

Regional Economic Review

Rick Kaglic

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THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE



Goals of this Presentation

- Track Carolinas economies into and out of the recession
 - How does recent cycle compare to the nation
 - How does it compare to past cycles
- At the same time, provide an economic “lay of the land”
- Talk about what our surveys and anecdotal information says about the outlook





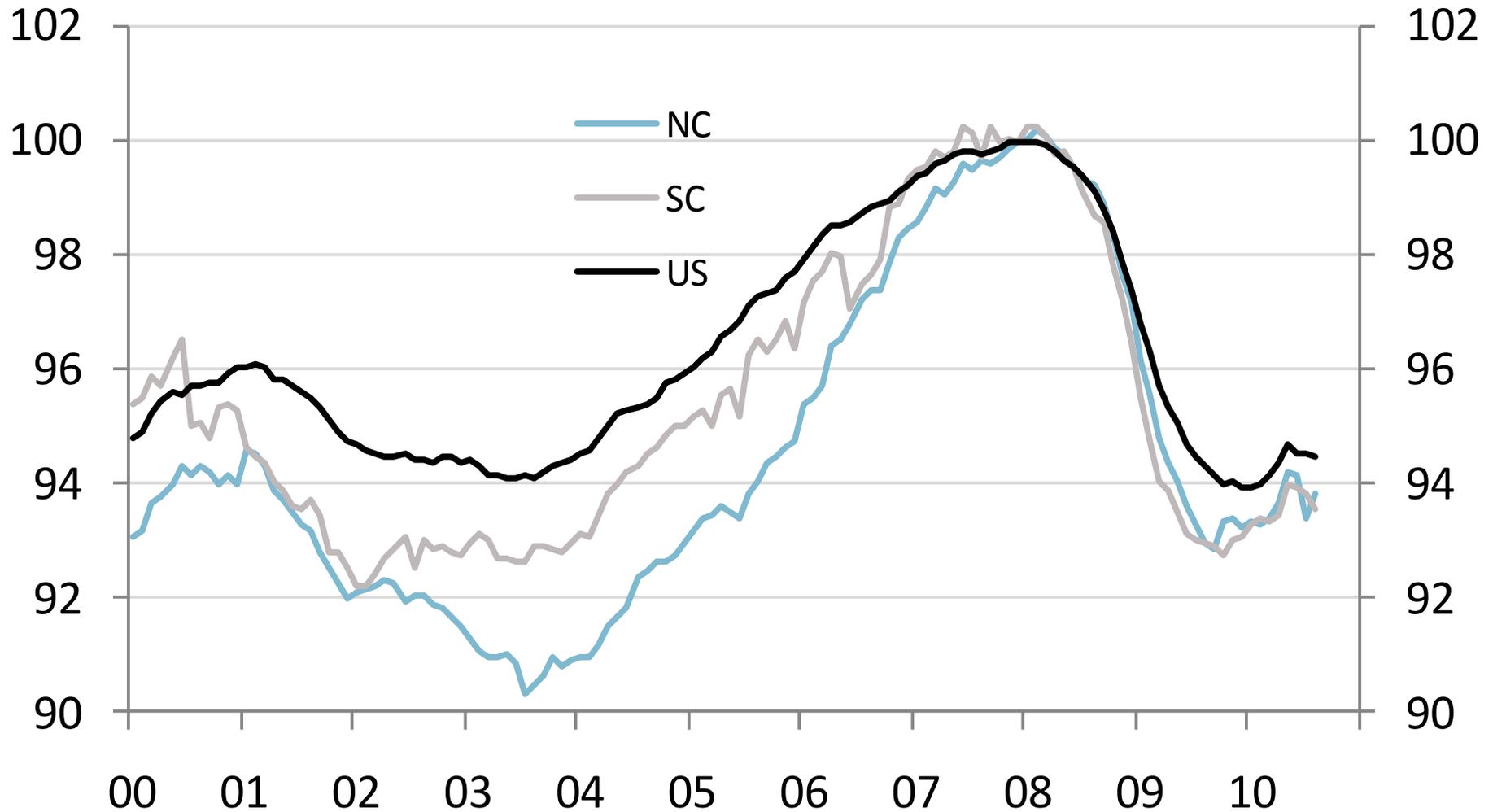
Key Points

- Carolinas economy expanding more rapidly during prior expansion
 - Recession was a little more severe
 - Payroll employment losses were greater, unemployment higher
- Still some headwinds – unemployment and other excess capacity will constrain growth
 - Likely that Carolinas economy will track national pace, but take longer to recover
- Longer term prospects still better than average
 - Access to U.S. population and ports
 - Quality education
 - Quality of life

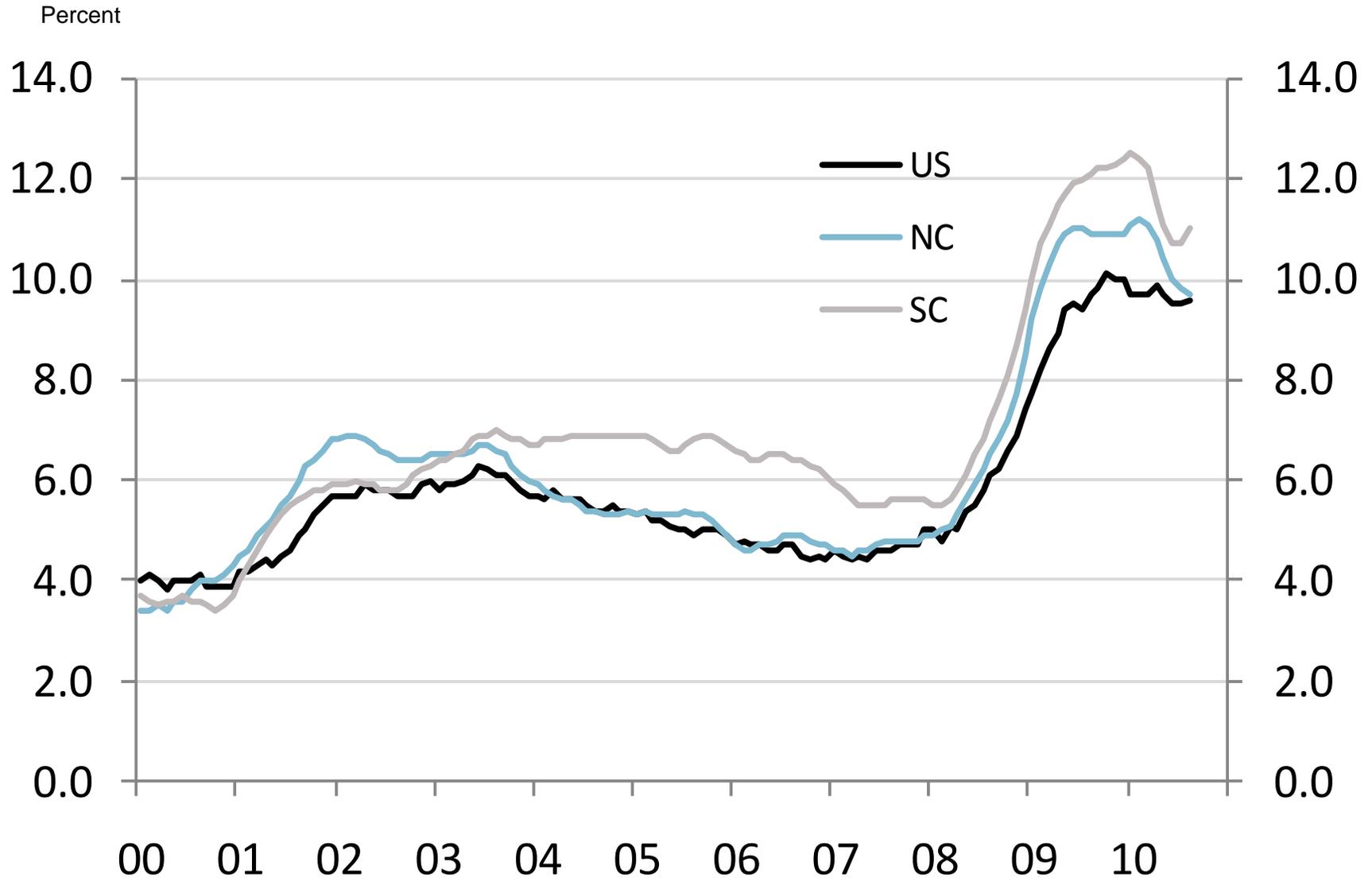


Payroll Employment

Index, Dec. 2007 = 100



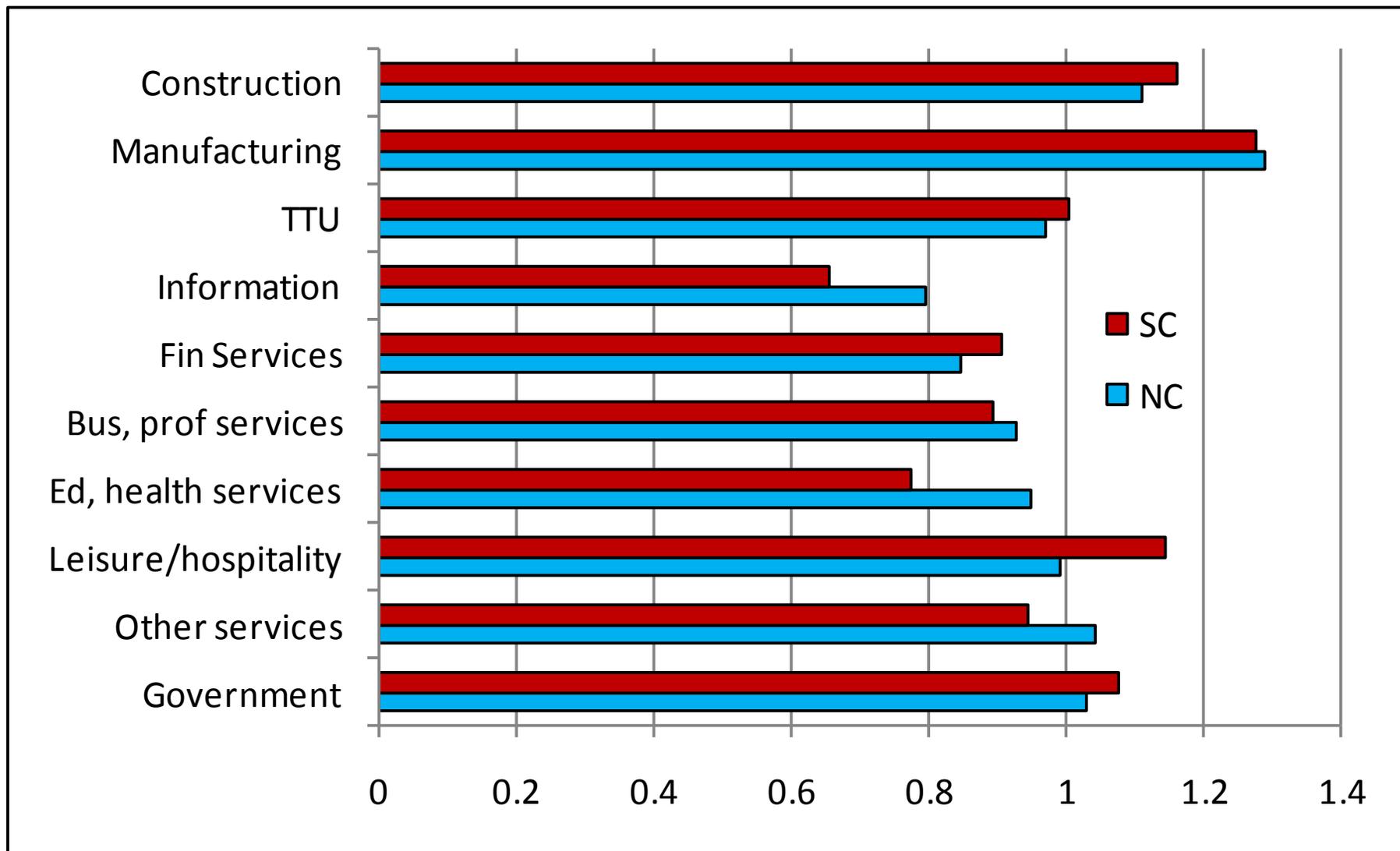
Unemployment





Payroll Employment Location Quotients

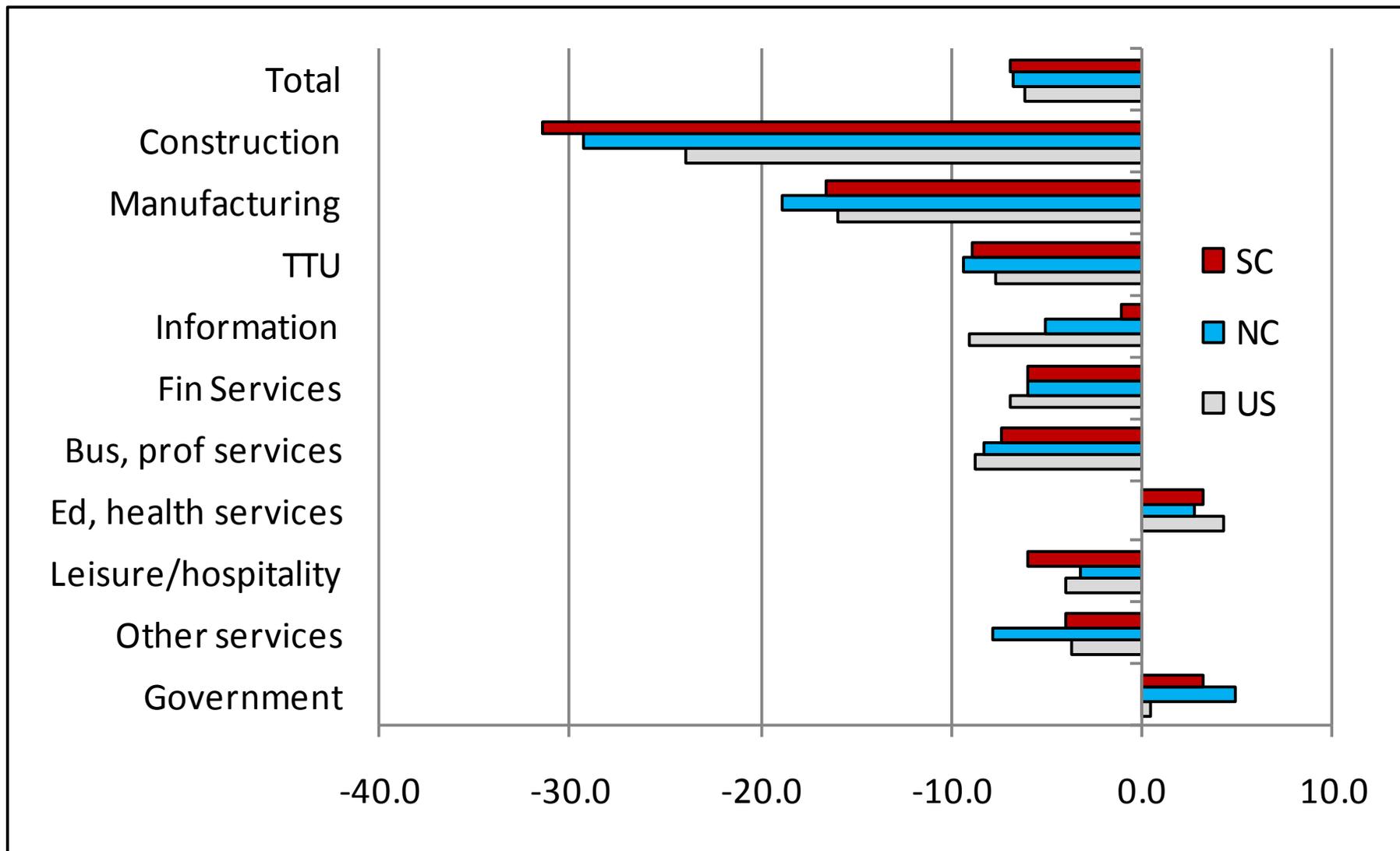
LQ > 1.0 indicates higher concentration of employment in this industry



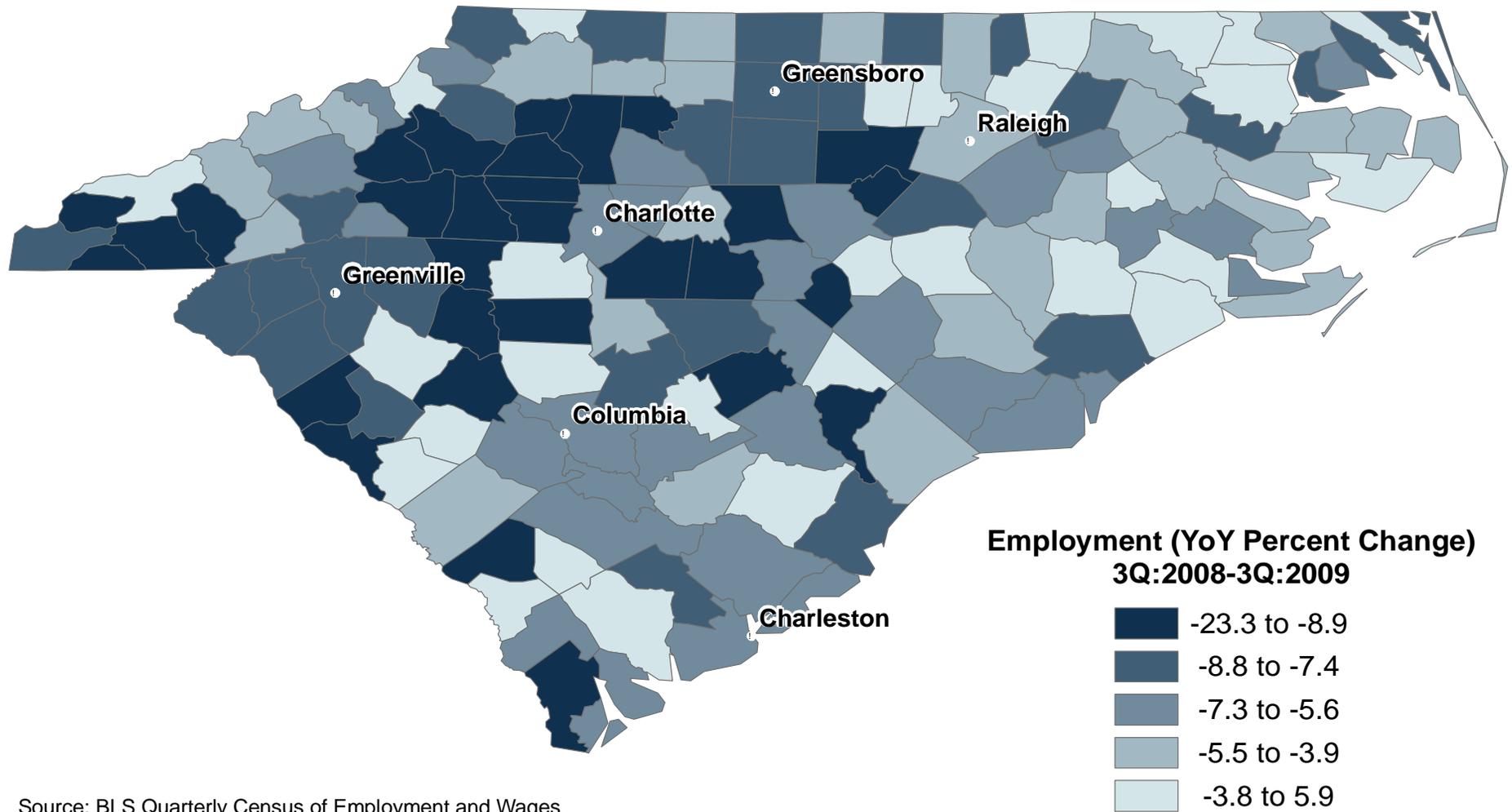


Payroll Employment Growth

Percent change Dec. 2007 through Dec. 2009



Employment in North and South Carolina



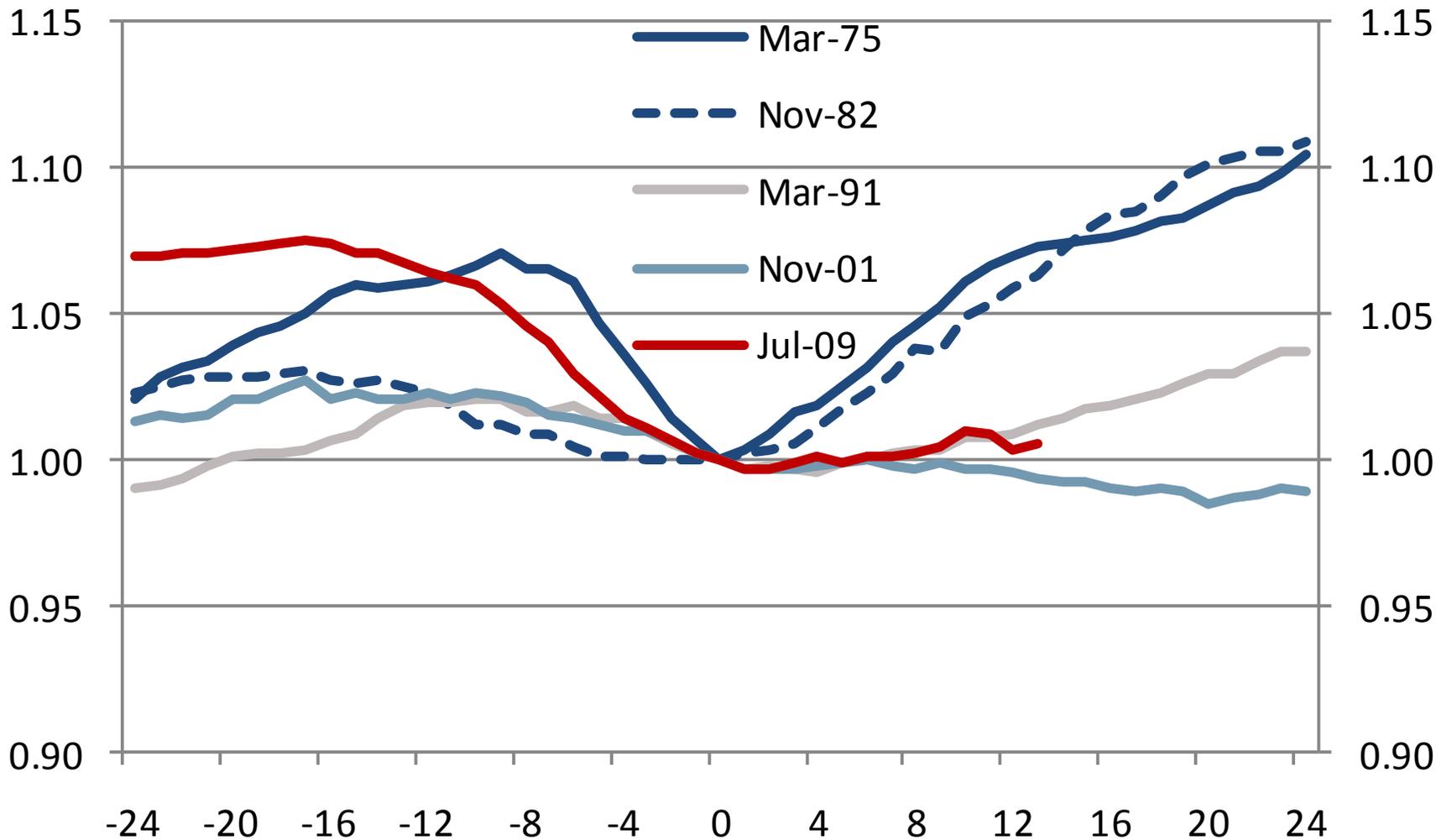
Source: BLS Quarterly Census of Employment and Wages





Payroll Employment Spider Chart, Carolinas

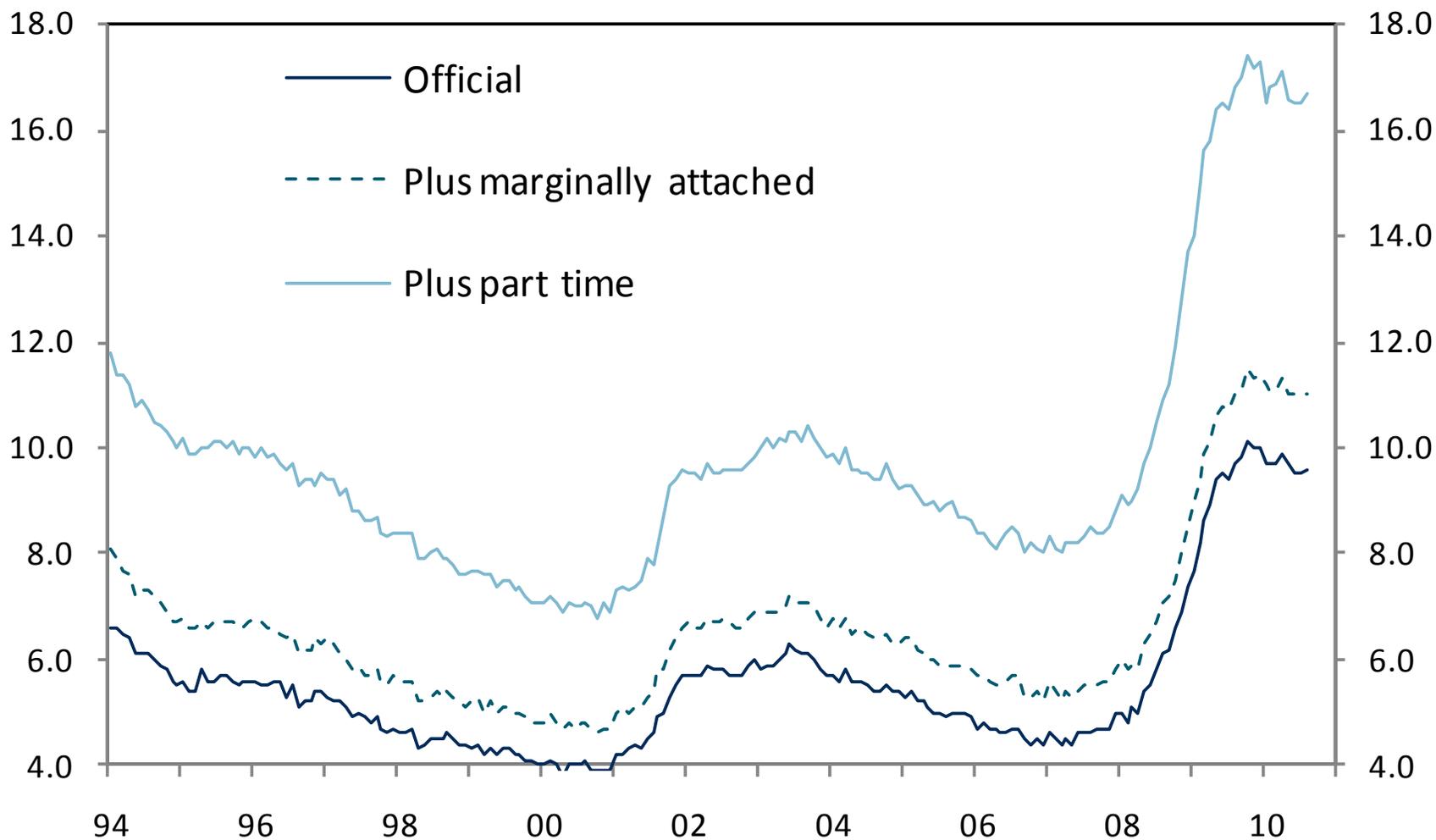
Index, Dec. 2007 = 100





Alternative Measures of Labor Force Utilization

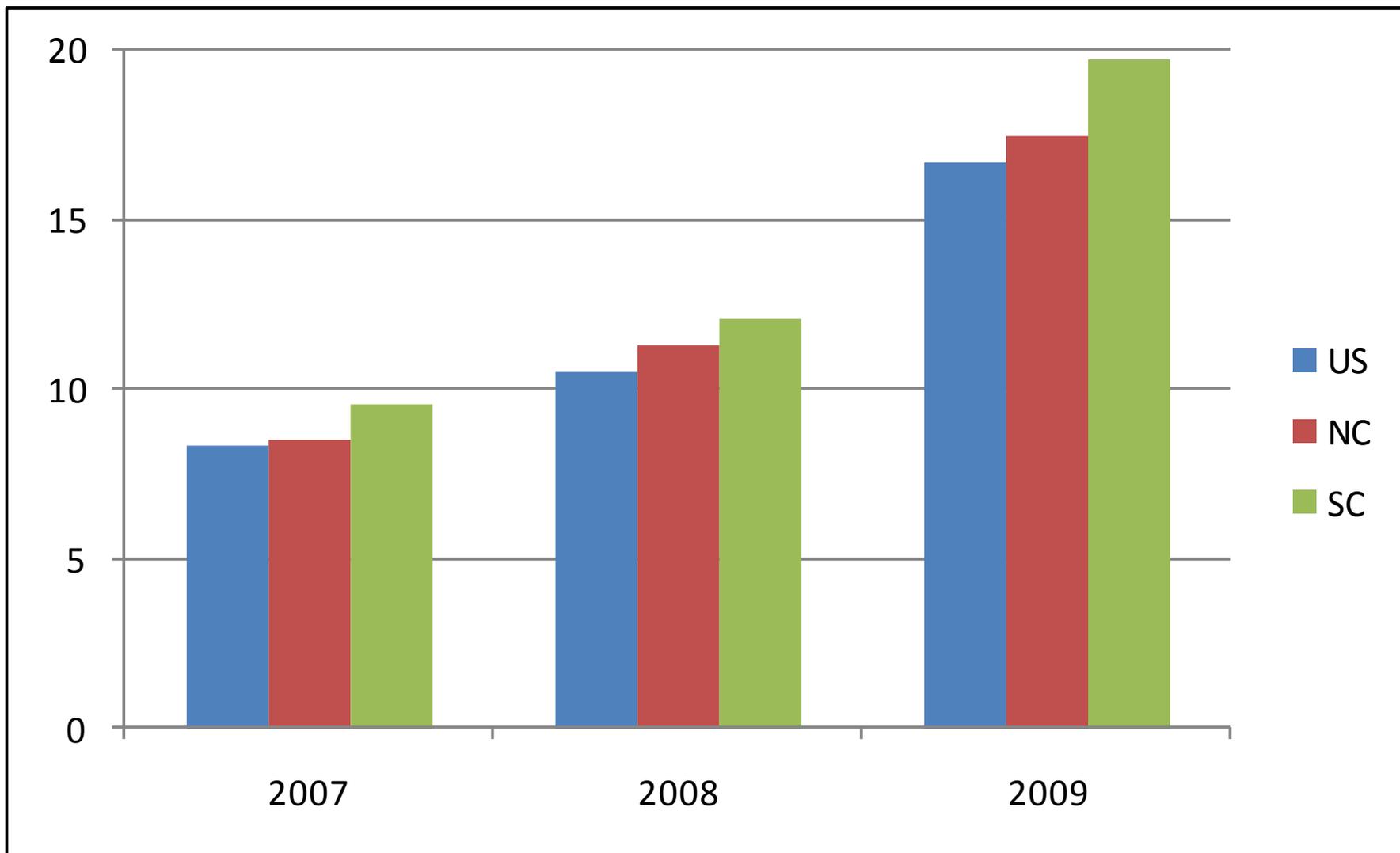
Percent





Labor Force Underutilization

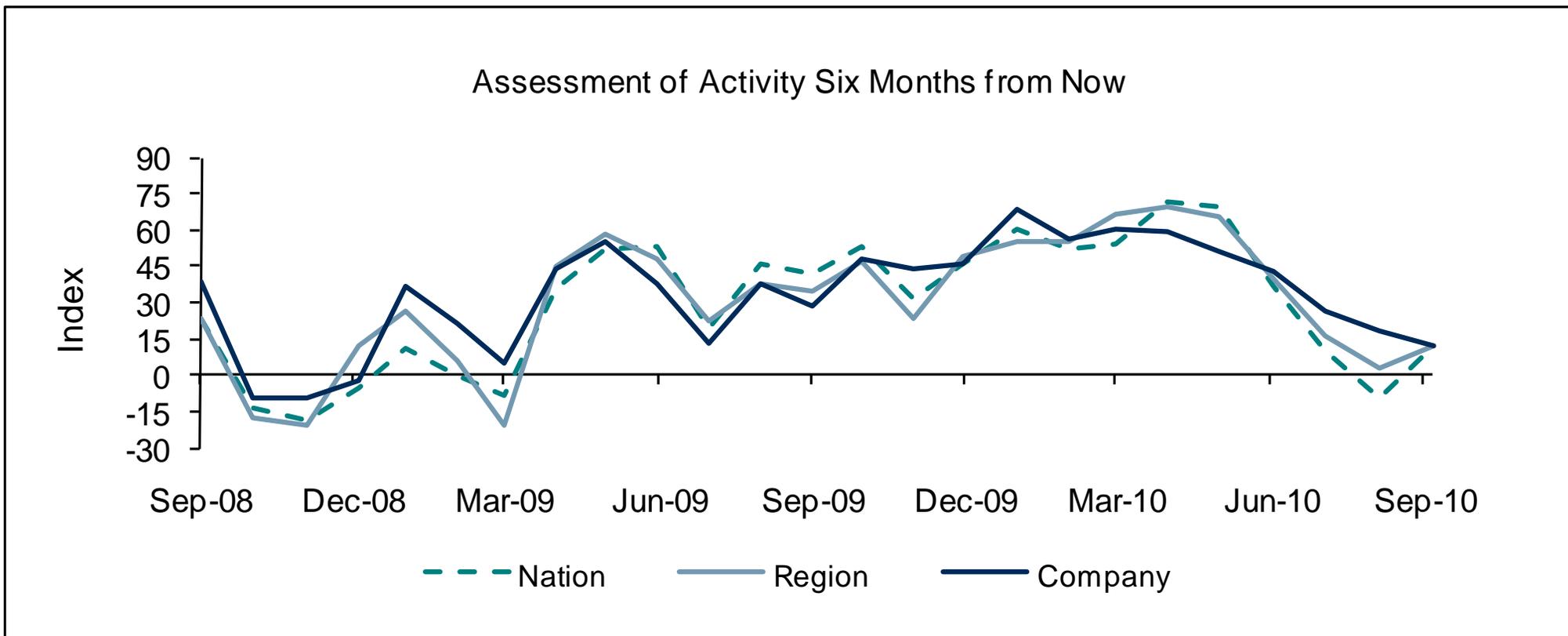
Percent including marginally attached and part-time workers





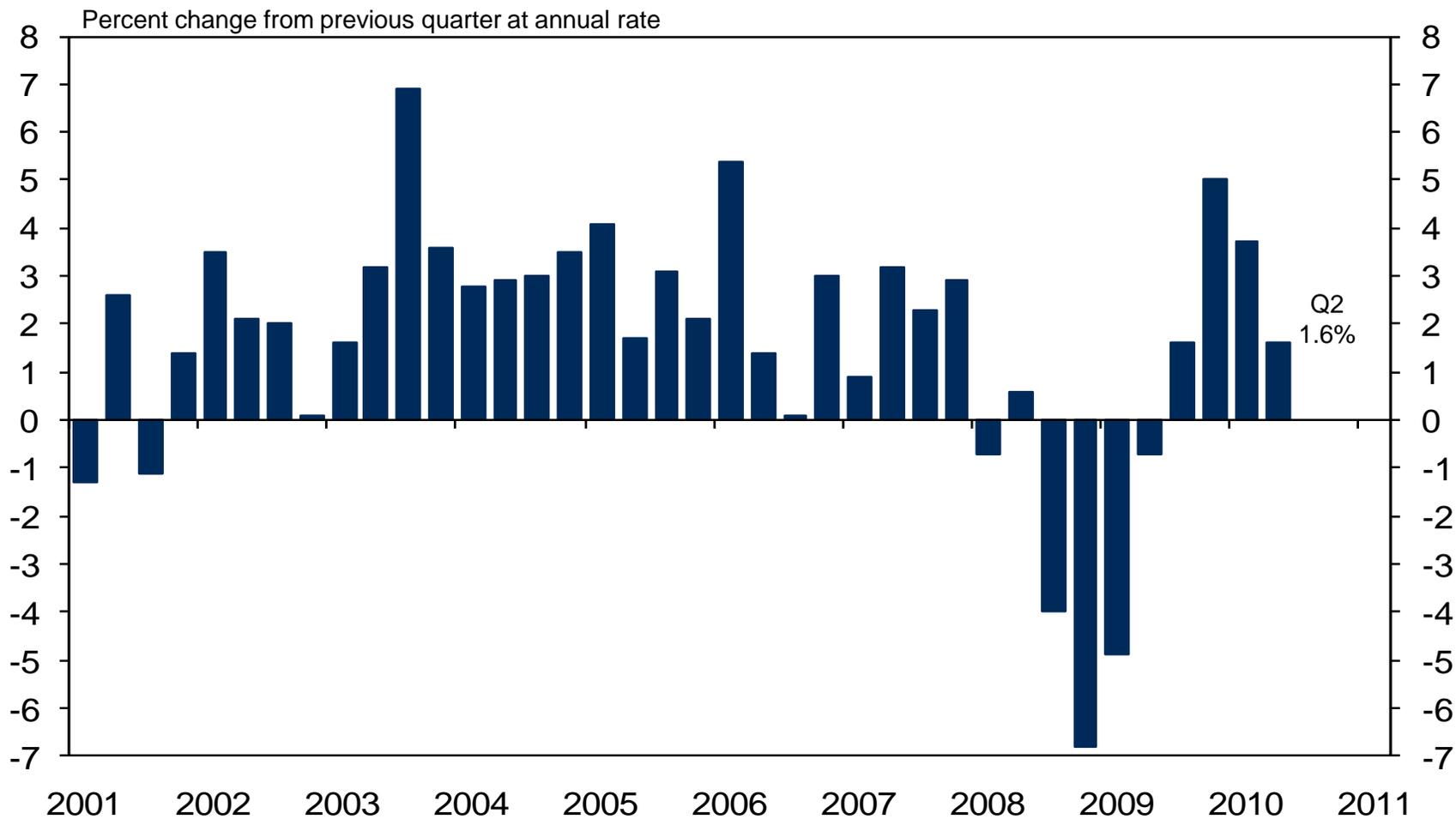
Carolinas Business Expectations Index

Index > 0 suggests expansion





Real Gross Domestic Product





Summary

- Carolinas recovery mostly tracking along with nation
 - Because of deeper drop, will take longer to get to the mountain top
 - Pace largely hinges on evolution in recoveries in manufacturing, construction, financial services
 - Global economy continues to grow, albeit at a modest pace
 - Limited drags
- Still some headwinds – unemployment and other excess capacity likely to constrain growth
- Drop in consumer confidence and uncertainty likely to weigh on economy through elections

