



FEDERAL RESERVE BANK
OF PHILADELPHIA

The Outlook for the US Economy

Financial Planning Association

Philadelphia Tri-State Area

July 21, 2010

Luke A. Tilley



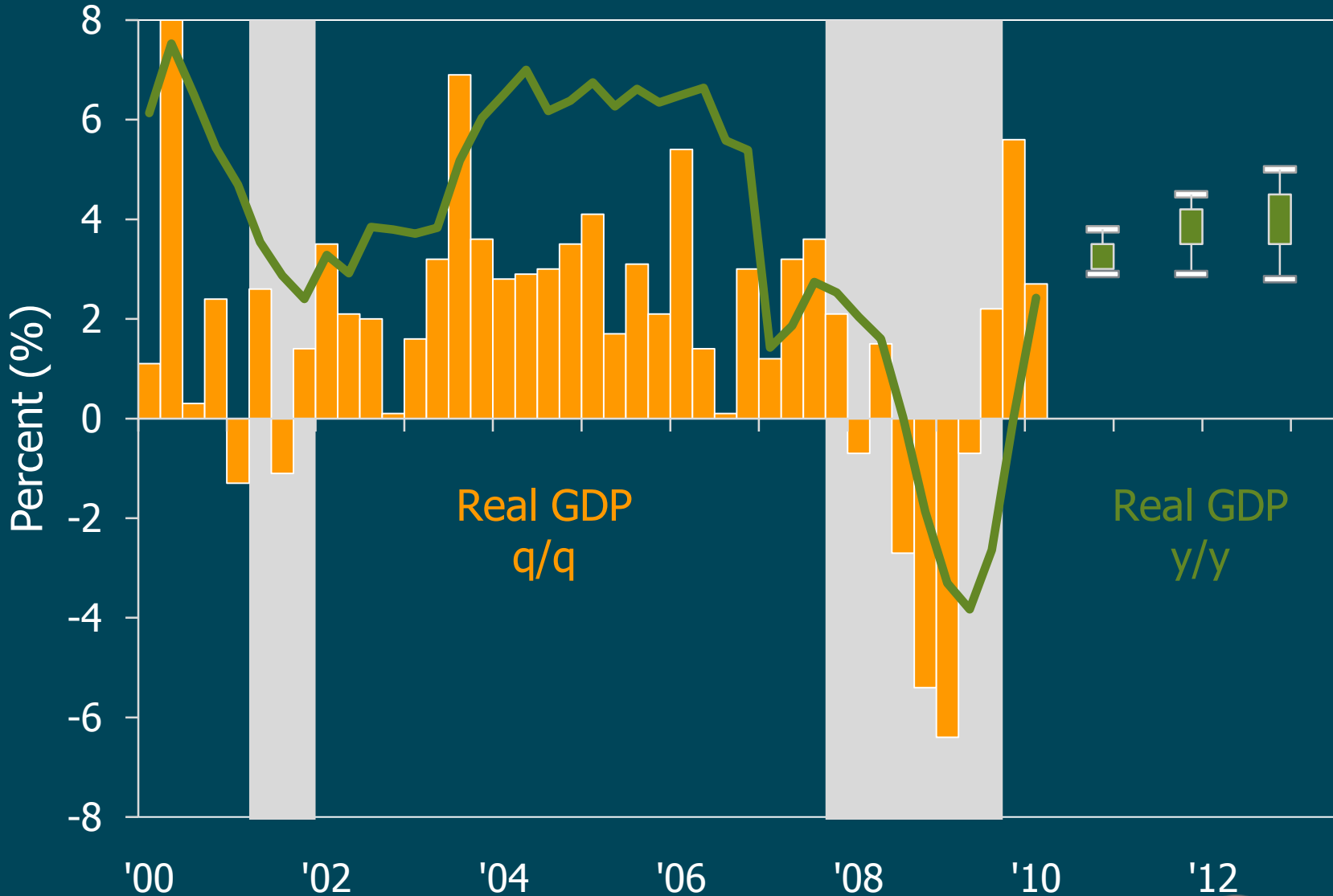
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Today's agenda

- Recent Economic Performance and Outlook
- Real Estate and Construction
- Consumers and Financial Markets
- Monetary Policy



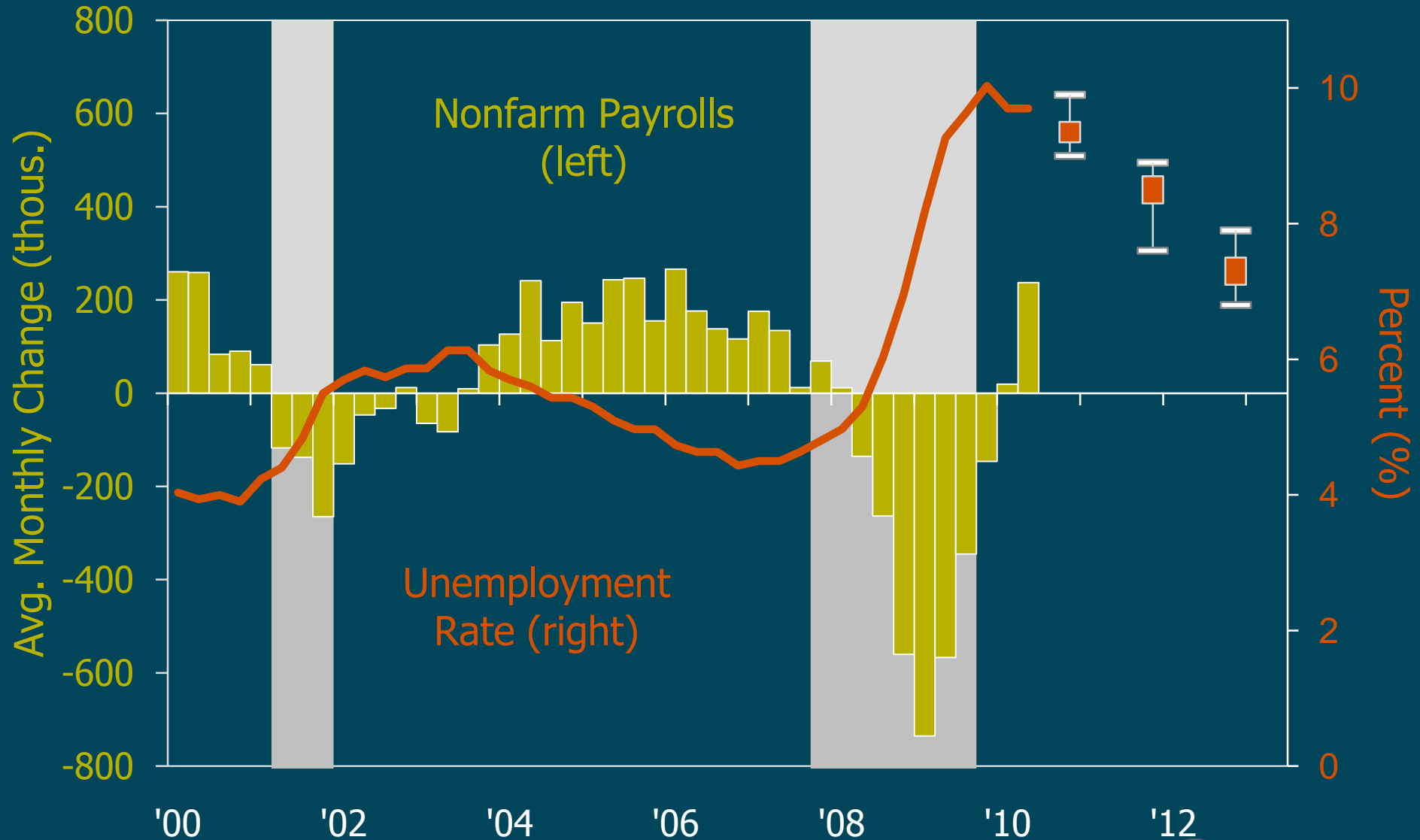
FOMC Forecast – Real GDP Growth



Source: Bureau of Economic Analysis
Federal Reserve Board, FOMC Minutes June 2010



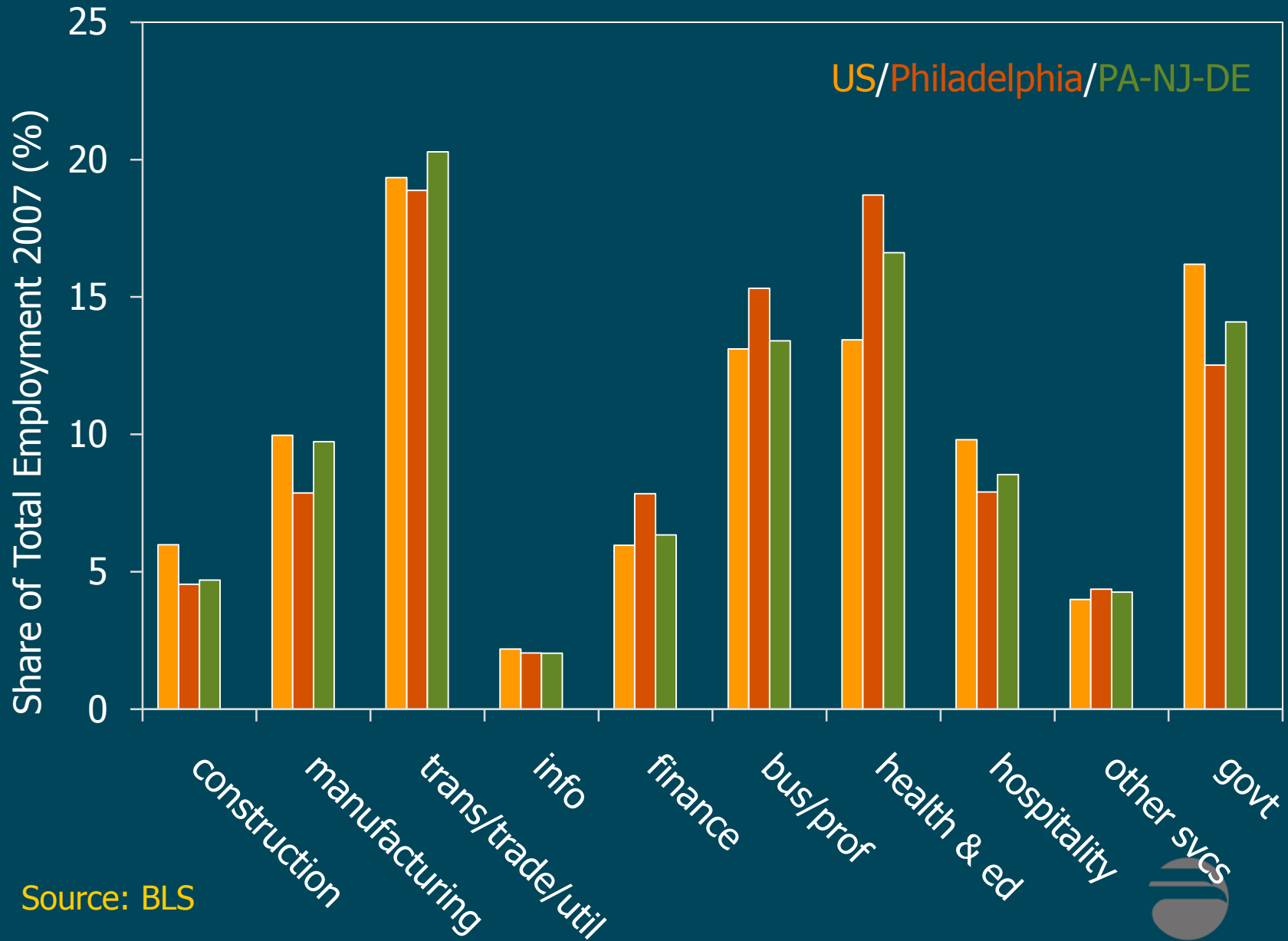
FOMC Forecast – Labor Market



Source: Bureau of Labor Statistics
Federal Reserve Board, FOMC Minutes June 2010



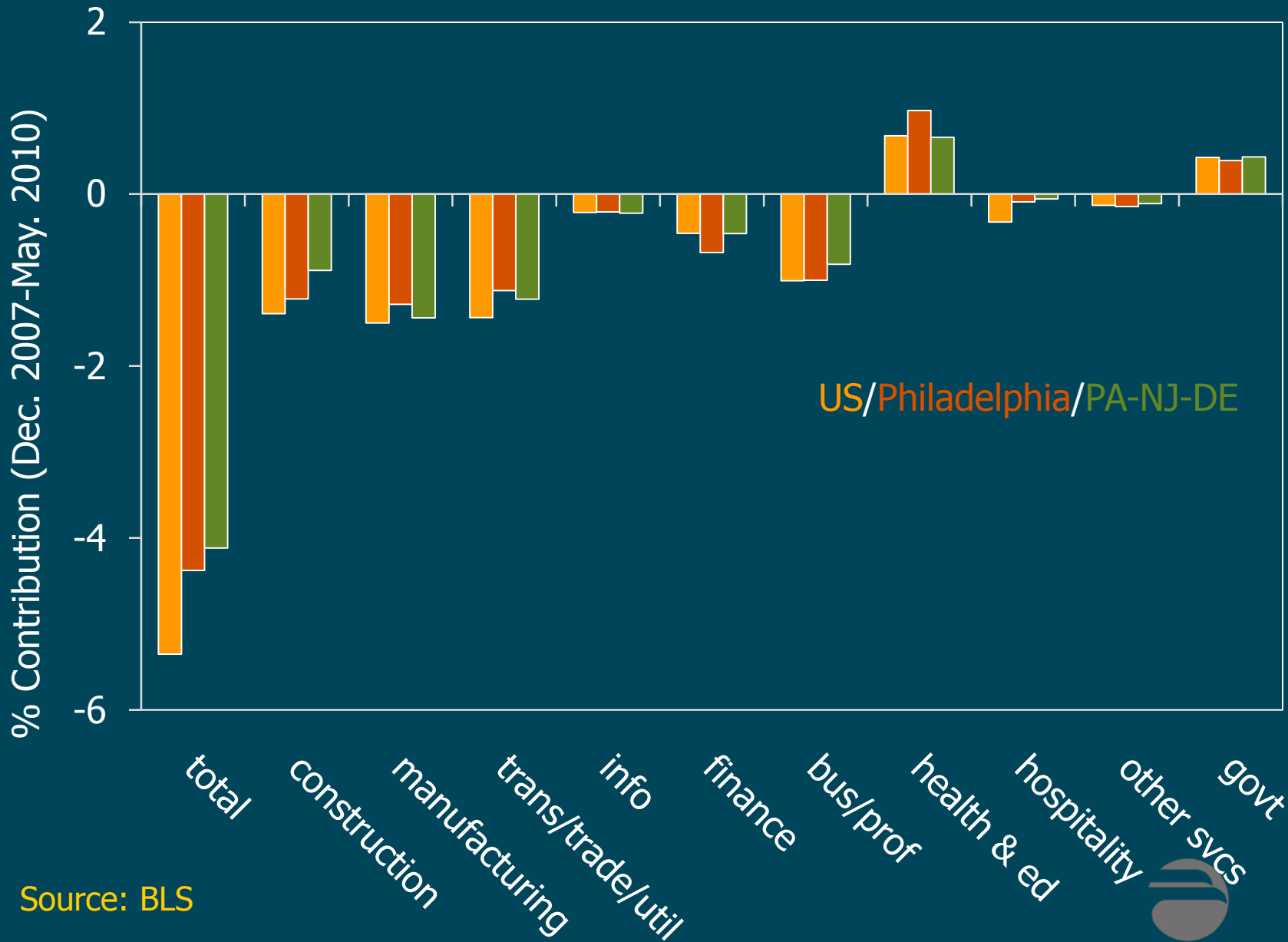
Economic Structure: Employment by Sector



Source: BLS



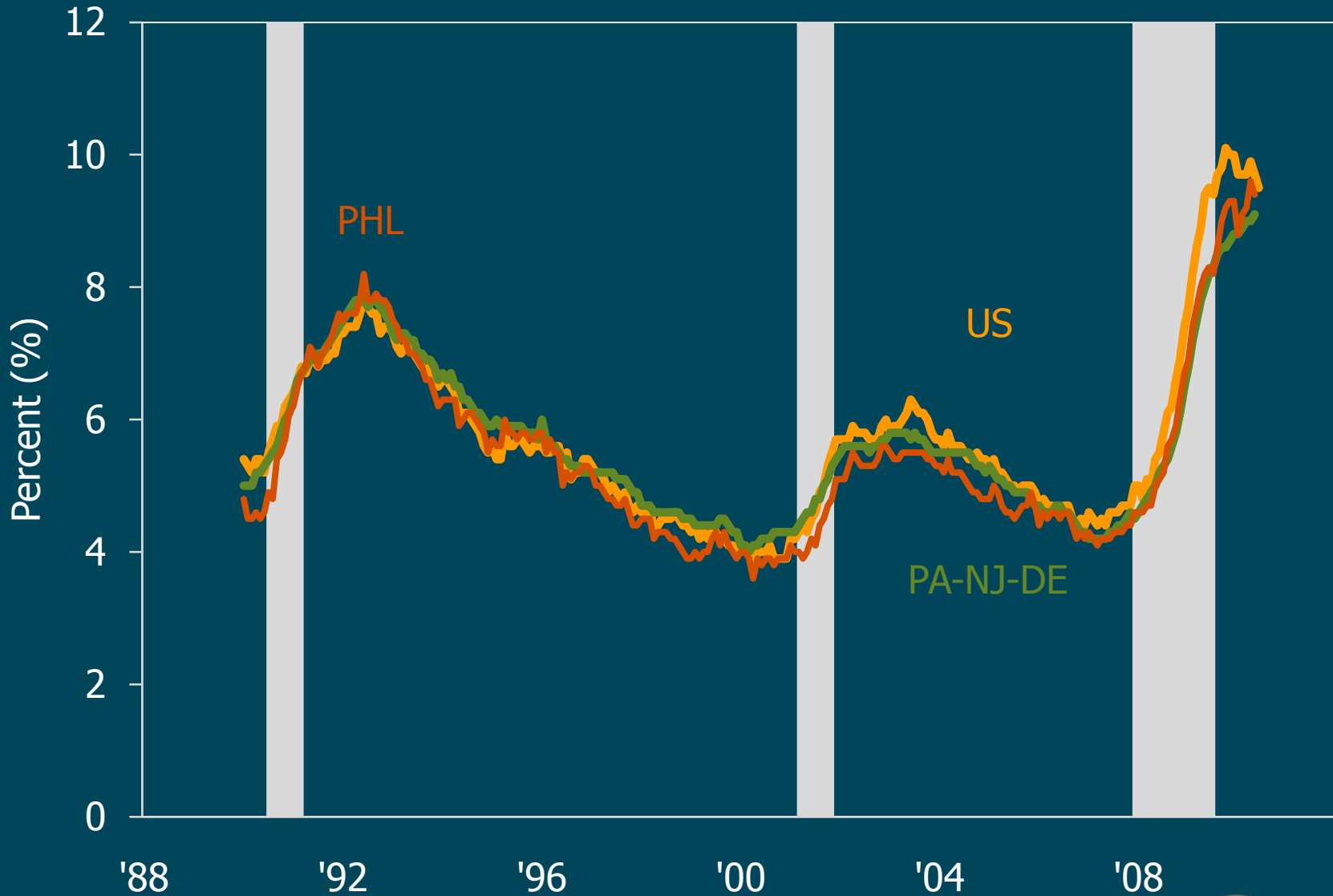
Economic Performance: Job Losses/Gains by Sector



Source: BLS



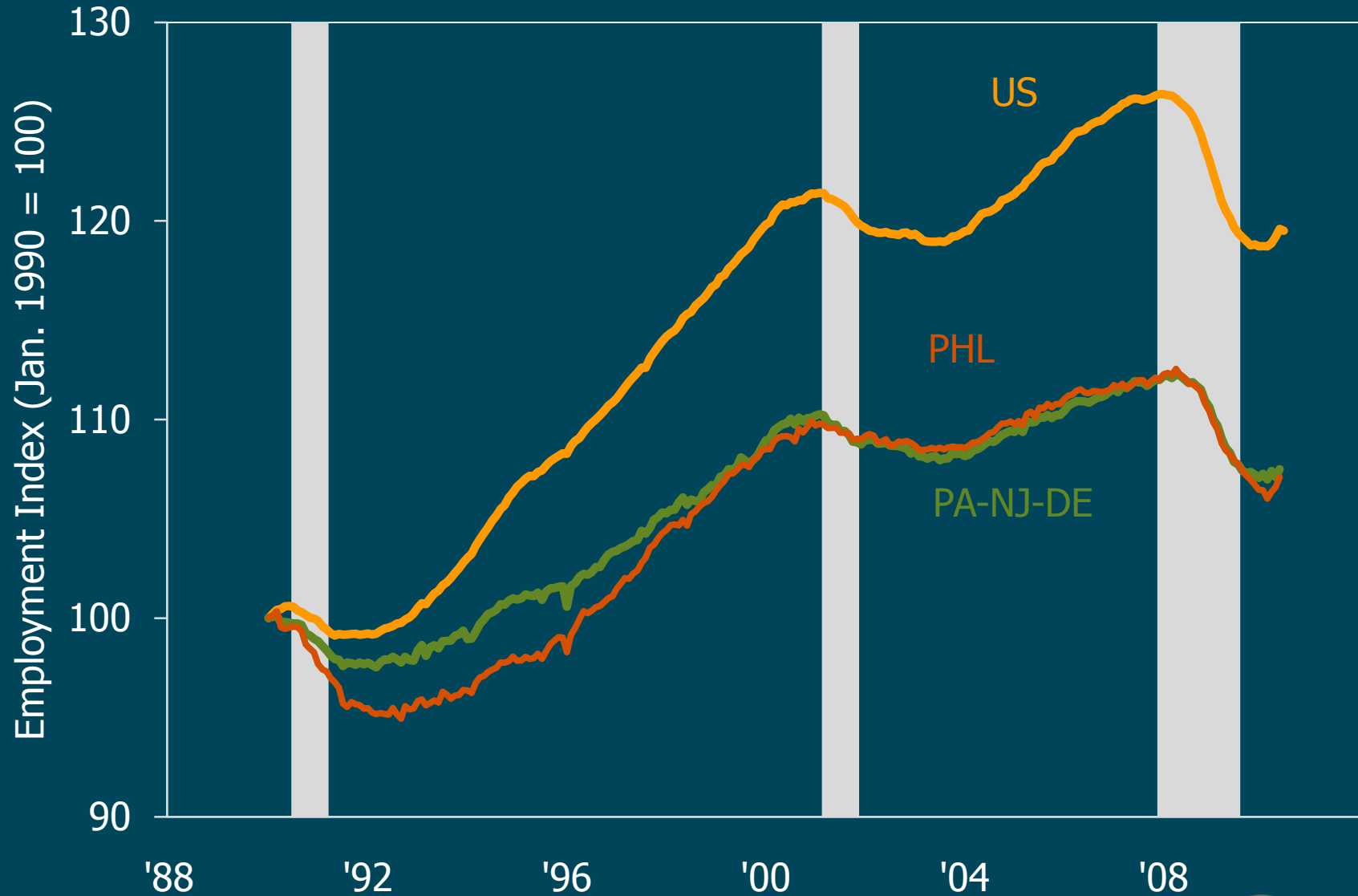
Unemployment Rate



Source: Bureau of Labor Statistics, Philadelphia Fed
Last Point Plotted: History - June 2010



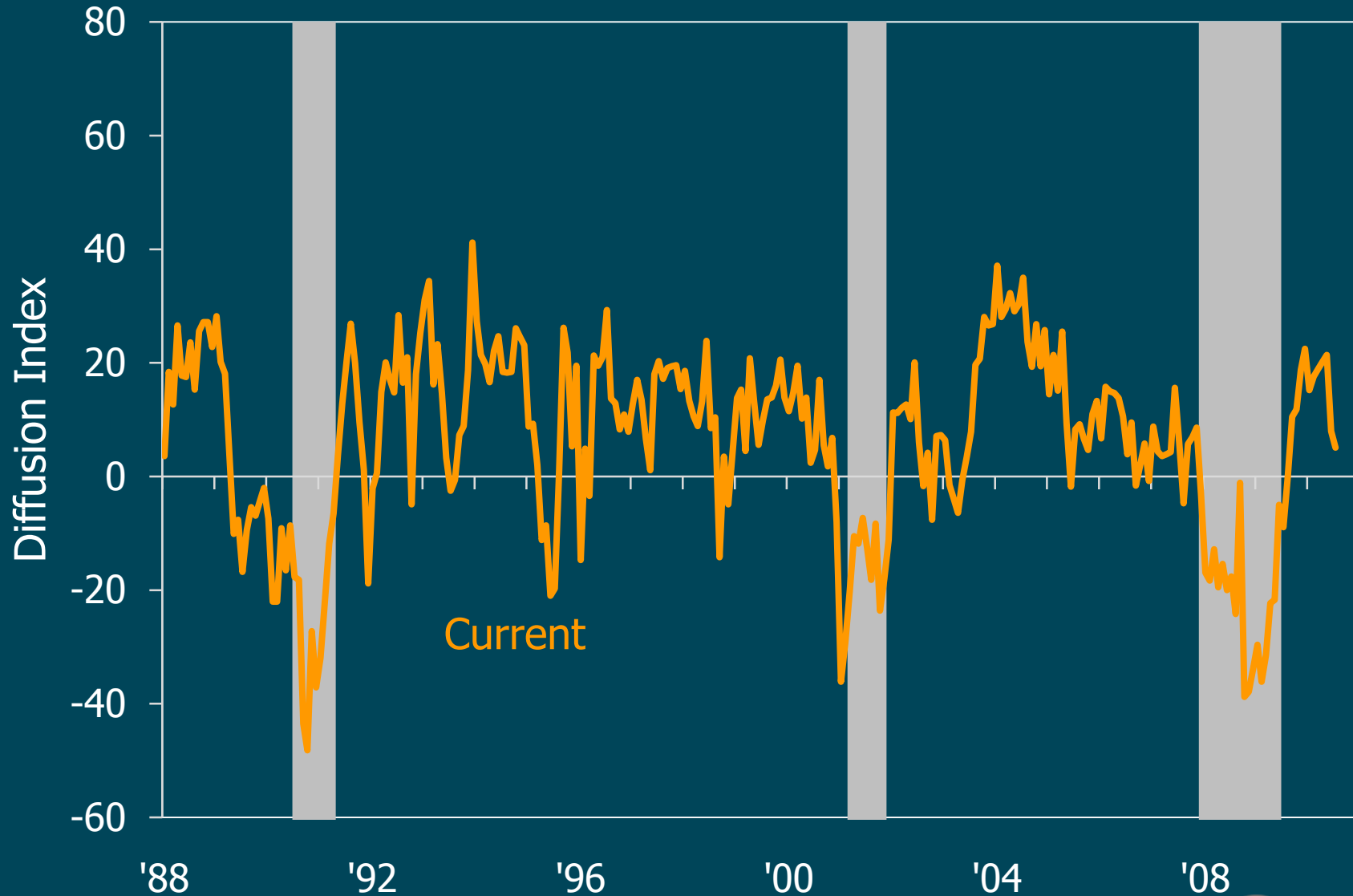
Nonfarm Employment



Source: Bureau of Labor Statistics, Philadelphia Fed, SPF 2010Q2
Last Point Plotted: History - June 2010, Forecast - 2011Q2



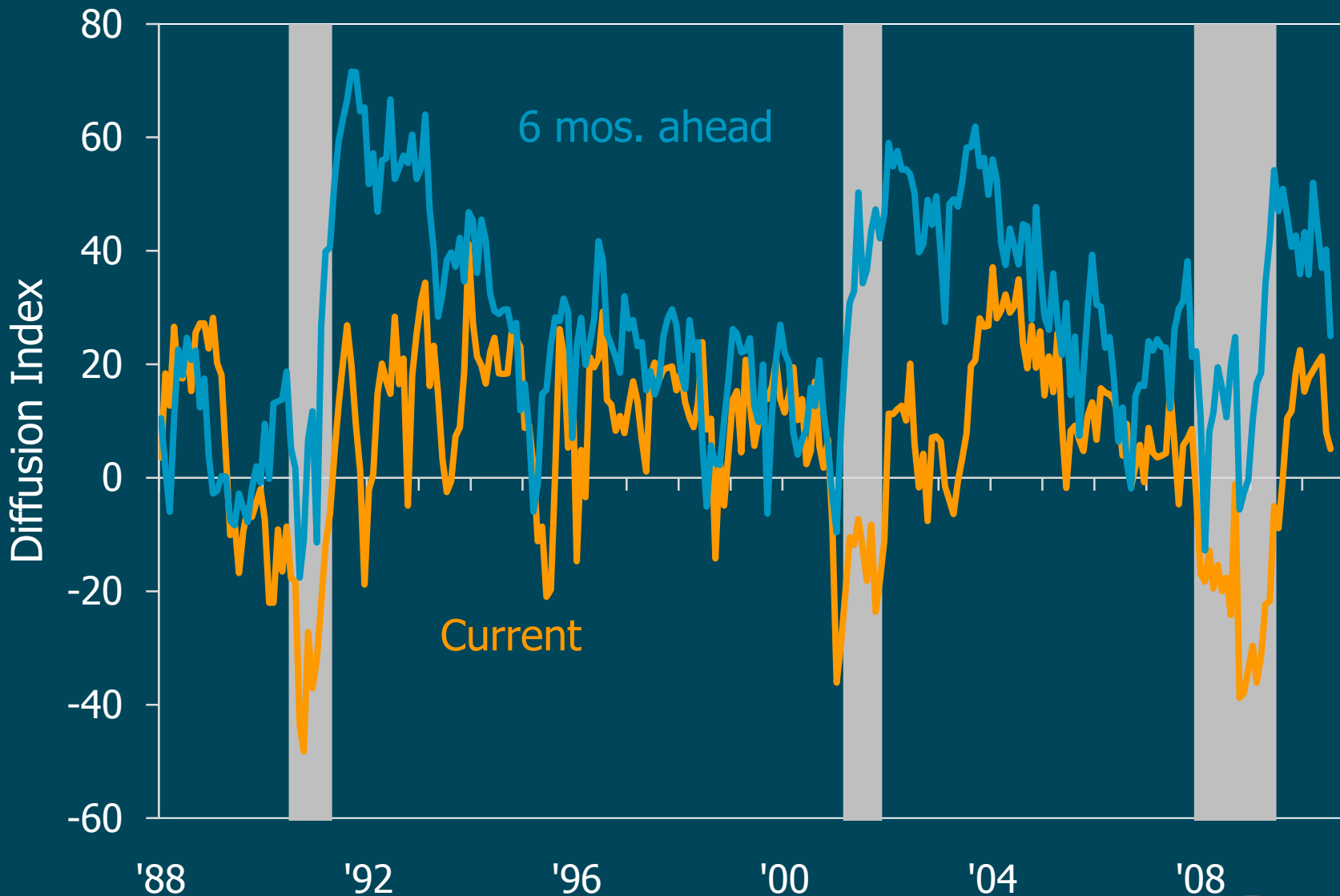
Business Outlook Survey: Manufacturing Activity



Source: Business Outlook Survey – Philadelphia Fed
Last Point Plotted: July 2010



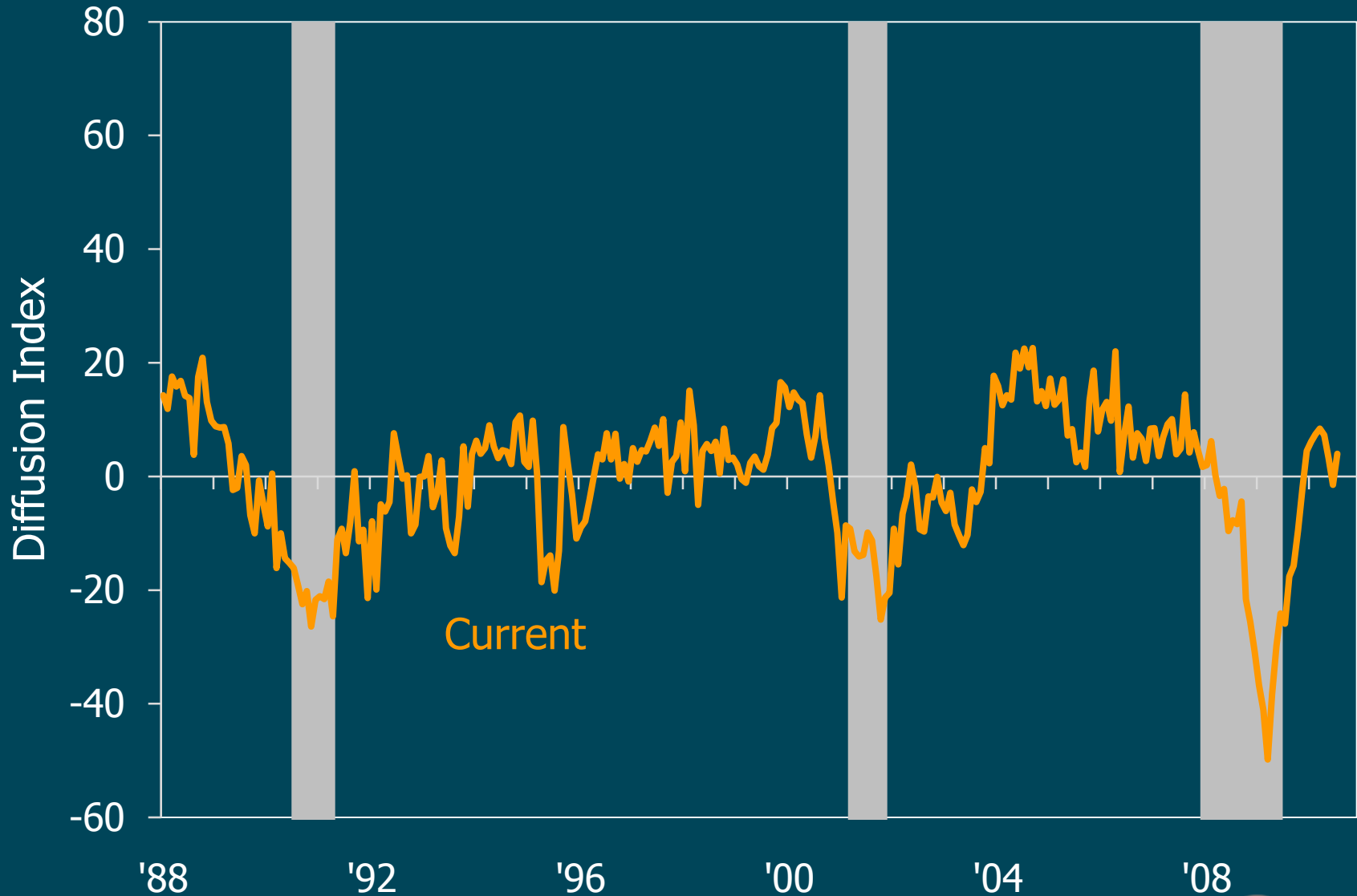
Business Outlook Survey: Manufacturing Activity



Source: Business Outlook Survey – Philadelphia Fed
Last Point Plotted: July 2010



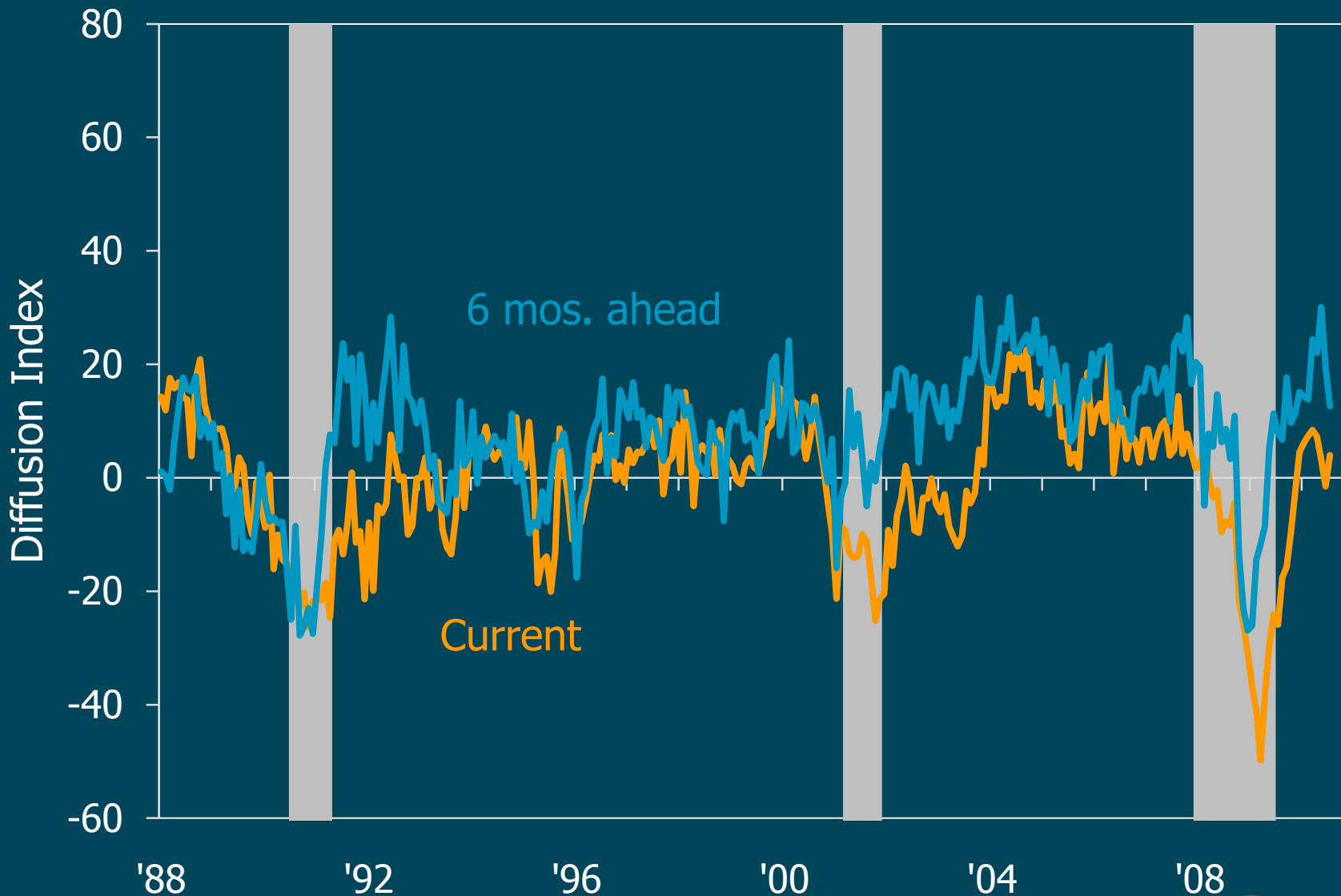
Business Outlook Survey: Manufacturing Employment



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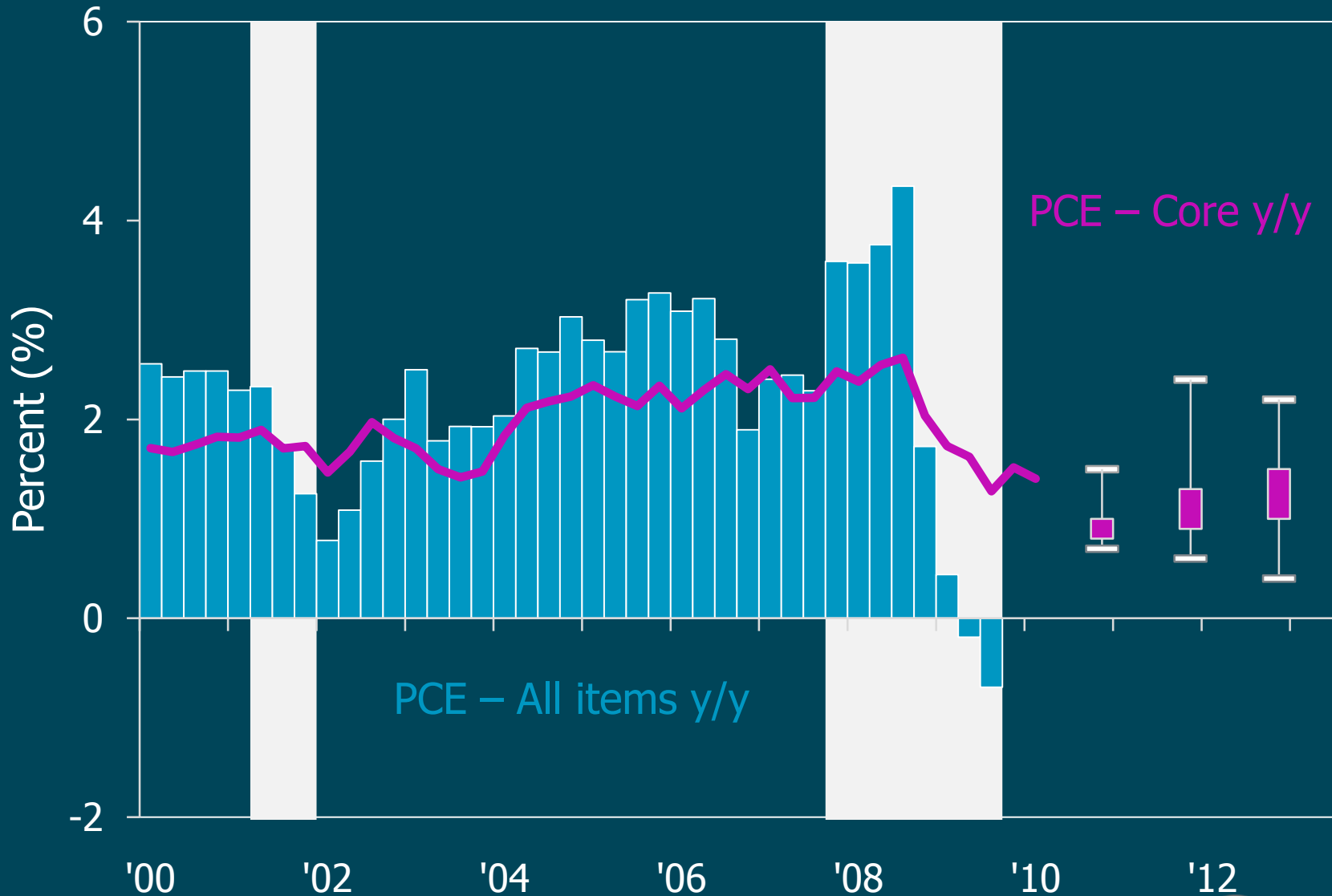
Business Outlook Survey: Manufacturing Employment



Source: Business Outlook Survey – Philadelphia Fed
Last Point Plotted: July 2010



FOMC Forecast – Inflation



Source: Bureau of Economic Analysis
Federal Reserve Board, FOMC Minutes June 2010

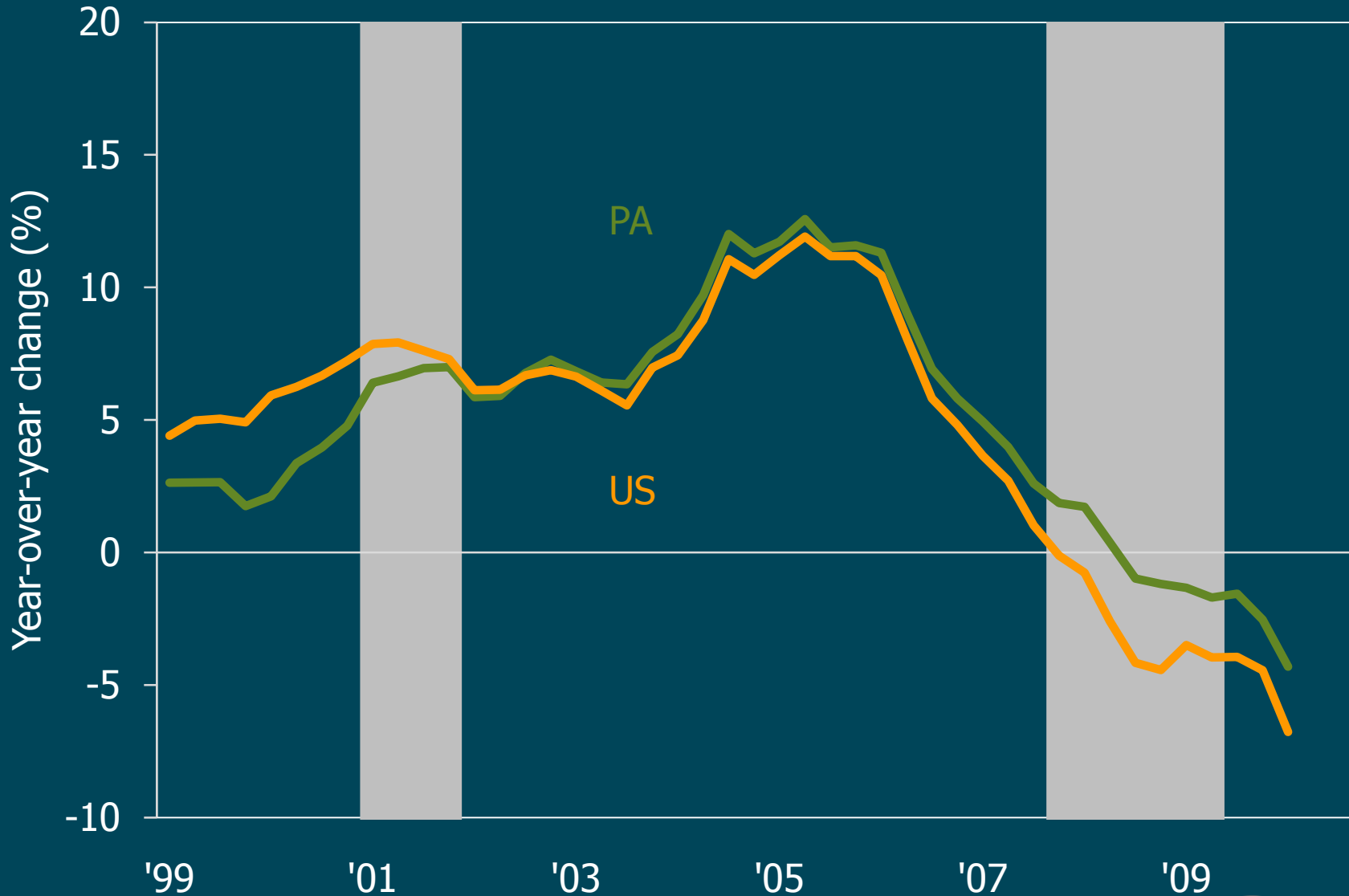


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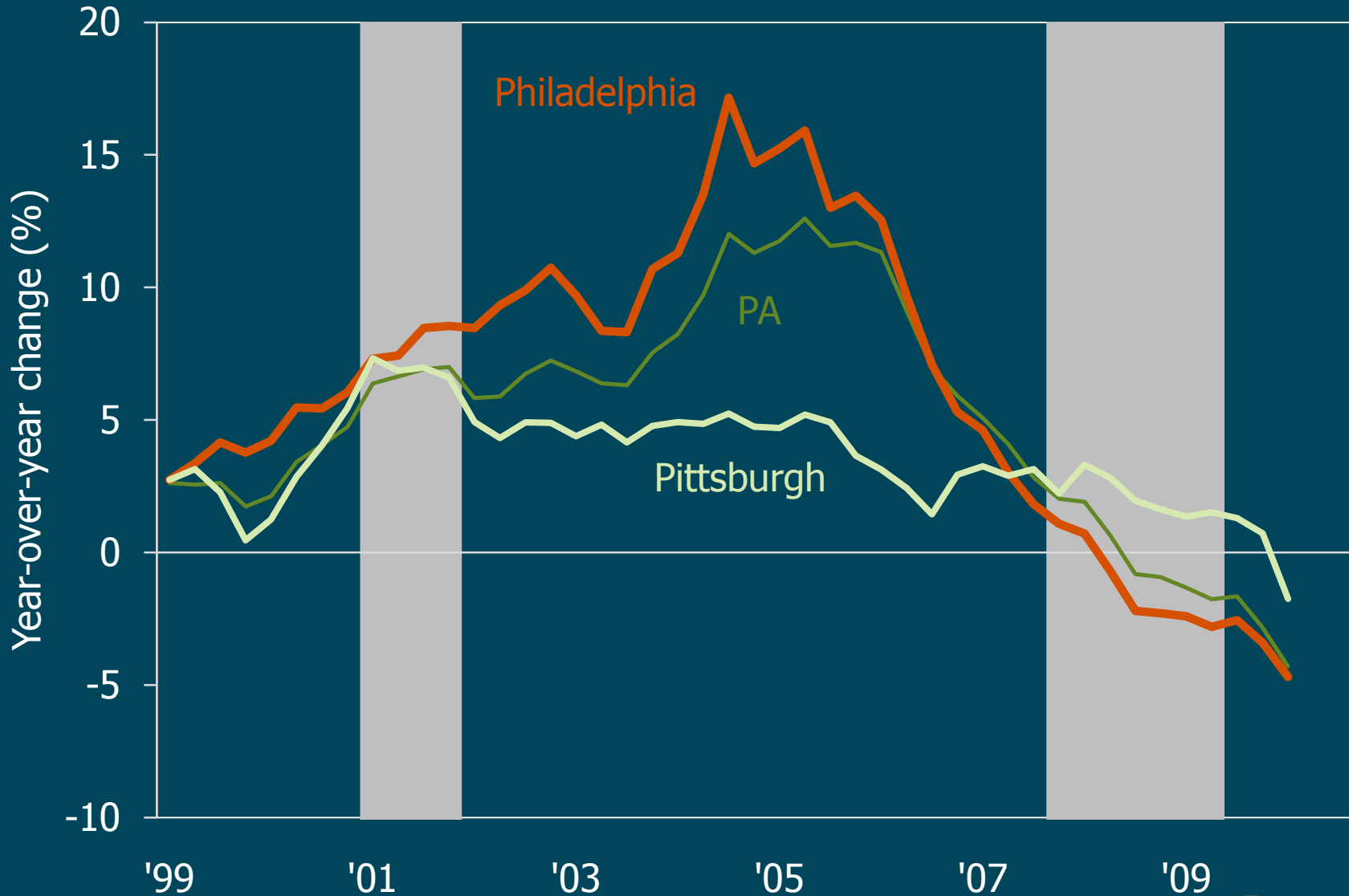
Average Change in Home Prices



Source: Federal Housing Finance Agency
Last Point Plotted: 2010 Q1



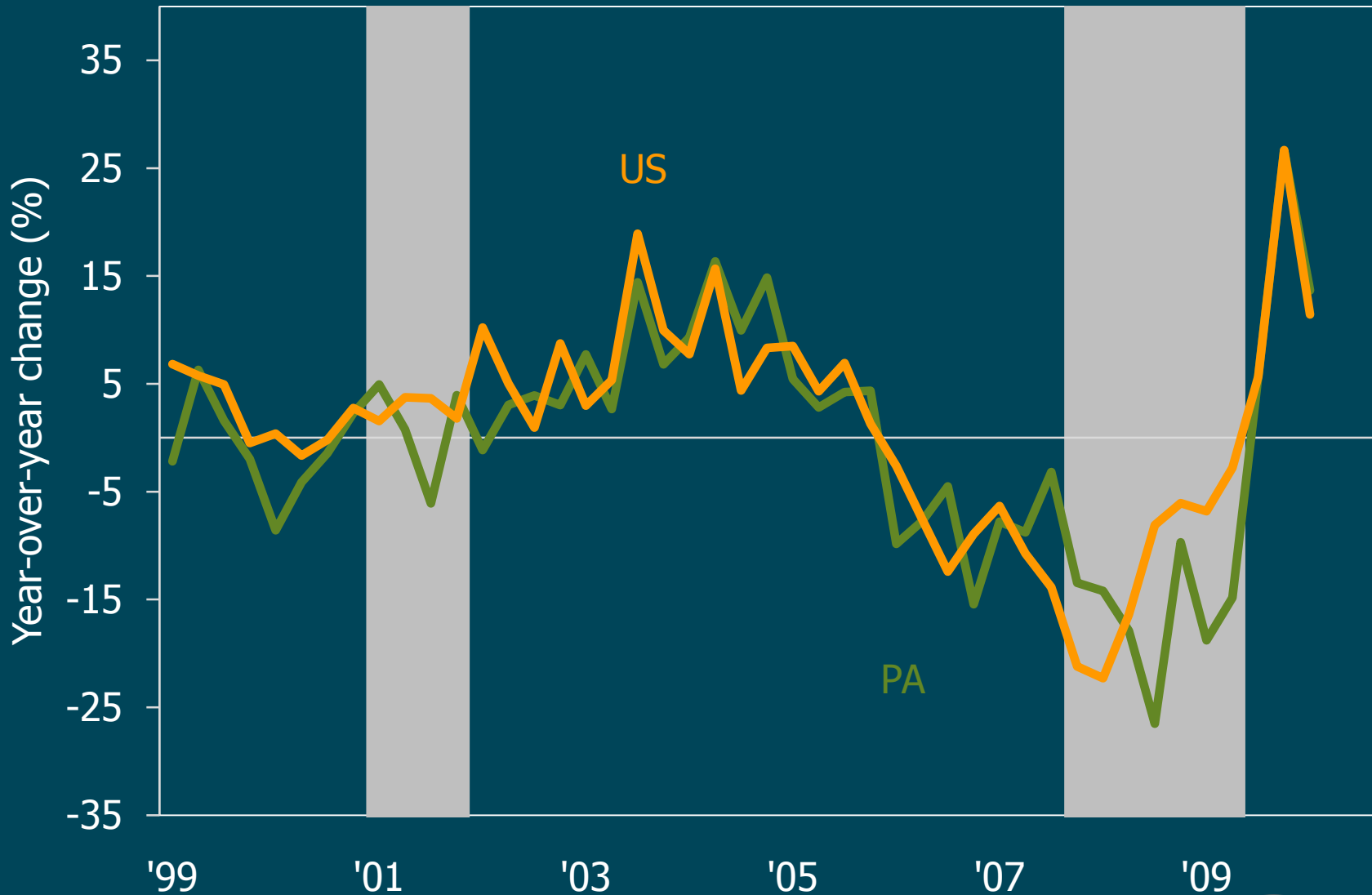
Average Change in Home Prices



Source: Federal Housing Finance Agency
Last Point Plotted: 2010Q1



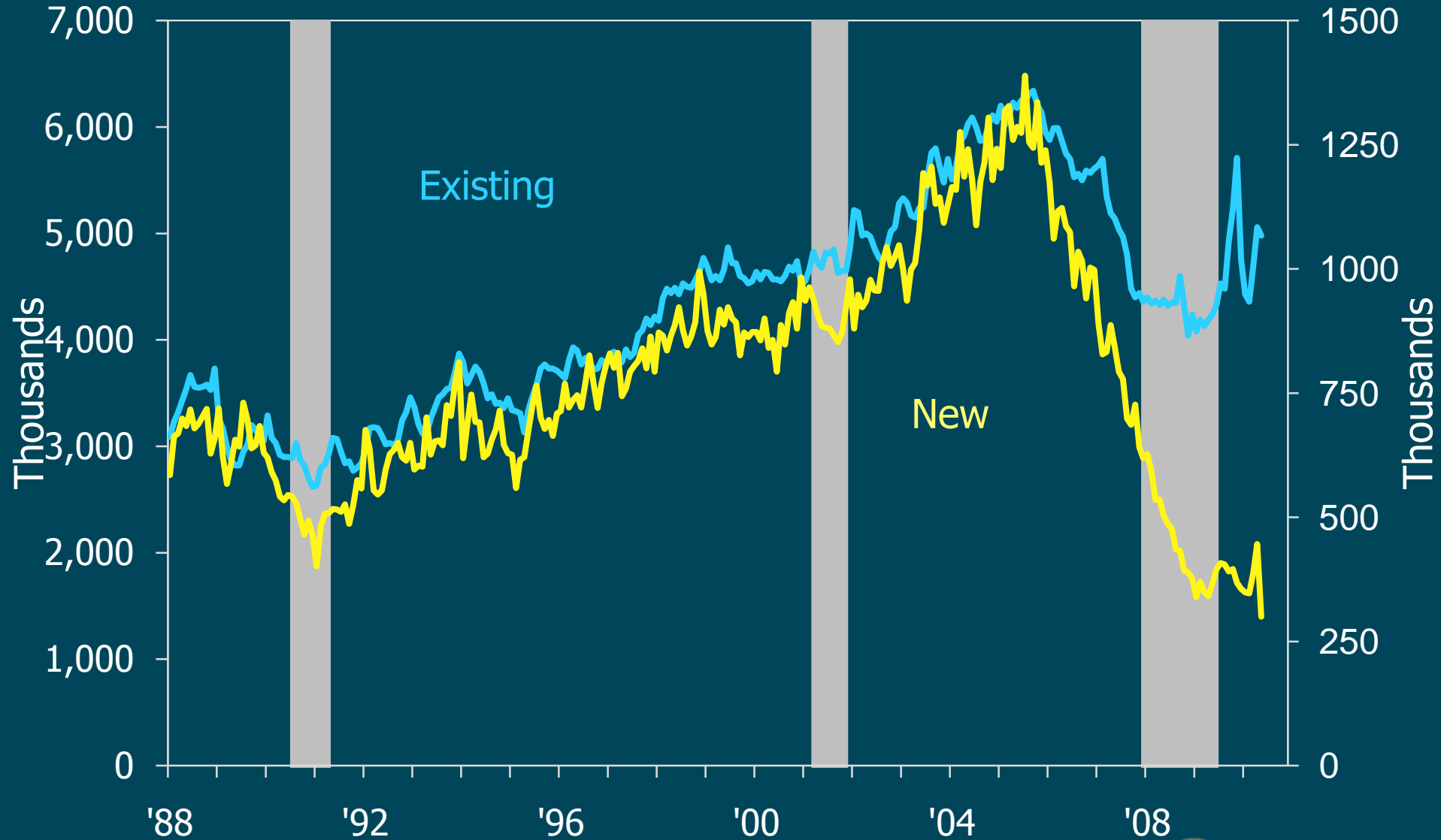
Existing Home Sales



Source: National Association of REALTORS
Last Point Plotted: 2010Q1



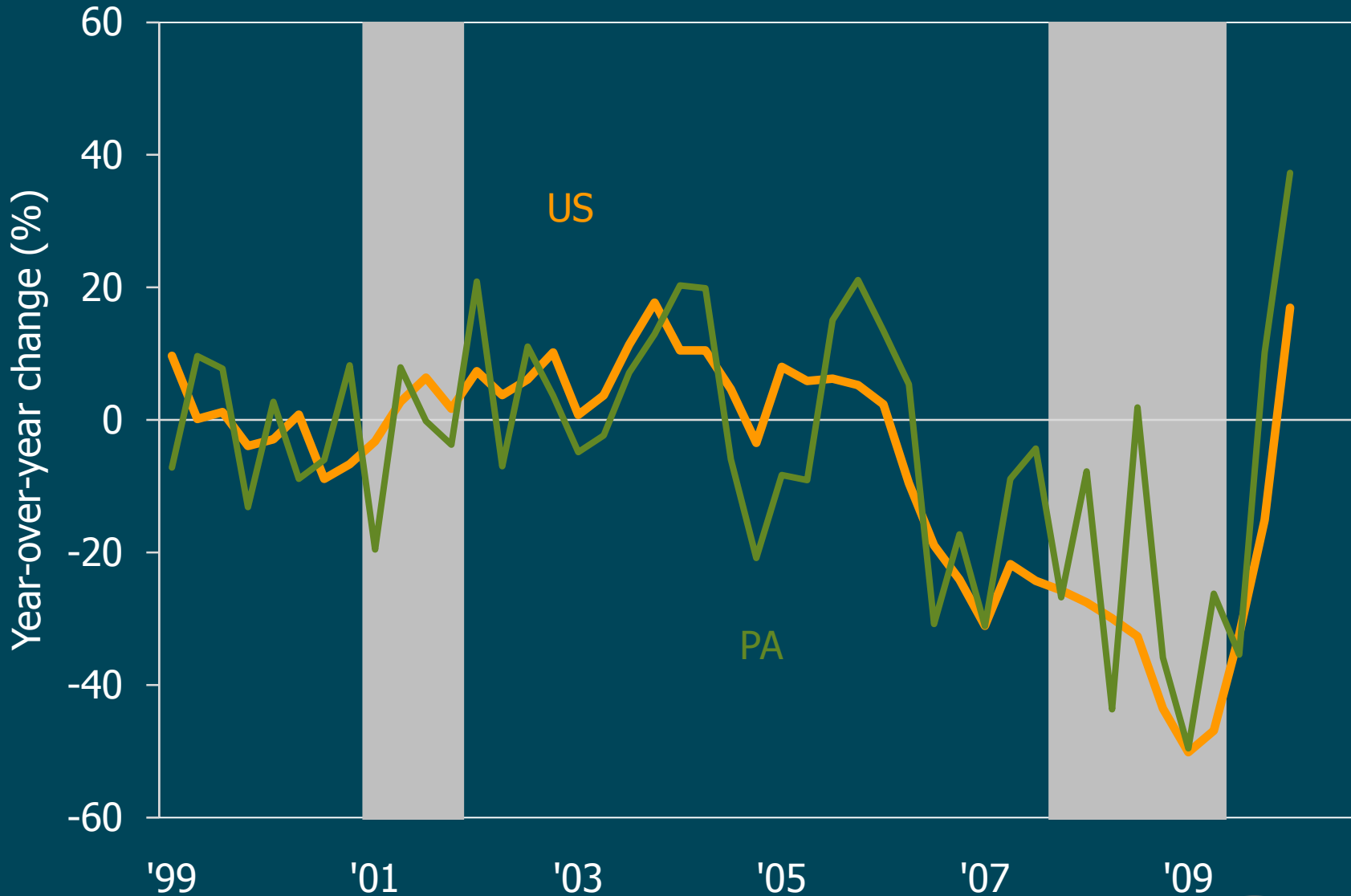
Existing Home Sales



Source: National Association of Realtors, Census Bureau
Last Point Plotted: May 2010



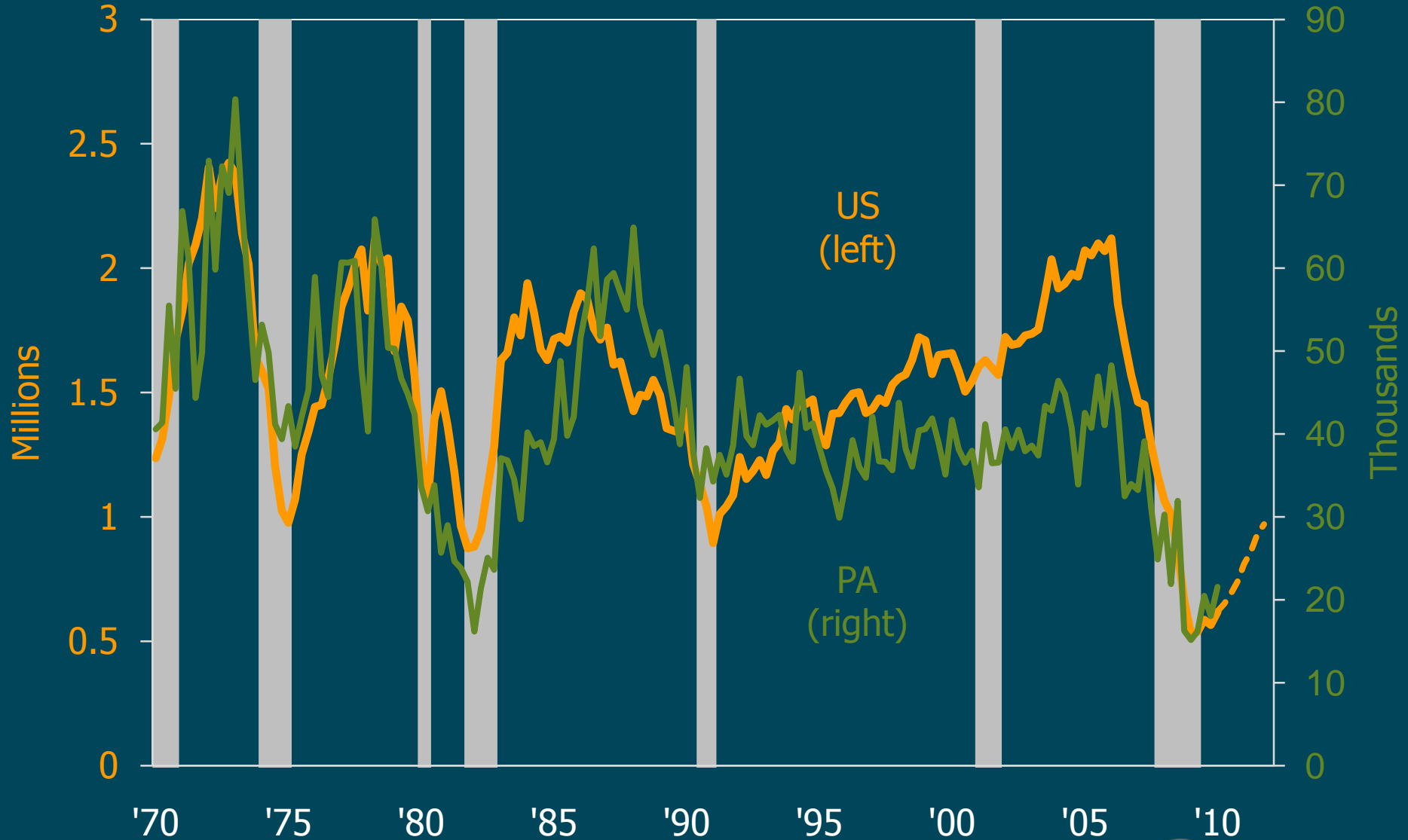
Housing Starts



Source: Census Bureau, Bank of Tokyo – Mitsubishi UFJ
Last Point Plotted: 2010Q1



Housing Starts



Source: Census Bureau, Bank of Tokyo – Mitsubishi UFJ, SPF 2010Q2
Last Point Plotted: 2010Q1 (hist.), 2011Q4 (fcst.)

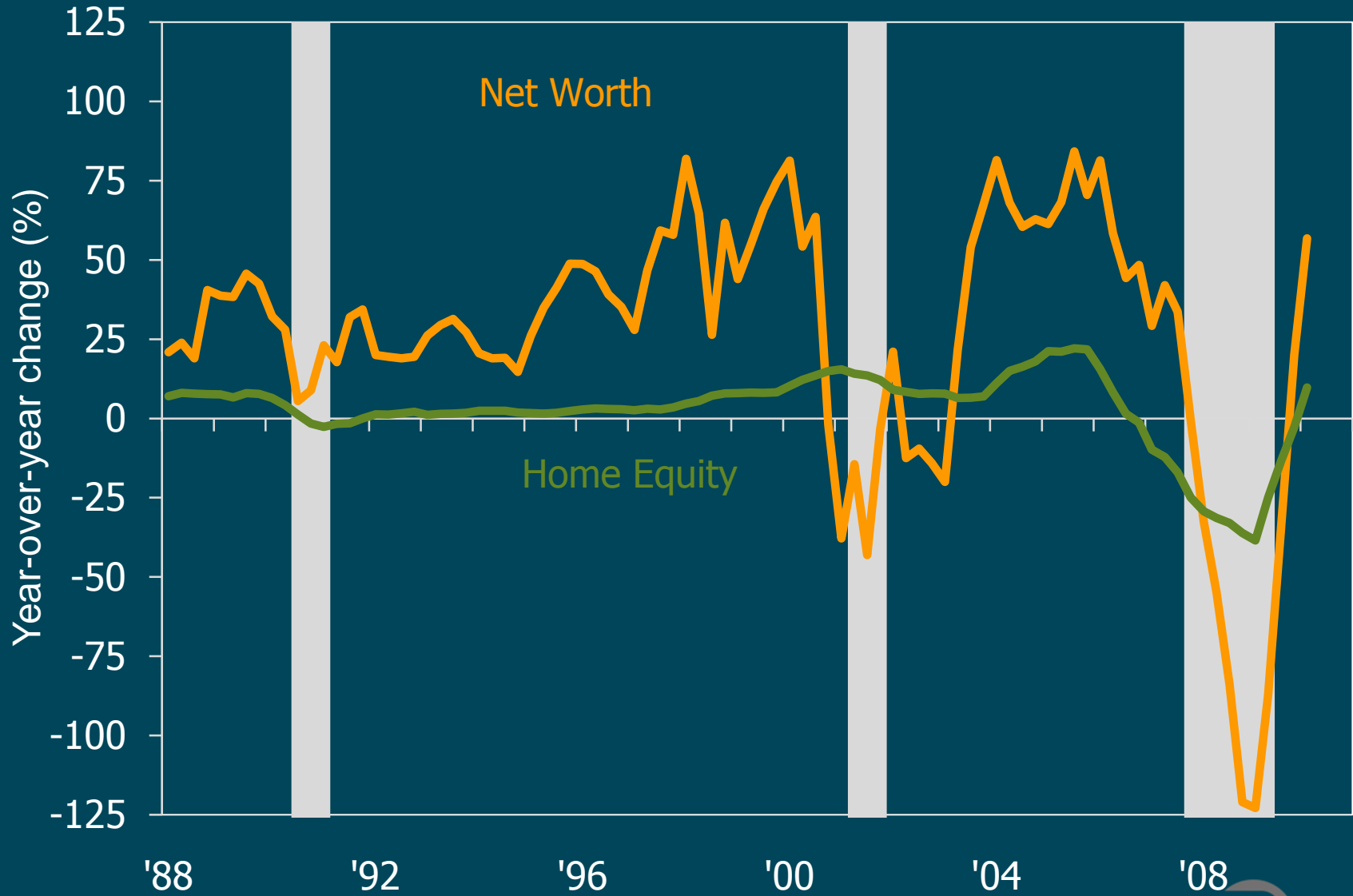


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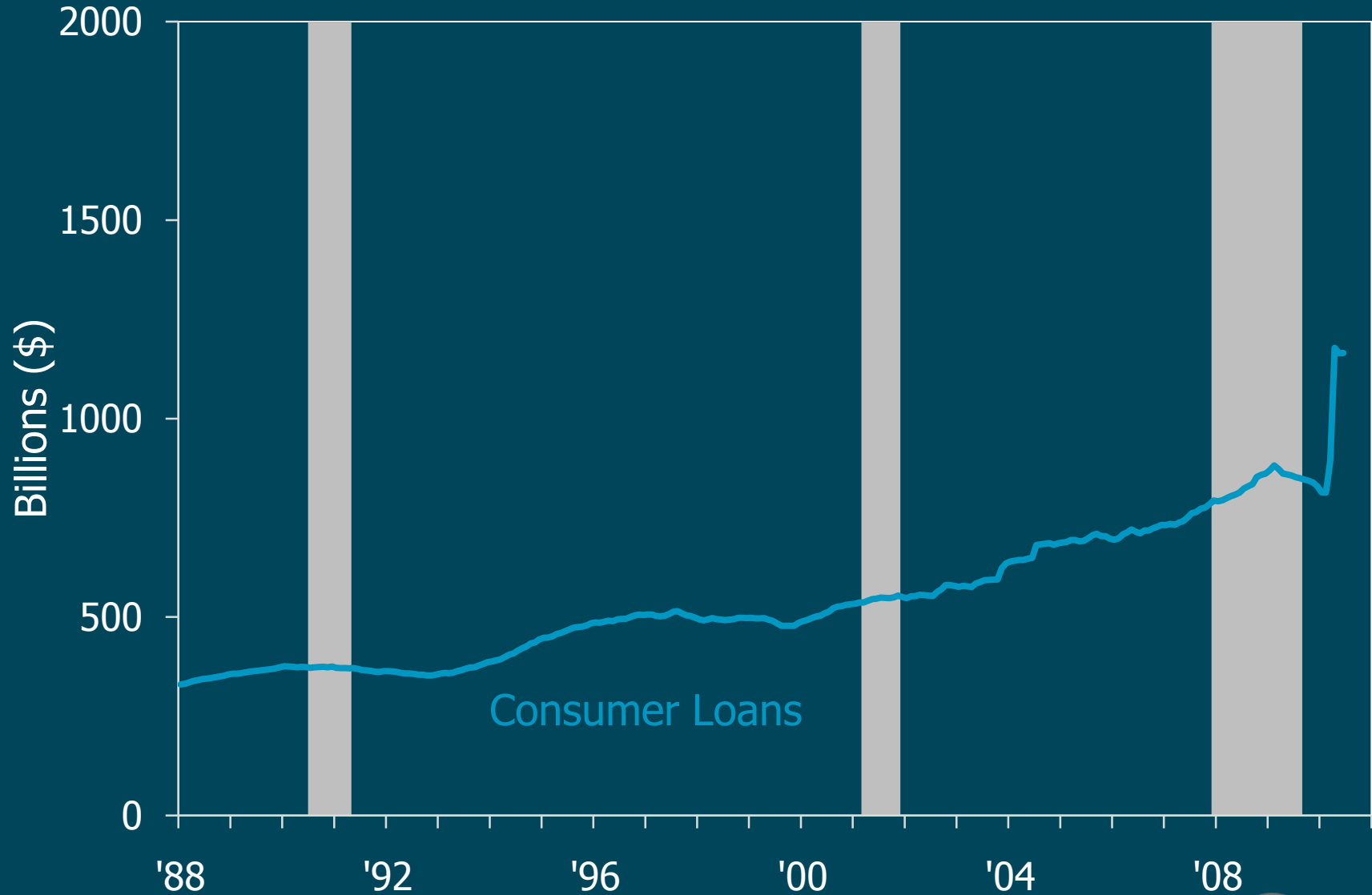
Change in Wealth as a Percentage of Disposable Income



Source: Federal Reserve Board
Last Point Plotted: 2010Q1



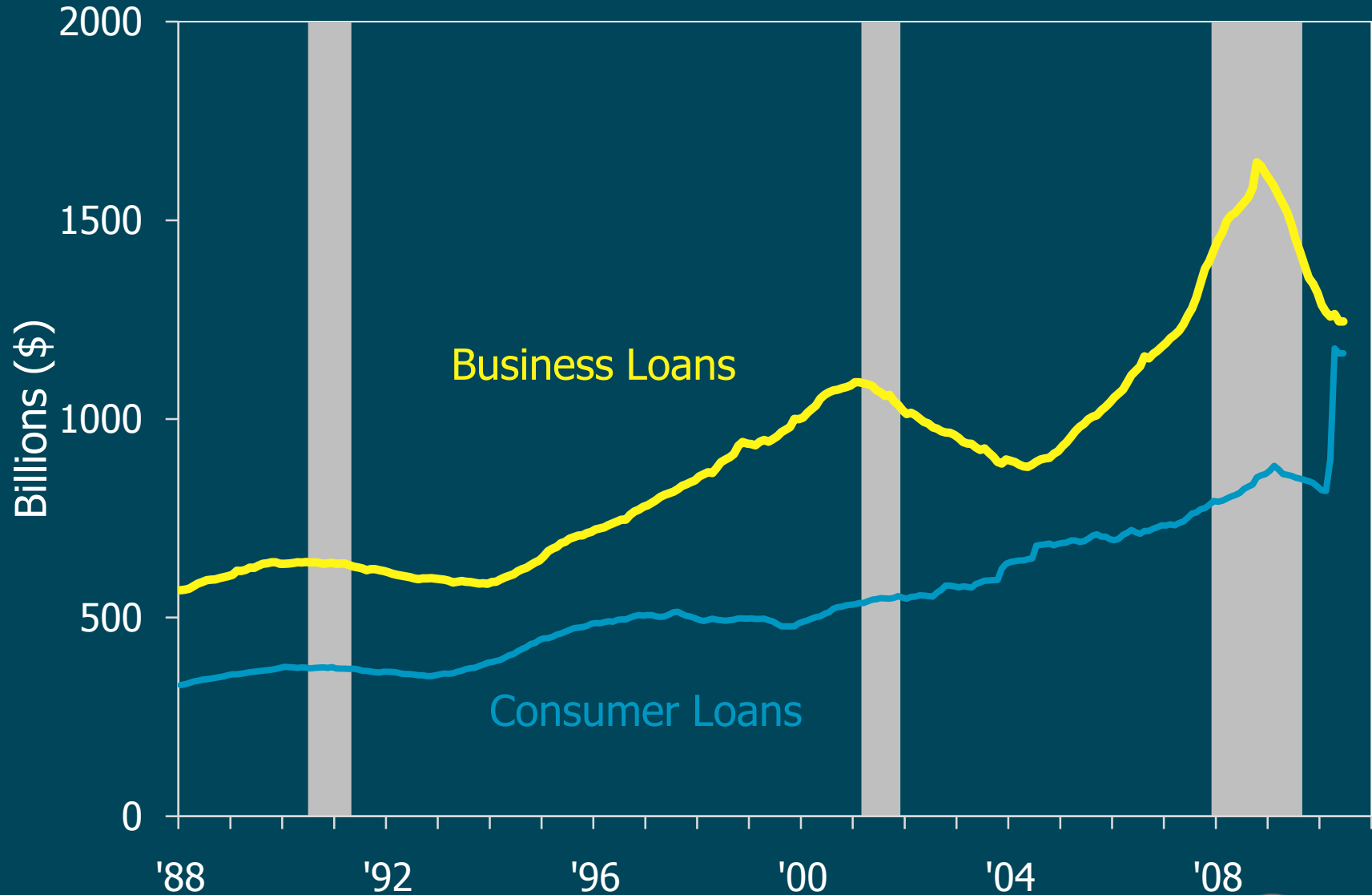
Commercial Bank Loan Activity



Source: Federal Reserve Board
Last Point Plotted: June 2010



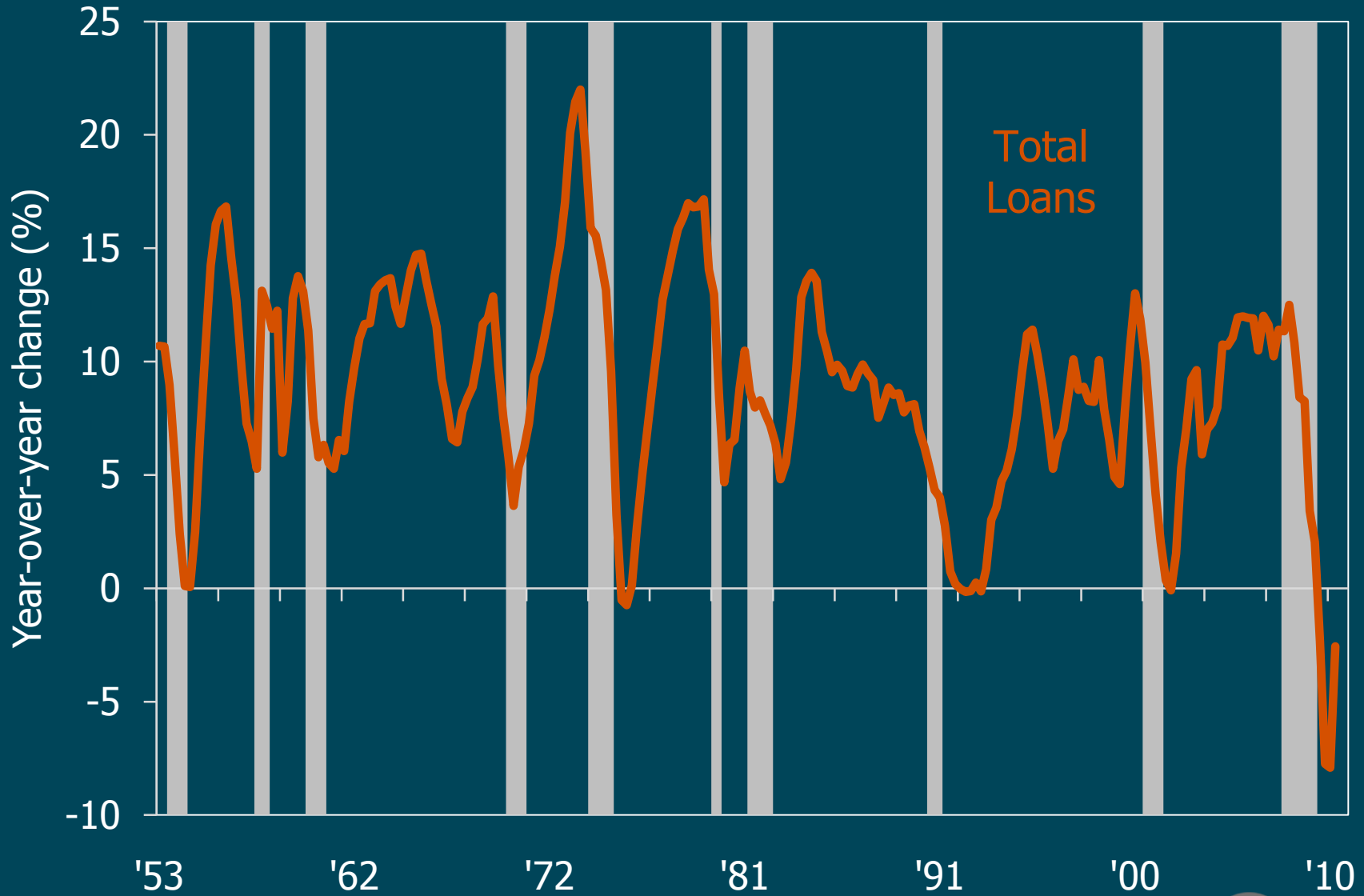
Commercial Bank Loan Activity



Source: Federal Reserve Board
Last Point Plotted: June 2010



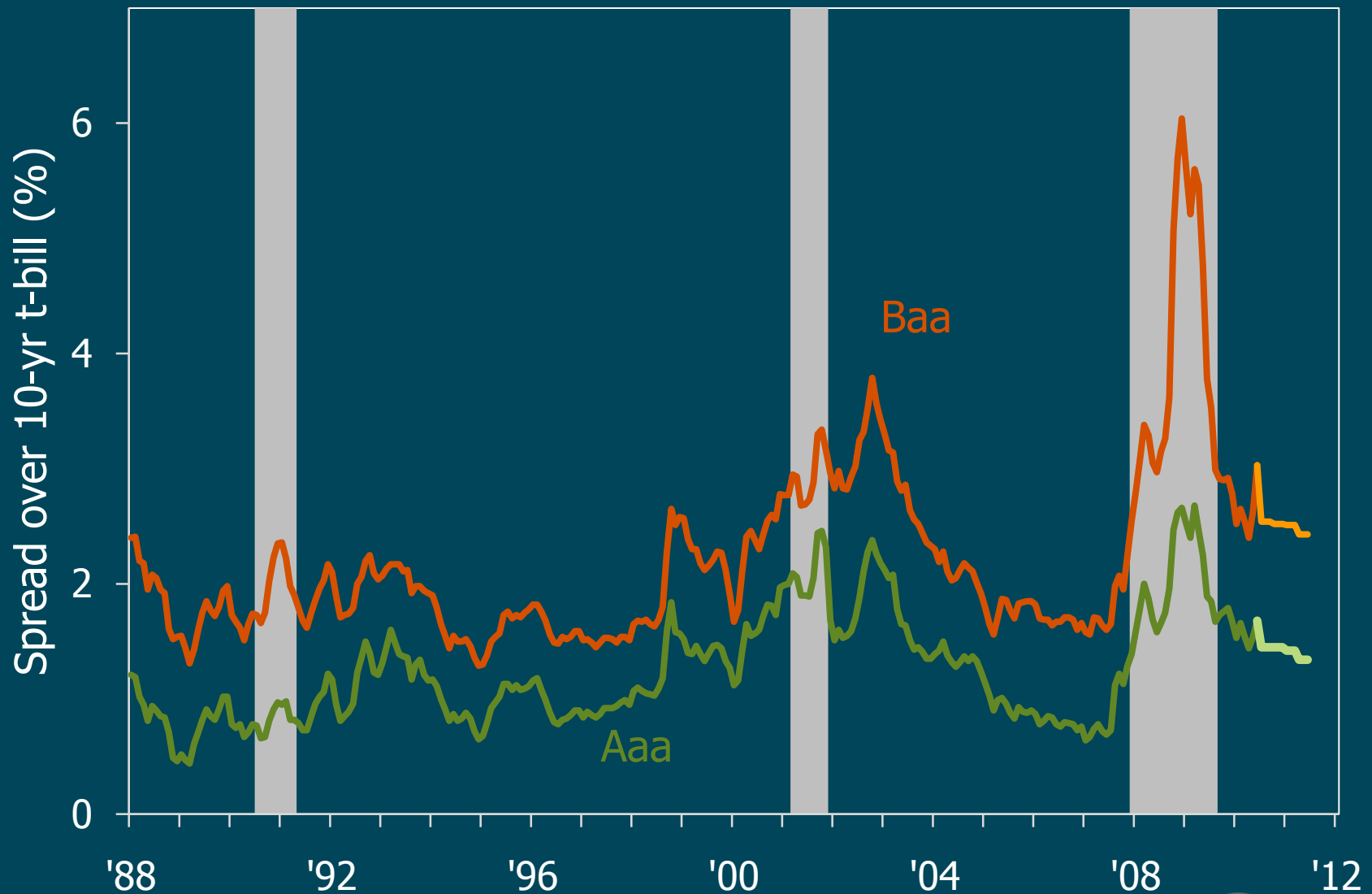
Total Commercial Bank Loans



Source: Federal Reserve Board
Last Point Plotted: June 2010



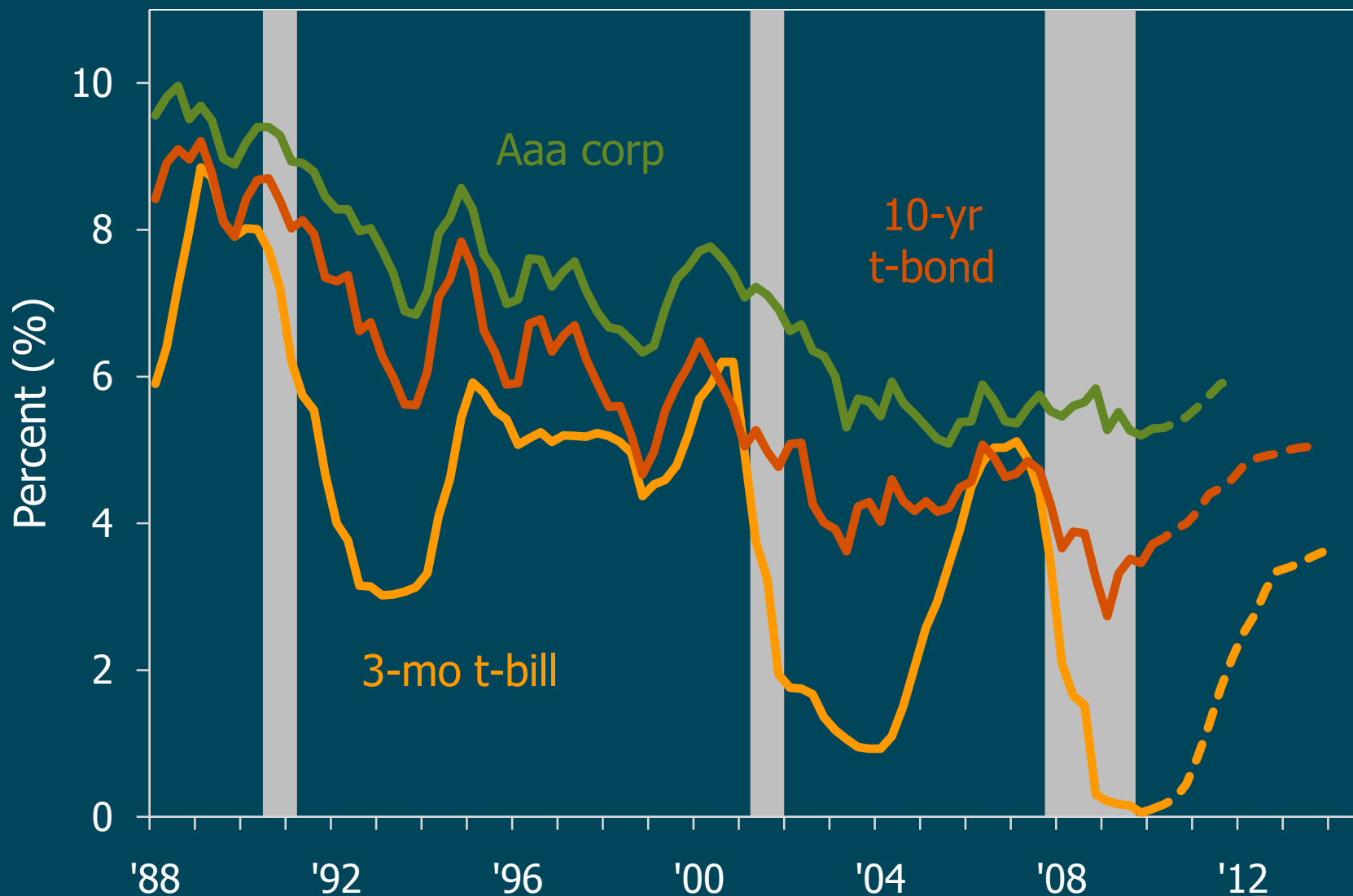
Corporate Bond Yield Spreads



Source: Federal Reserve Board, Moody's, FRB Philadelphia
Last Point Plotted: Apr. 2010 (hist.), 2011Q2 (fcst.)



Survey of Professional Forecasters: Treasury yields move up



Source: Federal Reserve Board, Moody's, FRB Philadelphia
Last Point Plotted: 2010Q1 (hist.), 2013Q4 (fcst.)

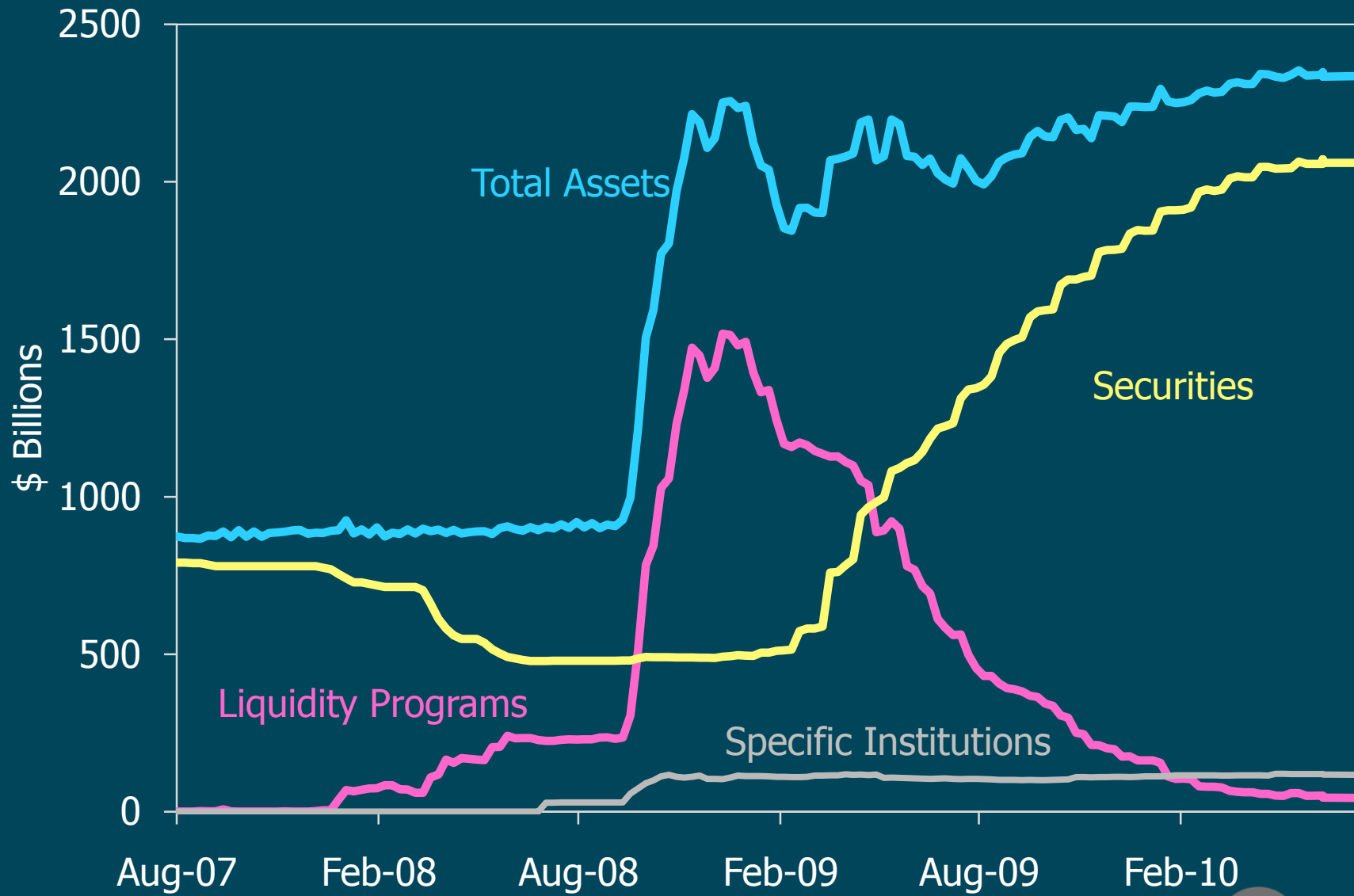


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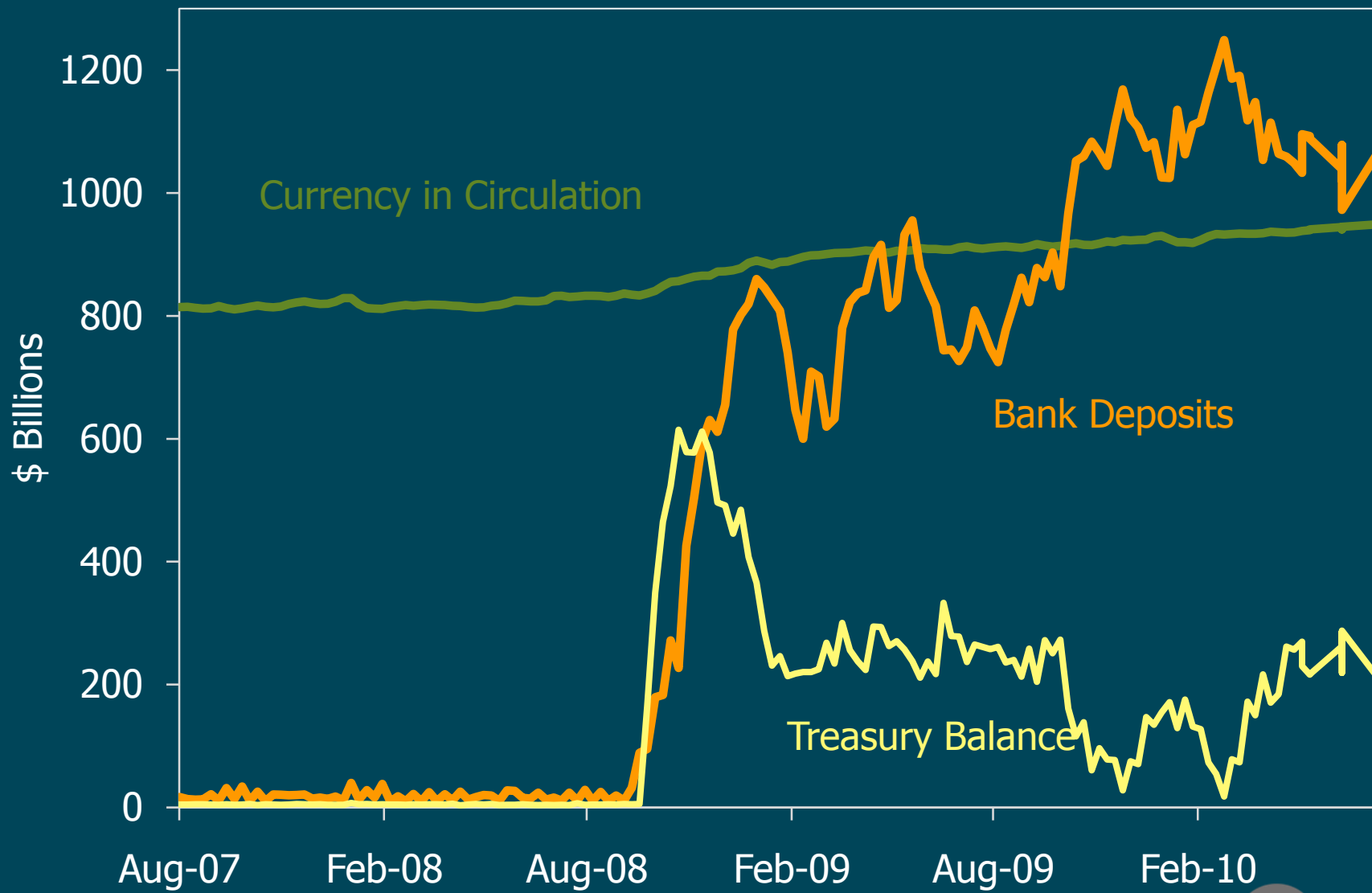
Federal Reserve Balance Sheet: Selected Assets



Source: Federal Reserve Board
Last Point Plotted: May 26, 2010



Federal Reserve Balance Sheet: Selected Liabilities



Source: Federal Reserve Board
Last Point Plotted: May 26, 2010

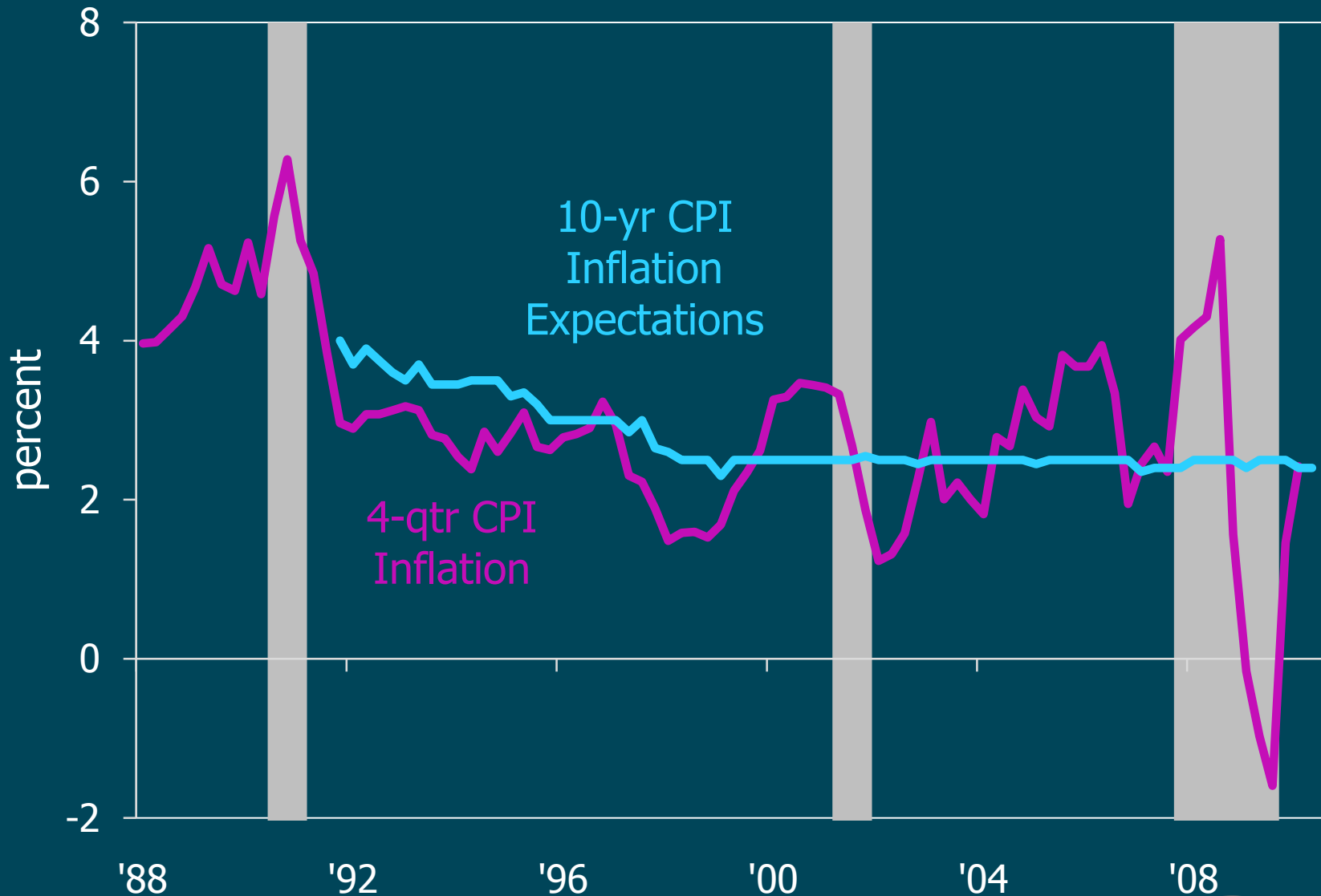


The Federal Reserve's Tools for Monetary Tightening

- Higher interest on Bank Reserves
- Reverse Repurchase Agreements
- Term Deposits
- Redemption and sales of long term assets:
Treasuries, Agency Debt, MBS



SPF: Inflation Expectations



Source: Bureau of Labor Statistics, Philadelphia Fed
Last Point Plotted: 2010Q2



For more information from the Federal Reserve Bank of Philadelphia

- Go to www.philadelphiafed.org
- Next SPF: August 13, 2010
- Next BOS: August 20, 2010
- Links to Board of Governors & other Reserve Banks

