

California Real Estate Economics, 3rd Edition, Update
By Ignacio Gonzalez, Consulting Editor

Chapter 3: Economic Change Analysis

- I. The Inevitability of Change
 - A. Trends
 - B. Fluctuations
 - 1. Periodic Fluctuations
 - 2. Irregular Fluctuations
 - 3. Random Fluctuations
 - 4. Cyclical Fluctuations
 - C. Business Cycles
 - 1. Peak
 - 2. Upper Turning Point
 - 3. Contraction
 - 4. Trough
 - 5. Lower Turning Point
 - 6. Expansion
 - 7. Duration
 - 8. Amplitude
 - D. Economic Conditions
 - 1. Recession
 - 2. Depression
 - 3. Recovery

4. Prosperity
 5. Boom
 - E. What Do Business Cycles Mean?
 - F. Early Warning Indicators
 1. Employment and Inflation
 2. Population Shifts
 3. Saving vs. Spending
 4. Repair vs. Replace
- II. Economic Forecasting
- A. The Nature of Forecasting
 1. Prediction vs. Forecast
 2. Implicit vs. Explicit Forecasting
 - B. Uses of Forecasting
 1. Budget Preparation
 2. Business Cycle Crisis Management
 3. Agricultural Controls and Price Supports
 4. Defense Spending
 - C. Approaches to Forecasting
 1. Data Collection
 2. Types of Indicators
 - a. Coincident
 - b. Lagging

- c. Leading
 - D. Use of Leading Indicators
 - 1. Major Leading Indicators
 - a. Federal publications and websites
 - b. State publications and websites
 - c. News media
 - E. Diffusion Indexes
- III. Major Economic Indicators
 - A. Consumer Price Index (CPI)
 - 1. Calculation of CPI
 - 2. Interpretation
 - B. Local CPI
 - C. Gross Domestic Product (GDP)
 - 1. Individual Consumption Spending
 - a. Durable Goods
 - b. Nondurable Goods
 - c. Services
 - 2. Investment Spending
 - a. Nonresidential Investments
 - b. Residential Investments
 - c. Business Inventories
 - 3. Government Spending

- 4. Net Exports
- D. Using GDP
- E. Unemployment Rate
 - 1. Data
 - 2. Limitations
- F. The Stock Market as Indicator
 - 1. Limitations