

**Virginia Paving Company
Strategic Planning Meeting**

***The State of the Economy
and the Construction Market***

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September 11, 2007

Recessions: Then and Now

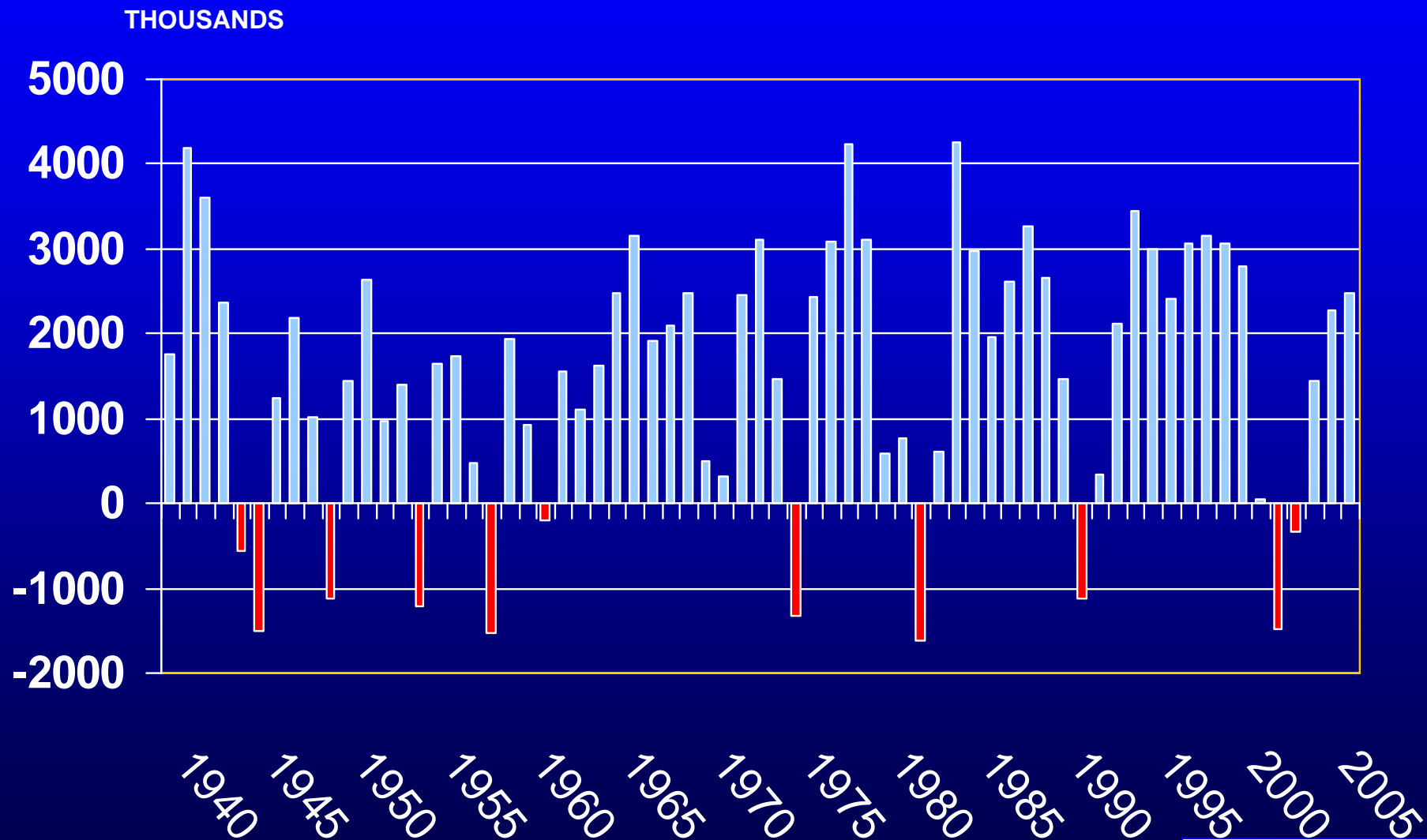
There have been 10 recessions since World War II:

- 8 recessions in 35 years or, on average, one recession every 4.4 years
- 2 recessions in 19 years or, on average, one recession every 9.5 years

Characteristic	Recession Average	2001 Recession
Length	12.4 months	9 months
Job Loss	- 2.4 percent	- 1.4 percent
Real GDP Change	- 2.0 percent	- 0.5 percent
Annual GDP Change 1990-1991 2001-2002		- 1.2 percent 0.8 percent

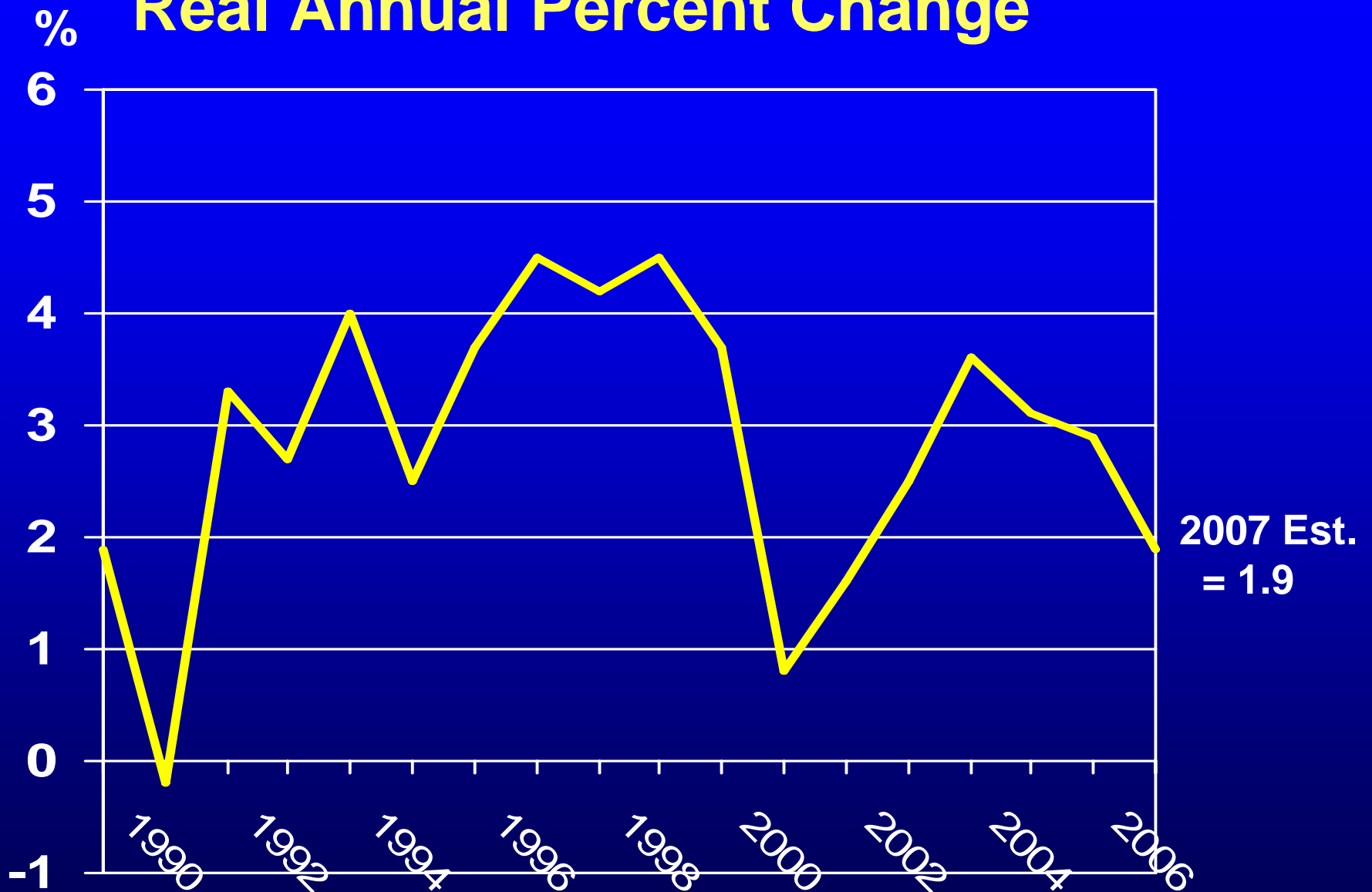
Past is Prologue

Annual Change in Jobs – US 1940 - 2006



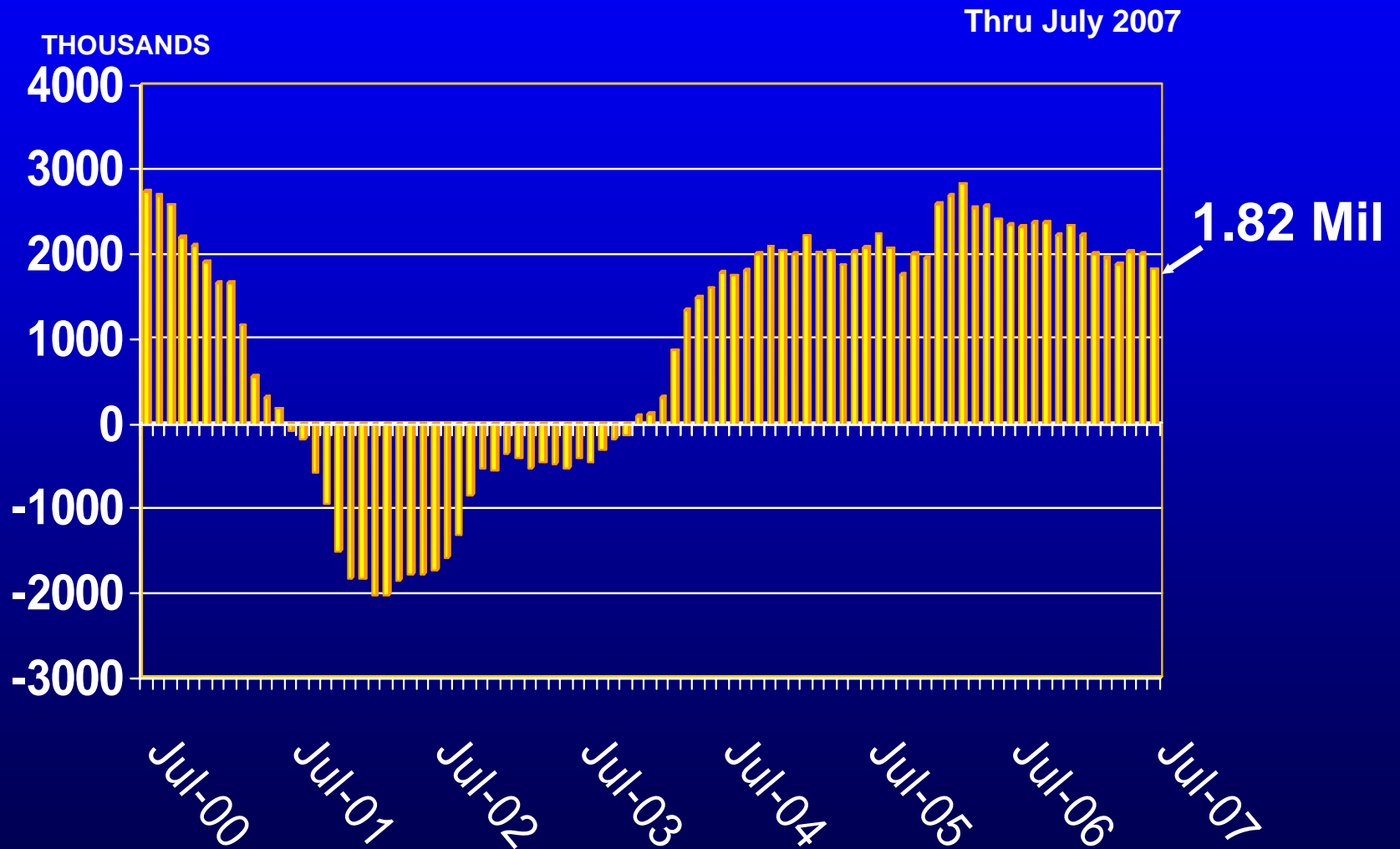
GDP 1990-2007

Real Annual Percent Change



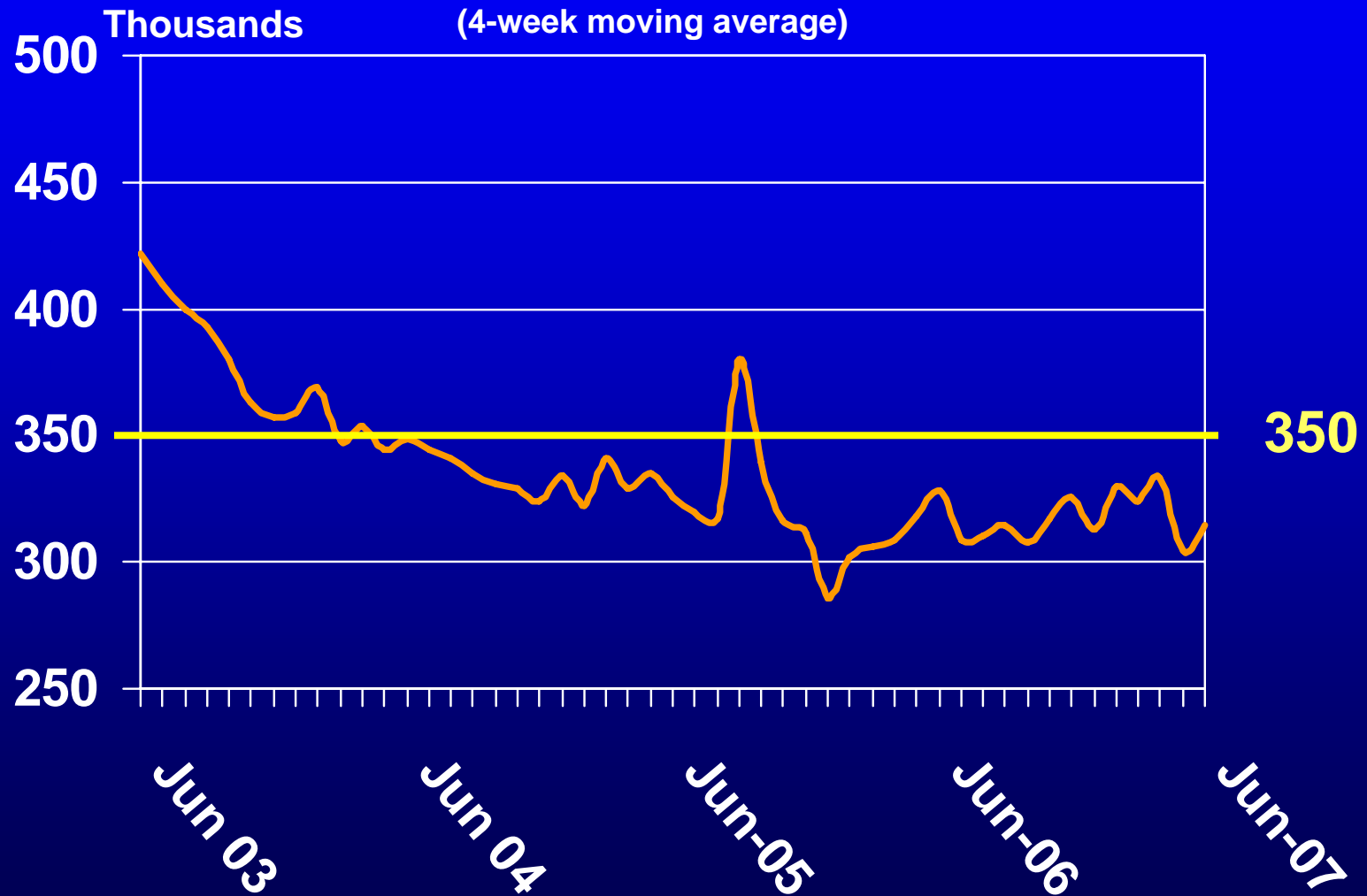
Source: Global Insight, GMU Center for Regional Analysis

Annual Change in Jobs - US

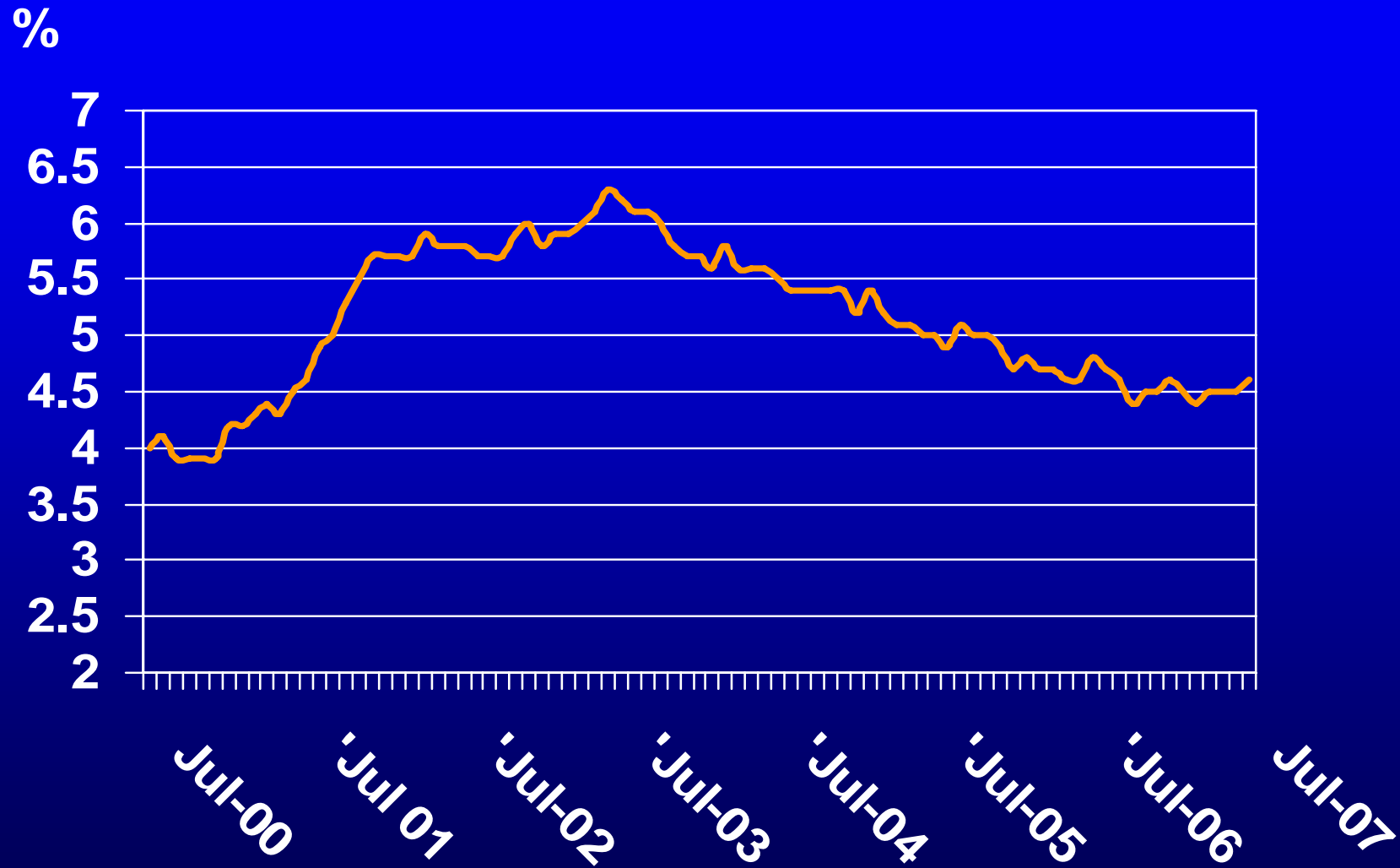


Source: BLS Establishment Survey

Initial Unemployment Claims

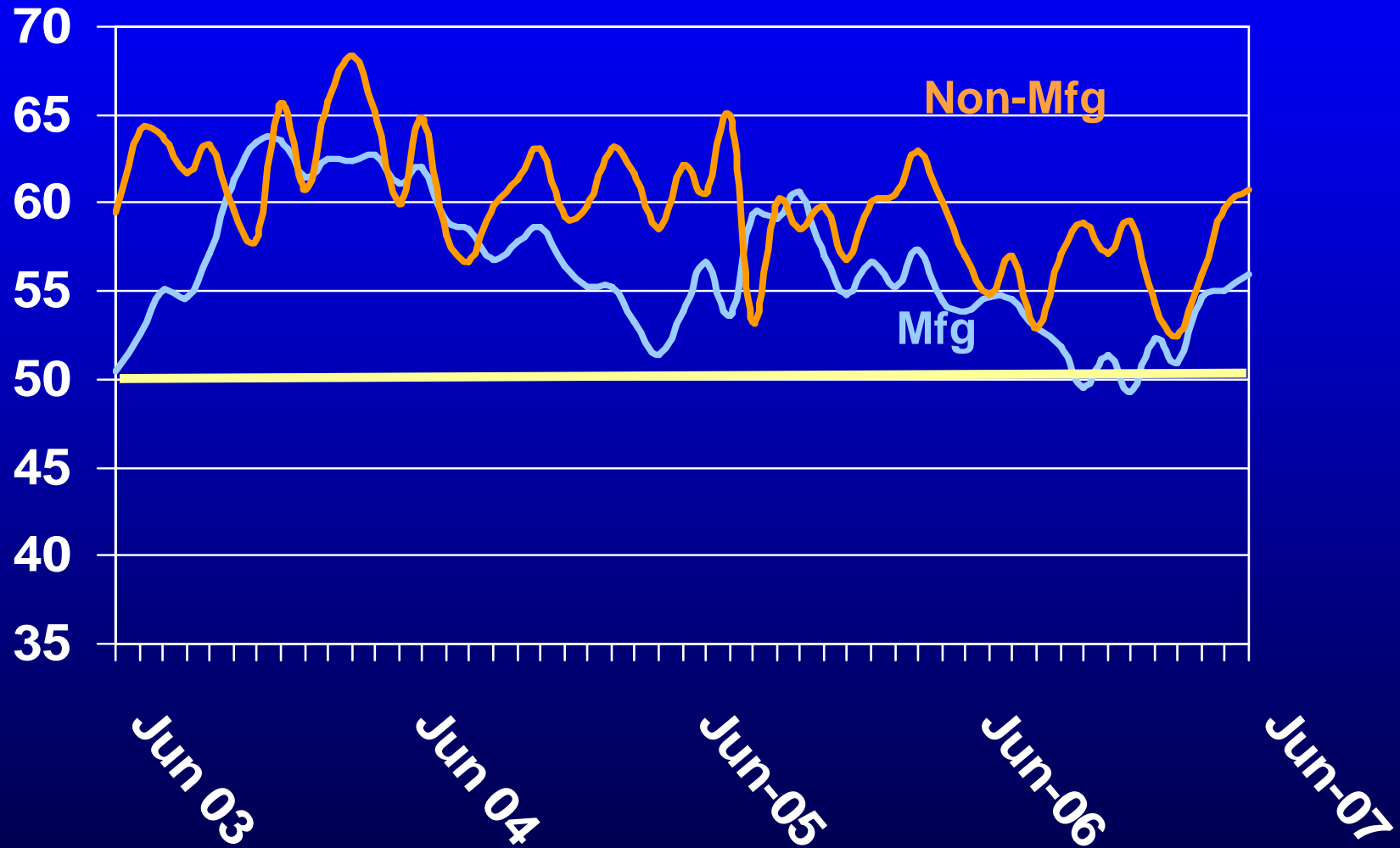


U.S. Unemployment Rate

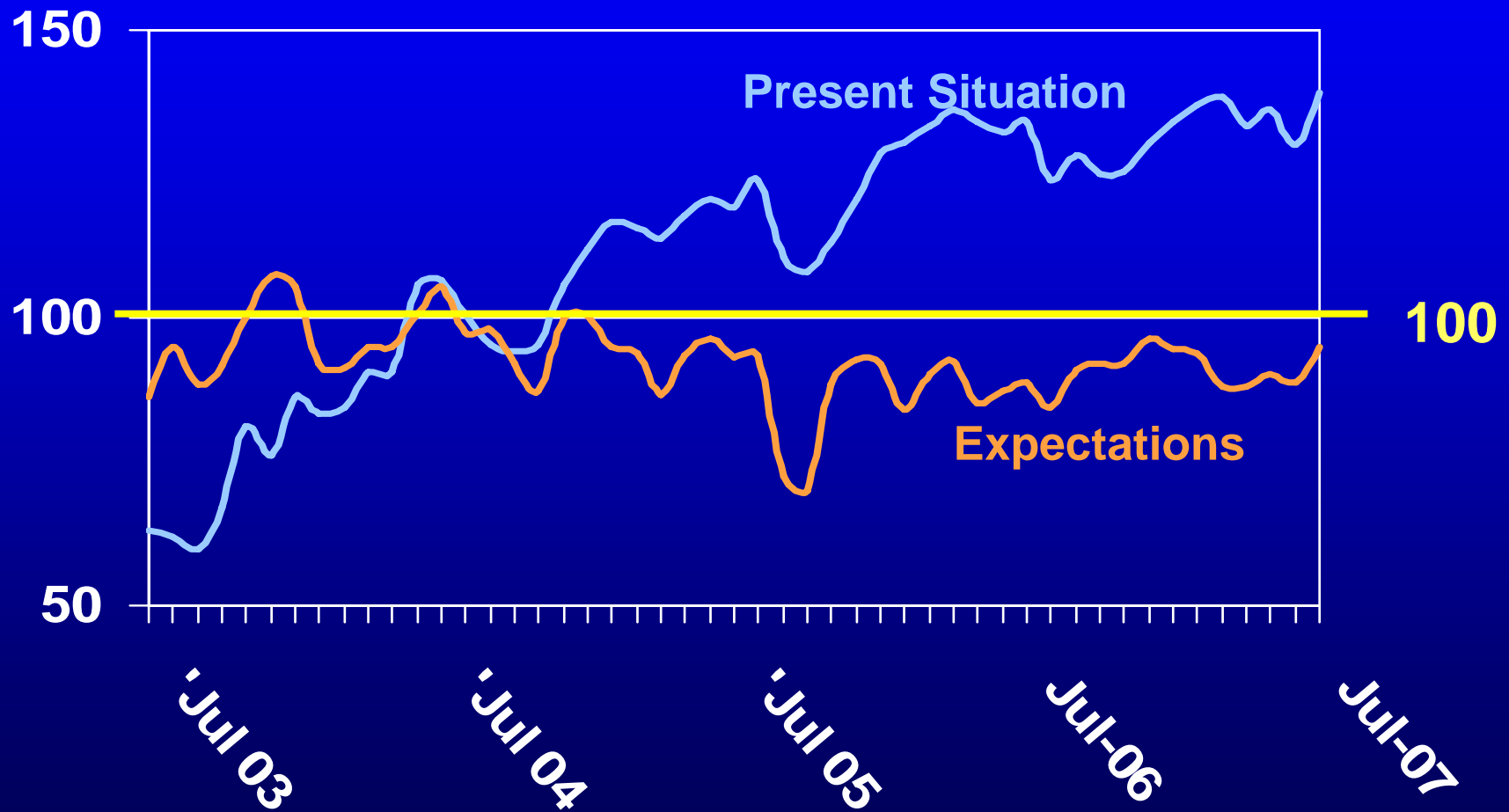


Source: BLS, Seasonally Adjusted

ISM Manufacturing and Non-Manufacturing Indices

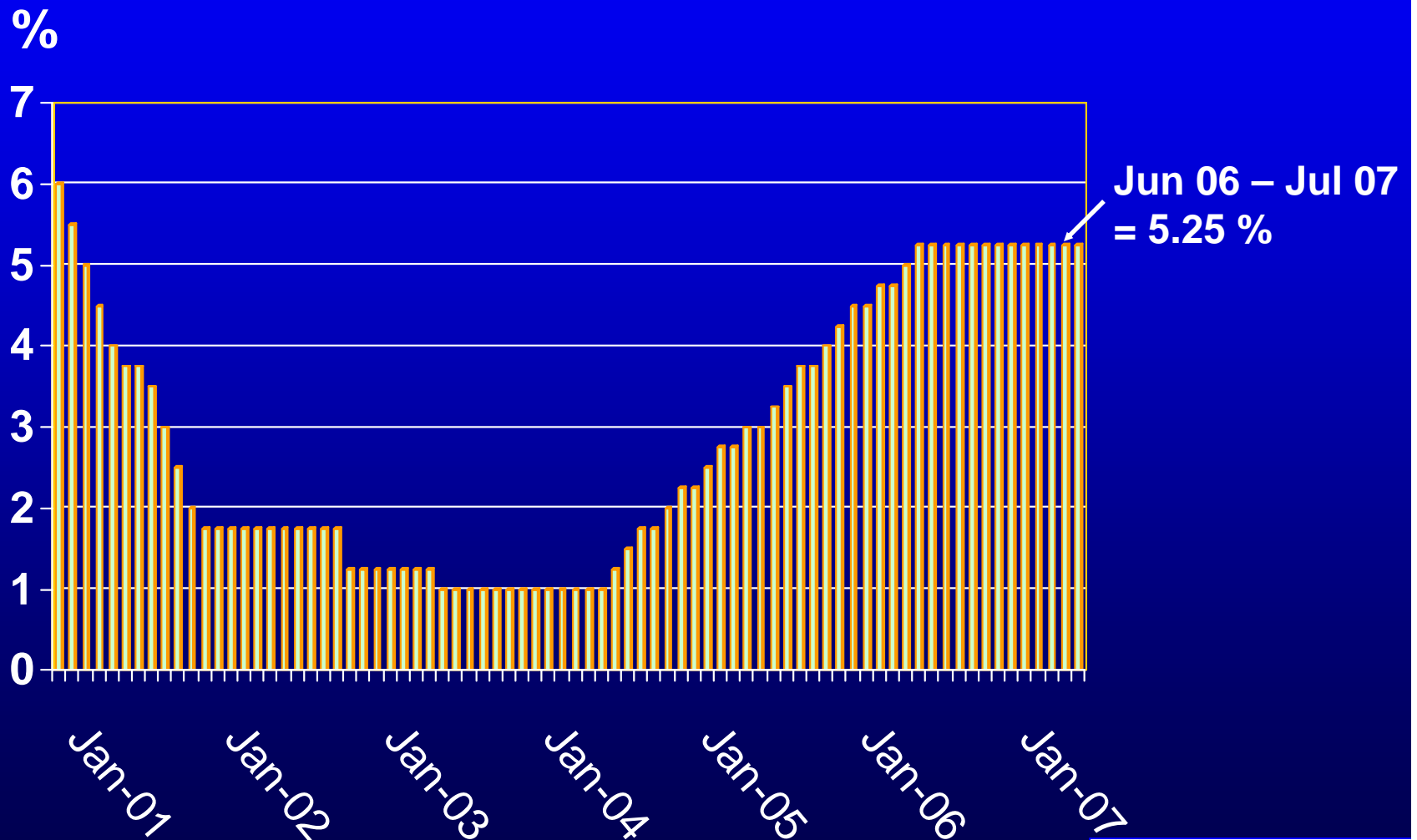


Consumer Confidence



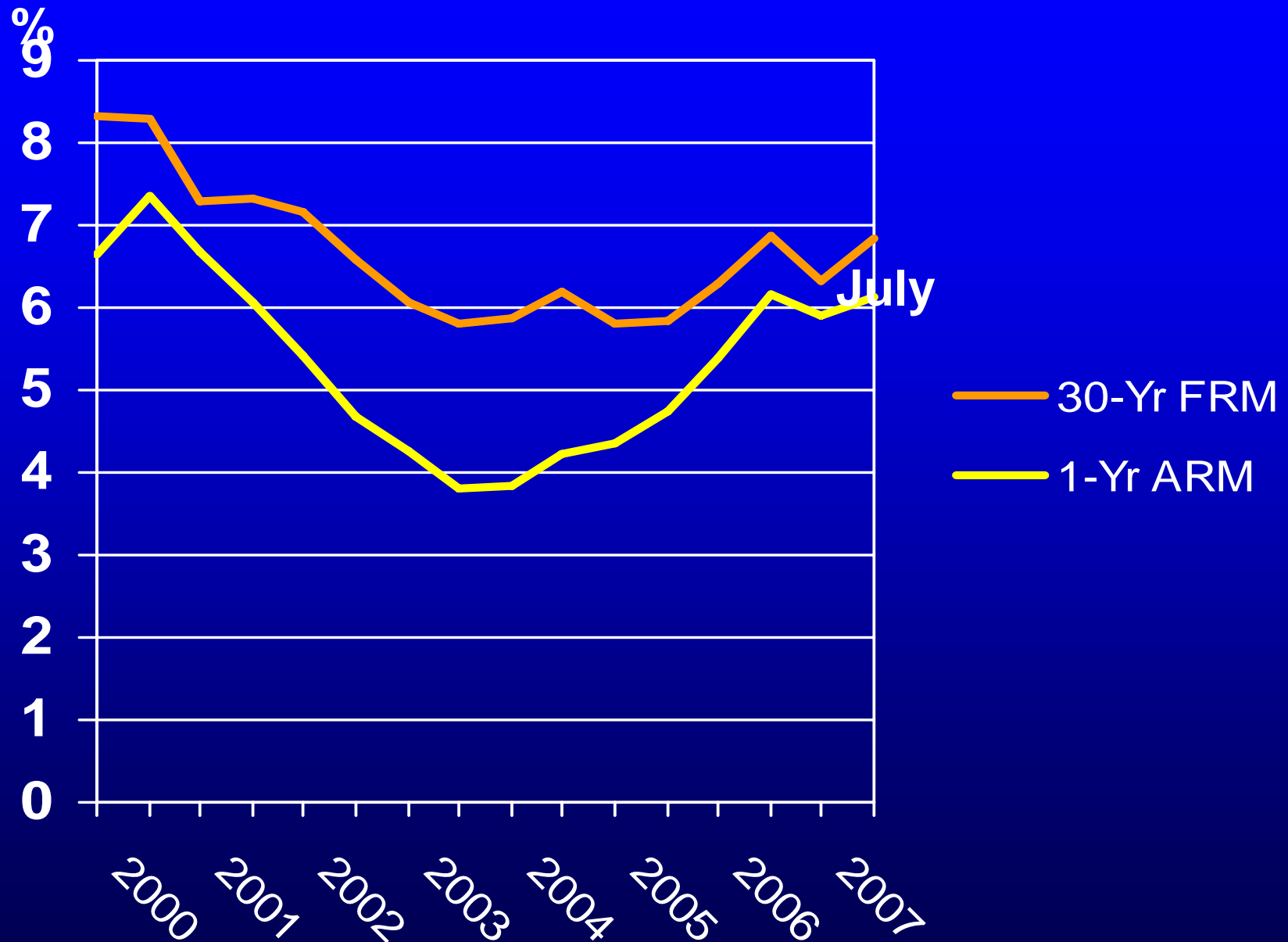
Source: Conference Board, GMU Center for Regional Analysis

Federal Funds Interest Rate



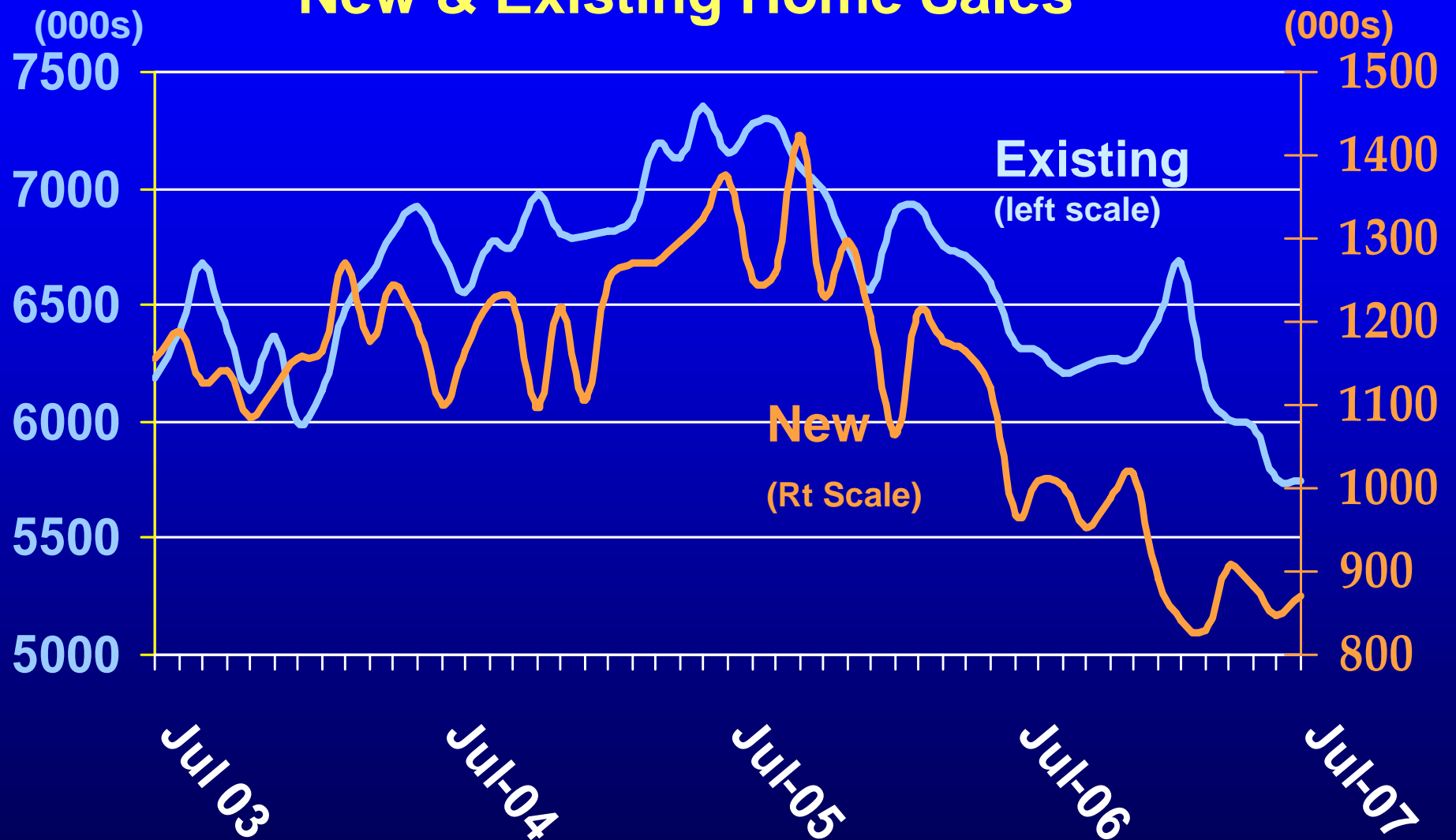
Source: Federal Reserve, GMU Center for Regional Analysis

Mortgage Rates

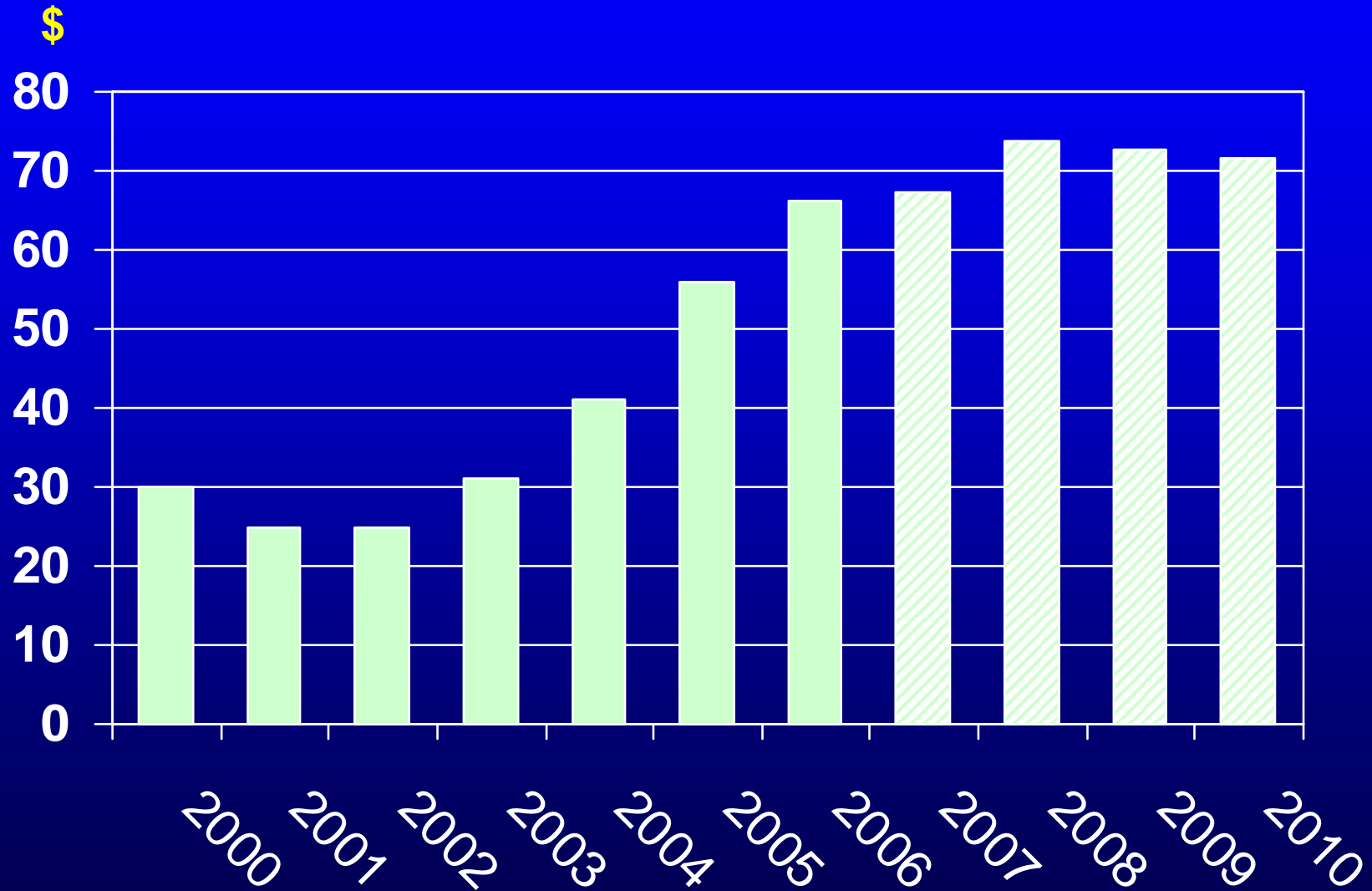


Source: HSH, GMU Center for Regional Analysis

Housing Trends: New & Existing Home Sales



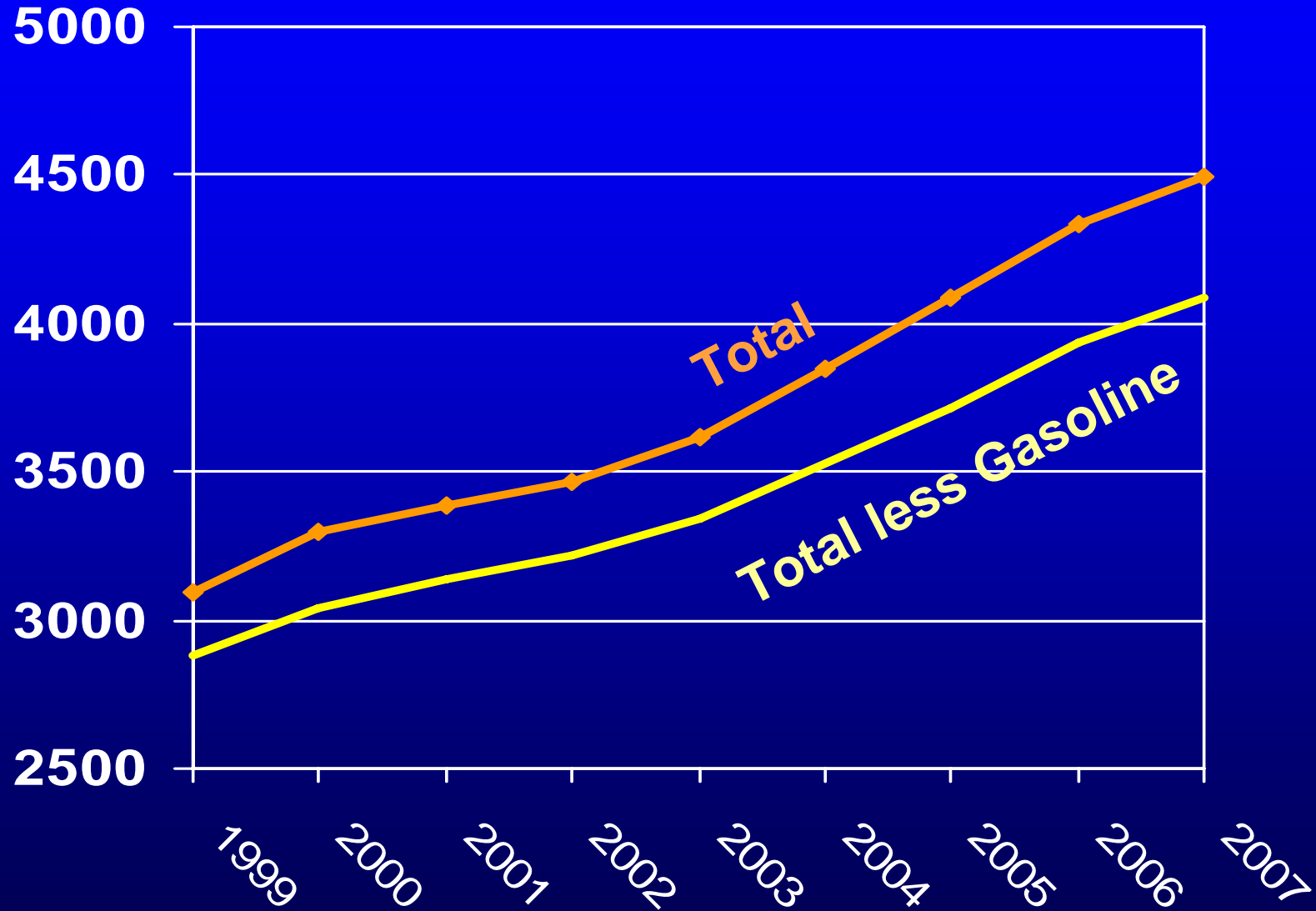
Average Annual Oil Prices (\$ Per Barrel)



Source: Global Insight

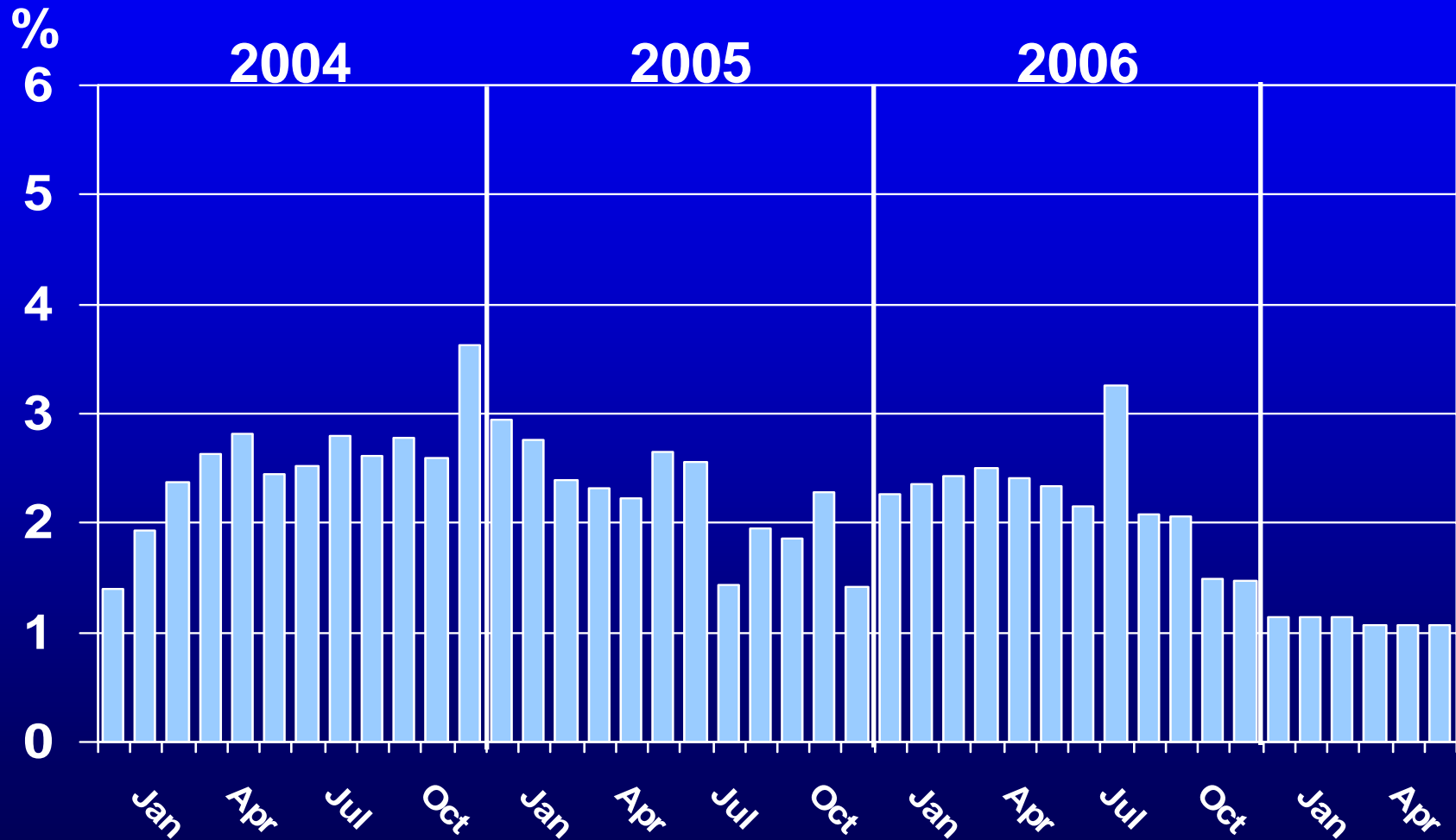
Total U.S. Retail Sales

Billions \$



Source: Census, GMU Center for Regional Analysis

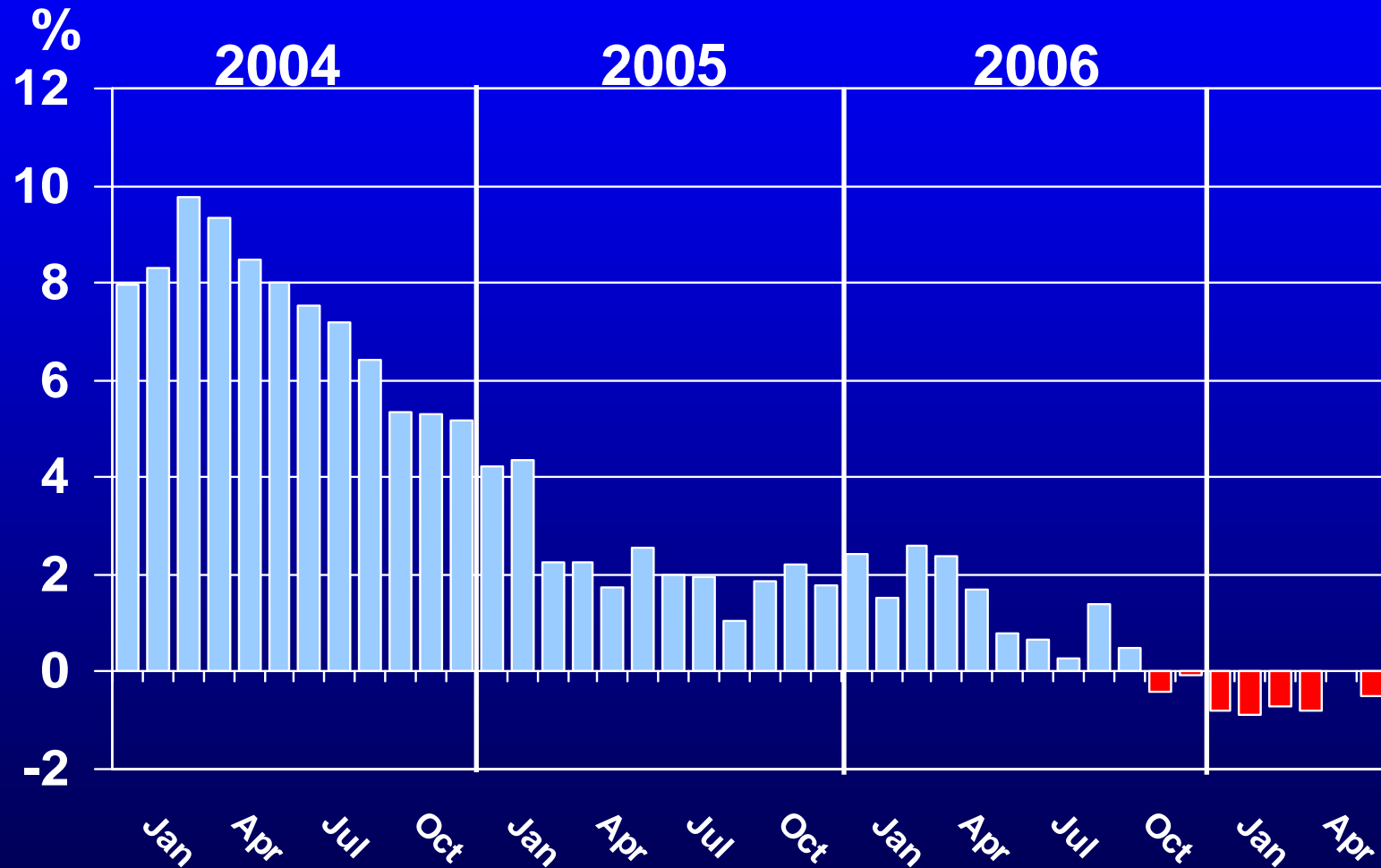
U.S. Coincident Index Monthly Over-the-Year Percent Changes



Source: Conference Board

U.S. Leading Index

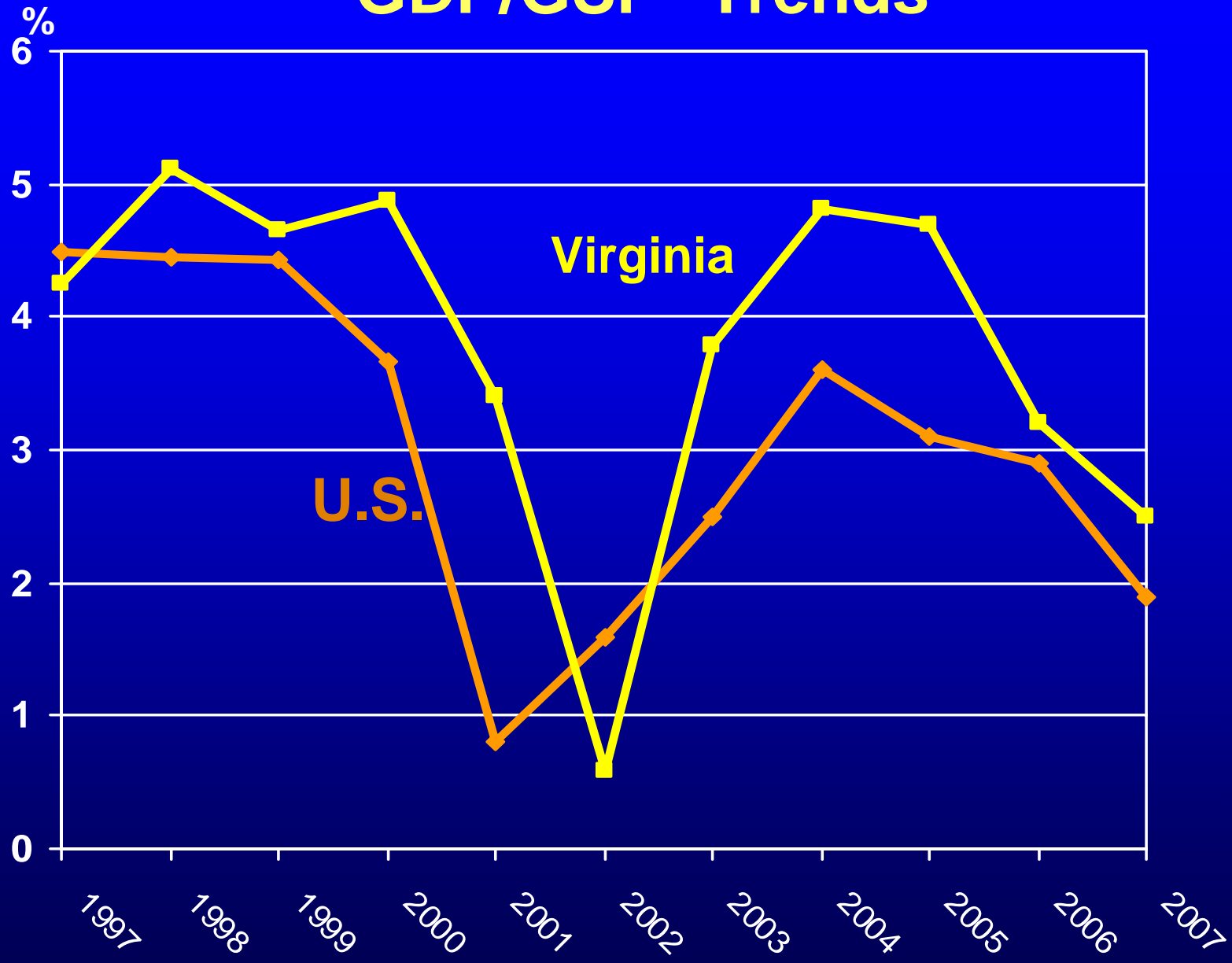
Monthly Over-the-Year Percent Changes



Source: Conference Board

The Virginia Economy

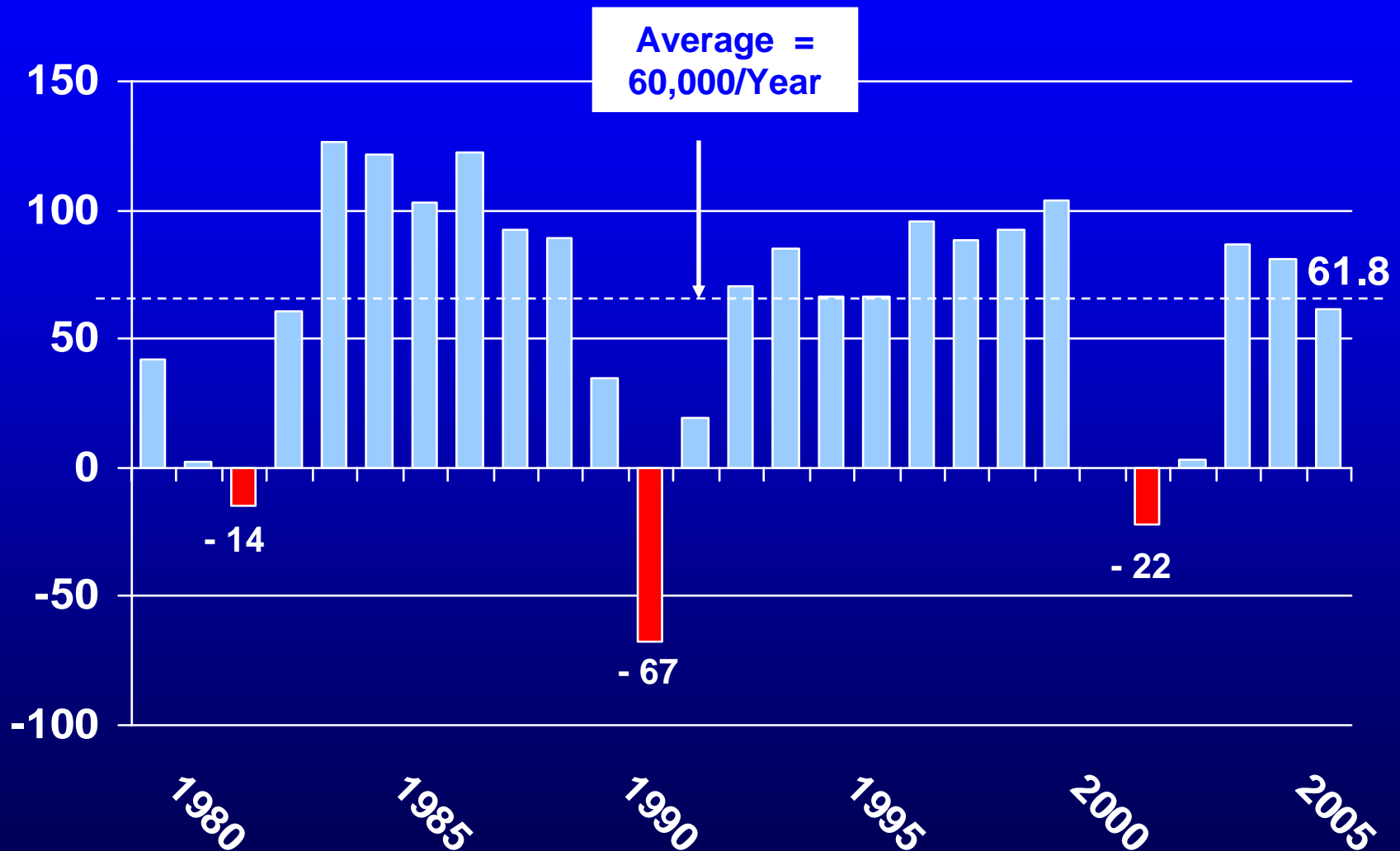
GDP/GSP* Trends



Source: U.S. BEA

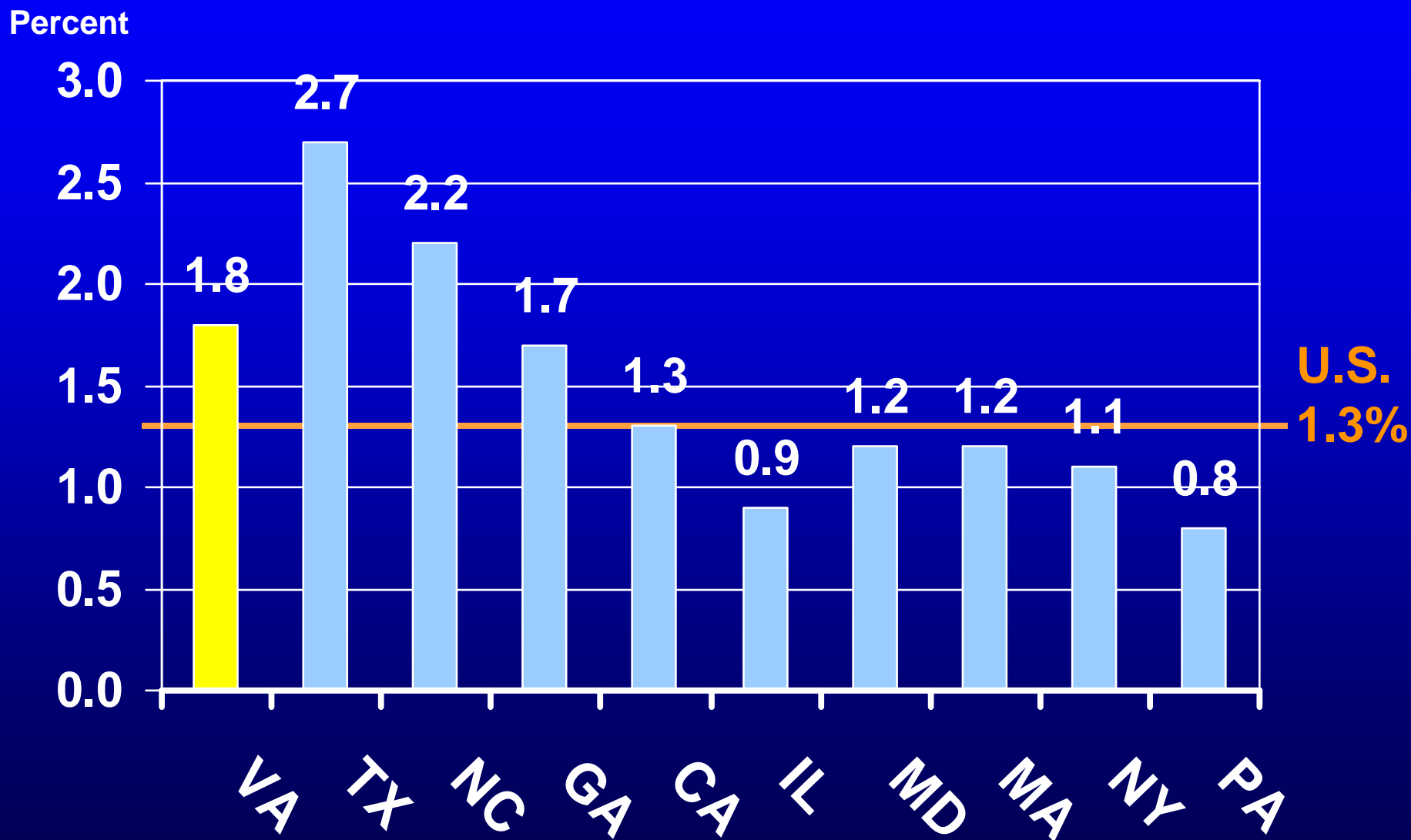
*millions of chained 2000 dollars

Virginia Annual Job Change: 1980 - 2006



Source: Virginia Employment Commission

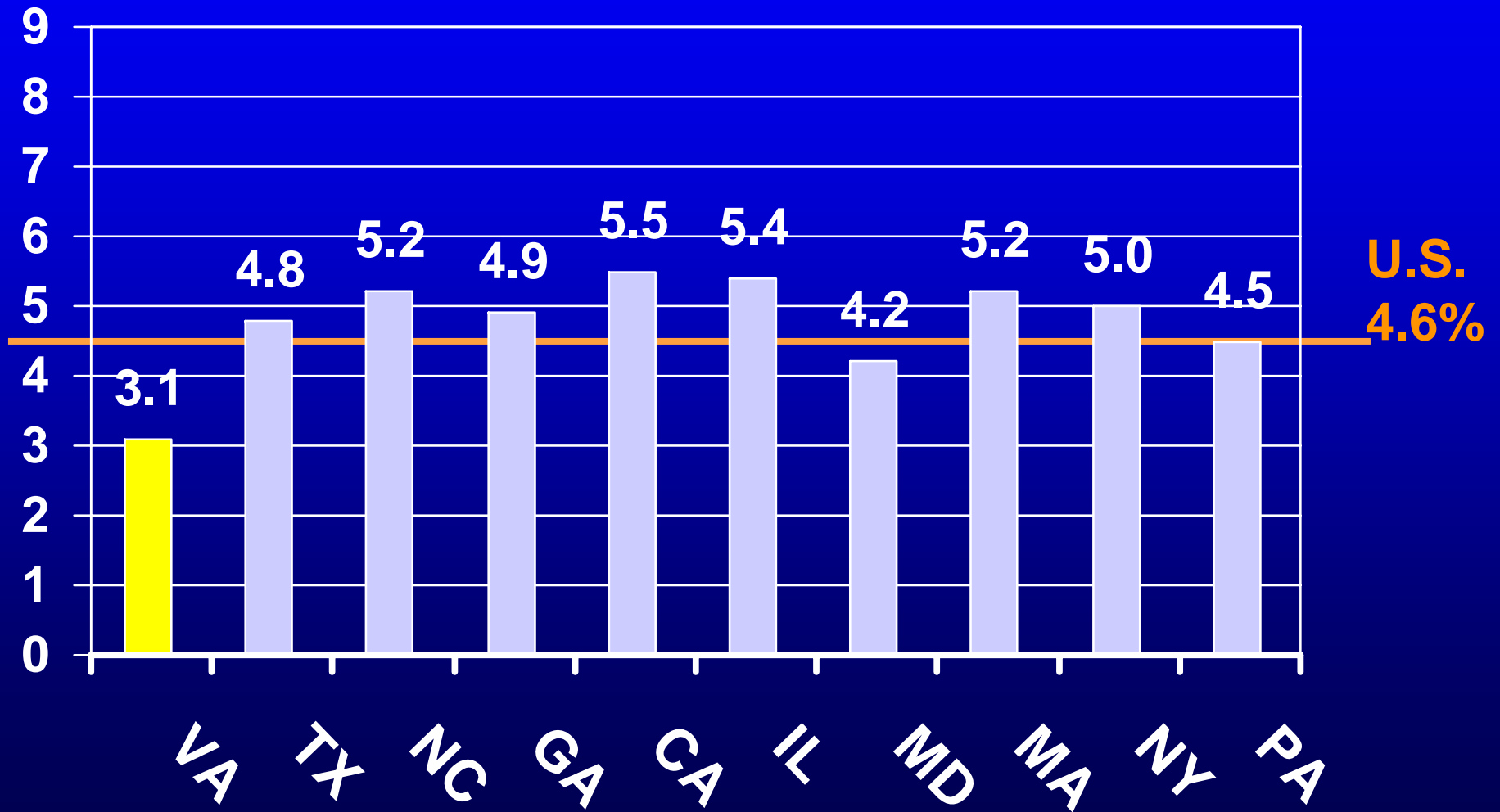
Virginia and Selected States Job Change July 06 – July 07



Source: U.S. BLS Not Seasonally Adjusted

Virginia and Selected States Unemployment Rate July 2007

Percentage



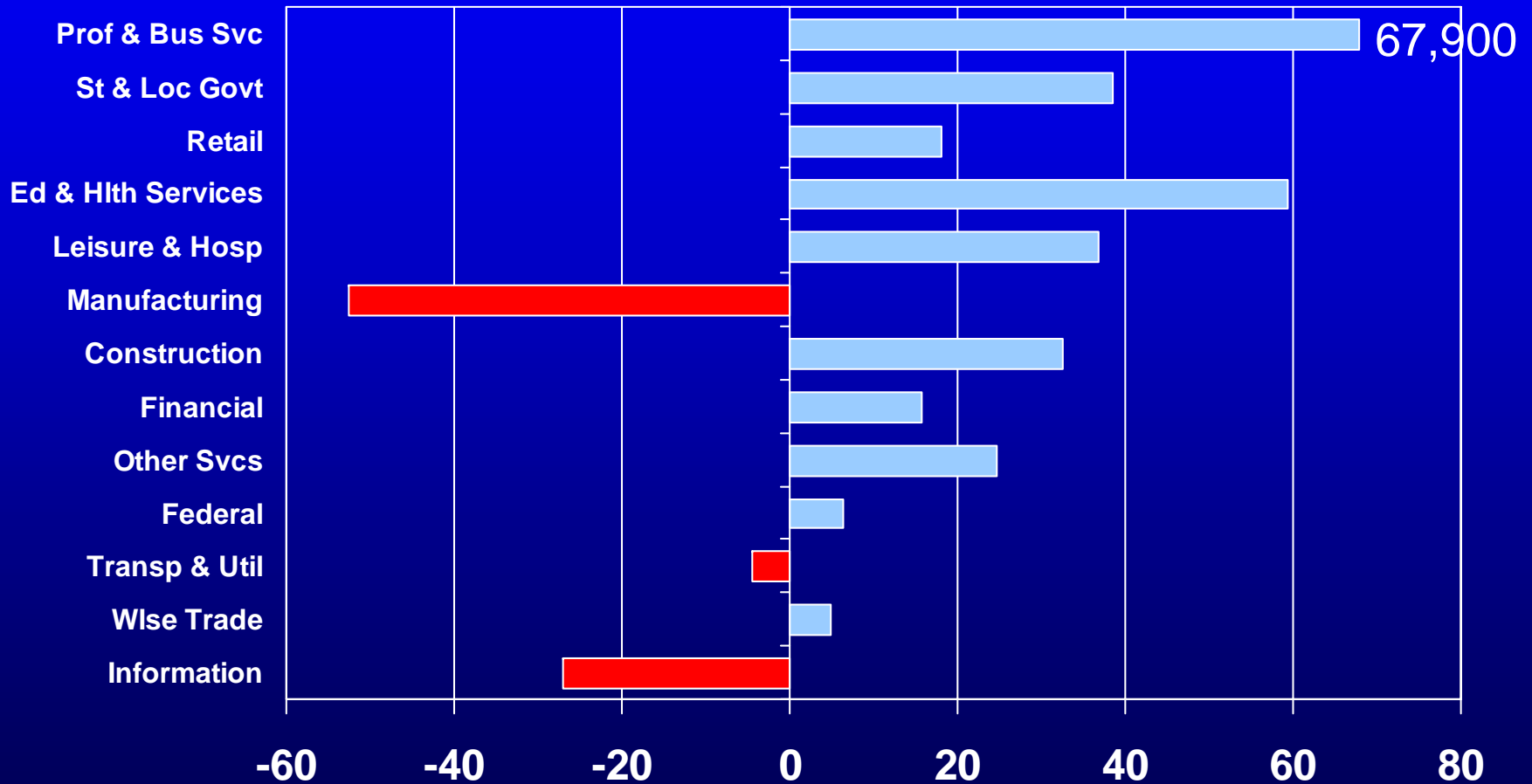
Source: U.S. BLS Not Seasonally Adjusted

Last Five Years Job Change By Sector Virginia

(000s)

(Ranked by Size of Sector)

Total = 209,700



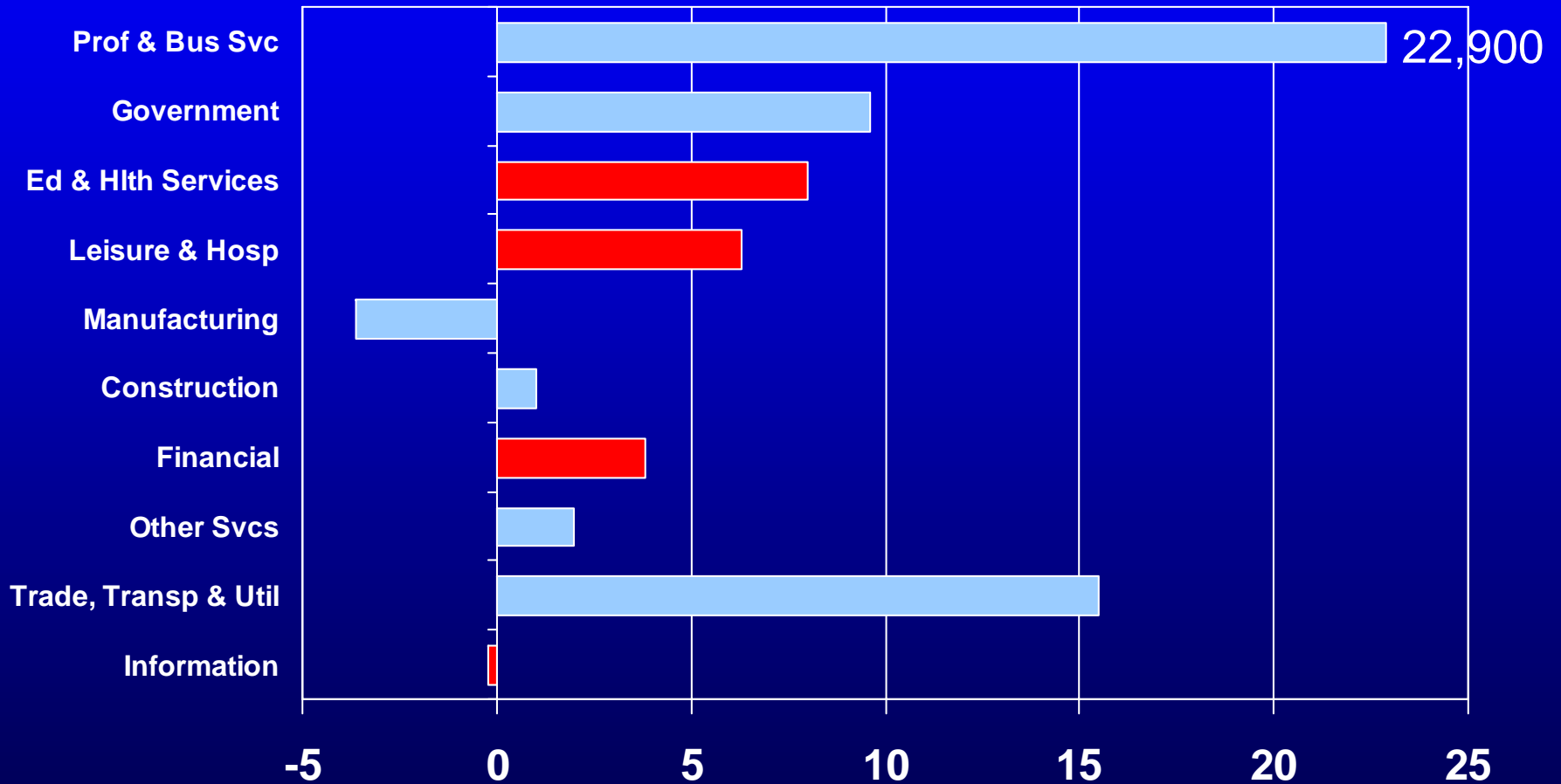
Source: Virginia Employment Commission 2001-2006

July 06 – July 07 Job Change By Sector - Virginia

(Ranked by Size of Sector)

(000s)

Total = 65,600



Source: U.S. BLS Not Seasonally Adjusted

The Outlook for the U.S. Economy and Construction Industry

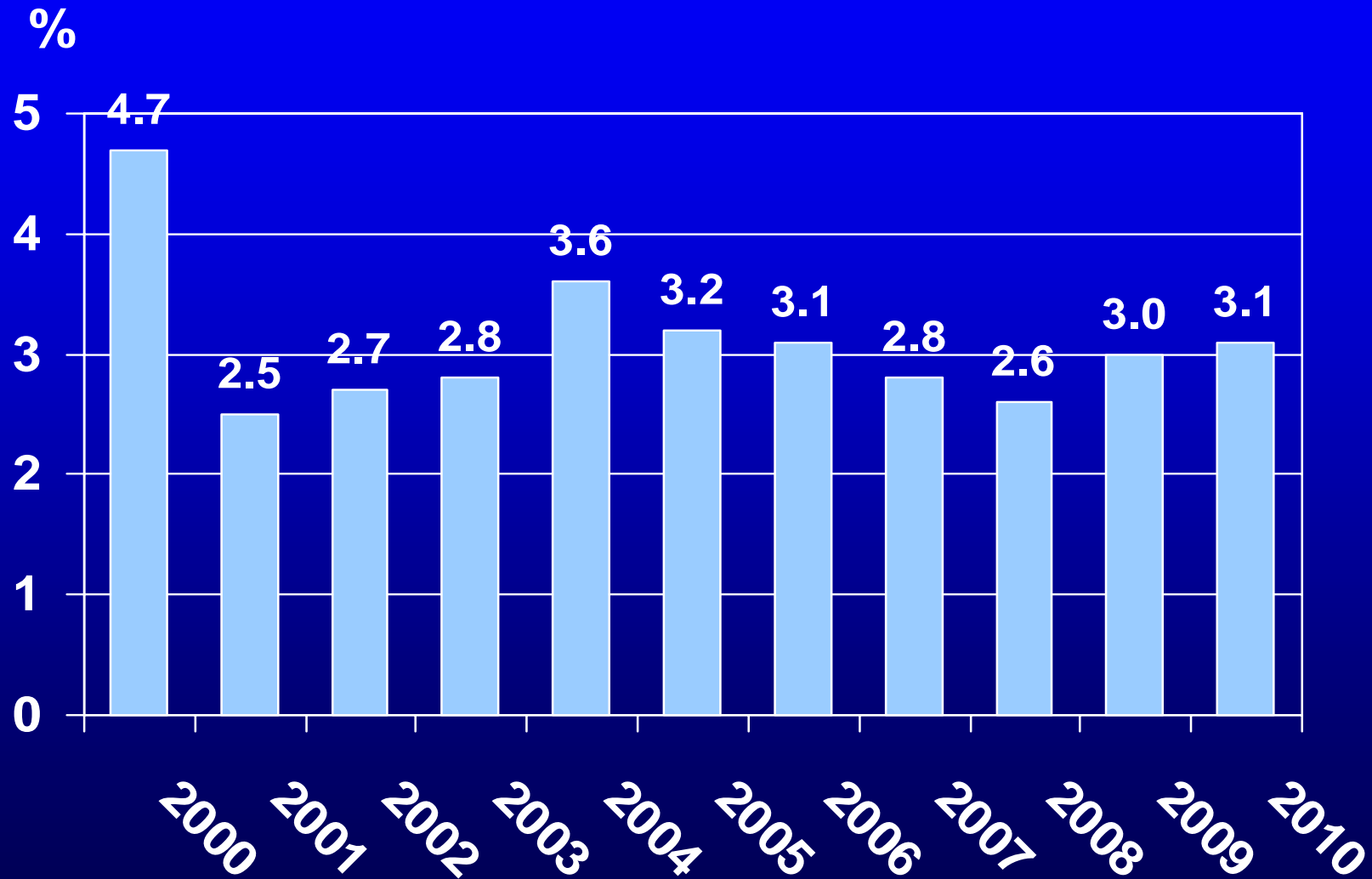
Changing Composition of GDP

Percent Share

	1998	2003	2006	2007
Consumer Spending	67.6	70.9	67.7	66.8
Business Investment	16.8	15.7	18.8	18.4
Government Consumption	17.9	18.4	18.4	19.2
Federal	6.2	6.6	6.4	6.3
State & Local	11.7	11.7	12.0	12.9
Net Exports	- 1.4	- 5.0	-4.9	- 4.5
	100.0	100.0	100.0	100.0

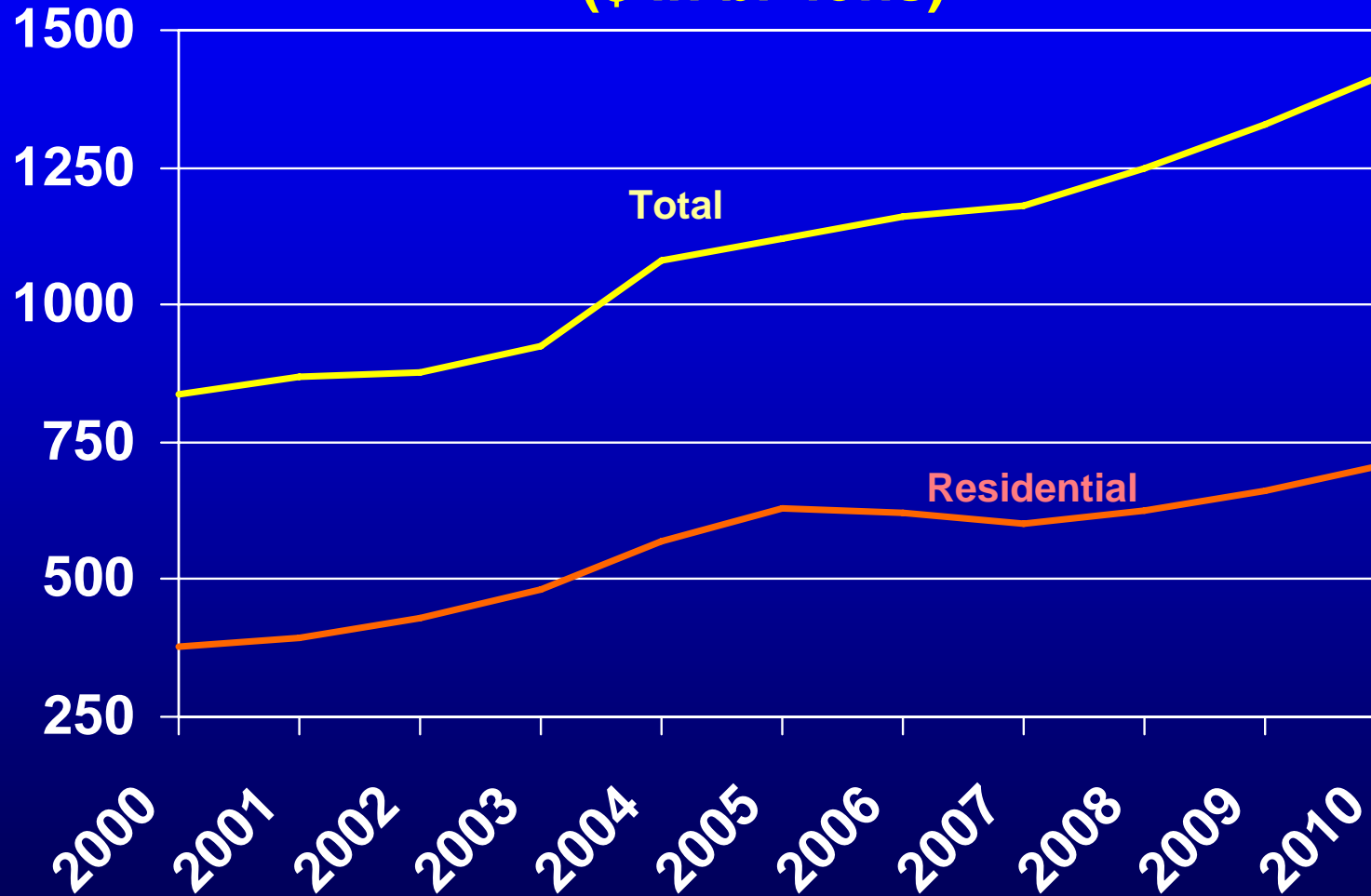
Source: US Statistical Abstract, GMU Center for Regional Analysis

Growth in Total Consumption Outlays (Annual %)



Source: Global Insight

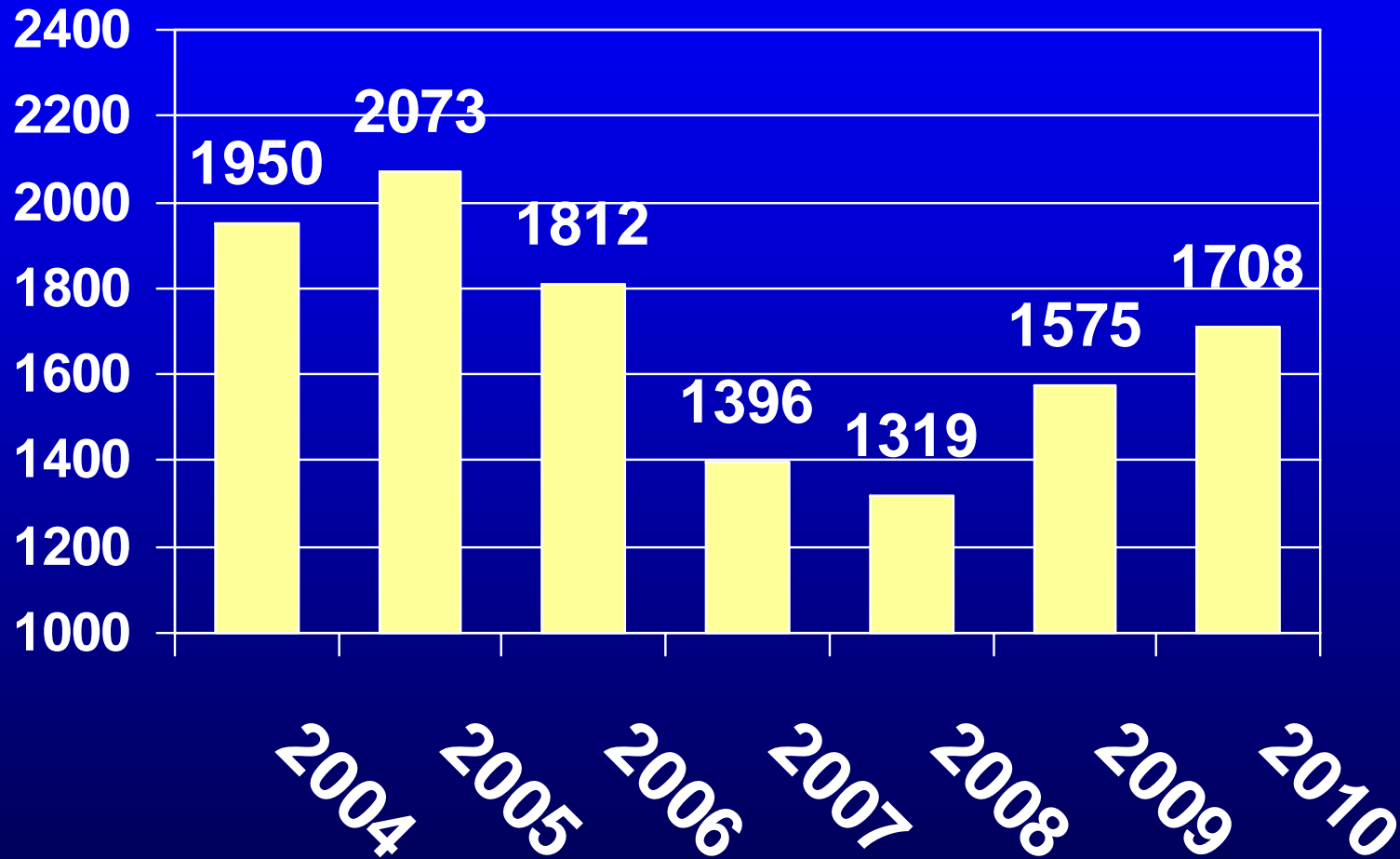
Total Value of New Construction U.S., 2000 – 2010 (\$ in billions)



Source: FMI

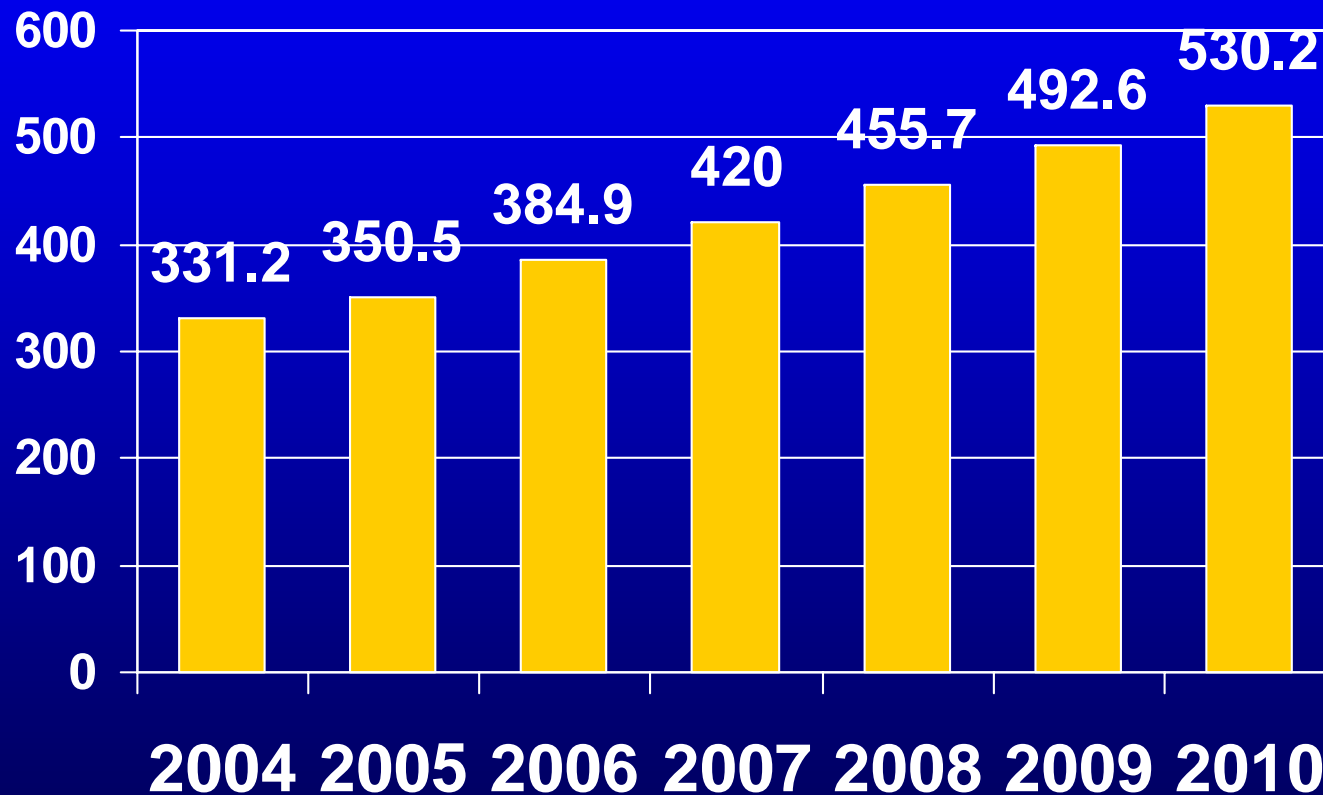
Total Residential Units 2004 - 2010

Thousands

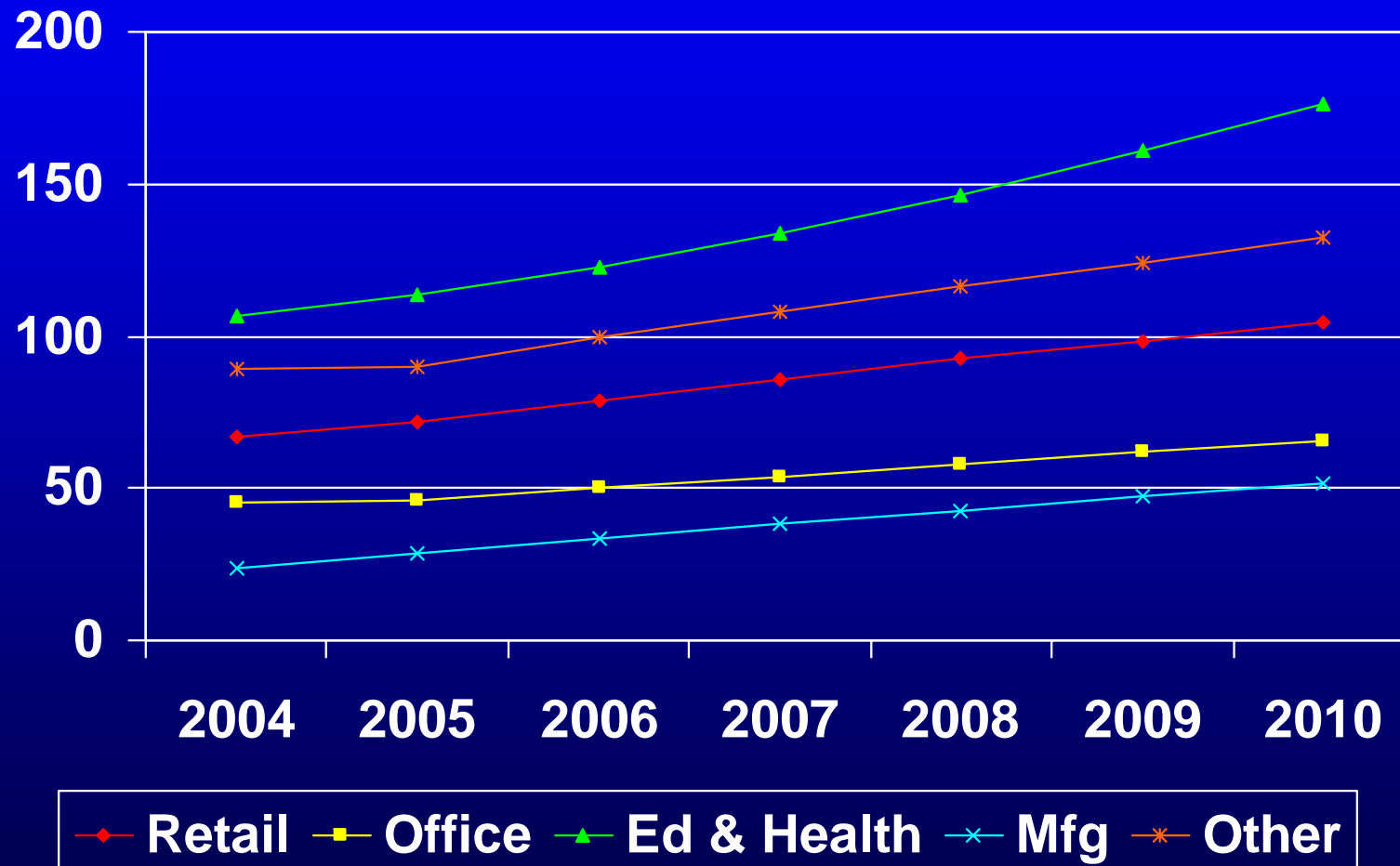


Source: Global Insight

US Non-Residential Construction 2004 – 2010 (billions of current \$)

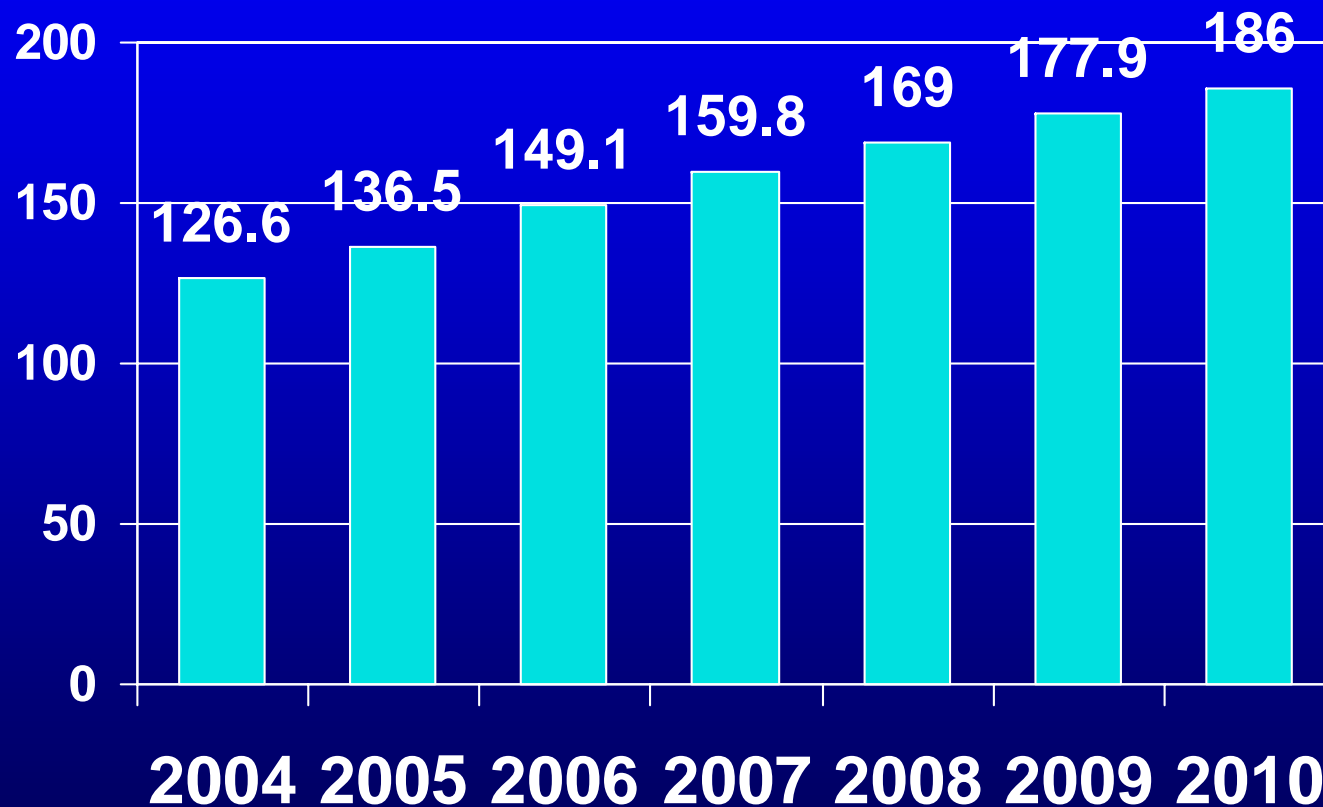


US Non-Residential Construction by Sector 2004 – 2010 (billions of current \$)

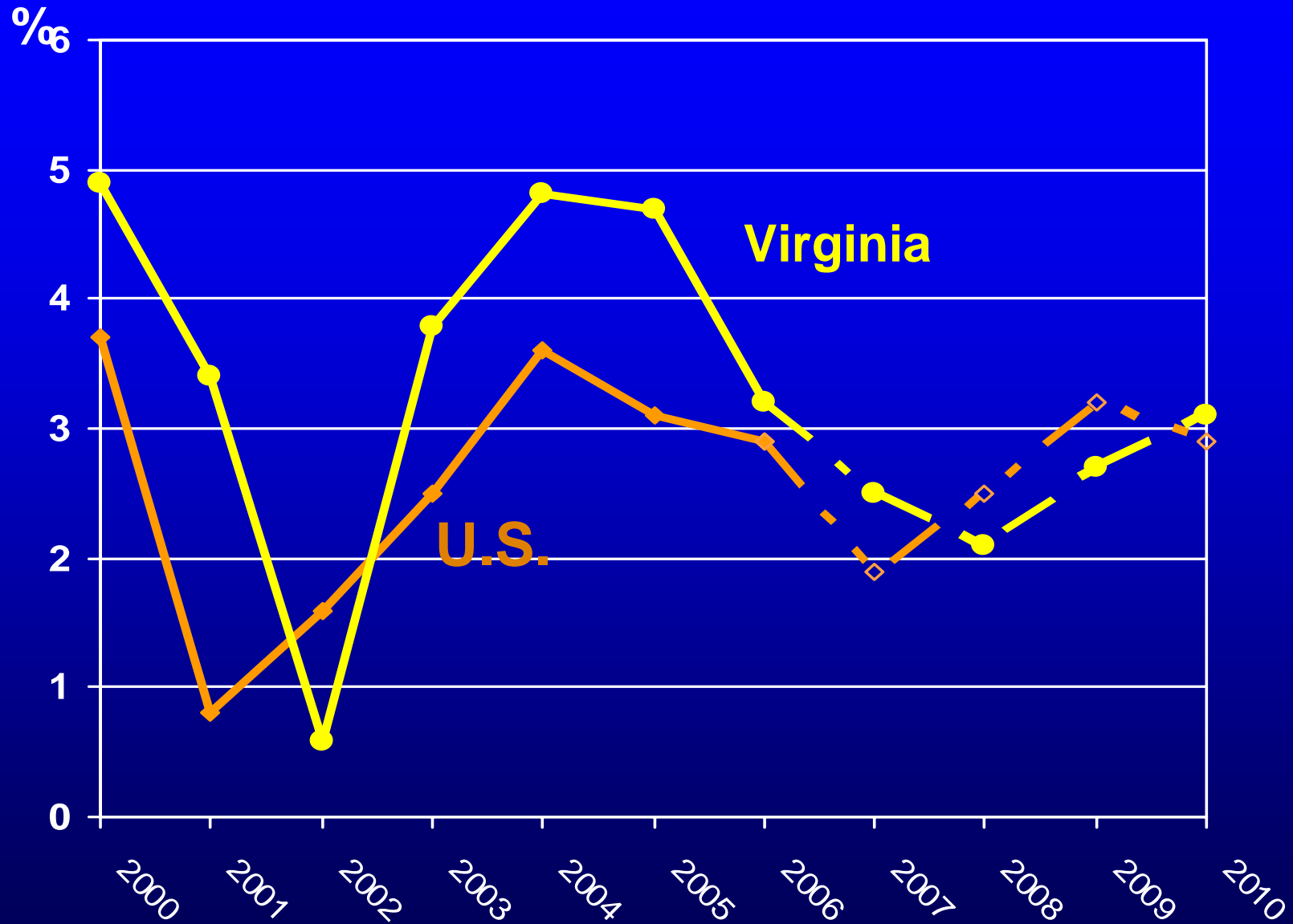


Source: FMI

US Non-Building Construction 2004 – 2010 (billions of current \$)



GDP/GSP* 2000 - 2010



Source: Global Insight, BEA

*millions of chained 2000 dollars



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