



**Advisory Council on Small Business and Agriculture
Federal Reserve Bank of New York
10th Floor, Paul Volcker Boardroom
Monday, June 24, 2019**

AGENDA

- 10:30 a.m. Welcome, Claire Kramer Mills, Chair & Assistant Vice President
- 10:40 a.m. - 11:00 a.m. The National Economy, Richard Peach, Senior Vice President
- 11:00 a.m. - 11:20 a.m. International Update, Matthew Higgins, Vice President
- 11:20 a.m. - 11:40 a.m. Regional Update, Jason Bram, Officer
- 11:40 a.m. - 12:00 p.m. Facilitated Discussion, Claire Kramer Mills, Chair & Assistant Vice President
- 12:00 p.m. Adjourn to NWC Room-10F
- 12:15 p.m. Lunch
- 12:15 p.m. - 1:55 p.m. Round Table Discussion with John Williams, President and CEO

Introductory Remarks and Welcome from President Williams

Group Discussion

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.***

Sales

Have sales volumes increased, decreased, or stayed the same in the first half of 2019?

What are your expectations for the second half of 2019?

Investment

Has investment (e.g. plant, equipment, technology) increased, decreased, or stayed the same in the first half of 2019?

What are your expectations for the second half of 2019?

Employment

Has employment increased, decreased, or stayed the same in the first half of 2019?

Have you faced any recent labor shortages that have limited the ability to meet demand? Please explain.



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What are your employment expectations for the second half of 2019?

Prices

Have input prices increased, decreased, or stayed the same in the first half of 2019?

What are your expectations for the second half of 2019?

Have prices of products/services sold increased, decreased, or stayed the same in the first half of 2019?

Do you expect prices of products/services sold to increase in the second half of 2019?

Financing Conditions

Over the past two quarters, please describe the financing conditions for firms of your size and in your industry.

Have the terms and conditions for obtaining financing changed (tightened, eased, not changed)?

Outlook

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

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

1:55 p.m. – 2:00 p.m.

Concluding Remarks from President Williams

2:00 p.m.

Adjourn



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ATTENDEE LIST

Council Members

Donnel Baird
Founder & CEO
BlocPower

Ranjini Poddar
Founder & CEO
Artech Information Systems, LLC

Kevin Ellis
CEO
Cayuga Milk Ingredients

Waleska Rivera
President
Danosa Caribbean, Inc.

Federal Reserve Bank of New York

John Williams
Michael Strine
Jack Gutt
Kausar Hamdani
Rosanne Notaro
Richard Peach
Matthew Higgins
Claire Kramer Mills
Jason Bram
Rebecca Landau

President & CEO
First Vice President
EVP, Communications & Outreach
SVP, Communications & Outreach
VP, Legal
SVP, Research & Statistics
VP, Research & Statistics
AVP, Outreach & Education
Officer, Research & Statistics
Senior Analyst, Outreach & Education



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US Macro Overview

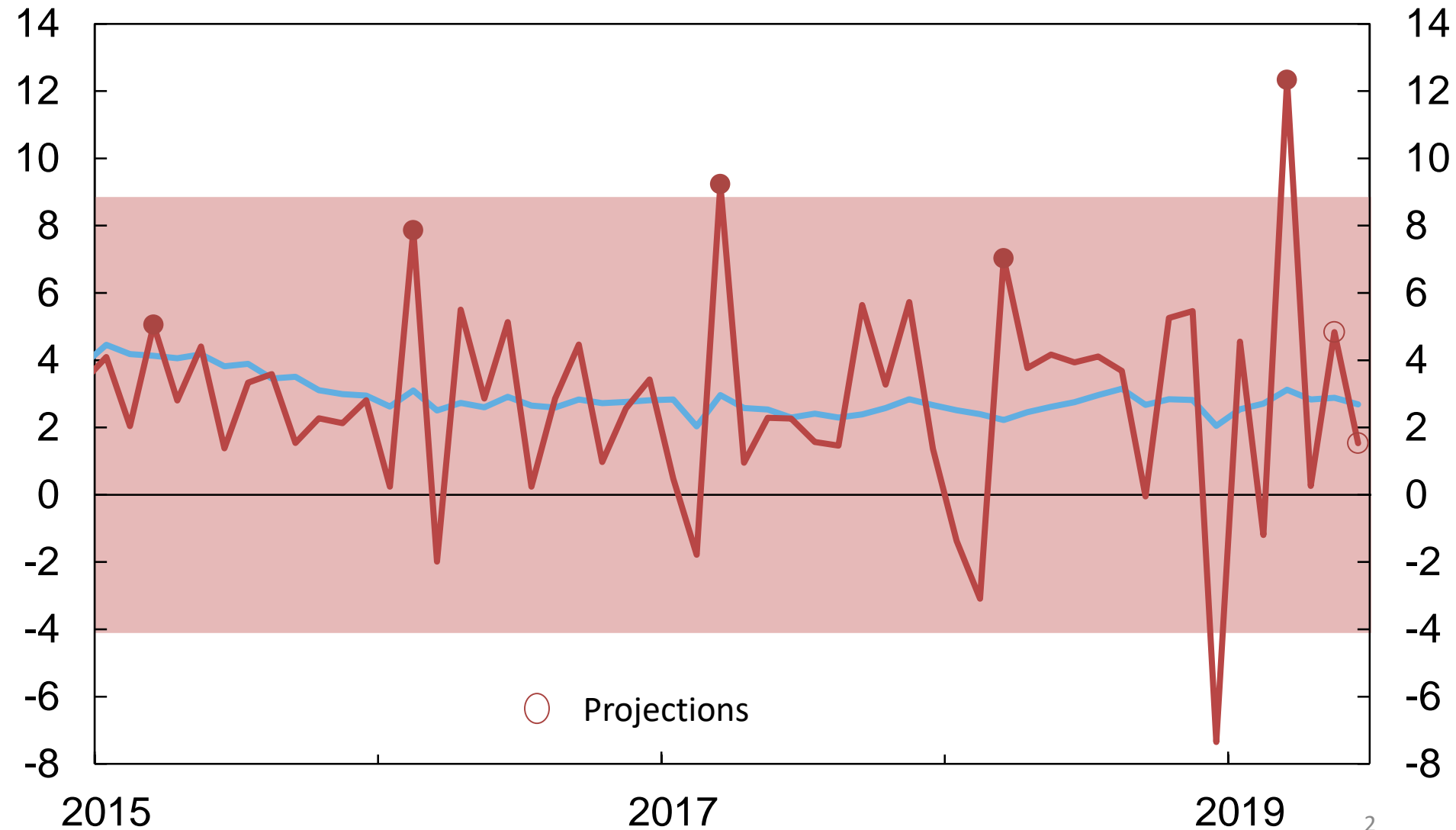
June 24, 2019

Small Business and Agricultural Advisory Council
Richard Peach, SVP

Growth of Real PCE

Year-to-Year % Change

Monthly % Change at Annual Rate



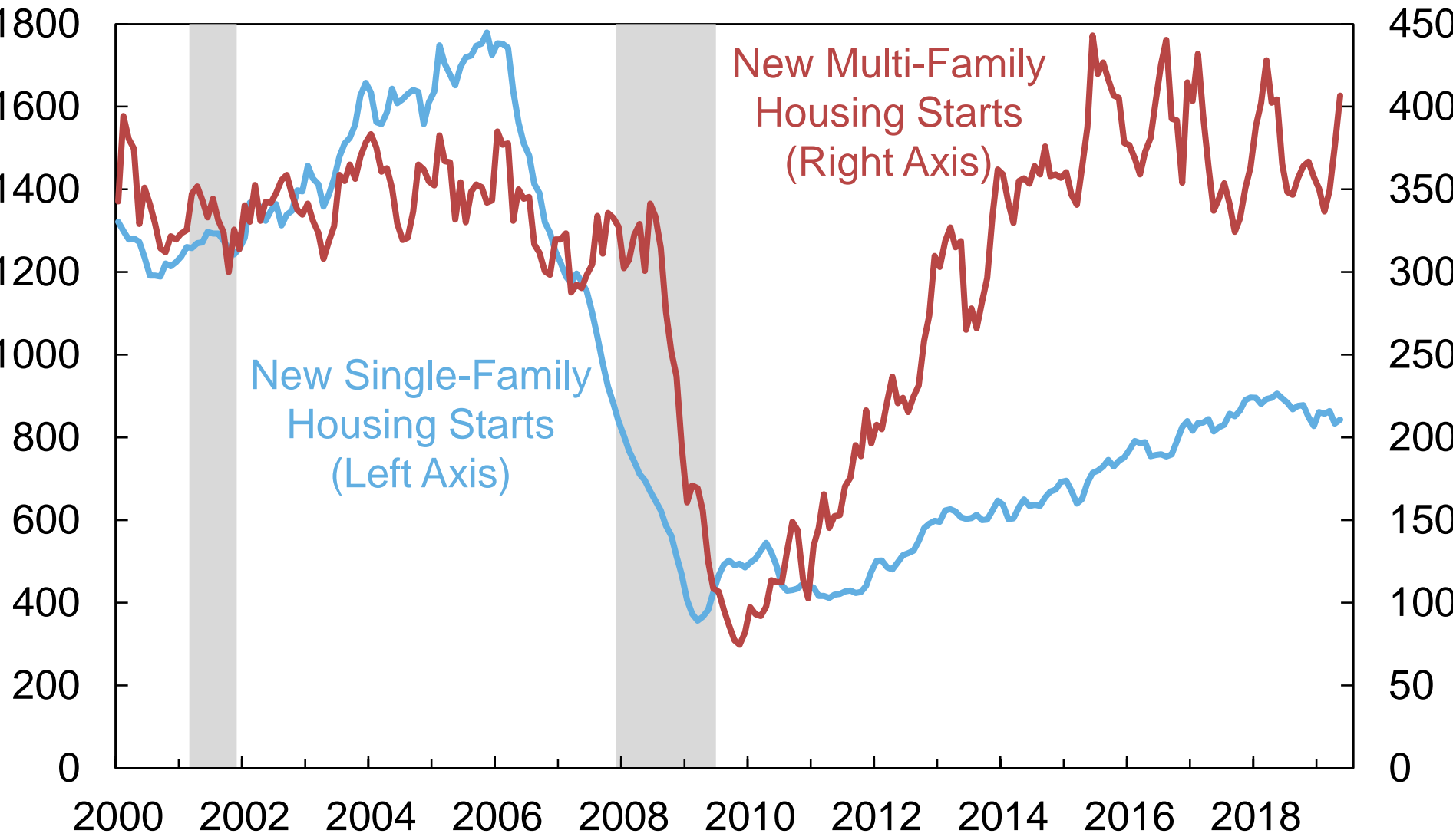
Note: Red shading represent 2 SD bands. Dots indicate peaks during tax rebate months.

Source: Bureau of Economic Analysis.

Housing Starts

Thousands, 3 MMA

Thousands, 3 MMA



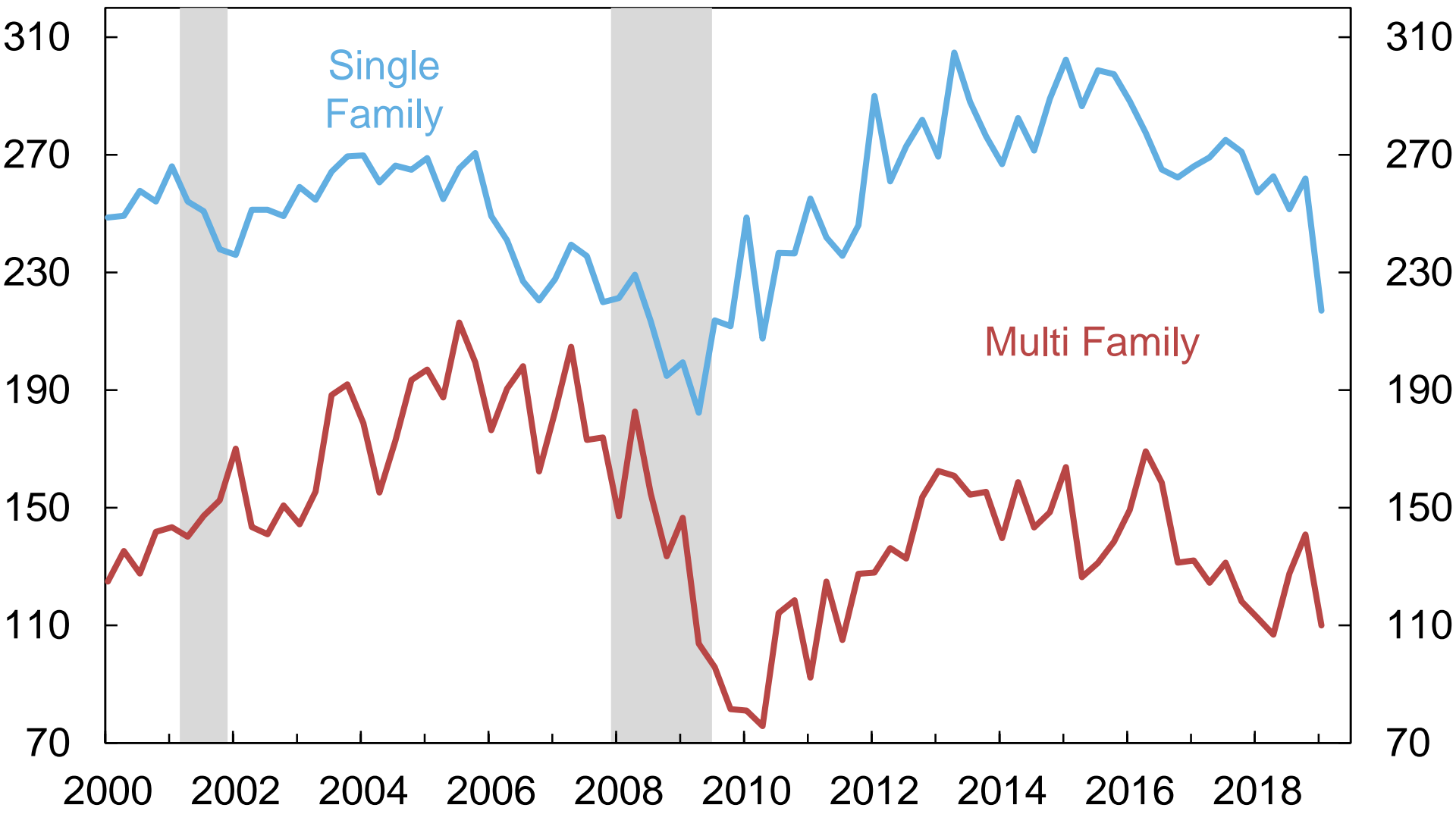
Source: Census Bureau/Haver Analytics

Note: Shading shows NBER recessions.

Real Residential Investment per Completion

(2012 \$s, thousands)

(2012 \$s, thousands)

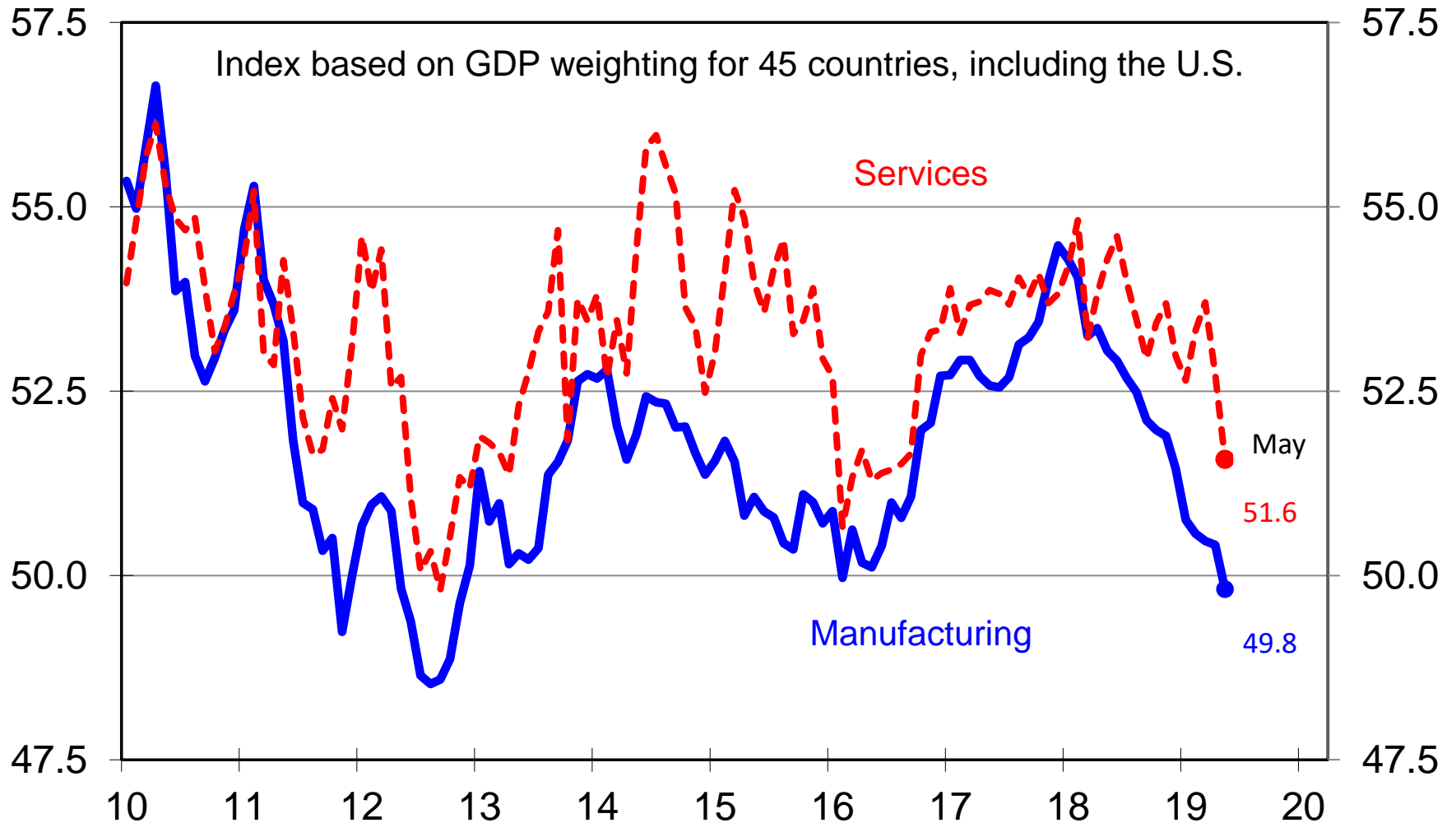


Source: Census Bureau via Haver Analytics.

Note: Shading shows NBER recessions.

Global Manufacturing and Services PMIs

Diffusion Indexes

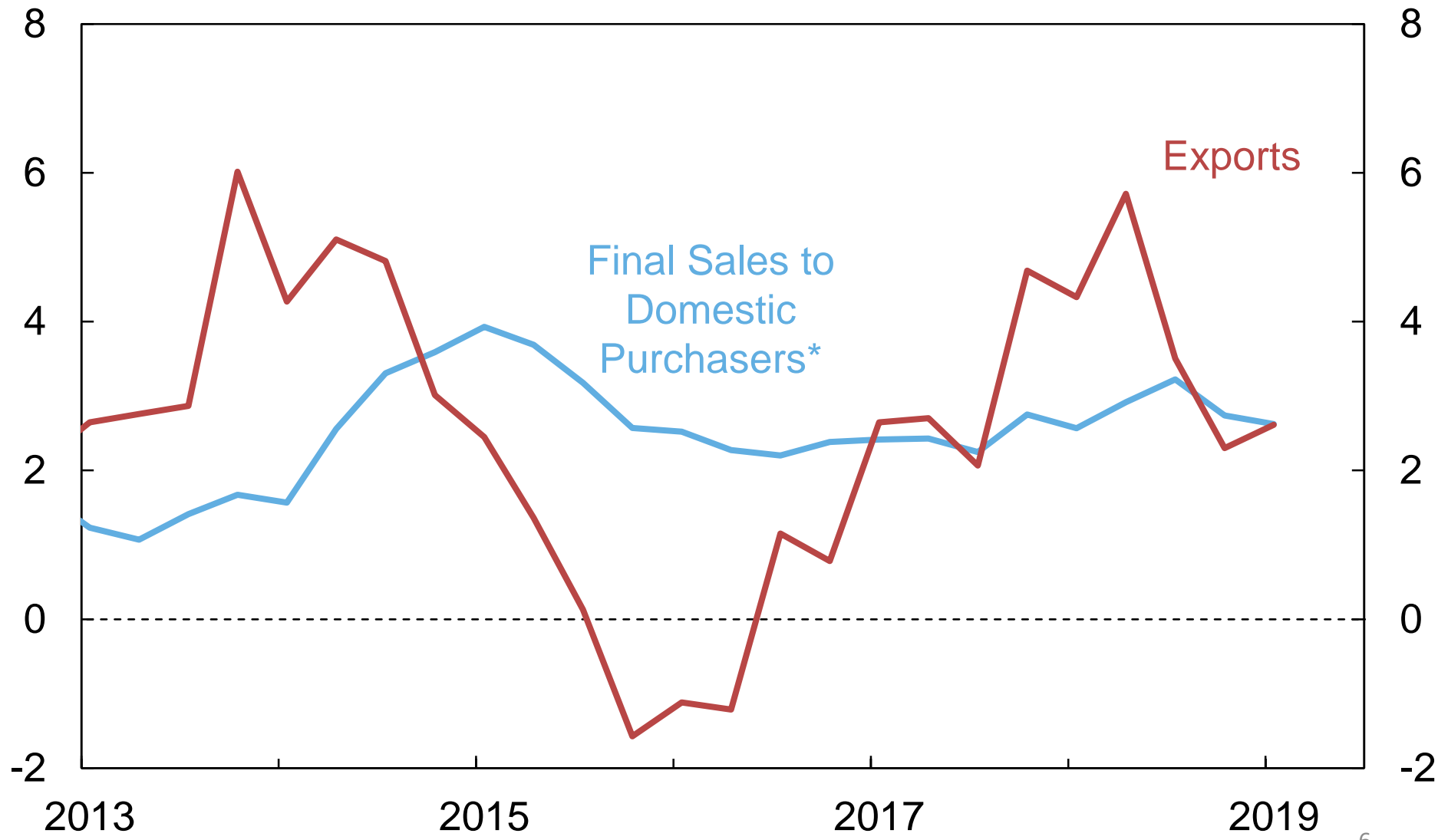


Source: Markit Economics.

Growth of Real Final Sales to Domestic Purchasers and Real Exports

Year-to-Year Percent Change

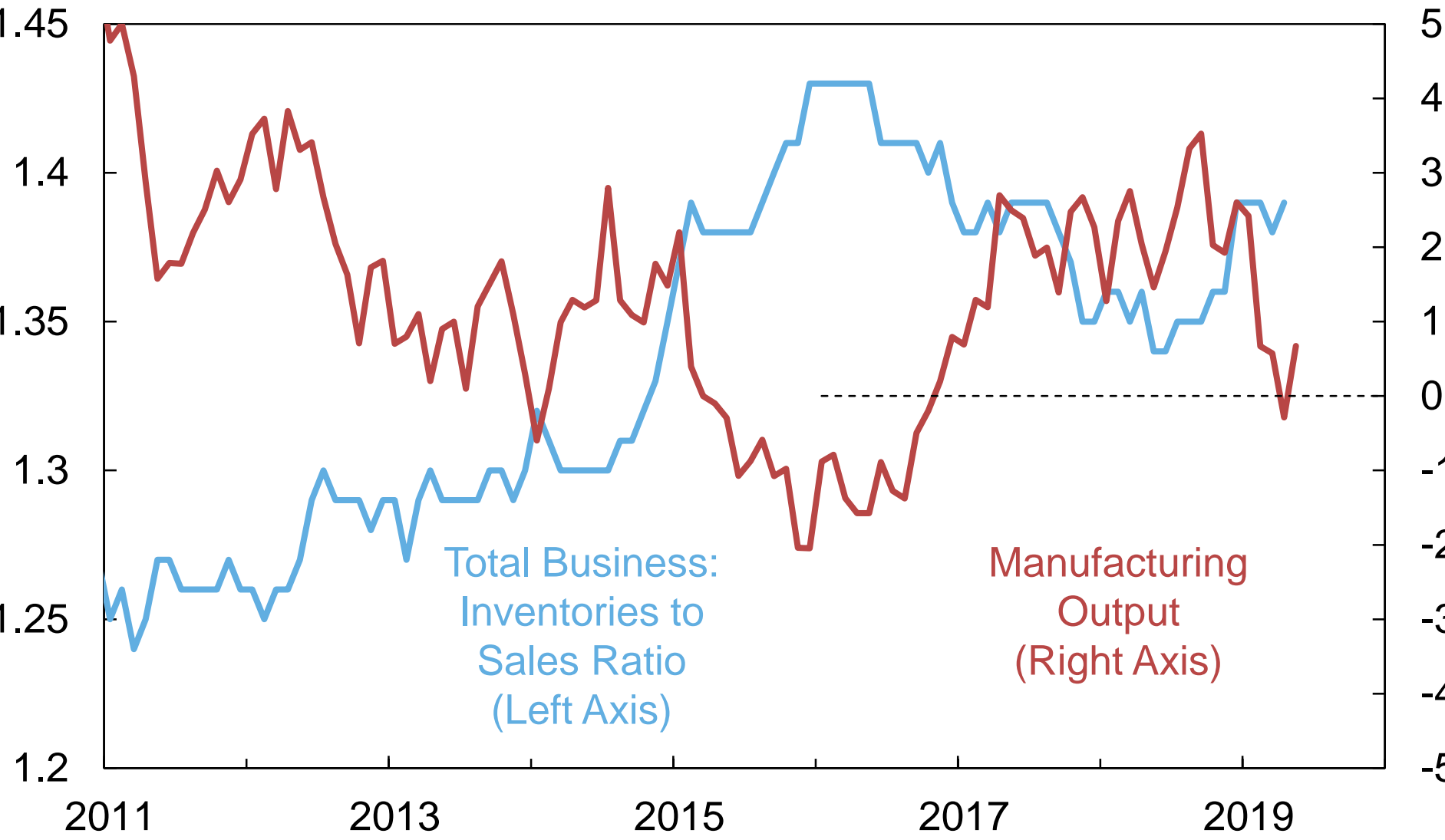
Year-to-Year Percent Change



Source: Bureau of Economic Analysis via Haver Analytics. * Consumption, fixed investment, and government.

Inventories to Sales Ratio and Manufacturing Output

Ratio Year-to-Year Percent Change

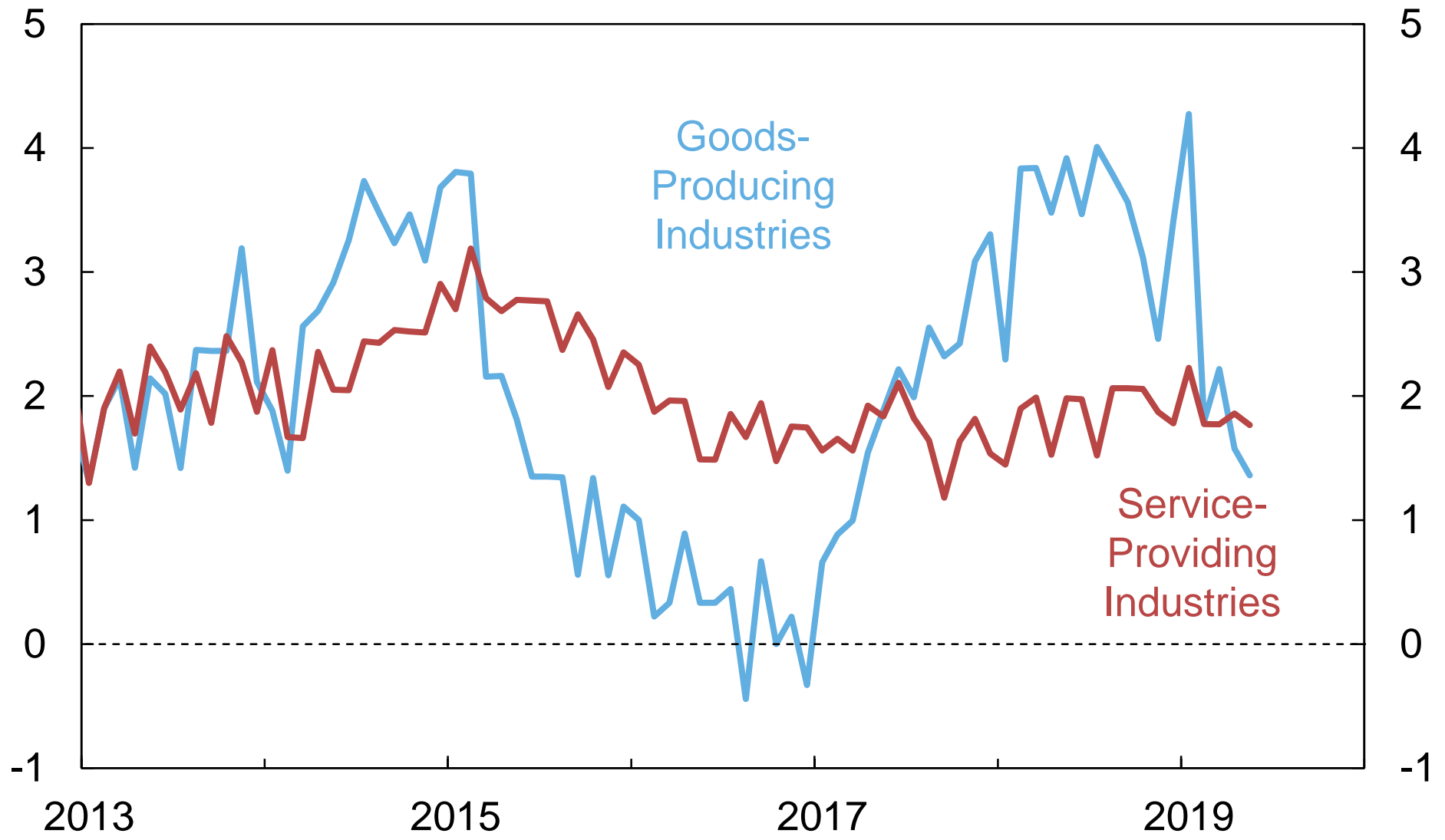


Source: Census Board and Federal Reserve Board via Haver Analytics.

Growth in Aggregate Hours Worked

Year-to-Year Percent Change

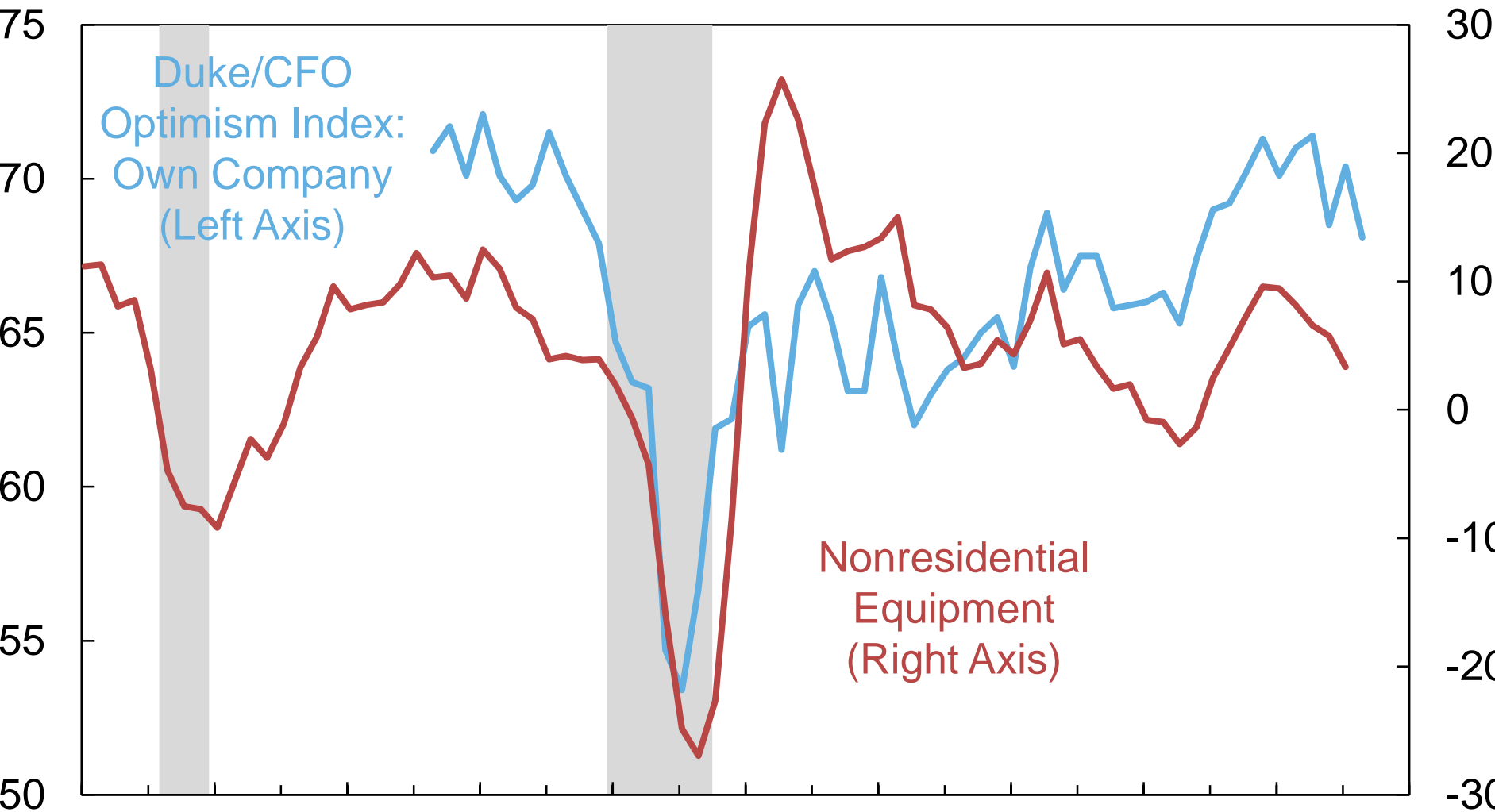
Year-to-Year Percent Change



Source: Bureau of Labor Statistics via Haver Analytics.

Business Optimism and Investment in Nonresidential Equipment

Index Year-to-Year Percent Change



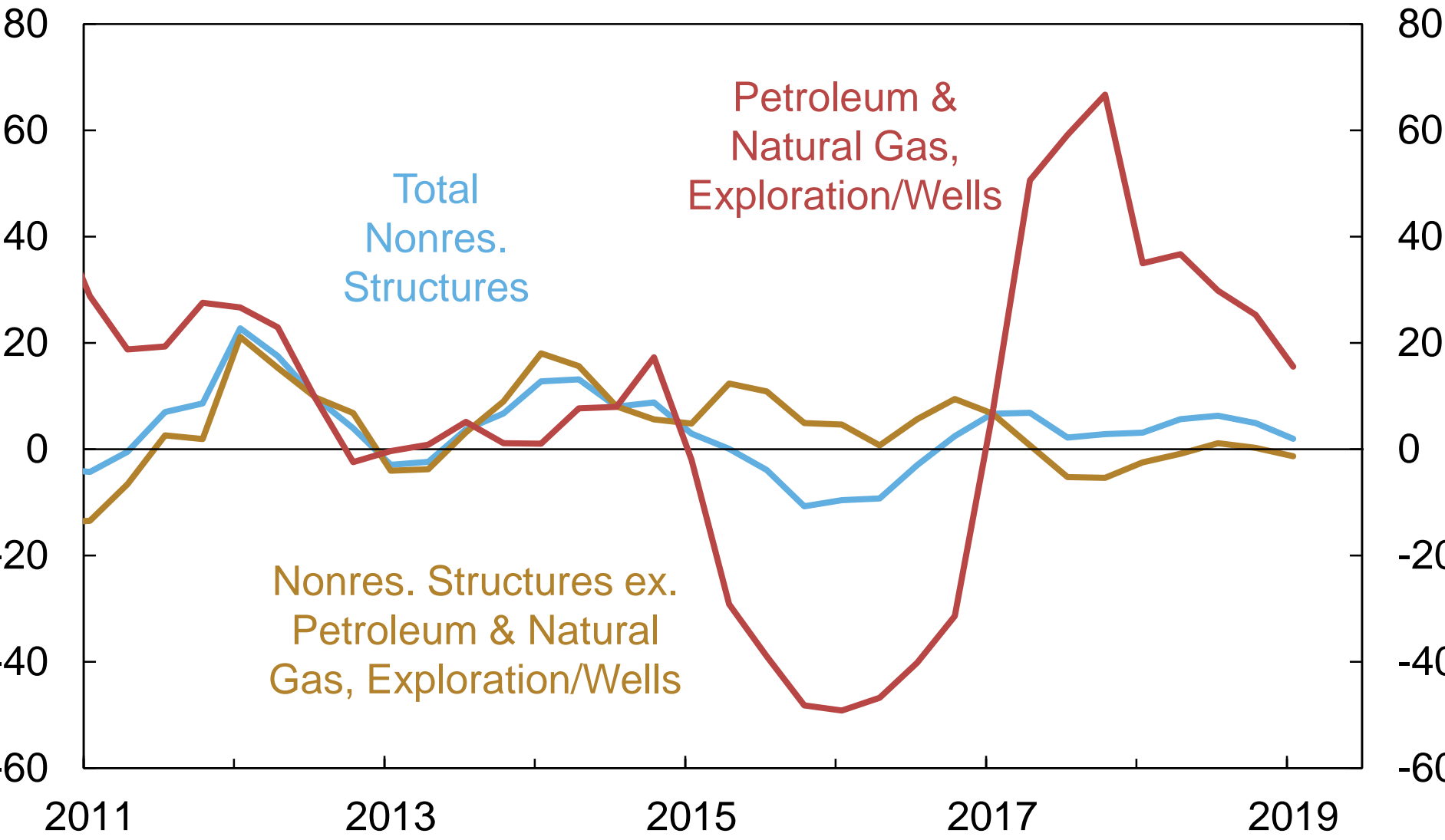
Source: Duke Fuqua School of Business/CFO Magazine and Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions. 9

Growth of Real Investment in Nonresidential Structures

Year-to-Year Percent Change

Year-to-Year Percent Change

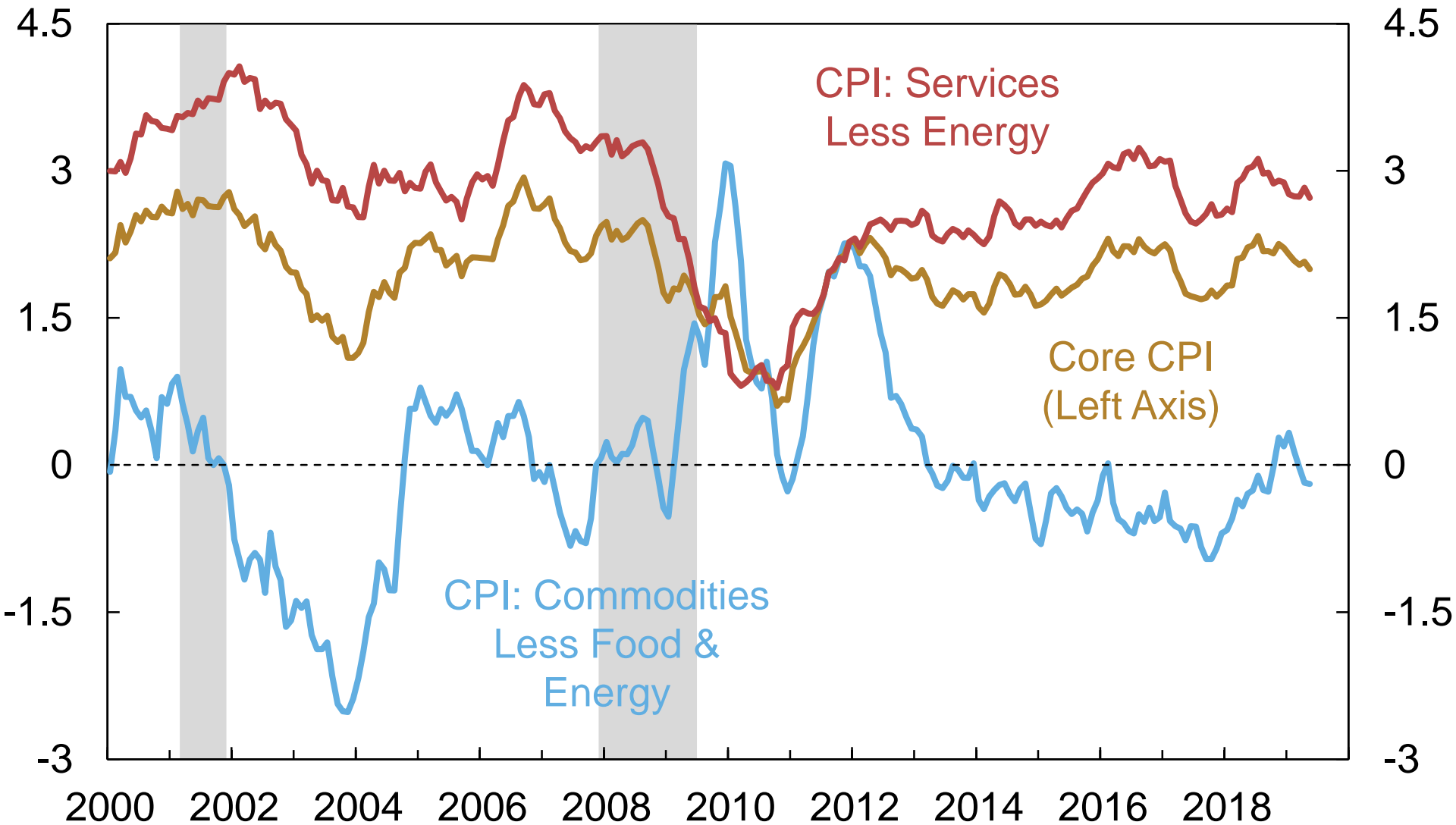


Source: Bureau of Economic Analysis via Haver Analytics.

CPI

Year-to-Year Percent Change

Year-to-Year Percent Change



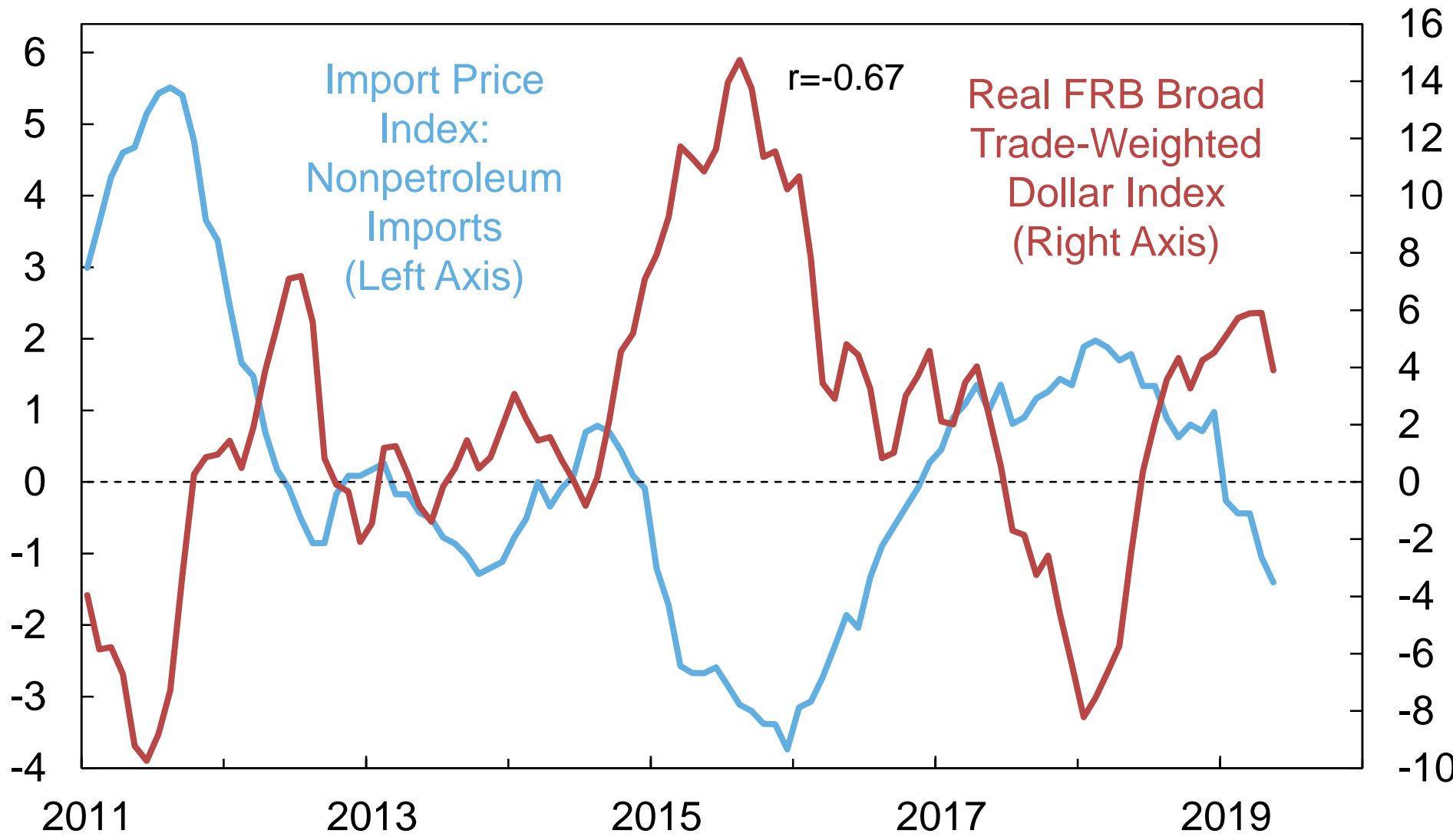
Source: Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions.¹¹

Nonpetroleum Import Prices vs. Dollar Index

Year-to-Year Percent Change

Year-to-Year Percent Change

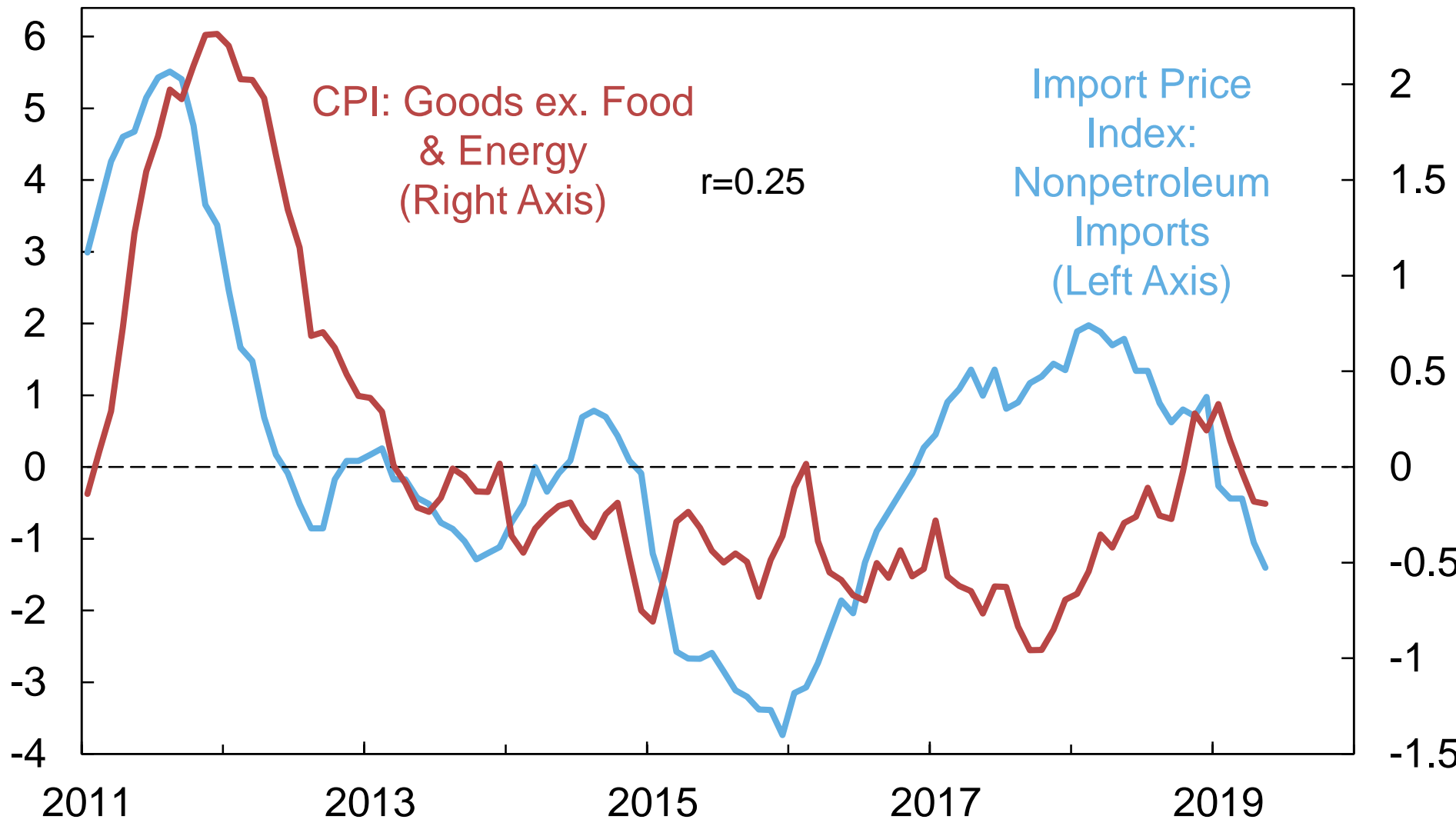


Source: Bureau of Economic Analysis and Federal Reserve Board via Haver Analytics.

Nonpetroleum Import Prices vs. Core CPI Goods

Year-to-Year Percent Change

Year-to-Year Percent Change

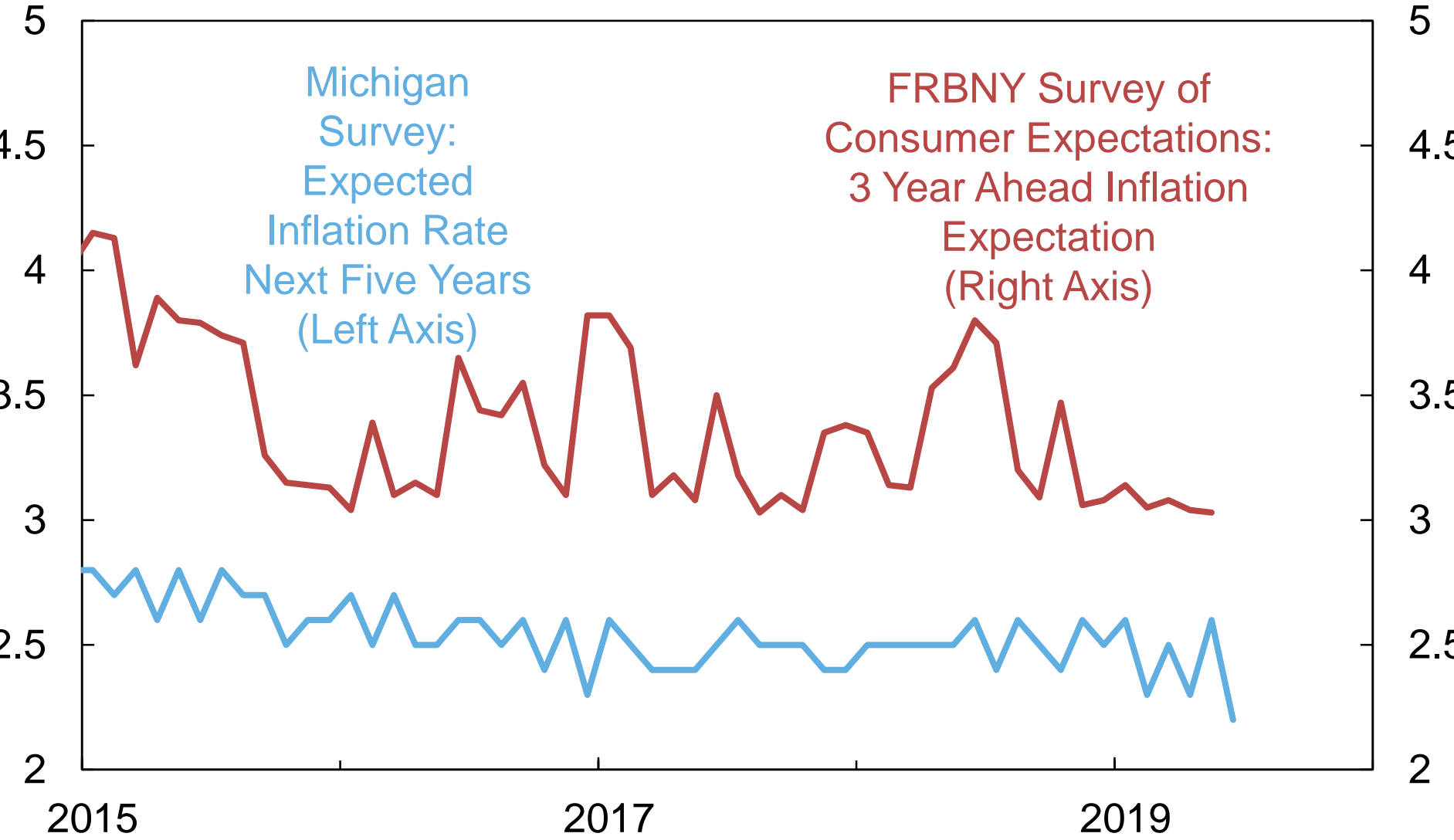


Source: Bureau of Economic Analysis and Federal Reserve Board via Haver Analytics.

Consumers' Inflation Expectations

Percent

Percent



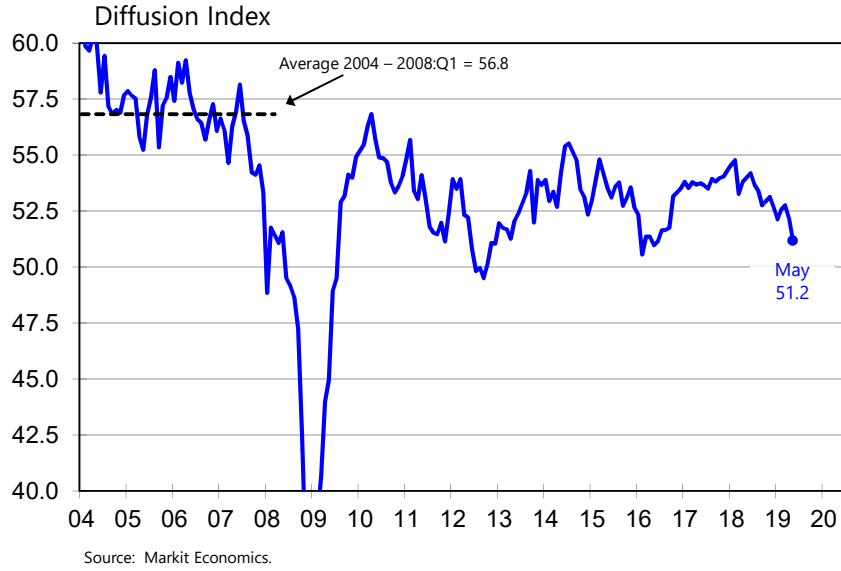
Source: University of Michigan via Haver Analytics.



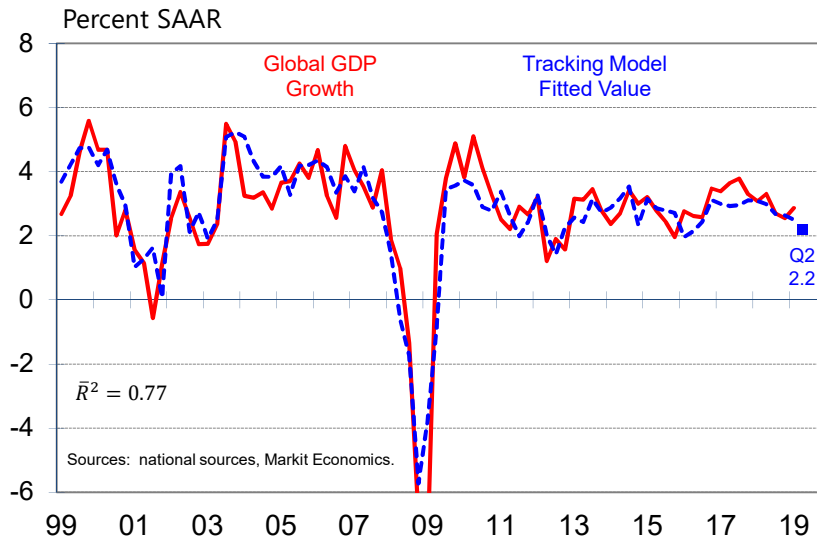
Roadmap

- Update on the global economic and industrial cycle
- Lagging inflation performance in advanced economies
- China's cyclical and policy challenges

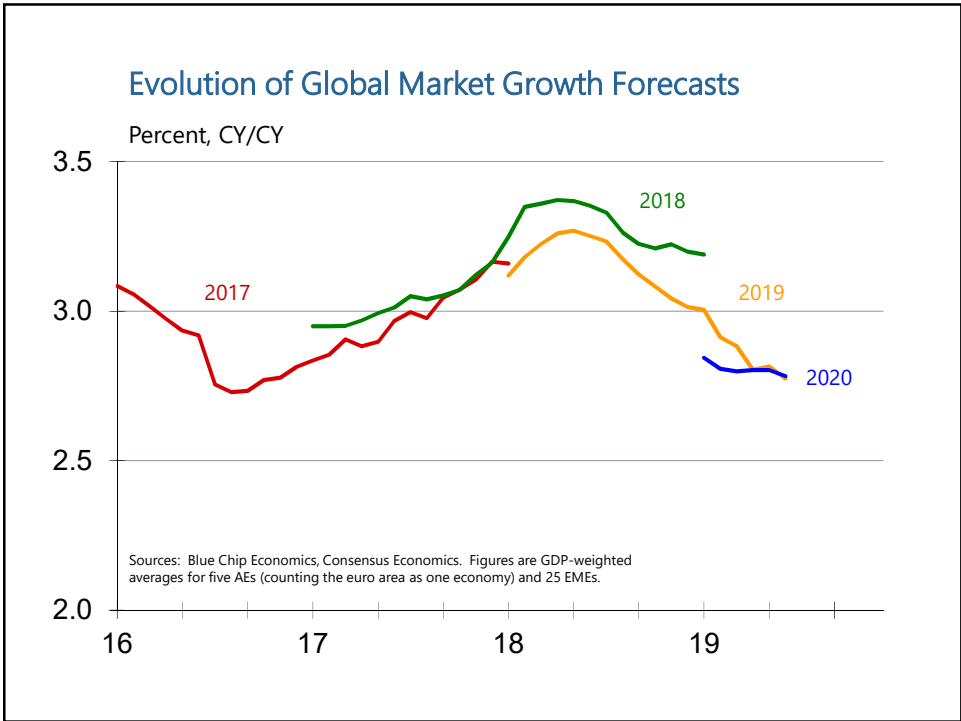
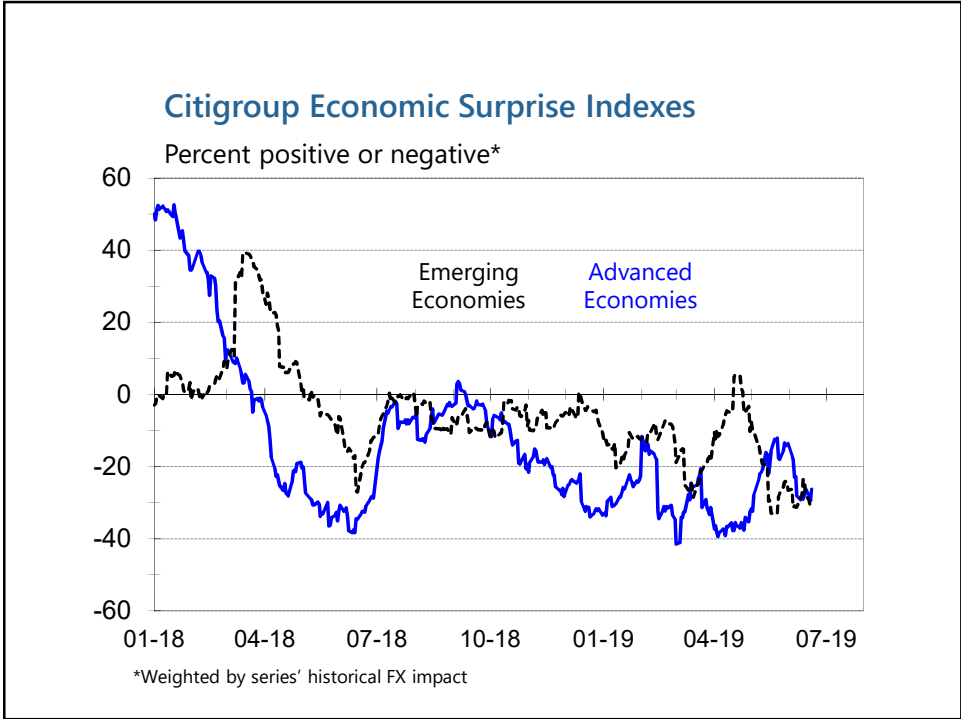
Global Composite Purchasing Managers' Index



Global Growth and PMI-Based Tracking Estimate

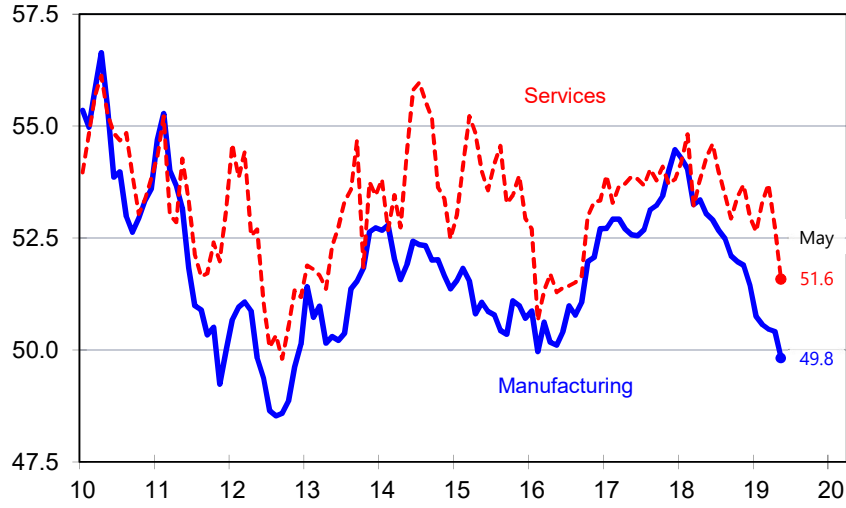


Note: Tracking model growth estimate based on current and lagged value of global composite PMI index (as quarterly averages) and a Great Recession dummy variable. Sample: 1997:Q2 – 2019:Q1.



Global Manufacturing and Services PMIs

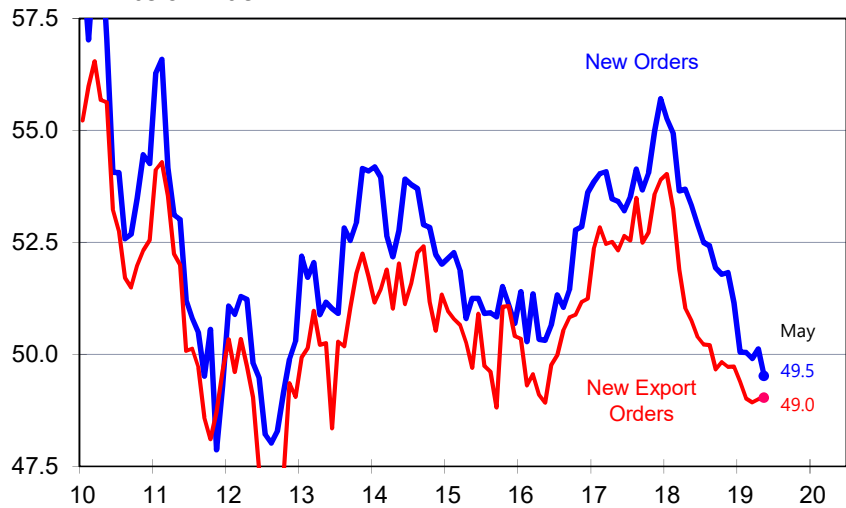
Diffusion Indexes



Source: Markit Economics.

Manufacturing New Orders

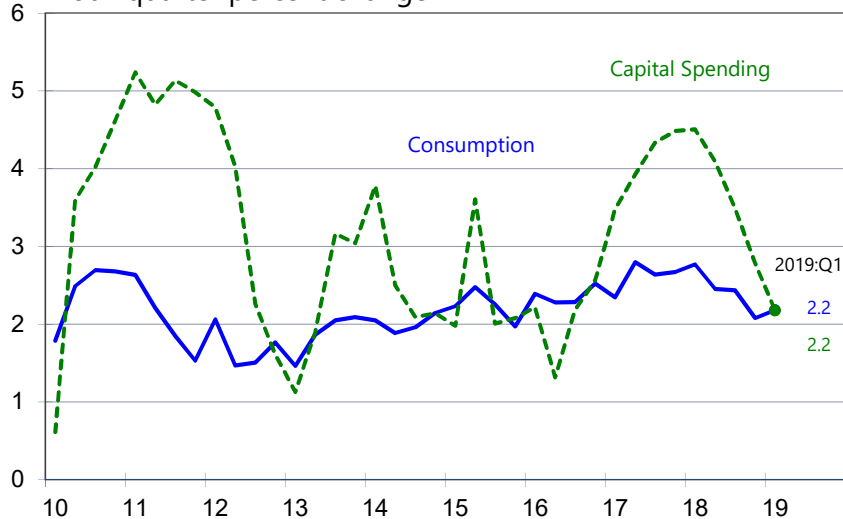
Diffusion Index



Source: Markit Economics, JPMorgan.

Global Consumption and Capex Growth (ex. China)

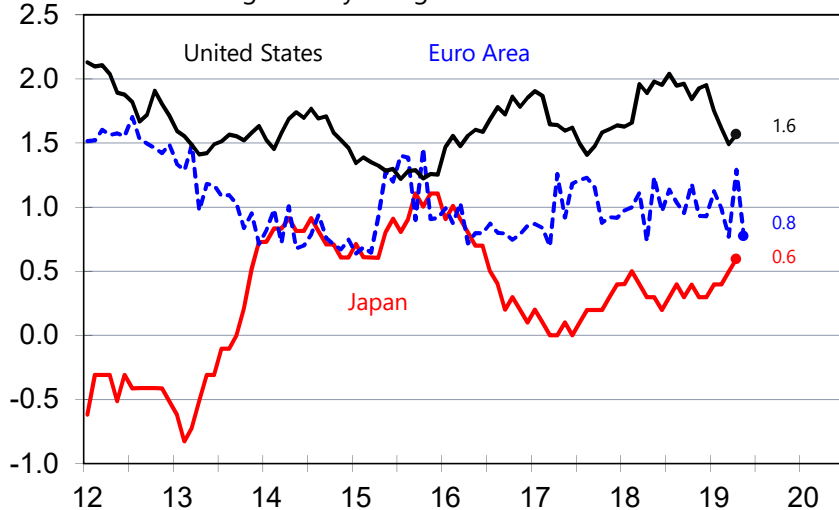
Four-quarter percent change



Source: national sources, staff calculations. Sample includes 35 advanced and EME economies (counting the euro area as a single economy). Series are weighted by lagged shares of U.S. dollar capital spending.

G-3: Core Consumer Price Inflation

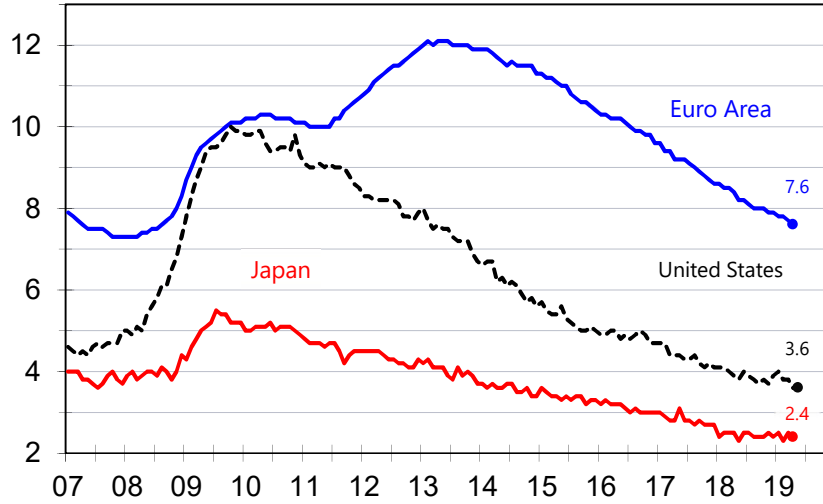
Percent change from year ago



Sources: BEA, Eurostat, BoJ. U.S. inflation measured using the PCE index.

G-3 Unemployment Rates

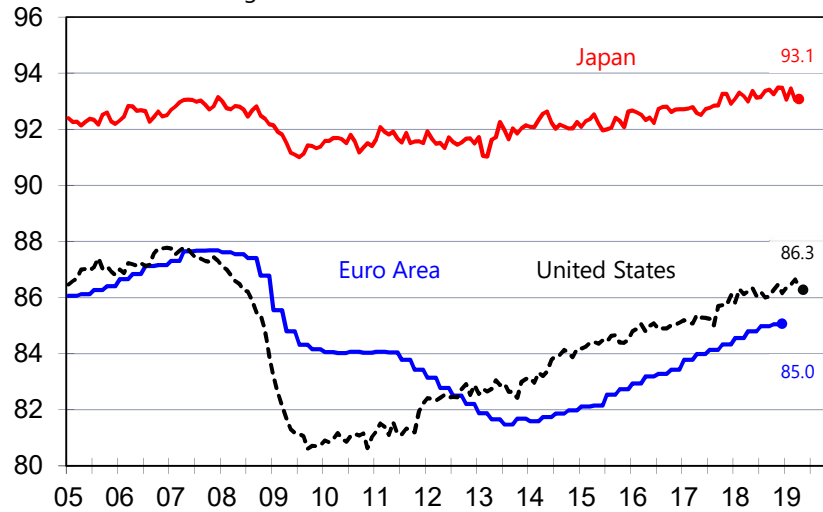
Percent change from year ago



Sources: BLS, CBO, Eurostat, Bank of Japan.

Male Prime-Age Employment-Population Ratio

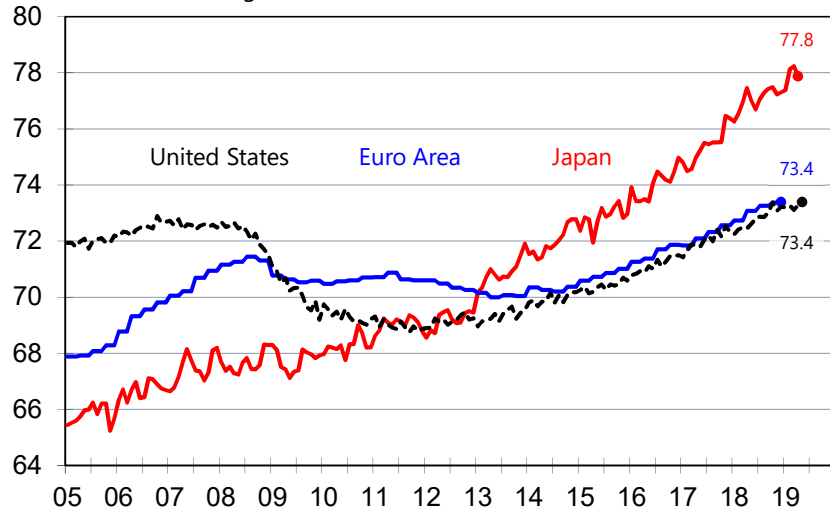
Percent active, ages 25-54



Sources: OECD, BLS.

Female Prime-Age Employment-Population Ratio

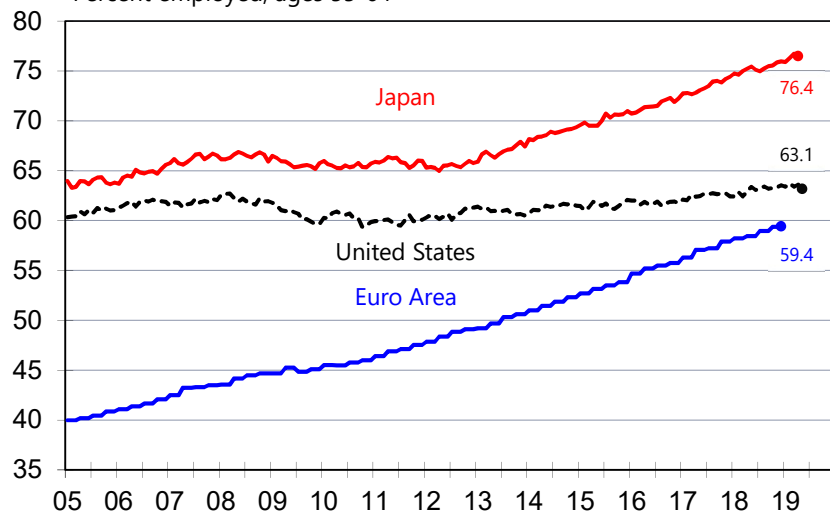
Percent active, ages 25-54



Sources: OECD, BLS.

Mature Adult Employment-Population Ratio

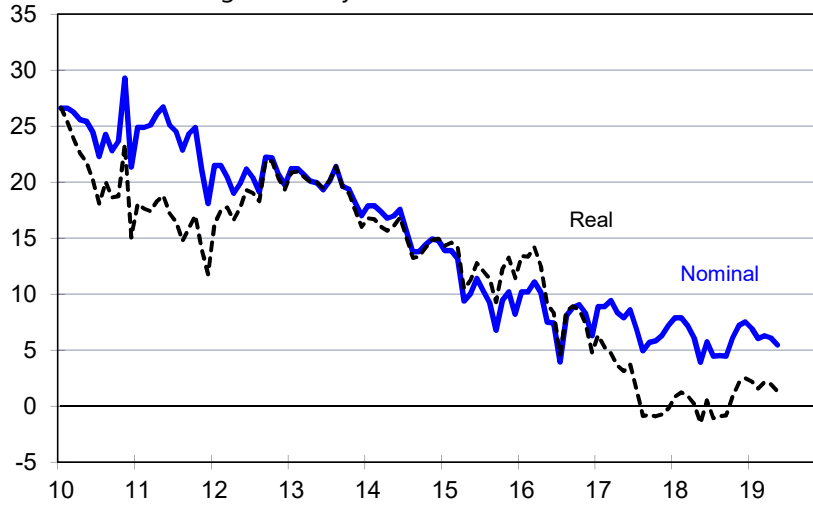
Percent employed, ages 55-64



Sources: OECD, BLS.

China: Fixed Asset Investment

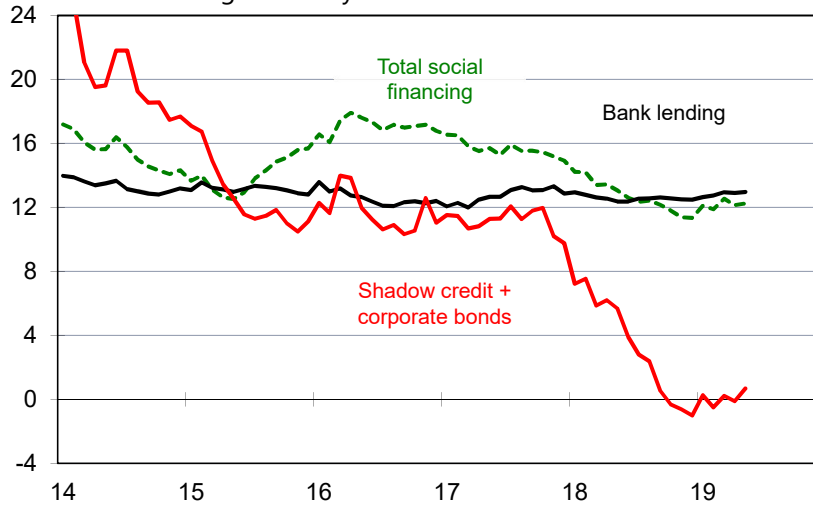
Percent change from a year earlier



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

China: Credit growth

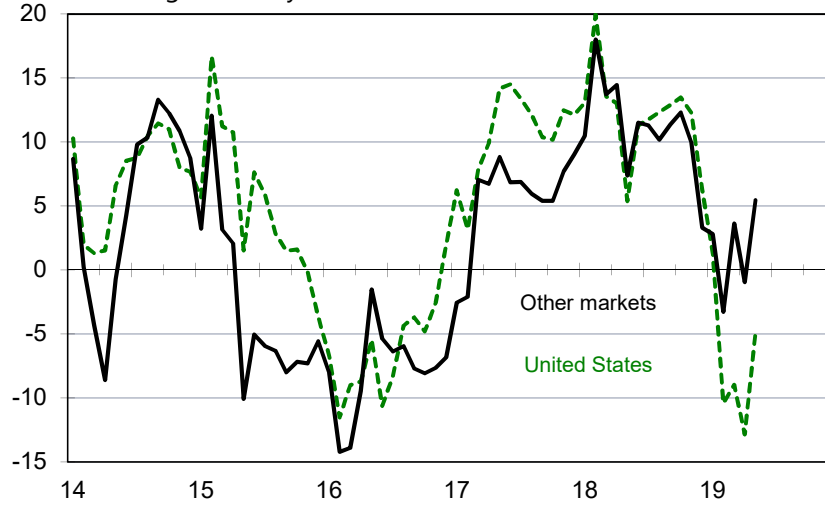
Percent change from a year earlier



Sources: CEIC, PBoC, Moody's.

China: Export growth

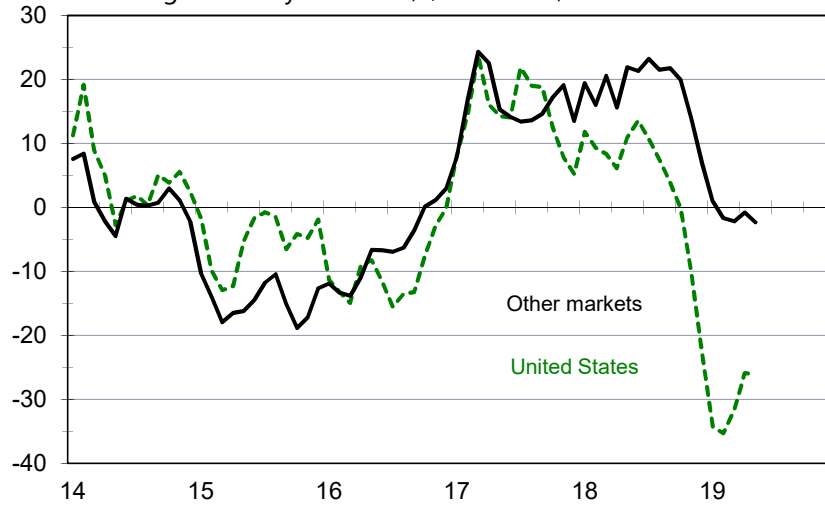
% change from a year earlier, \$U.S. terms, 3mma



Source: China Customs.

China: Import growth

% change from a year earlier, \$U.S. terms, 3mma

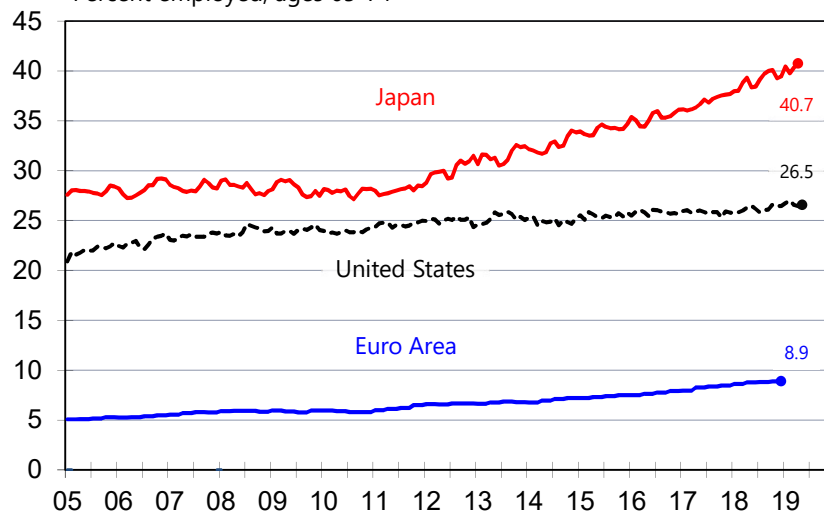


Source: China Customs.

Reference Charts

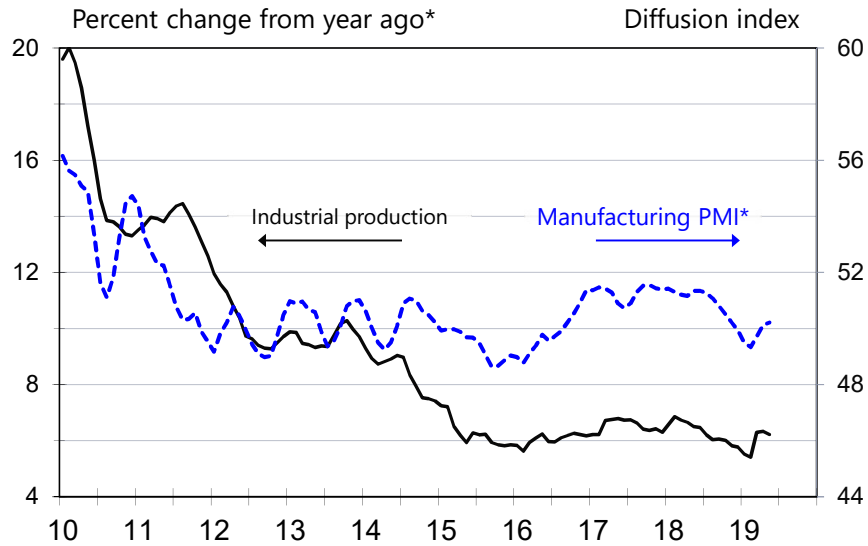
"Young Elderly" Employment-Population Ratio

Percent employed, ages 65-74



Sources: OECD, BLS.

Chinese IP Growth and Manufacturing PMI



Sources: China National Bureau of Statistics, Caixin. PMI is average of NBS and Caixin indexes.
 *Data are three-month moving averages.

U.S. and EME equity performance



Note: Index values are in dollar terms.



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Regional Economic Conditions

Jason Bram, Research Officer

Small Business & Agriculture Advisory Group Meeting – June 24, 2019

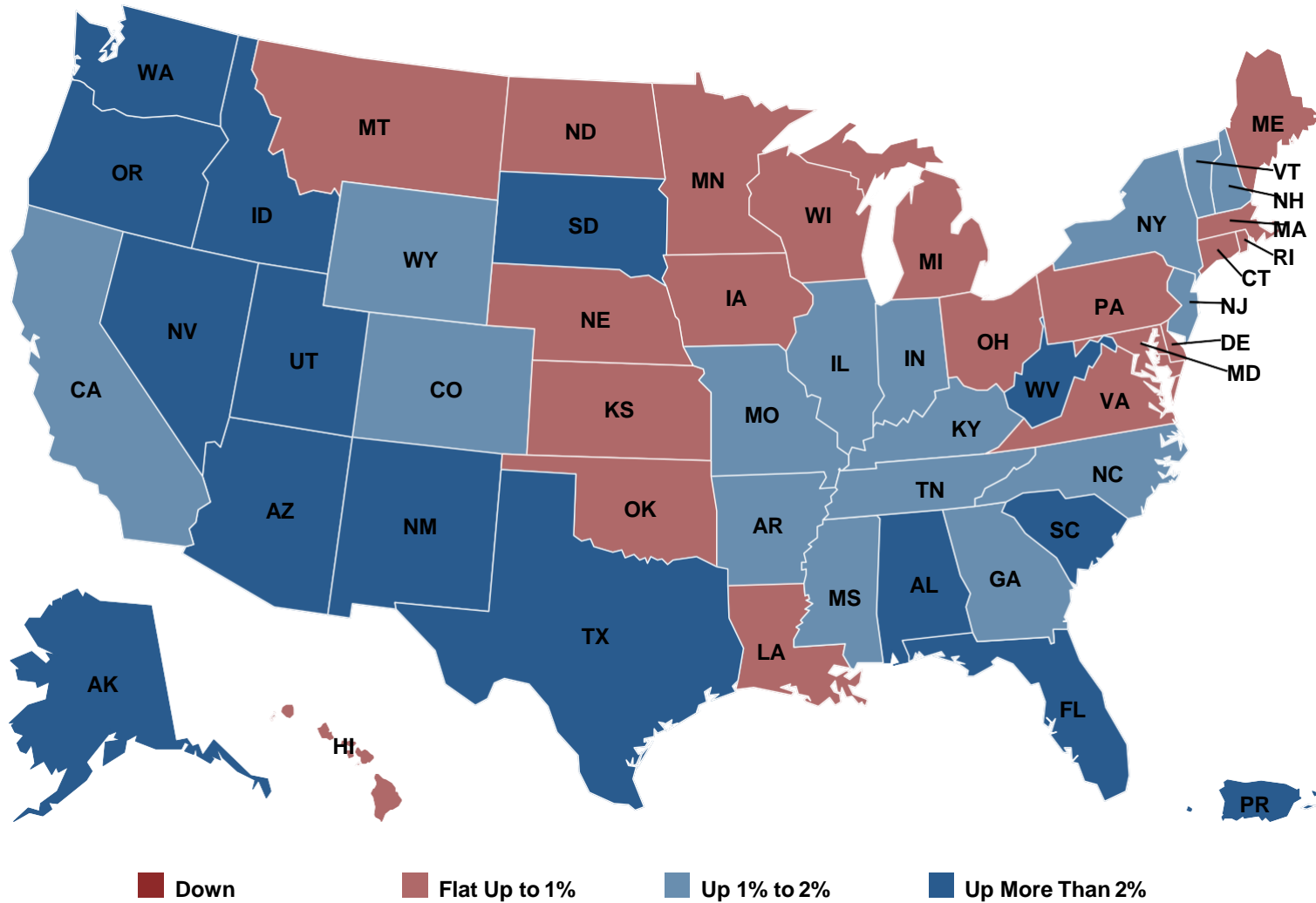
The views expressed here are those of the presenter and do not necessarily represent those of the Federal Reserve Bank of New York or the Federal Reserve System.

Overview

- A quick look at state economies across the U.S.
- An overview of the 2nd District's economy, focusing on job trends
- Results from recent FRBNY business surveys
- Wage trends and minimum wage response
- Housing markets across the District

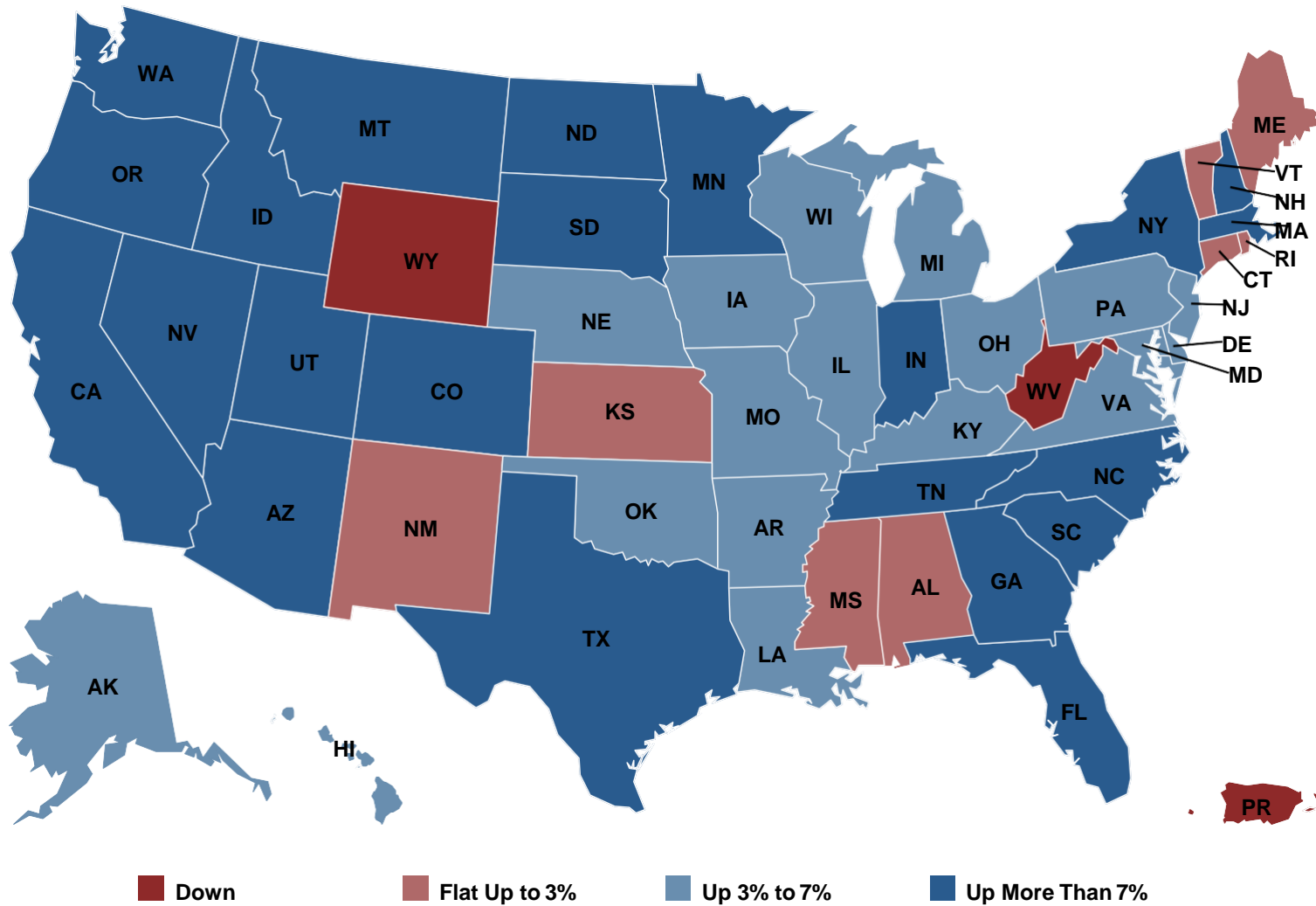
Recent Private-Sector Job Trends

Year-Over-Year Percent Change as of May 2019



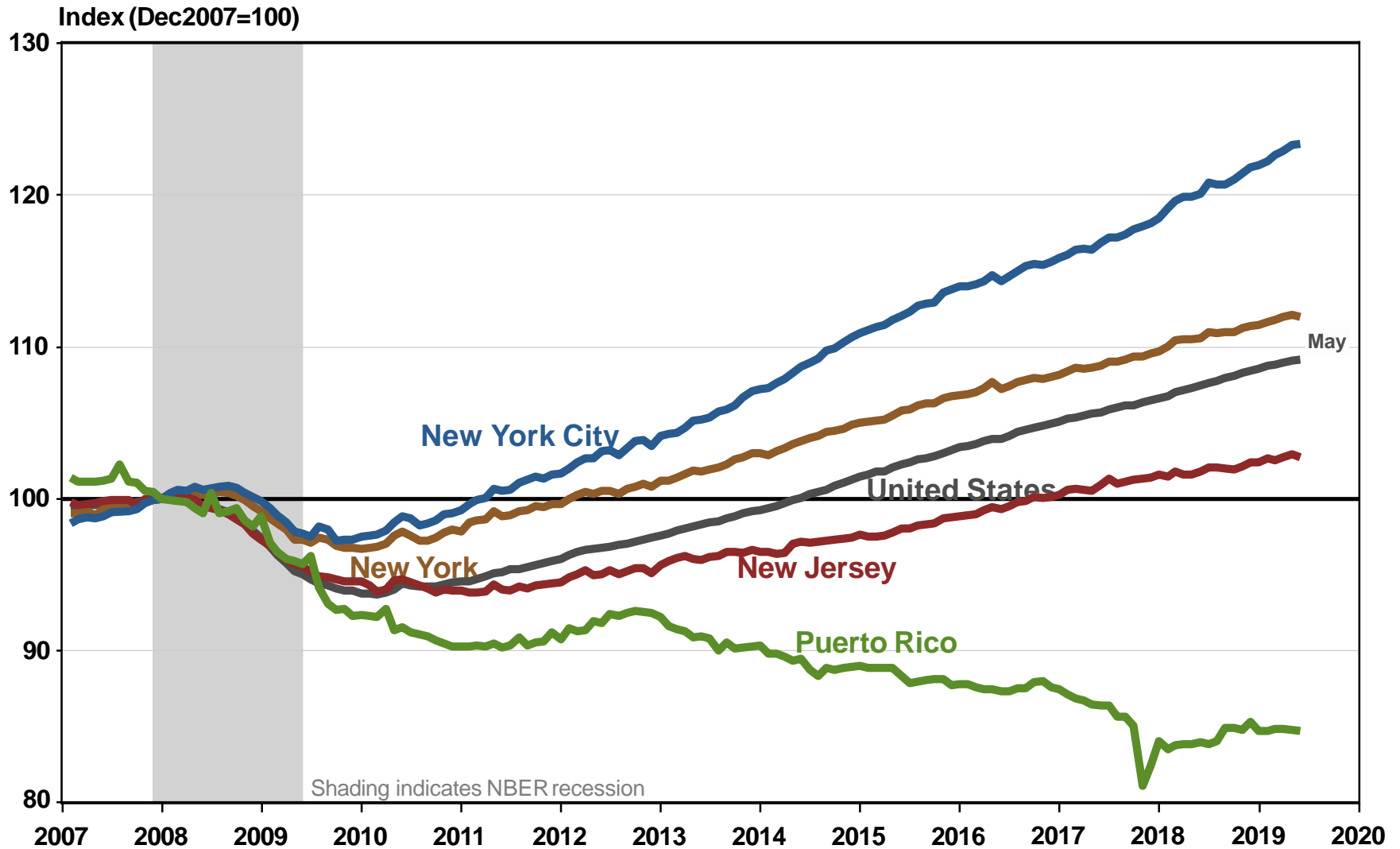
Private-Sector Job Trends

Percent Change From Previous Peak to May 2019



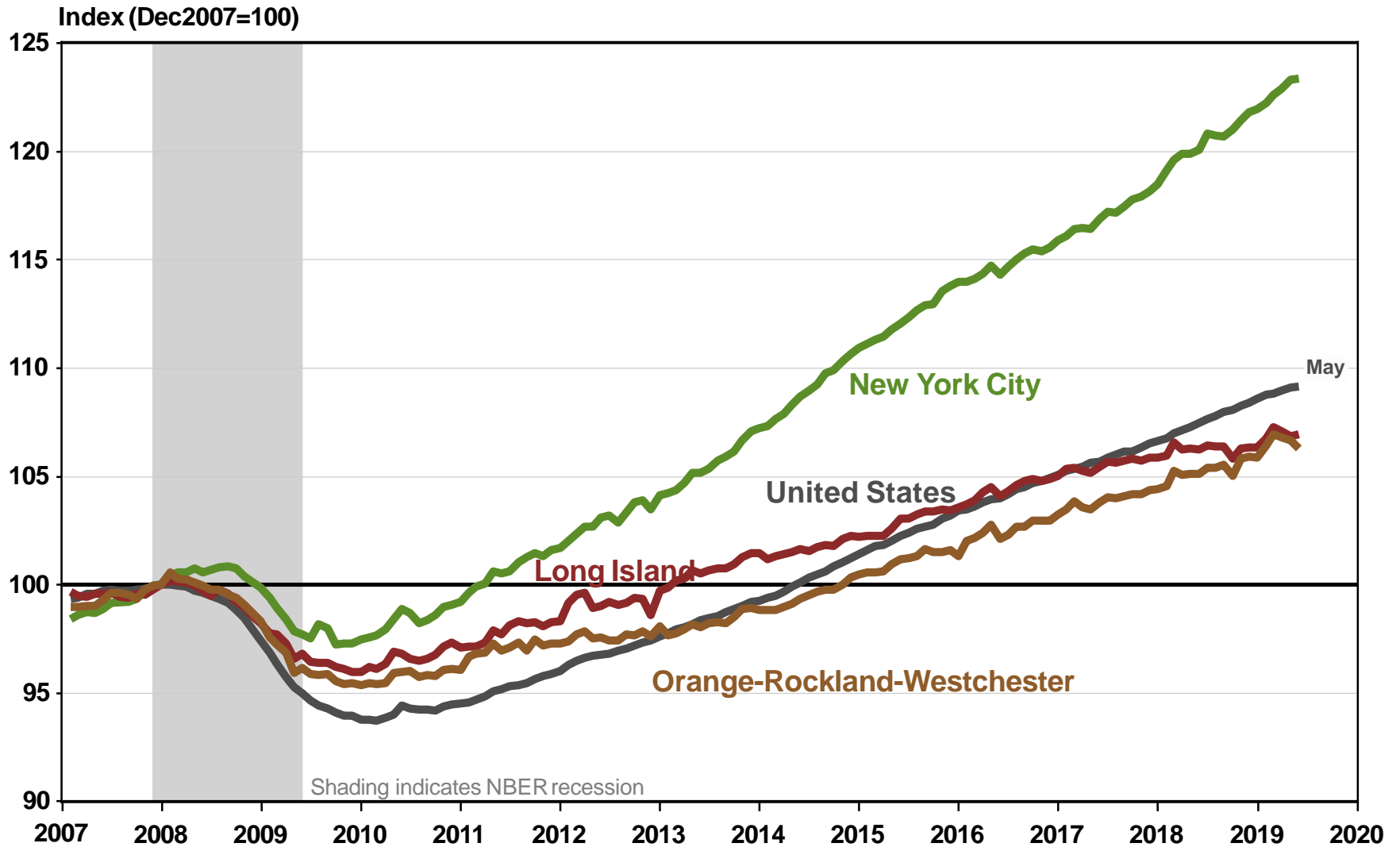
Total Employment

Seasonally Adjusted Index



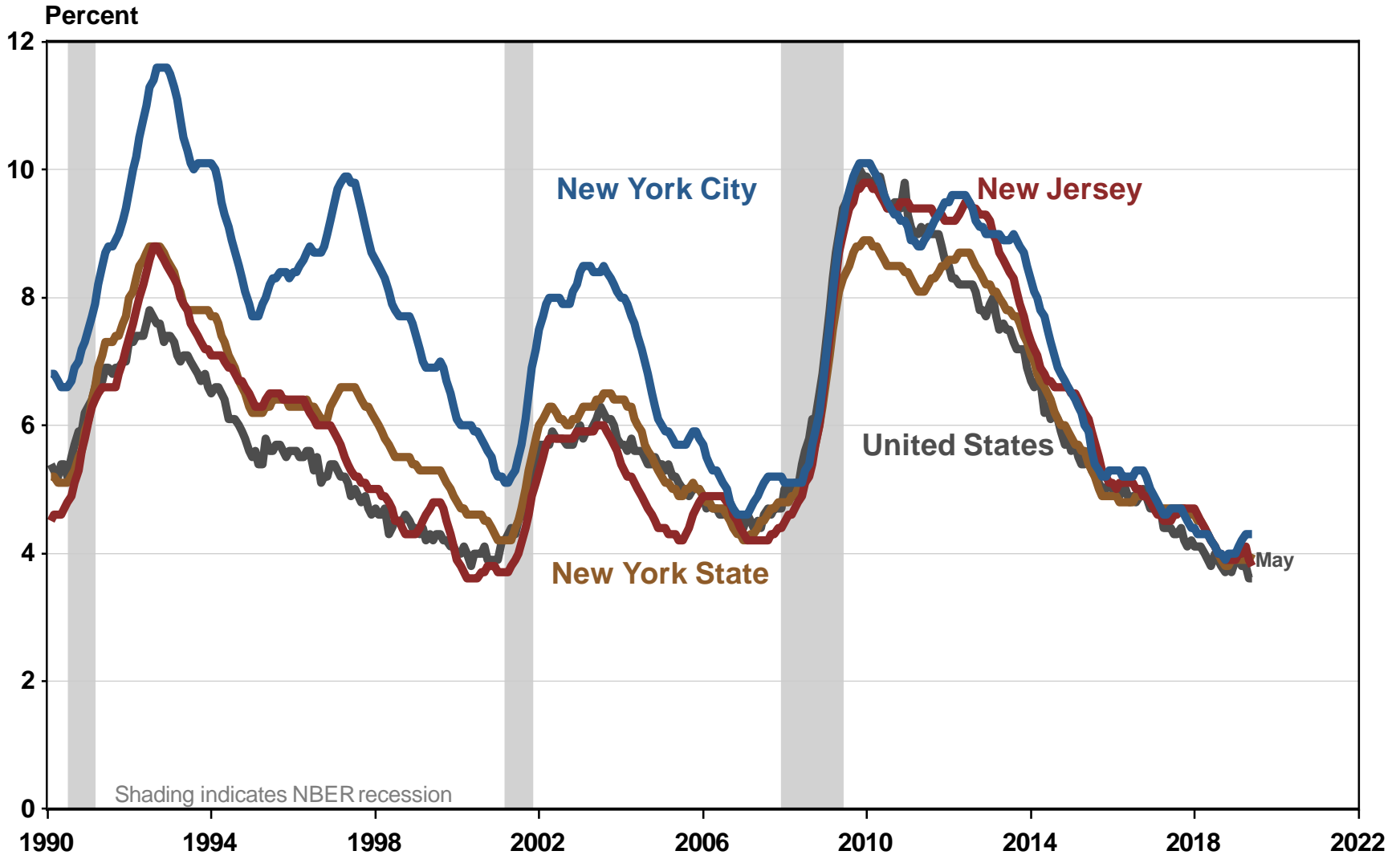
Total Employment

Seasonally Adjusted Index



Unemployment Rates

Seasonally Adjusted

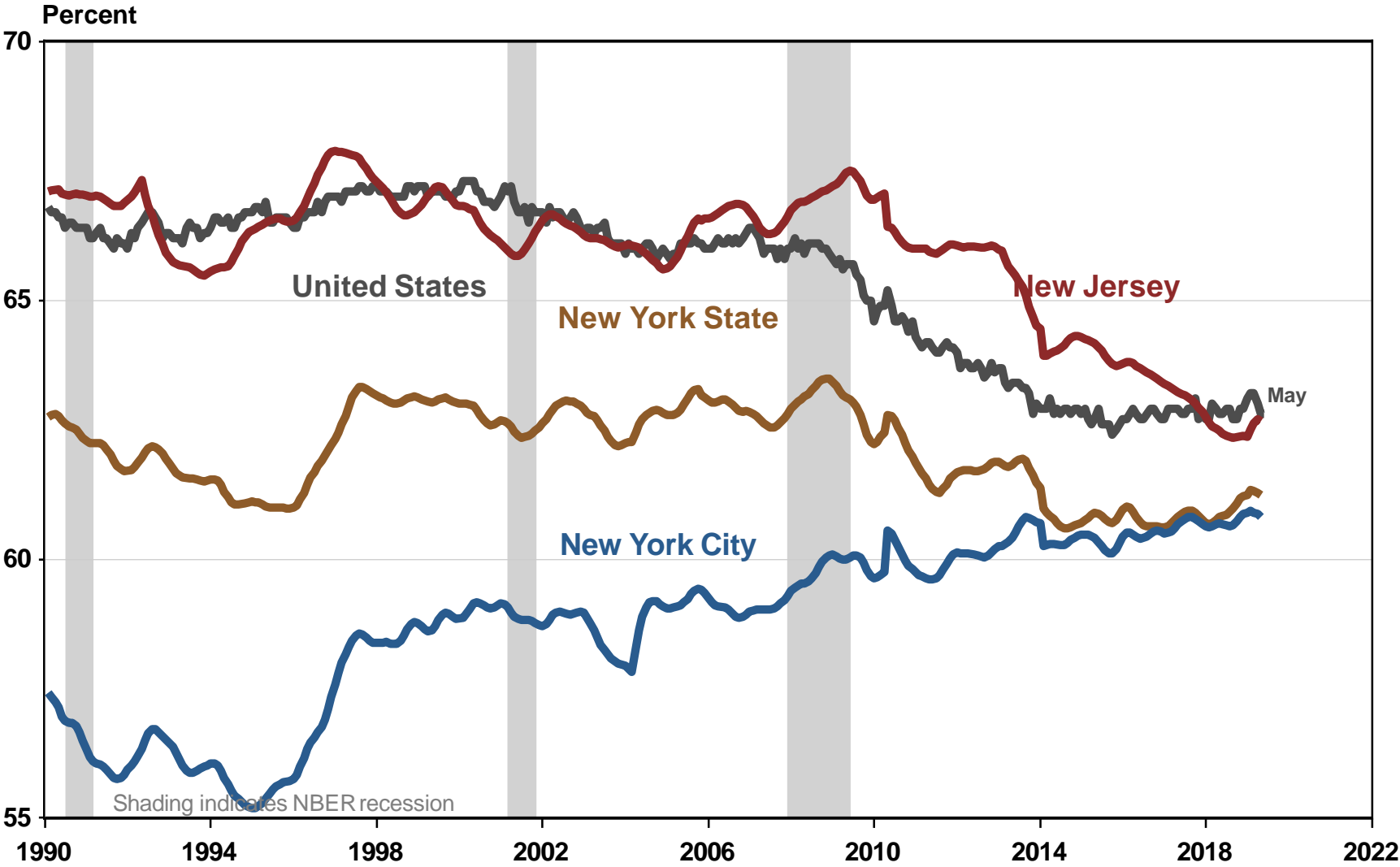


Shading indicates NBER recession

May

Labor Force Participation

Seasonally Adjusted



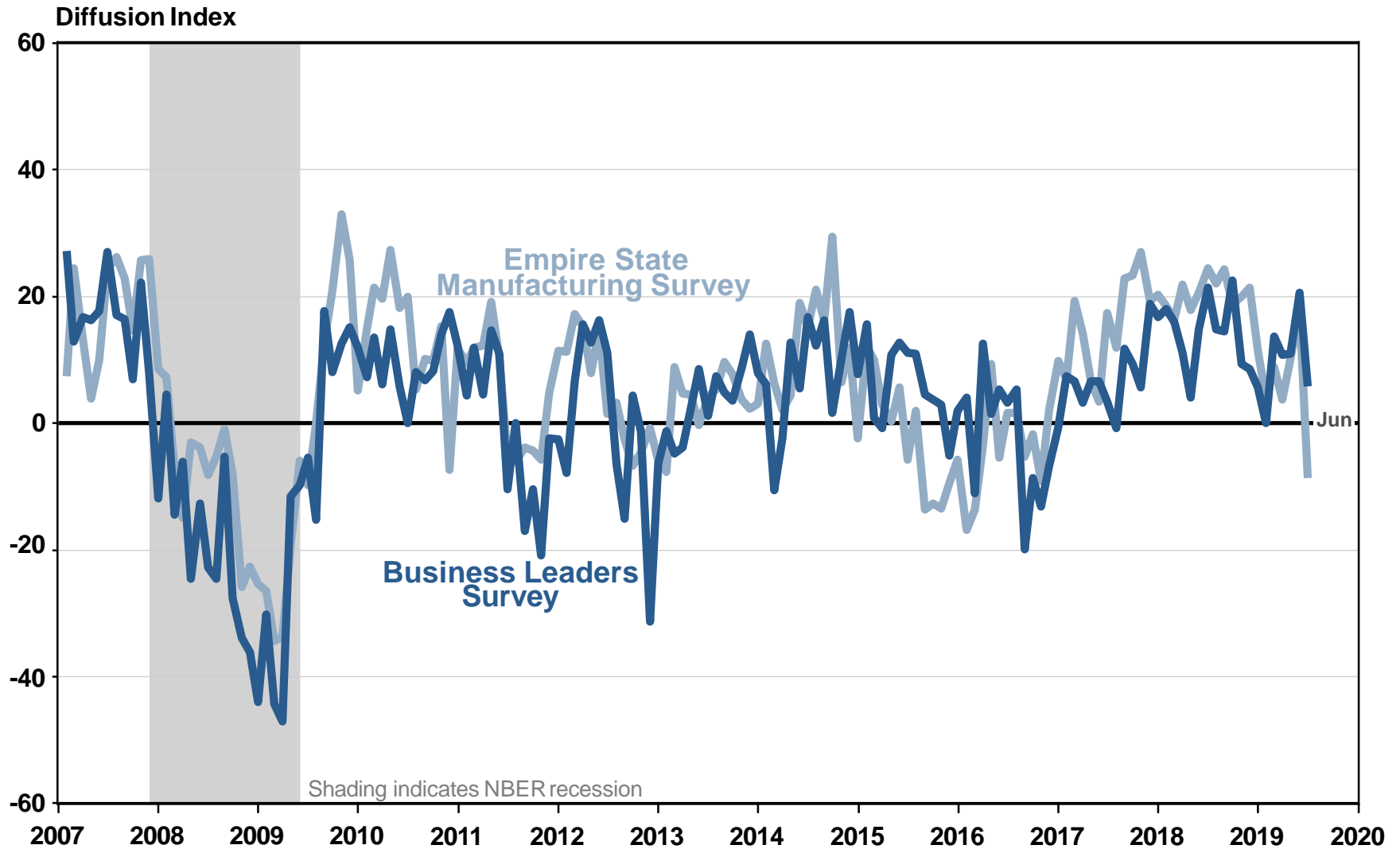
Shading indicates NBER recession

May

Source: Bureau of Labor Statistics and Moody's Economy.com.

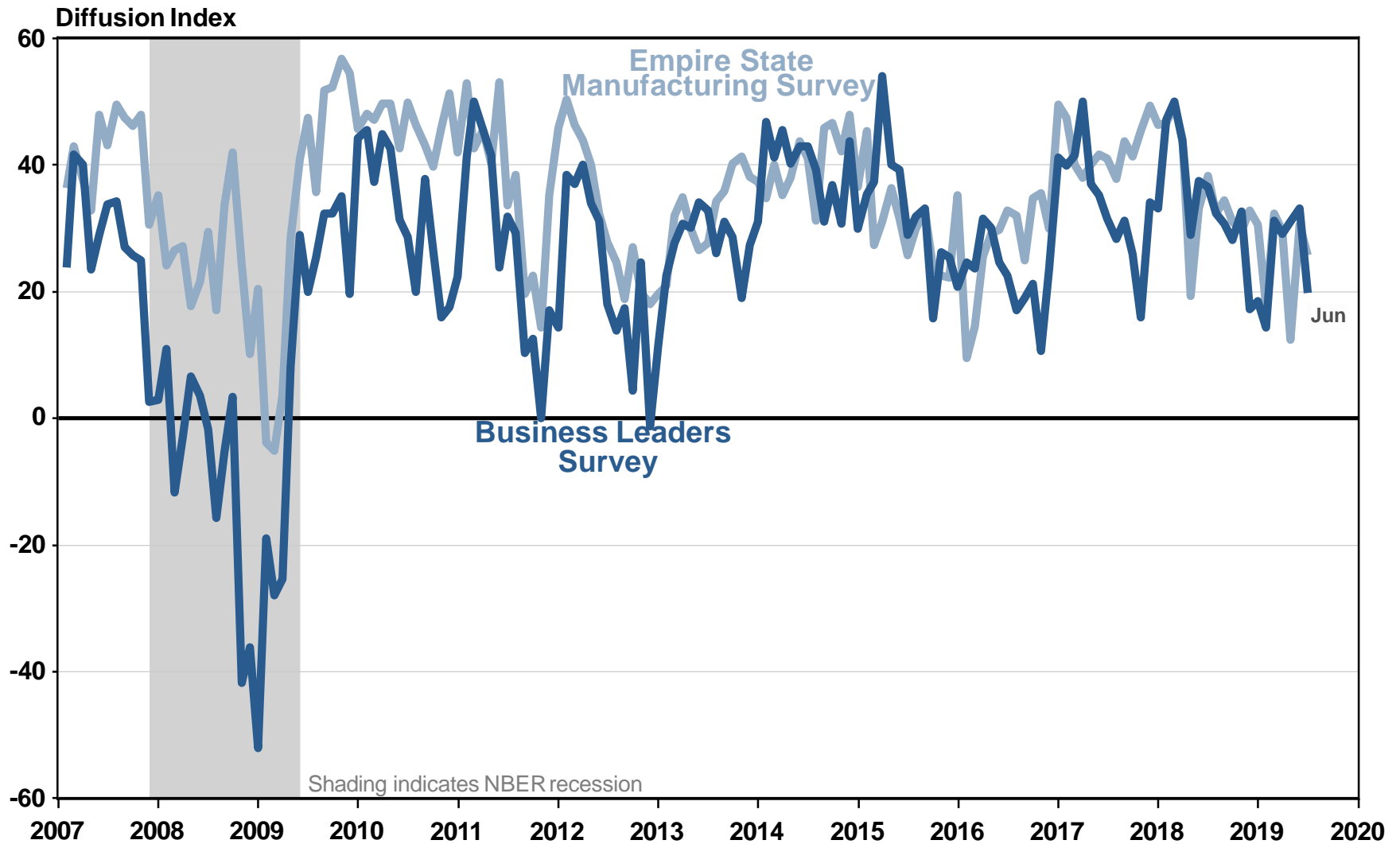
Current Economic Conditions

FRBNY Business Surveys, Current Conditions



Future Economic Conditions

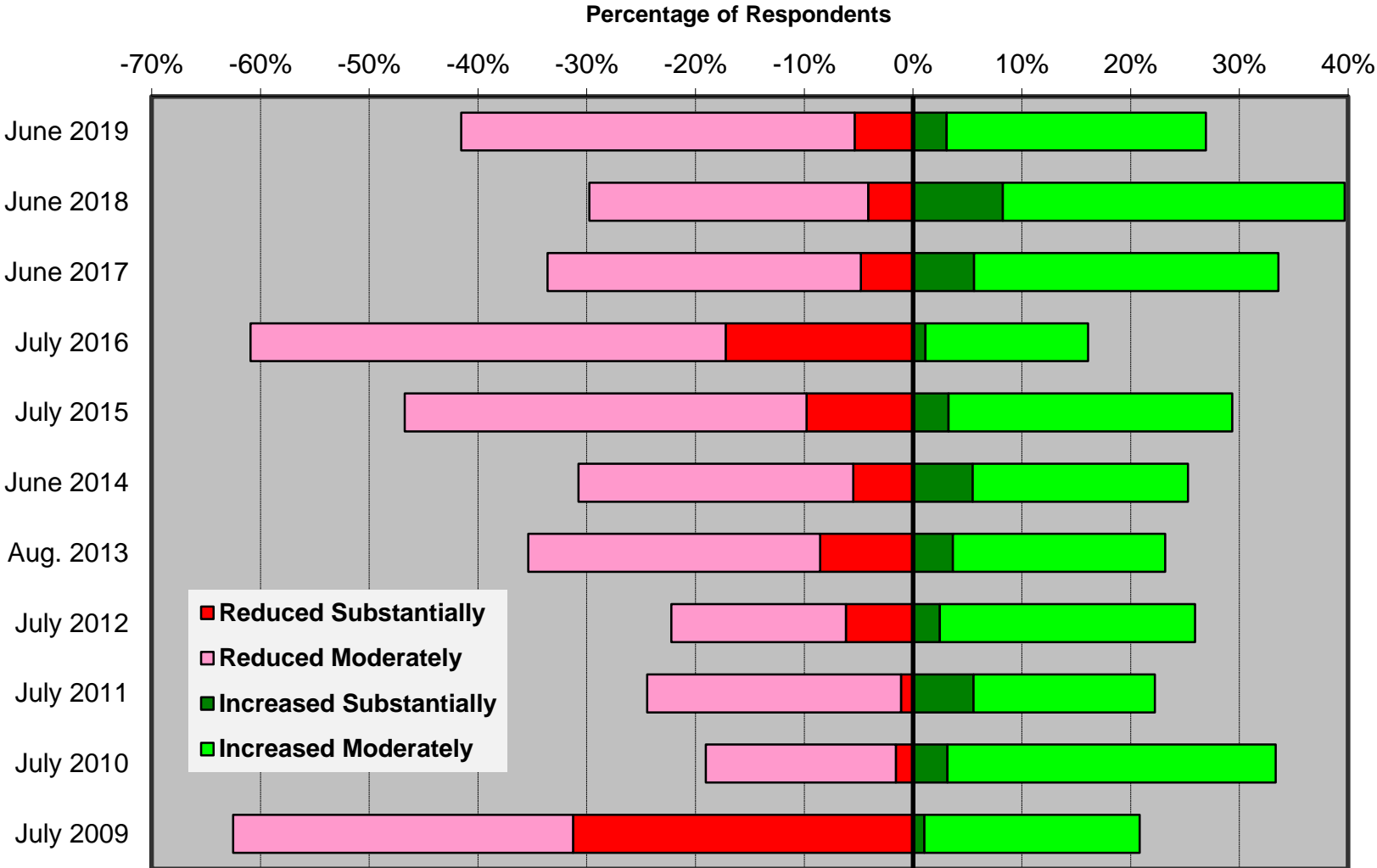
FRBNY Business Surveys, Conditions Six Months Ahead



Shading indicates NBER recession

June 2019 Empire State Manufacturing Survey

In the past several months, to what extent have you modified your sales expectations for the second half of this year?

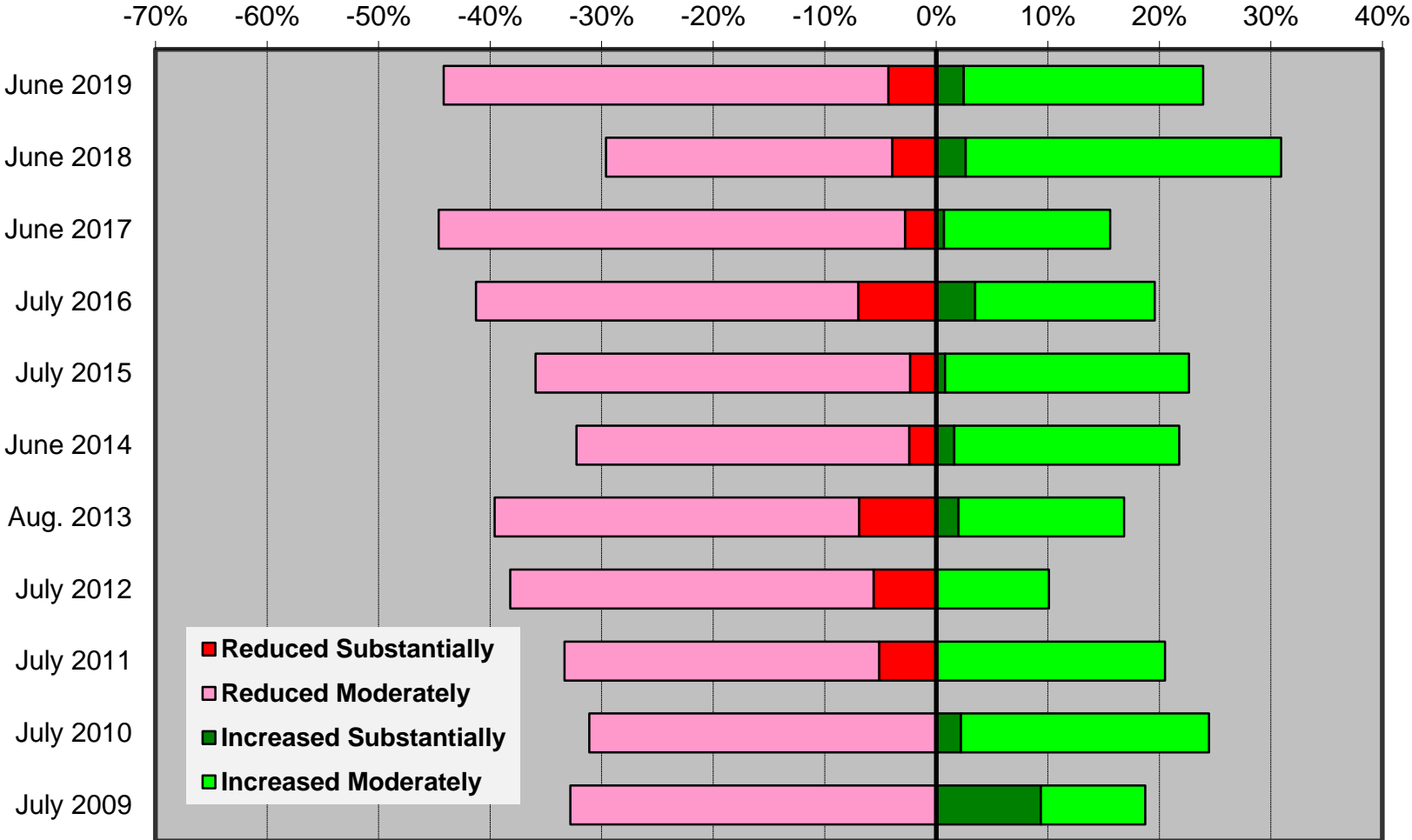


* In July 2012 and earlier surveys, manufacturers were asked about "production plans", as opposed to sales/revenue expectations.

June 2019 Business Leaders (Service Sector) Survey

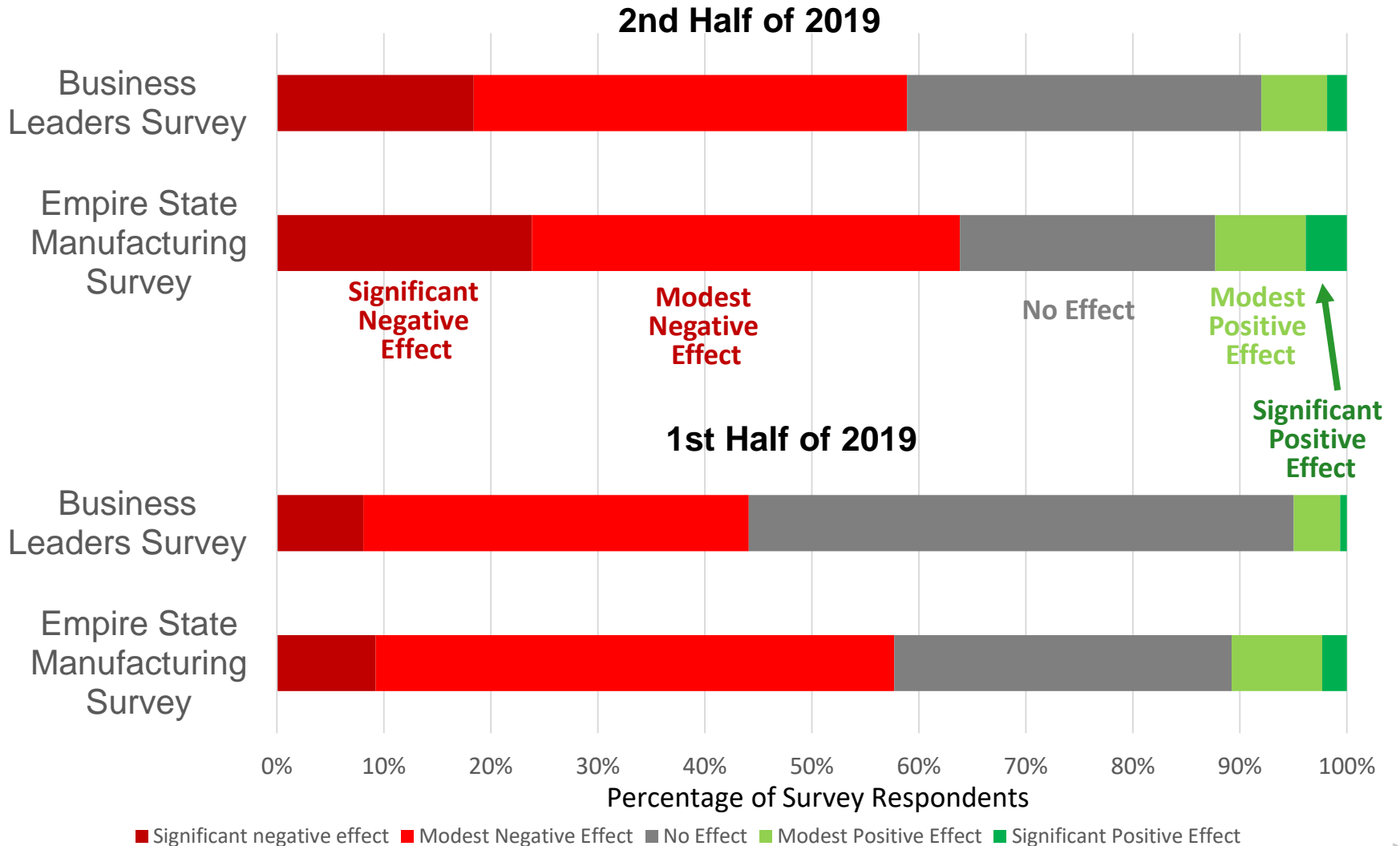
In the past several months, to what extent have you modified your sales expectations for the second half of this year?

Percentage of Respondents

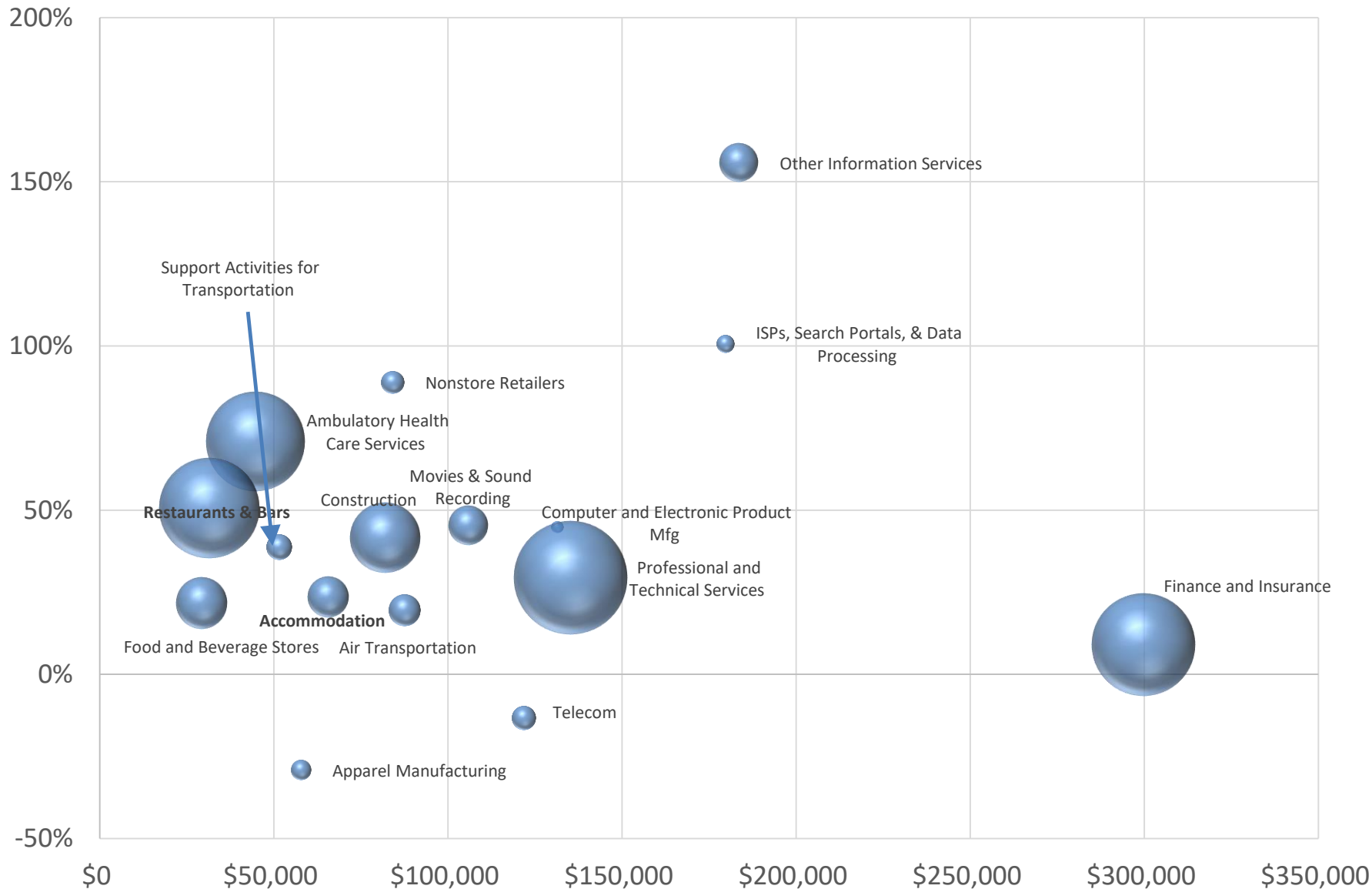


June 2019 Survey on Trade & Tariffs

What overall effect have U.S. trade policy and tariffs had on your business in the 1st half of this year, and what effects do you expect them to have in the 2nd half?



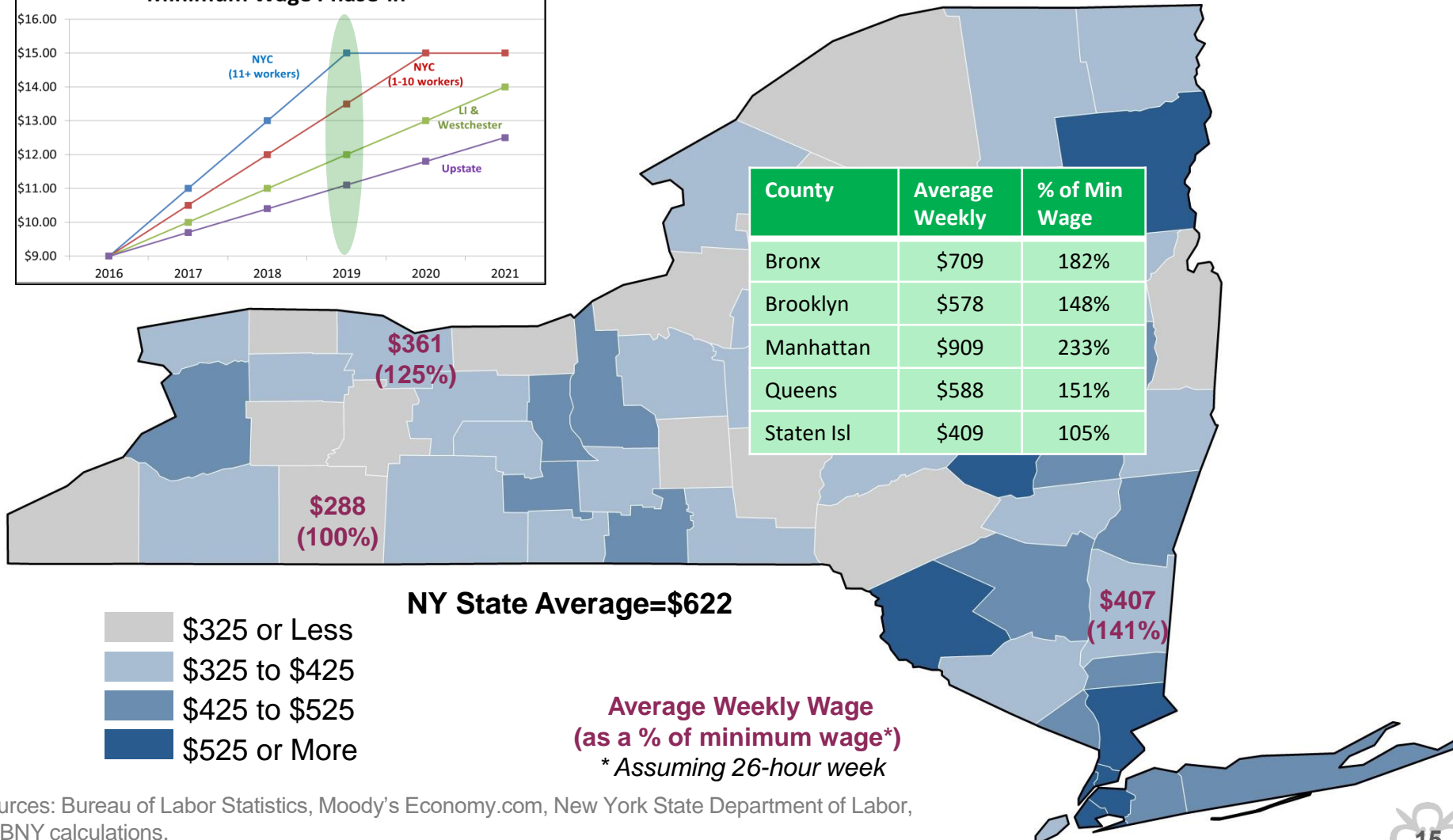
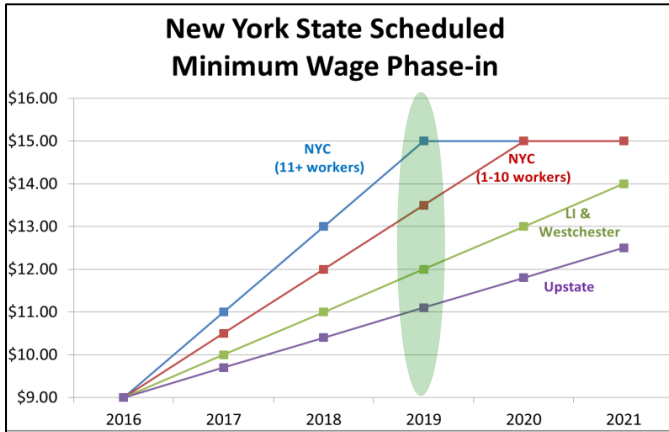
Average Earnings vs Job Growth (2010-18) for Selected NYC Industries



Sources: NY State Department of Labor, QCEW; FRBNY staff calculations

New York State Wages by County

Average Weekly Wages, Leisure & Hospitality, 1st Half of 2018



Sources: Bureau of Labor Statistics, Moody's Economy.com, New York State Department of Labor, FRBNY calculations.

April 2019 Empire State Manufacturing Survey

Please indicate what effect you think this increase in the minimum wage has had, for your operations in New York State, on each of the following?



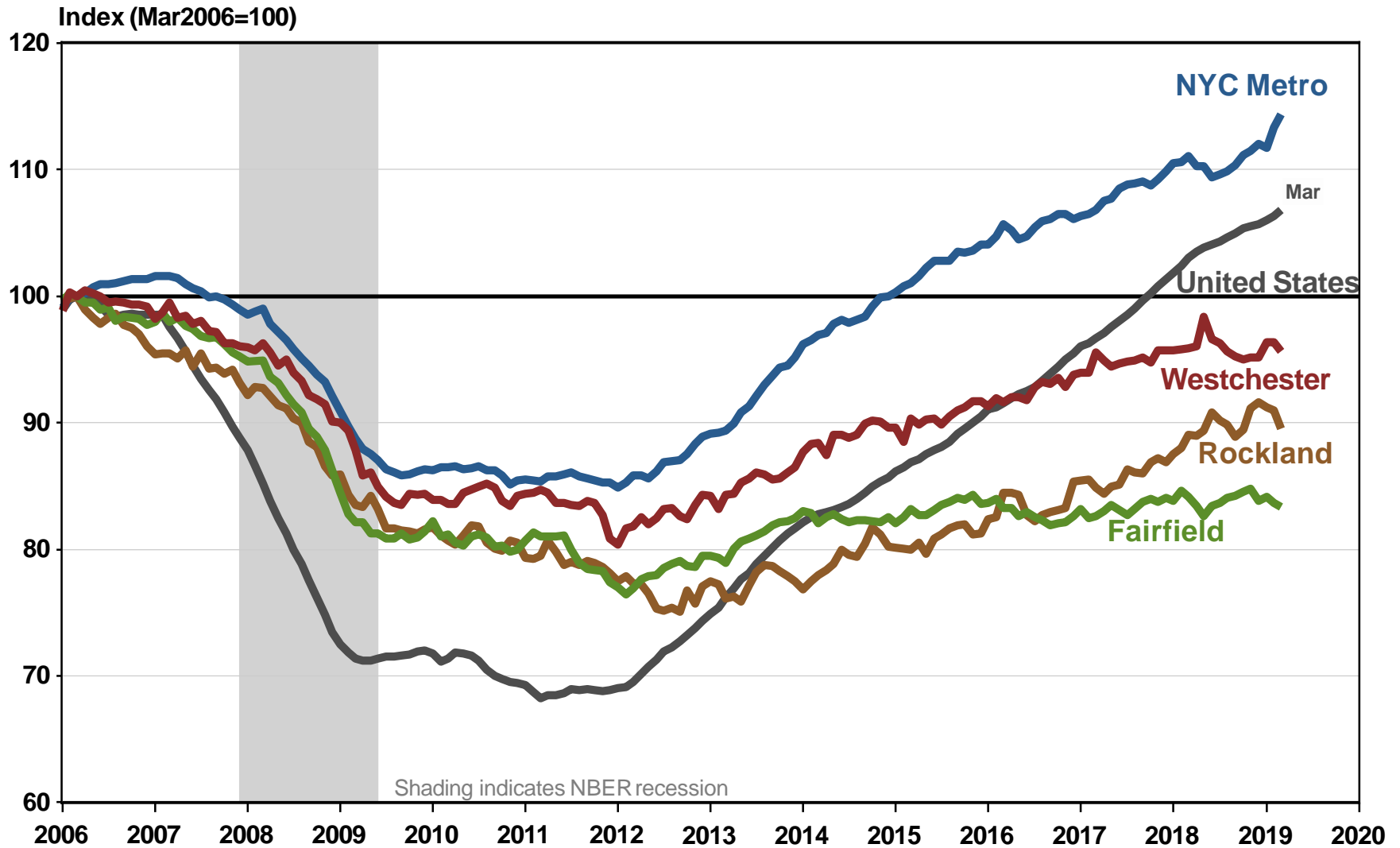
April 2019 Business Leaders (Service Sector) Survey

Please indicate what effect you think this increase in the minimum wage has had, for your operations in New York State, on each of the following?



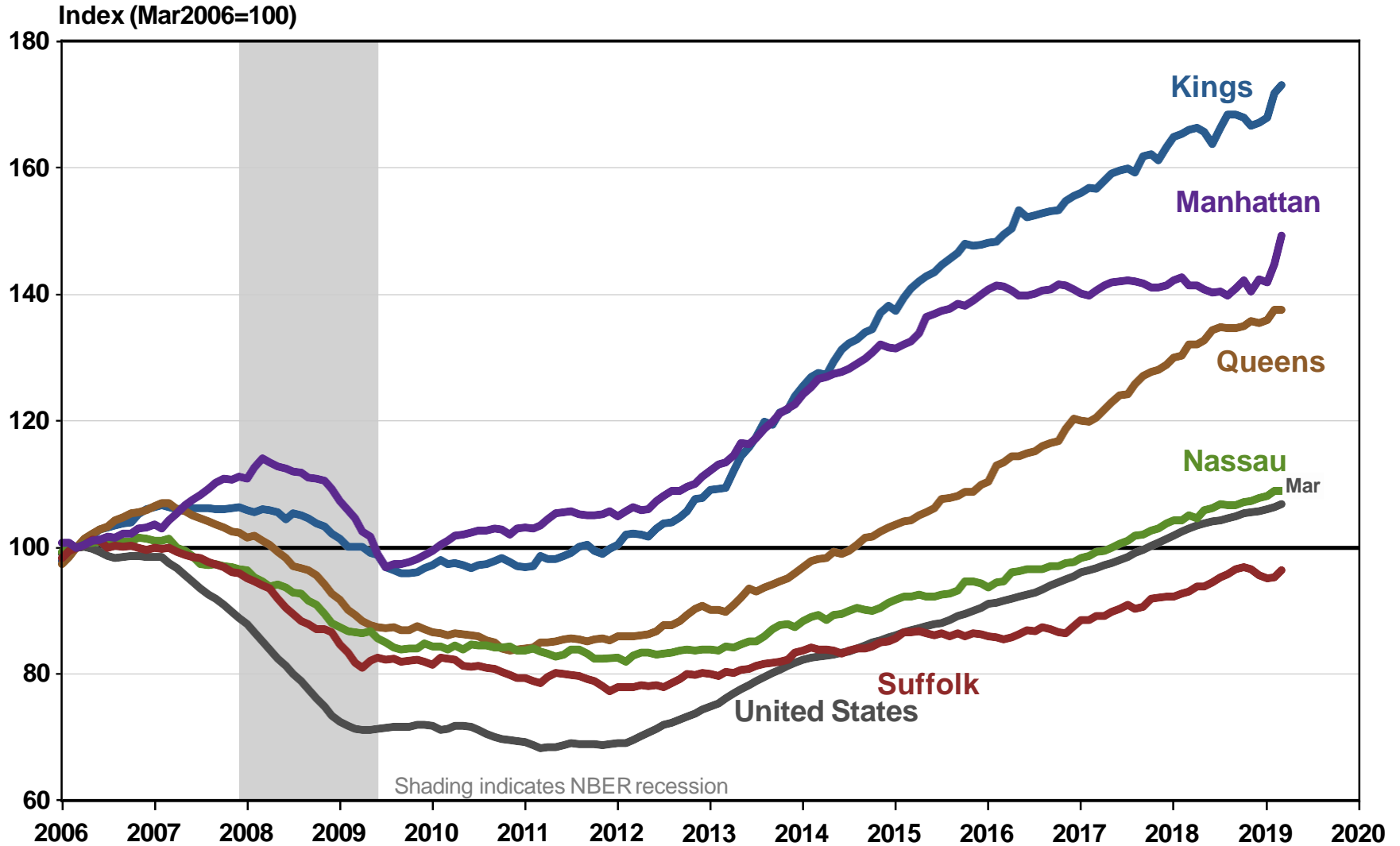
Home Prices

CoreLogic Home Price Index, Seasonally Adjusted



Home Prices

CoreLogic Home Price Index, Seasonally Adjusted



Home Prices

CoreLogic Home Price Index, Seasonally Adjusted

