

ECONOMIC TRENDS MONTHLY

FEBRUARY 2012



St. Mary's University • San Antonio Hispanic Chamber of Commerce

Economics in the know.

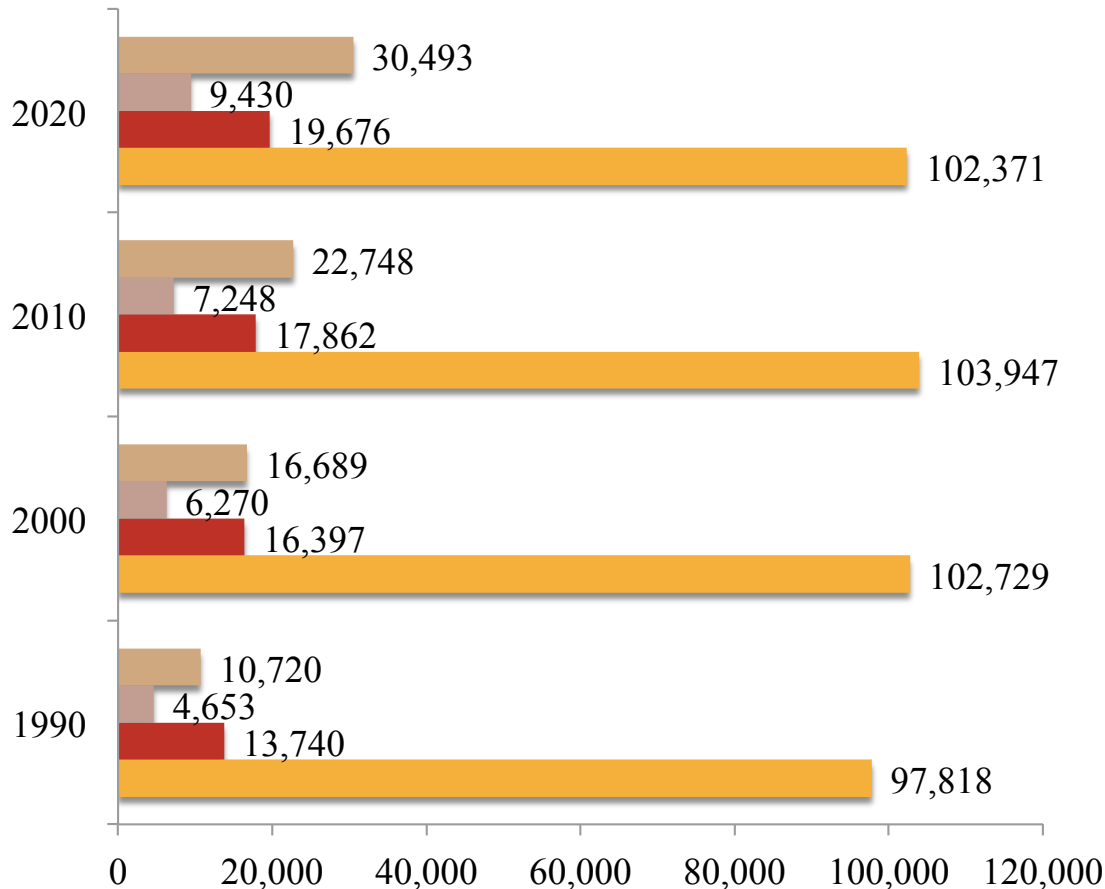
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Please contact Steve Nivin with any questions or comments at snivin@saberinstitute.org or 210 639-5587.

Demographics

U.S. Civilian Labor Force by Race and Ethnicity, 1990, 2000, 2010, and Projected 2020

3



Annual growth rate: 2010-2020

White, non-Hispanic: -0.2%
 Black: 1.0%
 Asian: 2.7%
 Hispanic : 3.0%

- Hispanic
- Asian
- Black
- White, non-Hispanic

Source: U.S. Bureau of Labor Statistics

U.S. Civilian Labor Force Participation Rate by Age Group, 1990, 2000, 2010, and Projected 2020

4

Age Group	Participation Rate			
	1990	2000	2010	2020
16 to 24	67.3%	65.4%	55.2%	48.2%
25 to 34	83.6%	84.6%	82.2%	80.6%
35 to 44	85.2%	84.8%	83.2%	82.6%
45 to 54	80.7%	82.5%	81.2%	80.8%
55 to 64	55.9%	59.3%	64.9%	68.8%
65 and older	11.8%	12.9%	17.4%	22.6%

Age Group	Annual Growth Rate		
	1990-2000	2000-2010	2010-2020
16 to 24	-0.3%	-1.7%	-1.3%
25 to 34	0.1%	-0.3%	-0.2%
35 to 44	0.0%	-0.2%	-0.1%
45 to 54	0.2%	-0.2%	0.0%
55 to 64	0.6%	0.9%	0.6%
65 and older	0.9%	3.0%	2.6%

Source: U.S. Bureau of Labor Statistics

U.S. Civilian Labor Force, Entrants, Leavers, Stayers, 2000, 2010, and Projected 2020

5

Race/Ethnicity	2000	2000-2010			2010	2010-2020			2020
		Entrants ¹	Leavers ²	Stayers ³		Entrants ¹	Leavers ²	Stayers ³	
White, non-Hispanic	102,729	18,929	17,711	85,018	103,947	18,099	19,676	84,271	102,371
Black	16,397	4,353	2,888	13,509	17,862	4,834	3,022	14,840	19,676
Asian	6,270	1,786	808	5,462	7,248	3,005	823	6,425	9,430
Hispanic	16,689	7,453	1,194	15,496	22,748	9,710	1,966	20,783	30,493
Total	142,583	32,963	21,657	120,926	153,889	35,800	25,329	128,560	164,360

(1)Entrants are those who were not in the labor force in 2010, but who will enter during the 2010-2020 period and will continue to be part of the labor force in 2020.

(2)Leavers are those who were in the labor force in 2010, but who will leave during the 2010-2020 period and will not be in the labor force of 2020.

(3)Stayers are those who were in the labor force in 2010 and who will remain in it through 2020.

Notes: "Total" includes all races and ethnicities.

Source: U.S. Bureau of Labor Statistics

Median Age of the U.S. Labor Force by Gender and Race/ Ethnicity, 1980, 1990, 2000, 2010, and Projected 2020

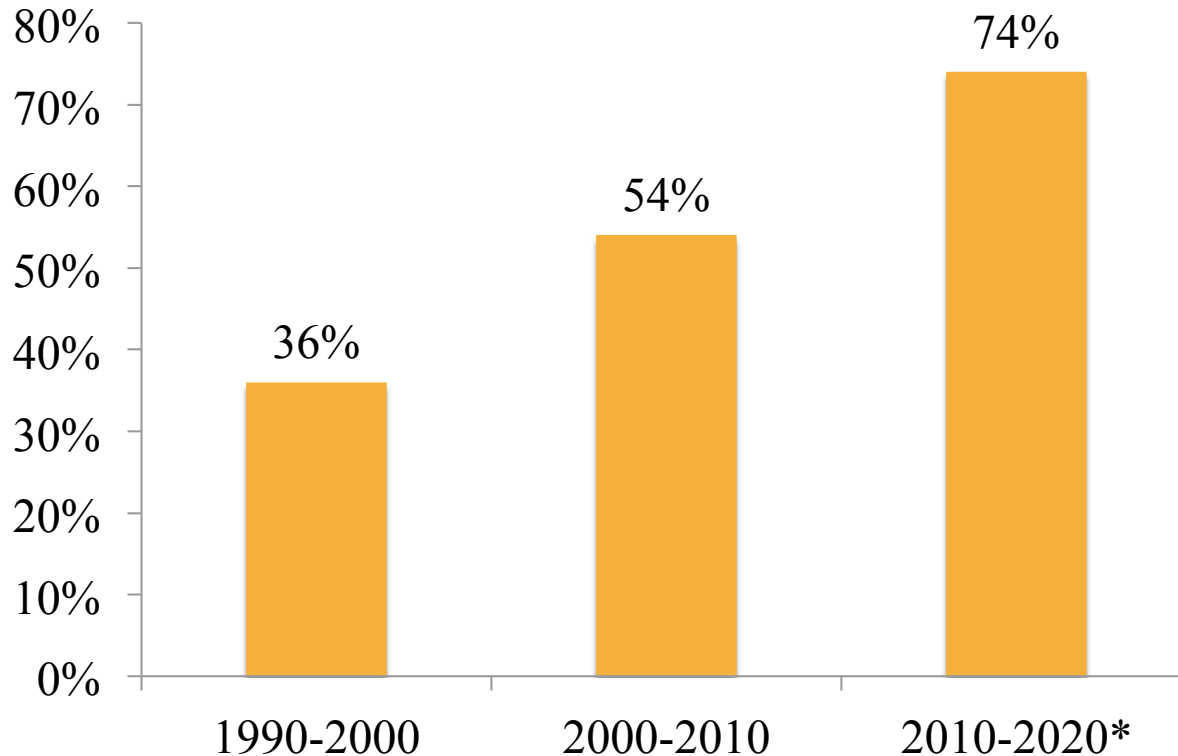
6

Group	1980	1990	2000	2010	2020
Total	34.6	36.4	39.3	41.7	42.8
Gender					
<i>Men</i>	35.1	36.5	39.2	41.5	42.4
<i>Women</i>	33.9	36.2	39.3	42.0	43.3
Race					
<i>White</i>	34.8	36.6	39.6	42.3	43.3
<i>Black</i>	33.3	34.8	37.4	39.3	40.4
<i>Asian</i>	34.1	35.8	37.9	41.2	44.0
Ethnicity					
<i>Hispanic</i>	32.0	31.2	33.7	36.9	38.7
<i>White, non-Hispanic</i>	35.2	37.1	40.5	43.6	44.8

Source: U.S. Bureau of Labor Statistics

Hispanics and Share of U.S. Labor Force Growth

7



* Projected

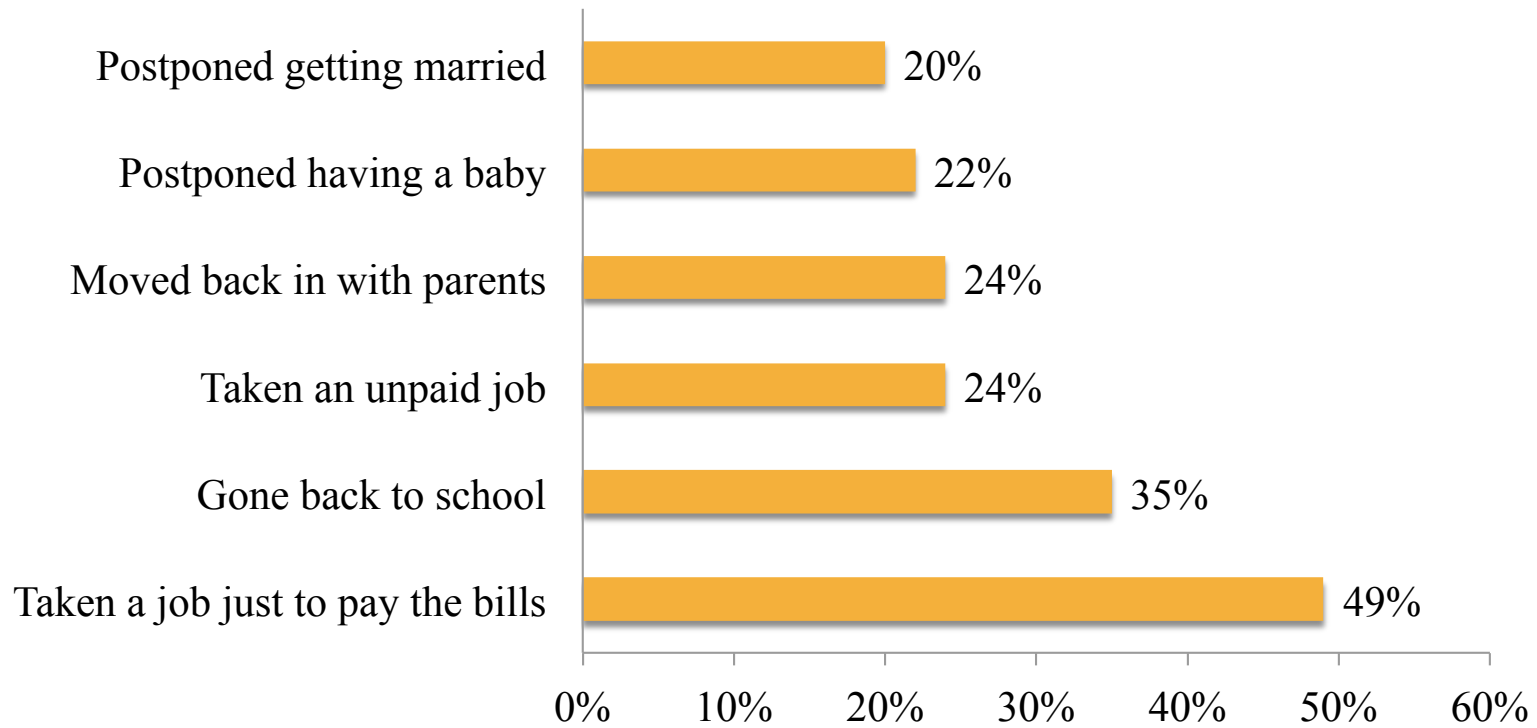
Source: U.S. Bureau of Labor Statistics; Pew Hispanic Research Center

- The share of the labor force that is Hispanic is projected to increase from 14.8% in 2010 to 18.6% in 2020.
- This trend is mainly due to the relative youth and higher growth rate of the Hispanic population.
- Hispanics will account for 74% of the 10.5 million workers added to the labor force from 2010-2020.

The Recession's Impact on the Young

8

How Economic Conditions Have Affected Young Adults' Lives
% of 18- to 34-year-olds saying they have done each in recent years because of economic conditions



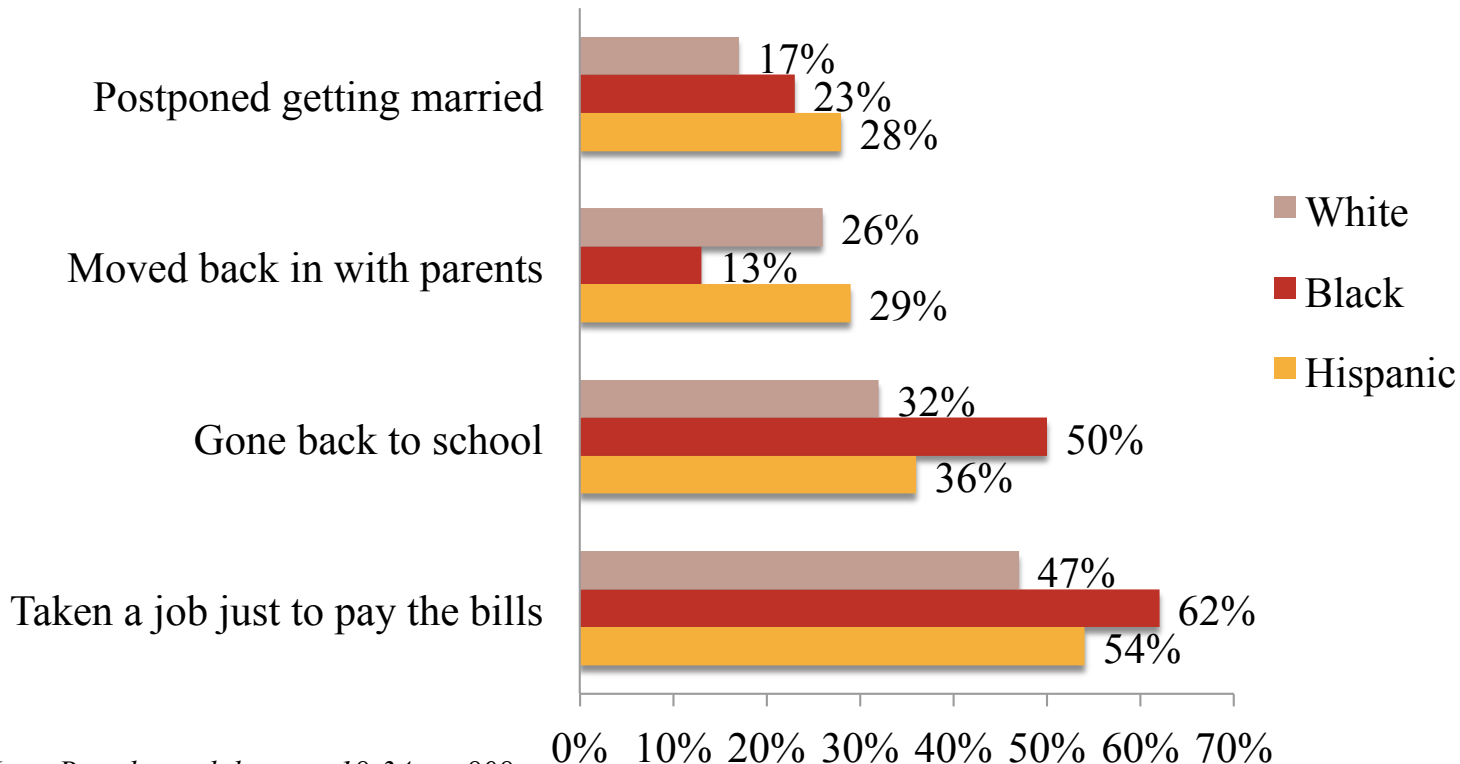
Note: Based on adults ages 18-34, n=808

Source: Pew Research Center

The Recession's Impact on the Young by Race/Ethnicity

How Economic Conditions Have Affected Young Adults' Lives by Race/Ethnicity

% of 18- to 34-year-olds saying they have done each

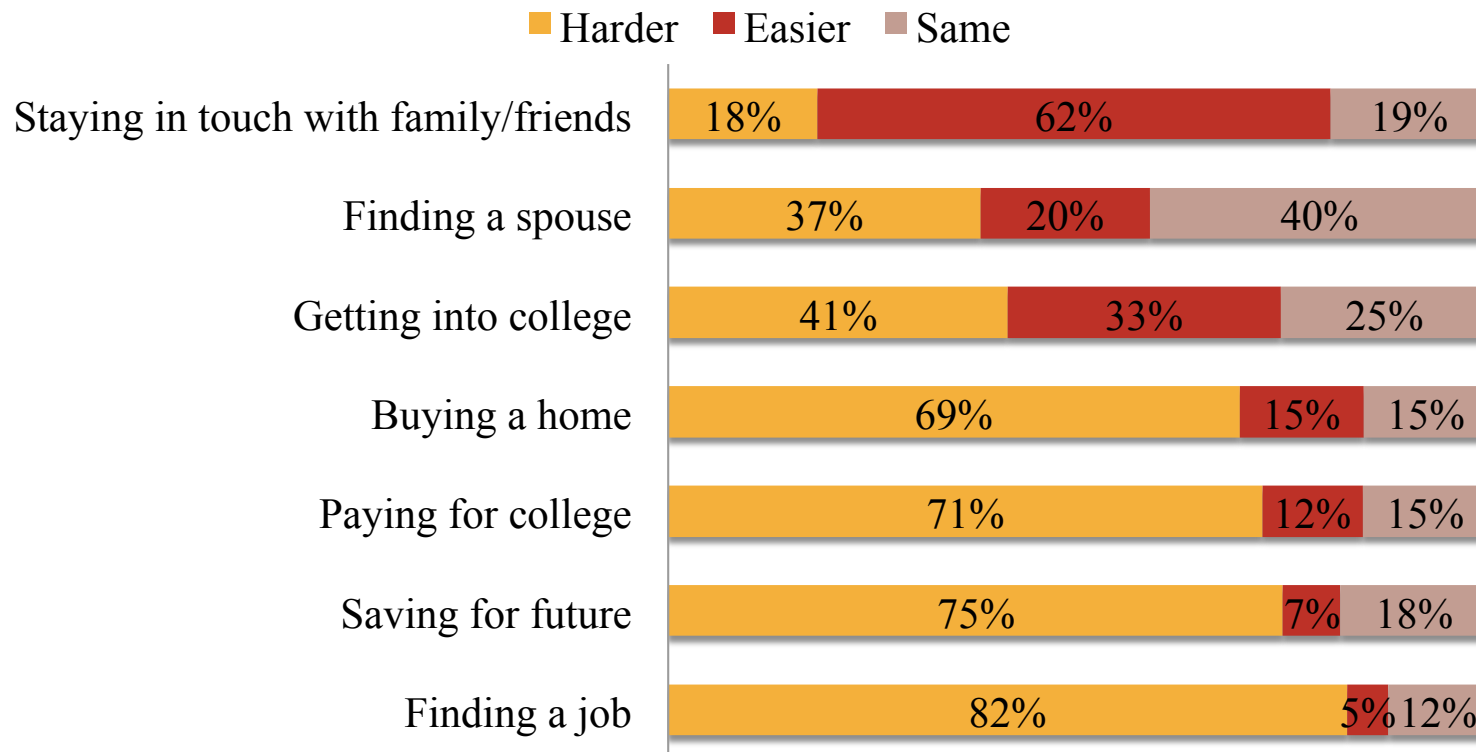


Note: Based on adults ages 18-34, n=808
Source: Pew Research Center

The Challenges Facing Today's Young Adults

10

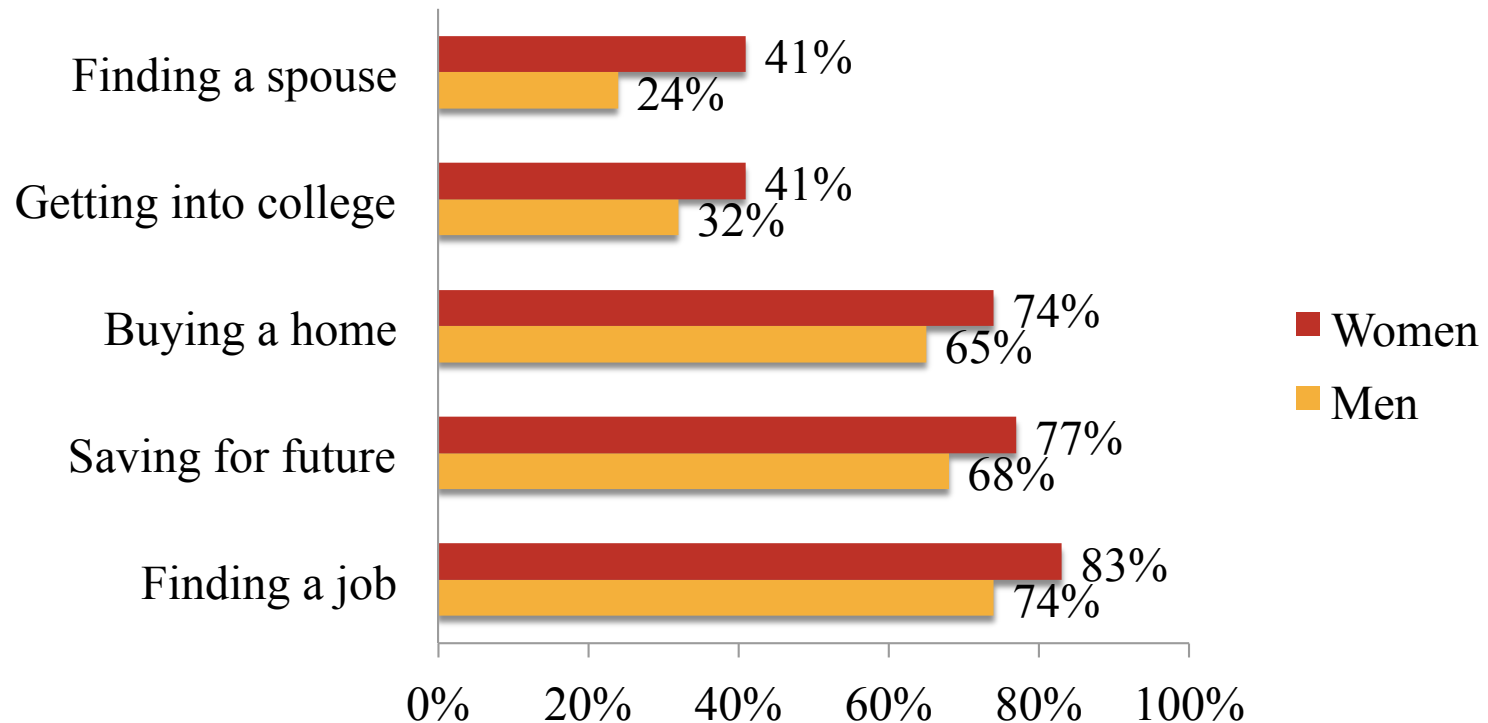
Times are Tougher for Today's Young Adults
% saying ... is harder/easier/about the same for today's young adults than it was for their parents' generation



*Note: Based on all adults, N=2,048. "Don't know/Refused" responses not shown.
Source: Pew Research Center*

The Challenges Facing Today's Young Women

Young Women See Greater Challenges
% of 18- to 34-year-olds saying ... is harder for today's young adults than it was for their parents' generation



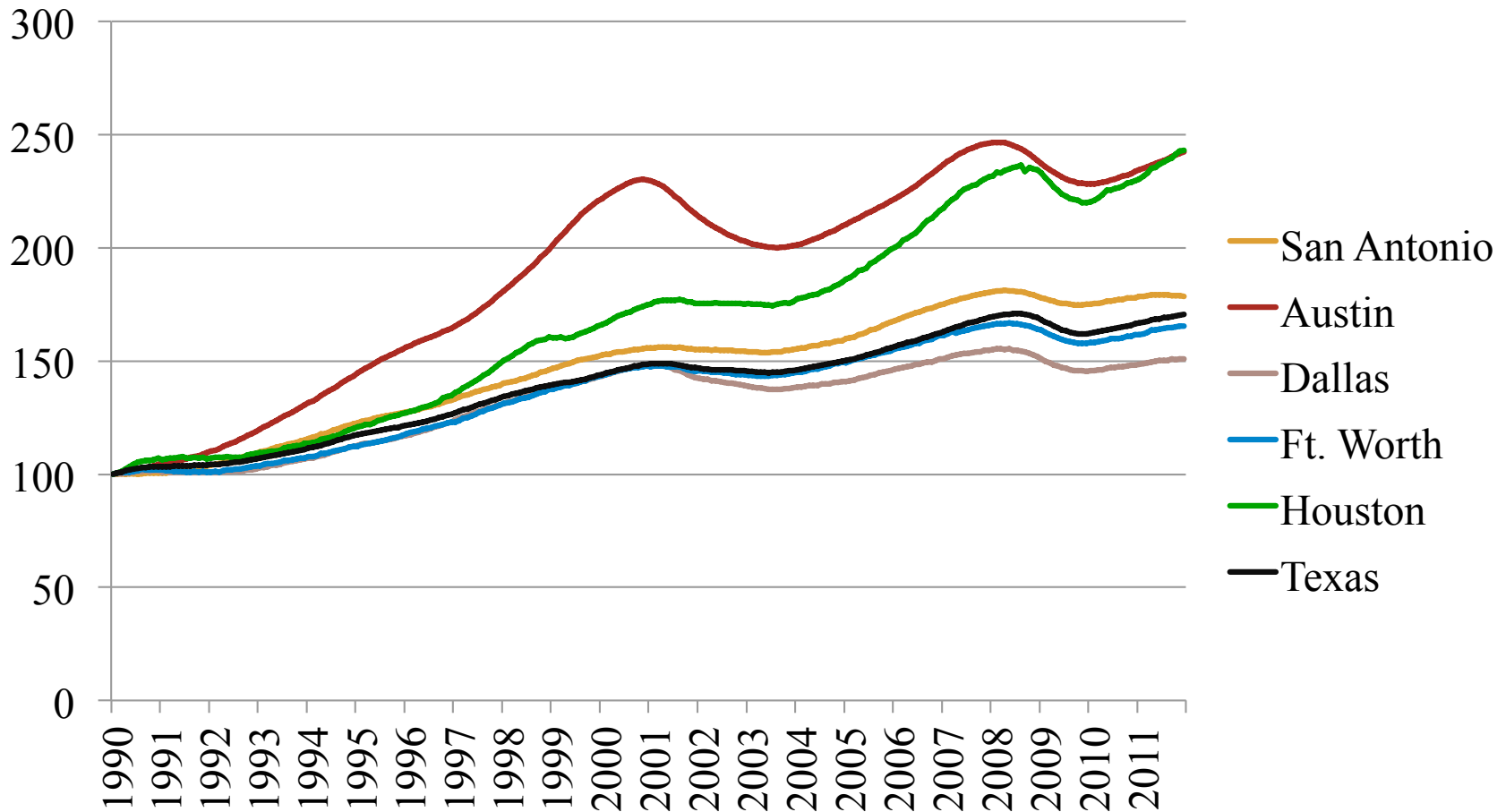
Note: Based on adults ages 18-34, n=808
Source: Pew Research Center

San Antonio Economic Indicators

Business Cycle Index

(Seasonally Adjusted - 1990 = 100)

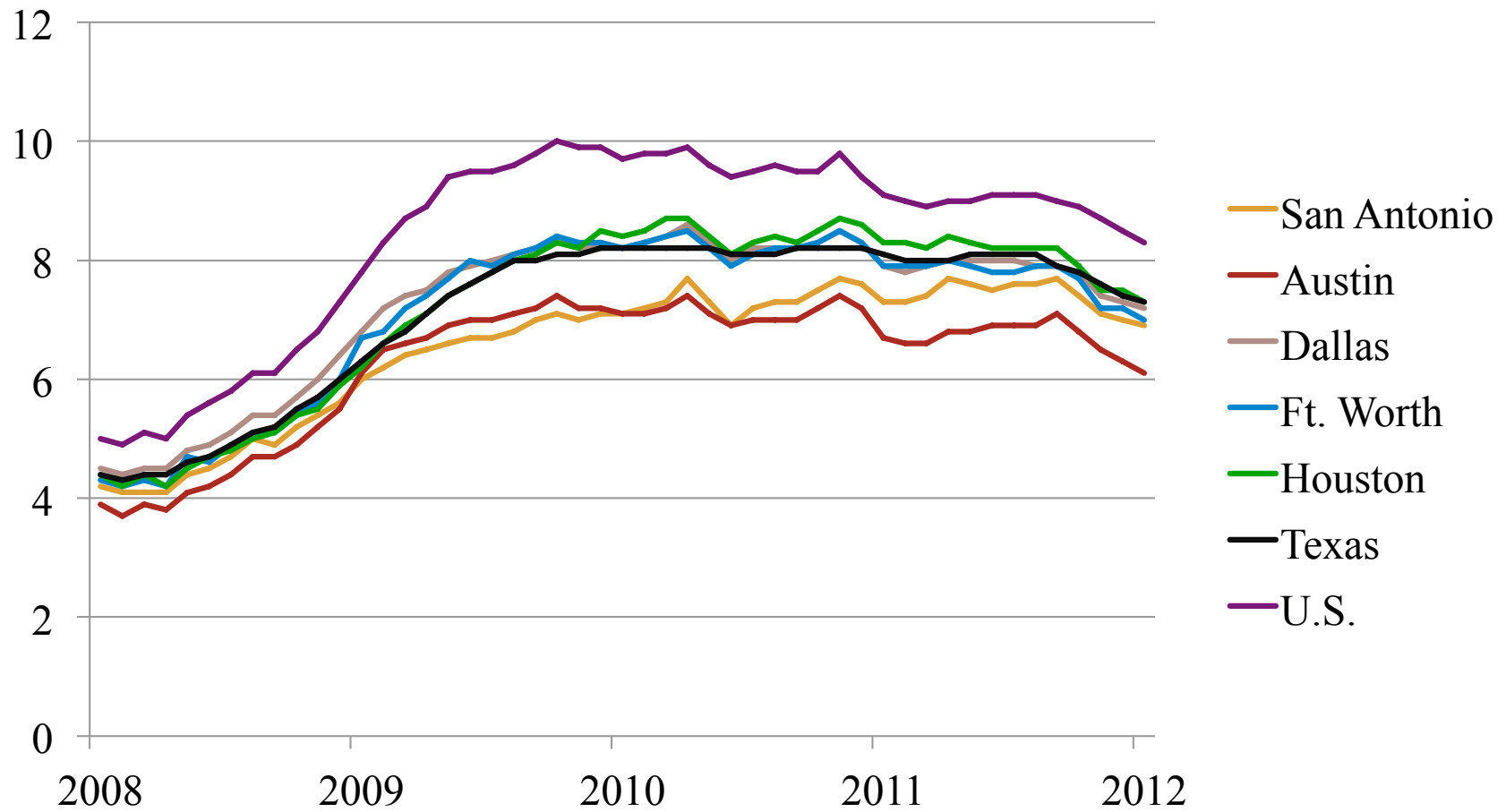
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Source: Federal Reserve Bank of Dallas

Unemployment Rate (Seasonally Adjusted)

14



Source: BLS; Federal Reserve Bank of Dallas

Unemployment Rates: January 2011 (Seasonally Adjusted)

15

Region	Unemployment Rate (Jan. 2011)
San Antonio	6.9%
Austin	6.1%
Dallas	7.2%
Ft. Worth	7.0%
Houston	7.3%
Texas	7.3%
U.S.	8.3%

Source: BLS; Federal Reserve Bank of Dallas

Employment Growth: Regional Comparison

Jan. 2011 – Jan. 2012

16

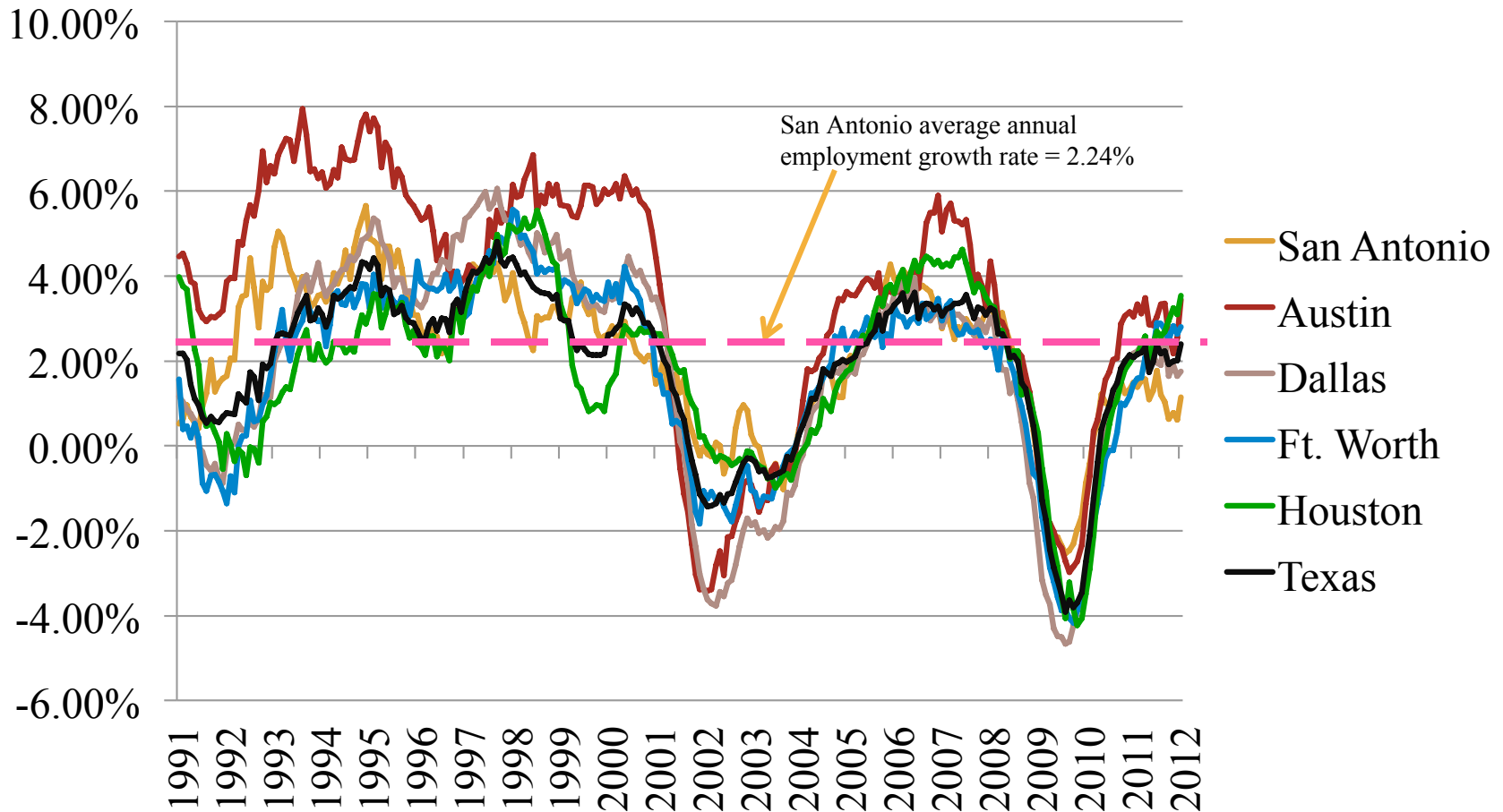
Region	Employment Growth	Employment Increase	Employment Decrease
San Antonio	1.28%	MLC, Mfg., Wholesale, Retail, TWU, Financial, Educ/Health, Hospitality, Other Services	Information, Prof. Services, Government
Austin	3.47%	MLC, Mfg., Wholesale, Retail, TWU, Information, Financial, Prof. Services, Educ/Health, Hospitality, Other Services	Government
Dallas	2.25%	Mfg., Wholesale, Retail, TWU, Financial, Prof. Services, Educ/Health, Hospitality, Other Services	MLC, Information, Government
Ft. Worth	2.90%	MLC, Mfg., Wholesale, Retail, TWU, Financial, Prof. Services, Educ/Health, Hospitality, Other Services	Information, Government
Houston	3.75%	MLC, Mfg., Wholesale, Retail, Financial, Prof. Services, Educ/Health, Hospitality, Other Services	TWU, Information, Government
Texas	2.54%	MLC, Mfg., Wholesale, Retail, TWU, Financial, Prof. Services, Educ/Health, Hospitality, Other Services	Information, Government
U.S.	1.70%		

Source: BLS; Change calculations by SABER Institute

MLC=Mining, Logging, and Construction; TWU=Transportation, Warehousing, Utilities

Employment Growth (Month over Month in Previous Year)

17

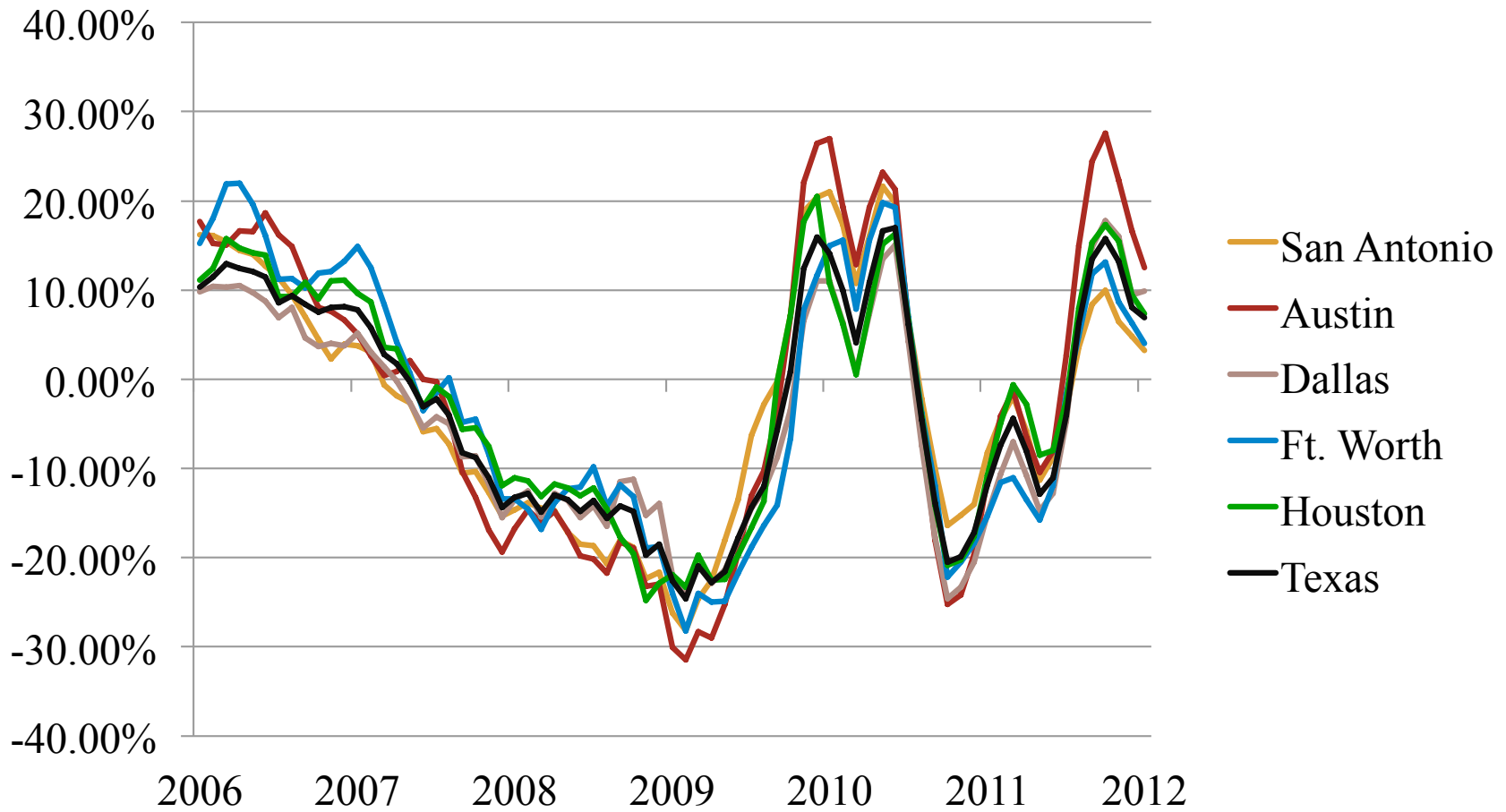


Source: Federal Reserve Bank of Dallas; Calculations by SABER Institute

MLS Home Sales

(4MMA, % Change from Year Earlier)

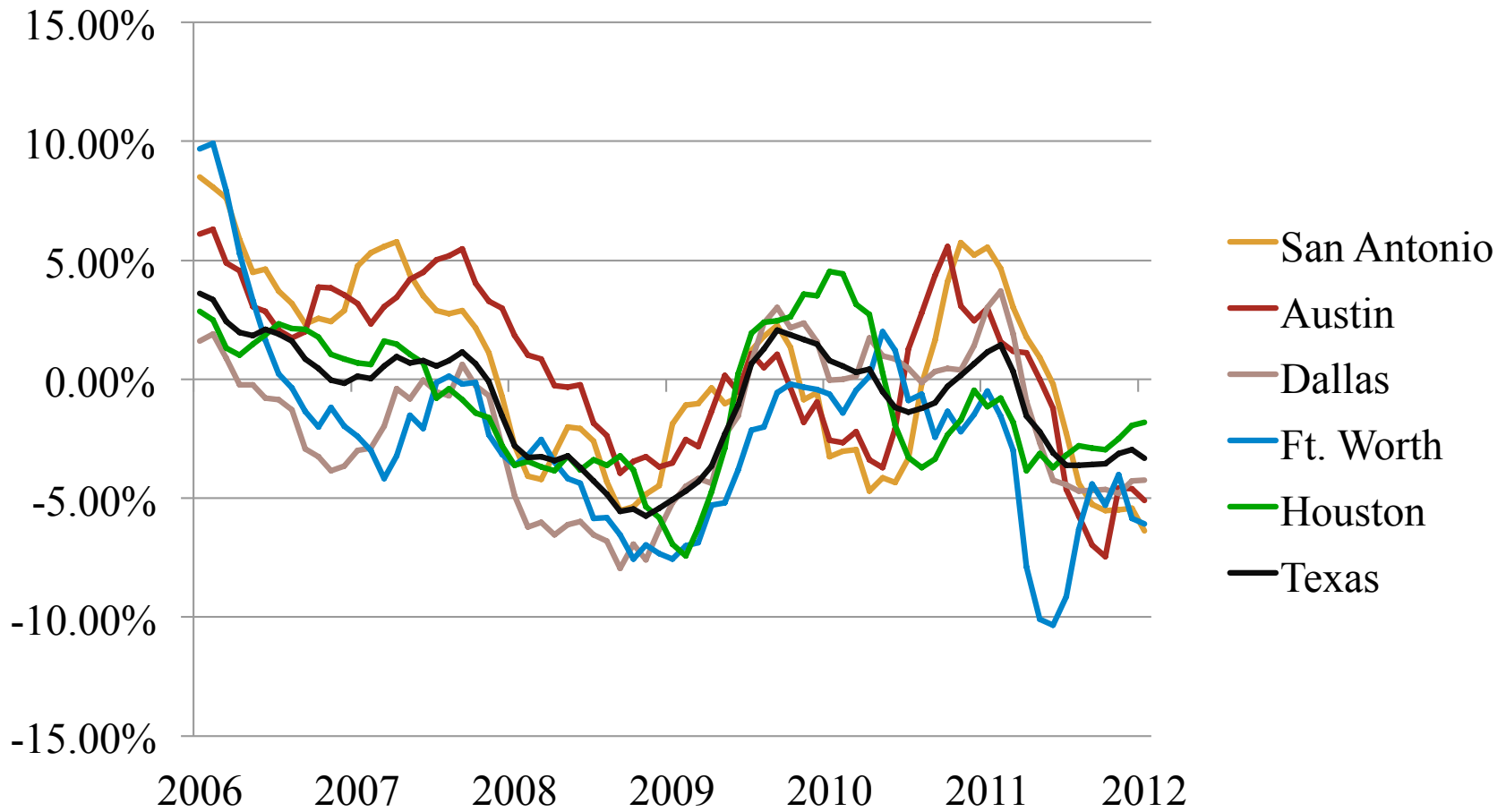
18



Source: Texas A&M Real Estate Center; Calculations by SABÉR Institute

MLS Real Median Home Prices (4MMA, % Change from Year Earlier)

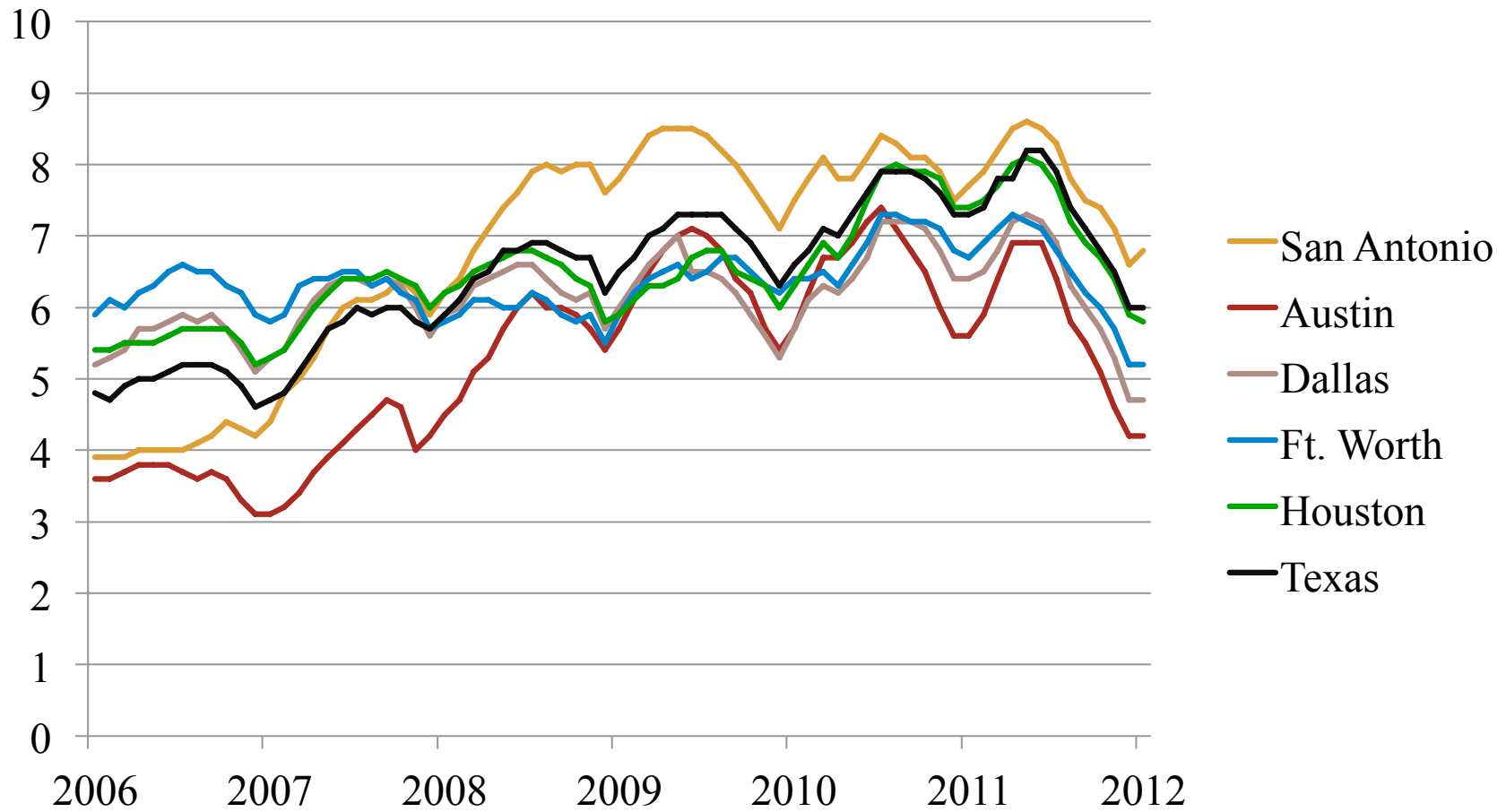
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Source: Texas A&M Real Estate Center; Calculations by SABÉR Institute

Months in Inventory

20



Source: Texas A&M Real Estate Center

Affordability Index of Existing Single-Family Homes for Selected Texas MSAs

Metropolitan Area	2009	2010	2011 p*
Austin-Round Rock	97.1	99.6	104.6
Dallas-Fort Worth-Arlington	145.7	150.0	152.5
Houston-Baytown-Sugar Land	145.8	151.4	160.2
San Antonio-New Braunfels	114.3	120.0	126.2

Note: (*) Preliminary

The National Association of Realtors (NAR) affordability index measures whether or not a typical family could qualify for a mortgage loan on a typical home. A typical home is defined as the national median-priced, existing single-family home as calculated by NAR. The typical family is defined as one earning the median family income as reported by the U.S. Census Bureau. An index of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced home. An index above 100 signifies that family earning the median income has more than enough income to qualify for a mortgage loan on a median-priced home, assuming a 20% down payment.

Source: National Association of Realtors

Affordability Index of Existing Single-Family Homes for Selected Nationwide MSAs

Metropolitan Area	2009	2010	2011 p*
Los Angeles-Long Beach-Santa Ana, CA	58.5	65.1	72.7
San Francisco-Oakland-Fremont, CA	58.3	58.0	66.2
Miami-Fort Lauderdale-Miami Beach, FL	97.5	107.0	125.3
Phoenix-Mesa-Scottsdale, AZ	126.3	129.7	162.0

Note: (*) Preliminary

The National Association of Realtors (NAR) affordability index measures whether or not a typical family could qualify for a mortgage loan on a typical home. A typical home is defined as the national median-priced, existing single-family home as calculated by NAR. The typical family is defined as one earning the median family income as reported by the U.S. Census Bureau. An index of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced home. An index above 100 signifies that family earning the median income has more than enough income to qualify for a mortgage loan on a median-priced home, assuming a 20% down payment.

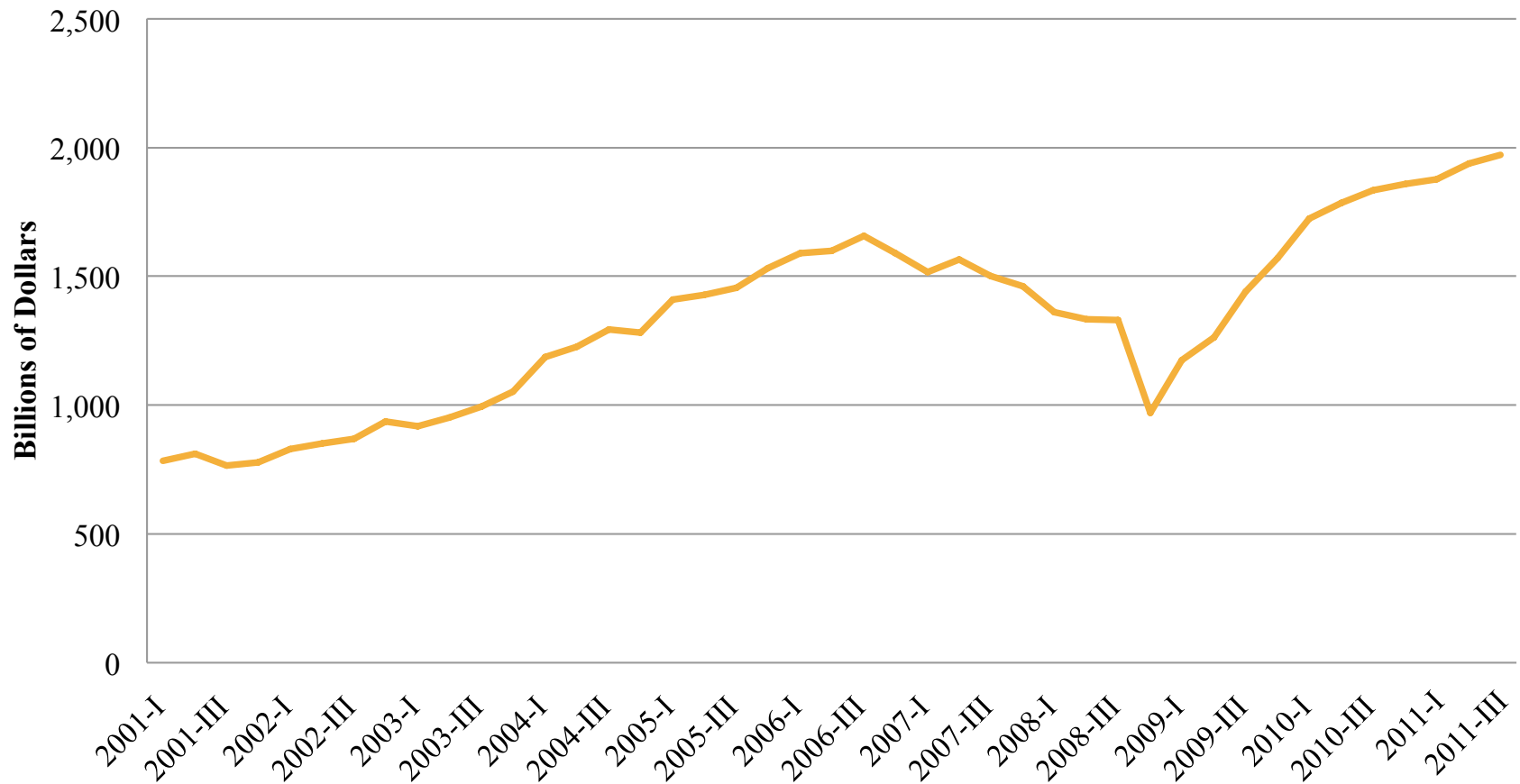
Source: National Association of Realtors

U.S. Economic Indicators

Corporate profits increased \$32.5B in Q3 2011 from the previous quarter.

Seasonally adjusted profits with inventory and capital consumption adjustments

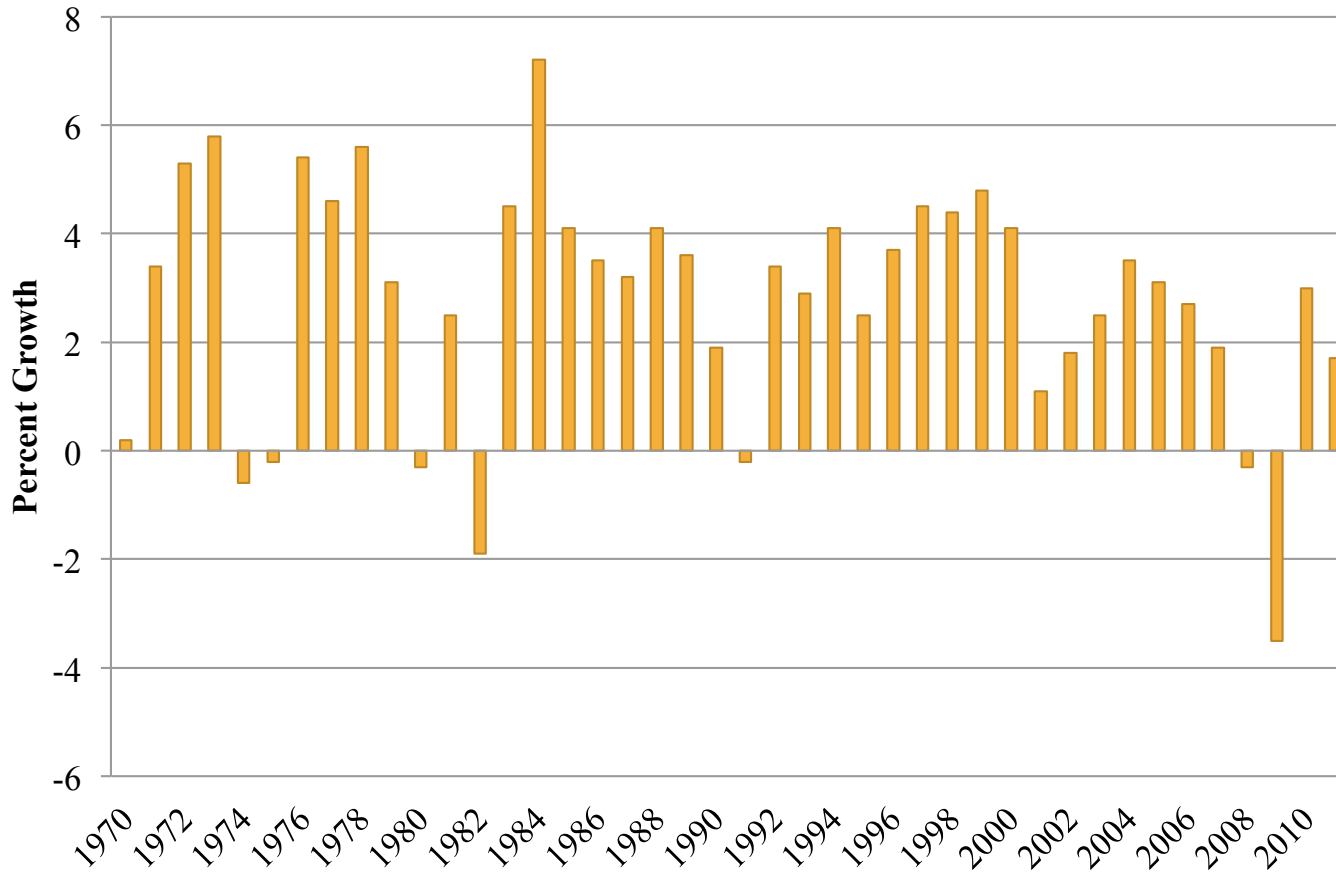
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Source: U.S. Bureau of Economic Analysis

Real GDP Year-over-Year Growth

25

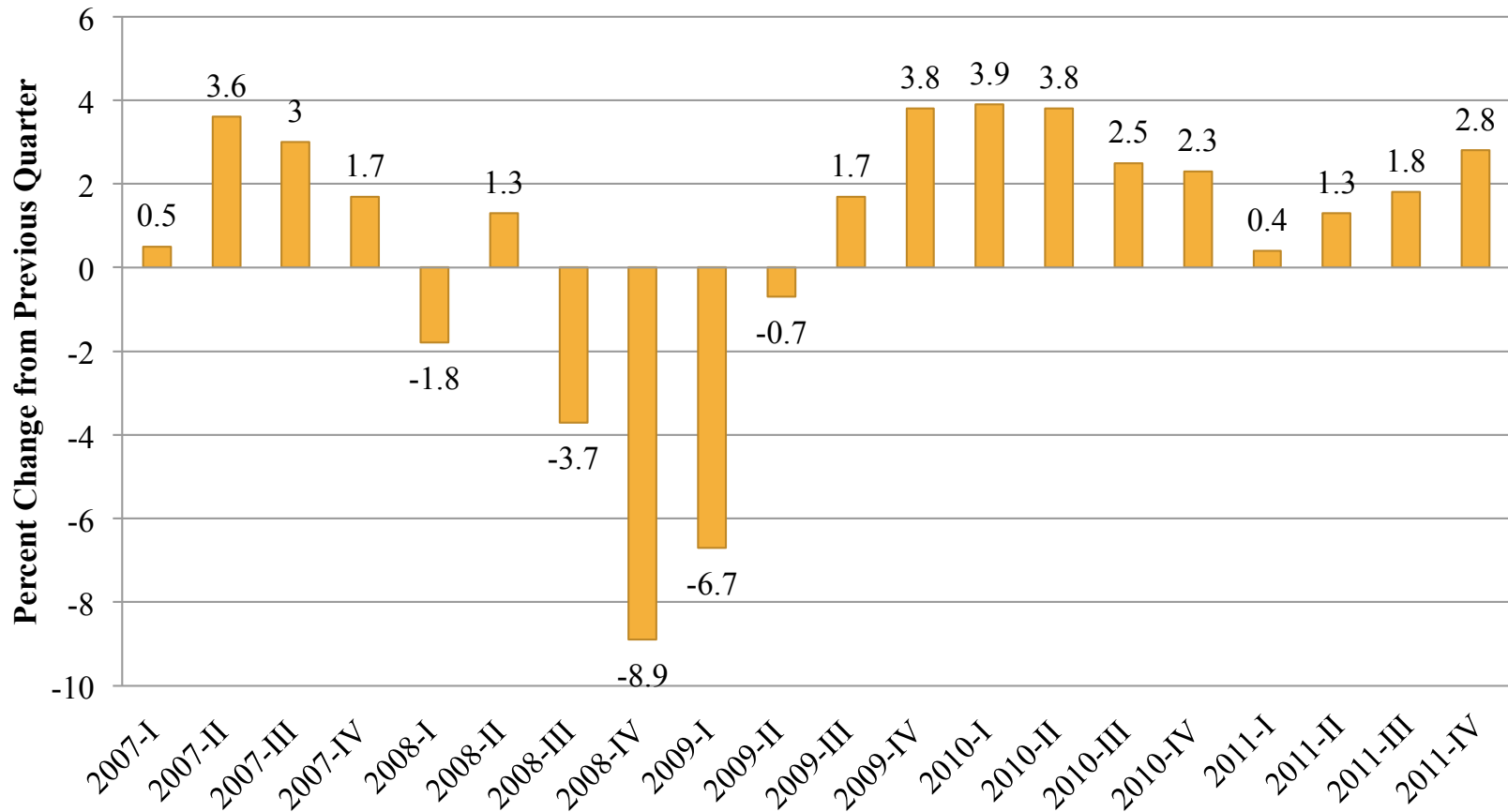


Real year-over-year
GDP increased by
1.7% in 2011.

Source: U.S. Bureau of Economic Analysis

U.S. Real Gross Domestic Product (Seasonally Adjusted at Annual Rates)

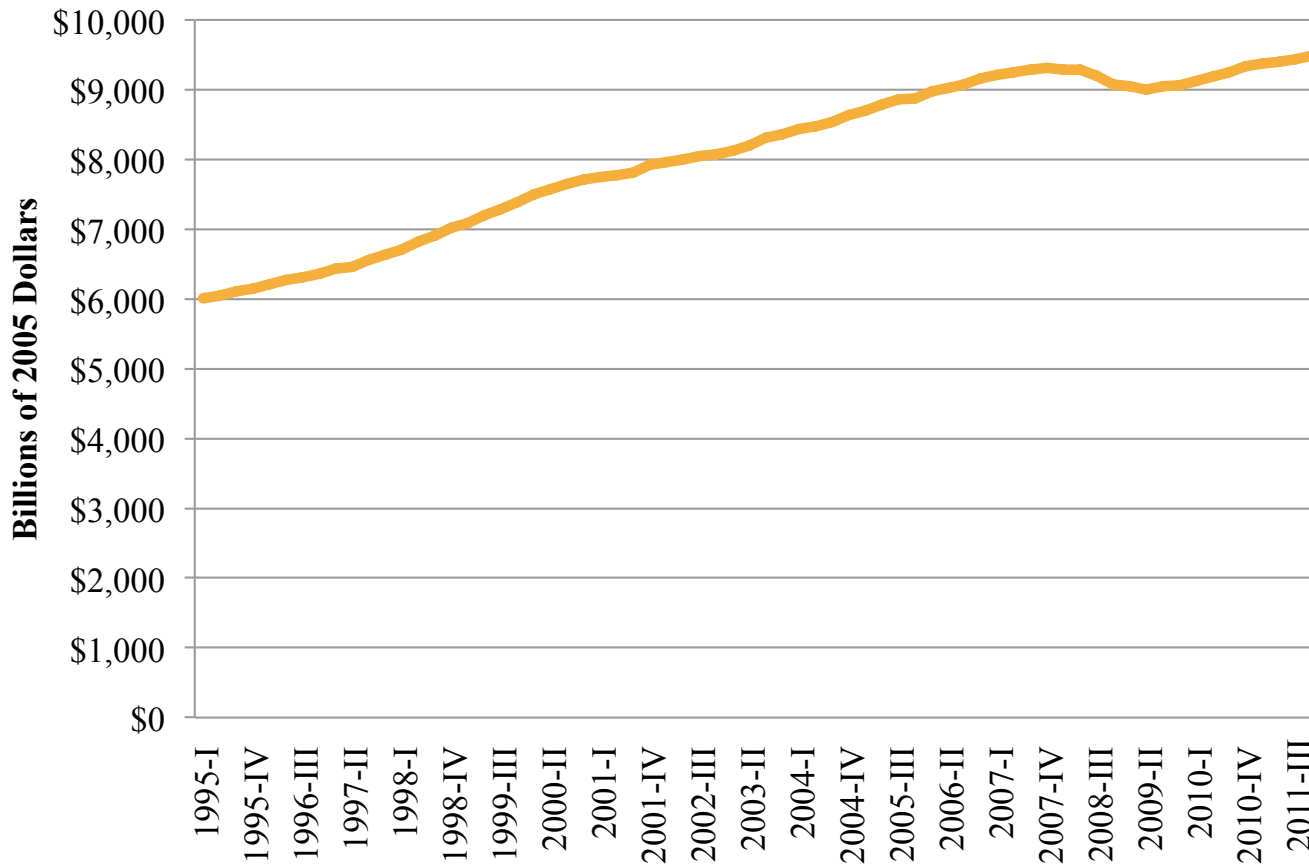
26



Source: U.S. Bureau of Economic Analysis

Quarterly Real Personal Consumption Expenditures (chain-weighted, seasonally adjusted)

27

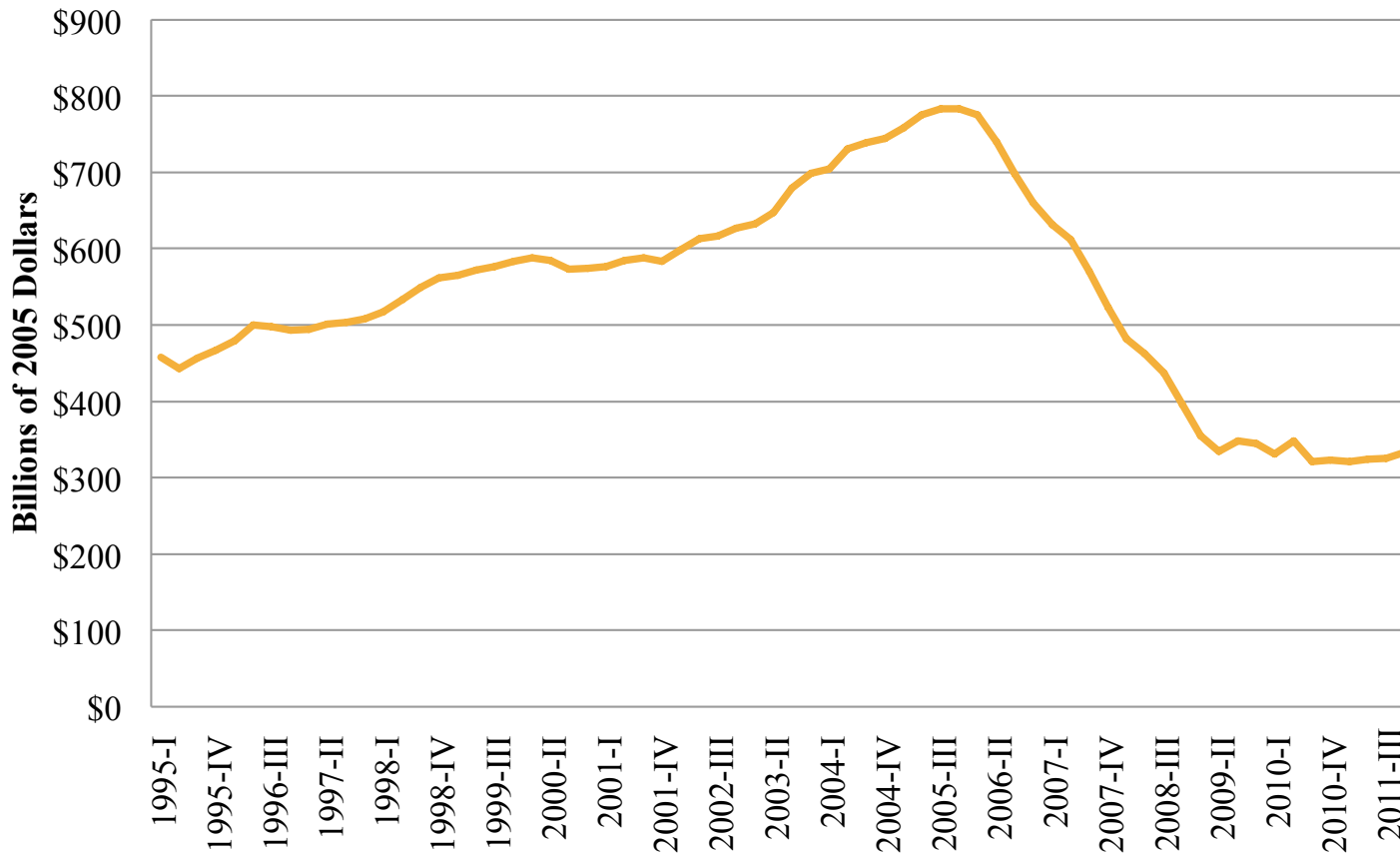


Personal consumption expenditures increased by 0.51% in 4Q 2011 relative to 3Q 2011.

Source: U.S. Bureau of Economic Analysis

Quarterly Real Fixed Residential Investment (chain-weighted, seasonally adjusted)

28

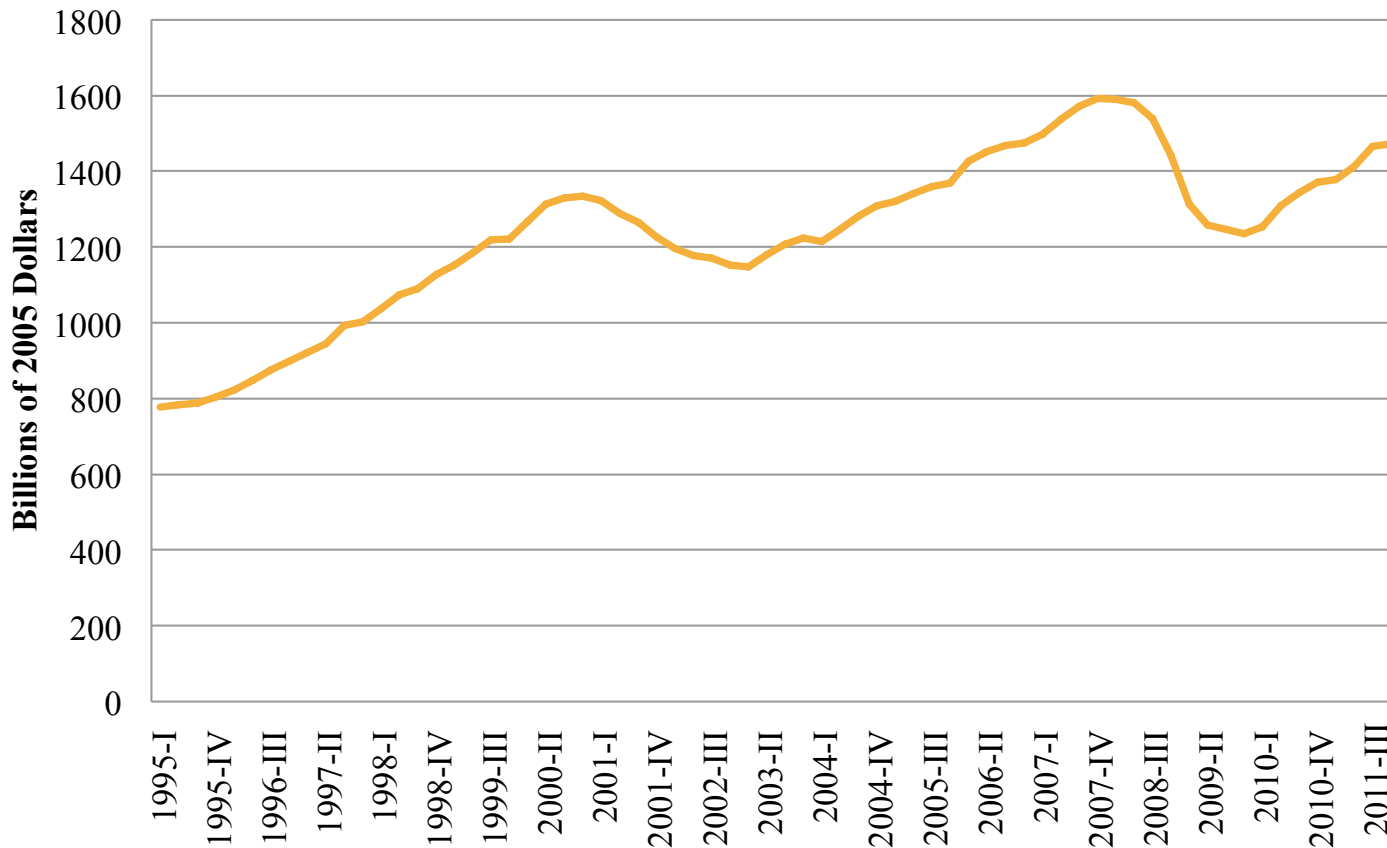


Real fixed residential investment increased by 2.6% in 4Q 2011 relative to 3Q 2011.

Source: U.S. Bureau of Economic Analysis

Quarterly Real Fixed Nonresidential Investment (chain-weighted, seasonally adjusted)

29

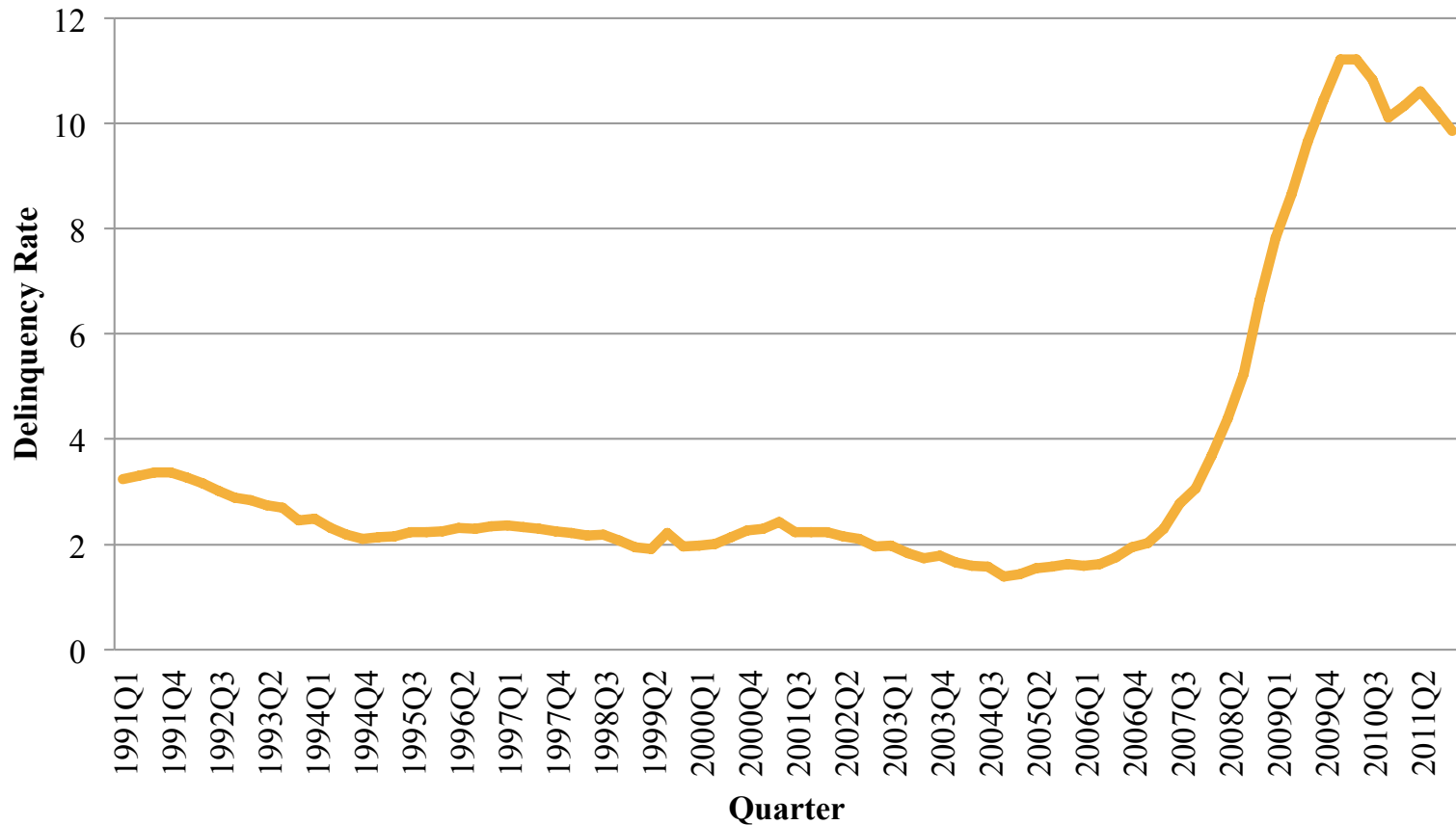


Real fixed nonresidential investment increased by 0.4% in 4Q 2011 relative to 3Q 2011.

Source: U.S. Bureau of Economic Analysis

Delinquency Rate on Single-family Residential Mortgages (Seasonally adjusted)

30

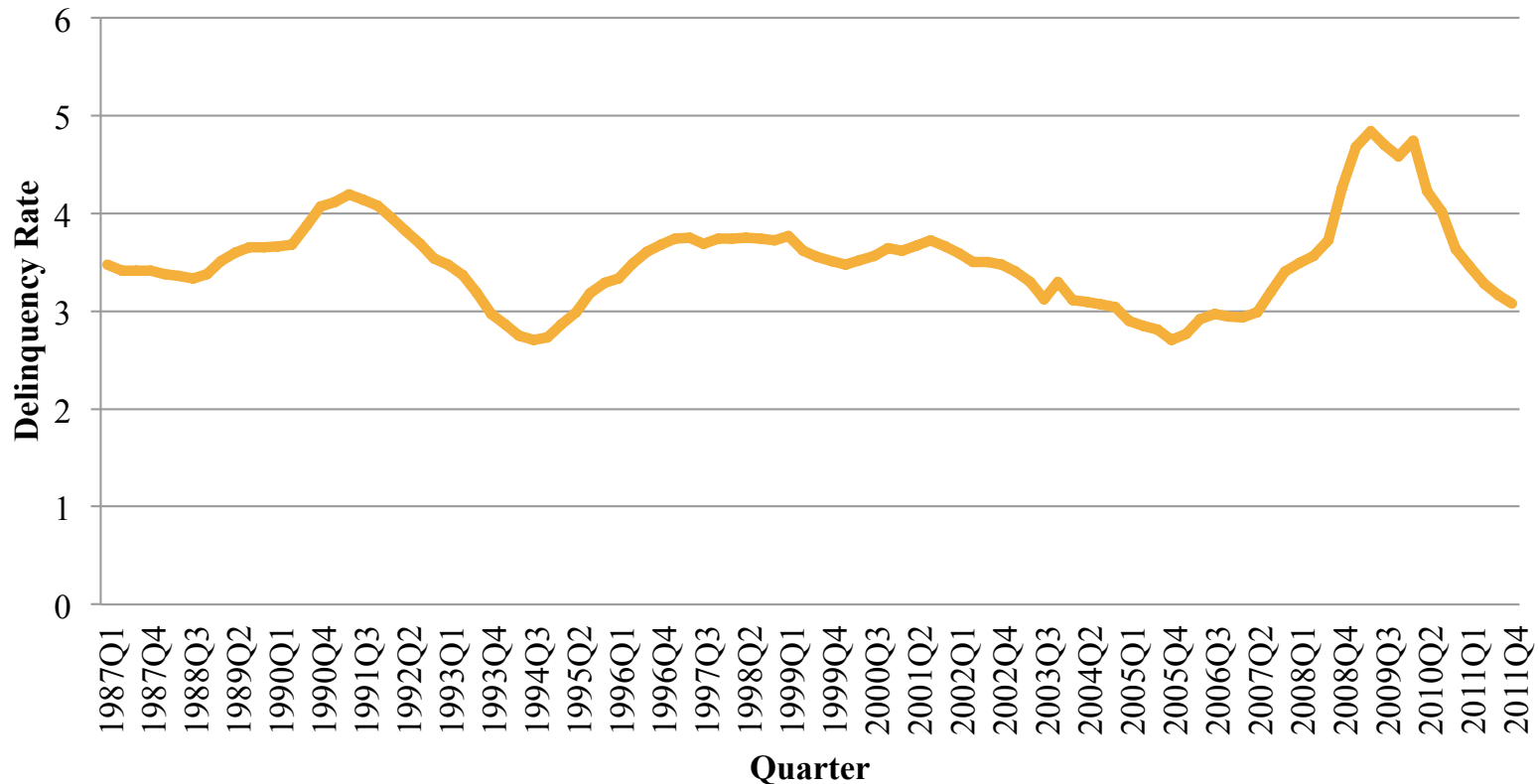


Source: Federal Reserve Board of Governors

Note: Booked in domestic offices; All commercial banks

Delinquency Rate on Consumer Loans (Seasonally adjusted)

31

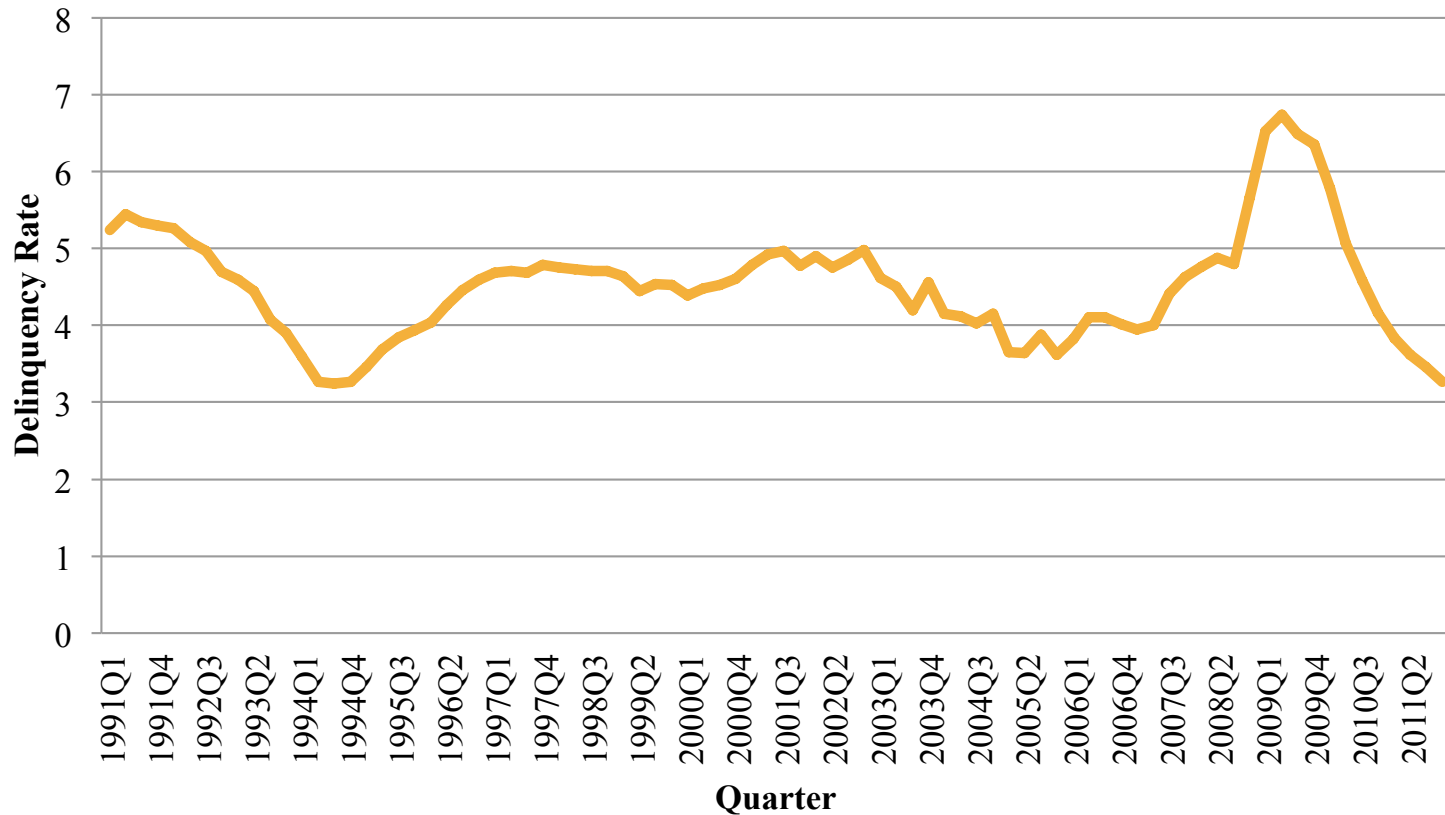


Source: Federal Reserve Board of Governors

Note: All commercial banks

Delinquency Rate on Credit Card Loans (Seasonally adjusted)

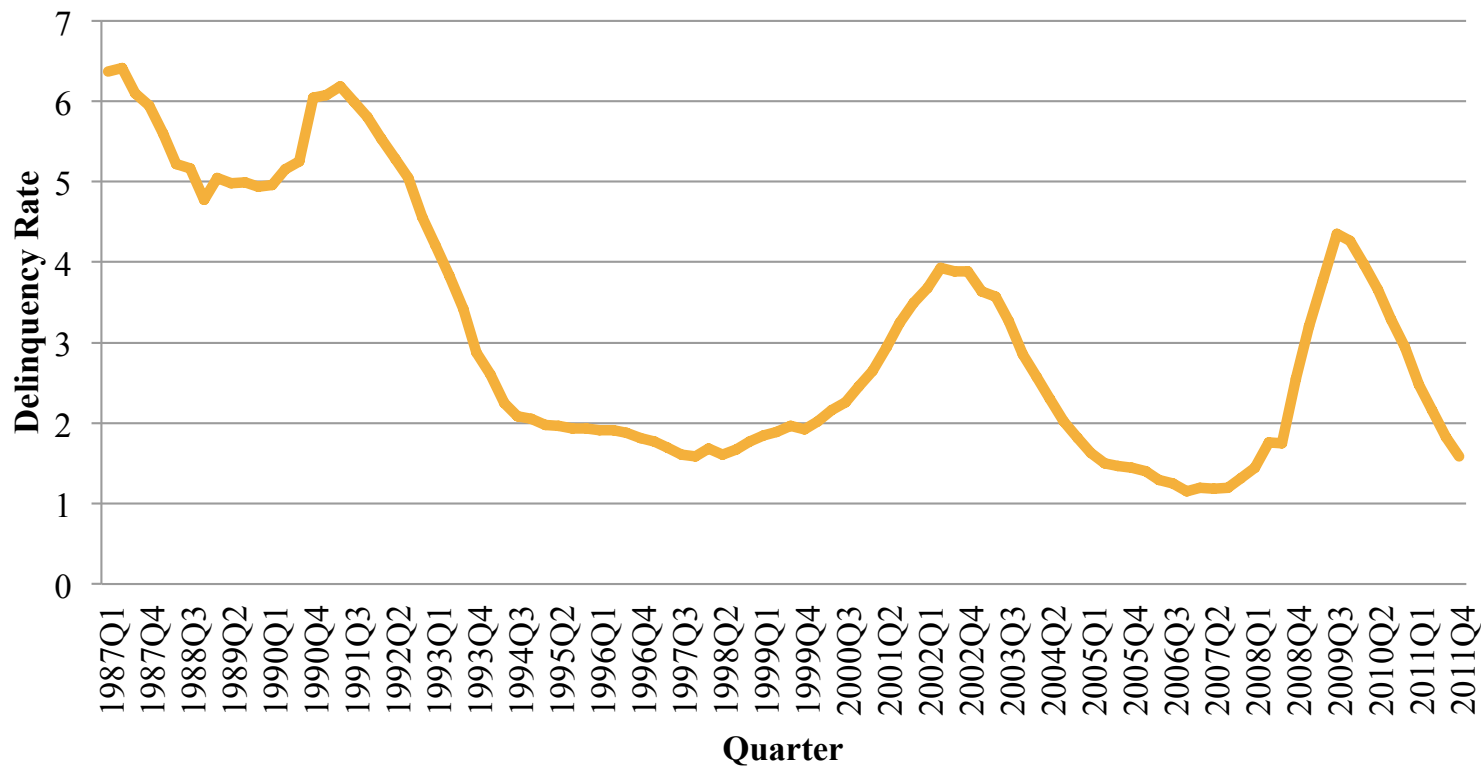
32



Source: Federal Reserve Board of Governors
Note: All commercial banks

Delinquency Rate on Business Loans (Seasonally adjusted)

33



Source: Federal Reserve Board of Governors

Note: All commercial banks

Yield Spread as Indicator of Future Growth (see next slide)

34

“...monetary actions can have a temporary impact on short-term real interest rates and, through that channel, influence real economic activity at short horizons. A policy that drives short-term real rates down relative to the 10-year real rate encourages current investment and consumer-durables spending, stimulating real activity. Conversely, a policy that drives short-term interest rates up relative to 10-year real rates discourages current spending and restrains real activity.”

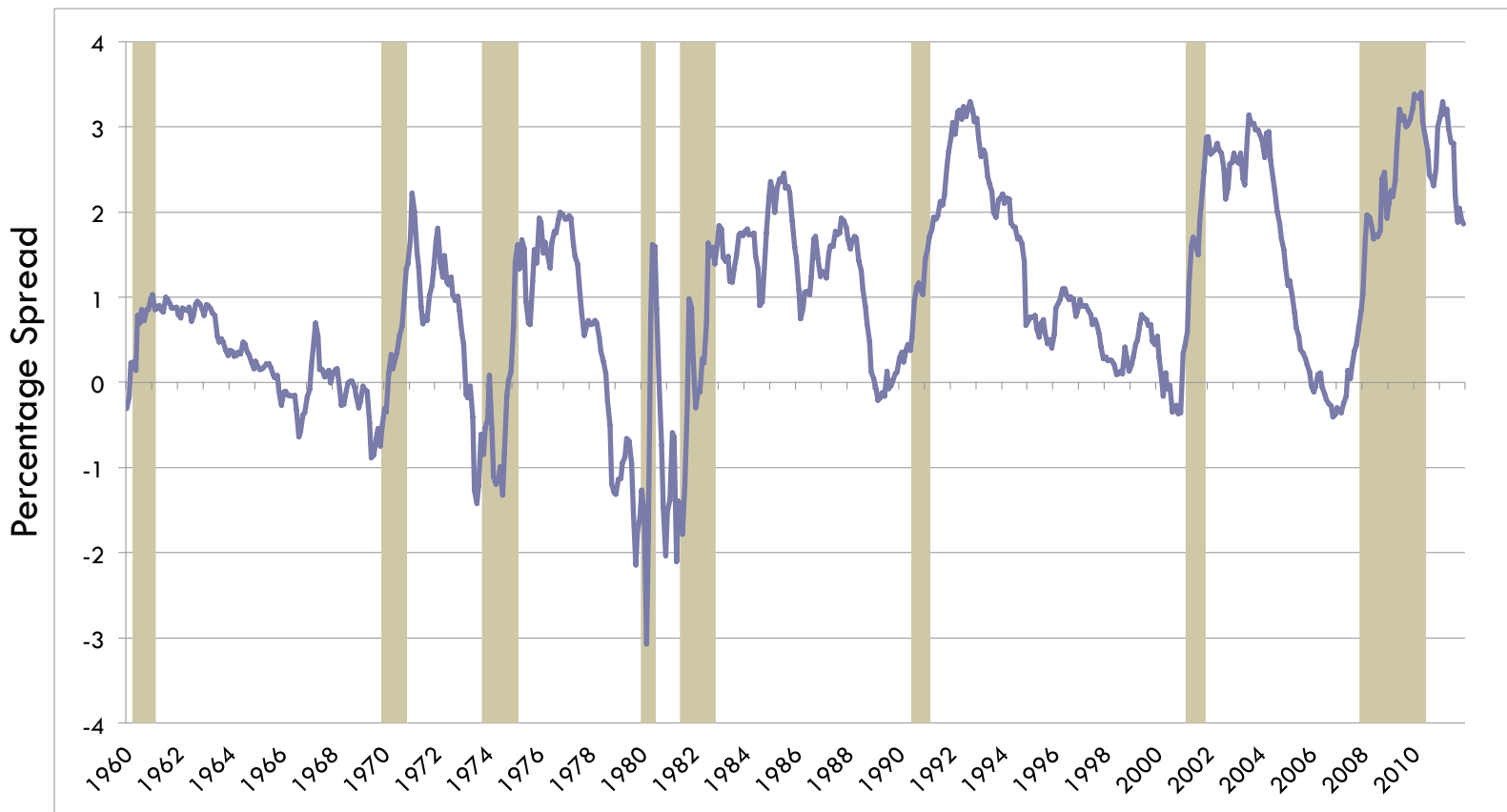
“Monetary Policy Prospects,” by Evan F. Koenig, Federal Reserve Bank of Dallas *Economic and Financial Policy Review*, vol. 3, no.2, 2004, www.dallasfedreview.org as cited in “The National Economic Outlook: Continued Growth Likely,” by Evan F. Koenig and Keith R. Phillips, Federal Reserve Bank of Dallas *Southwest Economy*, issue 6, Nov./Dec. 2005.

For a different perspective on the relationship between the yield spread and recessions, please see “Globalization’s Effect on Interest Rates and the Yield Curve,” by Tao Wu, Federal Reserve Bank of Dallas *Economic Letter*, vol. 1, no. 9, Sept. 2006.

Yield Spread

10-Year Minus 1-Year U.S. Treasury Yield

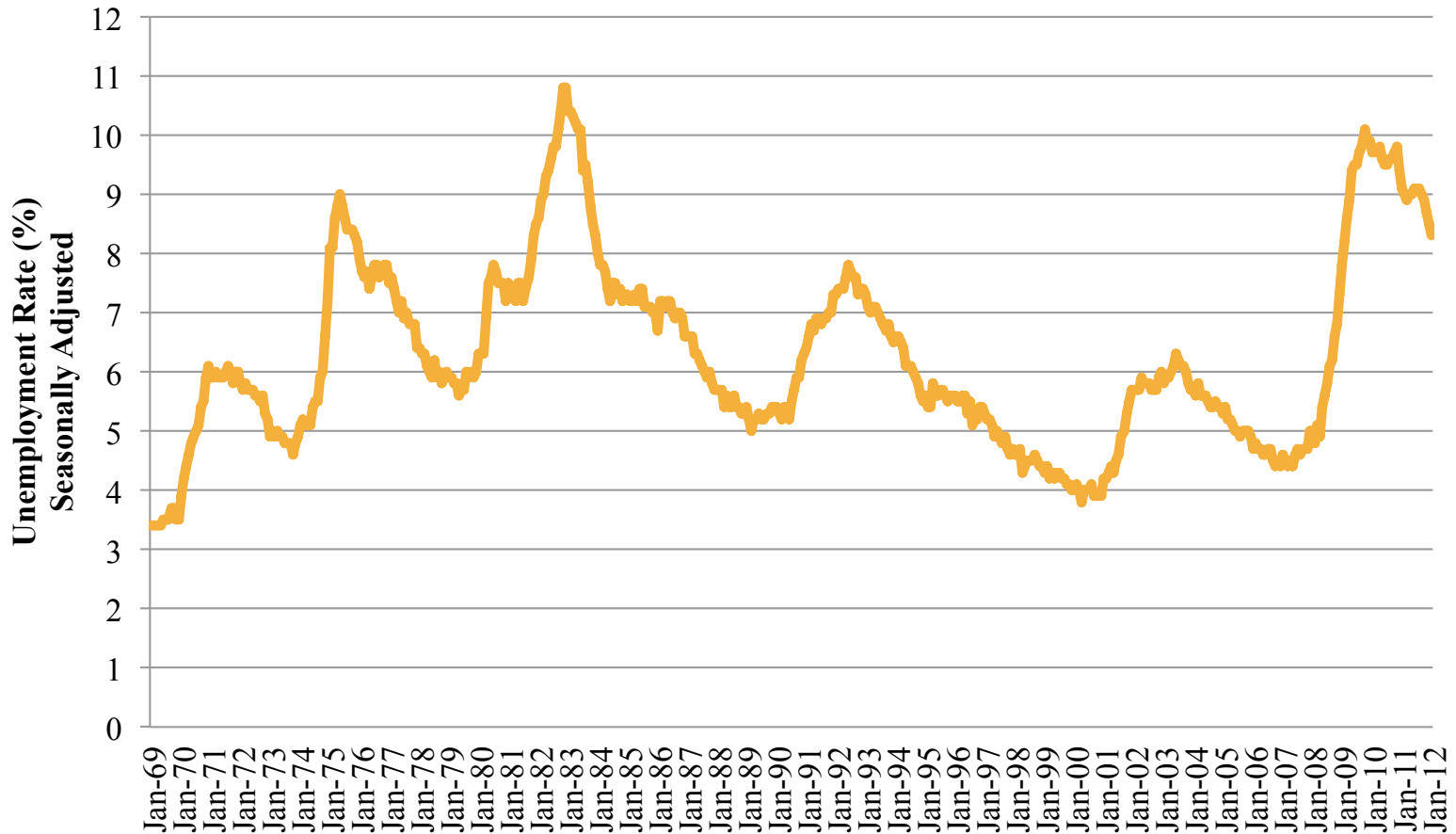
35



Shaded bars indicate recessions.

Source: The Federal Reserve Board

With the unemployment rate at 8.3% in January 2012, U.S. unemployment has decreased by 0.8% relative to January 2011.



Source: U.S. Bureau of Labor Statistics