Productivity

The nation's productivity, as measured by the Gross Domestic Product (GDP), has been increasing since the third quarter of 2009. In the fourth quarter of 2010, the GDP surpassed pre-recession levels, which peaked in the second quarter of 2008. GDP growth is expected to average under 2% during Fiscal 2014, with the impact of sequestration constraining the growth further. The stock market has traditionally acted as a leading indicator of the economy. The market has climbed to all-time highs despite a series of shocks experienced in the summer of 2011. The European debt crises, the S&P downgrading, the Fiscal Cliff and sequestration have all reined in potential growth. Without these occurrences, it is likely the economy would be significantly more robust. Continued low interest rates by the Federal Reserve have provided the market with legs that it might not otherwise have had. The recent market growth suggests that the economy will continue to grow in the near term as the Dow Jones Industrial Index pushes towards a sustained level above 14,500.

While growth in the GDP is important, the sectors in which the growth is taking place present a better picture of how the growth impacts the City of Baltimore. Unlike the previous year, growth in the GDP has moved into the service sector with household consumption and food services leading the way. Durable goods made a strong showing with motor vehicles and parts leading the way in the fourth quarter of 2012. Because the City is substantially service based, the strengthening of the service sector is encouraging. Of particular concern to the City are the financial and health care sectors. The financial sector remains erratic in its recovery while growth in health care has been solid but sporadic.