Current Economic Conditions in Maryland

Bankers Forum
September 4, 2018

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Director of Regional Economics
Real Growth is Strong
Real Gross Domestic Product

Note: Projection is the median, central tendency, and range from the June 2018 Summary of Economic Projections. Red dots indicate median projections. Projections of change in real gross domestic product (GDP) are from the fourth quarter of the previous year to the fourth quarter of the year indicated.

Source: Bureau of Economic Analysis via Haver Analytics & Federal Reserve Board
Real Consumer Spending and Income

12 Month % Change

Real Disposable Personal Income

Real Personal Consumption Expenditure

Month over Month % Change

<table>
<thead>
<tr>
<th></th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>0.1</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Expenditures</td>
<td>0.4</td>
<td>0.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Note: Income has been adjusted to account for temporary fiscal actions in 2008 and 2012-2013.

Source: Bureau of Economic Analysis via Haver Analytics
Labor Market is Tight
Nonfarm Payroll Employment

Quarterly average of monthly changes, thousands of persons

Notes: White bar on the right is based on an incomplete quarter

Monthly Change
- Jul 157
- Jun 248
- May 268
- Apr 175
- Mar 155

Source: Bureau of Labor Statistics via Haver Analytics
Measures of Labor Utilization

Source: Bureau of Labor Statistics via Haver Analytics

U3: Official Unemployment Rate

U5: U3 + Discouraged + Marginally Attached

U6: U5 + Involuntary Part-Time

Source: Bureau of Labor Statistics via Haver Analytics
Labor Market Flows

Note: *Percent of total employment. **Percent of total employment plus job openings.

Source: JOLTS via Haver Analytics
Average Hourly Earnings

12 Month % Change of 3-Month Moving Average

Monthly % Change
- Jul: 0.3%
- Jun: 0.1%
- May: 0.3%
- Apr: 0.2%
- Mar: 0.2%

Source: Bureau of Labor Statistics via Haver Analytics
Inflation is on Target
Core Personal Consumption Expenditure Price Index

Notes: FOMC projection is the median, range, and central tendency for Q4/Q4 percent changes, from the June 2018 meeting. Red dots indicate median projections. Core PCE Price Index excludes expenditures on gasoline and food services.

Source: Bureau of Economic Analysis & Board of Governors via Haver Analytics
Consumer Price Indexes

MoM % Change
- CPI: All Items: June 0.1%, July 0.2%
- Core CPI: June 0.2%, July 0.2%

Source: Bureau of Labor Statistics via Haver Analytics
Implications for Monetary Policy
Summary of Economic Projections: Federal Funds Rate

Note: Each dot in the chart represents the value of an FOMC participant’s judgment of the midpoint of the appropriate target range (or the appropriate target level) for the federal funds rate at the end of the calendar year. Projections made for the June 2018 meeting.

Source: Board of Governors
Fifth District Industry Structure

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

![Bar chart showing employment share by industry in Maryland and the U.S. for 2017.](chart)

- **Natural Resources & Construction**: 5.2% (Maryland), 6.0% (U.S.)
- **Manufacturing**: 3.9% (Maryland), 8.5% (U.S.)
- **Trade, Transportation & Utilities**: 17.1% (Maryland), 18.8% (U.S.)
- **Information**: 1.9% (Maryland), 1.4% (U.S.)
- **Financial Activities**: 5.8% (Maryland), 5.4% (U.S.)
- **Professional & Business Services**: 14.0% (Maryland), 16.3% (U.S.)
- **Education & Health Services**: 15.8% (Maryland), 17.0% (U.S.)
- **Leisure & Hospitality**: 10.9% (Maryland), 10.2% (U.S.)
- **Other Services**: 3.9% (Maryland), 4.2% (U.S.)
- **Government**: 15.2% (Maryland), 18.5% (U.S.)

**Source:** Bureau of Labor Statistics/Haver Analytics
### Fifth District Industry Growth

#### Percent Change in Employment from a Year Ago, NSA

<table>
<thead>
<tr>
<th>Industry</th>
<th>U.S. YoY % Chg (NSA)</th>
<th>Fifth District YoY % Chg (NSA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Natural Resources &amp; Construction</td>
<td>2.3</td>
<td>2.4</td>
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<tr>
<td>Manufacturing</td>
<td>1.4</td>
<td>1.1</td>
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<tr>
<td>Trade, Transportation &amp; Utilities</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Information</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>1.5</td>
<td>0.9</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>2.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Other</td>
<td>1.8</td>
<td>1.3</td>
</tr>
<tr>
<td>Government</td>
<td>0.0</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics/Haver Analytics
Maryland Industry Growth
Percent Change in Employment from a Year Ago, NSA

June 2018

YoY % Chg (NSA)

Total

Natural Resources & Construction
Manufacturing
Trade, Transportation & Utilities
Information
Financial Activities
Professional & Business Services
Education & Health Services
Leisure & Hospitality
Other Services
Government

Maryland

Source: Bureau of Labor Statistics/Haver Analytics
Fifth District Manufacturing Survey

Diffusion Index

3-month Average

Source: The Federal Reserve Bank of Richmond
Fifth District Payroll Employment

YoY % Chg

Source: Bureau of Labor Statistics/Haver Analytics
Maryland Payroll Employment

Source: Bureau of Labor Statistics/Haver Analytics
Maryland Wages and Salaries

YoY % Chg

U.S.  
Maryland

Source: Bureau of Economic Analysis/Haver Analytics
Maryland House Price Index—FHFA

Source: Federal Housing Finance Agency/Haver Analytics
Maryland Unemployment Rate

Percent


U.S. Maryland

June 2018
US: 4.0%
MD: 4.3%

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

- **June 2018**
  - US: 62.9%
  - MD: 67.5%

Source: Bureau of Labor Statistics/Haver Analytics