

# ***California Demographics: What Makes Us 'Golden' Where We've Been and What to Expect***

*For Institutional Use Only*

***CMTA Annual Conference  
April 26, 2018***

*Presented by Douglas C. Robinson, RCM Robinson Capital Management LLC*

*SEC Registered Investment Advisory Firm*

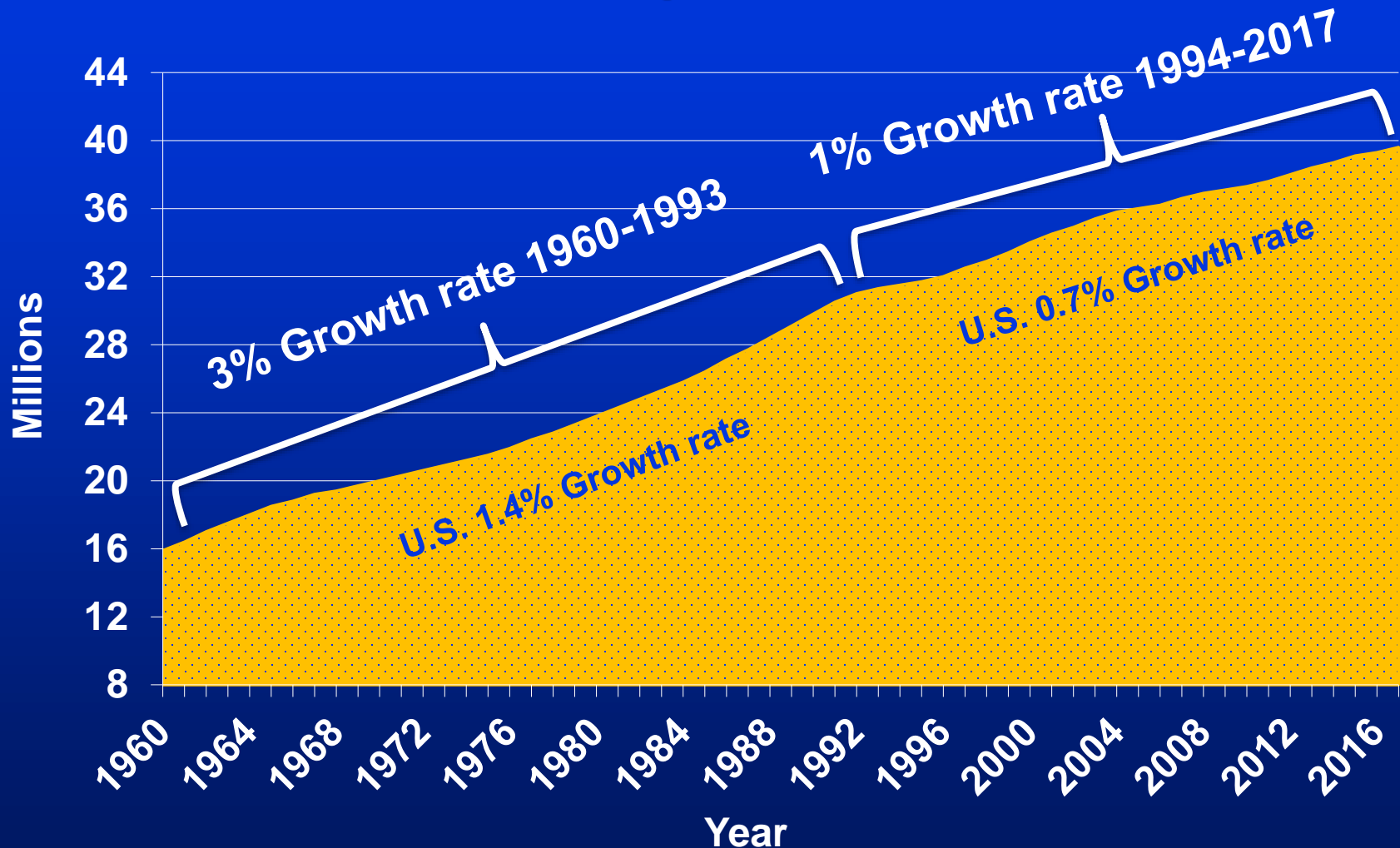
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# Golden People Growth

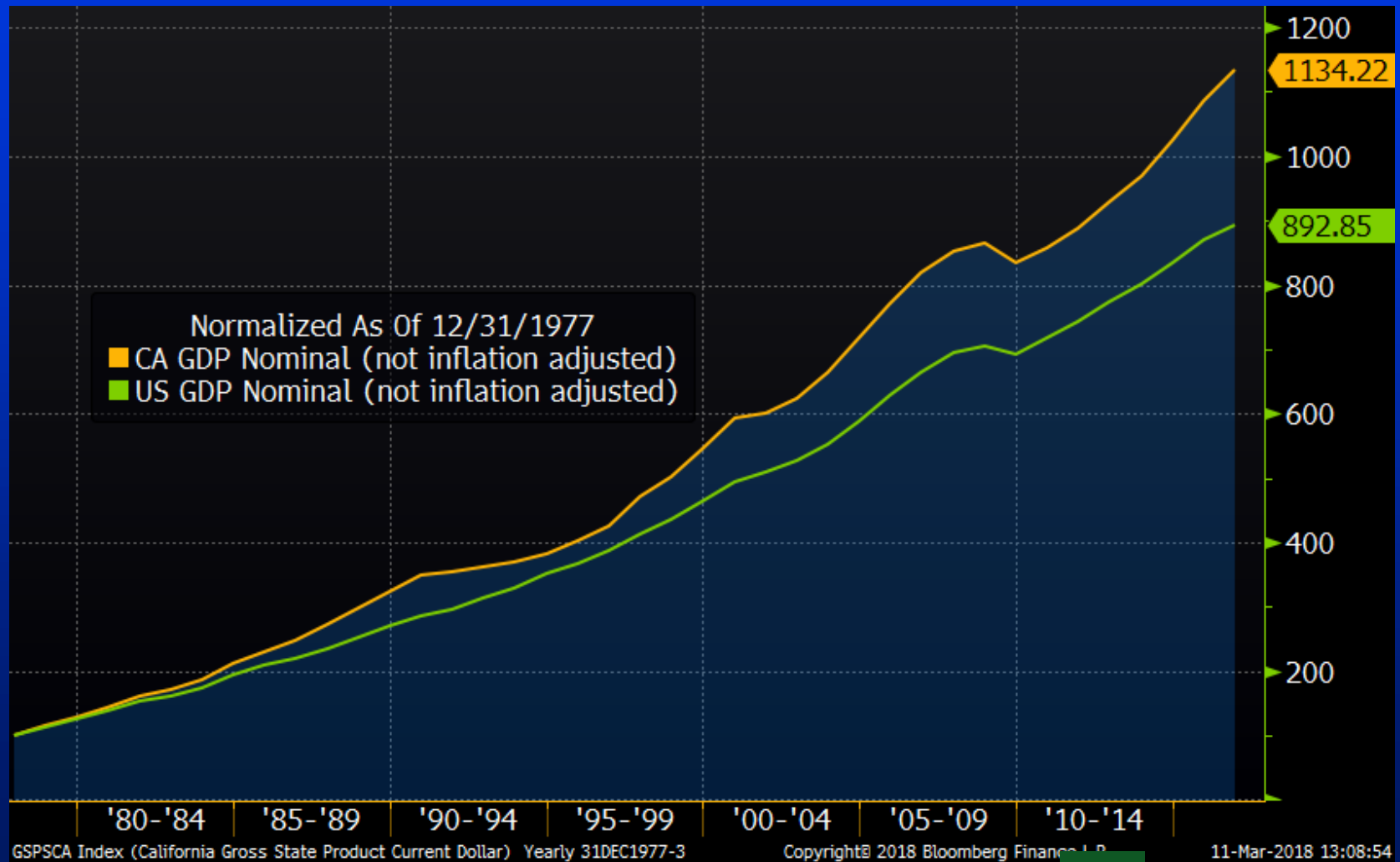
California Population 1960 - 2017



Source: US Census Bureau, CA Dept. of Finance  
July 1, 1960 – July 2017 15,863,000 to 39,613,045

# Golden GDP Growth

California versus U.S. 1977 - 2016



# Global Corporations

**California is Home to Over 25% of the Total Market Capitalization of the S&P 500**

APPLE INC  
MCKESSON CORP  
CHEVRON CORP  
ALPHABET (GOOGLE)  
WELLS FARGO & CO  
INTEL CORP  
WALT DISNEY CO/THE  
HP INC  
CISCO SYSTEMS INC  
FACEBOOK INC  
ORACLE CORP  
HEWLETT PACKARD ENTERPRISE  
DXC TECHNOLOGY CO  
AMGEN INC  
GILEAD SCIENCES INC  
QUALCOMM INC  
BROADCOM INC  
WESTERN DIGITAL CORP  
VISA INC  
APPLIED MATERIALS INC  
P G & E CORP  
NETFLIX INC  
JACOBS ENGINEERING GROUP INC  
GAP INC/THE

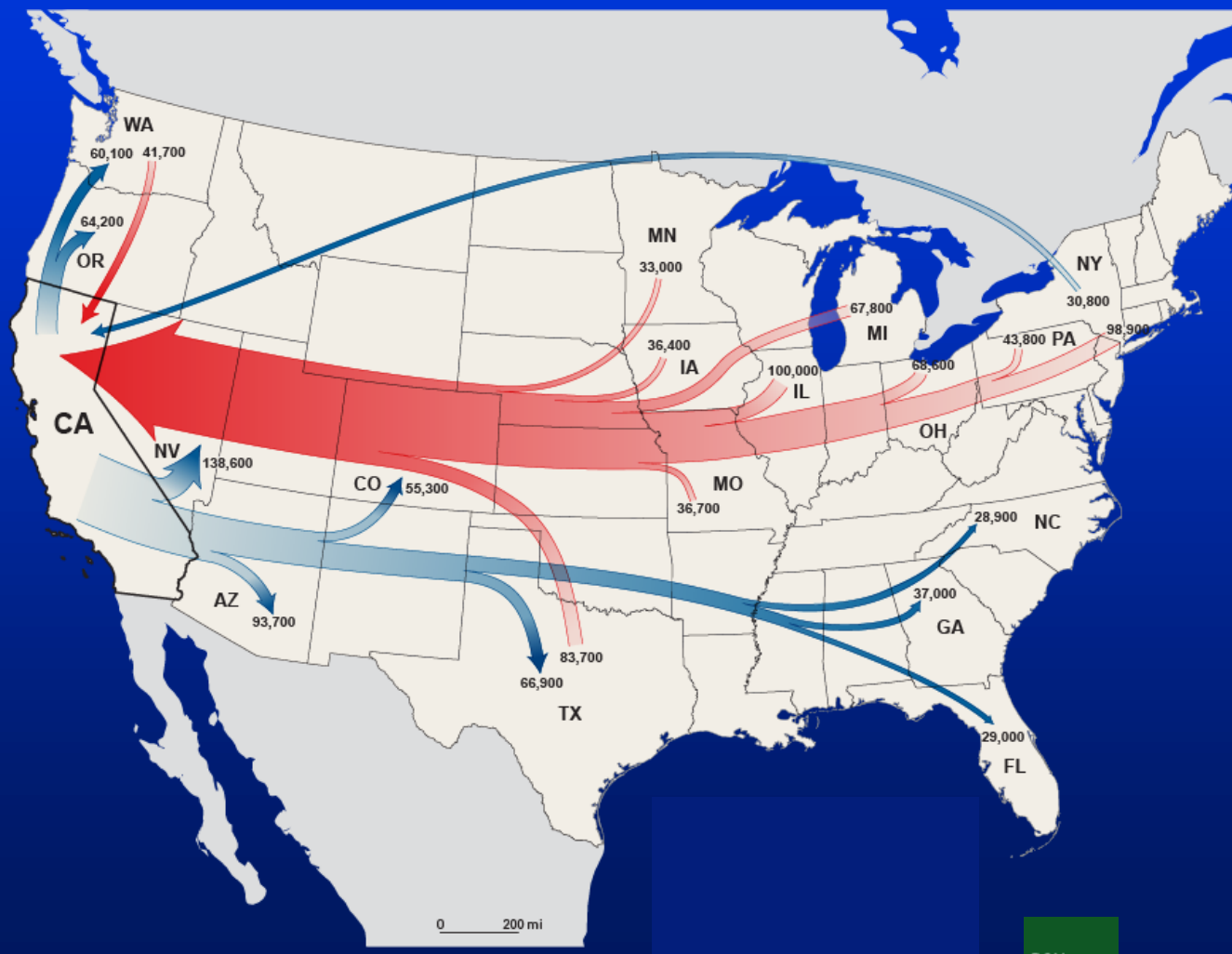
PAYPAL HOLDINGS INC  
ROSS STORES INC  
SEMPRA ENERGY  
CBRE GROUP INC  
SALESFORCE.COM INC  
NVIDIA CORP  
LAM RESEARCH CORP  
INTUIT INC  
SEAGATE TECHNOLOGY  
EBAY INC  
BALL CORP  
EDISON INTERNATIONAL  
SCHWAB (CHARLES) CORP  
ADOBE SYSTEMS INC  
AVERY DENNISON CORP  
NETAPP INC  
FRANKLIN RESOURCES INC  
ADVANCED MICRO DEVICES  
CLOROX COMPANY  
ROBERT HALF INTL INC  
ACTIVISION BLIZZARD INC  
ELECTRONIC ARTS INC  
AGILENT TECHNOLOGIES INC  
EQUINIX INC  
SYMANTEC CORP

JUNIPER NETWORKS INC  
KLA-TENCOR CORP  
EDWARDS LIFESCIENCES CORP  
MONSTER BEVERAGE CORP  
INTUITIVE SURGICAL INC  
SYNOPSYS INC  
ILLUMINA INC  
DIGITAL REALTY TRUST INC  
MATTEL INC  
VARIAN MEDICAL SYSTEMS INC  
PUBLIC STORAGE  
PROLOGIS INC  
XILINX INC  
COOPER COS INC/THE  
RESMED INC  
AUTODESK INC  
SVB FINANCIAL GROUP  
CADENCE DESIGN SYS INC  
HCP INC  
ALIGN TECHNOLOGY INC  
ESSEX PROPERTY TRUST INC  
ALEXANDRIA REAL ESTATE EQUIT  
REALTY INCOME CORP  
MACERICH CO/THE  
NEKTAR THERAPEUTICS

# Net Migration Between California and Other States:

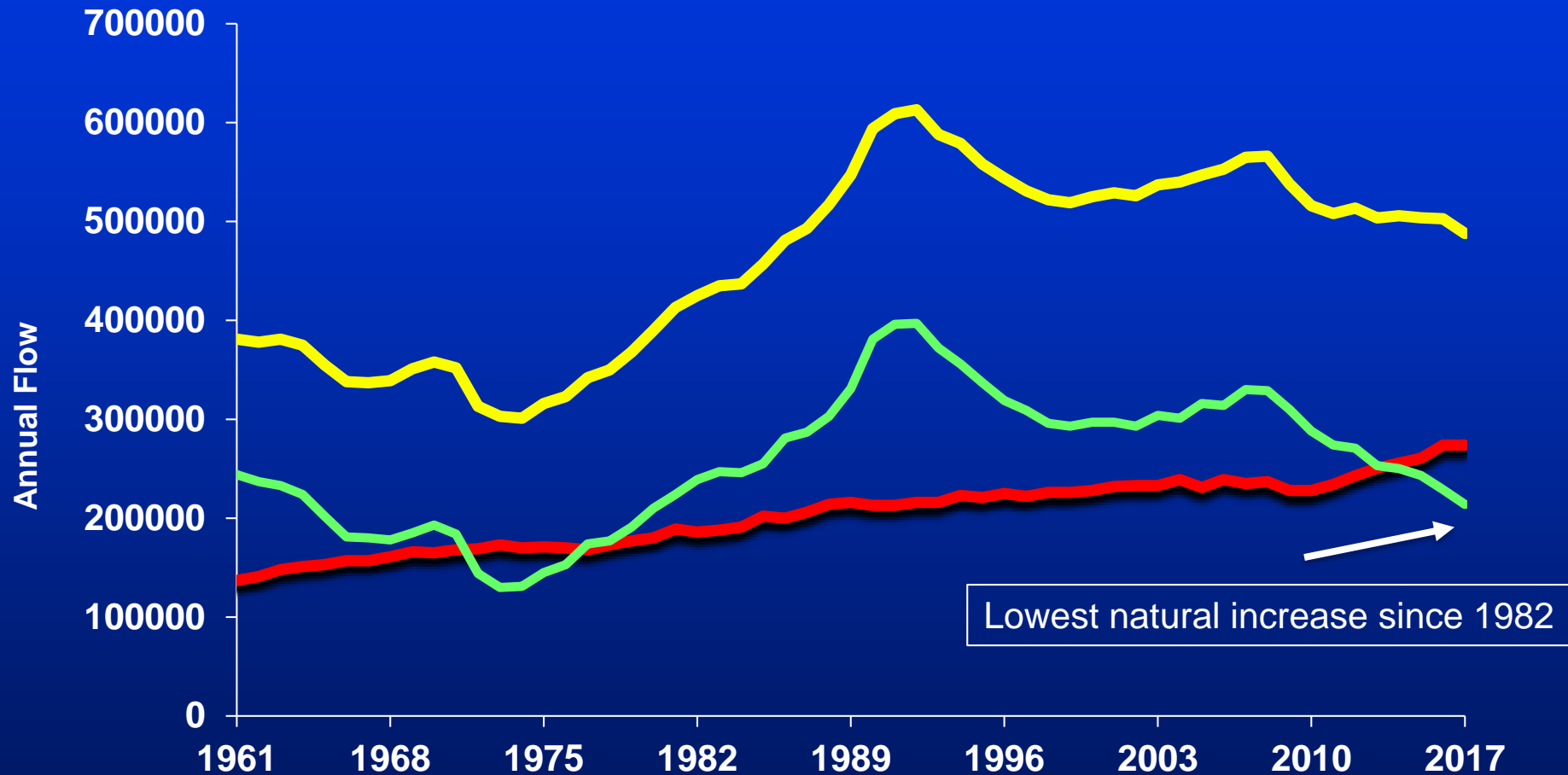
## Gold Rush: 1955-1990, 1999-2000

## Exodus: 1991-1998, 2001-2017



# Natural Change in CA Population 1960-2017

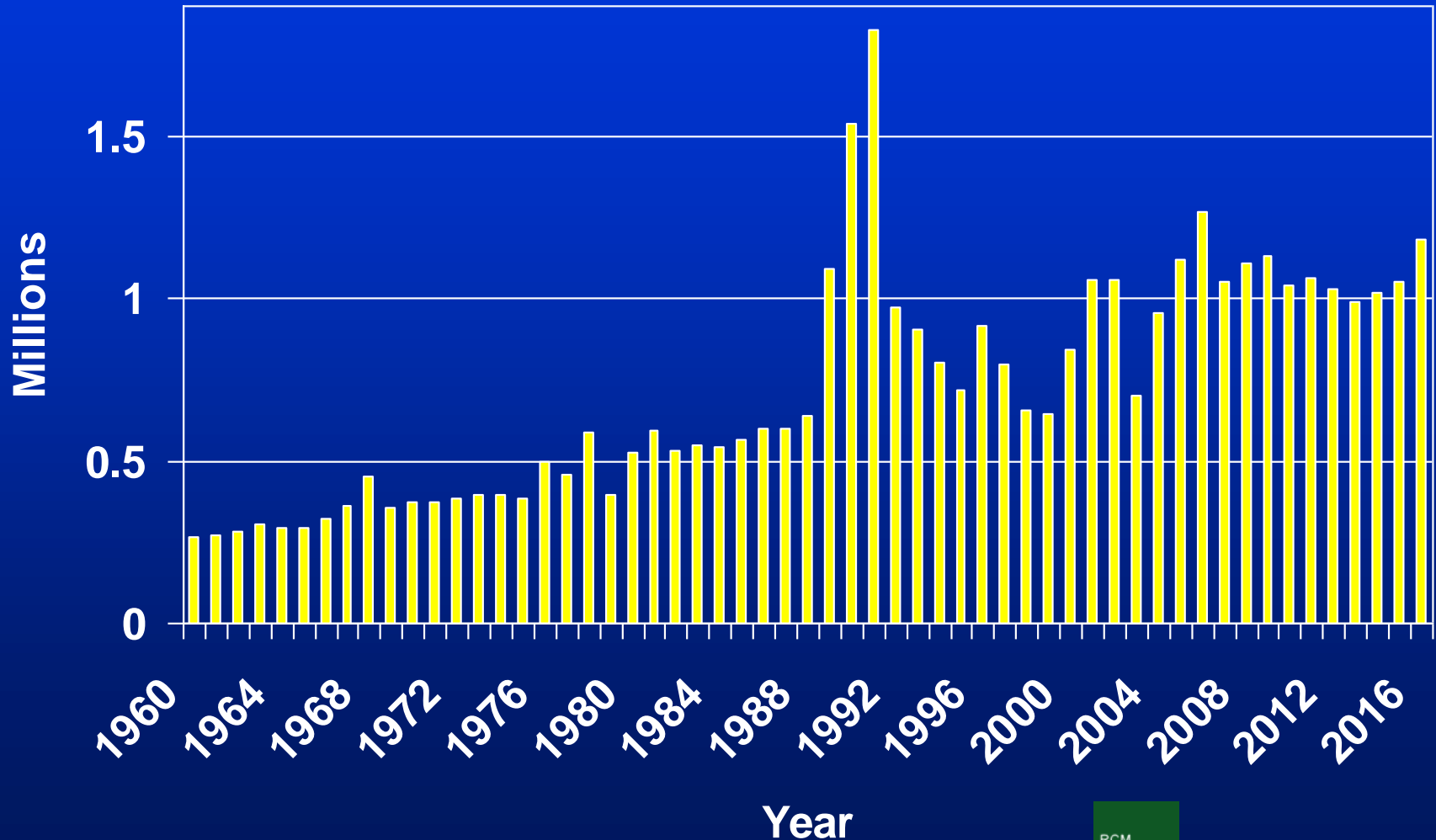
Births Deaths Natural Increase



Lowest natural increase since 1982

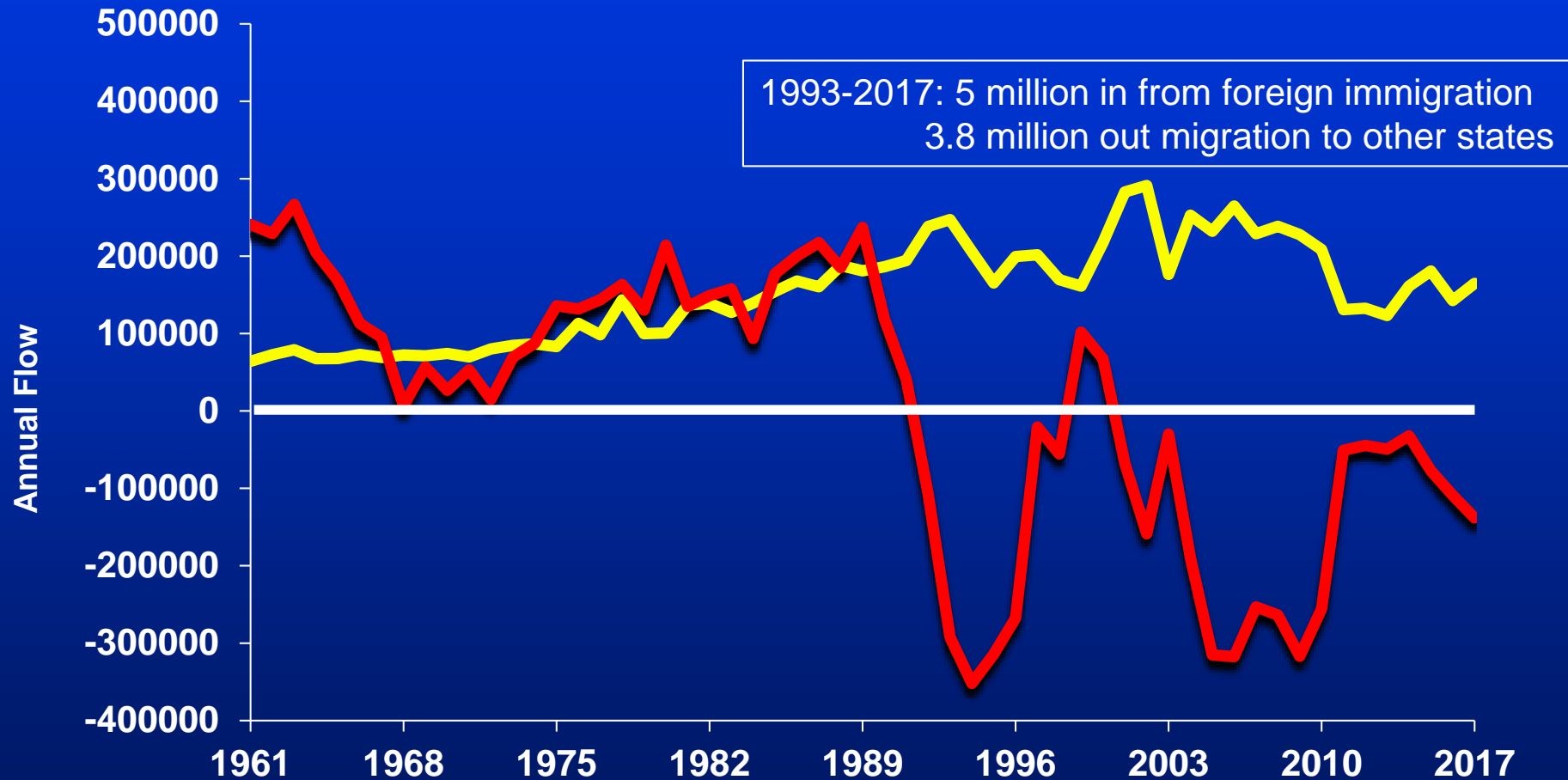
# U.S. Immigration

## Persons Obtaining Lawful Permanent Resident Status



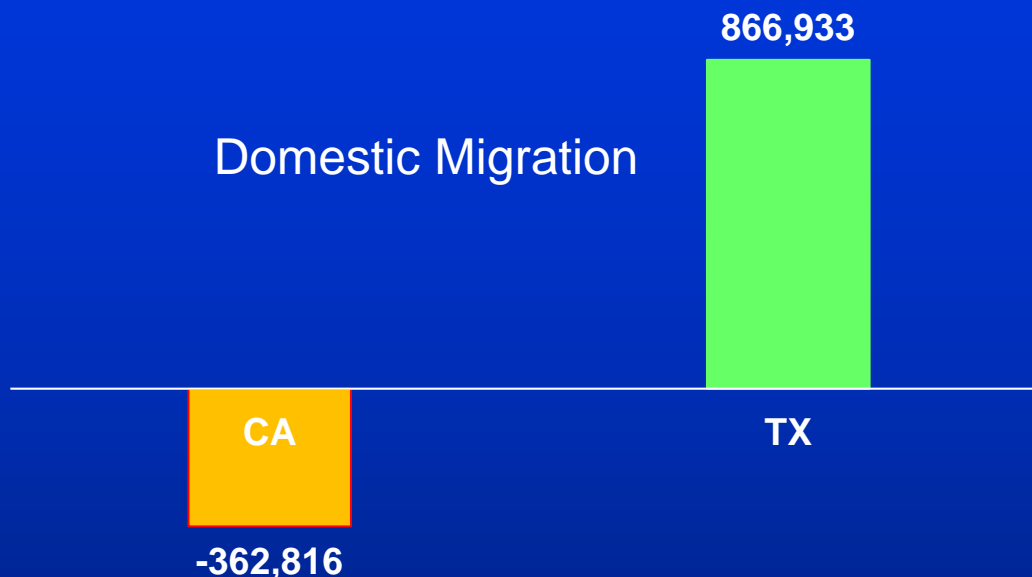
# CA Immigration and Migration 1960-2017

— Foreign Immigration — Domestic Migration





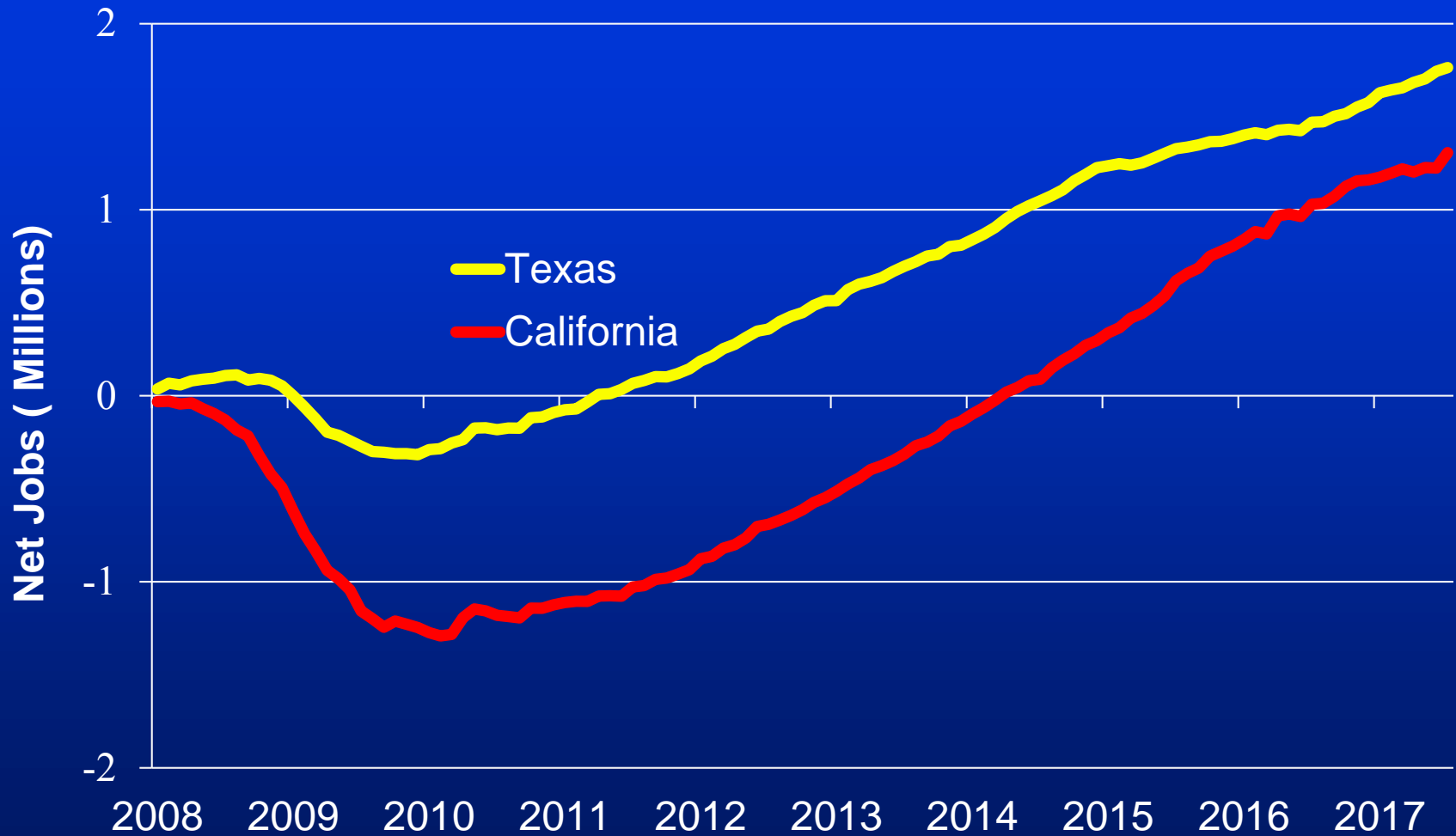
# Golden State versus the Lone Star Migration 2010-2016



	Births	Deaths	Natural Increase	Foreign Immigration	Domestic Migration	Net Migration	Change
CA	3,037,890	1,517,721	1,520,169	871,330	-362,816	508,514	2,023,565
TX	2,437,794	1,117,880	1,319,914	508,843	866,933	1,375,776	2,716,496

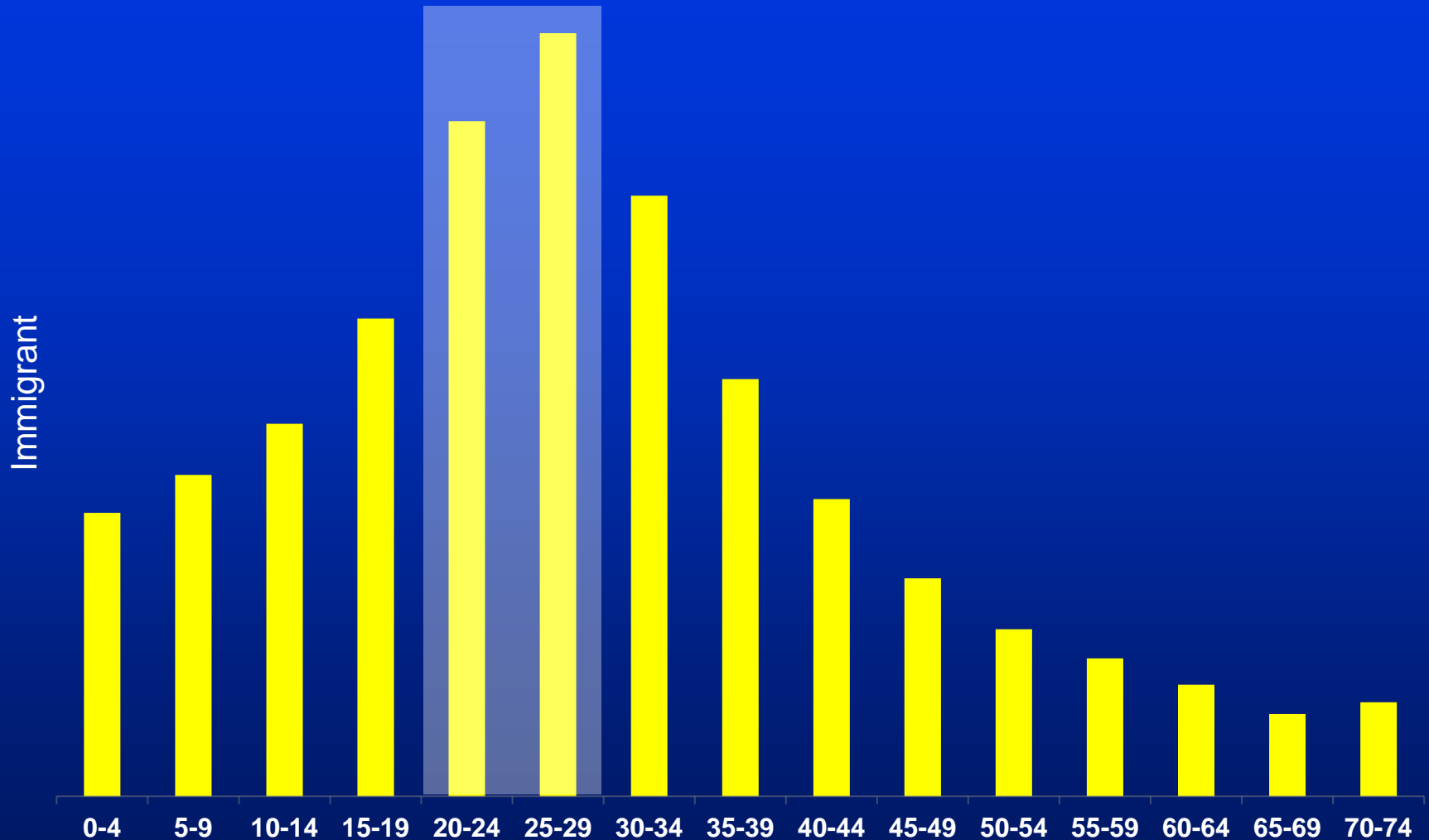
Source: U.S. Census Bureau, TX Comptroller 2018  
July 1, 2010 – July 1, 2016

# Job Creation: Texas vs. California Since 2008

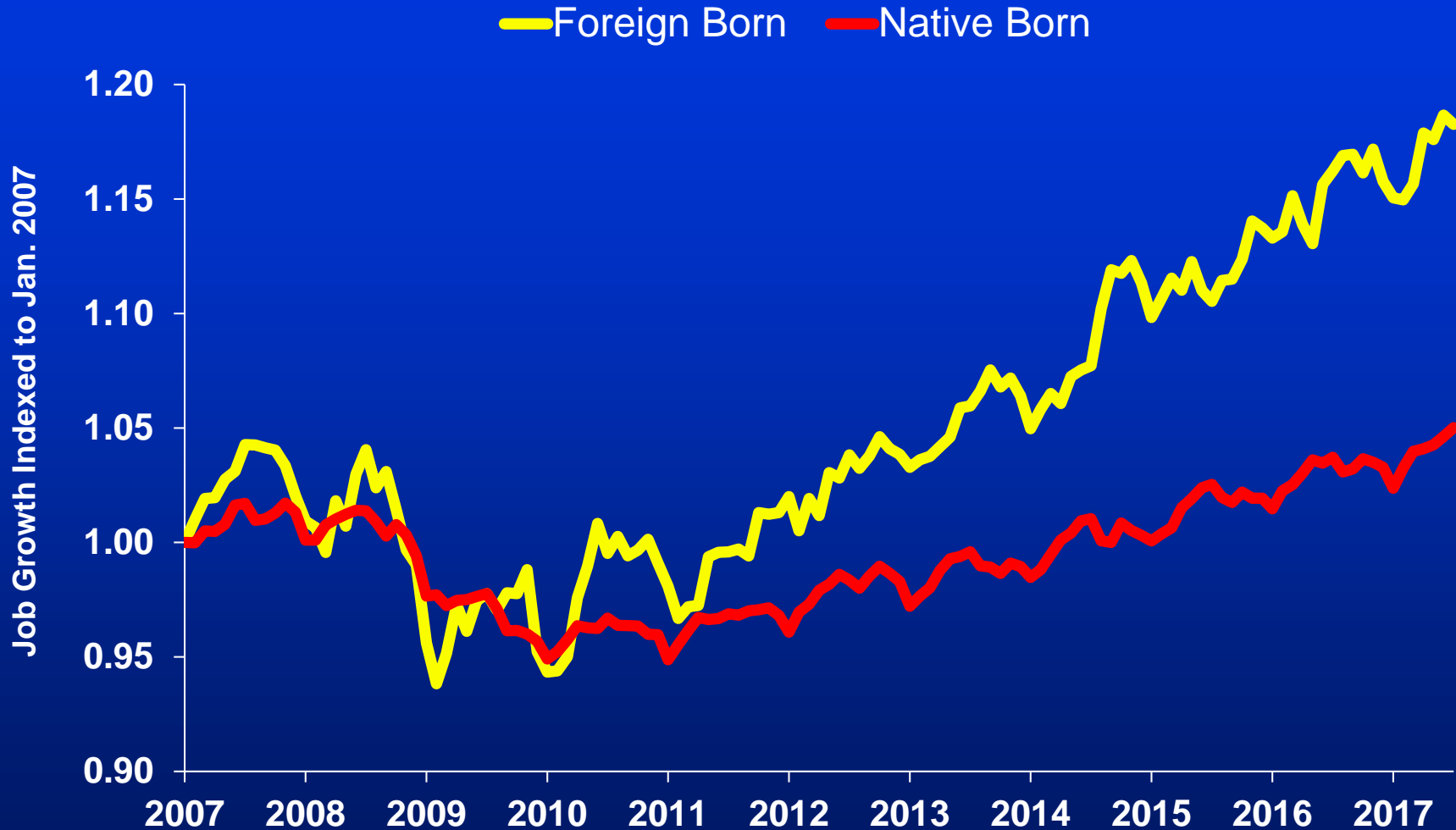


# Historic Average Age of Immigrant

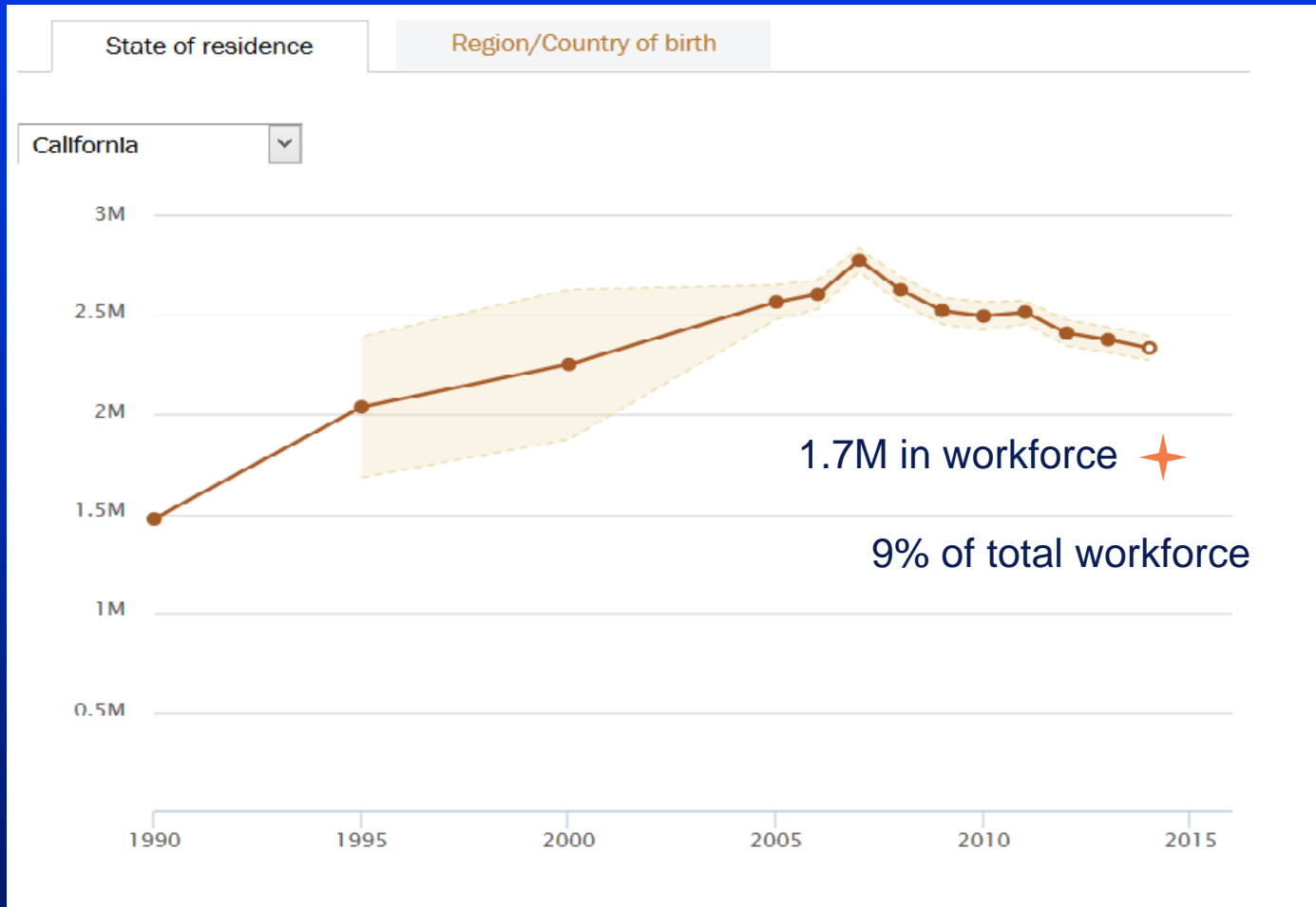
Most in their 20s and Ready to Work



# Employment Growth Since 2007



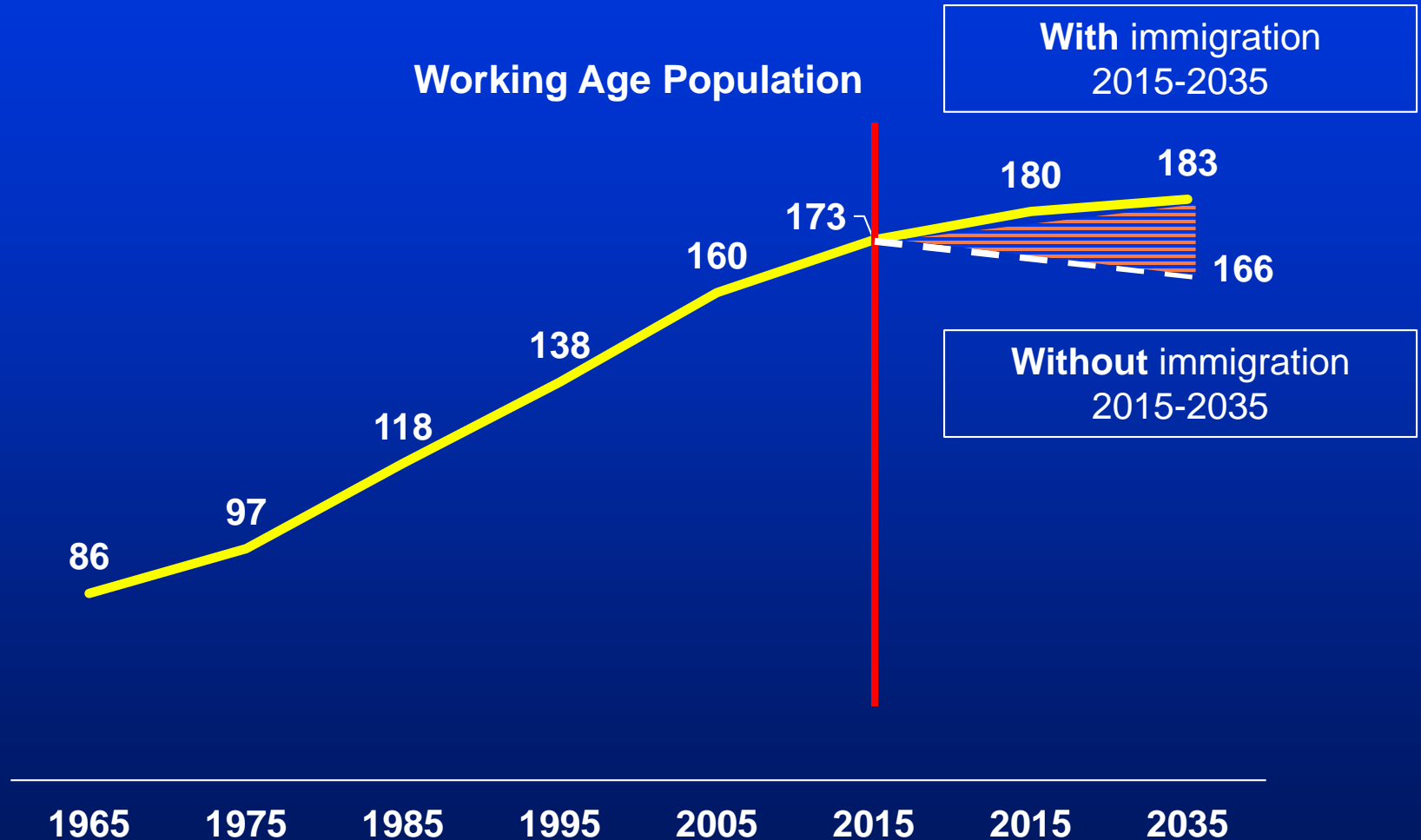
# CA Undocumented Population 1990-2014



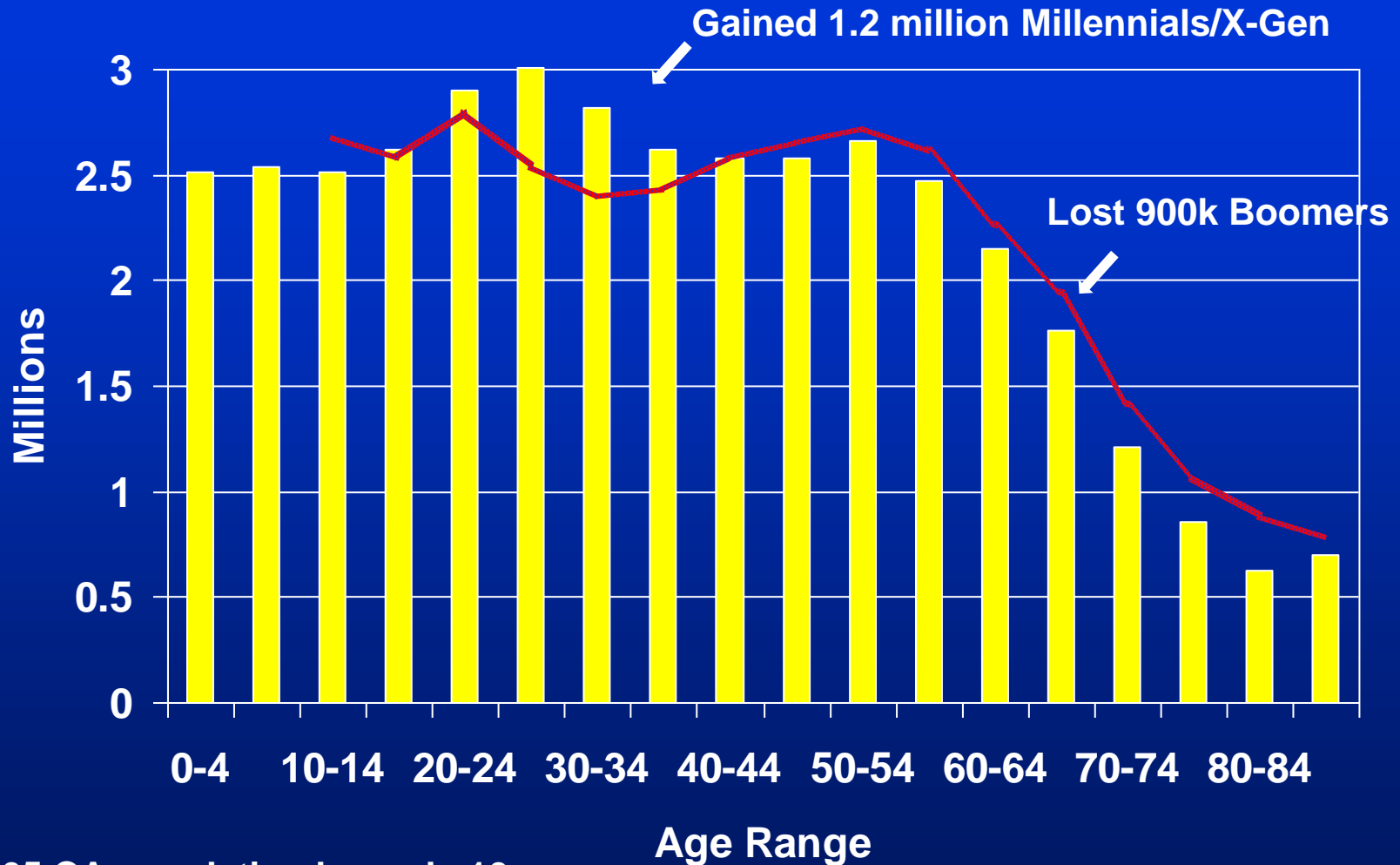
**Data Source:** Note: Shading surrounding lines indicates low and high points of the estimated 90% confidence interval. White data markers for 2014 indicate that change since 2009 is statistically significant. Trends are plotted from unrounded numbers; data labels are rounded independently and are not adjusted to sum to the total U.S. figure or other totals. Source: Pew Research Center estimates for 2005-2014 based on augmented American Community Survey data from Integrated Public Use Microdata Series (IPUMS); for 1995 and 2000 based on March supplements to Current Population Survey;

# U.S. Working Age Population

What happens if there's no immigration?



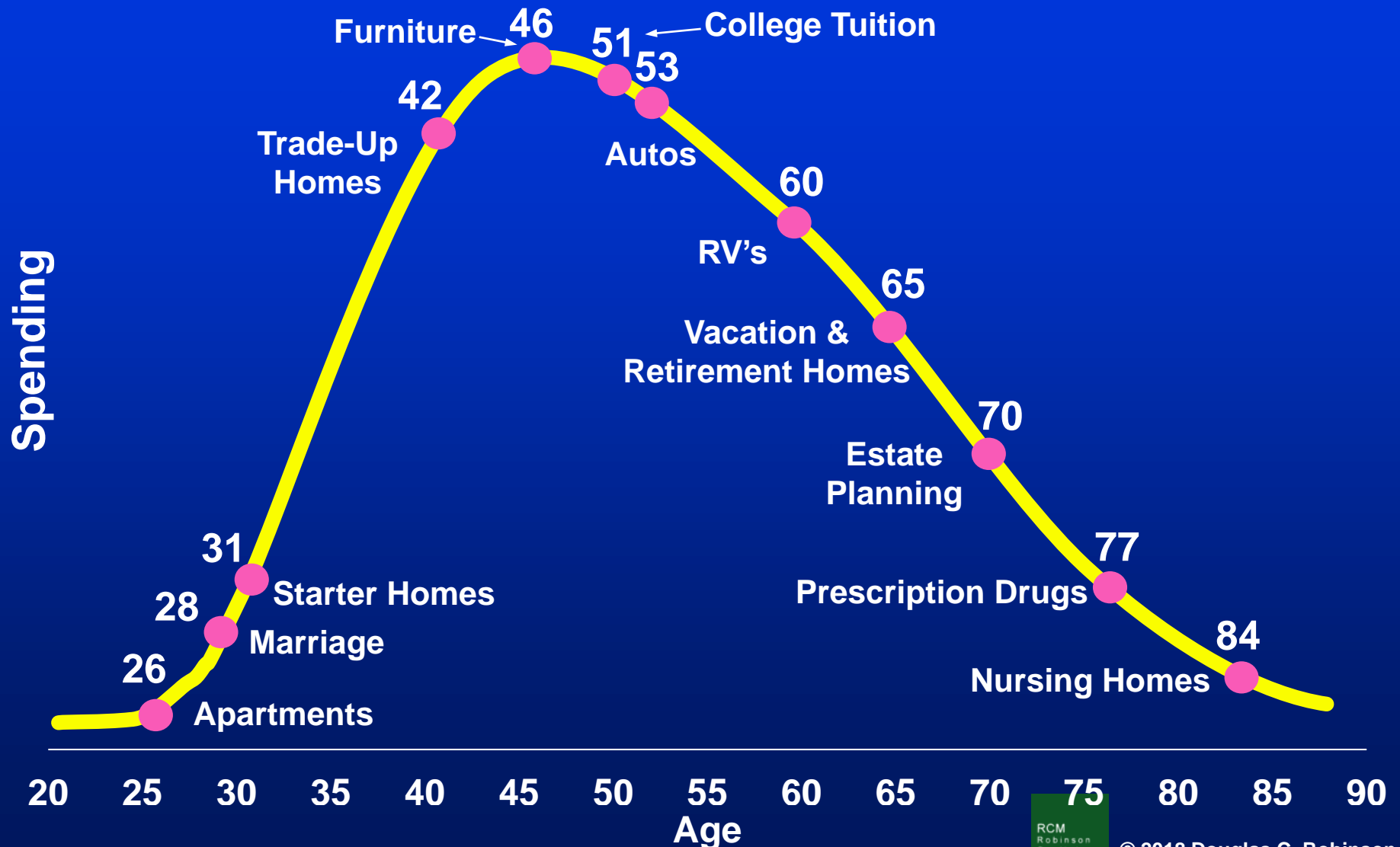
# California Population 2005 - 2015



— 2005 CA population lagged +10yrs

Source: U.S. Census Bureau Survey 2005, 2015,  
Total Population 35,278,768 (2005), 38,421,464 (2015)

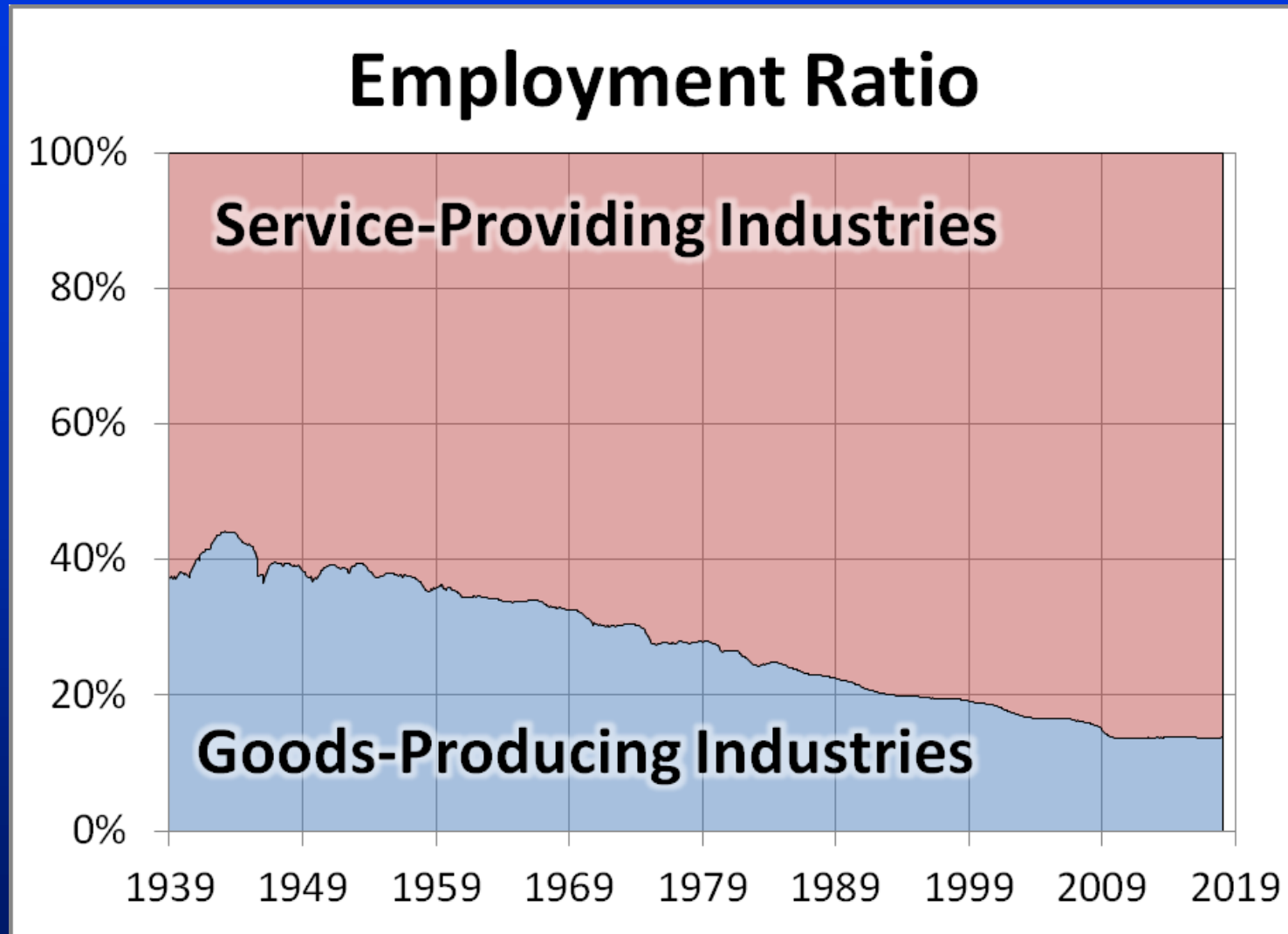
# Consumer Life Cycle of Spending



Data Source: Bureau of Labor Statistics, Dent Research, 2017



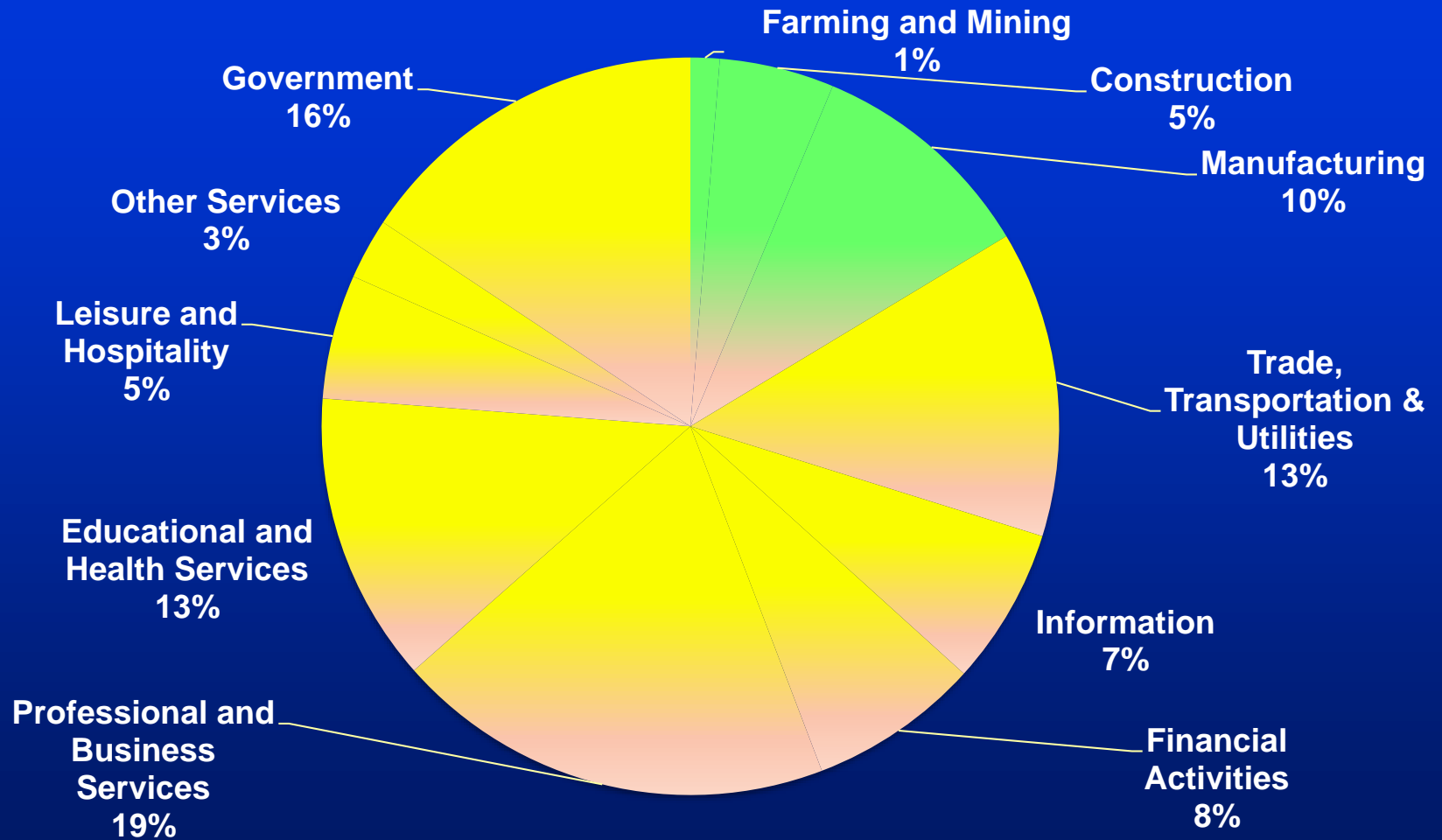
# U.S. Services versus Manufacturing



Source: Advisor Perspectives – Doug Short, 2018

# CA Labor Force Wages

**85% of wages and salaries from services sector**



# Price of Gold

## California Affordability

### Most expensive places in the state:

Affordability threshold for families of four in 2016

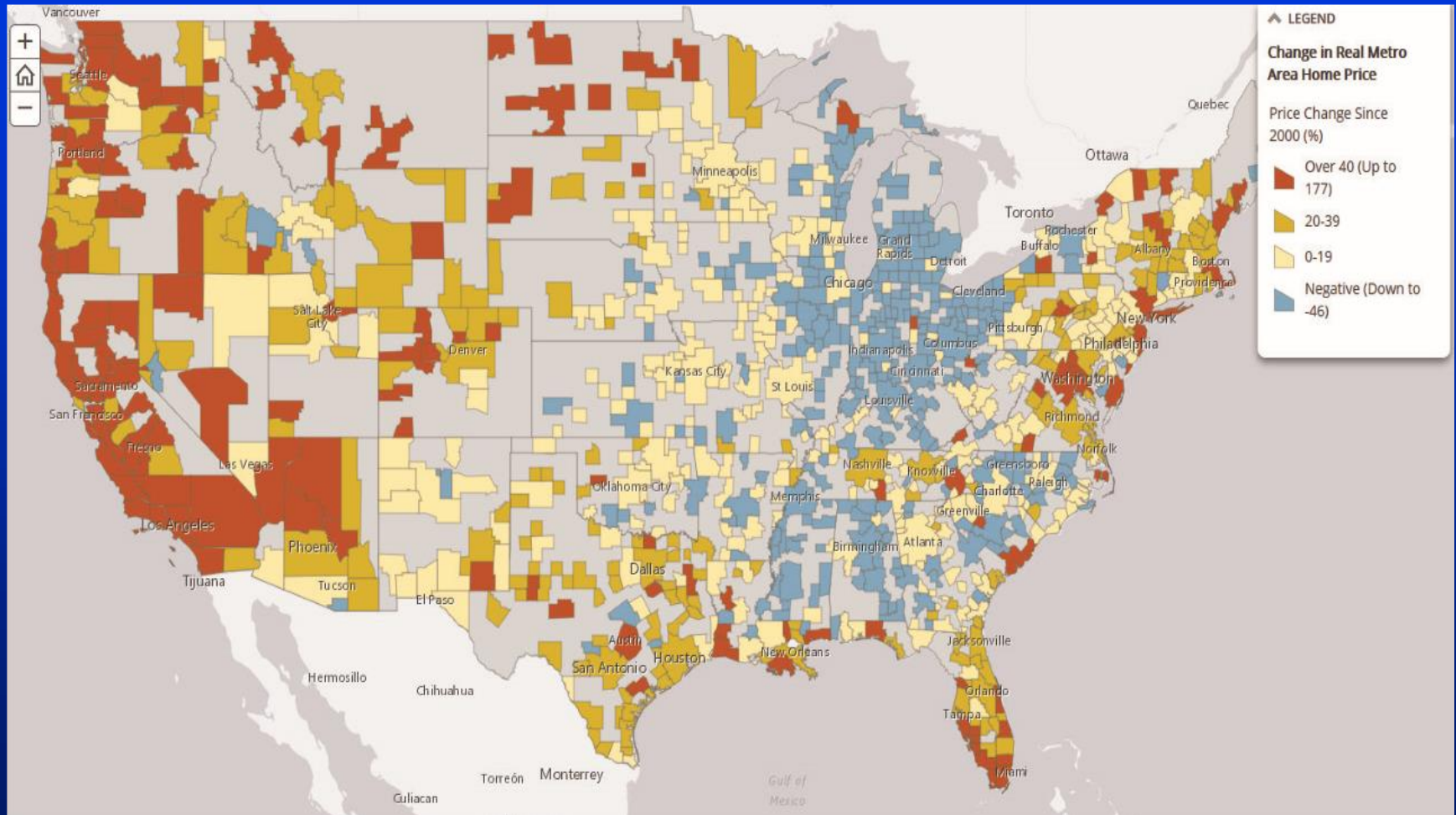


The affordability threshold was determined by calculating the income level at which annual income exceeded estimated expenses, including housing, child care, transportation, food, taxes, miscellaneous health care expenses and premiums, and out-of-pocket costs.



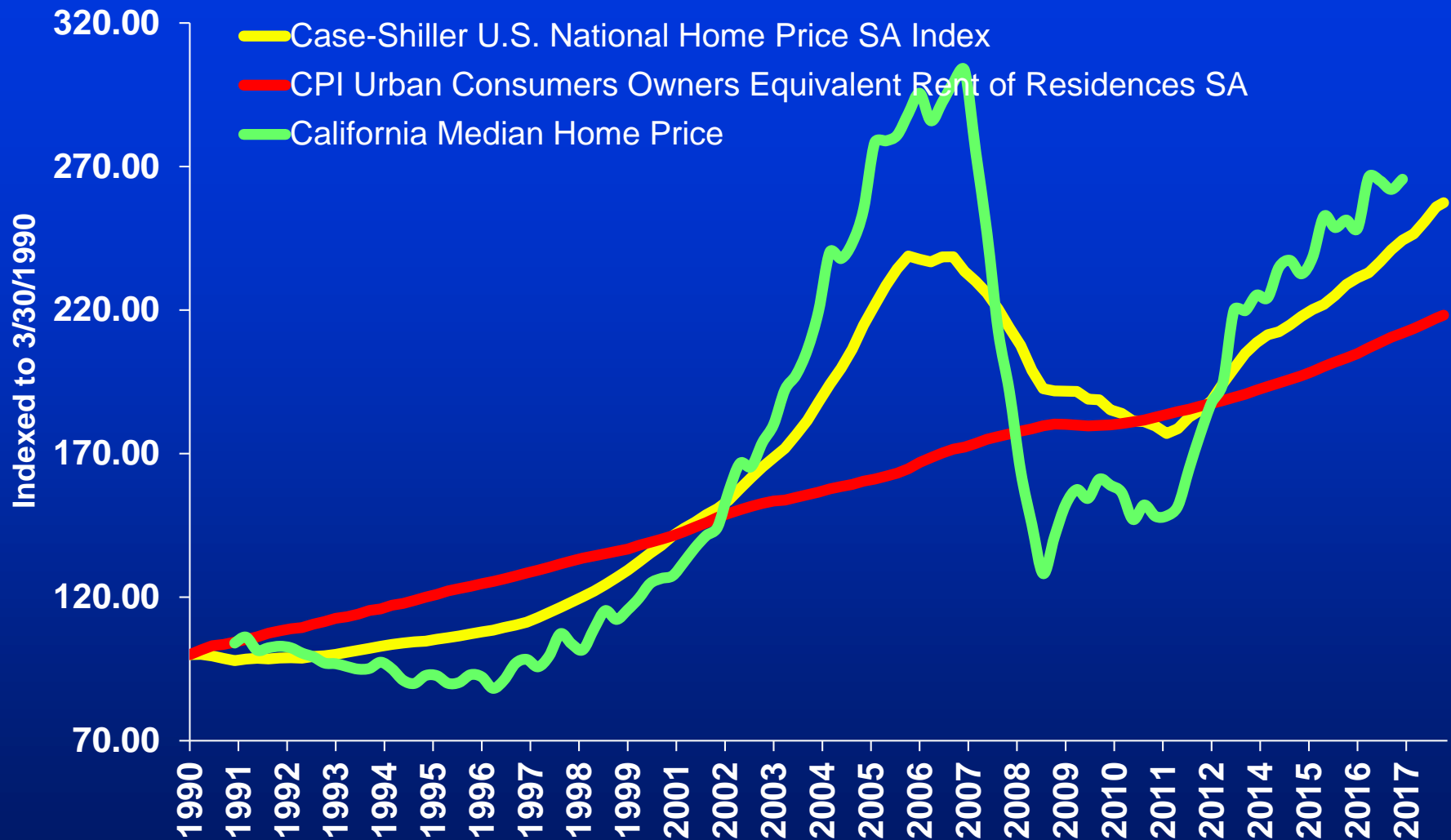
# Metro Area Home Price Since 2000

Boom in California and the West  
Bust in the Midwest



Data Source: The State Of the Nation's Housing, Joint Center for Housing Studies of Harvard University, Dent Research, 2017

# Home Price vs Rent (CPI)



Data Source: S&P/Case-Shiller Home Price Index,  
Bureau of Labor Statistics, Bloomberg 2018

# Senior Workers

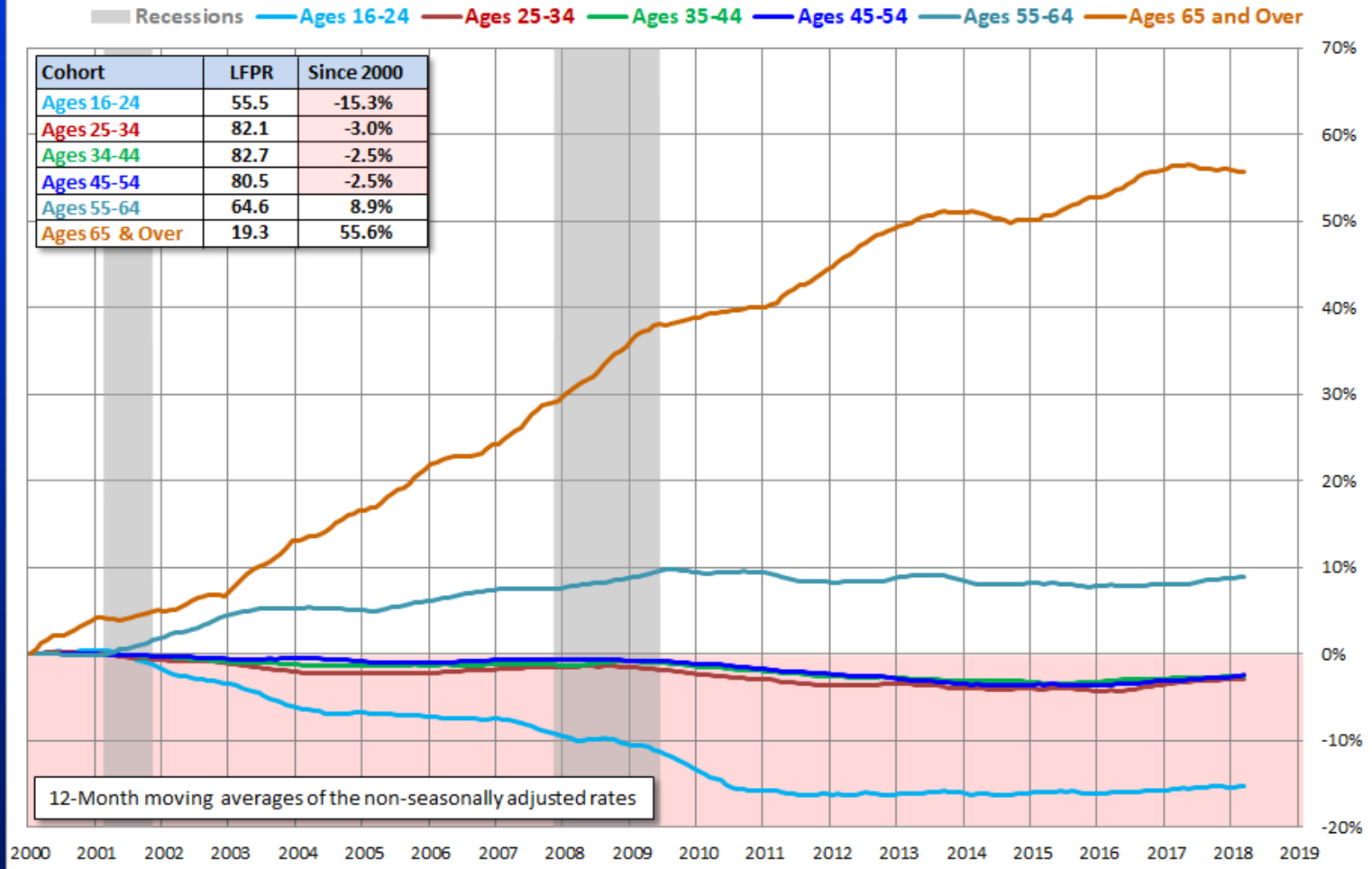


## Labor Force Participation Rate Smoothed Growth Since 2000

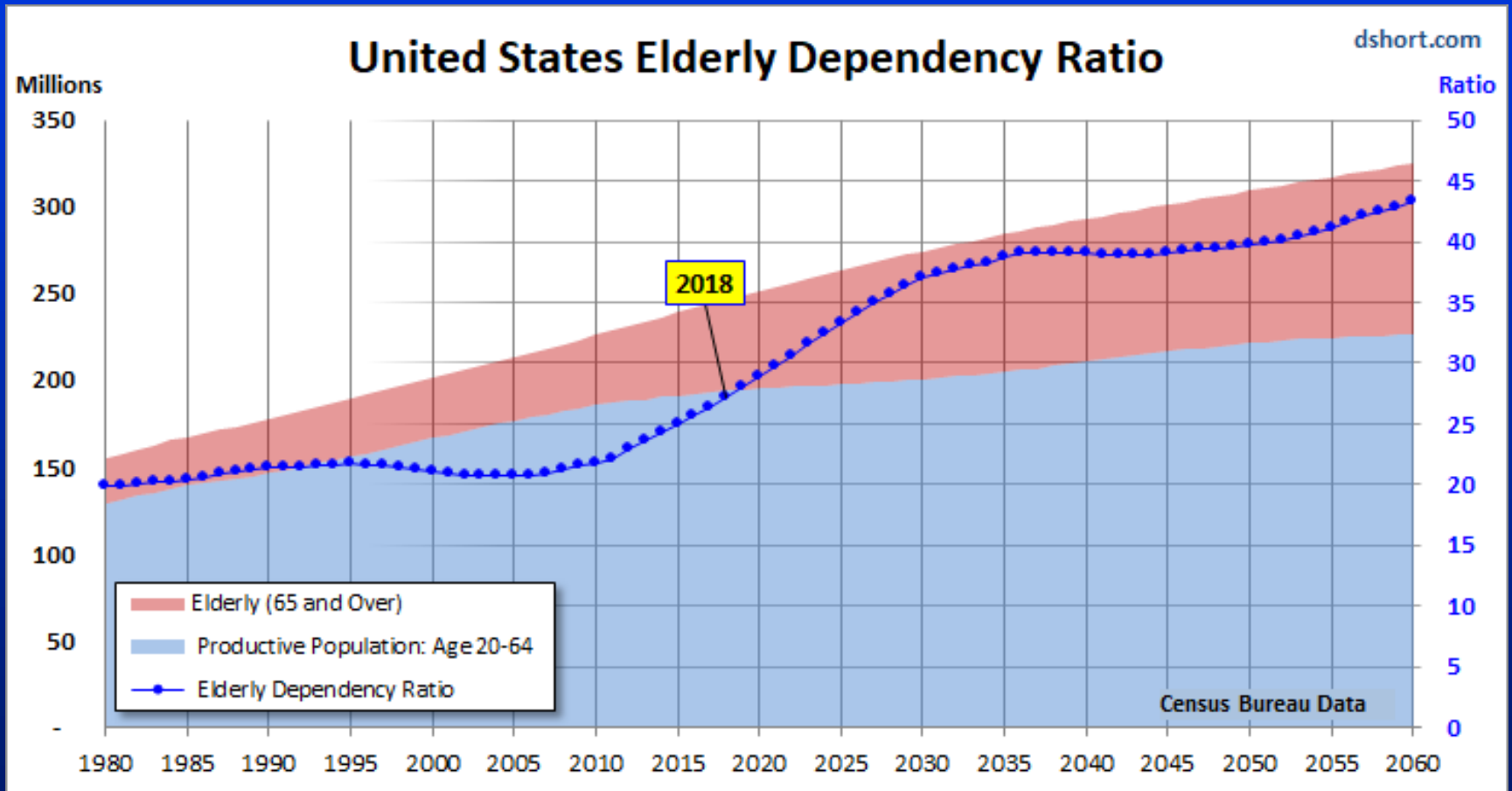
dshort.com

April 2018

Data through March



# Senior Dependency Wave of Walkers

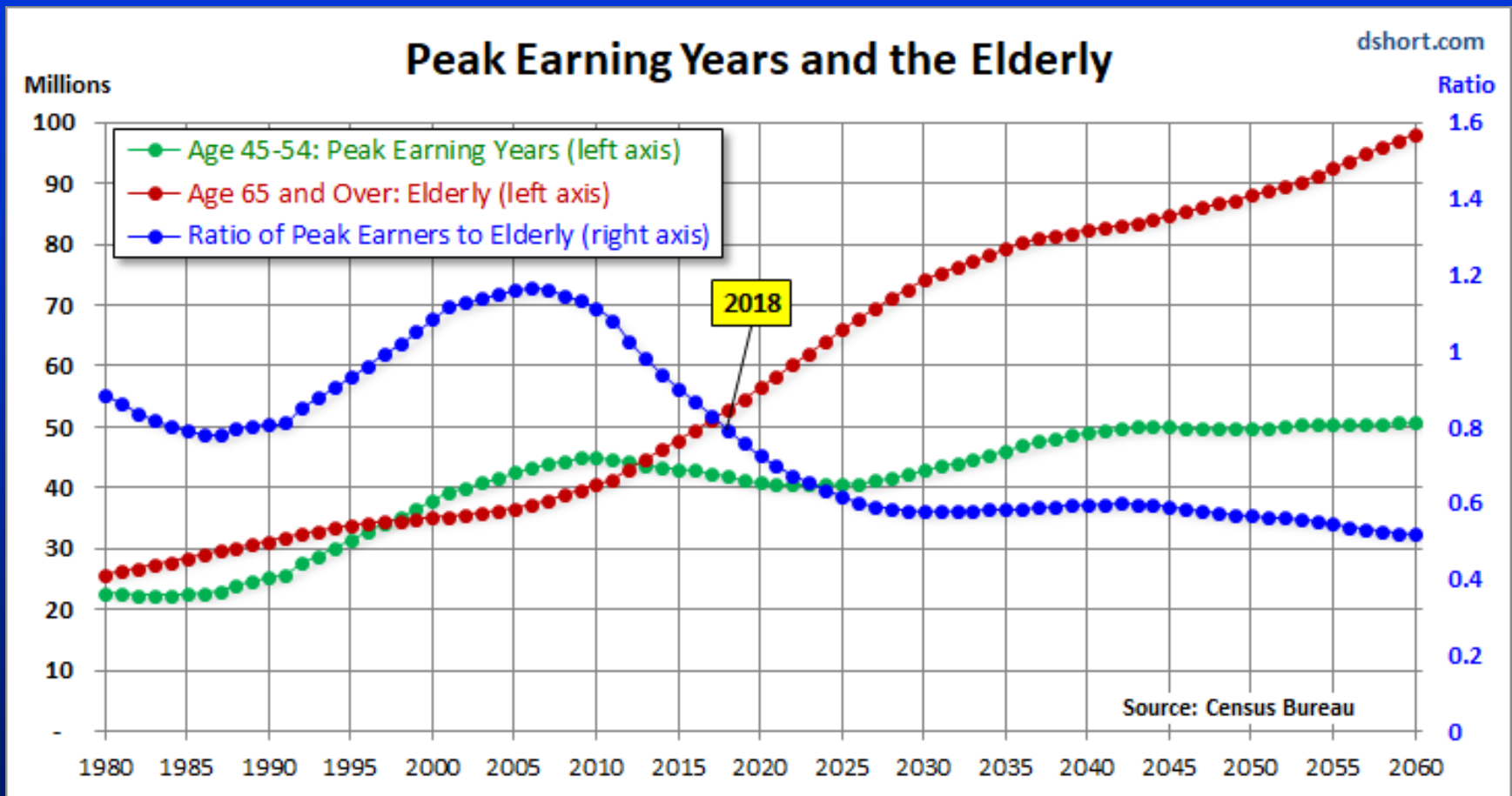


Source: Advisor Perspectives – Doug Short, 2018



# Ratio of Peak Earners to Seniors

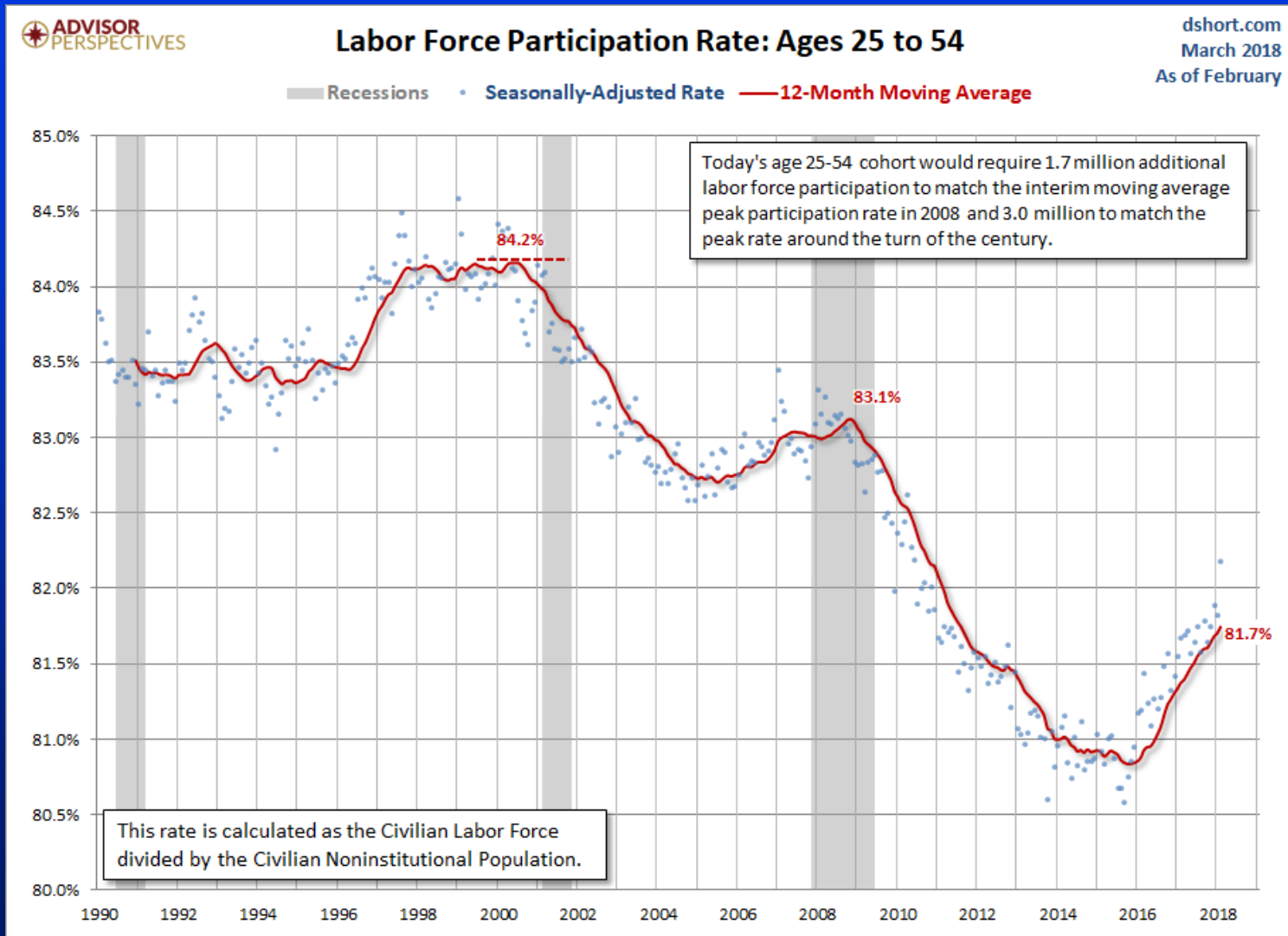
Seismic Shift From Bread Winners to Elder Dependents



Source: Advisor Perspectives – Doug Short, 2018

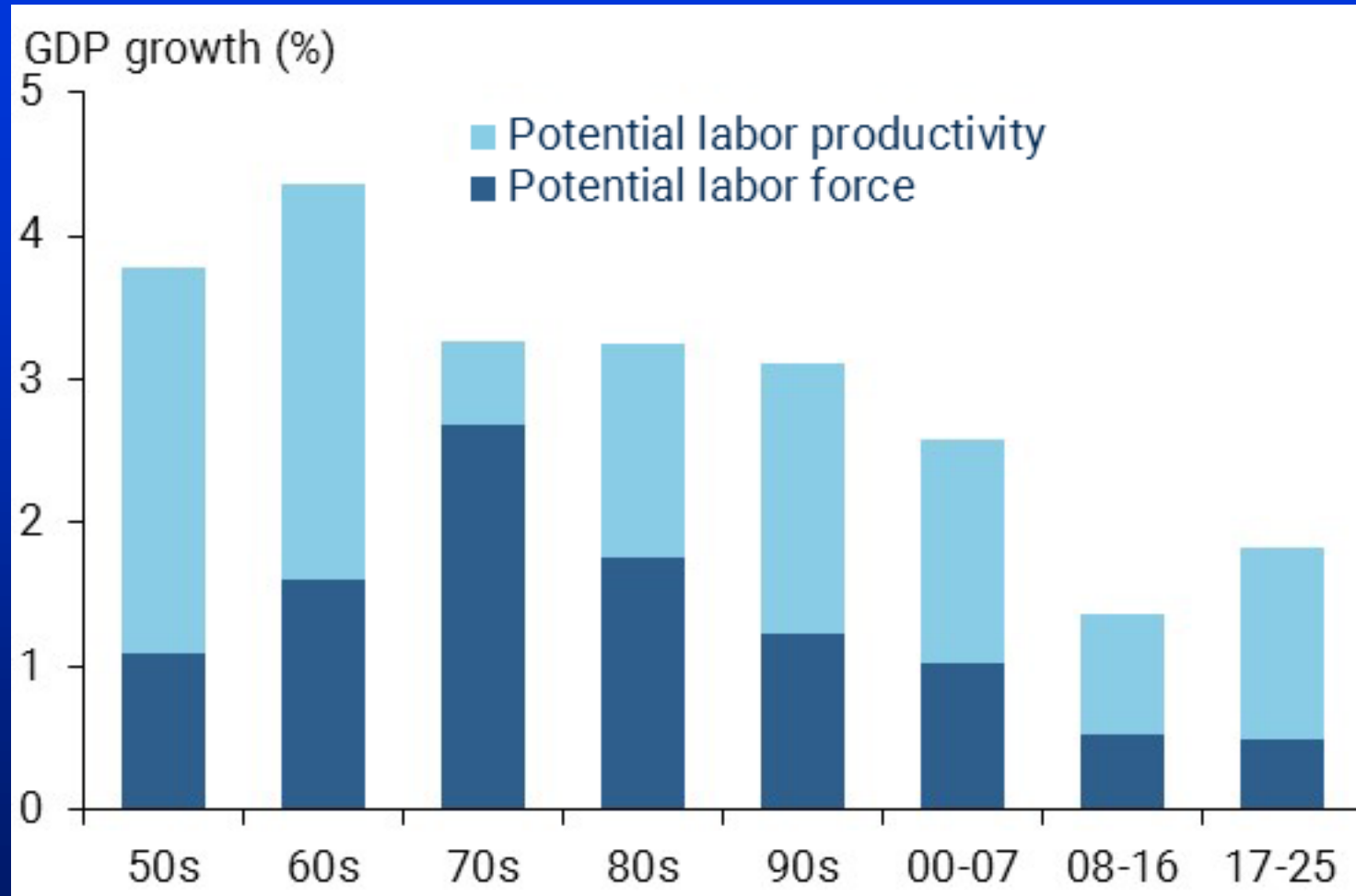


# Prime Age Workforce Participation

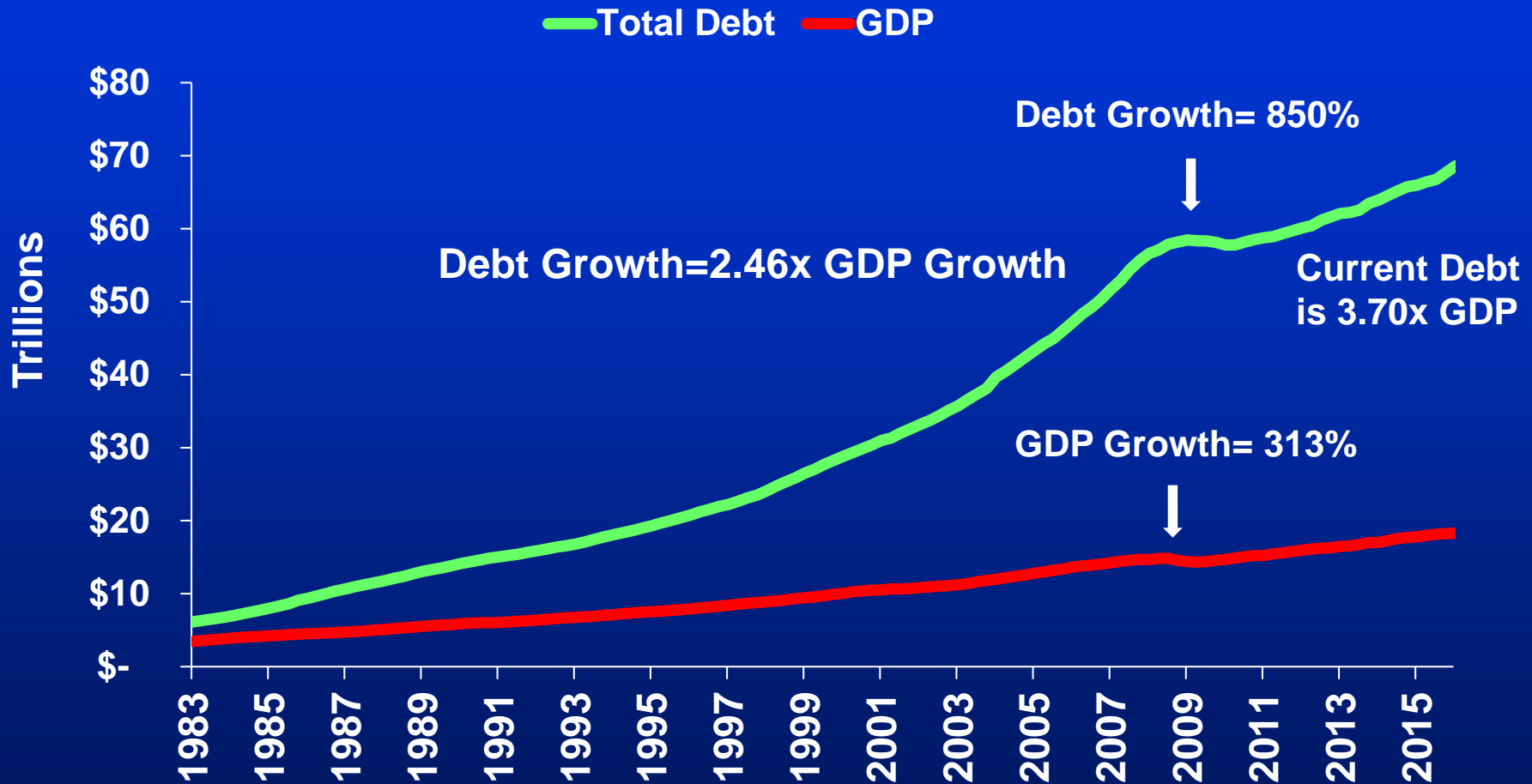


# GDP Growth: Productivity and Labor Force

Slow labor force growth will hinder GDP growth

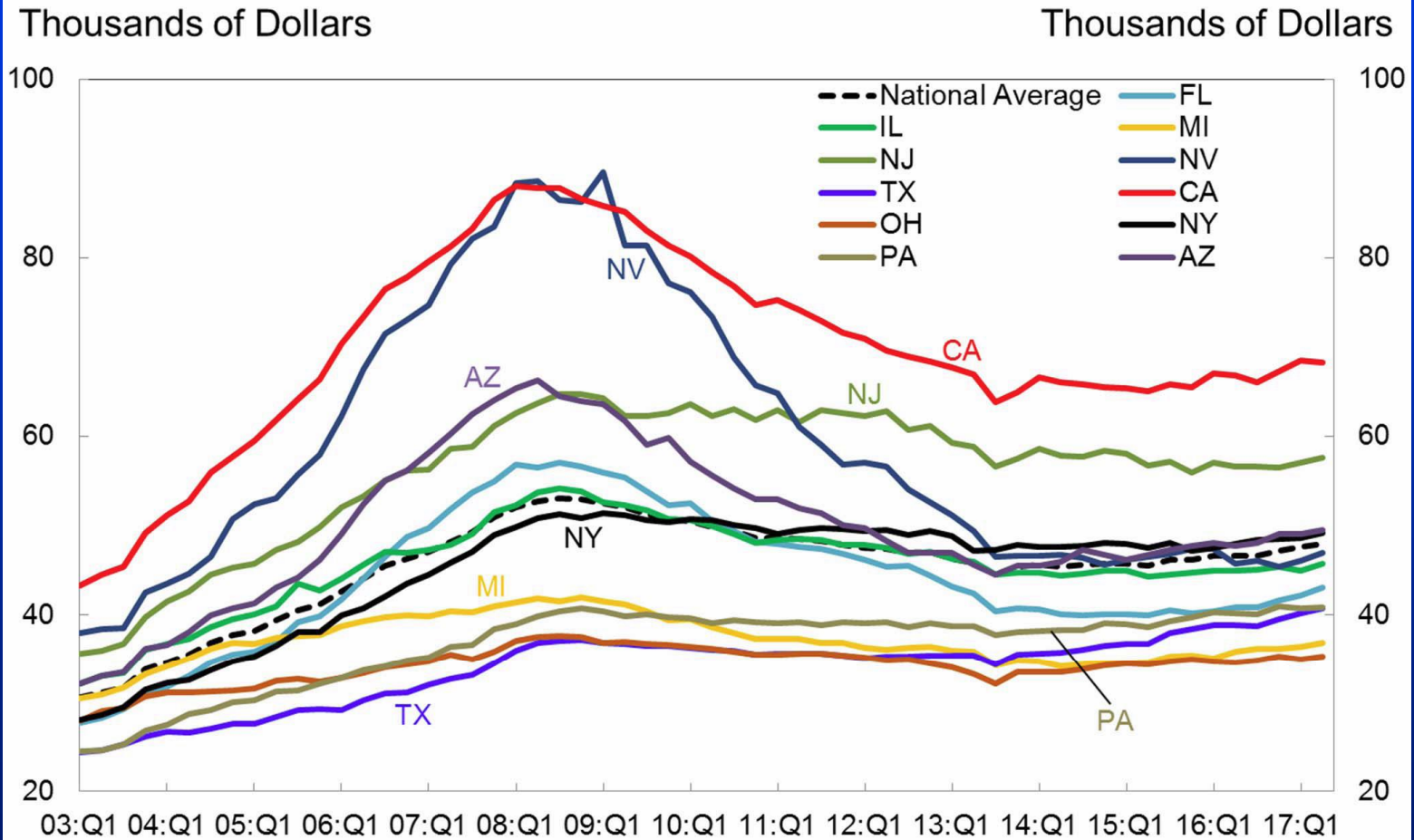


# Total U.S. Debt Growth vs. GDP 1983-2017



# Household Debt

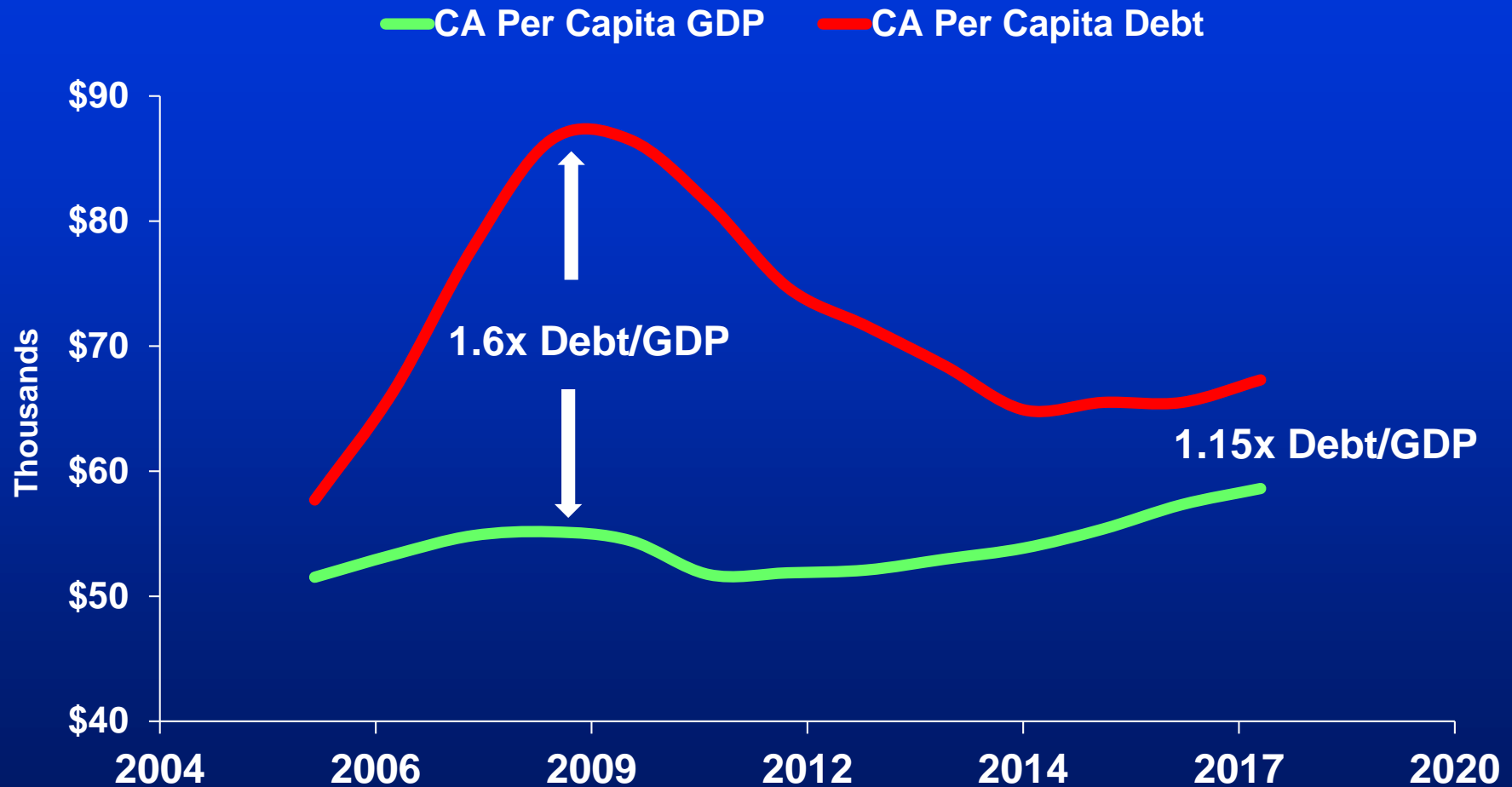
## Total Debt Balance per Capita\* by State



Source: New York Fed Consumer Credit Panel/Equifax

Note: \*Based on the population with a credit report

# California Real GDP vs Household Debt (Per Capita)



Data Source: Federal Reserve Bank of New York,  
Bureau of Economic Analysis, Bloomberg, 2018

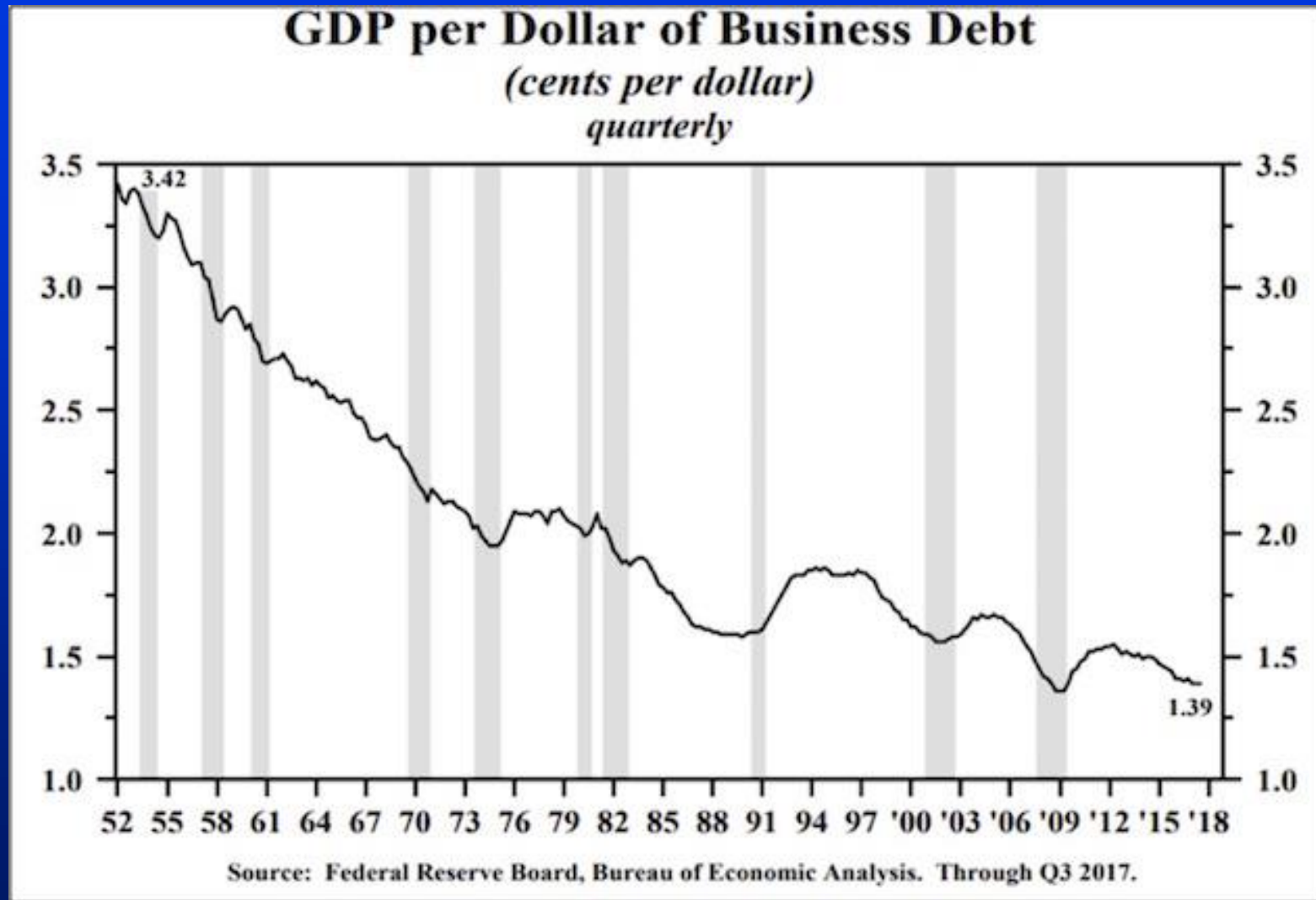
# The Velocity of Money

GDP divided by M2 Money Supply

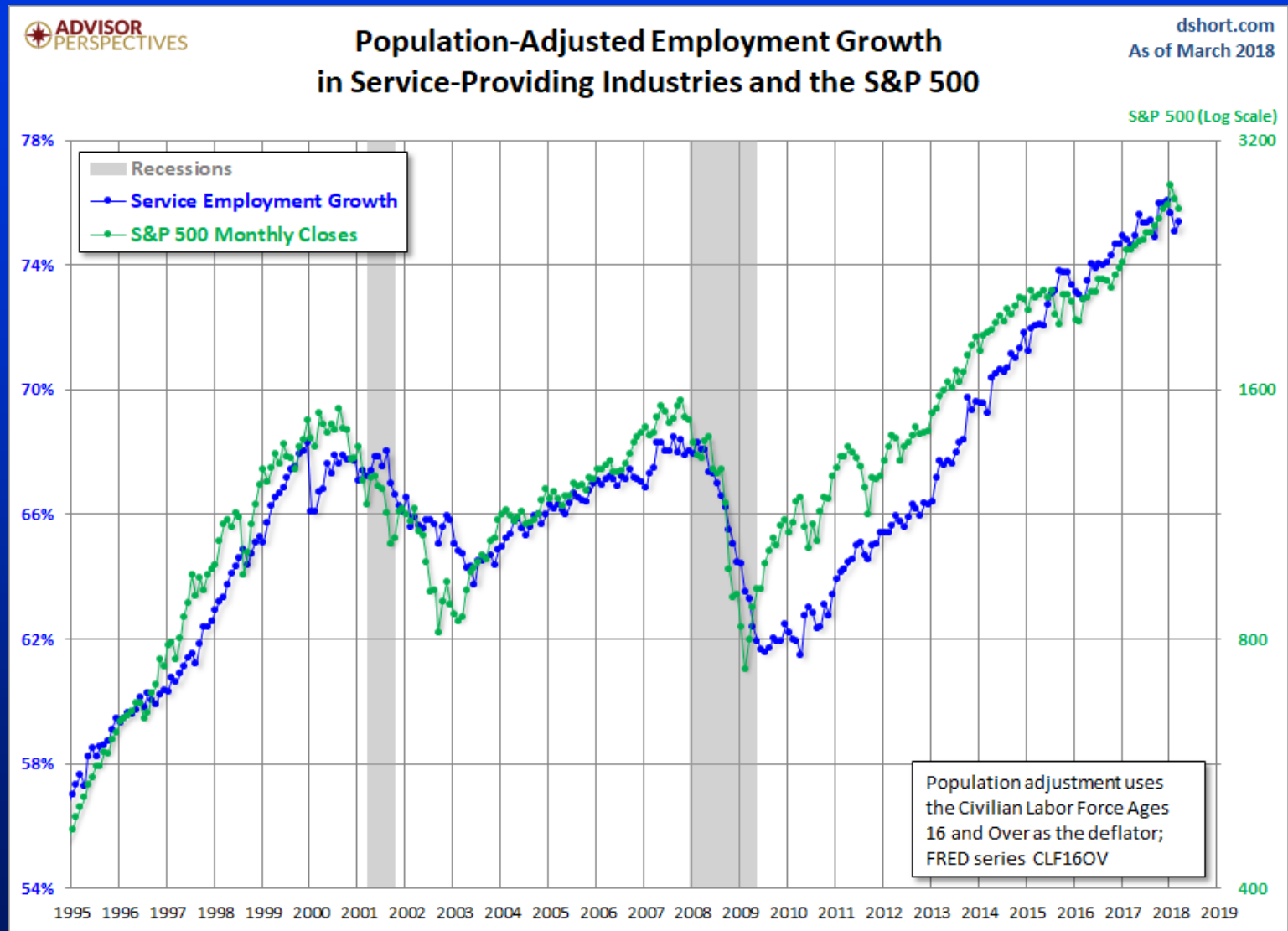


Source: Bloomberg, 2018

# Economic Output per Corporate Debt



# U.S. Service Jobs versus the S&P 500



Source: Advisor Perspectives – Doug Short, 2018

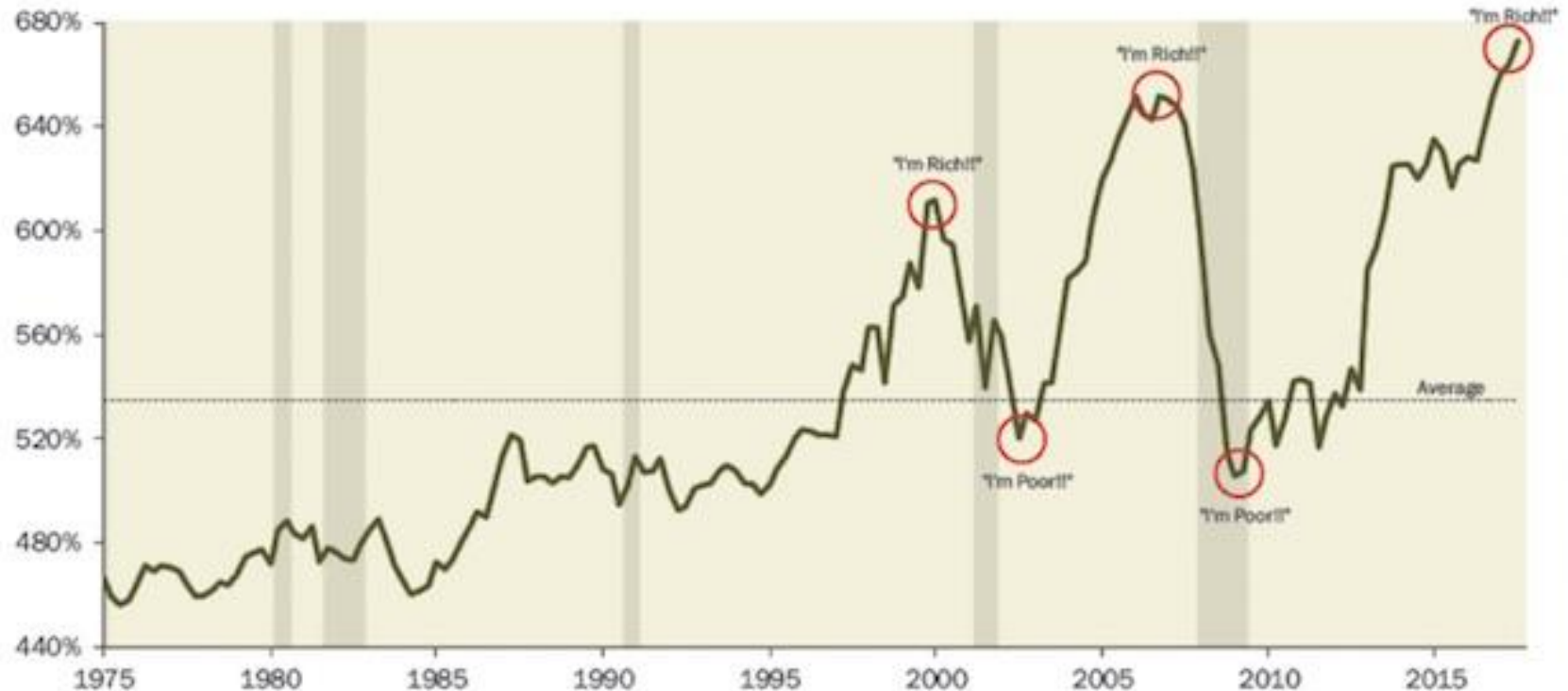


# U.S. Household Net Worth as a Percentage of Disposable Income

WHAT'S EVERY PEAK TYPICALLY FOLLOWED BY?

United States: Household Net Worth Share of Personal Disposable Income

(percentage)



Notes:

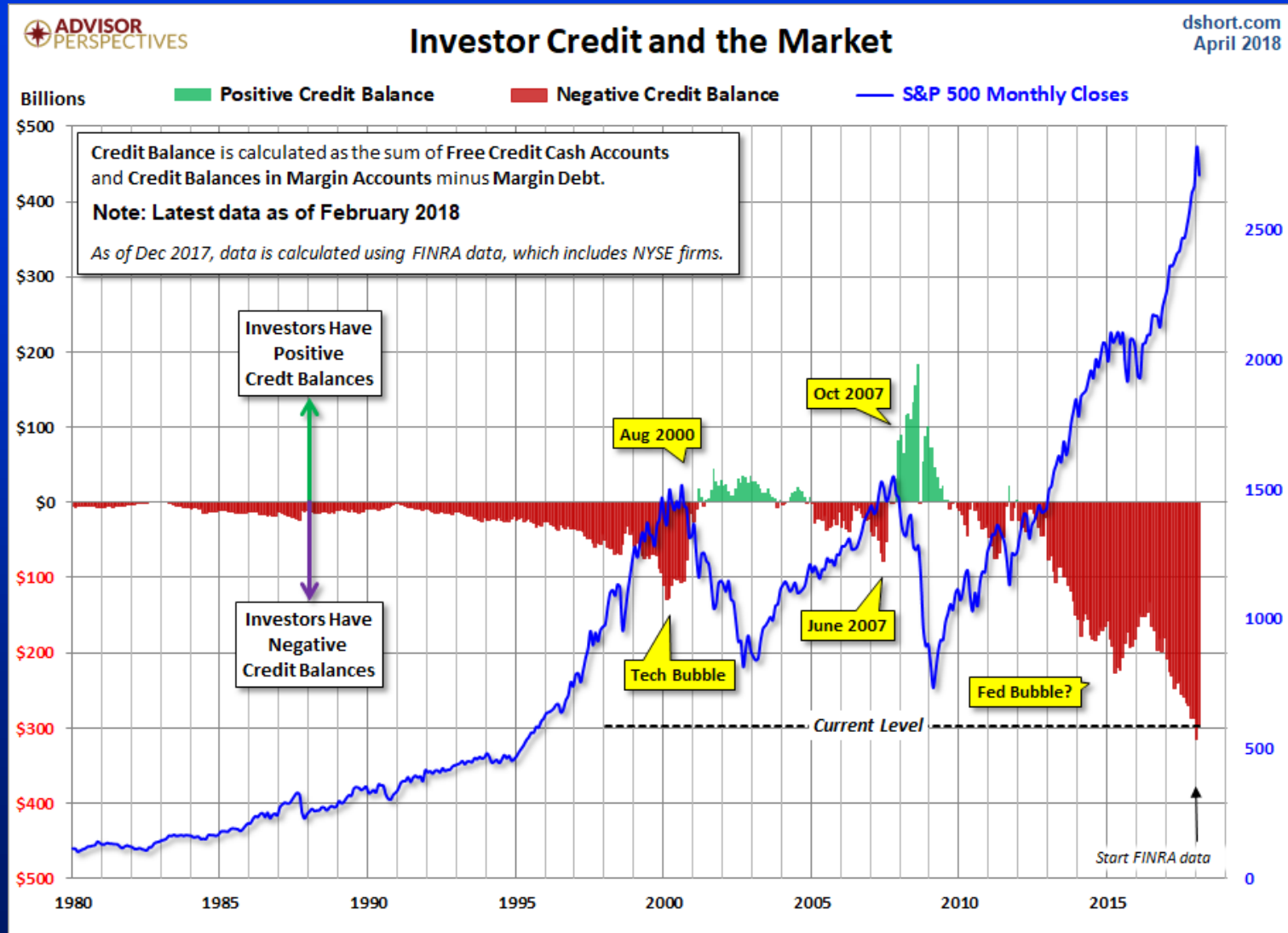
Shaded regions represent periods of U.S. recession

Source: Haver Analytics, Gluskin Sheff

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Source: Dave Rosenberg, Gluskin Sheff,  
John Mauldin - Strategic Investment Conference, 2018

# Record NYSE Margin Debt



# 5 Year Treasury Channel

## 1980-Present





***Douglas C. Robinson***  
***Independent Registered Investment Advisor***

Doug Robinson is the principal of RCM Robinson Capital Management, an SEC registered investment advisory and management firm specializing in institutional fixed income management and OPEB trust asset allocation strategies.

Doug is a frequent guest speaker and long-time member of the California Municipal Treasurers Association. With over thirty years in the investment industry, he is the editor of [robinsoncapital.com](http://robinsoncapital.com), an educational web site providing investors with information on institutional fixed income, OPEB and supplemental pension mitigation strategies and portfolio management. Doug is also a Branch Manager and Registered Principal with Securities America, Inc.

Doug received his Bachelors of Science degree in Economics from University of Missouri-Columbia and is co-author of "Boom or Bust - Understanding and Profiting from a Changing Consumer Economy".

Doug also serves as board member to the California State Treasurer's Office, [Local Investment Advisor Board \(LIAB\)](#) which provides oversight to the Local Agency Investment Fund (LAIF), managing \$21.2 billion as of March 2018.

[www.robinsoncapital.com/fi\\_main.htm](http://www.robinsoncapital.com/fi_main.htm)



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