

Minutes of the regular meeting of the Advisory Council on Small Business and Agriculture

11:00 a.m. – 2:00 p.m., Wednesday, March 28, 2012

Federal Reserve Bank of New York

33 Liberty St., New York, NY

Present:

William C. Dudley, President, Federal Reserve Bank of New York (luncheon discussion only)

Christine Cumming, First Vice President, Federal Reserve Bank of New York

Krishna Guha, Executive Vice President, Federal Reserve Bank of New York

Stewart Brunhouse, President, A&A Company LLC

William Byrne, Chairman, Byrne Dairy Inc.

Steve Chen, Executive Vice President, Crystal Window & Door Systems, Ltd.

Jorge Colon-Gerena, President and CEO, Wendco of Puerto Rico, Inc.

Gale Epstein, President and Creative Director, Hanky Panky, Ltd.

Kenneth Franasiak, Chairman and CEO, Calamar

Lisa Hirsh, President and CEO, Accurate Box Company, Inc.

Peter Maglathlin, CEO, MBI, Inc.

Michael Muzyk, President, Baldor Specialty Foods, Inc.

Daryl Roth, President, Daryl Roth Productions, Inc.

Ted Tregurtha, President, Moran Towing Corp.

Federal Reserve Bank of New York staff:

Kausar Hamdani

Rae Rosen

John Clark

Richard Peach

David Sewell

Ms. Cumming called the meeting to order at approximately 11:00 a.m.

1. New Members

Ms. Cumming welcomed the following new members to the Council for terms expiring in 2015:

Stewart Brunhouse

William Byrne

Peter Maglathlin

Ted Tregurtha

2. Economic Outlook

a. The National Economy

Mr. Peach presented a briefing on domestic economic trends in the second quarter.

b. International Developments

Mr. Clark presented a briefing on the global economy and recent developments in commodity markets.

3. Luncheon Discussion

Members discussed the following questions:

Incoming data on the US economy has been more upbeat of late, suggesting that the recovery may be establishing a firmer footing. However, the weather in the past three months has been unusually mild, which likely has boosted economic activity.

- a. *Has your firm experienced an increase in demand in recent months?*
- b. *Has demand for your product or service increased sufficiently that you plan to increase employment in 2012?*
- c. *Has demand for your product or service increased sufficiently that you plan to increase investment in plant and equipment?*

Members described a range of views on each of the questions presented.

Demand for most members remains flat year-over-year. Members in consumer-focused businesses attributed the lackluster demand to a number of factors, including reduction in household spending on non-essential items, high gas prices consuming larger portions of household budgets, and generalized anxiety about economic conditions. The quarter saw some modest improvement, however, for members in certain sectors, including manufacturing and entertainment.

Employment conditions remained largely unchanged for most members relative to prior quarters. Few members reported hiring new staff in the first quarter; most are maintaining headcount at 2011 levels (which in some cases were flat versus 2010). Some members reported an increase in employees leaving for other opportunities, which they saw as a sign of improvement in overall employment conditions. Some members would like to make new hires but have had difficulty finding qualified candidates.

Few members have plans to undertake significant capital investments in 2012, though some are considering doing so to take advantage of favorable interest rates.

The meeting adjourned at approximately 2:00 p.m.