The background of the slide is a dramatic landscape. A dark, stormy sky with heavy, dark clouds dominates the upper half. A bright light source, possibly the sun or moon, is partially obscured by the clouds, creating a lens flare effect. Below the sky, a dirt road or path leads from the foreground into the distance, flanked by green and yellow grass. The overall mood is dramatic and somewhat ominous.

The
2013
Crap Shoot?

Presented by:

Arthur N. Jensen, PhD

Emeritus Professor of Marketing

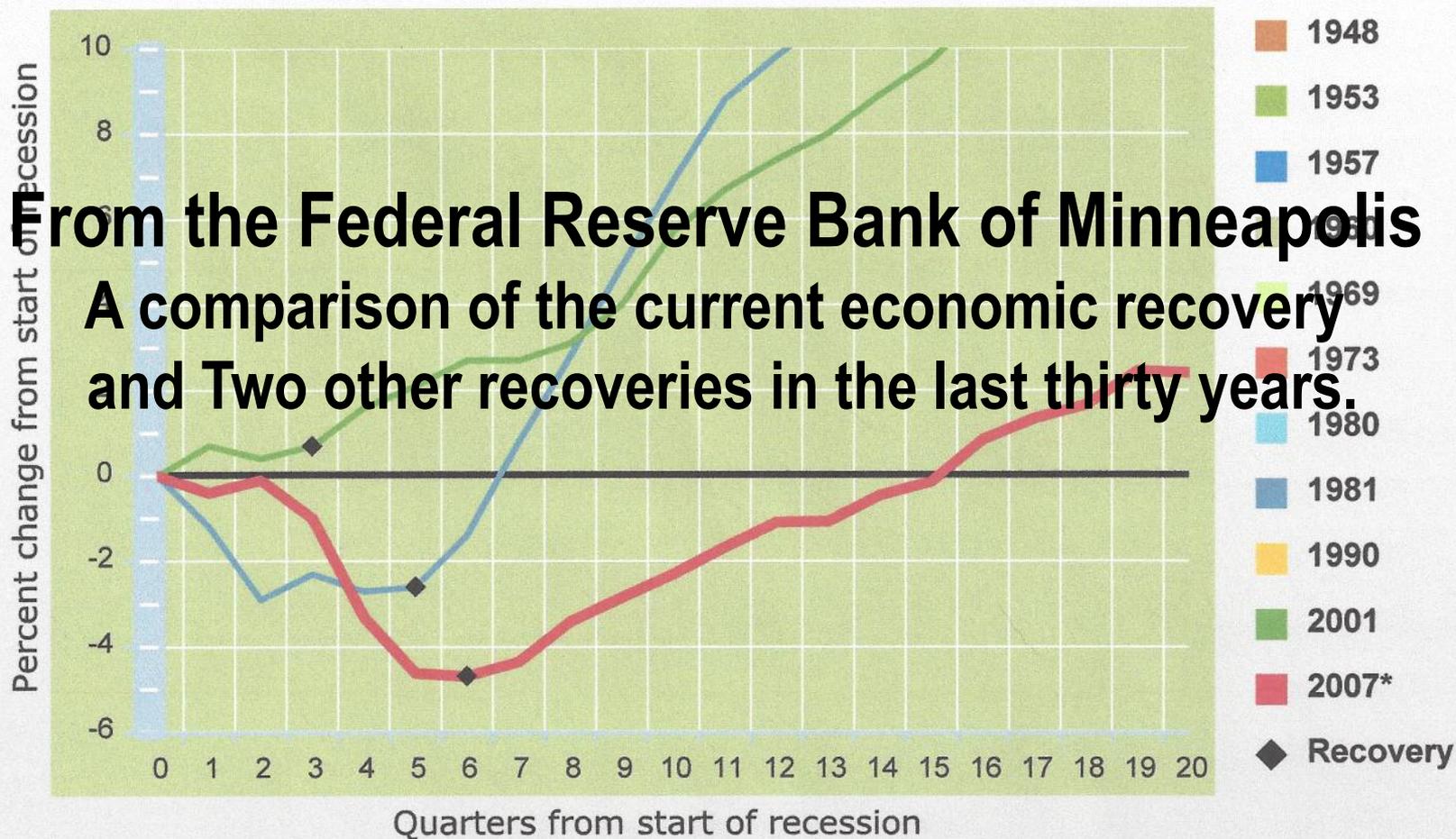
California State University, Sacramento



Change in U.S. Output: Recessions

Compare Recoveries

Compare Recessions



1948
 1953
 1957
 1960
 1969
 1973
 1980
 1981
 1990
 2001
 2007

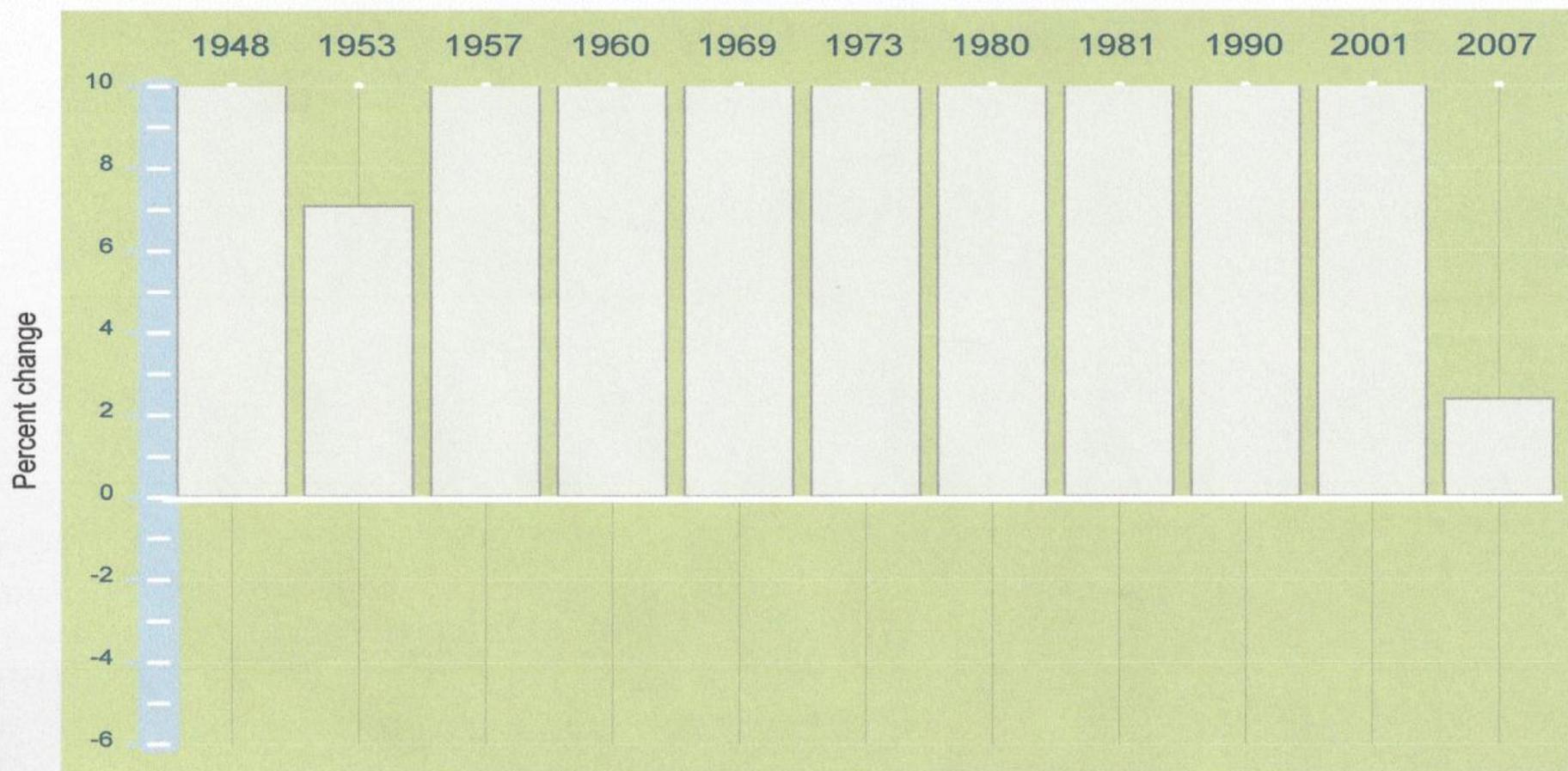
*Start of the recovery for the 2007 recession is June 2009 (the second quarter).

Source: Federal Reserve Bank of Minneap...

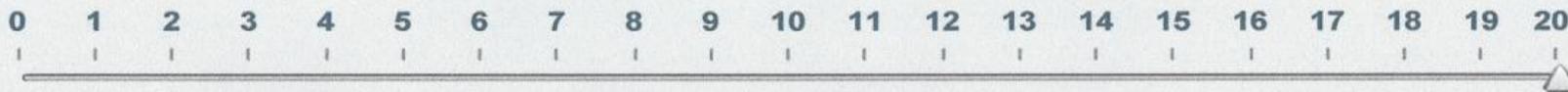
Updated January 30 2013

Total change in U.S. output

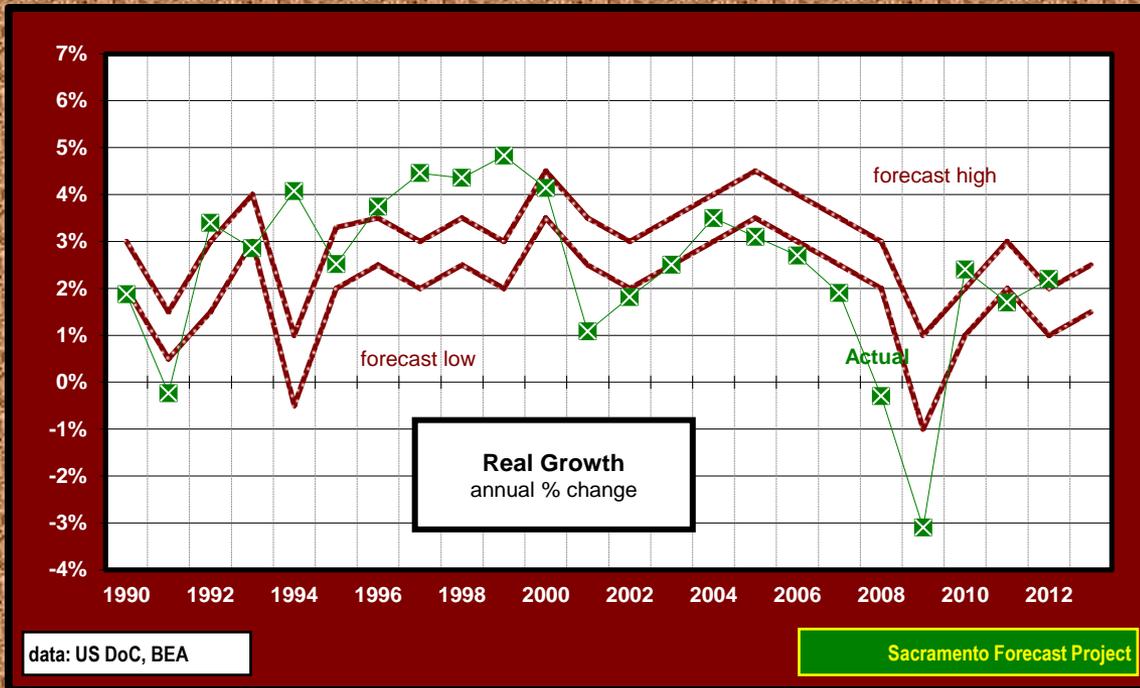
Comparing 11 postwar recessions 20 quarters after peak



Quarters after peak (Data for 2007-2009 recession available through 20 quarters)



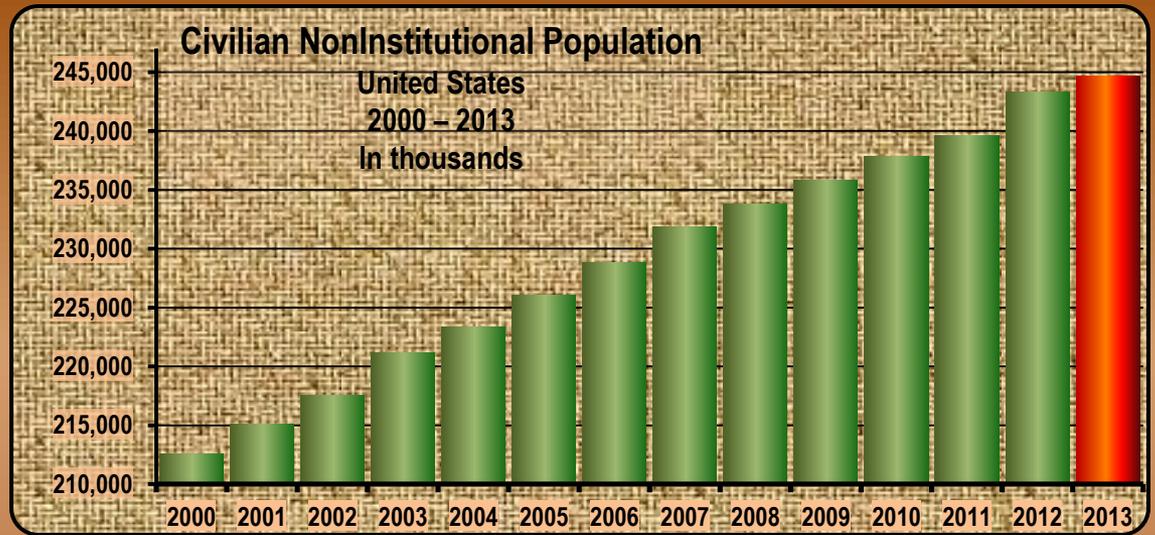
I expect a continuation of the current past performances from the Washington Dcer's, so the Annual Real Growth in GDP will be between 1.5% and 2.5% - almost like No Growth!



Real Economic Growth					
% change from preceding period					
Actual					
Year	Qtr I	Qtr II	Qtr III	Qtr IV	Yr.
1990	4.2%	1.6%	0.0%	-3.5%	1.9%
1991	-1.9%	2.7%	1.7%	1.6%	-0.2%
1992	4.5%	4.3%	4.2%	4.3%	3.4%
1993	0.7%	2.6%	2.1%	5.4%	2.9%
1994	4.0%	5.6%	2.6%	4.5%	4.1%
1995	1.0%	0.9%	3.4%	2.8%	2.5%
1996	2.8%	7.1%	3.5%	4.4%	3.7%
1997	3.1%	6.1%	5.1%	3.1%	4.5%
1998	3.8%	3.6%	5.4%	7.1%	4.4%
1999	3.6%	3.2%	5.2%	7.4%	4.8%
2000	1.1%	8.0%	0.3%	2.4%	4.1%
2001	-1.3%	2.6%	-1.1%	1.4%	1.1%
2002	3.5%	2.1%	2.0%	0.1%	1.8%
2003	1.7%	3.4%	6.7%	3.7%	2.5%
2004	2.7%	2.6%	3.0%	3.3%	3.5%
2005	4.2%	1.8%	3.2%	2.1%	3.1%
2006	5.1%	1.6%	0.1%	2.7%	2.7%
2007	0.5%	3.6%	3.0%	1.7%	1.9%
2008	-1.8%	1.3%	-3.7%	-8.9%	-0.3%
2009	-5.3%	-0.3%	1.4%	4.0%	-3.5%
2010	2.3%	2.2%	2.6%	2.4%	2.4%
2011	0.1%	2.5%	1.3%	4.1%	1.8%
2012	2.0%	1.3%	3.1%	-0.1%	2.2%

Source: U. S. Department of Commerce

What will continue to grow is population!



But the growth is not mirrored in the labor force!

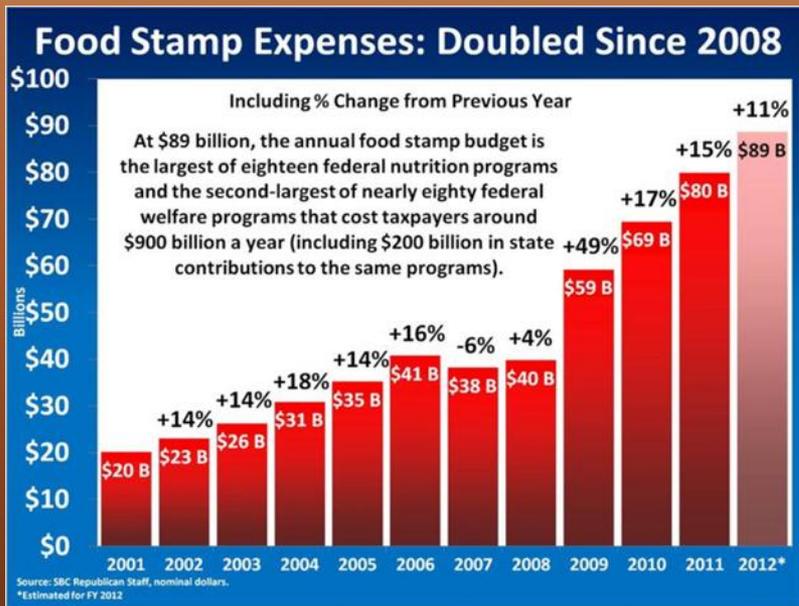


What results is a declining Participation Rate!

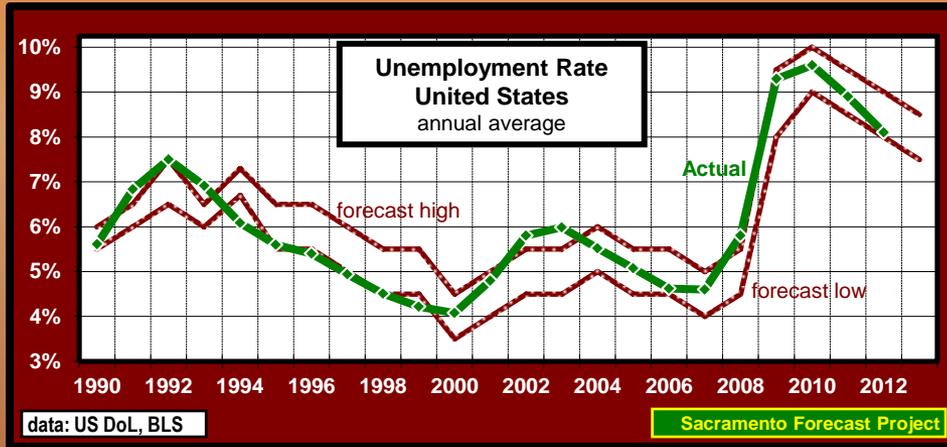


That is almost perfectly
Negatively Correlated
with ...

And Results in ...

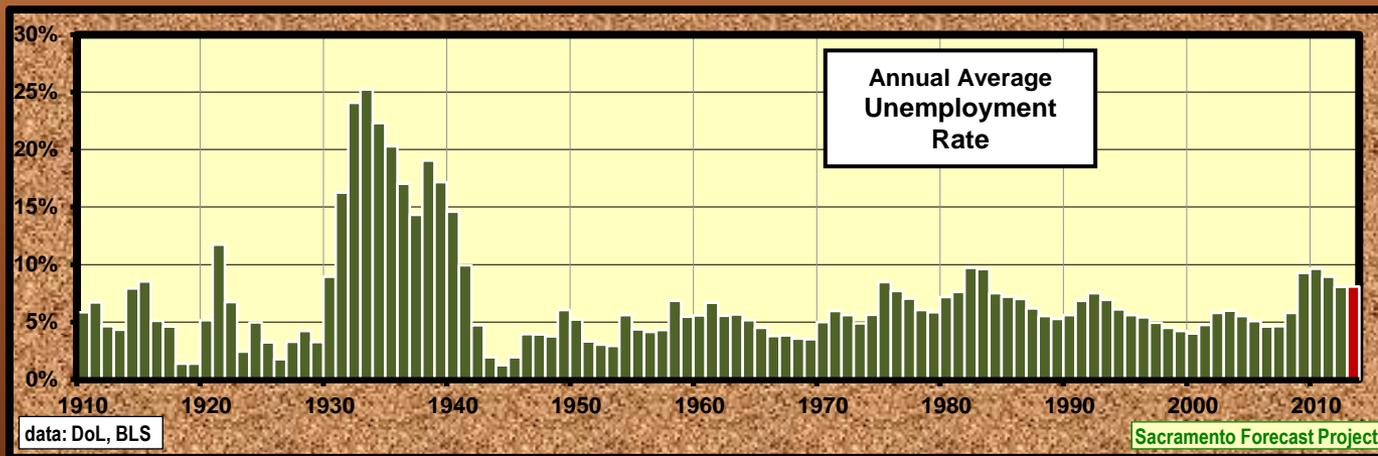


The underlying attitudes and conditions are not expected to change in 2013, so I expect the range for the Unemployment Rate to be between 7.5% and 8.5%.



United States Unemployment Rate Quarterly Average, Actual					
Year	Qtr I	Qtr II	Qtr III	Qtr IV	Ave.
1990	5.3%	5.3%	5.7%	6.1%	5.6%
1991	6.6%	6.8%	6.9%	7.1%	6.8%
1992	7.4%	7.6%	7.6%	7.4%	7.5%
1993	7.2%	7.1%	6.8%	6.6%	6.9%
1994	6.6%	6.2%	6.0%	5.6%	6.1%
1995	5.5%	5.7%	5.6%	5.5%	5.6%
1996	5.6%	5.4%	5.3%	5.3%	5.4%
1997	5.3%	4.9%	4.9%	4.7%	4.9%
1998	4.6%	4.4%	4.5%	4.4%	4.5%
1999	4.3%	4.3%	4.2%	4.1%	4.2%
2000	4.1%	4.0%	4.0%	4.0%	4.0%
2001	4.2%	4.4%	4.8%	5.5%	4.7%
2002	5.7%	5.8%	5.7%	5.8%	5.8%
2003	5.9%	6.1%	6.1%	5.8%	6.0%
2004	5.7%	5.6%	5.4%	5.4%	5.5%
2005	5.3%	5.1%	5.0%	5.0%	5.1%
2006	4.7%	4.7%	4.7%	4.5%	4.6%
2007	4.5%	4.5%	4.7%	4.8%	4.6%
2008	5.0%	5.3%	6.0%	6.9%	5.8%
2009	8.2%	9.3%	9.7%	10.0%	9.3%
2010	9.7%	9.6%	9.6%	9.6%	9.6%
2011	8.9%	9.1%	9.1%	8.7%	8.9%
2012	8.2%	8.2%	8.0%	7.8%	8.1%

Source: U. S. Department of Labor

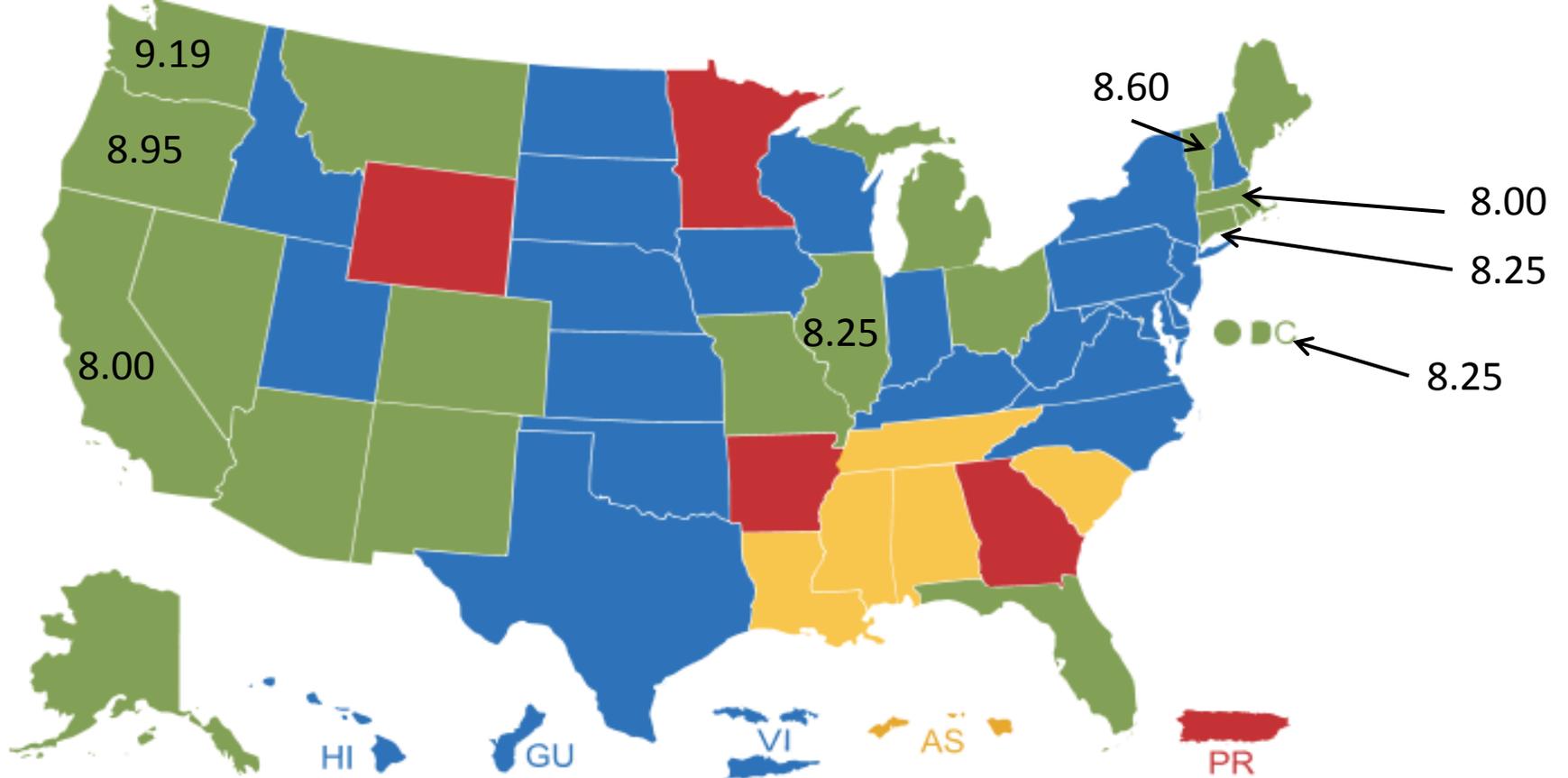


There has been a lot of chatter about the increase in manufacturing jobs since the current federal administration started to have an impact...



The several thousands of jobs have brought manufacturing employment back up to the 1941 level...

Only 6 of the 13 Durable Goods categories and 6 of the 11 Nondurable Goods Categories show any increase over the last three years and most are negligible .



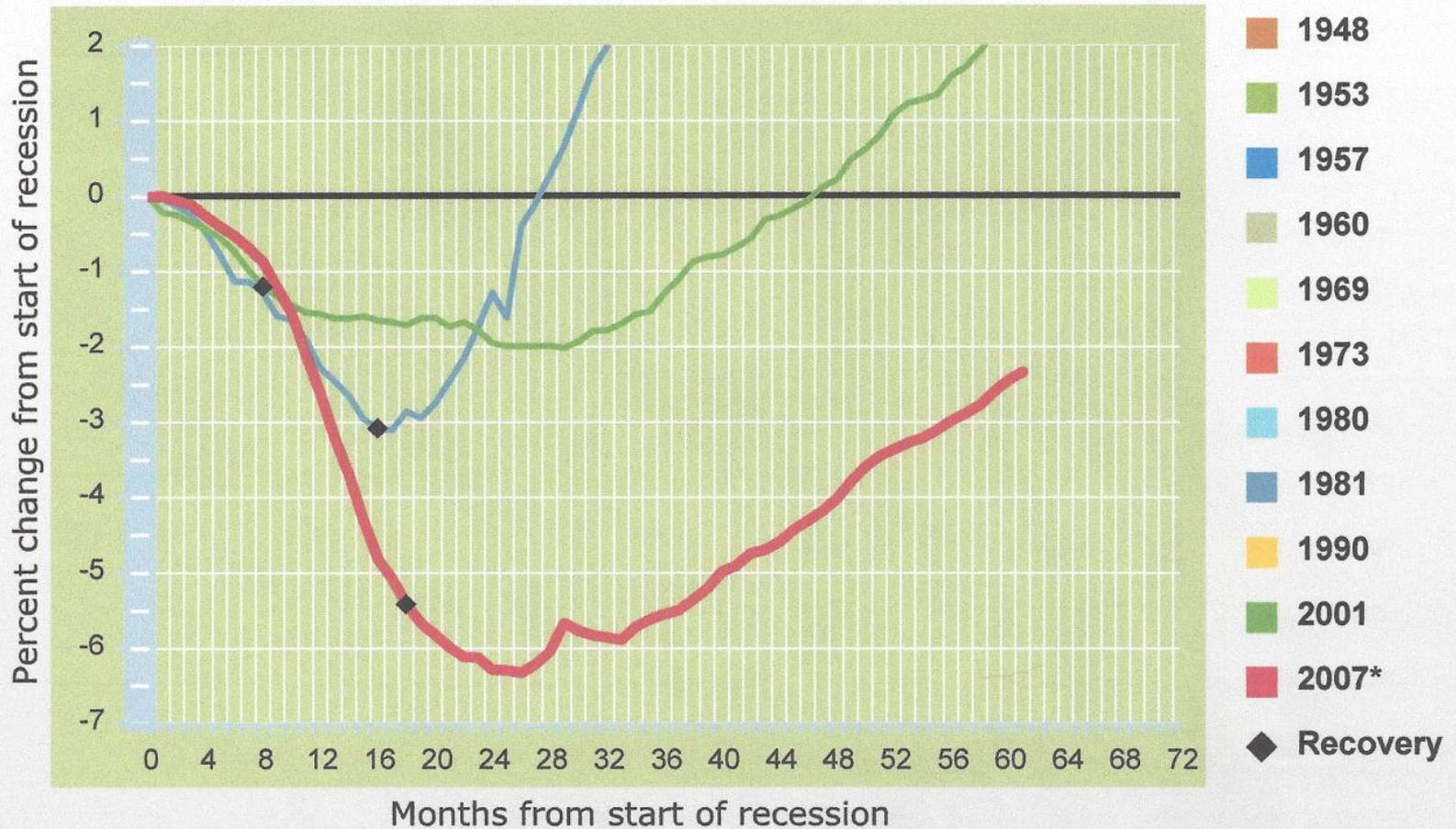
- 19 States with minimum wage rates higher than the Federal
- 24 States with minimum wage rates the same as the Federal
- 5 States with no minimum wage law
- 5 States with minimum wage rates lower than the Federal
- 5 American Samoa has [special minimum wage rates](#)

**Minimum Wage and Overtime Premium Pay Standards Applicable to
Nonsupervisory NONFARM *Private Sector* Employment
Under State and Federal Laws
January 1, 2013**

Change in U.S. Employment: Recessions

Compare Recoveries

Compare Recessions



1948
 1953
 1957
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 2007

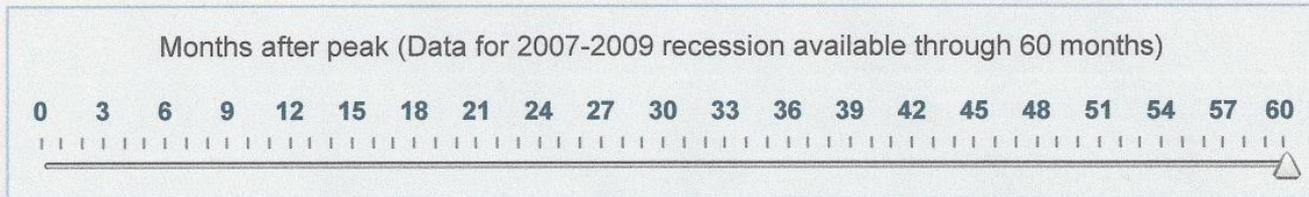
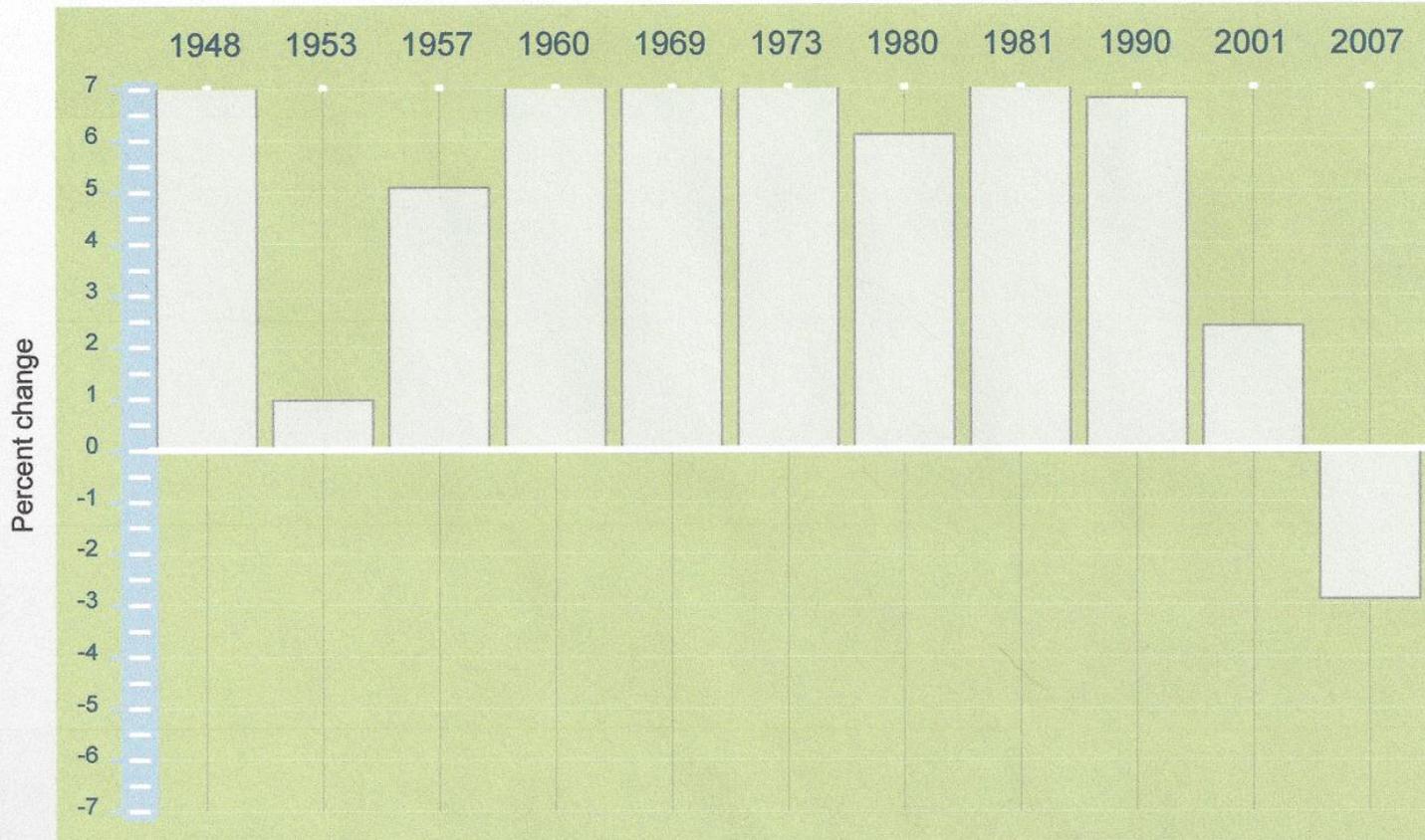
*Start of the recovery for the 2007 recession is June 2009.

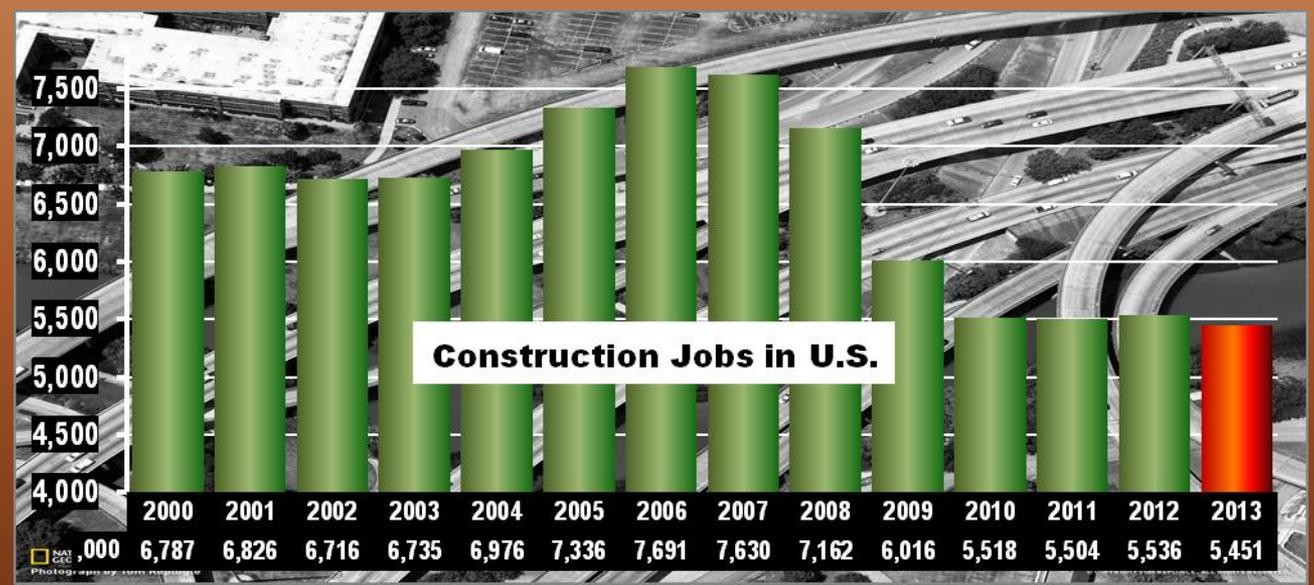
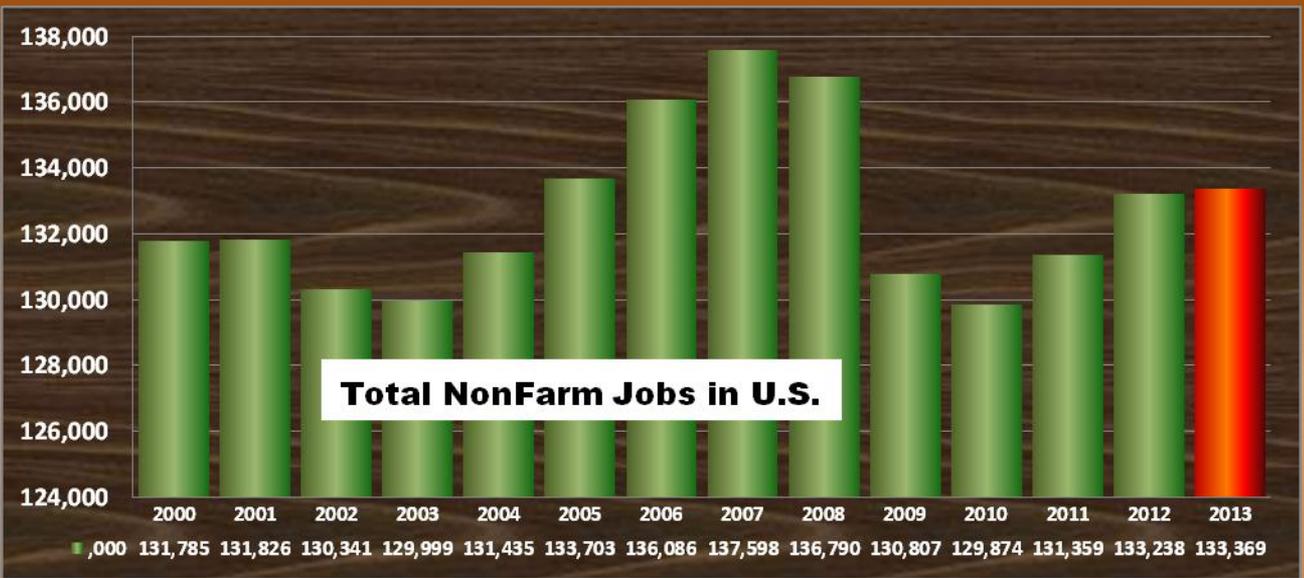
Source: Federal Reserve Bank of Minneap...

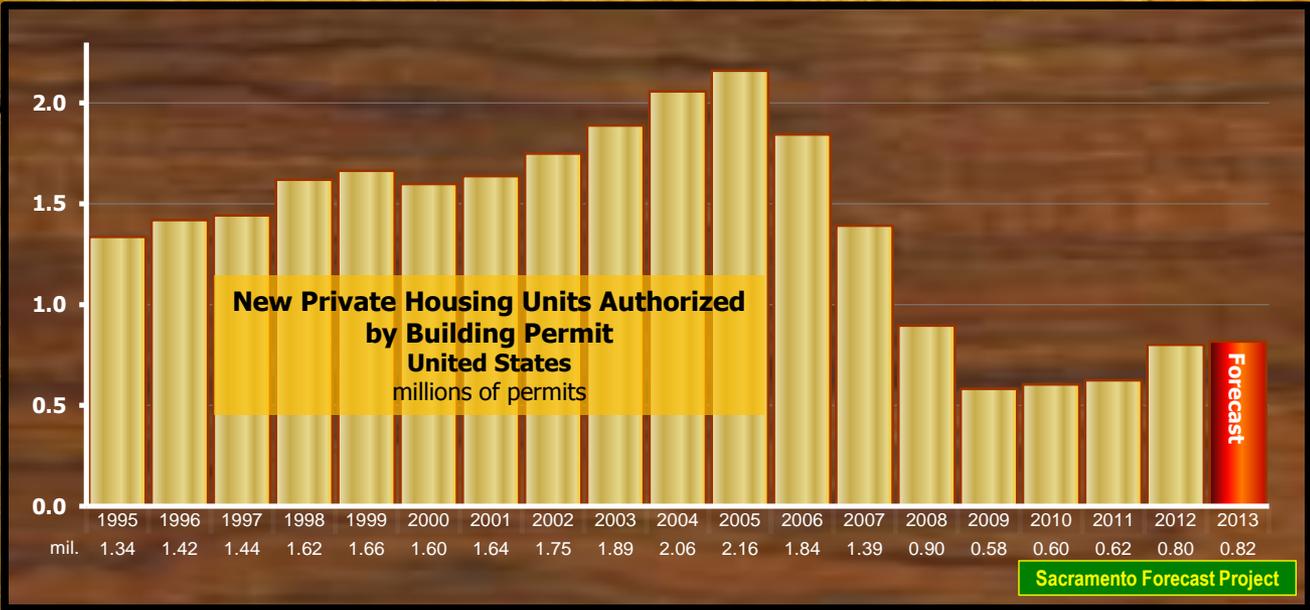
Updated February 1 2013

Total change in U.S. employment

Comparing 11 postwar recessions 60 months after peak

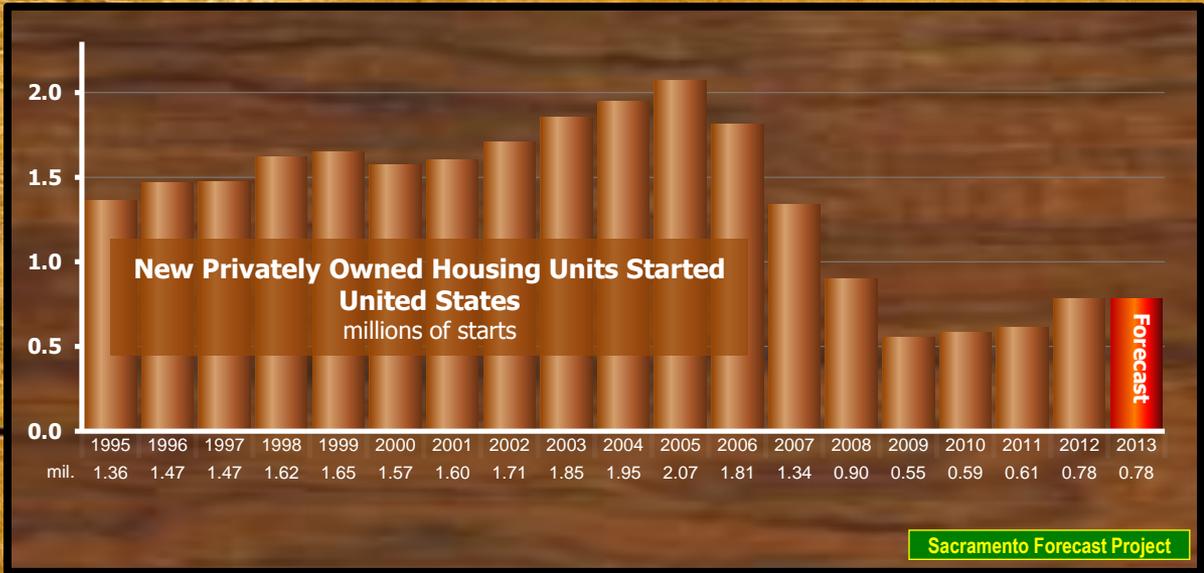


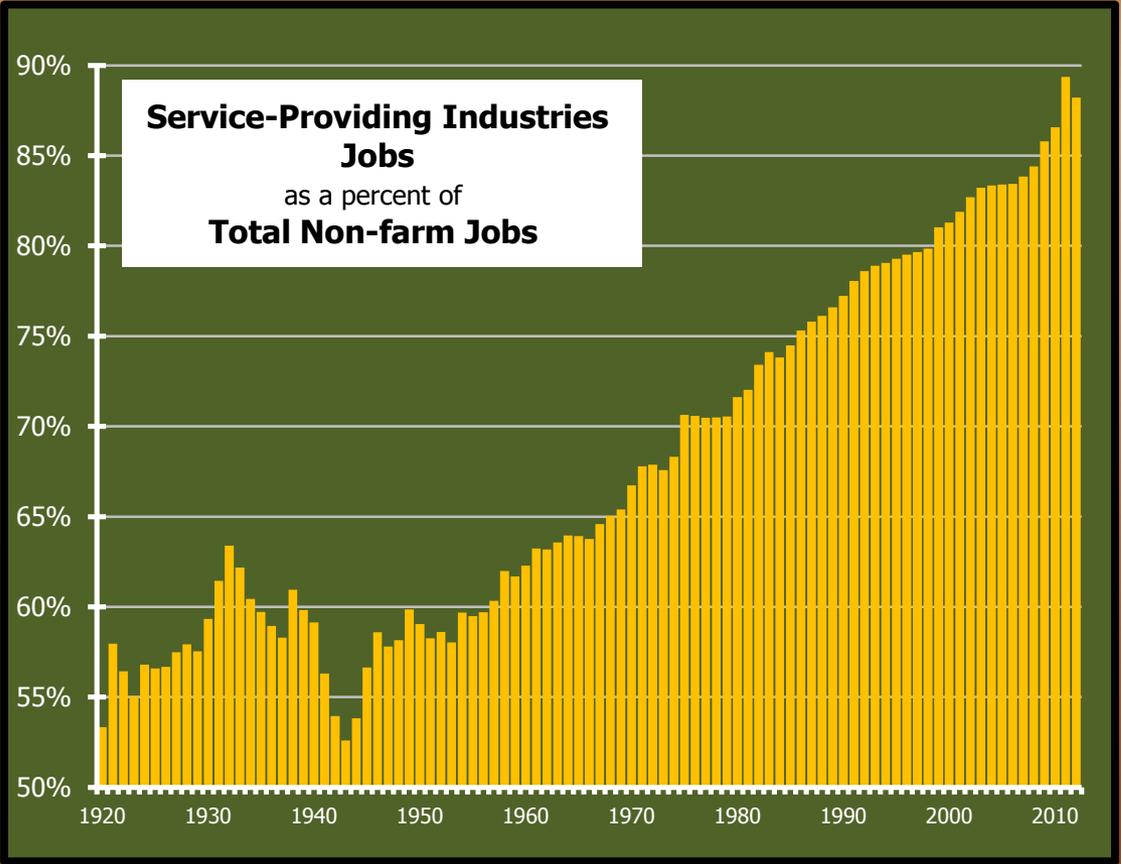




Building Permits in US		
Year	mil.	% chg
2000	1.60	-3.94%
2001	1.64	2.43%
2002	1.75	6.83%
2003	1.89	7.97%
2004	2.06	8.96%
2005	2.16	4.98%
2006	1.84	-14.65%
2007	1.39	-24.53%
2008	0.90	-35.62%
2009	0.58	-35.03%
2010	0.60	3.72%
2011	0.62	3.42%
2012	0.80	28.22%
2013	0.82	2.03%

Housing Starts in US		
Year	mil.	% chg
2000	1.57	-4.49%
2001	1.60	1.77%
2002	1.71	6.81%
2003	1.85	8.39%
2004	1.95	5.17%
2005	2.07	6.33%
2006	1.81	-12.59%
2007	1.34	-25.94%
2008	0.90	-32.93%
2009	0.55	-38.44%
2010	0.59	5.69%
2011	0.61	4.54%
2012	0.78	27.52%
2013	0.78	0.47%

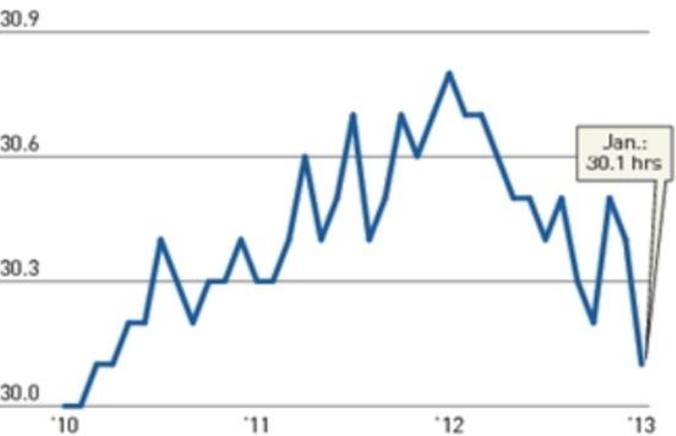




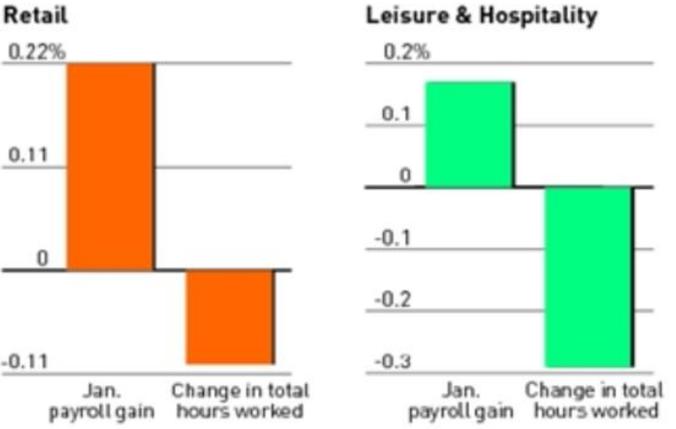
Punch The Clock

As ObamaCare fines loom for firms that don't offer coverage to full-time staff, the retail workweek is falling. Also, retailers and hospitality firms are adding jobs even as they cut total hours, signaling more part-time work.

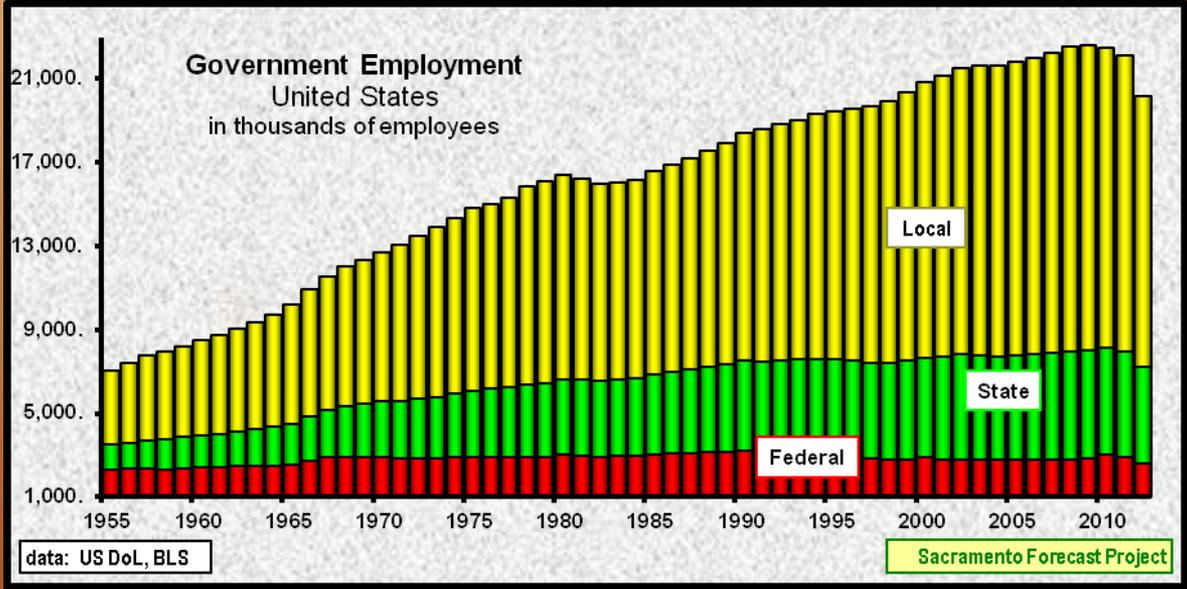
Average weekly hours, retail workers (nonsupervisors)



More jobs, fewer hours, monthly change

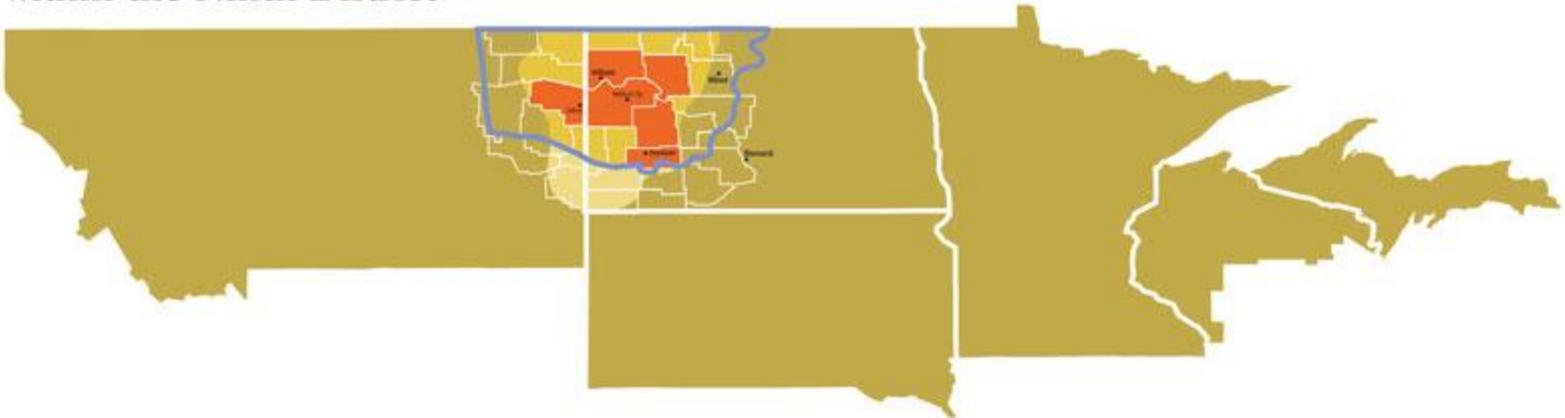


Source: Labor Dept. data, adapted by IBO



Anybody heard of Bakken?

Location of the oil patch
within the Ninth District



The Economist Magazine created the *Big Mac Index* in 1986 as an alternative measure of Inflation. The average of the Big Mac, world-wide, was \$2.50. Today the average Price is \$4.33. Using the Consumer Price Index, the current price would be \$3.35!

Downsized



Less pasta—and fiber

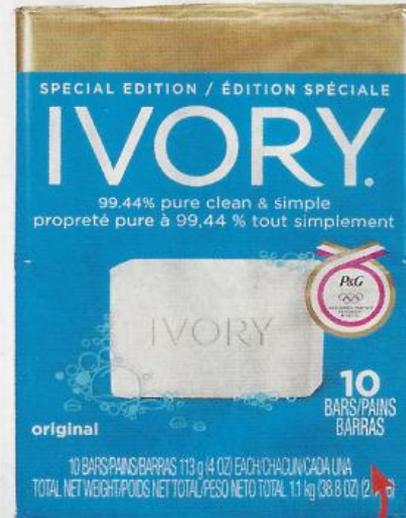
"I guess it was too Smart," says reader Susan Richardson of El Segundo, Calif. Not only were the contents trimmed by 2.5 ounces but the fiber was reduced, from 7 grams per serving to 5. Yet the new label proclaims "2.5x the fiber of regular pasta." If true, it's still not good news for people who liked the old fiber amount.

The company says We need to stay competitive. That way, retailers can put it on sale more often. And fiber was trimmed to make the pasta better tasting.

Bittersweet news

"What happened to the five-pound bag of sugar?" asks reader Barbara Boas of Silverdale, Wash.

The company says We offer retailers a 4-pound package to be competitive with many store brands (which already made the switch). The 5- and 10-pound sizes are still available, but the decision on what sizes to carry lies with the chain.



Lowering the bar

When reader Yves Veenstra, of Cherry Hill, N.J., bought a 10-pack of Ivory Soap recently, he felt a difference. "I got home and compared the new bars with one from a prior purchase. Surprise!" Each new Special Edition bar weighs 4 ounces; the old bar weighed 4.5.

The company says Higher manufacturing costs meant increasing bar cost or decreasing bar size.



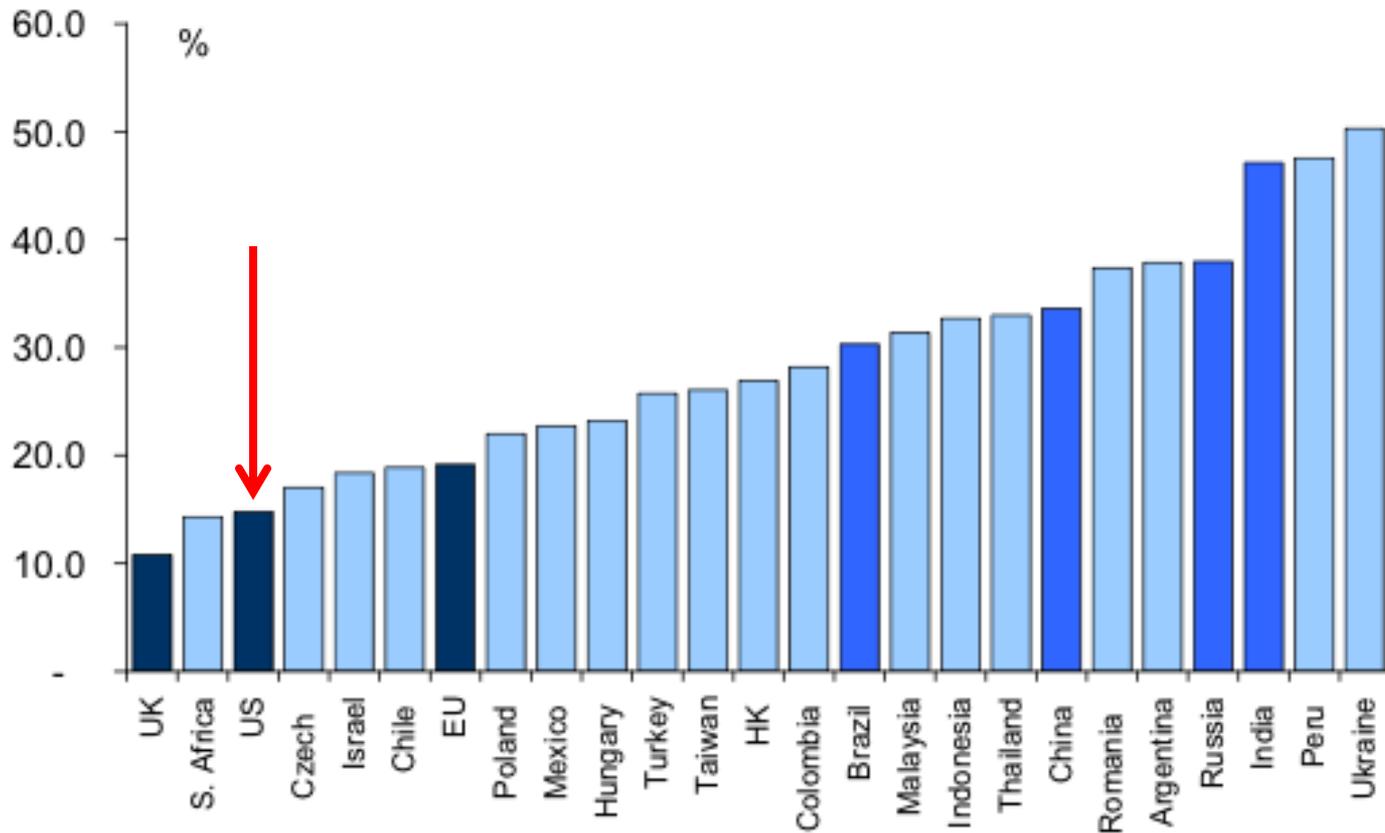
Cutting coffee

The poster child of downsized products, coffee long ago shrank from its 1-pound can or brick. Maxwell House has chipped away at larger sizes, too: here, from 31.5 ounces to 28. Parent company Kraft boasts that the coffee has a New! Flavor Lock Pack. "Sure does," says reader Peter Barber of Enterprise, Ala. "It locks in 30 fewer cups."

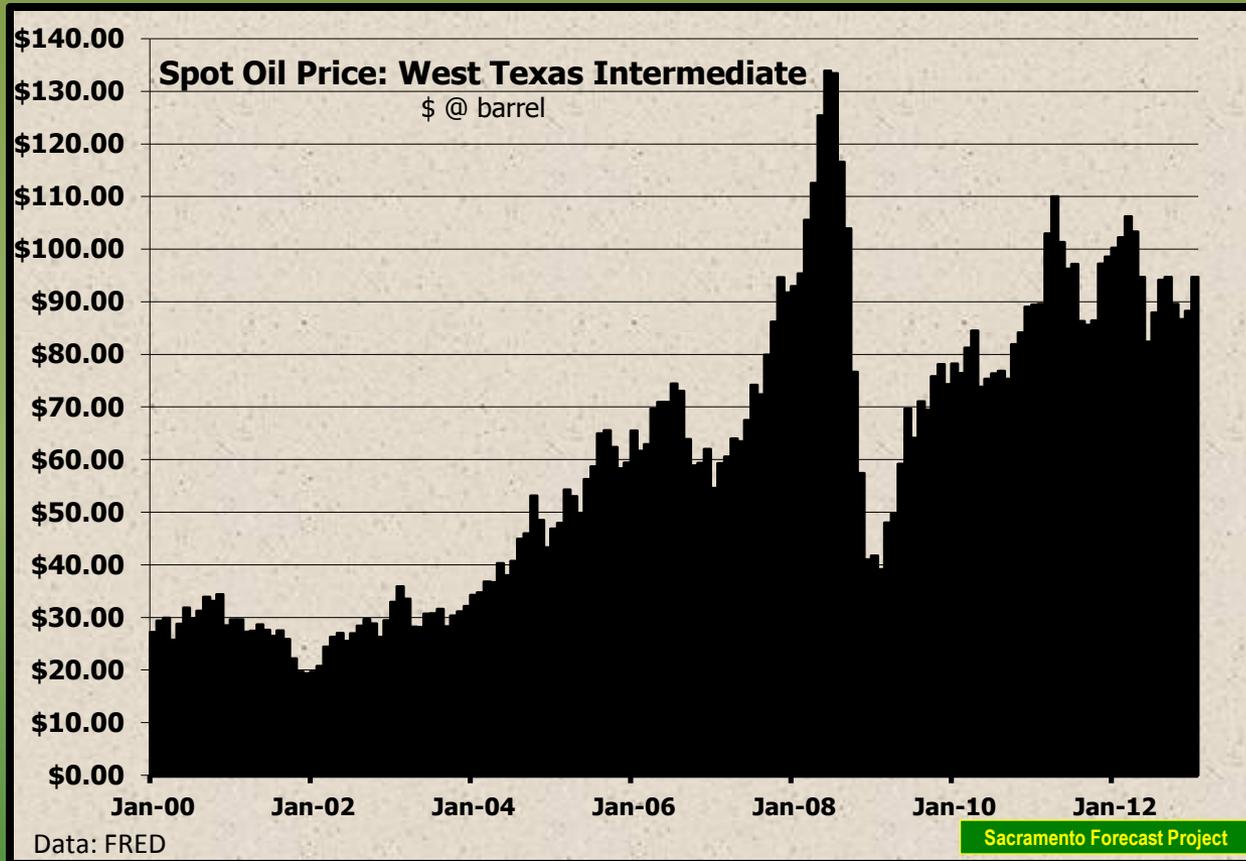
The company says It was either reduce the size or raise the price. And the new pack uses less plastic.

Exhibit 1

Weight of Food Prices in the CPI Basket



Source: Haver Analytics

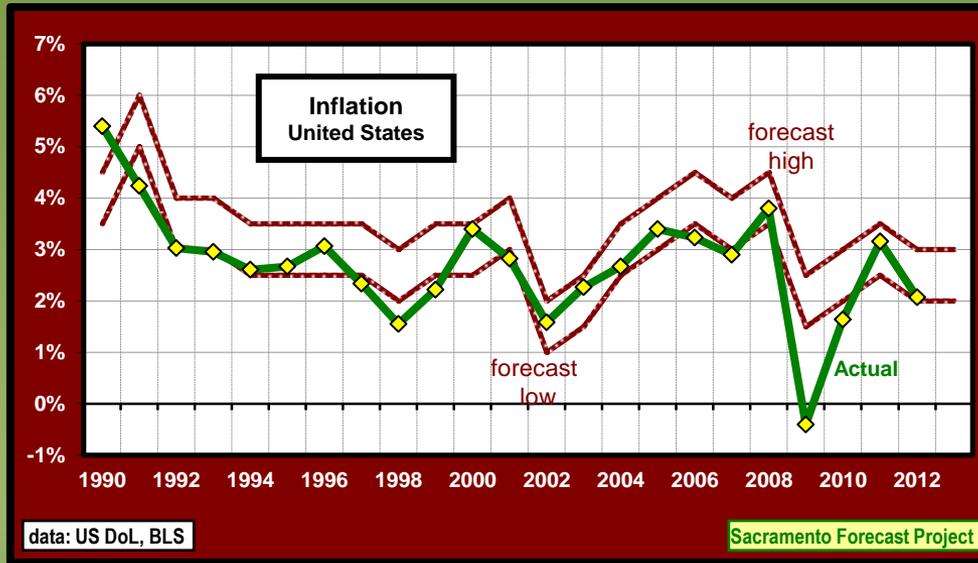


Effective Federal Funds Rate (FEDFUNDS)
Source: Board of Governors of the Federal Reserve System



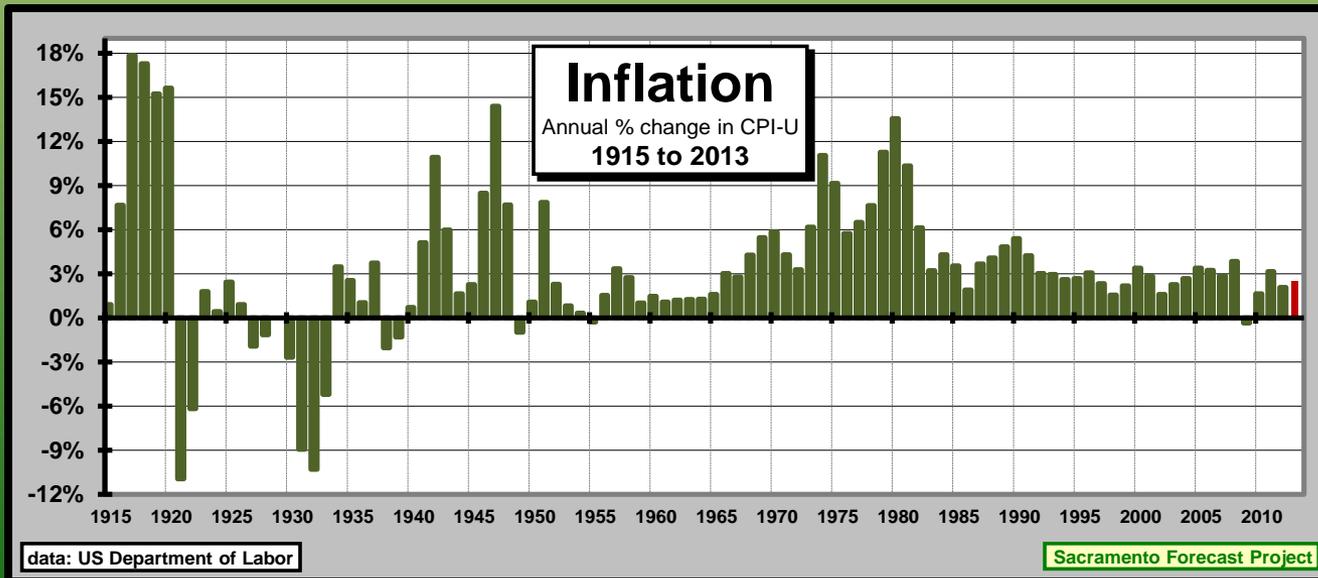
Shaded areas indicate US recessions.
2011 research.stlouisfed.org

I expect Inflation to remain about the same as last year and I'm keeping the forecast range the same.

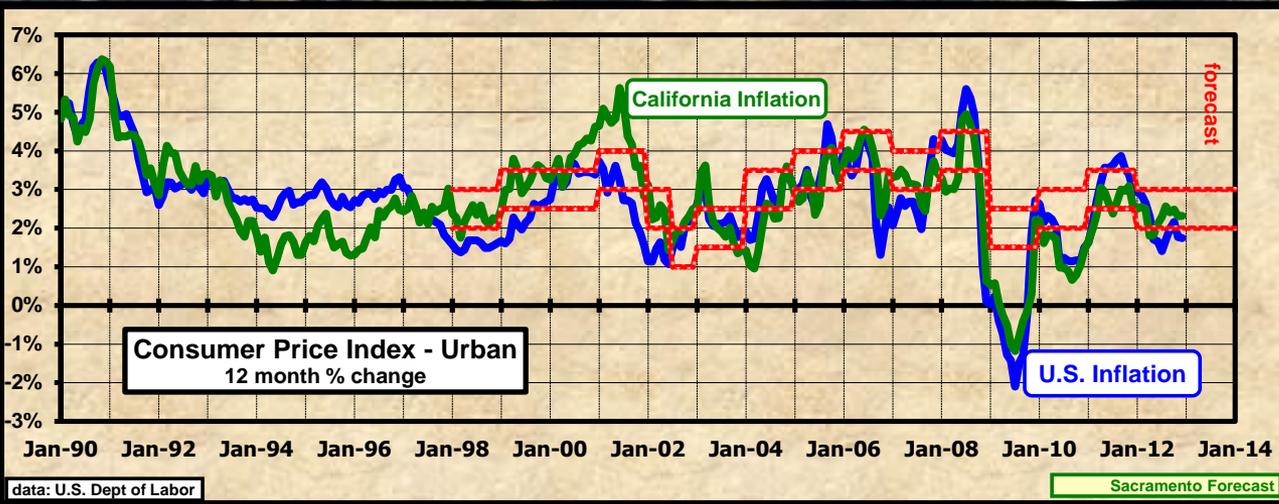


Inflation Rate in United States					
4 quarter % change in CPI-U					
Actual					
Year	Qtr I	Qtr II	Qtr III	Qtr IV	Year
1990	5.2%	4.6%	5.5%	6.2%	5.4%
1991	5.3%	4.8%	3.9%	3.0%	4.2%
1992	2.9%	3.1%	3.1%	3.1%	3.0%
1993	3.2%	3.1%	2.7%	2.7%	3.0%
1994	2.5%	2.4%	2.9%	2.7%	2.6%
1995	2.8%	3.1%	2.6%	2.7%	2.8%
1996	2.7%	2.8%	2.9%	3.2%	2.9%
1997	2.9%	2.3%	2.2%	1.9%	2.3%
1998	1.5%	1.6%	1.6%	1.5%	1.6%
1999	1.7%	2.1%	2.3%	2.7%	2.2%
2000	3.2%	3.3%	3.5%	3.4%	3.4%
2001	3.4%	3.4%	2.7%	1.9%	2.8%
2002	1.3%	1.3%	1.6%	2.2%	1.6%
2003	2.9%	2.1%	2.2%	1.9%	2.3%
2004	1.8%	2.9%	2.7%	3.3%	2.7%
2005	3.0%	2.9%	3.8%	3.7%	3.4%
2006	3.6%	4.0%	3.3%	1.9%	3.2%
2007	2.4%	2.7%	2.4%	4.0%	2.9%
2008	4.1%	4.4%	5.3%	1.6%	3.8%
2009	0.0%	-1.2%	-1.6%	1.4%	-0.3%
2010	2.4%	1.8%	1.2%	1.3%	1.6%
2011	2.1%	3.4%	3.8%	3.3%	3.2%
2012	2.8%	1.9%	1.7%	1.9%	2.1%

Source: U.S. Dept. of Labor

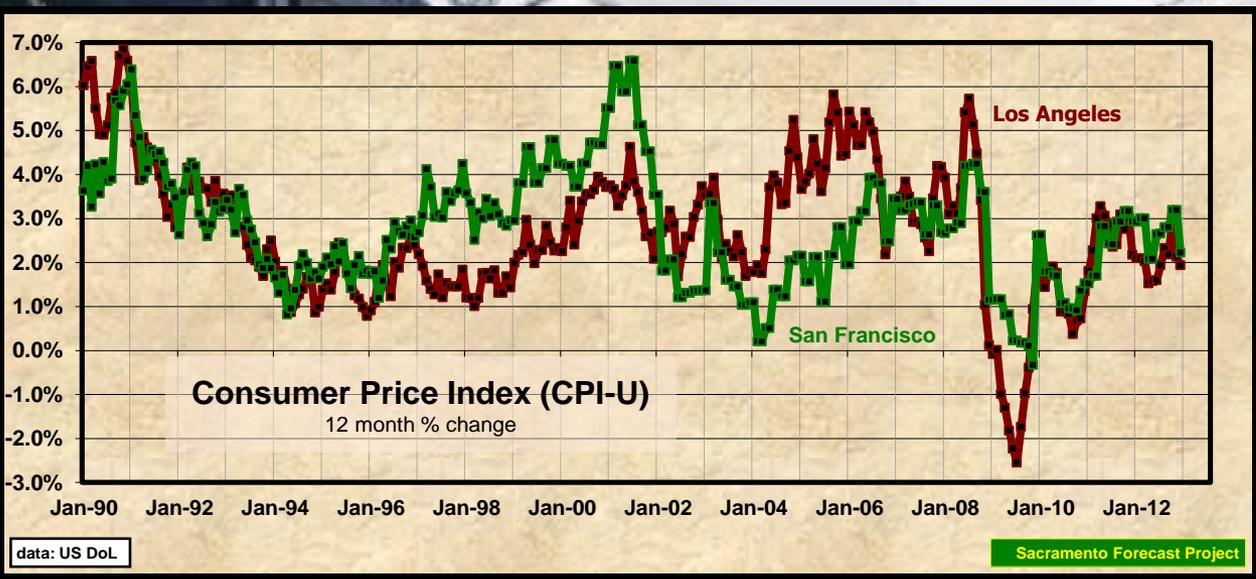


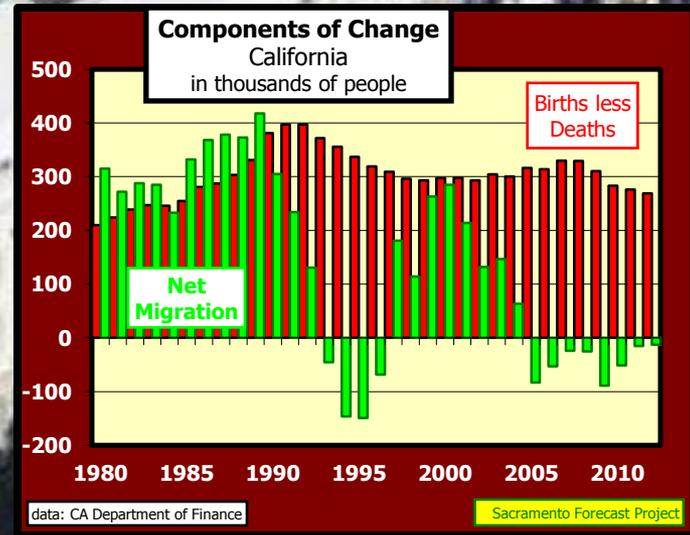
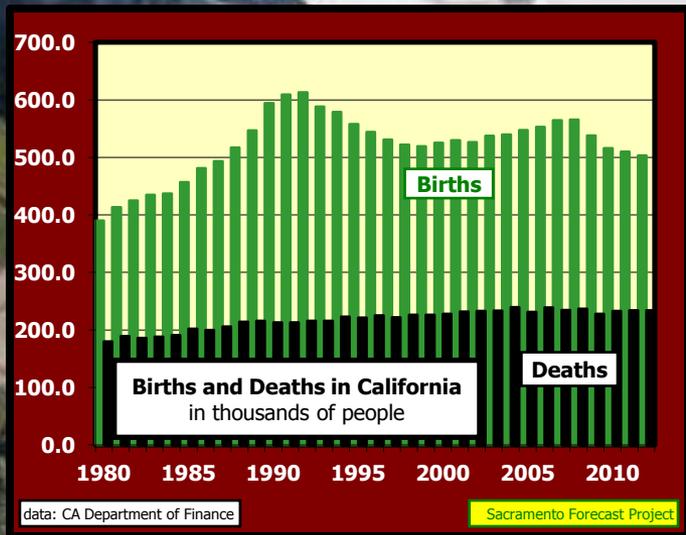
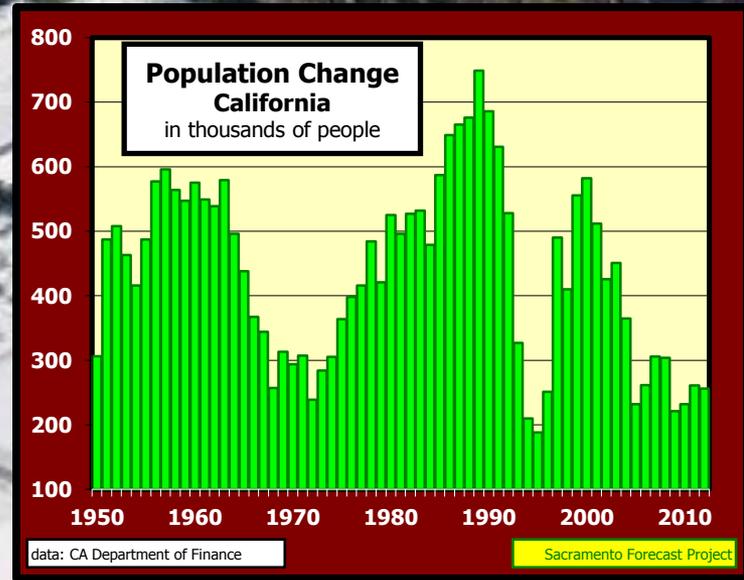
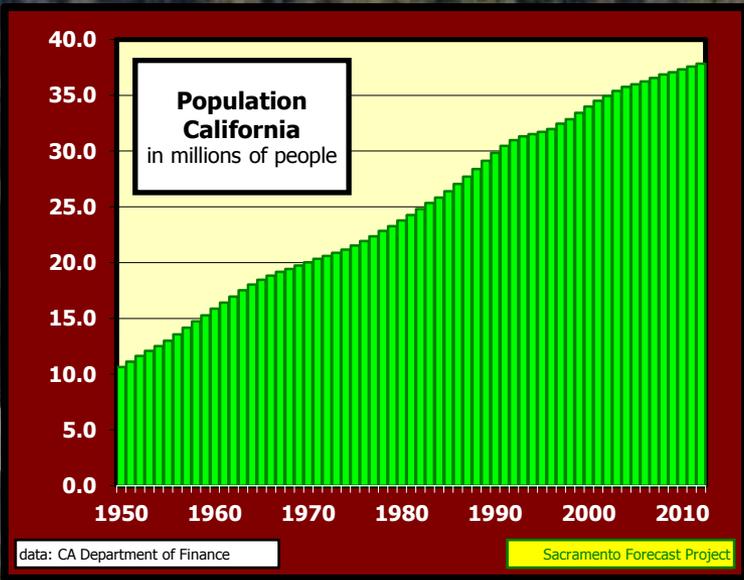


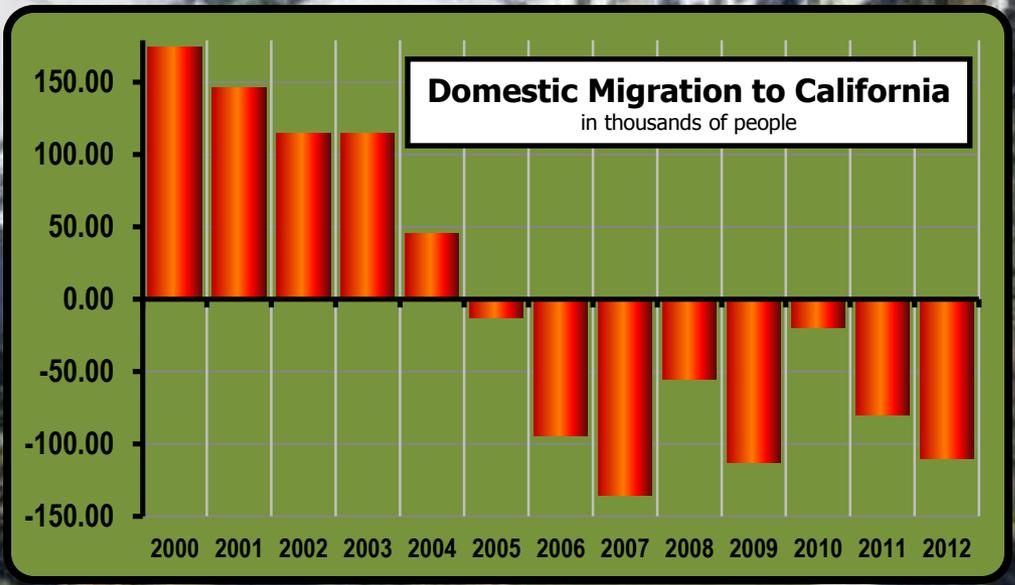
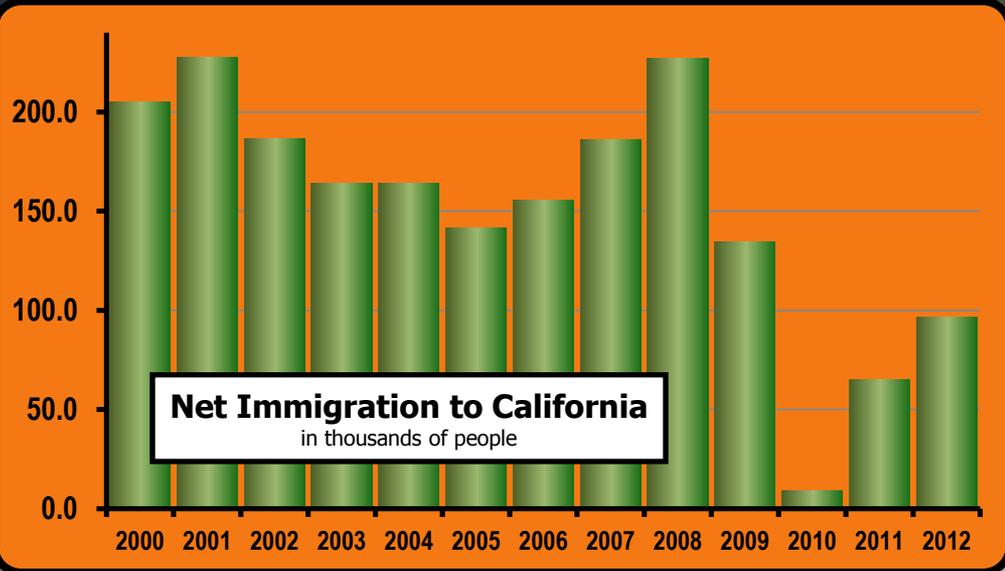


Inflation Rate in California					
4 quarter % chg in CPI-U for LA & SF					
Actual					
Year	Qtr I	Qtr II	Qtr III	Qtr IV	Year
1990	5.0%	4.6%	5.0%	6.3%	5.2%
1991	5.2%	4.4%	4.2%	3.3%	4.3%
1992	3.5%	3.8%	3.2%	3.4%	3.5%
1993	3.2%	3.0%	2.2%	2.1%	2.6%
1994	1.7%	1.1%	1.7%	1.4%	1.5%
1995	1.7%	2.2%	1.6%	1.4%	1.7%
1996	1.4%	1.8%	2.4%	2.6%	2.1%
1997	2.6%	2.4%	2.4%	2.7%	2.5%
1998	2.1%	2.4%	2.4%	2.2%	2.3%
1999	2.8%	3.4%	3.3%	3.5%	3.2%
2000	3.5%	3.4%	4.1%	4.4%	3.9%
2001	4.9%	5.1%	4.6%	3.3%	4.5%
2002	2.5%	2.2%	1.8%	2.3%	2.2%
2003	3.2%	2.2%	1.9%	1.5%	2.2%
2004	1.1%	2.0%	2.4%	3.4%	2.2%
2005	2.8%	3.0%	3.4%	3.6%	3.2%
2006	3.8%	4.2%	4.0%	2.8%	3.7%
2007	3.4%	3.2%	2.7%	3.5%	3.2%
2008	3.1%	3.7%	4.7%	2.2%	3.4%
2009	0.4%	-0.6%	-0.8%	0.8%	-0.1%
2010	1.9%	1.5%	0.8%	1.1%	1.3%
2011	2.0%	2.9%	2.7%	2.9%	2.6%
2012	2.5%	1.9%	2.4%	2.4%	2.3%

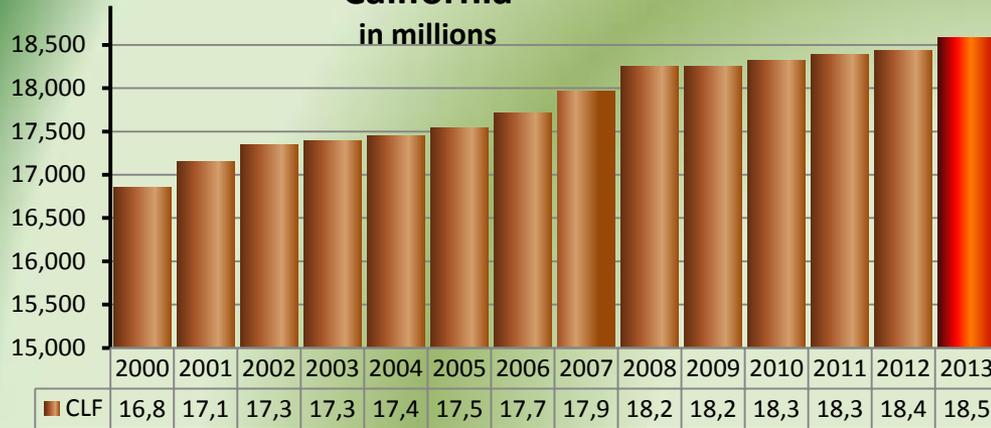
Source: U.S. Dept. of Labor







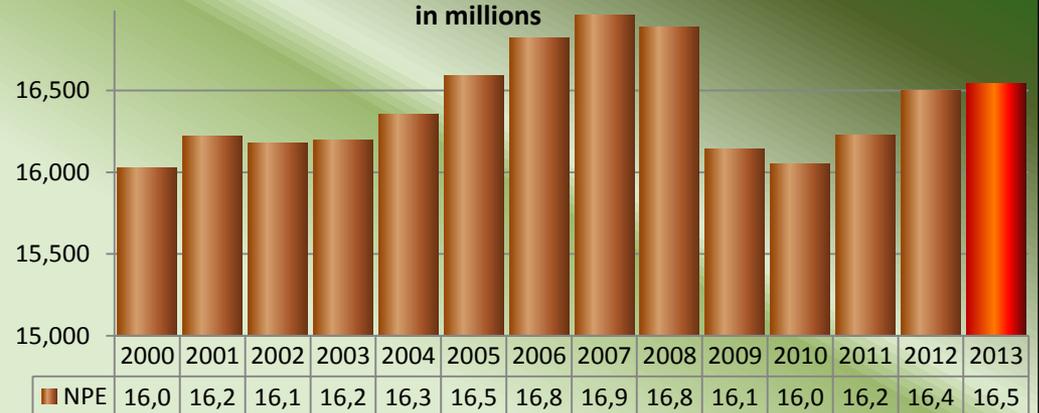
Civilian Labor Force California in millions



data: CA-EDD, LMI

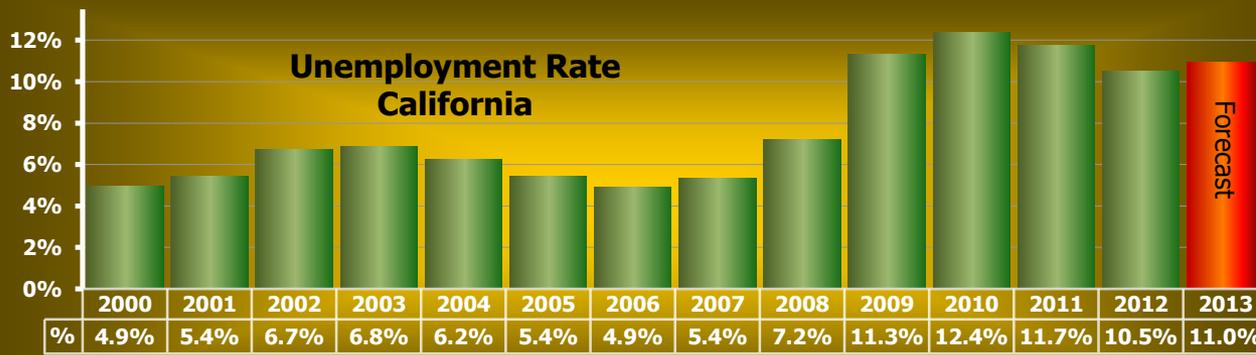
Sacramento Forecast Project

Number of Persons Employed California in millions



data: CA-EDD, LMI

Sacramento Forecast Project



data: CA-EDD, LMI

Sacramento Forecast Project



data: CA-EDD, LMI

Sacramento Forecast Project

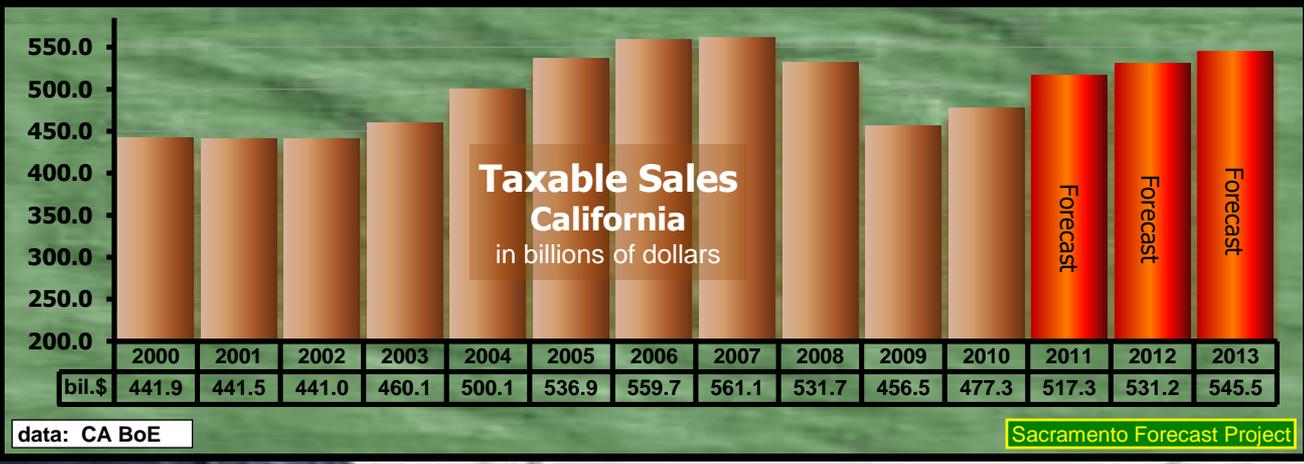


data: CA-EDD, LMI

Sacramento Forecast Project

	Total	Construction of Buildings	Heavy & Civil Engineering Construction	Specialty Trade Contractors
	20-000000 ,000	20-236000 ,000	20-237000 ,000	20-238000 ,000
2000	733.4	167.3	85.0	481.1
2001	780.4	176.9	88.7	514.9
2002	774.4	176.2	88.9	509.3
2003	796.8	182.5	84.6	529.7
2004	850.4	195.7	85.2	569.4
2005	905.3	212.2	89.7	603.3
2006	933.7	221.8	92.5	619.3
2007	892.6	212.9	91.2	588.5
2008	787.7	186.7	83.8	517.2
2009	623.1	145.7	70.2	407.2
2010	561.1	131.4	65.4	363.0
2011	549.5	131.9	66.7	355.1
2012	556.8	137.3	67.4	367.8



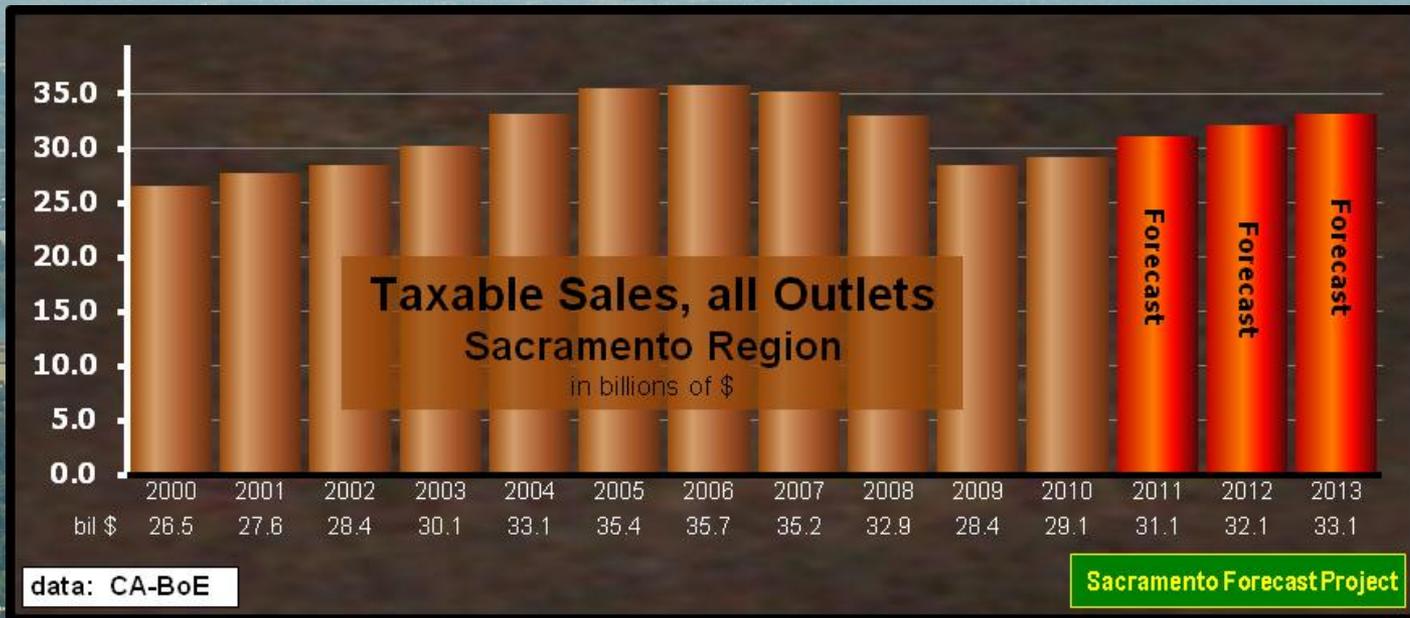


	Taxable Sales		
	Total	Chg	%Chg
	Bil.\$	Bil.\$	%
1995	300.7	14.7	5.14%
1996	321.1	20.4	6.78%
1997	341.1	20.0	6.23%
1998	358.9	17.8	5.21%
1999	394.7	35.9	10.00%
2000	441.9	47.1	11.94%
2001	441.5	-0.3	-0.08%
2002	441.0	-0.6	-0.13%
2003	460.1	19.1	4.34%
2004	500.1	40.0	8.69%
2005	536.9	36.8	7.36%
2006	559.7	22.7	4.24%
2007	561.1	1.4	0.25%
2008	531.7	-29.4	-5.24%
2009	456.5	-75.2	-14.14%
2010	477.3	20.9	4.57%
2011	517.3	39.9	8.36%
2012	531.2	13.9	2.69%
2013	545.5	14.3	2.69%

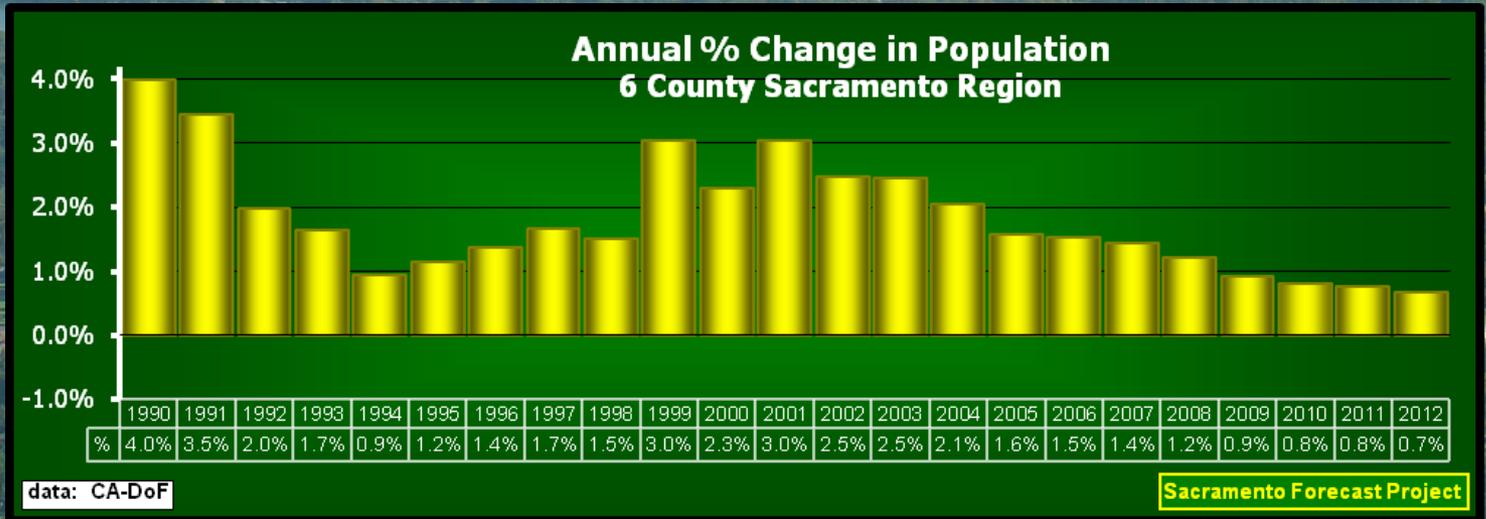
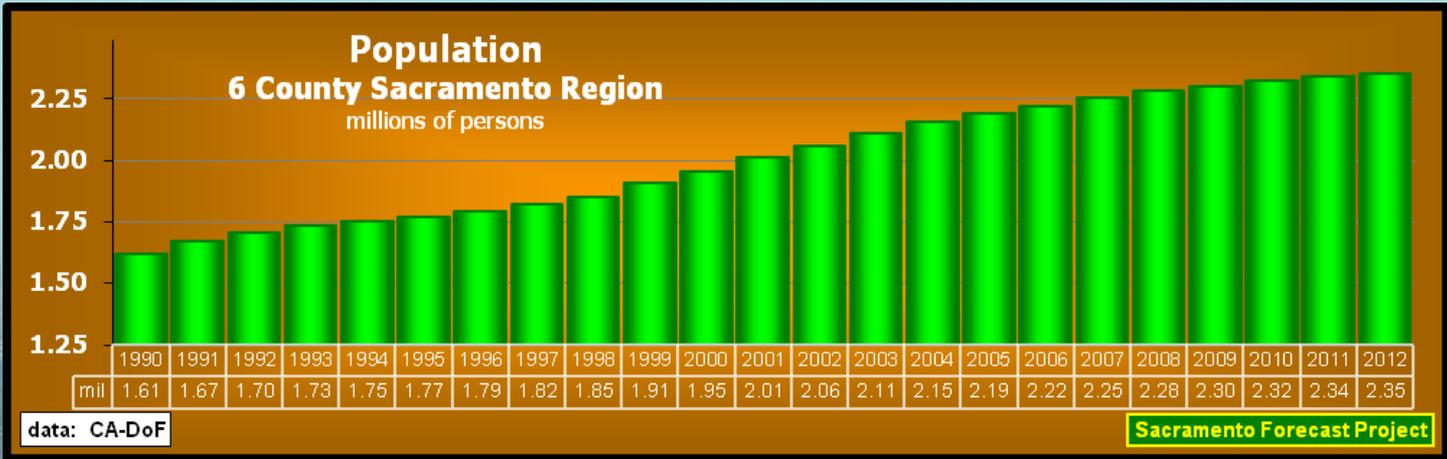


Now on to the Sacramento Region Forecast.

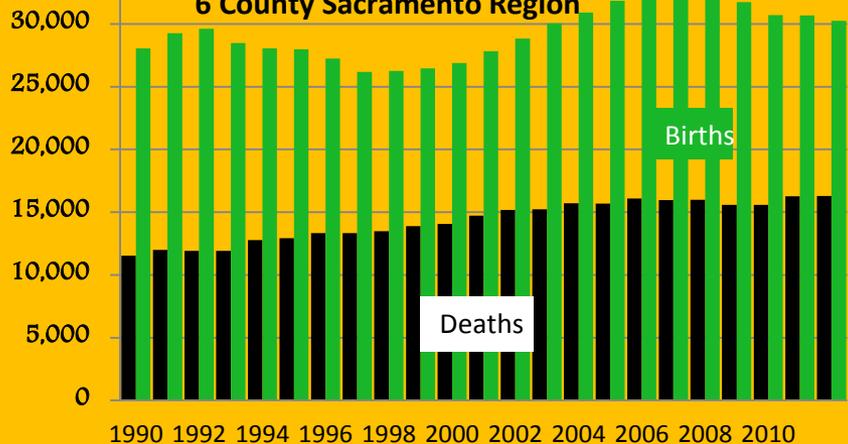
Starting with the forecast of the 2011 Taxable Sales!



Taxable Sales			
	Bil\$	Chg	%chg
2000	26.5	2.9	12.48%
2001	27.6	1.2	4.38%
2002	28.4	0.8	2.82%
2003	30.1	1.7	5.93%
2004	33.1	3.0	9.86%
2005	35.4	2.3	7.04%
2006	35.7	0.3	0.94%
2007	35.2	-0.6	-1.58%
2008	32.9	-2.3	-6.47%
2009	28.4	-4.5	-13.82%
2010	29.1	0.7	2.49%
2011	31.2	2.1	7.24%
2012	32.2	1.0	3.26%
2013	33.2	1.1	3.27%



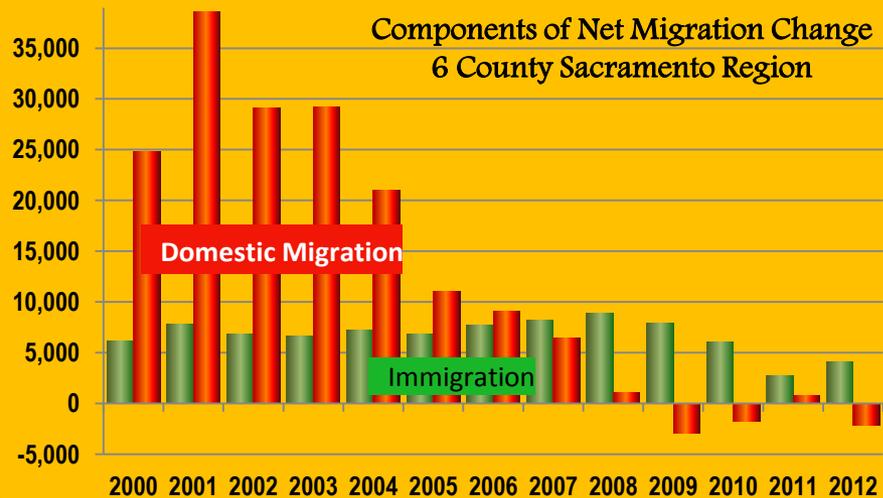
Natural Population Change 6 County Sacramento Region



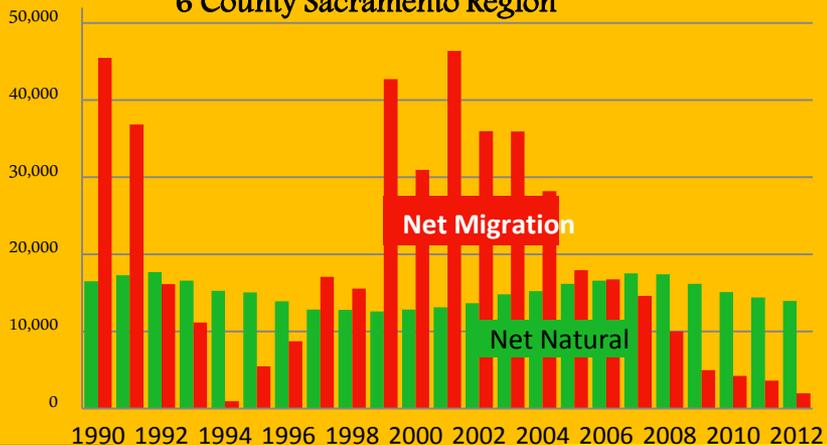
data: CA-DoF

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Components of Net Migration Change 6 County Sacramento Region

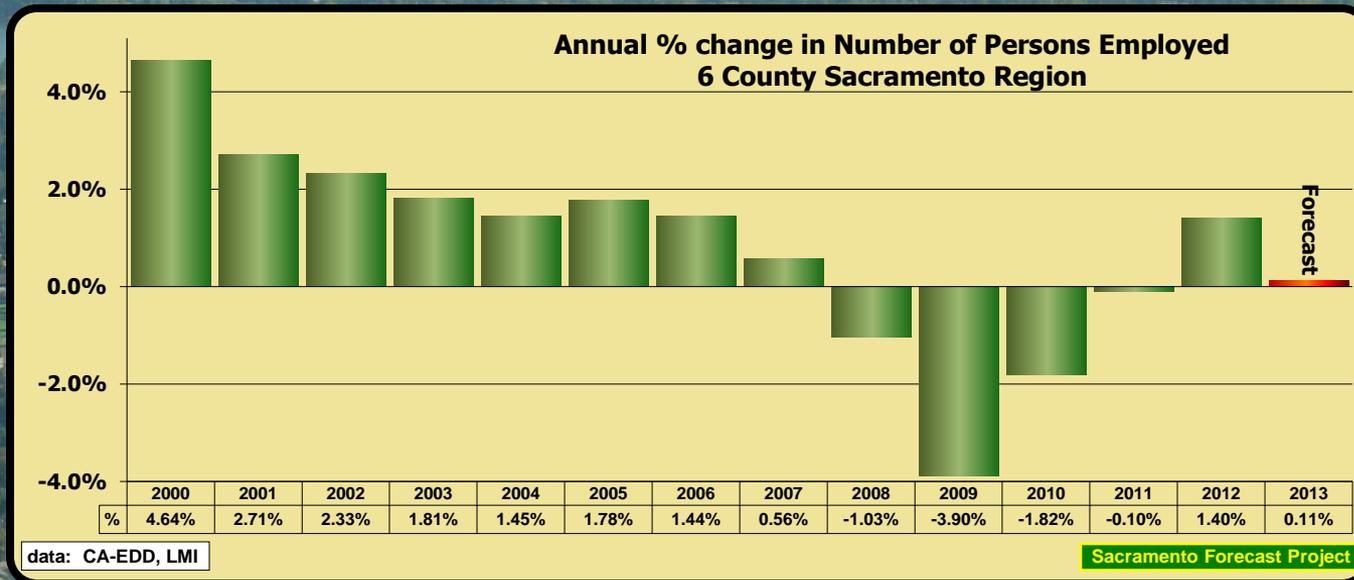
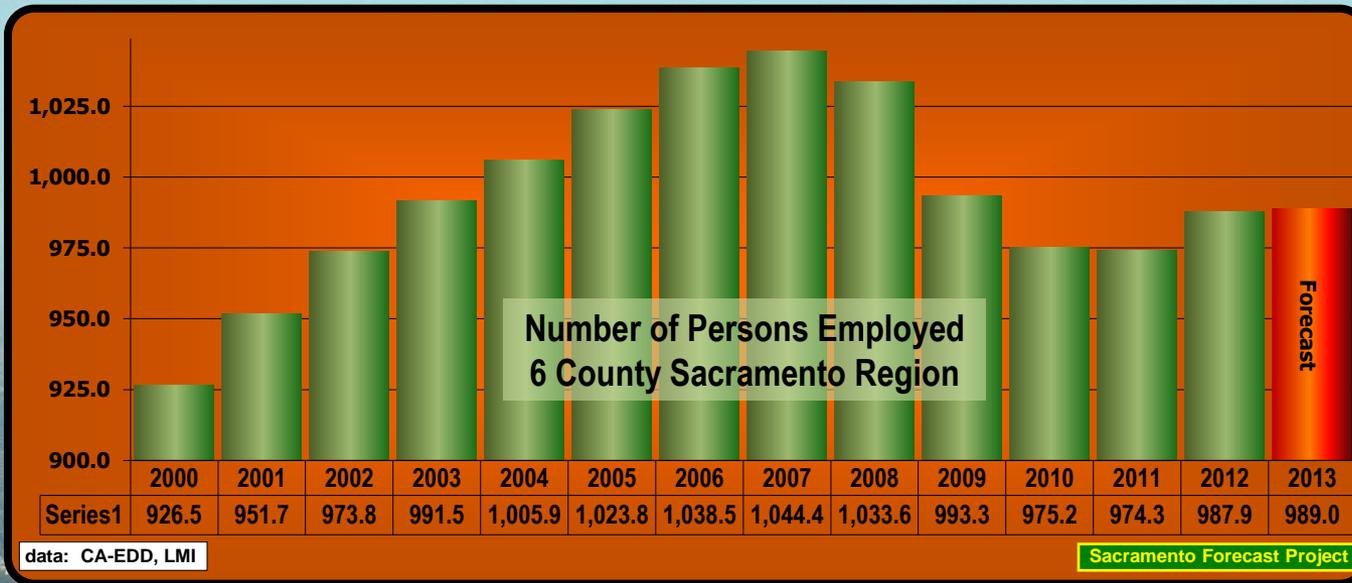


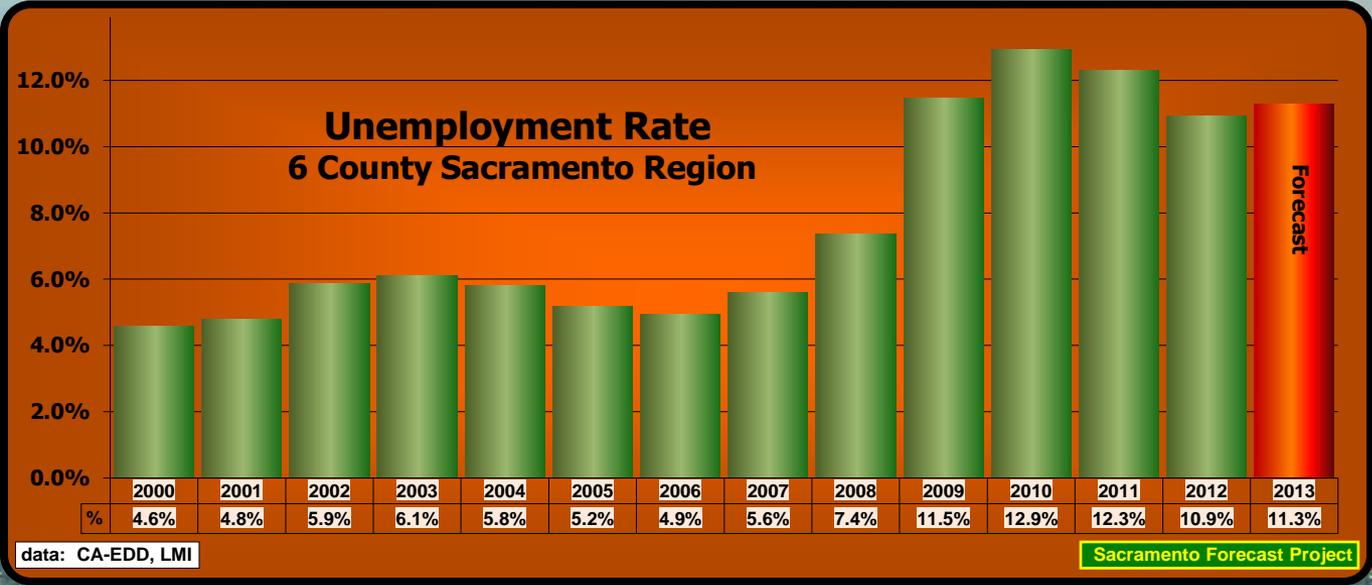
Components of Population Change 6 County Sacramento Region



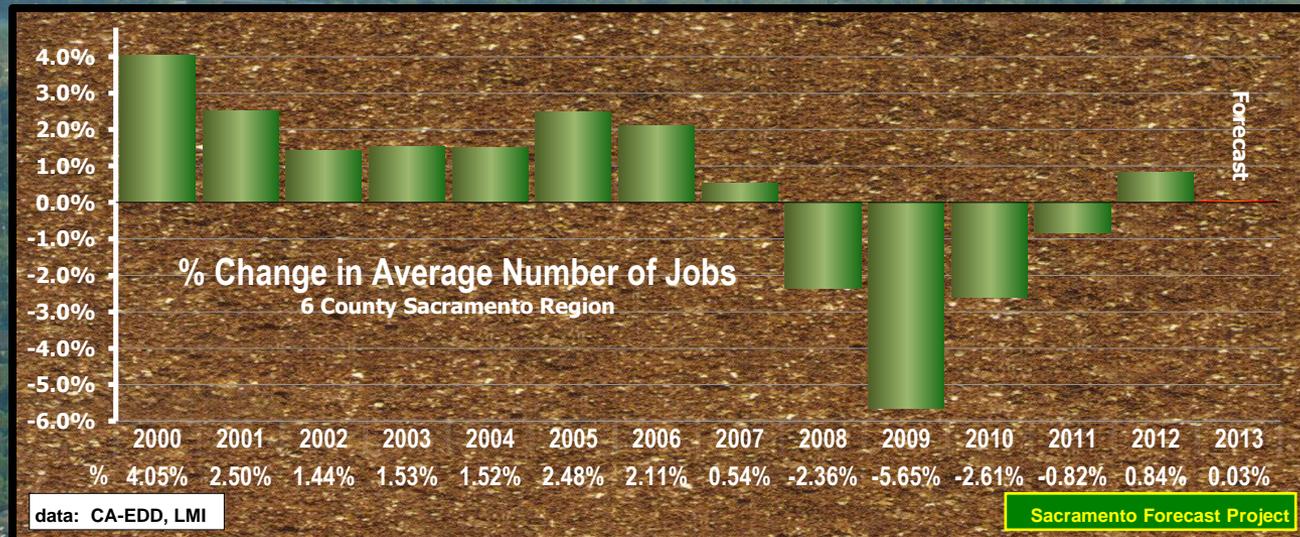
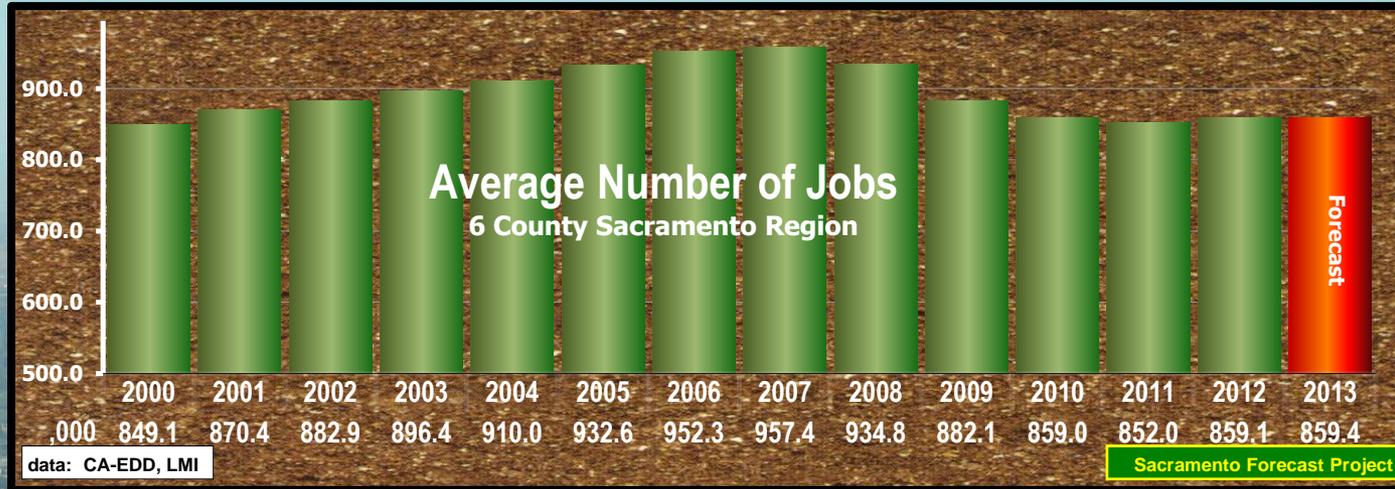
data: CA-DoF

Sacramento Forecast Project





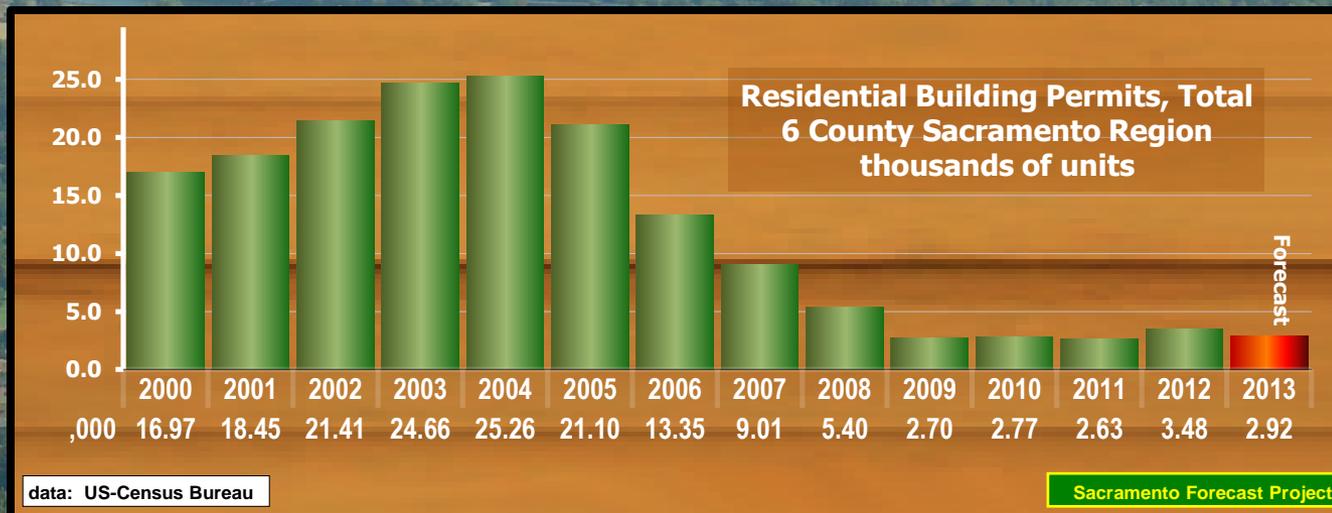
Using the Establishment Survey data, the pattern is a little more encouraging!



What about Construction in the Sacramento Region?

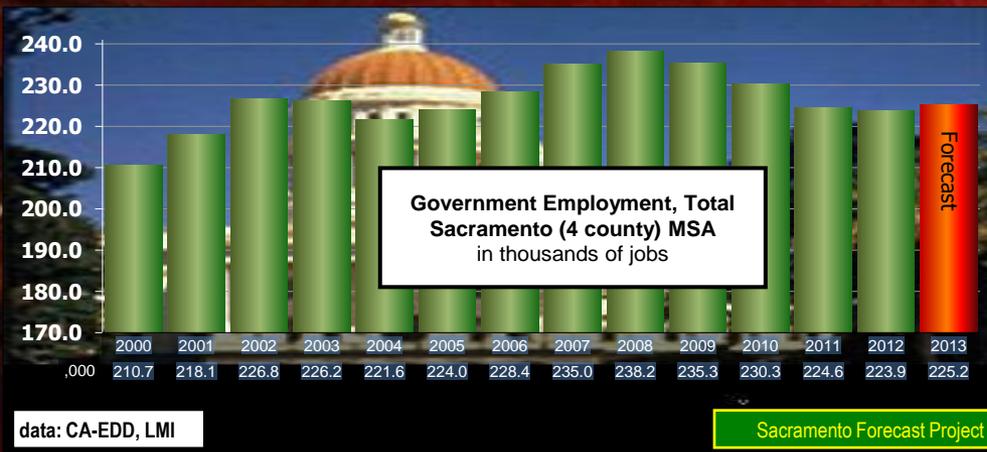
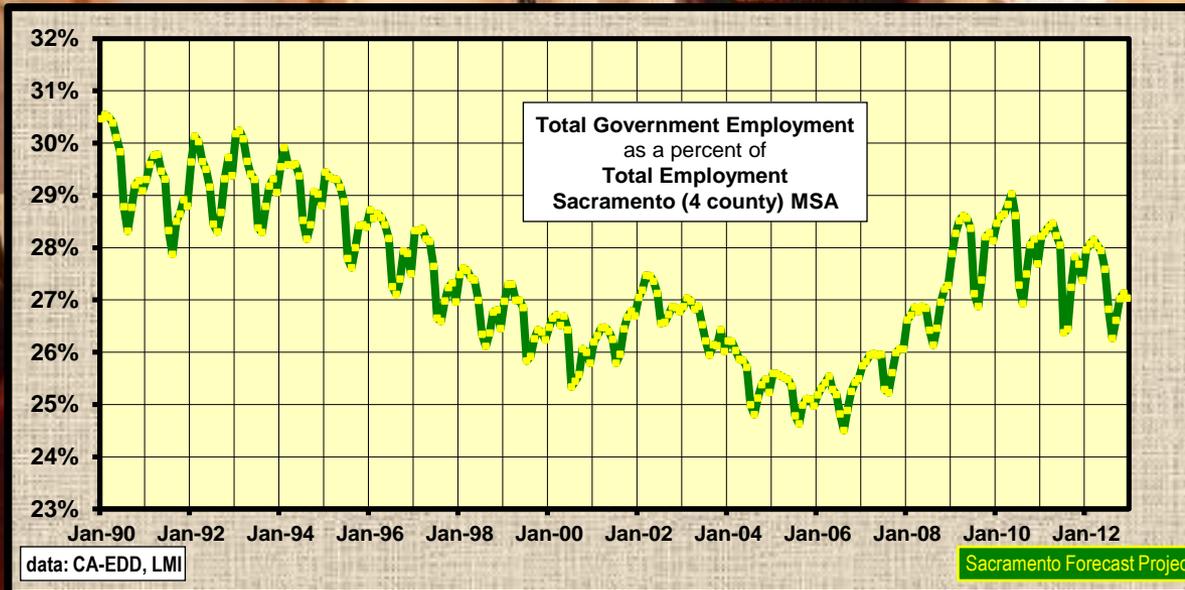


Construction			
	#	#	%
2000	55,083.3		
2001	61,816.7	6,733.3	10.89%
2002	63,375.0	1,558.3	2.46%
2003	68,741.7	5,366.7	7.81%
2004	73,241.7	4,500.0	6.14%
2005	75,800.0	2,558.3	3.38%
2006	73,241.7	-2,558.3	-3.49%
2007	69,275.0	-3,966.7	-5.73%
2008	58,166.7	-11,108.3	-19.10%
2009	45,016.7	-13,150.0	-29.21%
2010	39,783.3	-5,233.3	-13.15%
2011	37,625.0	-2,158.3	-5.74%
2012	38,010.1	385.1	1.01%
2013	37,303.8	-706.3	-1.89%



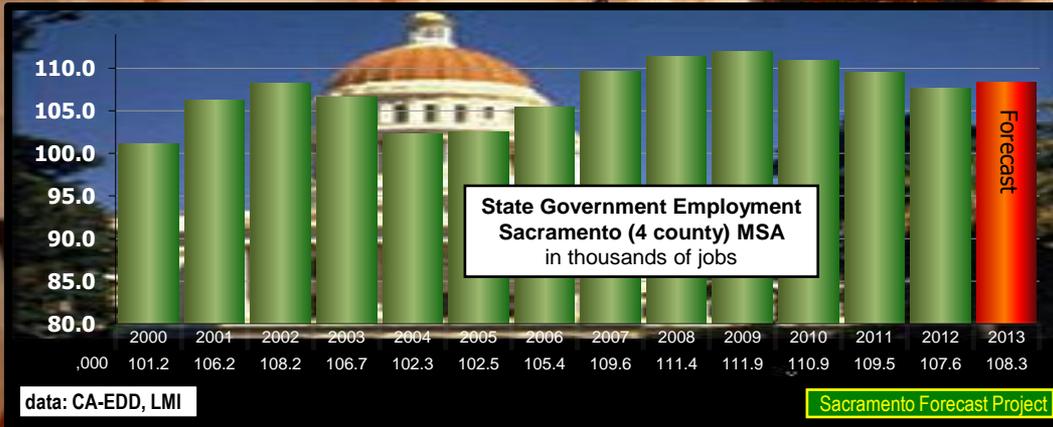
Residential Building Permits 6 County Sacramento Region			
Year	,000	Chg	% chg
1995	8.67		
1996	9.27	0.60	6.89%
1997	10.18	0.91	9.81%
1998	14.22	4.04	39.70%
1999	14.78	0.55	3.89%
2000	16.97	2.19	14.84%
2001	18.45	1.48	8.71%
2002	21.41	2.96	16.05%
2003	24.66	3.25	15.18%
2004	25.26	0.60	2.45%
2005	21.10	-4.16	-16.48%
2006	13.35	-7.75	-36.74%
2007	9.01	-4.34	-32.49%
2008	5.40	-3.62	-40.12%
2009	2.70	-2.70	-49.95%
2010	2.77	0.07	2.65%
2011	2.63	-0.15	-5.27%
2012	3.48	0.86	32.60%
2013	2.92	-0.56	-16.23%

The Government Sector is still the largest employer in the MSA, accounting for 27.4% of all 817,500 jobs in 2012.

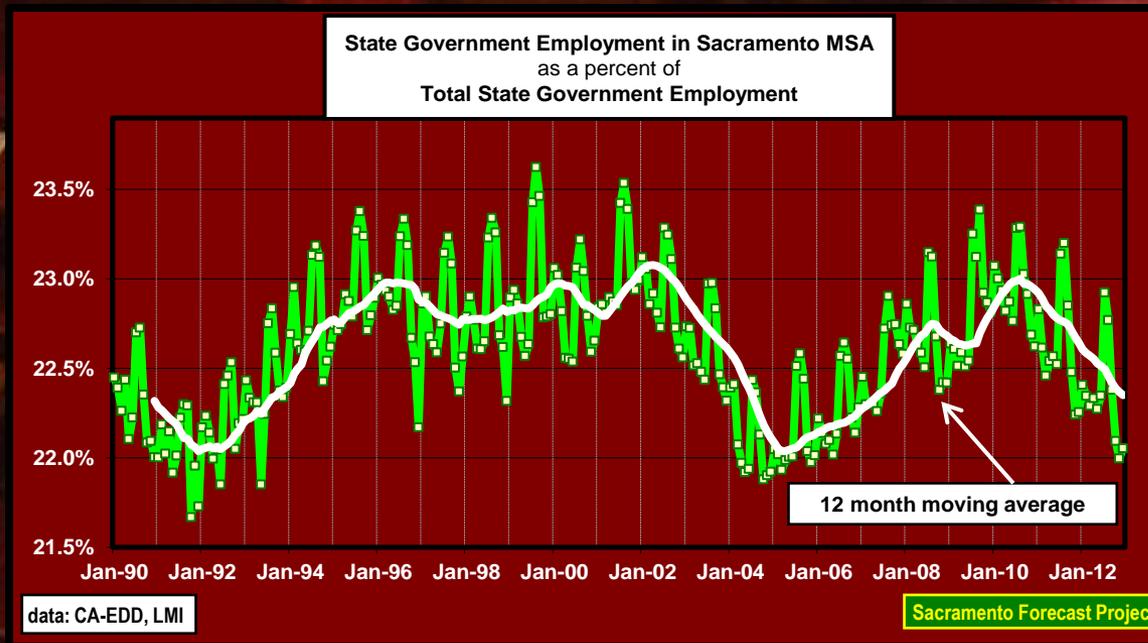


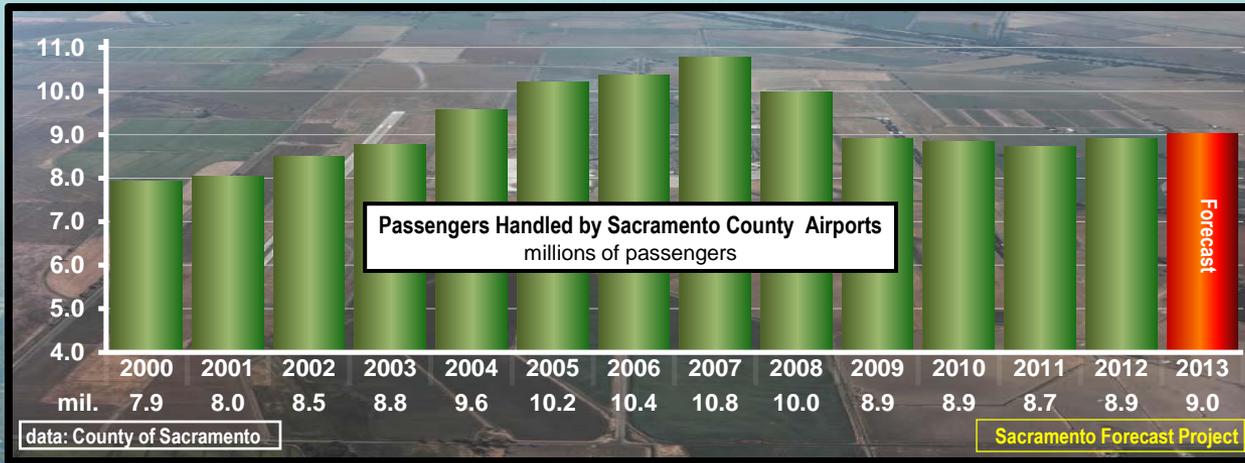
Year	,000	Chg	% chg
2000	210.7	4.5	2.19%
2001	218.1	7.4	3.53%
2002	226.8	8.7	4.00%
2003	226.2	-0.7	-0.29%
2004	221.6	-4.6	-2.03%
2005	224.0	2.5	1.12%
2006	228.4	4.3	1.93%
2007	235.0	6.7	2.92%
2008	238.2	3.2	1.36%
2009	235.3	-2.9	-1.22%
2010	229.2	-6.1	-2.60%
2011	224.6	-5.6	-2.45%
2012	223.9	-0.8	-0.34%
2013	225.2	1.4	0.62%

Now that the budget is balanced (!); Expecting a 700 job gain in 2013



Year	,000	Chg	% chg
2000	101.2	2.9	2.94%
2001	106.2	5.0	4.96%
2002	108.2	2.0	1.88%
2003	106.7	-1.5	-1.42%
2004	102.3	-4.4	-4.11%
2005	102.5	0.3	0.24%
2006	105.4	2.9	2.81%
2007	109.6	4.2	3.98%
2008	111.4	1.8	1.68%
2009	111.9	0.5	0.43%
2010	110.9	-1.0	-0.90%
2011	109.5	-1.4	-1.28%
2012	107.6	-1.9	-1.71%
2013	108.3	0.7	0.66%





Passengers Handled			
	Mil.	Chg	%chg
2000	7.9	0.379	5.0%
2001	8.0	0.102	1.3%
2002	8.5	0.466	5.8%
2003	8.8	0.275	3.2%
2004	9.6	0.803	9.1%
2005	10.2	0.622	6.5%
2006	10.4	0.160	1.6%
2007	10.8	0.405	3.9%
2008	10.0	-0.786	-7.3%
2009	8.9	-1.068	-10.7%
2010	8.9	-0.063	-0.7%
2011	8.7	-0.134	-1.5%
2012	8.9	0.194	2.2%
2013	9.0	0.120	1.3%

Freight Handled			
	Mil. Lb	Chg	%chg
2000	251.6	-7.1	-2.7%
2001	233.4	-18.2	-7.2%
2002	253.6	20.2	8.7%
2003	253.3	-0.4	-0.1%
2004	256.3	3.0	1.2%
2005	266.2	9.9	3.9%
2006	274.8	8.6	3.2%
2007	331.6	56.8	20.7%
2008	307.9	-23.8	-7.2%
2009	234.0	-73.8	-24.0%
2010	228.1	-5.9	-2.5%
2011	232.1	4.0	1.8%
2012	237.8	5.7	2.4%
2013	248.9	11.1	4.7%







A tropical beach scene with palm trees, a hammock, and a blue sky. The background shows a sandy beach, several palm trees, and a clear blue sky with a few clouds. A hammock is strung between two palm trees, and a red and blue object is visible on the right side of the hammock. The water is visible in the distance.

Visit the
Sacramento Forecast Project Website
at

<http://sacramentoforecastproject.org>

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