

# *Economic Data*

November 2017

(Data through November 7, 2017)

D.J.'s ECONOMIX

California NEVADA  
CREDIT UNION LEAGUE CREDIT UNION LEAGUE

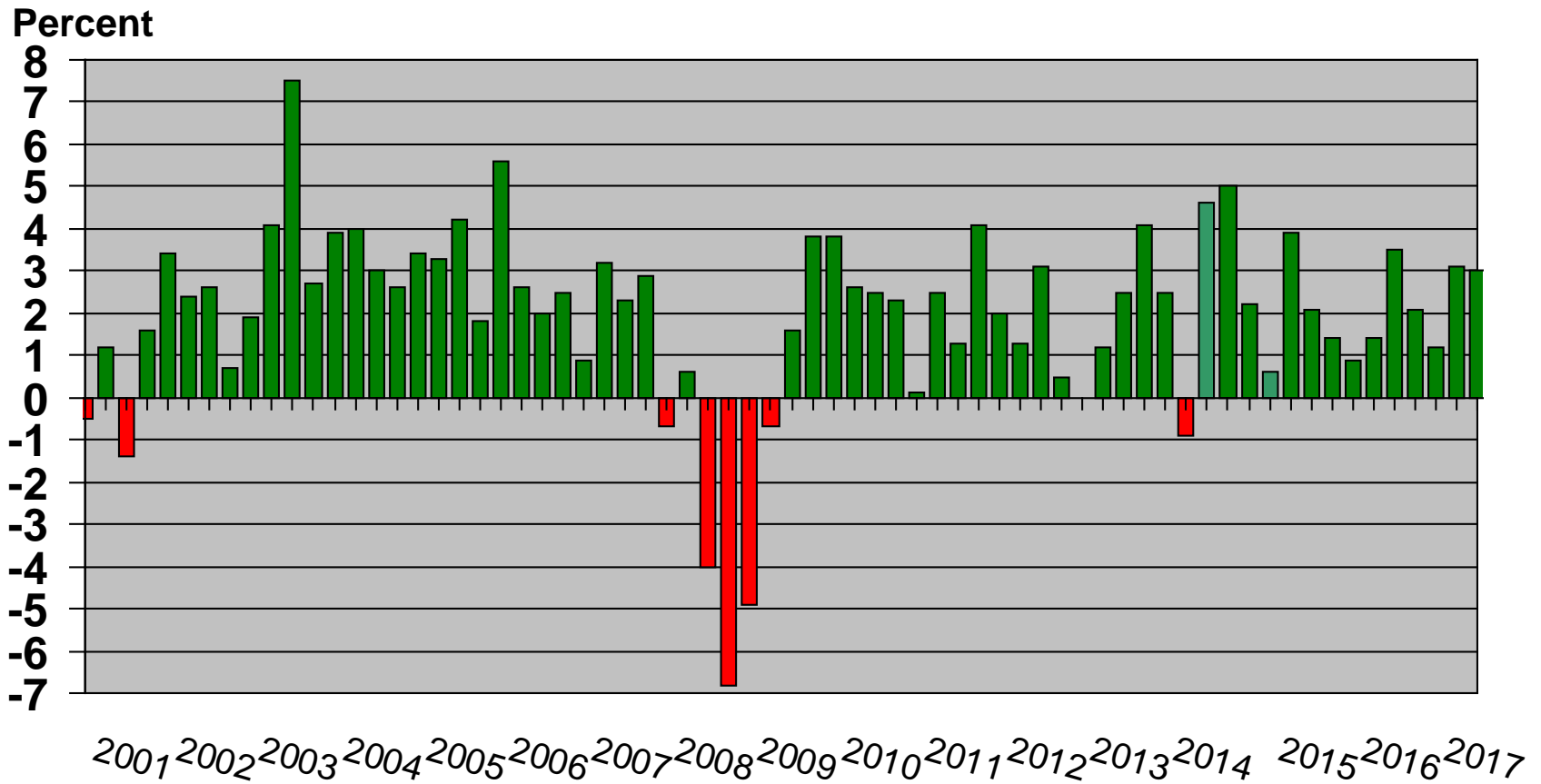


# Monthly highlights

- Nonfarm Payroll growth rebounds on hurricane rebound
- Most economic indicators turn higher
- Auto sales again surprise to the upside
- Hurricane impact distortions should be mostly gone in the next round of data

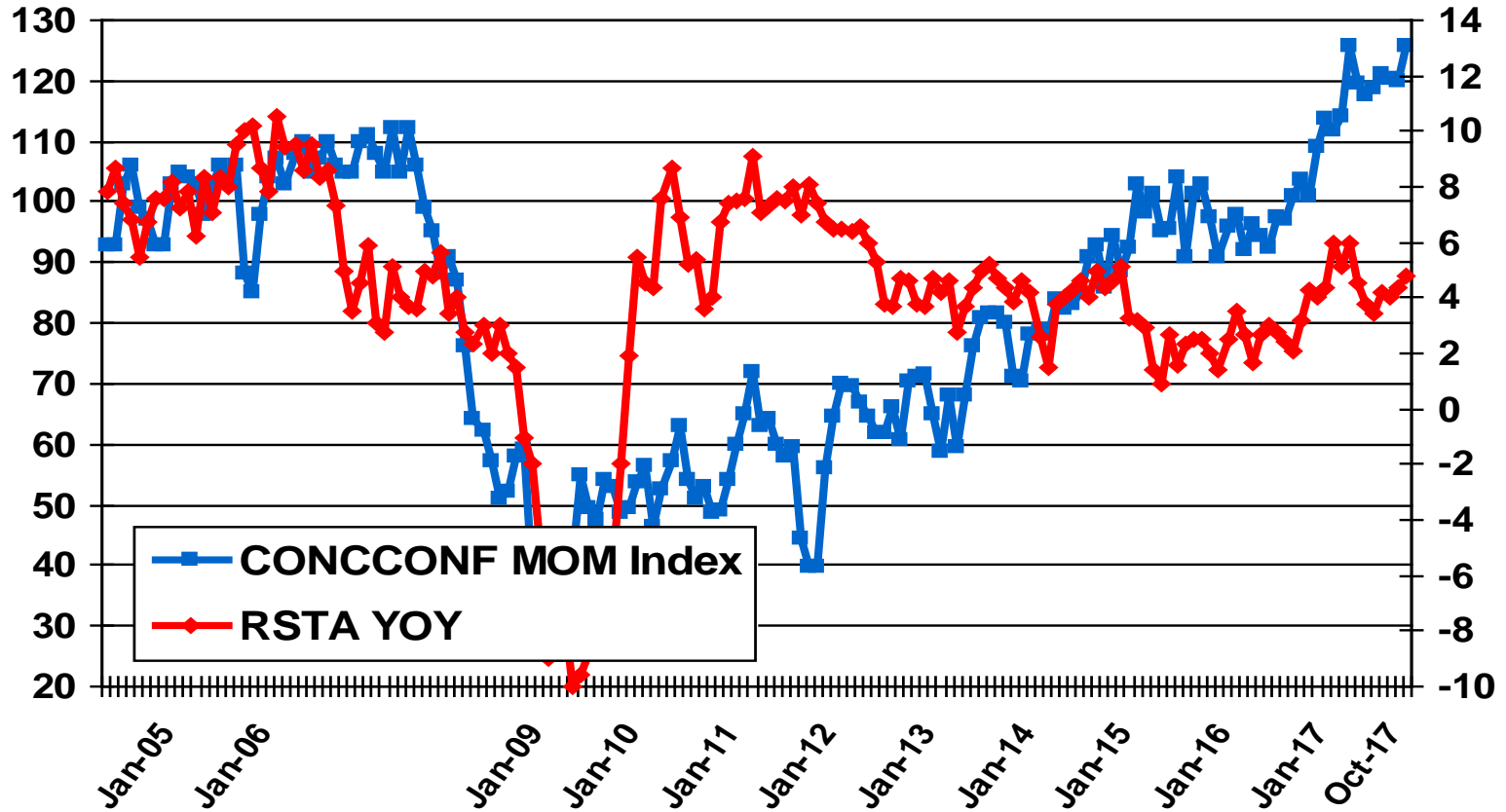
# Real GDP—

## Hurricane impact muted



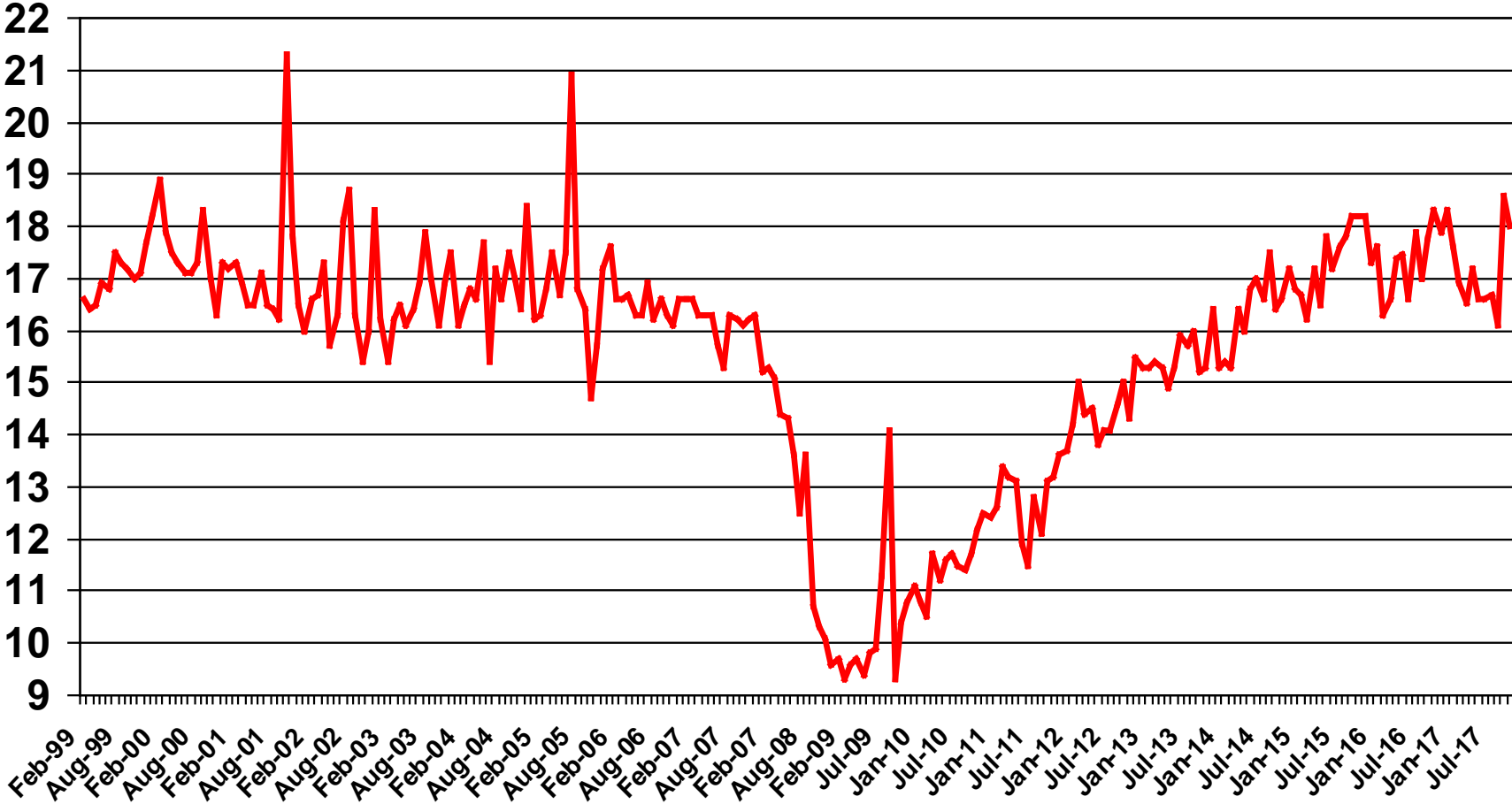
# Retail Sales & Confidence —

Sales boosted by autos and gasoline prices



# Total Vehicle Sales

Auto sales stronger than expected

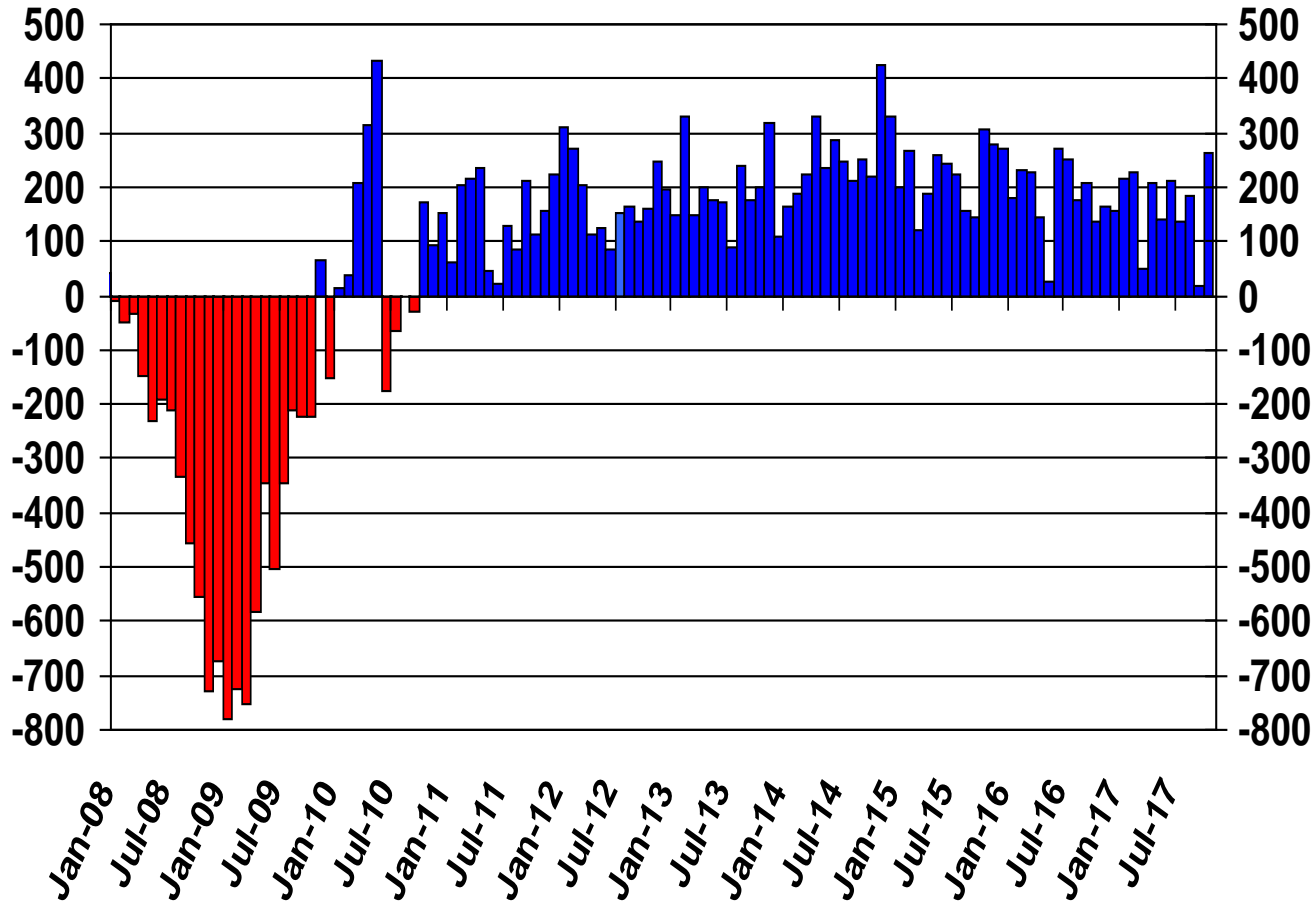


Units in millions annualized

# Consumers pick up the pace

- Year-over-year Retail Sales ex-autos and gasoline moving higher again after sluggish summer
- New auto sales stronger than expected; hurricane replacement a factor still but more than that
- Consumer Confidence surges again as consumers report improvement in job prospects and wages
- Surveys show consumers expect to spend more on Christmas this year than last
- Jobs and confidence should continue to support growth in consumer sector

# Nonfarm Payrolls



# Payroll Growth

## Hurricane payback

- October Nonfarm Payrolls up 261k and 90k added in revisions to past two months
- Unemployment Rate falls to 4.1% - lowest since '00
- Average monthly gain for 2017 162k
- Hourly wage returns to average for 2017 at 2.5%
- Next job report should be clear of hurricane



# Hiring pace slow in California

	Pre-recession High (2006)	Low (2009- 2011)	Current
<b>NFP Payrolls</b>	15,440	13,845	<b>16,830</b>
<b>Construction</b>	945	545	825
<b>Manufacturing</b>	1495	1230	1298
<b>Trade/Transp</b>	2920	2600	3031
<b>Bus &amp; Prof</b>	2270	2030	2547
<b>Government</b>	2525	2360	2586
<b>Leisure/Hosp</b>	1580	1484	1941
<b>Educ/Health</b>	1992	2050	2627

Source BLS –September

# Job Highlights for California

- Nonfarm payroll numbers erratic but have partially recovered from crawl of first six months of 2017
- Average growth through September for prior three years, 265k; through September 2017, 180k
- Unemployment rate jumps to 5.1% — data questionable
- Two leading sectors in past year, Trade and Bus./Prof. both flat for 2017
- Trump trade policies are major threats to California trade, agriculture, and leisure sectors
- Health care bill could cost jobs in that sector

# Nevada — Large sectors

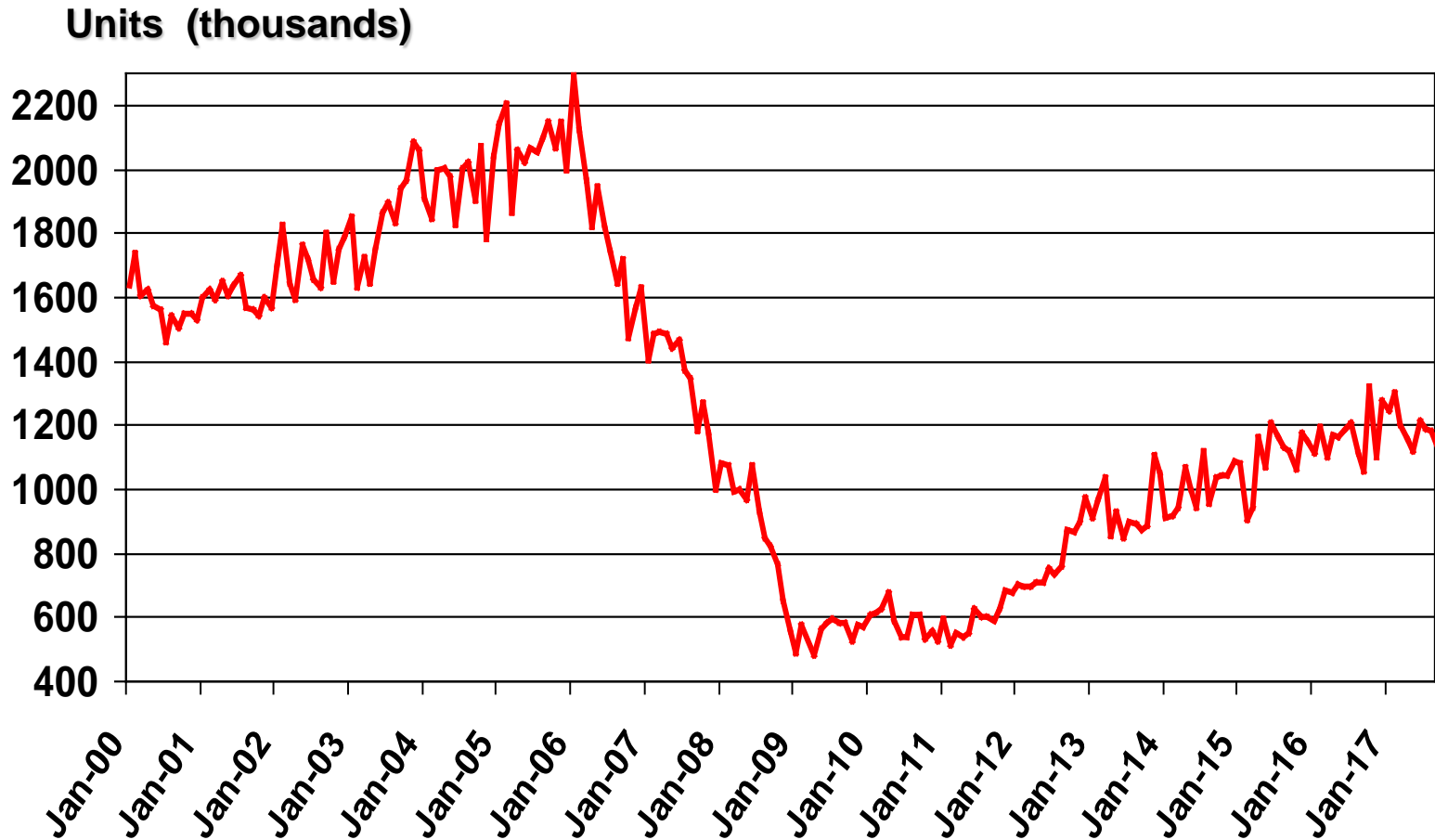
	High (2006)	Low (2009-2011)	Current
<b>Nonfarm Payrolls</b>	1,300	1,110	<b>1,348</b>
<b>Construction</b>	146	47	88
<b>Travel/leisure</b>	340	302	352
<b>Trade/Transp.</b>	233	204	245
<b>Bus. &amp; Professional</b>	162	133	187
<b>Government</b>	162	146	162

Source BLS – September data

# Nevada payrolls flat on month but up on year

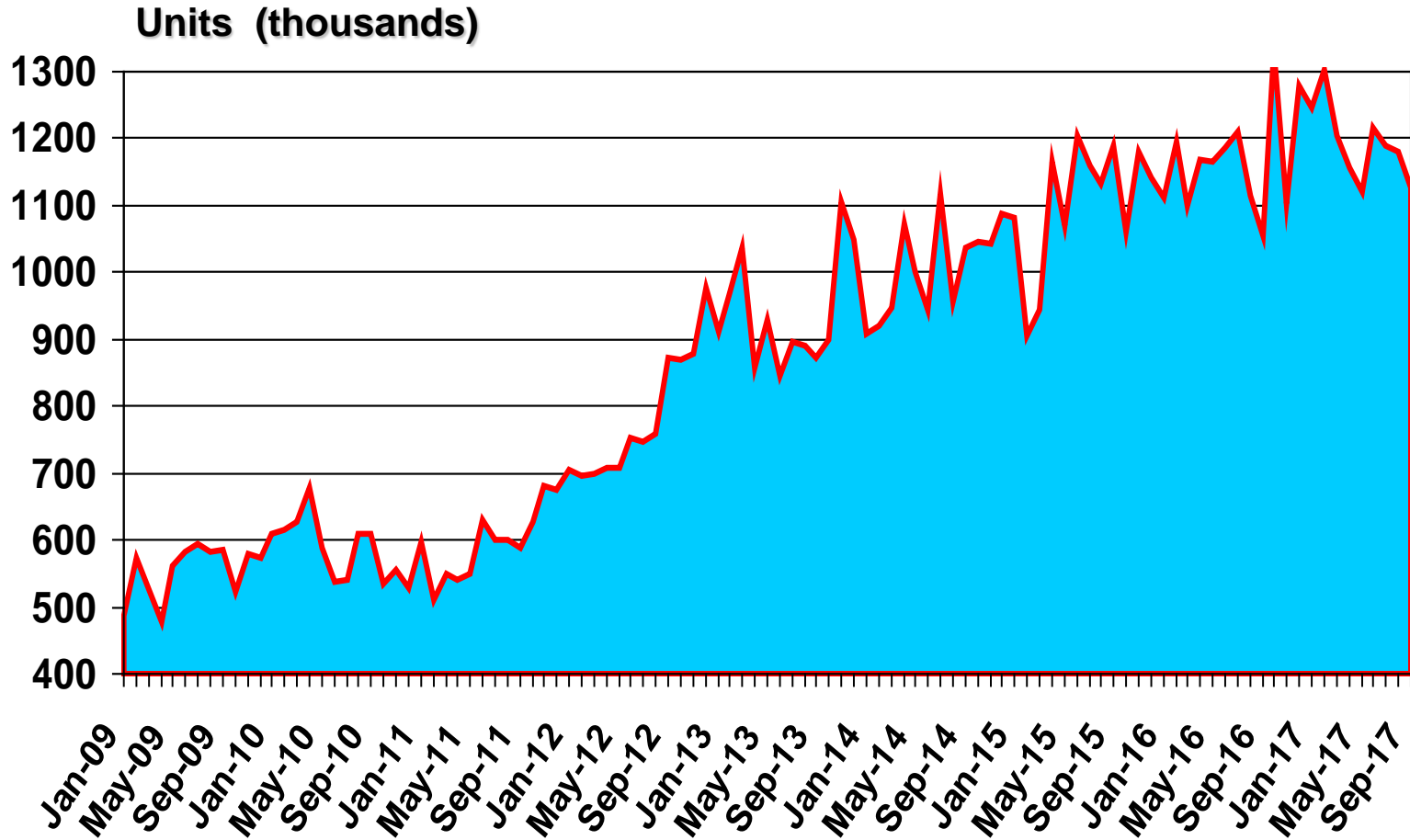
- No change in Nonfarm Payrolls in September
- Unemployment Rate unchanged at 4.9%
- Outlook still positive for slow and steady growth
- Biggest risk — Trump on trade and foreign travel

# Housing Starts — (September)



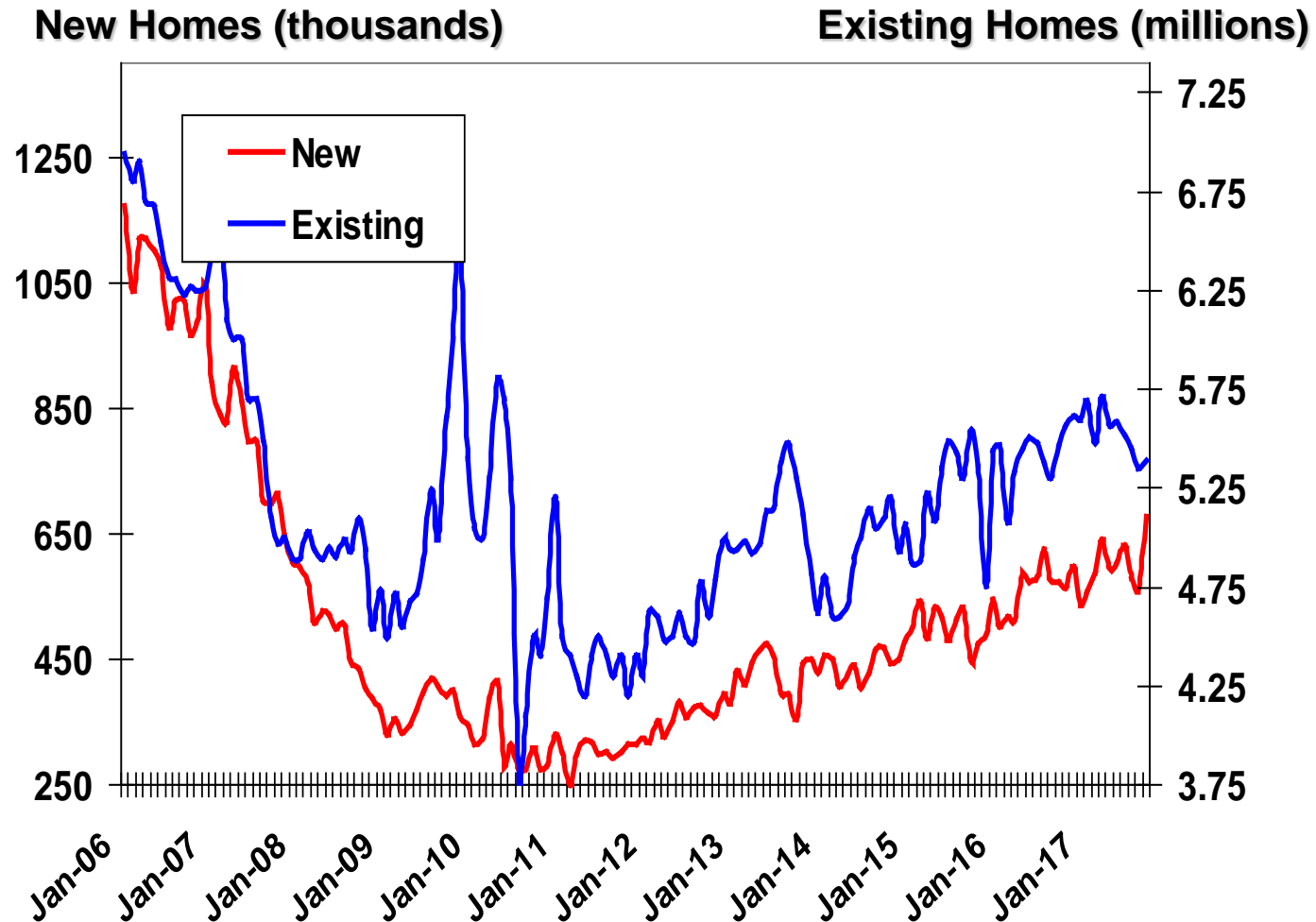
# Housing Starts — (September)

(Hurricanes impact felt)



# Home Sales — (September)

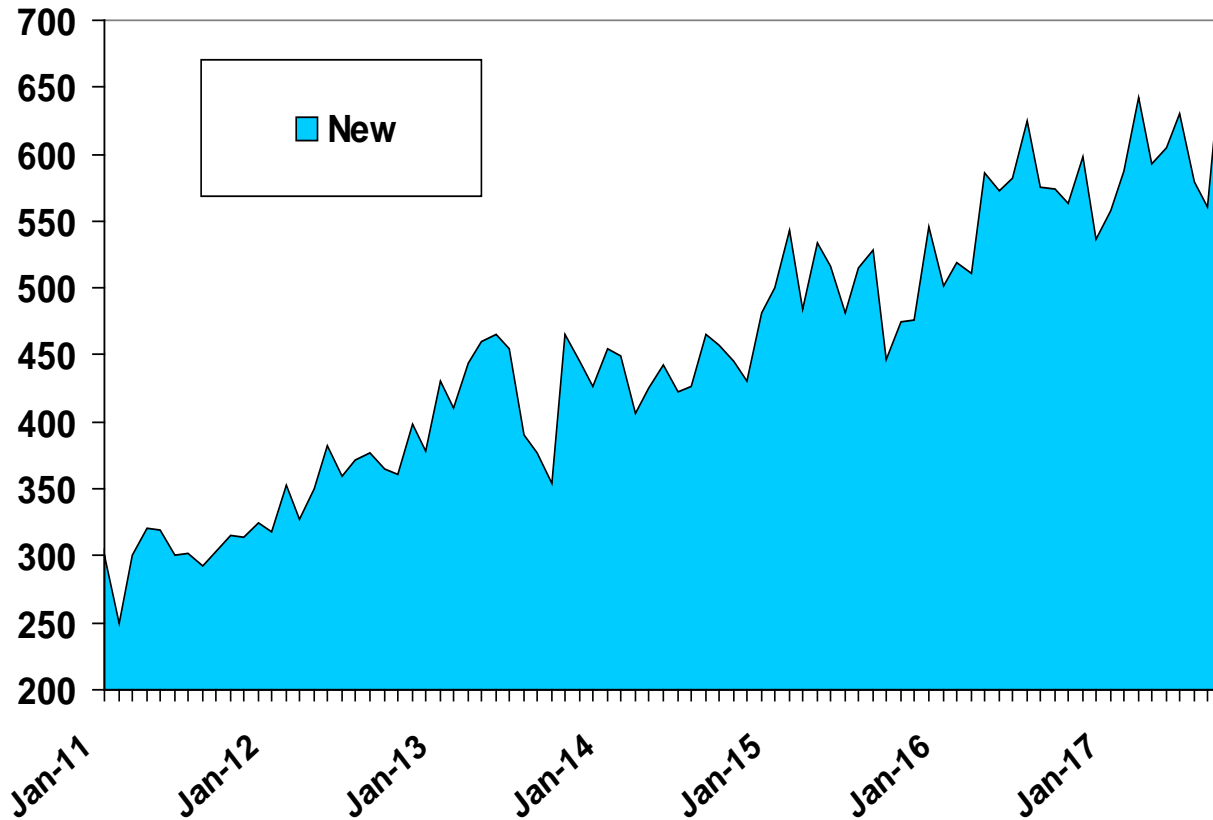
Low supply hampering home sales



# New Home Sales — (September)

Volatile series

New Homes (thousands)

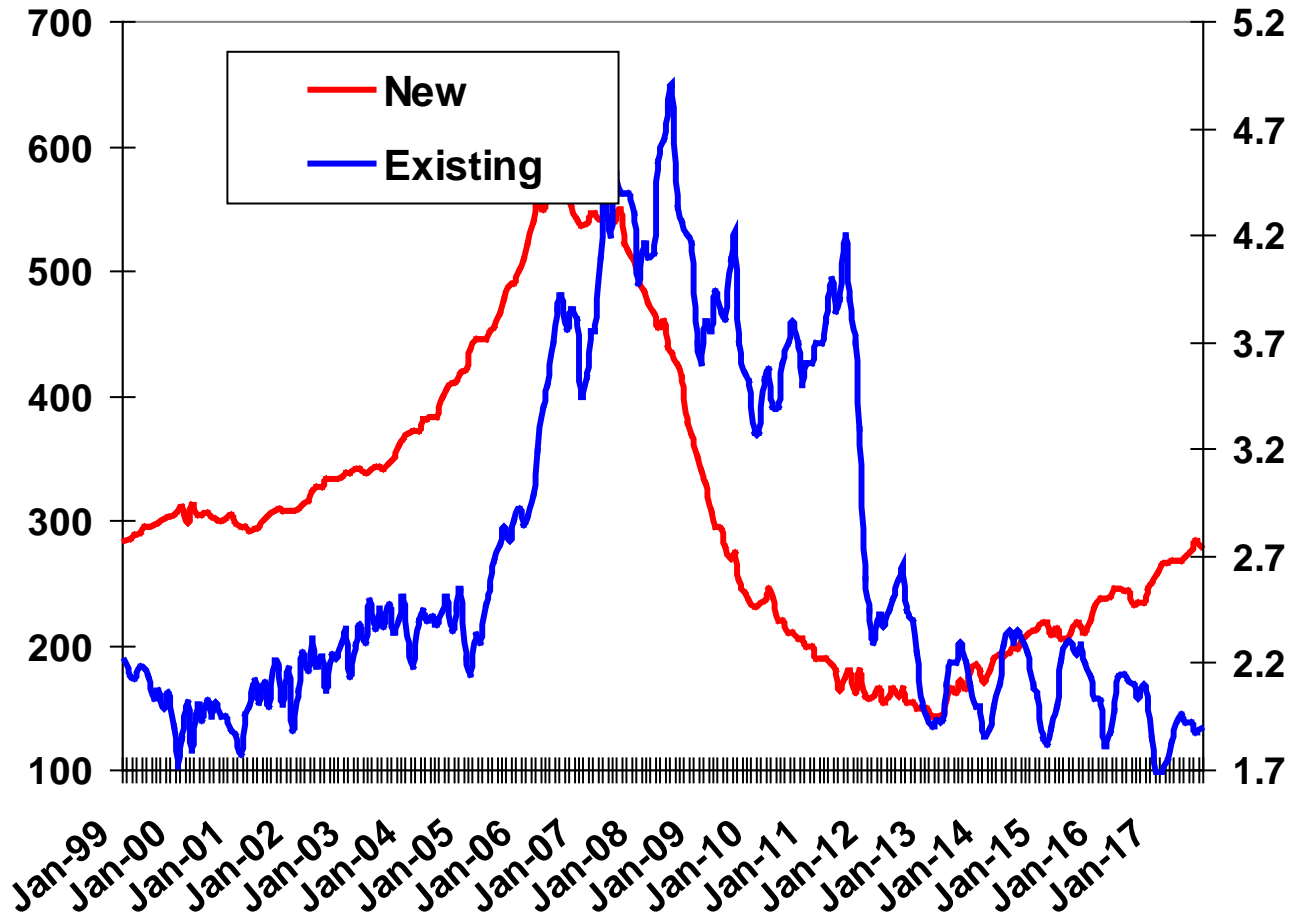




# Home Inventories — Single Family

New Homes (thousands)

Existing Homes (millions)



# *California/Nevada y-o-y median home price*

	September 2016	September 2017	% gain
LA County	\$525,000	\$579,000	9.5%
San Diego Co	\$49,000	\$535,000	8.1%
Orange	\$640,000	\$710,000	10.9%
River.	\$335,000	\$360,000	7.5%
Bay Area	\$665,000	\$742,000	11.6%
Sacramento	\$309,000	\$340,000	10.0%
Fresno	\$242,000	\$259,000	6.7%
Las Vegas	\$234,000	\$265,000	13.6%

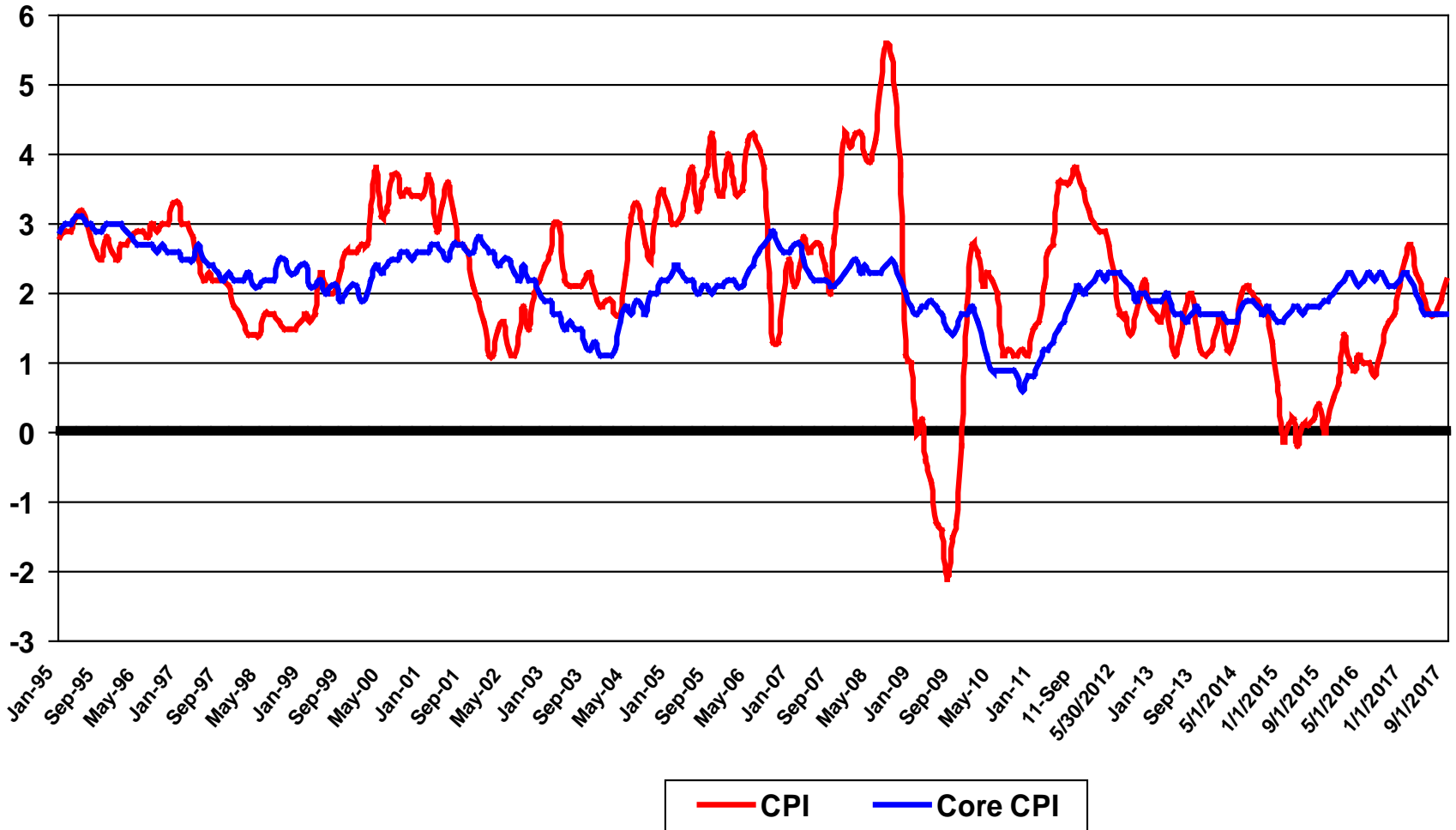
Sources: CoreLogic and GLVBR

# Housing — current state

- Strong demand and weak supply continue
- Months of supply 4.2 vs. seasonal normal of 6.5; many areas of California have one month of supply
- Median home prices up, but few sales in lower priced homes flattens median
- Affordability a growing issue in some areas — mortgage rates hold the key
- Housing looks solid longer-term with big rental pool

# CPI & Core CPI Year-over-year

Core inflation rate steady



# General outlook still positive for rest of 2017 and into 2018

- Stock market and consumers showing surprising patience with Washington
- Job growth should remain steady but monthly average should decline
- Wage gains still likely to become a big story in 2017-2018
- European and Chinese economies performing above expectations
- Emphasis shifts from Trump to Congress
- Corporate tax cuts could boost business spending in 2018 but battle in Congress looms