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What is the Story?

On the one hand…

• Consumer spending growth is solid
• Employment is growing and labor markets are tight
• The Virginia economy continues to grow

On the other hand…

• Residential and business investment has been soft
• Slowdown in manufacturing, particularly among firms with a global reach
  – Trade policy remains uncertain
  – Global economic growth is slowing
• Sentiment indices are soft
• Growth in Virginia continues to trail that of the nation and economic activity is not uniform across the Commonwealth
National Economic Trends
U.S. Real Gross Domestic Product

% Change, SAAR

Q3: 2019
US: 1.9%

Source: Bureau of Economic Analysis, Federal Reserve Board /Haver Analytics
Personal Consumption Expenditures

% Change, SAAR


Q3: 2019
2.9%
Total Employment Growth

Average Monthly Change, Thous.

Monthly Change
October: 128
September: 180
August: 219

Source: Bureau of Labor Statistics/Haver Analytics
Unemployment Rate

October 2019
US: 3.6%

Source: Bureau of Labor Statistics, Federal Reserve Board of Governors/Haver Analytics
Non-residential Fixed Investment

% Change, SAAR


Q3: 2019
3.0%

FEDERAL RESERVE BANK OF RICHMOND
Richmond • Baltimore • Charlotte
University of Michigan Consumer Expectations

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

Index, 1986=100

Source: NFIB via Haver Analytics
Duke/CFO Survey

Source: Duke/CFO via Haver Analytics
Regional Economic Trends
Economic Activity in the Fifth District Manufacturing Sector

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

- Services Revenue Index (Left Axis)
- ISM Nonmanufacturing (Right Axis)

Source: The Federal Reserve Bank of Richmond/Institute of Supply Management
Payroll Employment

Source: Bureau of Labor Statistics/Haver Analytics
## MSA Employment Growth

### September 2019

- **Winchester**: 3.0%
- **Harrisonburg**: 2.2%
- **Charlottesville**: 1.7%
- **U.S.**: 1.4%
- **Roanoke**: 1.1%
- **Northern Virginia**: 1.0%
- **Richmond**: 0.8%
- **Virginia**: 0.6%
- **Virginia Beach**: 0.6%
- **Lynchburg**: 0.4%
- **Blacksburg**: -0.1%

**Source:** Bureau of Labor Statistics/Haver Analytics
Virginia MSA Total Employment

Bubble size = Total Employment - September 2019

10-year Average Annual % Change

YoY % Change

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

Source: Bureau of Labor Statistics/Haver Analytics

September 2019
US: 3.5%
VA: 2.7%
Unemployment in Virginia Counties

Unemployment Rate
September 2019

- 1.7 - 2.3
- 2.4 - 2.7
- 2.8 - 3.4
- 3.5 - 4.4
- 4.5 - 5.6

Source: Bureau of Labor Statistics/Haver Analytics
Summary

• Recent economic data indicates continued growth in the U.S. economy. Labor markets are tight and consumer spending is solid.
• However, recent data on investment has been soft, manufacturing activity seems to be slowing, and sentiment continues to be less positive than it was through most of 2018.
• The Virginia economy is growing, although at a slower pace than that of the nation. Of course, economic conditions vary among regions of the Commonwealth.
Questions?

The views and opinions expressed herein are those of the author. They do not represent an official position of the Federal Reserve Bank of Richmond or the Federal Reserve System.