



**Upstate New York Regional Advisory Board
Federal Reserve Bank of New York
Thursday, November 15, 2018**

AGENDA

10:30am-10:35am	Welcome Tony Davis, Officer & Director
10:35am-11:05am	The National Economy Richard Peach, Senior Vice President
11:05am-11:35am	International Update Matthew Higgins, Vice President
11:35am-12:00pm	Regional Update Jaison Abel, Assistant Vice President
12:00pm	Adjourn to NWC Room-10F
12:15pm	Lunch
12:15pm-1:55pm	Round Table Discussion with John Williams, President and Michael Strine, First Vice President

Introductory Remarks and Welcome from President Williams

Group Discussion (15-20 minutes per section)

Your experiences provide insight into current economic conditions.

In considering each question, please reflect on the experiences of your firm, firms of similar size, and firms in your industry. Please provide a rationale for each answer.

Business Activity

Have sales volumes increased, decreased, or stayed the same since the first half of 2018?

What are your expectations for the first quarter of 2019?

Prices

Have prices of products/services sold increased, decreased, or stayed the same in 2018?

What are your expectations for 2019?

Employment and Wages

What are your employment expectations moving into 2019?

How have you partnered with other organizations (ex. educational institutions) to address labor demands? Has your organization created workforce development programs?



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How would you characterize wage growth in your company in 2018? What are your expectations for 2019?

Current Issues

Please briefly discuss the impact of the following recent and prospective policy changes on your business:

- Changes to tariffs & trade policy
- Changes to federal tax law
- Increases to minimum wage

Outlook for 2019

What is the most significant business opportunity you see in 2019?

In what area of your company do you expect to see the most significant growth?

What is the chief growth barrier or concern facing your firm in 2019?

Concluding Remarks from President Williams

2:00 pm

Adjourn



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Federal Reserve Bank of New York
33 Liberty Street
Thursday, November 15, 2018**

ATTENDEE LIST

Board Members

Aminy Audi
President & CEO
L. & J.G. Stickley

Kenneth M. Franasiak
Chairman
Calamar

Scott Bieler
President
West Herr Automotive Group

Linda MacFarlane
President & CEO
Community Loan Fund of the Capital Region

Lynne Marie Finn
President & CEO
Broadleaf Results, Inc.

Carlos Unanue
President
Goya de Puerto Rico, Inc.

Federal Reserve Bank of New York

John Williams
Michael Strine
Jack Gutt
Gerard Dages
Richard Peach
Matthew Higgins
Anand Marri
Shawei Wang
Jaison Abel
Jason Bram
Julia Gouny
Tony Davis
Chelsea Cruz

President
First Vice President
EVP, Communications & Outreach
SVP & Senior Advisor, Executive Office
SVP, Research & Statistics
VP, Research & Statistics
VP & Head of Outreach & Education
AVP, Legal
AVP & Head of Regional Analysis, Research & Statistics
Officer, Research & Statistics
Officer & Deputy Chief of Staff, Executive Office
Officer & Director, Outreach & Education
Associate, Outreach & Education



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US Macro Overview
November 15, 2018

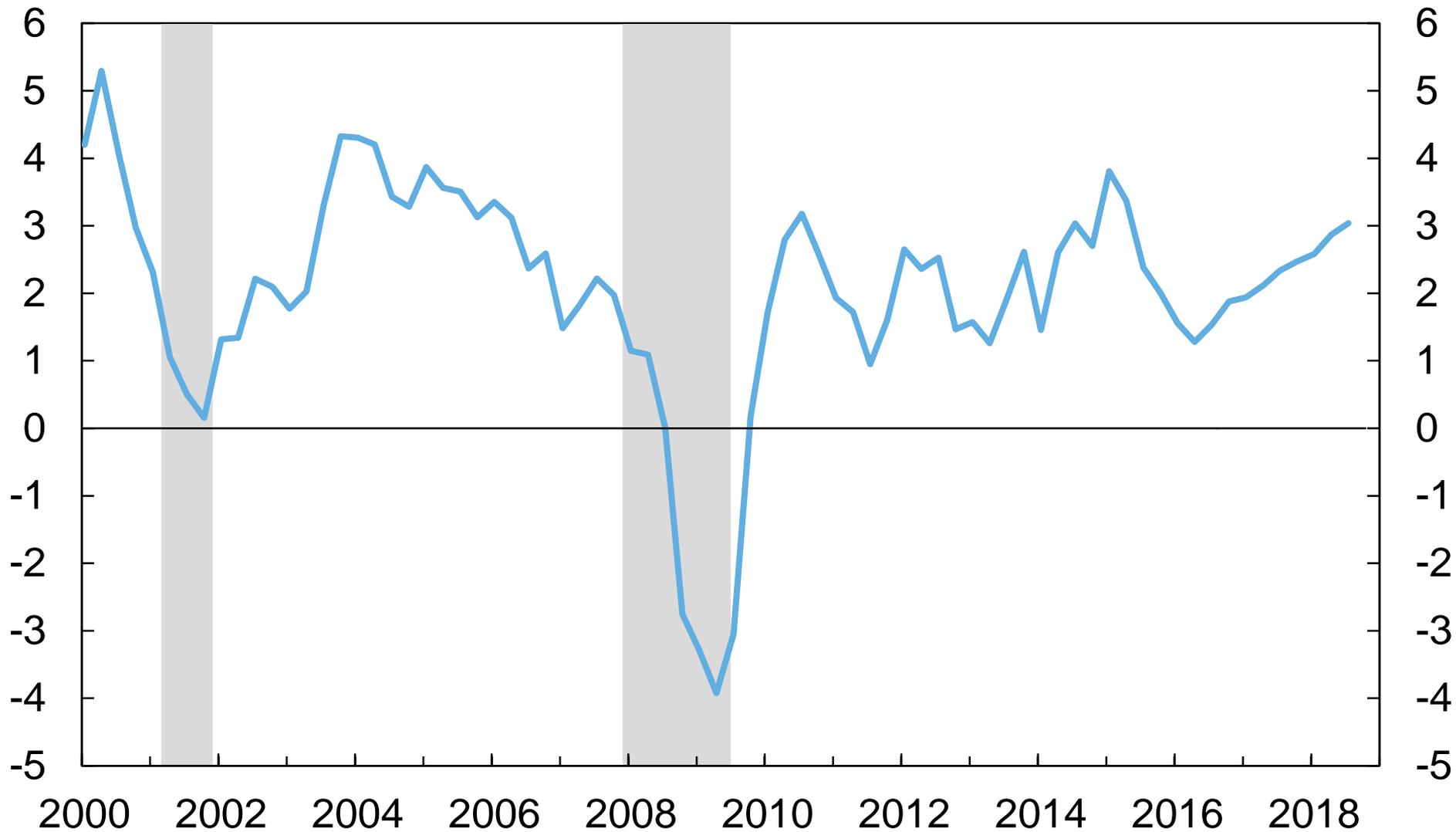
Overview

- Growth in the US has firmed since 2016 with real GDP up 3% over the four-quarters ending in 2018Q3.
 - Fiscal stimulus is contributing to this pick up in growth.
- Several indicators suggest that the economy is at or near full employment, with clearer evidence that the rate of increase of wages/compensation has moved higher.
- Underlying inflation has moved up to the FOMC's objective of 2%. But at this time we do not see evidence of building inflation pressures.

Growth of Real GDP

Four Quarter Percent Change

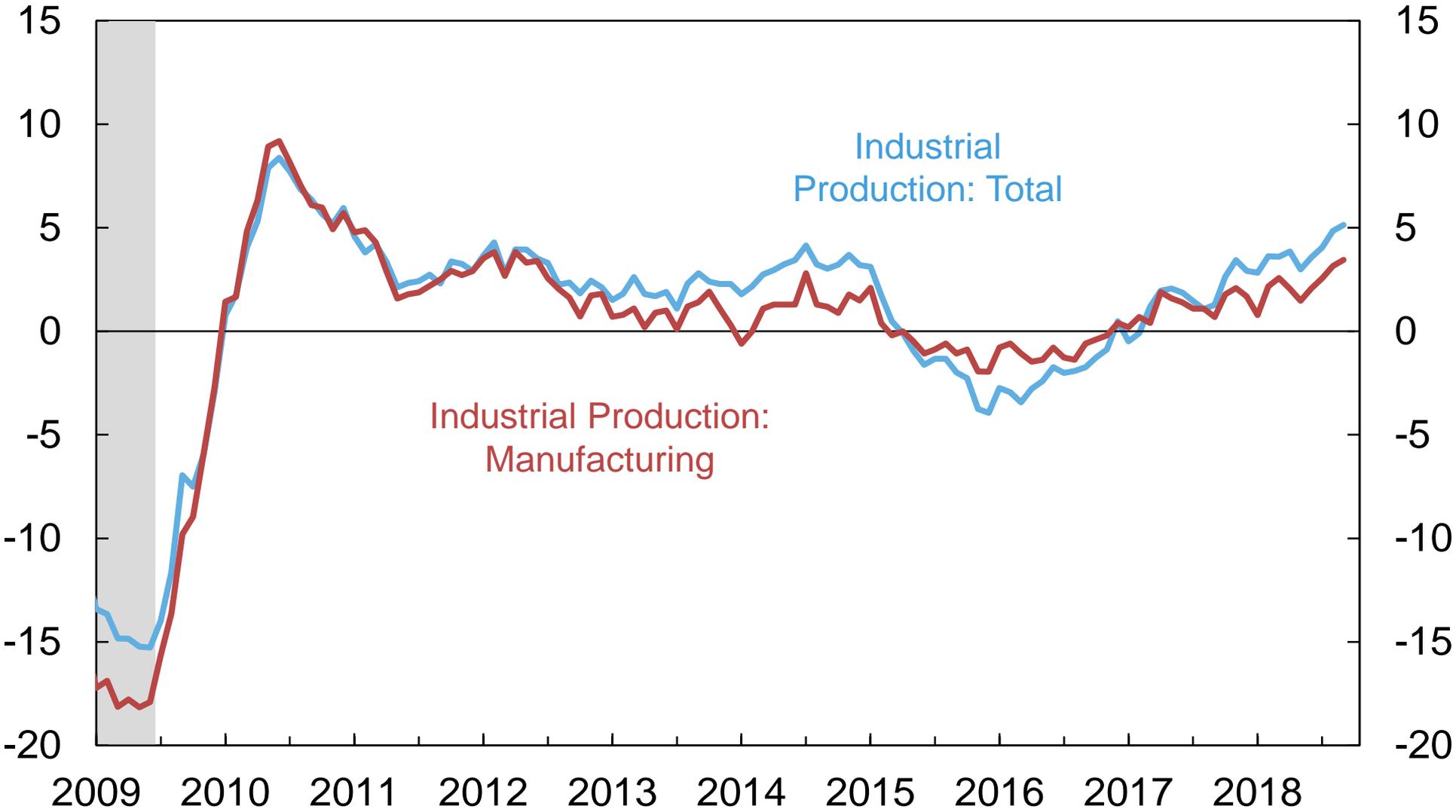
Four Quarter Percent Change



Industrial Production: Total and Manufacturing

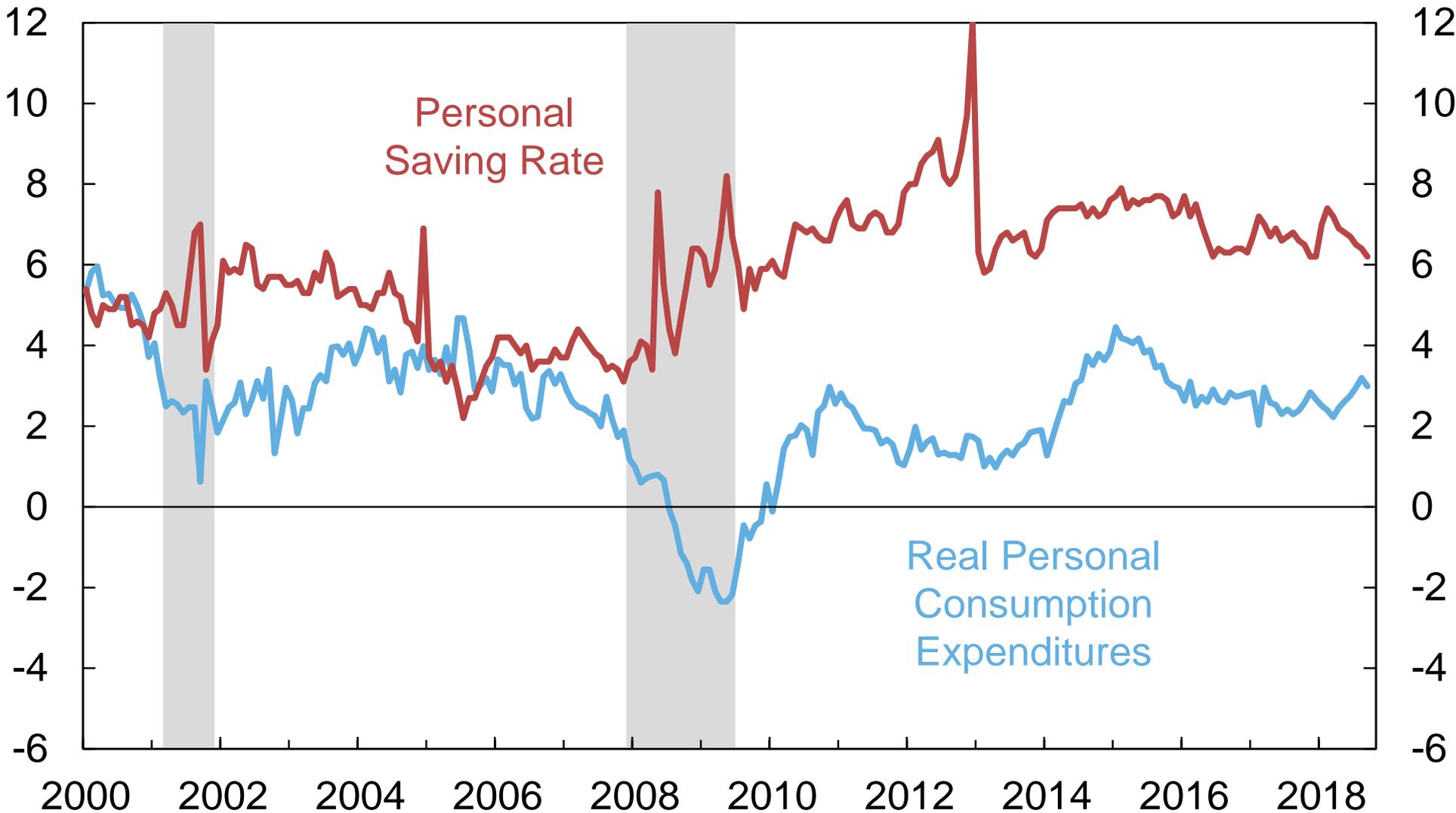
% Change, Year to Year

% Change, Year to Year



Real PCE and the Personal Saving Rate

12 Month % Change



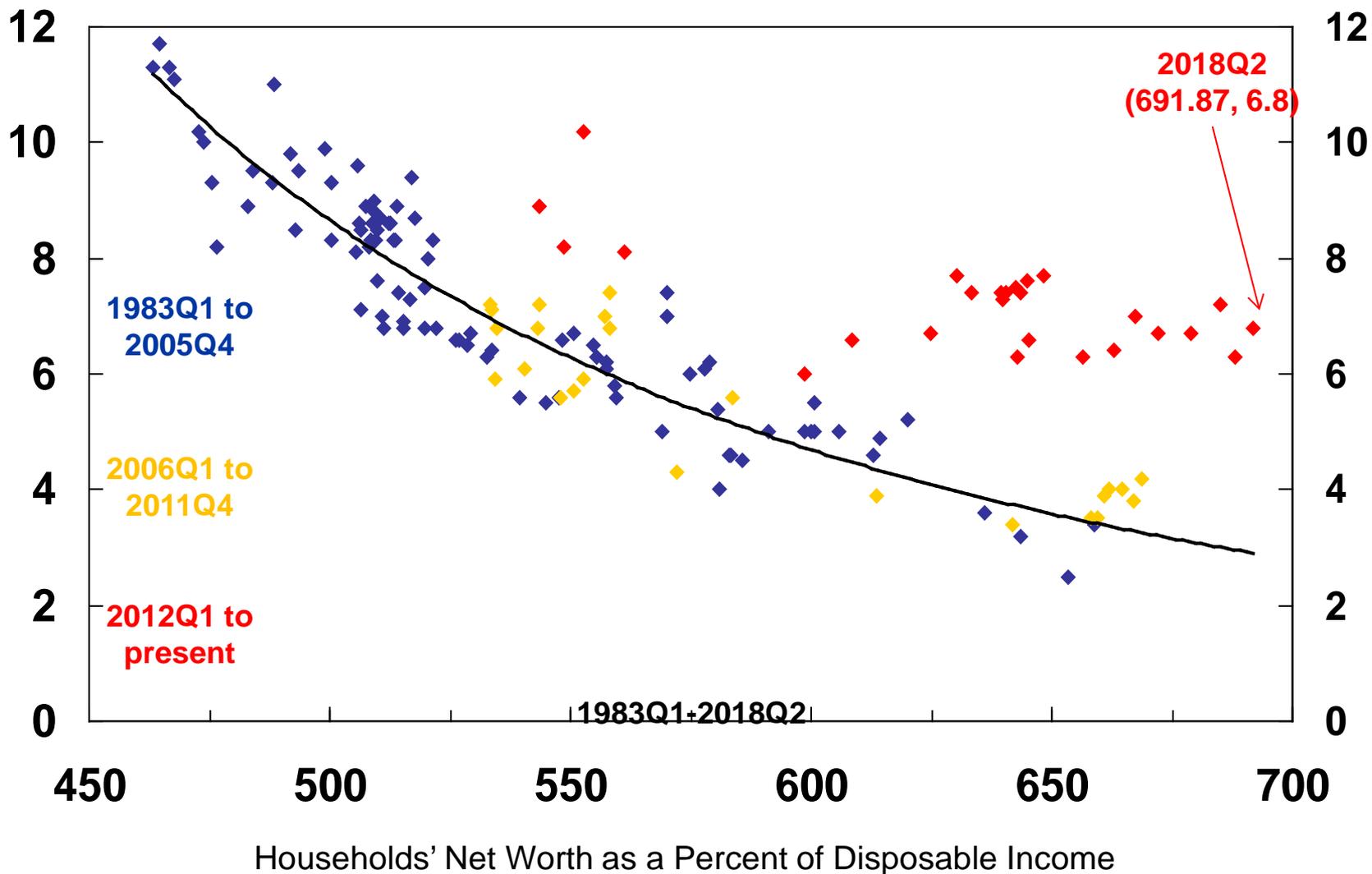
Source: Bureau of Economic Analysis,
Federal Reserve Board via Haver Analytics

Note: Shading shows NBER recessions.

Personal Saving Rate and Household Net Worth

Personal Saving Rate (Percent)

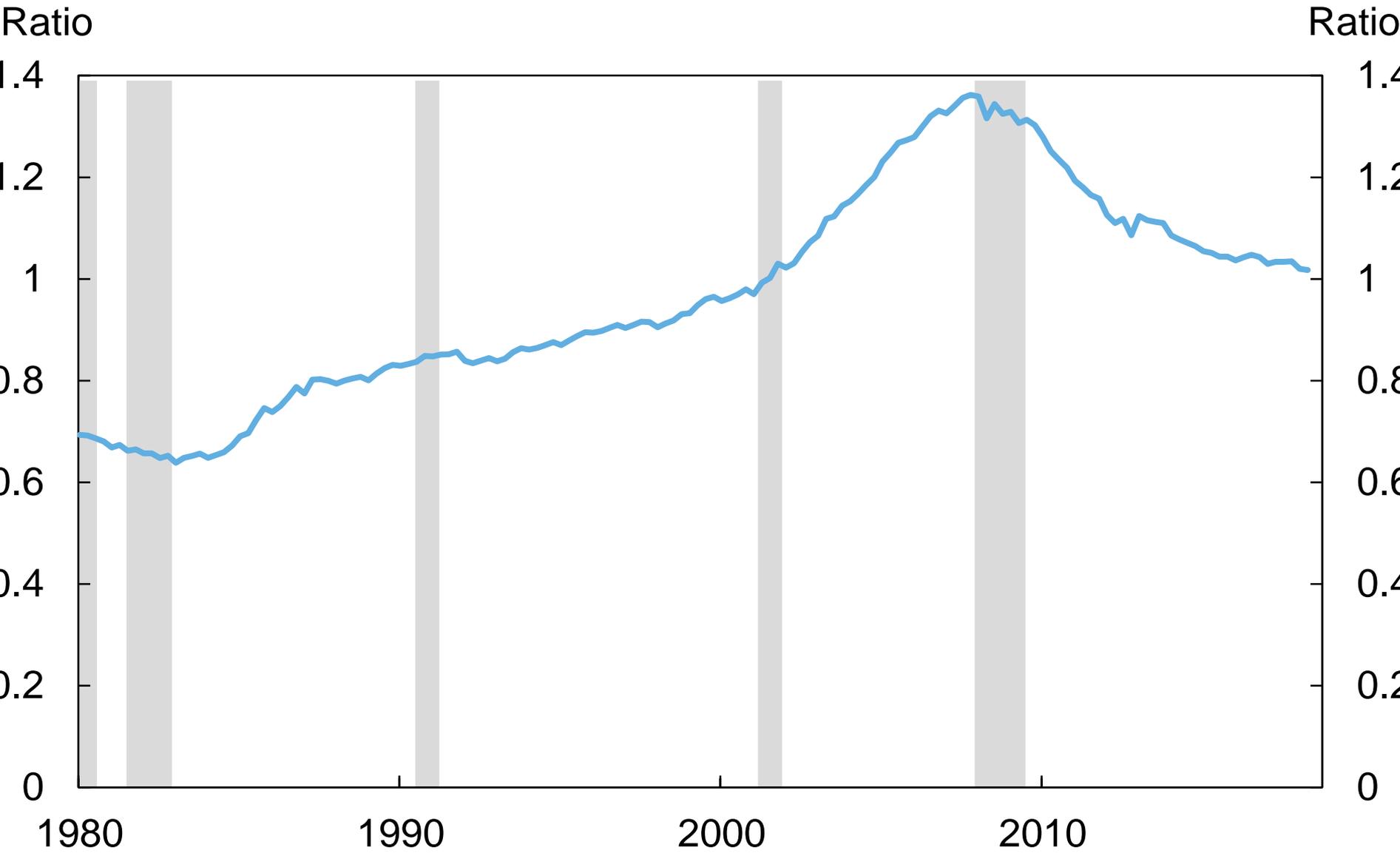
Personal Saving Rate (Percent)



Source: Bureau of Economic Analysis and Federal Reserve Board

Note: Fitted line is from 1983Q1 to 2005Q4.

Household Liabilities over Disposable Income



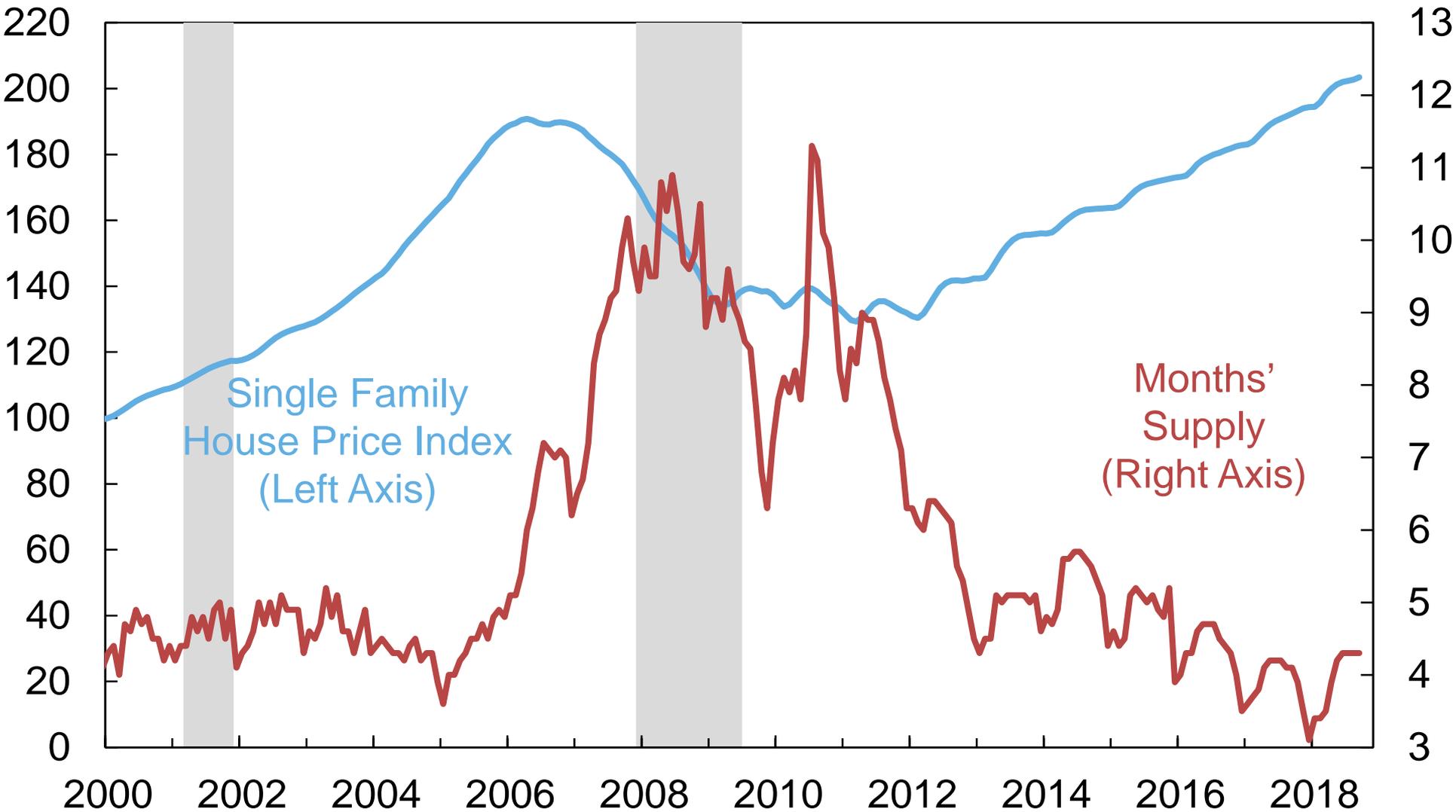
Source: Federal Reserve Board and Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions.

Single Family Housing Market

Index Level

Months



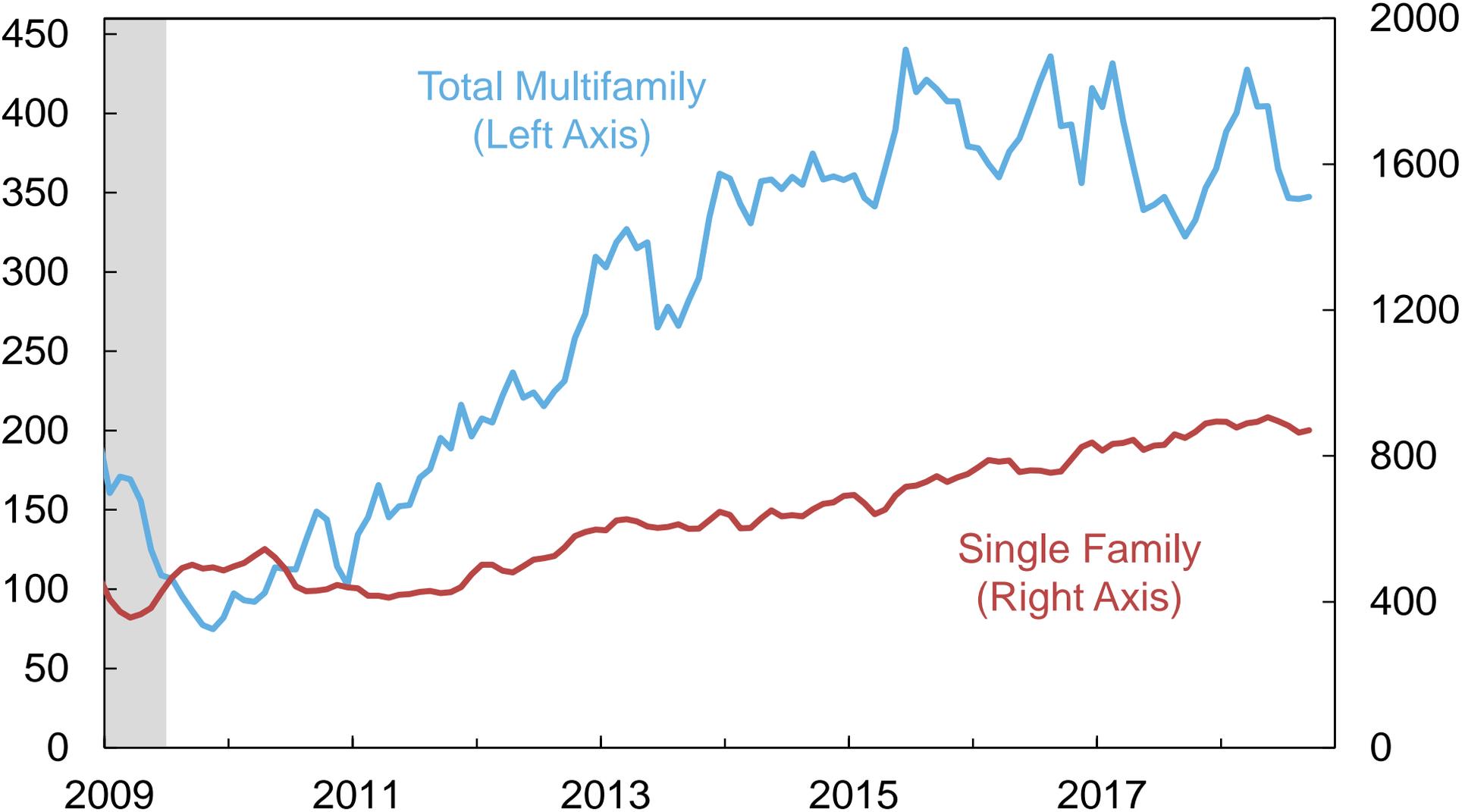
Source: CoreLogic, National Association of Realtors, via Haver Analytics

Note: Shading shows NBER recessions.

Housing Starts

Thousands, 3 MMA

Thousands, 3 MMA



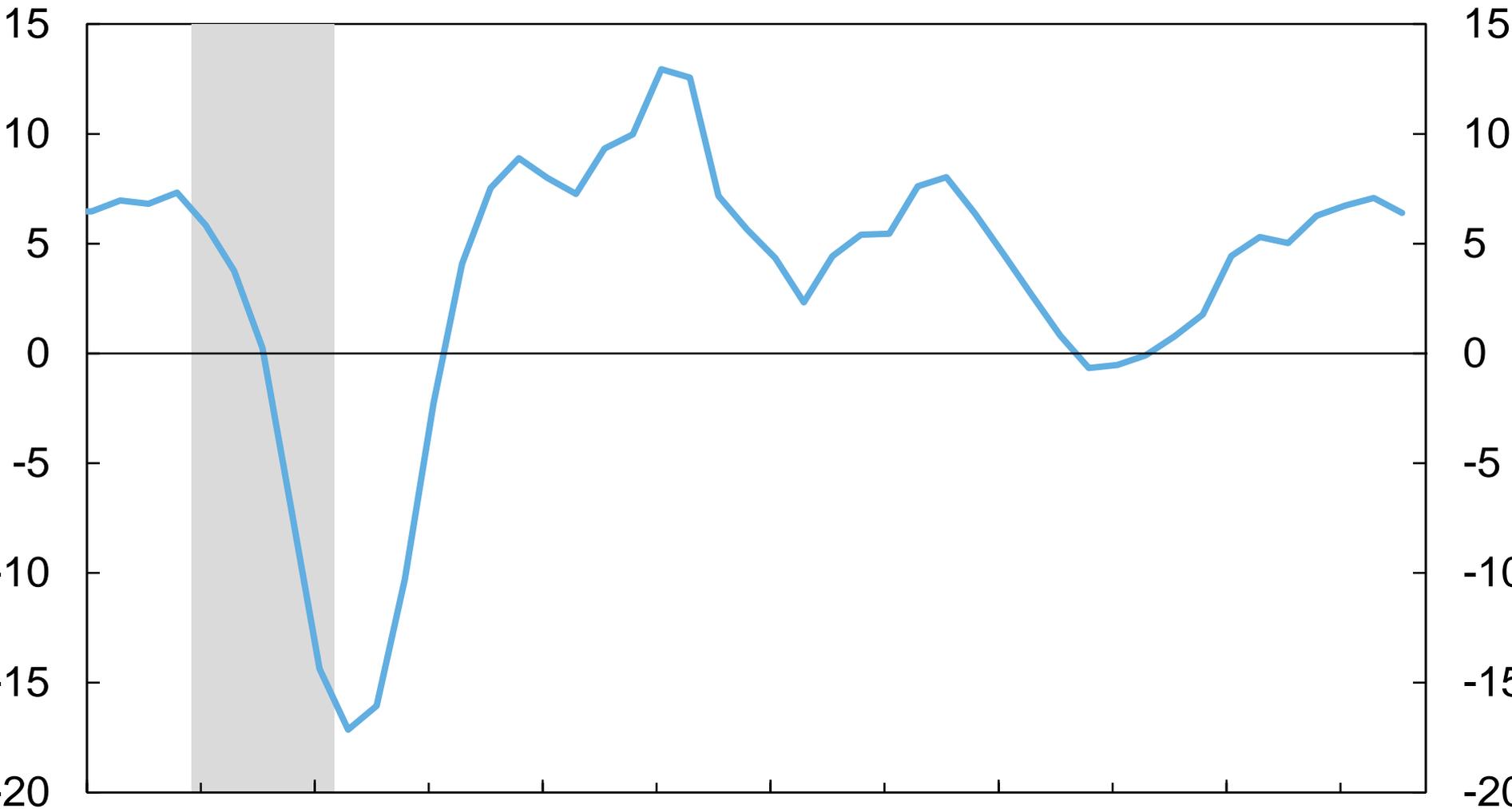
Source: Census Bureau via Haver Analytics

Note: Shading shows NBER recessions. 8

Business Fixed Investment Firming

Four Quarter Percent Change

Four Quarter Percent Change



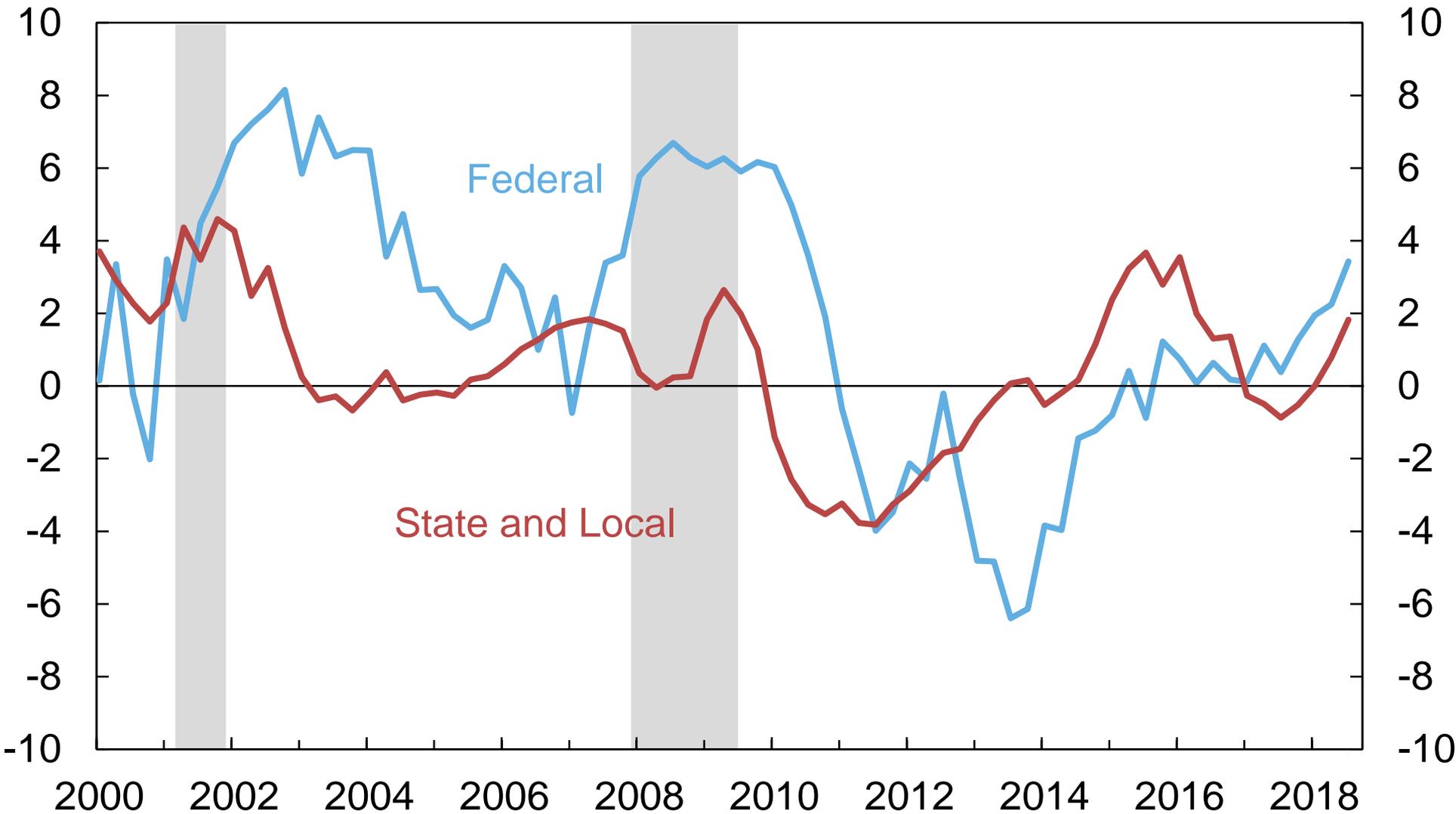
Source: Bureau of Economic Analysis

Note: Shading shows NBER recessions.

Real Government Consumption and Gross Investment

4 Quarter % Change

4 Quarter % Change



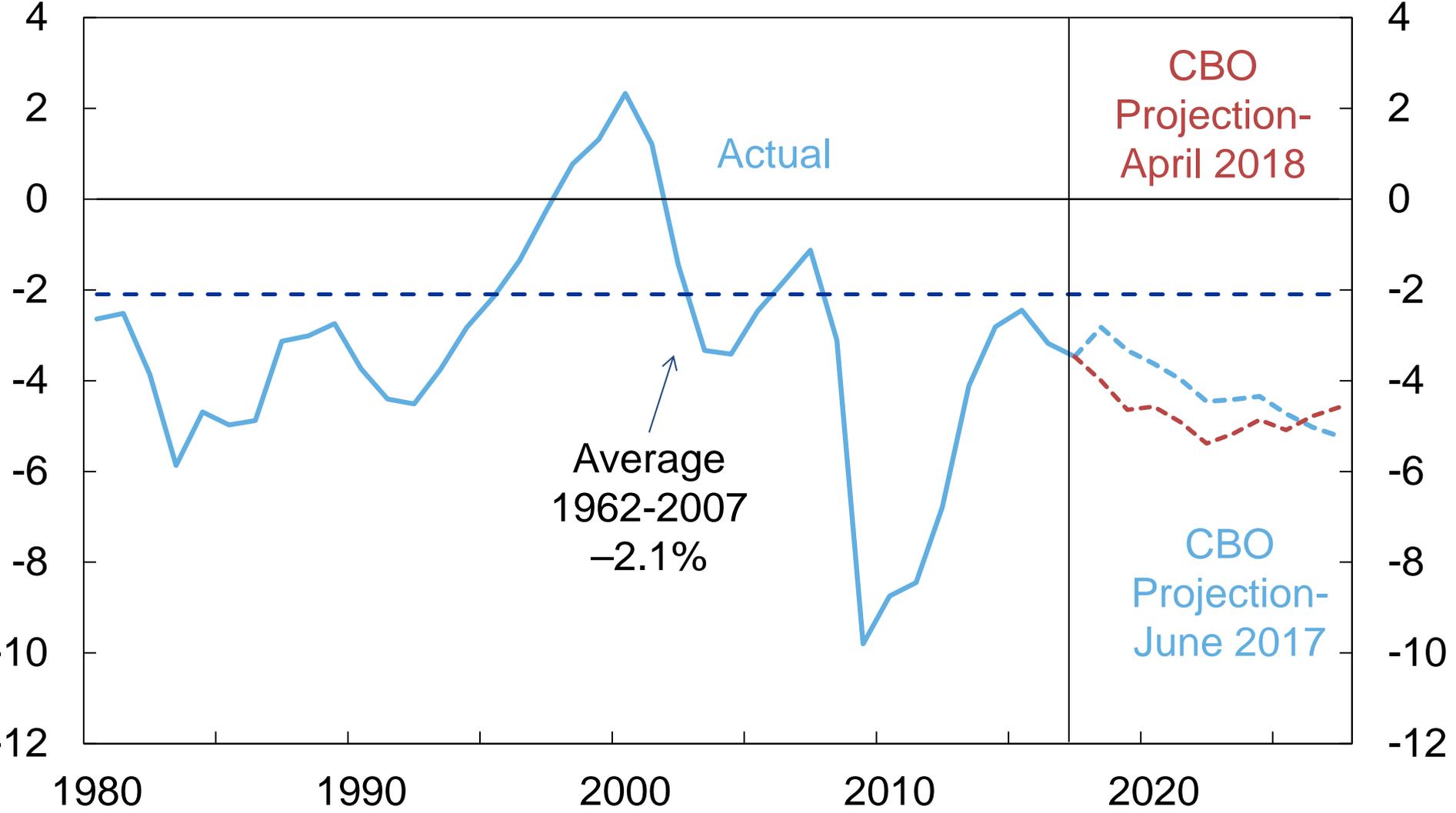
Source: Bureau of Economic Analysis
via Haver Analytics

Note: Shading shows NBER recessions.

Federal Deficit

% of GDP

% of GDP

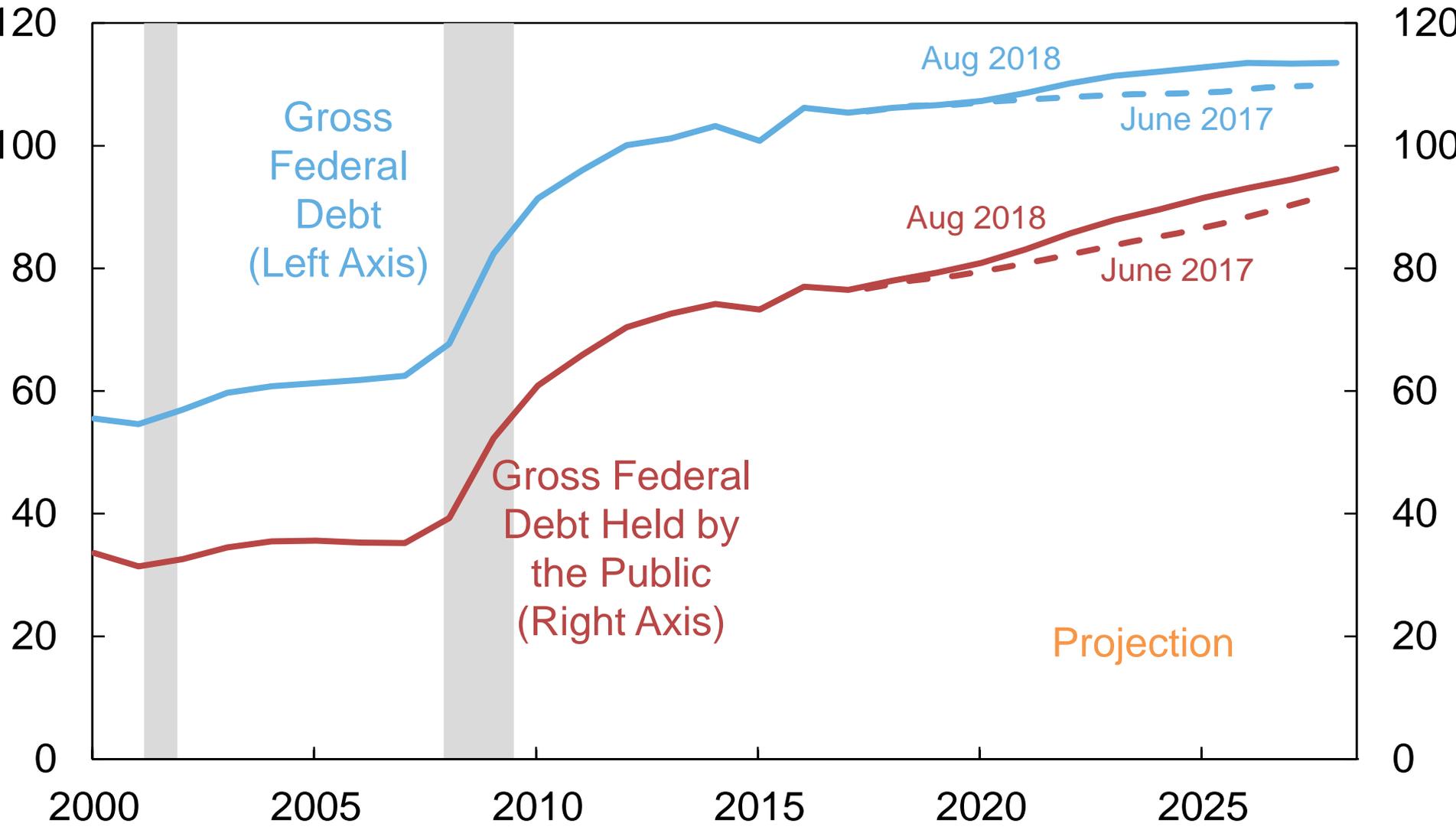


Source: Congressional Budget Office, FRBNY staff calculations

Gross Federal Debt as a Percentage of GDP

Percent

Percent



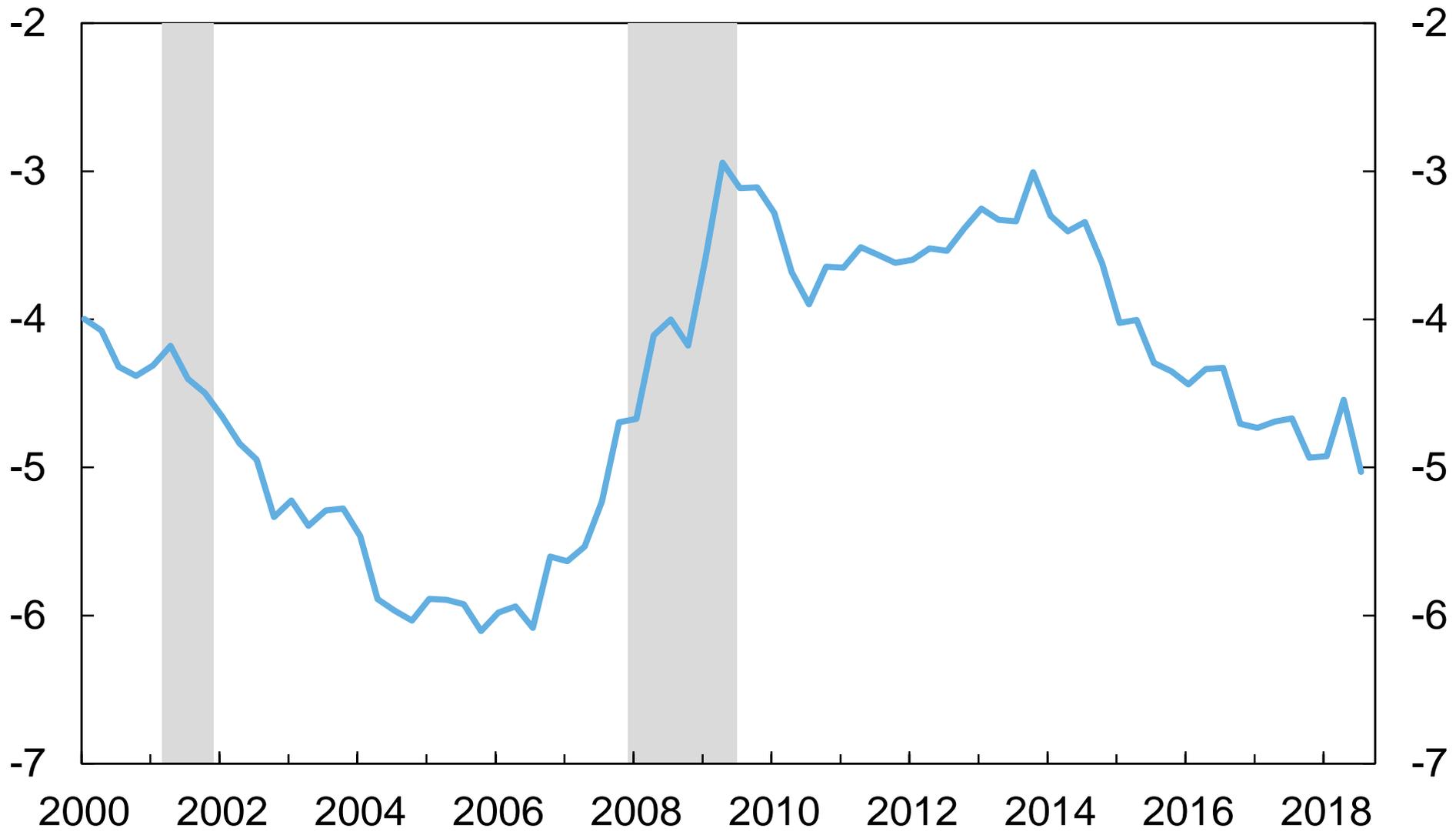
Source: CBO; Haver.

Note: Shading shows NBER recessions.

Real Net Exports as a % of GDP

Percent

Percent



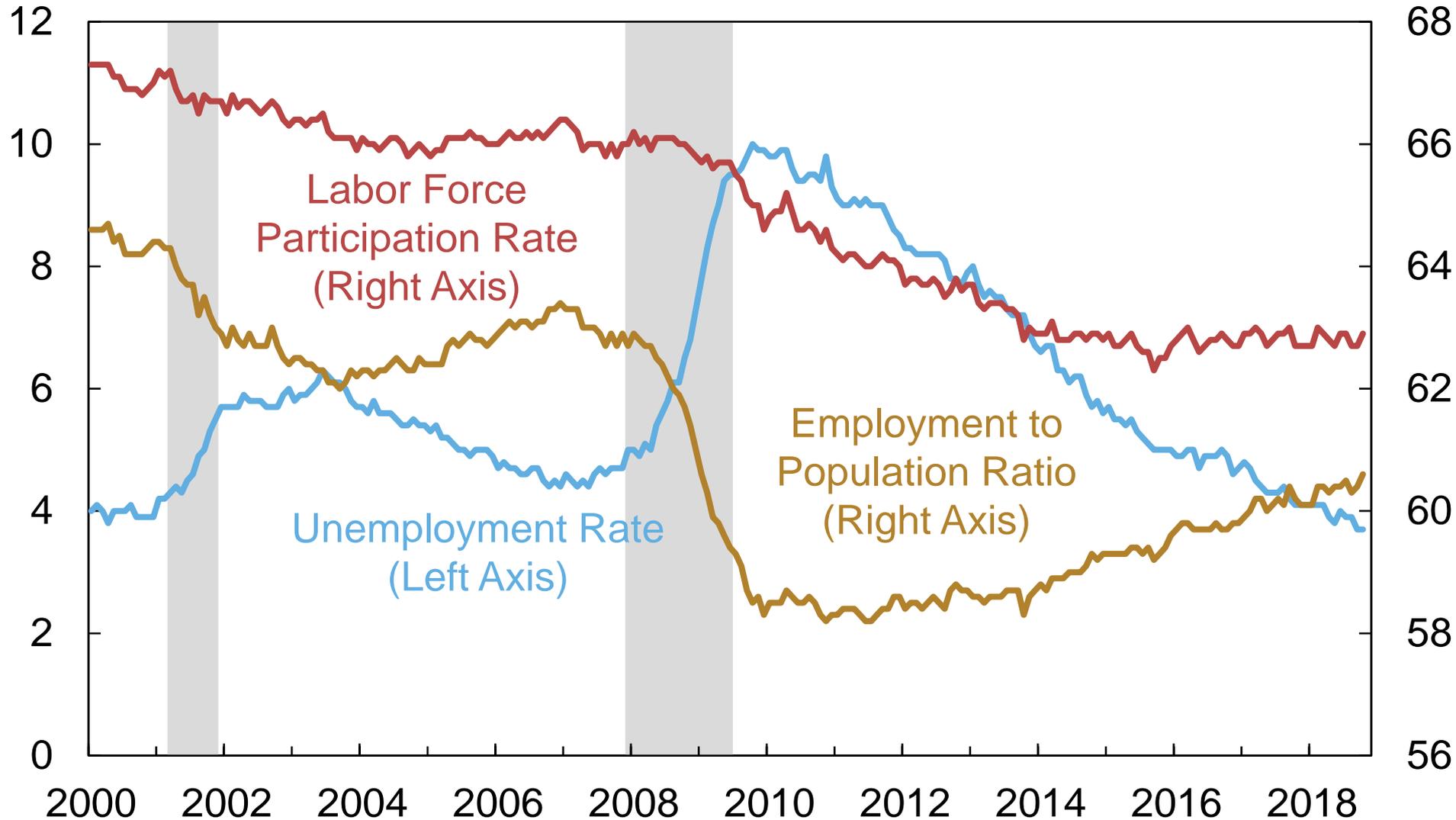
Source: BEA; Haver Analytics.

Note: Shading shows NBER recessions.

Labor Market Indicators

Percent

Percent



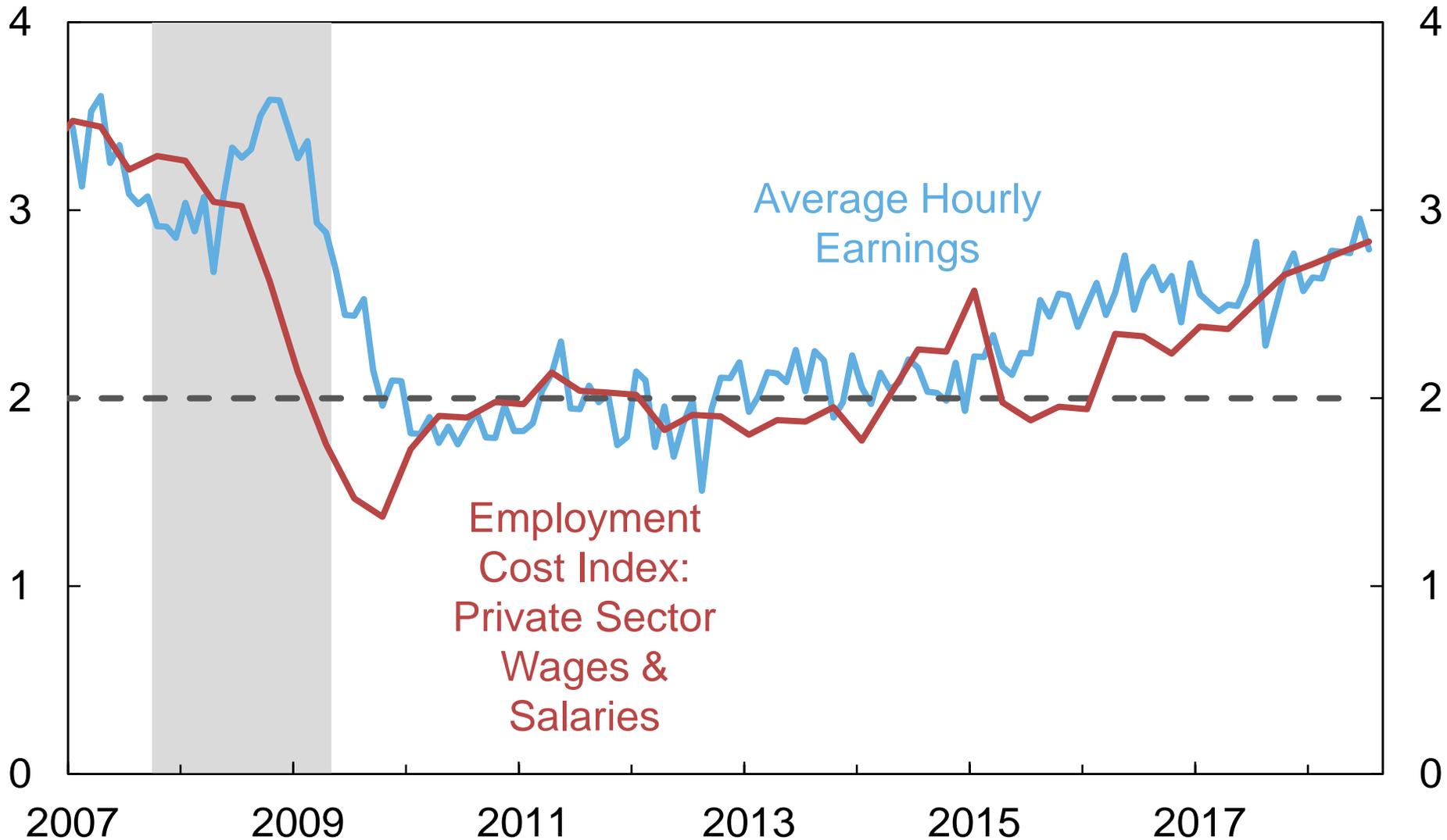
Source: Bureau of Labor Statistics
via Haver Analytics

Note: Shading shows NBER recessions.

Growth of Average Hourly Earnings and ECI

Annual % change

Annual % change



Source: Bureau of Labor Statistics
via Haver Analytics

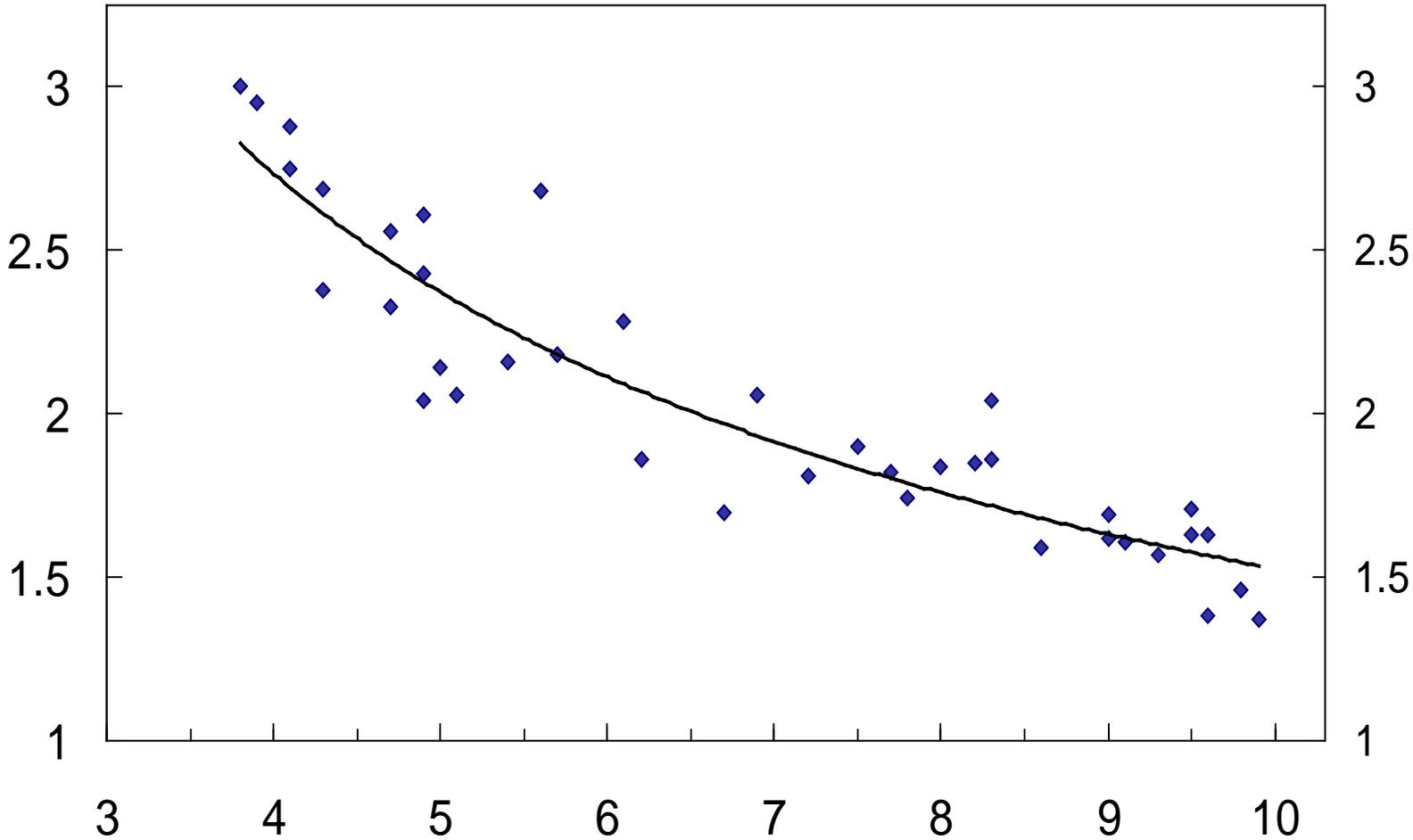
Note: Shading shows NBER recessions.

Employment Cost Index and the Unemployment Rate

% Change, Year to Year

% Change, Year to Year

EI: Wages & Salaries for Private Industry Workers (SA)



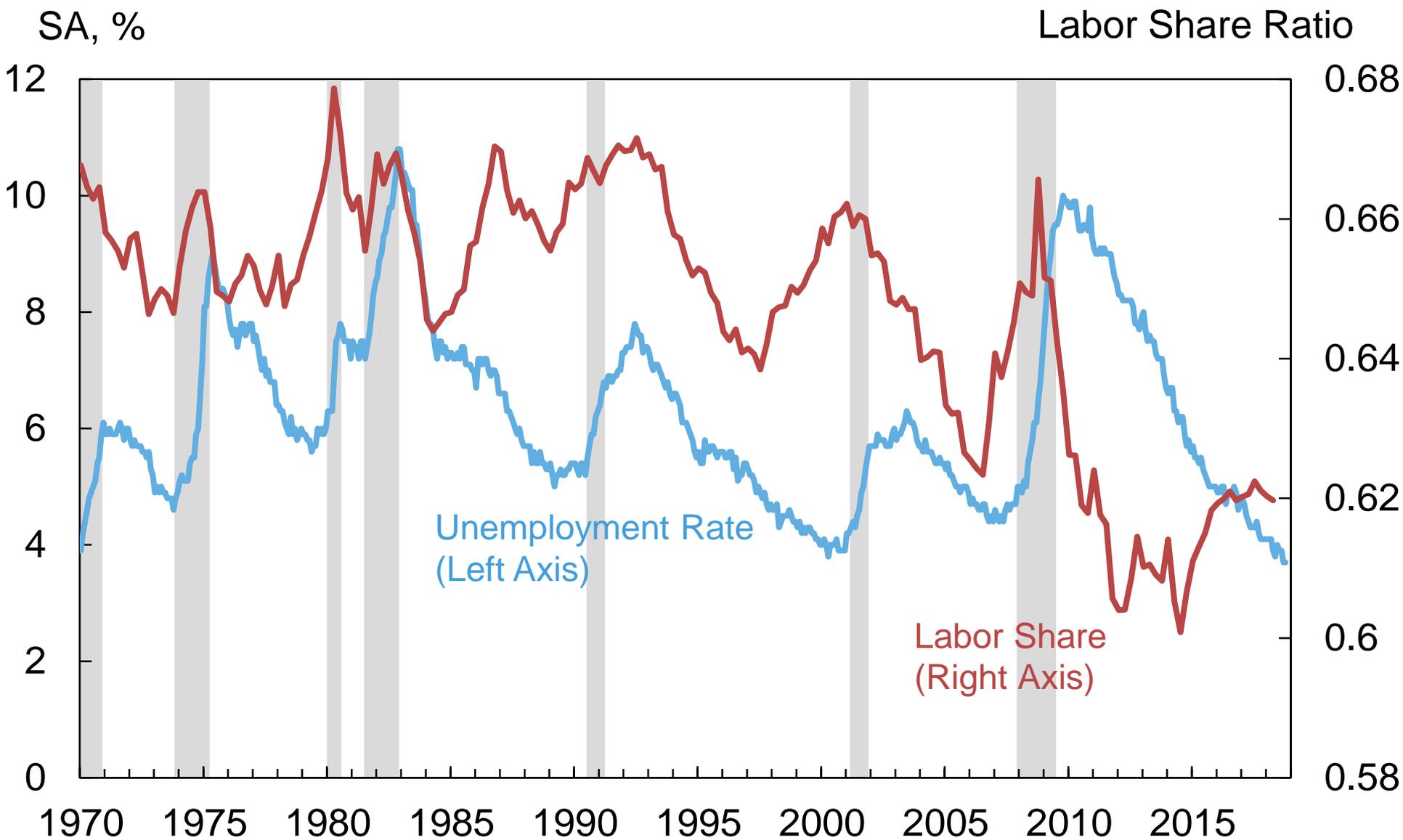
Civilian Unemployment Rate: 16 yr + (SA, %)

16

Note: Data reported quarterly from Q1-2009 to Q3-2018

Source: Bureau of Labor Statistics

Unemployment Rate and Labor Share of National Income



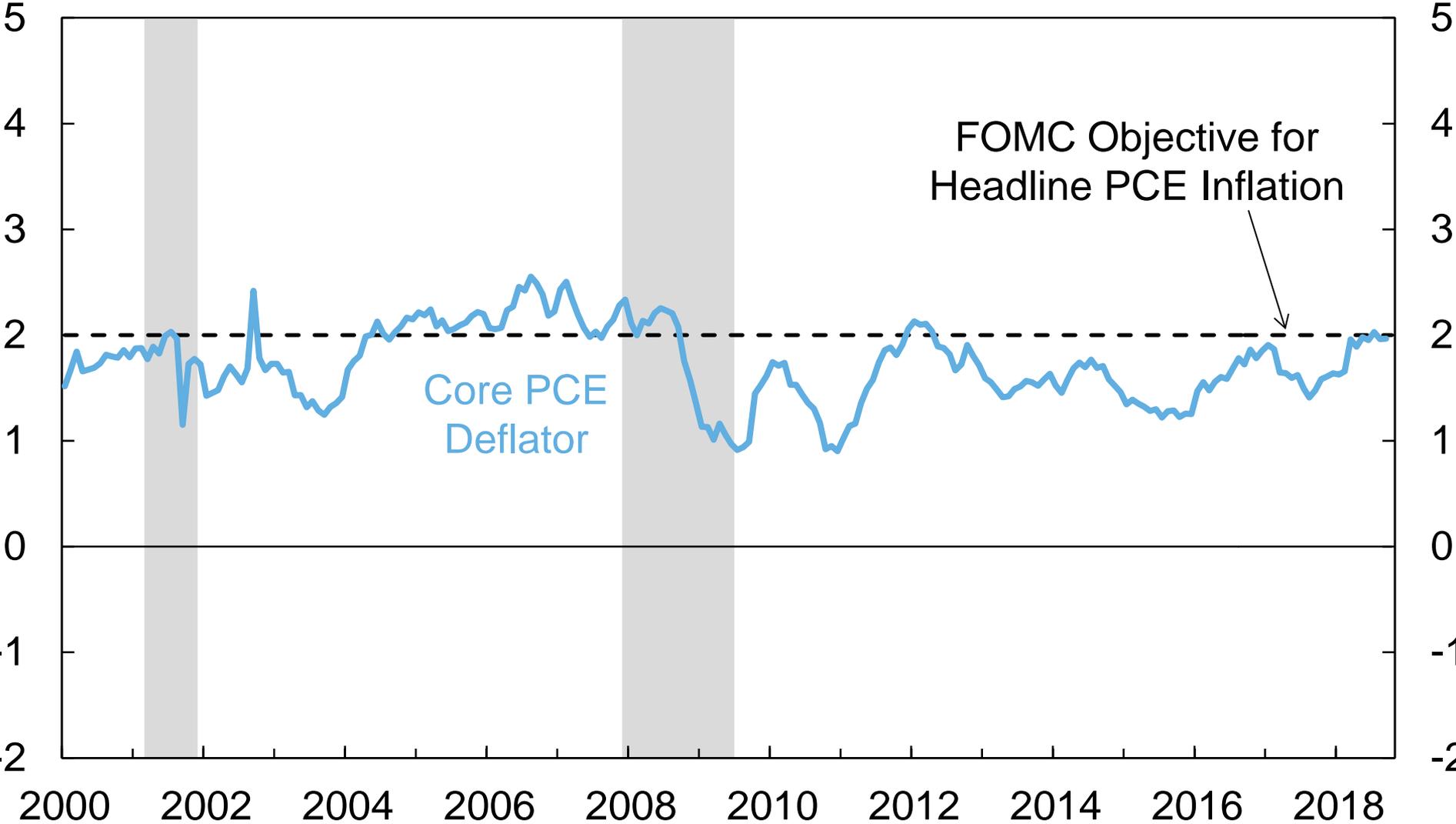
Source: Bureau of Labor Statistics
via Haver Analytics

Note: Shading shows NBER recessions.

Measure of Underlying PCE Price Inflation

12 Month % Change

12 Month % Change



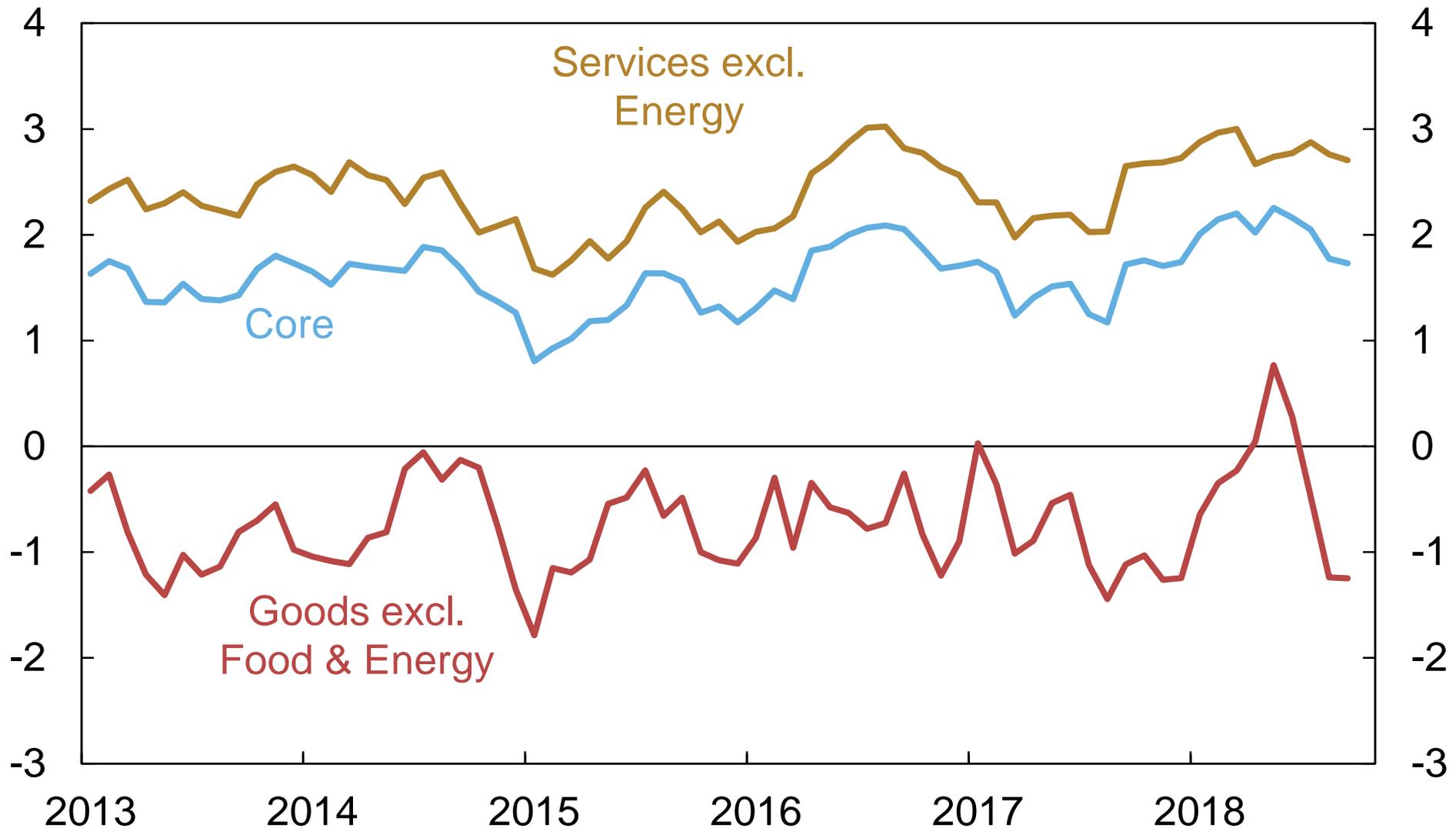
Source: Bureau of Economic Analysis via Haver Analytics

Note: Shading shows NBER recessions. 18

Core PCE

6-Mo % Change, Annualized

6-Mo % Change, Annualized



Source: BEA; Haver Analytics.

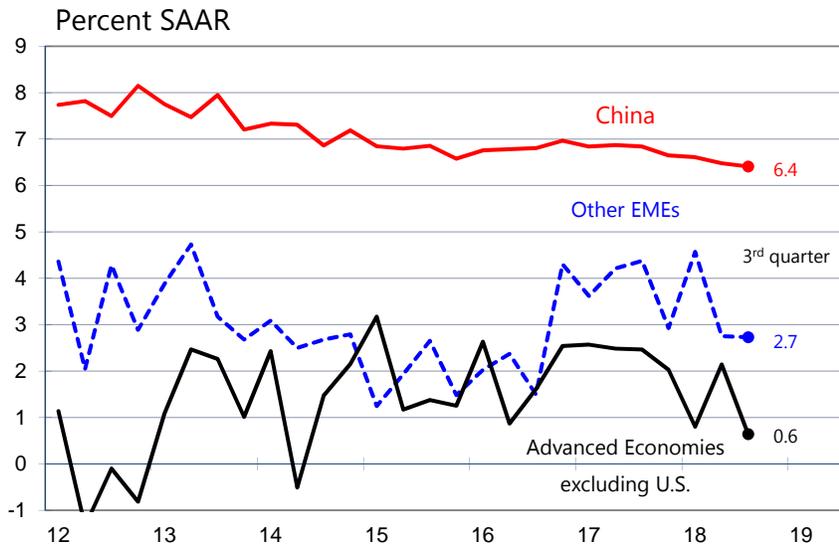
Note: Shading shows NBER recessions.



Roadmap

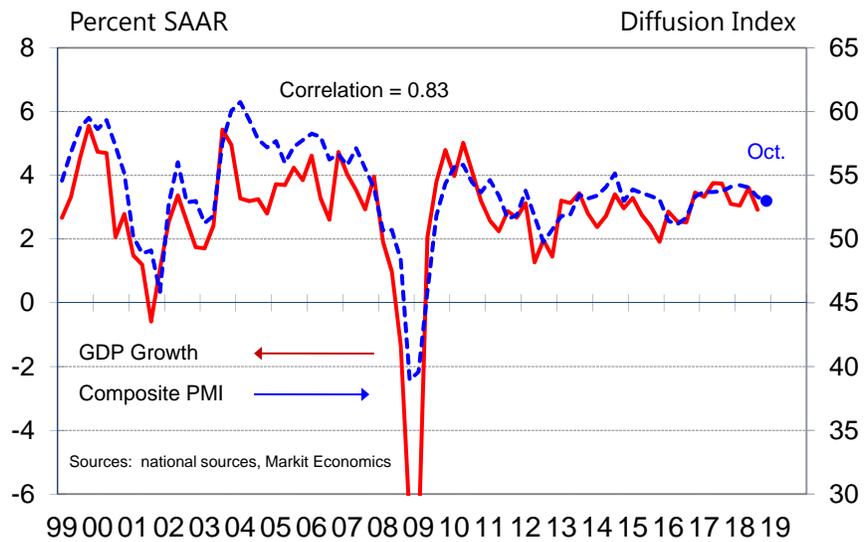
- Update on the global economic and industrial cycle
- China's economic slowdown
- Advanced economy health spending and outcomes
- Italy's fiscal and economic struggles

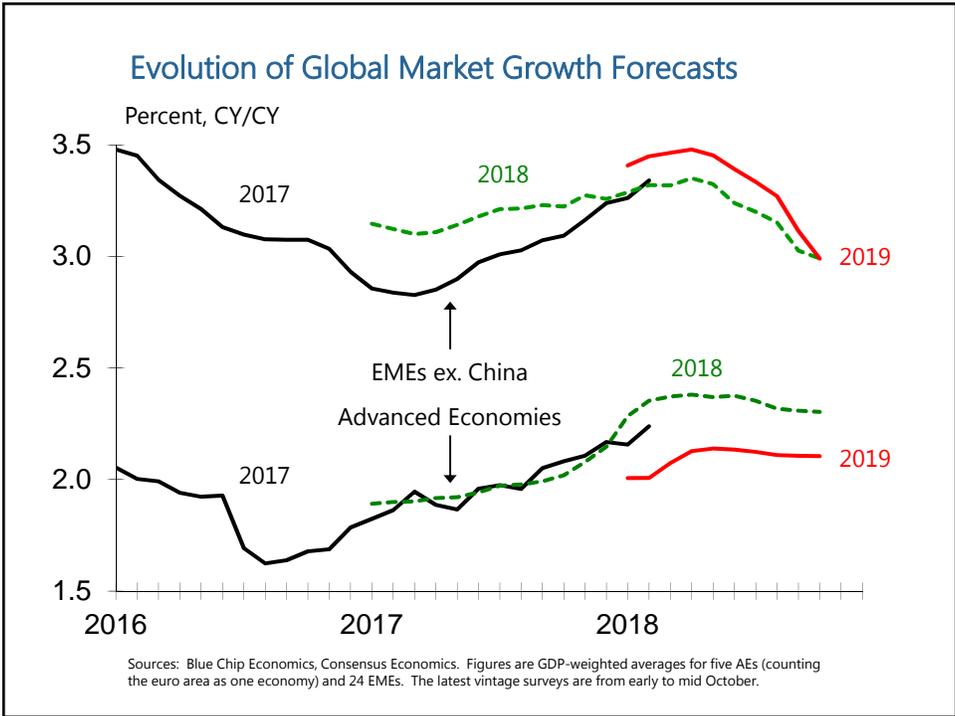
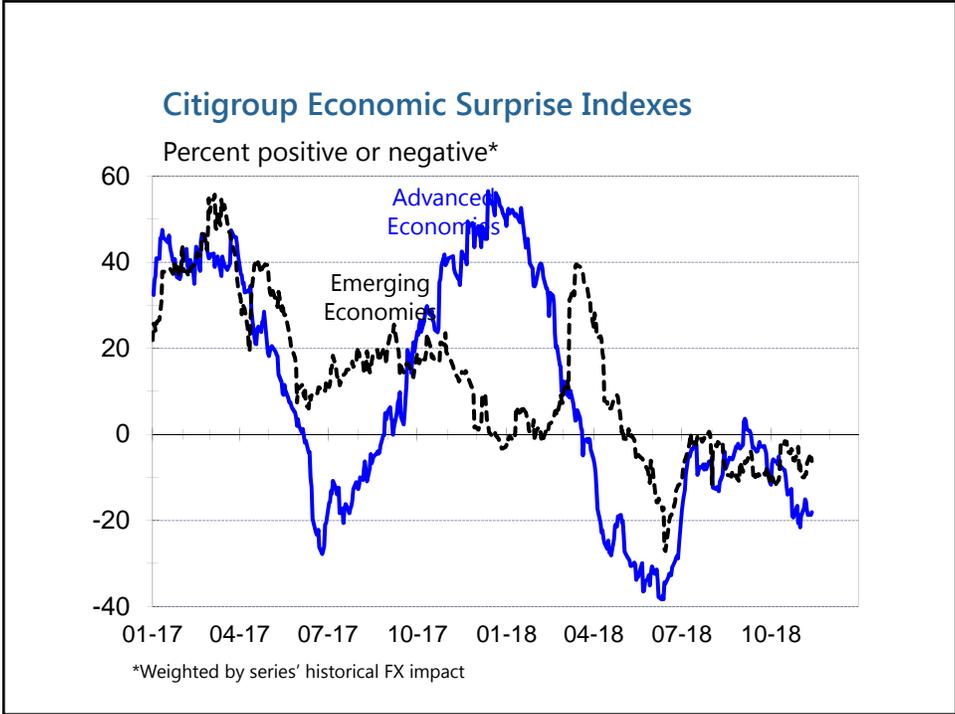
Global GDP Growth



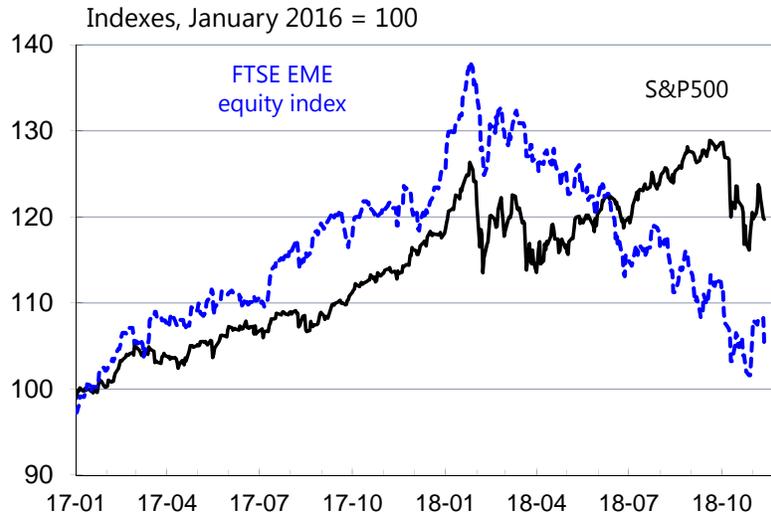
Sources: national sources, staff calculations. Q3 growth rates for some foreign economies reflect staff estimates.

Global GDP Growth and Composite PMI

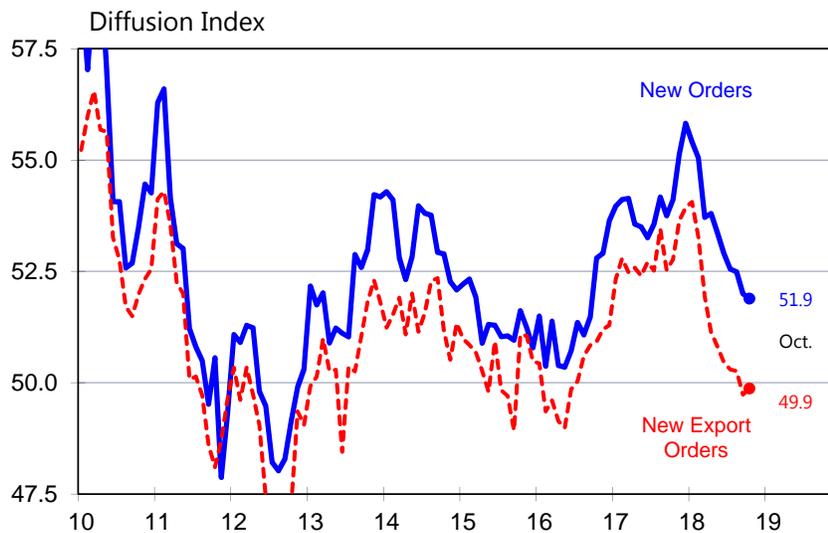




U.S. and EME equity performance

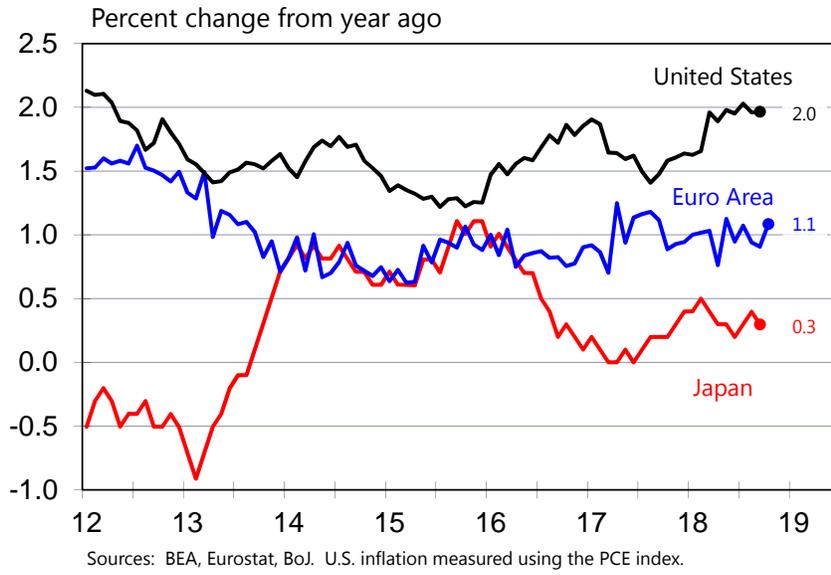


Manufacturing New Orders

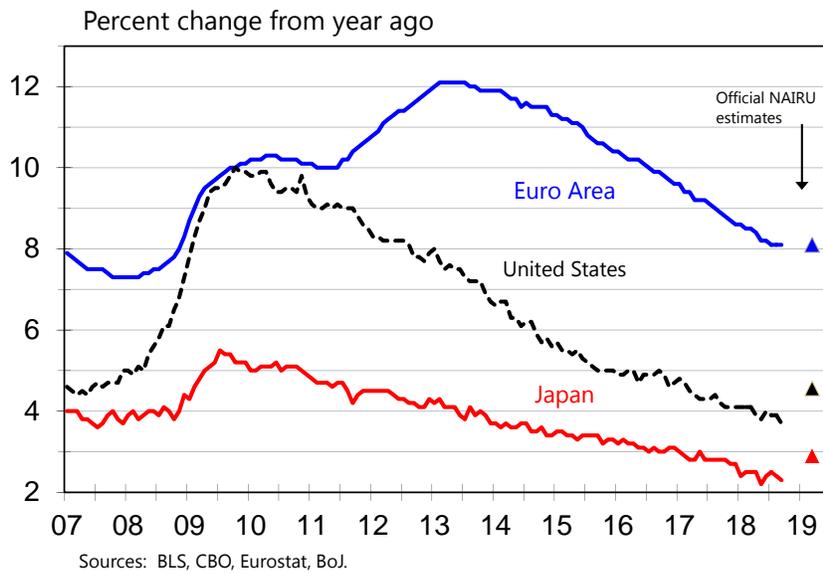


Source: Markit Economics, JPMorgan.

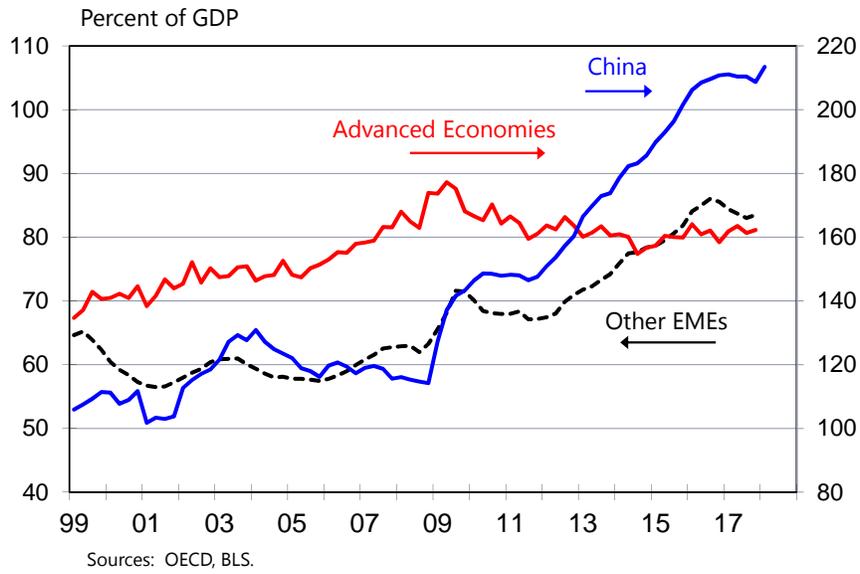
G-3: Core Consumer Price Inflation



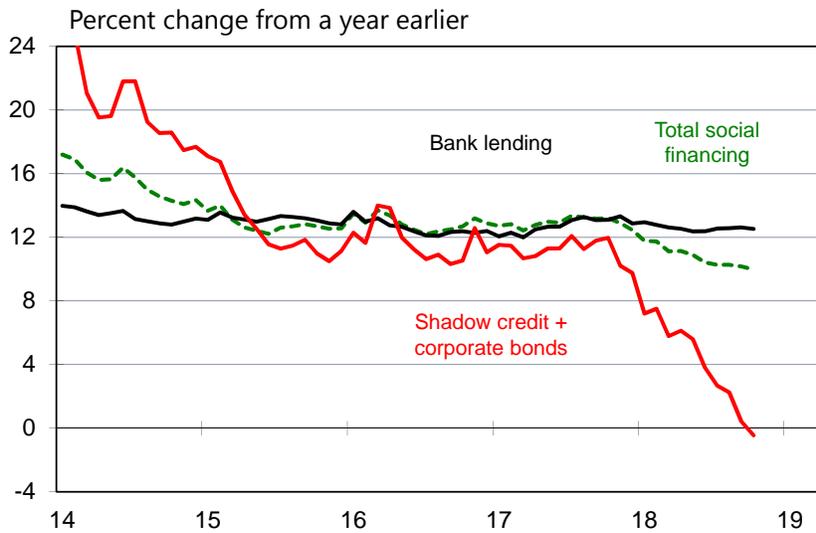
G-3 Unemployment Rates



Credit to Private Nonfinancial Sector

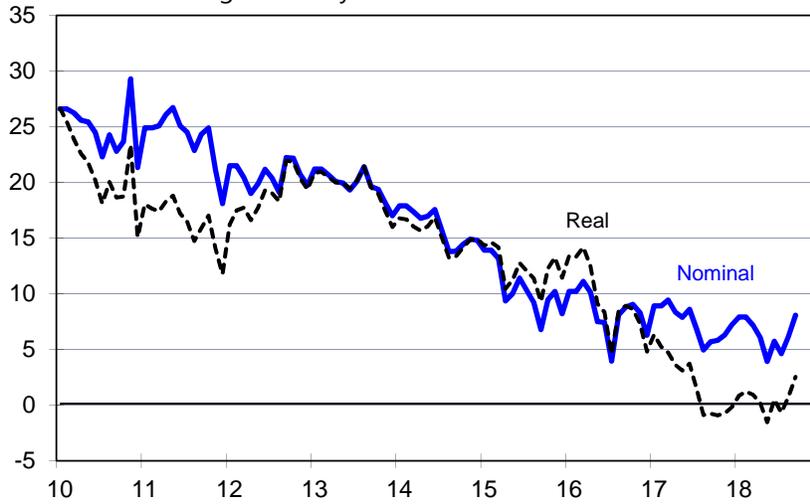


China: Credit growth



China: Fixed Asset Investment

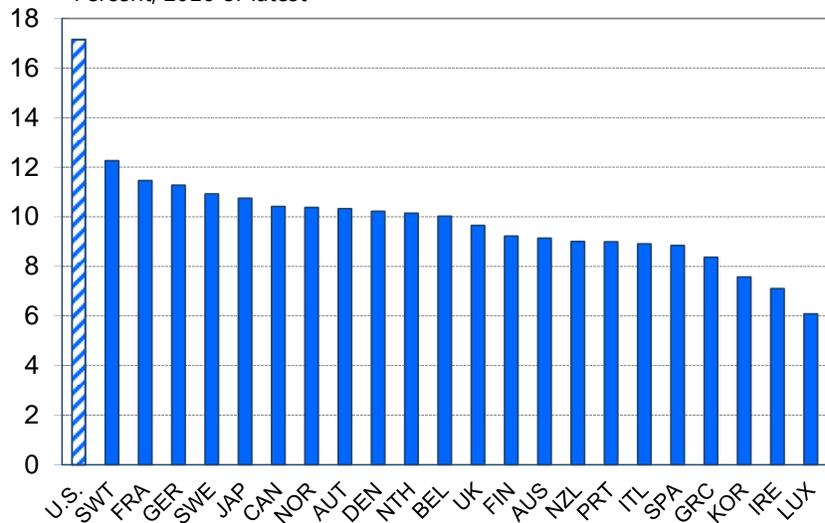
Percent change from a year earlier



Source: Monthly index computed from official year-year year-to-date changes. Real series deflated by linearly interpolated quarterly FAI price series.

Health expenditure as a share of GDP

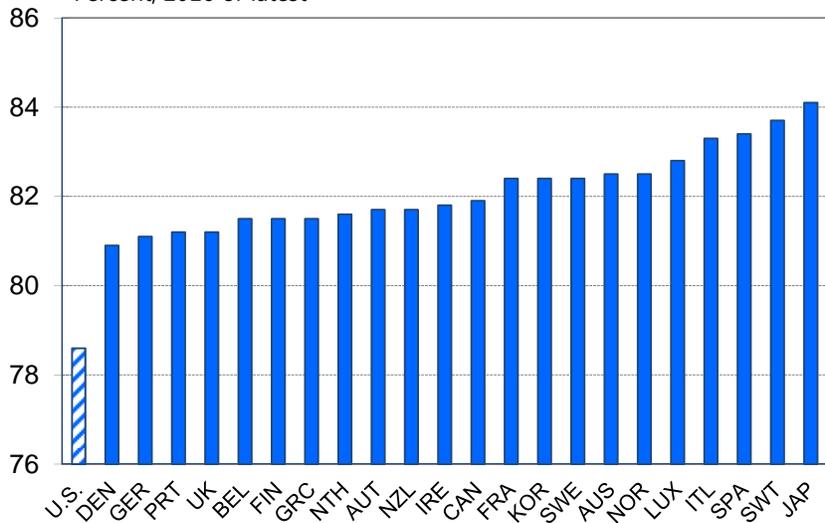
Percent, 2016 or latest



Source: OECD Health Database.

Life expectancy at birth

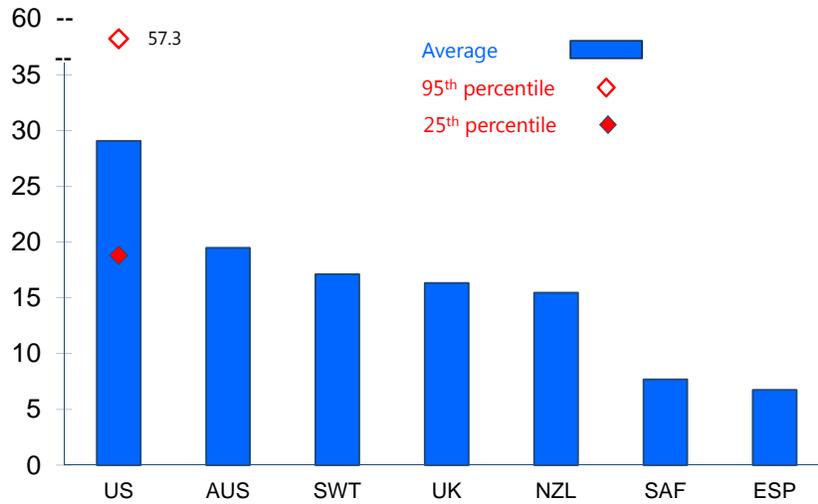
Percent, 2016 or latest



Source: OECD Health Database.

Hip replacement: total costs

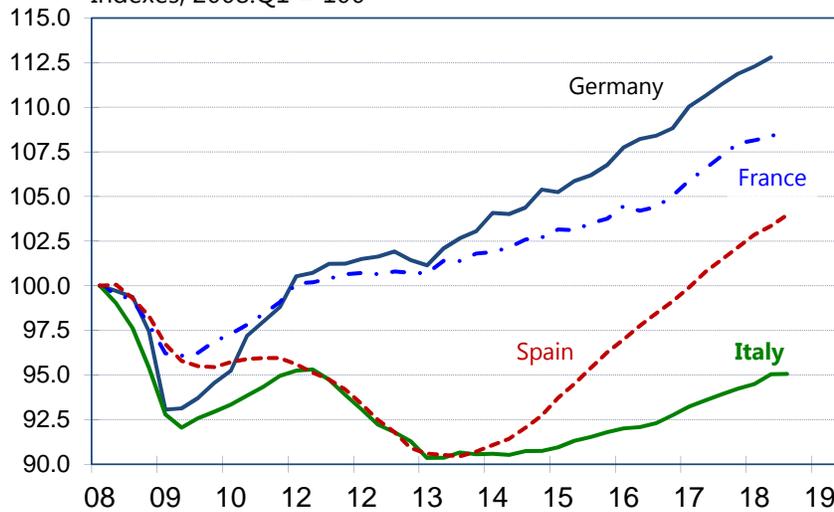
Thousands of U.S. dollars



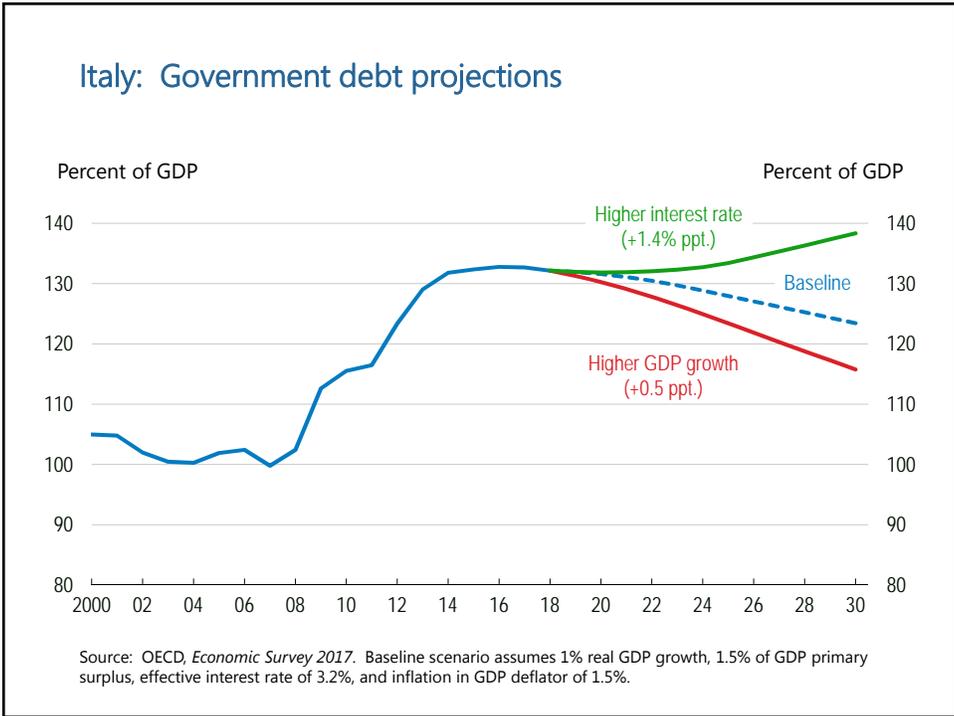
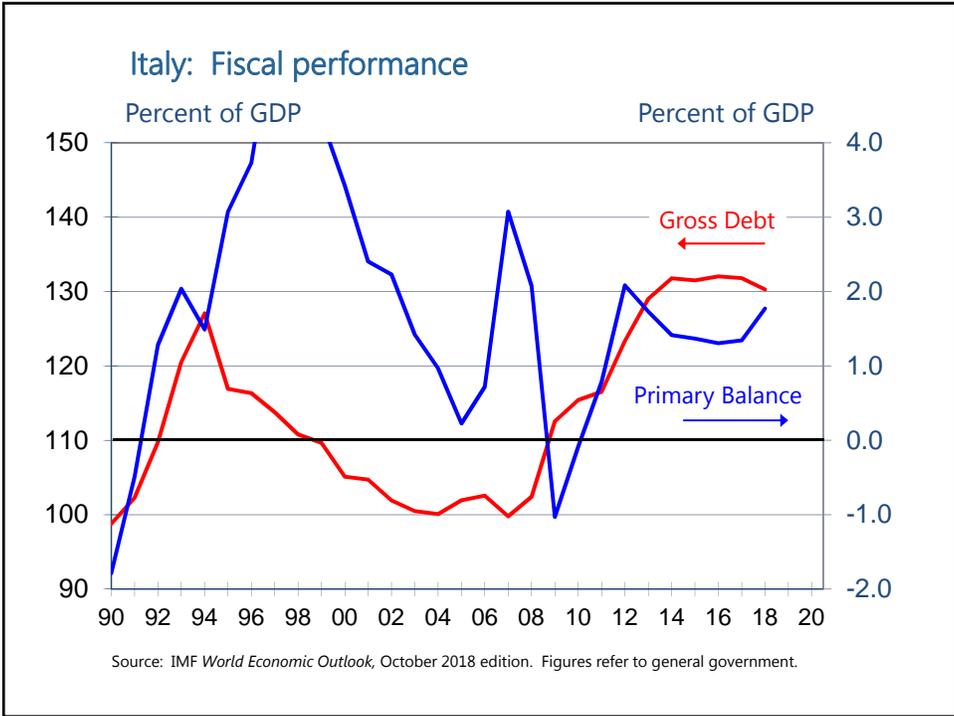
Source: International Federal of Health Plans, Comparative Price Report 2015.

Euro area: major economy real GDP

Indexes, 2008:Q1 = 100



Source: Eurostat





FEDERAL RESERVE BANK *of* NEW YORK

Regional Economic Conditions

Jaison R. Abel

Upstate New York Regional Advisory Board Meeting – November 15, 2018

The views expressed here are those of the presenter and do not necessarily represent those of the Federal Reserve Bank of New York or the Federal Reserve System.

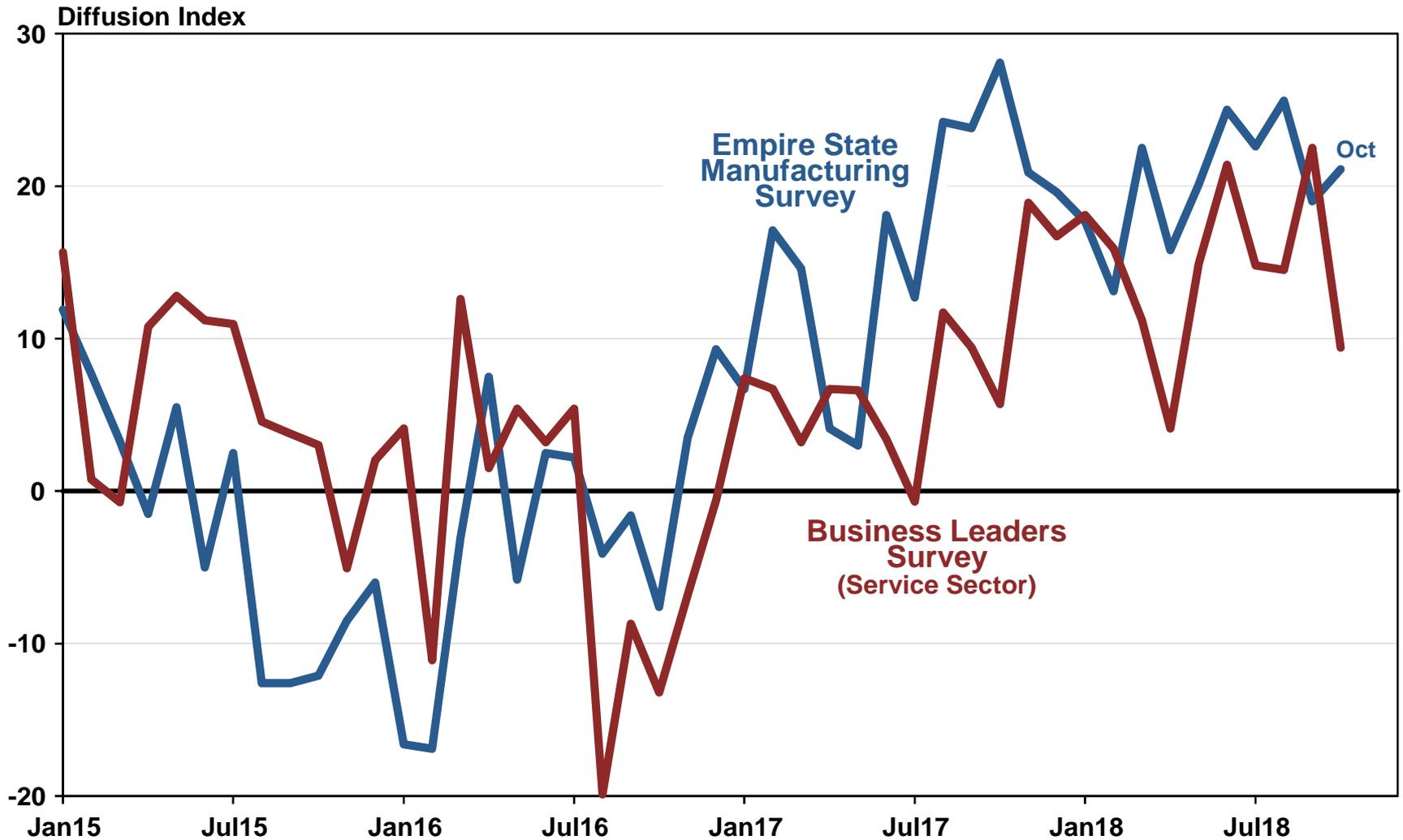
Overview of Regional Conditions

- Growth in the region's manufacturing sector has remained fairly brisk, while growth has slowed to a modest pace in the broader services sector.
- Labor markets have tightened throughout the region, even in parts of upstate New York with little or no job growth through the expansion.
- Businesses report increasingly widespread escalation in input prices and, to a lesser extent, selling prices, in part due to recent changes in U.S. trade policy.



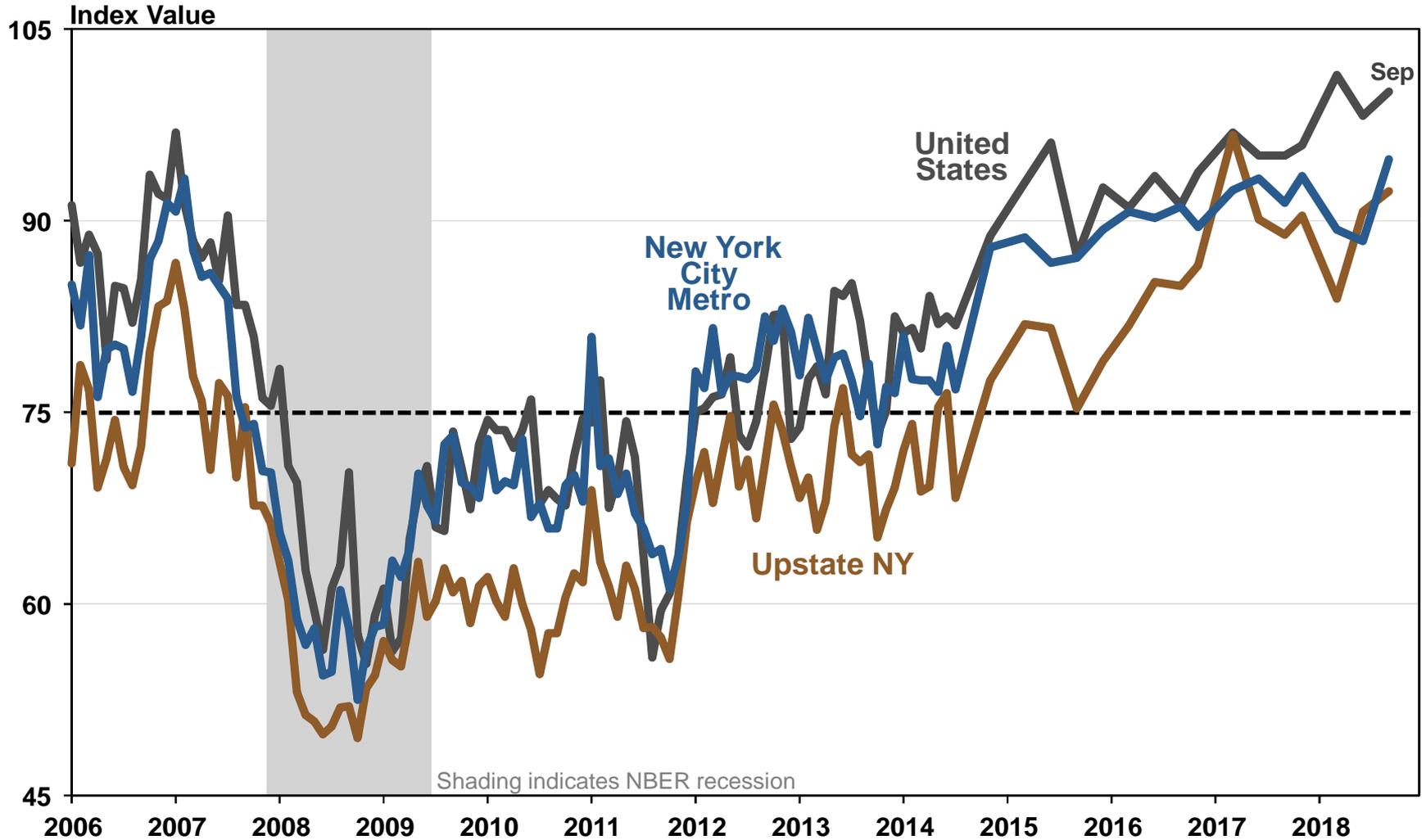
Current Economic Conditions

FRBNY Regional Business Surveys



Regional Consumer Confidence

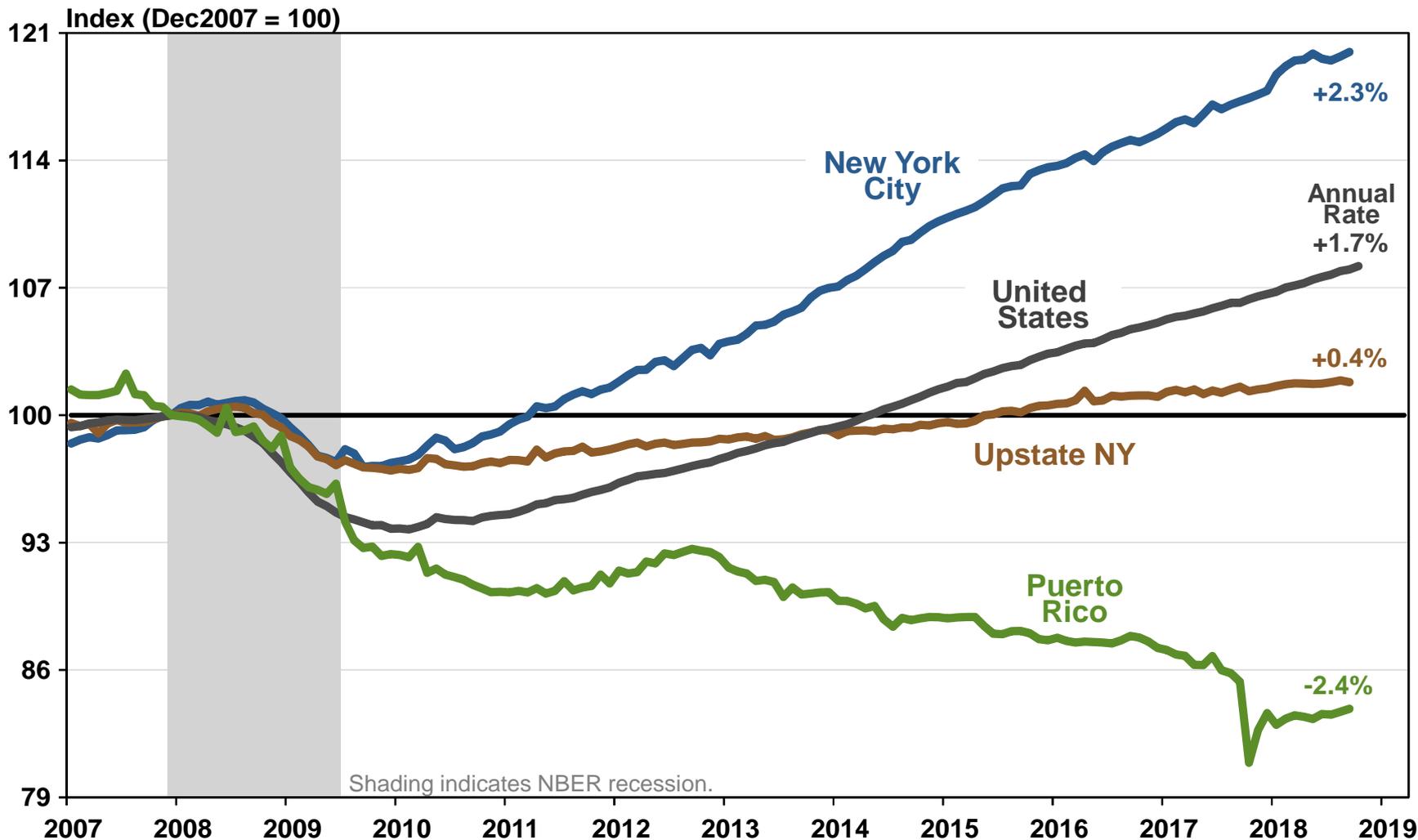
Overall Consumer Confidence



Shading indicates NBER recession

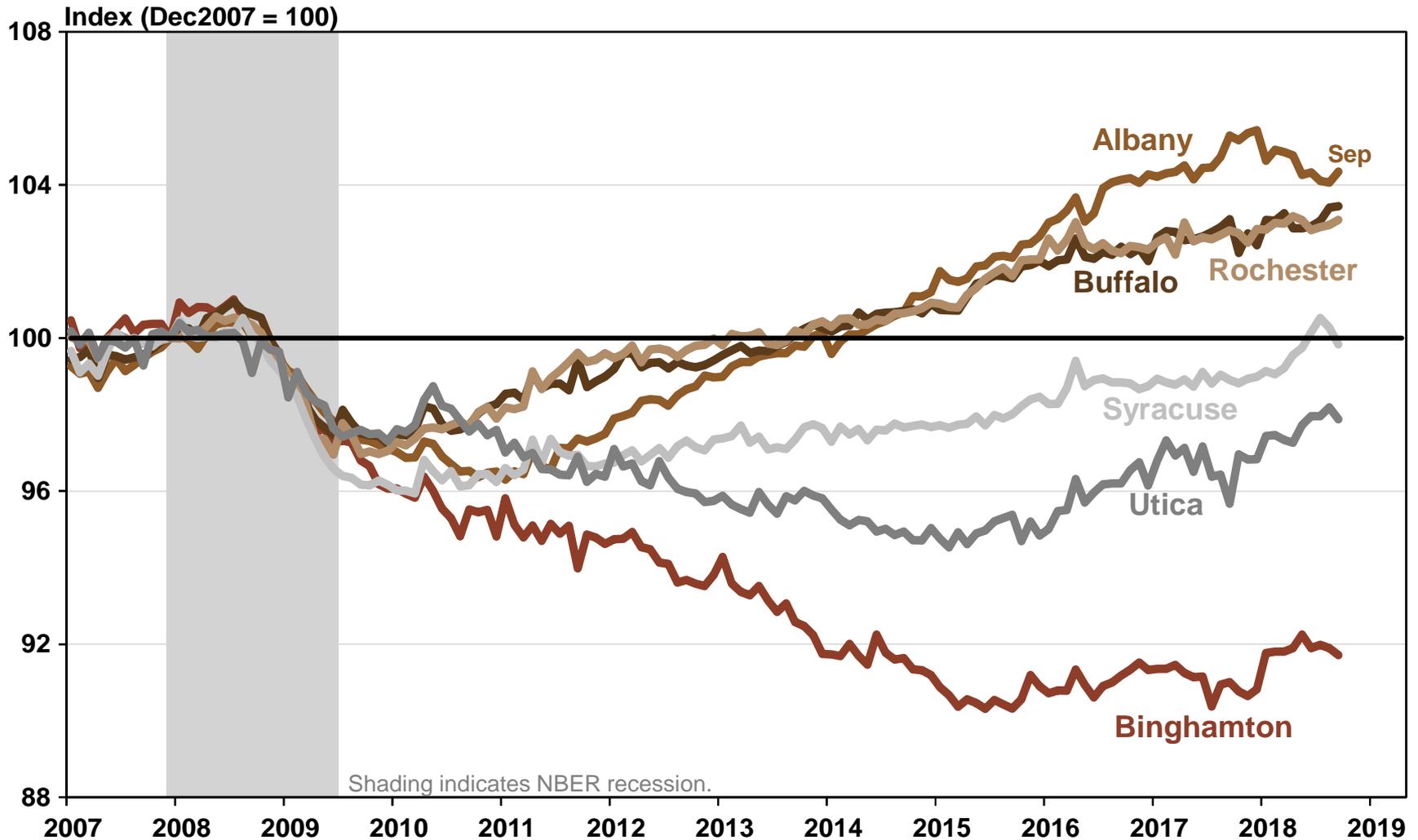
Regional Employment Trends

Indexes of Total Employment, Seasonally Adjusted



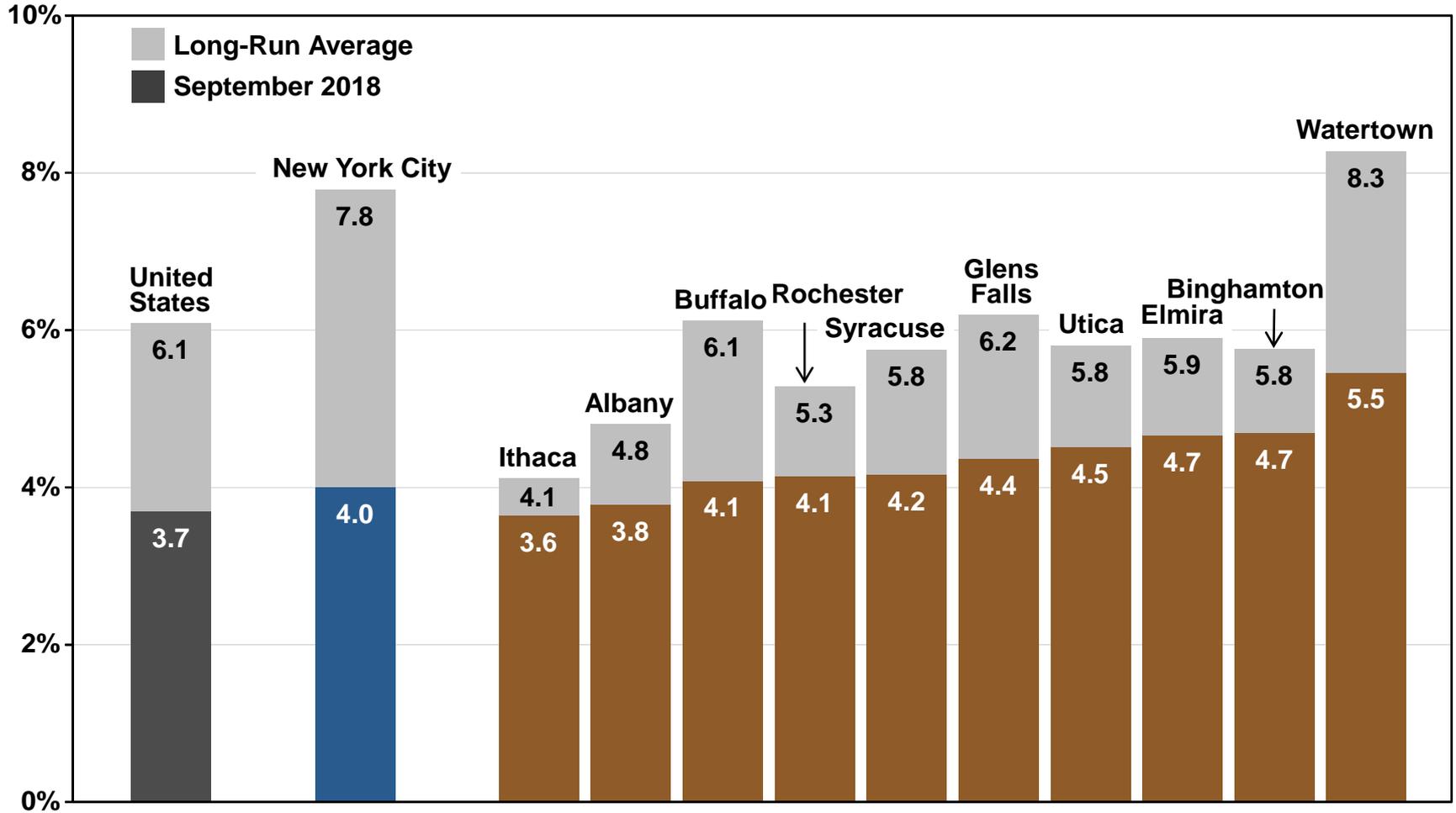
Job Growth in Upstate NY Metros

Indexes of Total Employment, Seasonally Adjusted



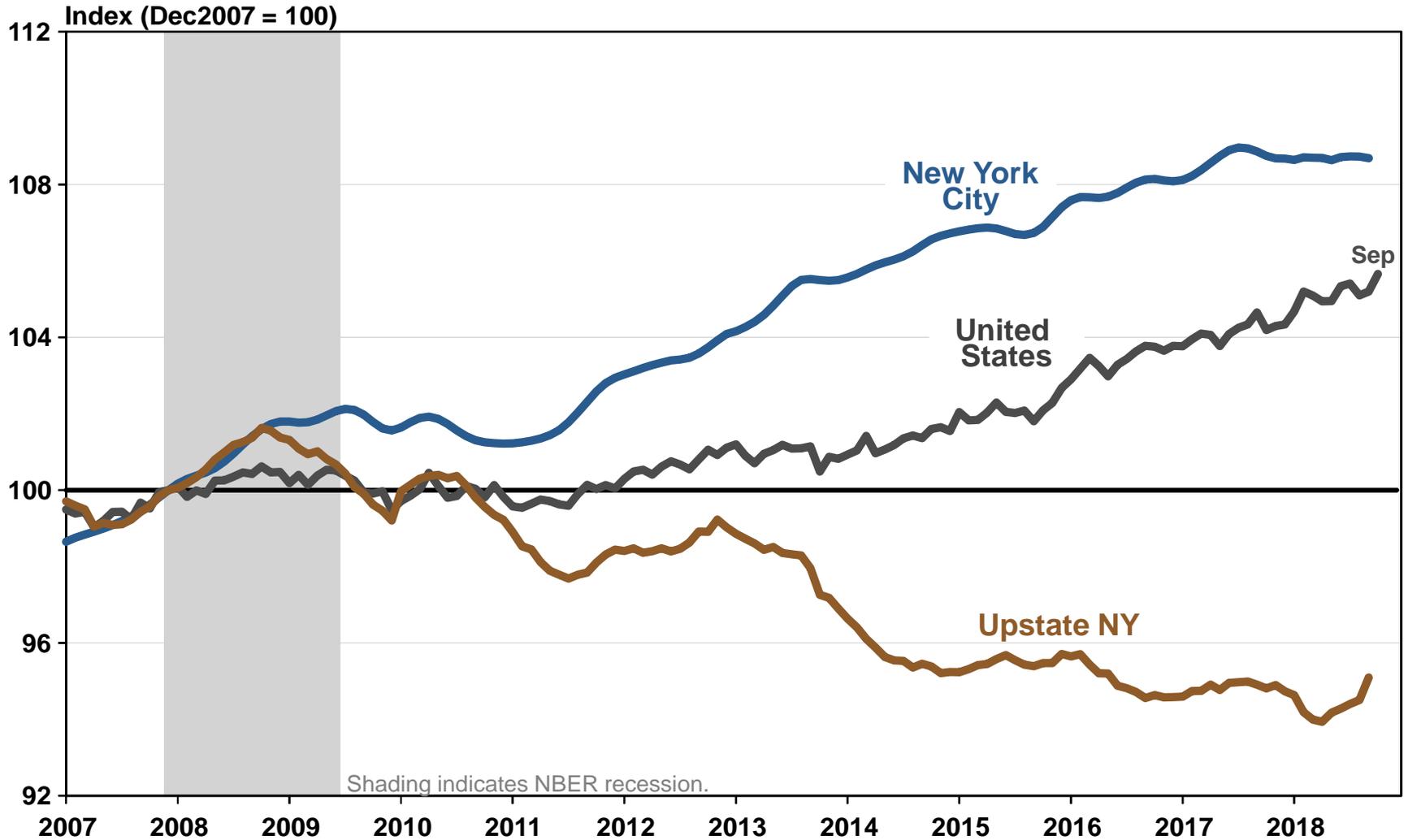
Unemployment in the Region

Long-Run and Current Rates, Seasonally Adjusted



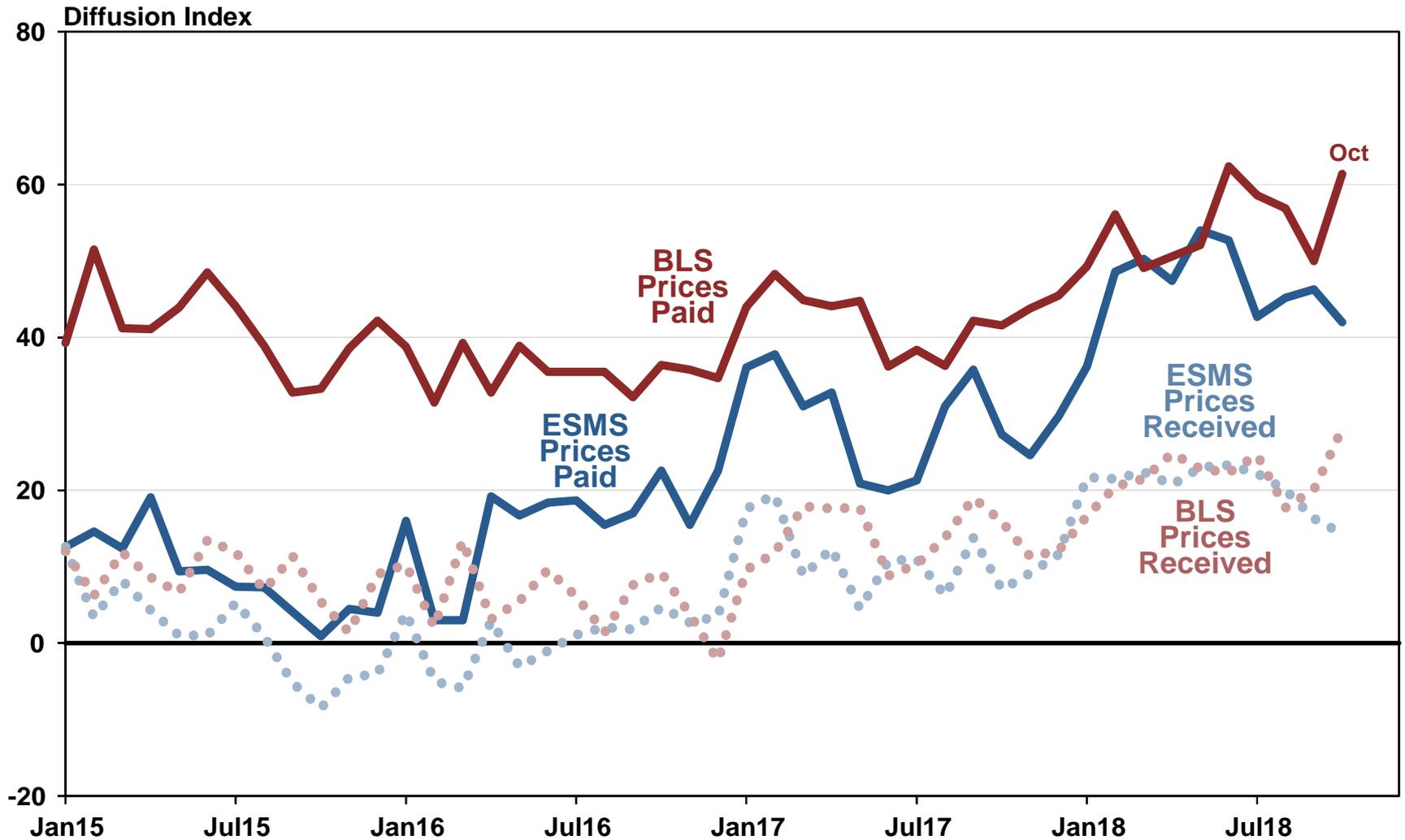
Regional Labor Force Trends

Indexes of Total Labor Force, Seasonally Adjusted



Input and Selling Prices

FRBNY Regional Business Surveys



U.S. Trade Policy and Prices in the Region

FRBNY Supplemental Survey Report, August 2018

Expected Effect of Changes in U.S. Trade Policy on Prices Input Prices

Empire State Manufacturing Survey



Business Leaders Survey



Downward Effect

No Effect

Upward Effect

Selling Prices

Empire State Manufacturing Survey



Business Leaders Survey



Downward Effect

No Effect

Upward Effect