

The Federal Reserve Bank of St. Louis Presents:



“Third Quarter ECONOMIC UPDATE:  
THE ECONOMY REMAINS AT CRUISING SPEED”

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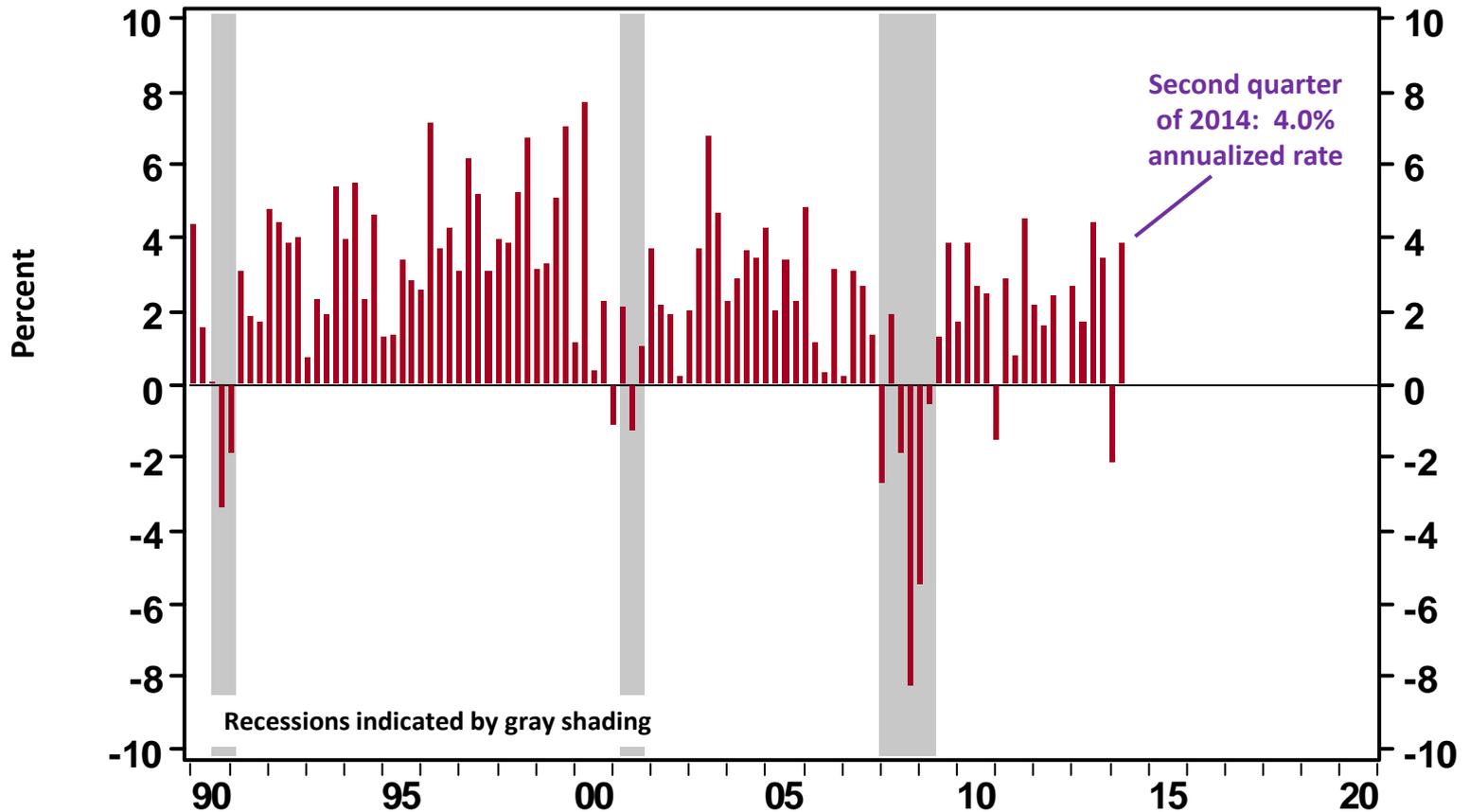
# Economy Remains at Cruising Speed

- The economy bounced back strongly in the second quarter.
- Employment and output remain on a 2-percent growth track, both nationally and in most 8<sup>th</sup>-District states.
- The economy's cruising speed appears to be about 2 percent.

# GDP Rebounded in Second Quarter of 2014

## Quarterly Growth Rate of Real Gross Domestic Product

Percent change at annualized rate, seasonally adjusted 2009 dollars



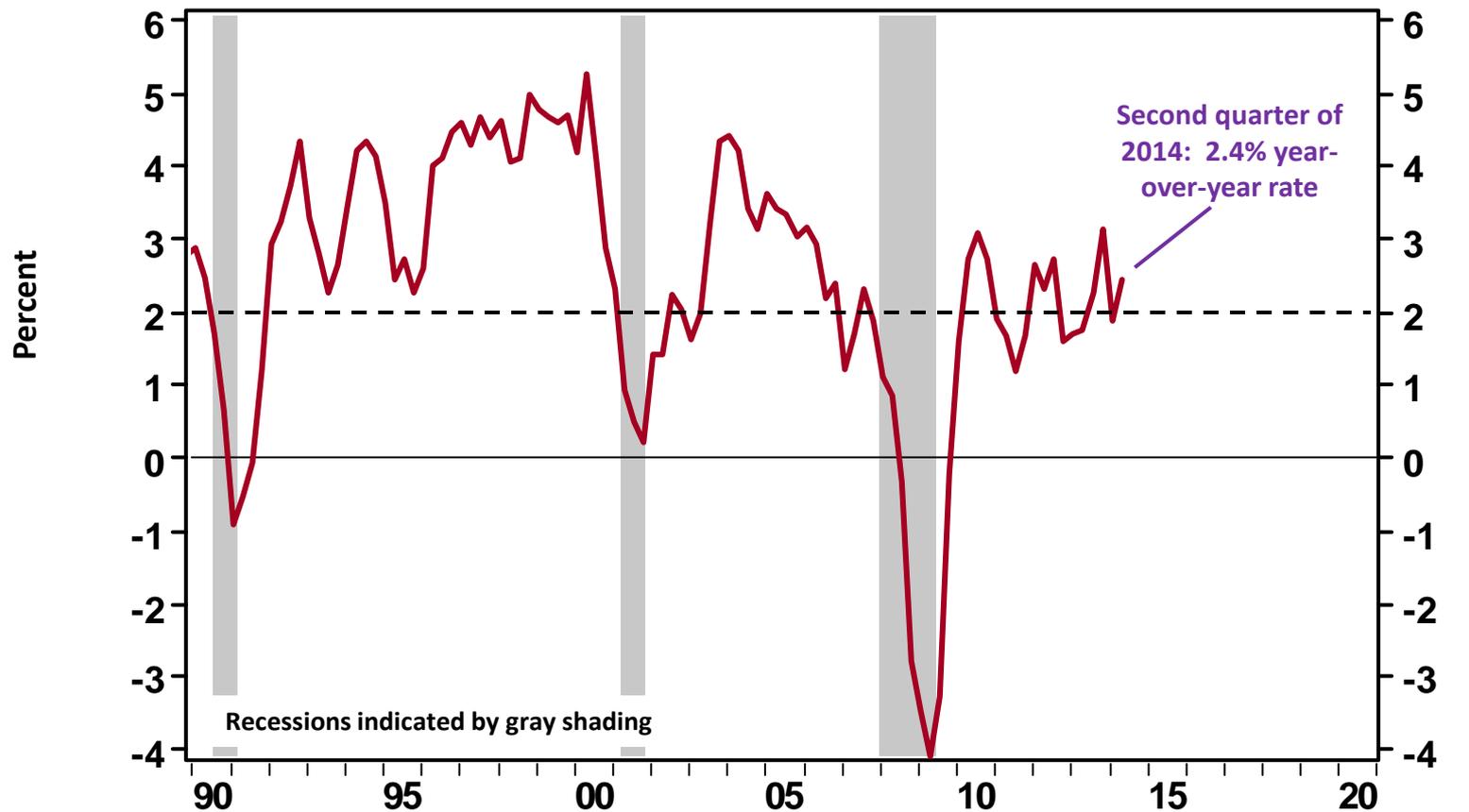
Source: Bureau of Economic Analysis

Quarterly data through 2014.2

# Four-quarter GDP Growth Rate at 2.4%

Year-Over-Year Growth Rate of Real Gross Domestic Product

Percent change from year ago, seasonally adjusted 2009 dollars



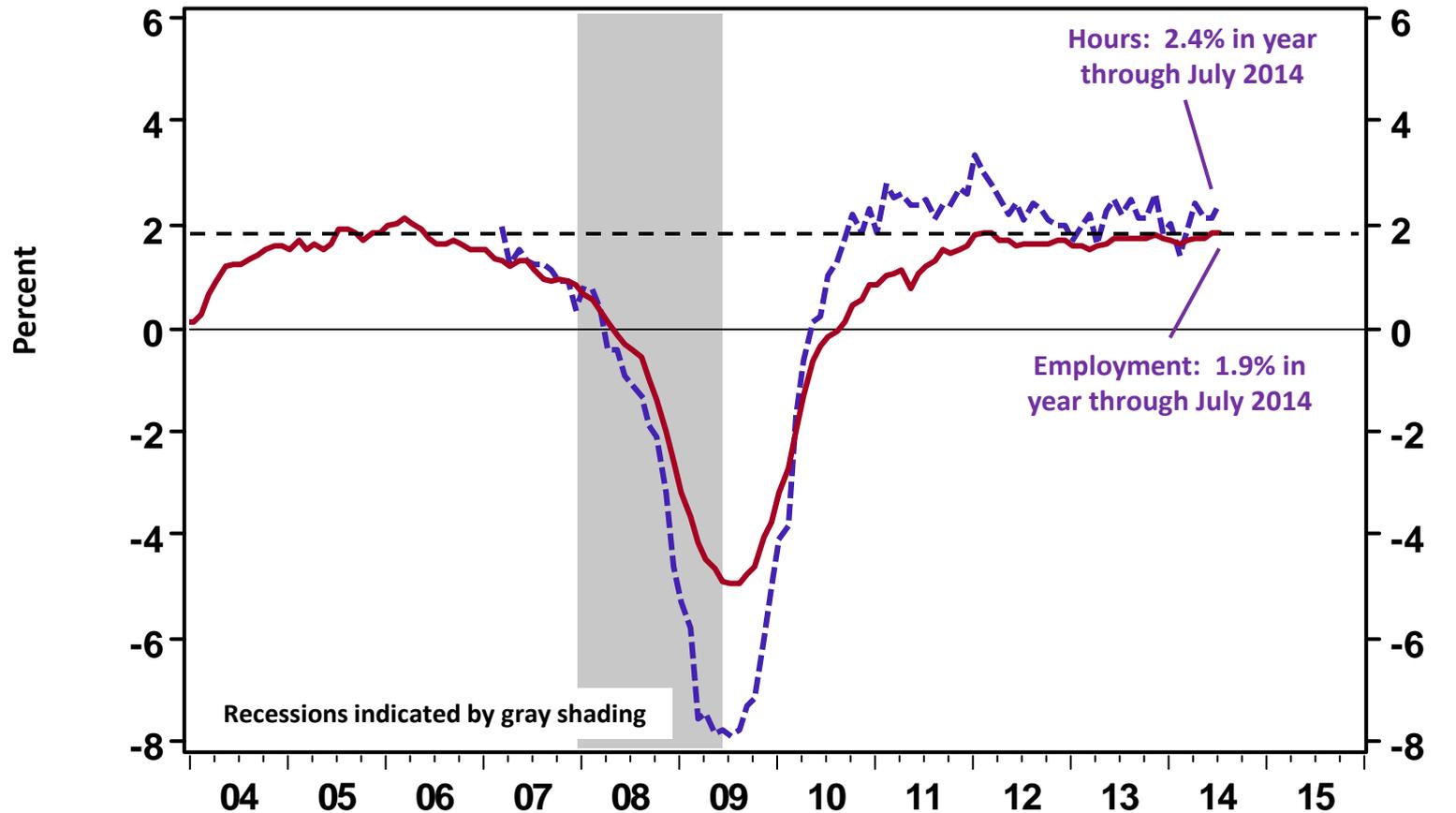
Source: Bureau of Economic Analysis

Quarterly data through 2014.2

# Employment and Hours Growing at 2%

Year-Over-Year Growth Rate of Total Nonfarm Employment  
Percent

Year-Over-Year Growth Rate of Private-Sector Hours Worked  
Percent



Source: Bureau of Economic Analysis

Monthly data through July 2014

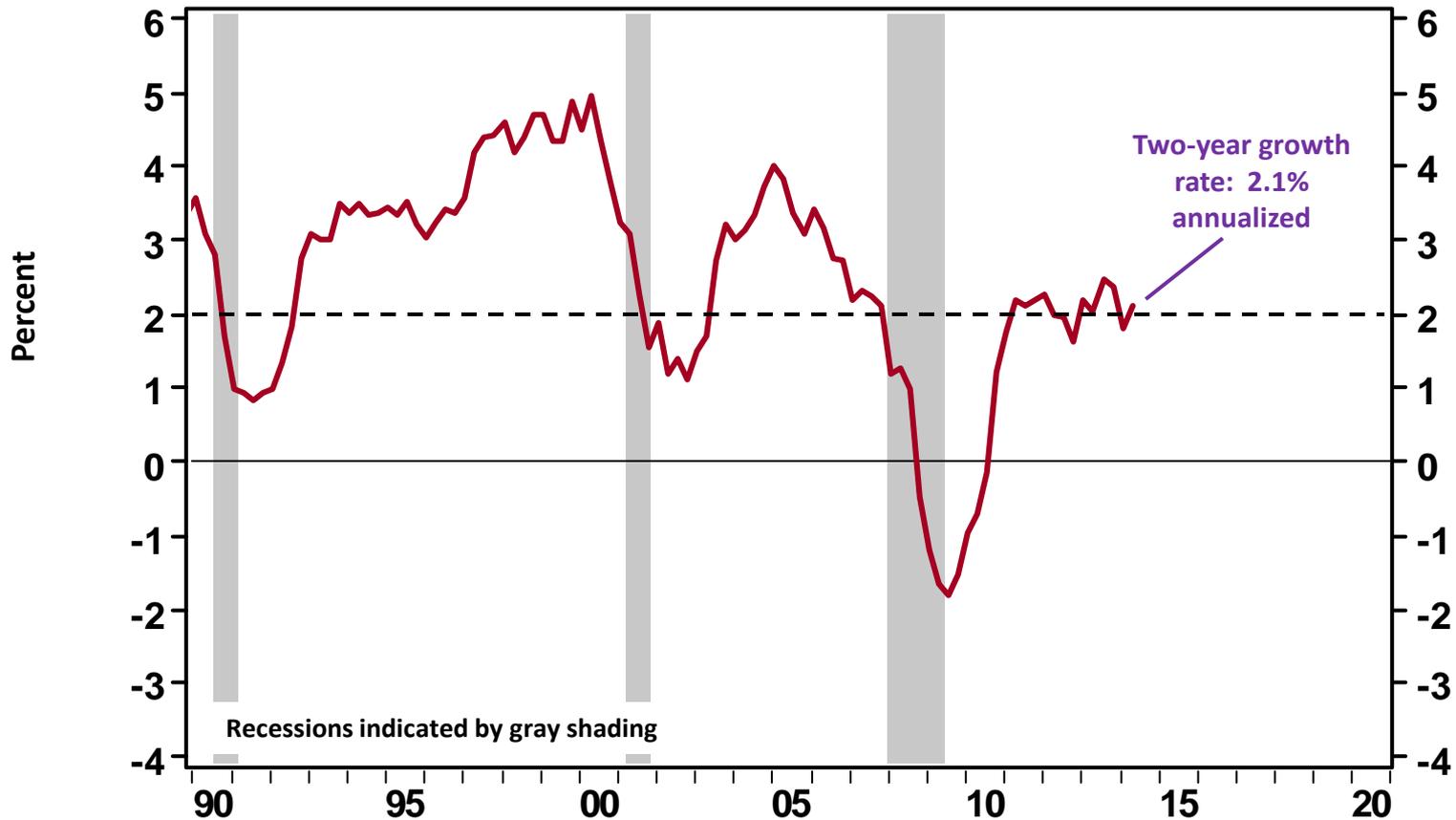
# Why Are Hours and Real GDP Growing at Same 2-percent Rate?

- The difference between hours and real GDP is productivity growth—which has been very weak.
- Expect growth of hours to slow, while productivity growth increases.
- Net result likely to be continuing 2-percent real-GDP growth (or slightly higher than 2).

# Two-year GDP Growth Rate at 2.1%

Two-Year Annualized Growth Rate of Real Gross Domestic Product

Annualized percent change, seasonally adjusted 2009 dollars



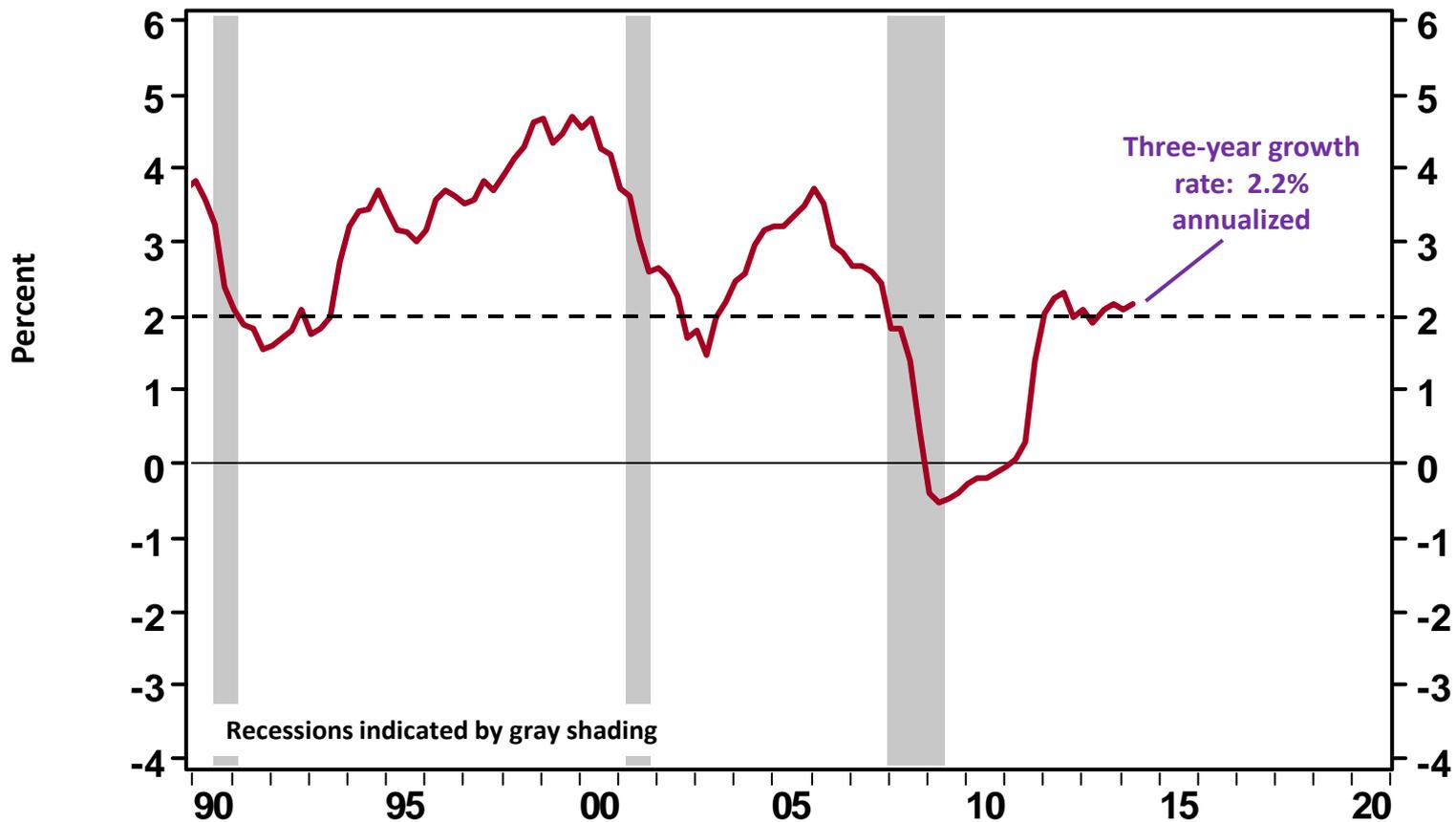
Source: Bureau of Economic Analysis

Quarterly data through 2014.2

# Three-year GDP Growth Rate at 2.1%

Three-Year Annualized Growth Rate of Real Gross Domestic Product

Annualized percent change, seasonally adjusted 2009 dollars



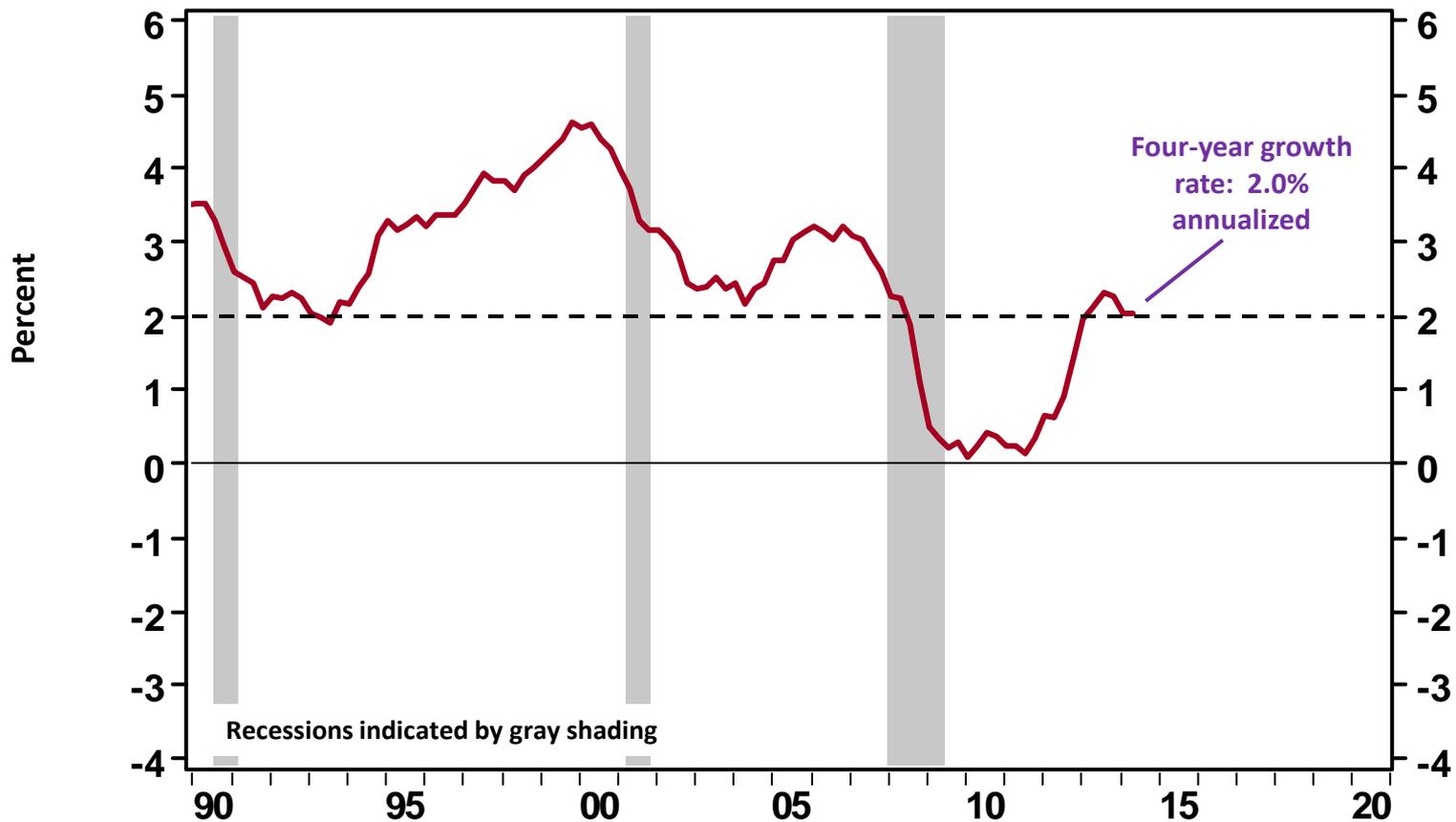
Source: Bureau of Economic Analysis

Quarterly data through 2014.2

# Four-year GDP Growth Rate at 2.0%

Four-Year Annualized Growth Rate of Real Gross Domestic Product

Annualized percent change, seasonally adjusted 2009 dollars



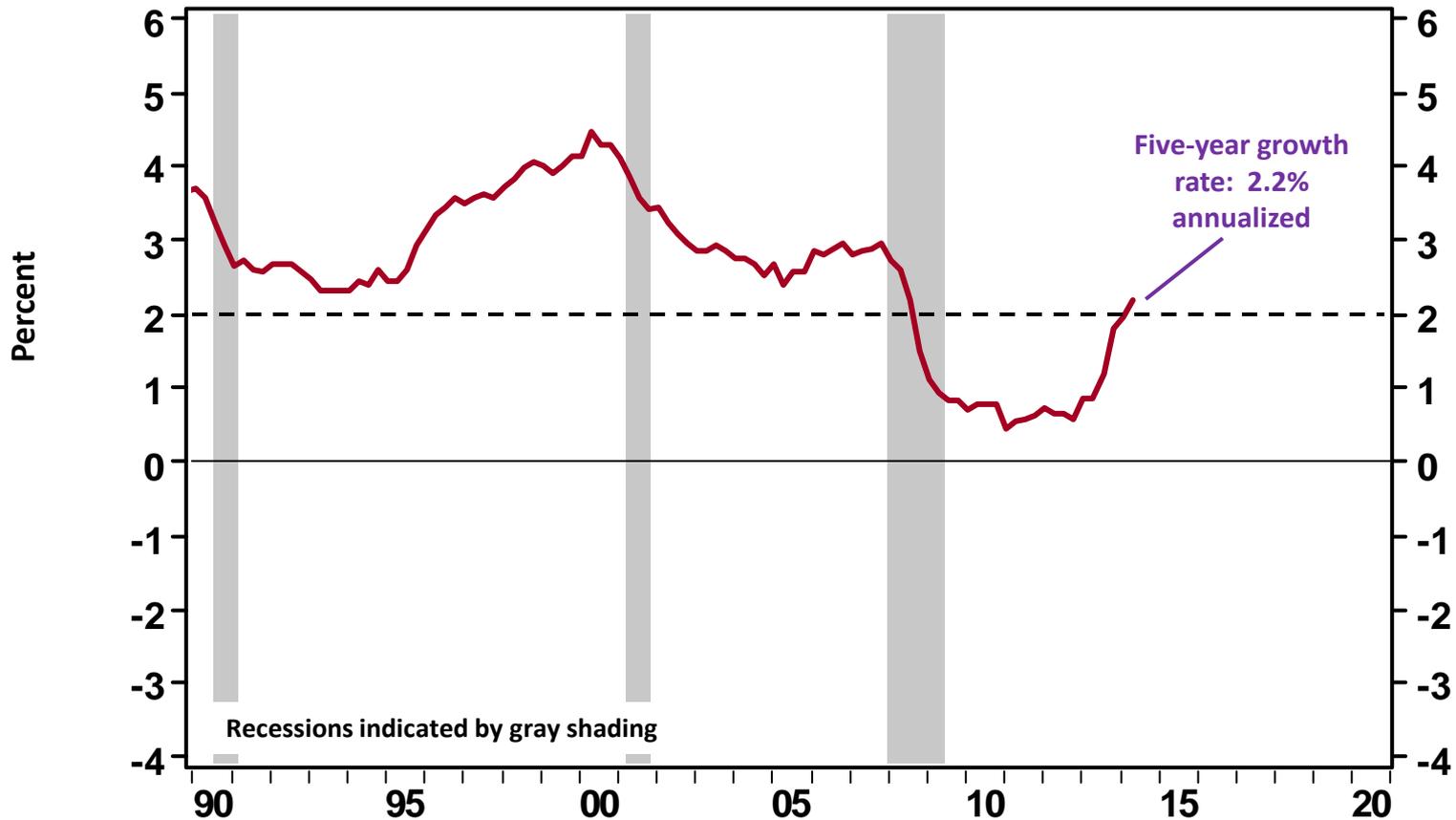
Source: Bureau of Economic Analysis

Quarterly data through 2014.2

# Five-year GDP Growth Rate at 2.2%

Five-Year Annualized Growth Rate of Real Gross Domestic Product

Annualized percent change, seasonally adjusted 2009 dollars



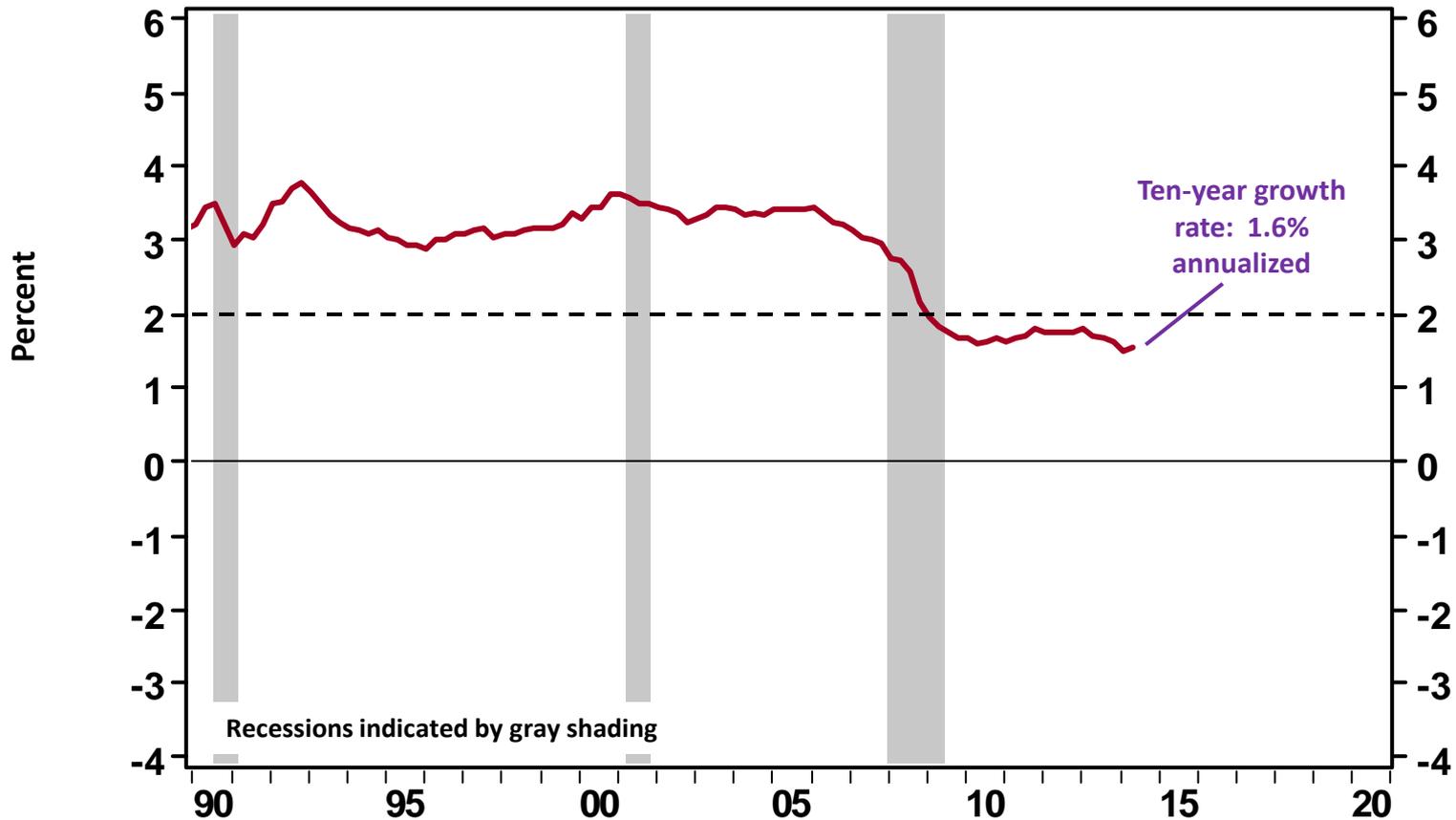
Source: Bureau of Economic Analysis

Quarterly data through 2014.2

# Ten-year GDP Growth Rate at 1.6%

Ten-Year Annualized Growth Rate of Real Gross Domestic Product

Annualized percent change, seasonally adjusted 2009 dollars

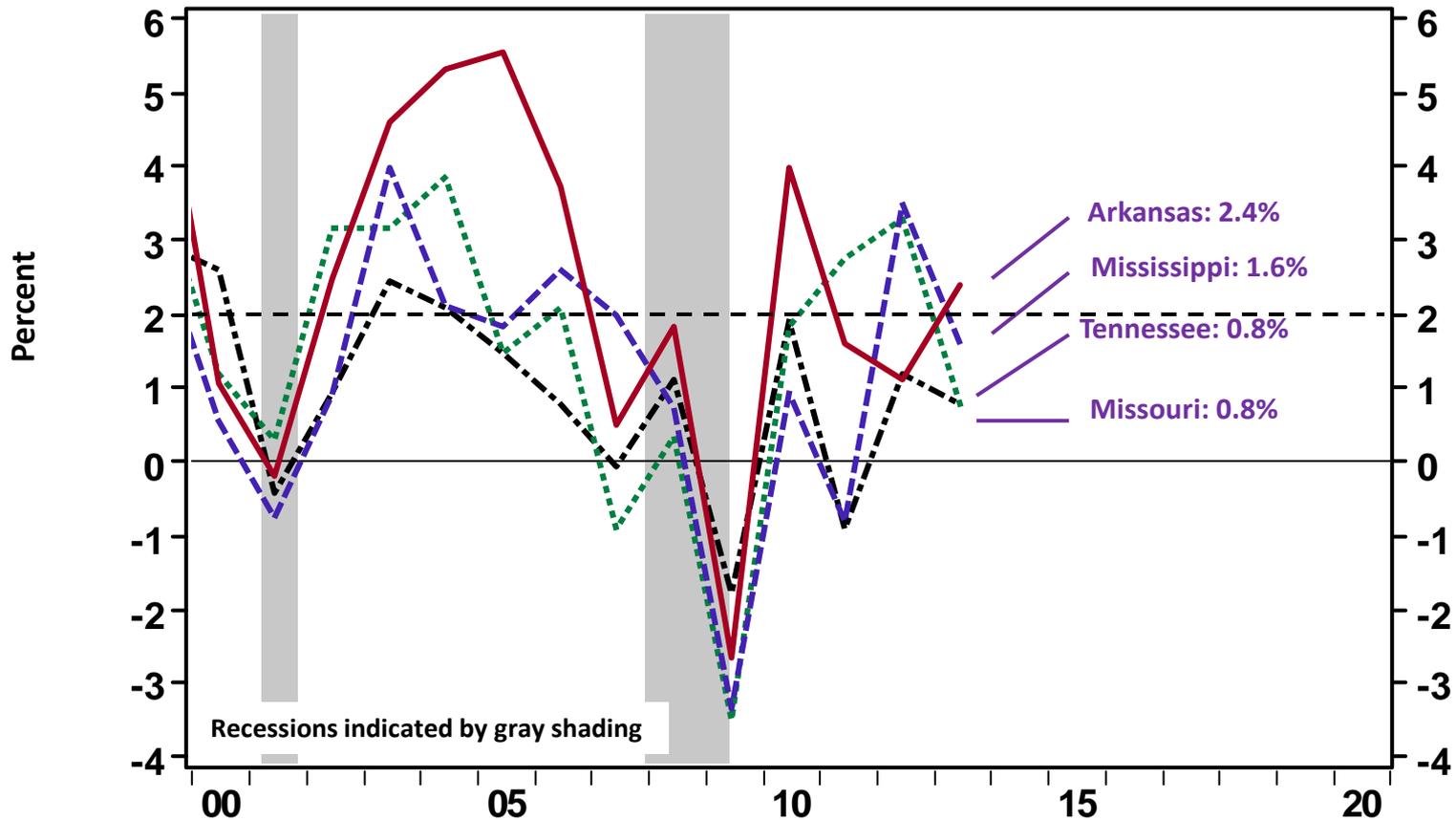


Source: Bureau of Economic Analysis

Quarterly data through 2014.2

# District States Also Growing Near 2%

Arkansas Year-Over-Year Growth Rate of State Real GDP  
Mississippi Year-Over-Year Growth Rate of State Real GDP  
Tennessee Year-Over-Year Growth Rate of State Real GDP  
Missouri Year-Over-Year Growth Rate of State Real GDP

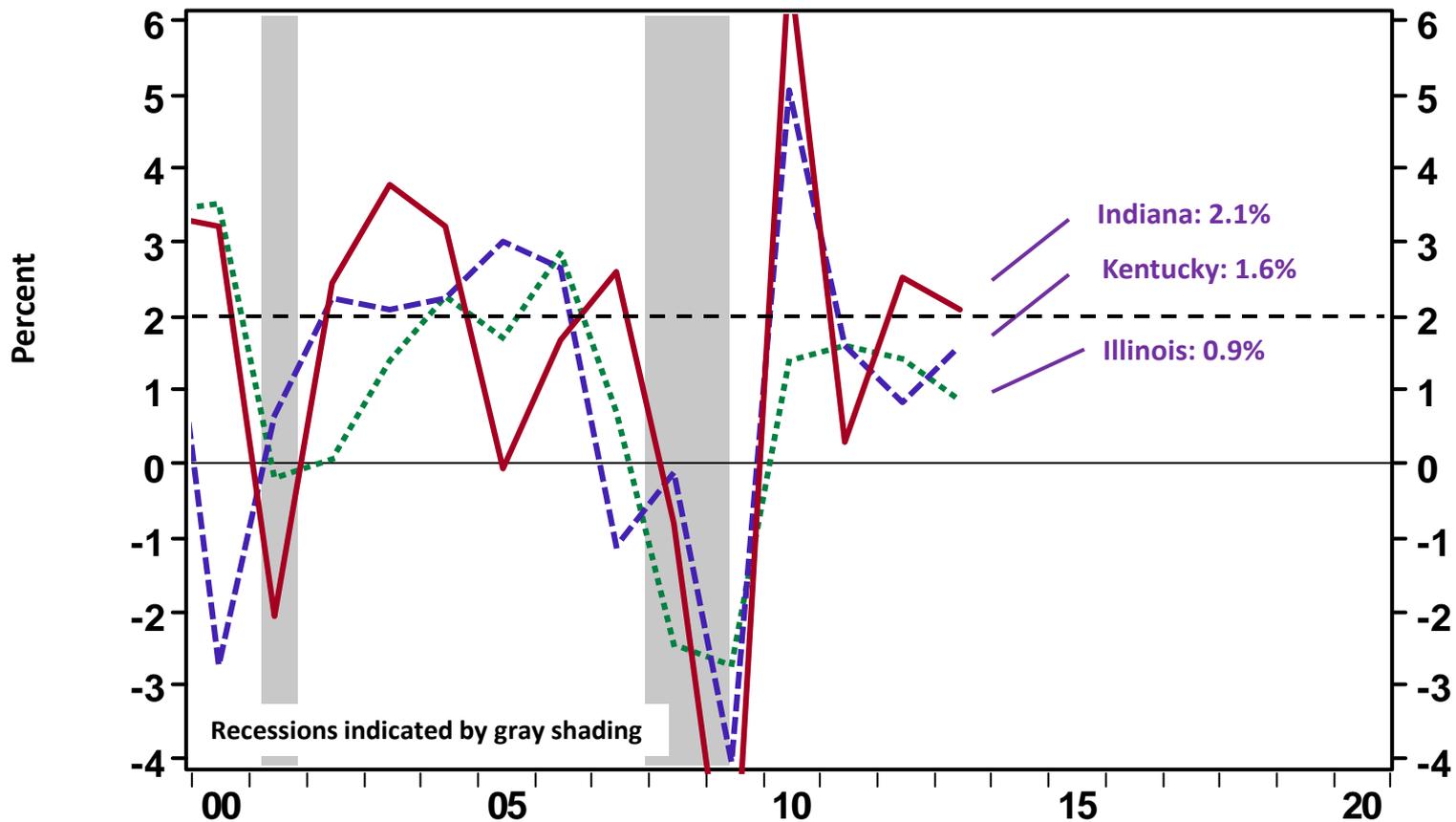


Source: Bureau of Economic Analysis

Annual data through 2013

# District States Also Growing Near 2%

Indiana Year-Over-Year Growth Rate of State Real GDP  
Kentucky Year-Over-Year Growth Rate of State Real GDP  
Illinois Year-Over-Year Growth Rate of State Real GDP



Source: Bureau of Economic Analysis

Annual data through 2013

# In Sum: U.S. and 8<sup>th</sup>-District Economies Growing Near 2-percent

- Second-quarter rebound brought growth back above its recent 2-percent track.
- Most 8<sup>th</sup>-District states are growing at about a 2-percent pace, too.
- The economy is poised for its sixth year of growth at the new “cruising speed” of 2 percent or slightly higher.