



Virginia Economic Outlook

VML-VACo Finance Forum
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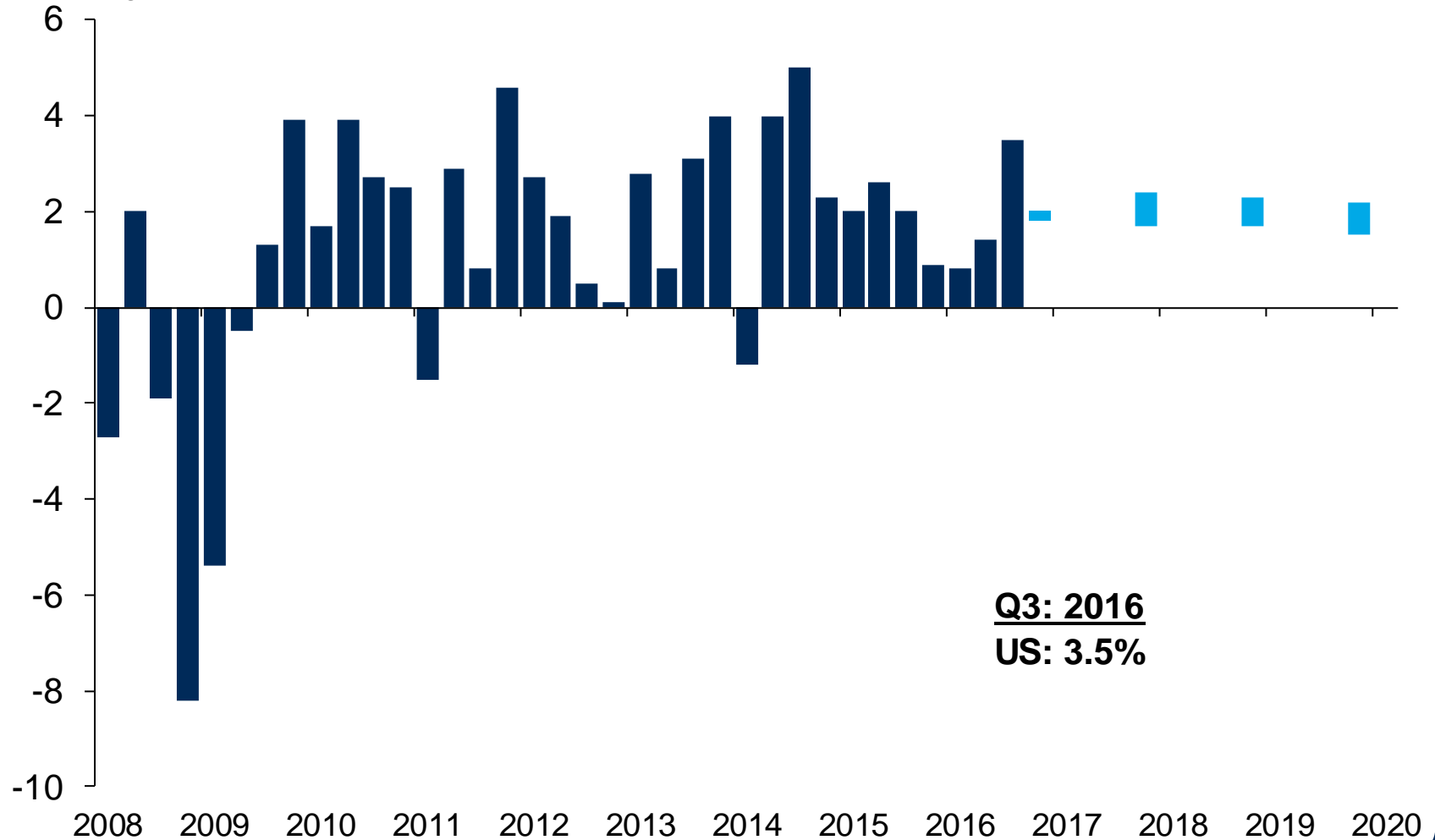
Overview

- 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

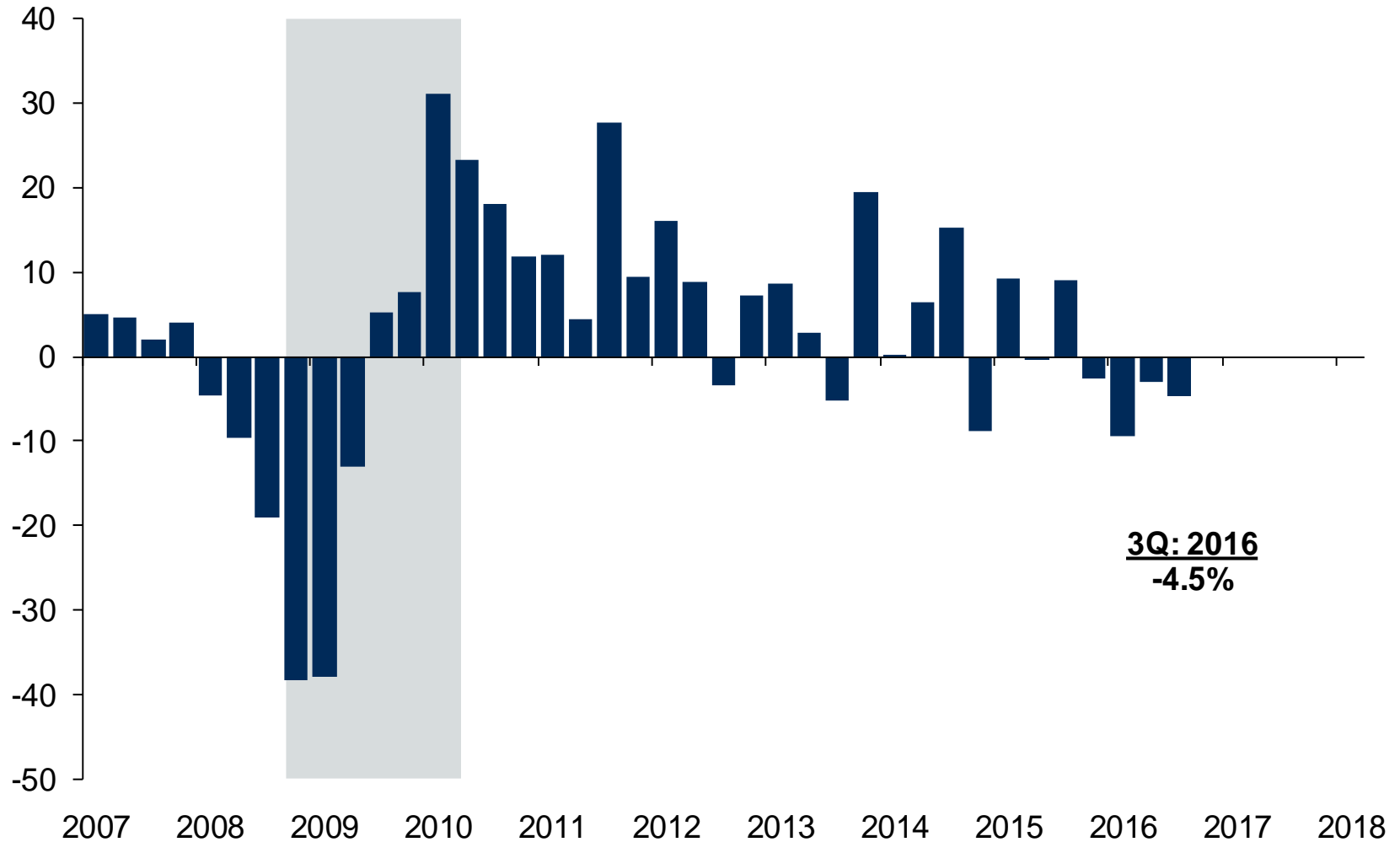
% Change, SAAR



Q3: 2016
US: 3.5%

Real Investment in Equipment

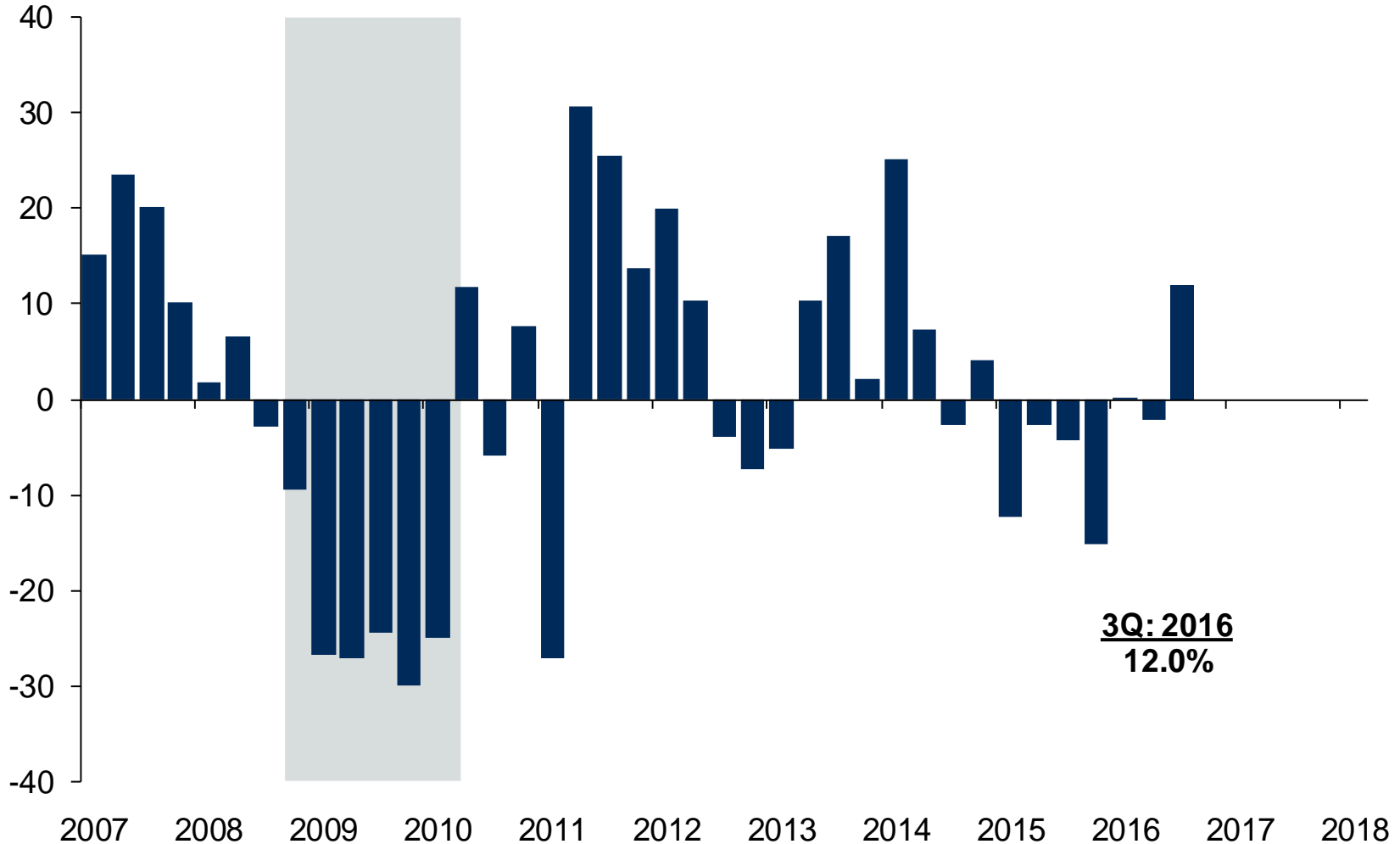
% Change, SAAR



3Q: 2016
-4.5%

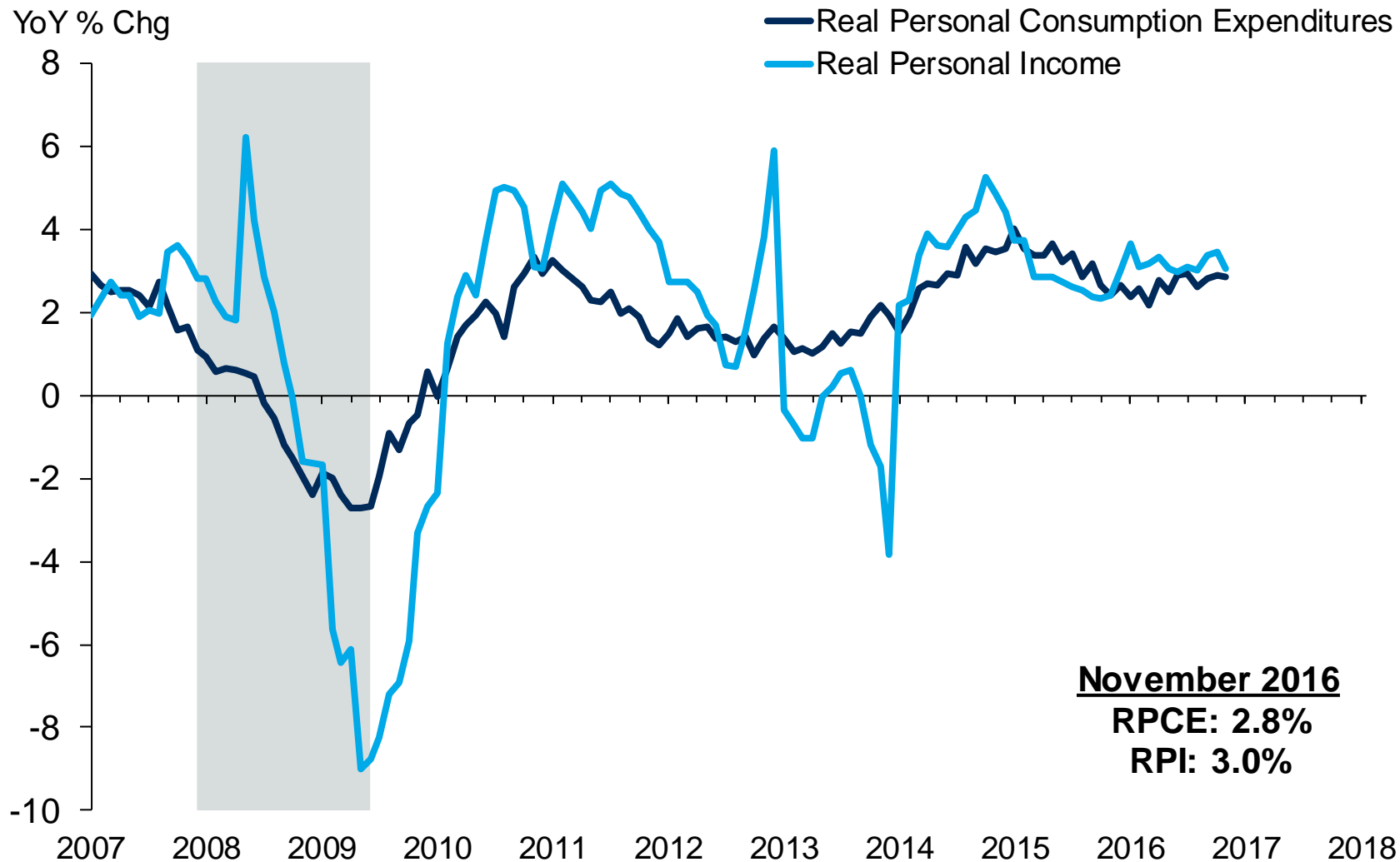
Real Investment in Nonresidential Structures

% Change, SAAR



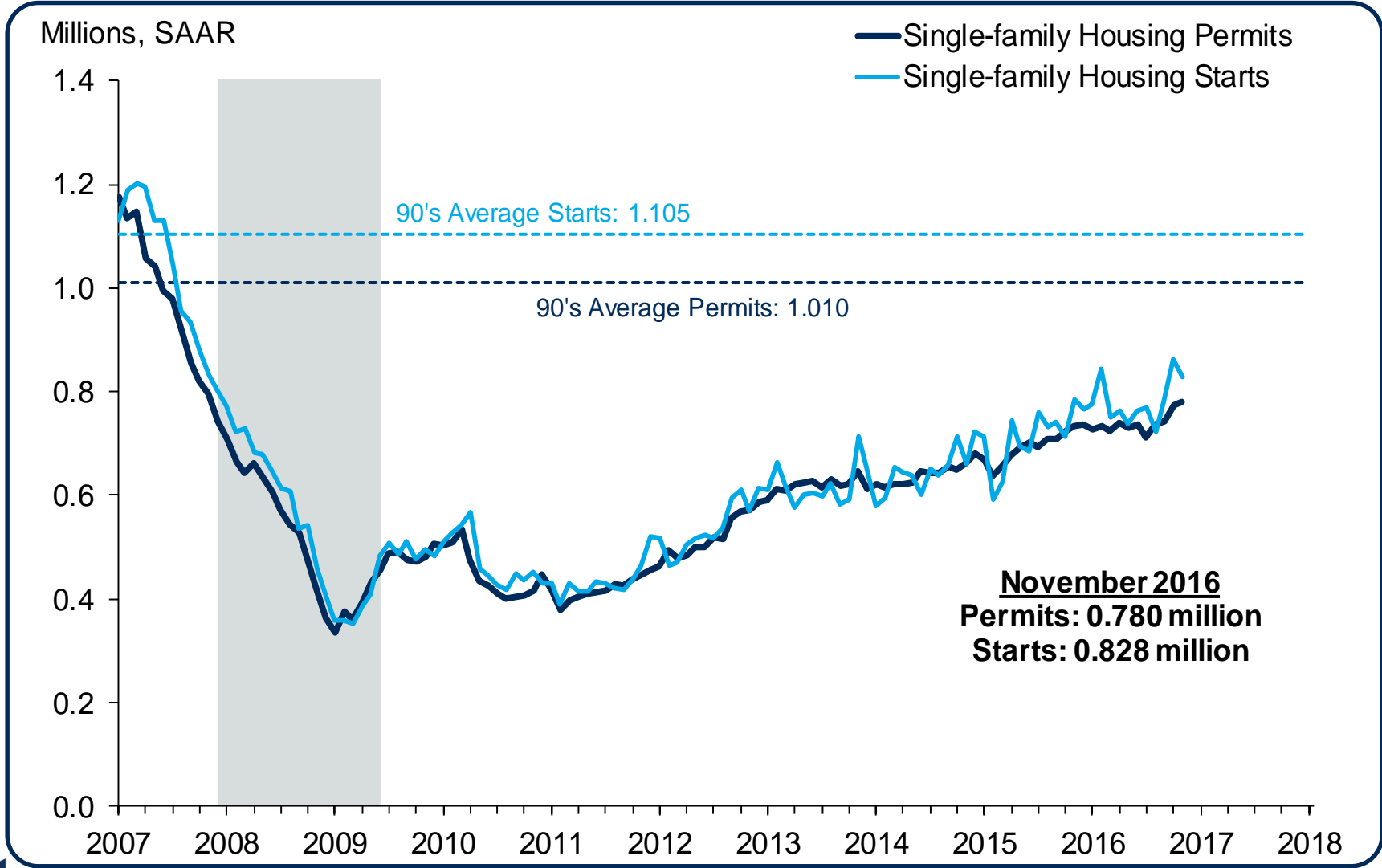
3Q: 2016
12.0%

Personal Income and Expenditures

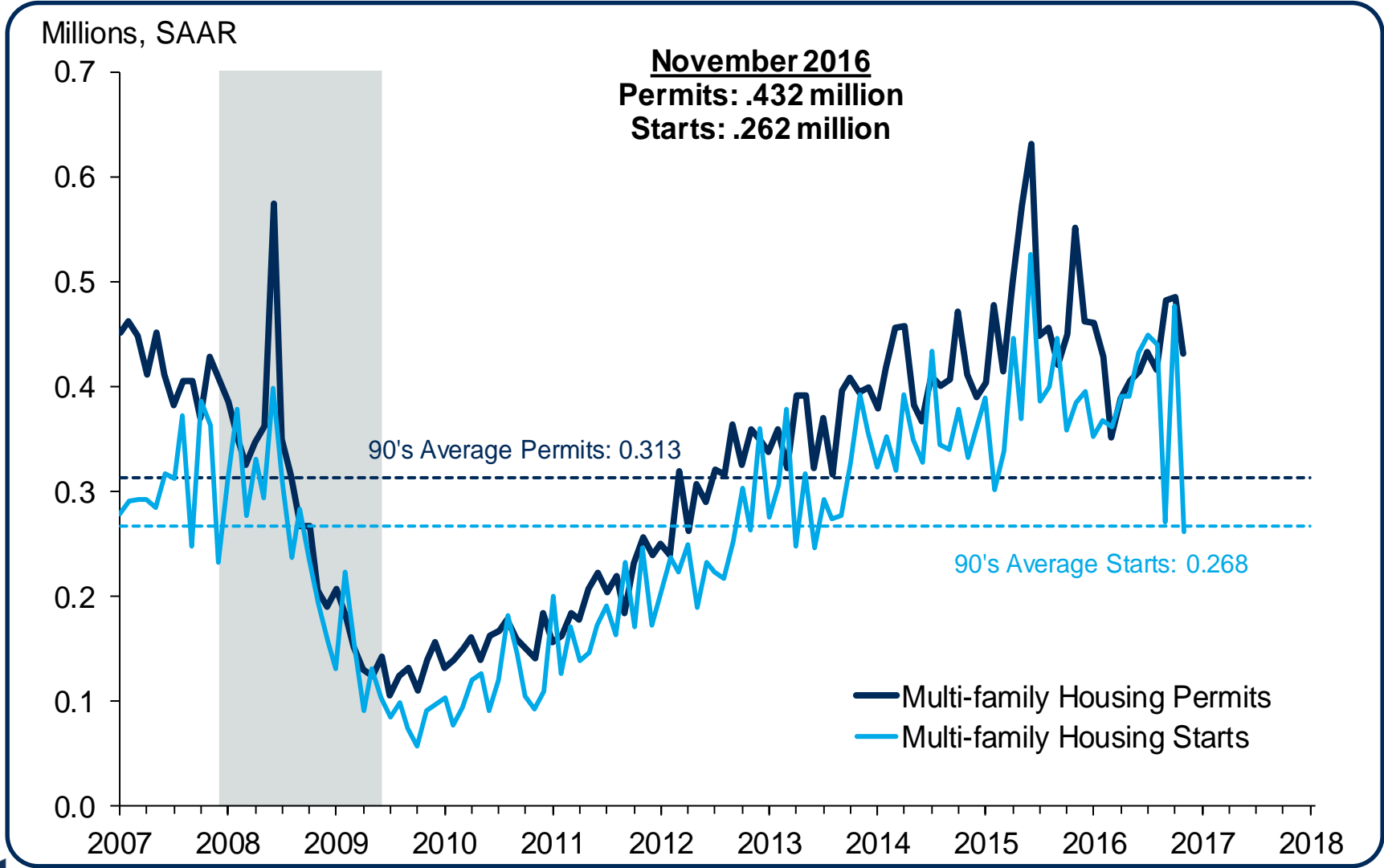


Source: Bureau of Economic Analysis/Haver Analytics

Private Single-Family Housing Starts & Permits

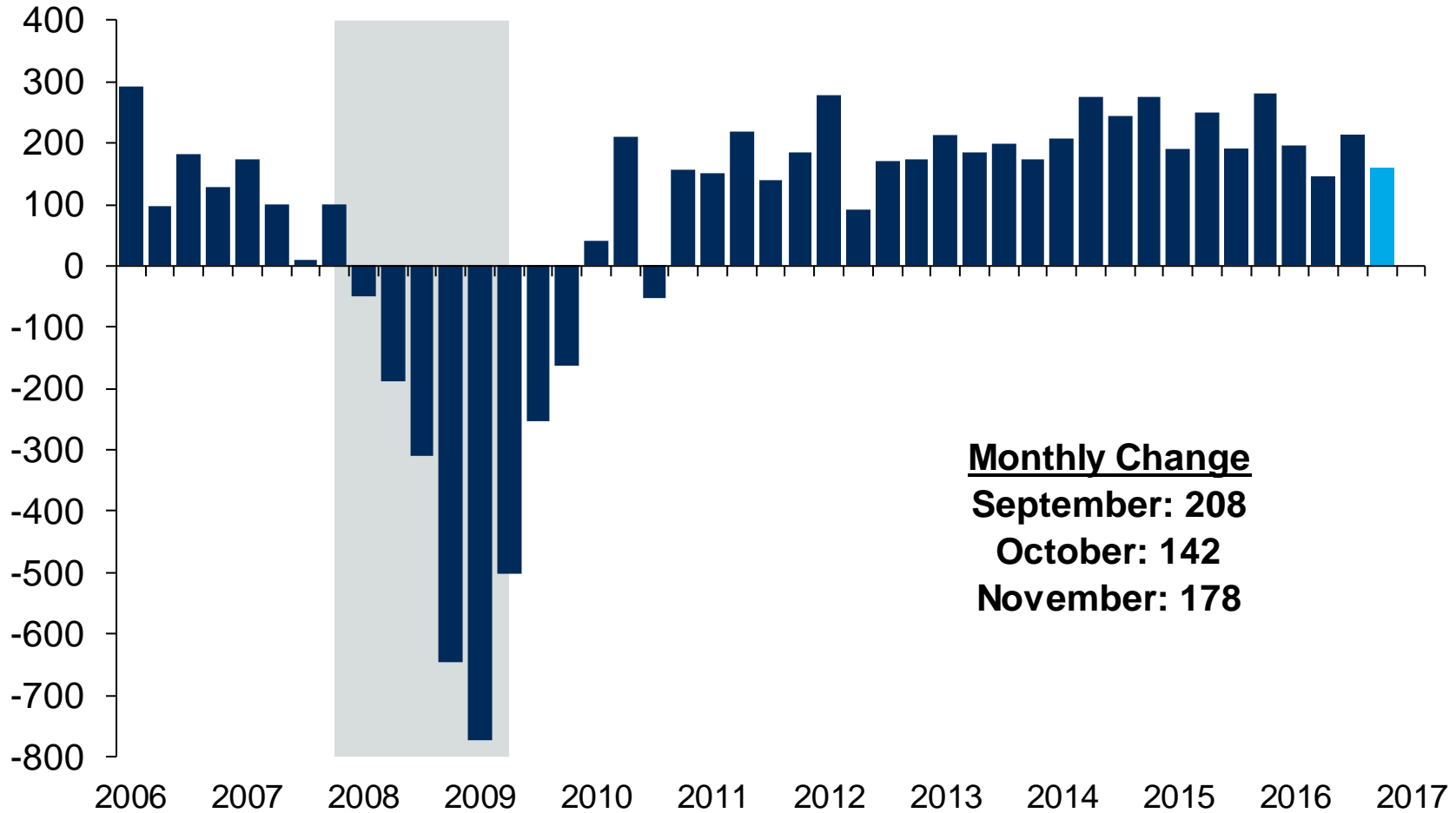


Private Multi-Family Housing Starts & Permits



Total Employment Growth

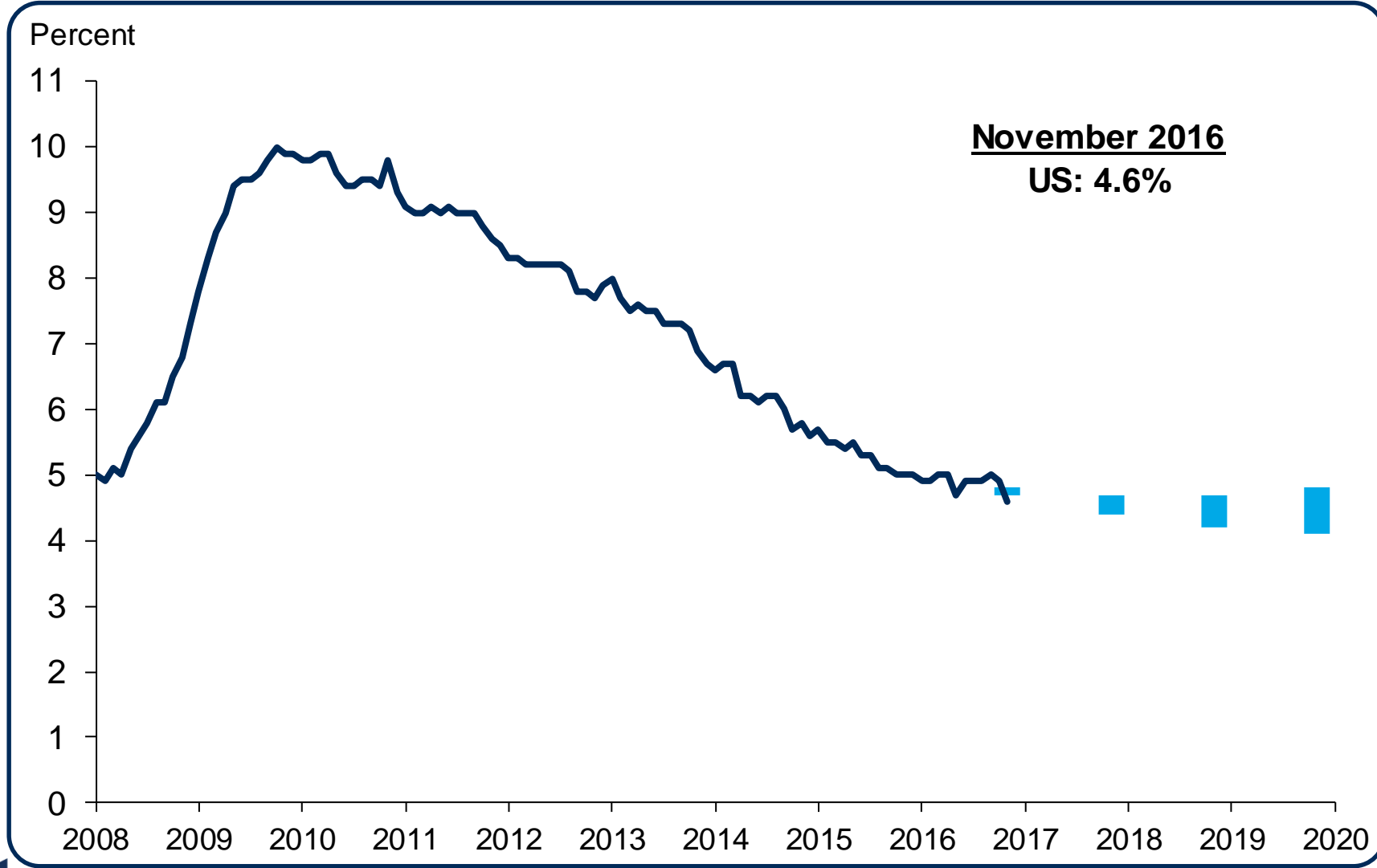
Average Monthly Change, Thous.



Monthly Change
September: 208
October: 142
November: 178

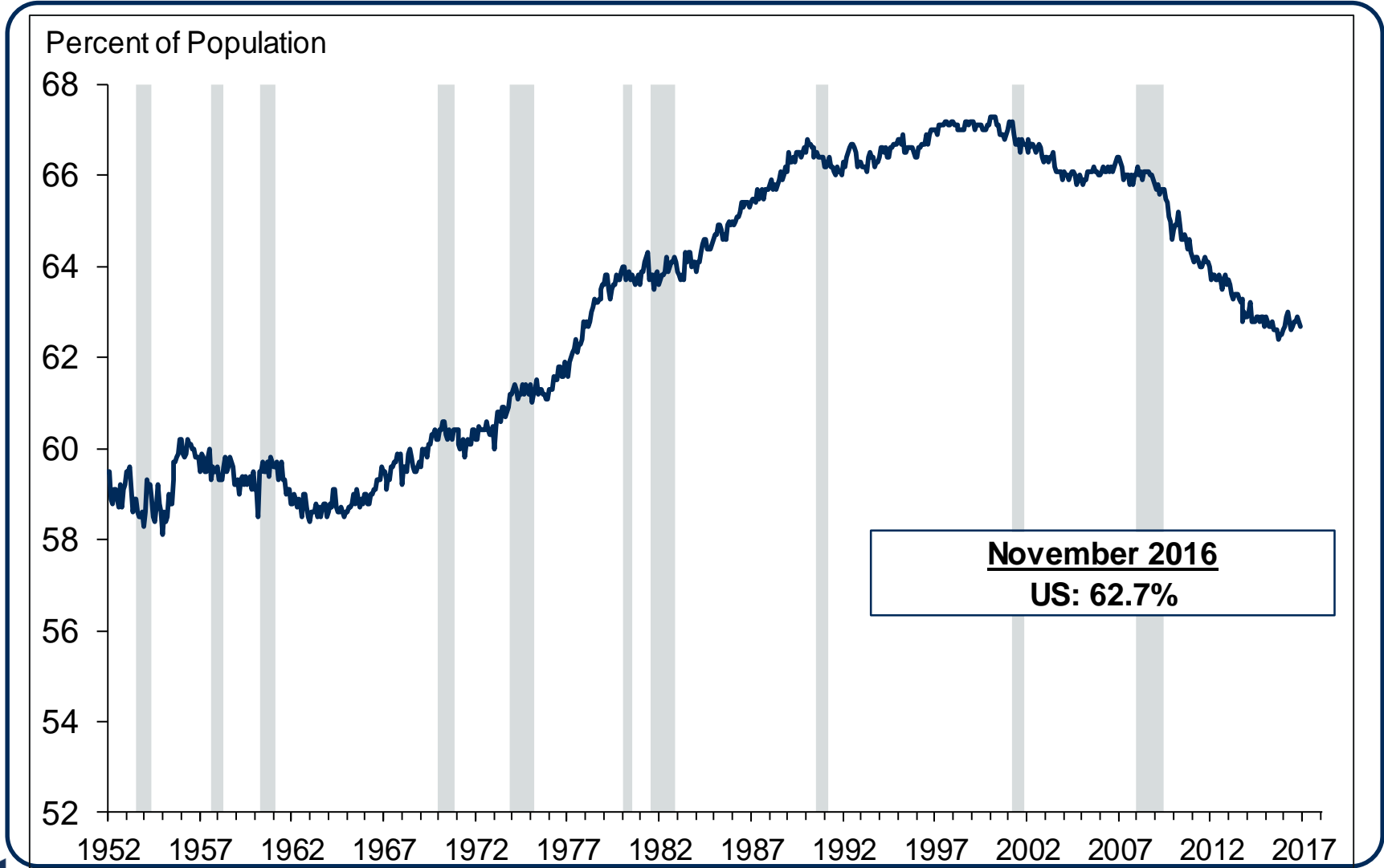
Source: Bureau of Labor Statistics/Haver Analytics

Unemployment Rate



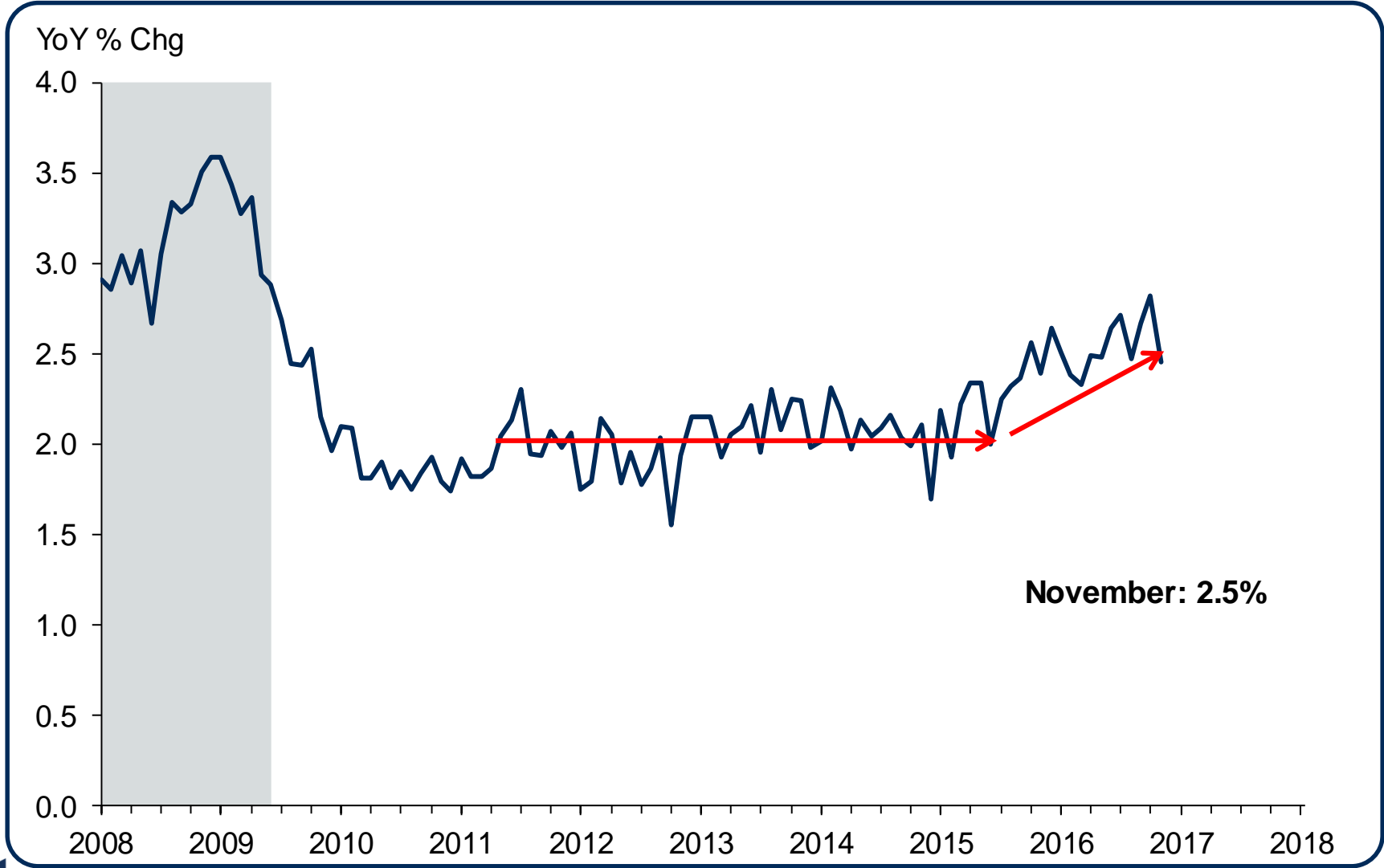
November 2016
US: 4.6%

Labor Force Participation



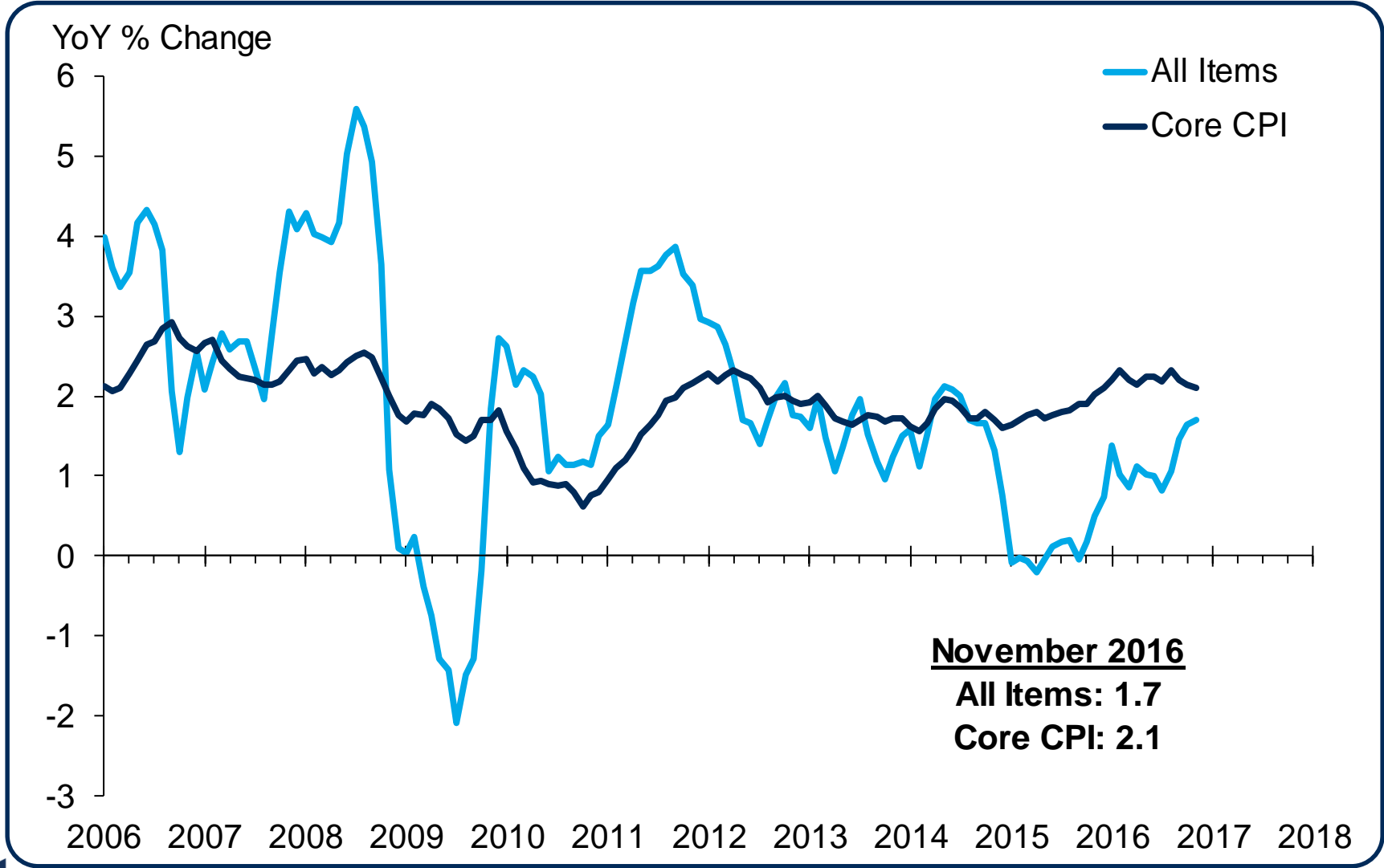
Source: Bureau of Labor Statistics via Haver Analytics

Average Hourly Earnings



Source: Bureau of Labor Statistics via Haver Analytics

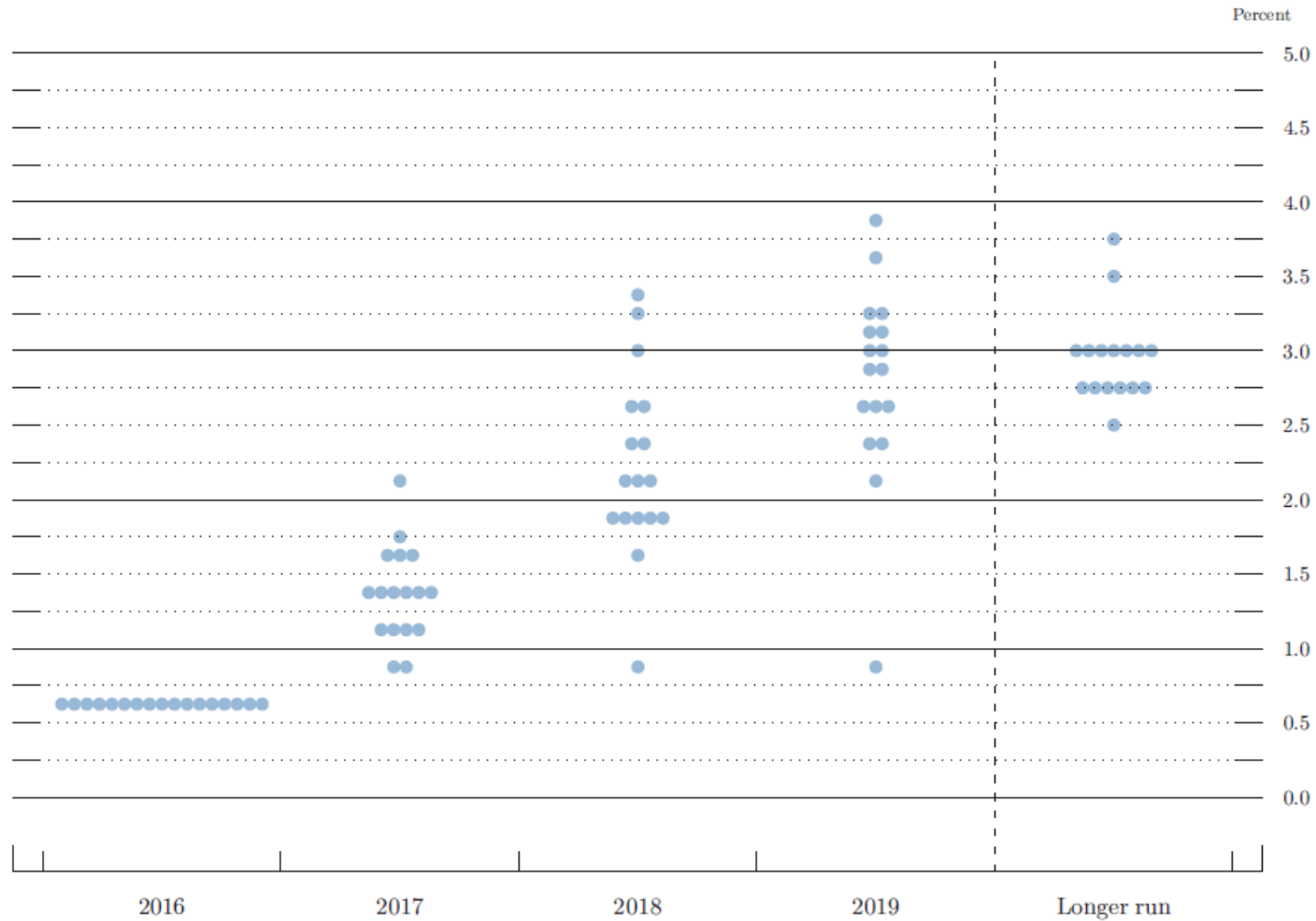
Consumer Price Index



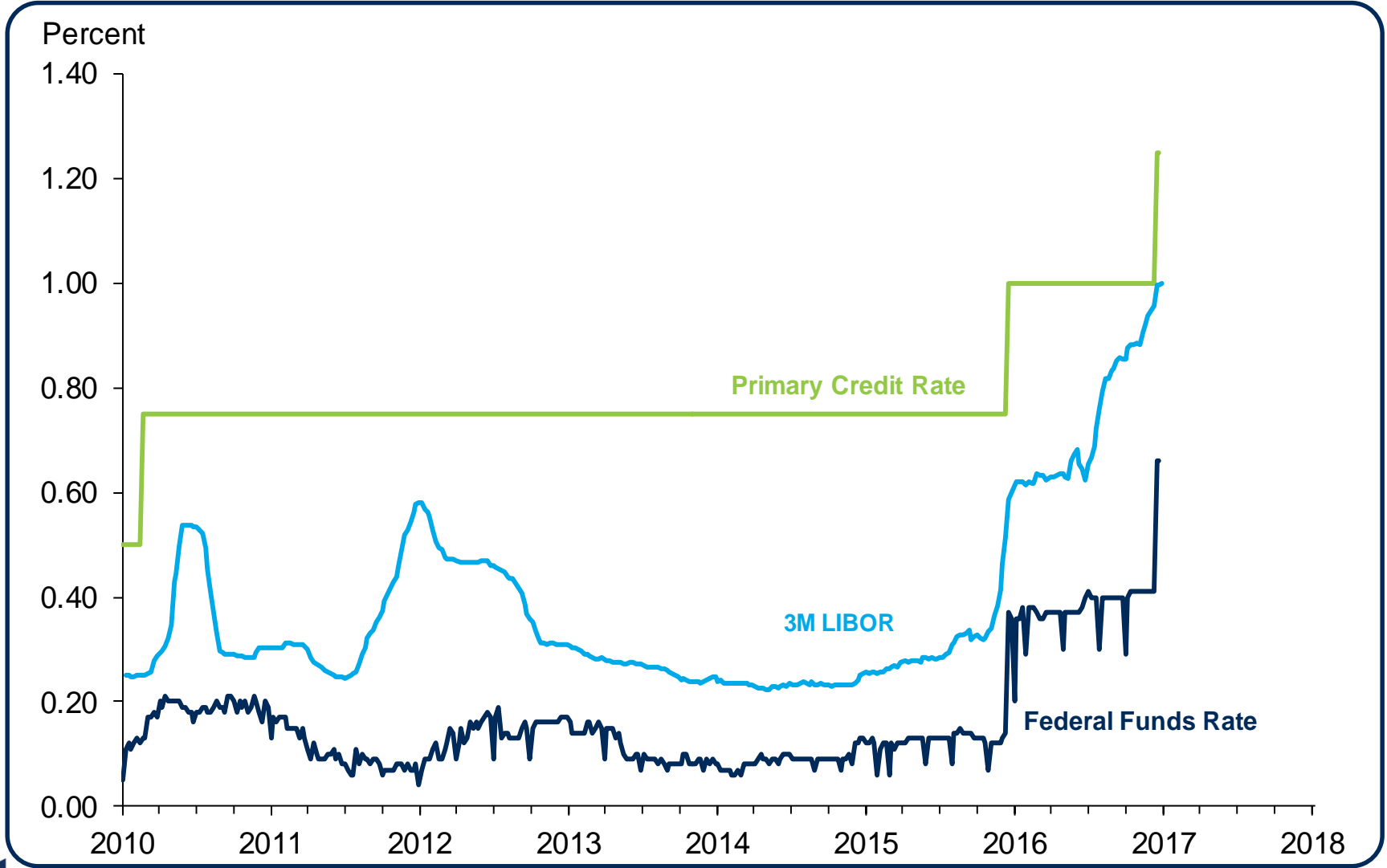
Source: Bureau of Labor Statistics/Haver Analytics

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

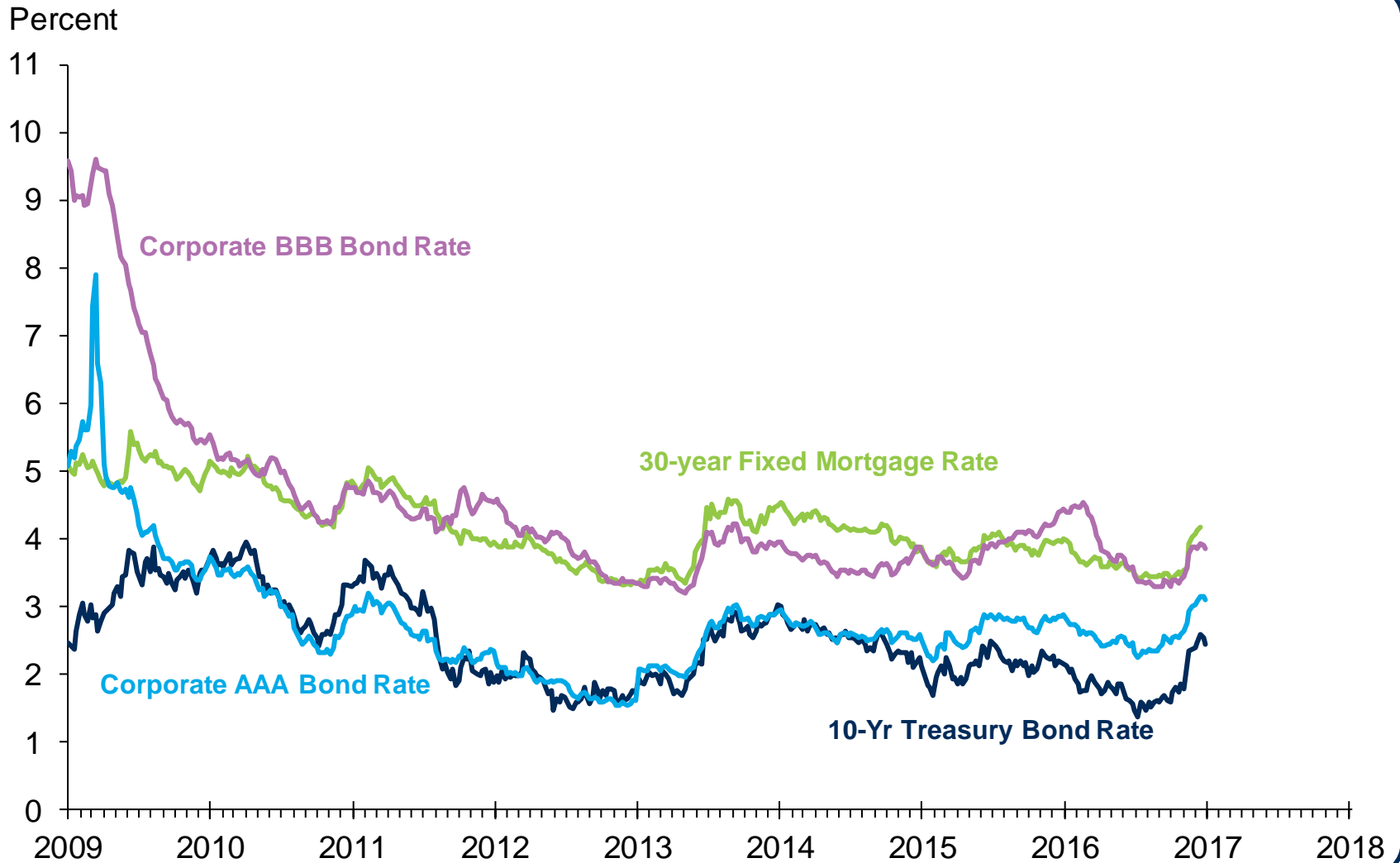


Money Market Rates



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

Capital Market Rates



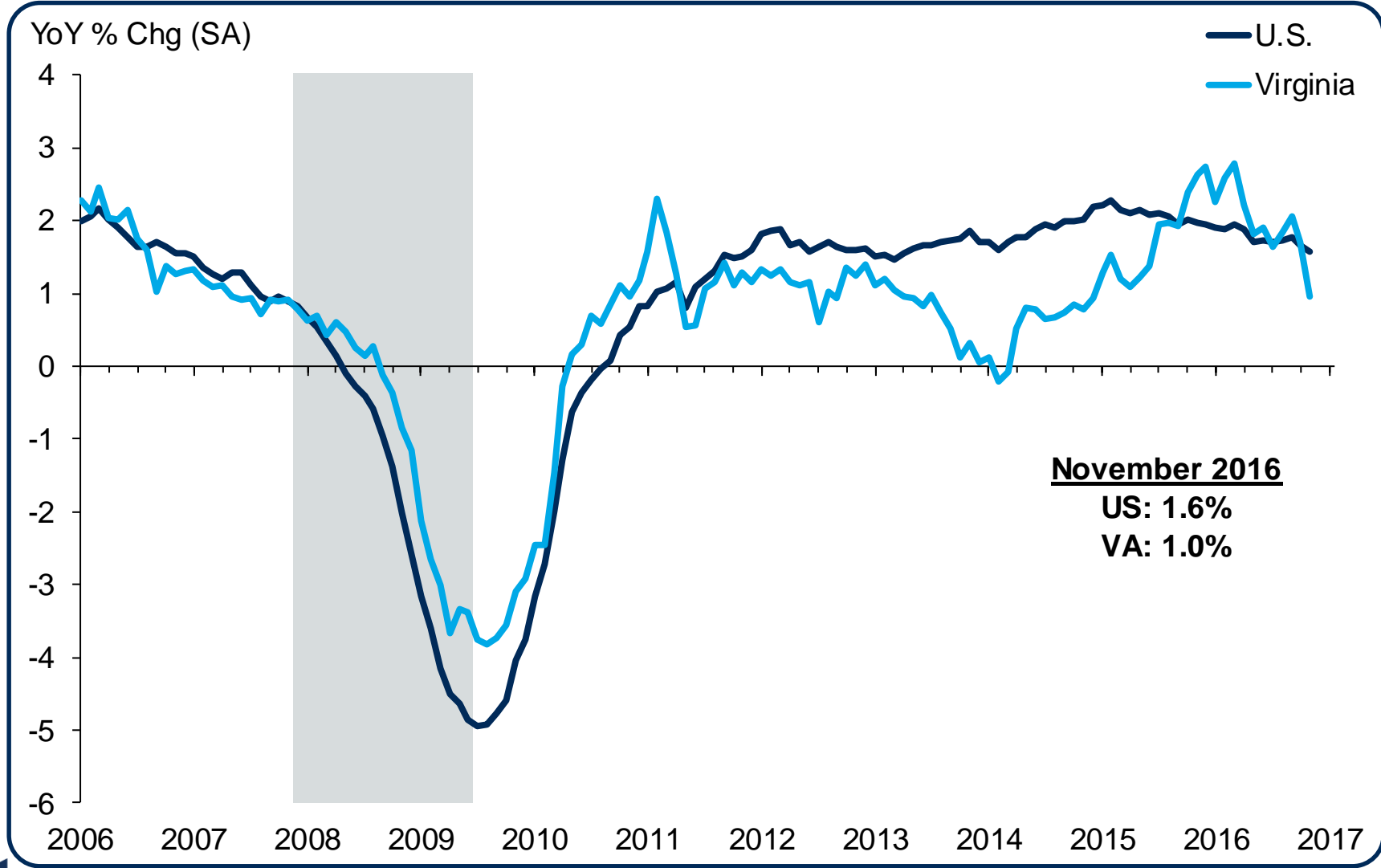
Source: Board of Governors via Haver Analytics, as of Dec. 30 2016

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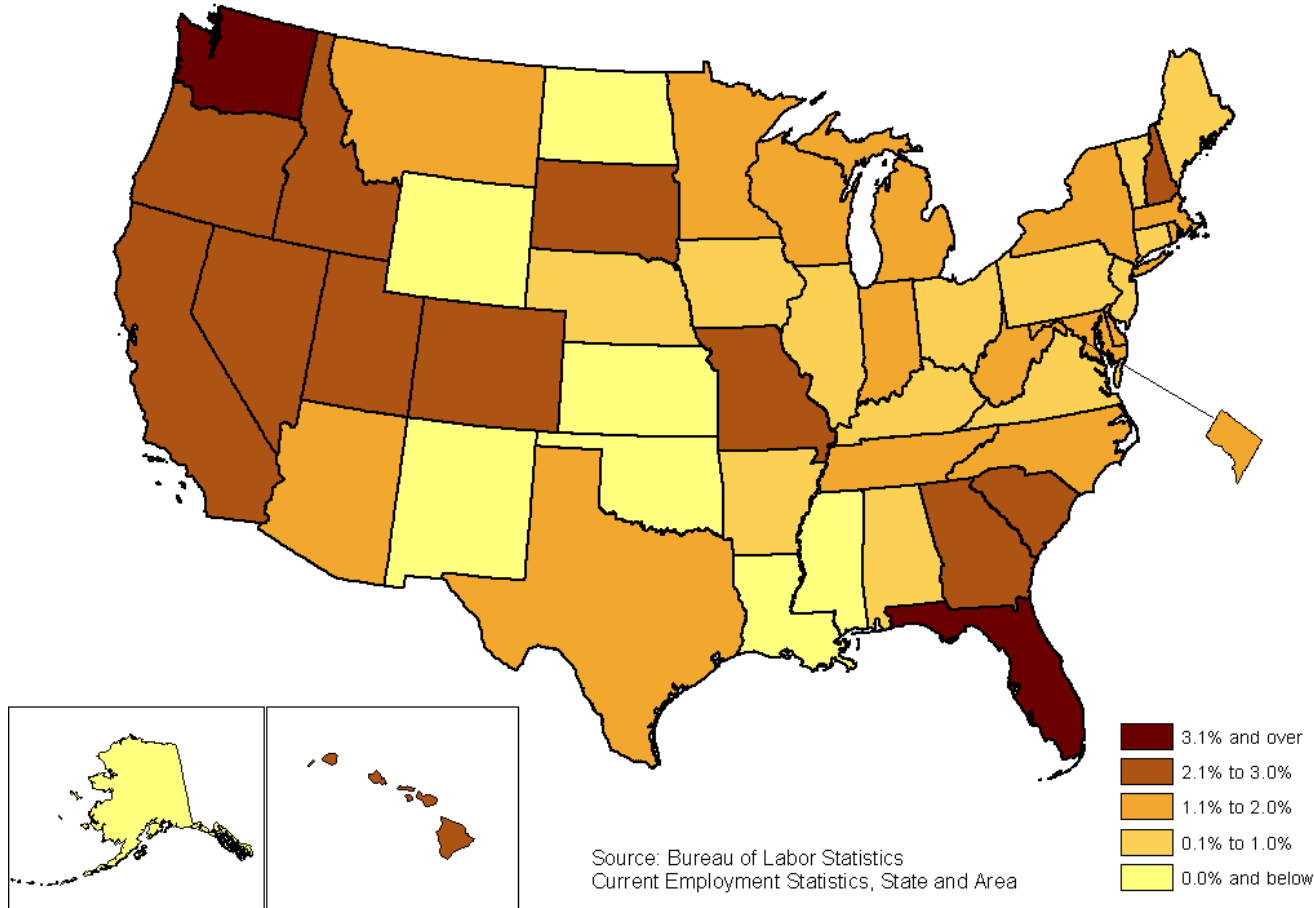
Virginia Economic Overview

Virginia Payroll Employment



State Employment Growth

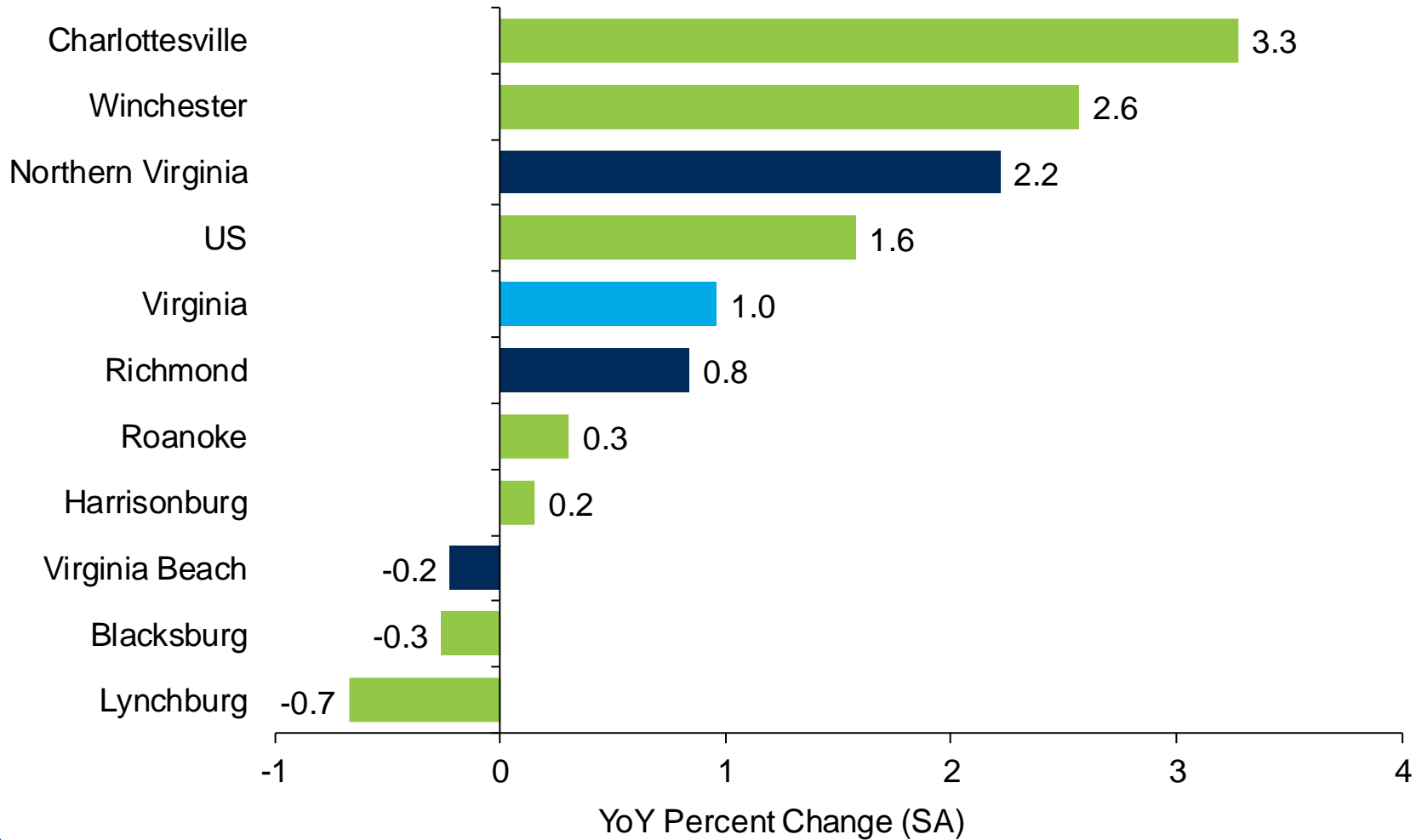
Percentage change in nonfarm employment by state, seasonally adjusted, November 2015 - November 2016



Source: Bureau of Labor Statistics

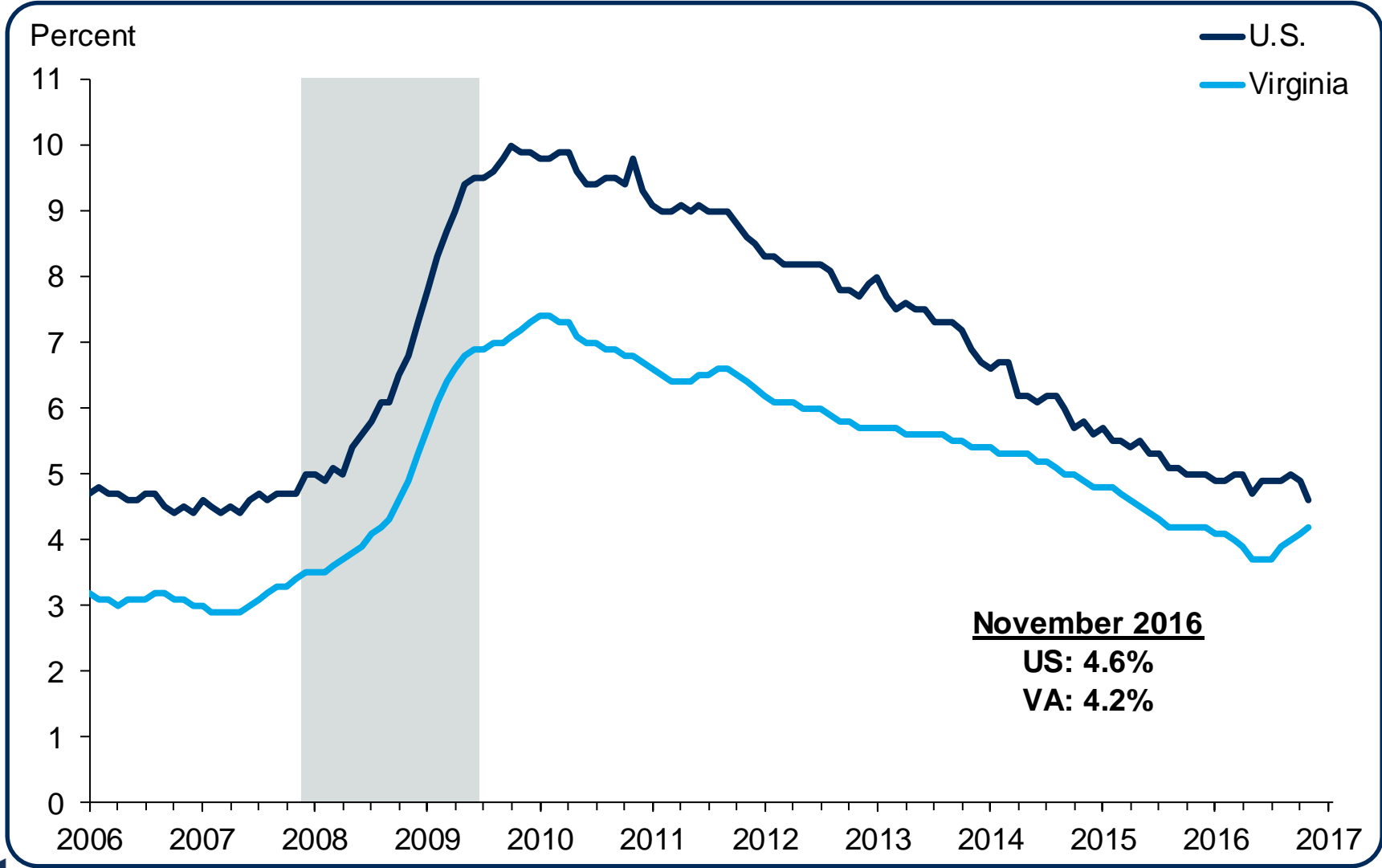
MSA Payroll Employment Growth in Virginia

November 2016



Source: Bureau of Labor Statistics/Haver Analytics

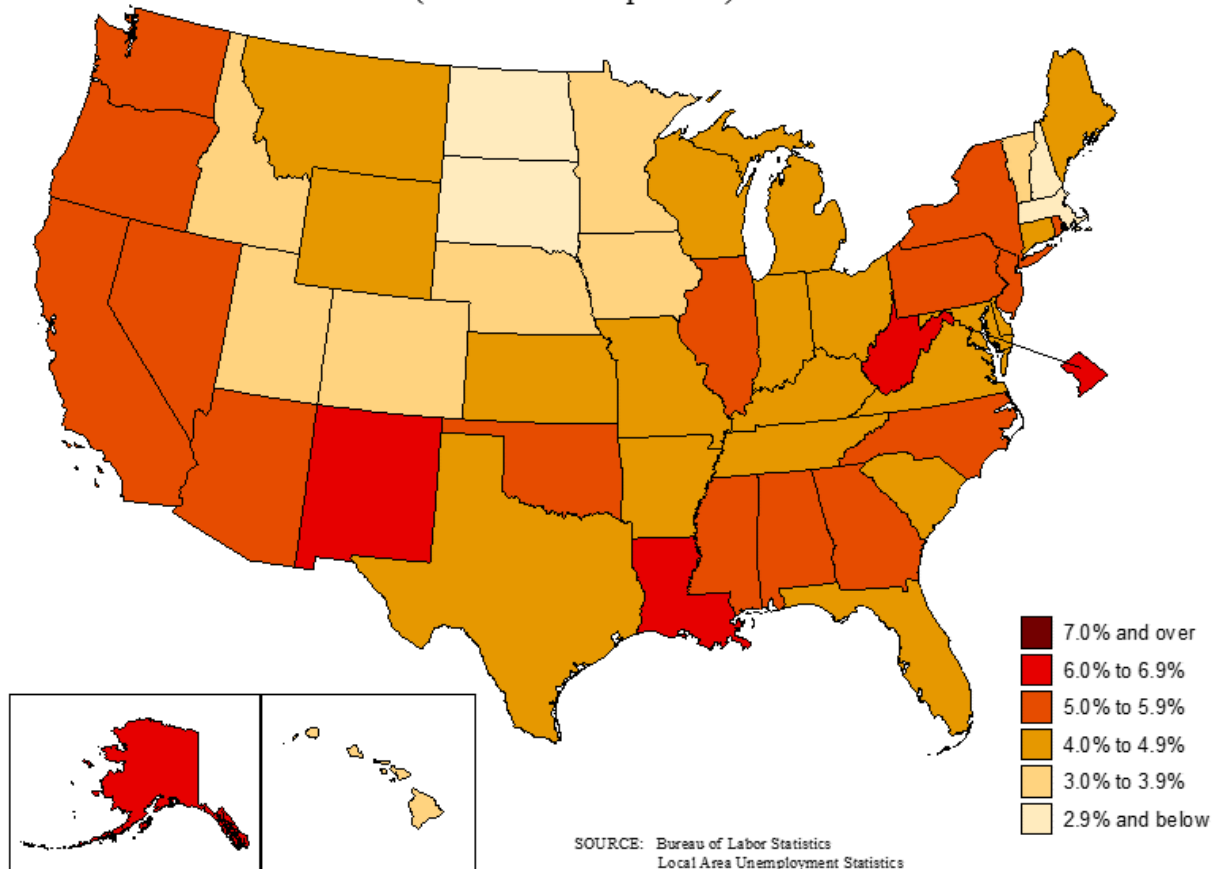
Virginia Unemployment Rate



State Unemployment Rates

Unemployment rates by state, seasonally adjusted, November 2016

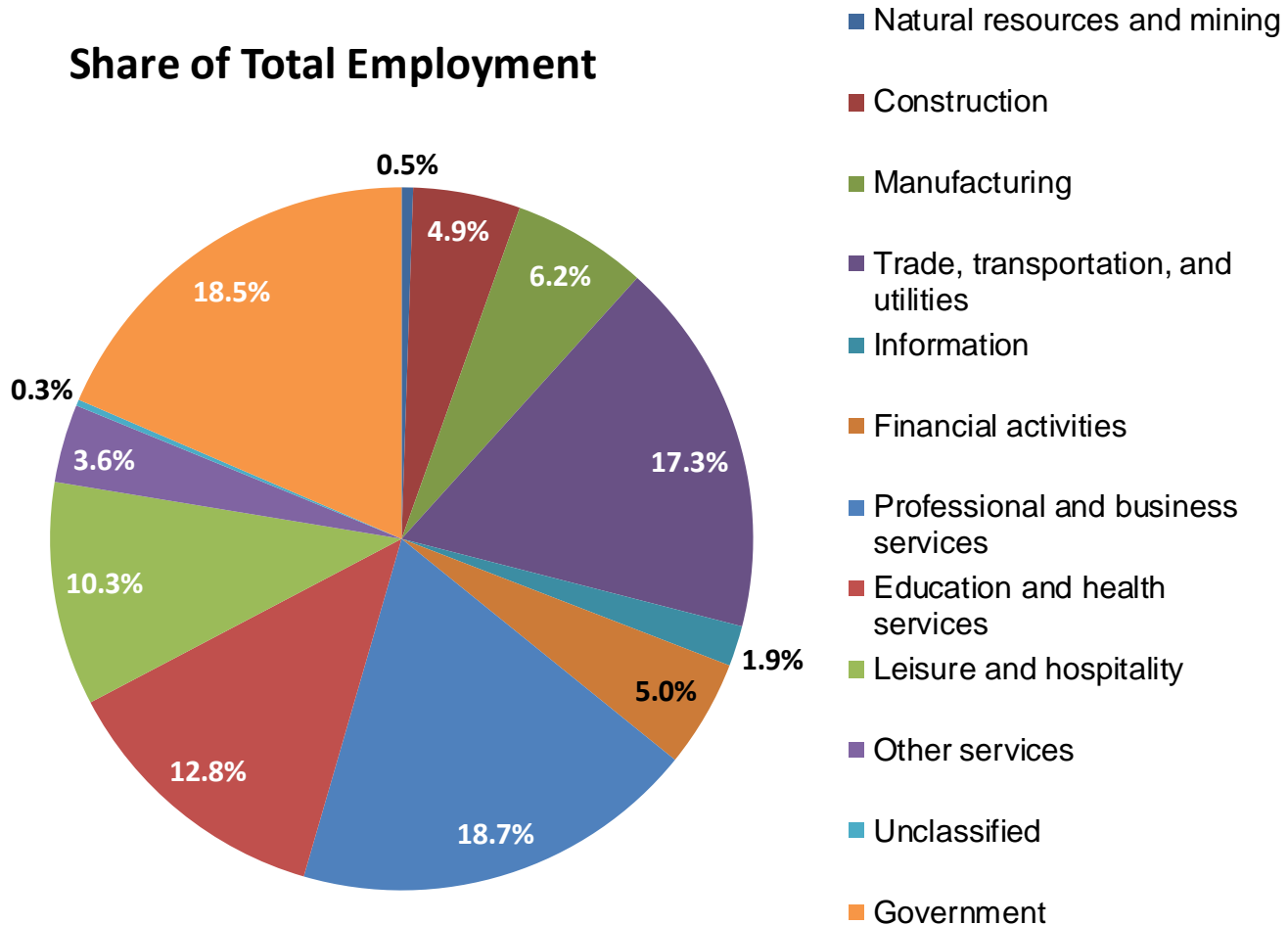
(U.S. rate = 4.6 percent)



Source: Bureau of Labor Statistics

Virginia Industry Composition - 2015

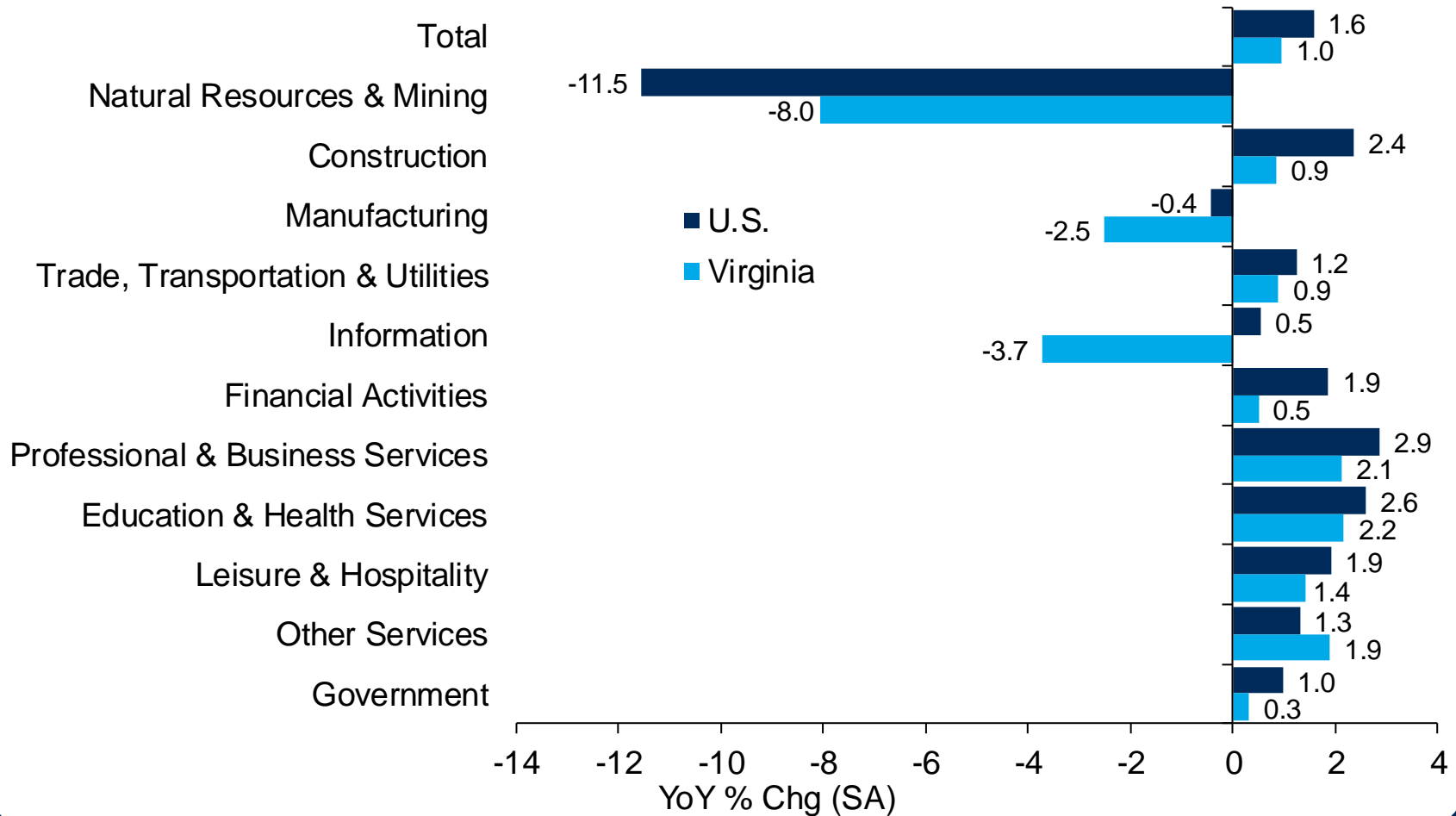
Share of Total Employment



Source: Bureau of Labor Statistics

Virginia Industry Growth

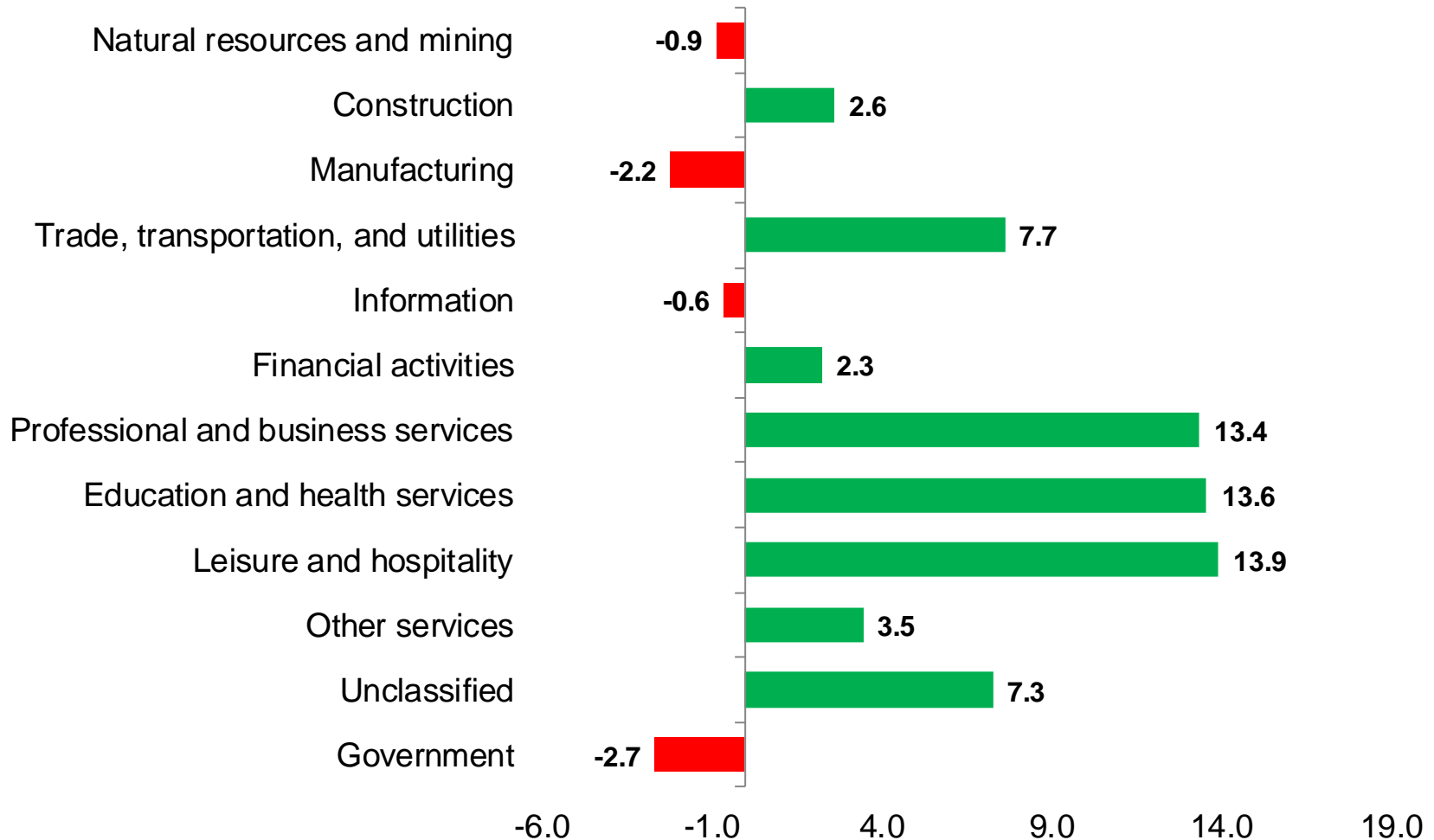
November 2016



Source: Bureau of Labor Statistics

VA Industry Growth – Net Job Change

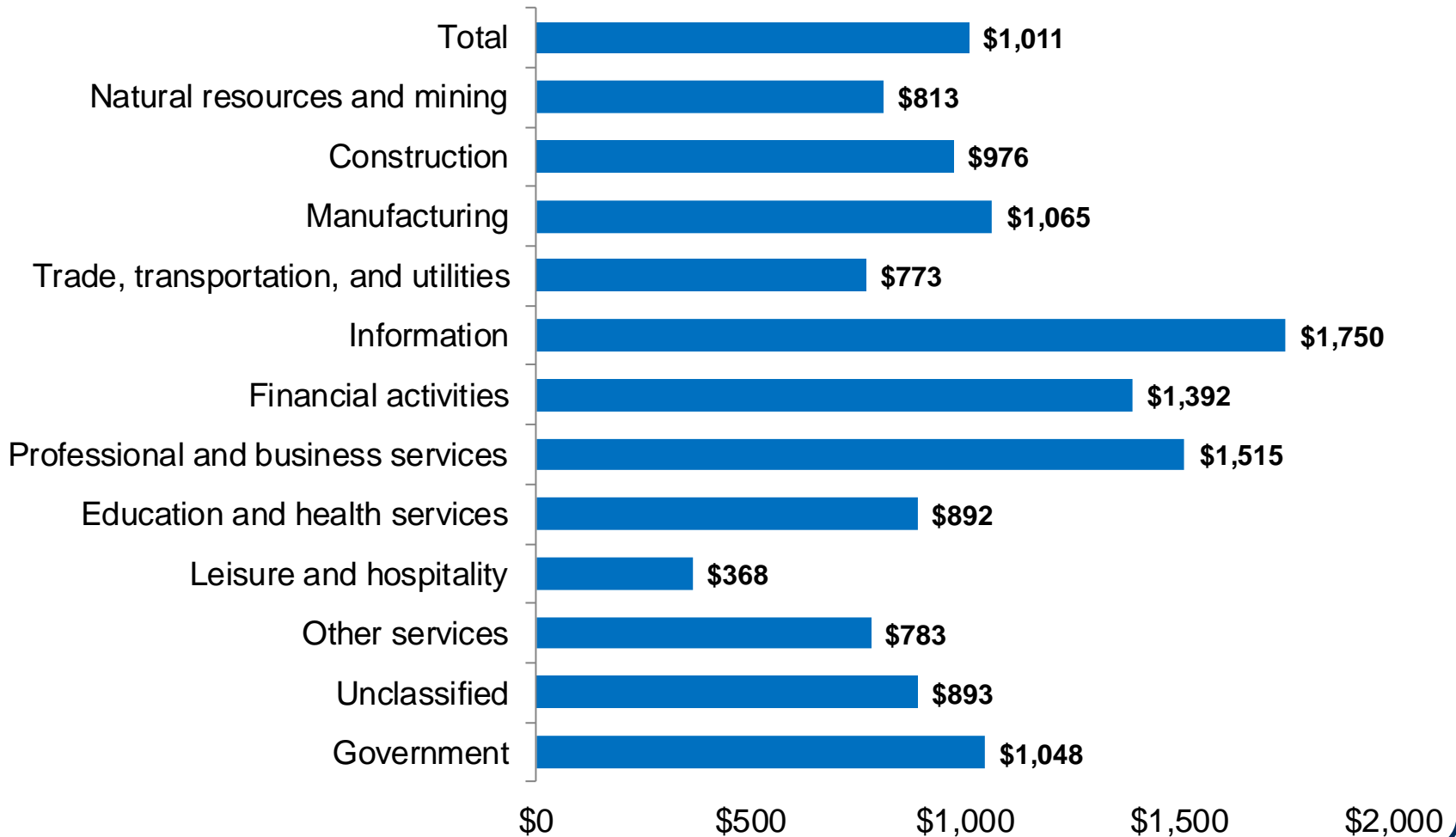
Employment Growth (thousands) - June 2015 - June 2016



Source: Bureau of Labor Statistics

Industry Comparison – Wages by Sector

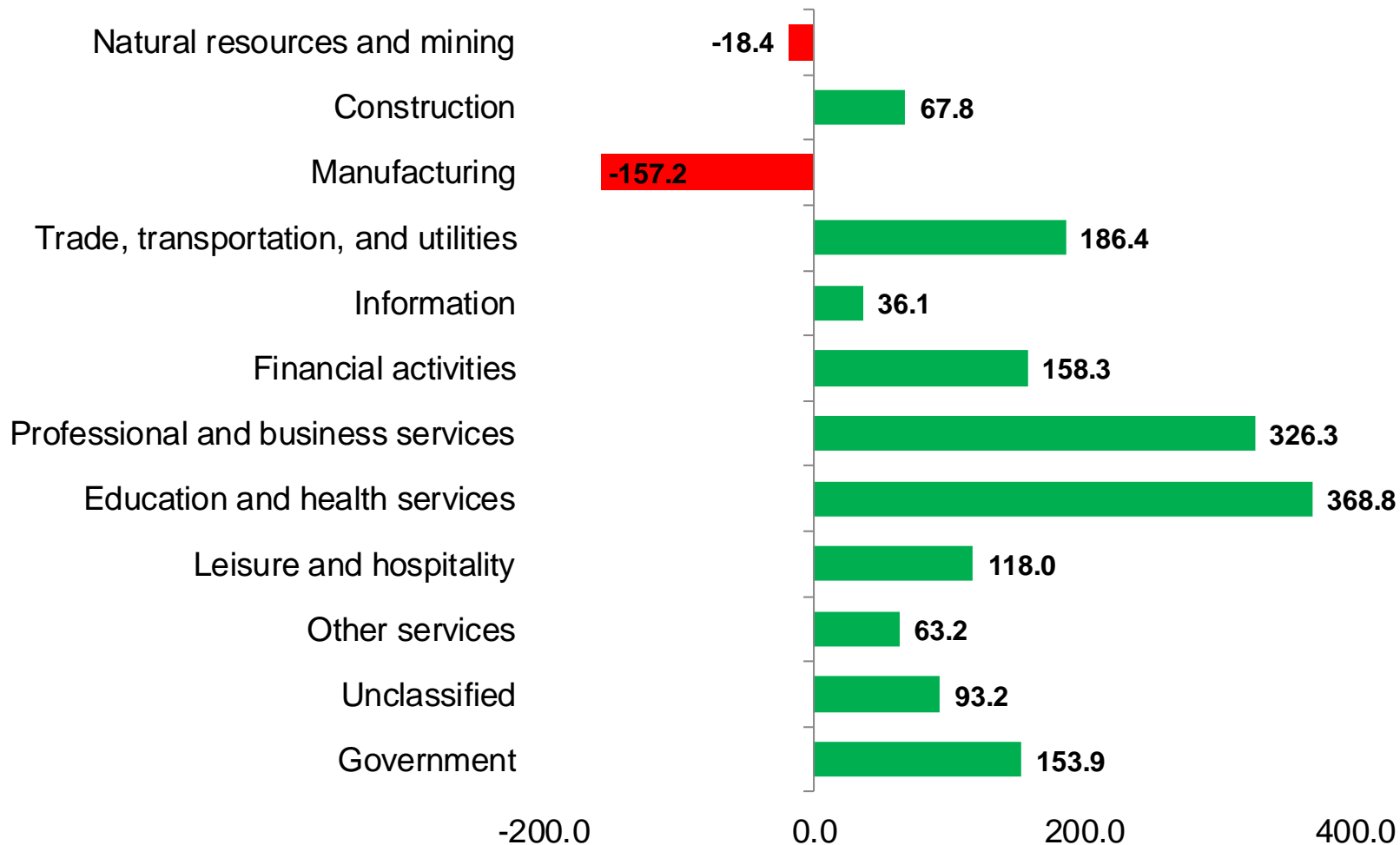
Average Weekly Wage - 2016, 2nd Quarter



Source: Bureau of Labor Statistics

Industry Growth – Wages by Sector

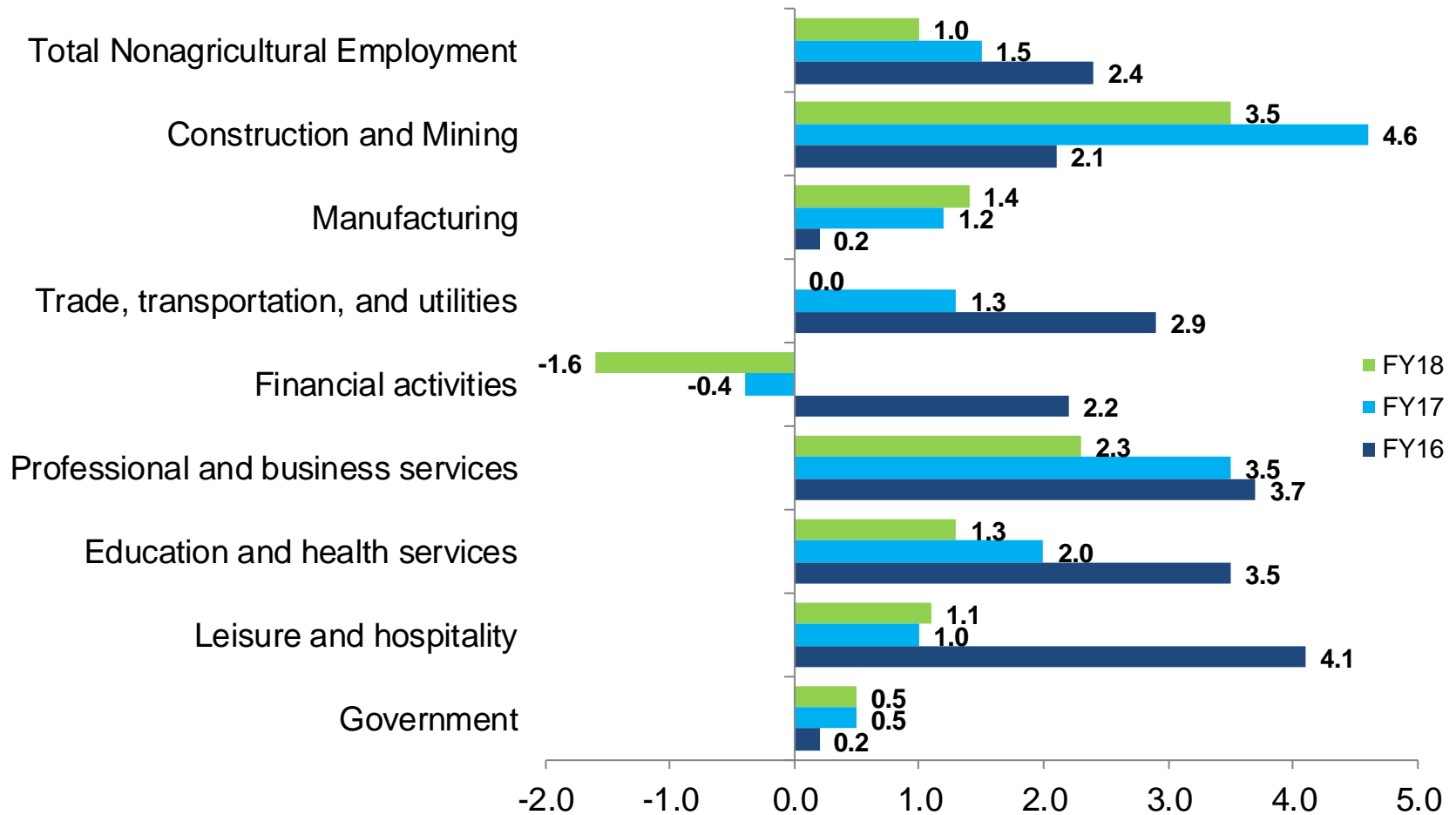
Growth in Total Wages (millions) - June 2015 - June 2016



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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