National and Virginia Economic Update
Mount Vernon-Lee Chamber of Commerce

Economic Outlook 2016
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The views and opinions expressed herein are those of the author. They do not represent an official position of the Federal Reserve Bank of Richmond or the Federal Reserve System.
Overview

• National Economic Trends
  – Gross Domestic Product
  – Household Spending and Income
  – Labor Market
  – Inflation

• Virginia Economic Overview
  – Labor Market
  – Metro Area Growth
  – Industry Growth
  – State Taxable Sales
National Economic Trends
U.S. Real Gross Domestic Product

Q4: 2015
US: 1.4%

Source: Bureau of Economic Analysis via Haver Analytics
Decomposition of Real GDP

Note: Productivity is calculated as real GDP per employee, from the Household Survey.

Source: Bureau of Economic Analysis/Haver Analytics
Real Gross Domestic Product

Source: Bureau of Economic Analysis/Haver Analytics
Personal Income and Expenditures

February 2016
RPCE: 2.8%
RPI: 3.0%

Source: Bureau of Economic Analysis/Haver Analytics
Sales of Automobiles & Light Trucks

![Graph showing sales of automobiles and light trucks from 2007 to 2017. The graph indicates a steady increase in sales, particularly for light trucks. The peak for March 2017 is marked at 16.57 million vehicles.

Source: Autodata Corporation/Haver Analytics]
Total Employment Growth

Average Monthly Change, Thous.

Monthly Change
January: 168
February: 245
March: 215

Source: Bureau of Labor Statistics/Haver Analytics
Unemployment Rate

March 2016:
US: 5.0%

Source: Bureau of Labor Statistics/Haver Analytics
Labor Force Participation

Source: Bureau of Labor Statistics via Haver Analytics
Consumer Price Index

February 2016:
All Items: 1.0%
Core: 2.3%

Source: Bureau of Labor Statistics/Haver Analytics
Virginia Economic Overview
Virginia Employment Growth

Average Monthly Change, Thous.

Monthly Change (Thous.)
- December: 5.9
- January: -0.6
- February: 12.8

Source: Bureau of Labor Statistics/Haver Analytics
Virginia Employment Growth

February 2016
US: 1.9%
VA: 2.5%

Source: Bureau of Labor Statistics/Haver Analytics
MSA Payroll Employment Growth in Virginia

February 2016

- Winchester: 4.5
- Richmond: 4.0
- Charlottesville: 3.1
- Northern Virginia: 2.6
- Virginia: 2.5
- US: 1.9
- Roanoke: 1.6
- Harrisonburg: 1.2
- Blacksburg: 1.0
- Virginia Beach: 0.5
- Lynchburg: 0.1

YoY Percent Change (SA)

Source: Bureau of Labor Statistics/Haver Analytics
Virginia Industry Structure

![Bar chart showing employment share by industry in Virginia and the U.S. for 2015.]

- Natural Resources & Mining: Virginia 0.2% (U.S. 0.6%)
- Construction: Virginia 4.8% (U.S. 4.5%)
- Manufacturing: Virginia 6.1% (U.S. 8.7%)
- Trade, Transportation & Utilities: Virginia 17.0% (U.S. 19.0%)
- Information: Virginia 1.8% (U.S. 1.9%)
- Financial Activities: Virginia 5.1% (U.S. 5.7%)
- Professional & Business Services: Virginia 13.9% (U.S. 13.9%)
- Education & Health Services: Virginia 15.5% (U.S. 15.5%)
- Leisure & Hospitality: Virginia 10.0% (U.S. 10.7%)
- Other Services: Virginia 4.0% (U.S. 5.1%)
- Government: Virginia 15.5% (U.S. 15.5%)

Source: Bureau of Labor Statistics/Haver Analytics
Virginia Industry Growth

February 2016

<table>
<thead>
<tr>
<th>Industry</th>
<th>U.S.</th>
<th>Virginia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>-16.3</td>
<td>1.9</td>
</tr>
<tr>
<td>Construction</td>
<td>-10.6</td>
<td>2.5</td>
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<tr>
<td>Manufacturing</td>
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<td>4.0</td>
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<tr>
<td>Trade, Transportation &amp; Utilities</td>
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<tr>
<td>Information</td>
<td>1.3</td>
<td>1.6</td>
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<tr>
<td>Financial Activities</td>
<td>1.8</td>
<td>2.9</td>
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<td>Government</td>
<td>1.1</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics/Haver Analytics
Virginia Unemployment Rate

Source: Bureau of Labor Statistics/Haver Analytics
Virginia Taxable Sales
Quarterly data through 2015Q4

Source: Virginia Department of Taxation and UVA Weldon Cooper Center
Summary

• The U.S. economy continues to grow at a modest pace:
  – “A range of recent indicators, including strong job gains, points to additional strengthening of the labor market. Inflation picked up in recent months; however, it continued to run below the Committee's 2 percent longer-run objective, partly reflecting declines in energy prices and in prices of non-energy imports.” (FOMC statement, 3/16/16)

• Virginia’s employment growth exceeds the national rate of growth (starting in October 2015)

• Growth in Professional and Business Services has resumed as a strong driver of job gains in the state.

• Virginia’s unemployment rate remains below the national average.
Questions?

... and thank you!

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