Overview

- Manufacturing and Service Sector Activity
- Labor Market - Job Growth
- Unemployment
- Housing Market
Survey of Manufacturing Activity

- Fifth District Manufacturing Composite Index suggests some recent weakening
- ISM index softened as well
Survey of Manufacturing Activity

• Comments were mixed, with weather being a likely factor in some of the slowdown

“Orders are less than last year during the same time. Weather in the Northeast could be a factor.” (SC Computer/Electronic Product Mfg.)

“Our last few months have been carbon copies of the month before. We are hoping with the hiring of two new salesman that sales will increase.” (NC Machinery Mfg.)
Survey of Service Sector Activity

- Broad service sector revenue reading at +2 in April

Source: Federal Reserve Bank of Richmond/Institute of Supply Management/Haver Analytics
Survey of Service Sector Activity

- Non-retail sector gave slightly negative reading for revenues in March (-1)
- Strong reading for the retail sector revenues index (+17)

Source: Federal Reserve Bank of Richmond/Institute of Supply Management/Haver Analytics
Survey of Service Sector Activity

“Weather has been the primary factor in our business slowdown.” (WV Prof/Tech Services Firm)

“Traffic has picked up modestly almost with the change in weather. Quotes are up and that should lead to increased volume within the next 90 days.” (WV Durable Goods Wholesaler)

“It feels as if our market has softened. May still show a lack of confidence from the consumer.” (NC Electronics Retailer)
Fifth District Payroll Employment
Percent Change in Employment from a Year Ago, SA

March 2015
US: 2.3%
Fifth District: 1.7%

Source: Bureau of Labor Statistics/Haver Analytics
Labor Markets – Job Growth

- NC and SC lost a lot more jobs during the recession, but growth has surpassed that of the U.S. in the past few years

Source: Bureau of Labor Statistics/Haver Analytics
Labor Markets – Job Growth

- VA and MD growth has been slower than the southern part of the District and the US

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

March 2015

- Total: U.S. 2.3, Fifth District 1.7
- Natural Resources & Construction: U.S. 4.1, Fifth District 2.5
- Manufacturing: U.S. 1.5, Fifth District 1.9
- Trade, Transportation & Utilities: U.S. 1.7, Fifth District 2.3
- Information: U.S. 0.8, Fifth District 2.2
- Financial Activities: U.S. 0.7, Fifth District 1.9
- Professional & Business Services: U.S. 3.5, Fifth District 2.9
- Educational & Health Services: U.S. 2.1, Fifth District 2.5
- Leisure & Hospitality: U.S. 1.9, Fifth District 3.4
- Other Services: U.S. 1.3, Fifth District 1.5
- Government: U.S. 0.3, Fifth District 0.3

Source: Bureau of Labor Statistics/Haver Analytics
Fifth District Industry Structure

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment Share (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources &amp; Construction</td>
<td>U.S.: 5.1, Fifth District: 4.9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>U.S.: 8.8, Fifth District: 7.6</td>
</tr>
<tr>
<td>Trade, Transportation &amp; Utilities</td>
<td>U.S.: 19.0, Fifth District: 17.2</td>
</tr>
<tr>
<td>Information</td>
<td>U.S.: 2.0, Fifth District: 1.7</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>U.S.: 5.7, Fifth District: 5.0</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>U.S.: 13.7, Fifth District: 15.4</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>U.S.: 15.4, Fifth District: 14.1</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>U.S.: 10.6, Fifth District: 10.3</td>
</tr>
<tr>
<td>Other</td>
<td>U.S.: 4.0, Fifth District: 4.7</td>
</tr>
<tr>
<td>Government</td>
<td>U.S.: 15.7, Fifth District: 19.1</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics/Haver Analytics
Professional and Business Services

- Sector’s lack of growth in VA and MD (or declines) has dampened growth in those states

![Graph showing Professional and Business Services Index from December 2007=100 for various states and the United States.](source: Bureau of Labor Statistics/Haver Analytics)
Professional and Business Services

• Role of federal government contracting in VA and MD economies

Source: Bureau of Labor Statistics/Haver Analytics
Federal Contract Spending

Total Contract Spending in FY14 ($Billion)

VA $52.0
MD $27.6
DC $18.7
SC $5.6
NC $4.8
WV $1.3

Total U.S.: $403,995,240,544
Fifth District: $110,035,170,240
Fifth District Share of Total Spending: 27.2%

Source: USAspending.gov (data retrieved 4/30/14)
Goods Producing Industries

- Job levels in manufacturing and in construction are still well below where they were before the recession
Goods Producing Industries

- Growth among goods-producing firms is coming back a little in NC and SC (as in the U.S.) but very little or not at all in VA or MD

Source: Bureau of Labor Statistics/Haver Analytics
Labor Markets – Unemployment

- In March the unemployment rate in the Fifth District was 5.5%; lowest state unemployment rate in VA, highest in DC and SC

Source: Bureau of Labor Statistics/Haver Analytics
Labor Markets – Unemployment

- Map shows the unemployment rate in March 2015 for each county in the District

Source: Bureau of Labor Statistics/Haver Analytics
Housing – Permits and Starts

- Housing recovery remains slow and new construction not back to levels in the 1990s
Housing – Permits and Starts

- Permit growth picking up slightly in 2015 and housing starts seem to be trending up

Source: US Census Bureau/Haver Analytics
Housing – Permits and Starts

• In February and March, heard some less positive reports

Source: US Census Bureau/Haver Analytics
Housing – Permits and Starts

• “Increase in homes listed for sale. Improvement in demand: Buyers less fearful of future.” (MD Realtor)

• “We have had snow, rain and freezing temps for two months. Construction out of the ground is at a stand still.” (NC Builder)

Source: US Census Bureau/Haver Analytics
Housing – Home Prices

- Home prices continue to rise in most parts of the United States and Fifth District
- Pace of growth not as high in Fifth District

Source: CoreLogic Information Solutions, Inc.
Housing – Home Prices

- Recent slowing in MD and VA
- Recent acceleration in the United States and in NC and SC

Source: CoreLogic Information Solutions, Inc.
House Prices – CoreLogic HPI

House Price Growth by Micro and Metro Area from March 2014 - March 2015

-10.6 - 0.0
0.1 - 2.9
3.0 - 3.9
4.0 - 4.9
5.0 - 7.9
8.0 - 13.4

Source: CoreLogic Information Solutions, Inc.
House Prices – CoreLogic HPI

March 2015

YoY % Chg

<table>
<thead>
<tr>
<th>State</th>
<th>YoY % Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC</td>
<td>0.2</td>
</tr>
<tr>
<td>MD</td>
<td>-0.1</td>
</tr>
<tr>
<td>NC</td>
<td>9.1</td>
</tr>
<tr>
<td>SC</td>
<td>0.7</td>
</tr>
<tr>
<td>VA</td>
<td>6.1</td>
</tr>
<tr>
<td>WV</td>
<td>0.7</td>
</tr>
</tbody>
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Source: CoreLogic Information Solutions, Inc.
Foreclosure Inventory by Type

Number of Loans


- VA
- FHA
- Subprime
- Prime

Source: Mortgage Bankers Association/Haver Analytics
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.