Background for Regional Research and Analysis at the Richmond Fed

Bob Schnorbus and

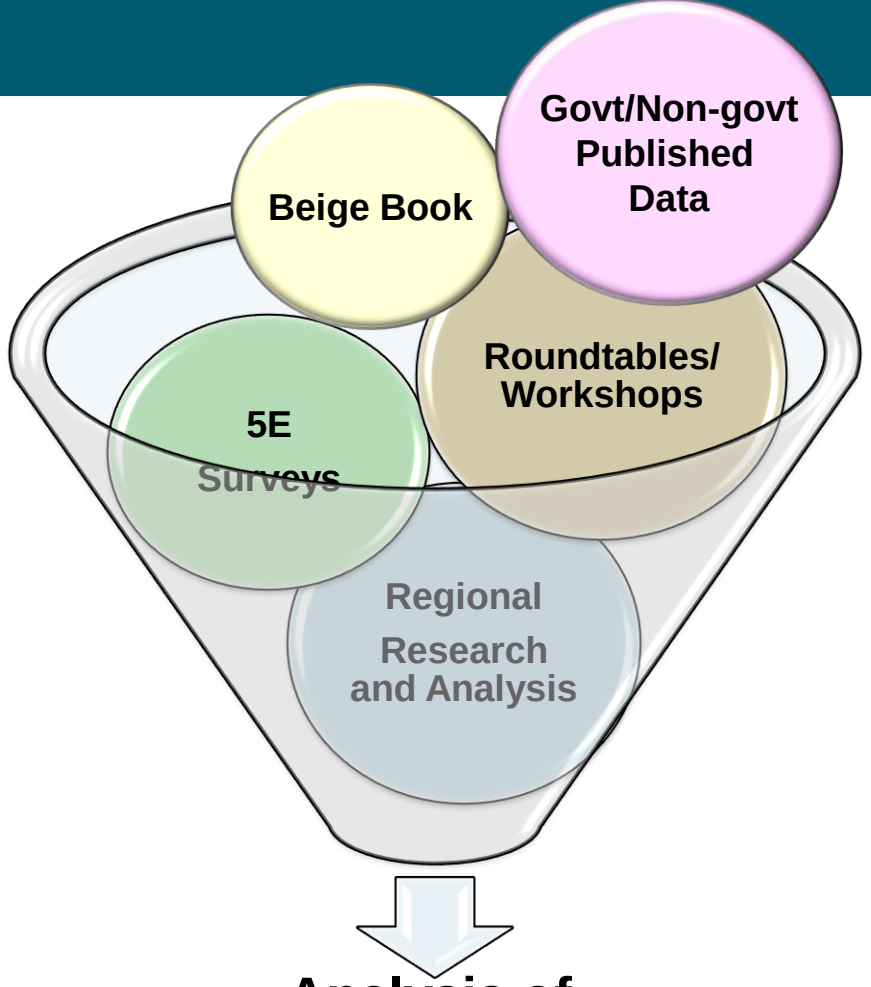
Sonya Ravindranath Waddell

Regional Economics Workshop

August 1, 2012

THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

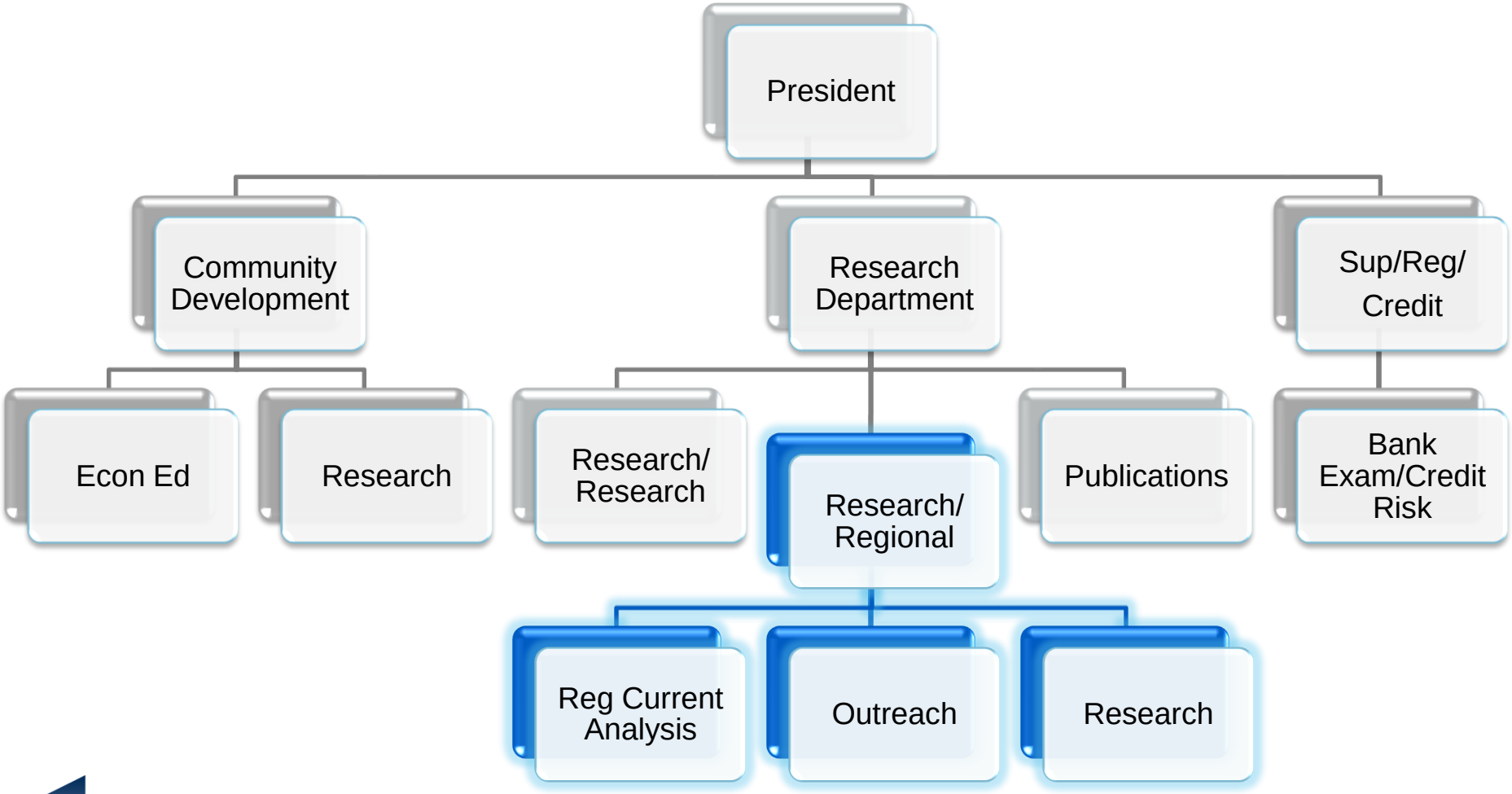
Fifth District (5E) = Roughly 10% of the US Economy



Policy Briefings
• Implications for policy/ confirmation of dated statistics

Regional Outreach
• articles and presentations

Interconnection of Regional Economic Interests within the Bank



Regional Staff—Research Interests

Ann Macheras, Vice President—Regional

Workforce development

Santiago Pinto, Regional Research Economist

Applied microeconomics

Andy Bauer, Regional Economist

Economic indicators, business employment dynamics, consumer finances

Rick Kaglic, Regional Economist

State and local finance, workforce development

Sonya Waddell, Associate Economist

Housing market dynamics, household credit conditions

Aileen Watson and Judy Cox, Senior Economic Analysts

Survey methods and analysis—Manufacturing and Service Sectors

Jamie Feik, Regional Research Associate

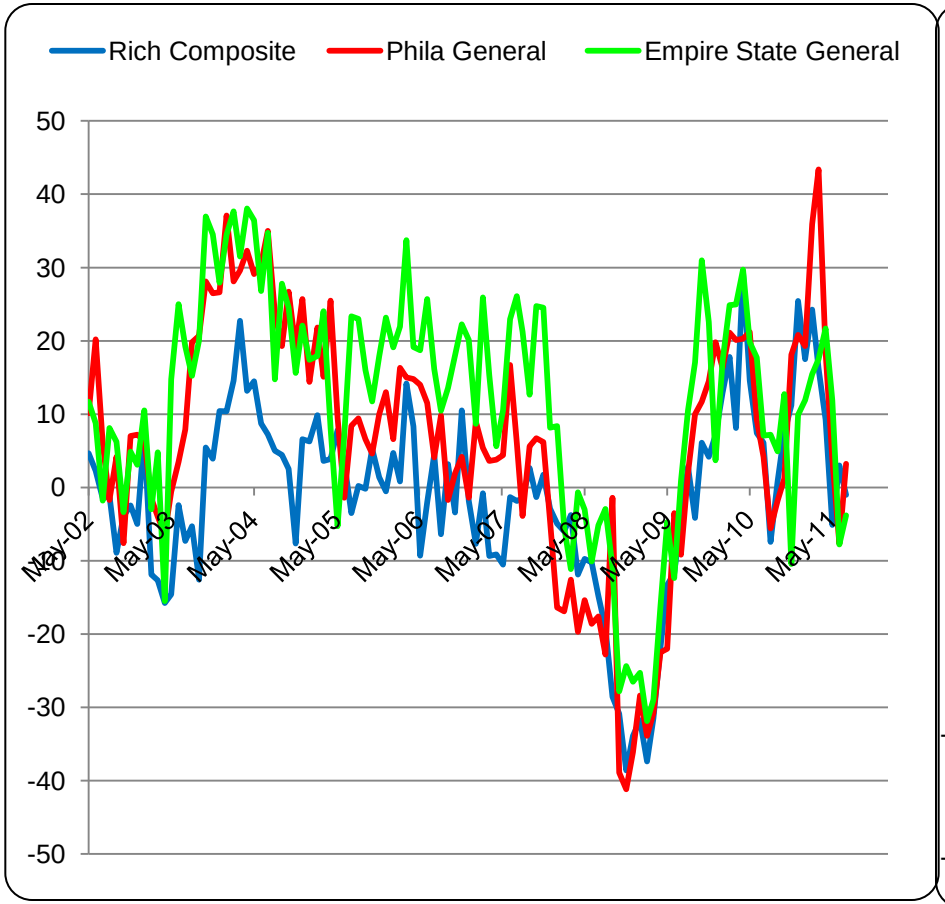
Data management

A Closer Look at Current Analysis in the Regional Group

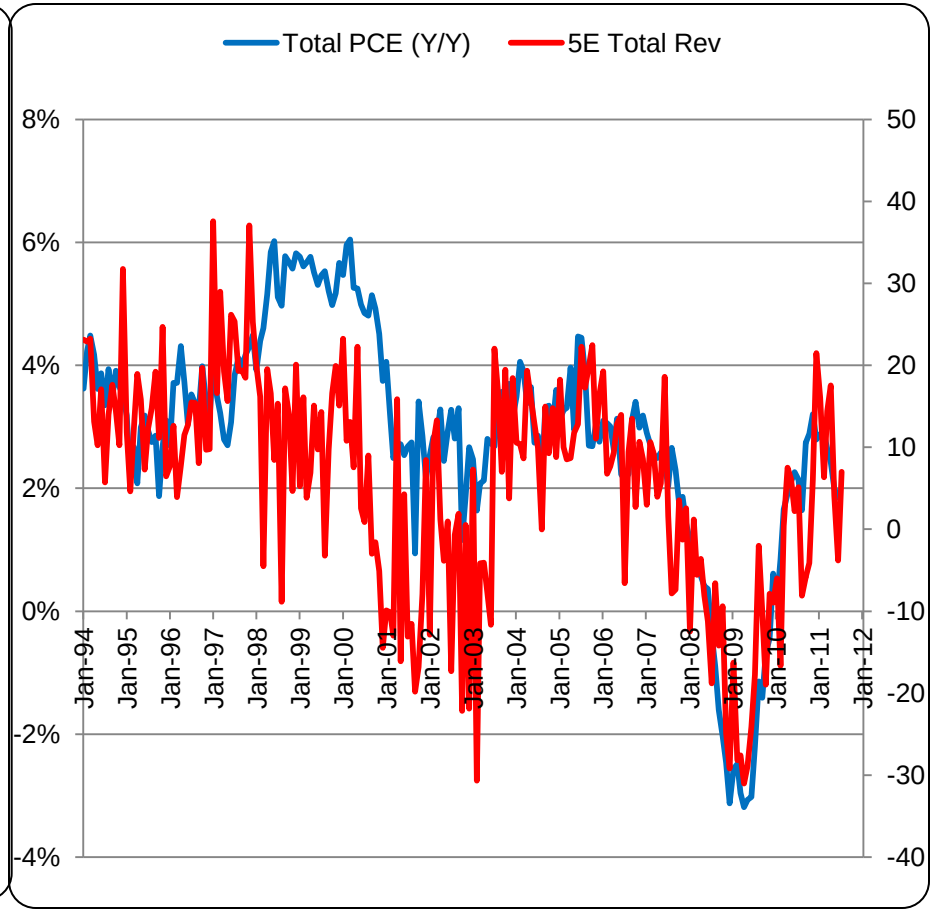
- Beige Book and Roundtables
- Workshops/Regional Forums/Conferences
- Policy Briefing Preparations and Presentations
- Commentaries/Articles on the District Economy
- Manufacturing and Service Sector Surveys
- Develop Measures of District Economic Activity

Monitoring District Activity—Surveys

Manufacturing

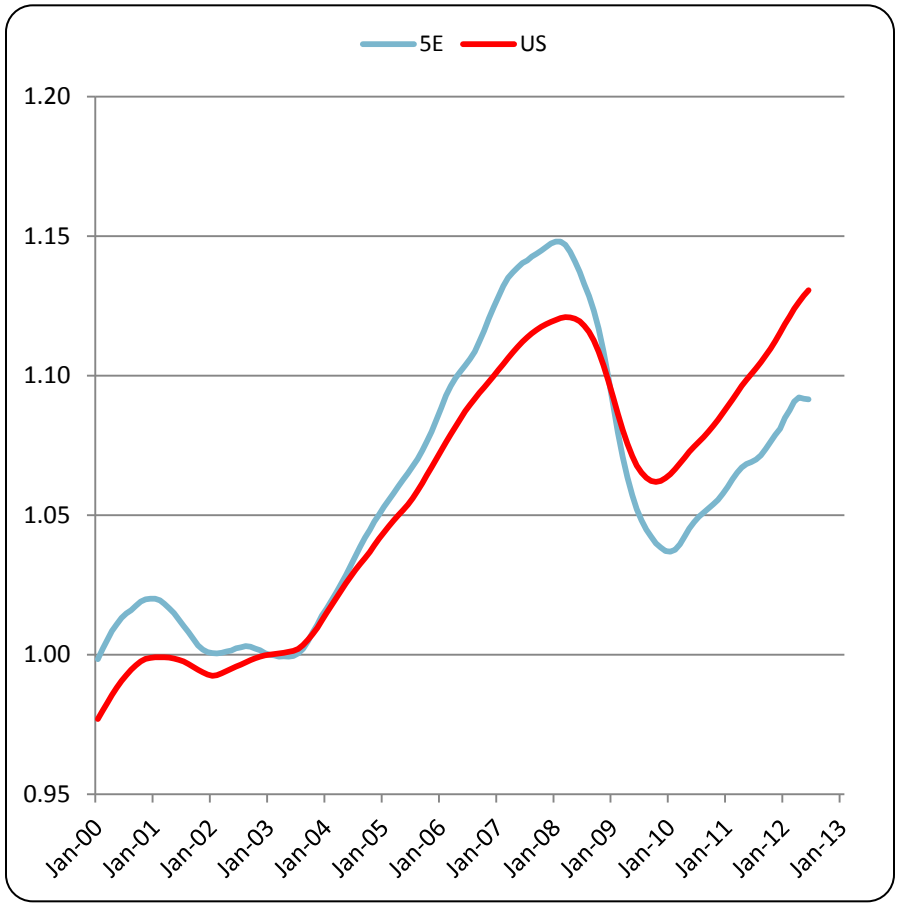


Services

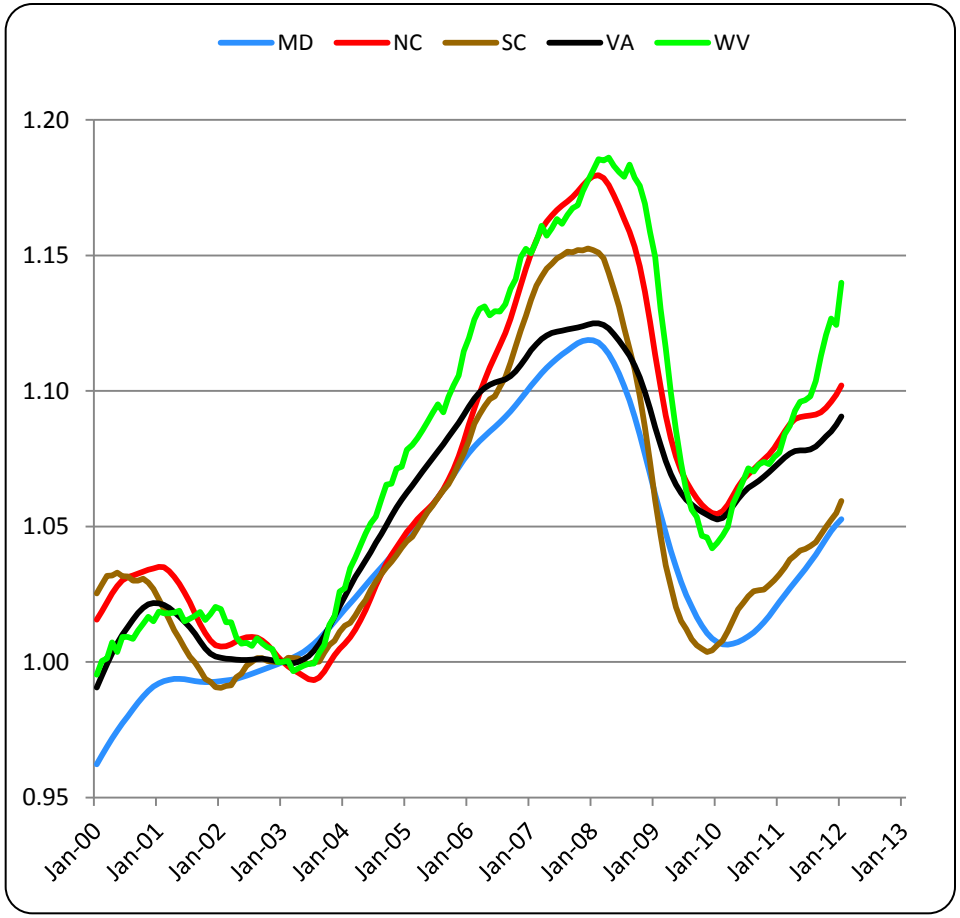


Monitoring Economic Indicators—Coincident Indexes

District

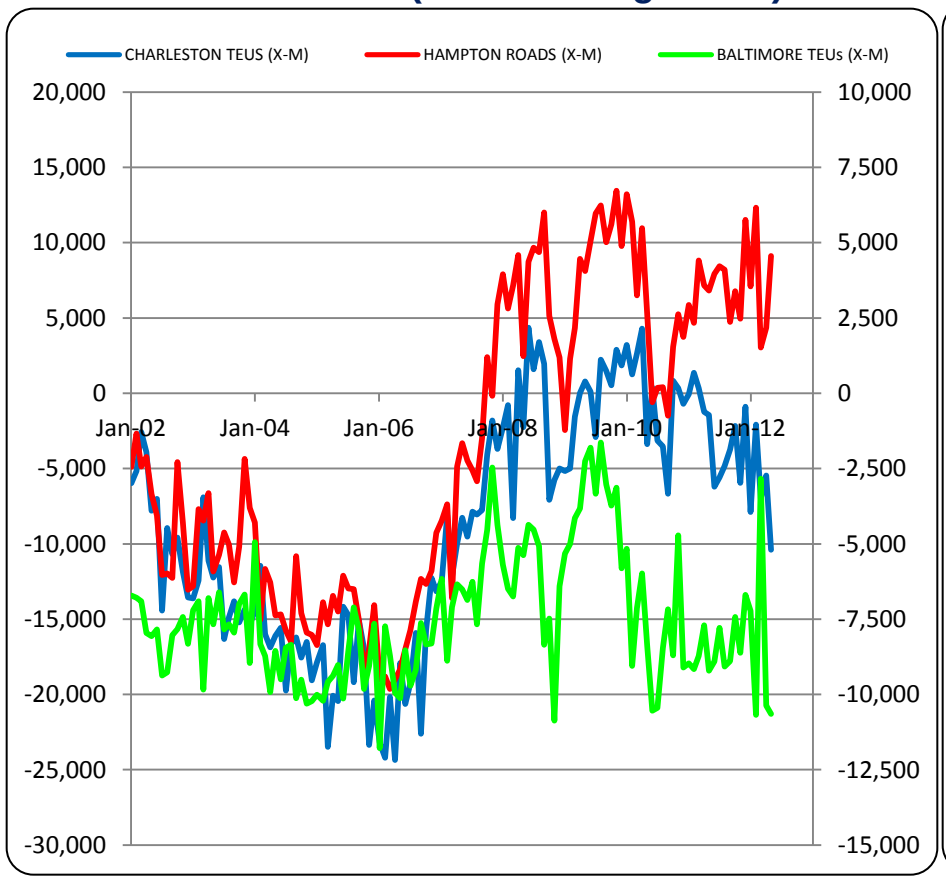


States

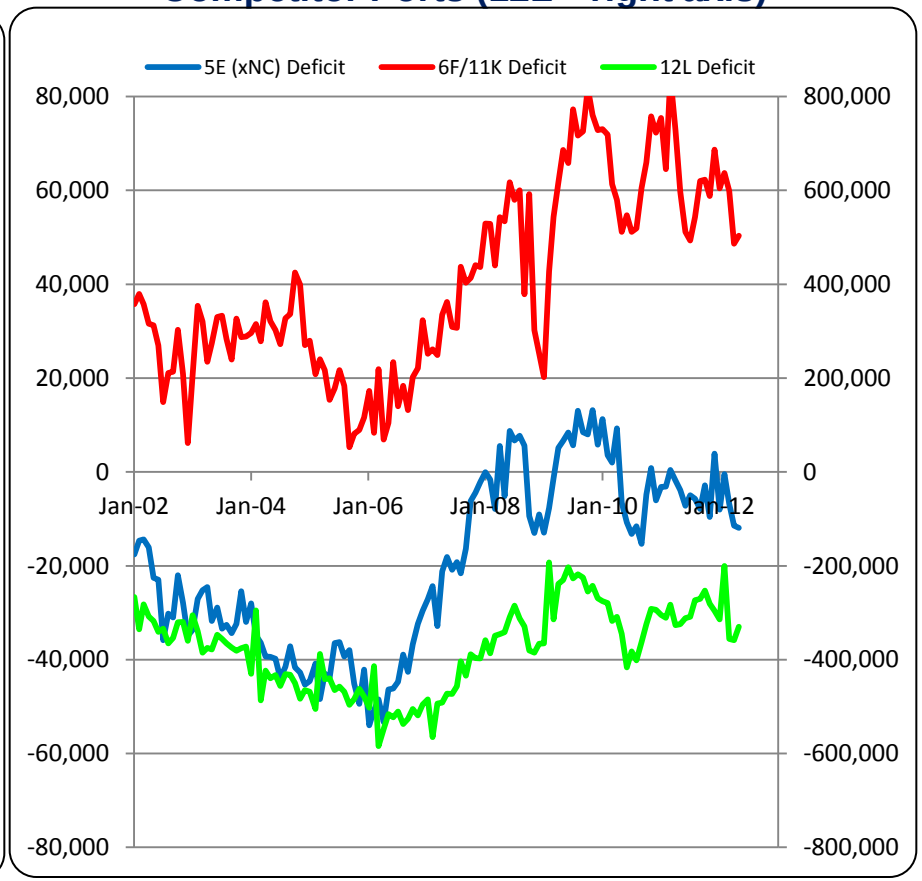


Monitoring Port Activity

District Ports (Baltimore-right axis)

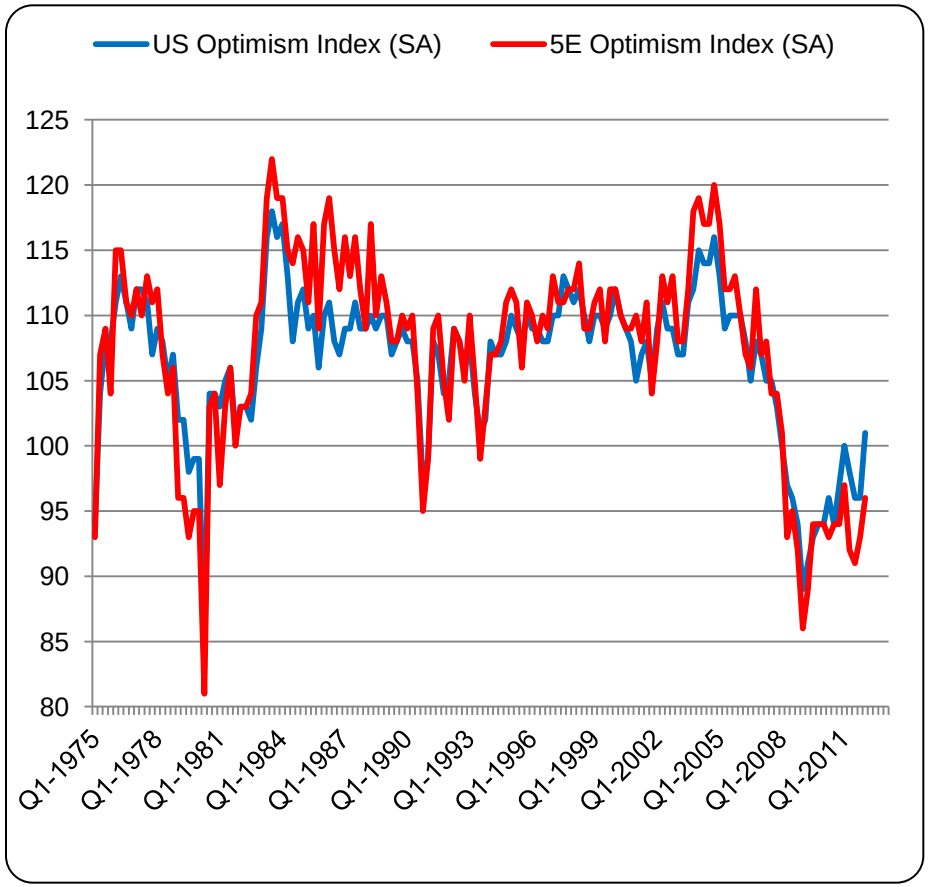


Competitor Ports (12L—right axis)

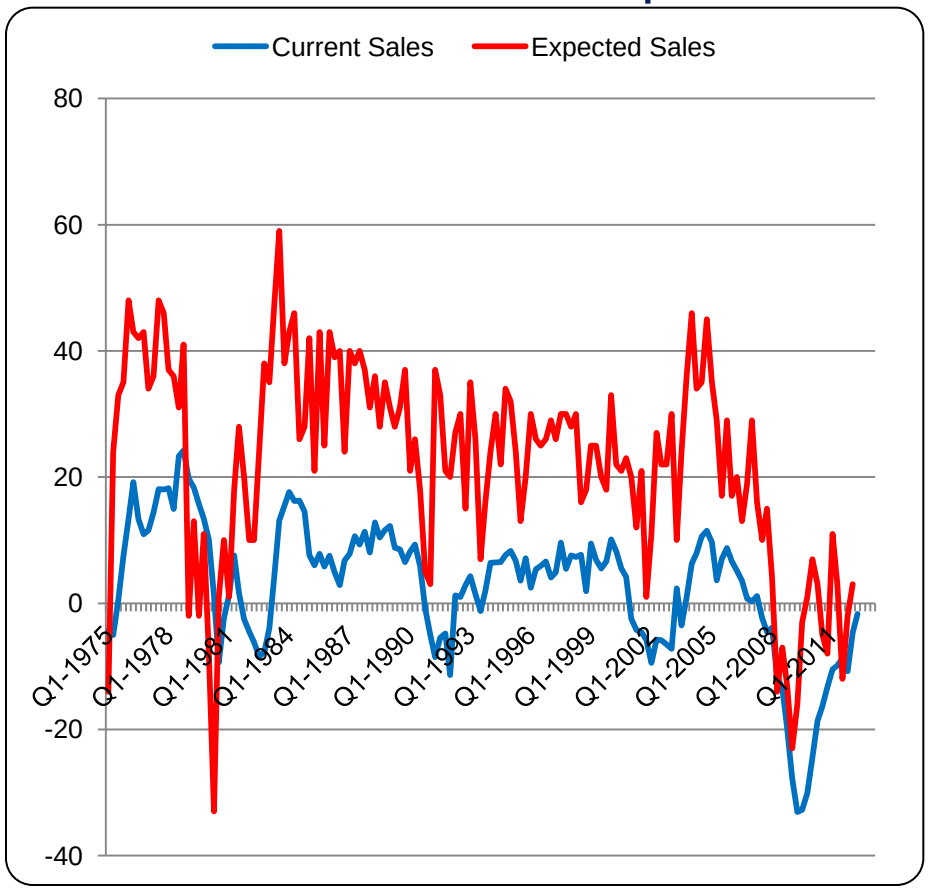


Monitoring Small Business Activity

Optimism Index



Sales—Current and Expected



Regional Staff—Contact Information

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Visit our website at www.richmondfed.org for more information on regional activities.

The Richmond Fed's Use of Data

Data Used by the Regional Economics Unit

DATA

Category 1
(FRBR-Collected)
- *Contacts across the District*

Category 2 (Govt)
For example…
- *BLS*
- *BEA*
- *Census Bureau*
- *State Data Centers*
- *FDIC*
- *FHFA*

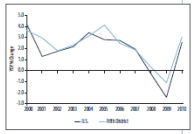
Category 3 (Other)
For example…
- *MBA*
- *LPS Applied Analytics*
- *FRBNY CCP (Equifax)*
- *CoreLogic Real Estate Analytics*
- *NFIB*

Regional Profiles

Economic Profile • Fifth District

Many economic indicators improved throughout the Fifth District in 2010. Payroll employment and personal income rose while the unemployment rate declined in all six jurisdictions. Real estate markets showed some signs of recovery—building permits rose while mortgage delinquency rates retreated—but home prices and existing home sales continued to fall. Some indicators continued to improve in early 2011.

Figure 1: Real GDP



SOURCE: Bureau of Economic Analysis/Haver Analytics

Figure 2: Population

SOURCE: U.S. Census Bureau/Haver Analytics

Economic Contribution

- Output in the Fifth Federal Reserve District was nominally valued at nearly $1.5 trillion in 2010.
- After a decline in output of 1.2 percent in 2009, economic activity in 2010 rose at a real rate of 3.0 percent—the largest expansion since 2005 and 0.4 percentage point above the national growth rate.
- Fifth District economic activity accounted for 10.1 percent of U.S. gross domestic product.
- Output in North Carolina was nominally valued at $424.9 billion—the highest of any jurisdiction in the Fifth District—and contributed 28.8 percent of District output.
- In 2009, 35 of the District's 42 MSAs experienced real declines in output, up from 25 metro areas in 2008.
- The Hickory, NC MSA posted the largest decline in real output (10.5 percent), while the Jacksonville, NC MSA reported 12.7 percent real growth—over four times the rate of the District as a whole.
- The Washington, D.C. MSA contributed 28.7 percent ($407.5 billion) of District output—the largest share of District output from any MSA—while the Cumberland, MD MSA contributed the least, accounting for only 0.2 percent ($2.6 billion).

Population

- The Fifth District was home to 30.2 million people in 2010—9.8 percent of the national population.
- Population growth slowed from 1.1 percent in 2009 to 1.0 percent in 2010—marking the fourth consecutive year of decelerating expansion—although it has been above the national level since 1984.

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SNAPSHOT

A MONTHLY UPDATE OF THE FIFTH DISTRICT ECONOMY

APRIL 2012

THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND • BALTIMORE • CHARLOTTE

For use at 2:00 p.m., E.D.T.
Wednesday
April 11, 2012

ummary of Commentary on _____

Current Economic Conditions

By Federal Reserve District

Fifth District Economic Indicators

April 2012

THE FEDERAL RESERVE BANK OF RICHMOND
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March 27, 2012

Regional Surveys of Business Activity

Fifth District Survey of Service Sector Activity

Service Sector Activity Strengthens; Outlook Optimistic

Overview

Activity in the service sector strengthened in March, according to the latest survey by the Federal Reserve Bank of Richmond. Retail sales accelerated and revenues at non-retail services firms also rose sharply. Retail shopper traffic surged and big-ticket sales expanded, while merchants' inventories flattened. Looking ahead six months, survey respondents were decidedly optimistic about demand for their goods and services.

On the labor front, retail hiring and average wages slowed, while employment and average wages at non-retail firms picked up.

Price growth in the broad service sector edged up in March, and survey participants generally expected further acceleration during the next six months.

Overall Service Sector Conditions

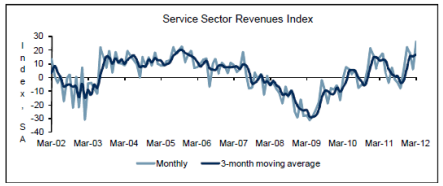
Revenues in the overall service sector bounced up in March, pushing the index to 26, following the February reading of 6. Hiring in the sector remained strong, with the index for the number of employees shaving just one point from last month's reading to end the survey period at 15. Average wage growth ticked up two points, to an index of 18. Survey respondents were upbeat about potential sales in the next six months; the expectations index added fifteen points, to finish at 40.

Retail

Retail sales jumped up in March, bringing the index to 33, twenty six points above the February reading. Big-ticket sales gained momentum, with that index rising fourteen points to 7. Shopper traffic also picked up, pushing the index to 23 from last month's reading of 15. Retail inventories were little changed, with that index settling at 2, following February's indicator of 26.

Retail merchants expected the improvement to continue into autumn, driving the outlook index to 13 in March from the previous reading of -5.

Hiring at retail establishments cooled compared to last month, pulling the index to 6 from 22. Average



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March 27, 2012

Regional Surveys of Business Activity

Fifth District Survey of Manufacturing Activity

Manufacturing Growth Moderates In March; Expectations Remain Positive

Overview

Manufacturing activity in the central Atlantic region expanded in March for the fourth straight month, but at a more temperate pace than a month ago, according to the Richmond Fed's latest survey. All broad indicators—including shipments, new orders, and employment—continued to grow but at a rate below February's pace. Most other indicators also suggested moderate activity. District contacts reported capacity utilization grew more slowly, while backlogs held steady. Likewise, delivery times and finished goods inventories grew at a modestly slower rate.

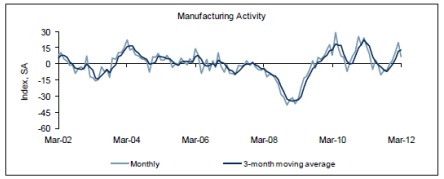
Looking forward, assessments of business prospects for the next six months were generally in line with last month's readings. Contacts at more firms anticipated that shipments, new orders, backlogs, capacity utilization, and capital expenditures would continue to grow at a solid pace in the months ahead.

Survey assessments of current prices revealed that both raw materials and finished goods prices grew at a somewhat quicker rate in March than a month ago. Over the next six months, respondents expected growth in both raw materials and finished goods prices to rise at a somewhat faster pace than they had anticipated last month.

Current Activity

In March, the seasonally adjusted composite index of manufacturing activity—our broadest measure of manufacturing—declined thirteen points to 7 from February's reading of 20. Among the index's components, shipments lost twenty-three points to 2, new orders dropped ten points to finish at 11, and the jobs index moved down seven points to end at 6.

Other indicators also suggested somewhat slower activity. The capacity utilization indicator retreated six points to finish at 6, while the backlogs index held steady at 4. Additionally, the delivery times index lost three points to 11, while our gauges for inventories were mixed in March. The finished goods inventories index subtracted eight points to 4, while the raw materials inventory index added three points to end at 11.



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Mortgage Performance Summary

QUARTERLY UPDATE

Housing Market and Mortgage Performance in Virginia

4th Quarter, 2011

Jake Blackwood
Lisa Hearl
Sonya Ravindranath Waddell

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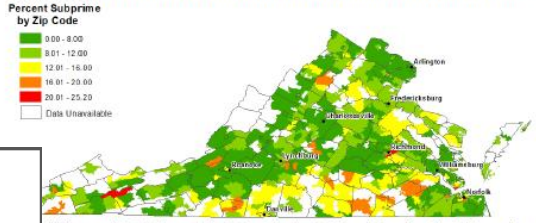
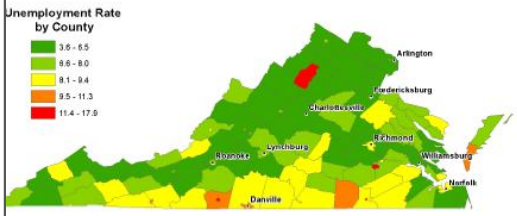
Figure 9
Percentage of Owner-Occupied Mortgages with Subprime Loans: Virginia



nd VA loans are included in the count of prime loans. Uncategorized zip codes have fewer than 100 loans or have no

ral Reserve Bank of Richmond estimates using data from Lender Processing Services (LPS) Applied Analytics
011) and Mortgage Bankers Association (2011:Q4)/Haver Analytics.

Figure 10
Unemployment Rate: Virginia



ployment Rate in December 2011
au of Labor Statistics

Table 1
Foreclosure Rates by Mortgage Type: Virginia

Loan Type	Virginia: Percent in Foreclosure	Virginia: National Rank	United States: Percent in Foreclosure
Total	1.84	44	4.38
Prime Total	1.33	43	3.28
Prime Fixed-Rate	0.95	46	2.52
Prime Adjustable-Rate	3.84	37	8.72
Subprime Total	7.66	41	14.45
Subprime Fixed-Rate	5.73	39	10.65
Subprime Adjustable-Rate	11.41	46	22.17

tgage Bankers Association (2011:Q4)/Haver Analytics

Table 2
Mortgage Delinquency Rates: Fifth District

Geographic Area	Percent 90+ Days Past Due	National Rank	Percent in Foreclosure	National Rank
istrict of Columbia	3.01	24	3.17	27
laryland	4.64	3	3.99	15
orth Carolina	3.09	22	3.11	28
outh Carolina	2.76	31	4.57	11
irginia	2.35	38	1.84	44
/est Virginia	2.42	35	2.05	39
ifth District	3.15	--	3.10	--
nited States	3.35	--	4.38	--

tgage Bankers Association (2011:Q4)/Haver Analytics

Table 3
Prime Mortgage Delinquency Rates: Fifth District

Geographic Area	Percent 90+ Days Past Due	National Rank	Percent in Foreclosure	National Rank
District of Columbia	1.98	14	2.47	21
Maryland	3.02	4	2.86	15
North Carolina	1.56	23	2.30	25
South Carolina	1.45	29	3.61	8
Virginia	1.22	35	1.33	43
West Virginia	1.15	38	1.44	39
Fifth District	1.77	--	2.30	--
United States	2.04	--	3.28	--

Source: Mortgage Bankers Association (2011:Q4)/Haver Analytics

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Local Economic Information Database

Choose a state then a county from the map or from the drop-down menu to retrieve a county-specific report. Choose the "Fifth District Data Cube" link to access all Fifth District LEID data in Excel.
For the user guide to the system, click here.

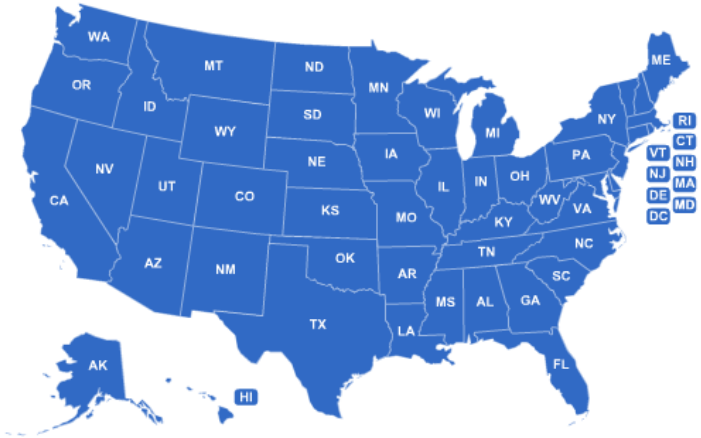
Logout

Choose location from map:

Or from drop down options:

State

County



- Fifth District Data Cube
- Data Sources and Update Information
- Manage System Messages
- Maryland City/Town Locator
- North Carolina City/Town Locator
- South Carolina City/Town Locator
- Virginia City/Town Locator
- West Virginia City/Town Locator

Data was last updated on March 1, 2012.

For questions related to data or content, please contact Sonya Ravindranath Waddell

Thank You ! ! !

Questions?