Fed Forum

Presentation on U.S Conditions and Outlook
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Economy Entered 2007 in Good Shape

- Vigorous consumer spending
- Signs of levelling-off in housing
- Low unemployment and strong job growth
- Inflation moderating
GDP Growth, Core Inflation, and Unemployment

Fed Funds Target Rate (%)

GDP Growth (%, AR)

Core PCE Inflation (%, AR)

Unemployment Rate

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and Federal Reserve Board
Retail Sales

% Change - Year to Year

-4 -2 0 2 4 6 8 10 12


Total

Excluding Autos

Source: Census Bureau

Note: Shading represents NBER recessions.
Single-Family Home Sales
(Seasonally Adjusted Annual Rate)

Sources: U.S. Census Bureau and National Association of Realtors

Note: Shading represents NBER recessions.
Single Family Housing Starts

Source: Census Bureau and Mortgage Bankers Association

Notes: Shading represents NBER recessions
Unemployment and Labor Force Participation Rates

Sources: Bureau of Labor Statistics
Private Nonfarm Payroll Employment
(3-Month Moving Average)

Sources: Bureau of Labor Statistics
Core CPI and Core PCE

% Change - Year to Year

Sources: Bureau of Labor Statistics and Bureau of Economic Analysis

Note: Shading represents NBER recessions.
Questions for 2007

• Can the consumer keep it up?
• Is housing turning the corner?
• Will inflation stay contained?
Income, Consumption, and Saving

Source: Bureau of Economic Analysis

Note: Shading represents NBER recessions.
Source: Federal Reserve Board

Note: Shading represents NBER recessions.
Productivity, Compensation, and Unit Labor Costs

% Change - Year to Year

Nonfarm Business Sector

% Change - Year to Year

Sources: Bureau of Labor Statistics

Note: Shading represents NBER recessions.
Compensation Per Hour, Employment Cost Index, and Average Hourly Earnings

Source: Bureau of Labor Statistics

Note: Shading represents NBER recessions.