



Virginia Economic Outlook

VML-VACo Finance Forum
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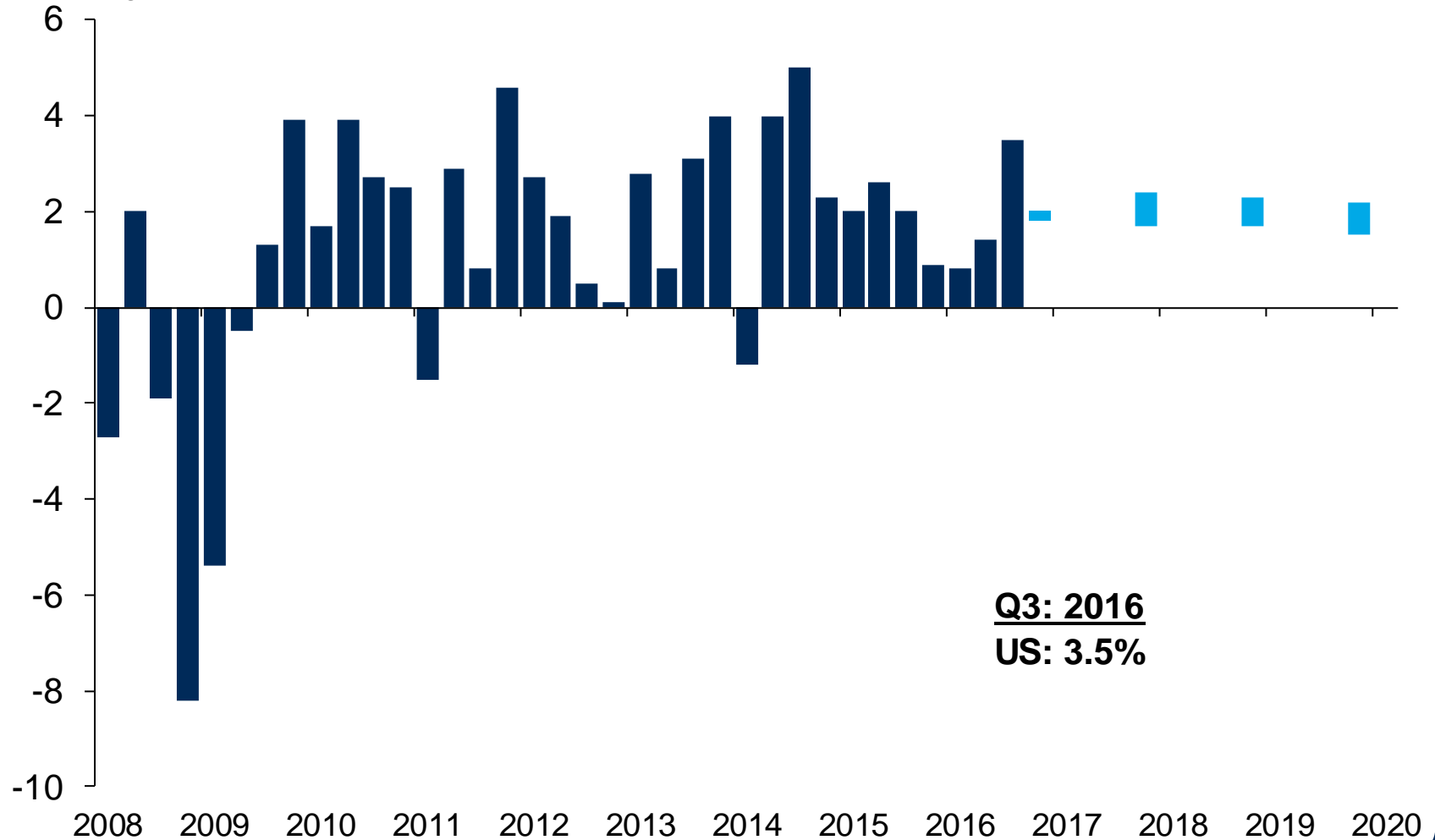
Overview

- National Economic Trends
 - Gross Domestic Product
 - Household Spending and Income
 - Labor Market
 - Inflation
- Virginia Economic Overview
 - Labor Market
 - Metro Area Growth
 - Unemployment Rate
 - Industry Growth
 - Housing

National Economic Trends

U.S. Real Gross Domestic Product

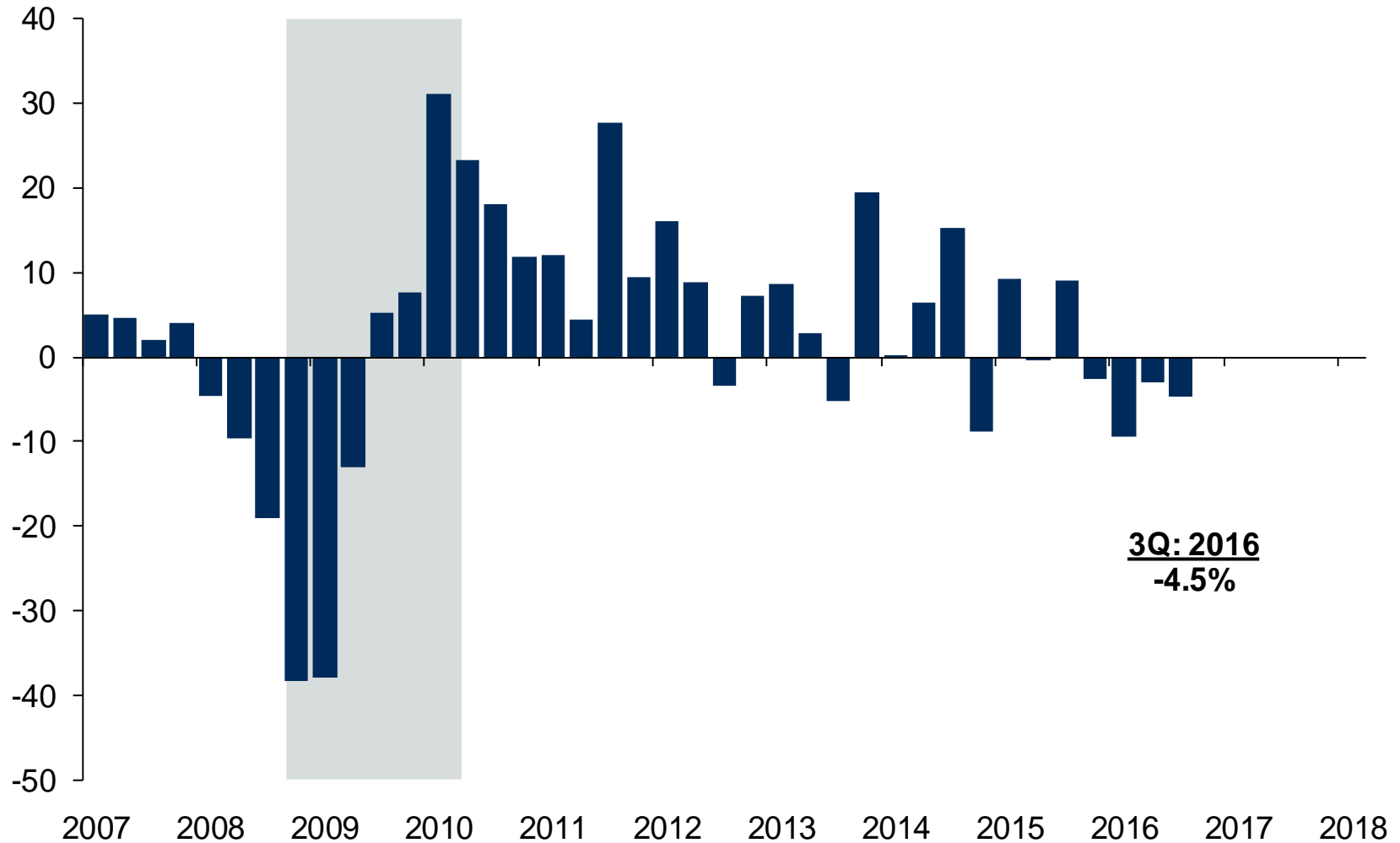
% Change, SAAR



Q3: 2016
US: 3.5%

Real Investment in Equipment

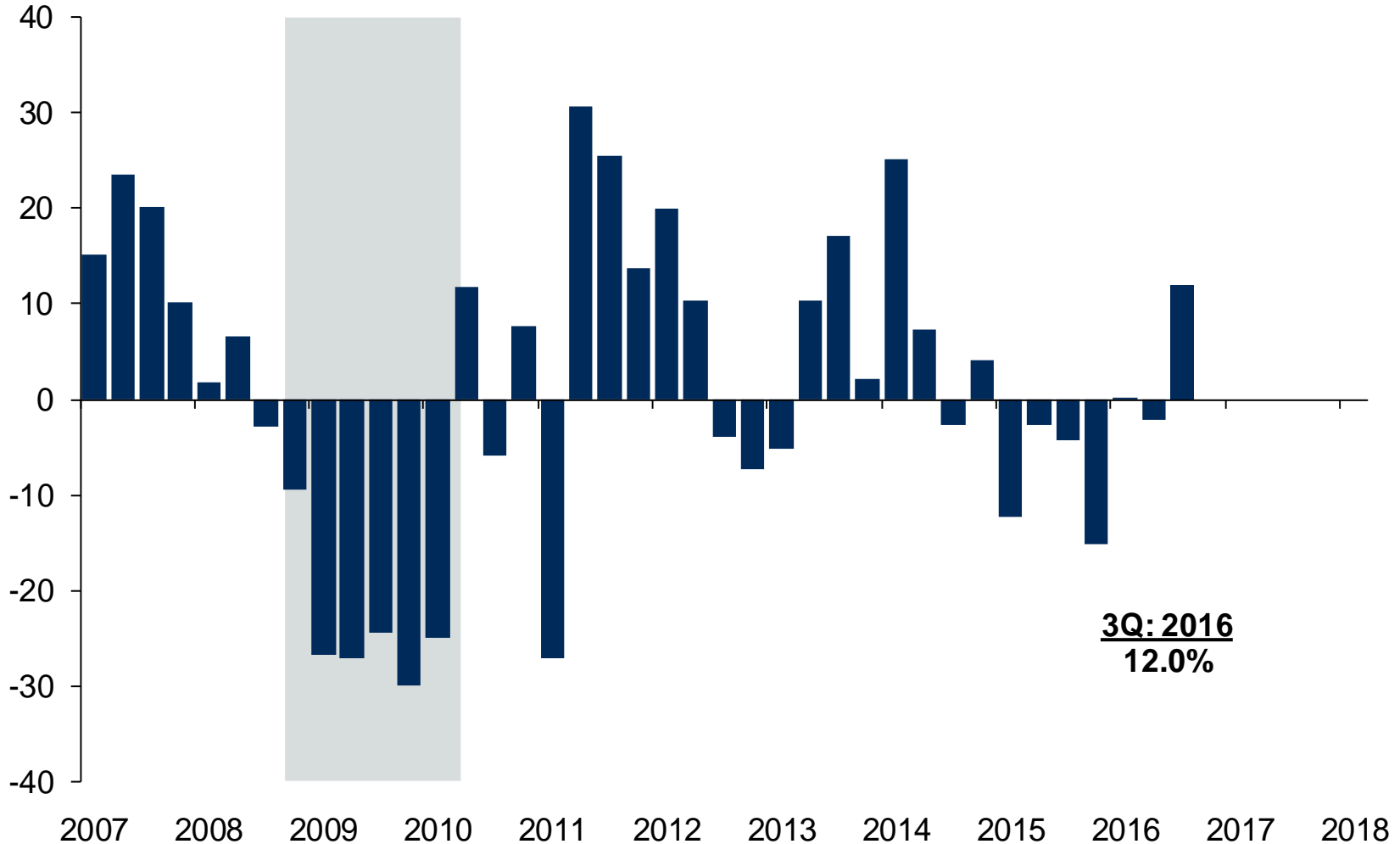
% Change, SAAR



3Q: 2016
-4.5%

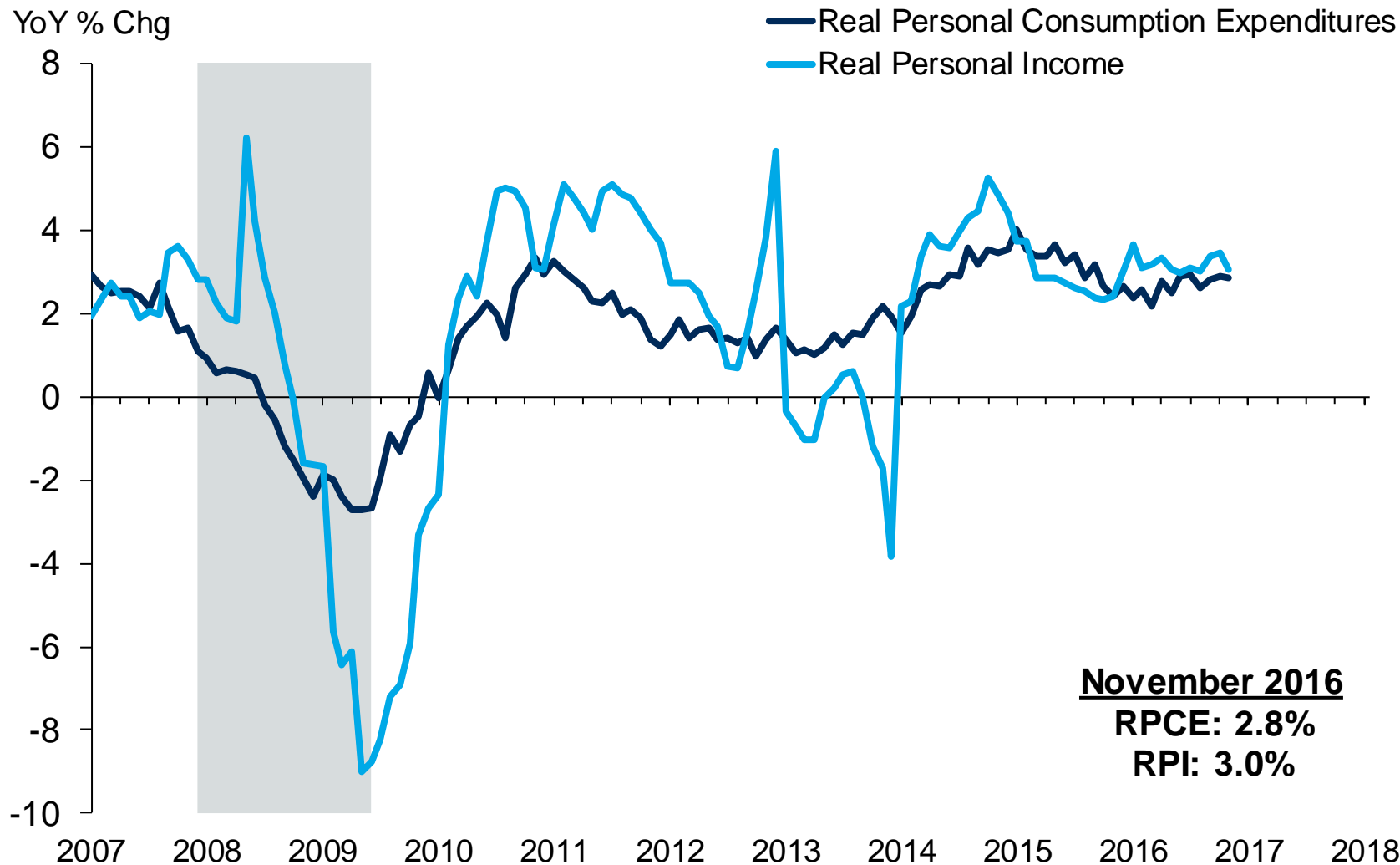
Real Investment in Nonresidential Structures

% Change, SAAR



3Q: 2016
12.0%

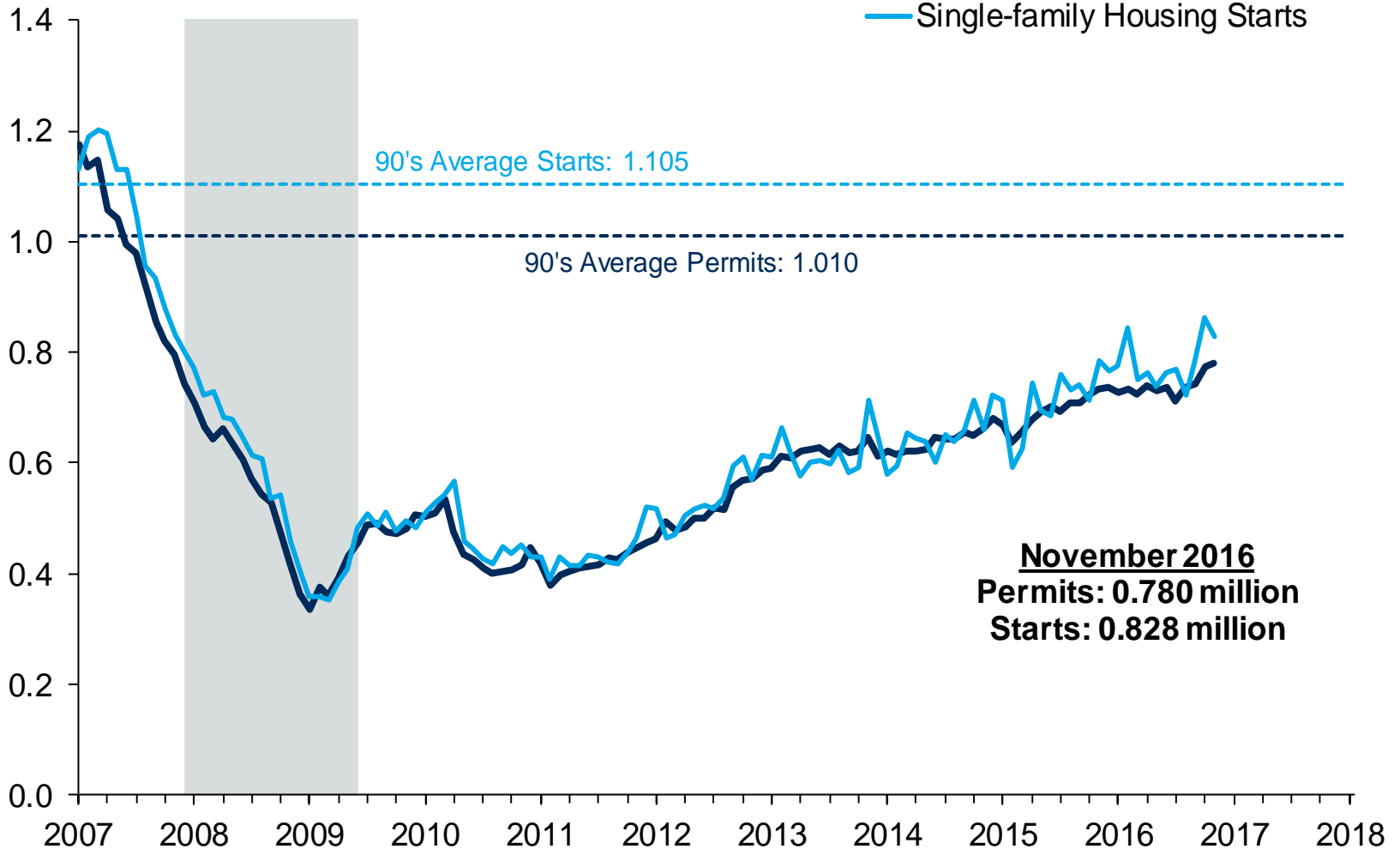
Personal Income and Expenditures



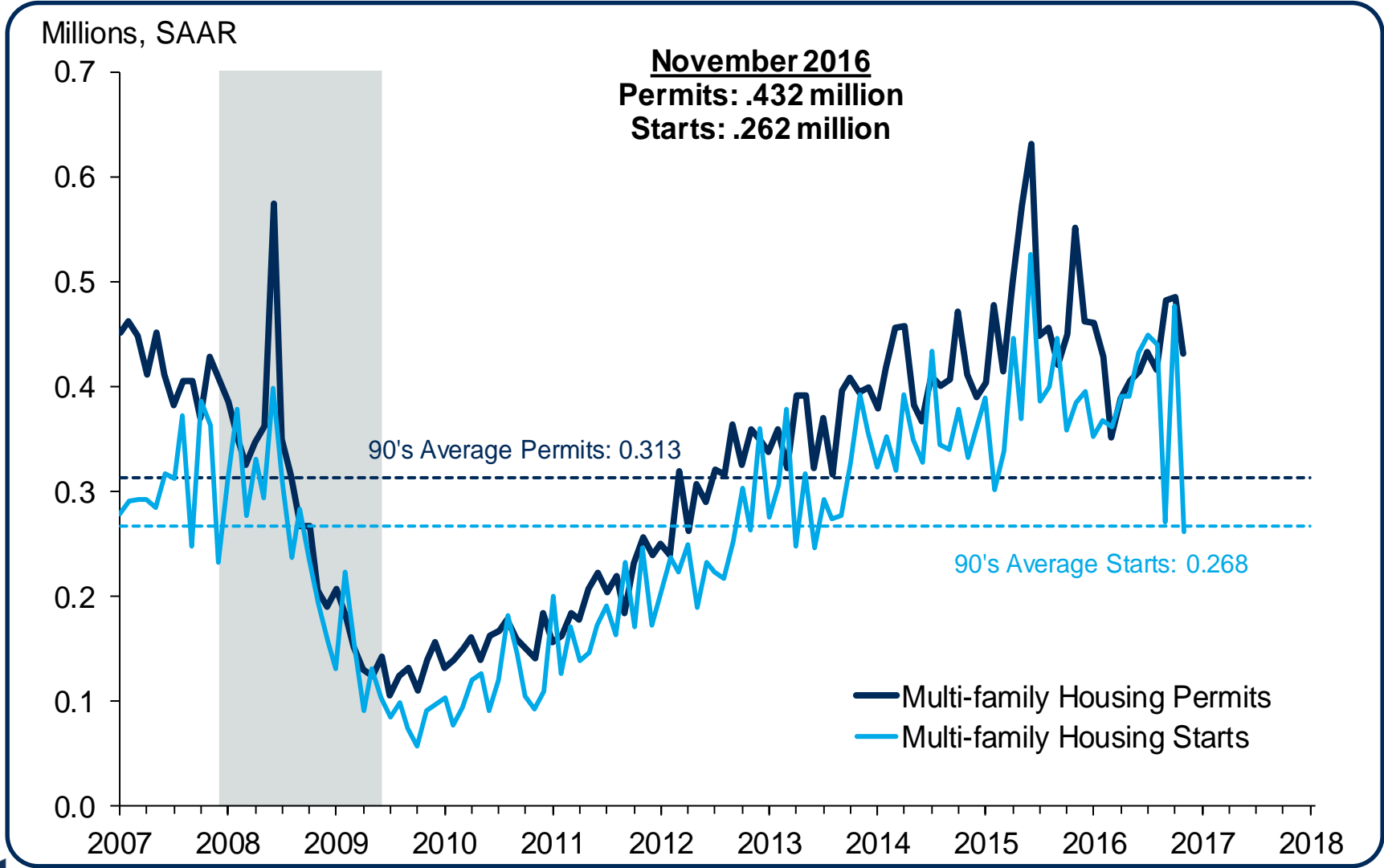
Source: Bureau of Economic Analysis/Haver Analytics

Private Single-Family Housing Starts & Permits

Millions, SAAR

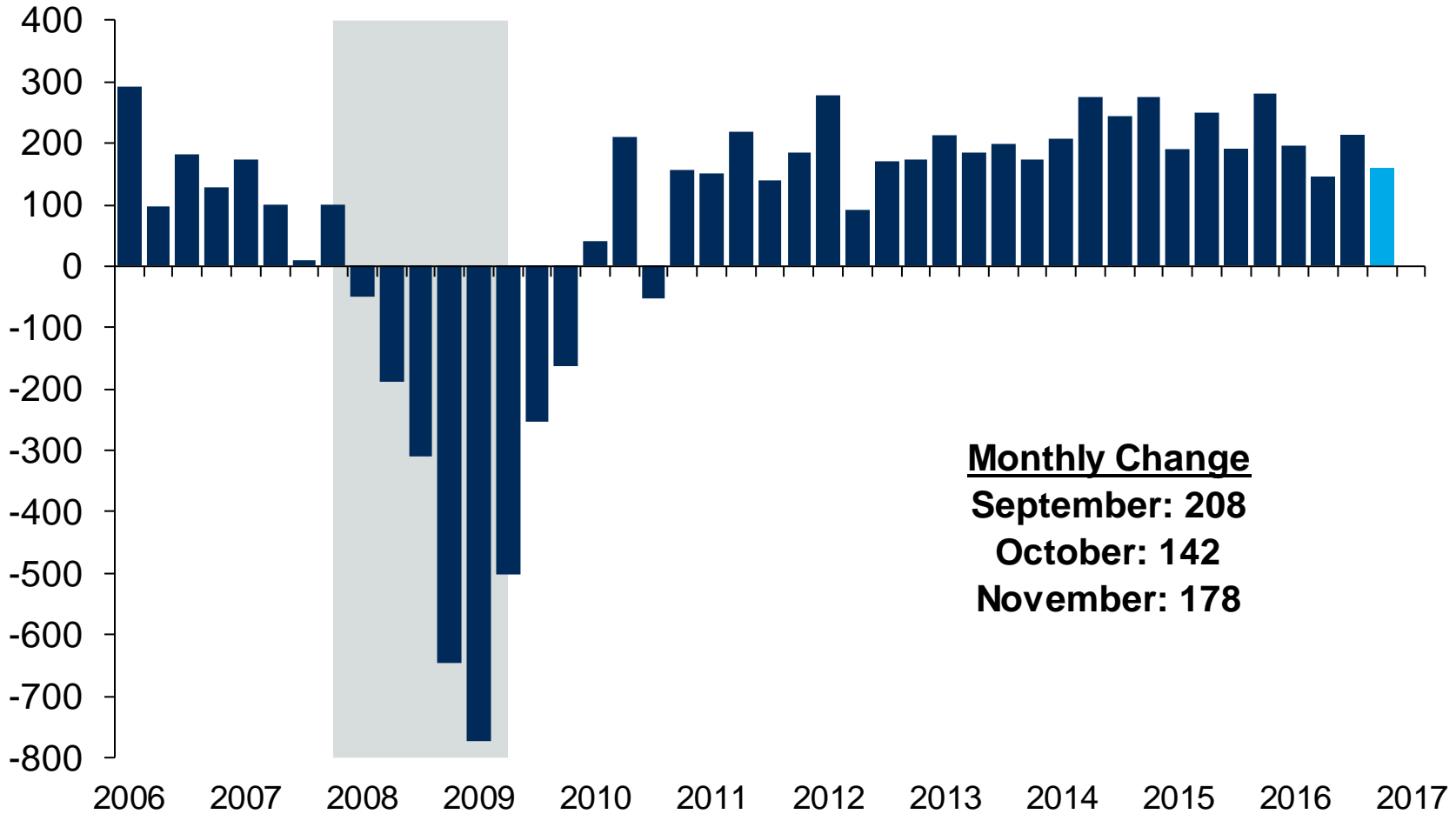


Private Multi-Family Housing Starts & Permits



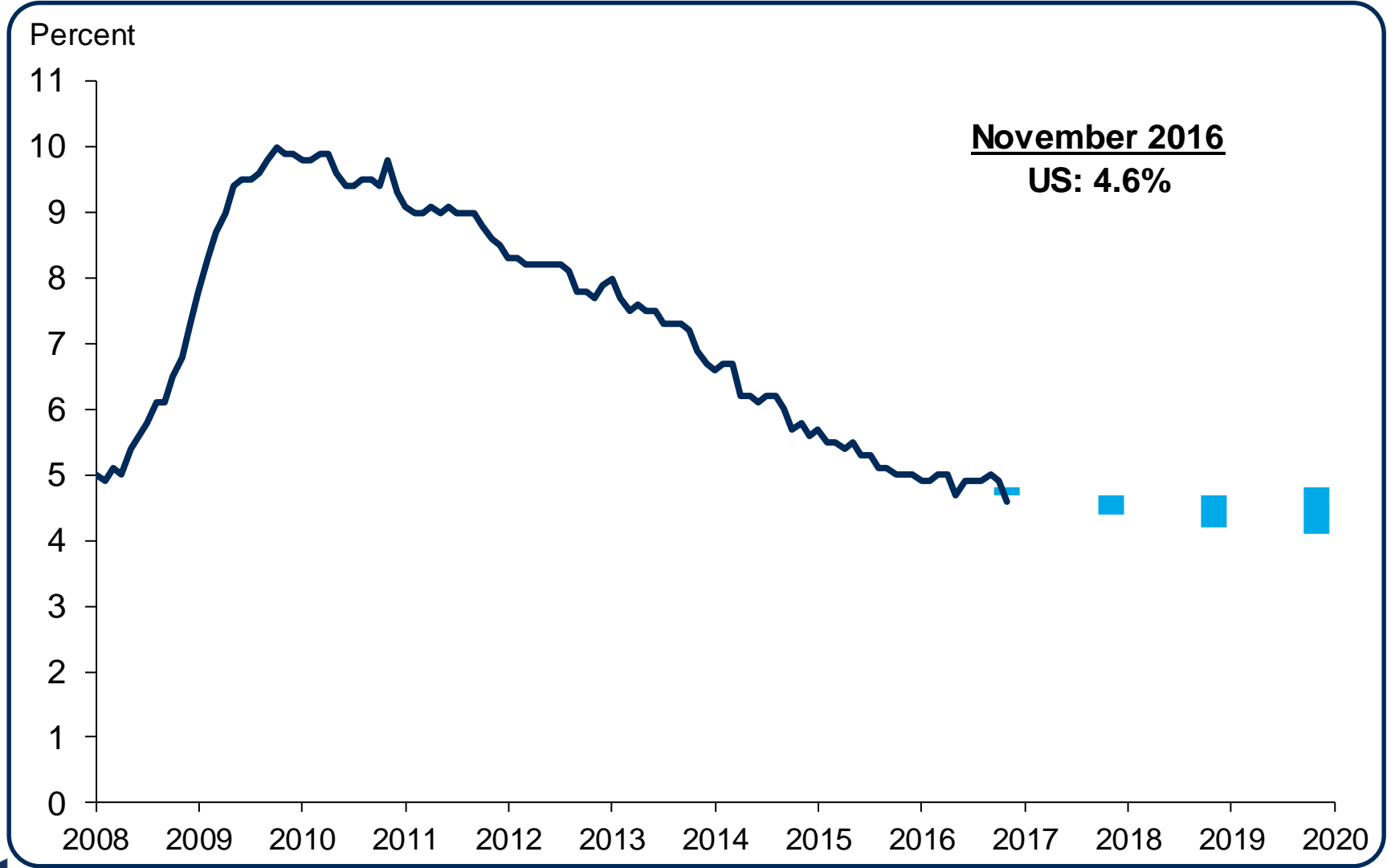
Total Employment Growth

Average Monthly
Change, Thous.



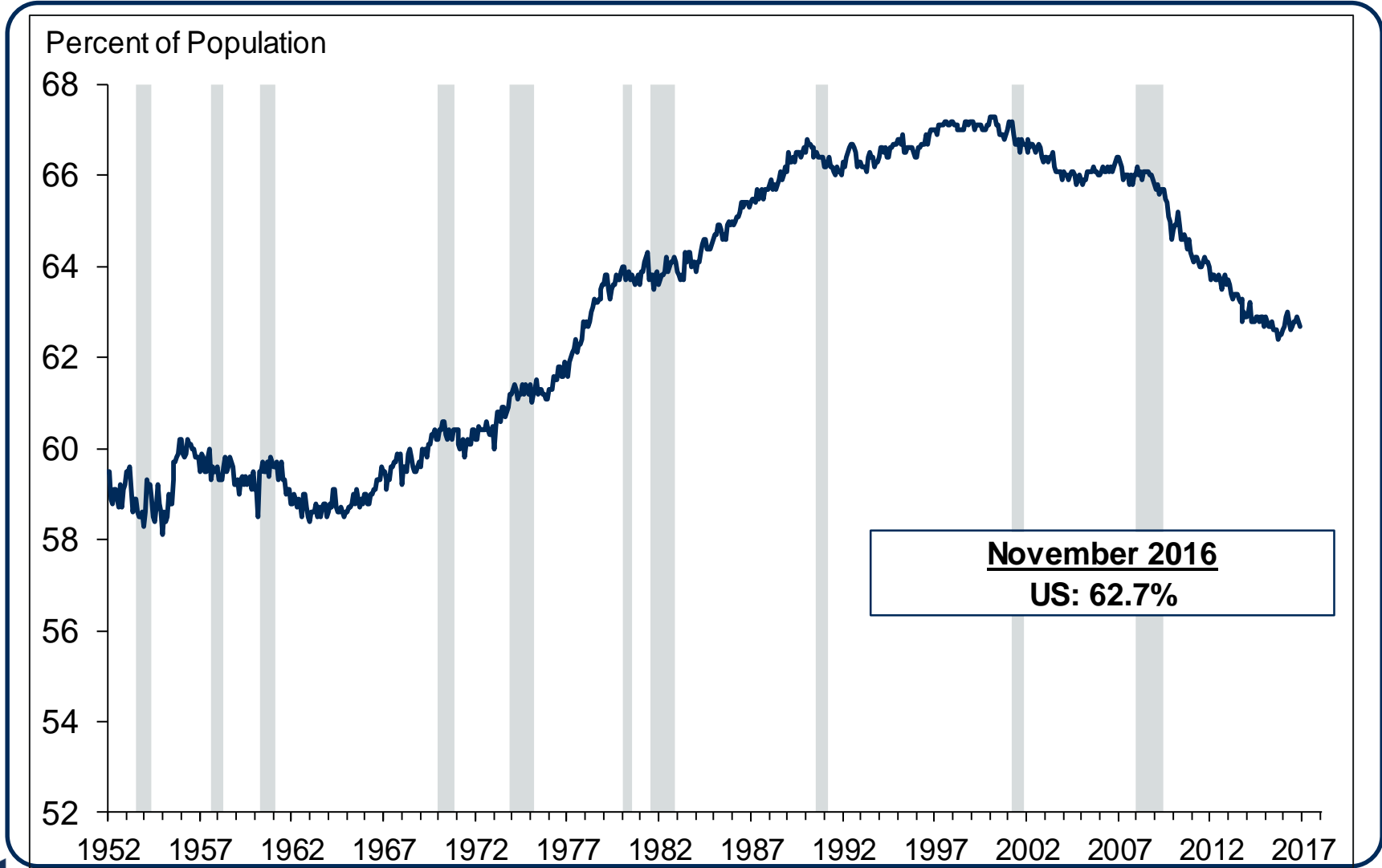
Source: Bureau of Labor Statistics/Haver Analytics

Unemployment Rate



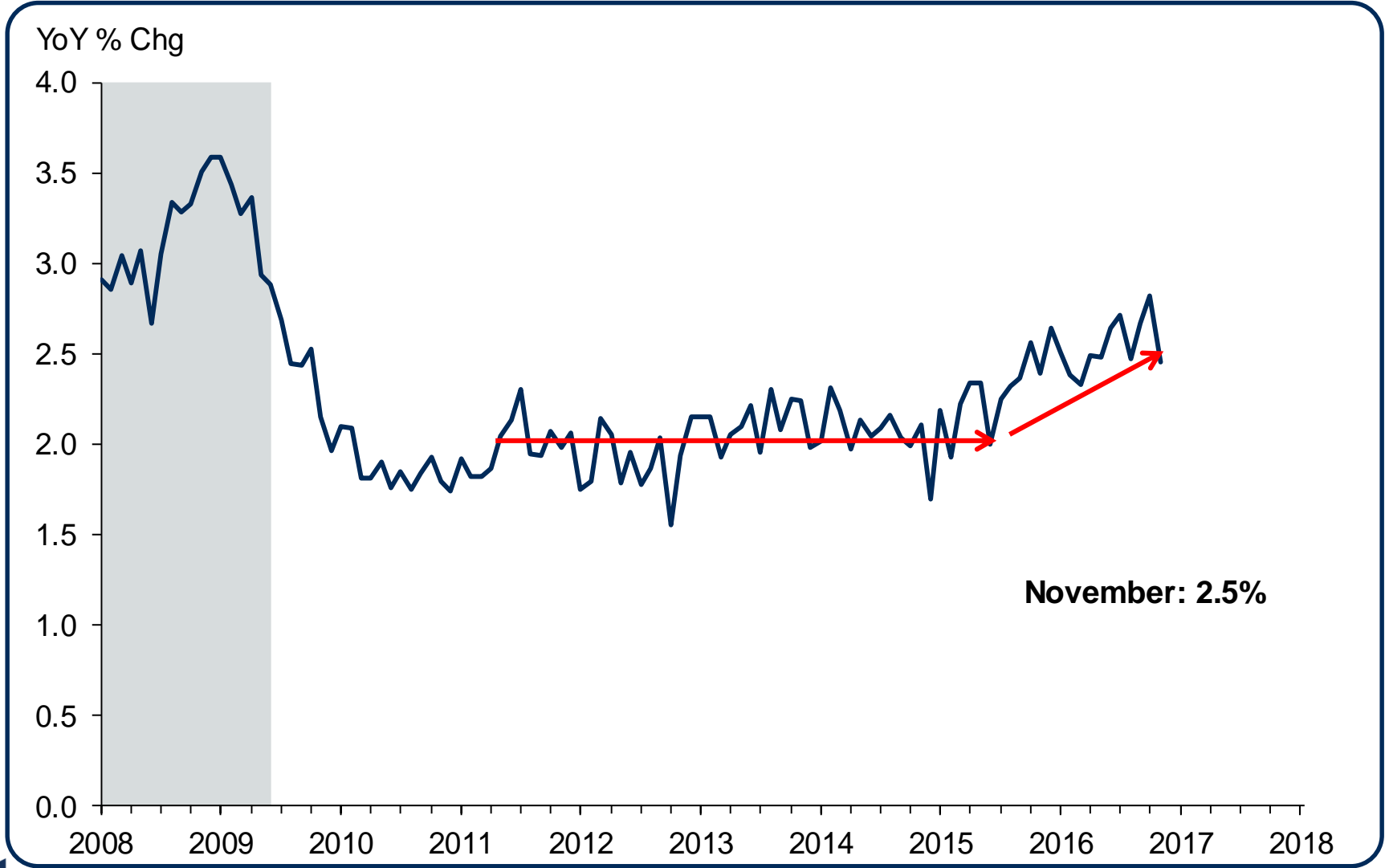
Source: Bureau of Labor Statistics/Haver Analytics, Federal Reserve Board of Governors

Labor Force Participation



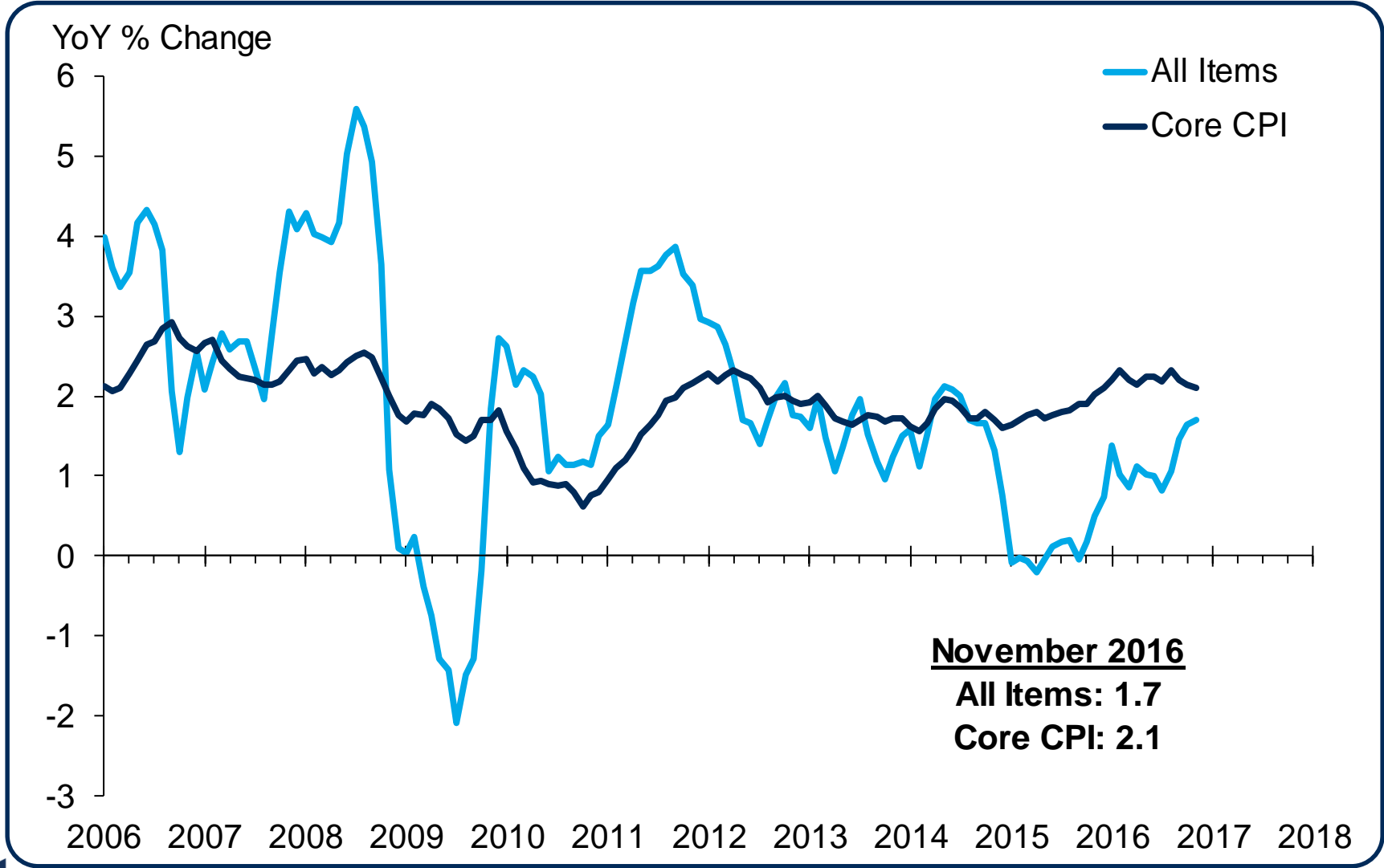
Source: Bureau of Labor Statistics via Haver Analytics

Average Hourly Earnings



Source: Bureau of Labor Statistics via Haver Analytics

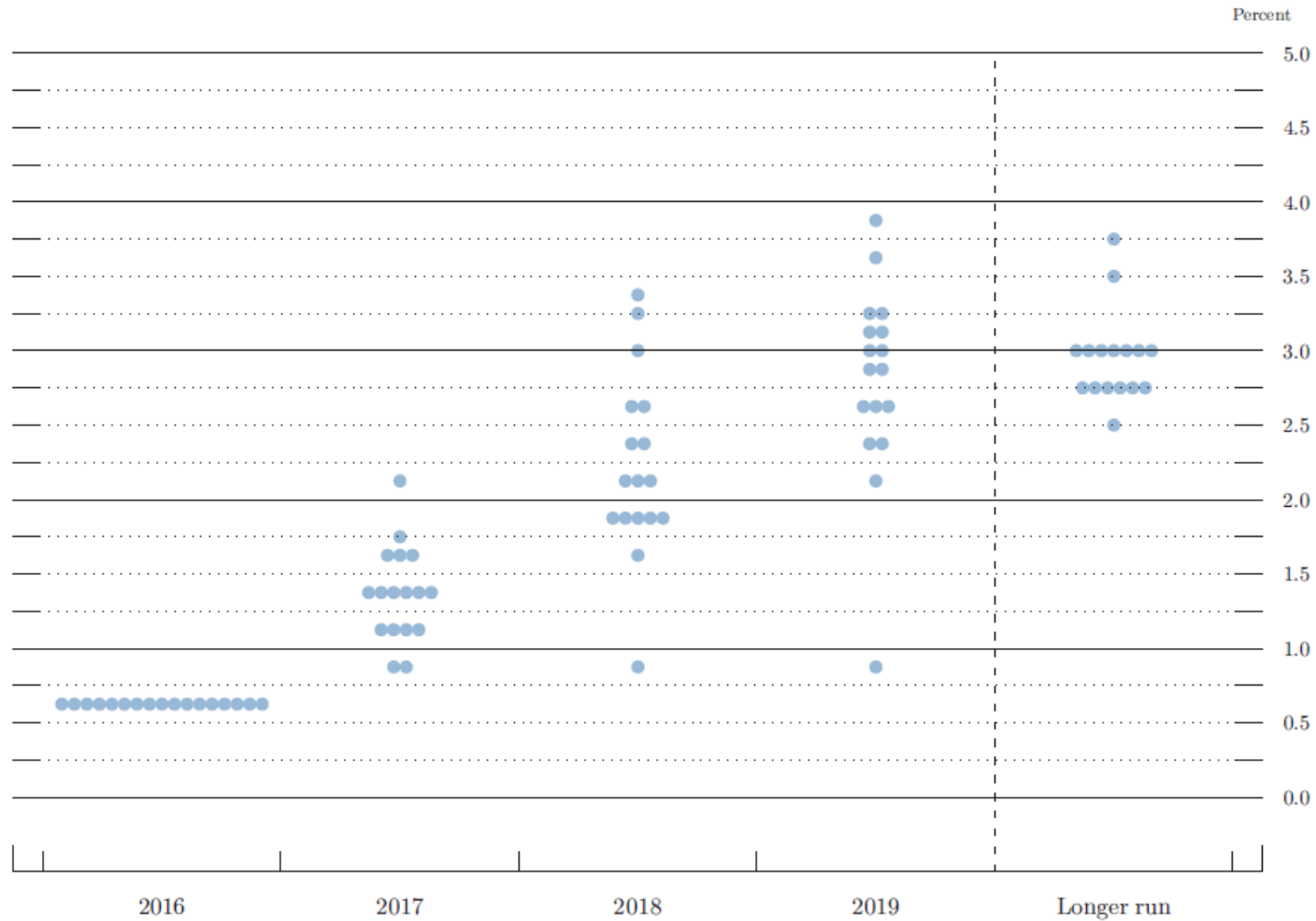
Consumer Price Index



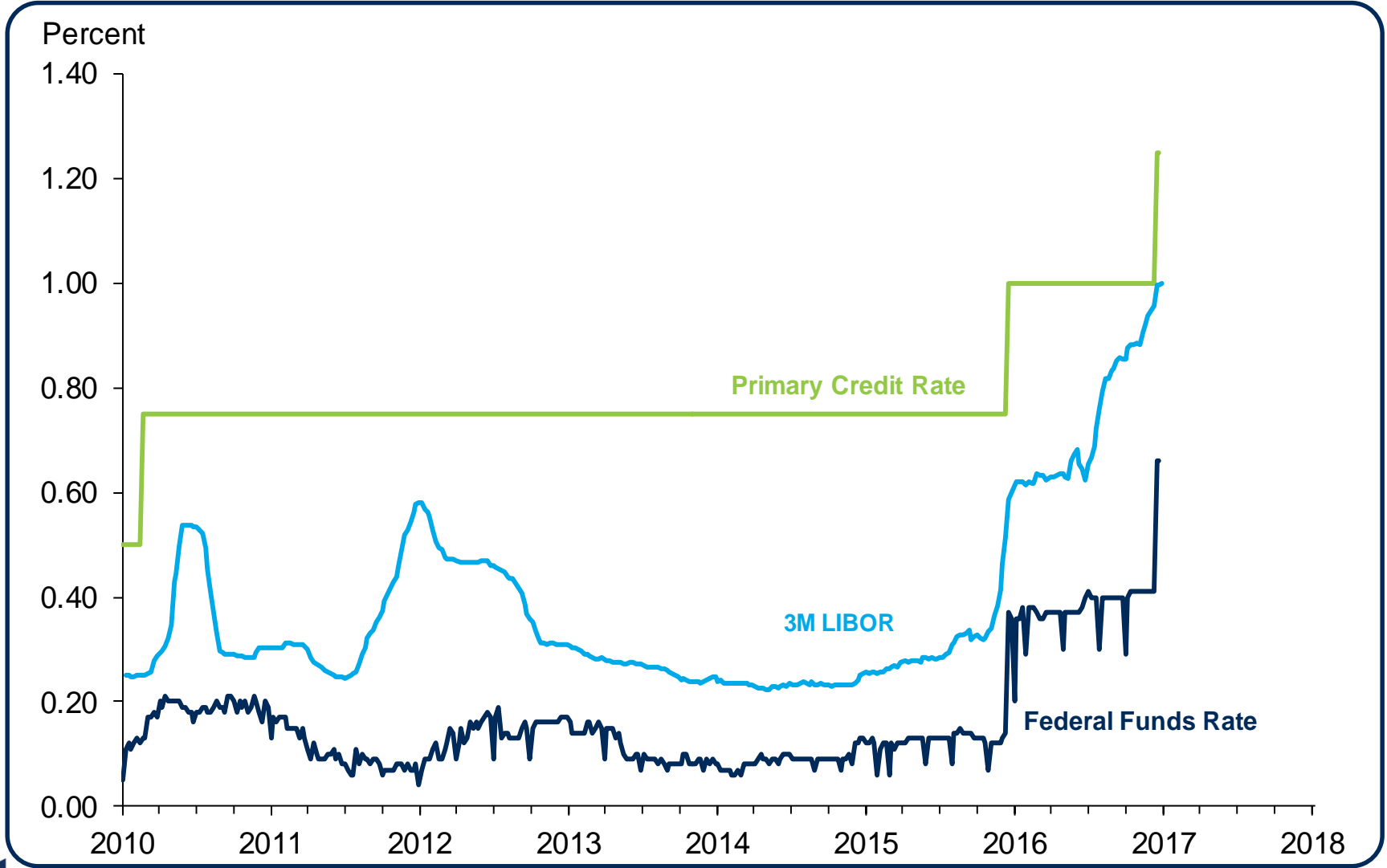
Source: Bureau of Labor Statistics/Haver Analytics

Dec. 14th - FOMC Summary of Economic Projections

Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate

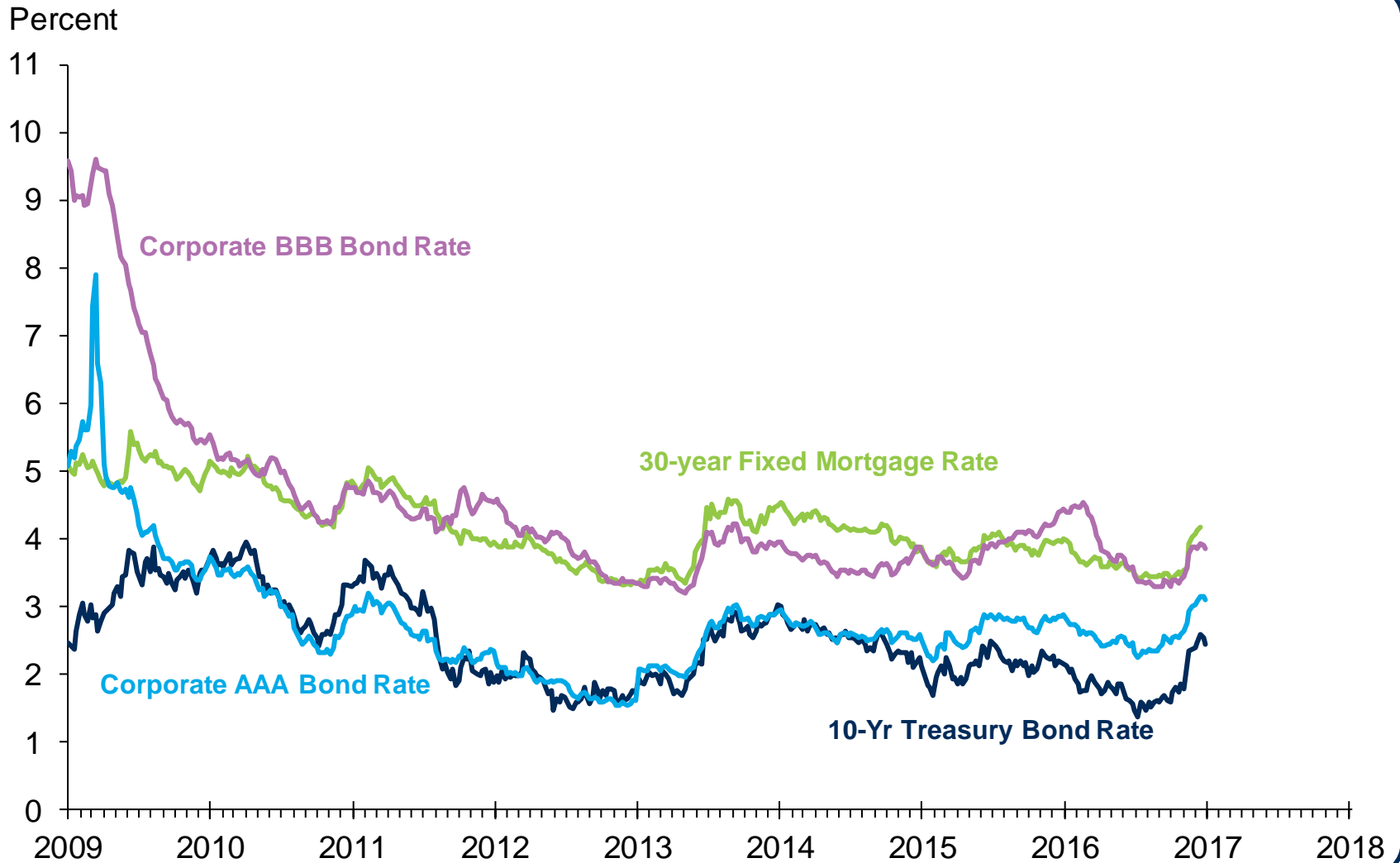


Money Market Rates



Source: Board of Governors via Haver Analytics, as of Dec. 30 2016

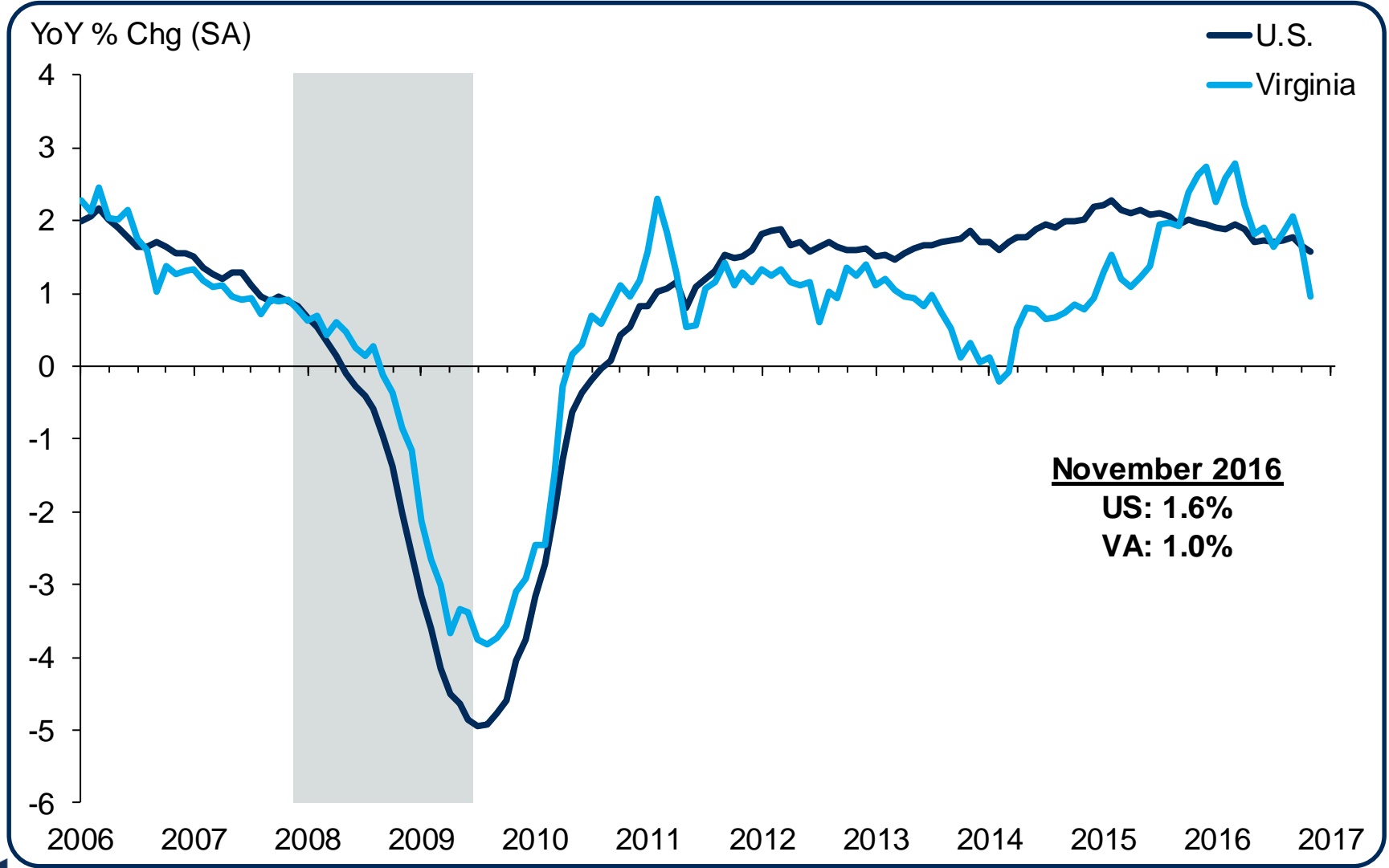
Capital Market Rates



Source: Board of Governors via Haver Analytics, as of Dec. 30 2016

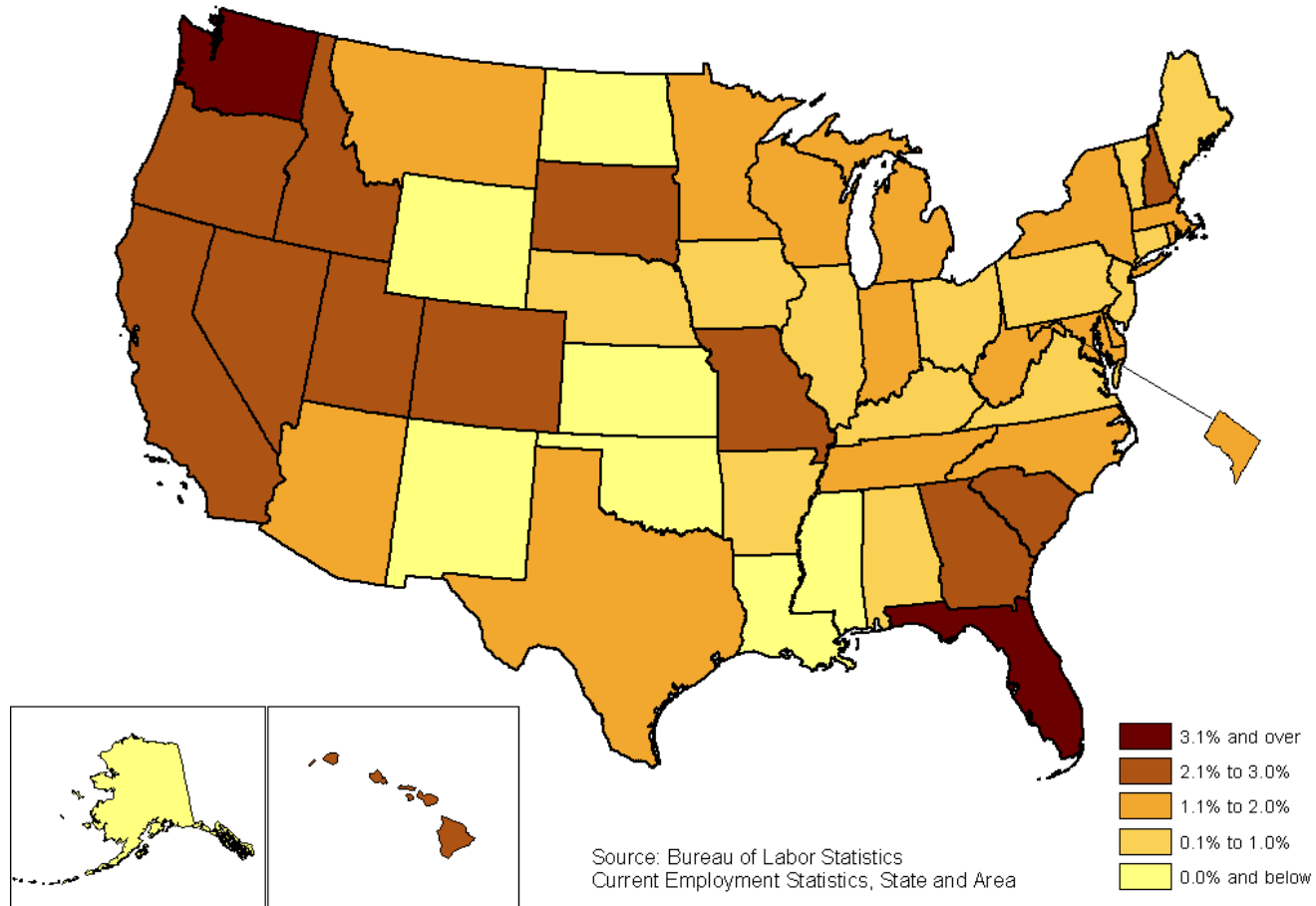
Virginia Economic Overview

Virginia Payroll Employment



State Employment Growth

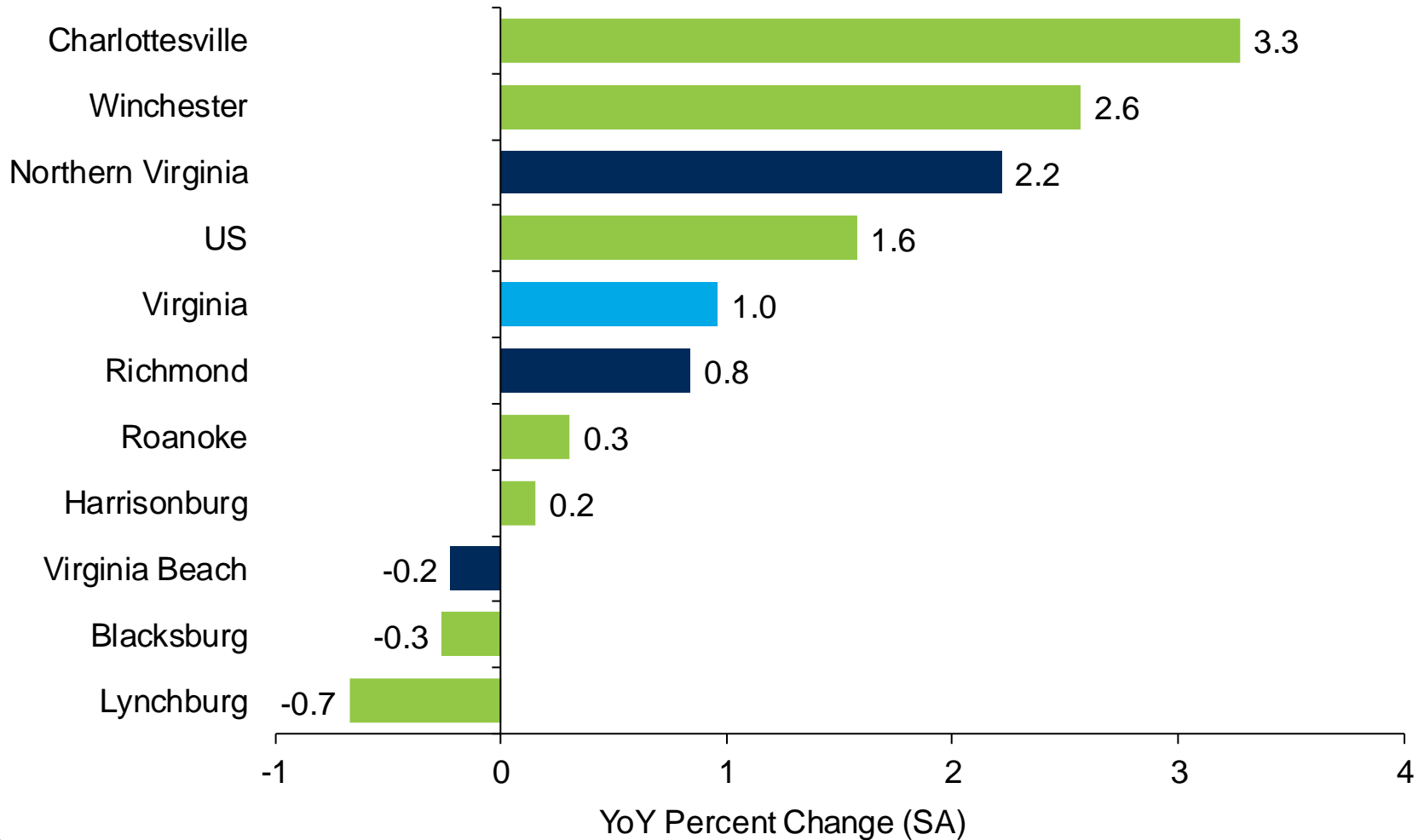
Percentage change in nonfarm employment by state,
seasonally adjusted, November 2015 - November 2016



Source: Bureau of Labor Statistics

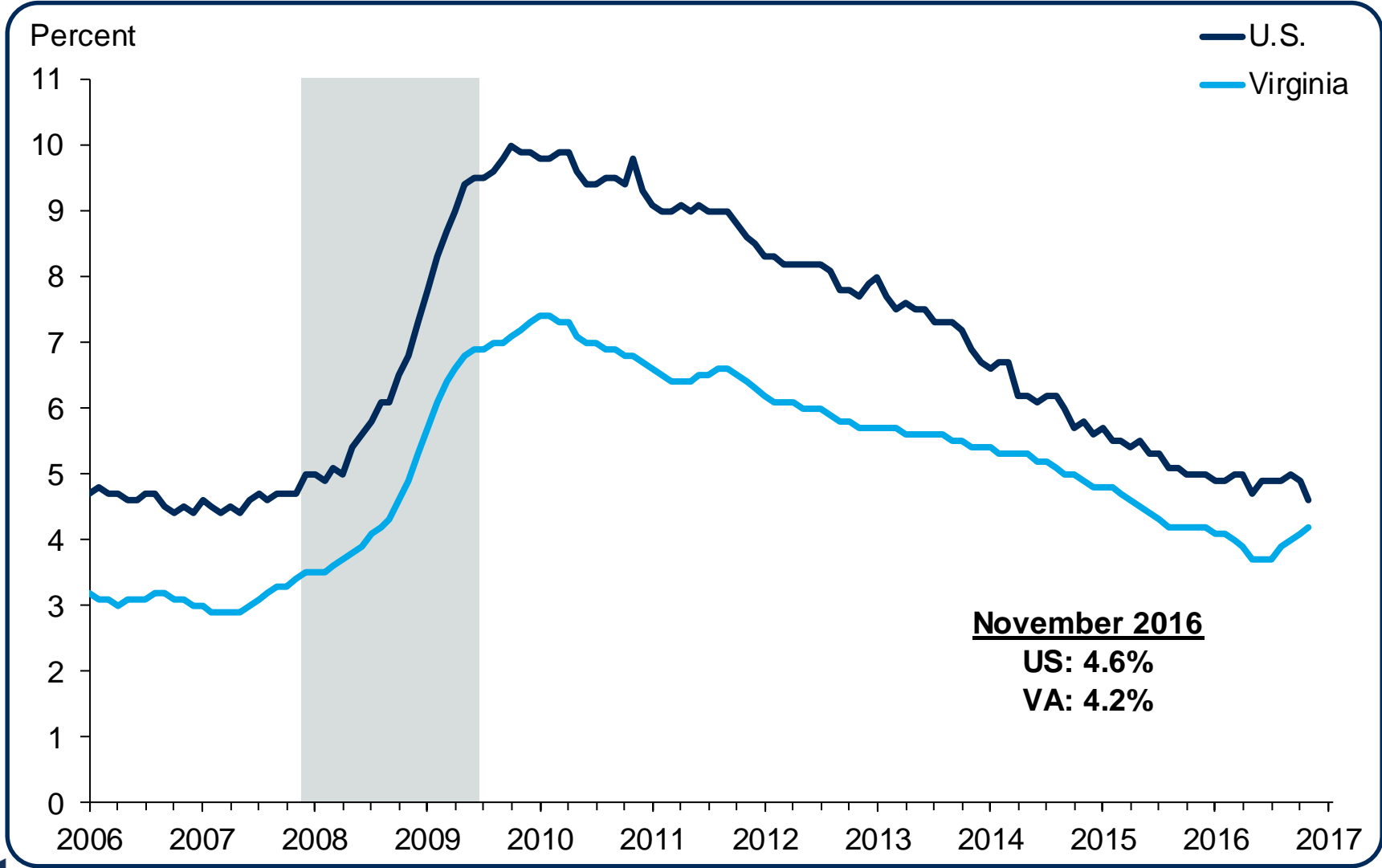
MSA Payroll Employment Growth in Virginia

November 2016



Source: Bureau of Labor Statistics/Haver Analytics

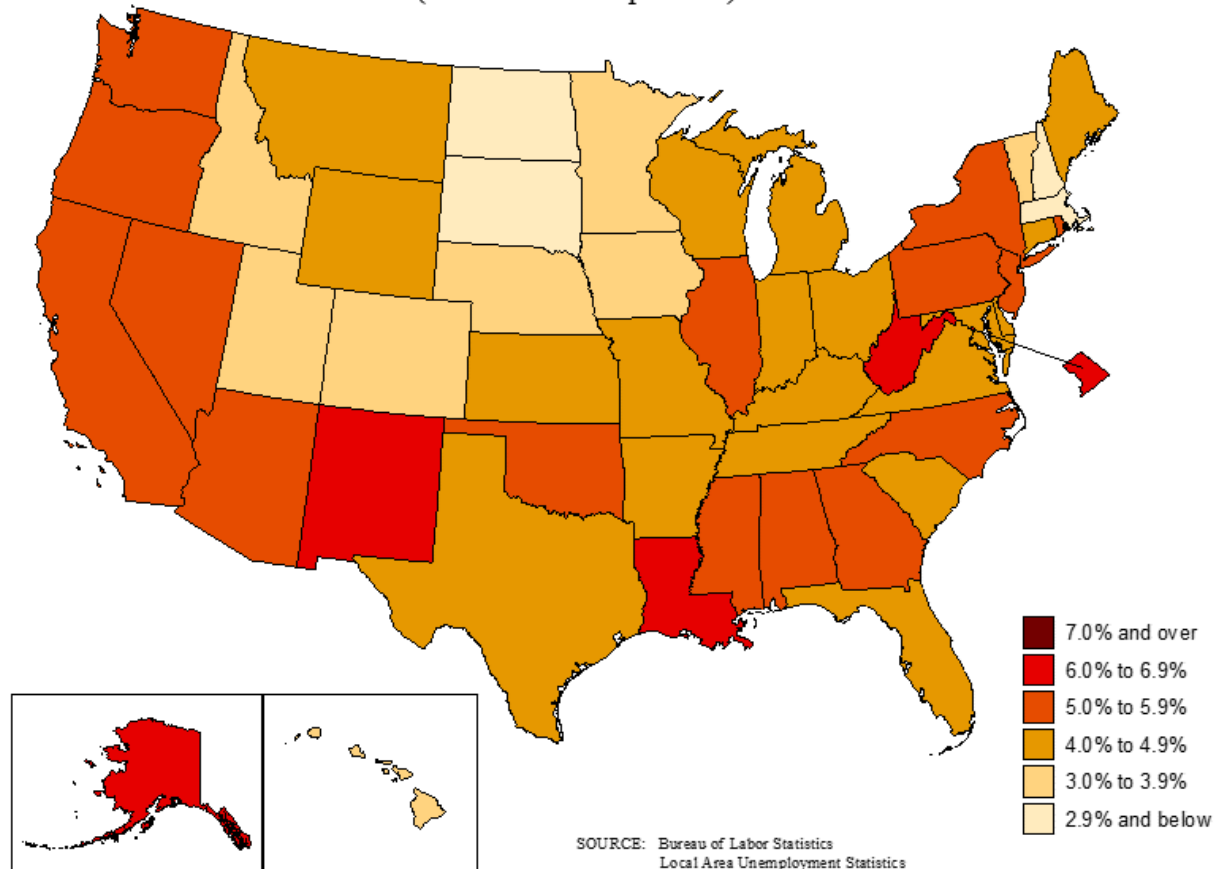
Virginia Unemployment Rate



State Unemployment Rates

Unemployment rates by state, seasonally adjusted, November 2016

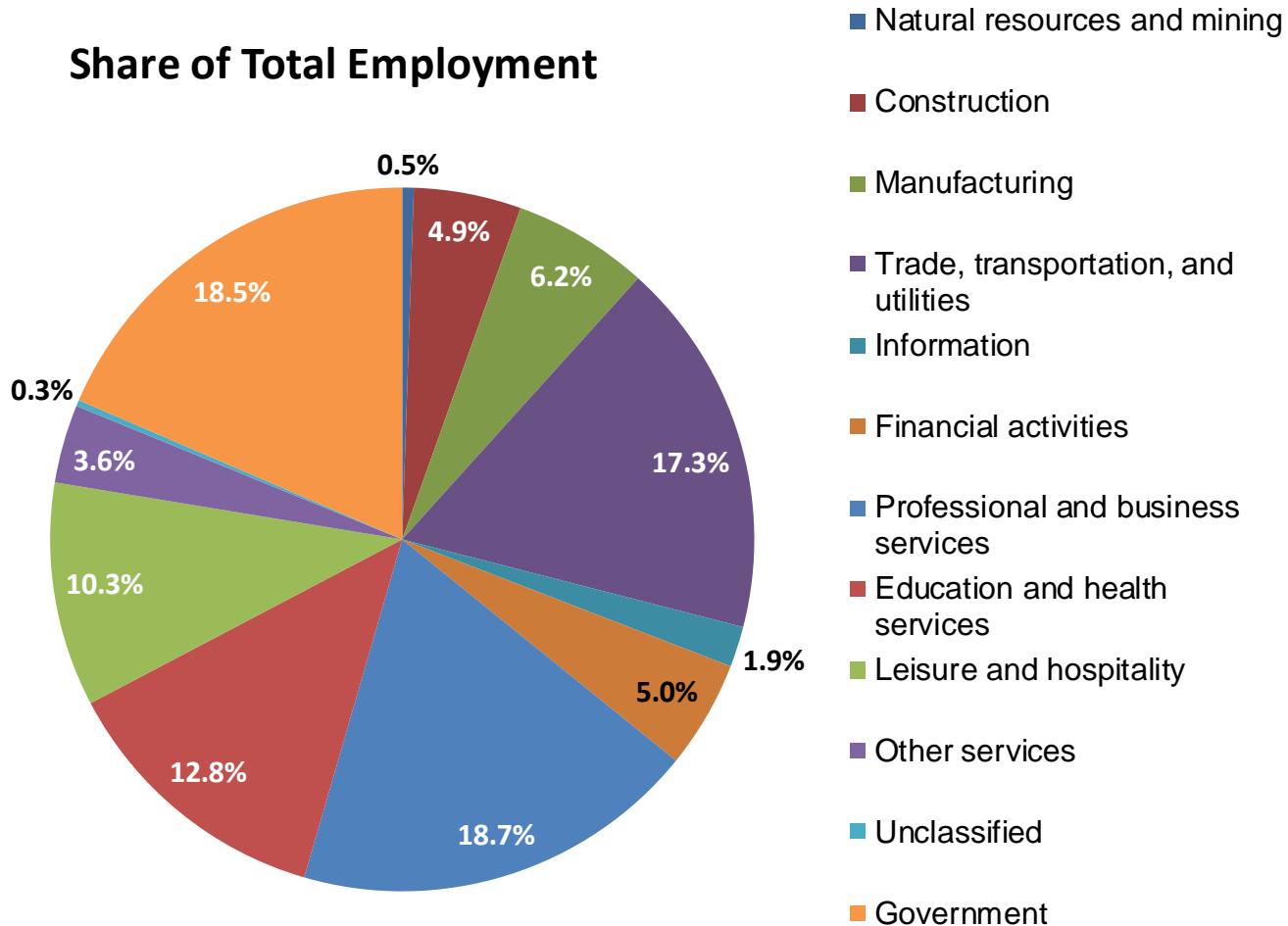
(U.S. rate = 4.6 percent)



Source: Bureau of Labor Statistics

Virginia Industry Composition - 2015

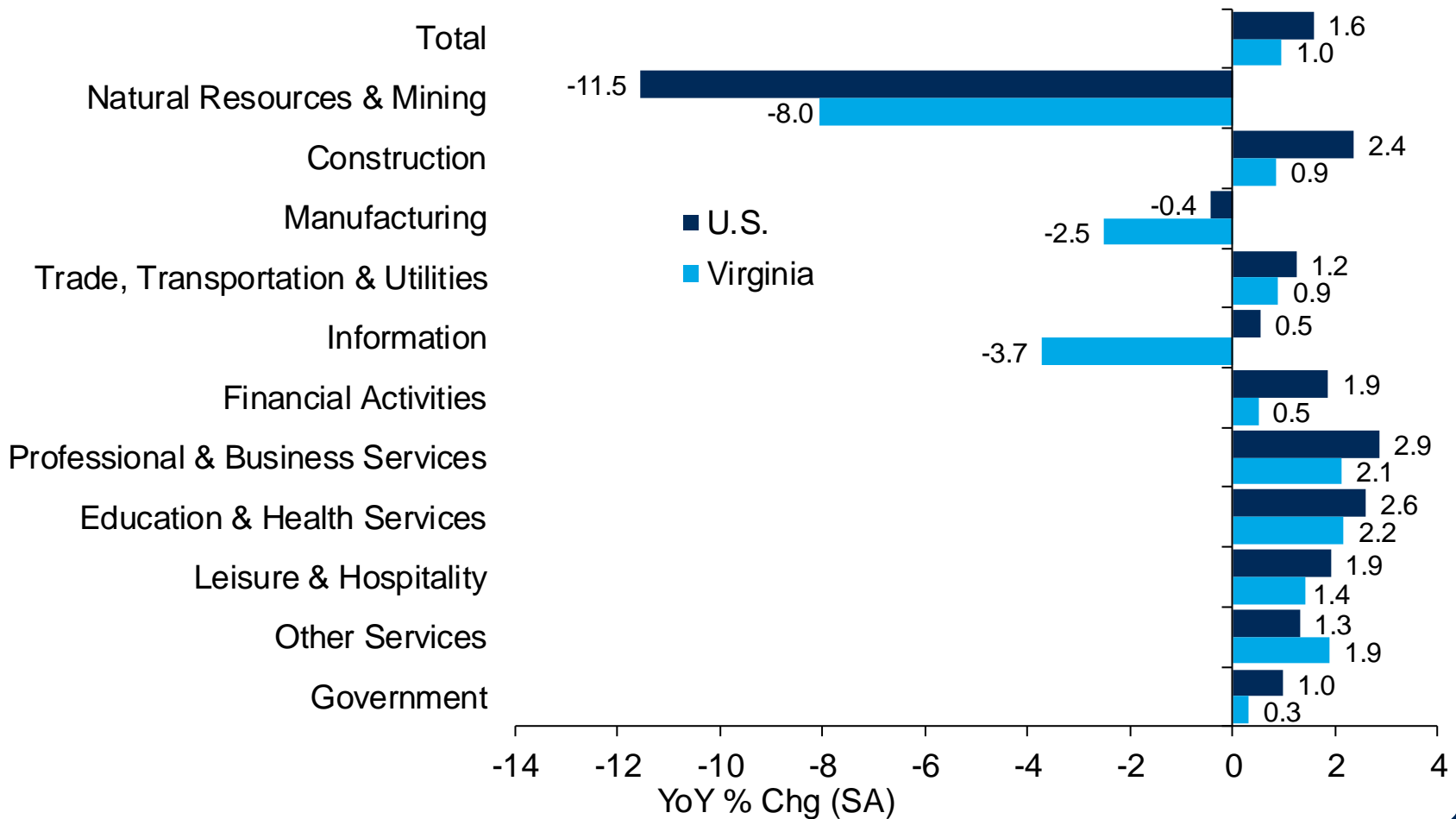
Share of Total Employment



Source: Bureau of Labor Statistics

Virginia Industry Growth

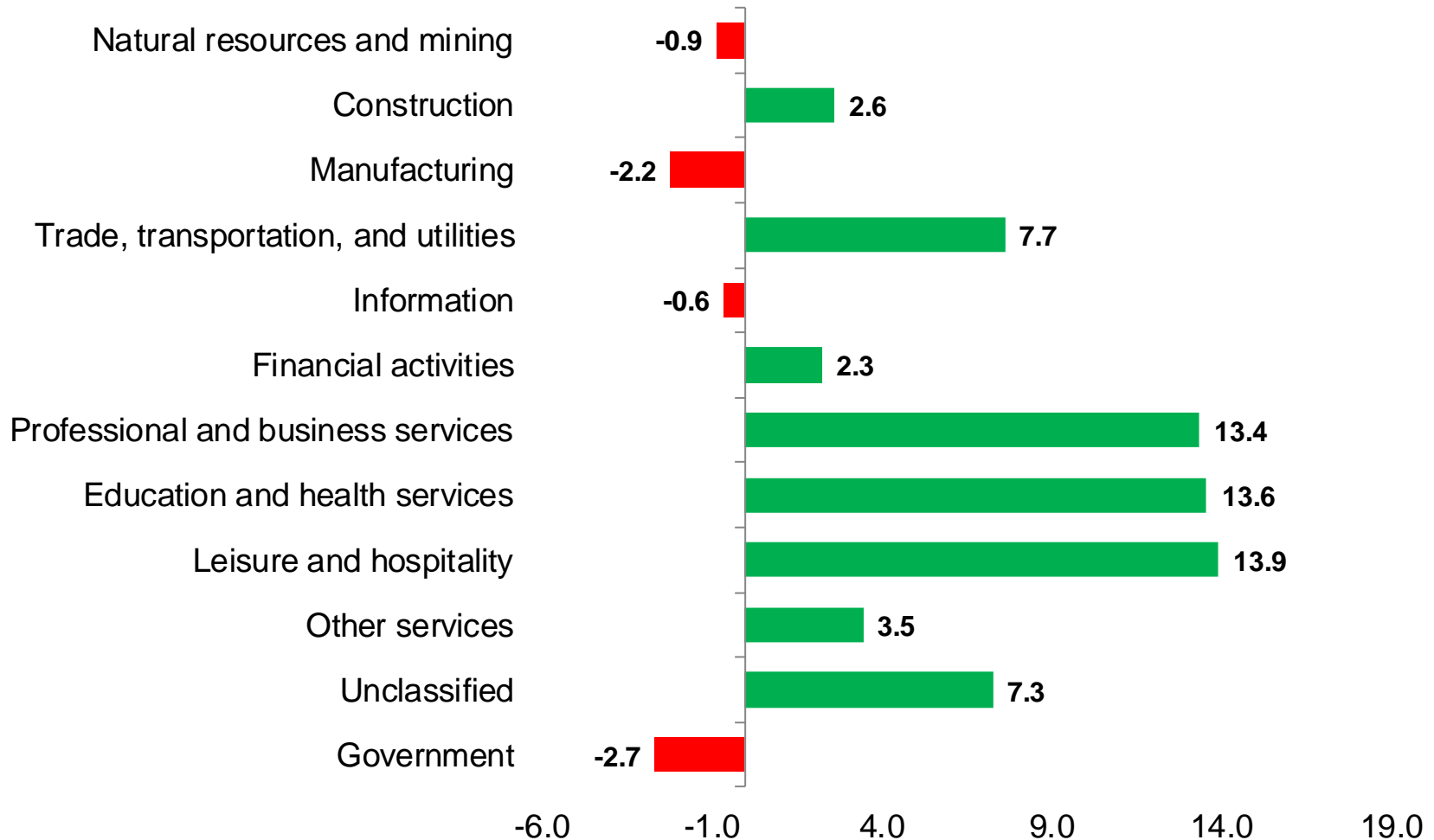
November 2016



Source: Bureau of Labor Statistics

VA Industry Growth – Net Job Change

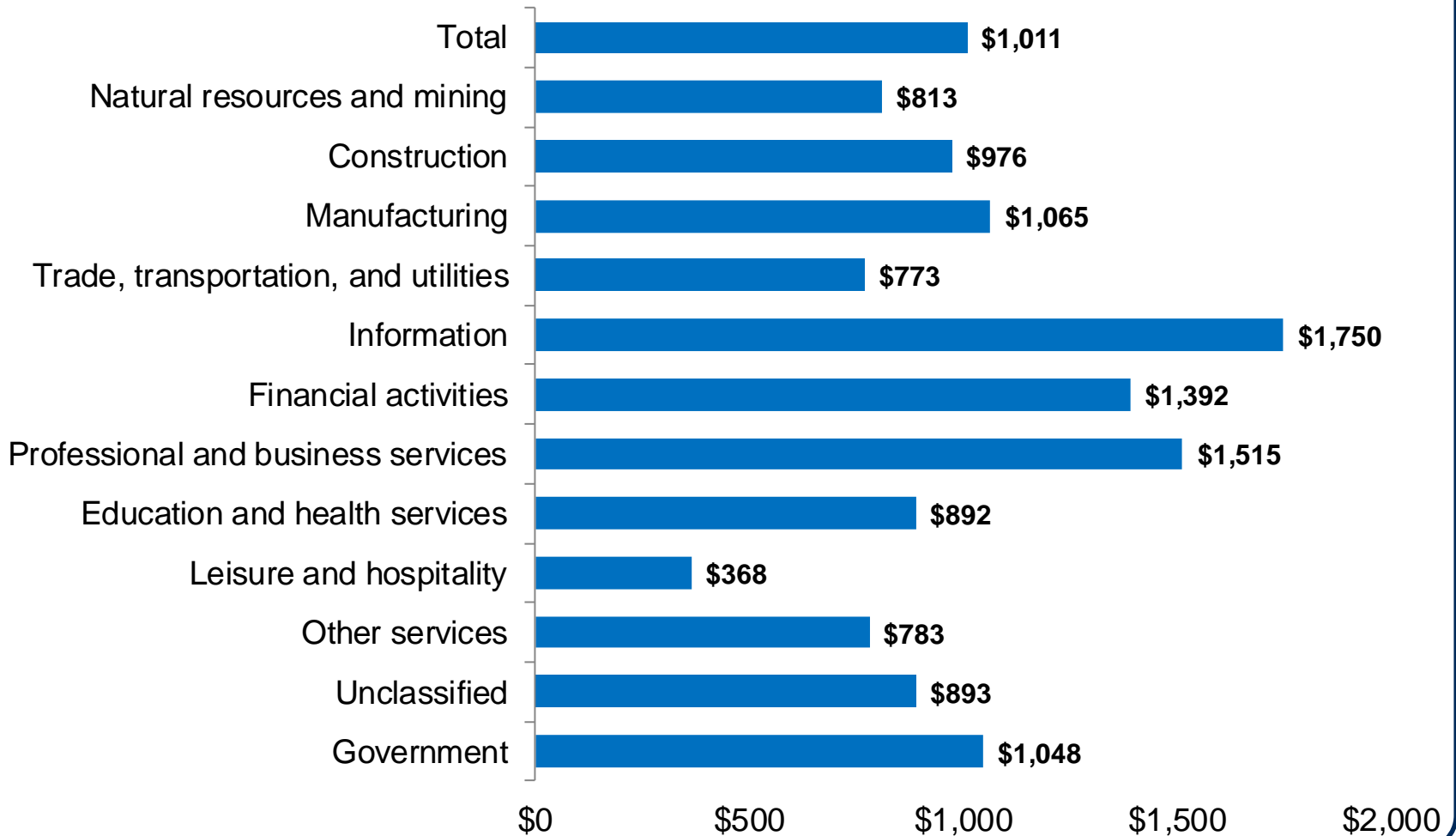
Employment Growth (thousands) - June 2015 - June 2016



Source: Bureau of Labor Statistics

Industry Comparison – Wages by Sector

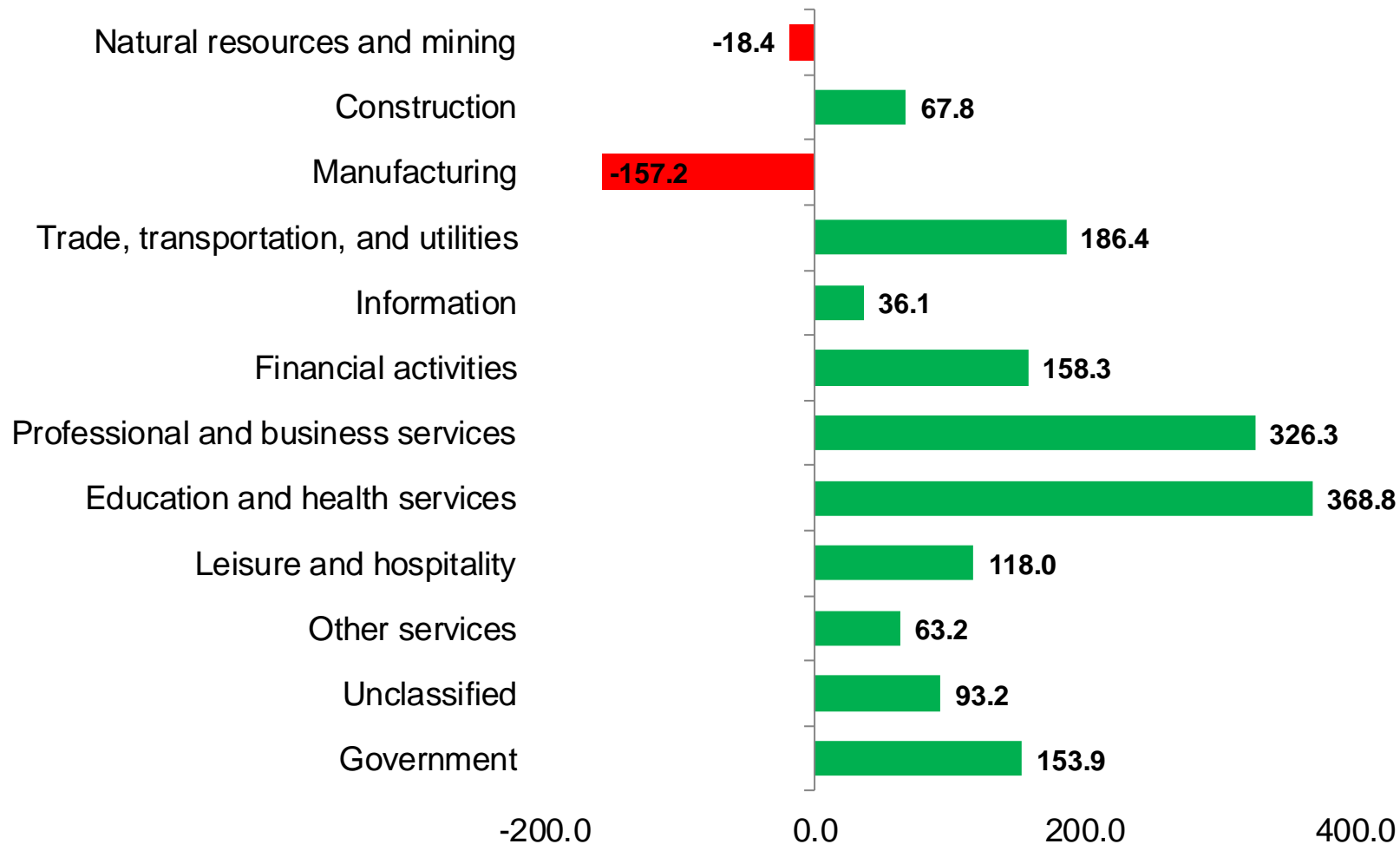
Average Weekly Wage - 2016, 2nd Quarter



Source: Bureau of Labor Statistics

Industry Growth – Wages by Sector

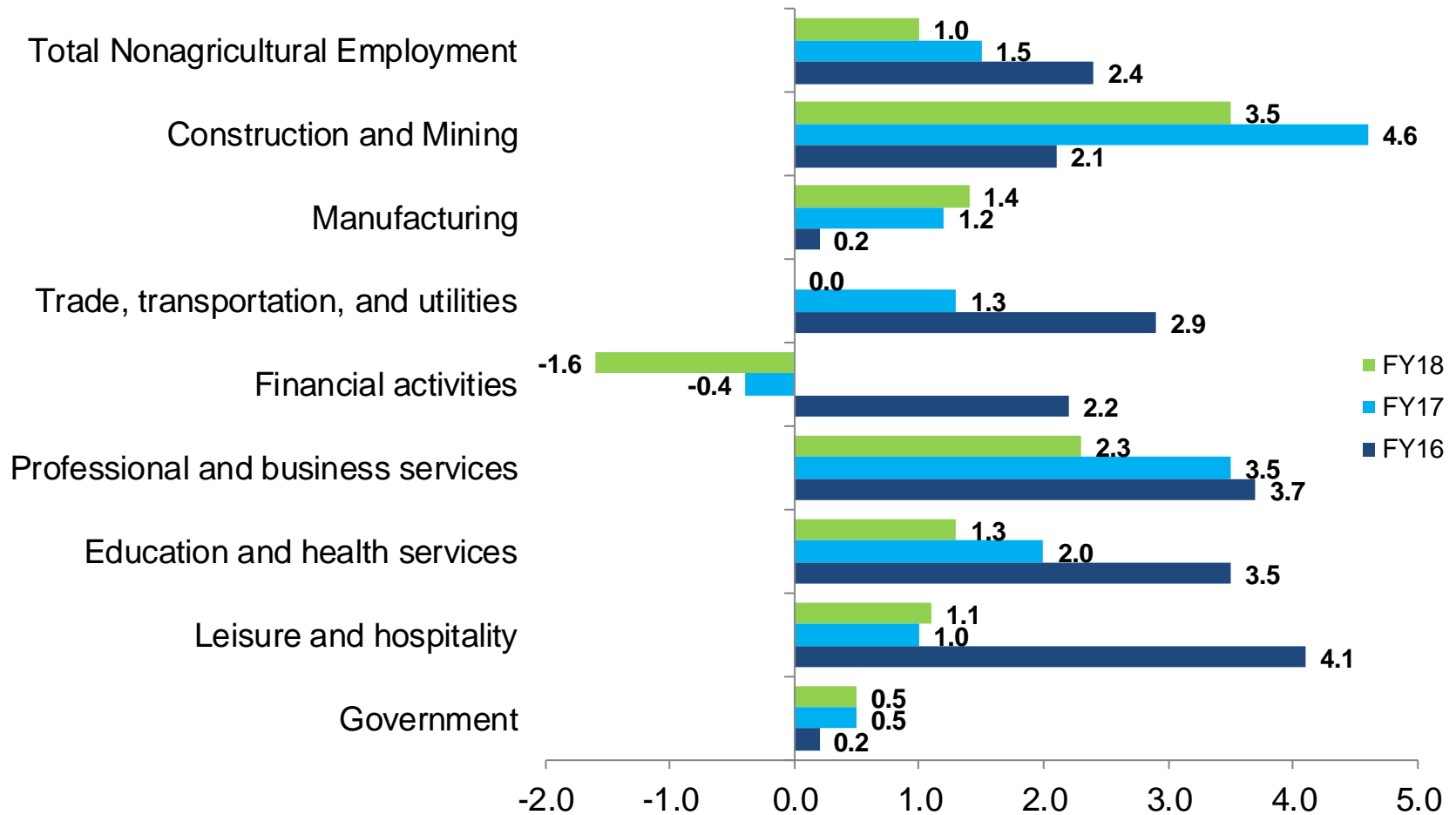
Growth in Total Wages (millions) - June 2015 - June 2016



Source: Bureau of Labor Statistics

Industry Projections – Sec. of Finance

Employment Growth by Industry - FY16 to FY18



Source: Presentation by Secretary of Finance to the Joint Money Committees, Dec. 16, 2016 (projections from IHS Markit)




Summary

- National economy is growing at a moderate pace that is expected to continue
 - Businesses seem less optimistic than the consumer, although business investment is improving
 - Labor market strong by most measures
 - Inflation moderating back toward 2 percent goal
- Some uncertainty with change of administration; some indications of fiscal expansion but many unknowns
- Virginia's economy had been growing on par with U.S. but may be slowing more recently; data subject to revision...
- Largest industry sectors in Virginia provide biggest boost to jobs, but not necessarily to wages

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