



## Economic Update

Trade Finance Workshop  
Los Angeles, California  
September 13, 2013

Bob Skinkle  
International and Banking Condition

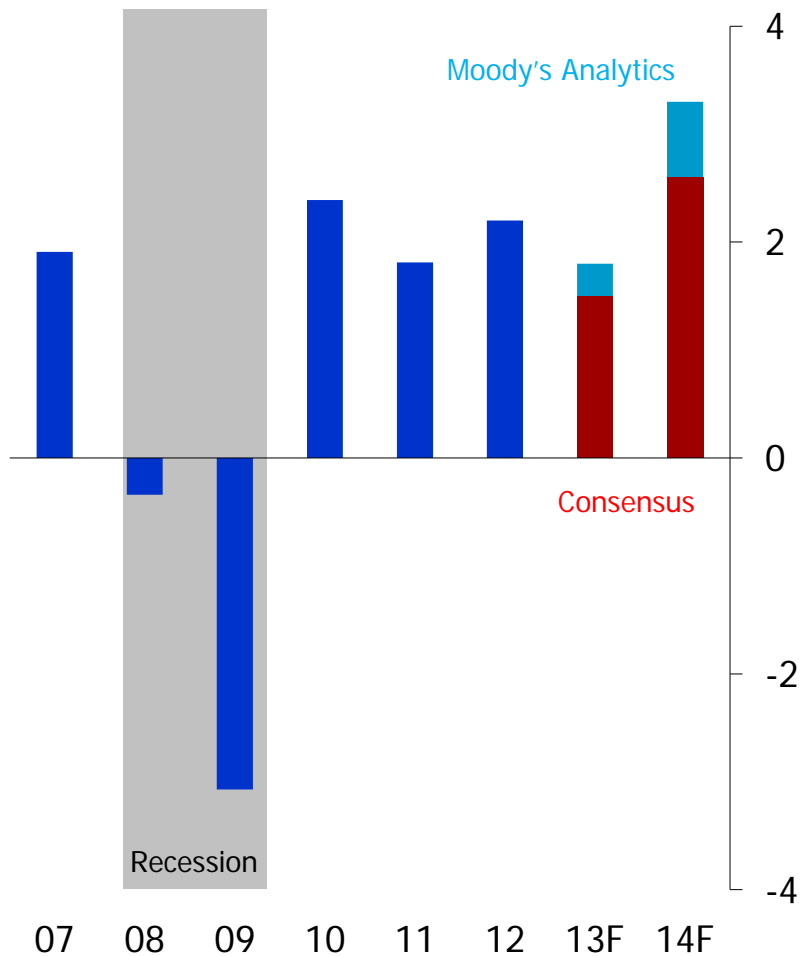
# Highlights

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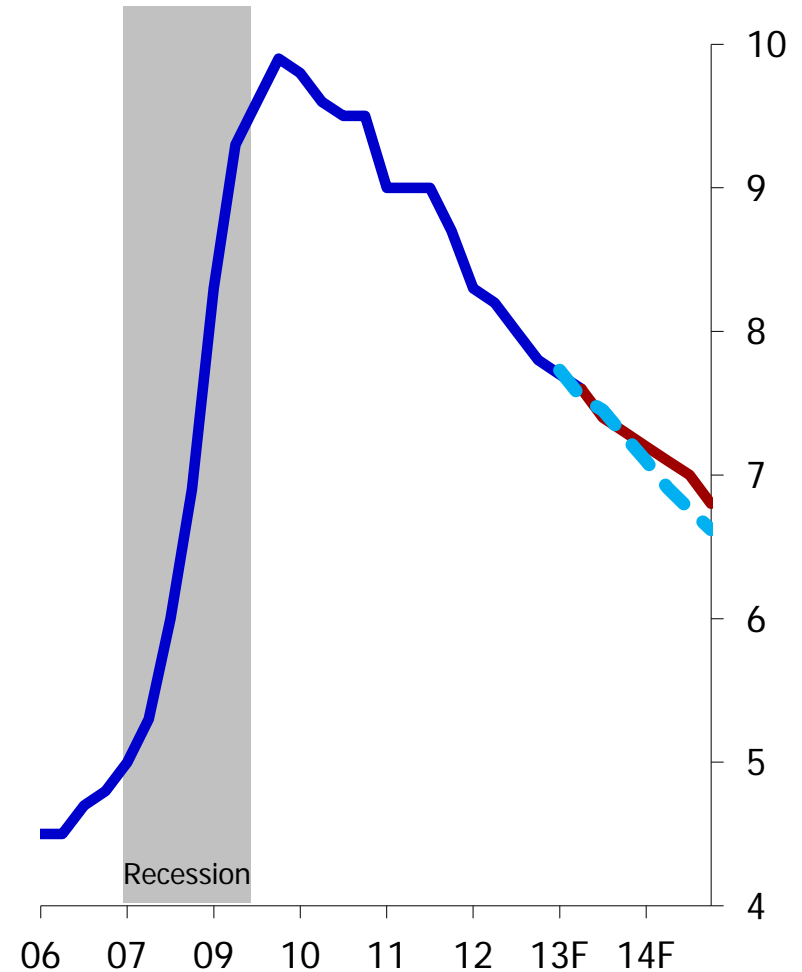
- US economy expected to continue growing at modest pace, slowly reducing unemployment
- California was hit harder by the recession, but recovery is gaining steam
  - Growth has been concentrated in several metro areas but is expected to broaden in 2014
  - Housing remains key to the outlook
- Global growth and California's trade patterns continue to shift towards Asia

# U.S. economic growth expected to hit post-recession high next year

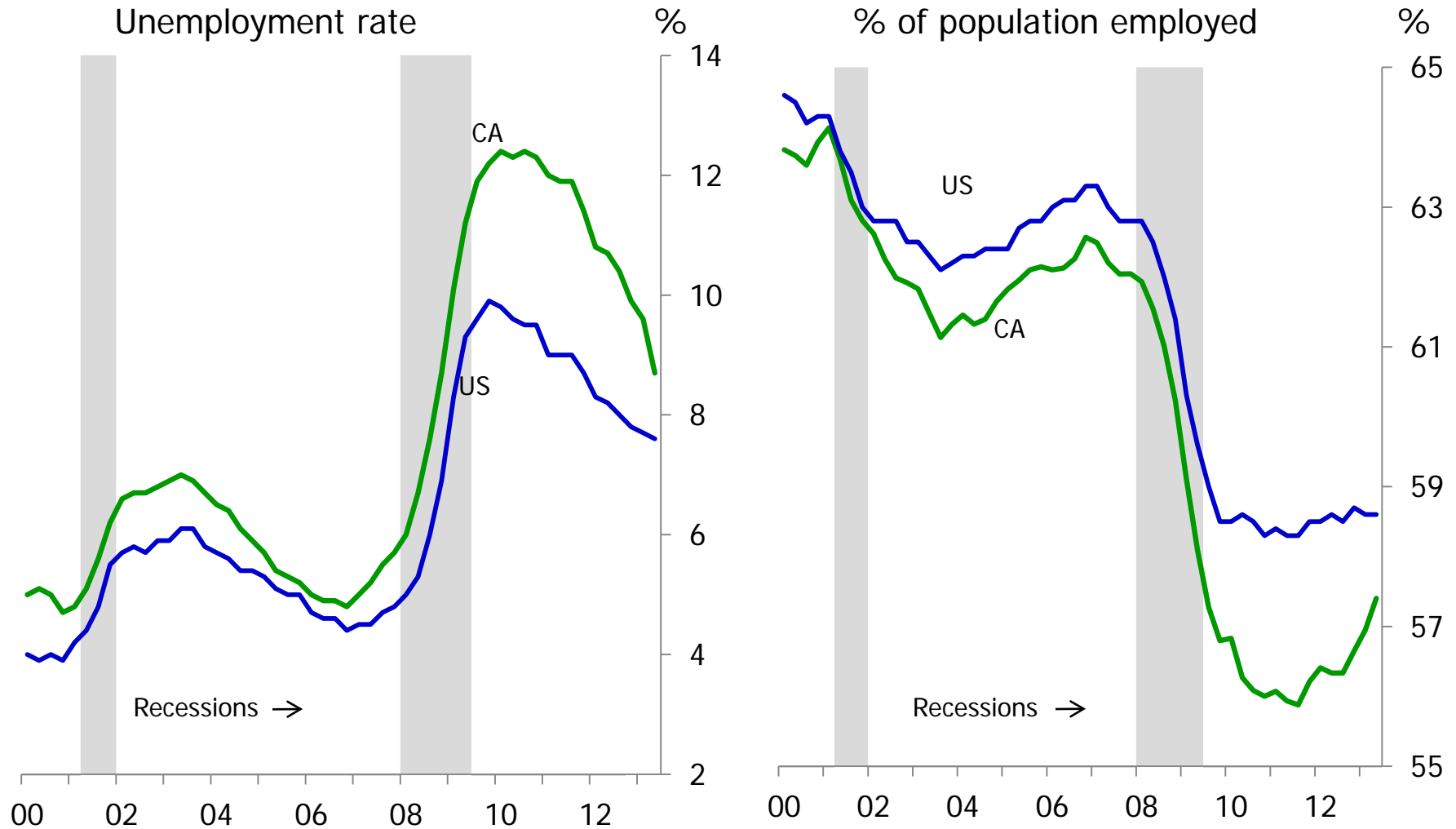
Real GDP, % change annual rate



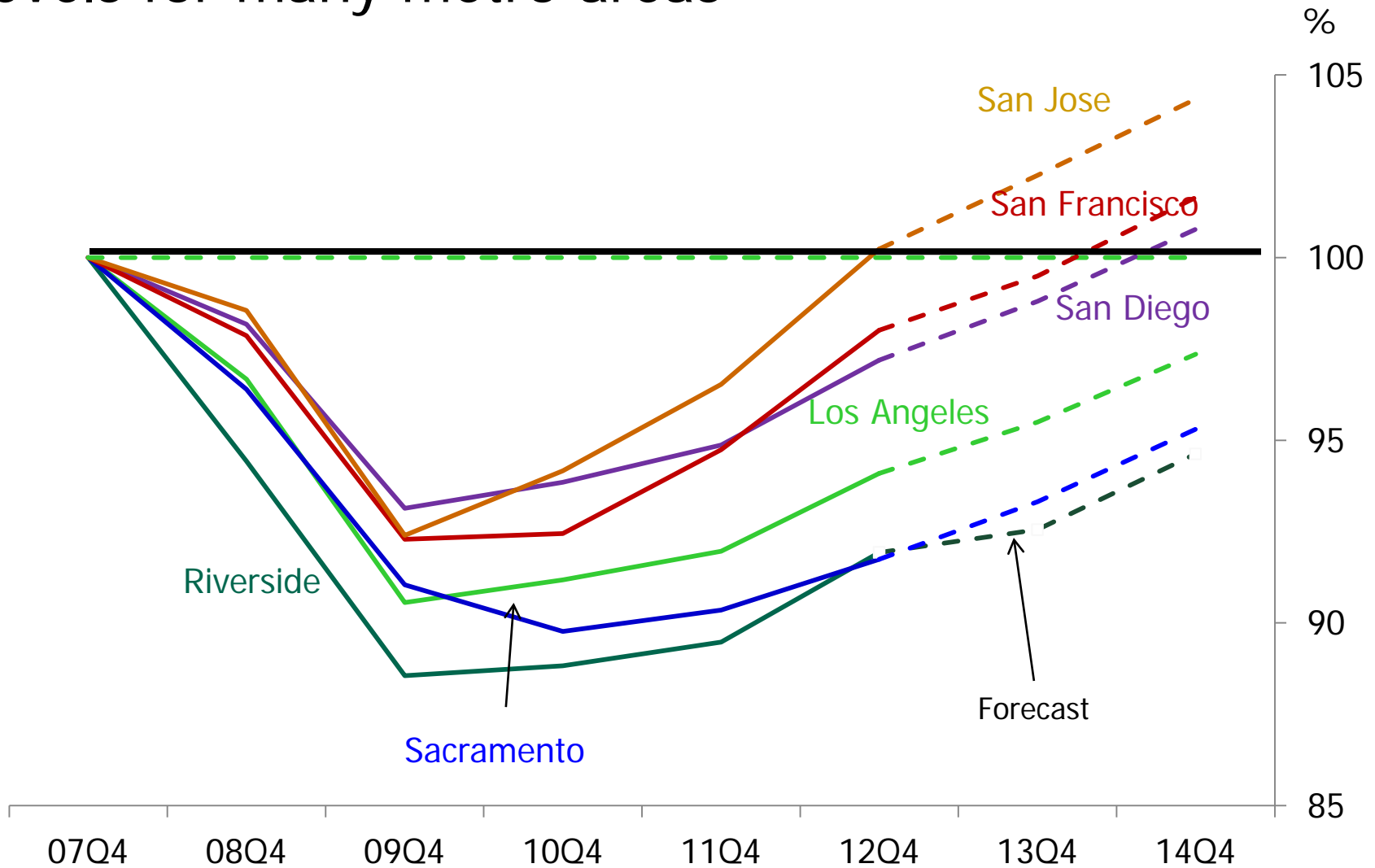
Quarterly average unemployment rate - %



# California's employment situation has been weaker than the national average



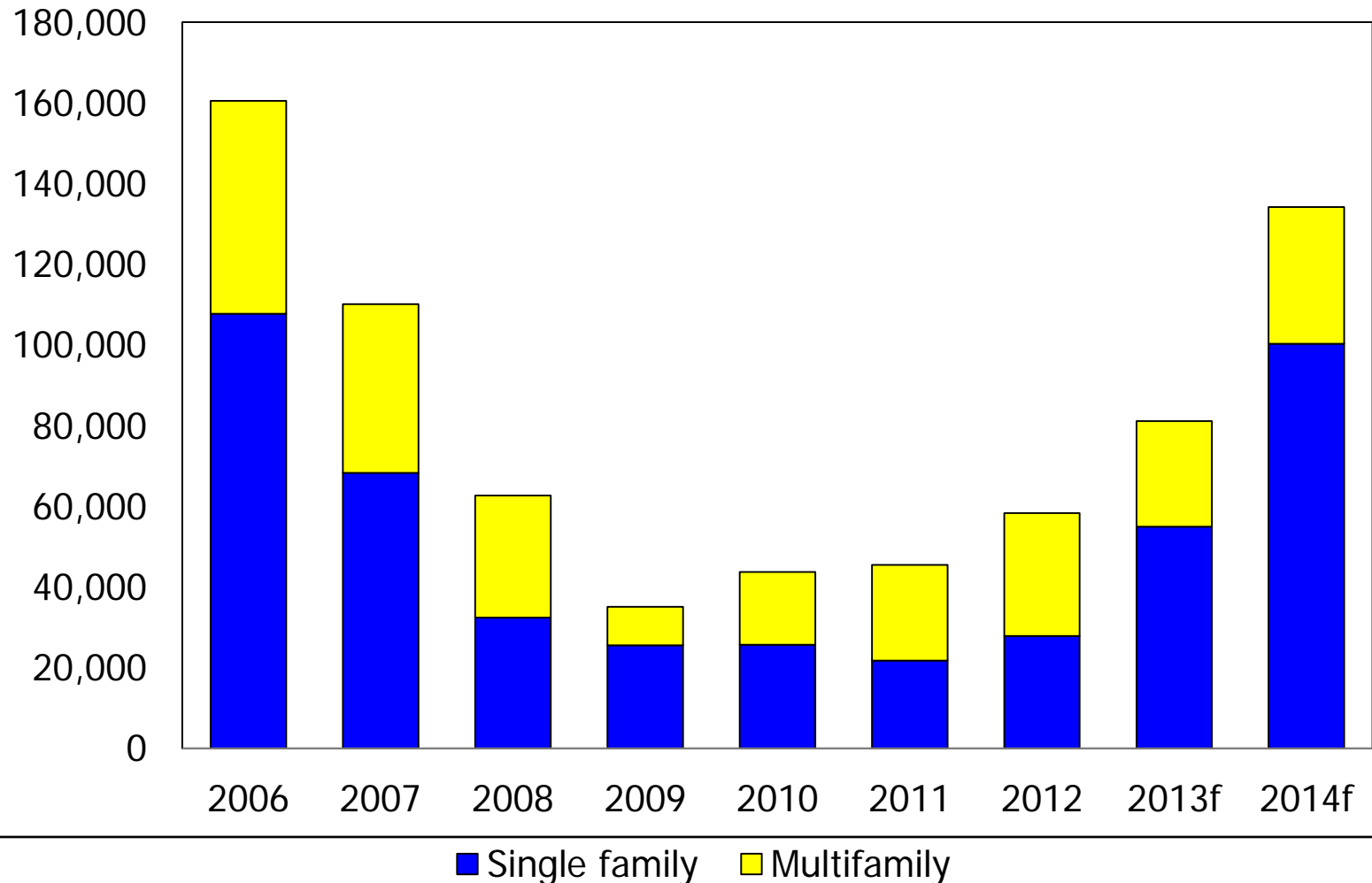
# California metro employment is still below pre-crisis levels for many metro areas



Source: Moody's Analytics, baseline forecast August 2013

# California home construction rebounding from low levels

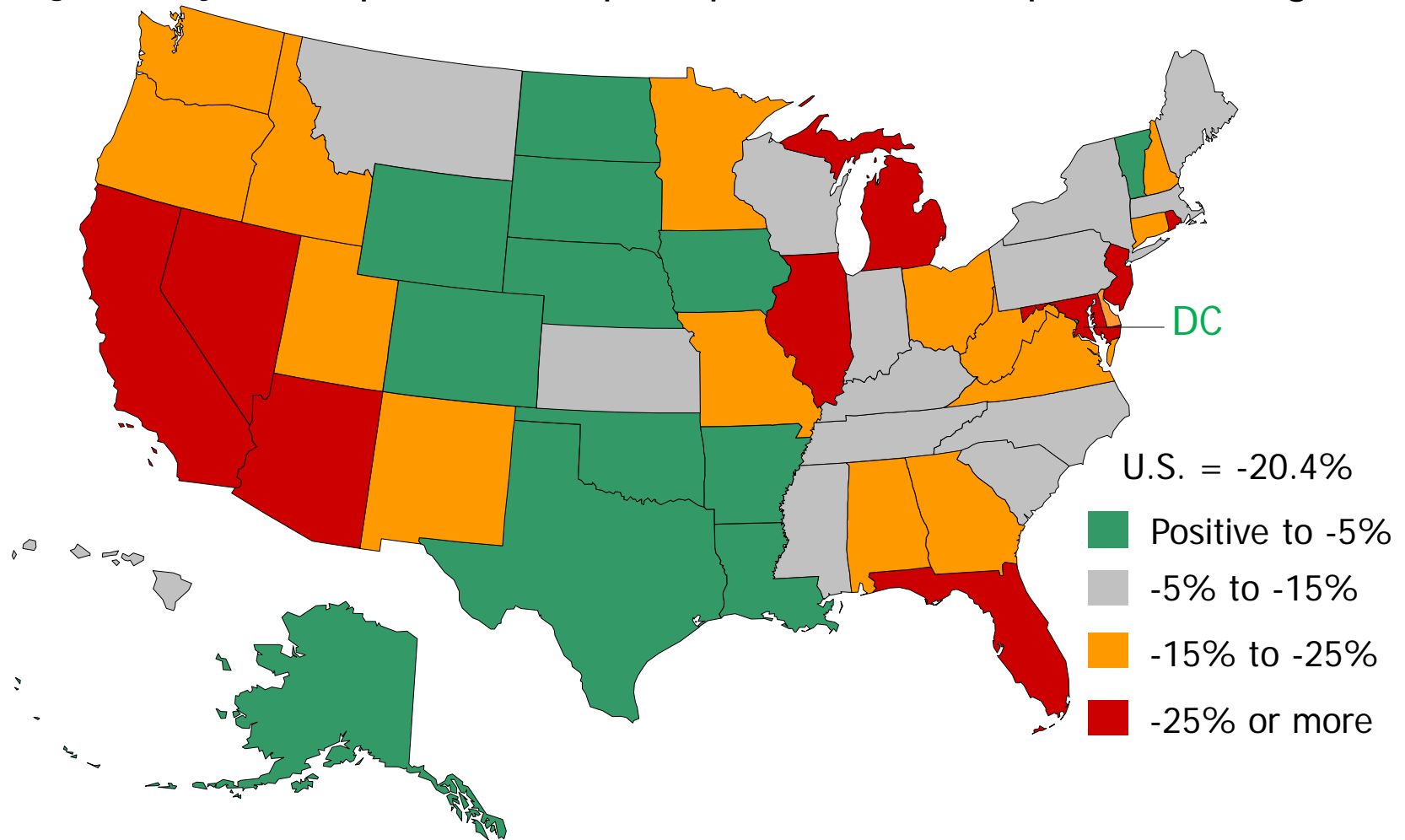
New home permits



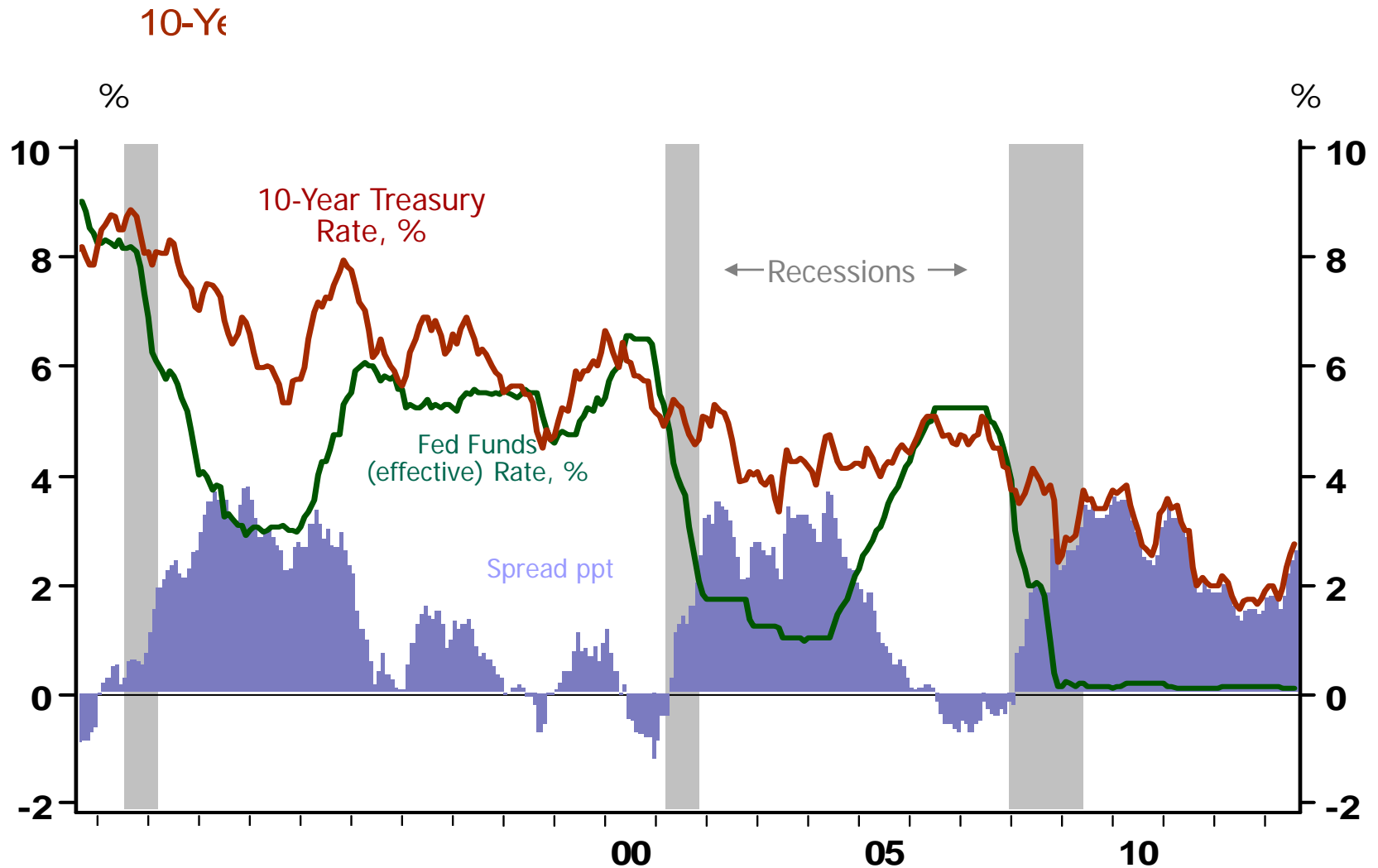
Source: Moody's Analytics, including 2013 and 2014 forecasts

# House prices remain well below peak in many states

Single-family home price index, prior peak to current percent change



# Rising long-term interest rates could slow housing



Source: Haver Analytics

Source: Federal Reserve Board, through August 2013



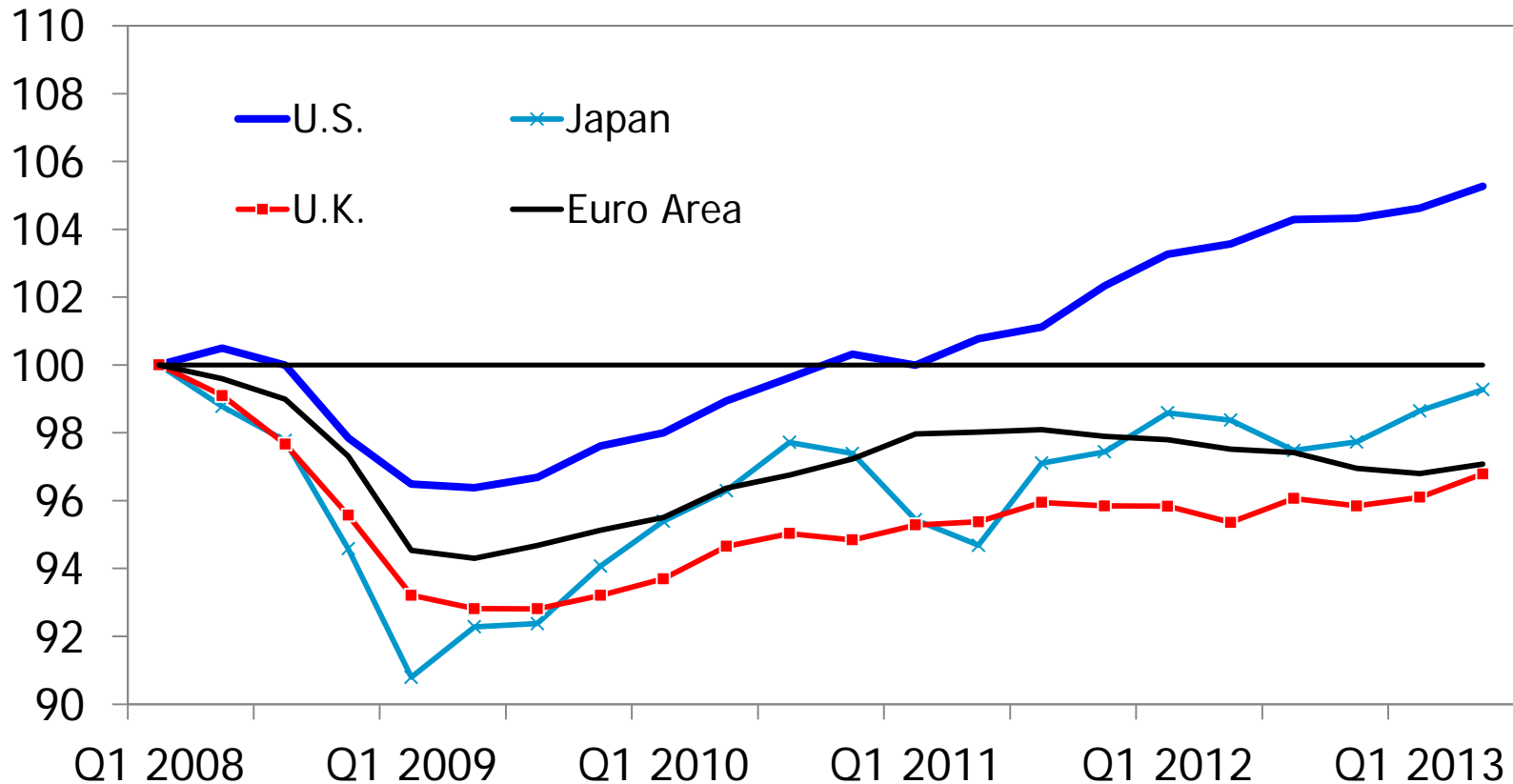
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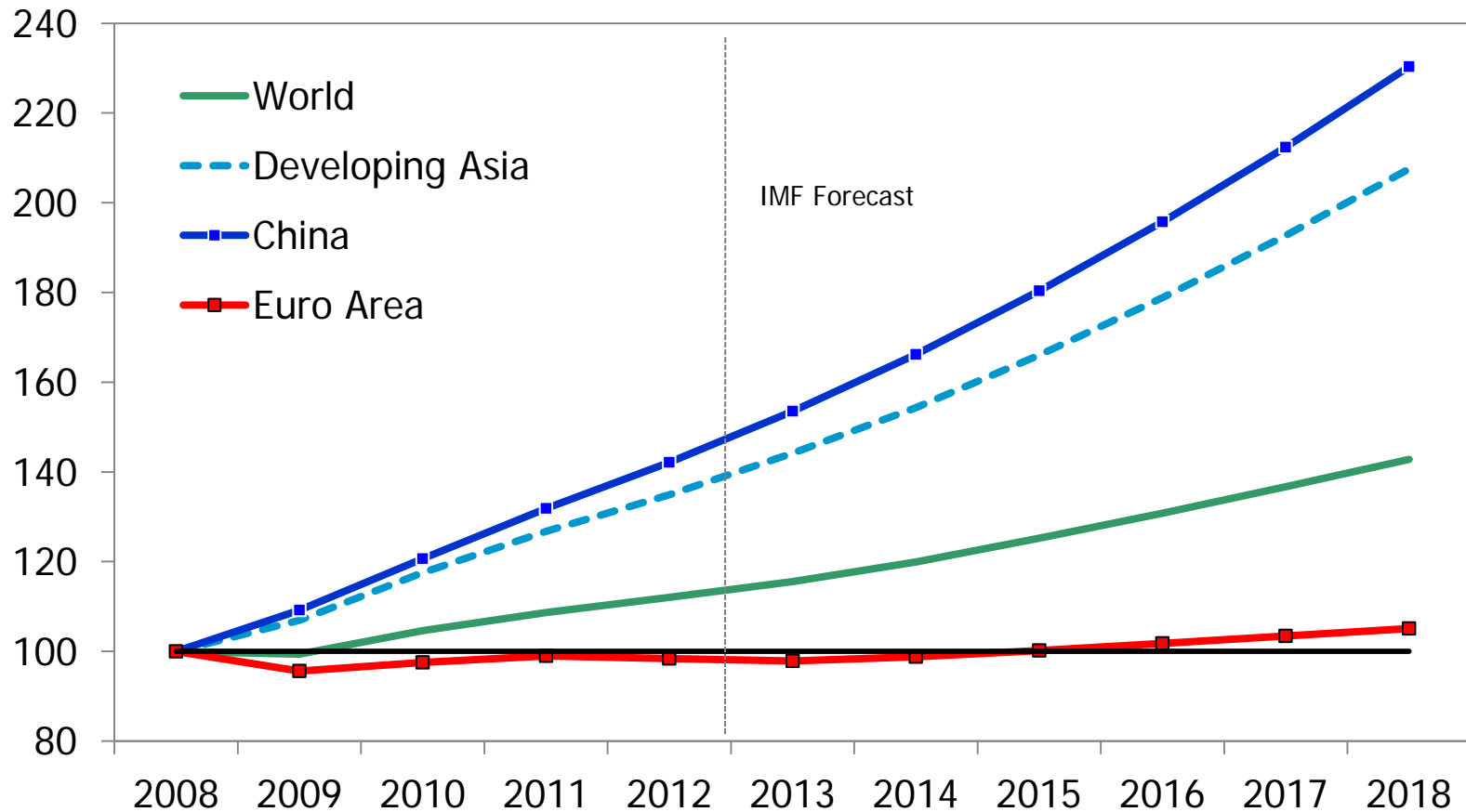
# The US economy is the only major economy to exceed pre-crisis level

Real GDP: Q1 2008 = 100



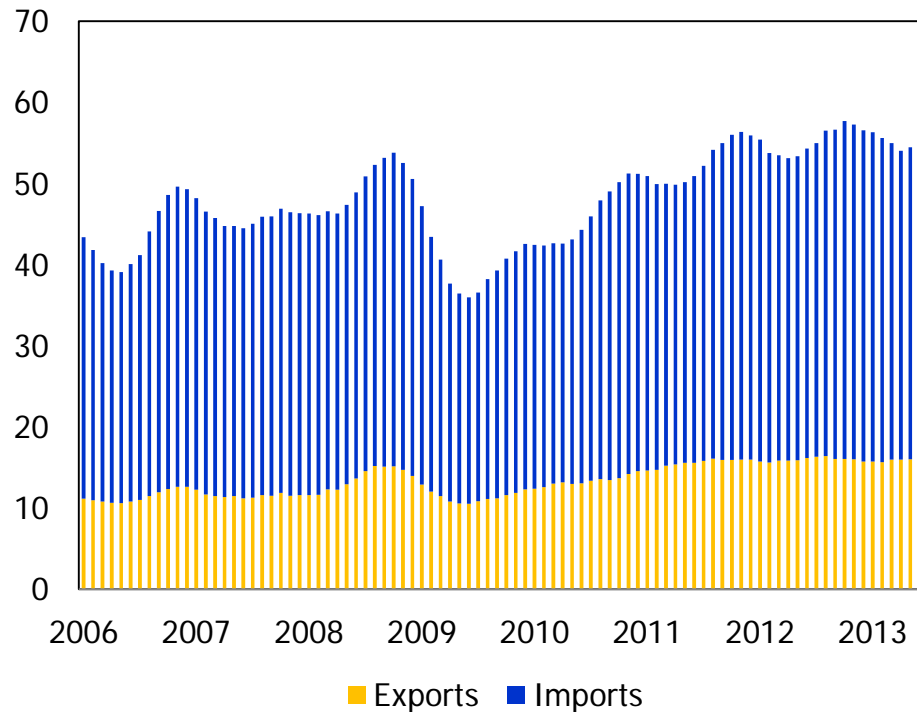
# Developing Asia is expected to continue to lead global GDP growth

Real GDP: 2008 = 100

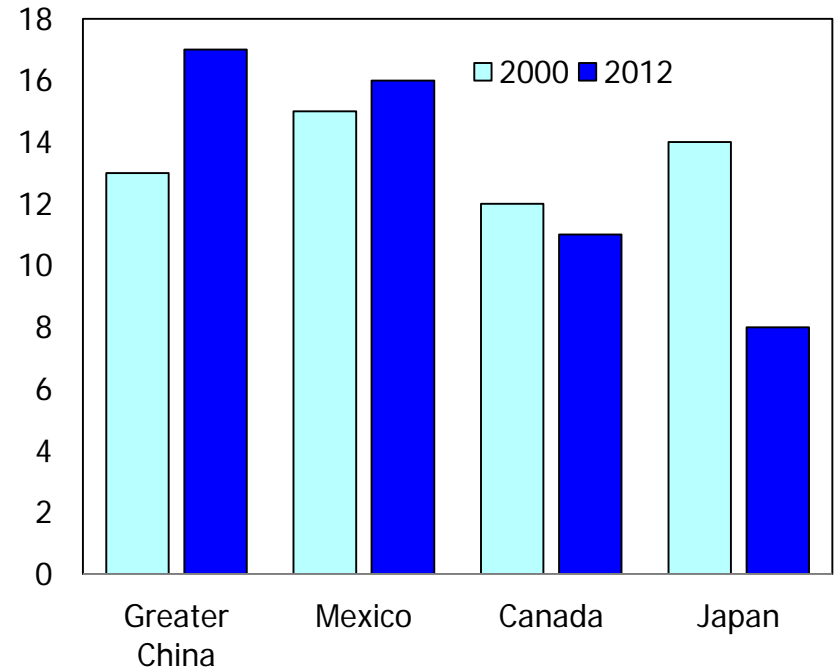


# As trade patterns shift, international trade remains a major component of the California economy

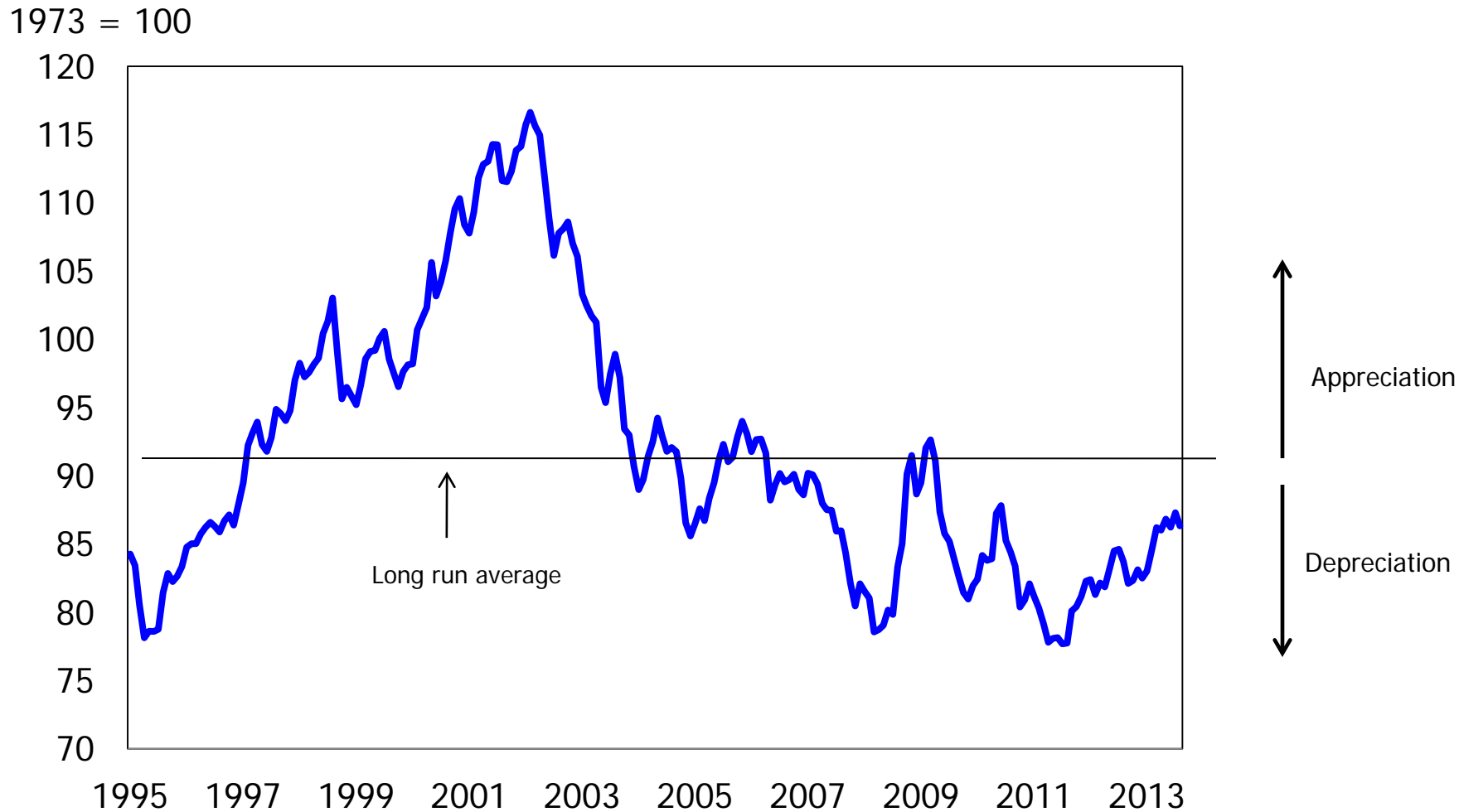
California Customs District Volume - \$ Billions



California Top Export Markets – Percent of Total



# US trade weighted dollar has appreciated but remains below its long run average



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