

Richmond Metro Area Economic Overview

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Vice President, Regional Economics
Research Department

Retail Merchants Association Economic Forecast Breakfast
November 11, 2011



THE FEDERAL RESERVE BANK OF RICHMOND

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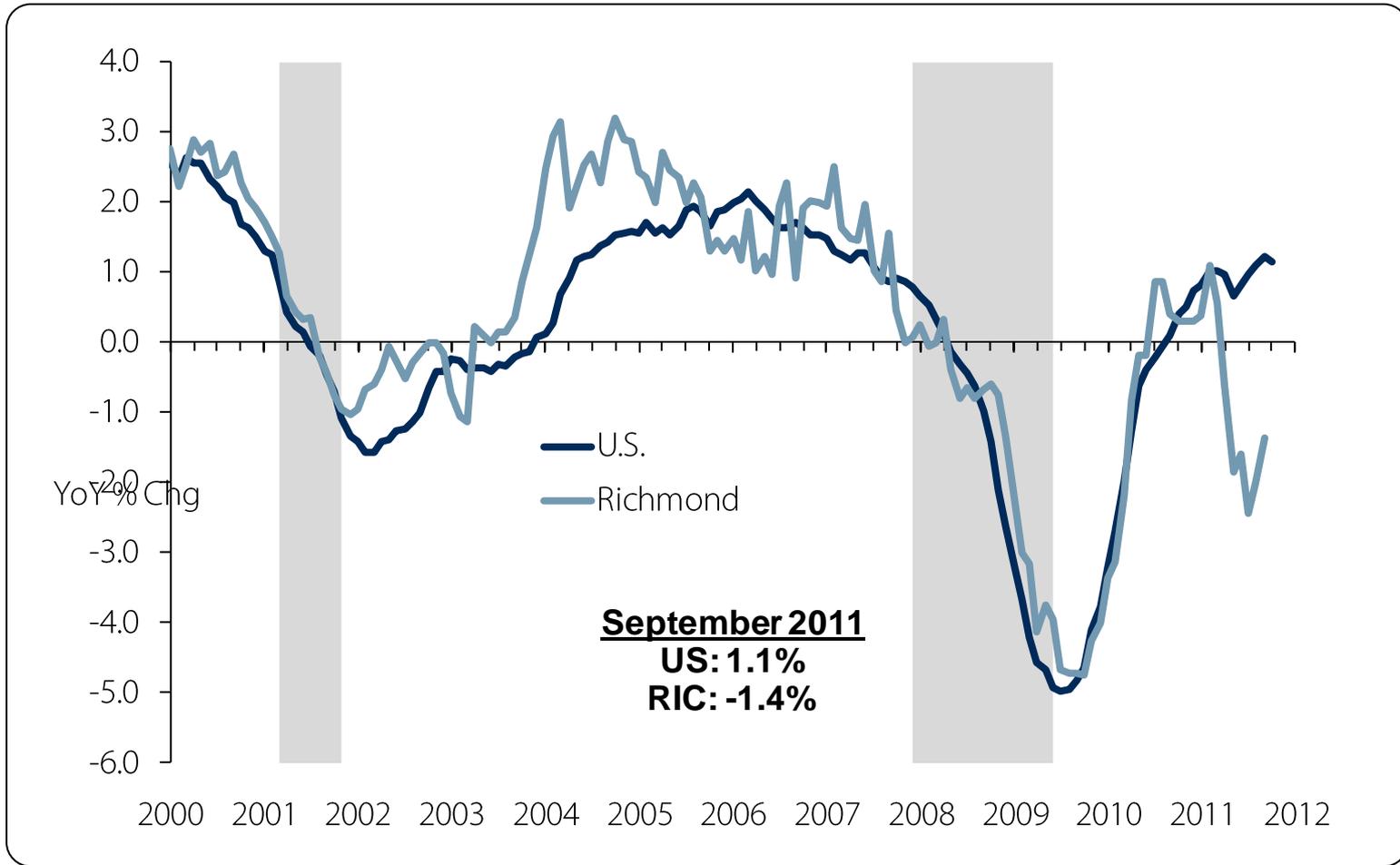


Overview

- Richmond Area Economic Trends
 - Labor Market Indicators
 - Industry Trends
 - Housing Market Indicators
- Retail Sector Business Activity Index



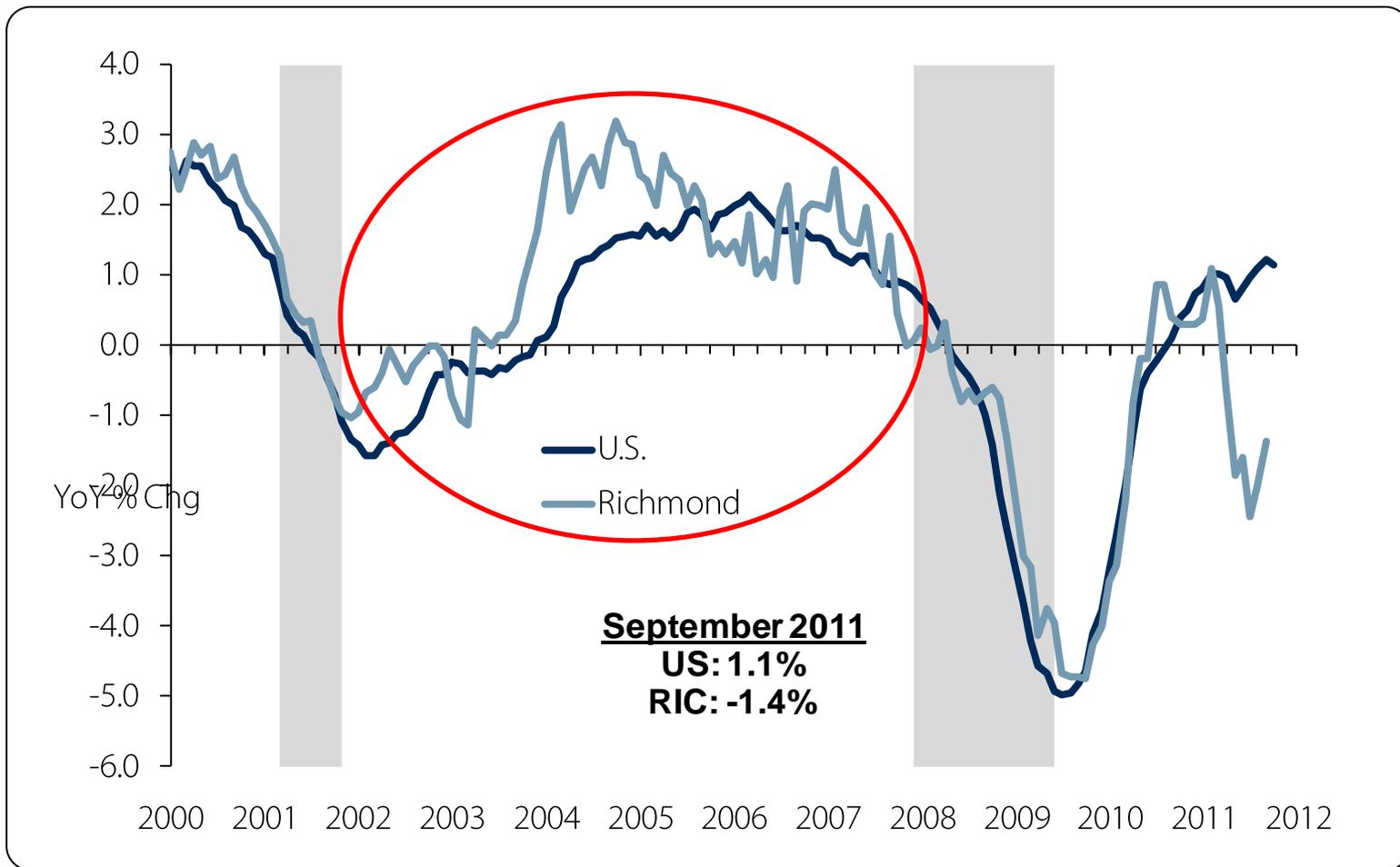
Richmond MSA Nonfarm Payroll Employment



Source: Bureau of Labor Statistics/Haver Analytics

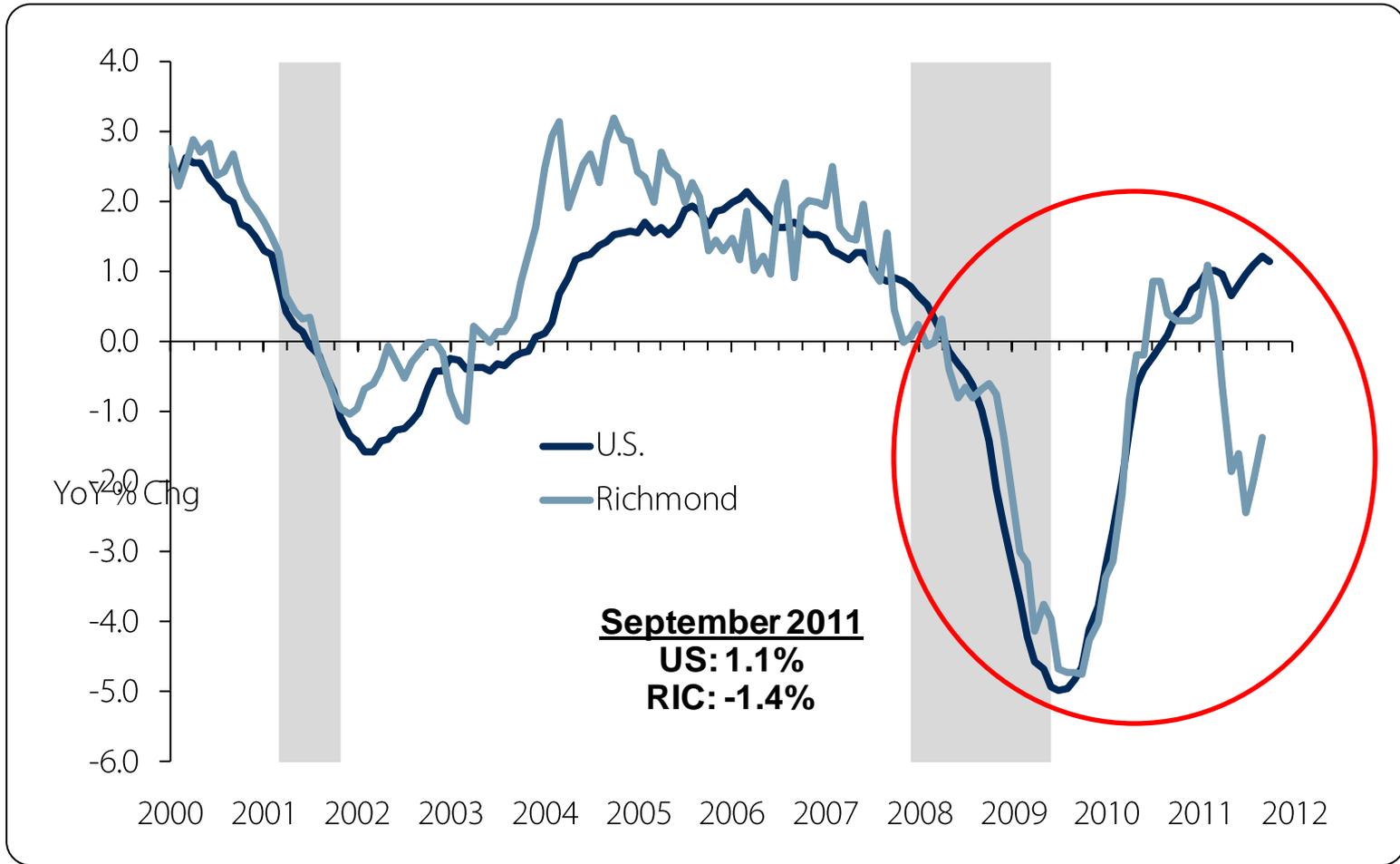


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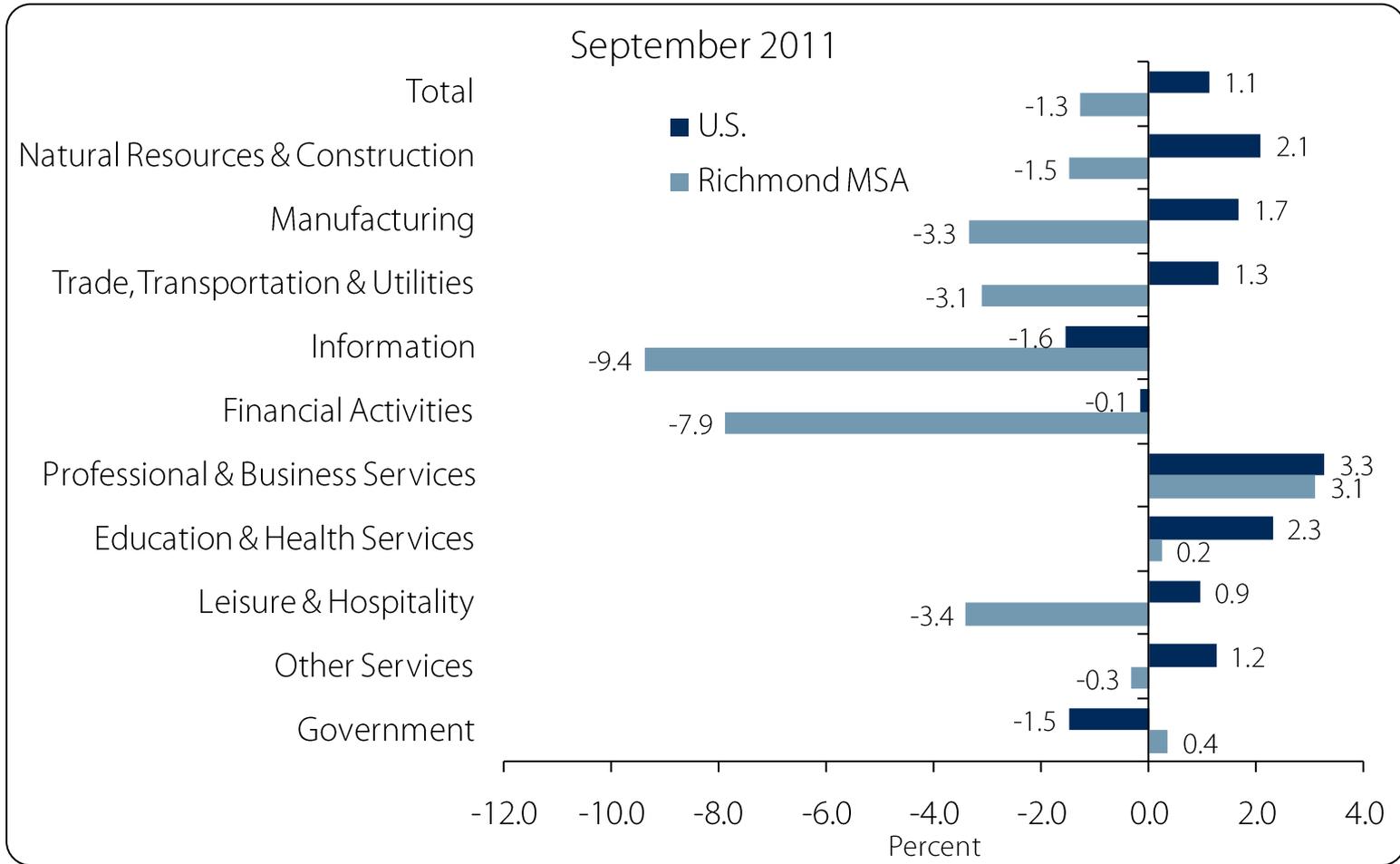
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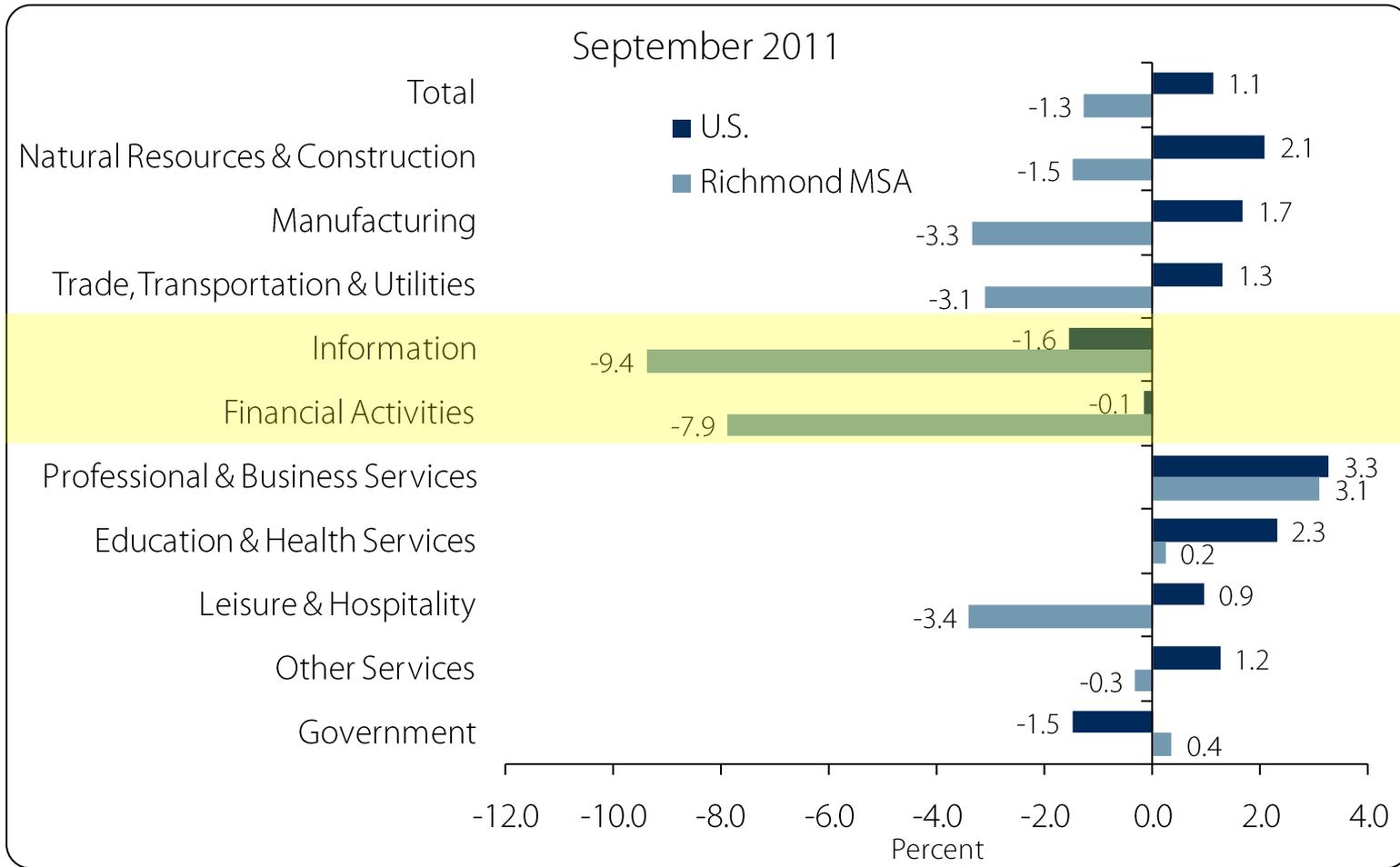
Richmond Payroll Employment by Industry



Source: Bureau of Labor Statistics/Haver Analytics



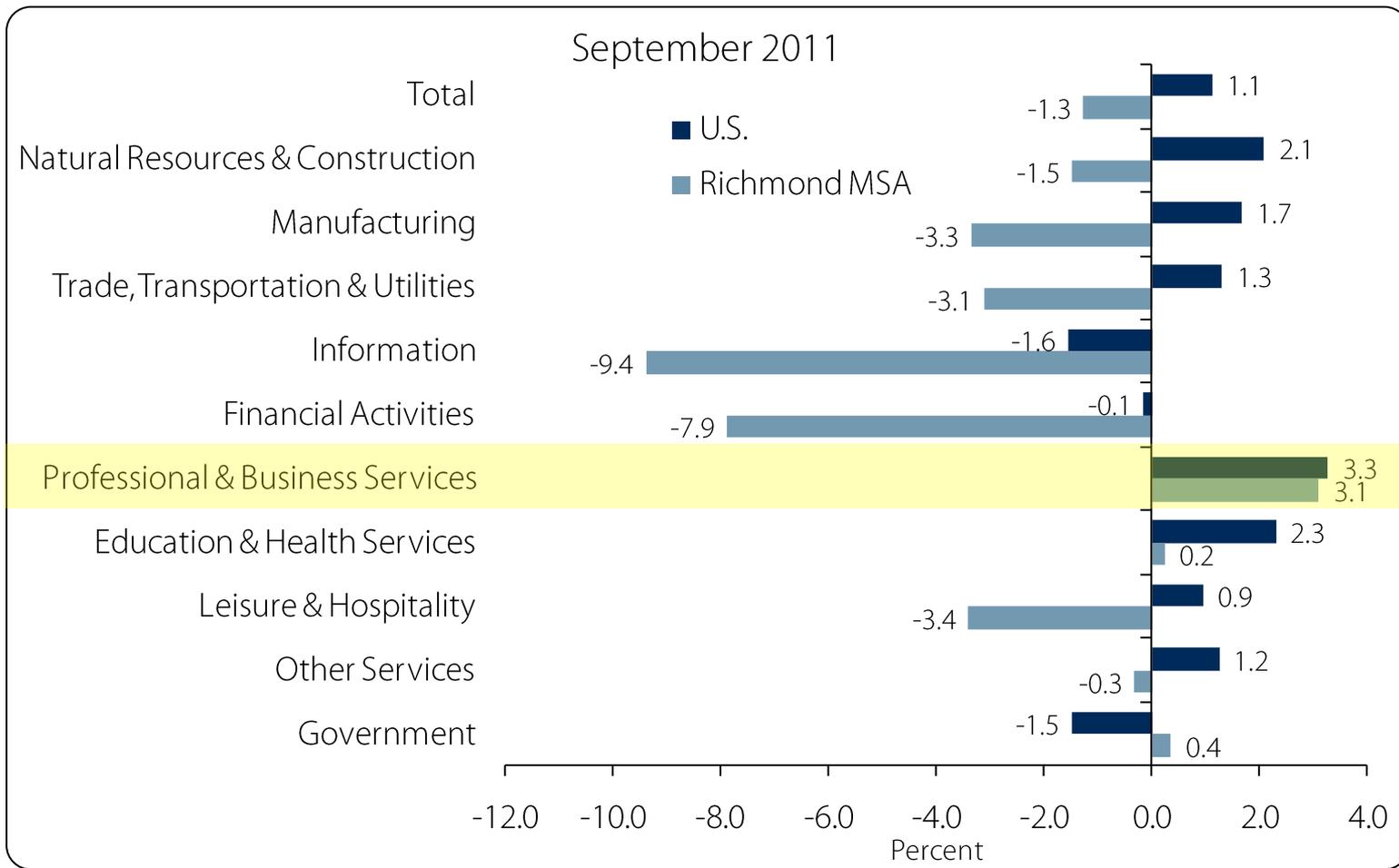
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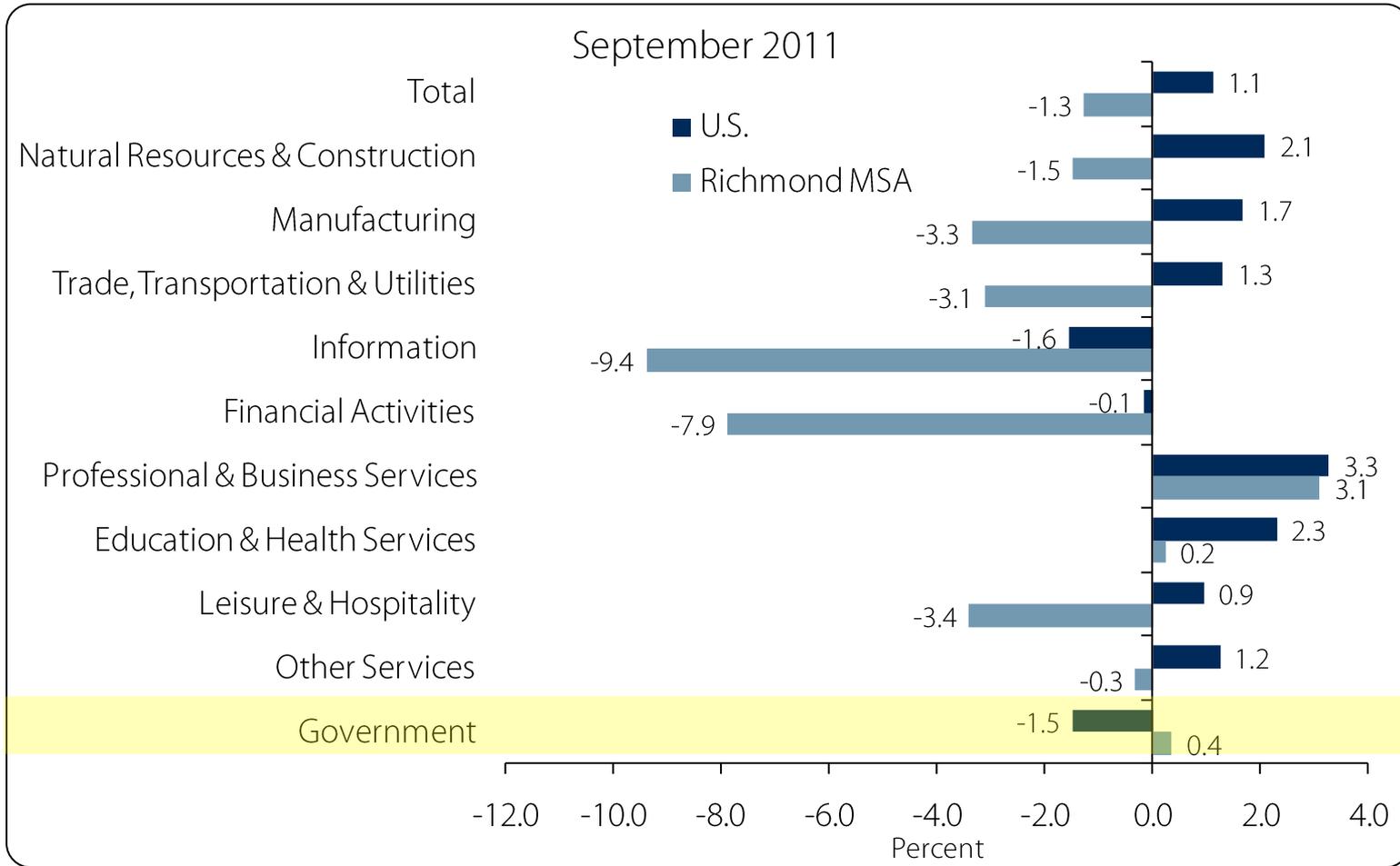
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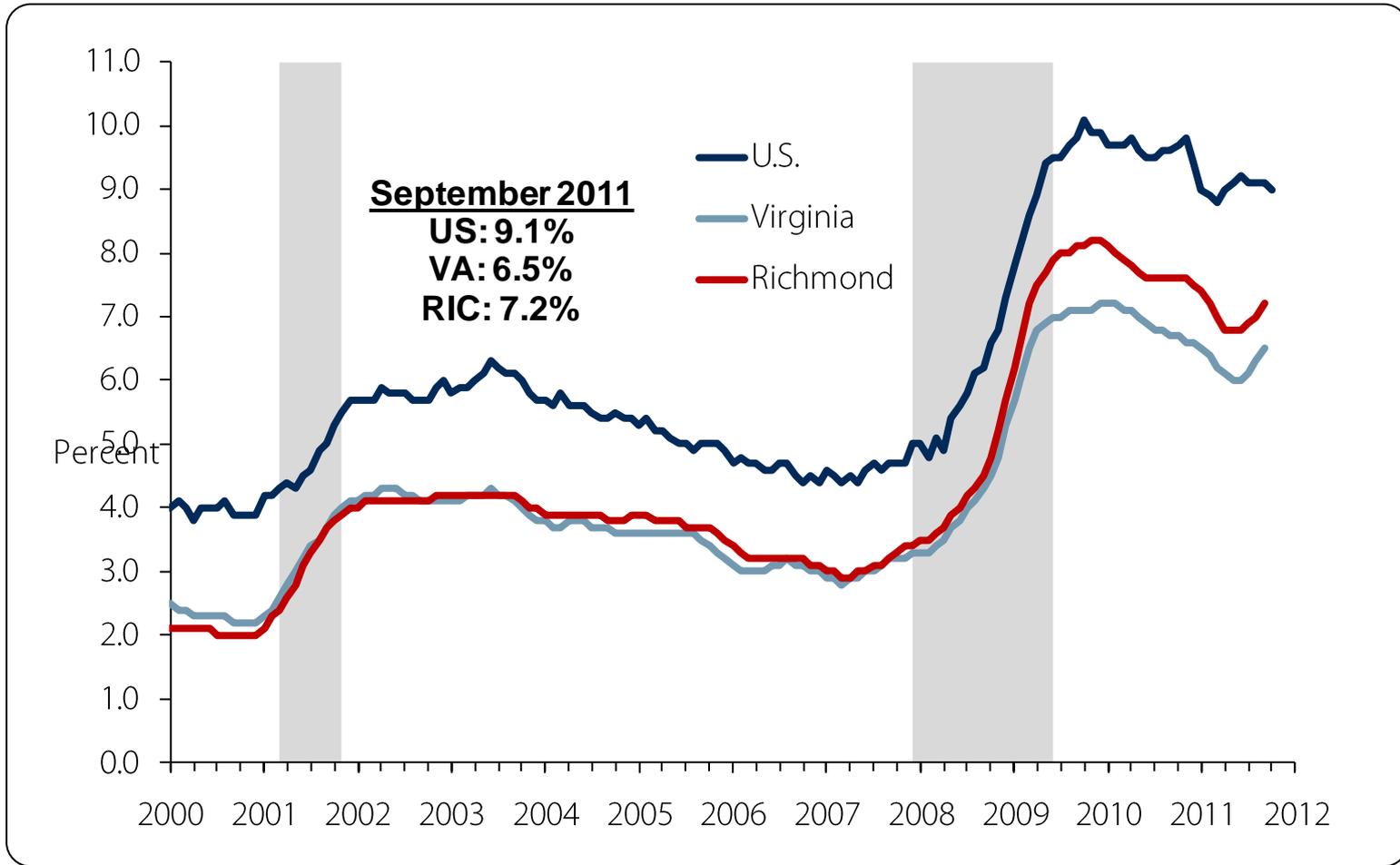
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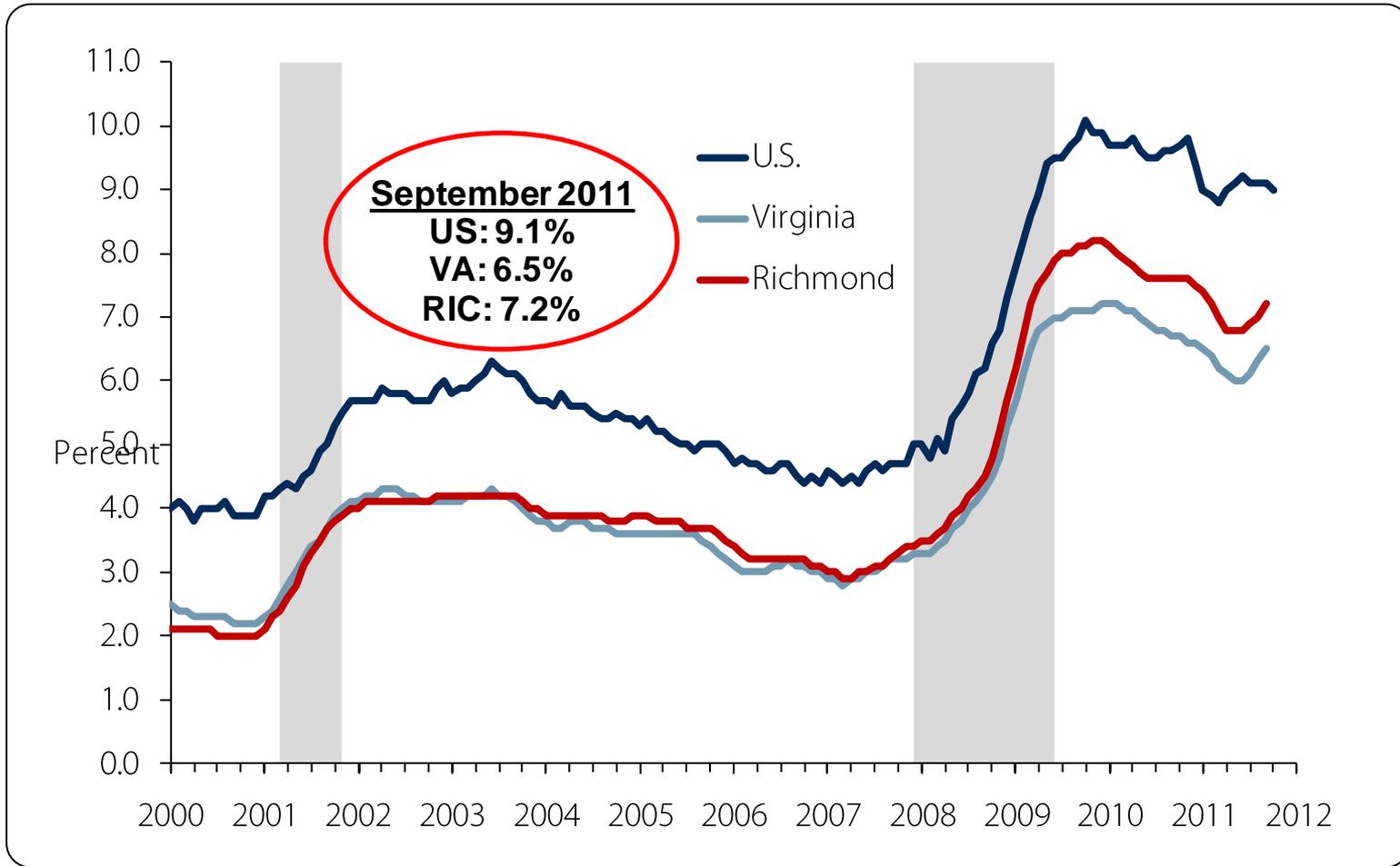
Richmond MSA Unemployment Rate



Source: Bureau of Labor Statistics/Haver Analytics



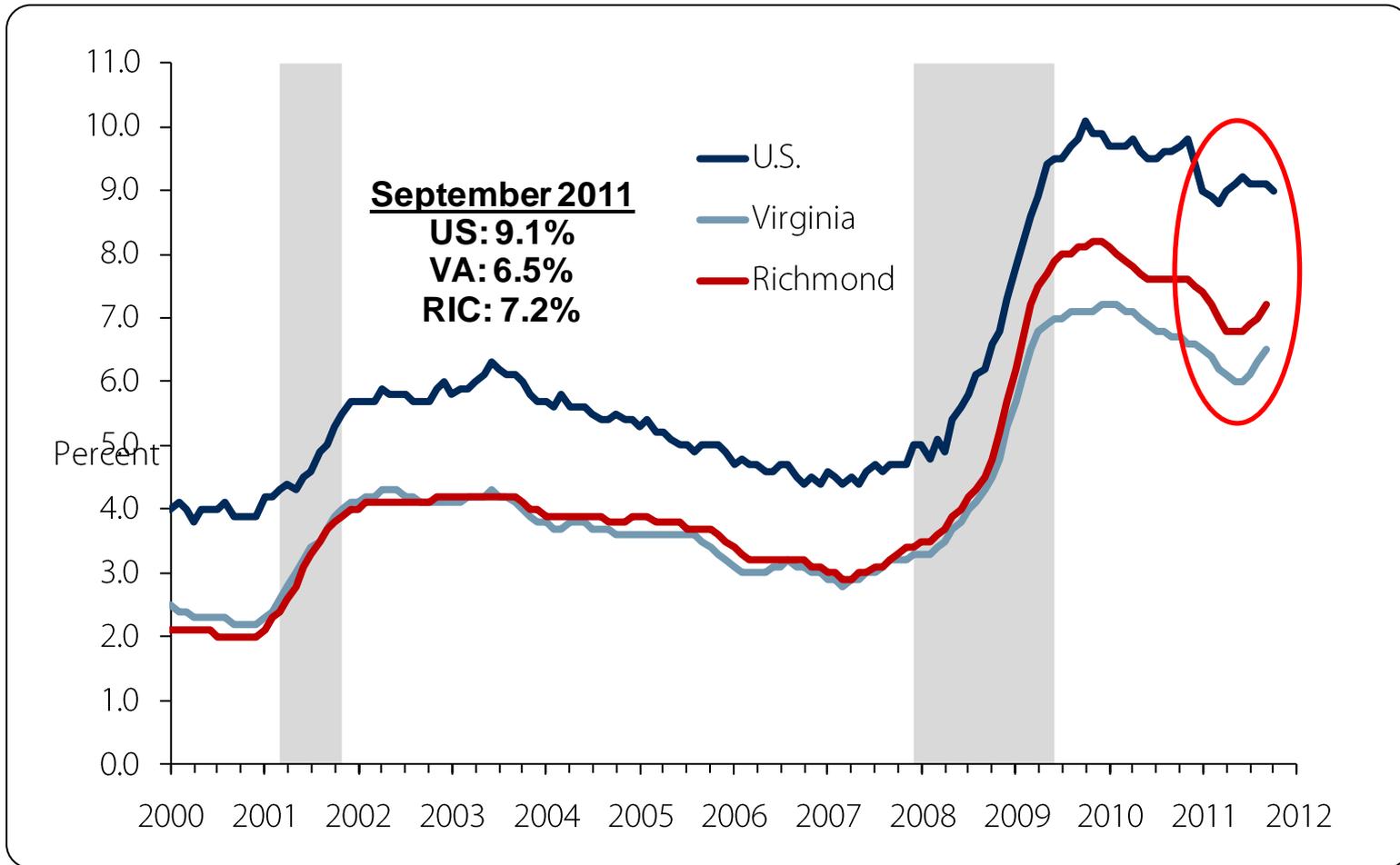
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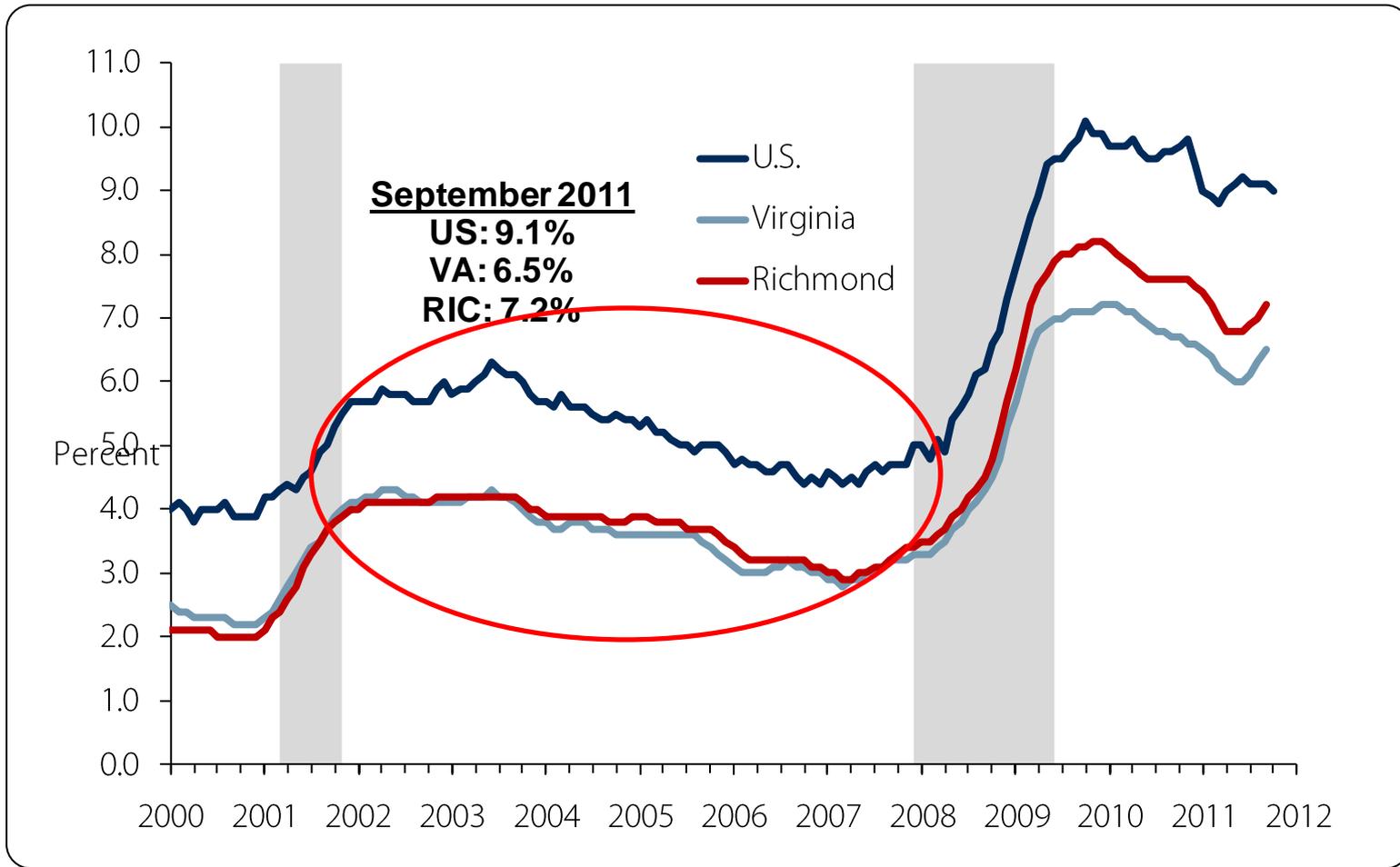
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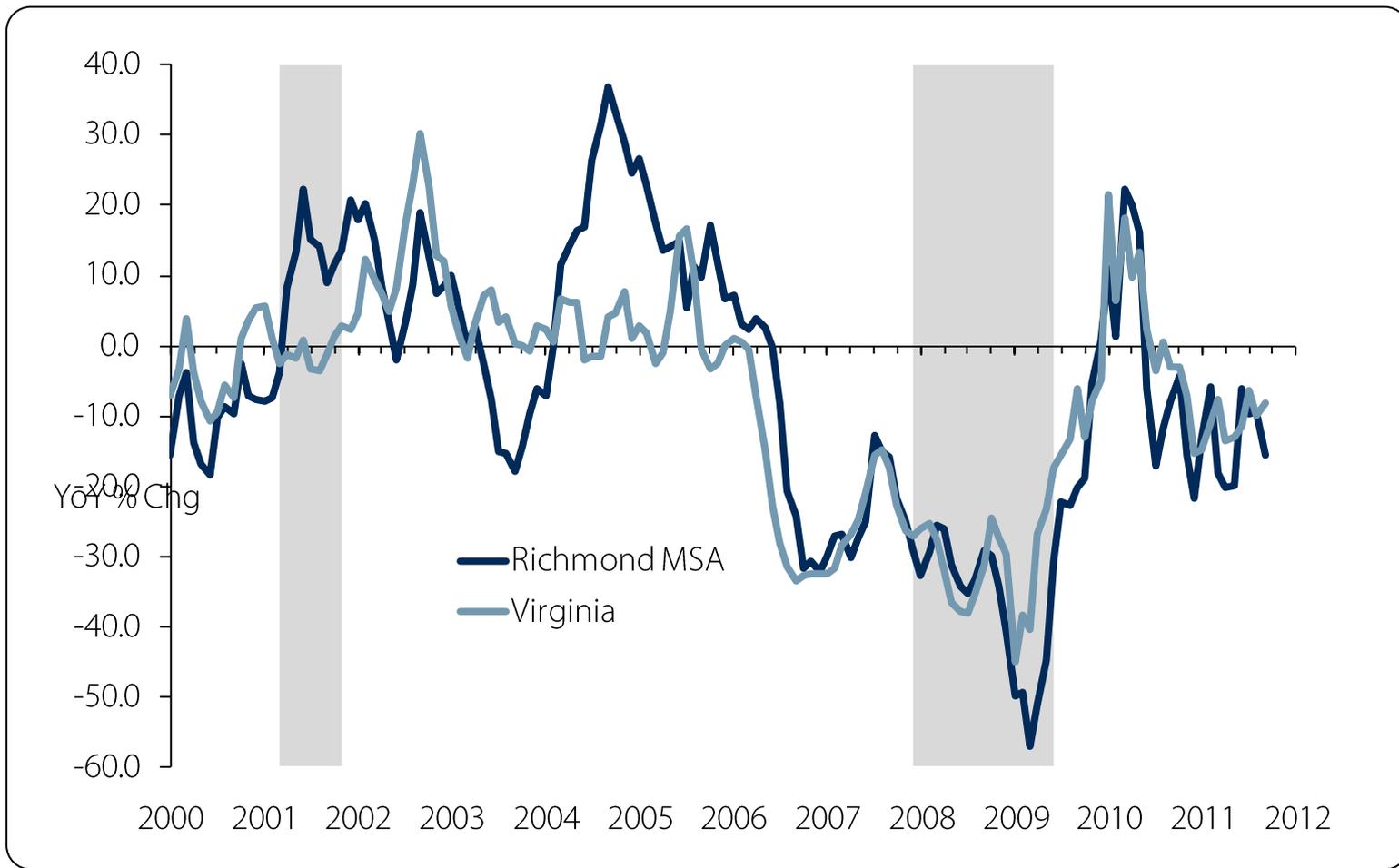
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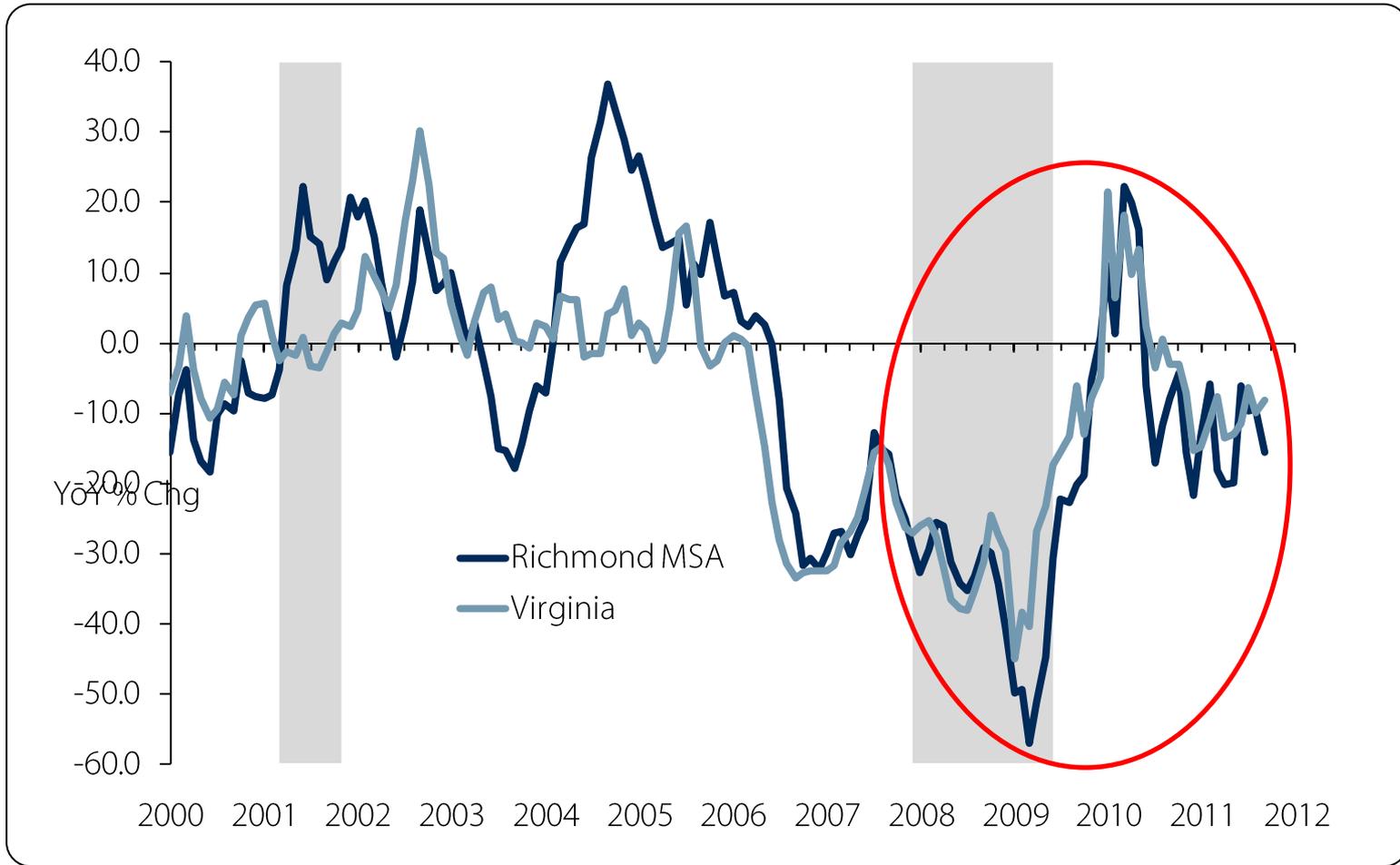


Richmond Single Family Building Permits



Source: US Census Bureau/Haver Analytics

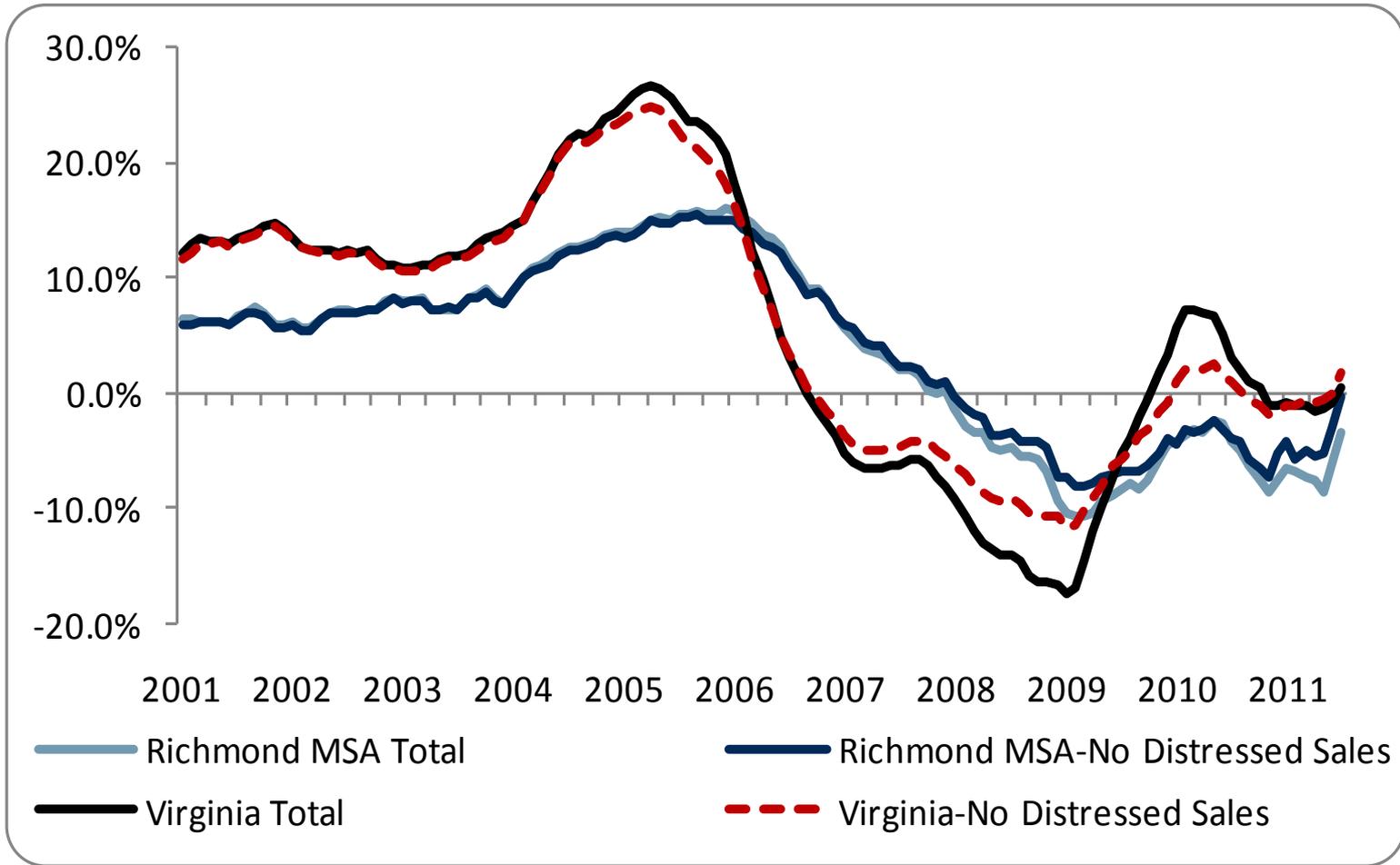
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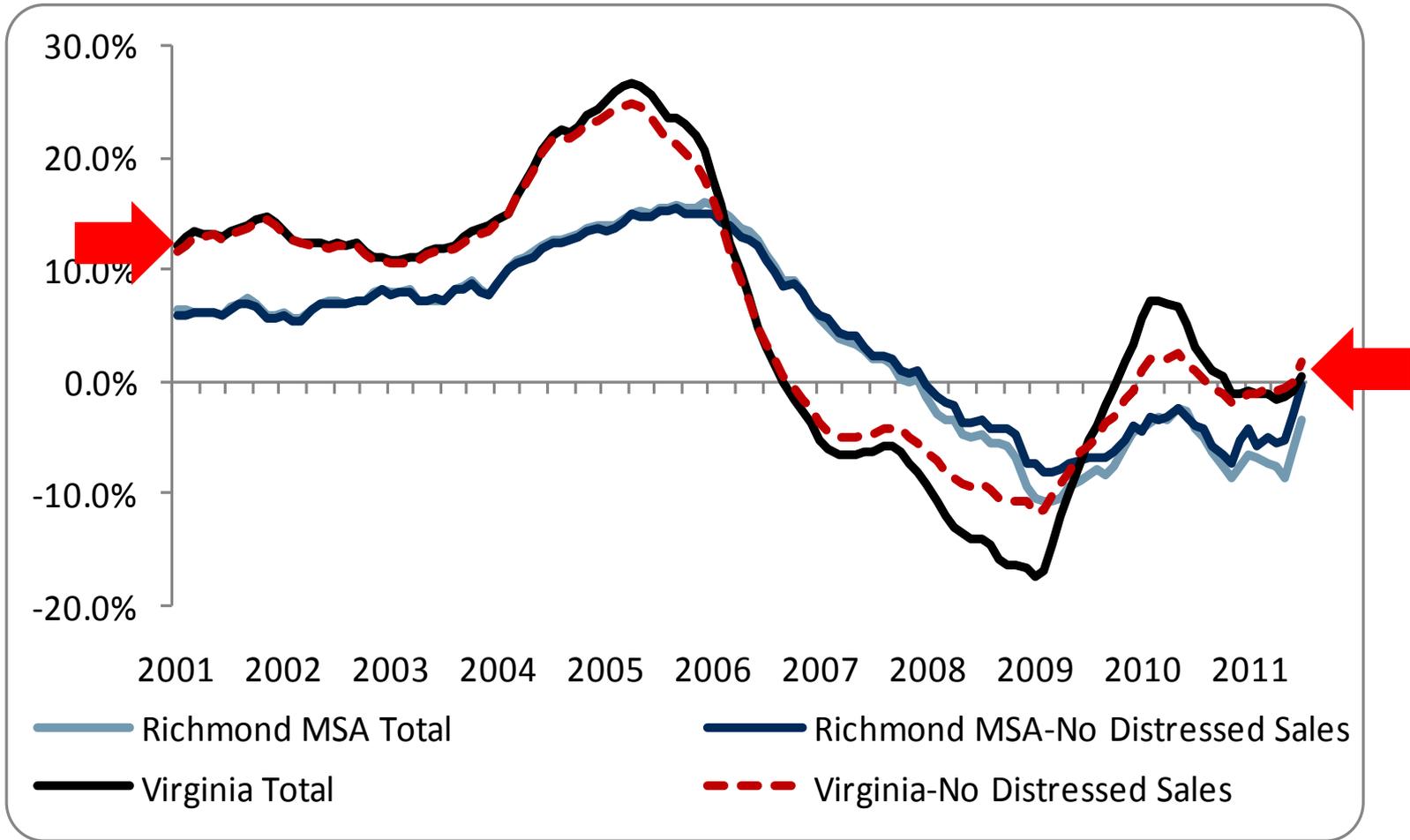
Richmond House Prices



Source: Core Logic



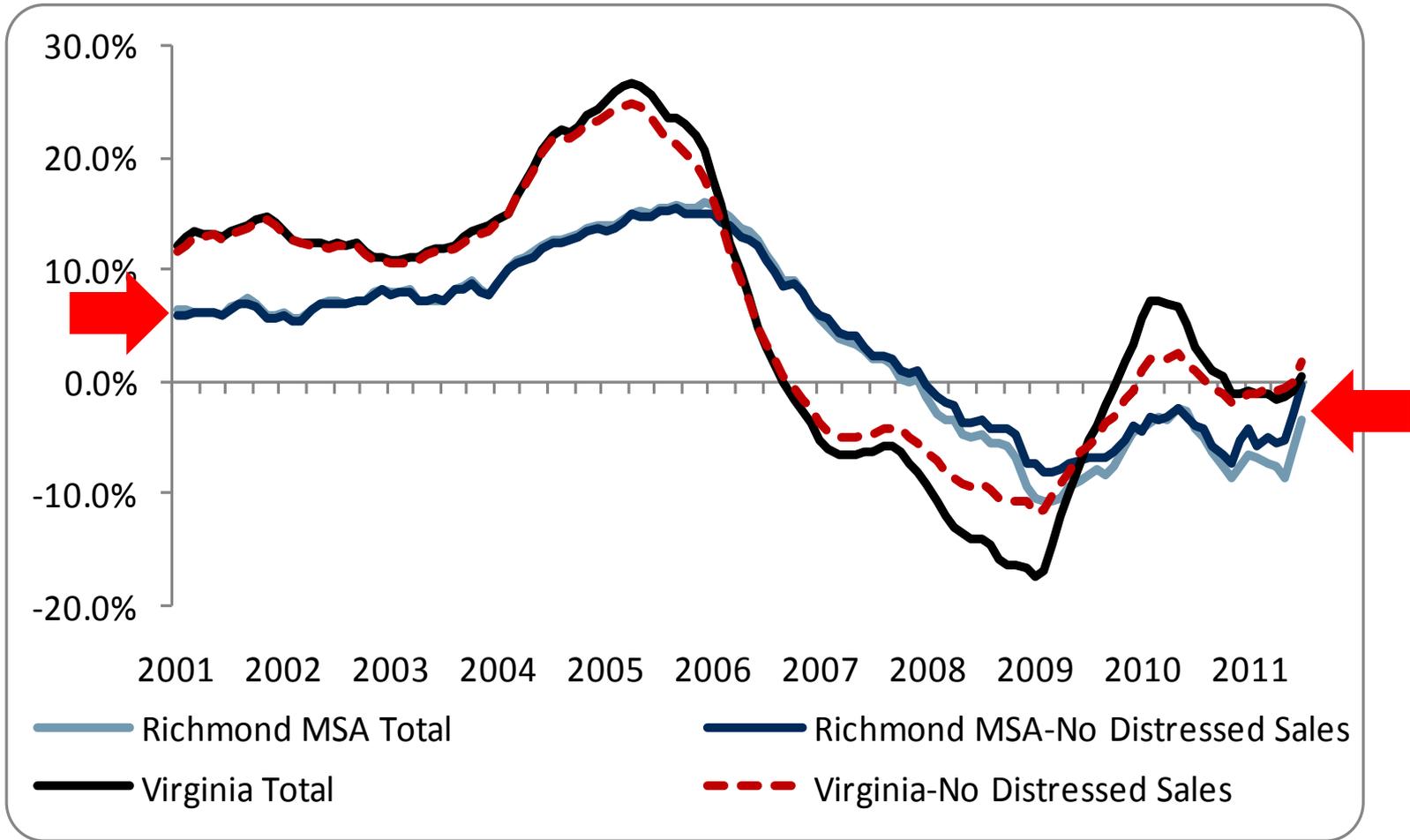
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Fifth District Survey of Service Activity

Business Activity Indexes^{1,4}

Service Sector Indicators	Current Conditions		
	Oct-11	Sep-11	Aug-11
Revenues	-8	-4	-1
Number of Employees	0	-2	-5
Average Wage	15	8	7
Expected Demand ²	0	-1	3

Retail Indicators

Sales Revenues	-8	-10	-32
Number of Employees	-9	1	-8
Average Wage	5	3	2
Inventories	-3	4	3
Big-ticket Sales	4	-48	-40
Shopper Traffic	-1	-32	-11
Expected Demand ²	-19	-23	-23

Services Firms Indicators

Revenues	-8	-3	10
Number of Employees	3	-5	-3
Average Wage	16	9	8
Expected Demand ²	8	2	7

Current Price Trends³

Service Sector	0.70	0.86	1.03
Retail	1.33	1.62	1.66
Services Firms	0.53	0.48	0.93

Expectations

Expected Price Trends ^{2,3}	Oct-11	Sep-11	Aug-11
Service Sector	1.17	1.43	1.48
Retail	2.02	1.71	2.08
Services Firms	1.01	1.35	1.39

- Survey released monthly since 1998
- Approximately 100 respondents per month
- Respond by indicating an “increase,” “decrease” or “unchanged”
- Index value is percentage reporting increase minus the percentage reporting decrease

Source: Federal Reserve Bank of Richmond



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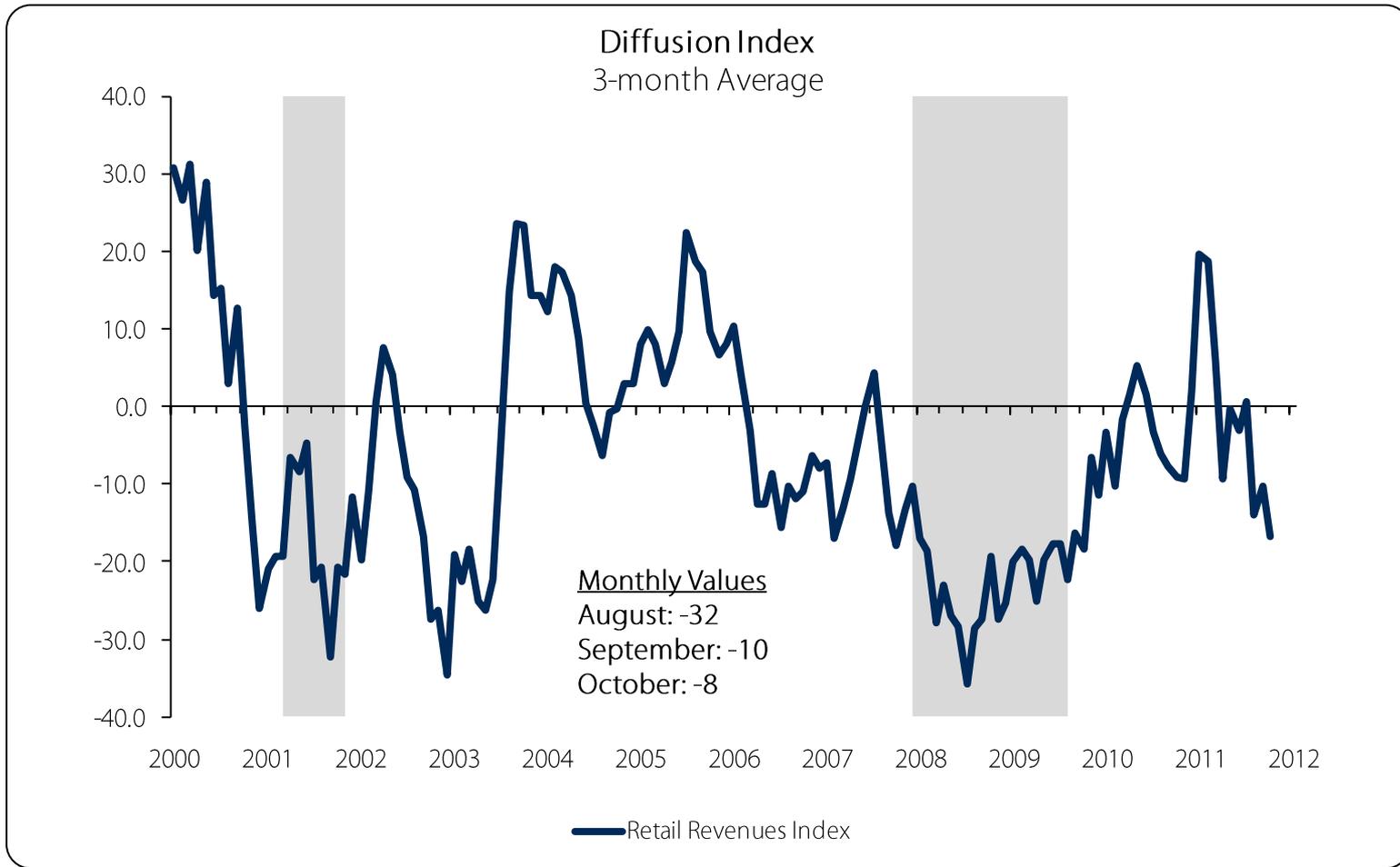
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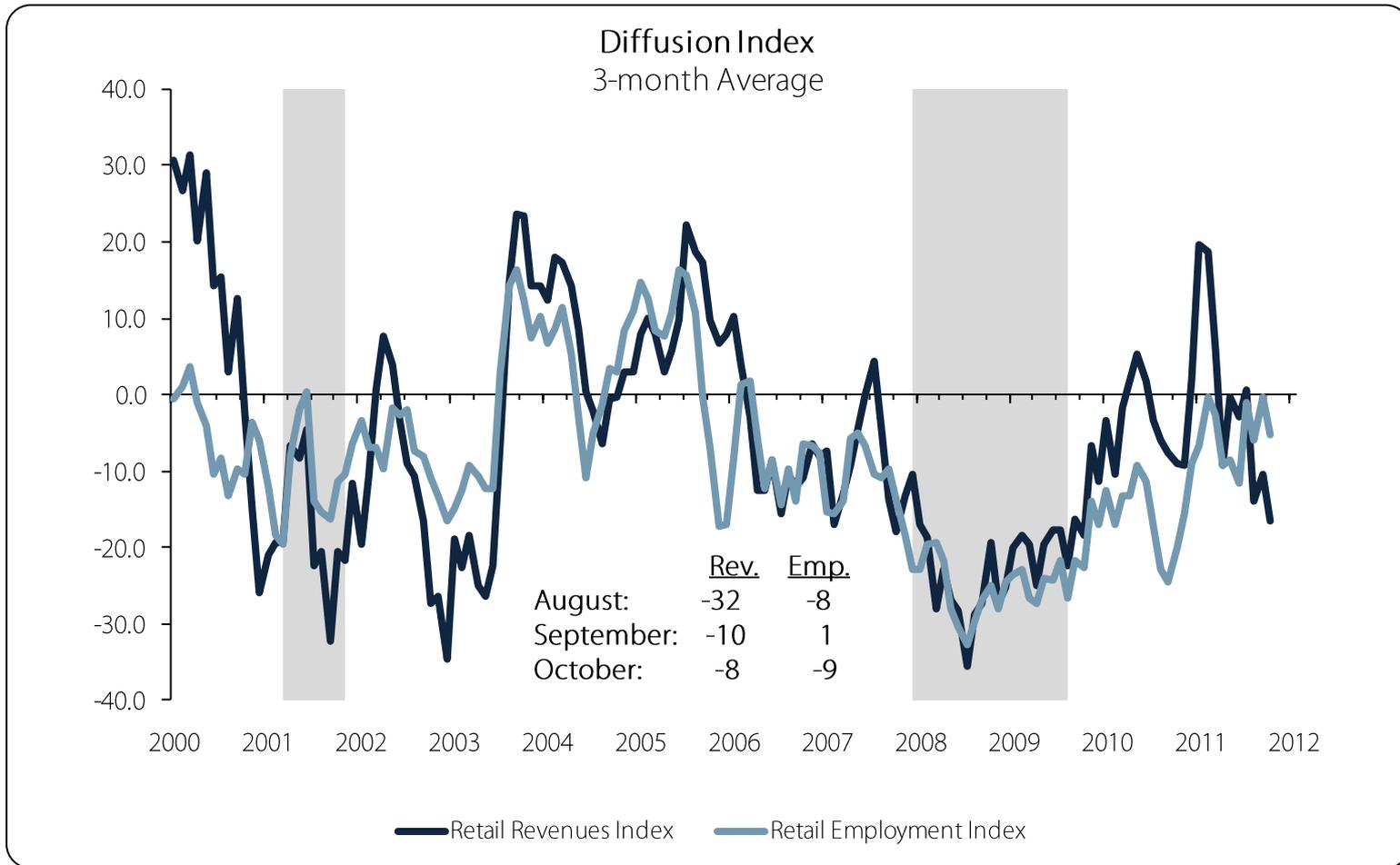
Fifth District Retail



Source: Federal Reserve Bank of Richmond



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- Stress continues in the housing market with limited recovery so far.

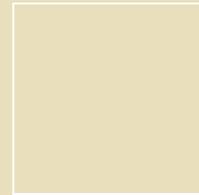




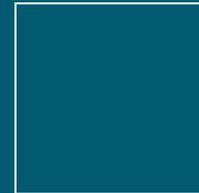
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- Job growth has been very soft and unemployment remains stubbornly high.
- State and local government will serve as a drag on employment growth.
- Stress continues in the housing market with limited recovery so far.
- Relative to previous recessions, we might expect this recovery to remain at a slow pace of growth.





The views expressed here are those of the author, and do not necessarily represent those of the Federal Reserve Bank of Richmond or the Federal Reserve System.



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