



Keeping SLO County Business Vital

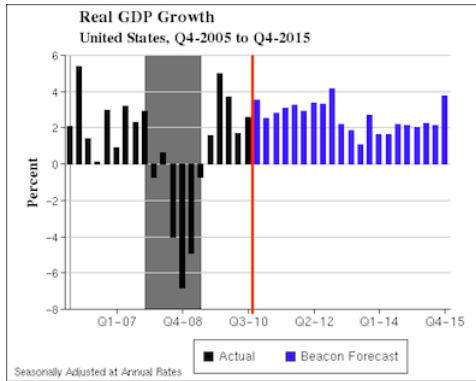
Quarterly Beacon Economics Employment Report

January 2011

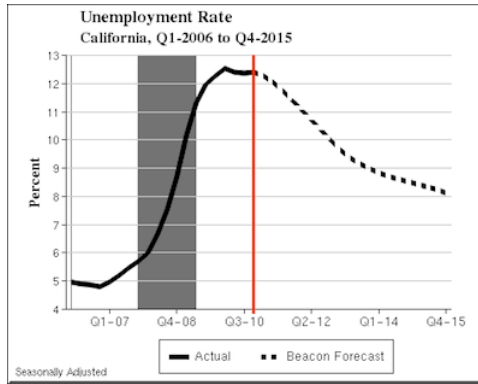
A partnership of the EVC and Beacon Economics

In This Edition... The Big Gamble

Beacon Economics has improved its short term outlook for growth in the U.S. economy. We expect the doldrums that have defined the recovery to finally come to an end with growth in 2011 averaging over 3%, and accelerating throughout the year. Indeed, the United States could end up seeing rates of growth close to 4% in 2012. As growth picks up, unemployment will finally begin to fall at a reasonable pace... to under 8% by mid 2012. But remember, all of this is largely the result of monetary and fiscal policy. The Obama Administration and Federal Reserve have made policy choices that are spurring growth in the here and now. How much will it cost us in the future? If we're lucky, it will be reasonably cheap and well worth the price. If we're unlucky, the United States could end up in a worse situation than the one that caused our leaders to take this gamble in the first place, either with rampant inflation or a crisis in the public debt markets. Please visit the Beacon Economics website to see Beacon's latest forecasts for U.S. employment, personal savings and income, GDP growth, and more.



California's economic recovery is well underway although the 'man on the street' might tell you differently as businesses and residents are not yet feeling much relief. Still, personal income has increased and California consumers continue to gain steam with nearly one and one-half years of consistent growth. The state's housing market remains depressed as the mortgage industry continues to work through its monumental problems. However, Beacon Economics does see growth on California's real estate horizon once jobs and households begin to grow again. The labor markets are also finally beginning a s-l-o-w thaw. Beacon Economics is currently forecasting that the state's unemployment rate will remain above 12% through the first half of 2011 and won't dip below 10% before the end of 2012. Total nonfarm employment will continue to grow at an annualized rate of 1.5% over the next year, and will gain steam in 2012 as the growth rate rises to 2.7%. However, it will be well into 2015 before California reaches its pre-recession peak of 15.2 million jobs.



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Beacon Economics' interactive monthly employment report processes data from the Bureau of Labor Statistics and data generated and released by the California Employment Development Department (EDD) on the third Friday of every month. Beacon Economics reproduces EDDs data by major MSA in California on a seasonally adjusted basis to facilitate month-to-month comparisons.

Contact Beacon's Experts

Founding principals, Dr. Jon Haveman and Dr. Christopher Thornberg are both PhD economists committed to rigorous research and objective, dispassionate analysis.



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