



**Small Business & Agriculture Advisory Council
Federal Reserve Bank of New York
33 Liberty Street
10F, Paul Volcker Boardroom
Tuesday, April 14, 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
Jim Orr, Vice President

11:30am-12:00pm International Update
Matthew Higgins, 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. Did your firm's sales volume increase, decrease or stay the same in the first quarter of the year?
2. Do you expect your firm's sales to increase, decrease, or stay the same during the second quarter?
3. Do you plan to increase investment in your firm (plant & equipment) this year?
4. Has your firm faced any recent shortage of labor that has limited your ability to meet demand?
5. Do you plan to increase employment this year?
6. Do you expect input prices to increase this year? Do you expect prices of products/services sold to increase?
7. Over the past two quarters, how have the terms and conditions for obtaining financing changed (tightened, eased, not changed)?

2:00 pm Adjourn



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Federal Reserve Bank of New York
33 Liberty Street
New York, NY
Tuesday, April 14, 2015**

ATTENDEE LIST

Council Members

Michael Arnoff
President
Arnoff Moving & Storage

Charles Feit
President and Founder
OnForce Solar

Alejandro Ballester
President
Ballester Hermanos, Inc.

Deborah Leo
President
Retail Solutions, Inc.

Adenah Bayoh
Co-Founder
Kapwood, LLC

Peter Maglathlin
Chief Executive Officer
MBI, Inc.

Stewart Brunhouse
President
A&A Company, Inc.

Patrick Marotta
President/CEO
Marotta Controls

William Byrne
Chairman of the Board
Byrne Dairy, Inc.

Ranjini Poddar
Founder and CEO
Artech Information Systems, LLC

Federal Reserve Bank of New York

William Dudley
Christine Cumming
Jack Gutt
Richard Peach
Kausar Hamdani
Matthew Higgins
Anand Marri
James Orr
Claire Kramer
Luis Uranga
David Parkinson

President
First Vice President
EVP, Head of Communications Group
SVP, Research & Statistics
SVP, Communications & Outreach
VP, Global Economic Analysis
VP, Head of Outreach & Education
VP, Research & Statistics
AVP, Community Development, Outreach & Education
Sr. Associate, Chief of Staff's Office
Counsel, Legal



FEDERAL RESERVE BANK *of* NEW YORK

US Macro Overview

April 14, 2015

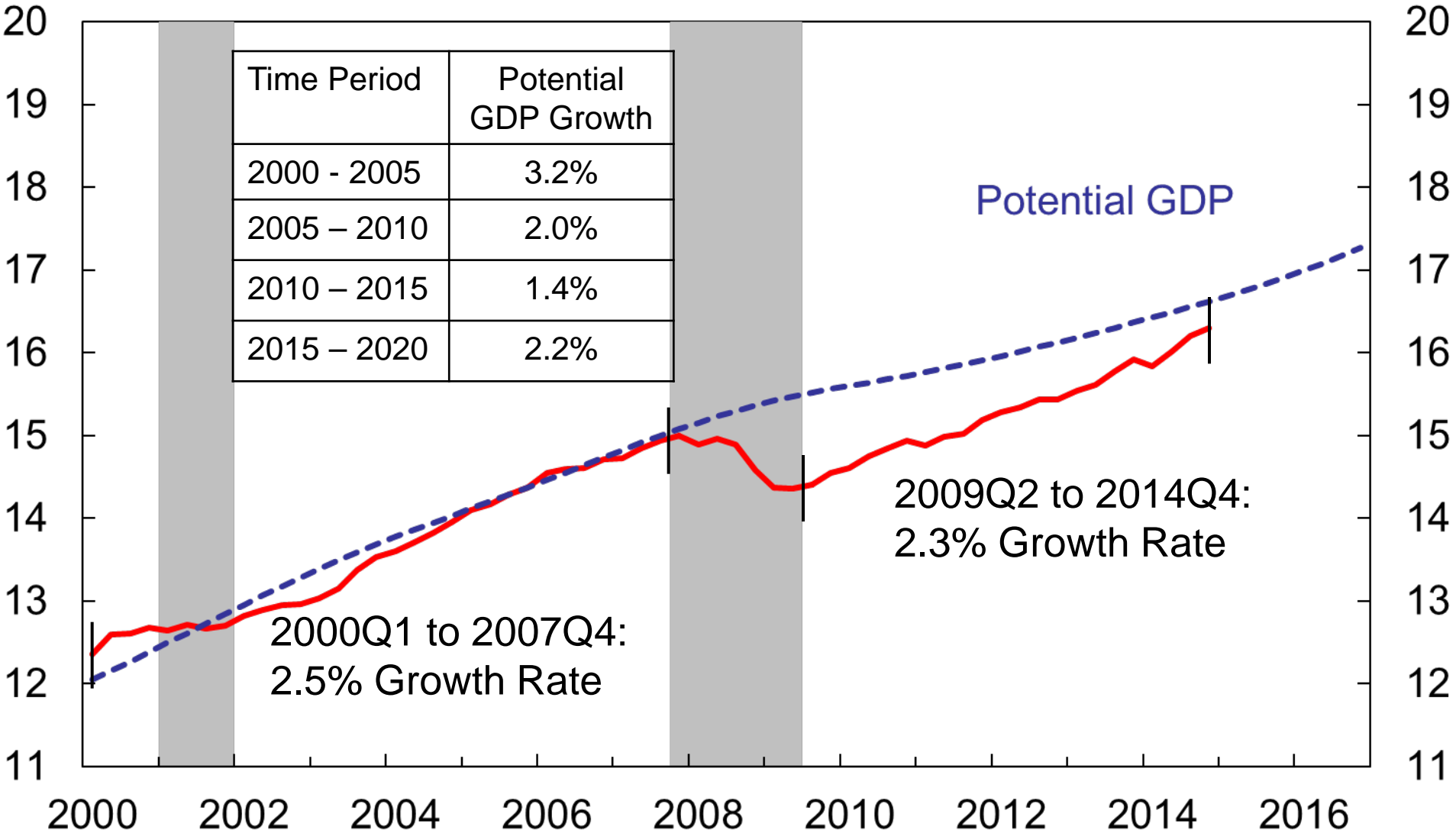
Overview

- Real GDP increased at a 2 3/4% annual rate over 2013 and 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\$

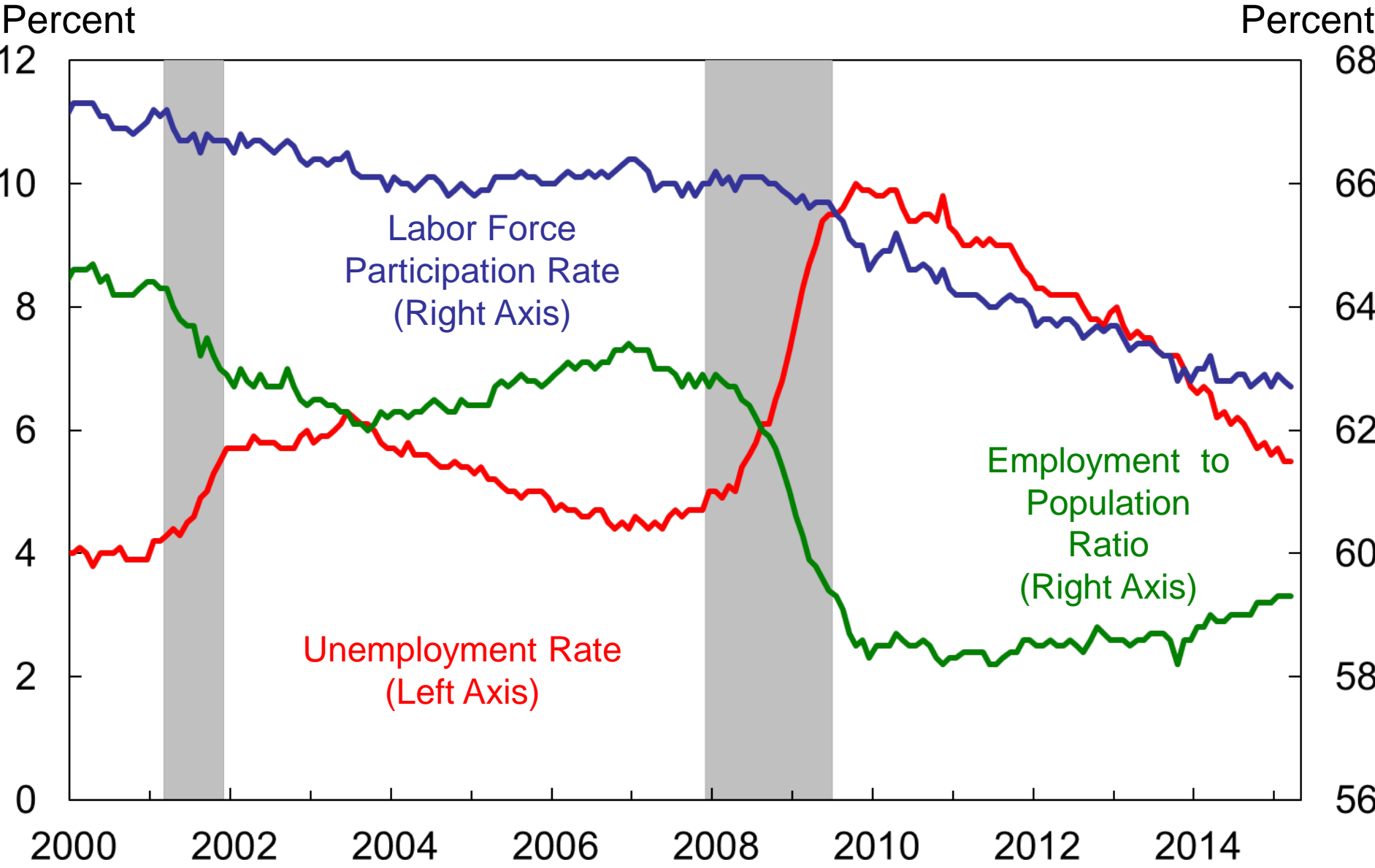
Trillions of 2009 US\$



Source: Bureau of Economic Analysis,
Congressional Budget Office

Note: Grey shading shows NBER recessions

Labor Market Indicators

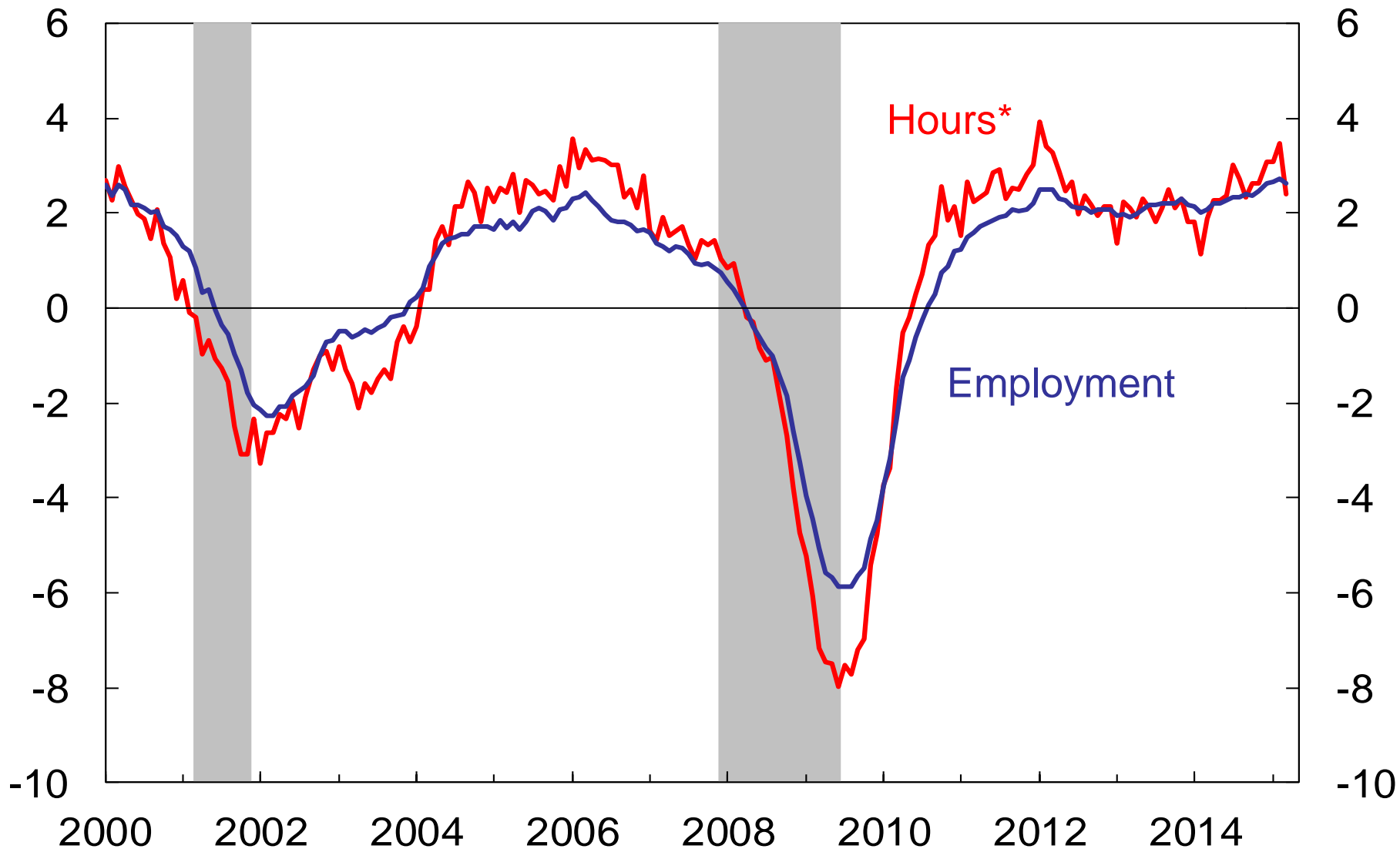


Source: Bureau of Labor Statistics

Private Nonfarm Payroll Employment and Hours

% Change – Year to Year

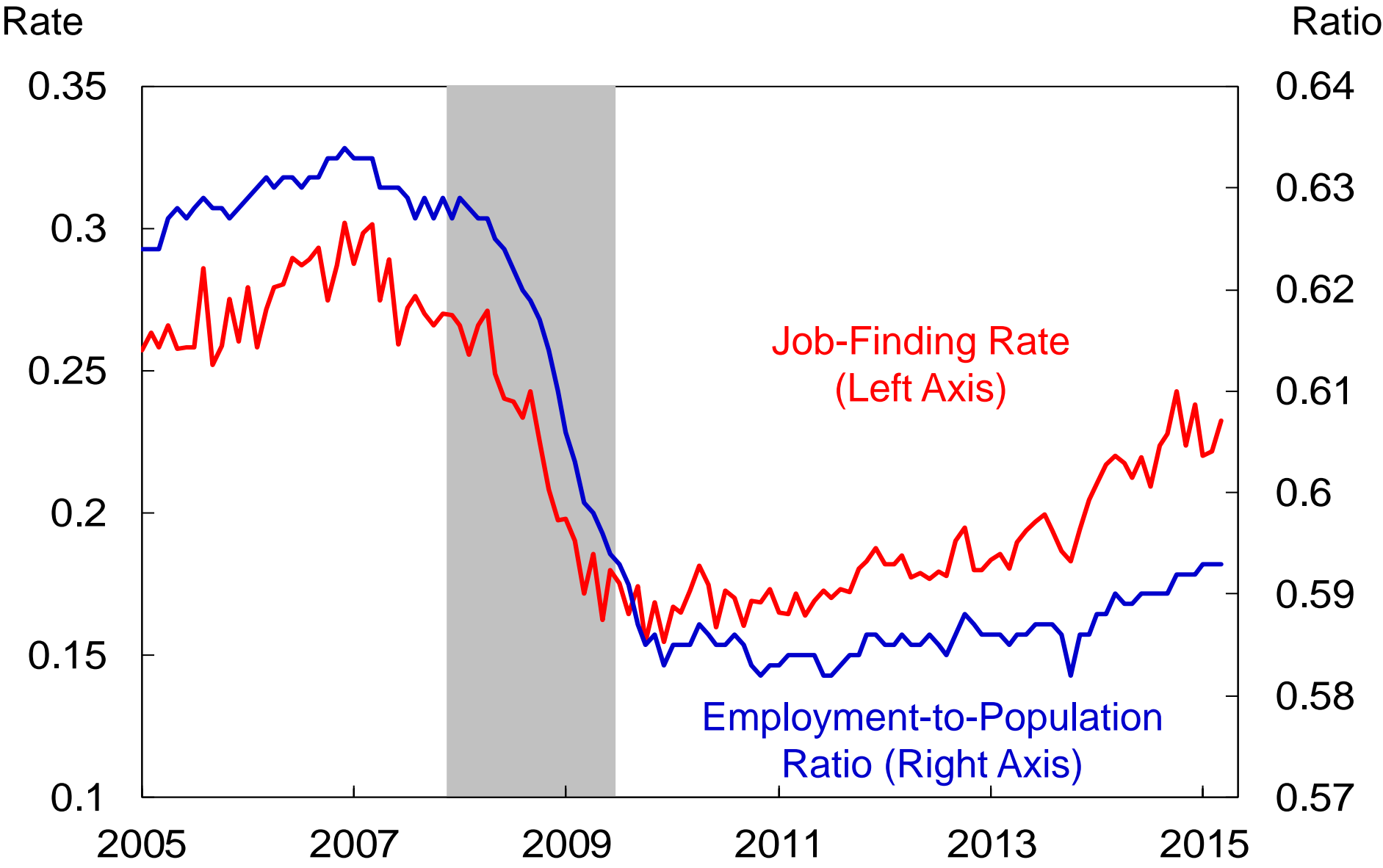
% Change – Year to Year



Source: Bureau of Labor Statistics

* Note: Production and Non-Supervisory, Employees Only

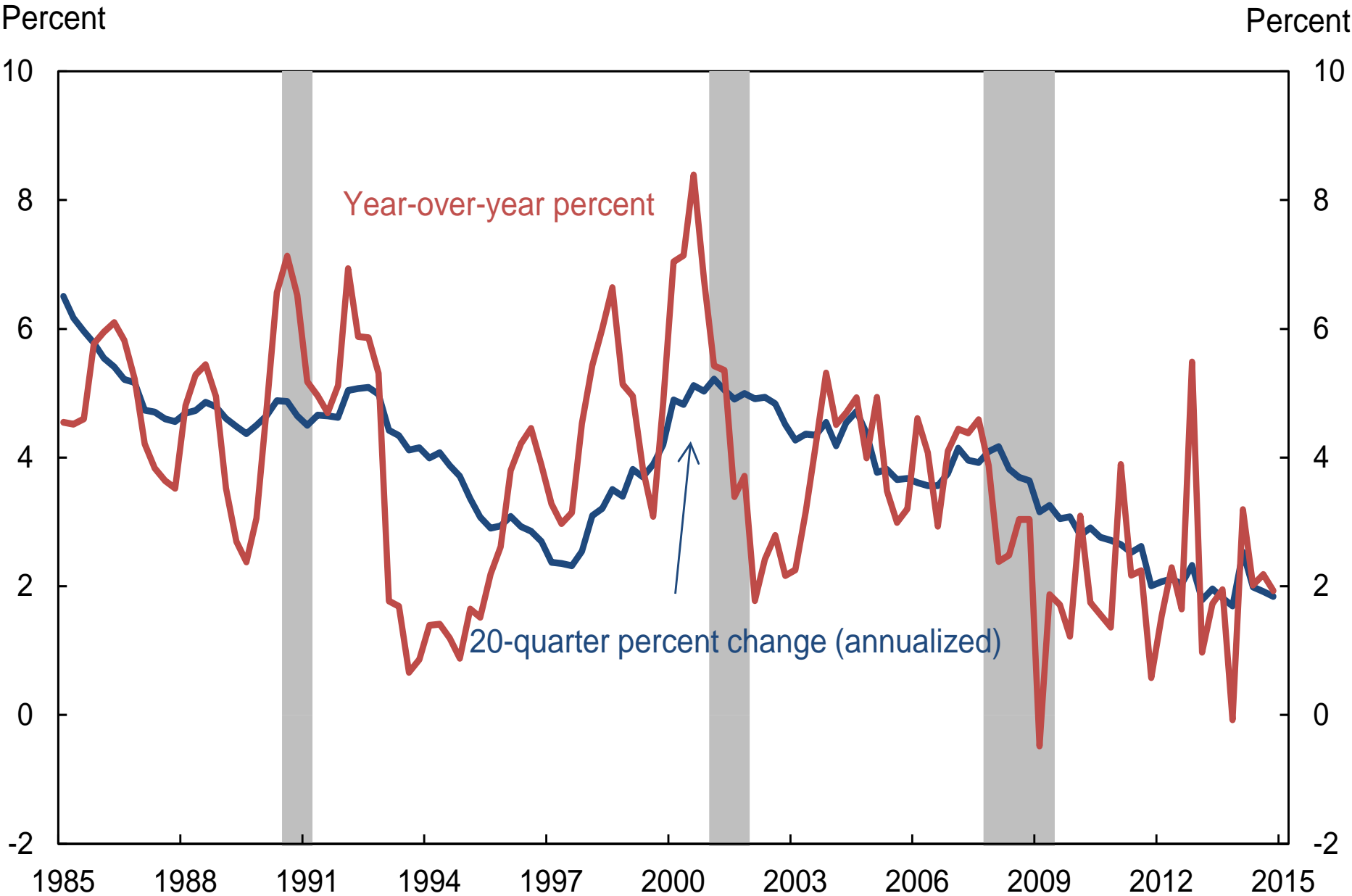
Job-Finding Rate and Employment-to-Population Ratio



Source: CPS

Note: Gray shading represents NBER recessions

Nonfarm Business Sector: Compensation Per Hour

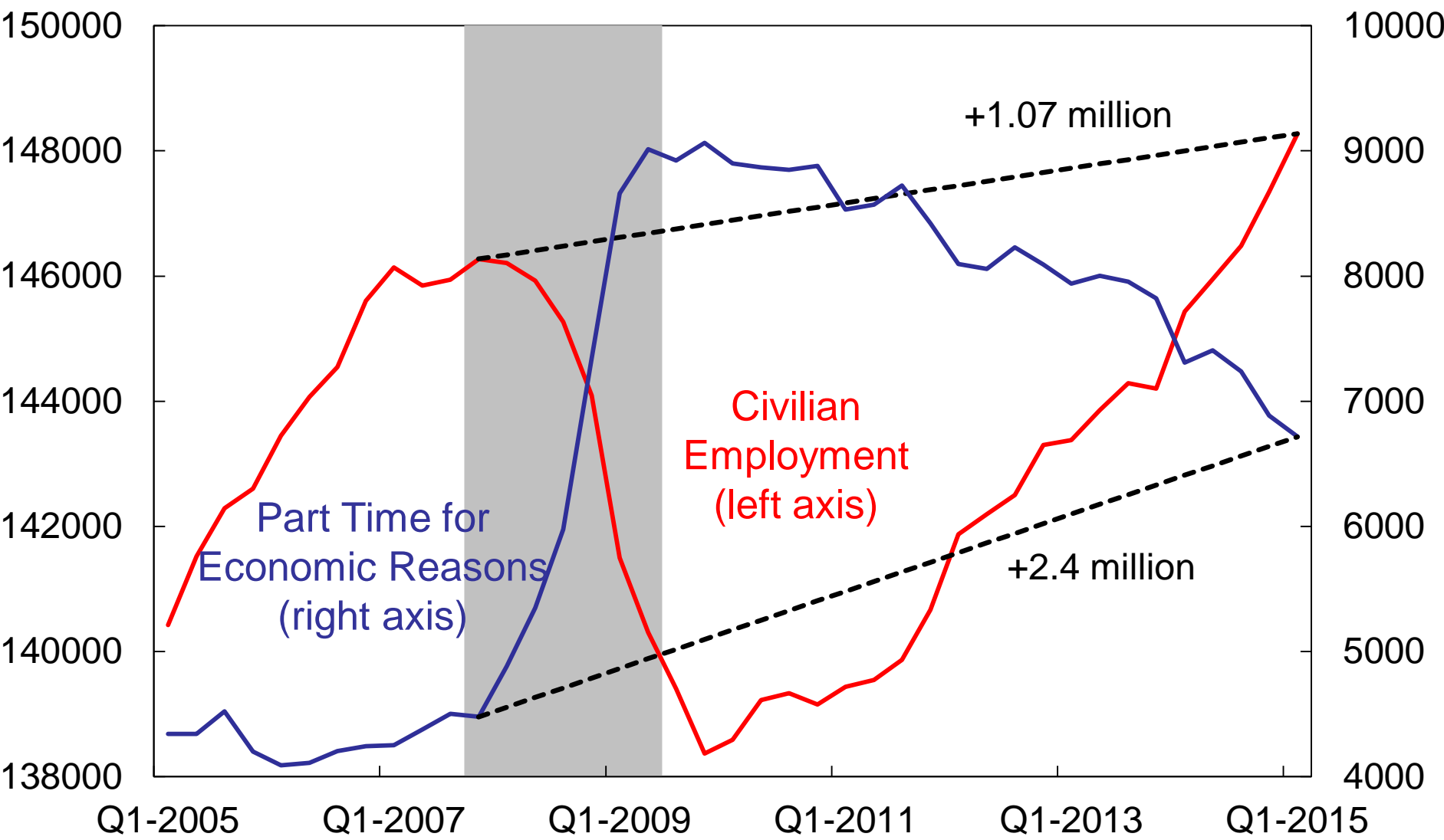


Source: BLS/Haver Analytics

Civilian Employment and Part Time Employment for Economic Reasons

Thousands, SA

Thousands, SA

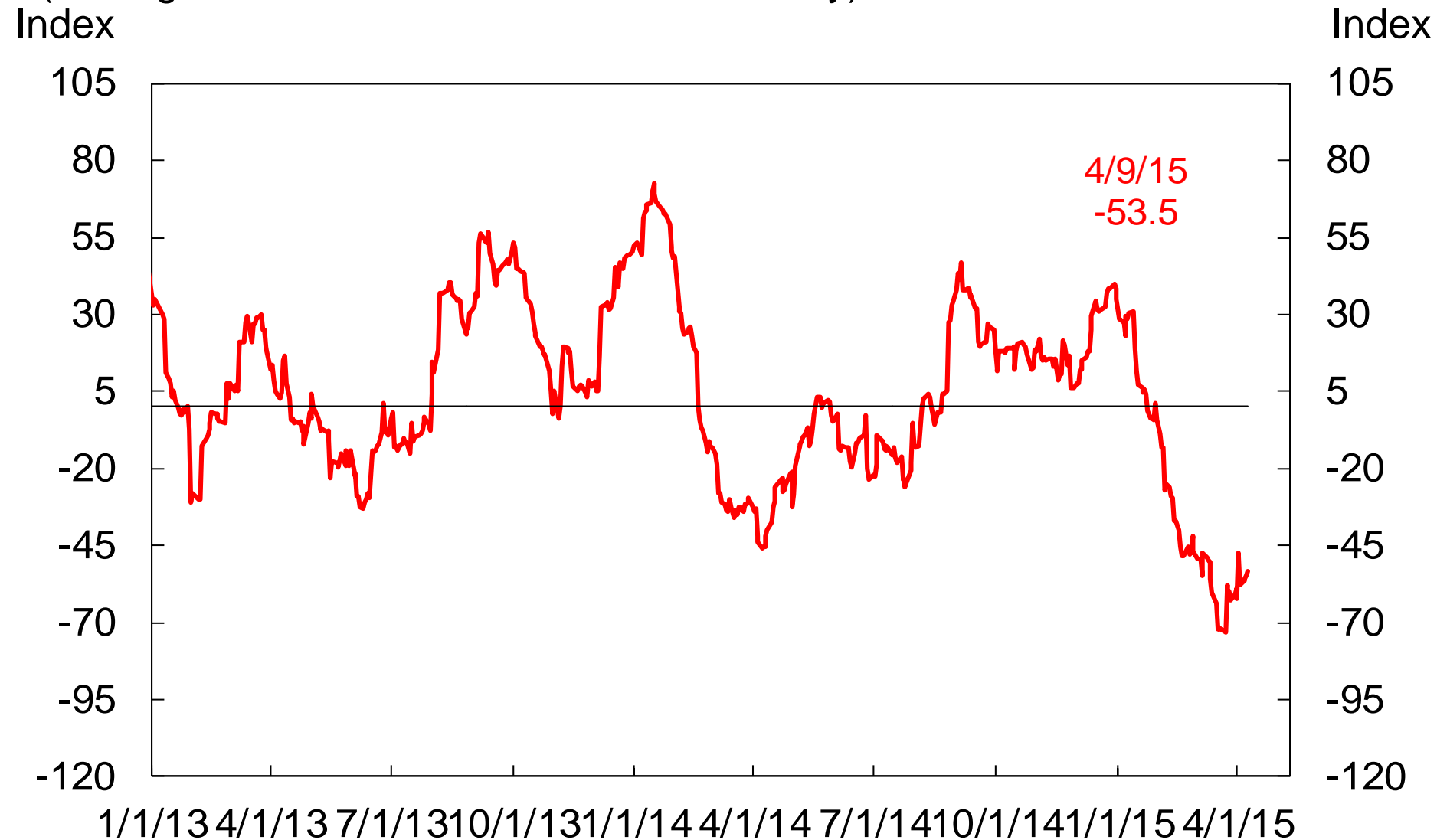


Source: BLS/Haver Analytics

Note: Data are quarterly

Citigroup US Economic Surprise Index

(Rolling three month window with time decay)

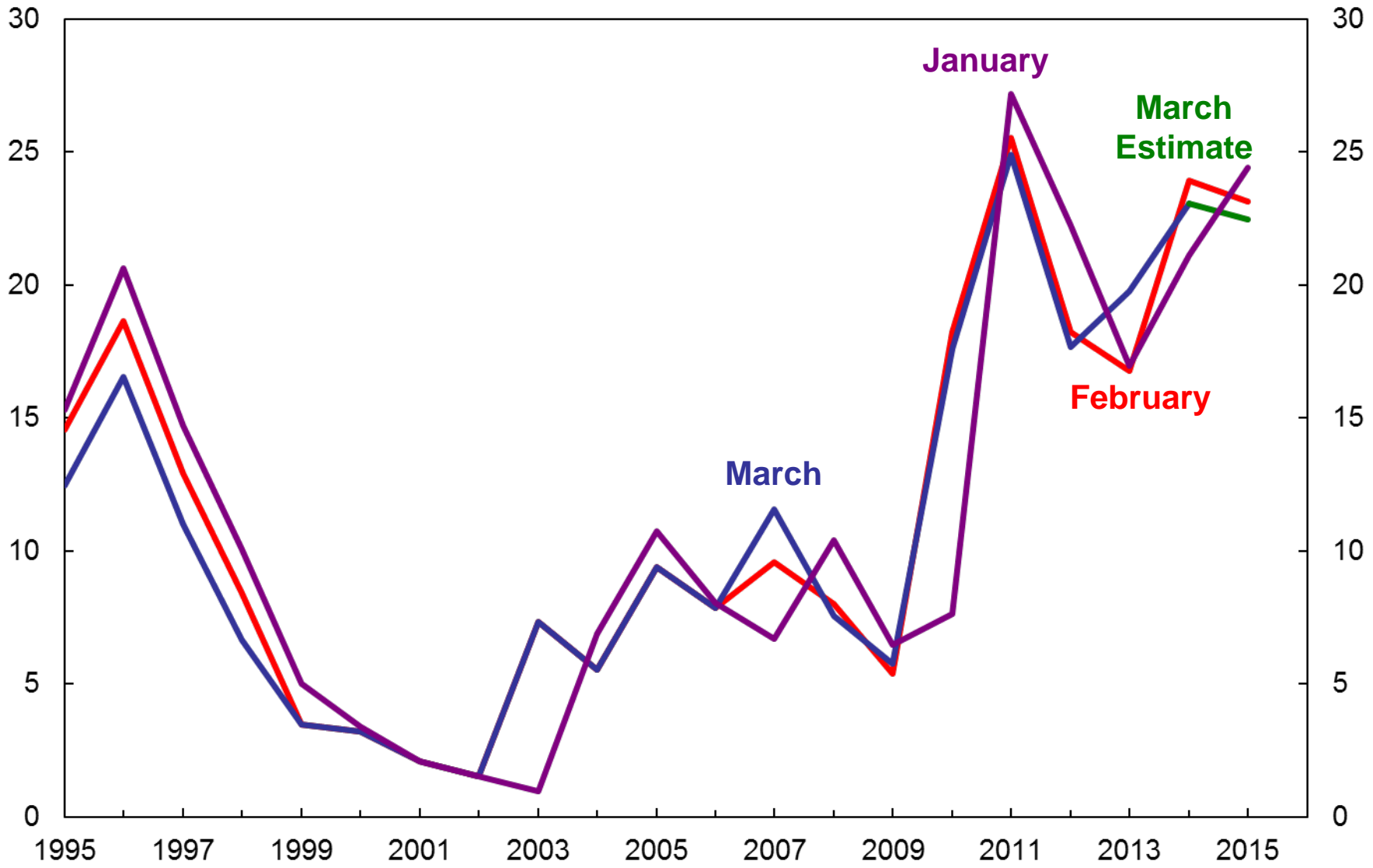


Note: The index is a weighted historical standard deviation of data surprises (actual releases vs Bloomberg survey median). Indices are assigned weights based upon the spot FX impacts of 1 standard deviation surprises.

NESIS – Percentage Deviation from 5-yr MA

Percentage Deviation

Percentage Deviation

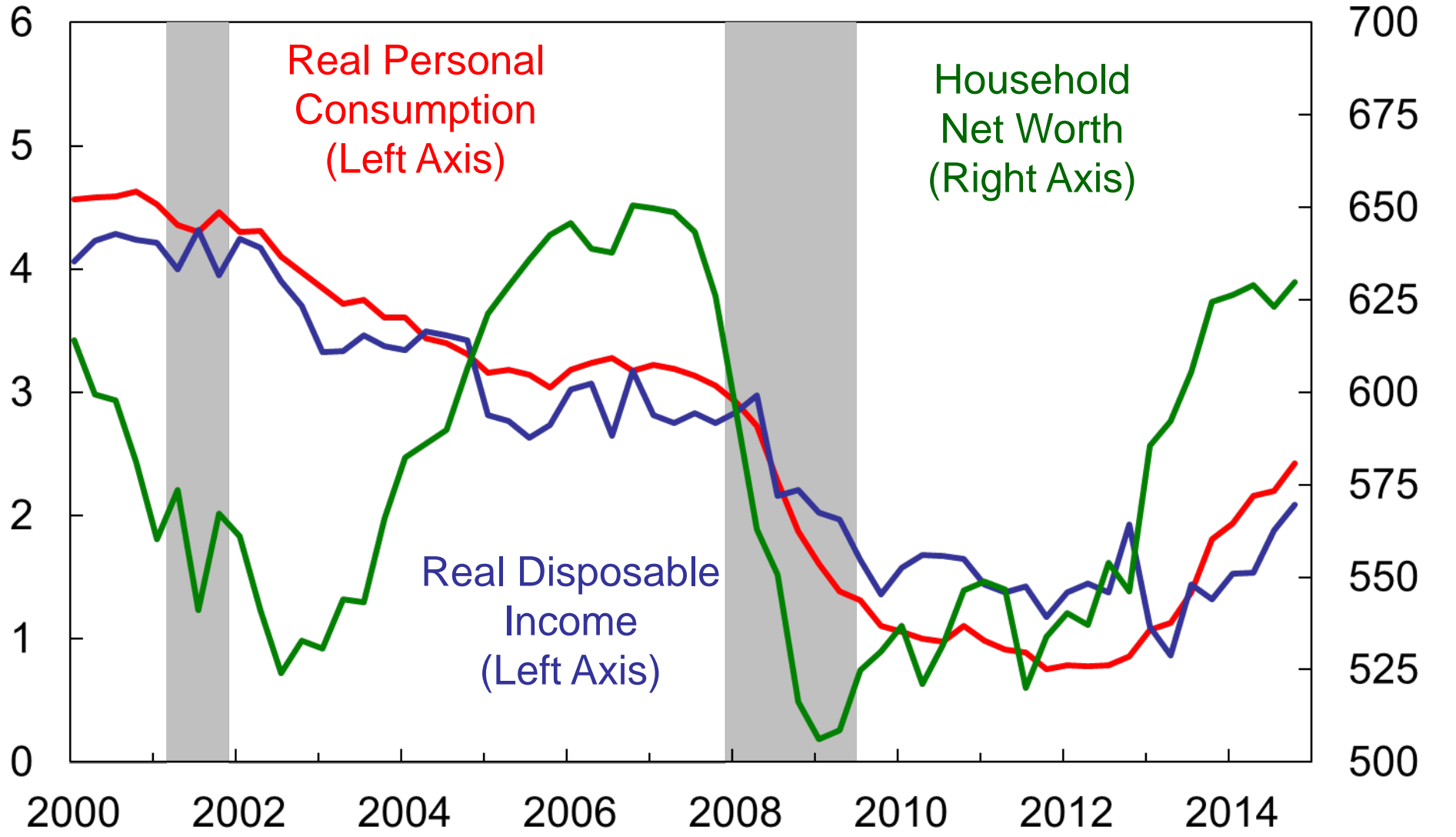


Source: Author's Calculations of data generated by NOAA

Disposable Income, Consumption, and Wealth

% Change over 20 Quarters, Annual Rate

% of Disposable Income

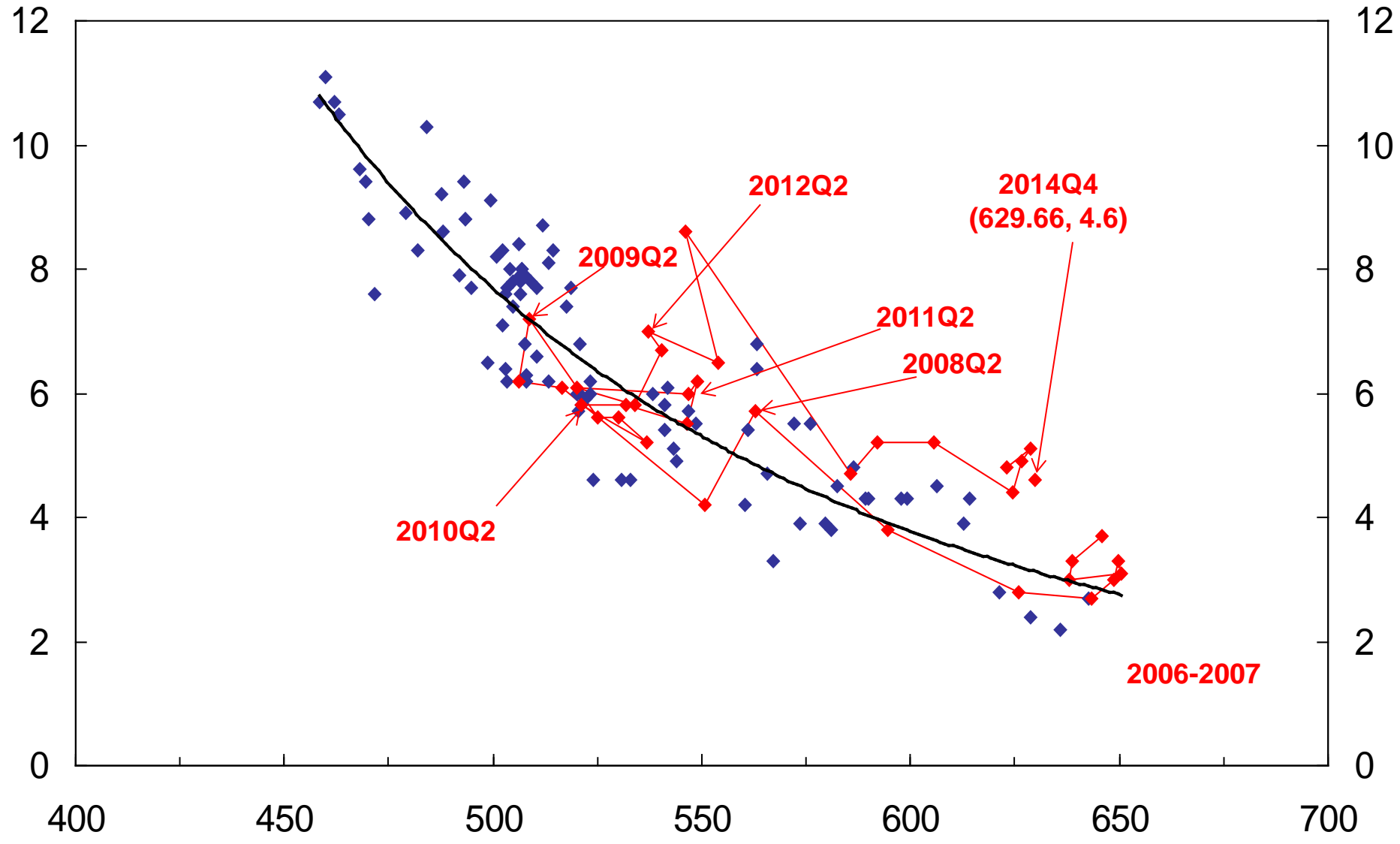


Source: Bureau of Economic Analysis, Federal Reserve Board

Personal Saving Rate and Household Net Worth

Personal Saving Rate (Percent)

Personal Saving Rate (Percent)

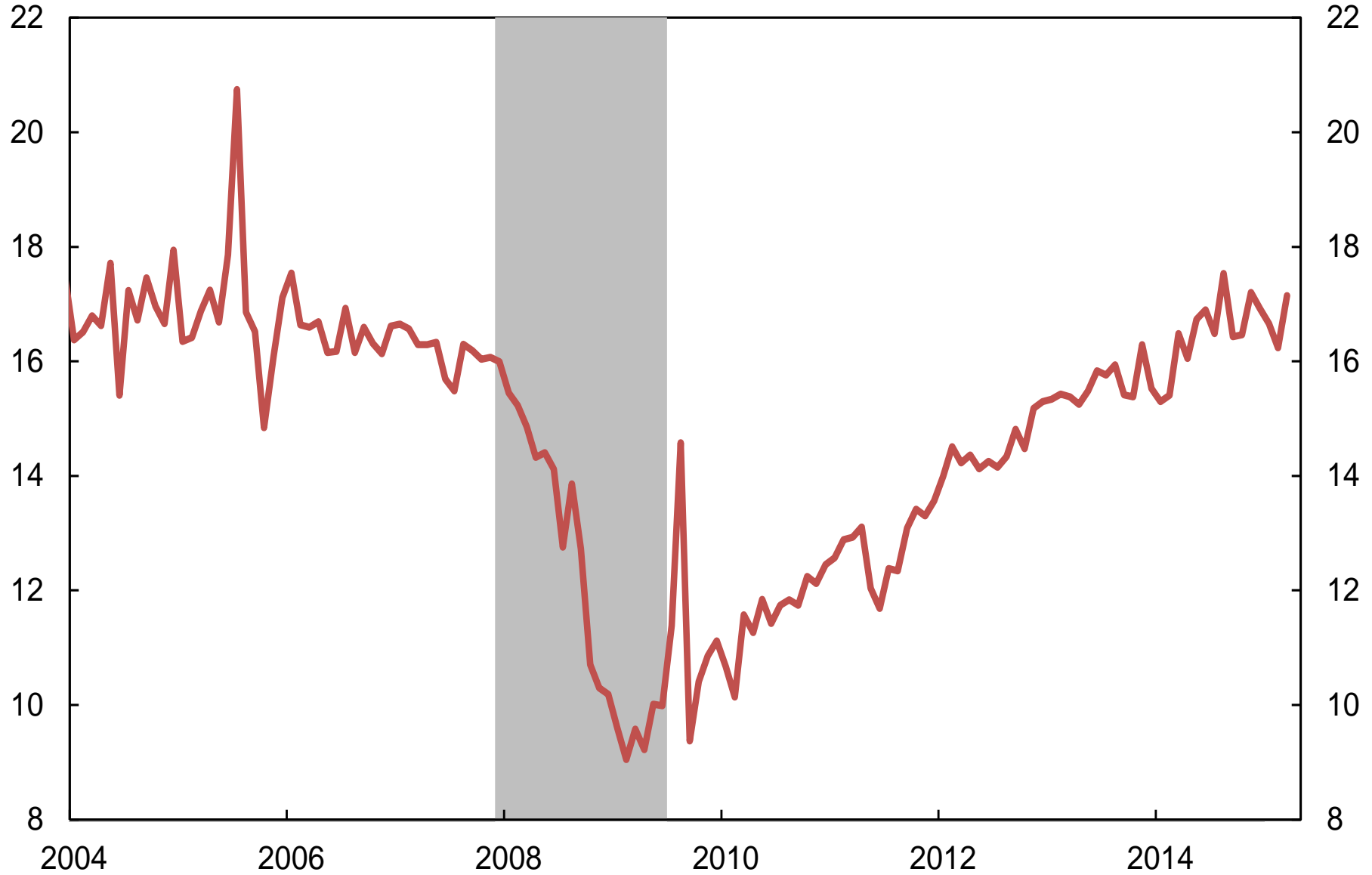


Households' Net Worth as a Percent of Disposable Income

Total Light-Weight Vehicle Retail Sales

Millions, SAAR

Millions, SAAR

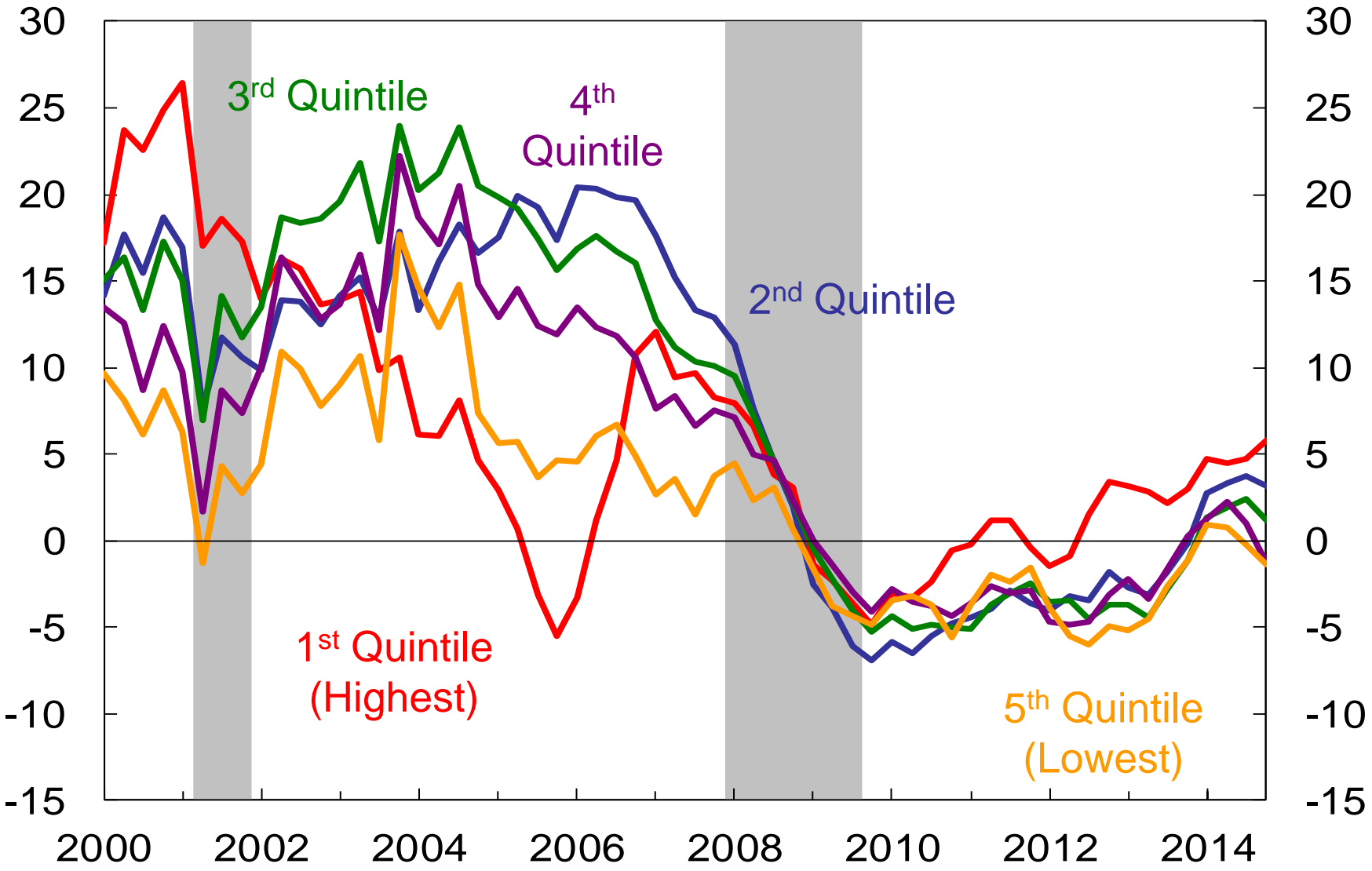


Source: Autodata/Haver Analytics

Consumer Debt by Credit Score

% Change – Year to Year

% Change – Year to Year



Source: FRBNY Consumer Credit Panel

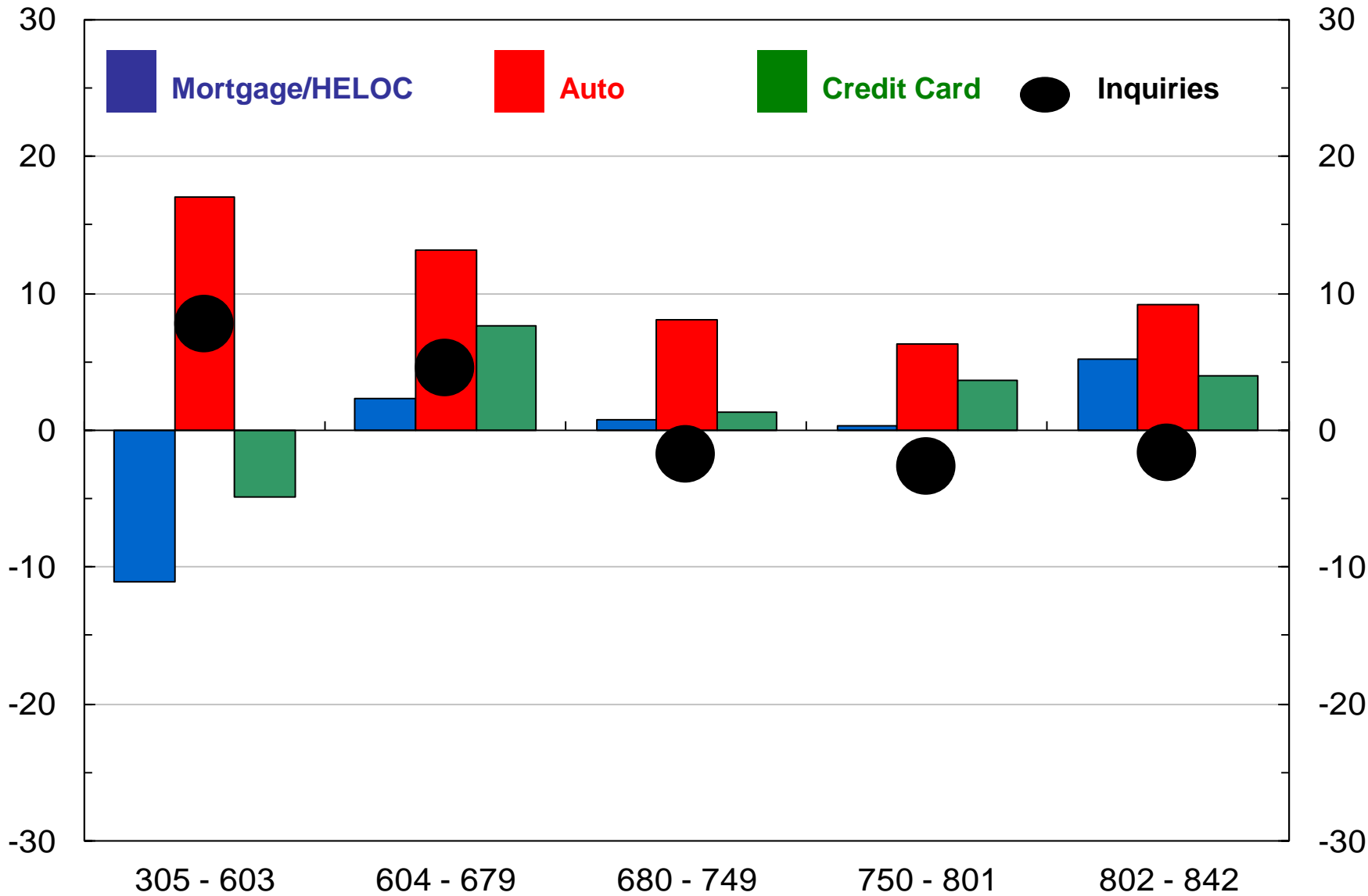
Note: Includes Student Loans

Change in Debt 2013Q4-2014Q4

By Credit Score Quintile

Percent

Percent

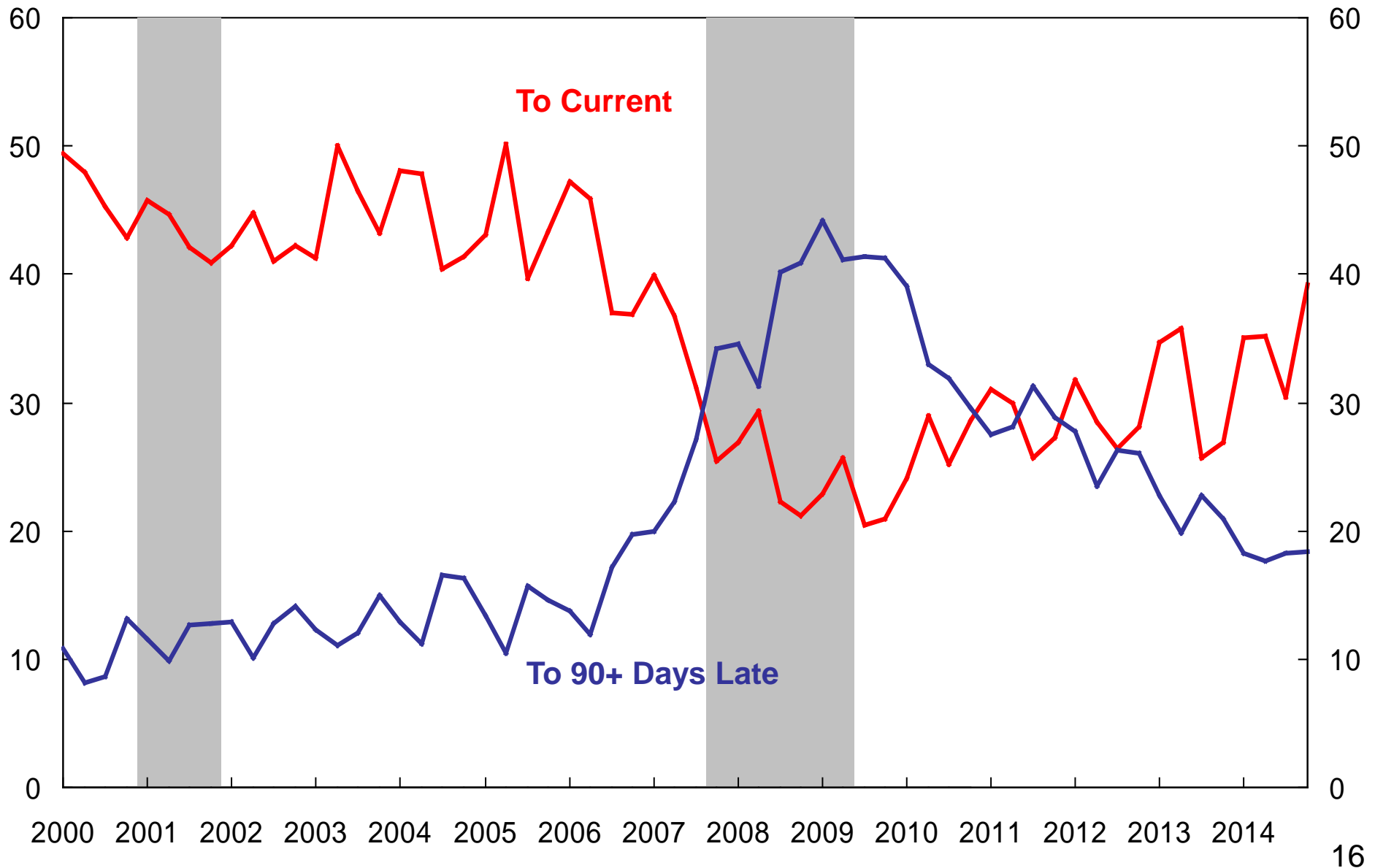


Equifax Risk Score Quintiles*

Note: * 2013Q4 Quintiles

Transition of Mortgage Accounts from 30-60 Days Late

Percent Percent

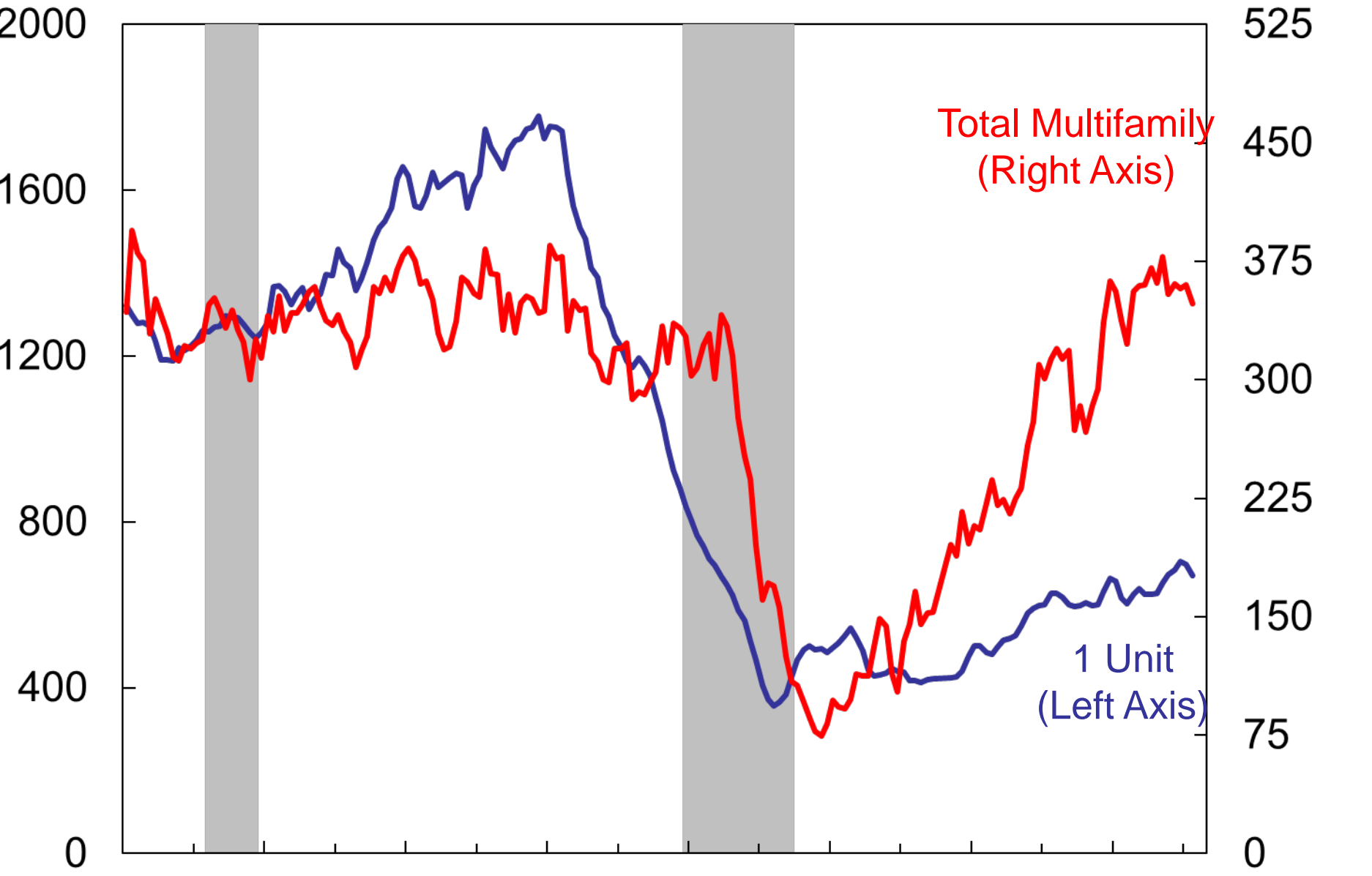


Source: FRBNY Consumer Credit Panel

Housing Starts

Thousands, 3 MMA

Thousands, 3 MMA

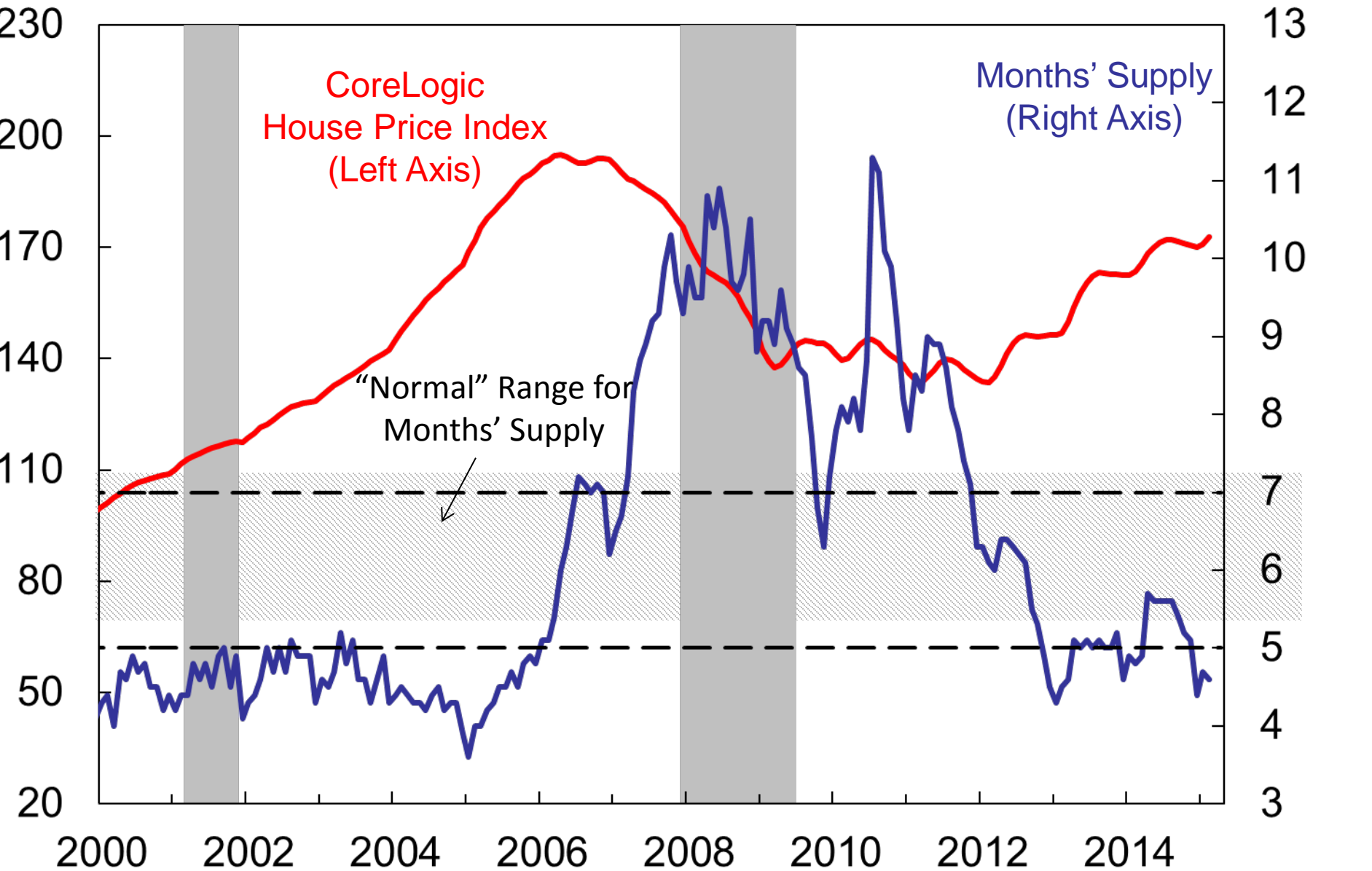


Source: Census Bureau

Single Family Housing Market

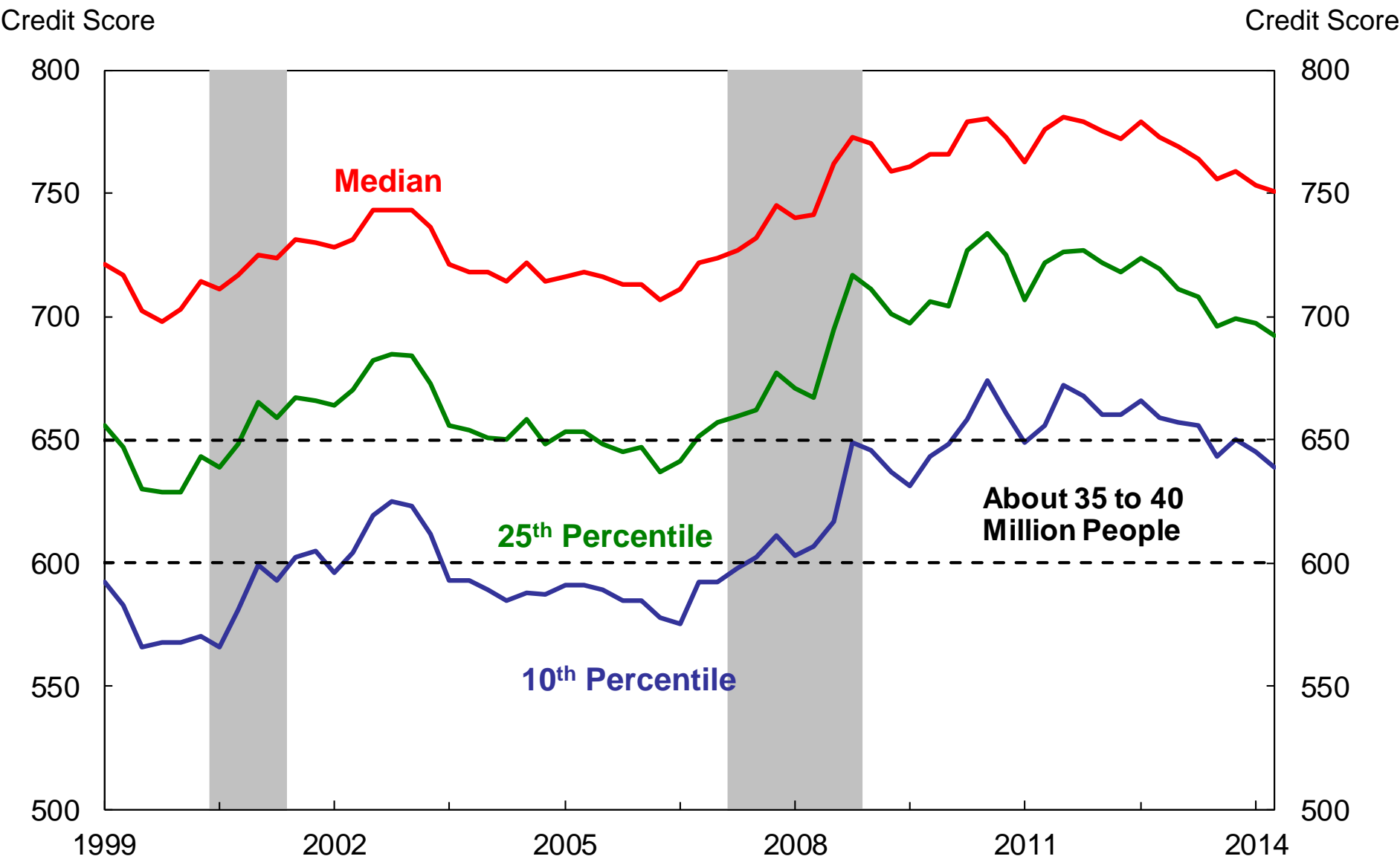
Index, January 2000 = 100

Months' Supply



Source: CoreLogic, National Association of Realtors

Credit Score at Mortgage Origination: All First Mortgages

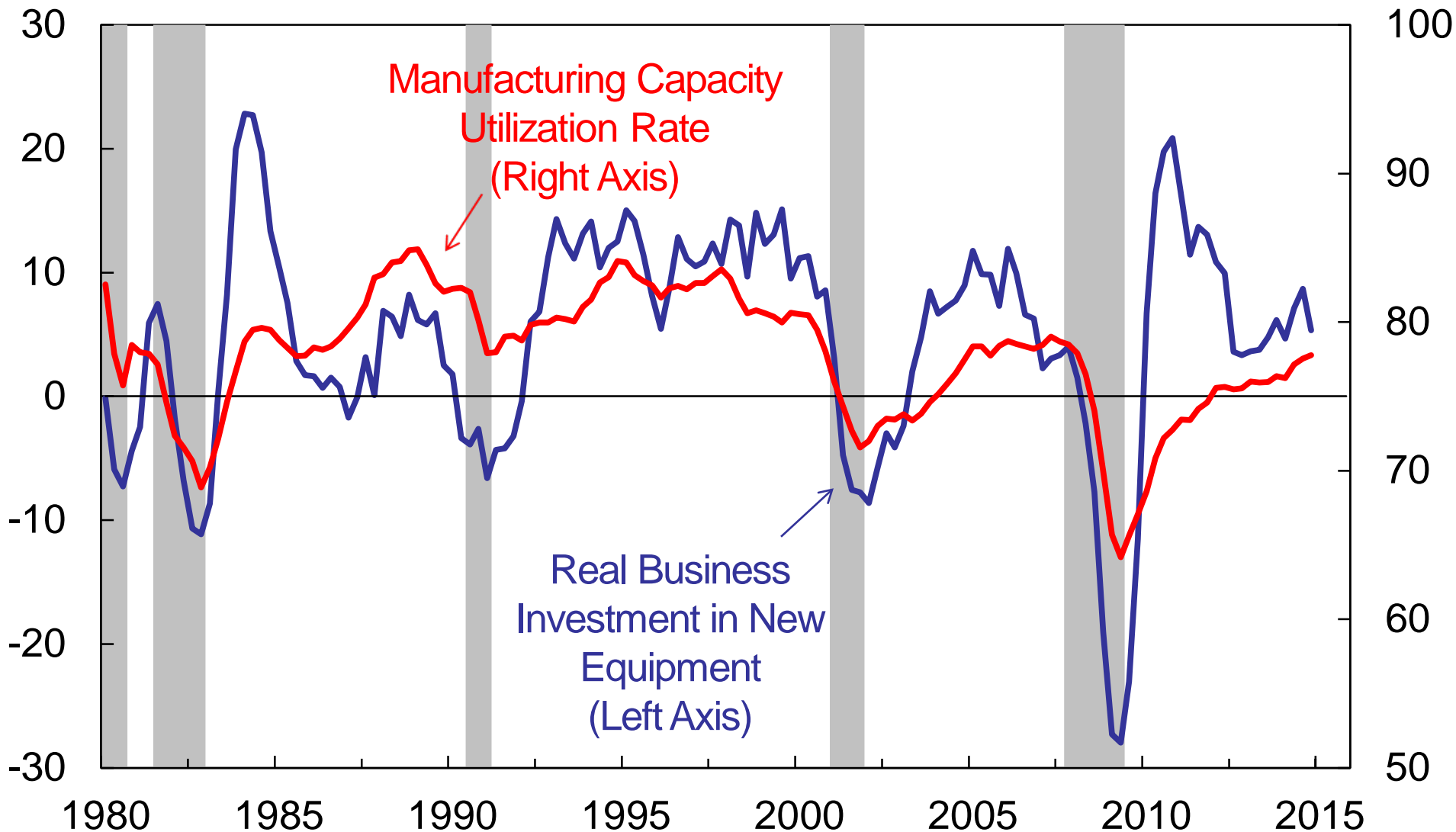


Source: FRBNY Consumer Credit Panel.

Equipment Investment and Capacity Utilization

% Change – Year to Year

% of Capacity



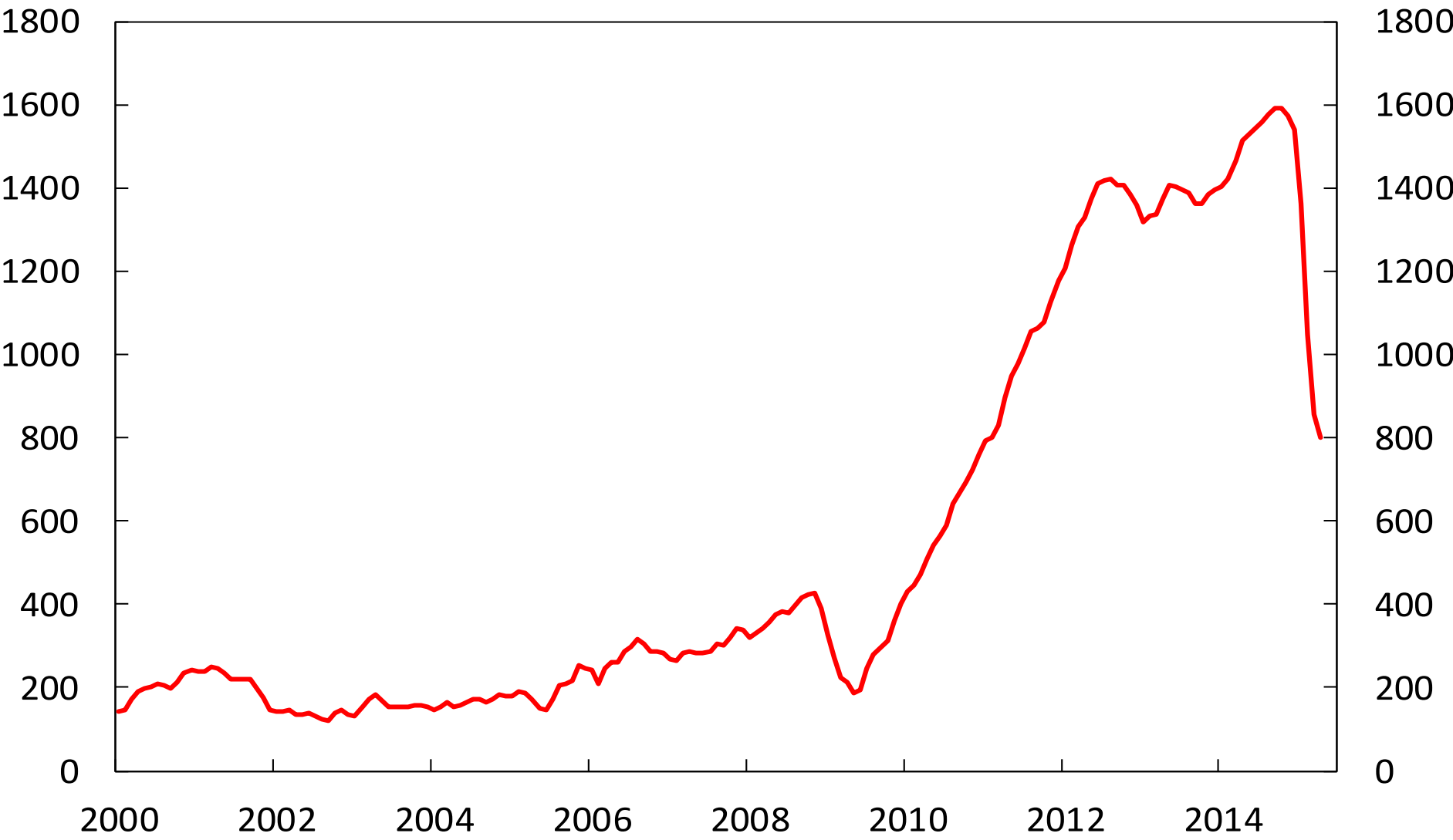
Source: Federal Reserve Board,
Bureau of Economic Analysis

Note: Grey shading shows NBER recessions

Baker Hughes US Oil Rig Count

Active oil rigs

Active oil rigs

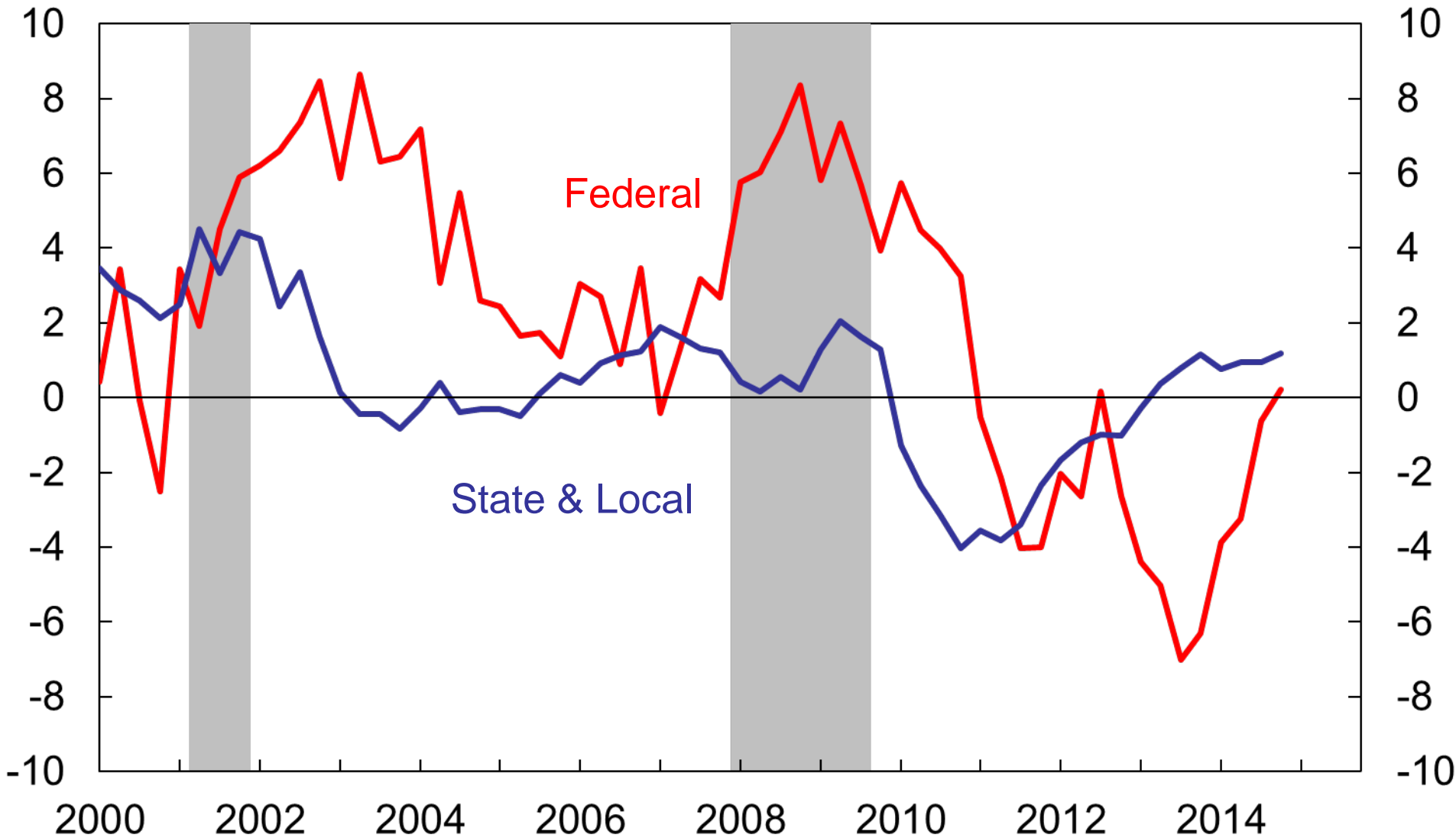


Source: Baker Hughes

Real Government Consumption and Gross Investment

% Change – Year to Year

% Change – Year to Year



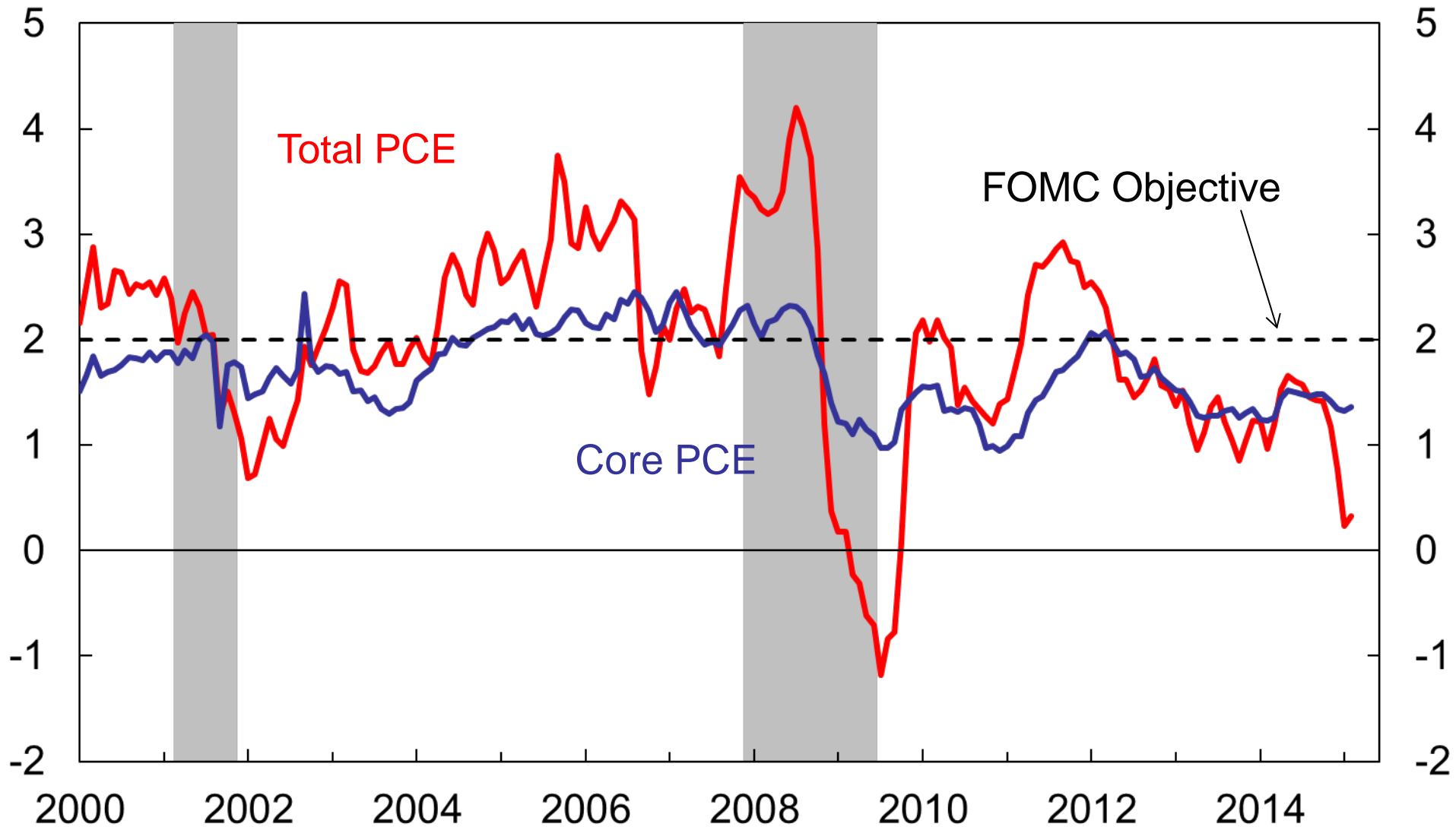
Source: Bureau of Economic Analysis

Note: Grey shading shows NBER recessions

PCE Deflator

% Change – Year to Year

% Change – Year to Year



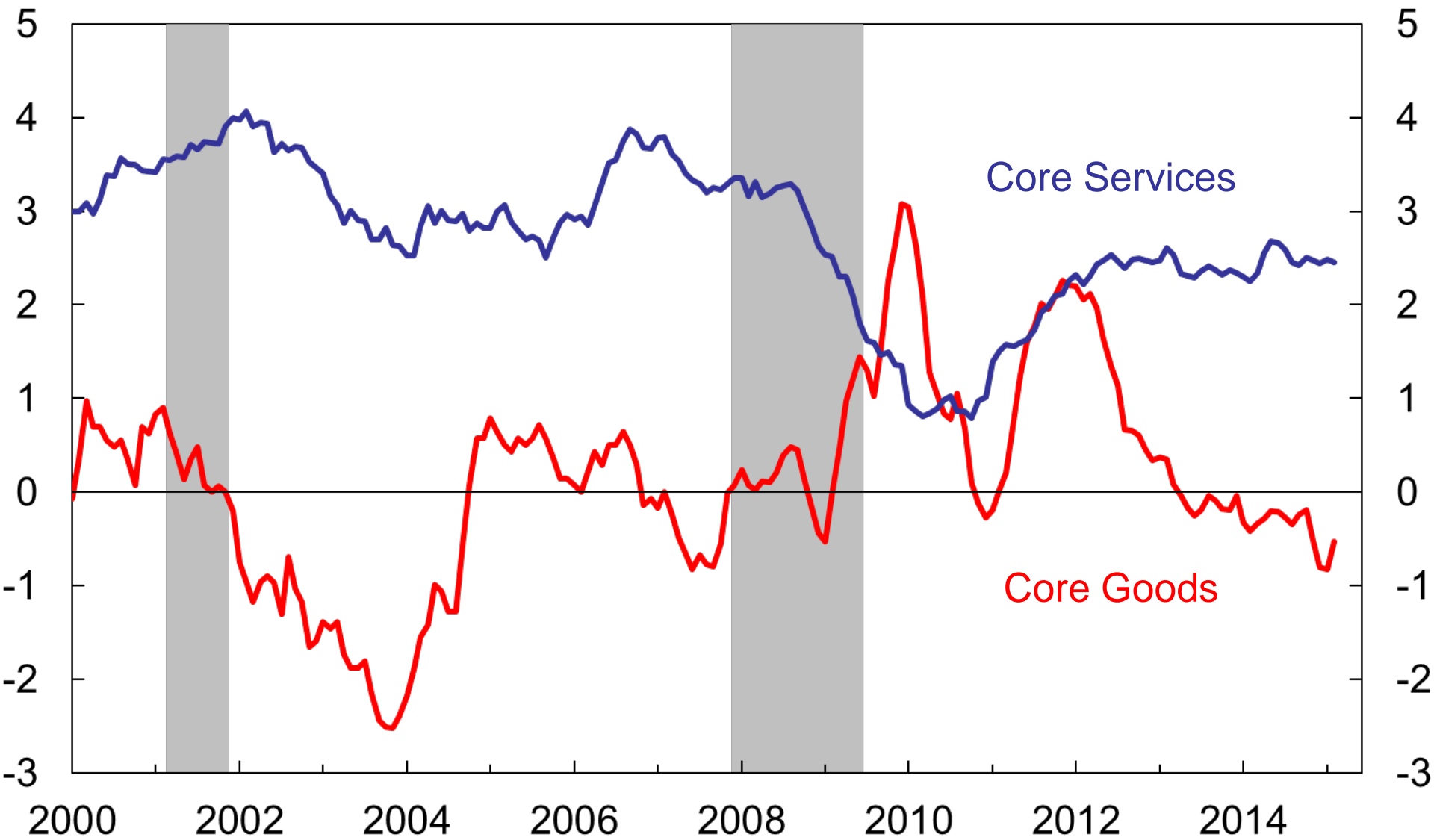
Source: Bureau of Economic Analysis

Note: Grey shading shows NBER recessions

CPI Inflation: Core Goods and Core Services

% Change – Year to Year

% Change - Year to Year



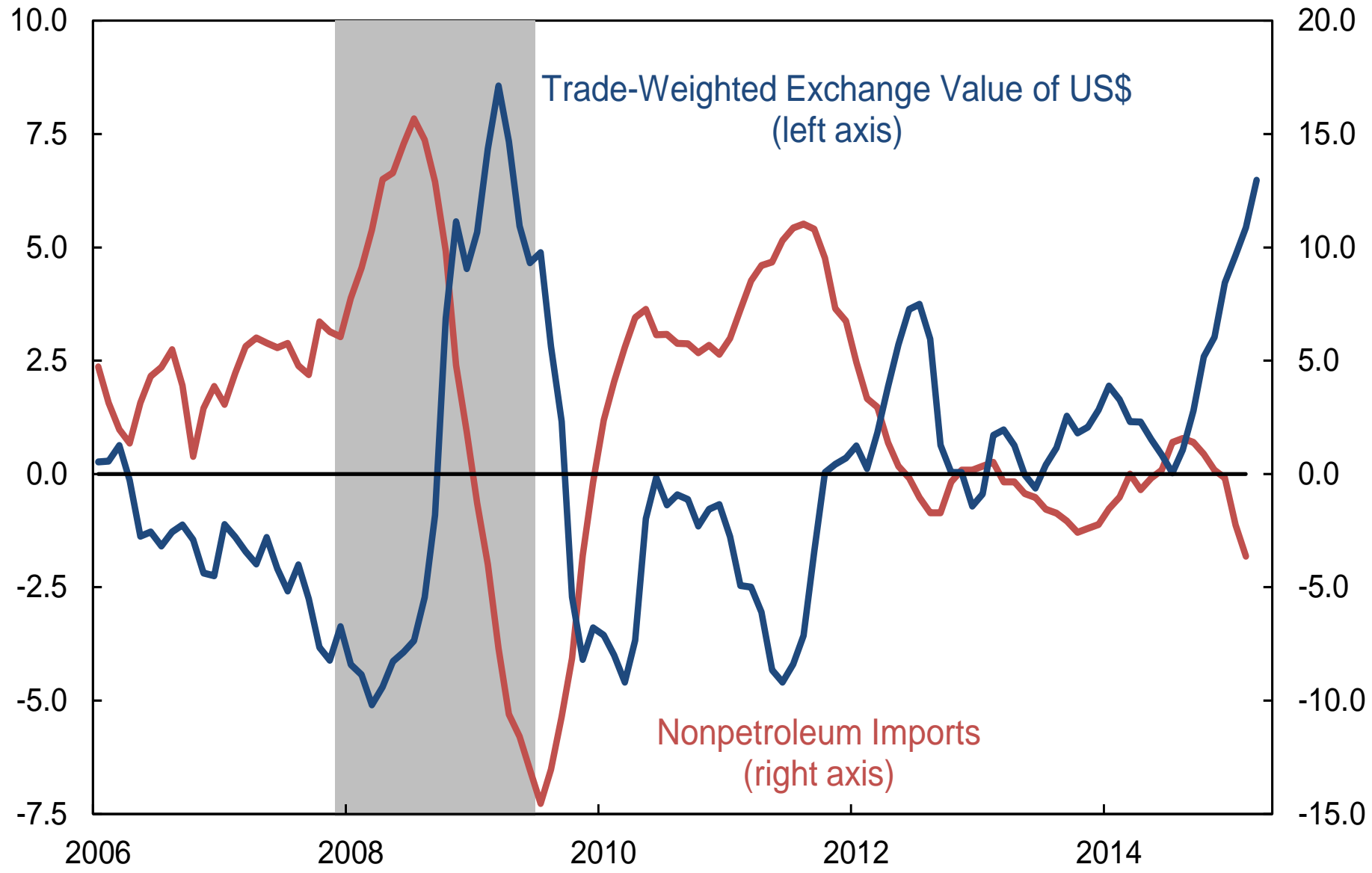
Source: Bureau of Labor Statistics

Note: Grey shading shows NBER recessions

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

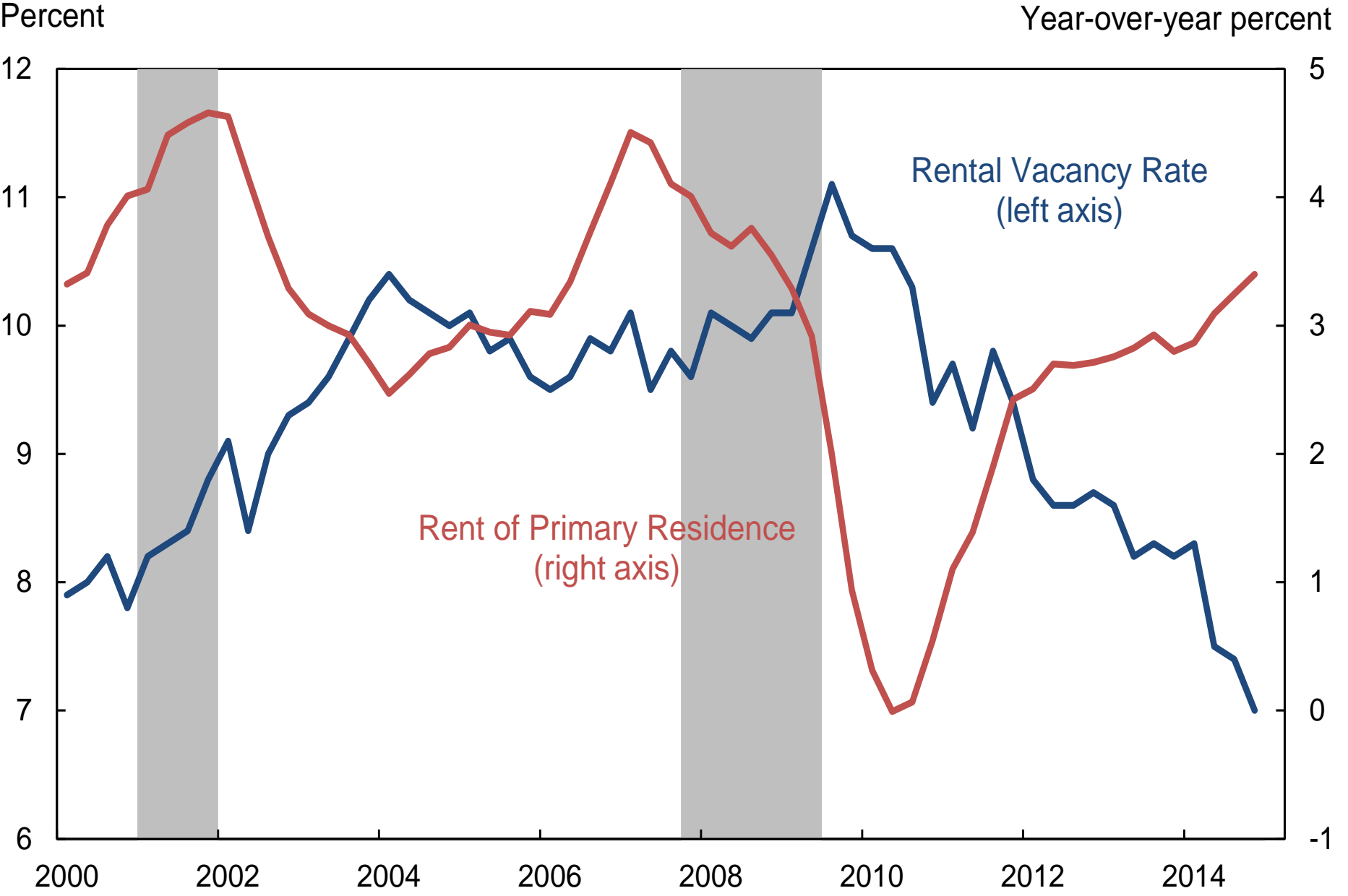
Year-over-year percent

Year-over-year percent



Source: Federal Reserve Board, BLS/Haver Analytics

Rental Vacancy Rate and Rent of Primary Residence

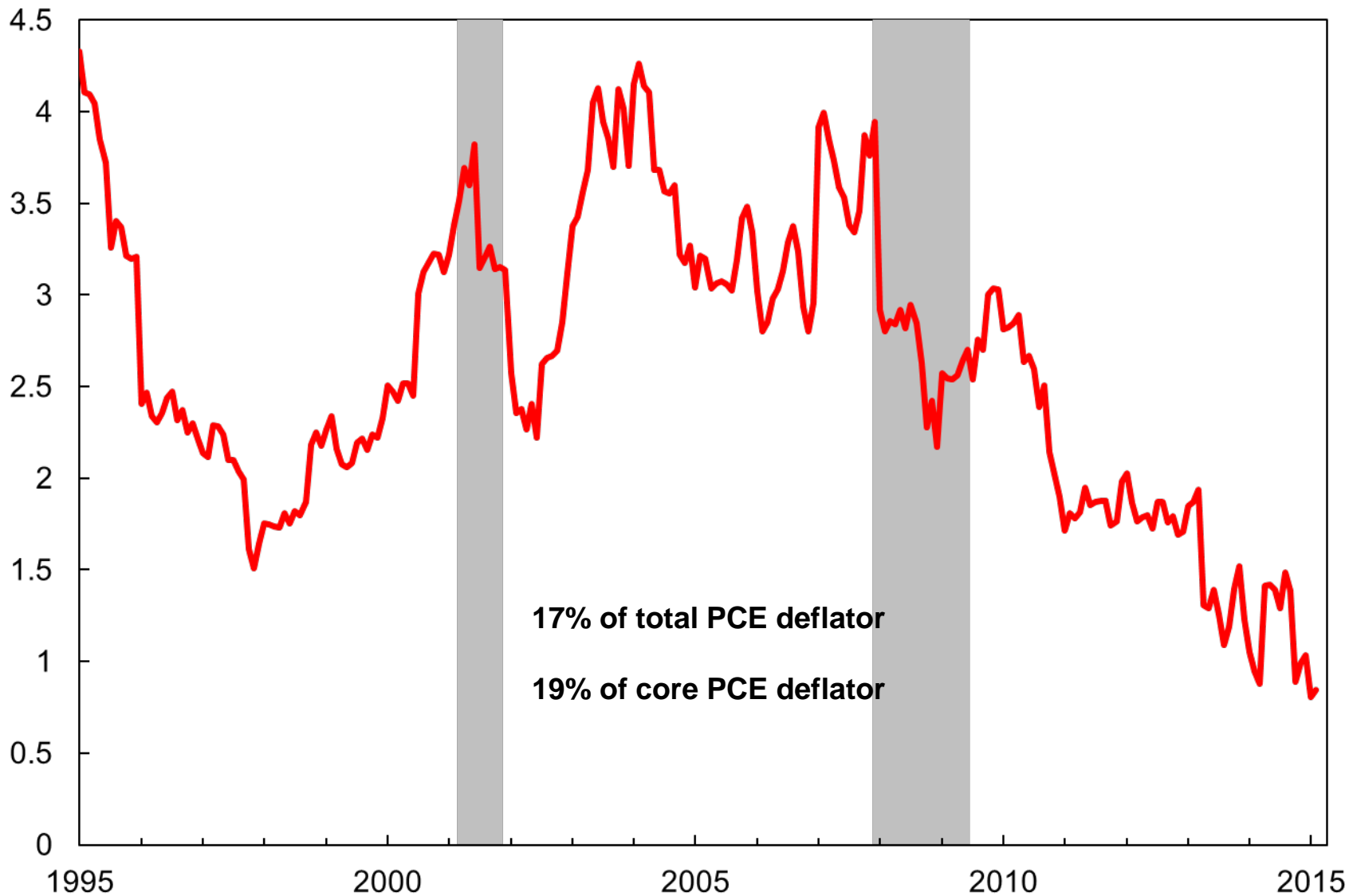


Source: Census Bureau, BLS/Haver Analytics

Personal Consumption Expenditures: Health Care Price Index

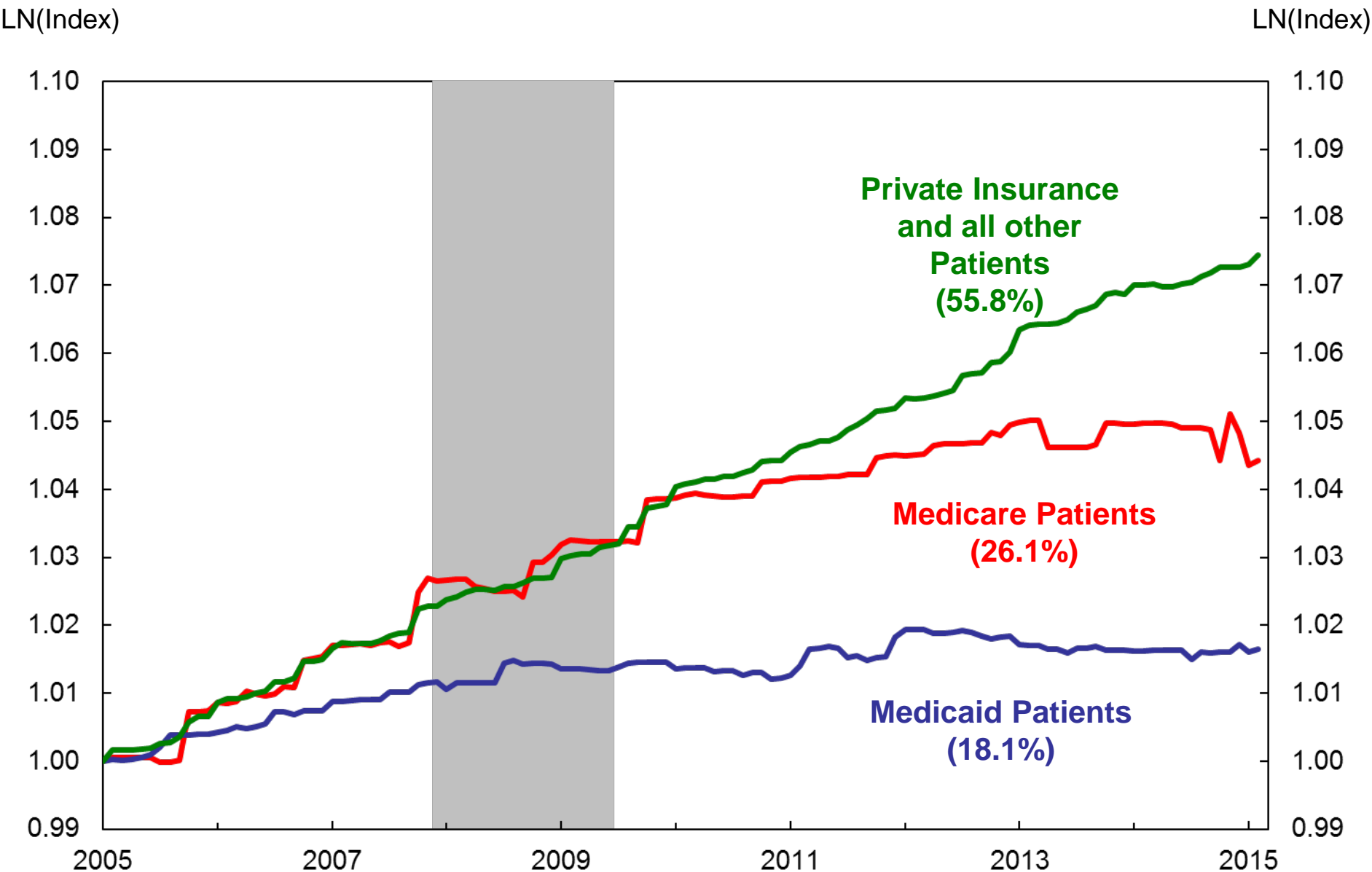
% Change – Year to Year

% Change – Year to Year



Source: Bureau of Economic Analysis / Haver Analytics

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



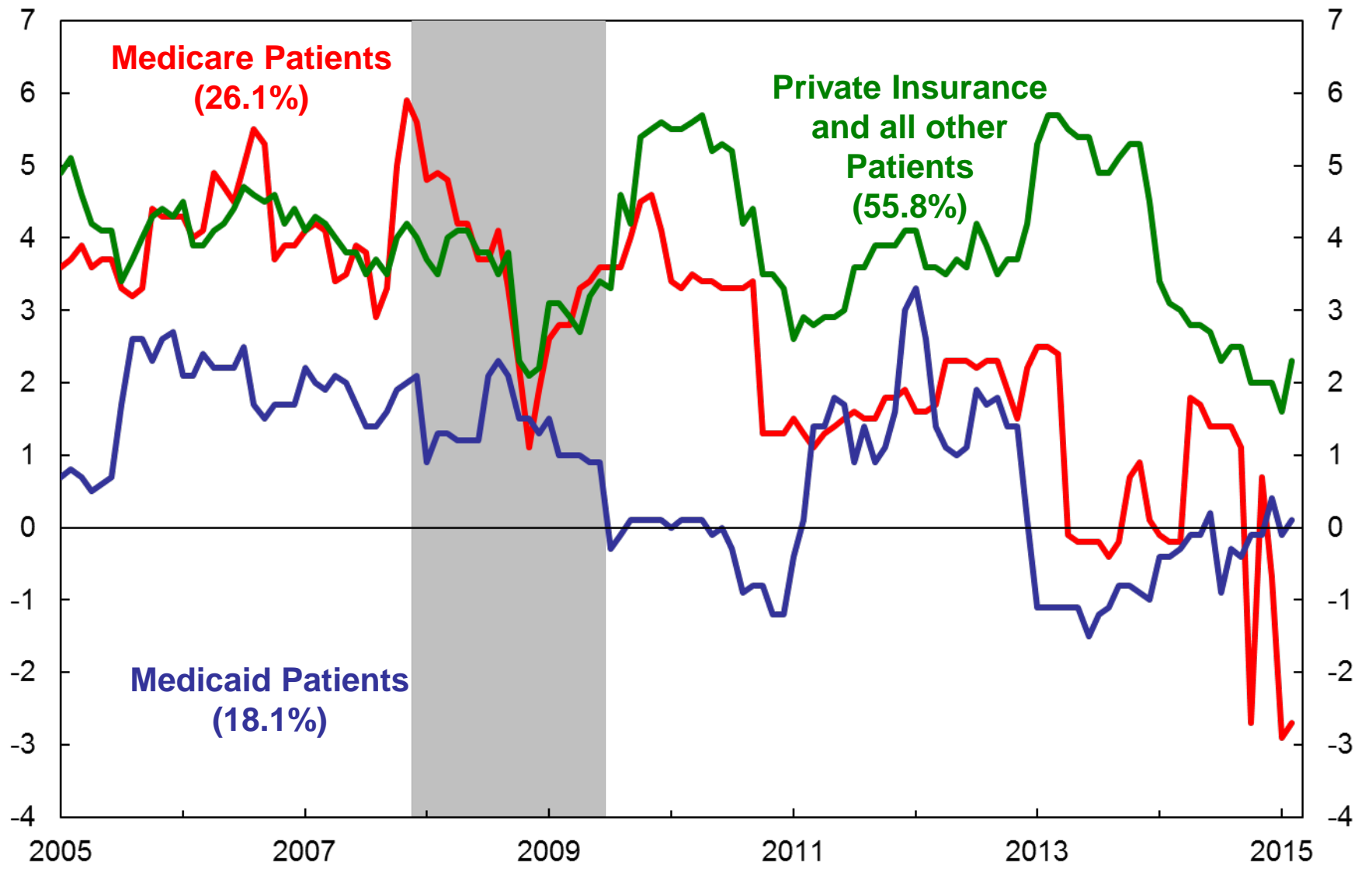
Source: Bureau of Labor Statistics PPI

Note: Jan-2005 set to 1

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

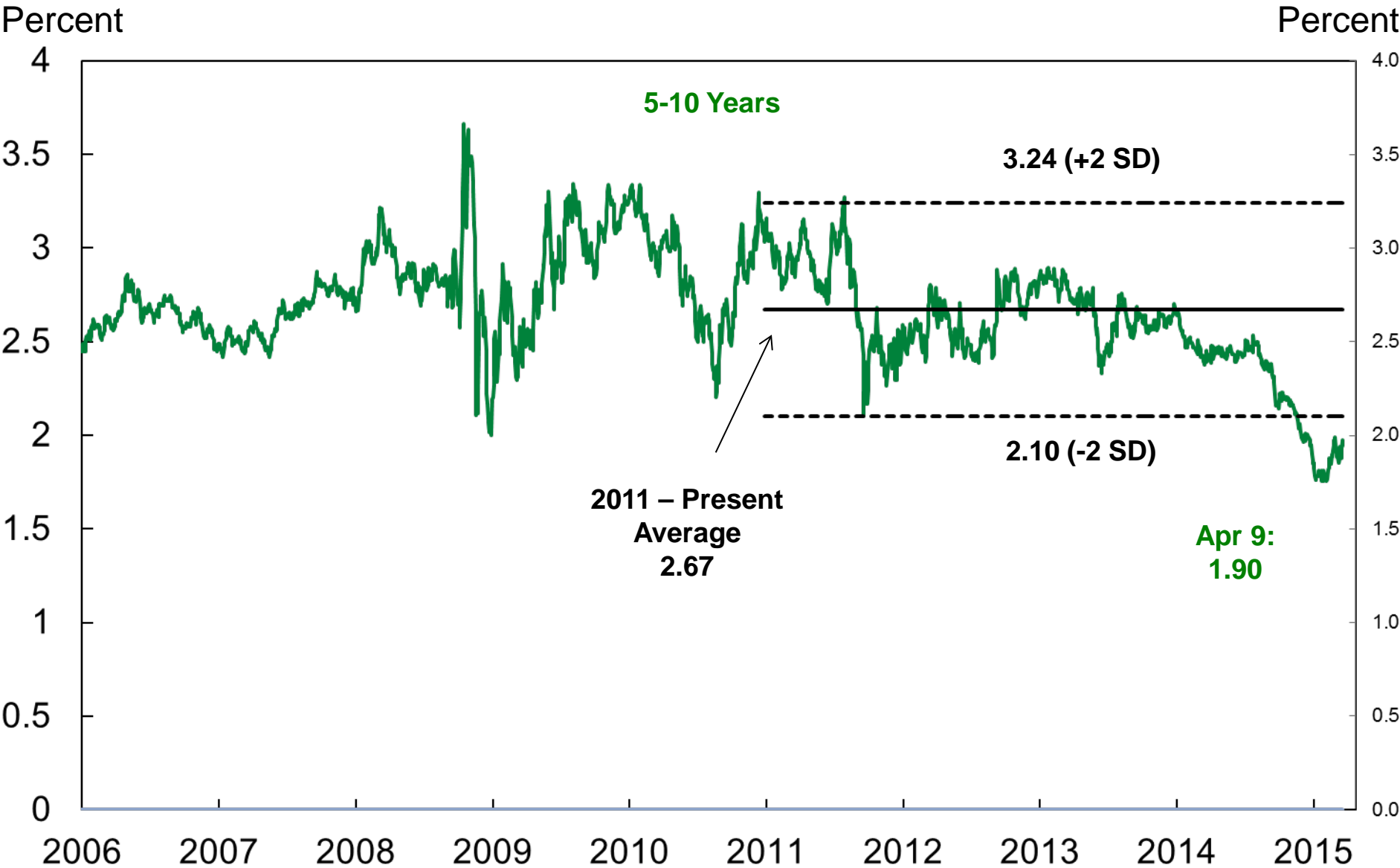
12 Month % Change

12 Month % Change



Source: Bureau of Labor Statistics PPI

TIPS Based Inflation Expectations



Source: Federal Reserve Board

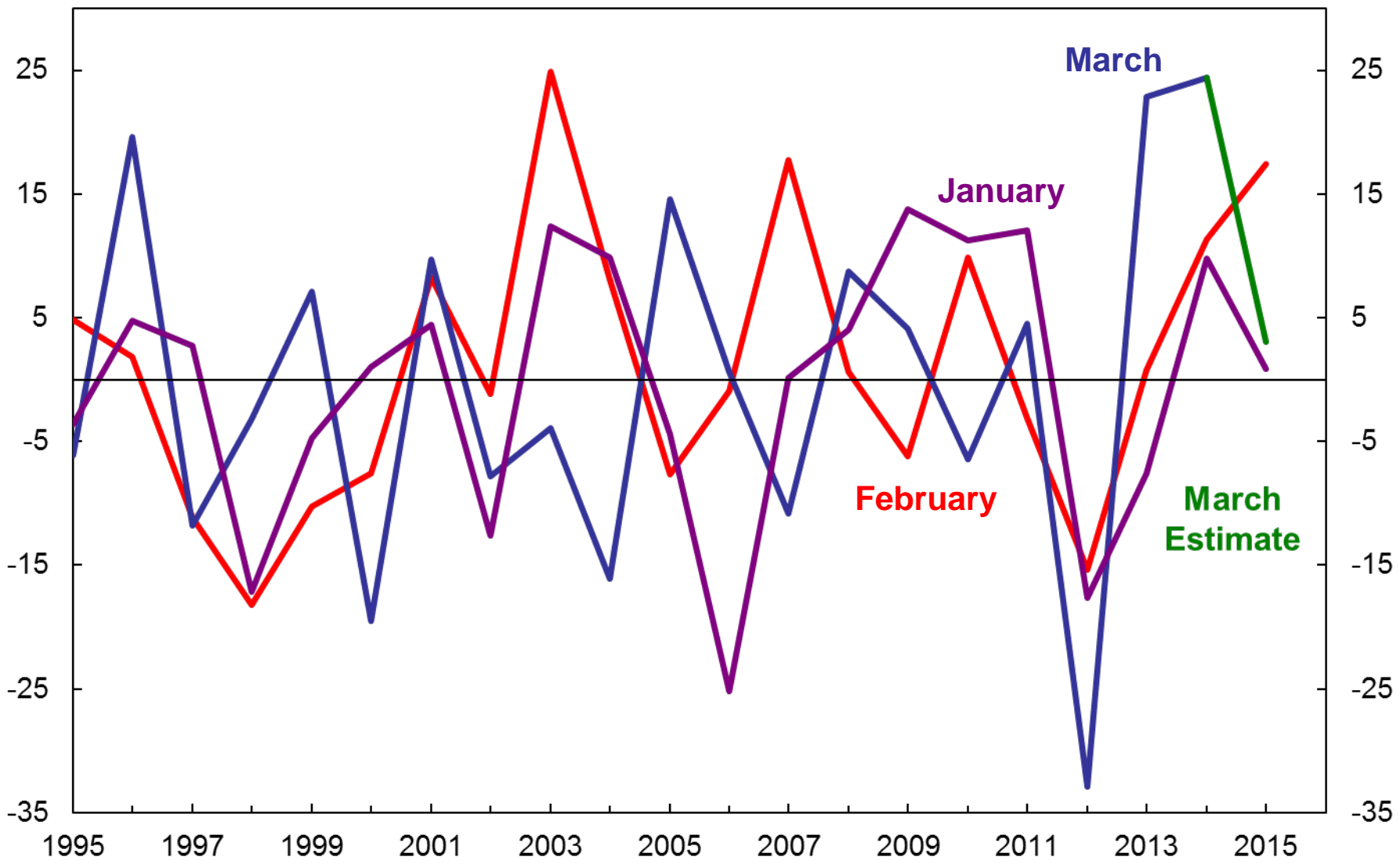
Note: Dashed lines represent 2 Standard Deviations from the mean

Reference Charts

HDD – Percentage Deviation from 5-yr MA

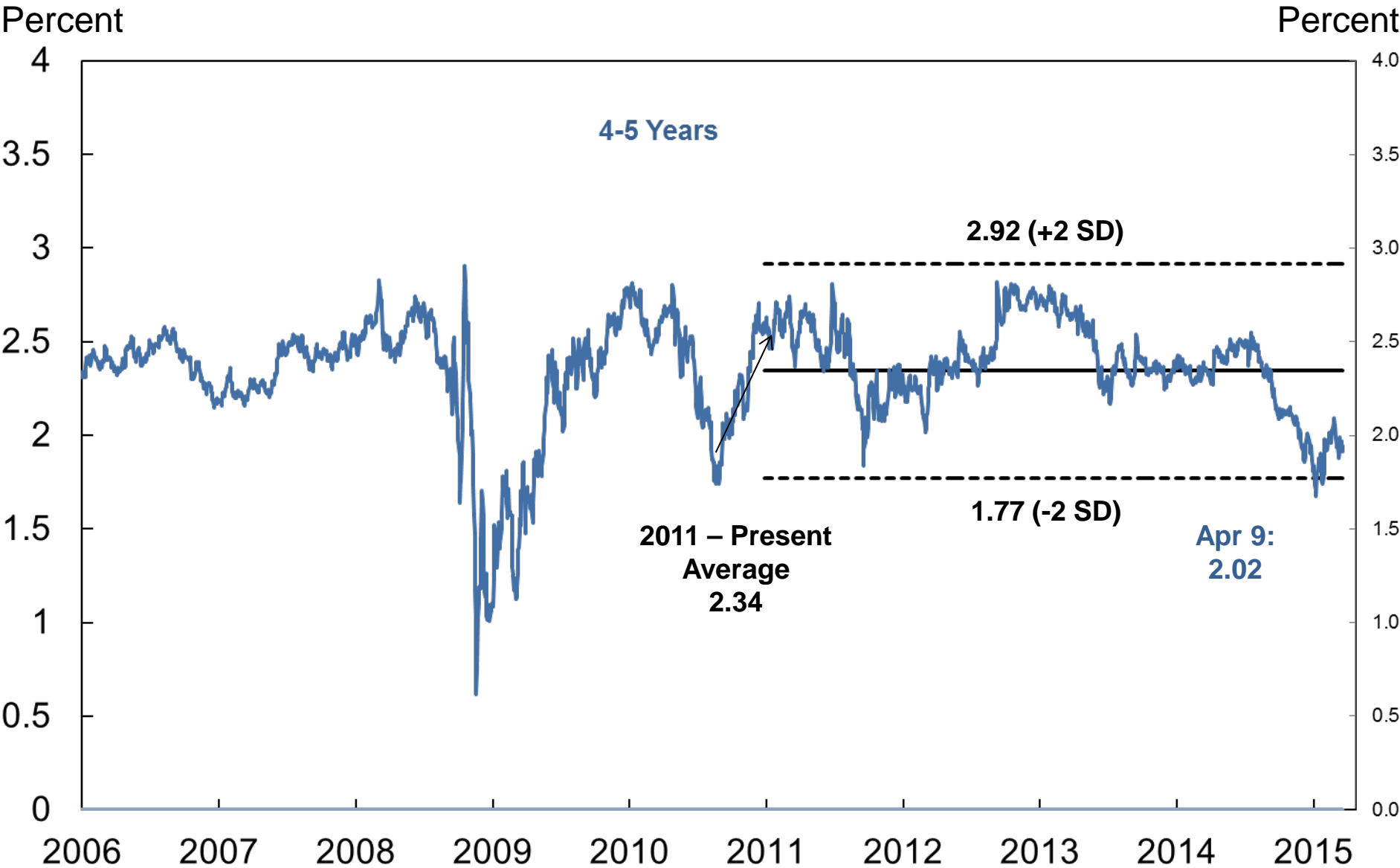
Percentage Deviation

Percentage Deviation



Source: Author's Calculations of data generated by NOAA

TIPS Based Inflation Expectations



Source: Federal Reserve Board

Note: Dashed lines represent 2 Standard Deviations from the mean



FEDERAL RESERVE BANK *of* NEW YORK

Regional Economic Outlook

Presentation to the Advisory Council on Small Business and Agriculture

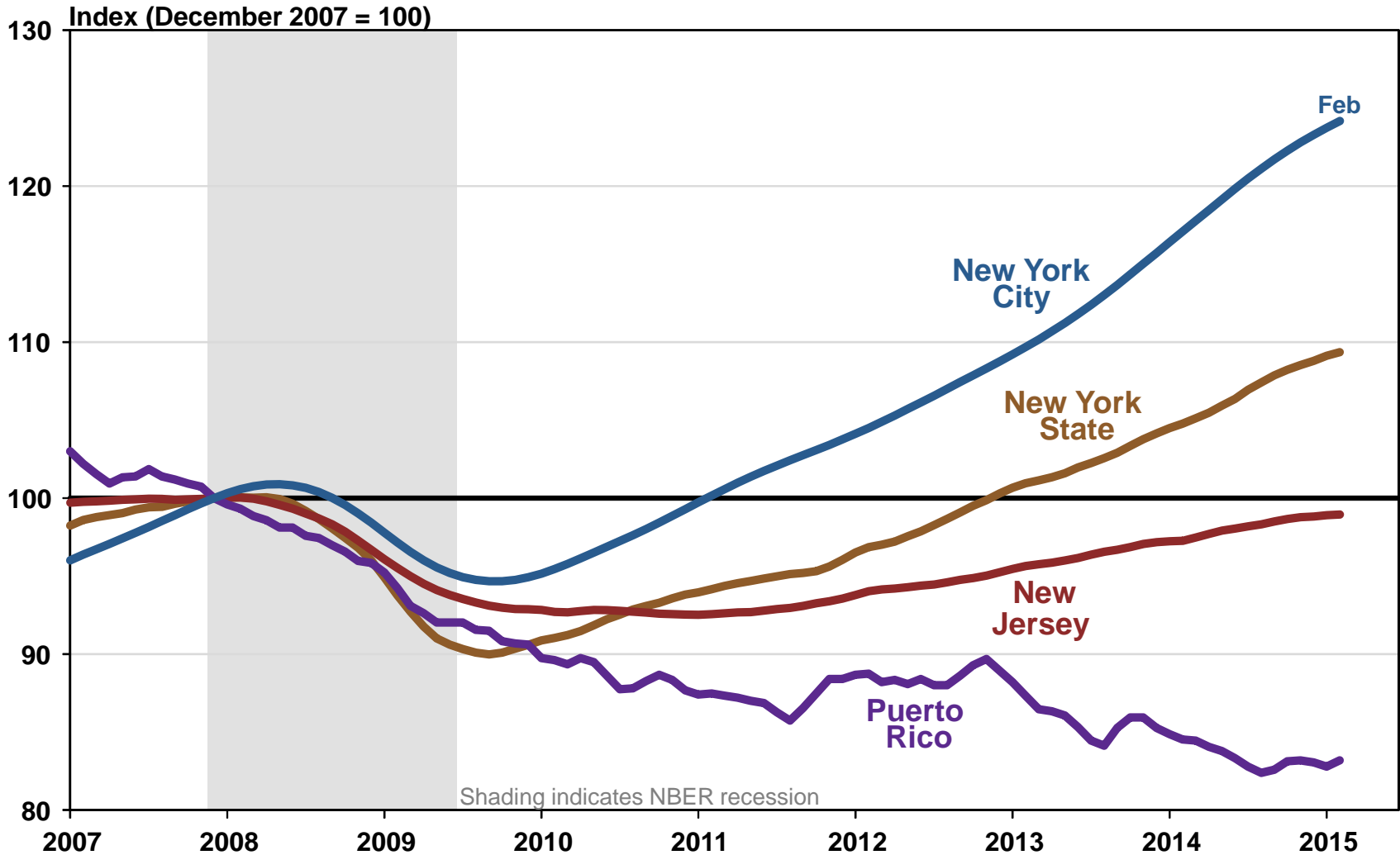
James Orr, Vice President

April 14, 2015

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

Regional Economic Activity

Index of Coincident Economic Indicators (CEI)

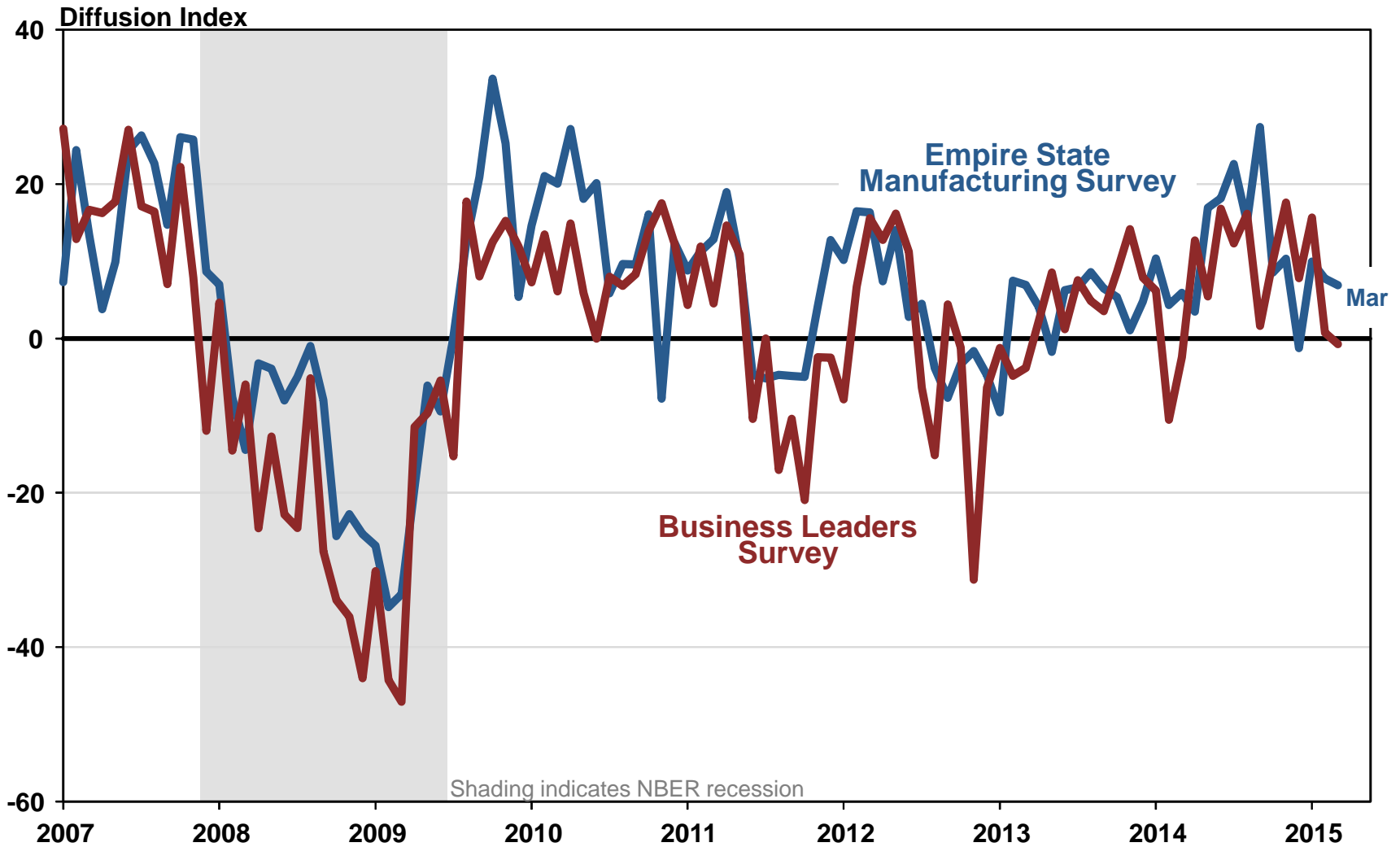


Source: Federal Reserve Bank of New York; Puerto Rico Government Development Bank.

Note: The Puerto Rico composite index is based on a different methodology than the indexes produced by the FRBNY.

Current Economic Conditions

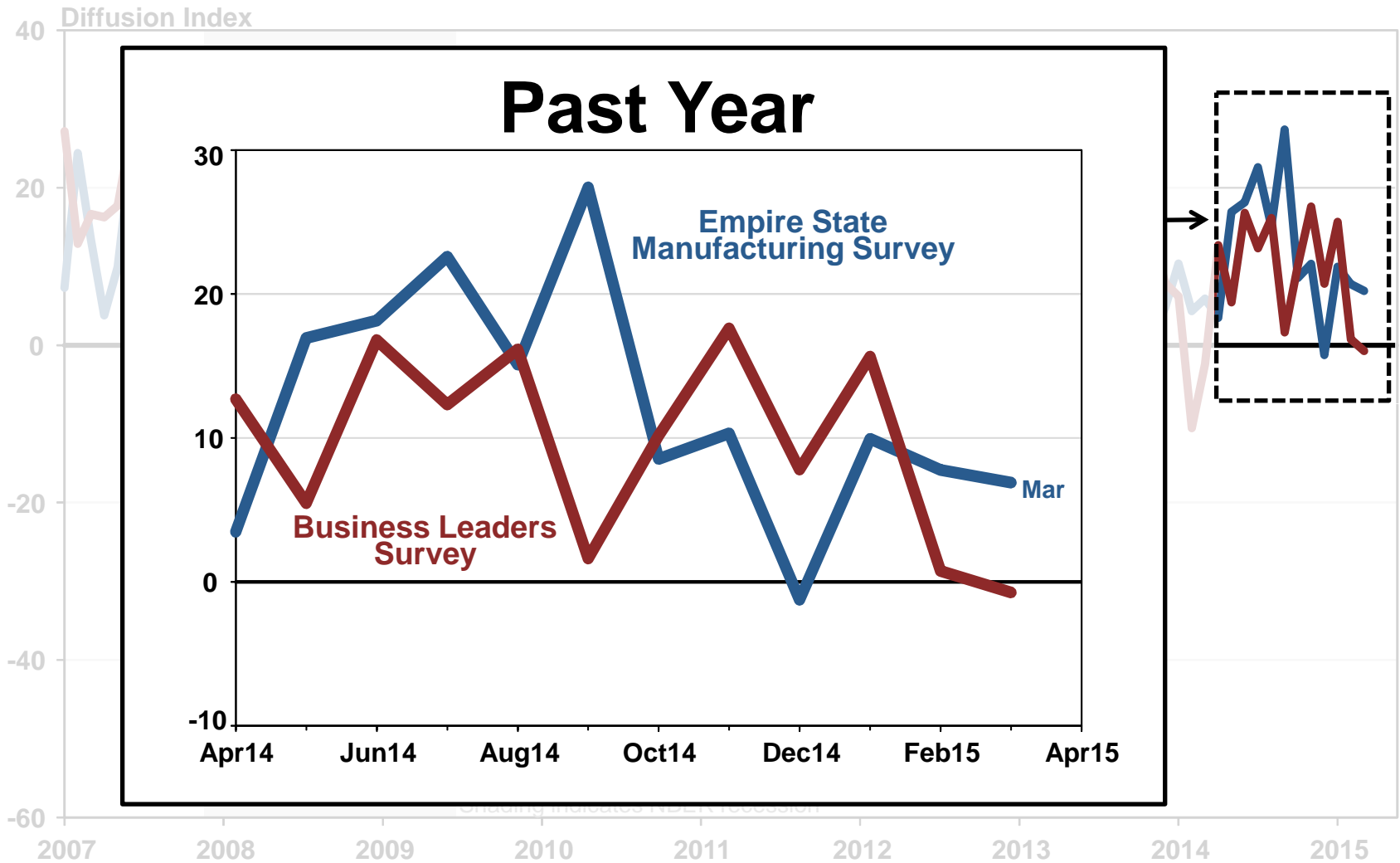
FRBNY Business Surveys, Current Conditions



Shading indicates NBER recession

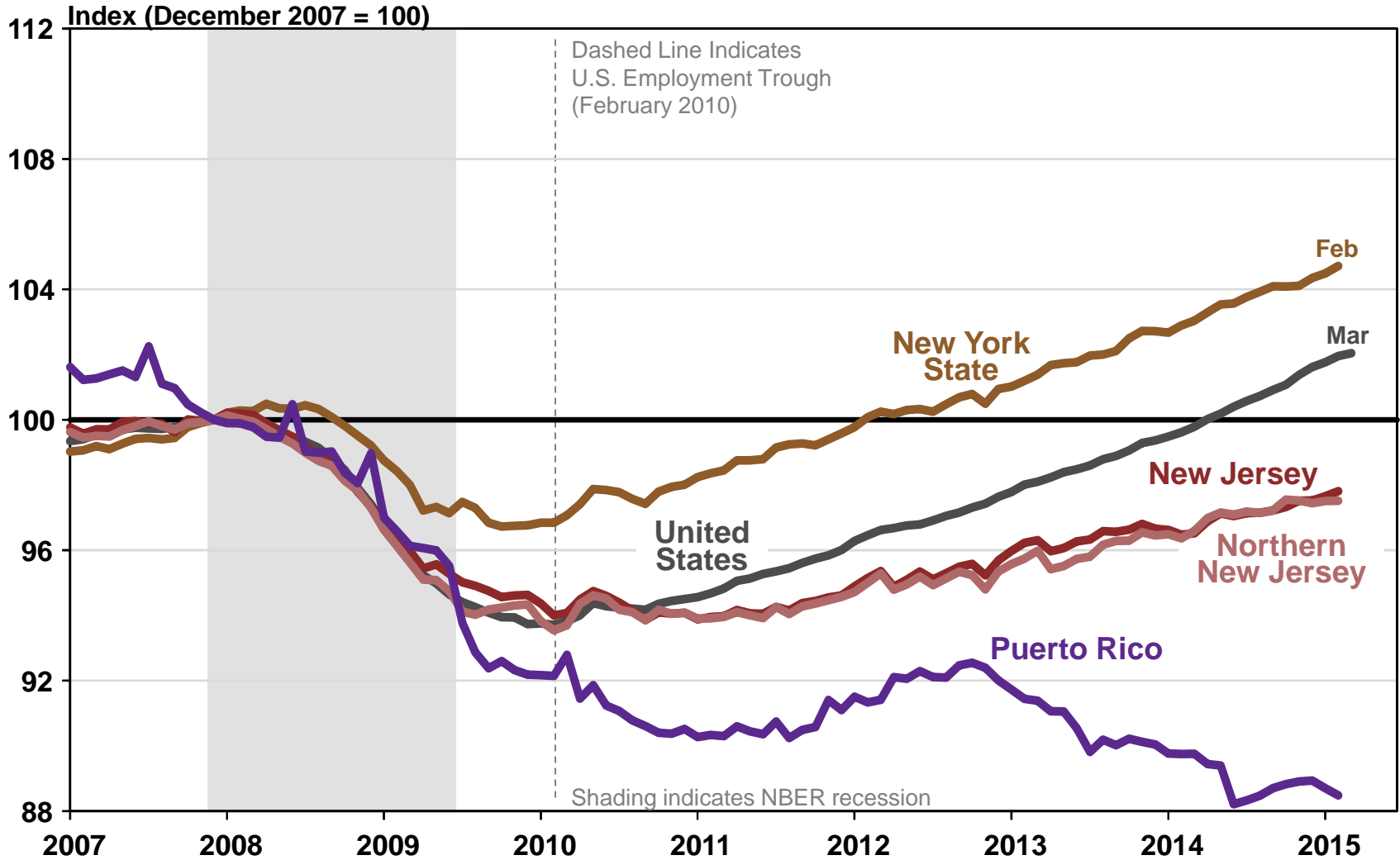
Current Economic Conditions

FRBNY Business Surveys, Current Conditions



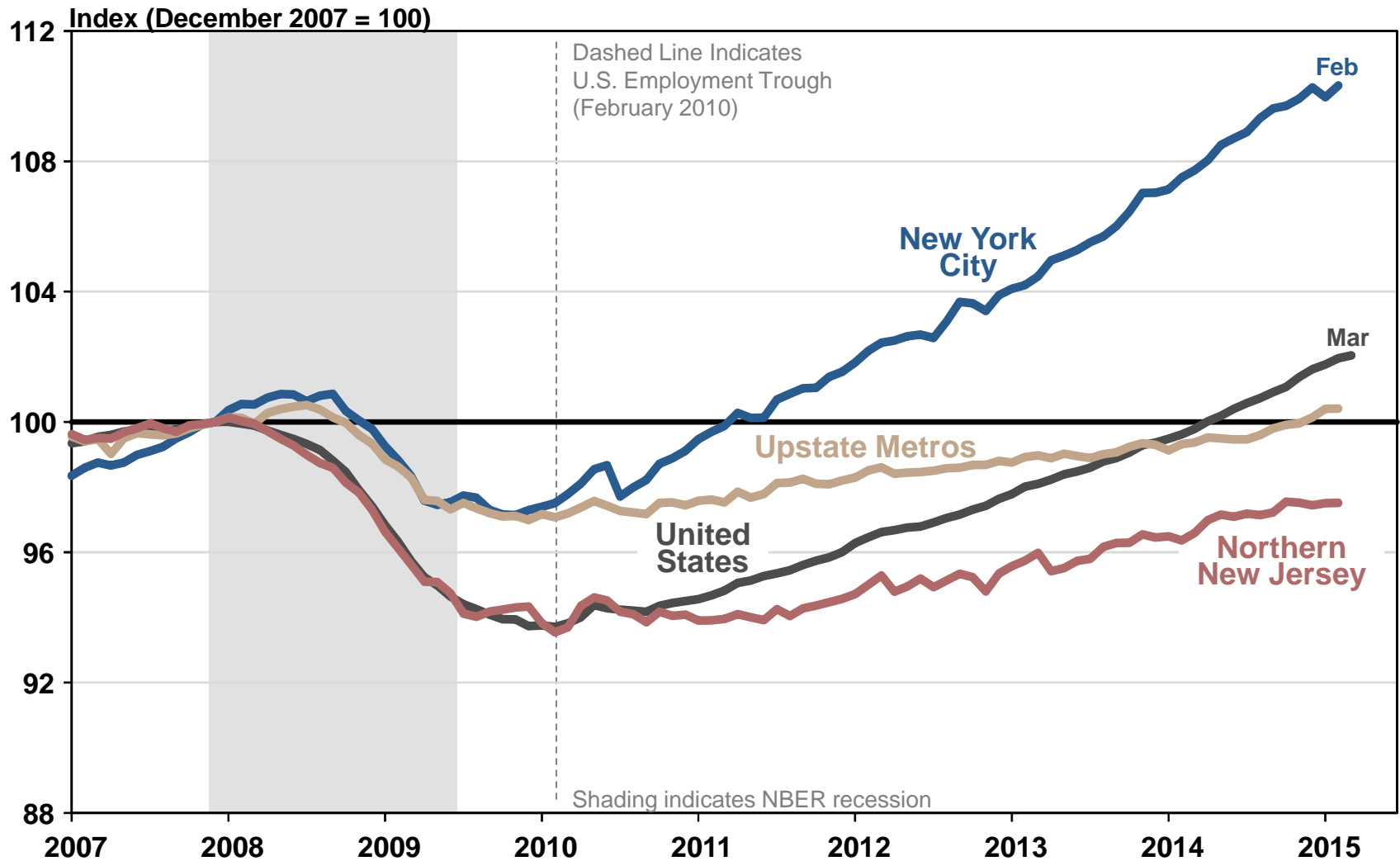
Total Employment

Seasonally Adjusted Index



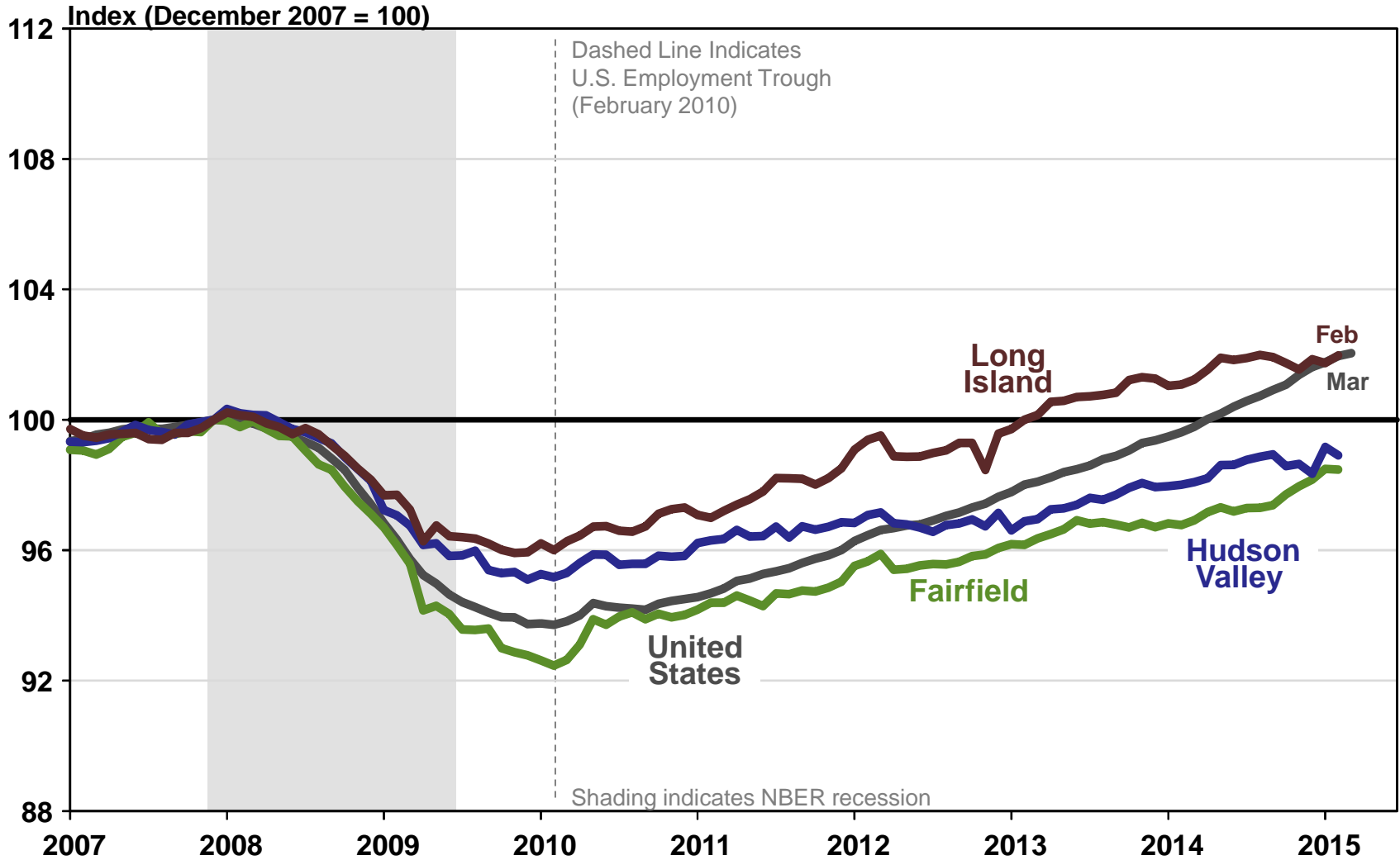
Total Employment

Seasonally Adjusted Index



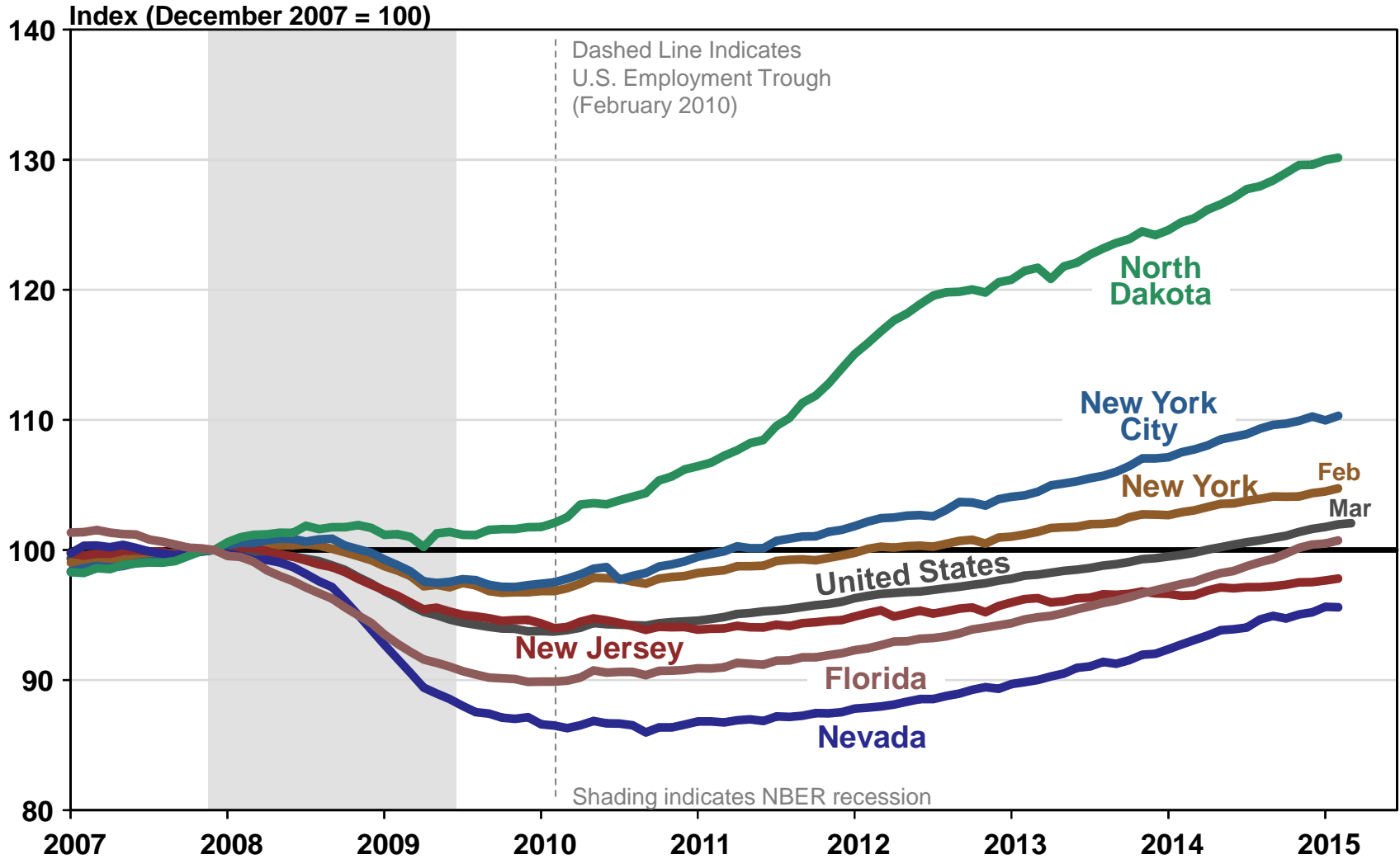
Total Employment

Seasonally Adjusted Index



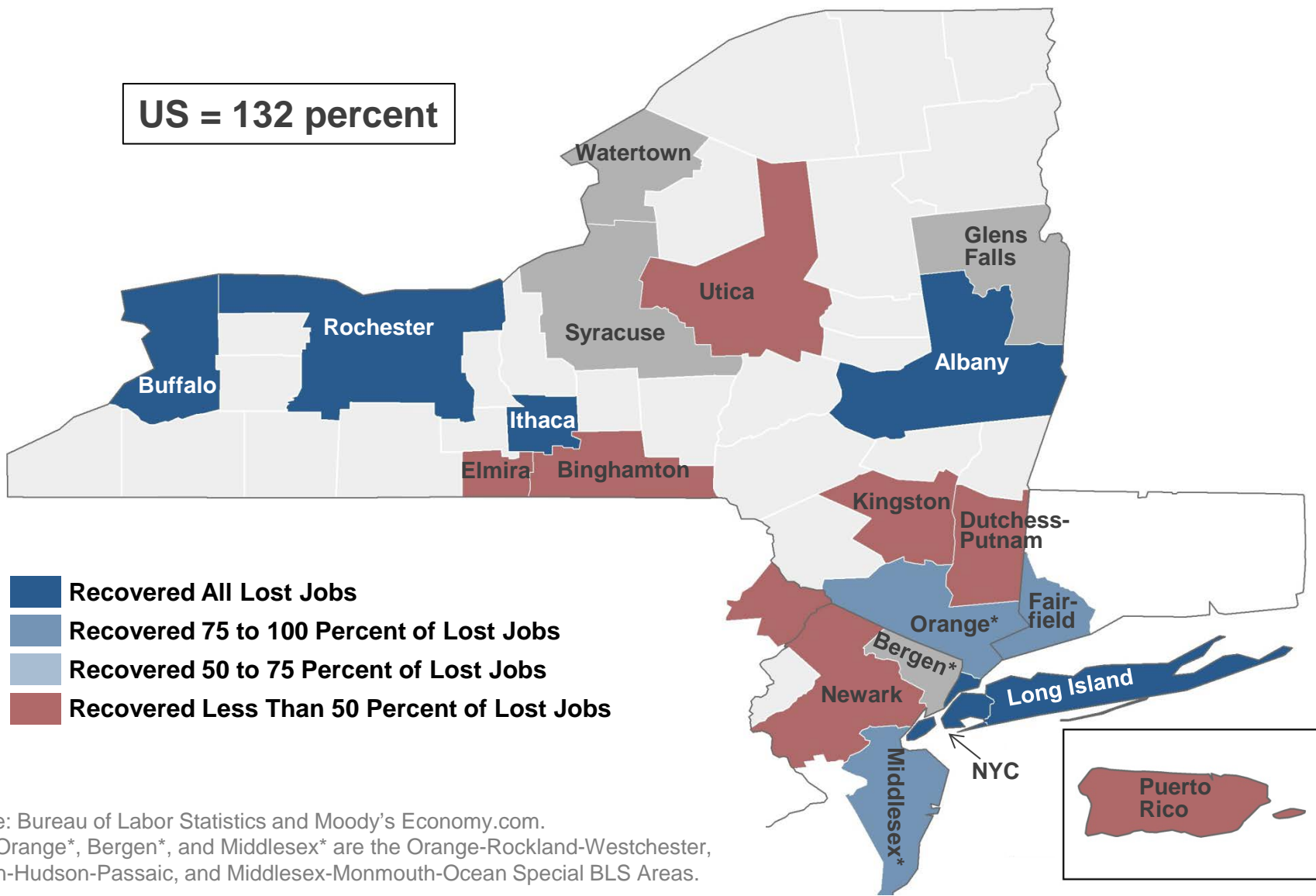
Total Employment

Seasonally Adjusted Index



Status of Jobs Recovery

Share of Lost Jobs Gained Back During Local Recovery



Source: Bureau of Labor Statistics and Moody's Economy.com.
Note: Orange*, Bergen*, and Middlesex* are the Orange-Rockland-Westchester, Bergen-Hudson-Passaic, and Middlesex-Monmouth-Ocean Special BLS Areas.

Job Growth by Sector

Year-Over-Year Percent Change, February 2015

	United States	New York State	New York City	New Jersey
Construction	5.6	2.2	1.1	9.7
Leisure & Hospitality	3.7	2.2	3.8	0.9
Professional & Business Services	3.6	2.9	4.0	-1.1
Transportation & Utilities	3.5	2.3	0.6	4.0
Education & Health Services	2.5	2.7	3.7	1.5
Information	2.3	0.6	1.7	0.5
Retail Trade	2.1	1.4	4.0	2.2
Wholesale Trade	1.9	1.6	-0.6	2.3
Financial Activities	1.8	1.3	2.1	-0.8
Manufacturing	1.7	-0.9	-2.2	0.1
State & Local Government	0.4	0.2	0.6	0.8
Total	2.4	1.7	2.6	1.3

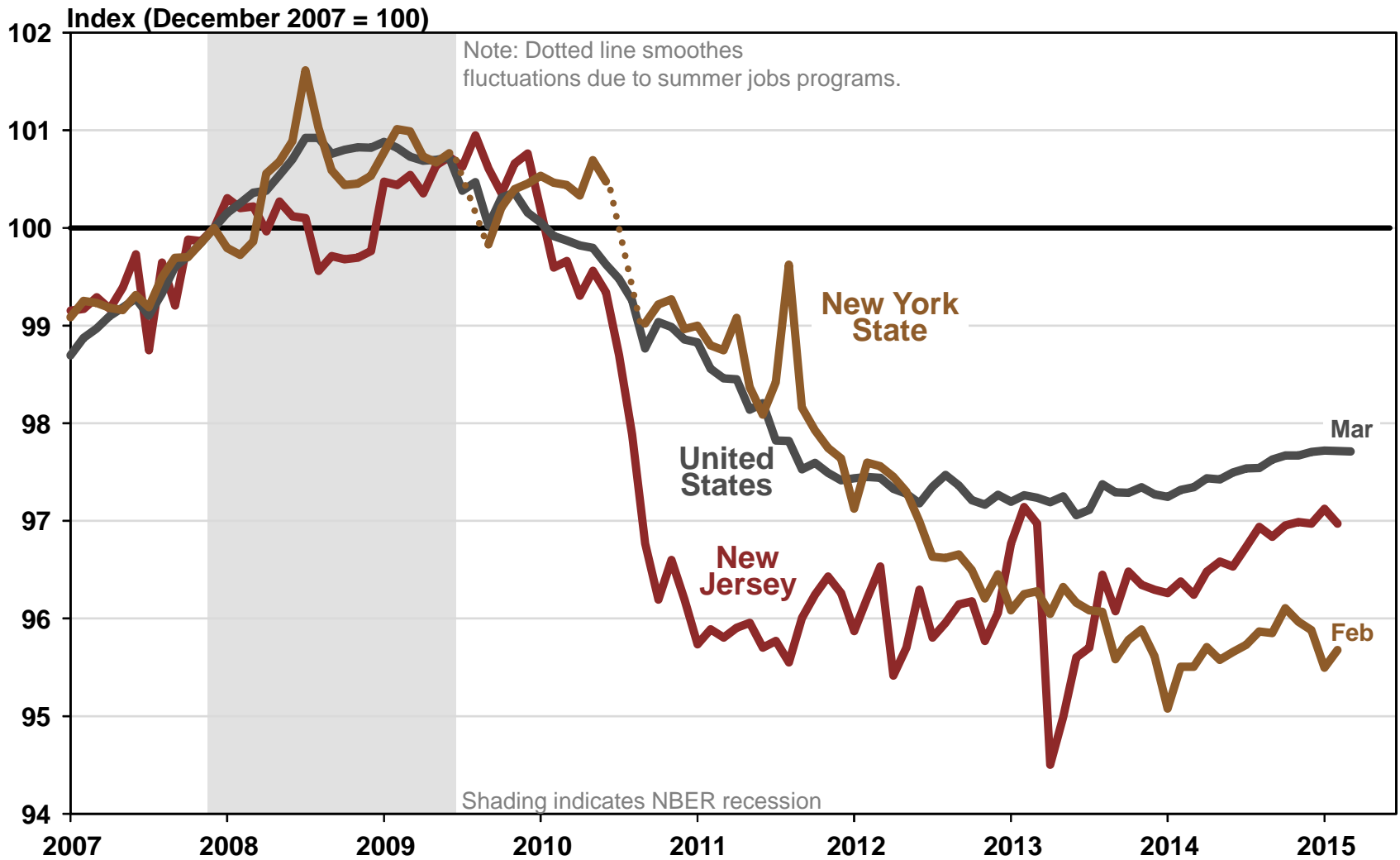
Job Growth by Sector

Year-Over-Year Percent Change, February 2015

	Connecticut	Puerto Rico
Construction	1.0	-5.6
Leisure & Hospitality	4.2	2.3
Professional & Business Services	2.3	0.8
Transportation & Utilities	0.6	3.4
Education & Health Services	2.8	3.1
Information	-0.6	-5.3
Retail Trade	1.7	0.8
Wholesale Trade	-0.5	-3.9
Financial Activities	0.9	-2.8
Manufacturing	-1.1	-1.3
State & Local Government	0.8	-3.8
Total	1.6	-0.7

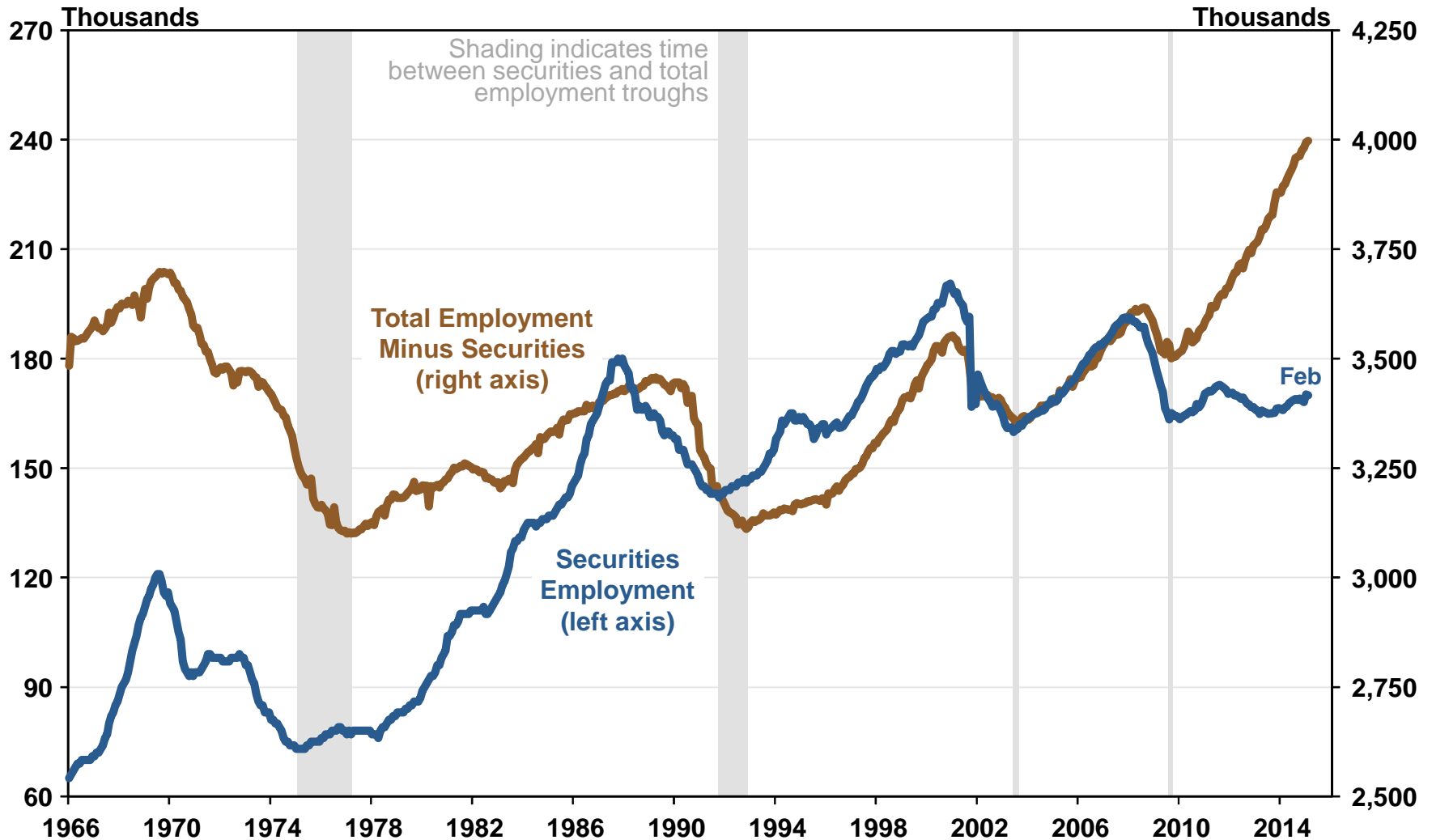
State and Local Government

Seasonally Adjusted Index



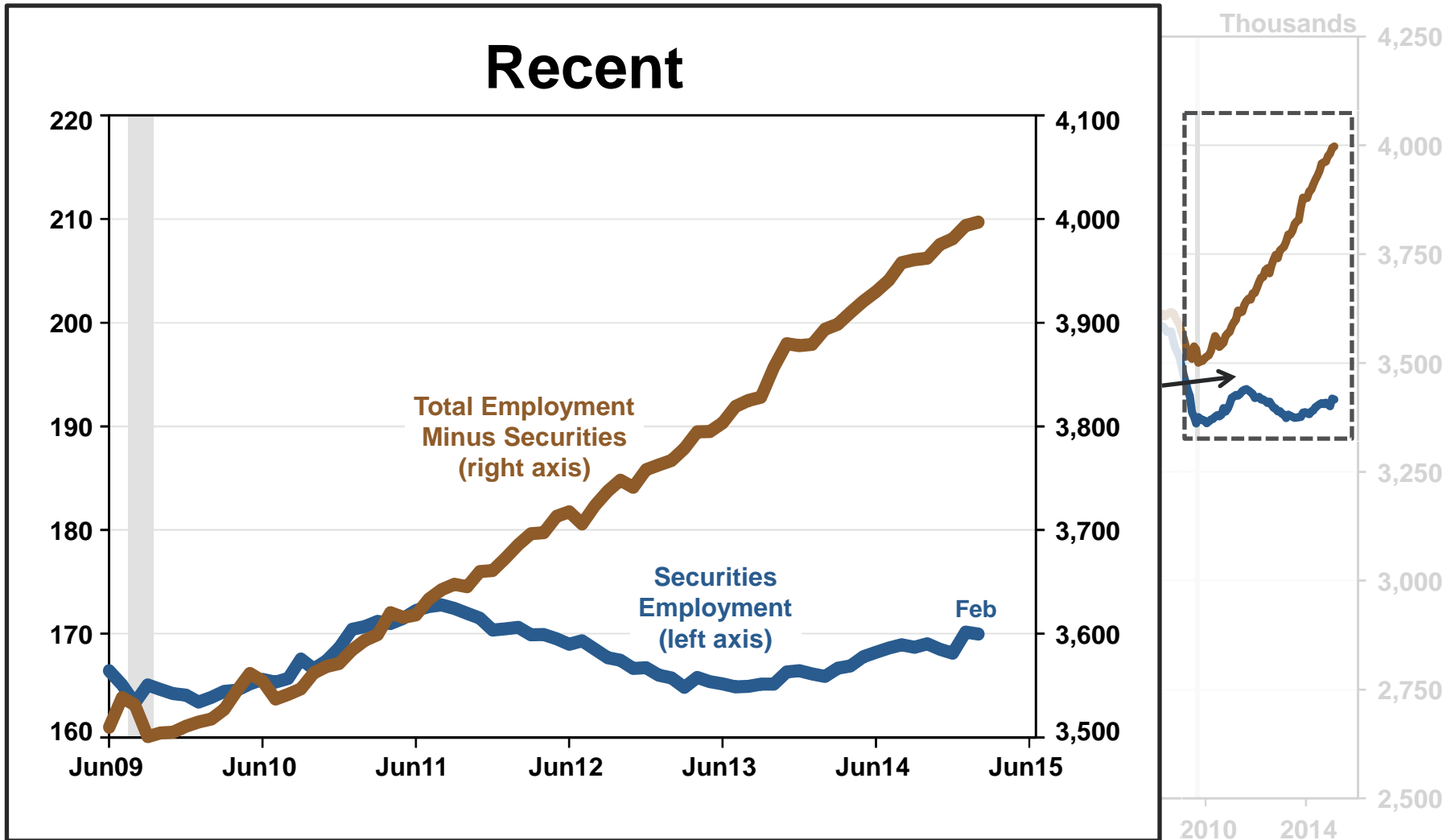
New York City Securities Employment

Seasonally Adjusted Levels



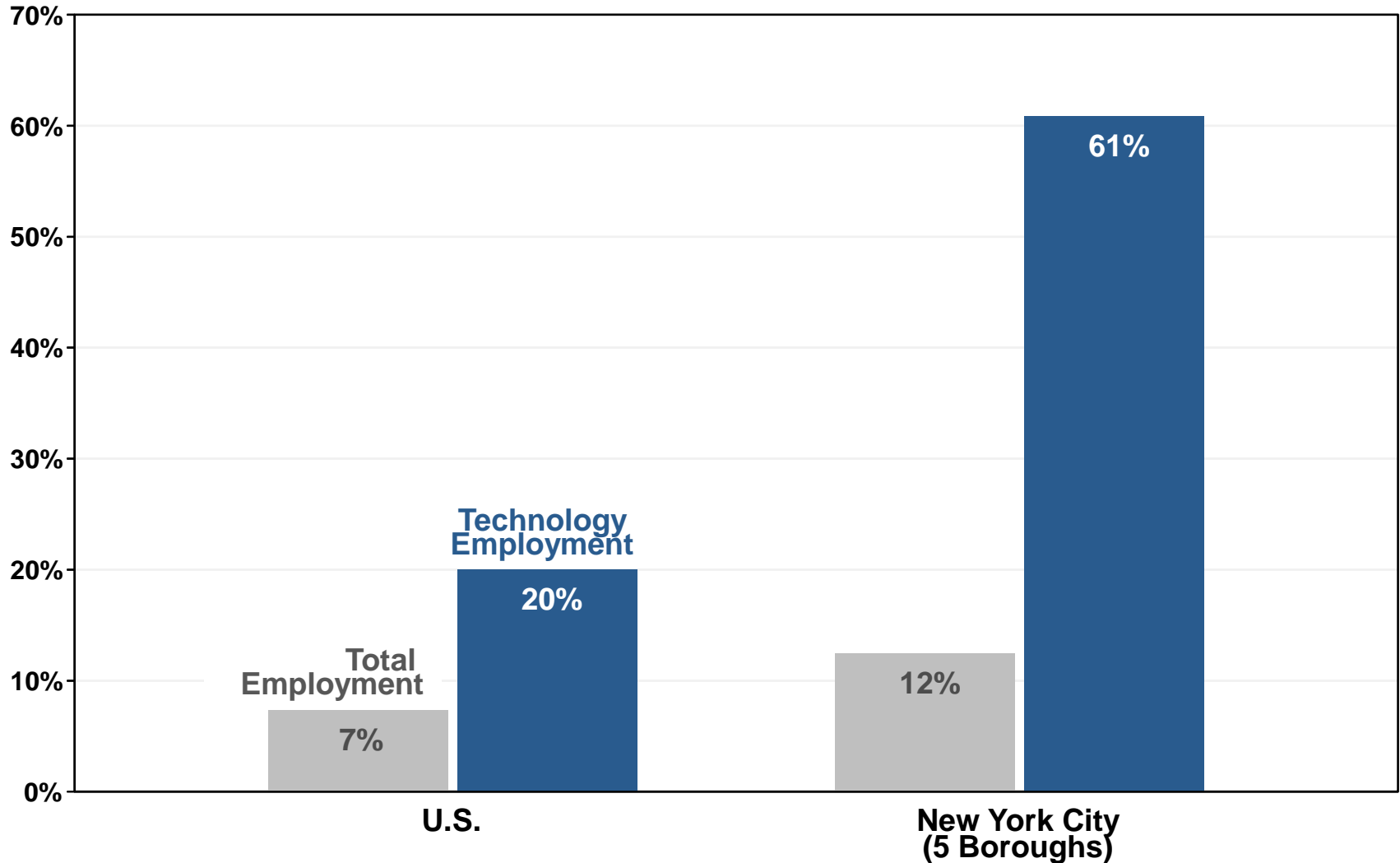
New York City Securities Employment

Seasonally Adjusted Levels



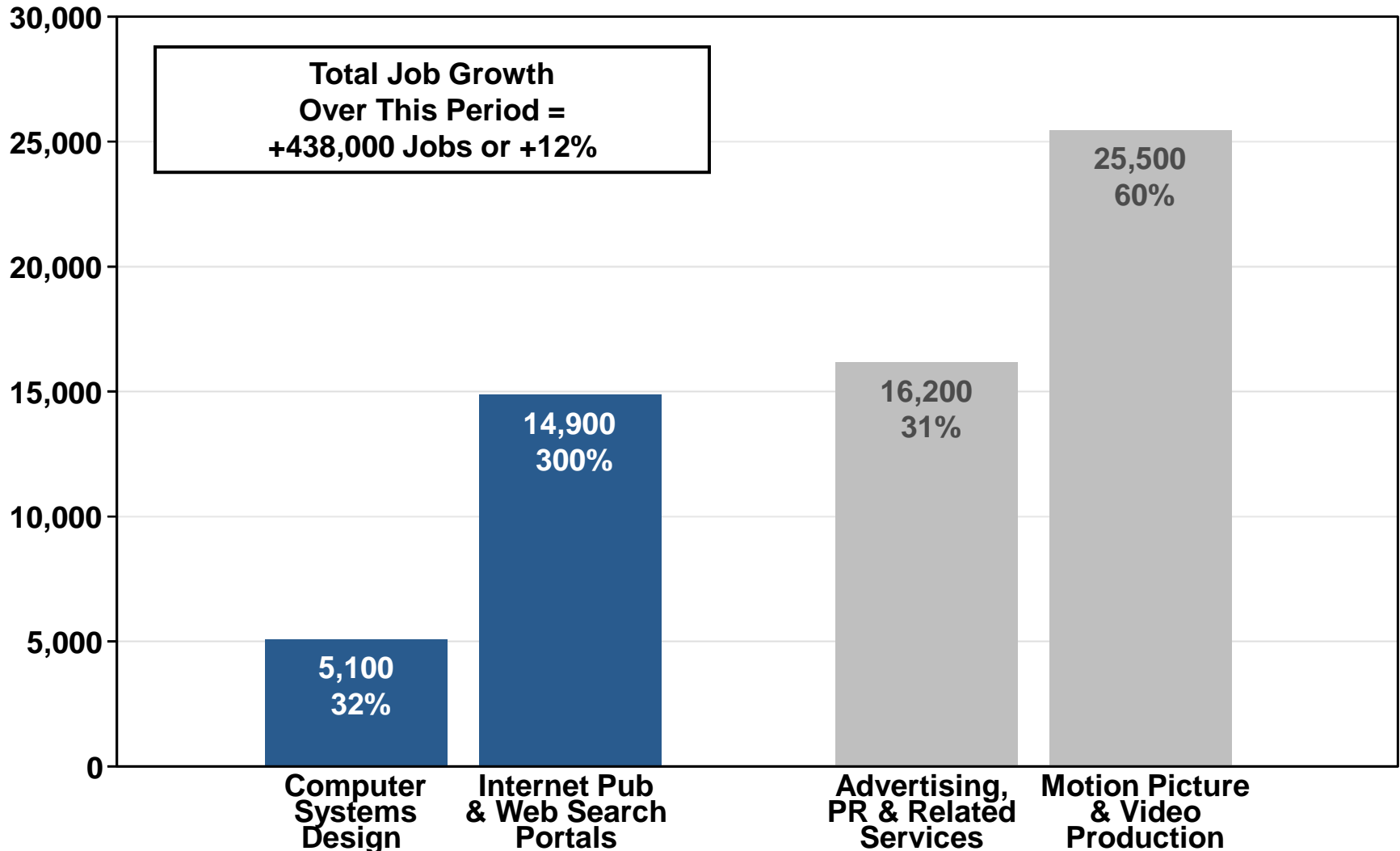
Technology Employment

Percent Change, 2009Q3 to 2014Q3



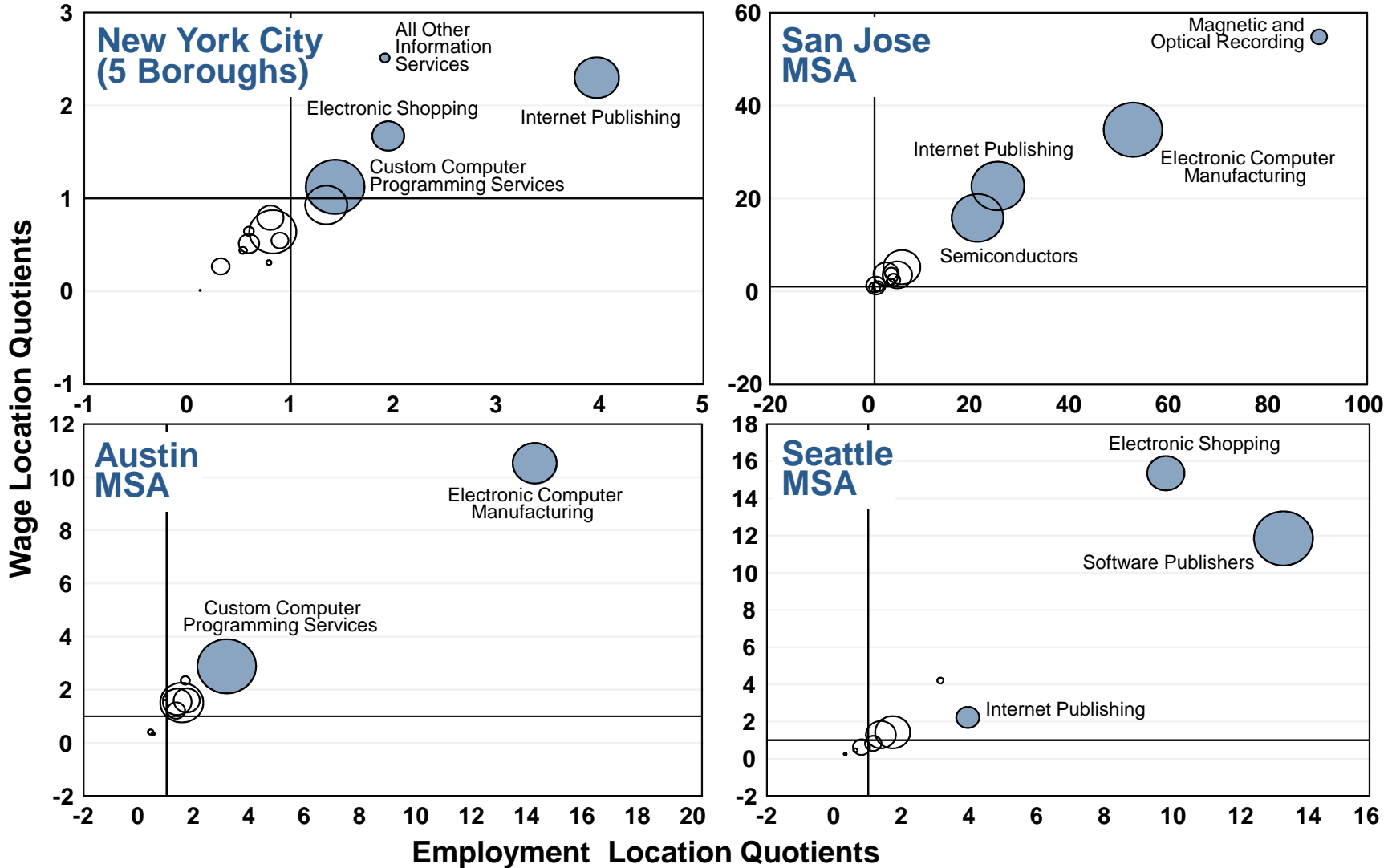
NYC Technology Employment

2009Q3 to 2014Q3



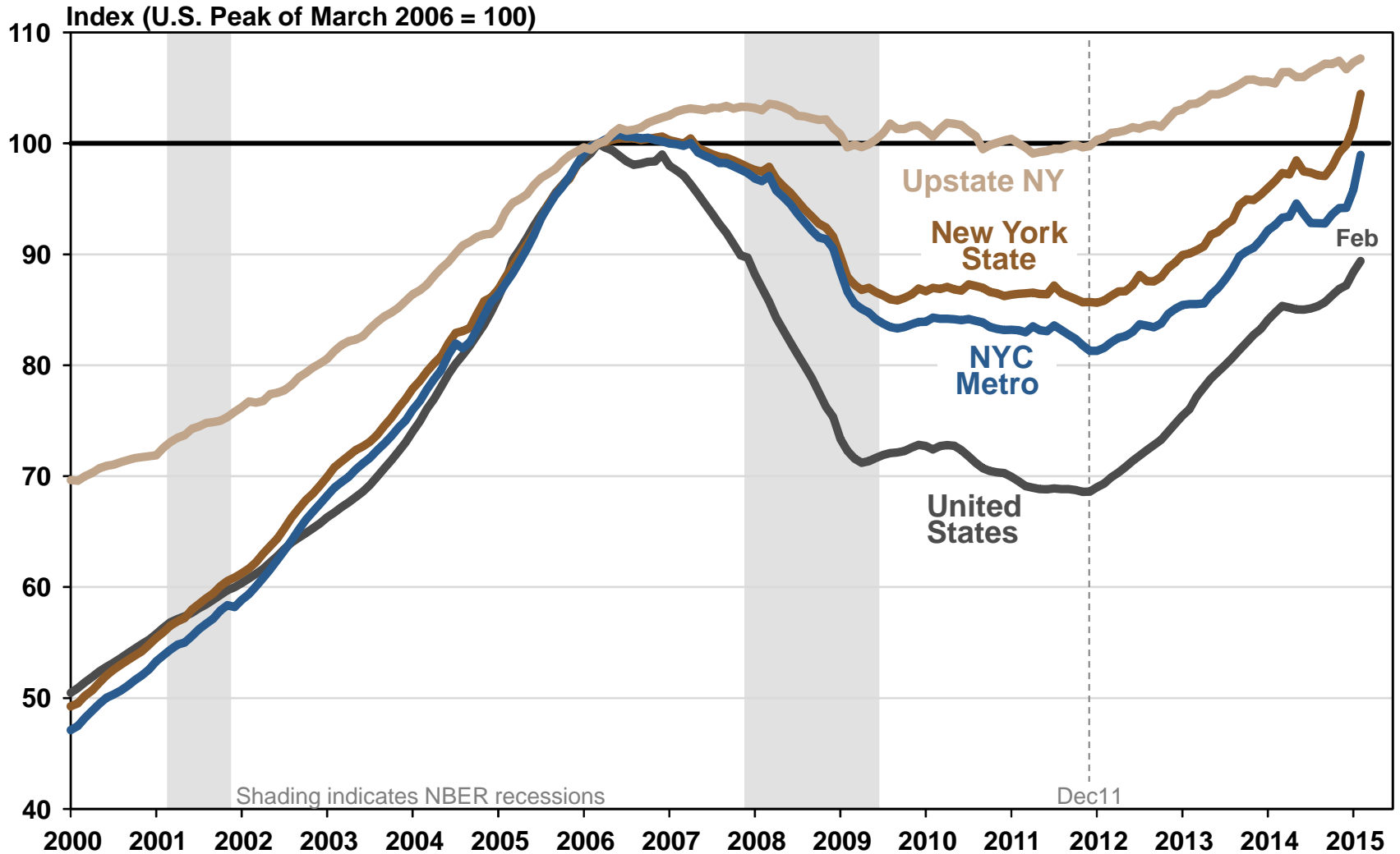
Technology Specialization

Employment and Wage Location Quotients, 2014Q2



Home Prices

CoreLogic Home Price Index, Seasonally Adjusted

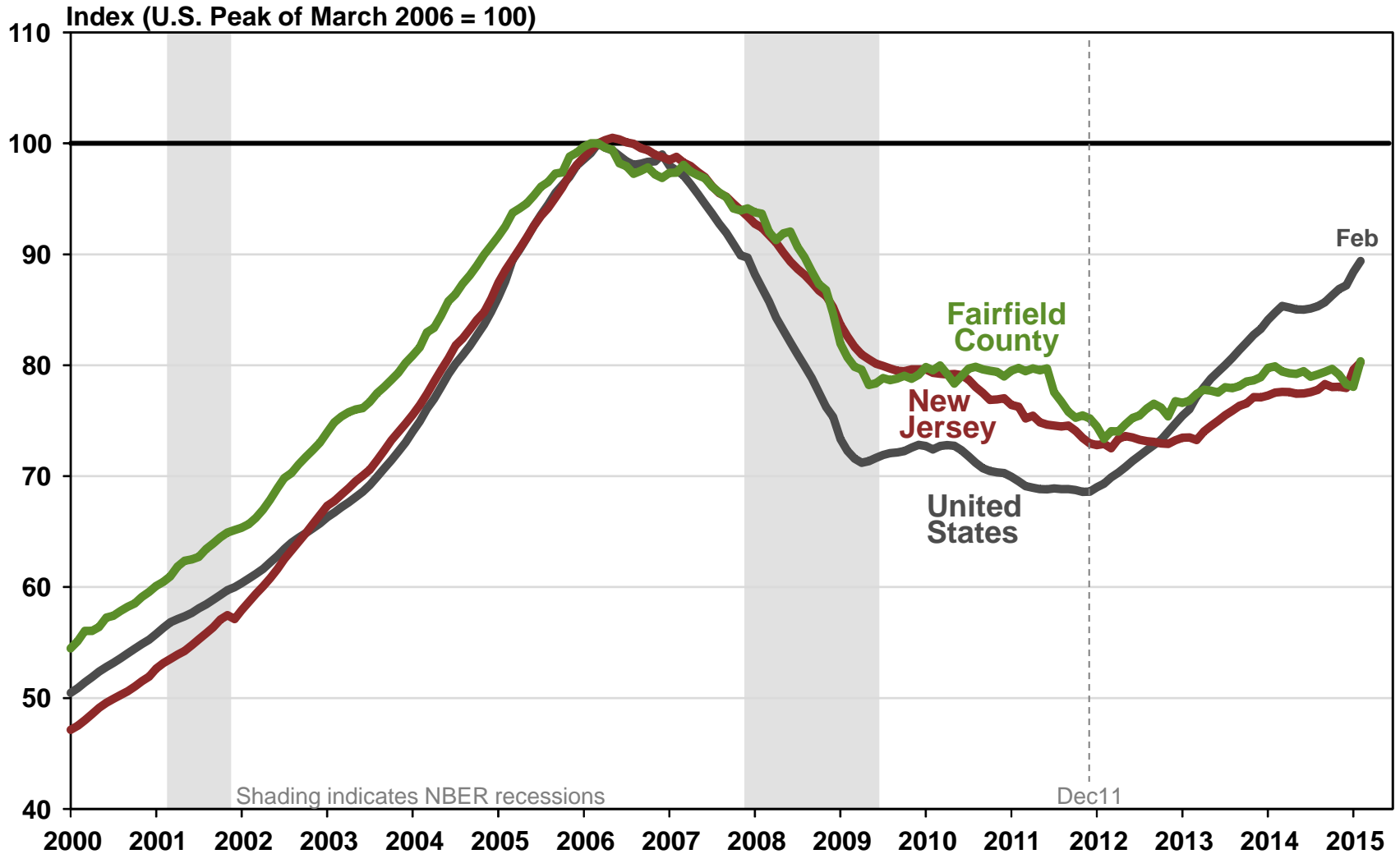


Source: CoreLogic Home Price Index (including distressed sales); Seasonally adjusted by FRBNY staff.

Note: 'NYC Metro' refers to the 'New York-White Plains-Wayne NY-NJ Metro Division.'

Home Prices

CoreLogic Home Price Index, Seasonally Adjusted

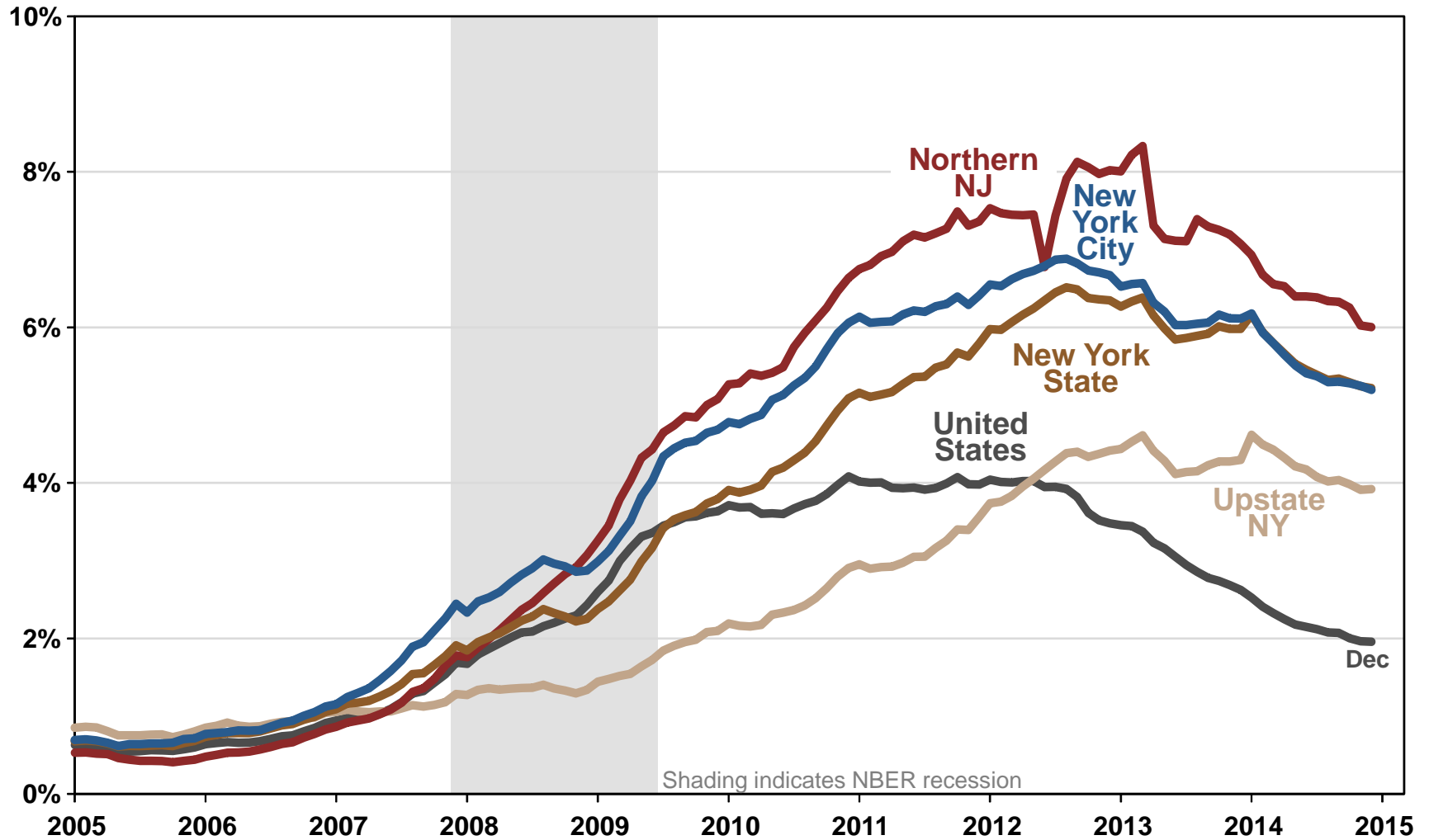


Source: CoreLogic Home Price Index (including distressed sales); Seasonally adjusted by FRBNY staff.

Note: 'NYC Metro' refers to the 'New York-White Plains-Wayne NY-NJ Metro Division.'

Backlog of Foreclosures

Share of Mortgages in Foreclosure

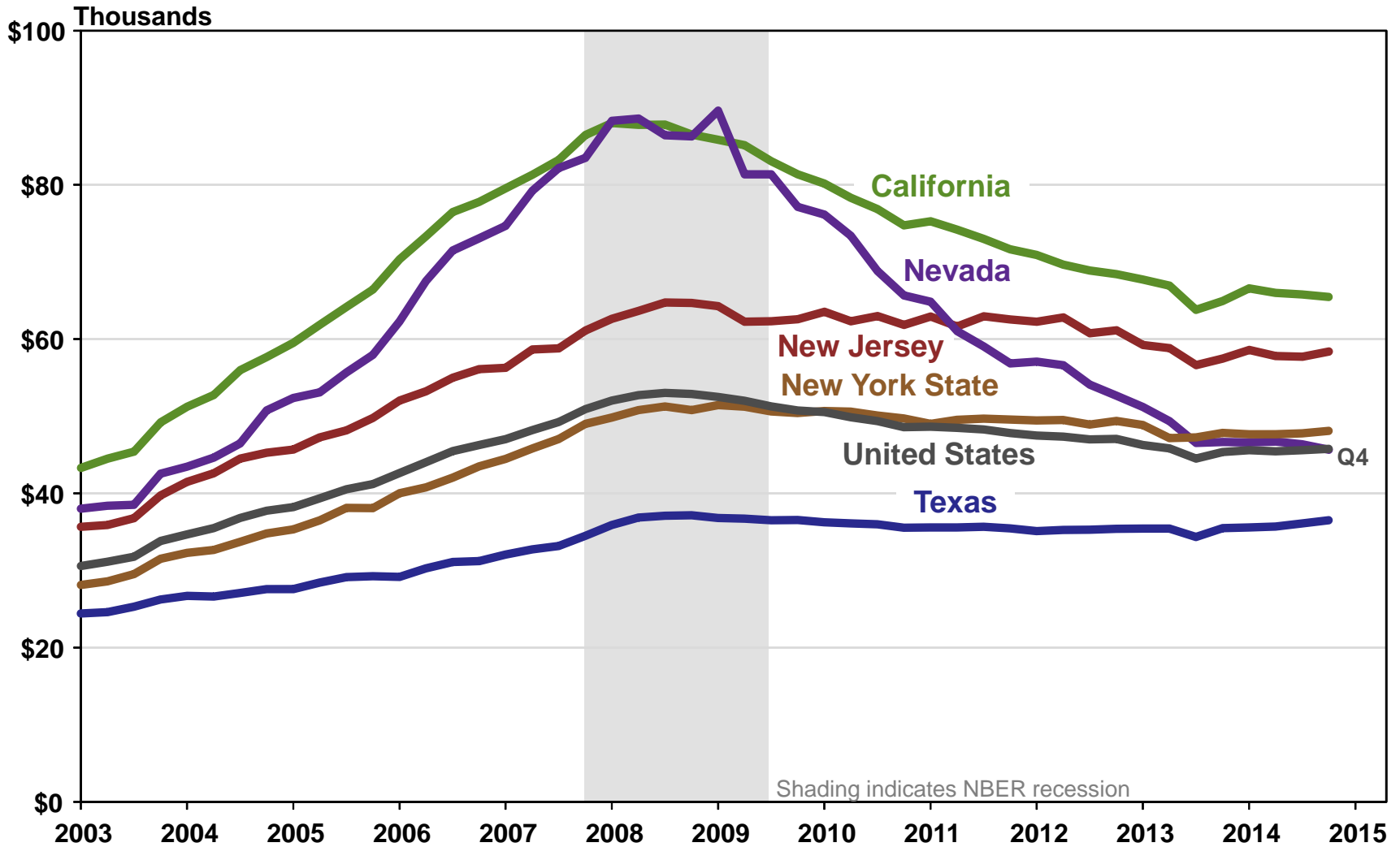


Shading indicates NBER recession

Dec

Household Debt

Total Debt Balance Per Capita



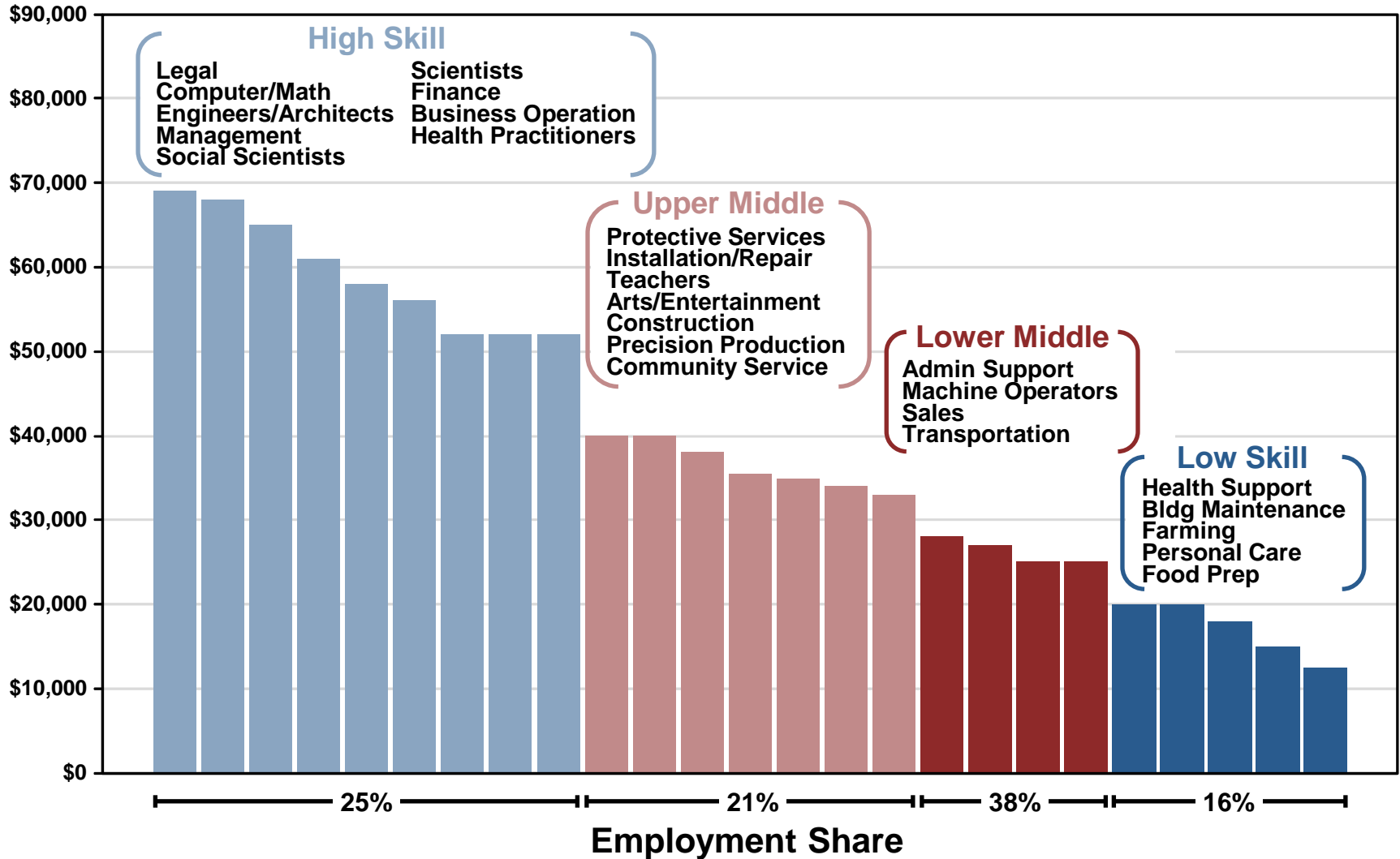
Shading indicates NBER recession

Q4

Appendix

Occupations by Skill Categories

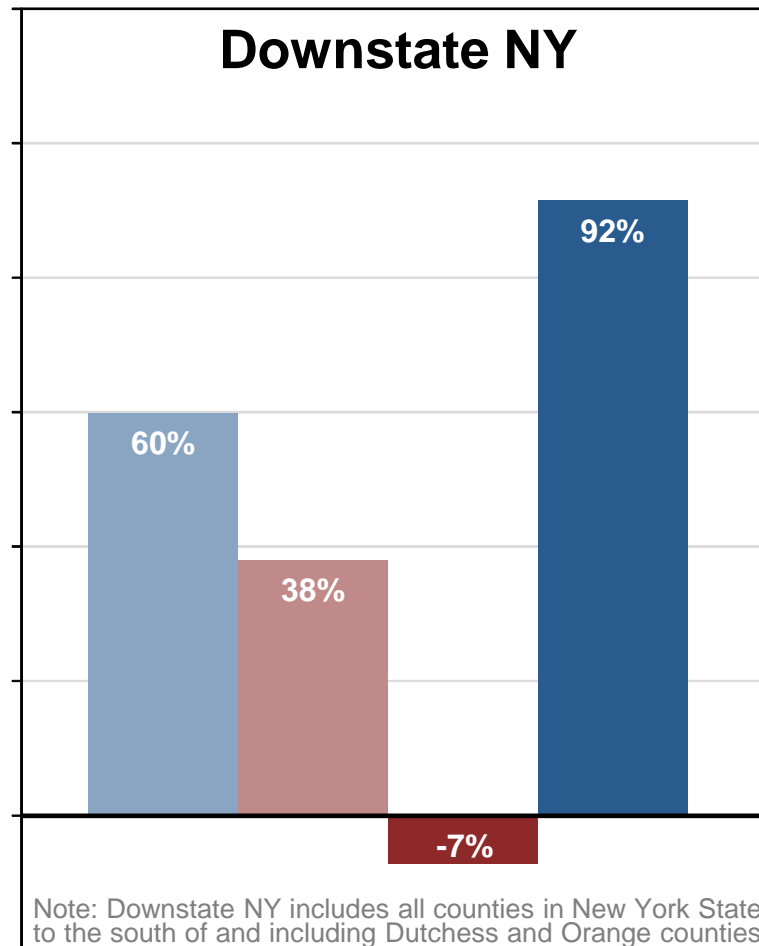
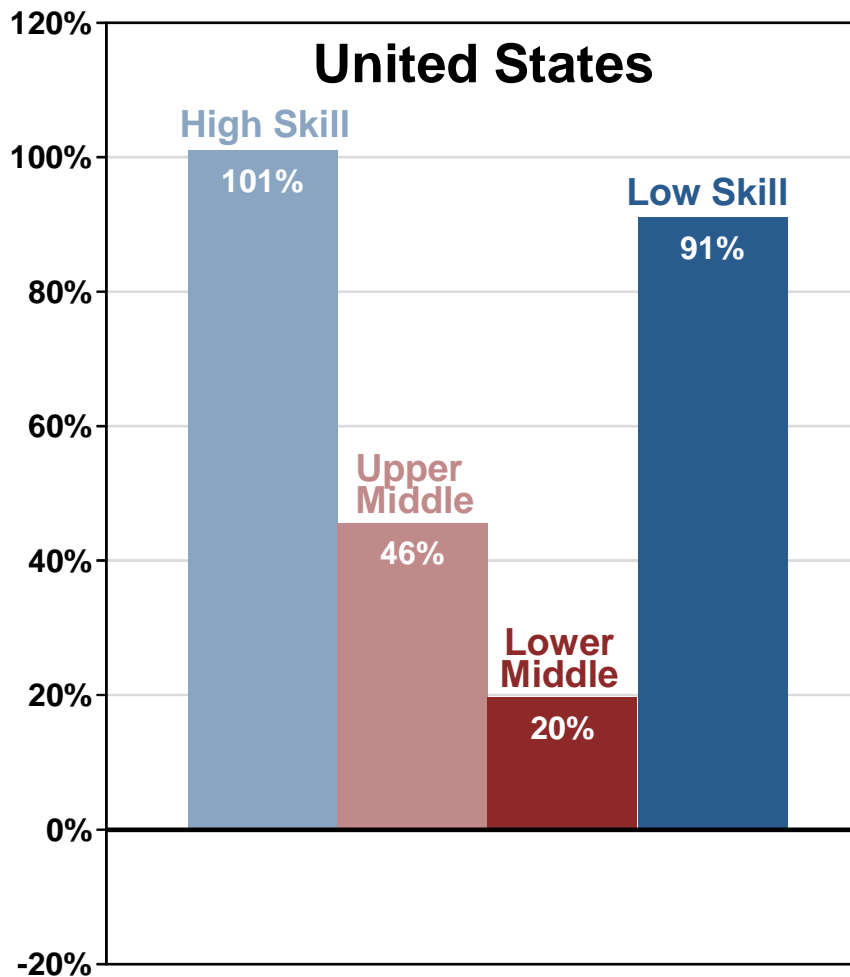
Based on 2010 Median Occupational Wage, United States



Source: U.S. Bureau of the Census and FRBNY Calculations.

Job Growth by Skill Category

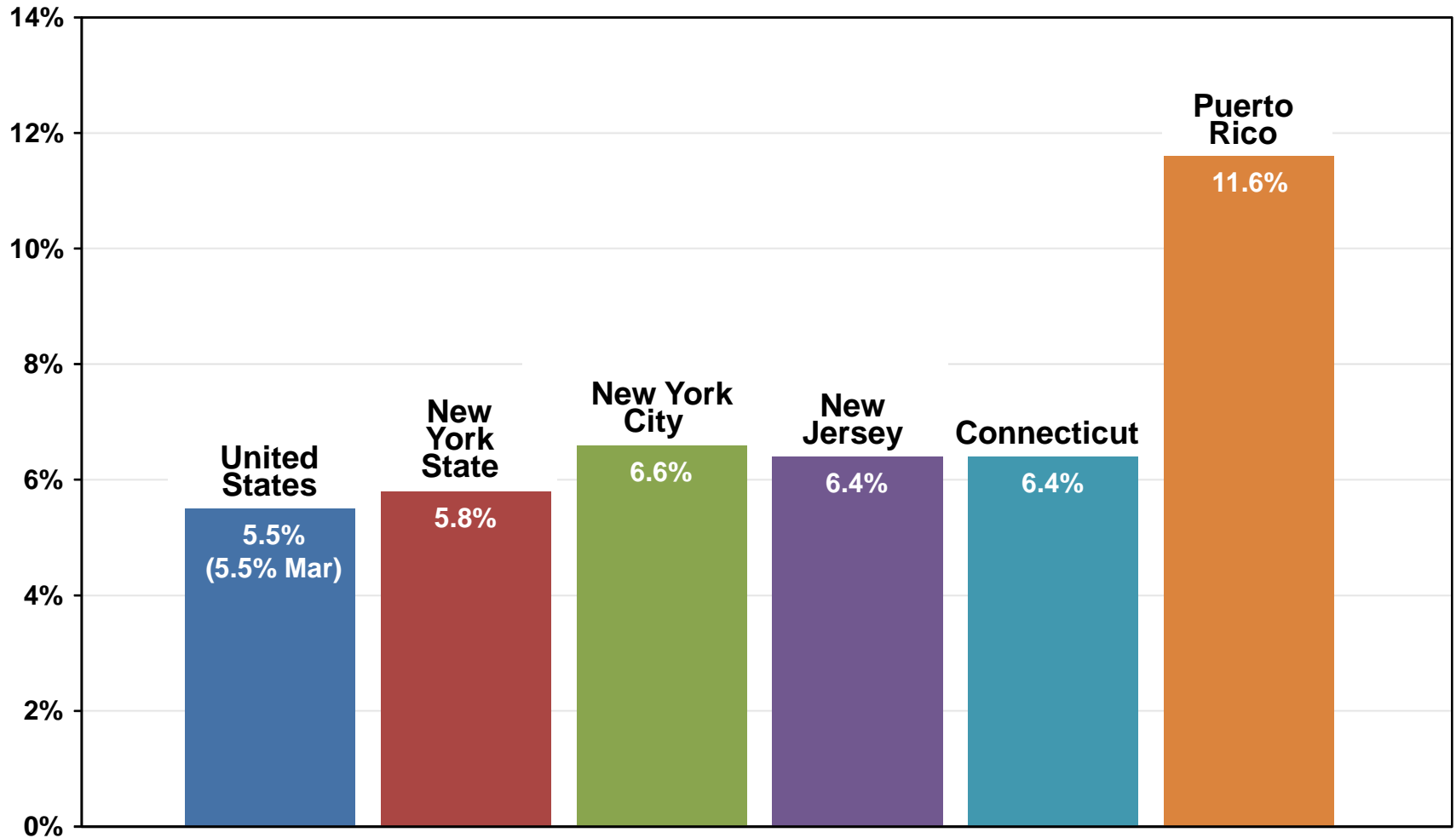
Change in Jobs: 1980-2010, Our Region



Note: Downstate NY includes all counties in New York State to the south of and including Dutchess and Orange counties.

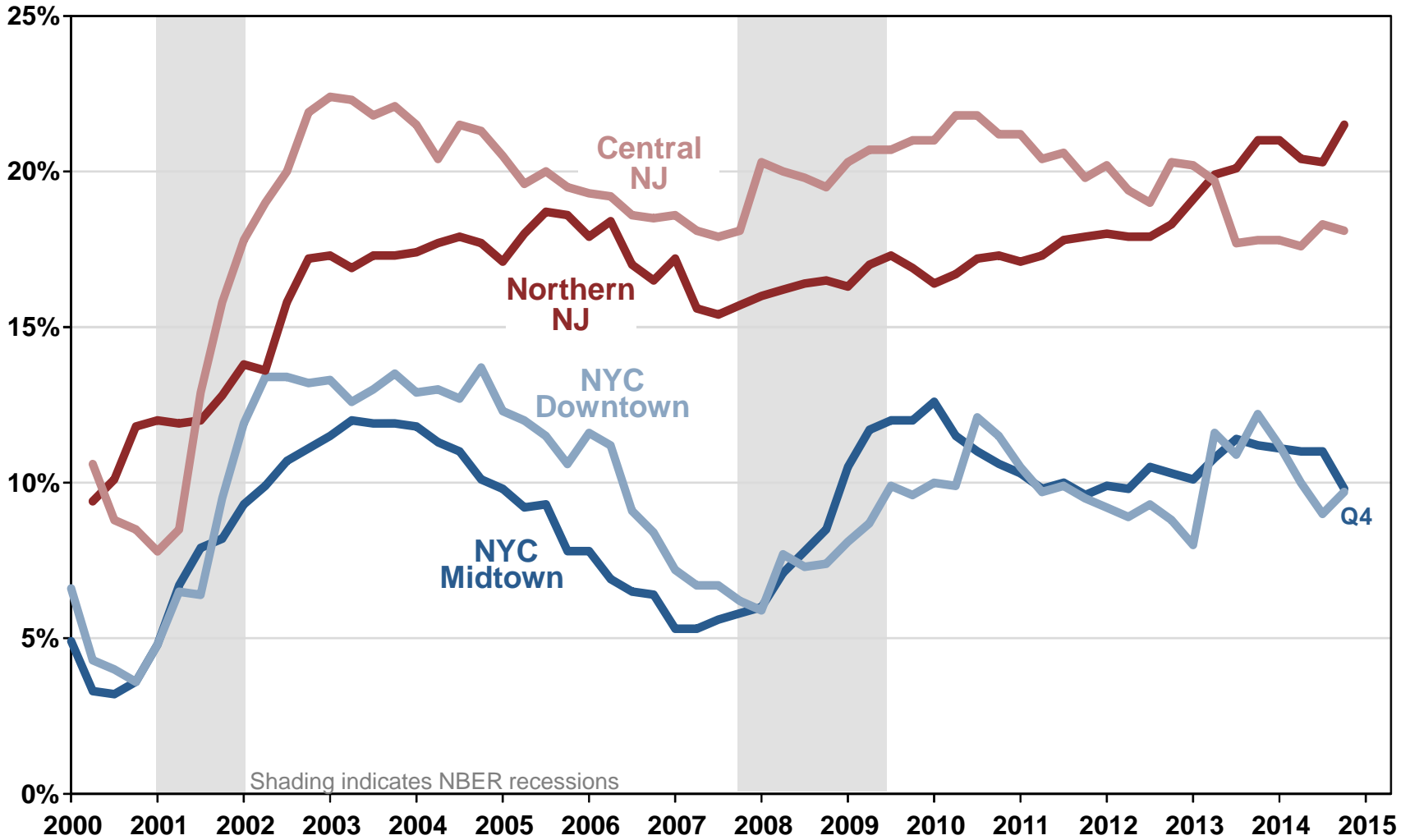
Unemployment Rates in the Region

Seasonally Adjusted, February 2015



Office Vacancy Rates

Overall Vacancy Rates

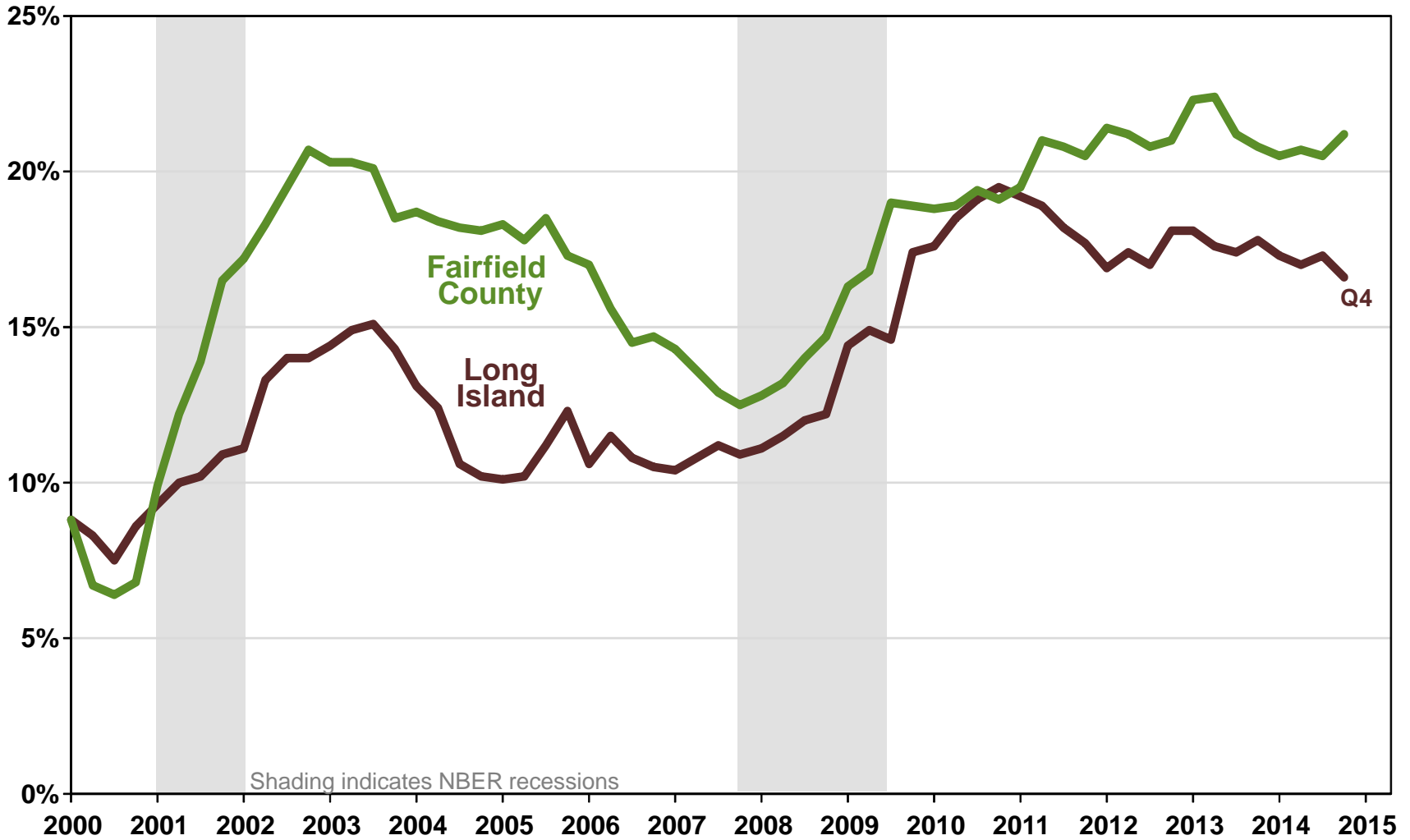


Shading indicates NBER recessions

Q4

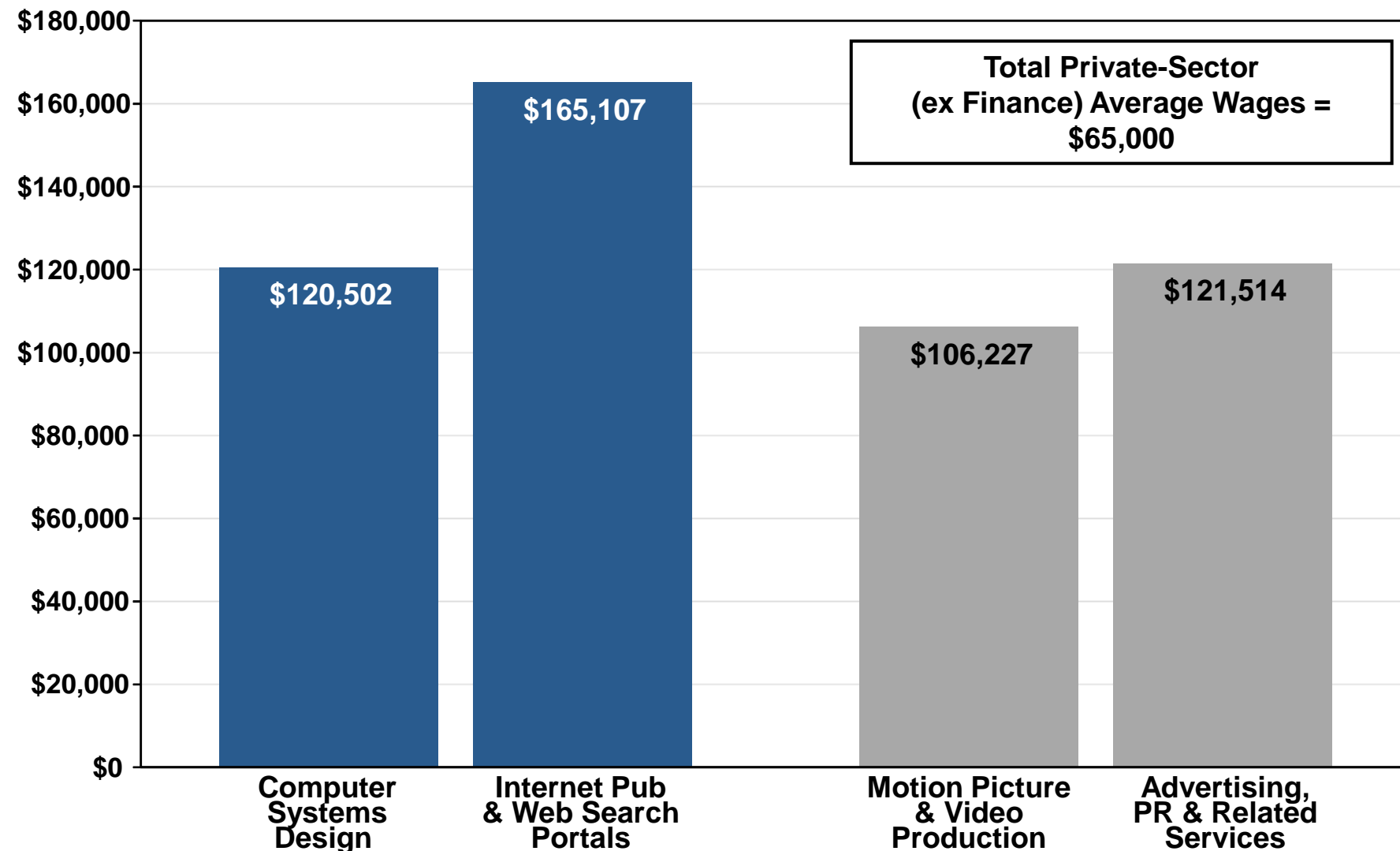
Office Vacancy Rates

Overall Vacancy Rates



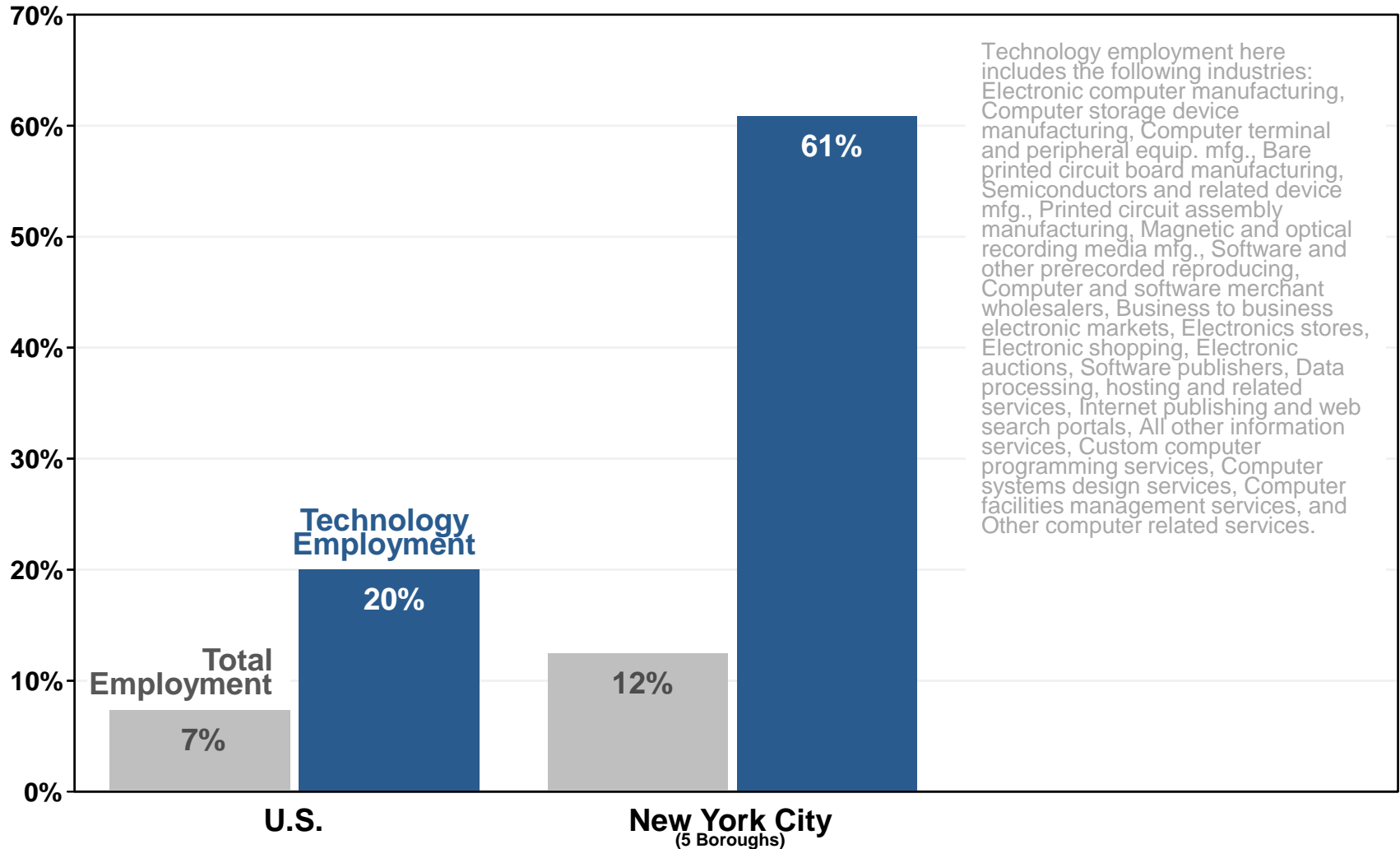
NYC Technology Average Wages

2013



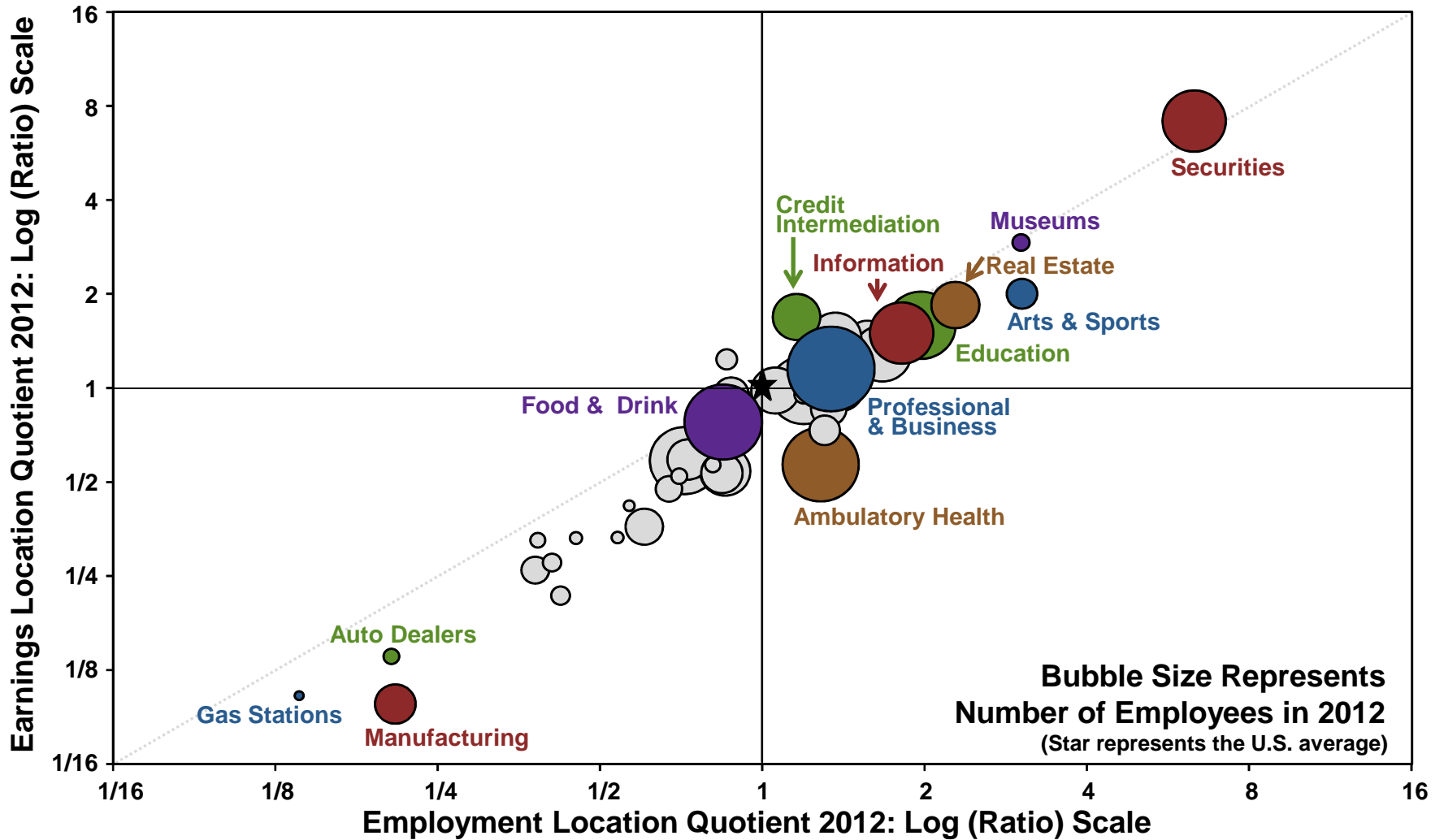
Technology Employment

Percent Change, 2009Q3 to 2014Q3



New York City Industrial Specialization

2012 Employment and Earnings Location Quotients





FEDERAL RESERVE BANK *of* NEW YORK

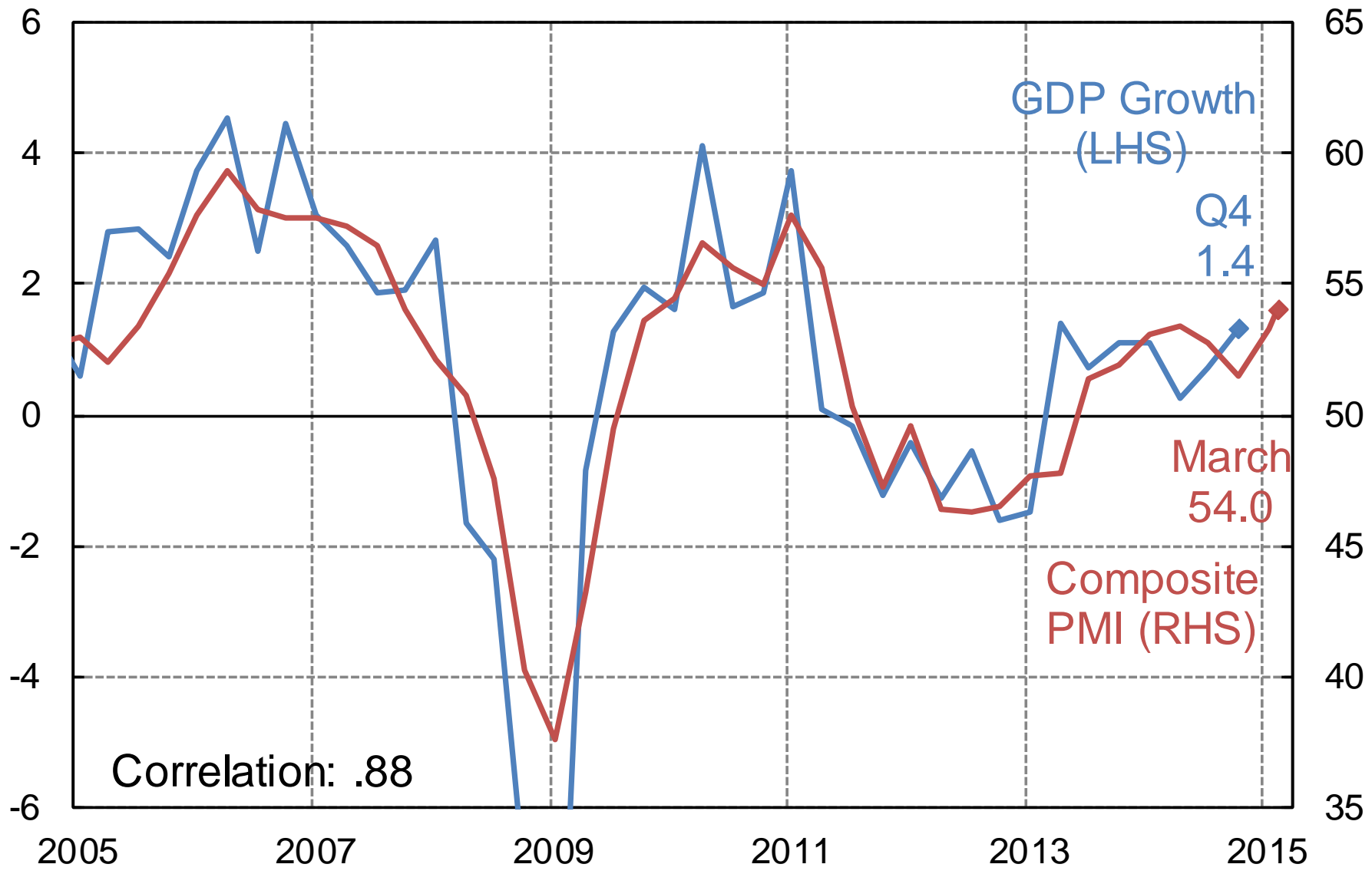
Global Economic Outlook

Small Business and Agricultural Advisory Council
Matthew Higgins, April 2015

Figure 1 Euro Area: GDP Growth and Composite PMIs

Percent, saar

Diffusion Index

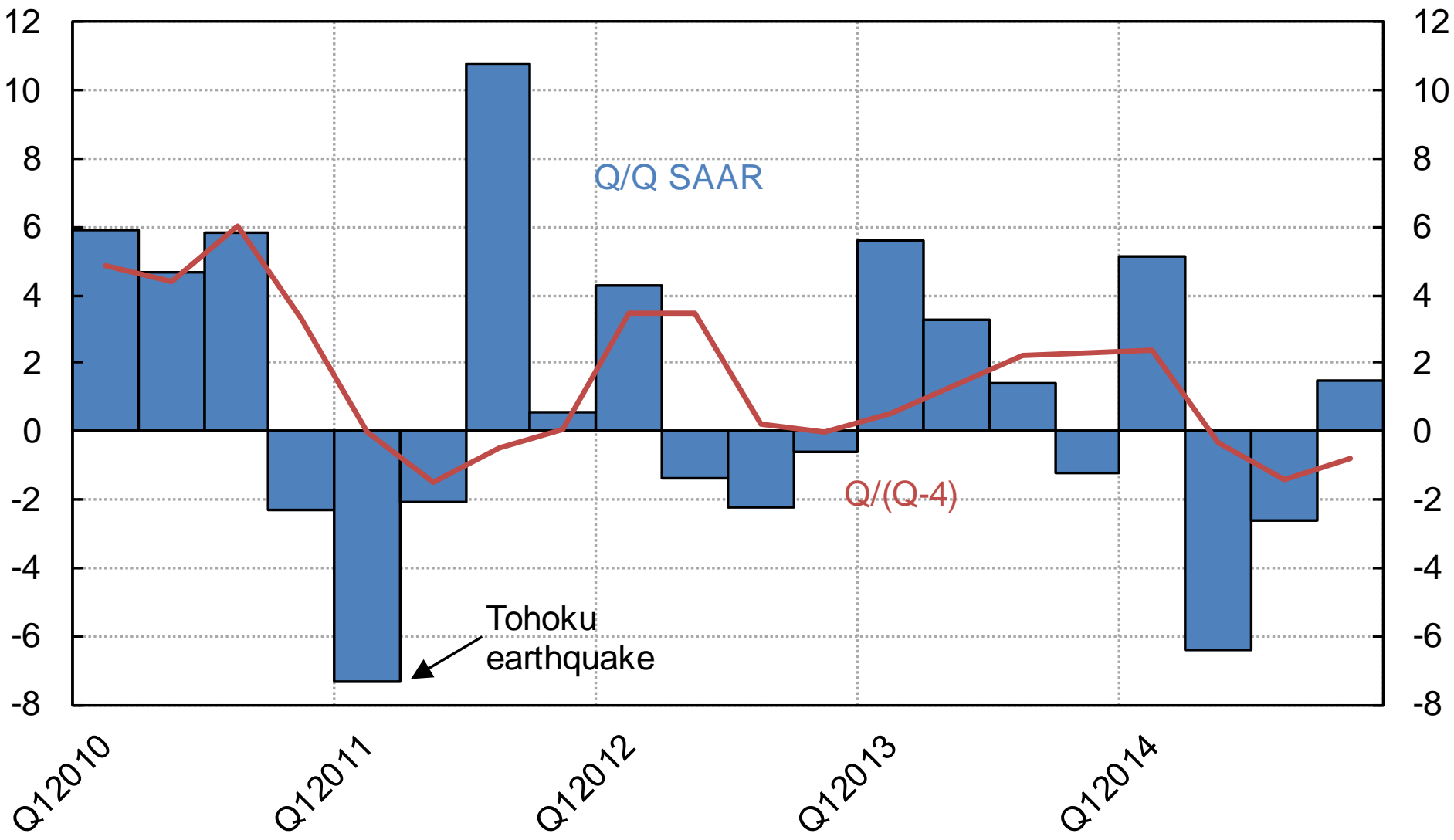


Source: Haver, Markit. Data as of April 9.

Figure 2 Japan: GDP Growth

Percent Q/Q SAAR and Q/(Q-4)

Percent

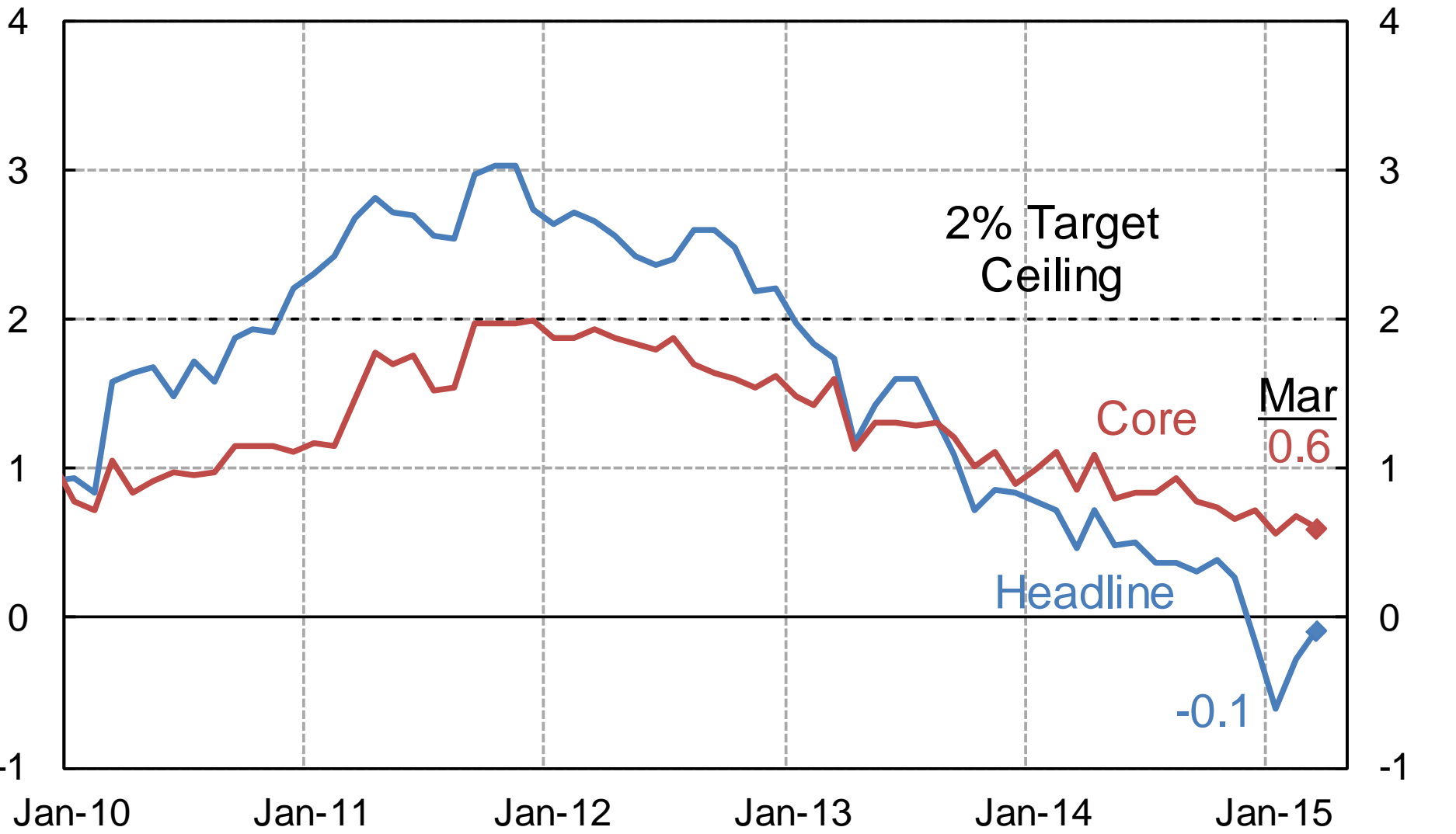


Sources: Cabinet Office, Bloomberg. Data as of Apr 9.

Figure 3 Euro area: Headline and Core CPI Inflation

Percent, year on year

Percent

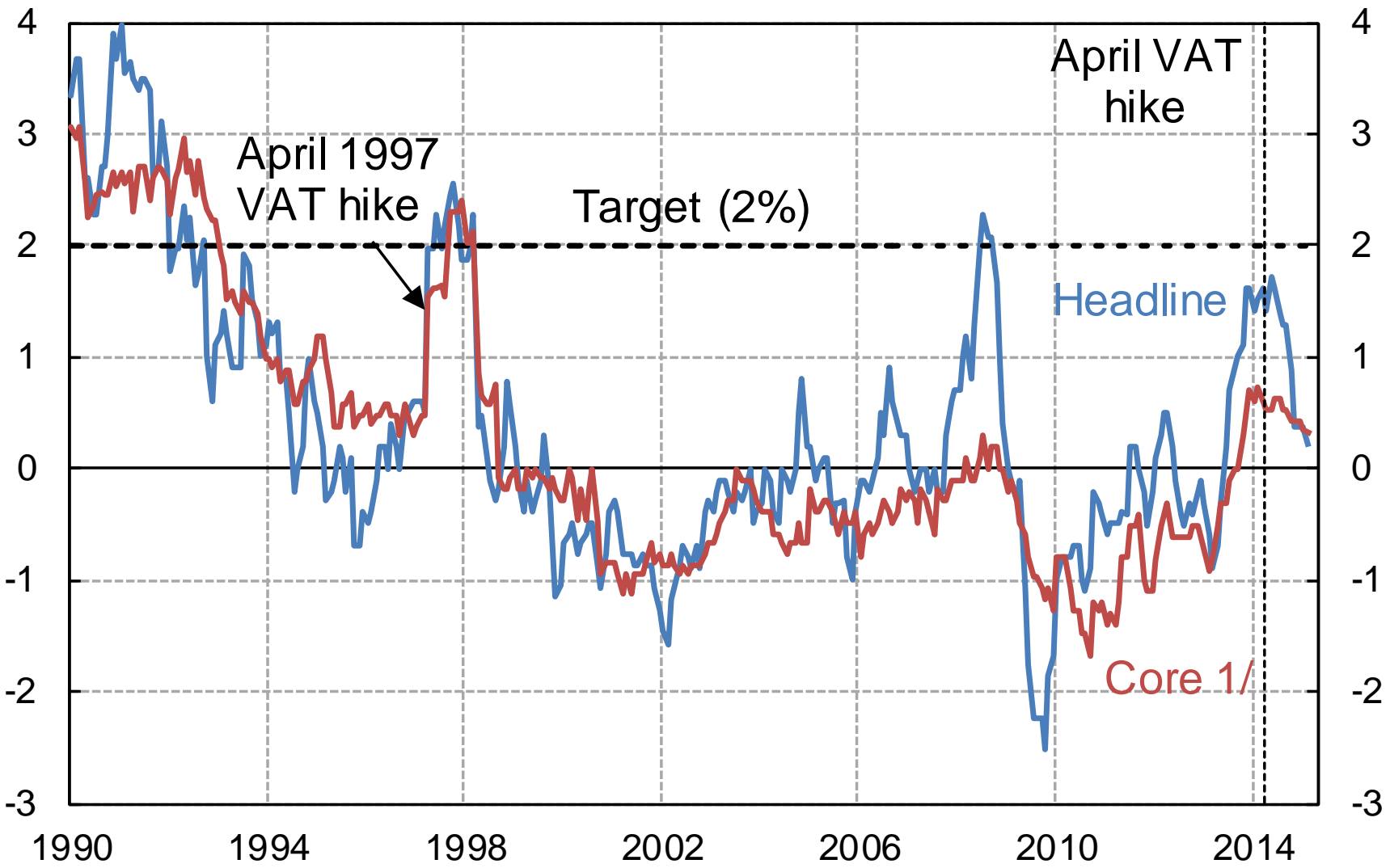


Source: Haver. Data as of Apr 4.

Figure 4 Japan: Headline and Core CPI Inflation

Percent, 12 month change

Percent



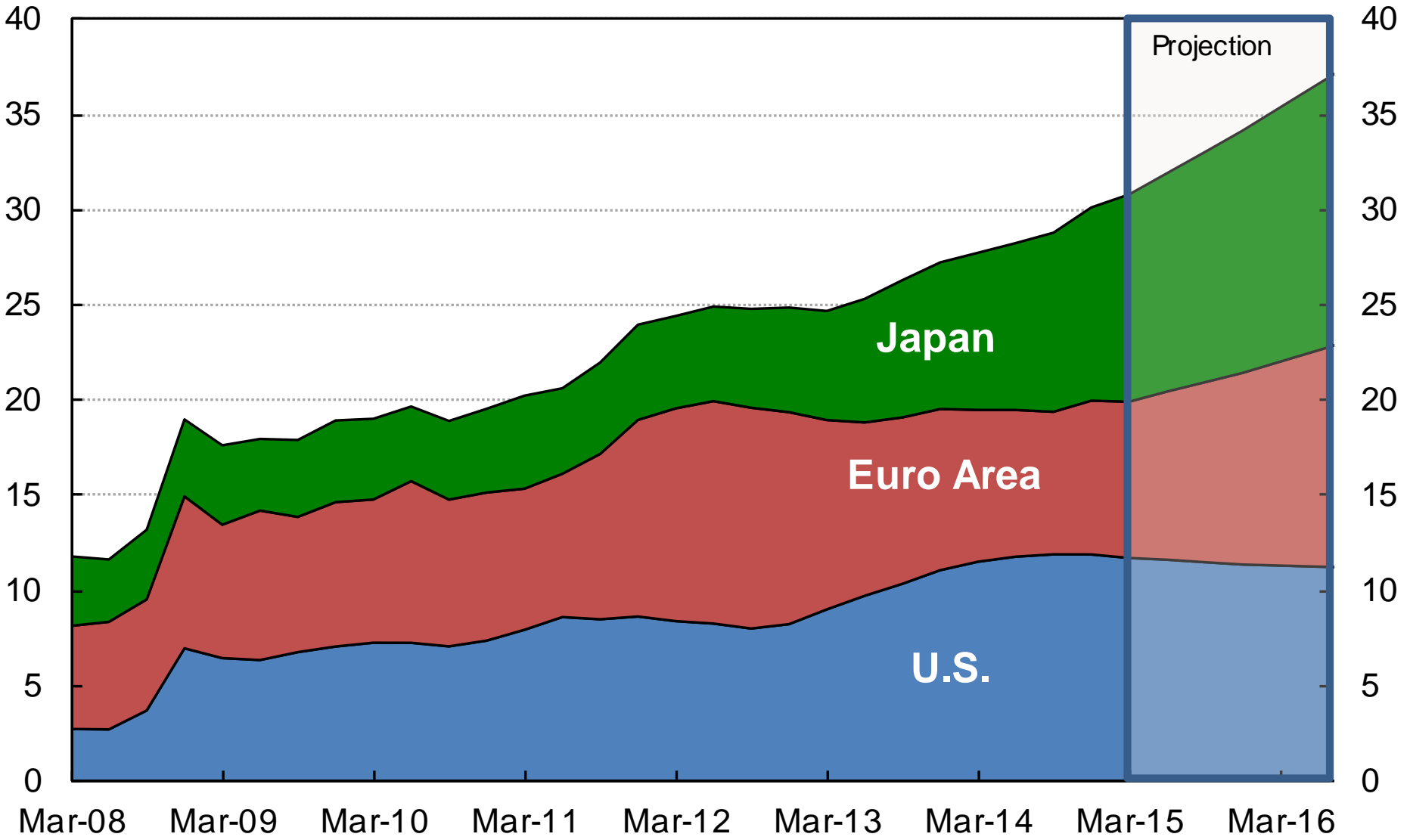
Note: Data after April 2014 excludes effect of latest VAT hike, which adds around 2 ppts to headline inflation and 1.7 ppts to core inflation. 1/ Core CPI excludes food and energy.

Source: Haver, data as of April 6th.

Figure 5 G3 Central Bank Balance Sheets

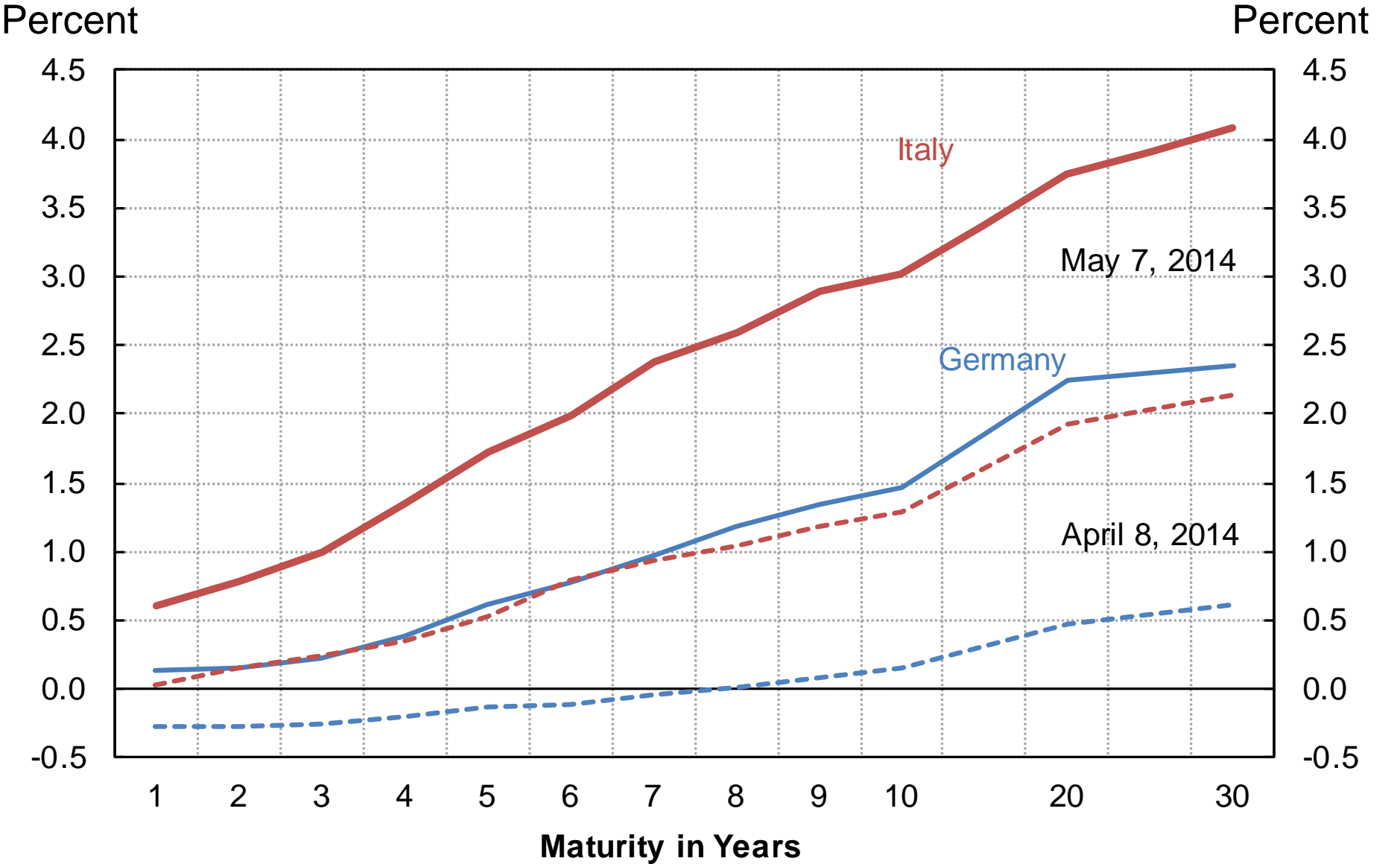
Percent, Share of G3 GDP

Percent



Source: National authorities, Haver.

Figure 6 Germany and Italy: Government Bond Yields, by Maturity



Source: Bloomberg, data as of April 8th.

Figure 7 Income Effects of the Commodity Price Decline

Terms of trade change, latest values vs 2013*

Economy	\$U.S. blns.	% GDP
United States	90	0.5
Euro Area	220	1.7
Japan	140	2.8
China	215	2.3
India	55	3.0
Asia NIE-4 ^{1/}	125	5.2
Brazil	-5	-0.2
Mexico	-10	-0.9
Russia	-160	-7.7
M.E. Oil Exporters ^{2/}	-470	-18.4
Non-Fuel Primary Exporters ^{3/}	-10	-1.2

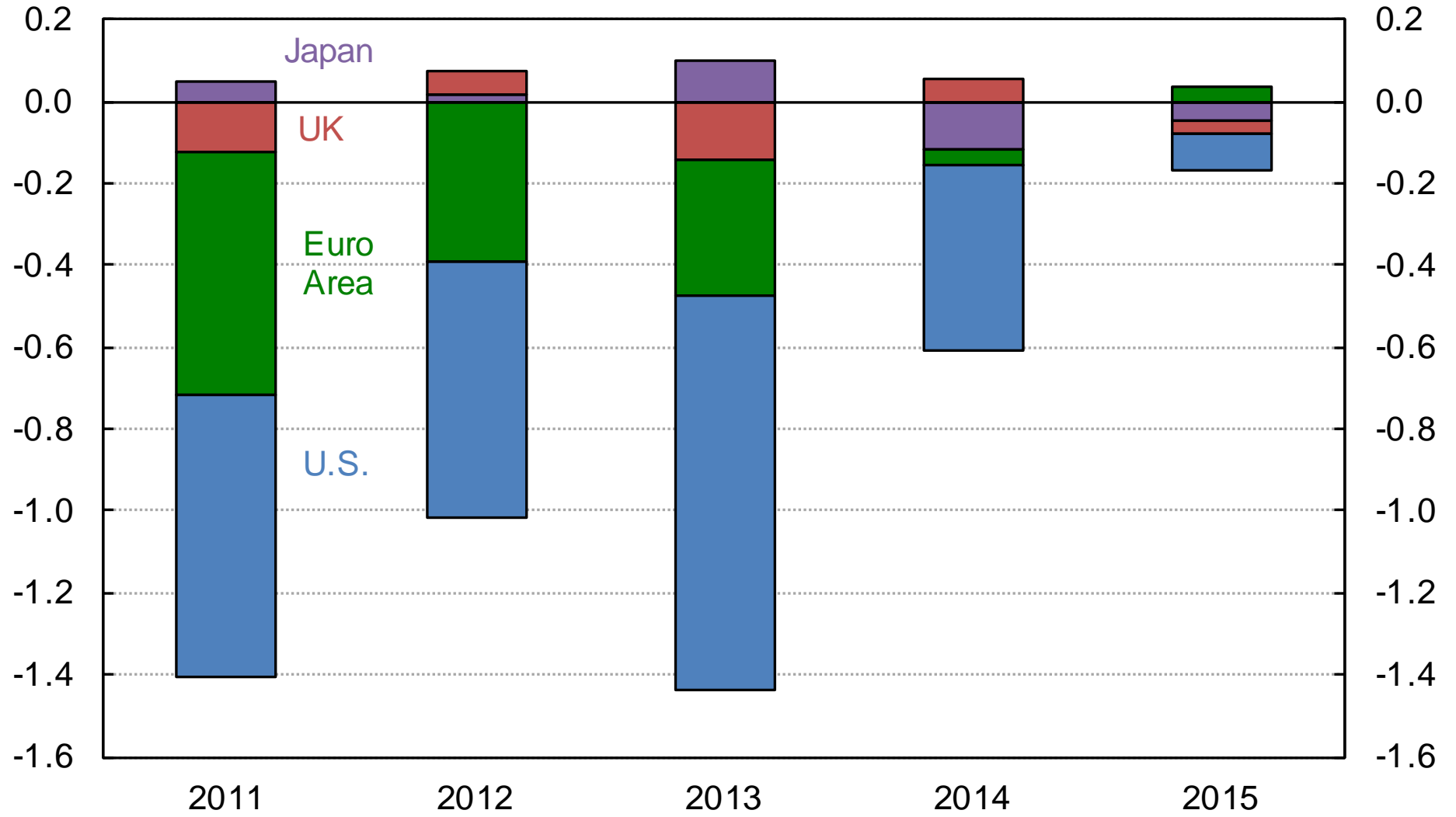
Sources: UNCTAD database, *WEO* database, *International Financial Statistics*. Figures for the U.S. are benchmarked to 2014:Q2. *

Calculations assume that average prices for 2015 will match average prices year-to-date.

Figure 8 Fiscal Thrust, Major Advanced Economies

Percentage point impact on AE GDP (GDP-weighted)

Percentage points



Source: OECD, Euro Stat, national authorities, IPA staff estimates. Data as of Mar 18.

Figure 9 Advanced Economies: 10yr Bond Yields

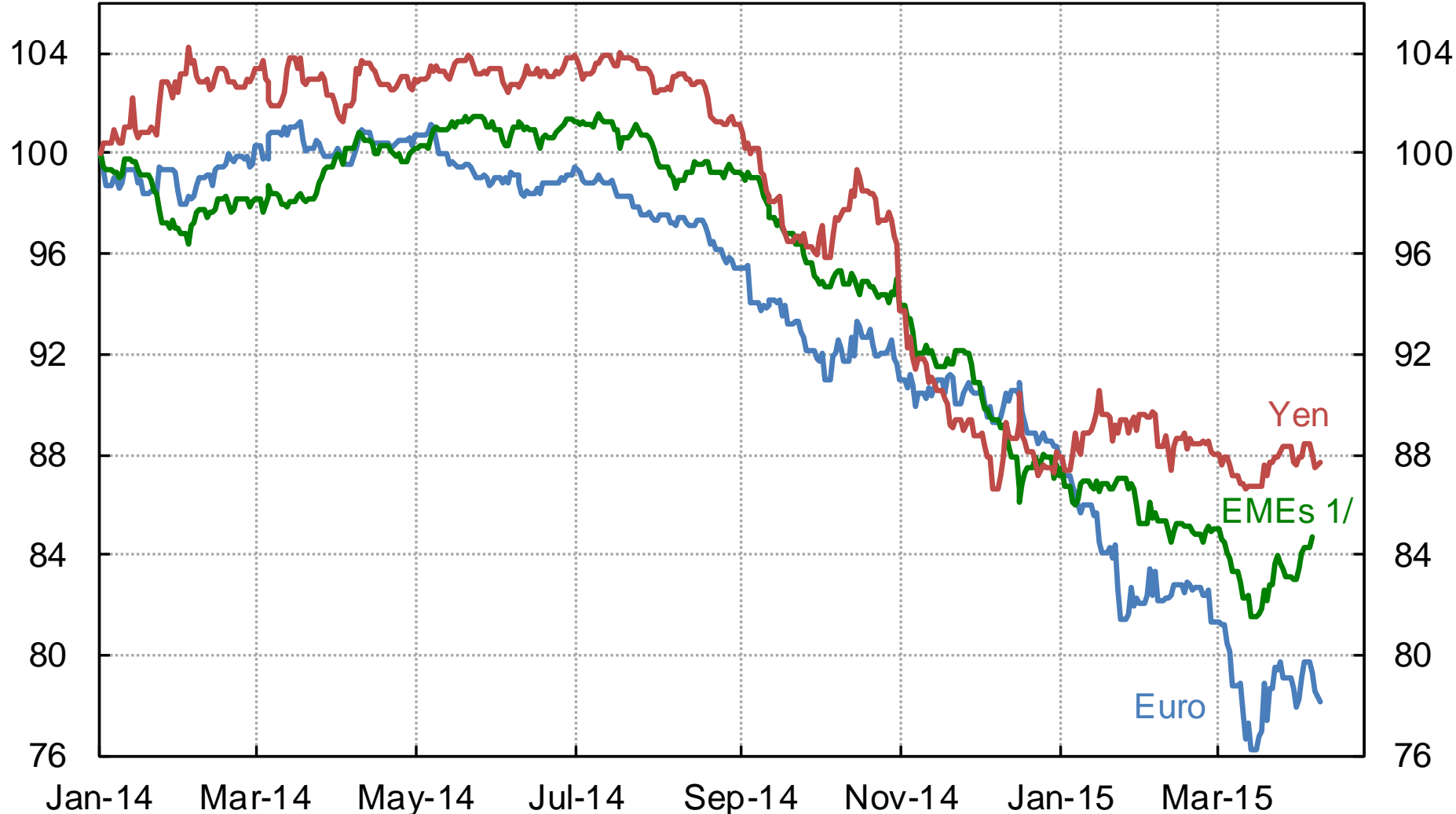


1/ GDP-w eighted average.
Source: Bloomberg, data through Apr 6.

Figure 10 Currency Performance vs the US Dollar

Index, Jan 1, 2014 = 100

Index, Jan 1, 2014 = 100



1/ Ex-China

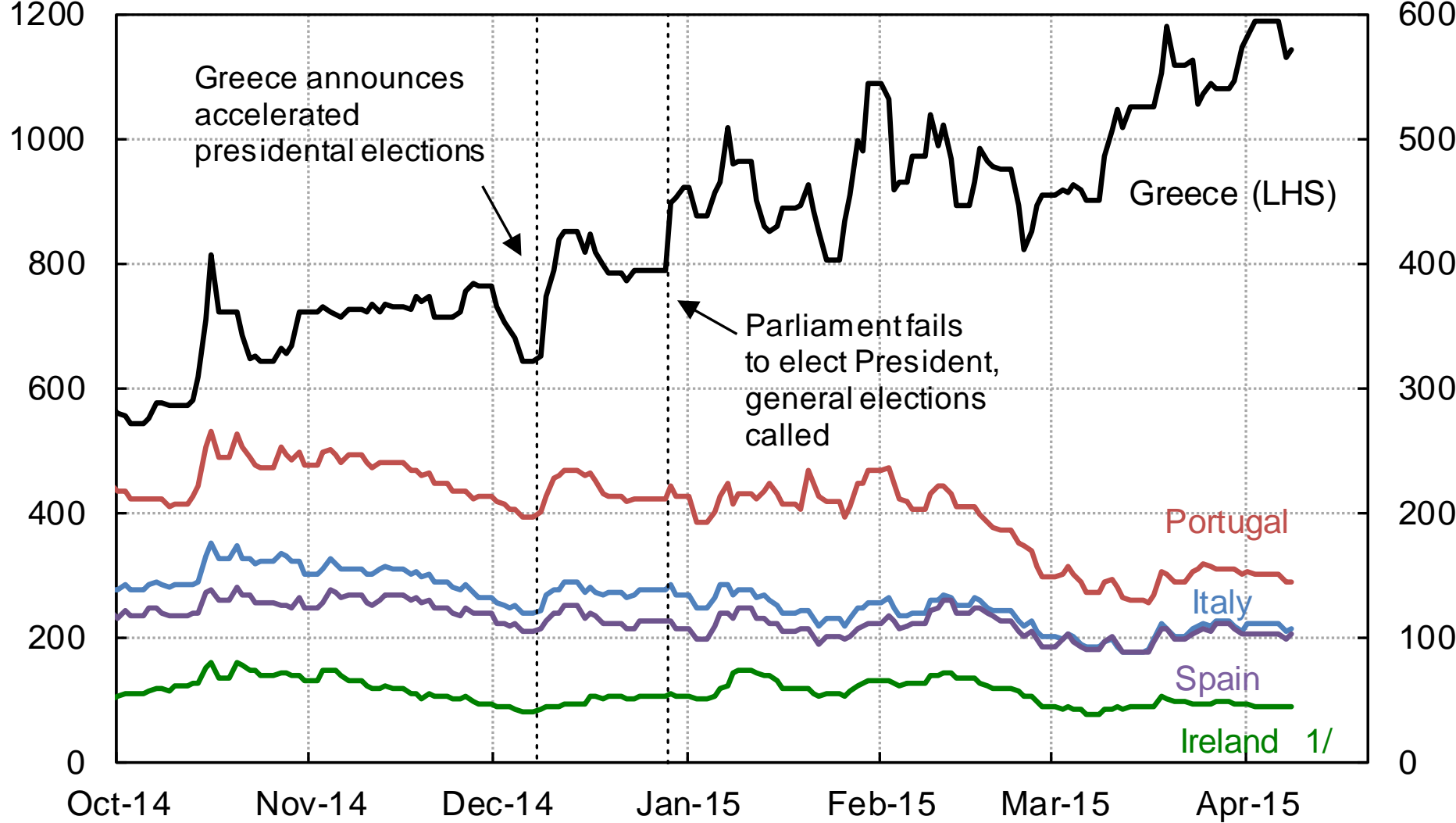
Source: Bloomberg, data as of April 6th.

Figure 11 Peripheral Europe: 10-Year Bond Spreads

10-year Bond Yield Spreads Over Bunds 1/

Basis Points

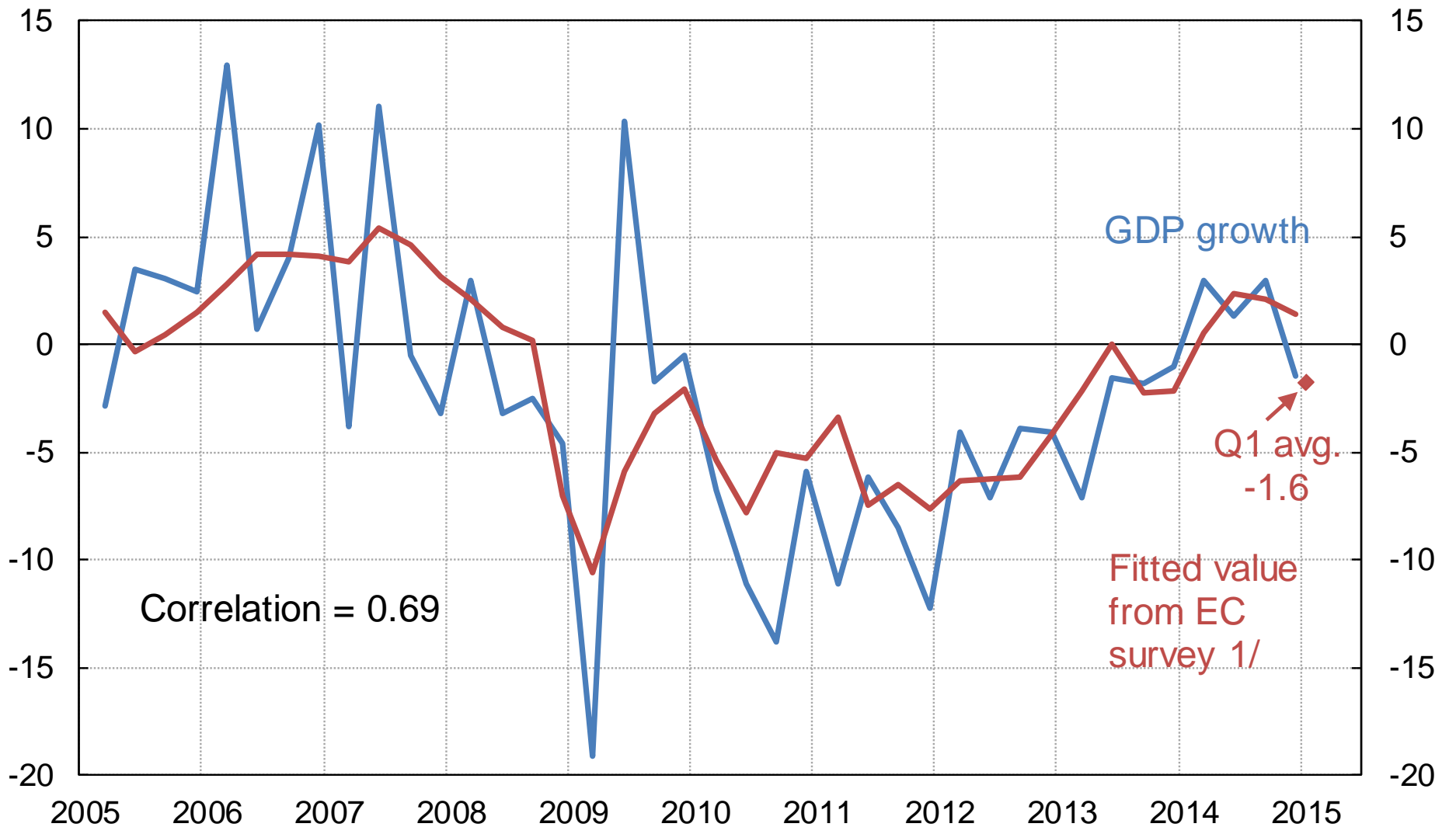
Basis Points



Source: Bloomberg, data as of Apr 8. 1/9-year spreads for Ireland; all other countries are 10-year.

Figure 12 Greece: GDP Growth and Survey Proxy

Percent SAAR Percent SAAR

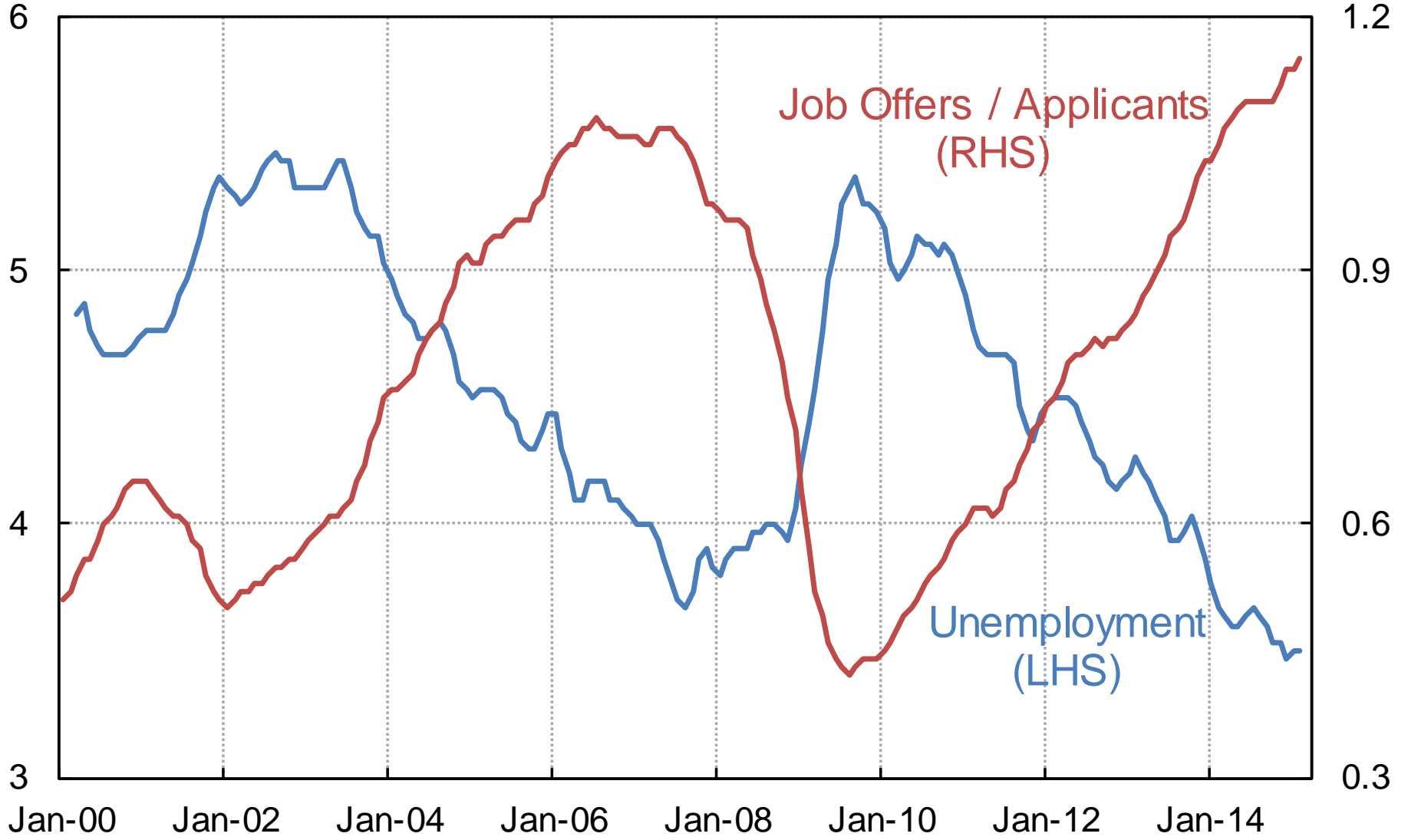


Source: EC, staff estimates. 1/ Based on regression estimate using data for 1997 - 2014.

Figure 13 Japan: Job Openings and Unemployment

Percent SA, smoothed

Ratio, SA



Sources: National authorities, Haver. Data as of April 6th.

Figure 14: Brent Oil Prices

U.S. dollars per barrel

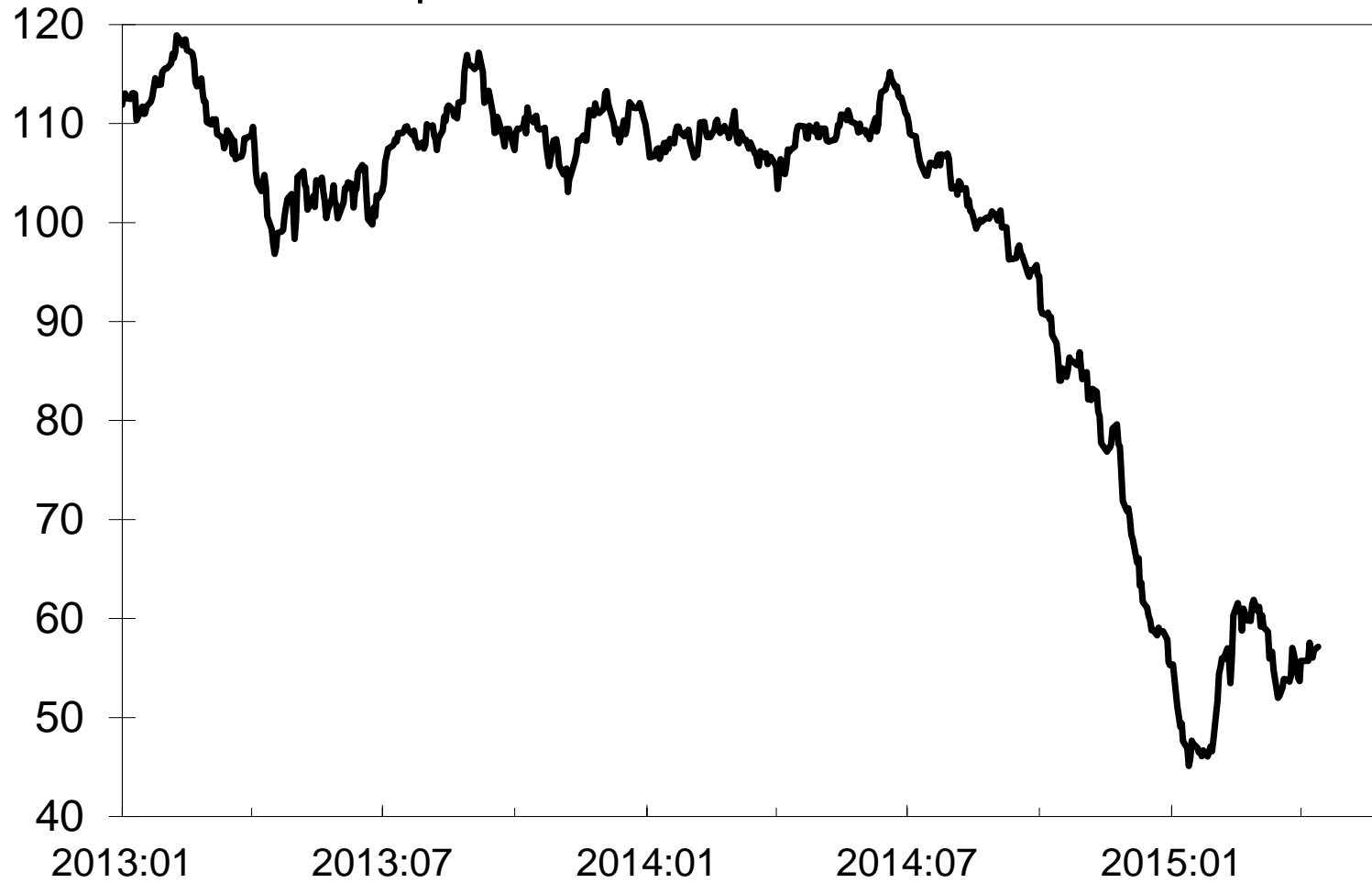
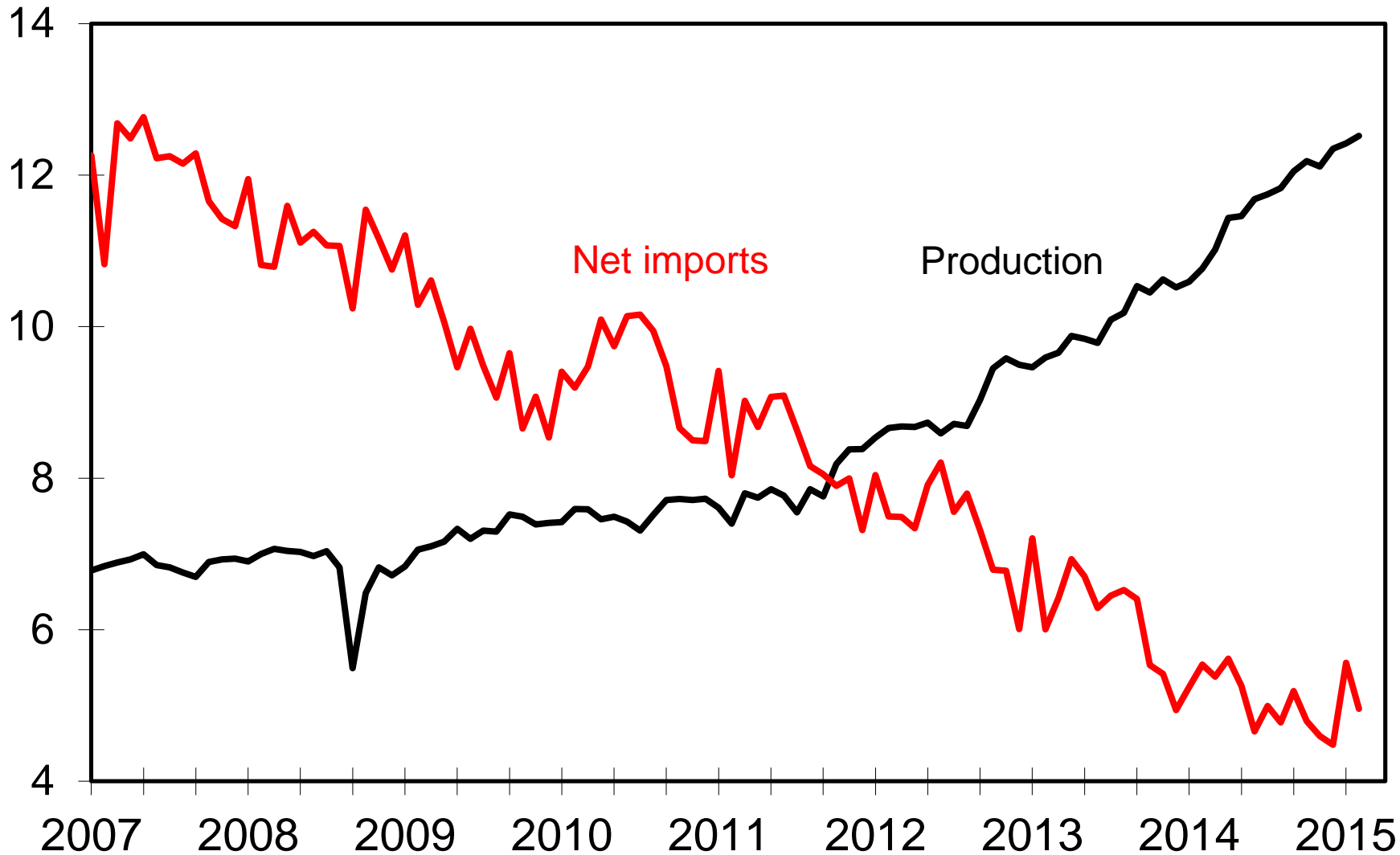


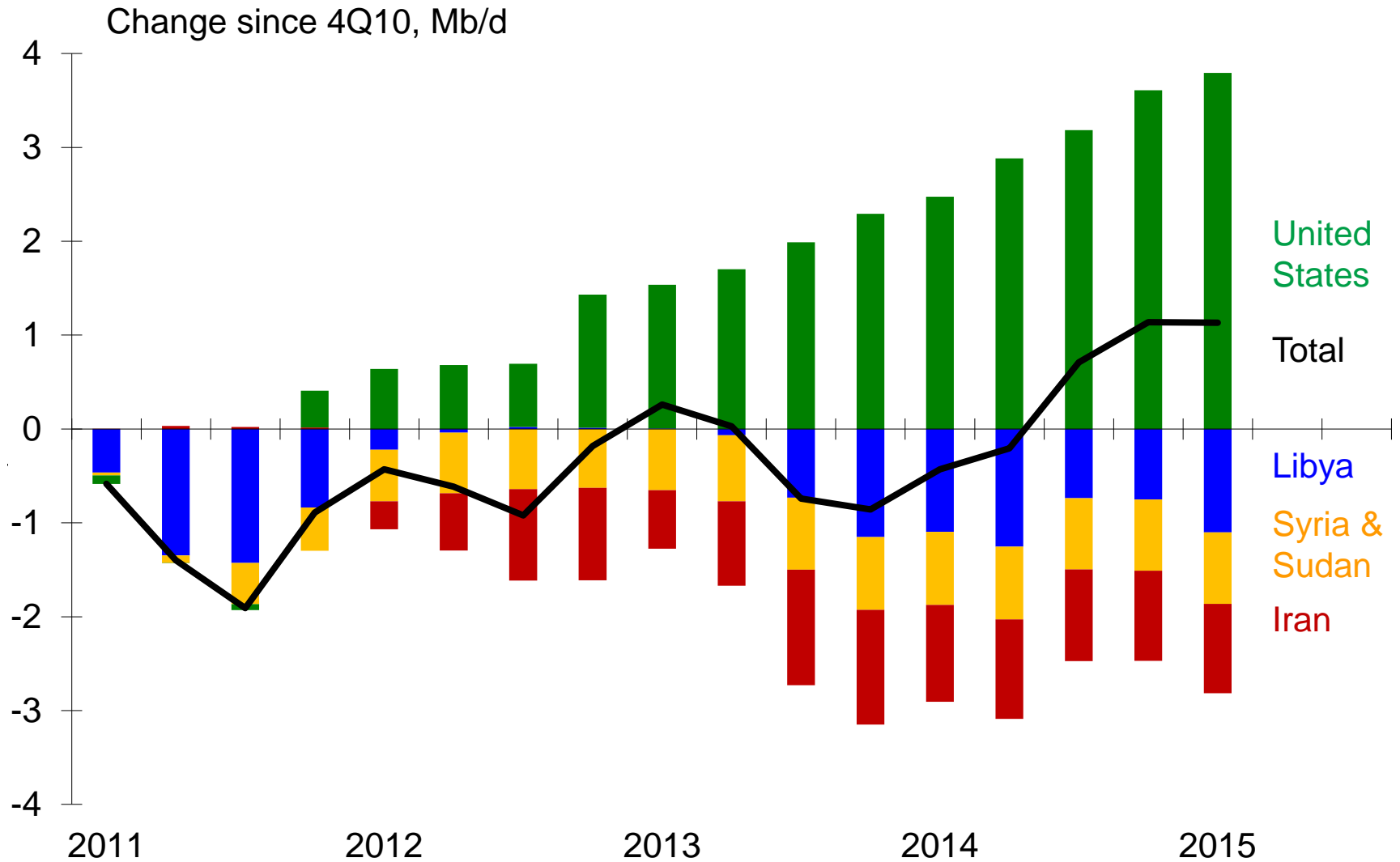
Figure 15: U.S. Liquids Production and Net Imports

Millions of barrels per day



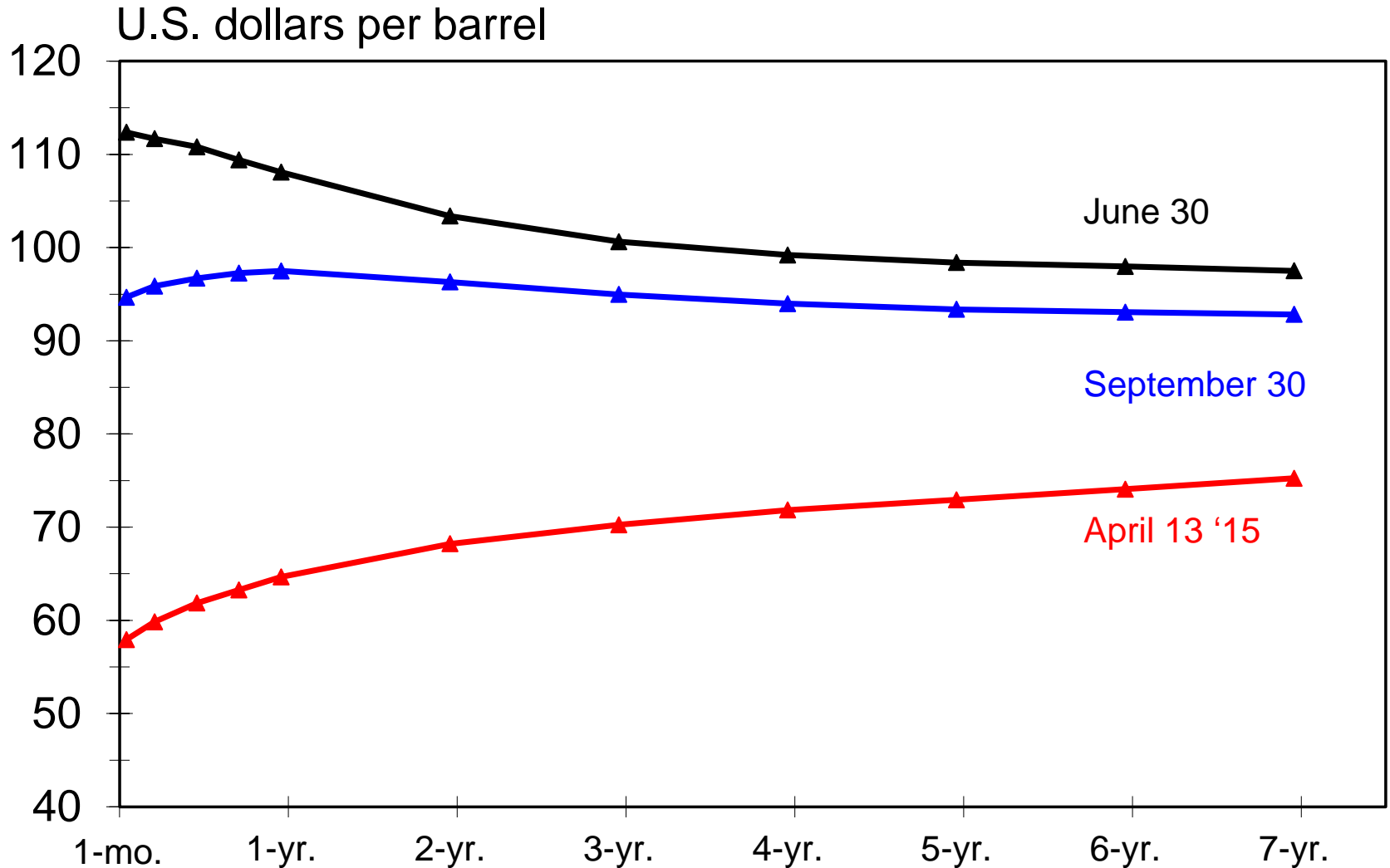
Source: U.S. Energy Information Administration

Figure 16: Recent Middle East Supply Disruptions and U.S. Supply Growth



Sources: *Oil Market Intelligence*, International Energy Agency. 2014Q1 value is the average of January and February.

Figure 17: Brent futures curve

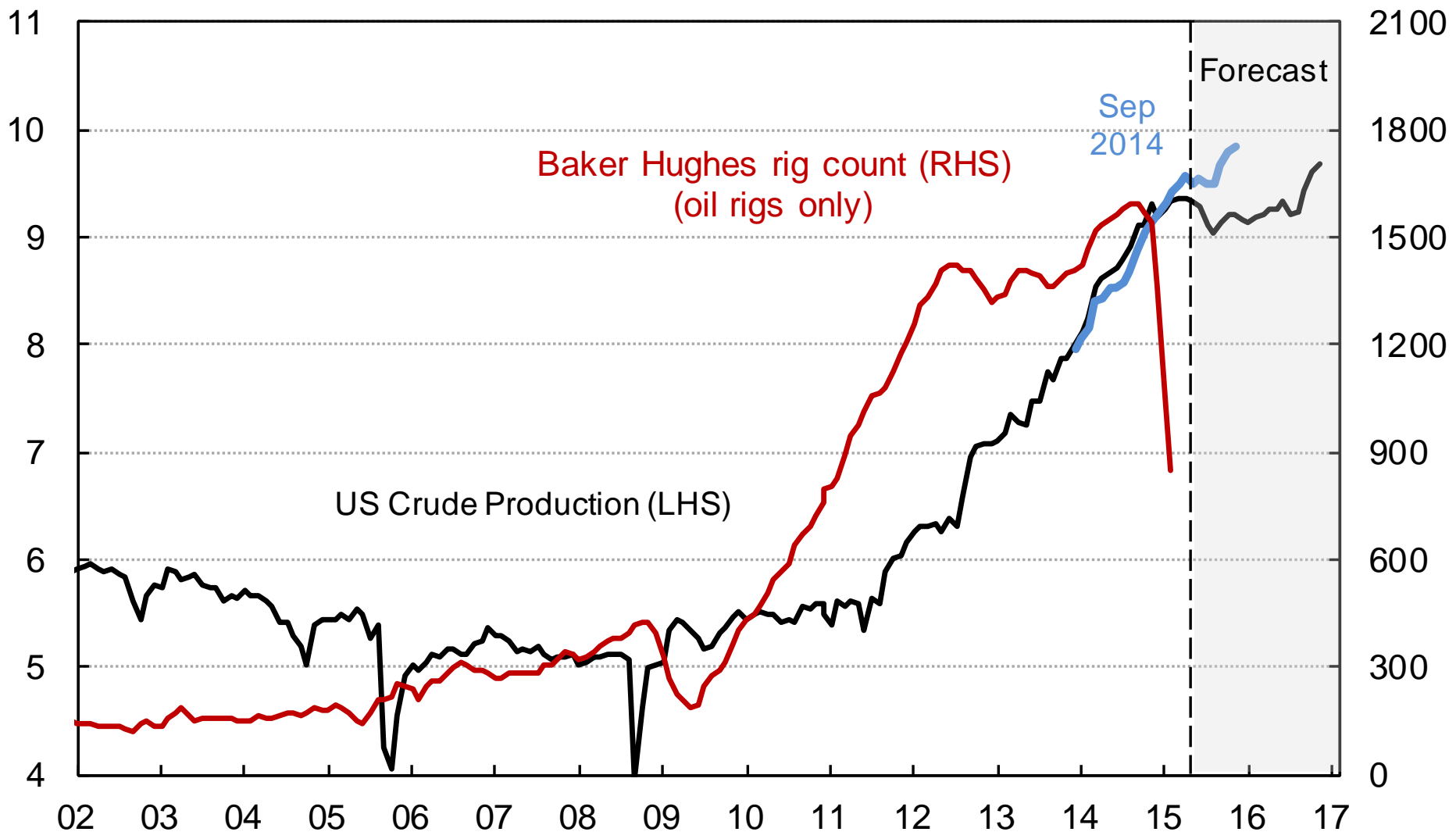


Source: Bloomberg.

Figure 18: Oil: US Production and Rig Counts

Millions of barrels per day

Active oil rigs

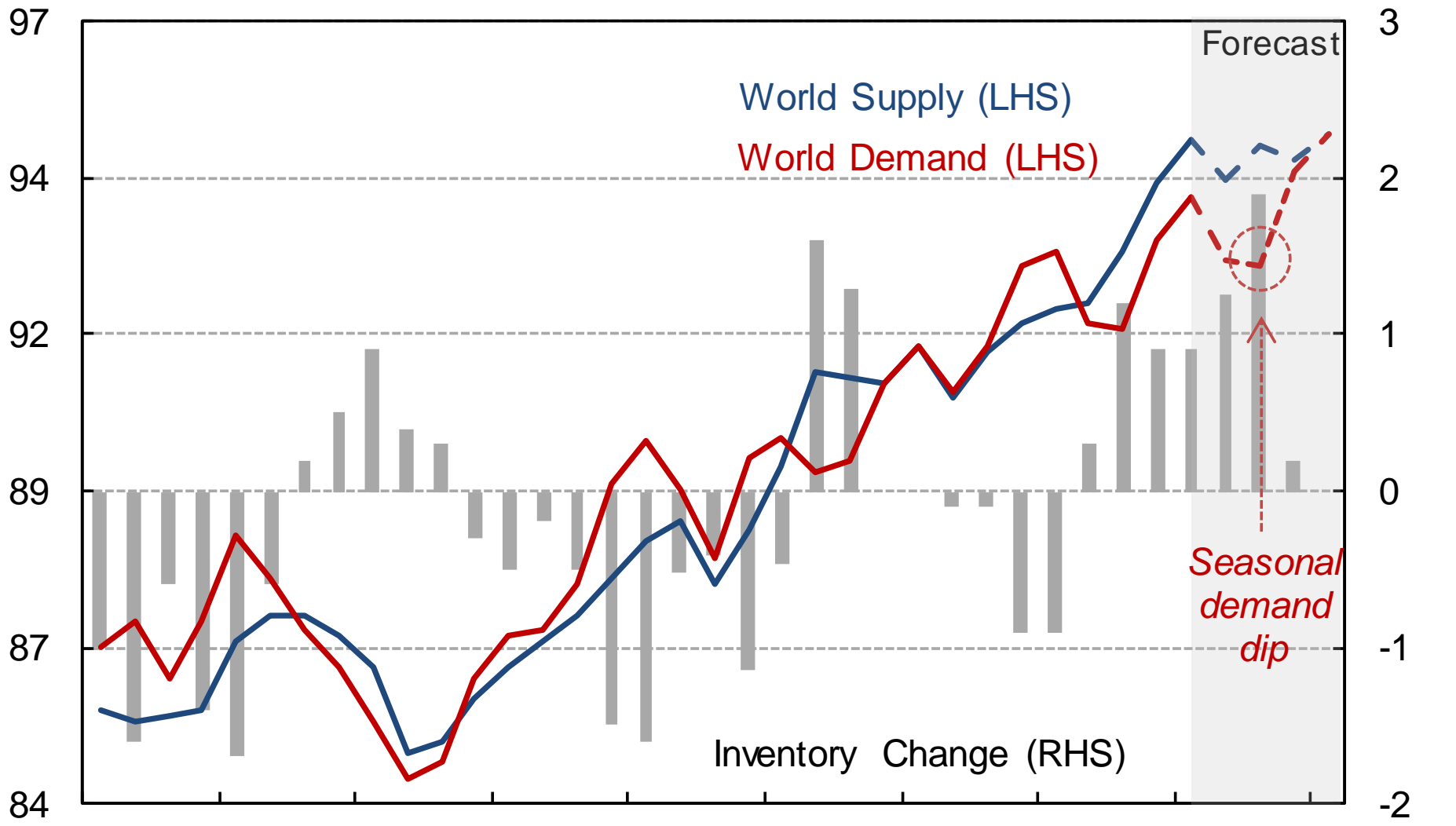


Source: US EIA, Baker Hughes.

Figure 19: Global Oil Supply and Demand

Millions of Barrels per Day

MBD



Q4-06 Q4-07 Q4-08 Q4-09 Q4-10 Q4-11 Q4-12 Q4-13 Q4-14 Q4-15
Source: IEA. Data as of Apr 2015. Forecast assumes OPEC Q2-Q4 2015 production assumed to be at Q4 2014 levels

Appendix Charts

Global GDP Growth

Percent, year-on-year

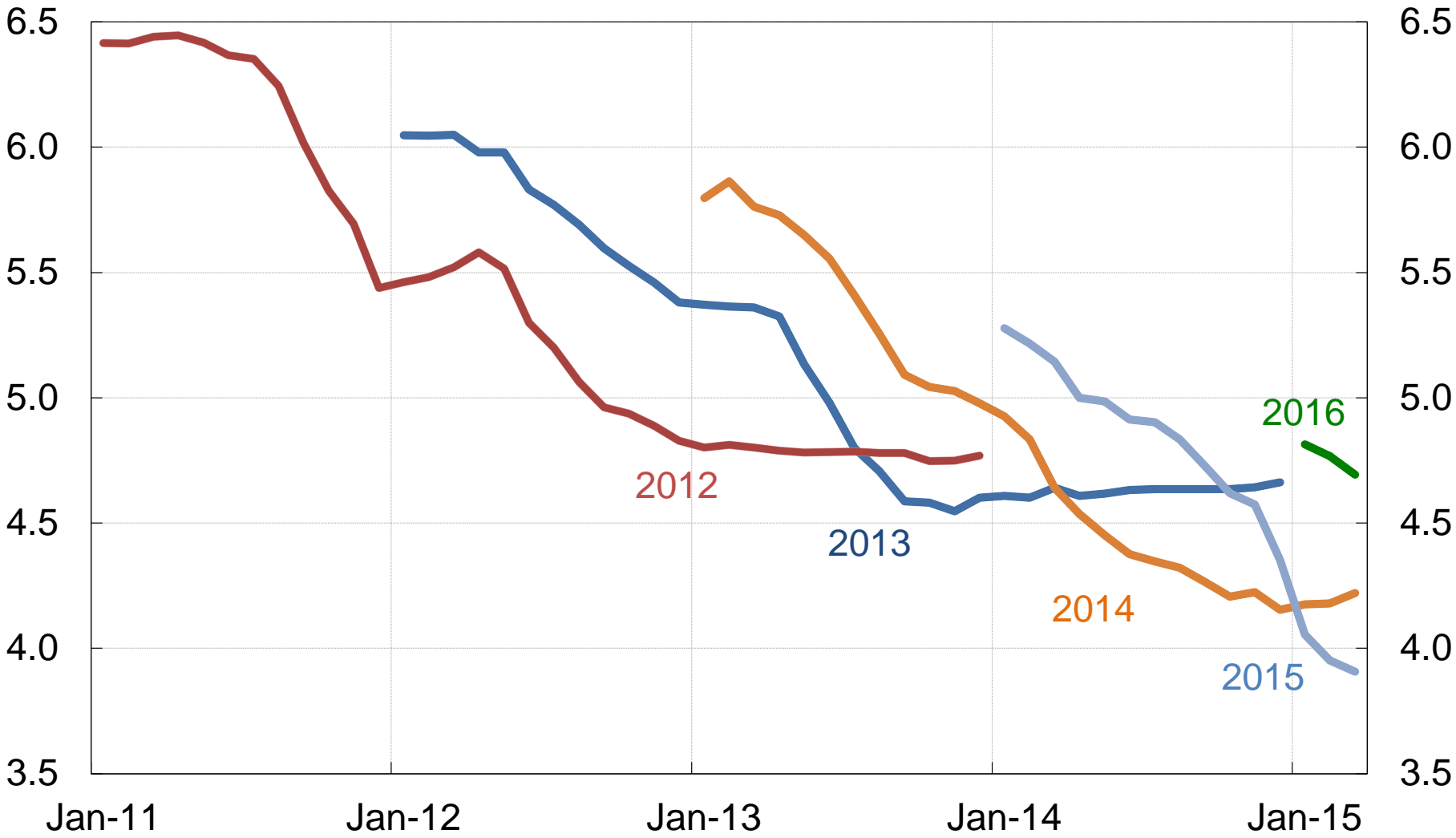
	Consensus Forecasts		
	2013	2014e	2015f
Advanced 1/	1.3	1.7	2.3
o/w: United States	2.2	2.4	2.9
Euro Zone	-0.4	0.9	1.5
United Kingdom	1.7	2.6	2.6
Japan	1.6	-0.1	1.0
Emerging Markets 1/	4.7	4.2	3.9
o/w: China	7.7	7.4	6.9
Brazil	2.5	0.0	-0.7
India	6.4	7.2	7.2
Russia	1.3	0.6	-3.9
Mexico	1.7	2.1	2.9
Korea	3.0	3.3	3.2

Data as of Apr 13. Sources: Blue Chip as of April where available, Consensus as of March. 1/ Dollar-GDP

13 Evolution of Consensus EME Forecasts

Projected annual growth, percent

Percent

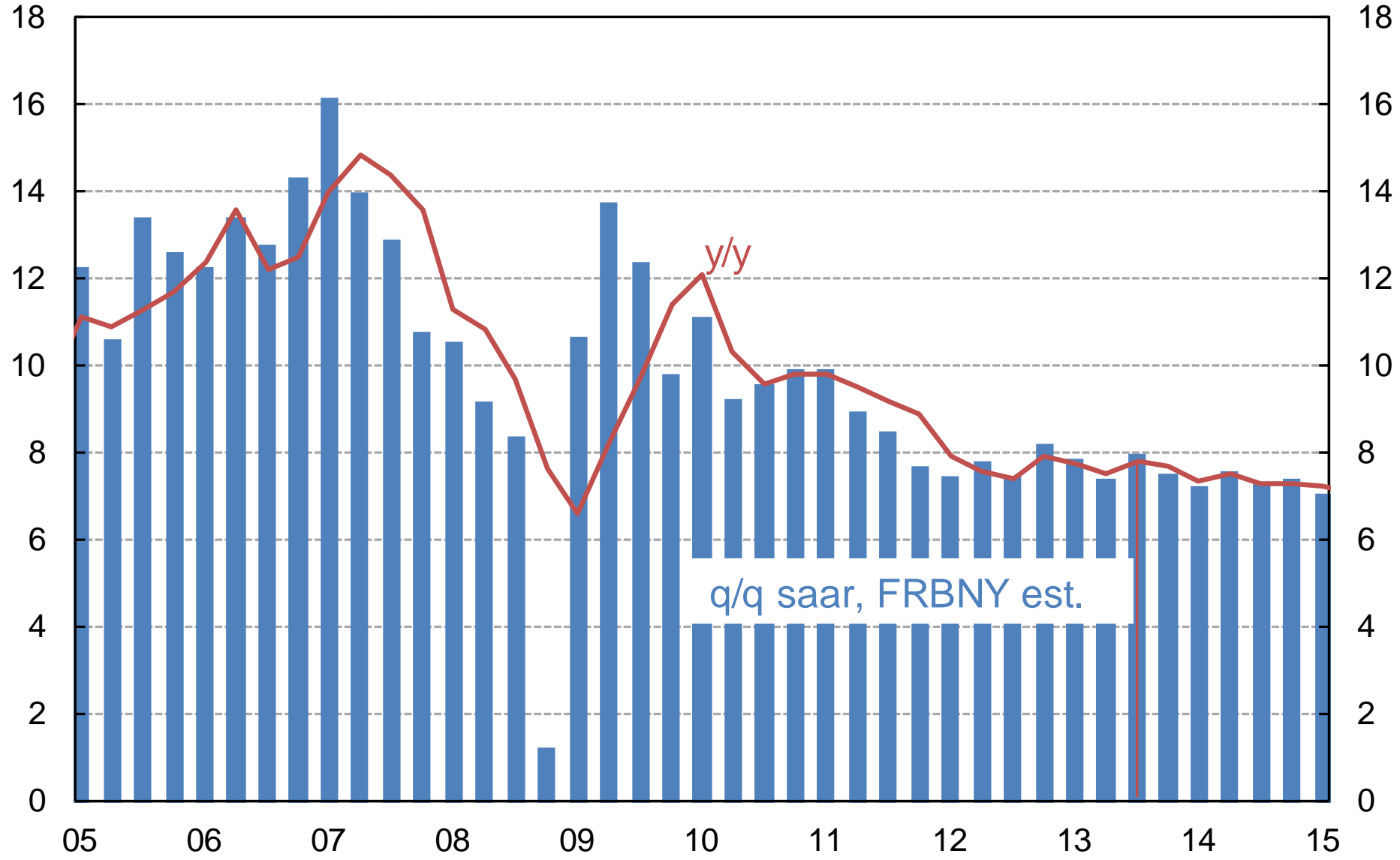


Source: Consensus Economics. 1/ EMEs include: China, Hong Kong, Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand, Malaysia, India, Indonesia, Argentina, Chile, Brazil, Mexico, Venezuela, Colombia, Peru, Turkey, South Africa, Hungary, Poland, Czech Republic, Russia, Ukraine, Kazakhstan.

China: Real GDP Growth

Percent, y/y and q/q saar

Percent

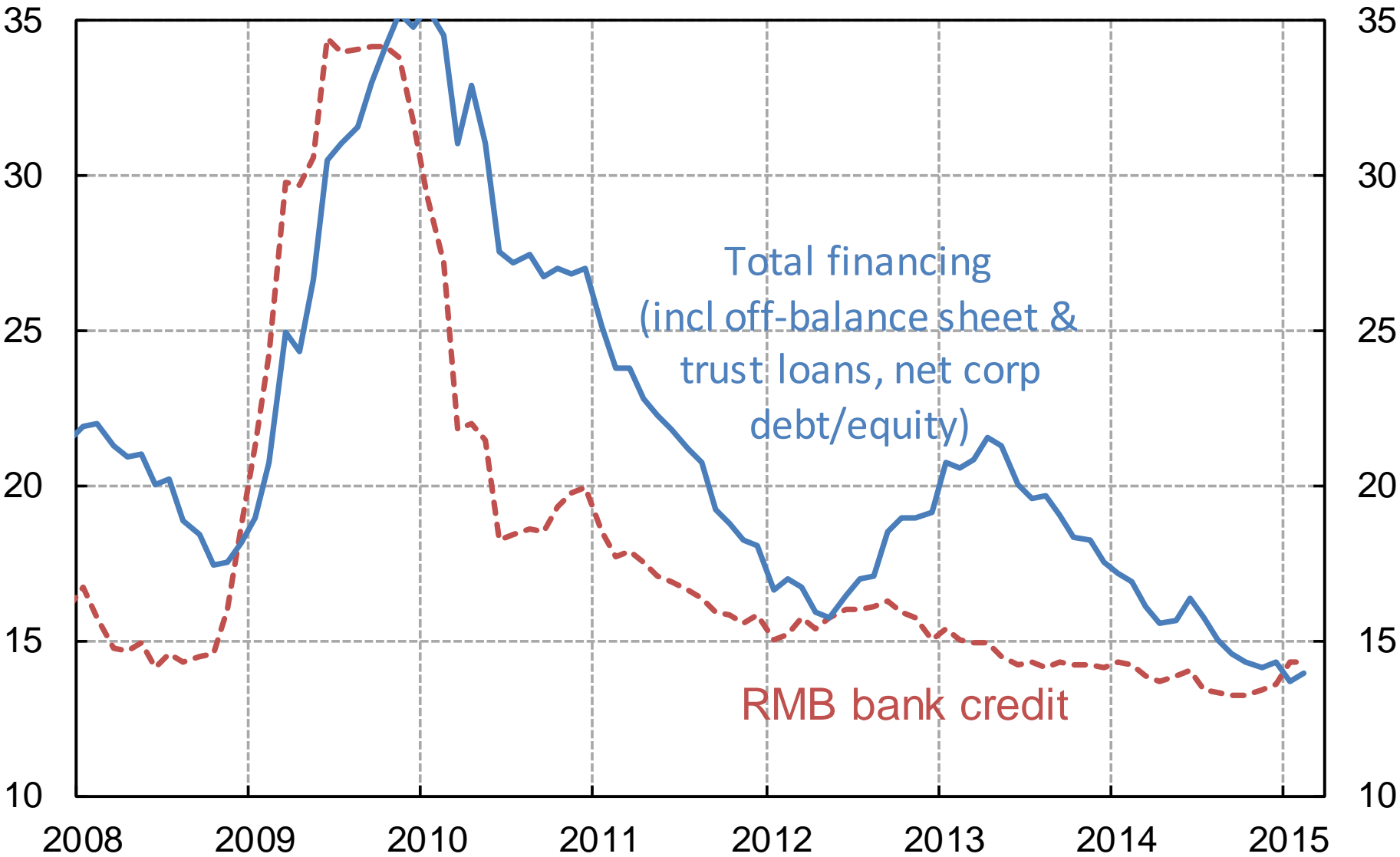


Source: CEIC, FRBNY. Data as of April 6th.

China: Credit Growth

Percent, y/y

Percent, y/y

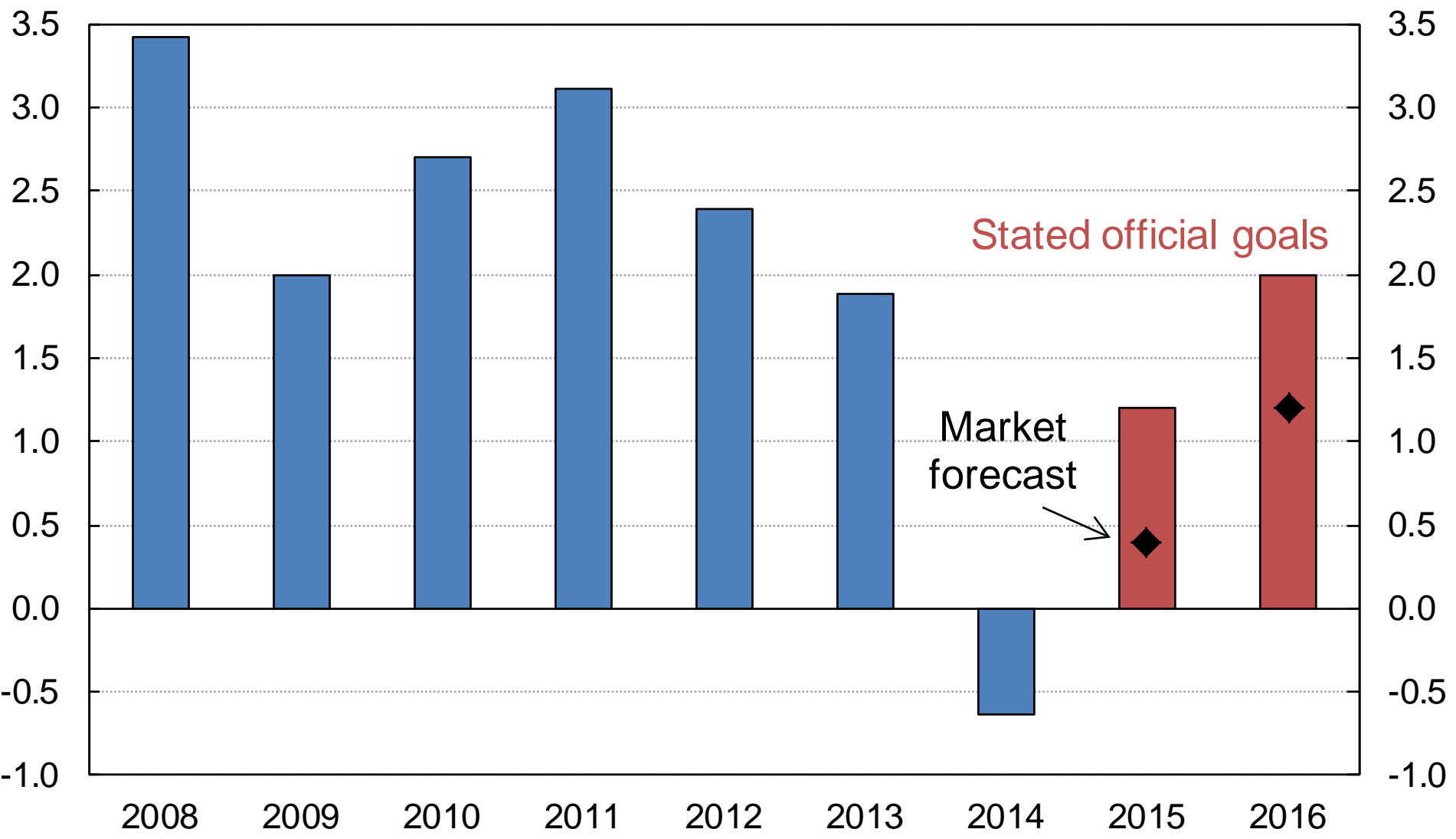


Source: CEIC; data as of April 6th.

Brazil: General Government Primary Balances

Percent of GDP

Percent

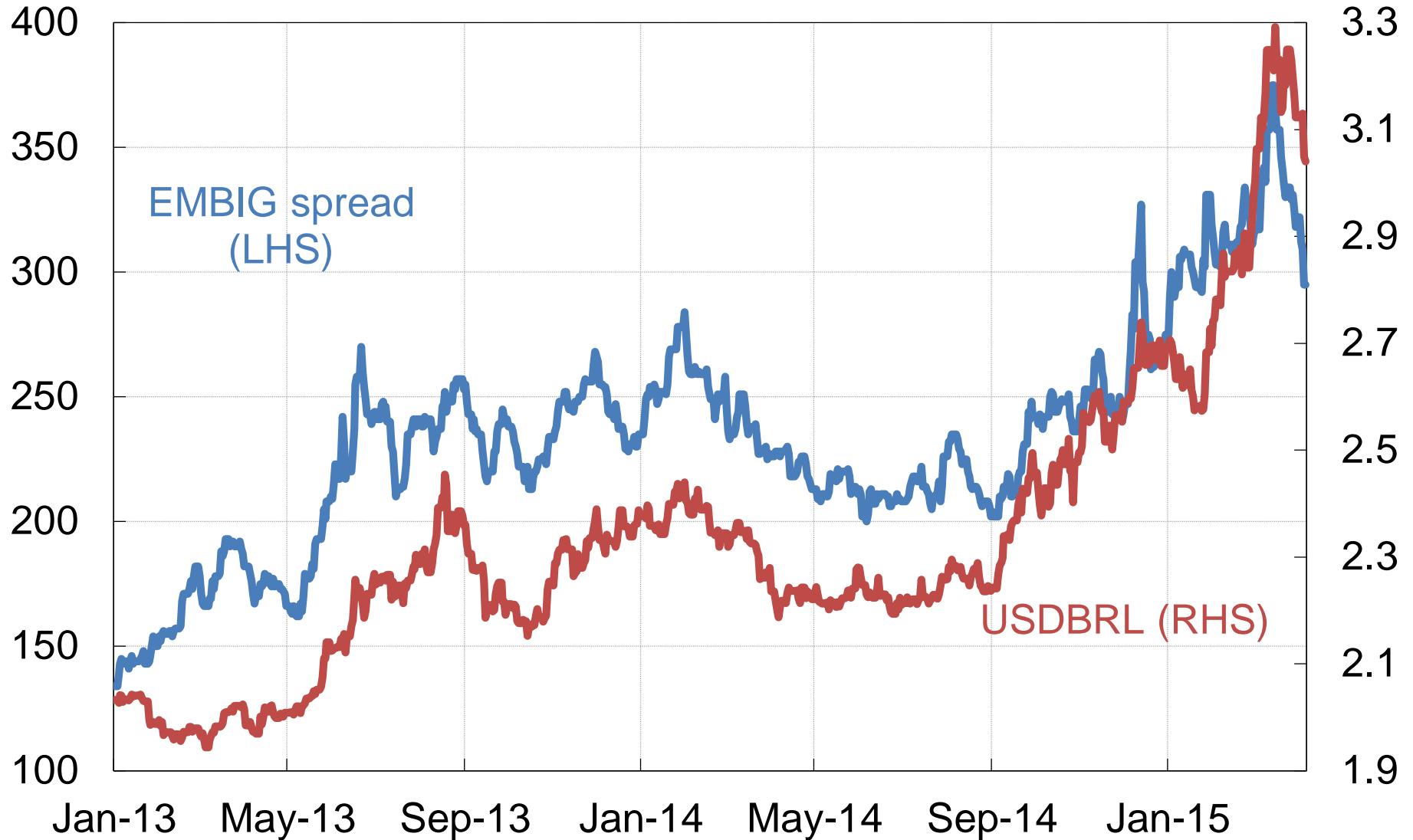


Source: STN, FRBNY, data as of April 6th.

Brazil: Sovereign Spreads and Currency

EMBIG spread, bps

USDBRL

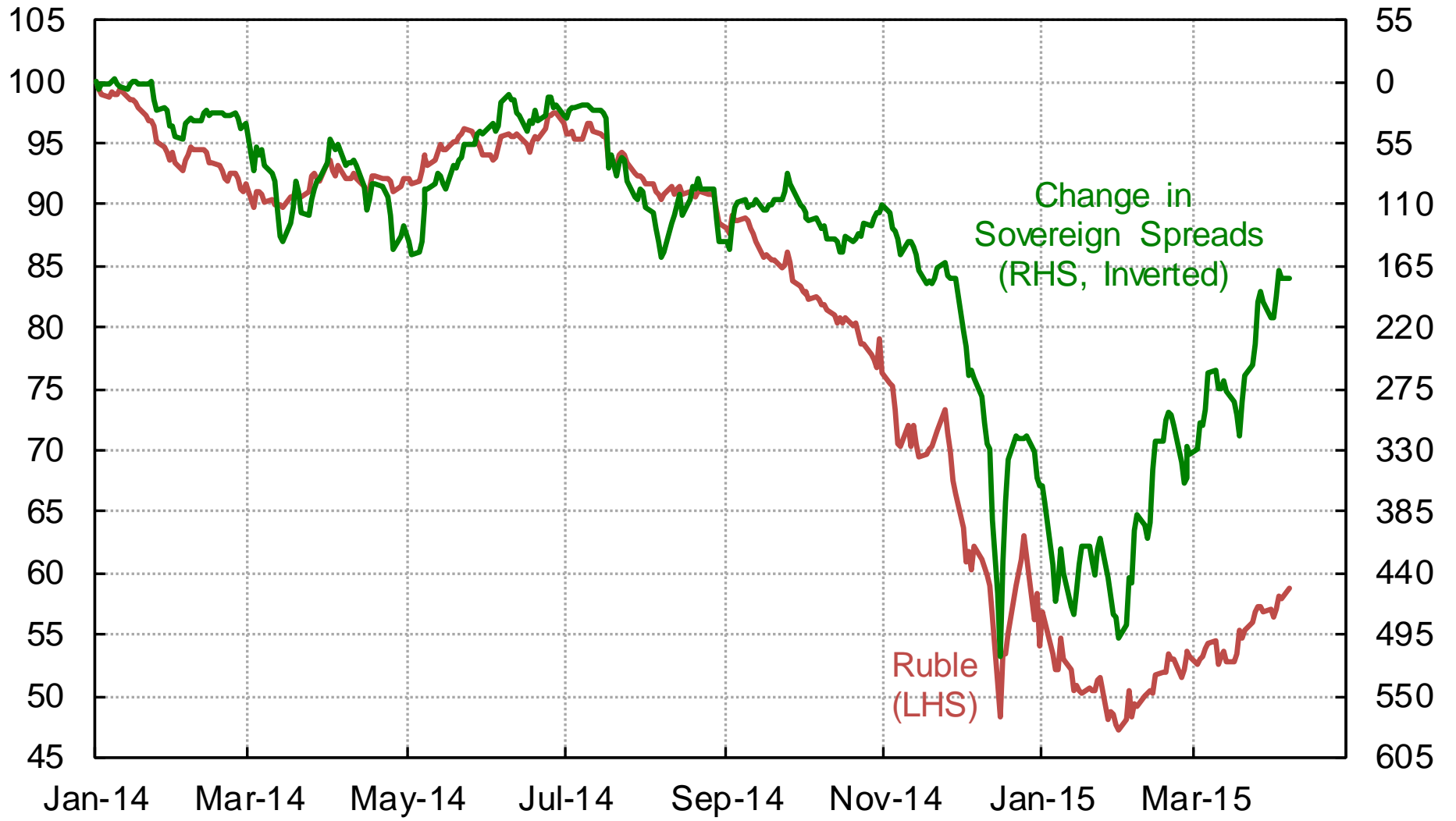


Source: Bloomberg, data as of April 6th.

Russia: Financial Market Indicators

Index, 1 Jan 2014 = 100

Basis Points

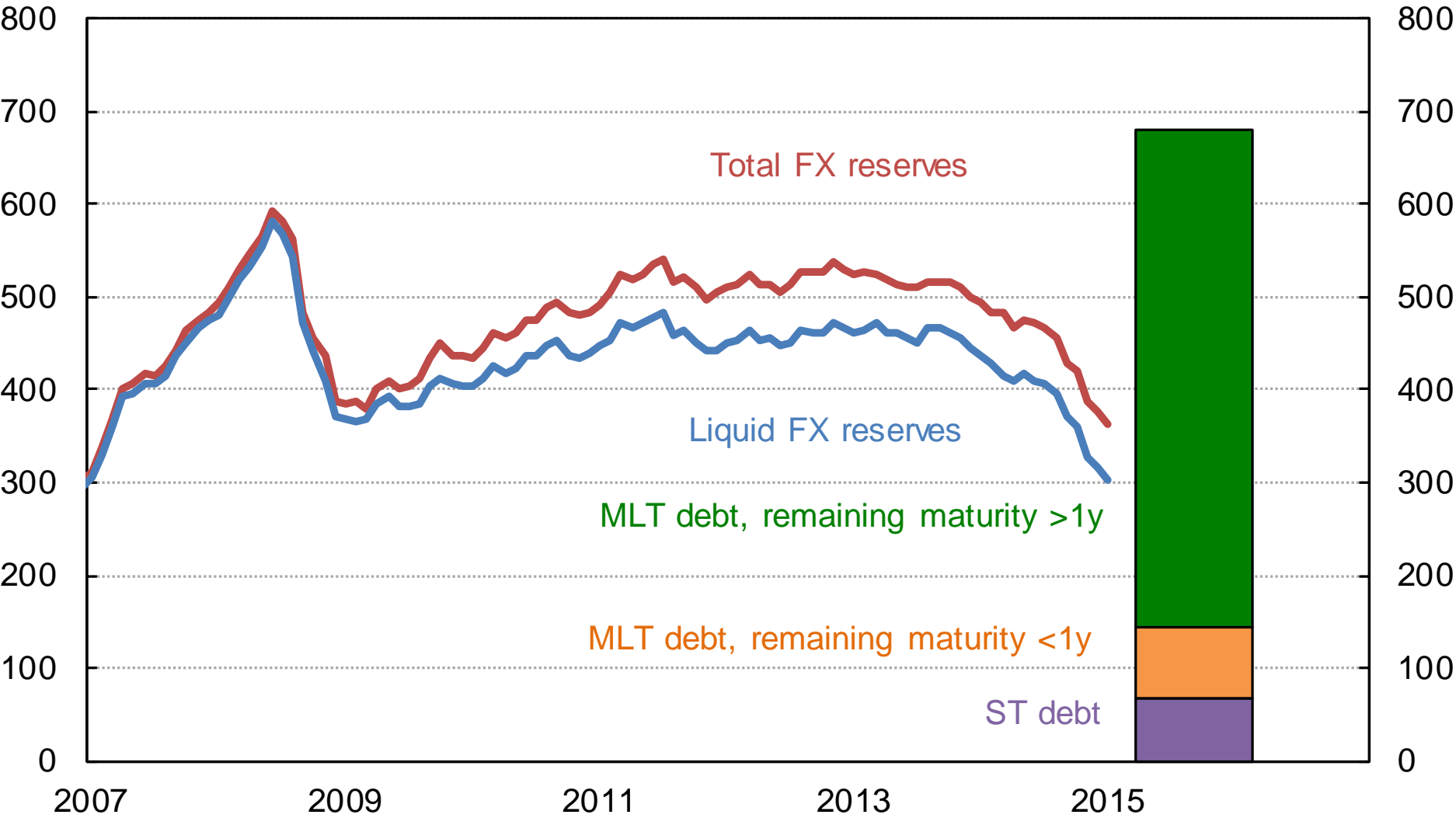


Source: Haver, Bloomberg. Data as of April 6th.

Russia: FX Reserves and External Debt

USD Billion

USD Bn

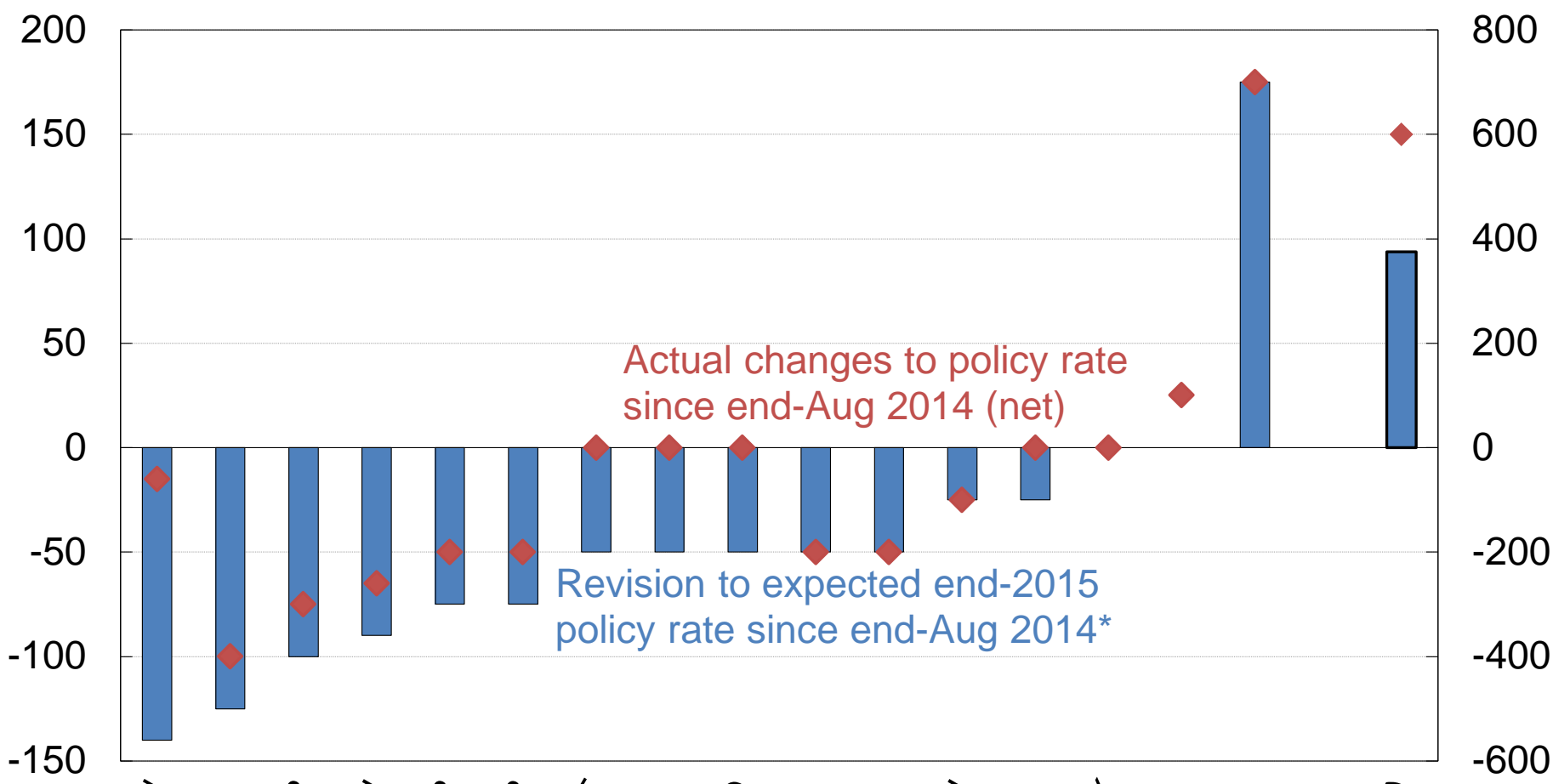


Source: Central Bank of Russia. Reserves as of April 6th, debt as of Q3 2014.

Changes in EME Monetary Policy Expectations Since October 2014

Basis points

Basis points

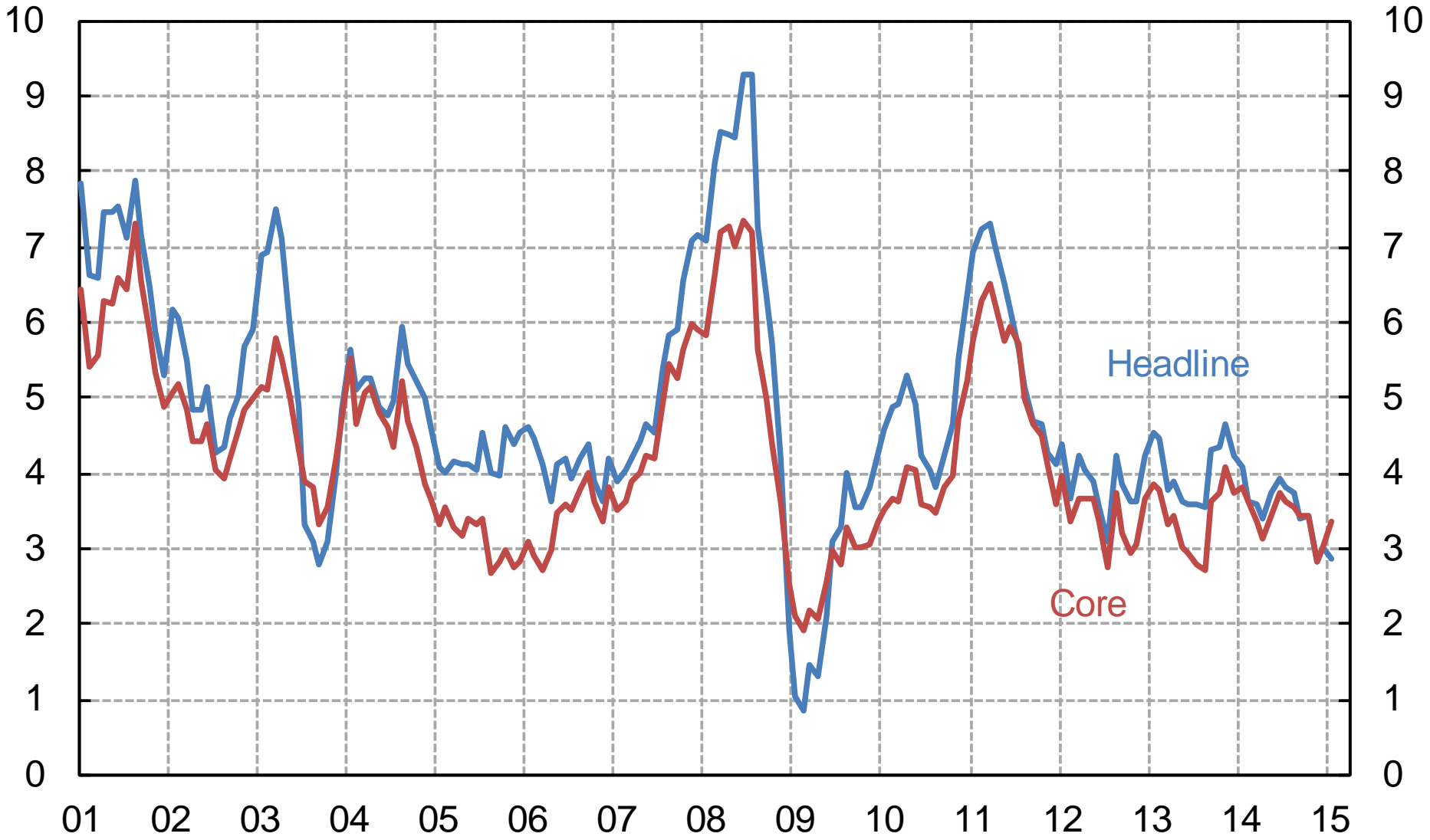


Source: Bloomberg; * based on Bloomberg survey medians

Figure 22 EMEs: Headline and Core Inflation

Percent, rolling 6m/6m SAAR

Percent



Source: National authorities, FRBNY. Data as of March 9.

