AGENDA

10:30am Welcome and Introductory Remarks
Jamie McAndrews, EVP and Introduction of Michael Strine, First Vice President

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

11:10am-11:40pm International Update
John Clark, Senior Vice President

11:40pm-12:00pm Regional Update
Jason Bram, Officer

12:00pm Adjourn to NWCR Room-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 half of the year?
2. Do you expect your firm’s sales to increase, decrease, or stay the same during the second half?
3. Do you plan to increase investment in your firm (plant & equipment) during the second half of 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? Why or why not?
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
Small Business & Agricultural Advisory Council  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, NY  
Monday, August 10, 2015

ATTENDEE LIST

Council Members

Michael Arnoff  
President  
Arnoff Moving & Storage  

Alejandro Ballester  
President  
Ballester Hermanos, Inc.

Adenah Bayoh  
Co-Founder  
Kapwood, LLC

Stewart Brunhouse  
President  
A&A Company, Inc.

William Byrne  
Chairman of the Board  
Byrne Dairy, Inc.

Eric Caslow  
President  
Acme Smoked Fish Corporation  

Charles Feit  
President and Founder  
OnForce Solar

Deborah Leo  
President  
Retail Solutions, Inc.

Patrick Marotta  
President/CEO  
Marotta Controls

Ranjini Poddar  
Founder and CEO  
Artech Information Systems, LLC

Federal Reserve Bank of New York

William Dudley  
President

Michael Strine  
First Vice President

Jamie McAndrews  
EVP, Head of Research and Statistics

Richard Peach  
SVP, Research & Statistics

John Clark  
SVP, Integrated Policy Analysis

Anand Marri  
VP, Head of Outreach & Education

Jason Bram  
Officer, Research & Statistics

James Bergin  
VP, Chief of Staff’s Office

Claire Kramer  
AVP, Community Development, Outreach & Education

Shri Satyanarayana  
AVP, Legal

Angela Sun  
Legal
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
NY Fed’s Business Surveys
Headline Indexes of Current Business Conditions

Diffusion Index

Empire State Manufacturing Survey

Business Leaders Survey (service-sector)

Shading indicates NBER recession

Source: Federal Reserve Bank of New York
Total Employment
Seasonally Adjusted Index

Index (Dec2007=100)

New York City
United States
Upstate
Northern New Jersey

Shading indicates NBER recession

Source: Bureau of Labor Statistics and Moody's Economy.com
Total Employment
Seasonally Adjusted Index

Source: Bureau of Labor Statistics and Moody's Economy.com
Recent Job Growth in the Region
Apr-Jun Average Percent Change From a Year Earlier

Source: Bureau of Labor Statistics and Moody's Economy.com
Status of Jobs Recovery
Share of Lost Jobs Gained Back During Local Recovery

Note: Lower Hudson Valley*, Bergen*, and Middlesex* are the Orange-Rockland-Westchester, Bergen-Hudson-Passaic, and Middlesex-Monmouth-Ocean Special BLS Areas.
NYC Securities Employment

Seasonally Adjusted


Shading indicates major downturns in NYC's securities industry.
Sectors Driving Recent NYC Job Growth

Employment Change, 2010-2015

- Retail Trade: 56,000
- Leisure & Hospitality: 95,000
- Professional & Business Services: 111,000
- Educational & Healthcare Services: 116,000

NYC Tech Employment

Number of Tech Jobs

New York City Tech Jobs

Nearly 50,000 jobs created between 2010 & 2015

Number of Payroll Jobs in Selected Industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>2007</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scientific R &amp; D Services</td>
<td>13,174</td>
<td>13,626</td>
</tr>
<tr>
<td>Computer Systems Design</td>
<td></td>
<td>39,706</td>
</tr>
<tr>
<td>Internet Pub &amp; Web Search</td>
<td>4,444</td>
<td>19,116</td>
</tr>
<tr>
<td>ISPs, Search Portals, Data Proc</td>
<td>5,382</td>
<td>6,644</td>
</tr>
<tr>
<td>Software Publishers</td>
<td>1,507</td>
<td>3,083</td>
</tr>
<tr>
<td>Electronic Shopping</td>
<td>4,568</td>
<td>9,956</td>
</tr>
<tr>
<td>Computer Mfg</td>
<td>3,272</td>
<td>2,647</td>
</tr>
</tbody>
</table>

72K Tech Jobs in 2007
113K Tech Jobs in 2014
Avg. Pay = $130K in 2014

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Moody’s economy.com, FRBNY Staff Calculations
Home Prices
CoreLogic Home Price Index, Seasonally Adjusted

Index (Mar2006=100)

Shading indicates NBER recession

Source: CoreLogic Home Price Index (including distressed sales)
Backlog of Foreclosures
Share of Mortgages in Foreclosure

Source: CoreLogic LoanPerformance (LP) and Lender Processing Services Mortgage Performance data (LPS)
Household Debt
Total Debt Balance Per Capita

Thousands of Dollars

Source: FRBNY Consumer Credit Panel/Equifax
Overview

• Growth of real GDP rebounded to 2.3% in 2015Q2 following growth of just 0.6% in 2015Q1.
  – Consumer spending and housing leading growth over the first half.
  – But both sectors still not firing on all cylinders.

• The US economy continues to be adversely affected by the appreciation of the dollar, slower growth abroad, and sharply lower oil prices.
  – As of 2015Q2, oil and gas drilling activity less than half what it was in 2014Q4.
  – Manufacturing output in June remained below that of last December.
  – Capacity utilization in manufacturing has edged lower in 2015, dampening business fixed investment.

• The slowing of core inflation over the past year looks to be coming to an end.
  – Rent inflation continues to edge higher.
  – Health care price inflation now moving higher.
Total Light-Weight Vehicle Retail Sales

Millions, SAAR

Millions, SAAR

Source: Autodata

Note: Shading shows NBER recessions.
Personal Saving Rate and Household Net Worth

Source: Bureau of Economic Analysis and Federal Reserve Board

Note: Fitted line is from 1983Q1 to 2005Q4.
Consumer Debt by Credit Score

% Change – Year to Year

Source: FRBNY Consumer Credit Panel

Note: Includes Student Loans
Household Formations

2 Year Avg. Change

Source: Bureau of the Census
Note: Shading shows NBER recessions.
Housing Starts

Thousands, 3 MMA

Source: Census Bureau

Note: Shading shows NBER recessions.
Housing Starts and Existing Home Sales Per Capita

Units

0.03

0.025

0.02

0.015

0.01

0.005

0


Housing Starts

Existing Home Sales

.0178
(average over 1968-2003)

.009
(average over 1968-2003)

Source: BLS, Census Bureau, National Association of Realtors
Source: Institute for Supply Management

Note: Shading shows NBER recessions.
Baker Hughes US Oil Rig Count

Active Oil Rigs

Source: Baker Hughes

Note: Shading shows NBER recessions.
Imports and Exports of Real Nonpetroleum Goods

6 Month % Change – Annual Rate

Source: Census Bureau
Equipment Investment and Capacity Utilization

% of Capacity

12 Month % Change

Source: Federal Reserve Board, Bureau of Economic Analysis

Note: Shading shows NBER recessions.
Labor Market Indicators

Source: Bureau of Labor Statistics, via Haver Analytics

Note: Shading shows NBER recessions.
Job Openings/Unemployed and Quits Rate

Quits Rate (Left Axis)

Job Openings/Unemployed (Right Axis)

Source: Bureau of Labor Statistics, via Haver Analytics

Note: Shading shows NBER recessions.
PCE Deflator

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

Source: Bureau of Labor Statistics

Note: Shading shows NBER recessions.
Trade-Weighted Exchange Value of US$ & Nonpetroleum Imports

Source: Federal Reserve Board, BLS/Haver Analytics

Note: Grey shading shows NBER recessions
Rental Vacancy Rate and Rent of Primary Residence

Percent

12 Month % Change


Rental Vacancy Rate (Left Axis)

Rent of Primary Residence (Right Axis)

Source: Census Bureau, BLS

Note: Shading shows NBER recessions.
Personal Consumption Expenditures: Health Care Price Index
12 Month % Change

Source: Bureau of Economic Analysis
Note: Shading shows NBER recessions.

17% of total PCE deflator
19% of core PCE deflator
TIPS Based Inflation Expectations

5-10 Years

2011 – Present Average 2.55

3.15 (+2 SD)

1.94 (-2 SD)

July 29: 2.05

Note: Dashed lines represent 2 Standard Deviations from the mean

Source: Federal Reserve Board
Reference Slides
Change in Debt 2014Q1-2015Q1 By Credit Score Quintile

Percent

-30 -20 -10 0 10 20 30

Equifax Risk Score Quintiles*

Mortgage/HELOC
Auto
Credit Card
Student Loan
Inquiries

Note: * 2014Q1 Quintiles

Student Loan
Mortgage/HELOC
Auto
Credit Card
Inquiries

285 - 604
605 - 681
682 - 751
752 - 803
804 - 841

Percent

-30 -20 -10 0 10 20 30
Real Government Consumption and Gross Investment

4 Quarter % Change

Source: Bureau of Economic Analysis
Note: Shading shows NBER recessions.
Office Vacancy Rate

National Office Vacancy Rate (Left Axis)

Real Private Fixed Investment: Office Buildings (Right Axis)

Source: BEA, CBRE

Note: Shading shows NBER recessions.