REGIONAL PERSPECTIVES

Ohio Economic Outlook
What the Table Shows:

- Ohio’s GDP forecast is derived from the national forecast by allocating output to each of the 50 states based on employment shares. So, forecast misses reflect surprises in the aggregate forecast as well as unexpected shifts in a state’s GDP share.
- Ohio’s economy contracted more sharply than the national economy in 2008 and 2009, but now is rebounding at a respectable pace.

Key Message:

- Ohio’s economy is forecast to speed up but to grow a little slower than the national economy in 2014 and 2015.

Note: GDP figures are based on quarterly values that are interpolated from annual GDP estimates using quarterly employment changes. Unbolded figures are reported actual values and bold figures represent forecasts.

Sources: US Department of Commerce; US Department of Labor.
The Economy's Structure

WHAT THE CHART SHOWS:

- The figure compares the relative importance of selected industries to the state’s economy with the national footprint of each industry (state and national figures reflect the value added of each industry as a percent of aggregate state or US nominal GDP, respectively).
- Auto production has an outsized footprint in Ohio's economy.

KEY MESSAGES:

- The reviving motor vehicle industry now is an asset for Ohio. And the health care industry provides a steady backdrop.

Bankruptcies

WHAT THE CHART SHOWS:

- The figure illustrates trends in bankruptcy filings by businesses and persons relative to the number of filings in 2007 Q4, prior to the recession.
- Bankruptcy filings have dropped back to normal levels.

KEY MESSAGES:

- Indicators of financial stress are a useful coincident indication of economic distress.
- Financial stresses from the housing debacle have largely passed.

Source: Administrative Office of the U.S. Courts; Updated through March 2014.
Oil & Gas Activity

NUMBER OF DRILLING RIGS ON LAND, INLAND WATERS, AND OFFSHORE

WHAT THE CHART SHOWS:
- The figure illustrates recent trends in the rig count for petroleum drilling operations.
- Oil and gas drilling activity in Ohio is relatively robust, reflecting development of the state's shale resources in the eastern region of the state.

KEY MESSAGES:
- Ohio’s energy sector is bringing welcome help.

Private Business Surveys

WHAT THE CHART SHOWS:

- Surveys of local purchasing managers are superimposed on GDP growth in Ohio.
- Survey respondents in the Ohio surveys are somewhat more cautious about the outlook than they had been in the early years of the recovery.

KEY MESSAGES:

- Sentiment surveys provide useful leading information and these are pointing to an improvement in the state’s economic outlook.
- Although enthusiasm about the outlook has moderated, the outlook remains promising.

Note: Survey data prior to 2001 are unavailable.

Sources: Institute of Supply Management; US Department of Commerce. Updated through April 2014 (survey) and 2014 Q1 (GDP).
Private Business Surveys

WHAT THE CHART SHOWS:
- The figures shows the Business Barometer Index, based on the survey of purchasing managers, and real GDP growth in Ohio (a reading above 50 means the state’s economy is growing, while less than 50 means the economy is shrinking). The index comprises seven business activity indicators, including production, new orders, order backlogs, inventories, employment, supplier deliveries, and prices paid.
- The index, which is a timely measure of the strength of the local economy, has rebounded recently.

KEY MESSAGES:
- This index is a useful leading indicator.

Note: Survey data prior to 1997 are unavailable.

Sources: Institute of Supply Management; US Department of Commerce. Updated through April 2014 (survey) and 2014 Q1 (GDP).
**Initial Jobless Claims**

**WHAT THE CHART SHOWS:**
- The figure tracks layoffs in Ohio and the national level of claims.
- Weekly layoffs, both the state and national tallies, are illustrated in the figure as a ratio to the level of layoffs in the fourth quarter of 2007, prior to the recession.
- Layoffs have plunged below pre-recession levels.

**KEY MESSAGES:**
- The low pace of layoffs is bullish for the state’s economic outlook.

Source: US Department of Labor. Updated through May 17, 2014 (state) and May 24, 2014 (US).
Economic Growth

WHAT THE CHART SHOWS:

- Real GDP growth in Ohio (the line in the figure) is superimposed on top of US real GDP growth (bars in the figure).
- Ohio’s economy is tracking along with the national recovery.

KEY MESSAGES:

- The Buckeye State’s economy is expected to continue to expand in 2014 and 2015, only slightly lagging the national recovery.

Source: US Department of Commerce. Updated through 2012 (state) and 2014 Q1 (US). Quarterly estimates for states after 2012 are interpolated from employment figures (through April 2014), based on the historical correlation of state and national employment changes.
What the chart shows:

- The figure illustrates the evolution of real GDP of the state and the overall US economy since the fourth quarter of 2000, the peak of the previous business cycle—that is, at any point in time the lines trace the ratio of real GDP to its level in 2000 Q4.
- Output is above the peak level reached prior to the current recession.

Key messages:

- Ohio is expected to gradually close the gap between the state’s output level and the national trend in output.

Source: US Department of Commerce. Updated through 2012 (state) and 2014 Q1 (US). Quarterly estimates for states after 2012 are interpolated from employment figures (through April 2014), based on the historical correlation of state and national employment changes.
Employment Growth

WHAT THE CHART SHOWS:

- The chart appears to illustrate the theme, as the Midwest goes, so goes Ohio, at least in recent years.
- Ohio’s job market, which contracted more sharply than the national market during the recession, lost a little momentum in the past year.

KEY MESSAGES:

- Employment is expected to expand at a respectable pace for the next several years.

Source: US Department of Labor. Updated through April 2014 (state) and April 2014 (US).
Employment in Relative Terms

WHAT THE CHART SHOWS:

- The figure illustrates the evolution of employment in the state compared with the nation since 2000 Q4, the peak of the previous business cycle. The lines trace out the ratio of employment at the time to employment in 2000 Q4.
- The state's employment base is down about seven percent from decade-ago levels, but is making good progress in recovering those losses.
- Businesses have recovered or replaced 50 percent of the jobs that were lost during the recession.

KEY MESSAGES:

- Employment is on the rise.

Source: US Department of Labor. Updated through April 2014 (state) and April 2014 (US).
Employment in Absolute Terms

WHAT THE CHART SHOWS:
- Trends in the actual employment count in the state (left scale) and the level of employment in the overall economy (right scale).

KEY MESSAGES:
- Legacy housing drags aren’t preventing a new recovery, even in Ohio.

Source: US Department of Labor. Updated through April 2014 (state) and April 2014 (US).
Intrastate Employment

WHAT THE CHART SHOWS:
- Job trends in local communities within the state.
- Employment in most of Ohio’s communities is rising.

KEY MESSAGES:
- Ohio’s economic fortunes still depend importantly on the strength of the vehicle industry, which is not on the rise.

Source: US Department of Labor. Updated through April 2014 (state) and April 2014 (US).
Unemployment

WHAT THE CHART SHOWS:
- Unemployment has fallen by more than the national average and now is below the US average.
- Ohio’s unemployment rate has plunged back to pre-recession levels.

KEY MESSAGES:
- The unemployment rate is the single best indicator of the relative economic performance of a region.
- The steady drop in the state’s unemployment rate is a sign the economy is growing faster than its underlying potential rate.

Source: US Department of Labor. Updated through April 2014 (state) and April 2014 (US).
Relative House Prices

WHAT THE CHART SHOWS:

 The figure tracks the relative price of houses in the state versus the nation—that is, it reflects the ratio of the state price index to the national house price index, with that ratio set to unity in the summer of 1995. A drop in the line means that house prices in the state lag the national trend. States that did not suffer from speculative conditions saw a decline in the relative price of houses in this last decade.

 Ohio’s real estate prices are very attractive compared with the national average.

KEY MESSAGES:

 Real estate conditions are expected to strengthen in the future.

Source: FHFA. Updated through 2013 Q4.
Real Estate Markets

WHAT THE CHART SHOWS:

- The figure tracks the cumulative percentage deviation in house prices since 1995 in selected local markets and compares those with the national average.
- Ohio’s reviving economy is beginning to stabilize house prices.

KEY MESSAGE:

- Real estate prices have been drifting down since 2006.

Sources: FHFA; Standard & Poor’s. Updated through 2013 Q4.
New Home Building

**WHAT THE CHART SHOWS:**
- The pace of new home building (housing starts) in Ohio, compared with the national trends.
- Even though Ohio did not see a housing bubble, the struggling manufacturing sector is taking a toll on the building business.
- Home building activity was disrupted by harsh winter conditions, but now is rebounding.

**KEY MESSAGES:**
- Housing activity is forecast to gradually recover from current levels.

Source: Census Department. Updated through March 2014 (state) and April 2014 (US).
Office Markets

WHAT THE CHART SHOWS:

- Office market conditions in selected markets.
- Market conditions are beginning to improve in Cleveland and Columbus.

KEY MESSAGES:

- Ohio’s commercial real estate markets are forecast to be on the mend as the economy revives.
