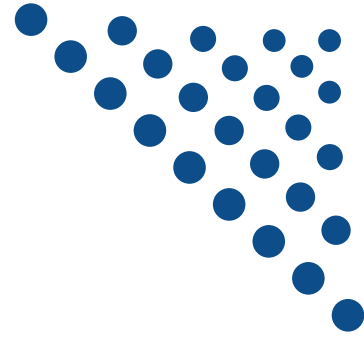


Outline



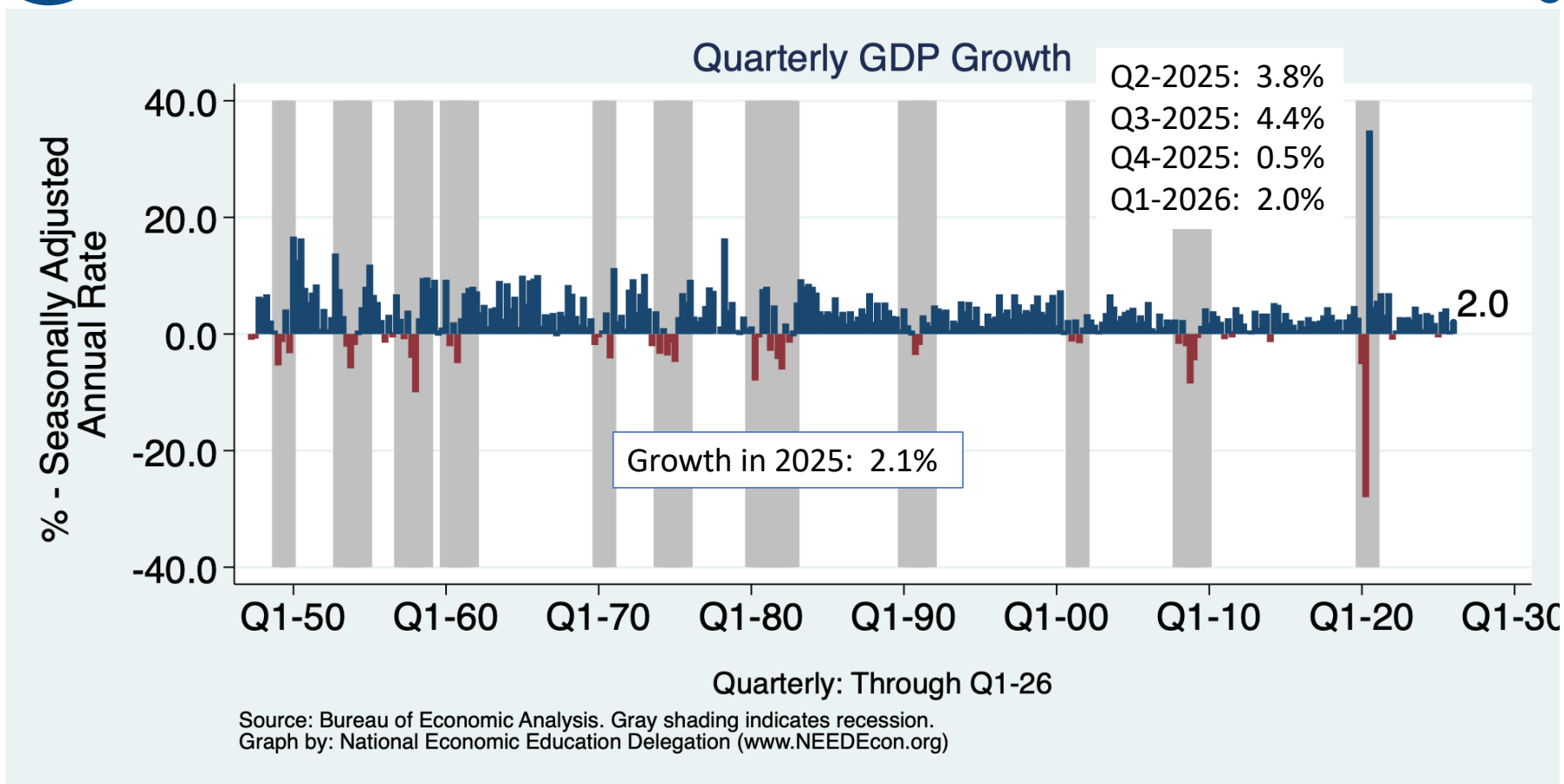
- **Economic Indicators**
- **Big Picture: Uncertainty**
- **The Local Economy**



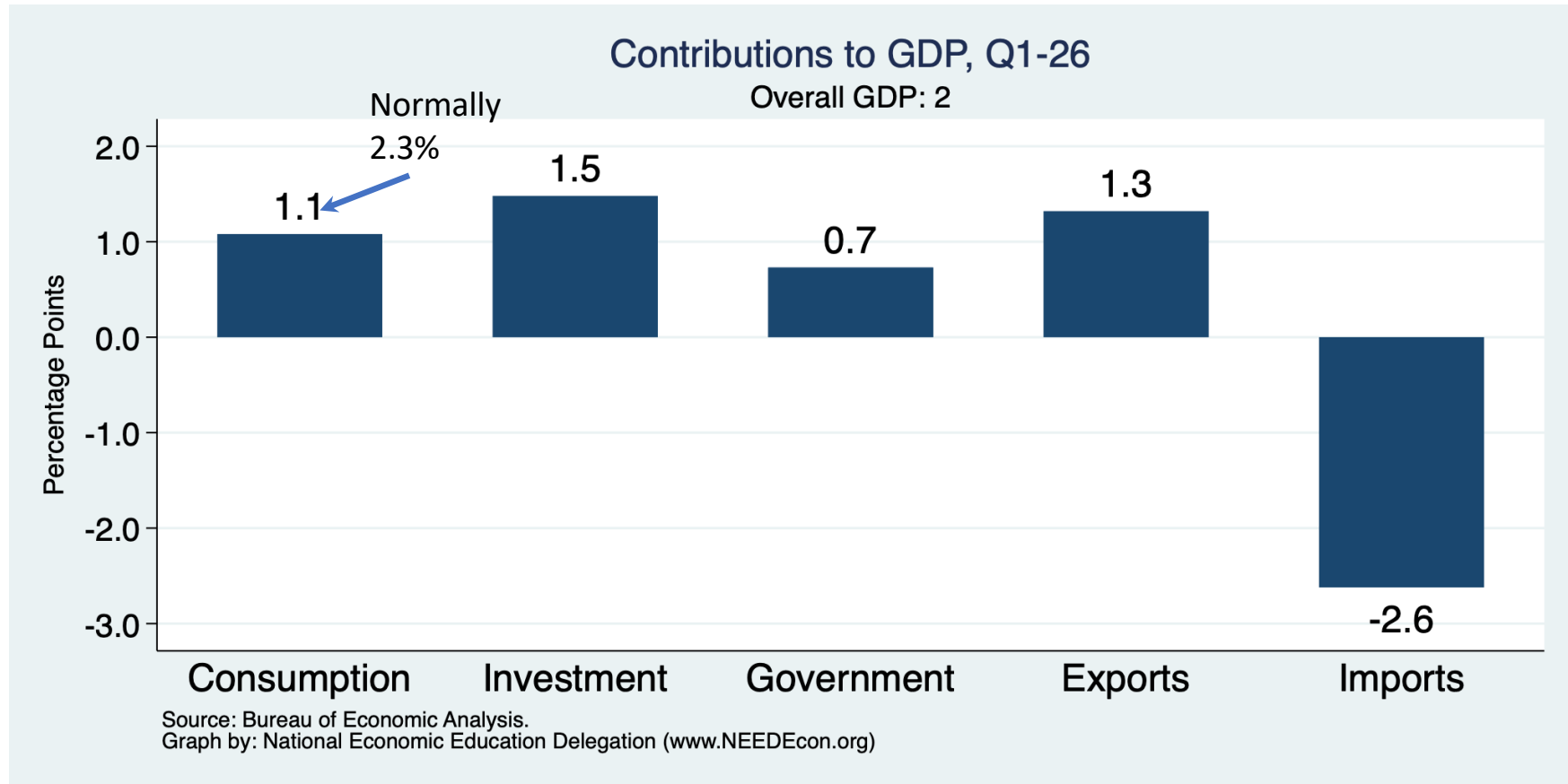
Economic Indicators



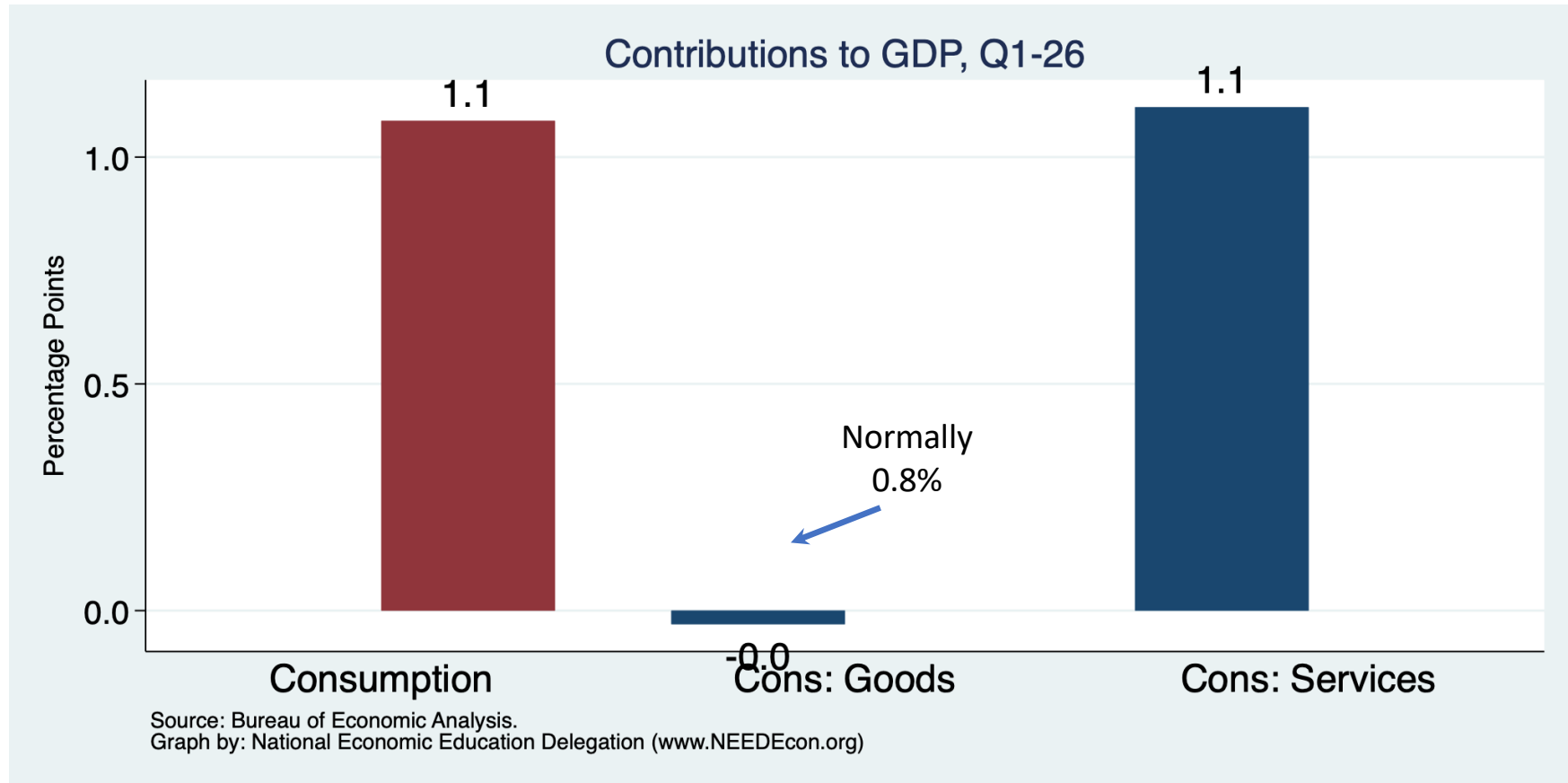
GDP: Quarterly Growth



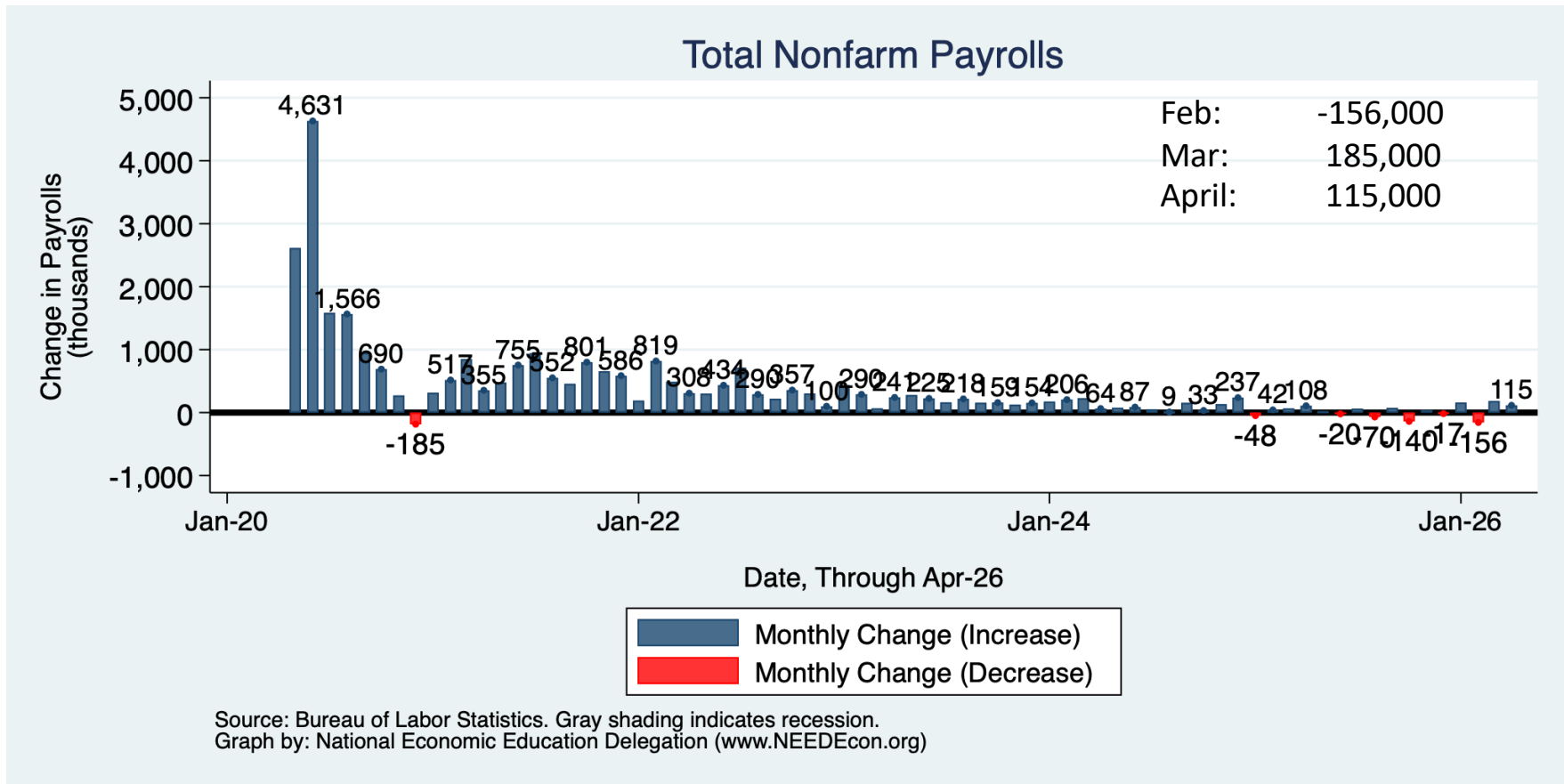
What Drove GDP to Such Growth?



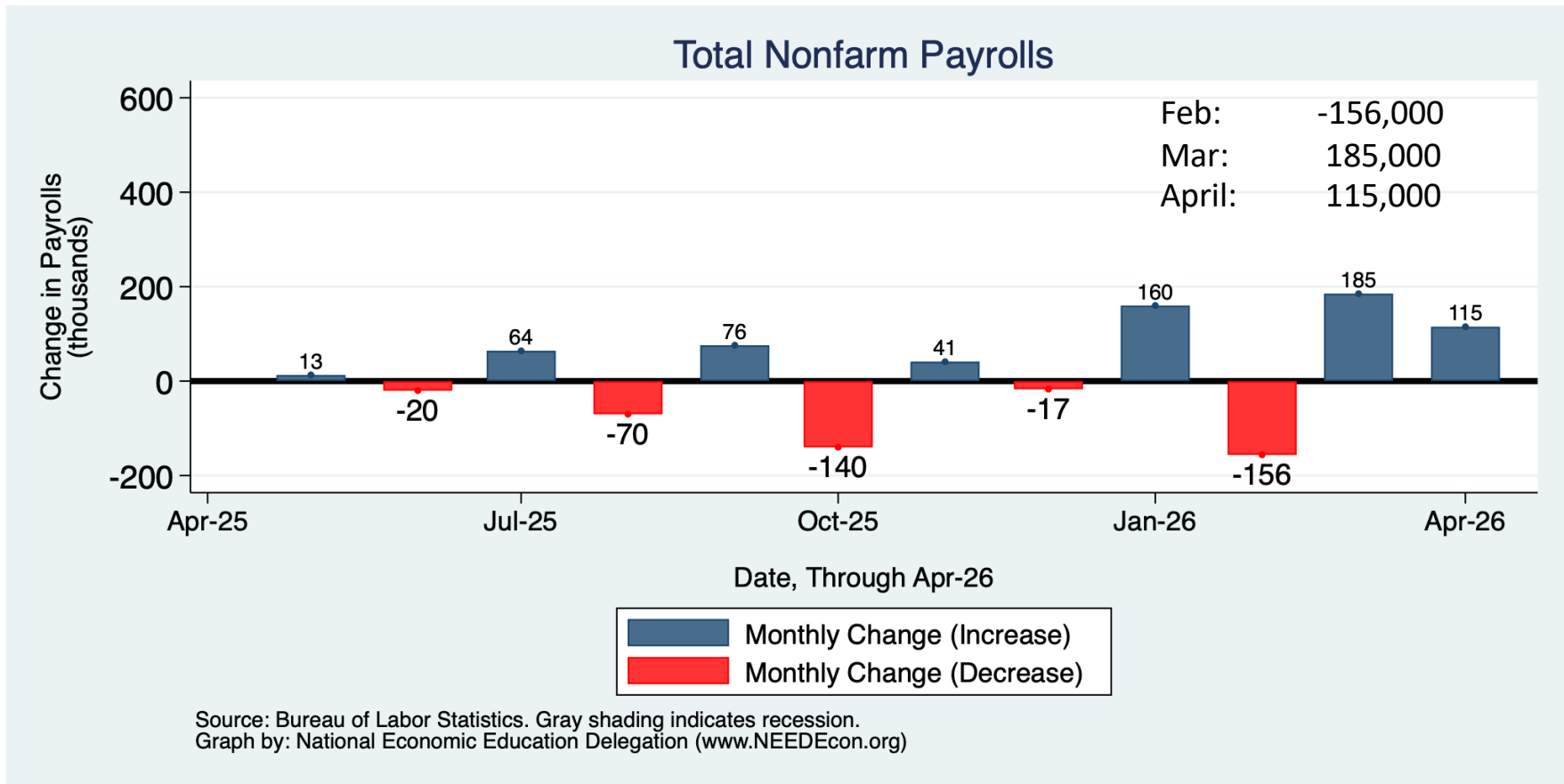
Consumers Also Tightened



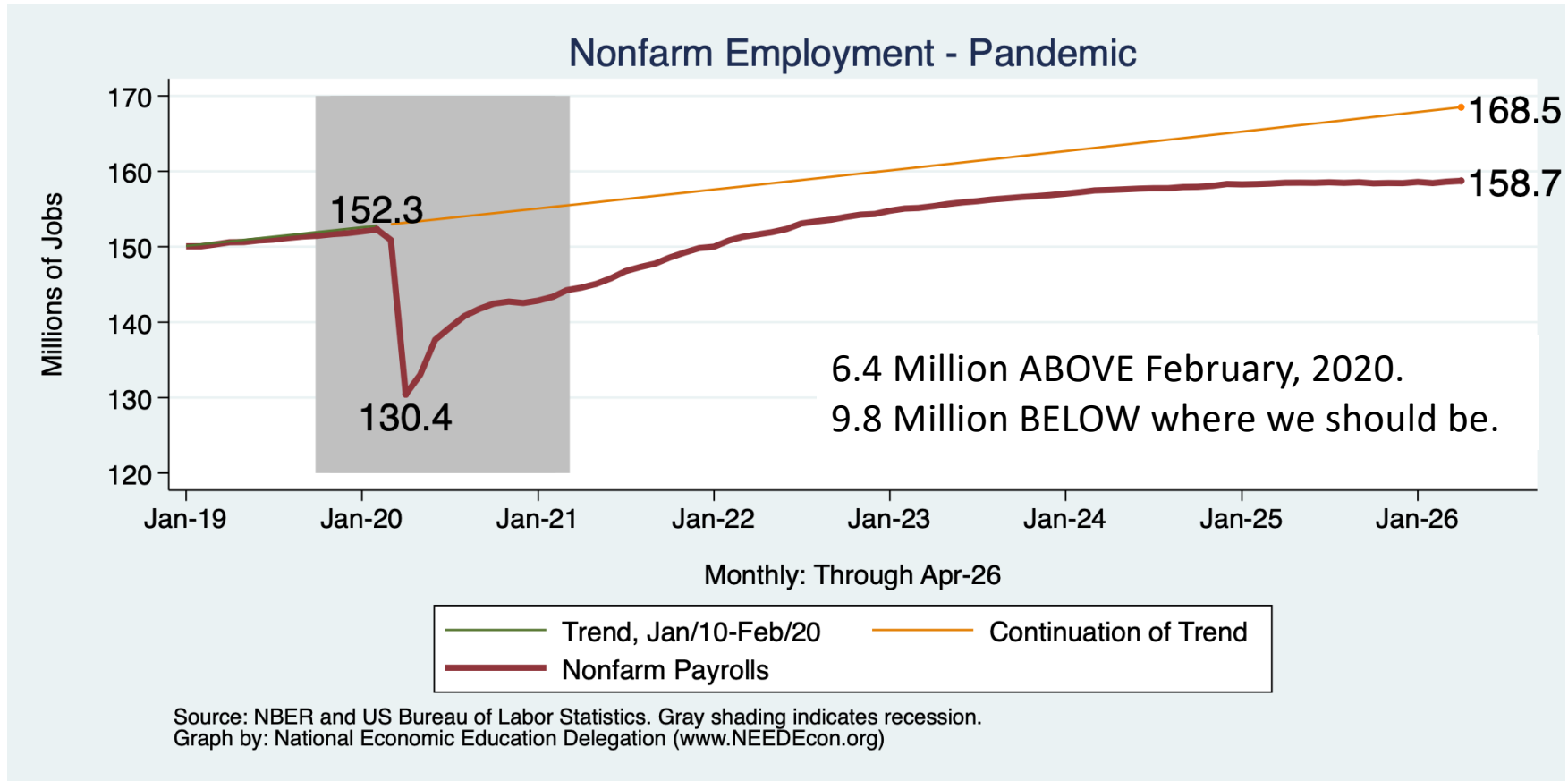
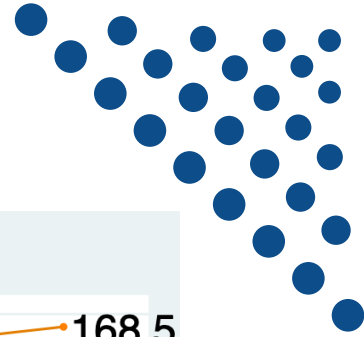
Monthly Changes in Nonfarm Employment



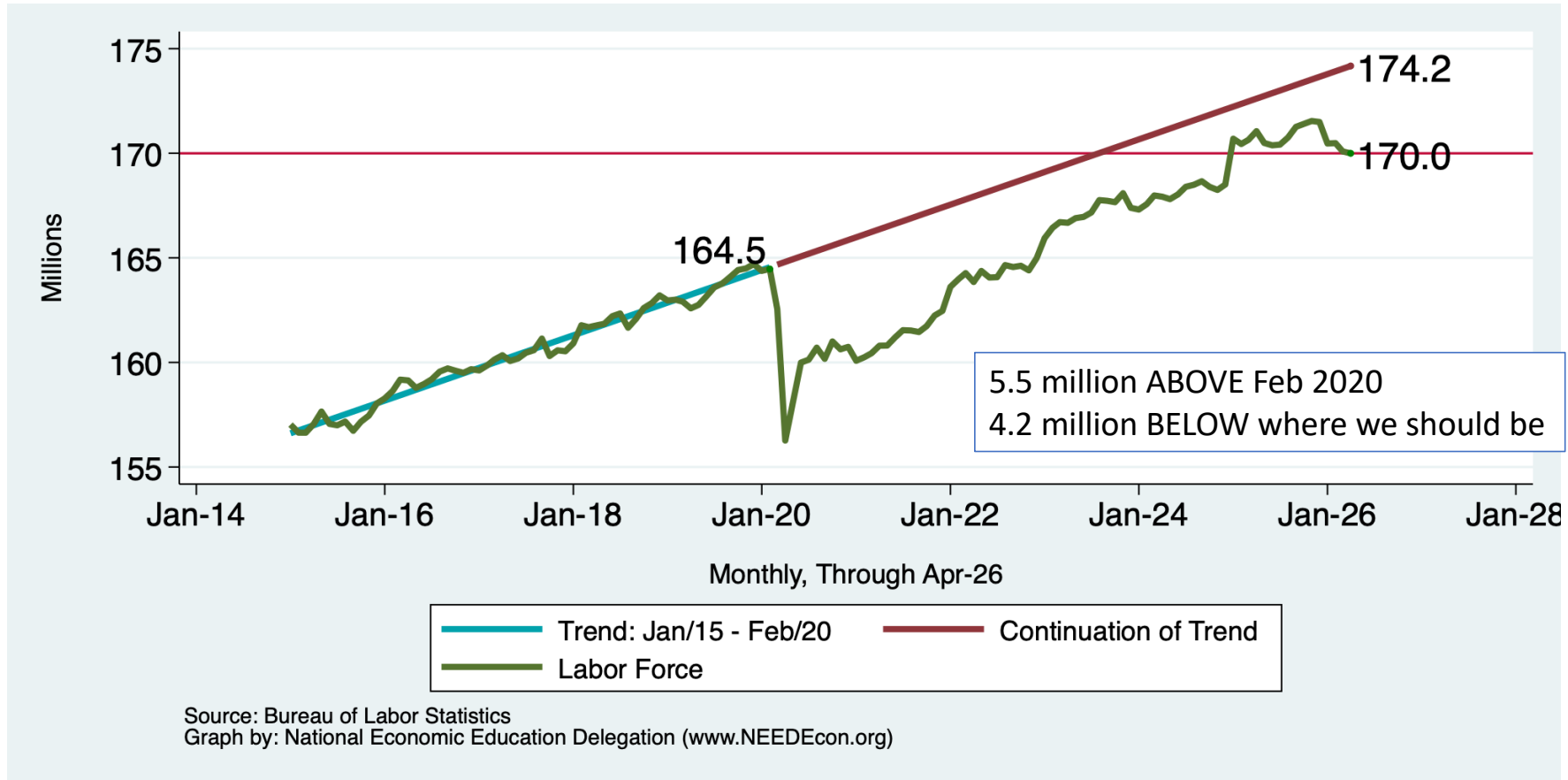
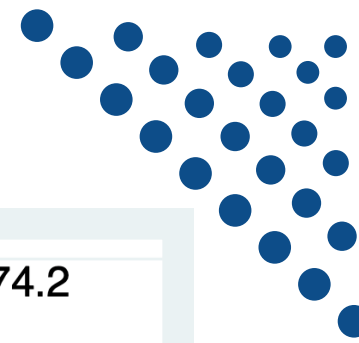
Monthly Changes in Nonfarm Employment



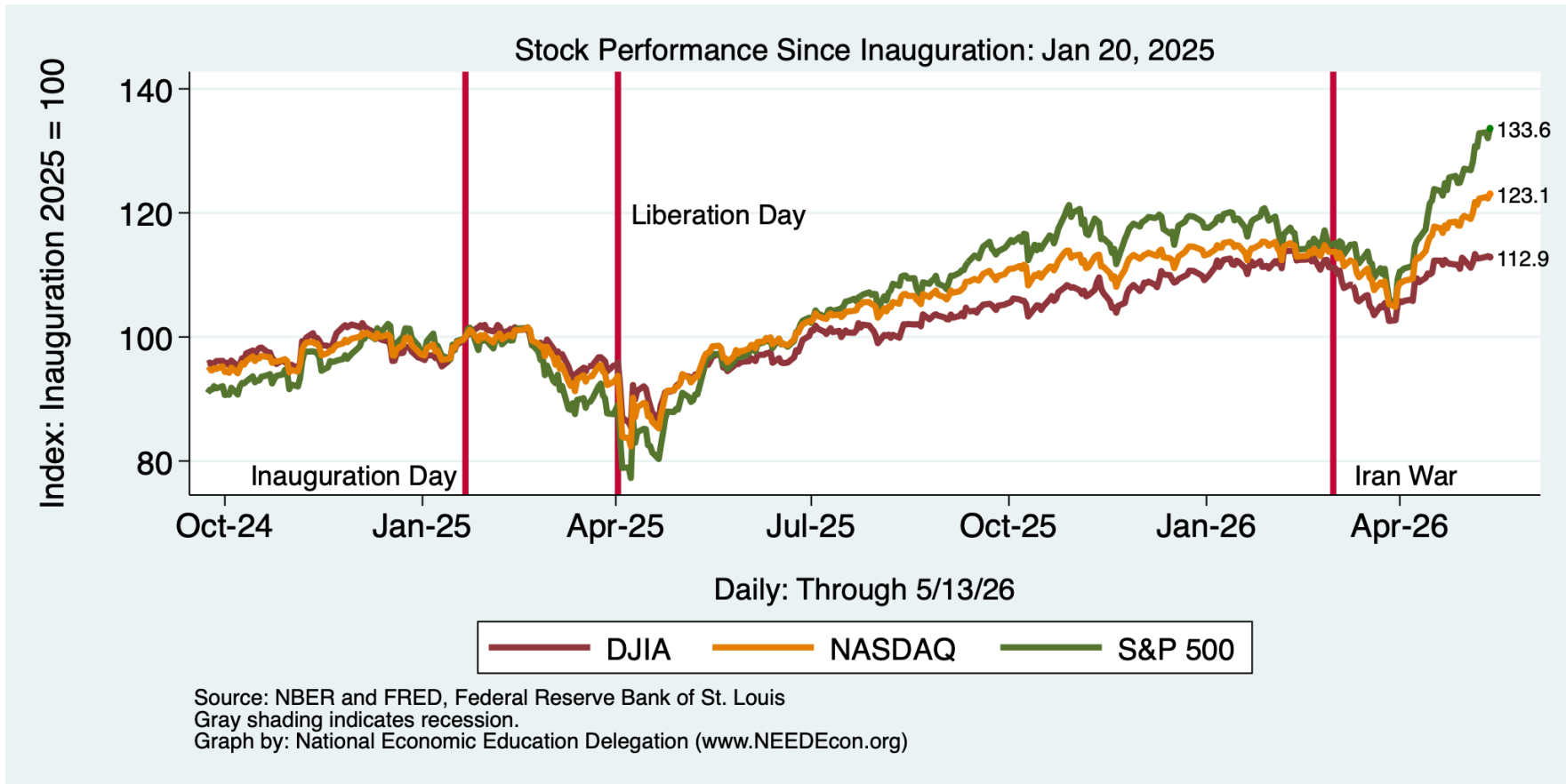
Employment Gap ... is Growing



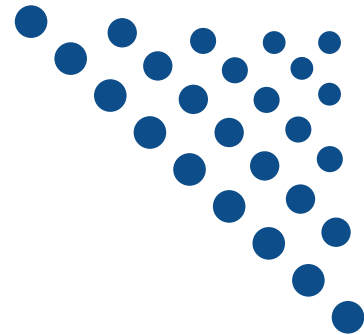
Workers Are Coming Back, Or Are They?



And Stocks?

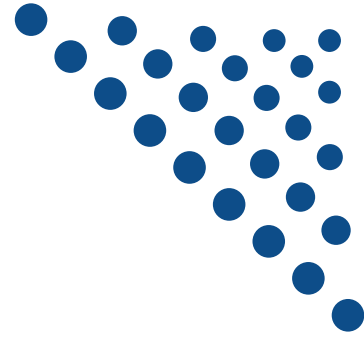


Uncertainties



- **What effect will continued deportations have?**
- **Will AI continue to drive growth?**
- **Will tariffs continue to drive inflation?**
 - Fed says that ALL of the inflation above 2% is from tariffs, until...
- **Will the war drive inflation beyond fuel prices?**
 - It is clear in fuel prices, but every other sector of the economy depends on fuel. Higher fuel prices drive prices in the rest of the economy up.
- **Will consumers continue to hold up?**
 - Evidence that spending is in decline.
- **What happens to Fed policy now that Jerome Powell is gone?**

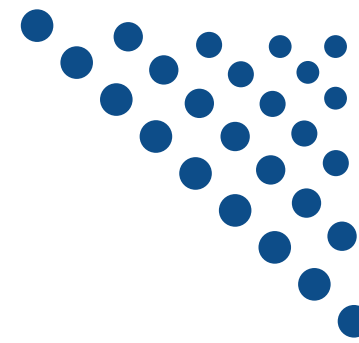




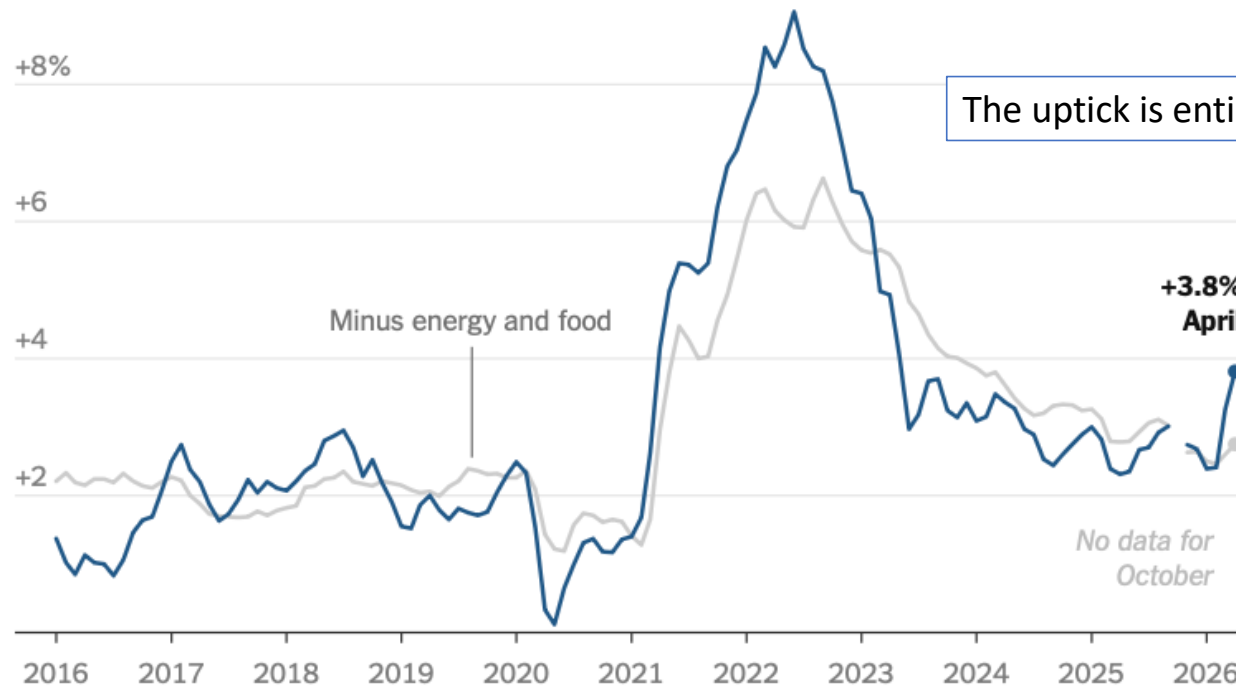
Inflation



Inflation: Latest Figures



Annual change in C.P.I.

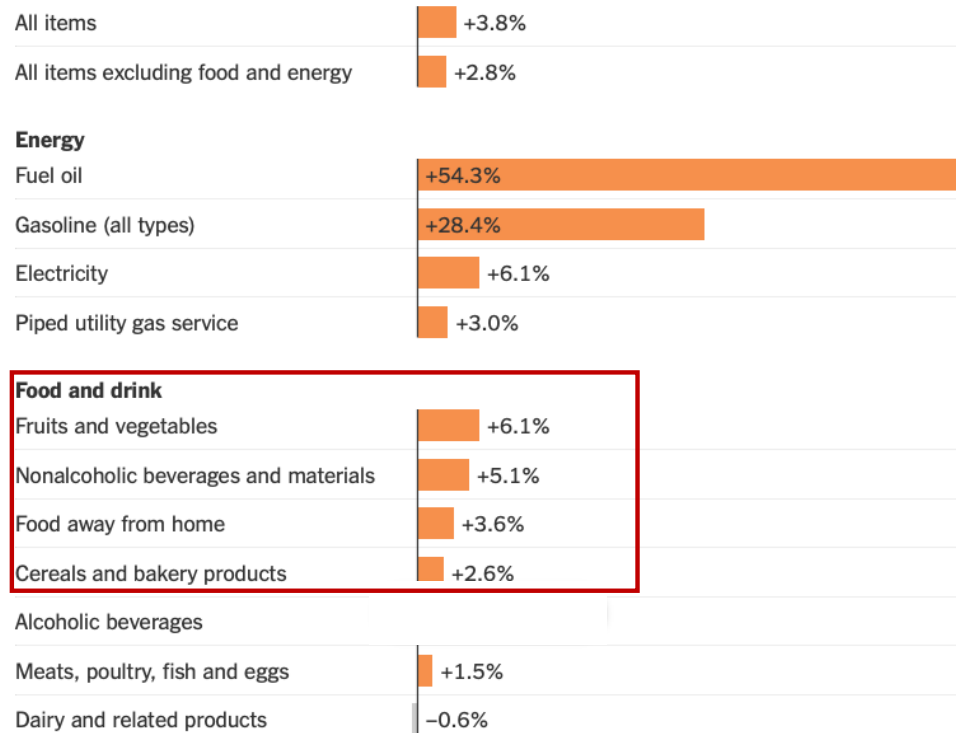


Note: Data is seasonally adjusted year-over-year change in the Consumer Price Index. October 2025 is missing because of the government shutdown. Source: Bureau of Labor Statistics. The New York Times

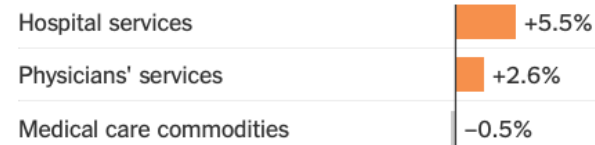
Inflation: LATEST Monthly Figures



Annual change in select products



Health care



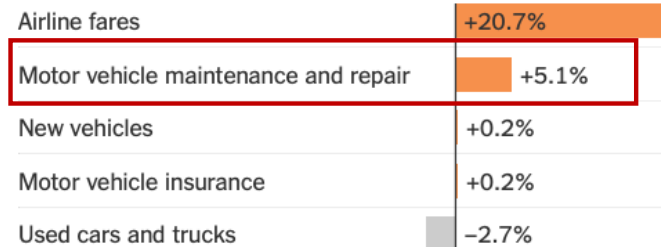
Personal Care



Housing

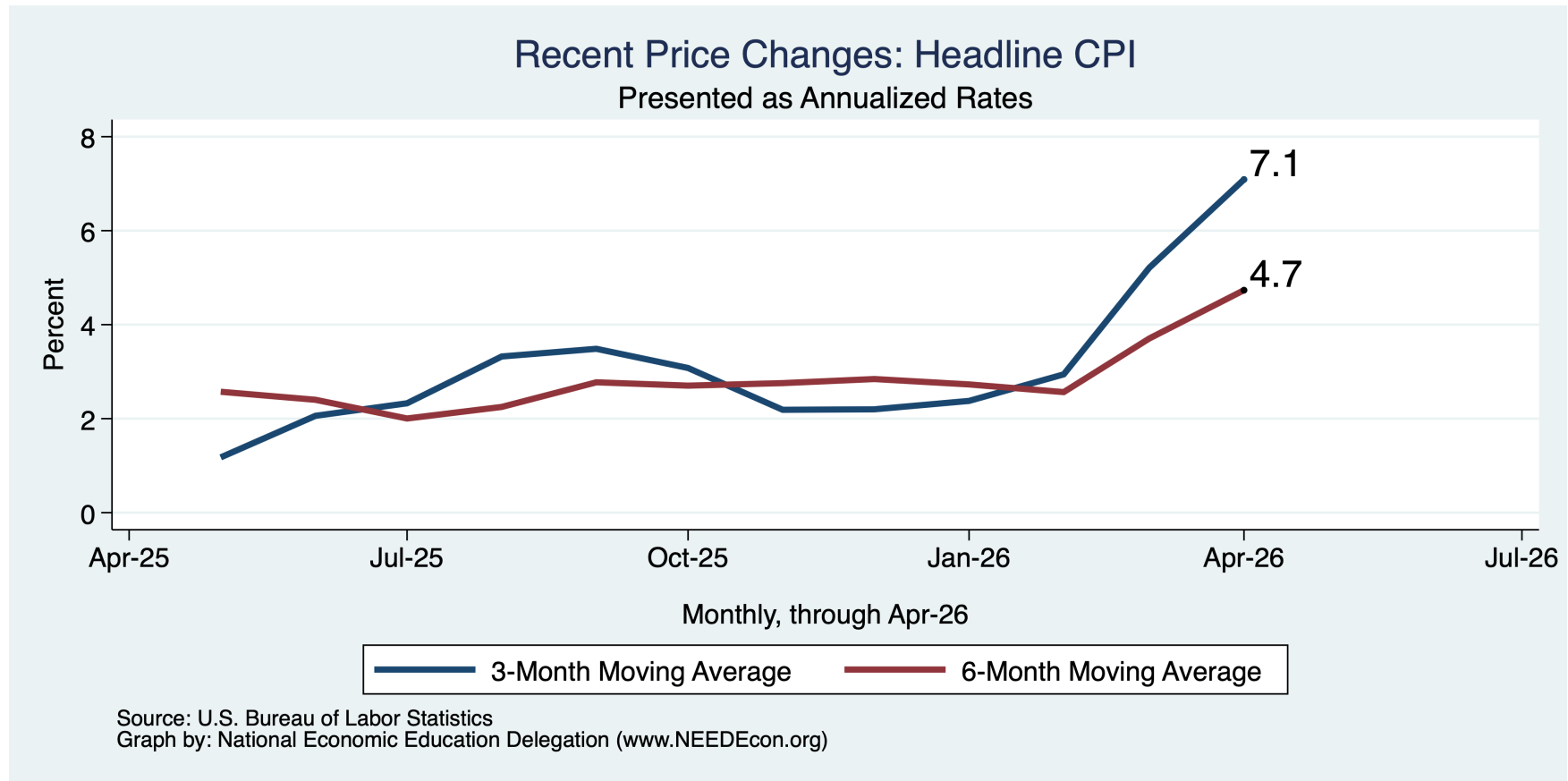


Travel and Transportation



Note: Data is seasonally adjusted year-over-year change in categories of the Consumer Price Index. Source: Bureau of Labor Statistics. The New York Times

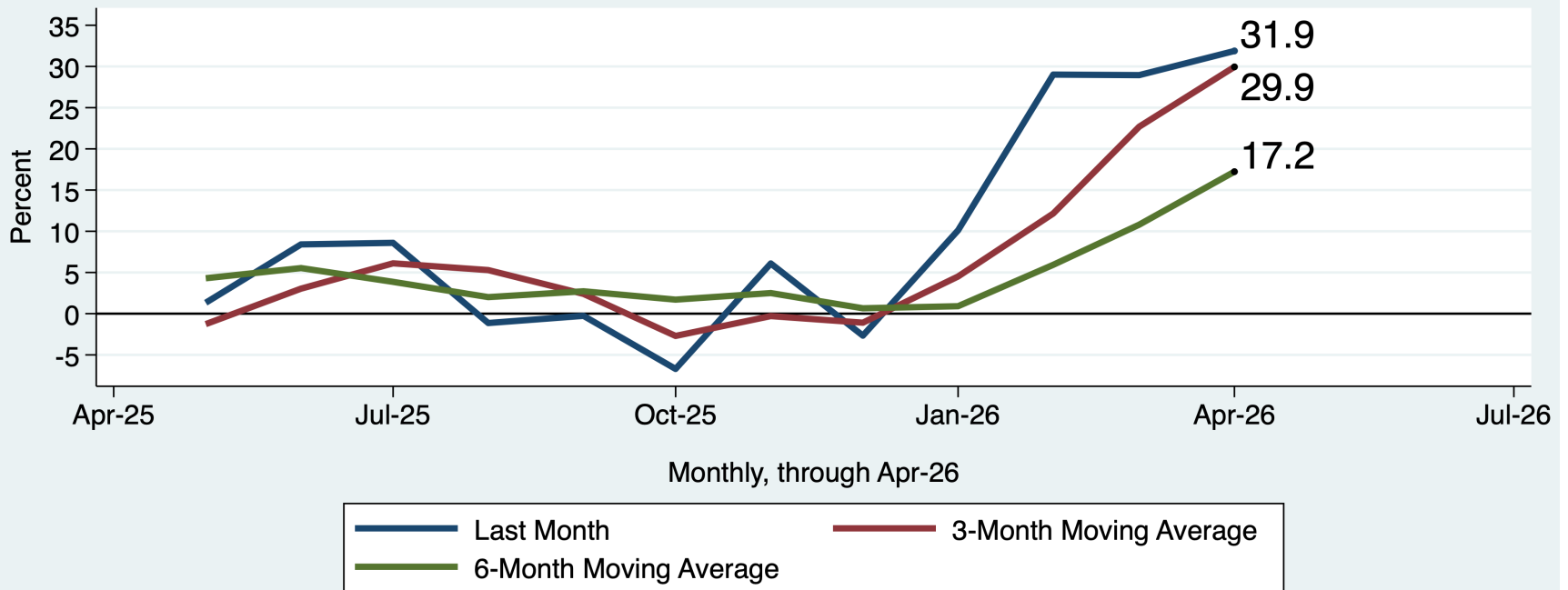
CPI in the Last 3/6 Months



PPI in the Last Few Months



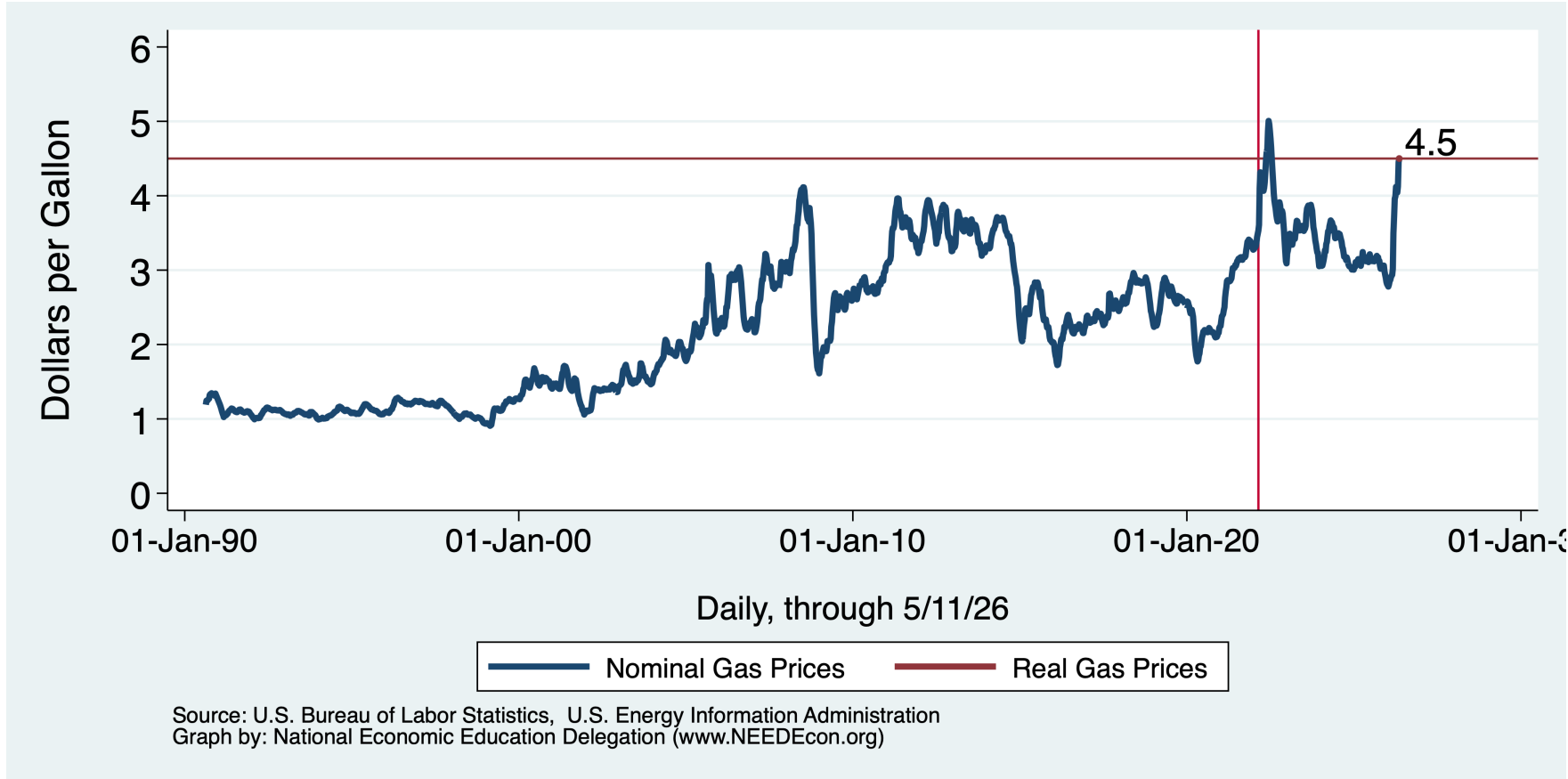
Recent Price Changes: Producer Price Index
Presented as Annualized Rates



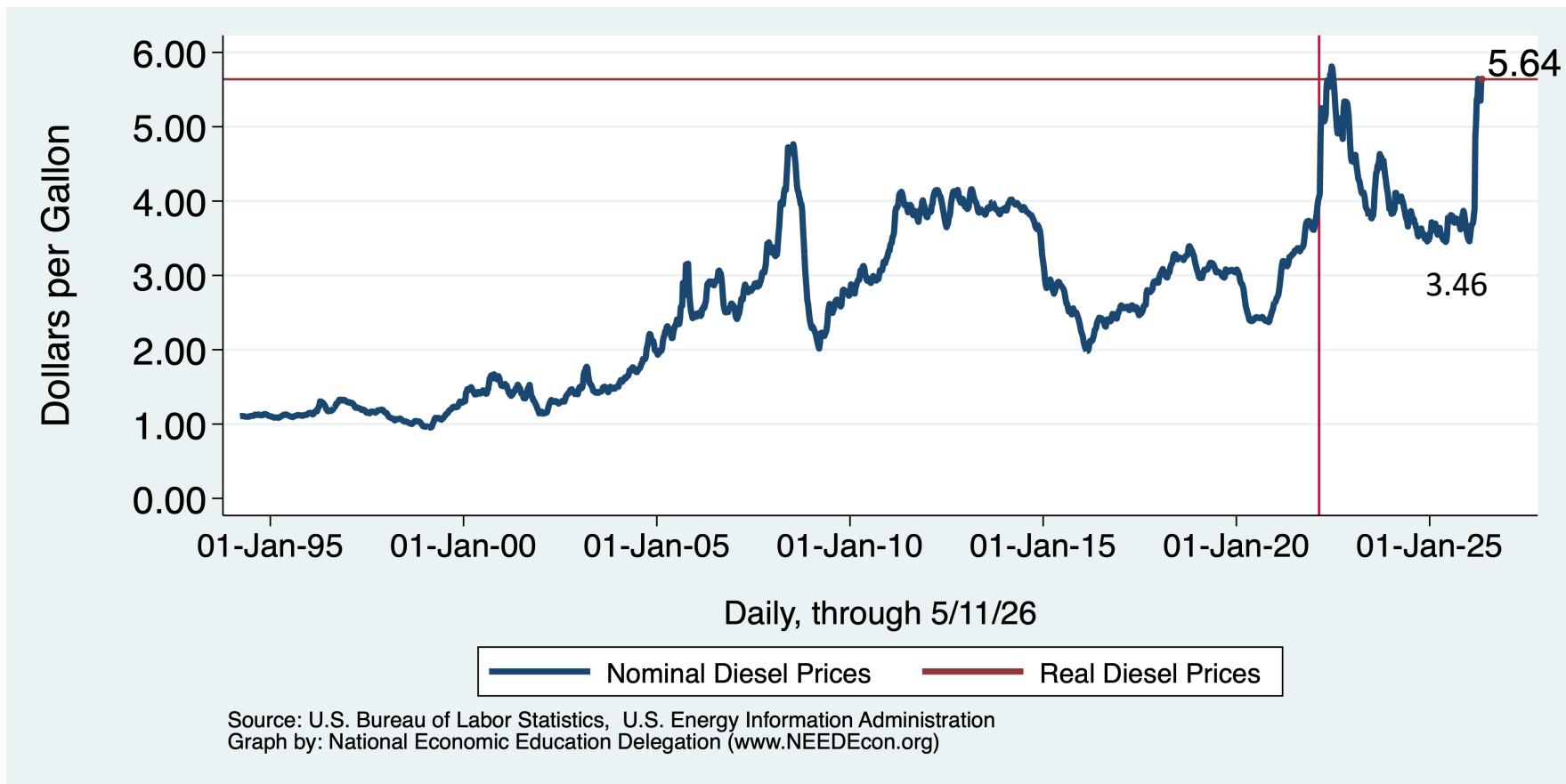
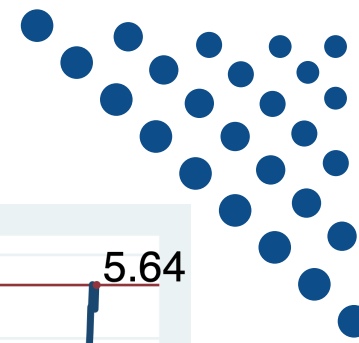
Source: U.S. Bureau of Labor Statistics
Graph by: National Economic Education Delegation (www.NEEDEcon.org)



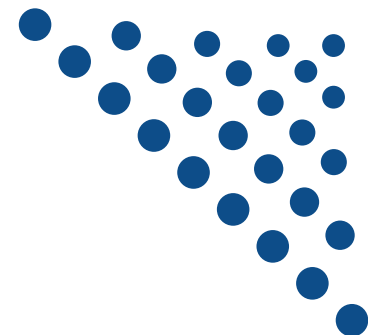
Inflation: Gas Prices



Inflation: Diesel Prices



Shortages From the War:



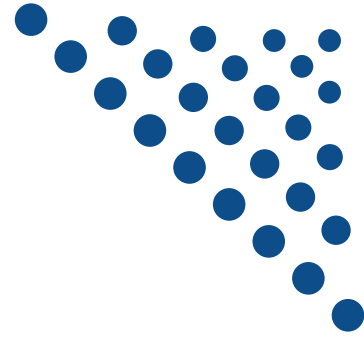
- **Naptha – ink ingredient**
 - Bathrooms, newspapers, cars, and paint.
- **Oil, in particular, heavy jet fuel and diesel (more so than gas for cars)**
- **Ingredients for fertilizer**
 - Nitrogen and phosphate
- **Helium – MRI machines, AI chips, EVs**

- **Wide variety of others.**

Very Significant Implications



- **Rising fuel prices, especially diesel, impact ALL industries.**
 - Some, of course, more than others.
 - The importance of mobility determines how much.
- **Especially vulnerable industries:**
 - Aviation
 - Transportation
 - Agriculture
 - Manufacturing



Locally



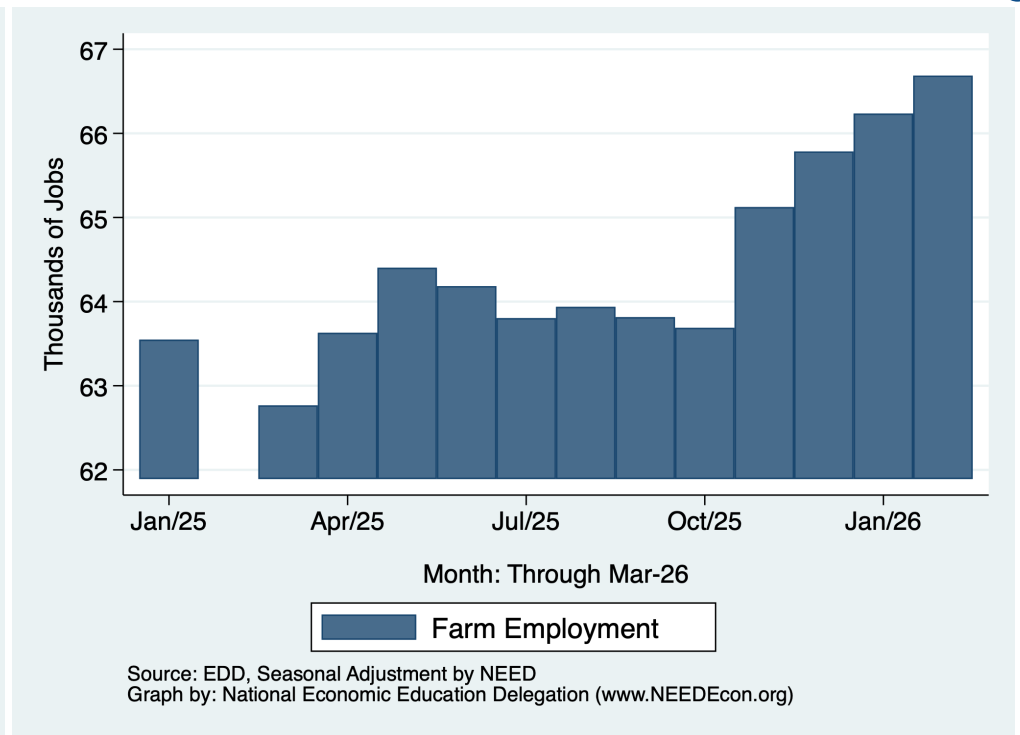
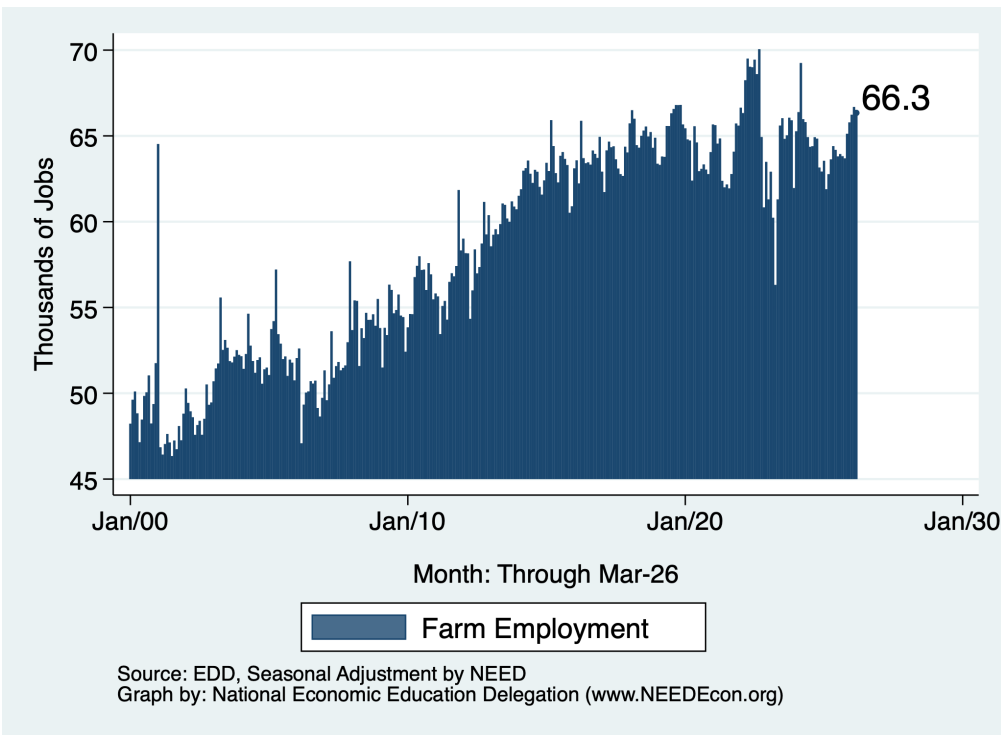
Employment Recovery, Monterey Bay Region



Farm Employment

Since 2000

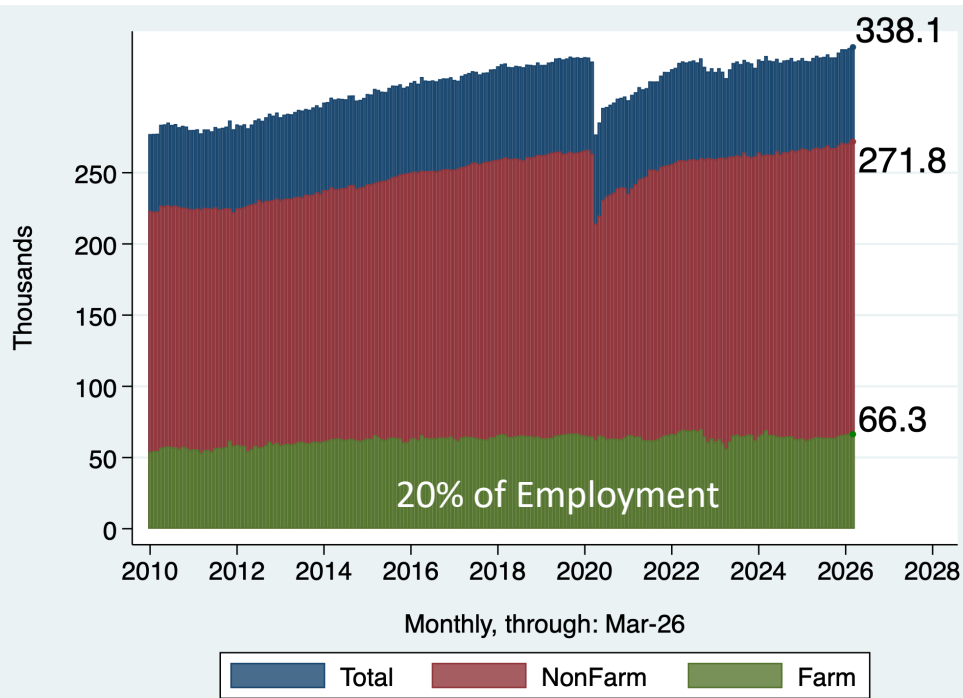
Over the Last Year



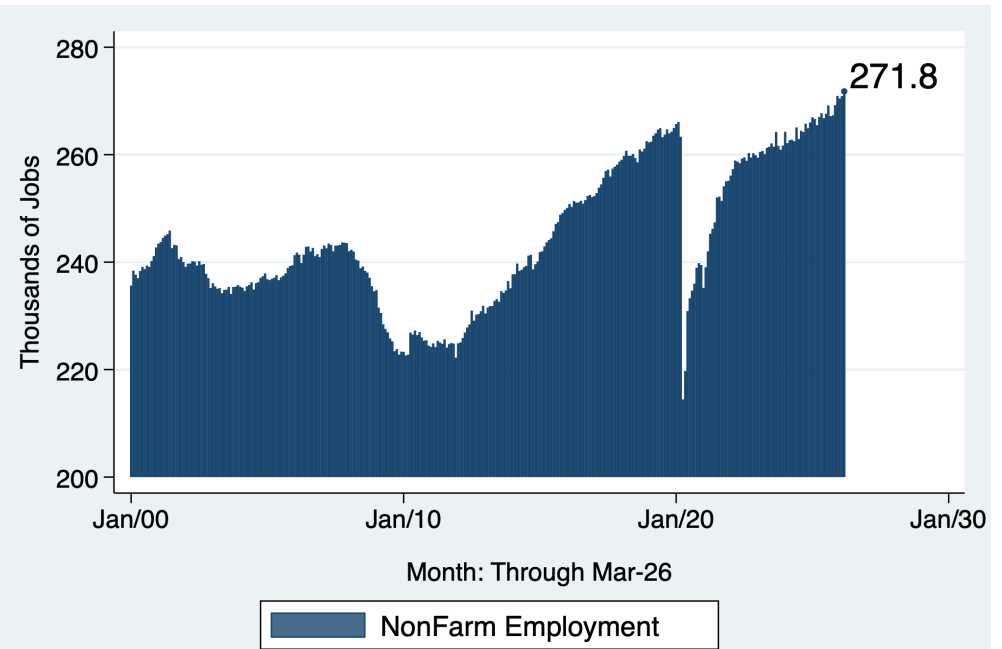
Employment Recovery, Monterey Bay Region



Total Employment

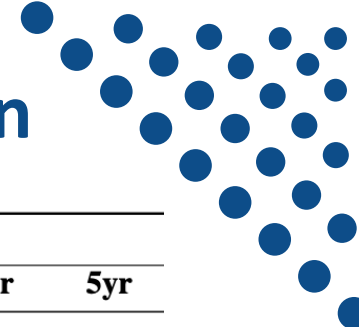


NonFarm Employment



Source: EDD, Seasonal Adjustment by NEED
 Graph by: National Economic Education Delegation (www.NEEDecon.org)

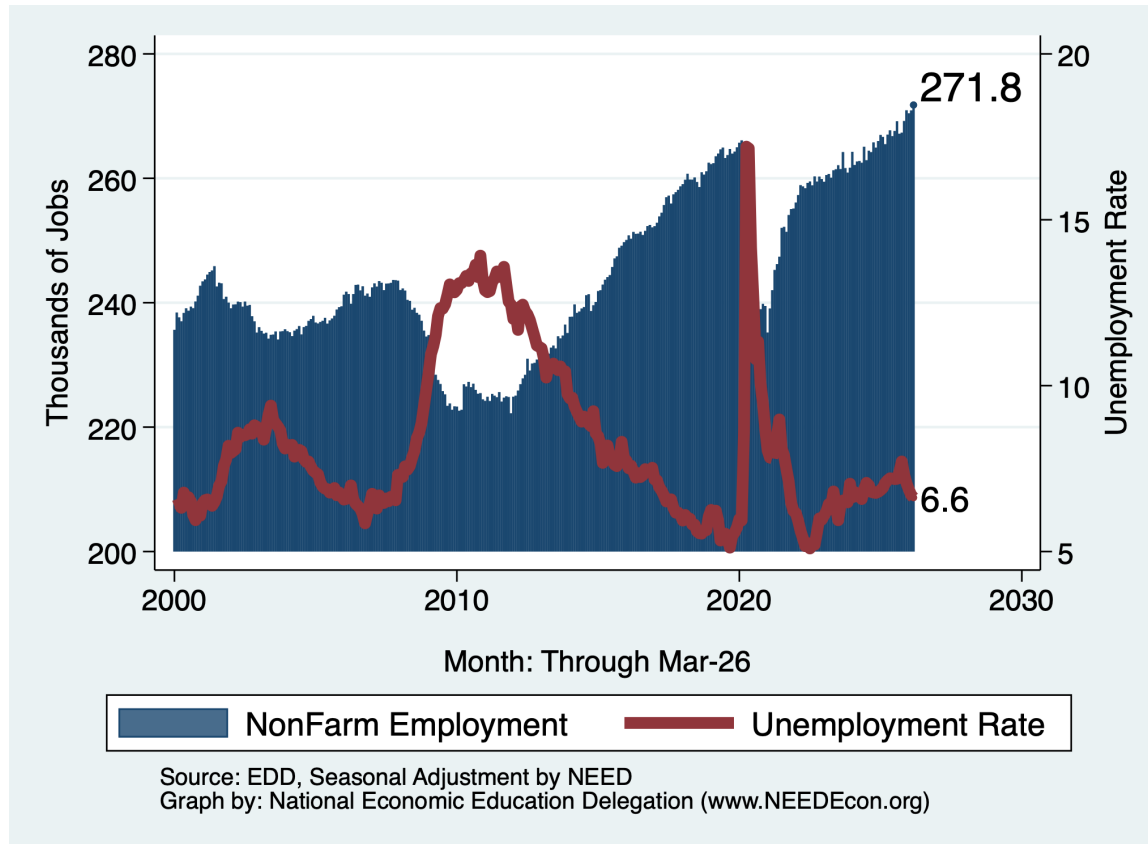
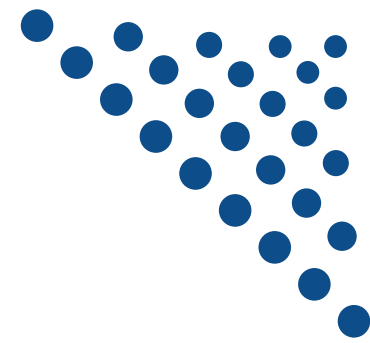
March Employment Report: Monterey Bay Region

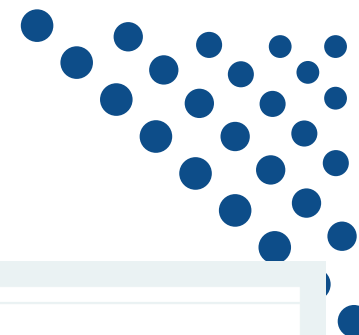


Industry	Employment	Share	Empl Growth	% Growth - Annualized Rate					
				Month	Qtr	6mo	1yr	3yr	5yr
Total Nonfarm	271,780	100.0	866.9	3.9	1.3	3.5	2.4	1.4	2.5
Goods Producing	29,614	10.9	197.2	8.3	1.1	2.5	0.1	-0.1	1.2
Manufacturing	15,039	5.5	63.1	5.2	-3.2	5.6	1.6	-2.3	0.1
Service Providing	242,153	89.1	580.5	2.9	1.4	3.4	2.7	1.6	2.6
Trade, Trans & Utilities	44,358	16.3	-55.5	-1.5	0.2	3.0	2.2	-0.1	0.3
Wholesale Trade	9,124	3.4	-25.9	-3.3	1.8	6.5	4.6	-2.3	0.5
Retail Trade	29,359	10.8	49.2	2.0	1.5	2.8	2.6	1.0	0.4
Information	1,500	0.6	0.0	0.0	0.0	0.0	-11.8	-2.1	1.4
Financial Activities	7,638	2.8	-43.1	-6.5	-4.3	0.0	1.6	0.5	0.3
Professional & Business Svcs	24,364	9.0	-96.7	-4.6	-1.2	-1.6	0.2	-2.8	-1.9
Educational & Health Svcs	48,540	17.9	123.7	3.1	2.4	3.6	4.4	5.8	5.1
Leisure & Hospitality	43,372	16.0	237.9	6.8	4.4	8.3	4.5	1.7	8.6
Other Svcs	11,504	4.2	138.3	15.6	6.4	8.4	5.9	2.6	5.2
Government	60,604	22.3	-43.4	-0.9	-0.1	3.1	1.2	1.9	1.5
Federal	5,255	1.9	-3.3	-0.7	-9.0	-11.8	-12.2	-3.1	-3.1
State	12,157	4.5	-82.4	-7.8	-1.8	-3.1	-4.6	0.7	-2.5
Local	42,983	15.8	12.6	0.4	-0.1	6.1	4.7	2.9	3.6

Source: EDD, National Economic Education Delegation

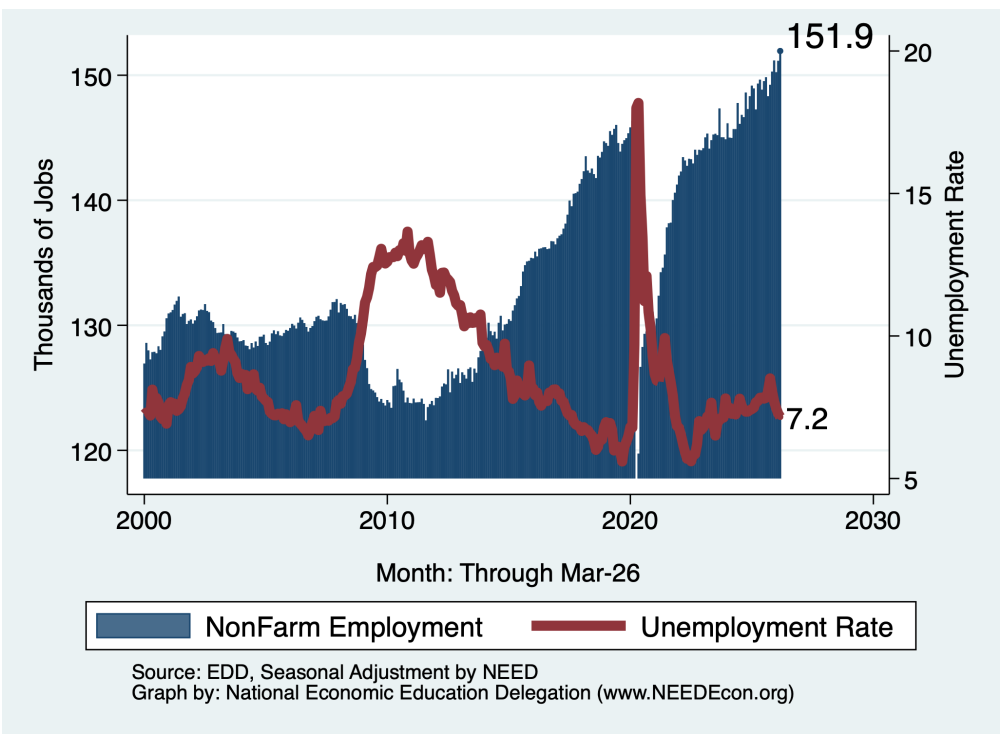
Monterey Bay Region Employment



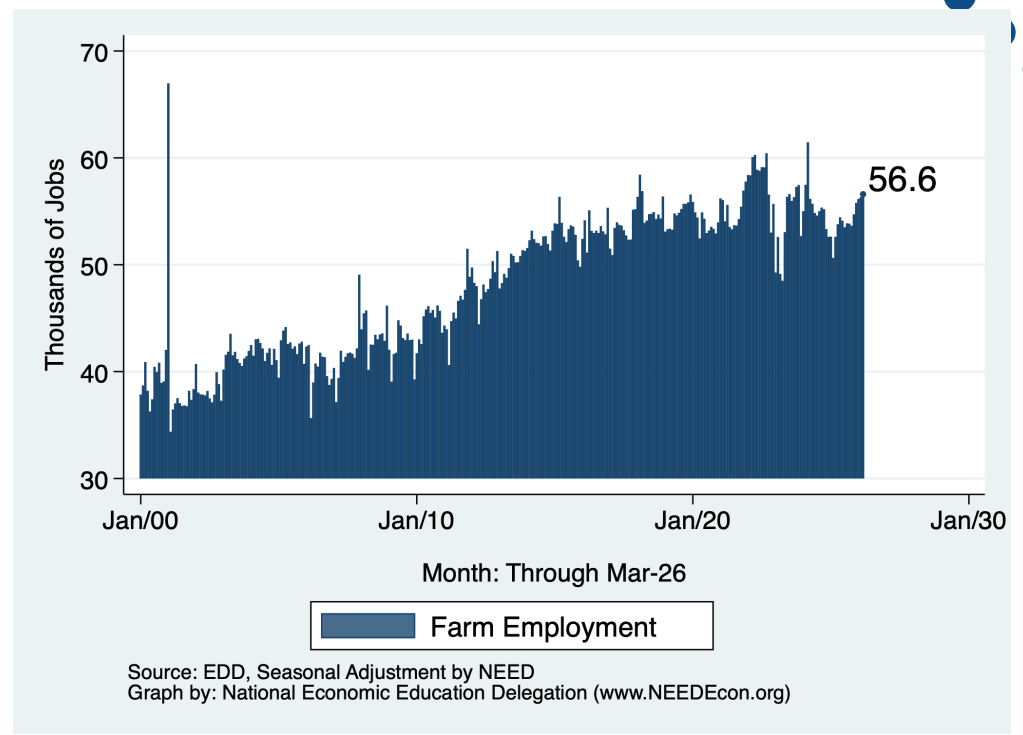


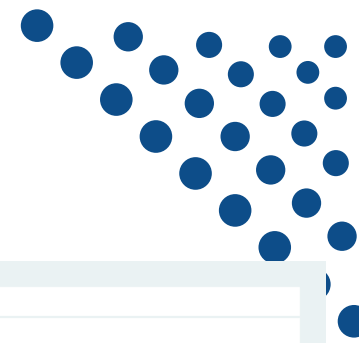
Employment in Monterey County?

Nonfarm Employment



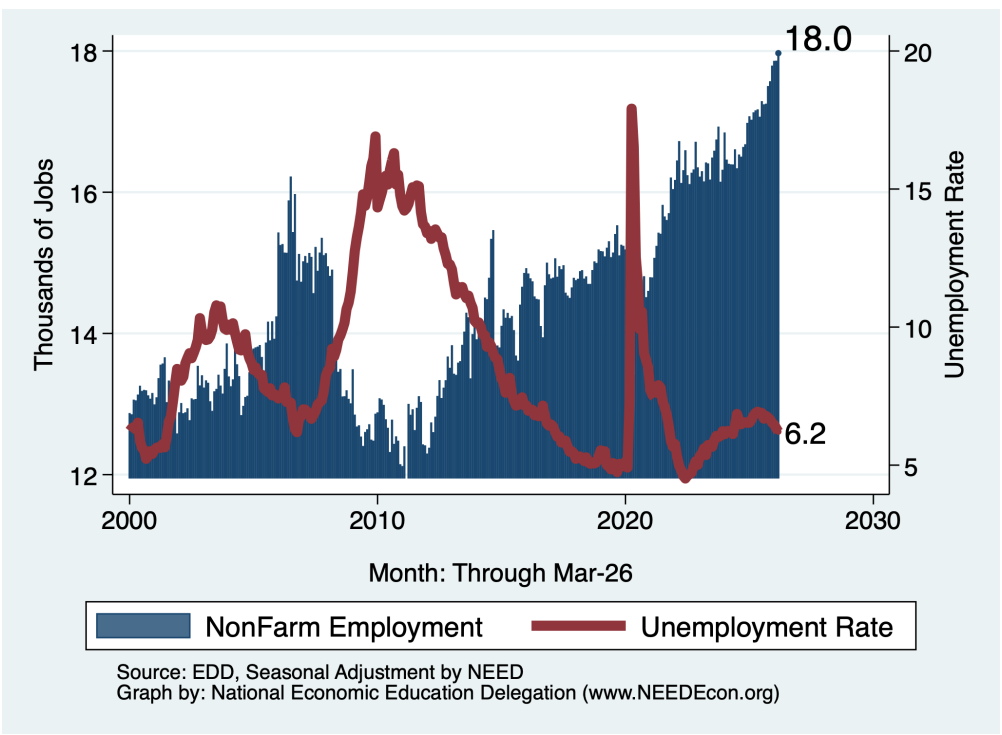
Farm Employment



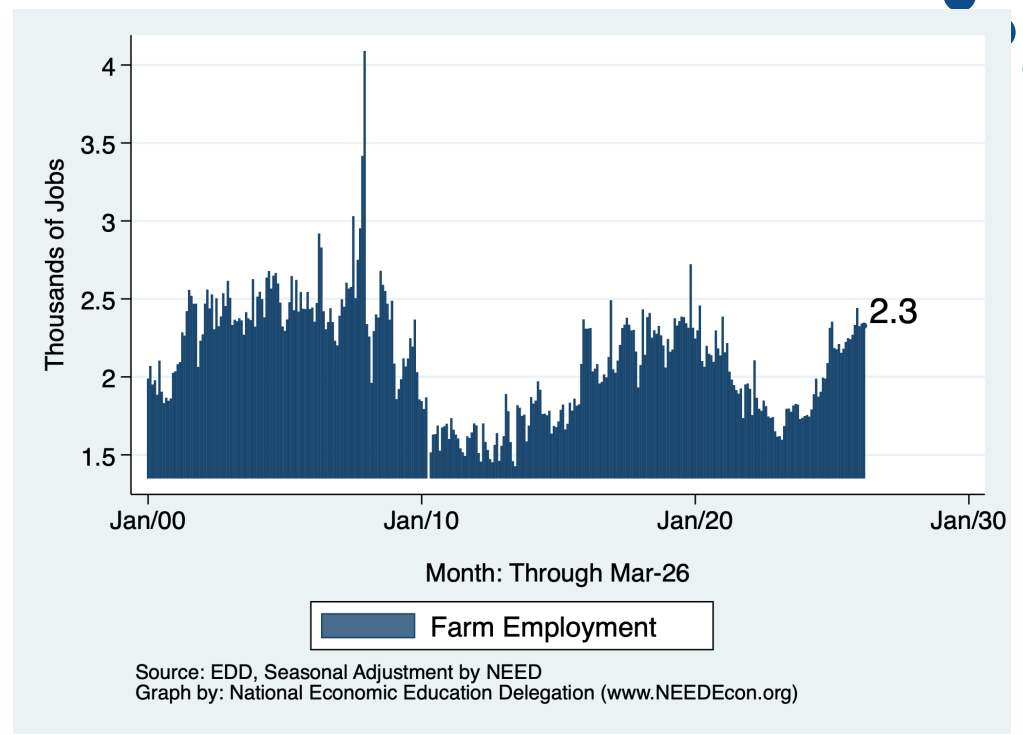


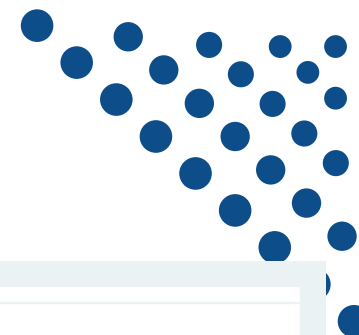
Employment in San Benito County?

Nonfarm Employment



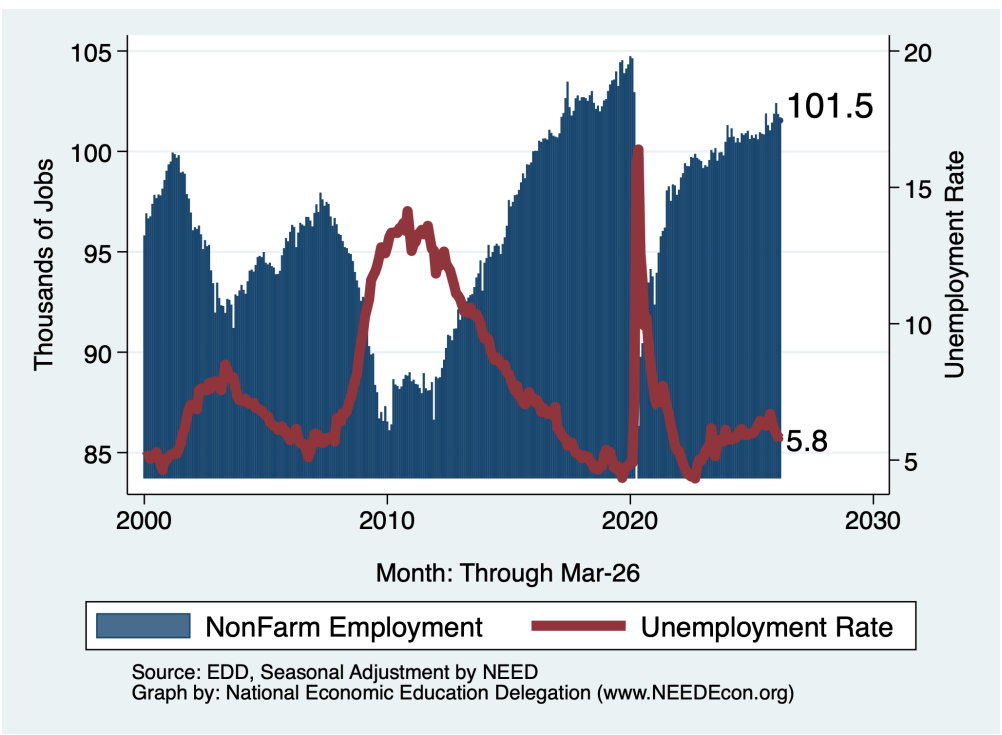
Farm Employment



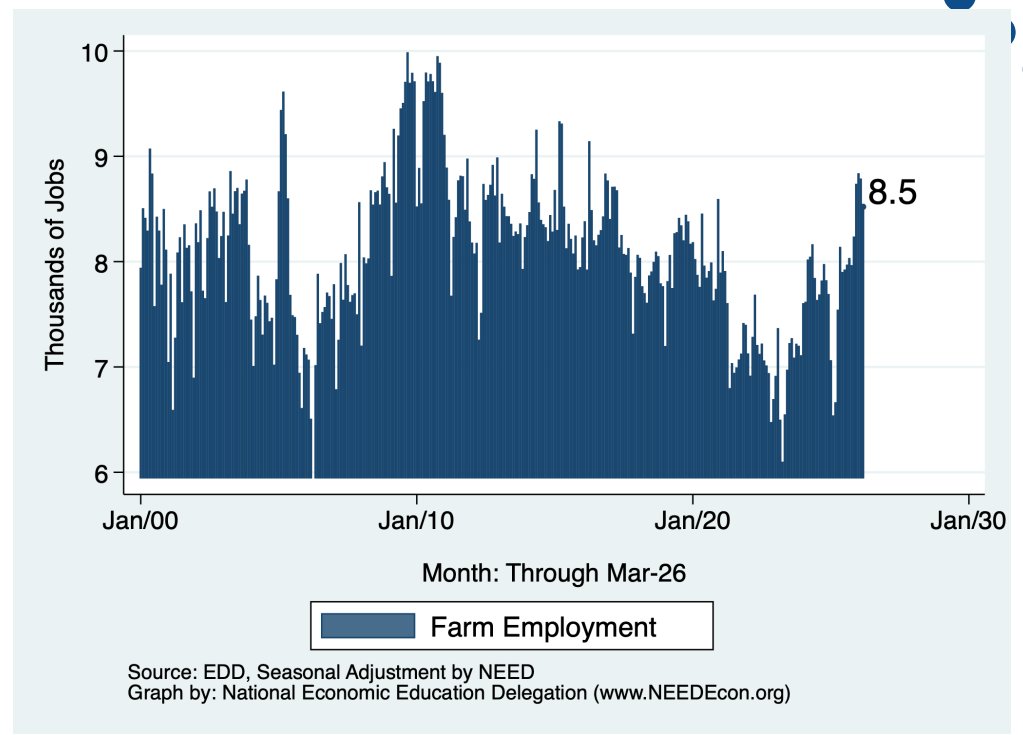


Employment in Santa Cruz County?

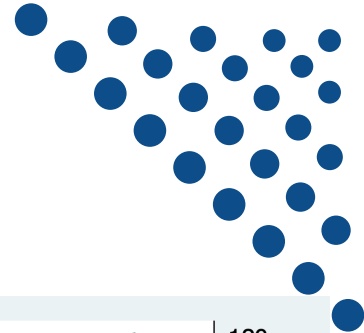
Nonfarm Employment



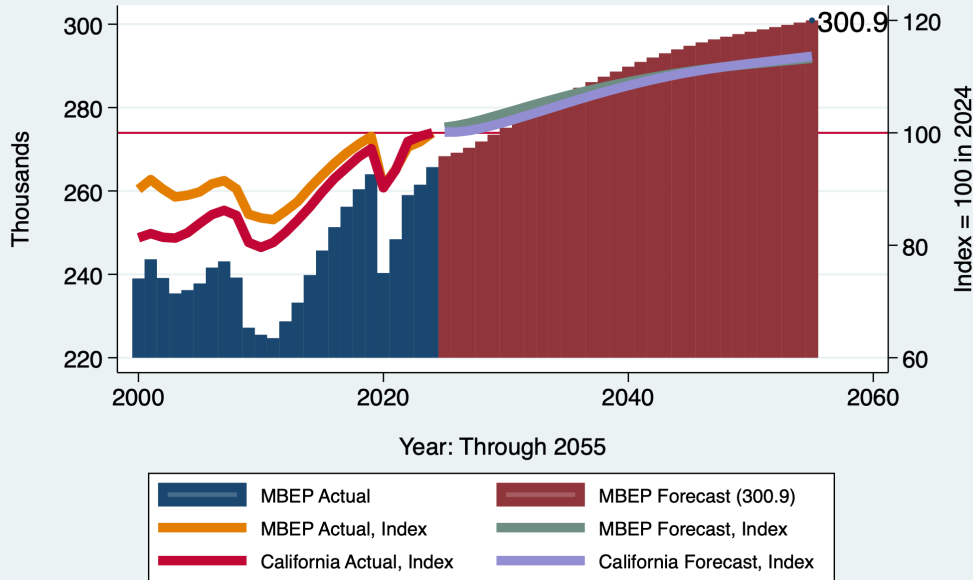
Farm Employment



DOT Forecast: Employment – Regionally

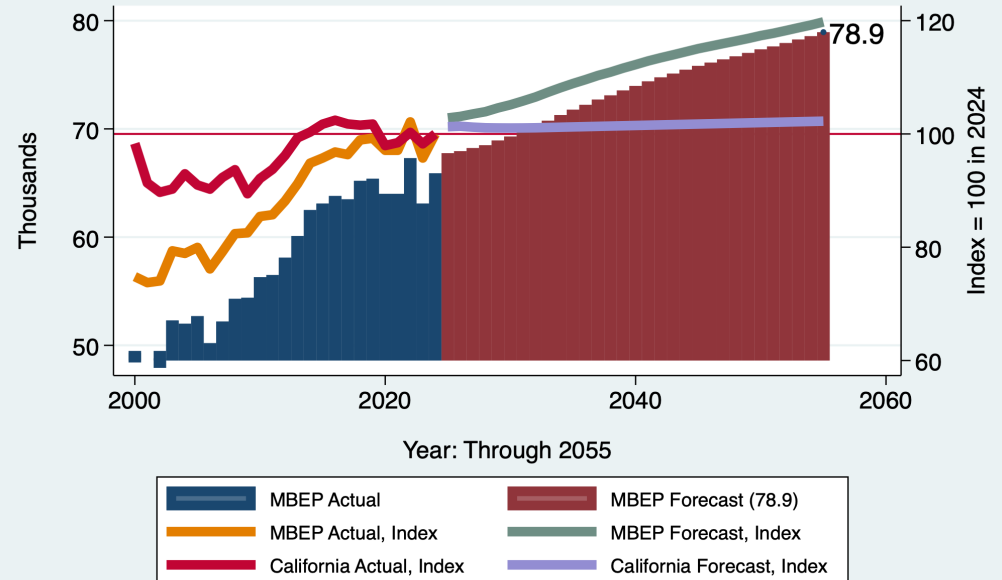


Nonfarm Employment



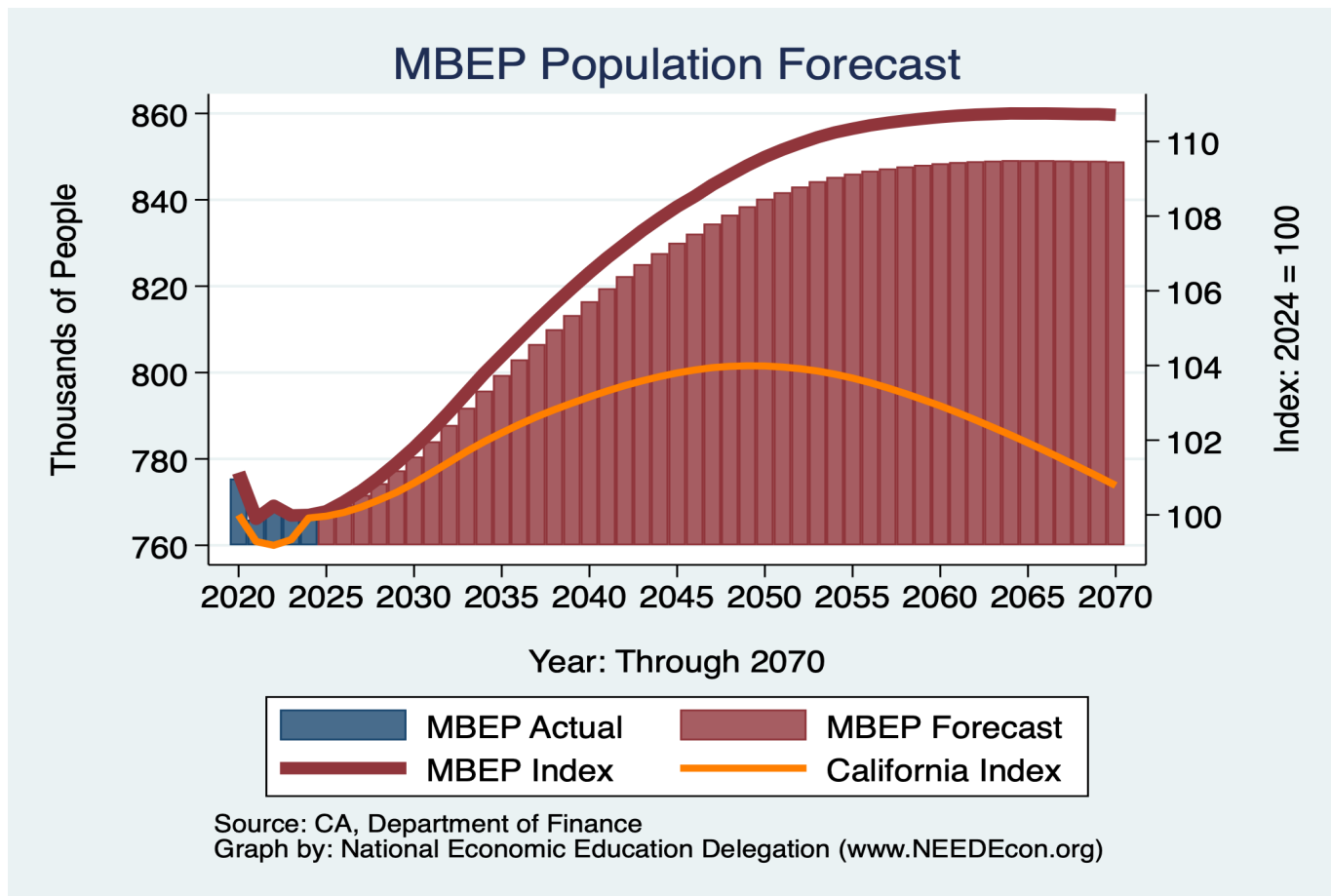
Source: California Department of Transportation, 2026 Forecast. Actual data through 2024.
Graph by: National Economic Education Delegation (www.NEEDecon.org)

Farm Employment



Source: California Department of Transportation, 2026 Forecast. Actual data through 2024.
Graph by: National Economic Education Delegation (www.NEEDecon.org)

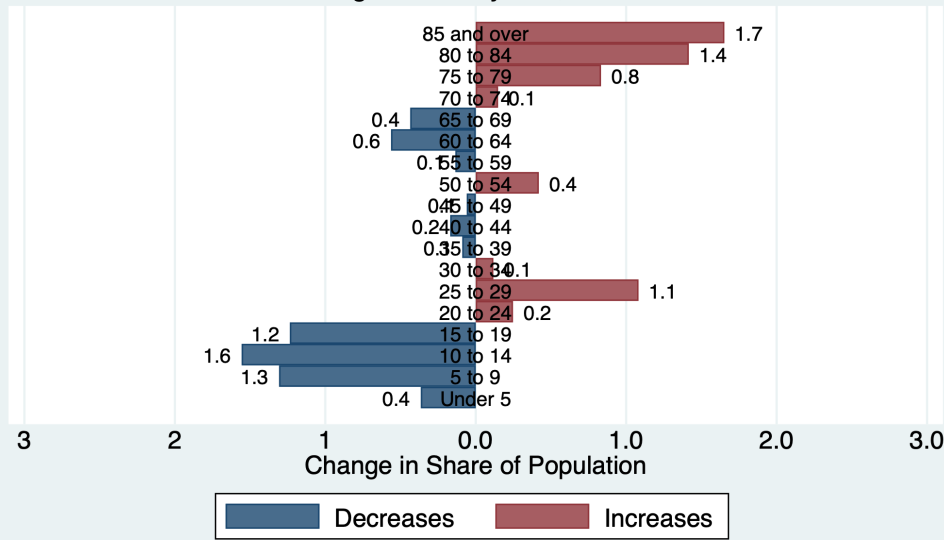
DOF Forecast: Population – Regionally



Aging Population

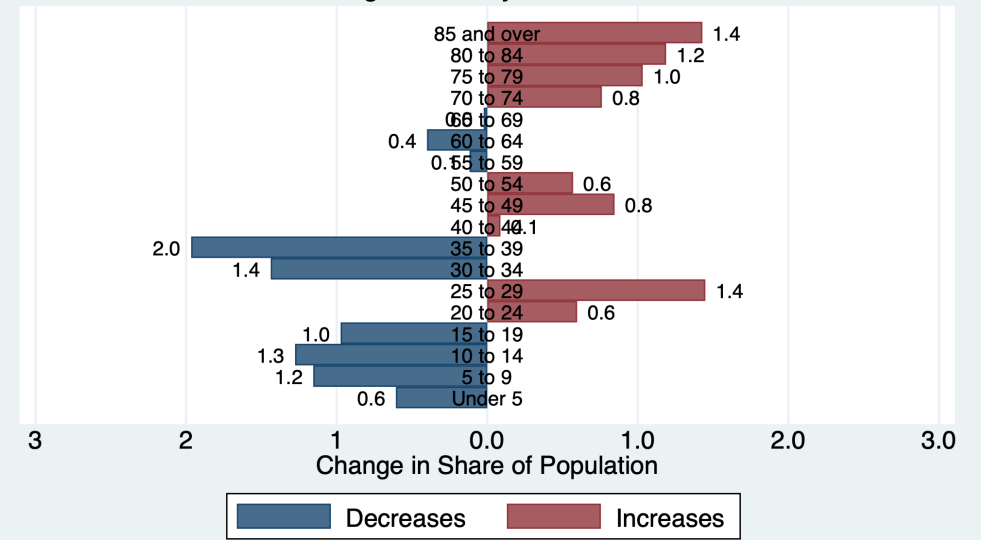


MBEP Population by Age
Change over 10 years, to 2035



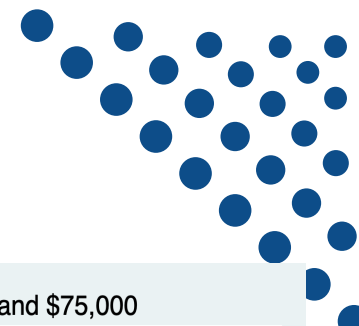
Source: California Department of Finance, P-3 Reports
Graph by: National Economic Education Delegation (www.NEEDecon.org)

California Population by Age
Change over 10 years, to 2035

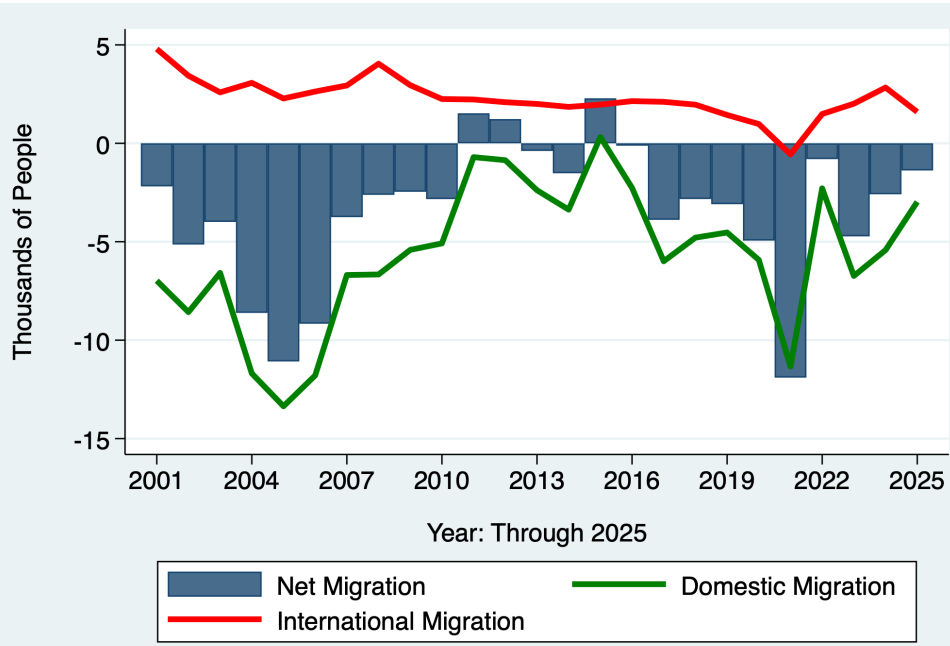


Source: California Department of Finance, P-3 Reports
Graph by: National Economic Education Delegation (www.NEEDecon.org)

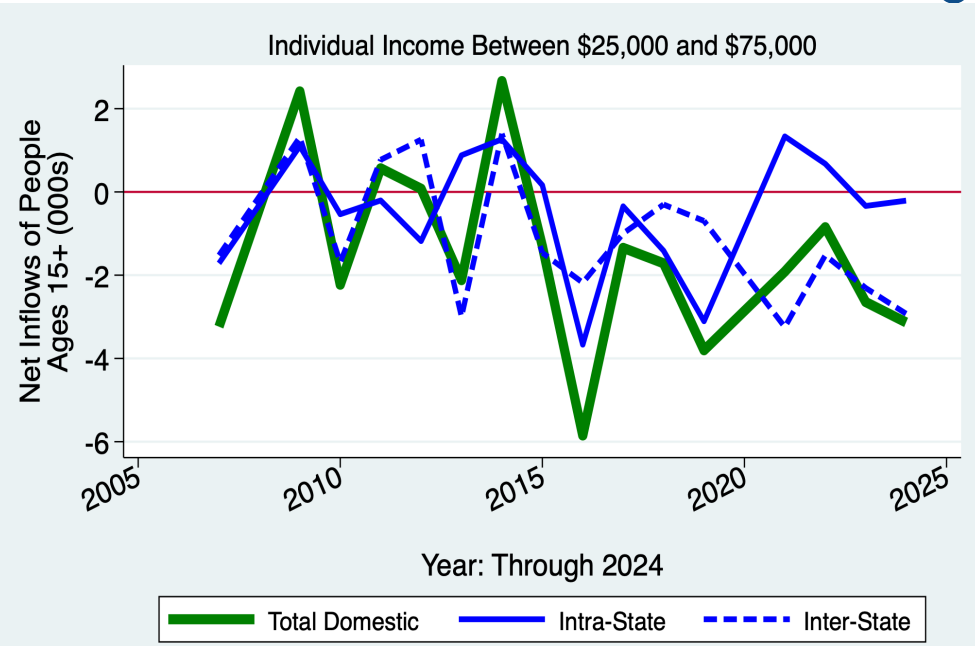
Migration: Outflows of Mid/Lower-Income



Monterey Bay Region

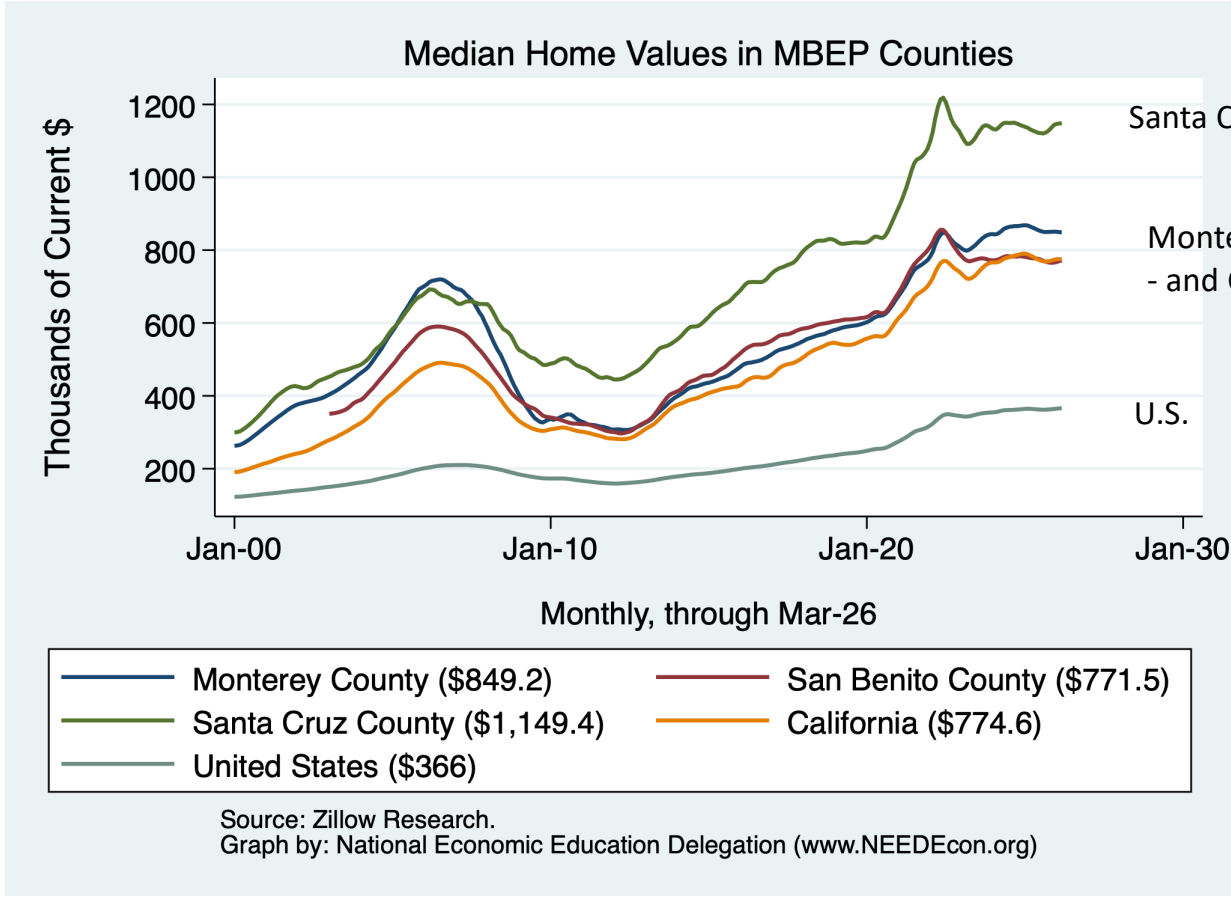


Source: California Department of Finance
Graph by: National Economic Education Delegation (www.NEEDecon.org)

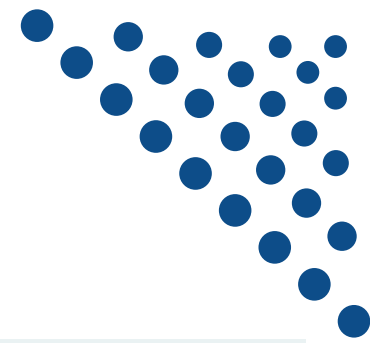


Source: 1-year American Community Survey Summary Files
Graph by: National Economic Education Delegation (www.NEEDecon.org)

Home Prices - The Monterey Bay Region

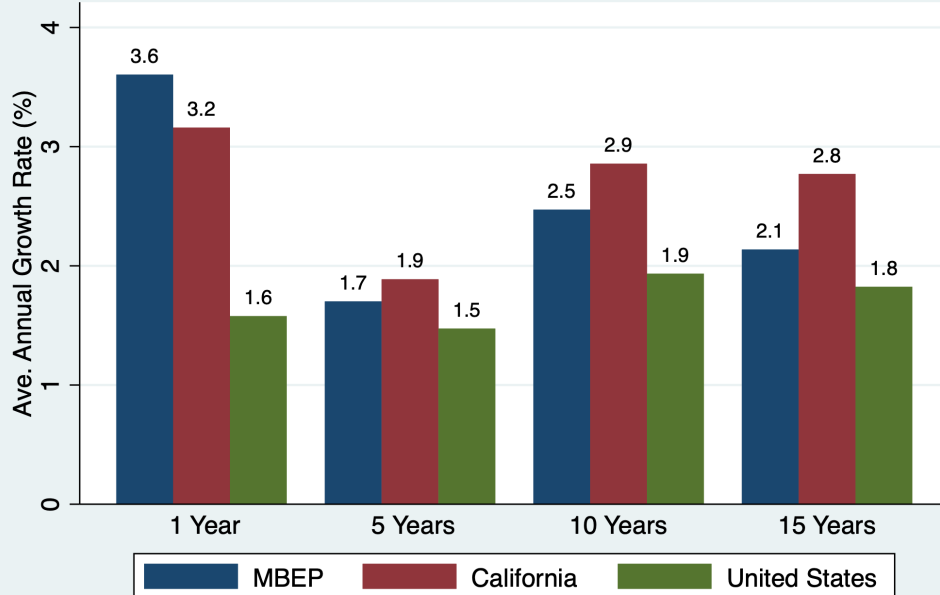


Personal Income – Monterey Bay Region



Per Capita Personal Income

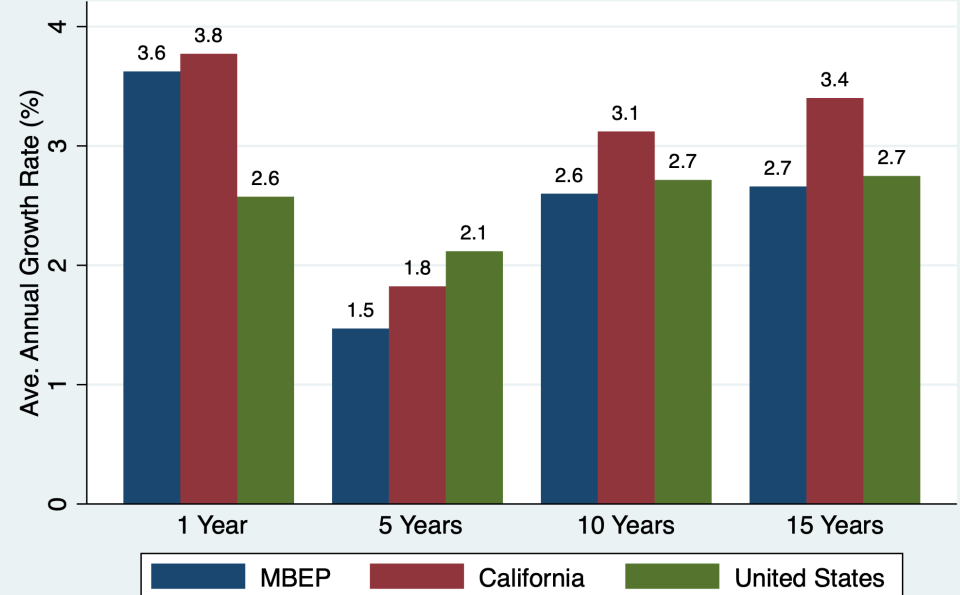
(Over the last 1, 5, 10, and 15 years, to 2024)



Source: U.S. Bureau of Economic Analysis

Personal Income

(Over the last 1, 5, 10, and 15 years, to 2024)



Source: U.S. Bureau of Economic Analysis

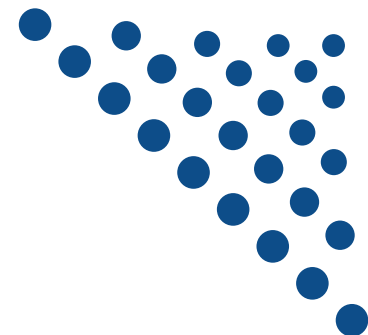
Monterey Bay Region: Summary



- **Home prices have begun to grow again, but not much.**
- **Aging population will require in-migration to grow the local economy.**
 - However, recent years have seen more out-migration than in.
- **Employment recovery is picking up pace.**
 - Significant growth in education and healthcare.
 - Could well be compromised in other sectors by the war.
- **Per capita income is rising – driven by exodus of lower-income residents.**
- **The region appears to be quite healthy.**
 - Big question is whether or not it will stay that way. I think so.

Thank you!

Any Questions?



www.NEEDEcon.org

Jon D. Haveman

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