Virginia Economic Outlook

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Overview

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

• Virginia Economic Overview
  – Labor Market
    • Metro Area Growth
    • Unemployment Rate
    • Industry Growth
  – Housing
National Economic Trends
U.S. Real Gross Domestic Product

% Change, SAAR

Source: Bureau of Economic Analysis via Haver Analytics, Federal Reserve Board of Governors
Real Investment in Equipment

Source: Bureau of Economic Analysis via Haver Analytics

% Change, SAAR

3Q: 2016 -4.5%

Source: Bureau of Economic Analysis via Haver Analytics
Real Investment in Nonresidential Structures

% Change, SAAR

3Q: 2016
12.0%

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

November 2016
RPCE: 2.8%
RPI: 3.0%

Source: Bureau of Economic Analysis/Haver Analytics
Private Single-Family Housing Starts & Permits

- Single-family Housing Permits
- Single-family Housing Starts

Millions, SAAR

90's Average Permits: 1.010
90's Average Starts: 1.105

November 2016
Permits: 0.780 million
Starts: 0.828 million

Source: Census Bureau via Haver Analytics
Private Multi-Family Housing Starts & Permits

November 2016
Permits: 0.432 million
Starts: 0.262 million

90's Average Permits: 0.313
90's Average Starts: 0.268

Source: Census Bureau via Haver Analytics
Total Employment Growth

Average Monthly Change, Thous.

Monthly Change
September: 208
October: 142
November: 178

Source: Bureau of Labor Statistics/Haver Analytics
Unemployment Rate

November 2016
US: 4.6%

Source: Bureau of Labor Statistics/Haver Analytics,
Federal Reserve Board of Governors
Labor Force Participation

Percent of Population


November 2016
US: 62.7%

Source: Bureau of Labor Statistics via Haver Analytics
Average Hourly Earnings

Source: Bureau of Labor Statistics via Haver Analytics

November: 2.5%
Figure 2. FOMC participants’ assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate.

Source: Federal Reserve Board of Governors, SEP Dec. 14, 2016
Capital Market Rates

Source: Board of Governors via Haver Analytics, as of Dec. 30 2016
Virginia Economic Overview
Virginia Payroll Employment

Source: Bureau of Labor Statistics/Haver Analytics

November 2016
US: 1.6%
VA: 1.0%
State Employment Growth

Percentage change in nonfarm employment by state, seasonally adjusted, November 2015 - November 2016

Source: Bureau of Labor Statistics
Current Employment Statistics, State and Area

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

November 2016

- Charlottesville: 3.3% growth
- Winchester: 2.6% growth
- Northern Virginia: 2.2% growth
- US: 1.6% growth
- Virginia: 1.0% growth
- Richmond: 0.8% growth
- Roanoke: 0.3% growth
- Harrisonburg: 0.2% growth
- Virginia Beach: -0.2% growth
- Blacksburg: -0.3% growth
- Lynchburg: -0.7% growth

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

November 2016
US: 4.6%
VA: 4.2%
State Unemployment Rates

Unemployment rates by state, seasonally adjusted, November 2016
(U.S. rate = 4.6 percent)

Source: Bureau of Labor Statistics
Virginia Industry Composition - 2015

Share of Total Employment

- Natural resources and mining
- Construction
- Manufacturing
- Trade, transportation, and utilities
- Information
- Financial activities
- Professional and business services
- Education and health services
- Leisure and hospitality
- Other services
- Unclassified
- Government

Source: Bureau of Labor Statistics
Virginia Industry Growth

November 2016

Source: Bureau of Labor Statistics
**Employment Growth (thousands) - June 2015 - June 2016**

- Natural resources and mining: -0.9
- Construction: 2.6
- Manufacturing: -2.2
- Trade, transportation, and utilities: 7.7
- Information: -0.6
- Financial activities: 2.3
- Professional and business services: 13.4
- Education and health services: 13.6
- Leisure and hospitality: 13.9
- Other services: 3.5
- Unclassified: 7.3
- Government: -2.7

**Source:** Bureau of Labor Statistics
Industry Comparison – Wages by Sector

**Average Weekly Wage - 2016, 2nd Quarter**

- **Total**: $1,011
- **Natural resources and mining**: $813
- **Construction**: $976
- **Manufacturing**: $1,065
- **Trade, transportation, and utilities**: $773
- **Information**: $1,750
- **Financial activities**: $1,392
- **Professional and business services**: $1,515
- **Education and health services**: $892
- **Leisure and hospitality**: $368
- **Other services**: $783
- **Unclassified**: $893
- **Government**: $1,048

Source: Bureau of Labor Statistics
Industry Growth – Wages by Sector

Growth in Total Wages (millions) - June 2015 - June 2016

- Natural resources and mining: -18.4
- Construction: 67.8
- Manufacturing: -157.2
- Trade, transportation, and utilities: 186.4
- Information: 36.1
- Financial activities: 158.3
- Professional and business services: 326.3
- Education and health services: 368.8
- Leisure and hospitality: 118.0
- Other services: 63.2
- Unclassified: 93.2
- Government: 153.9

Source: Bureau of Labor Statistics
### Employment Growth by Industry - FY16 to FY18

<table>
<thead>
<tr>
<th>Industry</th>
<th>FY18</th>
<th>FY17</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Nonagricultural Employment</td>
<td>4.6</td>
<td>3.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Construction and Mining</td>
<td>3.5</td>
<td>2.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1.4</td>
<td>2.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Trade, transportation, and utilities</td>
<td>2.9</td>
<td>1.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Financial activities</td>
<td>-1.6</td>
<td>-0.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Professional and business services</td>
<td>3.7</td>
<td>2.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Education and health services</td>
<td>3.5</td>
<td>2.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Leisure and hospitality</td>
<td>4.1</td>
<td>1.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Government</td>
<td>0.5</td>
<td>0.2</td>
<td>0.2</td>
</tr>
</tbody>
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Source: Presentation by Secretary of Finance to the Joint Money Committees, Dec. 16, 2016 (projections from IHS Markit)
Summary

• National economy is growing at a moderate pace that is expected to continue
  – Businesses seem less optimistic than the consumer, although business investment is improving
  – Labor market strong by most measures
  – Inflation moderating back toward 2 percent goal

• Some uncertainty with change of administration; some indications of fiscal expansion but many unknowns

• Virginia’s economy had been growing on par with U.S. but may be slowing more recently; data subject to revision…

• Largest industry sectors in Virginia provide biggest boost to jobs, but not necessarily to wages
Access publications and other information online at:

- richmondfed.org/research/regional_economy
- federalreserve.gov
- FederalReserveHistory.org

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