Economic Outlook for the United States and Virginia

Virginia Credit Union League
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U.S. Real Gross Domestic Product

% Change, SAAR

Source: Bureau of Economic Analysis, Federal Reserve Board / Haver Analytics
Total Employment Growth

Average Monthly Change, Thous.

Monthly Change
April: 263
March: 189
February: 56

Source: Bureau of Labor Statistics/Haver Analytics
April 2019
US: 3.6%

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

Source: Bureau of Labor Statistics/Haver Analytics

April 2019
US: 62.8
Average Hourly Earnings

Source: Bureau of Labor Statistics, Federal Reserve Board of Governors/Haver Analytics
University of Michigan Consumer Expectations

Source: University of Michigan via Haver Analytics
National Federation of Independent Business

Source: NFIB via Haver Analytics
Duke/CFO Survey

Index, 100 = Most Optimistic

Source: Duke/CFO via Haver Analytics
Conference Board CEO Confidence

Source: The Conference Board via Haver Analytics
Richmond Manufacturing Survey and ISM Manufacturing Survey

- Manufacturing Composite Index (Left Axis)
- ISM Manufacturing (Right Axis)

Source: The Federal Reserve Bank of Richmond/Institute of Supply Management
Richmond Service Sector Survey and ISM Nonmanufacturing Survey

Source: The Federal Reserve Bank of Richmond/Institute of Supply Management
PCE Inflation

March 2019
PCE Inflation: 1.5
PCE Less Food & Energy: 1.6

Source: Bureau of Economics Analysis, Federal Reserve Board of Governors/Haver Analytics
Virginia Payroll Employment

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

March 2019

Total
- U.S.
- Virginia

Natural Resources & Mining
- U.S.: 1.7
- Virginia: 0.9

Construction
- U.S.: 6.0
- Virginia: 3.4

Manufacturing
- U.S.: 3.4
- Virginia: 1.7

Trade, Transportation & Utilities
- U.S.: 0.8
- Virginia: -0.1

Information
- U.S.: 1.2
- Virginia: -0.1

Financial Activities
- U.S.: 2.6
- Virginia: -1.0

Professional & Business Services
- U.S.: 2.6
- Virginia: 1.8

Education & Health Services
- U.S.: 2.6
- Virginia: 2.3

Leisure & Hospitality
- U.S.: 1.4
- Virginia: 2.7

Other Services
- U.S.: 1.6
- Virginia: 1.4

Government
- U.S.: 0.4
- Virginia: 0.4

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

March 2019

Employment Share (Percent)

- Natural Resources & Mining
  - U.S.: 0.5
  - Virginia: 0.2

- Construction
  - U.S.: 4.8
  - Virginia: 4.9

- Manufacturing
  - U.S.: 6.1
  - Virginia: 8.5

- Trade, Transportation & Utilities
  - U.S.: 18.3
  - Virginia: 16.2

- Information
  - U.S.: 1.9
  - Virginia: 1.6

- Financial Activities
  - U.S.: 5.7
  - Virginia: 5.1

- Professional & Business Services
  - U.S.: 14.1
  - Virginia: 16.2

- Education & Health Services
  - U.S.: 10.8
  - Virginia: 13.7

- Leisure & Hospitality
  - U.S.: 10.1
  - Virginia: 10.8

- Other Services
  - U.S.: 3.9
  - Virginia: 5.0

- Government
  - U.S.: 15.3
  - Virginia: 18.3

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

Source: Bureau of Labor Statistics/Haver Analytics

March 2019
US: 3.8%
VA: 2.9%
Unemployment in Virginia Counties

Unemployment Rate
March 2019

- 2.1 - 3.0
- 3.1 - 3.6
- 3.7 - 4.3
- 4.4 - 5.1
- 5.2 - 6.6

Source: Bureau of Labor Statistics/Haver Analytics
Employment to Population Ratio by County
(Of Population Aged 16 and Over)

Source: U.S Census Bureau
Why Does the Fed Care?

1) Are we leaving untapped opportunities?

2) We have a mandate to understand the region

3) Through the CRA, we have a mandate to understand conditions facing low-to-moderate income communities
Population growth is slower (or even negative!)

Source: U.S Census Bureau
Job growth is slower too...

Source: Bureau of Labor Statistics
Education matters to earnings...

### Median Earnings

- **Graduate or Professional Degree**: $80,946
  - Virginia: $71,097
  - United States: $80,946
- **Bachelor's Degree**: $58,191
  - Virginia: $52,484
  - United States: $71,209
- **Some College or Associate's Degree**: $37,428
  - Virginia: $36,190
  - United States: $37,428
- **High School or Equivalent**: $31,165
  - Virginia: $30,624
  - United States: $31,165
- **Less than High School**: $24,777
  - Virginia: $23,031
  - United States: $24,777

*Source: 2017 American Community Survey*
Education matters to labor market attachment...

Unemployment Rate (Percent)
- Bachelor's Degree or Higher: 2.2% (Virginia), 2.6% (United States)
- Some College or Associate's Degree: 3.8% (Virginia), 4.3% (United States)
- High School Graduate or Equivalent: 5.0% (Virginia), 5.7% (United States)
- Less than High School Graduate: 6.8% (Virginia), 8.0% (United States)

Labor Force Participation Rate (Percent)
- Bachelor's Degree or Higher: 87.8% (Virginia), 86.6% (United States)
- Some College or Associate's Degree: 80.1% (Virginia), 79.2% (United States)
- High School Graduate or Equivalent: 73.2% (Virginia), 72.2% (United States)
- Less than High School Graduate: 60.8% (Virginia), 60.2% (United States)

Source: 2017 American Community Survey
Virginians are become more educated…

Educational Attainment from 1970 to 2017

Source: 2017 American Community Survey
...but educational attainment is not distributed evenly

Percent with Bachelor's by County
(Of Population Ages 25-64)

Source: U.S Census Bureau

Source: 2017 ACS 5-Year Estimates
Some students may lack preparation for college

- Many students who enroll don’t graduate
  - Bachelor’s degree completion rates of enrollees: 50%
  - First generation enrollees complete at about half that rate

- Children from lower income families do not receive the same level of early education

- Students may also be worried about the difficulty of paying for college, taking on student loans, and the uncertainty of their earnings after college

- What role can community colleges play? Community college is a low-cost way for students to learn about how prepared they are for a 4-year college and improve that preparation
What are some other themes?

• Connection to jobs
  – Another role for community colleges
  – What about place-based policies?

• Isolation from outside networks
  – Informational or institutional gaps in access
  – Closing of anchor institutions (e.g., hospitals)
  – Access to colleges, banks, health care, etc.

• Other explanatory variables?
  – Disability insurance
  – Opioids?
For example…

Opioid Prescribing Rate by County, 2017
(Prescriptions per 100 Residents)

- 151 - 396
- 101 - 150
- 76 - 100
- 51 - 75
- 1 - 50

County-level data not available

Source: Centers for Disease Control and Prevention, National Center for Health Statistics, "U.S. County Prescribing Rates, 2017."
Drug Overdose Mortality Rate by County, 2016 (Individuals per 100,000)

- 30.0 or more
- 20.0 to 29.9
- 10.0 to 19.9
- Less than 10.0

Source: Centers for Disease Control and Prevention, National Center for Health Statistics, "Drug Poisoning Mortality in the United States, 1999 to 2016."
Summary

• Reasons for Optimism:
  – Current performance strong in the U.S. and in Virginia
  – Monetary policy is moving deliberately, sensitively, openly

• U.S. history is one of skill-biased technological change, and we’ve always adapted and acquired skill to keep skill demand and skill supply “balanced”

• The macro picture remains strong. But growth is not even across the nation or the Commonwealth and ensuring that all Virginians (and Americans) have equal opportunity to participate in the economy is critical to continued success.
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.