

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



CINCINNATI, OHIO MSA | AUGUST 2016

FEDERAL RESERVE BANK of CLEVELAND

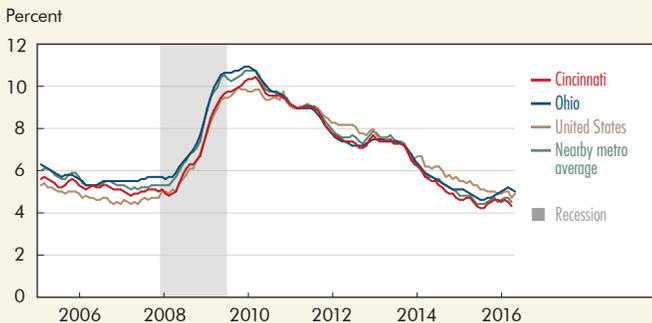
Cincinnati—Strong, Sustained Growth

Cincinnati-area employment expanded by 2 percent in 2014 and 2015, a meaningful increase in growth that led the area to finally exceed its pre-recession employment peak. In addition, the area's unemployment rate remains low and close to the lowest levels seen since the early 2000s. Cincinnati-area home prices have grown at an annual rate of about 5 percent in the two-year period through June 2016, with the issuance of residential building permits increasing sharply in the first five months of 2016. Finally, as is also true nationally, consumer debt levels have stabilized significantly in the two years ending in 2016:Q1.

METRO AREA SNAPSHOT

| | Unemployment Rate | | Median Home Values | | Payroll Employment | | Credit Card Delinquency Rates | |
|----------------------|-------------------|-----------------|--------------------|-----------------|---------------------------|-----------------|-------------------------------|-----------------|
| | May 2016 | One-year change | June 2016 | One-year change | December 2015 (thousands) | One-year change | 2016:Q1 | One-year change |
| Cincinnati | 4.3% | -0.4 | \$143,800 | 4.7% | 1,016 | 2.0% | 6.3% | 0.0 |
| Ohio | 5.1% | 0.2 | \$121,100 | 3.3% | 5,288 | 1.2% | 6.9% | 0.0 |
| United States | 4.7% | -0.8 | \$187,000 | 5.4% | 140,751 | 1.9% | 7.7% | 0.2 |
| Nearby metro average | 4.5% | -0.3 | \$126,380 | 2.8% | 648 | 2.3% | 6.4% | -0.1 |

Cincinnati's unemployment rate has risen slightly since August 2015, but it is still below the nation's.

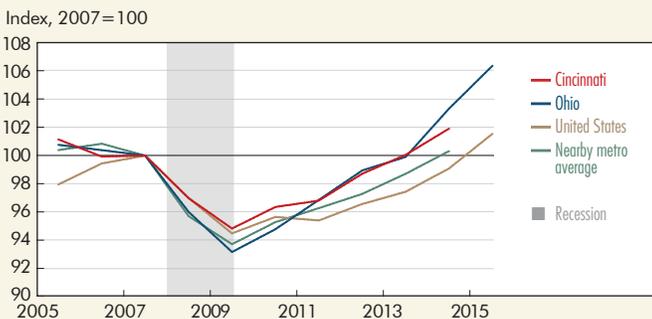


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

The Cincinnati metro area's unemployment rate reached its lowest level in the current business cycle in August 2015 (4.2 percent). As of May 2016, the area's unemployment rate had risen to 4.3 percent, but it was still below the national average of 4.7 percent. During the past 25 years, Cincinnati's unemployment rate has generally been below the national average. The difference between the two rates widened during much of 2014 and 2015—with the metro area's rate as much as 1 percentage point below the US average for some months in 2015—before contracting more recently. This differential has averaged about -0.3 percentage points (using monthly data) during the current expansion, where a negative number indicates that the local rate was usually lower than the national average. By contrast, the differential between the two rates averaged about zero in the previous expansion in the 2000s, but nearly -1 percentage point during the 1990s expansion.

Real per capita GDP grew in the Cincinnati area by almost 2 percent in 2014.



Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

Real per capita GDP grew by almost 2 percent in 2014 in the Cincinnati metro area, slightly stronger than the 1.7 percent growth rate registered nationally. Both areas, however, were notably outpaced by Ohio, which saw its real per capita GDP grow by 3.5 percent in 2014 (as well as 3 percent in 2015). Cincinnati's real per capita GDP growth has consistently been stronger than that of the nation during the recovery. As a result, the area exceeded its pre-recession peak in real per capita GDP in 2013, a development that took another two years to occur nationally.

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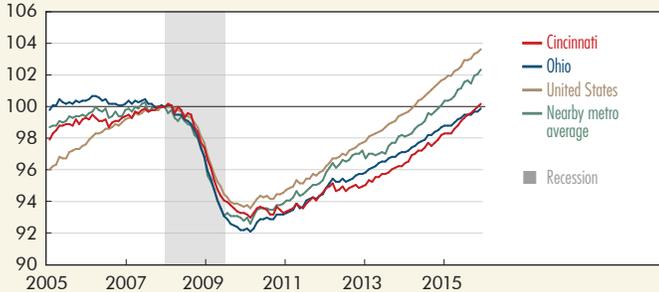
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EMPLOYMENT AND INDUSTRIAL SECTORS

Employment in the Cincinnati area grew about 2 percent in 2015.

Index, 2007:M12=100

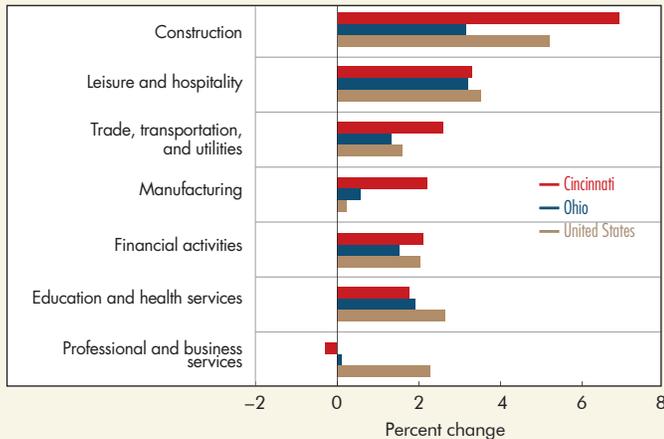


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

◀ EMPLOYMENT

Cincinnati-area employment finally exceeded its pre-recession employment peak for the first time since the start of the Great Recession in December 2007. While the nation achieved this milestone more than a year earlier in April 2014, it has yet to occur for Ohio as a whole. Employment in the Cincinnati area grew about 2 percent during 2015, similar to the growth seen nationally. By contrast, Ohio's employment expanded by only 1.2 percent during the year.

Three sectors saw strong employment gains.



Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

◀ EMPLOYMENT GROWTH BY SECTOR

Three sectors experienced employment gains in the Cincinnati area that were notably stronger than their gains nationally: construction; manufacturing; and trade, transportation, and utilities. In the case of construction and manufacturing, both experienced employment gains that were about 2 percentage points stronger than the national increases seen in 2015; trade, transportation, and utilities saw its employment expand by 1 percentage point more in the area than the national average. The one major sector that saw a decline in employment was professional and business services.

Trade, transportation, and utilities added the most jobs of any sector, with leisure and hospitality second.

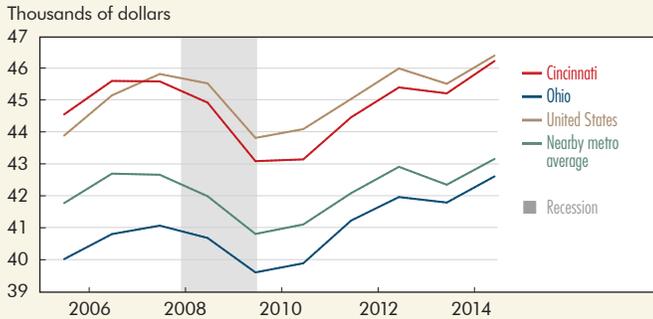
| Sector | Employment | 12-month change | Share of employment |
|--------------------------------------|------------|-----------------|---------------------|
| Trade, transportation, and utilities | 207,794 | 5,292 | 20.3 |
| Professional and business services | 161,533 | -462 | 15.8 |
| Education and health services | 159,288 | 2,789 | 15.6 |
| Government | 117,337 | 653 | 11.5 |
| Manufacturing | 113,043 | 2,436 | 11.0 |
| Leisure and hospitality | 112,904 | 3,631 | 11.0 |
| Financial activities | 62,541 | 1,299 | 6.1 |
| Construction | 42,495 | 2,744 | 4.2 |

Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

◀ SECTOR EMPLOYMENT

Construction; manufacturing; and trade, transportation, and utilities together contributed just over half of the area's overall employment gains during the year. Trade, transportation, and utilities added the most jobs of any sector, with 5,292 jobs added in 2015. The leisure and hospitality sector was the second largest source of new jobs, adding 3,631 jobs in 2015. Professional and business services—the second largest sector in the metro area—lost 462 jobs in 2015.

In 2014, income per capita grew in Cincinnati at a similar pace as in Ohio and the nation.



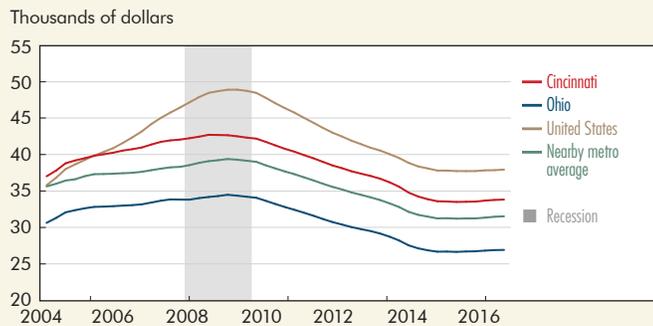
Source: Bureau of Economic Analysis/Haver Analytics.

INCOME

◀ INCOME PER CAPITA

Nominal per capita personal income grew 3.9 percent in Cincinnati in 2014. This was similar to the growth rates seen statewide and nationally (3.7 percent and 3.6 percent, respectively) during the same time period. Since 2009, when the recovery began, average annual growth in nominal per capita personal income across the three geographical areas has also been similar, rising 3.5 percent per year on average in Cincinnati and Ohio, and 3.2 percent nationally.

In the past two years, consumer debt levels have stabilized in the area.



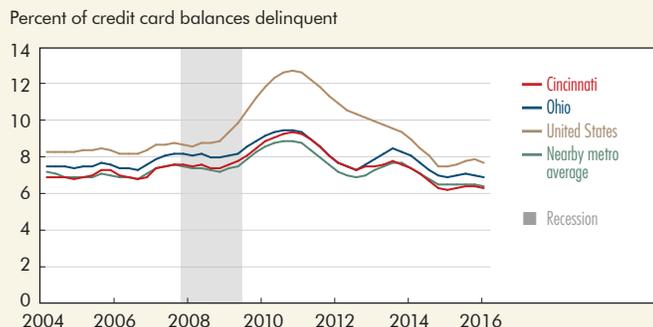
Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

CONSUMER FINANCES

◀ CONSUMER DEBT

Average consumer debt levels have stabilized significantly in the two years ending in 2016:Q1, growing at annual rates of -0.1 percent, 0.1 percent, and -0.2 percent in Cincinnati, Ohio, and the nation, respectively. This stabilization followed substantial declines during the prior five-year period (2009:Q1 to 2014:Q1), when average consumer debt levels declined at average annual rates of 4.5 percent in the Cincinnati area, and 4.9 percent statewide and nationwide.

Credit card delinquency rates are at the lowest the area has seen in at least a decade.



Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

◀ CREDIT CARD DELINQUENCY RATES

Credit card delinquency rates in the Cincinnati metro area remained stable at low levels in 2015 and through the first quarter of 2016. Credit card delinquency rates fell to their lowest point in 2015:Q1 (6.2 percent) and are just 0.1 percentage point higher a year later. These rates—which are below both state and national averages—are the lowest the area has seen in at least a decade.

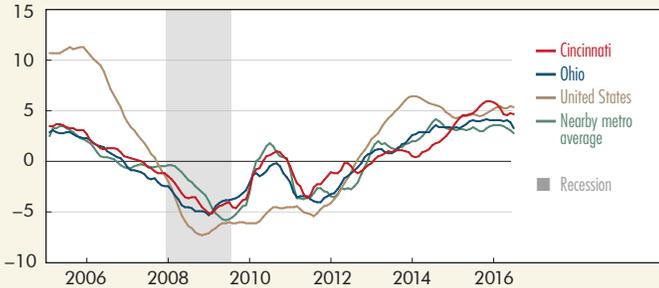
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Recent gains in housing prices are among the strongest the area has seen in at least a decade.

Year-over-year percent change



Source: Zillow.com/Haver Analytics.

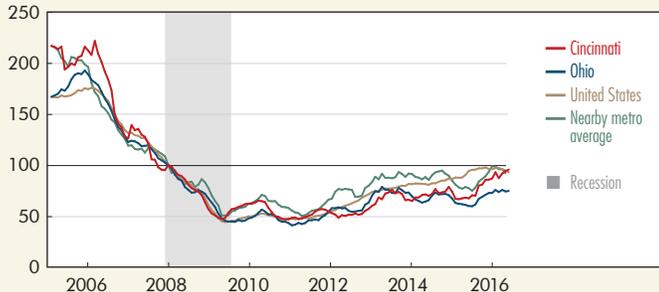
HOUSING MARKET

◀ HOUSING PRICES

Year-over-year home price growth slowed somewhat in Cincinnati in early 2016. Nevertheless, recent gains are among the strongest the area has seen in at least a decade. Increases in Cincinnati-area home prices have strengthened notably since early 2014. Prior to that, during the recovery, year-over-year home price gains had generally been below 1 percent and were often negative. By contrast, between June 2014 and June 2016, area home prices rose at an annual rate of 4.7 percent, close to the 5 percent growth rate registered nationally during the same period.

The number of housing permits that have been issued is up 50 percent since this time last year.

Index, 2007:M12=100, six-month moving average



Source: US Census Bureau/Haver Analytics.

◀ HOUSING PERMITS

The issuance of residential building permits has increased in the Cincinnati area in recent months. Through the first 5 months of 2016, nearly 500 permits were issued each month on average, an increase of more than 50 percent compared with the same period a year earlier. Average issuance to this point in 2016 is also about 25 percent higher than the average in all of 2015, and about 85 percent above the average in 2010 and 2011, when homebuilding was depressed in the aftermath of the financial crisis.

DEMOGRAPHICS AND EDUCATION

◀ CINCINNATI, OHIO

According to 2015 US Census Bureau estimates, Cincinnati is the 28th largest of the 381 metropolitan statistical areas in the United States.

| | Cincinnati Metro Area | | United States | |
|---|-----------------------|------------------|---------------|------------------|
| | 2014 | Change from 2009 | 2014 | Change from 2009 |
| Population | 2,148,450 | +1.9% | 318,857,000 | +3.9% |
| Adults with less than a high school diploma | 9.6% | -2.9% | 13.1% | -1.7% |
| Adults with an undergraduate degree or higher | 31.4% | +2.9% | 30.1% | +2.2% |
| Median age (years) | 37.3 | +0.4 years | 37.7 | +0.9 years |
| Median household income | \$56,742 | -2.6% | \$54,632 | -3.2% |

Source: US Census Bureau population estimates, American Community Survey.

All monthly and quarterly figures are seasonally adjusted and all dollar figures are in current dollars, except home prices (which are left nominal). Where applicable, these adjustments are made prior to calculating percent changes or indexes. Several charts use indexed measures to facilitate comparisons across regions and have a reference line at 100. These numbers can be thought of as the percentages of pre-recession levels. If levels were growing before the recession, pre-recession indexes will be below 100; if levels were falling before the recession, pre-recession indexes will be above 100. Cincinnati metro area employment was imputed for the manufacturing; financial activities; leisure and hospitality; and professional and business services sectors due to suppression in the source data.

The Federal Reserve Bank of Cleveland, including its branch offices in Cincinnati and Pittsburgh, serves the Fourth Federal Reserve District (Ohio, western Pennsylvania, the northern panhandle of West Virginia, and eastern Kentucky).