



**Small Business & Agricultural Advisory Board
Federal Reserve Bank of New York
33 Liberty Street
10F, Paul Volcker Boardroom
Tuesday, November 15, 2016**

AGENDA

10:30am	Welcome, Claire Kramer Mills, AVP
10:35am	Introductory Remarks, Kausar Hamdani, Senior Vice President
10:40am-11:10am	The National Economy, Richard Peach, Senior Vice President
11:10am-11:40am	International Update, Matthew Higgins, Vice President
11:40am-12:00pm	Regional Update, Jason Bram, Officer
12:00pm	Adjourn to NWC Room-10F
12:15pm	Lunch
12:15pm-1:55pm	Round Table Discussion with William Dudley, President and Michael Strine, First Vice President

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

Questions for discussion with President Dudley:

1. Has your firm's sales volume increased, decreased, or stayed the same in the second half of 2016?
2. Do you expect your firm's sales to increase, decrease, or stay the same in the first quarter of 2017?
3. Do you plan to increase investment in your firm (plant & equipment) in the first half of 2017?
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 in 2017? Why or why not?
6. Do you expect input prices to increase in 2017? Do you expect prices of products/services sold to increase?
7. Over the past two quarters, have you made any recent changes to your firm's financing? 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
Tuesday, November 15 2016**

ATTENDEE LIST

Council Members

Michael Arnoff
President
Arnoff Moving & Storage

Charles Feit
President and Founder
OnForce Solar

Adenah Bayoh
Co-Founder
Kapwood, LLC

Gabriel Hernández
Co-Founder and Head of Tax Division
BDO Puerto Rico

Eric Caslow
President
Acme Smoked Fish Corporation

Deborah Leo
President
Retail Solutions, Inc.

Kevin Ellis
Chief Executive Officer
Cayuga Milk Industries

Federal Reserve Bank of New York

William Dudley
Michael Strine
Richard Peach
Kausar Hamdani
Matthew Higgins
Anand Marri
Claire Kramer Mills
Jason Bram
Luis Uranga
Javier Silva
Edison Reyes
Angela Sun

President
First Vice President
SVP, Research & Statistics
SVP, Communications & Outreach
VP, Integrated Policy Analysis
VP, Outreach & Education
AVP, Outreach & Education
Officer, Research & Statistics
Officer, Chief of Staff's Office
Senior Associate, Outreach & Education
Associate, Outreach & Education
Associate, Legal



FEDERAL RESERVE BANK *of* NEW YORK

US Macro Overview

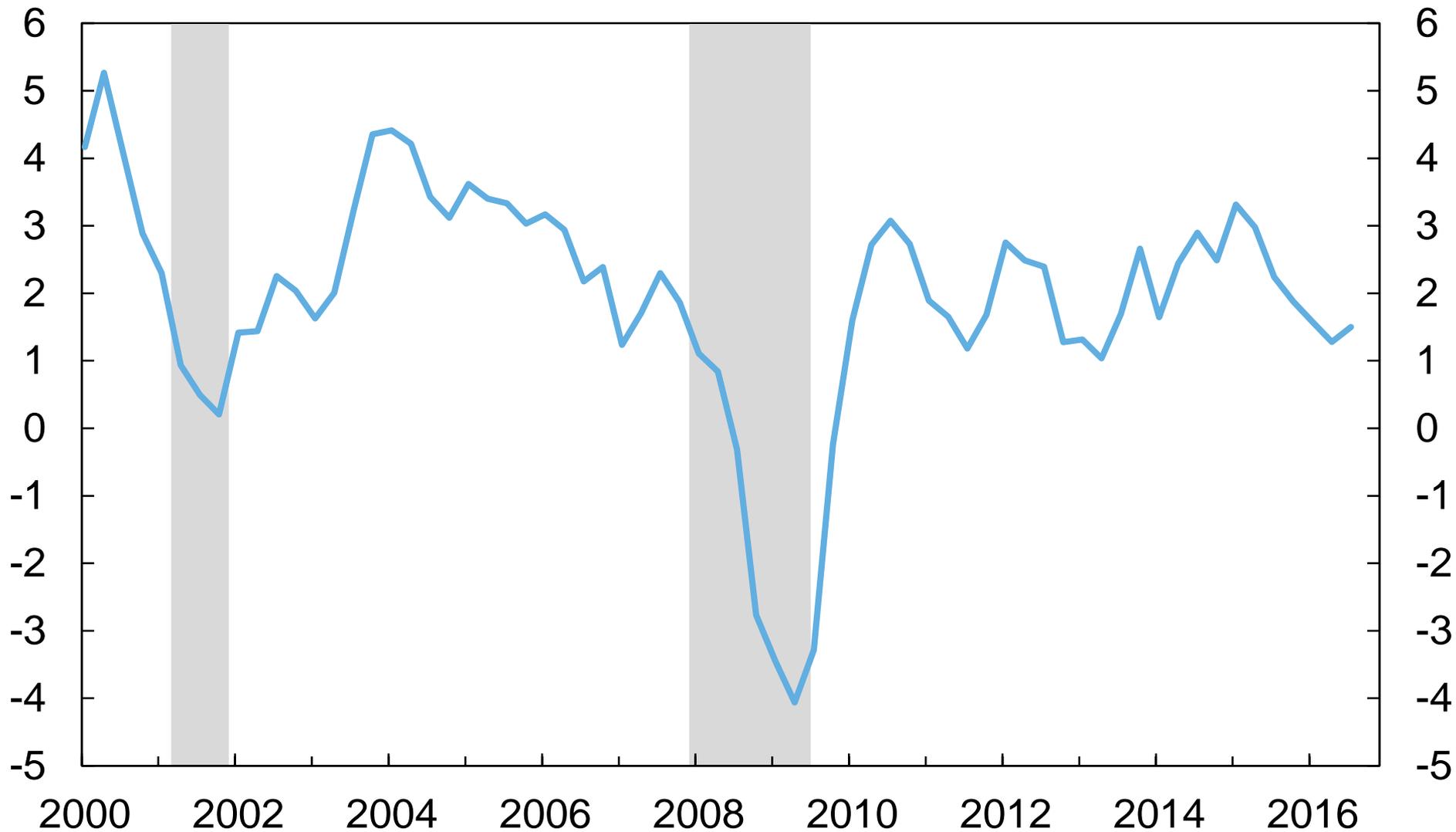
Richard Peach, Senior Vice President

November 15, 2016

Growth of Real GDP

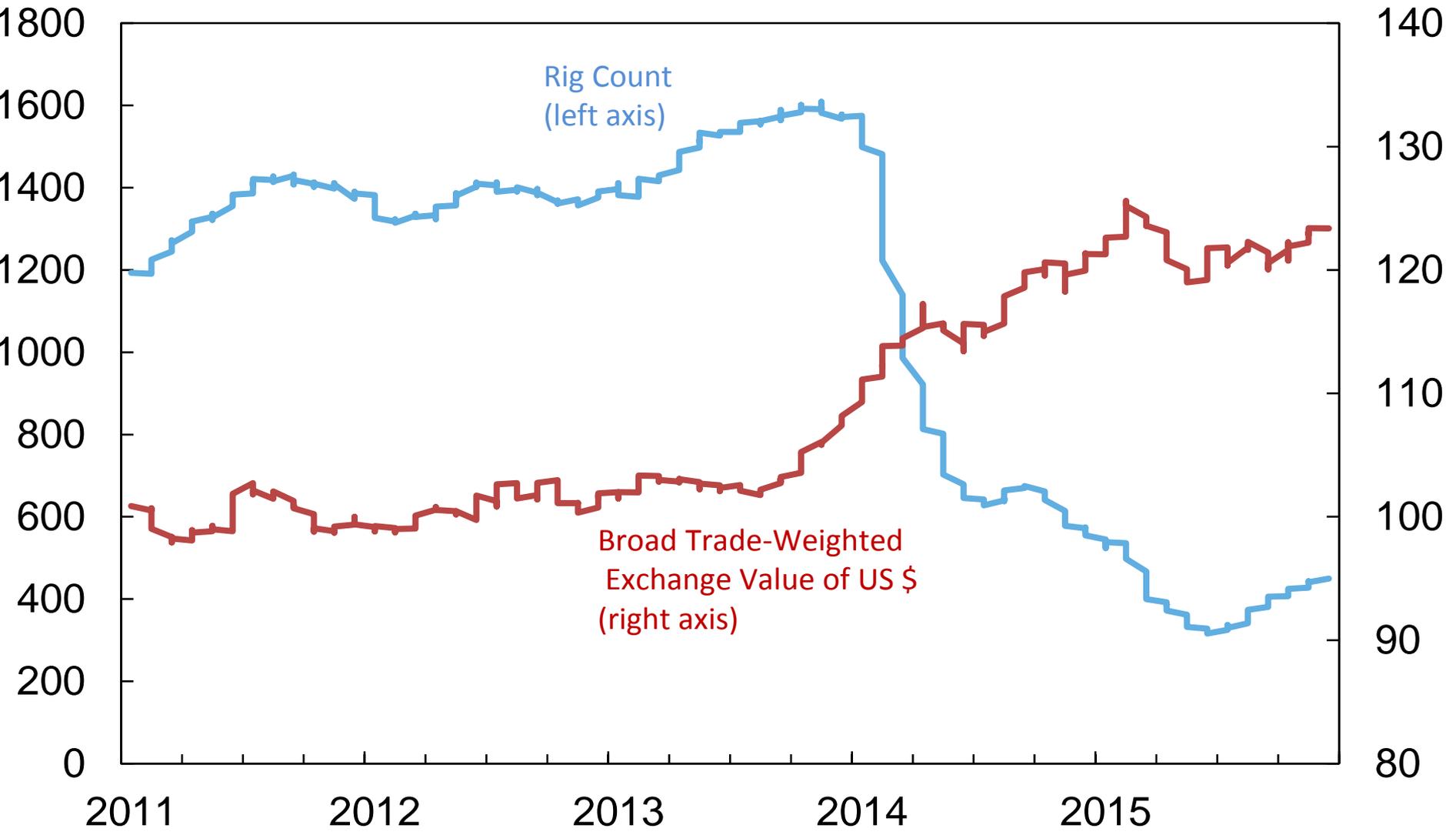
Four Quarter Percent Change

Four Quarter Percent Change



Nominal Trade-Weighted Value of US\$ and Rig Count

Active Oil Rigs

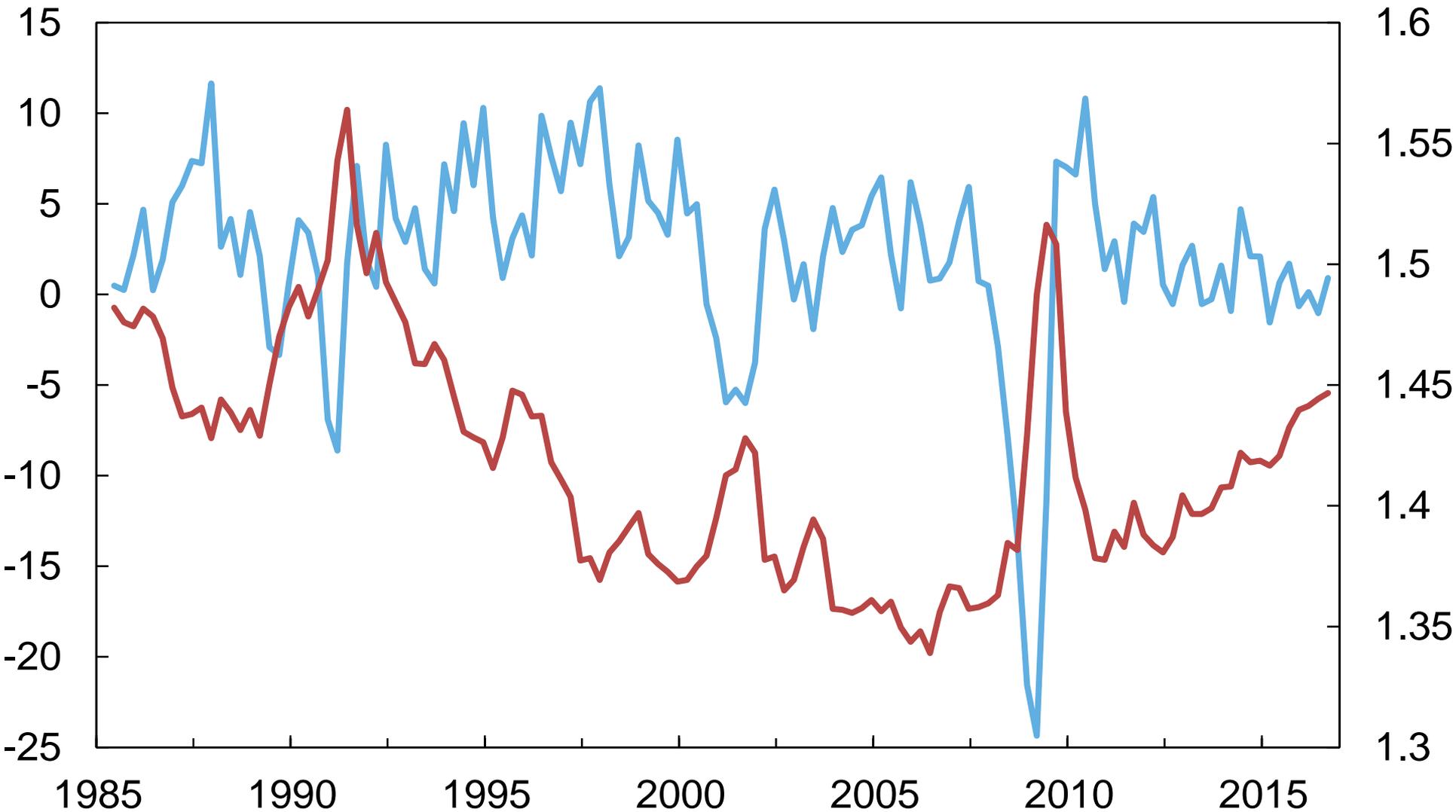


Source: Federal Reserve Board and Baker Hughes

Manufacturing Output and Real I/S Ratio

Quarterly Growth (Annualized)

Real I/S Ratio

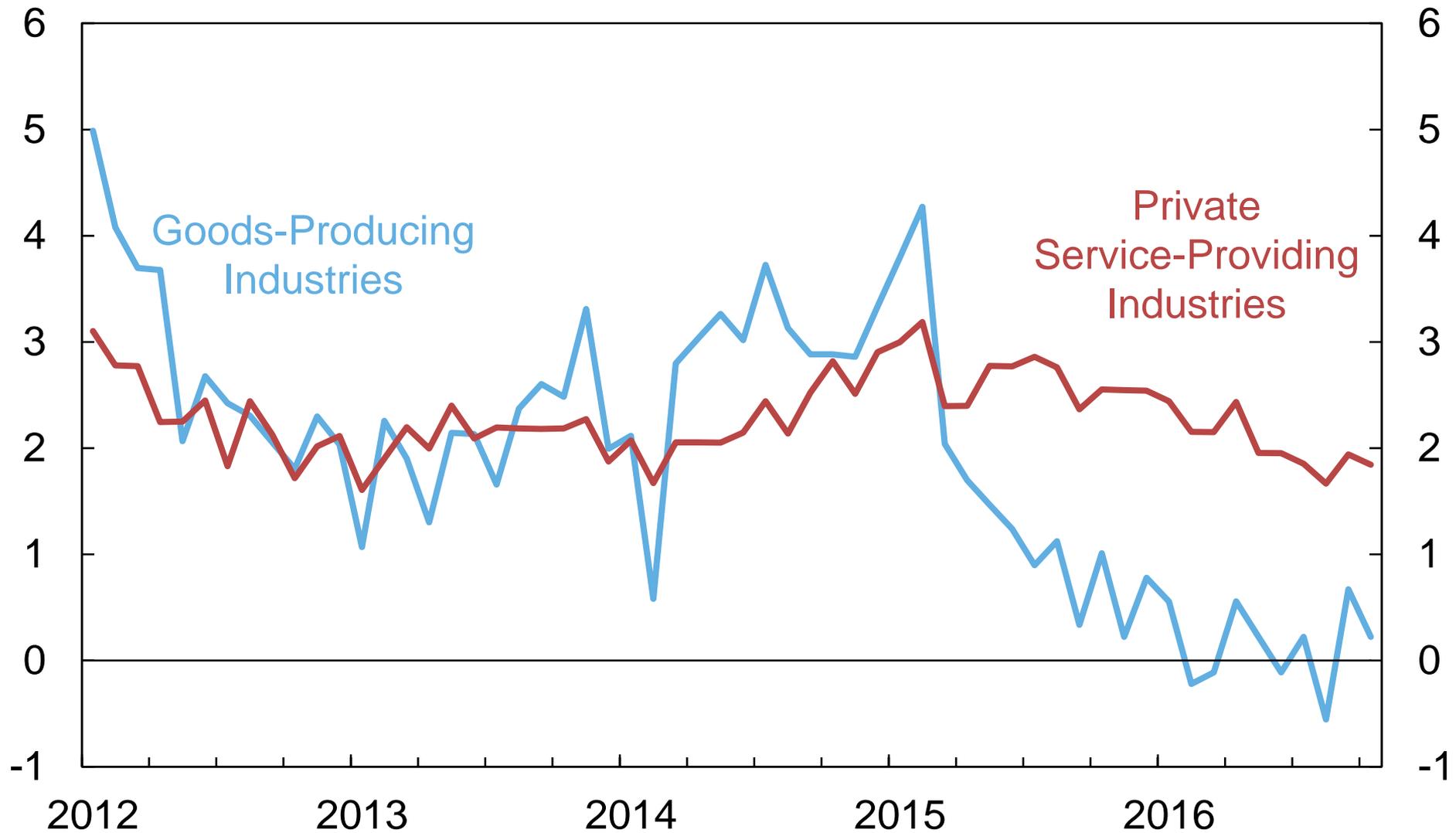


Source: Federal Reserve Board and Bureau of Economic Analysis via Haver Analytics

Aggregate Weekly Hours Worked

Y/Y % Change

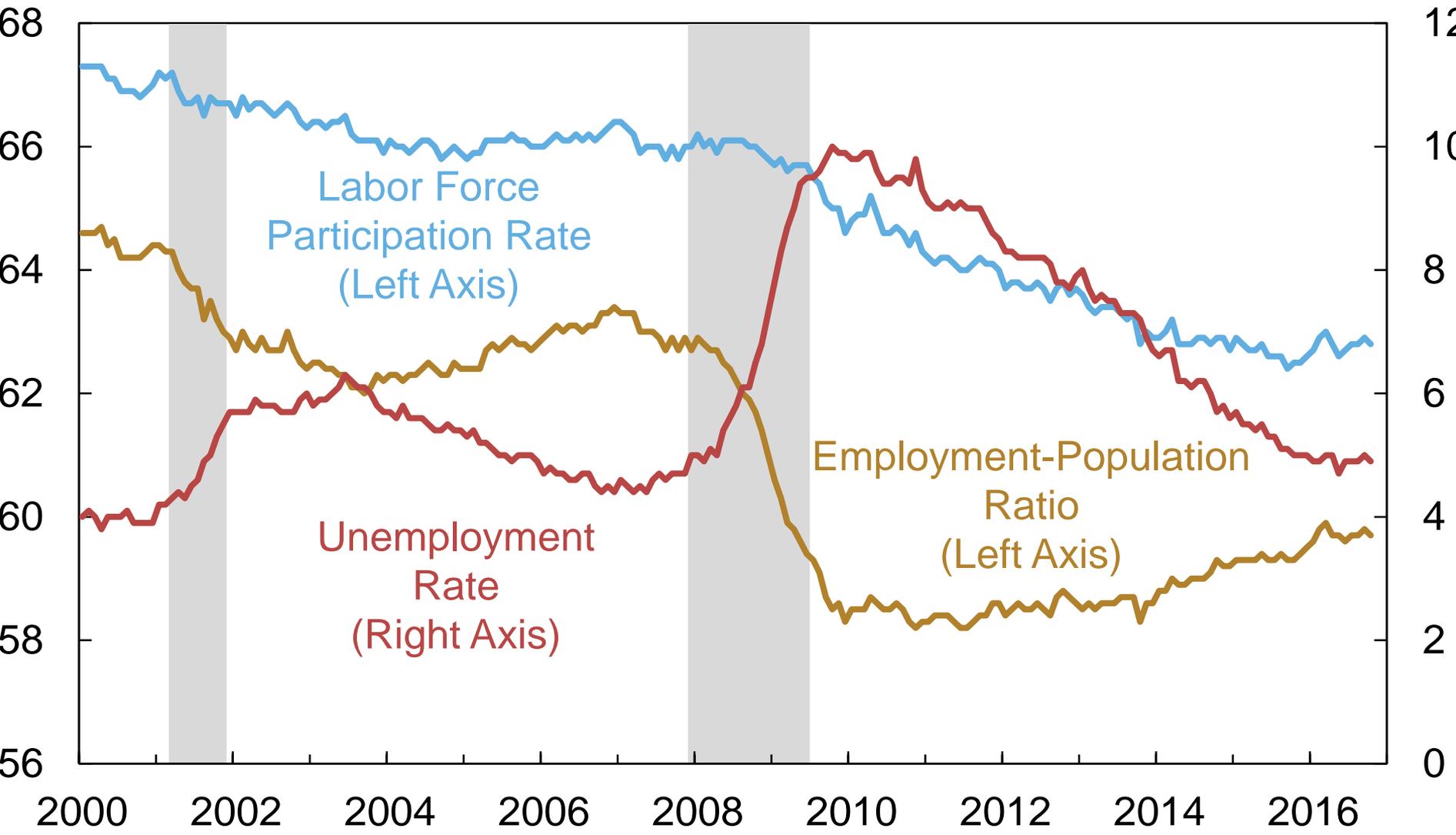
Y/Y % Change



Labor Market Indicators

Percent

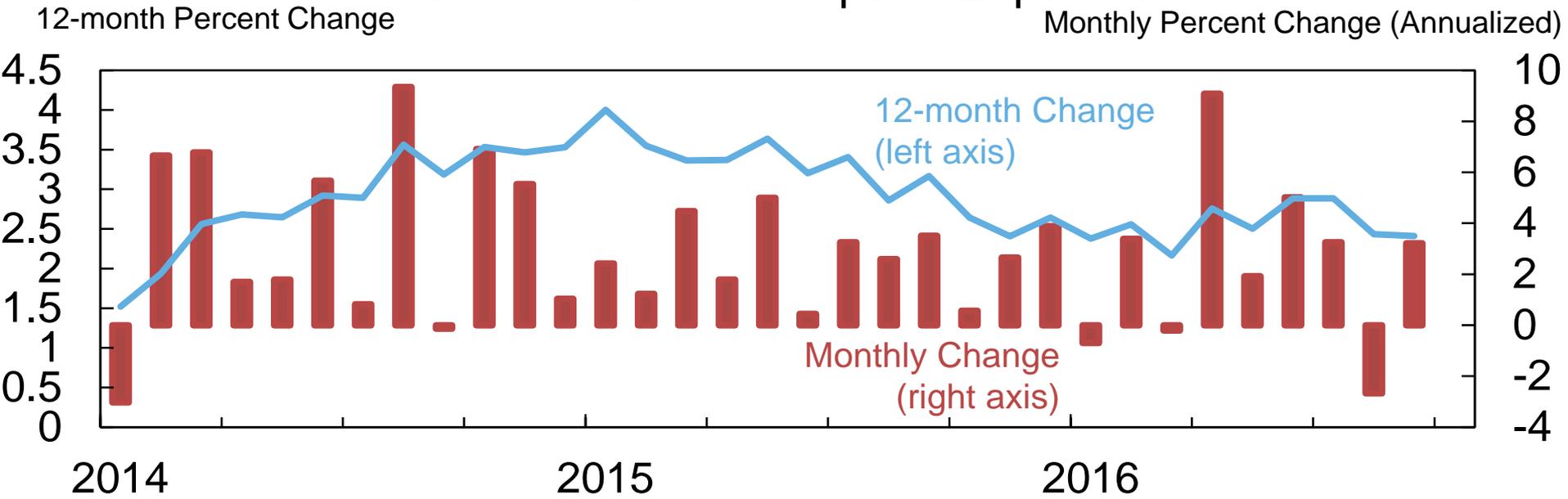
Percent



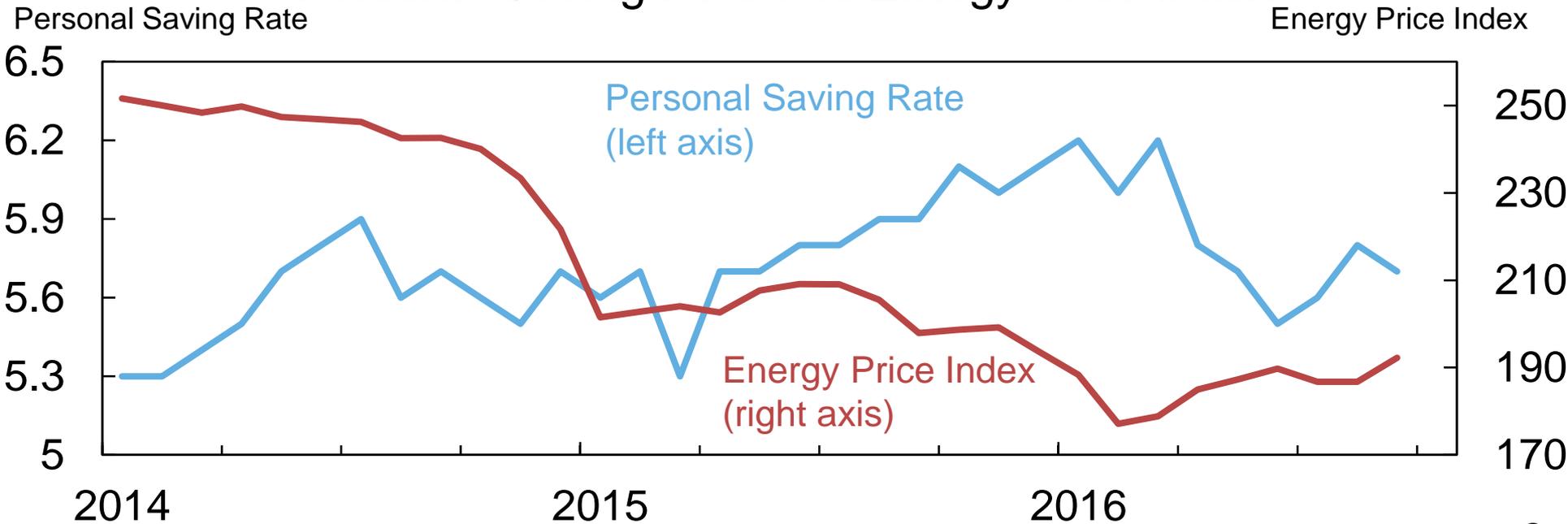
Source: Bureau of Labor Statistics, via Haver Analytics

Note: Shading shows NBER recessions.

Real Personal Consumption Expenditures



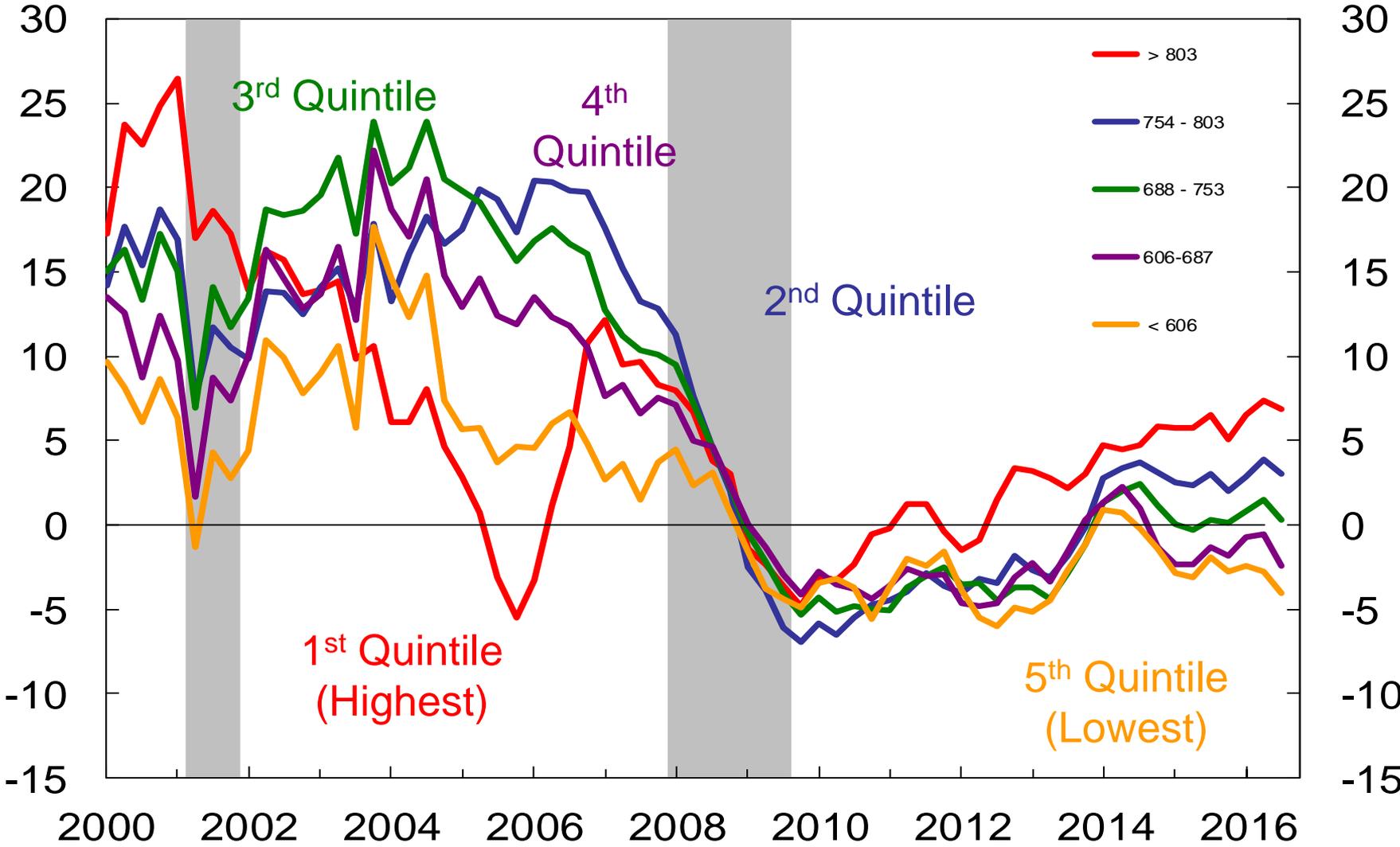
Personal Saving Rate and Energy Price Index



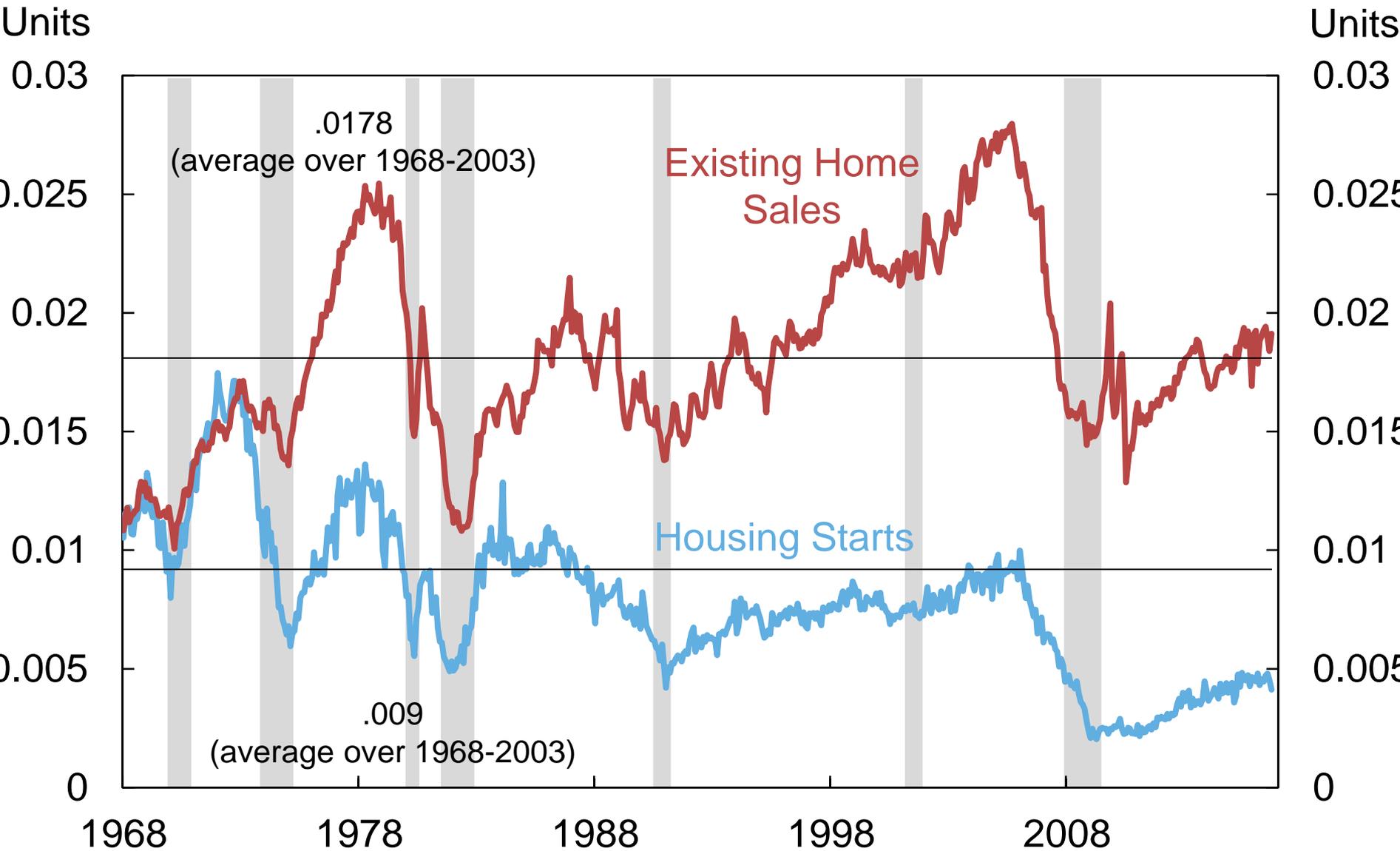
Consumer Debt by Credit Score

% Change – Year to Year

% Change – Year to Year



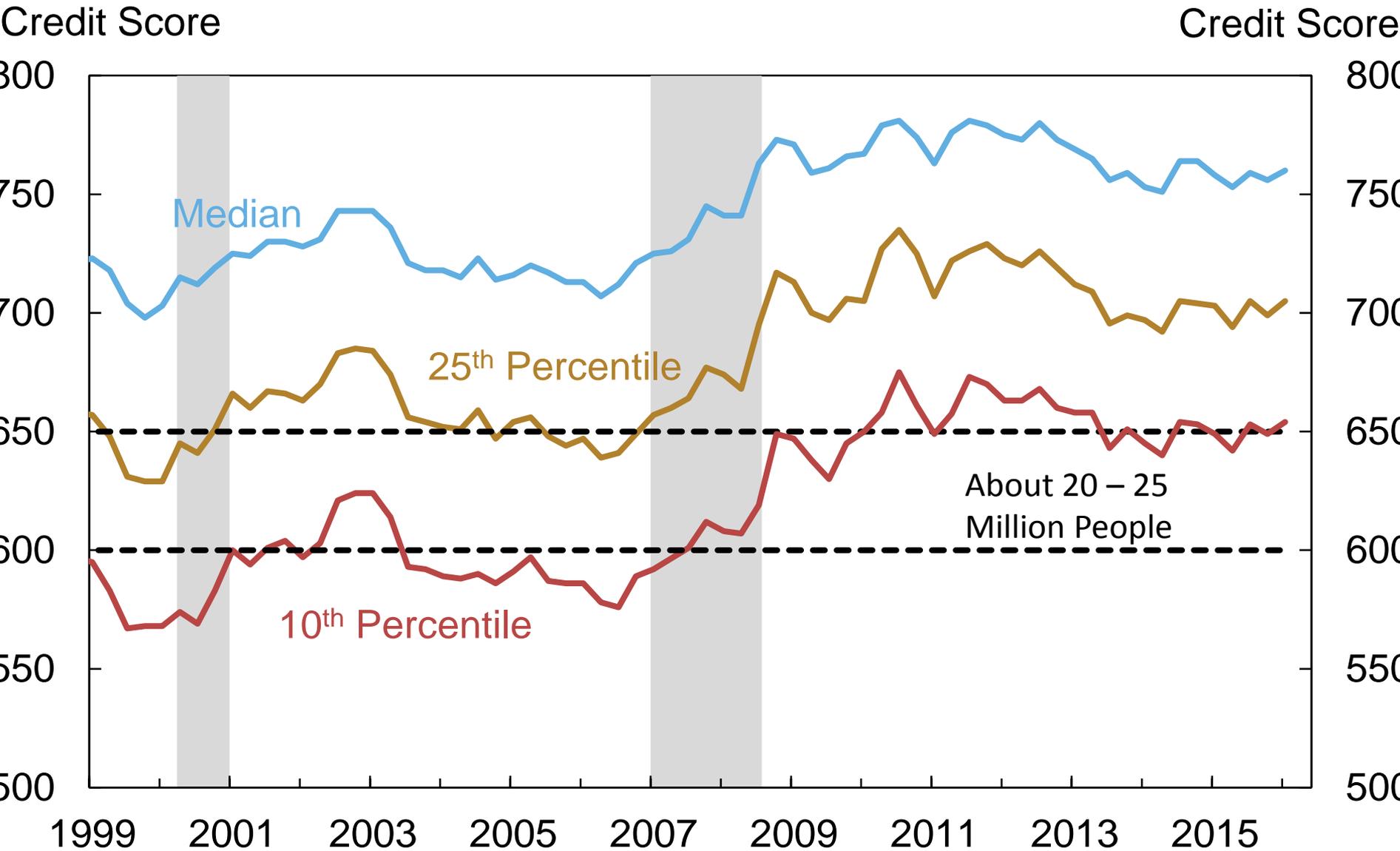
Housing Starts and Existing Homes Sales Per Capita



Source: BLS, Census Bureau, NAR

Note: Shading shows NBER recessions.

Credit Score at Mortgage Origination: All First Mortgages



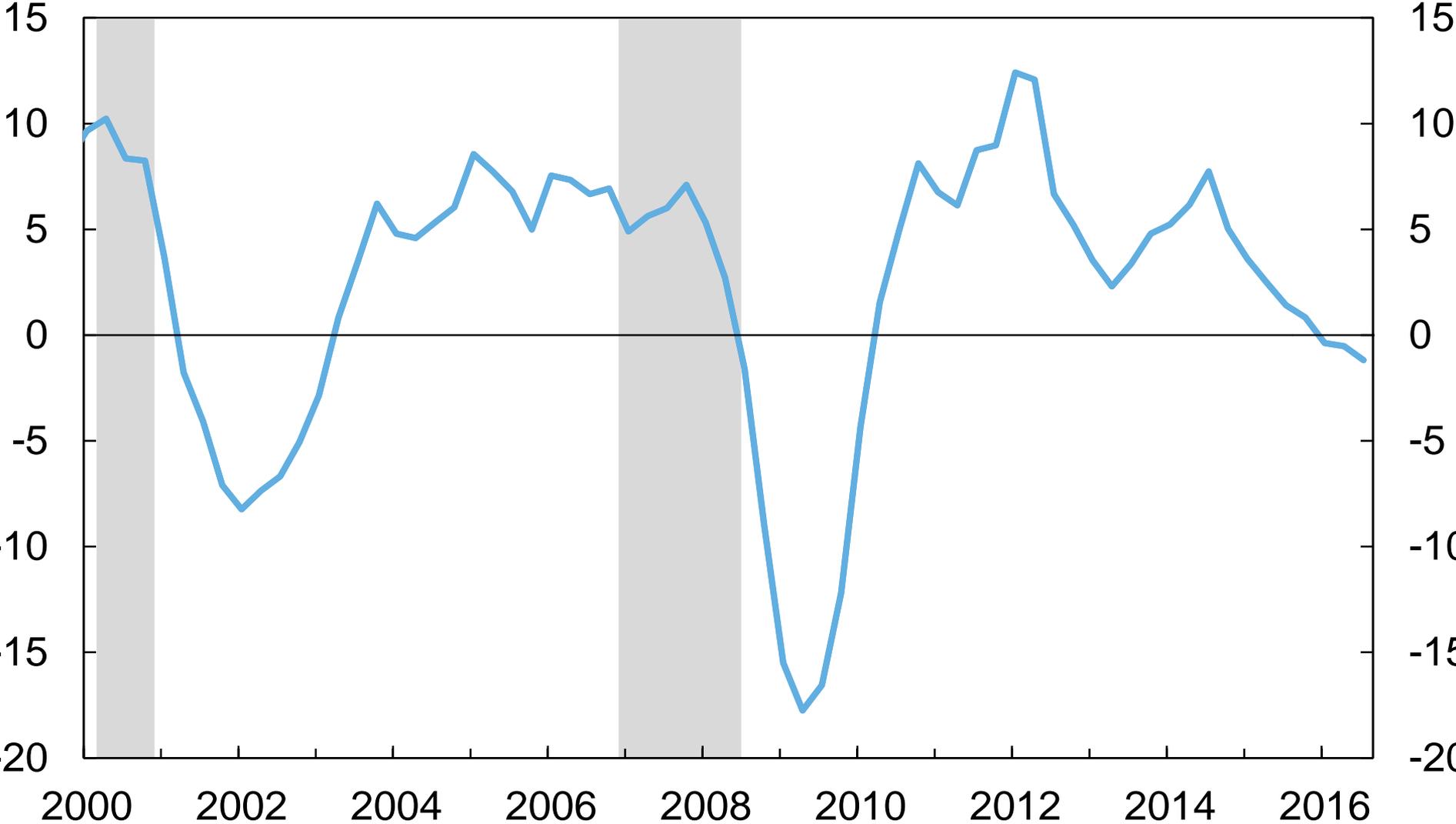
Source: FRBNY / Consumer Credit Panel

Note: Shading shows NBER recessions.

Real Business Fixed Investment

4Q % Change

4Q % Change



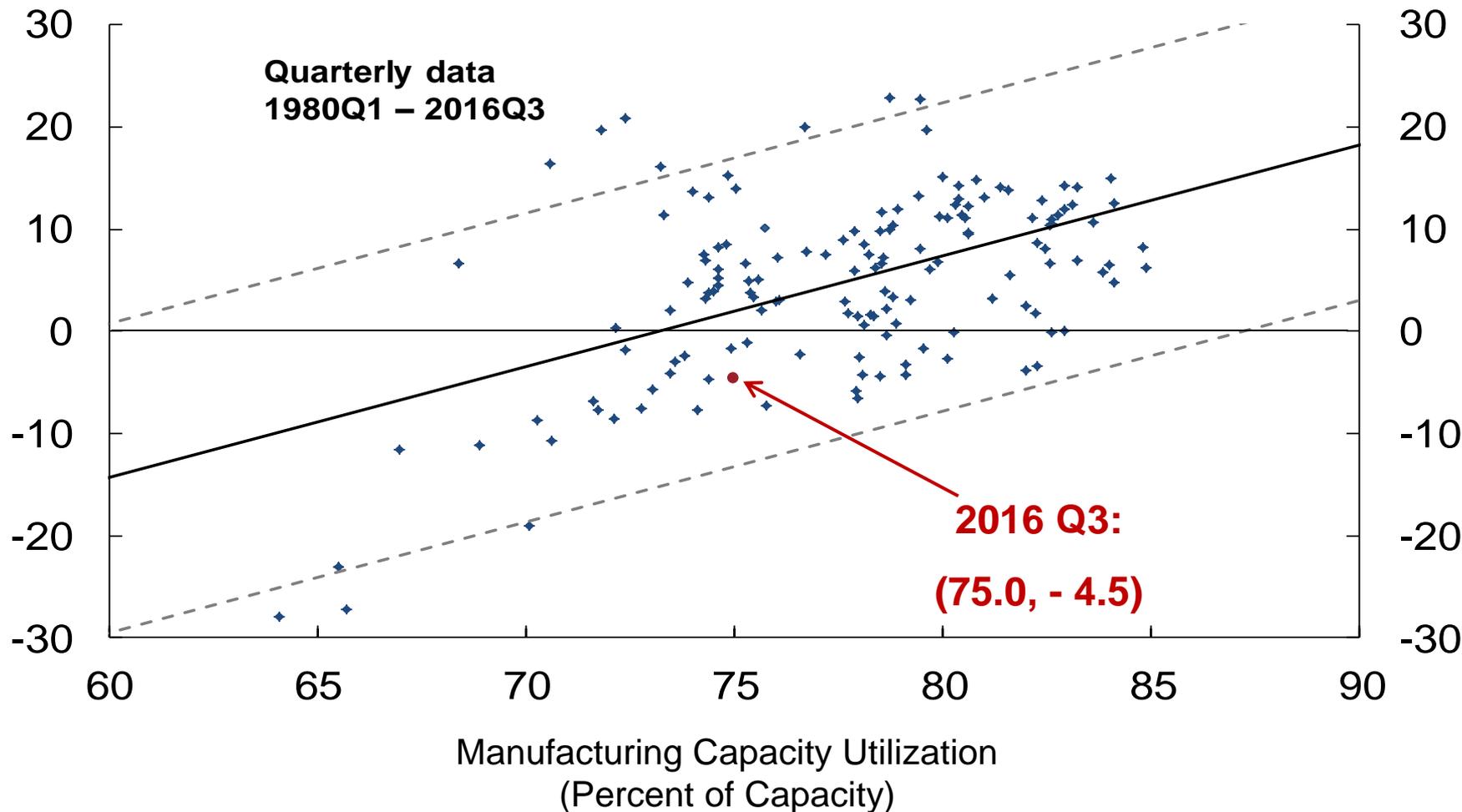
Source: Bureau of Economic Analysis

Note: Shading shows NBER recessions.

Equipment Investment Spending and Capacity Utilization

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

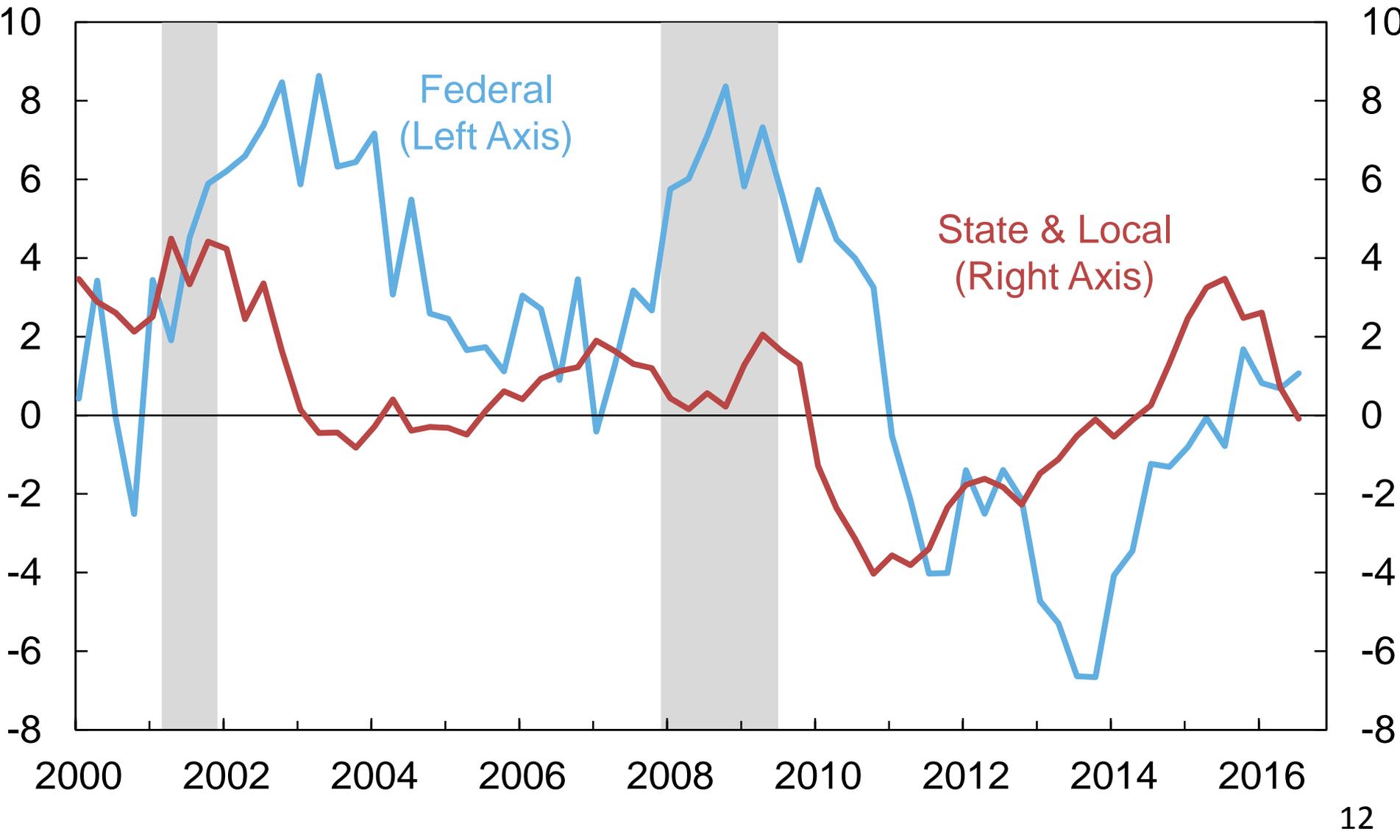
Real Business Investment in New Equipment
(% Change – Year to Year)



Real Government Consumption and Gross Investment

4 Quarter % Change

4 Quarter % Change



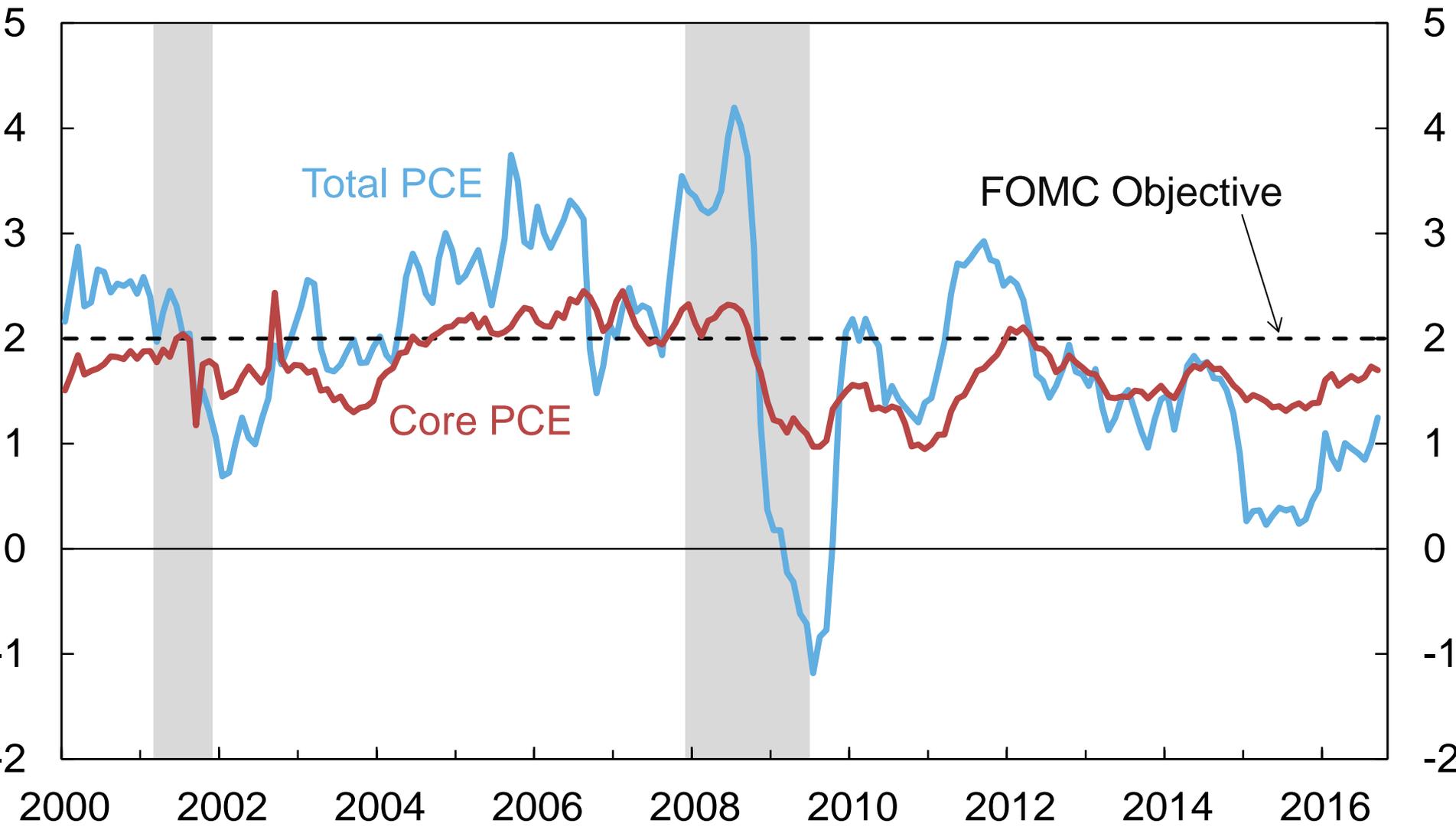
Source: Bureau of Economic Analysis

Note: Shading shows NBER recessions.

PCE Deflator

12 Month % Change

12 Month % Change



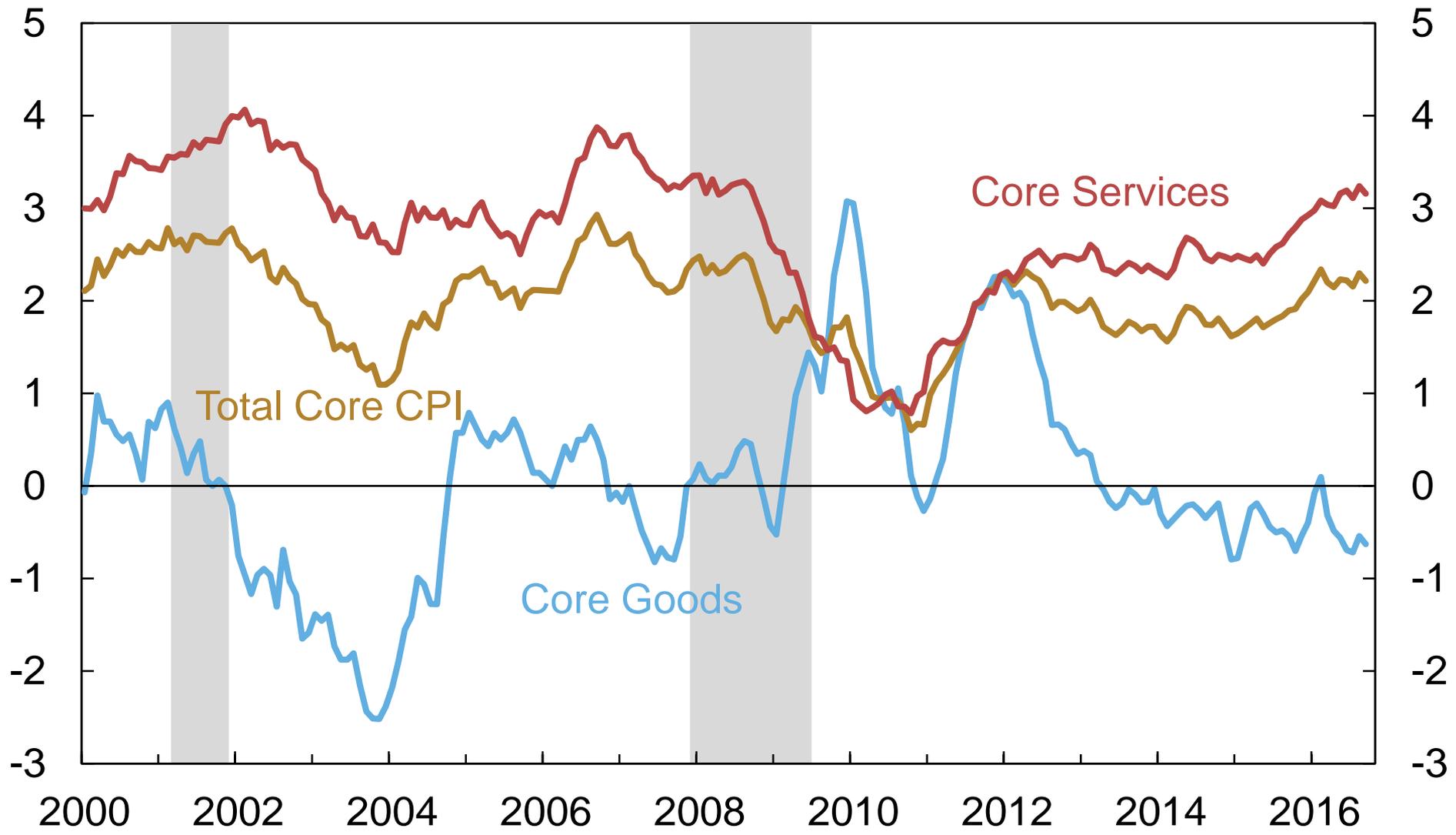
Source: Bureau of Economic Analysis, via Haver Analytics

Note: Shading shows NBER recessions.

CPI Inflation: Core Goods and Core Services

12 Month % Change

12 Month % Change



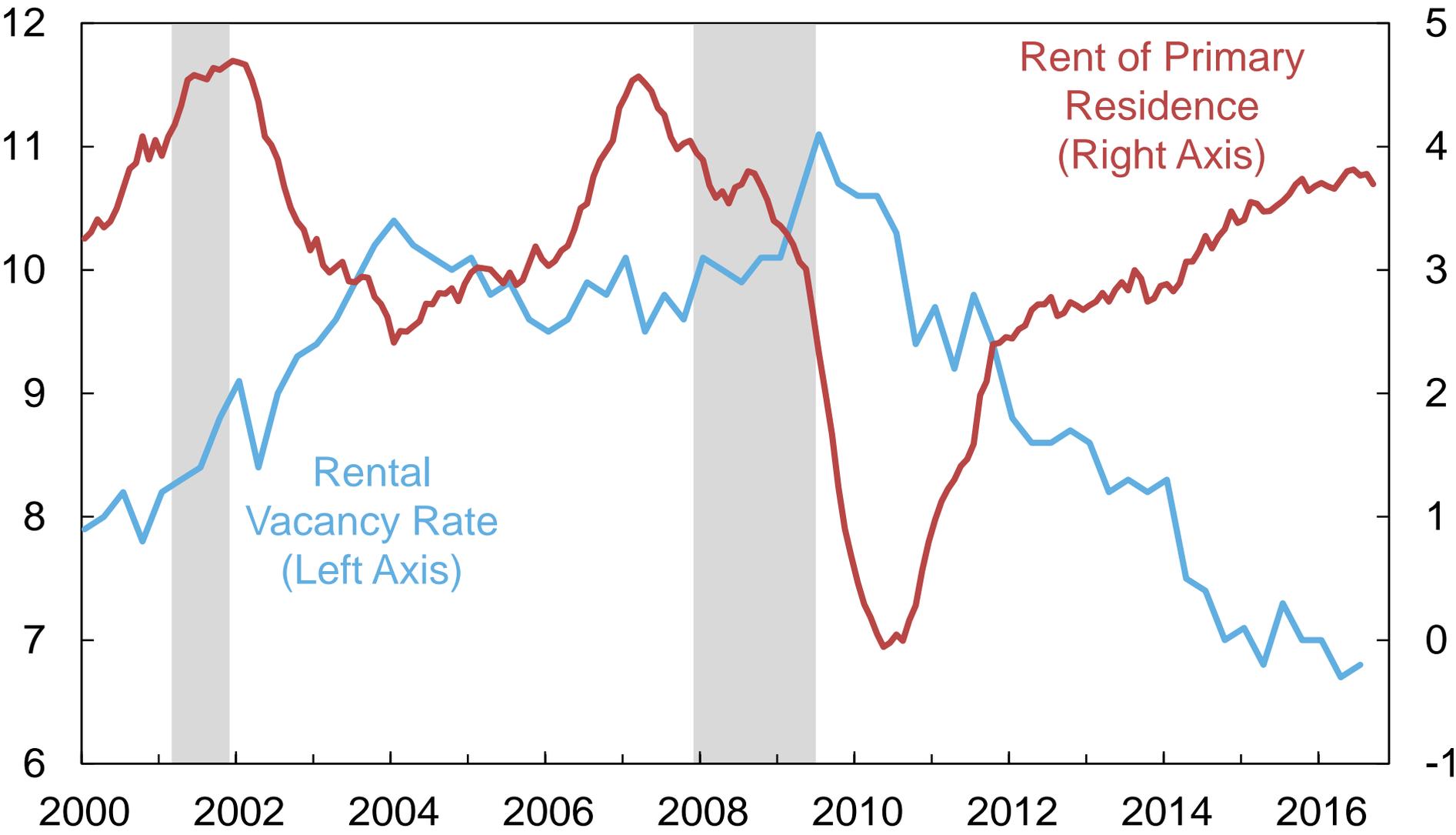
Source: Bureau of Labor Statistics

Note: Shading shows NBER recessions.

Rental Vacancy Rate and Rent of Primary Residence

Percent

12 Month % Change



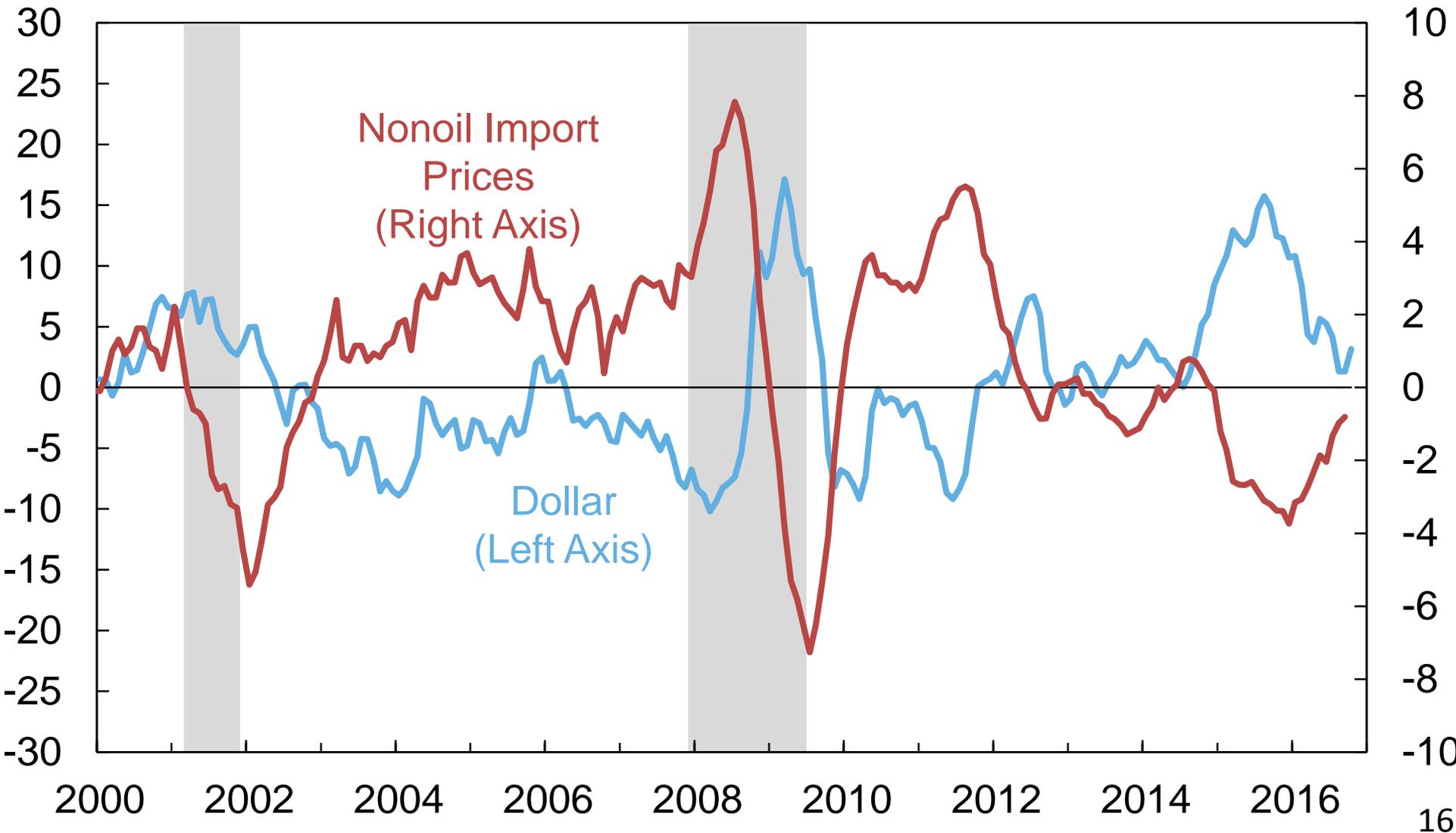
Source: Census Bureau, BLS

Note: Shading shows NBER recessions.

Dollar Exchange Rate and Nonoil Import Prices

12 Month % Change

12 Month % Change



Source: Federal Reserve Board, Bureau of Labor Statistics via Haver Analytics

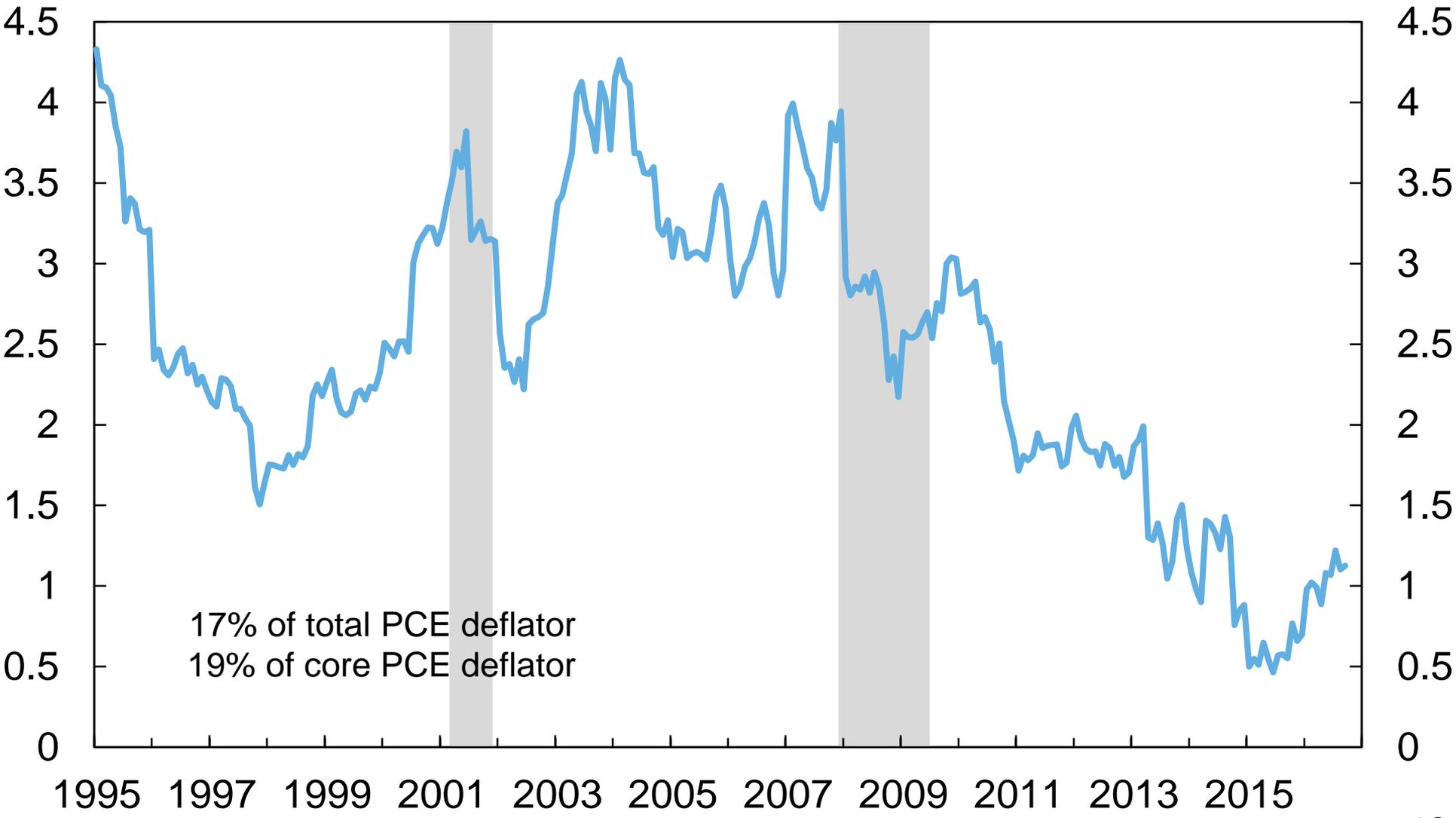
Note: Shading shows NBER recession and dollar is Board's trade-weighted measure.

Reference Charts

Personal Consumption Expenditures: Health Care Price Index

12 Month % Change

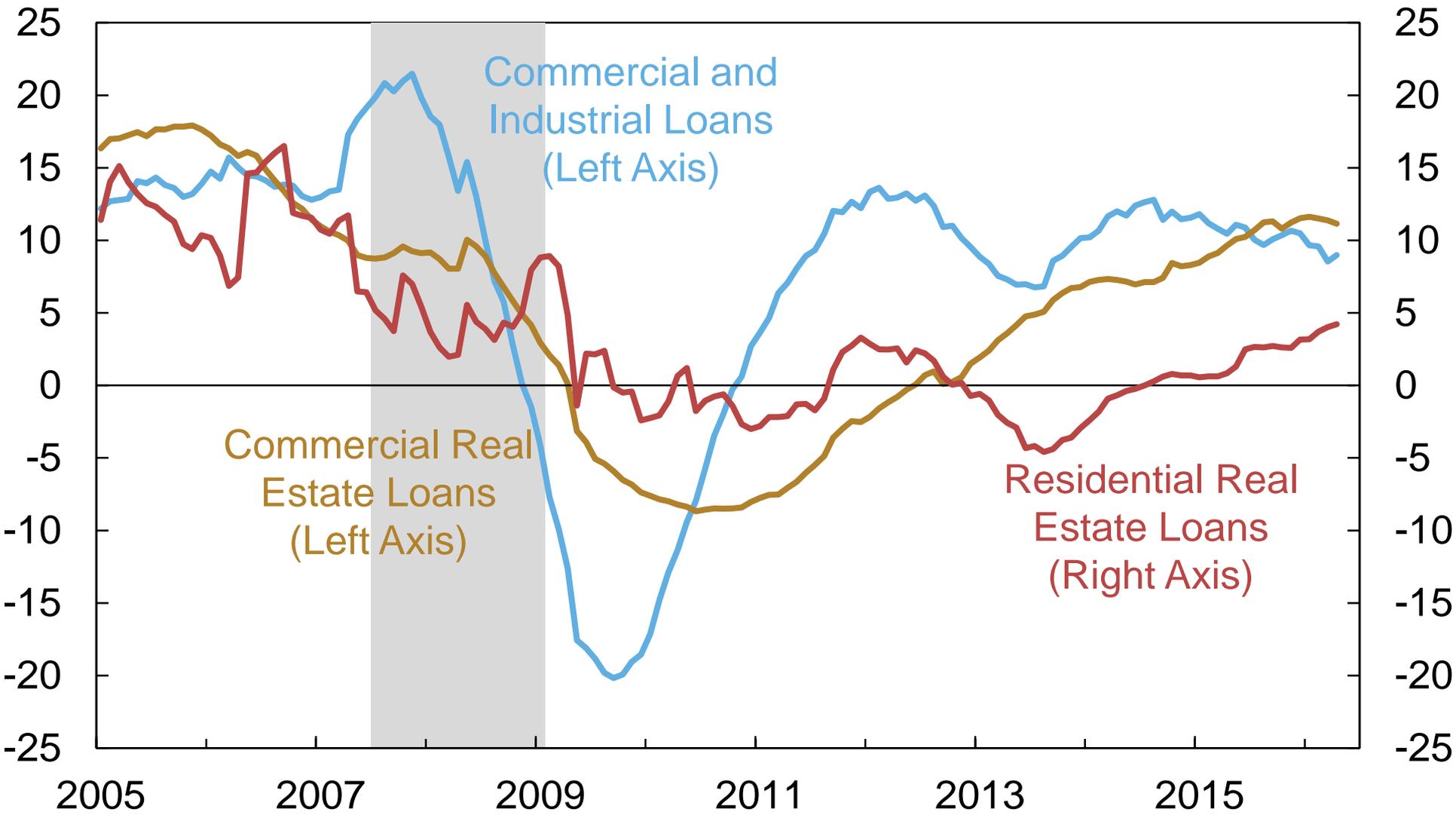
12 Month % Change



Bank Assets: Domestically and Foreign Chartered Banks

% Change Year-to-Year

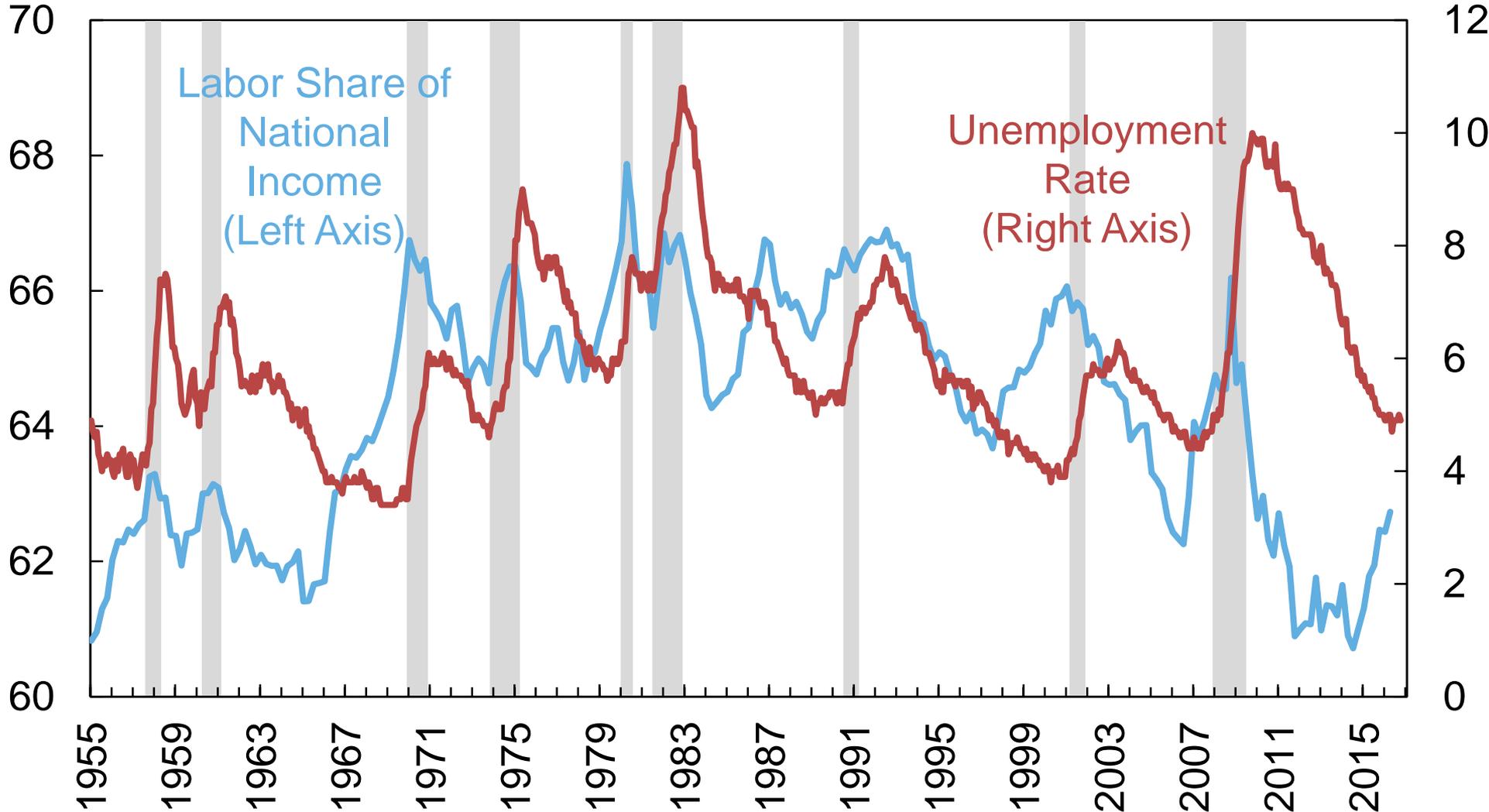
% Change Year-to-Year



Labor Share of National Income and Unemployment Rate

Percent

Rate



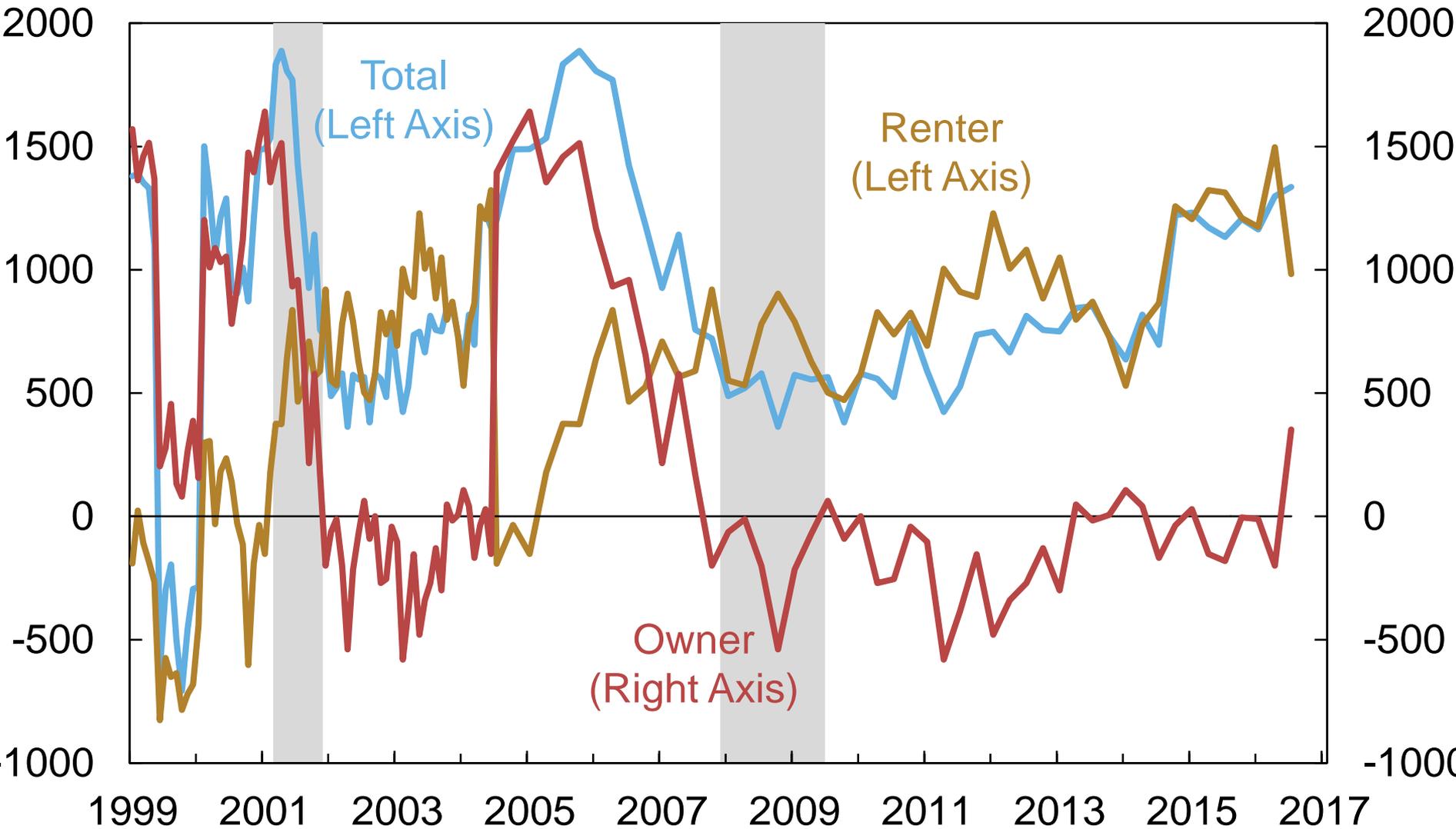
Source: Bureau of Economic Analysis,
Bureau of Labor Statistics

Note: Shading shows NBER recessions.

Household Formations

2 Year Avg. Change

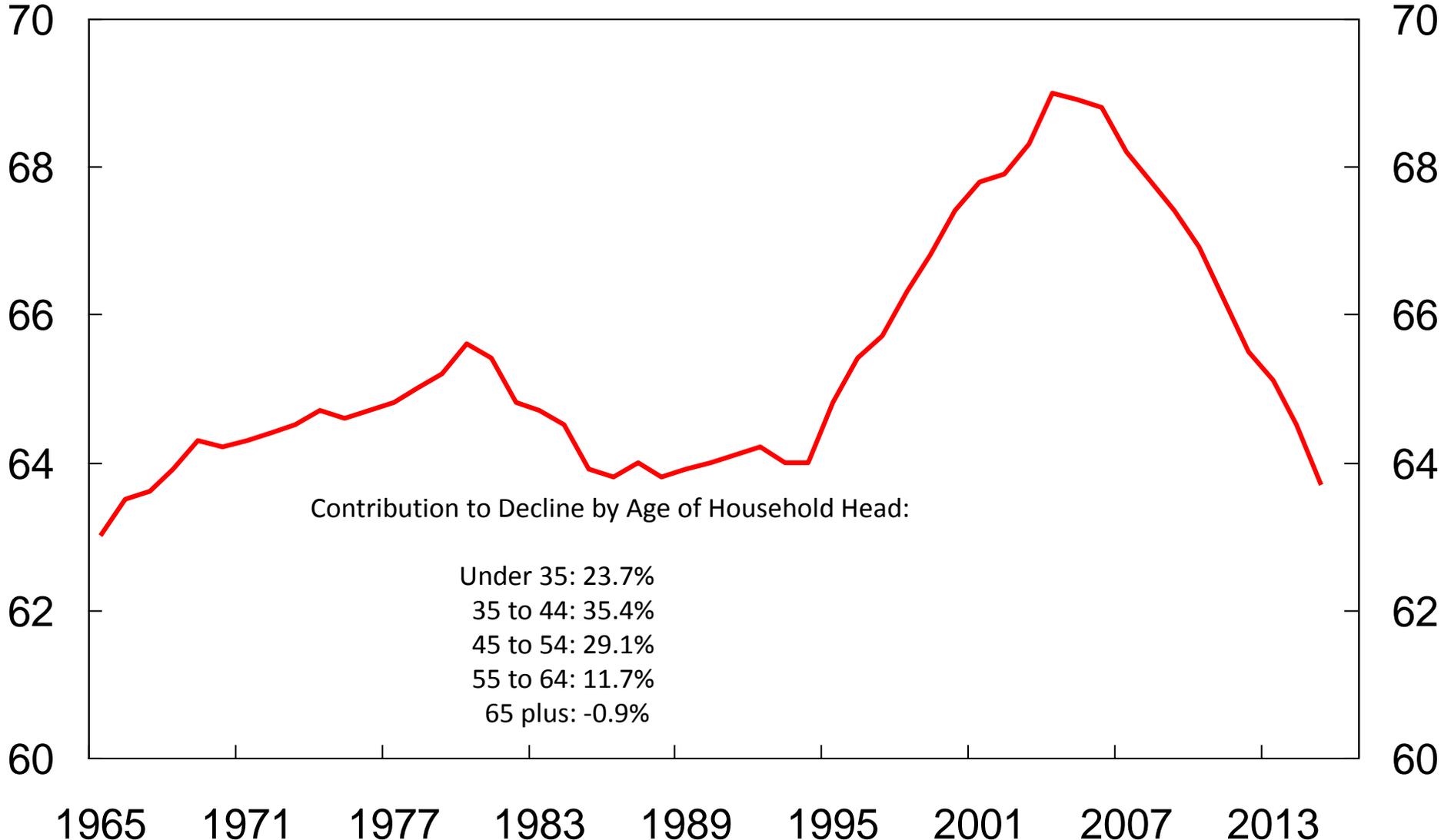
2 Year Avg. Change



Aggregate Homeownership Rate*

Percent

Percent



Contribution to Decline by Age of Household Head:

Under 35: 23.7%

35 to 44: 35.4%

45 to 54: 29.1%

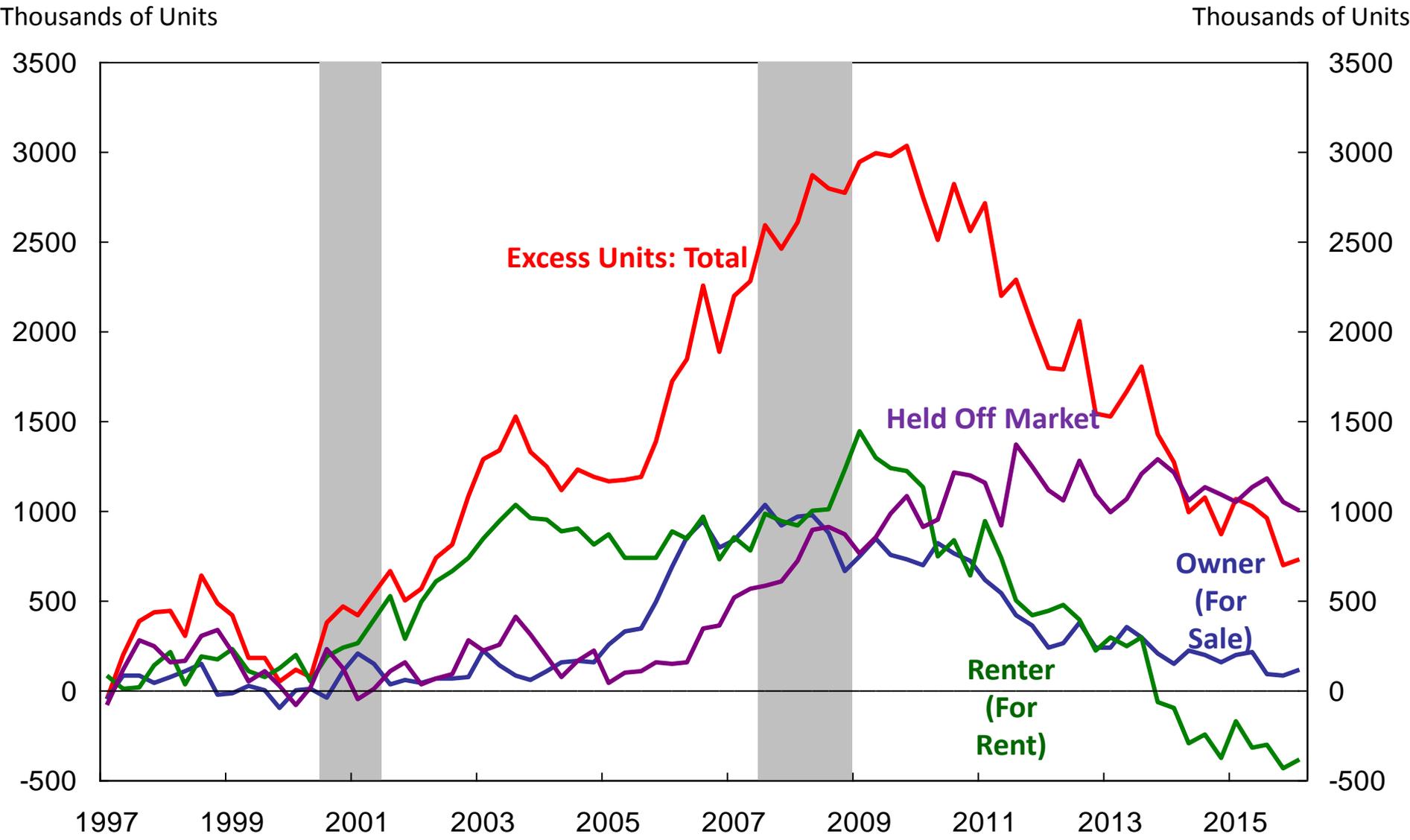
55 to 64: 11.7%

65 plus: -0.9%

*Owner-occupied housing units divided by total occupied housing units.

Source: Census Bureau

Excess Supply of Housing



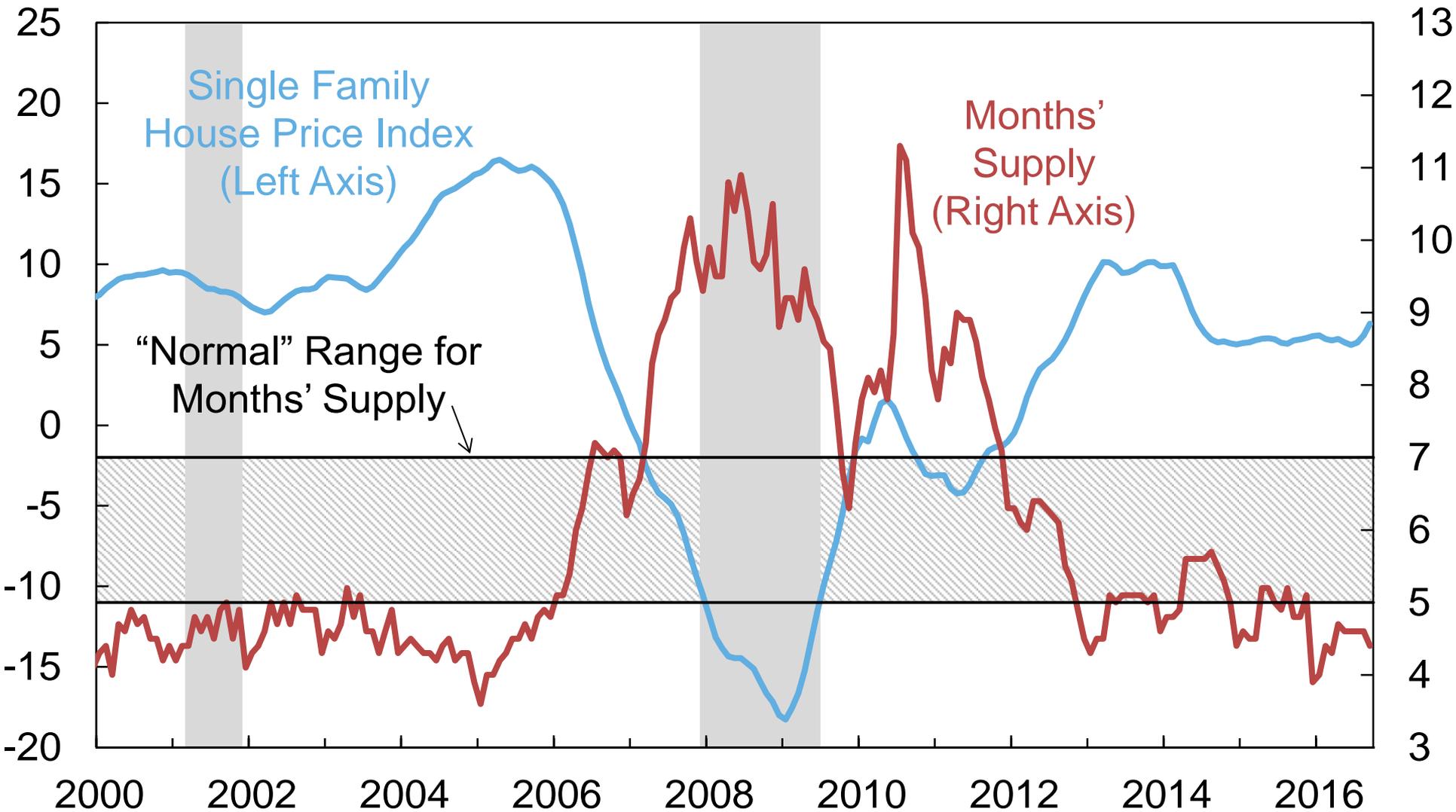
Source: US Bureau of the Census, Housing Vacancy Survey, and author's calculations.

Note: Shading represents NBER recessions.

Single Family Housing Market

12 Month % Change

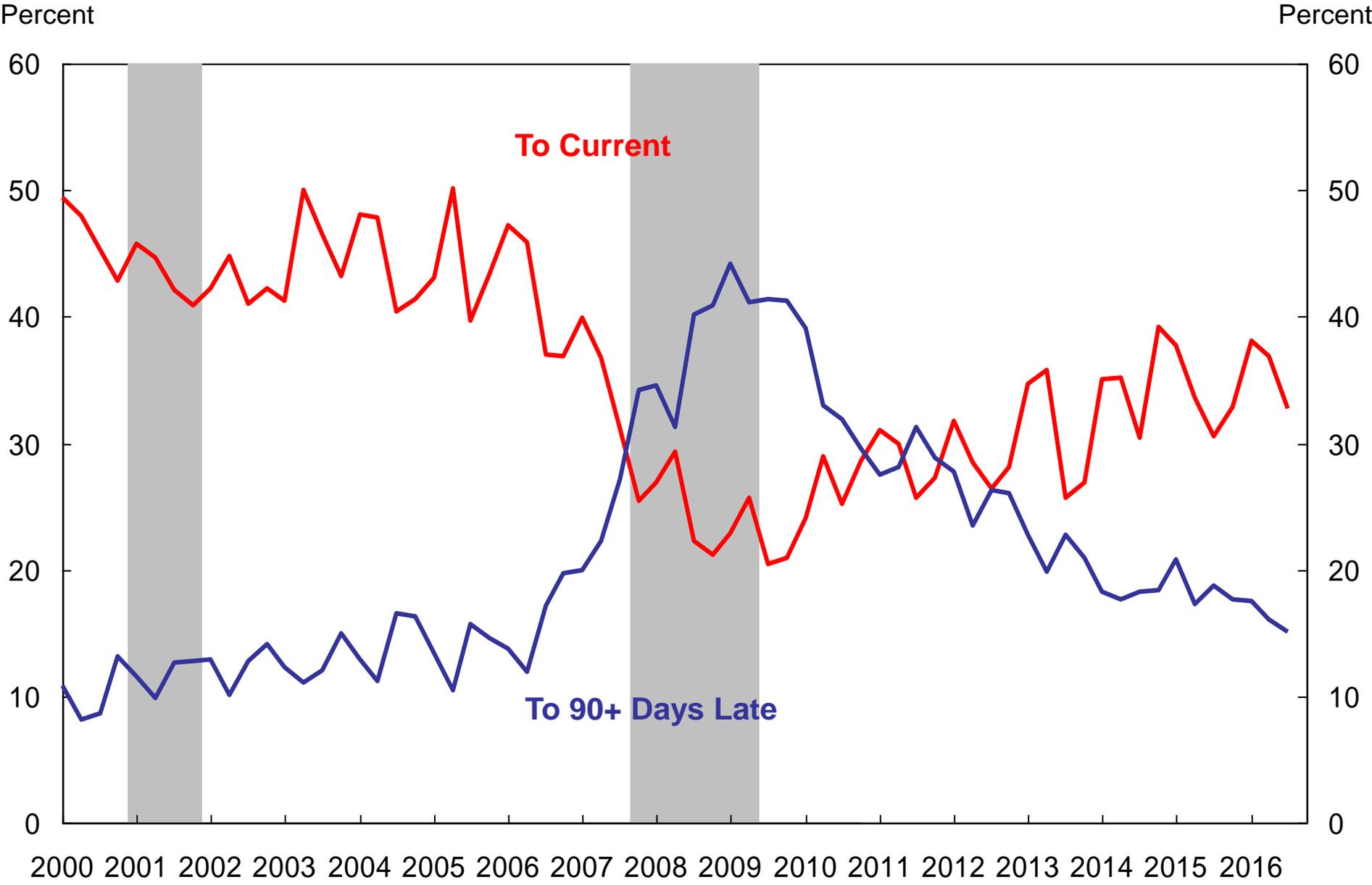
Months



Source: CoreLogic, National Association of Realtors, via Haver Analytics

Note: Shading shows NBER recessions.

Transition of Mortgage Accounts from 30-60 Days Late

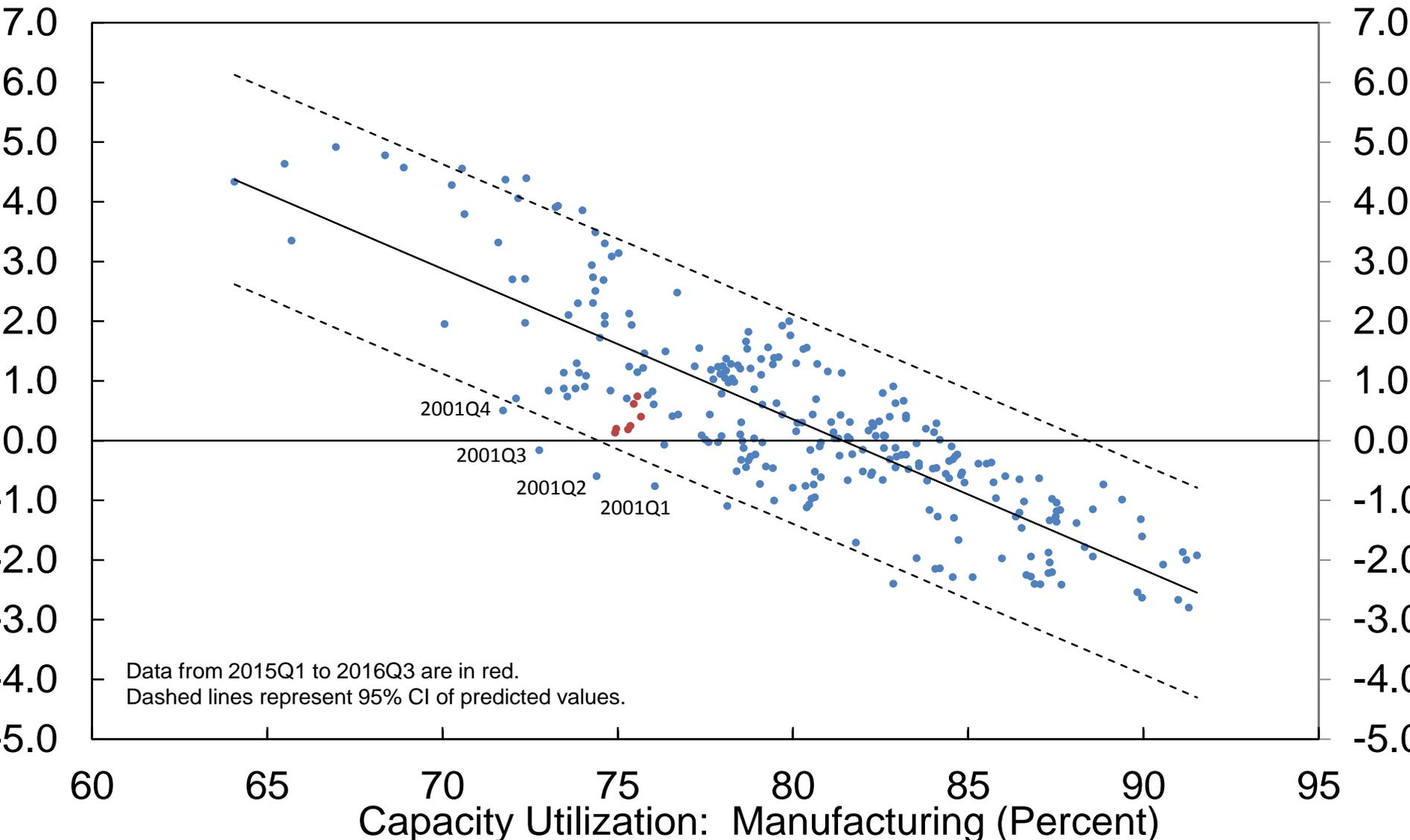


Source: FRBNY Consumer Credit Panel

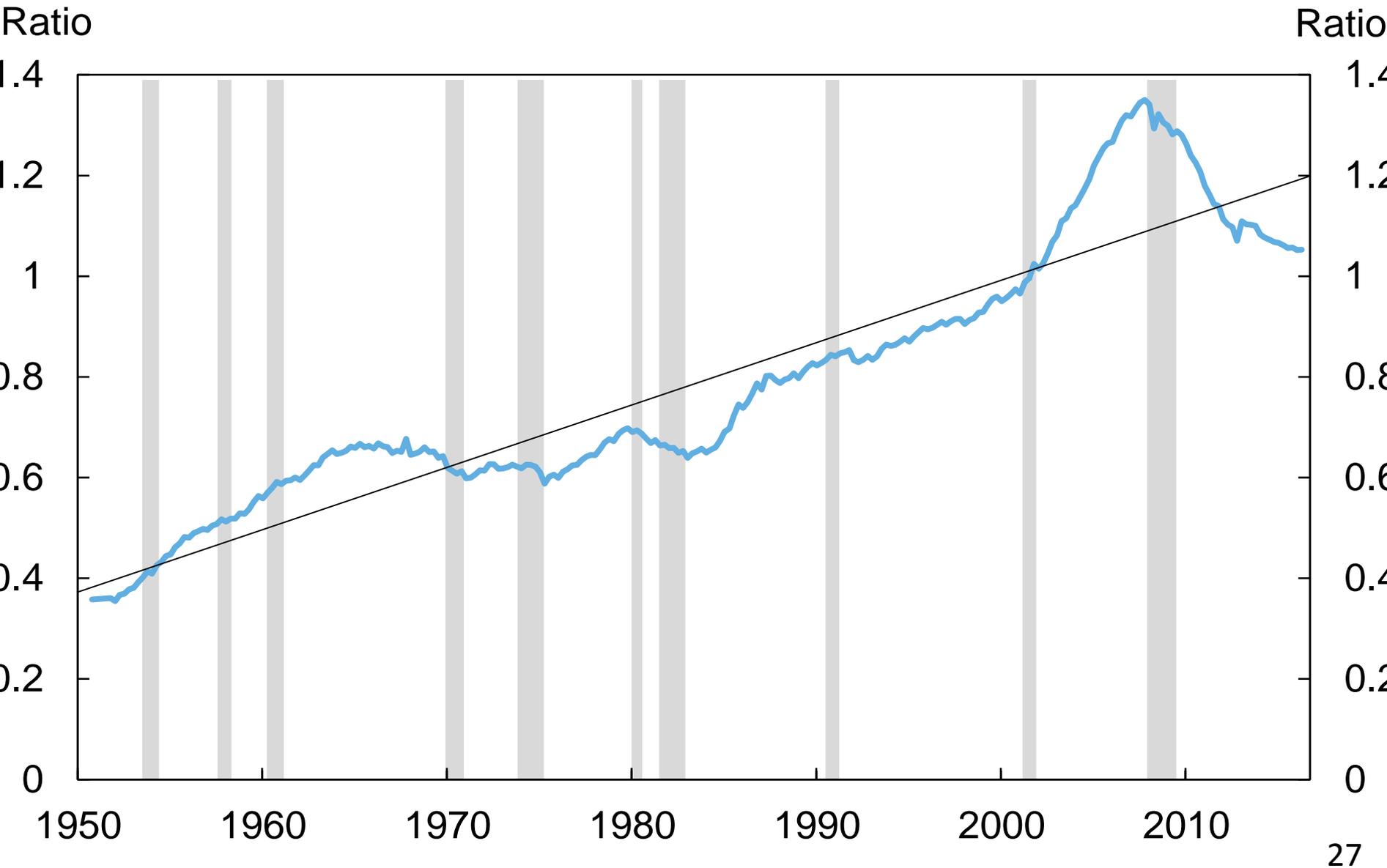
Unemp. Rate – CBO NAIRU vs. Capacity Utilization

PPT Difference (Unemp. Rate – NAIRU)

PPT Difference



Household Liabilities/Disposable Personal Income



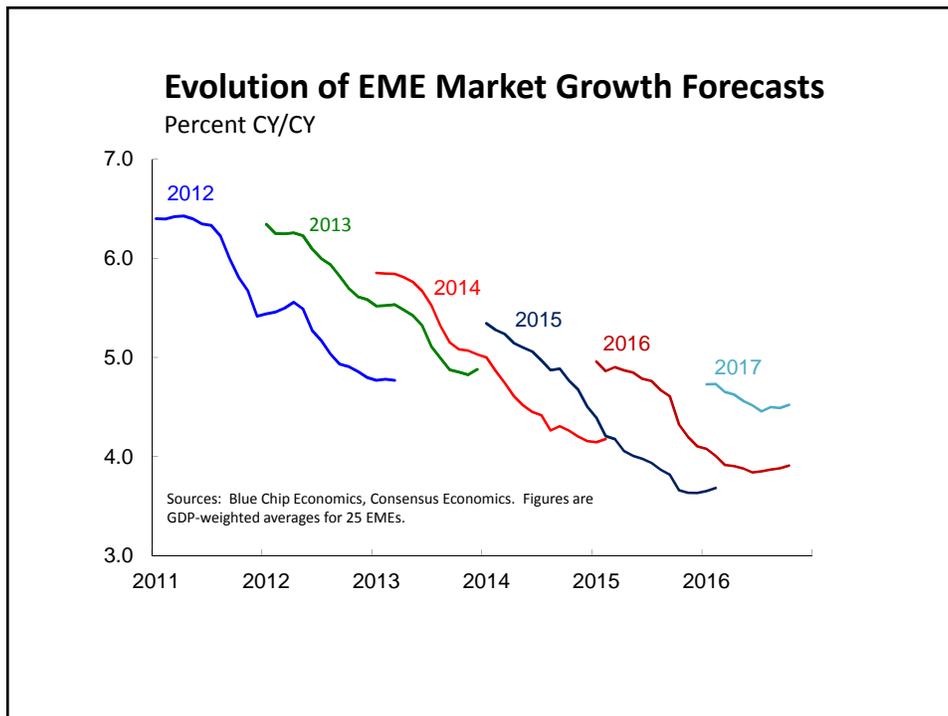
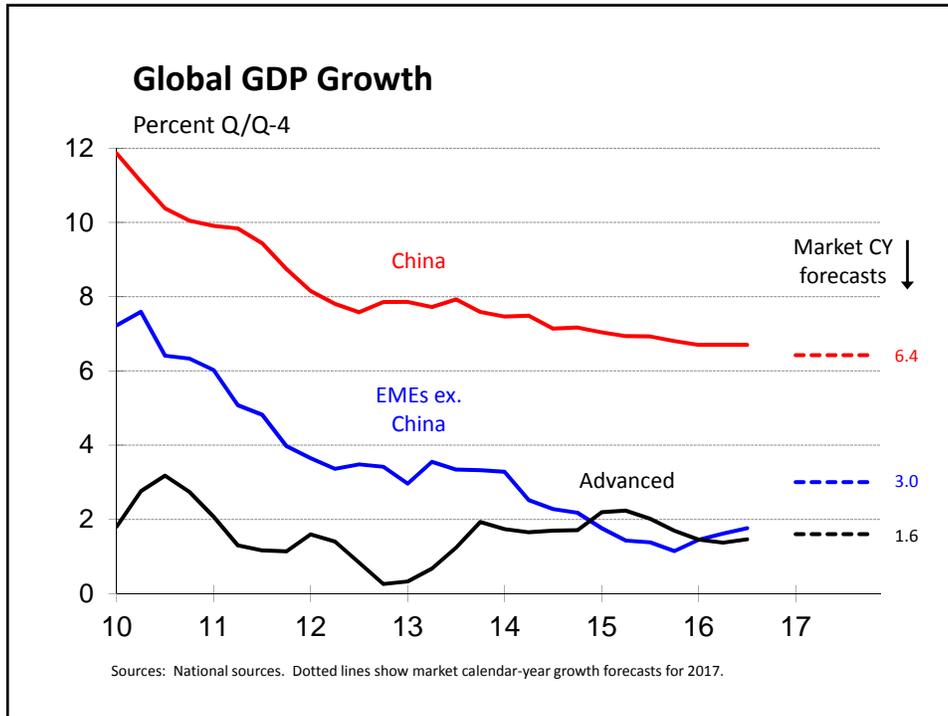
Source: Federal Reserve Board

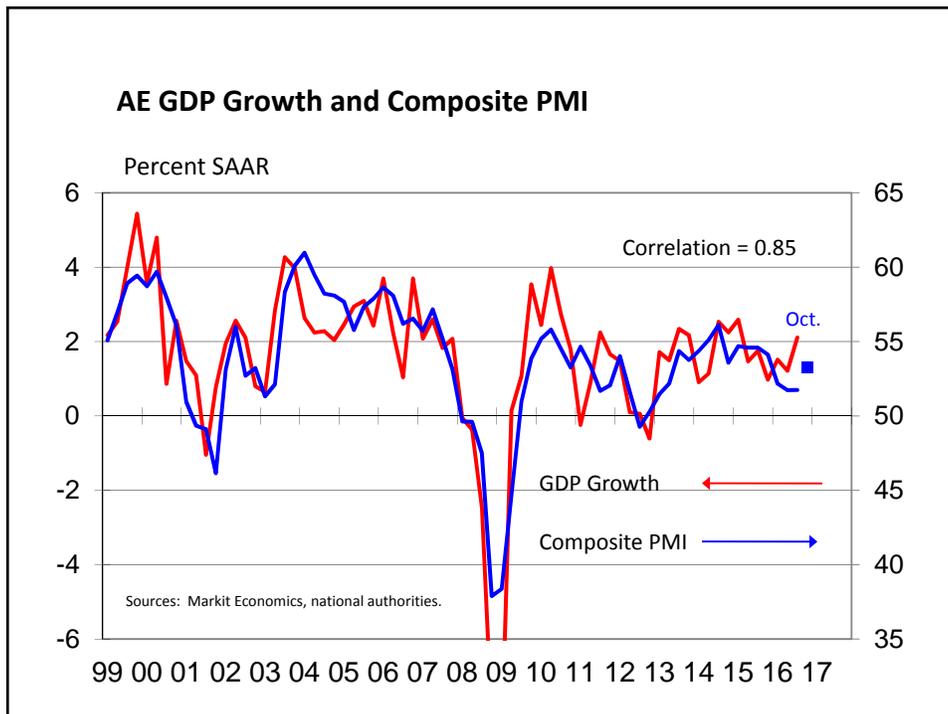
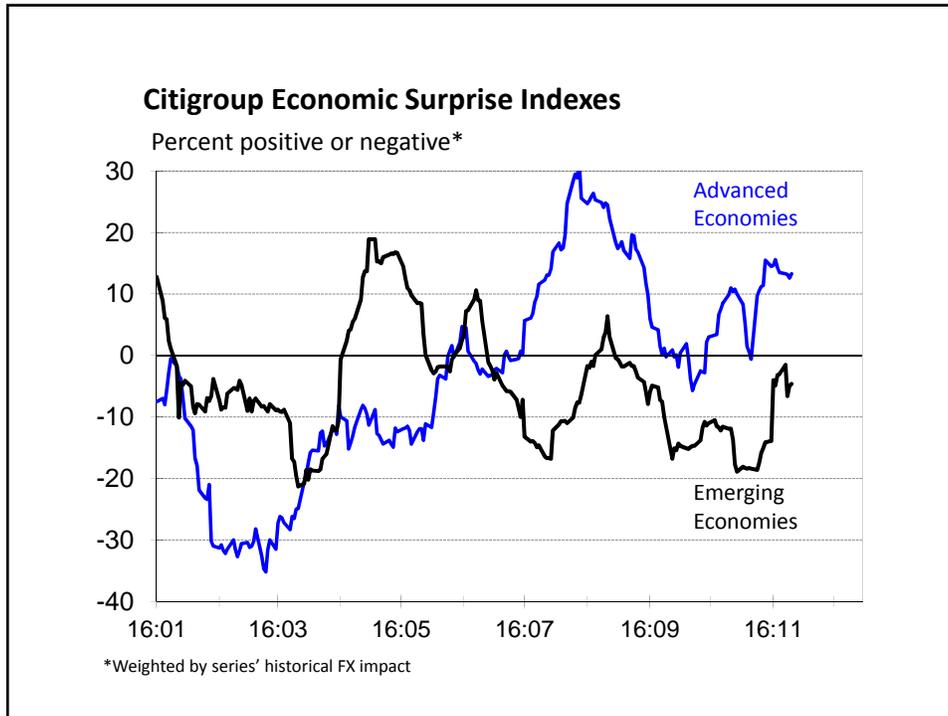
Note: Shading shows NBER recessions.

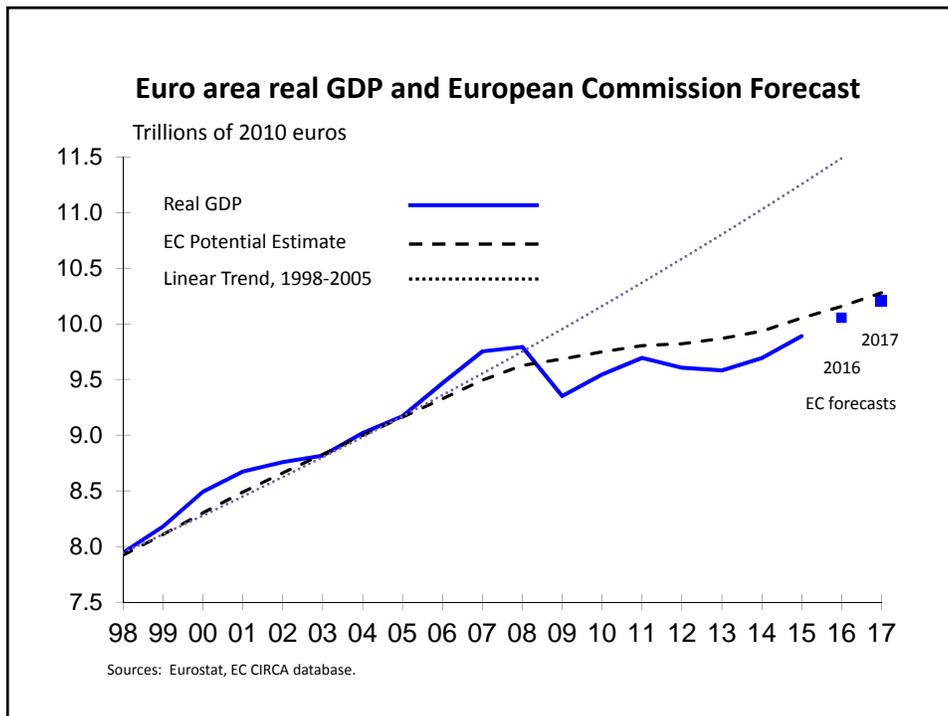
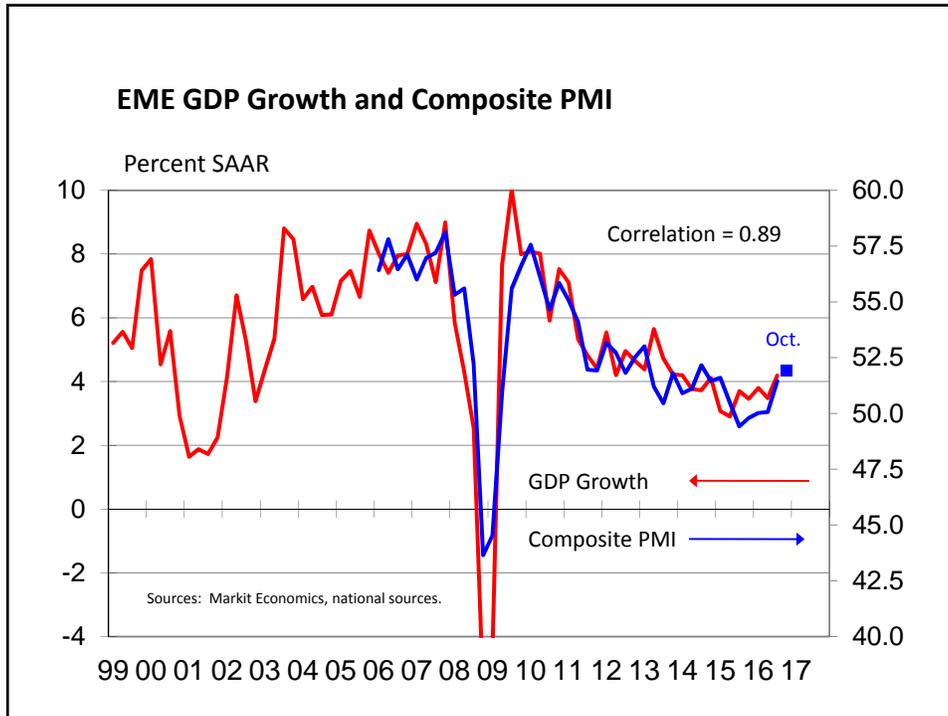


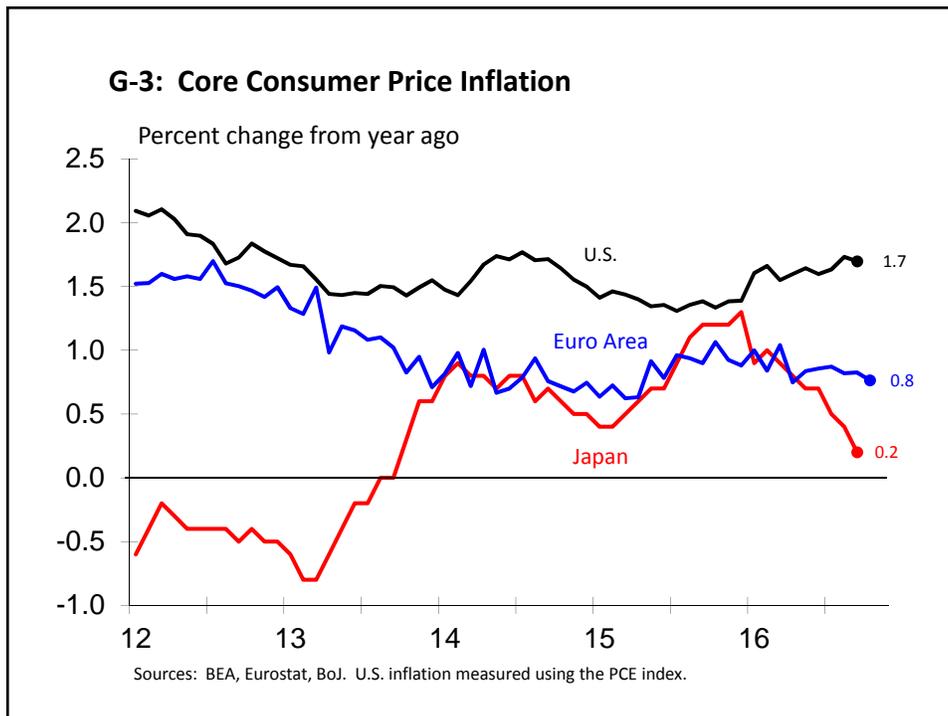
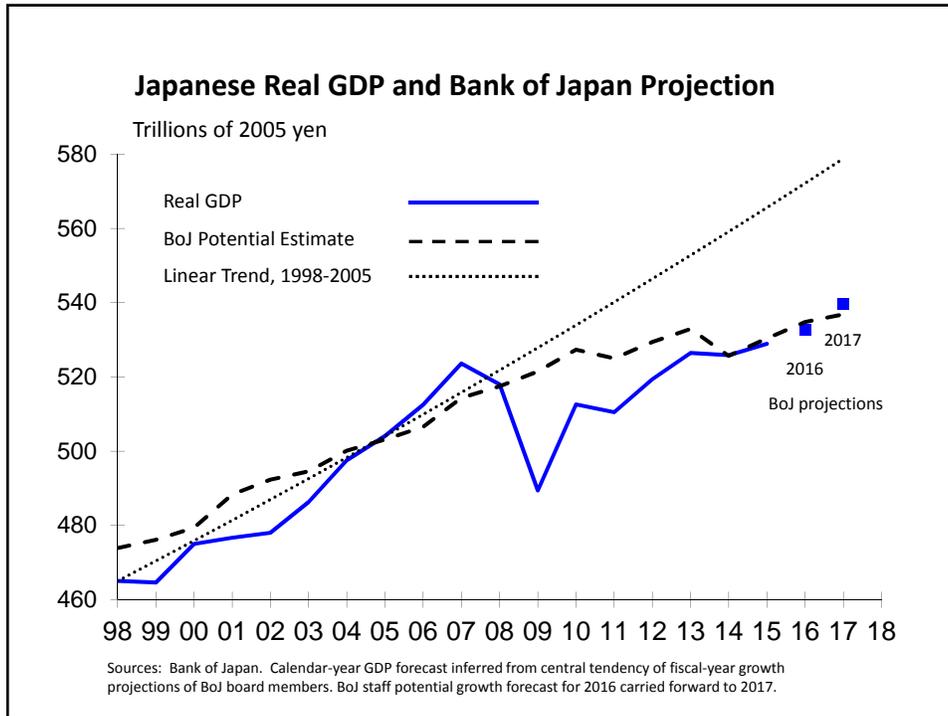
Roadmap

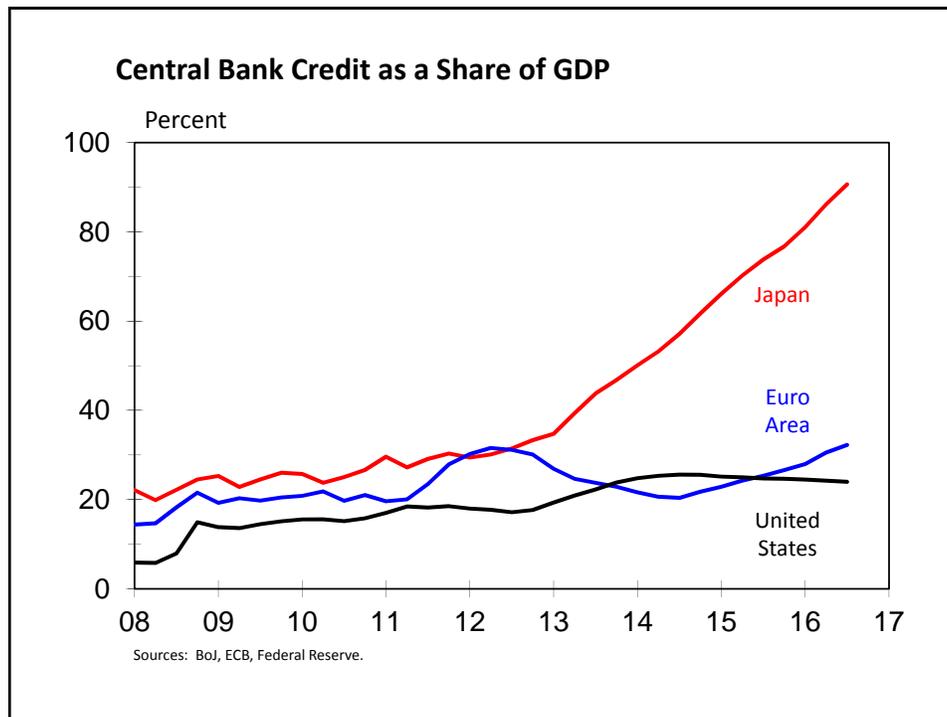
- Recent global economic performance
- Foreign advanced economies' struggle to escape "lowflation"
- Capital outflows and pressures on China's exchange rate
- U.S. international trade by geography and product type







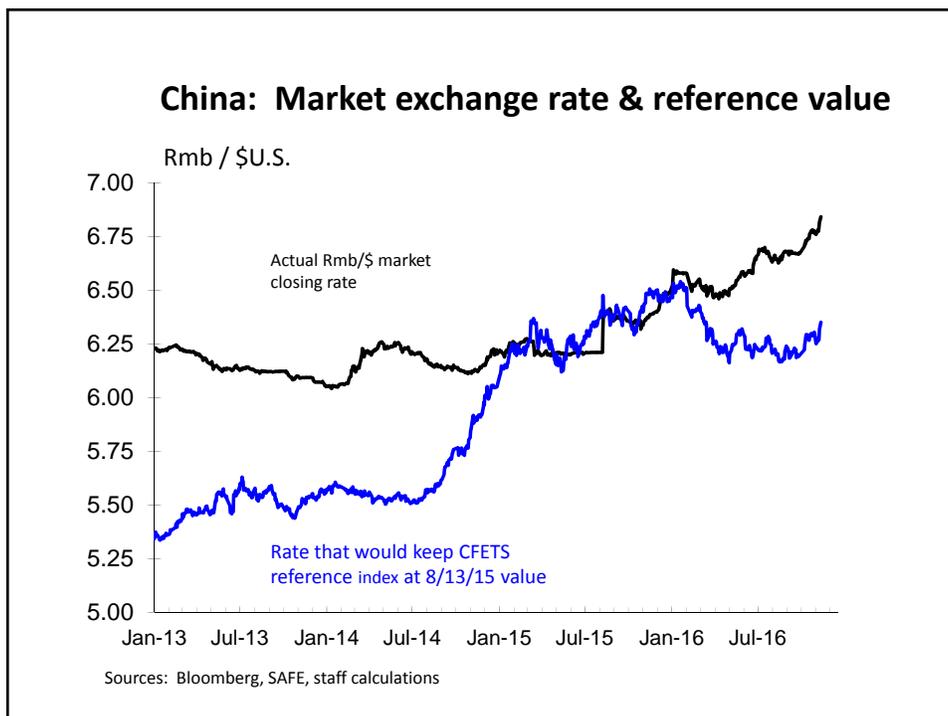
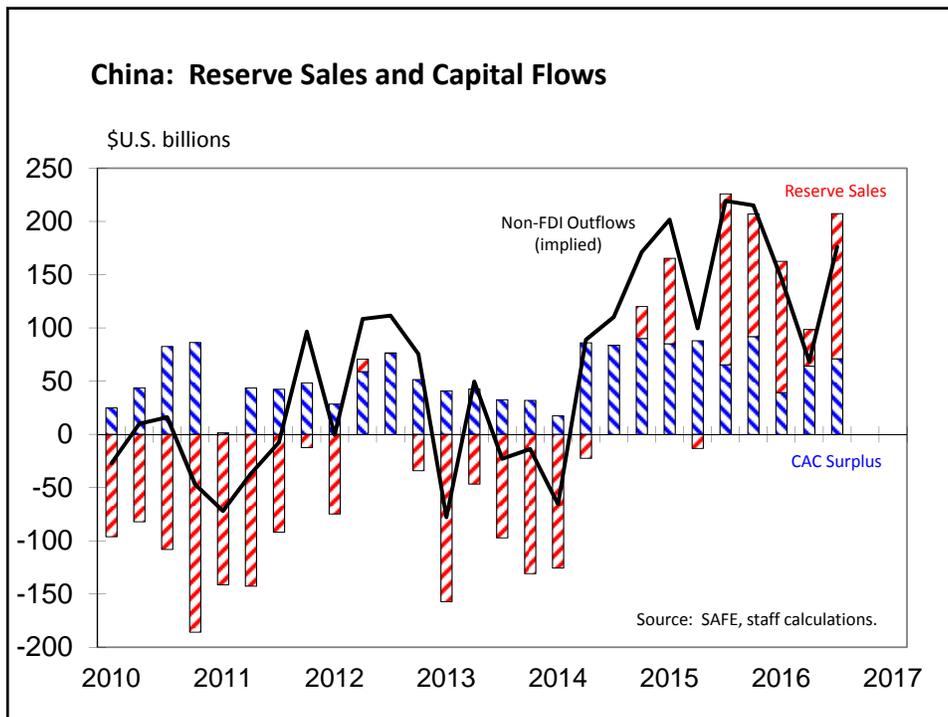




AE Core Inflation Performance with Negative Policy Rates

Country	Date Adopted	Initial Core Inflation	Current Core Inflation
Japan	January 2016	1.1	0.2
Sweden	February 2015	1.0	0.7
Switzerland	December 2014	0.4	-0.3
Denmark	September 2014	0.7	0.1
Euro Area	June 2014	0.8	0.8

Sources: National sources, OECD. Policy rates are as follows: Japan, marginal current account balances; Sweden, repo rate; Switzerland, 3-mo. LIBOR target; Denmark, CD rate; Euro Area, deposit rate.



U.S. Merchandise Trade Flows (\$U.S. bn.)

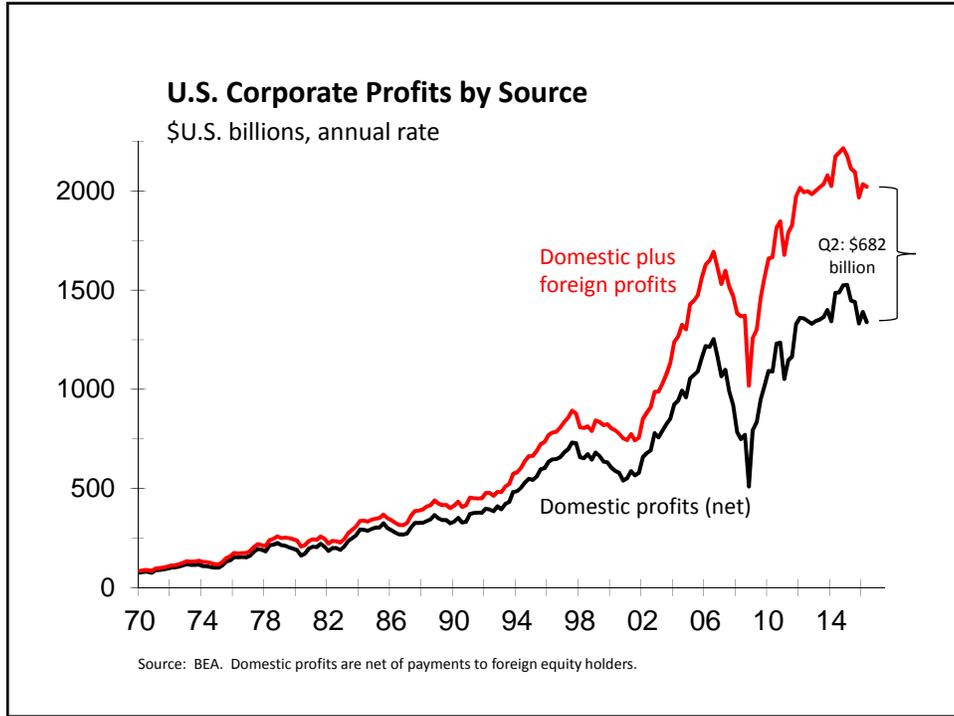
Country or Region	Exports	Imports	Balance
World	1,446	2,178	-733
Canada	269	277	-8
Mexico	231	294	-63
Euro area	201	329	-128
Asia ex. China, Japan	189	278	-89
South America	132	106	26
China	112	461	-350
OPEC	71	60	11
Japan	61	130	-69
Europe ex. EMU, UK	61	102	-41
United Kingdom	56	53	3
Miscellaneous	64	88	-24

Source: U.S. Census Bureau. Figures are for the 12 months through September 2016, and at customs values.

U.S. Merchandise Trade by End-Use (\$U.S. bn.)

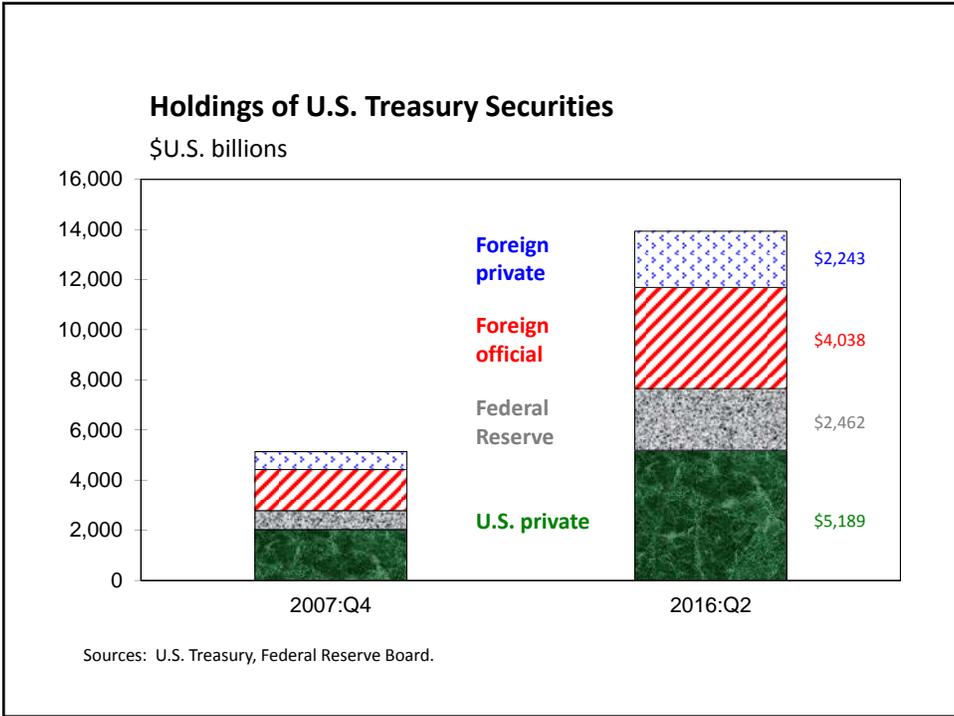
Country or Region	Exports	Imports	Balance
Total	1,449	2,173	-724
Capital Goods	520	583	-63
Industrial Supplies	392	433	-42
Petrol. & Gas Products	92	148	-56
Consumer Goods	194	583	-389
Motor Vehicles & Parts	151	350	-199
Food, Feeds and Bev.	132	128	3
Miscellaneous	61	96	-34

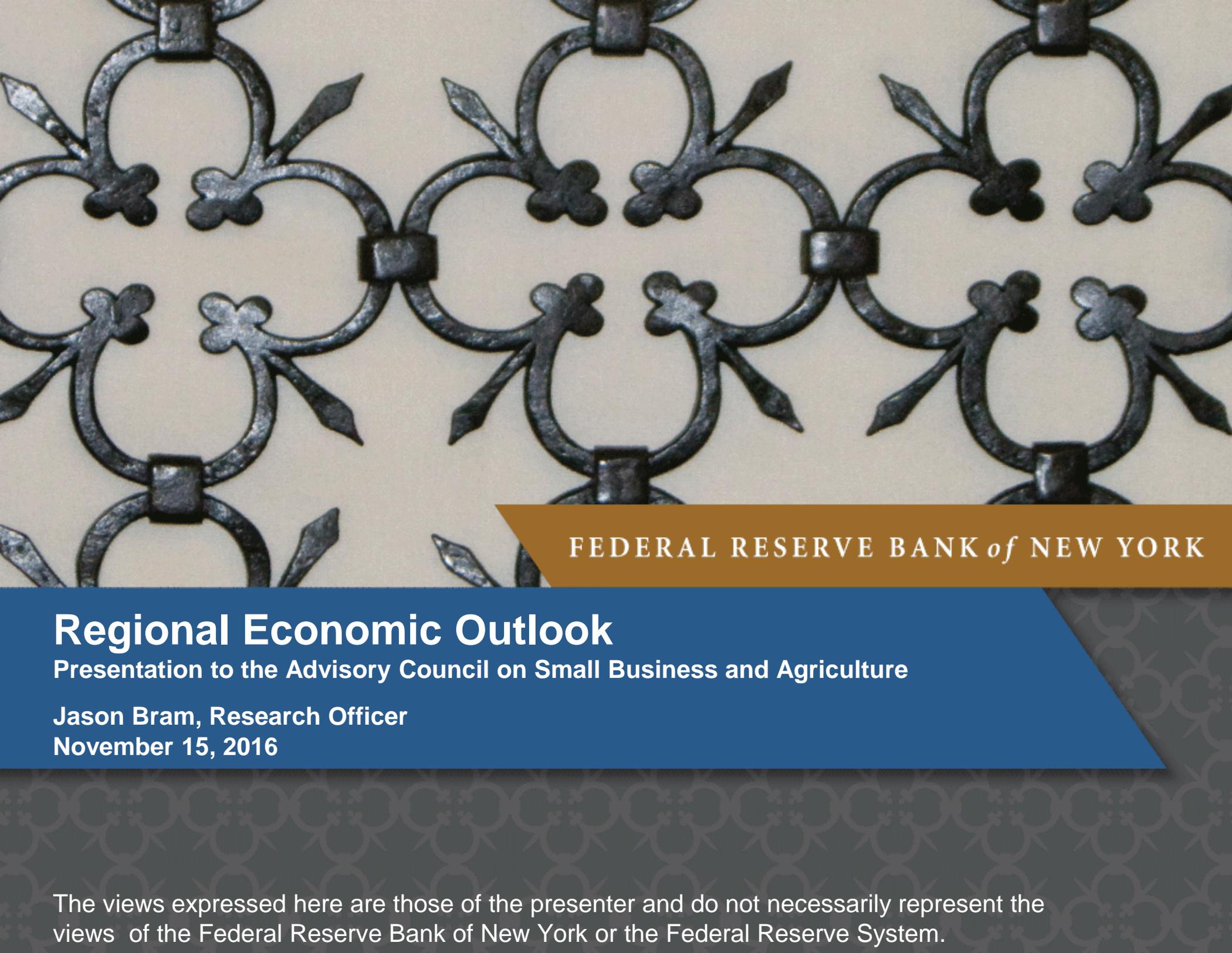
Source: U.S. Census Bureau. Figures are for the 12 months through Sep. 2016, at customs value. Consumer goods are ex. food and autos.



Reference Charts







FEDERAL RESERVE BANK *of* NEW YORK

Regional Economic Outlook

Presentation to the Advisory Council on Small Business and Agriculture

Jason Bram, Research Officer

November 15, 2016

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.

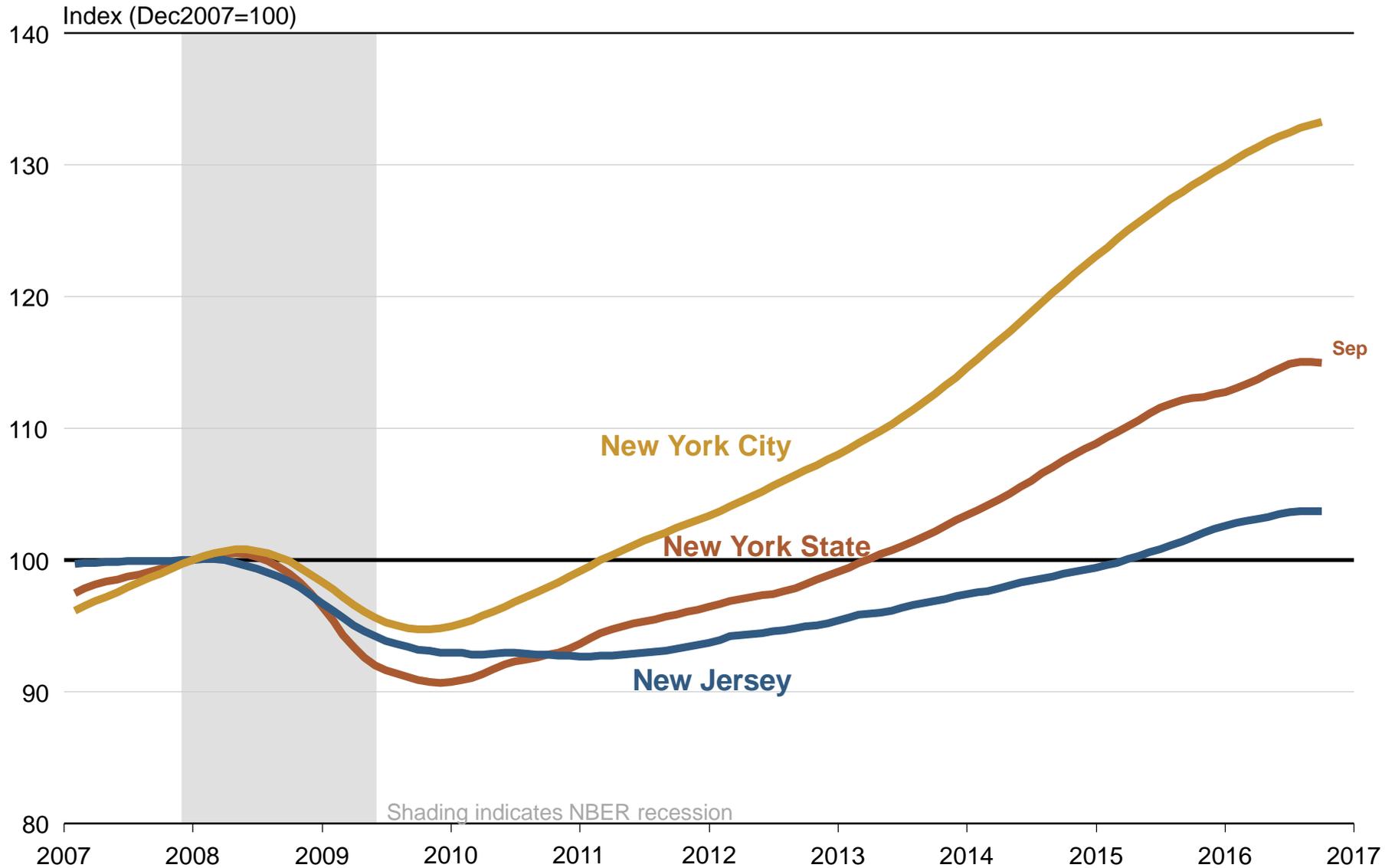
Overview of Regional Conditions

- New York City's economy continues to lead the region in growth, led by the outer boroughs.
- While NYC's key finance sector has been sluggish, tech (which tends to pay fairly well) has been booming.
- New Jersey's economy continues to grow modestly.
- Job trends in much of upstate NY look much stronger than current data suggest. Upstate housing markets strengthening, especially in metro Buffalo.
- Puerto Rico's economy remains depressed.



Regional Economic Activity

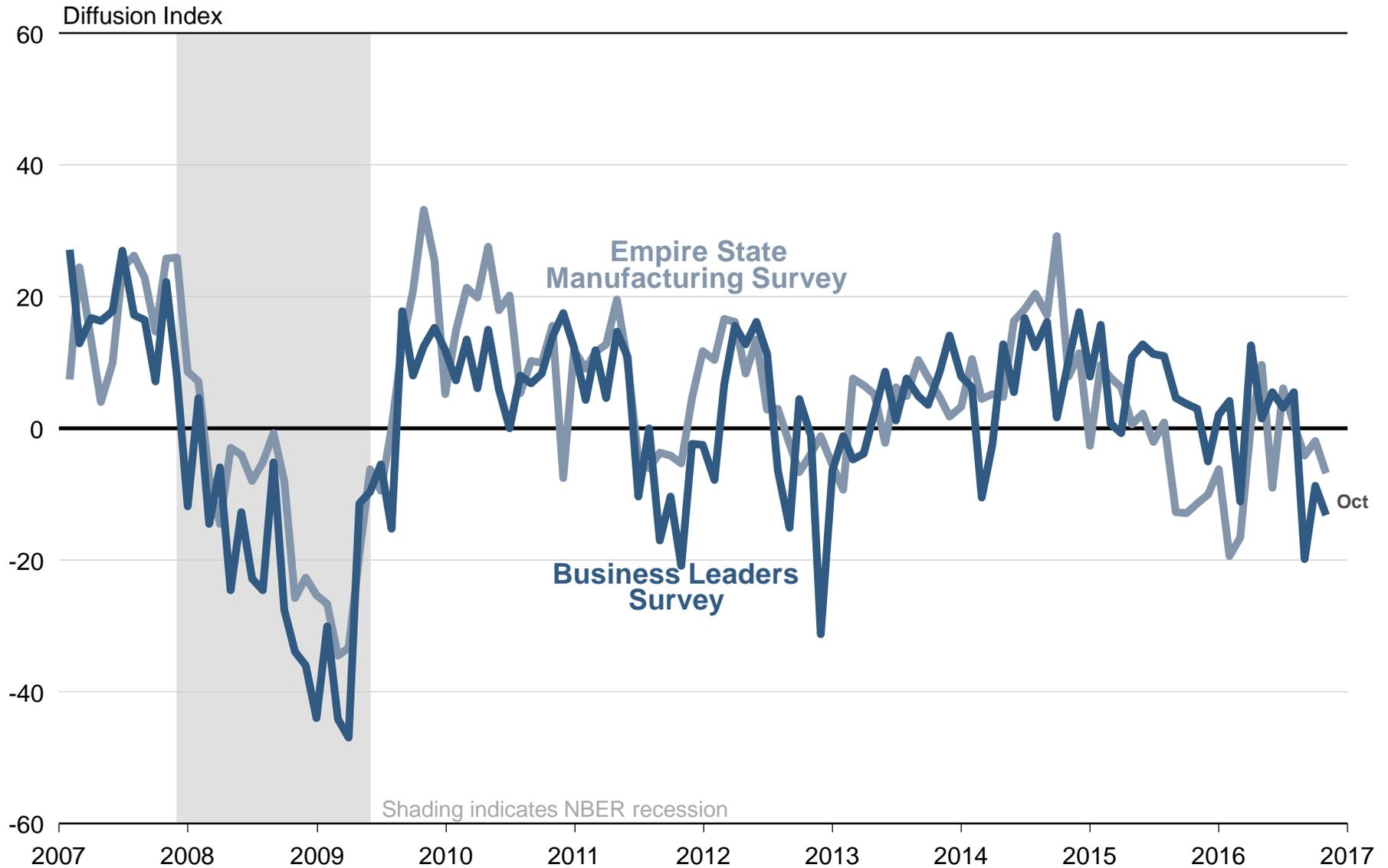
Index of Coincident Economic Indicators (CEI)



Source: Federal Reserve Bank of New York

Current Economic Conditions

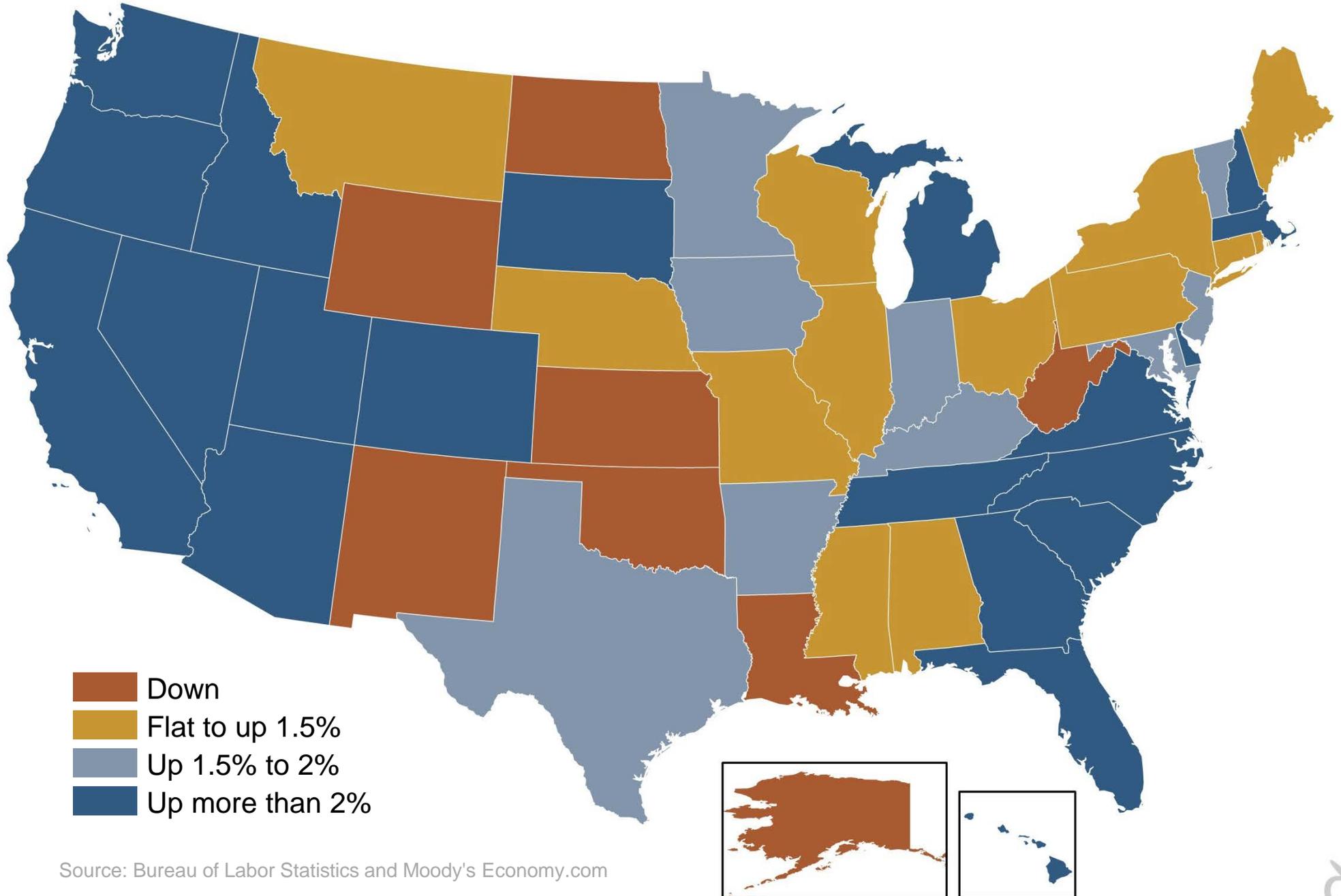
FRBNY Business Surveys, Current Conditions



Source: Federal Reserve Bank of New York

Recent Private Sector Job Trends

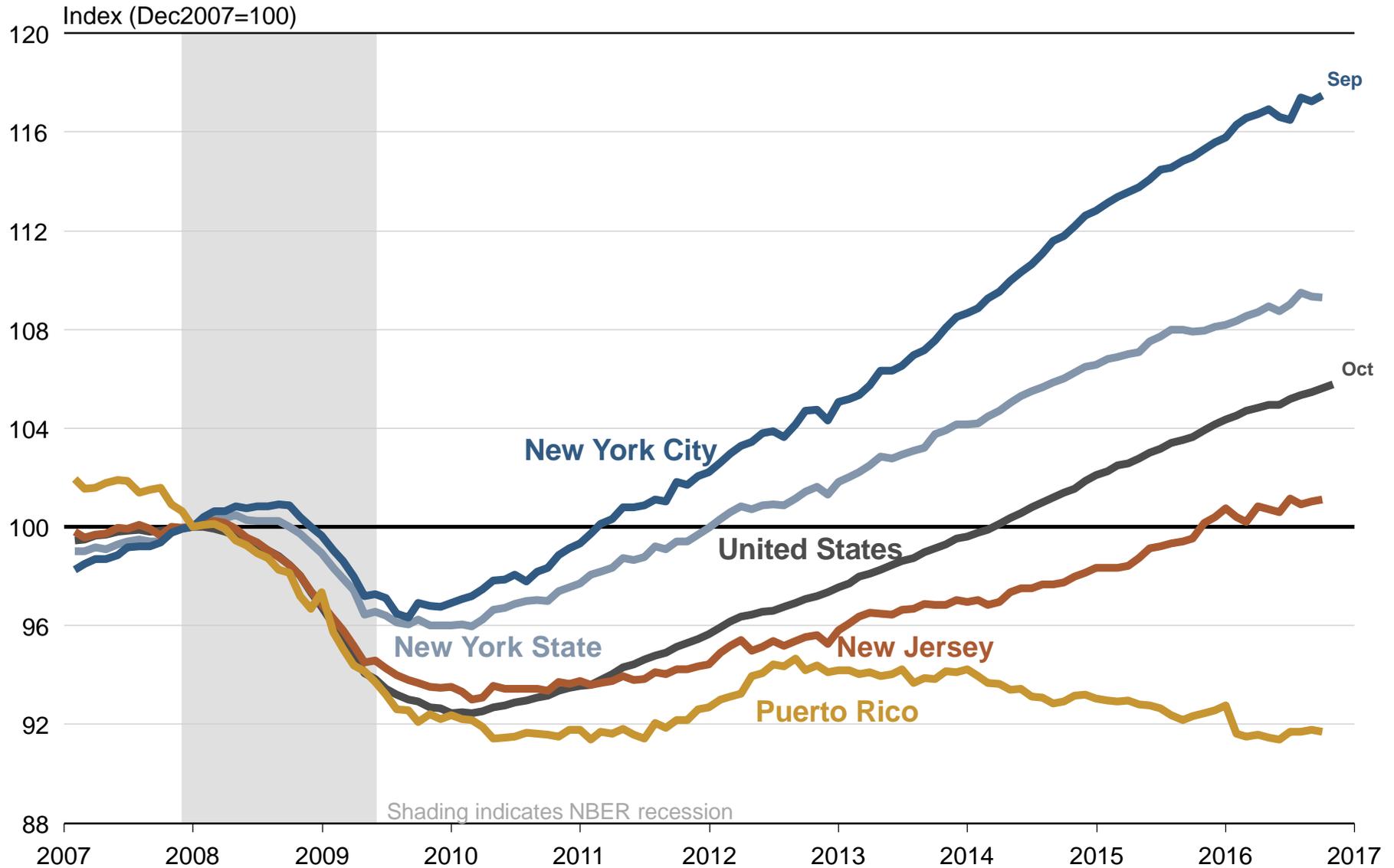
Percent Change from September 2015 to September 2016



Source: Bureau of Labor Statistics and Moody's Economy.com

Private-Sector Employment

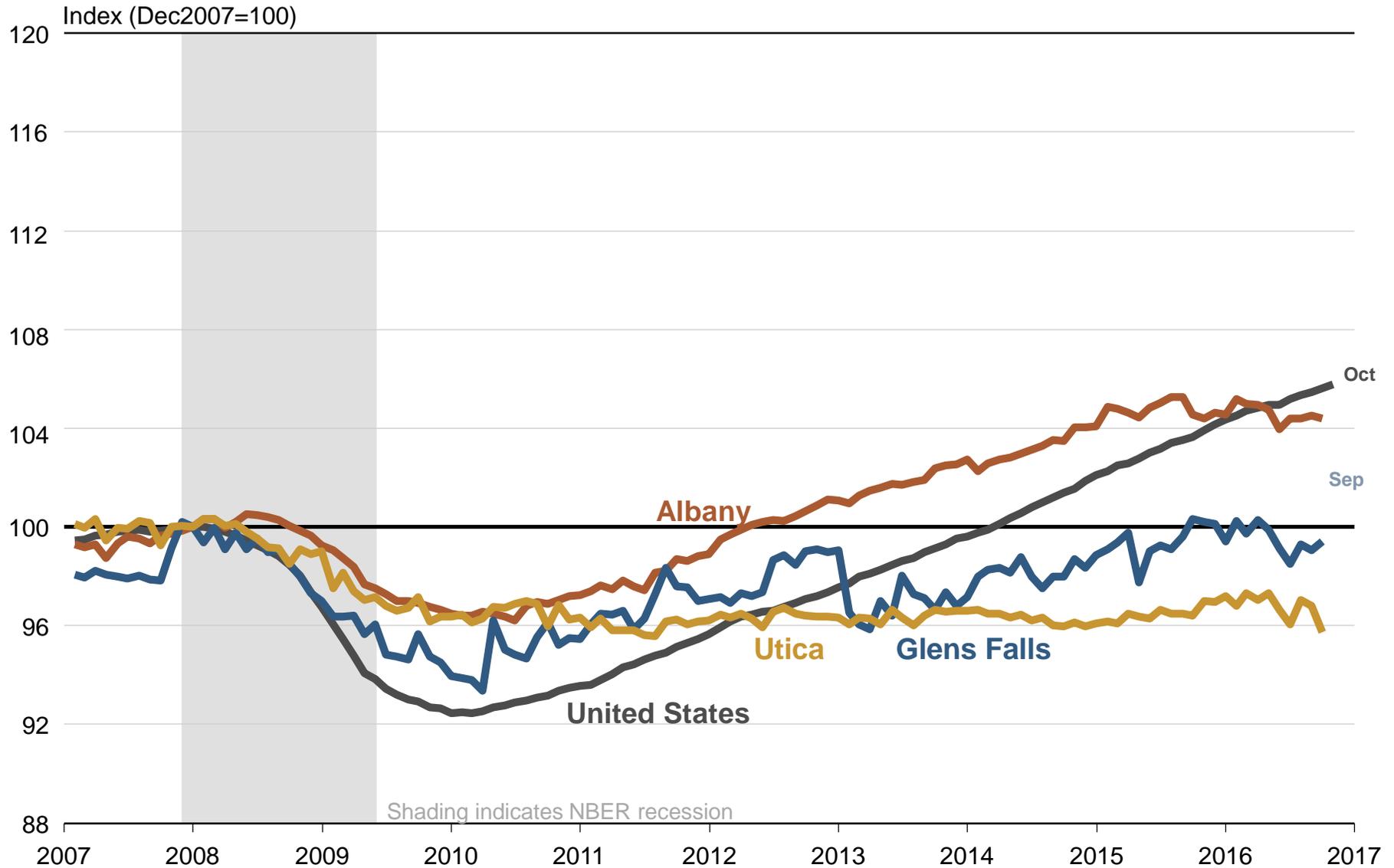
Seasonally Adjusted Index



Source: Bureau of Labor Statistics and Moody's Economy.com

Private-Sector Employment

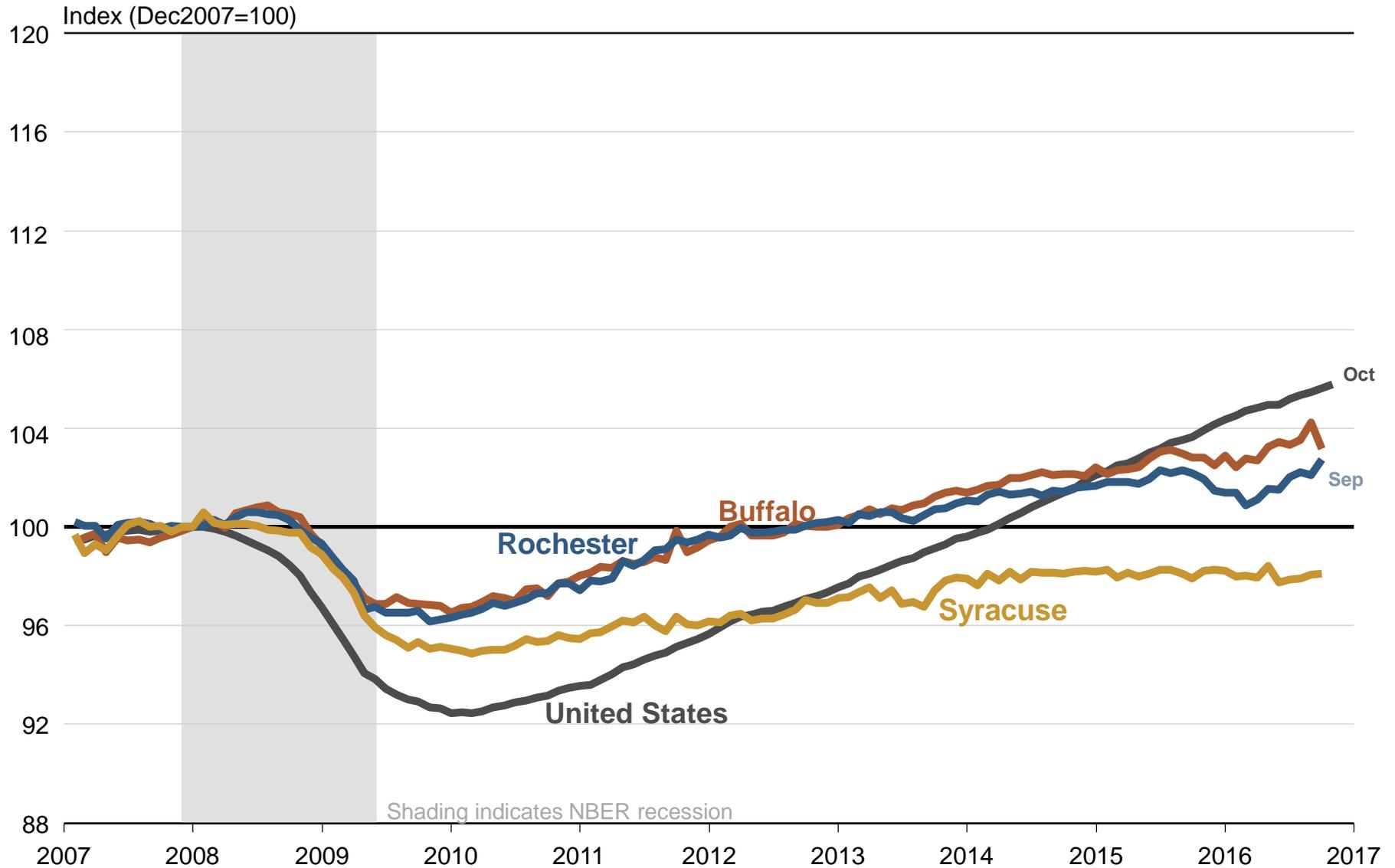
Seasonally Adjusted Index



Source: Bureau of Labor Statistics and Moody's Economy.com

Private-Sector Employment

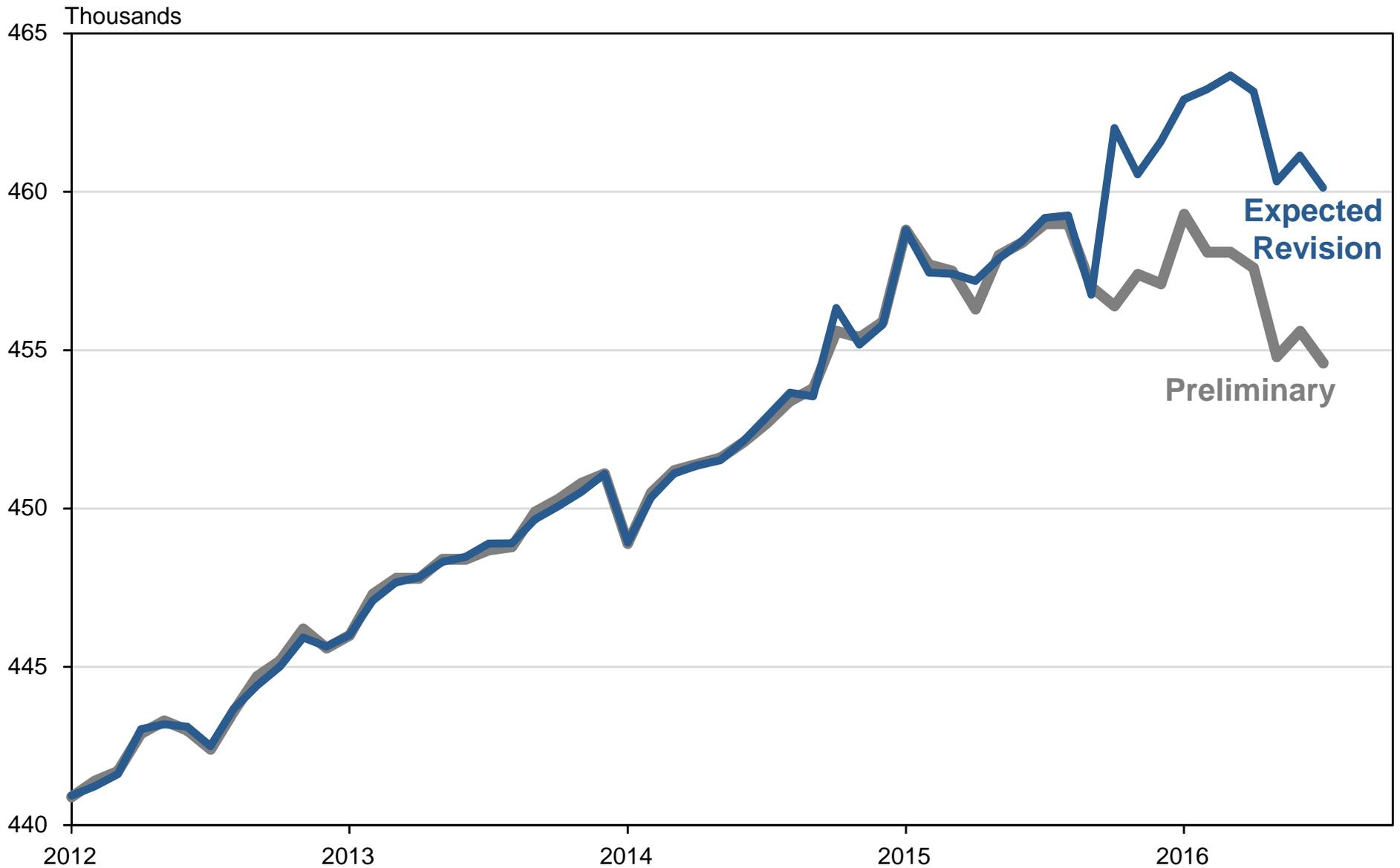
Seasonally Adjusted Index



Source: Bureau of Labor Statistics and Moody's Economy.com

Albany Employment

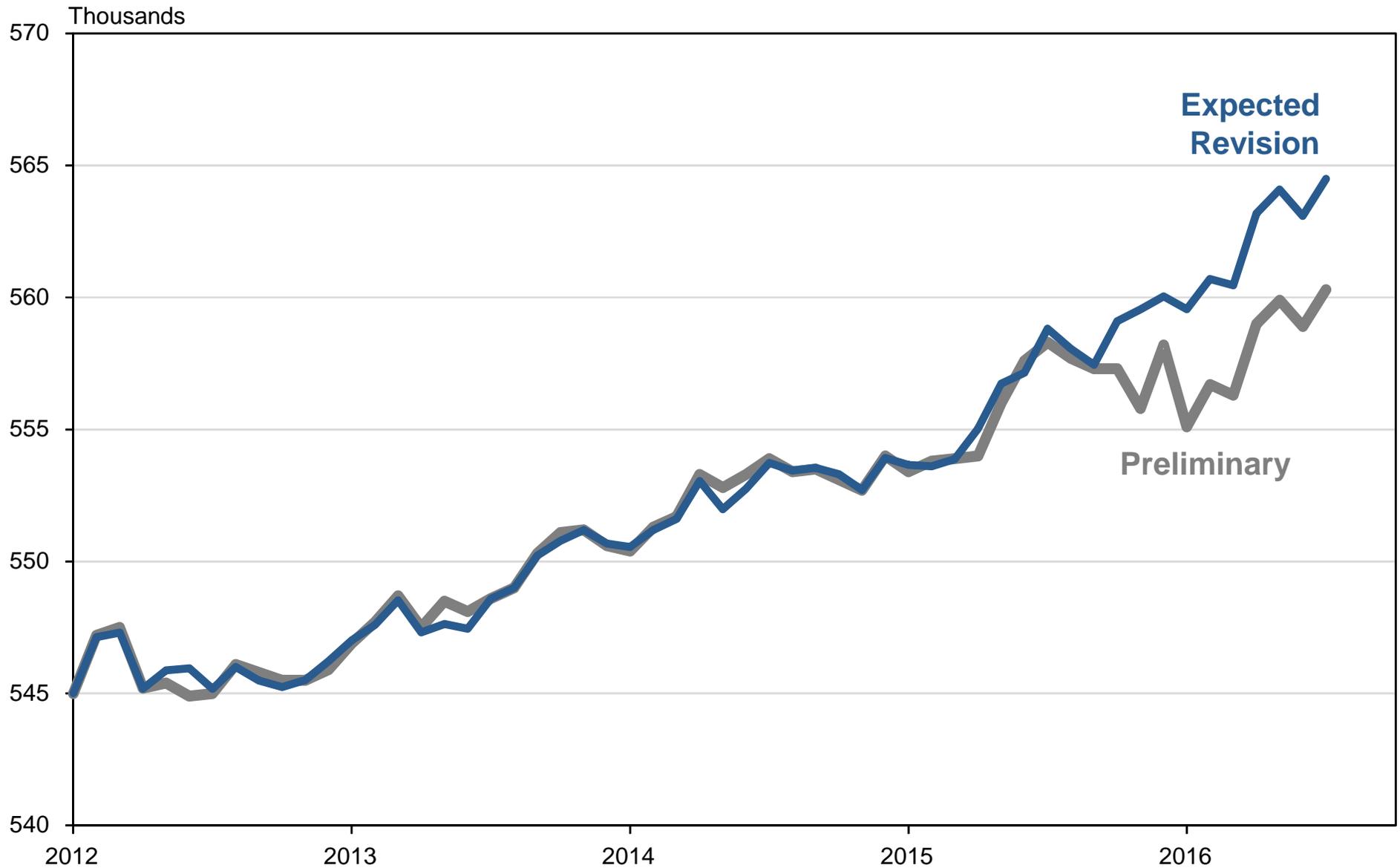
Preliminary vs Expected Revision



Source: U.S. Bureau of Labor Statistics, Moody's Economy.com, and FRBNY Staff Calculations.

Buffalo Employment

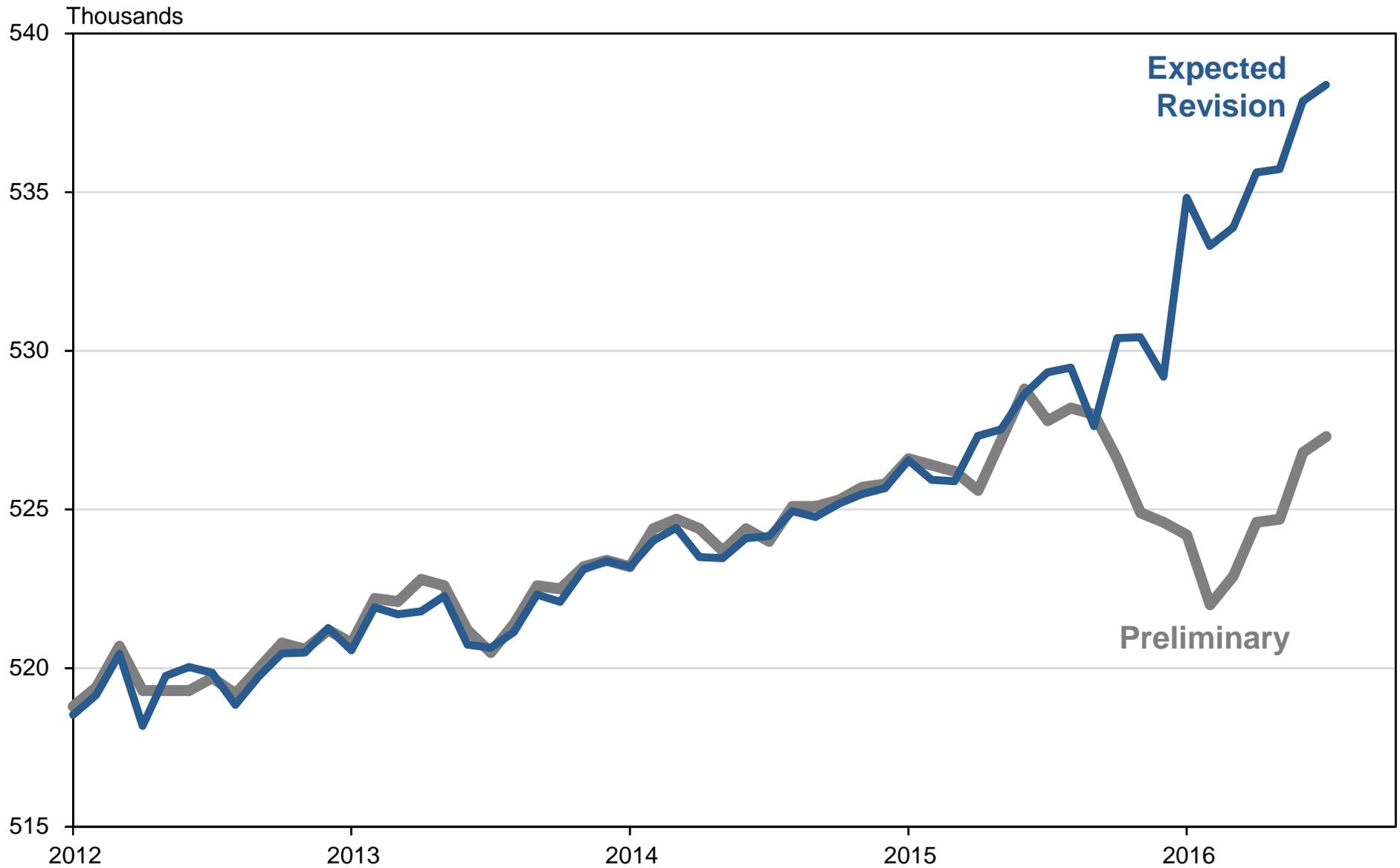
Preliminary vs Expected Revision



Source: U.S. Bureau of Labor Statistics, Moody's Economy.com, and FRBNY Staff Calculations.

Rochester Employment

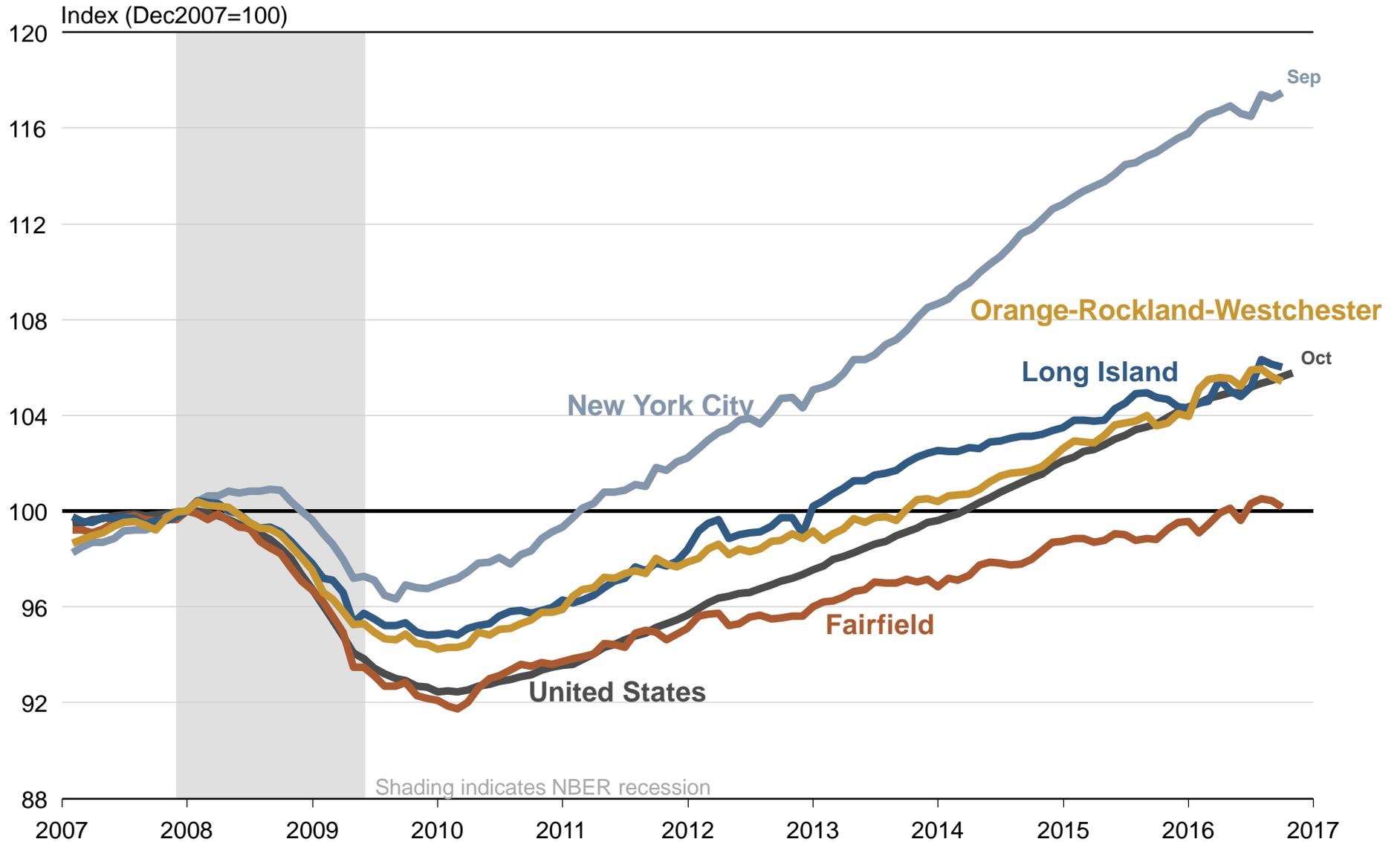
Preliminary vs Expected Revision



Source: U.S. Bureau of Labor Statistics, Moody's Economy.com, and FRBNY Staff Calculations.

Private-Sector Employment

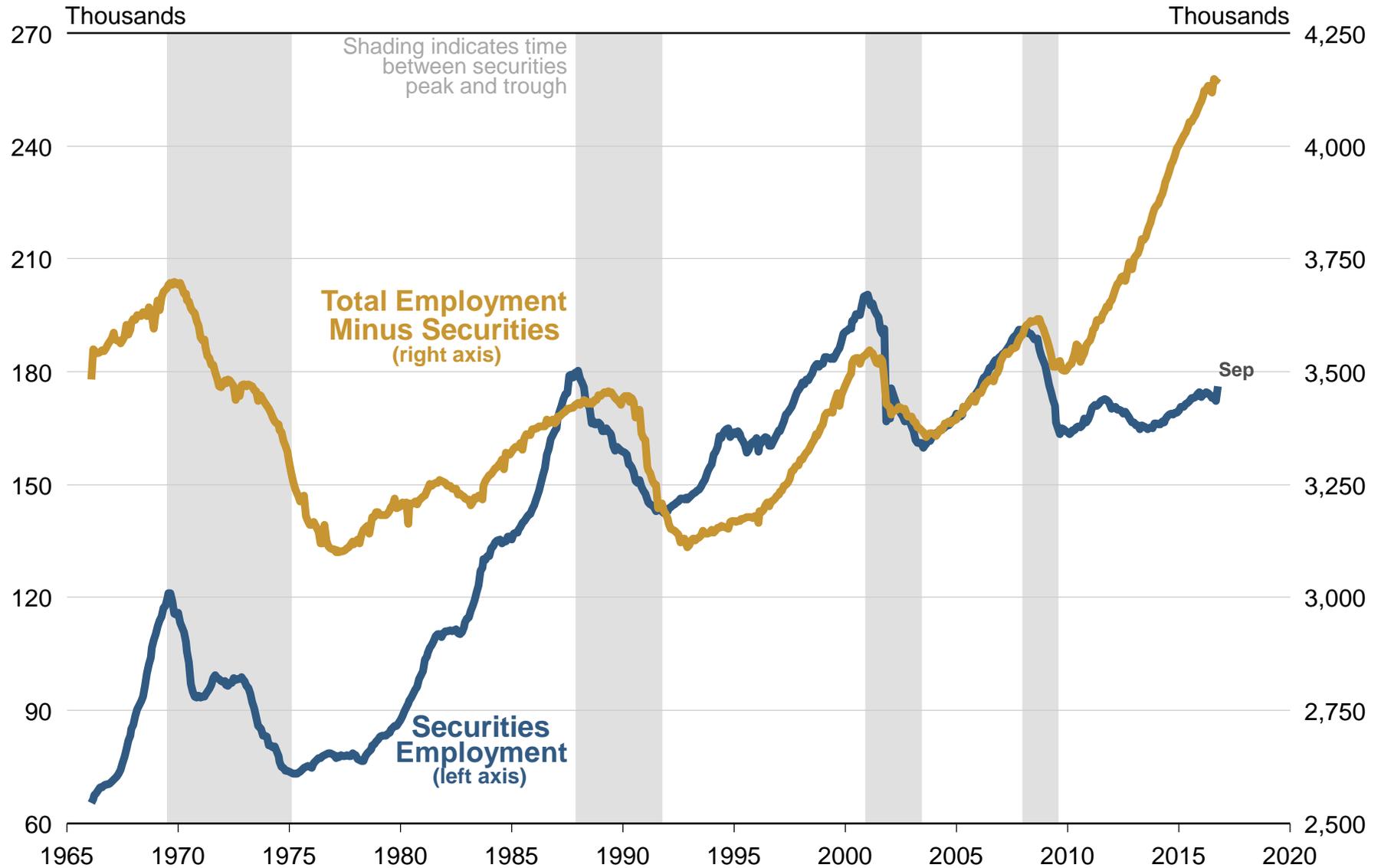
Seasonally Adjusted Index



Source: Bureau of Labor Statistics and Moody's Economy.com

NYC Securities Employment

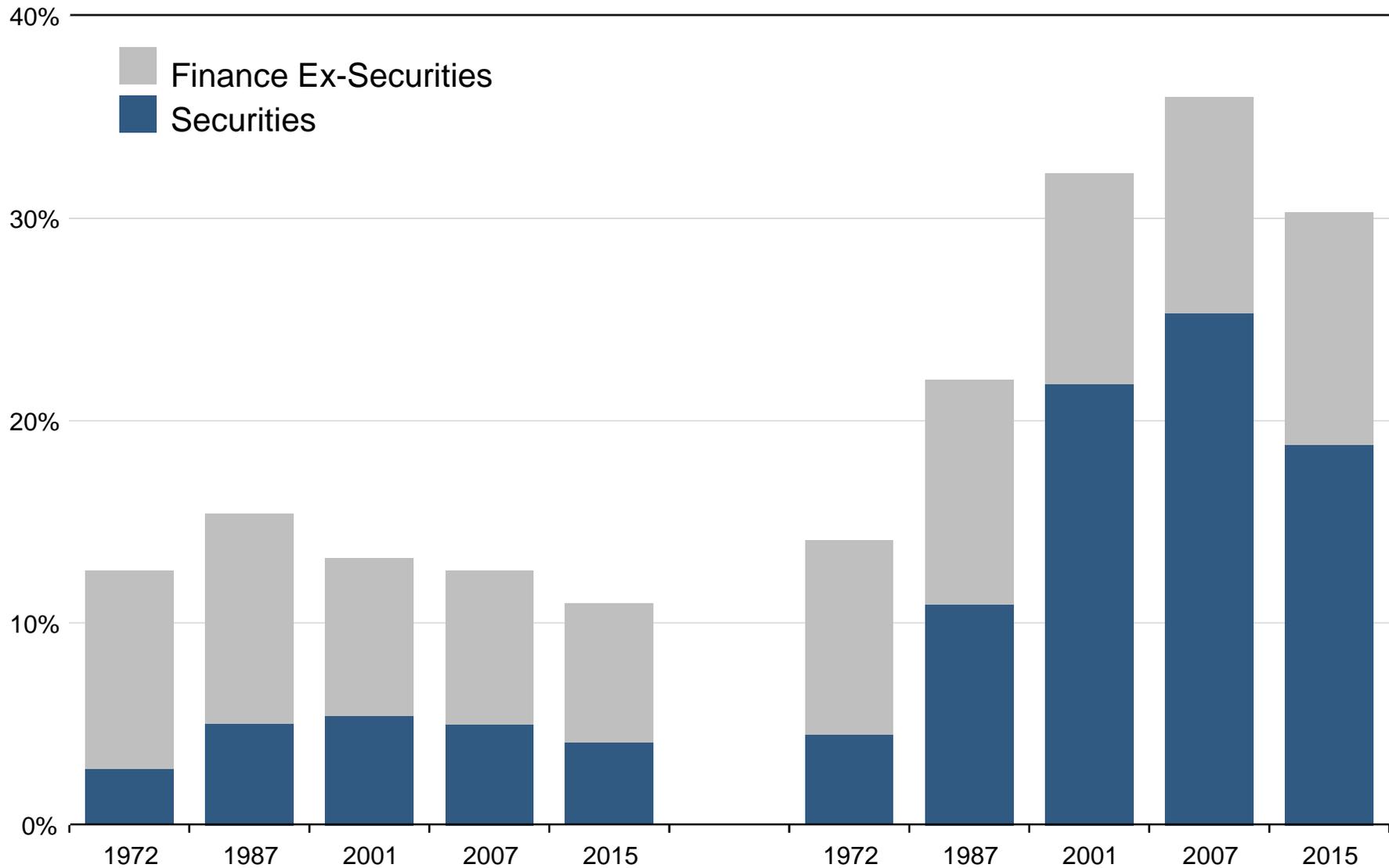
Seasonally Adjusted Levels



Source: Bureau of Labor Statistics, Moody's Economy.com, and FRBNY calculations

NYC Finance and Securities

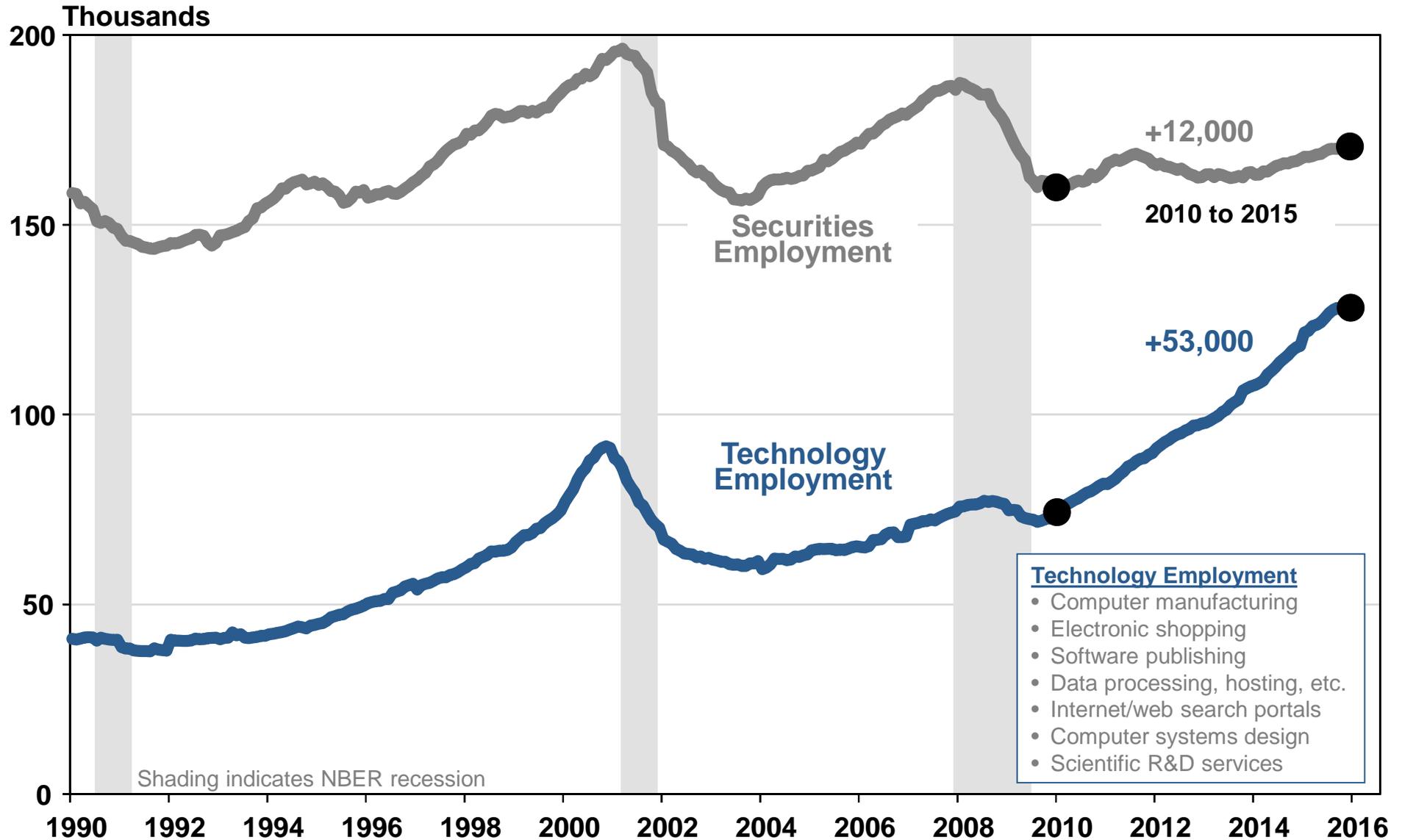
Sectors' Share of NYC Employment and Earnings



Source: Bureau of Labor Statistics (QCEW).

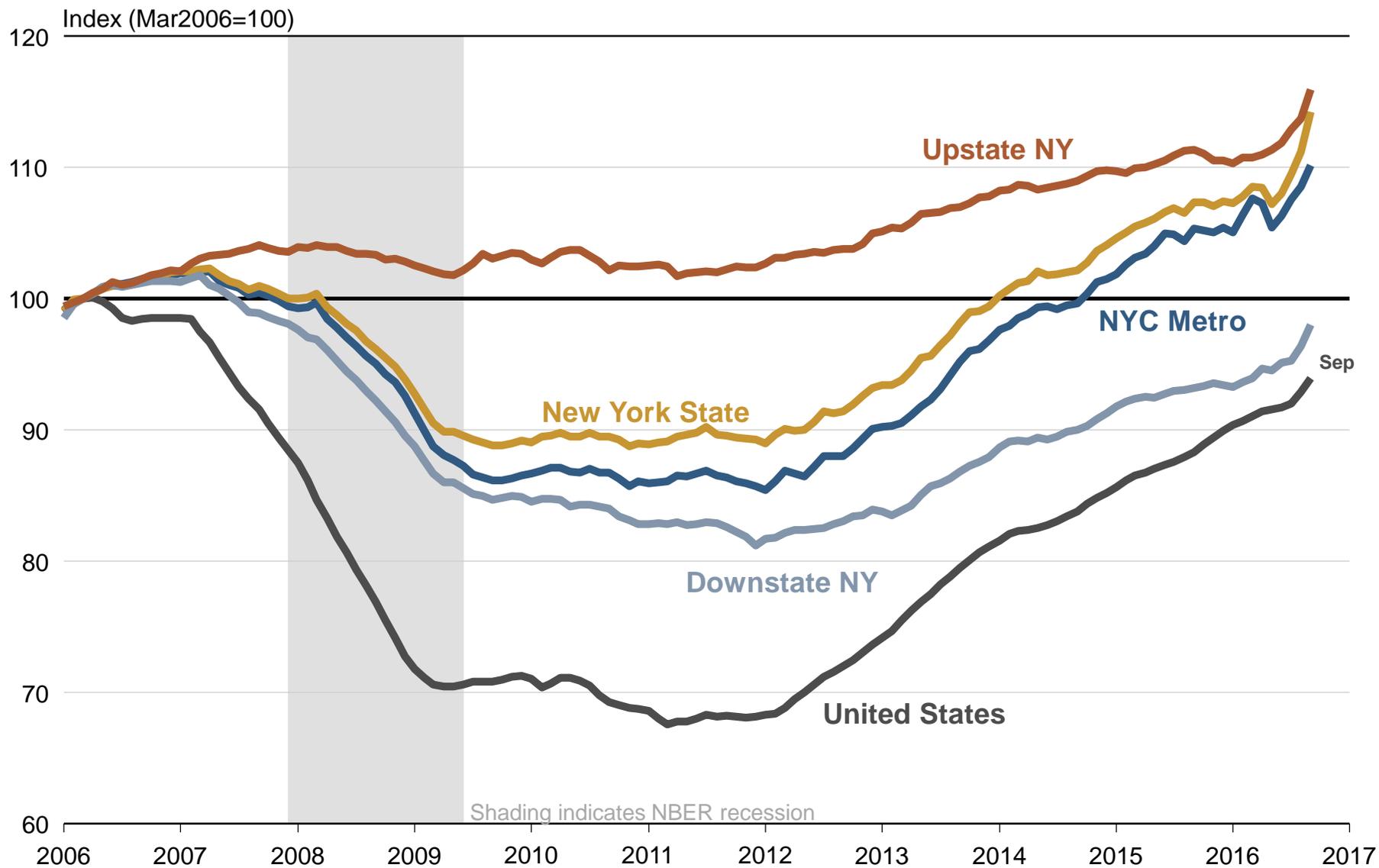
NYC Tech and Securities Employment

Thousands of Jobs



Home Prices

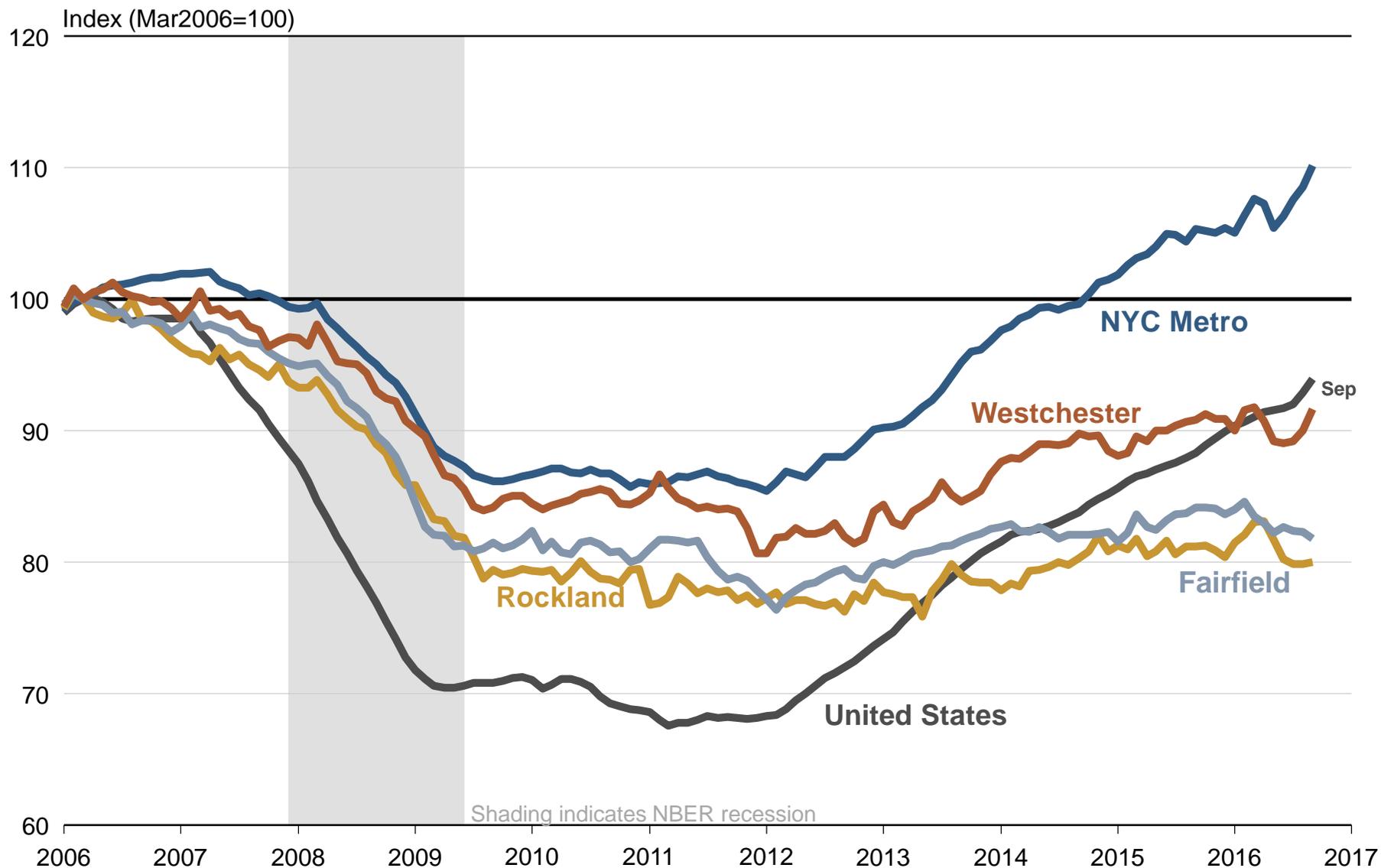
CoreLogic Home Price Index, Seasonally Adjusted



Source: CoreLogic Home Price Index (including distressed sales)

Home Prices

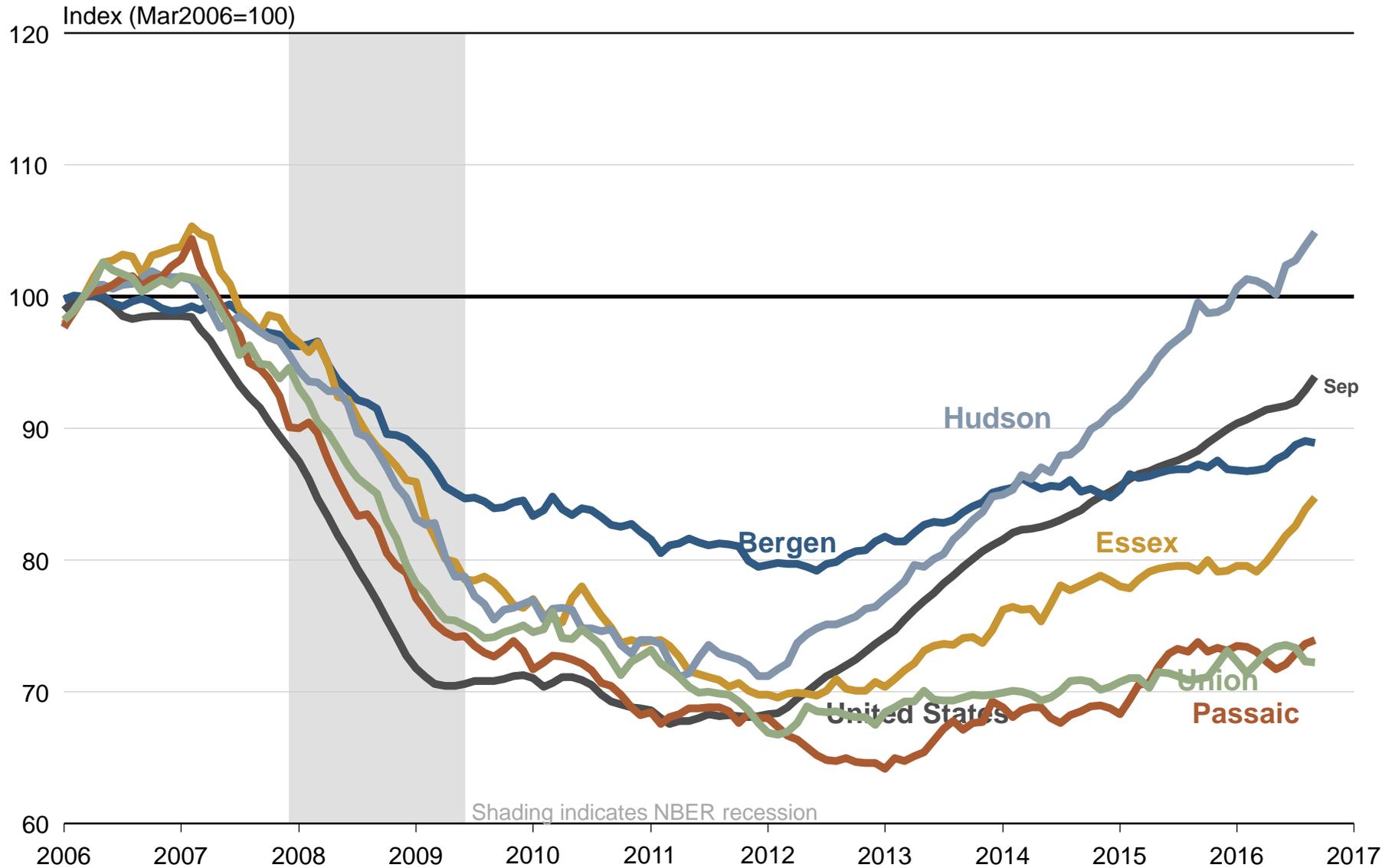
CoreLogic Home Price Index, Seasonally Adjusted



Source: CoreLogic Home Price Index (including distressed sales)

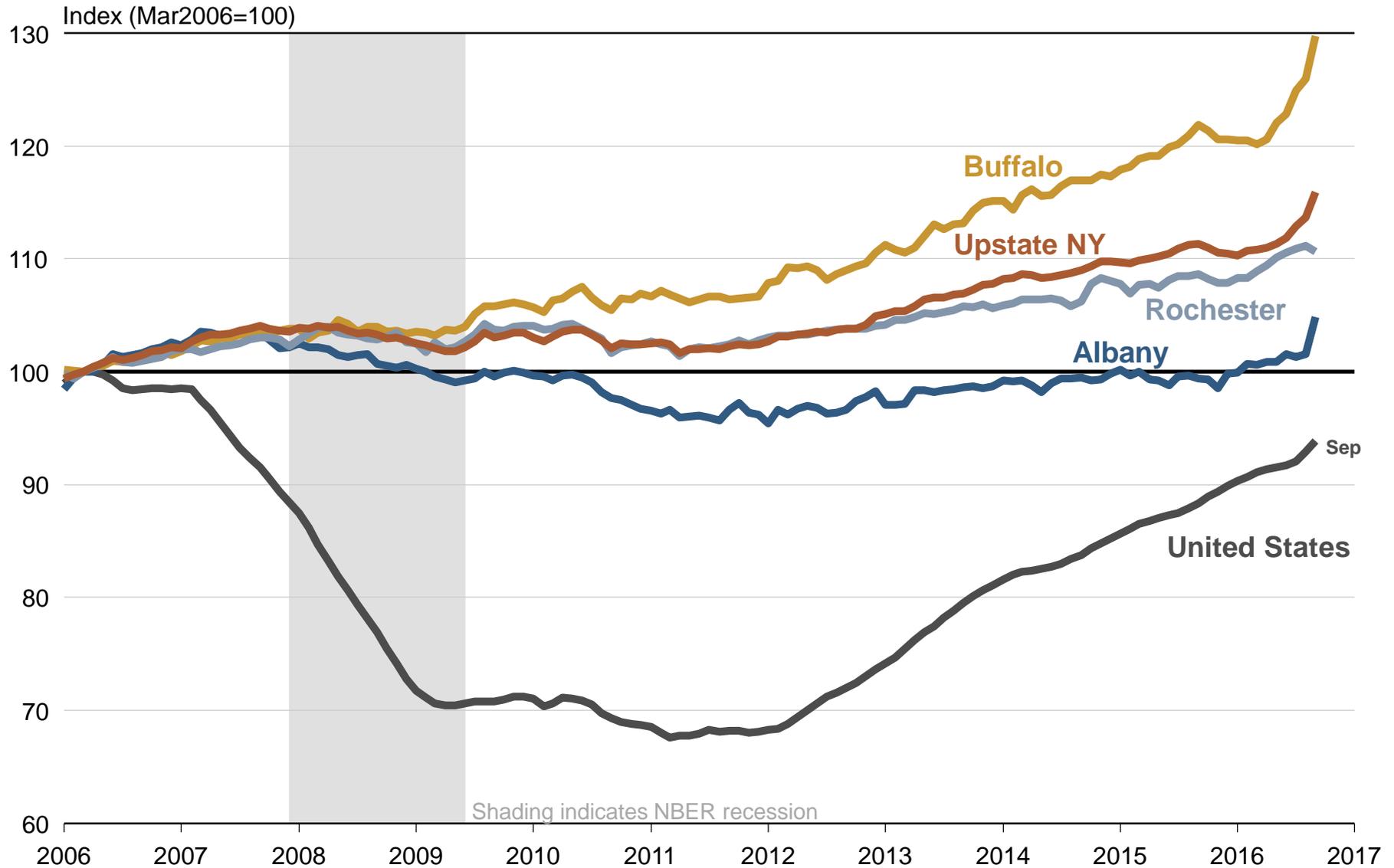
Home Prices

CoreLogic Home Price Index, Seasonally Adjusted



Home Prices

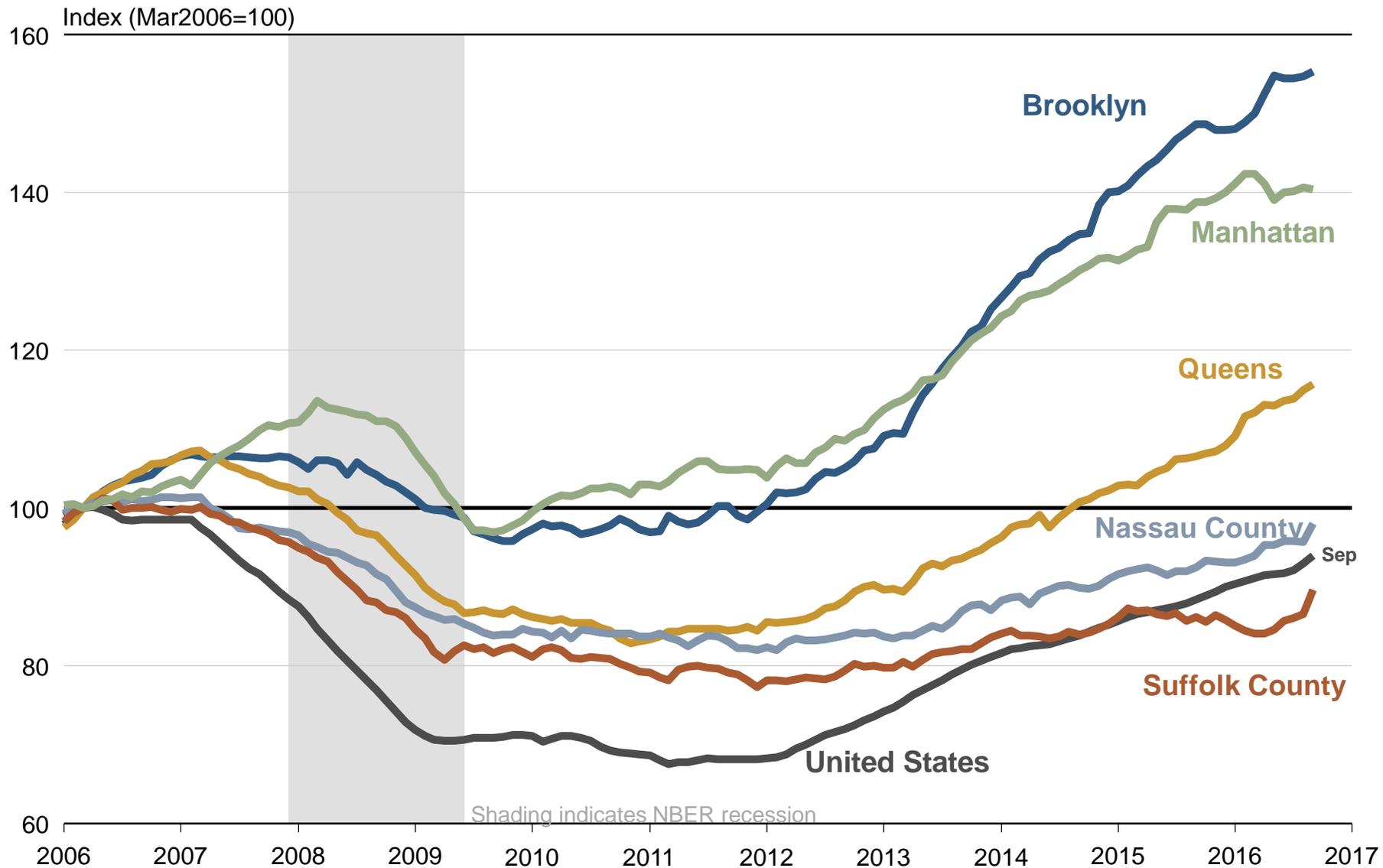
CoreLogic Home Price Index, Seasonally Adjusted



Source: CoreLogic Home Price Index (including distressed sales)

Home Prices

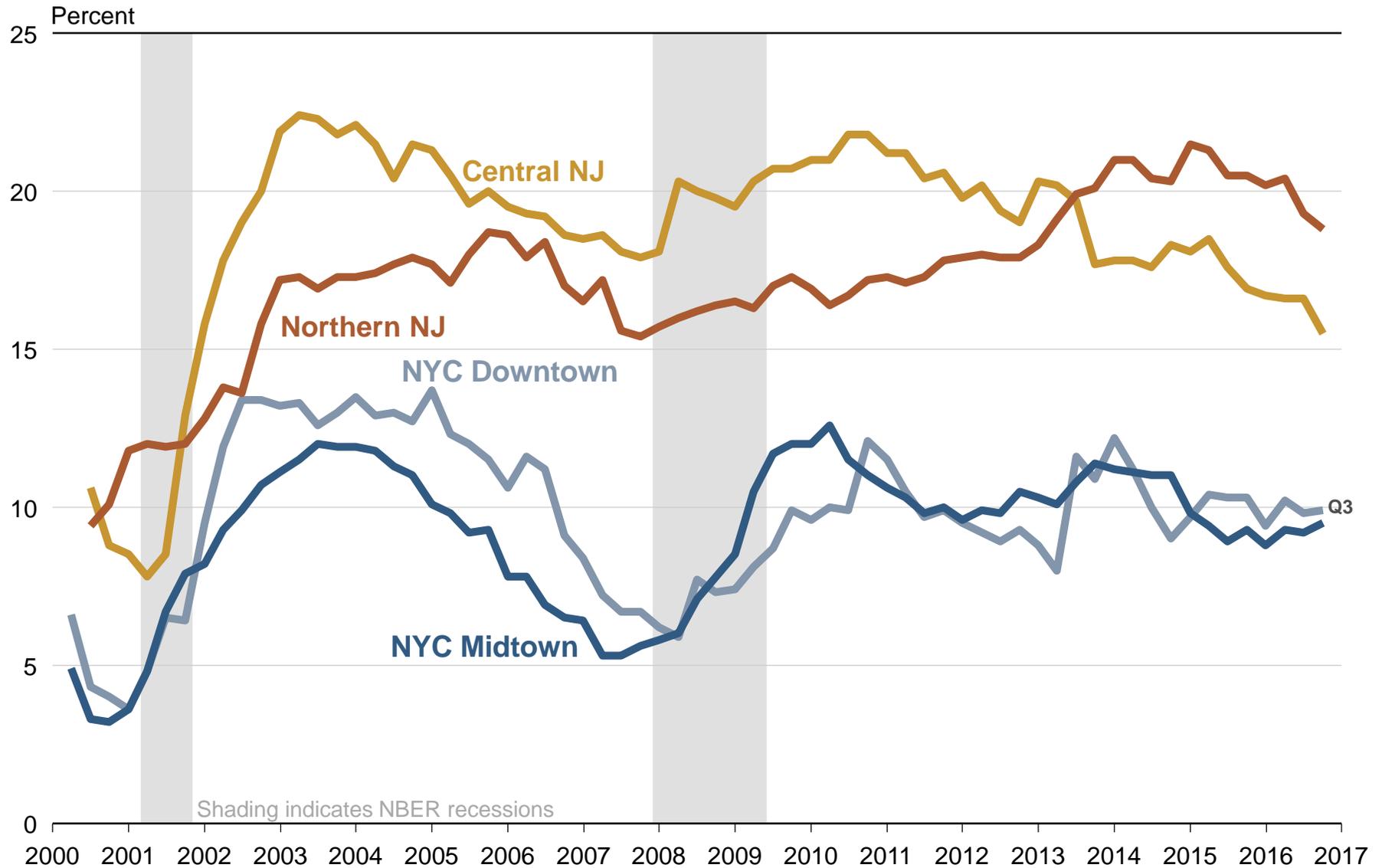
CoreLogic Home Price Index, Seasonally Adjusted



Source: CoreLogic Home Price Index (including distressed sales)

Office Vacancy Rates

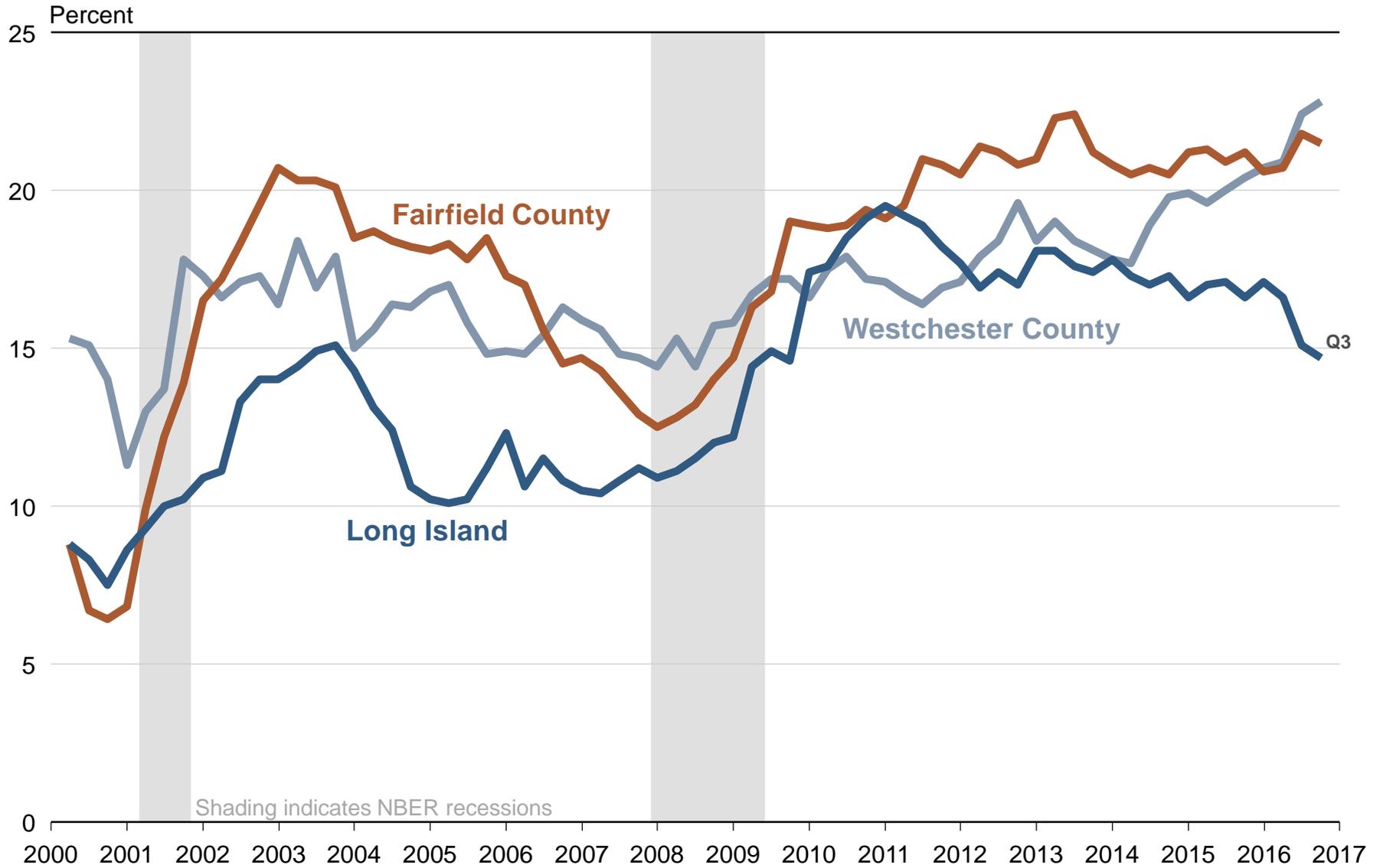
Overall Vacancy Rates



Source: Cushman & Wakefield

Office Vacancy Rates

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Source: Cushman & Wakefield