



**Upstate New York Regional Advisory Council Meeting
Federal Reserve Bank of New York
33 Liberty Street
10F, Paul Volcker Boardroom
Friday, March 20, 2015**

AGENDA

10:30am Introductory Remarks
Christine Cumming, First Vice President

10:40am-11:10am The National Economy
Richard Peach, Senior Vice President

11:10am-11:30am Regional Update
Jaison Abel, Research Officer

11:30am-12:00pm International Update
John Clark, Senior Vice President

12:00pm Adjourn to NWCR-10F

12:15pm Lunch

12:15pm-1:55pm Round Table Discussion with
William Dudley, President

Questions for discussion with President Dudley:

Your experience and that of your customers and suppliers can give us insight into current economic conditions.

1. Has your firm experienced an increase in demand in recent months?
2. Has demand for your product or service increased sufficiently that you increased or plan to increase employment in 2015?
3. Has demand for your product or service increased sufficiently that you plan to increase investment in plant and equipment in 2015?
4. Has your access to credit changed in 2015?
5. Has unseasonably harsh winter weather reduced demand for your product or services in 2015?

2:00 pm Adjourn



**Upstate New York Regional Advisory Board
Federal Reserve Bank of New York
33 Liberty Street
New York, NY
Friday, March 20, 2105**

ATTENDEE LIST

Board Members

Aminy Audi
CEO & Chairman of the Board
L. & J.G. Stickley

Bal Dixit
Chairman
Newtex Industries

Lynne Marie Finn
President
Superior Workforce Solutions

Kenneth M. Franasiak
Chairman
Calamar

William Gisel
President and CEO
Rich Products Corporation

Melanie LittleJohn
Regional Director
National Grid

Linda MacFarlane
President & CEO
Community Loan Fund of the Capital Region

Martin Mucci
President & CEO
PayChex

Carlos Unanue
President
Goya de Puerto Rico, Inc.

Federal Reserve Bank of New York

William Dudley
Christine Cumming
Jack Gutt
John Clark
Richard Peach
Anand Marri
James Bergin
Tony Davis
Jaison Abel
David Parkinson

President
First Vice President
EVP, Head of Communications Group
SVP, Global Economic Analysis
SVP, Research & Statistics
VP, Head of Outreach & Education
VP Executive Chief of Staff, Chief of Staff's Office
Director, Community Engagement, Outreach & Education
Research Officer, Research & Statistics
Counsel, Legal



FEDERAL RESERVE BANK *of* NEW YORK

US Macro Overview

March 20, 2015

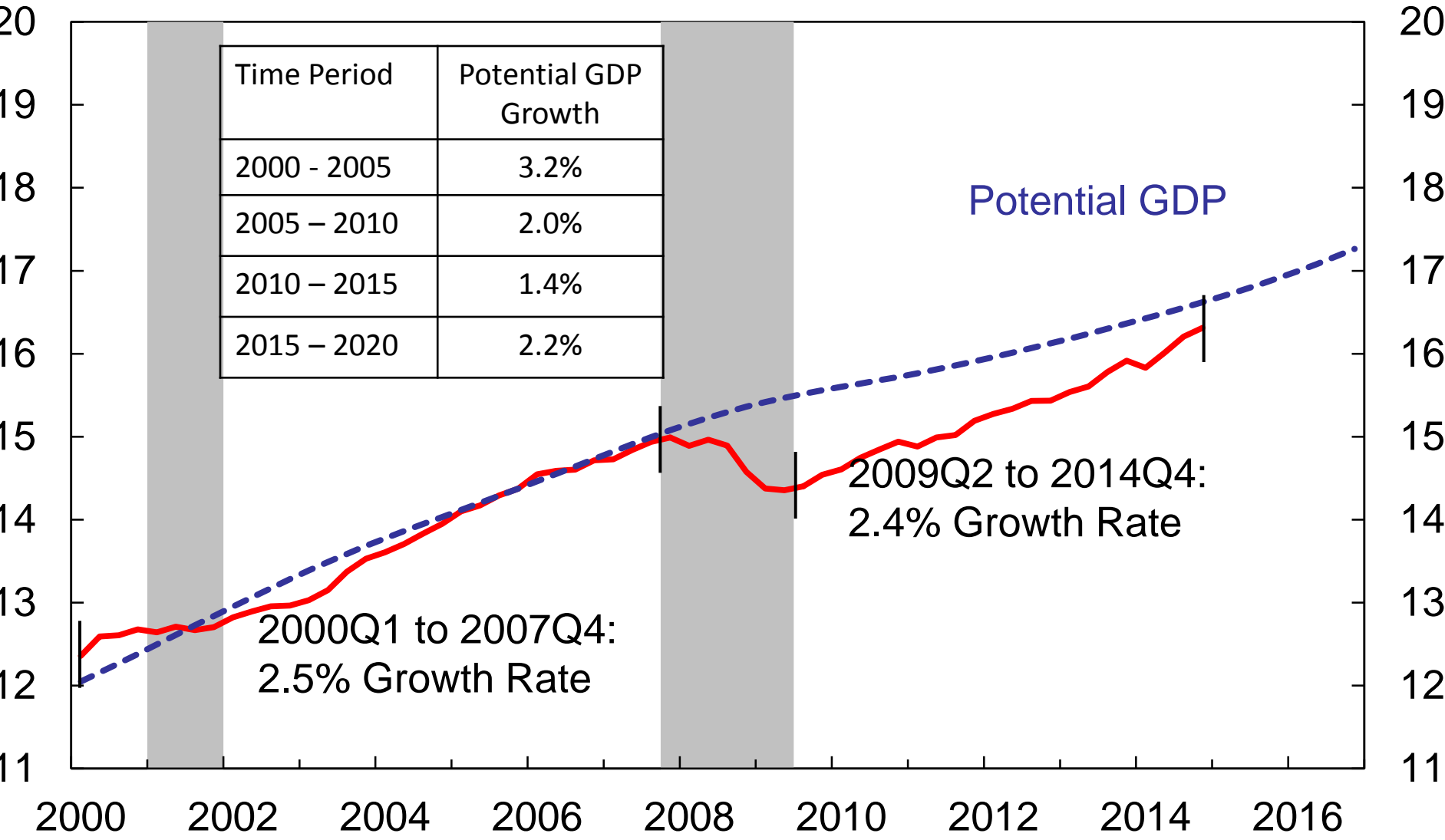
Overview

- Real GDP increased 2.4% (Q4/Q4) in 2014, somewhat faster than the economy's potential growth rate, narrowing the output gap and reducing, though not eliminating, slack in labor markets.
- While the consensus forecast is for growth of around 3% in 2015, recent expenditure data have been choppy and generally inconsistent with that projection.
- Inflation running lower than expected, due in part to the appreciation of the dollar and a continued slowing in the rate of increase of medical care prices.

GDP

Trillions of 2009 US\$

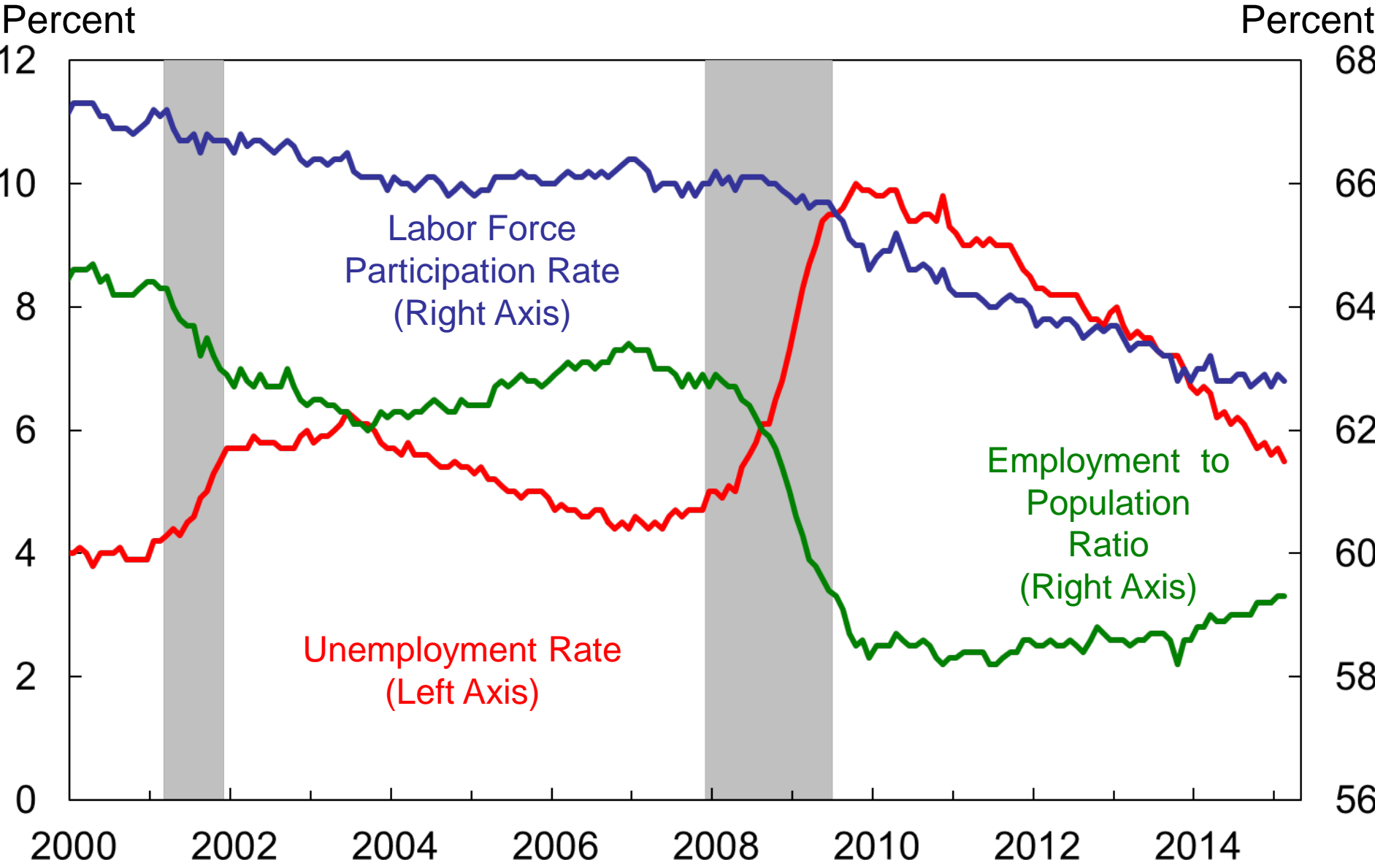
Trillions of 2009 US\$



Source: Bureau of Economic Analysis, Congressional Budget Office

Note: Grey shading shows NBER recessions

Labor Market Indicators

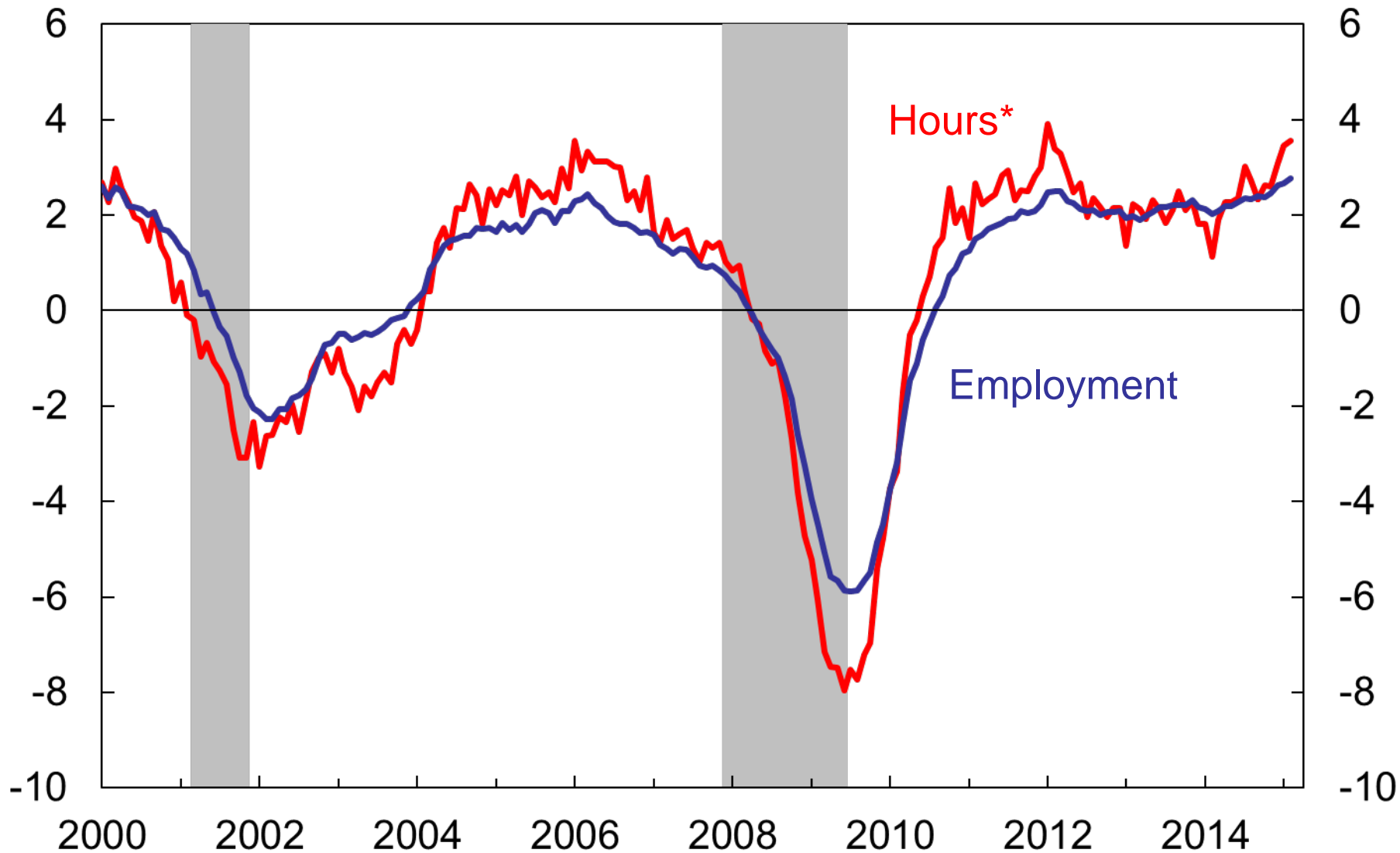


Source: Bureau of Labor Statistics

Private Nonfarm Payroll Employment and Hours

% Change – Year to Year

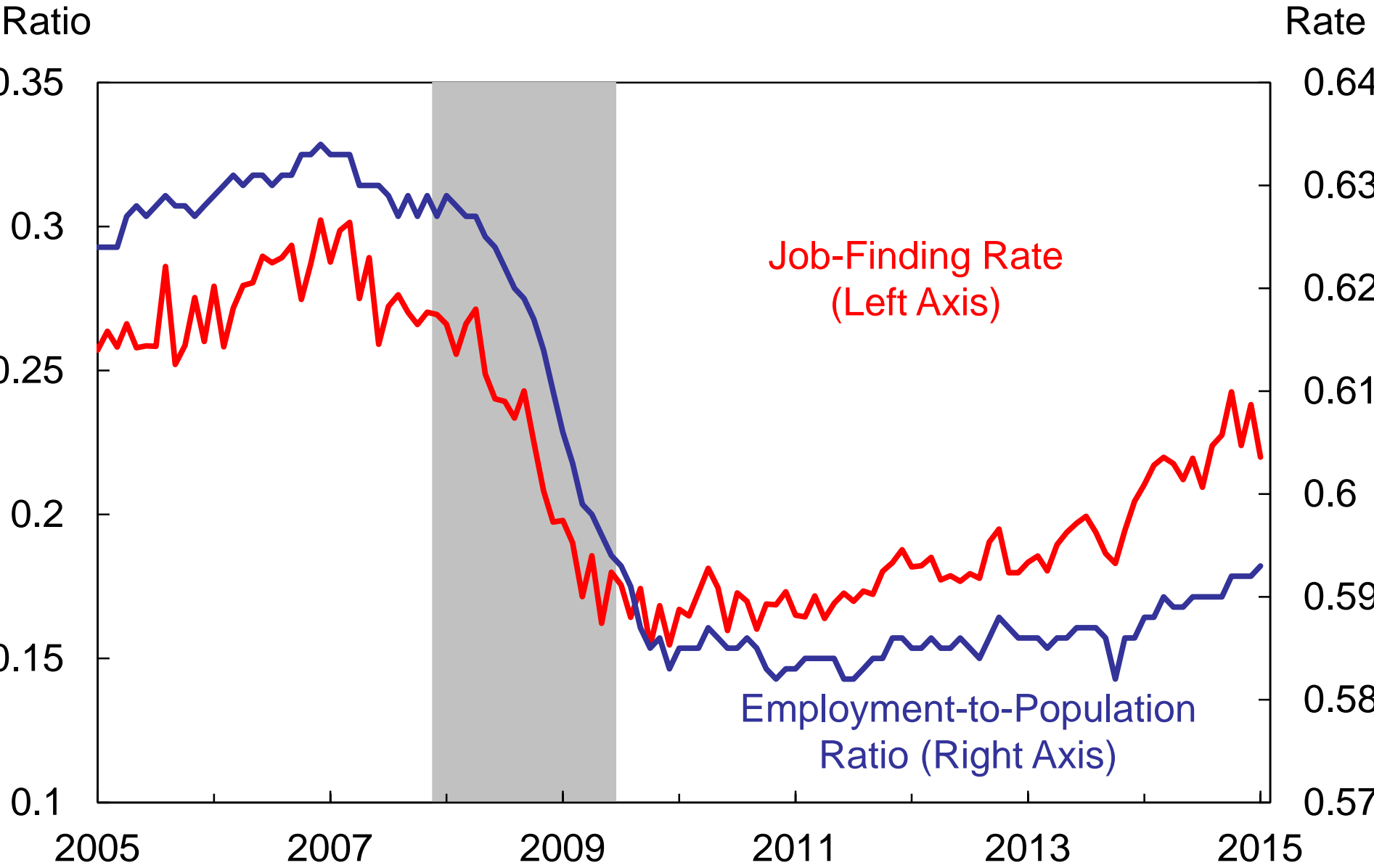
% Change – Year to Year



Source: Bureau of Labor Statistics

* Note: Production and Non-Supervisory, Employees Only

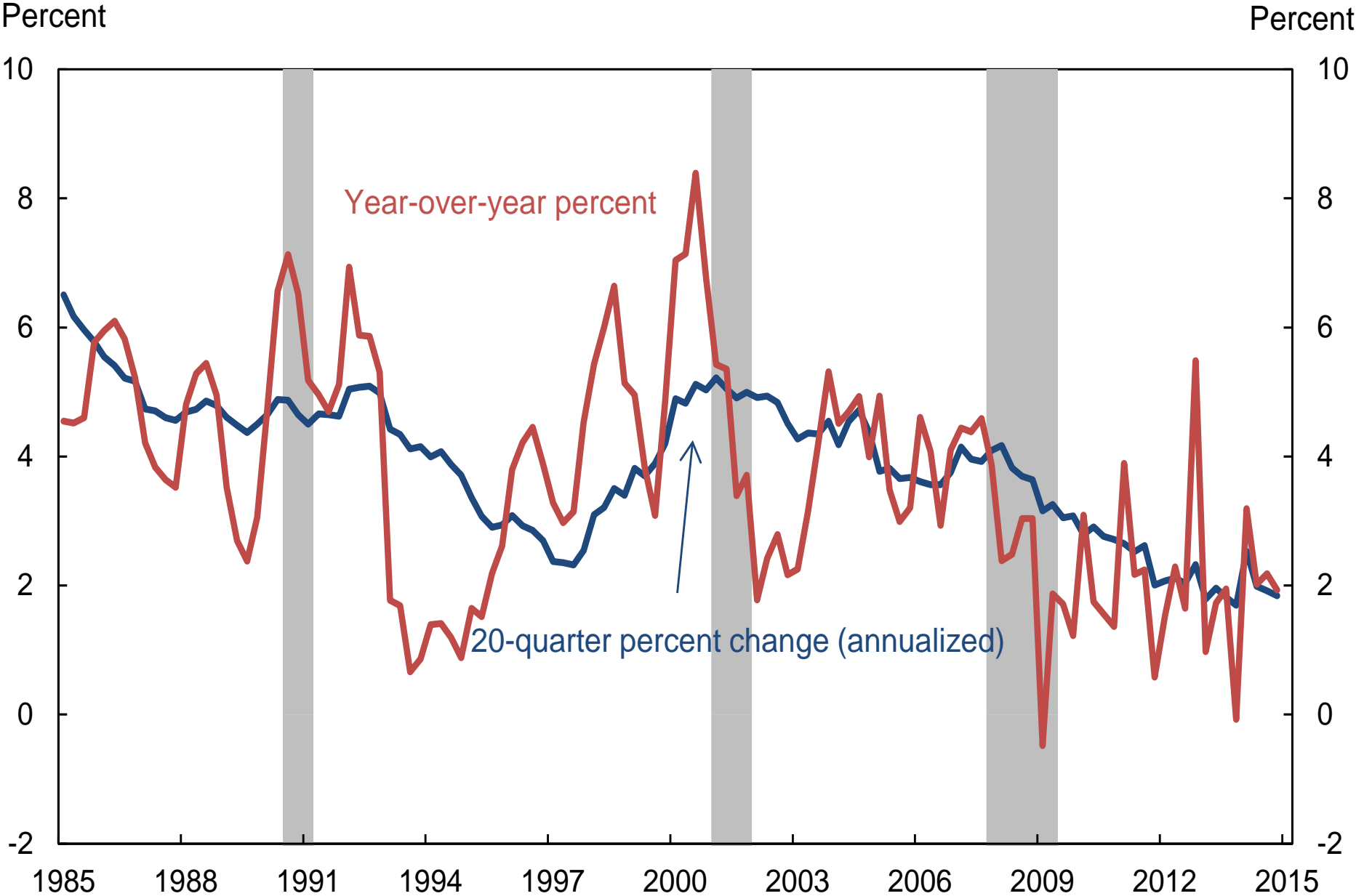
Job-Finding Rate and Employment-to-Population Ratio



Source: CPS

Note: Grey shading shows NBER recessions

Nonfarm Business Sector: Compensation Per Hour

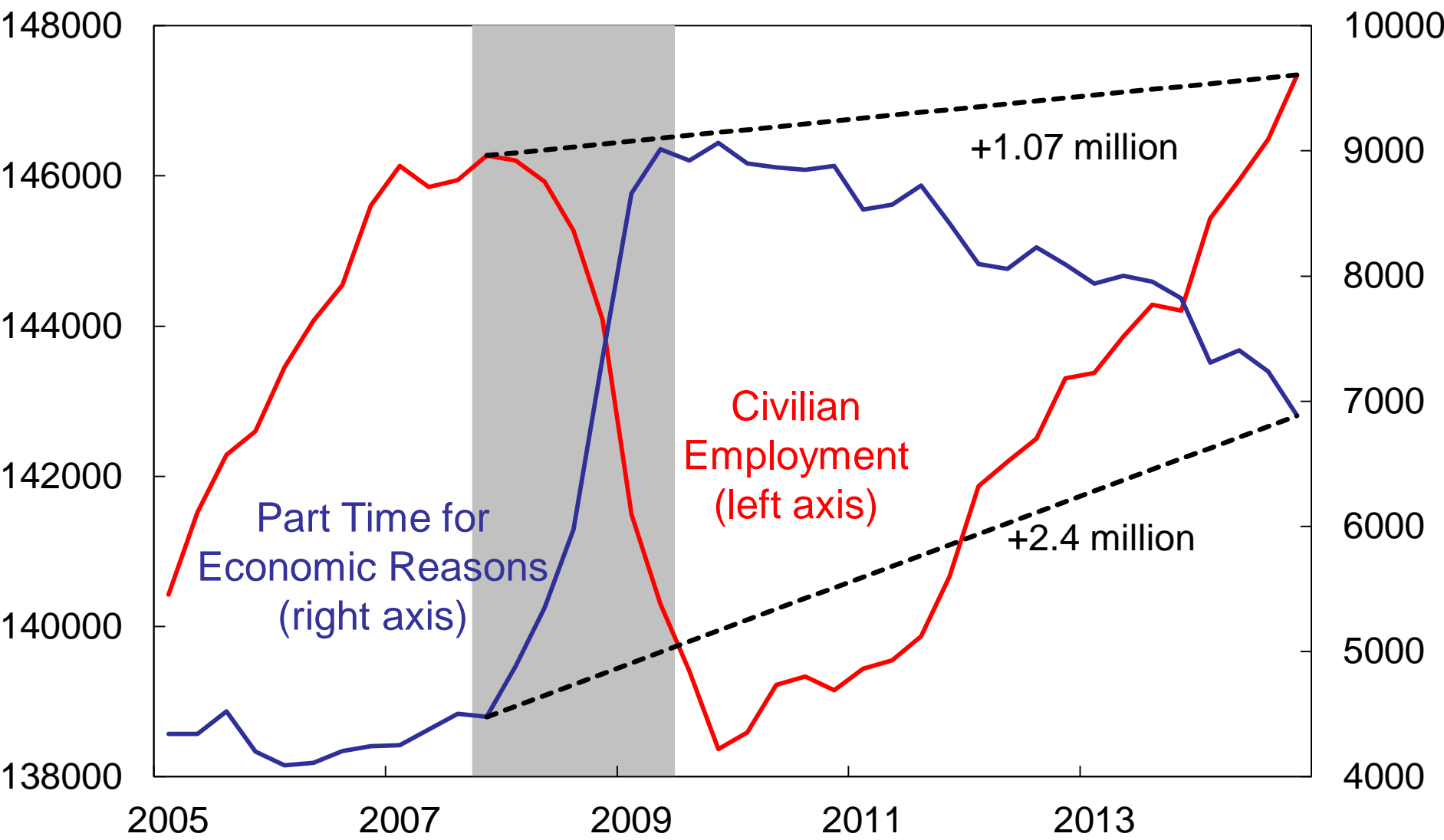


Source: BLS/Haver Analytics

Civilian Employment and Part Time Employment for Economic Reasons

Thousands, SA

Thousands, SA

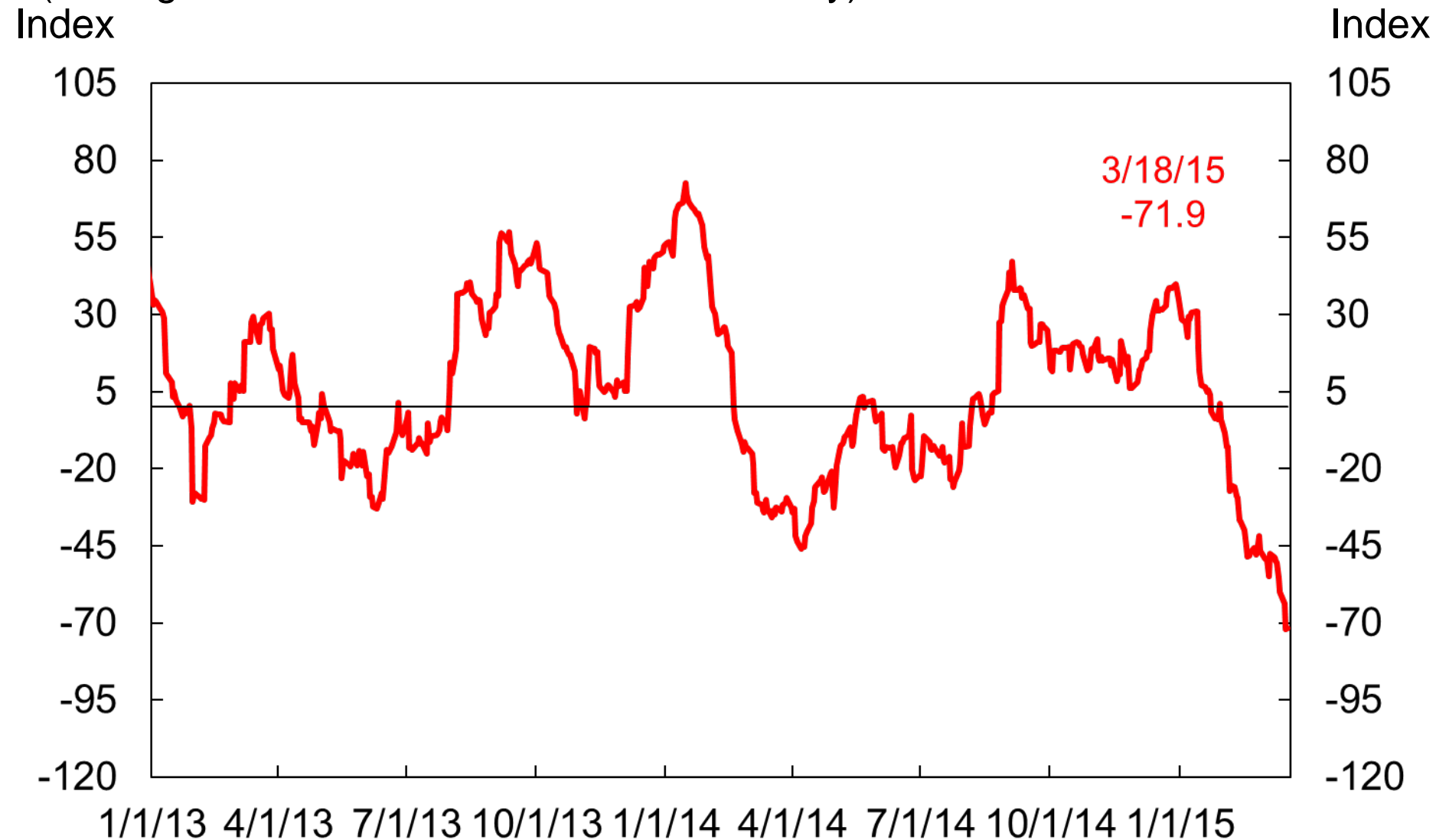


Source: BLS/Haver Analytics

Note: Data are quarterly

Citigroup US Economic Surprise Index

(Rolling three month window with time decay)

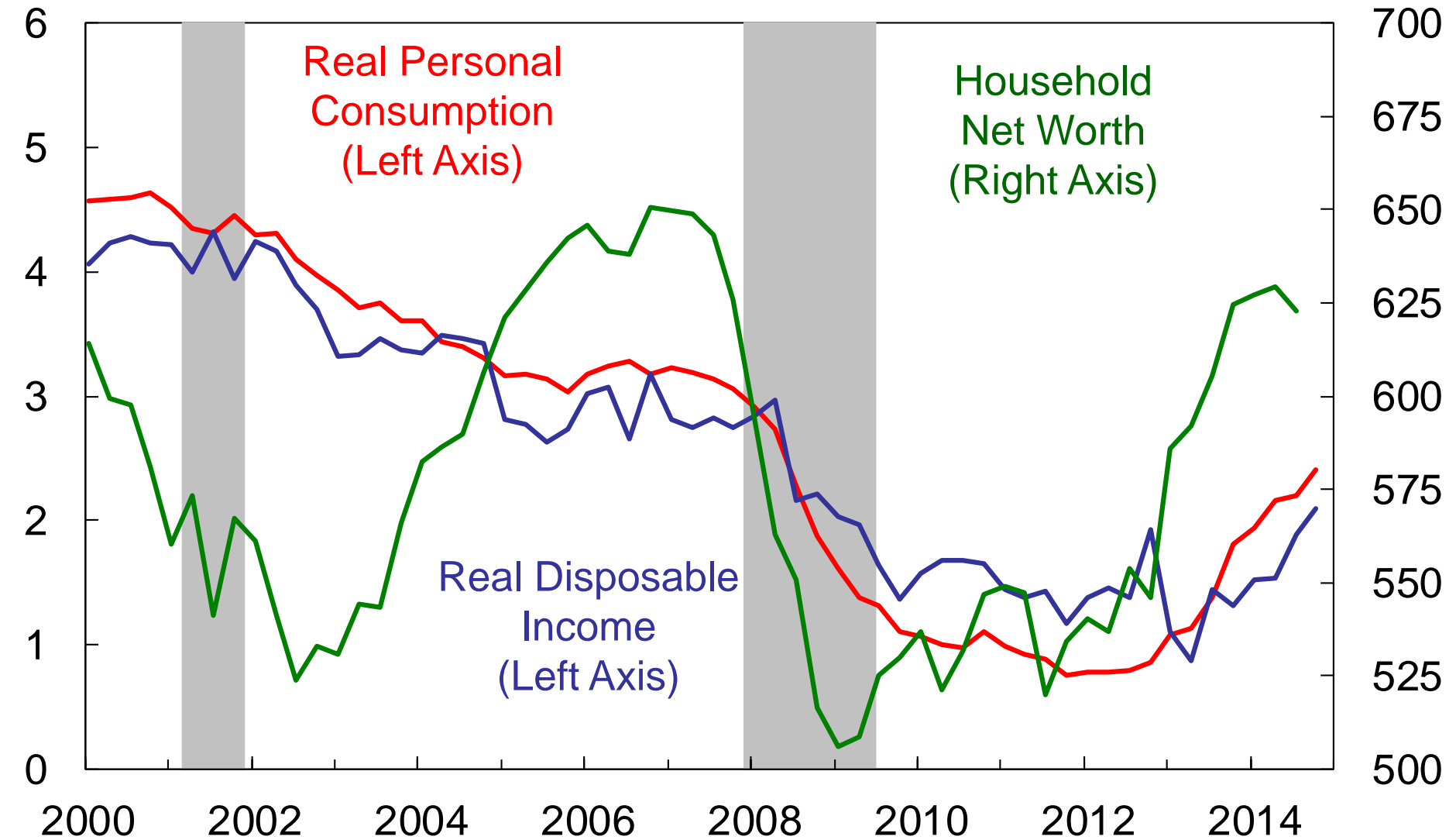


Note: The index is a weighted historical standard deviation of data surprises (actual releases vs Bloomberg survey median). Indices are assigned weights based upon the spot FX impacts of 1 standard deviation surprises.

Disposable Income, Consumption, and Wealth

% Change over 20 Quarters, Annual Rate

% of Disposable Income

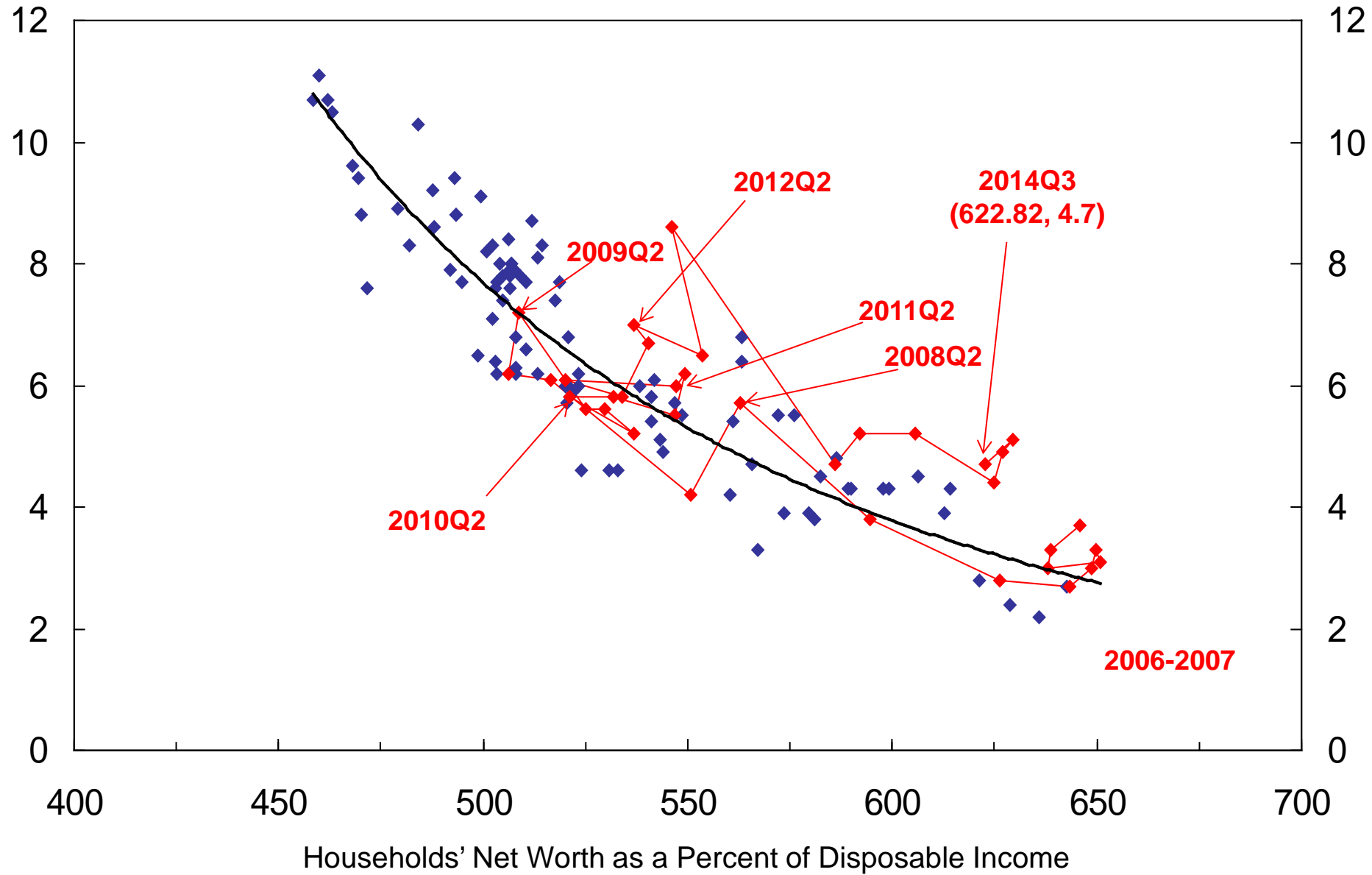


Source: Bureau of Economic Analysis, Federal Reserve Board

Personal Saving Rate and Household Net Worth

Personal Saving Rate (Percent)

Personal Saving Rate (Percent)



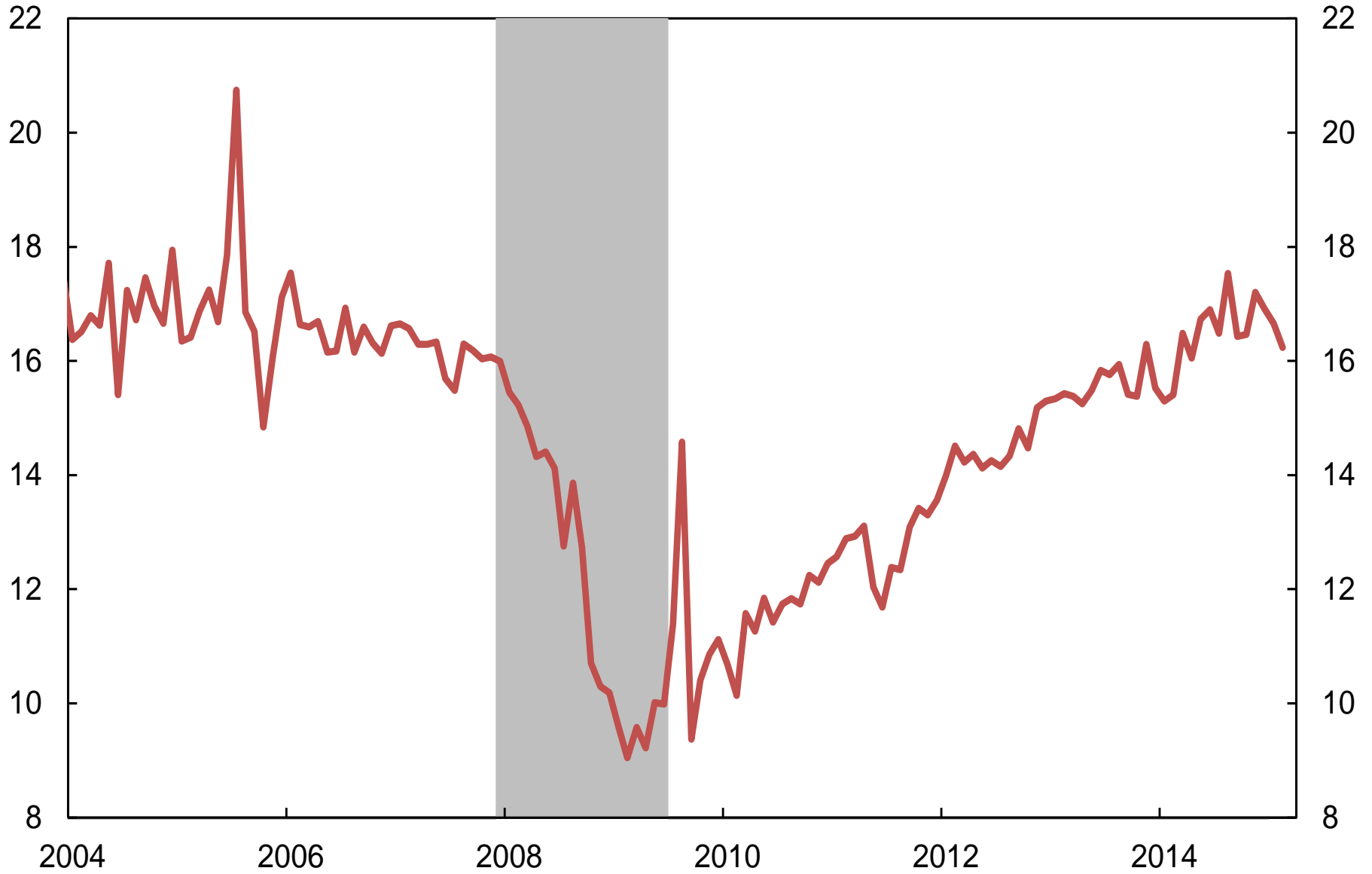
Source: Bureau of Economic Analysis and Federal Reserve Board

Note: Fitted line is from 1983Q1 to 2005Q4.

Total Light-Weight Vehicle Retail Sales

Millions, SAAR

Millions, SAAR

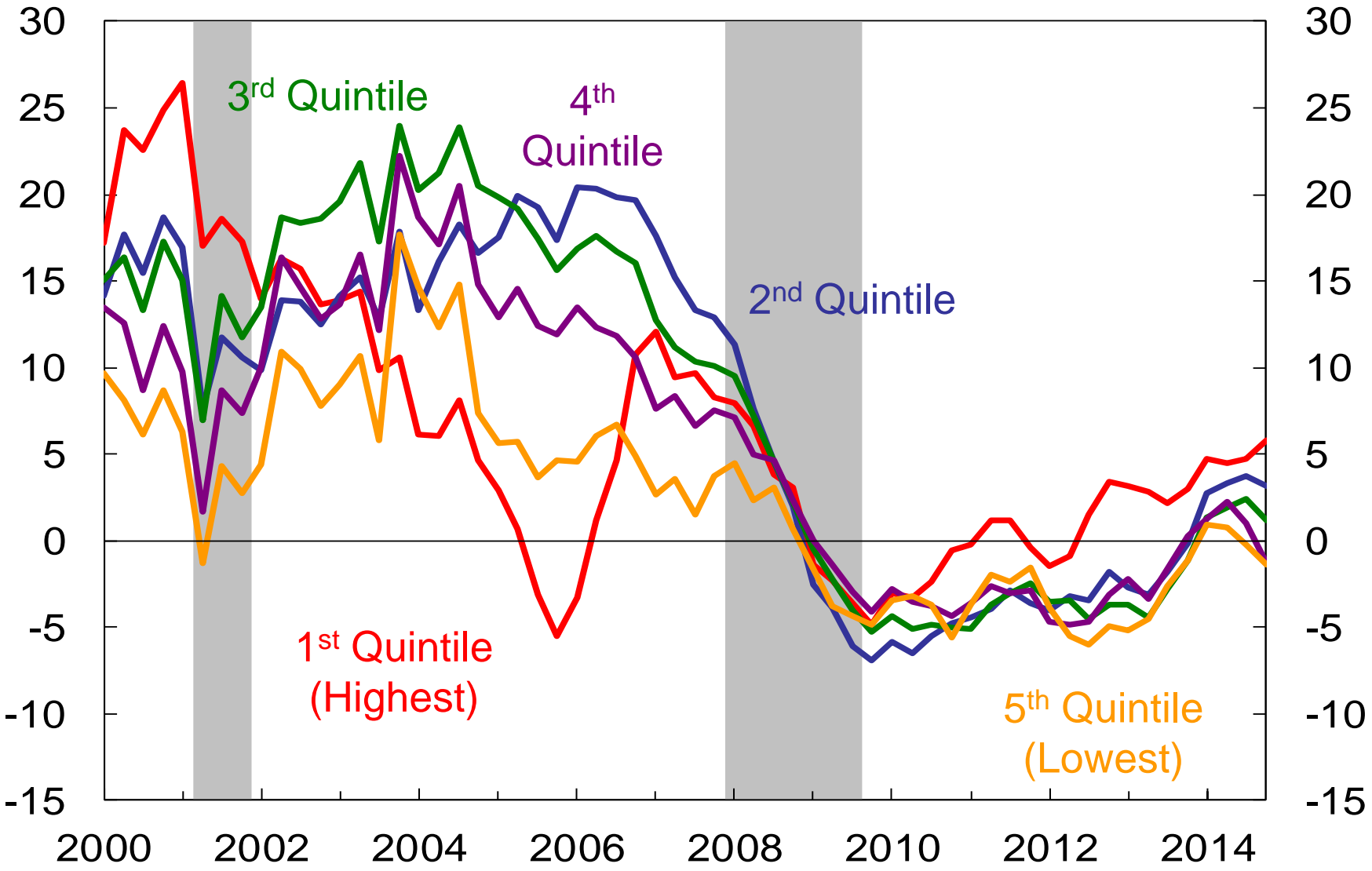


Source: Autodata/Haver Analytics

Consumer Debt by Credit Score

% Change – Year to Year

% Change – Year to Year



Source: FRBNY Consumer Credit Panel

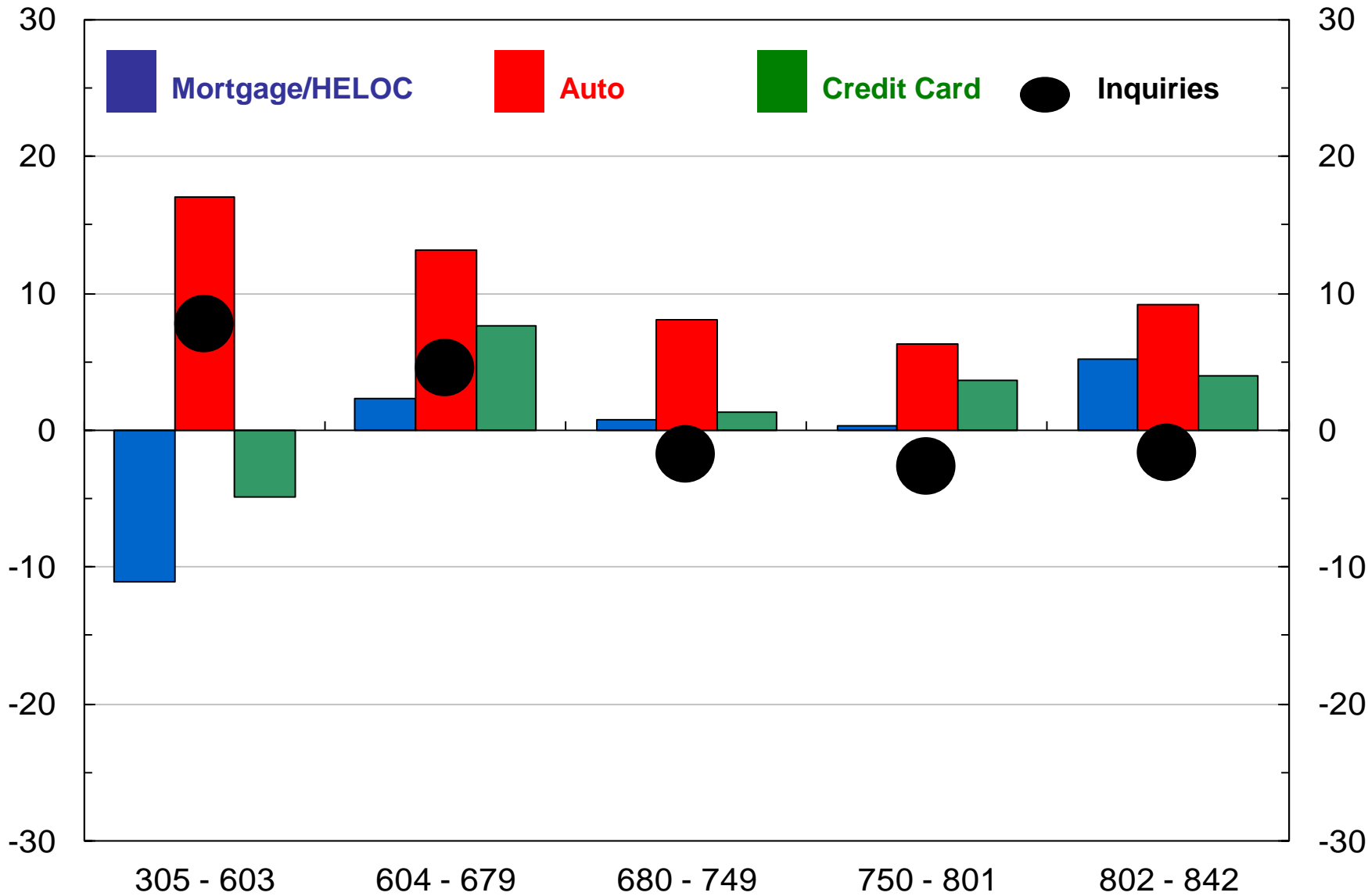
Note: Includes Student Loans

Change in Debt 2013Q4-2014Q4

By Credit Score Quintile

Percent

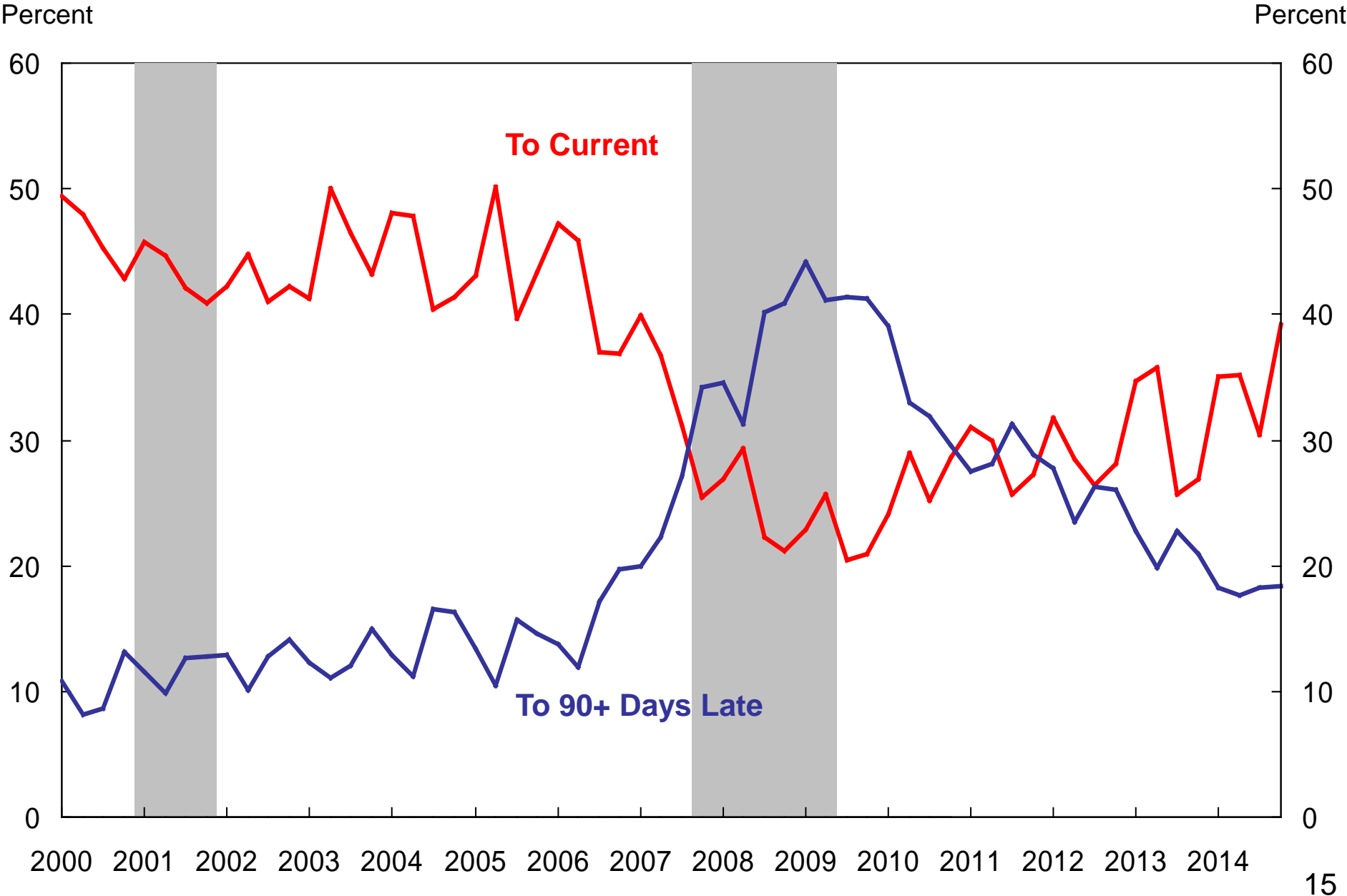
Percent



Equifax Risk Score Quintiles*

Note: * 2013Q4 Quintiles

Transition of Mortgage Accounts from 30-60 Days Late

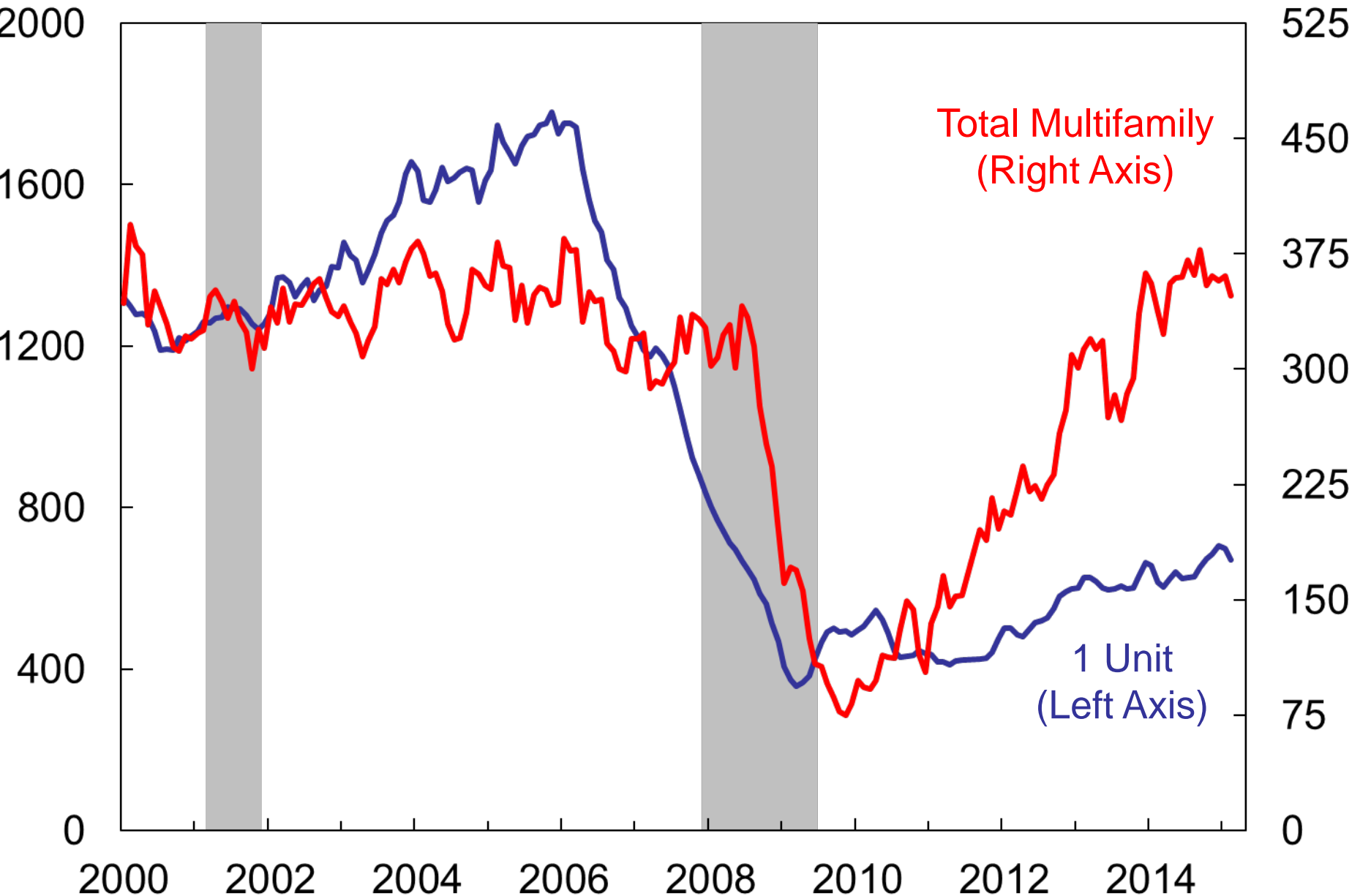


Source: FRBNY Consumer Credit Panel

Housing Starts

Thousands, 3 MMA

Thousands, 3 MMA

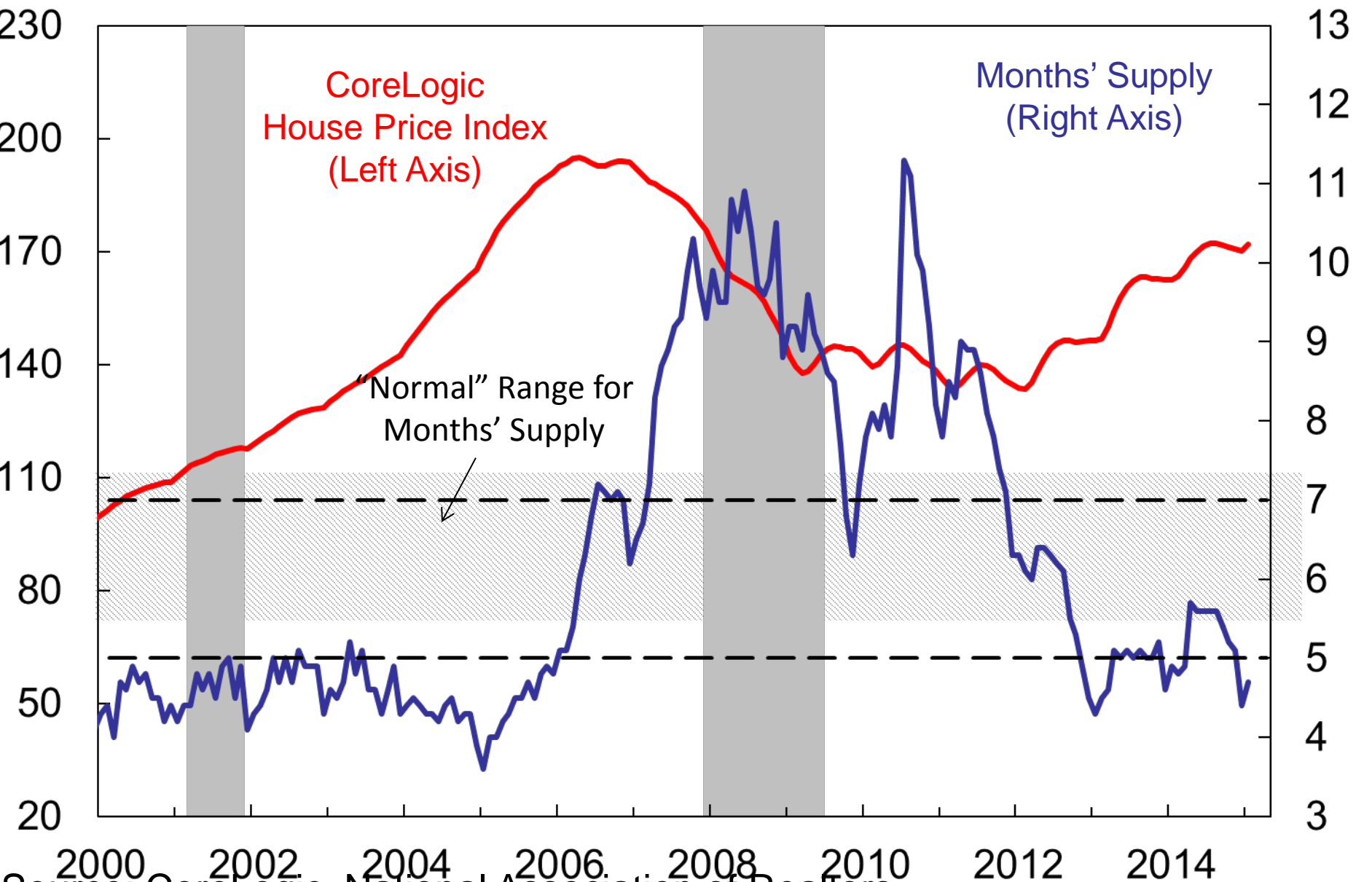


Source: Census Bureau

Single Family Housing Market

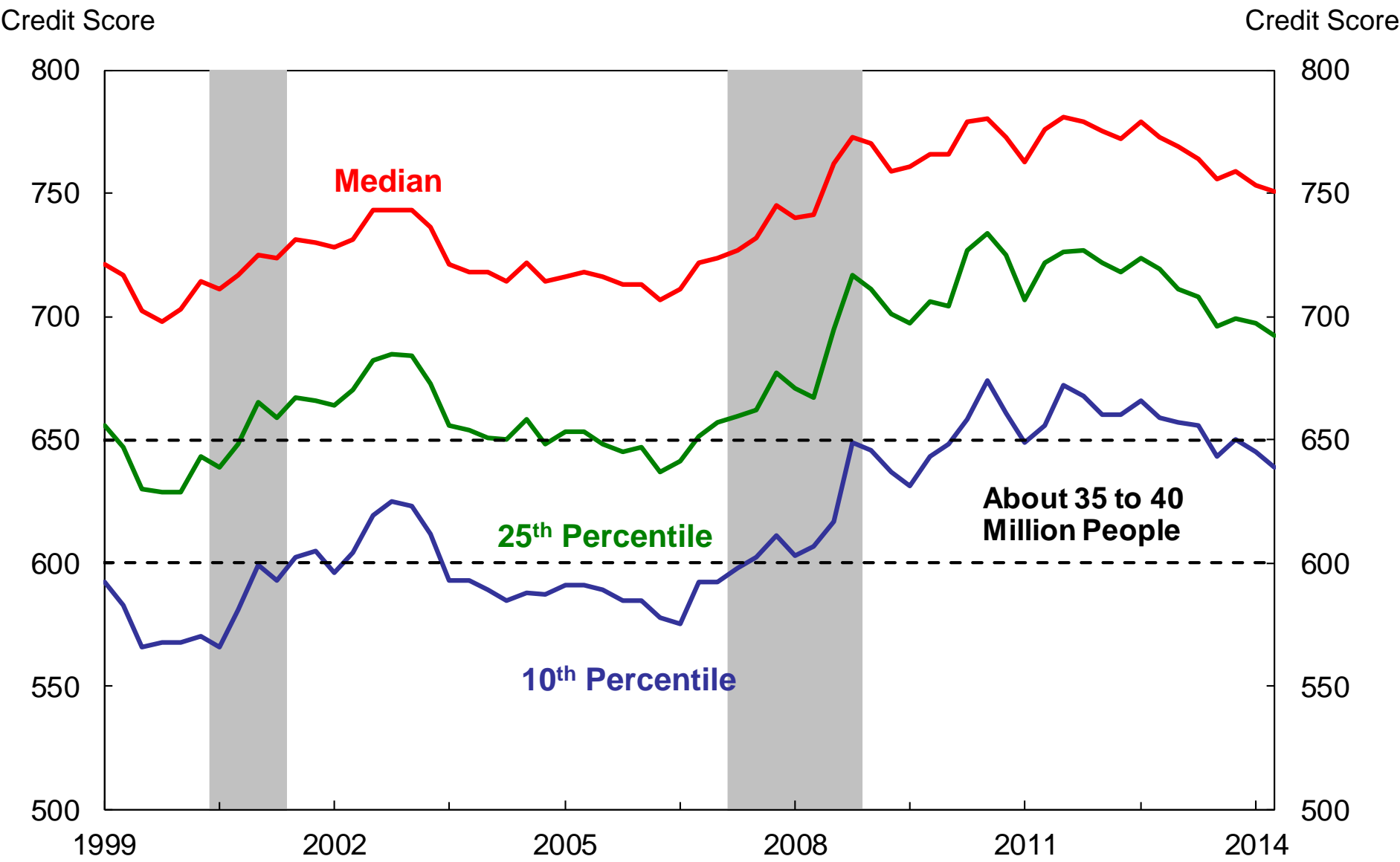
Index, January 2000 = 100

Months' Supply



Source: CoreLogic, National Association of Realtors

Credit Score at Mortgage Origination: All First Mortgages

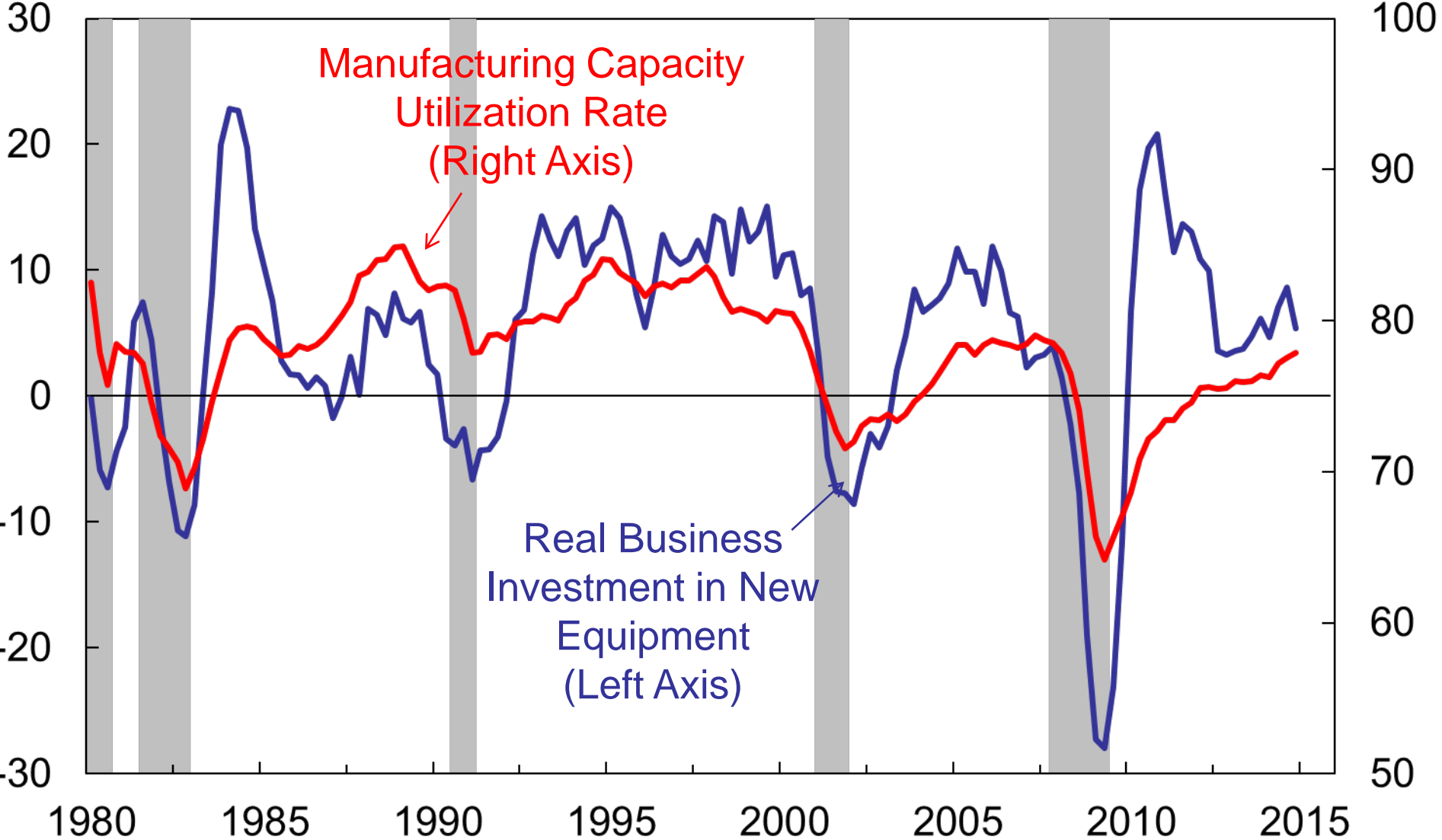


Source: FRBNY Consumer Credit Panel.

Equipment Investment and Capacity Utilization

% Change – Year to Year

% of Capacity



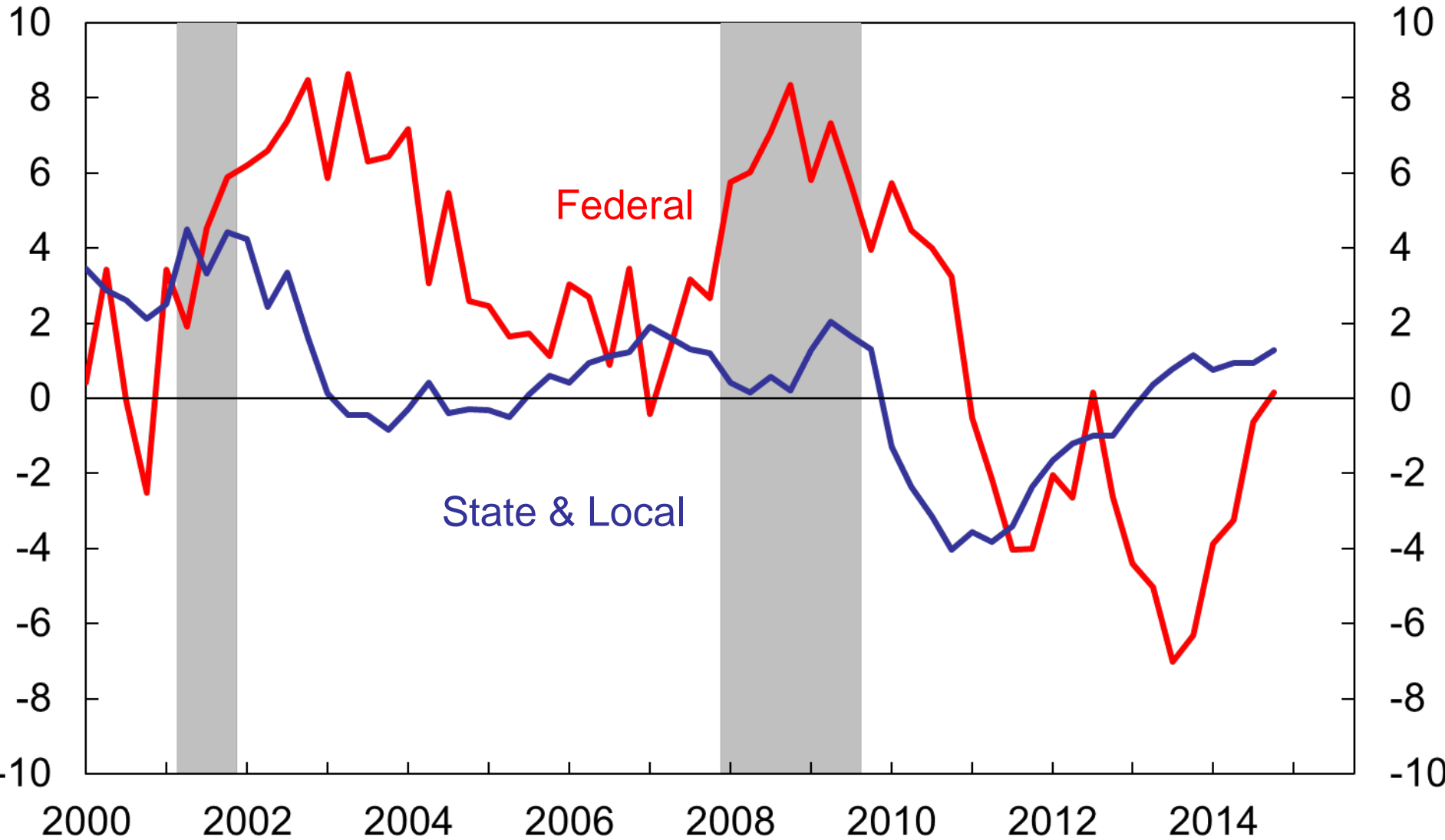
Source: Federal Reserve Board, Bureau of Economic Analysis

Note: Grey shading shows NBER recessions

Real Government Consumption and Gross Investment

% Change – Year to Year

% Change – Year to Year



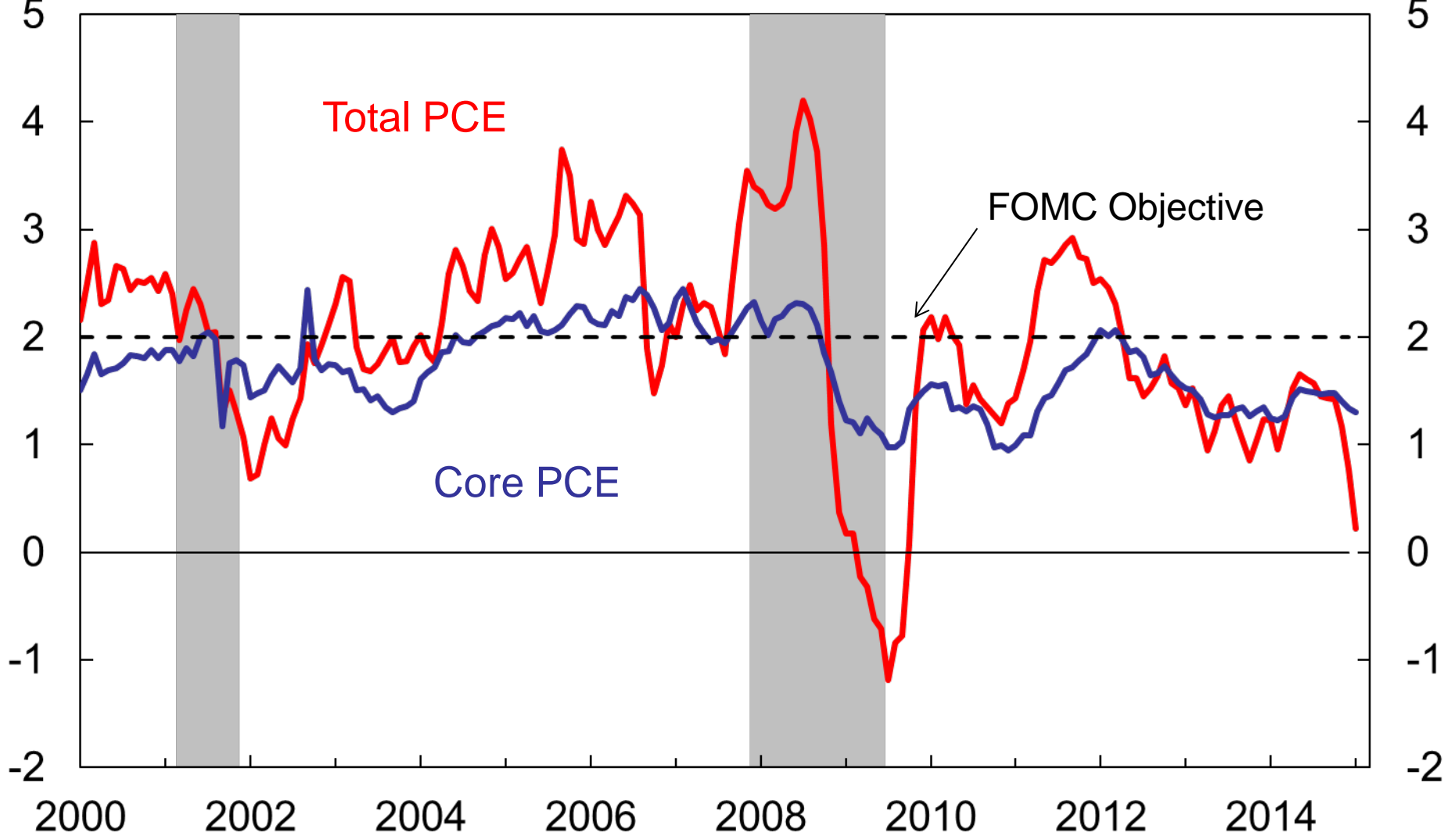
Source: Bureau of Economic Analysis

Note: Grey shading shows NBER recessions

PCE Deflator

% Change – Year to Year

% Change – Year to Year



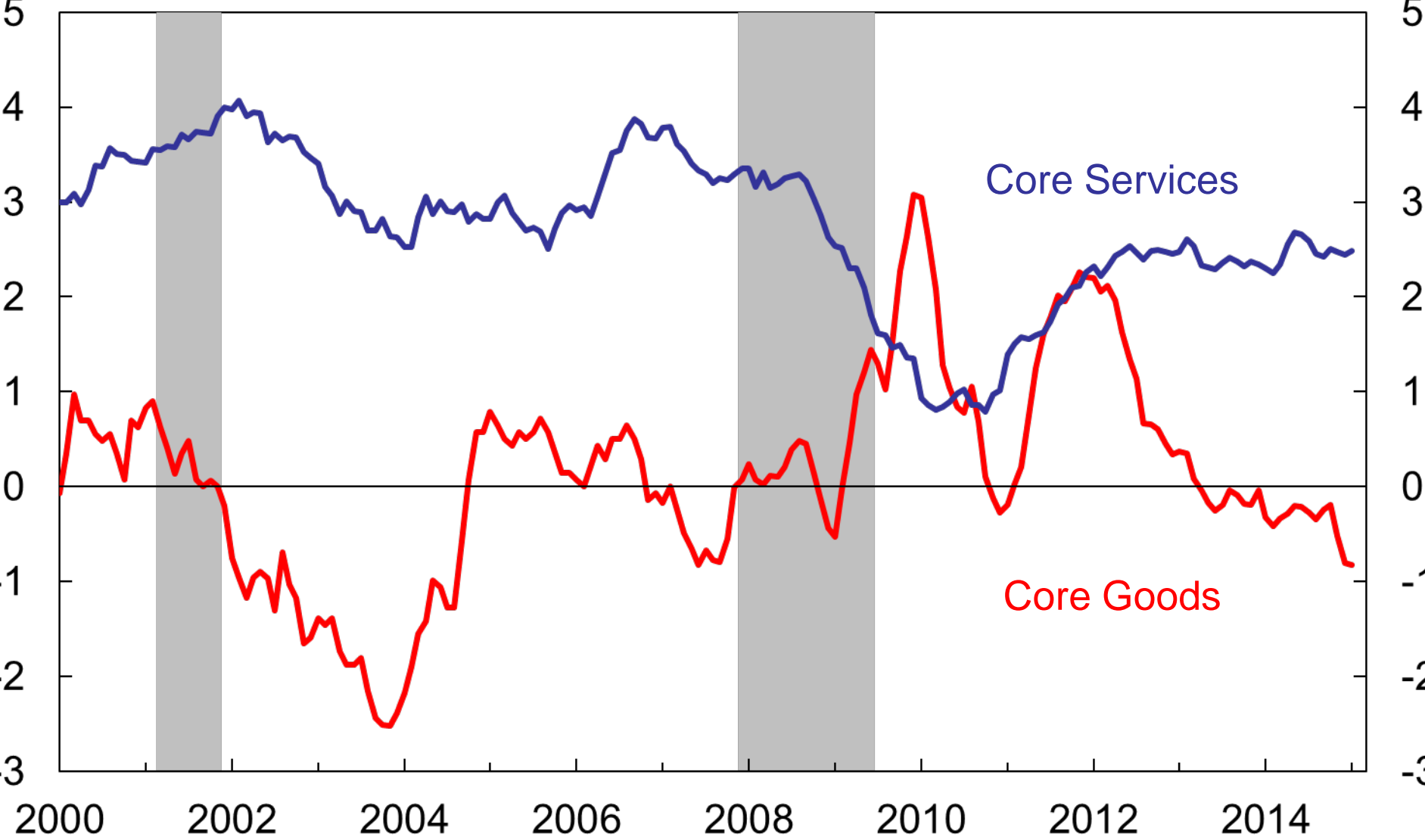
Source: Bureau of Economic Analysis

Note: Grey shading shows NBER recessions

CPI Inflation: Core Goods and Core Services

% Change – Year to Year

% Change - Year to Year



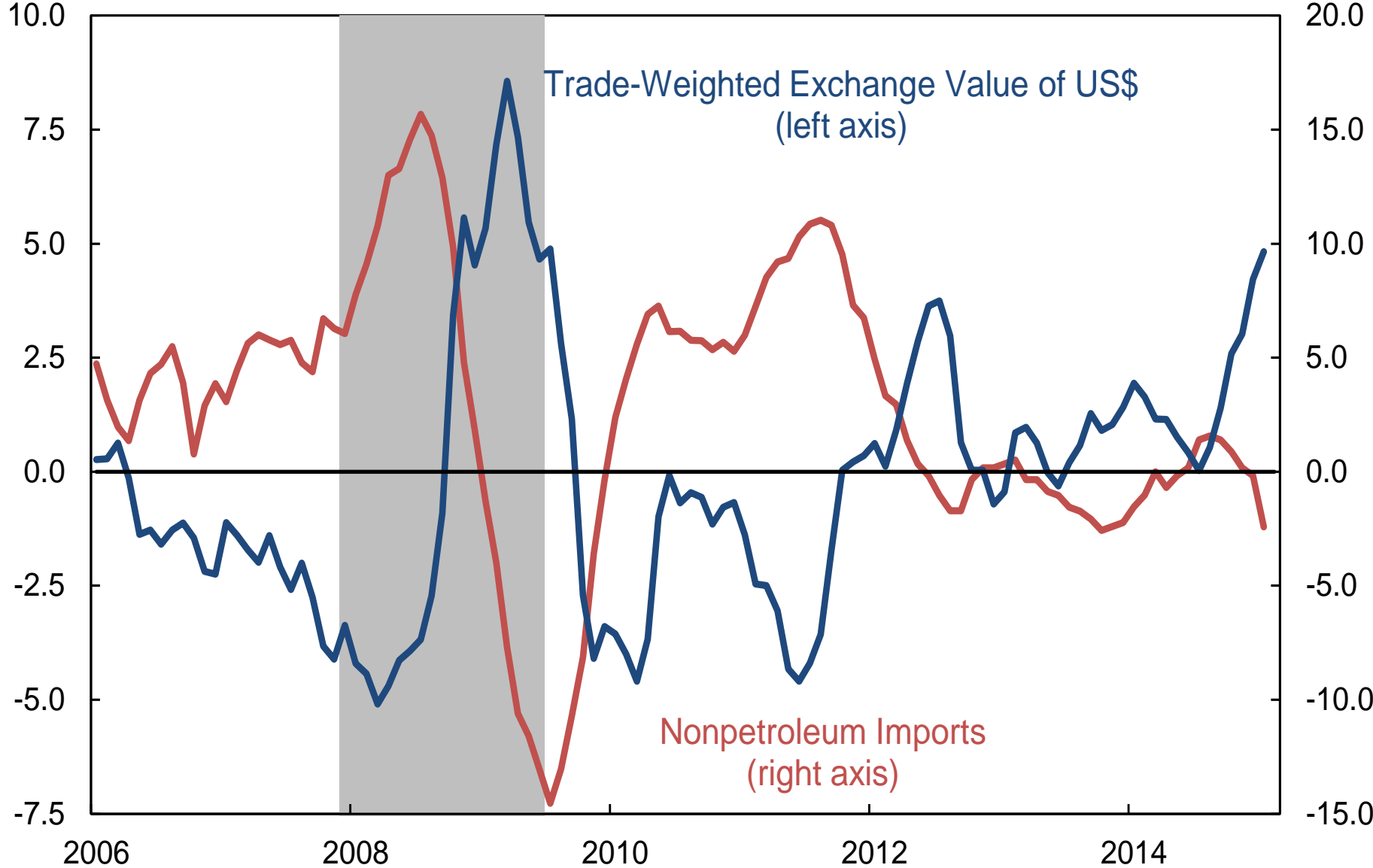
Source: Bureau of Labor Statistics

Note: Grey shading shows NBER recessions

Trade-Weighted Exchange Value of US\$ & Nonpetroleum Imports

Year-over-year percent

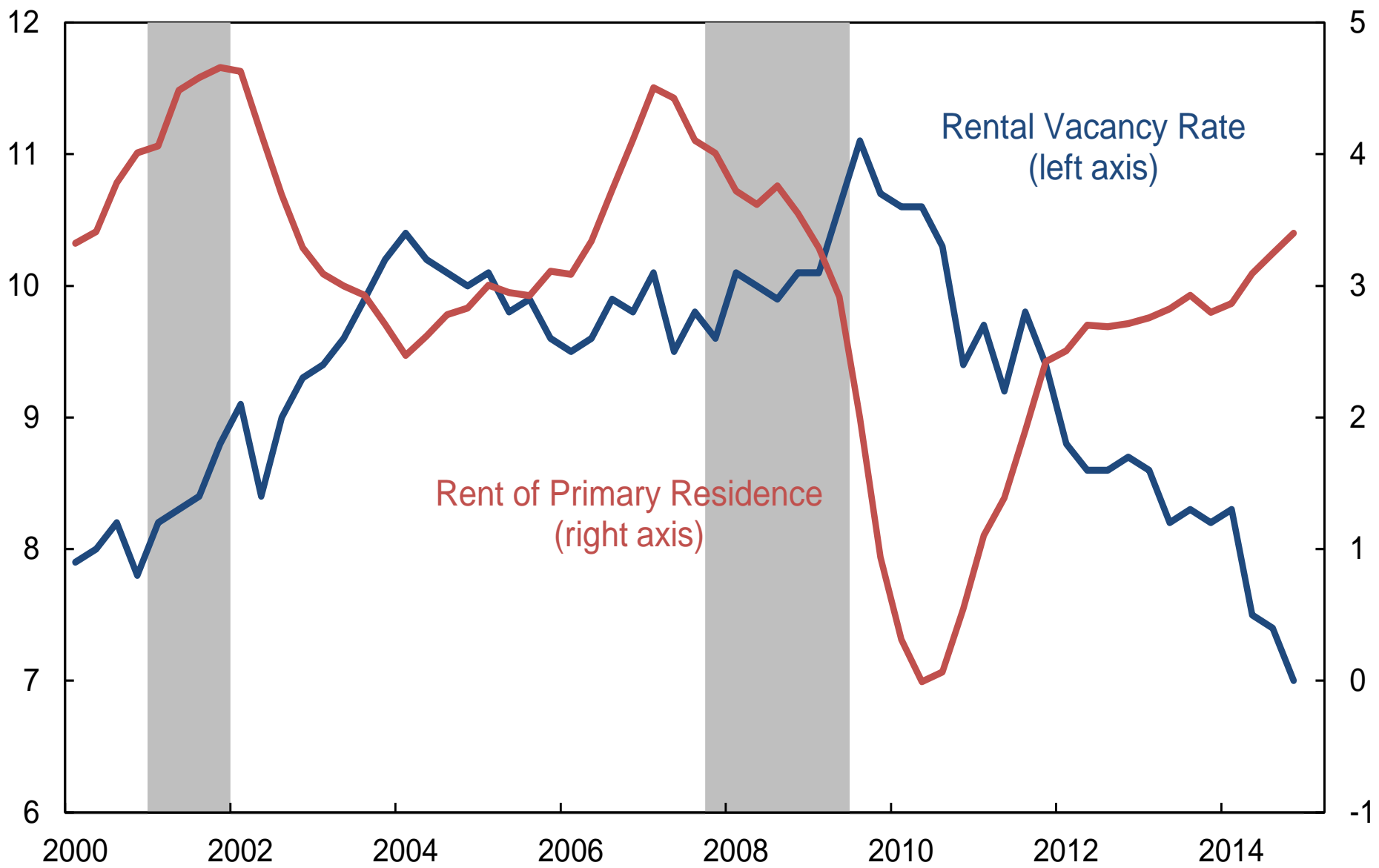
Year-over-year percent



Source: Federal Reserve Board, BLS/Haver Analytics

Rental Vacancy Rate and Rent of Primary Residence

Percent Year-over-year percent

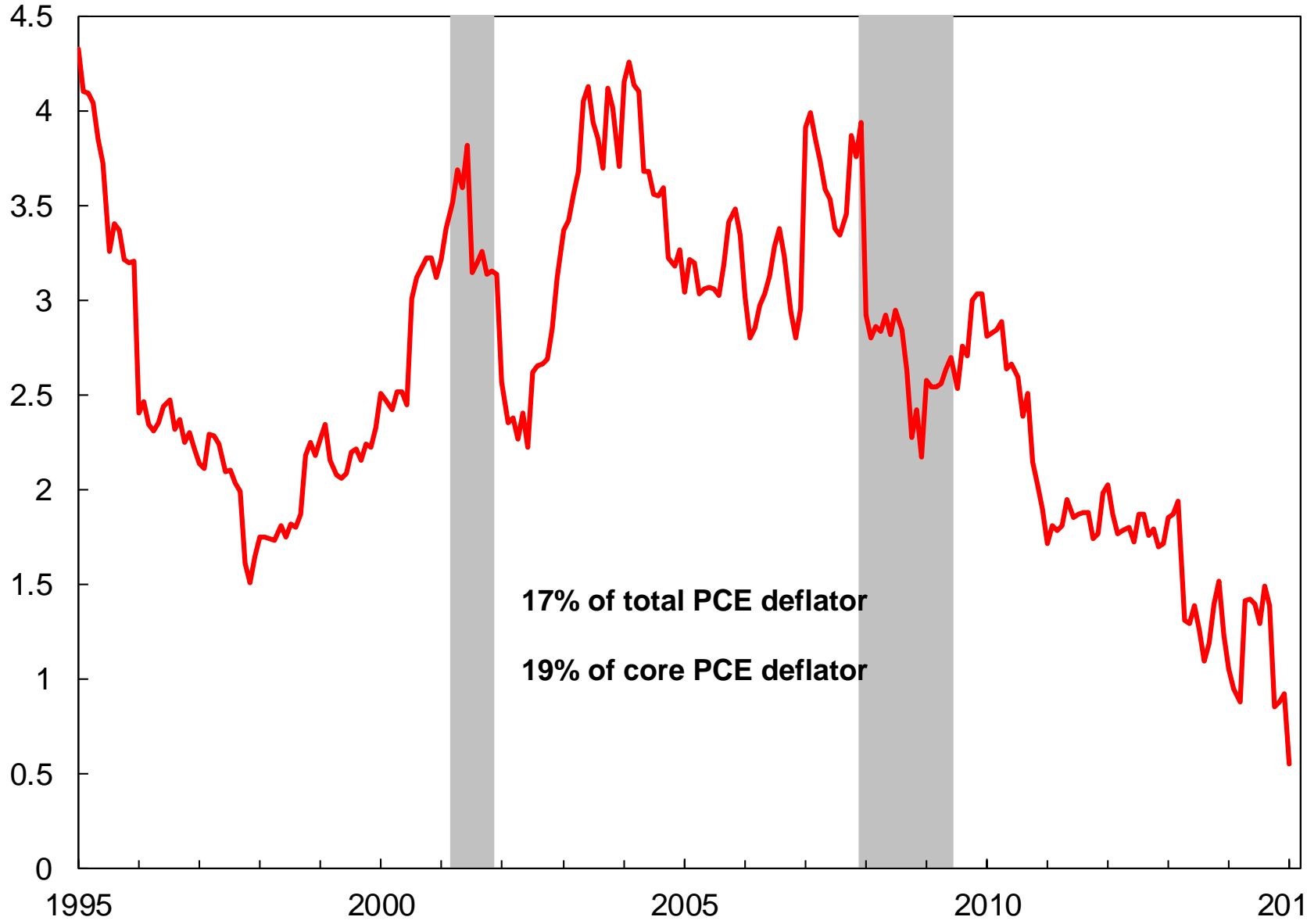


Source: Census Bureau, BLS/Haver Analytics

Personal Consumption Expenditures: Health Care Price Index

% Change – Year to Year

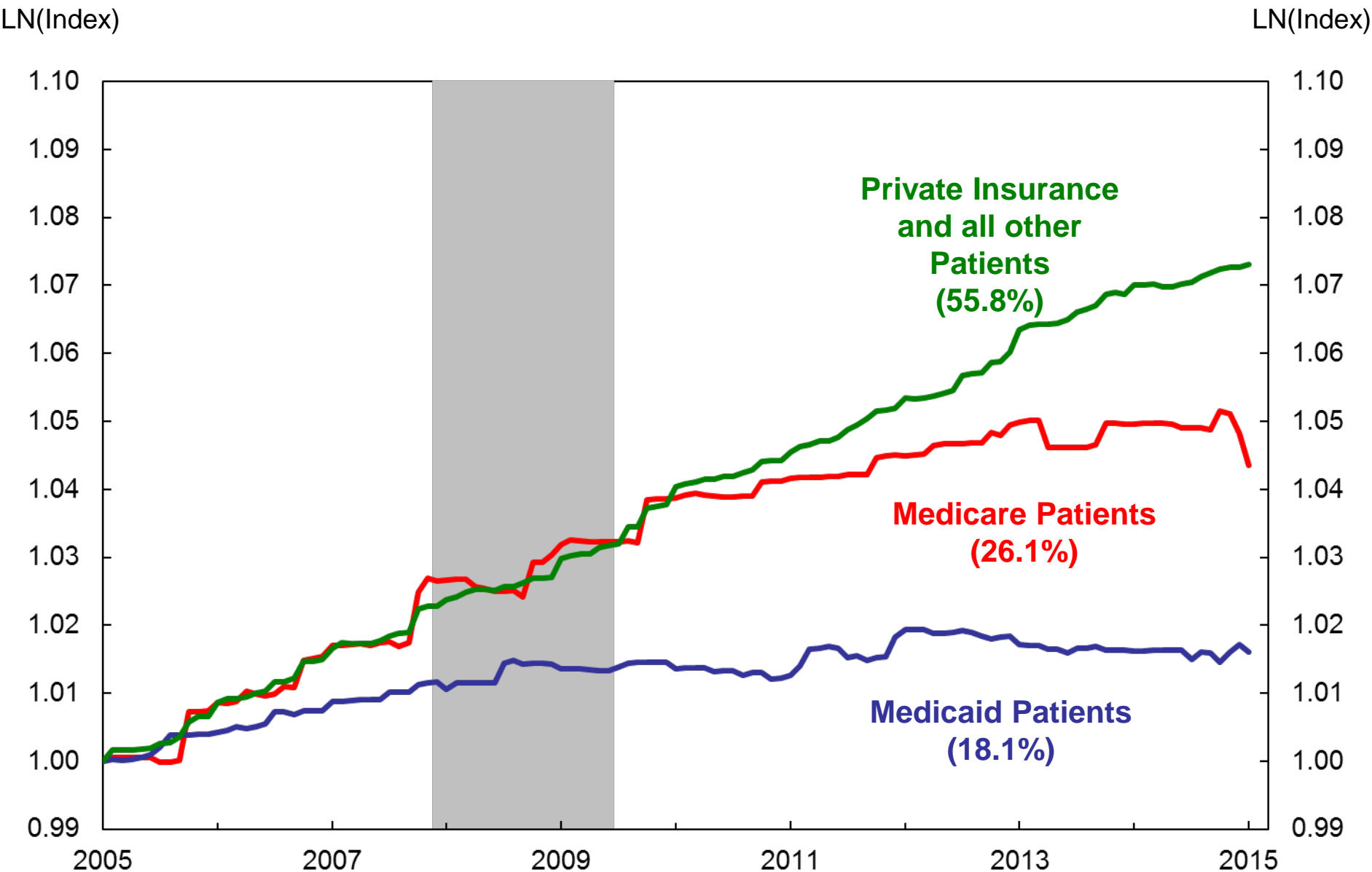
% Change – Year to Year



17% of total PCE deflator
19% of core PCE deflator

Source: Bureau of Economic Analysis / Haver Analytics

Producer Price Index: General Medical and Surgical Hospitals by Patient Type



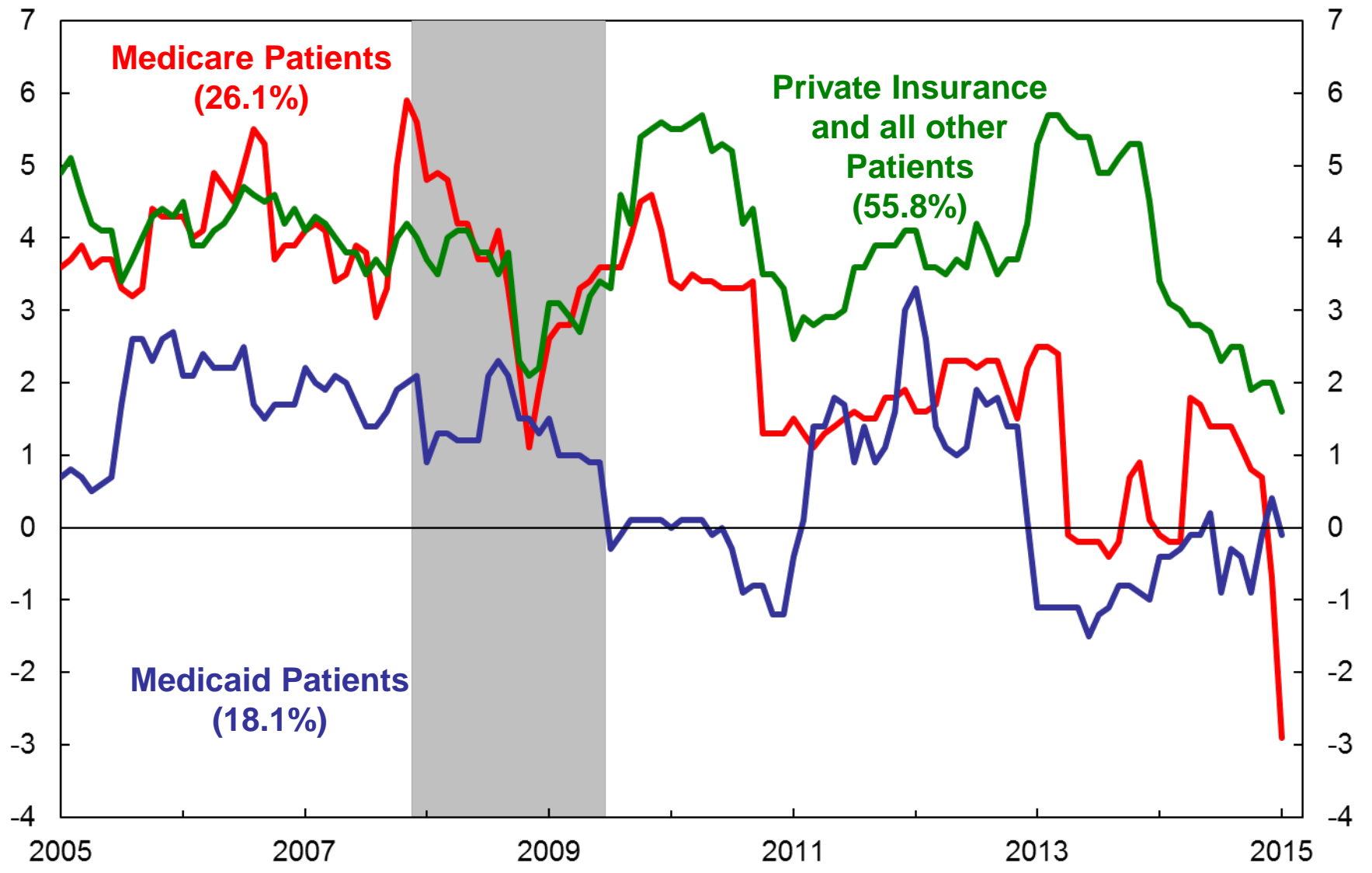
Source: Bureau of Labor Statistics PPI

Note: Jan-2005 set to 1

Producer Price Index: General Medical and Surgical Hospitals by Patient Type

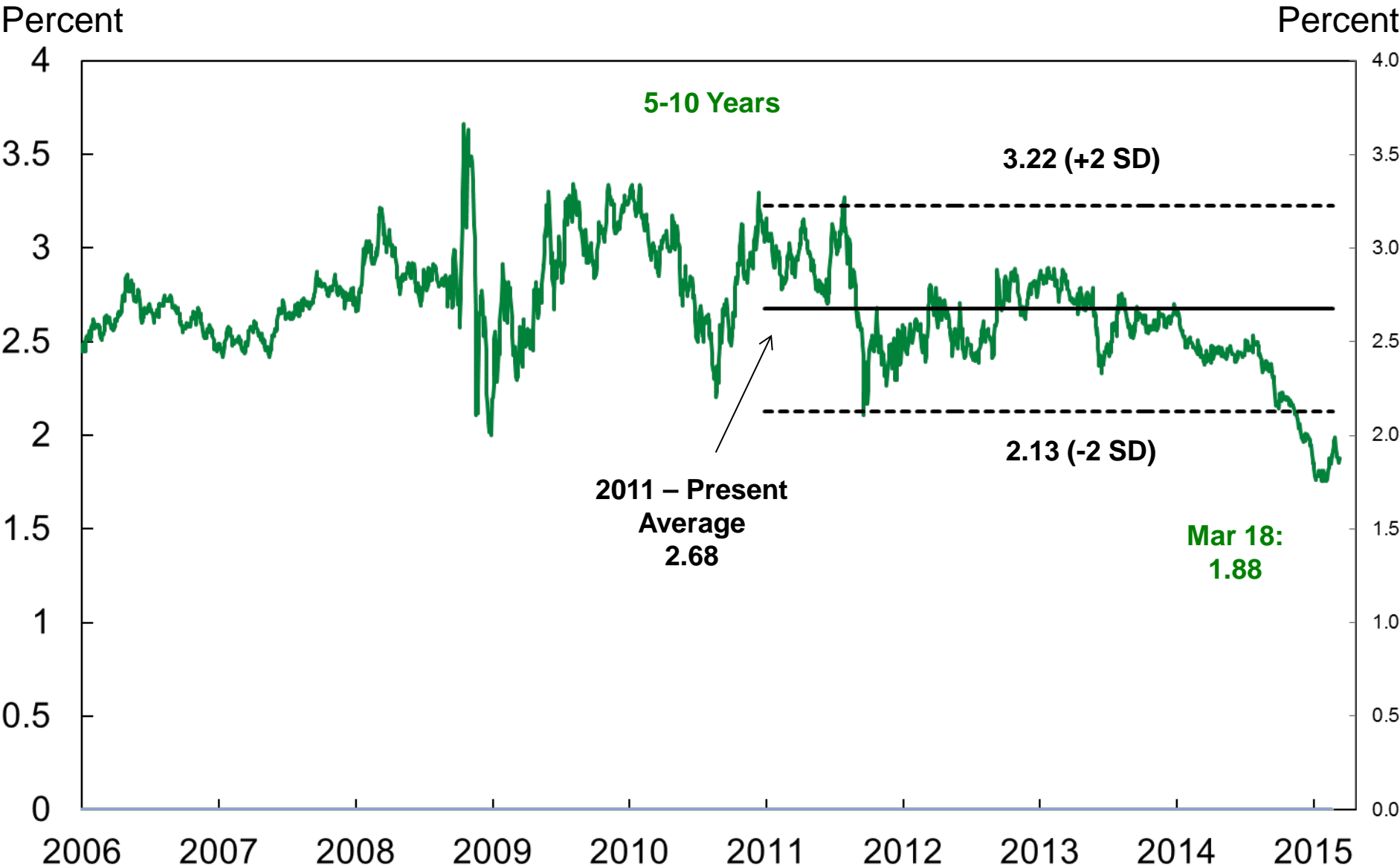
12 Month % Change

12 Month % Change



Source: Bureau of Labor Statistics PPI

TIPS Based Inflation Expectations



Source: Federal Reserve Board

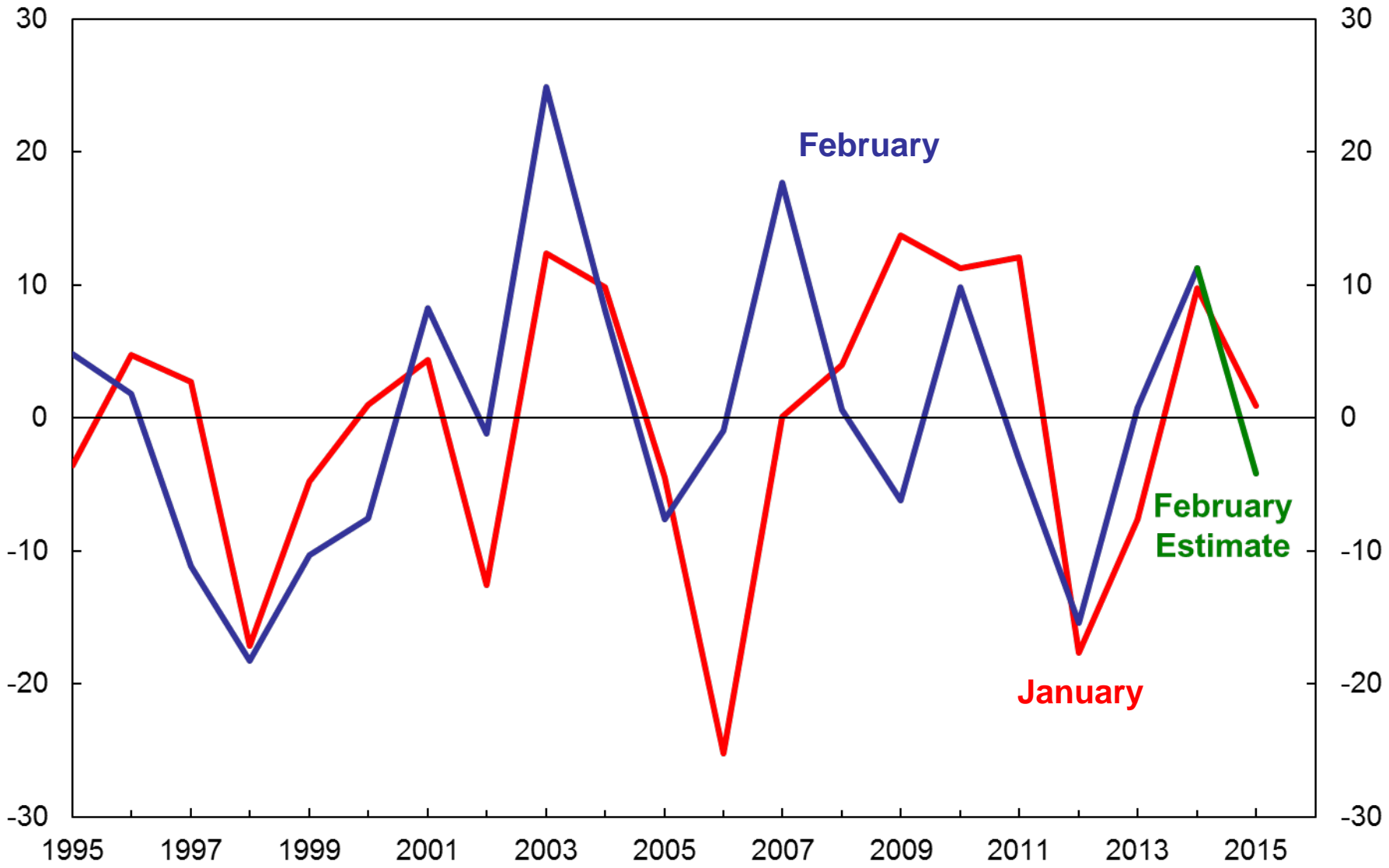
Note: Dashed lines represent 2 Standard Deviations from the mean

Reference Charts

HDD – Percentage Deviation from 5-yr MA

Percentage Deviation

Percentage Deviation

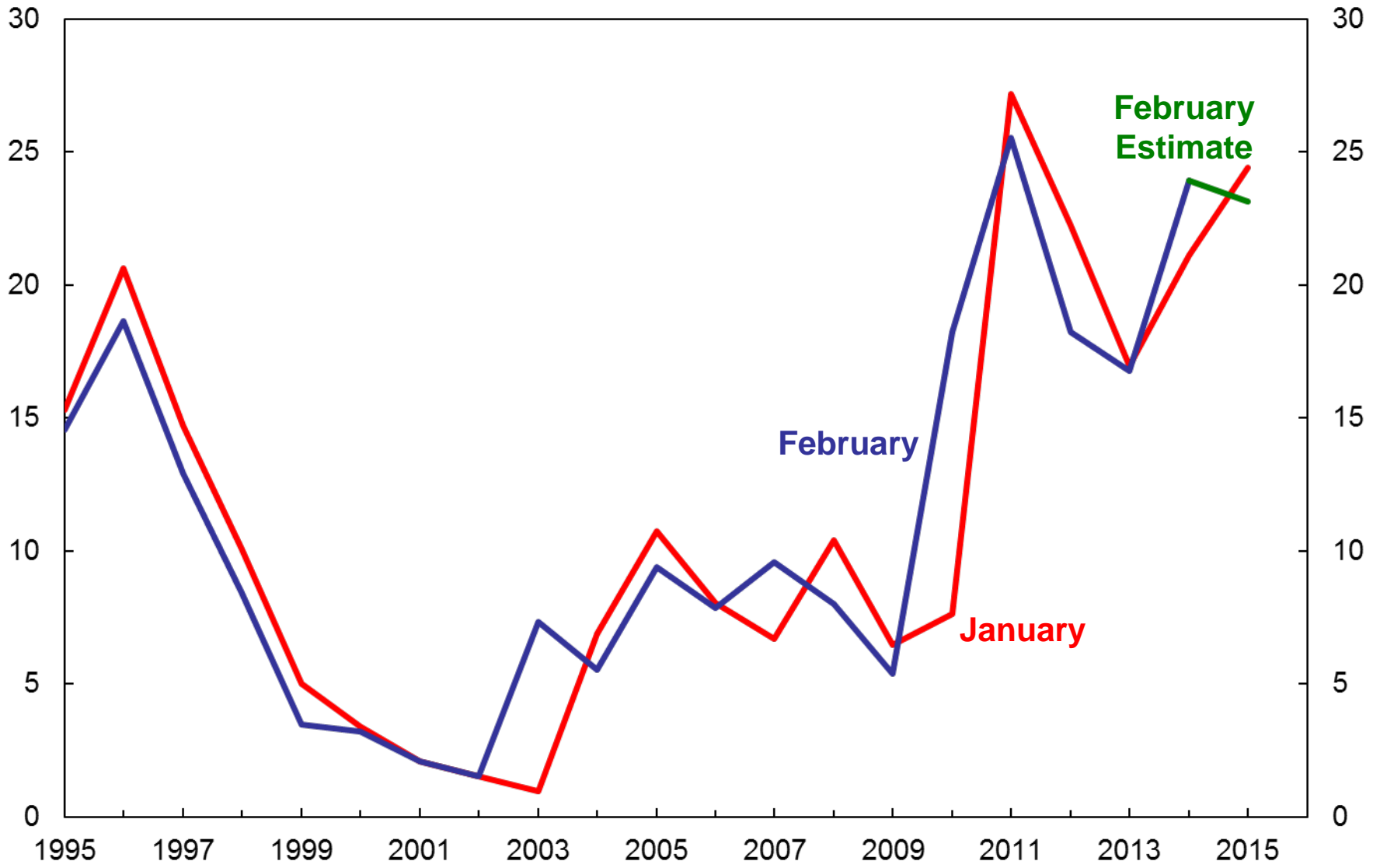


Source: Author's Calculations of data generated by NOAA

NESIS – Percentage Deviation from 5-yr MA

Percentage Deviation

Percentage Deviation



Source: Author's Calculations of data generated by NOAA



FEDERAL RESERVE BANK *of* NEW YORK

Economic Conditions in Upstate New York

Jaison R. Abel, Research Officer

Upstate New York Regional Advisory Board Meeting; New York, NY; March 20, 2015

The views expressed here are those of the presenter and do not necessarily represent those of the Federal Reserve Bank of New York or the Federal Reserve System.

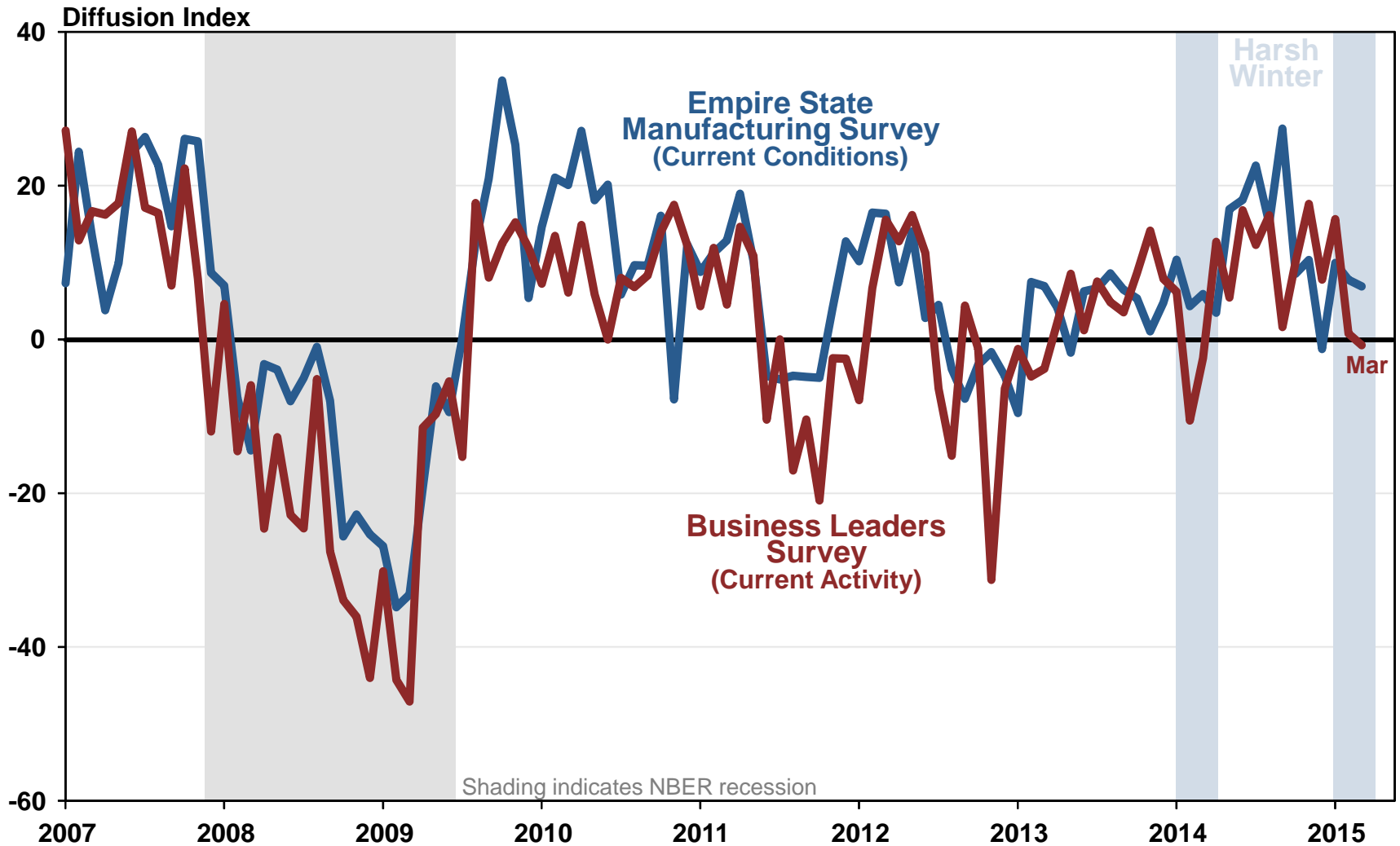
Overview of Regional Conditions

- Though growth remains slow, the upstate economy gained momentum in the second half of last year.
- Unusually harsh winter weather restrained economic activity in early 2015.
- Looking ahead, businesses in the region expect economic conditions to improve, particularly those in the service sector.



Current Economic Conditions

FRBNY Regional Business Surveys



Harsh Winter Weather

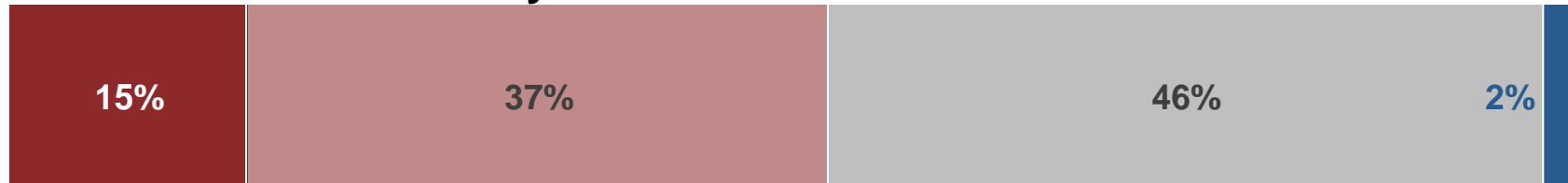
FRBNY Supplemental Survey Report, March 2015

How much lower (or higher) do you think your revenues were in early 2015 as a result of the unusually inclement winter weather?

Empire State Manufacturing Survey

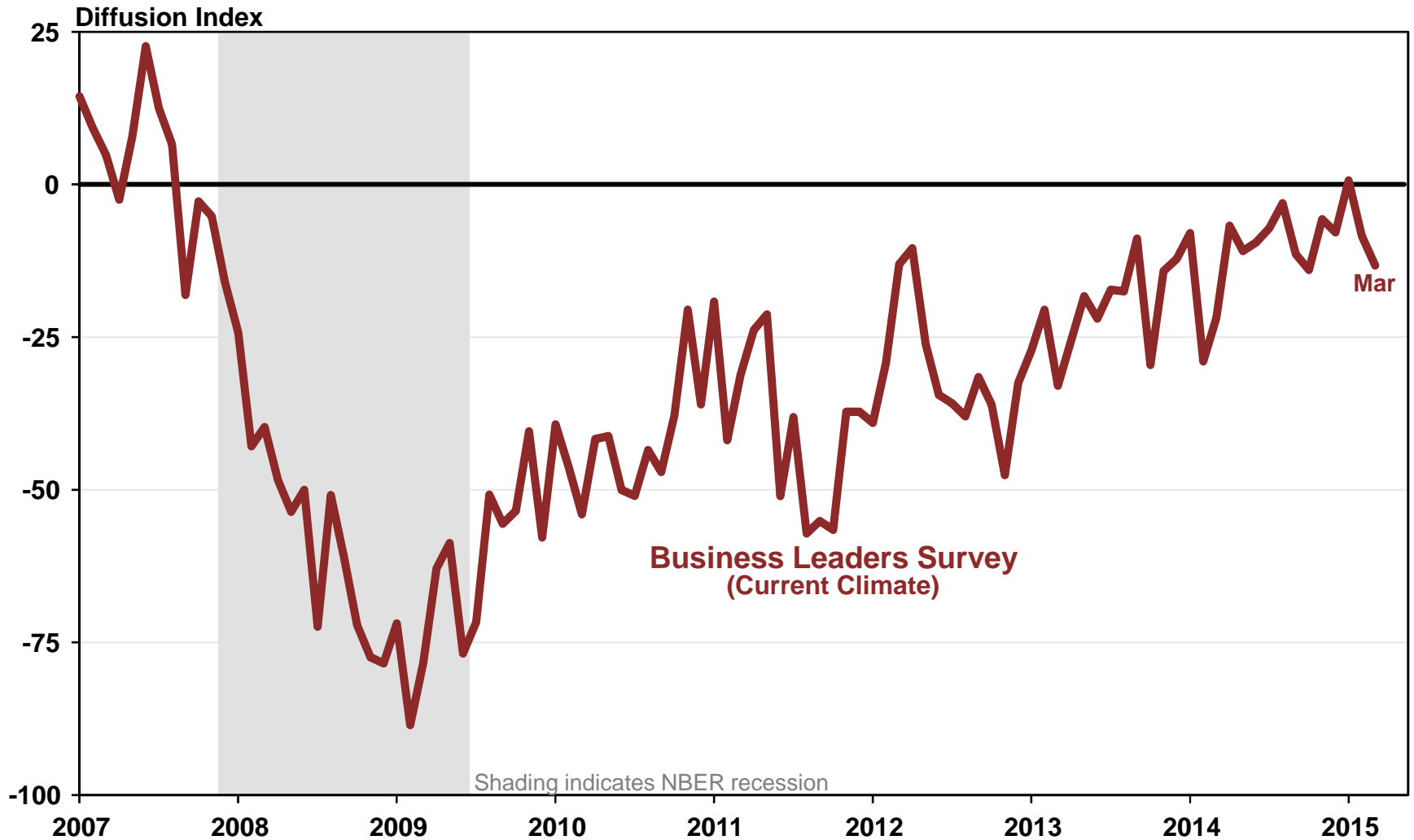


Business Leaders Survey



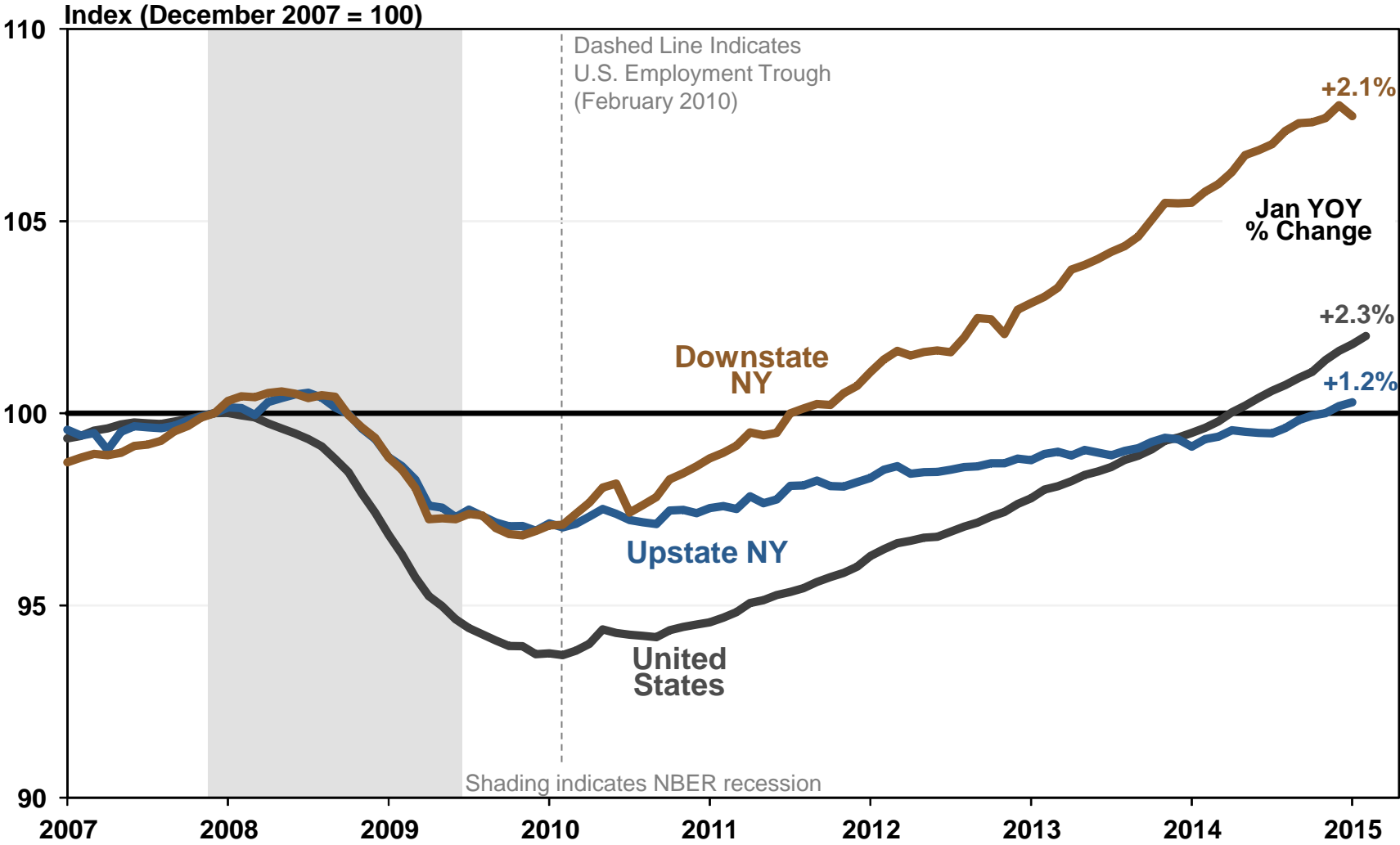
Current Business Climate

FRBNY Business Leaders Survey



Regional Employment Trends

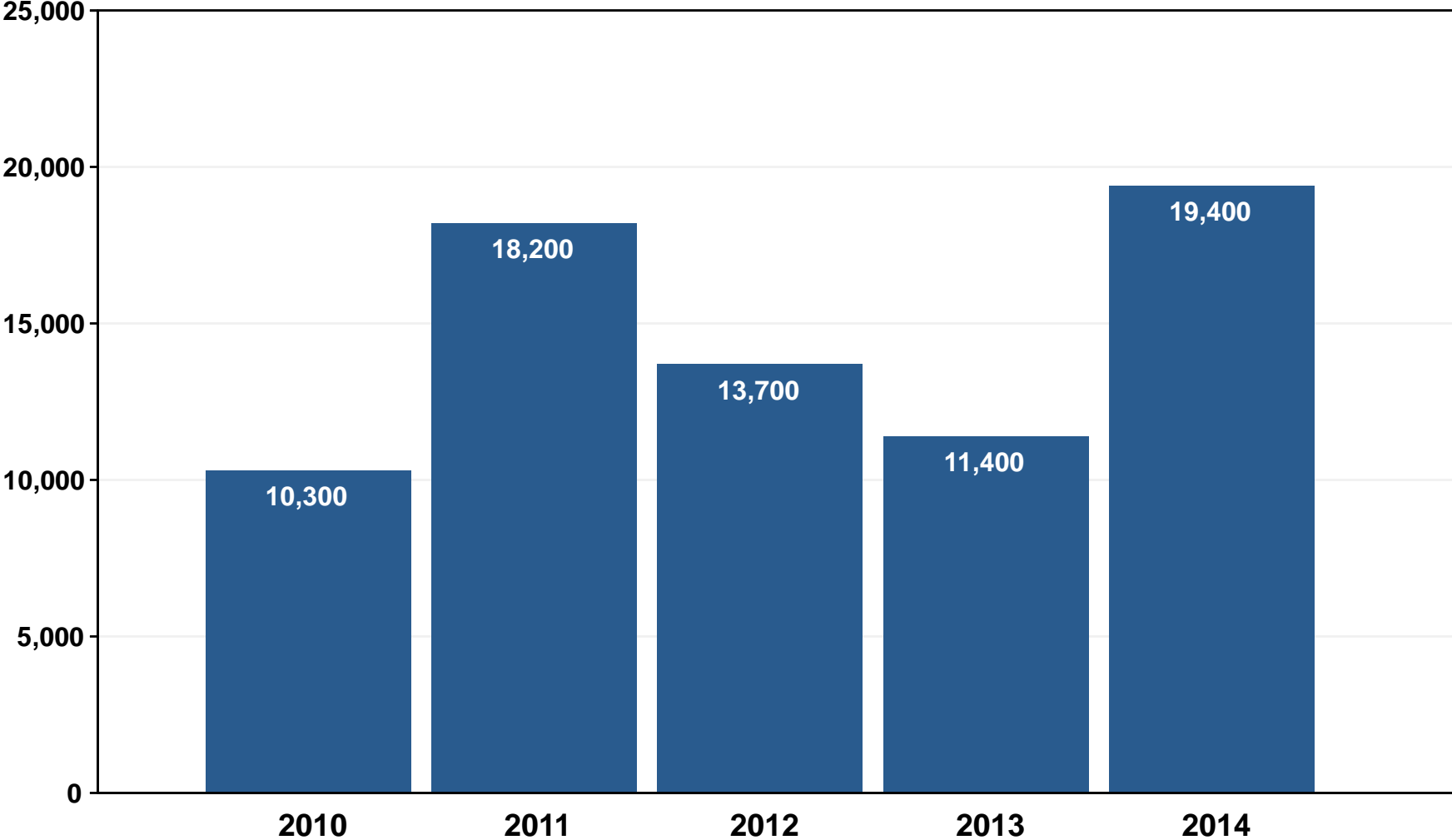
Total Employment, Seasonally Adjusted



Source: New York State Department of Labor, Bureau of Labor Statistics, and Moody's Economy.com.

Upstate Job Creation During the Recovery

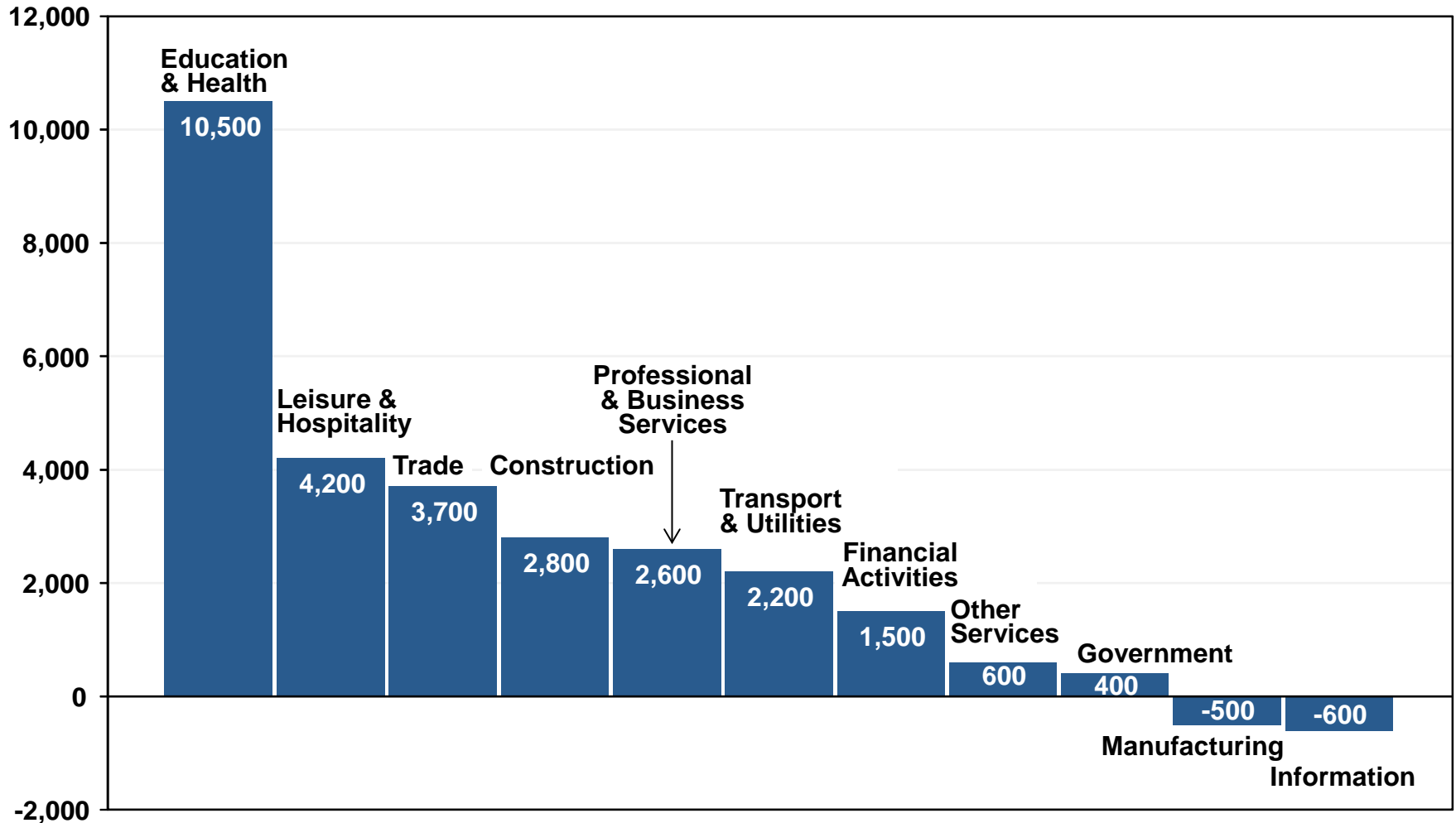
Annual Net Change in Jobs



Source: New York State Department of Labor.

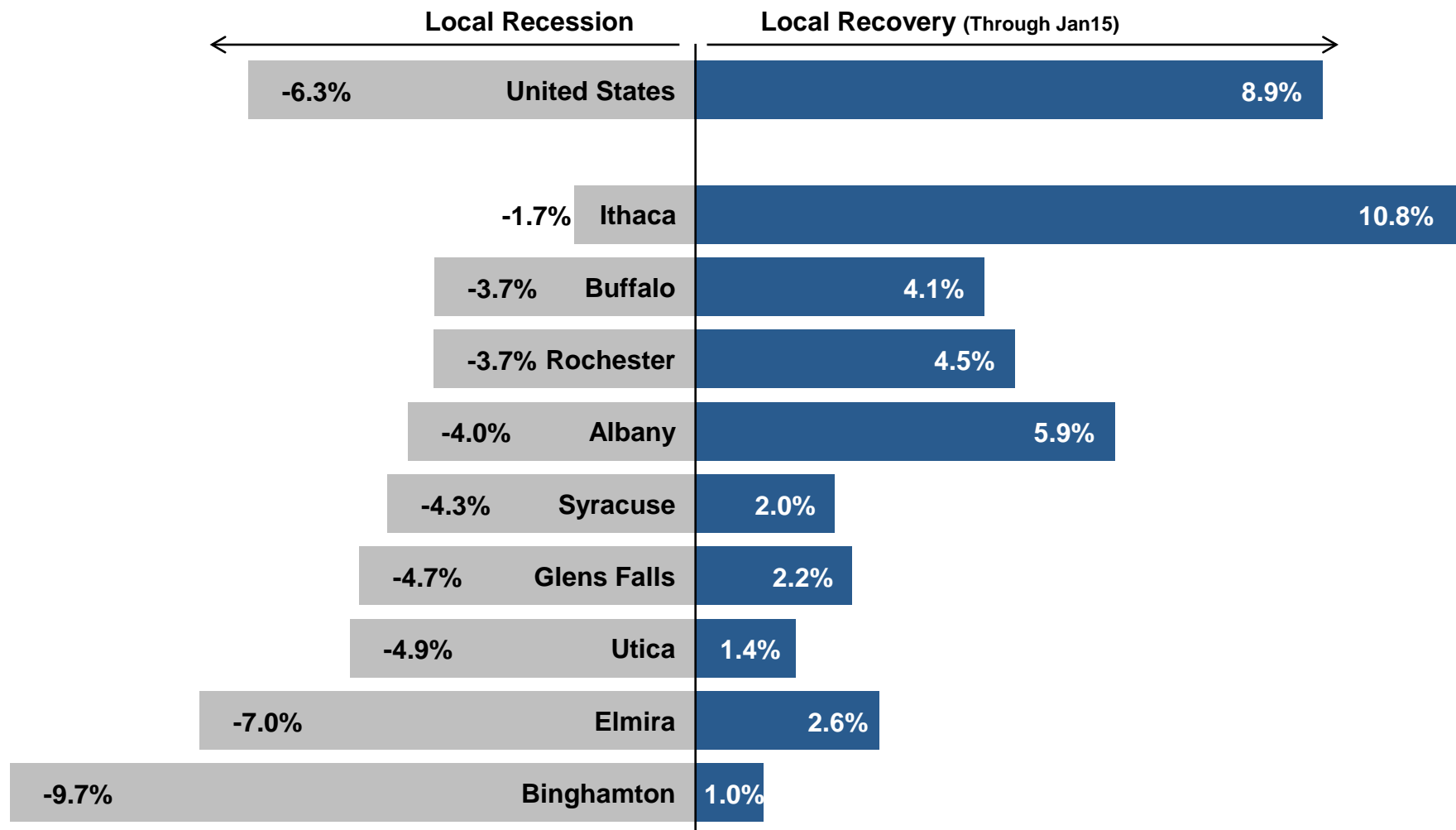
Upstate Job Growth by Industry

Year-Over-Year Change, January 2015



Status of Jobs Recovery Across the Region

Percent Change, Total Employment



Future Economic Conditions

FRBNY Regional Business Surveys, Conditions Six Months Ahead

