### Economic Forecast

**OUTPUT AND EMPLOYMENT**

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<tbody>
<tr>
<td>United States</td>
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<tr>
<td>Real GDP $ billions (fourth quarter)</td>
<td>13,326</td>
<td>12,884</td>
<td>12,873</td>
<td>13,181</td>
<td>13,441</td>
<td>13,739</td>
<td>14,203</td>
<td>14,771</td>
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<tr>
<td>% change over the four quarters</td>
<td>2.2%</td>
<td>-3.3%</td>
<td>-0.1%</td>
<td>2.4%</td>
<td>2.0%</td>
<td>2.2%</td>
<td>3.4%</td>
<td>4.0%</td>
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<tr>
<td>Nonfarm employment</td>
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<tr>
<td>Job count (fourth quarter)</td>
<td>137,885,333</td>
<td>135,087,333</td>
<td>129,447,000</td>
<td>130,225,667</td>
<td>131,985,000</td>
<td>133,880,120</td>
<td>135,600,470</td>
<td>137,918,040</td>
</tr>
<tr>
<td>% change over the four quarters</td>
<td>0.9%</td>
<td>-2.0%</td>
<td>-4.2%</td>
<td>0.6%</td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.3%</td>
<td>1.7%</td>
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<tr>
<td>Average monthly change</td>
<td>98,778</td>
<td>-233,167</td>
<td>-470,028</td>
<td>64,889</td>
<td>146,511</td>
<td>157,927</td>
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<tr>
<td>West Virginia</td>
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<td>Real GDP $ billions (fourth quarter)</td>
<td>52</td>
<td>52</td>
<td>52</td>
<td>53</td>
<td>56</td>
<td>56</td>
<td>57</td>
<td>59</td>
</tr>
<tr>
<td>% change over the four quarters</td>
<td>-0.9%</td>
<td>-0.5%</td>
<td>1.4%</td>
<td>3.5%</td>
<td>3.2%</td>
<td>1.2%</td>
<td>2.0%</td>
<td>2.9%</td>
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<tr>
<td>Nonfarm employment</td>
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<tr>
<td>Job count (fourth quarter)</td>
<td>760,067</td>
<td>761,800</td>
<td>749,567</td>
<td>749,167</td>
<td>759,867</td>
<td>751,381</td>
<td>755,182</td>
<td>760,304</td>
</tr>
<tr>
<td>% change over the four quarters</td>
<td>0.3%</td>
<td>0.2%</td>
<td>-2.8%</td>
<td>1.2%</td>
<td>1.4%</td>
<td>-1.1%</td>
<td>0.5%</td>
<td>0.7%</td>
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<tr>
<td>Average monthly change</td>
<td>206</td>
<td>144</td>
<td>-1,769</td>
<td>717</td>
<td>892</td>
<td>-707</td>
<td>317</td>
<td>427</td>
</tr>
</tbody>
</table>

**WHAT THE TABLE SHOWS:**

- West Virginia’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.
- West Virginia’s economy is booming, likely supported by activity in the energy sector.

**KEY MESSAGES:**

- West Virginia’s economy is forecast to maintain its current pace on balance for the next several years.

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 relative importance of selected industries to the state’s economy, compared with the size of that industry’s national footprint (state and national figures reflect the value added of each industry as a percent of aggregate state or US nominal GDP, respectively).
- The energy, utilities, retail, health care, and government sectors account for a larger share of West Virginia’s economy, compared with the nation economy.

**KEY MESSAGES:**

- Strong demand for coal is supporting the state’s economy.

Bankruptcies

WHAT THE CHART SHOWS:

- The ratio of bankruptcy filing by businesses and persons to filings in 2007 Q4.
- Bankruptcy filings are easing.

KEY MESSAGES:

- Indicators of financial stress are a useful coincident indication of economic distress.
- Bankruptcy filings remain low, indicating that West Virginia has fared better than most amid the recession.

Source: Administrative Office of the U.S. Courts; Updated through June 2012 (state) and September 2012 (national).
Oil & Gas Activity

WHAT THE CHART SHOWS:
- The Smith rig count, including activity on land, in inland waters, and offshore.
- Drilling activity is robust, breathing new life in the state’s economy.

KEY MESSAGES:
- Activity in the energy sector has been spurred by discovery of shale gas through the regions and new drilling technologies.
- The energy sector is one of the state’s stars.

Source: Smith Rig Count. Updated through 2012 Q1 (quarterly) and June 8, 2012 (weekly).
The Dallas Federal Reserve Bank survey of local businesses has recovered from last summer's lull, and that is a positive omen for the economy's future.

The index readings represent the net difference in the percent expecting improving conditions and those expecting worsening conditions.

The survey is picking up new strength in recent months.

The business outlook remains favorable in West Virginia.

Sources: Federal Reserve Bank of Richmond; US Department of Commerce. Updated through October 2012 (surveys) and 2012 Q3 (GDP).
Initial Jobless Claims

WHAT THE CHART SHOWS:
- The figure tracks layoffs in West Virginia 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 had been falling back until recently.

KEY MESSAGES:
- The slight pickup in jobless claims points to some moderation in economic activity, if the current trends are not reversed.

Source: US Department of Labor. Updated through November 17, 2012 (state) and November 24, 2012 (US).
Economic Growth

WHAT THE CHART SHOWS:

- Real GDP growth in West Virginia (the line in the figure) is superimposed on top of US real GDP growth (bars in the figure).
- West Virginia’s economy is growing faster than the national economy.

KEY MESSAGES:

- West Virginia’s economic outlook is favorable.

Source: US Department of Commerce. Updated through 2012 Q3.
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.
- West Virginia trailed the national economy for much of the last decade, but is faring better in this decade.

KEY MESSAGES:

- West Virginia economy is forecast to continue to expand.

Source: US Department of Commerce. Updated through 2012 Q3.
Employment Growth

What the chart shows:
- West Virginia’s employment trend compared with the nation’s.
- Reflecting the robust growth performance, job growth is quite robust.

Key Messages:
- West Virginia’s labor market did not contract as sharply as the national economy and now is rebounding like most others.
- The job market is likely to fare well in the coming year.

Source: US Department of Labor. Updated through October 2012.
Employment

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.
- West Virginia has recovered or replaced all of the jobs lost during the last economic downturn.

KEY MESSAGES:
- West Virginia’s job markets are reviving.

Source: US Department of Labor. Updated through October 2012.
Intrastate Employment

WHAT THE CHART SHOWS:
- Employment trends in local communities across the state.
- Lines are the cumulative percent change in employment since 2000 Q4, the peak of the previous business expansion.

KEY MESSAGES:
- Most of West Virginia’s communities have turned the corner.

Source: US Department of Labor. Updated through April 2012.
Unemployment

WHAT THE CHART SHOWS:

- Trends in West Virginia’s unemployment rate, compared with the national average.
- The region’s rise in unemployment nearly mirrors the national average but unemployment now is dropping and is below 7 percent most recently.

KEY MESSAGES:

- The unemployment rate is the single best indicator of the relative economic performance of a region and by this standard the local economy is struggling, although not as much as others.
- Unemployment is falling, indicating that the economy is growing again.

Source: US Department of Labor. Updated through October 2012.
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.
- House prices in West Virginia rose 25 percent more slowly in this decade than national prices but the disparity between the state’s house prices and the national average has been narrowing, as inflated conditions elsewhere unwind.

Key messages:
- Inflated conditions have been corrected in West Virginia’s real estate markets.

Source: FHFA. Updated through 2012 Q3.
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.
- Communities that saw the biggest price gains are now seeing the biggest retracement.

KEY MESSAGE:

- Like the national housing markets, markets that got a little overheated are correcting.

Sources: FHFA; Standard & Poor’s. Updated through 2012 Q3.
New Home Building

WHAT THE CHART SHOWS:

- The pace of new home building (housing starts) in West Virginia, compared with the national trends.
- Home building is beginning to strengthen in West Virginia.

KEY MESSAGES:

- West Virginia’s strong economy will be supporting the home building sector.

Source: Census Department. Updated through October 2012 (US) and September 2012 (state).