



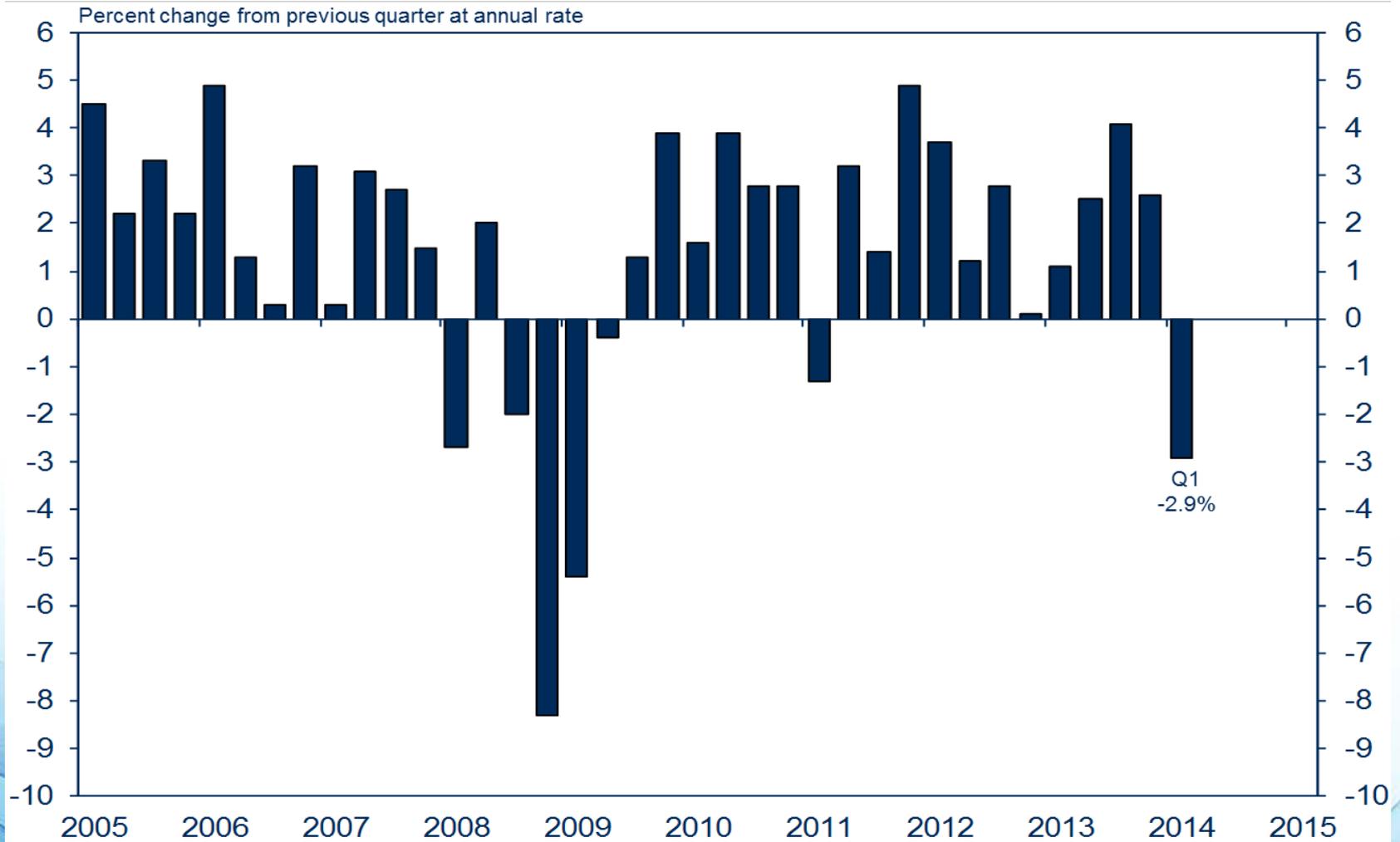
Is the Real Recovery Here at Last?

Financial Planning Association of the Triangle
July 10, 2014

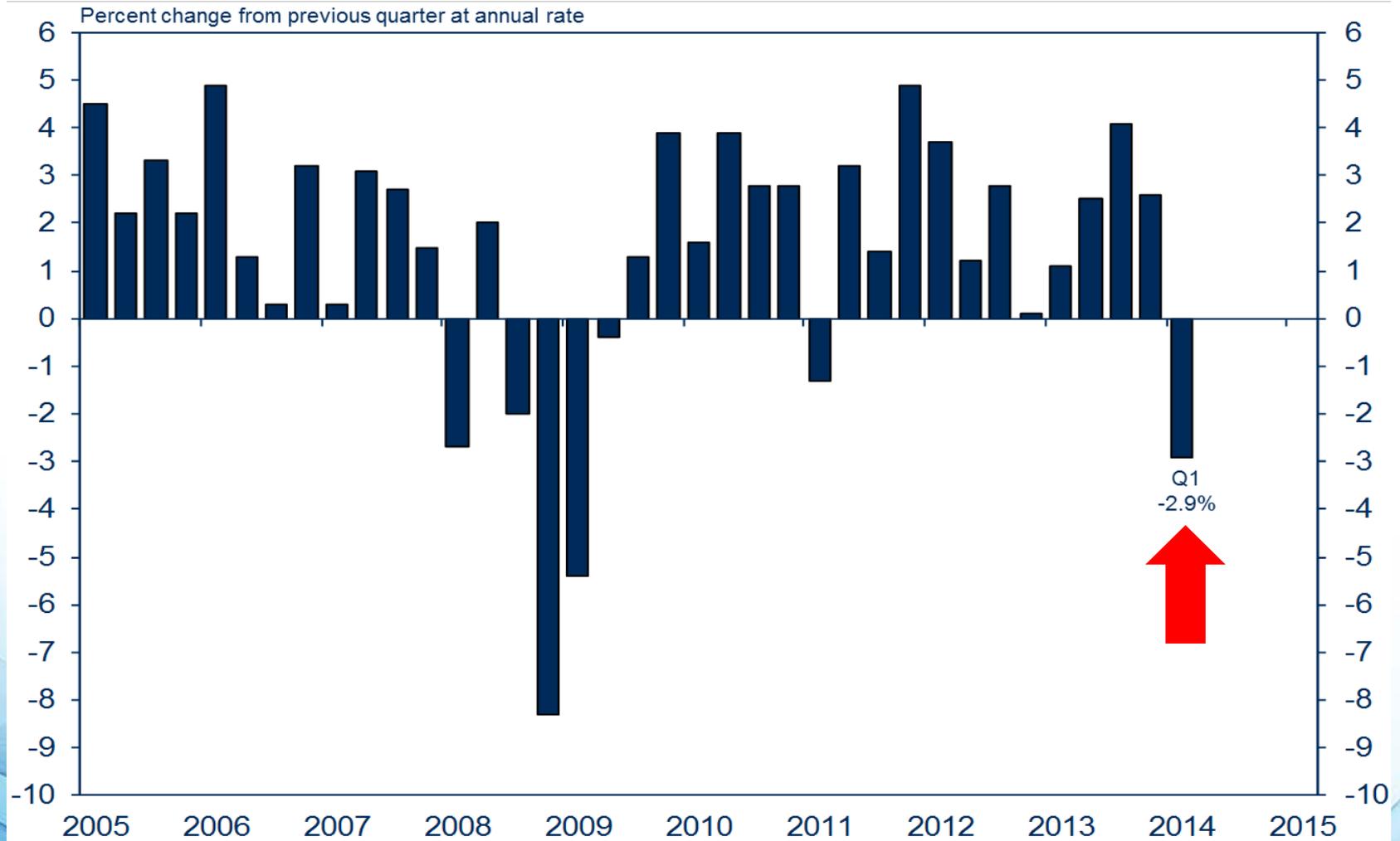


Richard Kaglic
Senior Regional Economist

Real Gross Domestic Product

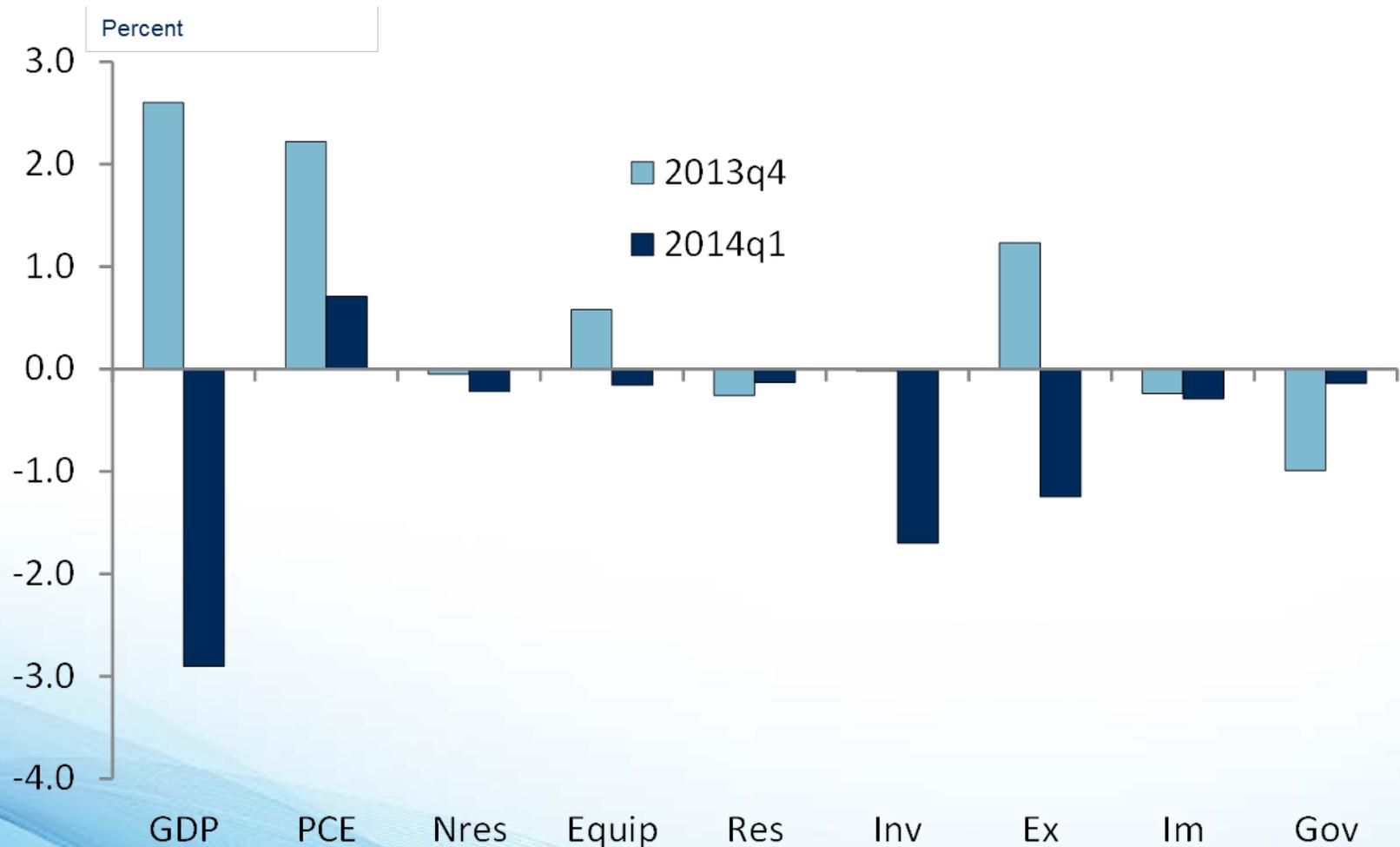


Real Gross Domestic Product

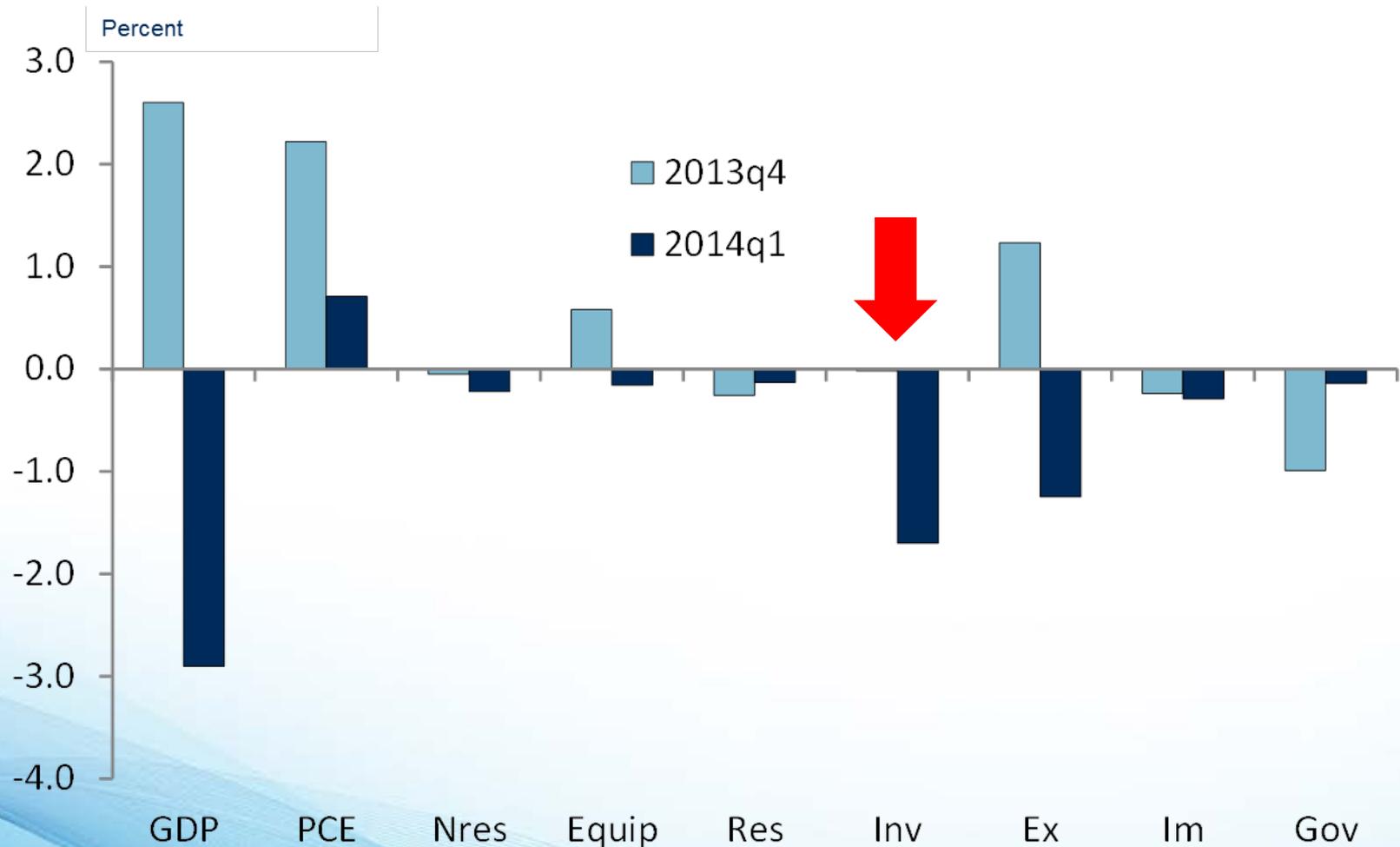


What's Going On?

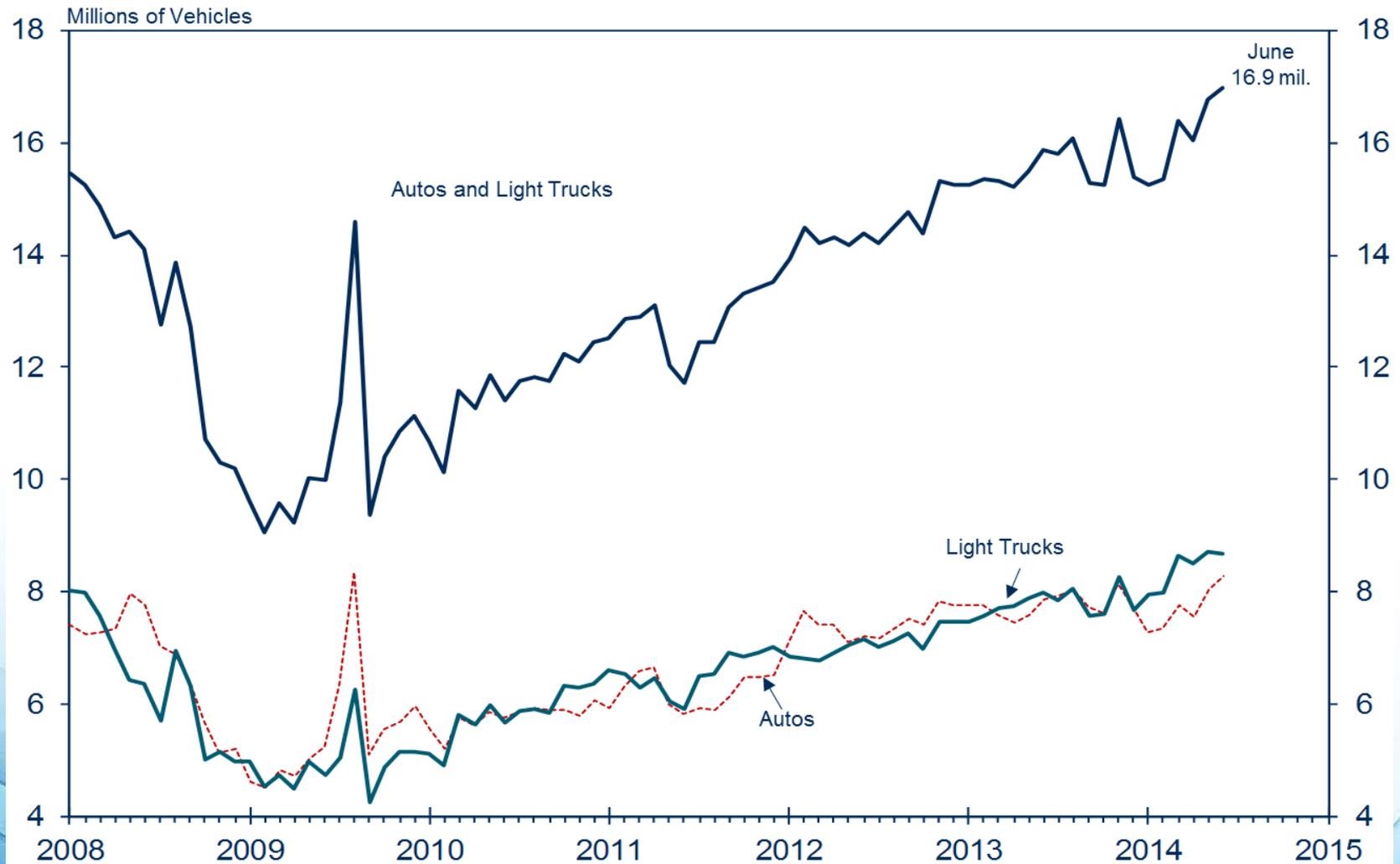
Real GDP and Contributions to Growth



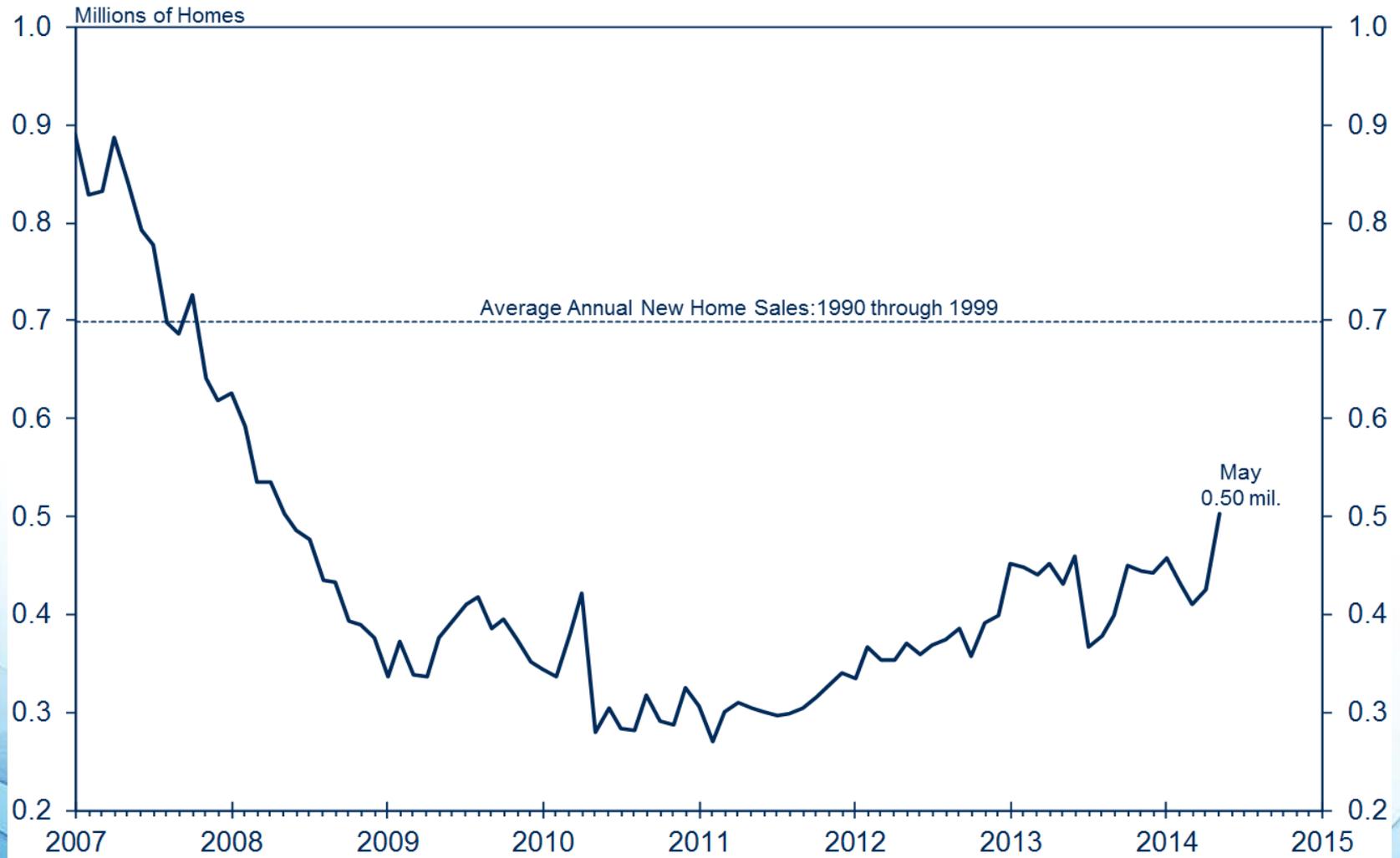
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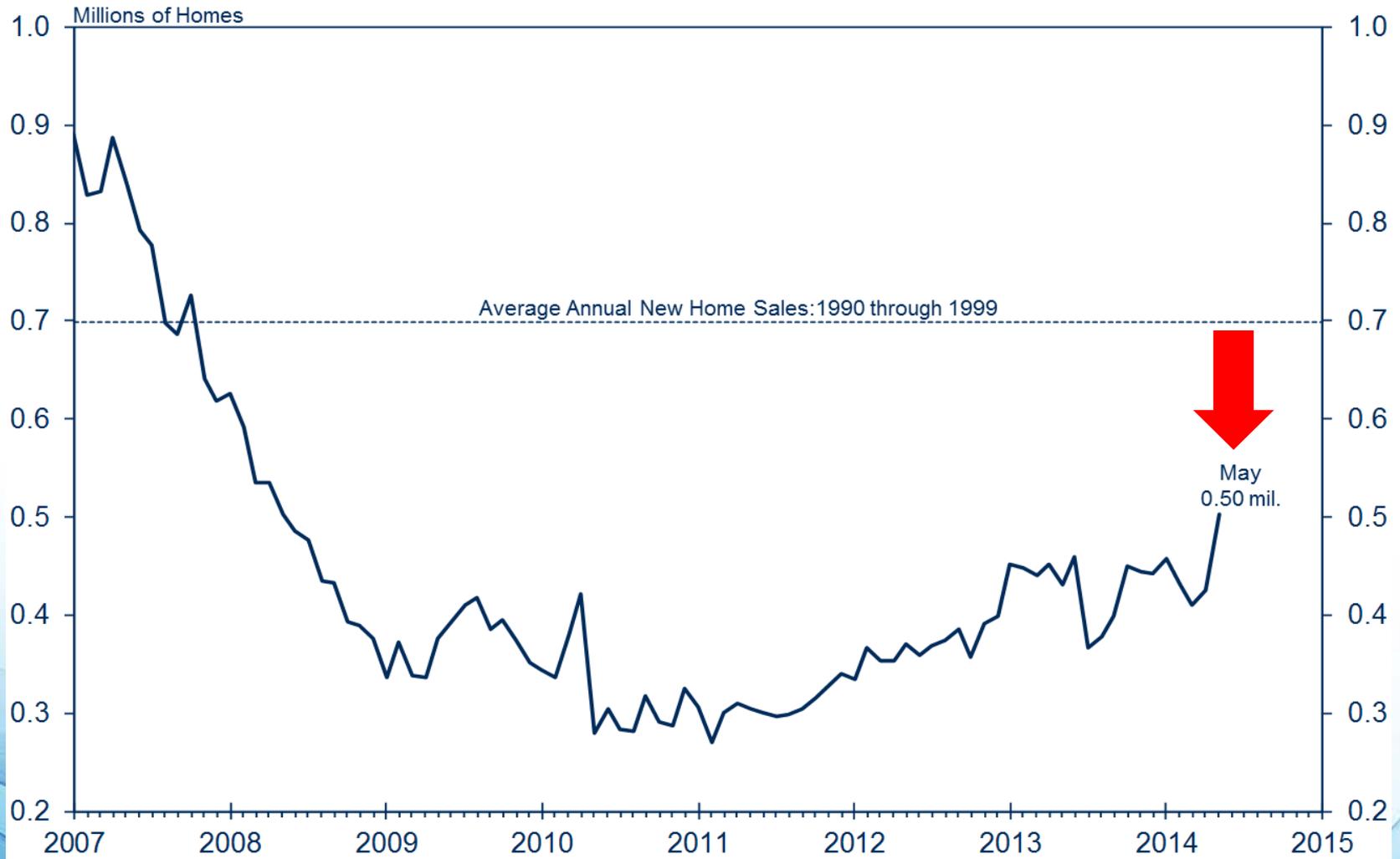
Light Vehicle Sales



New Single Family Home Sales



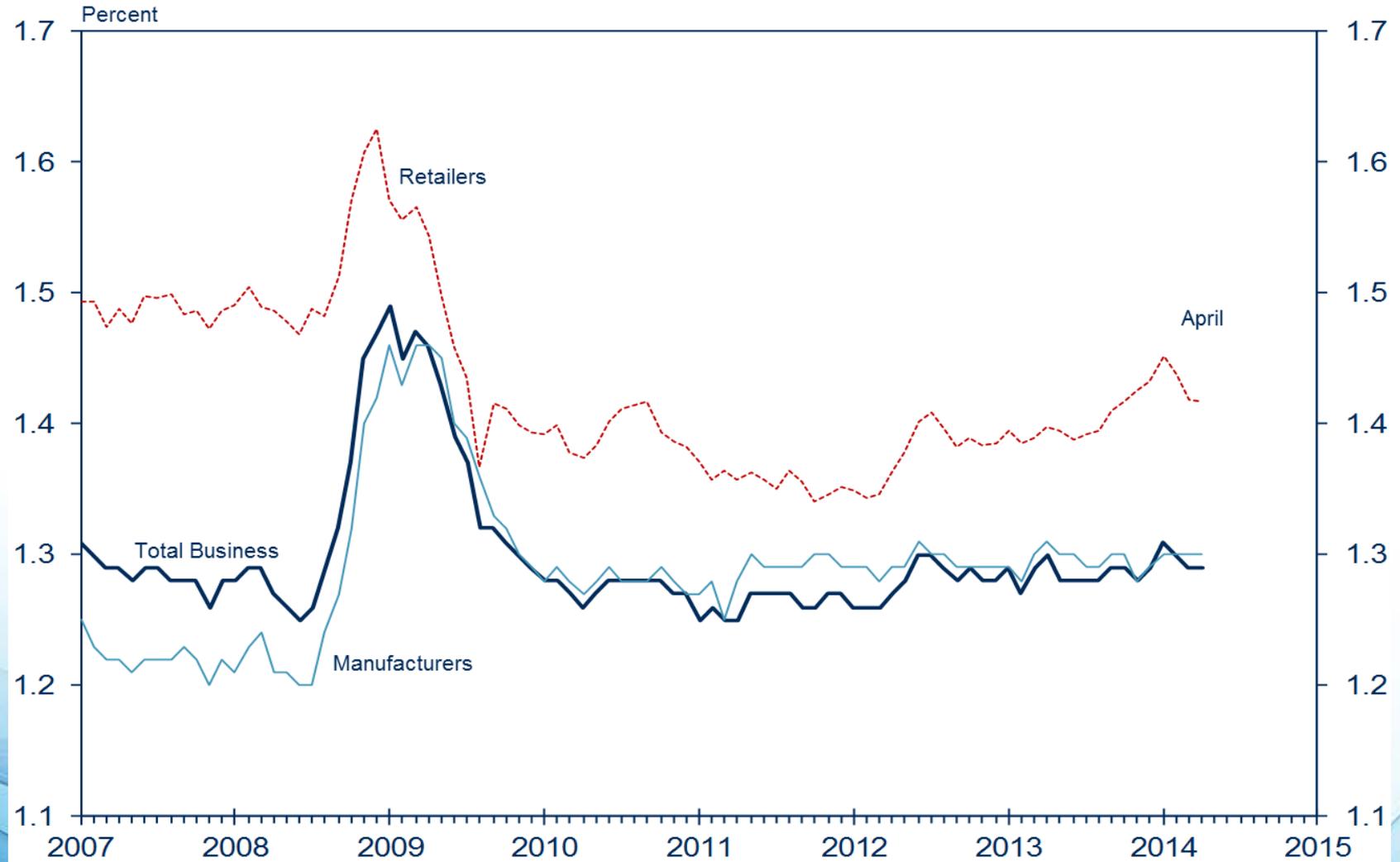
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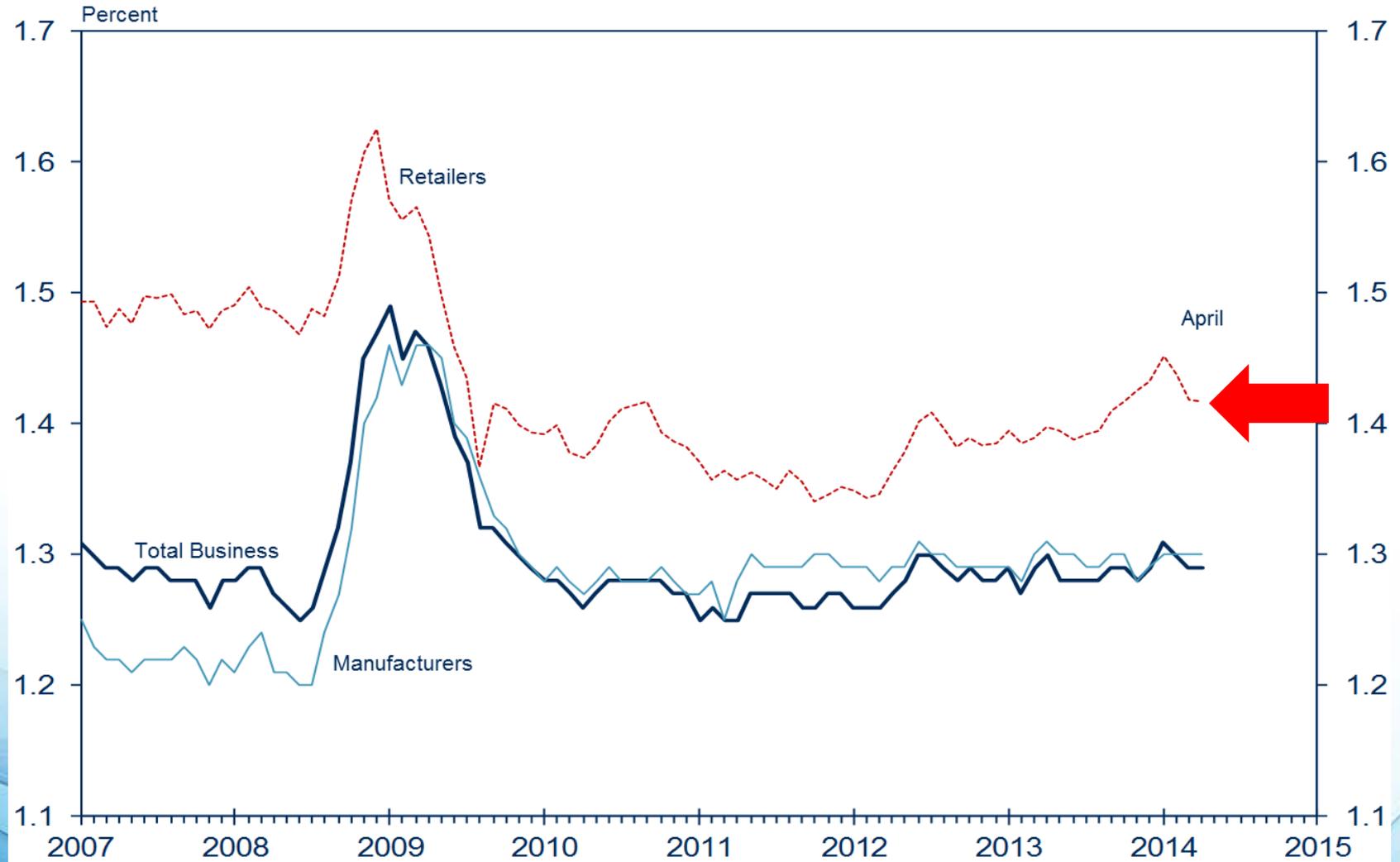
Exports



Business Inventory to Sales Ratio



Business Inventory to Sales Ratio



ISM – Business Survey Indexes

MANUFACTURING BUSINESS:			NON-MANUFACTURING BUSINESS:		
	<u>May</u>	<u>June</u>		<u>May</u>	<u>June</u>
Purchasing Managers Index	55.4	55.3	Non-Manufacturing Index	56.3	56.0
Production	61.0	60.0	Business Activity	62.1	57.5
New Orders	56.9	58.9	New Orders	60.5	61.2
Employment	52.8	52.8	Employment	52.4	54.4
Supplier Deliveries	53.2	51.9	Supplier Deliveries	50.0	51.0
Inventories	53.0	53.0	Inventories	55.5	53.5
Prices	60.0	58.0	Prices	61.4	61.2
Backlog of Orders	52.5	48.0	Backlog of Orders	54.0	53.0
New Export Orders	56.5	54.5	New Export Orders	53.0	55.0
Imports	54.5	57.0	Imports	55.5	53.0

Note: Numbers above 50 percent indicate more favorable responses towards economic activity.
 Source: Institute for Supply Management via Haver Analytics

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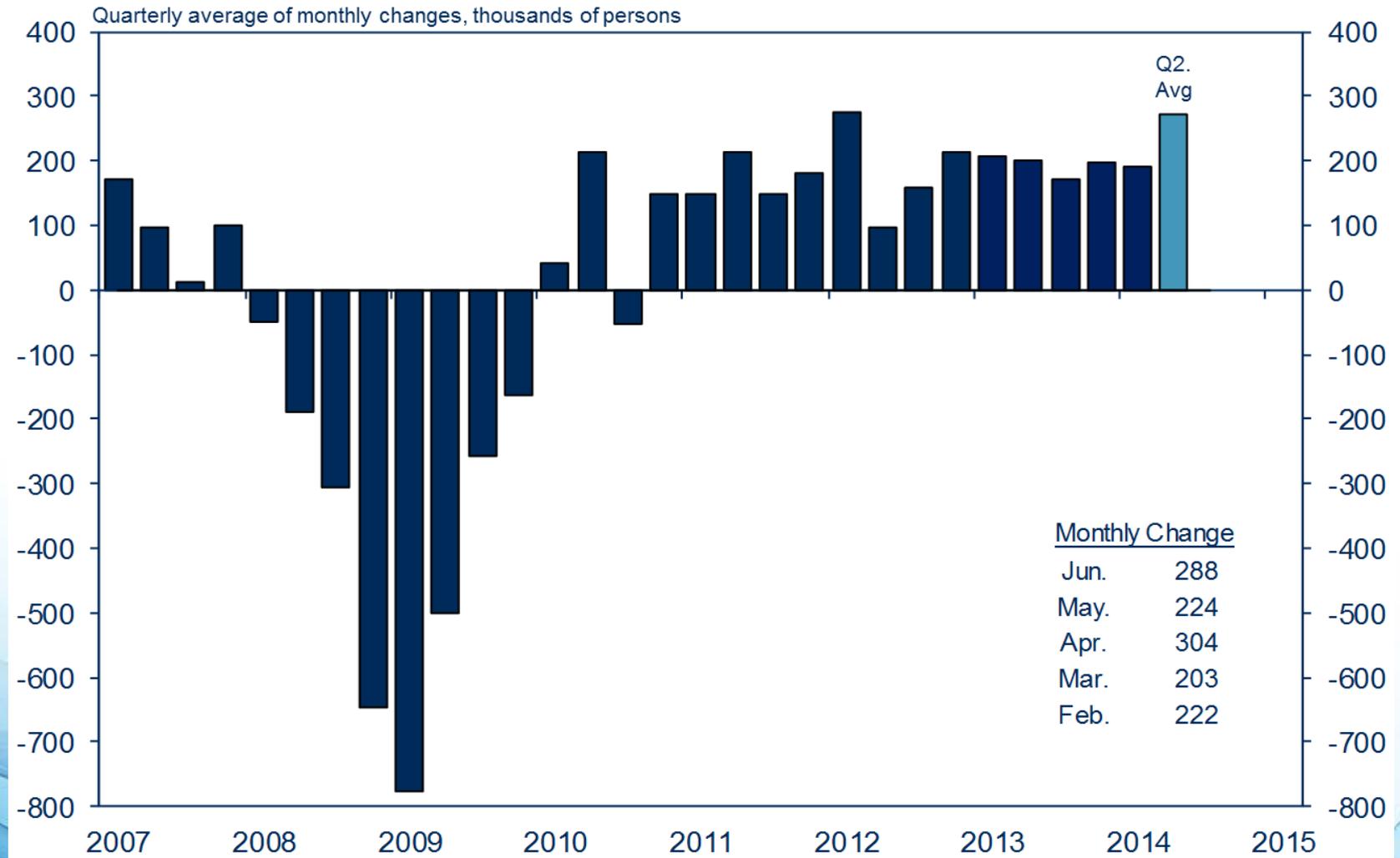
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ISM – Business Survey Indexes

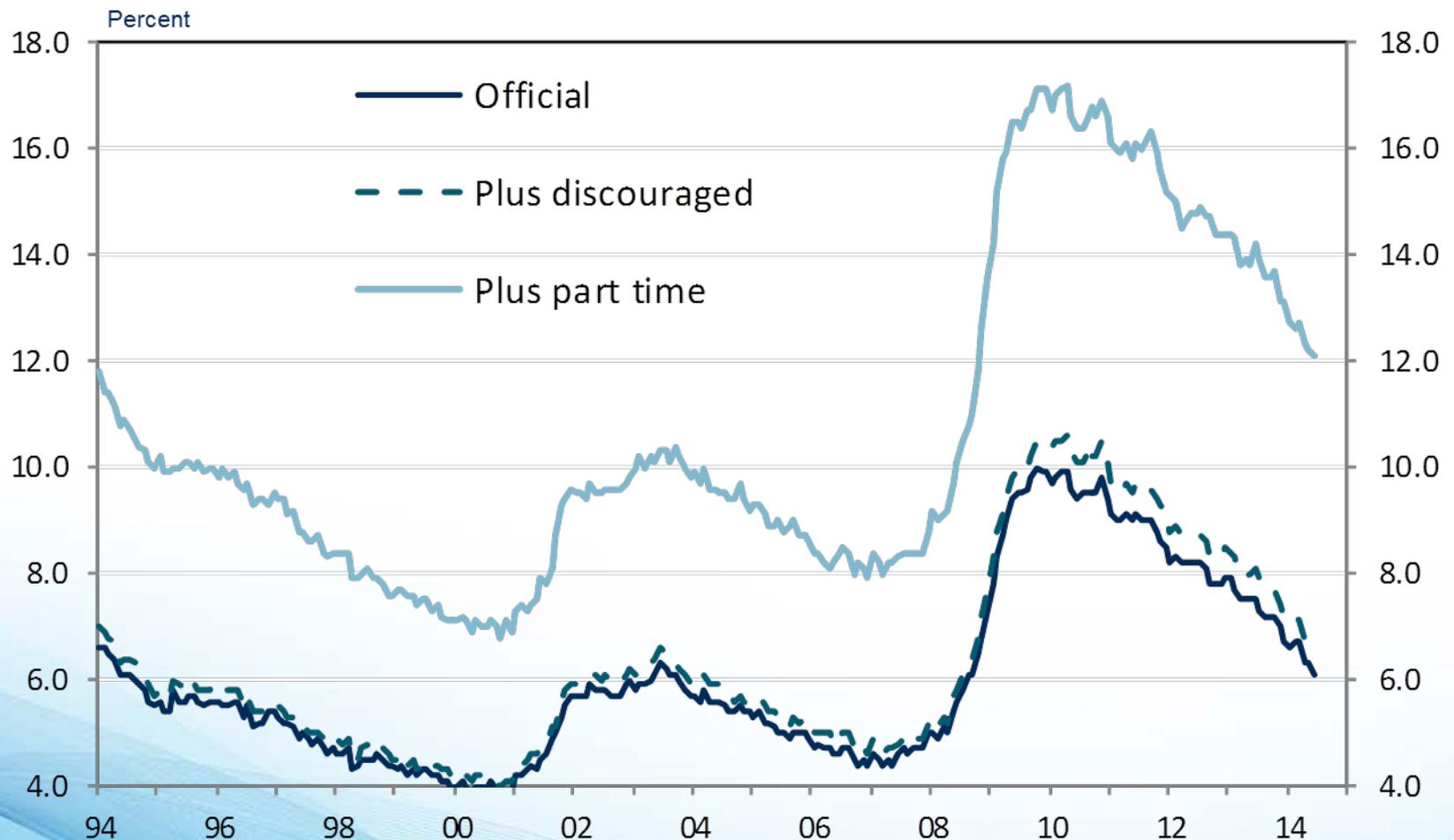
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Nonfarm Payroll Employment



Unemployment and Labor Force Utilization



Gauges of Inflation

Expenditure Price Indexes	[Percent Change from Previous Month at Annual Rate]:		
	Apr.	May	YoY %
Personal Consumption Expenditures	2.4	2.8	1.8
Core (excludes Food and Energy)	2.1	2.0	1.5

Consumer Price Indexes	[Percent Change from Previous Month at Annual Rate]:		
	Apr.	May	YoY %
All Items	3.2	4.3	2.1
Core (excludes Food and Energy)	2.9	3.1	2.0

Producer Price Indexes	[Percent Change from Previous Month at Annual Rate]:		
	Apr.	May	YoY %
Finished Goods	8.8	-0.6	2.5
Core (excludes Food and Energy)	3.2	0.6	1.8
Core Intermediate Goods	1.9	-2.4	0.7
Crude Goods	4.7	0.0	4.5

Spot Commodity Price Index	[Percent Change from Previous Month]:		
	May	June	YoY %
CRB Spot Commodity Price Index	0.7	-1.1	4.5

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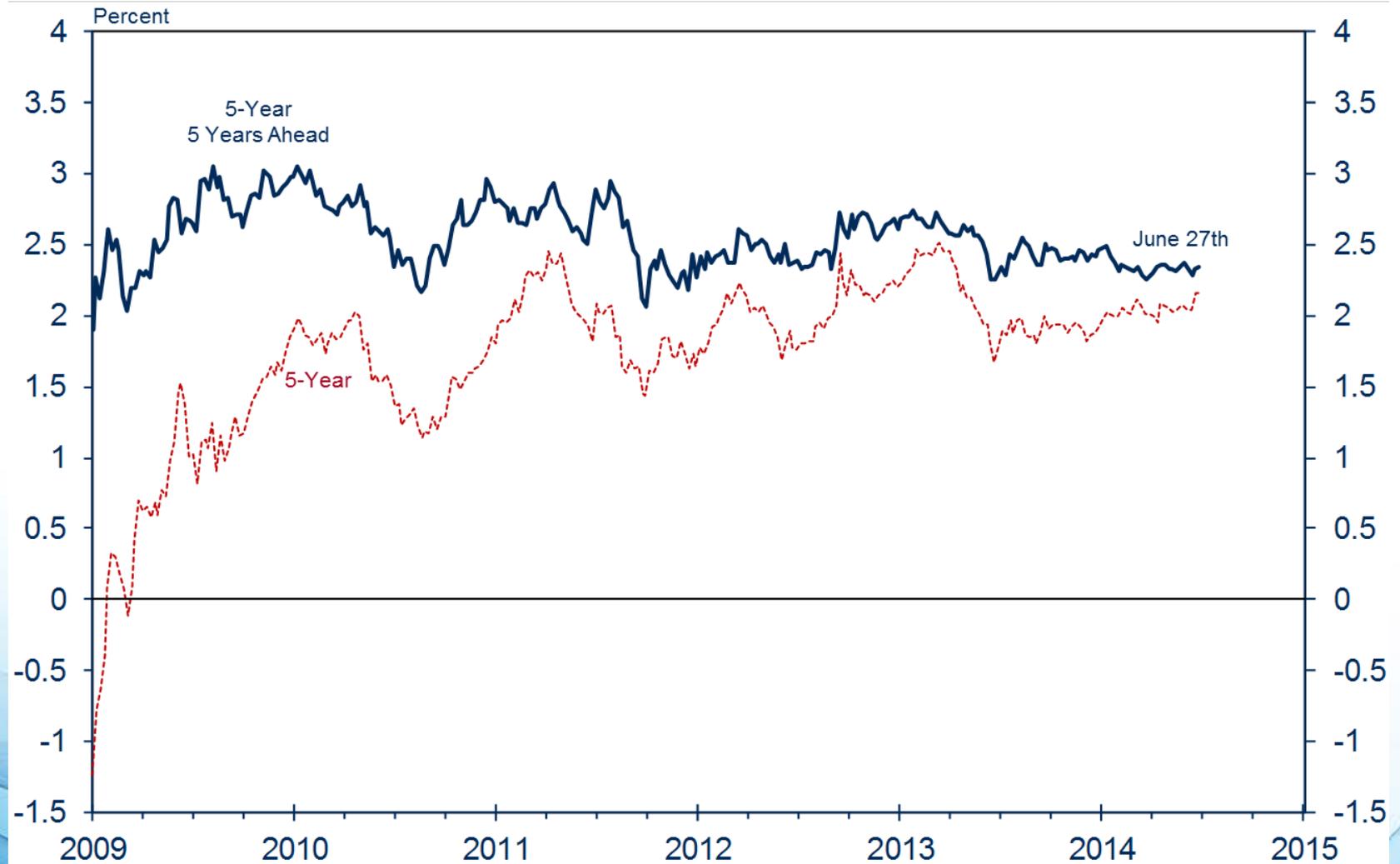


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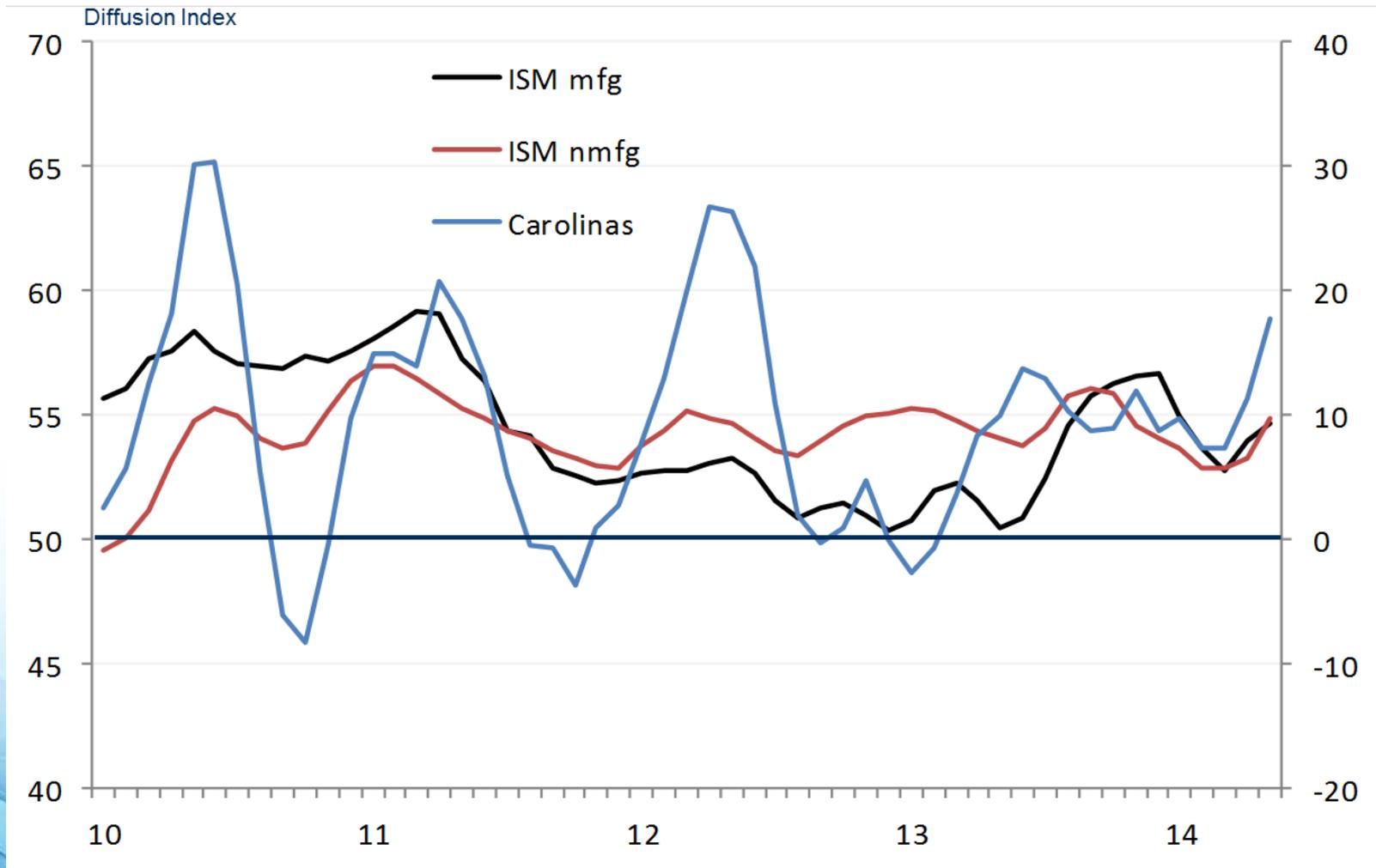
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TIPS Inflation Compensation

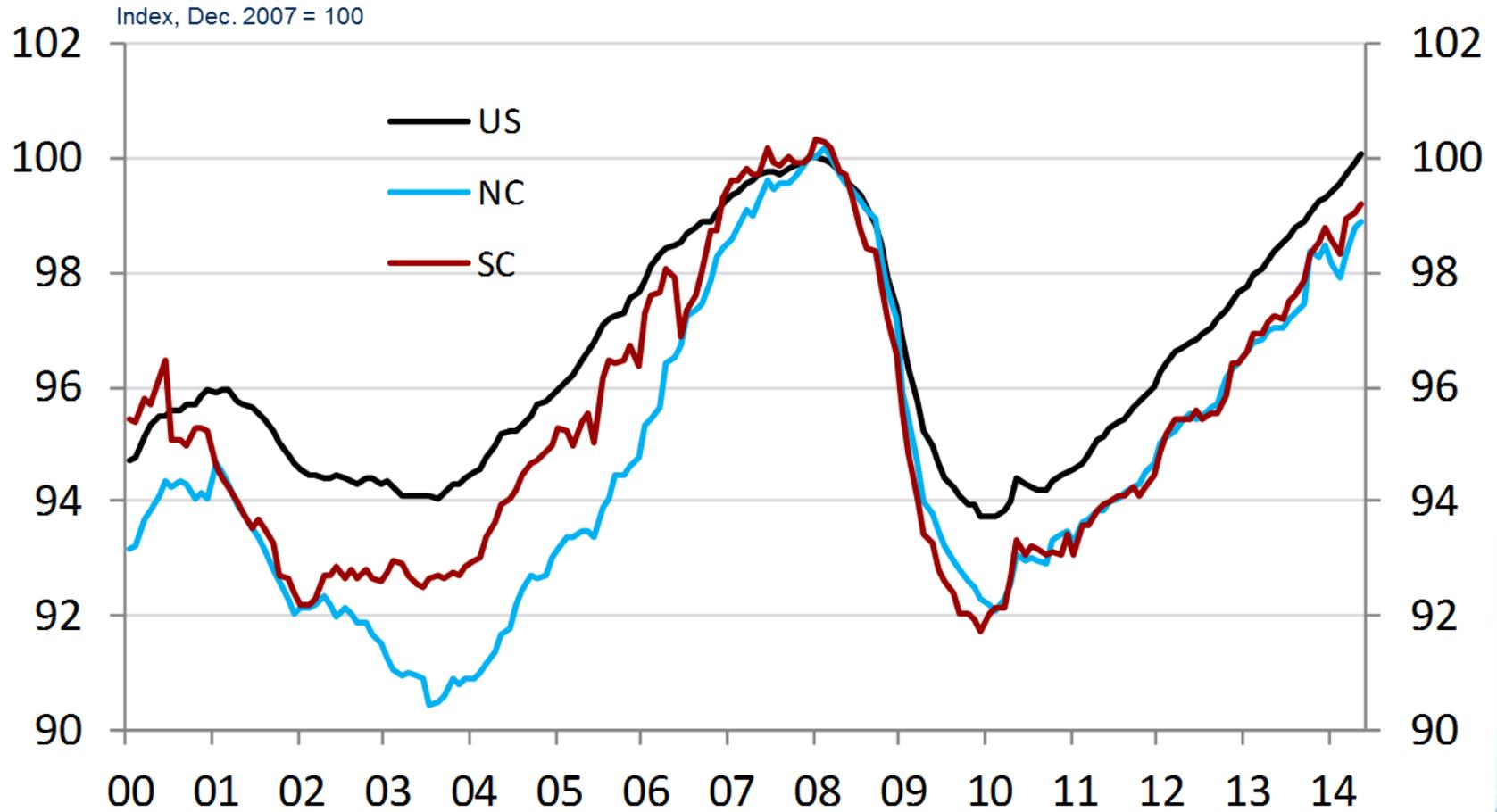


The Carolinas

Carolinas Survey of Business Activity

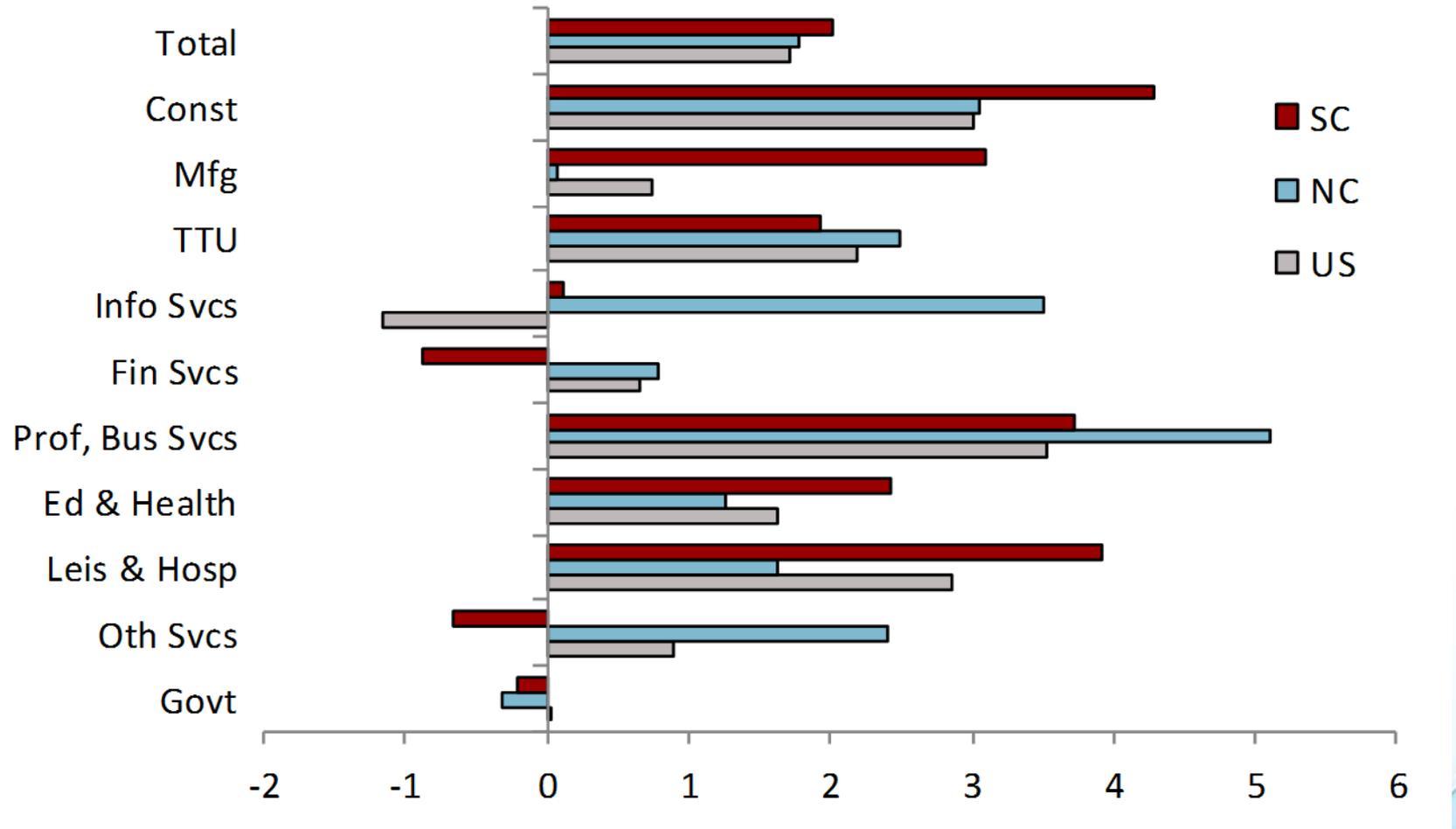


Payroll Employment



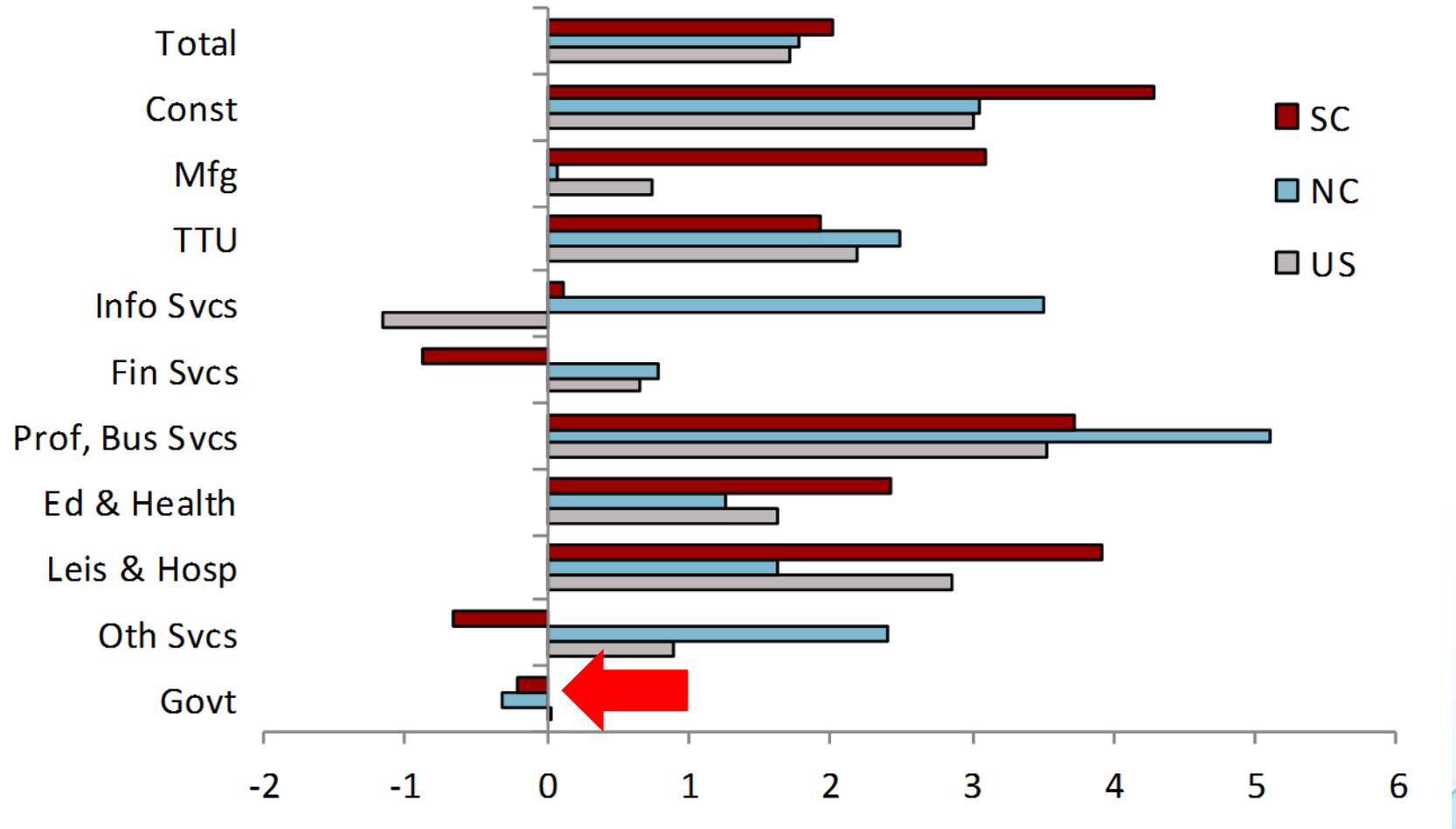
Employment by Industry

Percent change y/y, 3MMA



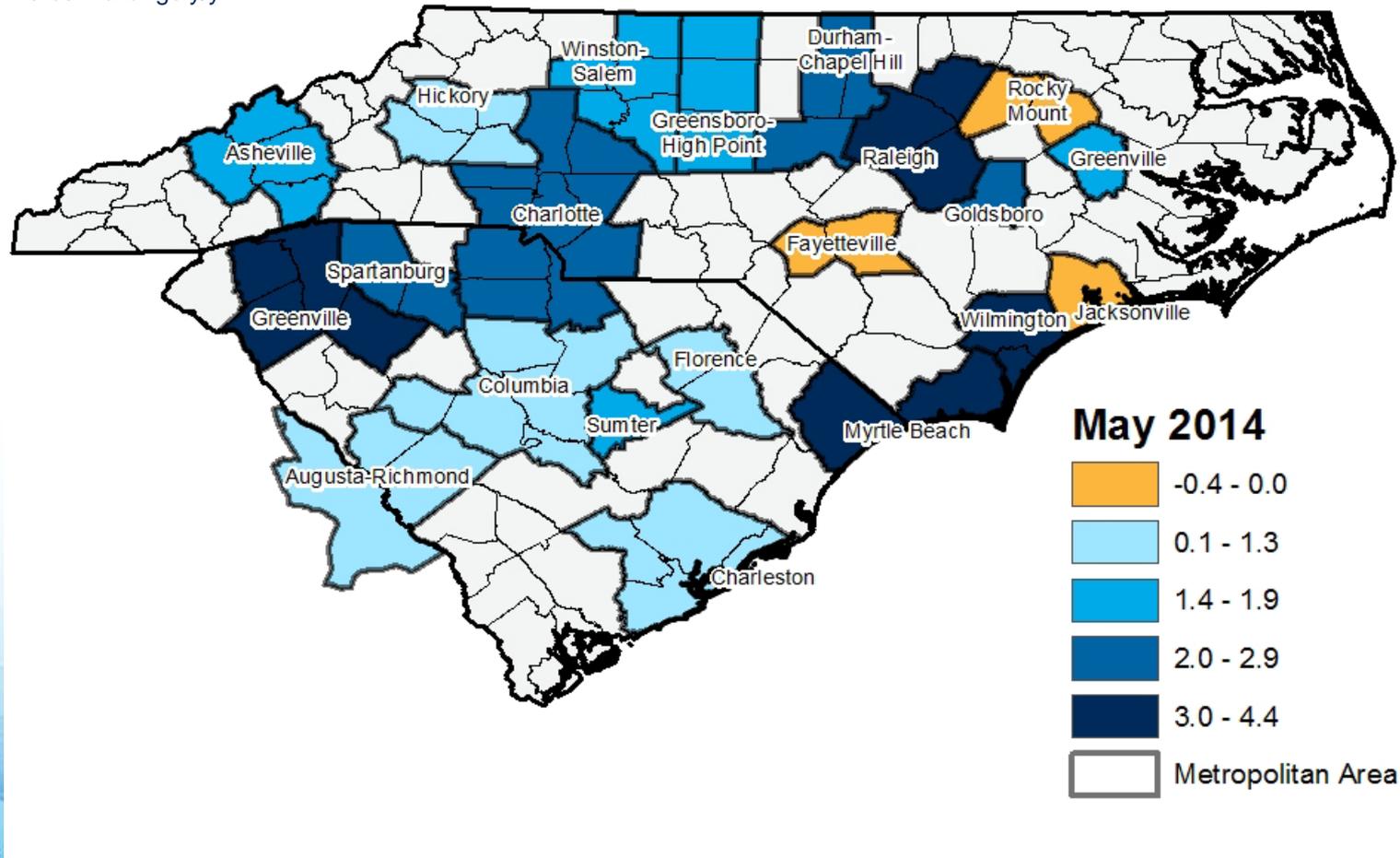
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Percent change y/y, 3MMA



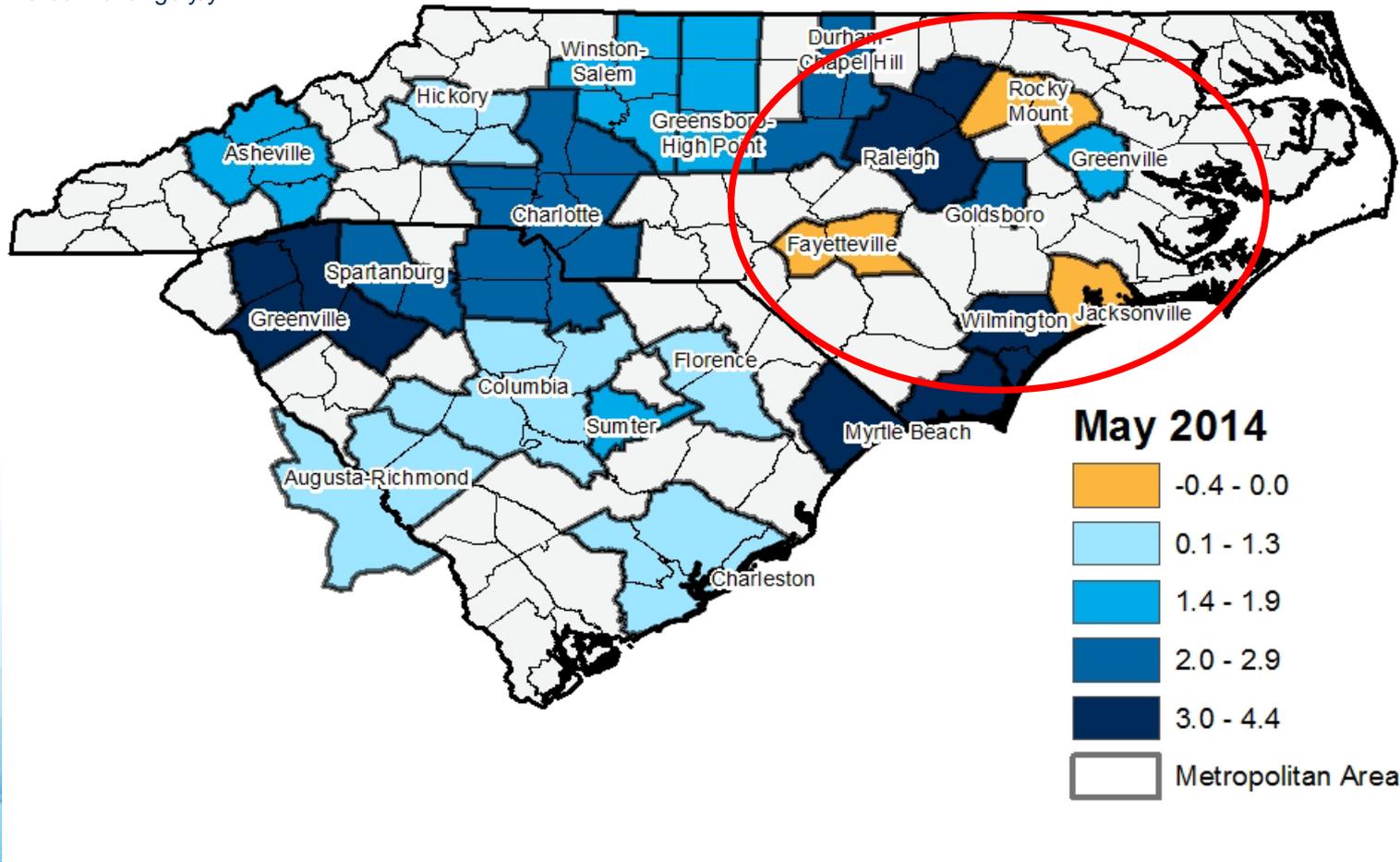
Payroll Employment Growth

Percent change y/y

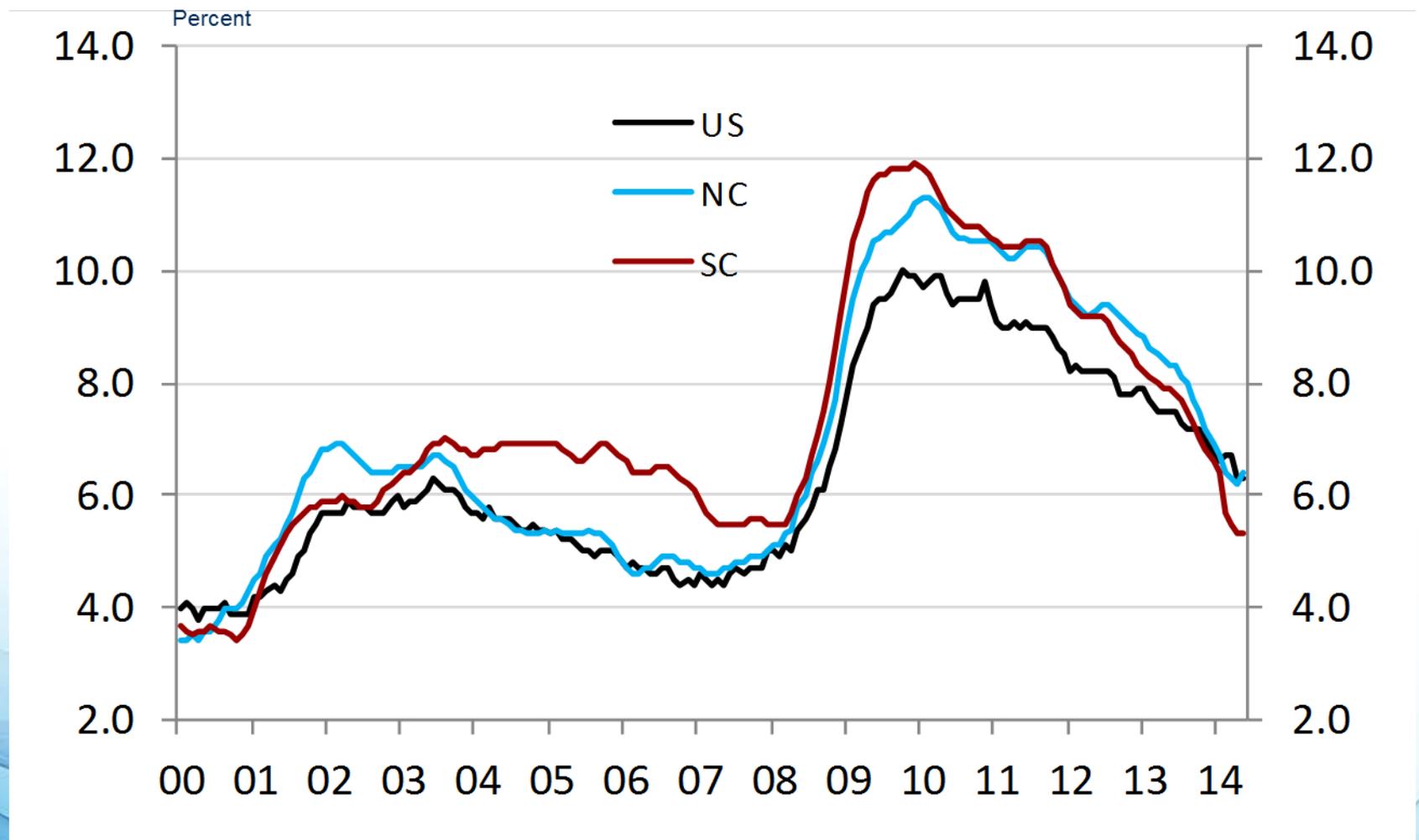


Payroll Employment Growth

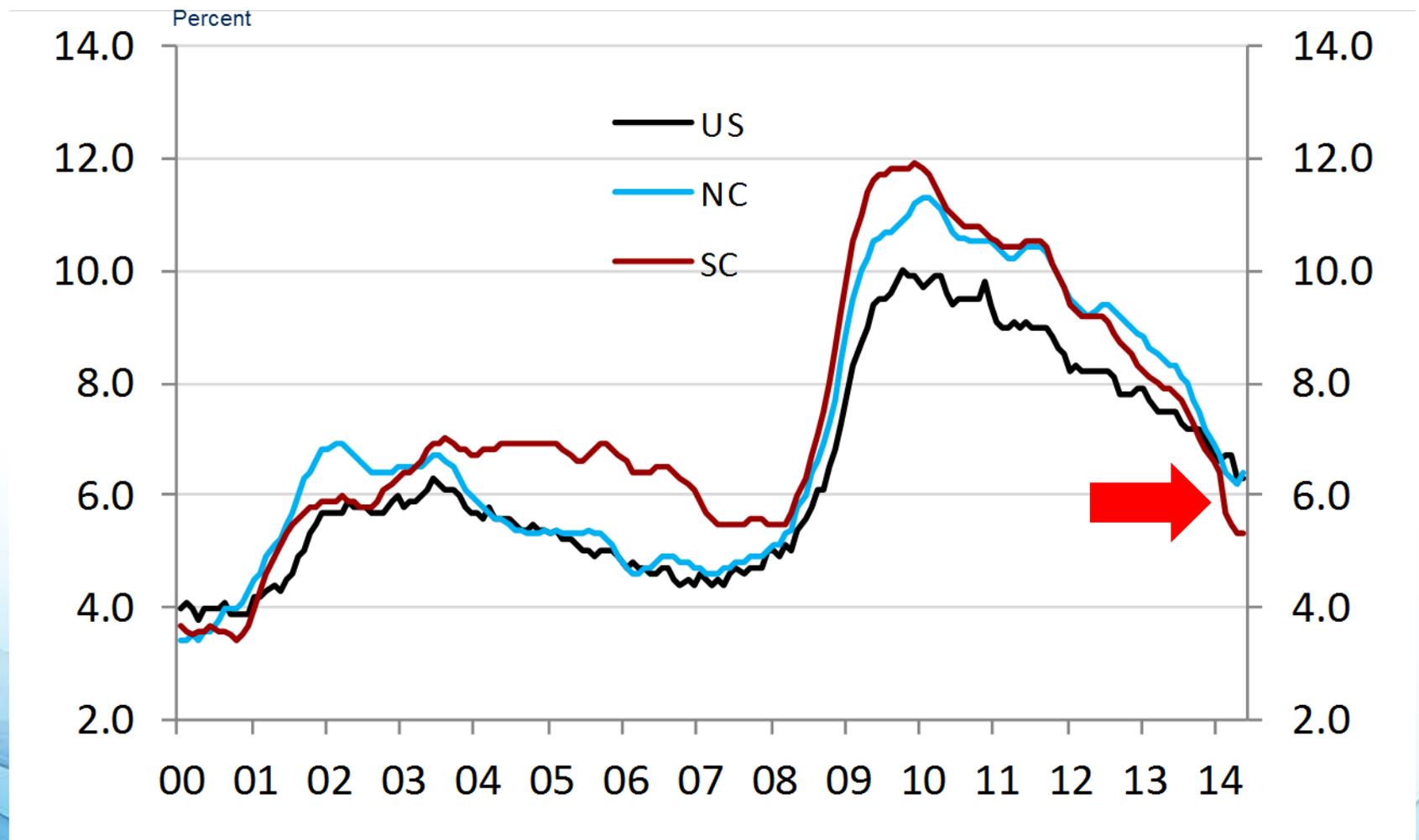
Percent change y/y



Unemployment Rate – US and the Carolinas

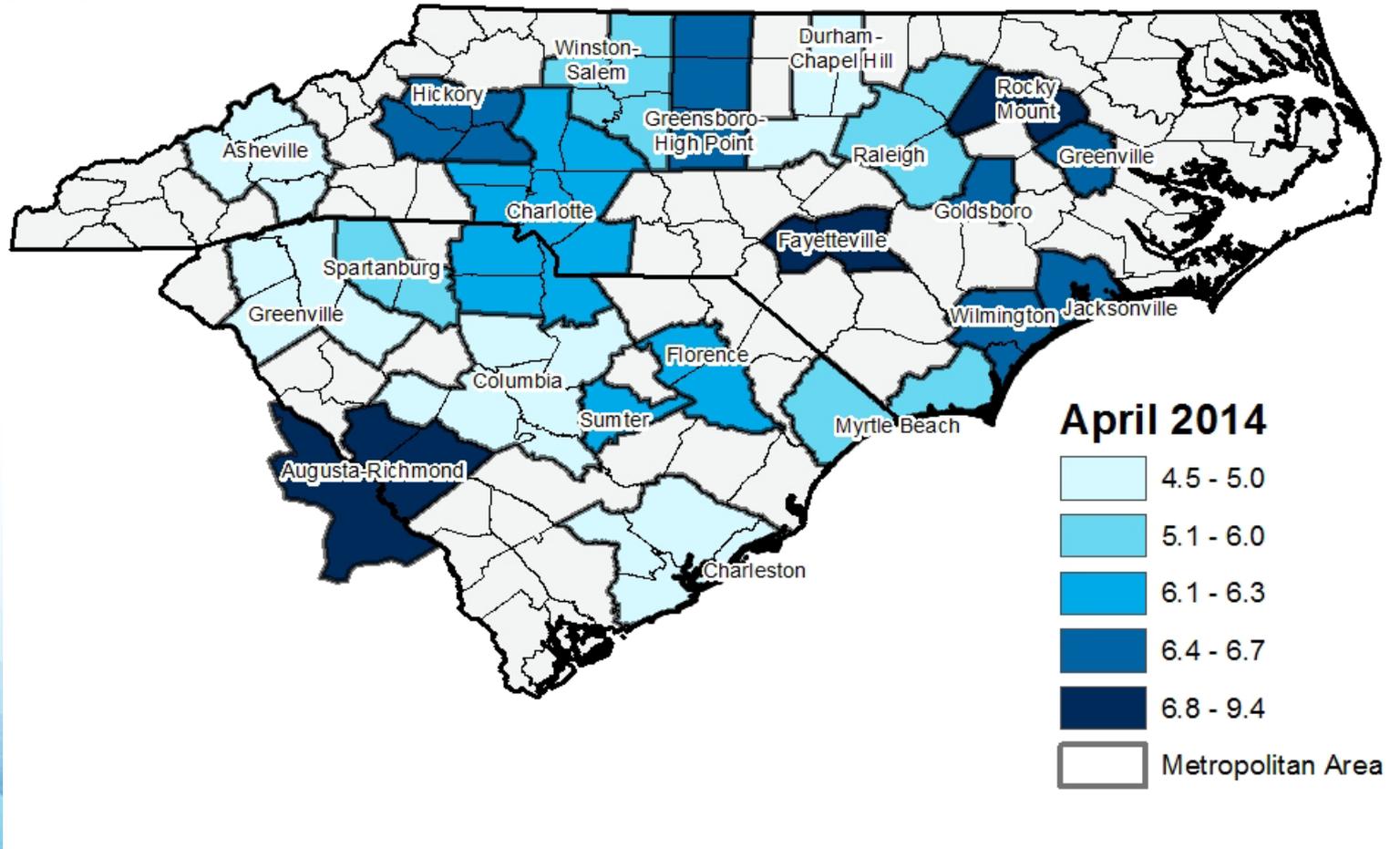


Unemployment Rate – US and the Carolinas



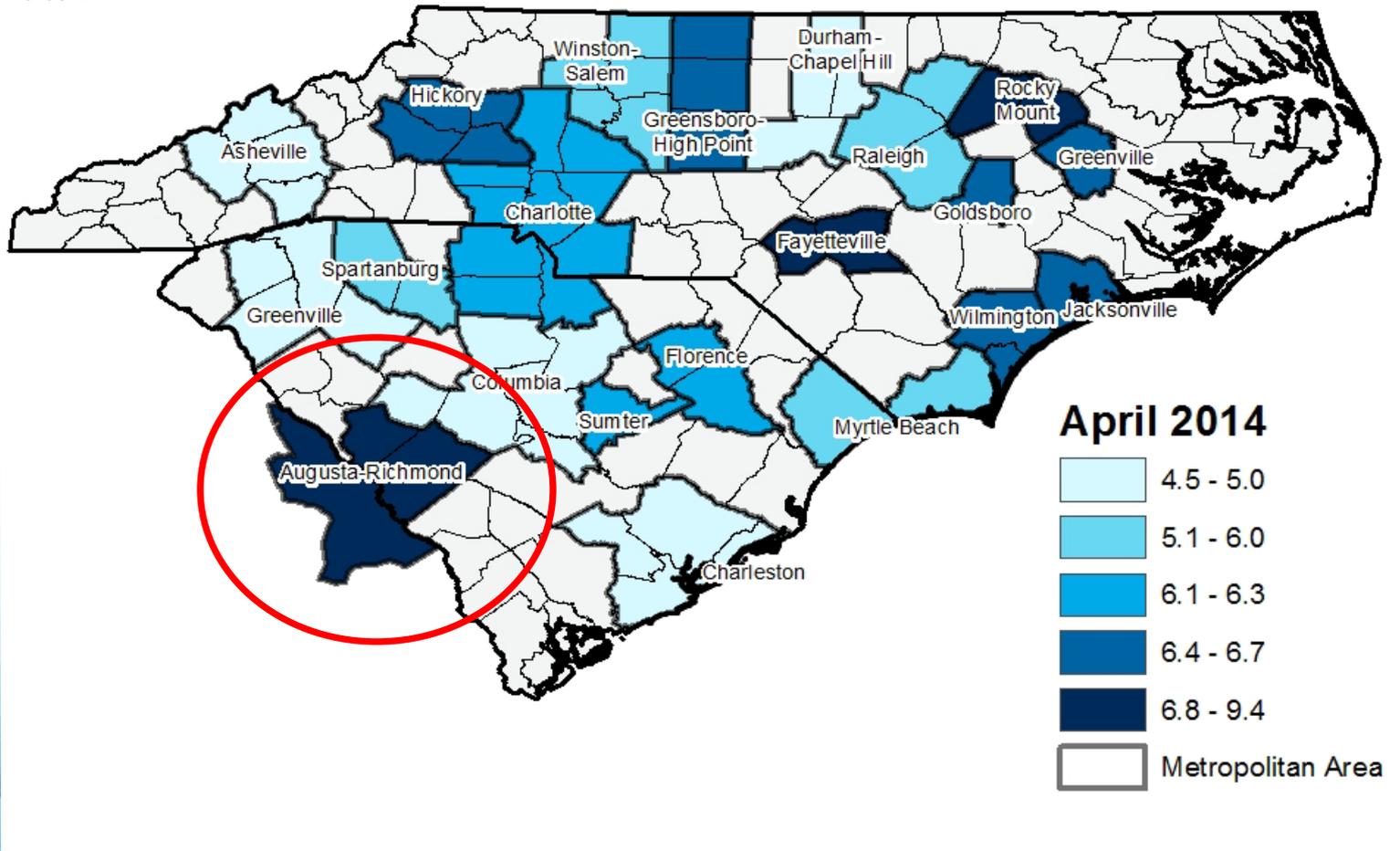
Unemployment Rate – MSAs in Carolinas

Percent



Unemployment Rate – MSAs in Carolinas

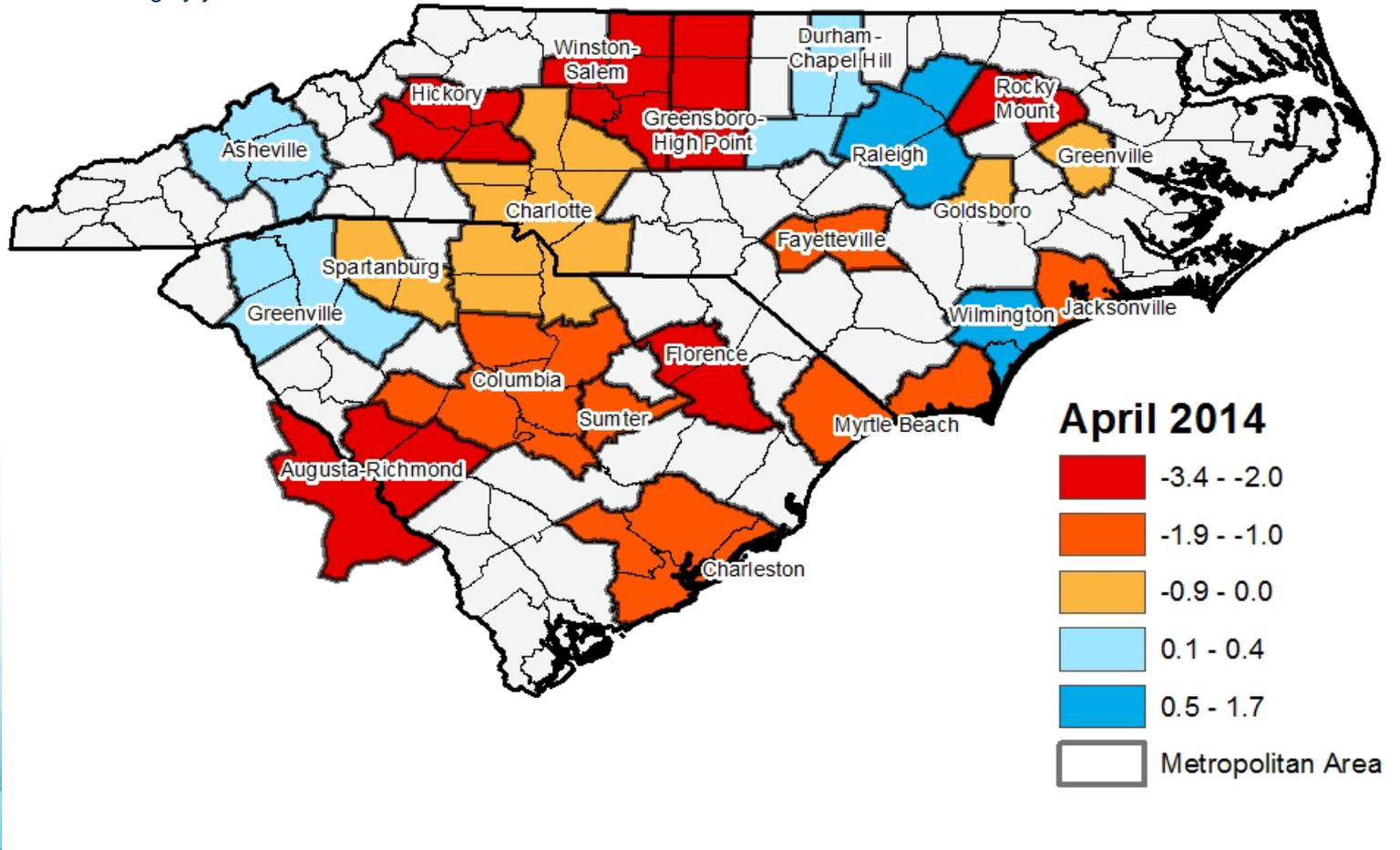
Percent



Fewer People in Labor Force

Labor Force Growth Rates

Percent change y/y



Conclusions

- **U.S. recovery starting to “feel real”**
 - Output recovering after weather-related disruptions in Q1
 - Household spending leading the way
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 - Output recovering after weather-related disruptions in Q1
 - Household spending leading the way
 - Government remains a drag on growth
- **Labor market improvements more meaningful**
 - Job growth well above long term trends, reasons to believe it will be sustained
- **The Carolinas doing a little better than average, but it depends on where you are**



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.

