



U.S. and San Diego Economic Outlook

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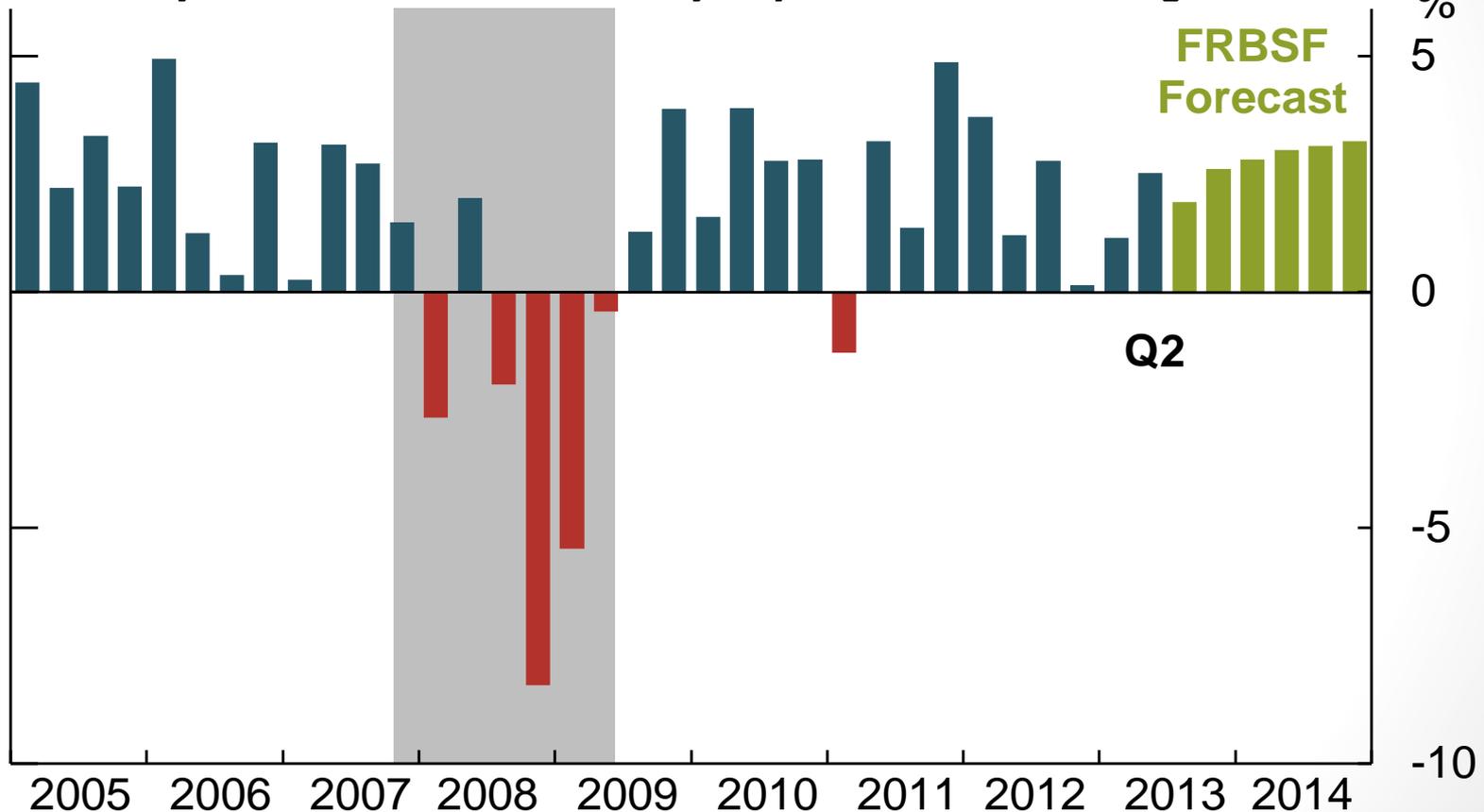
The Big Picture

- Modest economic growth is expected nationally
 - Job growth and unemployment slowly improving
 - Inflation expected to remain stable
- California was hit hard during the recession but is showing signs of improvement
 - Housing markets are recovering
 - Employment situation improving, but still a major challenge
- U.S. and California export activity continues to grow
 - Trade patterns shift to Asia

U.S. GDP growth expected to pick up

Gross Domestic Product

Quarterly observations; seasonally adjusted; annualized growth rate

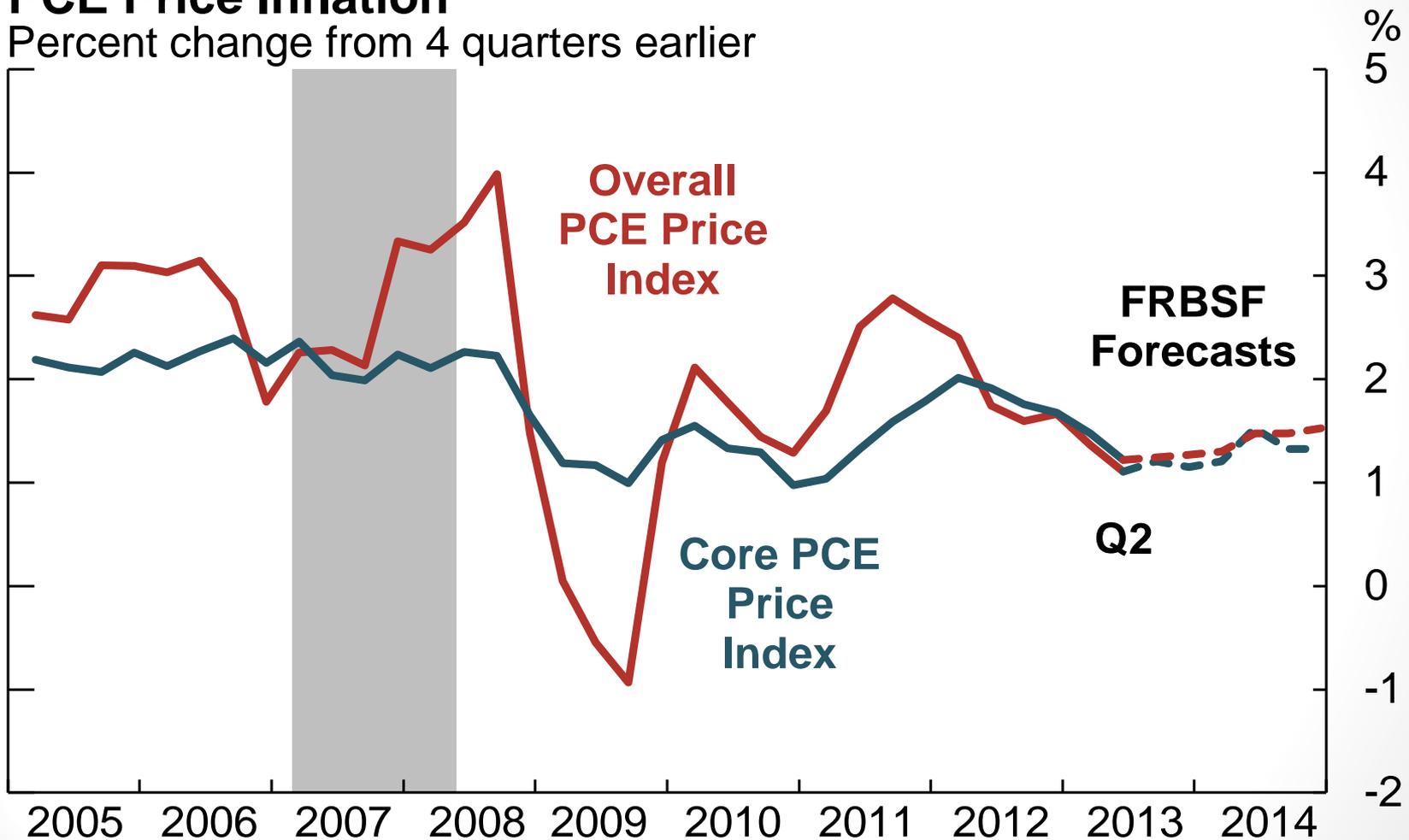


Source: Bureau of Economic Analysis and FRBSF staff

Inflation expected to remain stable

PCE Price Inflation

Percent change from 4 quarters earlier

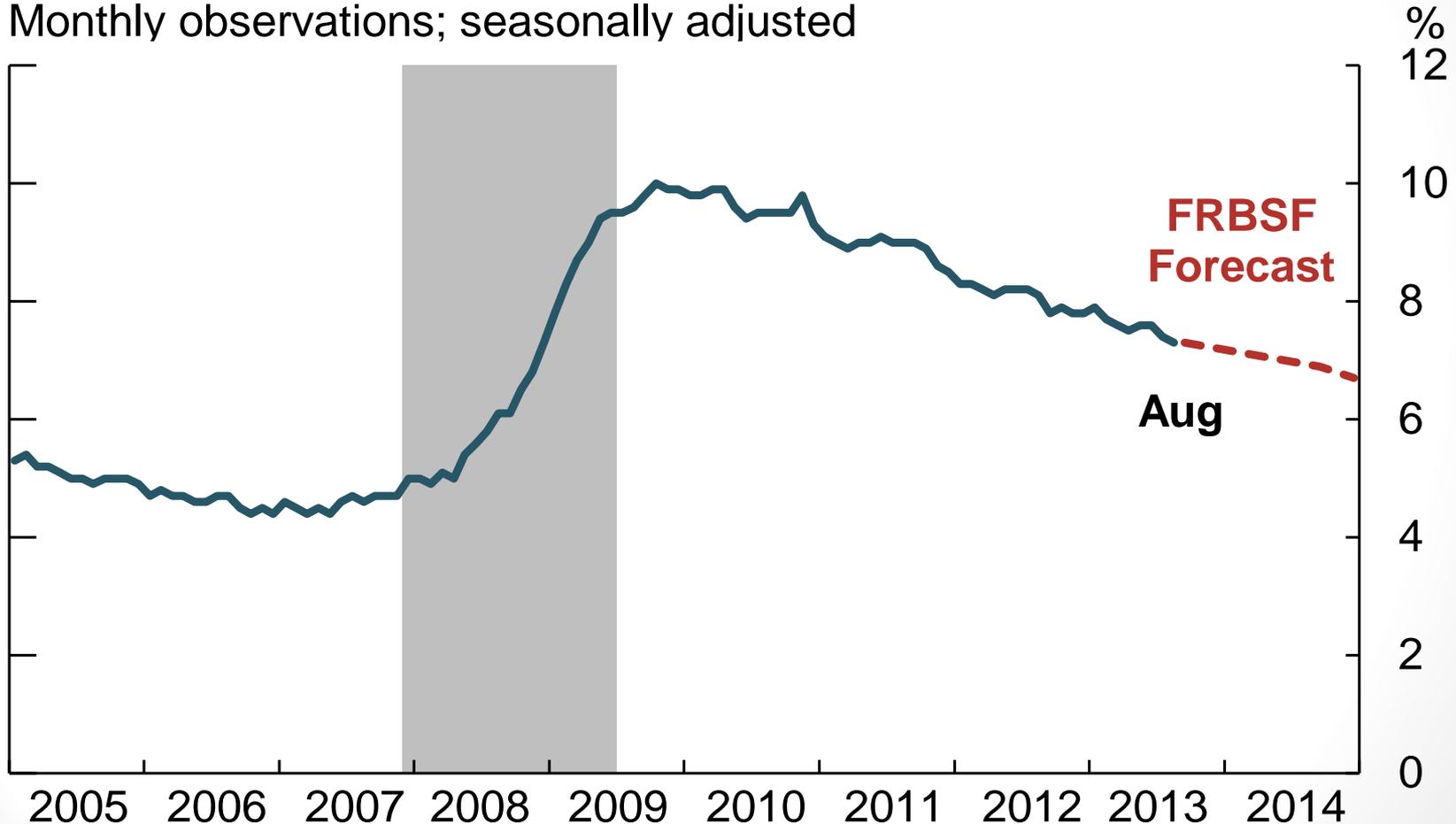


Source: Bureau of Economic Analysis and FRBSF staff

Unemployment expected to decline

Unemployment Rate

Monthly observations; seasonally adjusted

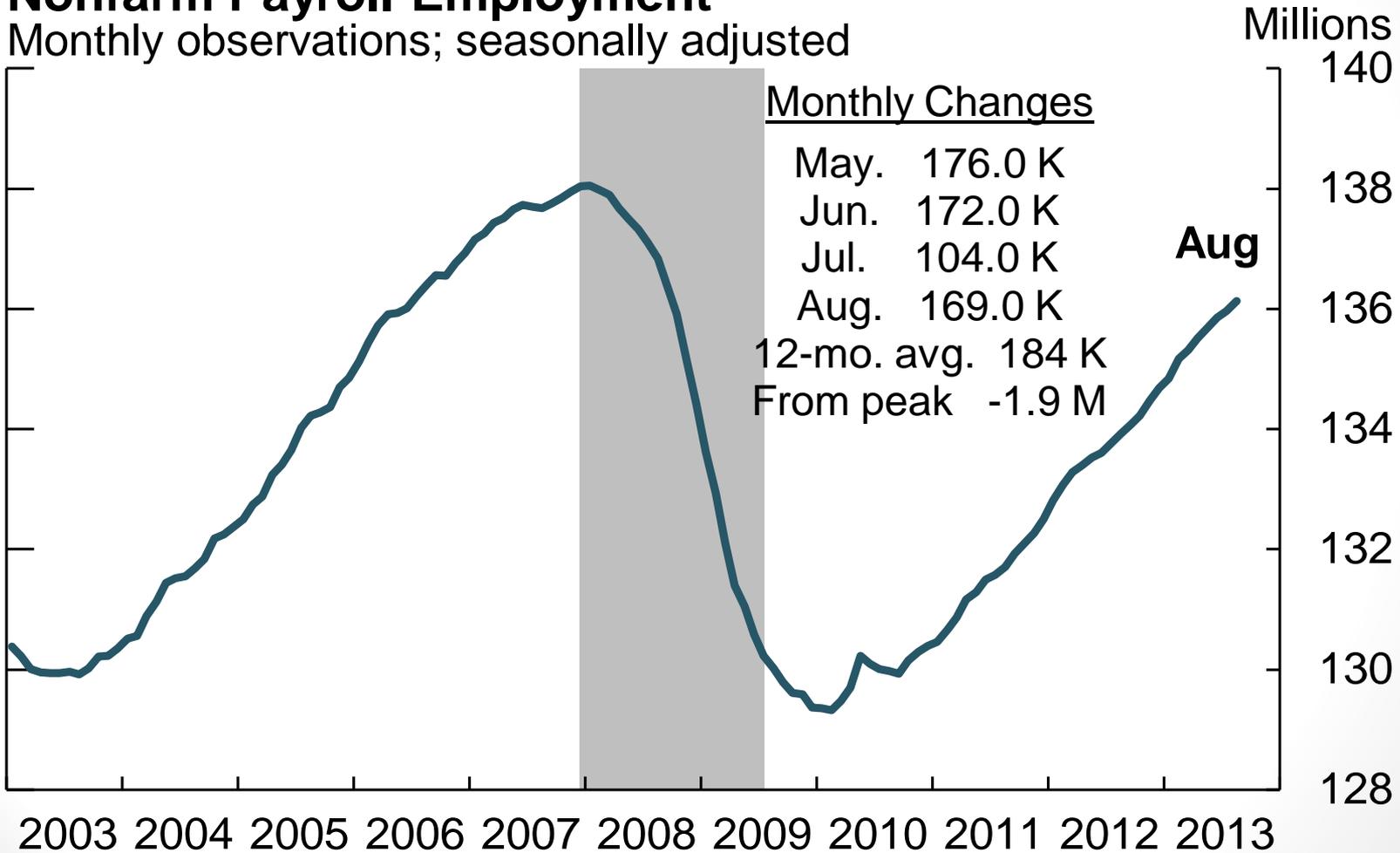


Source: Bureau of Labor Statistics and FRBSF staff

Job growth continues at steady pace

Nonfarm Payroll Employment

Monthly observations; seasonally adjusted

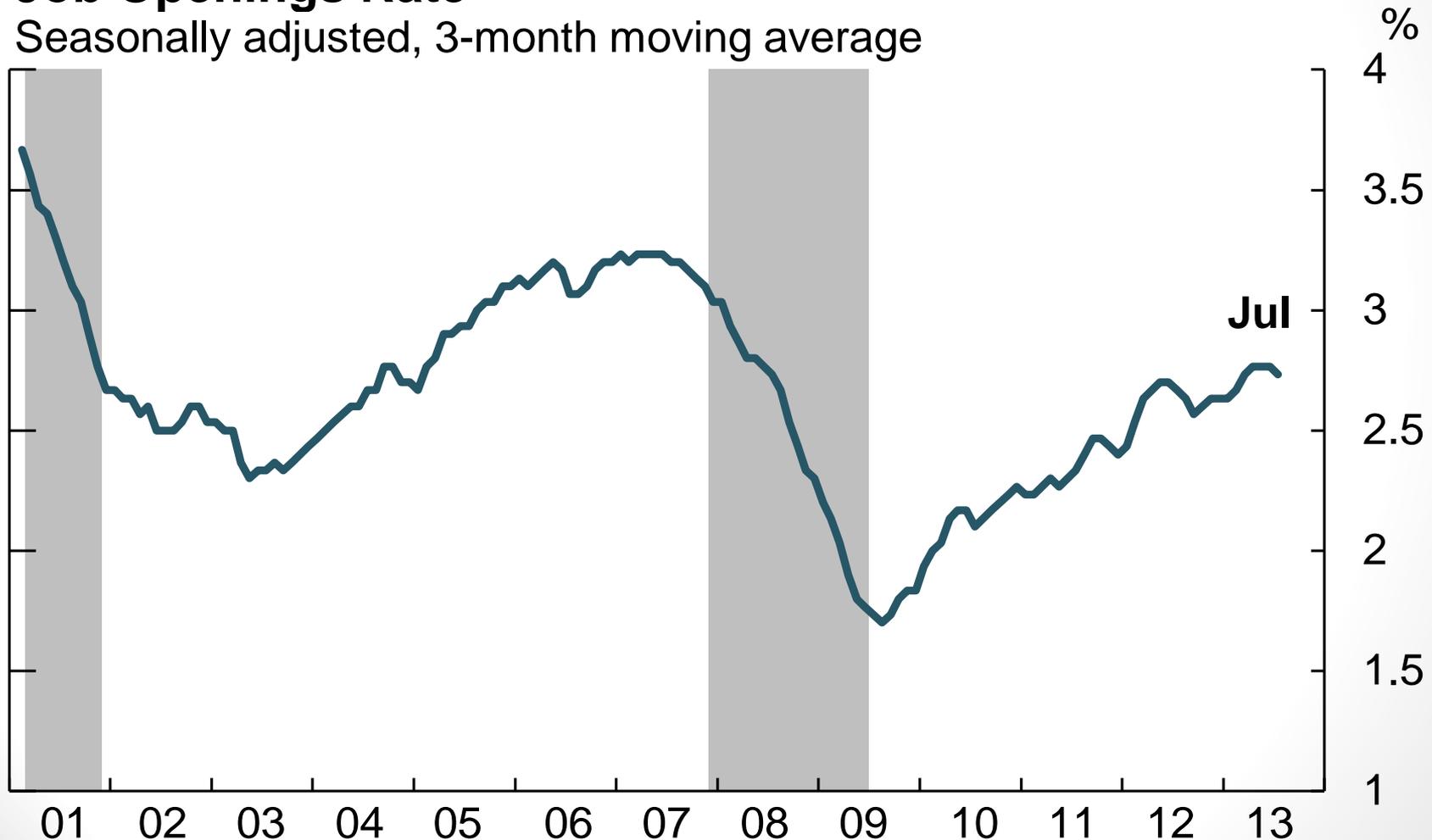


Source: Bureau of Labor Statistics

Job openings have been rising steadily...

Job Openings Rate

Seasonally adjusted, 3-month moving average

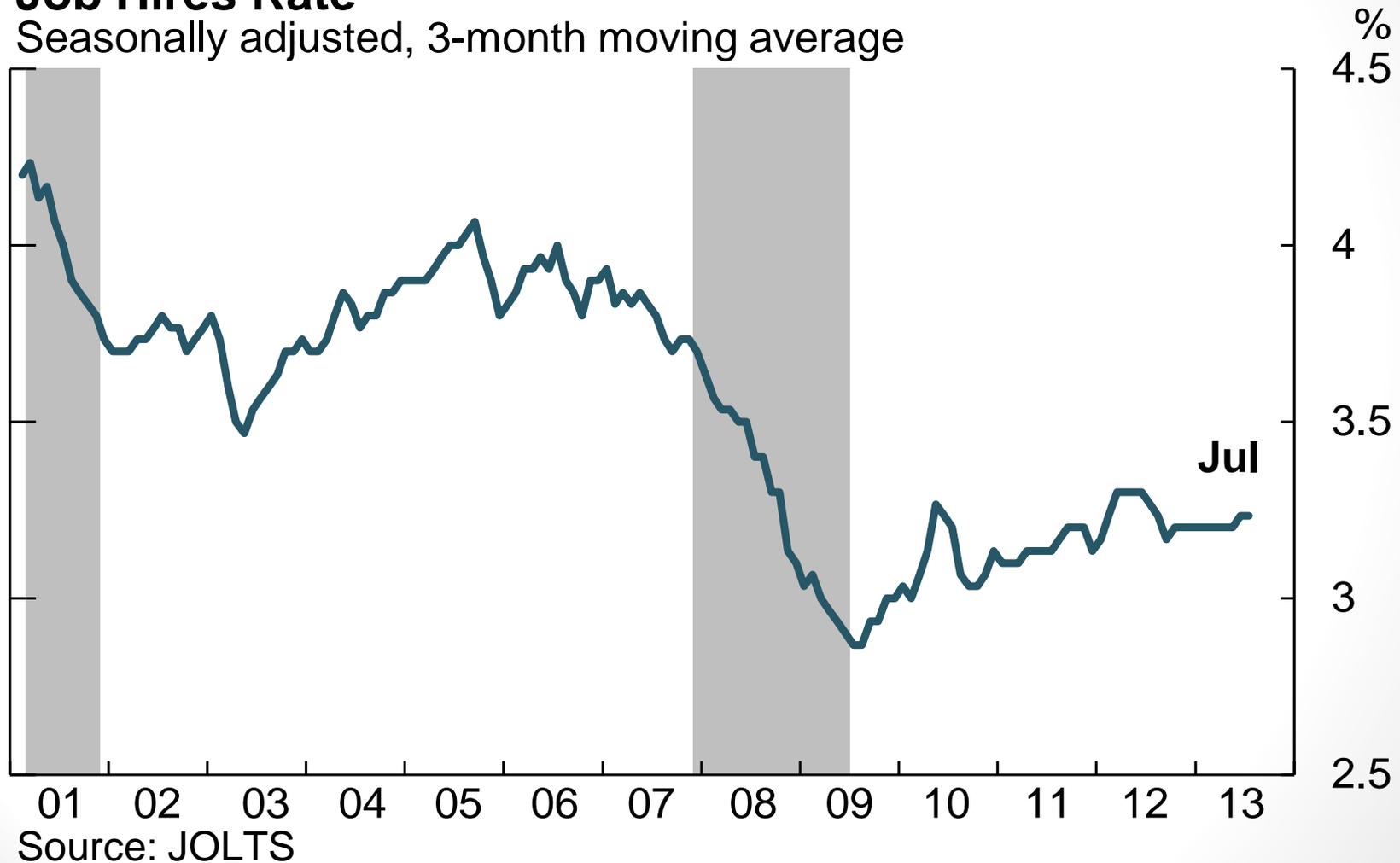


Source: JOLTS

...but pace of hiring has been slow

Job Hires Rate

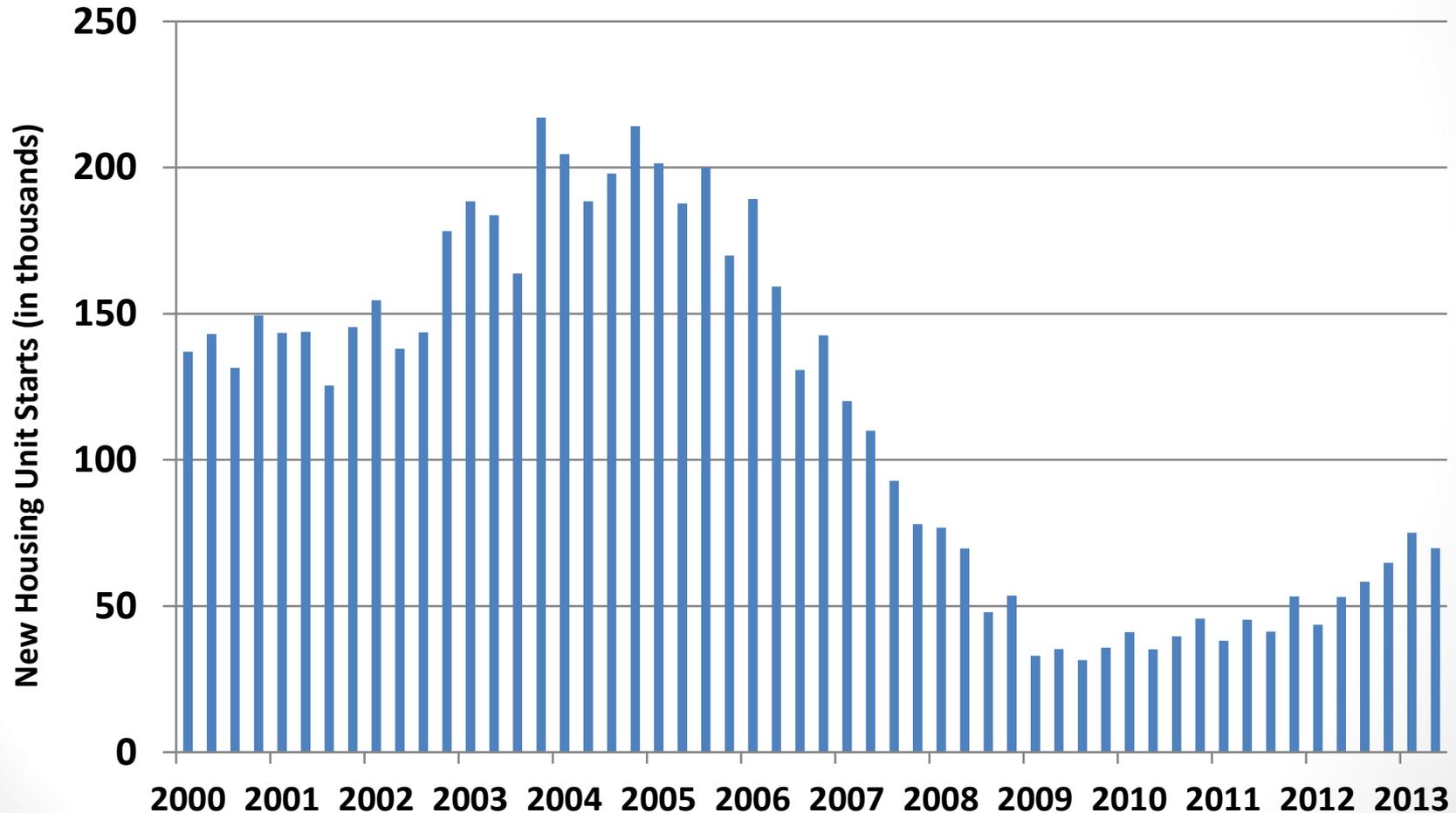
Seasonally adjusted, 3-month moving average



Source: JOLTS

CA housing starts slowly trending up

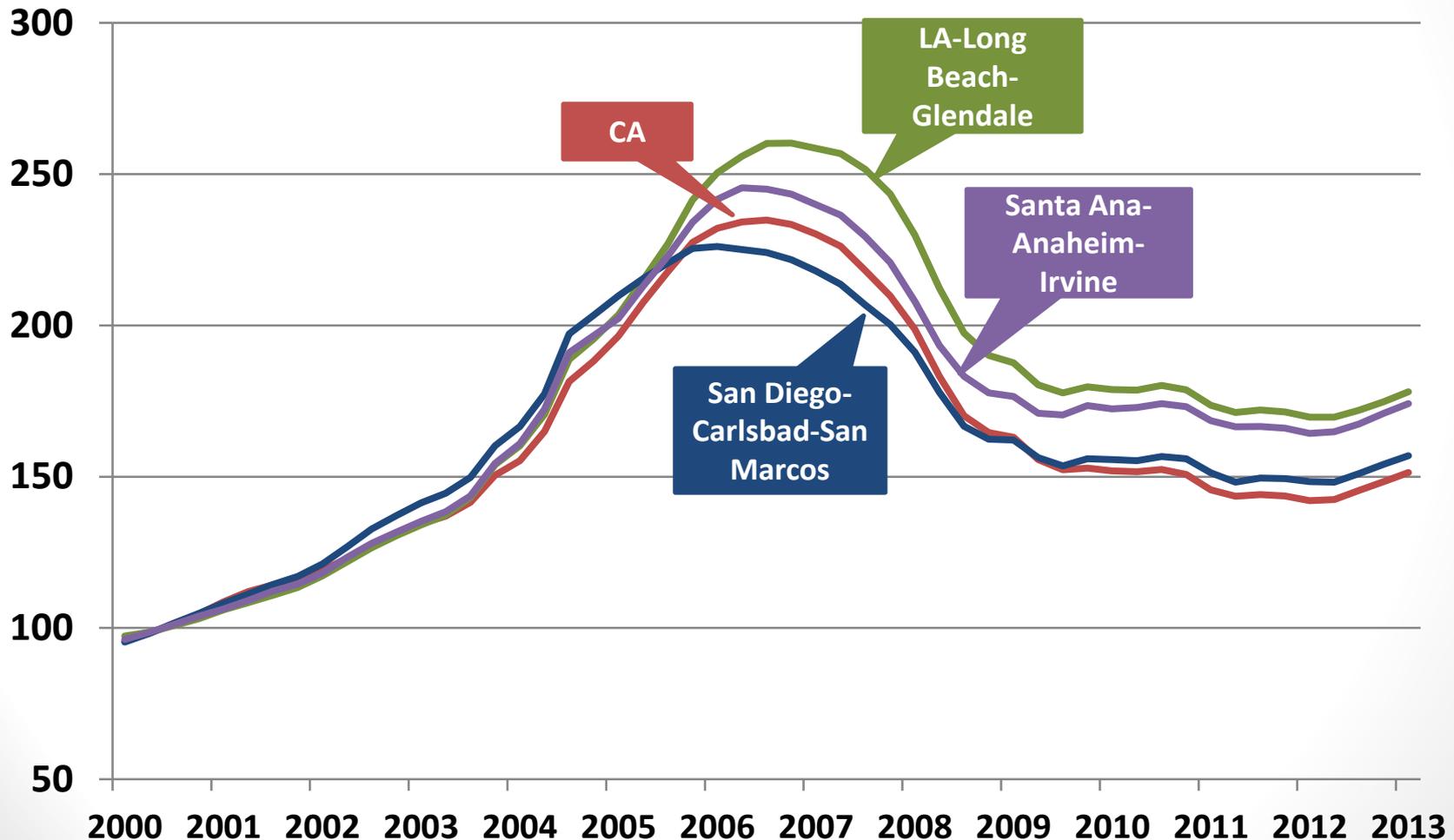
Housing Starts (in thousands), California 2000-2013



Source: Mortgage Bankers Association, National Delinquency Survey

Southern California house prices stabilized and trending up

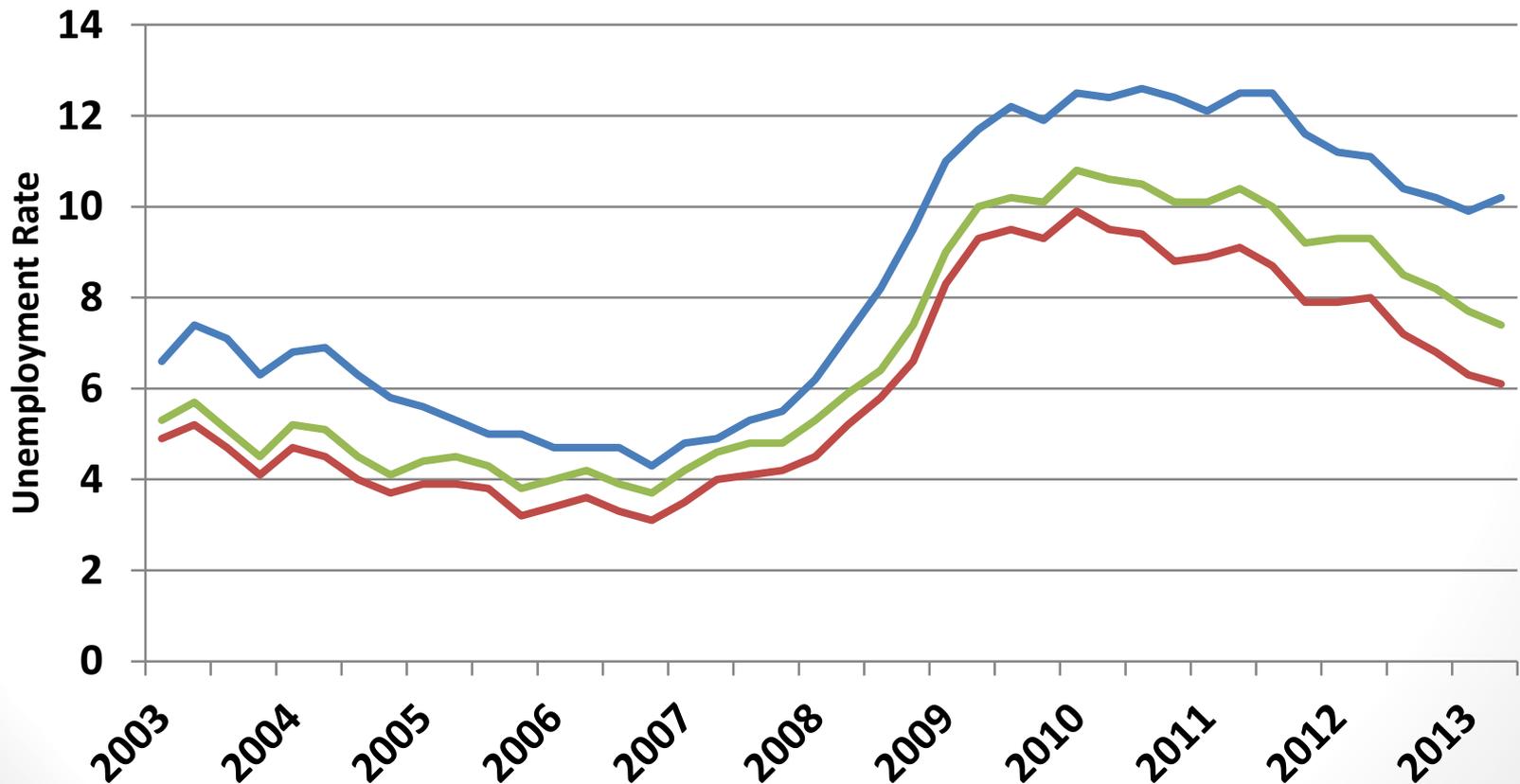
House Price Index (2000=100)



Unemployment rate declining in San Diego County (7.4% in June 2013)

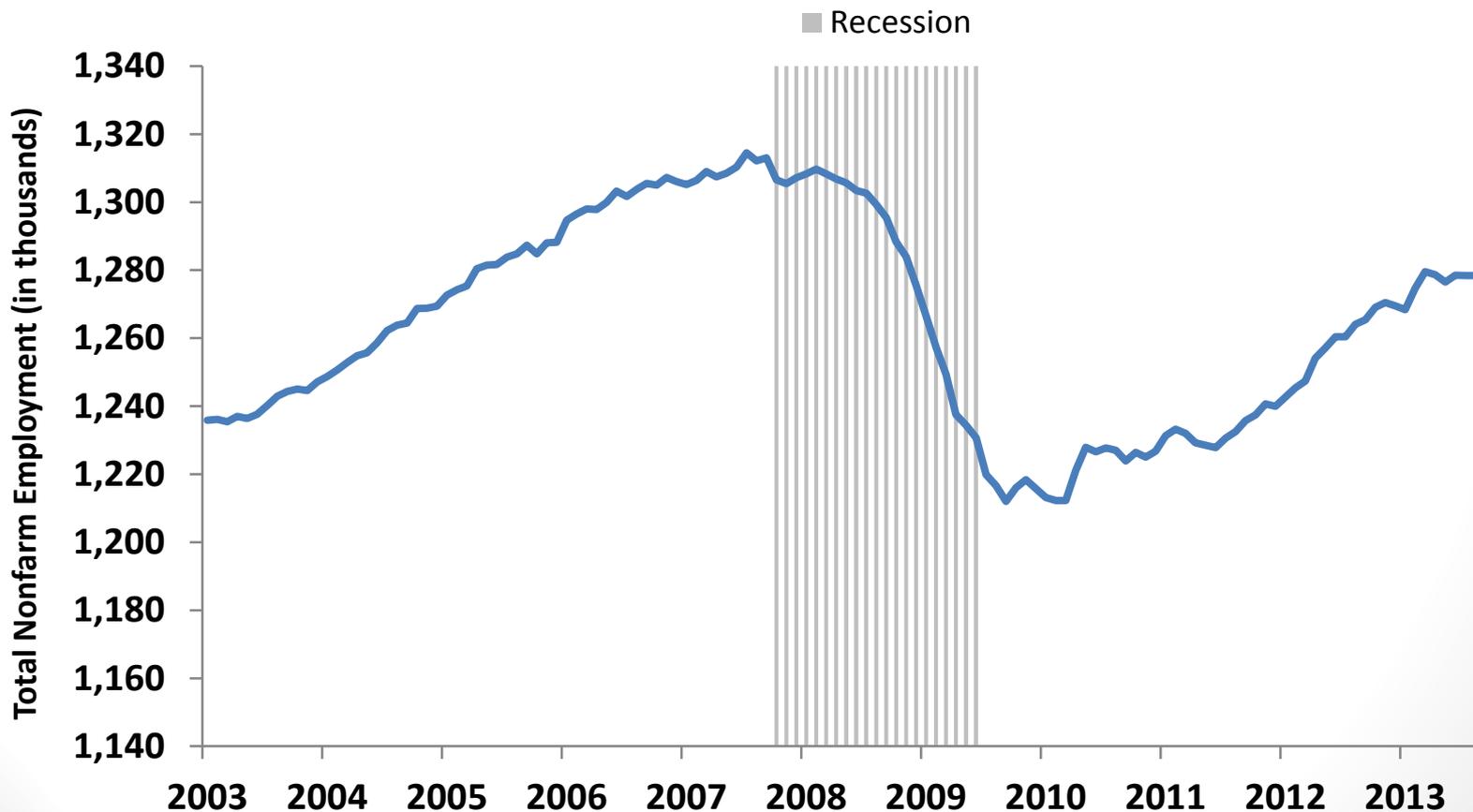
County Unemployment Rate, 2003 - 2013

— LA County — Orange County — SD County



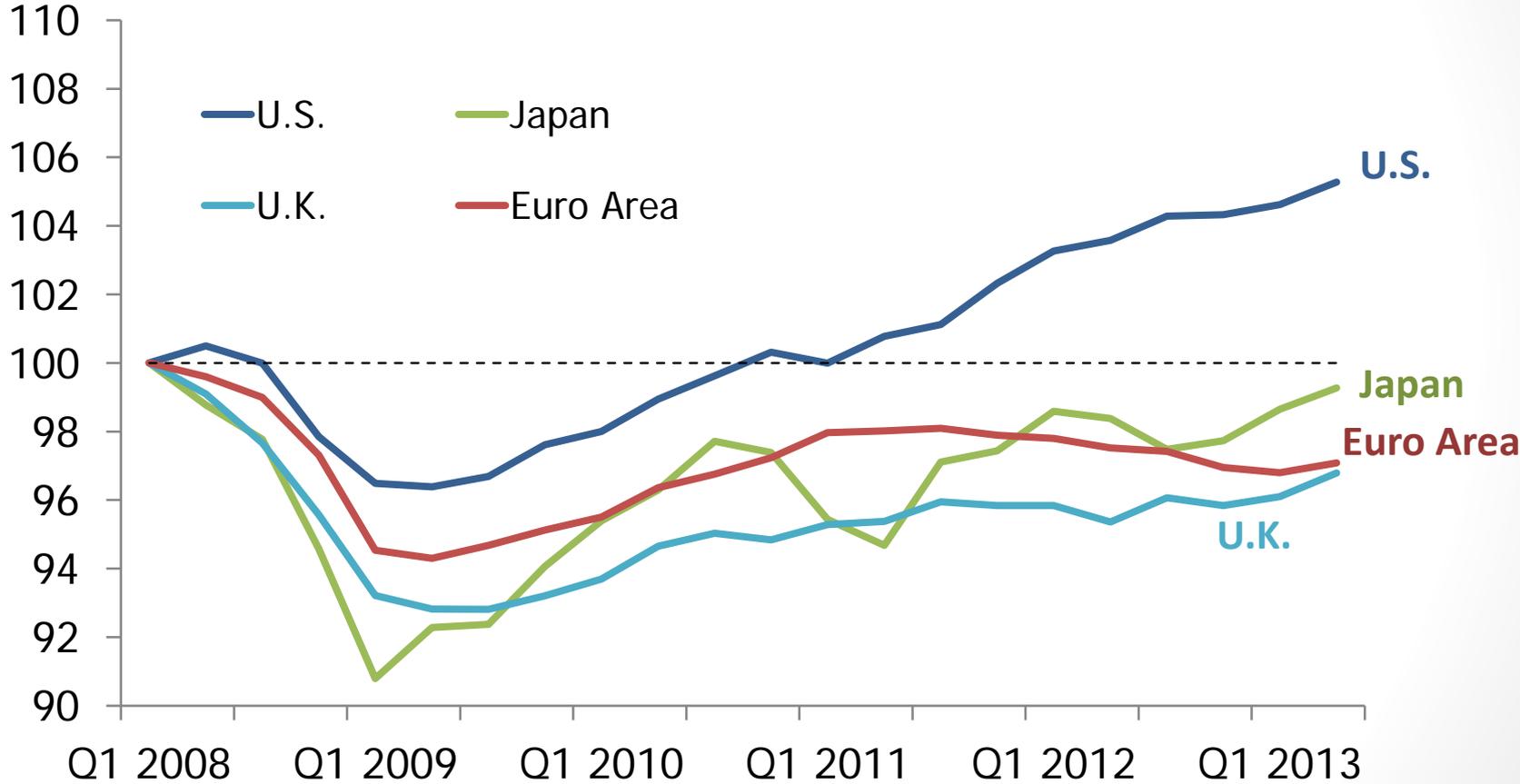
San Diego employment continues to grow, but still below peak

San Diego Metro Area Employment 2003 - 2013



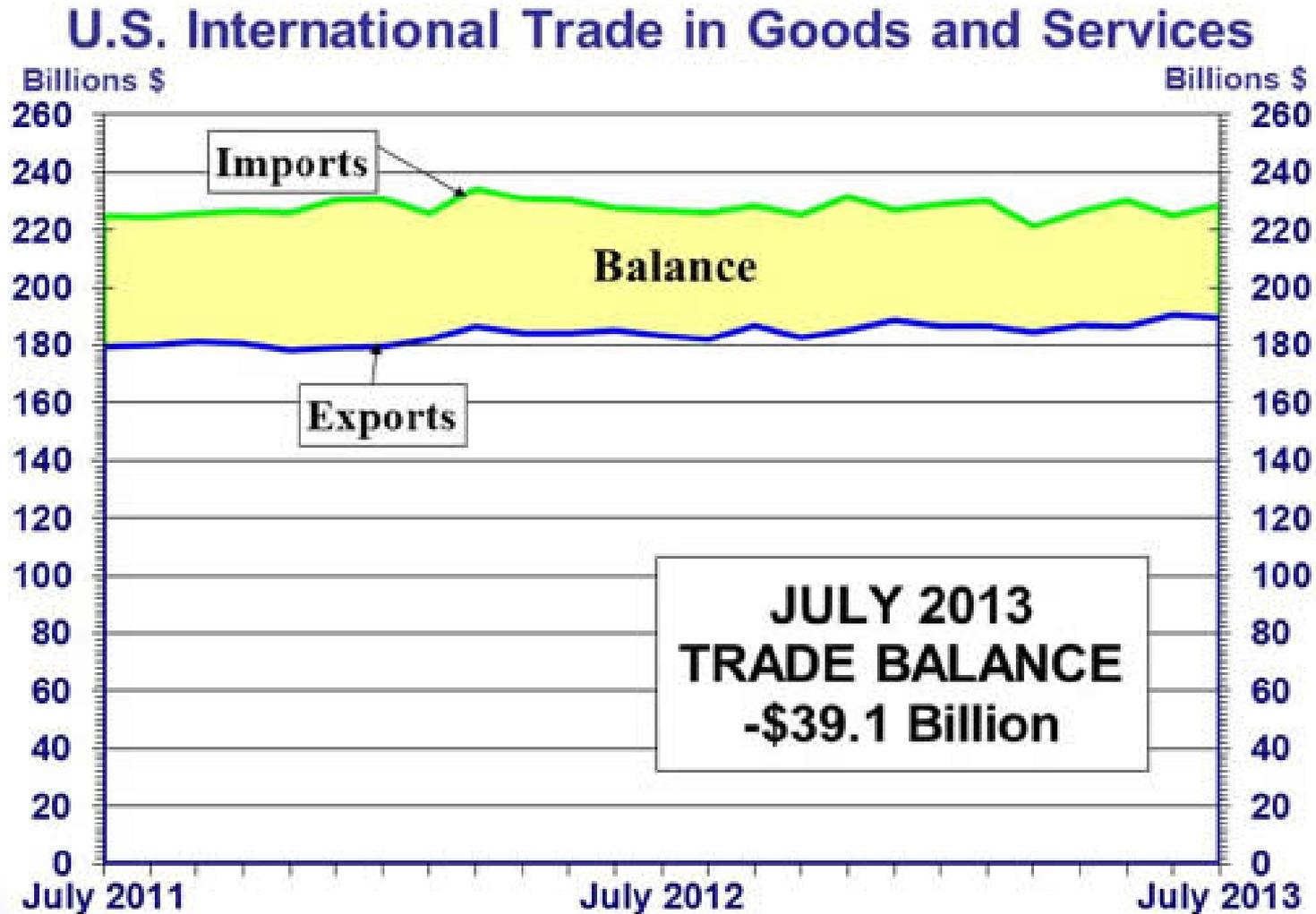
U.S. economy growing faster than other major economies

Real GDP, Quarterly (Indexed Q1 2008 = 100)



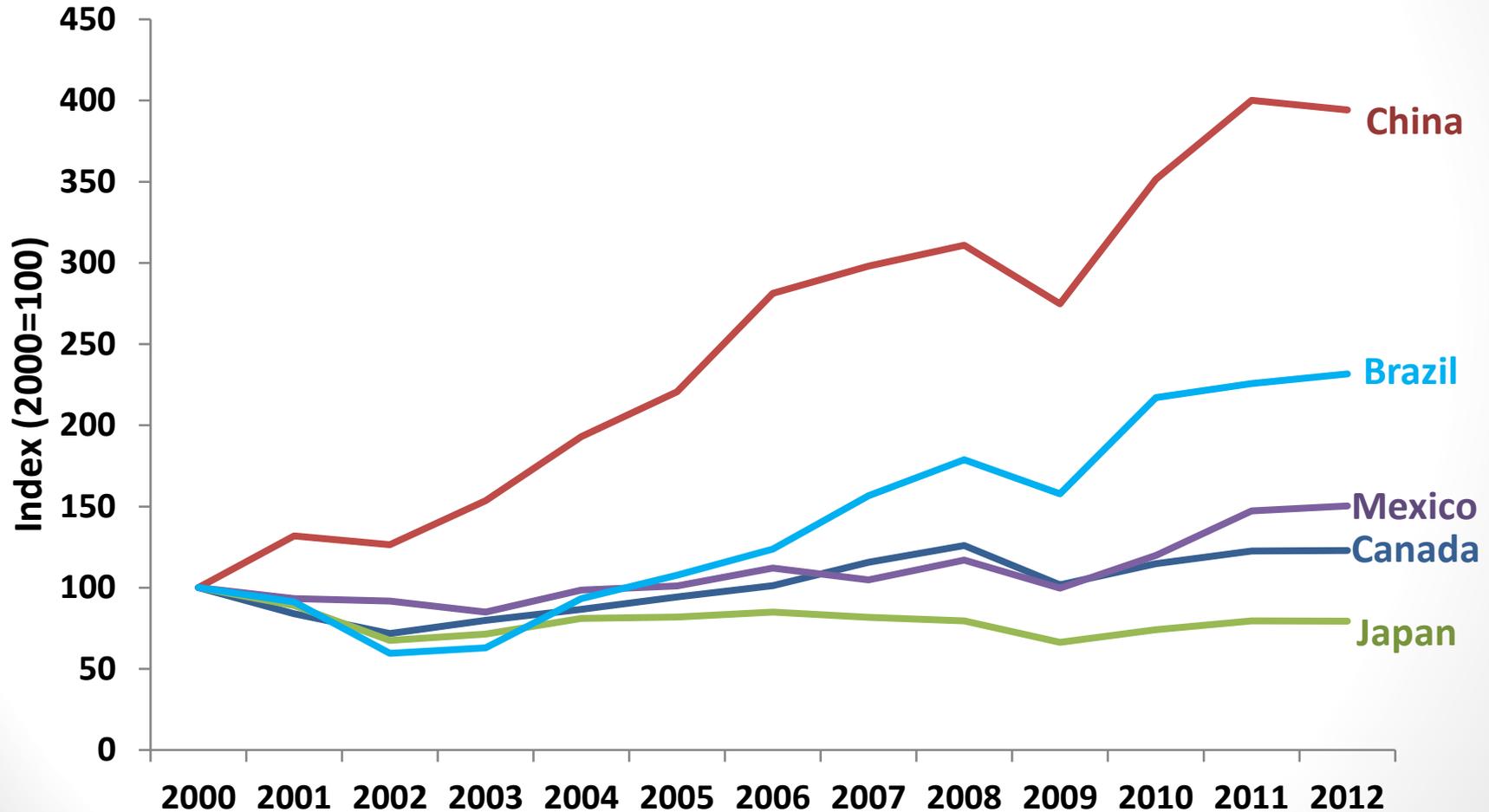
Source: IMF, Haver

U.S. exports rising slightly



CA exports to emerging markets growing rapidly

California Export Values to Other Countries (Indexed 2000=100)



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