National and Regional Economic Outlook

Richard Kaglic

November 14, 2011

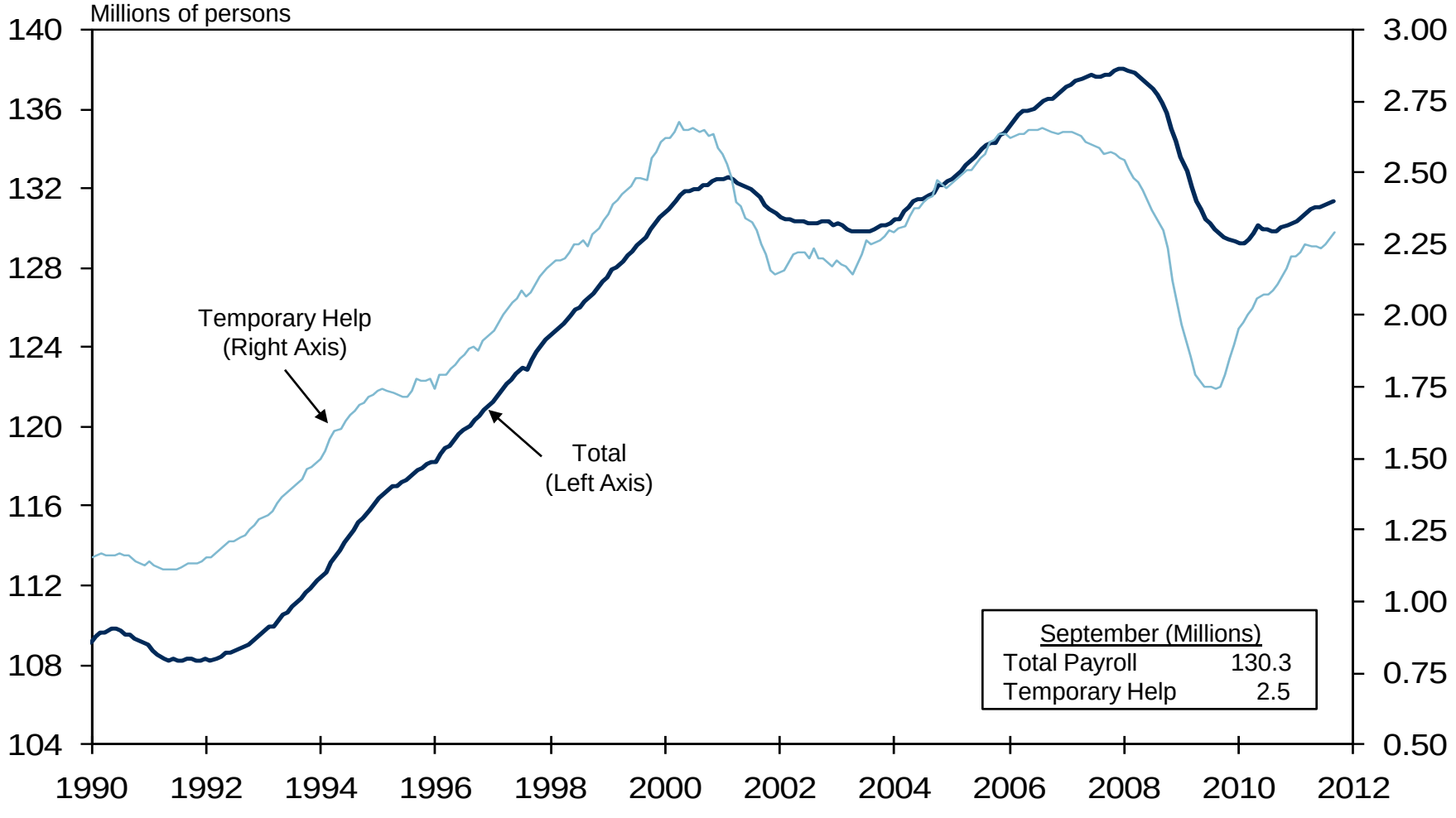
THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Real Gross Domestic Product

	2010		2011		
	Q3	Q4	Q1	Q2	Q3
CHANGE FROM PREVIOUS QUARTER AT COMPOUND ANNUAL RATE [Percent]:					
Gross Domestic Product	2.5	2.3	0.4	1.3	2.5
Personal Consumption Expenditures	2.6	3.6	2.1	0.7	2.4
Nonresidential Fixed Investment	11.3	8.7	2.1	10.3	16.3
Structures	4.2	10.5	-14.3	22.6	13.3
Equipment & Software	14.1	8.1	8.7	6.2	17.4
Residential Fixed Investment	-27.7	2.5	-2.4	4.2	2.4
Exports of Goods & Services	10.0	7.8	7.9	3.6	4.0
Imports of Goods & Services	12.3	-2.3	8.3	1.4	1.9
Government Consumption Expenditures & Gross Investment	1	-2.8	-5.9	-0.9	0
Final Sales to Domestic Purchasers	2.3	2.7	0.4	1.3	3.2
LEVEL IN QUARTER AT SEASONALLY ADJUSTED ANNUAL RATE [Billions of Chained (2005) Dollars]:					
Change in Private Inventories	92.3	38.3	49.1	39.1	5.4
Net Exports of Goods & Services	-458.7	-414.2	-424.4	-416.4	-409.4

Source: Bureau of Economic Analysis/Haver Analytics

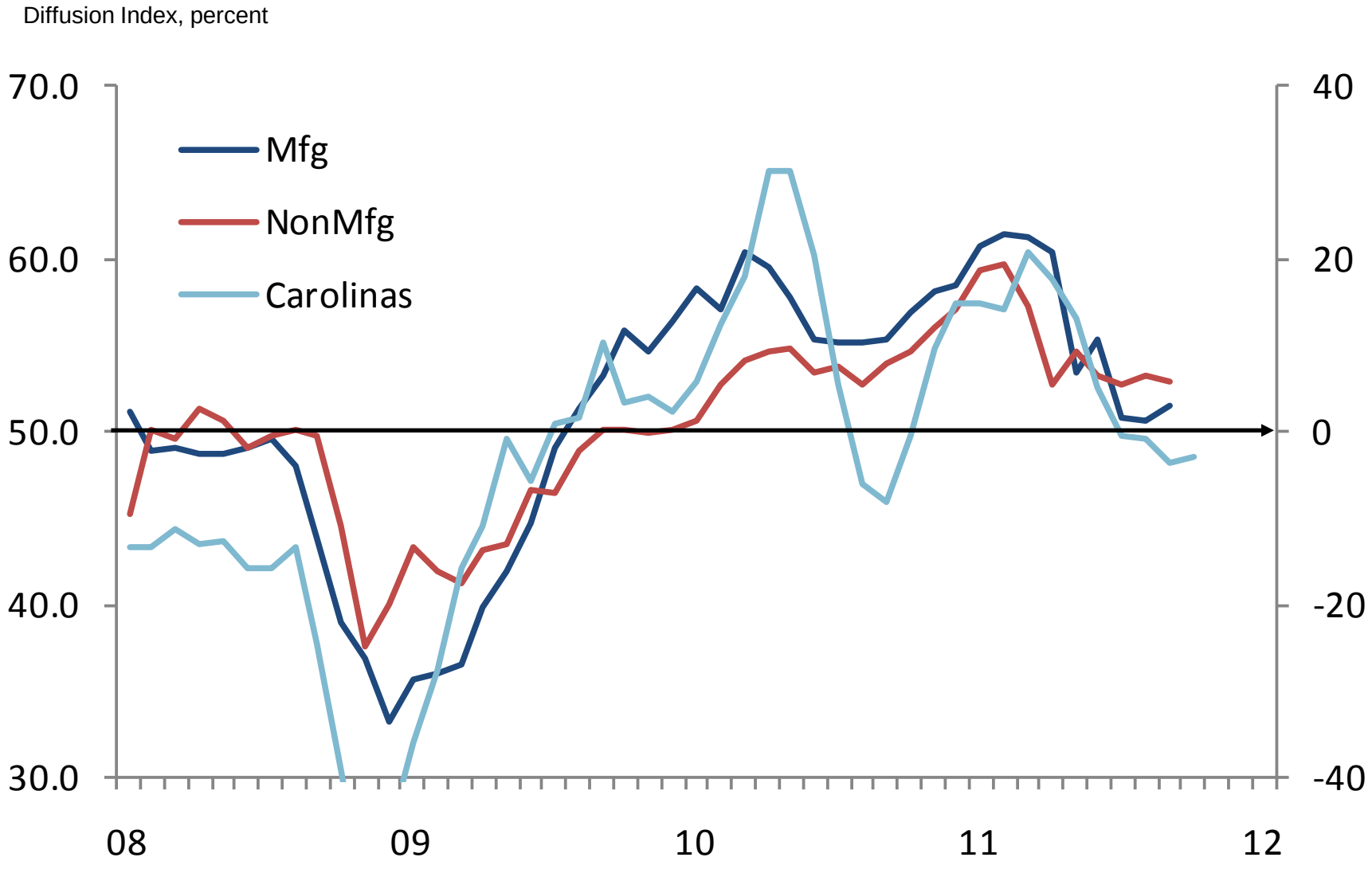
Nonfarm Payroll Employment



THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: Bureau of Labor Statistics/Haver Analytics

ISM and Carolinas Business Activity Indexes

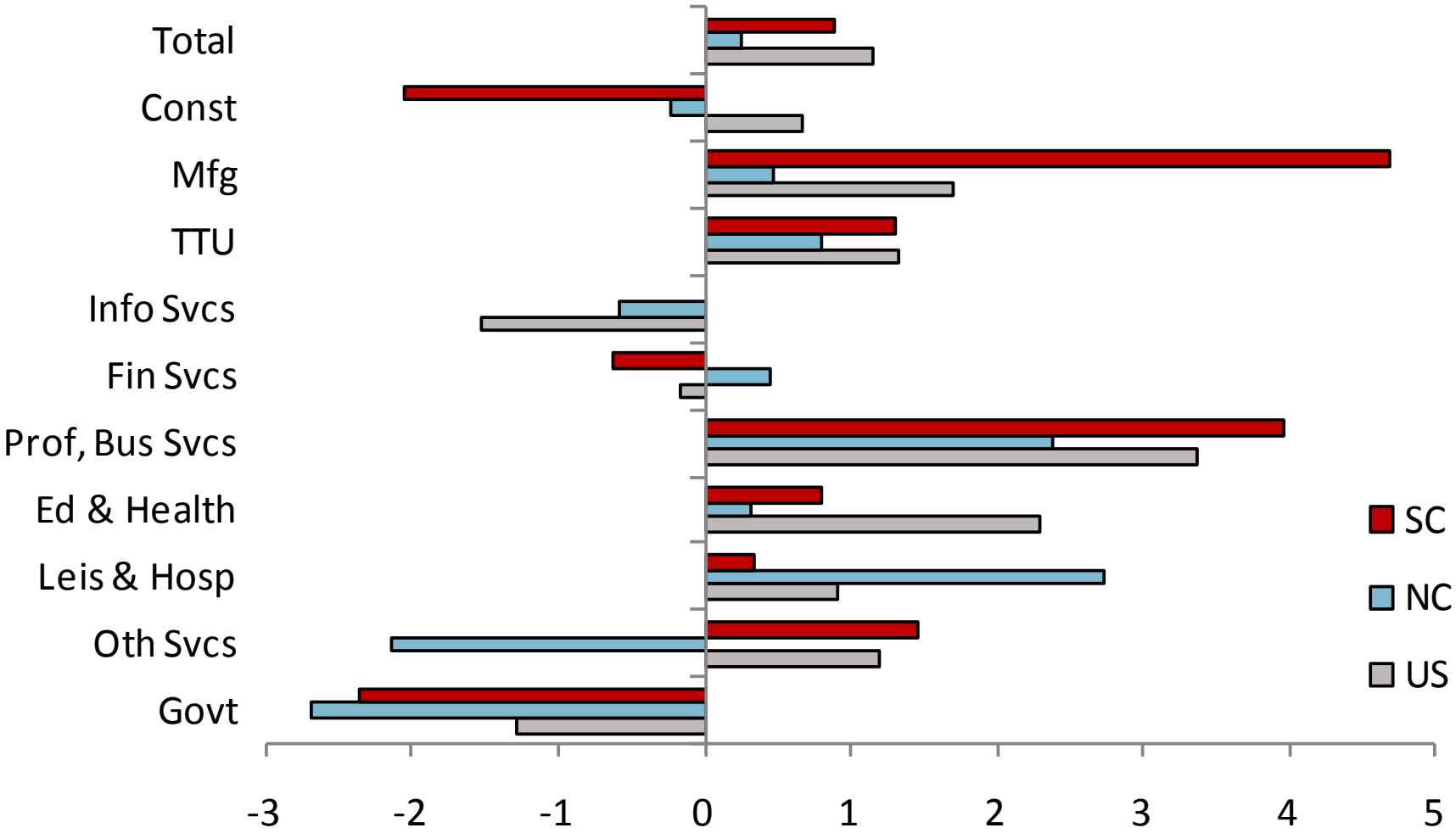


THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: Institute for Supply Management/Haver Analytics

Payroll Employment

Percent change y/y

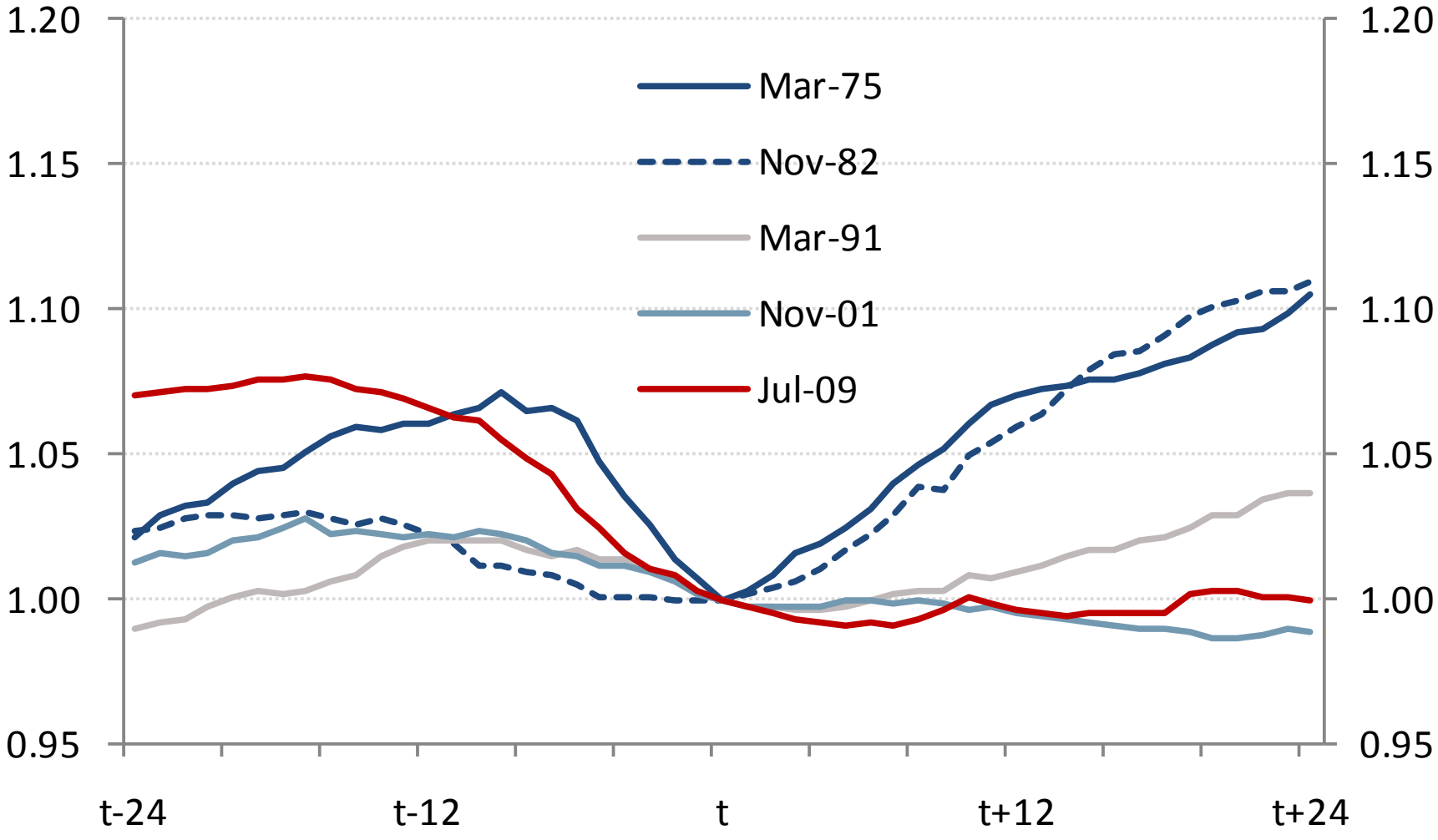


THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: BLS/Haver Analytics

Carolinas Payroll Employment, Last Five Recessions

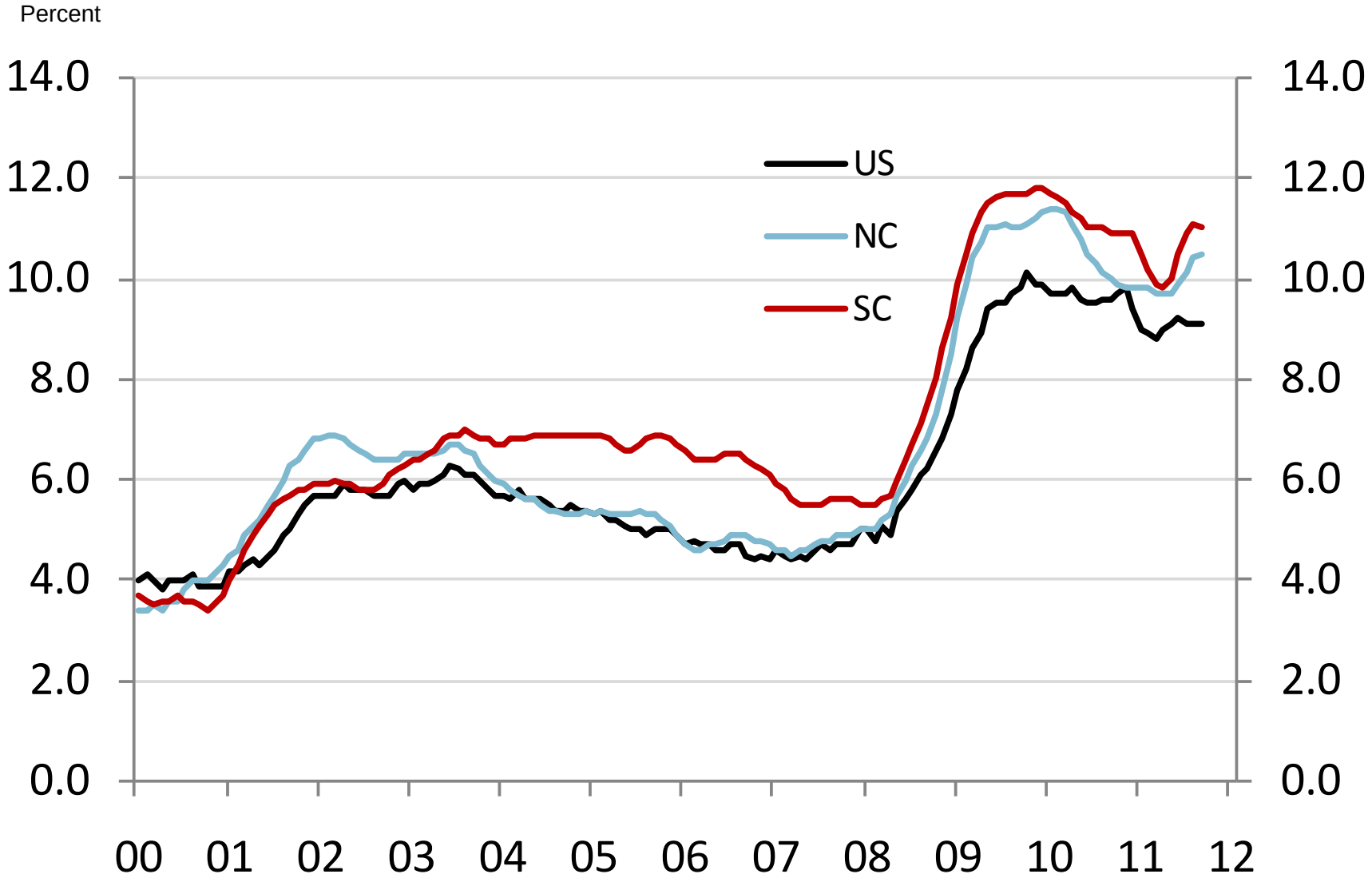
Index, June 2009 = 1.0



THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: BLS/Haver Analytics

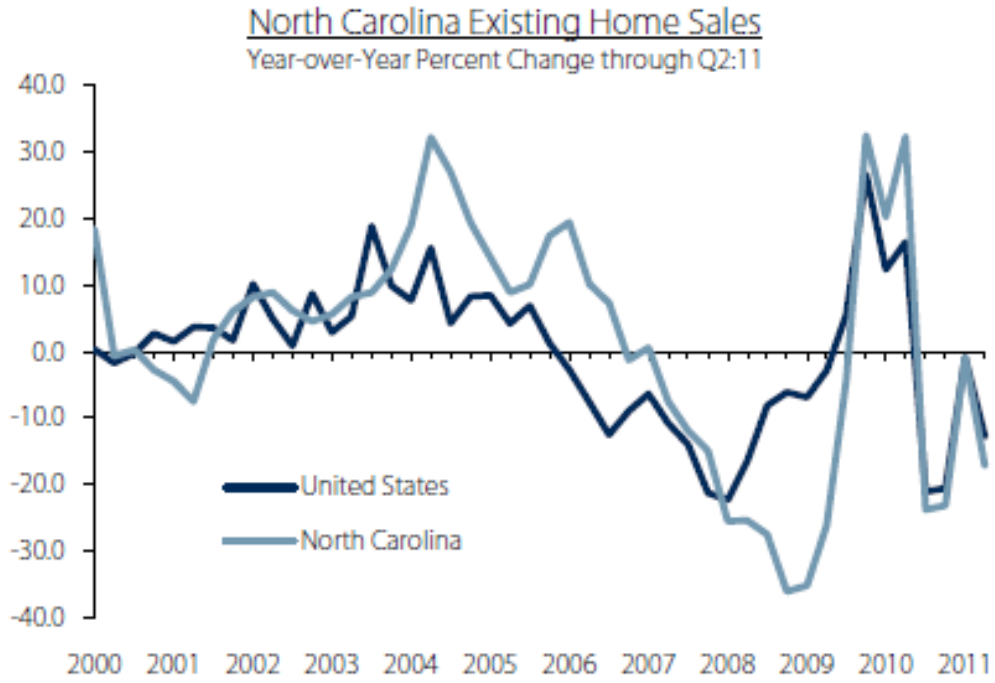
Unemployment rates

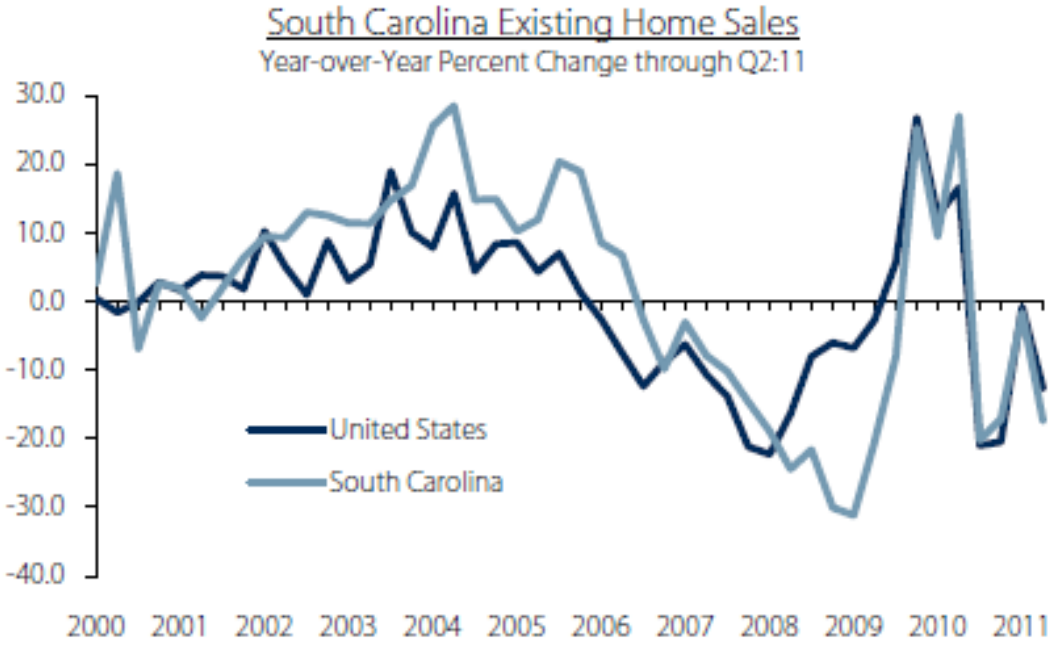


THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: BLS/Haver Analytics

Carolinas Existing Home Sales

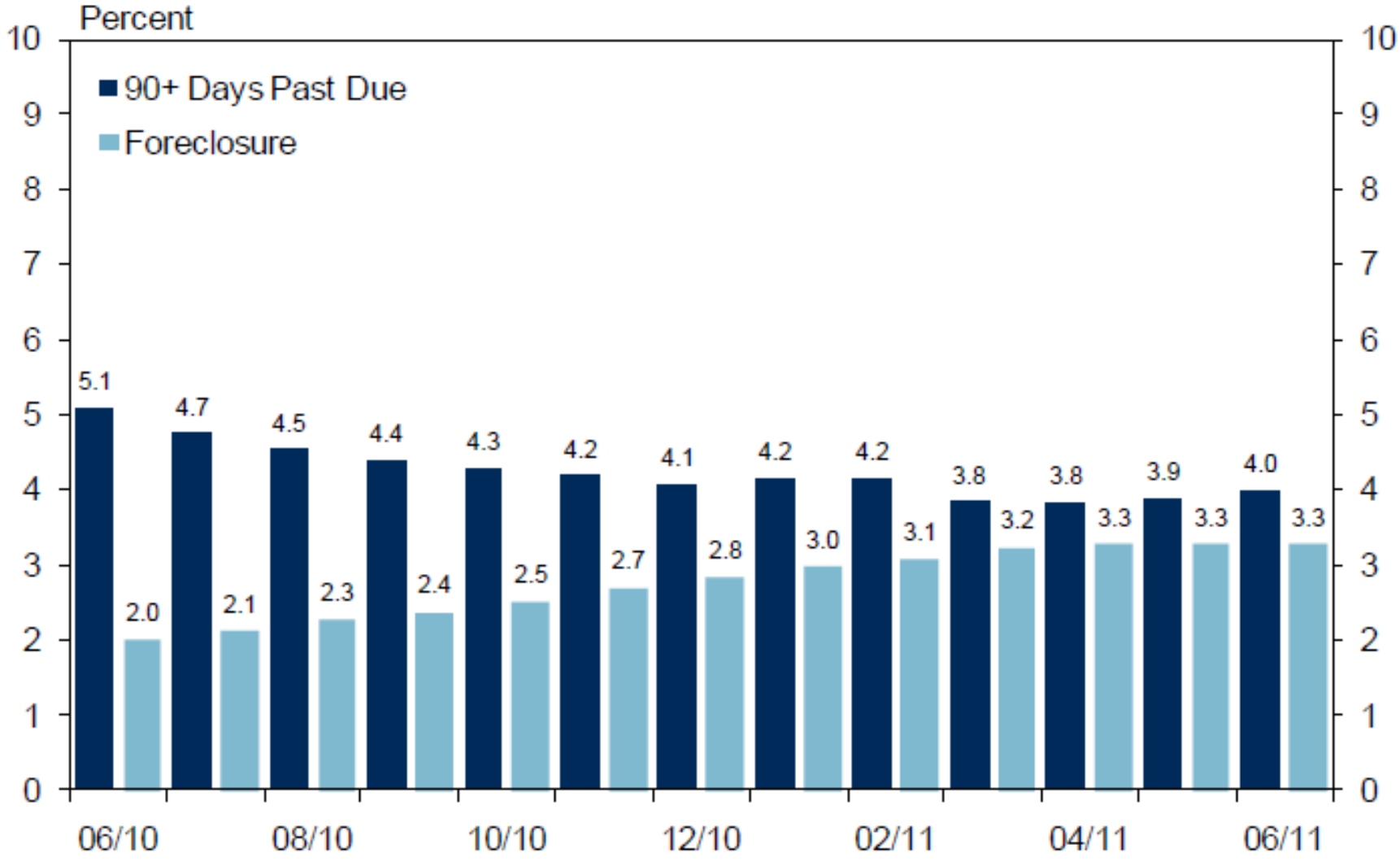




THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: NAR/Haver Analytics

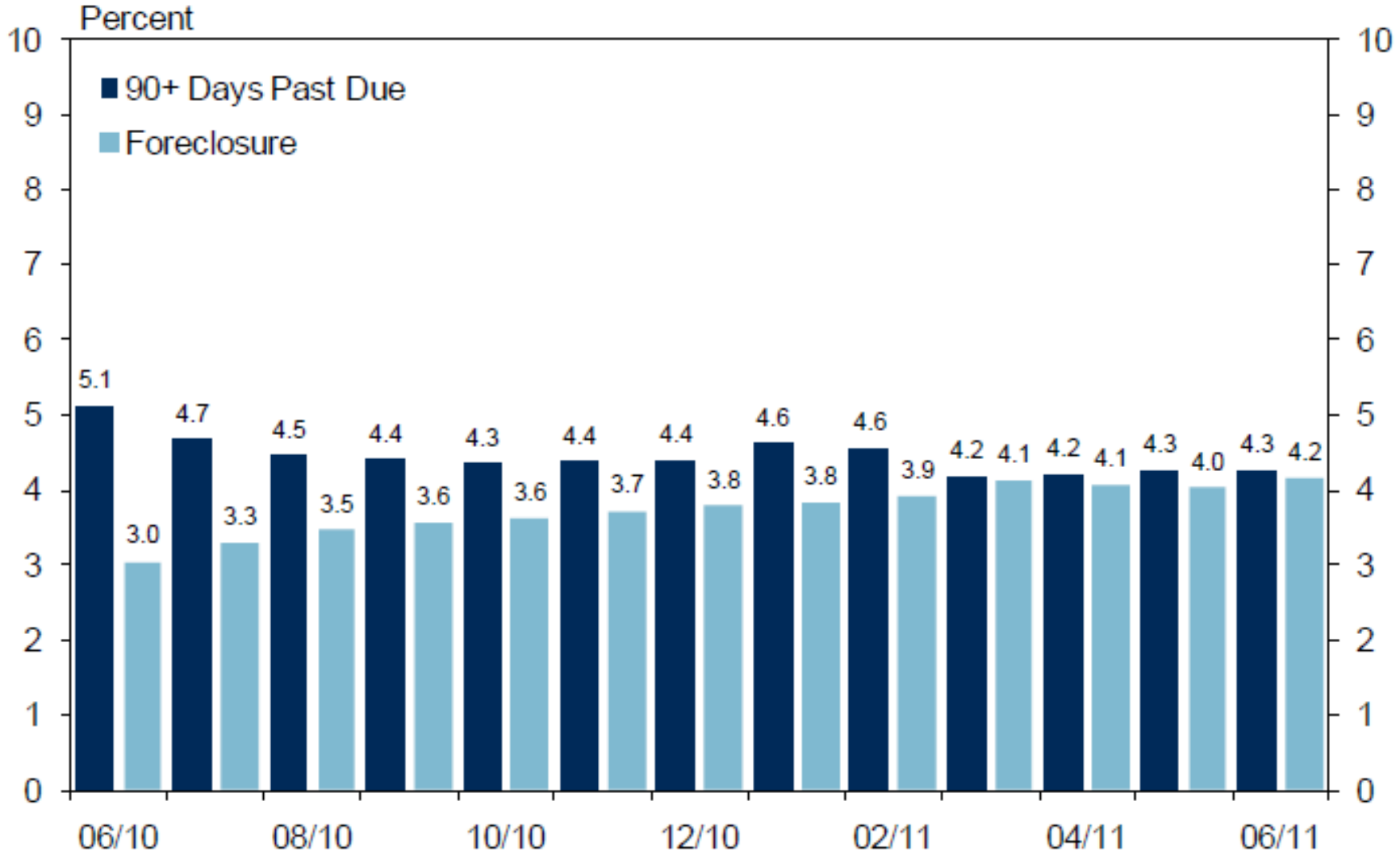
NC Delinquencies and Foreclosures



THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: BLS/Haver Analytics

SC Delinquencies and Foreclosures



THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: FRB/Haver Analytics

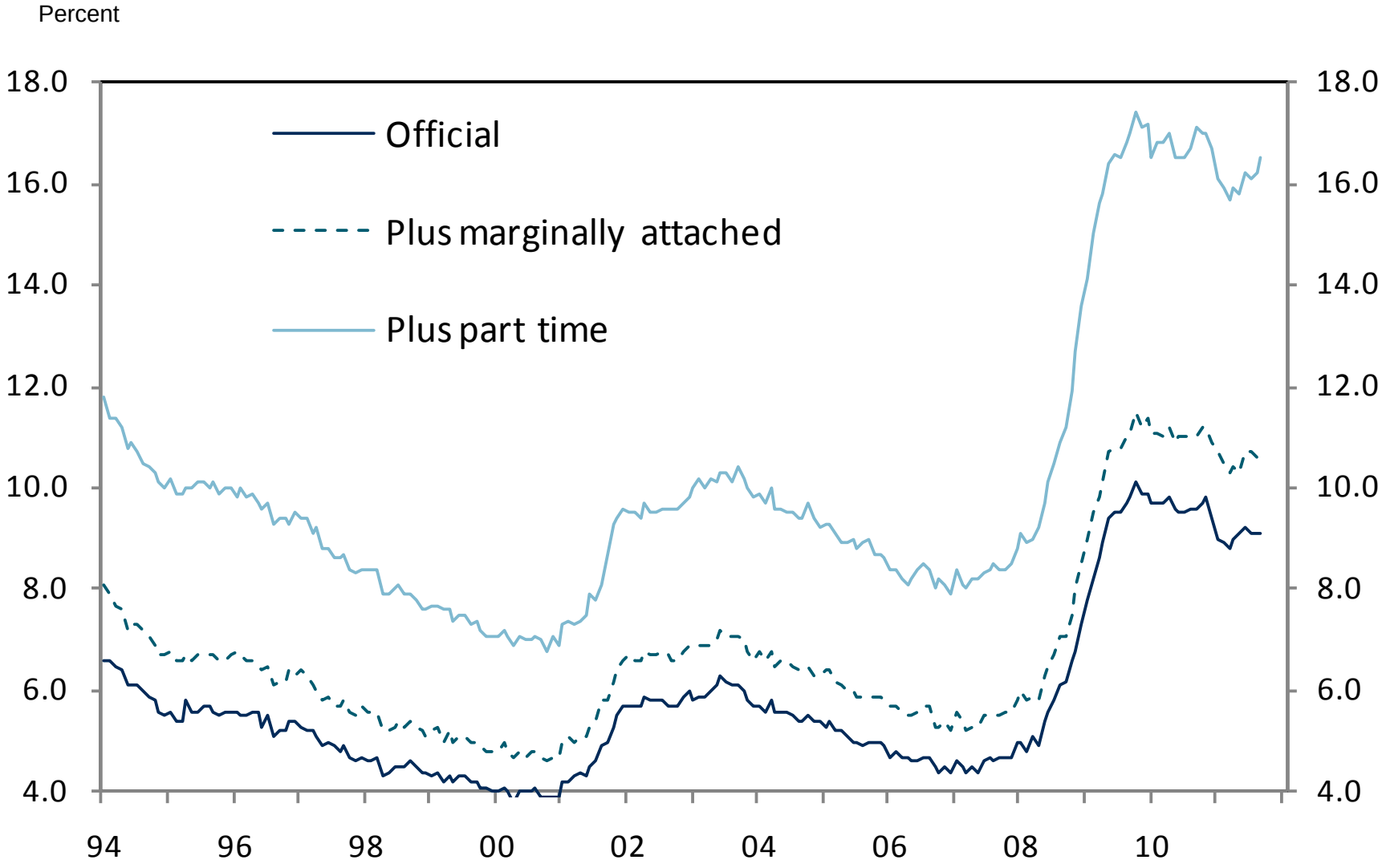
Summary

- Growth has accelerated from q2, but early momentum has been diminished since early in the year
  - PCE, investment, and exports providing a boost…
  - …while small businesses, construction, and government are exerting drags on growth
- Key uncertainties
  - Unsettled debt crisis in Europe
  - Equities markets volatility
  - Government dysfunction in U.S. (uncertainty surrounding regulations, taxes, elections)
  - Confidence
- Inflation pressures easing

Thank You!

www.richmondfed.org

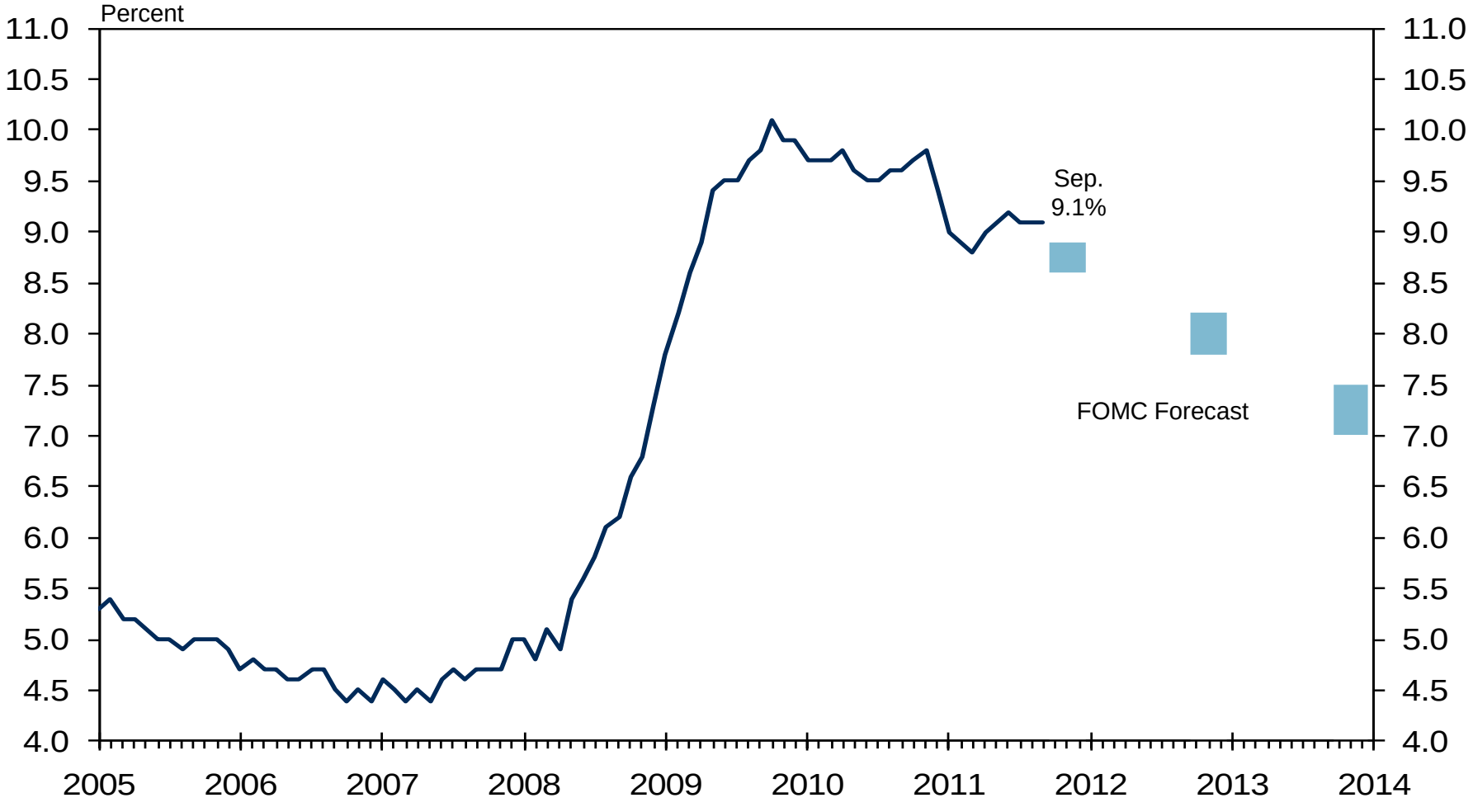
Alternative Measures of Labor Force Utilization



THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: Bureau of Labor Statistics, Haver Analytics

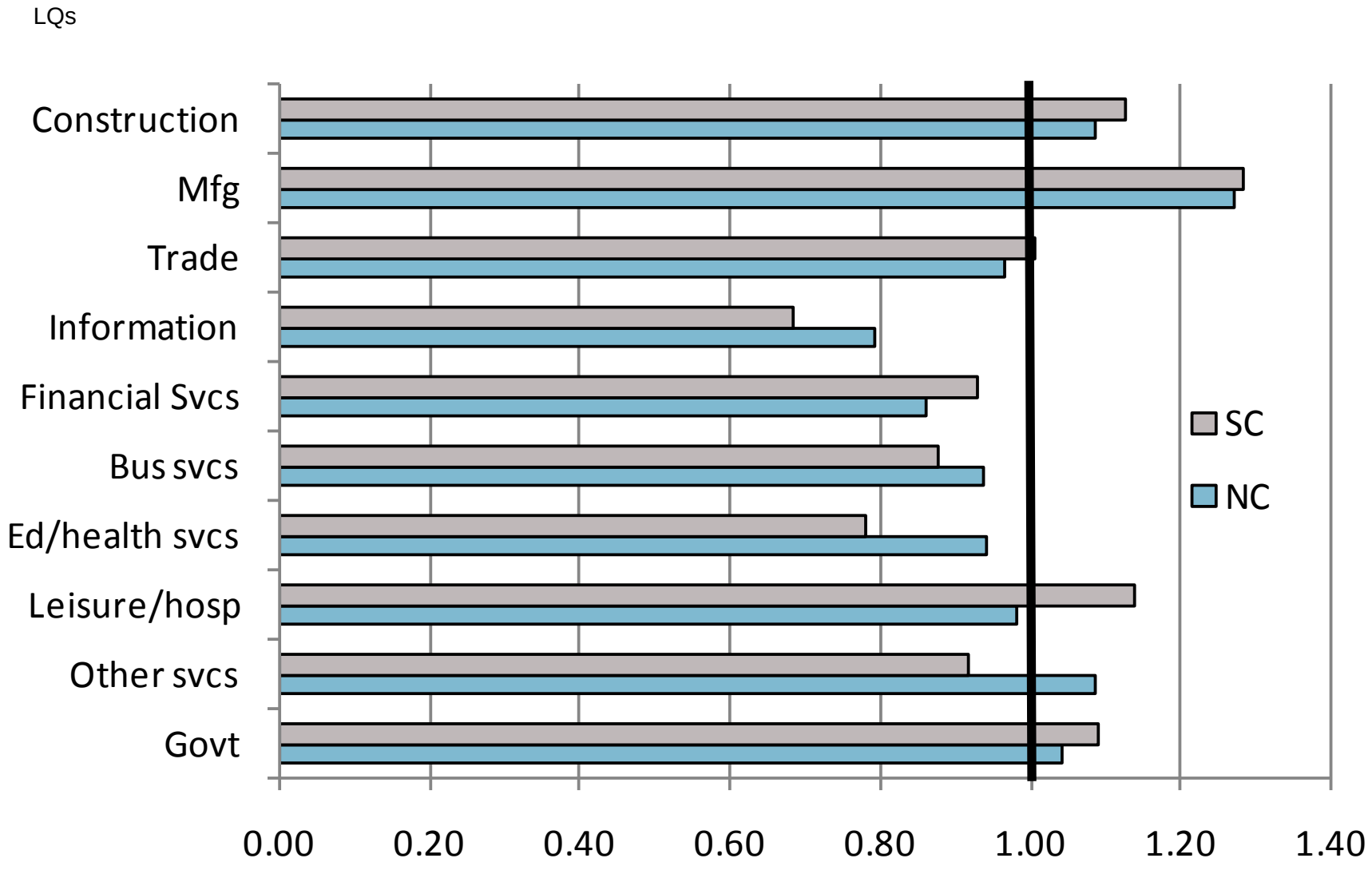
Civilian Unemployment Rate



Notes: FOMC forecast is the central tendency for the Q4 levels, from the June 21-22 meeting.

Source: Bureau of Labor Statistics, Board of Governors, Haver Analytics

Industry Structure



THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: Bureau of Labor Statistics, Haver Analytics

Gauges of Inflation

Expenditure Price Indexes	[Percent Change from Previous Month at Annual Rate]:		
	Aug.	**Sep.**	**YoY %**
Personal Consumption Expenditures	3.2	2.0	2.9
Core (excludes Food* and Energy)	2.0	0.0	1.6

Consumer Price Indexes	[Percent Change from Previous Month at Annual Rate]:		
	Aug.	**Sep.**	**YoY %**
All Items	4.6	3.7	3.9
Core (excludes Food and Energy)	3.0	0.7	2.0

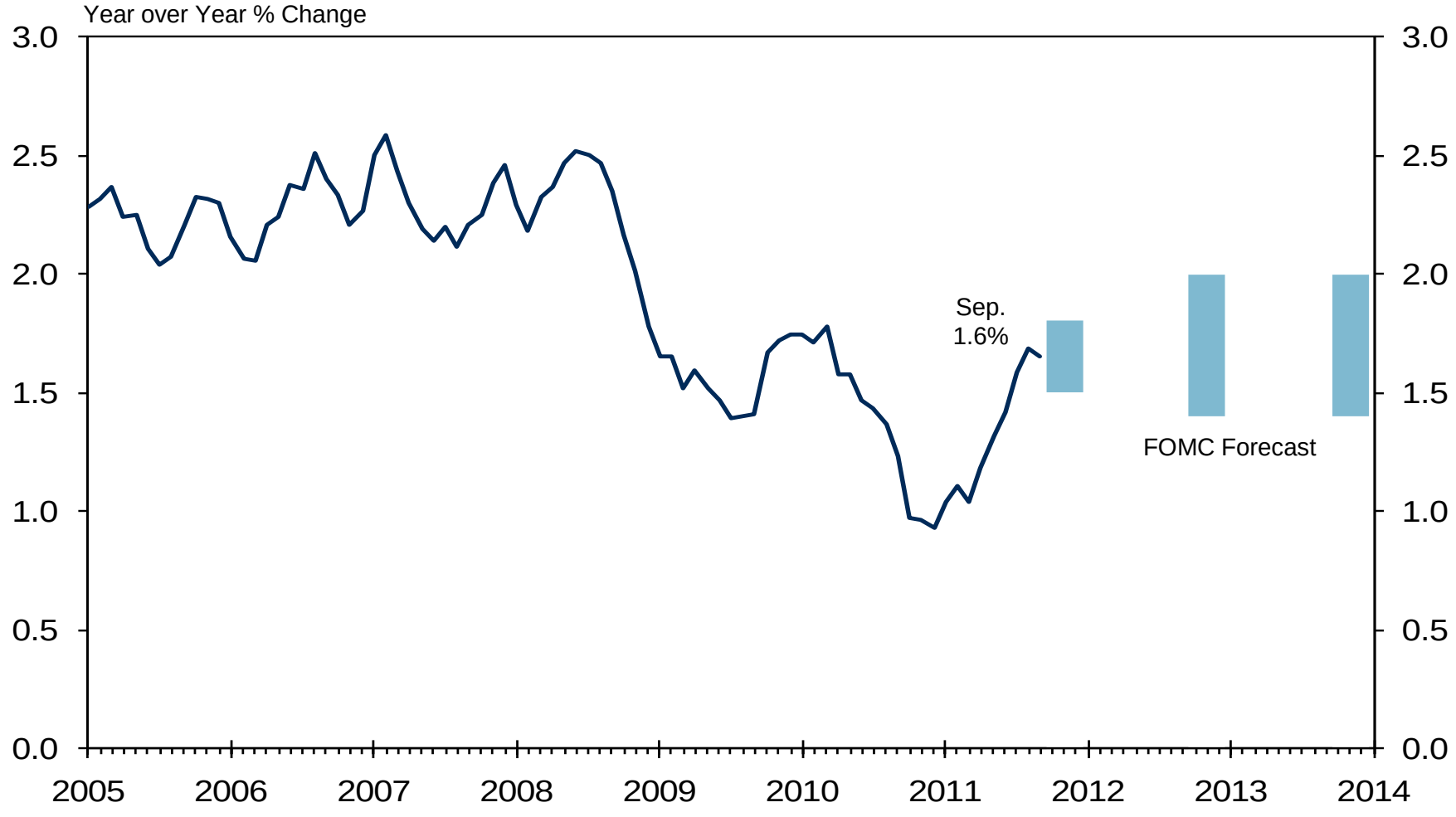
Producer Price Indexes	[Percent Change from Previous Month at Annual Rate]:		
	Aug.	**Sep.**	**YoY %**
Finished Goods	0.0	9.8	7.0
Core (excludes Food and Energy)	0.7	2.7	2.5
Core Intermediate Goods	-1.2	1.9	7.5
Crude Goods	2.5	38.7	21.1

Spot Commodity Price Index	[Percent Change from Previous Month]:		
	Aug.	**Sep.**	**YoY %**
CRB Spot Commodity Price Index	-1.7	-2.9	11.5

Notes: Core PCE Price Index includes expenditures on food services.

Source: BEA, BLS, Commodity Research Bureau, Haver Analytics

Core Consumer Expenditure Price Index

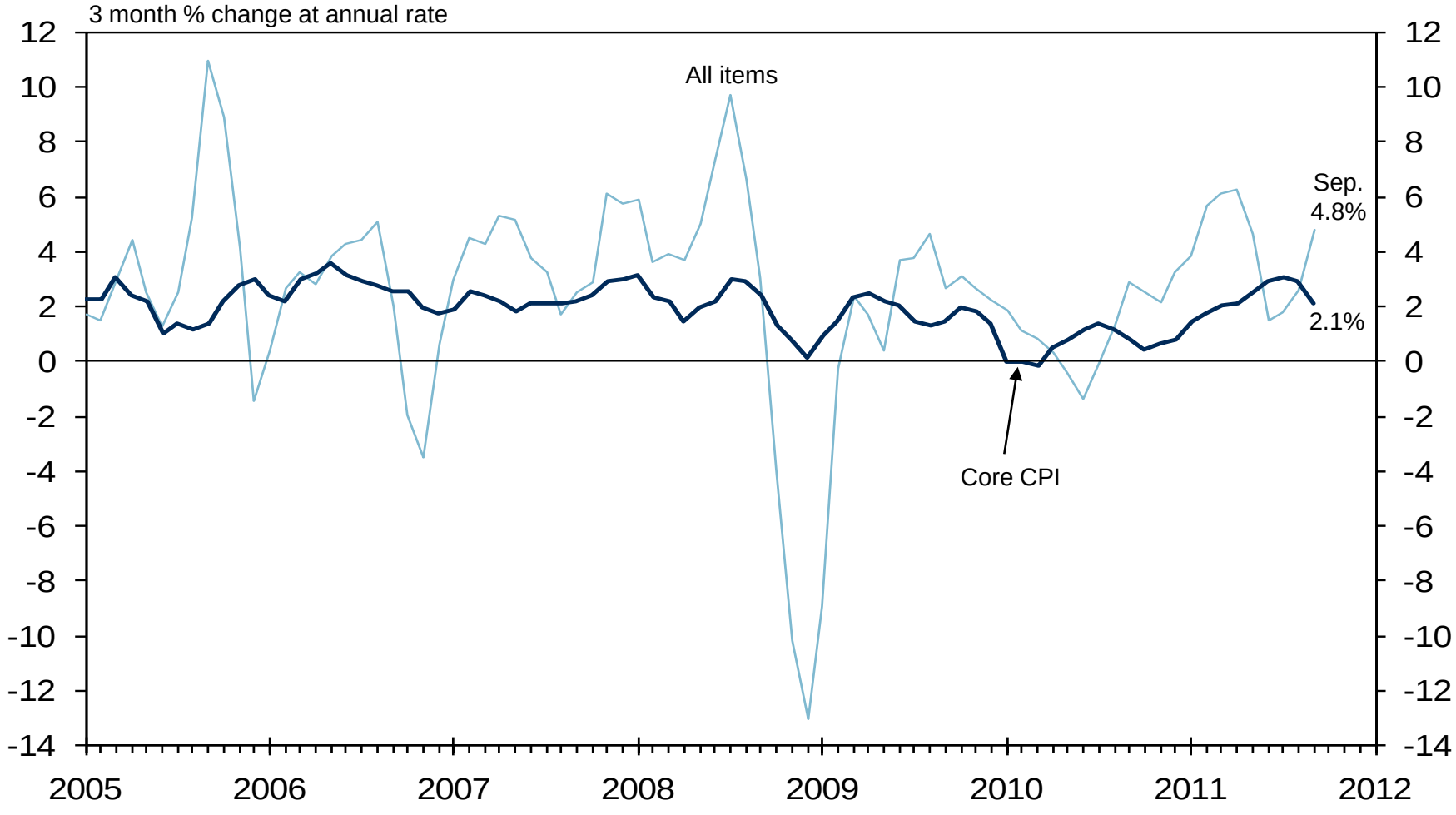


Notes: FOMC forecast is the central tendency for Q4/Q4 percent changes, from the June 21-22 meeting. Core PCE Price Index includes expenditures on food services.

THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: Bureau of Economic Analysis, Board of Governors, Haver Analytics

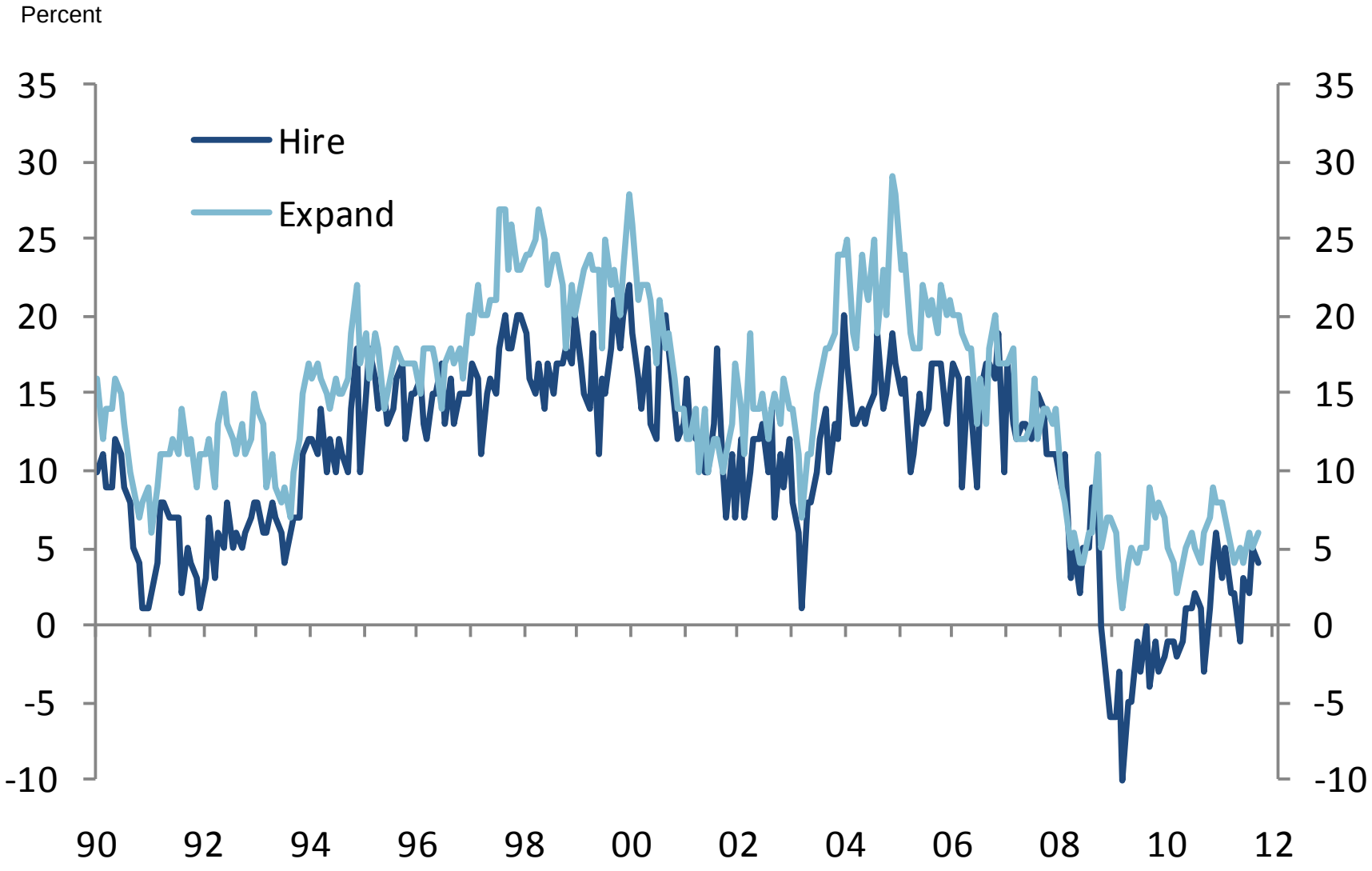
Consumer Price Indexes



THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: Bureau of Labor Statistics/Haver Analytics

NFIB Outlook for Hiring and Expansion

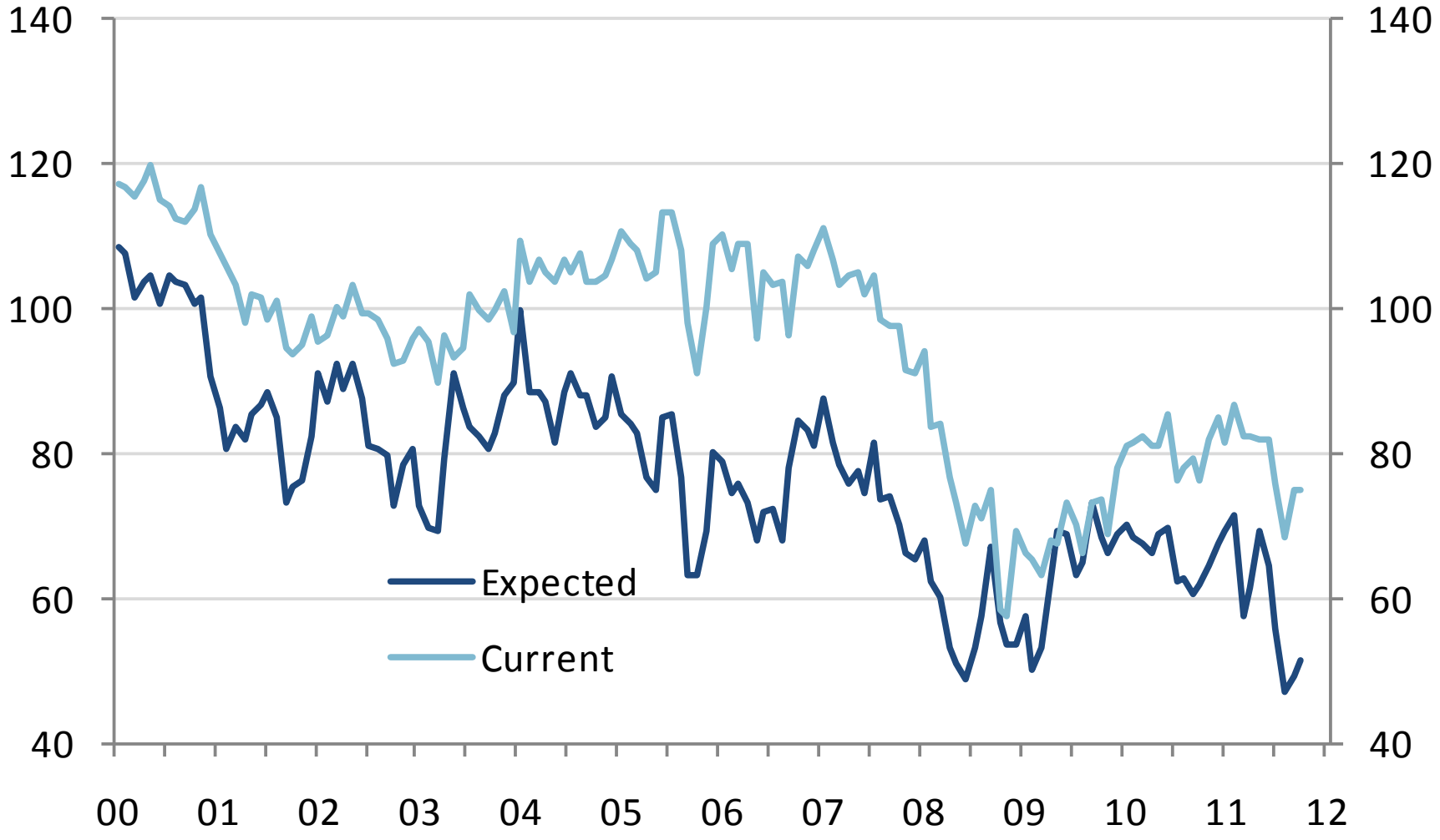


THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: National Federation of Independent Busienss/Haver Analytics

Consumer Sentiment – University of Michigan

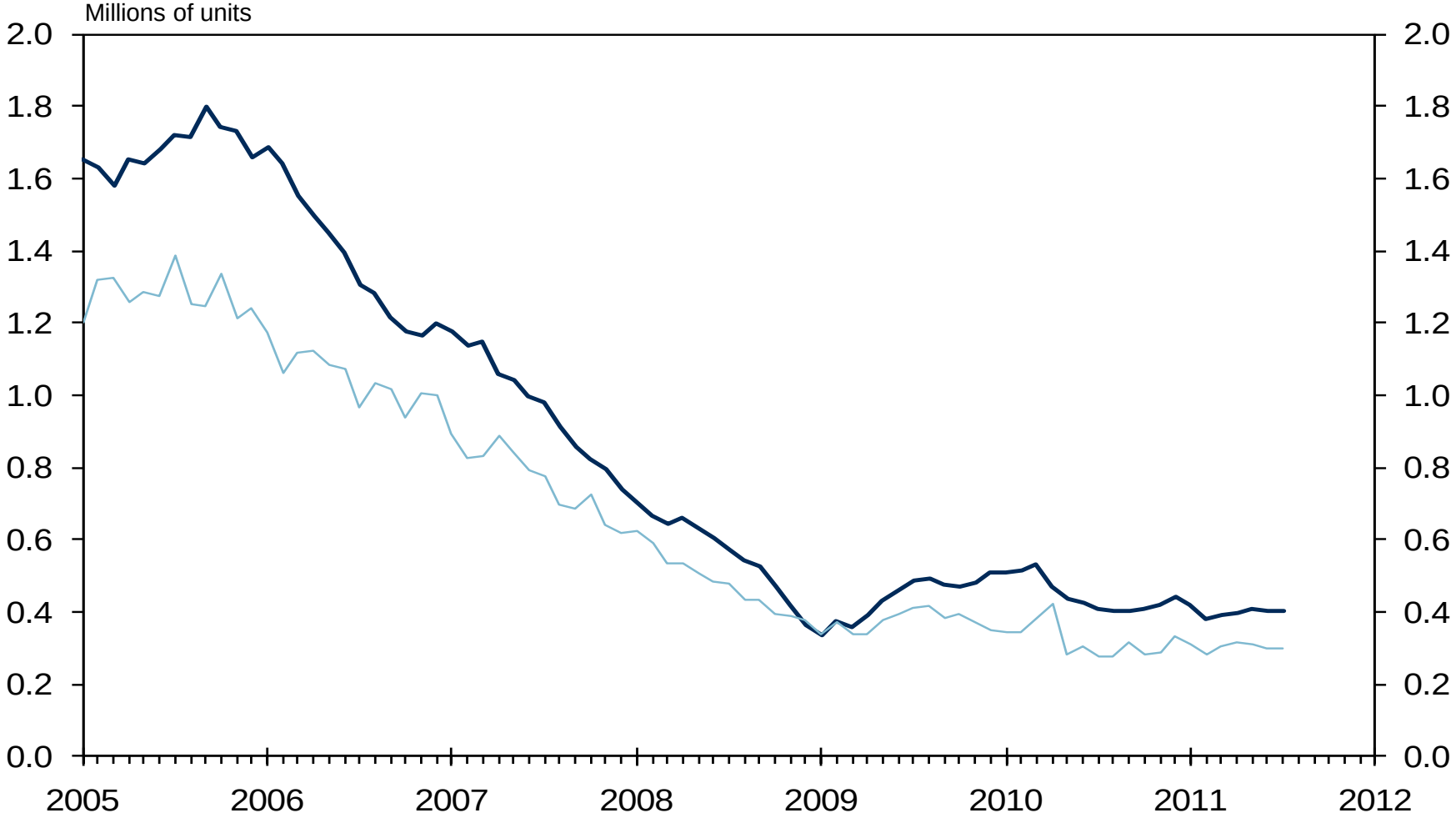
Index, 1966q1 = 100



THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: UofM/Haver Analytics

Single-Family New Home Sales & Building Permits



THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ▪ BALTIMORE ▪ CHARLOTTE

Source: Census Bureau/Haver Analytics