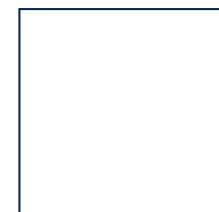
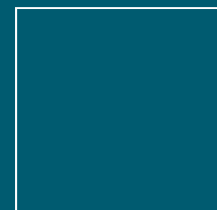
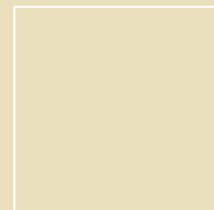


An Update on Economic Conditions

Raymond Owens

September 24, 2010

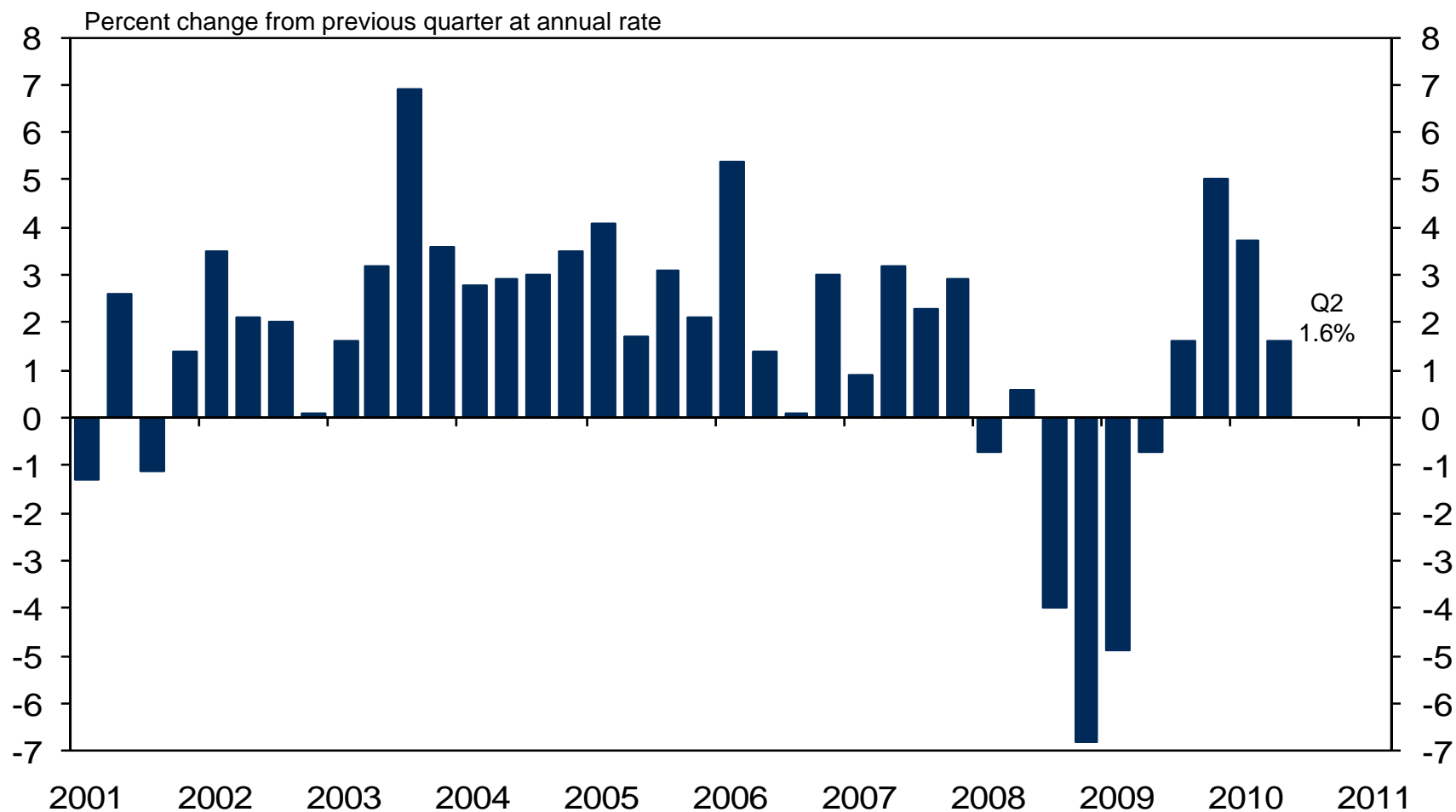


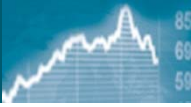
THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE

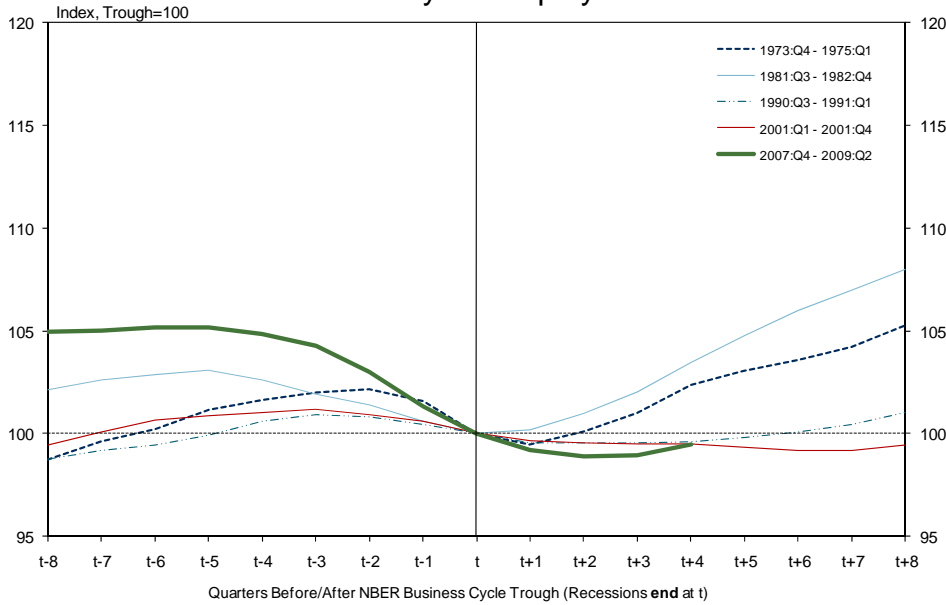


Real Gross Domestic Product





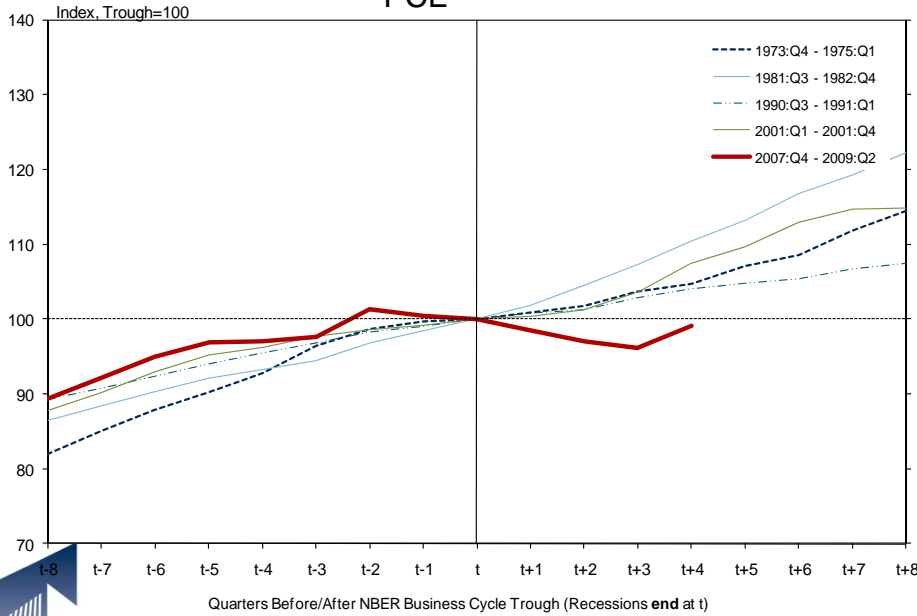
Total Nonfarm Payroll Employment



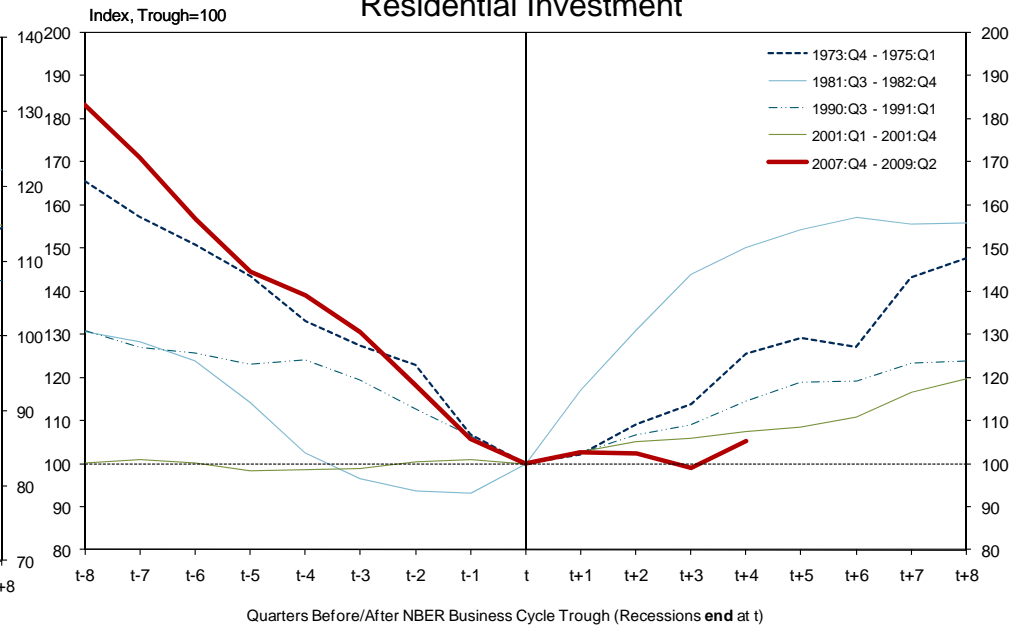
Industrial Production



PCE



Residential Investment





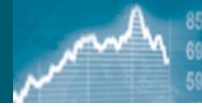
Business Inventory/Sales Ratio



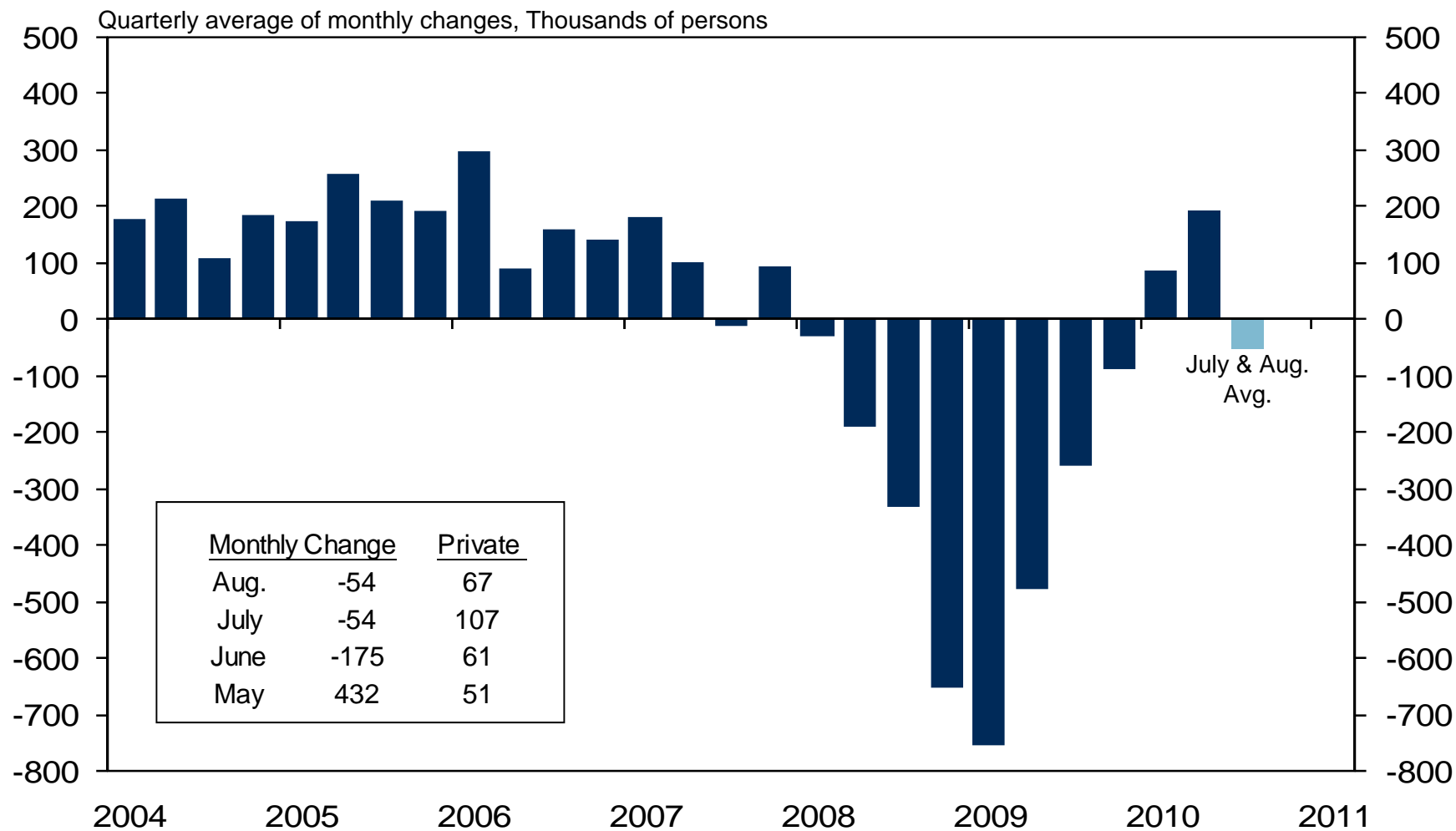


Real Gross Domestic Product

	2009			2010	
	Q2	Q3	Q4	Q1	Q2
CHANGE FROM PREVIOUS QUARTER AT COMPOUND ANNUAL RATE [Percent]:					
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
LEVEL IN QUARTER AT SEASONALLY ADJUSTED ANNUAL RATE [Billions of Chained (2005) Dollars]:					
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

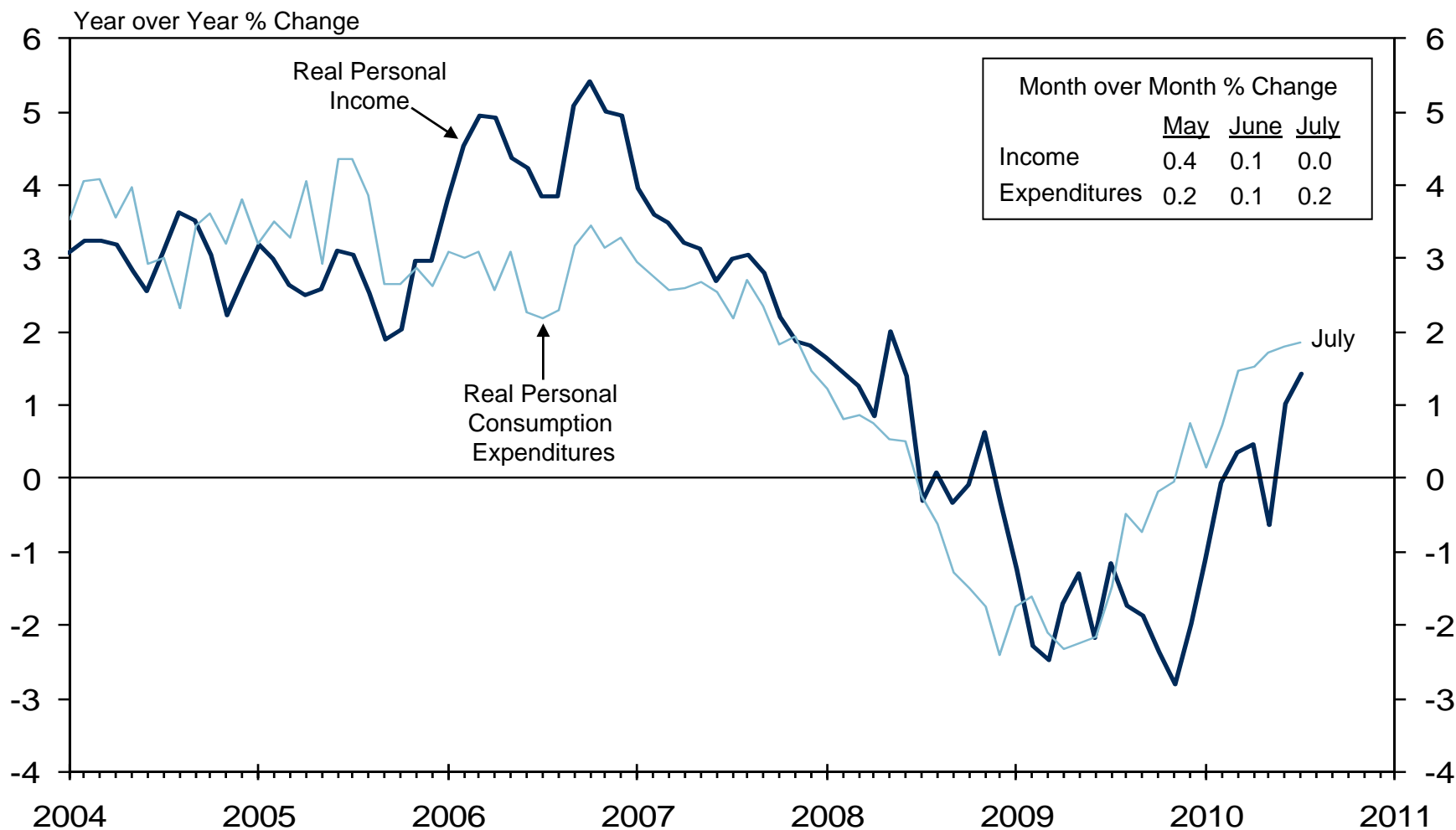


Nonfarm Payroll Employment

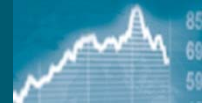




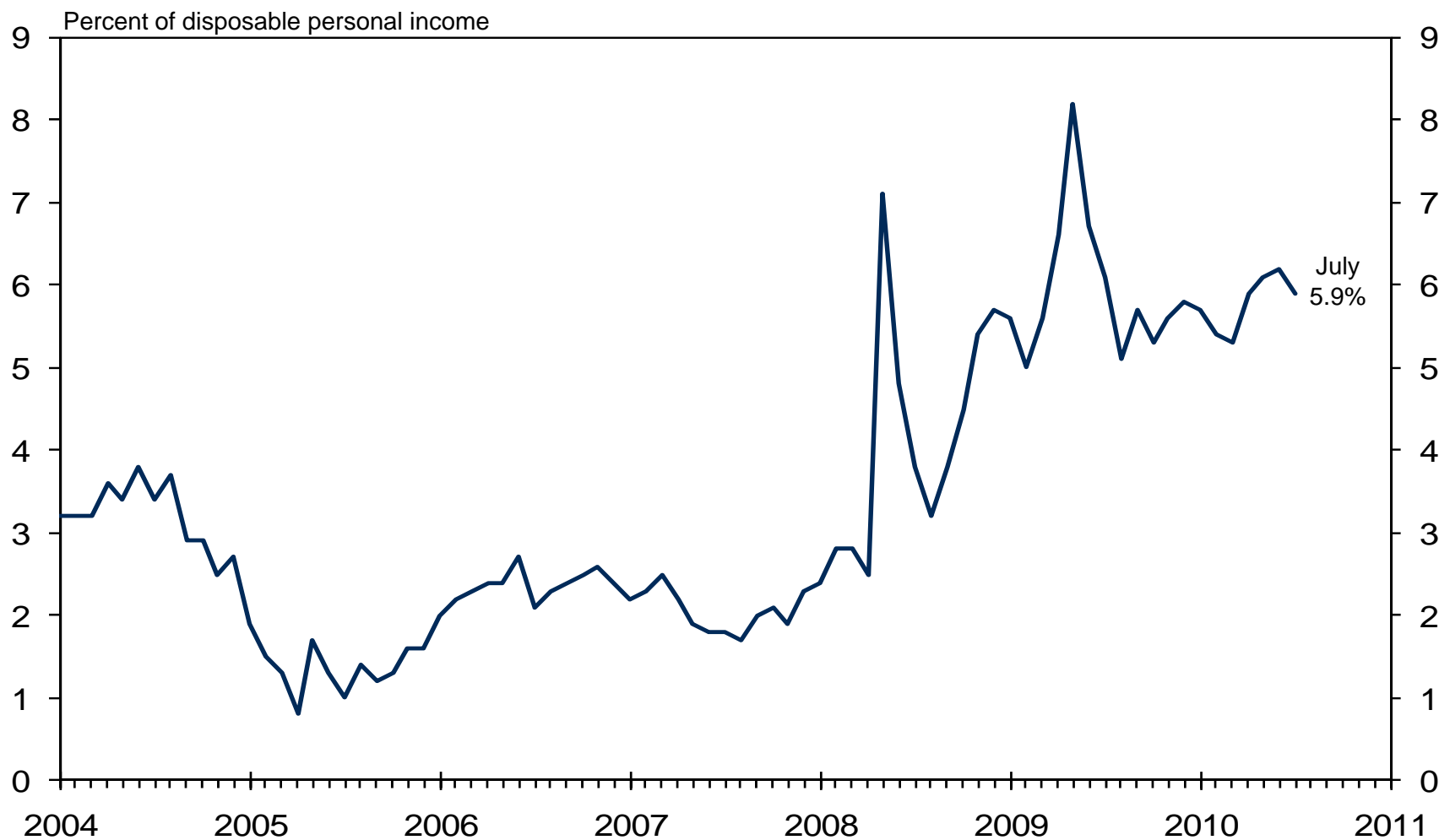
Personal Income & Expenditures



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

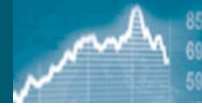


Personal Saving Rate

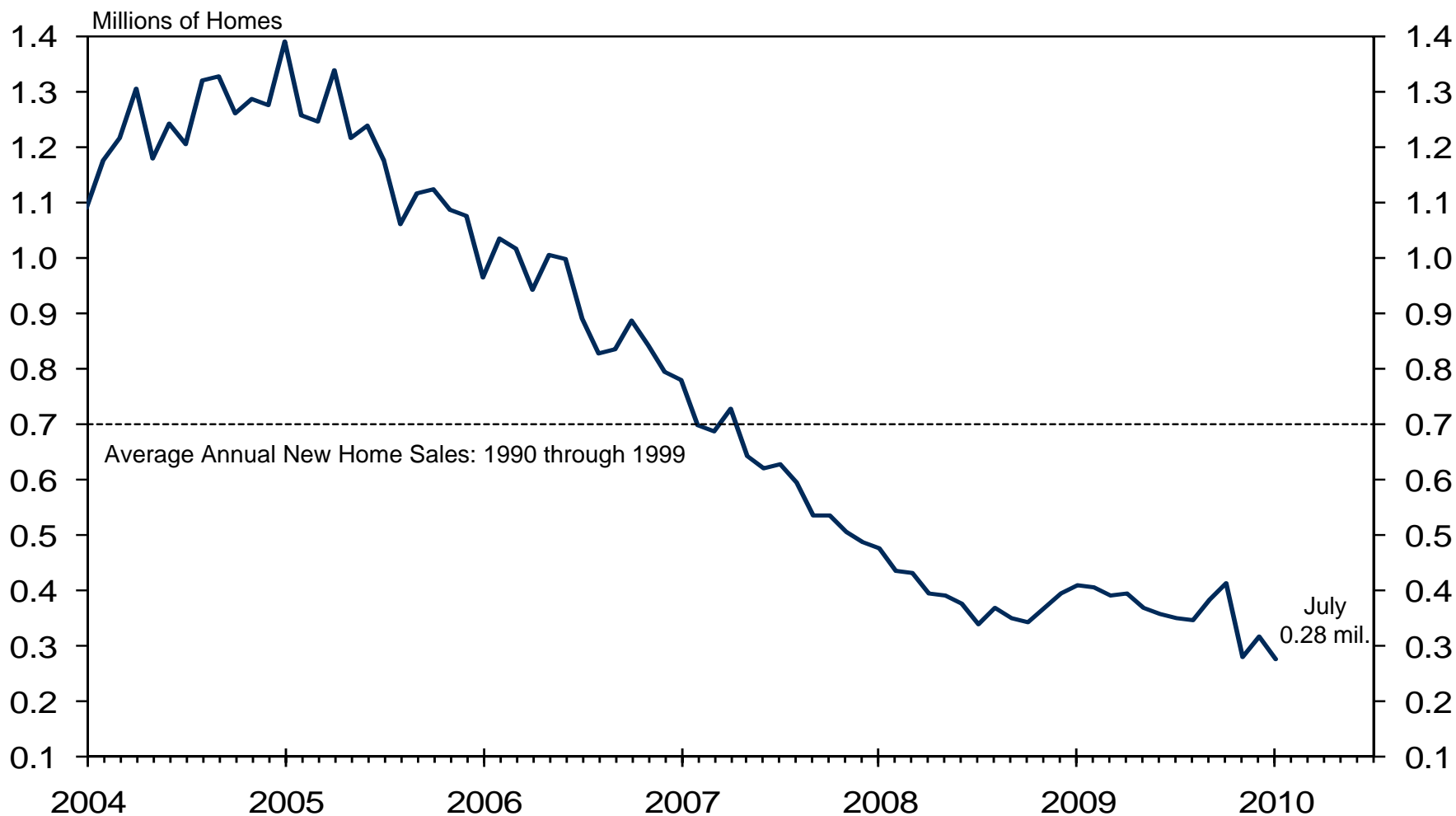


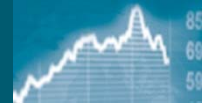
Notes: December 2004 personal saving rate excludes Microsoft dividend.





New Single-Family Home Sales





ISM: Business Survey Indexes

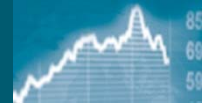
MANUFACTURING BUSINESS:

	<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

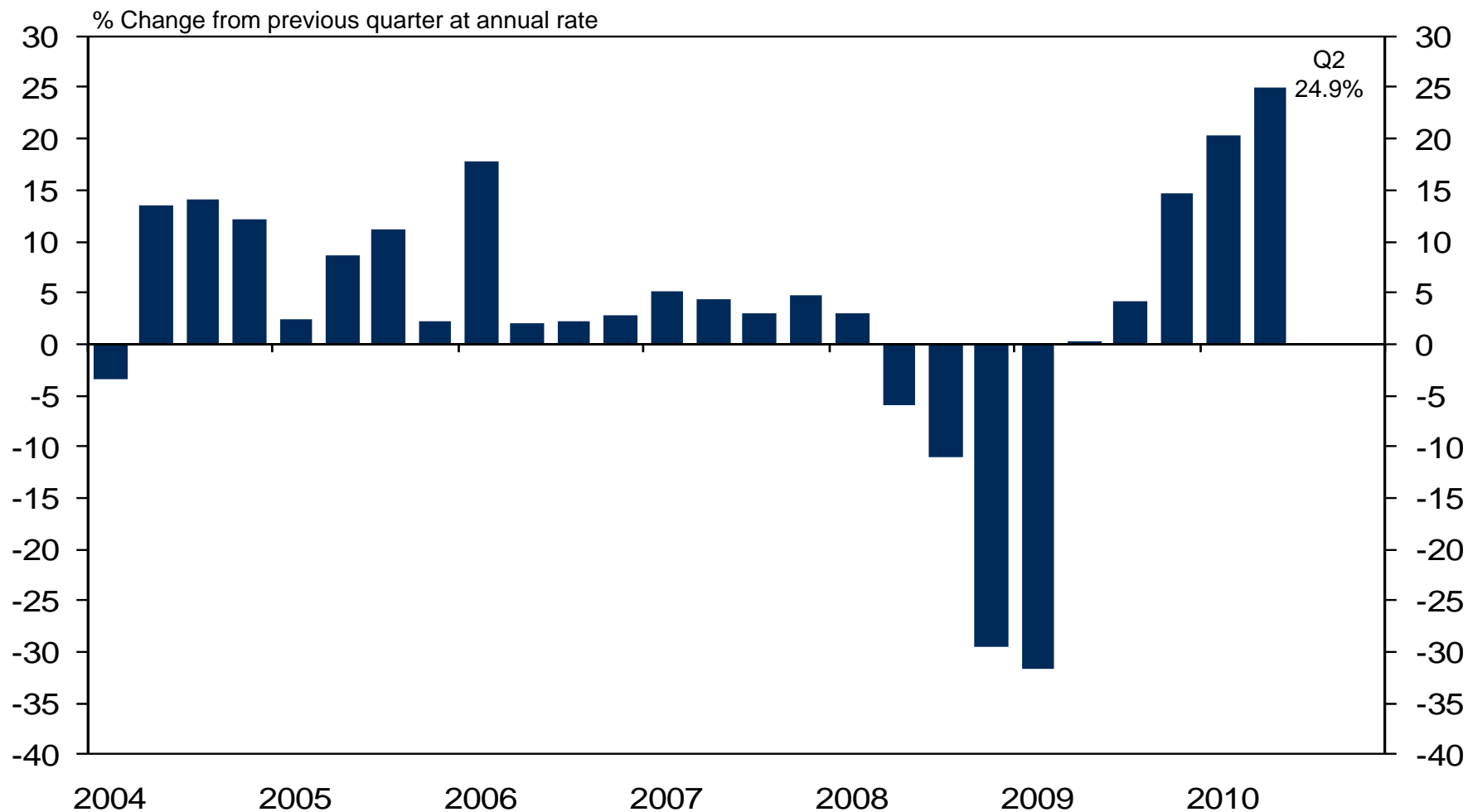
NONMANUFACTURING BUSINESS:

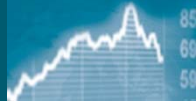
	<u>July</u>	<u>Aug.</u>
NonManufacturing Index	54.3	51.5
Business Activity	57.4	54.4
New Orders	56.7	52.4
Employment	50.9	48.2
Supplier Deliveries	52.0	51.0
Inventories	55.5	53.5
Prices	52.7	60.3
Backlog of Orders	52.0	50.5
New Export Orders	52.0	46.5
Imports	48.0	50.5

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

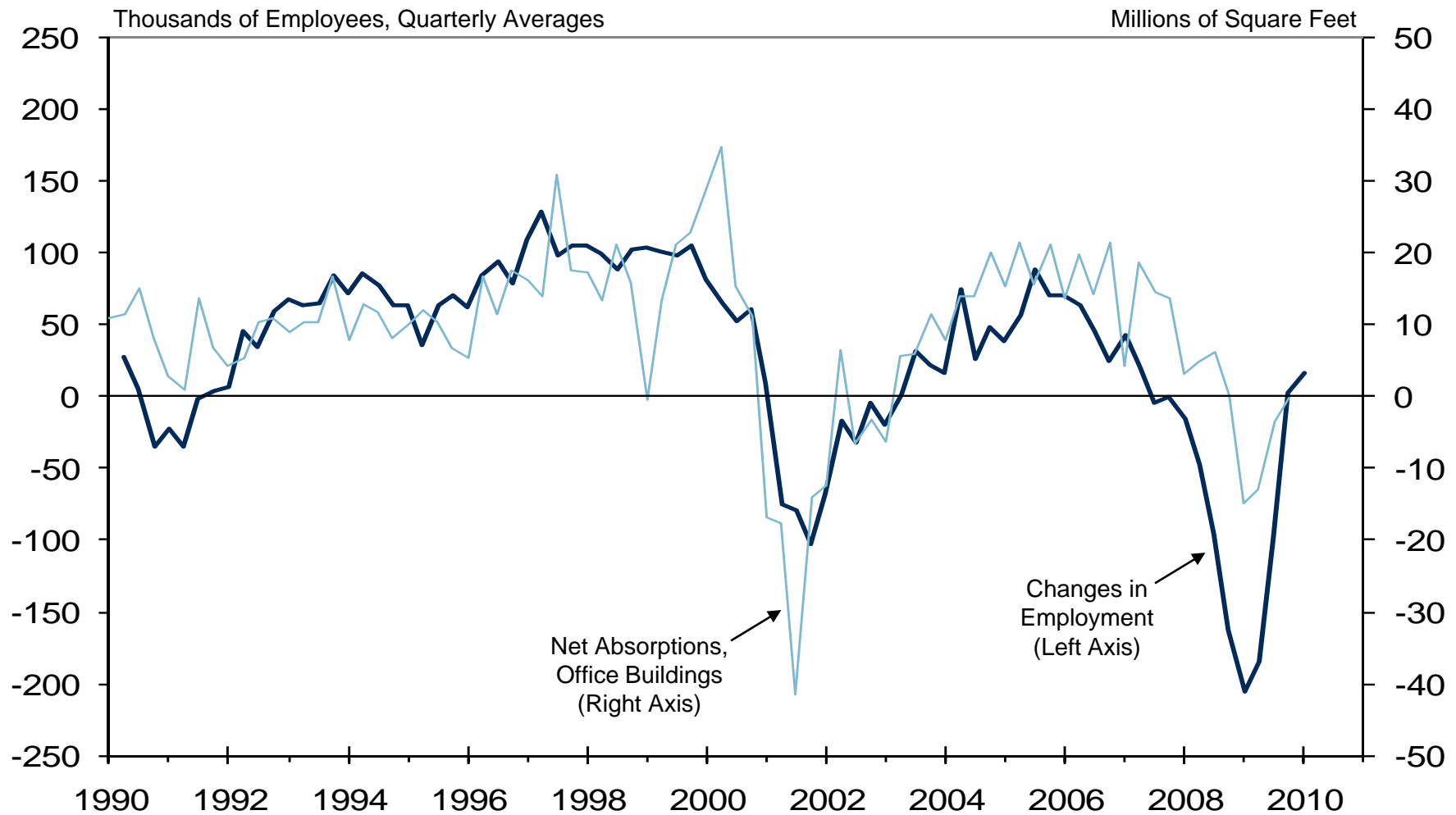


Real Investment in Equipment & Software



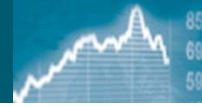


Net Absorptions & Employment

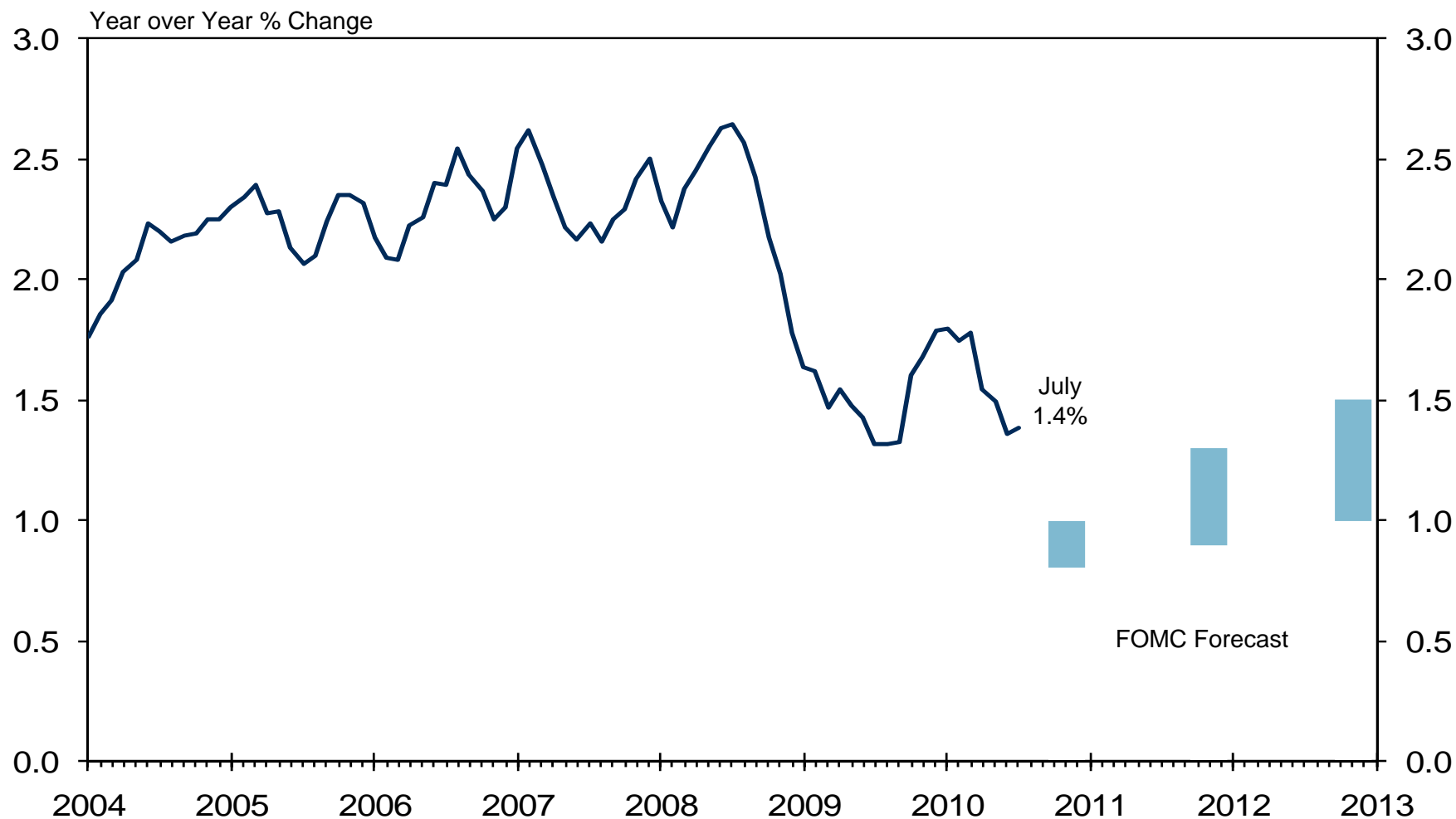


Notes: Office employment is the sum of employment in information, financial activities, and professional and business services.





Core Consumer Expenditure Price Index

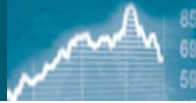


Notes: FOMC forecast is the central tendency for Q4/Q4 percent changes, from the June 22-23 meeting. Core PCE Price Index includes expenditures on food services.

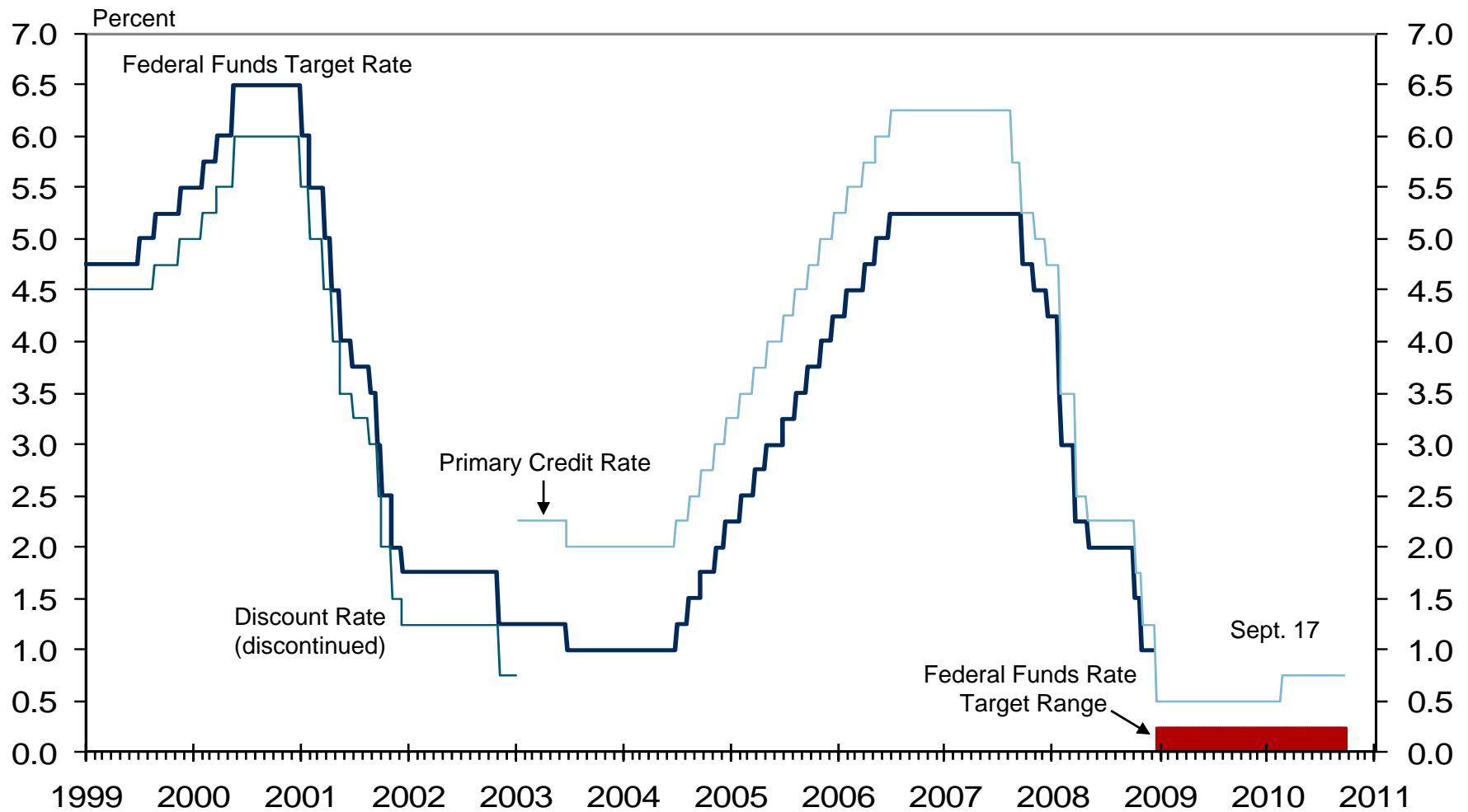


TIPS Inflation Compensation





Monetary Policy Instruments

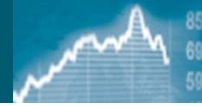




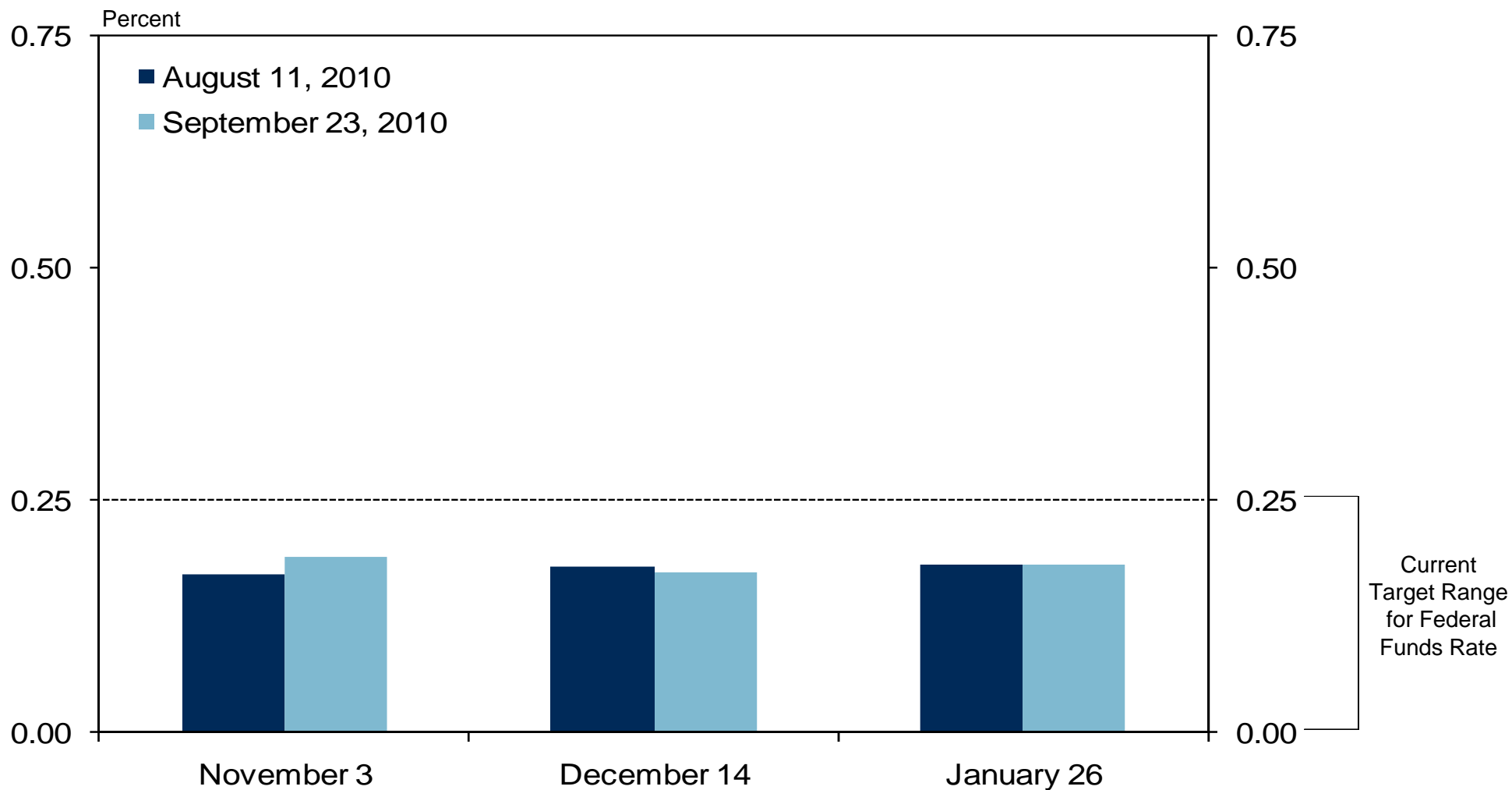
FOMC Statement - September

- Information received since the Federal Open Market Committee met in August 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, though less rapidly than earlier in the year, while investment in nonresidential structures continues to be weak. Employers remain reluctant to add to payrolls. Housing starts are at a depressed level. Bank lending has continued to contract, but at a reduced rate in recent months. 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 modest in the near term.
- Measures of underlying inflation are currently at levels somewhat below those the Committee judges most consistent, over the longer run, with its mandate to promote maximum employment and price stability. With substantial resource slack continuing to restrain cost pressures and longer-term inflation expectations stable, inflation is likely to remain subdued for some time before rising to levels the Committee considers consistent with its mandate.
- 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 for the federal funds rate for an extended period. The Committee also will maintain its existing policy of reinvesting principal payments from its securities holdings.
- The Committee will continue to monitor the economic outlook and financial developments and is prepared to provide additional accommodation if needed to support the economic recovery and to return inflation, over time, to levels consistent with its mandate.



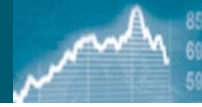


Expected Federal Funds Rate

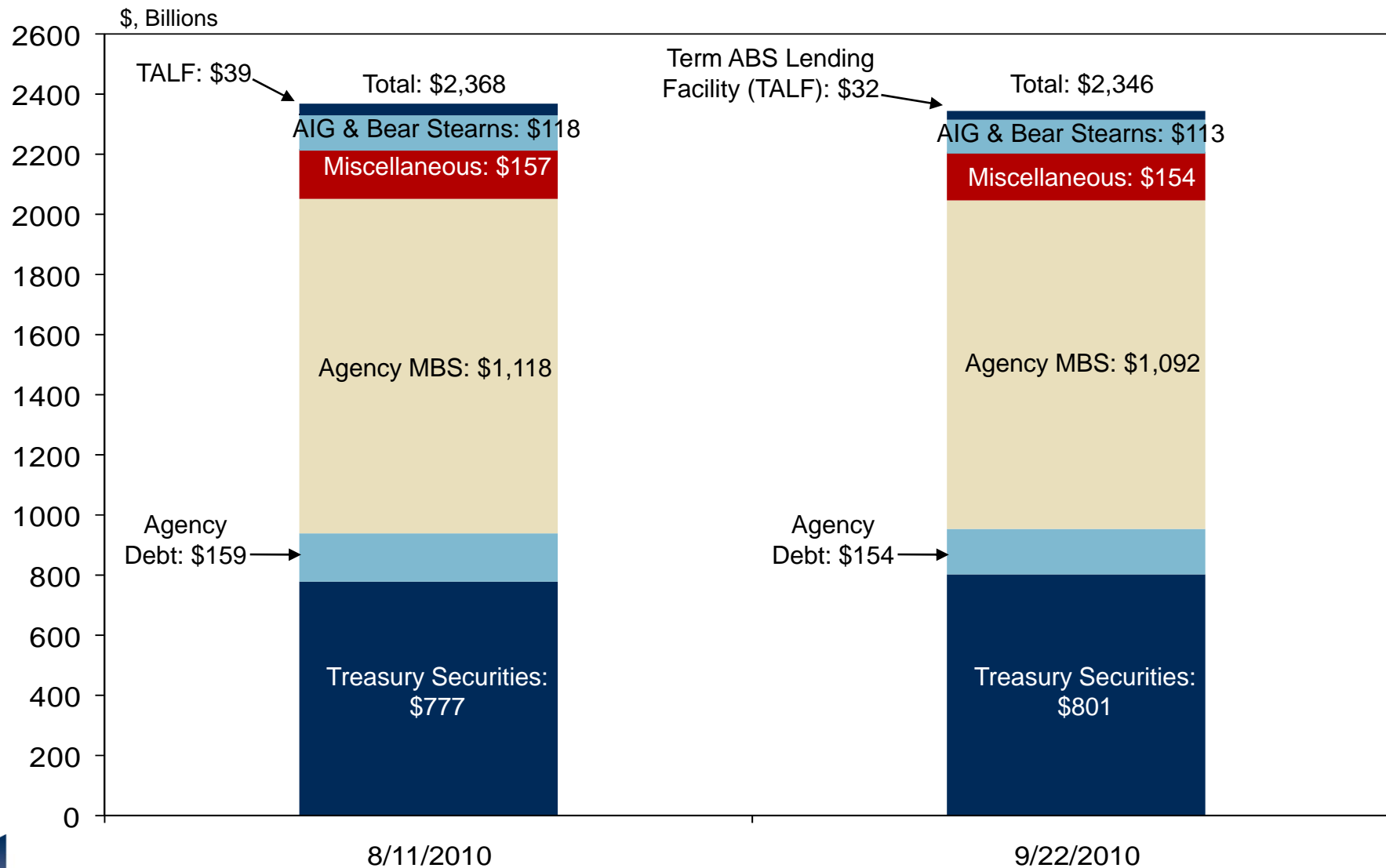


Notes: Derived from Fed funds futures contracts.





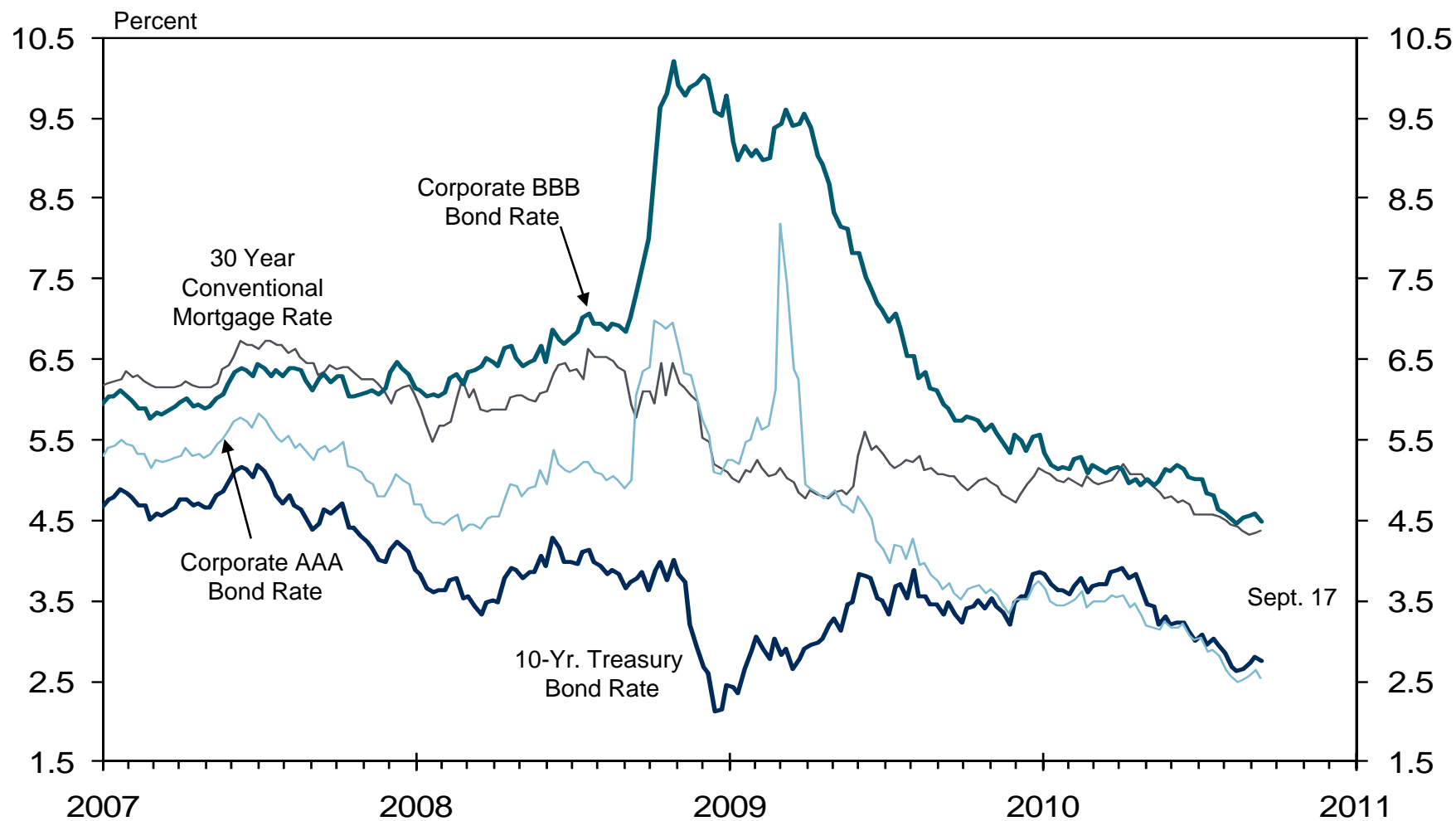
Federal Reserve System Assets



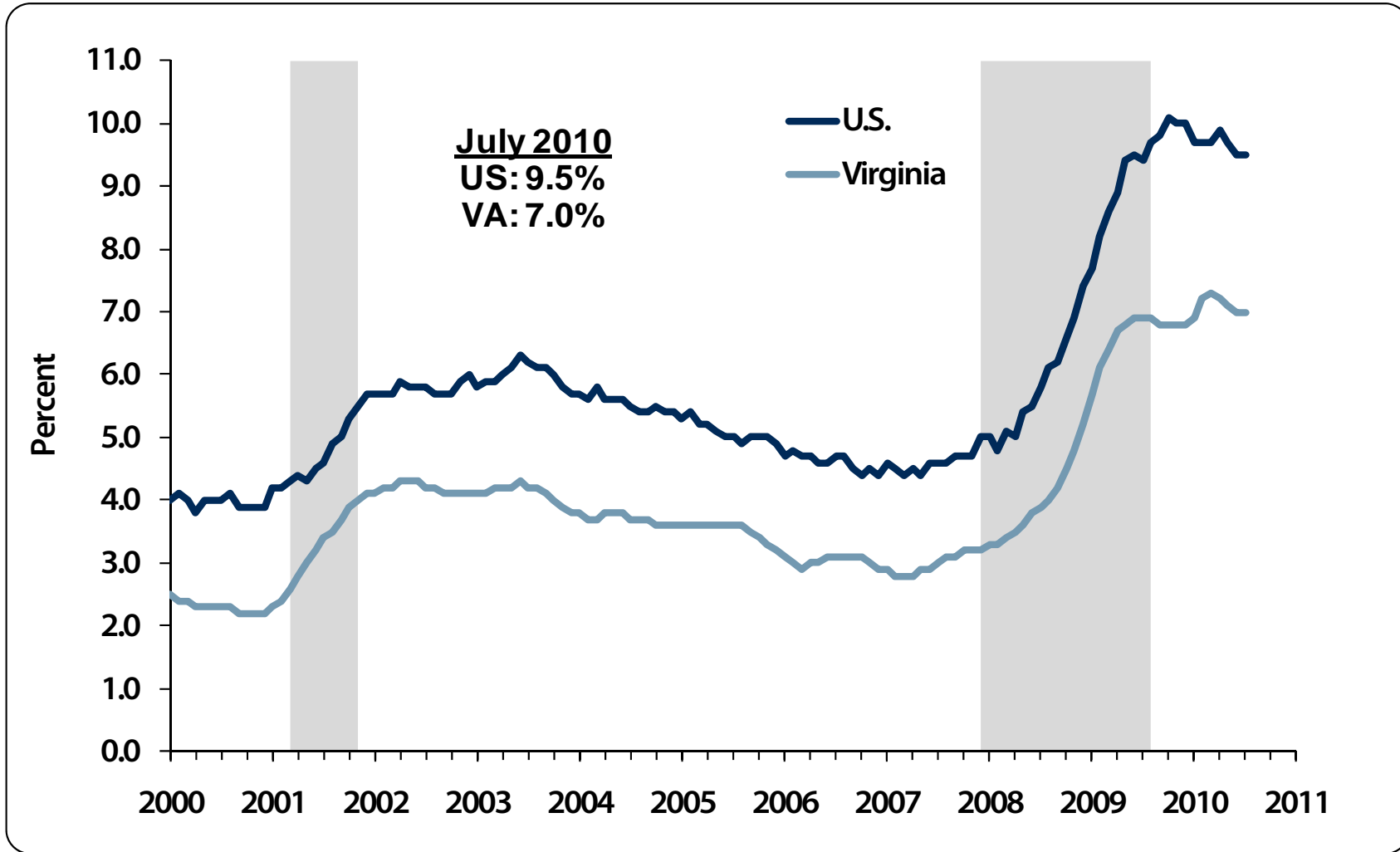
Notes: Discount Window lending is less than \$1 billion as of 8/11 and 9/22. Foreign Currency Swaps are less than \$1 billion as of 9/22.



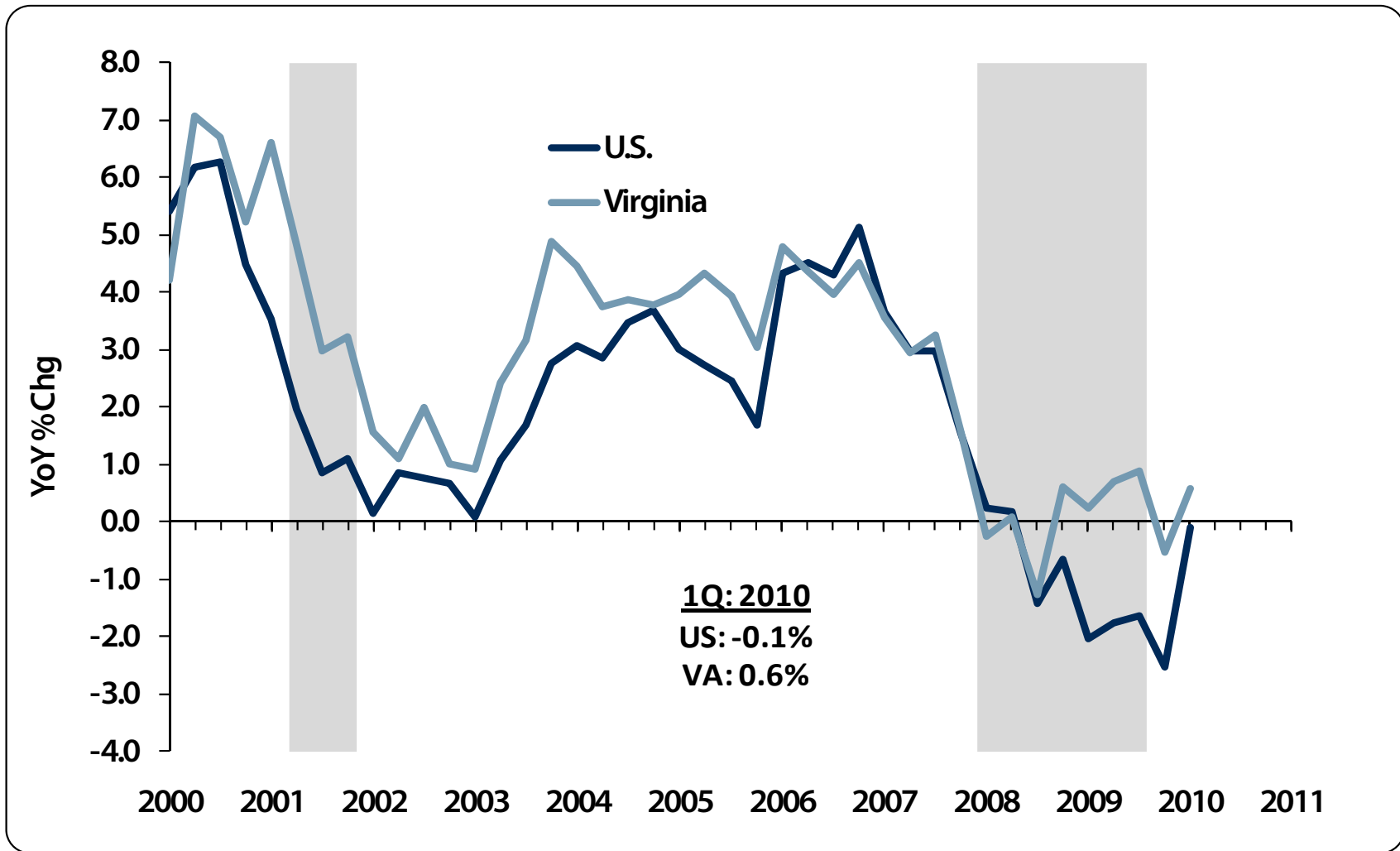
Capital Market Rates

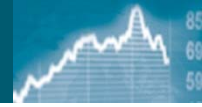


Virginia Unemployment Rate

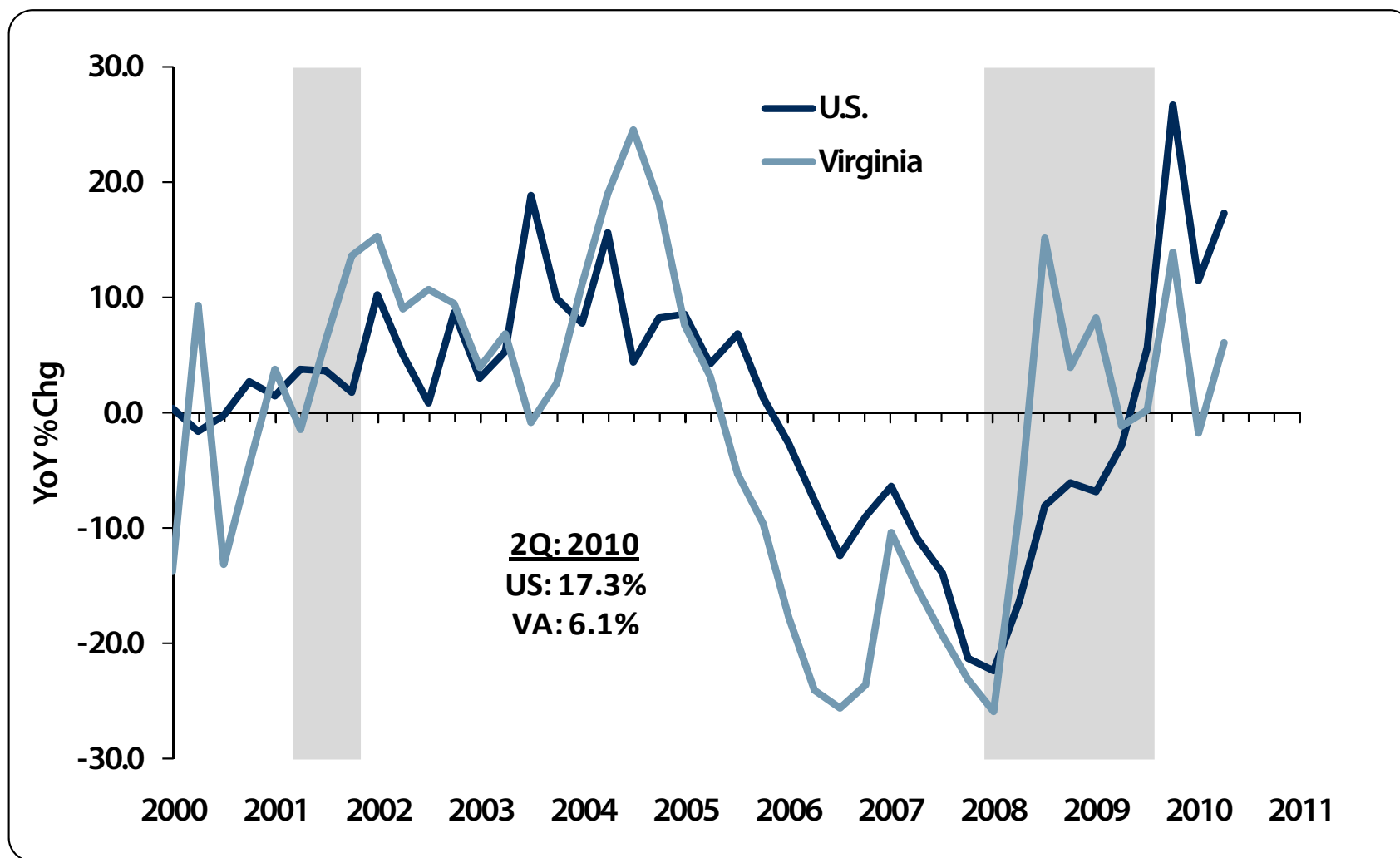


Virginia Real Personal Income

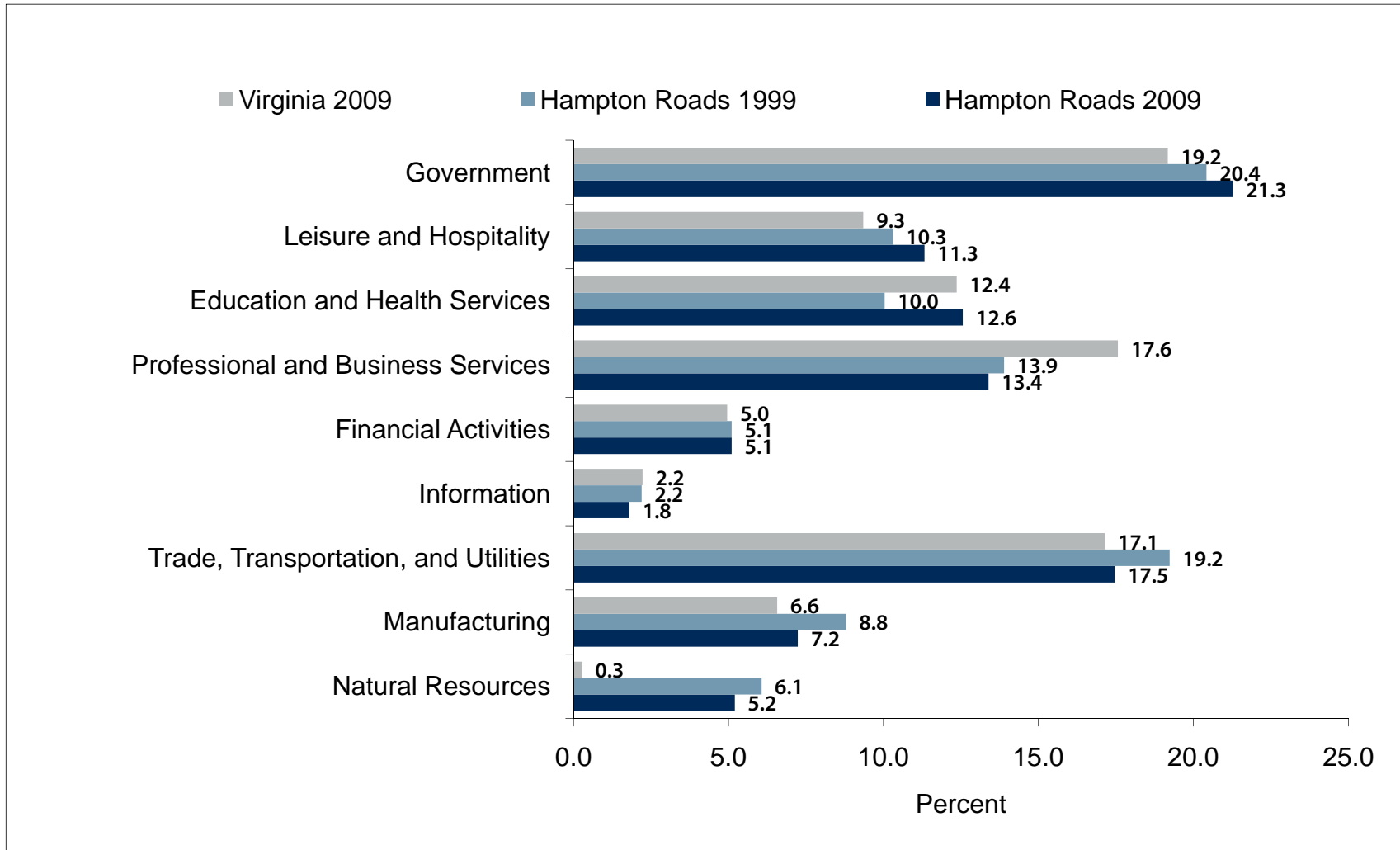


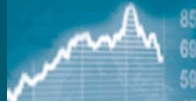


Virginia Existing Home Sales

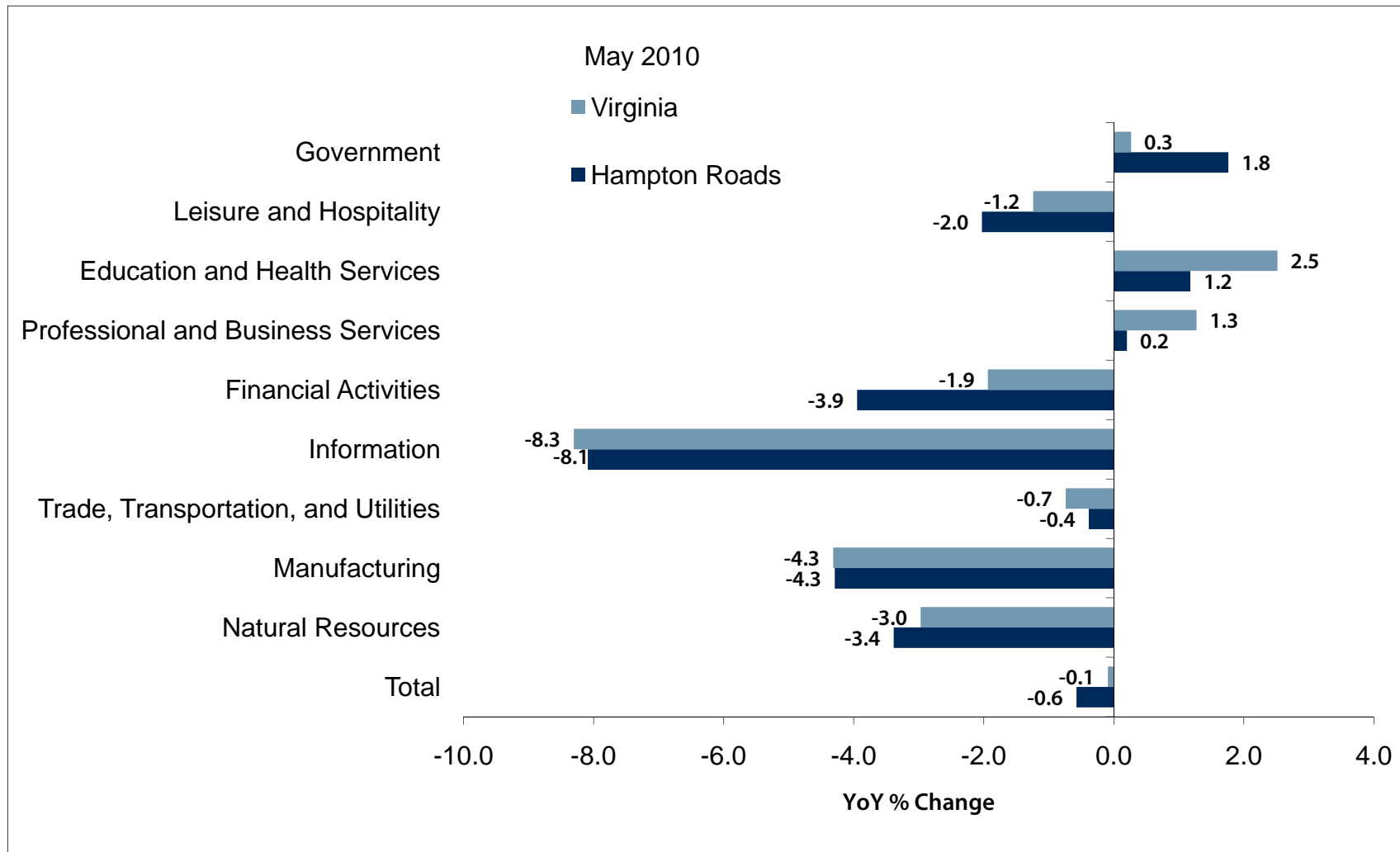


Industry Structure

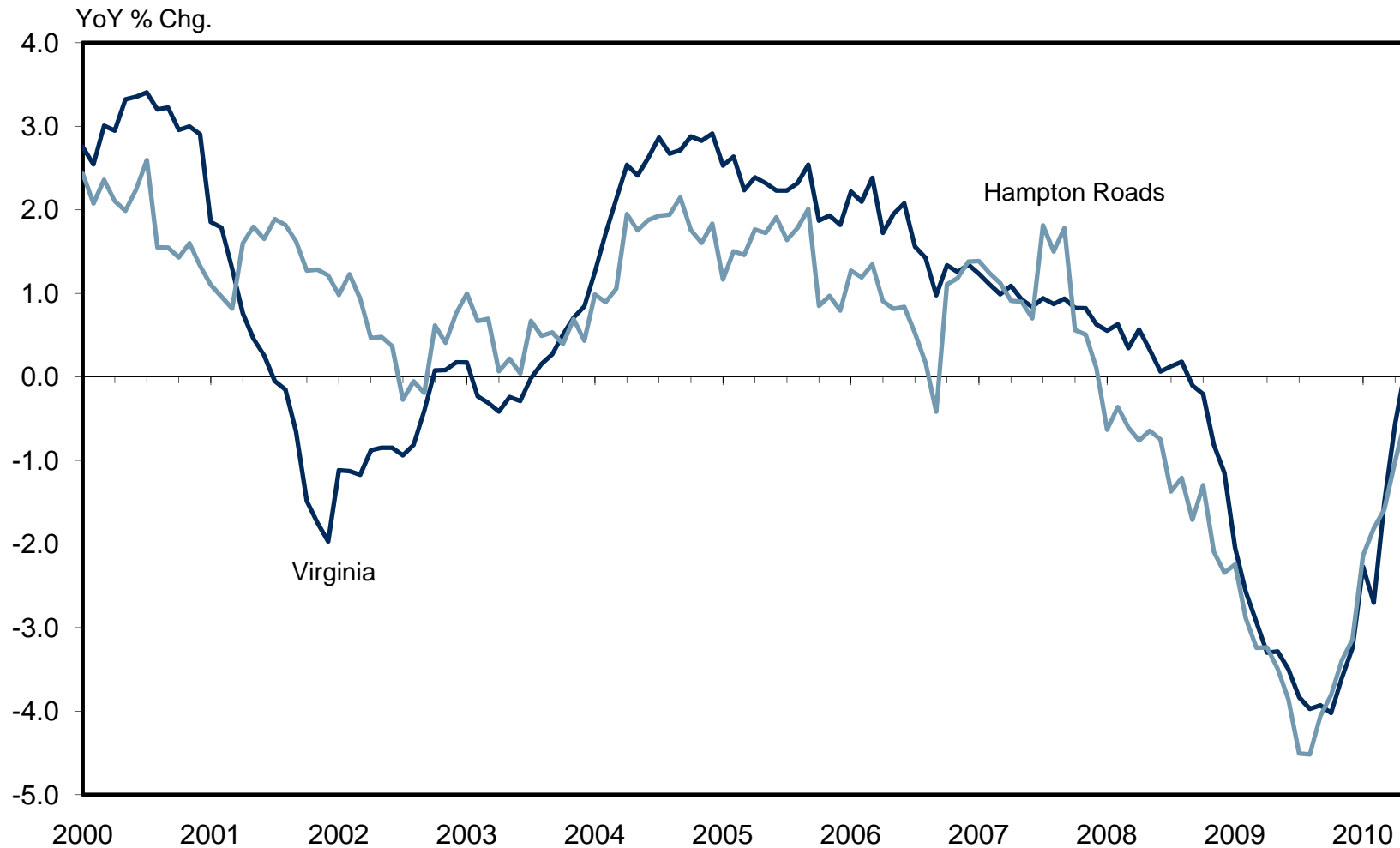




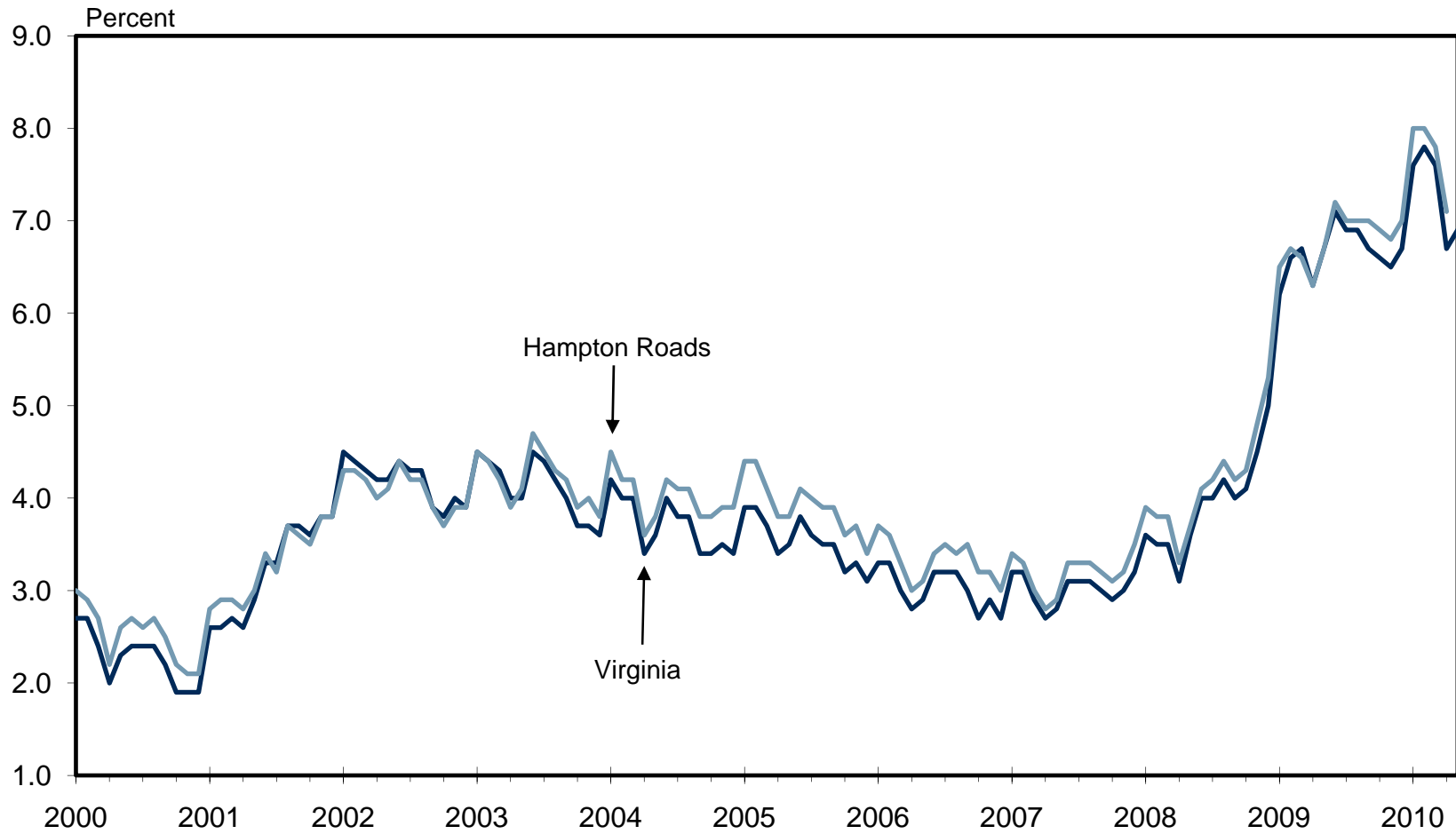
Payroll by Sector



Payroll Employment

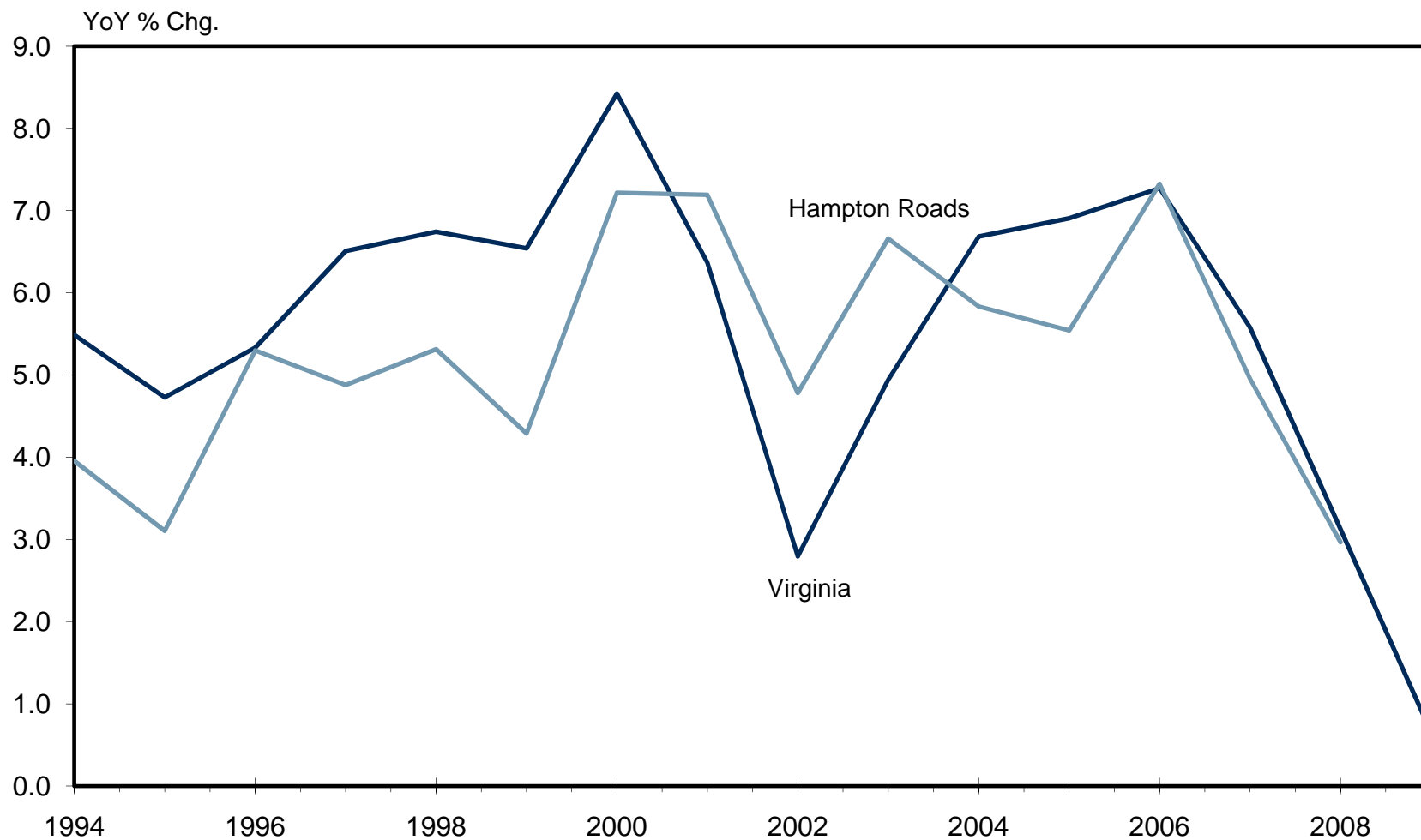


Unemployment

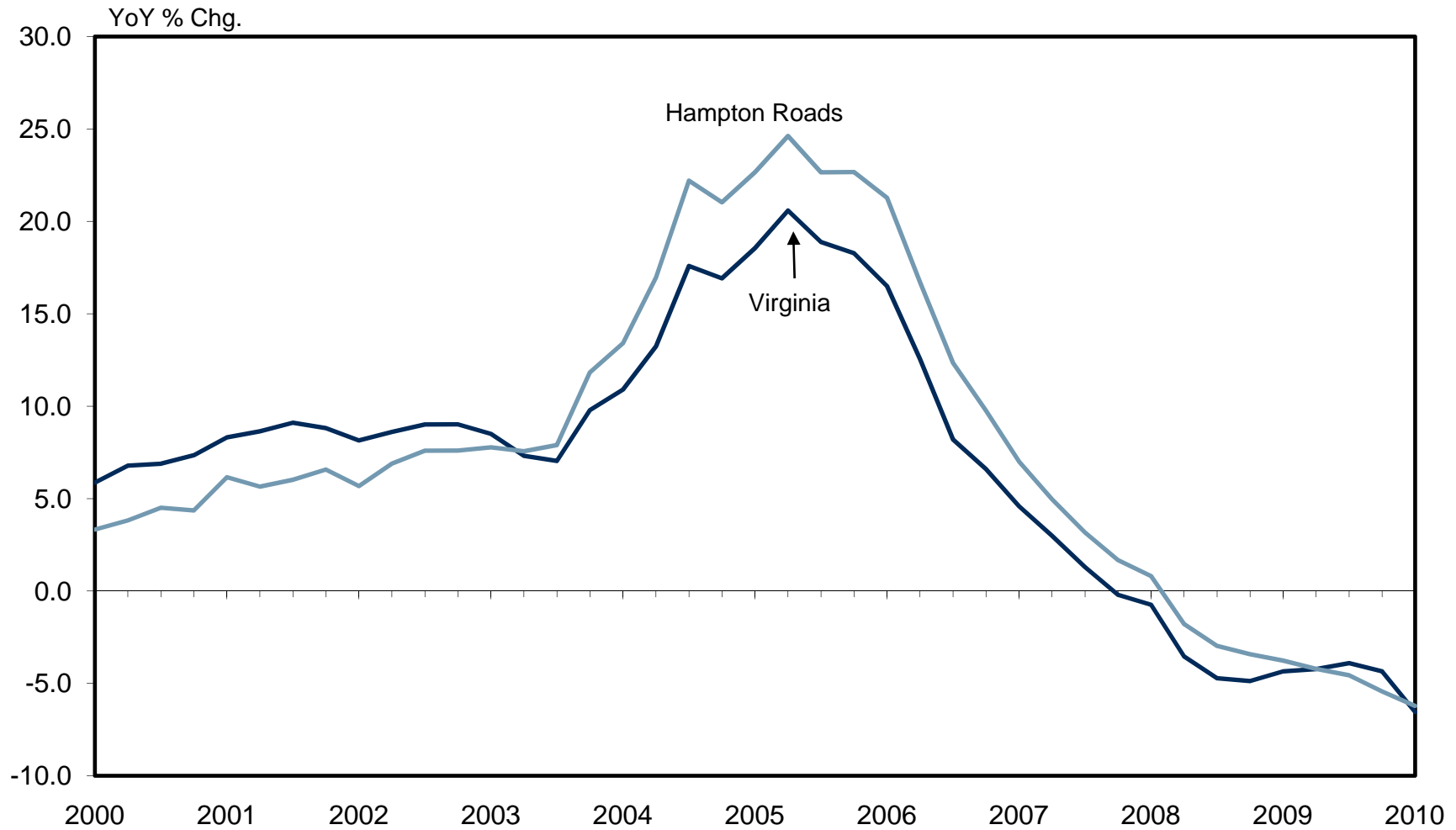


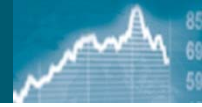


Personal Income



Housing Prices





National Defense Outlays

