Old Dominion University
2017 National Economic Forecast

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Strome College of Business

www.odu.edu/forecasting
Real GDP Growth
United States and Virginia

Source: Bureau of Economic Analysis and Center for Economic Analysis and Policy Forecasts
Percentage Growth in Total Nonfarm Employment
United States and Virginia

Source: Bureau of Labor Statistics
Monthly Net Job Creation For Virginia During 2016

Source: Bureau of Labor Statistics and Center for Economic Analysis and Policy Calculations
Rate of Headline Unemployment (U3)
United States and Virginia

Source: Bureau of Labor Statistics
Labor Force Participation Rates Are Starting to Stabilize

Source: Bureau of Labor Statistics
Labor Force Flows from Prior Month

Source: Bureau of Labor Statistics
Virginia Labor Force Participation Rates

Source: Bureau of Labor Statistics
The Fed in 2017

• There is an expectation of 3 rate increases during 2017 (75 basis points total). This would leave the Fed Funds Target at the range 1.25% to 1.50% by December.

• Meeting dates in 2017:
  • Jan/Feb
  • March
  • May
  • June
  • July
  • Sept/Oct
  • December
Fed Dot Chart versus Taylor Rule

Treasury Yield Curves

Source: US Department of the Treasury
The Trump Administration

• Very difficult to forecast. Campaign rhetoric is always more political and ideological than actual policy proposals.

• A few things we know (or don’t know):
  • Repeal of ACA
  • Infrastructure Bill
  • Immigration reform
  • Repeal of Dodd-Frank
  • Renegotiation of Trade Agreements
Trump’s Trade Conundrum

Source: Bureau of Economic Analysis and Board of Governors of the Federal Reserve System
## The Current National Recovery

<table>
<thead>
<tr>
<th>Recession End</th>
<th>Expansion Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1945</td>
<td>80 months</td>
</tr>
<tr>
<td>February 1961</td>
<td>106 months</td>
</tr>
<tr>
<td>March 1991</td>
<td>120 months</td>
</tr>
<tr>
<td>November 2001</td>
<td>73</td>
</tr>
<tr>
<td>June 2009</td>
<td>91 (ongoing)</td>
</tr>
</tbody>
</table>

Source: National Bureau of Economic Research
Real GDP Growth Forecasts
United States and Virginia

Source: Bureau of Economic Analysis and Center for Economic Analysis and Policy Forecasts
<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Forecast</td>
<td>Actual</td>
<td>Forecast</td>
</tr>
<tr>
<td>Real Gross Domestic Product</td>
<td>2.03%</td>
<td>1.60% est.</td>
<td>2.2%</td>
</tr>
<tr>
<td>Employment Growth</td>
<td>1.50%</td>
<td>1.74%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>5.1%</td>
<td>4.9%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Consumer Price Index</td>
<td>1.34%</td>
<td>1.28%</td>
<td>2.80%</td>
</tr>
<tr>
<td>CPI - Core</td>
<td>2.03%</td>
<td>2.21%</td>
<td>2.40%</td>
</tr>
<tr>
<td>3-Month Treasury Bill</td>
<td>1.25%</td>
<td>0.32%</td>
<td>1.31%</td>
</tr>
<tr>
<td>10-Year Treasury Bond</td>
<td>3.15%</td>
<td>1.84%</td>
<td>3.15%</td>
</tr>
<tr>
<td>30-Year Conventional Mortgage Rate</td>
<td>4.25%</td>
<td>3.65%</td>
<td>4.25%</td>
</tr>
</tbody>
</table>