



THE FEDERAL RESERVE BANK *of* MINNEAPOLIS

# Are we headed into a recession?





# Disclaimer

The views expressed here are the presenter's and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.

[minneapolisfed.org](http://minneapolisfed.org)



**Web:**  
**[minneapolisfed.org](http://minneapolisfed.org)**

**Twitter:**  
**[@TobyCMadden](https://twitter.com/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](http://research.stlouisfed.org)





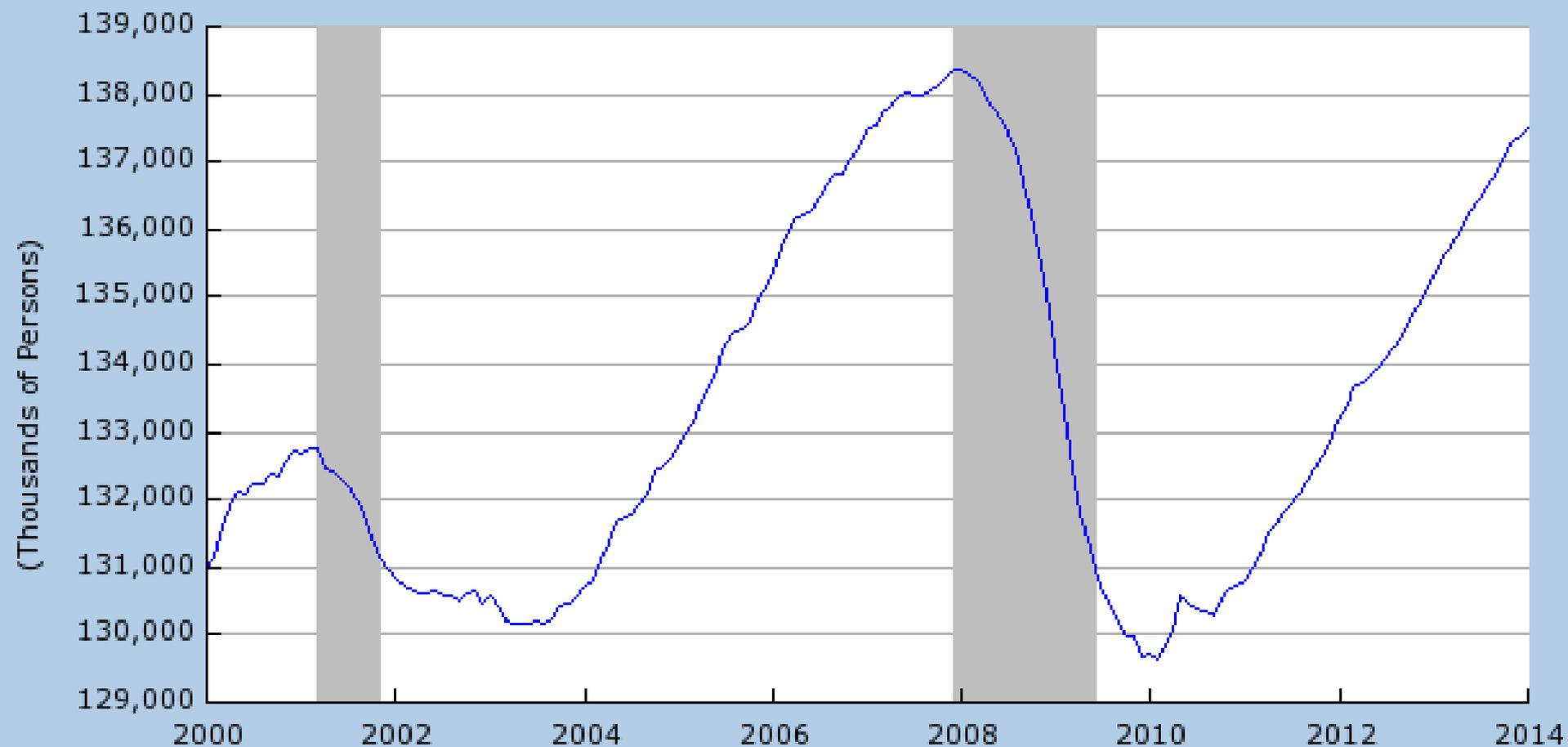
THE FEDERAL RESERVE BANK *of* MINNEAPOLIS

# Long Live the weak Expansion





All Employees: Total nonfarm (PAYEMS)  
Source: U.S. Department of Labor: Bureau of Labor Statistics



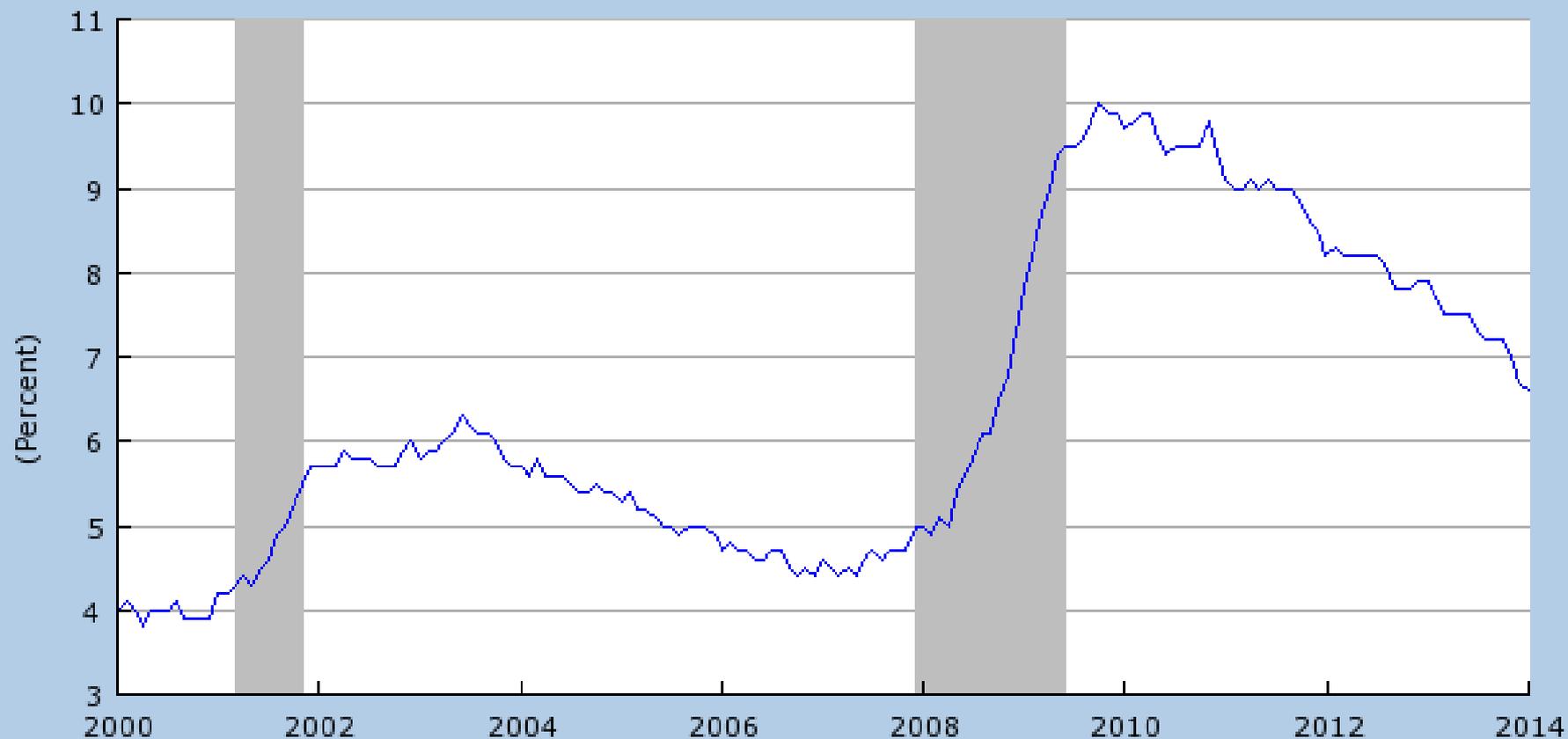
Shaded areas indicate US recessions.  
2014 research.stlouisfed.org





### Civilian Unemployment Rate (UNRATE)

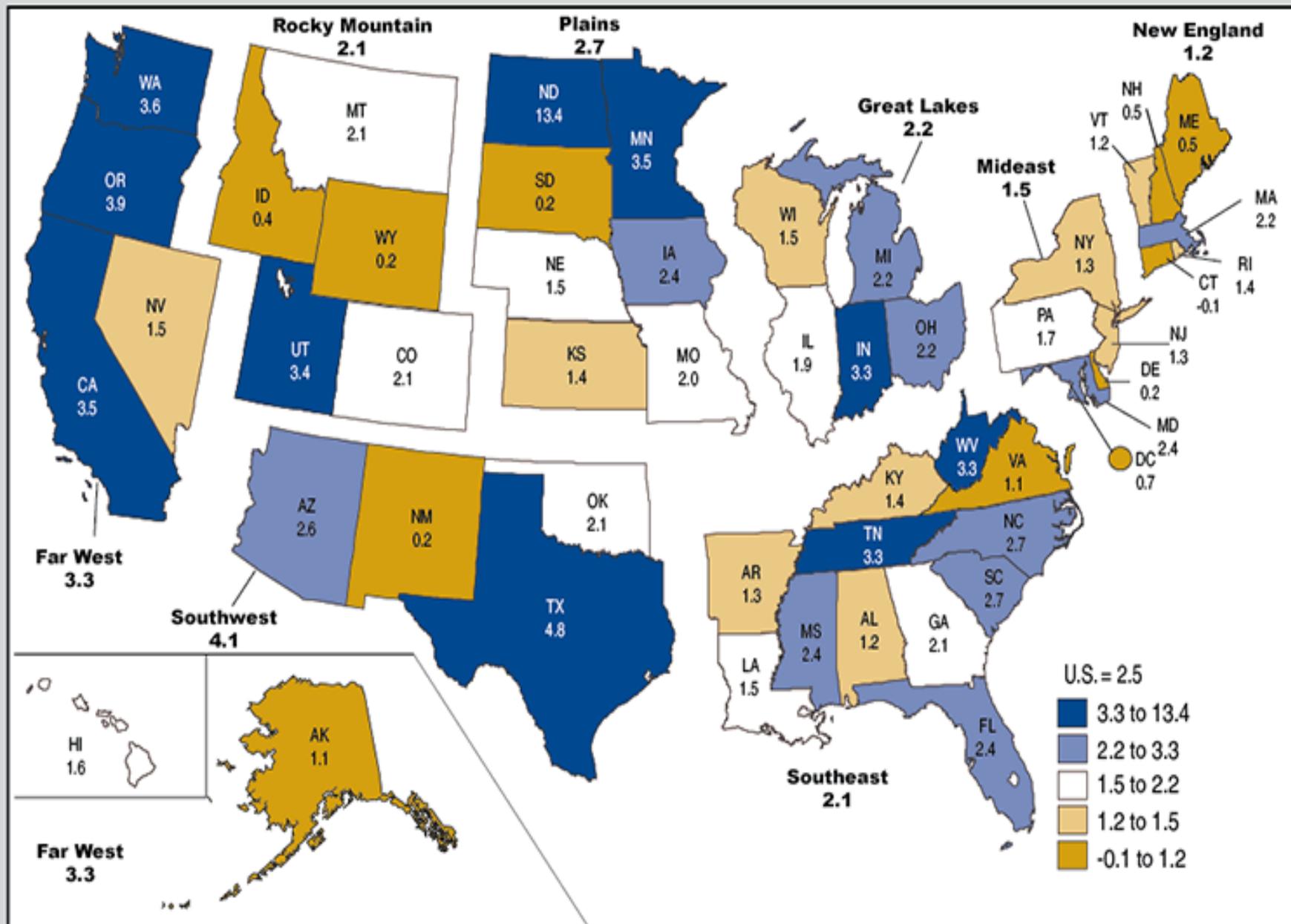
Source: U.S. Department of Labor: Bureau of Labor Statistics



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



# 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

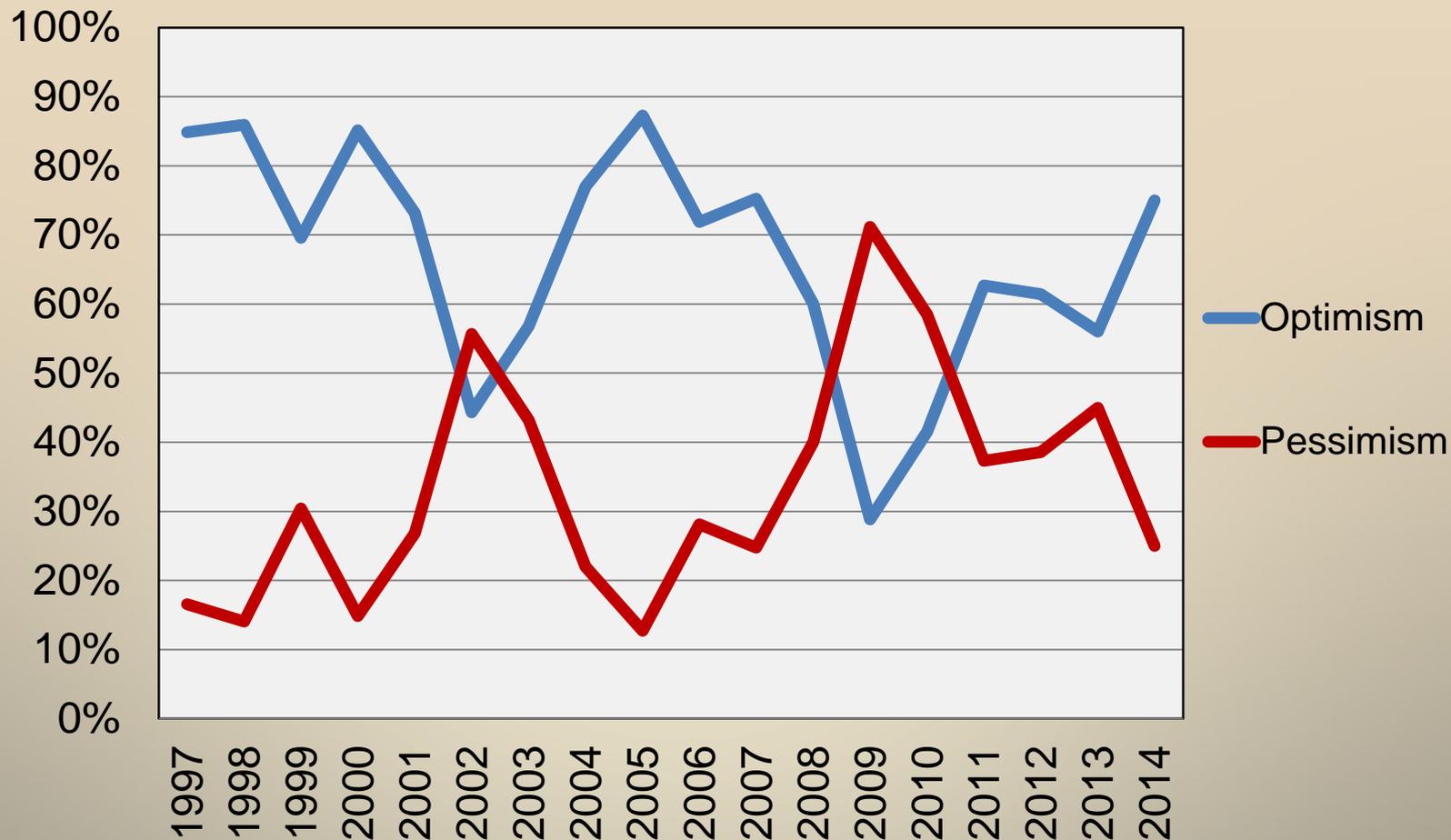


# Ninth District Economy: Growth in 2014

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

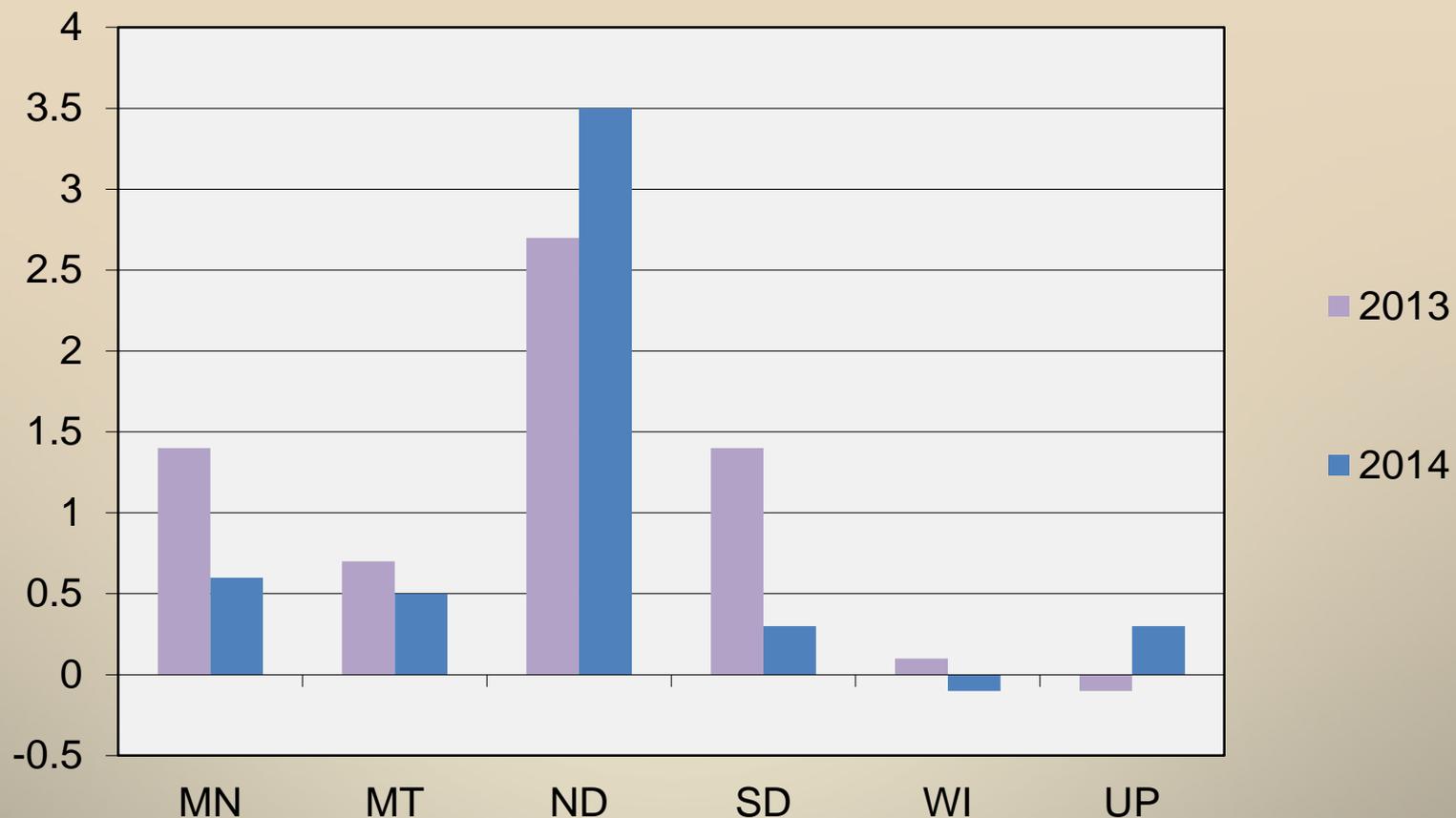


## Business optimism is at a 7-year high





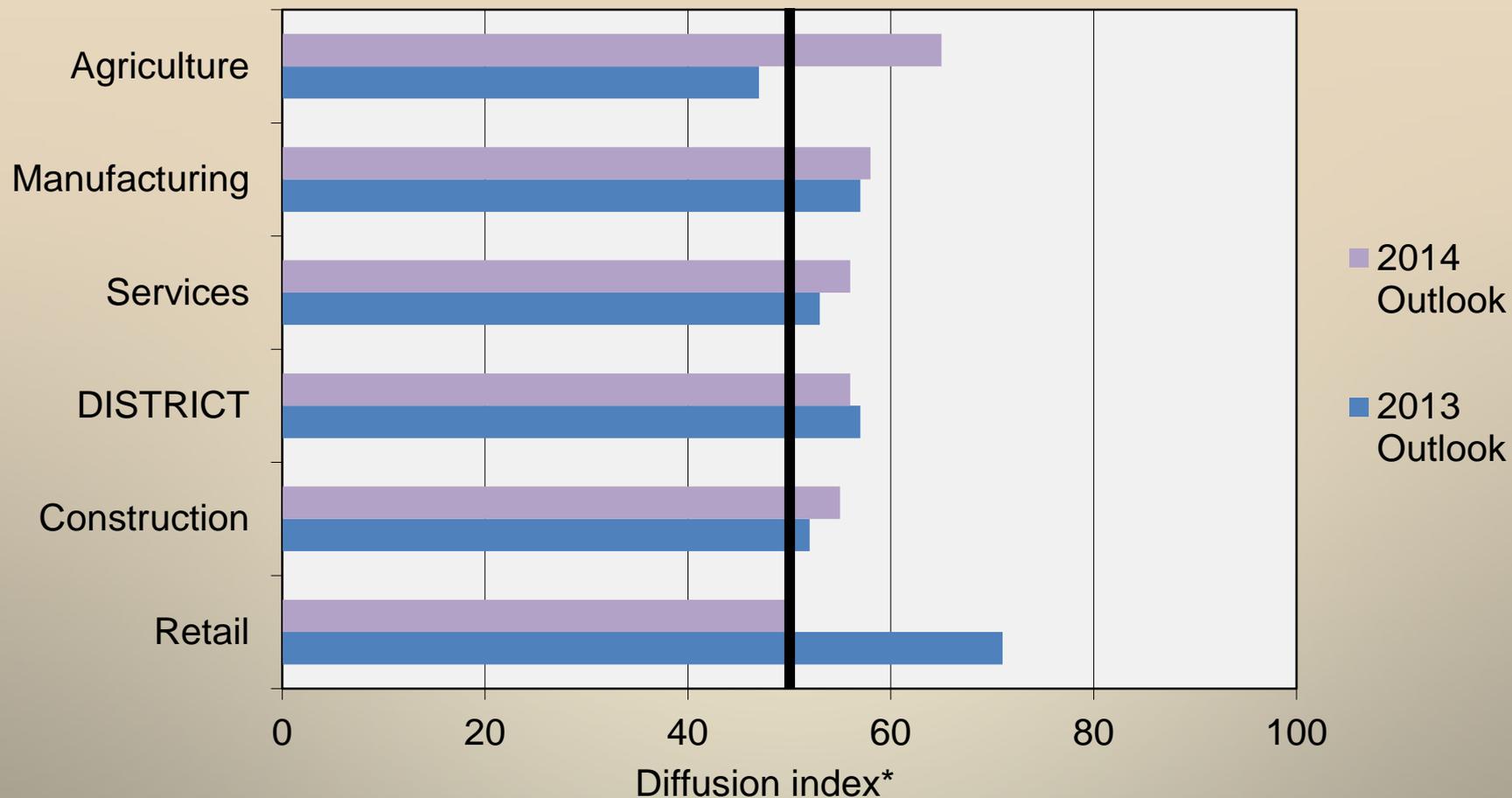
## Employment gains modest



Nonfarm employment forecast  
Percent change from a year earlier – 4<sup>th</sup> quarter



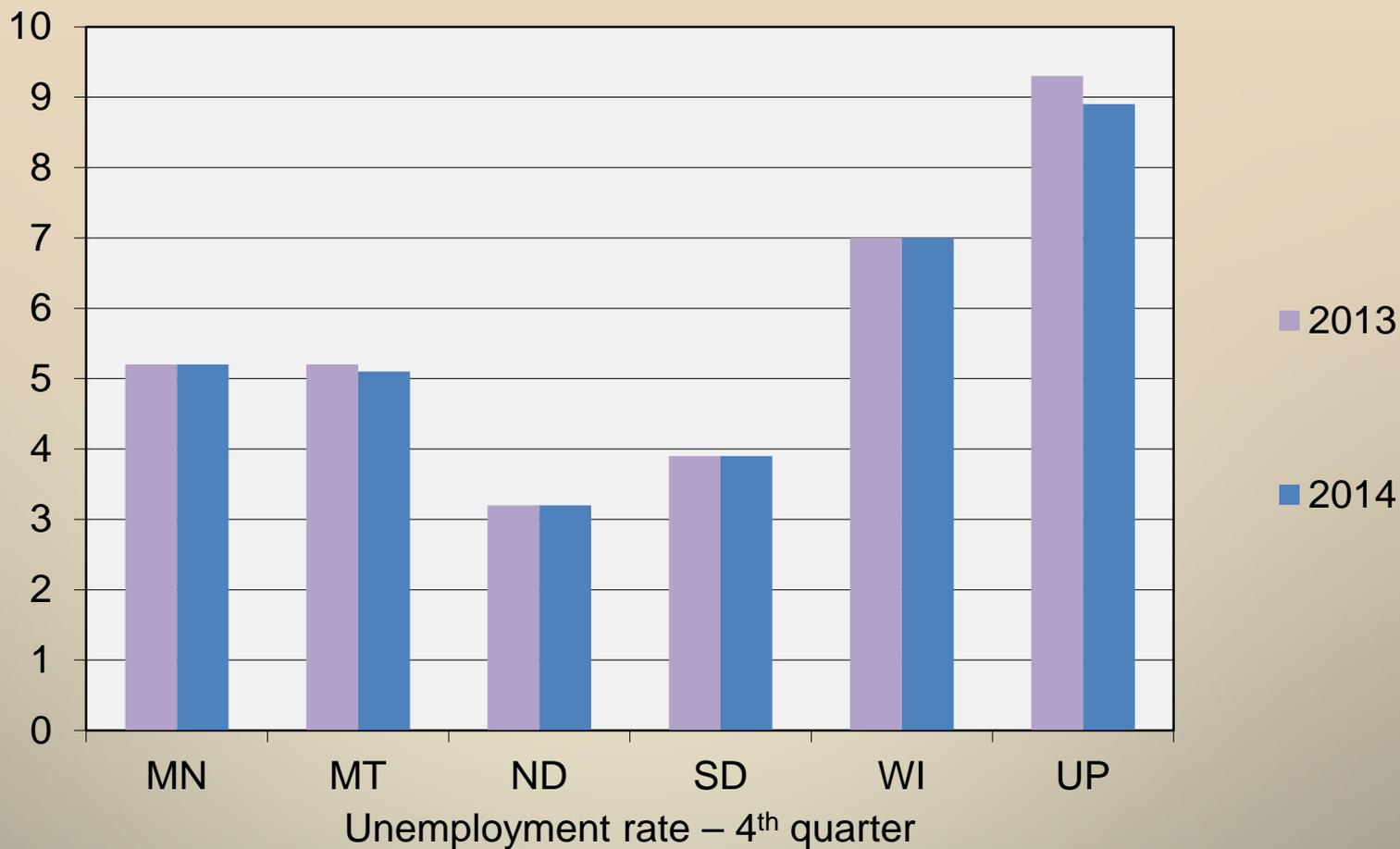
## Business leaders expect increased employment at their companies



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

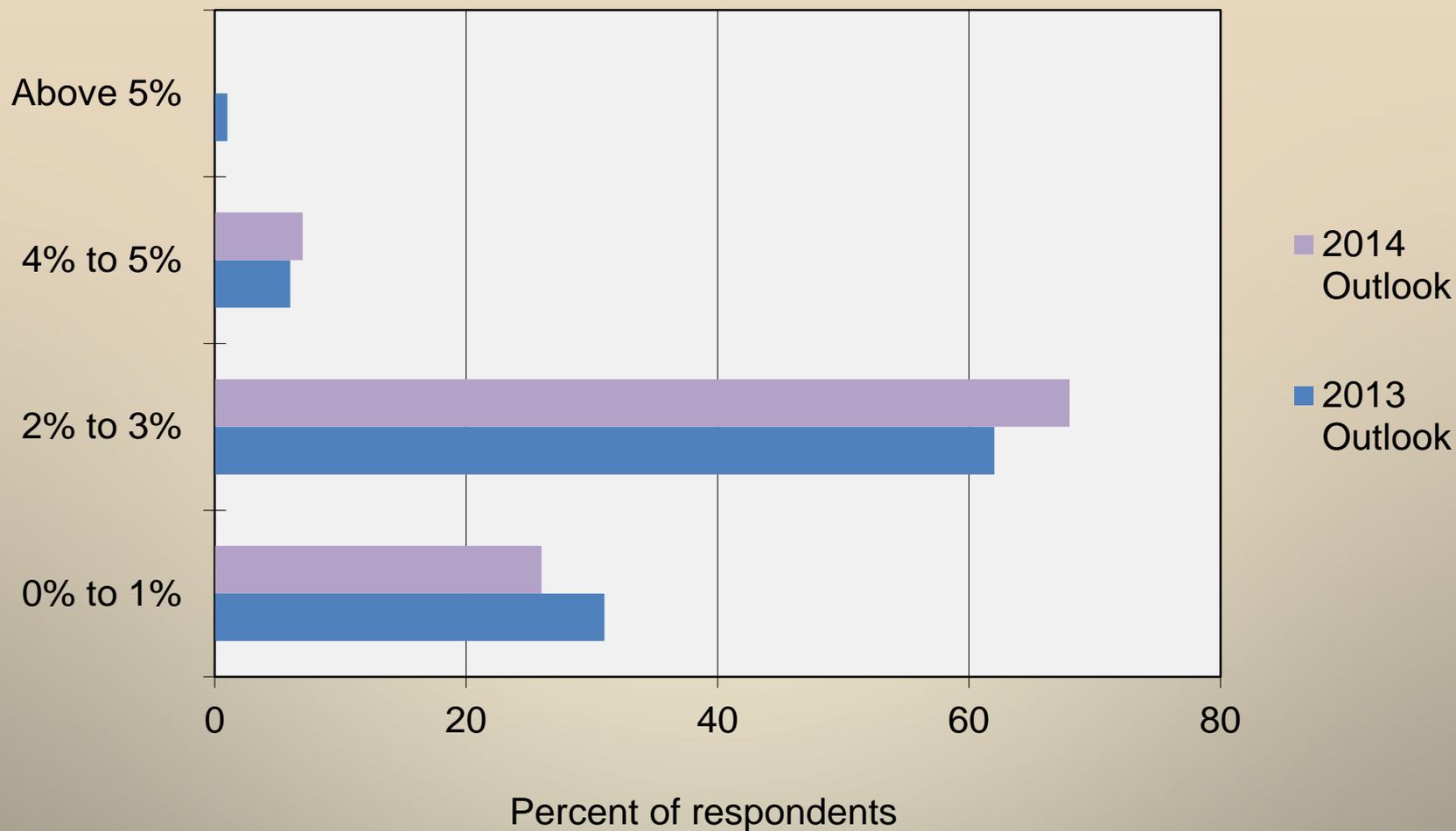


## Not much change in unemployment rates



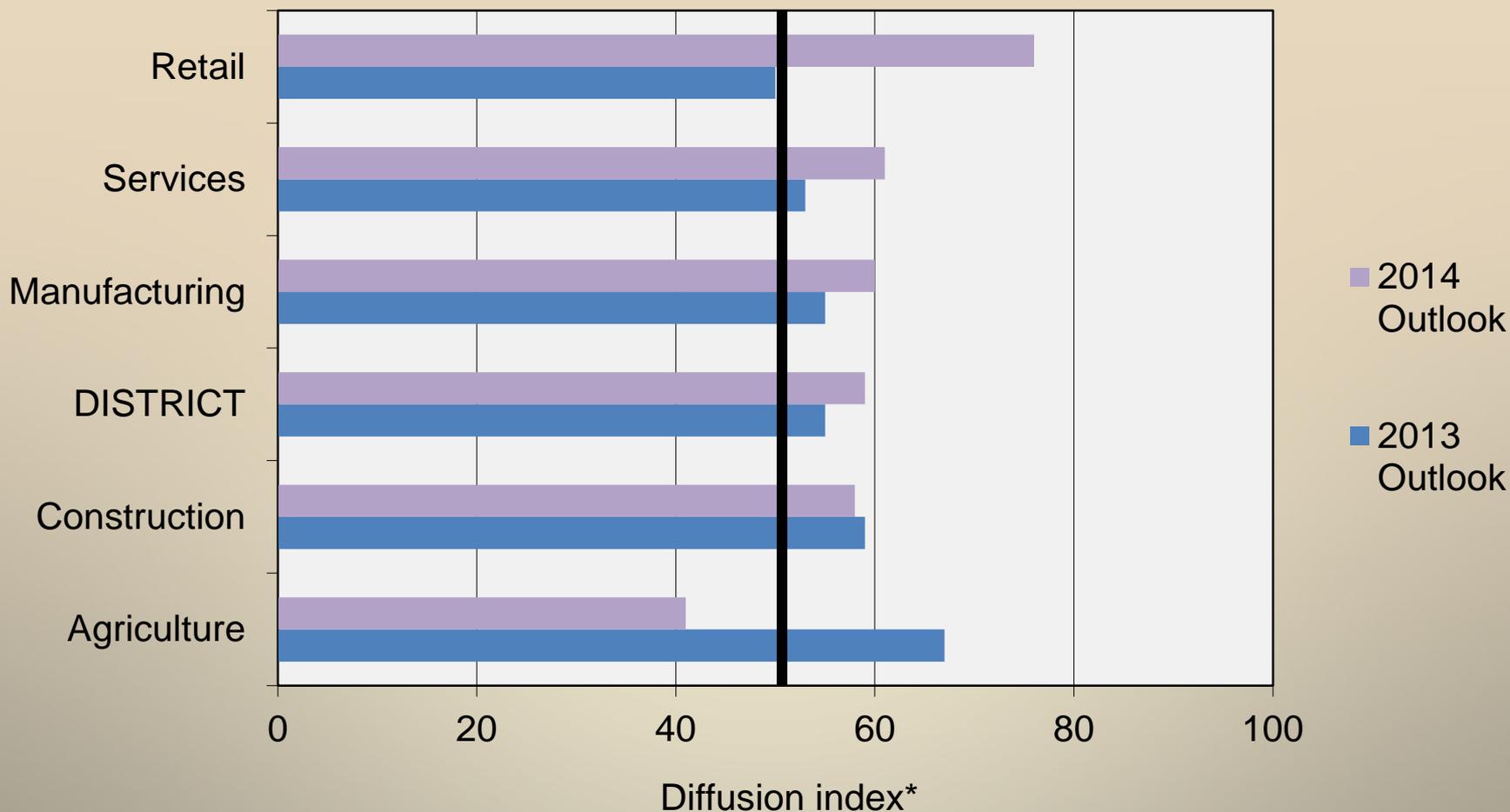


## Business leaders anticipate small wage increases





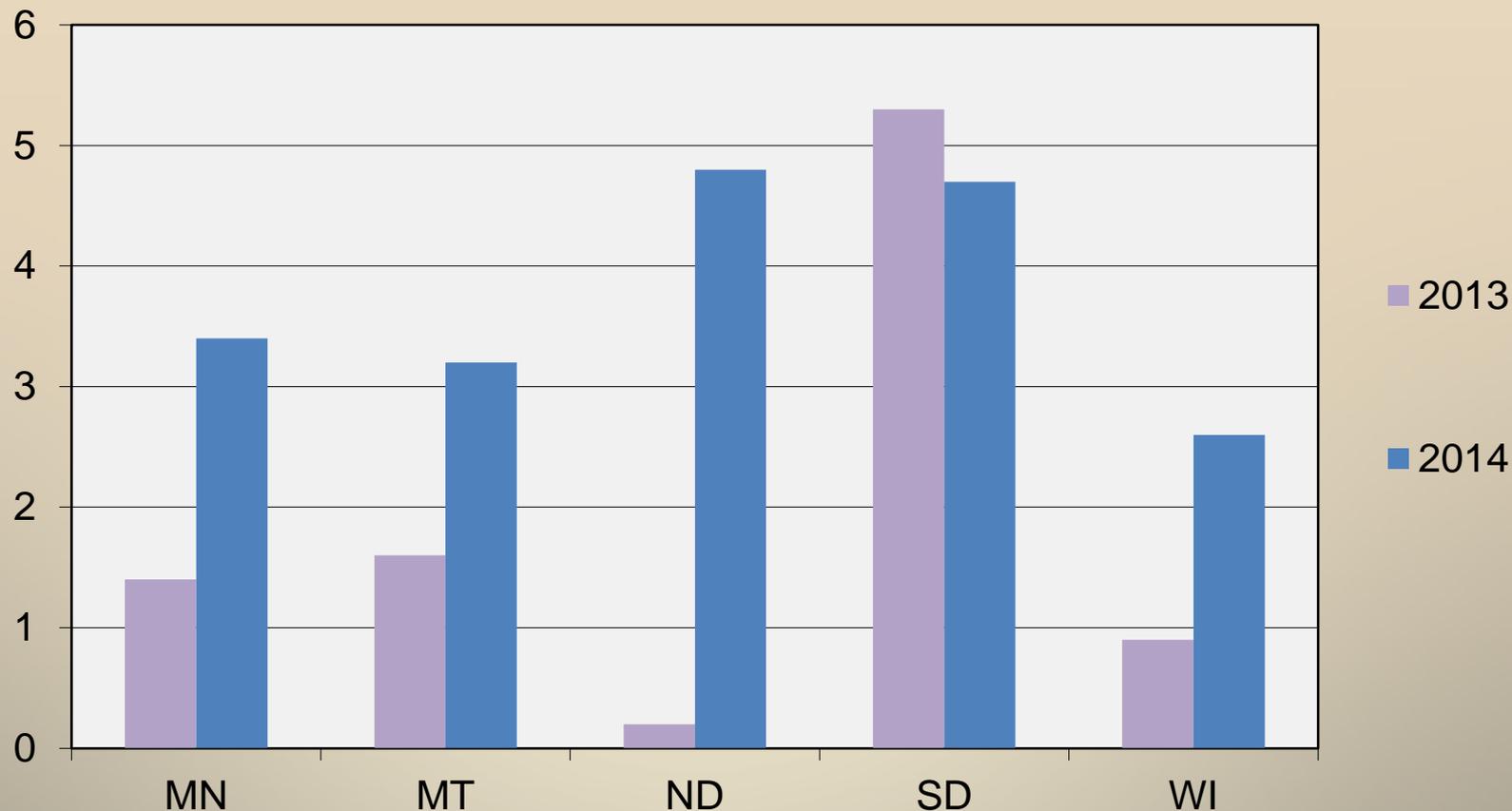
## Business leaders foresee some price increases



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

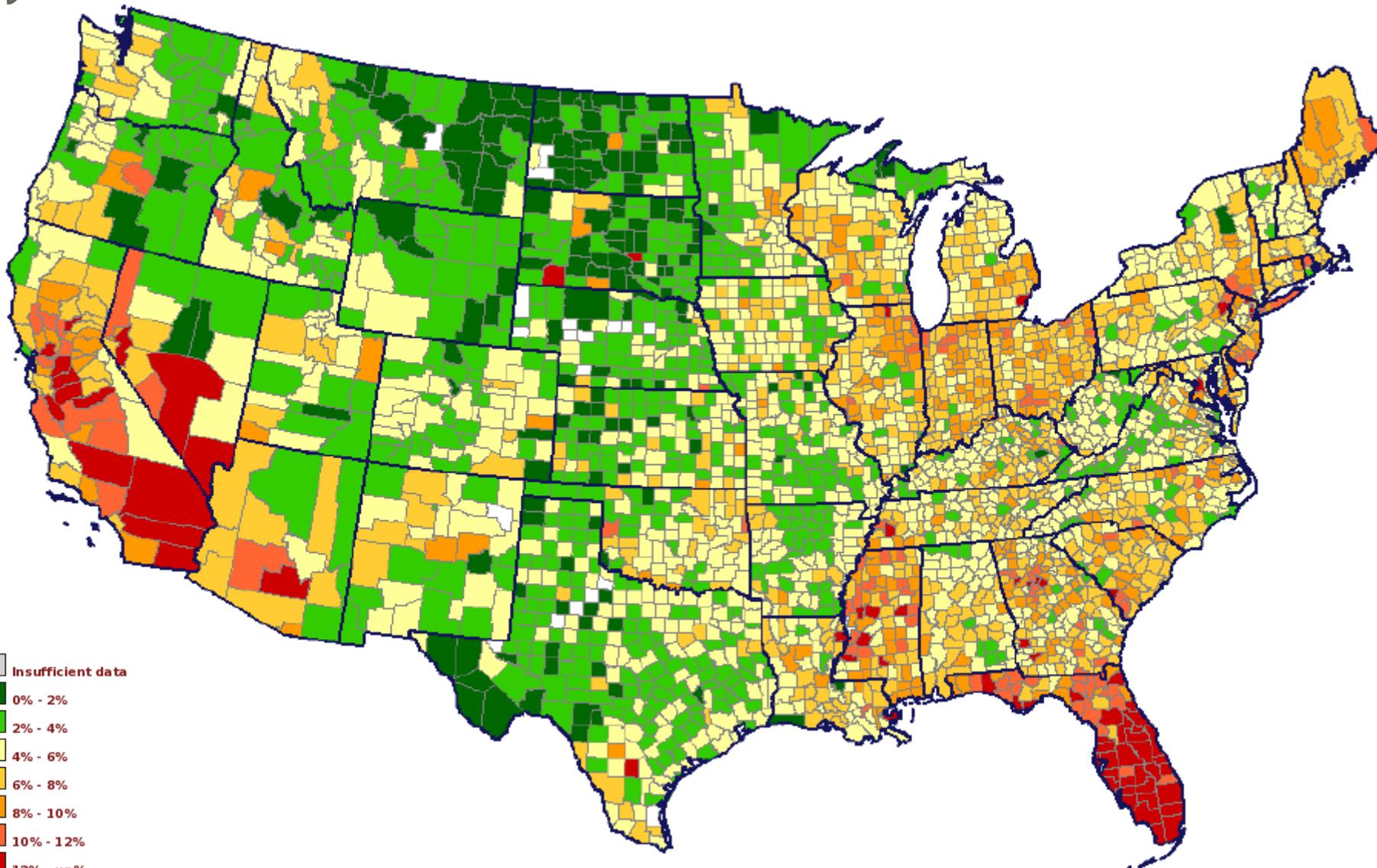


## Personal income growth expected to increase



Percent change from a year earlier – 4<sup>th</sup> quarter

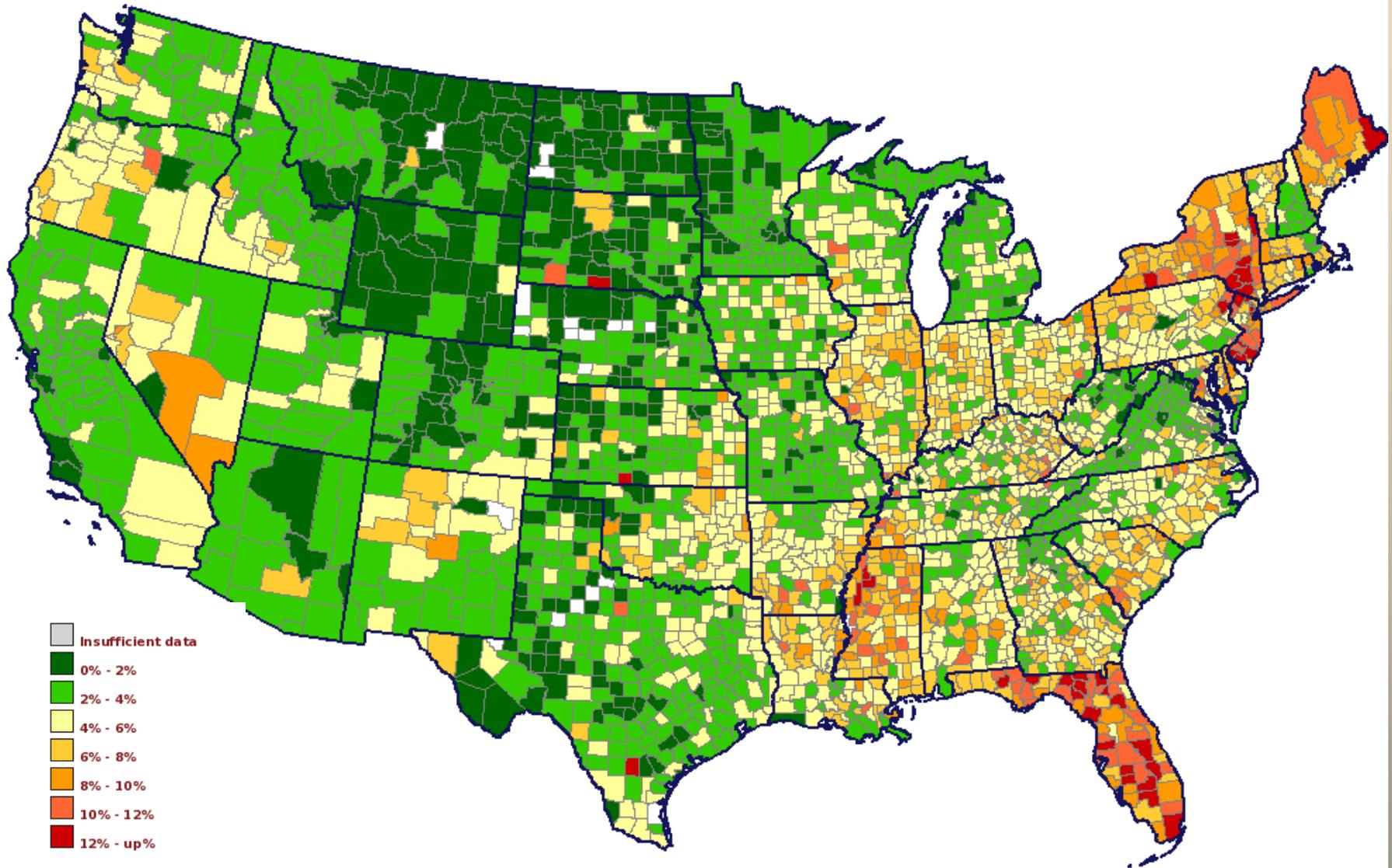
# More than 90 days past due June 2010



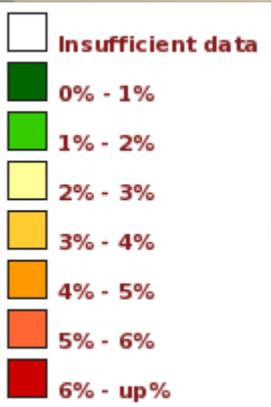
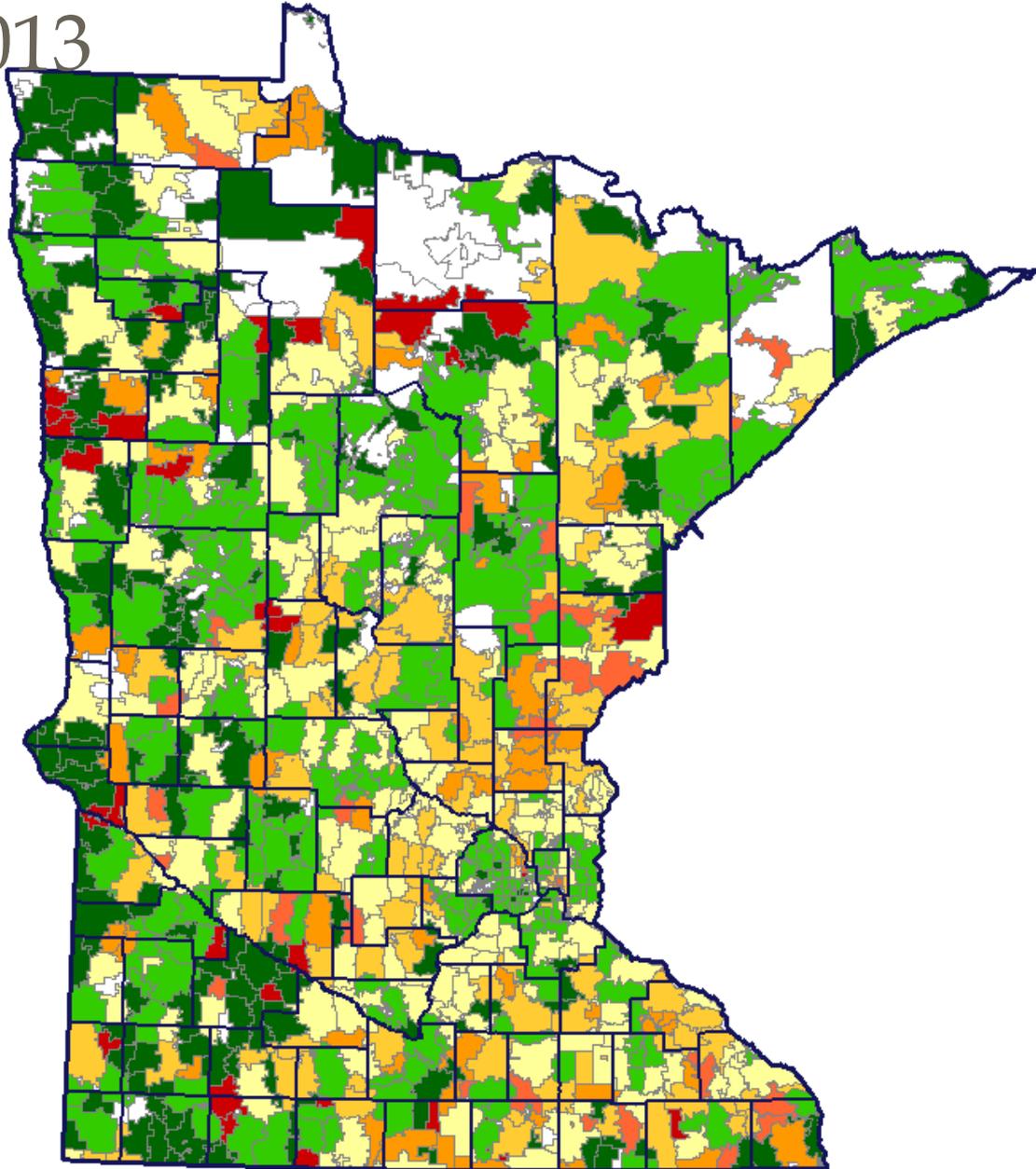
# More than 90 days past due December 2013

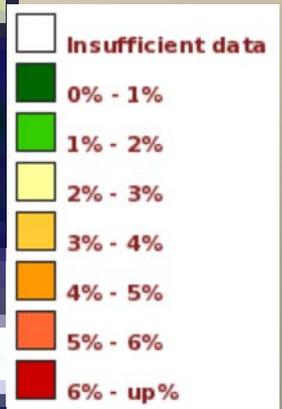
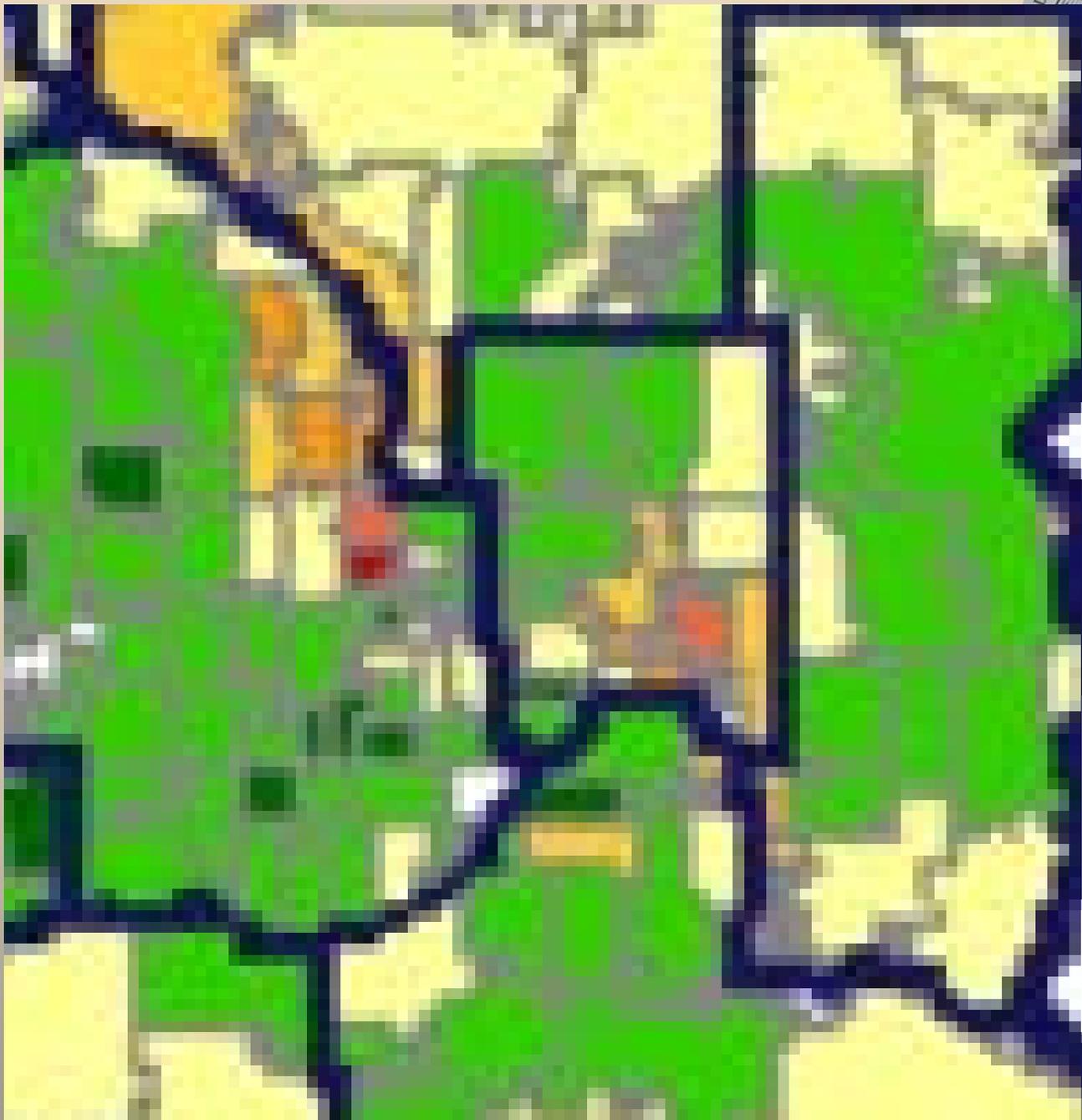


Delinquent Payment: 90+ PD,Foreclosure, US, 201312\*



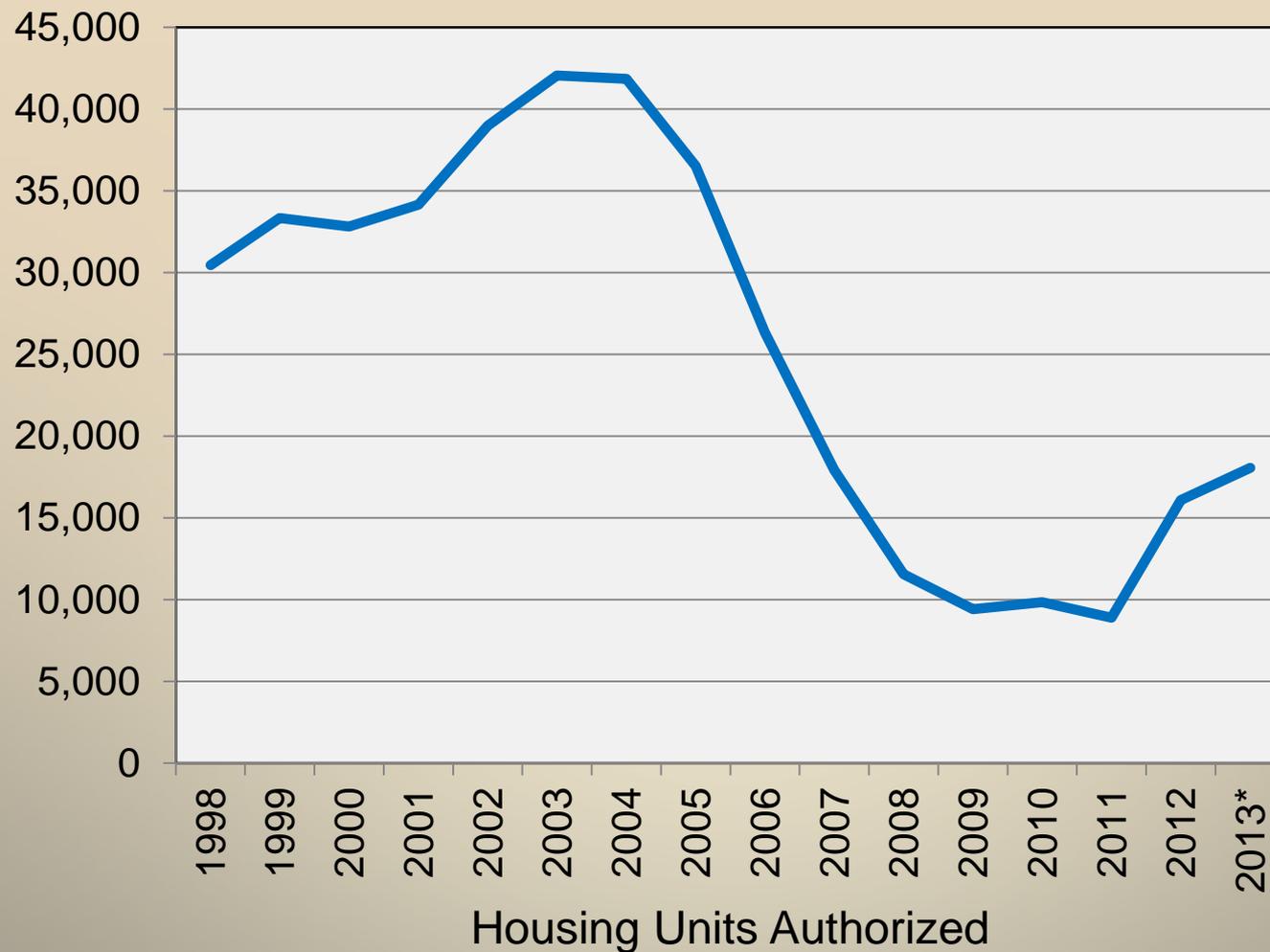
# More than 90 days past due August 2013







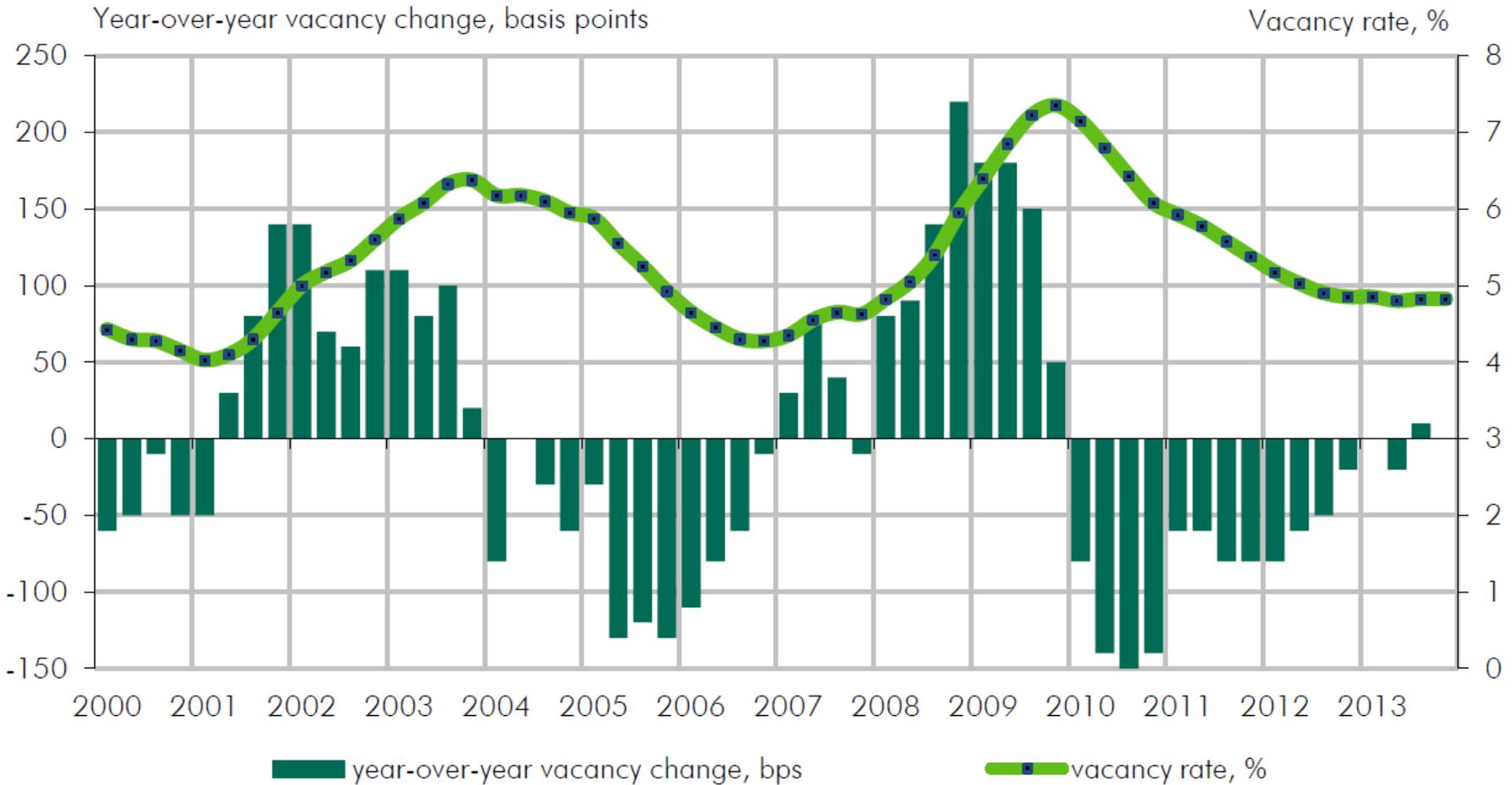
## Home building recovery continues in Minnesota



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



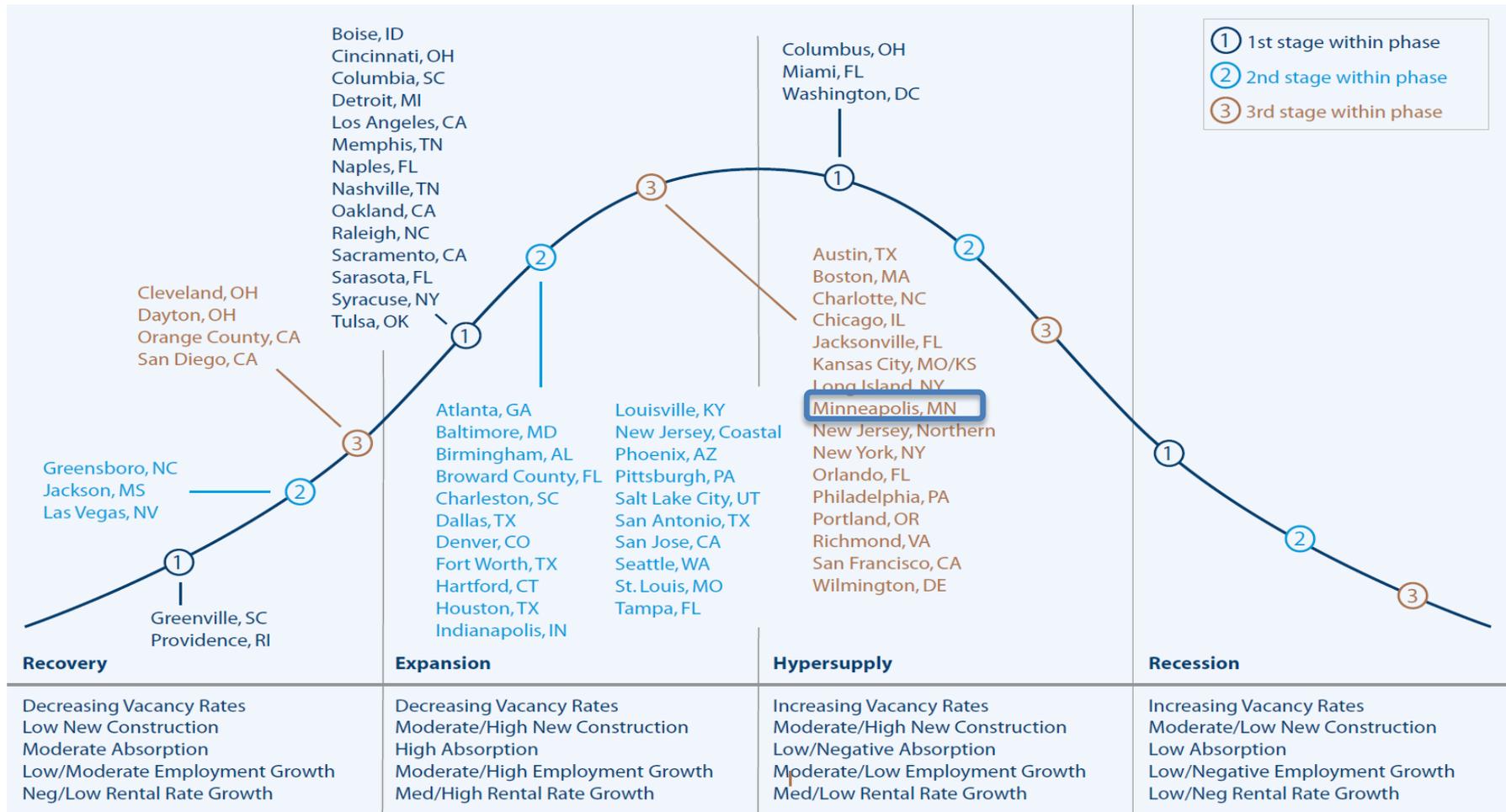
## Apartment Vacancy Keeps Steady



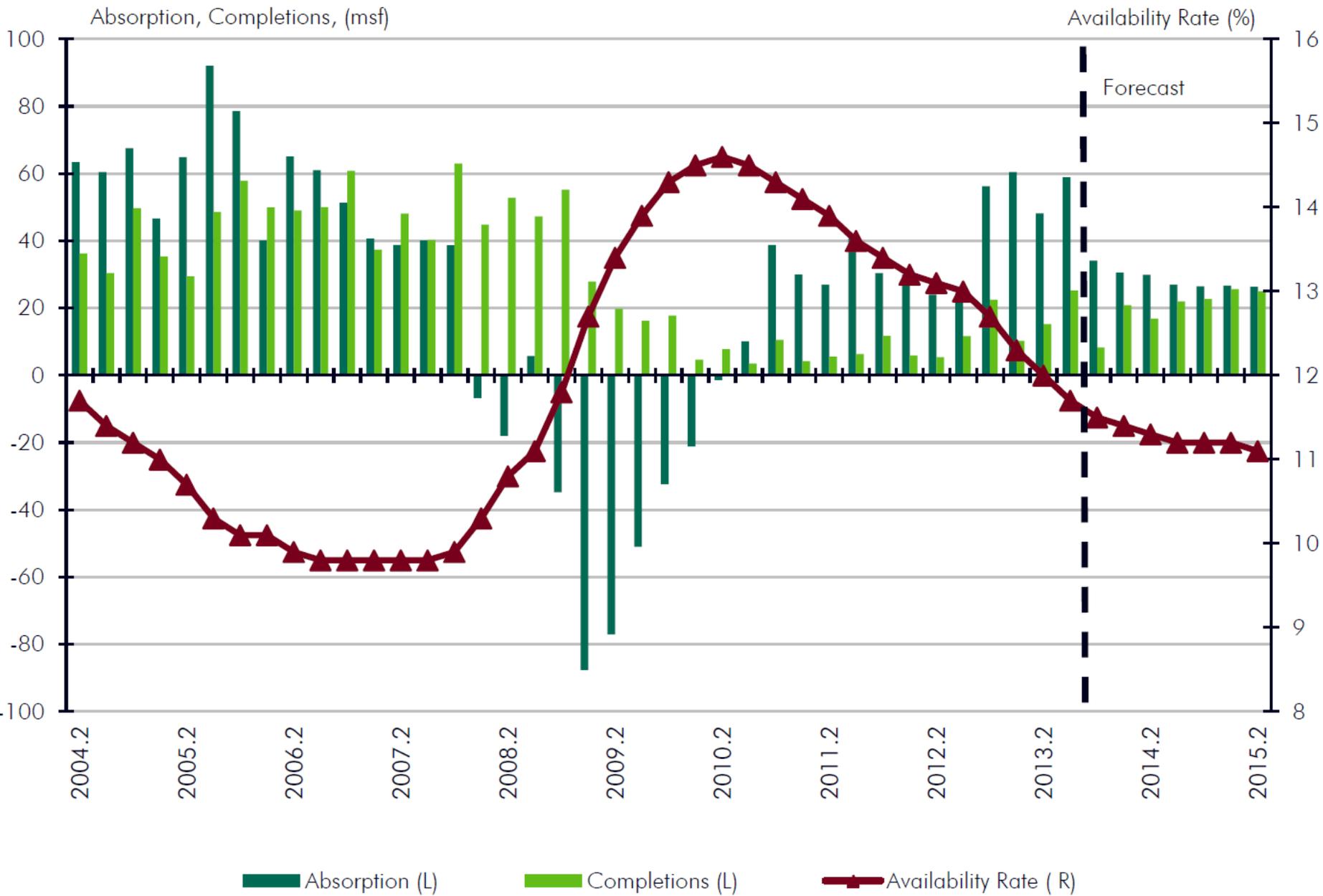
Sources: MPF Research, CBRE Econometric Advisors.



**Apartment Cycle Chart (Fig.15)**

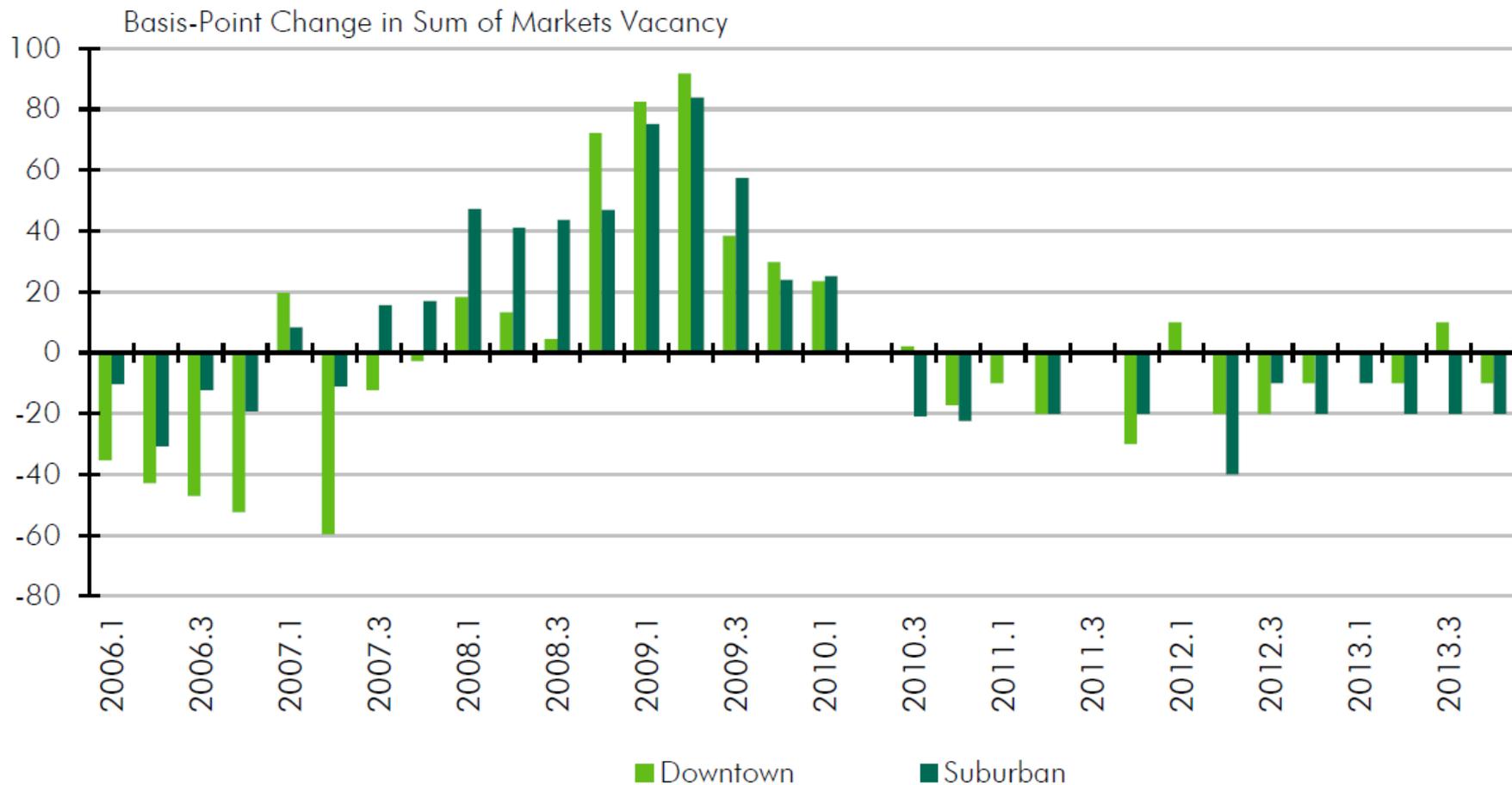


# The State of the Industrial Real Estate Market



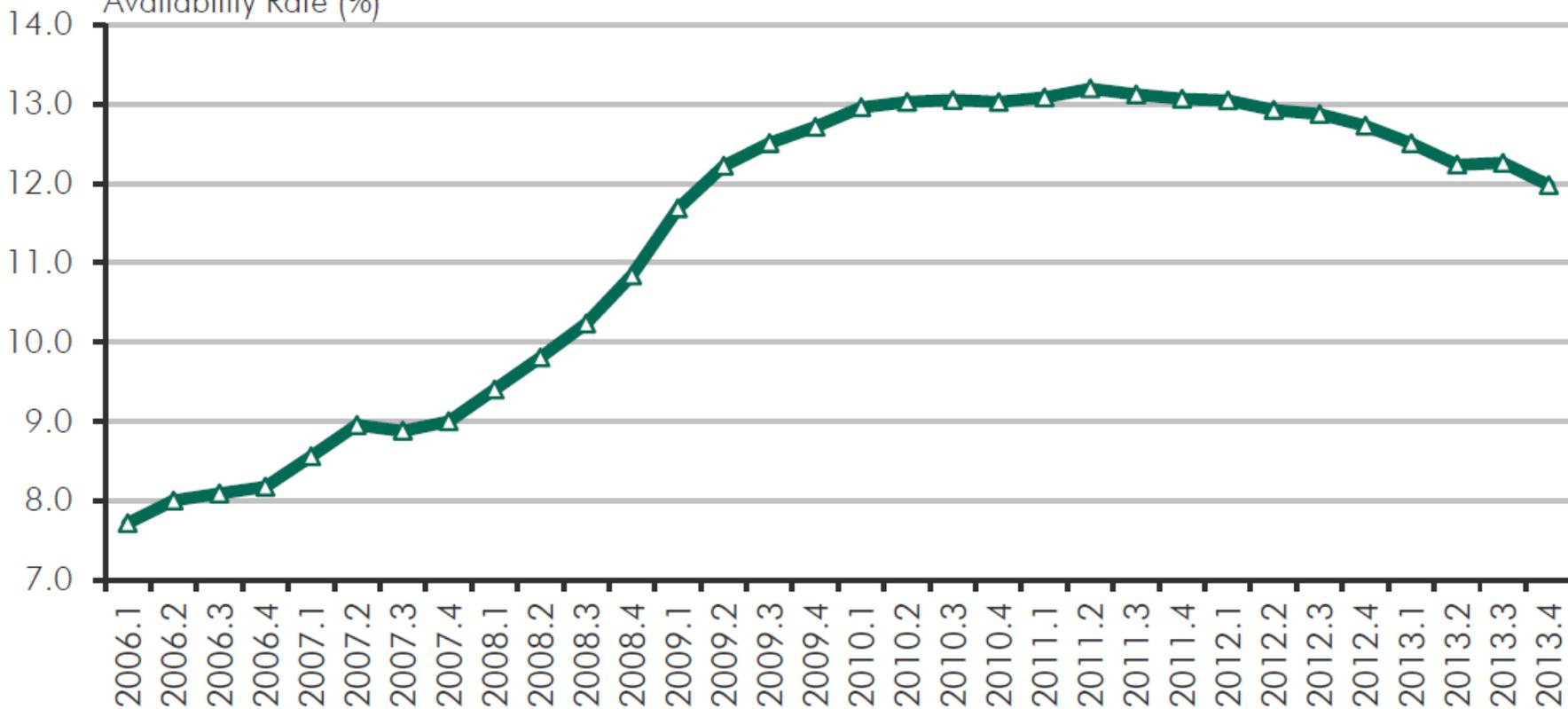


## Sum of Markets Downtown Vacancies Decline, despite New Supply in New York





Availability Rate (%)





THE FEDERAL RESERVE BANK *of* MINNEAPOLIS

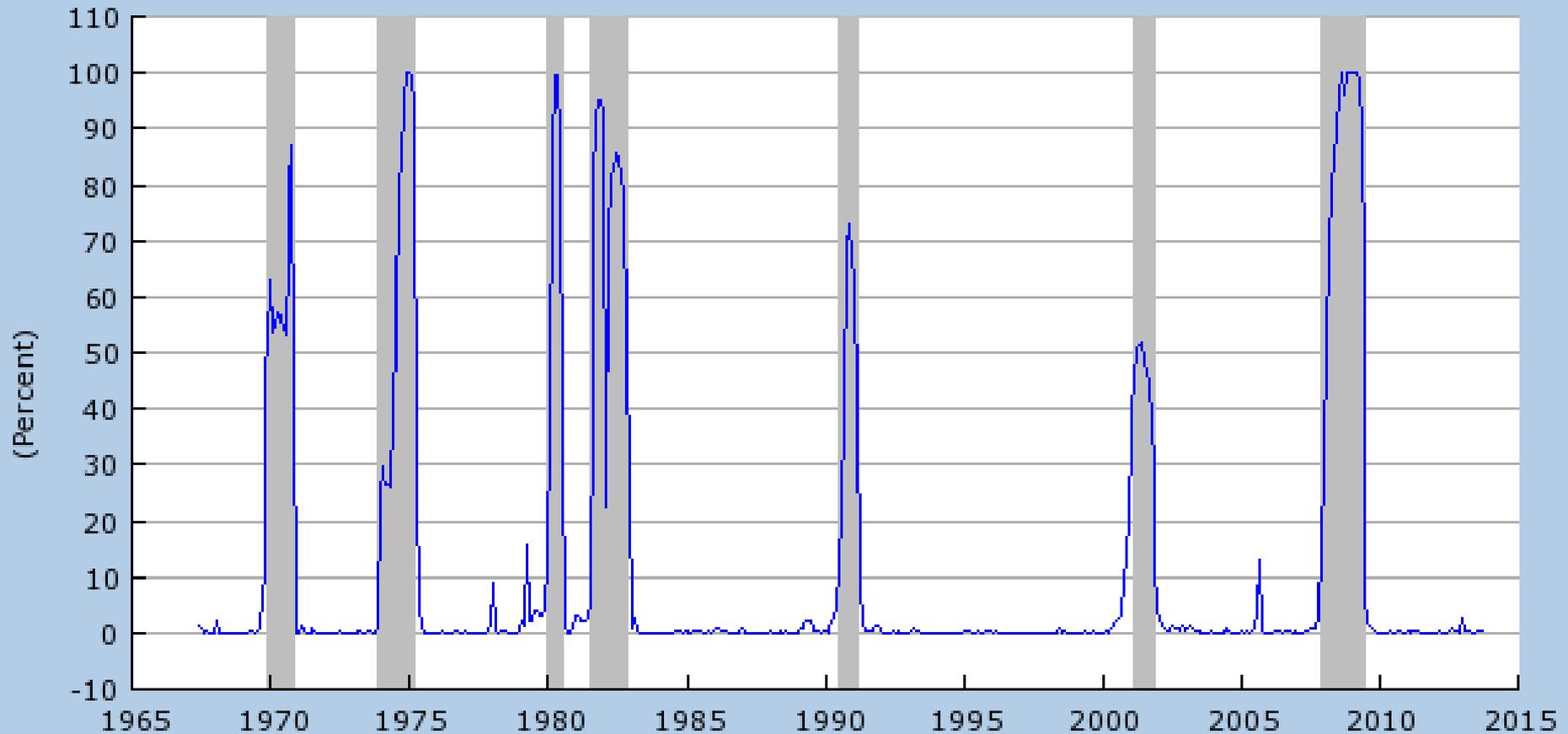
# Stay away recession!

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



## Smoothed U.S. Recession Probabilities (RECPROUSM156N)

Source: Marcelle Chauvet and Jeremy Piger



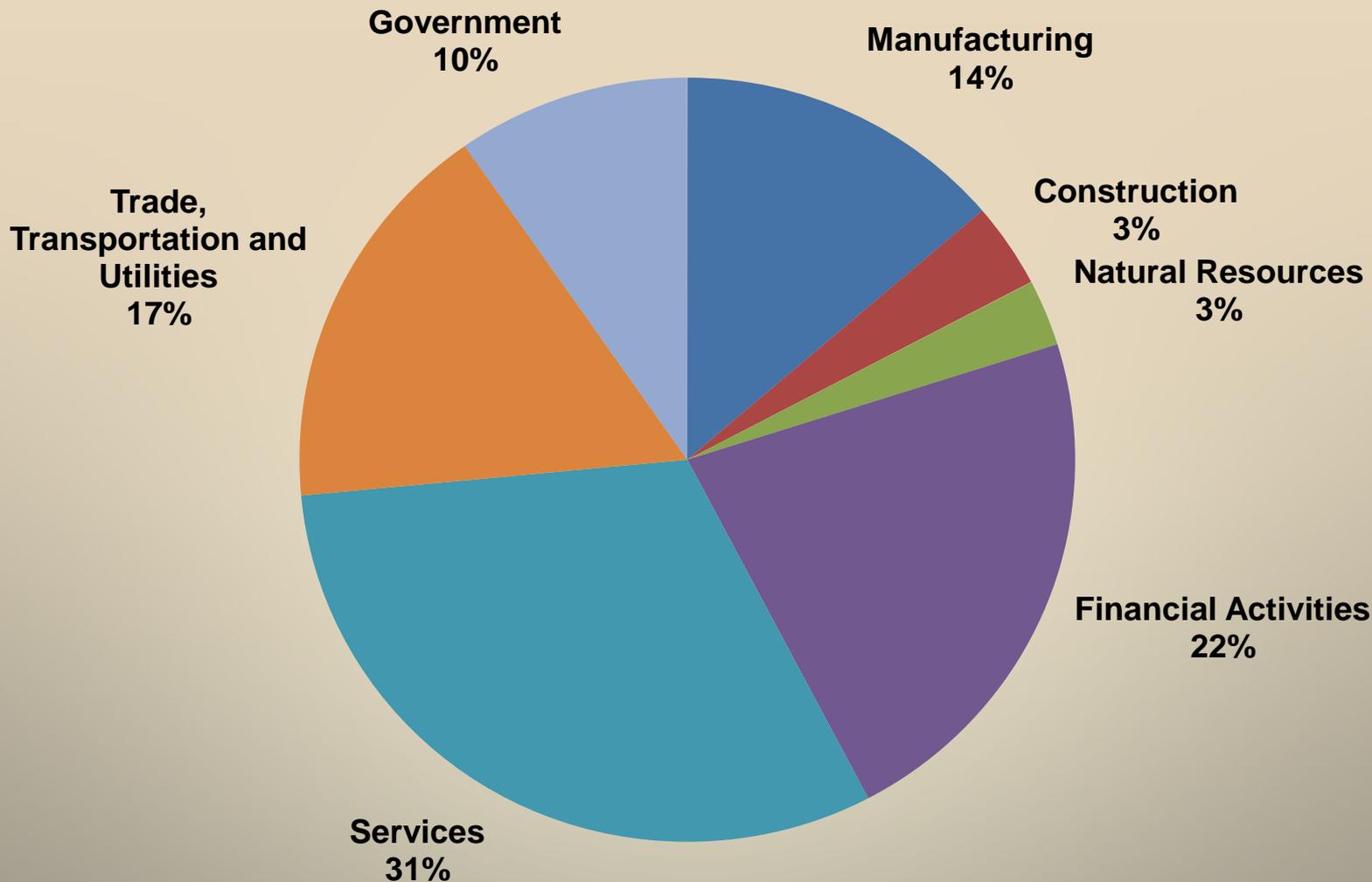
Shaded areas indicate US recessions.

2013 [research.stlouisfed.org](http://research.stlouisfed.org)



# Agriculture is a small share of economy

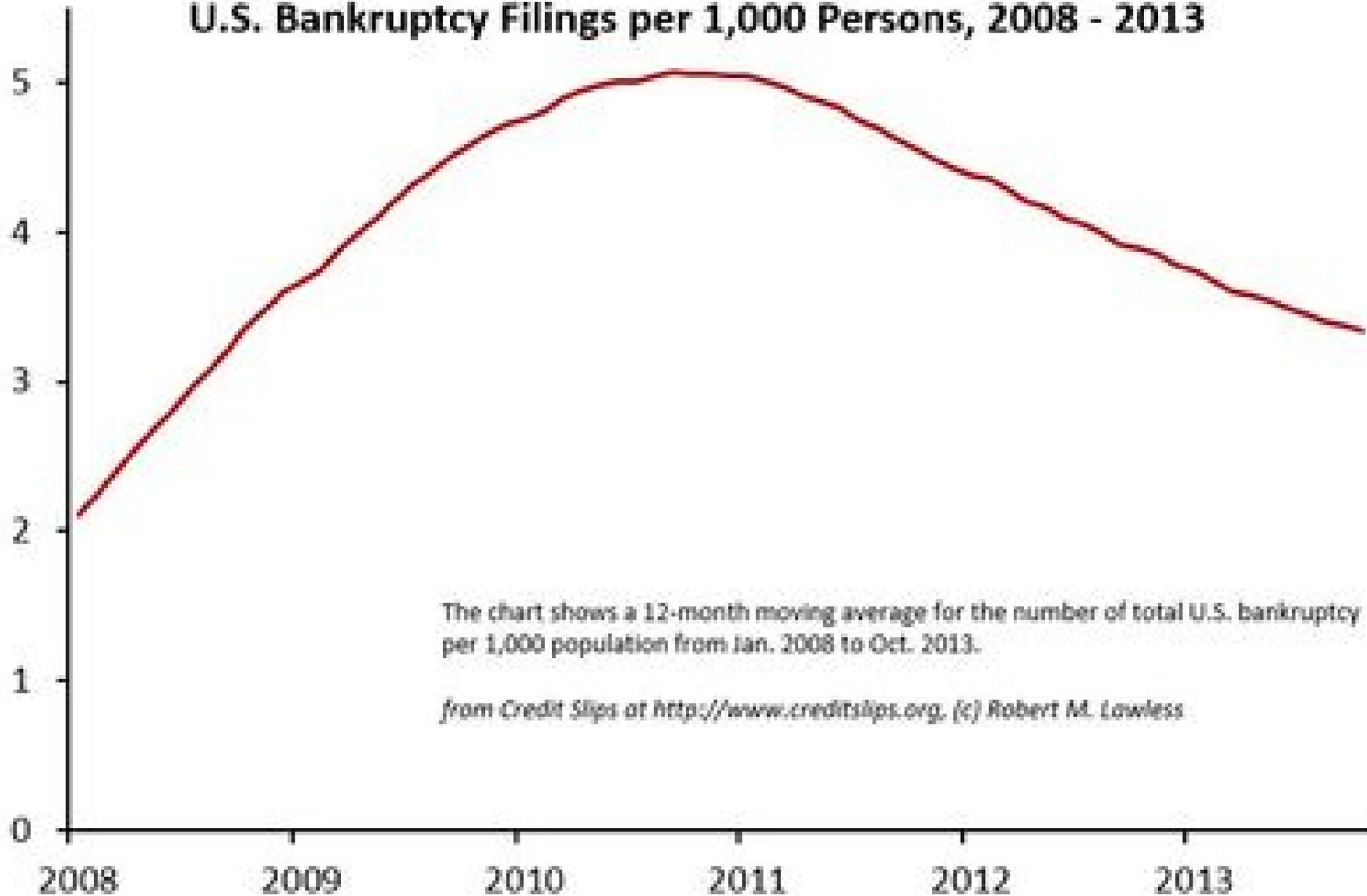
## Minnesota 2012 Gross Domestic Product \$295 Billion





**Questions?**

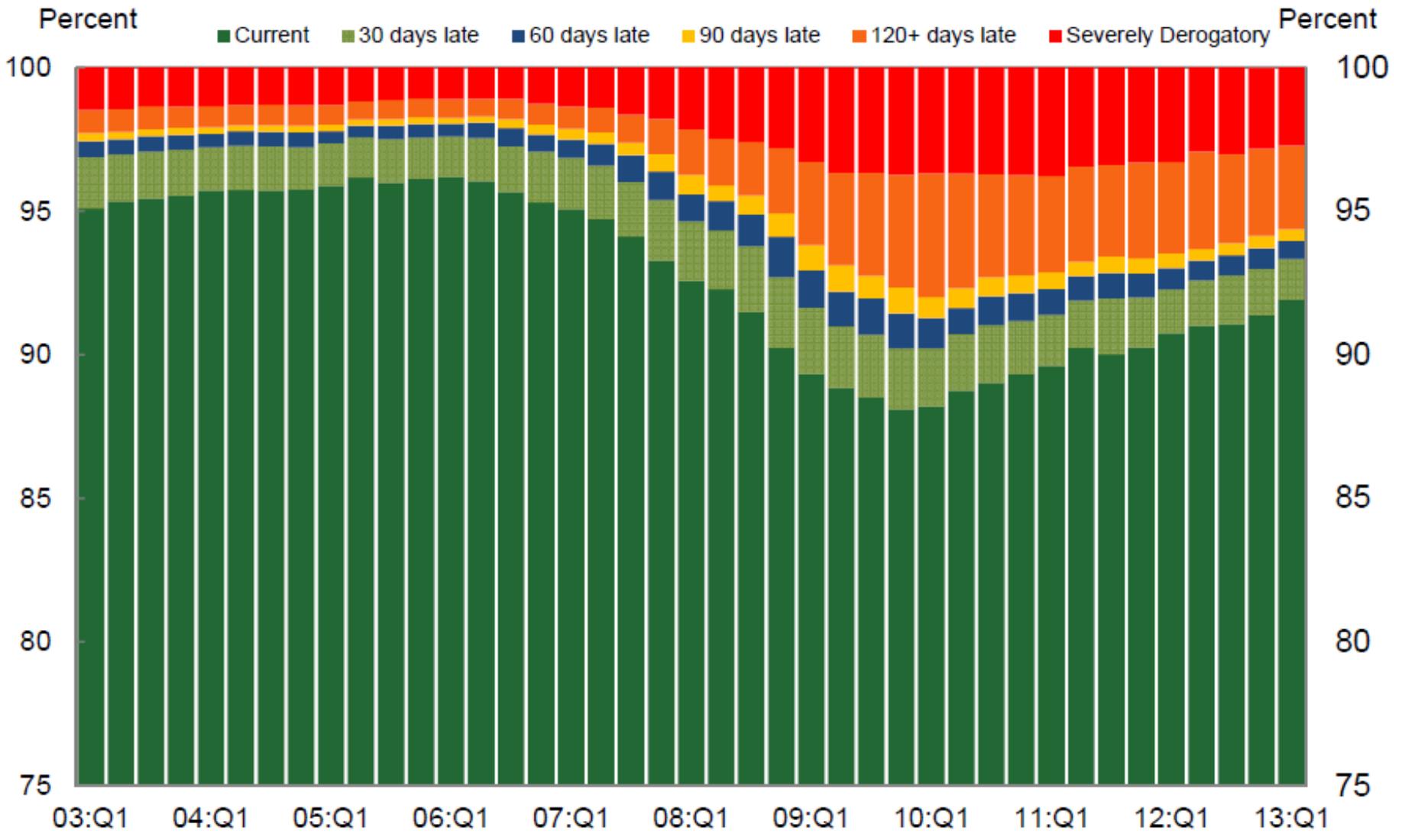
## U.S. Bankruptcy Filings per 1,000 Persons, 2008 - 2013



The chart shows a 12-month moving average for the number of total U.S. bankruptcy per 1,000 population from Jan. 2008 to Oct. 2013.

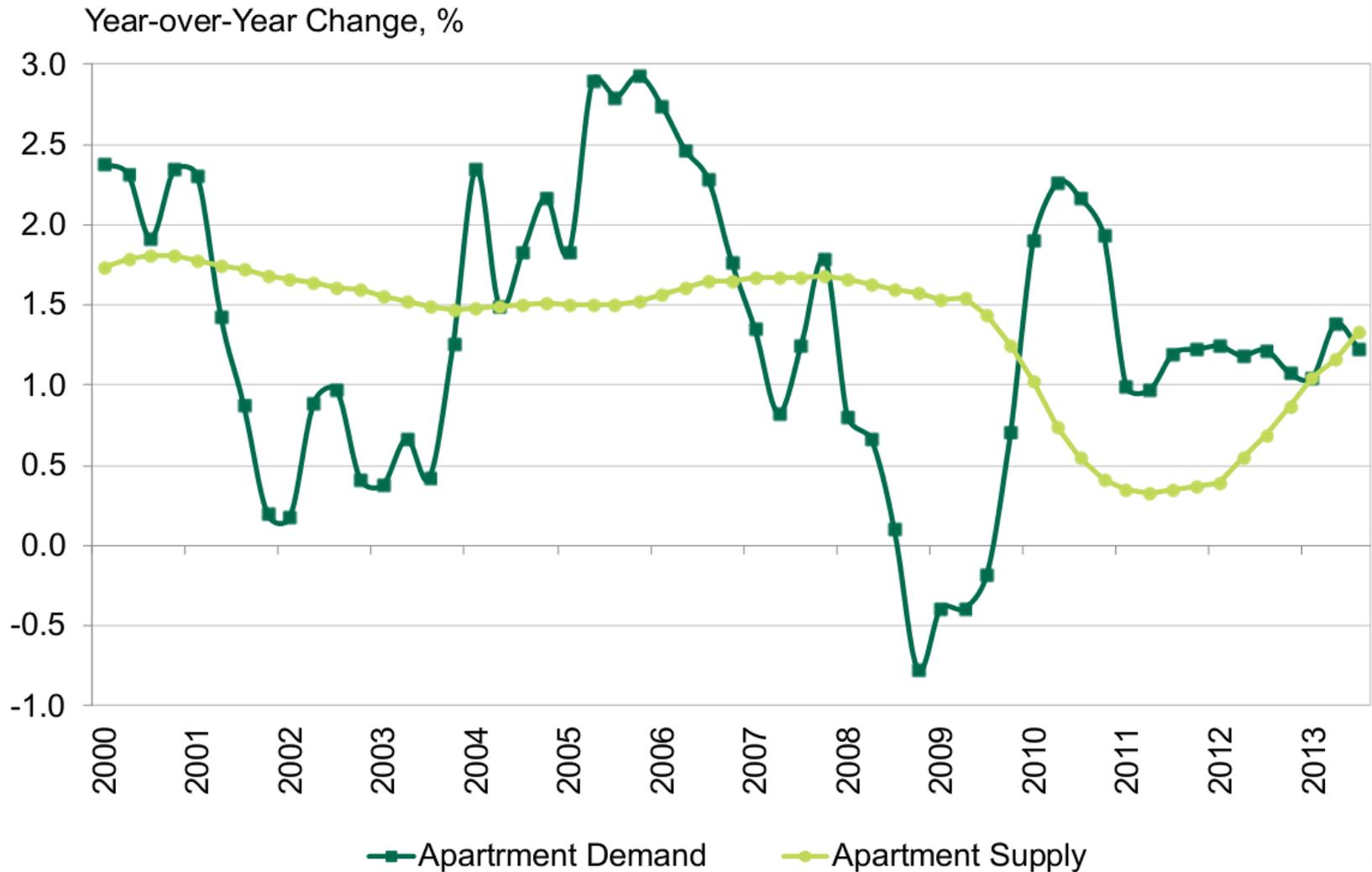
*from Credit Slips at <http://www.creditslips.org>, (c) Robert M. Lawless*

# Total Balance by Delinquency Status



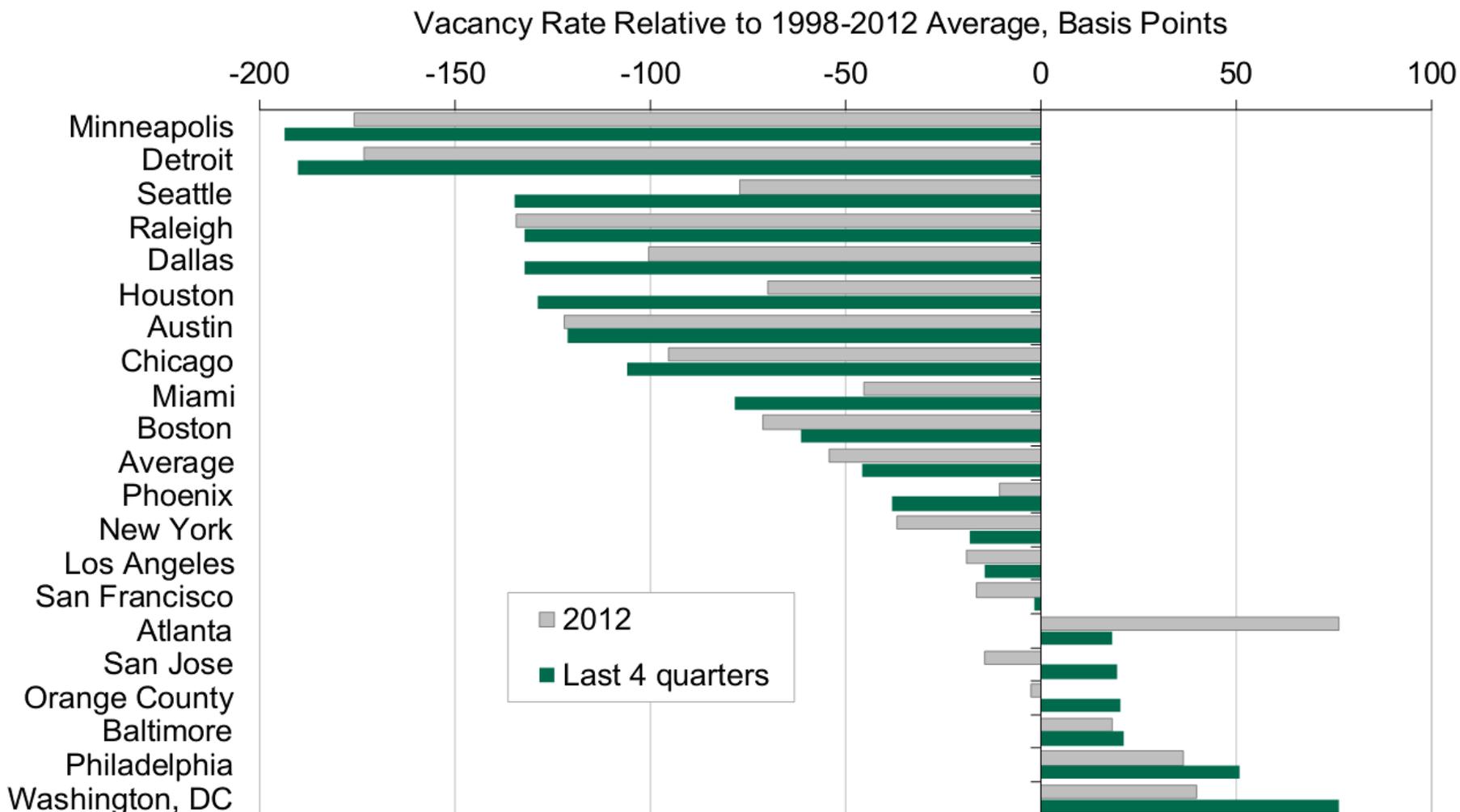
Source: FRBNY Consumer Credit Panel/Equifax

# APARTMENT SUPPLY IS CATCHING UP WITH DEMAND



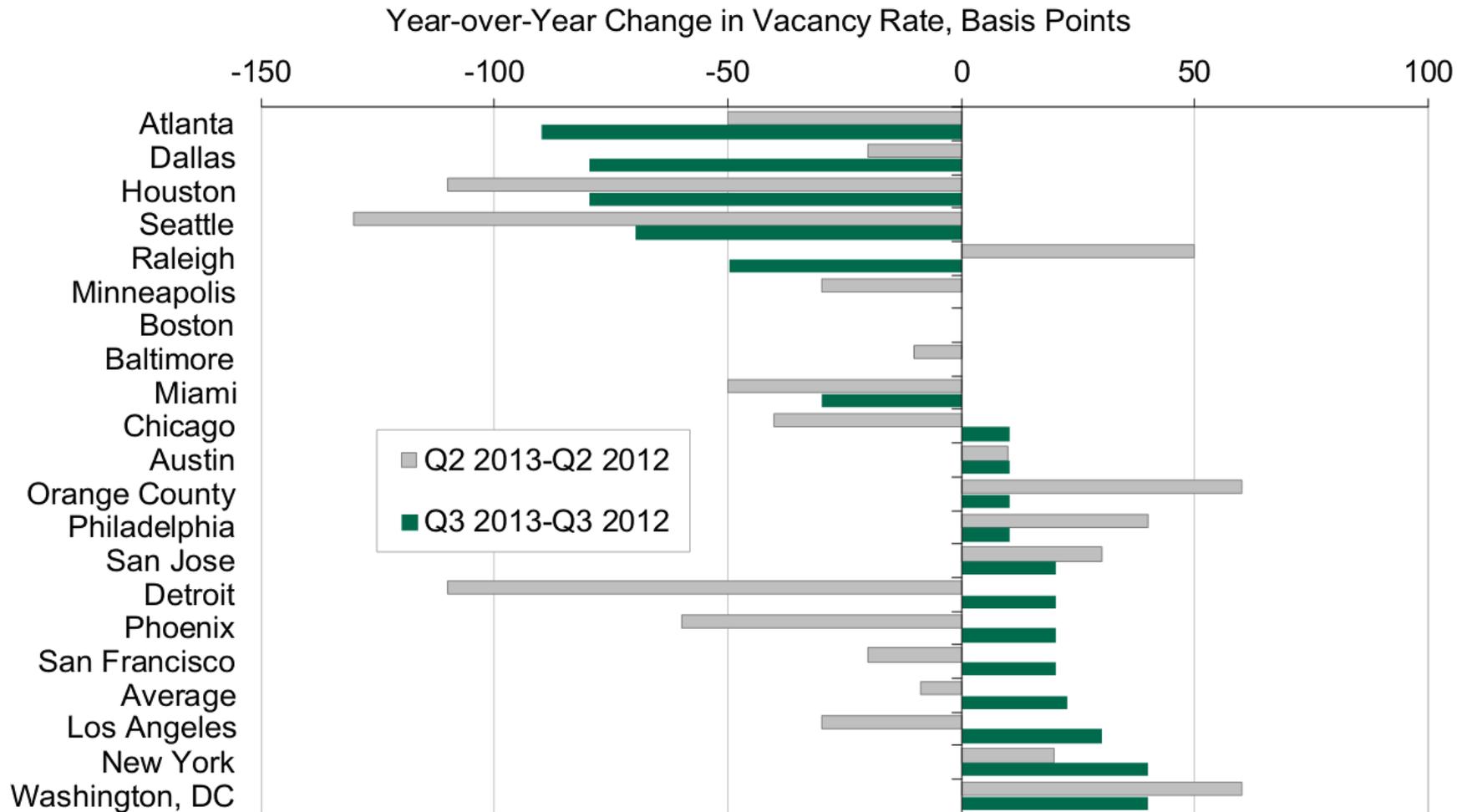
Sources: Bureau of the Census, CBRE Econometric Advisors, Q3 2013.

# VACANCY RATES REMAIN LOW BY HISTORICAL STANDARDS



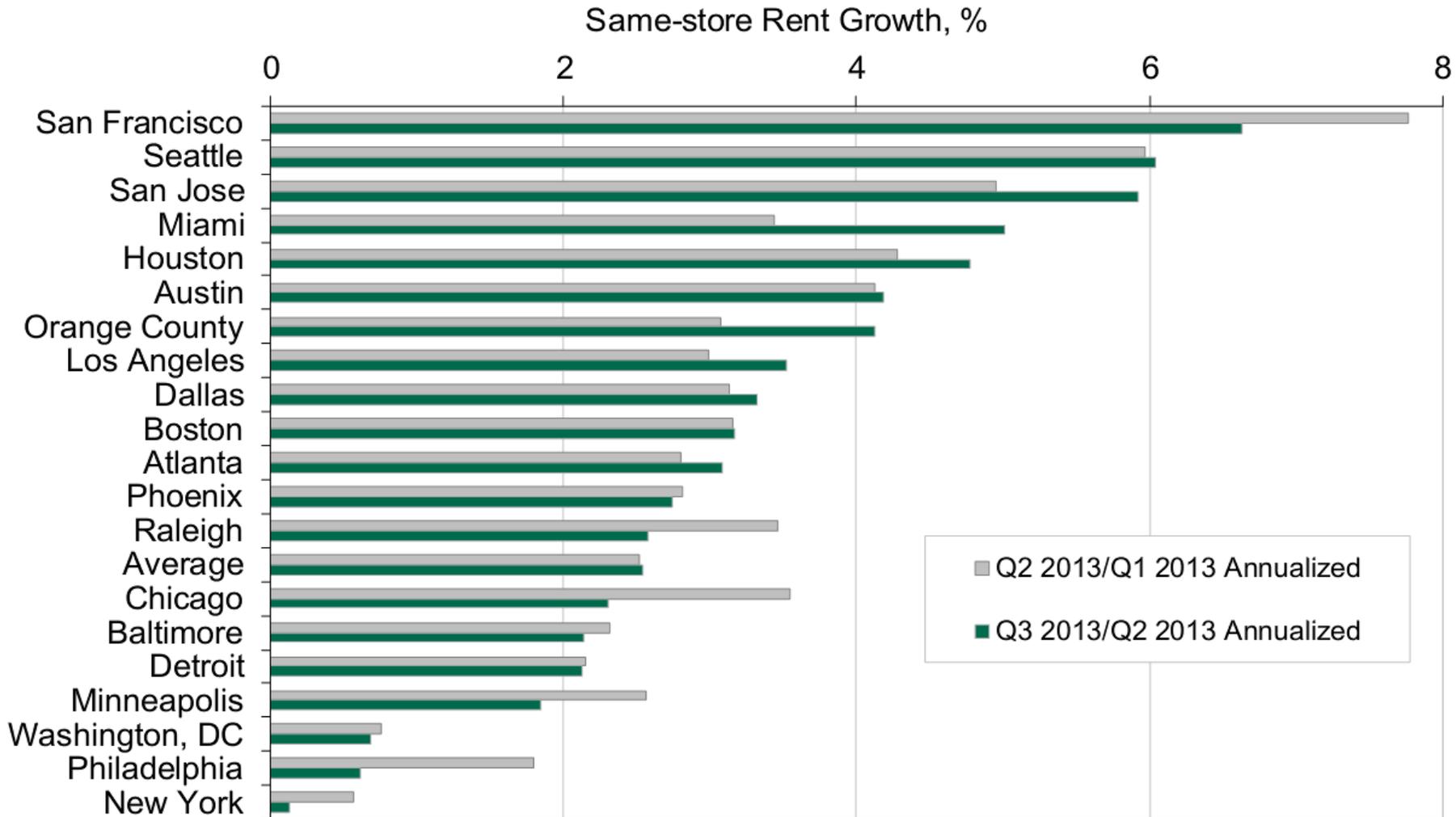
Source: CBRE Econometric Advisors, Q3 2013.

# VACANCY RATES RELATIVE TO A YEAR AGO



Source: CBRE Econometric Advisors, Q3 2013.

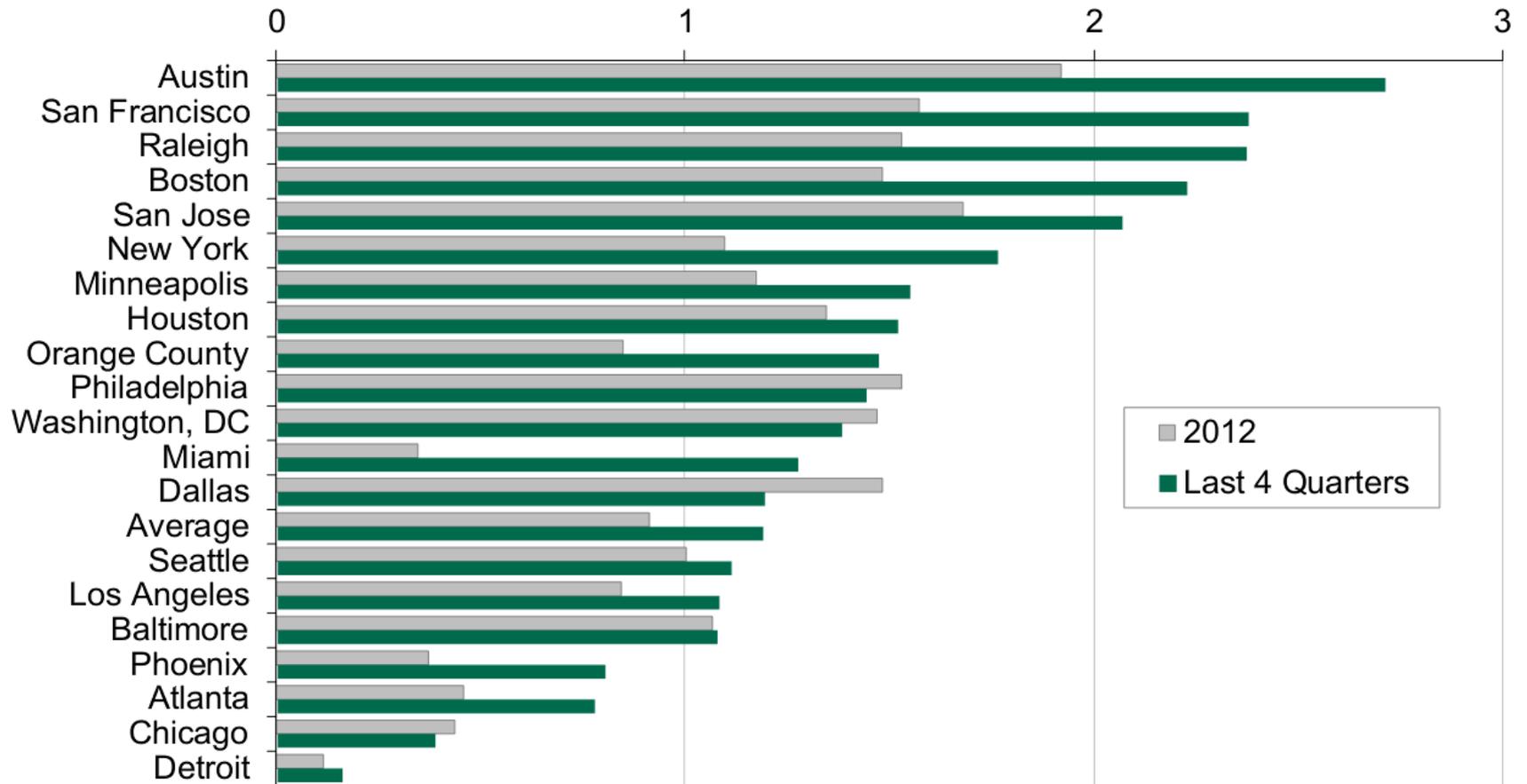
# RENT GROWTH IS KEEPING THE PACE IN MOST MARKETS



Source: CBRE Econometric Advisors, Q3 2013.

# NEAR-TERM SUPPLY PRESSURES VARY ACROSS MARKETS

Ratio of Multi-Housing (5+ units) Permits Over the Last 4 Quarters to 1989-2008 Average



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