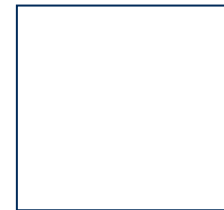
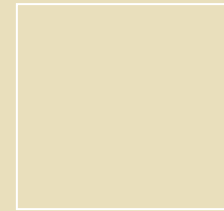


# An Update on Economic Conditions

Raymond Owens

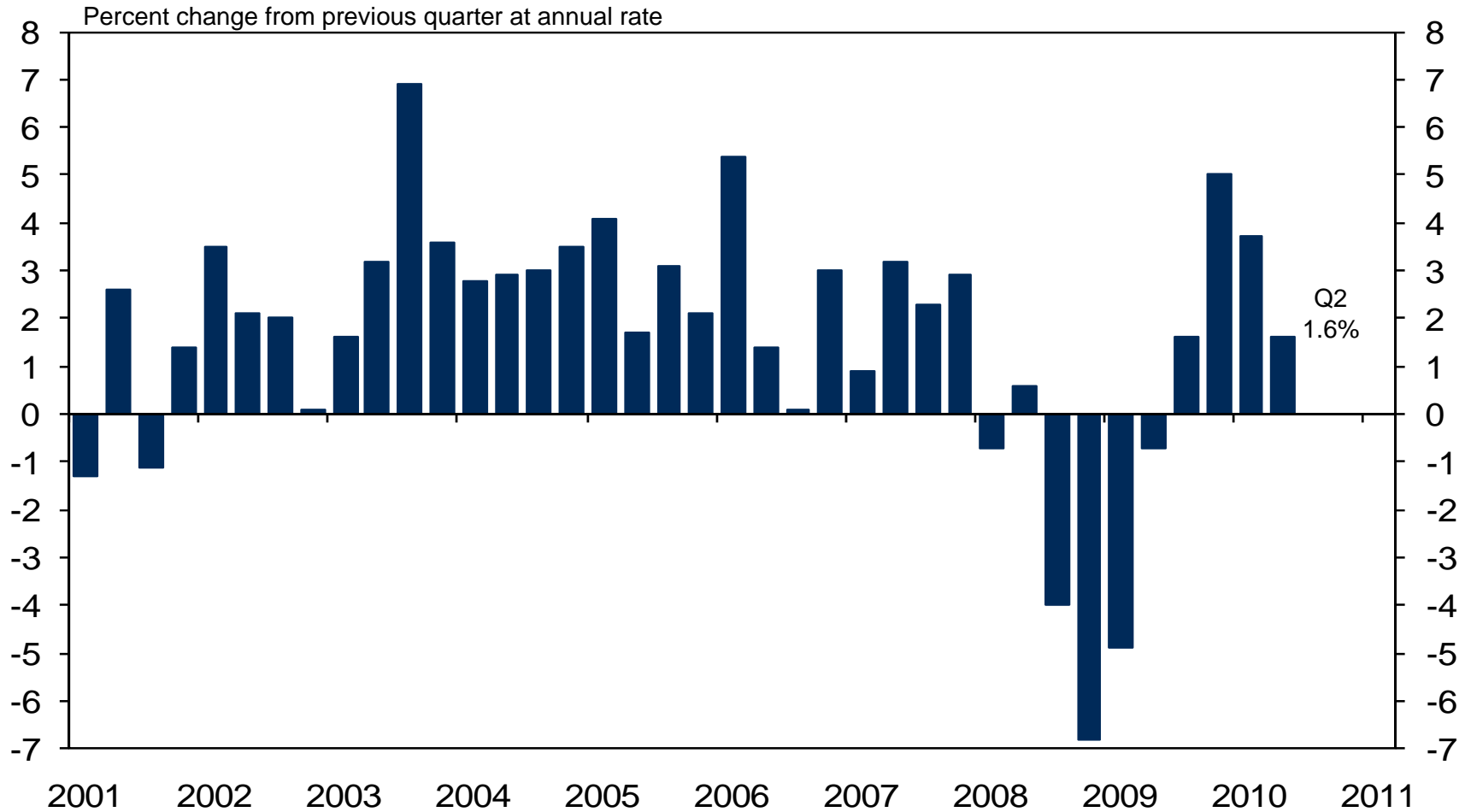
September 17, 2010



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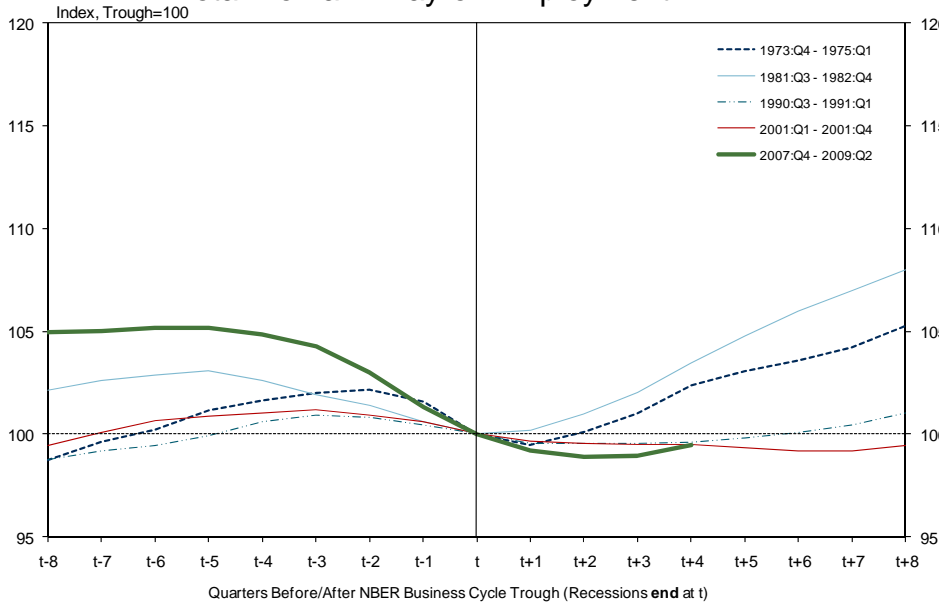
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# Real Gross Domestic Product

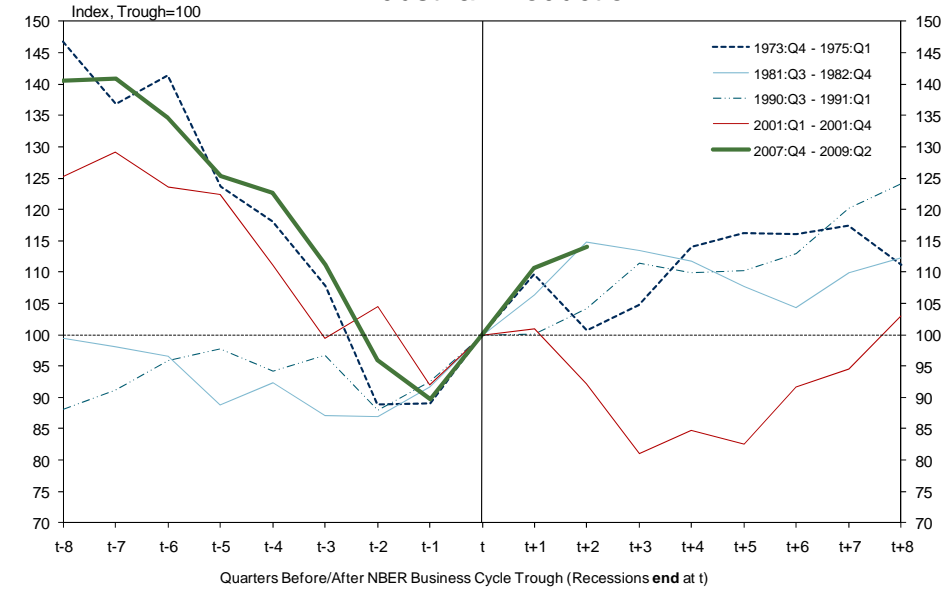




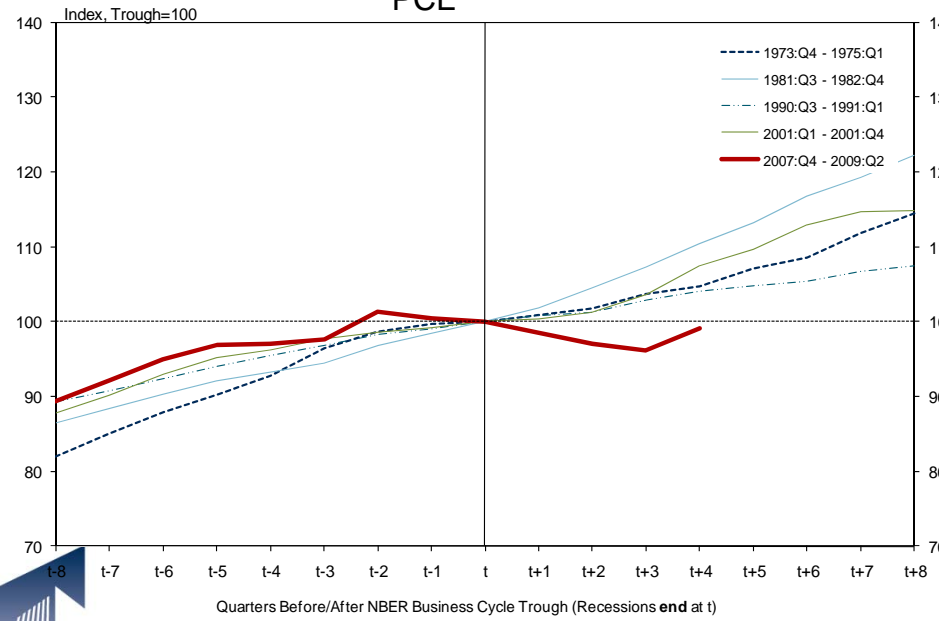
### Total Nonfarm Payroll Employment



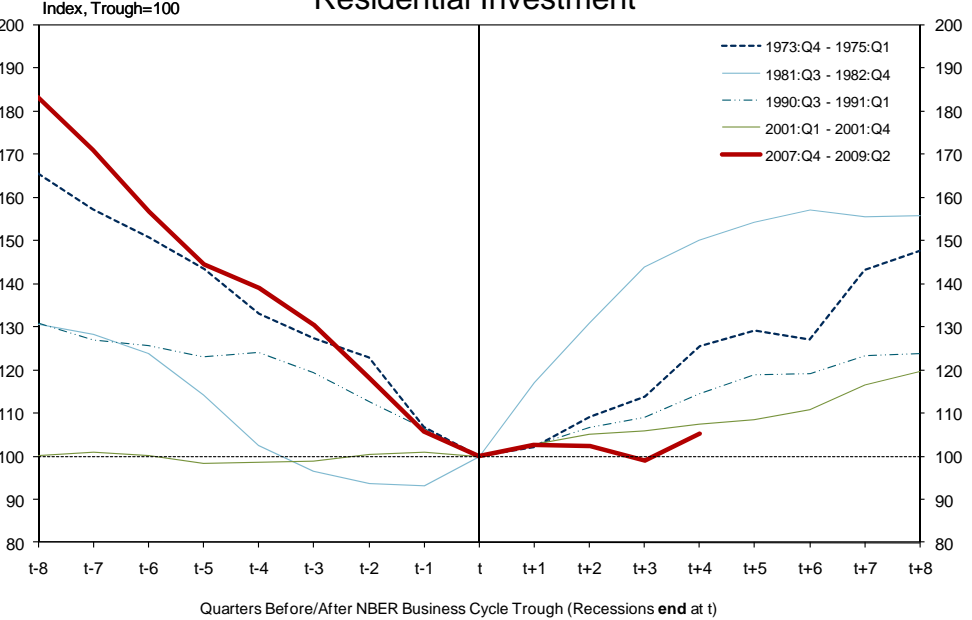
### Industrial Production



### PCE



### Residential Investment



# Business Inventory/Sales Ratio

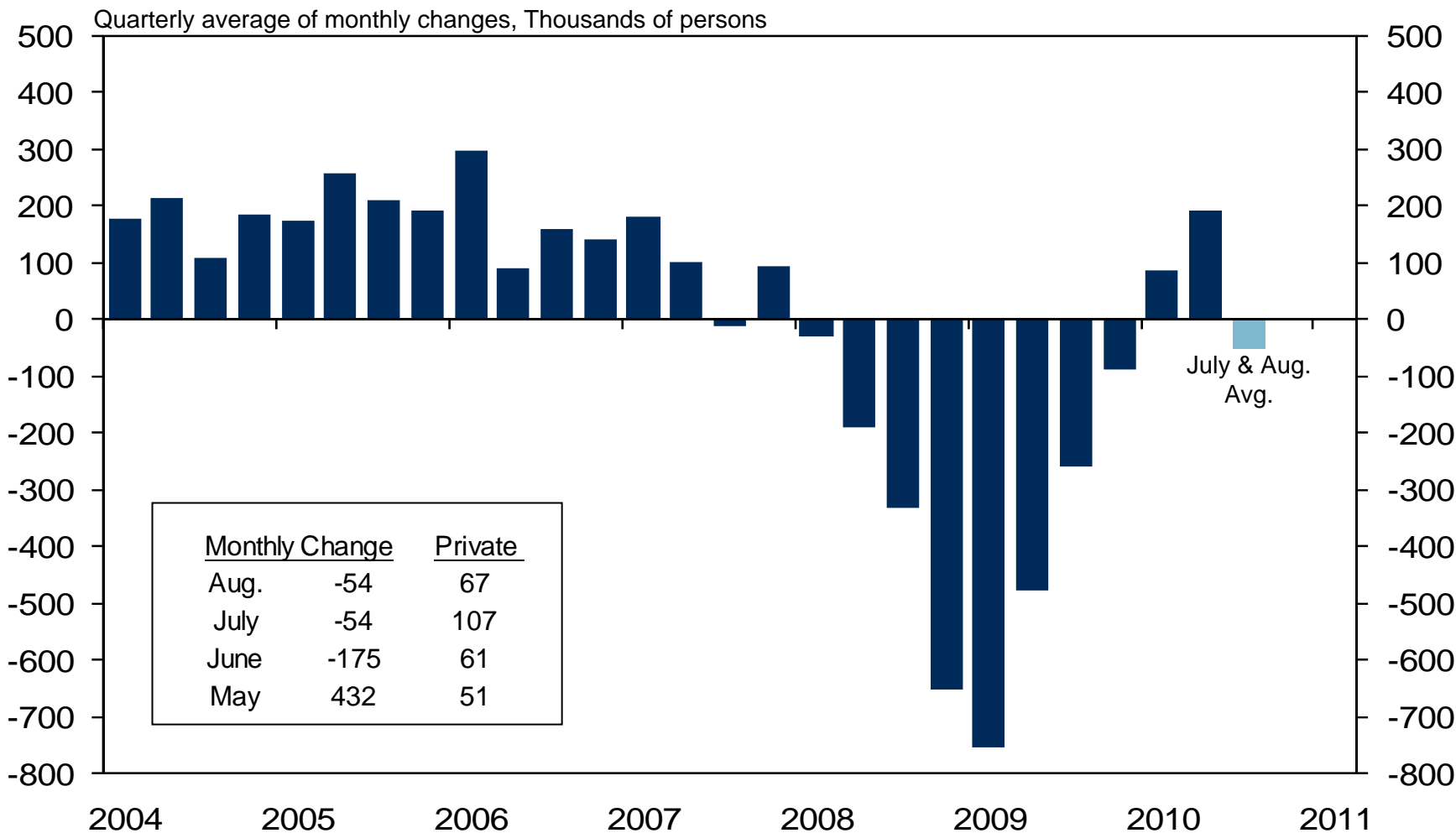


# Real Gross Domestic Product

	2009			2010	
	Q2	Q3	Q4	Q1	Q2
<b>CHANGE FROM PREVIOUS QUARTER AT COMPOUND ANNUAL RATE [Percent]:</b>					
Gross Domestic Product	-0.7	1.6	5.0	3.7	1.6
Personal Consumption Expenditures	-1.6	2.0	0.9	1.9	2.0
Nonresidential Fixed Investment	-7.5	-1.7	-1.4	7.8	17.6
Structures	-20.2	-12.4	-29.2	-17.8	0.4
Equipment & Software	0.2	4.2	14.6	20.4	24.9
Residential Fixed Investment	-19.7	10.6	-0.8	-12.3	27.2
Exports of Goods & Services	-1.0	12.2	24.4	11.4	9.1
Imports of Goods & Services	-10.6	21.9	4.9	11.2	32.4
Government Consumption Expenditures & Gross Investment	6.1	1.6	-1.4	-1.6	4.3
Final Sales to Domestic Purchasers	-1.2	1.8	0.2	1.3	4.3
<b>LEVEL IN QUARTER AT SEASONALLY ADJUSTED ANNUAL RATE [Billions of Chained (2005) Dollars]:</b>					
Change in Private Inventories	-161.8	-128.2	-36.7	44.1	63.2
Net Exports of Goods & Services	-342.0	-390.8	-330.1	-338.4	-444.9



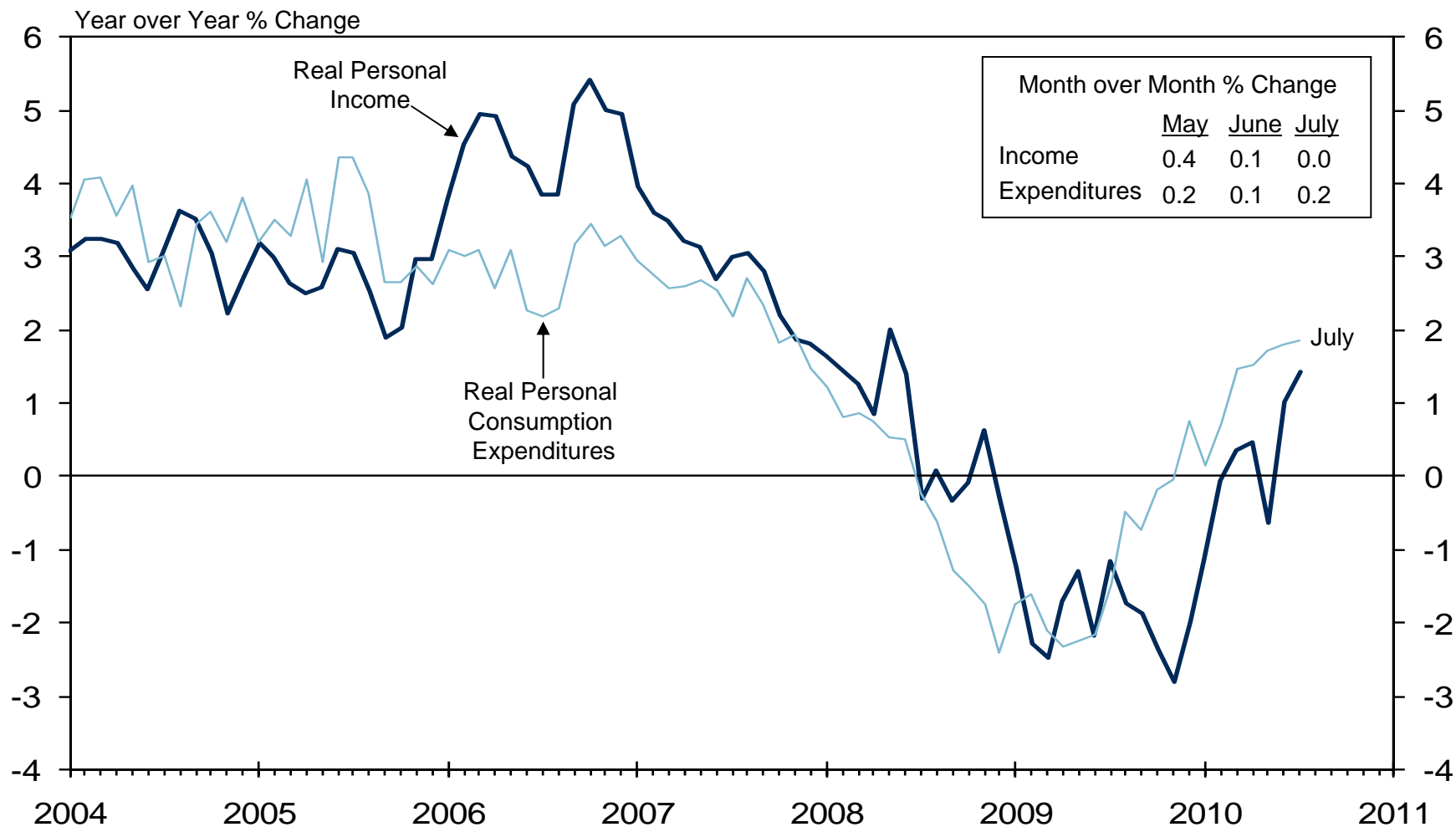
# Nonfarm Payroll Employment



	Monthly Change	Private
Aug.	-54	67
July	-54	107
June	-175	61
May	432	51

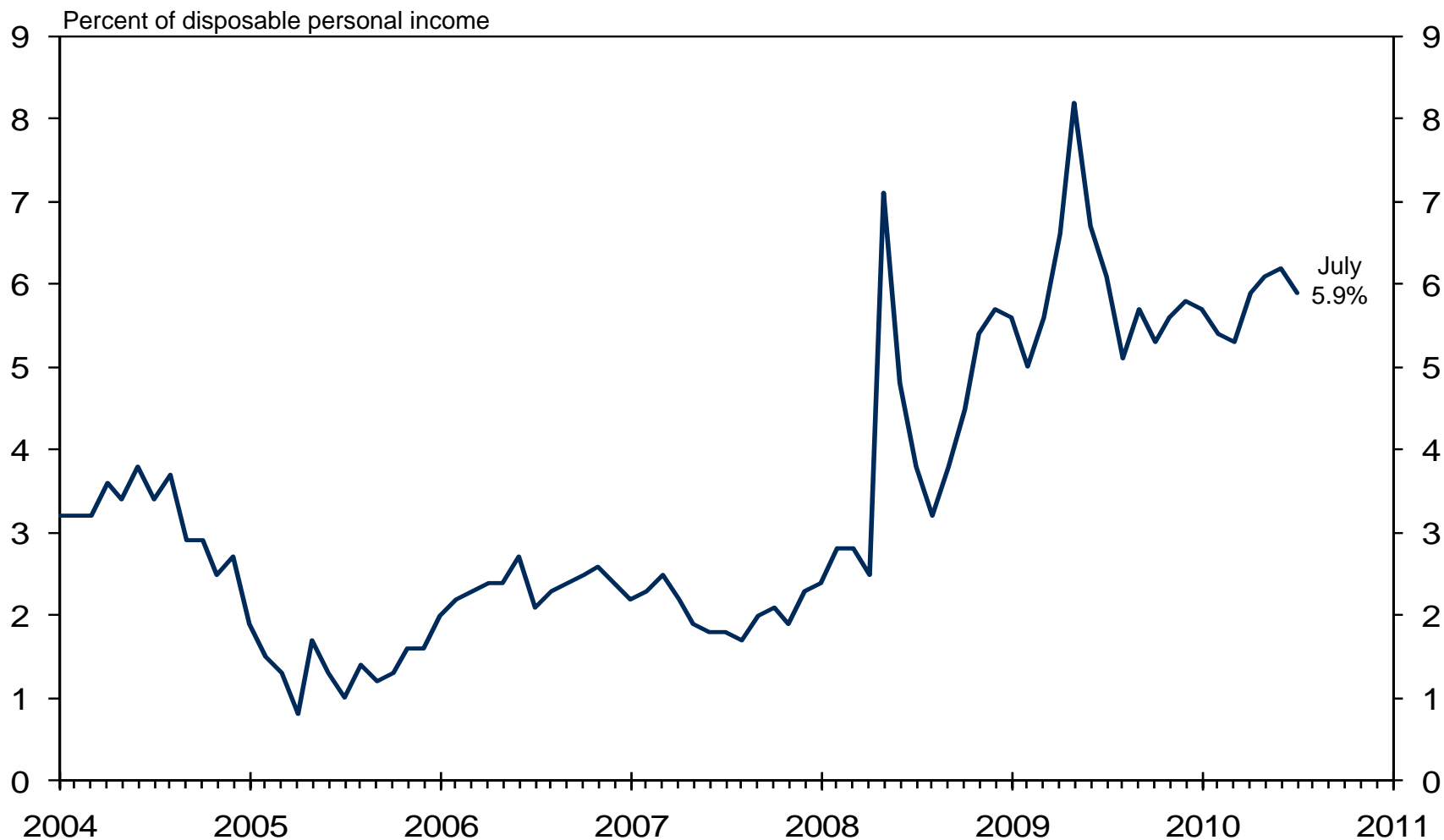


# Personal Income & Expenditures



Notes: December 2004 real personal income figure excludes the Microsoft dividend.

# Personal Saving Rate



Notes: December 2004 personal saving rate excludes Microsoft dividend.

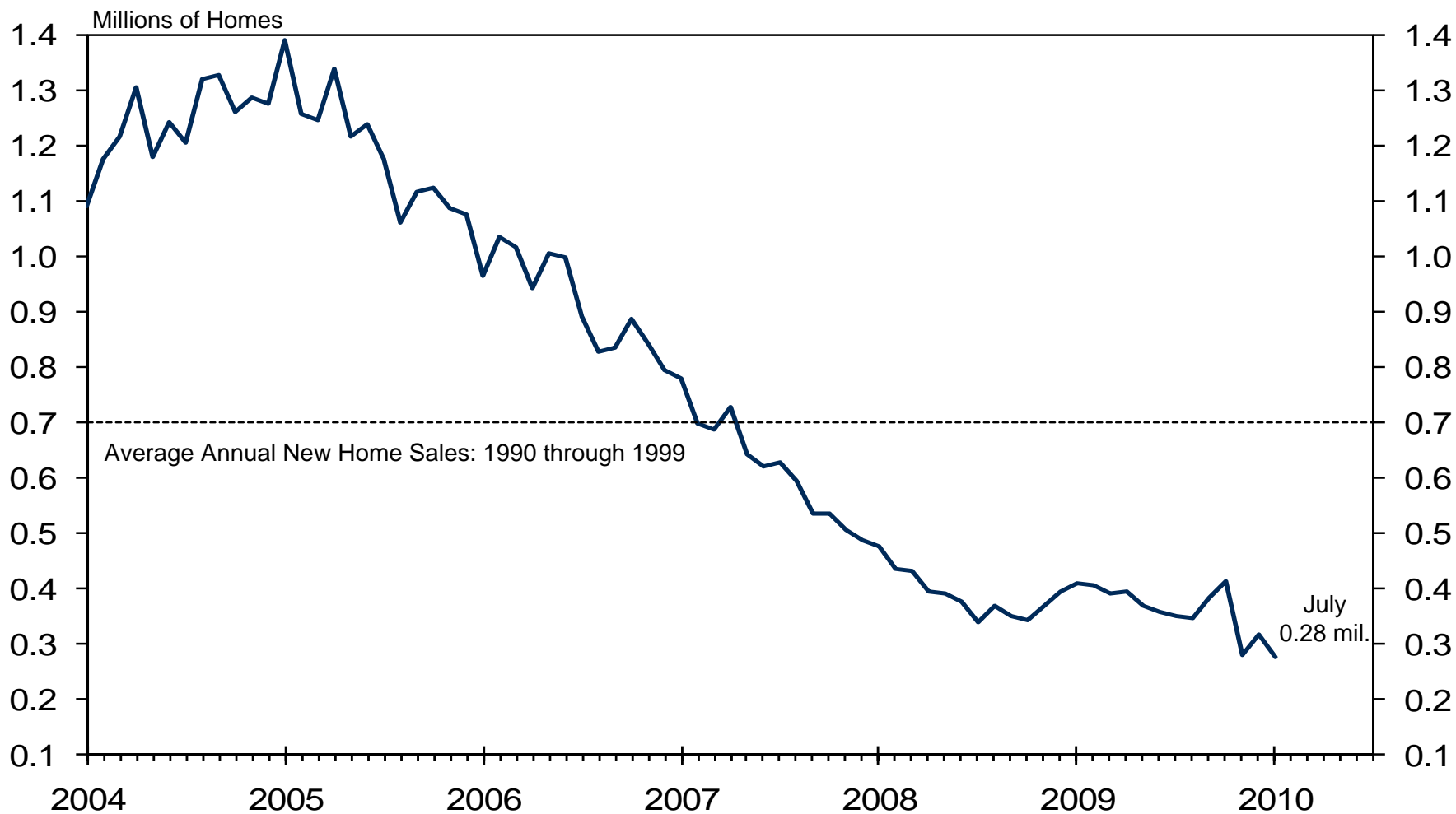


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Source: Bureau of Economic Analysis/Haver Analytics

# New Single-Family Home Sales



# ISM: Business Survey Indexes

## MANUFACTURING BUSINESS:

	<u>July</u>	<u>Aug.</u>
Purchasing Managers Index	55.5	56.3
Production	57.0	59.9
New Orders	53.5	53.1
Employment	58.6	60.4
Supplier Deliveries	58.3	56.6
Inventories	50.2	51.4
Prices	57.5	61.5
Backlog of Orders	54.5	51.5
New Export Orders	56.5	55.5
Imports	52.5	56.5

## NONMANUFACTURING BUSINESS:

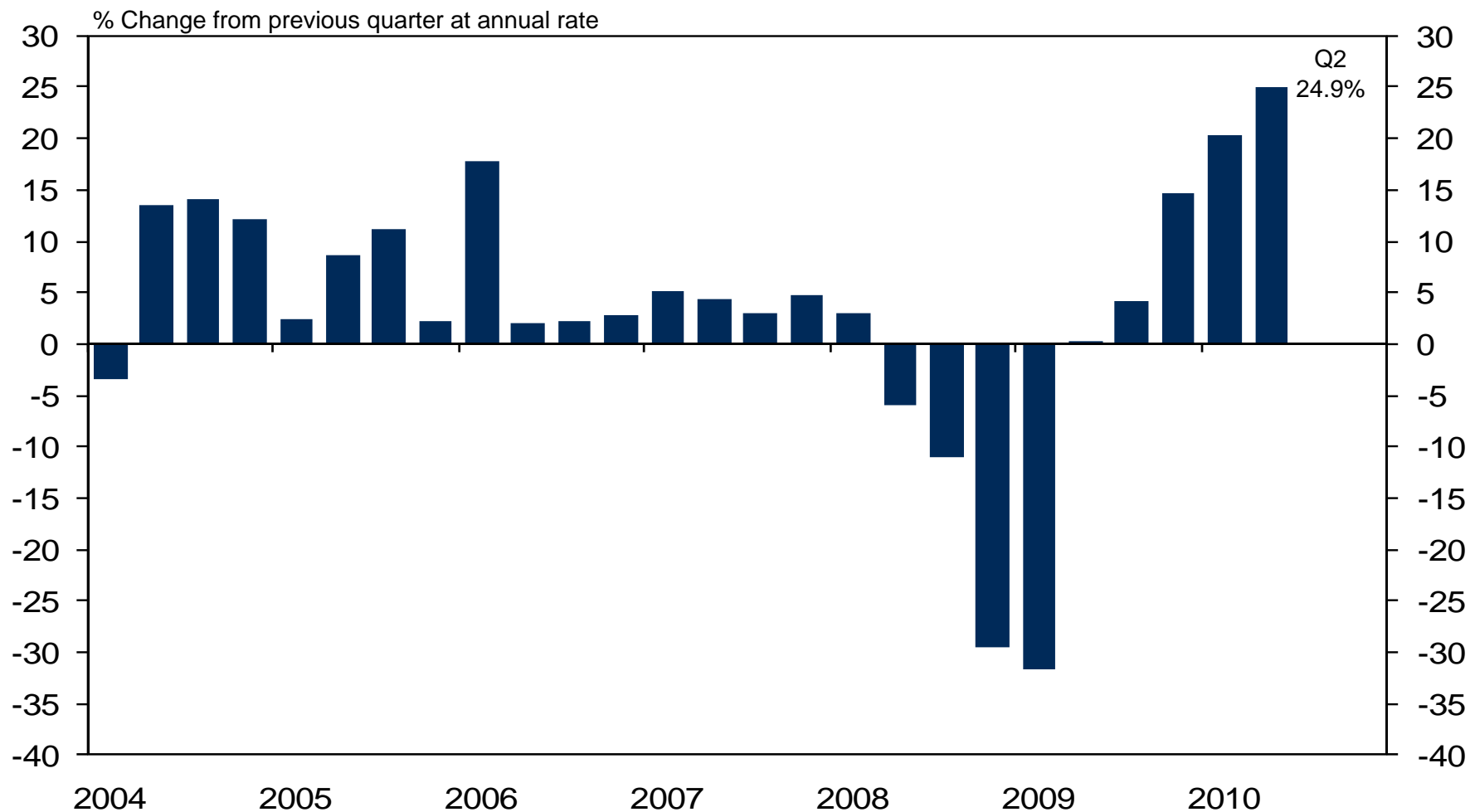
	<u>July</u>	<u>Aug.</u>
NonManufacturing Index	54.3	51.5
Business Activity	57.4	54.4
New Orders	56.7	52.4
Employment	50.9	48.2
Supplier Deliveries	52.0	51.0
Inventories	55.5	53.5
Prices	52.7	60.3
Backlog of Orders	52.0	50.5
New Export Orders	52.0	46.5
Imports	48.0	50.5

DIFFUSION INDEXES: Numbers above 50 percent indicate a preponderance of expanding firm activity.

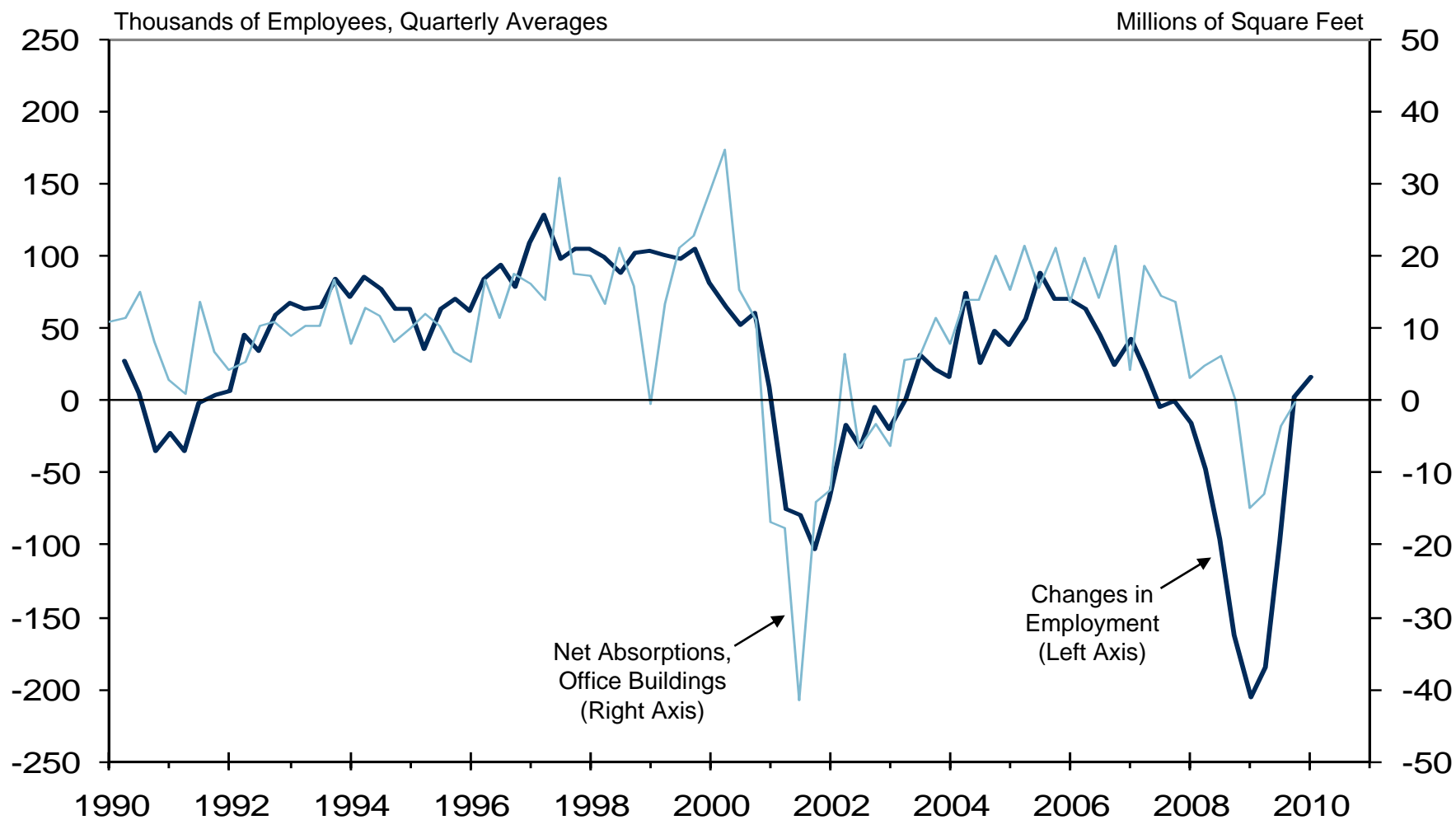




# Real Investment in Equipment & Software

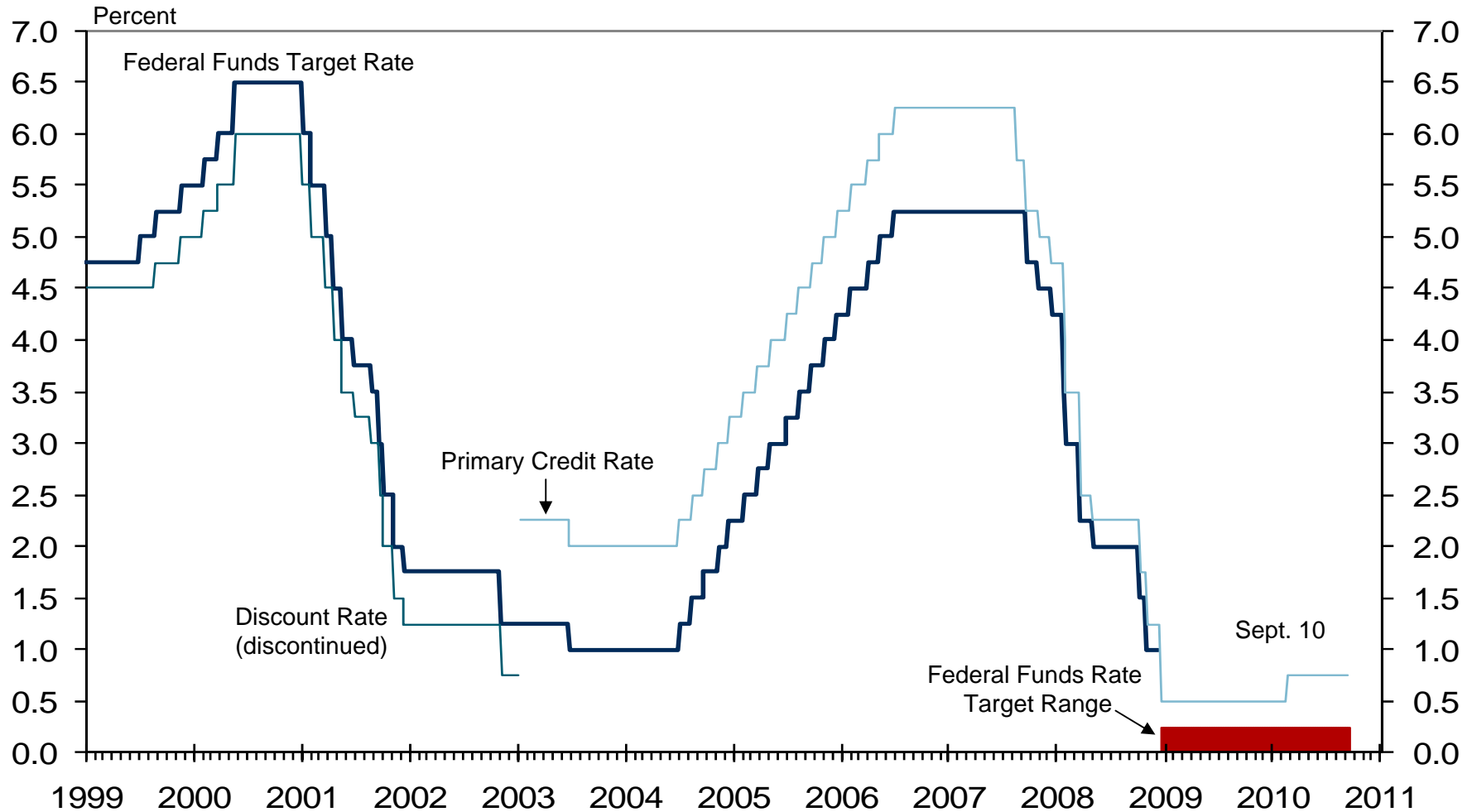


# Net Absorptions & Employment



Notes: Office employment is the sum of employment in information, financial activities, and professional and business services.

# Monetary Policy Instruments



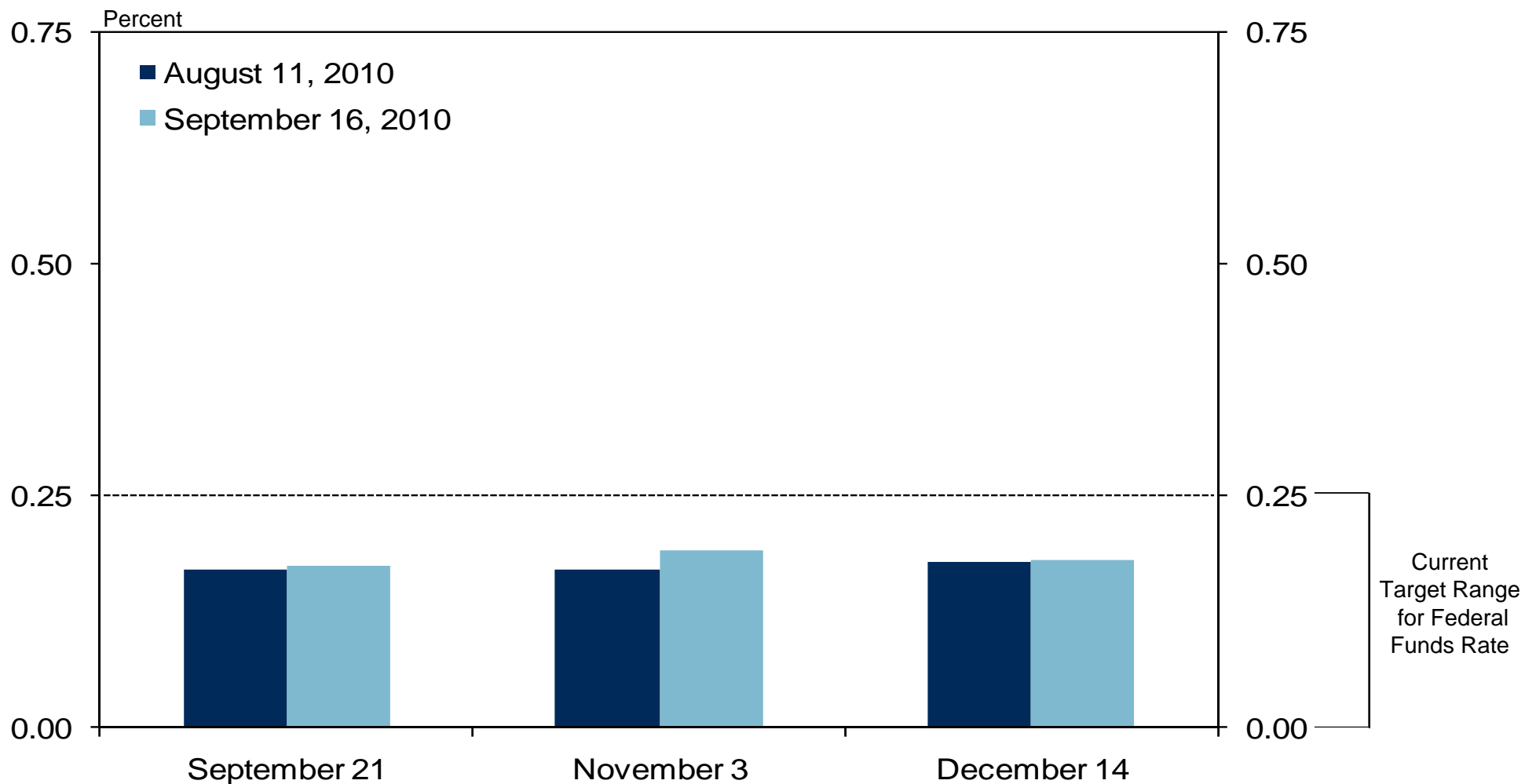


# FOMC Statement - August

- Information received since the Federal Open Market Committee met in June indicates that the pace of recovery in output and employment has slowed in recent months. Household spending is increasing gradually, but remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit. Business spending on equipment and software is rising; however, investment in nonresidential structures continues to be weak and employers remain reluctant to add to payrolls. Housing starts remain at a depressed level. Bank lending has continued to contract. Nonetheless, the Committee anticipates a gradual return to higher levels of resource utilization in a context of price stability, although the pace of economic recovery is likely to be more modest in the near term than had been anticipated.
- Measures of underlying inflation have trended lower in recent quarters and, with substantial resource slack continuing to restrain cost pressures and longer-term inflation expectations stable, inflation is likely to be subdued for some time.
- The Committee will maintain the target range for the federal funds rate at 0 to 1/4 percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period.
- To help support the economic recovery in a context of price stability, the Committee will keep constant the Federal Reserve's holdings of securities at their current level by reinvesting principal payments from agency debt and agency mortgage-backed securities in longer-term Treasury securities. The Committee will continue to roll over the Federal Reserve's holdings of Treasury securities as they mature.
- The Committee will continue to monitor the economic outlook and financial developments and will employ its policy tools as necessary to promote economic recovery and price stability.



# Expected Federal Funds Rate



Notes: Derived from Fed funds futures contracts.

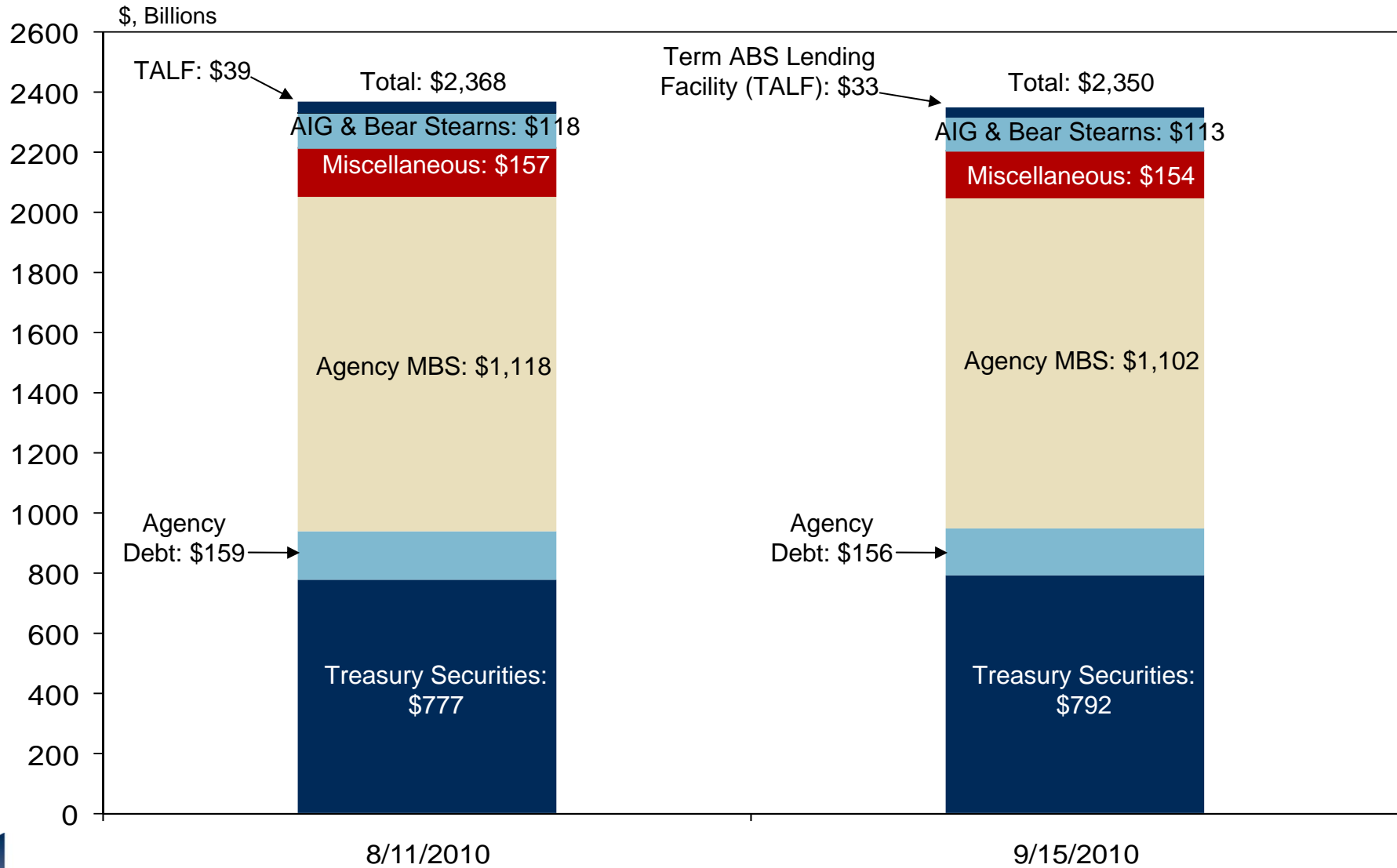


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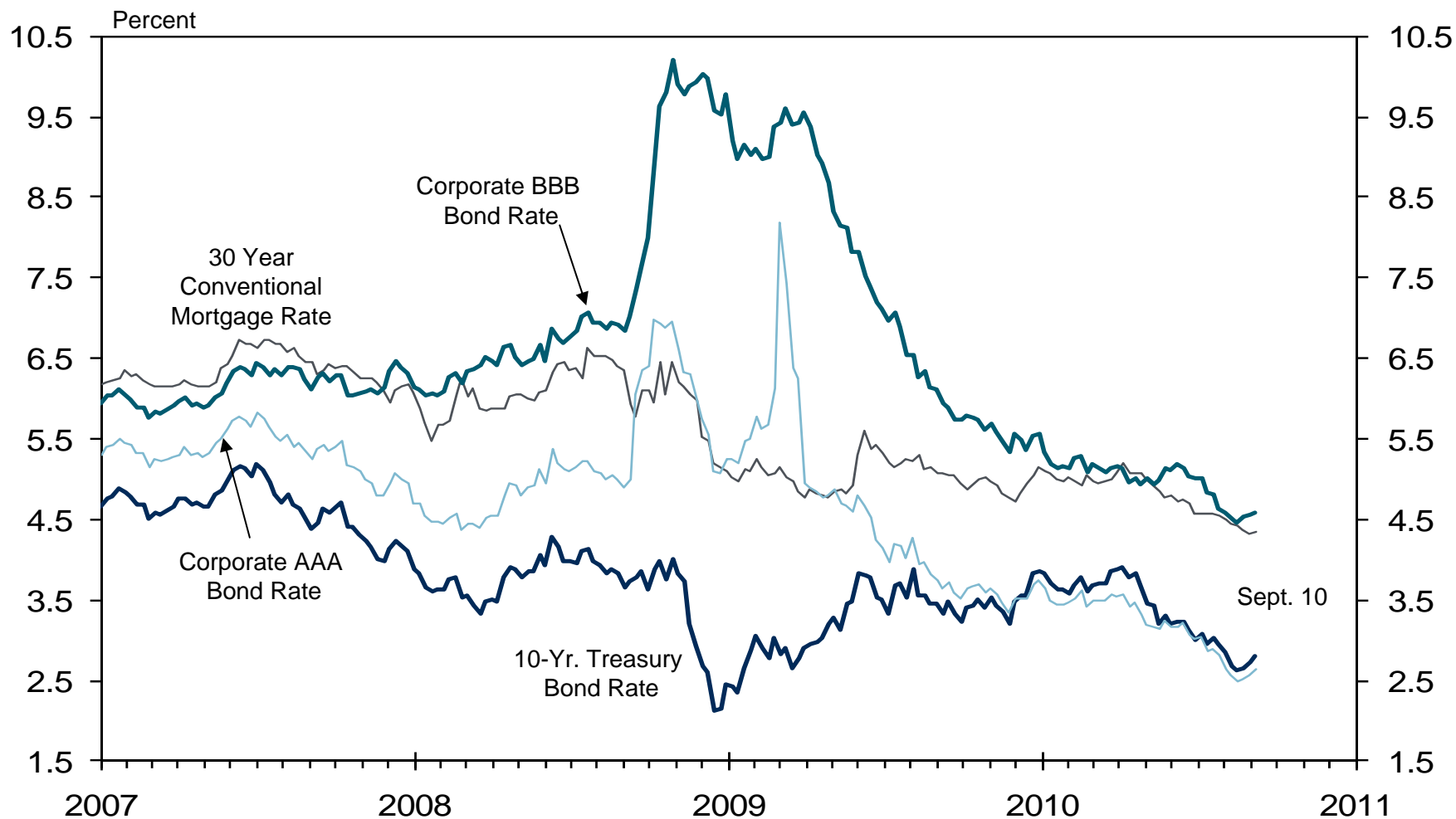
Source: Chicago Board of Trade

# Federal Reserve System Assets

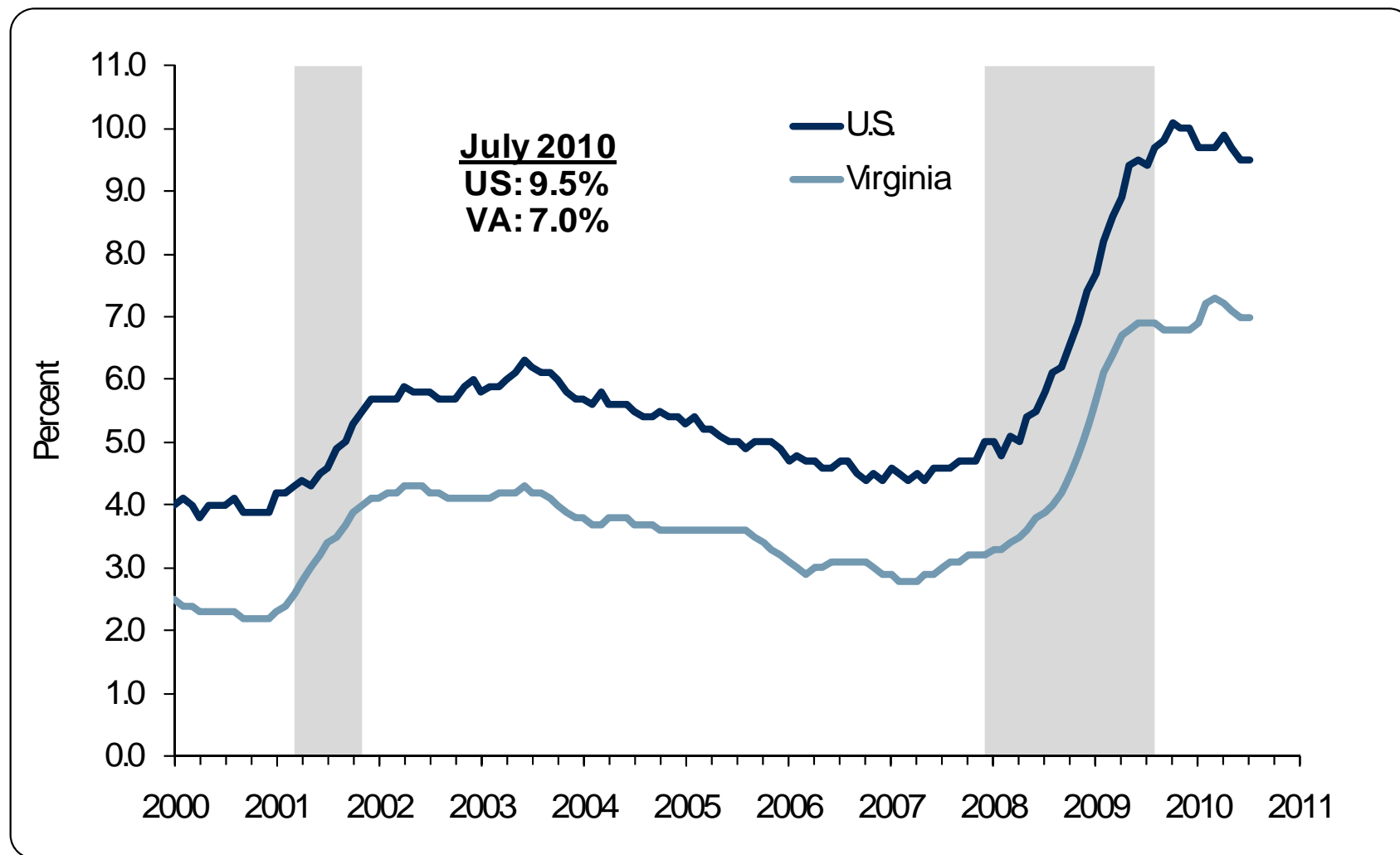


Notes: Discount Window lending is less than \$1 billion as of 8/11 and 9/15. Foreign Currency Swaps are less than \$1 billion as of 9/15.

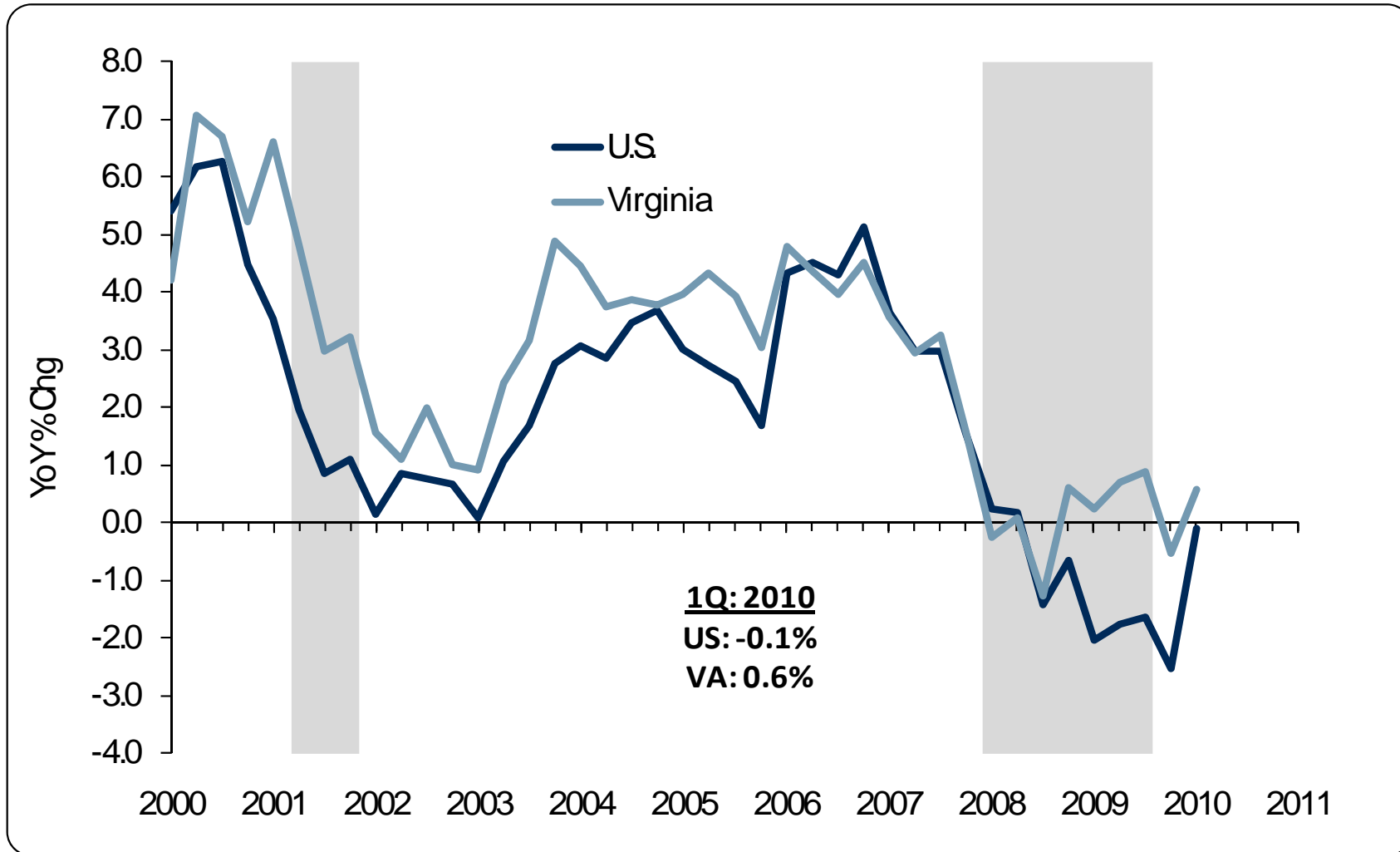
# Capital Market Rates



# Virginia Unemployment Rate



# Virginia Real Personal Income



# Virginia Existing Home Sales

