



**Small Business & Agriculture Advisory Council  
Federal Reserve Bank of New York  
33 Liberty Street  
10F, Paul Volcker Boardroom  
Thursday, November 20**

**AGENDA**

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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  
Jason Bram, Vice President

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. Did your firm's sales volume increase, decrease or stay the same in the second half of the year?
2. Next year, do you expect your firms' sales to increase, decrease, or stay the same?
3. Do you plan to increase investment in your firm (plant & equipment) next year?
4. Has your firm faced any shortage of labor that has limited your ability to meet demand?
5. Do you plan to increase employment next year?
6. Do you expect input prices to increase next year? Do you expect prices of products/services sold to increase?
7. Over the past six months, how have the terms and conditions for obtaining financing changed (tightened, eased, not changed)?

2:00 pm                    Adjourn



**Small Business & Agricultural Advisory Council  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, NY  
Thursday, November 20, 2014**

**ATTENDEE LIST**

**Council Members**

Michael Arnoff  
President  
Arnoff Moving & Storage

David Campbell  
President and CEO  
Rings End, Inc.

Stewart Brunhouse  
President  
A&A Company, Inc.

Peter Maglathlin  
Chief Executive Officer  
MBI, Inc.

William Byrne  
Chairman of the Board  
Byrne Dairy, Inc.

Patrick Marotta  
President/CEO  
Marotta Controls

Eric Caslow  
President  
Acme Smoked Fish

Edward J. Tregurtha  
President  
Moran Towing Corporation

**Federal Reserve Bank of New York**

William Dudley  
Christine Cumming  
Richard Peach  
John Clark  
Kausar Hamdani  
Anand Marri  
Rae Rosen  
Claire Kramer  
Jason Bram  
Luis Uranga  
David Parkinson

President  
First Vice President  
SVP, Research & Statistics  
SVP, Development Studies & Foreign Research  
SVP, Communication & Outreach  
VP, Head of Outreach & Education  
VP, Outreach & Education  
AVP, Outreach & Education  
Officer, Research & Statistics  
Sr. Associate, Chief of Staff's Office  
Counsel, Legal



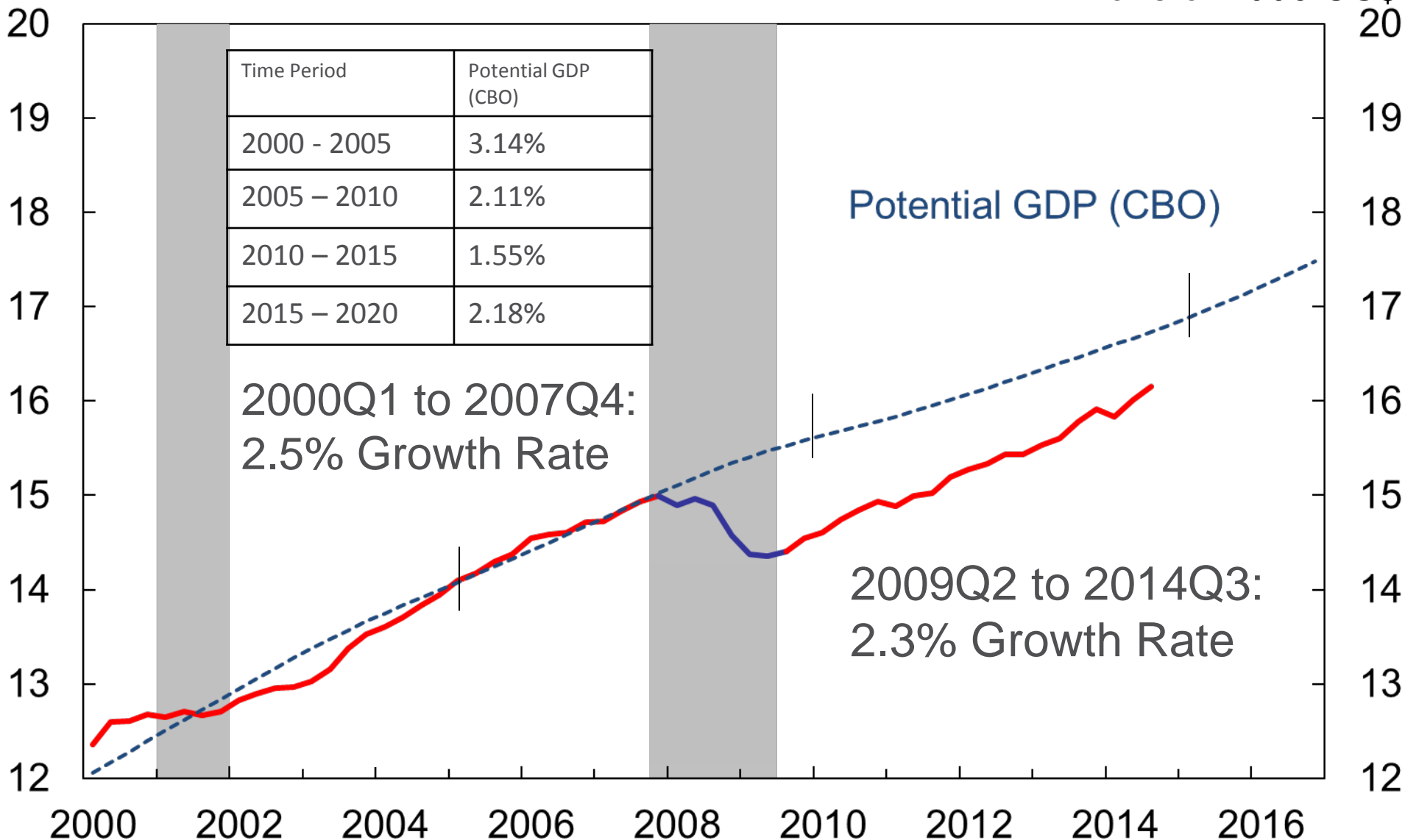
FEDERAL RESERVE BANK *of* NEW YORK

**US Macro Overview**  
**November 20, 2014**

# GDP

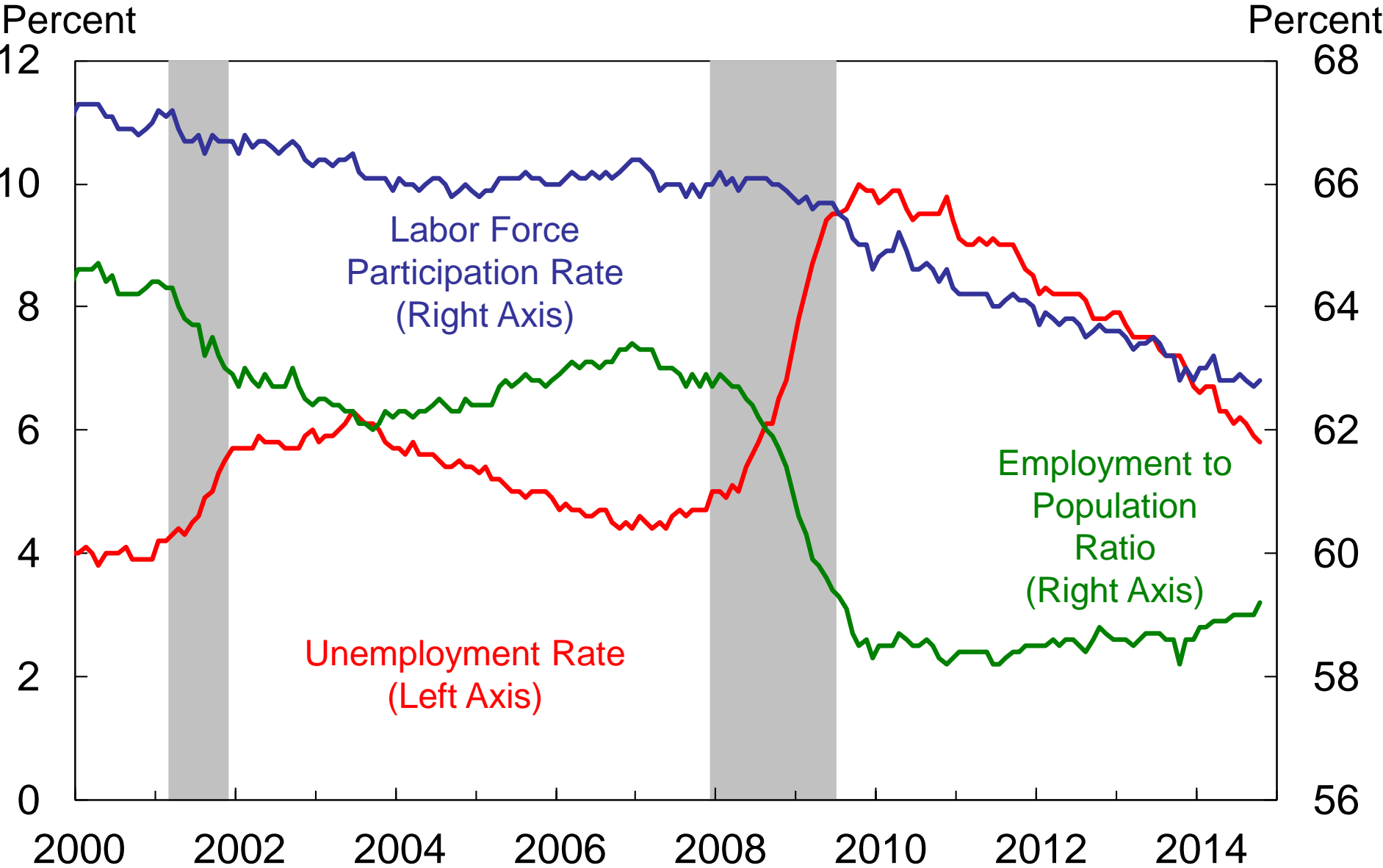
Trillions of 2009 US\$

Trillions of 2009 US\$



Source: Bureau of Economic Analysis, Congressional Budget Office

# Labor Market Indicators

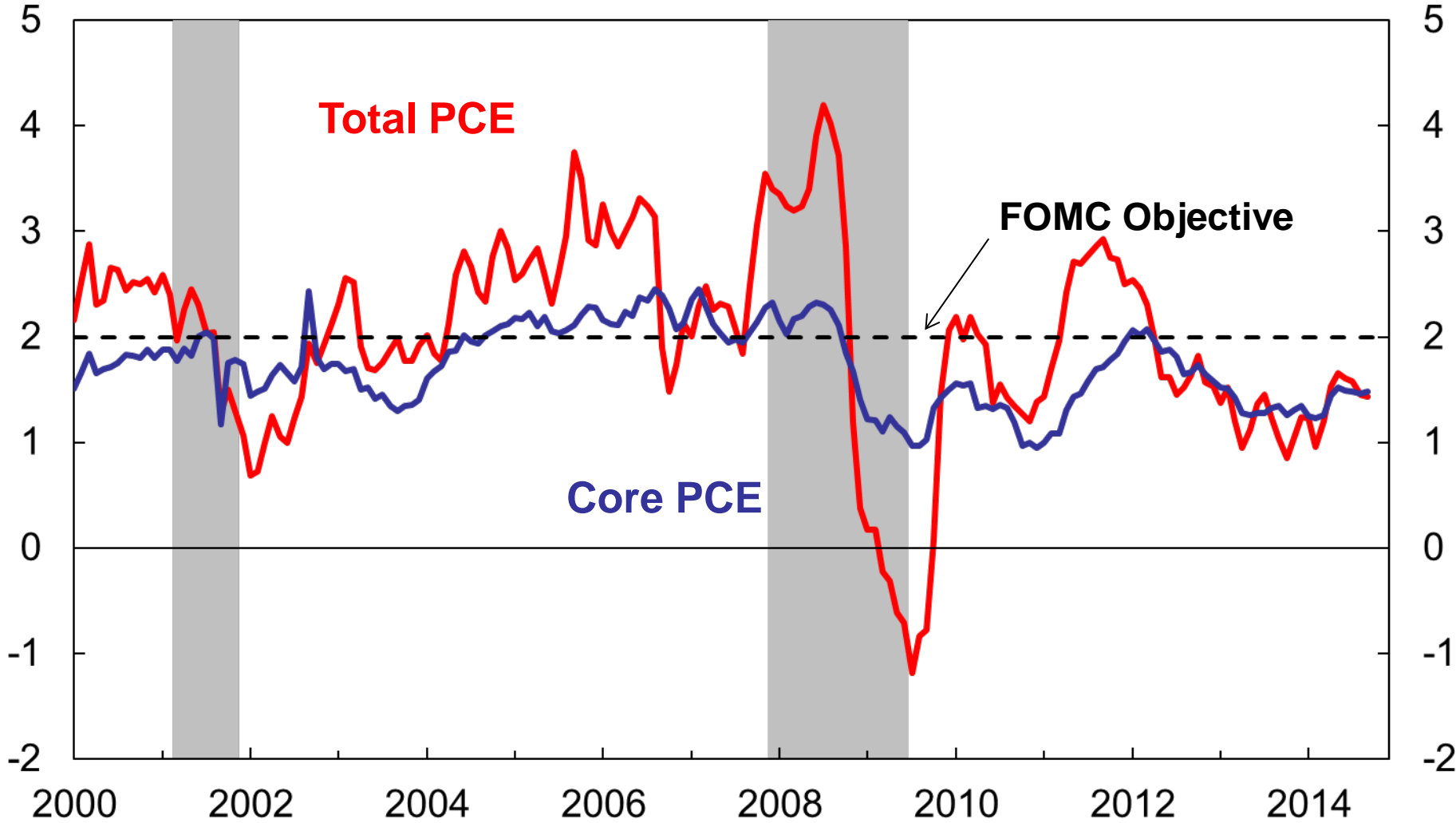


Source: Bureau of Labor Statistics

# PCE Deflator

% Change – Year to Year

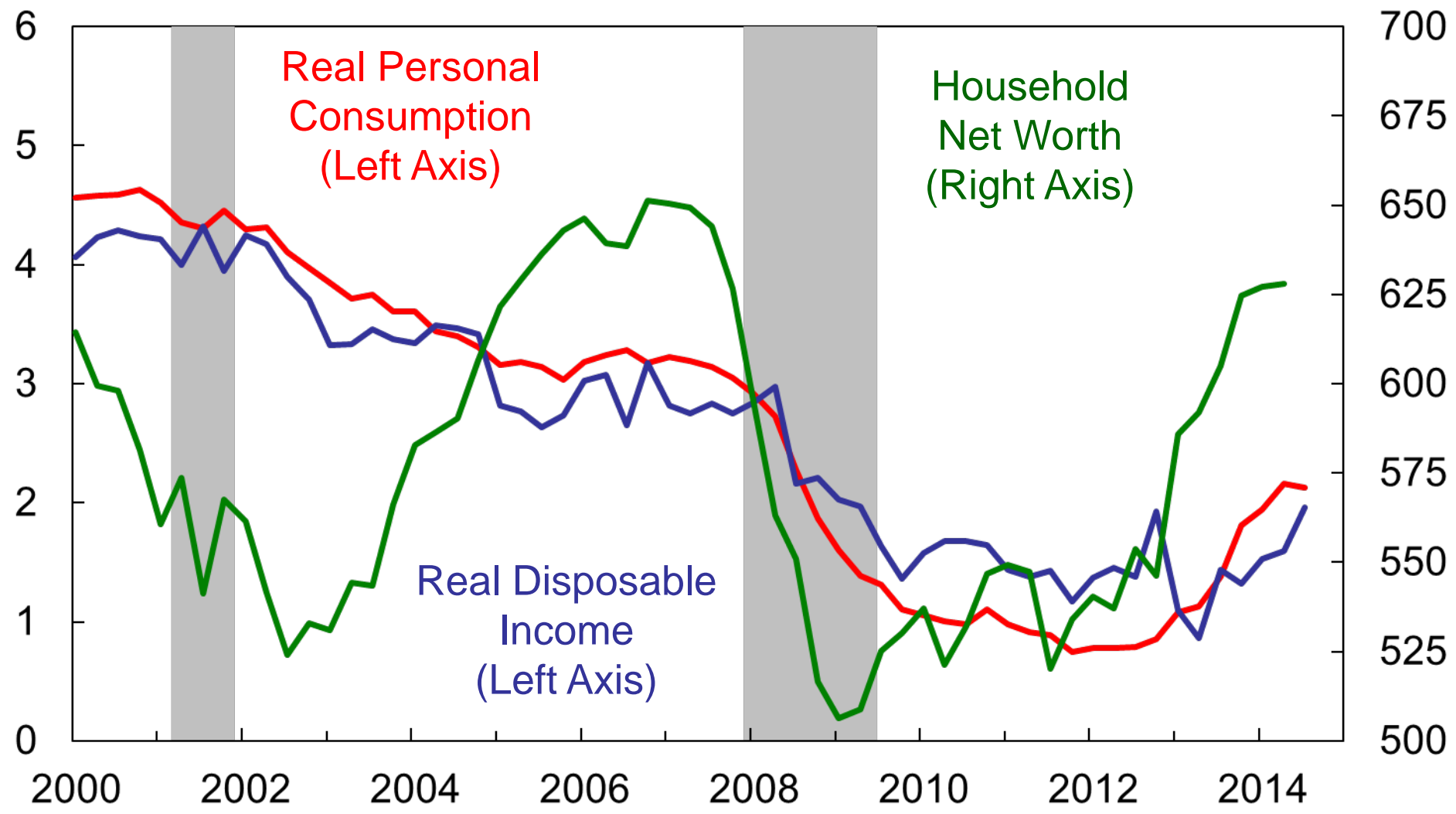
% Change – Year to Year



# Disposable Income, Consumption, and Wealth

% Change over 20 Quarters, Annual Rate

% of Disposable Income

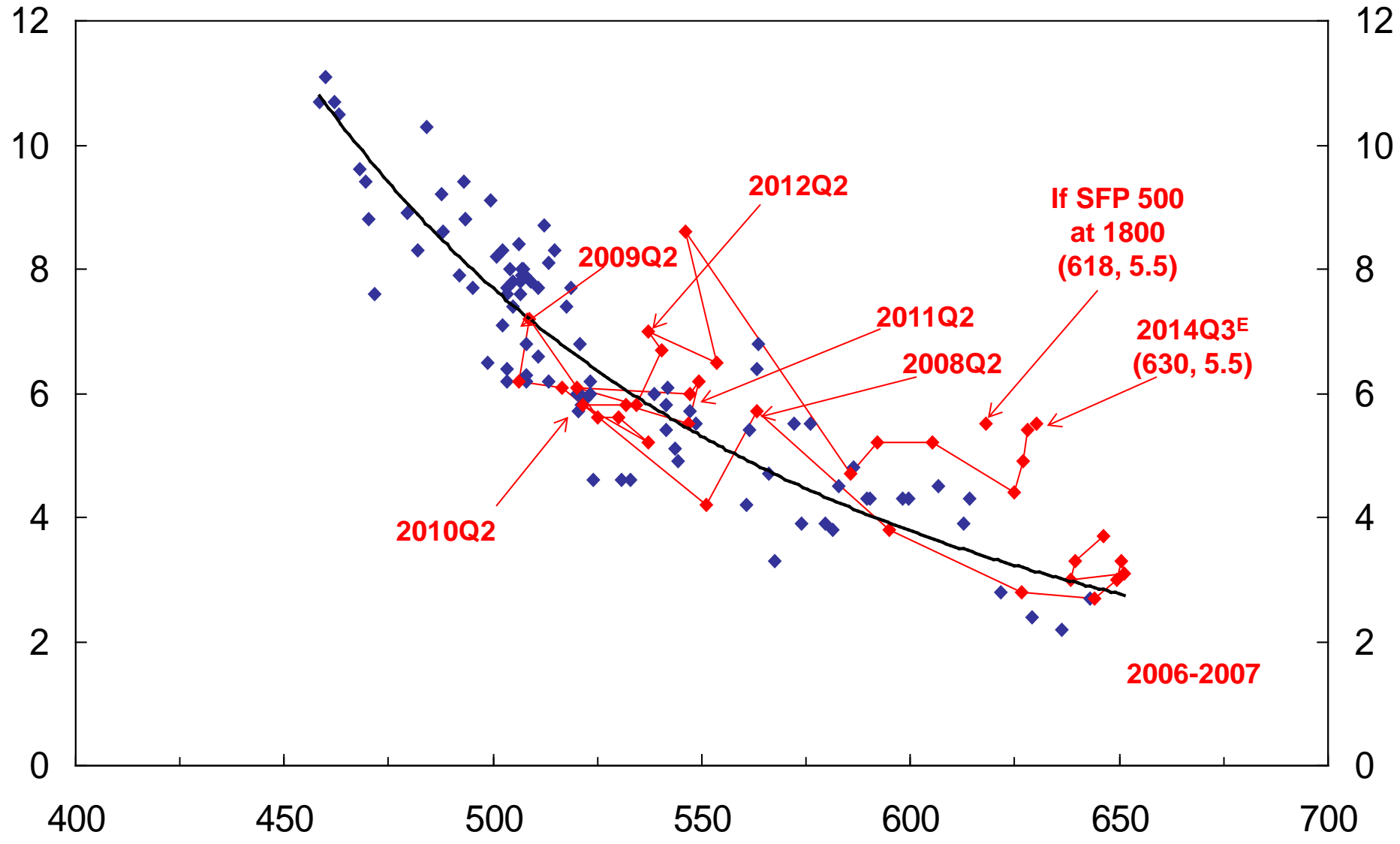


Source: Bureau of Economic Analysis, Federal Reserve Board

# Personal Saving Rate and Household Net Worth

Personal Saving Rate (Percent)

Personal Saving Rate (Percent)



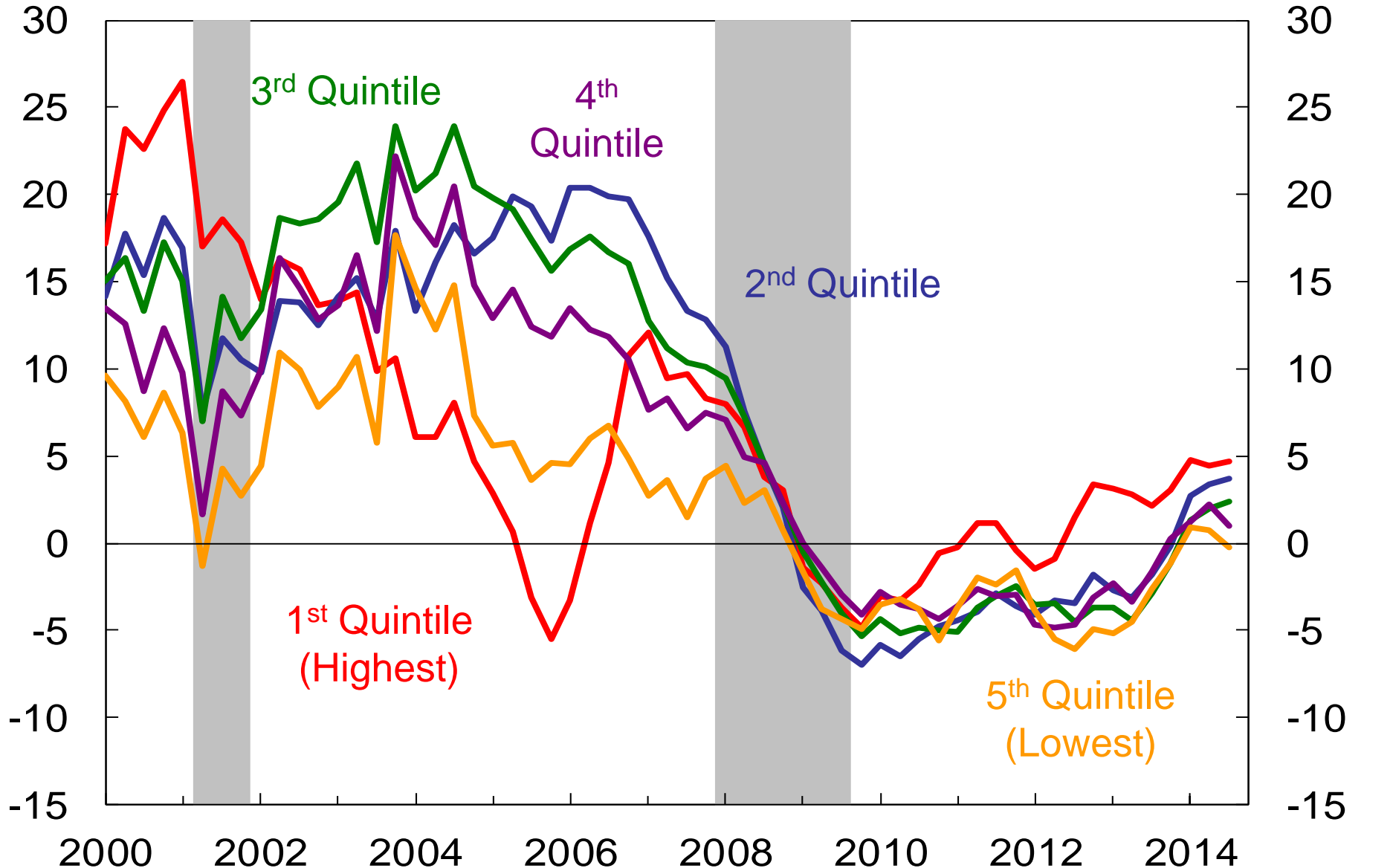
Households' Net Worth as a Percent of Disposable Income



# Consumer Debt by Credit Score

% Change – Year to Year

% Change – Year to Year



Source: FRBNY Consumer Credit Panel

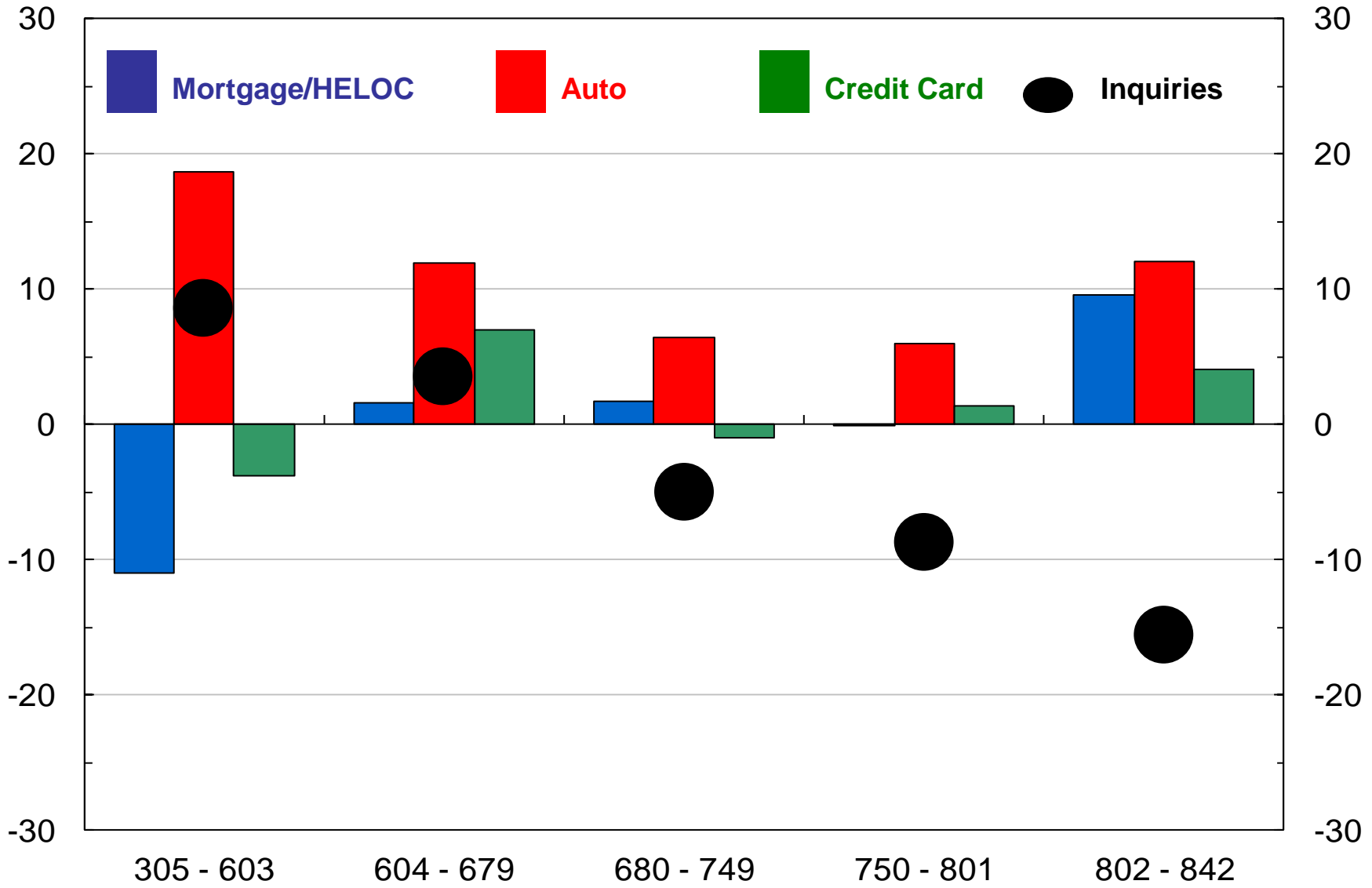
Note: Includes Student Loans

# Change in Debt 2013Q3-2014Q3

## By Credit Score Quintile

Percent

Percent



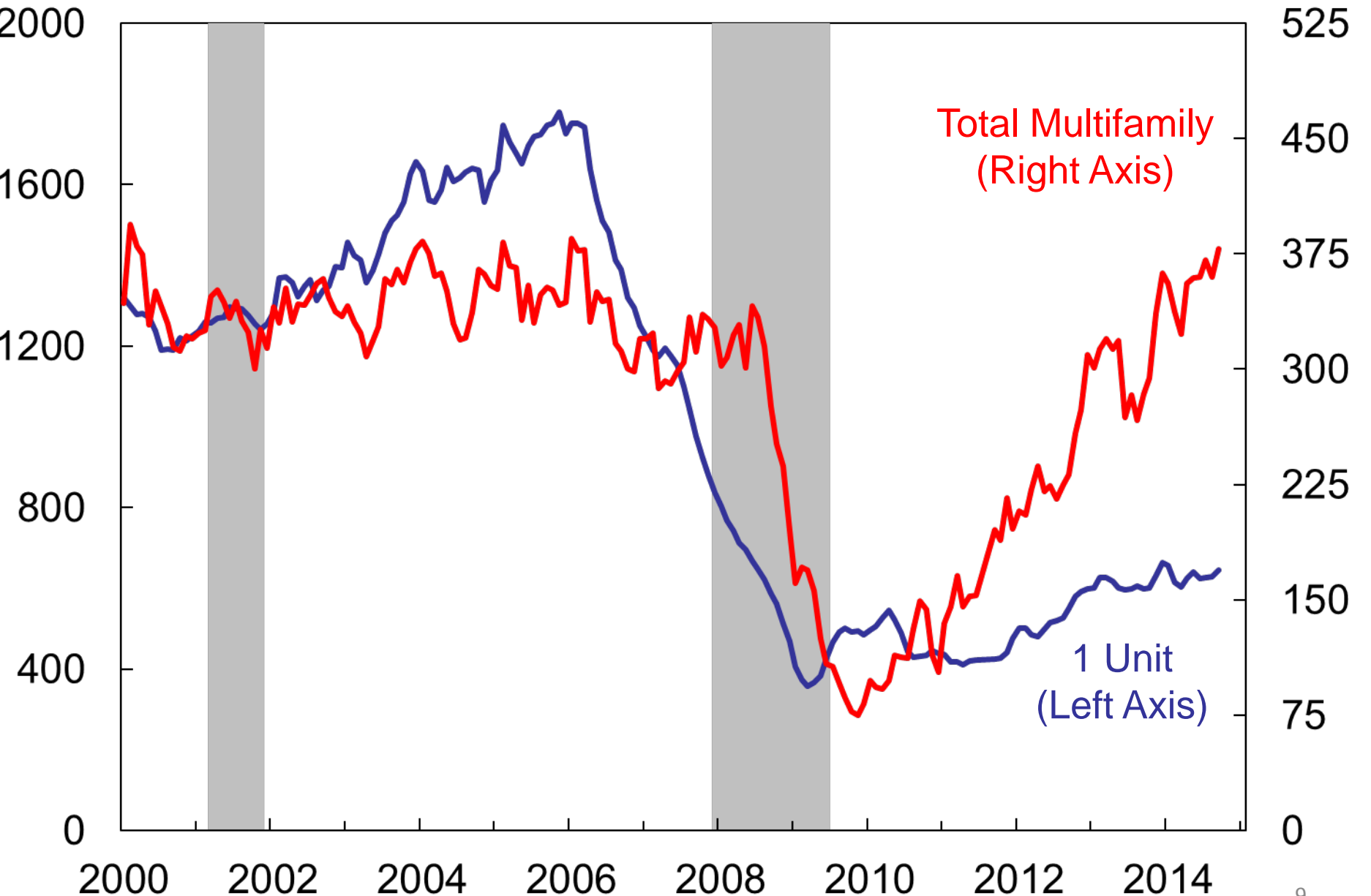
Equifax Risk Score Quintiles\*

Note: \* 2013Q3 Quintiles

# Housing Starts

Thousands, 3 MMA

Thousands, 3 MMA

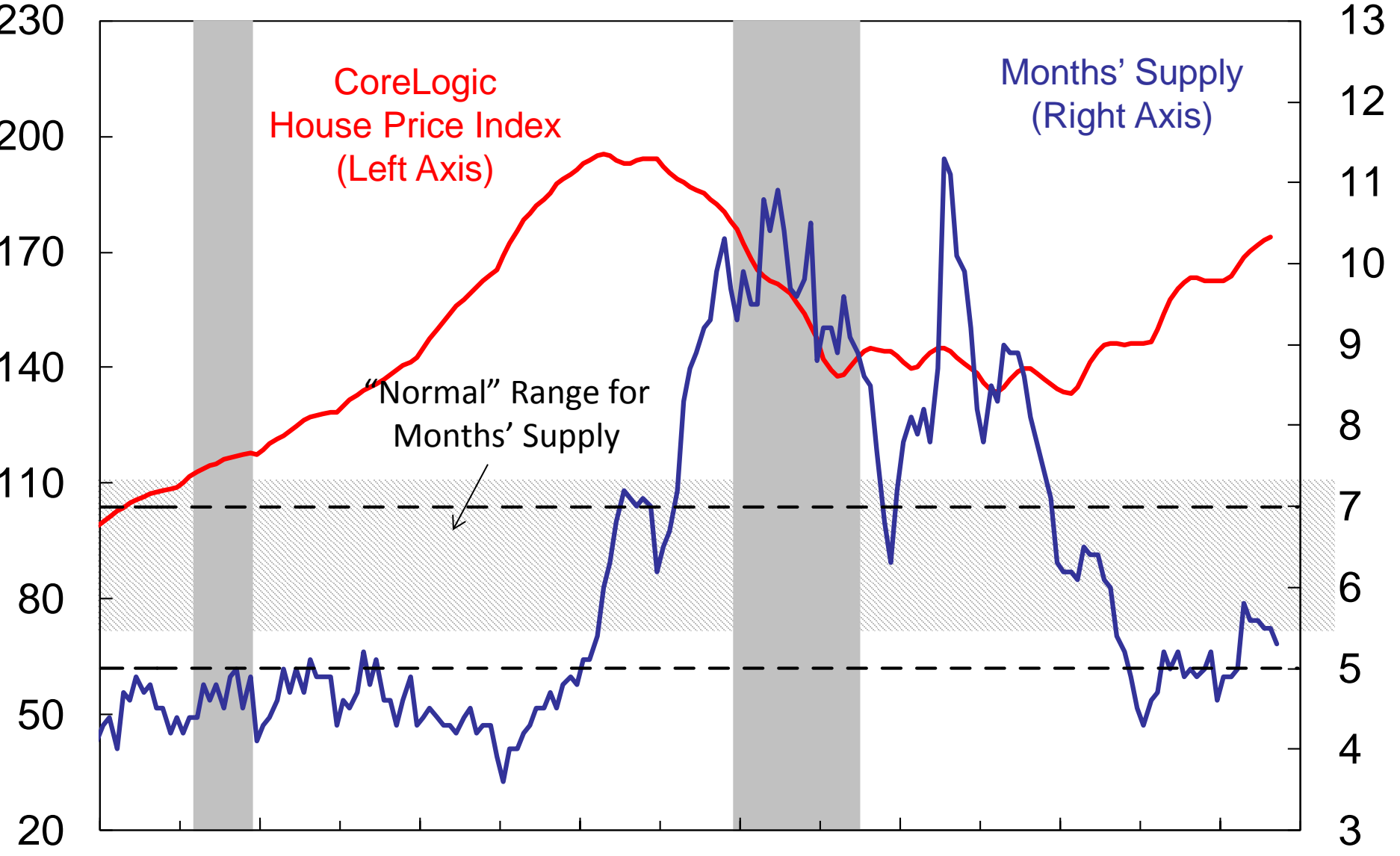


Source: Census Bureau

# Single Family Housing Market

Index, January 2000 = 100

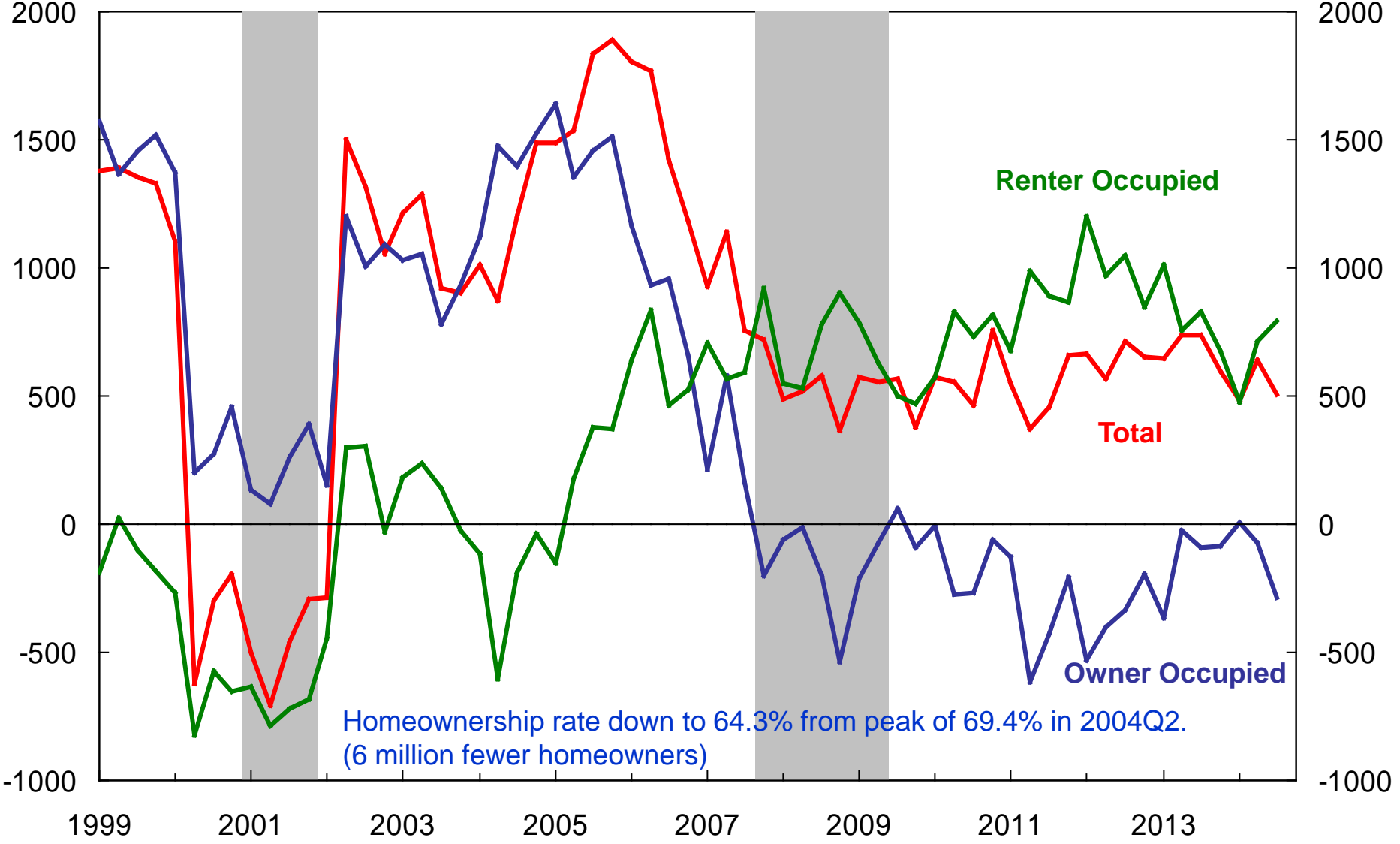
Months' Supply



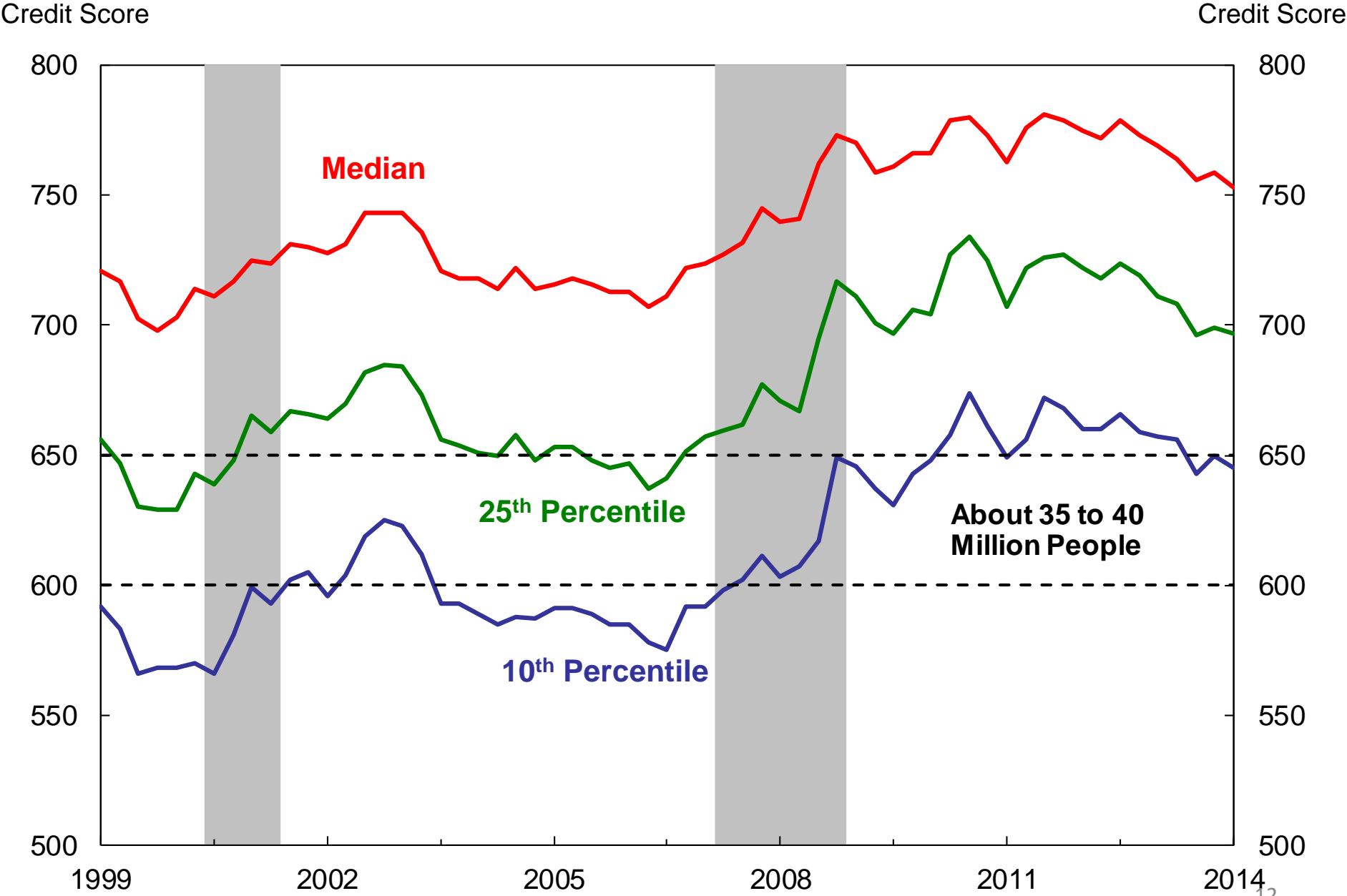
# Household Formations

2 Year Avg. Change

2 Year Avg. Change



# Credit Score at Mortgage Origination: All First Mortgages

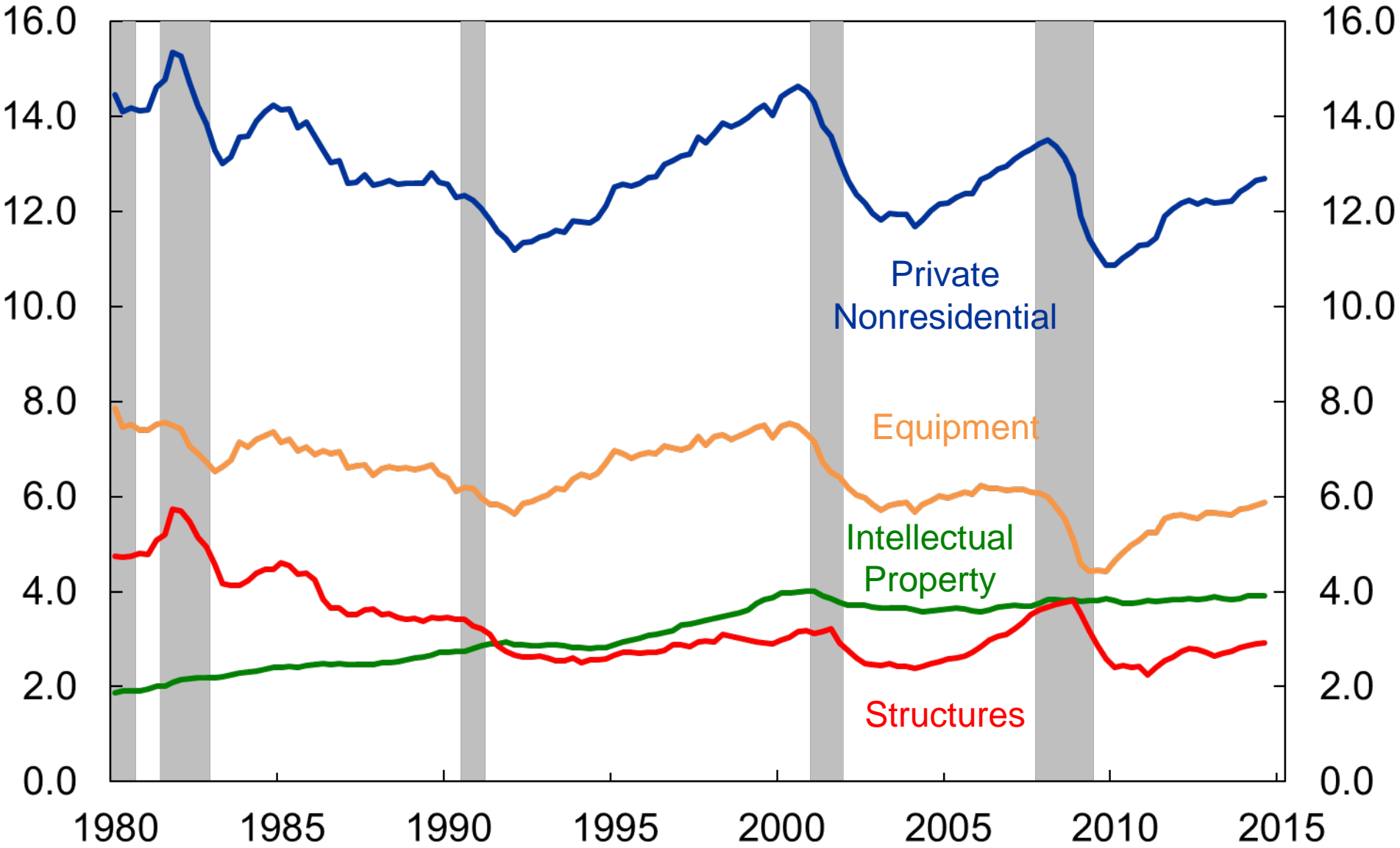


Source: FRBNY Consumer Credit Panel.

# Private Nonresidential Fixed Investment Spending

Share of GDP

Share of GDP

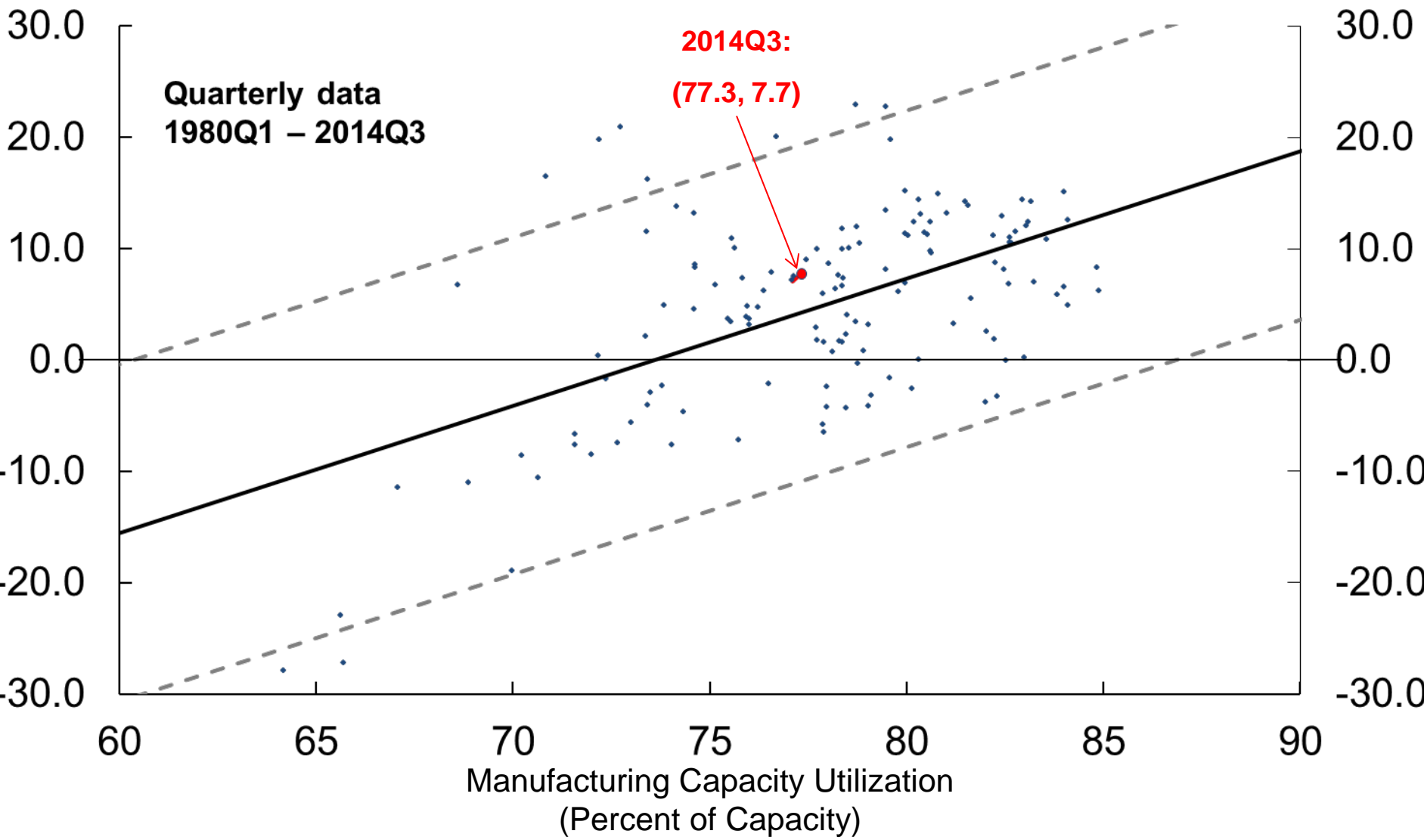


Source: Bureau of Economic Analysis / Haver Analytics

# Equipment Investment Spending and Capacity

Real Business Investment in New Equipment  
(% Change – Year to Year)

Real Business Investment in New Equipment  
(% Change – Year to Year)



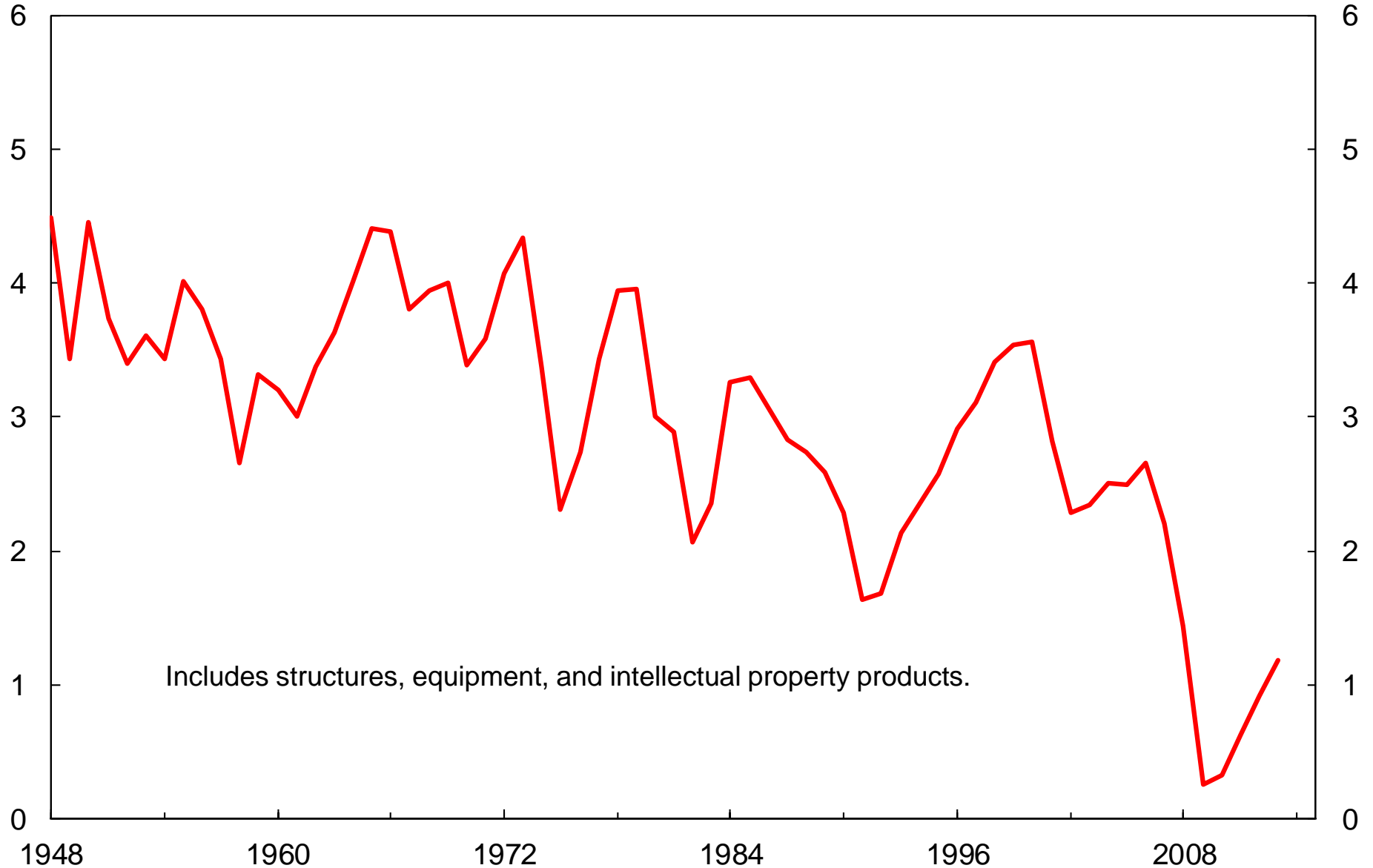
Source: Federal Reserve Board, Bureau of Economic Analysis



# Real Net Stock of Private Fixed Nonresidential Capital

Year/Year % Change

Year/Year % Change



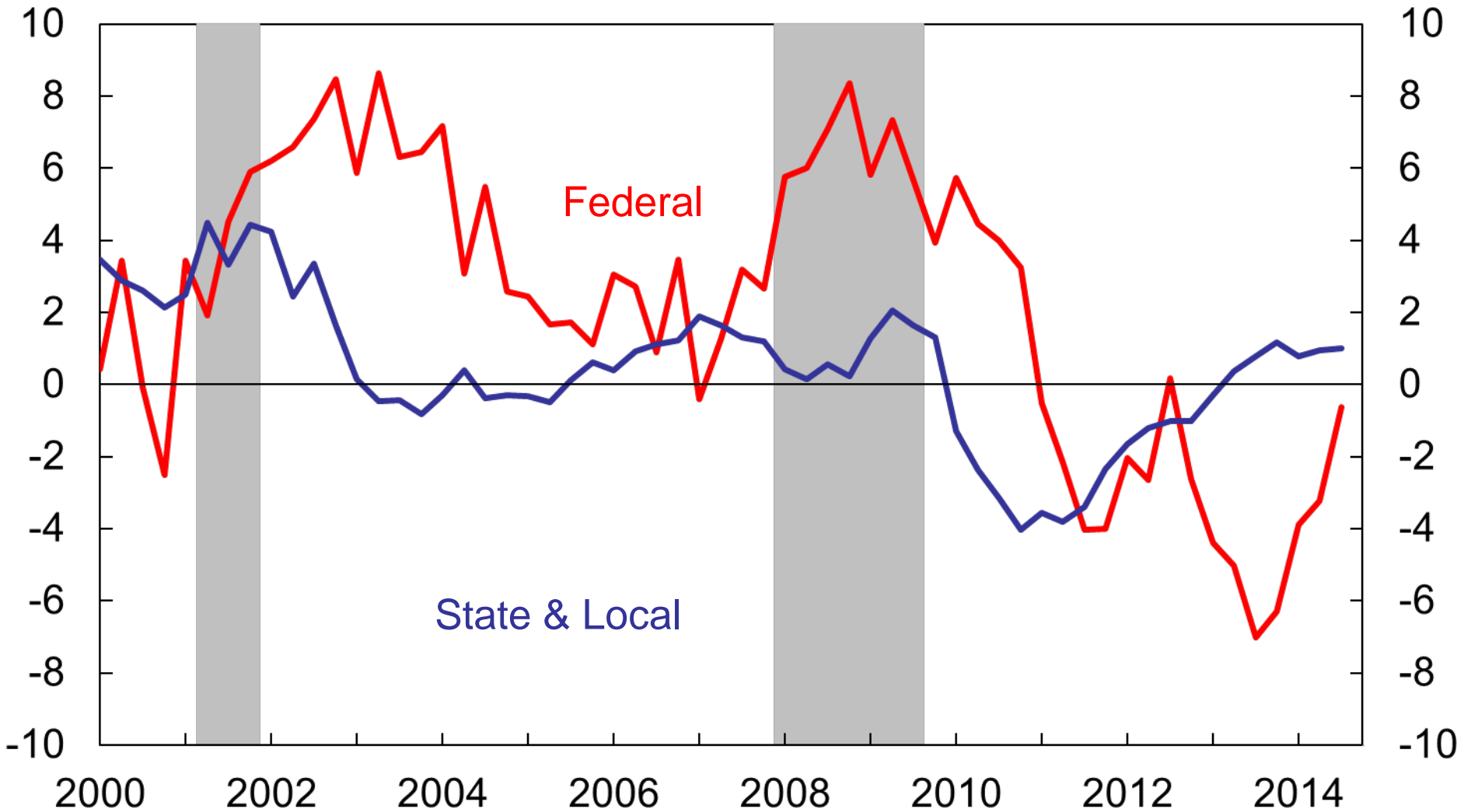
Includes structures, equipment, and intellectual property products.

Source: Bureau of Economic Analysis

# Real Government Consumption and Gross Investment

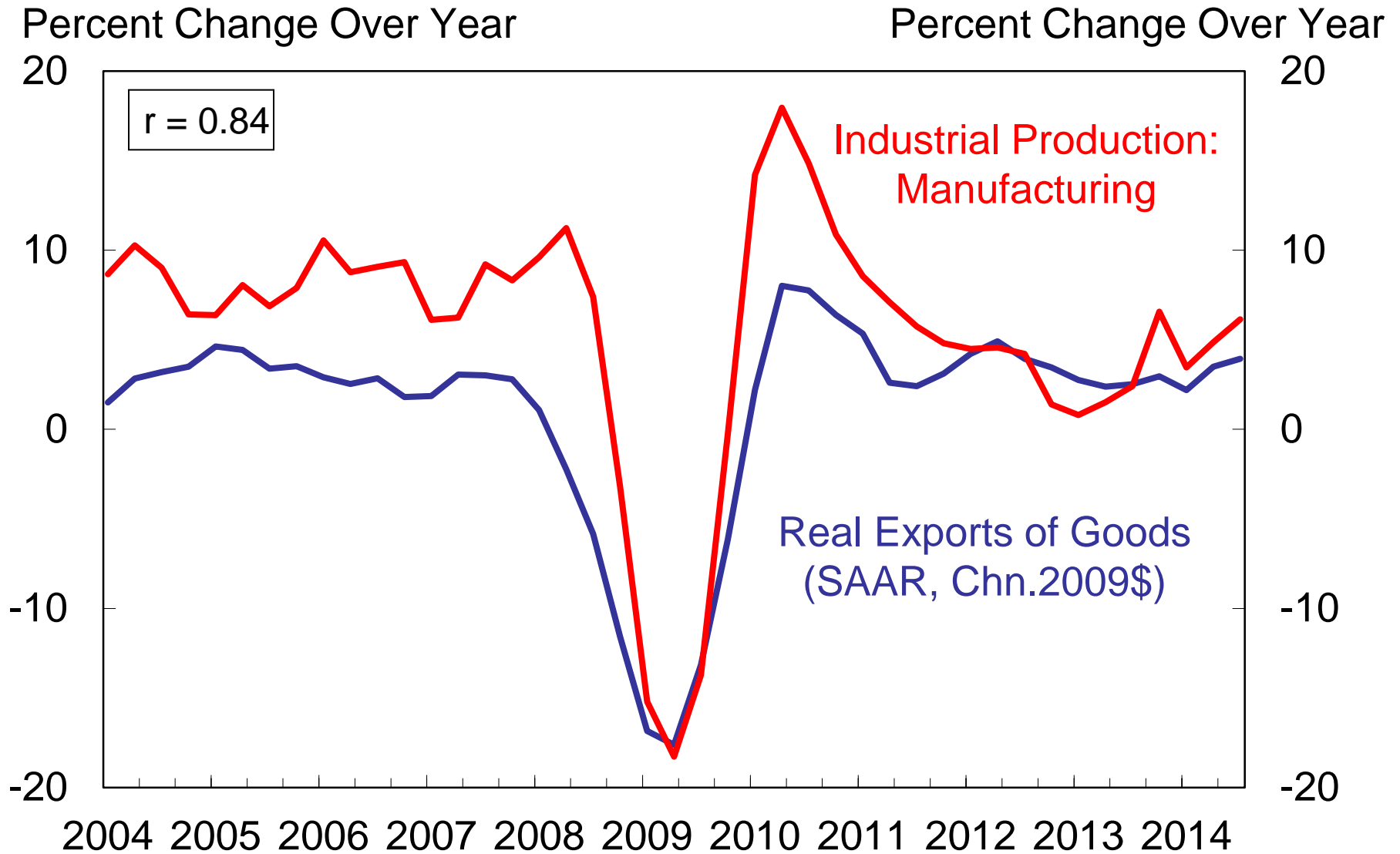
% Change – Year to Year

% Change – Year to Year



Source: Bureau of Economic Analysis

# Growth of Real Exports of Goods and Manufacturing Output

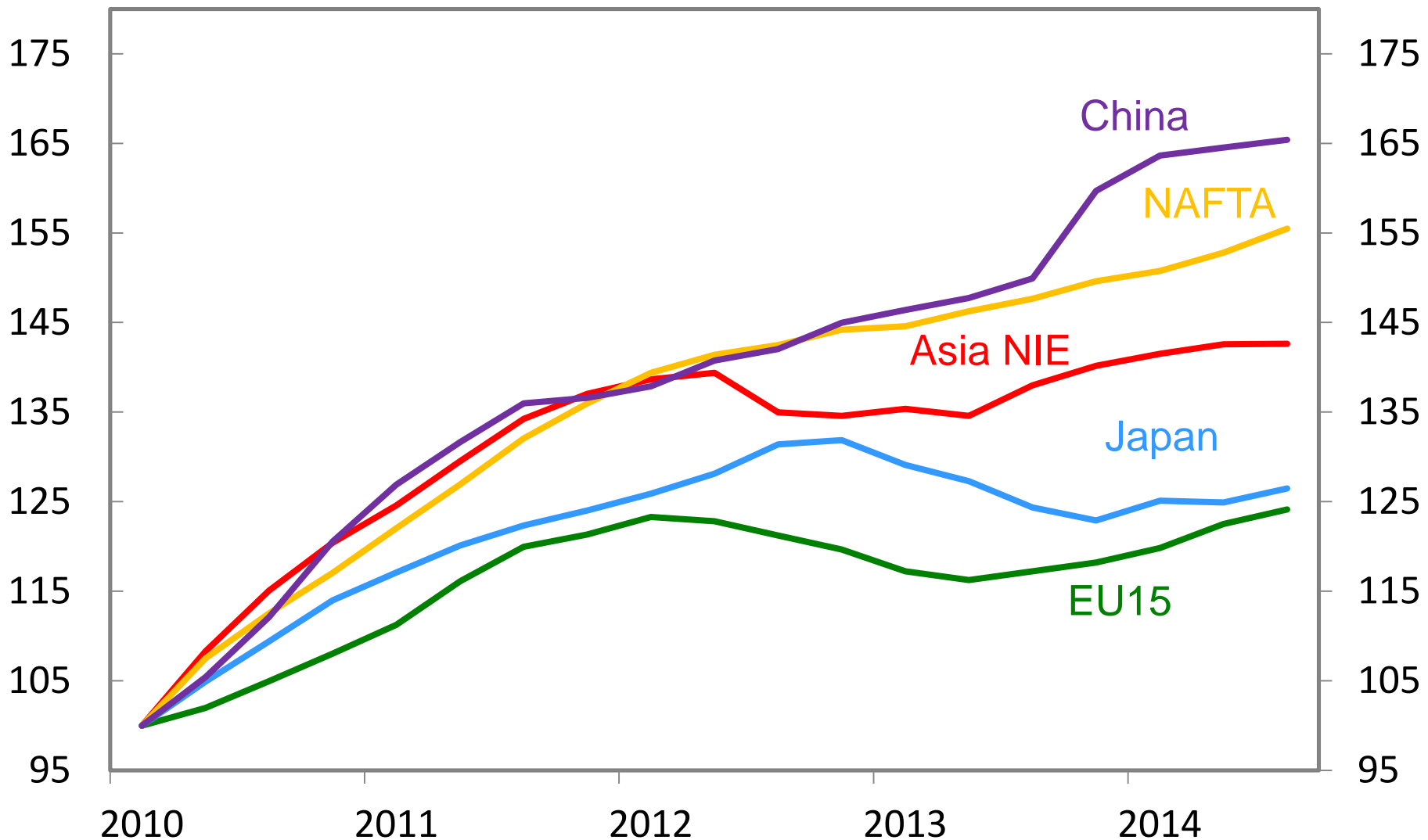


Sources: BEA, FRB / Haver

# Goods Exports by Destination

Index, Q1 2010 = 100

Index, Q1 2010 = 100



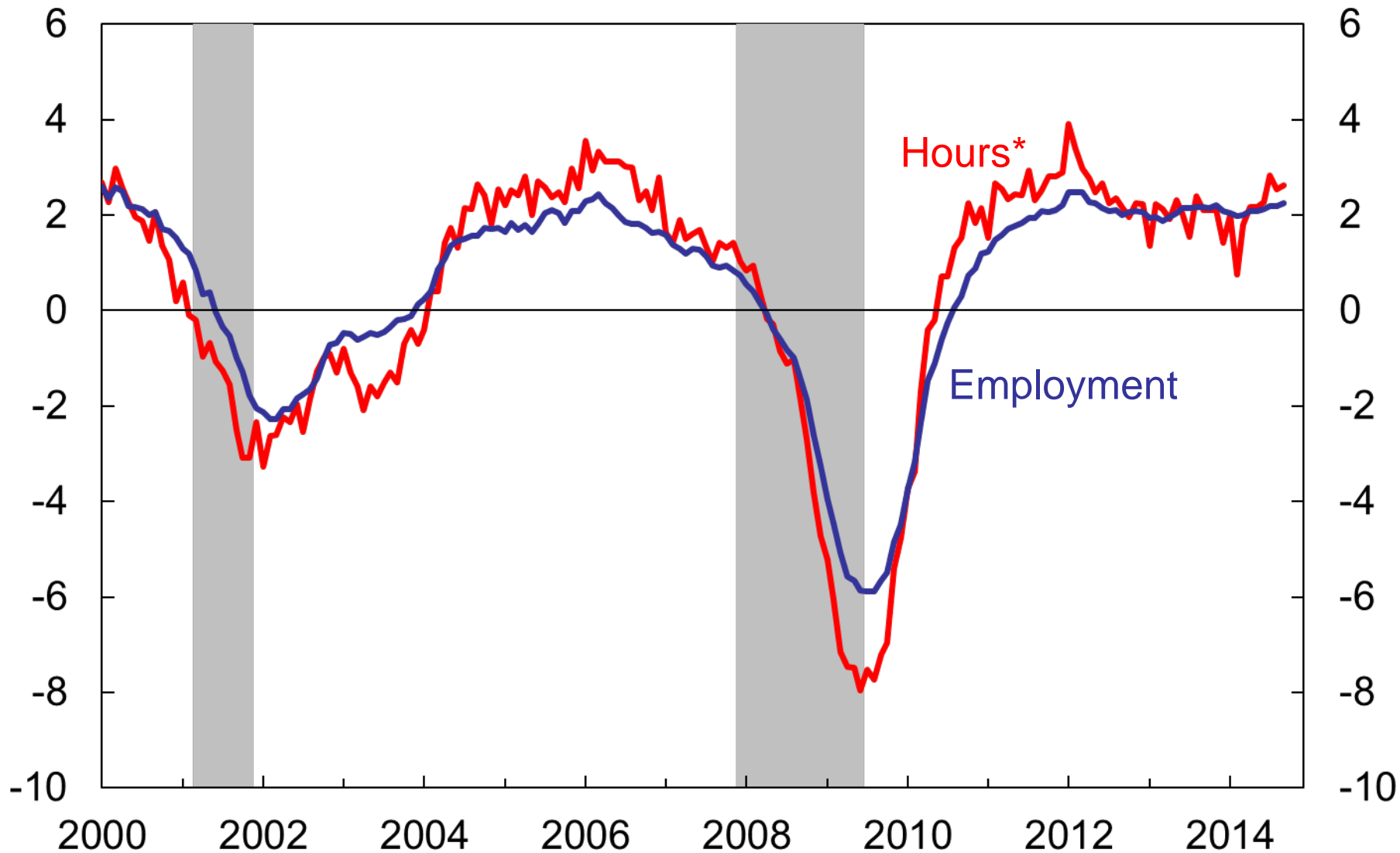
Source: Census Bureau. Data are 4 Quarter moving averages

Share of imports: NAFTA 33%, EU 17%, China 8%, Asia NIE 9%, Japan 4%.

# Private Nonfarm Payroll Employment and Hours

% Change – Year to Year

% Change – Year to Year



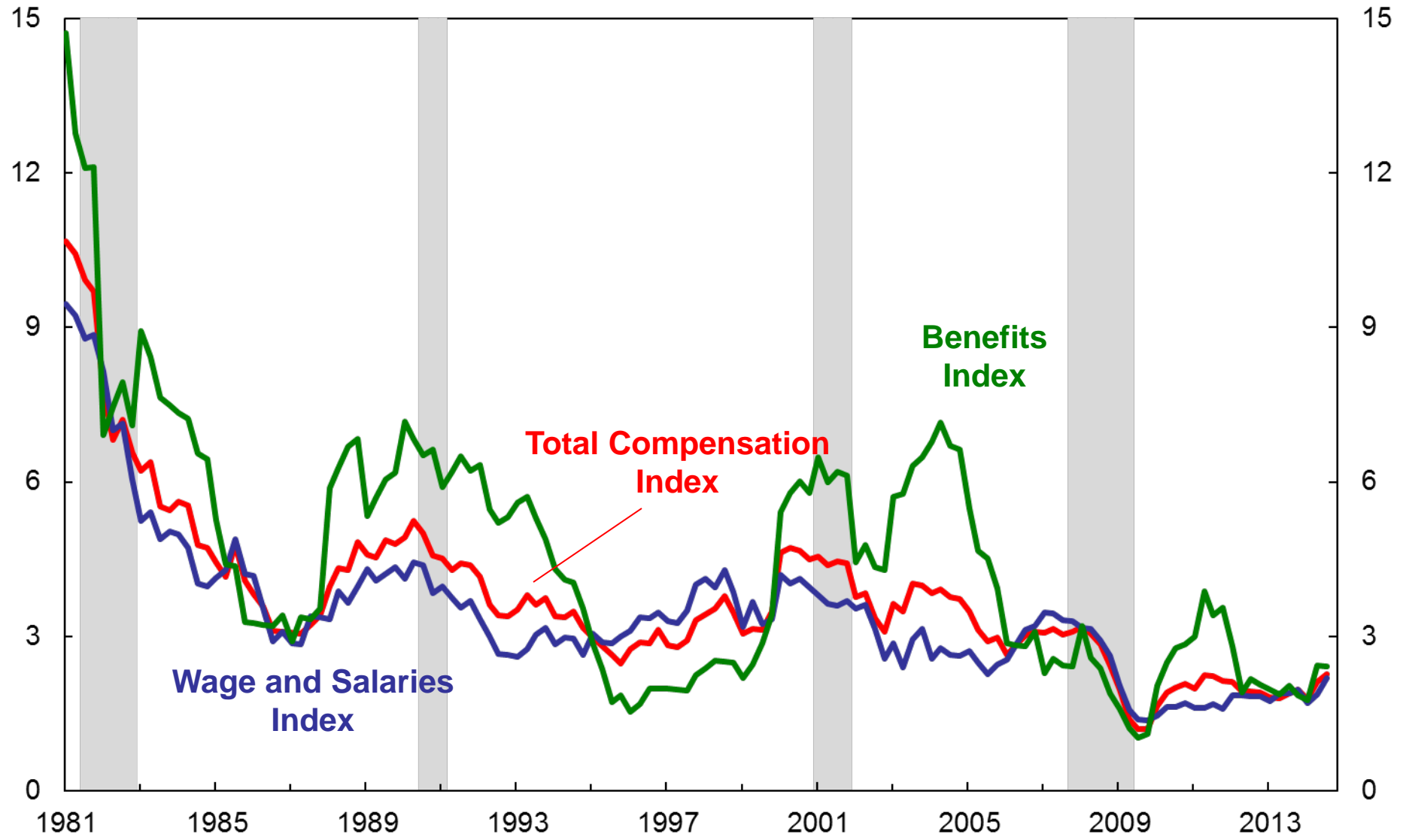
Source: Bureau of Labor Statistics

\* Note: Production and Non-Supervisory, Employees Only

# Private Employment Cost Indices

Year over Year % Change

Year over Year % Change

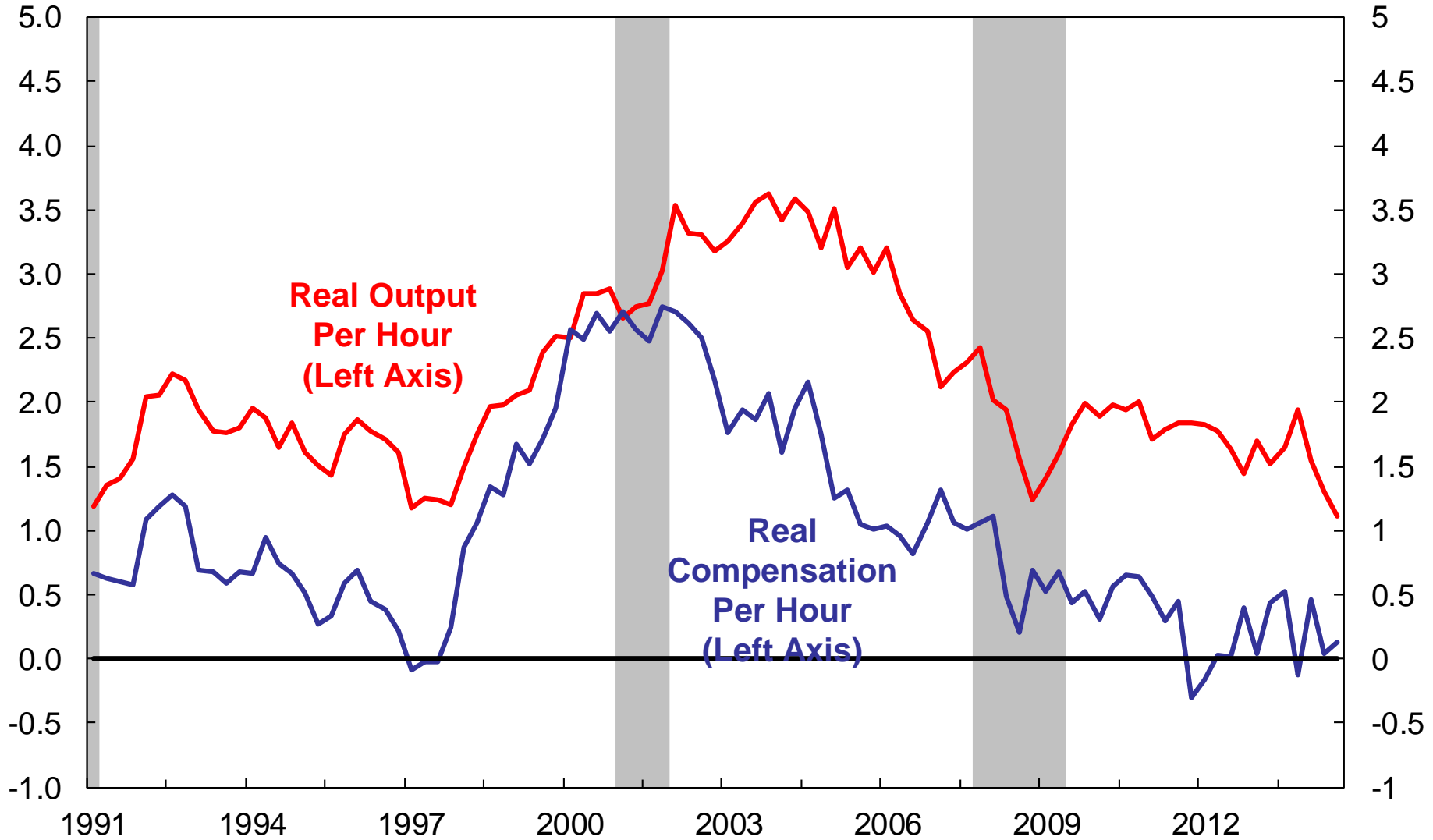


Source: Bureau of Labor Statistics

# Long-Term Trends in Productivity and Compensation

5 % Year Change, AR

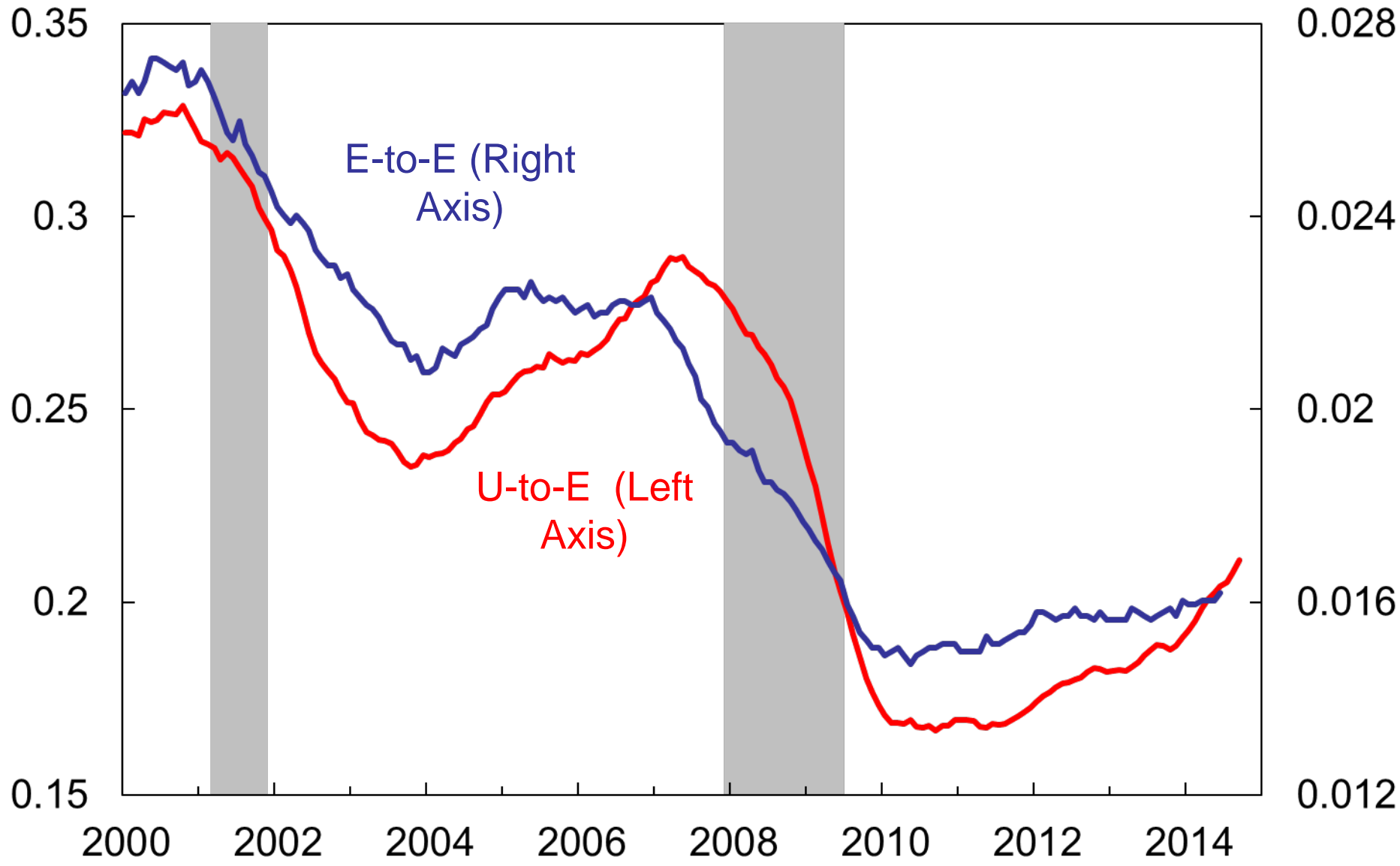
5 Year % Change, AR



# Job-Finding Rate and Job-to-Job Transitions

12 MMA

12 MMA



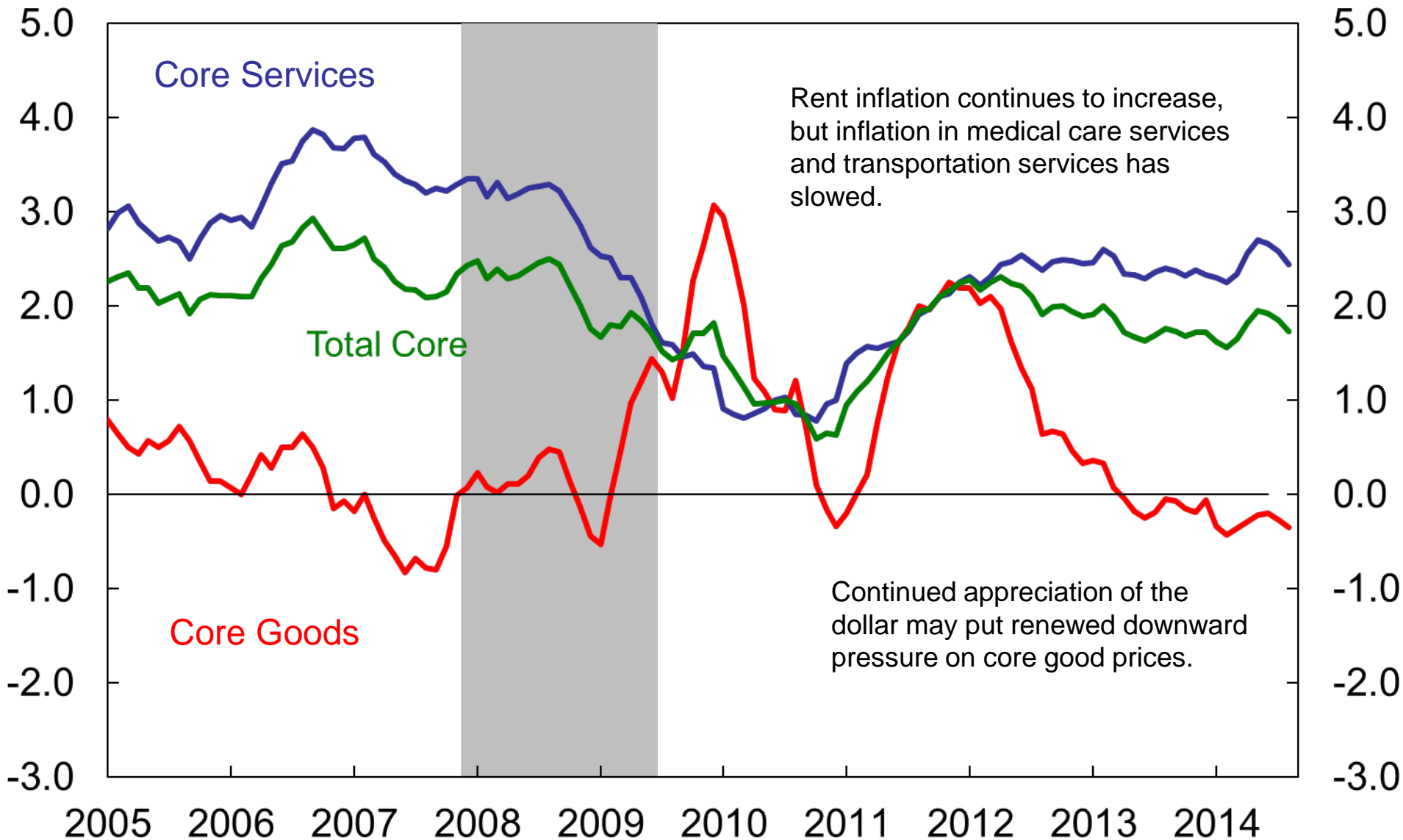
Source: Bureau of Labor Statistics



# CPI Inflation: Core, Core Goods and Core Services

Yr/Yr % Change

Yr/Yr % Change

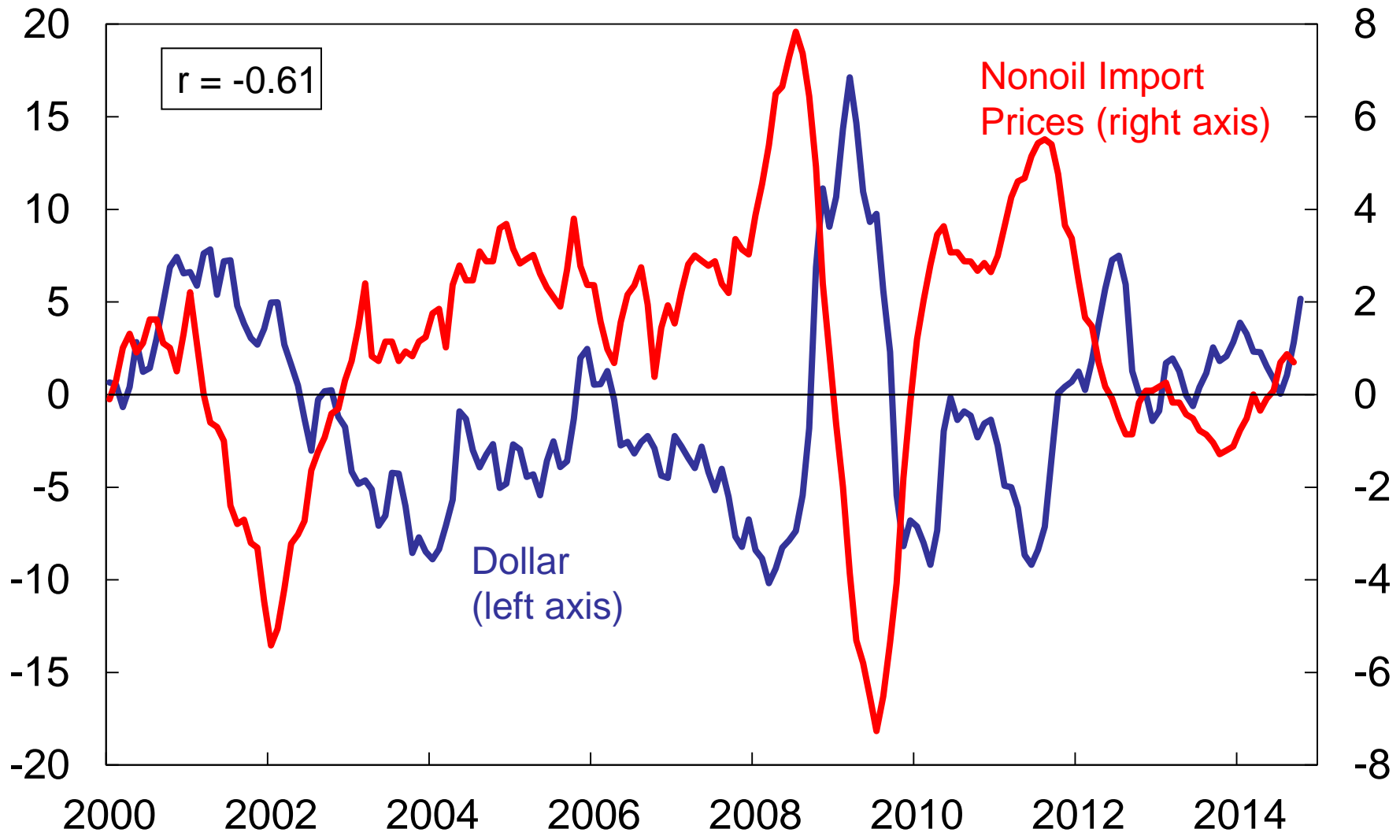


Source: Bureau of Labor Statistics / Haver Analytics

# Dollar Exchange Rate and Nonoil Import Prices

% Change – Year to Year

% Change – Year to Year

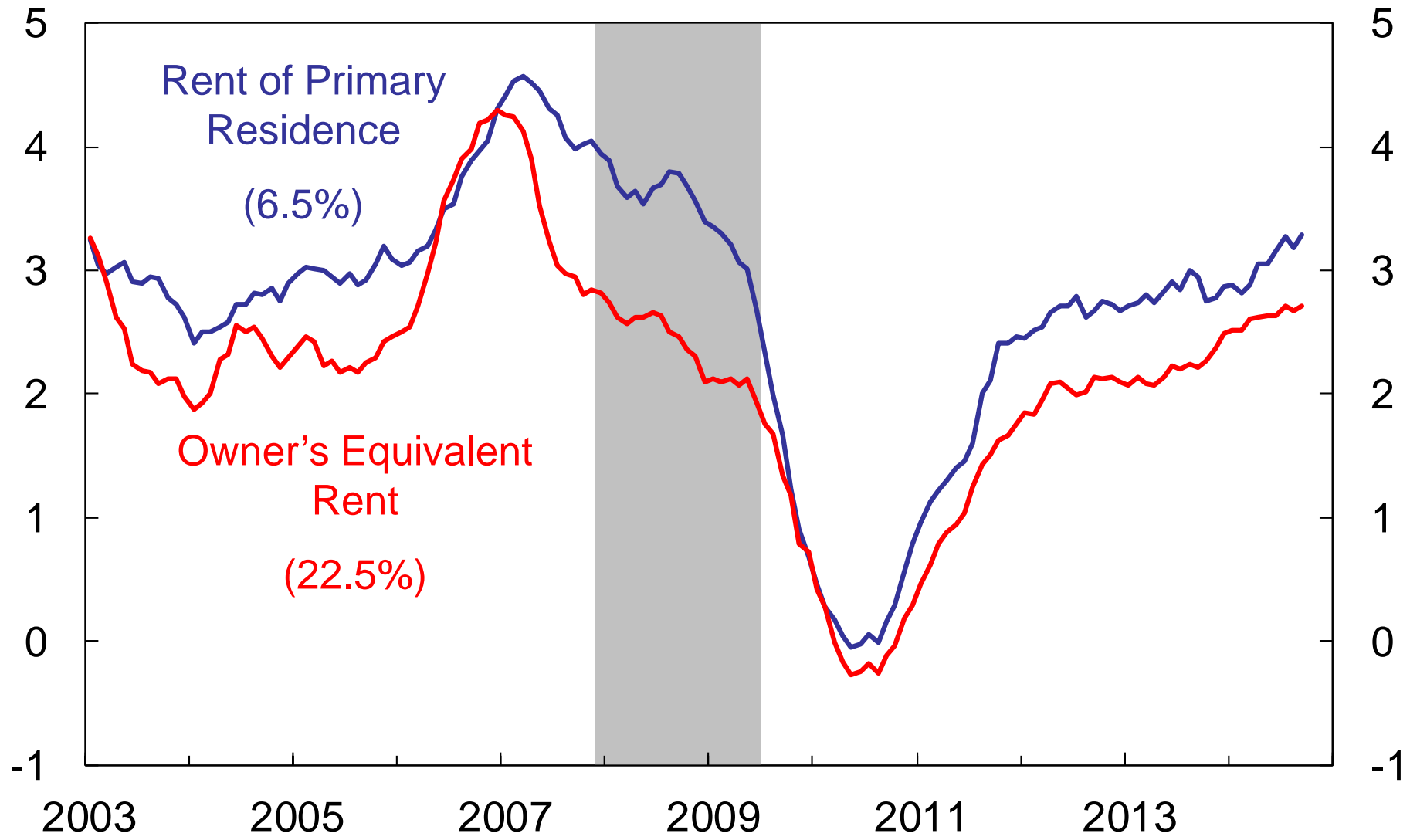


Sources: Federal Reserve Board, Bureau of Labor Statistics. Dollar is Board's Trade-Weighted

# Rent of Primary Residence and Owner's Equivalent Rent

% Change – Year to Year

% Change – Year to Year

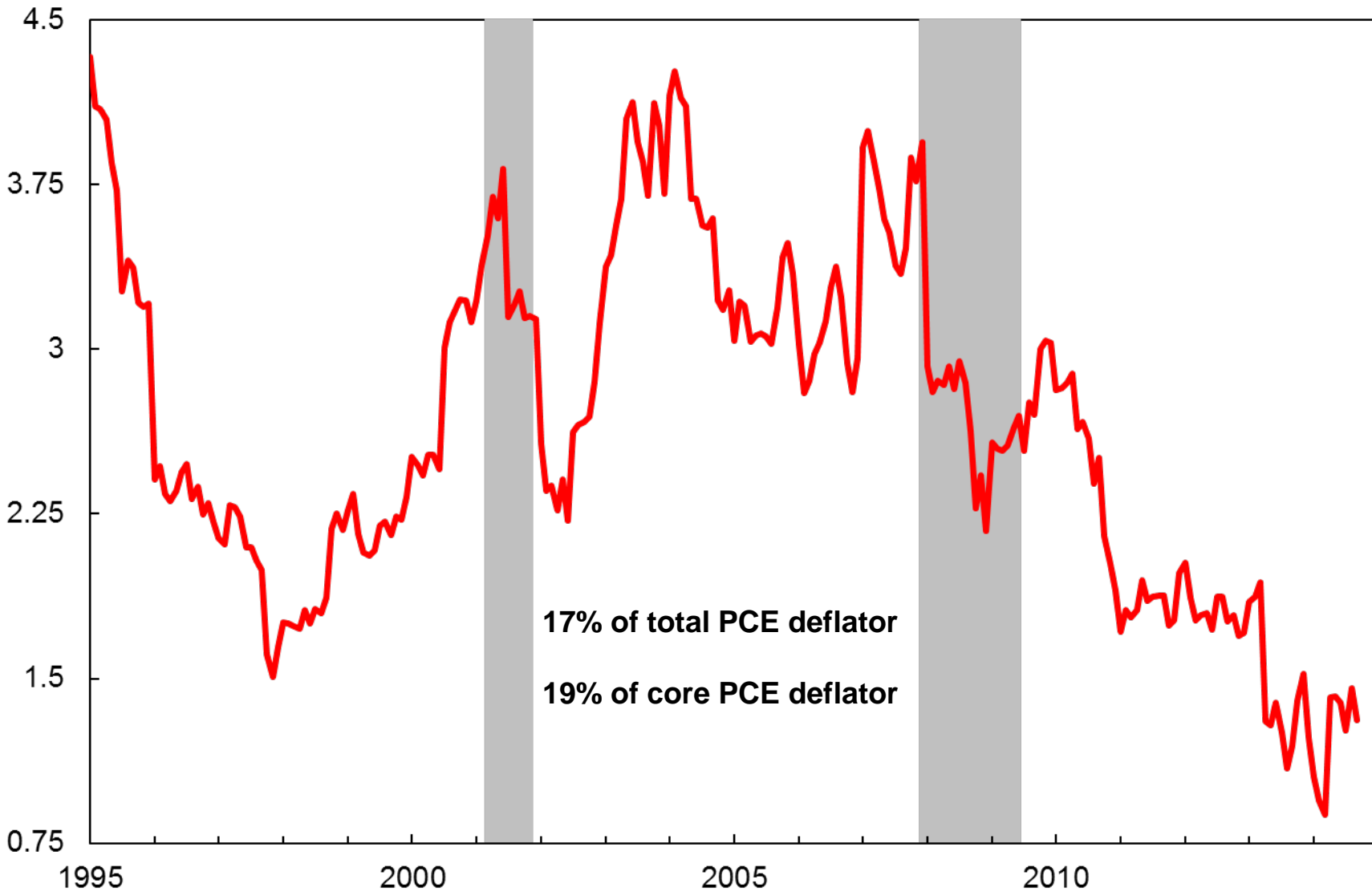


Source: Bureau of Labor Statistics

# Personal Consumption Expenditures: Health Care Price Index

% Change – Year to Year

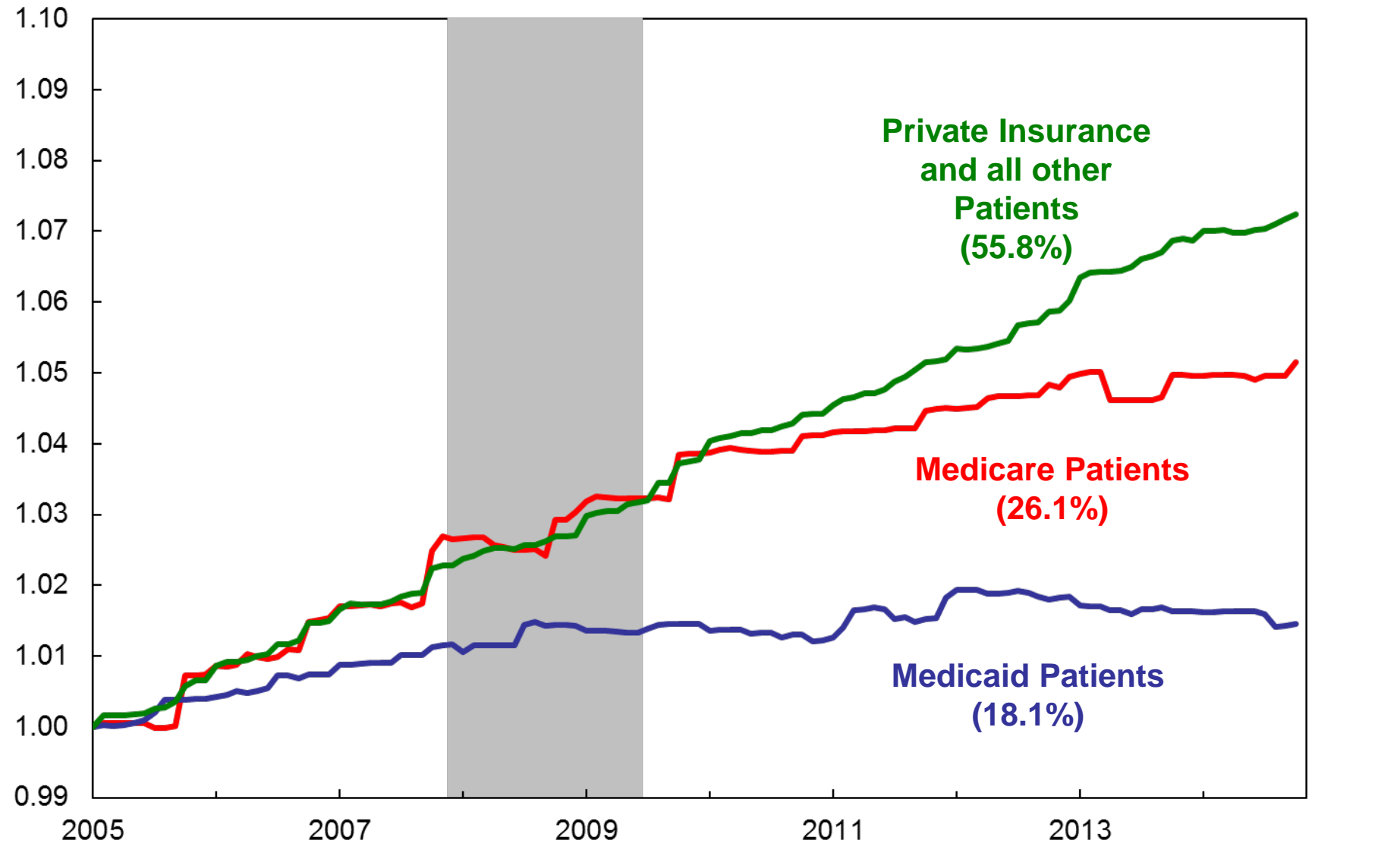
% Change – Year to Year



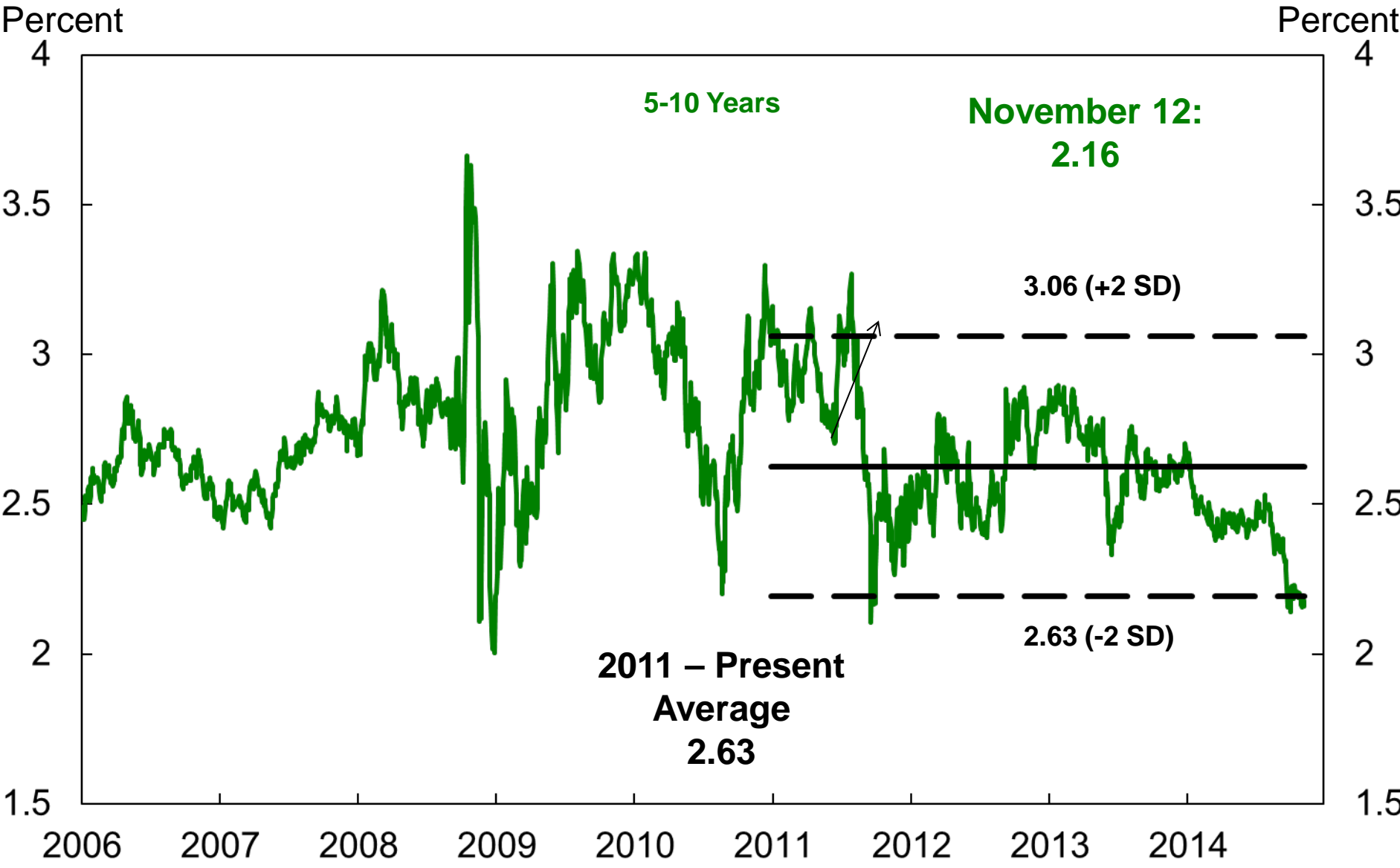
Source: Bureau of Economic Analysis / Haver Analytics

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

LN(Index) LN(Index)



# TIPS Based Inflation Expectations

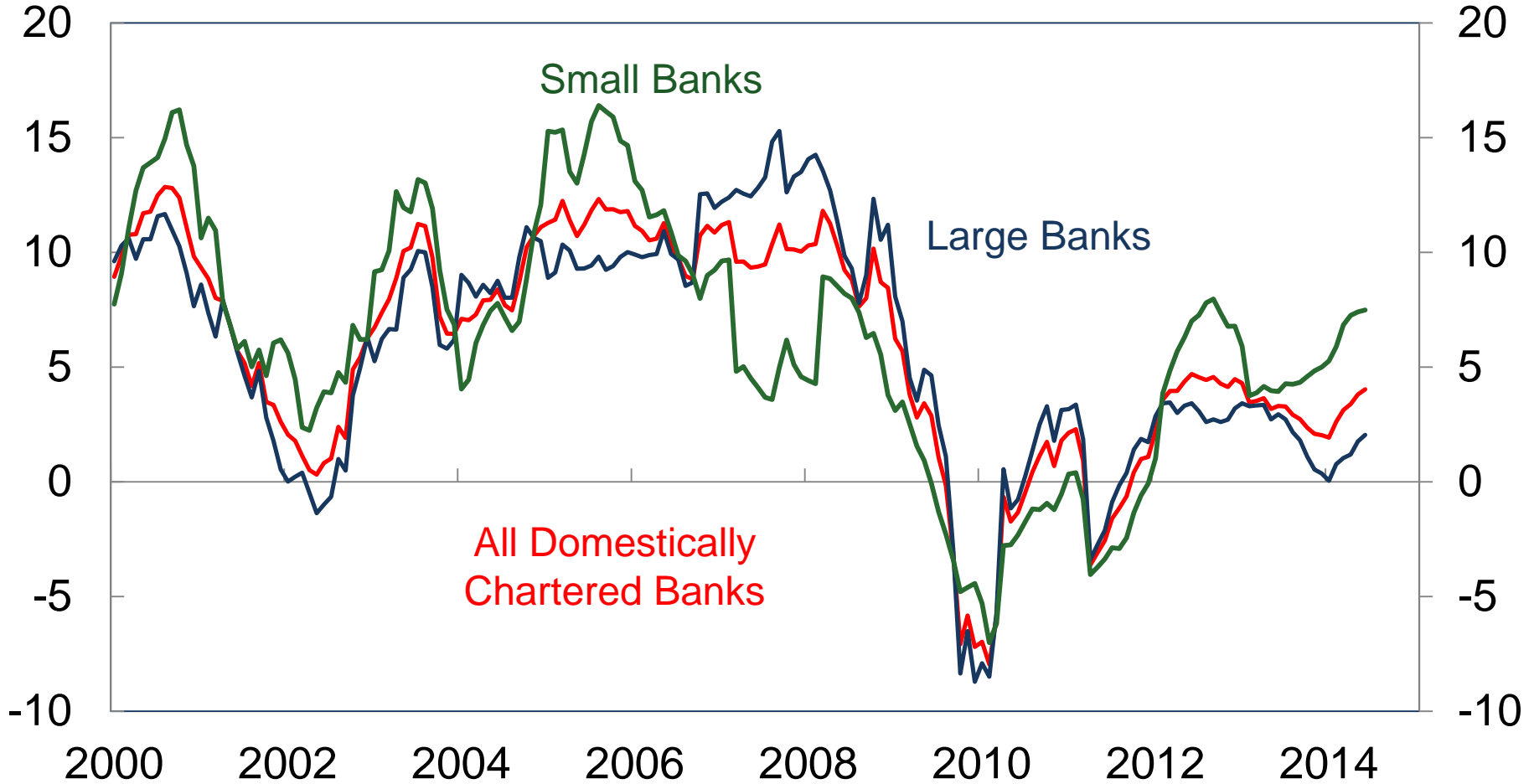


Note: Dashed lines represent 2 Standard Deviations from the mean

# Loans and Leases at Banks

% Change – Year to Year

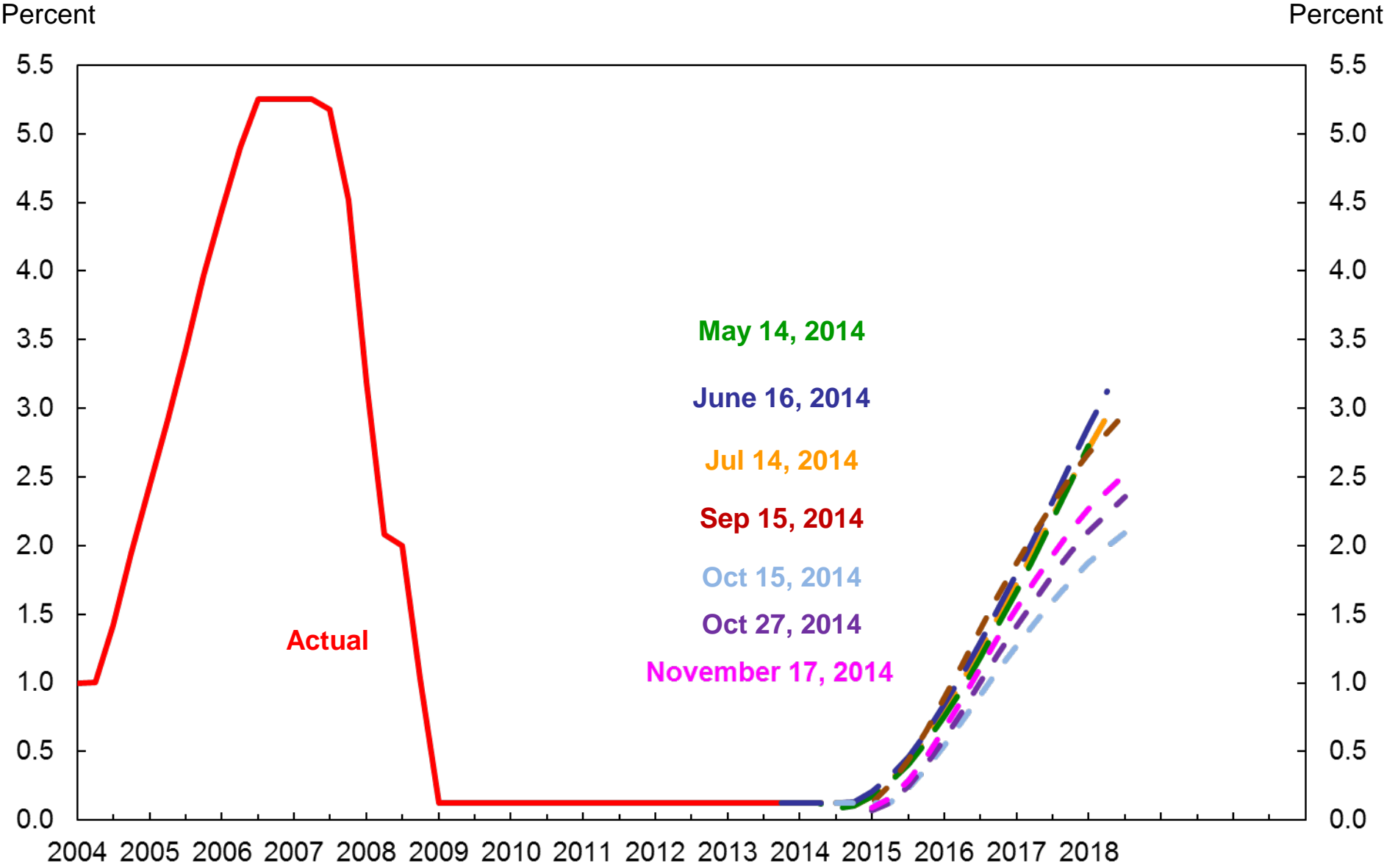
% Change – Year to Year



Source: Federal Reserve Board

Note: "Large Banks" include the 25 largest domestically chartered banks, ranked by assets (about 2/3 of the total).

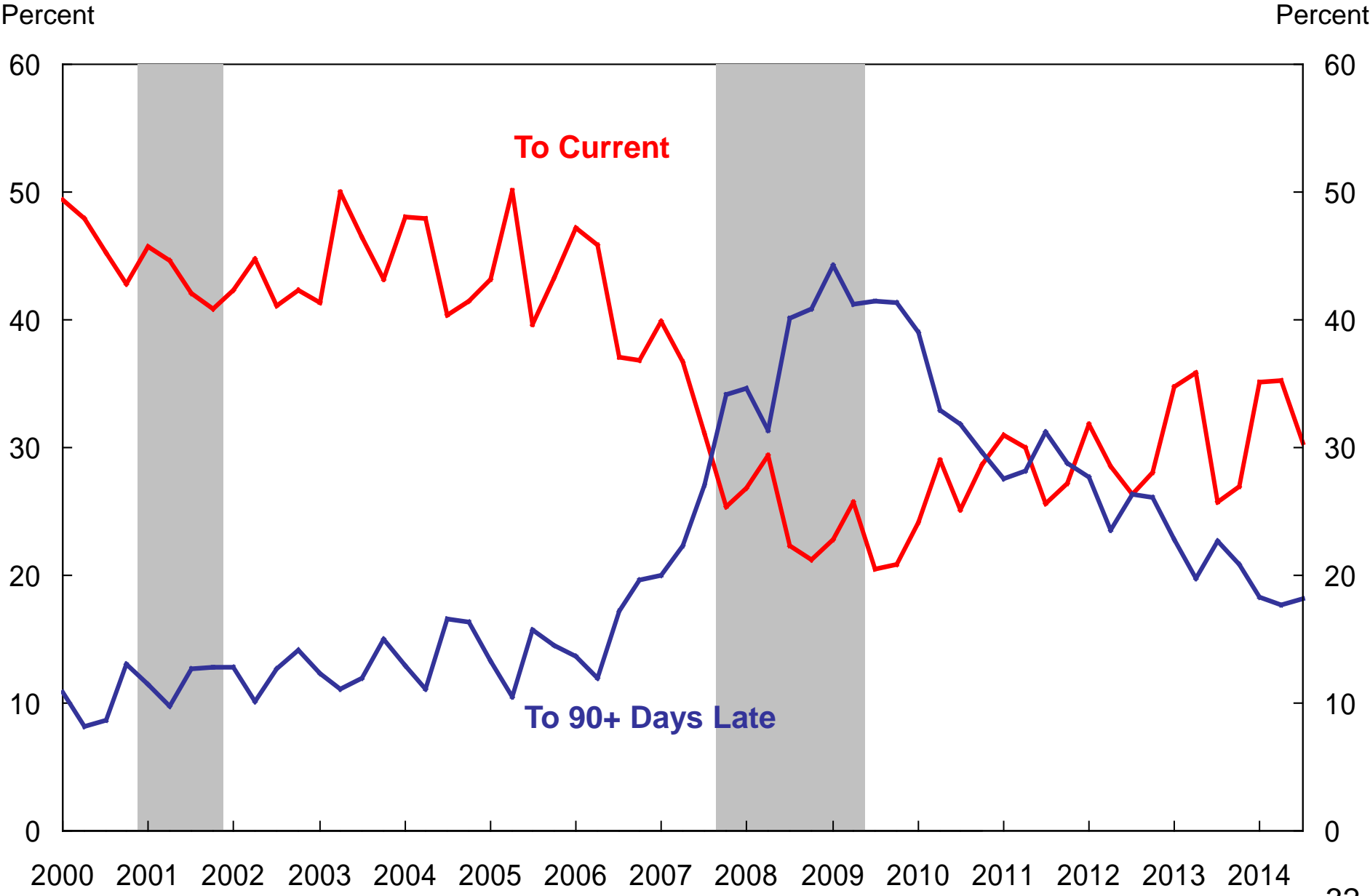
# Actual and Expected Fed Funds Target





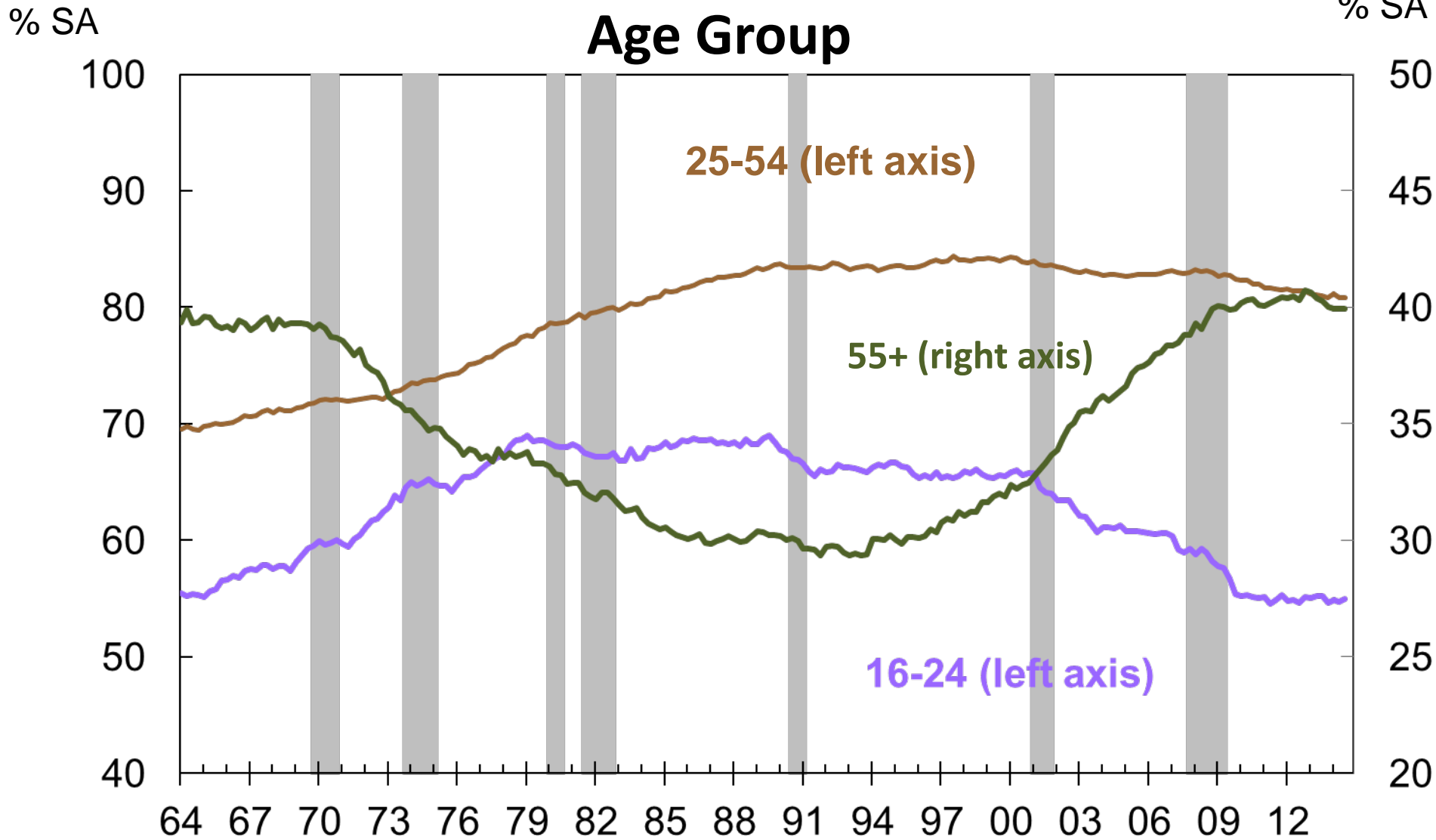
# Reference Charts

# Transition of Mortgage Accounts from 30-60 Days Late



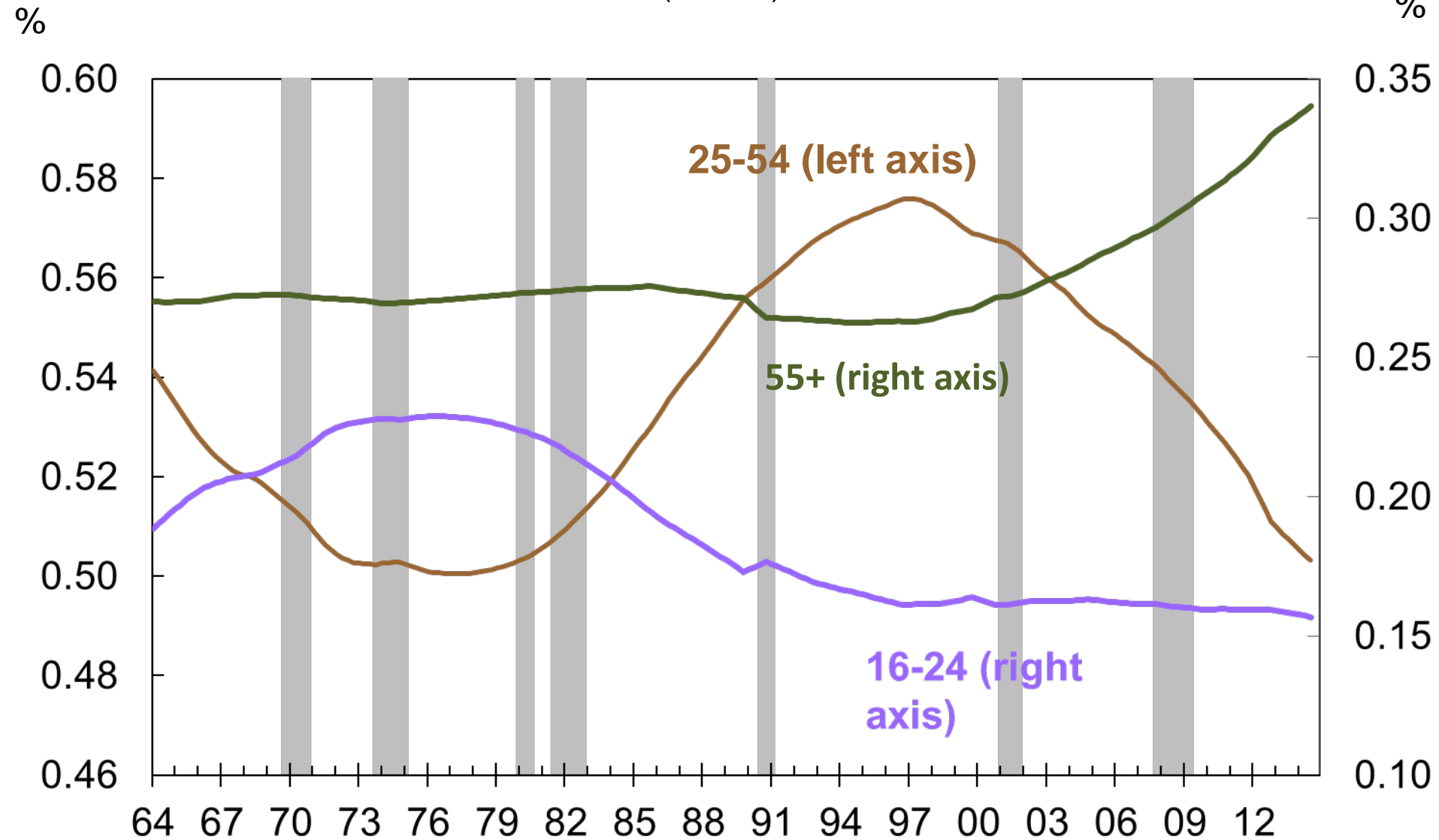
Source: FRBNY Consumer Credit Panel

# Labor Force Participation Rate by Age Group



# Population Shares by Age Group

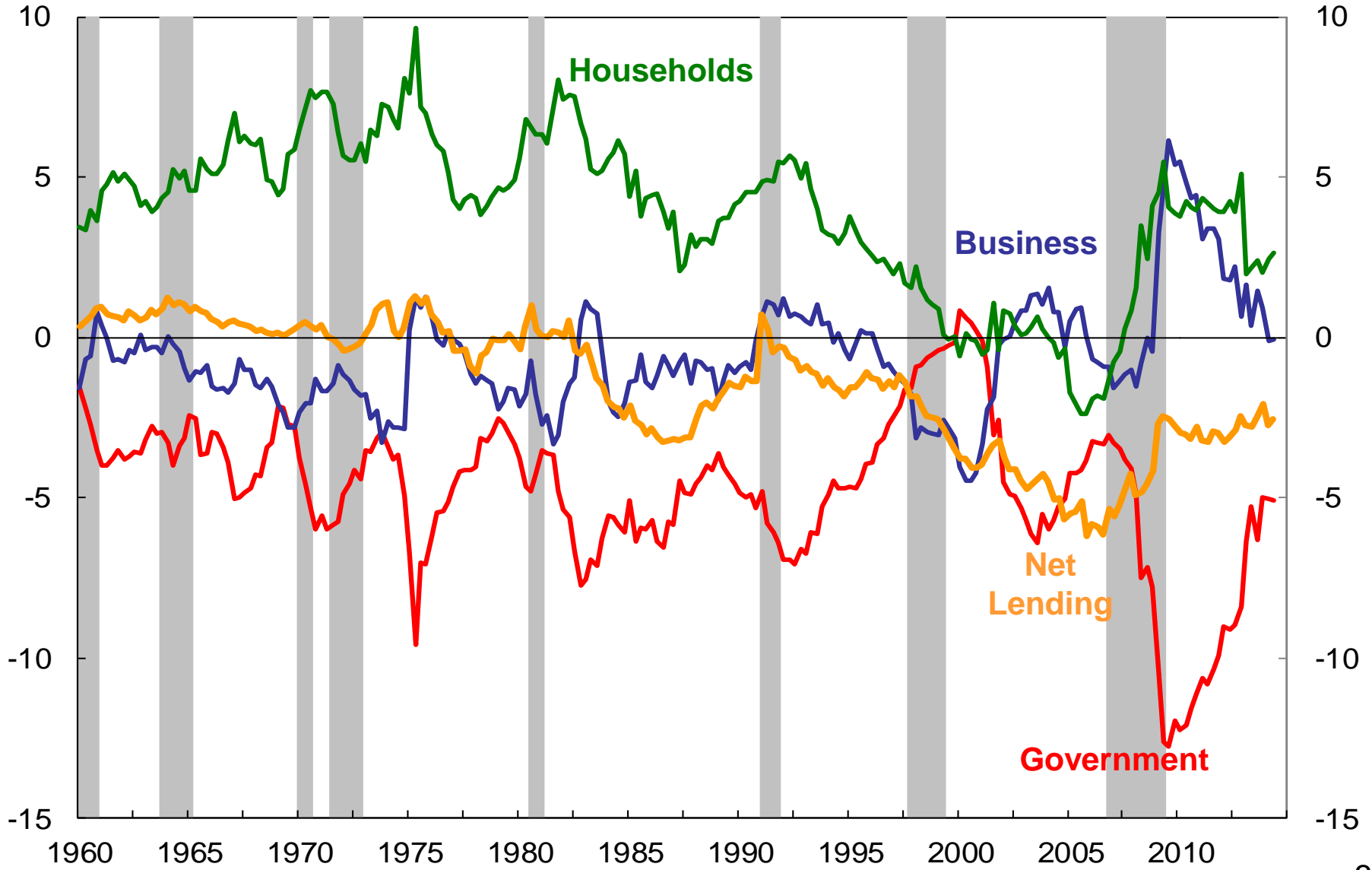
(4Q MA)



# Components of Net Lending/Borrowing as a Share of GDP

Share of GDP

Share of GDP



35 35

Source: Federal Reserve Board, BEA

Note: Shading represents NBER recessions.



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# Regional Economic Outlook

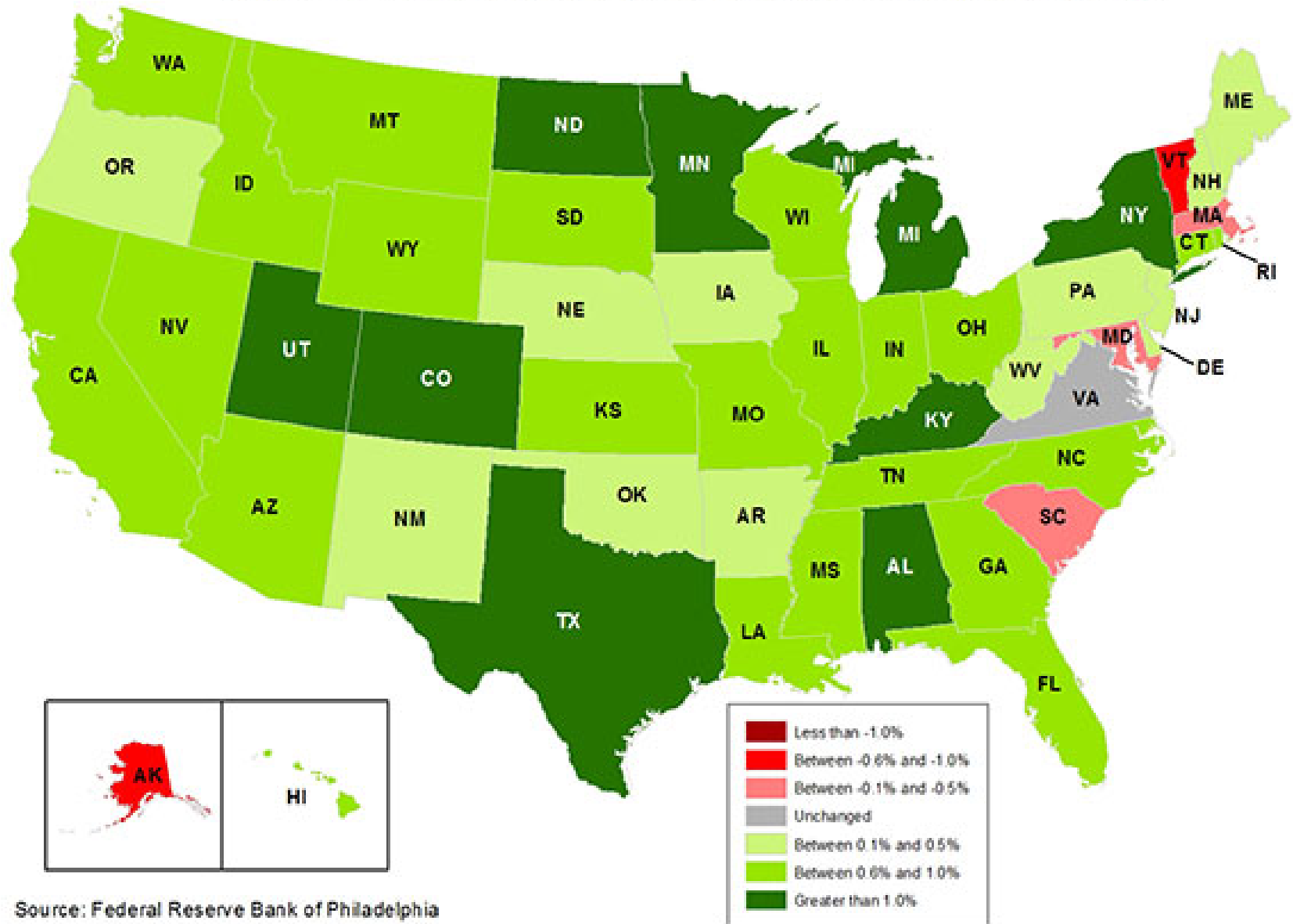
Presentation to the Advisory Council on Small Business and Agriculture

Jason Bram, Officer  
November 20, 2014

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.



# September 2014 State Coincident Indexes: Three-Month Change

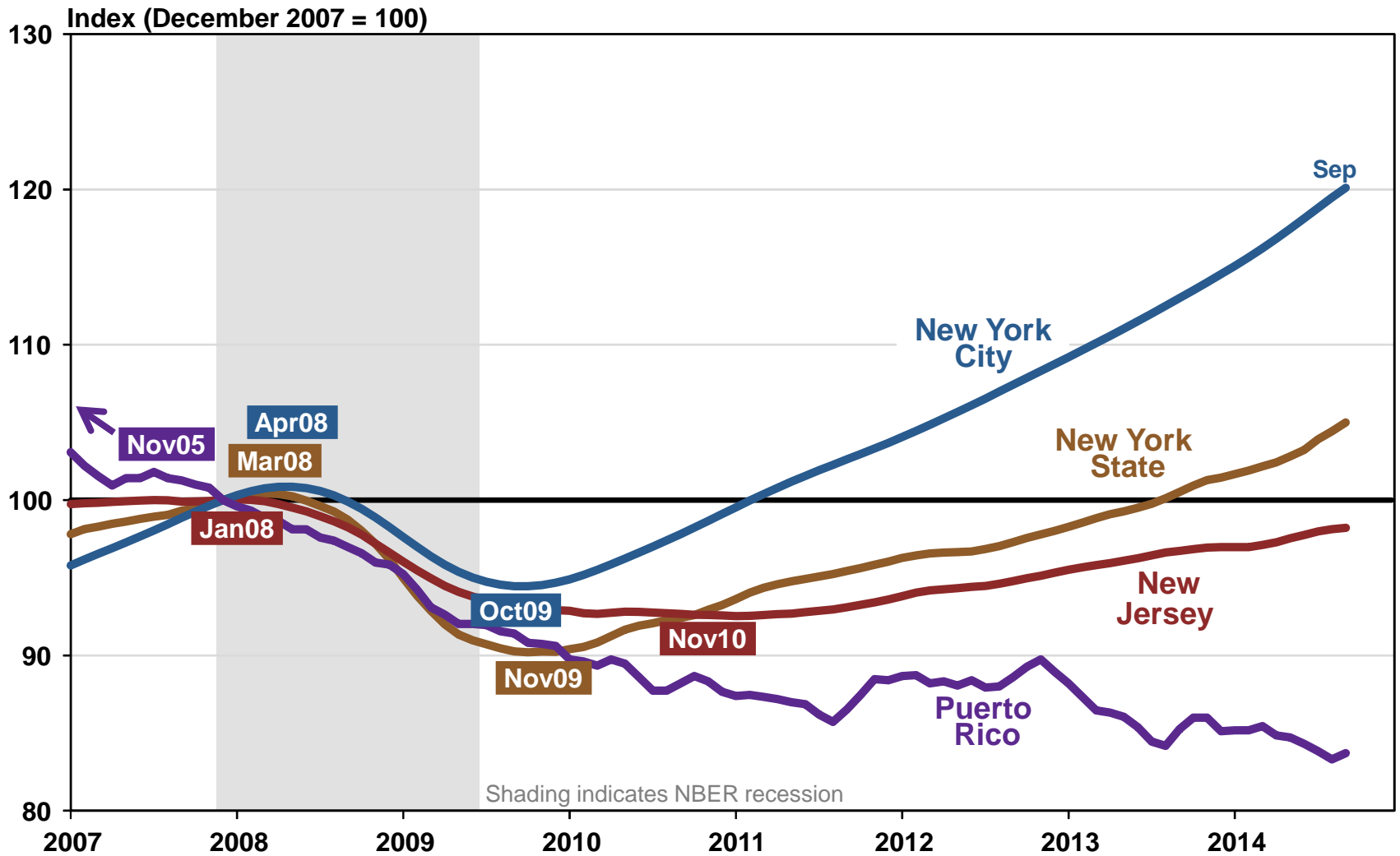


Source: Federal Reserve Bank of Philadelphia



# Regional Economic Activity

## Index of Coincident Economic Indicators (CEI)

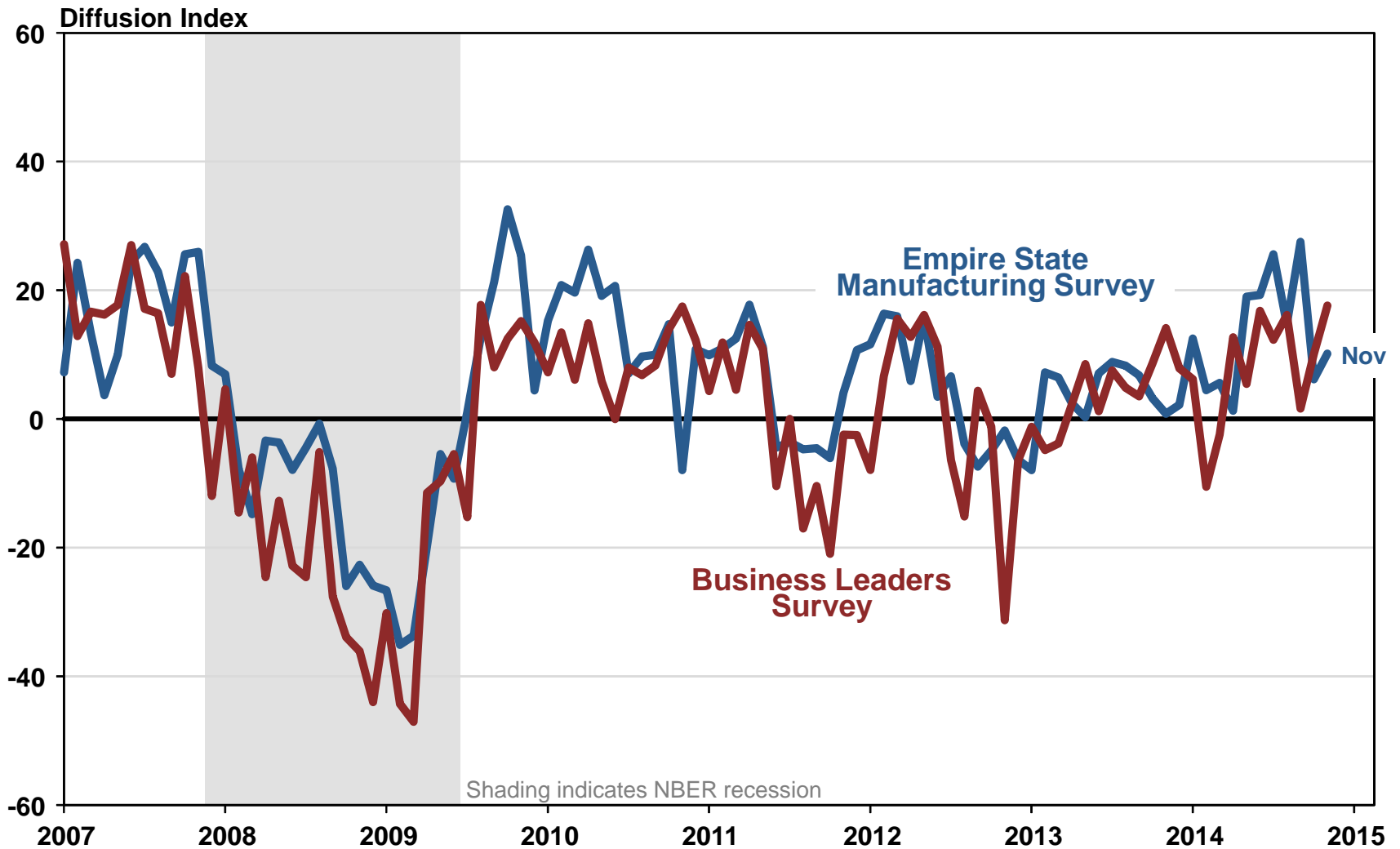


Source: Federal Reserve Bank of New York; Puerto Rico Government Development Bank.

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

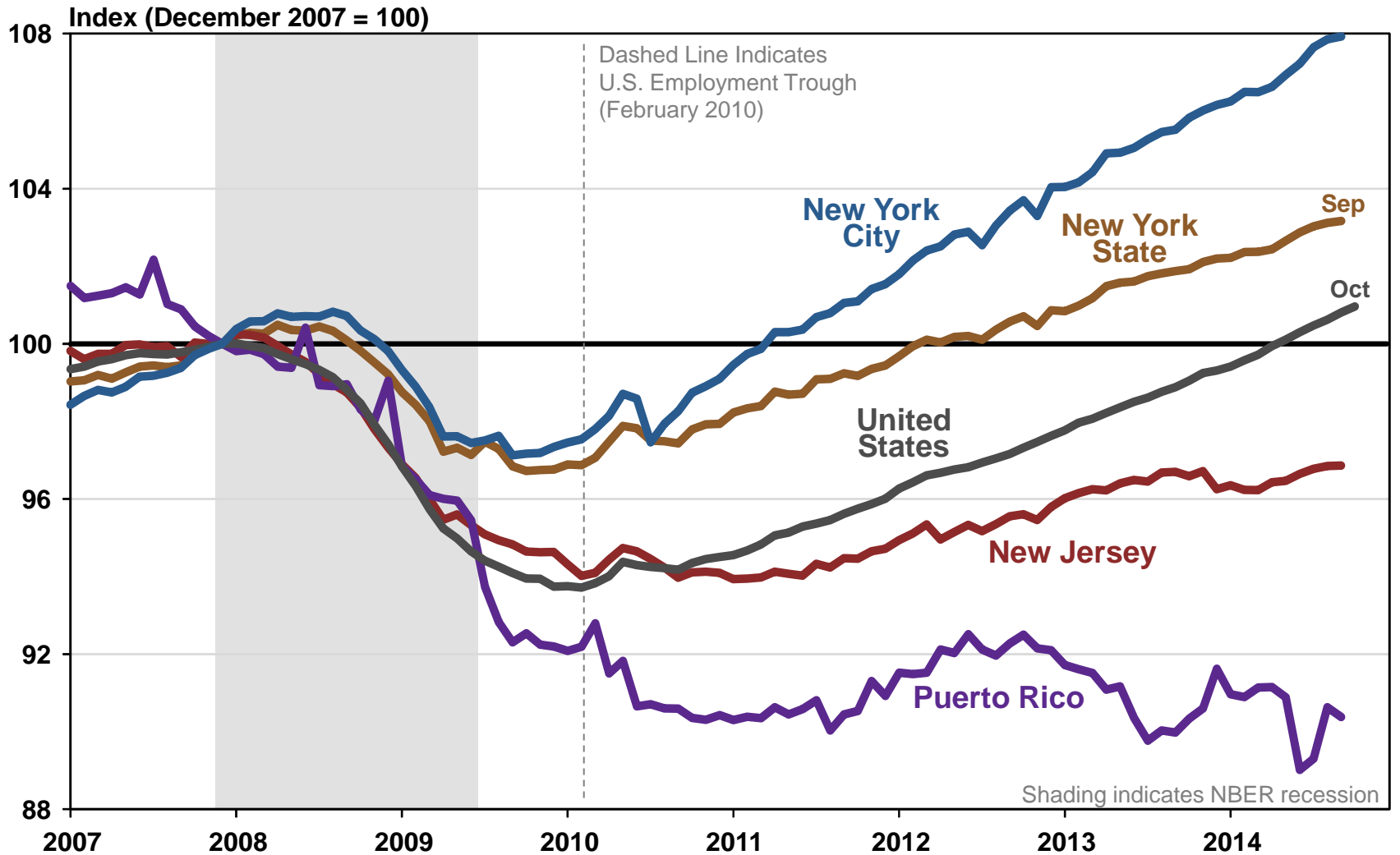
# Current Economic Conditions

## FRBNY Business Surveys, Current Conditions



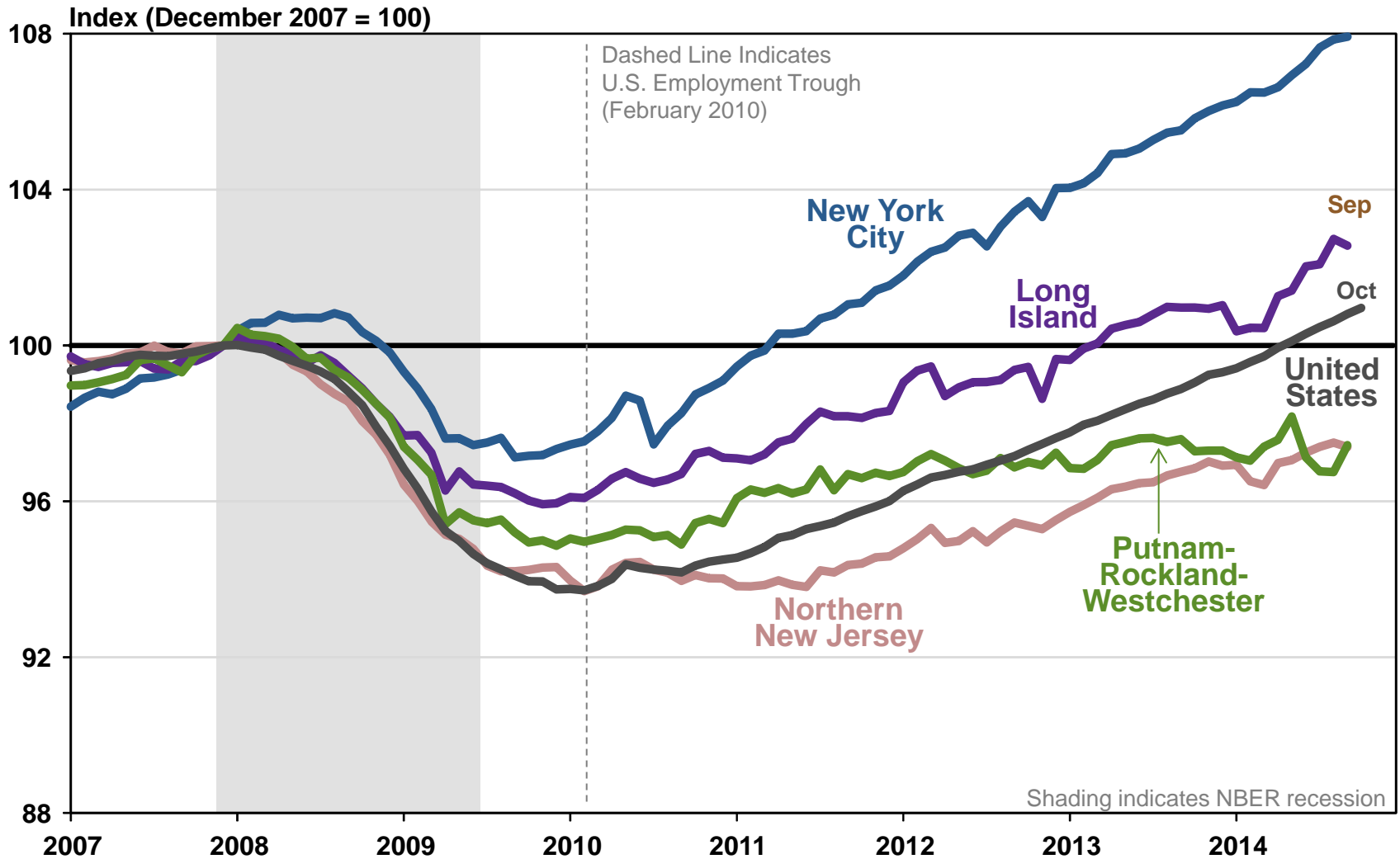
# Total Employment

## Seasonally Adjusted Index



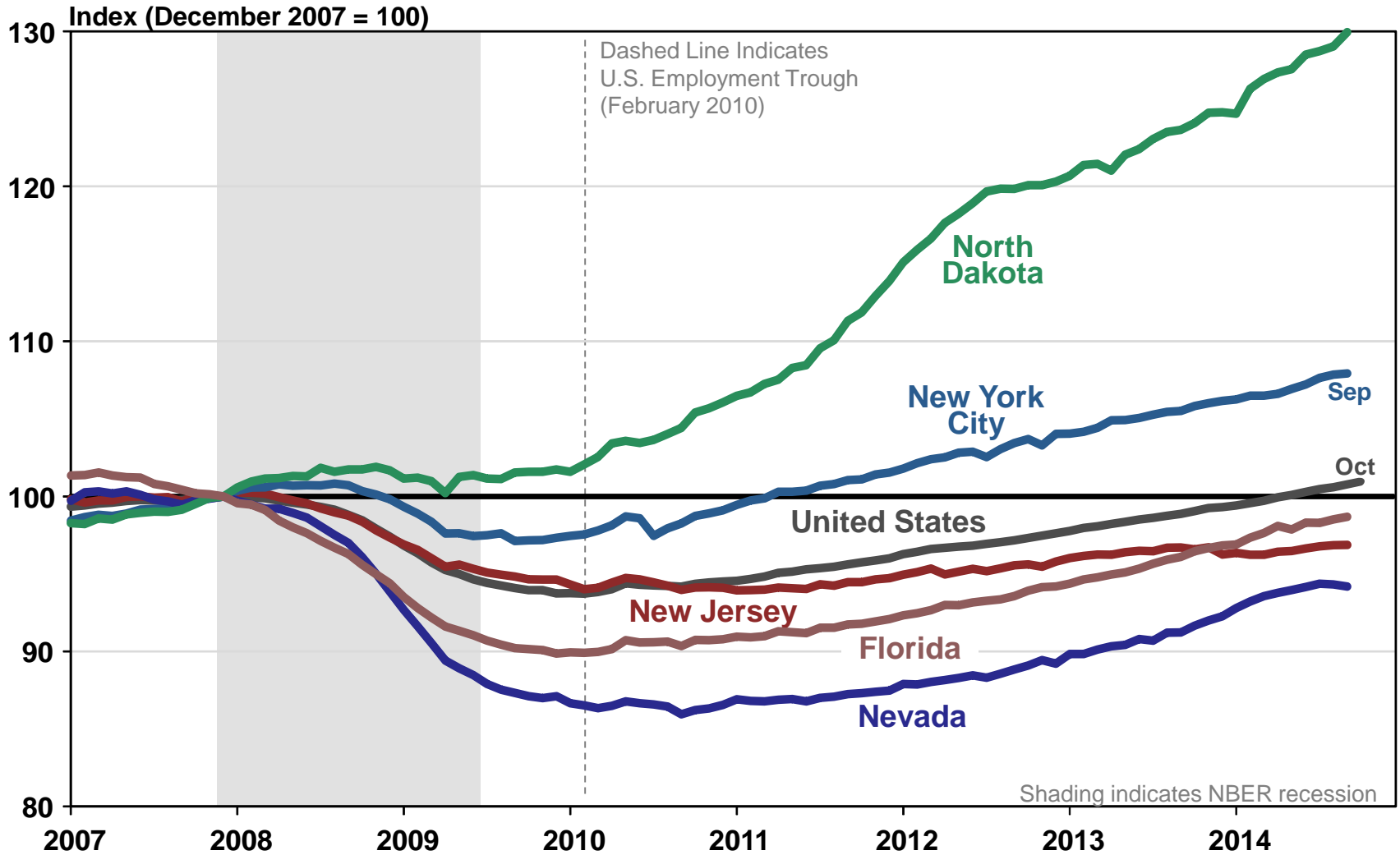
# Total Employment

## Seasonally Adjusted Index



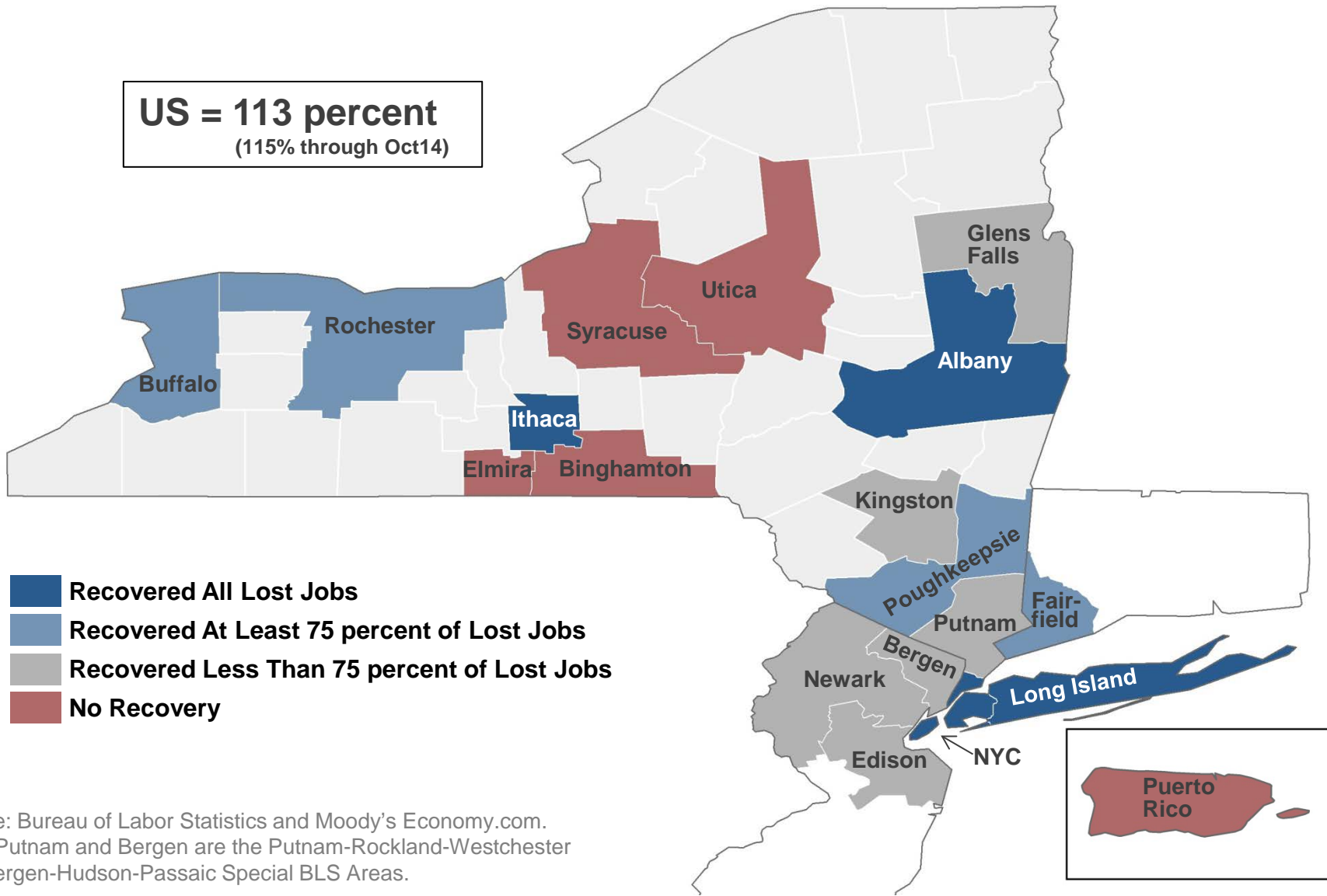
# Total Employment

## Seasonally Adjusted Index



# Status of Jobs Recovery

Share of Lost Jobs Gained Back During Local Recovery, September 2014



Source: Bureau of Labor Statistics and Moody's Economy.com.  
Note: Putnam and Bergen are the Putnam-Rockland-Westchester and Bergen-Hudson-Passaic Special BLS Areas.

# Job Growth by Sector

Year-Over-Year Percent Change, September 2014

	United States	New York City	New Jersey	New York State
Construction	3.9	1.9	-6.5	3.0
Professional & Business Services	3.6	3.1	1.6	2.7
Transportation & Utilities	2.7	0.8	4.6	0.7
Leisure & Hospitality	2.6	4.1	-3.2	2.5
Education & Health Services	2.0	4.0	1.4	2.2
Wholesale Trade	1.9	0.2	1.4	0.2
Retail Trade	1.7	4.6	1.6	2.0
Manufacturing	1.4	0.3	0.6	-2.3
Financial Activities	1.2	1.7	-1.4	0.7
Information	1.1	-2.2	-1.8	-1.1
State & Local Government	0.5	-0.4	-0.3	-0.3
<b>Total</b>	<b>2.0</b>	<b>2.4</b>	<b>0.1</b>	<b>1.3</b>

# Job Growth by Sector

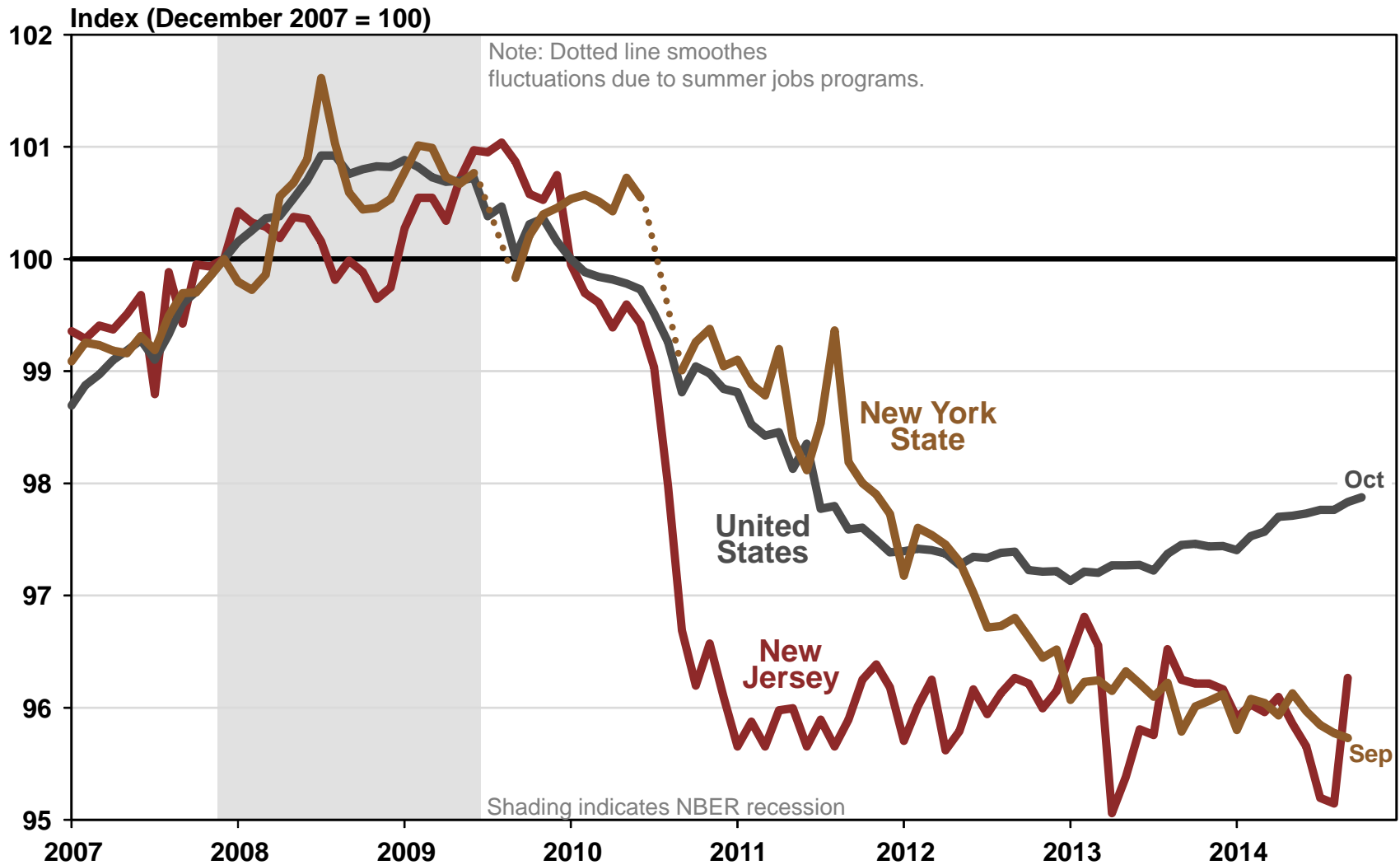
Year-Over-Year Percent Change, September 2014

	United States	Fairfield County	Puerto Rico
Construction	3.9	0.0	8.7
Professional & Business Services	3.6	4.6	0.0
Transportation & Utilities	2.7	5.7	1.4
Leisure & Hospitality	2.6	-1.0	1.8
Education & Health Services	2.0	0.1	0.8
Wholesale Trade	1.9	0.7	-1.0
Retail Trade	1.7	2.7	-1.1
Manufacturing	1.4	3.3	-0.7
Financial Activities	1.2	-1.0	-1.1
Information	1.1	0.8	2.1
State & Local Government	0.5	3.3	-0.3
<b>Total</b>	<b>2.0</b>	<b>1.8</b>	<b>0.2</b>



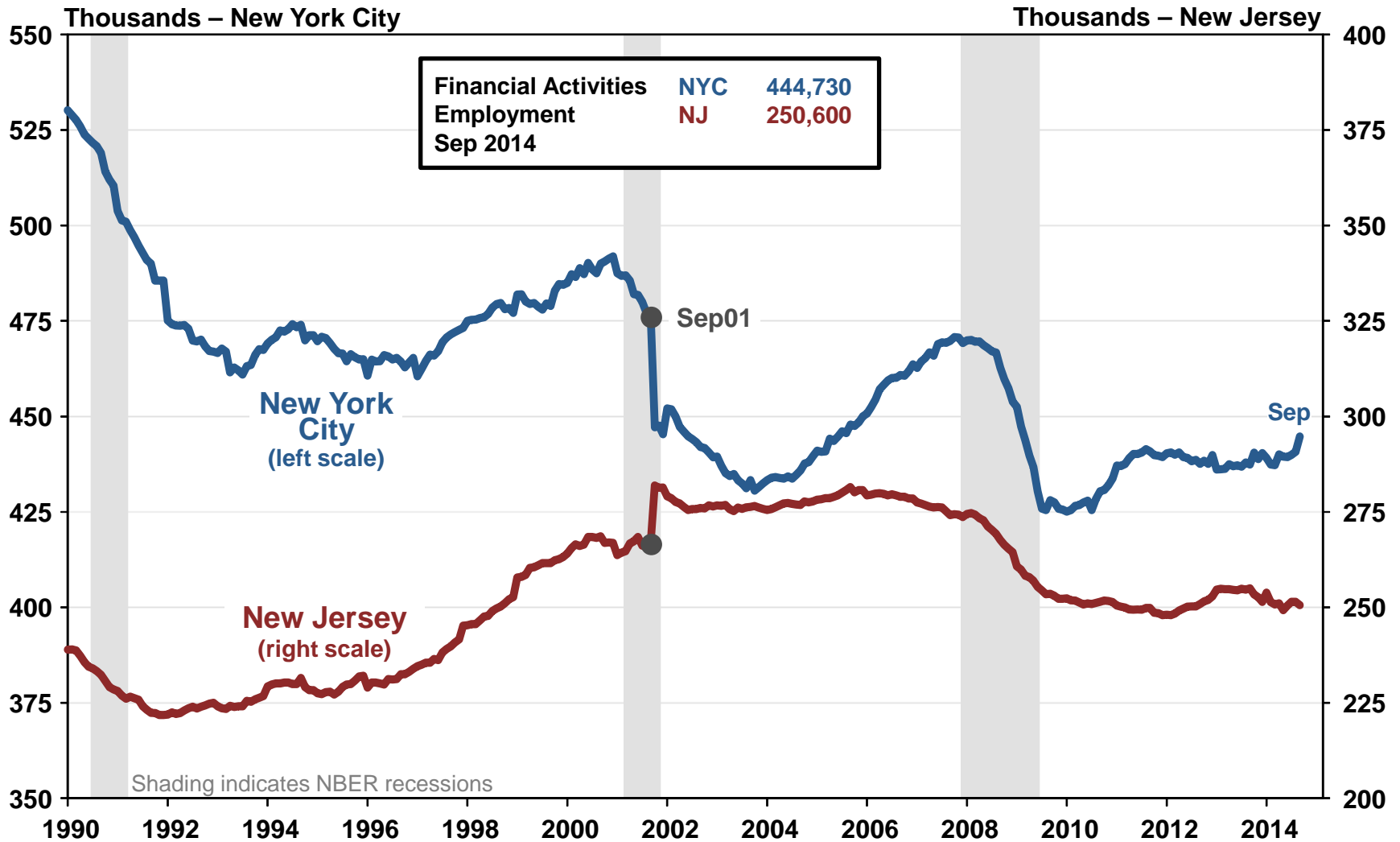
# State and Local Government

## Seasonally Adjusted Index



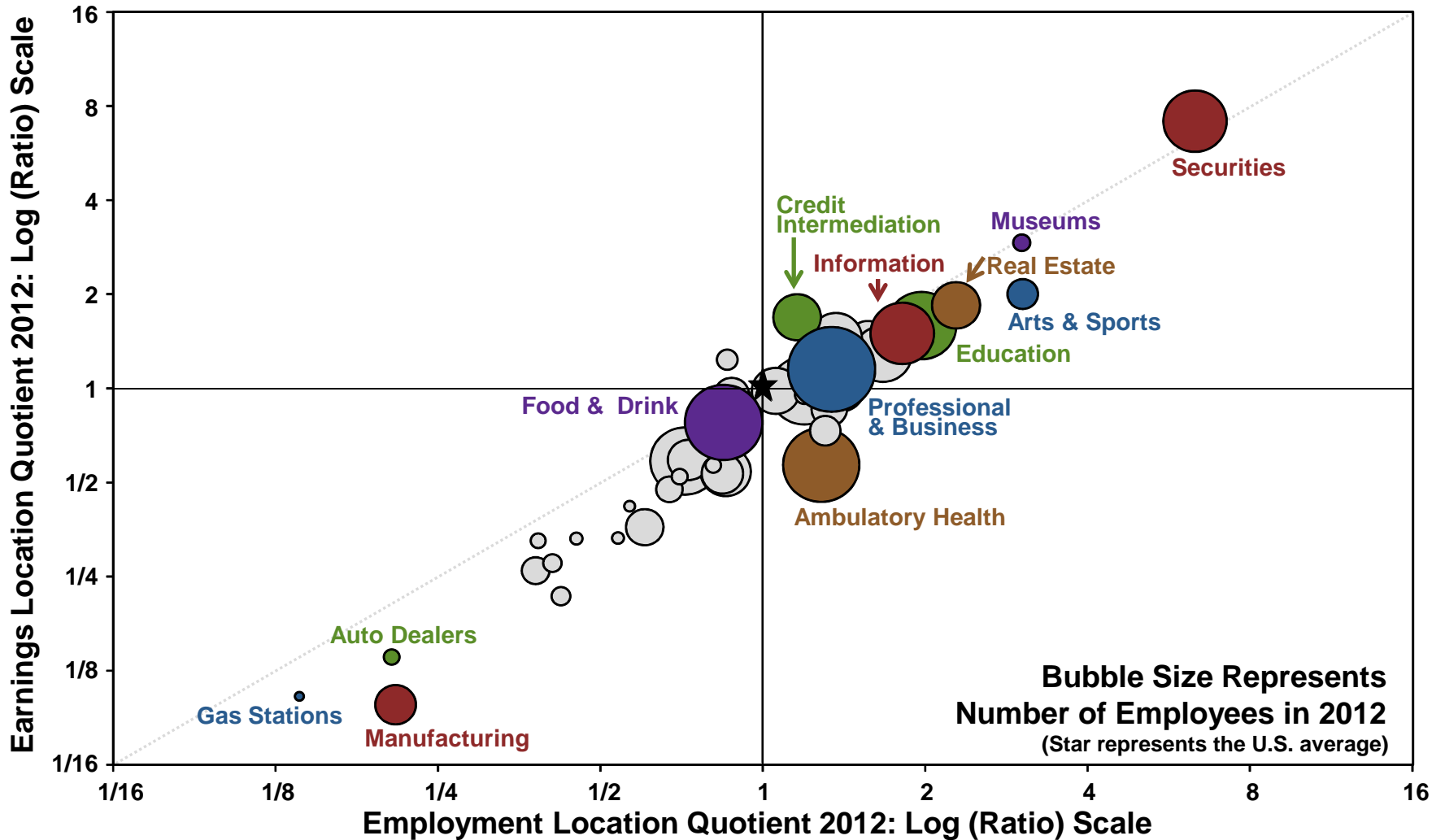
# Financial Activities Employment

Seasonally Adjusted



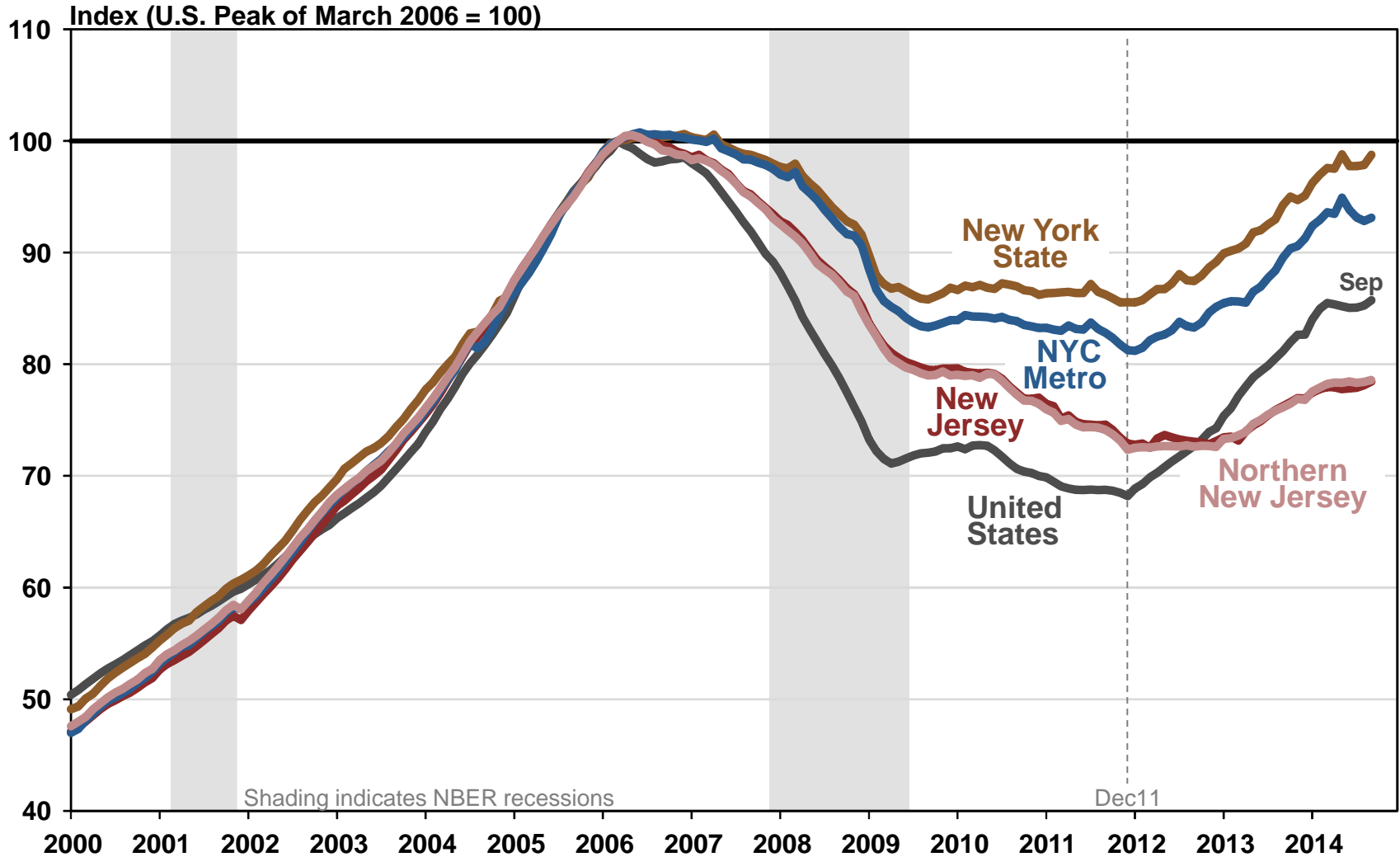
# New York City Industrial Specialization

2012 Employment and Earnings Location Quotients



# Home Prices

## CoreLogic Home Price Index, Seasonally Adjusted

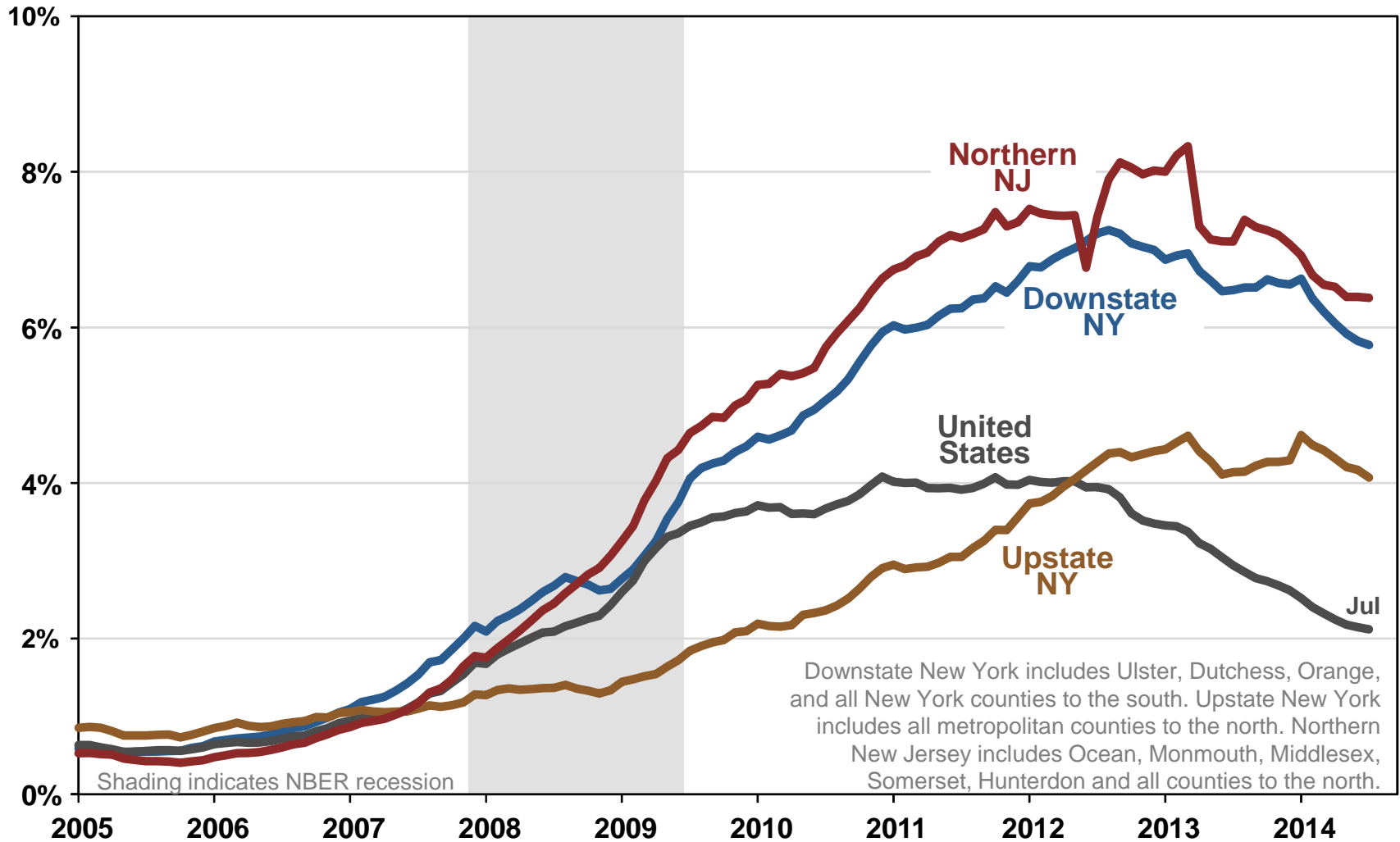


Source: CoreLogic Home Price Index (including distressed sales); Seasonally adjusted by FRBNY staff.

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

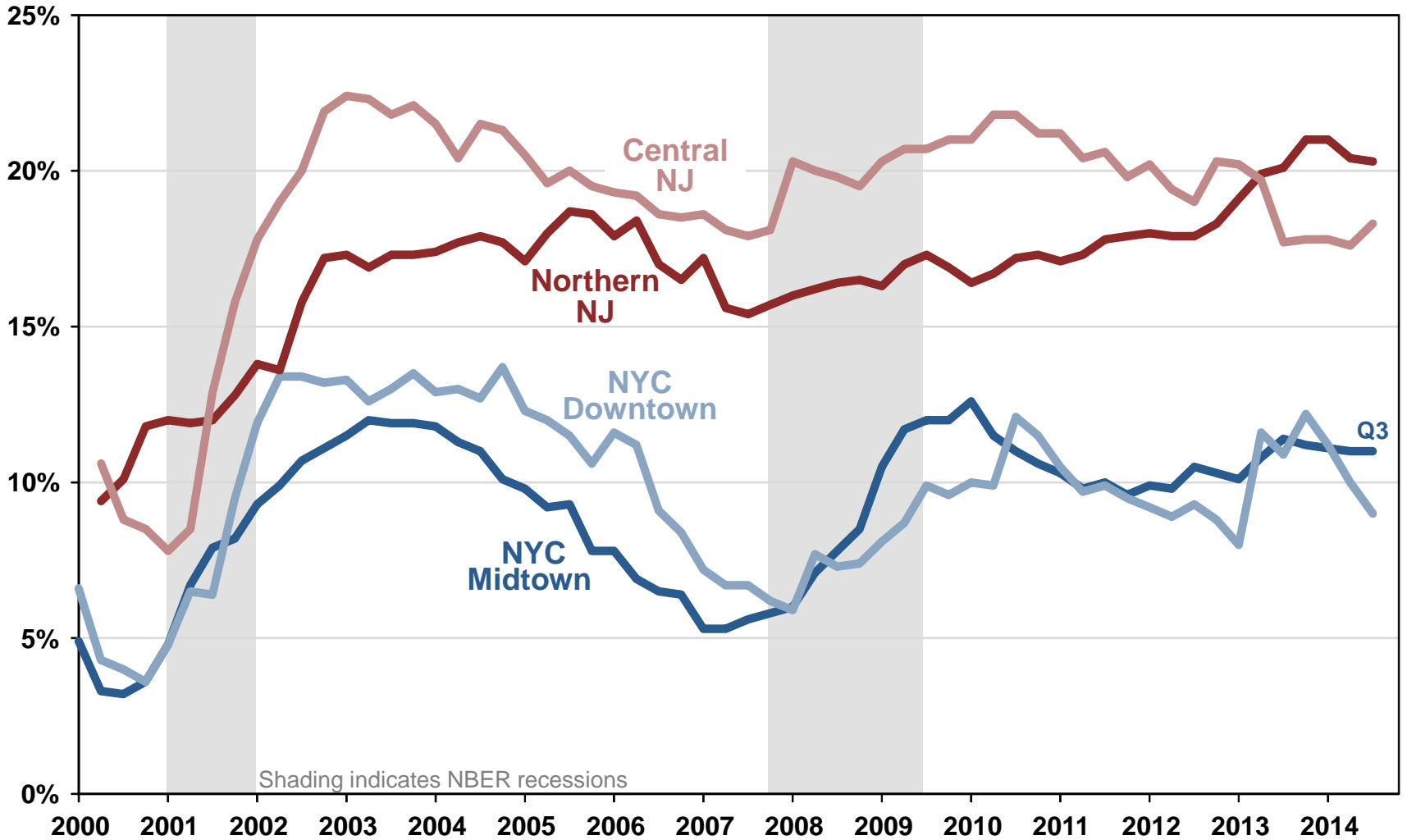
# Backlog of Foreclosures

## Share of Mortgages in Foreclosure



# Office Vacancy Rates

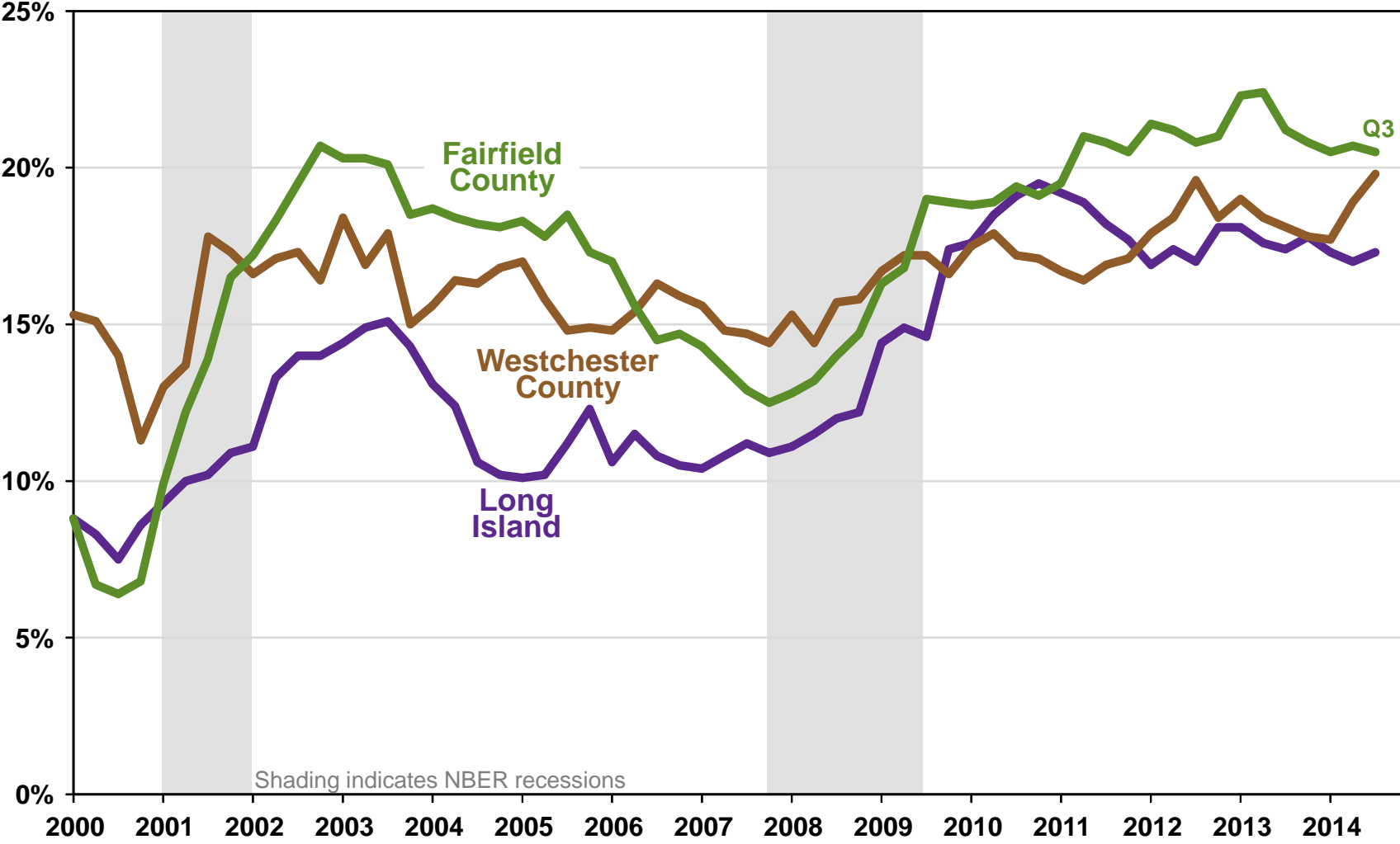
## Overall Vacancy Rates



Shading indicates NBER recessions

# Office Vacancy Rates

## Overall Vacancy Rates



Shading indicates NBER recessions

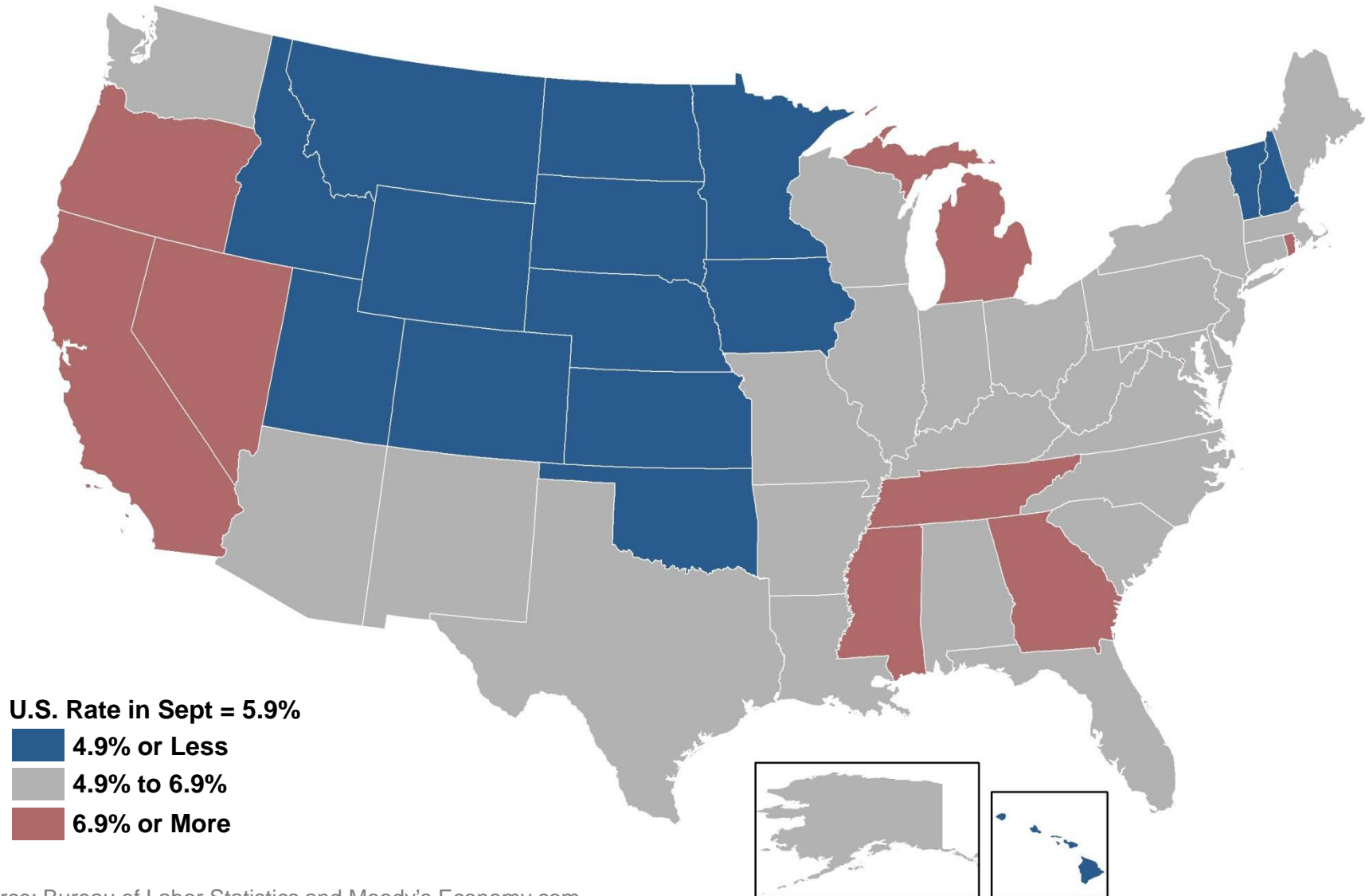
Source: Cushman & Wakefield.

# Appendix



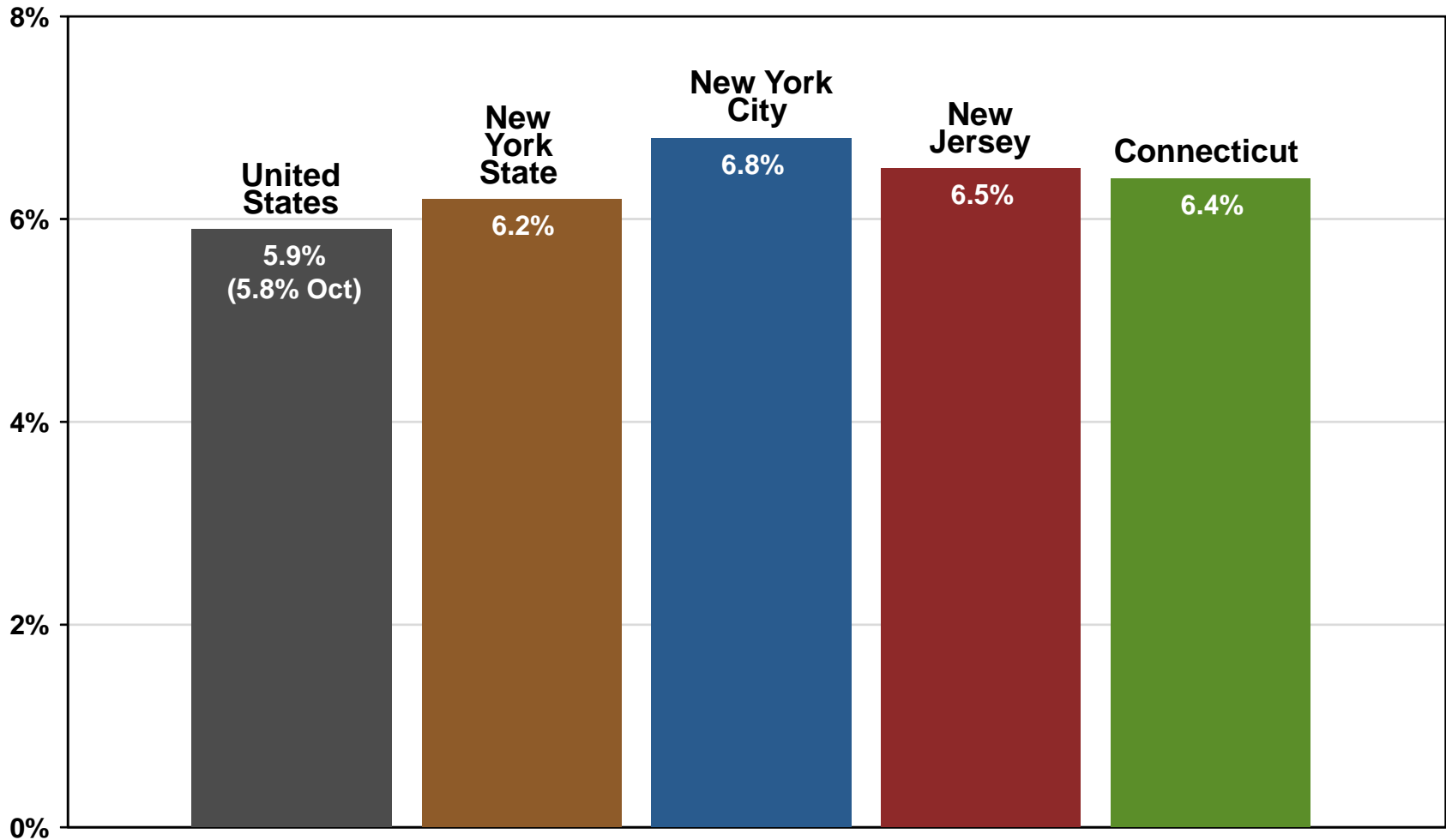
# Unemployment Rates in the Nation

Seasonally Adjusted, September 2014



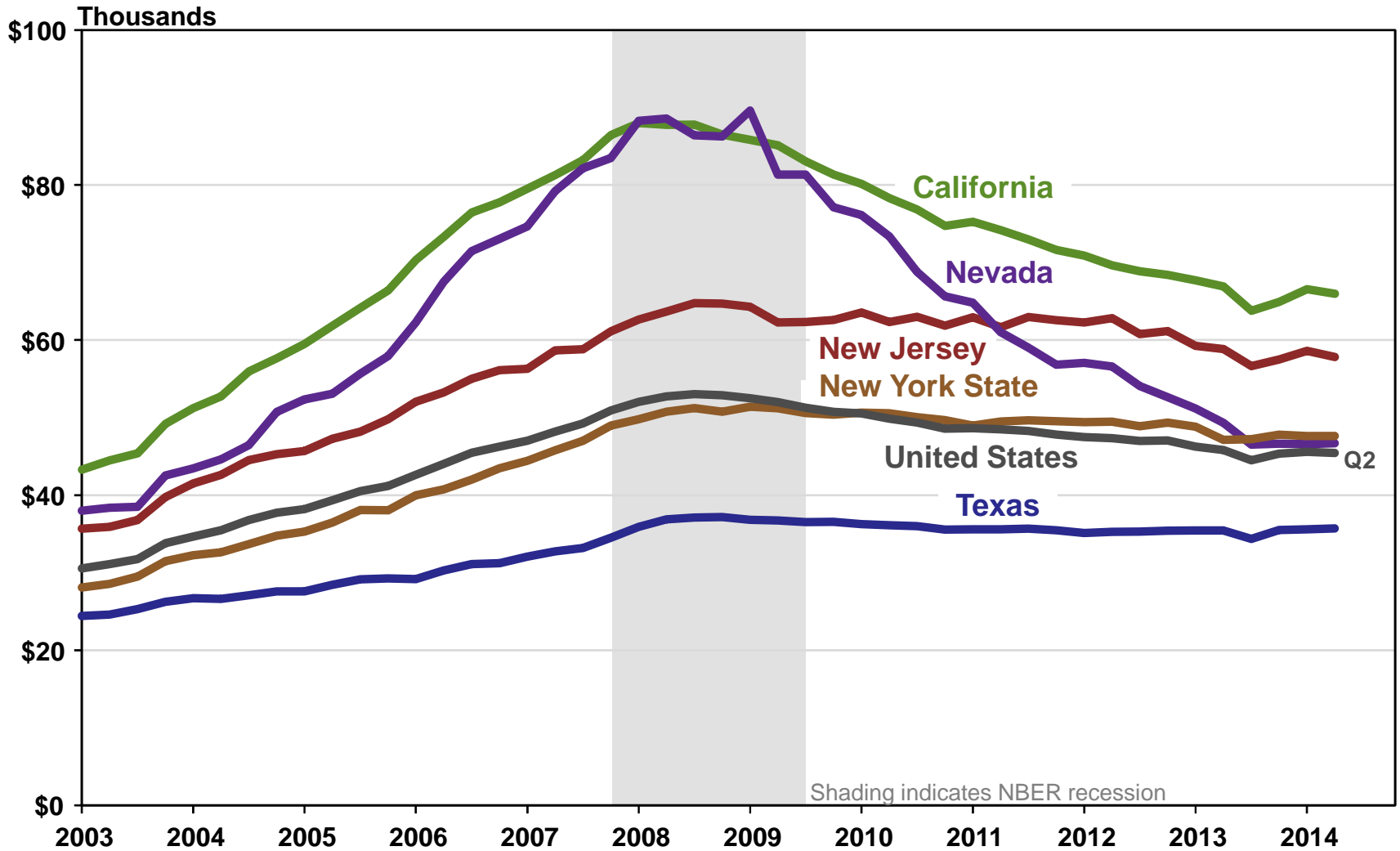
# Unemployment Rates in the Region

Seasonally Adjusted, September 2014



# Household Debt

## Total Debt Balance Per Capita



Shading indicates NBER recession

# International Update

Presentation to the Small Business and Agriculture  
Advisory Council

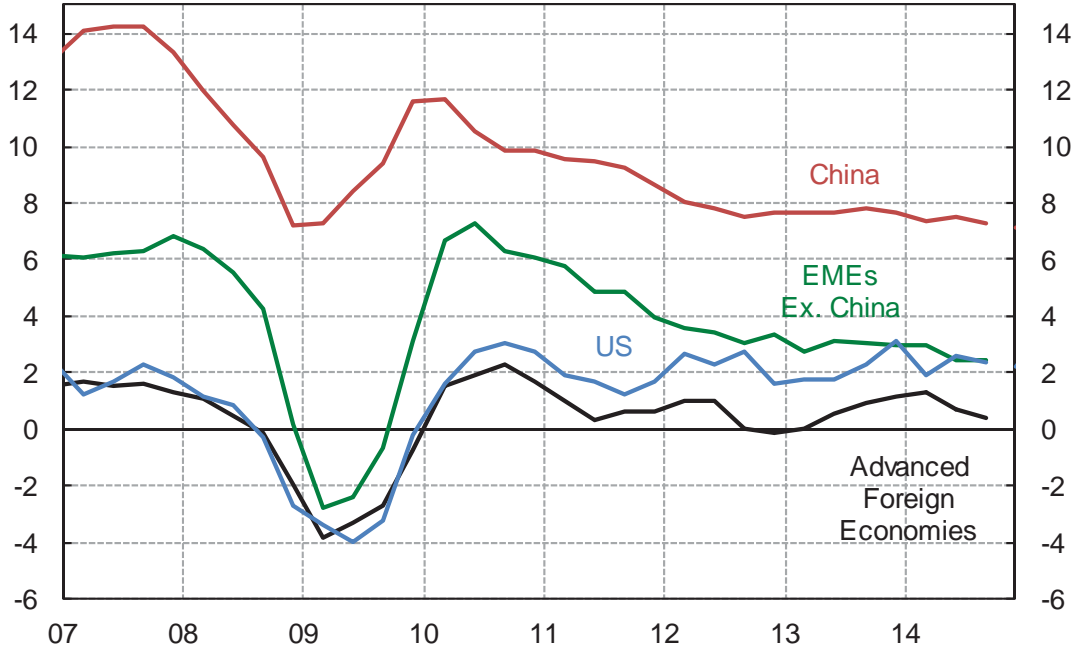
John Clark

November 20, 2014

# Figure 1: Advanced and EM Economies: GDP Growth

Percent change form a year ago quarter

Percent

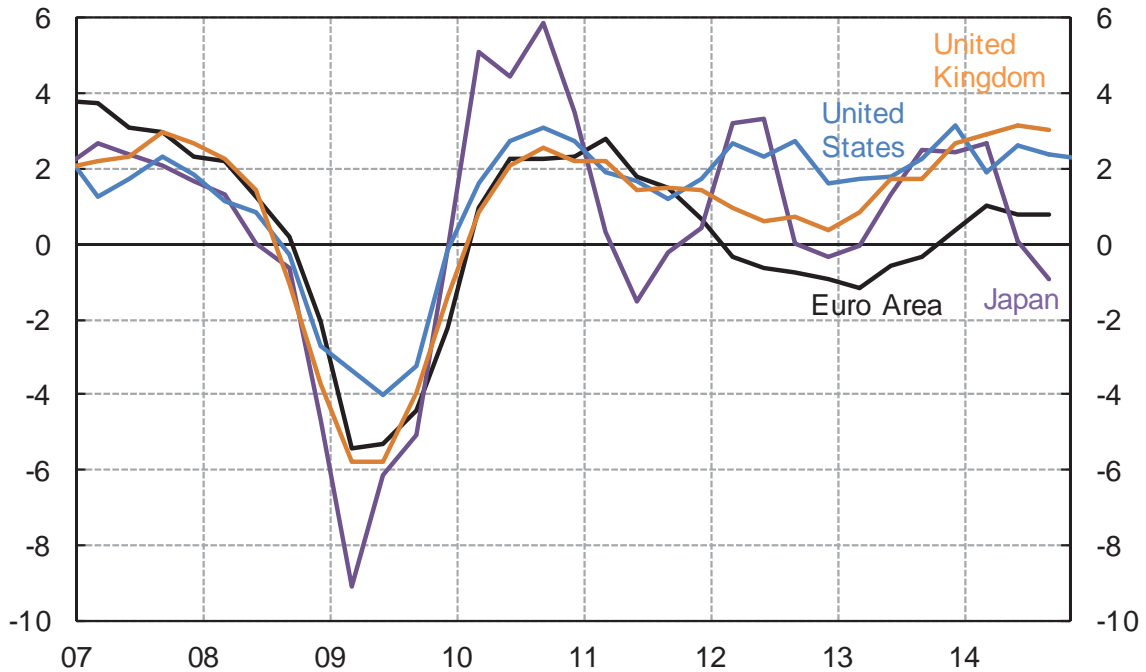


Source: National authorities, FRBNY estimates for Q3 2014  
Data as of November 20, 2014

# Figure 2: Advanced Economies: GDP Growth

Percent change form a year ago quarter

Percent

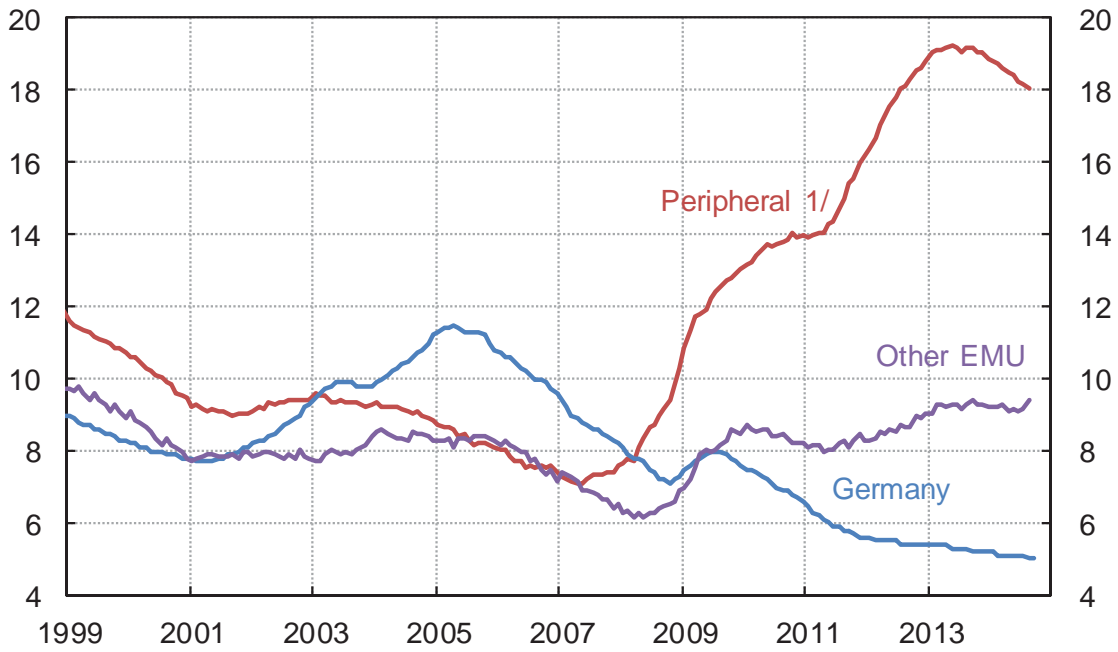


Source: National authorities, FRBNY estimates

### Figure 3: Euro Area Unemployment Rates

Percent, SA

Percent, SA

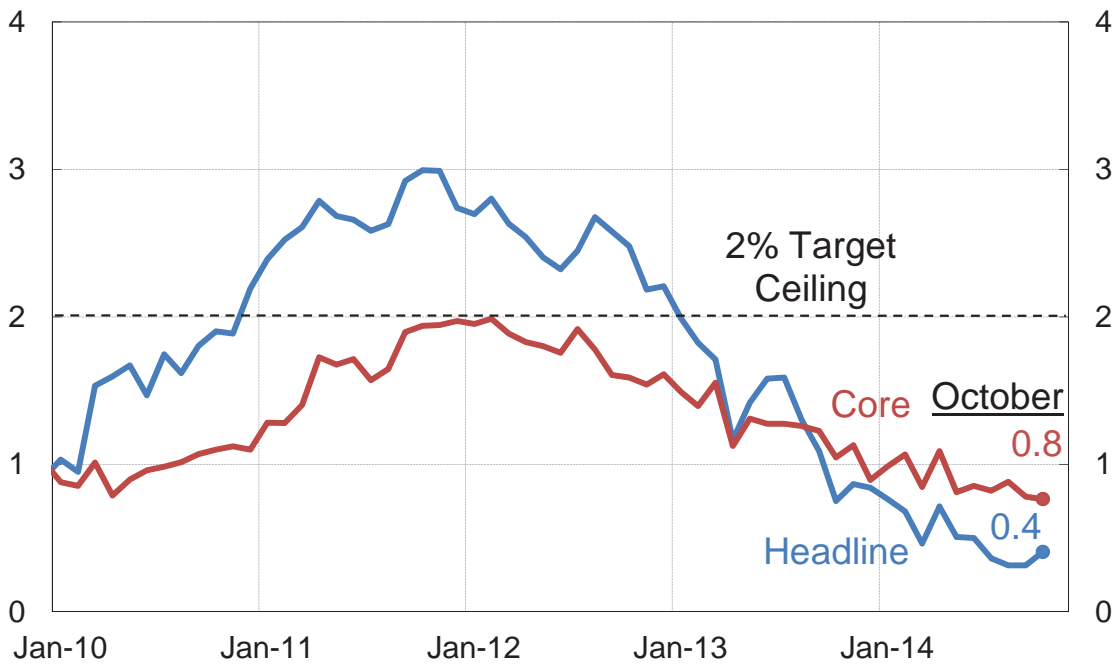


1/ GDP-weighted: Italy, Spain, Greece, Ireland, Portugal.  
Source: EuroStat. Data as of 11/18.

### Figure 4: Euro Area: Headline and Core Inflation

Percent y/y

Percent

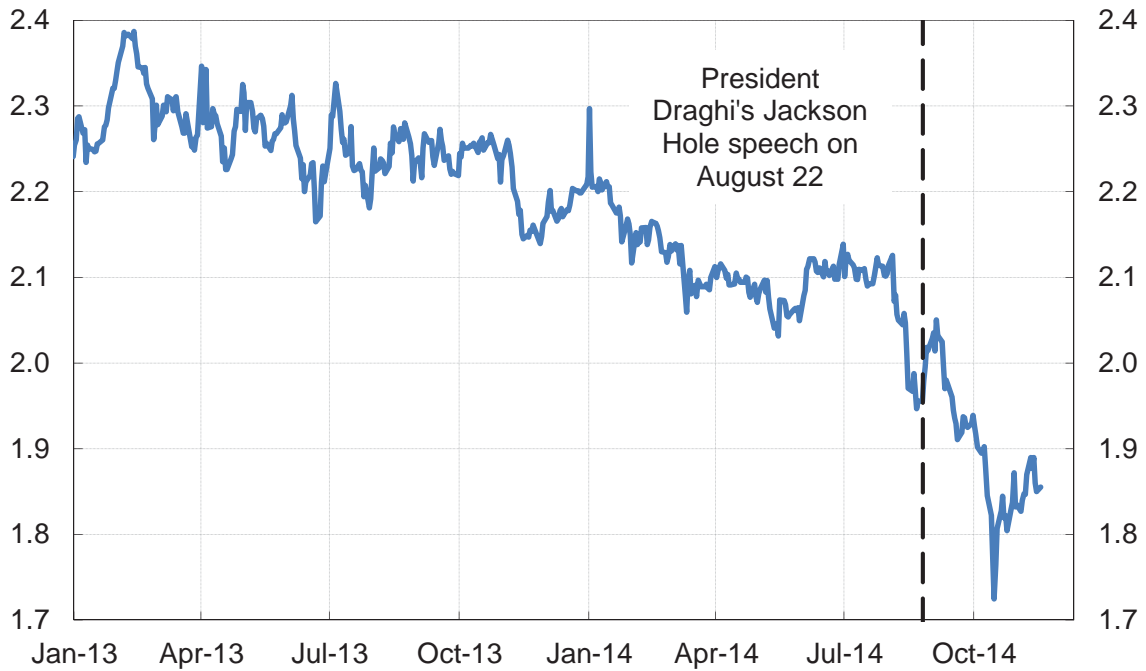


Source: Haver. Data as of November 18, 2014

## Figure 5: Euro Area: Long-term Inflation Expectations

5Y5Y Inflation forward swap rates

Percent

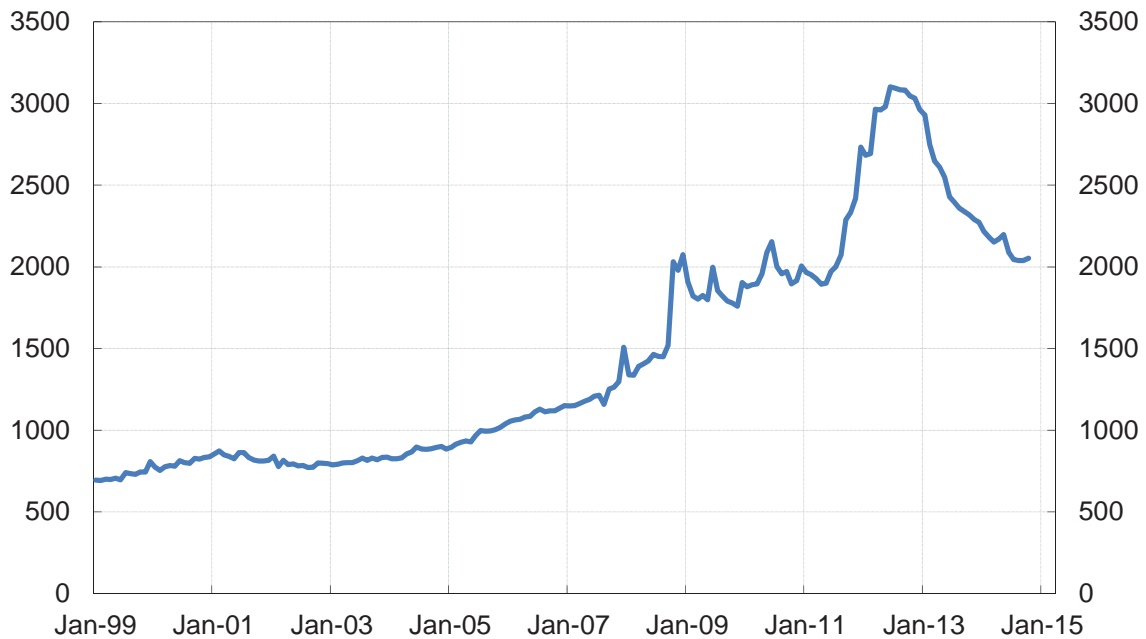


Source: Bloomberg. Data through November 18, 2014

## Figure 6: European Central Bank: Total Asset Holdings

Billions of euros

Billions of euros

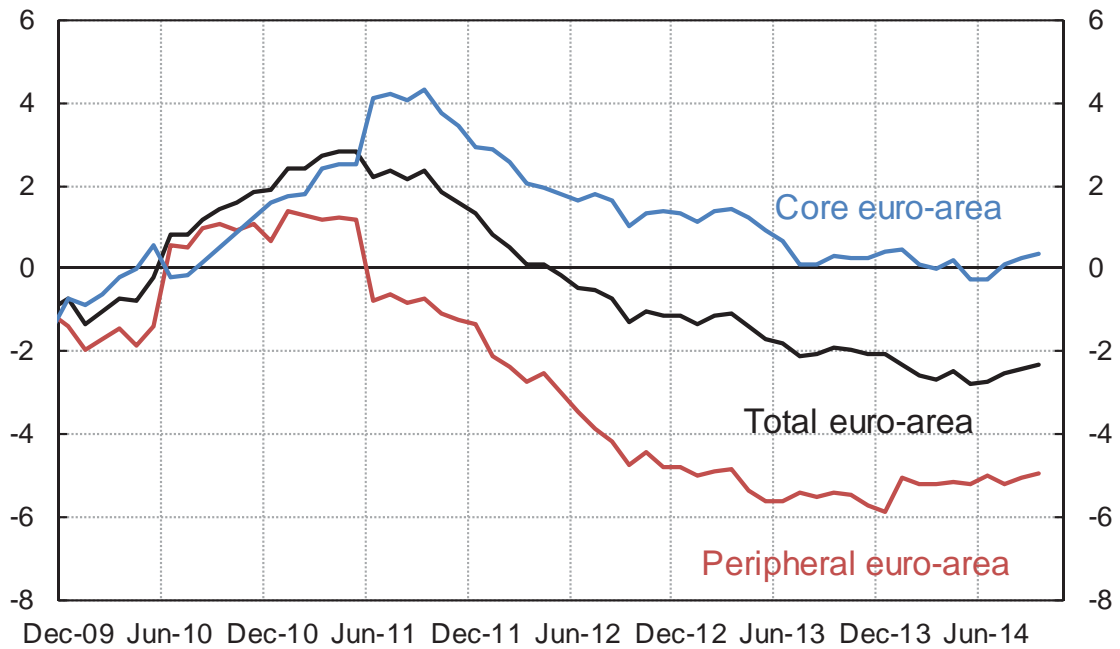


Sources: National authorities, Haver. Data as of November 18, 2014.

**Figure 7: Europe: Bank Credit Growth**

Percent, Nominal Y/Y

Percent

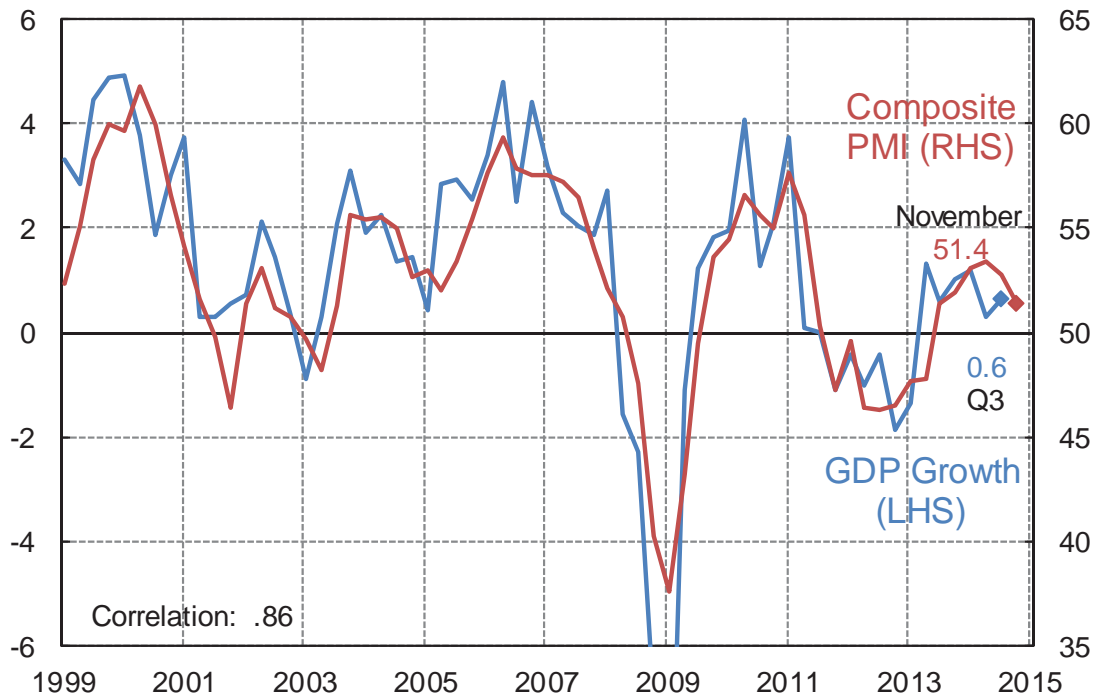


Source: ECB. Most recent data point is end-September 2014.

**Figure 8: Euro Area GDP Growth and Composite PMI**

Percent SAAR

Index



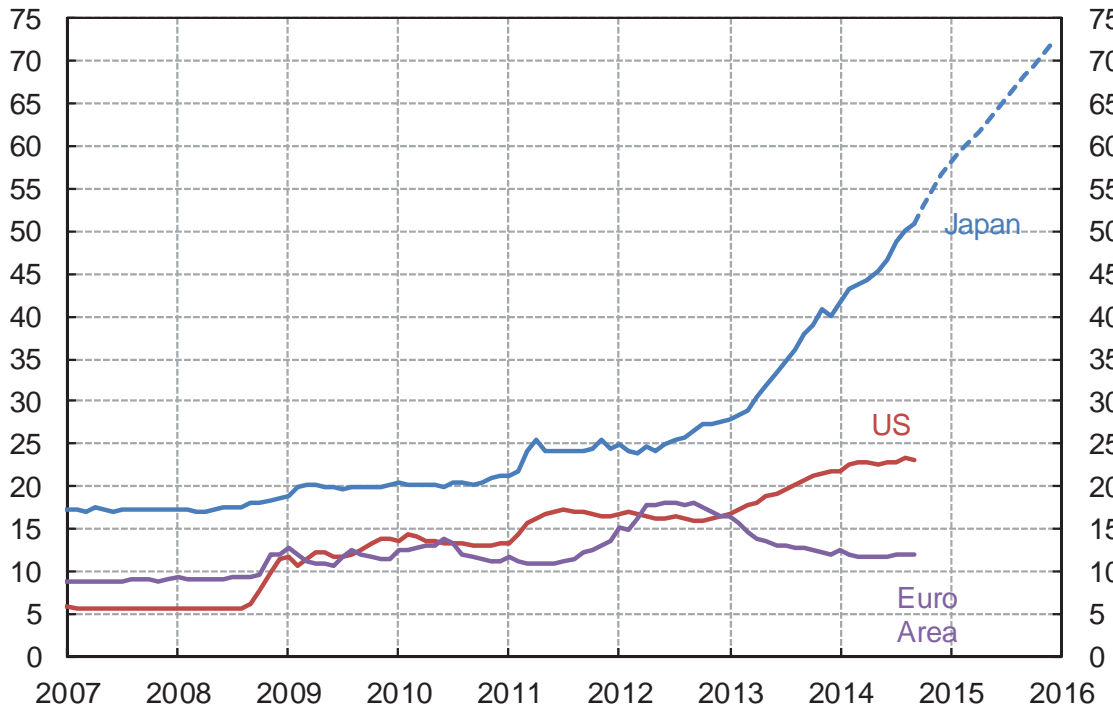
Source: Haver, Markit. Data as of November 18, 2014



### Figure 9: Monetary Base

Percent of GDP

Percent

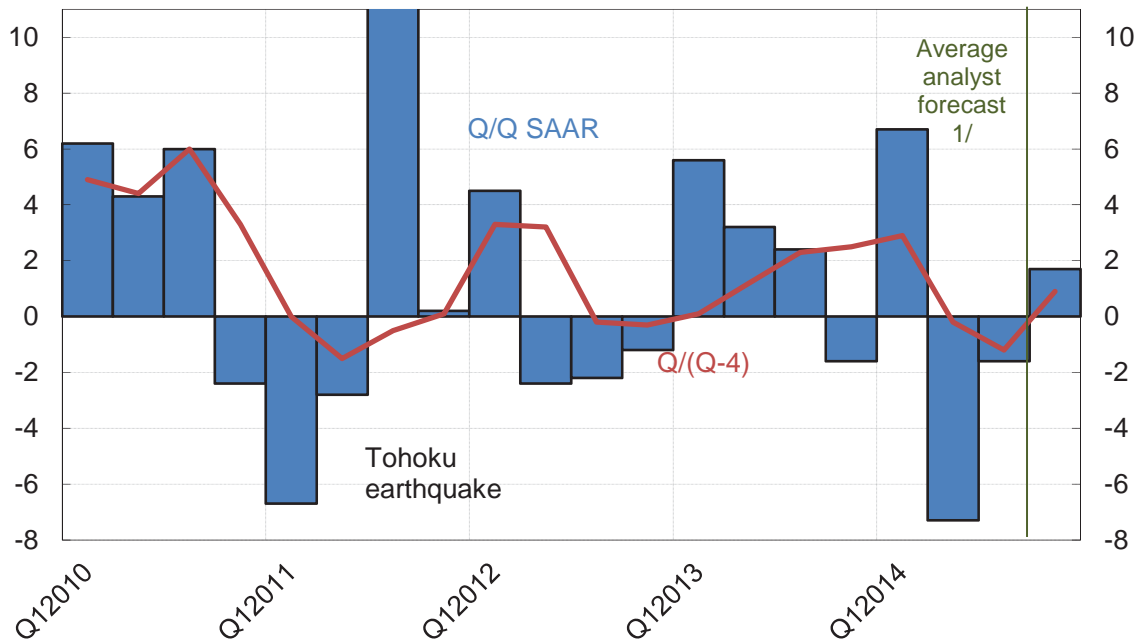


Source: National authorities. Data as of November 18th, 2014.

### Figure 10: Japan GDP Growth (SAAR)

Percent

Percent

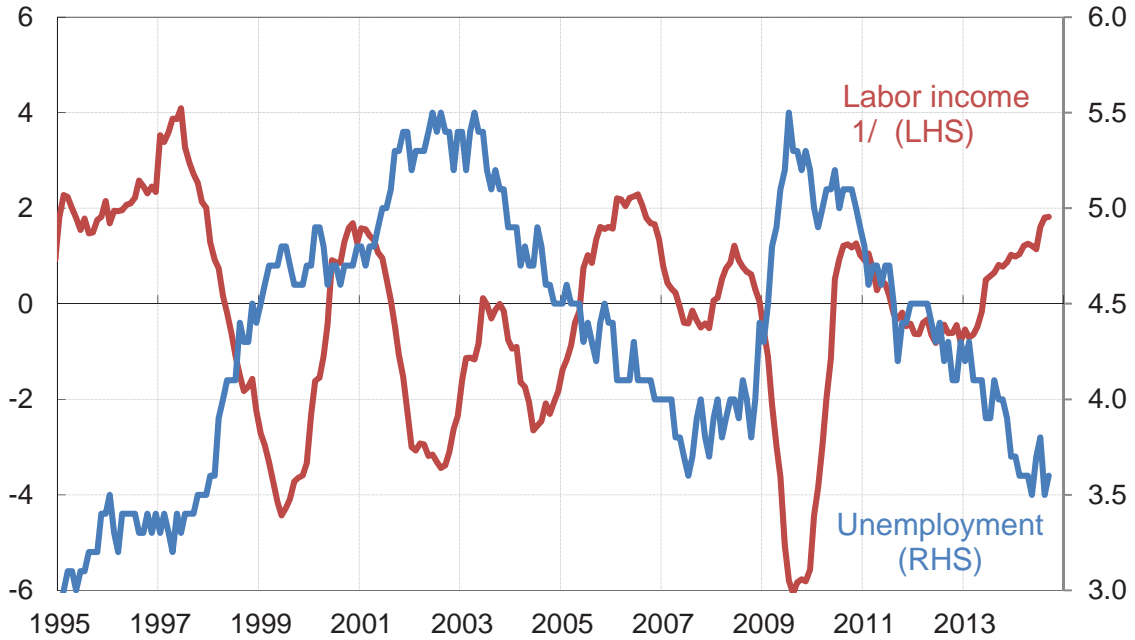


Sources: Cabinet Office, Bloomberg. Data as of October 1, 2014.  
1/ Bloomberg.

### Figure 11: Japan: Unemployment and Labor Earnings

Percent y/y, 6mma

Percent



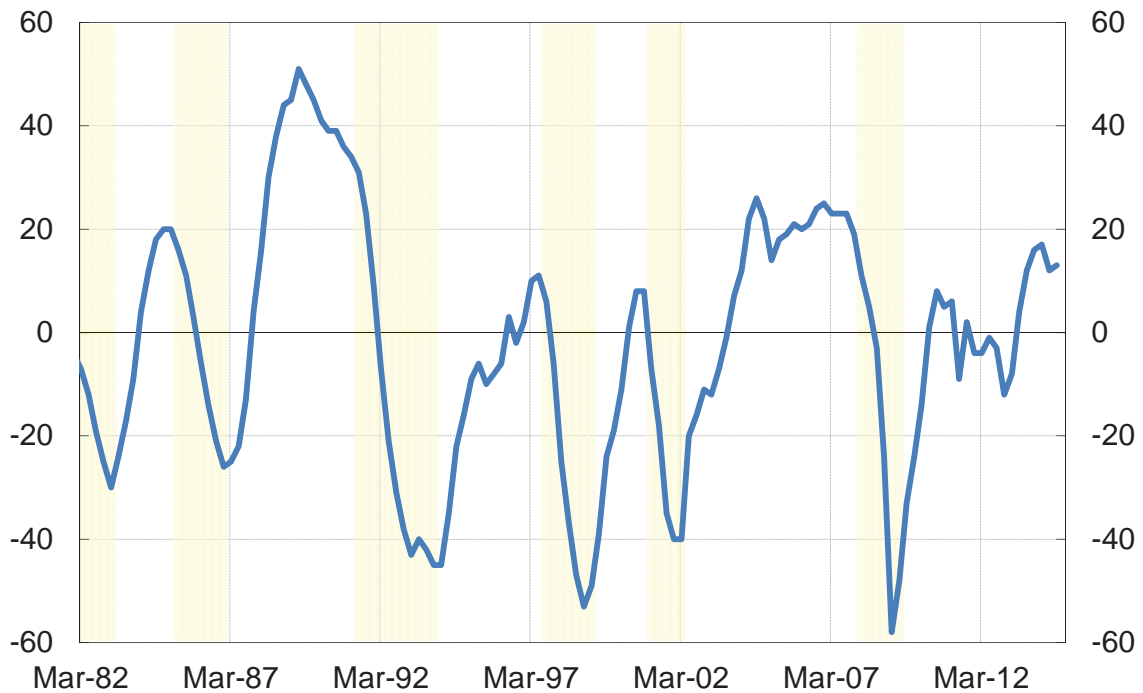
1/ total workers \* average monthly earnings

Source: Country Authorities, data as of November 18th, 2014

### Figure 12: Japan: Tankan Business Conditions Survey

Diffusion index for large manufacturers

Index

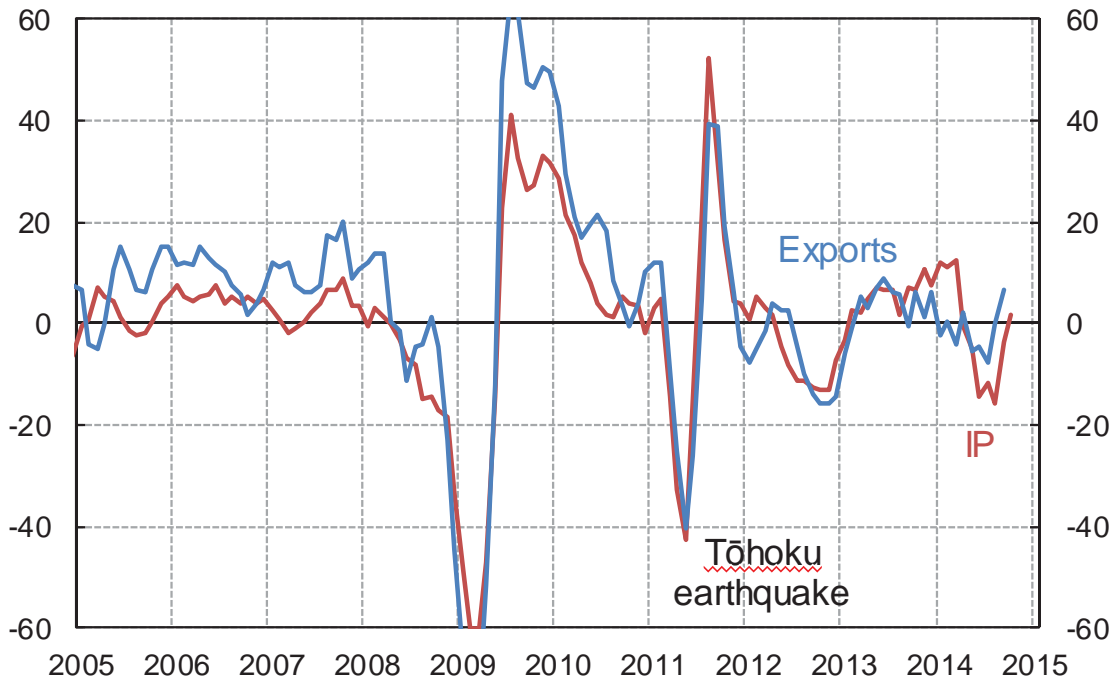


Source: Haver Analytics, data as of November 18th, 2014.

### Figure 13 Japan Industrial Production and Real Exports

Percent 3m saar

Percent

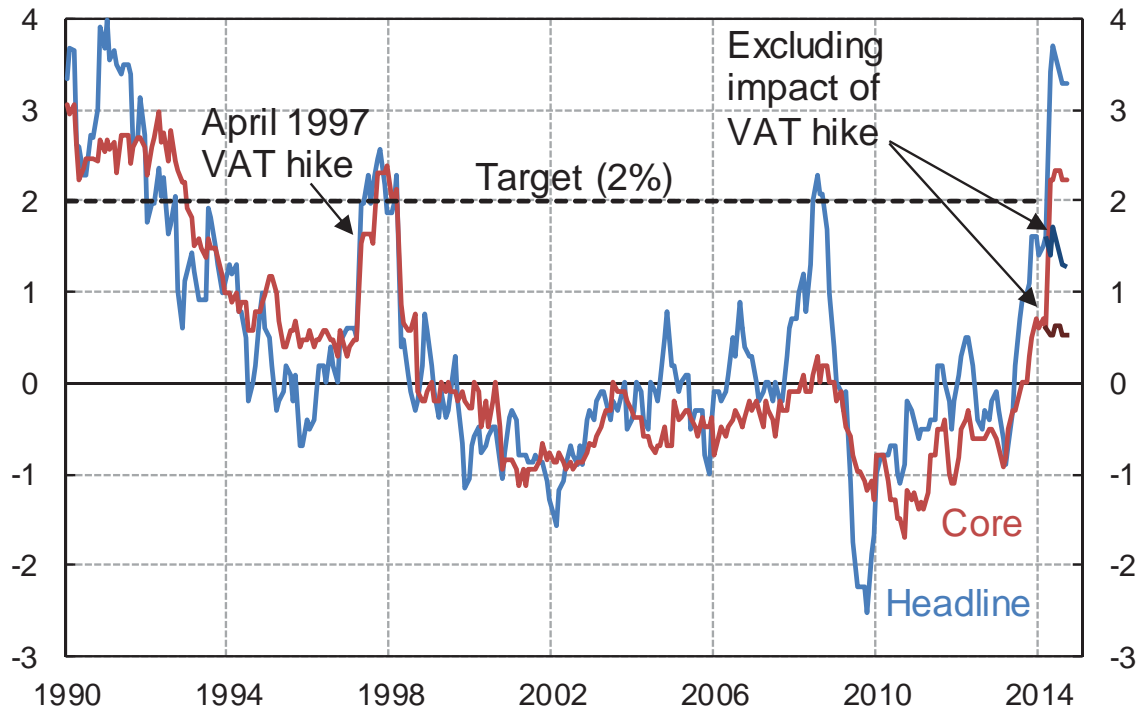


Source: Japan METI, data as of November 18th, 2014.

### Figure 14: Japan: Headline and Core CPI

Percent

Percent

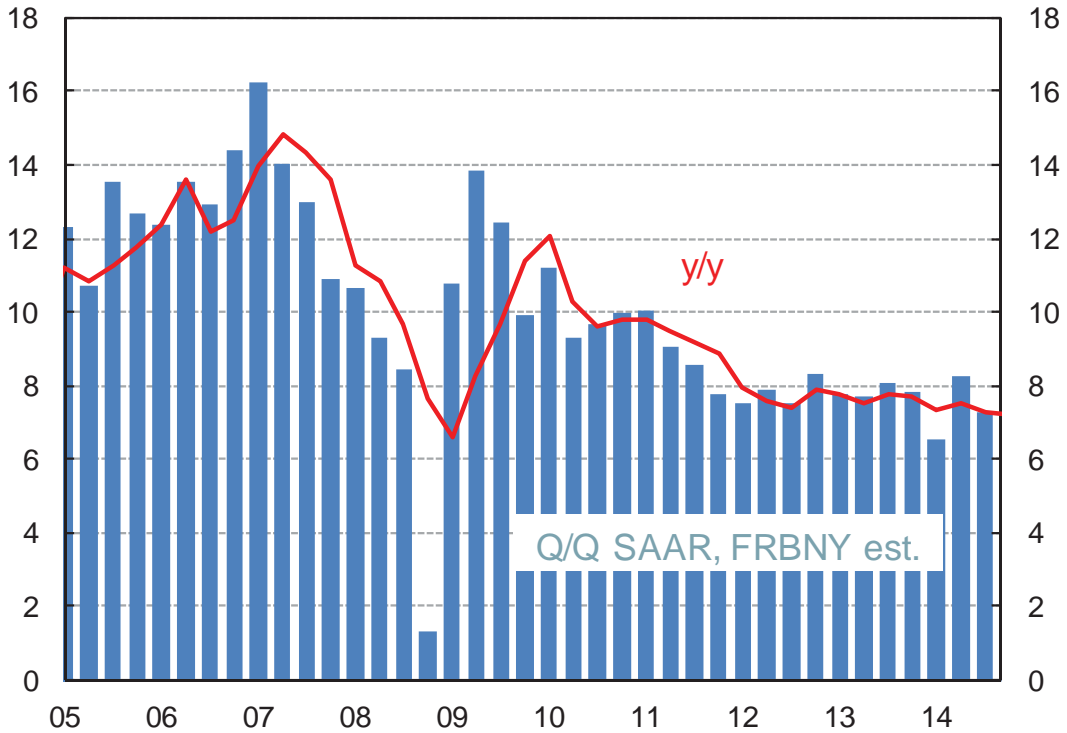


Source: Haver, data as of November 18th, 2014.

### Figure 15: China: Real GDP Growth

Percent, y/y and q/q saar

Percent

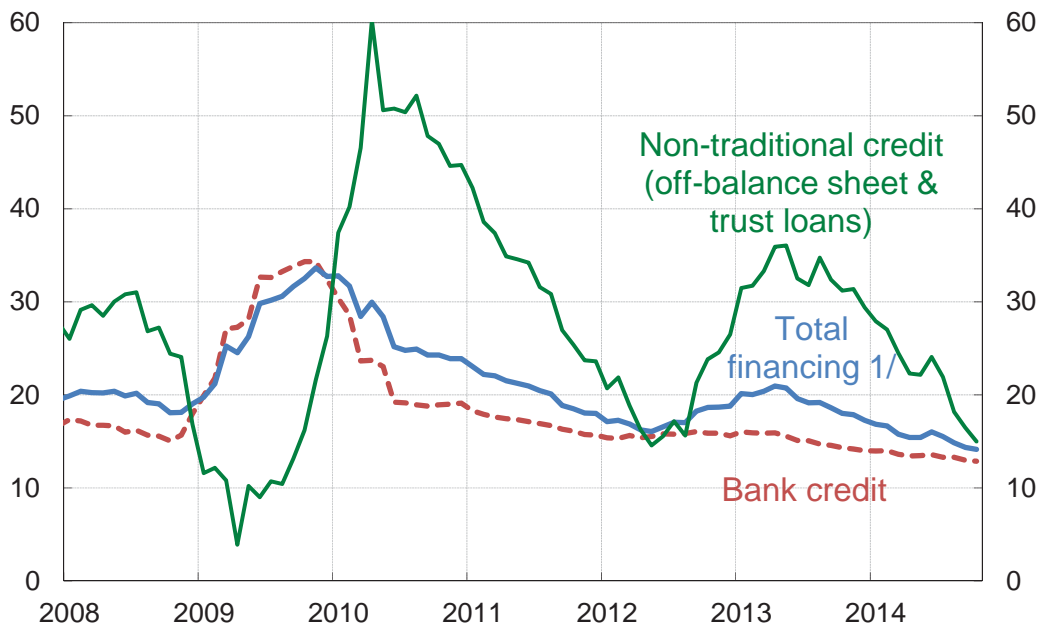


Source: CEIC, FRBNY. Data as of November 19, 2014.

### Figure 16: China: Bank and Non-traditional Credit, Total Financing

Percent, y/y

Percent, y/y



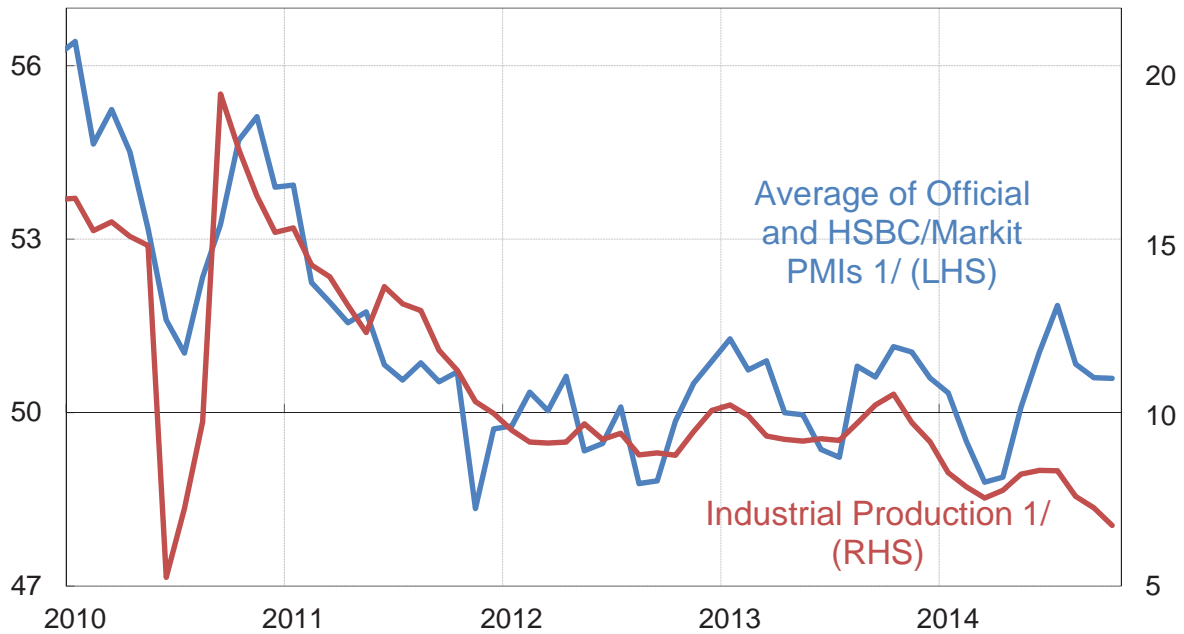
Source: CEIC, data as of November 18, 2014.

1/Total financing includes bank loans, off-balance sheet & trust loans, net corp debt/equity

### Figure 17: China: Manufacturing PMI and IP

Diffusion Index

Percent, rolling q/q saar

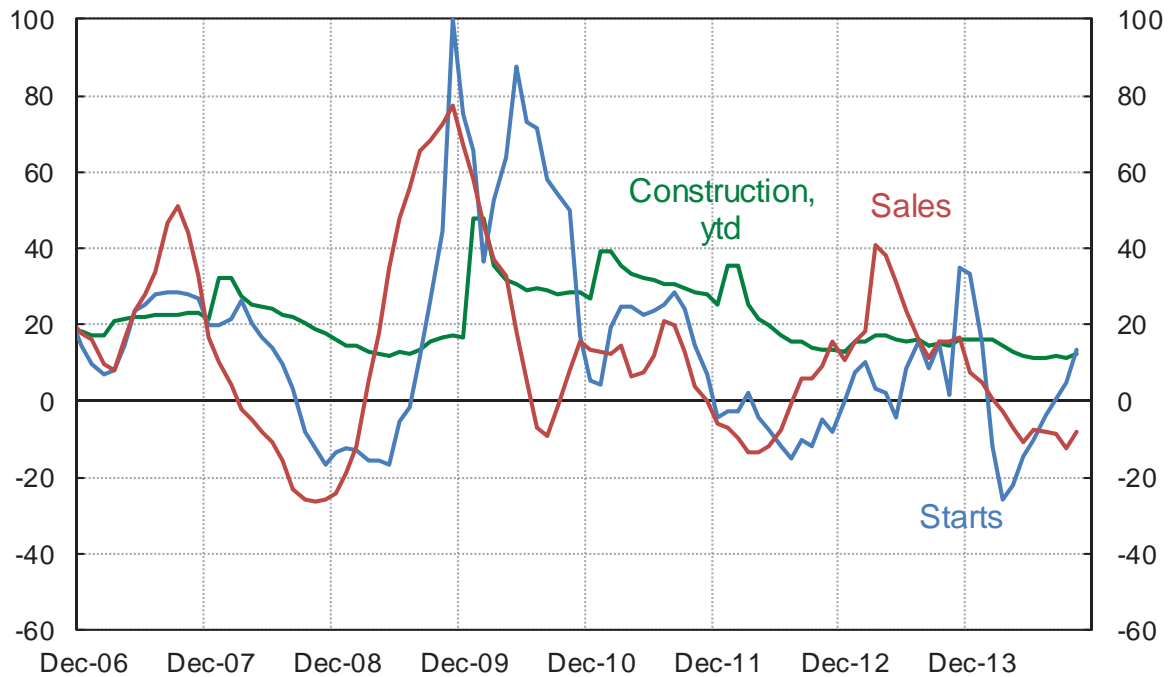


1/ Official PMI is seasonably adjusted by FRBNY staff. Industrial Production is "Value Added of Industry".  
Source: CEIC, Haver. Data updated as of November 18.

### Figure 18: China: Commercial and Residential Real Estate

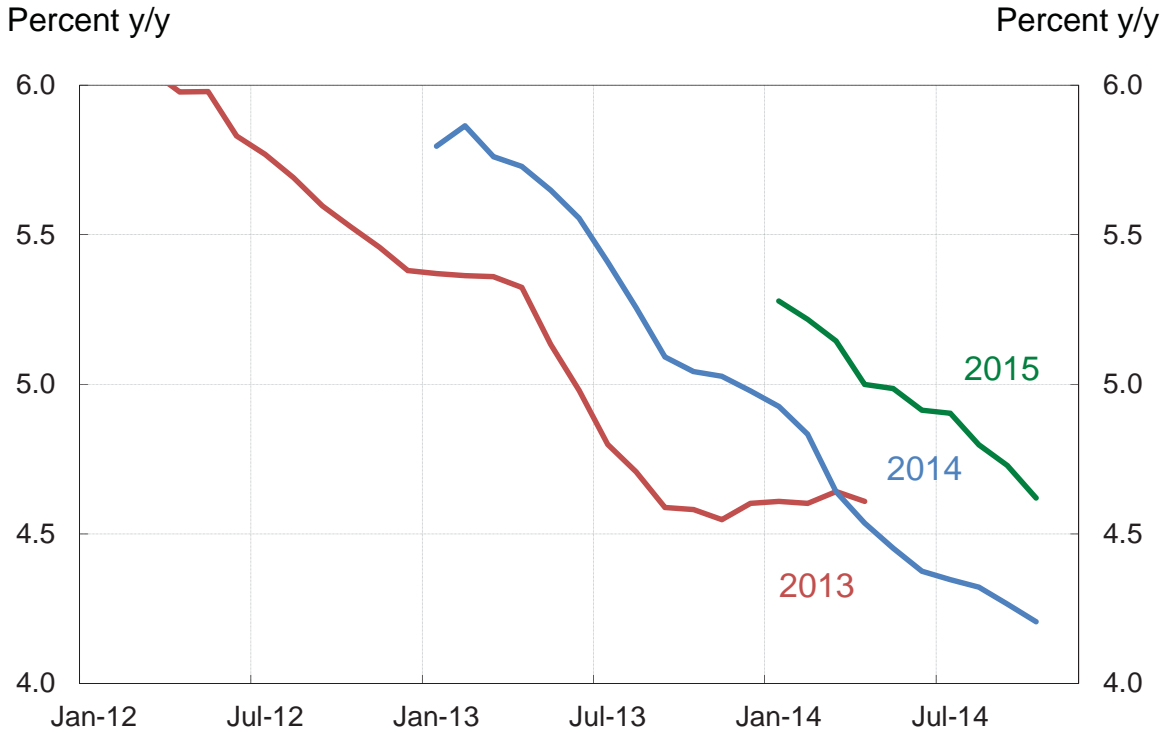
Percent Y/Y, 3mma, Floor

Percent



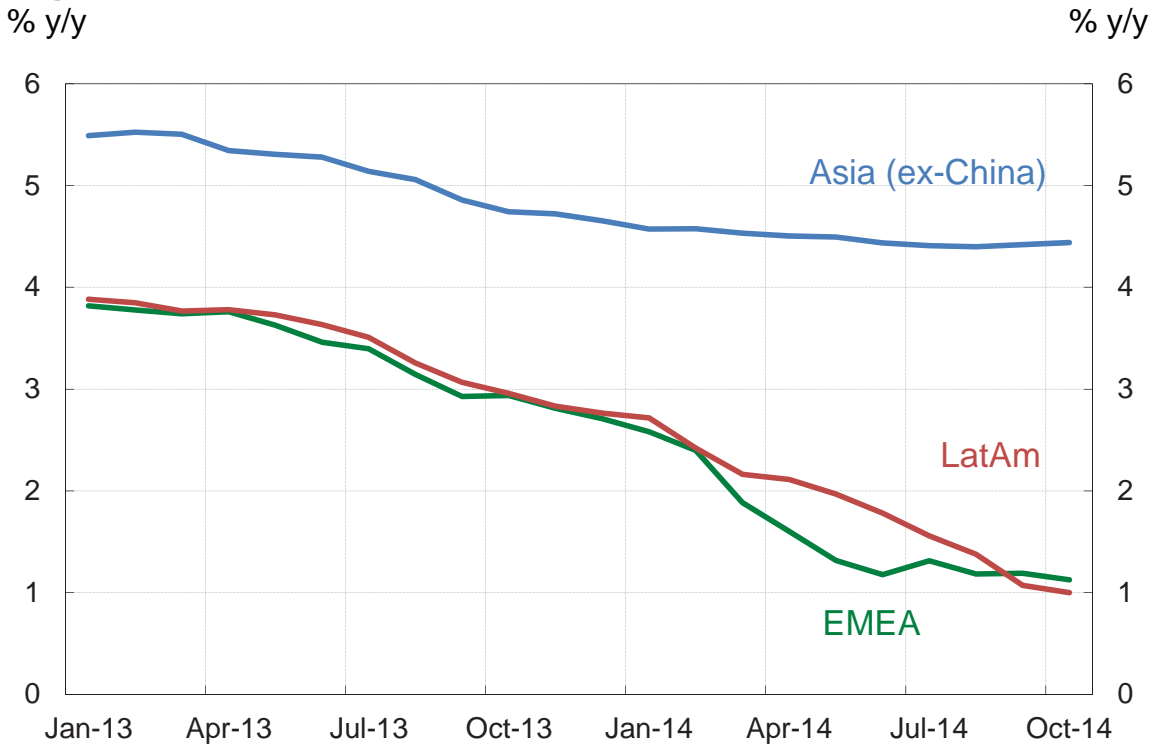
Source: CEIC, data as of November 18, 2014.

**Figure 19: EMEs: Evolution of Consensus Growth Forecasts**



Source: Consensus Forecasts through October

**Figure 20: EMEs: Evolution of 2014 Growth Forecasts**

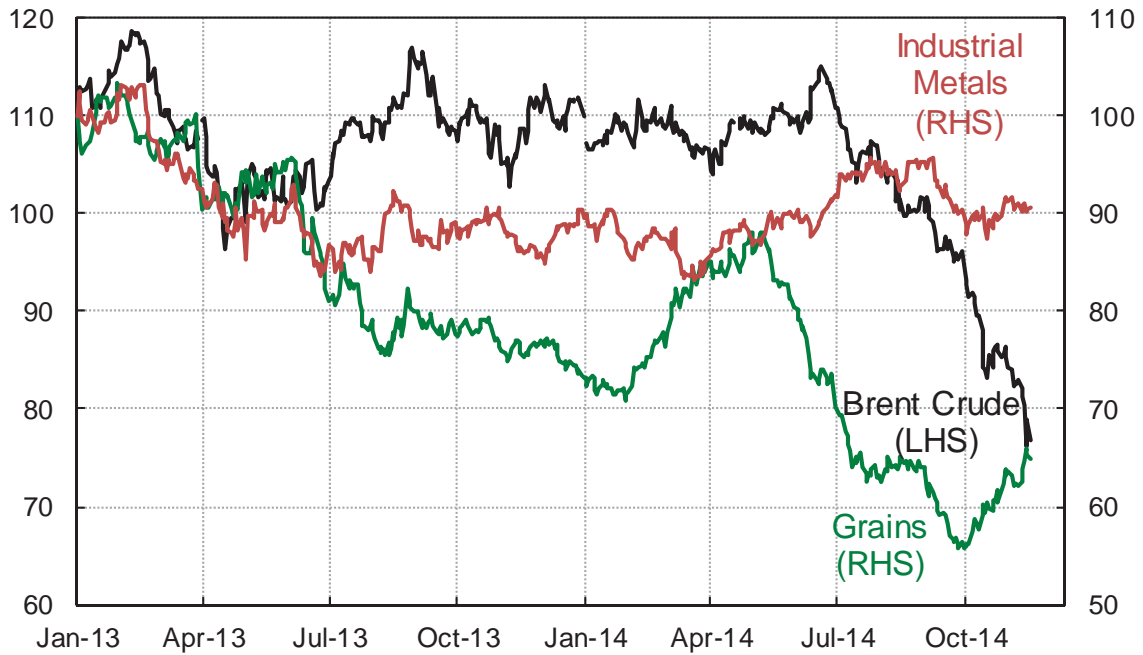


Source: Consensus forecasts, through October

### Figure 21: Oil, Grain, and Industrial Metals Prices

USD/Barrel

Index

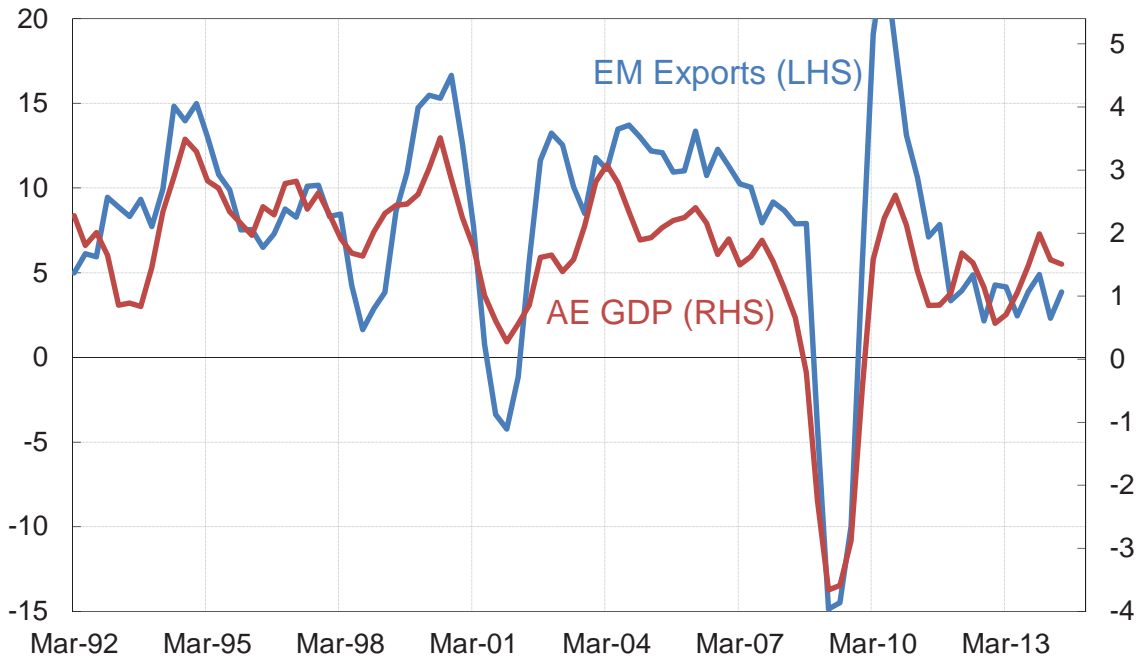


Sources: S&P, Haver, data as of November 18th

### Figure 22: EMEs: Export Volumes and AE GDP

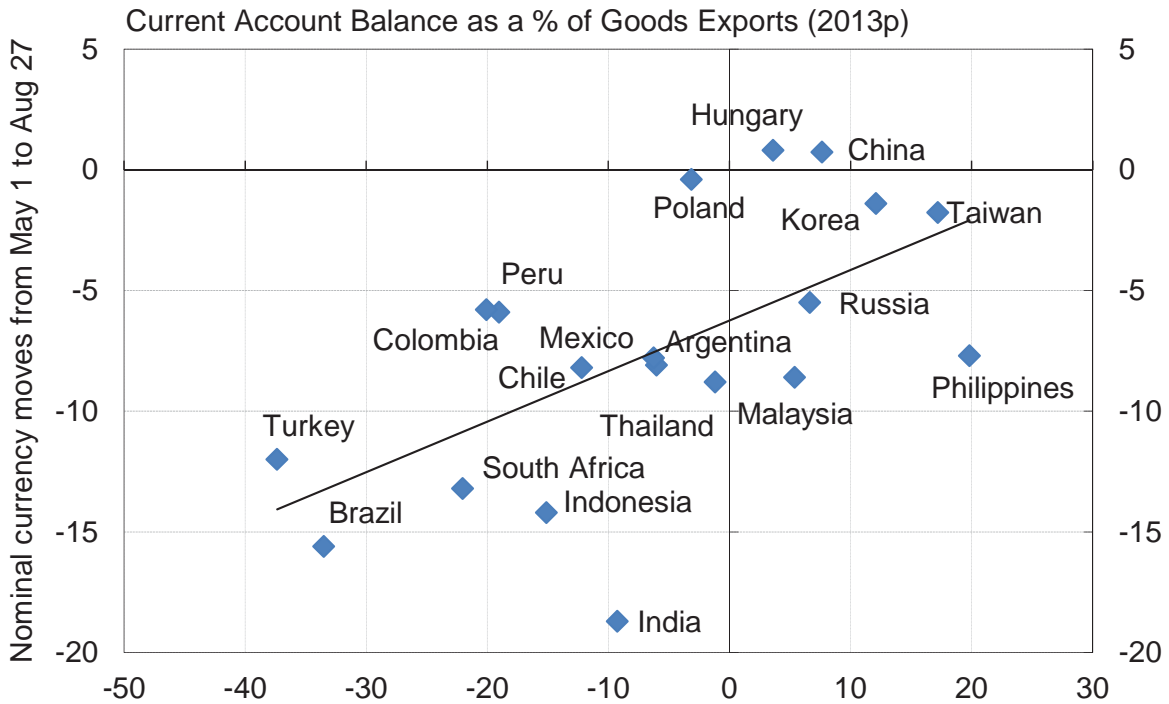
Percent change, Q/Q-4

Percent



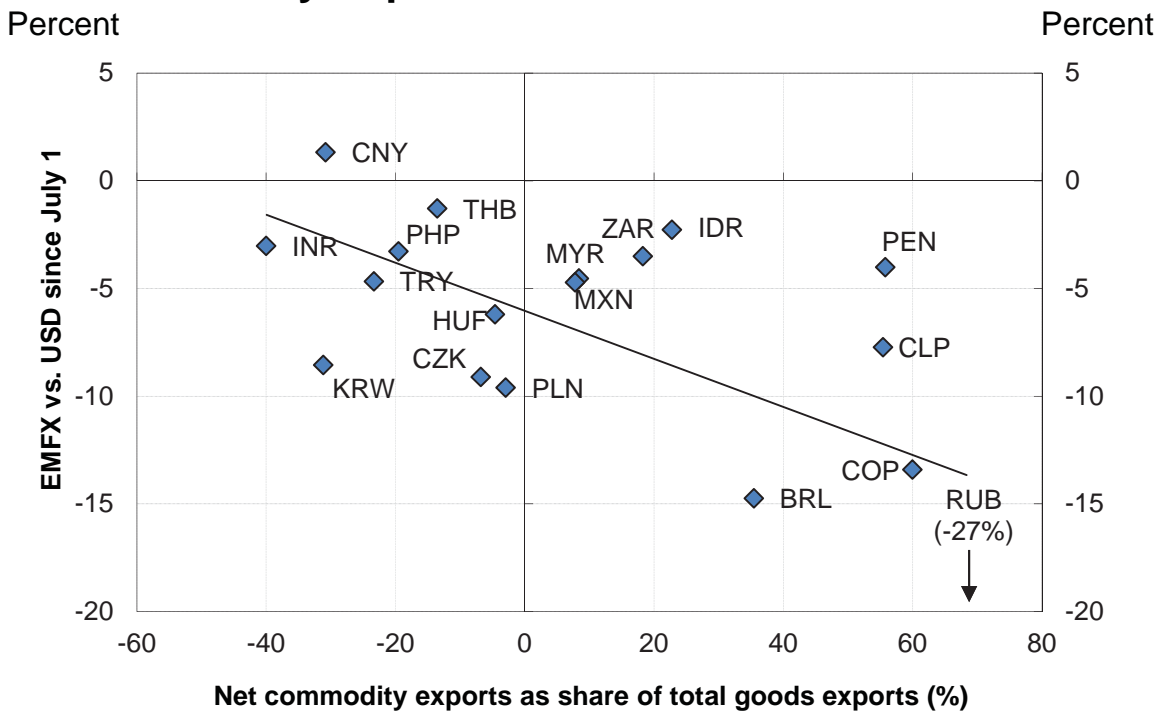
Sources: National authorities, Netherlands Bureau of Economic Policy Analysis, Haver. Data as of November 19.

**Figure 23: Current Account Balance vs. Recent Currency Performance**



Source: Bloomberg, Consensus Estimates

**Figure 24: Exchange Rate Changes (since July 2014) vs. Net Commodity Export Share**



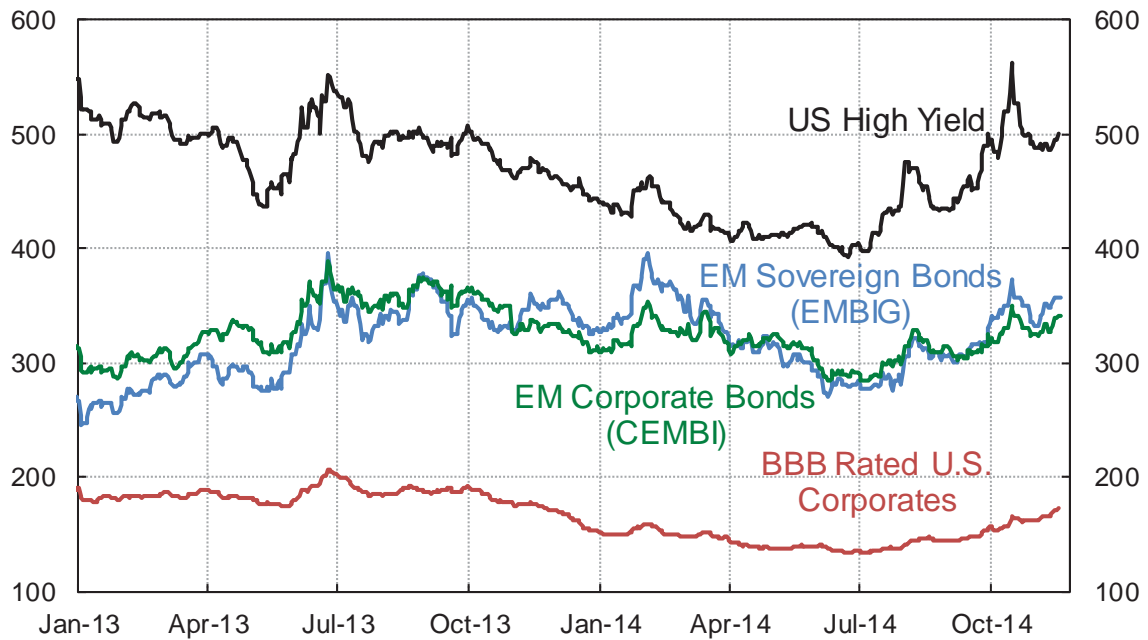
Source: Unctad, Bloomberg, data as of Nov 19



**Figure 25: Bond Spreads to Treasuries**

Basis points

Bps

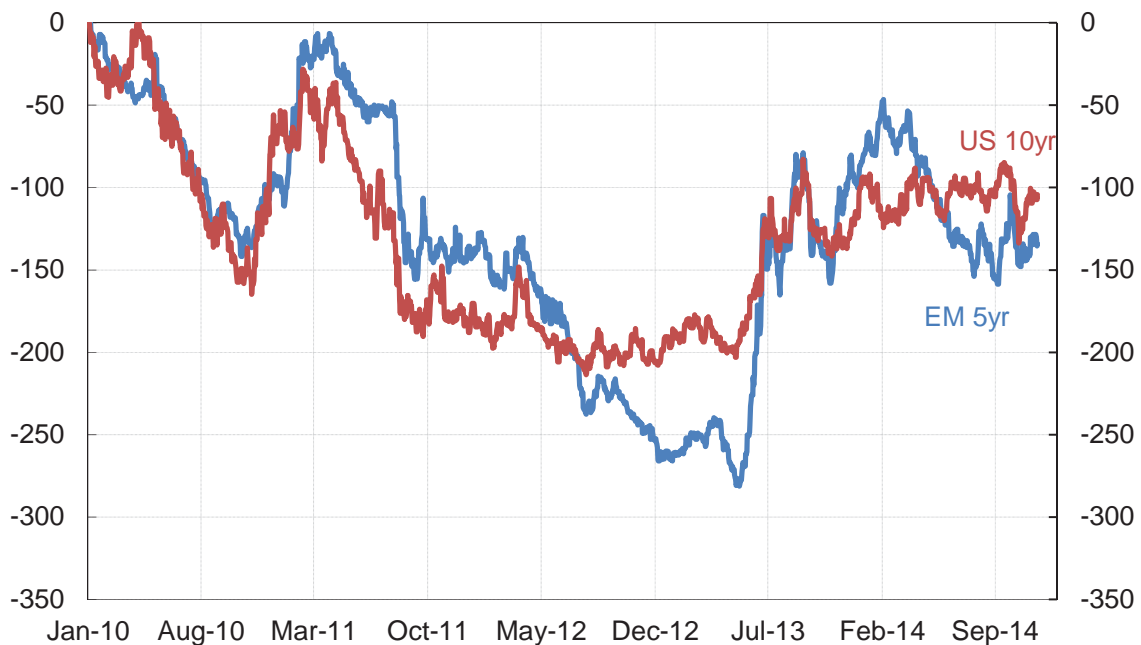


Source: Bloomberg, JP Morgan. Data through 11/18.

**Figure 26: Cumulative Changes in EM-yr. and US 10-yr. yields**

Basis points, changes from 1/1/2010

Bps



Source: Bloomberg

## Figure 27: EMEs: Structural Challenges

	Argentina	Brazil	China	India	Indonesia	Korea	Mexico	Russia	Saudi Arabia	South Africa	Turkey
Distortionary Tax Code	153	159	120	158	137	25	118	56	3	24	71
Inadequate Power	80	14	119	111	121	2	133	117	15	150	49
Inadequate Infrastructure	120	71	74	85	61	23	66	93	22	66	49
Excessive Energy Subsidies	2.9	0.2	3.8	4.5	5.4	1.5	2.4	6.3	16.7	4.3	1.0
Excessive Red Tape	57	121	19	186	147	2	71	10	127	80	38
Labor Market Rigidities	144	92	34	99	103	78	113	72	70	116	130
Health & Primary Education	61	89	40	102	72	18	73	71	53	135	59

Sources: IMF, World Bank, World Economic Forum

## Figure 28 Major EM Elections in 2014

<u>Month</u>	<u>Country</u>	<u>Winner 1/</u>
March	Turkey (Municipal)	Inc
April	South Africa (Legislature and President) 2/	Inc
	Indonesia (Parliament)	Opp
May	India (Parliament)	Opp
July	Indonesia (President)	Opp
August	Turkey (Presidential)	Inc
October	Brazil (President, Legislature, Governors)	Inc

1/ Incumbent (Inc) or Opposition (Opp) party

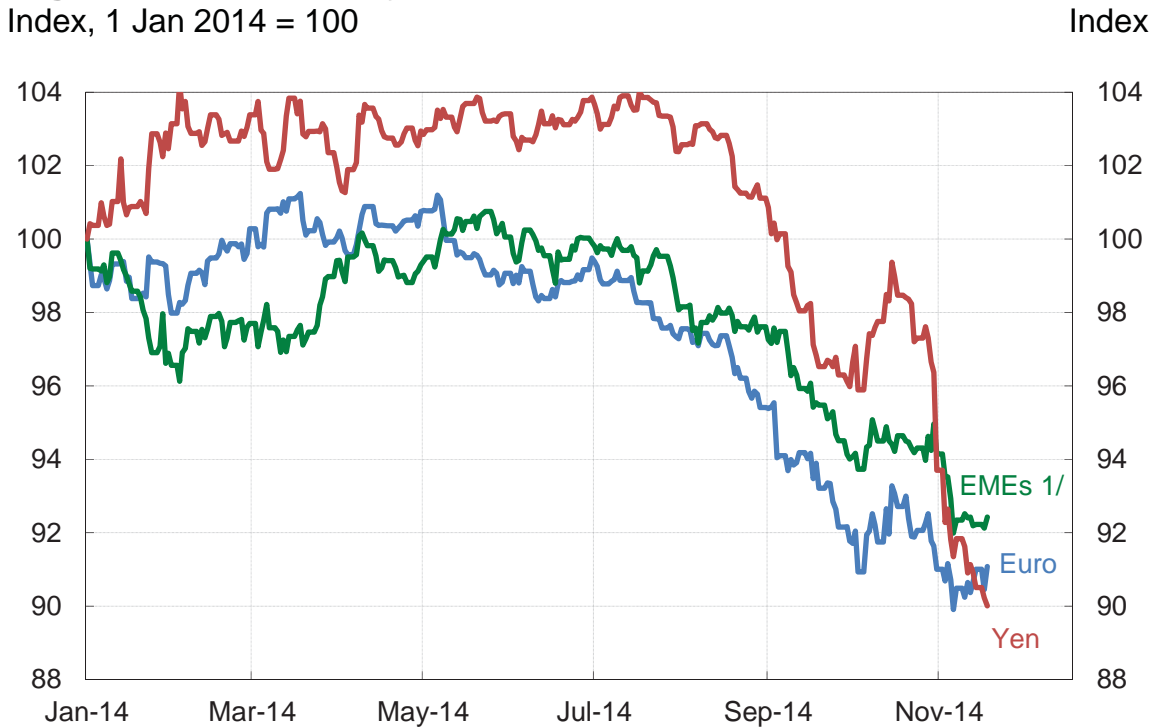
2/ The National Assembly elects the President following its election.

### Figure 29: AE 10yr Bond Yields



Source: Bloomberg, data through 11/19.

### Figure 30: Currency Performance vs USD



1/ JP Morgan EMFX Index (includes China)  
Source: Bloomberg, data as of 11/18/2014

## Figure 31: Growth Forecasts

Percent, yoy

	Consensus Forecasts			Forecast change since Feb	
	2013	2014	2015	2014	2015
Advanced 1/	0.0	1.7	2.2	-0.4	0.0
o/w: United States	2.2	2.2	3.0	-0.7	0.0
Euro Zone	0.0	0.8	1.2	-0.2	-0.2
United Kingdom	1.7	3.0	2.6	0.5	0.2
Japan	1.5	0.9	1.3	-0.8	-0.1
Emerging Markets 1/	0.0	4.2	4.6	-0.6	-0.6
o/w: China	7.7	7.3	7.0	-0.2	-0.3
Brazil	2.5	0.3	1.1	-2.0	-1.5
India	4.7	5.5	6.1	0.3	0.1
Russia	1.3	0.2	0.8	-2.2	-2.1
Mexico	1.1	2.4	3.6	-1.0	-0.3
Korea	3.0	3.5	3.6	-0.1	-0.2

Data as of November 18. Sources: Blue Chip as of November where available, Consensus as of October. 1/ Dollar-GDP weighted average