



Regional Economic Update

Credit Union Forum
May 21, 2015



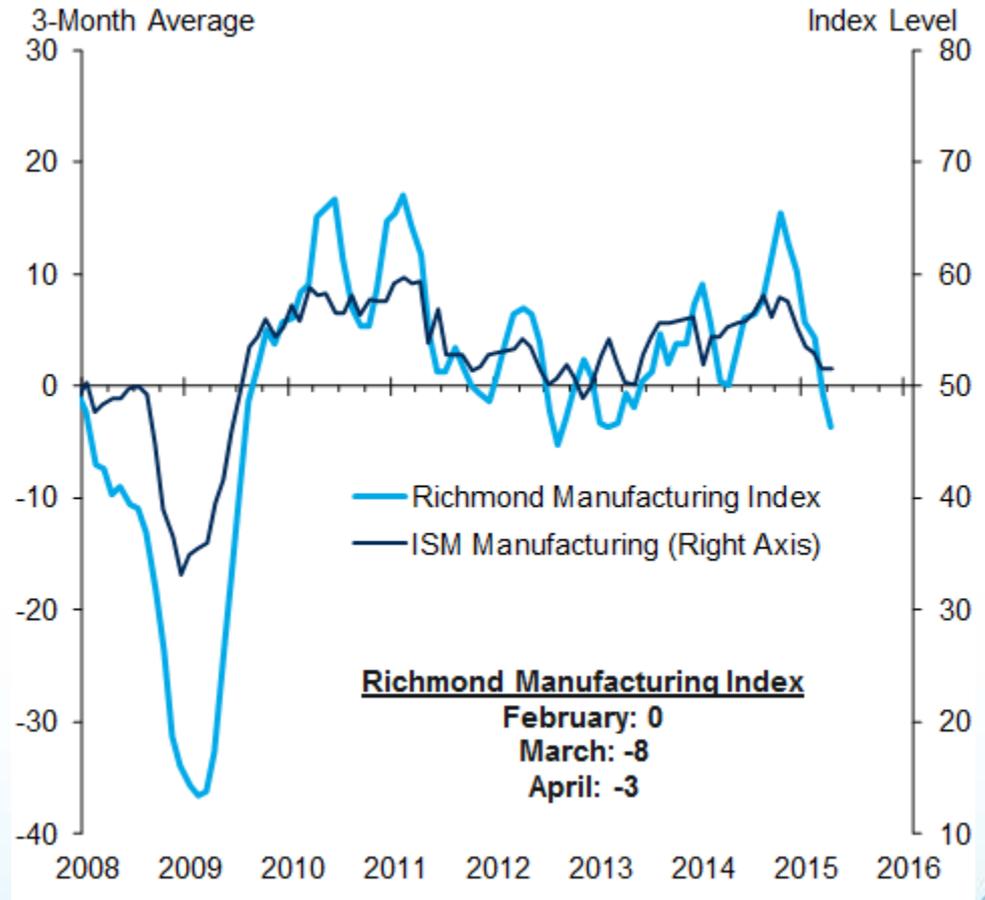
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Regional Economist

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

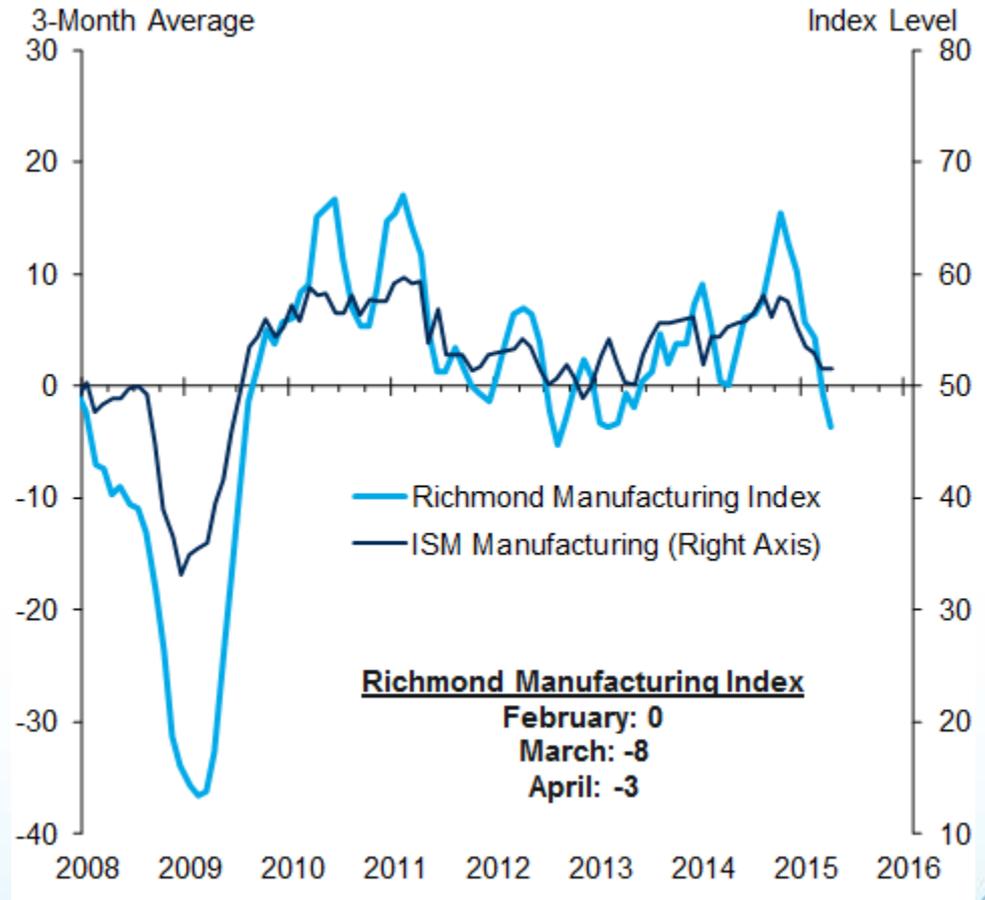


Survey of Manufacturing Activity

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

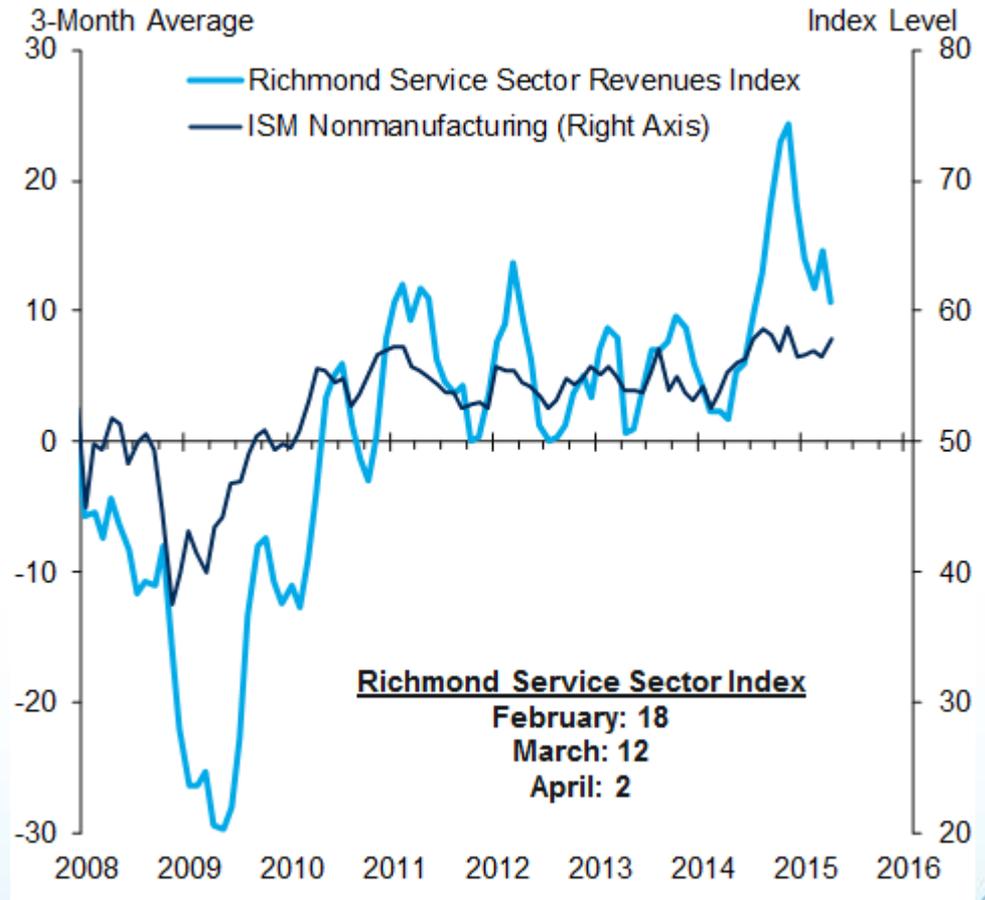
“Orders are less than last year during the same time. Weather in the Northeast could be a factor.” (SC Computer/Electronic Product Mfg.)

“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.)



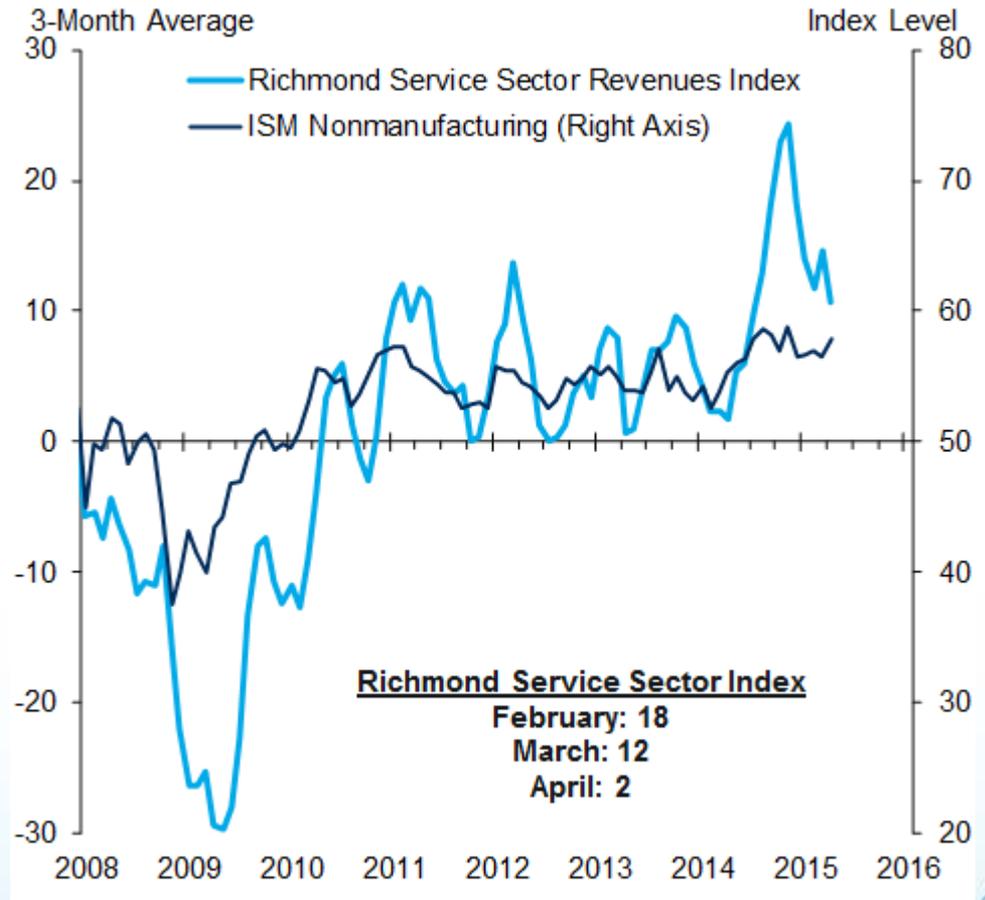
Survey of Service Sector Activity

- Broad service sector revenue reading at +2 in April



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)

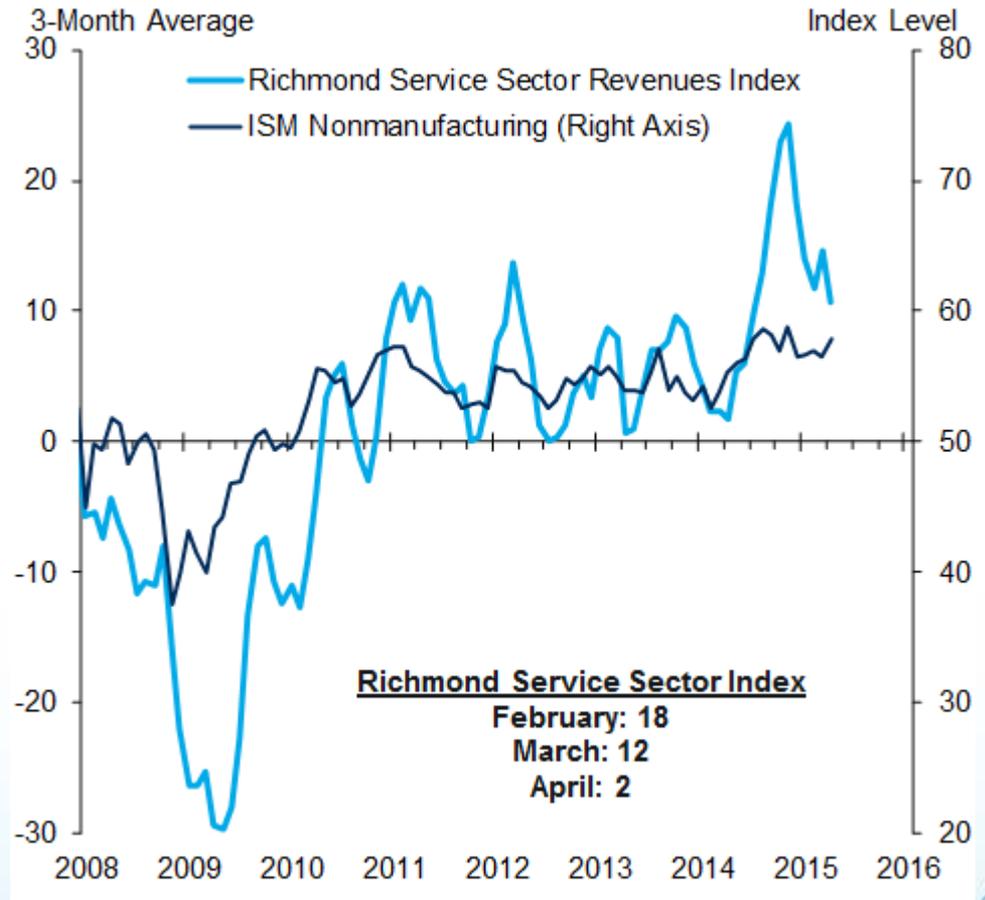


Survey of Service Sector Activity

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

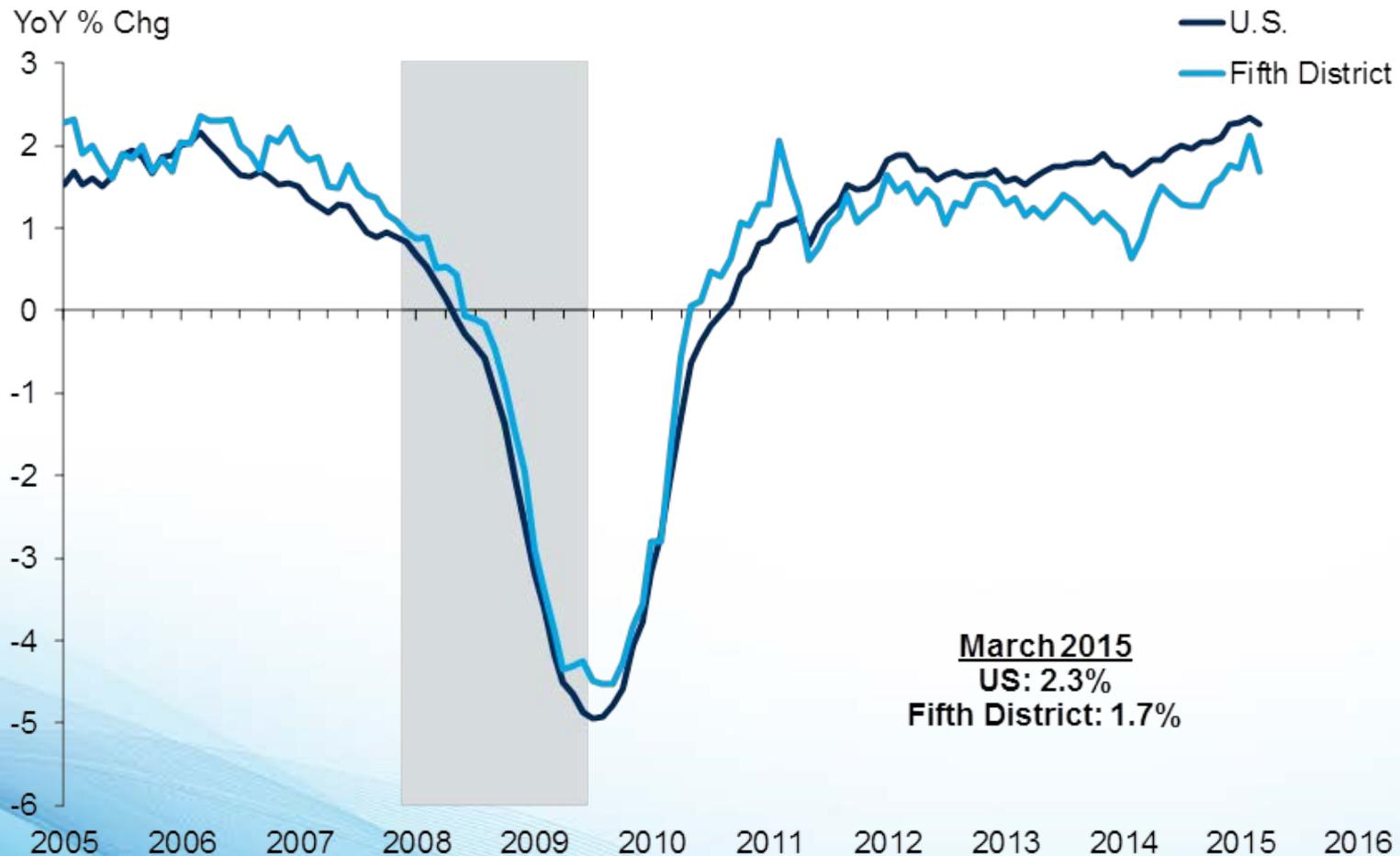
“Traffic has picked up modestly almost with the change in weather. Quotes are up and that should lead to increased volume within the next 90 days.” (WV Durable Goods Wholesaler)

“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

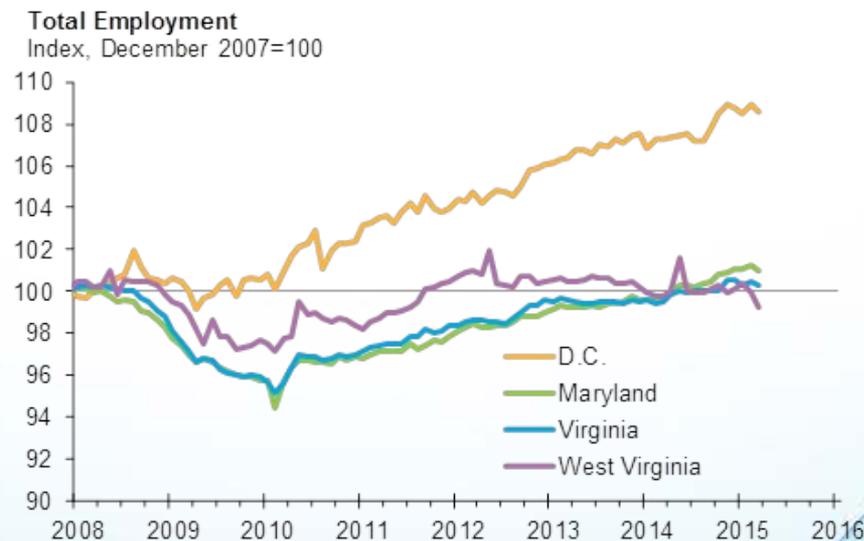
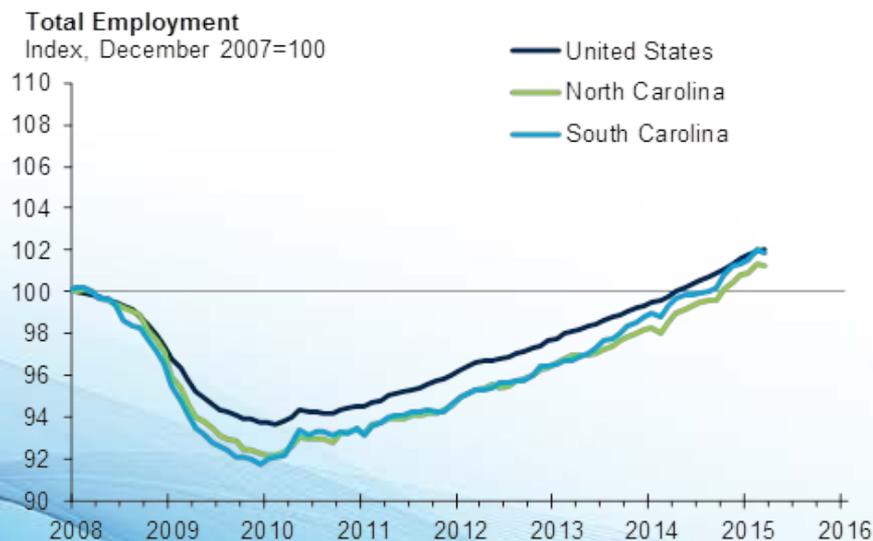
Percent Change in Employment from a Year Ago, SA



March 2015
US: 2.3%
Fifth District: 1.7%

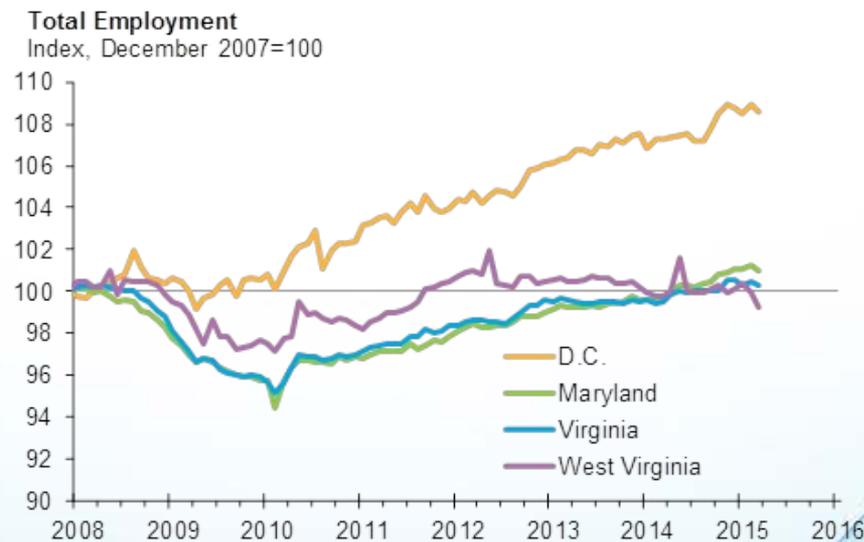
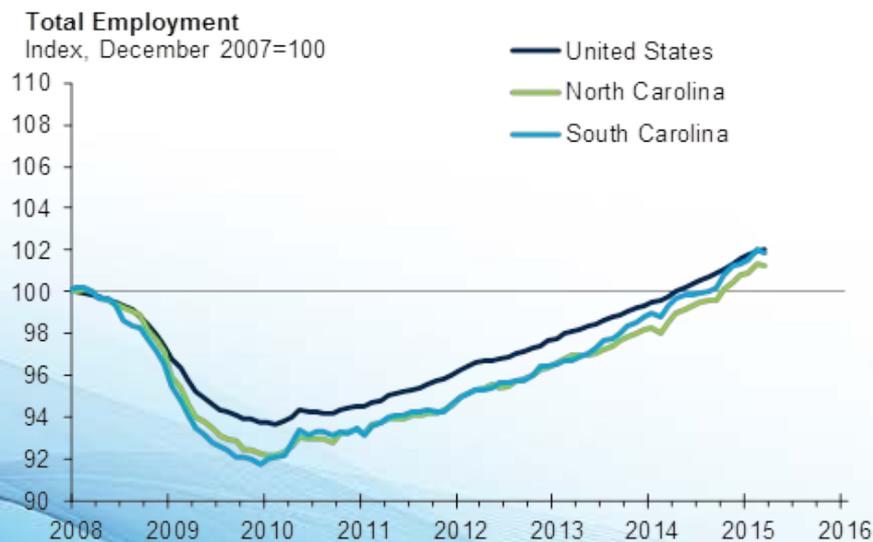
Labor Markets – Job Growth

- 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



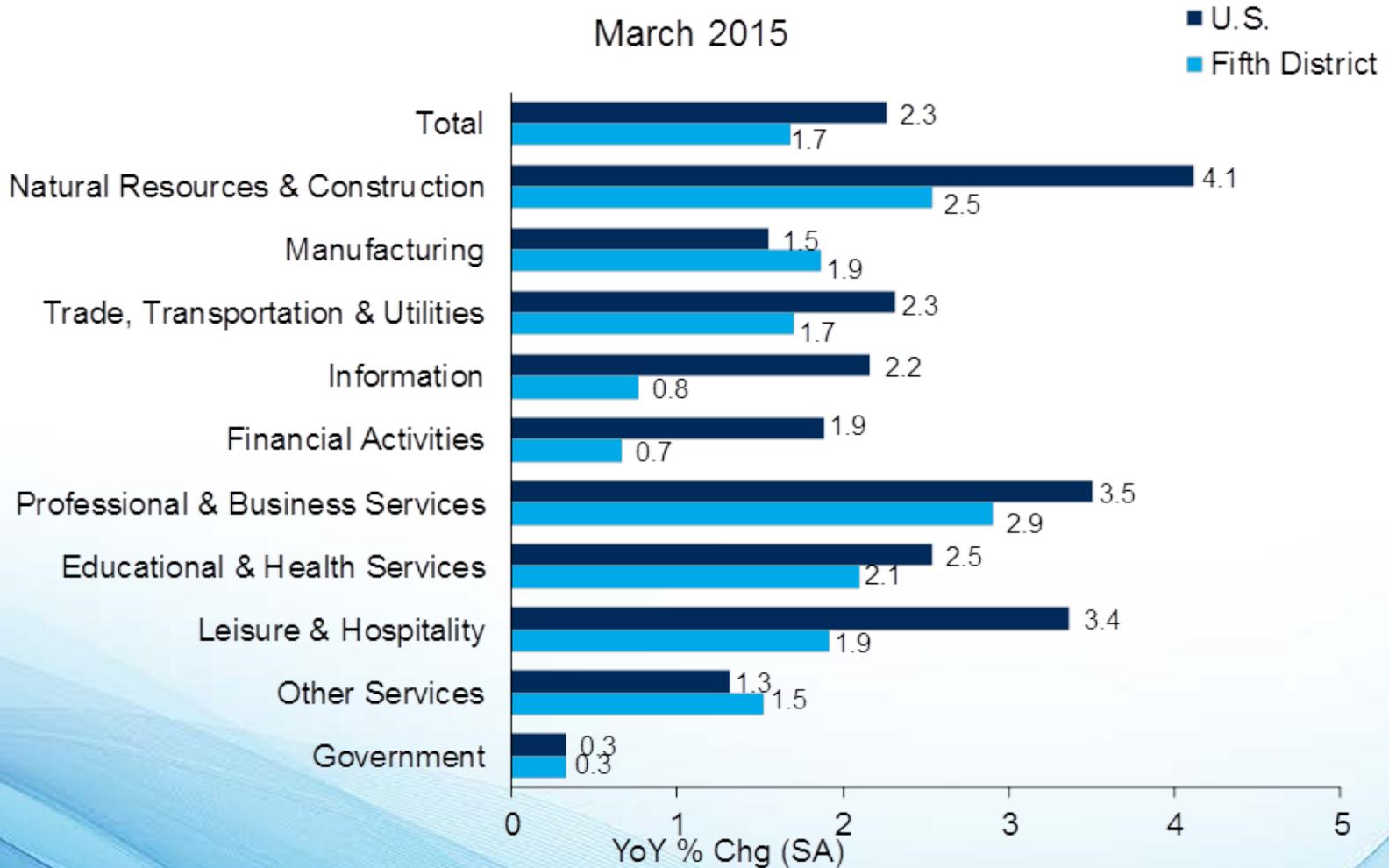
Labor Markets – Job Growth

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

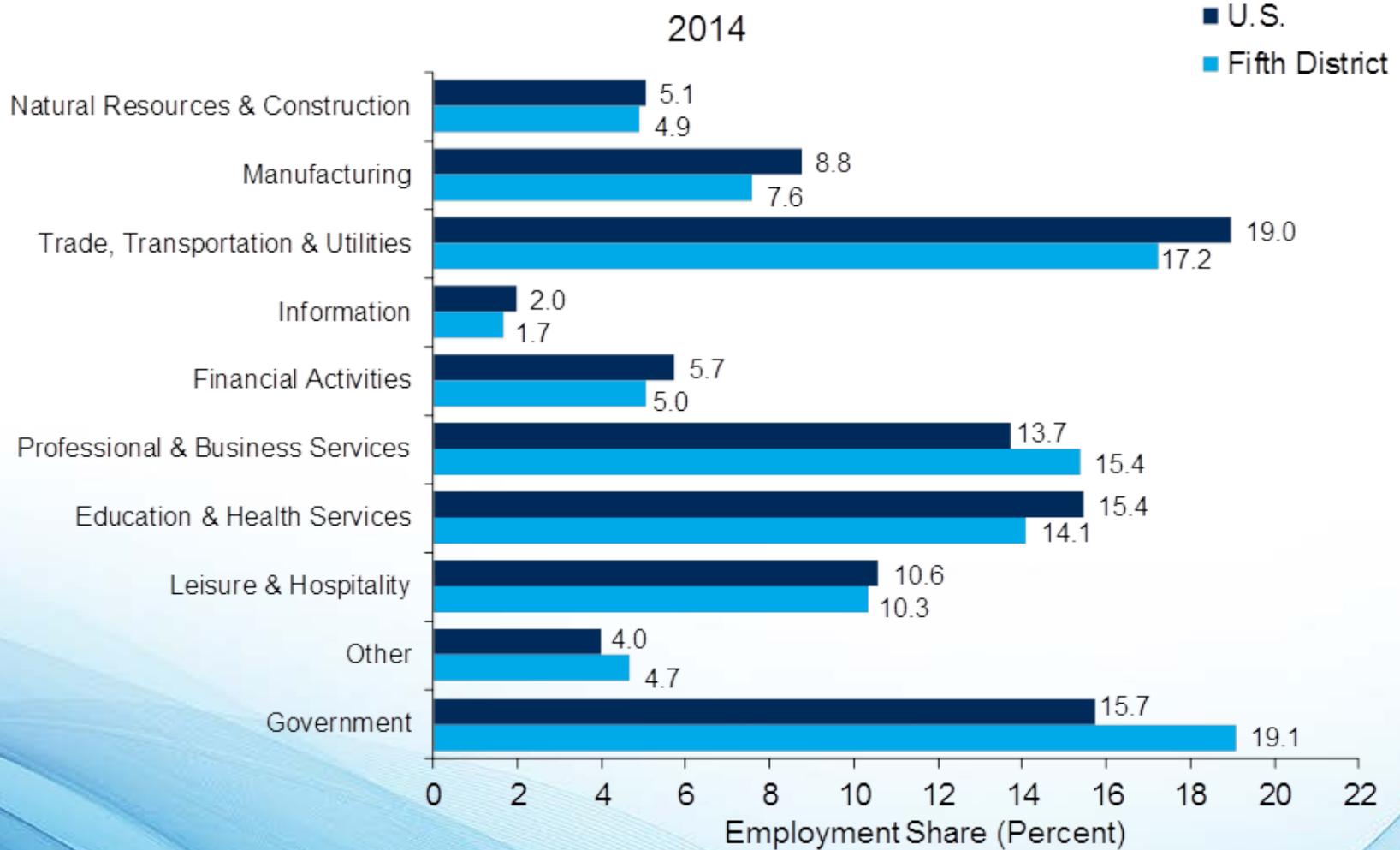


Fifth District Industry Growth

Percent Change in Employment from a Year Ago, NSA

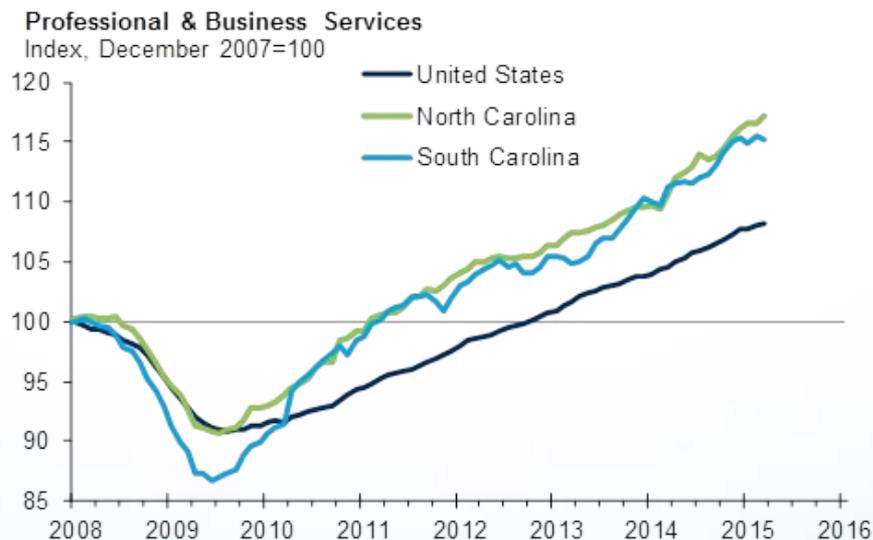
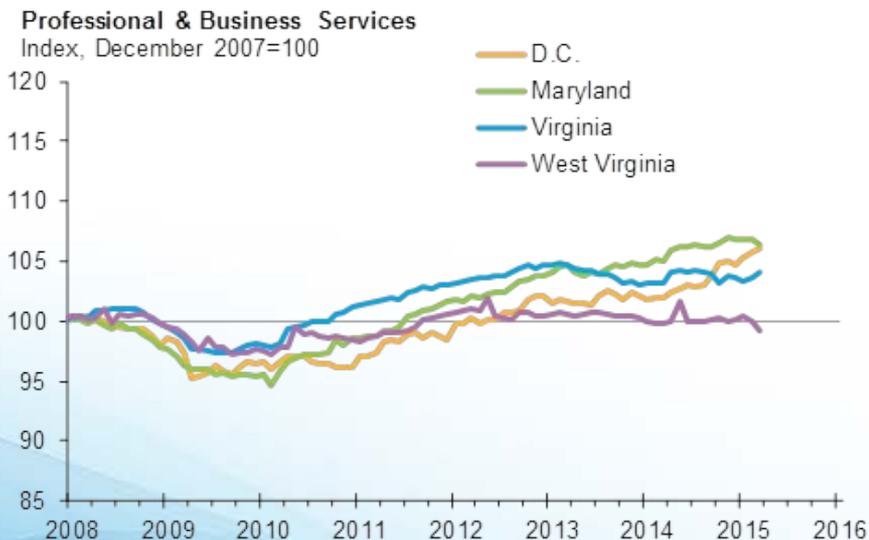


Fifth District Industry Structure



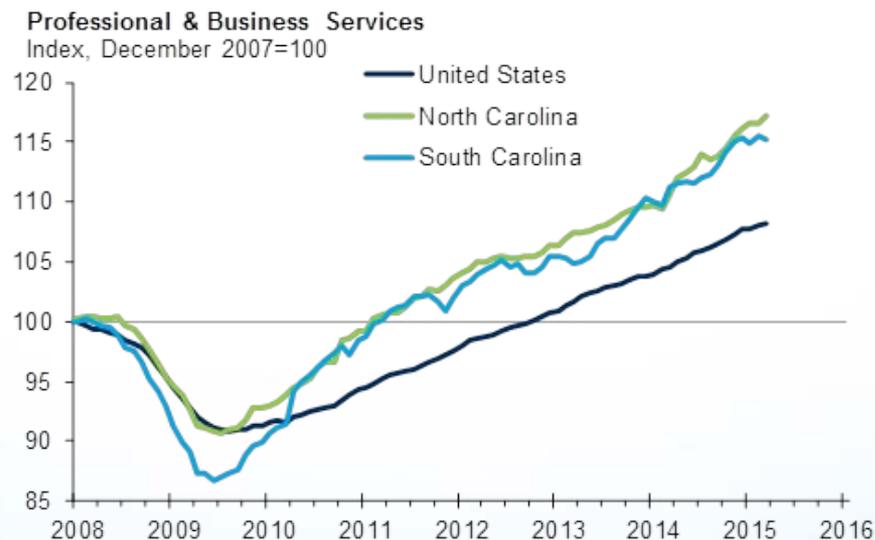
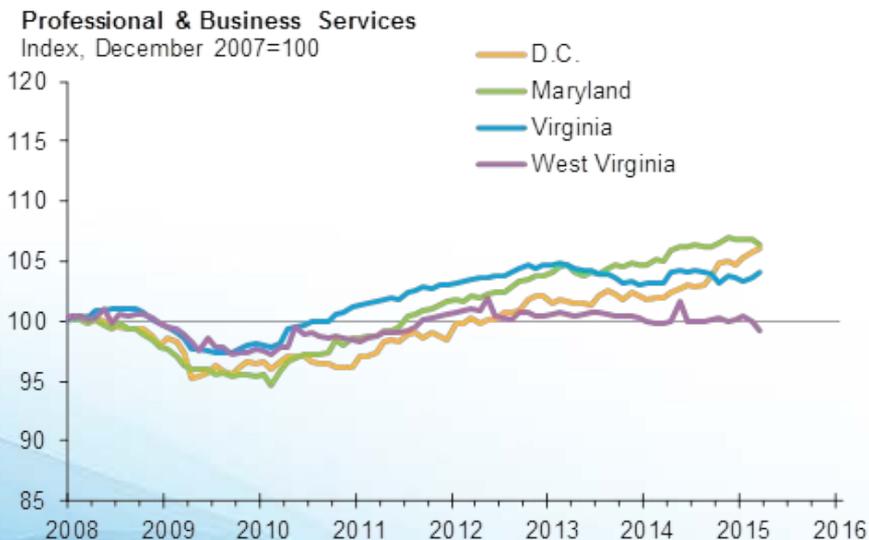
Professional and Business Services

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



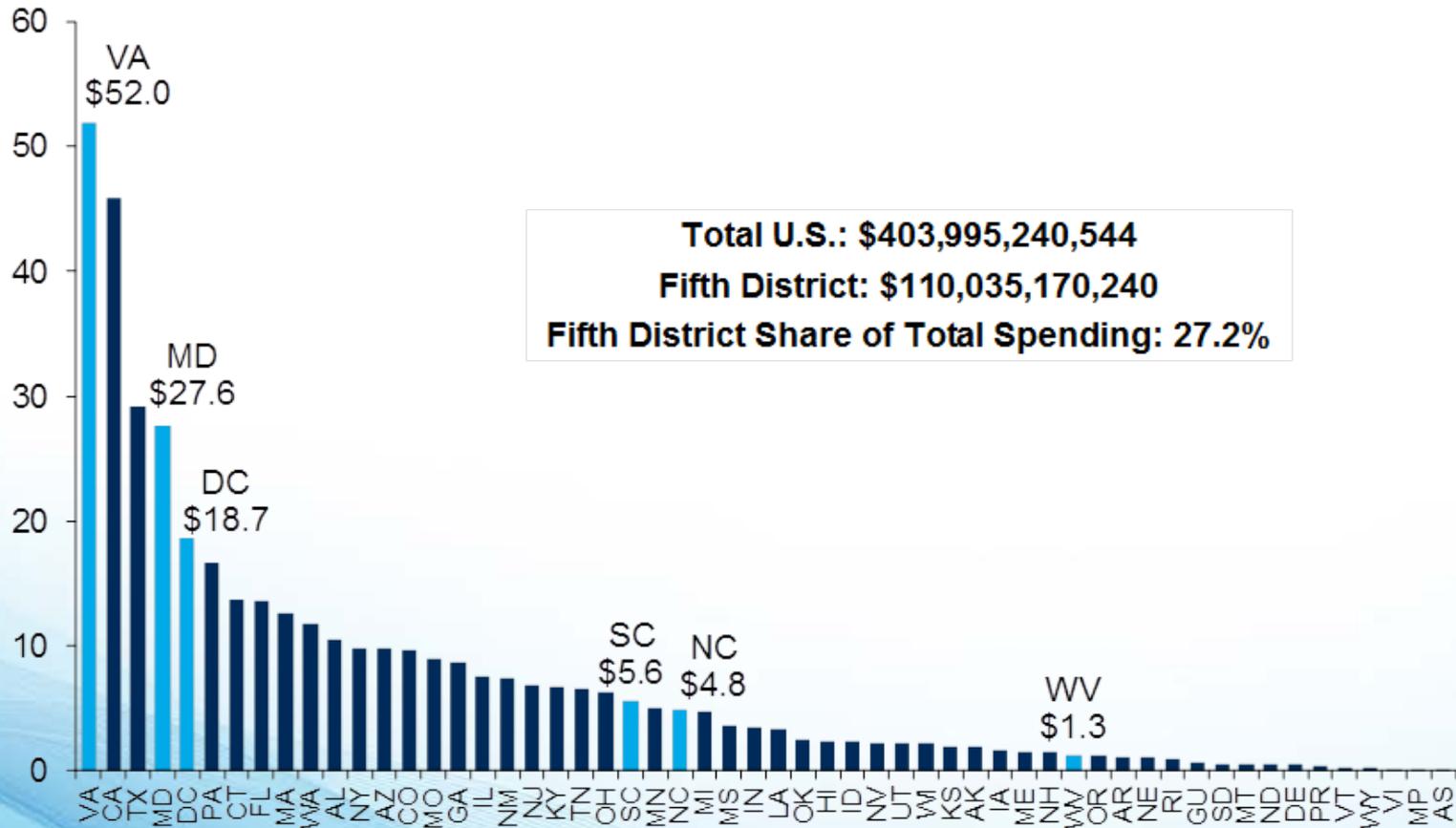
Professional and Business Services

- Role of federal government contracting in VA and MD economies



Federal Contract Spending

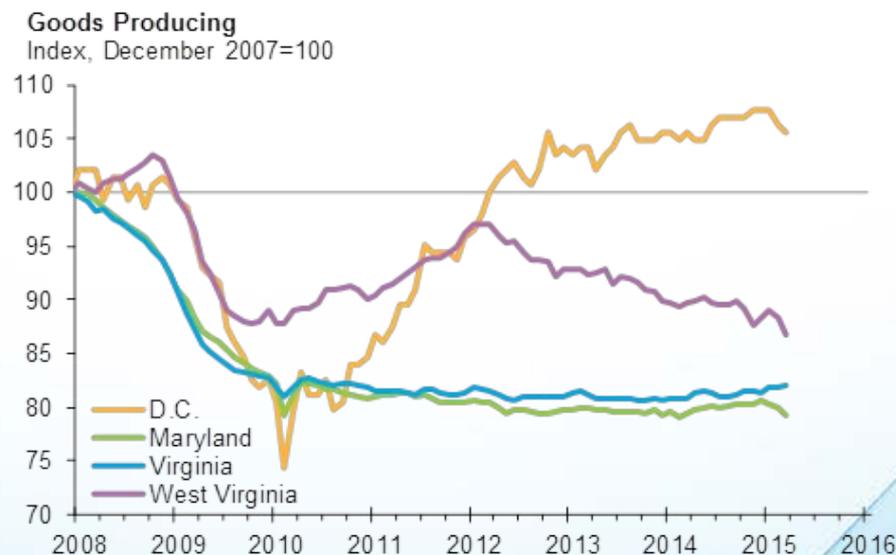
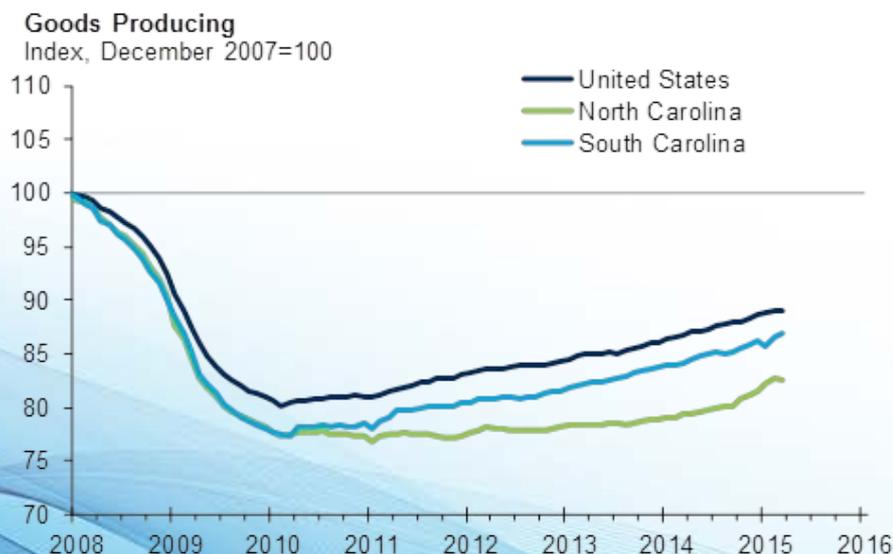
Total Contract Spending in FY14
(\$Billion)



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

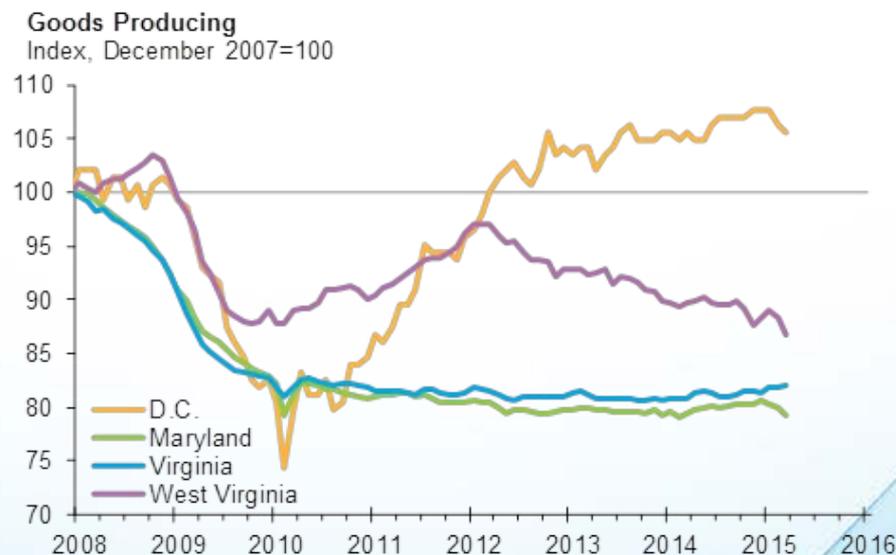
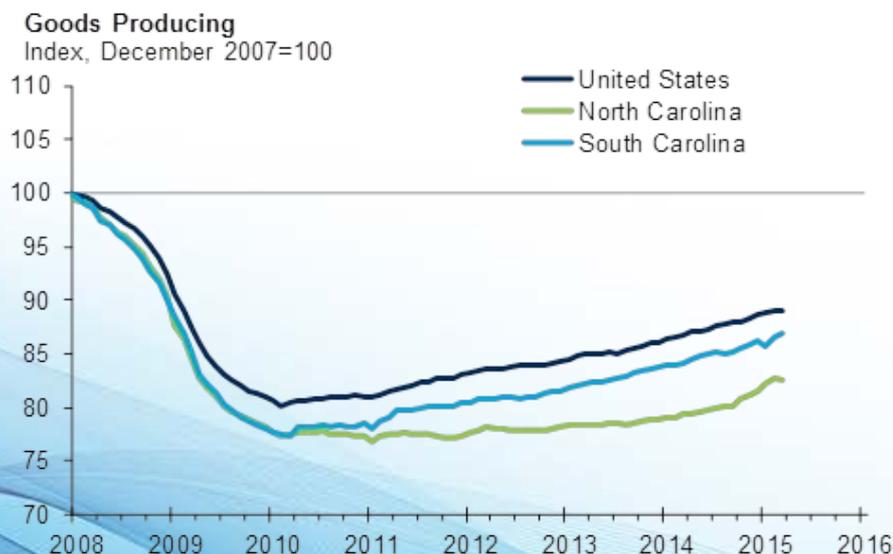
Goods Producing Industries

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



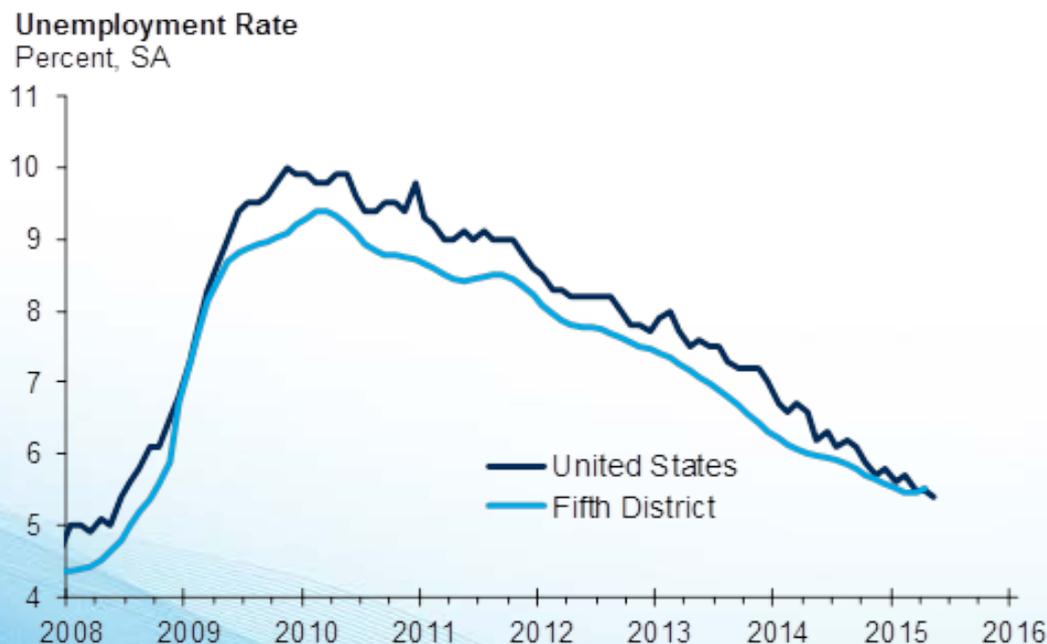
Goods Producing Industries

- 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



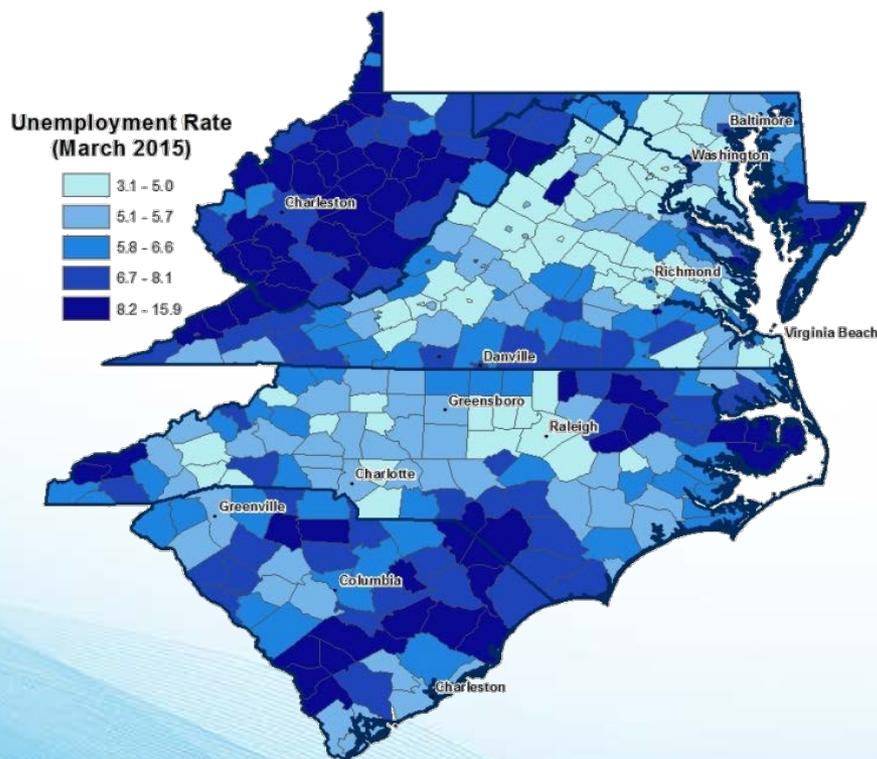
Labor Markets – Unemployment

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

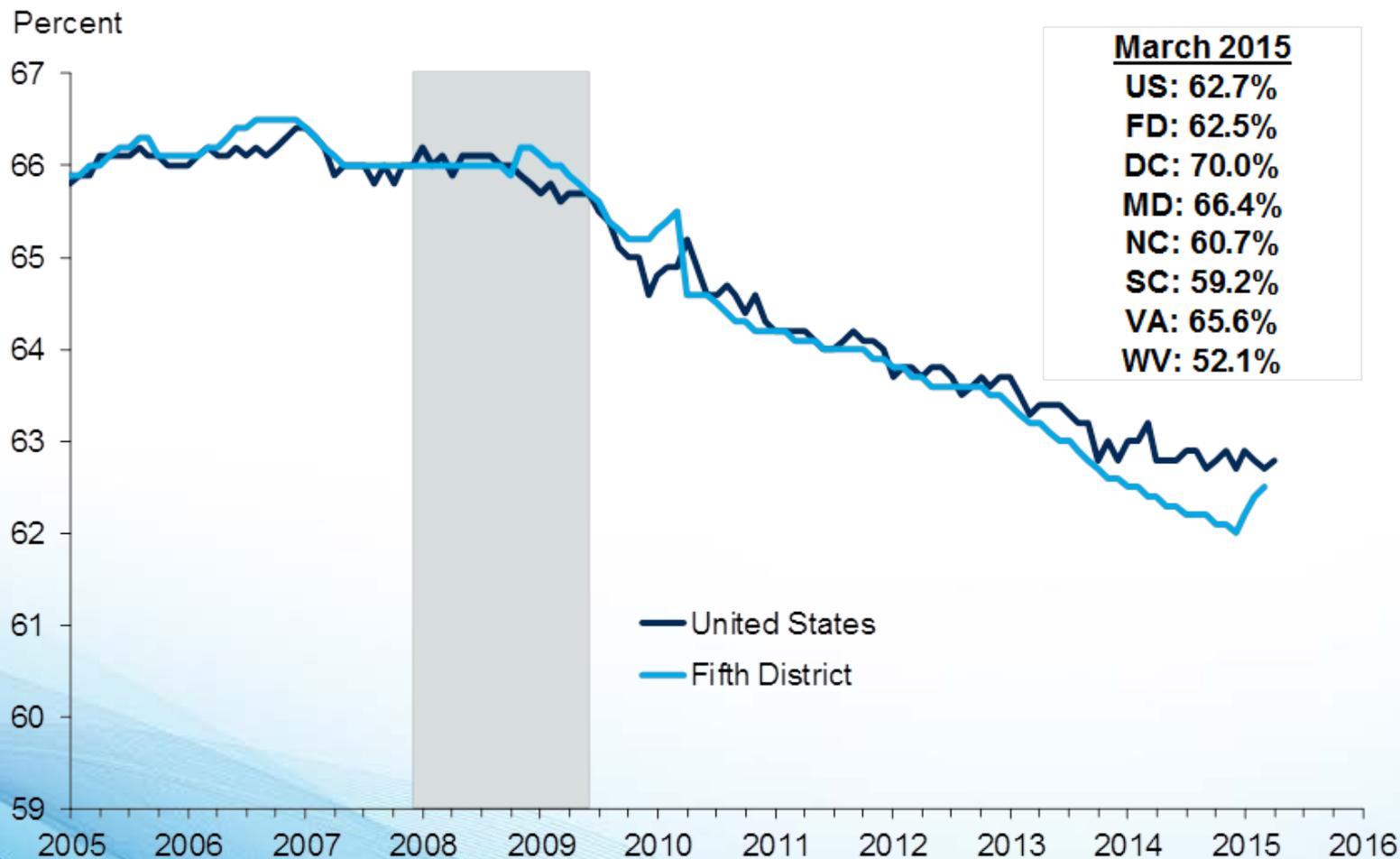


Labor Markets – Unemployment

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



Labor Force Participation Rate

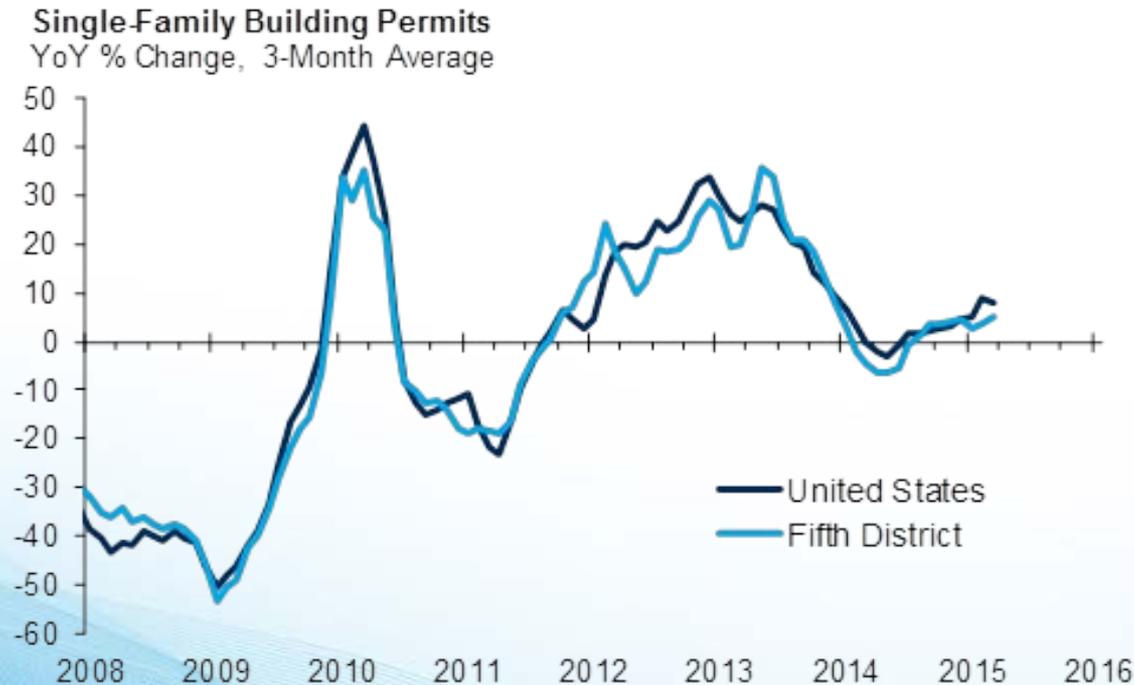


Housing – Permits and Starts

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

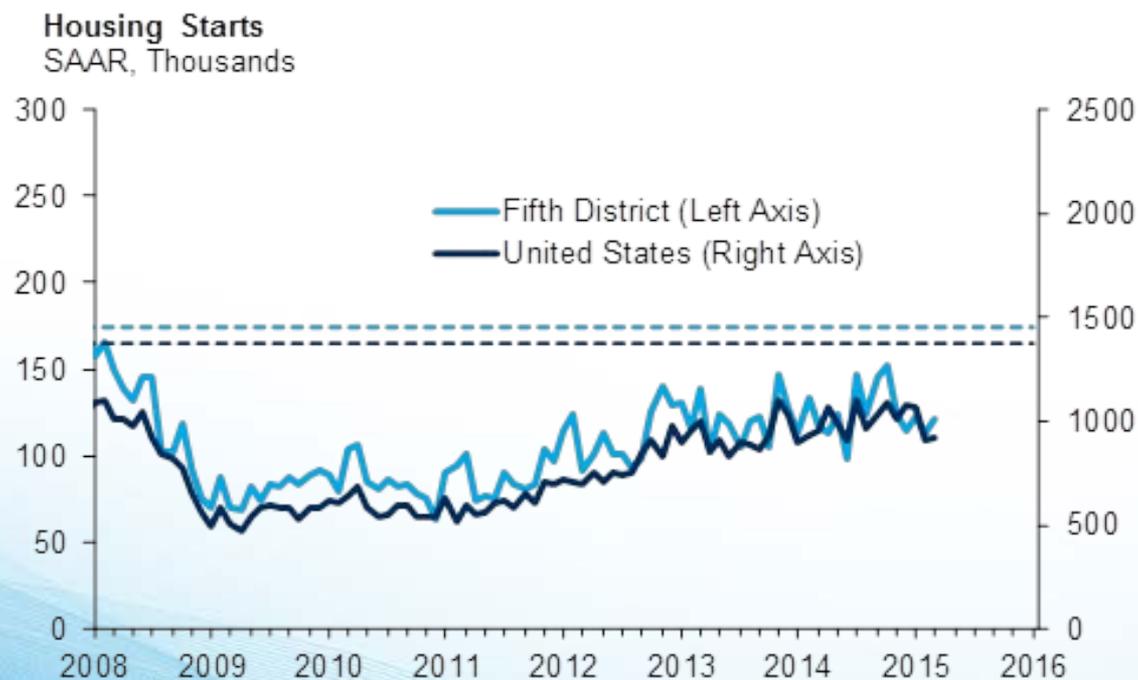
Housing – Permits and Starts

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



Housing – Permits and Starts

- In February and March, heard some less positive reports

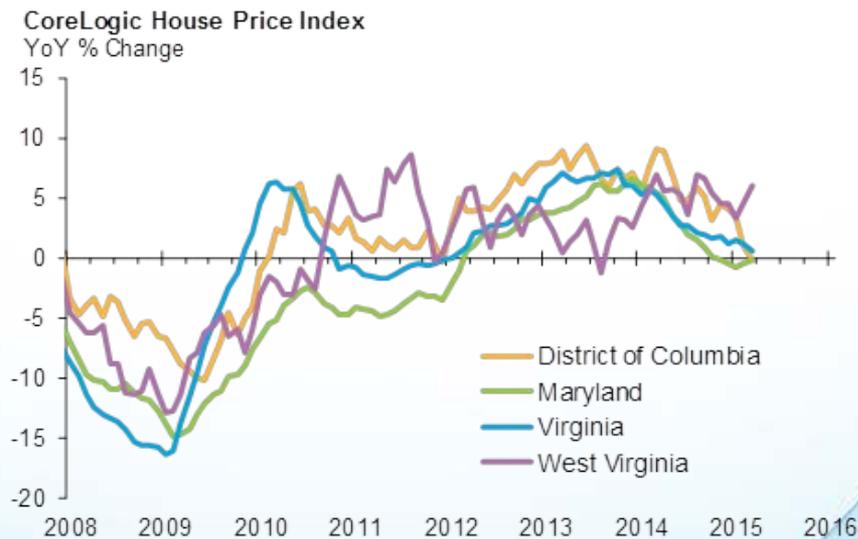
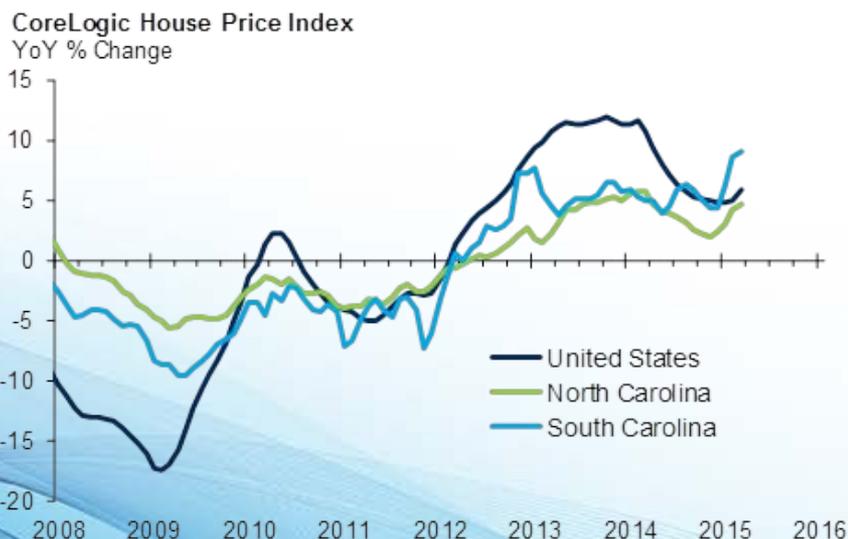


Housing – Permits and Starts

- “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)

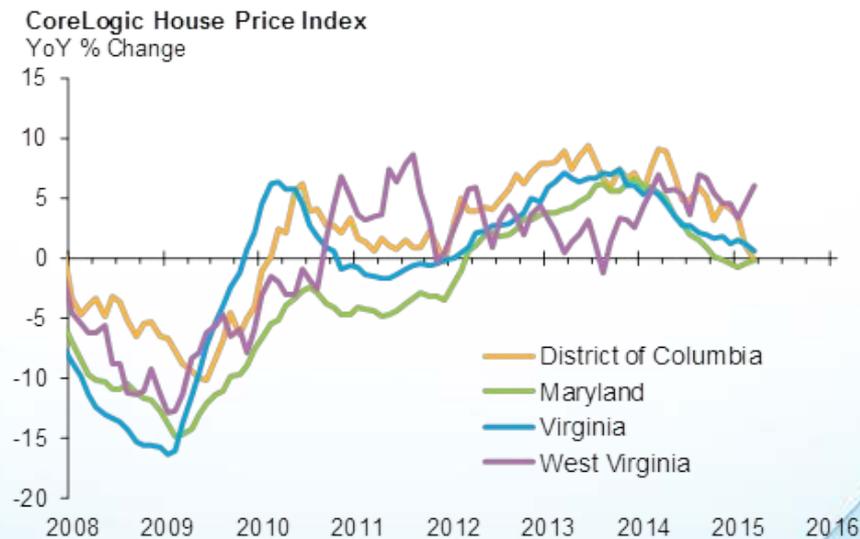
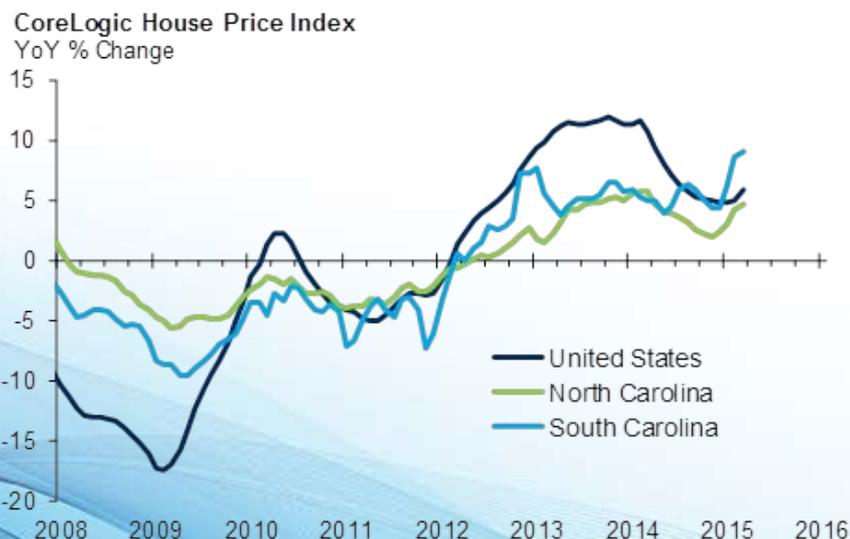
Housing – Home Prices

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



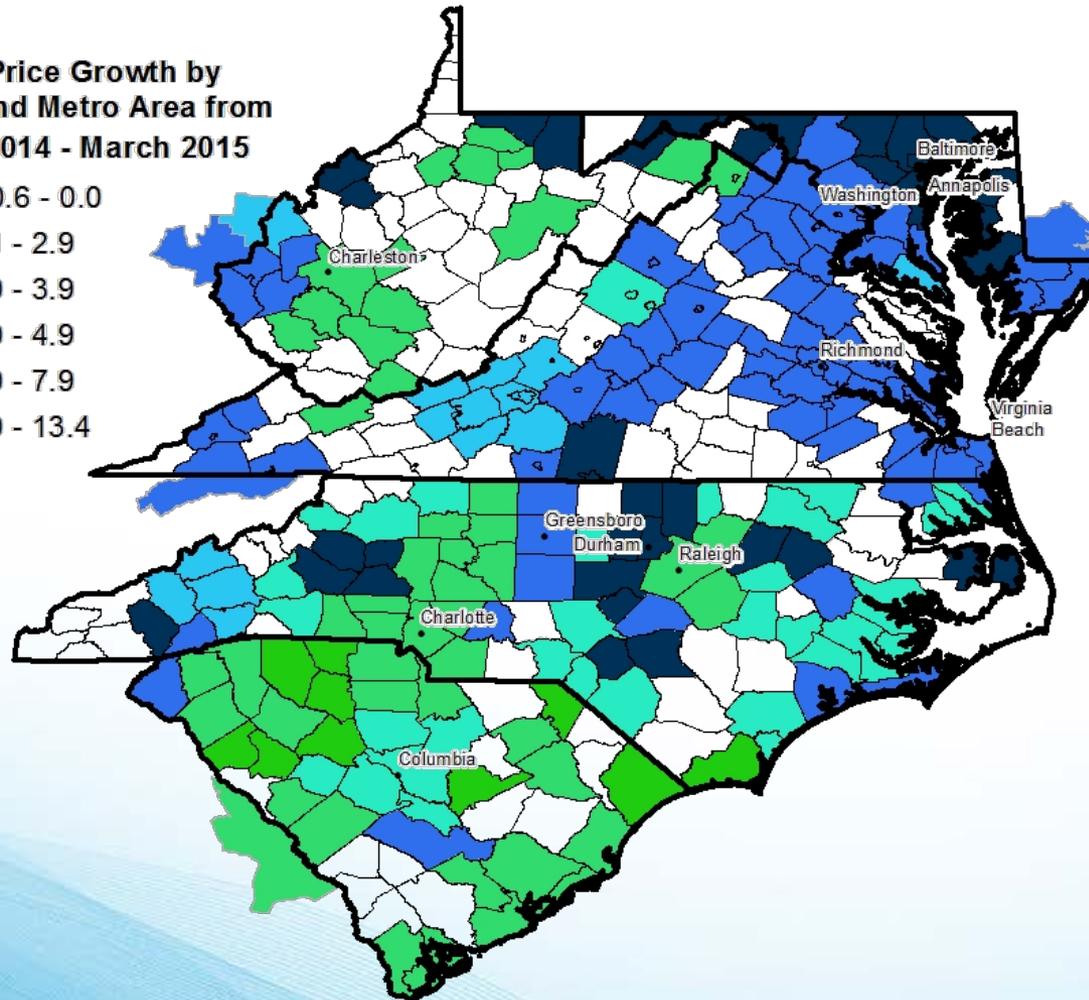
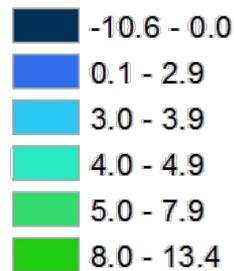
Housing – Home Prices

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

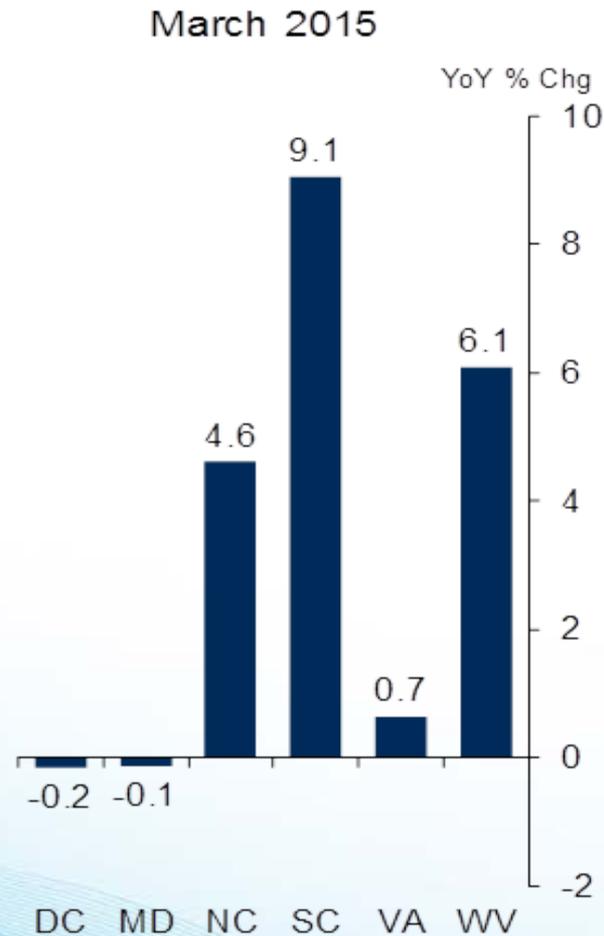


House Prices – CoreLogic HPI

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

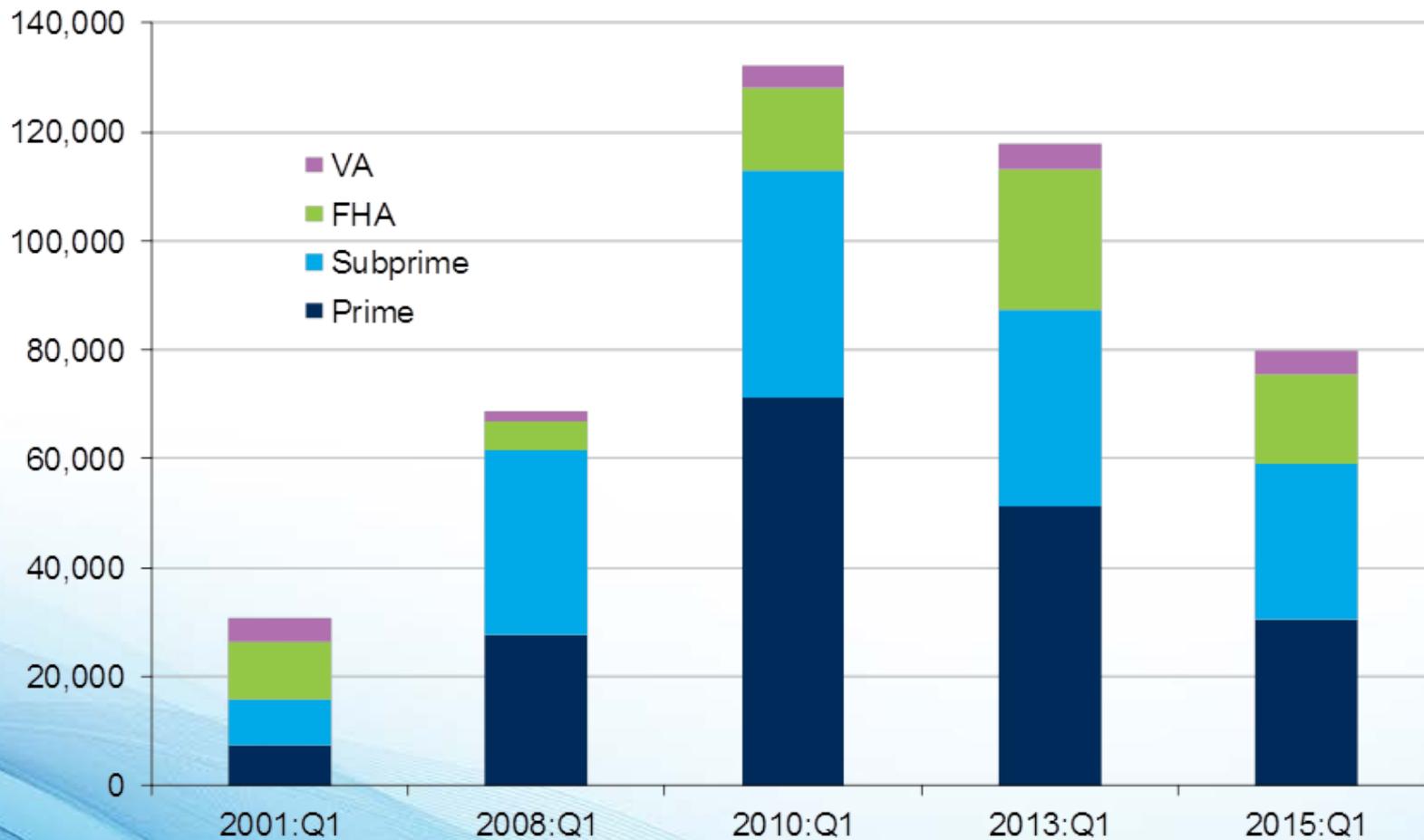


House Prices – CoreLogic HPI



Foreclosure Inventory by Type

Number of Loans





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.

