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### **2015 Year in Review**

DJIA dropped by 2.2% in 2015. It's the first year for the index to drop since 2008 when the index lost 33.8% of its value at the beginning of the Great Recession. Of course it should be added that DJIA rose by 99% between December of 2008 and December of 2015. It is also of great interest to note that is that the US economy has grown by only 13% growth during the same period of time. If the stock market was to roughly reflect the economy, it would have been considered way overpriced even after the recent declines.

While big changes in the stock market are always headliners, there were some other important economic news coming out of 2015; the overall economy is projected to grow at a slower than expected 2.2% for the year. Overall payroll employment rose by 2.6 million, however, employment in the Valley dropped slightly, and if this continues, 2015 will be the first year since the 2009 that the Valley will not experience an increase in its employment level. And despite the decline, there are 8,000 more people working in the Valley now than at the height of employment before the Great Recession.

Other news, of course, included the FED's rate increase. After months of announcements and forewarnings, eventually the FED raised its rate by 0.25 percent. And everybody held his or her breath, and nothing happened. Well nothing that made much of a difference. Even 30-year mortgage rates, which recorded a slight uptick from where it was last October, is still below where it was last June. And the quarter of a percent increase in bank prime rates does not appear to have caused any drop in total business borrowing.

But the piece de resistance in 2015 was the continuous drop in oil prices, which resulted in a significant drop in gasoline prices and has been great for consumers. In 2015, gasoline prices dropped by 20%, and this is on top of a 22% drop in gasoline prices in 2014. Gasoline prices are now averaging at around \$2 across the nation. Since WWII, the lowest average gasoline prices in today's dollars was \$1.54 per gallon in 1998, which came about after a year-and-a-half of drop in price of oil.

One of the important indicators of the future economic activity in the US is the Consumer Sentiment Index, which rose to 92.6 in December. The index and its long-term trend are now both in the same range that prevailed during the 2003-2005 strong economic times. This is a very positive indicator for 2016.

Economic indicators coming out of 2015 were a mixed bag, with both positive and negative economic indicators for 2016; fortunately, there were more positive indicators than negative ones.