



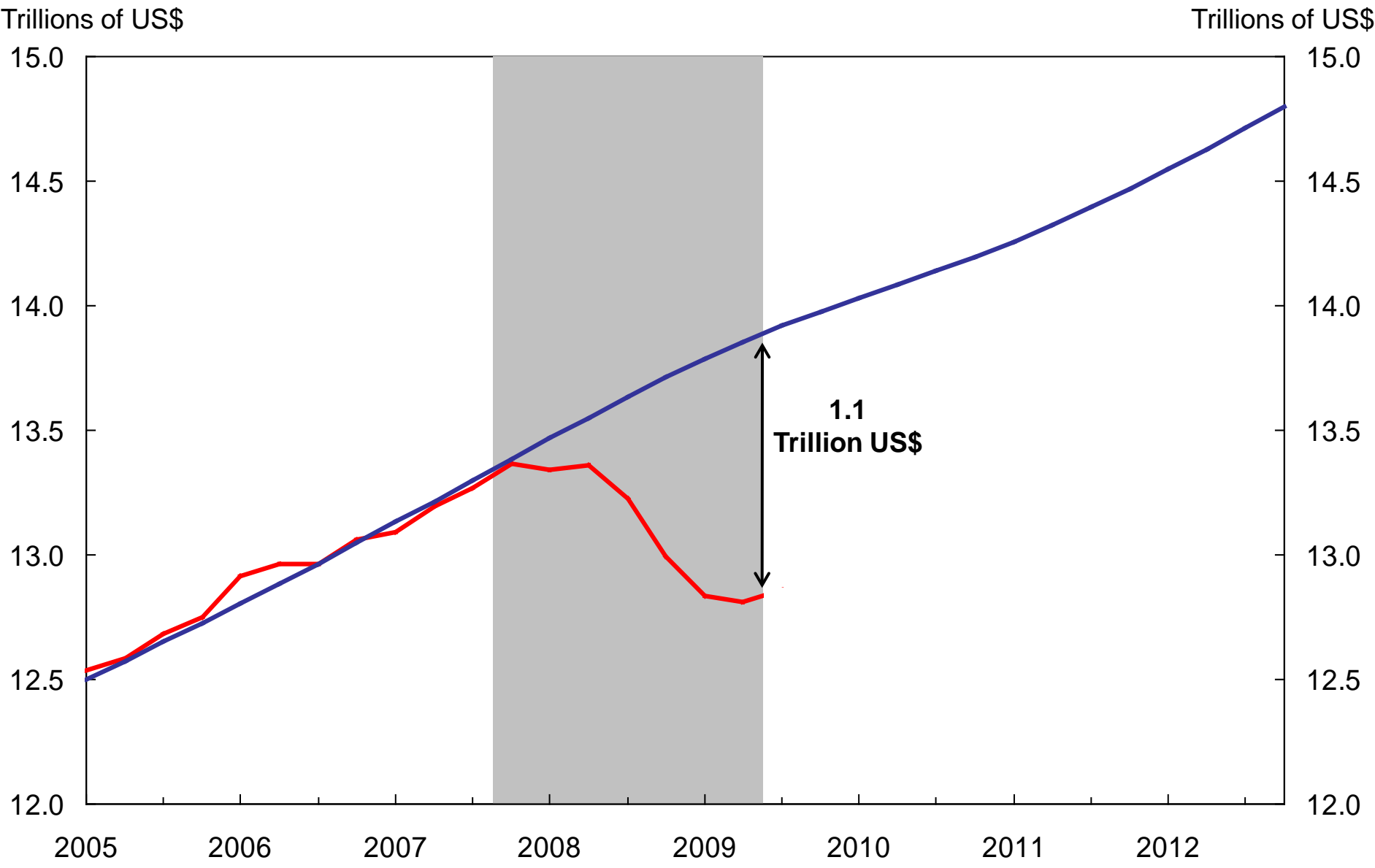
FEDERAL RESERVE BANK *of* NEW YORK

A Strategy for the 2011 Economic Recovery

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Dominican College, Orangeburg, New York
January 28, 2011

These views are my own and do not necessarily represent the views of the Federal Reserve Bank of New York or the Federal Reserve System

Chart 1: Real GDP and the Output Gap

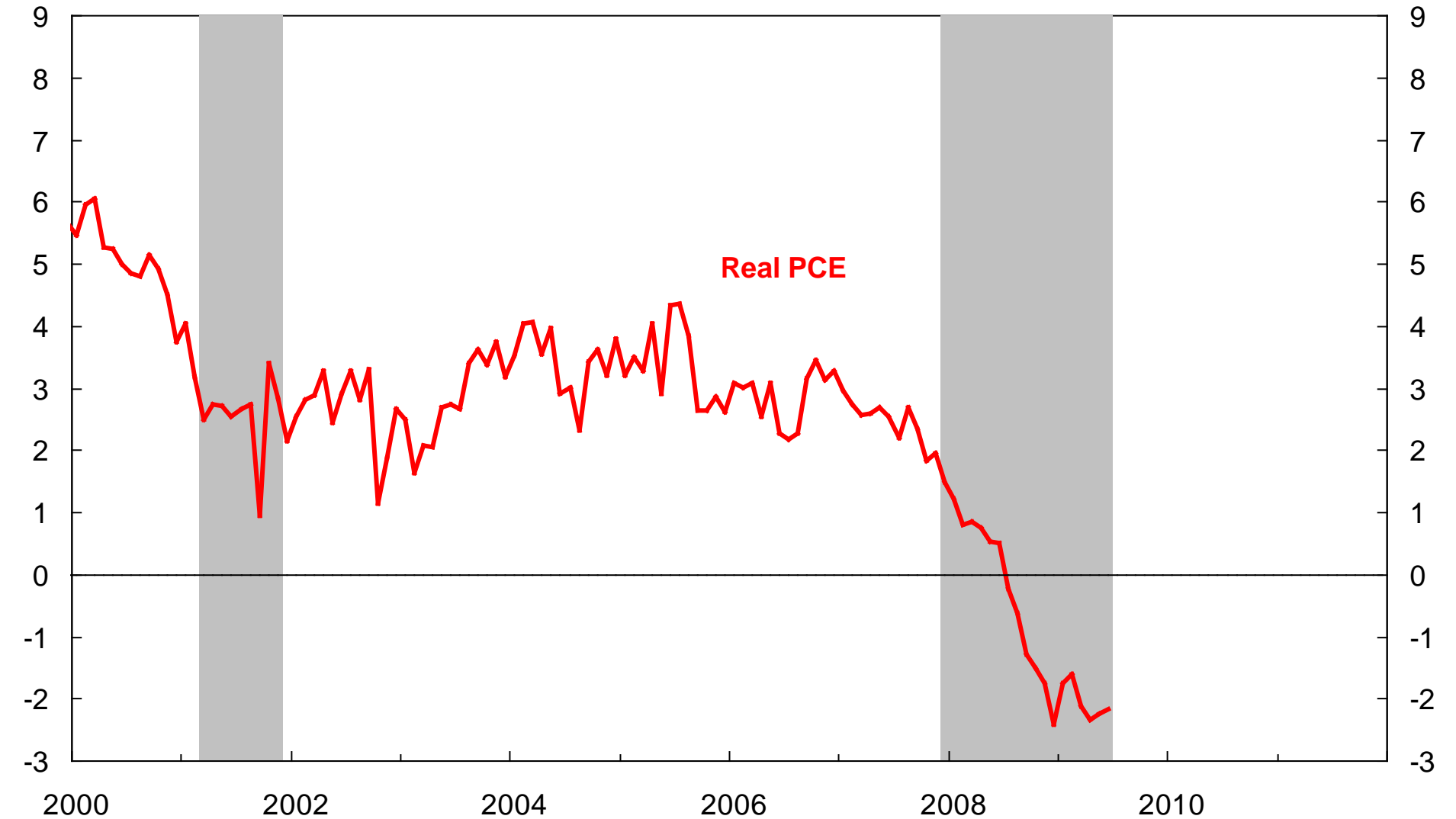


Source: Bureau of Economic Analysis and Congressional Budget Office

Chart 2: Real Personal Consumption Expenditures (PCE)

% Change - Year to Year

% Change - Year to Year

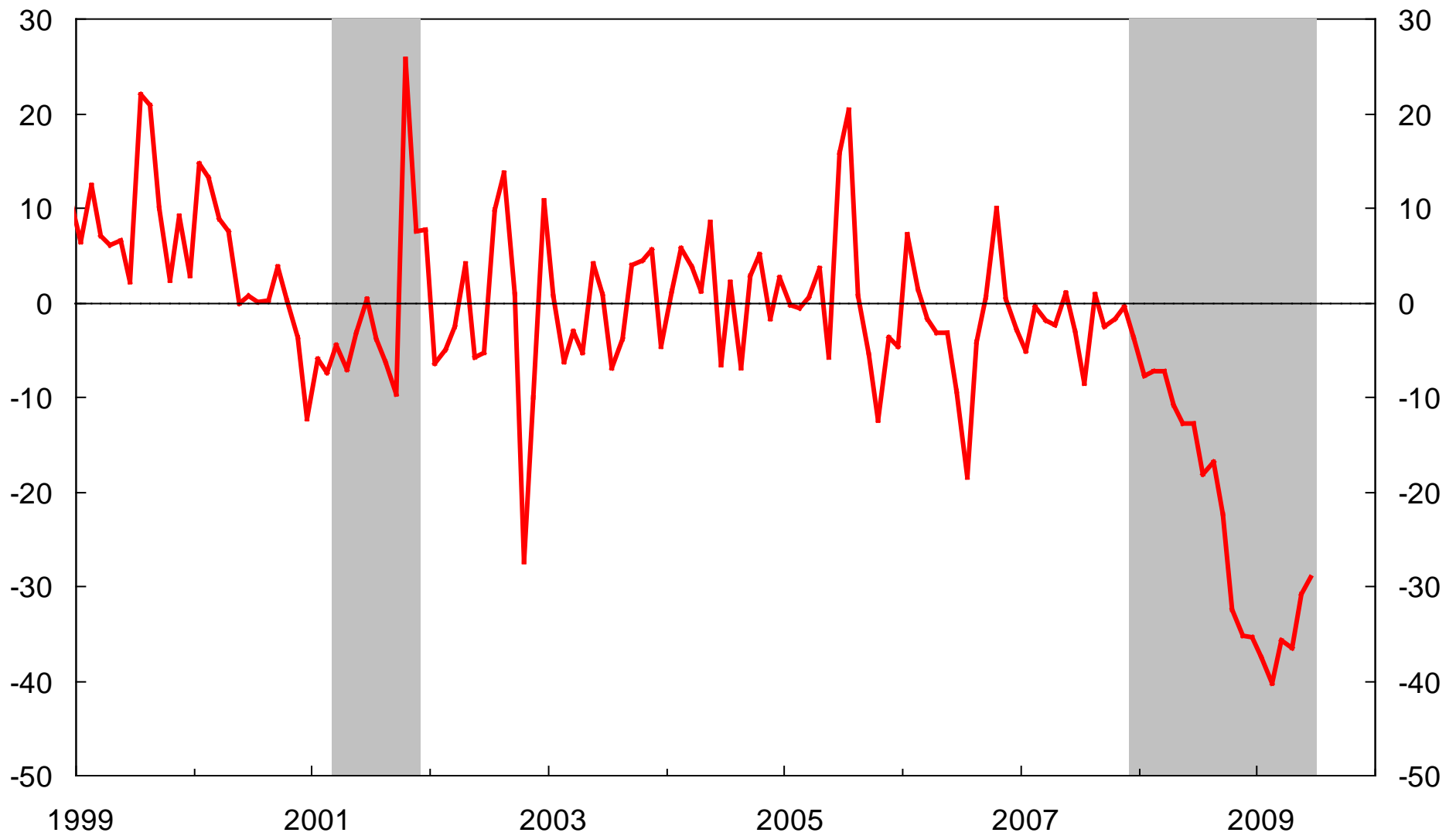


Source: Bureau of Economic Analysis

Chart 3: Auto Sales

% Change - Year to Year

% Change - Year to Year

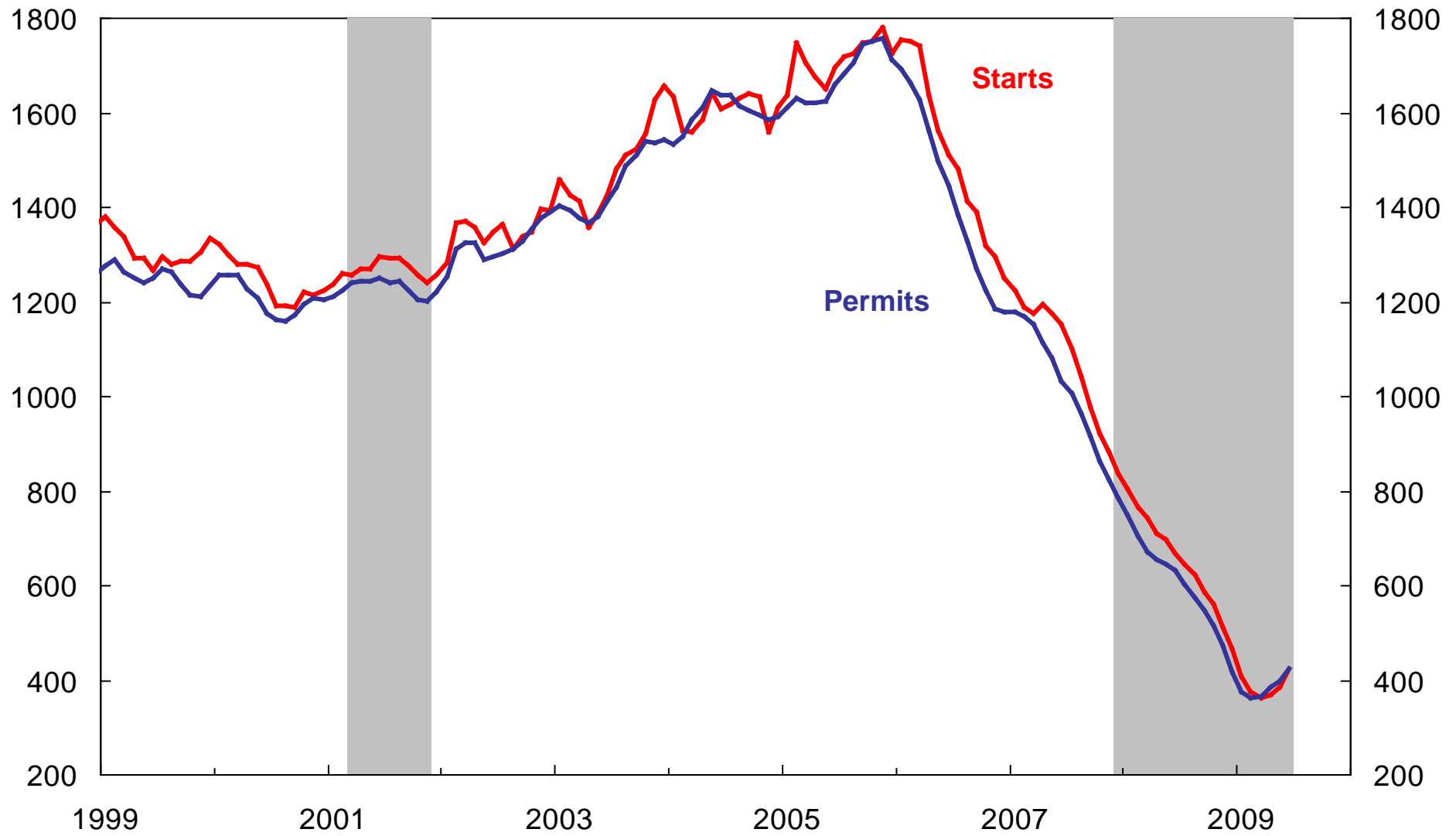


Source: Autodata Corporation

Chart 4: Housing Starts and Permits

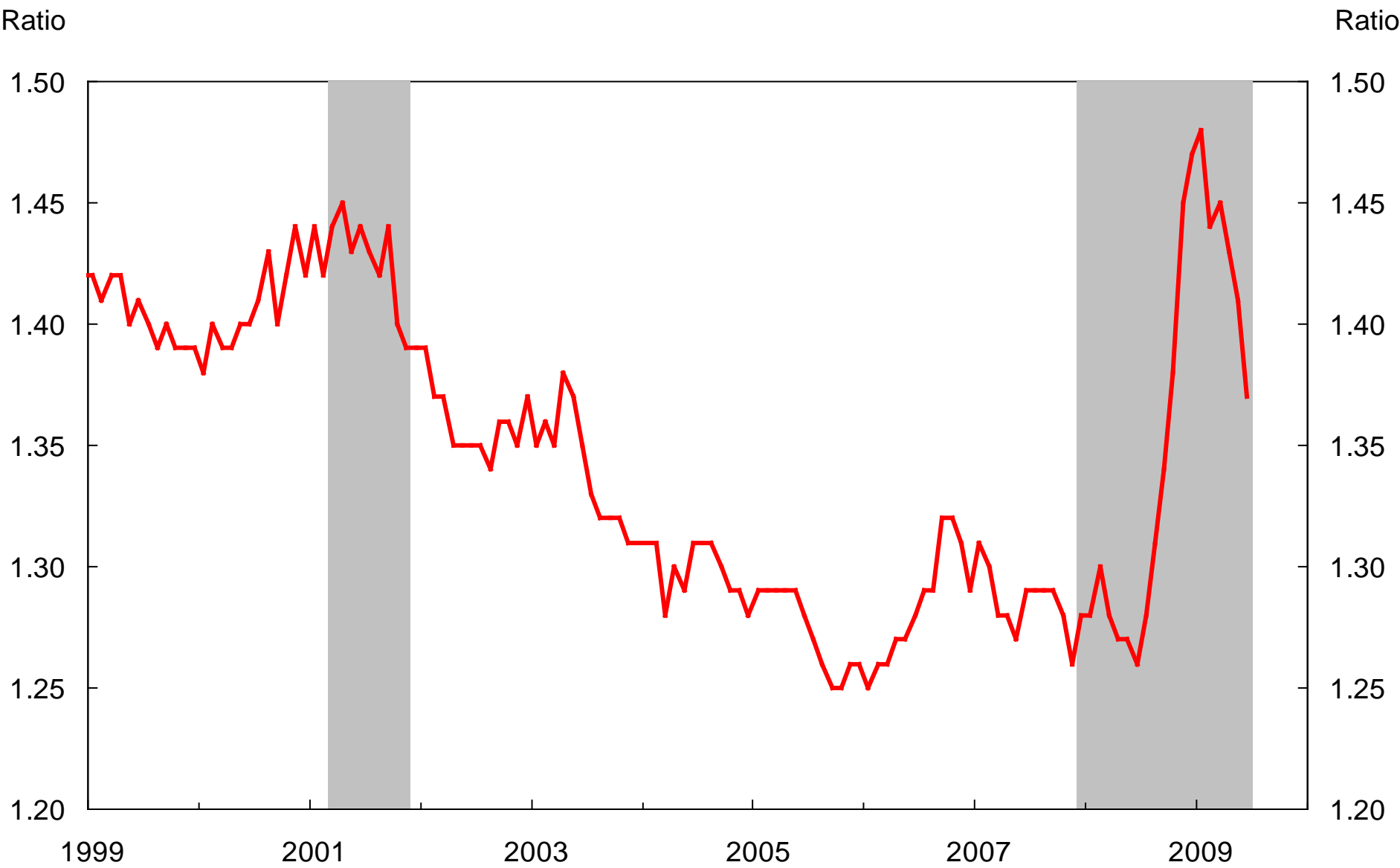
3-month Moving Average

3-month Moving Average



Source: Census Bureau

Chart 5: Inventory / Sales: Total Business

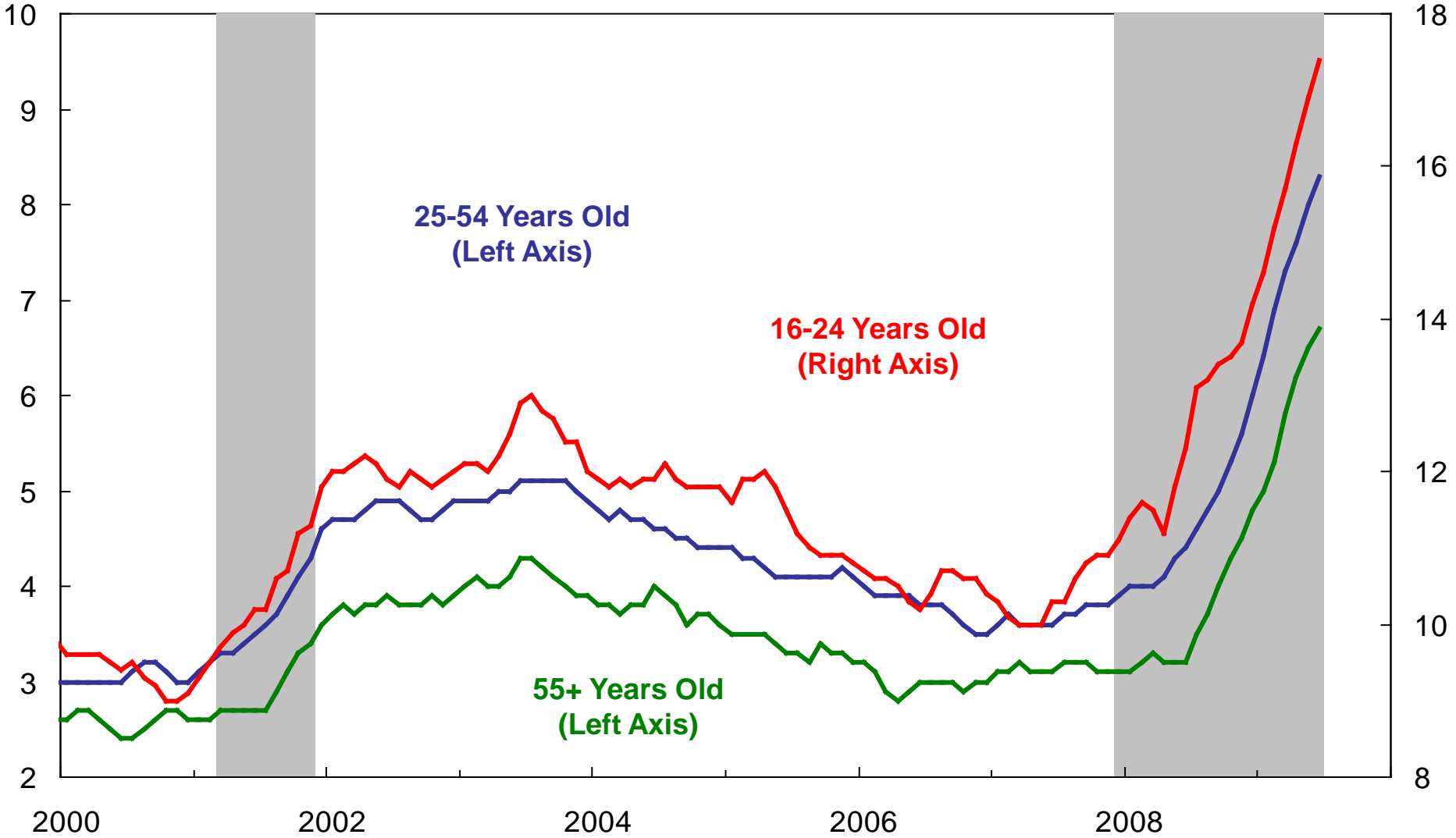


Source: Census Bureau

Chart 6: Total Unemployment Rate by Age Group

3-month Moving Average

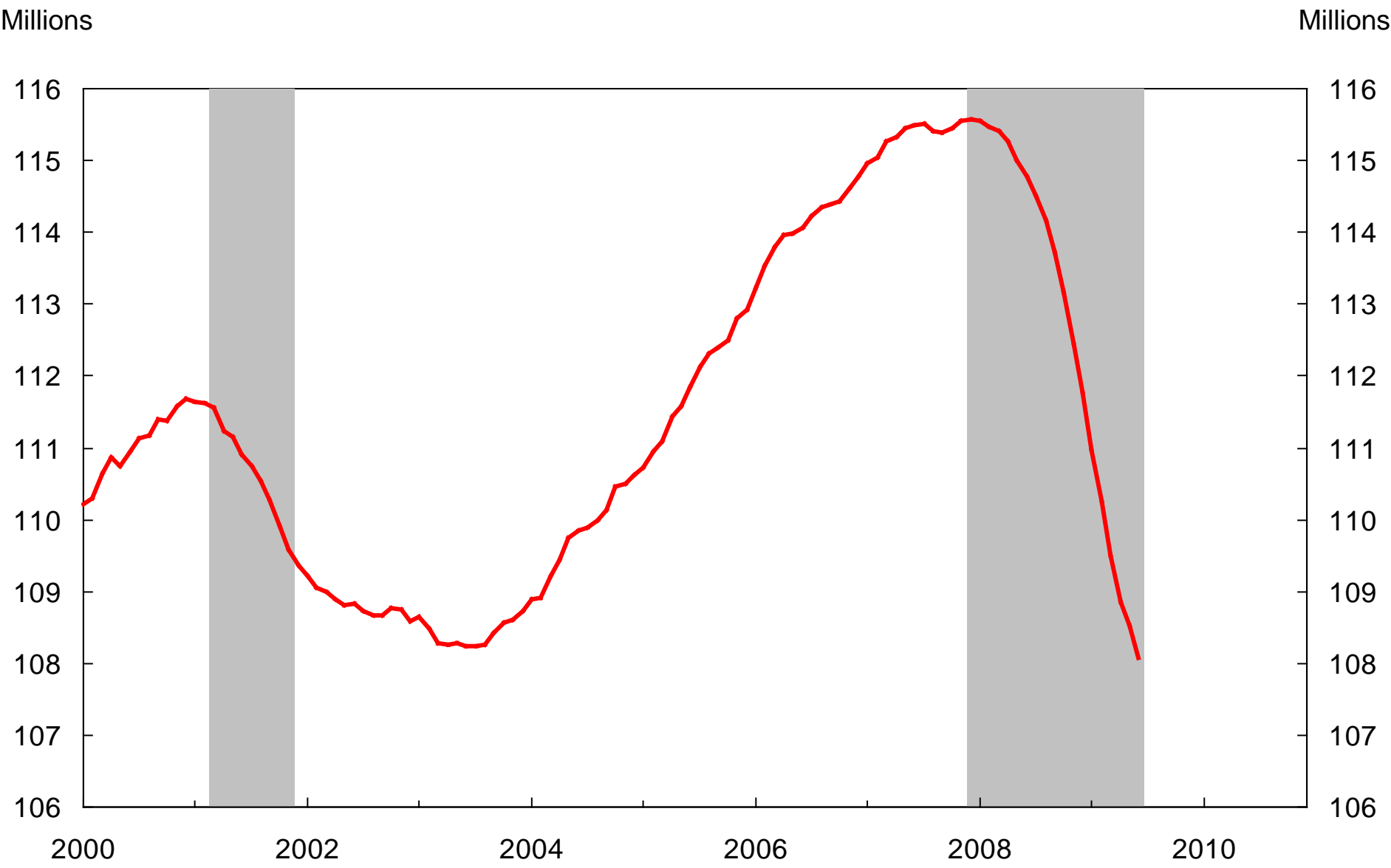
3-month Moving Average



Source: Bureau of Labor Statistics

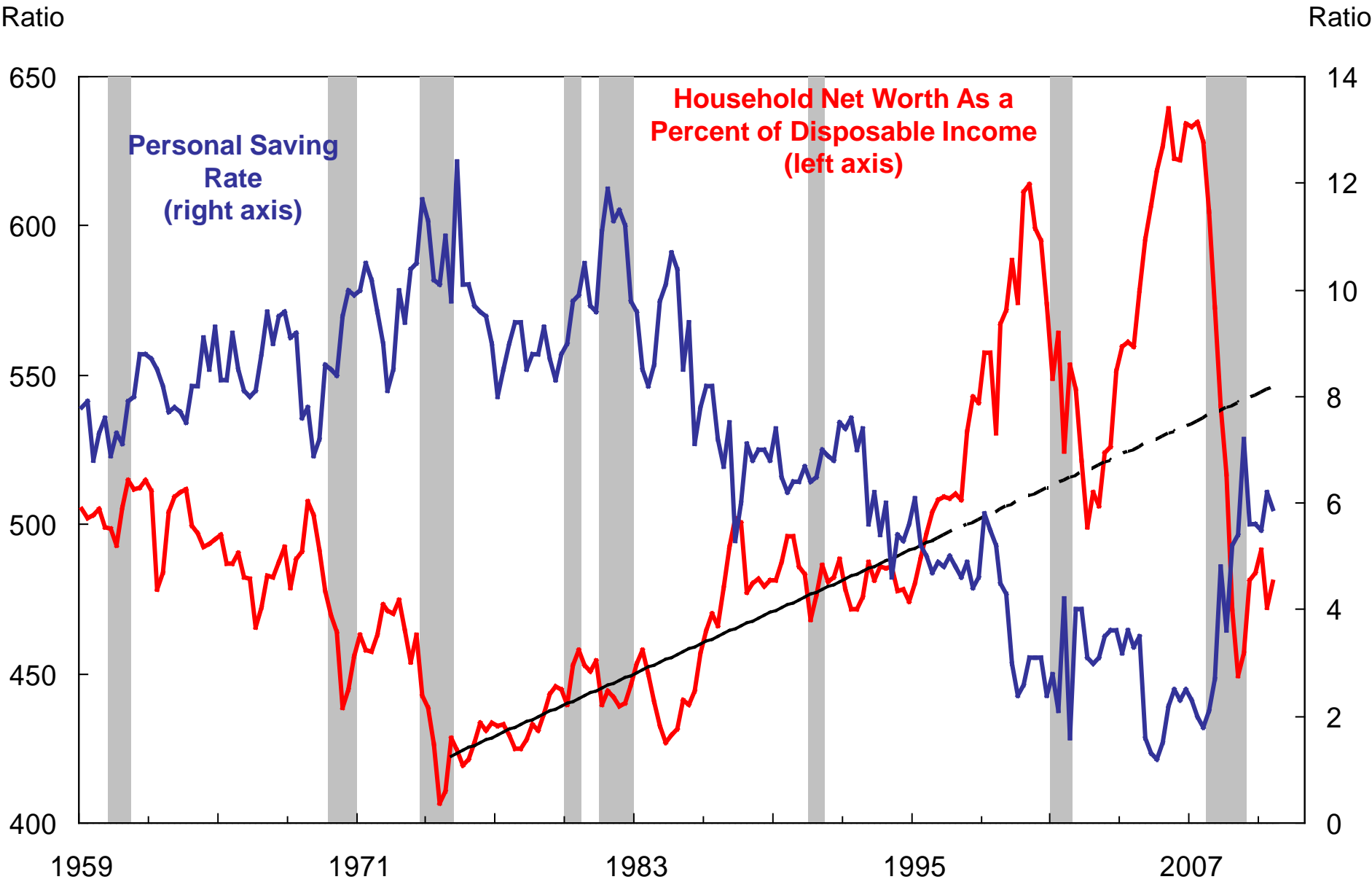
Note: Includes both male and female labor force participants.

Chart 7: Private Non-Farm Payroll Employment



Source: Bureau of Labor Statistics

Chart 8: Household Net Worth and the Saving Rate



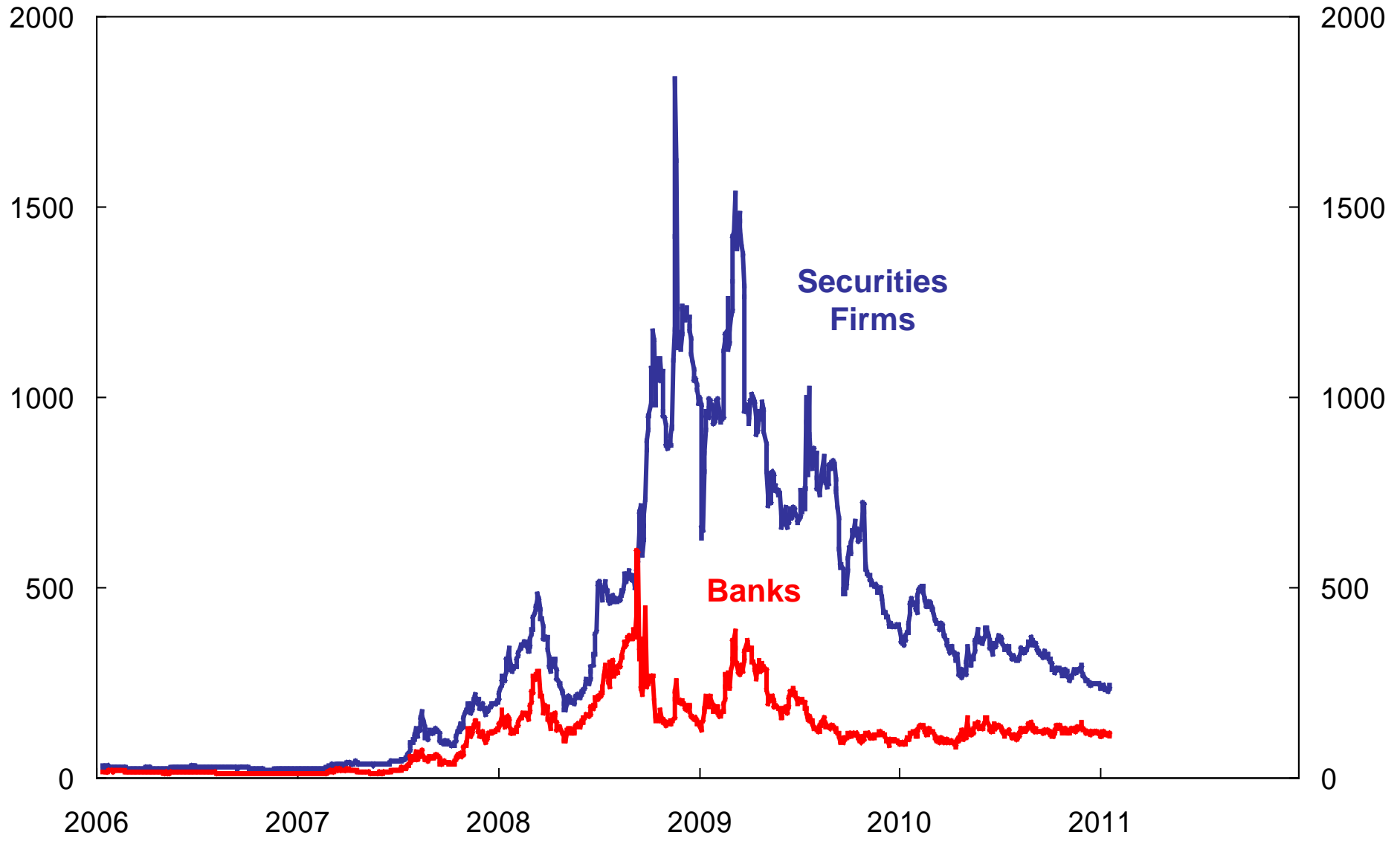
Source: Federal Reserve Board and BEA

Note: Regression is fitted from 1975Q1 to 1995Q4.

Chart 9: CDS Spreads for Financial Firms

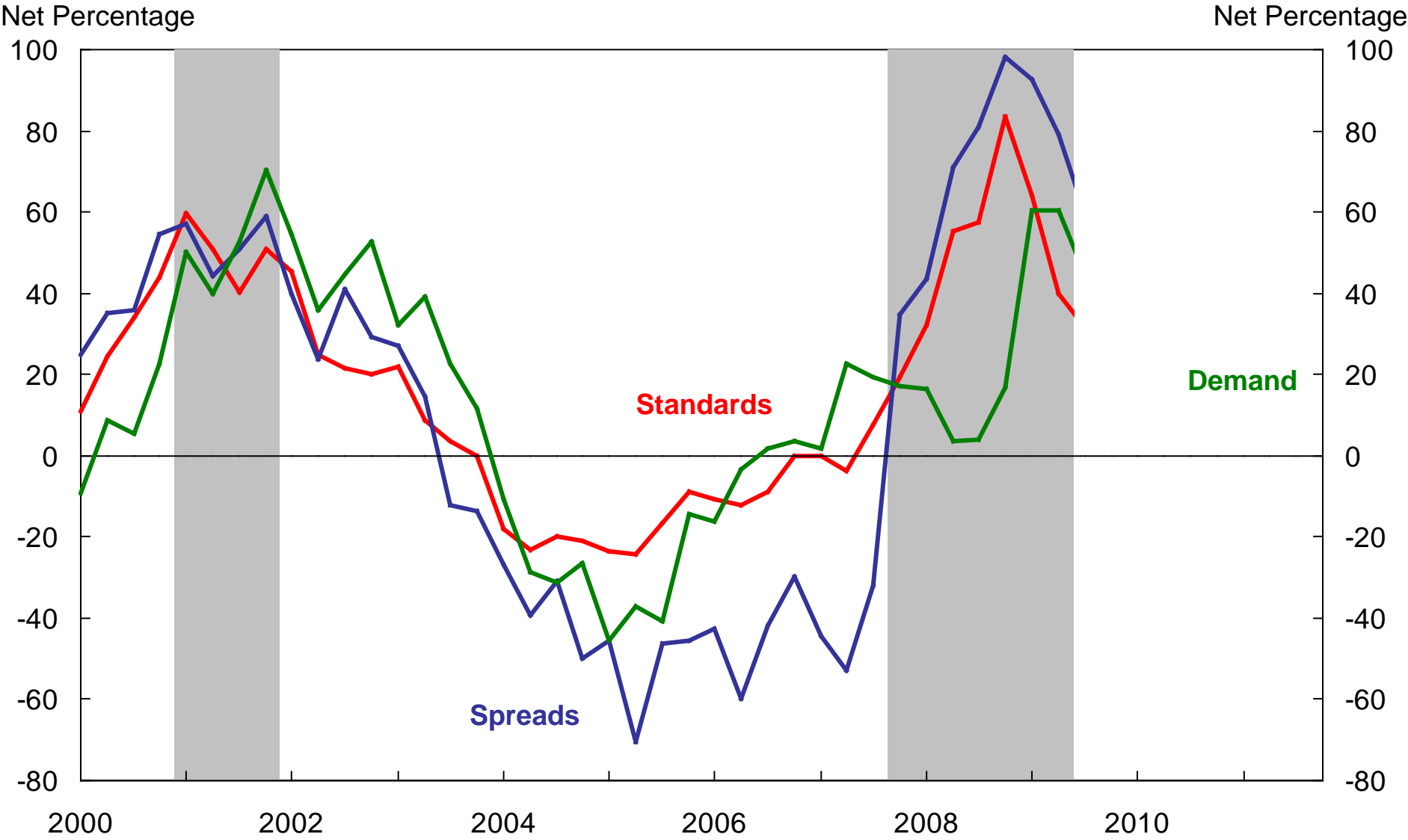
Basis Points

Basis Points



Source: CMA

Chart 10: Banks Tightening Terms and Standards for Business Loans to Large and Mid-Sized Firms

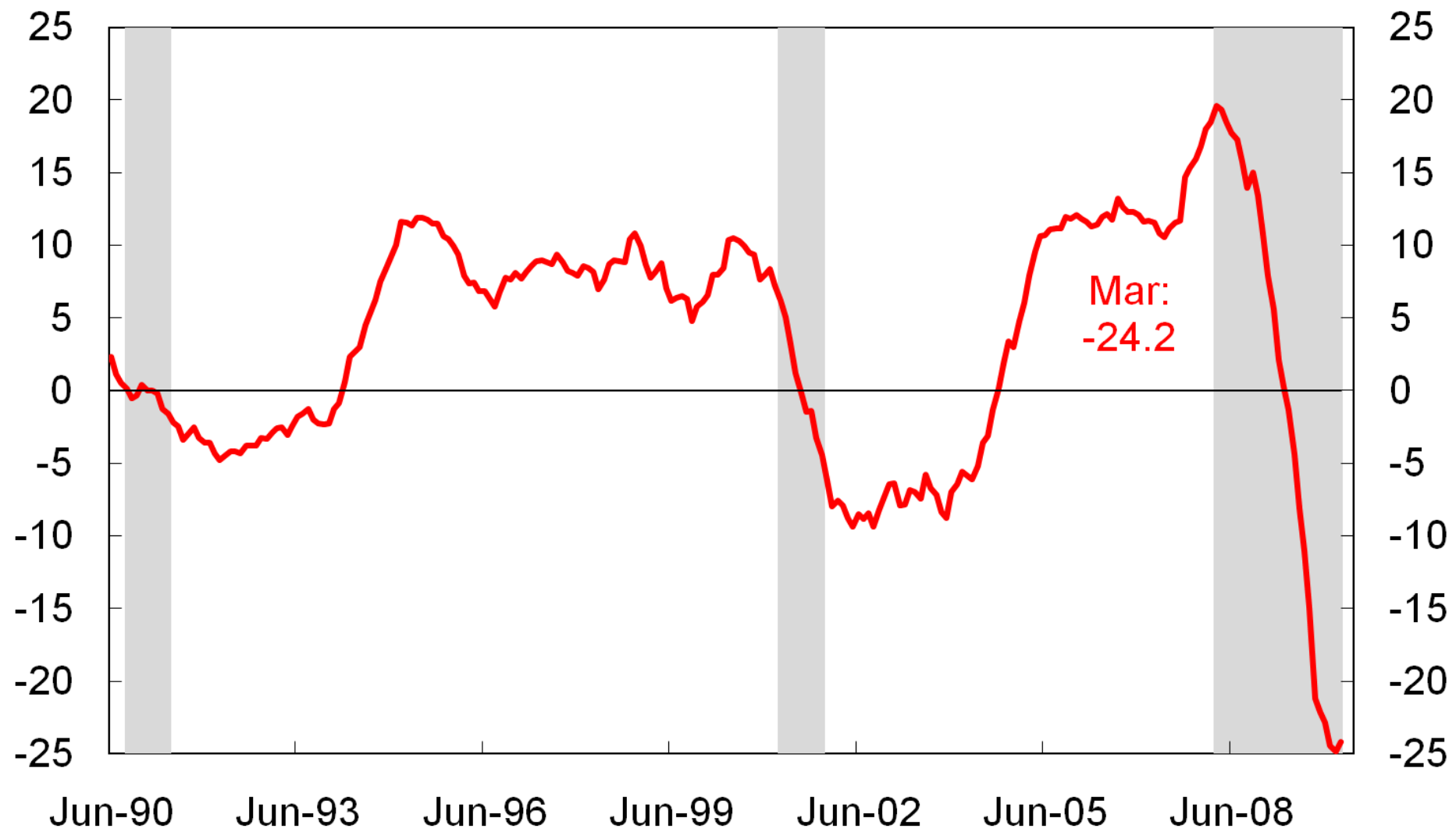


Source: FRB Senior Loan Officer Opinion Survey

Chart 11: Commercial and Industrial Loans Outstanding

% Change - Year to Year

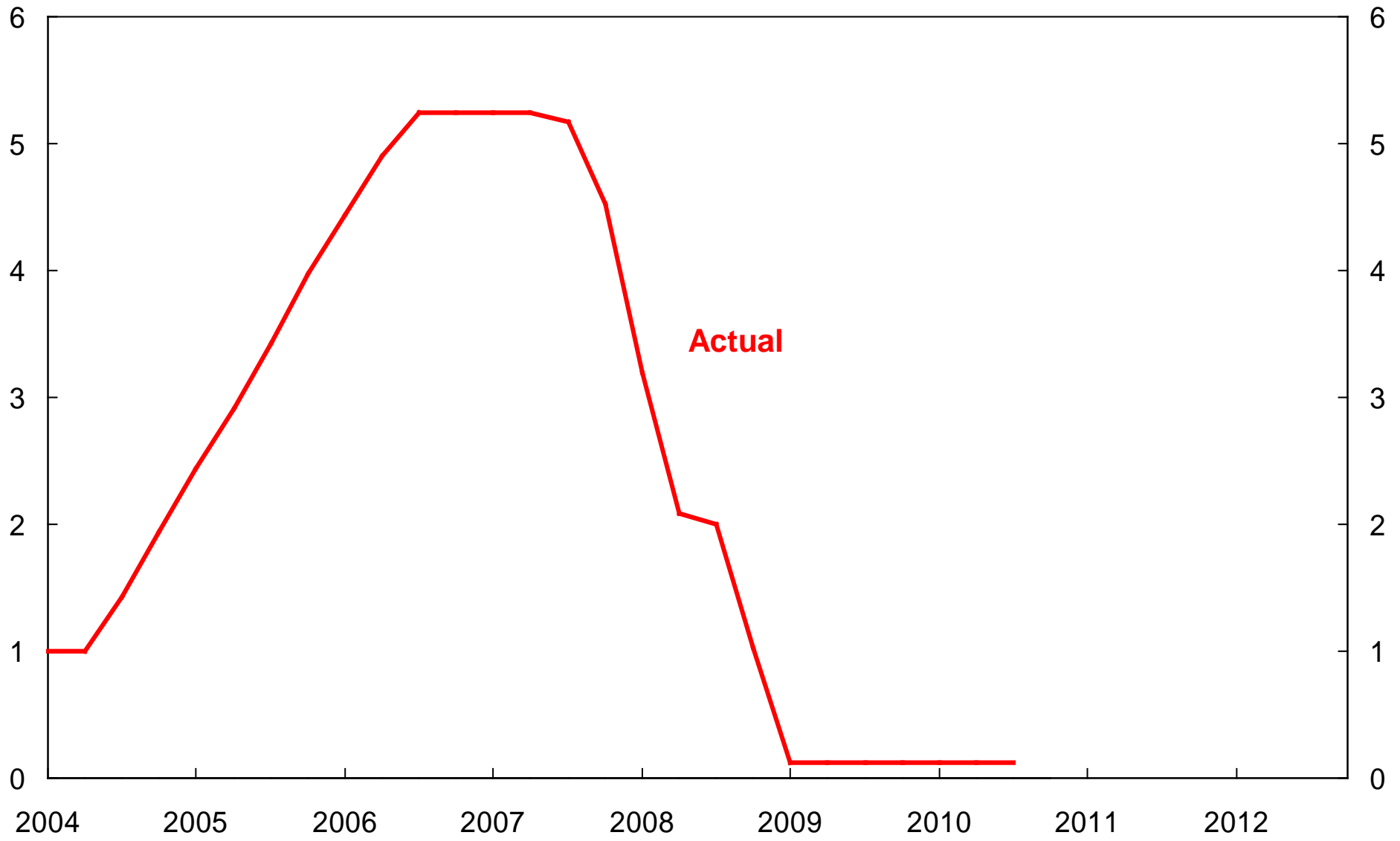
% Change - Year to Year



Source: Federal Reserve Board

Chart 12: Actual Fed Funds Target

Percent Percent

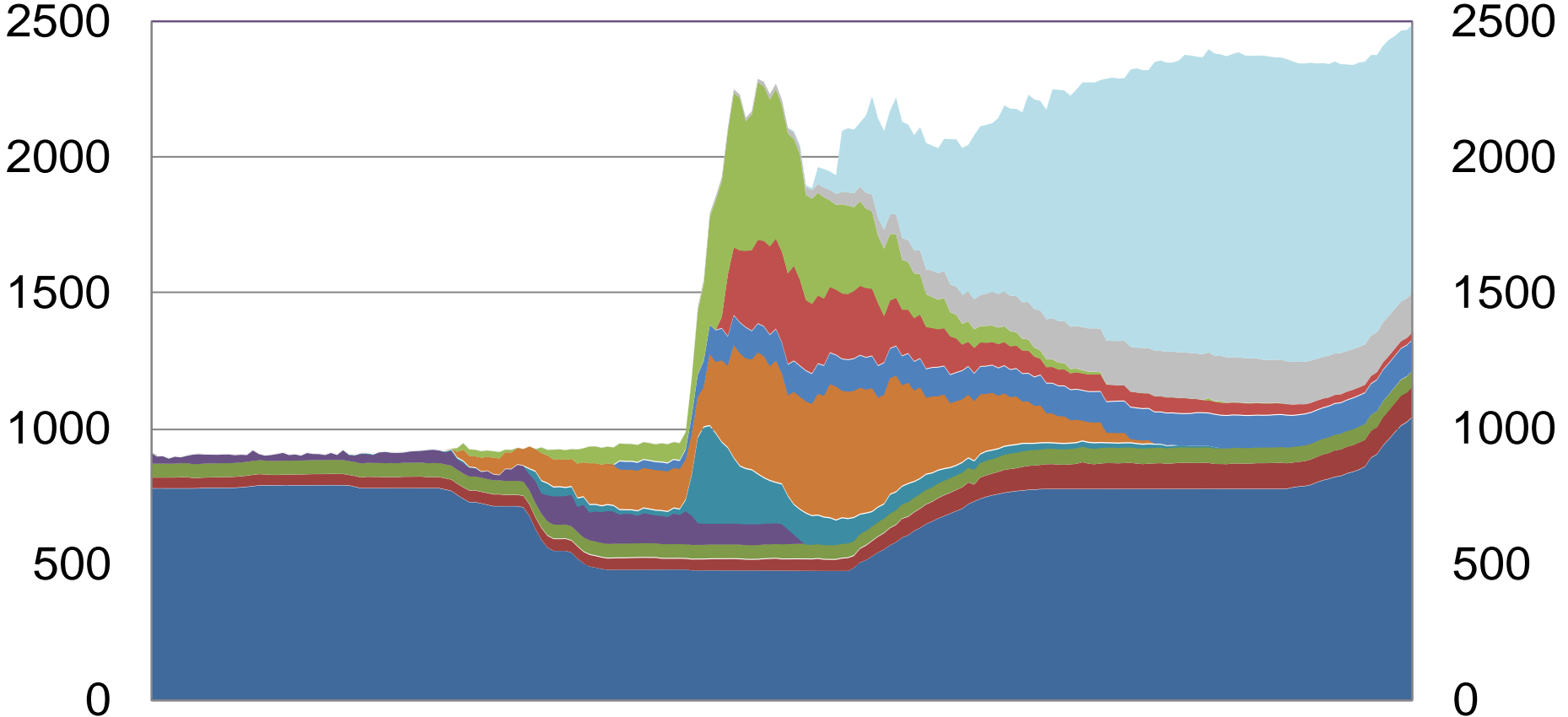


Source: Federal Reserve Board

Chart 13: Federal Reserve Balance Sheet: Assets

Billions of Dollars

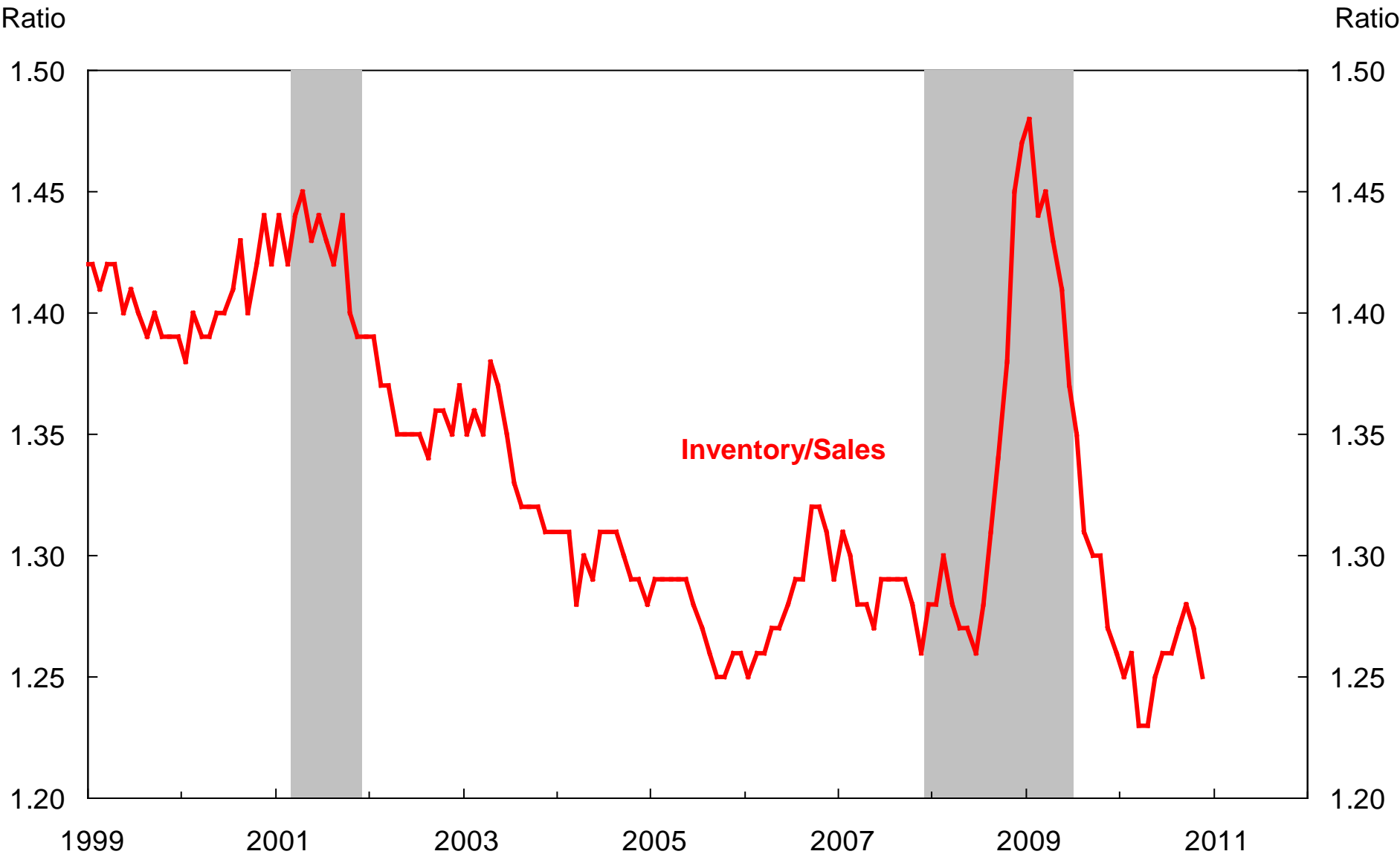
Billions of Dollars



- U.S. Treasuries
- Other Assets
- Other Supplying Reserve Funds
- Repos
- Other Loans
- TAF
- Maiden Lane Portfolio
- Special Credit Programs
- Swaps
- Federal Agency
- MBS

Source: Federal Reserve Board

Chart 14: Inventory / Sales: Total Business

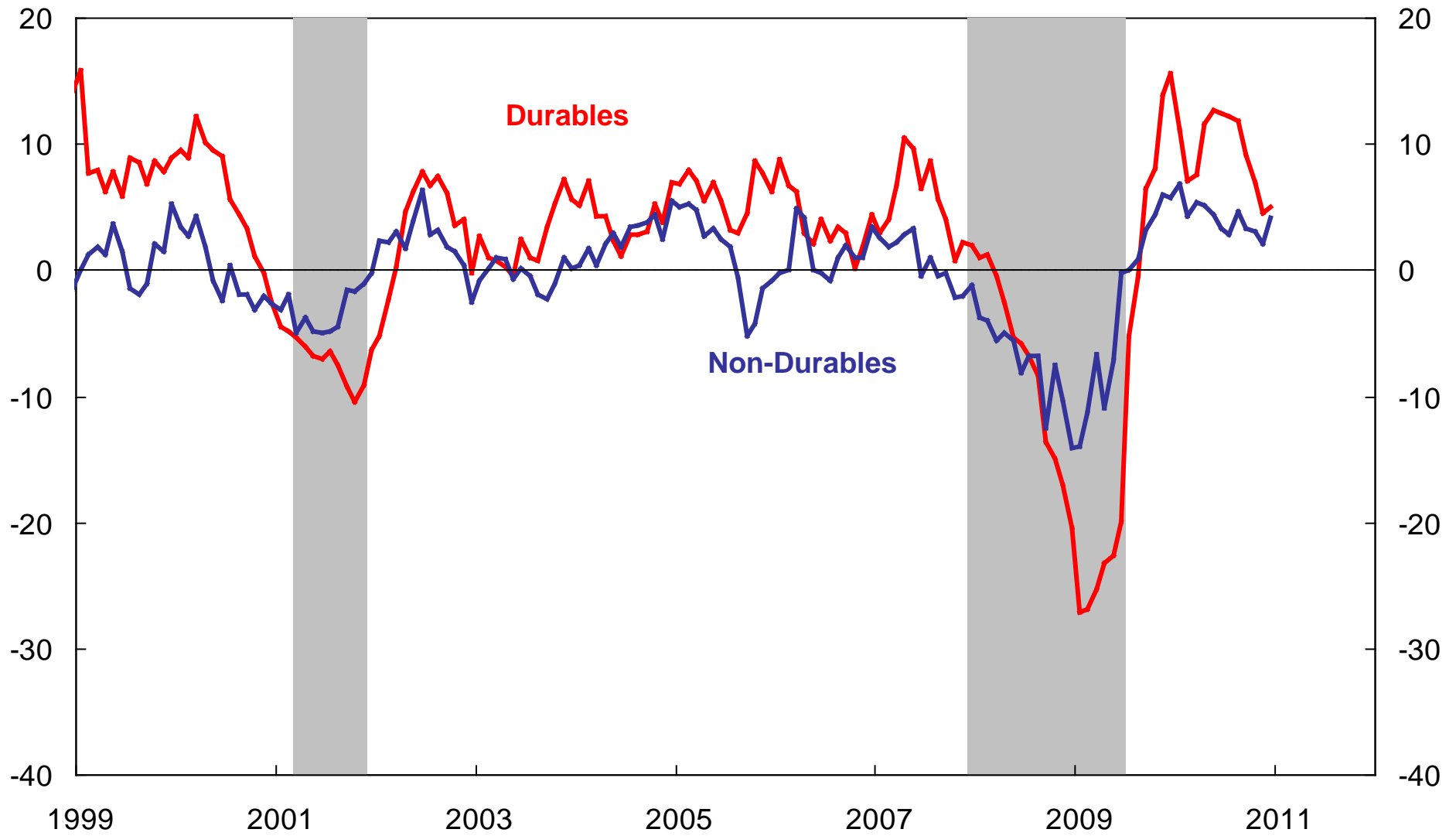


Source: Census Bureau

Chart 15: Industrial Production

% Change - 6 months AR

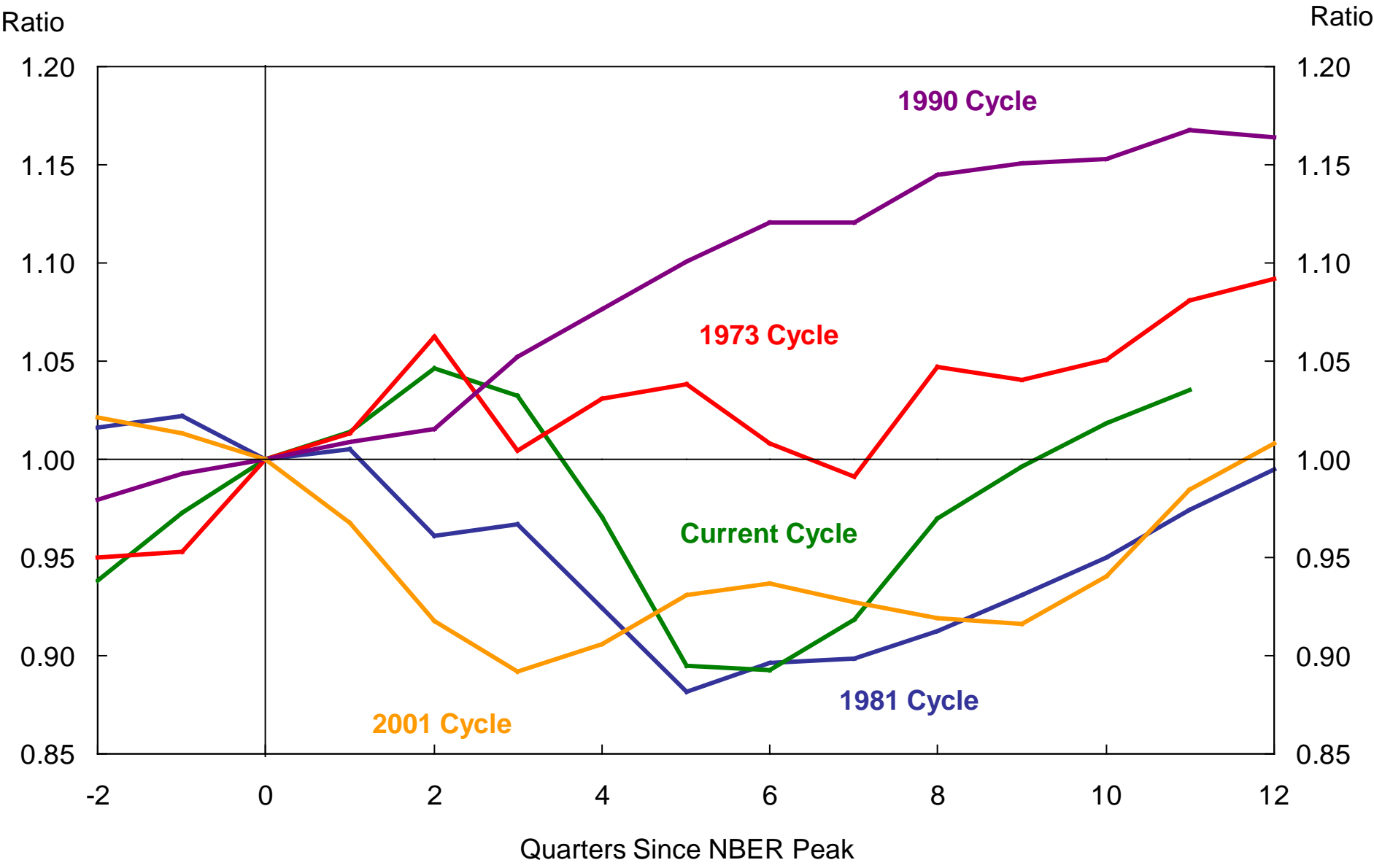
% Change - 6 months AR



Source: Federal Reserve Board

Chart 16: Real Exports

(Series Set to 1.0 at NBER Peak)



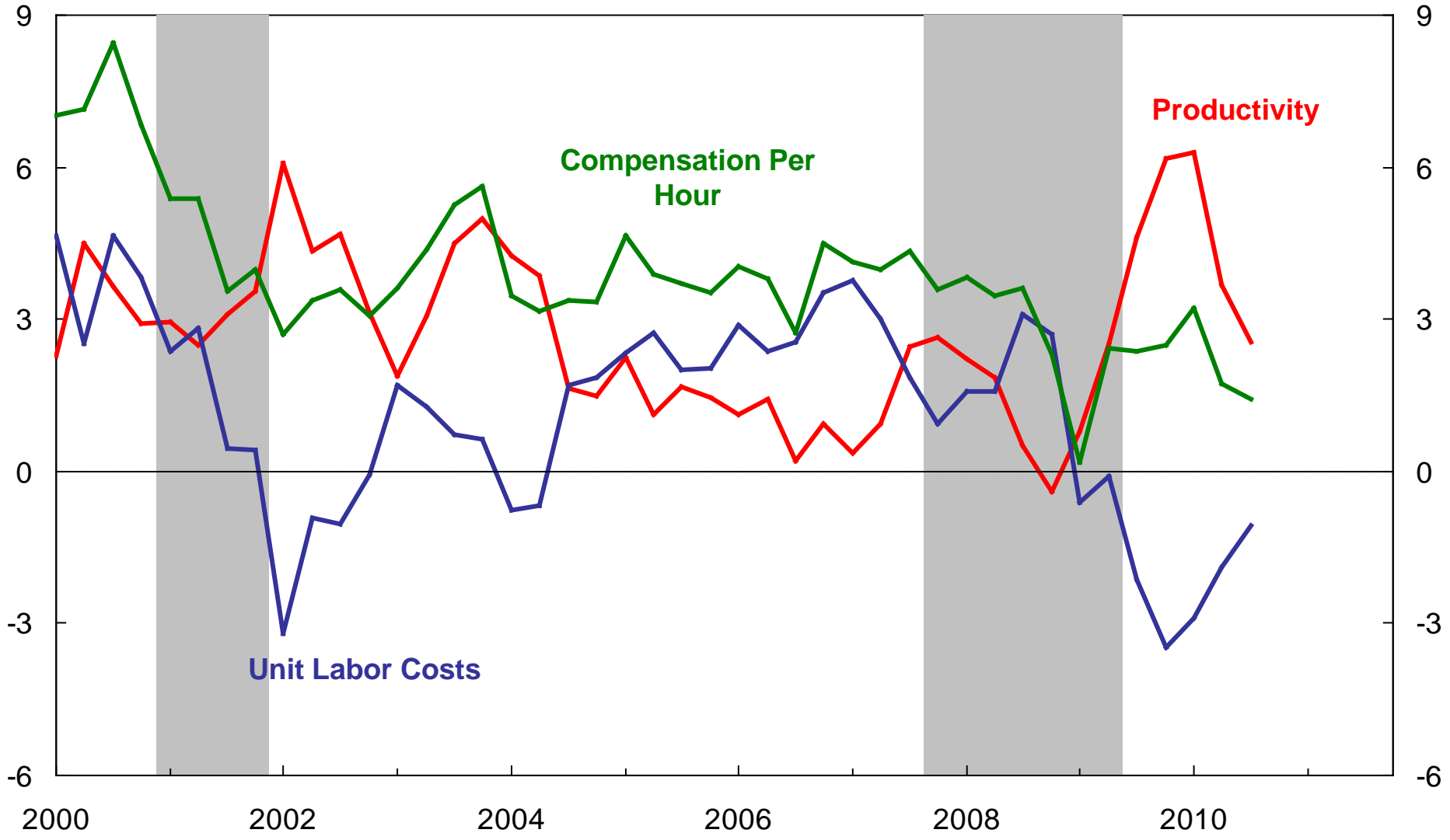
Source: Bureau of Economic Analysis

Chart 17: Productivity, Compensation and Unit Labor Costs

Nonfarm Business Sector

% Change - Year to Year

% Change - Year to Year

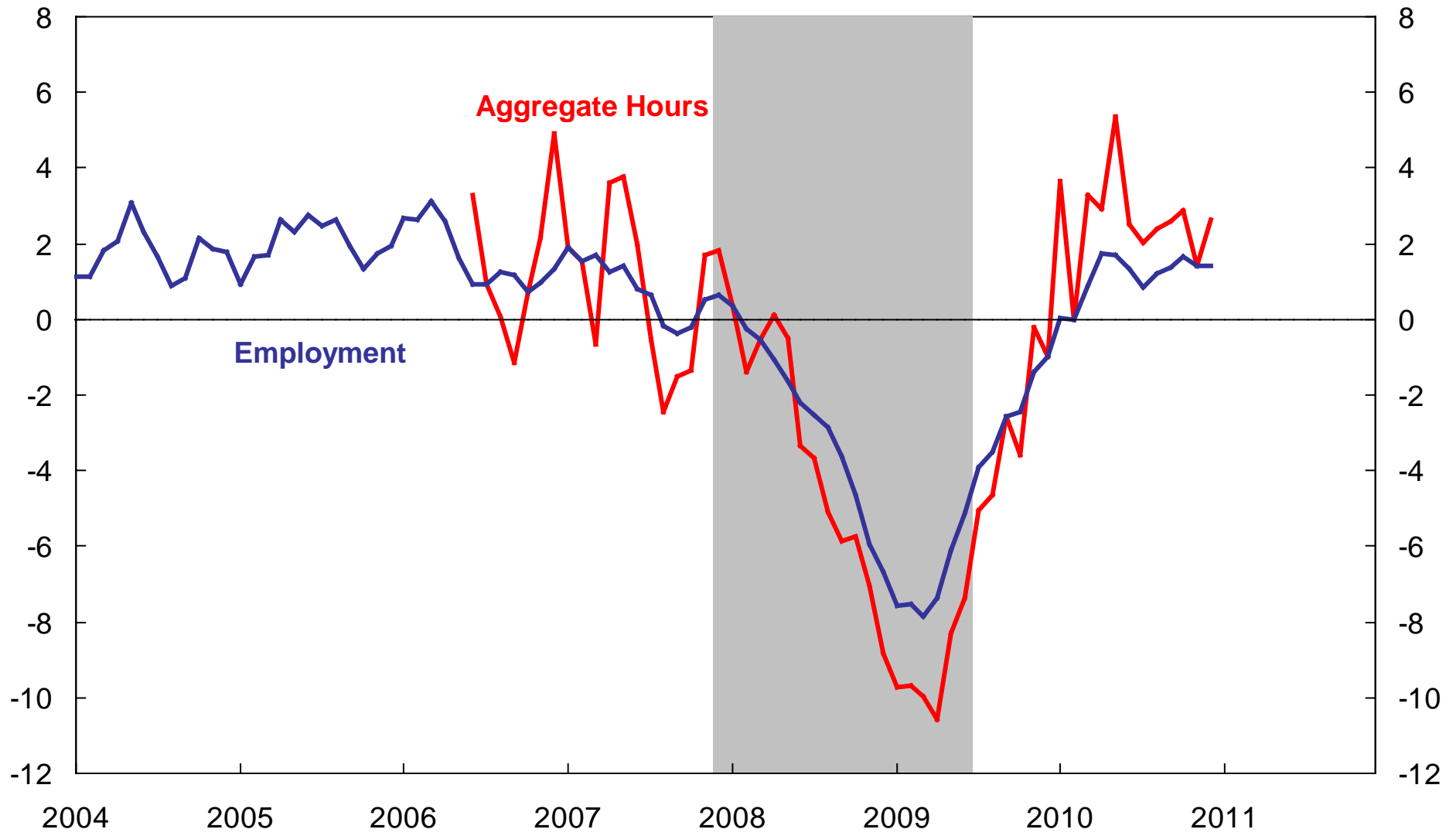


Source: Bureau of Labor Statistics

Chart 18: Private Employment and Hours Worked

% Change – 3-month Annual Rate

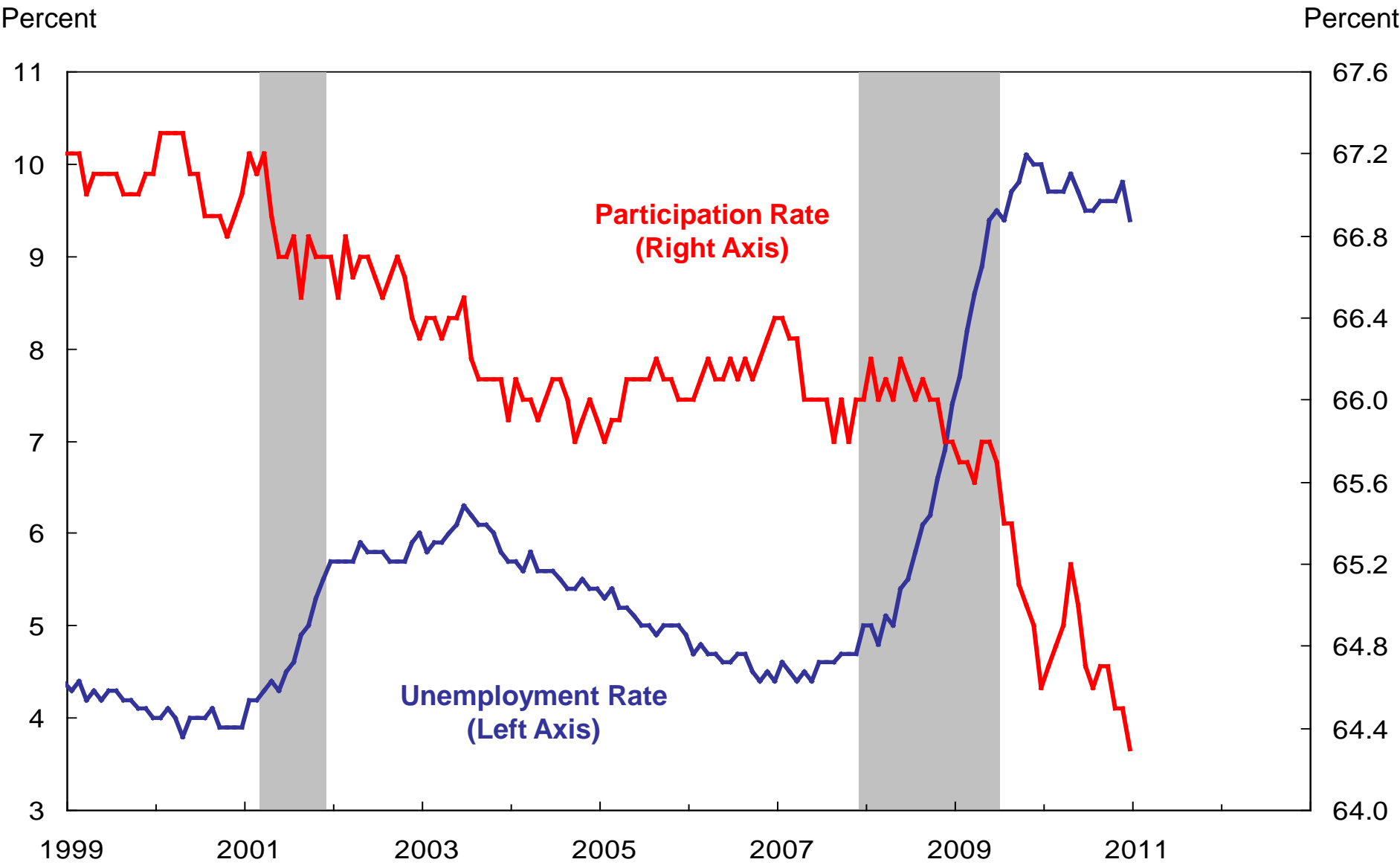
% Change – 3-month Annual Rate



Source: Bureau of Labor Statistics

Note: Both series are private industries only.

Chart 19: Unemployment and Labor Force Participation Rates

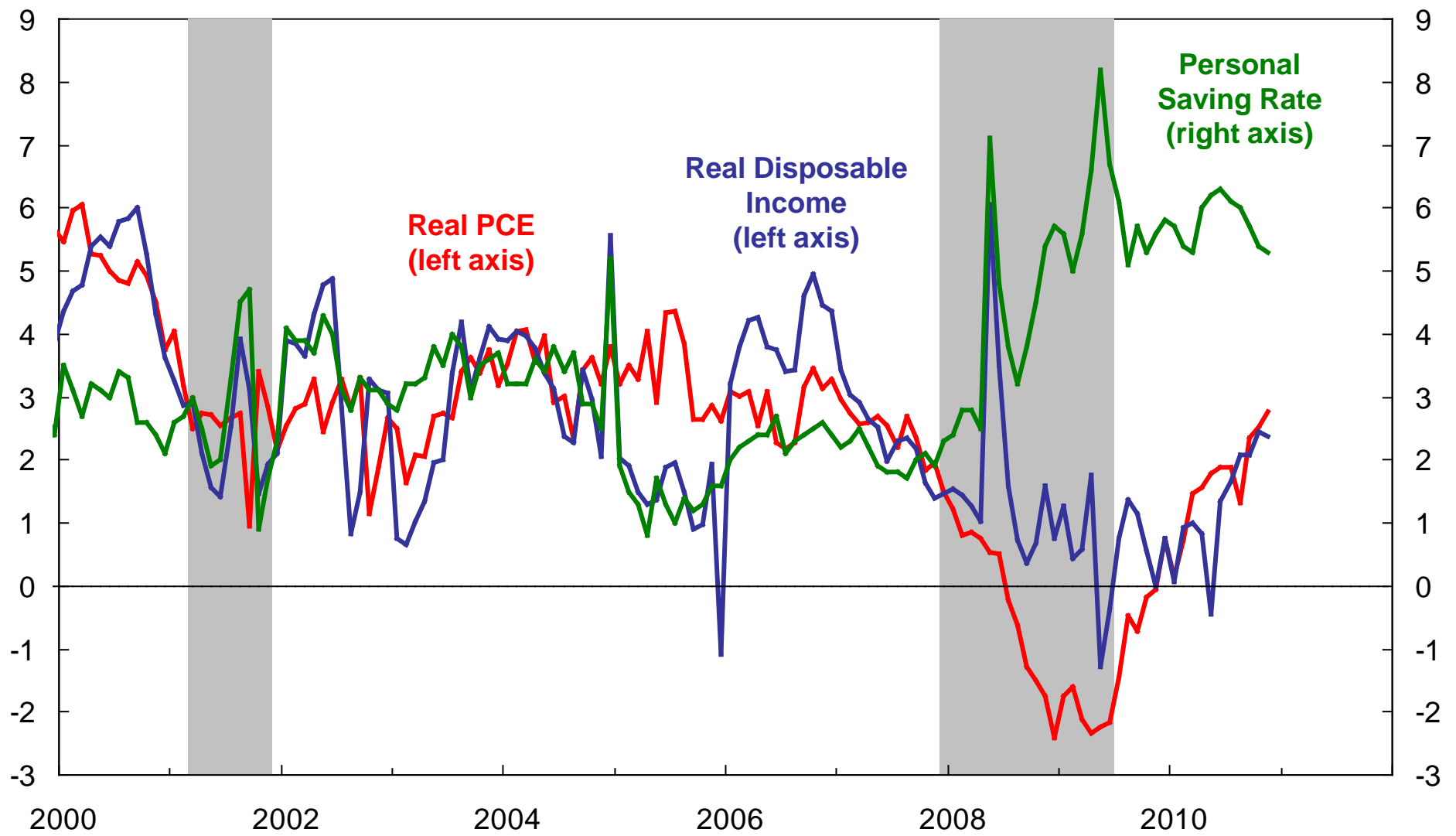


Source: Bureau of Labor Statistics

Chart 20: Real PCE, Disposable Income and Personal Saving Rate

% Change - Year to Year

Percent

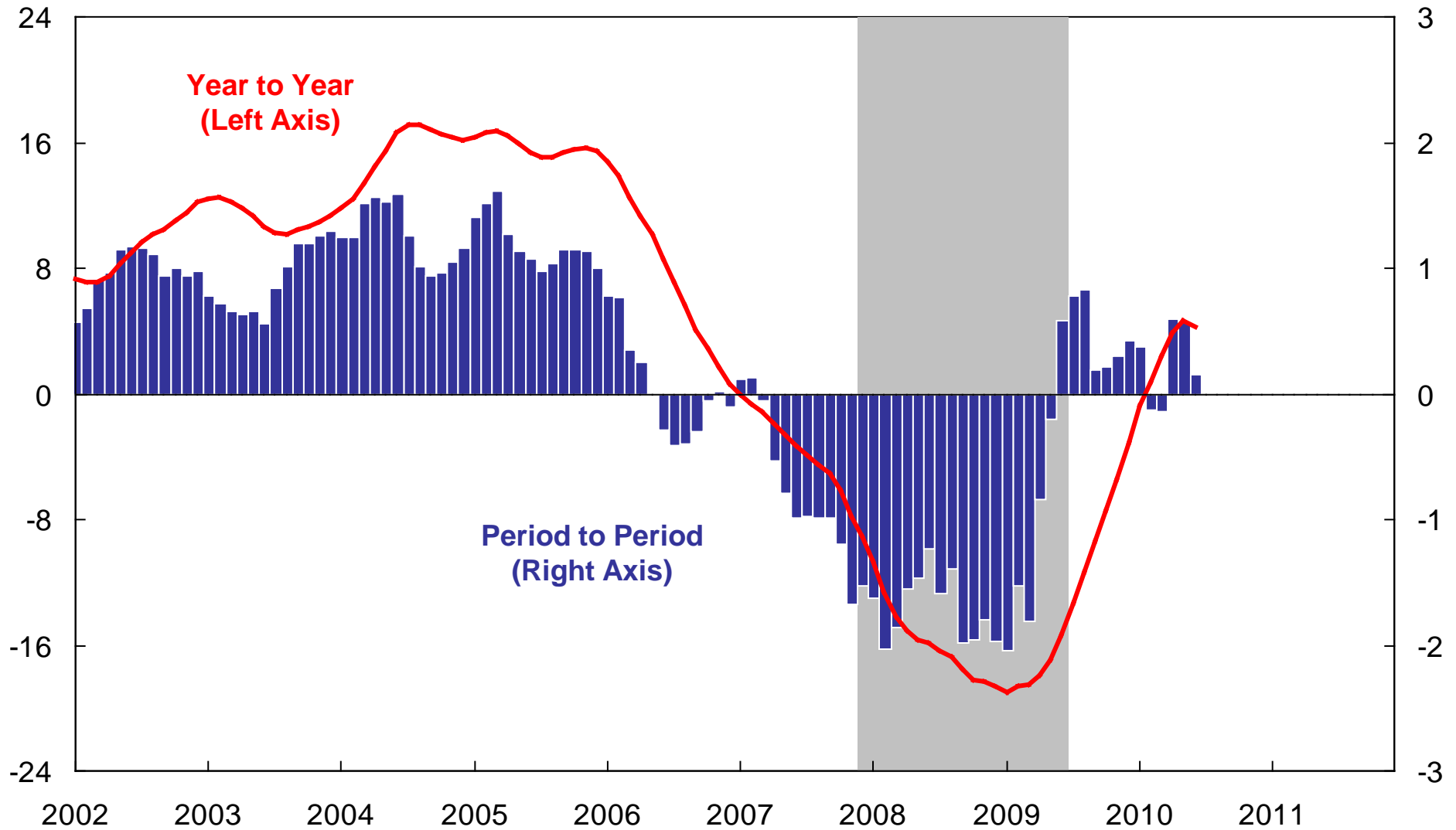


Source: Bureau of Economic Analysis

Chart 21: Case-Shiller Home Price Index

Composite 20-SA

% Change



% Change

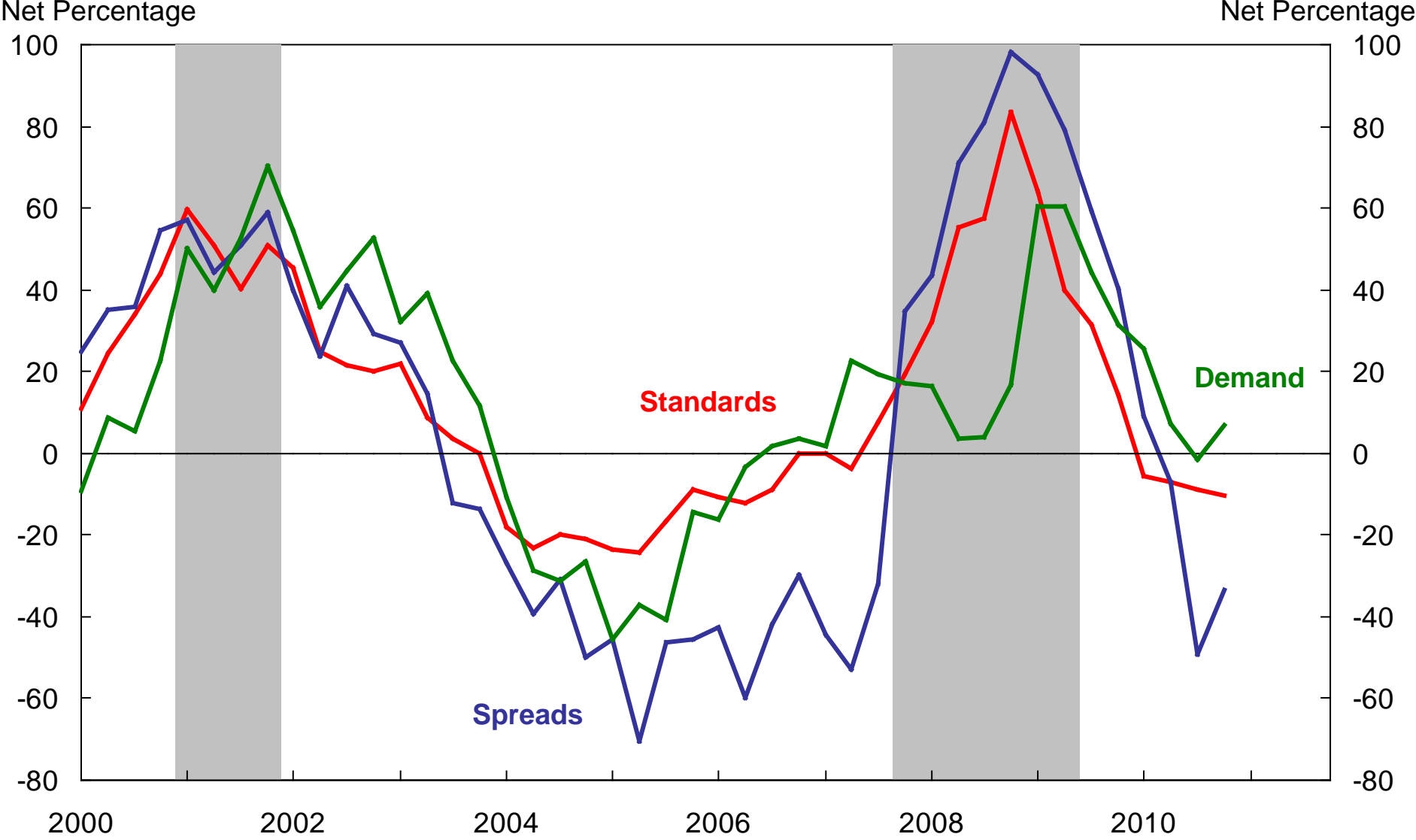
Year to Year
(Left Axis)

Period to Period
(Right Axis)

Note: Monthly Data

Source: S&P, Fiserv, and MacroMarkets LLC

Chart 22: Banks Tightening Terms and Standards for Business Loans to Large and Mid-Sized Firms

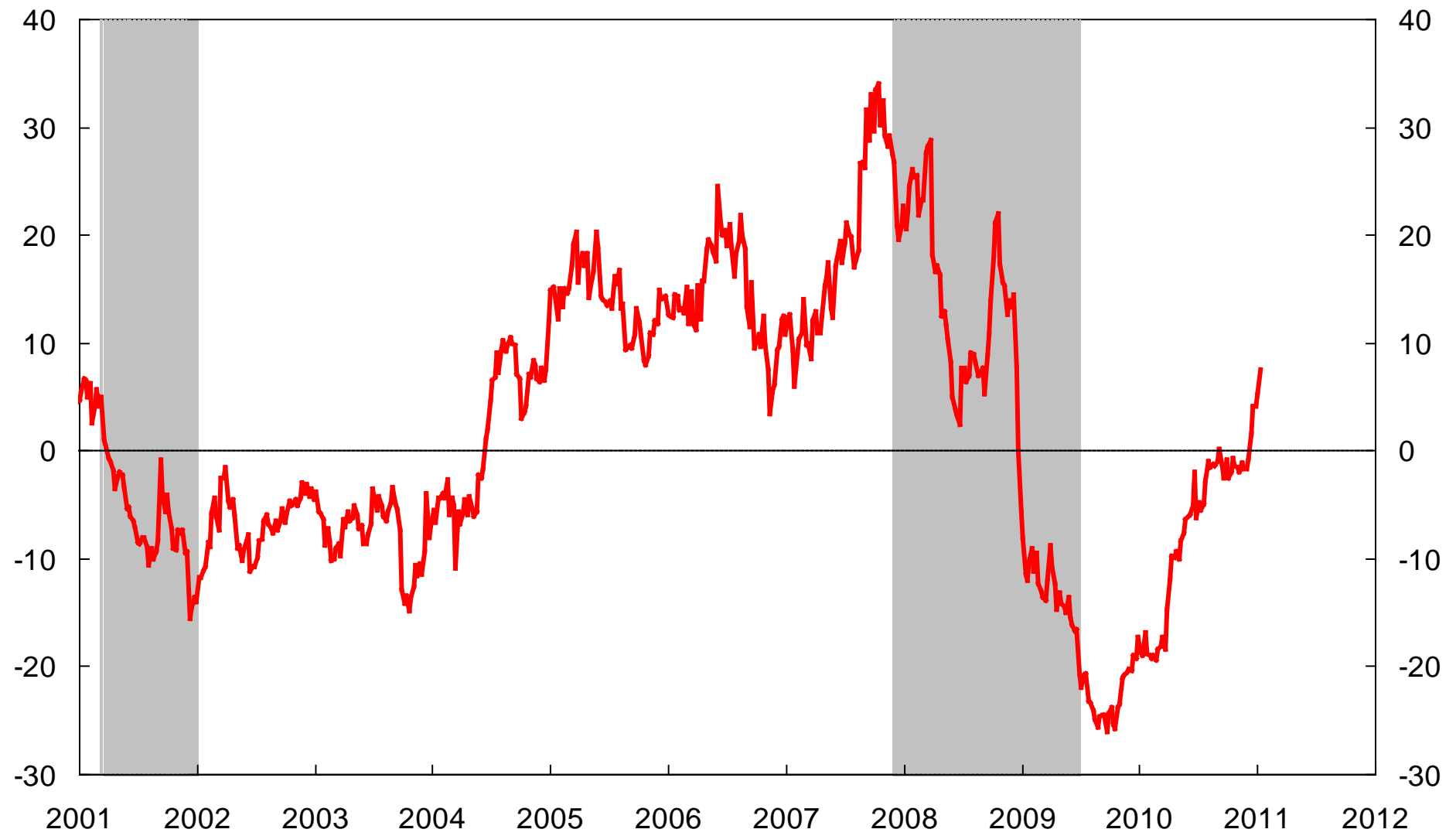


Source: FRB Senior Loan Officer Opinion Survey

Chart 23: C&I Loans: All Commercial Banks

% Change – 13-week AR

% Change – 13-week AR



Source: Federal Reserve Board

Chart 24: Post-Recession Growth Rates

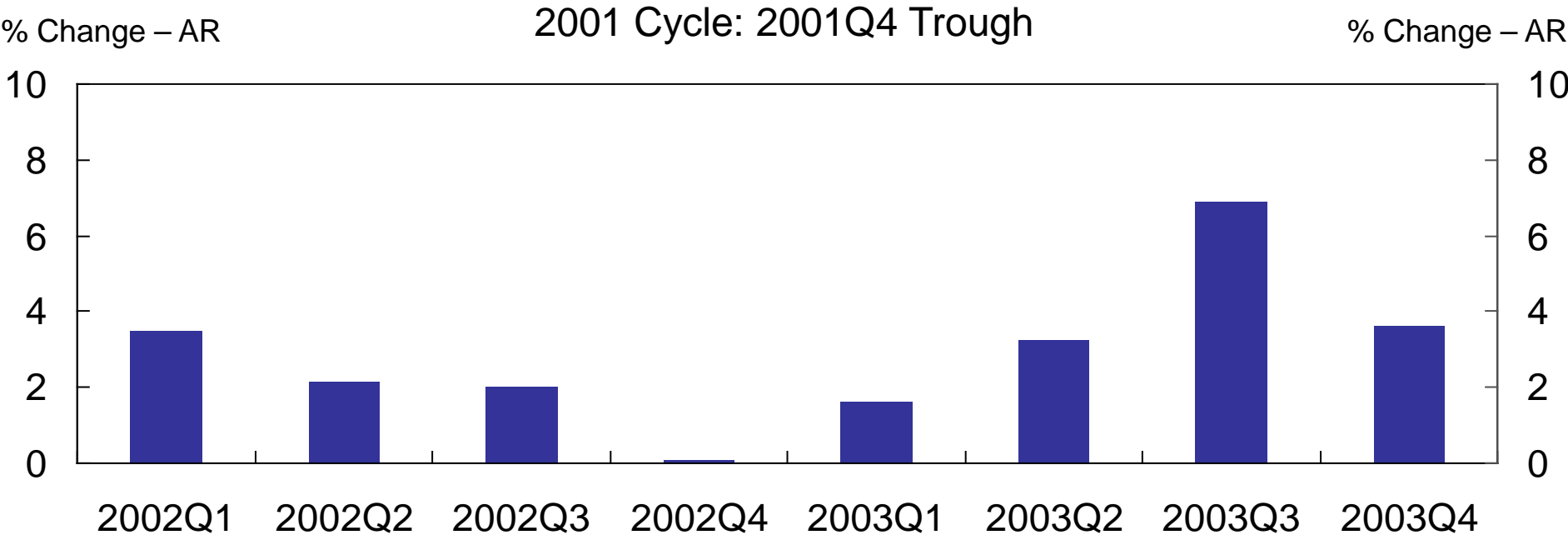
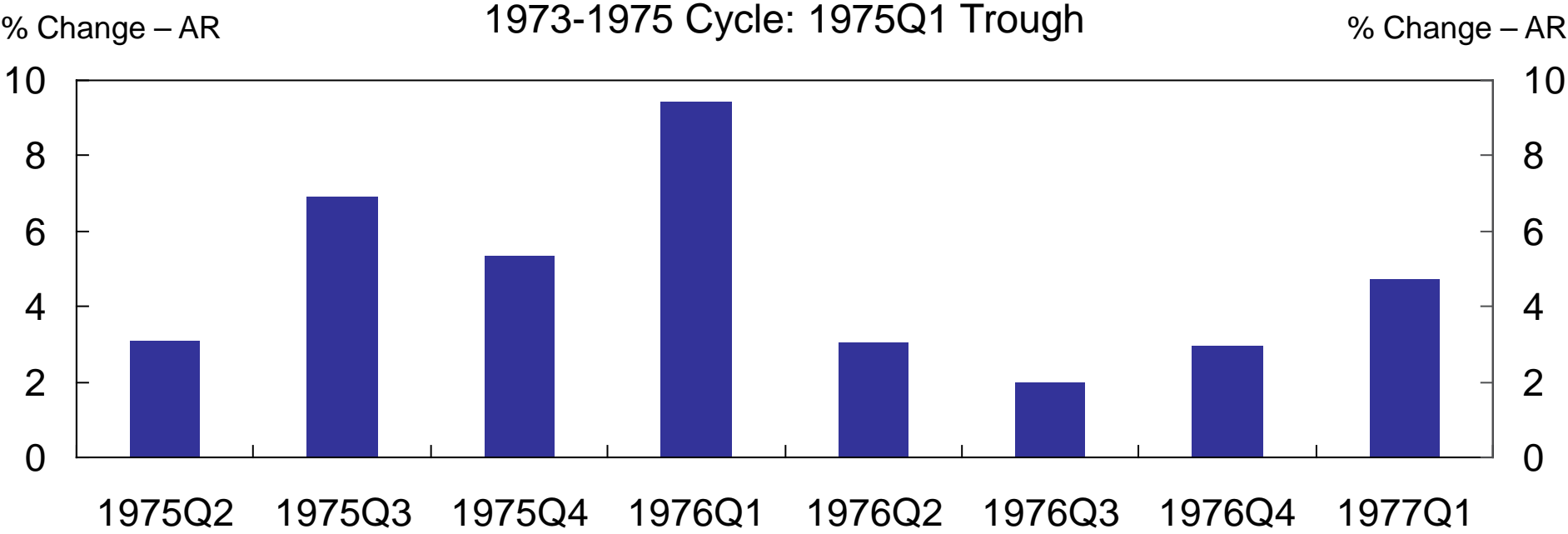
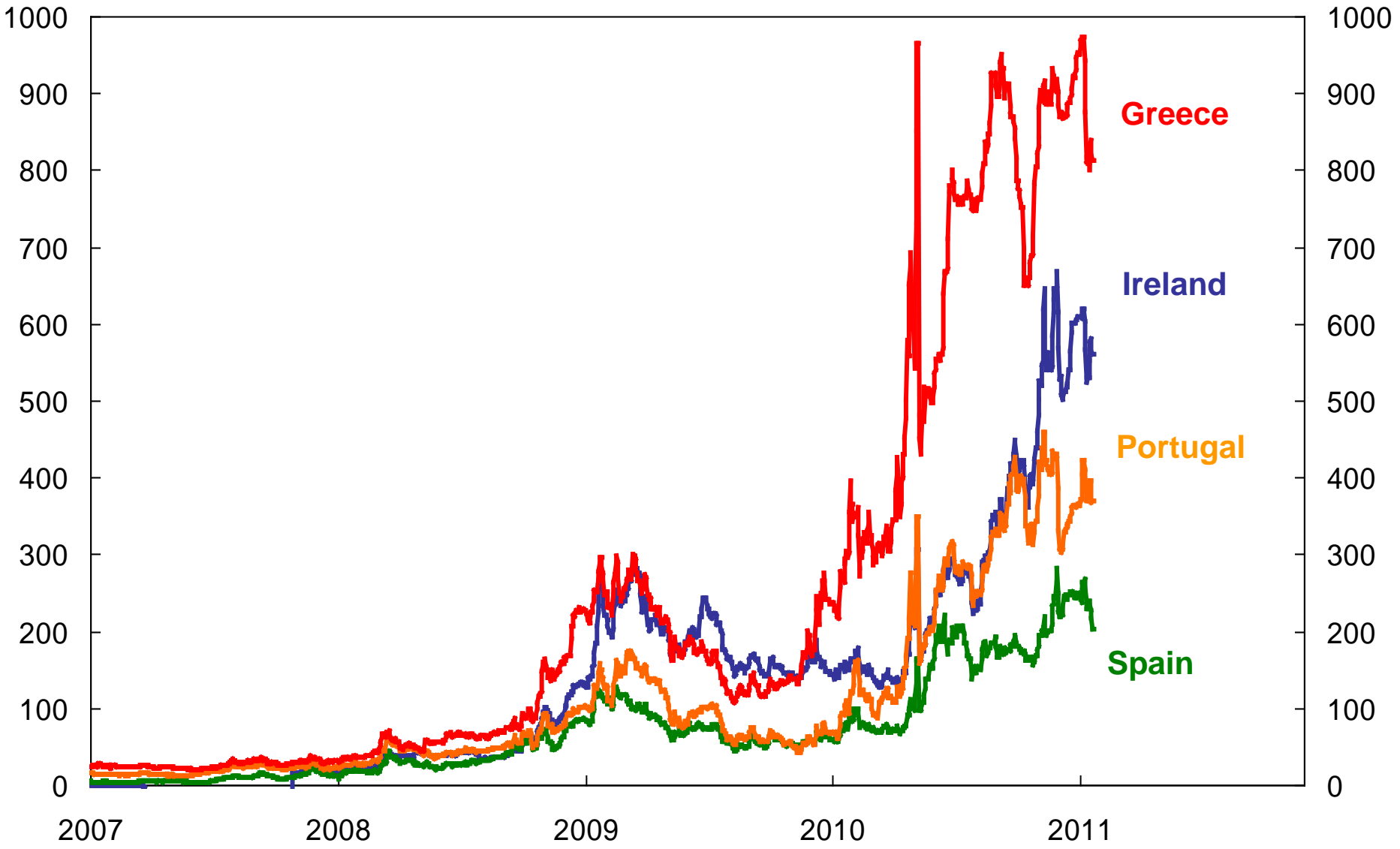


Chart 25: Sovereign Spreads

Percentage Points

Percentage Points



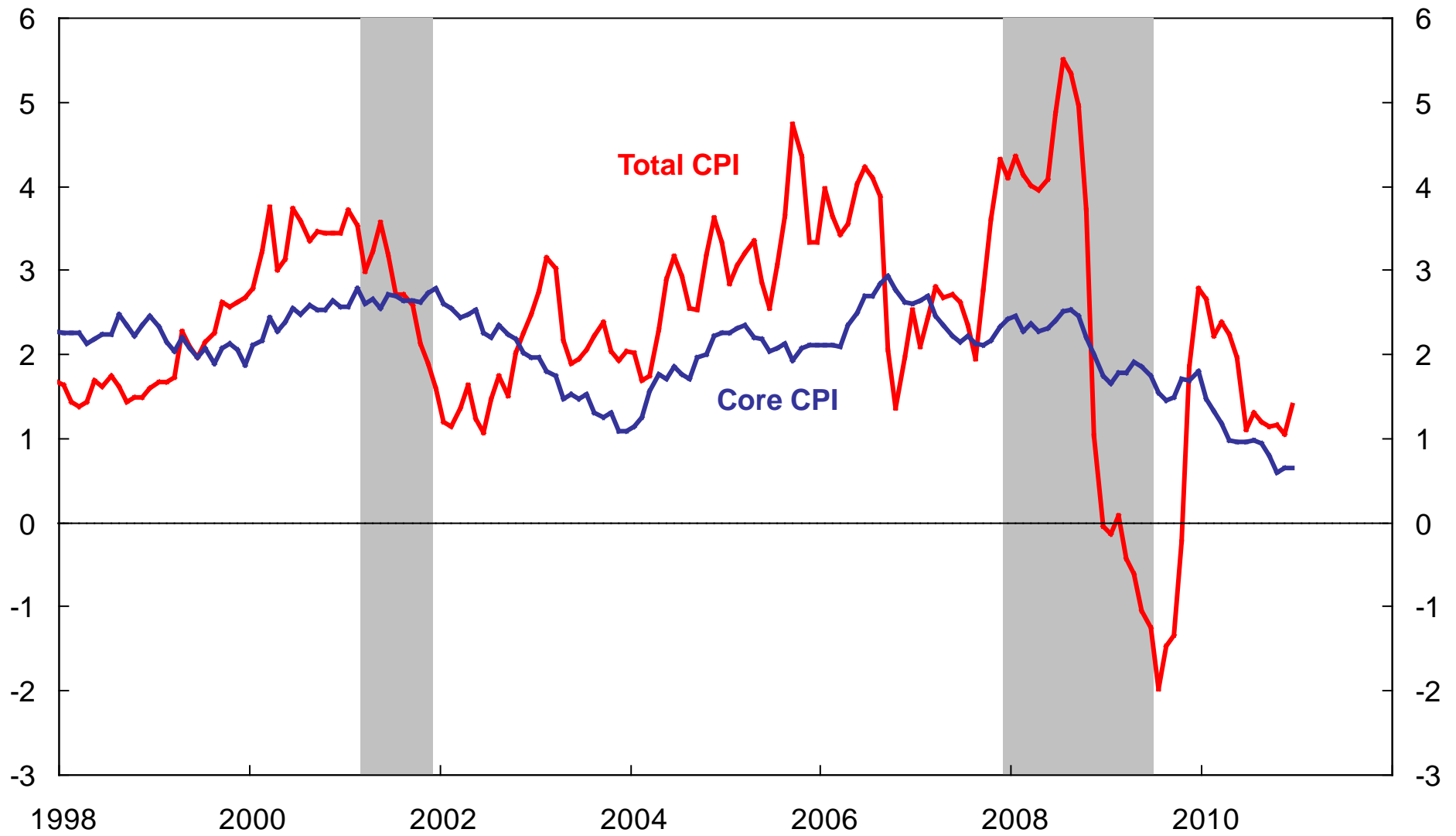
Note: Yield spread is the difference between the local 10-year sovereign bond yield and the 10-year German Bund.

Source: Bloomberg

Chart 26: Total and Core CPI

% Change - Year to Year

% Change - Year to Year

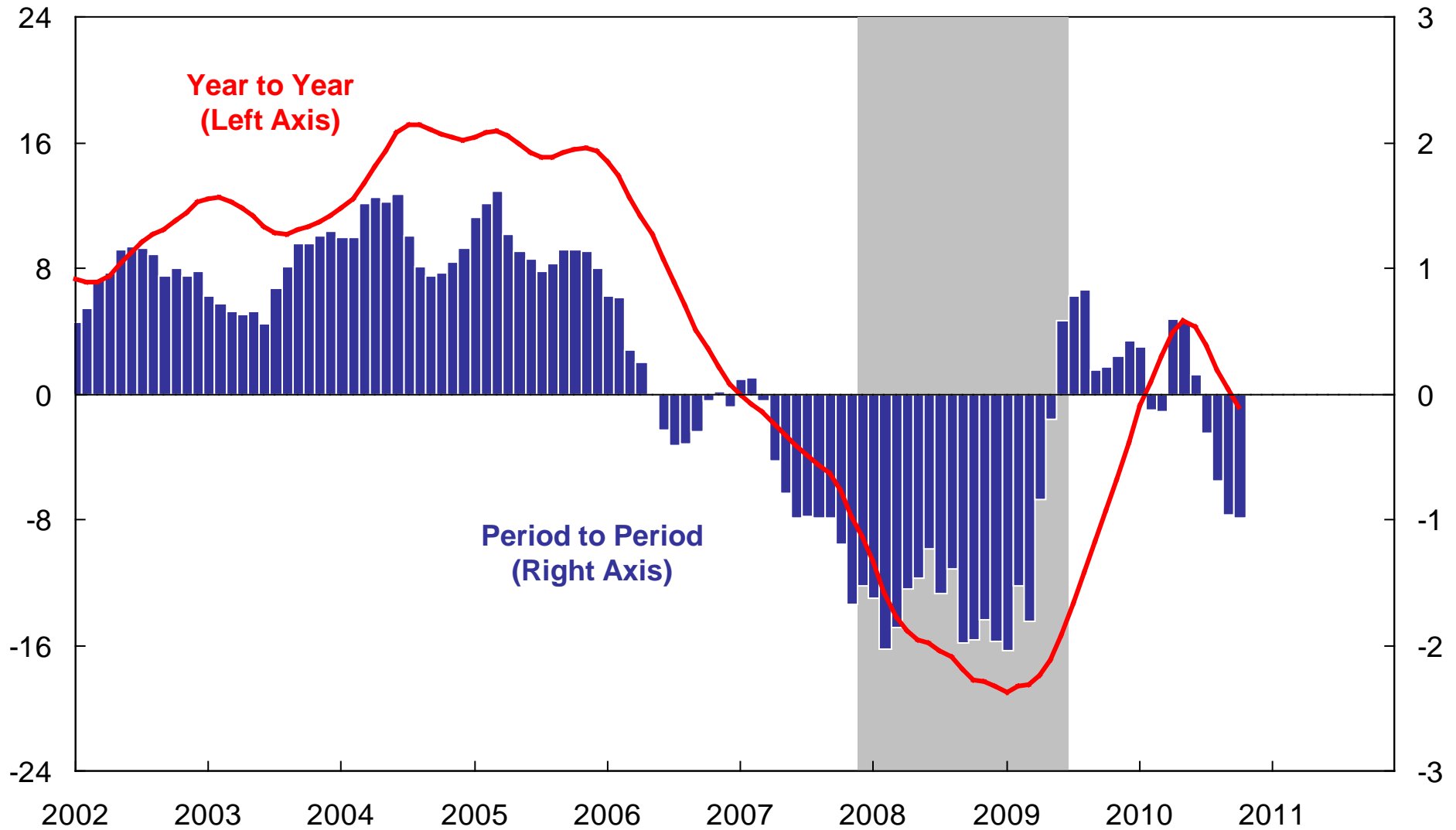


Source: Bureau of Labor Statistics

Chart 27: Case-Shiller Home Price Index

Composite 20-SA

% Change



% Change

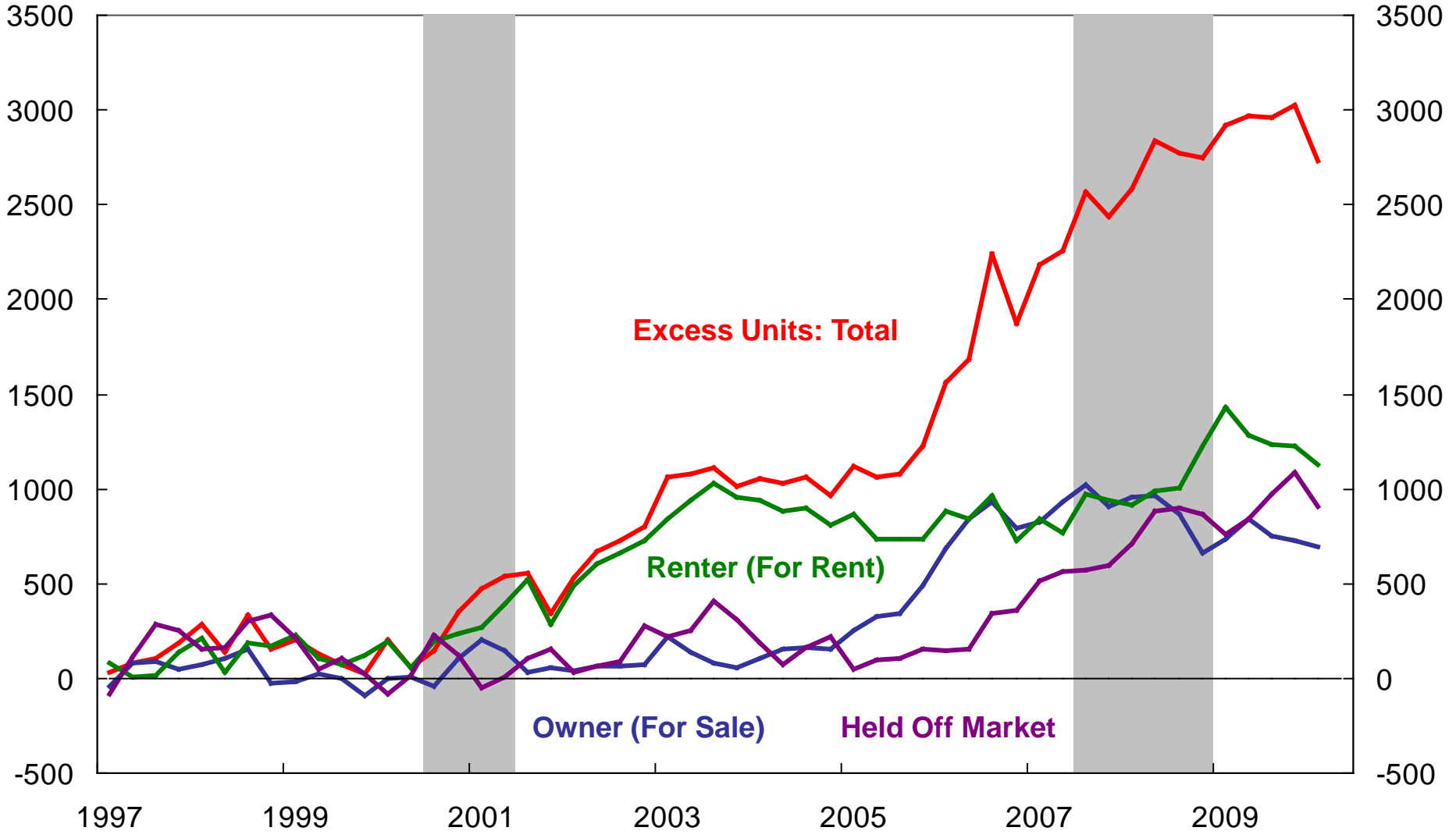
Note: Monthly Data

Source: S&P, Fiserv, and MacroMarkets LLC

Chart 28: Excess Supply of Housing

Thousands of Units

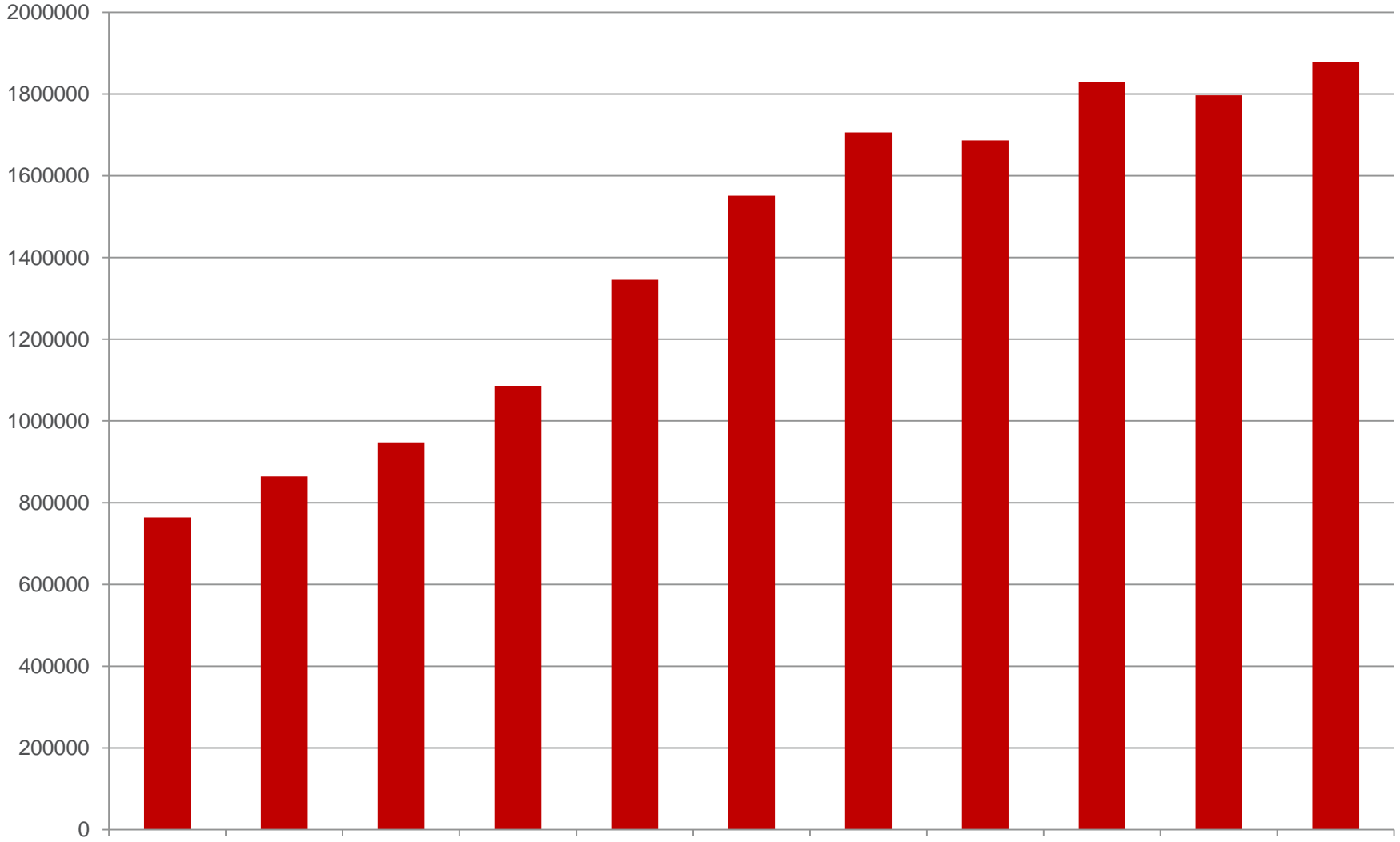
Thousands of Units



Source: Federal Reserve Bank of New York

Note: Shading represents NBER recessions.

Chart 29: Growing Foreclosure Pipeline:



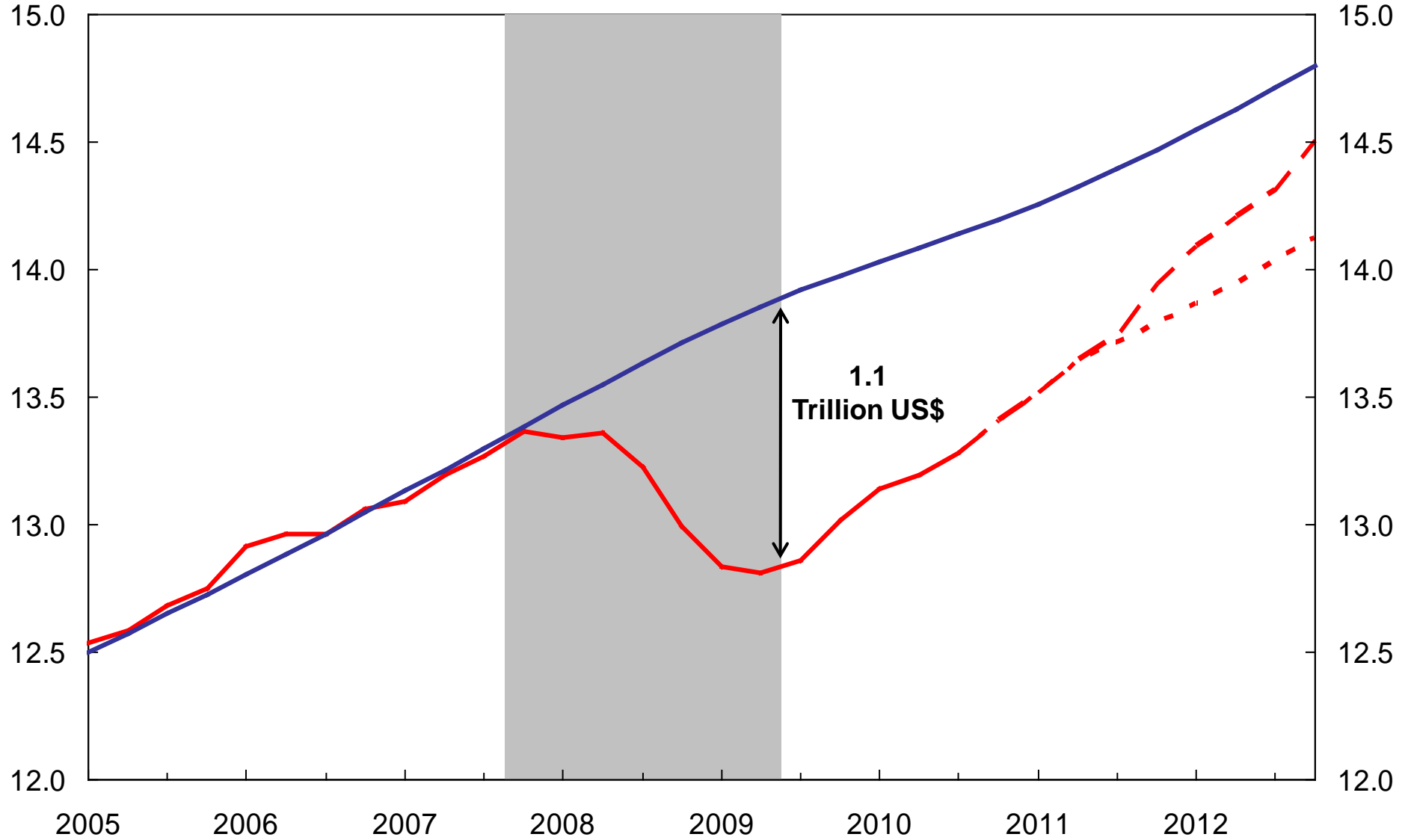
Source: OCC & OTS Mortgage Metric Reports

Note: Quarterly Data

Appendix Charts:

Real GDP and the Output Gap

Trillions of US\$

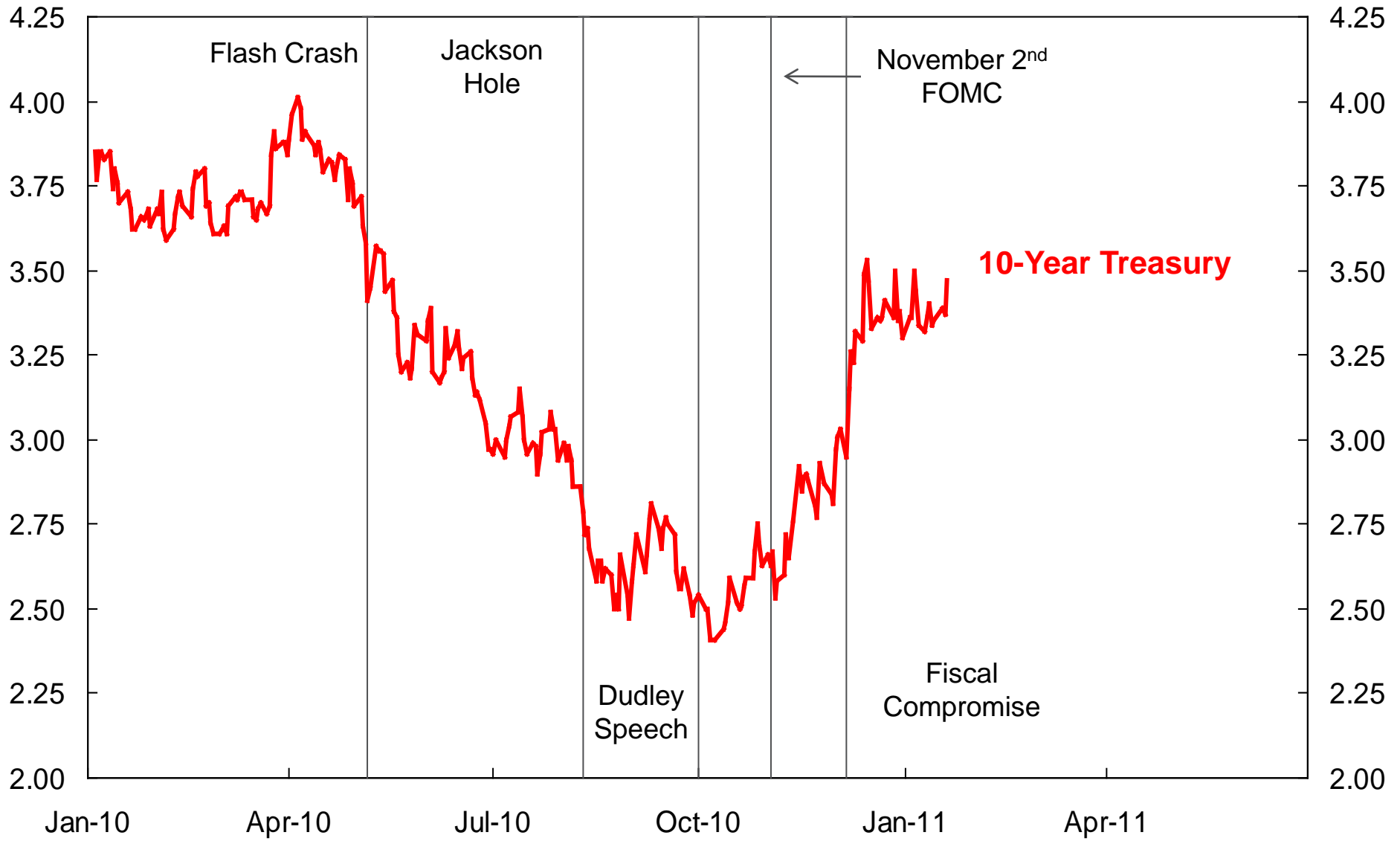


Source: Bureau of Economic Analysis and Congressional Budget Office

Nominal Interest Rates

Percent

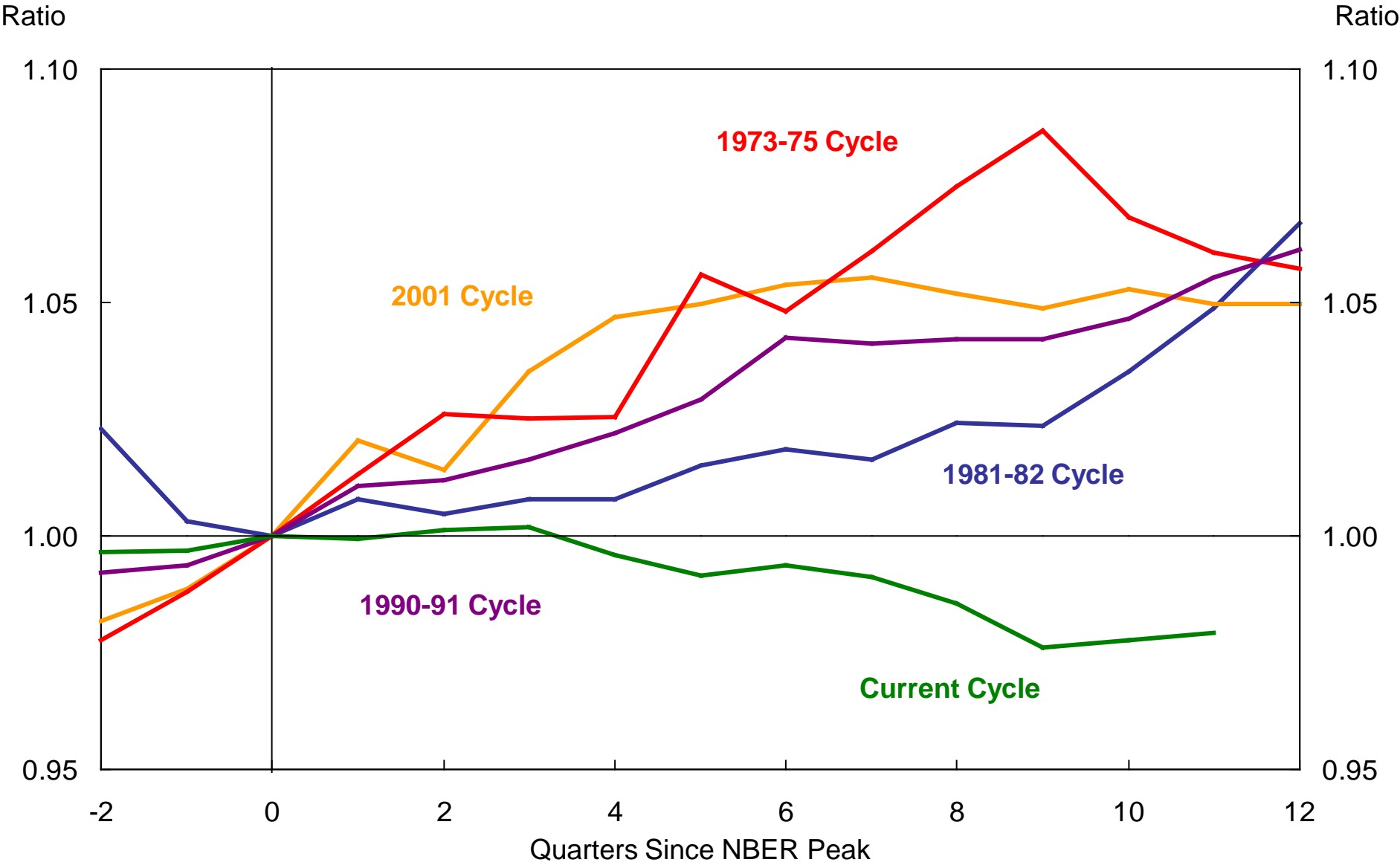
Percent



10-Year Treasury

Real State and Local Government

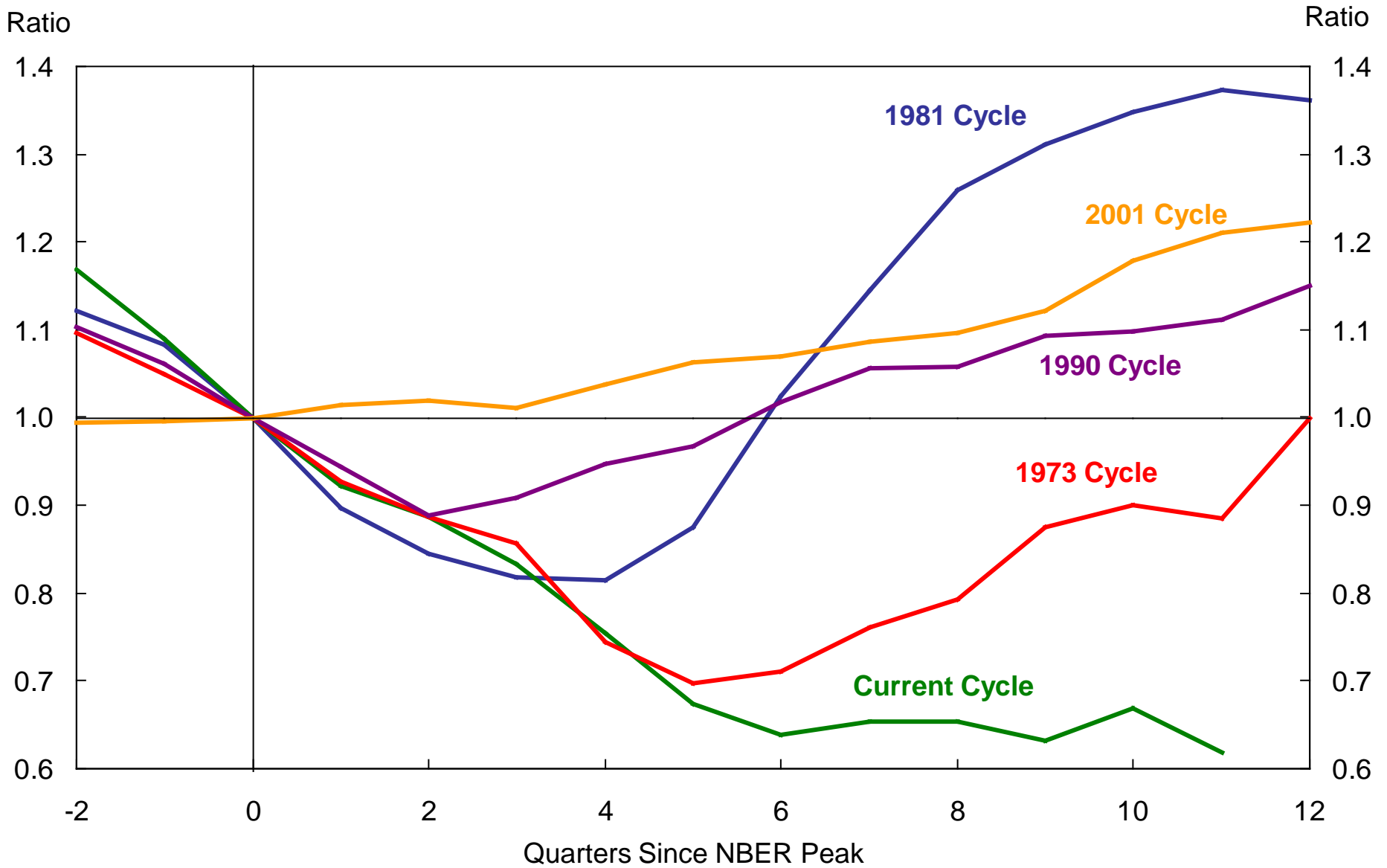
(Series Set to 1.00 at NBER Peak)



Source: Bureau of Economic Analysis

Real Residential Investment

(Series Set to 1.0 at NBER Peak)

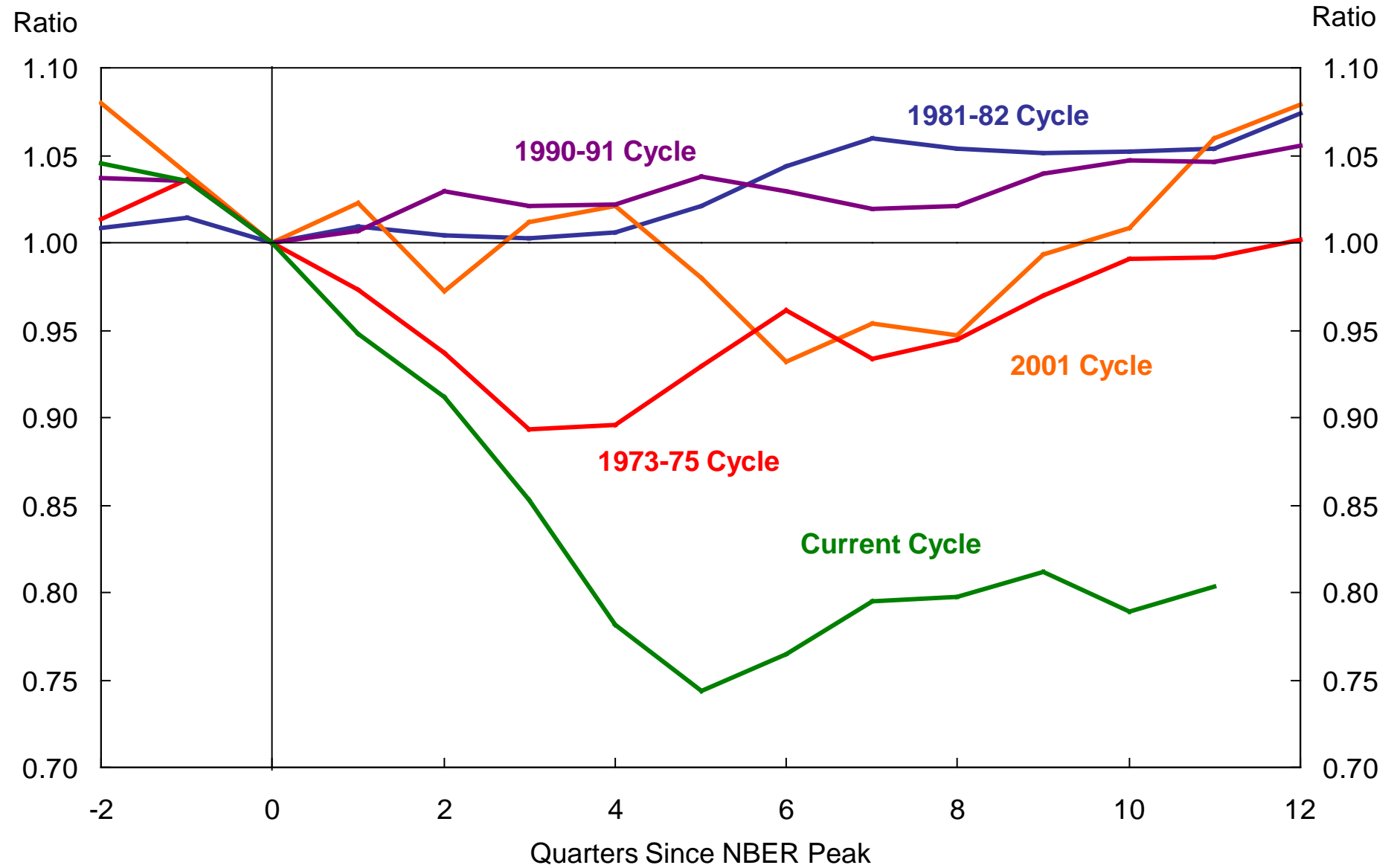


Source: Bureau of Labor Statistics

Note: Dashed line represents FRBNY forecast.

Real Per Capita Household Net Worth

(Series Set to 1.00 at NBER Peak)



Source: Federal Reserve Board, Bureau of Economic Analysis, Census Bureau