

# Economic Outlook

Orange County Transportation Agency

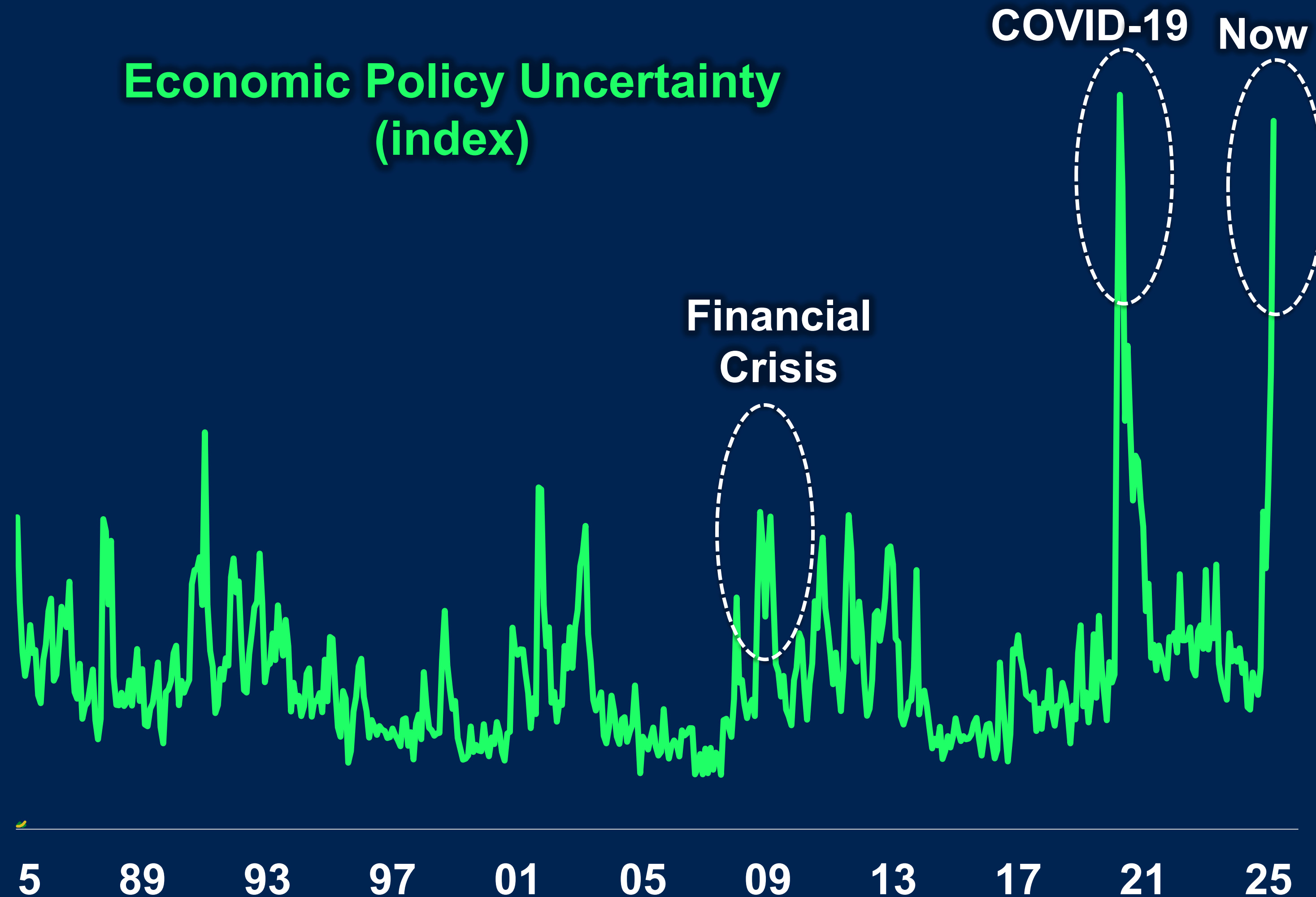
June/July 2025

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# Shaken...And Stirred

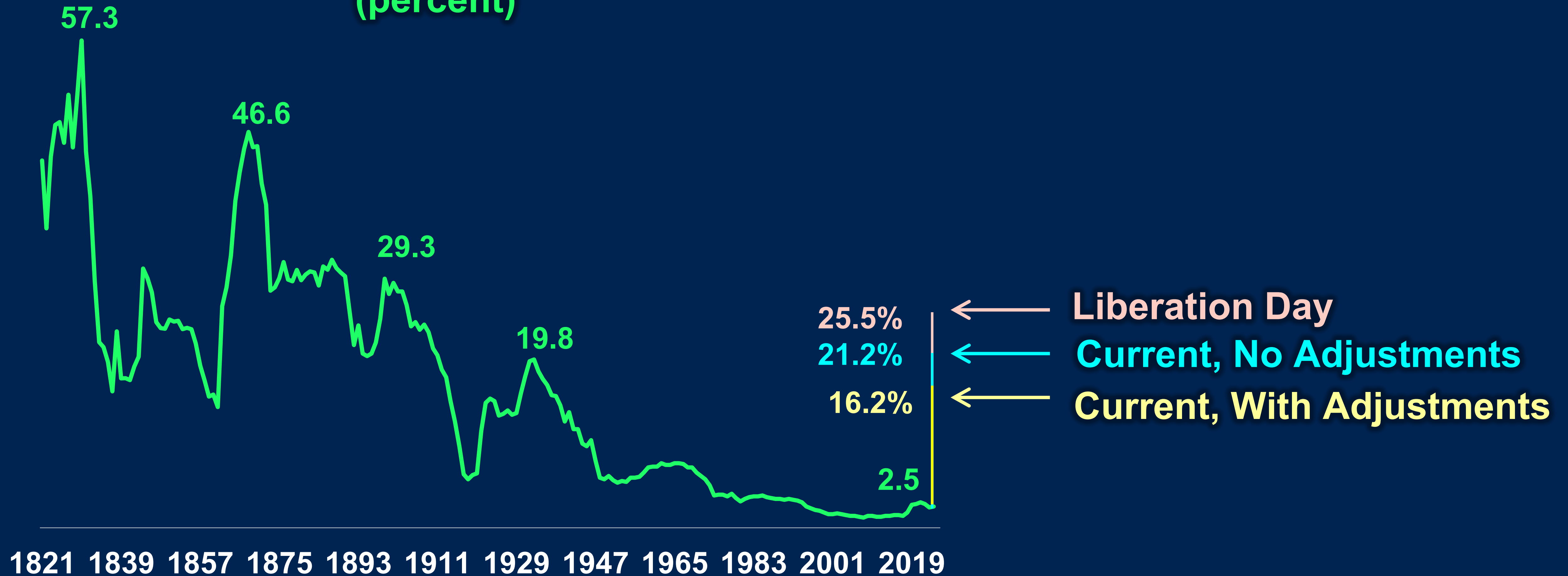
## A New World Order



# ...A Vertiginous Rise

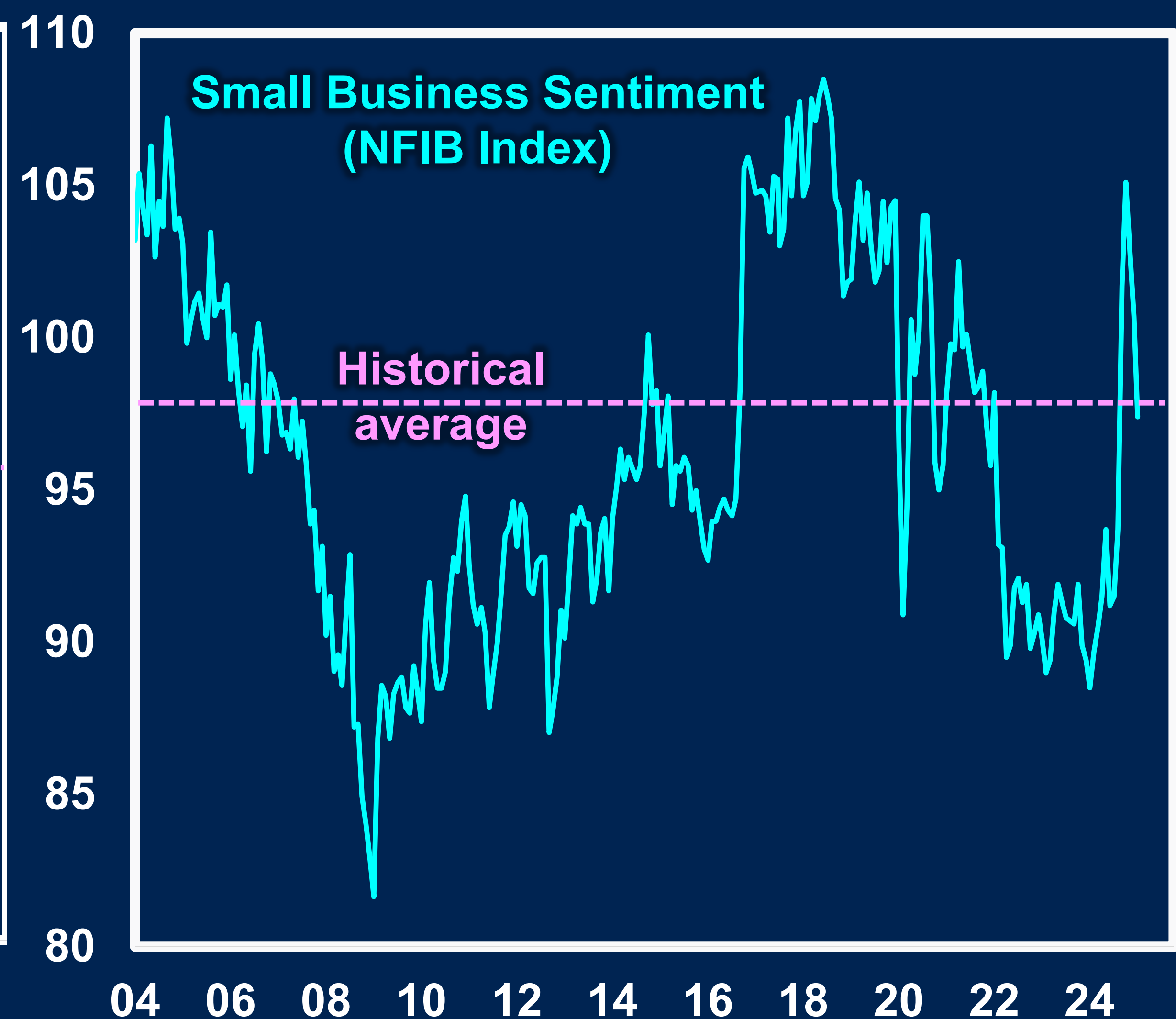
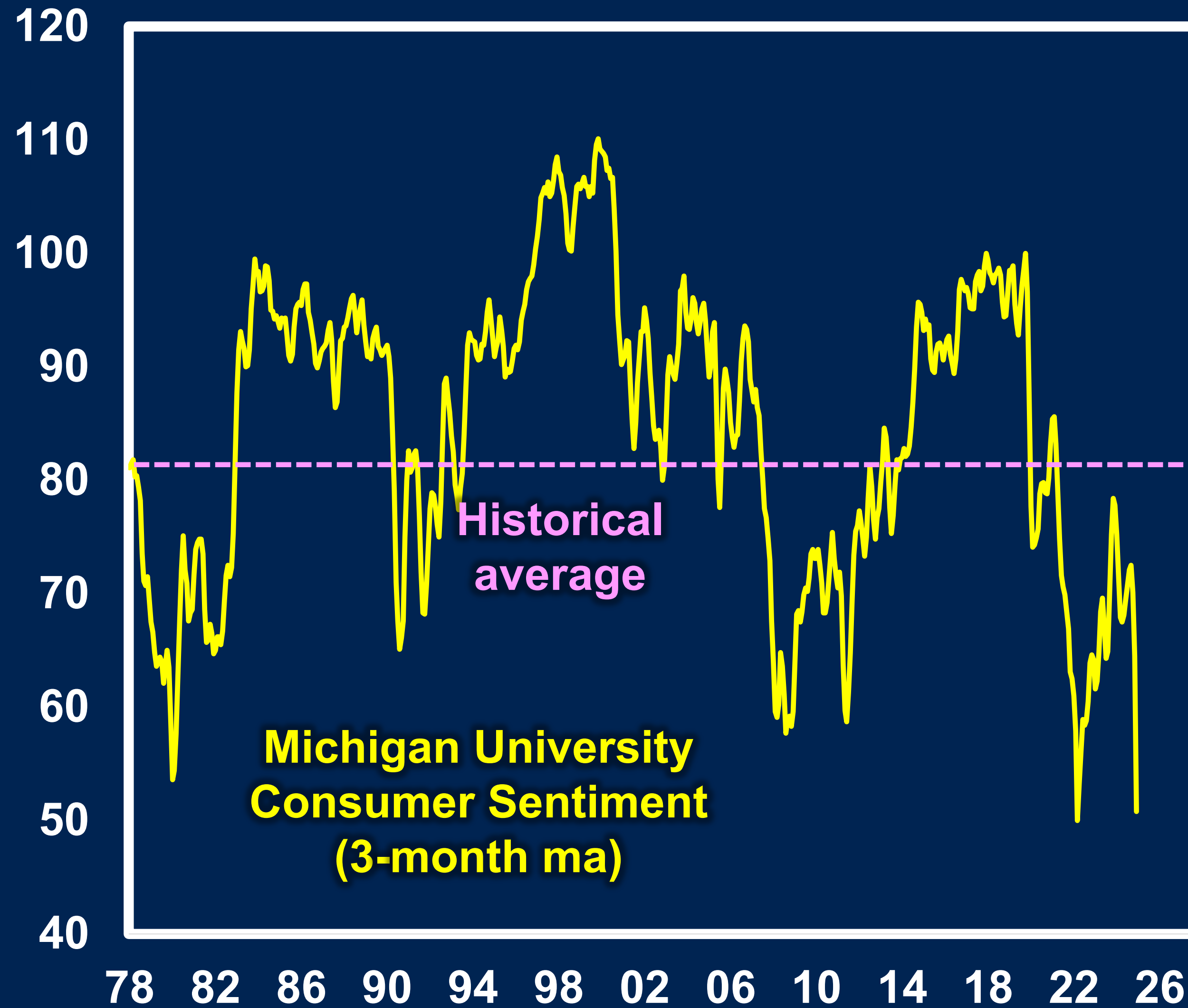
## Tariffs Still Highest Since 1930s

Average Effective Tariff Rate  
(percent)



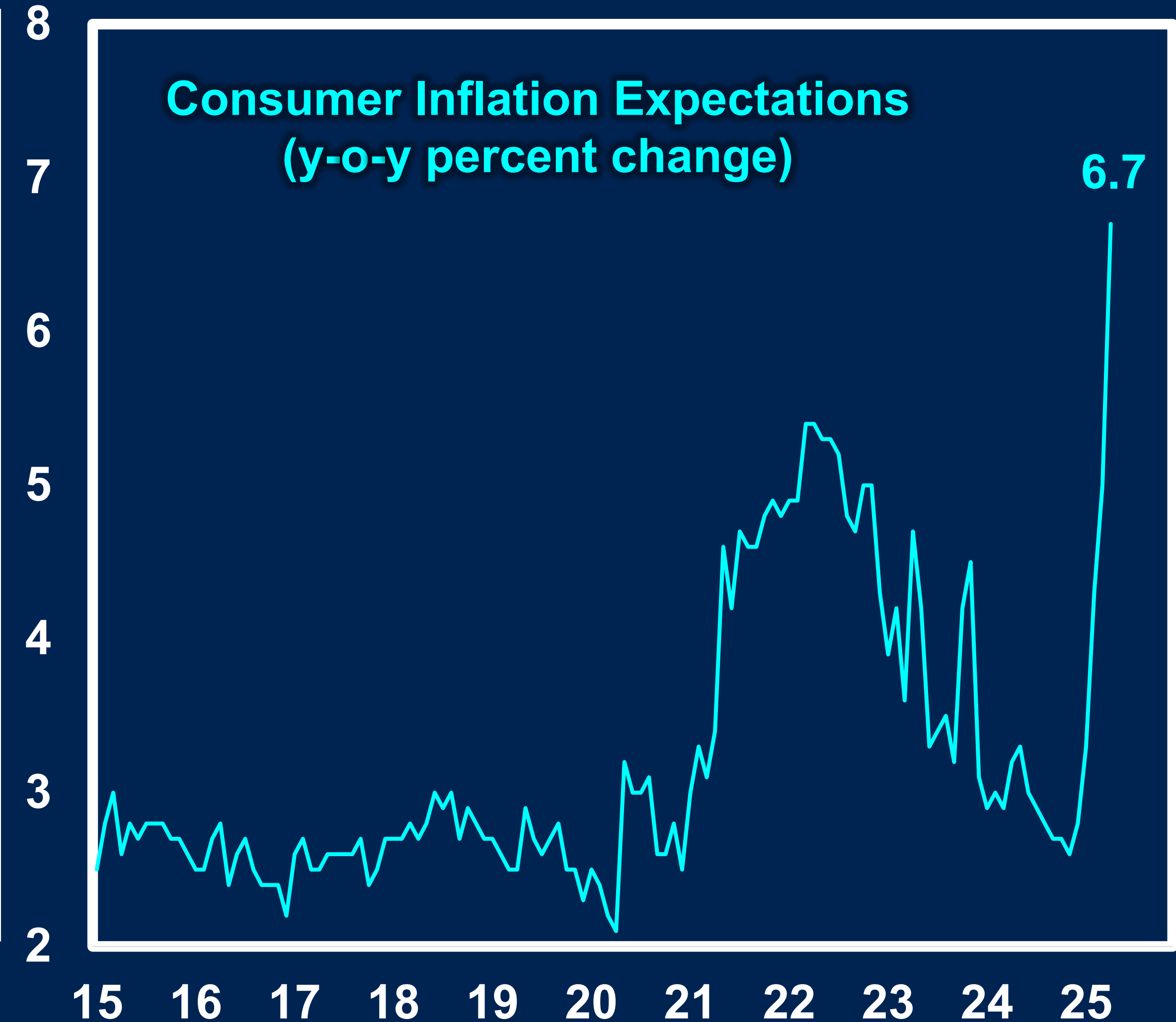
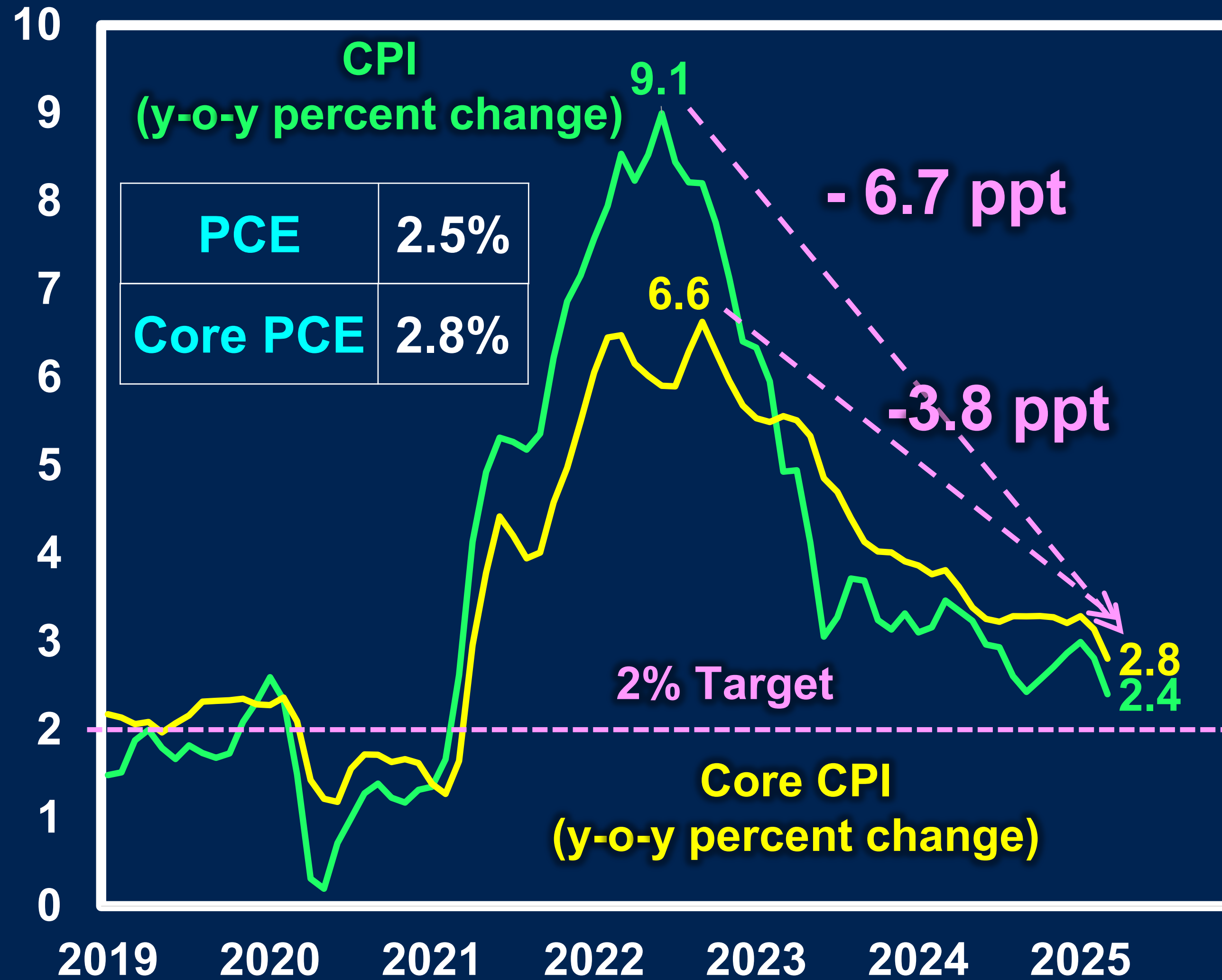
# Consumer Confidence Has Collapsed

## ...Business Sentiment Has Also Declined...but Not as Much



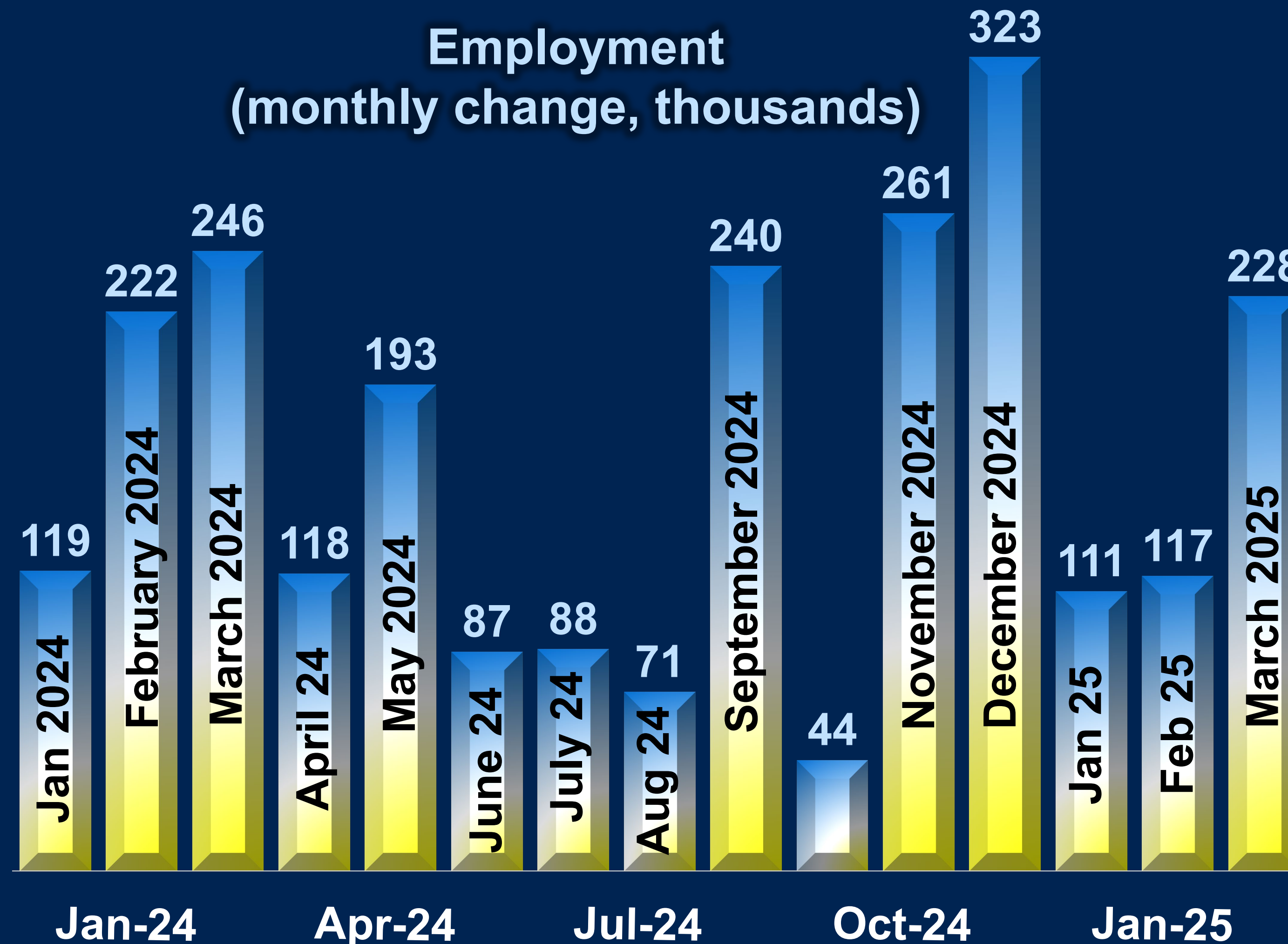
# Inflation Has Been Cooling Off...

## Inflation Expectations Higher!





# The Labor Market is Holding Up



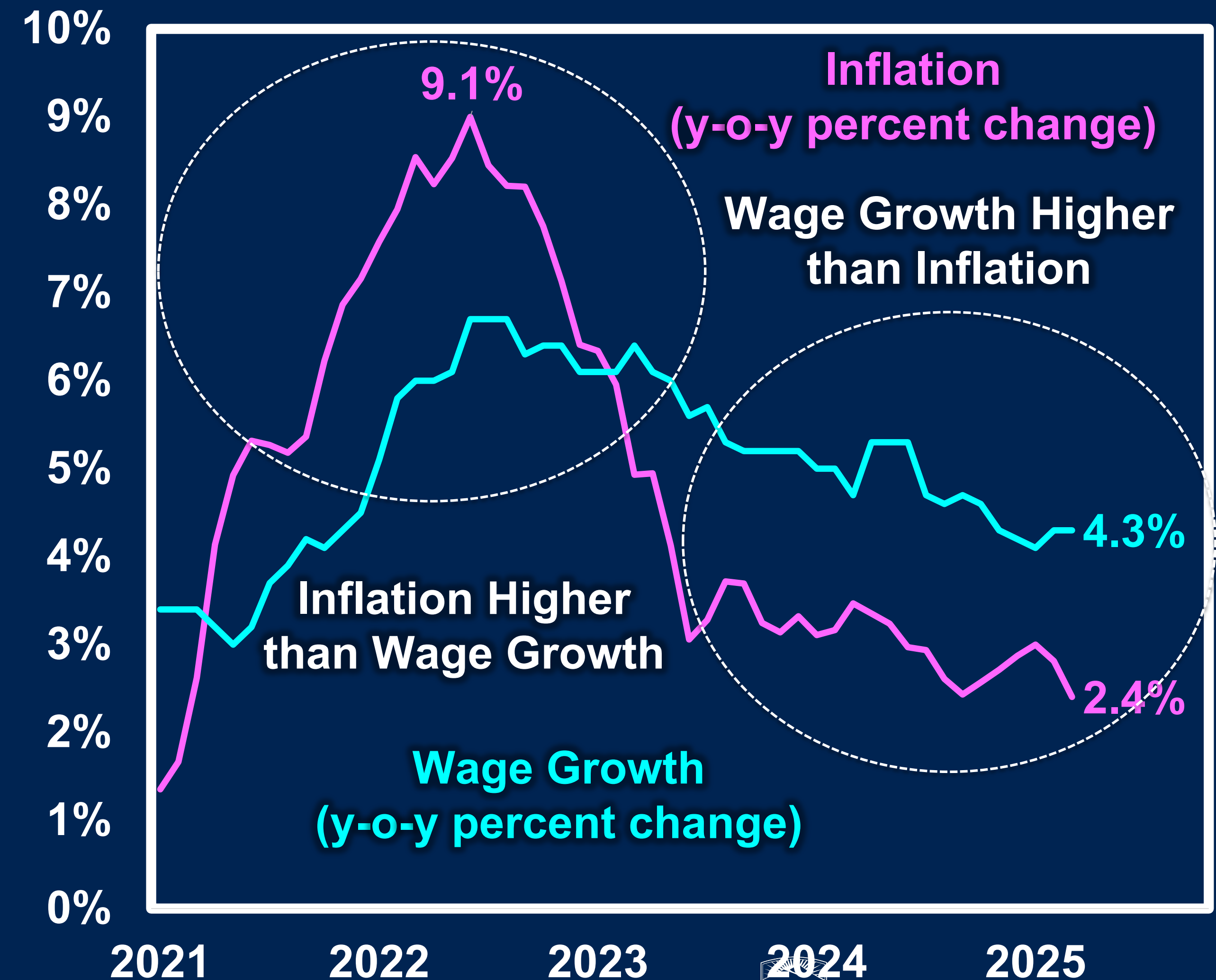
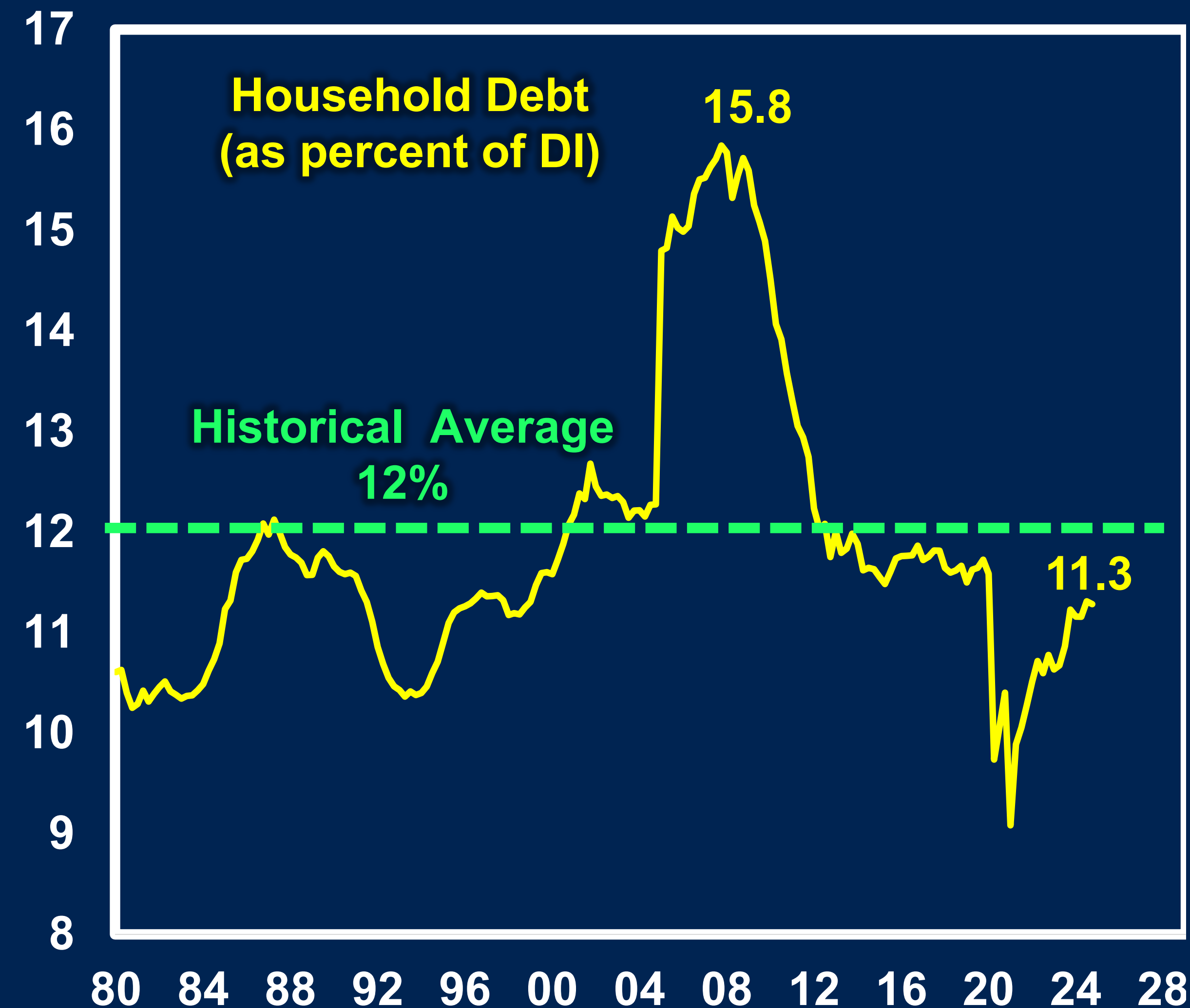
# The Labor Market is Doing OK...So Far

## Initial Claims are Below Recession Levels



# Still Strong(ish) U.S. Consumer

## Balance Sheets are Healthy and Incomes are Growing





# Outlook?

## World on Edge

~~Recession~~

~~Stagflation~~

~~Death of American  
Exceptionalism~~

Short-term: Very Bumpy & Stagflationary-ish  
Slower Growth/Inflation Edging up

Longer-Term  
Brighter Outlook

# All Quiet From the Western Ports

## A Sizable Share of Imports from China Come Through LA Ports

**Imports from China  
(28% come through LA Ports)**

<b>U.S.</b>	<b>\$438 bn.</b>
<b>California</b>	<b>\$123 bn.</b>

**Ports of LA  
(share of containerized trade)**

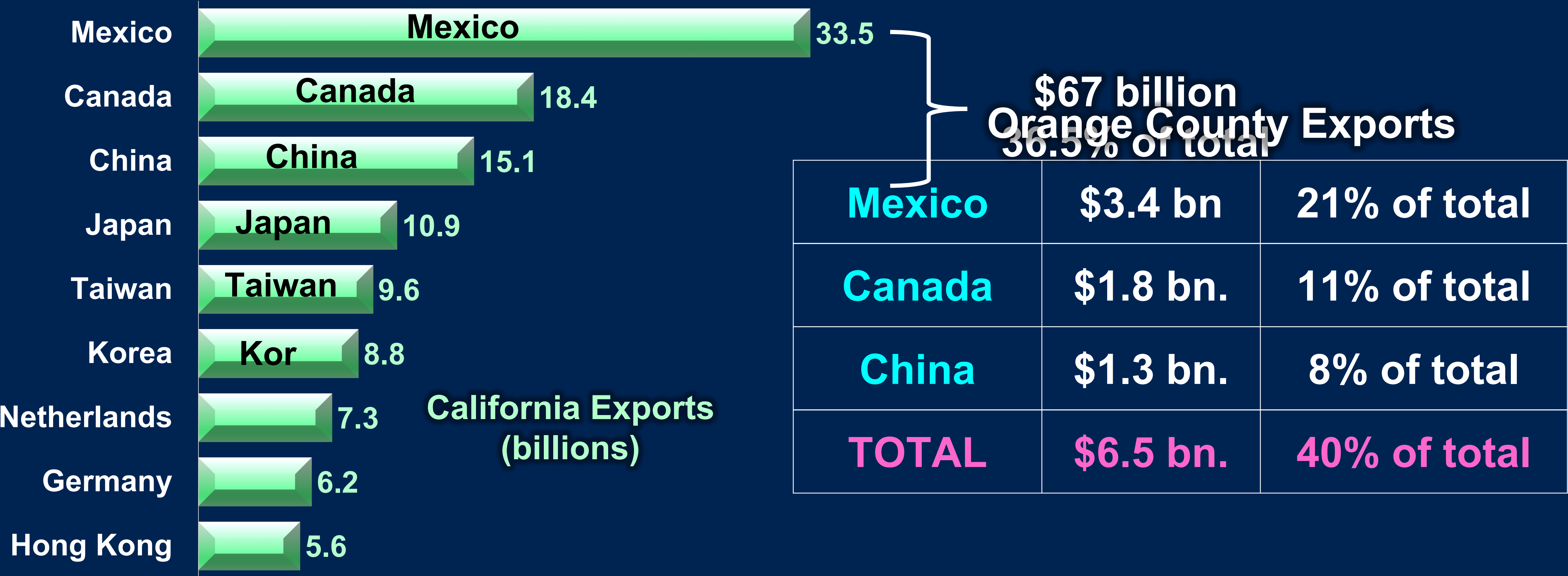
<b>Imports</b>	<b>40%</b>
<b>Exports</b>	<b>30%</b>

**Logistics Sector at Risk  
(employment)**

<b>LA</b>	<b>206K</b>	<b>4.5% of total</b>
<b>IE</b>	<b>194K</b>	<b>11.5% of total</b>

# But Exports Are Also at Risk

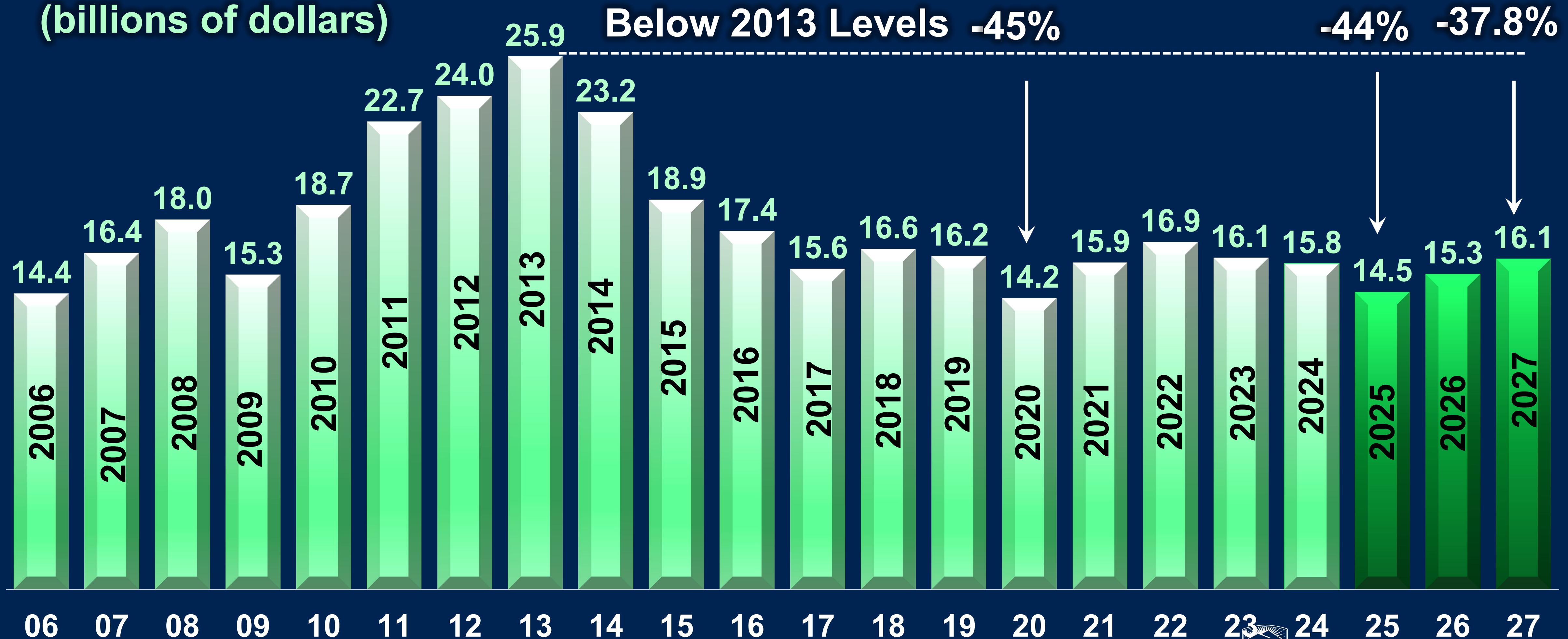
## As Trade with China Comes to a Halt and USMCA Countries Slow



# OC Exports Far Below A Decade Ago

## ... Even by 2027

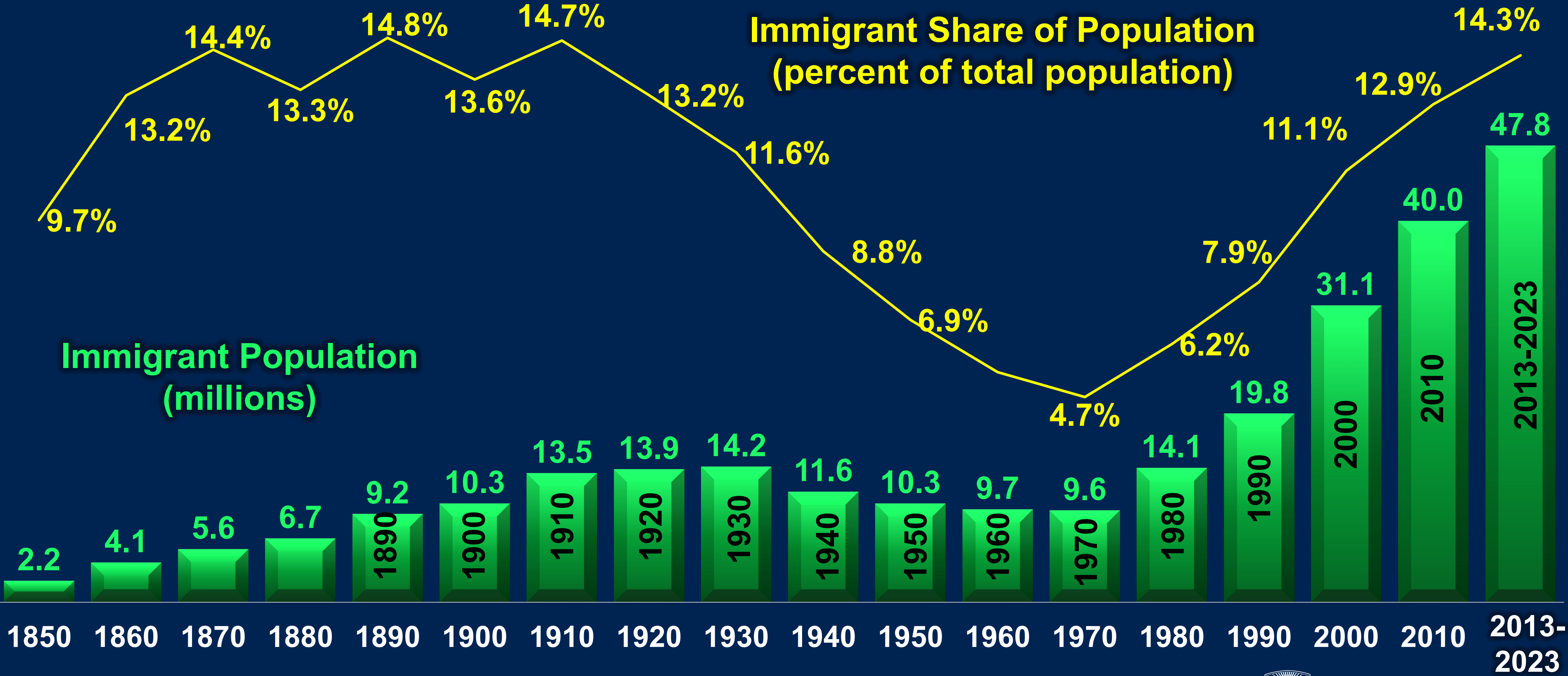
OC Merchandise Exports  
(billions of dollars)





# An Influx of Immigration

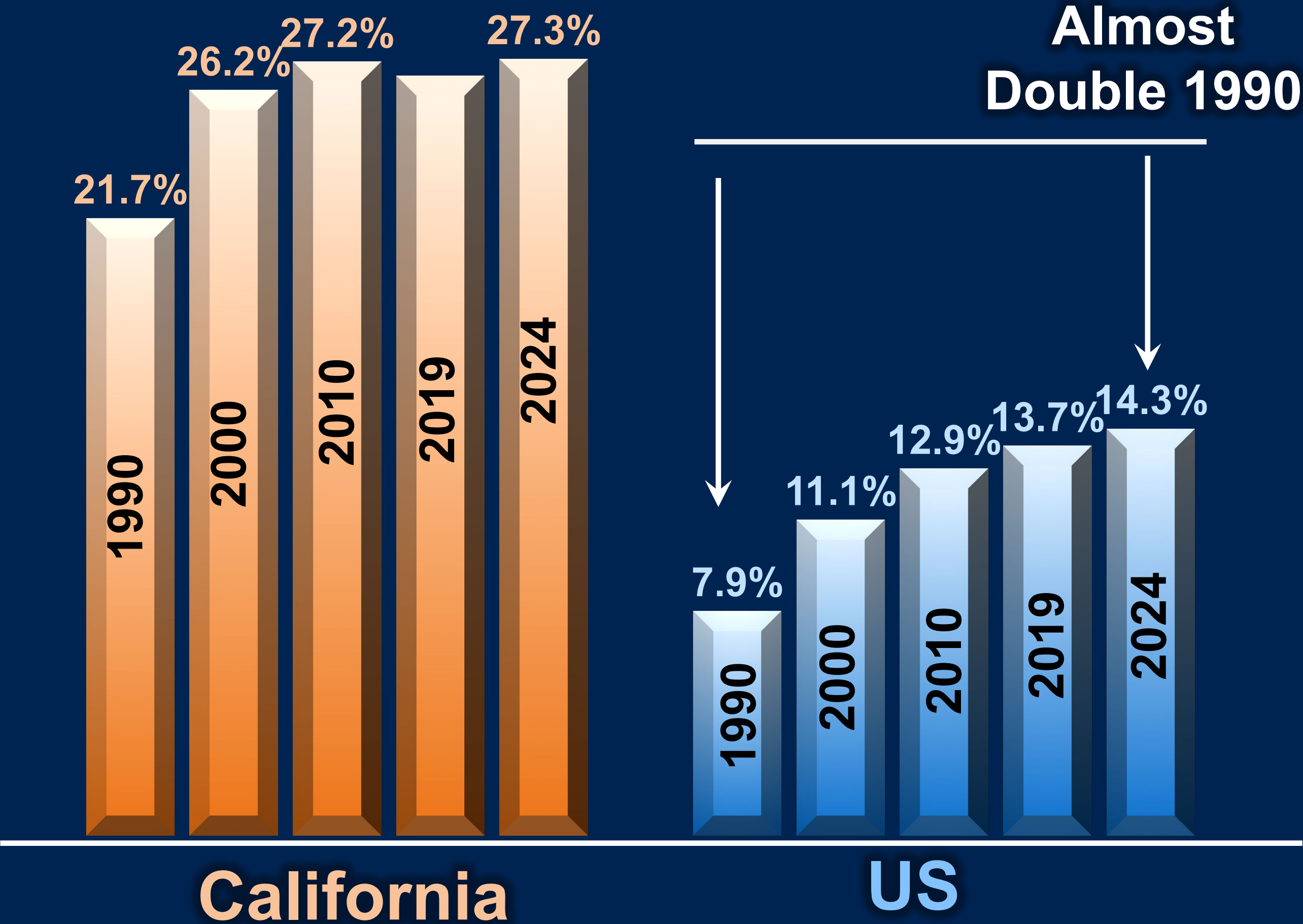
Share of Immigrants Now as High as Late 1800/Early 1900



# Immigration Has Increased Faster Nationally than in CA

## Share of Immigration in CA is Flat but Has Doubled Nationally

Immigrant Population  
(percent of total population)



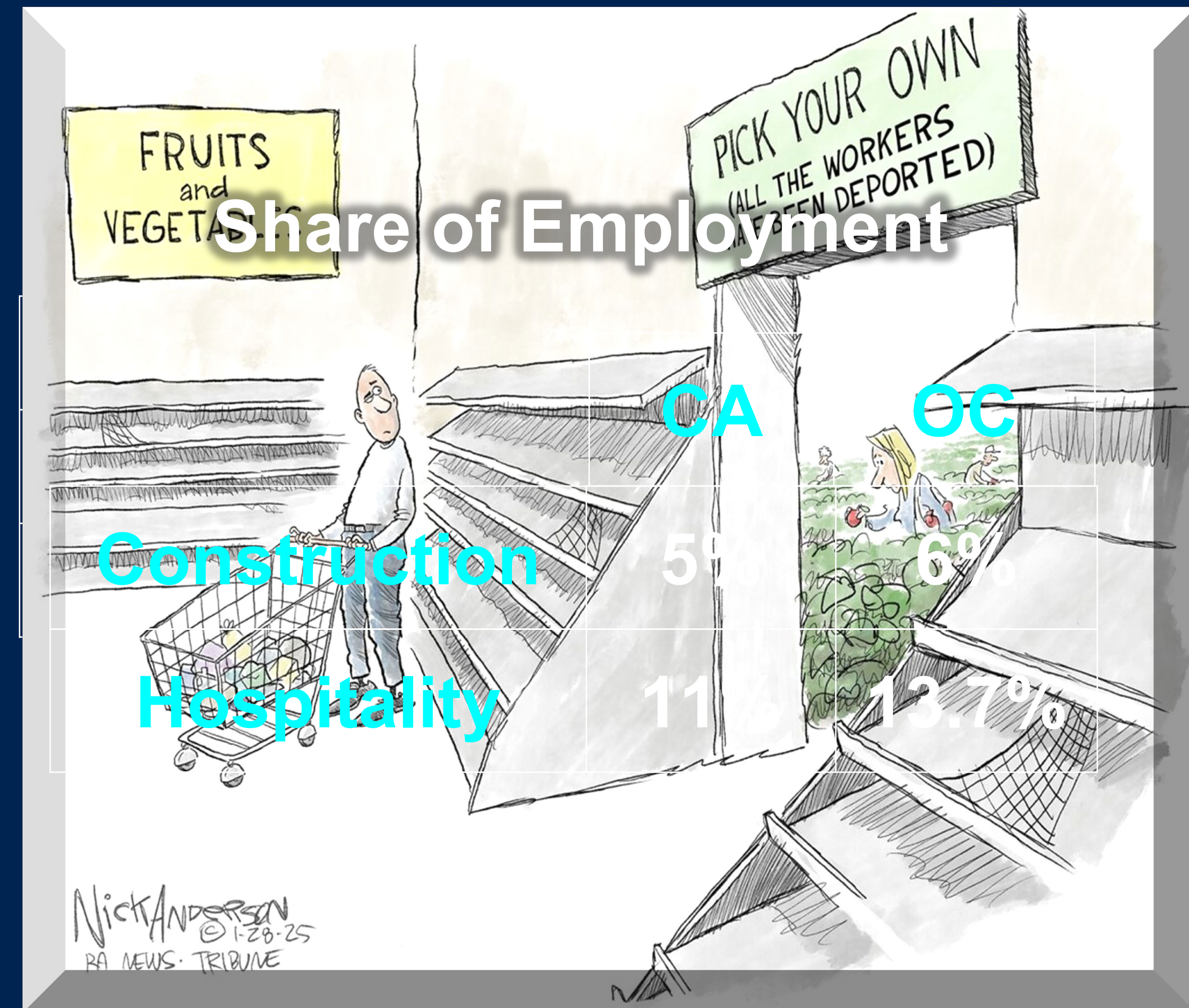
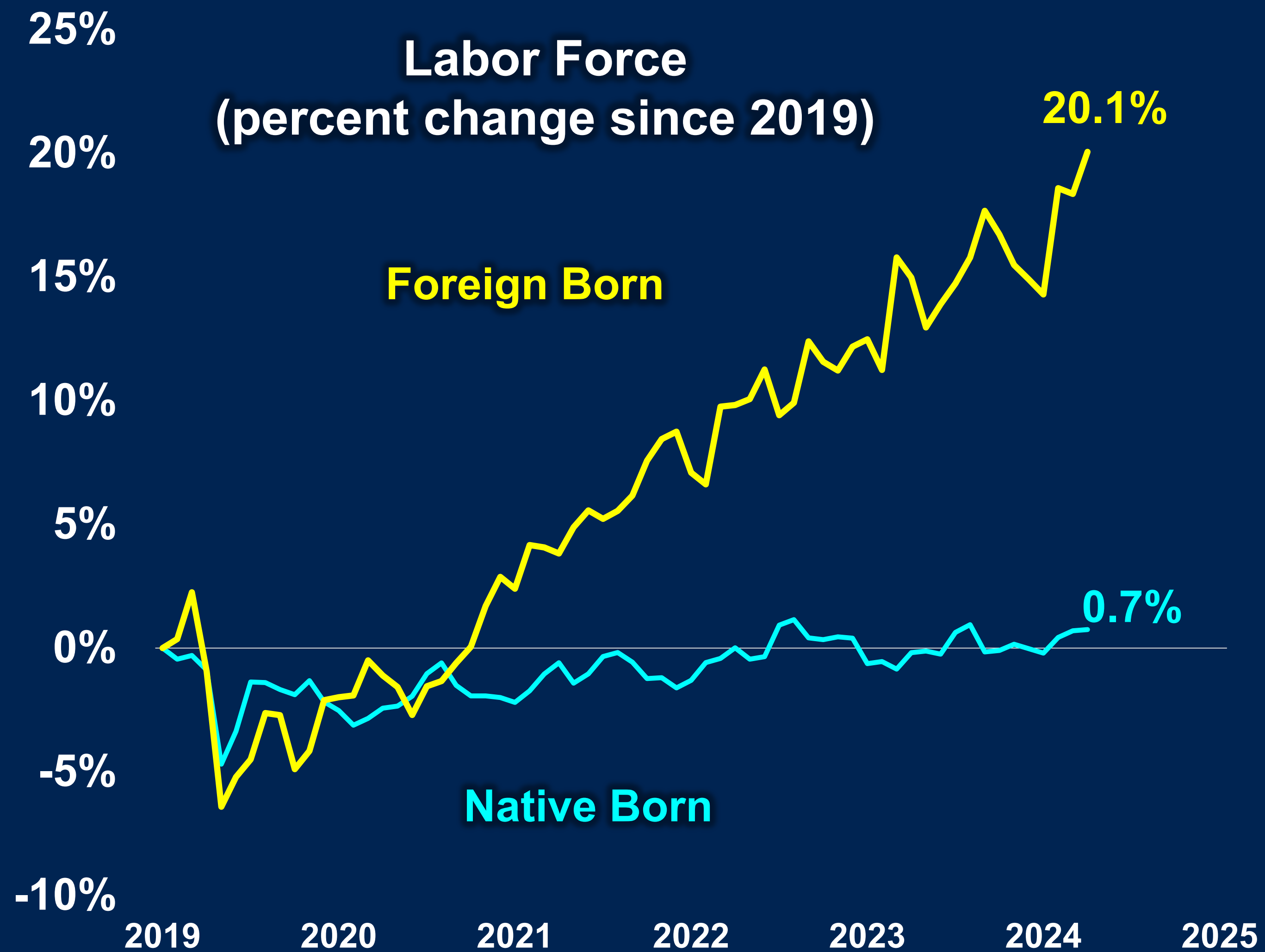
Immigrant Population in 2024  
(percent of total population)

Orange County	35%
Los Angeles	34%
Inland Empire	21%



# Immigration Has Boosted Labor Force

## Some Sectors Will Suffer

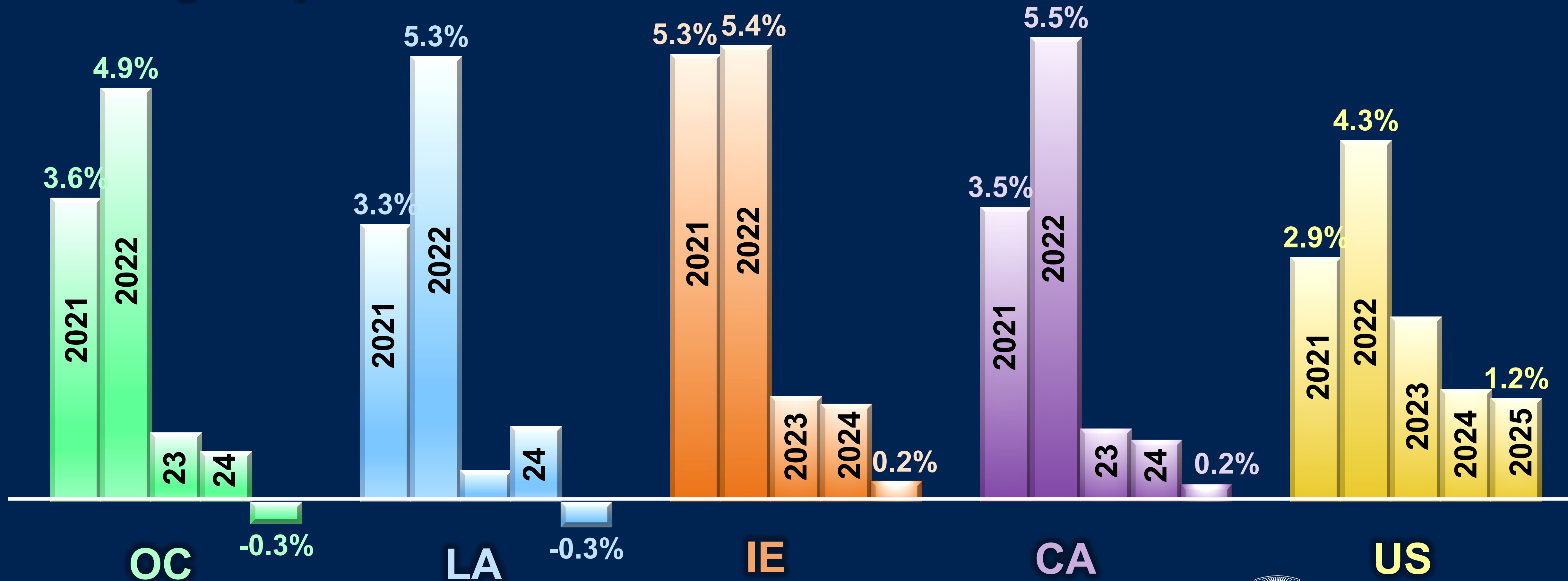




# But Job Growth Has Slowed Precipitously...

## Especially in State and Local Economies

### Employment Growth (percent)

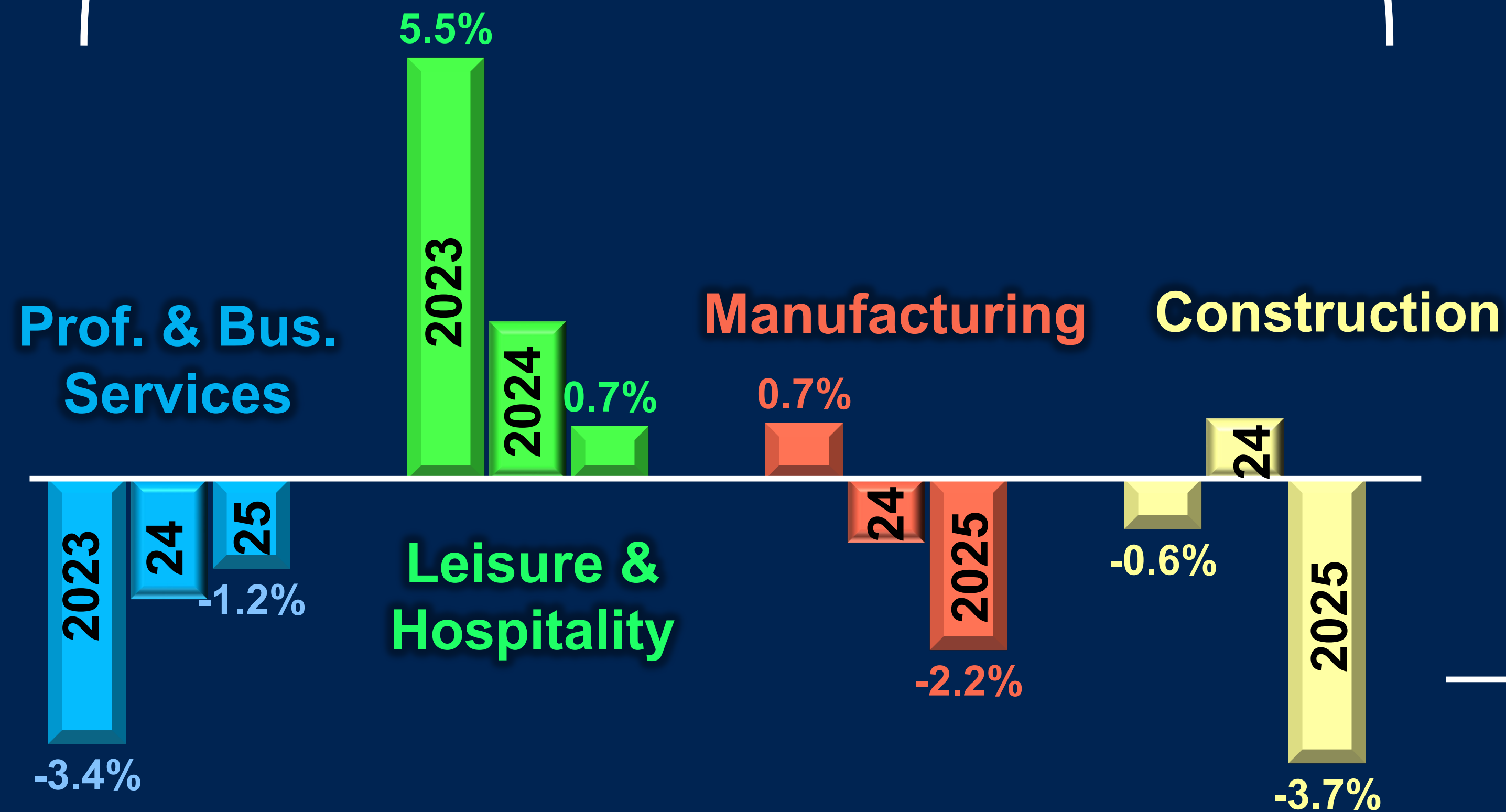




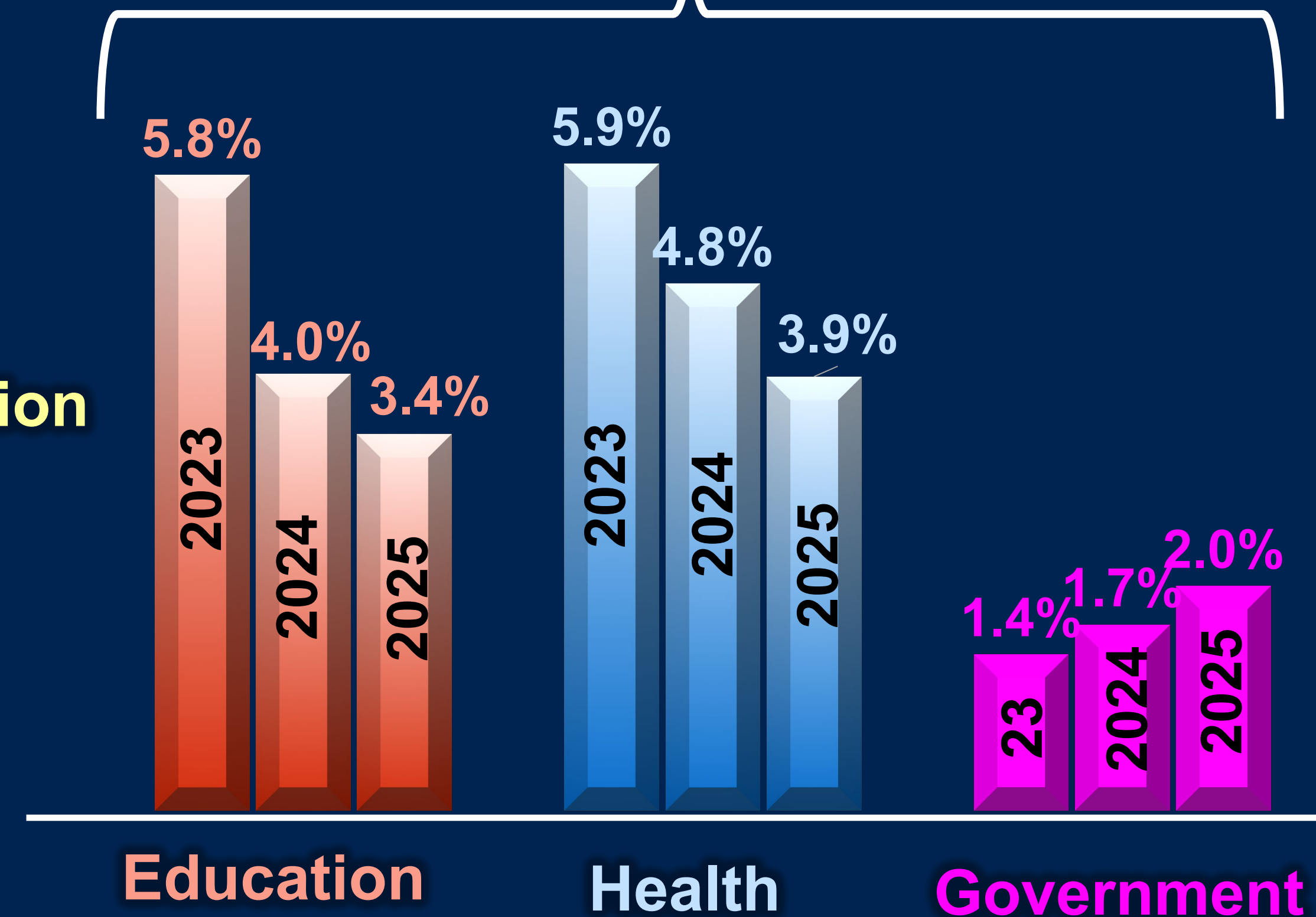
# A Lopsided Labor Market

Job Growth Has Come Primarily From Public/Public Adjacent Sectors

OC Largest Private Sectors  
(employment growth)

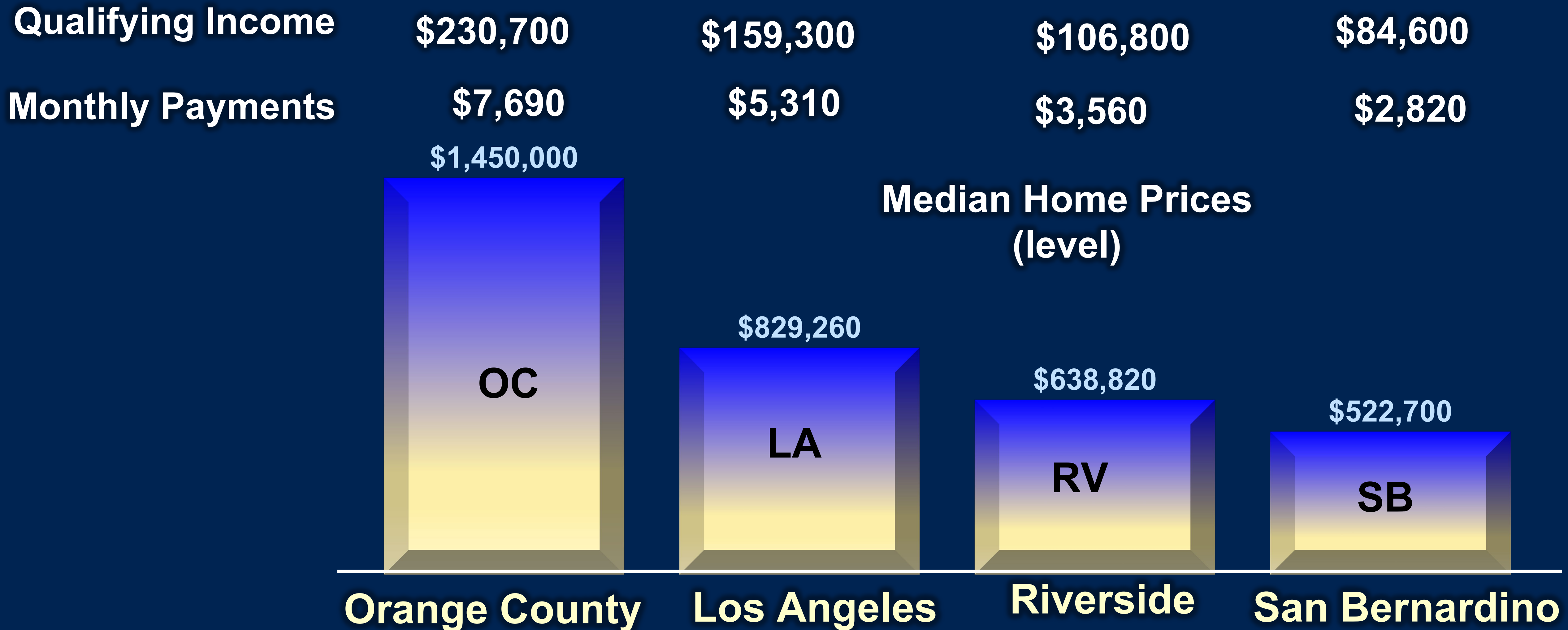


OC Public & Public Adjacent  
(employment growth)



# Unaffordable!

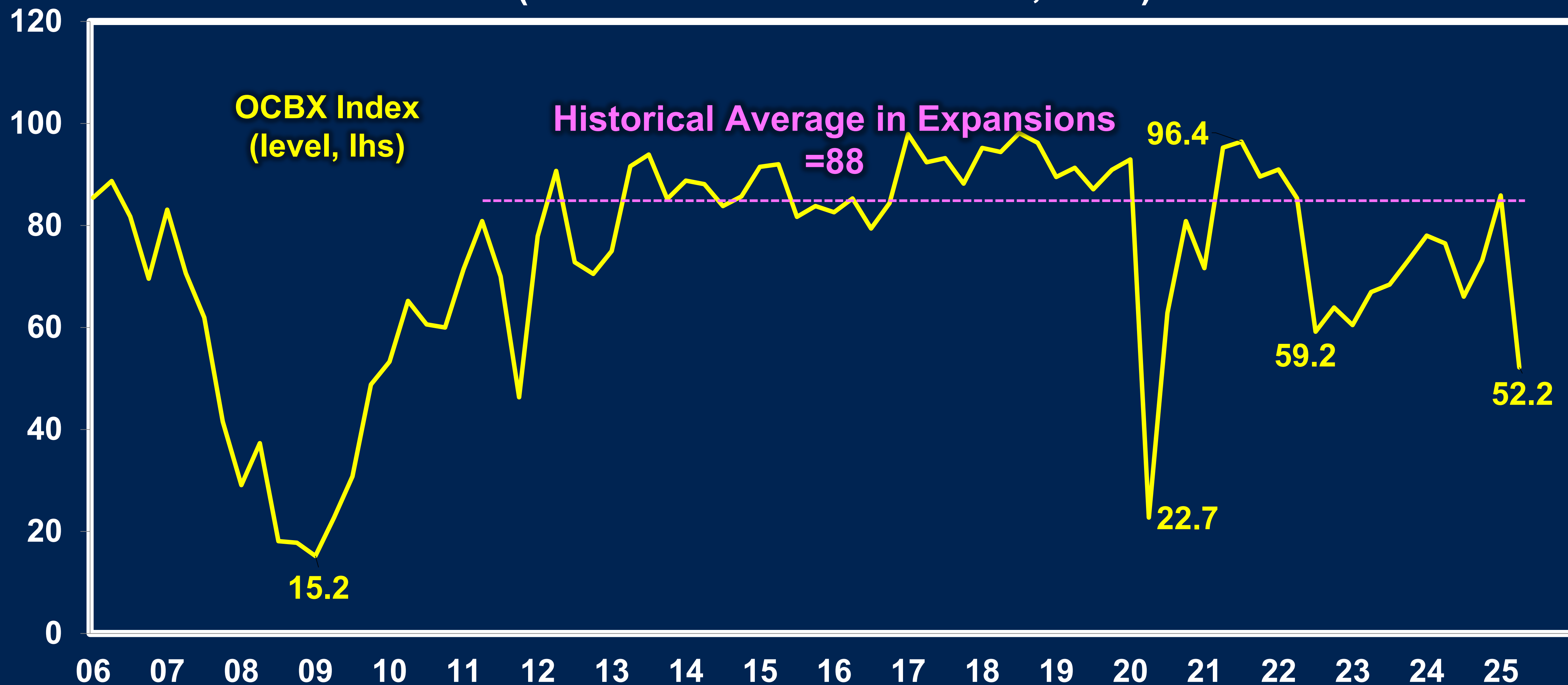
## Homes Are Expensive Everywhere in SoCal



# Sharp Deterioration in OC Sentiment

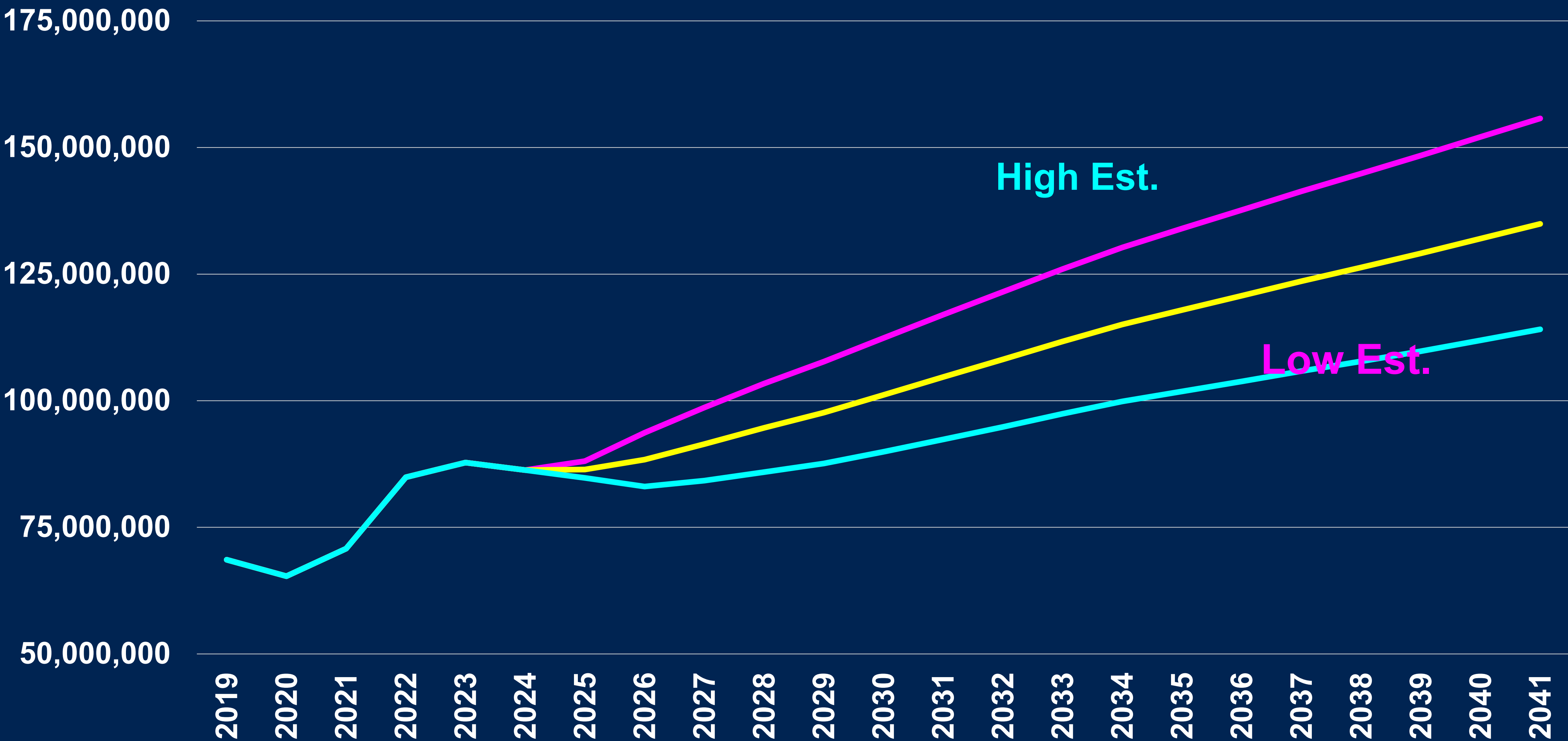
## Sentiment Rose After Election...But Declined Sharply in Q1

(Woods Center OCBX Index, level)



# OC Taxable Sales

Fiscal Years (000 dollars)





# OC Taxable Sales

Fiscal Years (percent change)

