



THE FEDERAL RESERVE BANK *of* MINNEAPOLIS

Are we headed into a recession?





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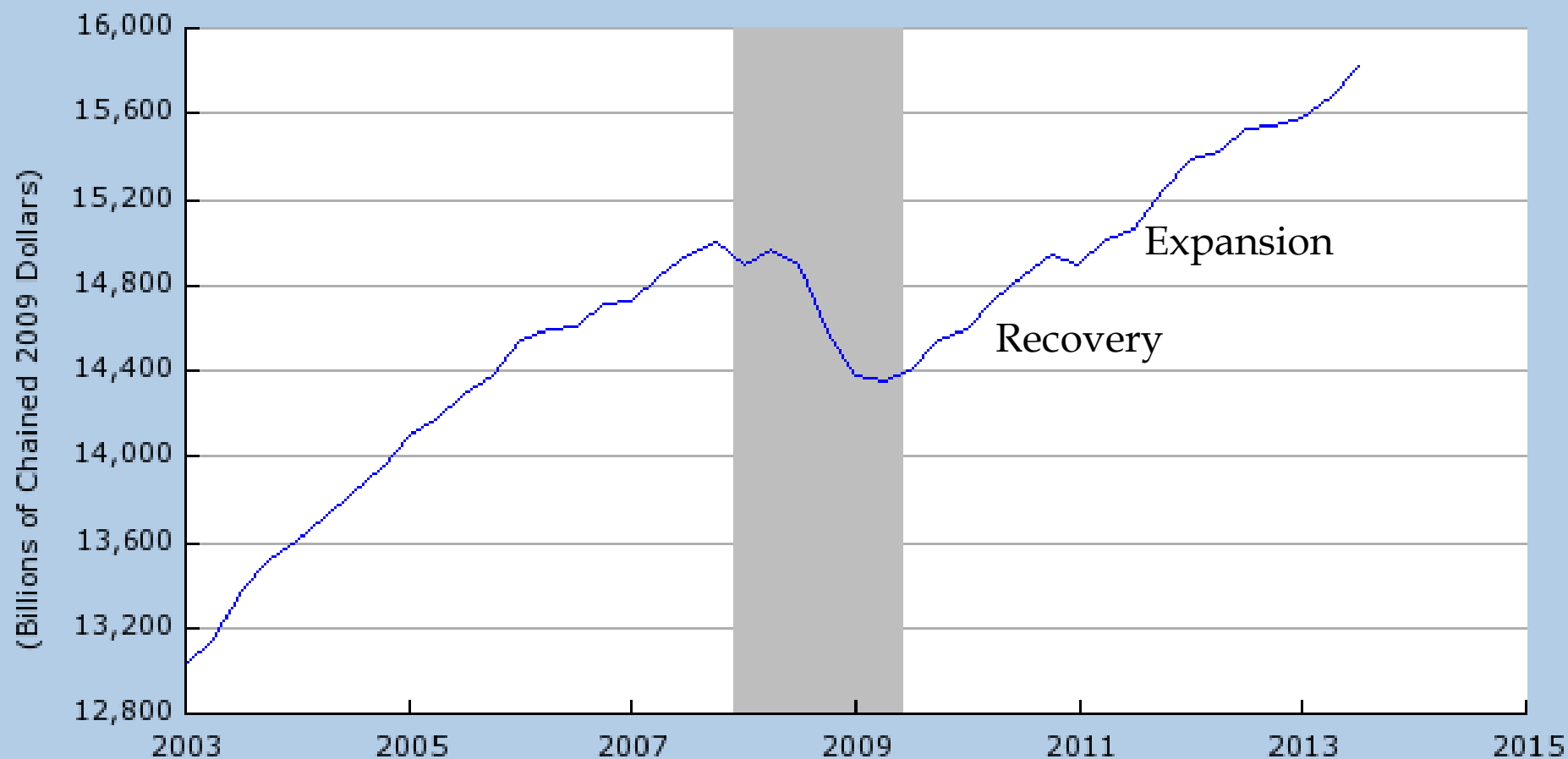
Twitter:
@TobyCMadden

Blog:
fedgazette Roundup



Real Gross Domestic Product (GDPC1)

Source: U.S. Department of Commerce: Bureau of Economic Analysis



Shaded areas indicate US recessions.

2013 research.stlouisfed.org



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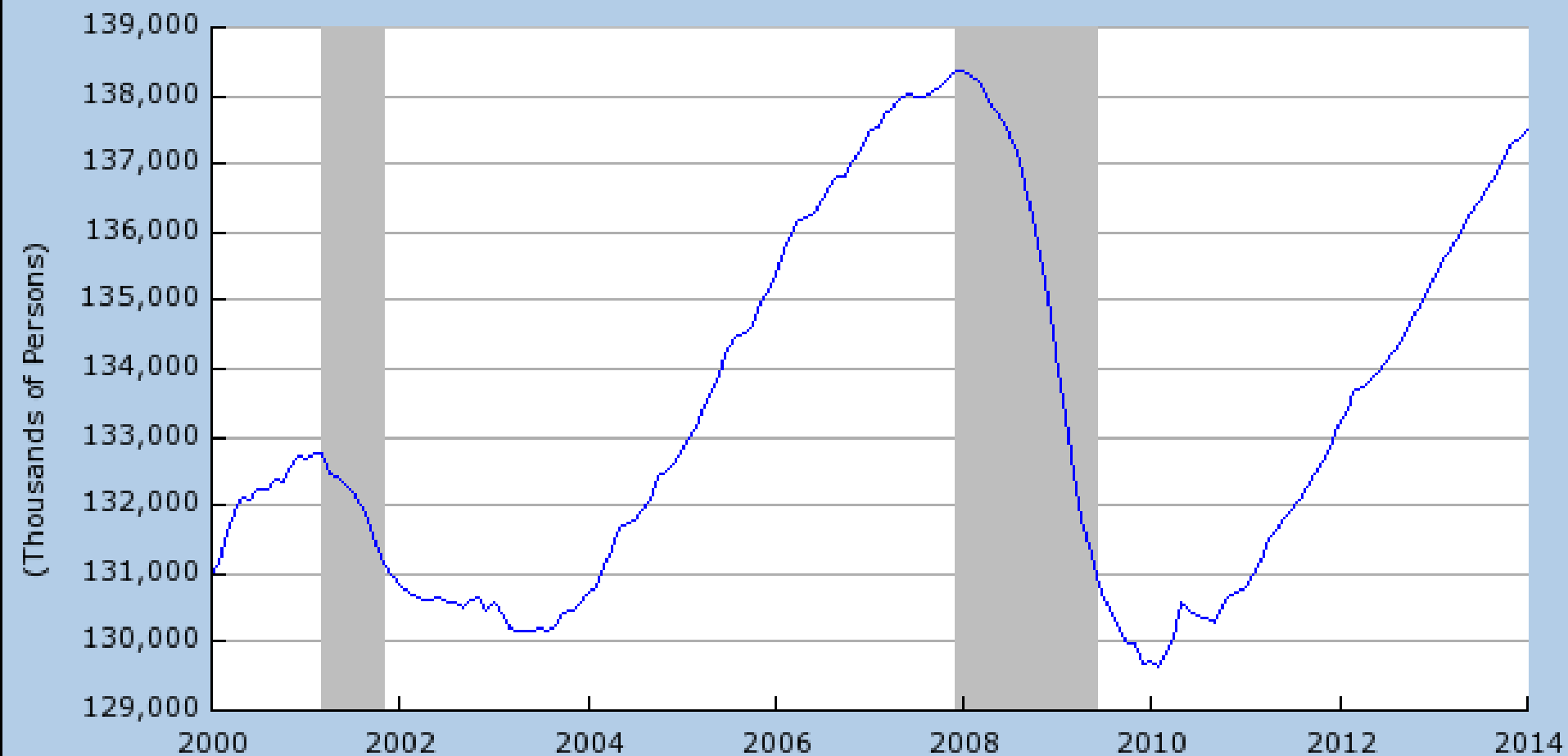
Long Live the weak Expansion





All Employees: Total nonfarm (PAYEMS)

Source: U.S. Department of Labor: Bureau of Labor Statistics

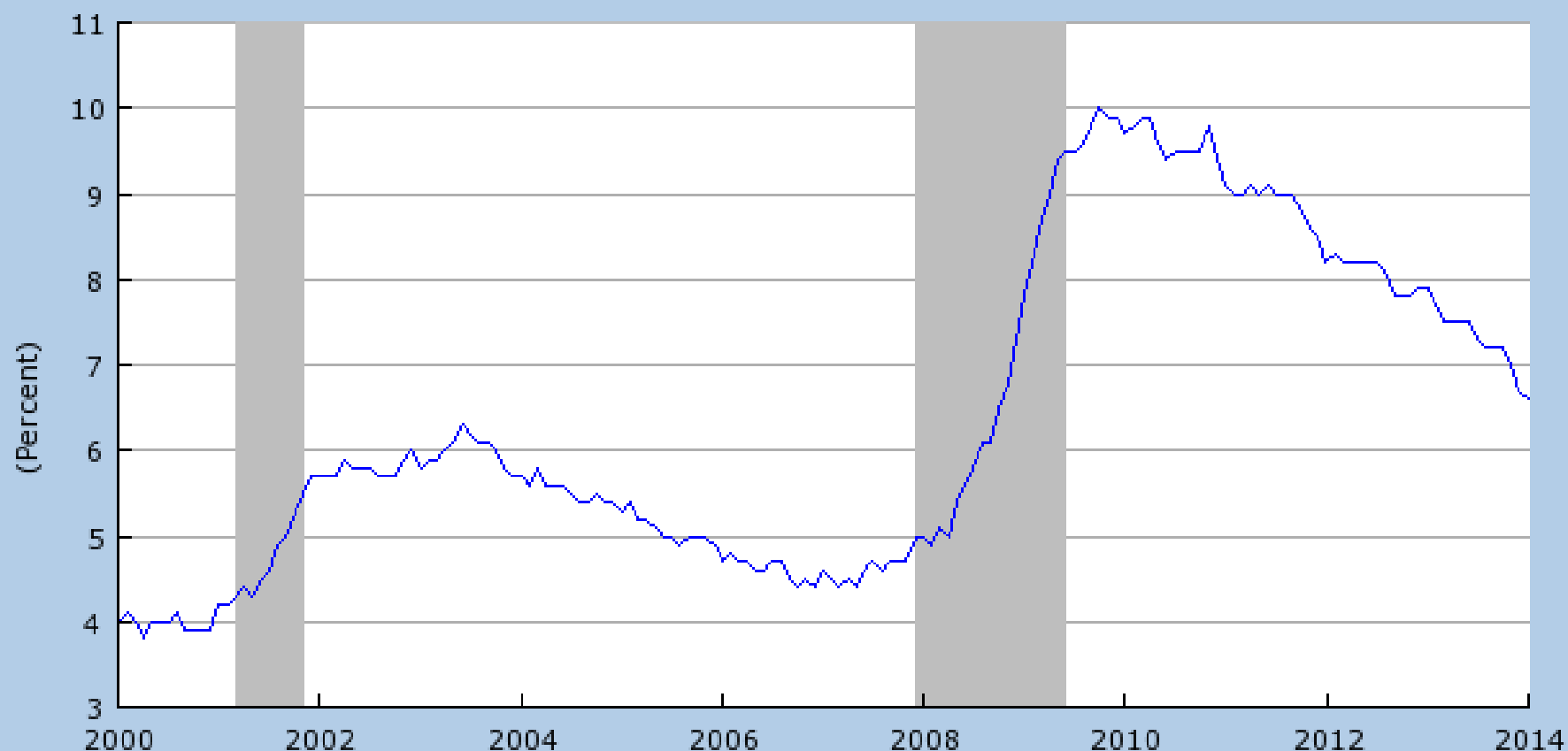


Shaded areas indicate US recessions.
2014 research.stlouisfed.org



Civilian Unemployment Rate (UNRATE)

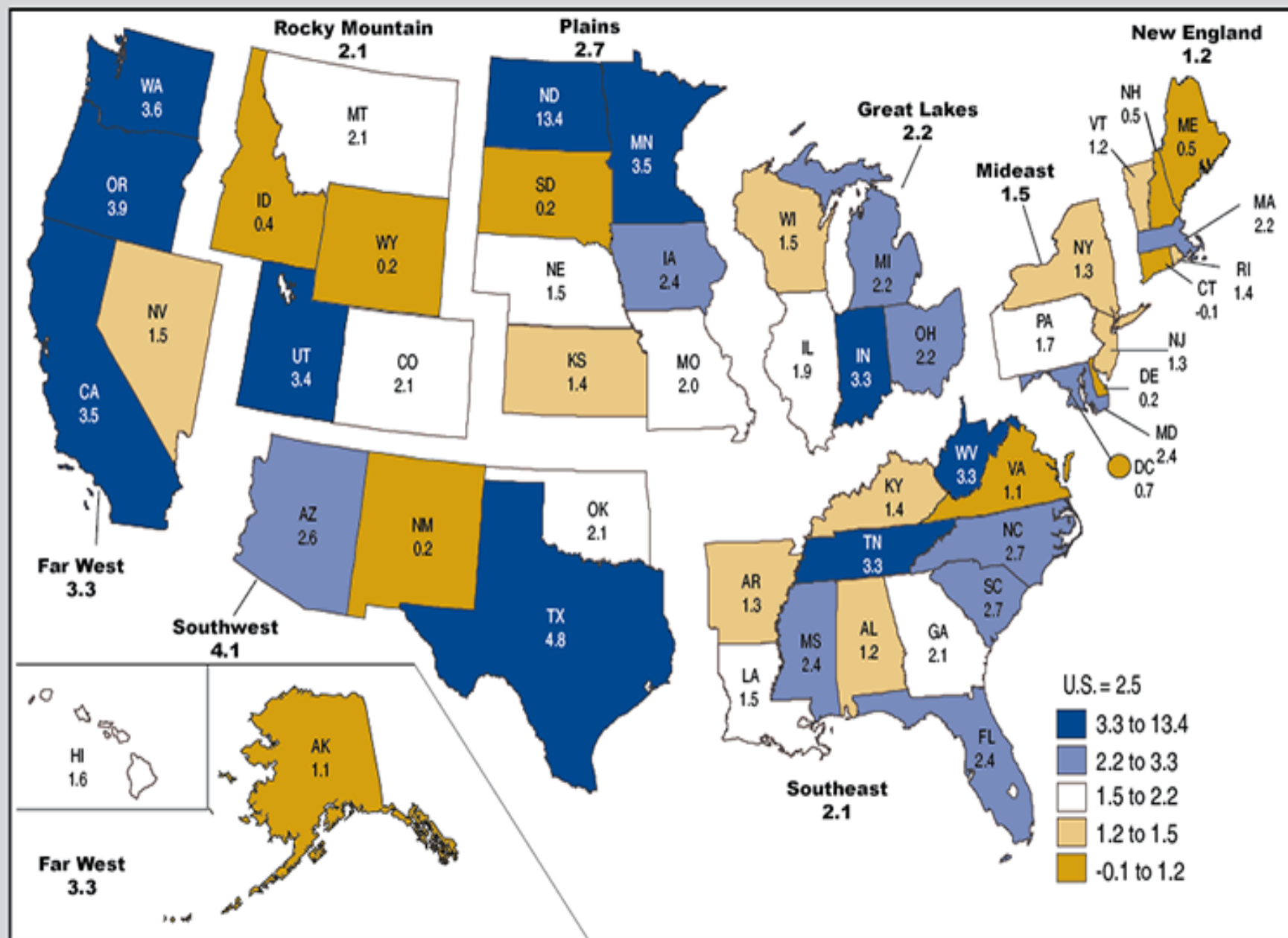
Source: U.S. Department of Labor: Bureau of Labor Statistics



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Percent Change in Real GDP by State, 2012





18 states are in recovery

- -9% Nevada
- - 8% Michigan
- -6% Florida
- -6% Arizona
- -4% Wyoming





Sectors up from 2007

- 6% Durable goods
- 6% Information
- 8% Professional, scientific, and technical
- 8% Finance and insurance
- 12% Health care and social assistance
- 16% Mining

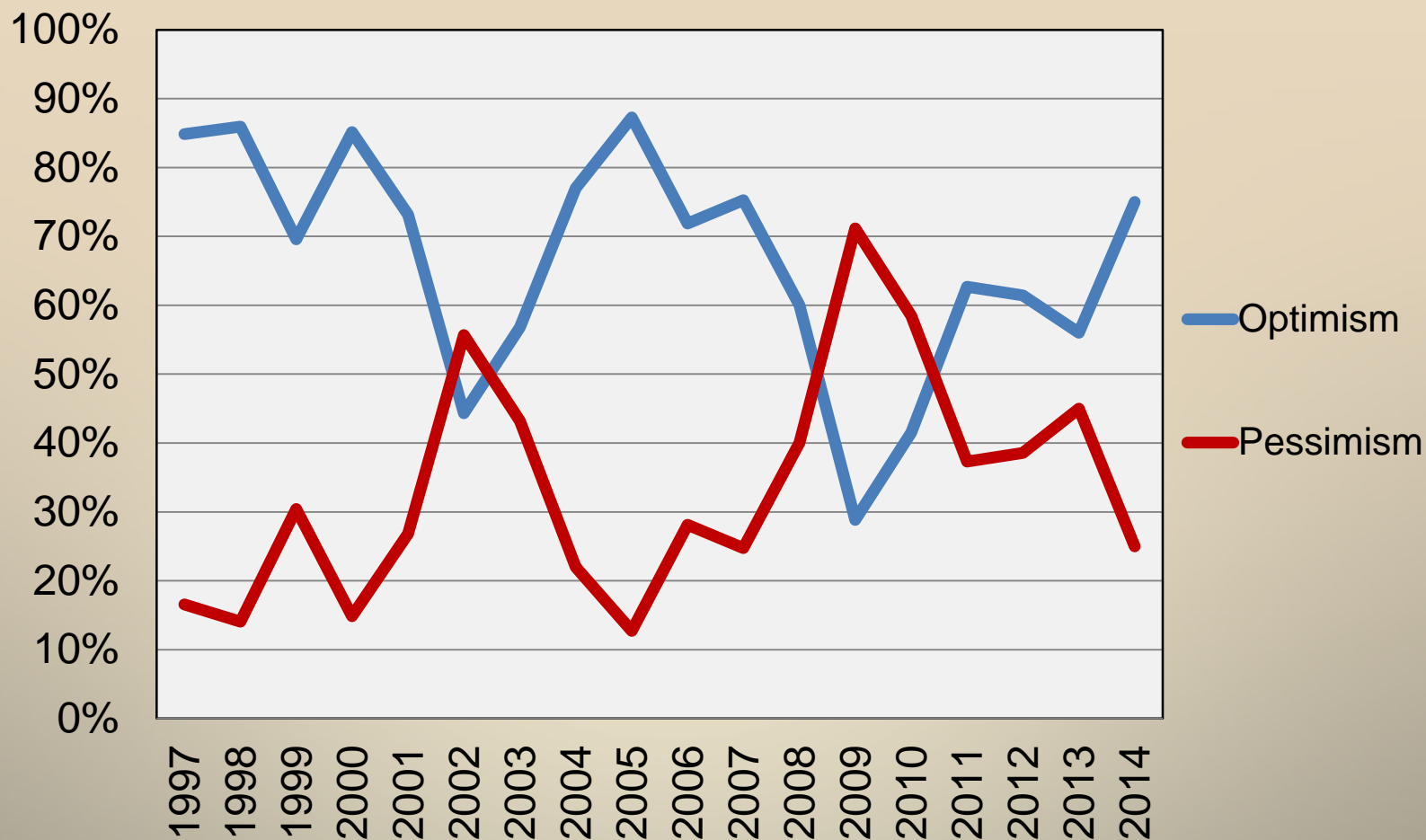


Ninth District Economy: Growth in 2014

- Business leaders optimistic
- Employment up, moderate unemployment rate reductions
- Home building recovery continues

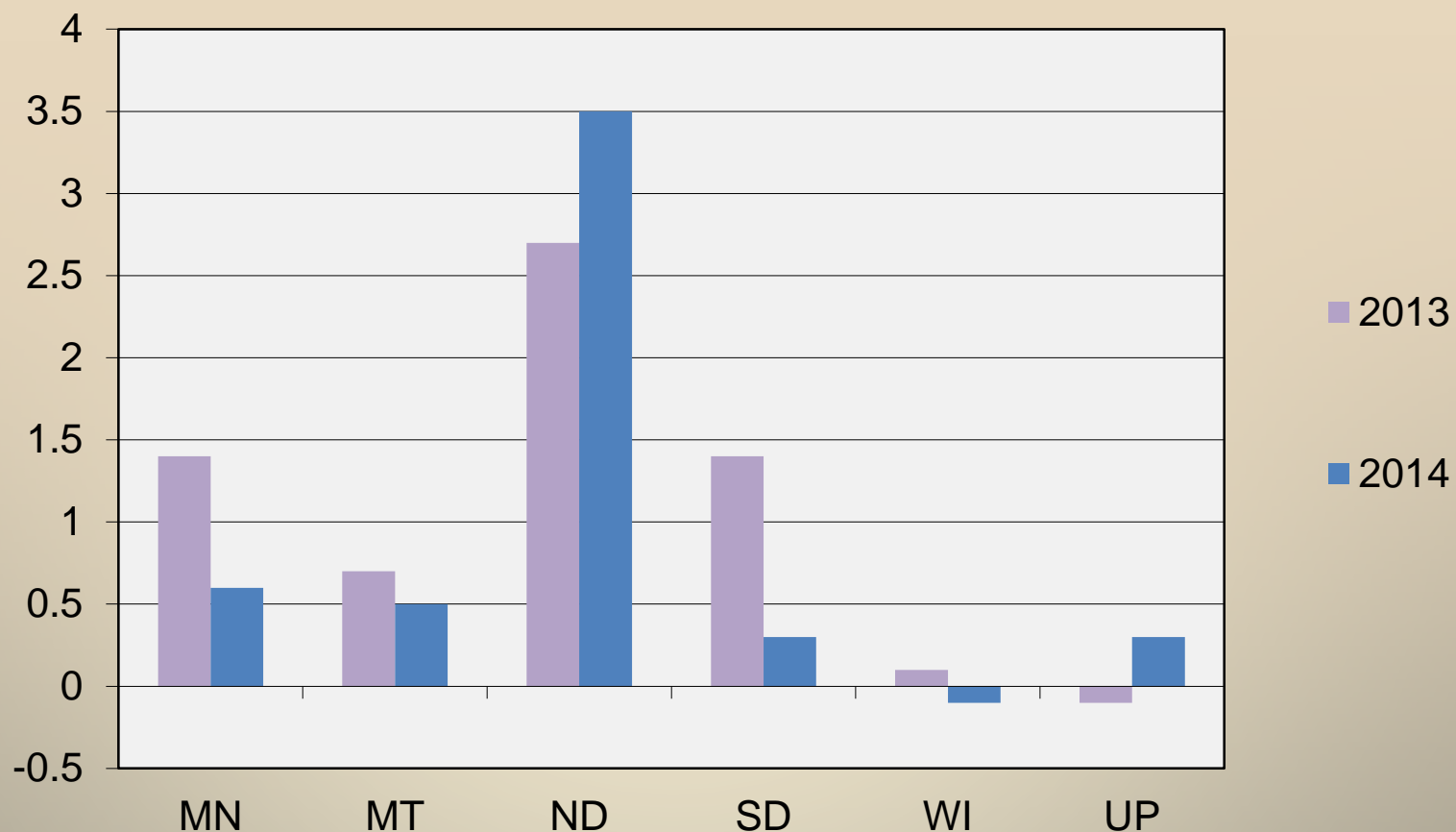


Business optimism is at a 7-year high





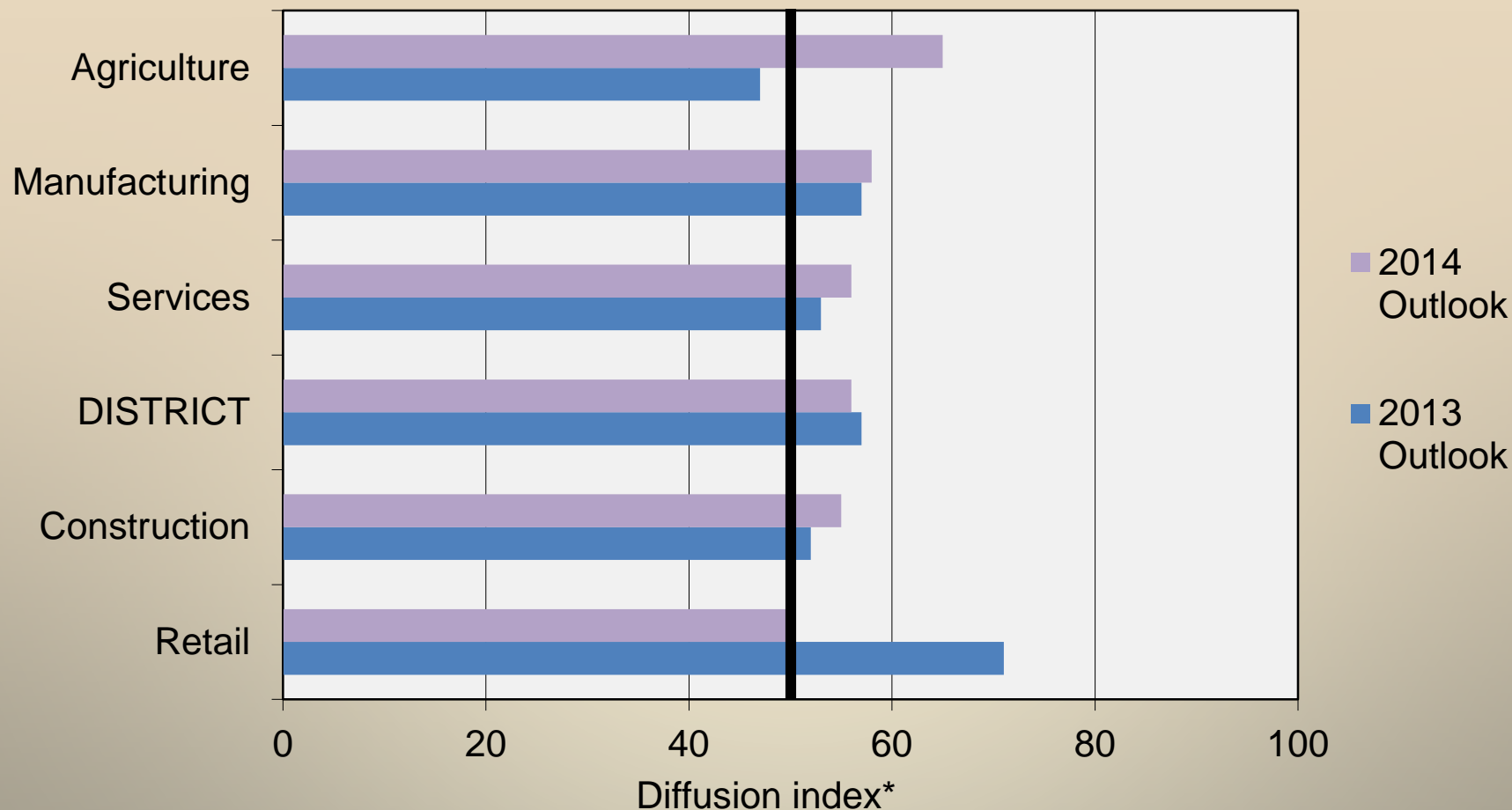
Employment gains modest



Nonfarm employment forecast
Percent change from a year earlier – 4th quarter



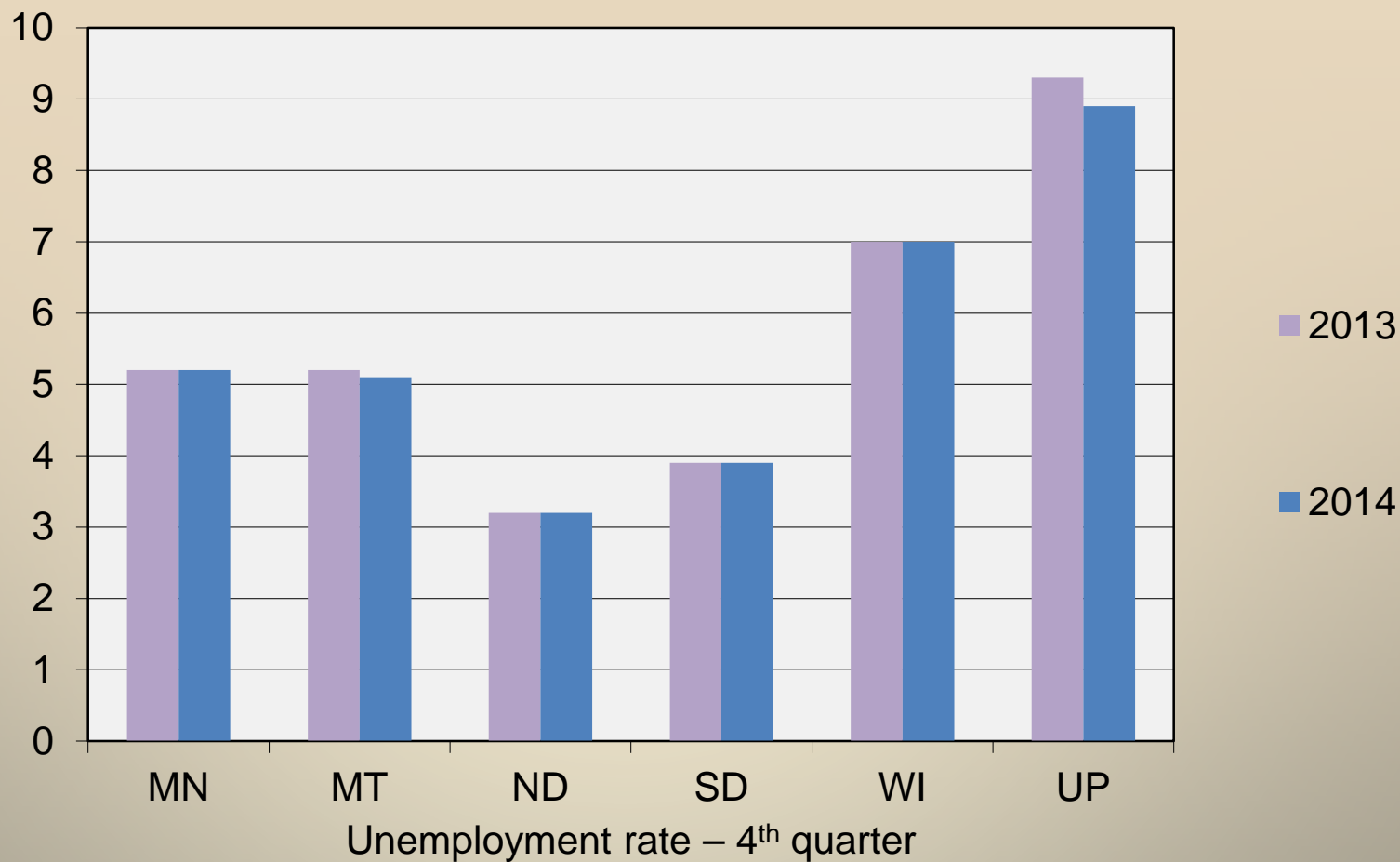
Business leaders expect increased employment at their companies



*Index number above 50 indicates expansion.
Index number below 50 indicates contraction.

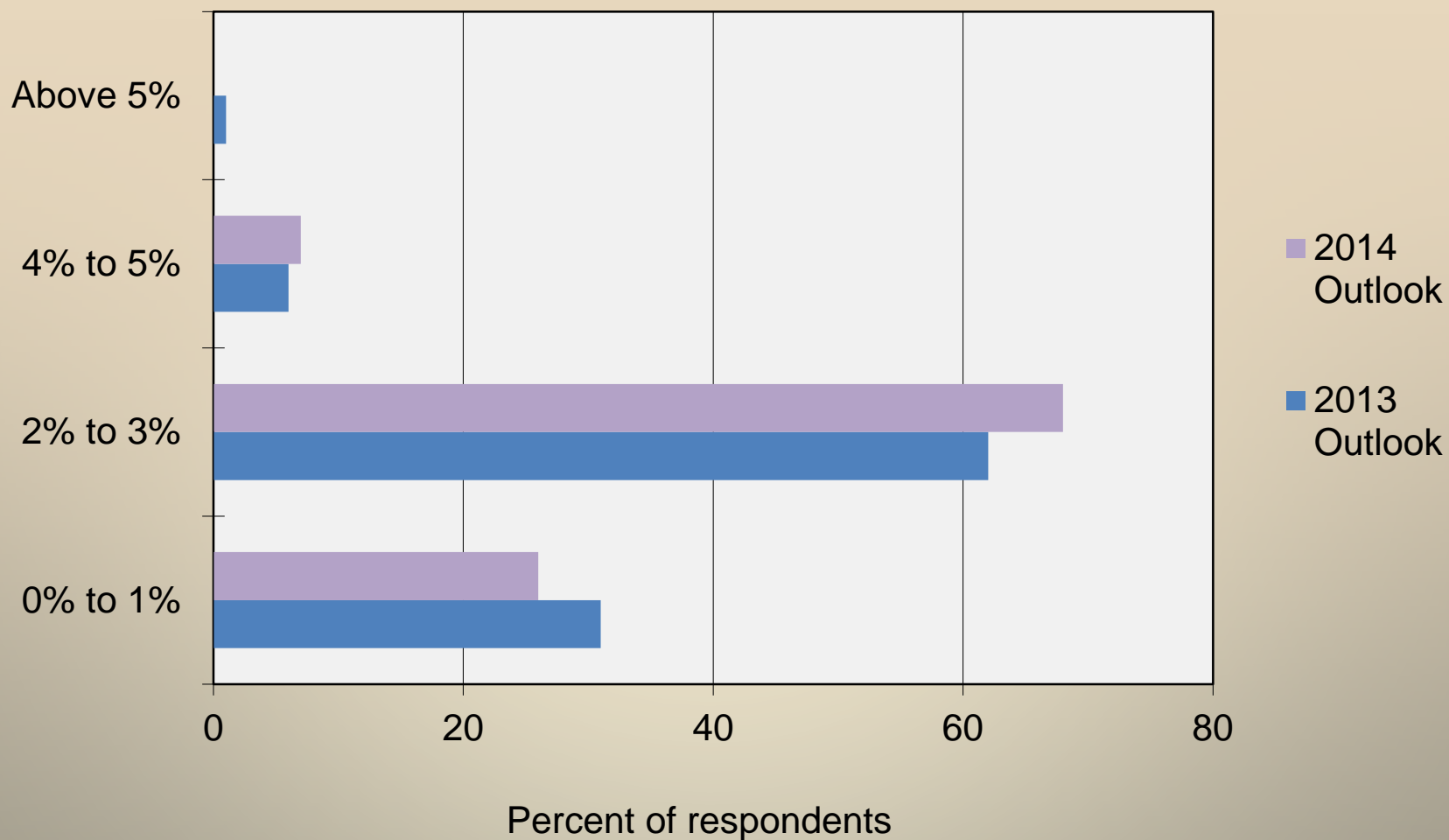


Not much change in unemployment rates



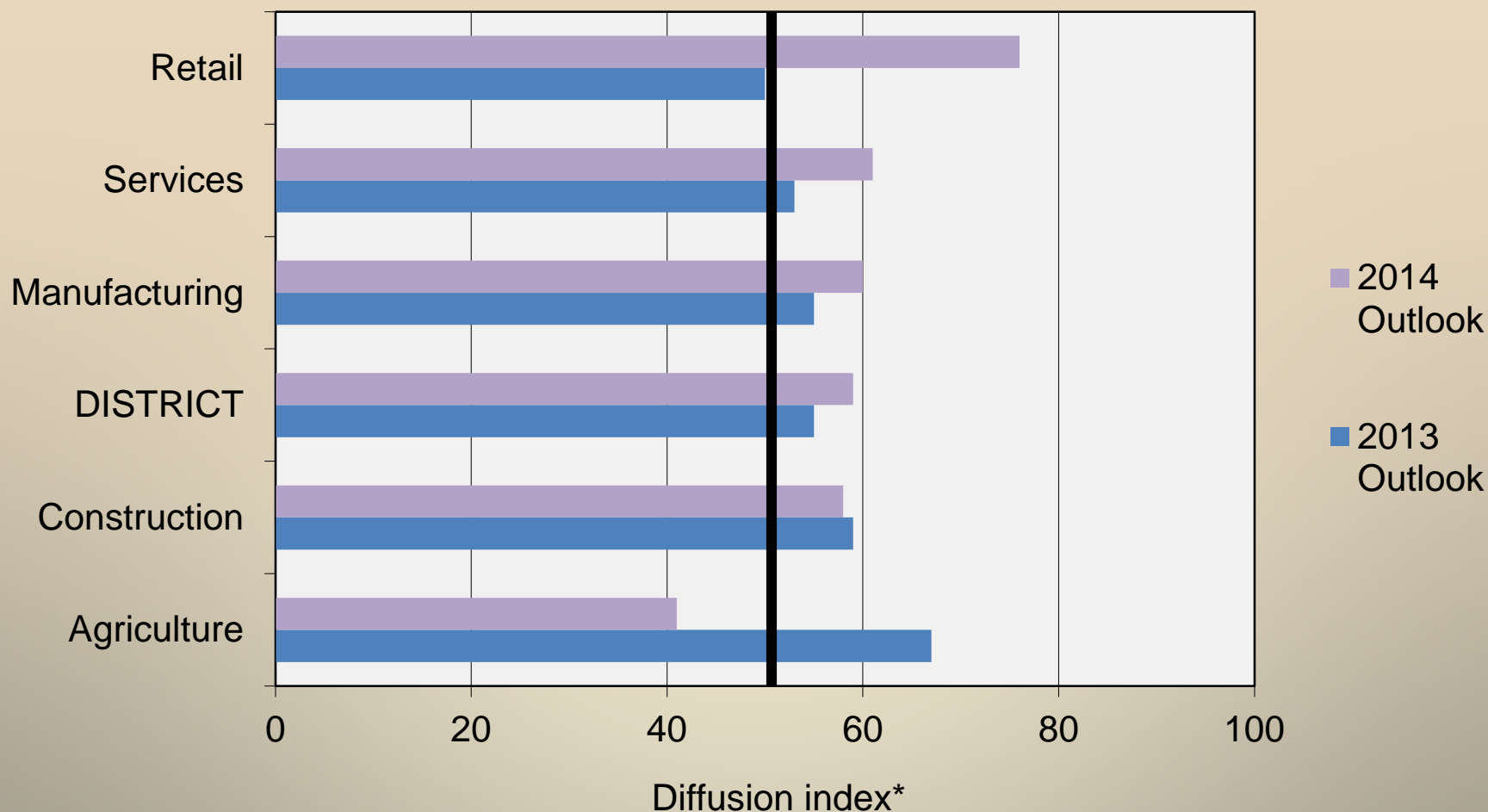


Business leaders anticipate small wage increases





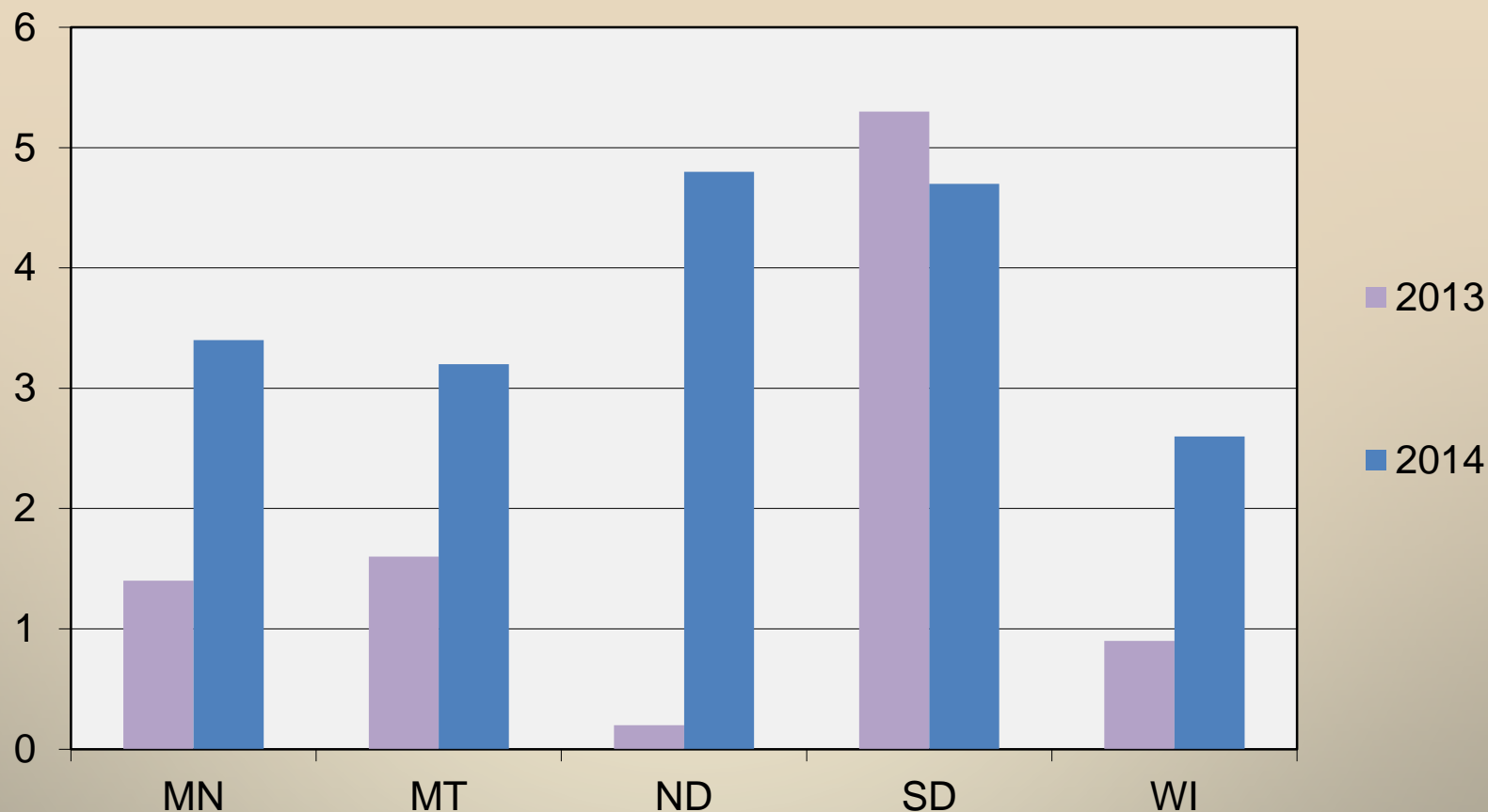
Business leaders foresee some price increases



*Index number above 50 indicates expansion.
Index number below 50 indicates contraction.

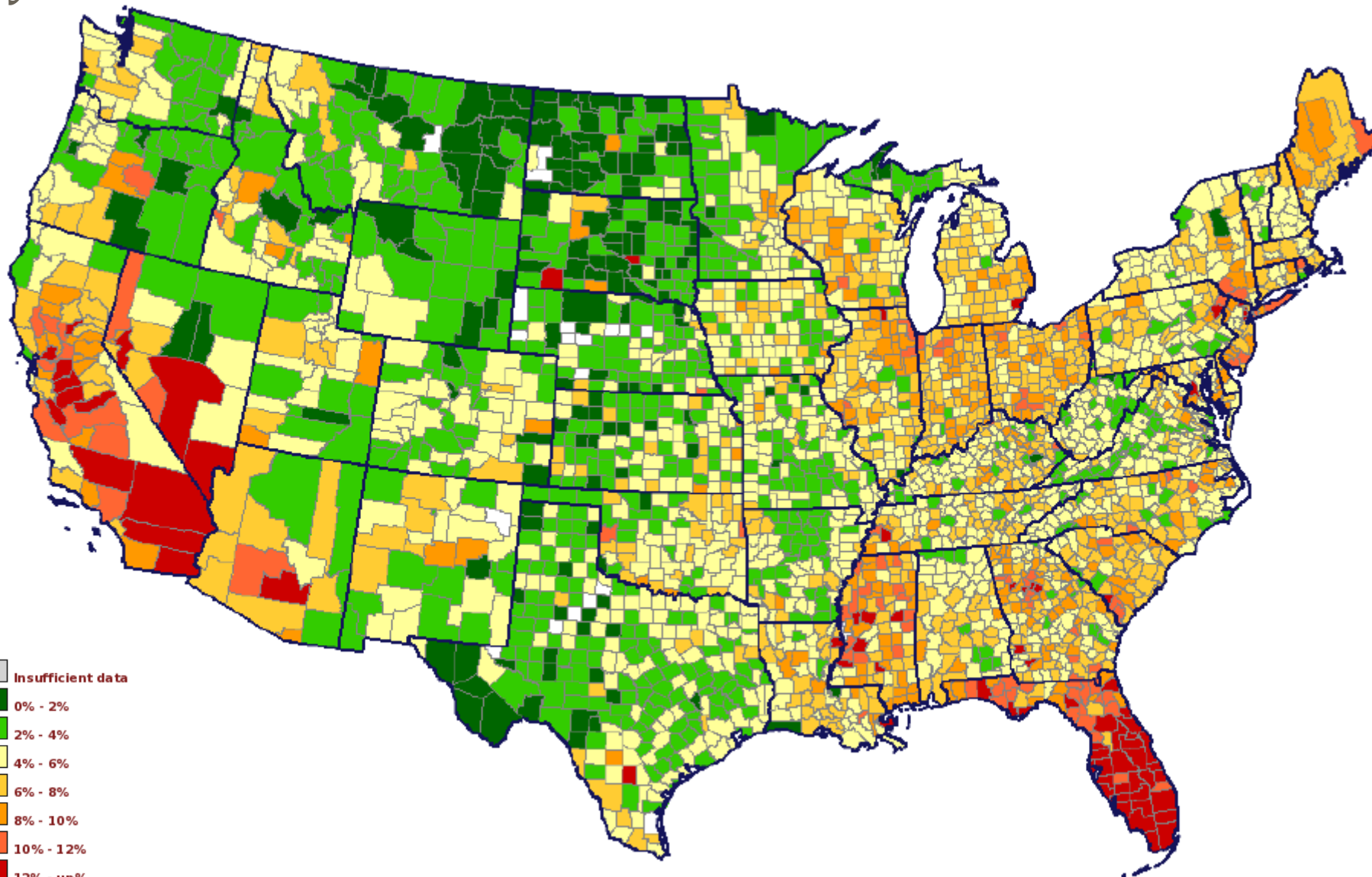


Personal income growth expected to increase



Percent change from a year earlier – 4th quarter

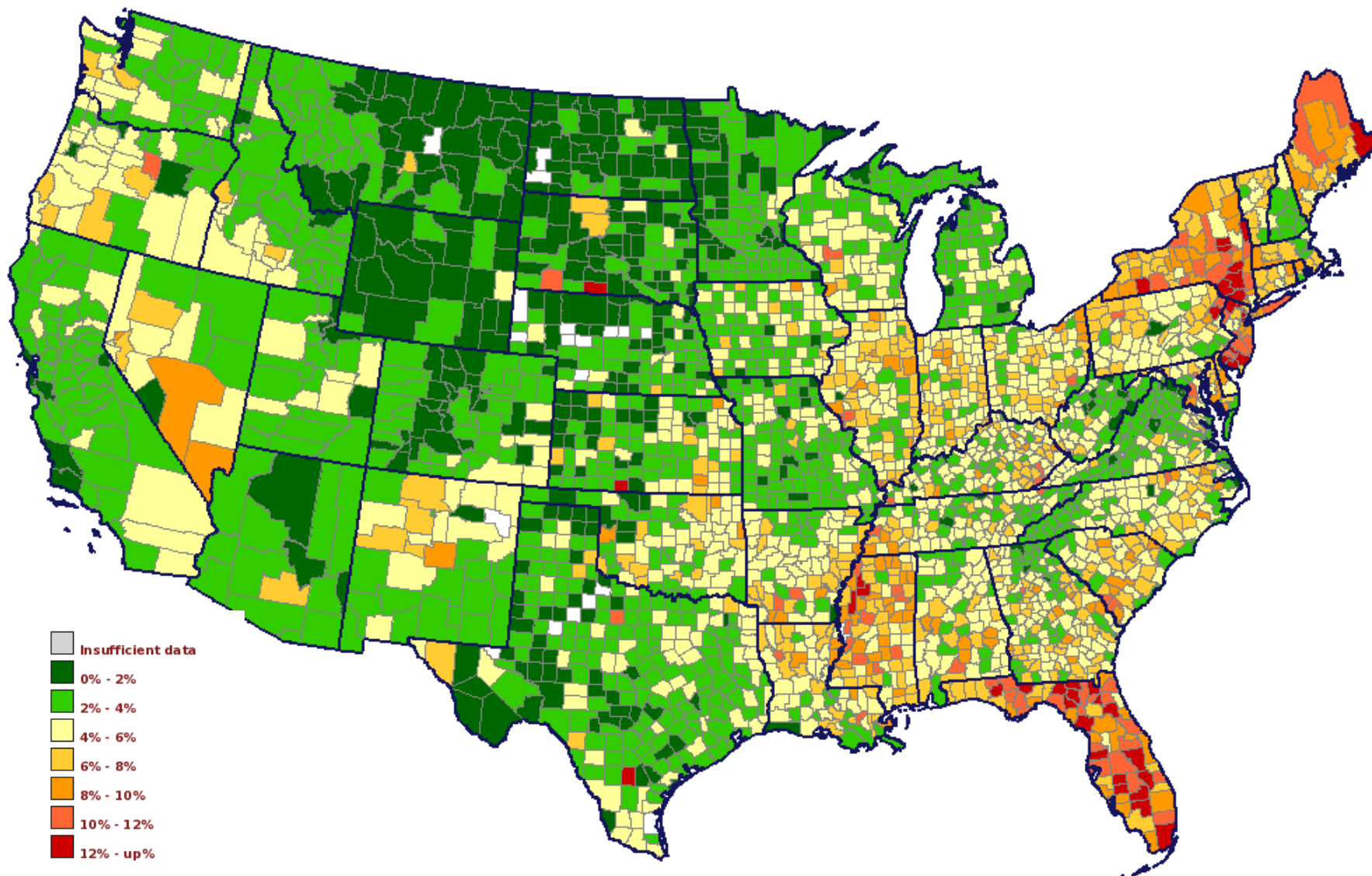
More than 90 days past due June 2010



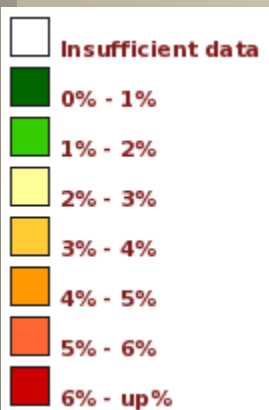
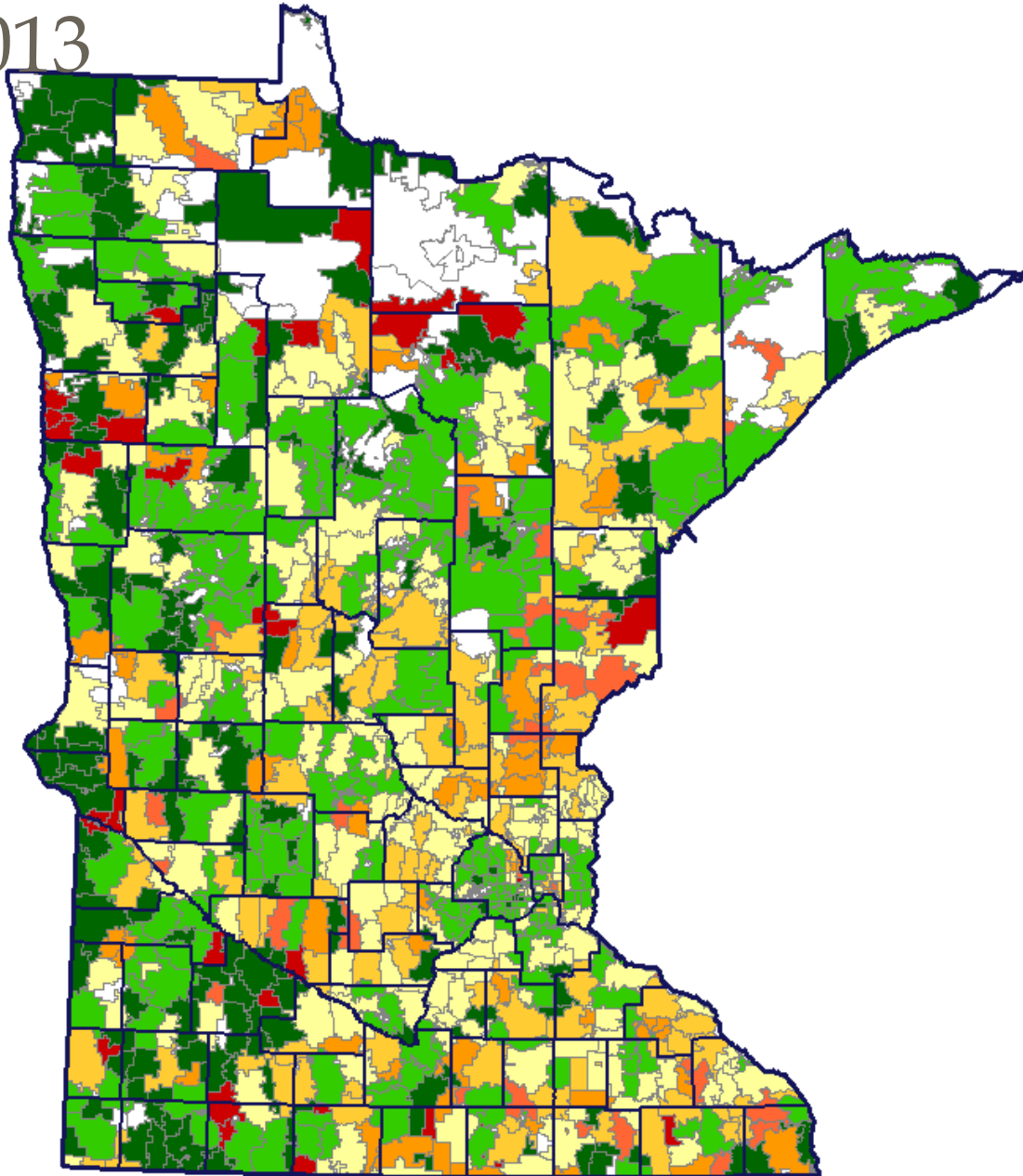
More than 90 days past due December 2013

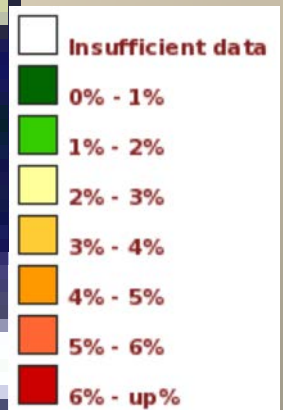
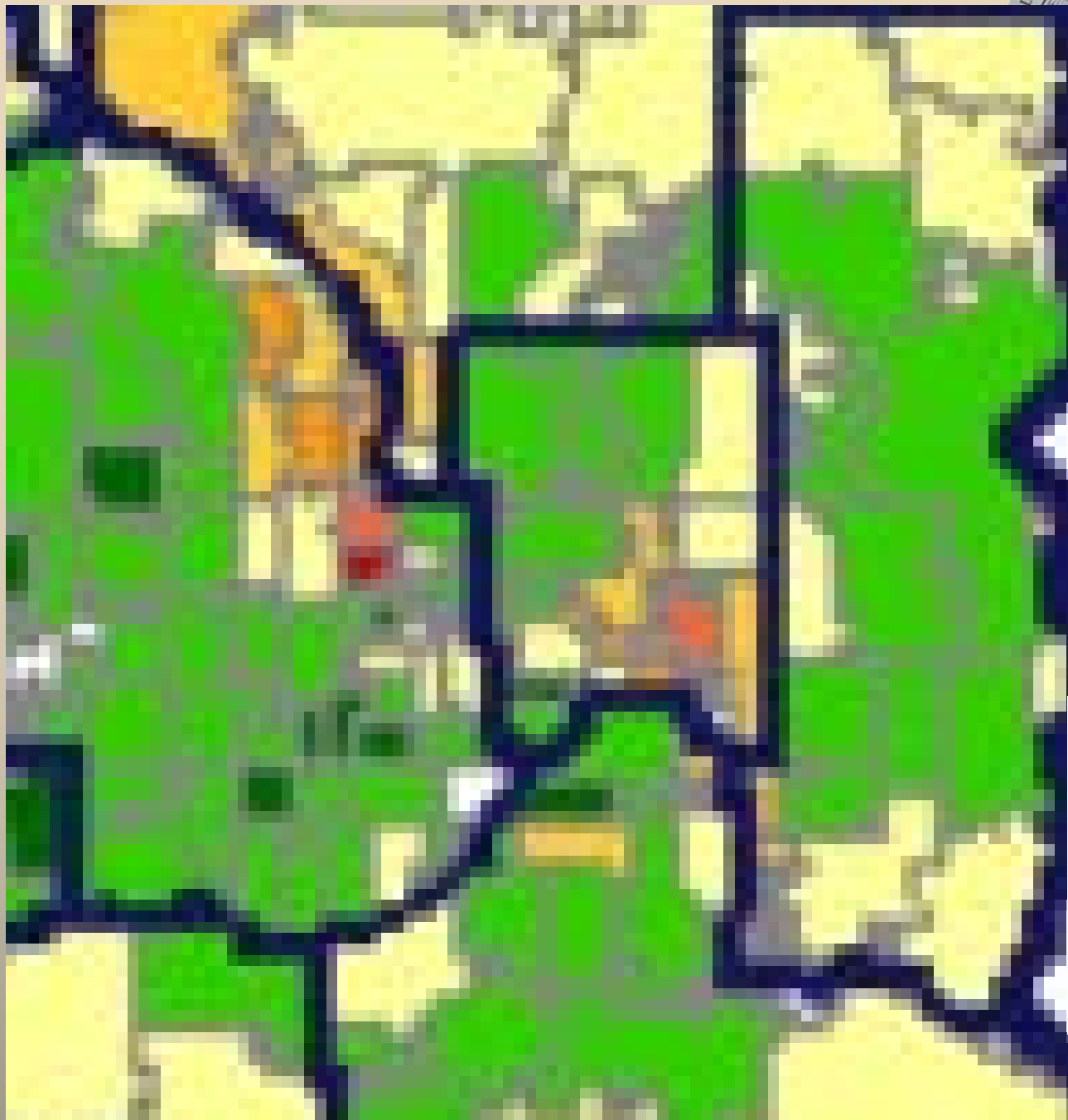


Delinquent Payment: 90+ PD, Foreclosure, US, 201312*



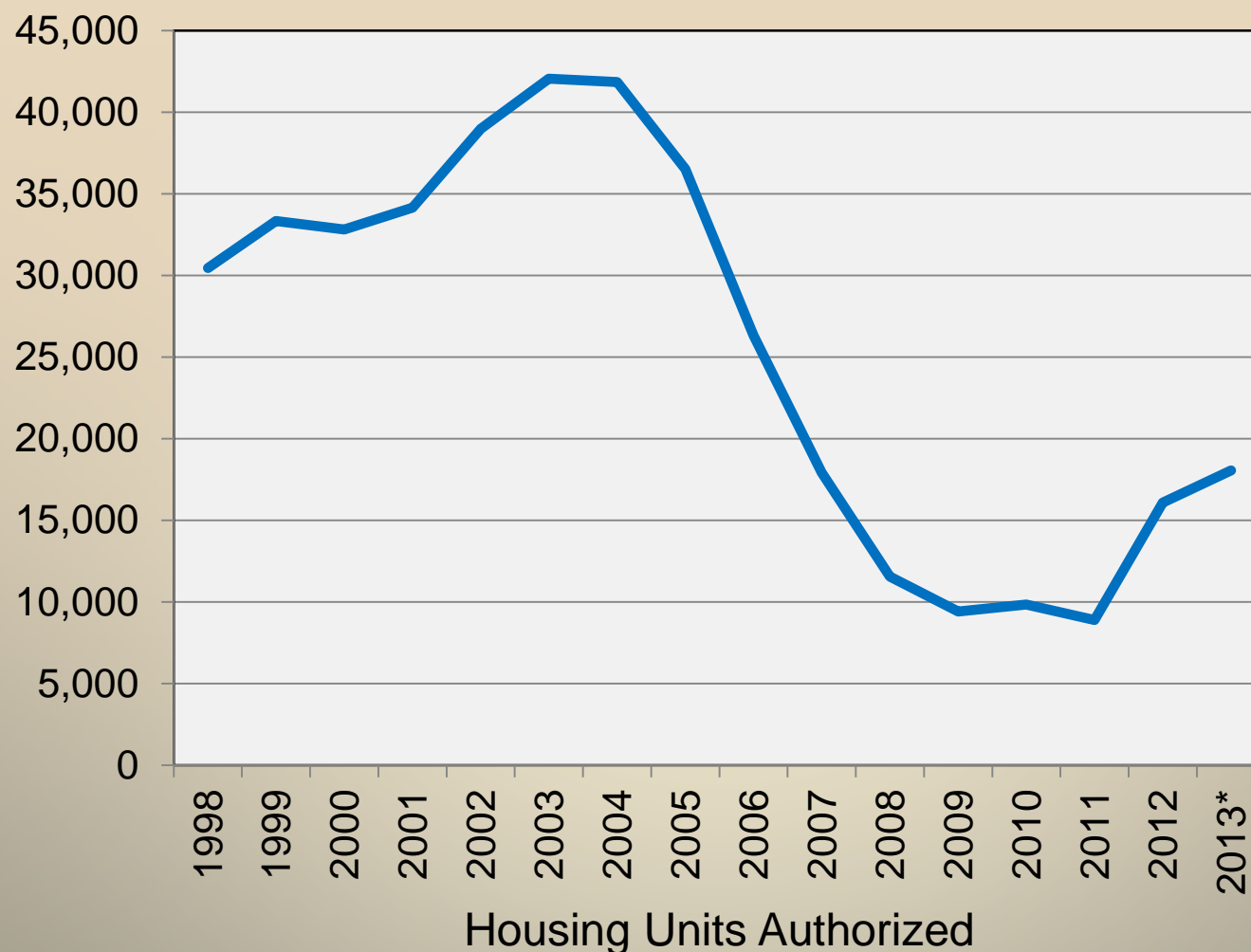
More than 90 days past due August 2013







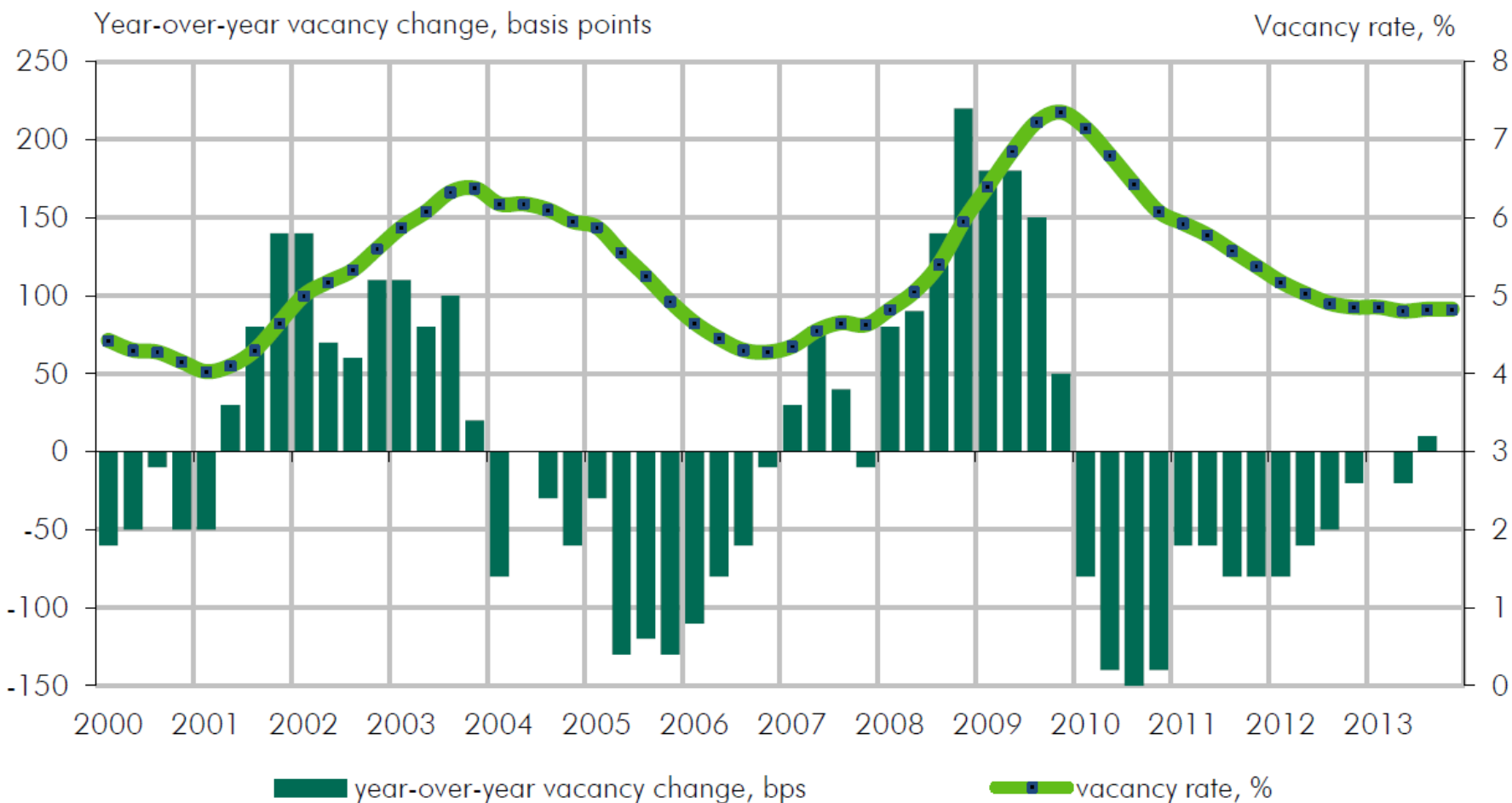
Home building recovery continues in Minnesota



*Estimate based on November year-to-date change from 2012 to 2013



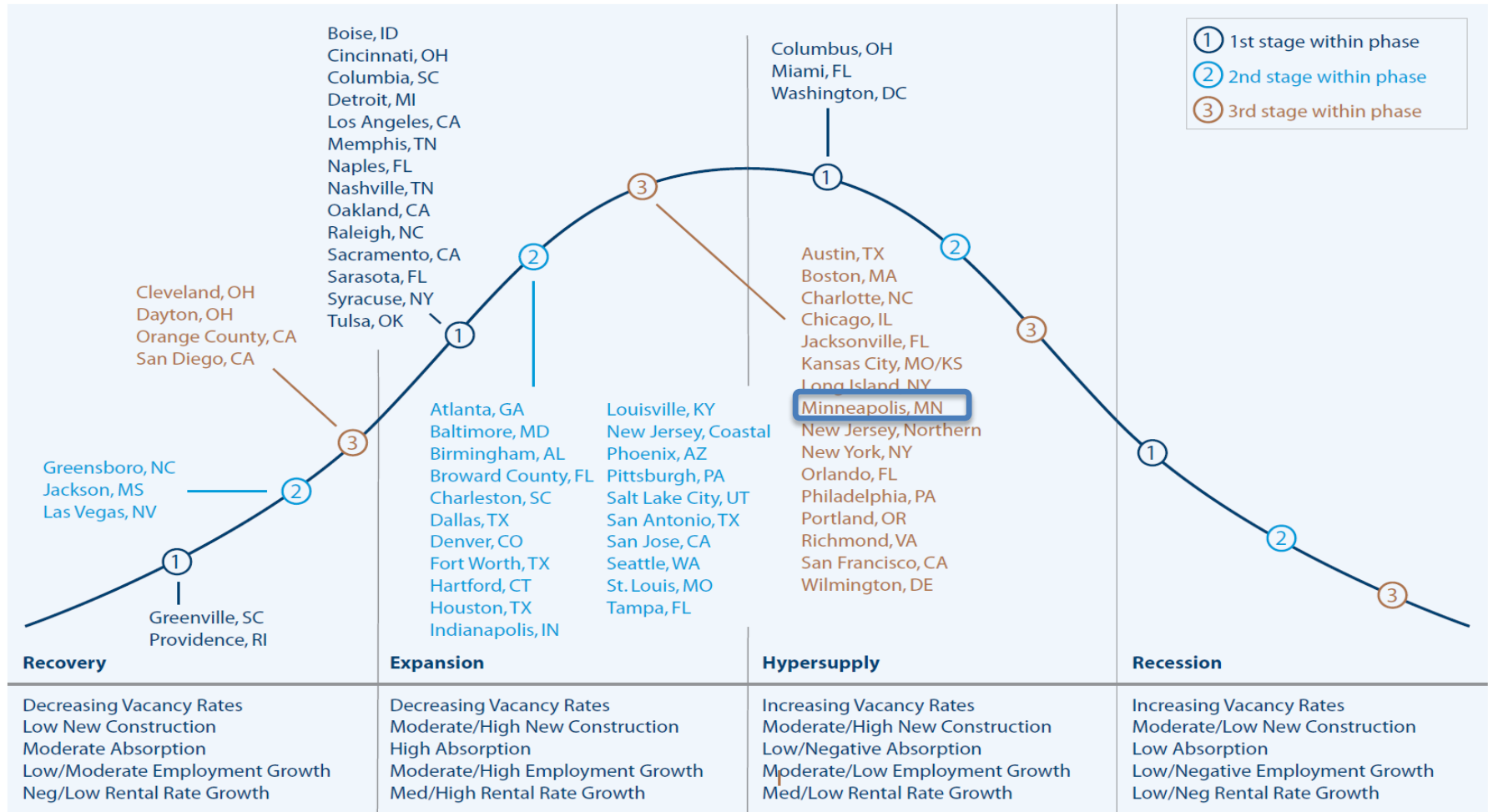
Apartment Vacancy Keeps Steady



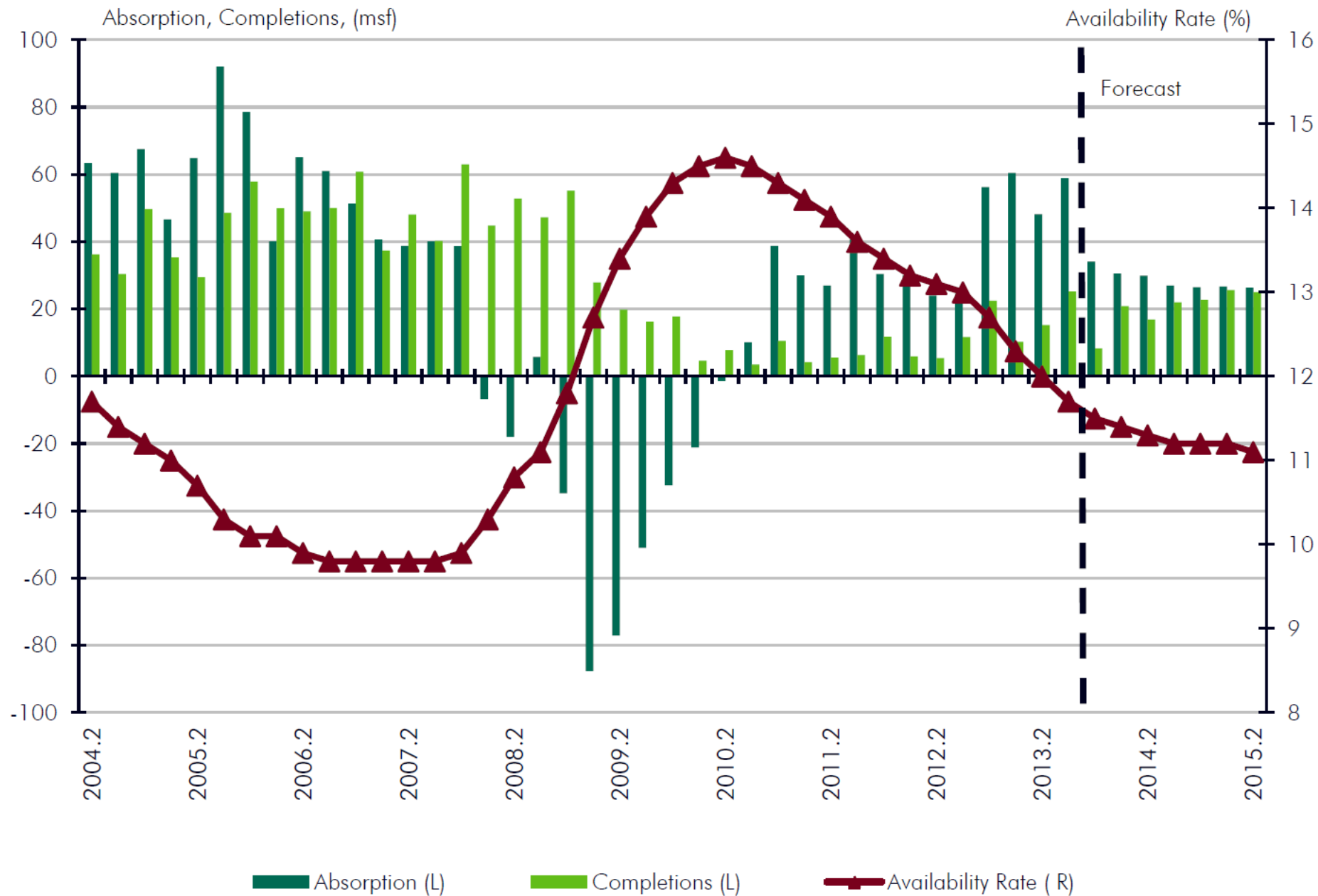
Sources: MPF Research, CBRE Econometric Advisors.



Apartment Cycle Chart (Fig.15)

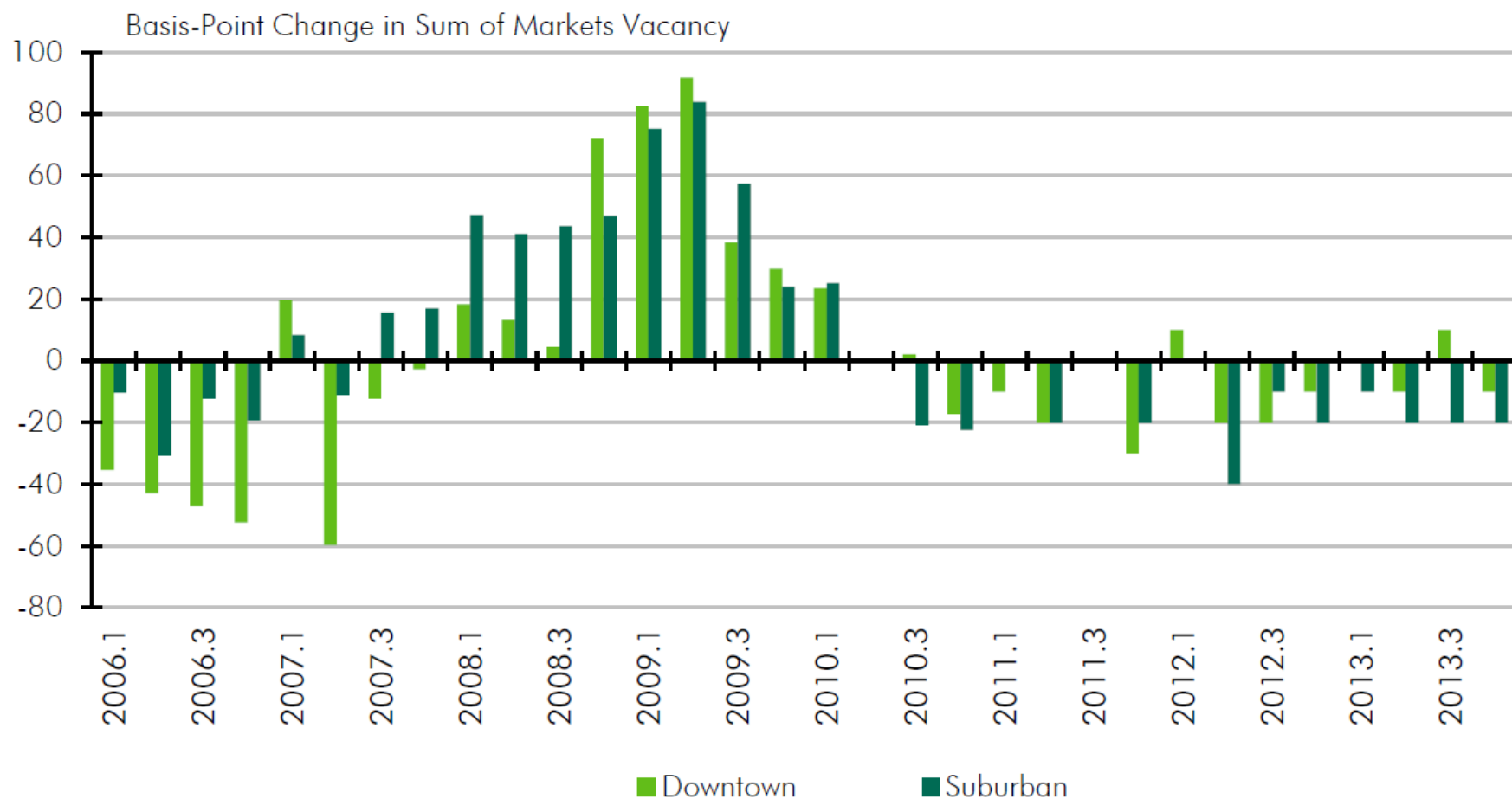


The State of the Industrial Real Estate Market



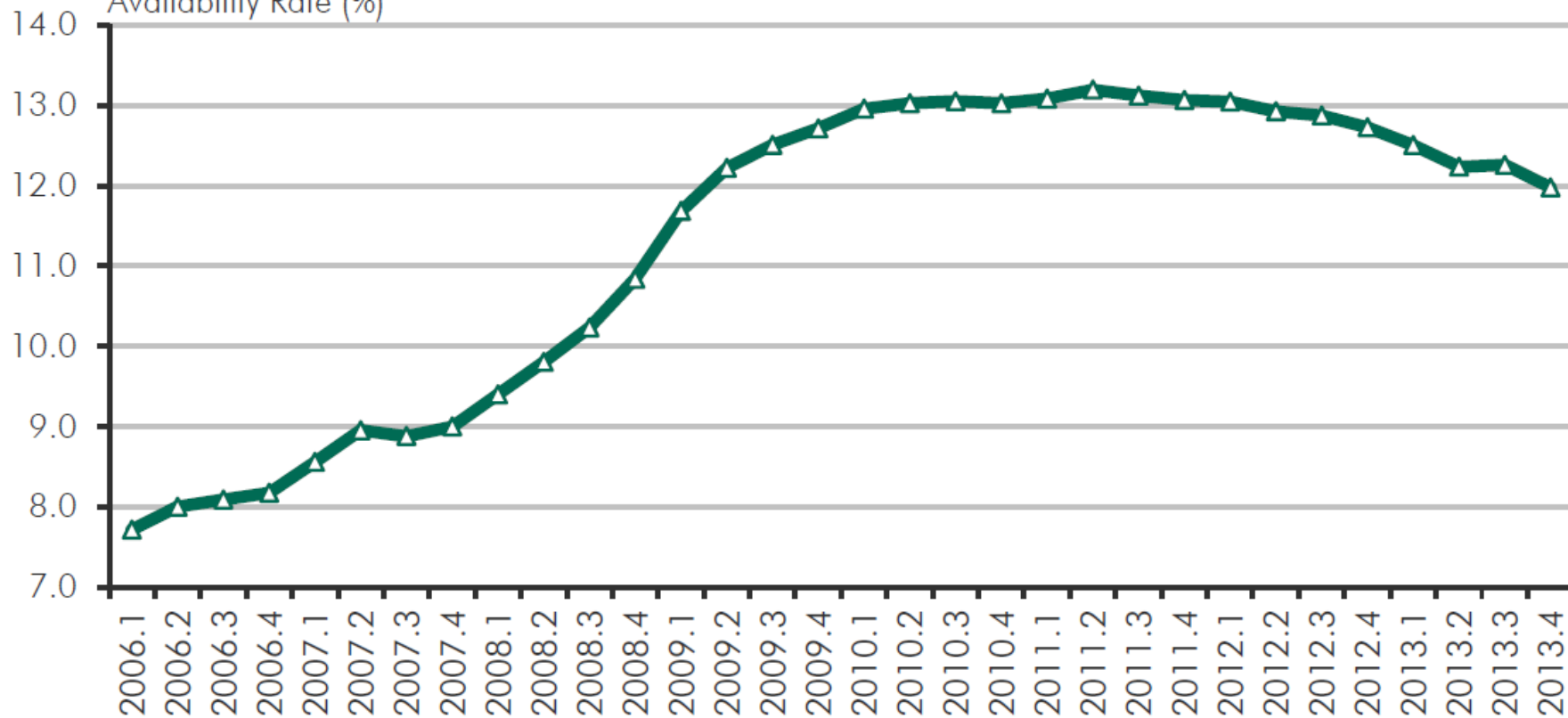


Sum of Markets Downtown Vacancies Decline, despite New Supply in New York





Availability Rate (%)





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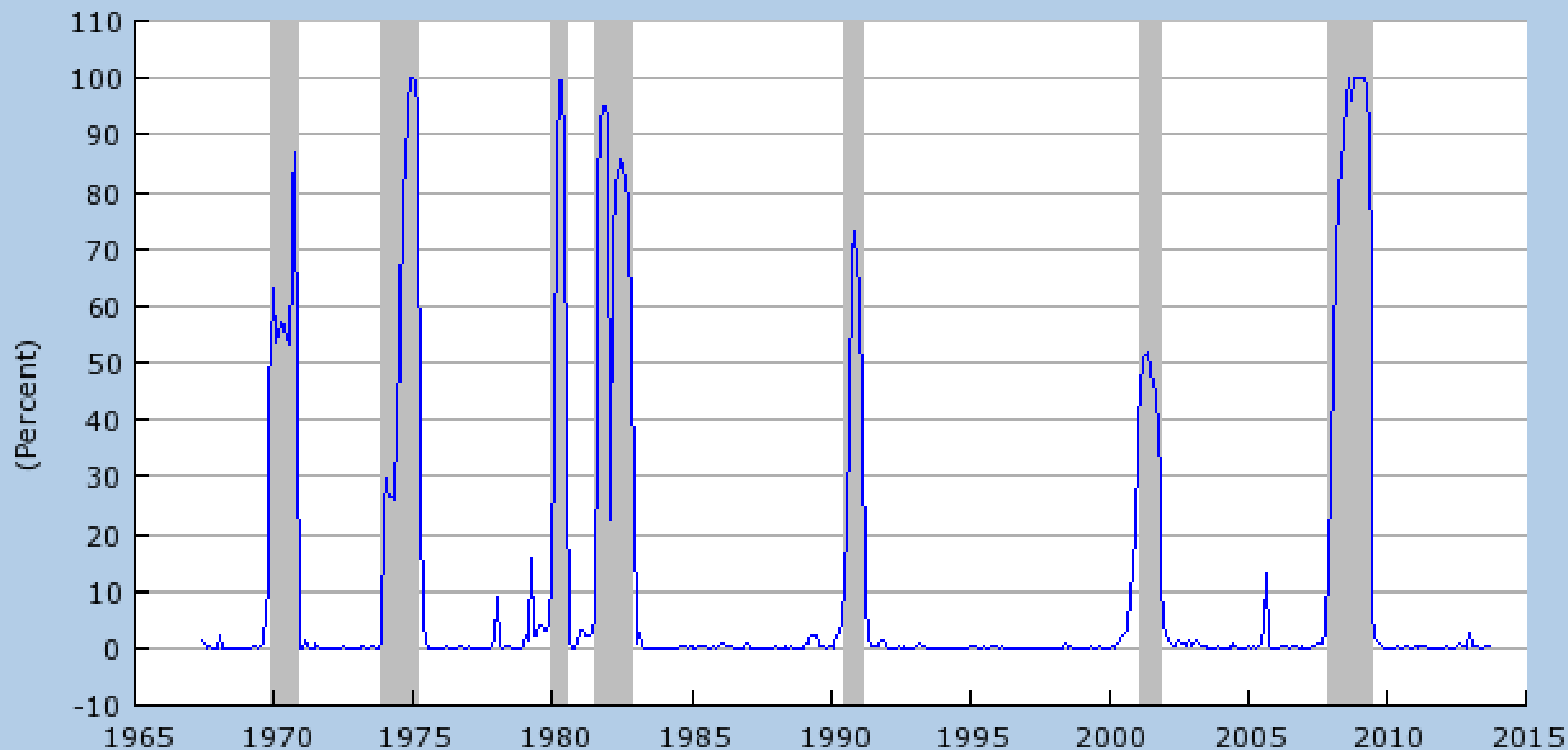
Stay away recession!

- Fiscal issues
 - Europe
 - China
- Agriculture
 - Unlucky
 - Others?



Smoothed U.S. Recession Probabilities (RECPROUSM156N)

Source: Marcelle Chauvet and Jeremy Piger

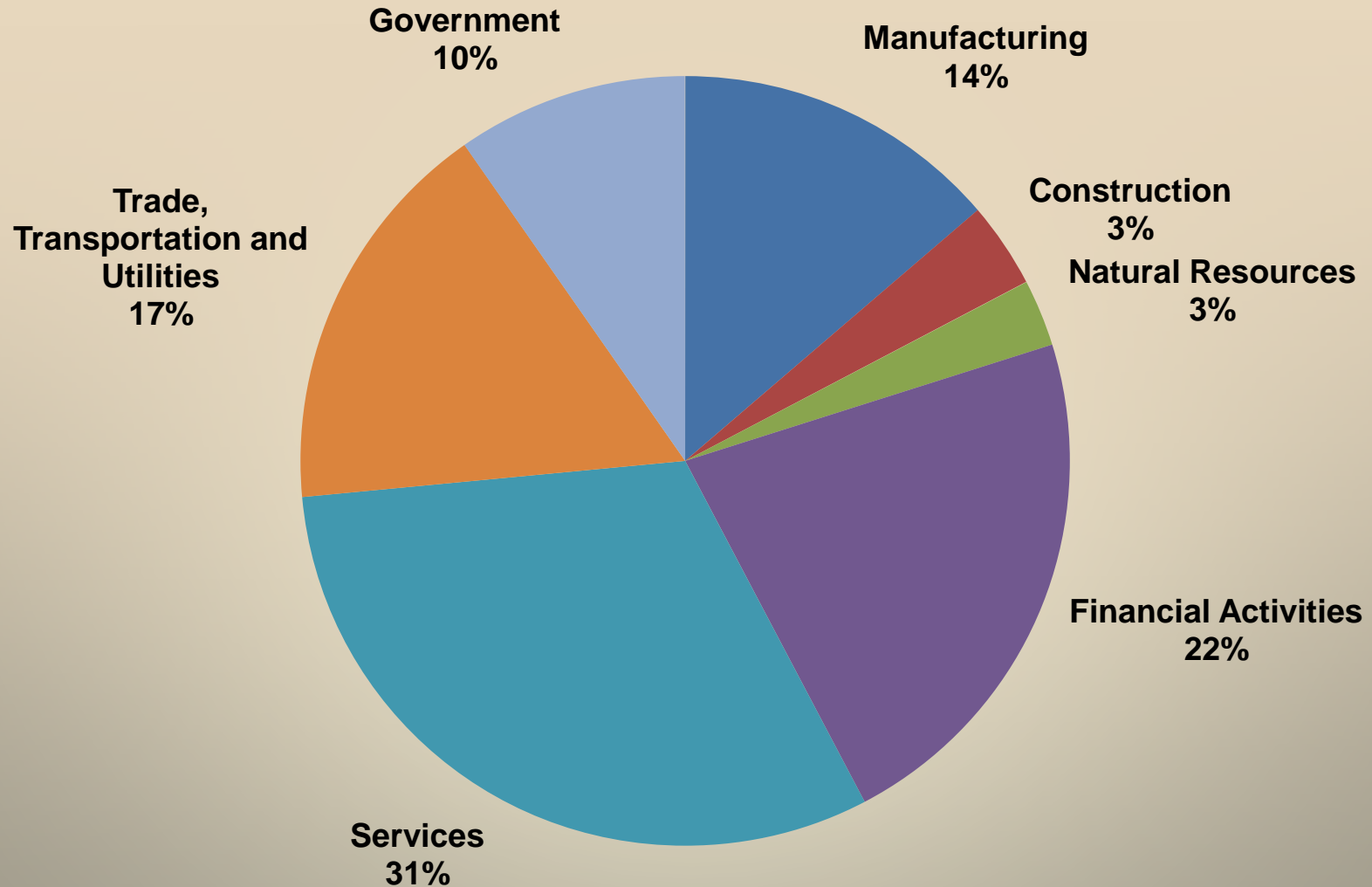


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Agriculture is a small share of economy

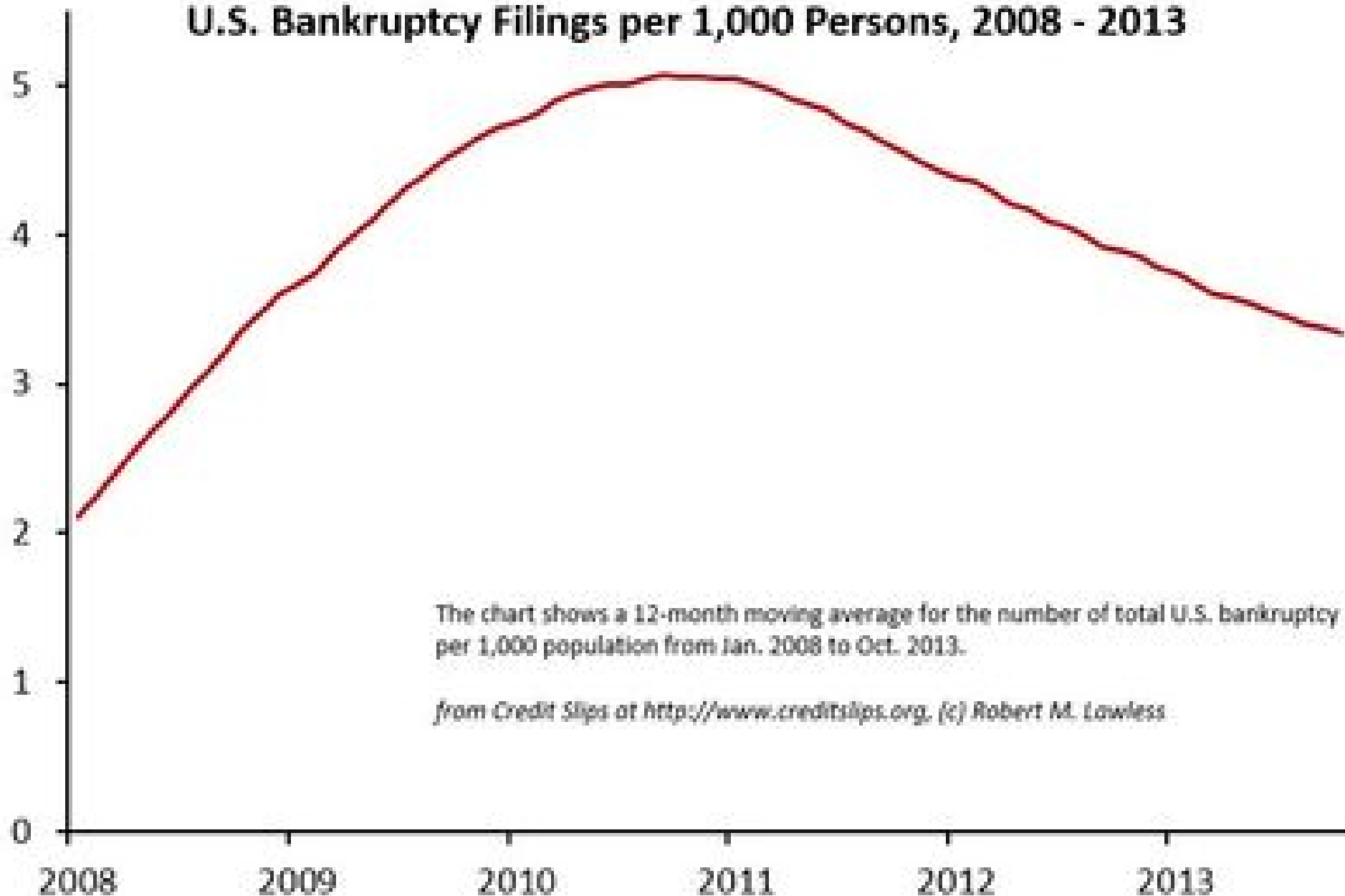
**Minnesota 2012 Gross Domestic Product
\$295 Billion**



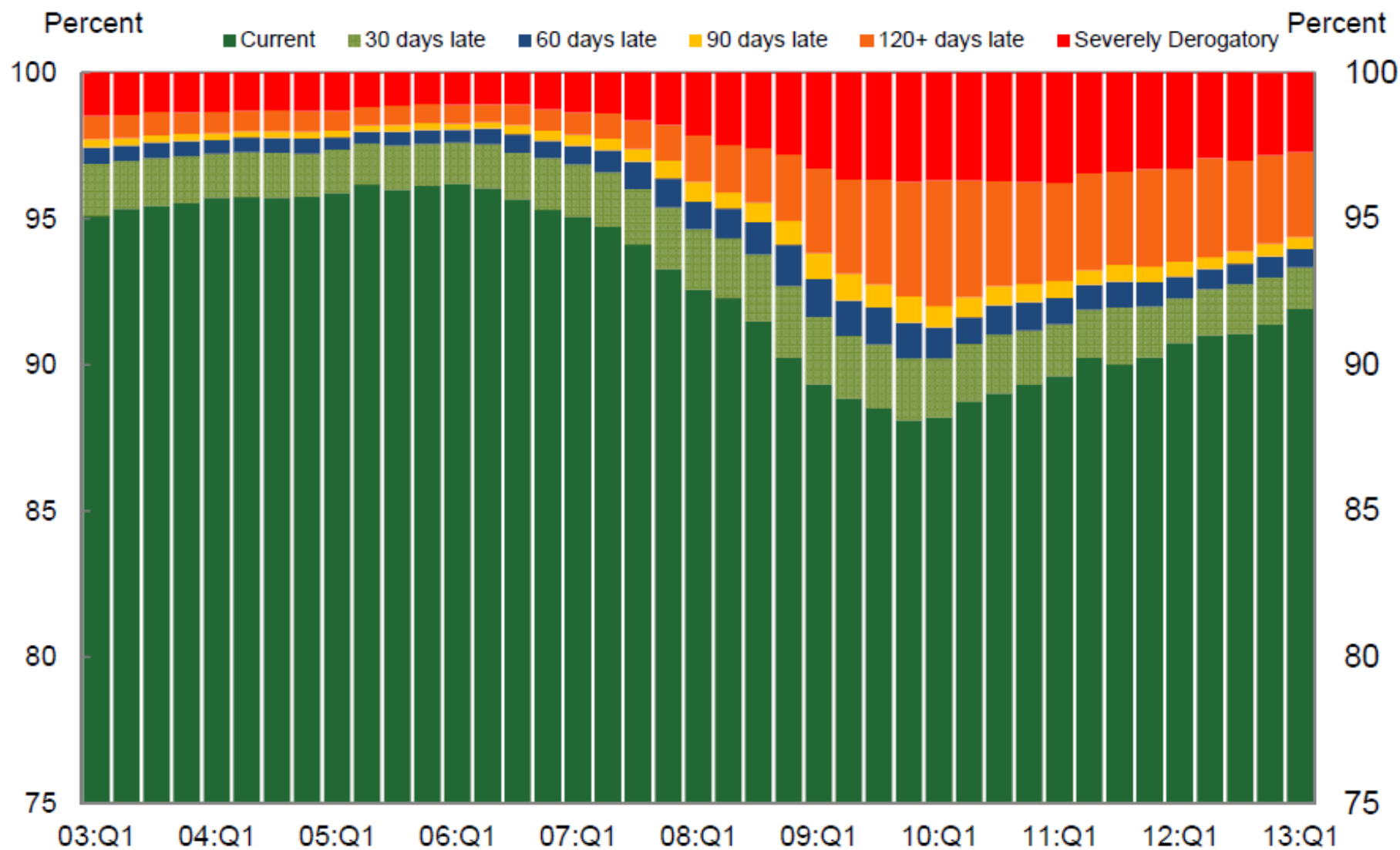


Questions?

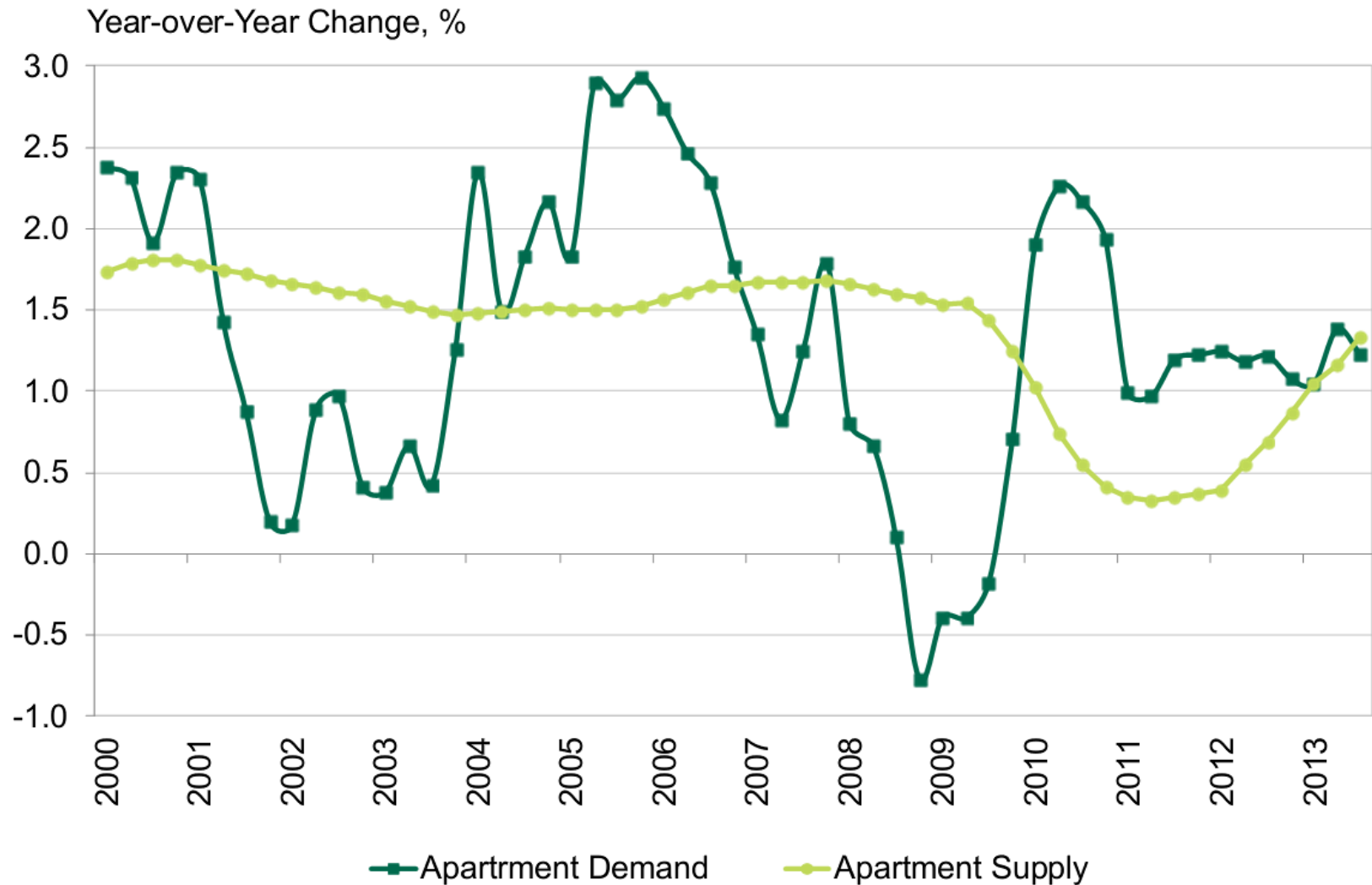
U.S. Bankruptcy Filings per 1,000 Persons, 2008 - 2013



Total Balance by Delinquency Status

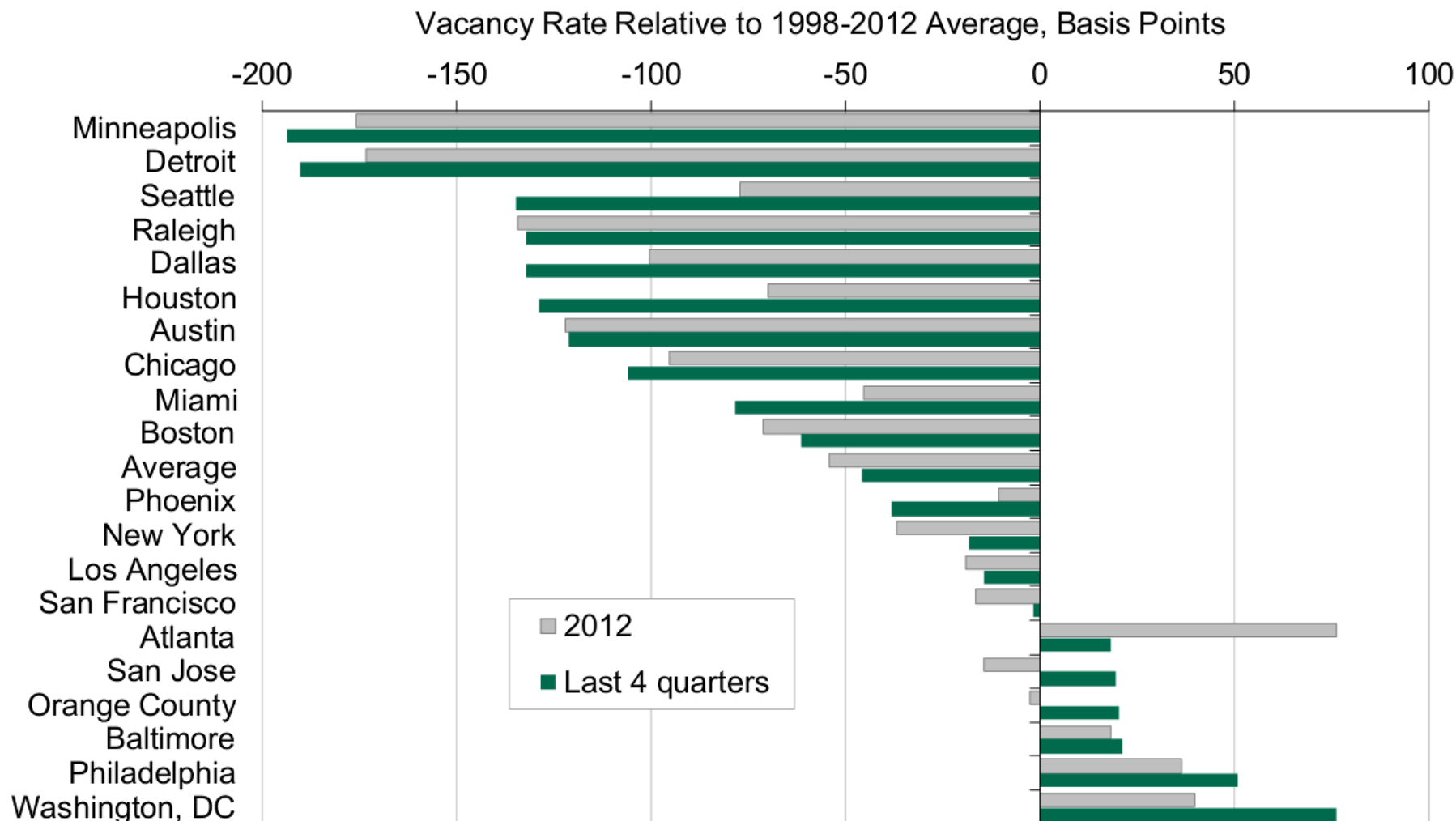


APARTMENT SUPPLY IS CATCHING UP WITH DEMAND



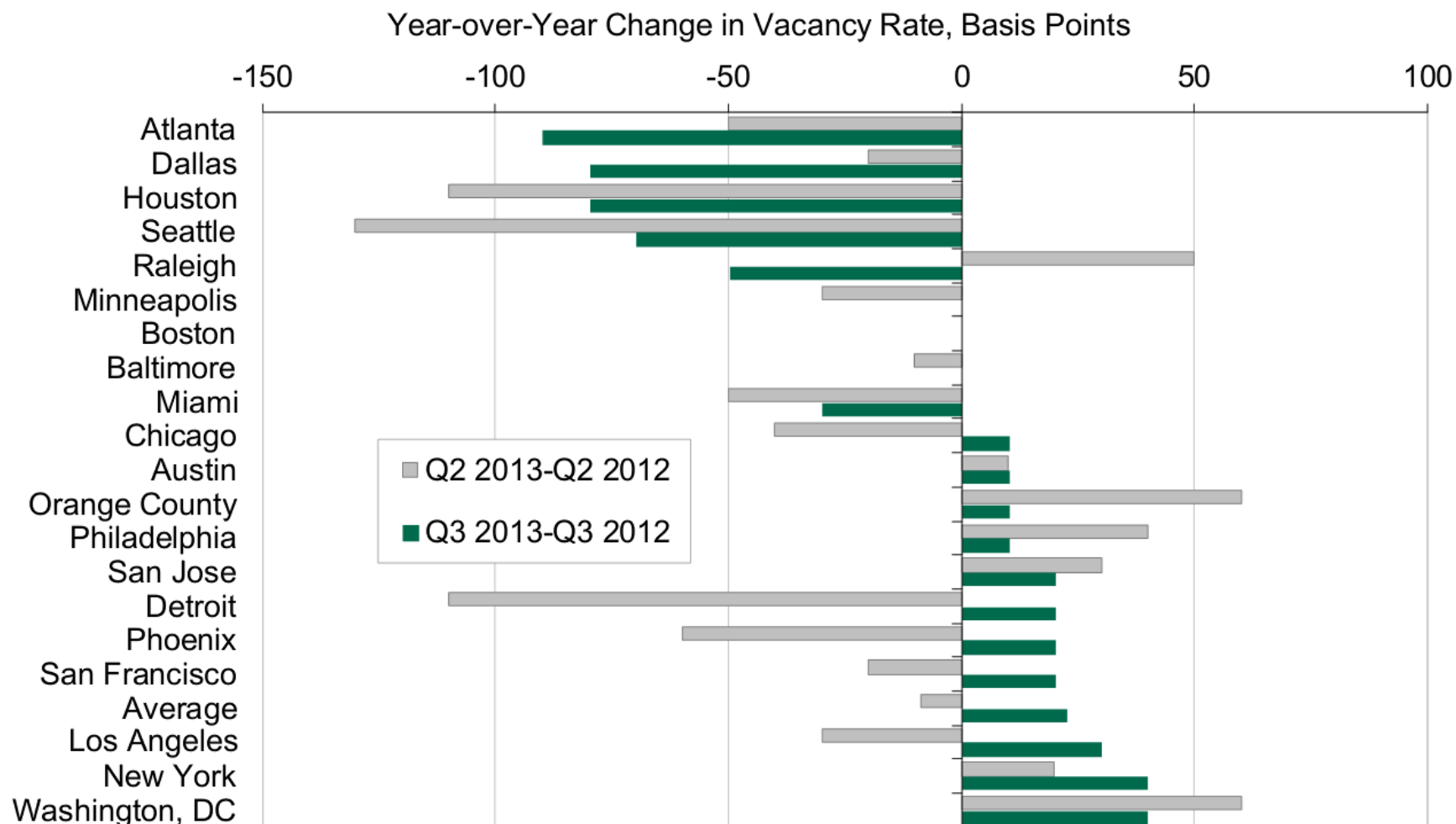
Sources: Bureau of the Census, CBRE Econometric Advisors, Q3 2013.

VACANCY RATES REMAIN LOW BY HISTORICAL STANDARDS



Source: CBRE Econometric Advisors, Q3 2013.

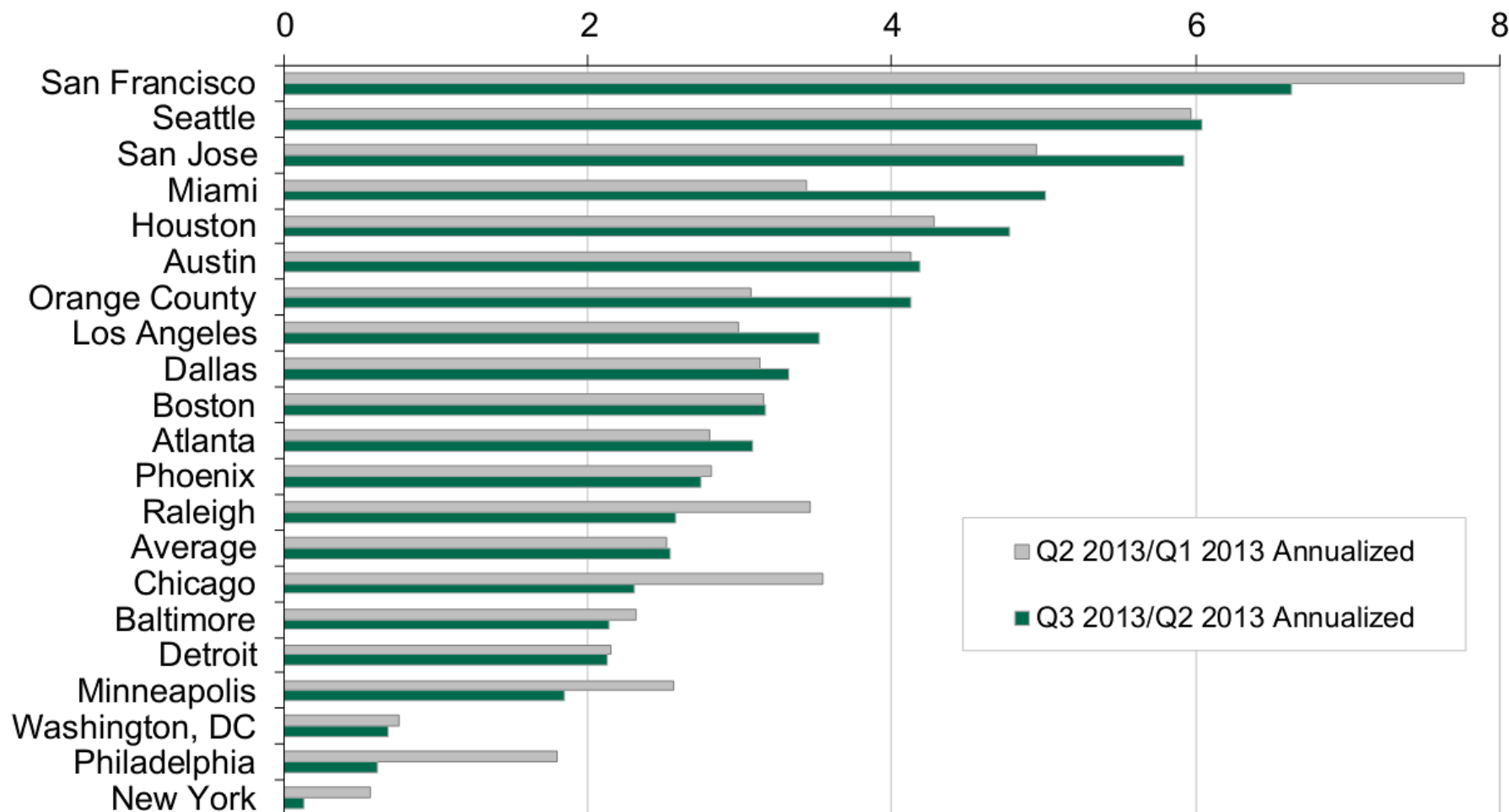
VACANCY RATES RELATIVE TO A YEAR AGO



Source: CBRE Econometric Advisors, Q3 2013.

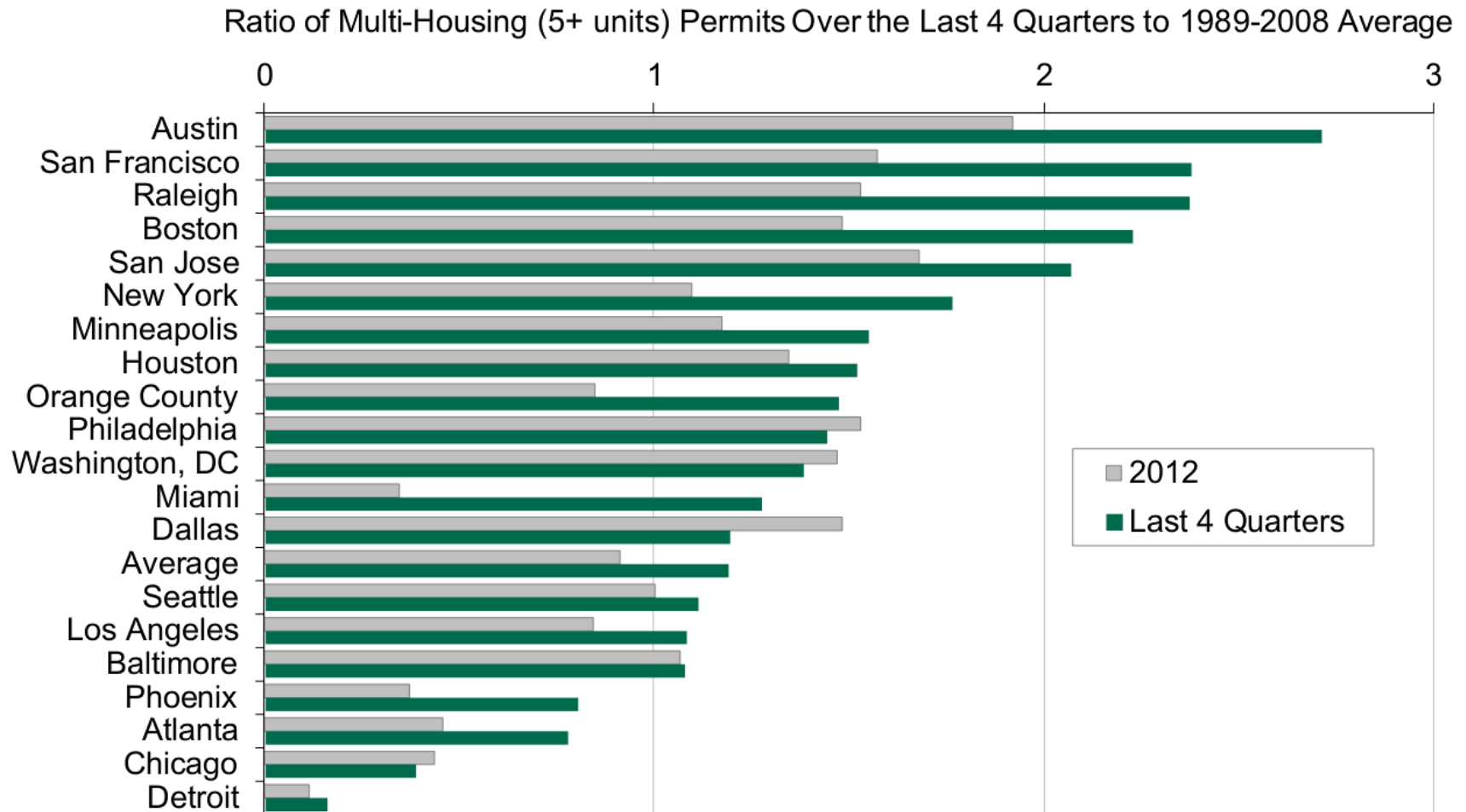
RENT GROWTH IS KEEPING THE PACE IN MOST MARKETS

Same-store Rent Growth, %



Source: CBRE Econometric Advisors, Q3 2013.

NEAR-TERM SUPPLY PRESSURES VARY ACROSS MARKETS



Sources: Bureau of the Census and CBRE Econometric Advisors, Q3 2013.