


**Raymond Sfeir, Director**  
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**Argyros School of Business and Economics**  
**Chapman University**

# U.S. Employment Percentage Change

Sector	2007-2010	2020 Jan-April
Construction	-27.7	-13.4
Manufacturing	-16.9	-10.6
Retail Trade	-6.9	-15.1
Information	-10.7	-9.6
Professional & Business	-6.8	-10.5
Education & Health	6.9	-11.1
Leisure & Hospitality	-2.9	-48.9
Total Non-Farm	-5.5	-14.3

# Personal Savings Rate





# 2020 U.S. Retail Sales

## Percentage Change

Sector	Jan - March	Jan - April
Food Services	-30.0	-50.6
Motor Vehicles	-26.0	-35.1
Gas Stations	-18.9	-42.3
Furniture	-21.2	-67.4
Electronics	-12.2	-65.4
Clothing	-50.2	-89.5
Non-store Retailers	6.2	15.1
Total Retail	-8.7	-23.7

# Impact of COVID-19 on Employees

- Compensation
- Unemployment Insurance
- Federal Assistance

# Compensation Losses (\$ Billions)

➤ Manufacturing	39.7
➤ Retail trade	33.8
➤ Professional & Business	50.0
➤ Educations & Health Care	51.1
➤ Leisure & Hospitality	79.9
➤ <u>Other</u>	<u>132.7</u>
➤ Total	387.2

# CARES Act (\$ Billions)

➤	State Unemployment Insurance	144
➤	Unemployment Insurance Provision	220
➤	<u>Recovery Rebates for Individuals</u>	<u>300</u>
➤	Total	664

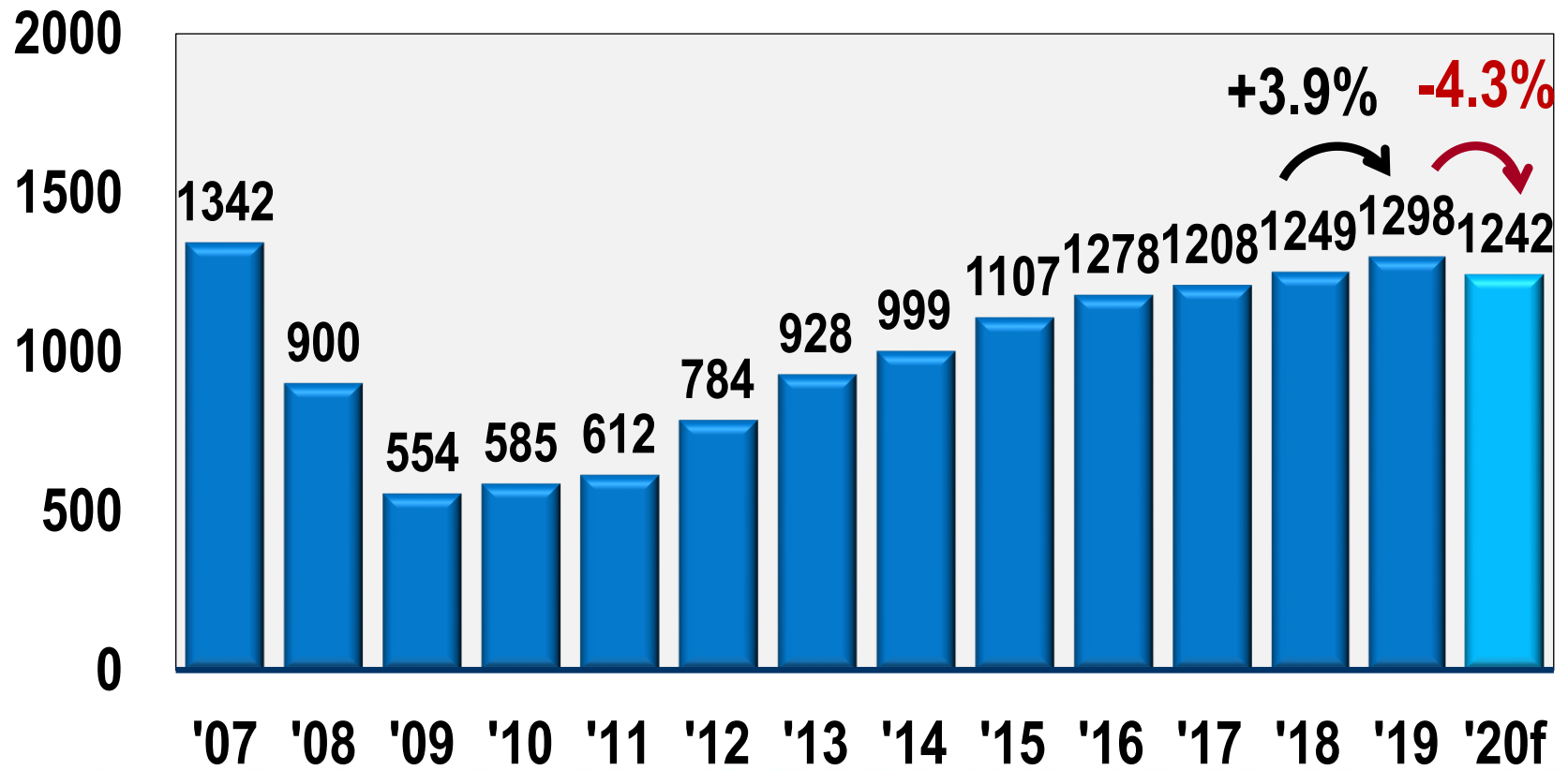
# Net Effect of COVID-19 on Employees

➤	Government Assistance	664
➤	<u>Compensation Losses</u>	<u>387</u>
➤	Net	277



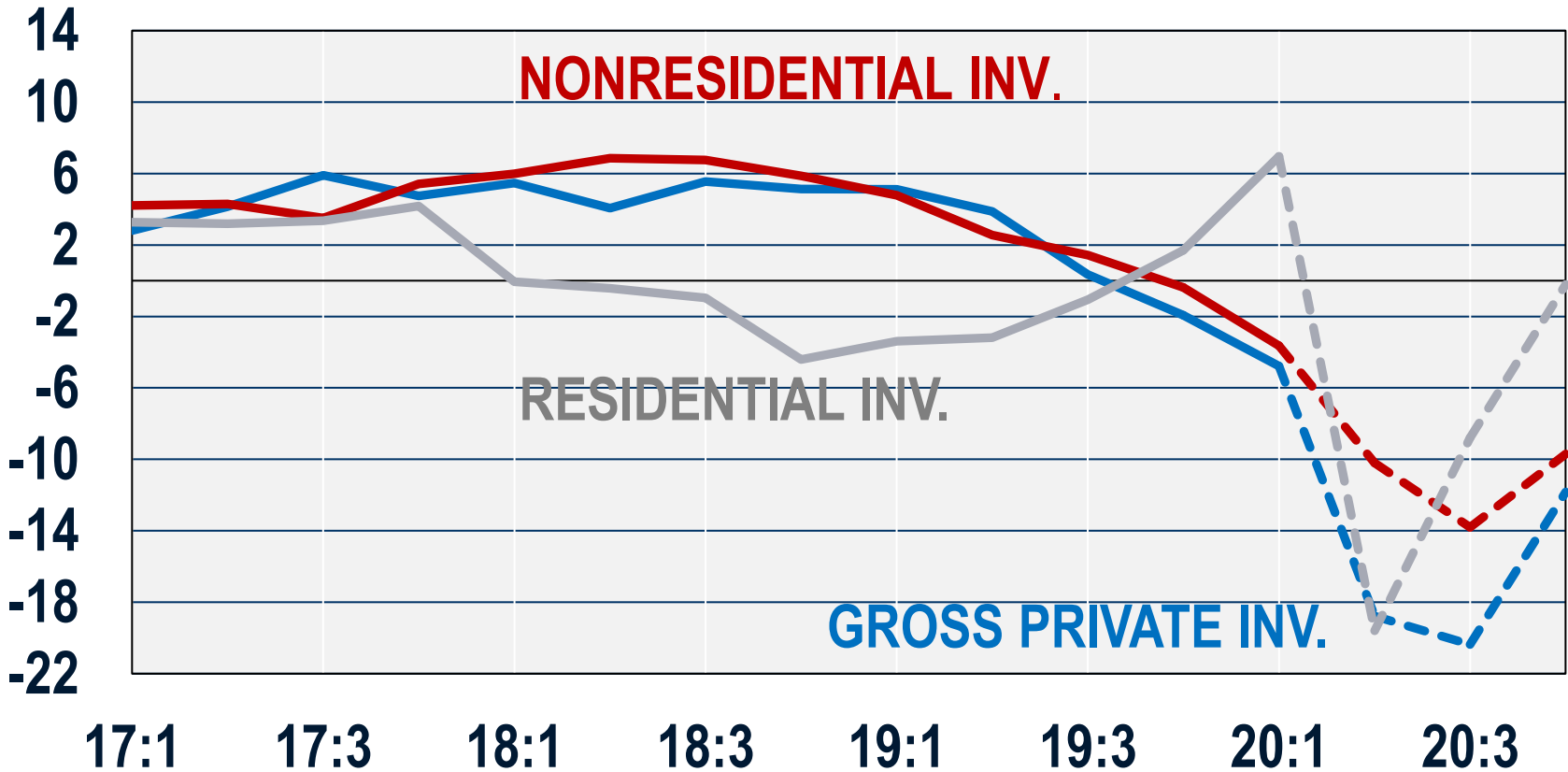
# Housing Starts

Thousands of Units

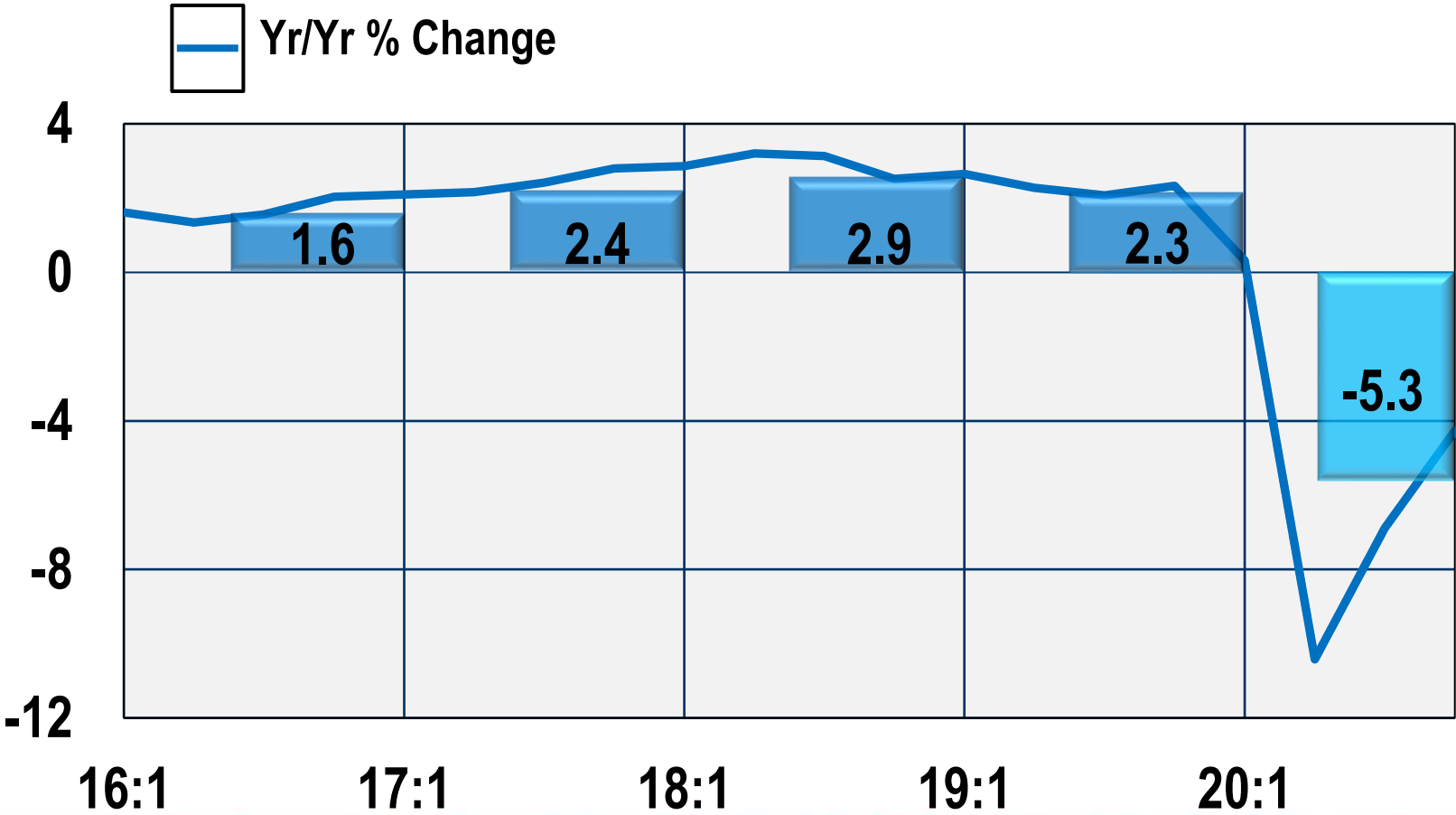


# Investment Spending

Percent

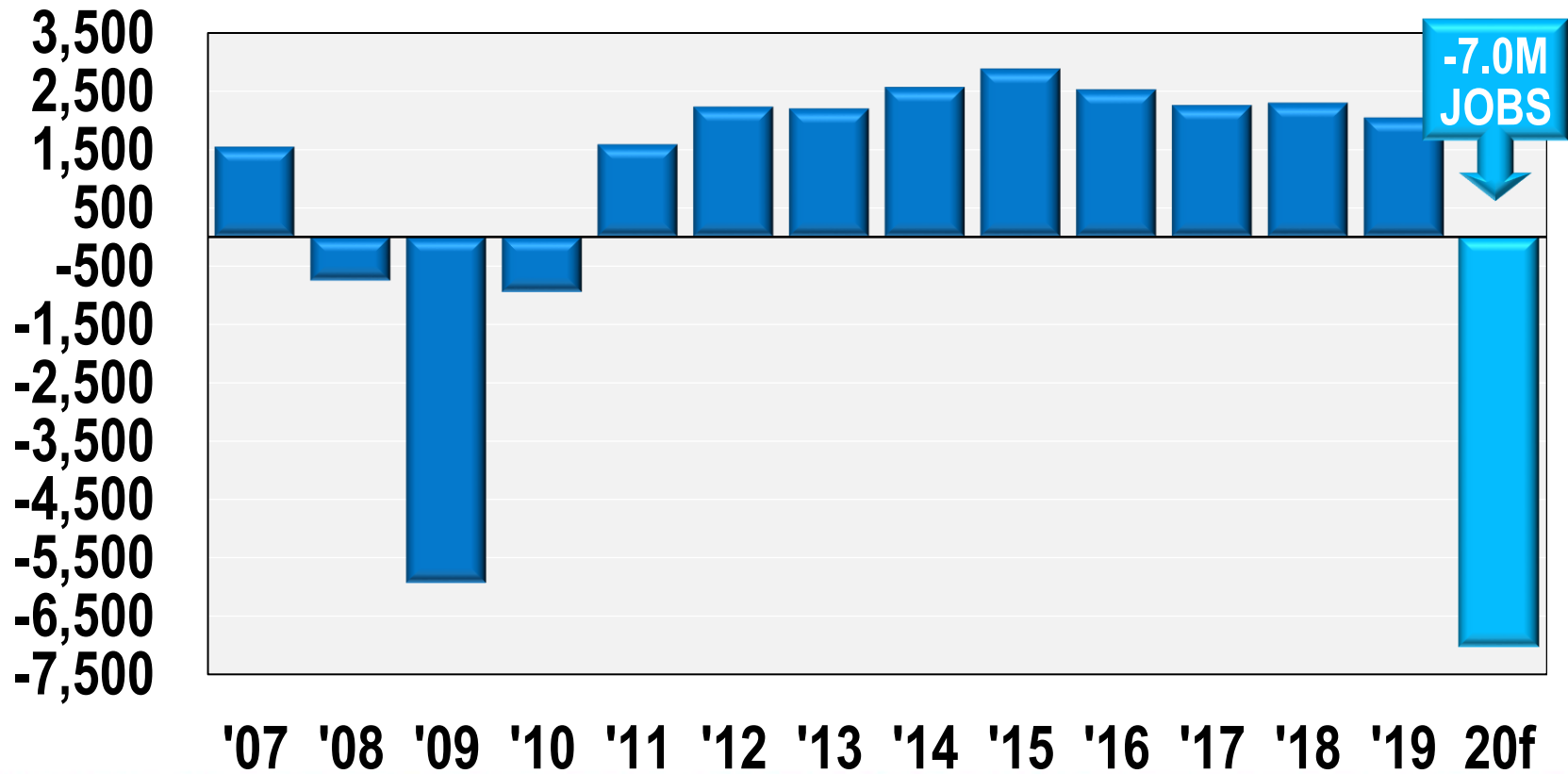


# Real GDP



# Change in U.S. Employment

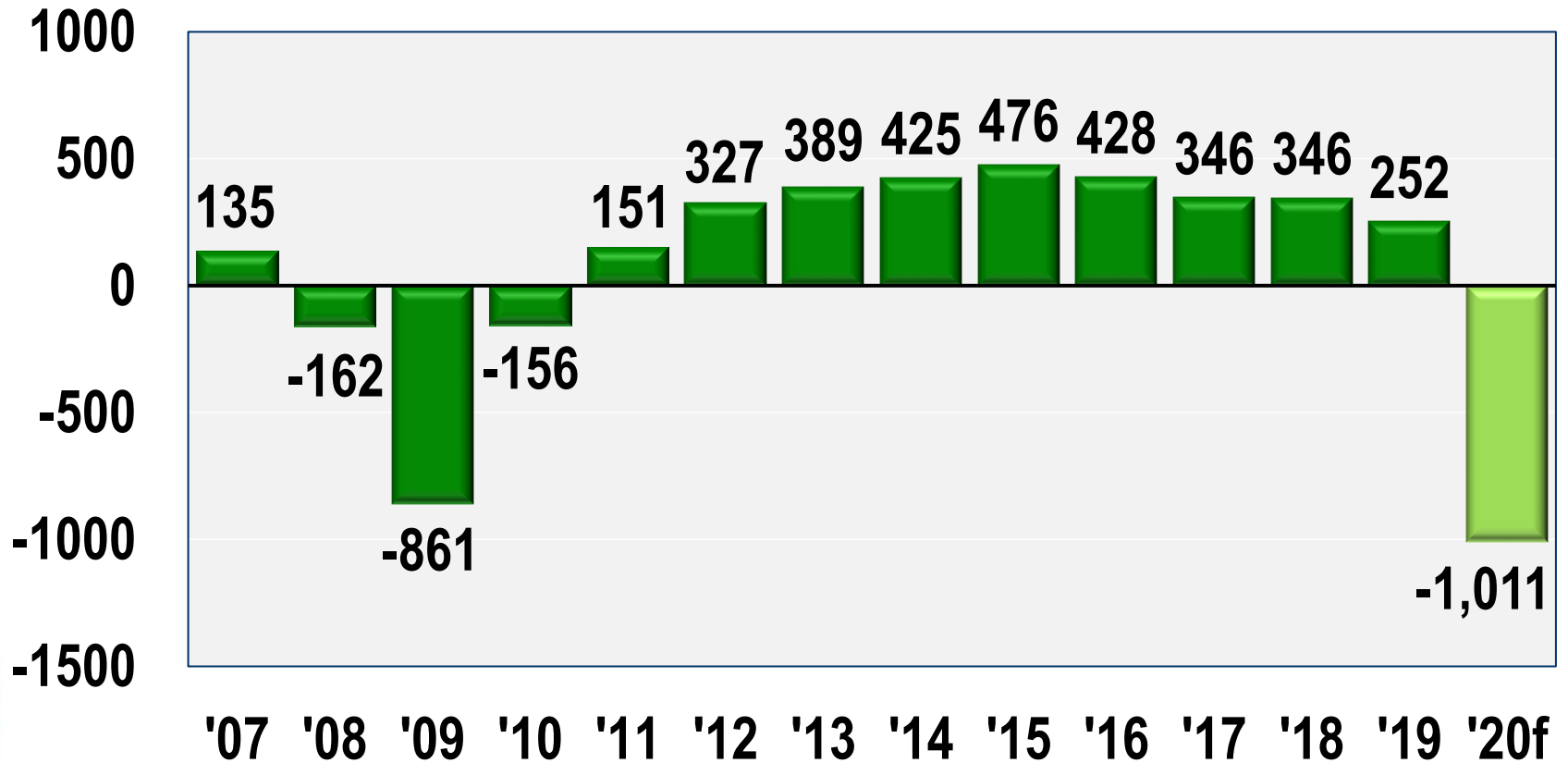
In Thousands



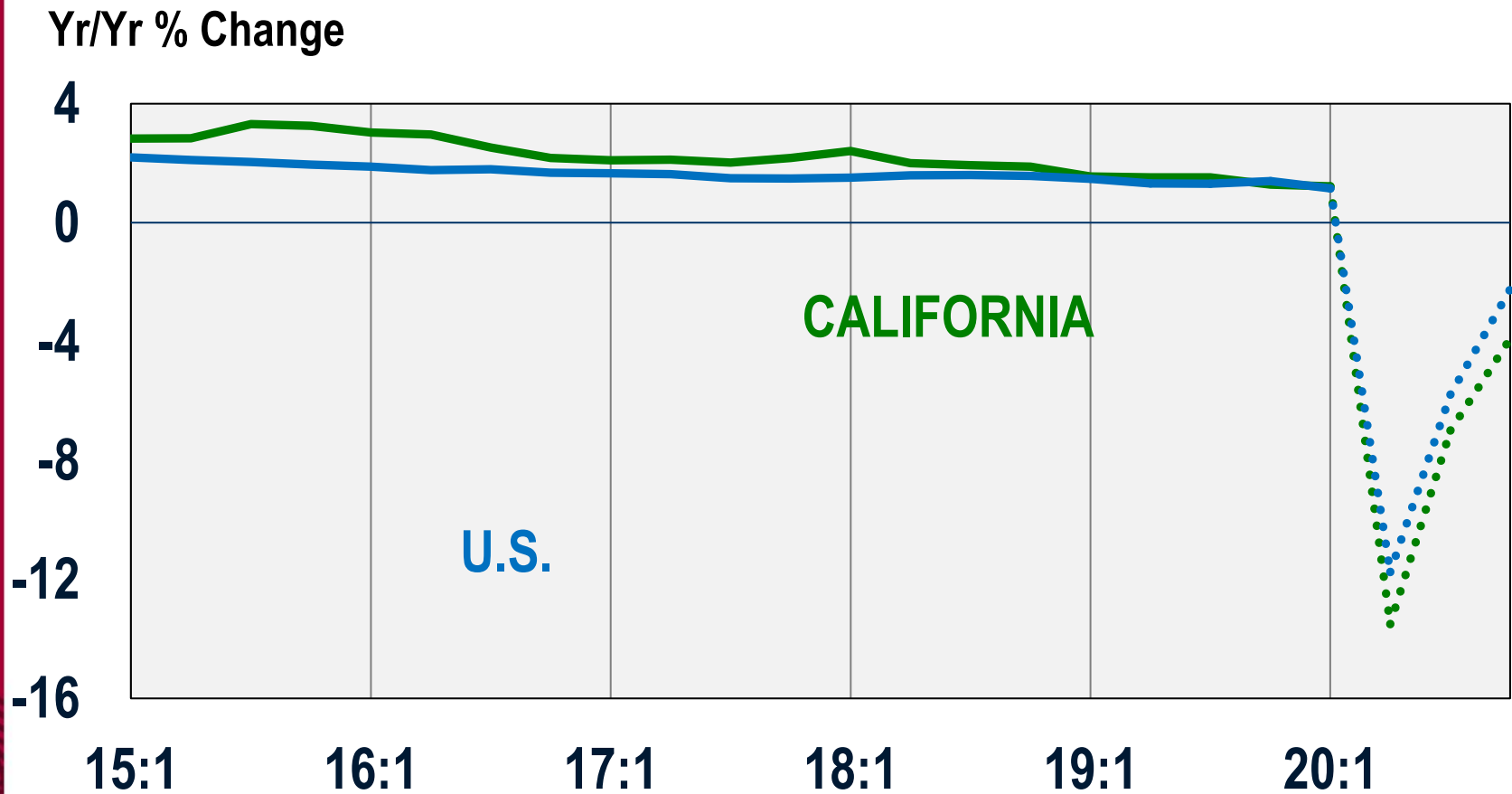


# Change in California Employment

In Thousands



# Payroll Employment



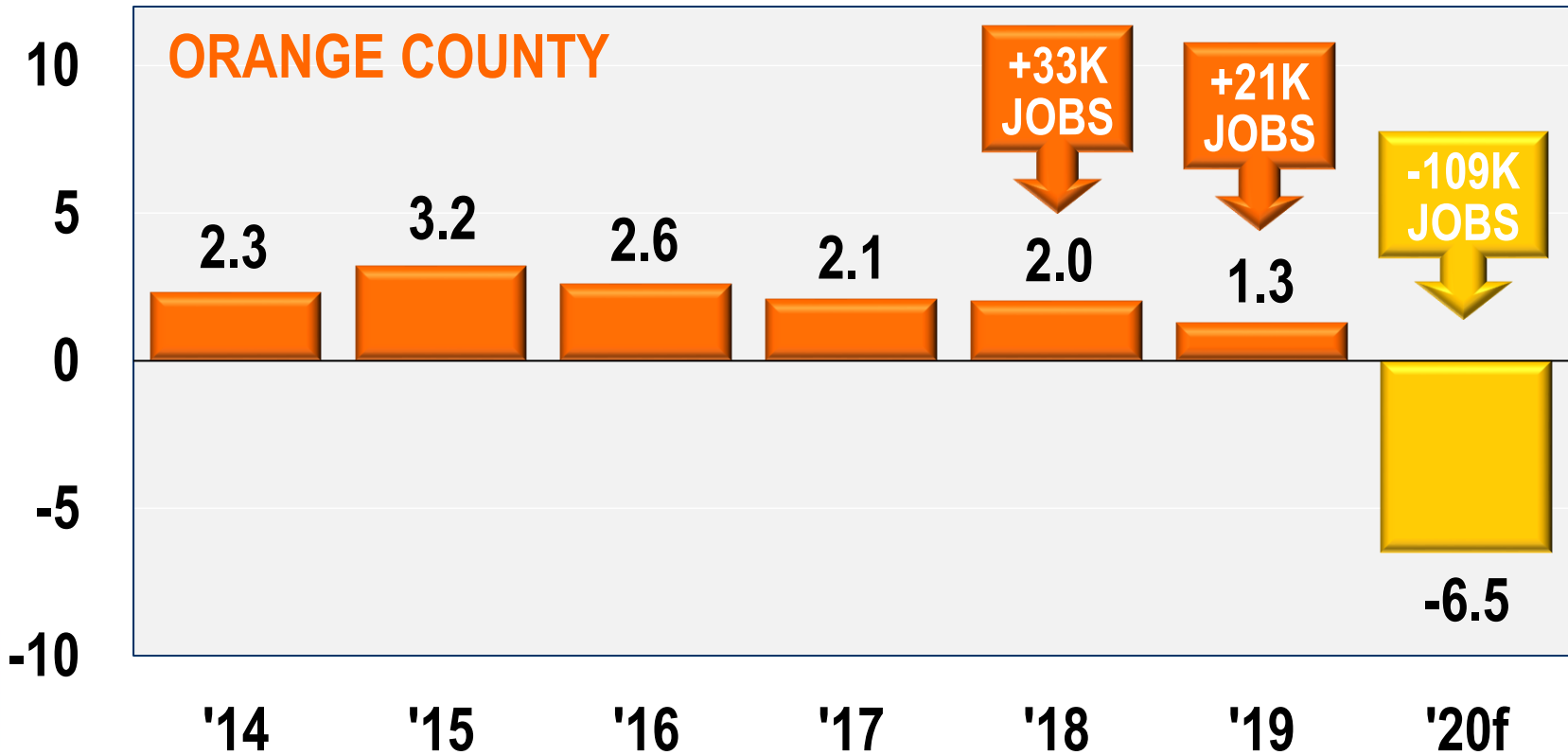


# Orange County Economic Outlook



# Job Growth

Annual % Change

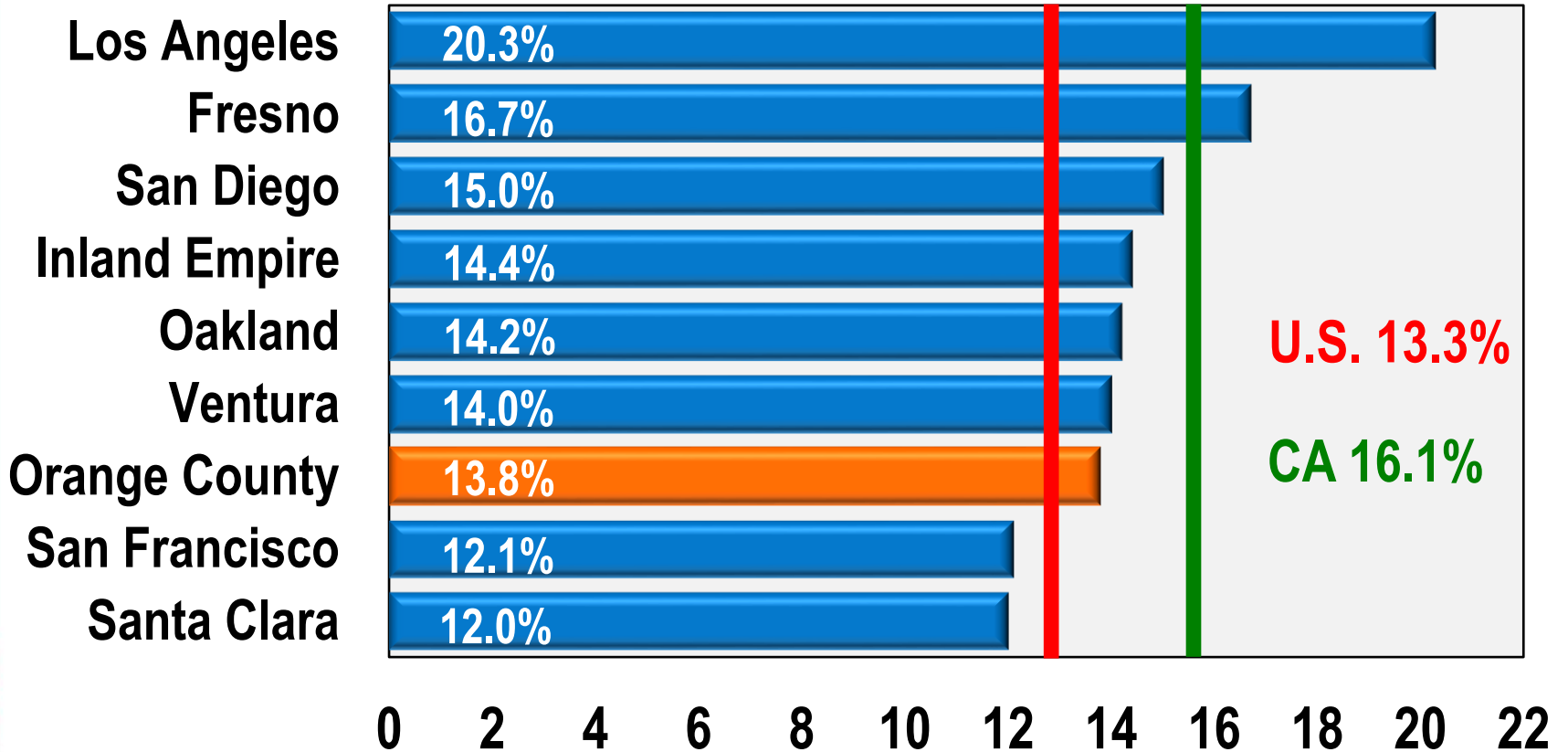




# Unemployment Rate

## April 2020

Percent





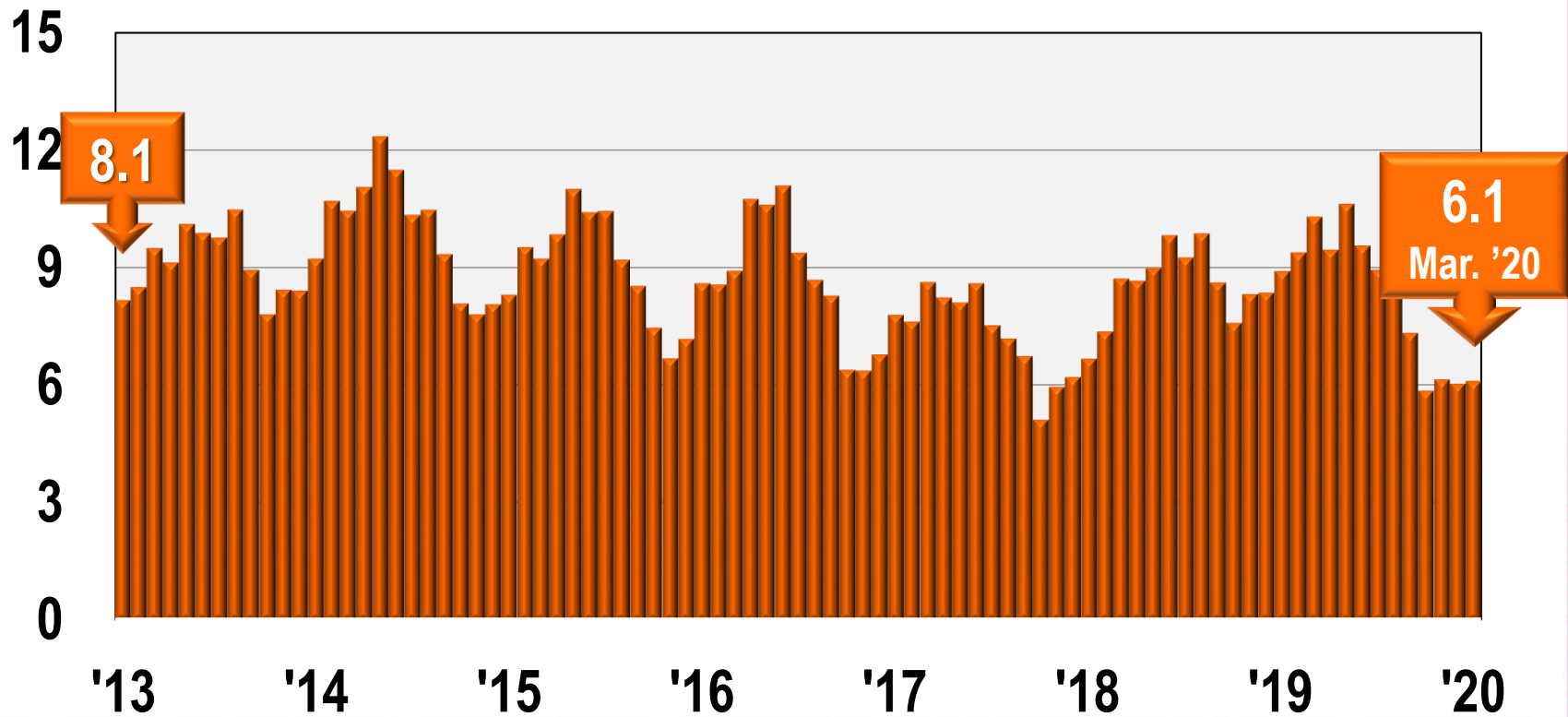
# Orange County Housing Outlook





# Unsold Inventory - Orange County

Thousands



# Months to sell Inventory

Months

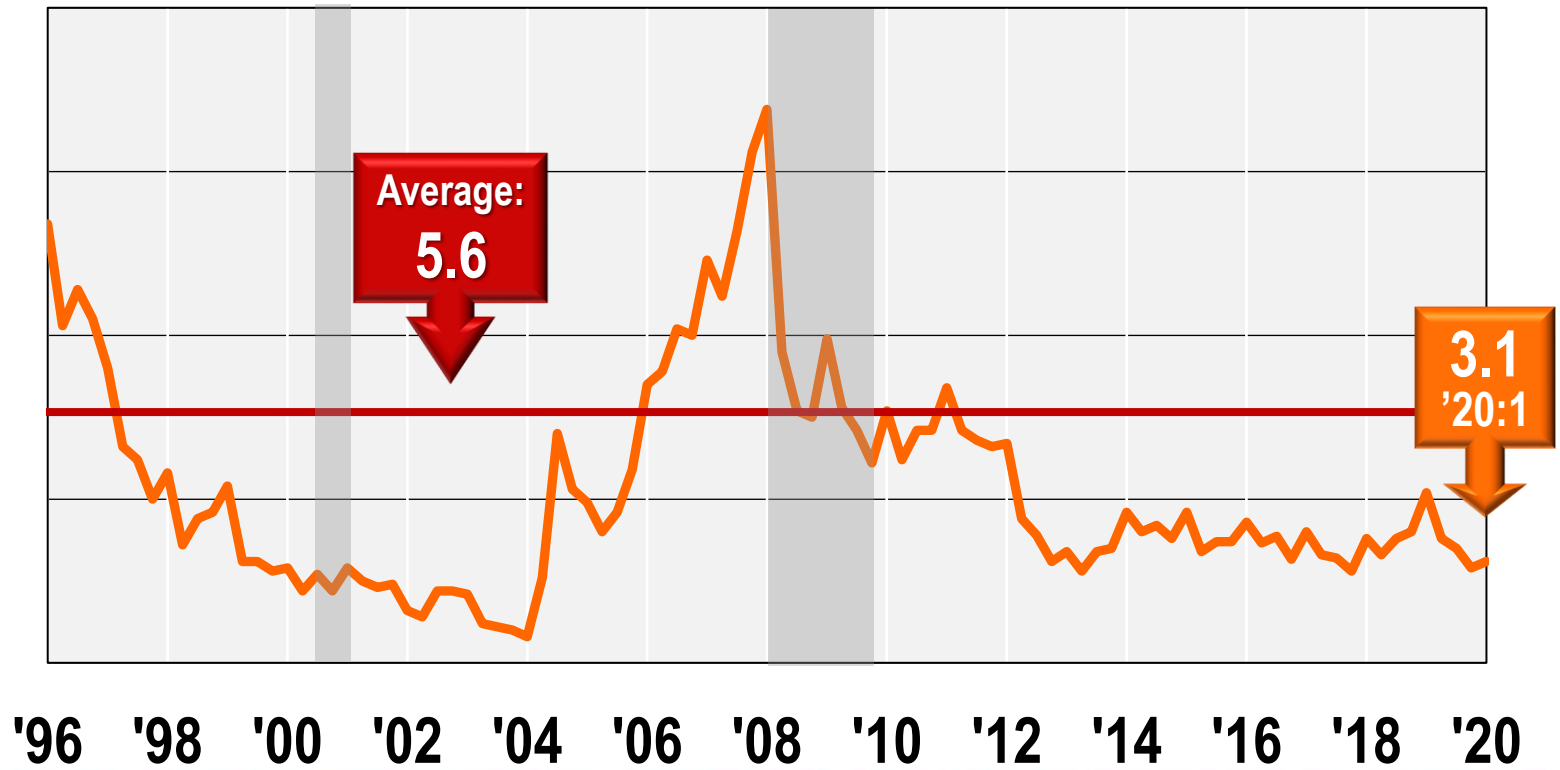
20

15

10

5

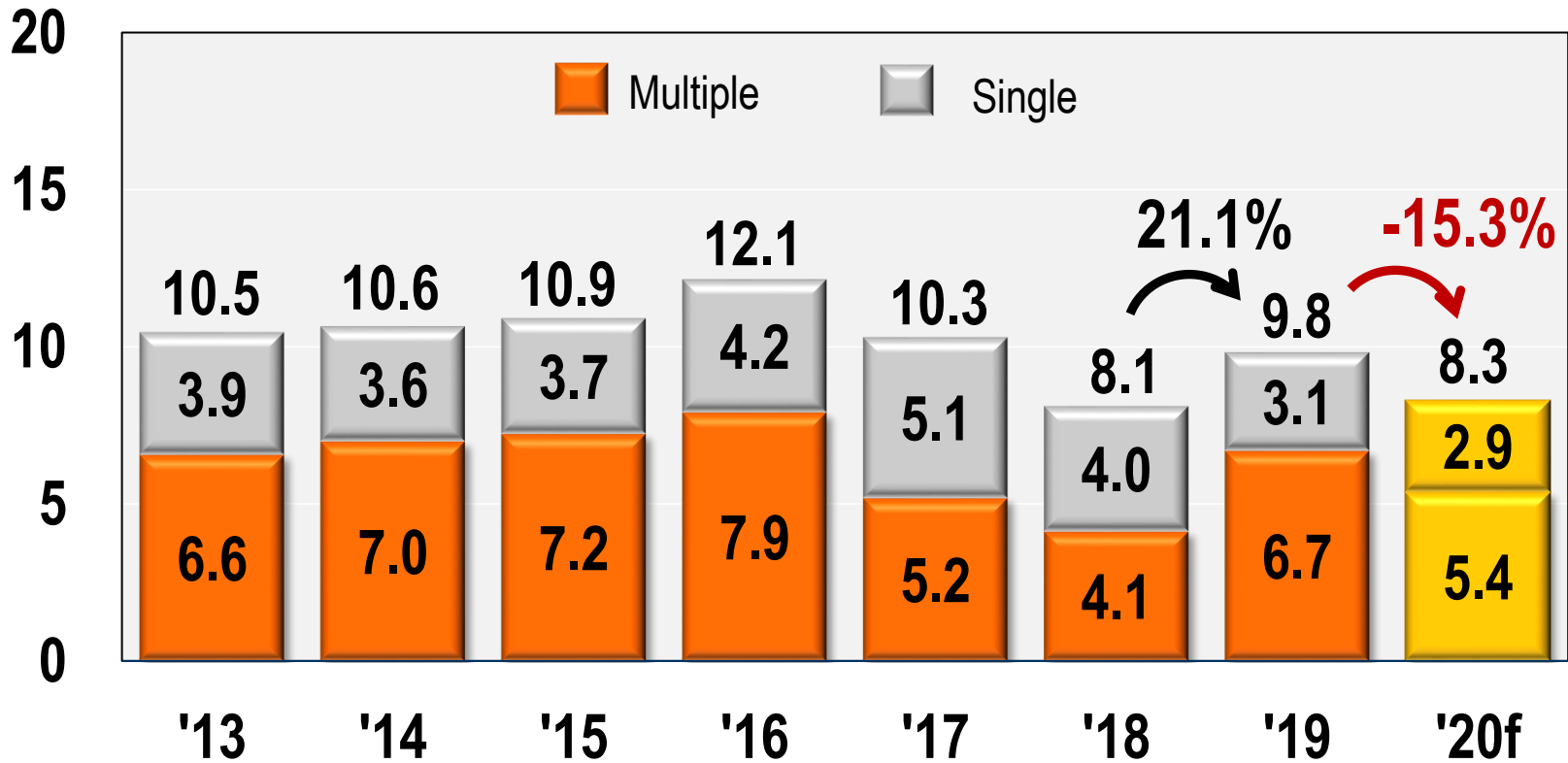
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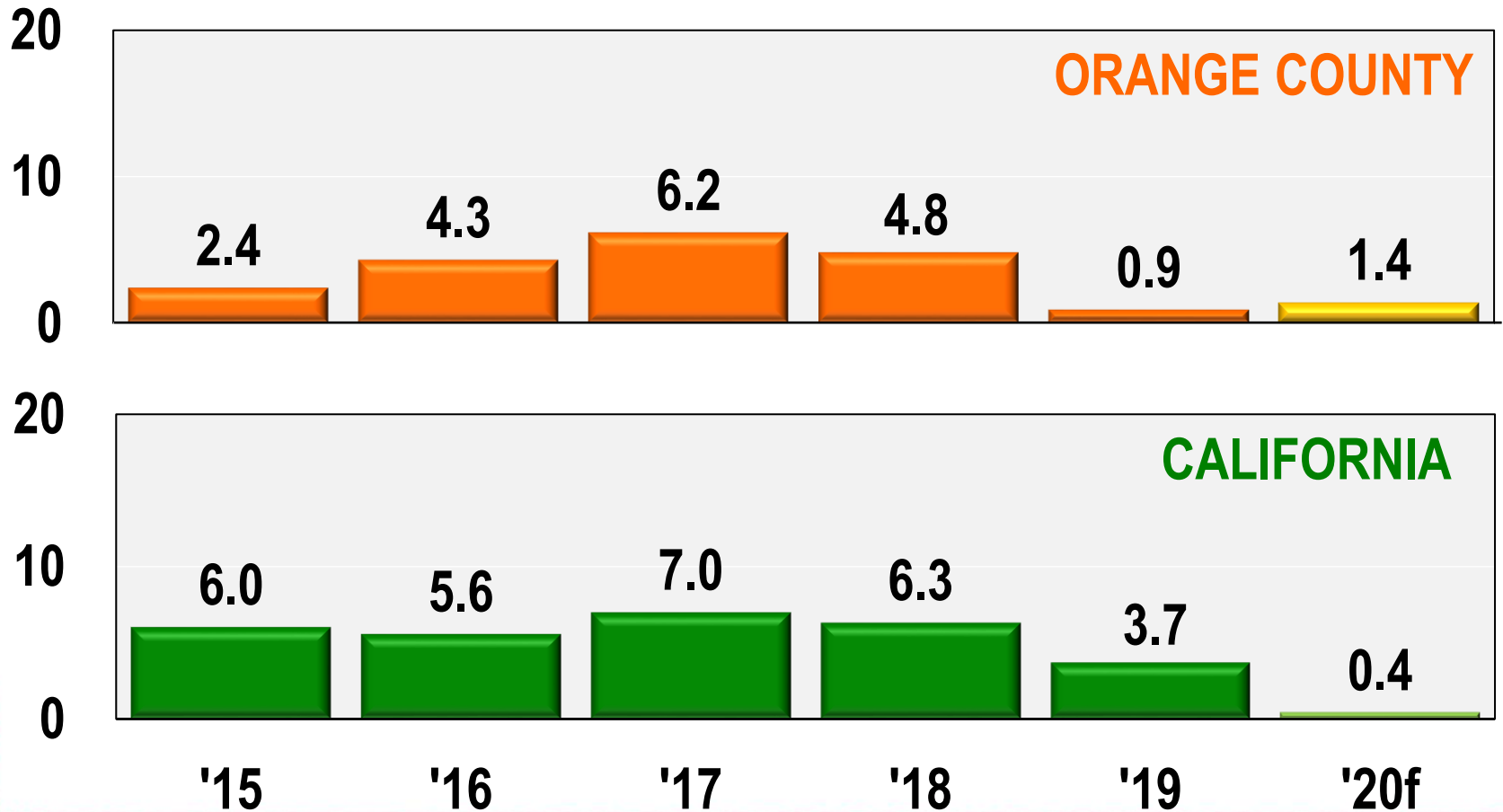
# Residential Building Permits Orange County

Thousands of Units



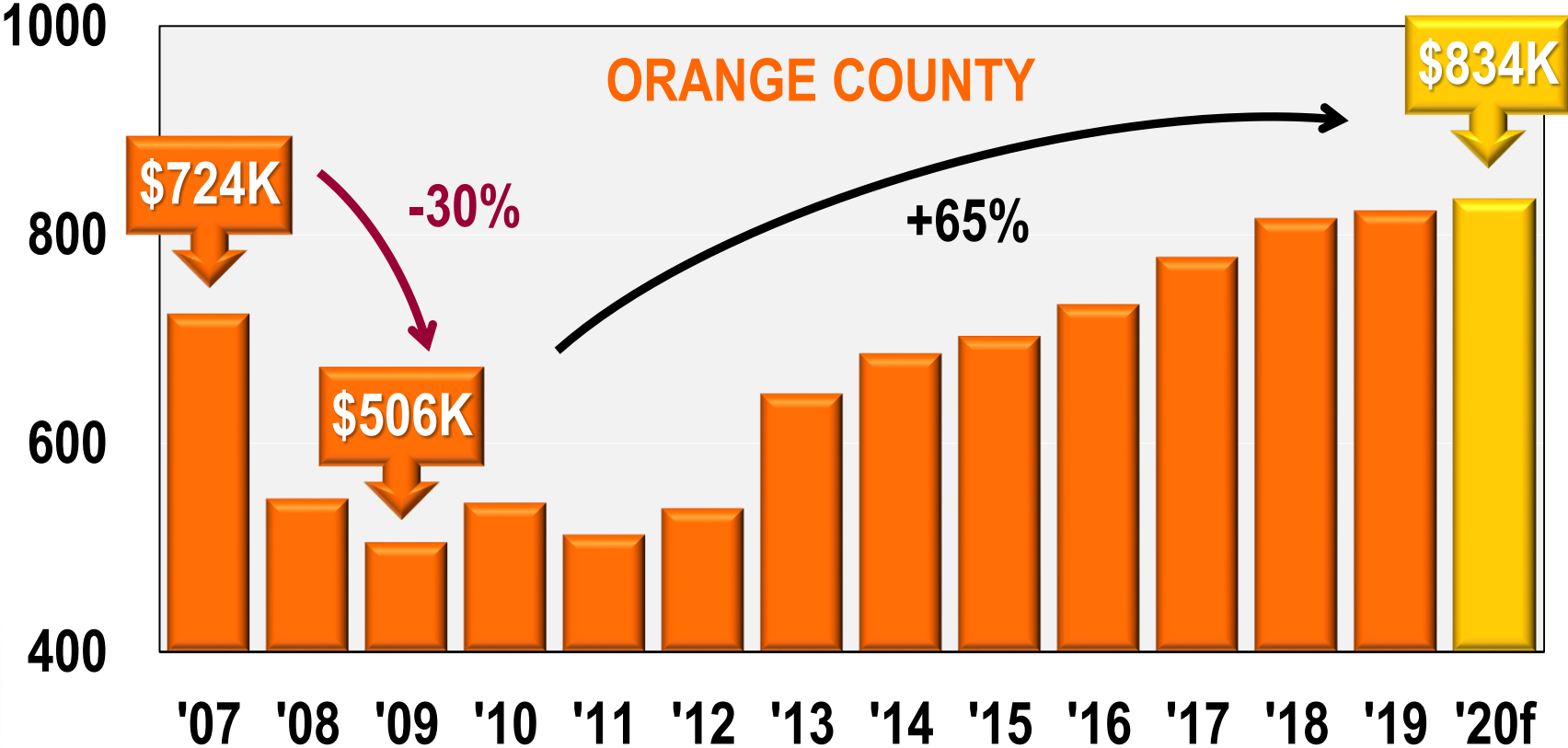
# Median Single-Family Home Price

Annual % Change



# Median Single-Family Home Price

Thousands of \$



# Assumptions

- Employment recovery continues in third and fourth quarters
- Recovery lags in Leisure & Hospitality
- Decrease in saving rate
- Real GDP growth in third quarter



# Orange County Consumer Sentiment Composite

Index

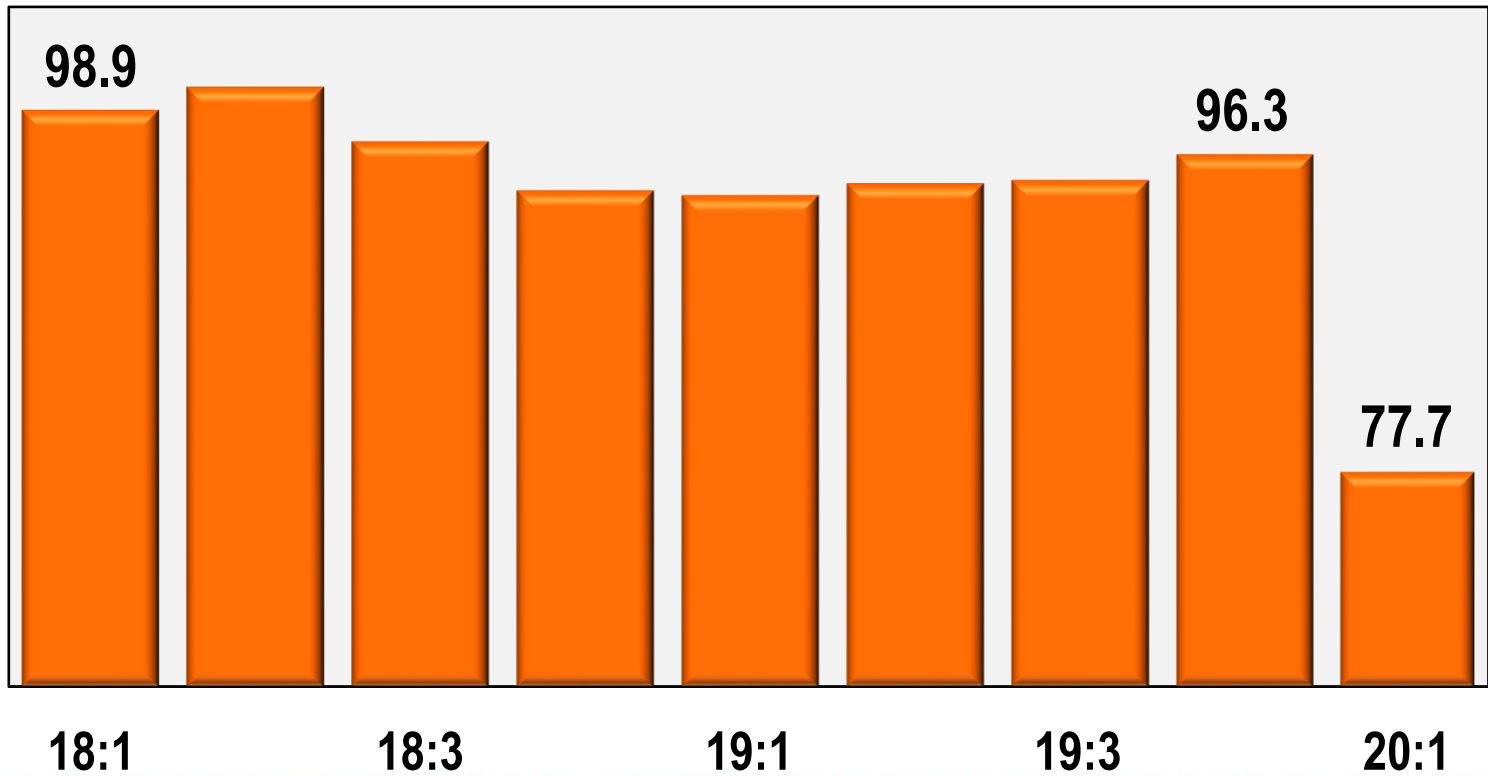
105

95

85

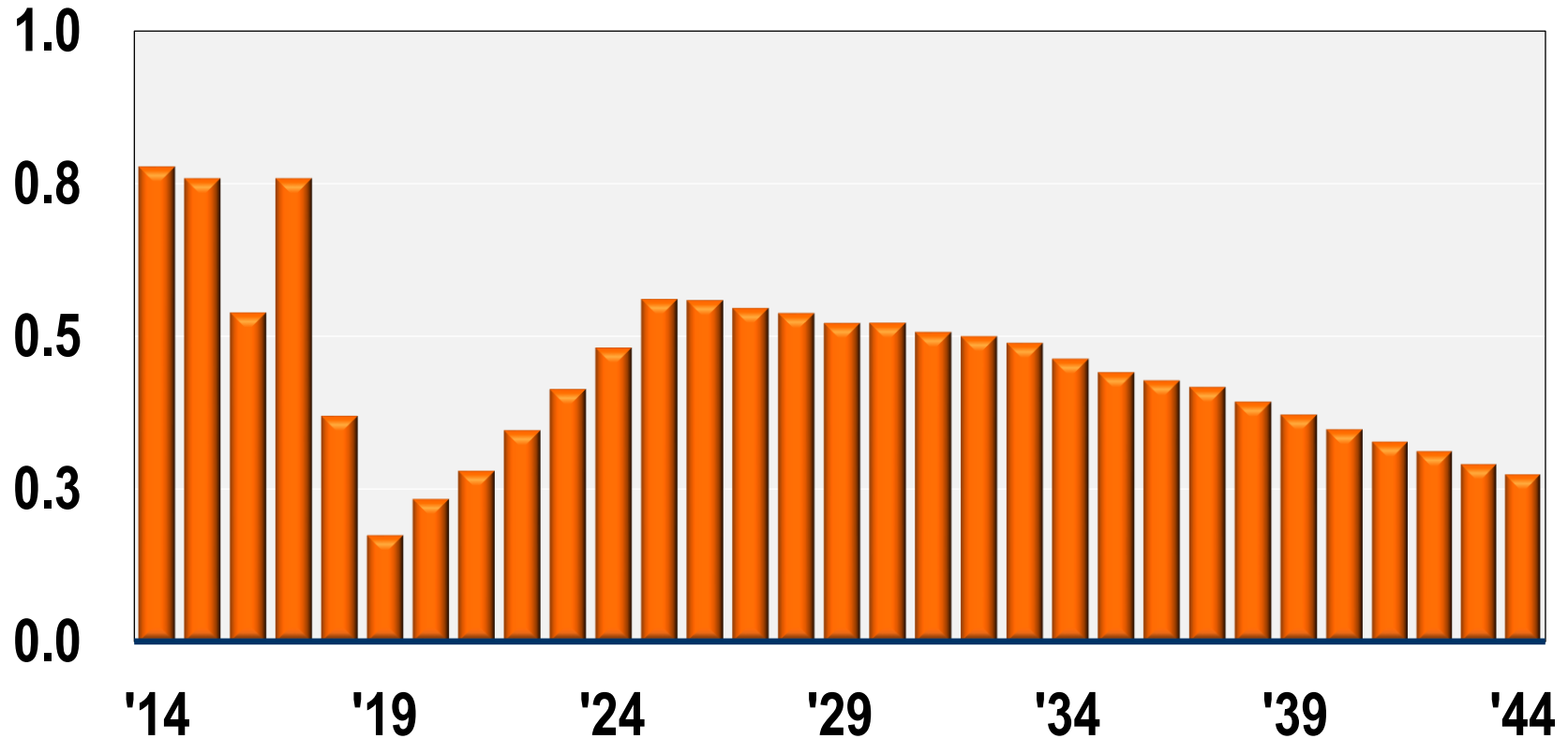
75

65



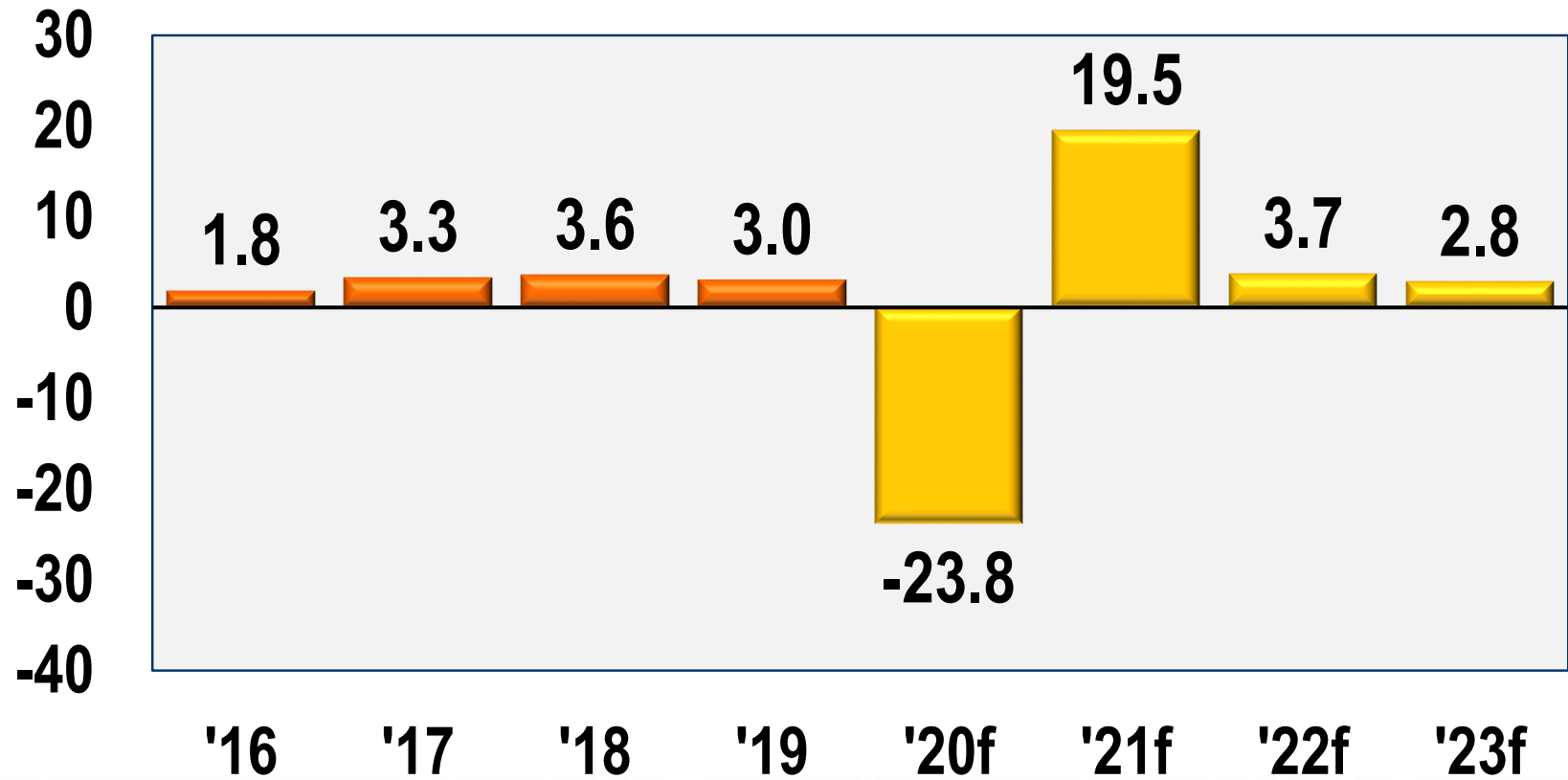
# Total Population Orange County

Yr/Yr % Change



# Taxable Sales Orange County

Annual % Change





# Challenges





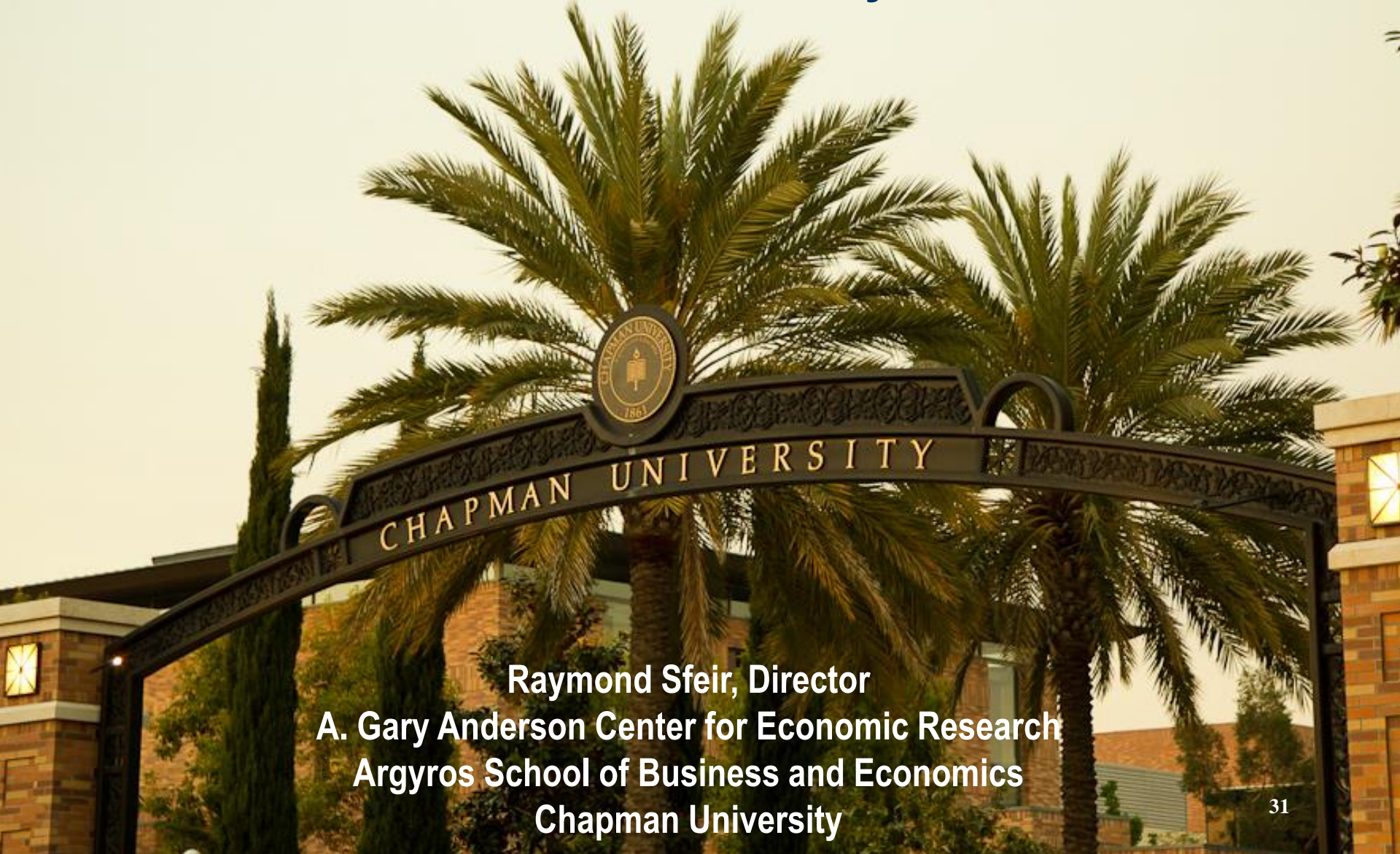
- Second wave of COVID-19
- COVID-19 vaccine and drugs
- Consumer sentiment and behavior
- State and local government budgets

The Chairman of the Federal Reserve, Jerome Powell, said in a virtual news conference on June 10, 2020:

“We are strongly committed to using our tools to do whatever we can and for as long as it takes to provide some relief and stability.”

# OCTA

## Economic Forecast, July 8, 2020



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