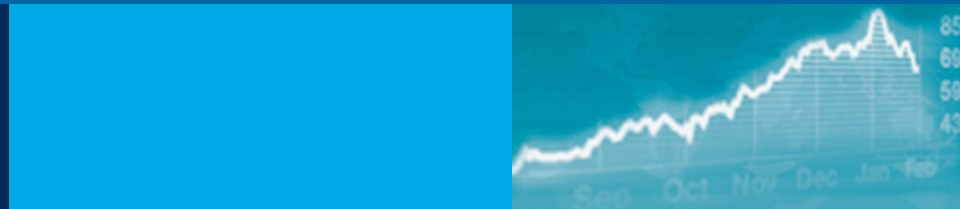




National and Virginia Economic Conditions

Renee Haltom
Vice President and Regional Executive
January 11, 2021



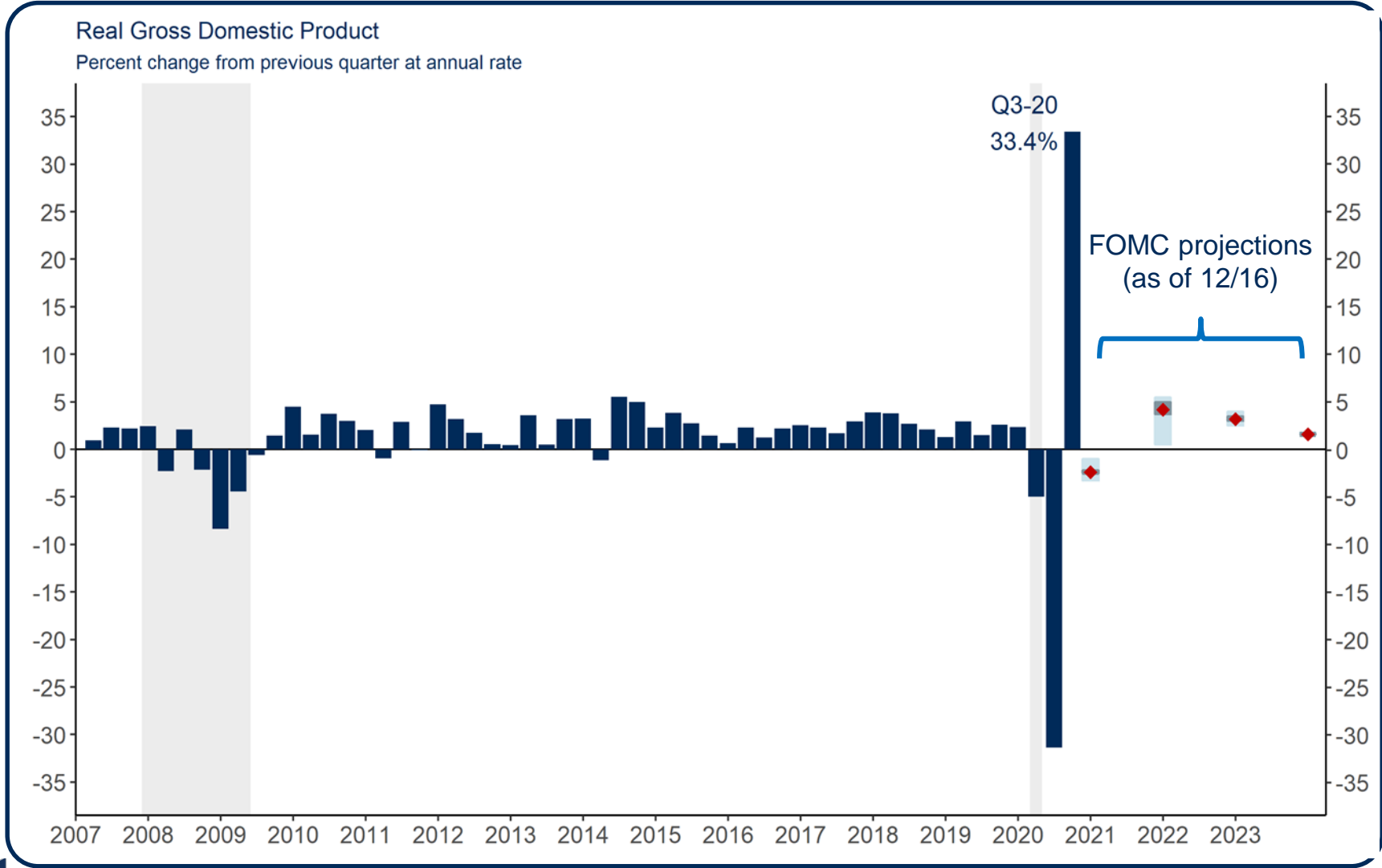
*Research Department
Federal Reserve Bank of Richmond*



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- **Giant, abrupt declines across the board in March/April**
 - Went from tightest labor market in 50 years to record unemployment – in two months
 - GDP fell 31.4% (annual rate) in the second quarter
- **We've seen a sharp bounce back – but still far from recovering COVID losses.**
 - Expect second half of recovery to be slower
- **And lots of disparity (by sector, race, gender, income, etc.)**

GDP recovery has been stronger than expected

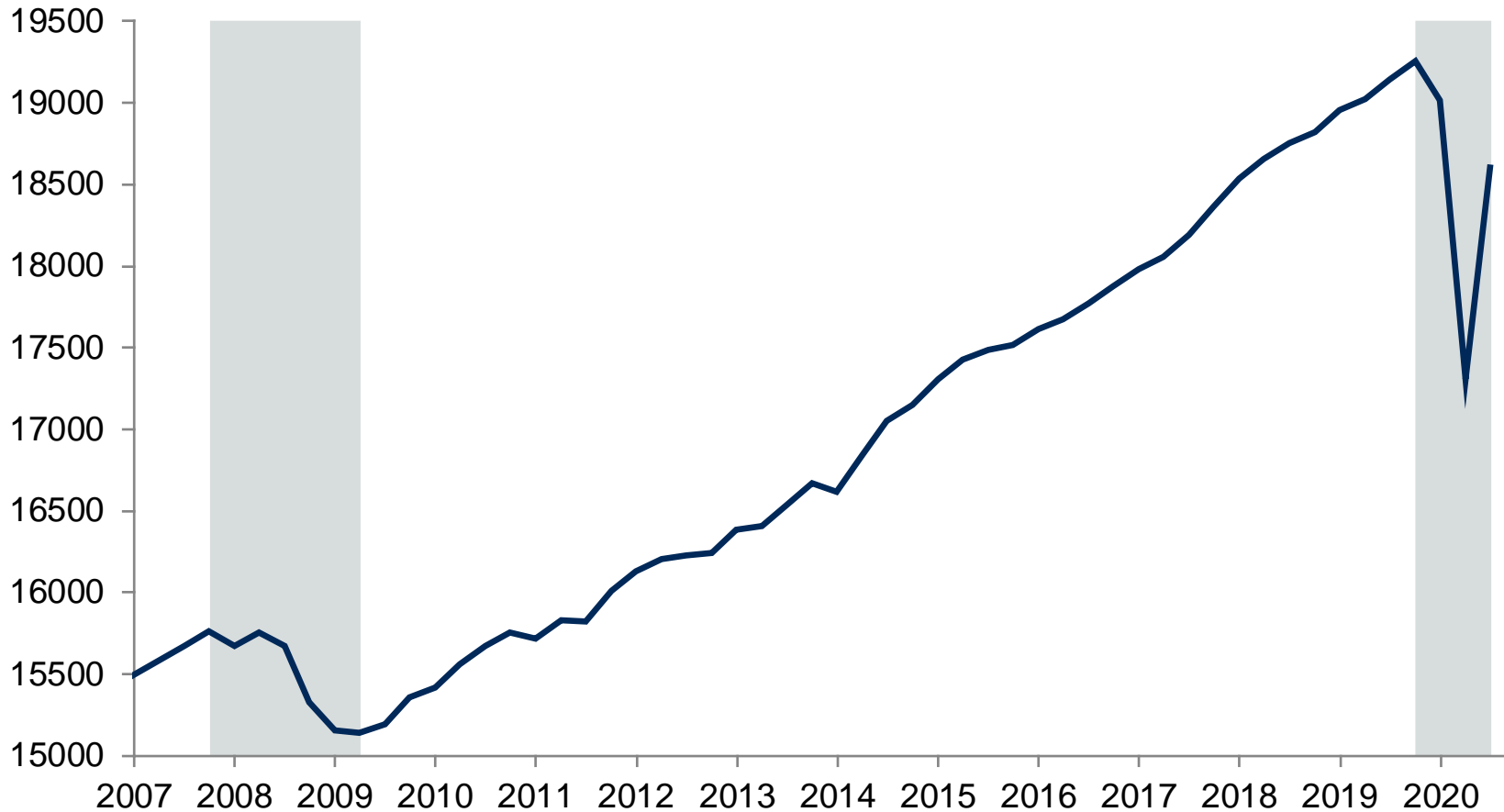


Source: Bureau of Economic Analysis via Haver Analytics

Notes: FOMC projection is the median, range, and central tendency for Q4/Q4 percent changes, from the September 2020 meeting. Red dots indicate median projections.

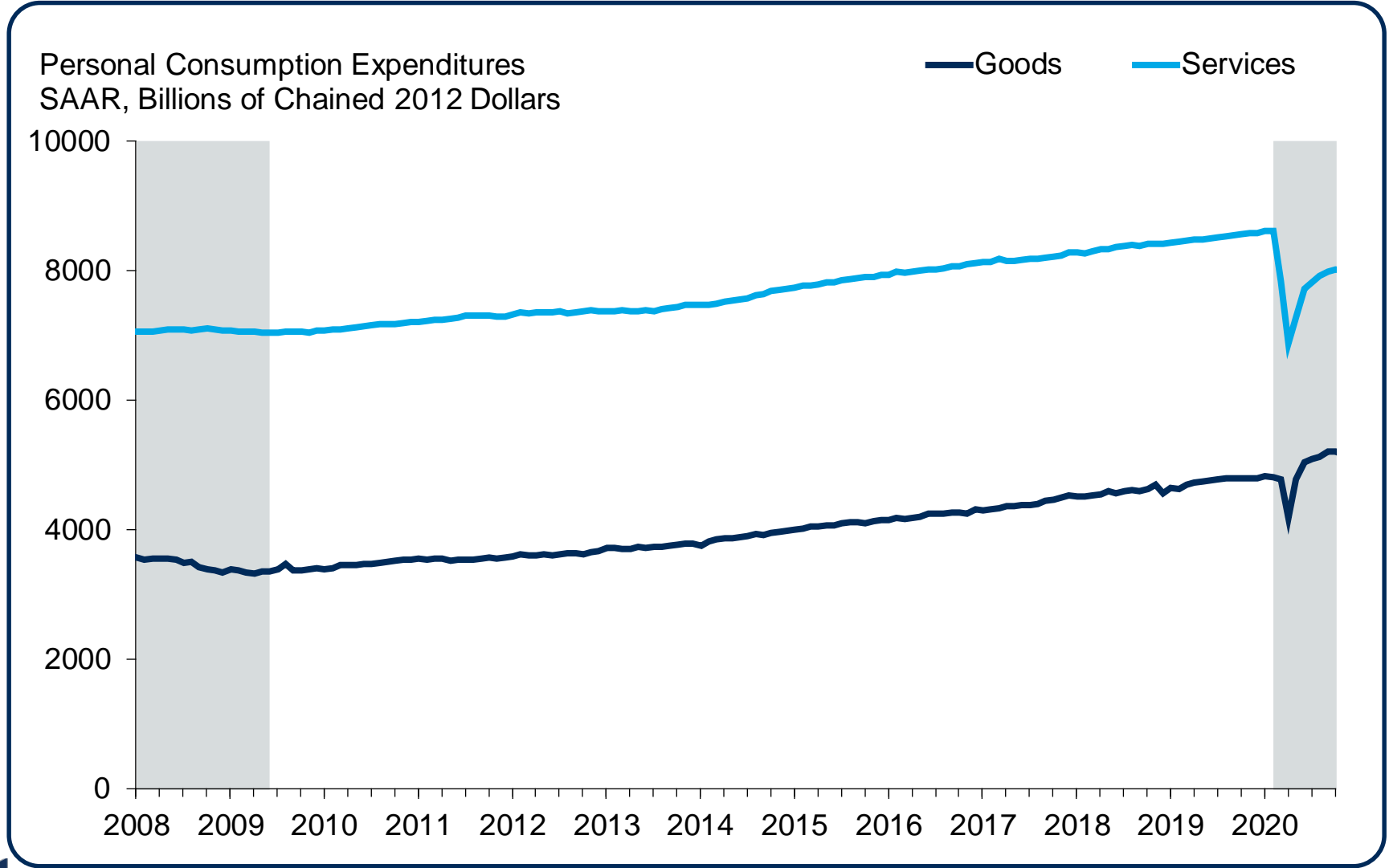
When swings are big, the level tells you more

Real GDP
SAAR, Bil. Chn. 2012 \$



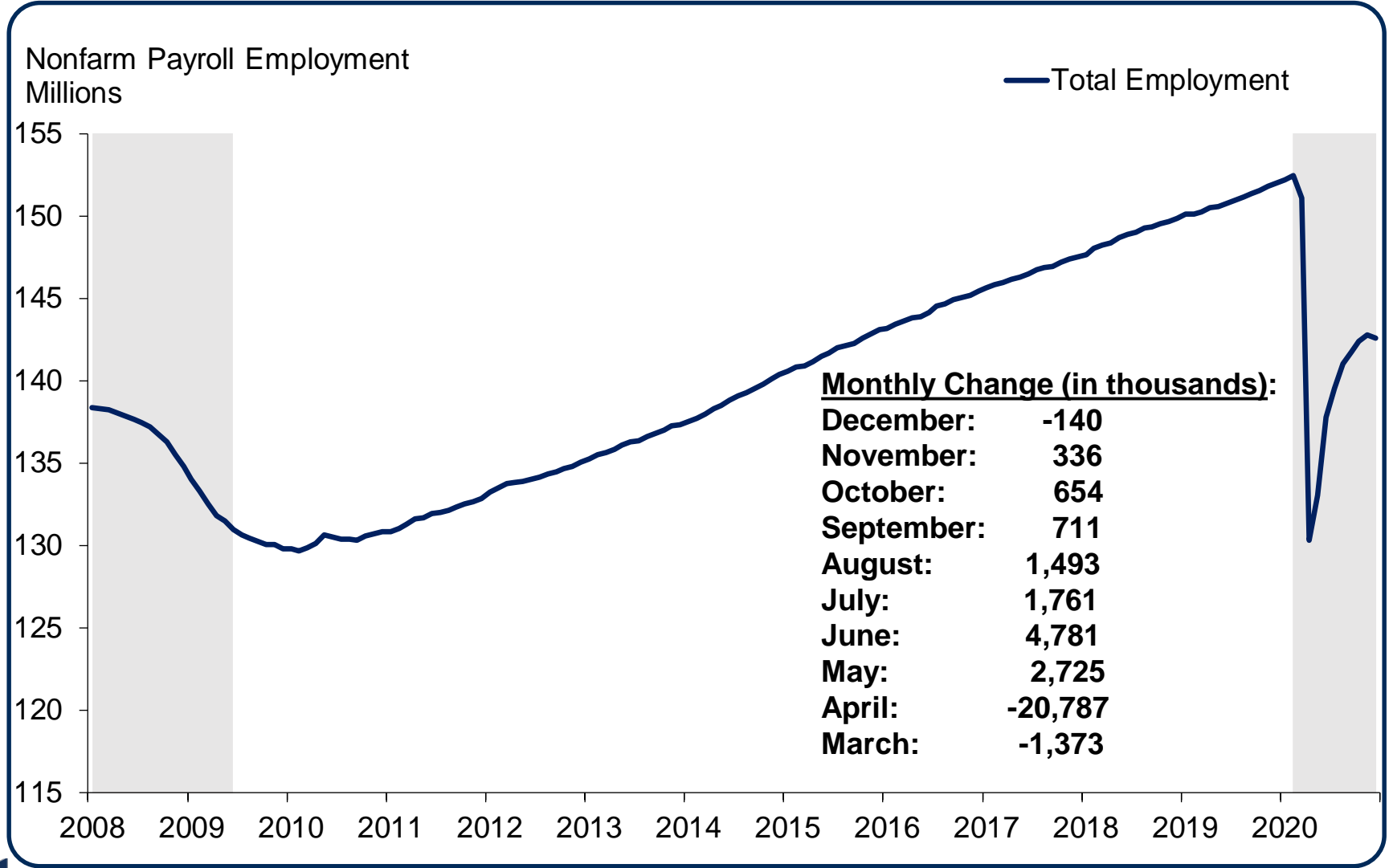
Source: Bureau of Economic Analysis

Services took the biggest hit in Covid, and still hurting



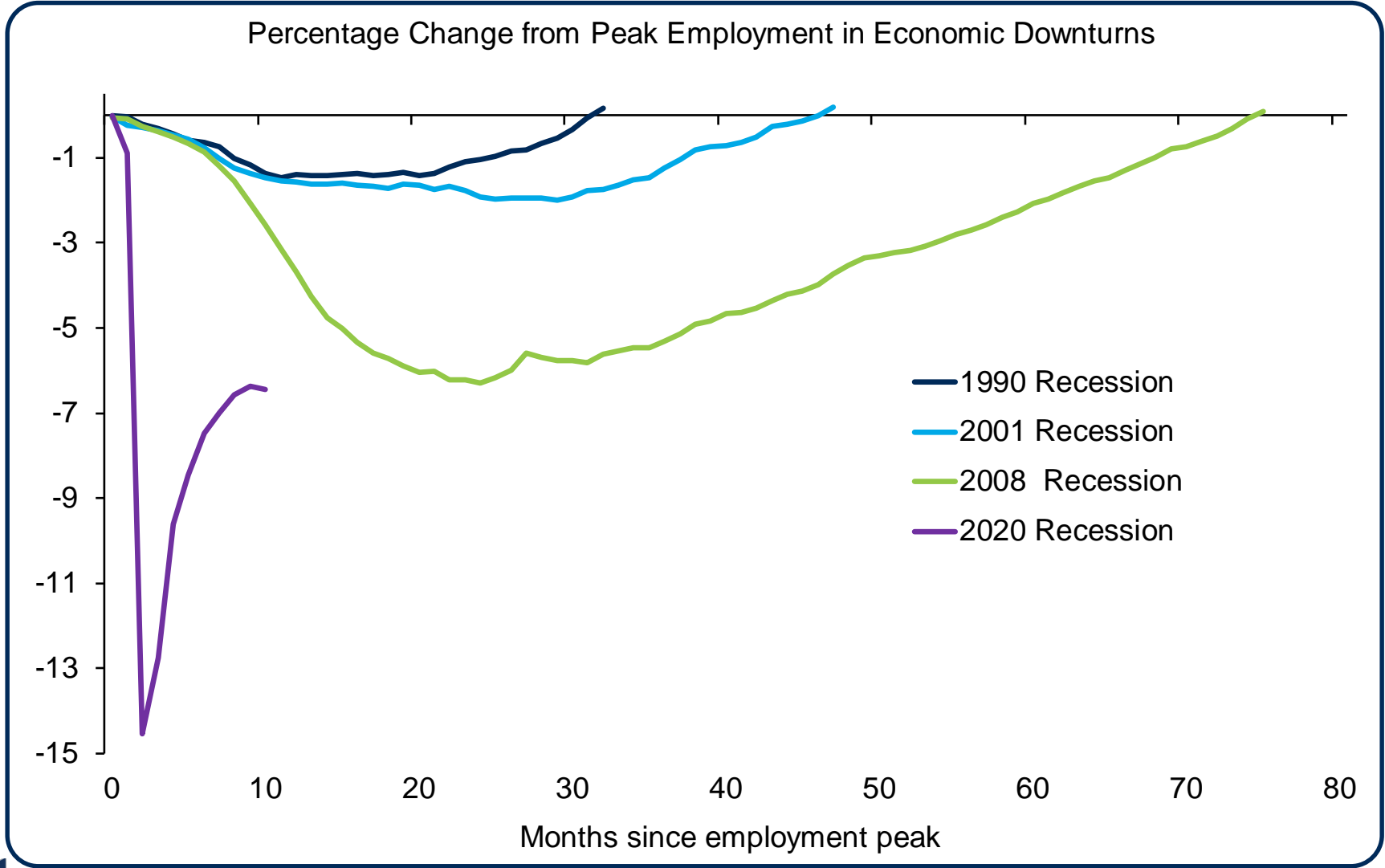
Source: Bureau of Economic Analysis via Haver Analytics

Huge job gains since May – but we’ve recovered just half of COVID job losses



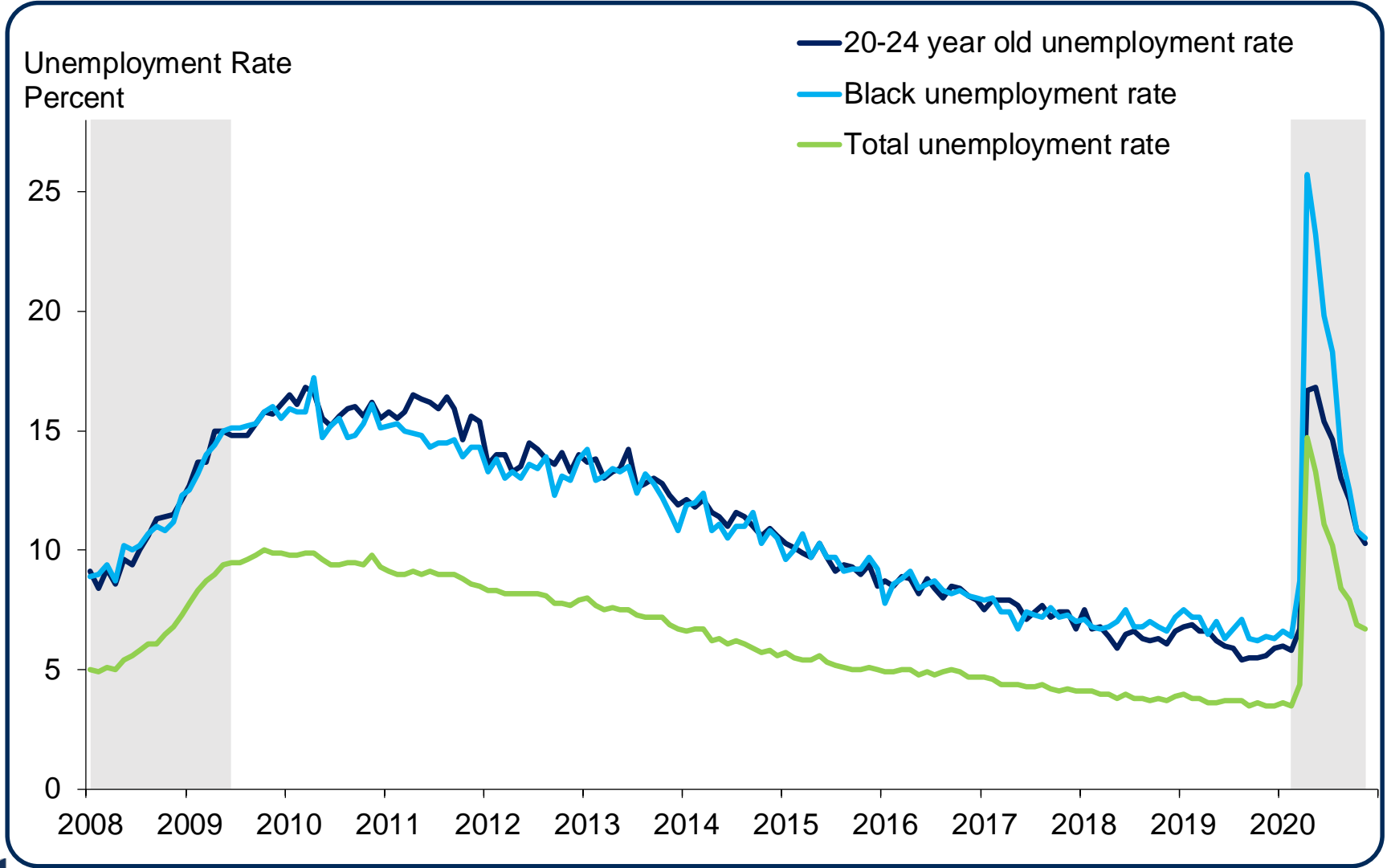
Source: Bureau of Labor Statistics/Haver Analytics

Comparing Covid job losses to prior recessions



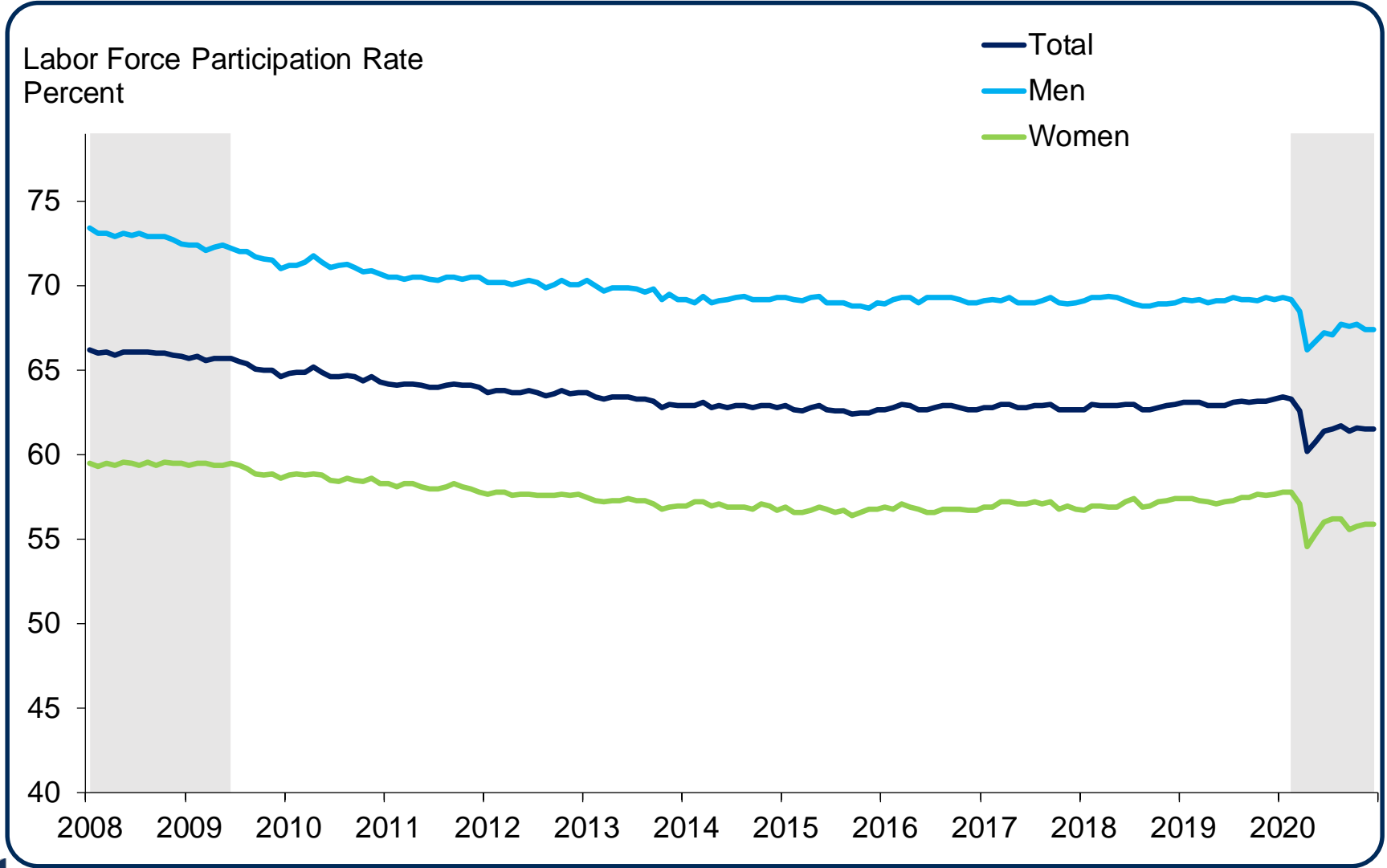
Source: Bureau of Labor Statistics/Haver Analytics

Certain demographic groups hit harder



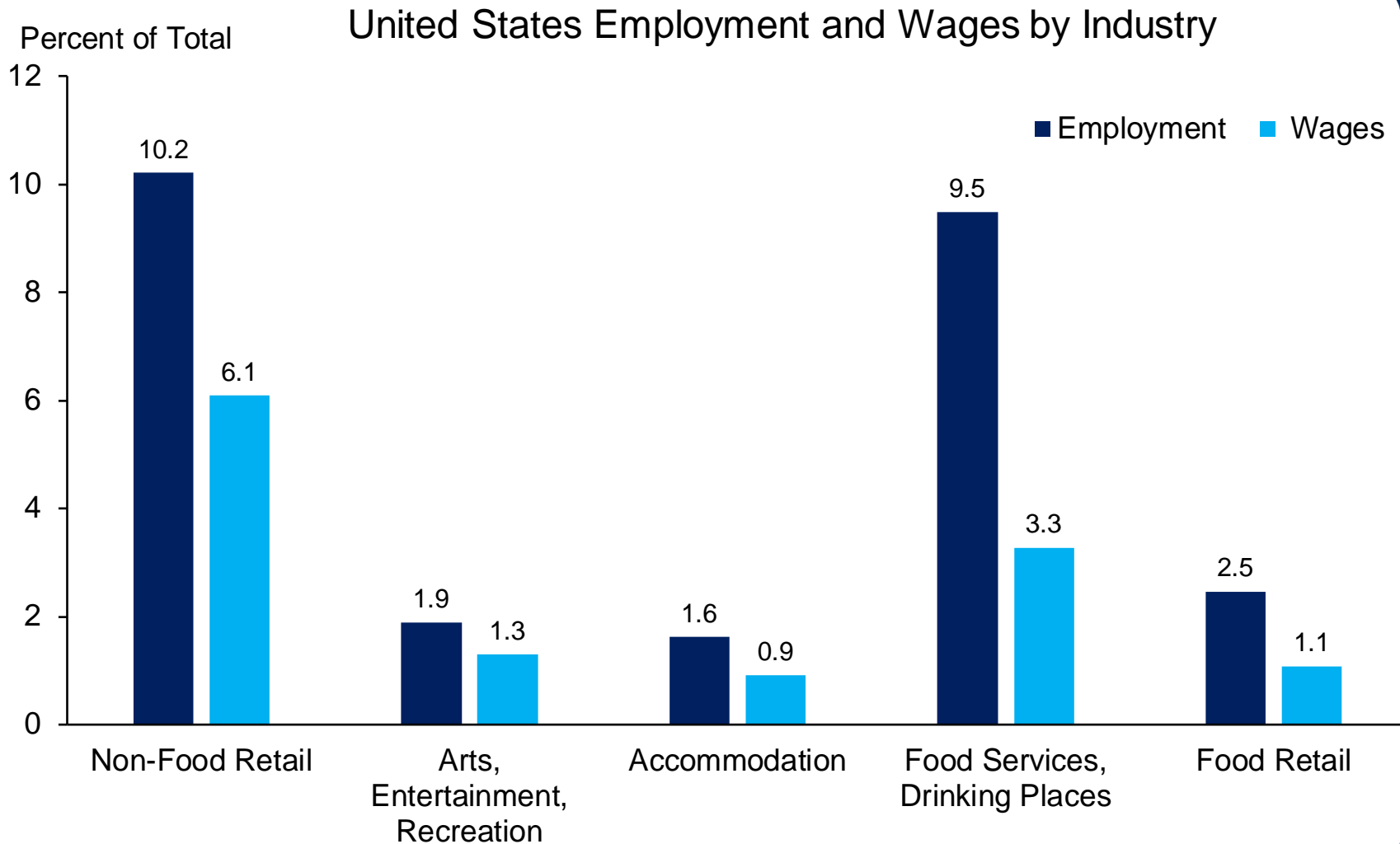
Source: Bureau of Labor Statistics/Haver Analytics

Huge numbers leaving the labor force, especially women



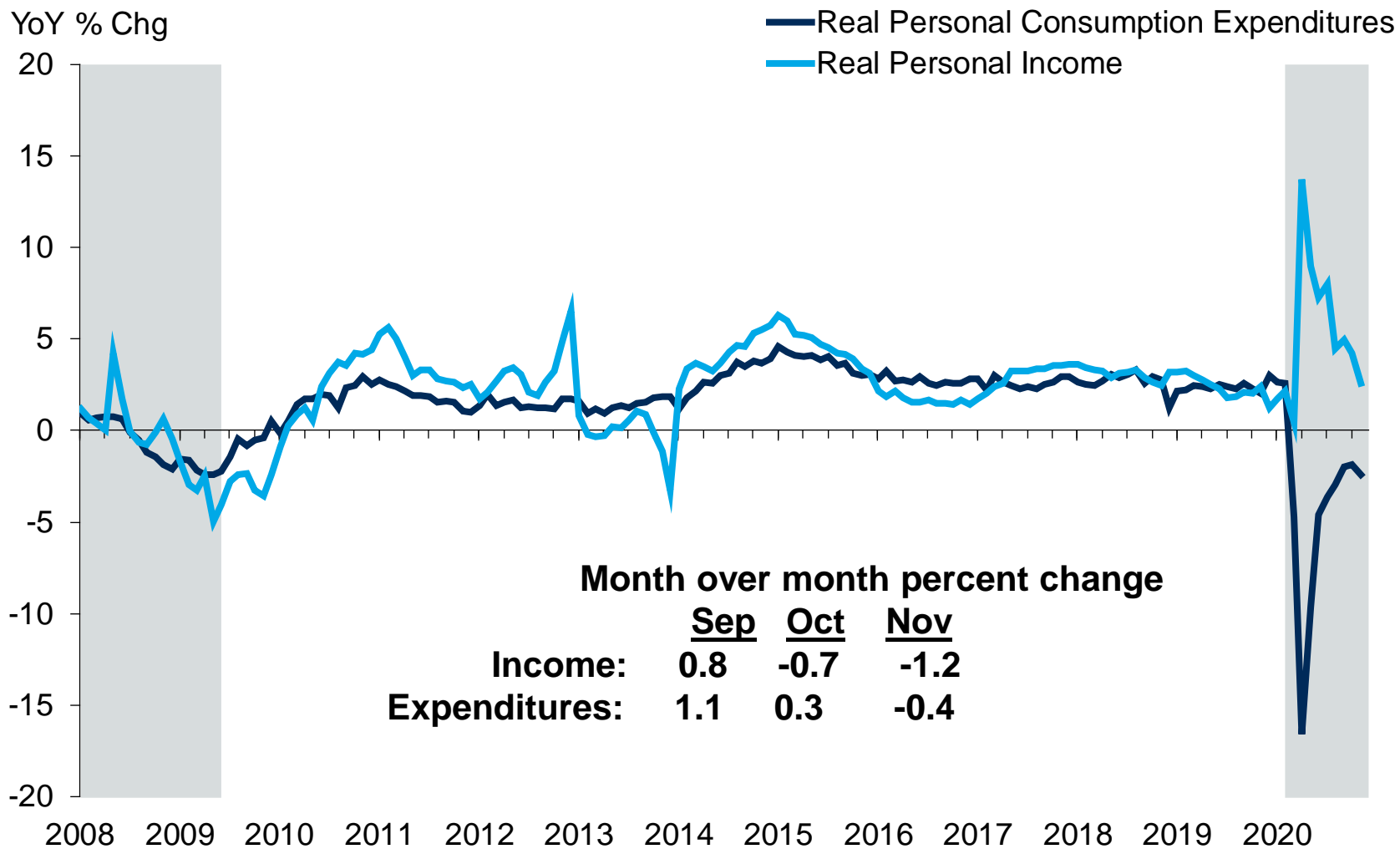
Source: Department of Labor/Haver Analytics

Hard hit sectors also tend to be low-wage sectors



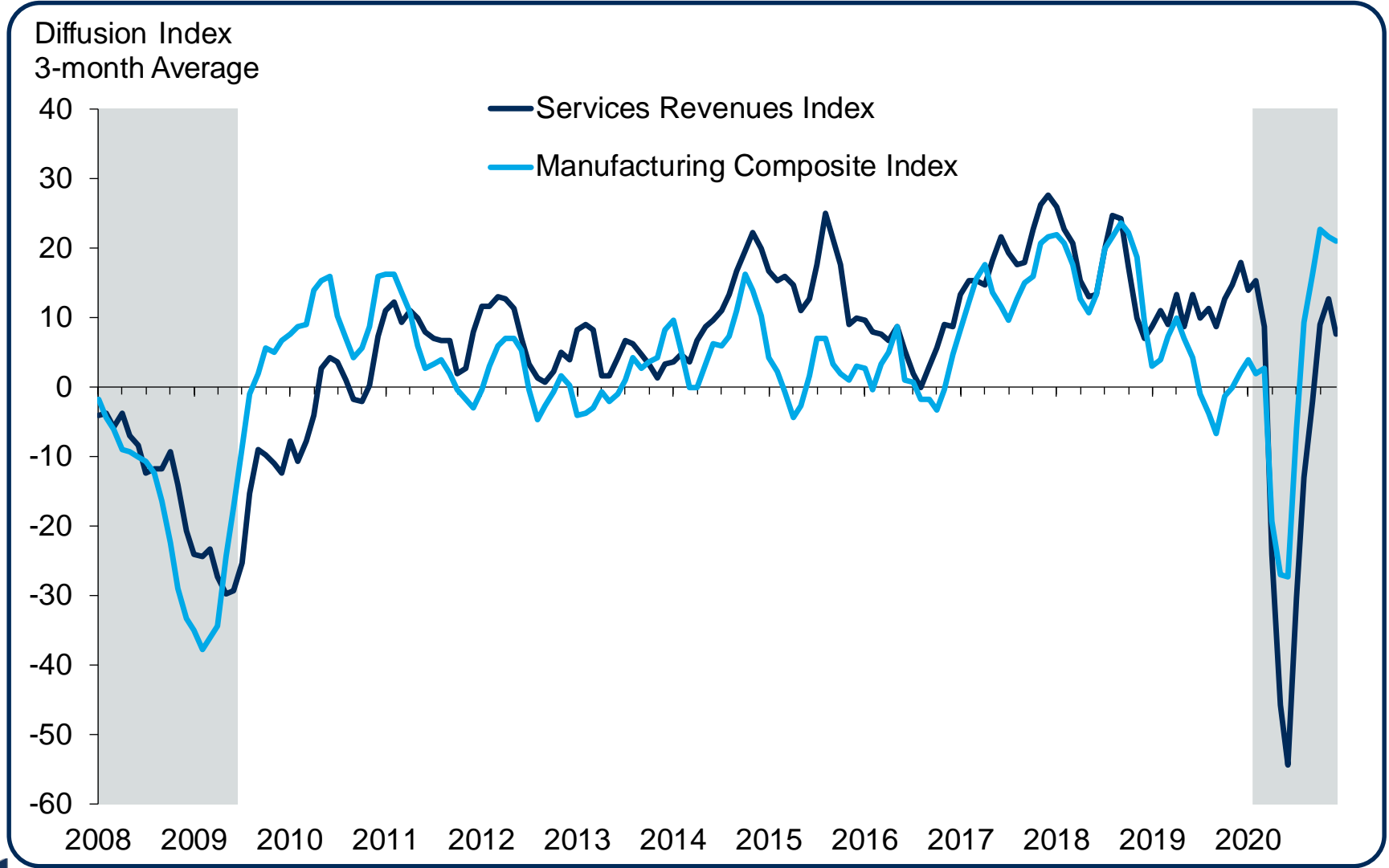
Source: Bureau of Labor Statistics 2018 QCEW/Haver Analytics

New stimulus will help buffer households again



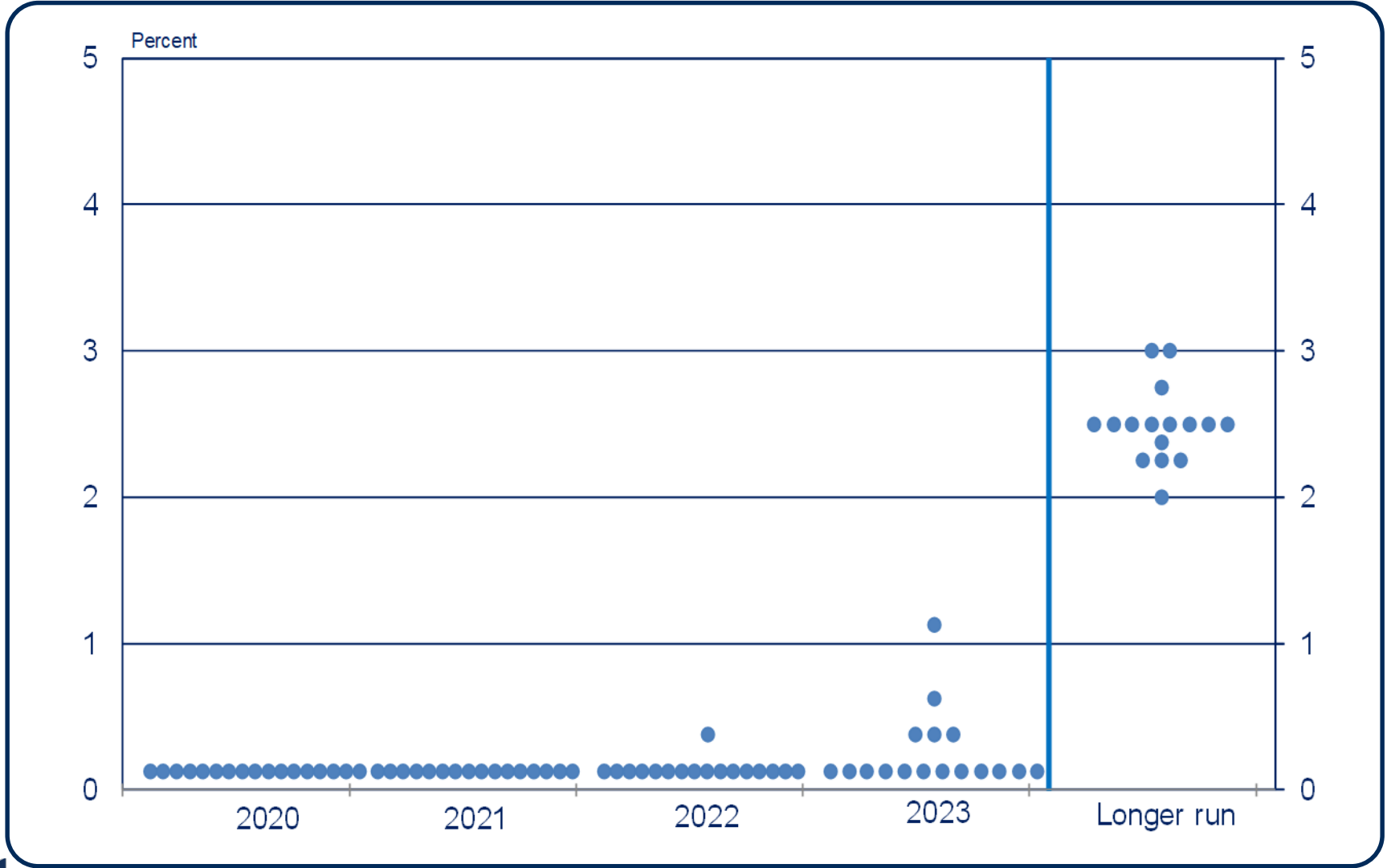
Source: Bureau of Economic Analysis via Haver Analytics

Manufacturing has recovered more than services



Source: Federal Reserve Bank of Richmond

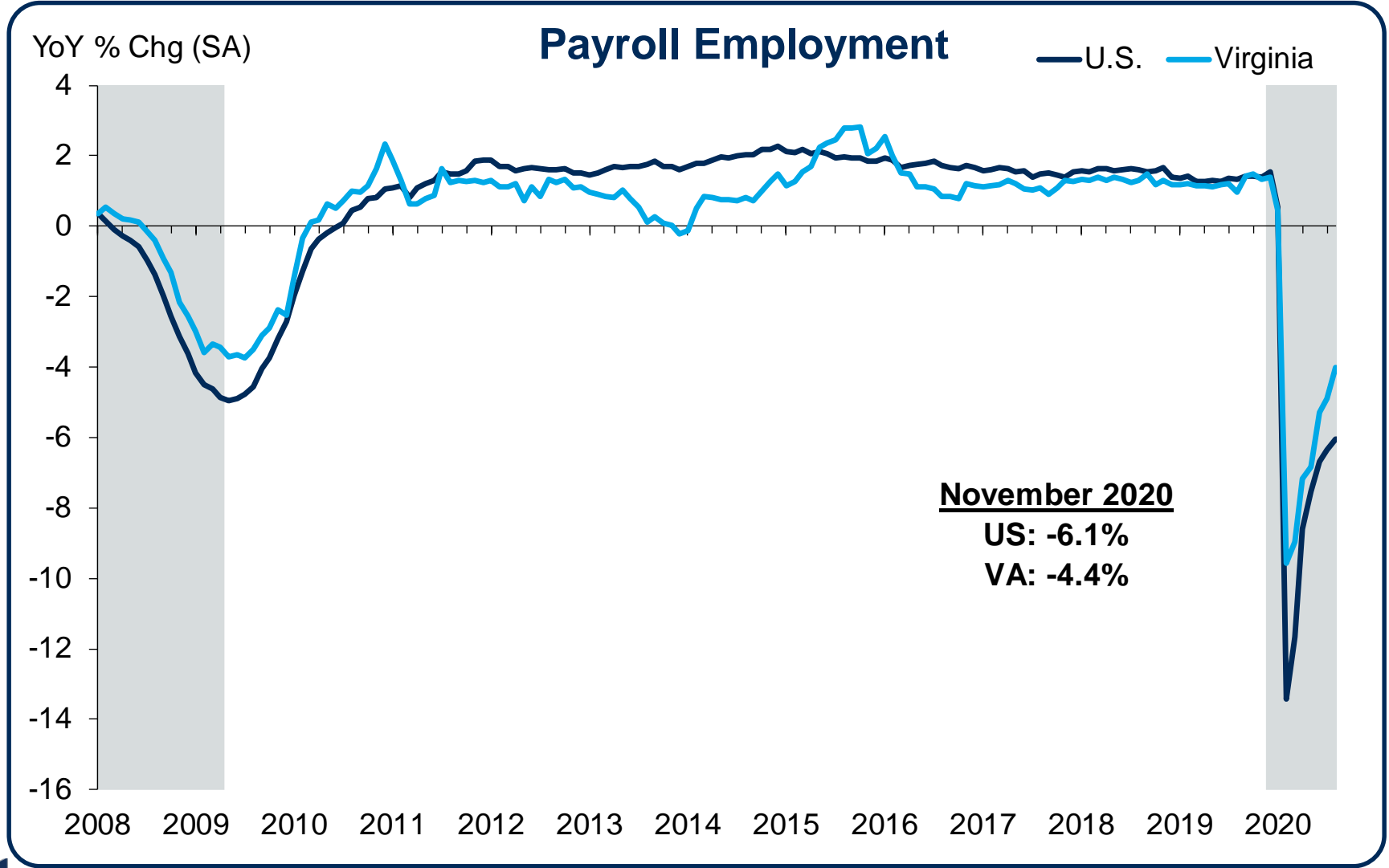
FOMC doesn't see rates rising anytime soon



Source: Federal Reserve Board of Governors
Forecast as of December 16, 2020

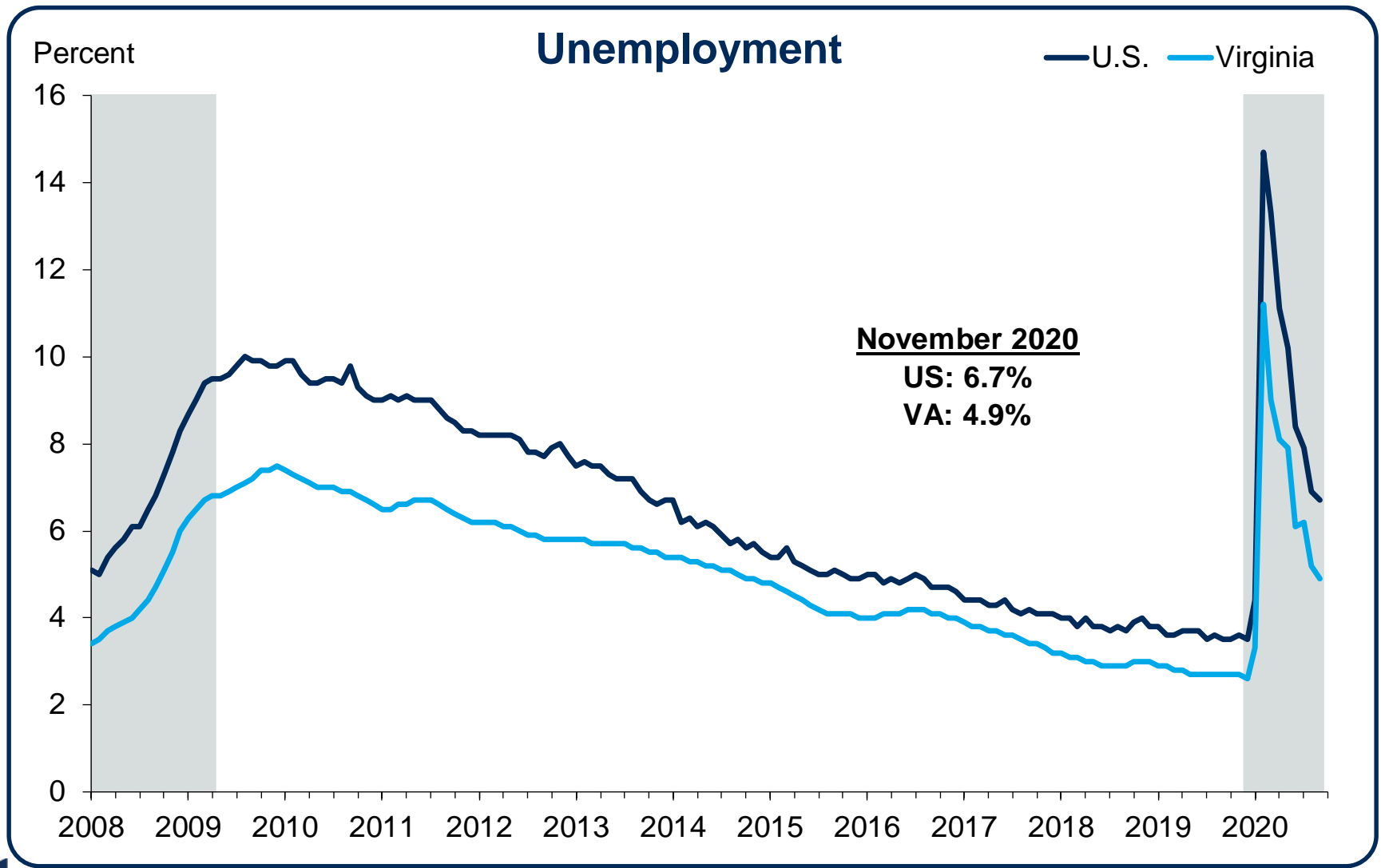
How's Virginia?

Virginia lost fewer jobs than the U.S.



Source: Bureau of Labor Statistics/Haver Analytics

Virginia's unemployment rate also is lower

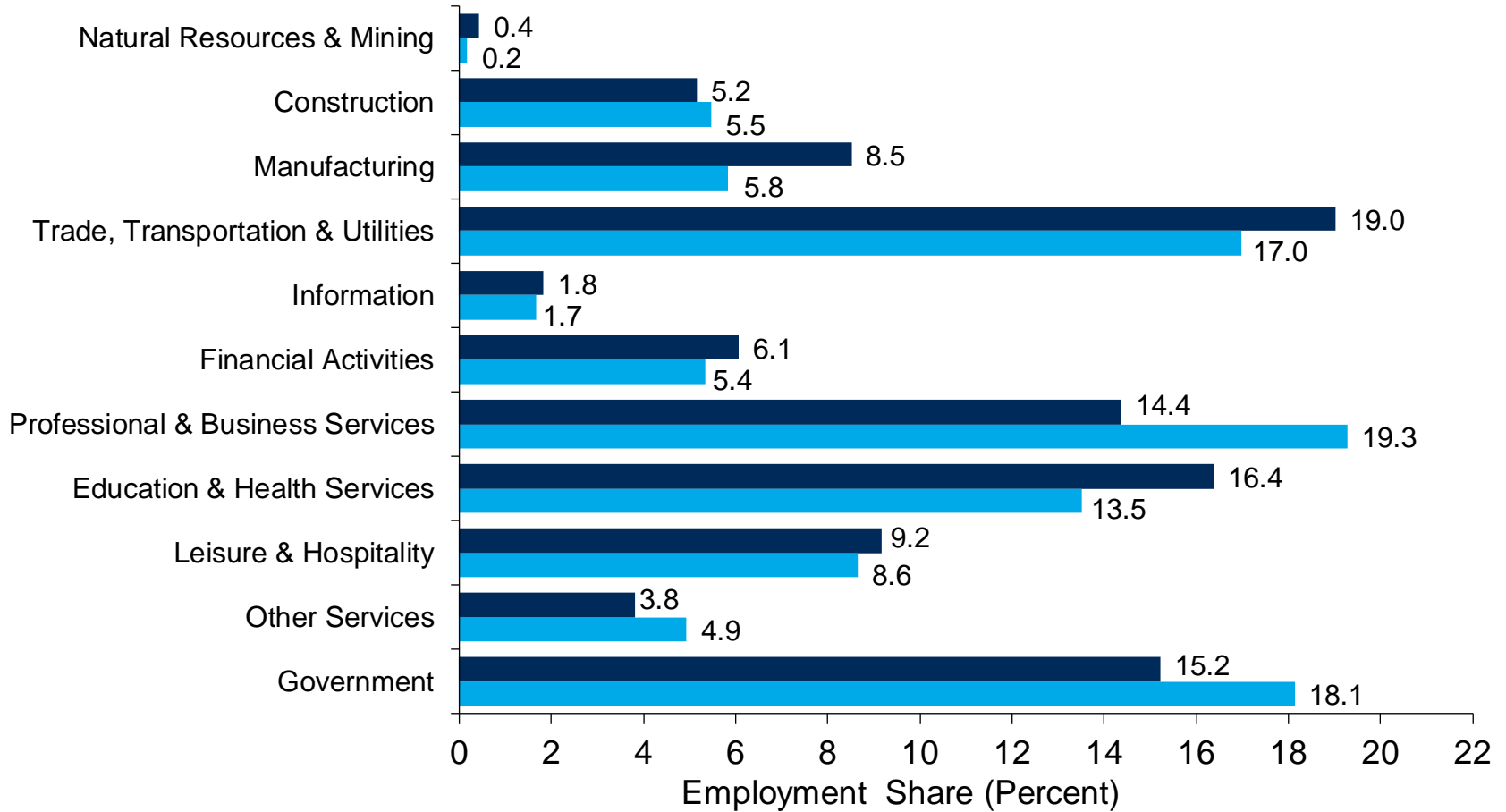


Source: Bureau of Labor Statistics/Haver Analytics

What drives our economy?

November 2020

■ U.S. ■ Virginia

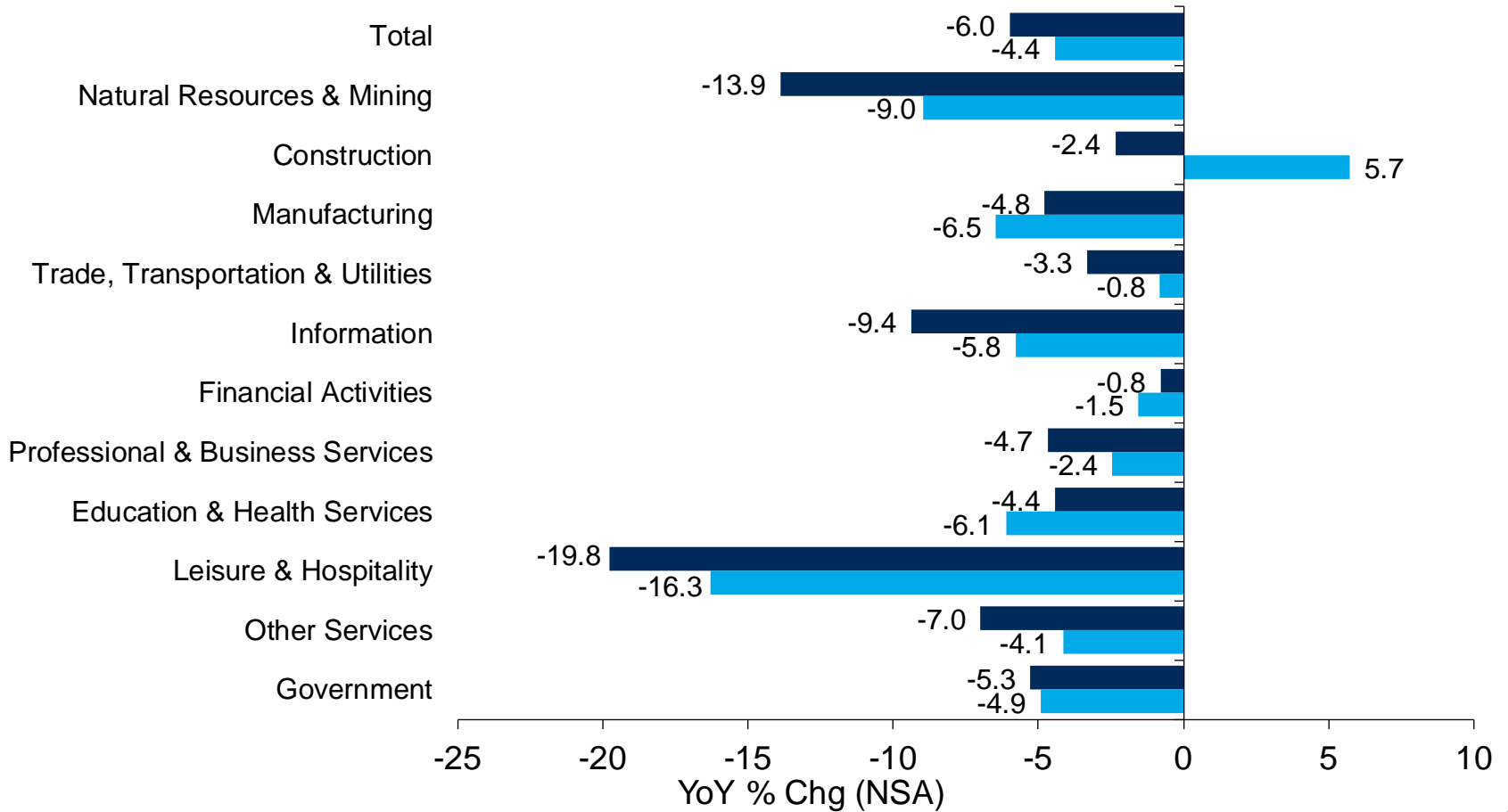


Source: Bureau of Labor Statistics/Haver Analytics

Job losses: Largest where you'd expect

November 2020

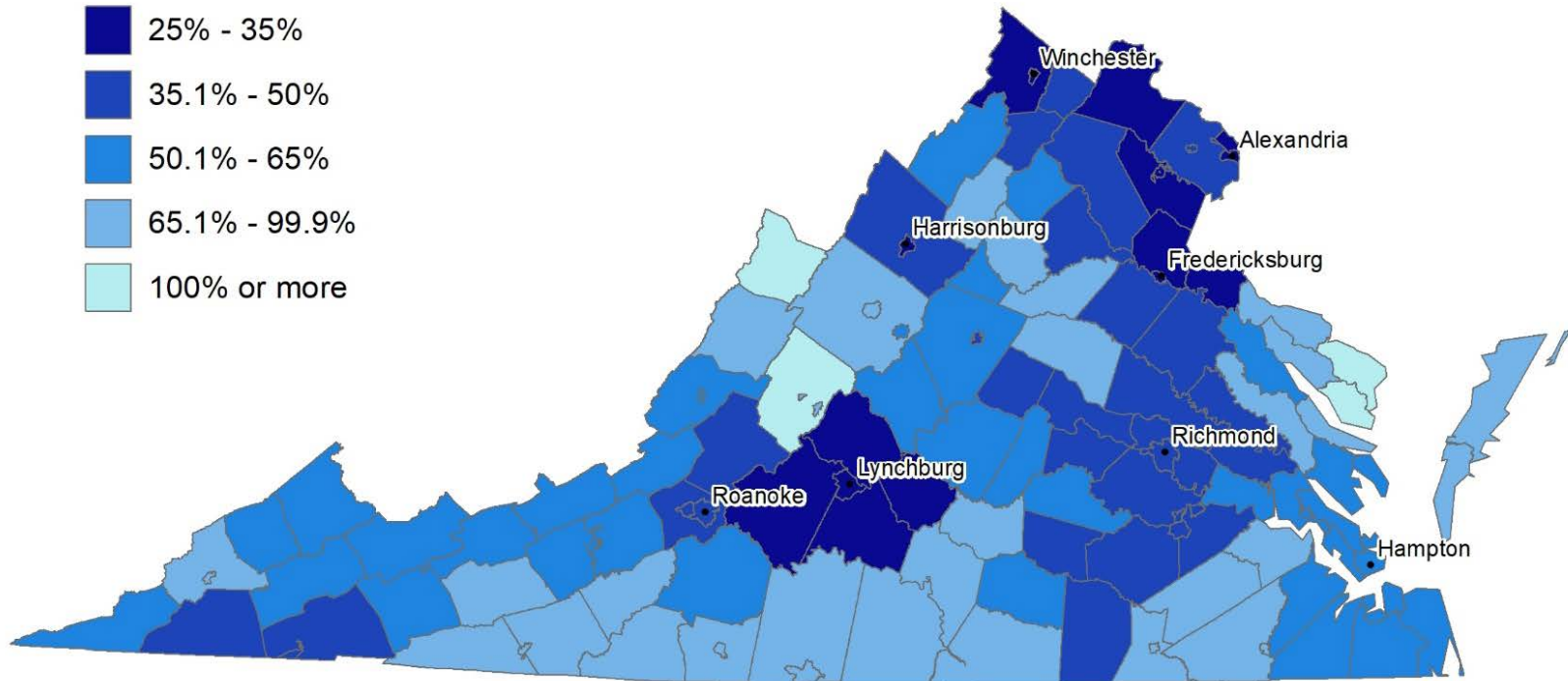
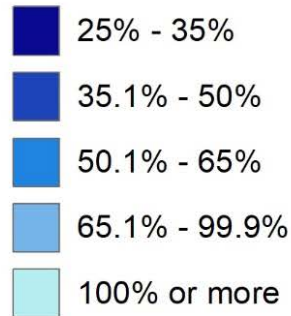
■ U.S. ■ Virginia



Source: Bureau of Labor Statistics/Haver Analytics

Within-state disparities are big too

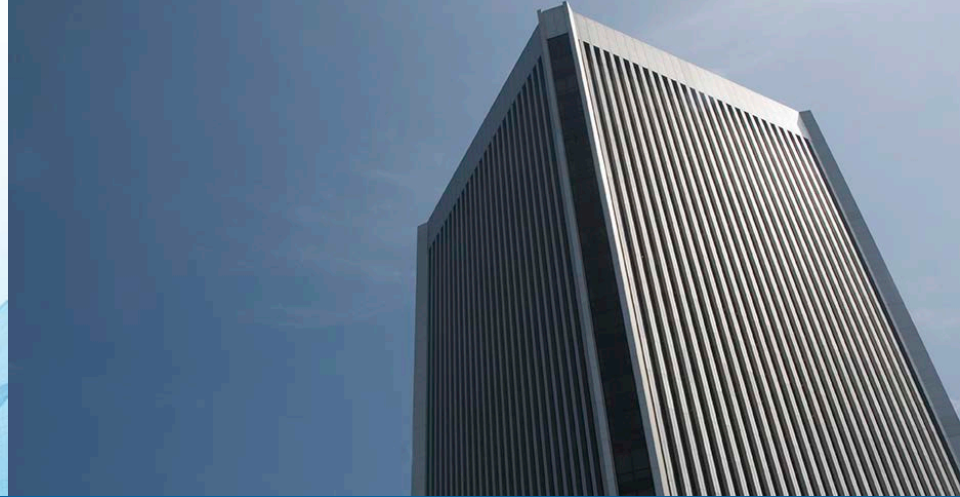
Percent Net Employment Loss Recovered (Apr. to Nov.) by County



Source: Bureau of Labor Statistics Local Area Unemployment Statistics, Civilian Employment

Looking ahead into 2021

- Recovery flattened with the recent virus surge
- Vaccine news added some certainty – for better and worse:
 - Expect bumpy Q1: How will stimulus hit? How will virus evolve?
 - Q2 could start to feel optimistic: Vaccine starts to hit, better weather, pent-up demand?
 - Return to normalcy likely won't start until second half of year
- Recovery won't be felt equally
 - What comes of displaced workers in high-touch sectors?
 - Which small businesses survive to the other side?
 - These effects concentrated by income, race, gender, geography



Questions/Comments?
renee.haltom@rich.frb.org

