

CAROC MARKET WATCH

(A Monthly Trends & Forecasting Report)
January 31, 2003

HOT SPOTS

Population growth will be concentrated in 10 states through 2030: CA, TX, FL, GA, AZ, NC, WA, TN, CO, and VA. The big three, CA, TX, and FL, will each add more than 10 million people—to house, feed, clothe, transport, doctor, entertain, etc. This is good news for businesses. [The Kiplinger Letter](#), December 27, 2002

NEW SPENDING PATTERNS

Population changes will bring new spending patterns. Among the leading trends:

- Goods and services for older people including housing geared to seniors
- Travel and recreation from millions of retirees
- Empty nesters with more to invest and spend
- Young adults as consumers spending freely on electronics, cars and travel
- Rising birth rate and baby-related sales
- Formation of new households by baby boomer children
- Time-saving conveniences and domestic help
- Focus on African-American, Hispanic and Asian buying patterns

[The Kiplinger Letter](#), December 27, 2002

NEW, IMPROVED INTERNET

A more powerful, more reliable Internet is on the horizon. Now in use and under development at university research centers, the high performance network will be available this decade for e-commerce and other uses. Strong safeguards for personal data, Web access portability, vastly improved voice and video transmission, and a virtually unlimited reservoir of individual Web addresses are some of the features. [The Kiplinger Letter](#), December 20, 2002

AUTO OPTIONS

Sales in automobile parts and accessories will increase 20% by 2005. Do-it-yourself repair and customization options are gaining popularity. The longer life of vehicles spurs aftermarket spending. Today's cars last an average of 10 years. Owners are adding DVD players, CD-radios, souped-up engines, navigation systems lights and spoilers. [The Kiplinger Letter](#), January 10, 2003

JOB MARKET OF THE FUTURE

What is significant about the job market of today and the foreseeable future is the importance of education and continuing education. *A good education means a good job and continuing education means keeping it.* [OC Register](#), January 13, 2003

OUTLOOK 2003

Leaders:

- Prescription Drugs: Promising new therapies will arrive in 2003 along with more consolidation of companies
- Construction: Homebuilding will be strong, if not stellar
- Advertising: Ad sales will rebound led by TV
- Software: Corporate customers are spending again but focusing on a few large suppliers

Laggards:

- Travel: Flyers remain grounded; another bankruptcy looms
- Autos: Cheap credit may not keep sales rolling; foreign brands will gain ground
- Metals: Steelmakers will suffer from falling prices
- Energy: Political risks will breed price volatility

[BusinessWeek](#), January 13, 2003

GLOBALIZATION GOES WHITE COLLAR

A new round of globalization is sending upscale jobs offshore in an effort to cut costs. They include chip design, engineering, basic research, and even financial analysis. It is globalization's next wave—and one of the biggest trends reshaping the global economy. It is predicted that at least 3.3 million white-collar jobs and \$136 billion in wages will shift from the US to low-cost countries by 2015.

Examples of offshore salaries compared to US counterparts:

| | |
|-------------------|---|
| Engineer | \$650/month with MA in Russia (\$6,000/month in US) |
| Chip Designer | \$1000/month in India with MA and 5 year's experience (\$7,000/month in US) |
| Financial Analyst | \$1,000/month in India (\$7,000/month and up in US) |
| Architect | \$250/month in Philippines (\$3,000/month and up in US) |
| Accountant | \$300/month in Philippines (\$5,000/month and up in US) |
| Info-Tech Support | \$500/month in India (\$10,000/month in US) |

Trailblazers include General Electric, American Express and Citibank who have spent a decade going through the learning curve and are now ramping up fast. Other companies utilizing a global pool of skilled workers include Bank of America, Fluor, Microsoft, Intel, Oracle, Philips and Proctor and Gamble.

Number of U.S. Jobs Moving Offshore

| | 2005 | 2010 | 2015 |
|---------------------|----------------|---------|------------------|
| Life Sciences | 3,700 | 14,000 | 37,000 |
| Legal | 14,000 | 35,000 | 75,000 |
| Art, Design | 6,000 | 14,000 | 30,000 |
| Management | 37,000 | 118,000 | 288,000 |
| Business Operations | 61,000 | 162,000 | 348,000 |
| Computer | 109,000 | 277,000 | 473,000 |
| Architecture | 32,000 | 83,000 | 184,000 |
| Sales | 29,000 | 97,000 | 227,000 |
| Office Support | 295,000 | 791,000 | 1,700,000 |
| Total | 588,000 | | 3,300,000 |

BusinessWeek, February 3, 2003

Trends & Economic Forecasting Committee – January 31, 2003

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CAROCP is Mission Driven – Market Smart!