Real GDP Growth, Core Inflation, and Unemployment

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and FRBNY
Comparing Single Family Starts During Tightening Cycles

Housing Starts Relative to Peak

Current Cycle
1993-1995 Cycle
Late 1980’s Cycle
May Number
Forecast

Quarters Since Single Families Housing Starts Peak

Source: Bureau of Economic Analysis
Labor Market Overview

Change in Private Nonfarm Payroll Employment

- Total Private
- Goods Producing
- Service Producing ex. Government

Private Nonfarm Payroll Diffusion Indices

- One Month Span
- Six Month Span

Real and Nominal Average Hourly Earnings

% Change - Year to Year

Index of Hours Worked

% Change - Year to Year

Source: Bureau of Labor Statistics

Note: Shading represents NBER recessions.
6-Month Change in Private Payrolls

(Actual & Forecasts)

Source: Bureau of Labor Statistics and FRBNY
Compensation Measurement Comparisons

Private Nonfarm Workers

% Change - Year to Year

Source: Bureau of Labor Statistics

Note: Shading represents NBER recessions. Vertical line displays employment trough.
Employment Cost Index Private Industry Workers

(2002 Employment Shares)

% Change - Year to Year

Source: Bureau of Labor Statistics

Note: Shading represents NBER recessions. Vertical line displays employment trough.
Average Hourly Earnings vs Employment Cost Index Wages and Salaries

Source: Bureau of Labor Statistics

Note: Shading represents NBER recessions. Vertical line displays employment trough.
Manufacturing Sector

4-Month Average Change

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% Change - Year to Year

Manufacturing Payroll Employment (Left Axis)

Manufacturing Output (Right Axis)

Note: Shading represents NBER recessions.

Manufacturing Payroll Employment

Manufacturing Output

5-Month Average Change

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% Change - Year to Year

Manufacturing Payroll Employment (Left Axis)

Manufacturing Output (Right Axis)

Note: Shading represents NBER recessions.

Manufacturing Payroll Employment

Manufacturing Output


Note: Shading represents NBER recessions.
Breakdown of Service Sector Wage Growth

% Change - Year to Year

Source: Bureau of Labor Statistics

Note: Shading represents NBER recessions.
## Comparison of ECI and AHE

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<th>2005-Q4</th>
<th>2006-Q1</th>
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<tr>
<td><strong>AHE</strong></td>
<td>3.10</td>
<td>3.46</td>
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<td><strong>-- Gap</strong></td>
<td>0.64</td>
<td>0.81</td>
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<td><strong>ECI W+S</strong></td>
<td>2.46</td>
<td>2.65</td>
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<td><strong>ECEC W+S</strong></td>
<td>2.88</td>
<td>3.29</td>
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<td><strong>-- Composition</strong></td>
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<td>(％ of gap)</td>
<td>0.42</td>
<td>0.64</td>
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<td></td>
<td>66%</td>
<td>79%</td>
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<tr>
<td><strong>ECI Production</strong></td>
<td>2.56</td>
<td>2.34</td>
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<td><strong>-- Universe</strong></td>
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<td>(％ of gap)</td>
<td>0.10</td>
<td>-0.31</td>
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<td>16%</td>
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Distribution of CPI Inflation Forecasts, June 2006

Core CPI
(percent change at an annual rate)

<table>
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<tr>
<th></th>
<th>24 Month</th>
<th>12 Month</th>
<th>6 Month</th>
<th>3 Month</th>
<th>1 Month</th>
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<tr>
<td>All Items Ex. Food and Energy</td>
<td>2.3</td>
<td>2.4</td>
<td>2.9</td>
<td>3.8</td>
<td>3.6</td>
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Source: Bureau of Labor Statistics

Note: Data through May 2006.
Expected Path of Fed Funds Target Rate Derived from Futures

Source: Federal Reserve Board