



Ten Years Beyond the Great Recession: Looking Forward

Rick Kaglic, Senior Regional Economist
December 15, 2017





Some “fine print”

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.



S&P 500

Index, 1941-43 = 10

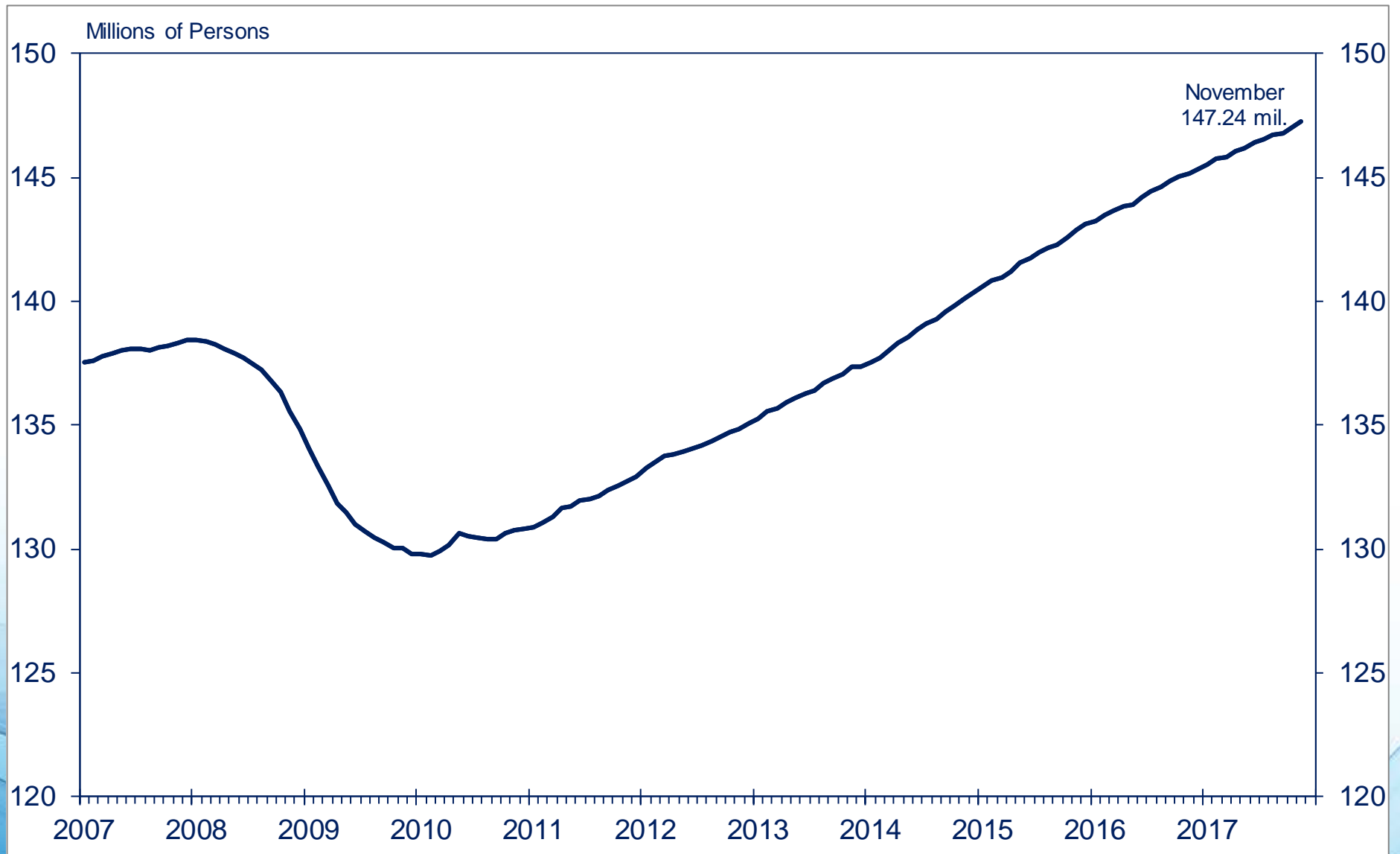


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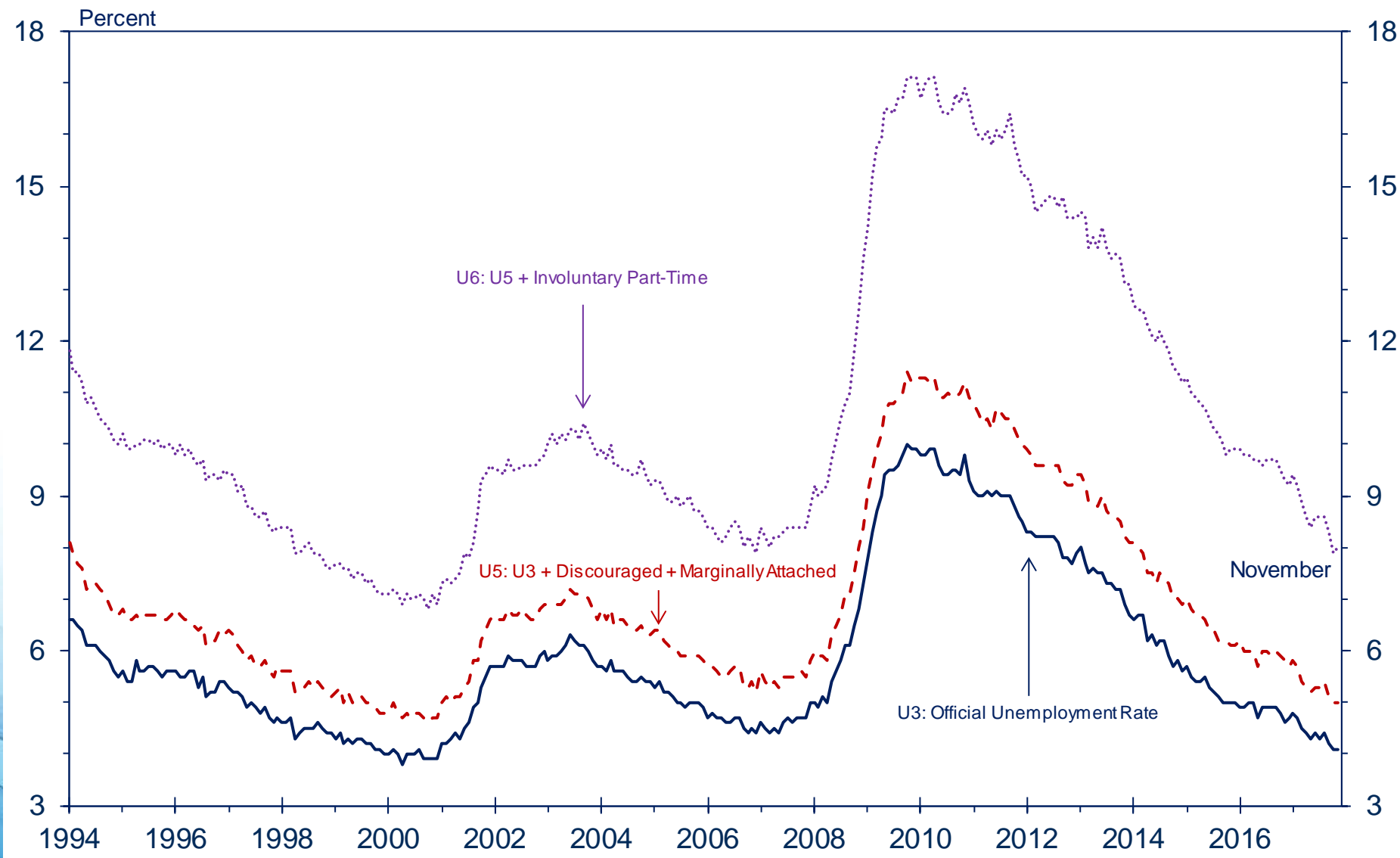
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Source: Standard and Poor's via Haver Analytics

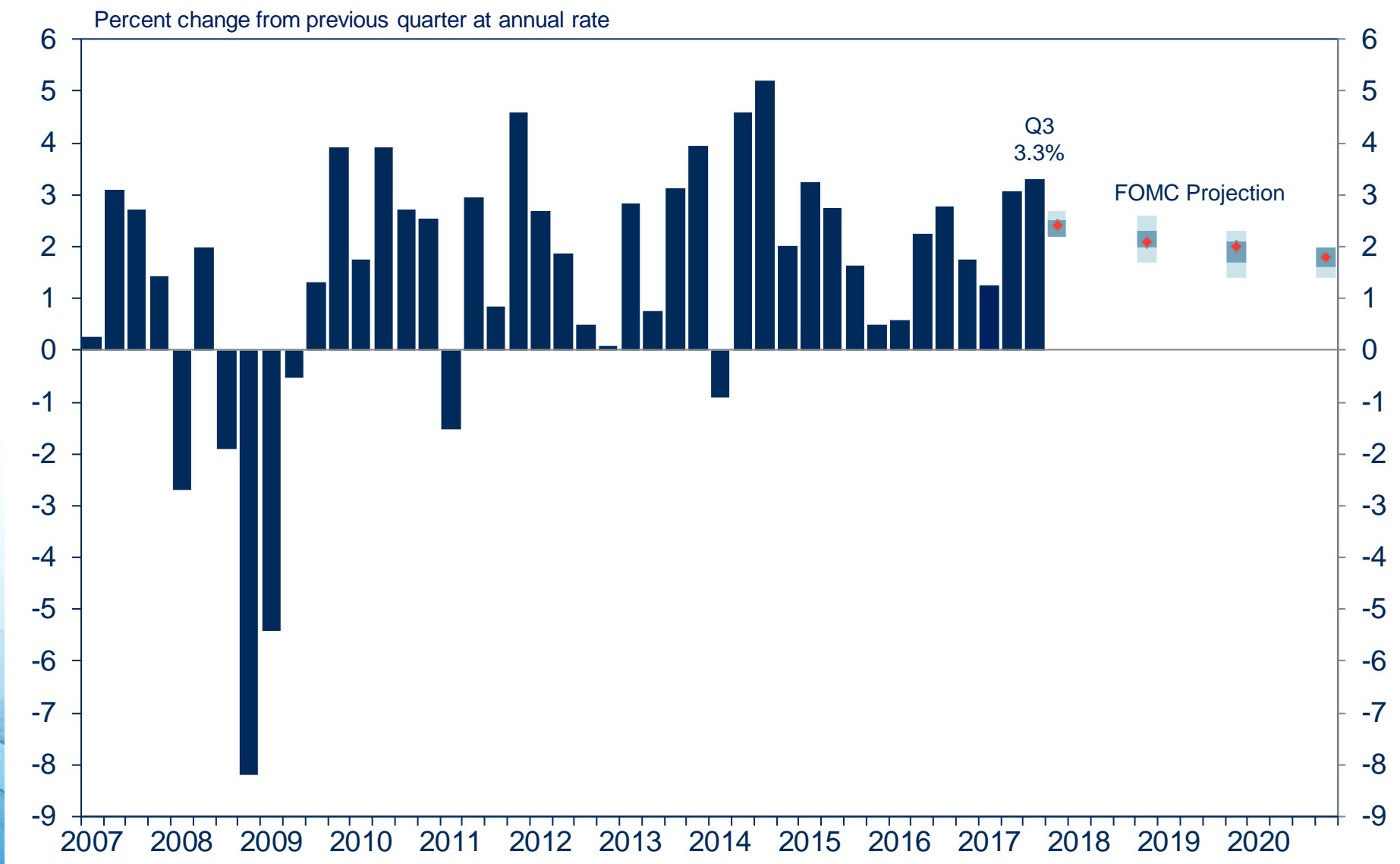
Nonfarm Payroll Employment



Measures of Labor Utilization



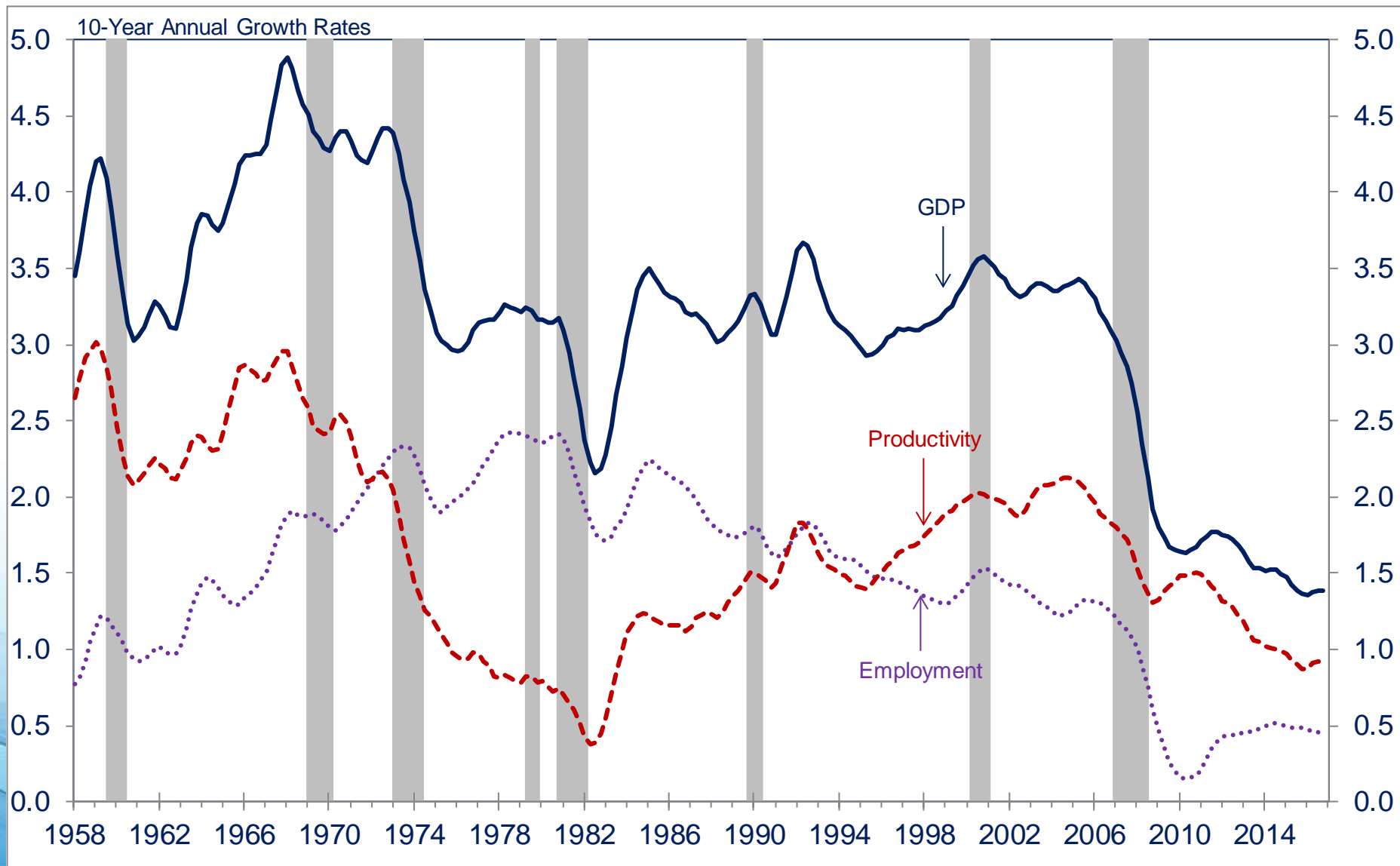
Real Gross Domestic Product



Note: Projection is the median, central tendency, and range from the September 2017 Summary of Economic Projections. Red dots indicate median projections. Projections of change in real gross domestic product (GDP) are from the fourth quarter of the previous year to the fourth quarter of the year indicated.

Source: Bureau of Economic Analysis via Haver Analytics & Federal Reserve Board

Decomposition of Real GDP



Note: Productivity is calculated as real GDP per employee, from the Household Survey.

Source: Bureau of Economic Analysis and Bureau of Labor Statistics via Haver Analytics

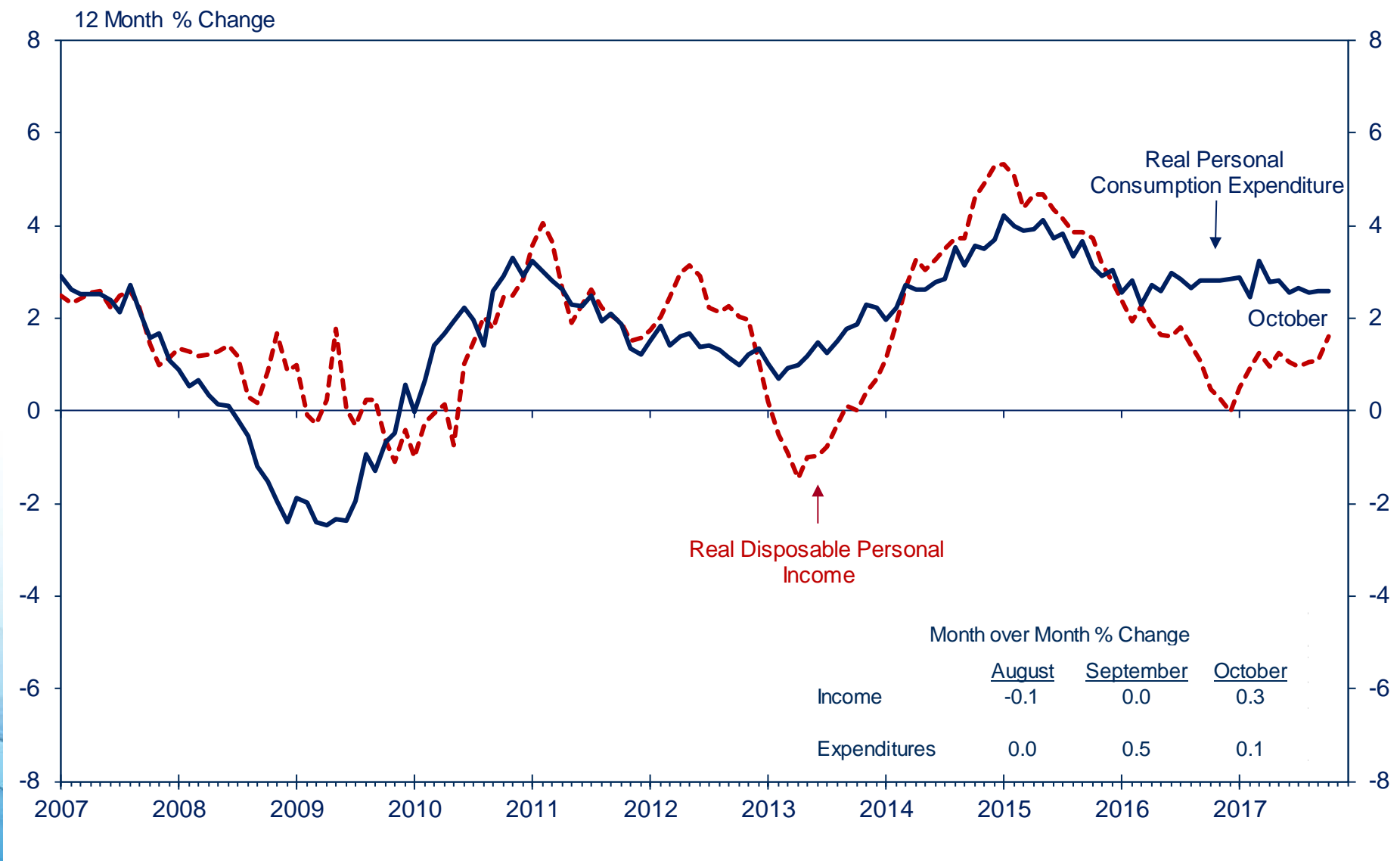
ISM: Business Survey Indexes

MANUFACTURING BUSINESS:

NON-MANUFACTURING BUSINESS:

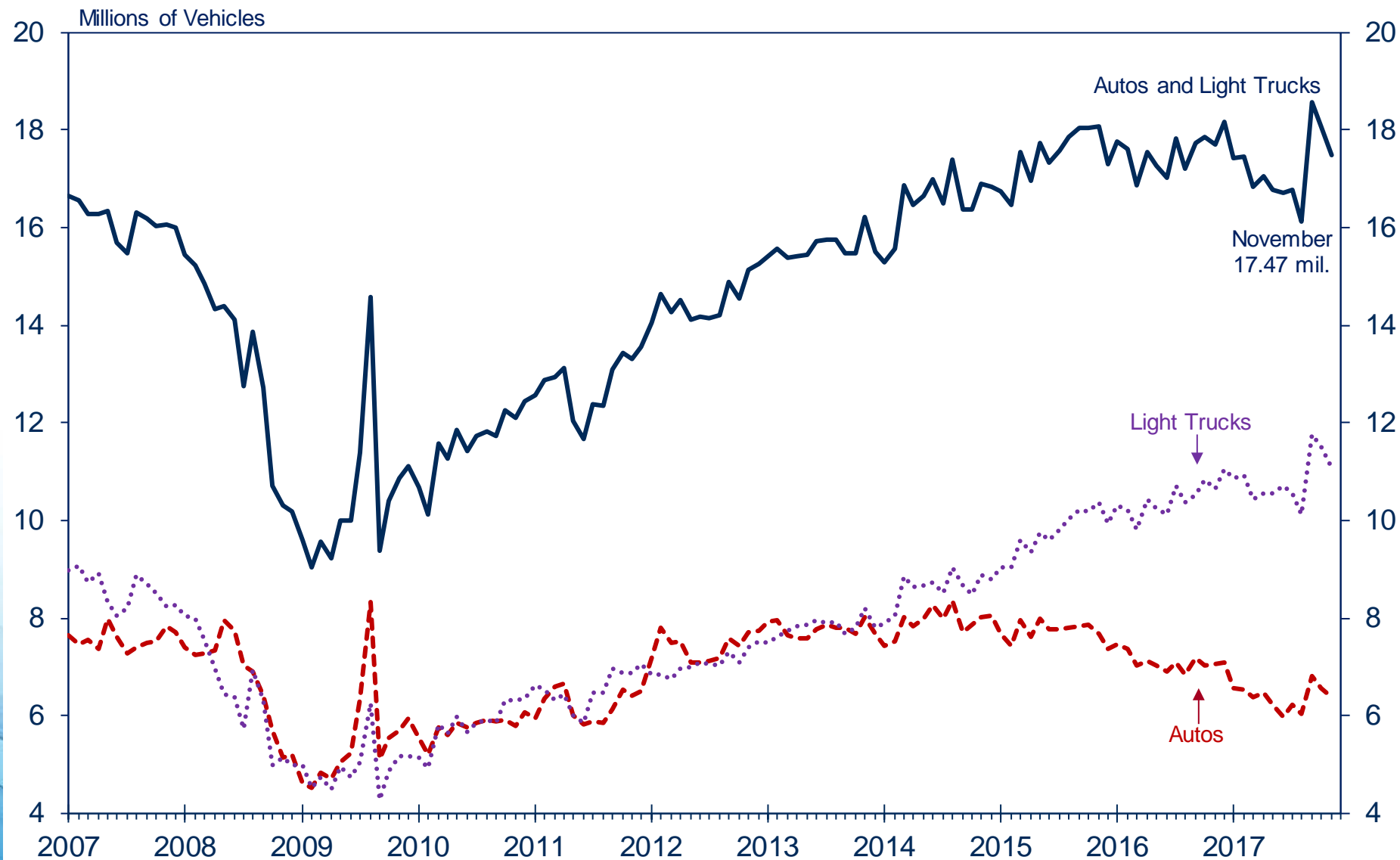
	<u>Oct.</u>	<u>Nov.</u>		<u>Oct.</u>	<u>Nov.</u>
Purchasing Managers Index	58.7	58.2	Non-Manufacturing Index	60.1	57.4
Production	61.0	63.9	Business Activity	62.2	61.4
New Orders	63.4	64.0	New Orders	62.8	58.7
Employment	59.8	59.7	Employment	57.5	55.3
Supplier Deliveries	61.4	56.5	Supplier Deliveries	58.0	54.0
Inventories	48.0	47.0	Inventories	52.5	54.5
Prices	68.5	65.5	Prices	62.7	60.7
Backlog of Orders	55.0	55.0	Backlog of Orders	53.5	51.5
New Export Orders	56.5	56.0	New Export Orders	60.0	57.0
Imports	54.0	54.5	Imports	52.0	52.5

Consumer Spending and Income

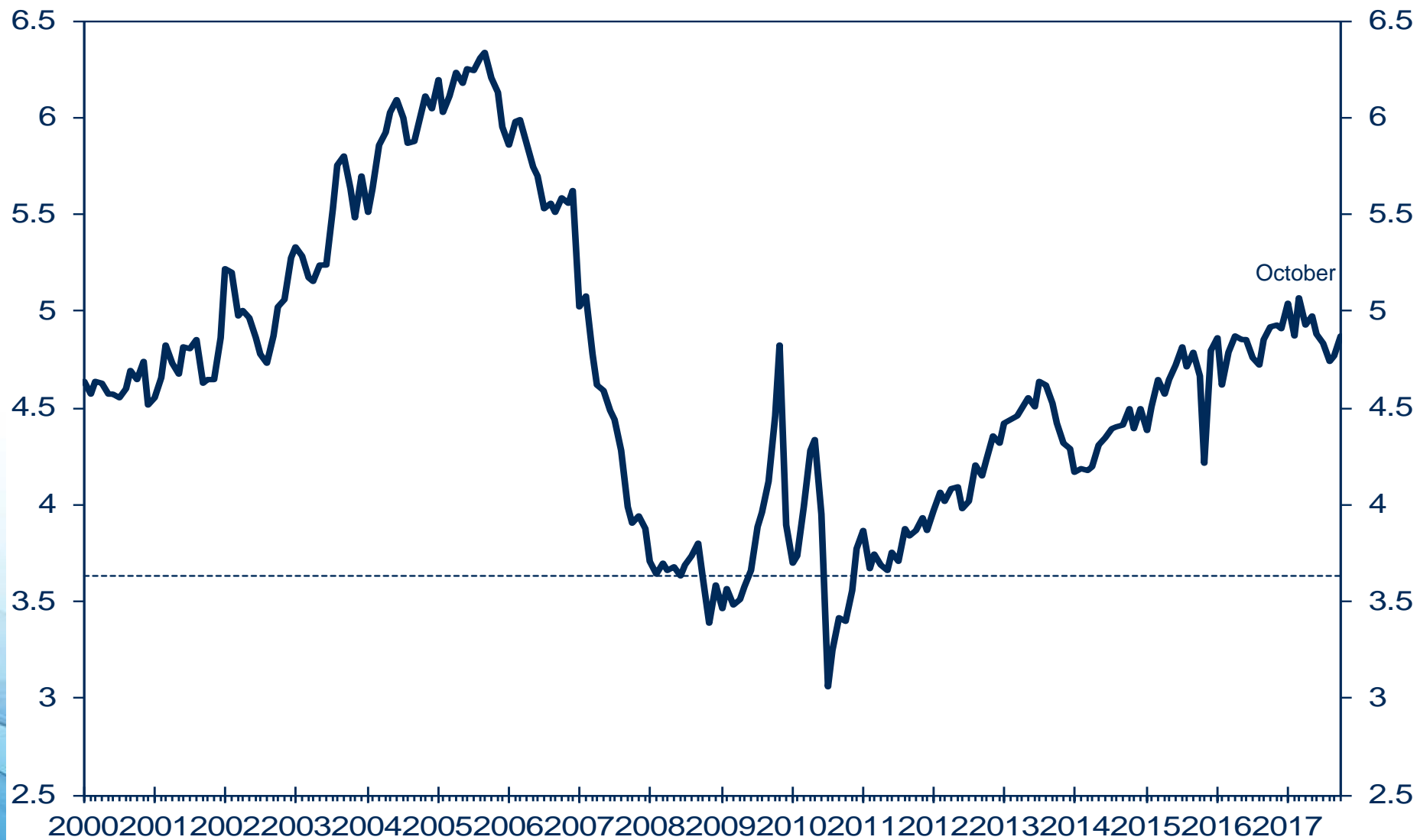


Note: Income has been adjusted to account for temporary fiscal actions in 2008 and 2012-2013.

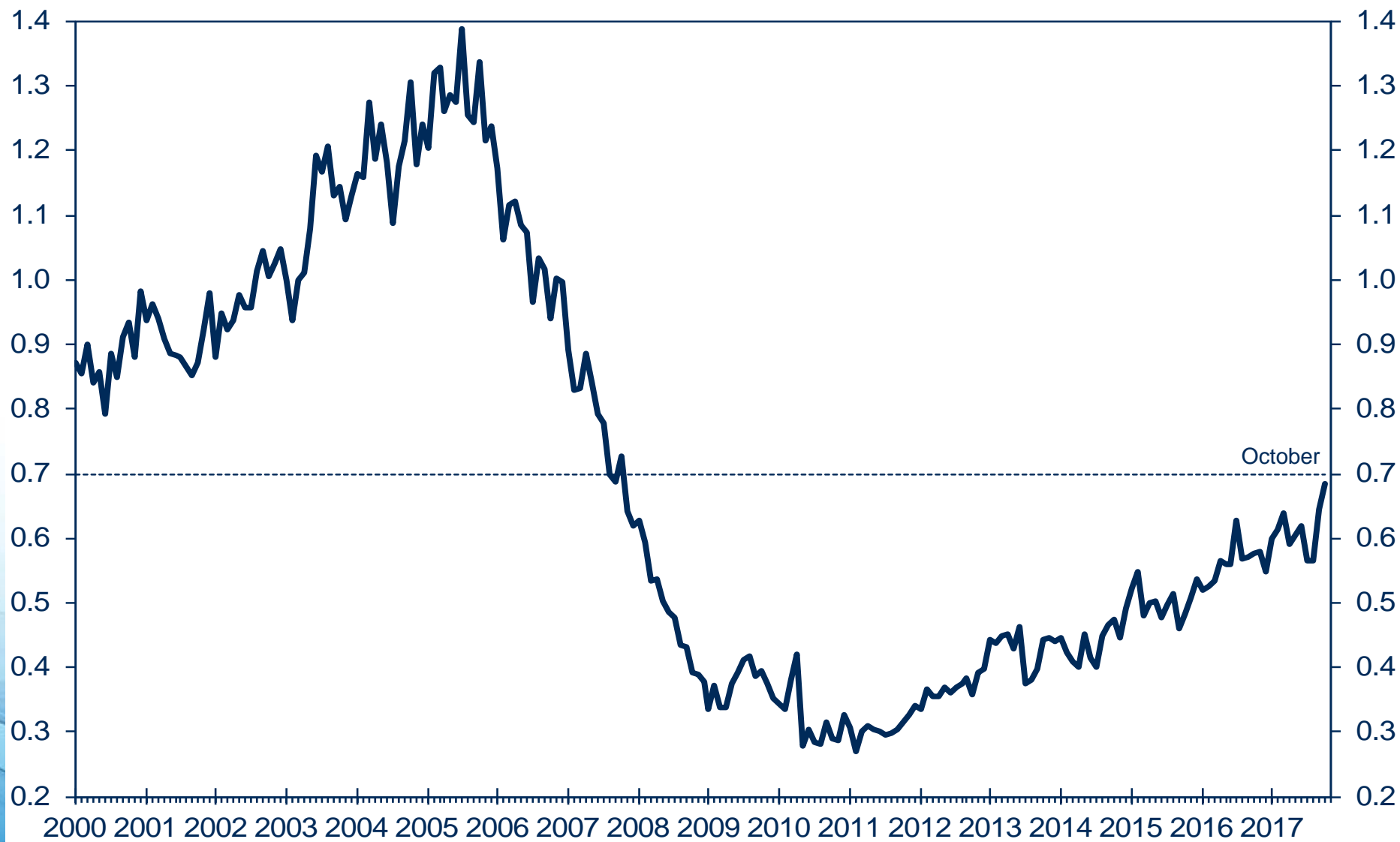
Sales of Automobiles & Light Trucks



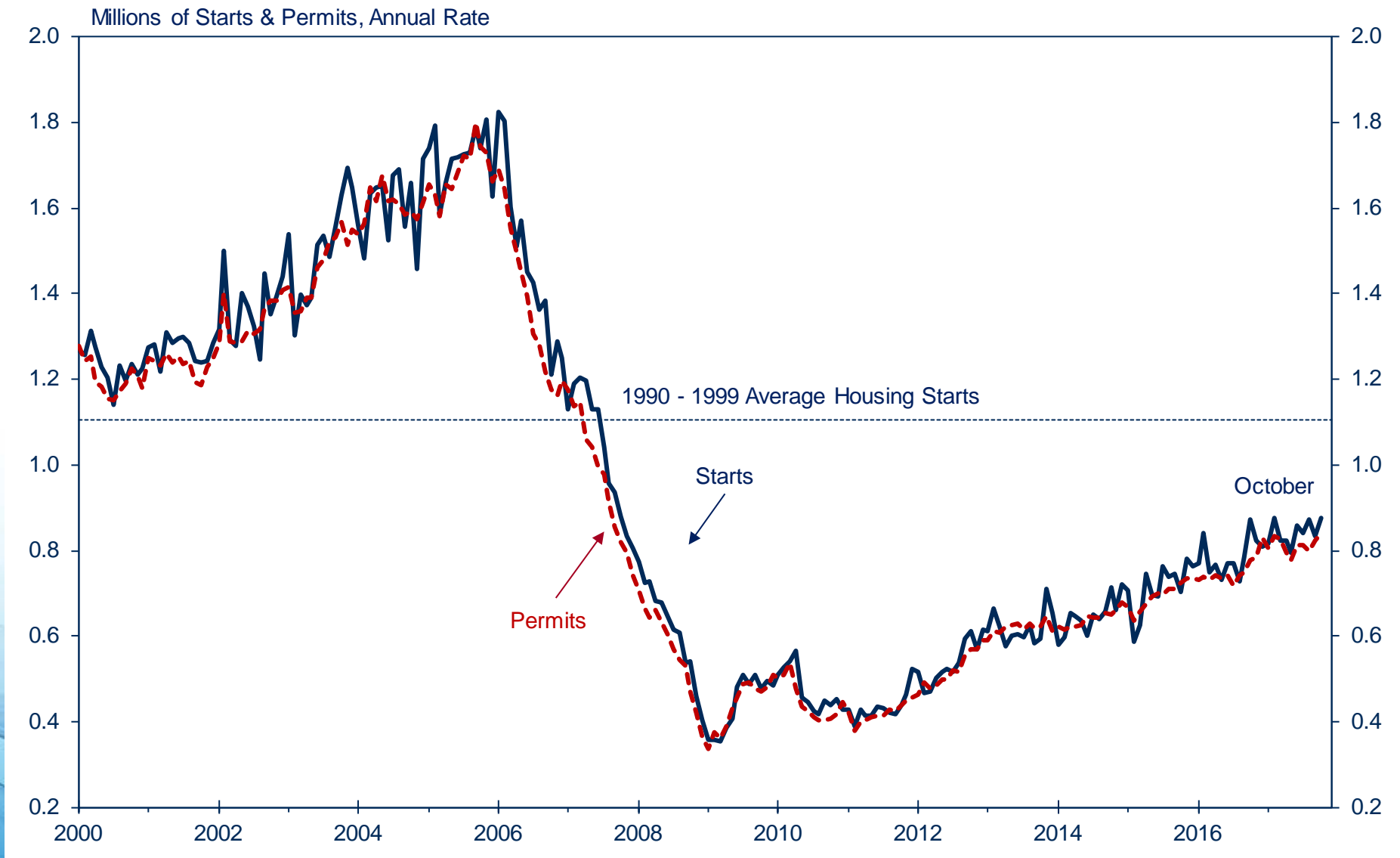
Existing Single-Family Home Sales



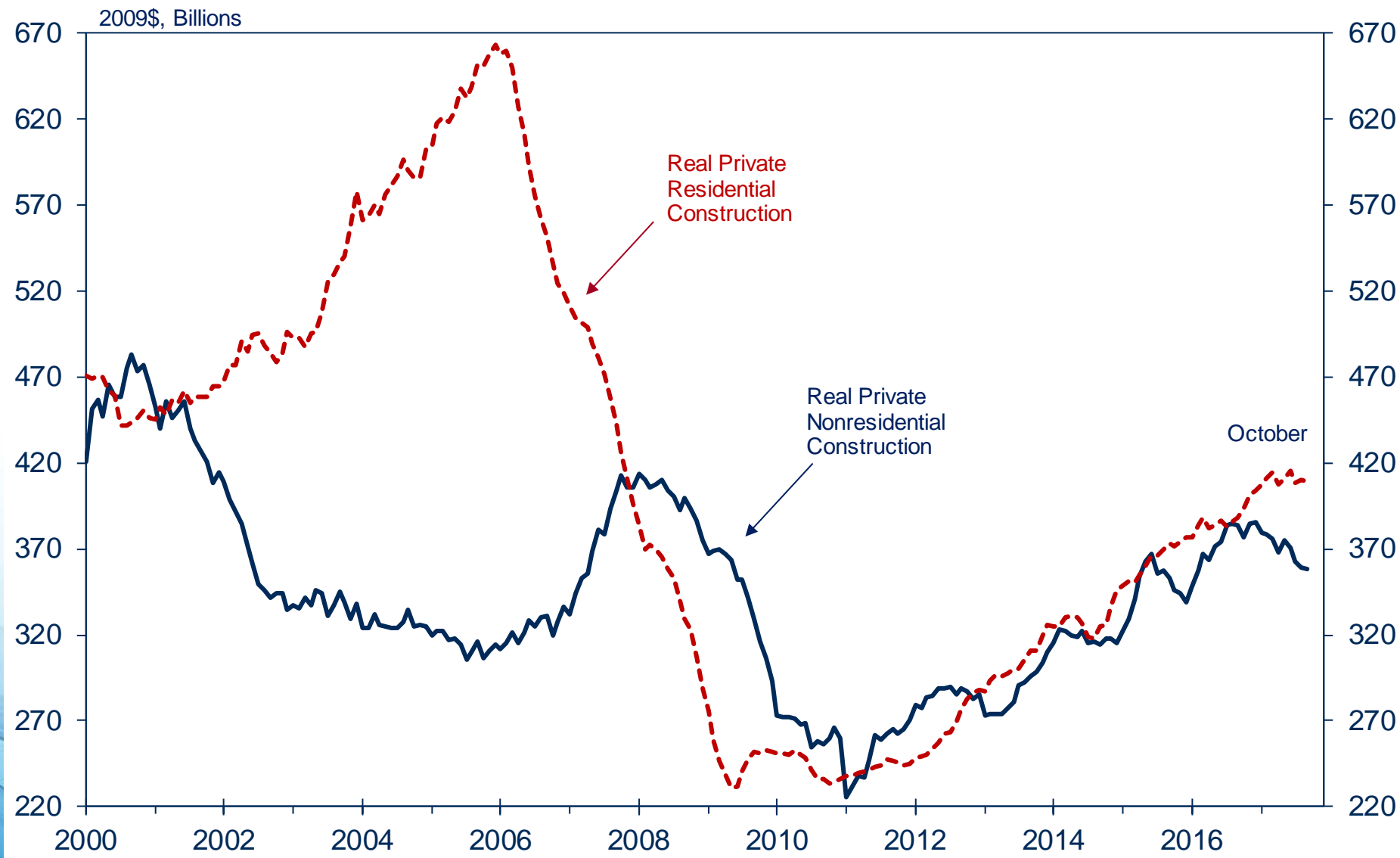
New Single-Family Home Sales



Private Single-Family Housing Starts & Permits



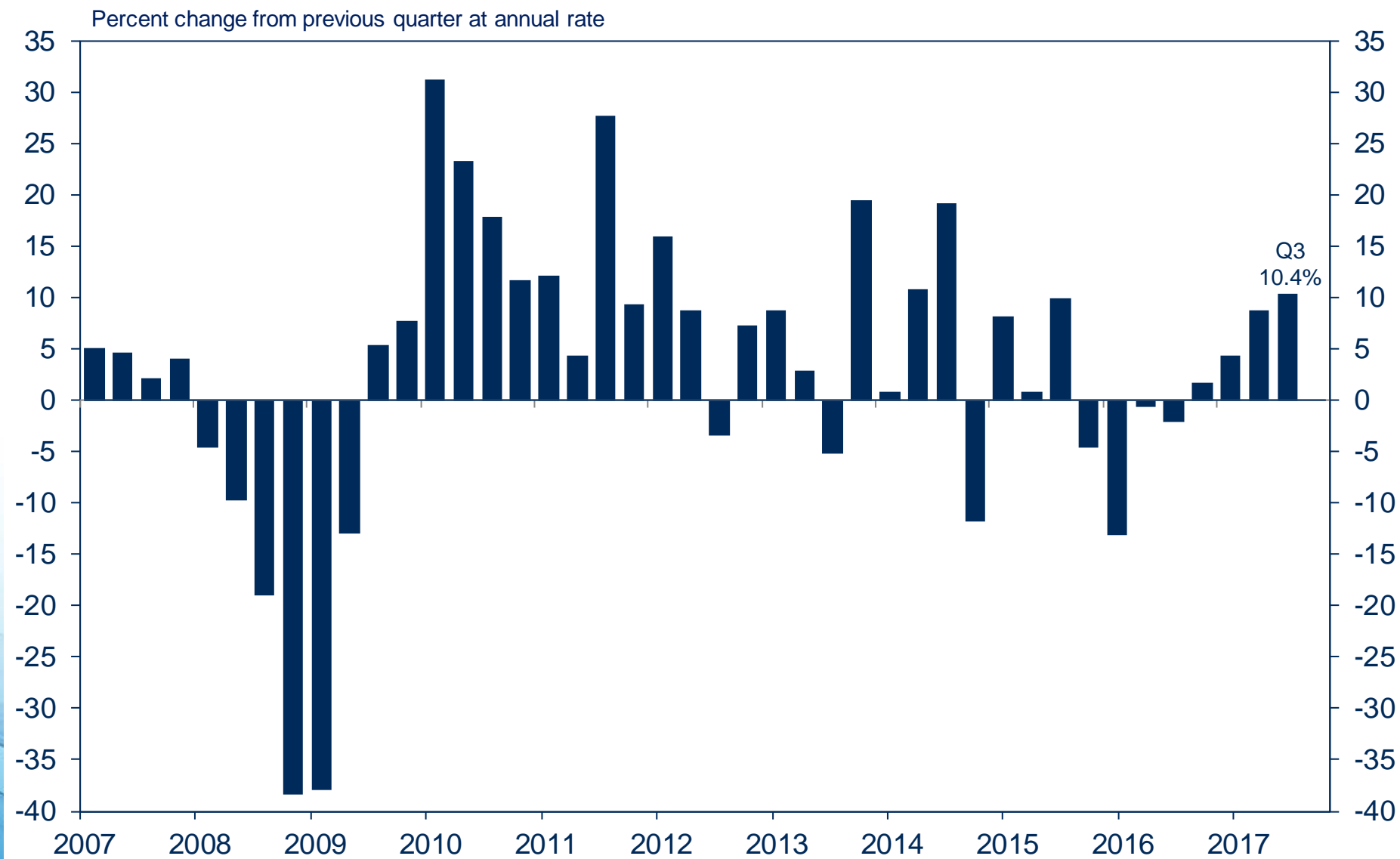
Real Private Construction Put In Place



Notes: Private nonresidential construction deflated using the price index for private fixed investment in nonresidential structures and private residential construction deflated using the private residential investment chain price index.

Source: Census Bureau via Haver Analytics 14

Real Investment in Equipment



Crude Oil Prices



Notes: Spot and Futures Prices are for Brent Crude Oil.

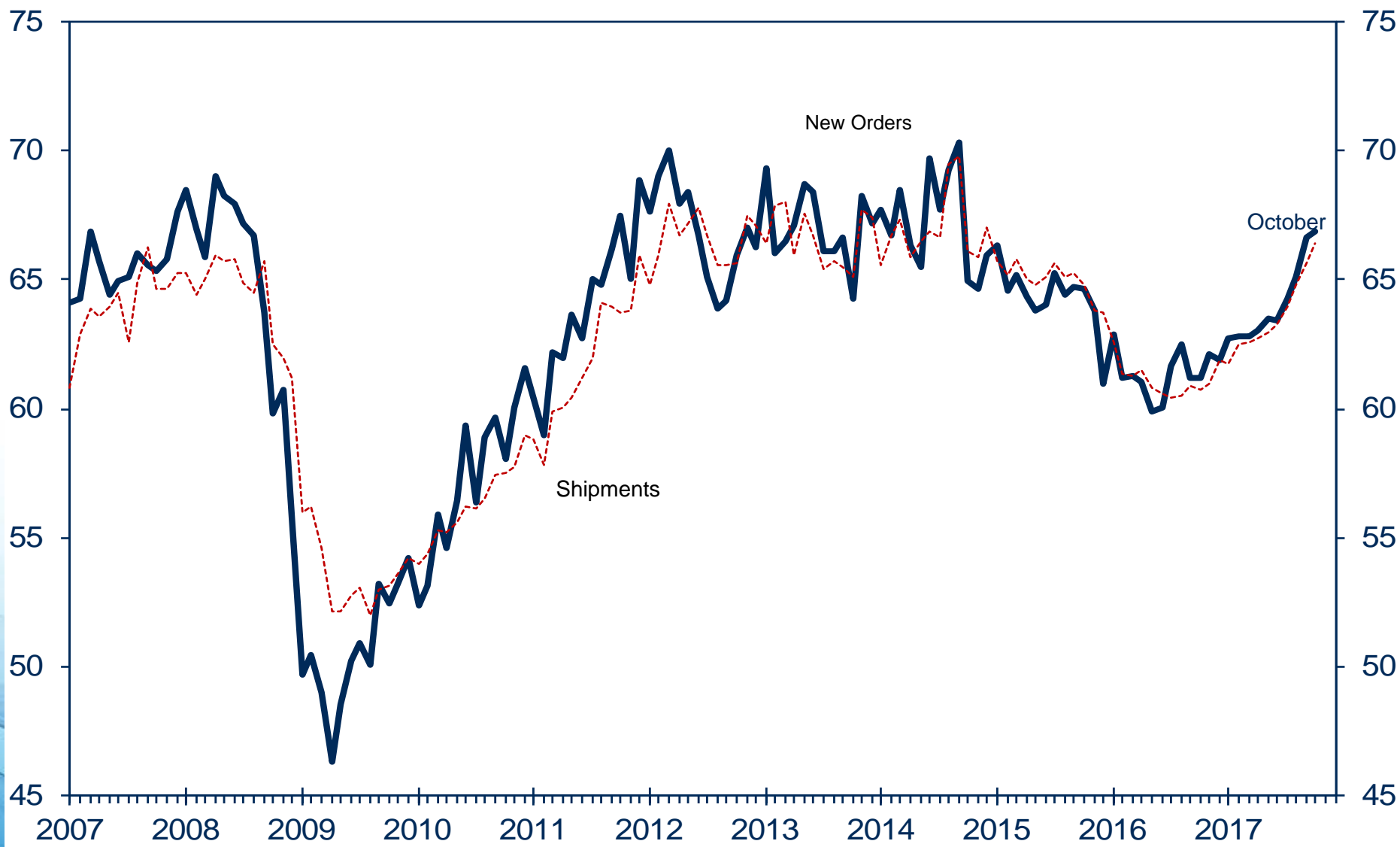
Source: Financial Times & New York Mercantile Exchange via Haver Analytics & Bloomberg

Exchange Value of the USD



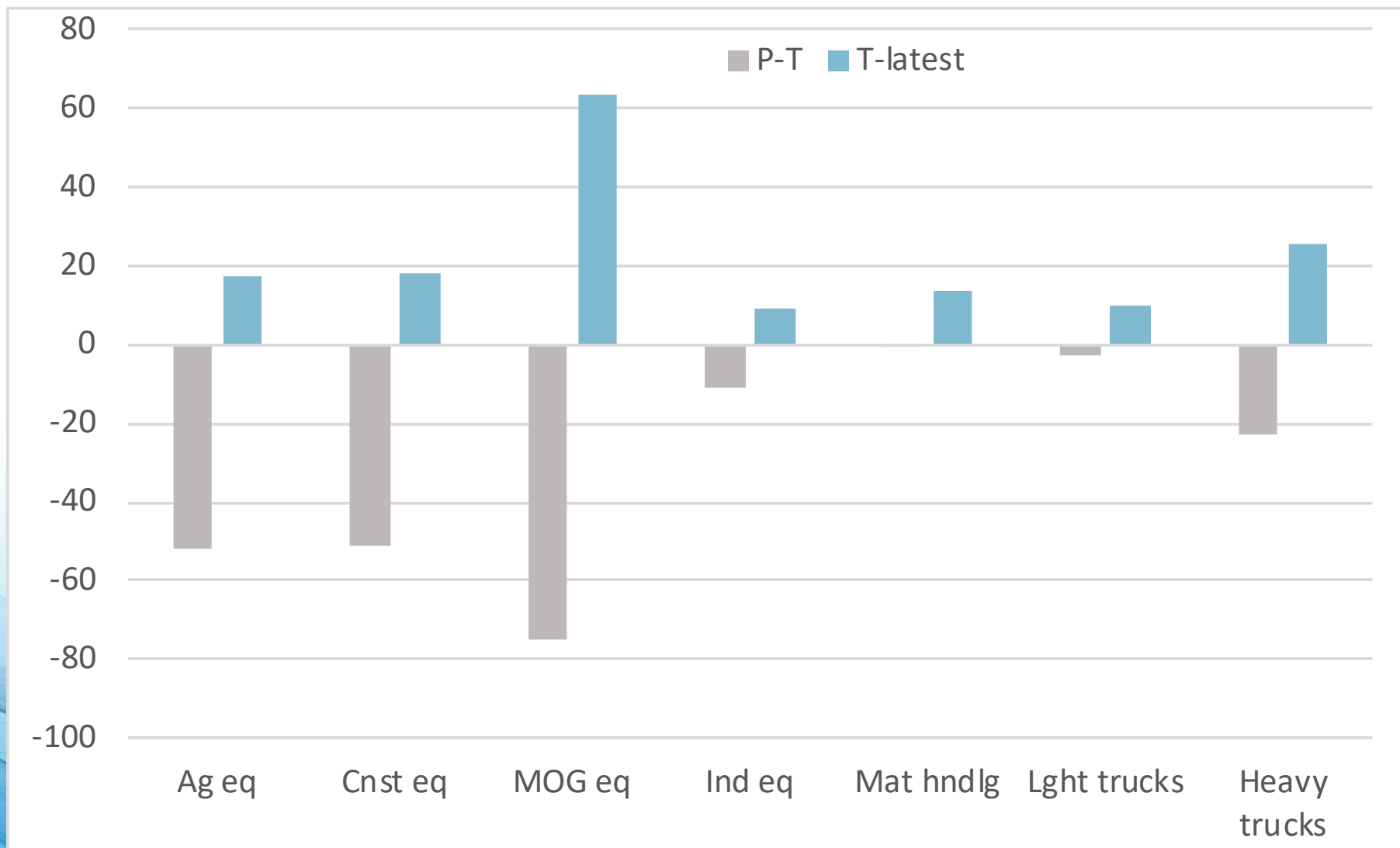
Notes: Measured as the real broad trade-weighted exchange value of the United States Dollar.

Core Capital Goods



Notes: Core capital goods are nondefense capital goods excluding aircraft.

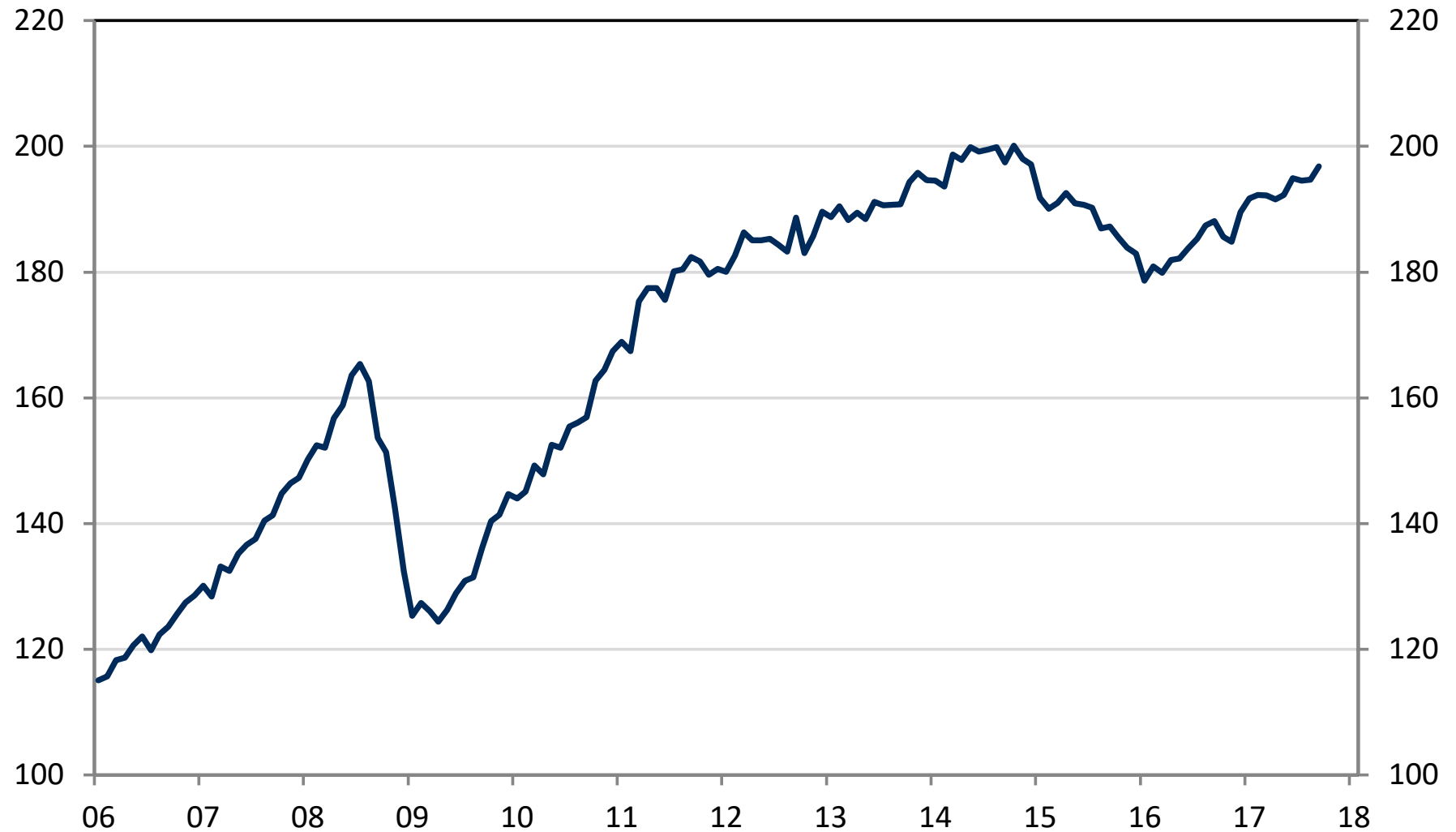
Capital Goods Shipments



Source: Census Bureau via Haver Analytics

Exports

Billions USD



Source: Census Bureau via Haver Analytics

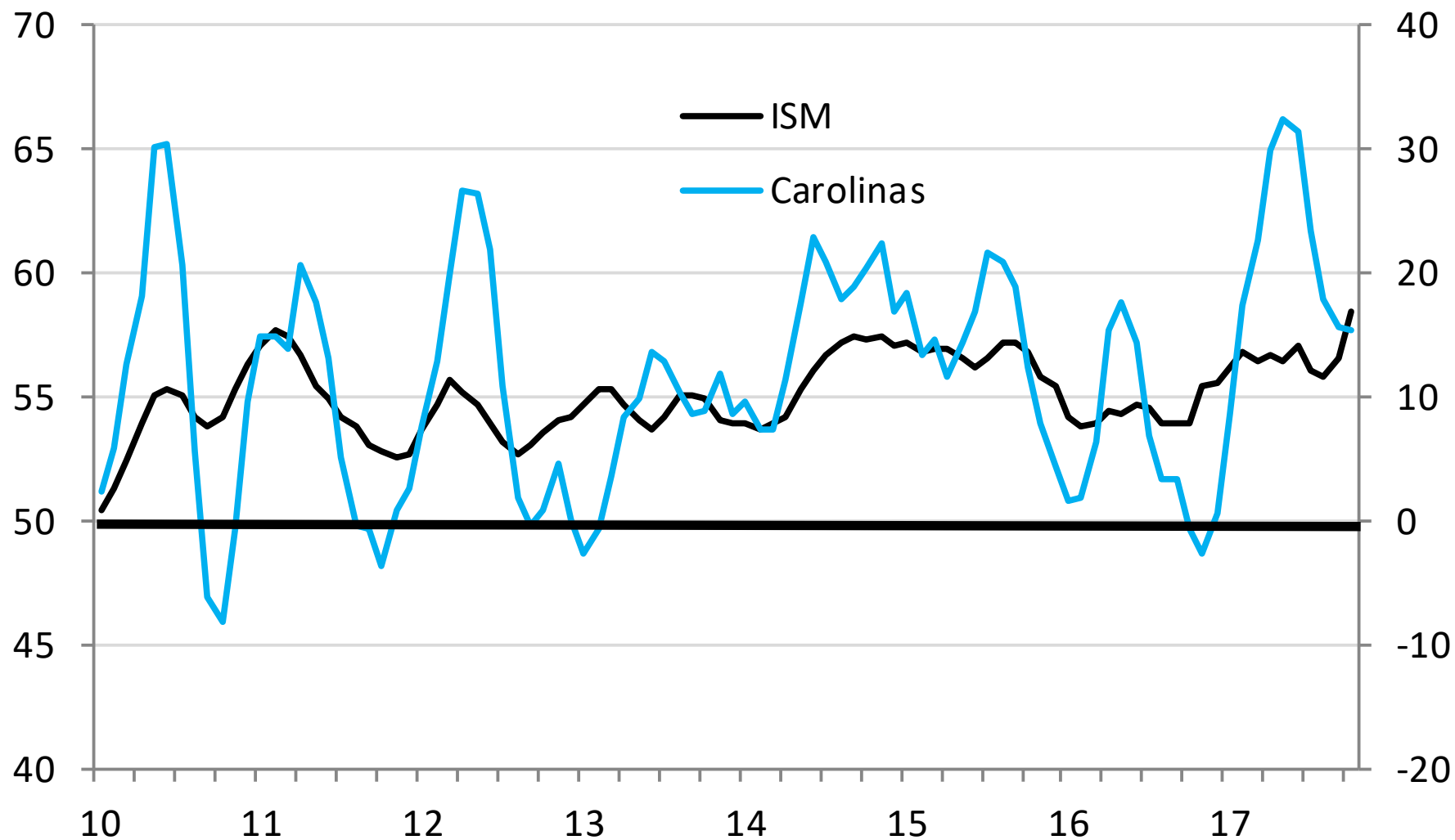
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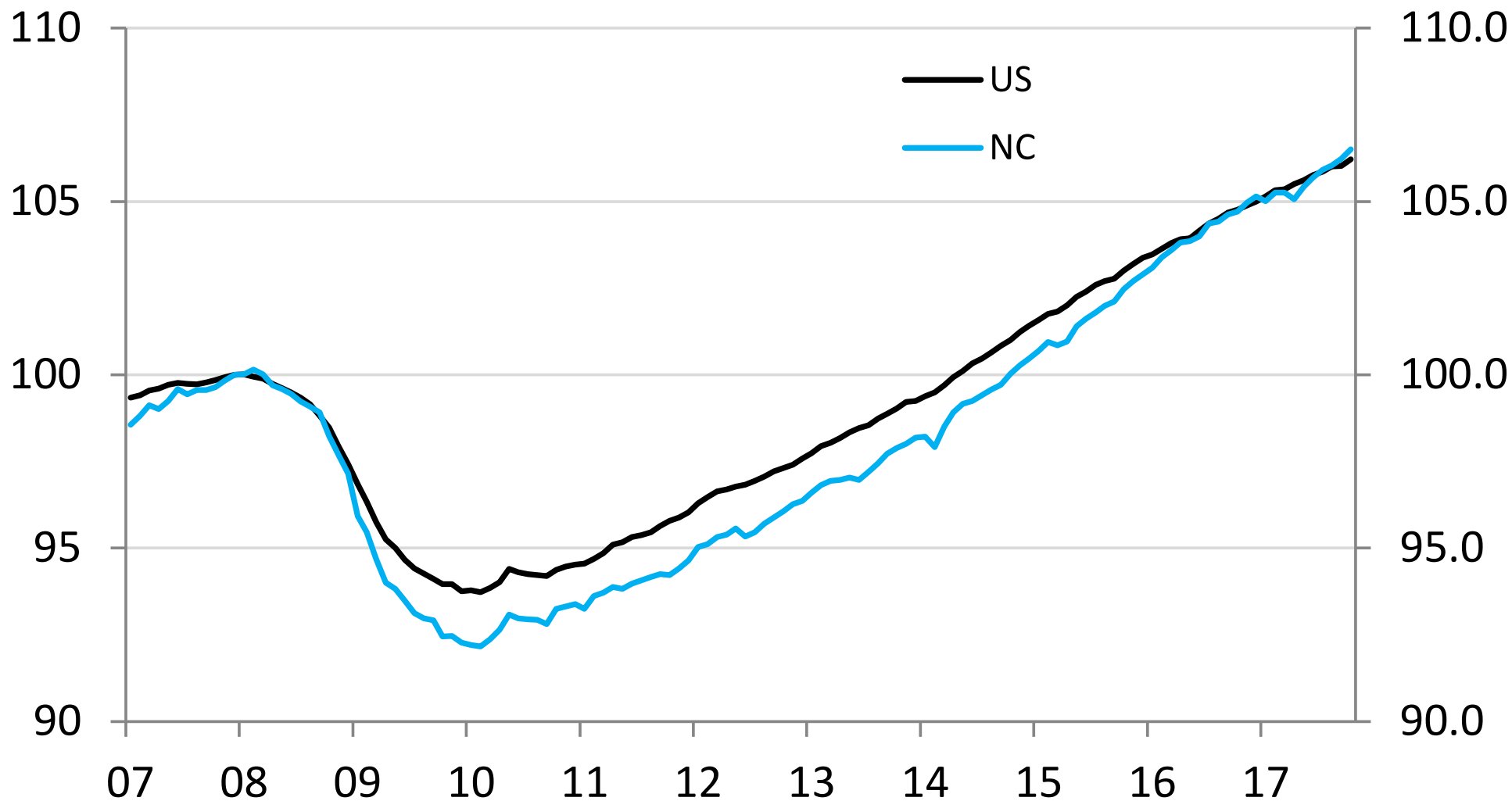
Regional Business Activity

Diffusion index



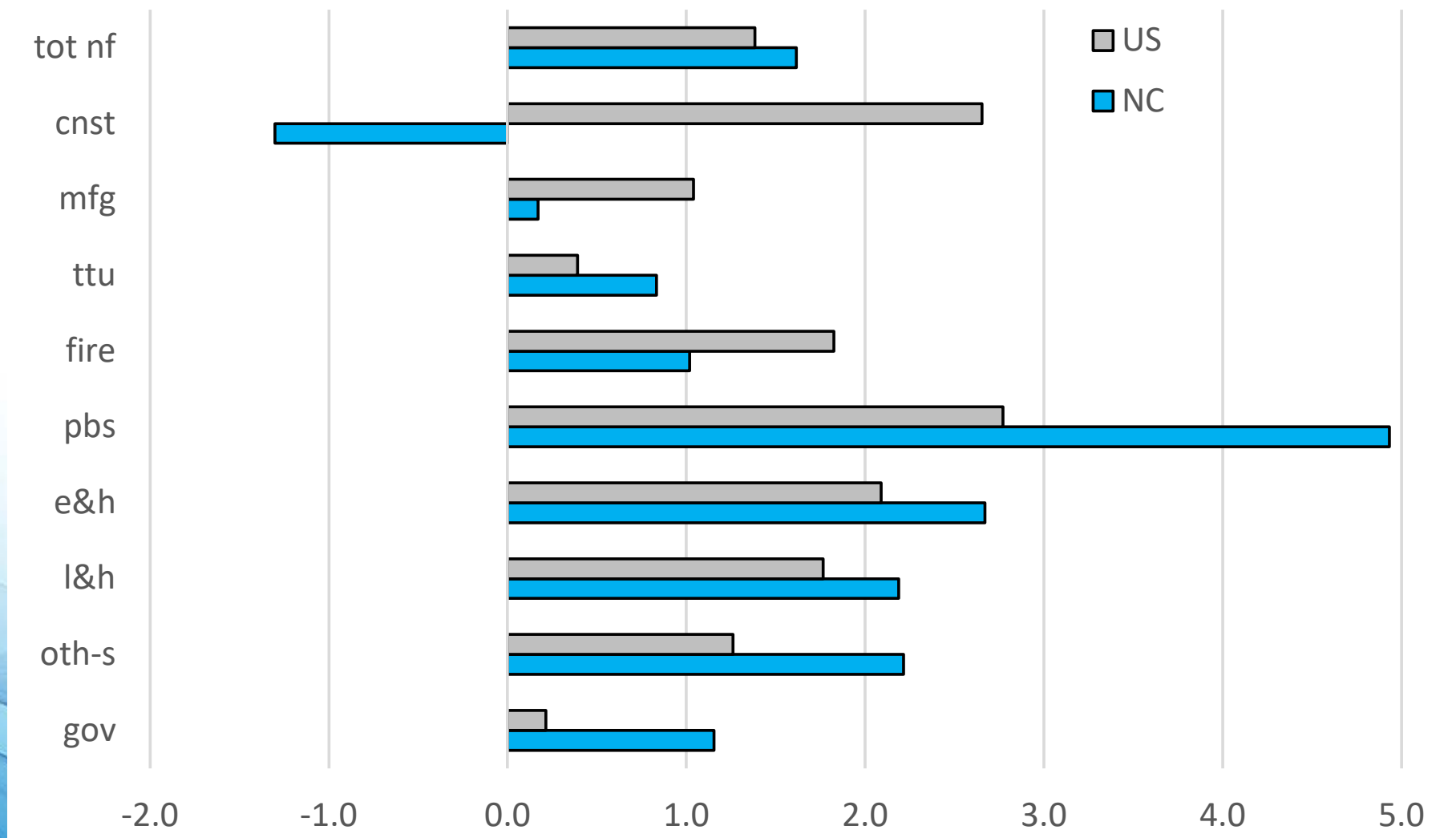
Employment Growth

Index, Dec. 2007 = 100



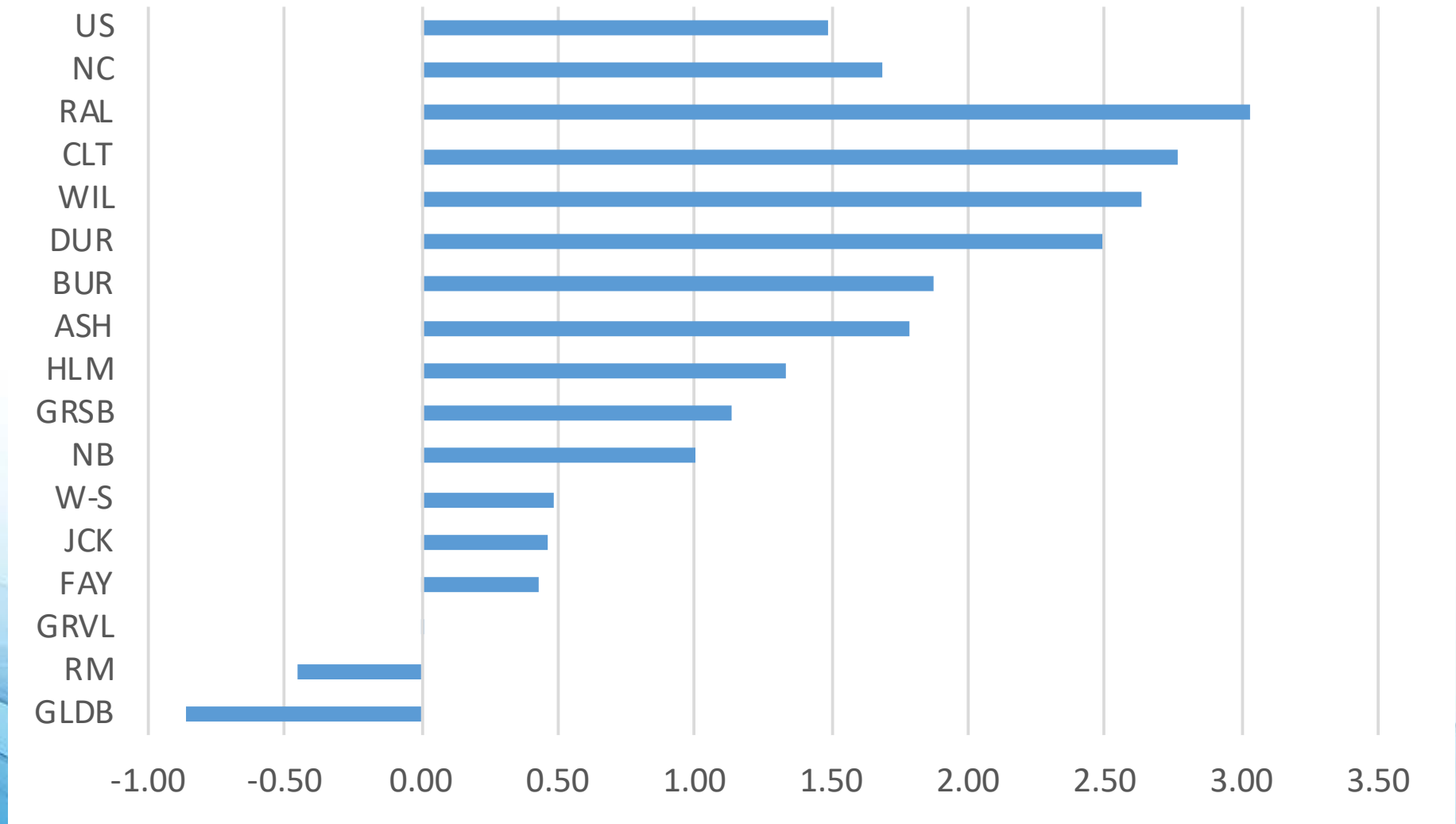
Employment Growth by Industry

Percent change y/y, based on 3 MMA thru Oct. 2017



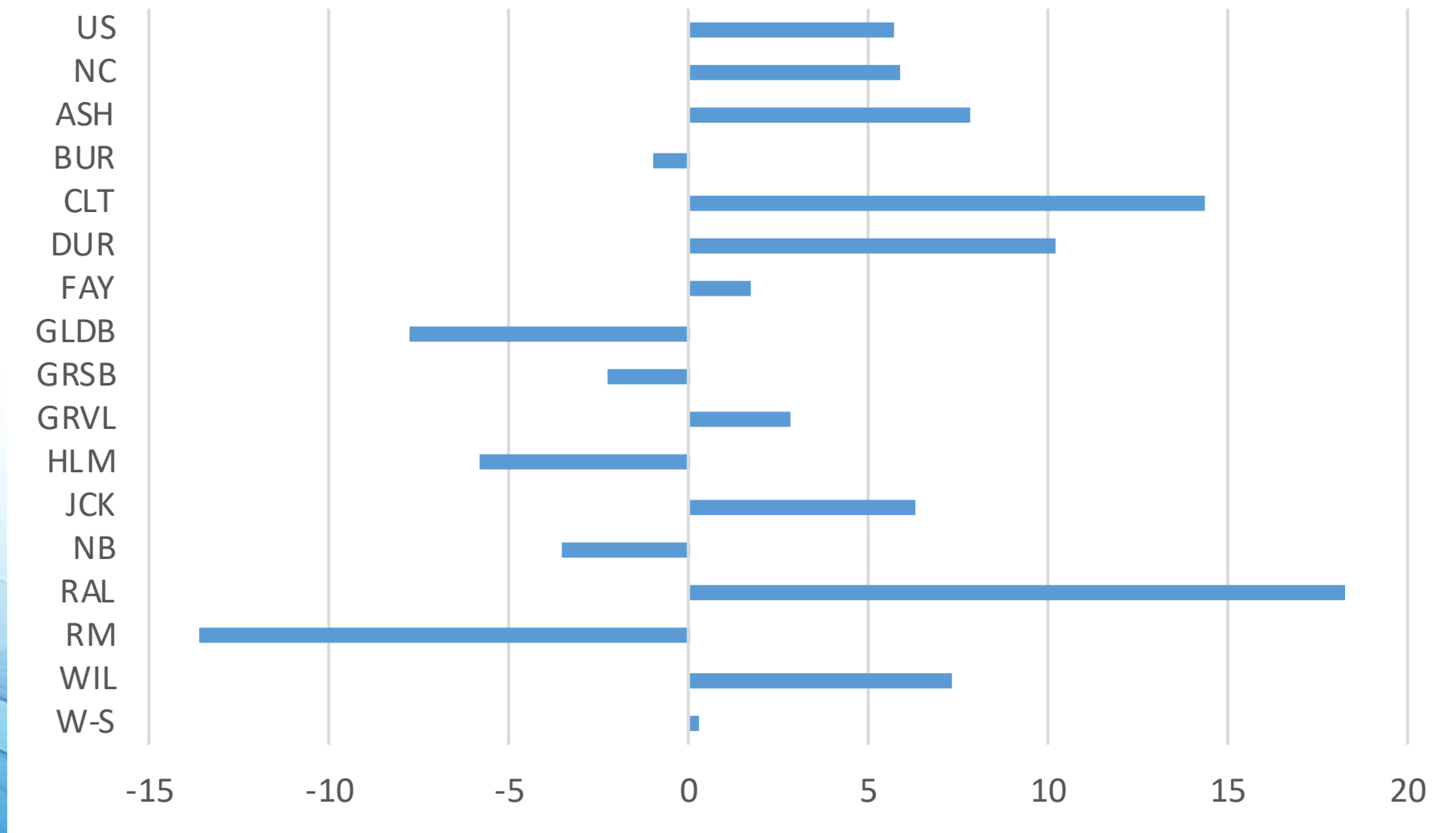
North Carolina Employment Growth by MSA

Percent change y/y, based on 12 MMA thru Oct. 2017



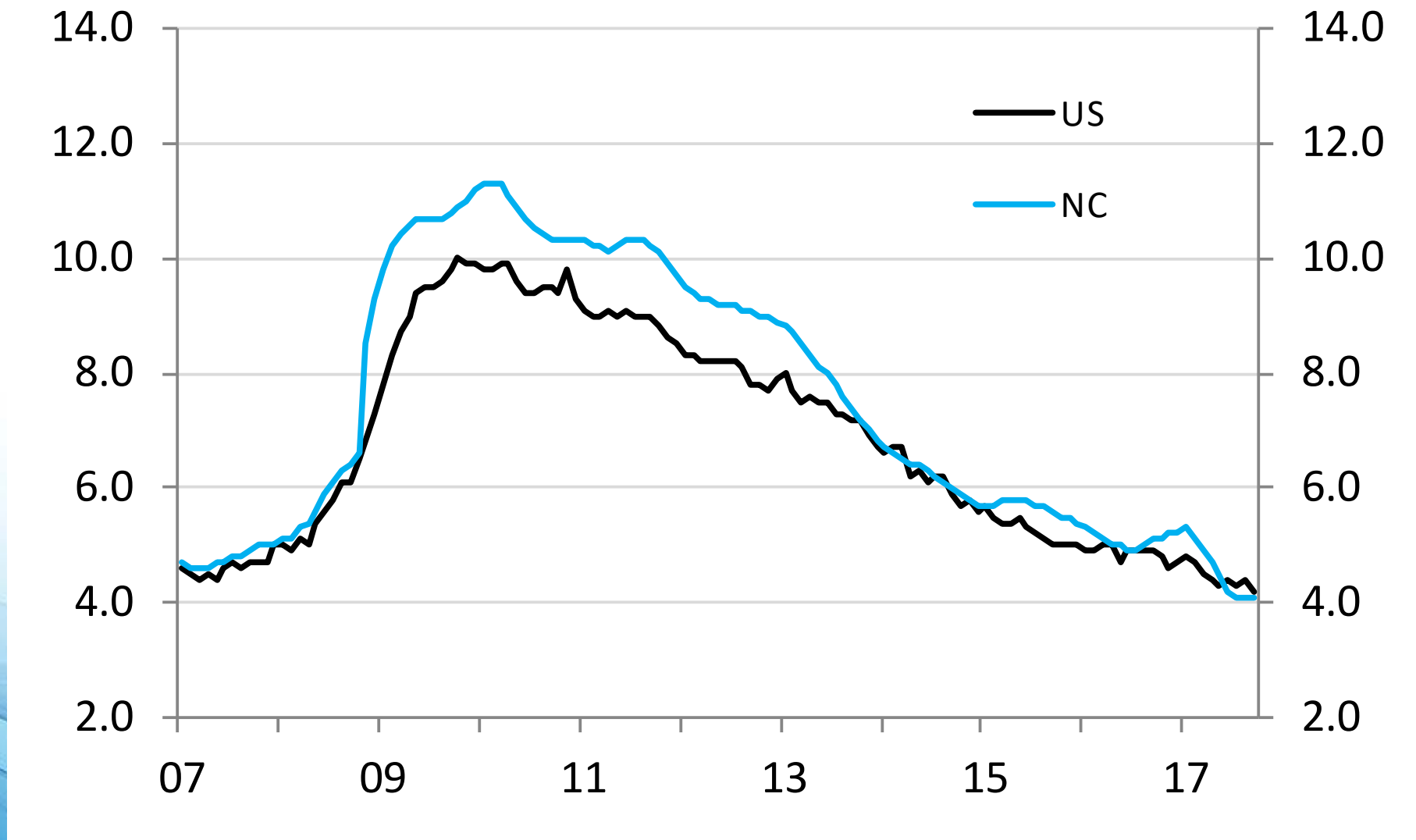
Payroll Employment

Percent change from prior peak



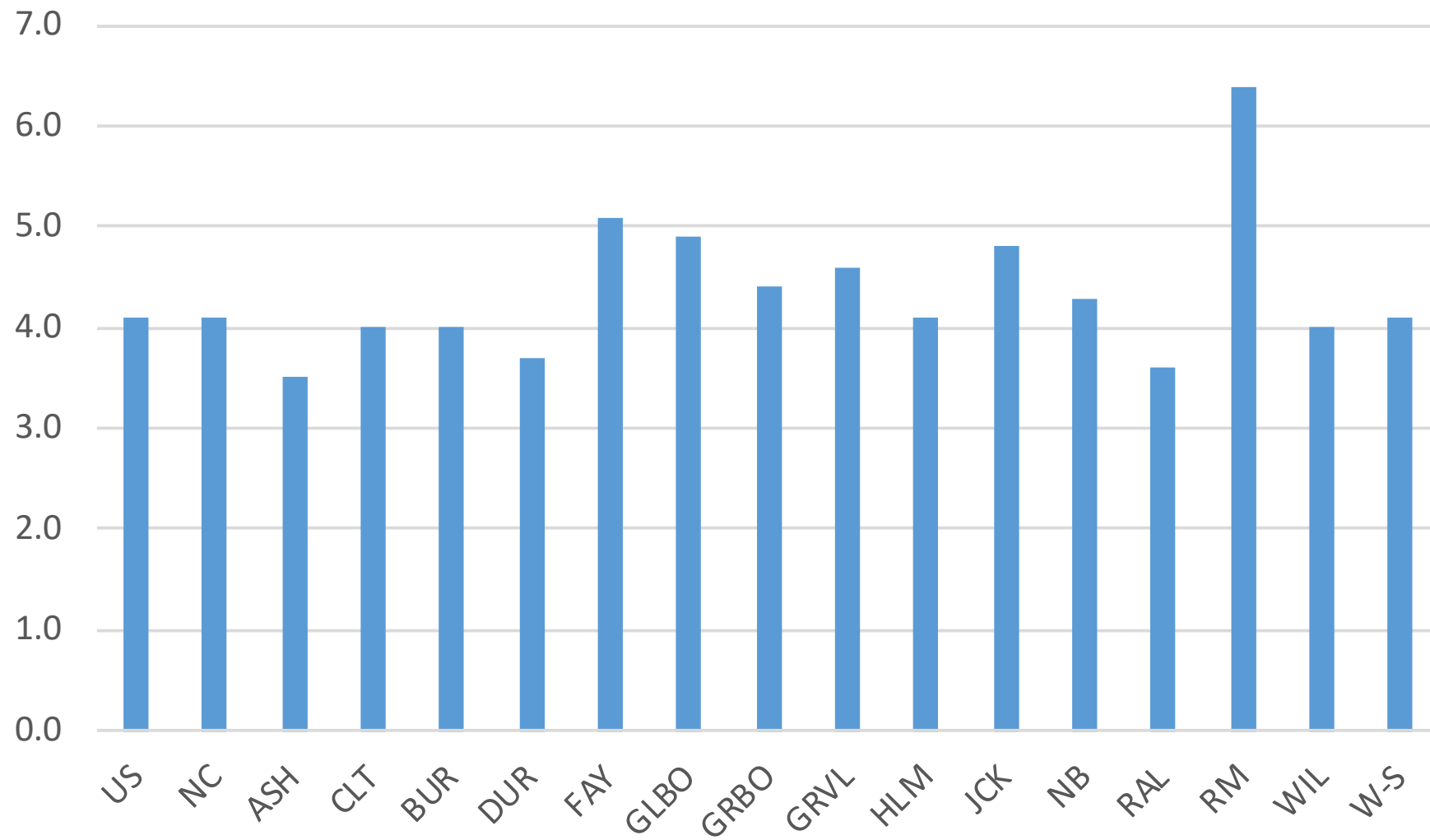
Unemployment Rates

Percent of labor force unemployed



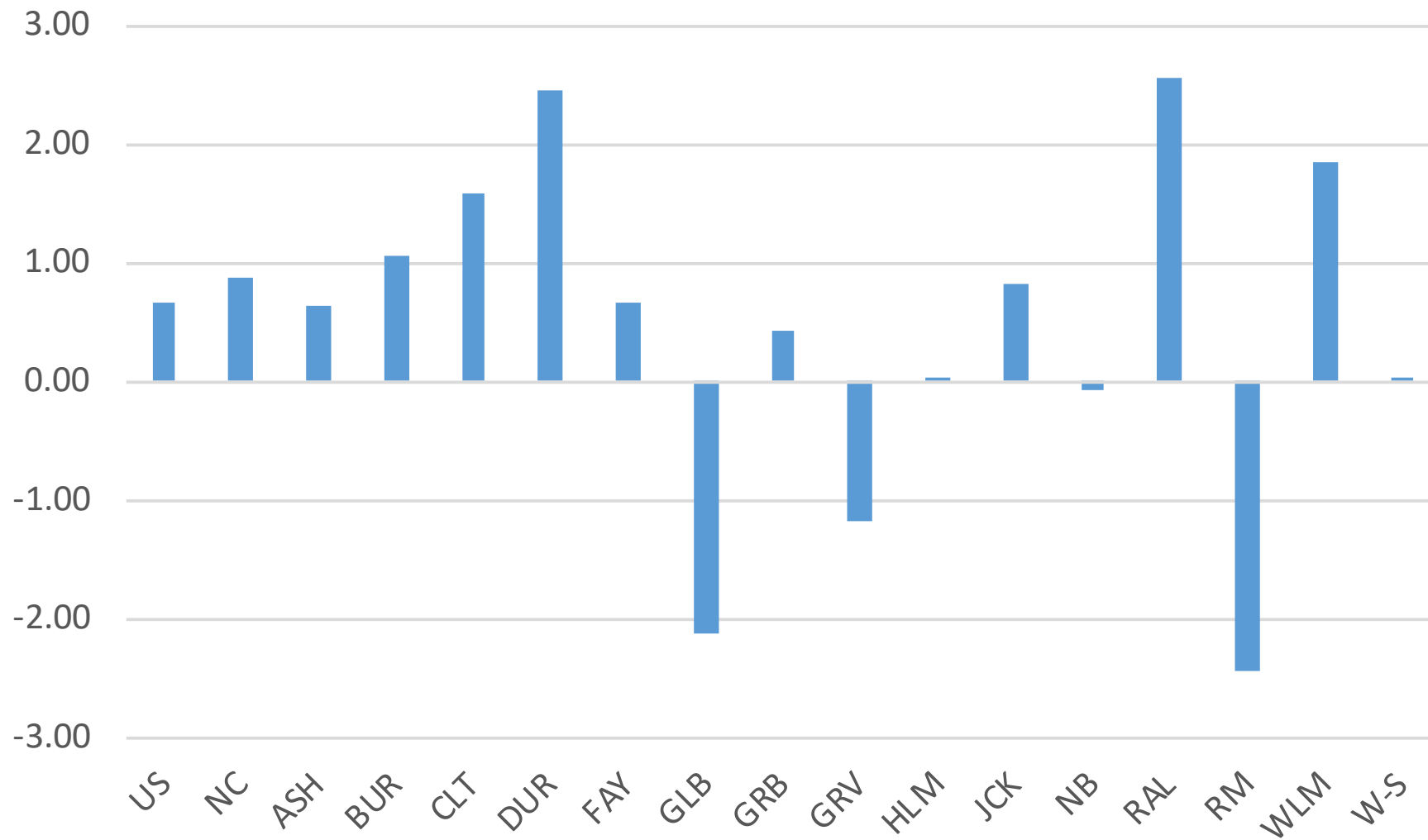
Unemployment Rates

Percent of labor force unemployed



Labor Force Growth

Percent change y/y, based on 3 month moving average



Looking forward

- The economy, national and local, is resilient
- U.S. economy experiencing above trend growth, but there isn't compelling evidence that it's natural "speed limit" has changed
- Slower job growth in 2017 than 2016, but unemployment is lower and supply is constrained
- Outlook for North Carolina is above average...
- ...but it depends on where you are in the state.



Thank you.