



THE FEDERAL RESERVE BANK *of* MINNEAPOLIS

2009 Regional Economic Outlook

December 17, 2008





minneapolisfed.org



Agenda

- **Ninth District Economy**
 - **Outlook**
 - **Surveys**
 - **Models**
 - **Sector Analysis**
 - **Agriculture**
 - **Manufacturing**
 - **Home building**

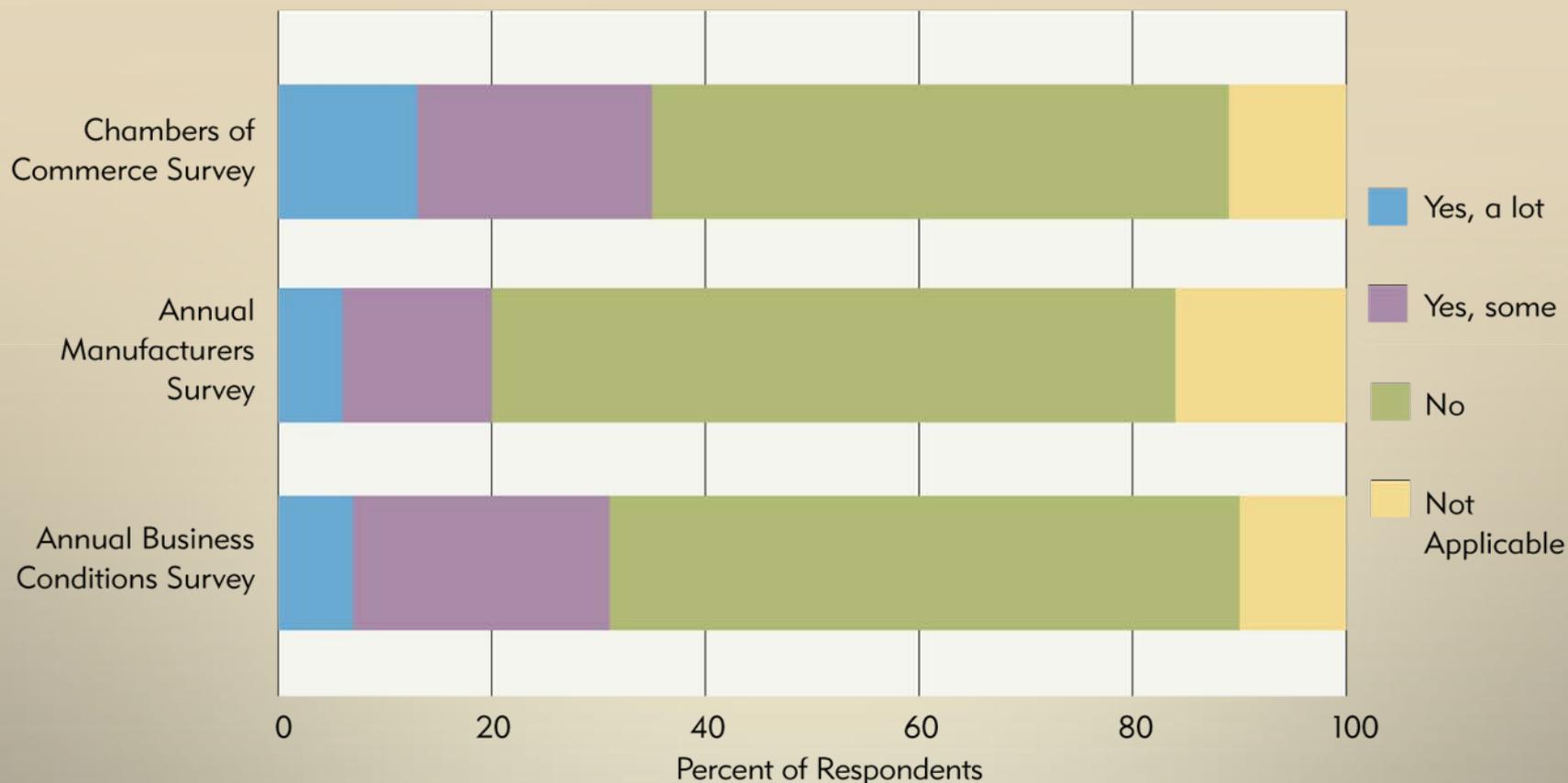


The Federal Reserve Districts





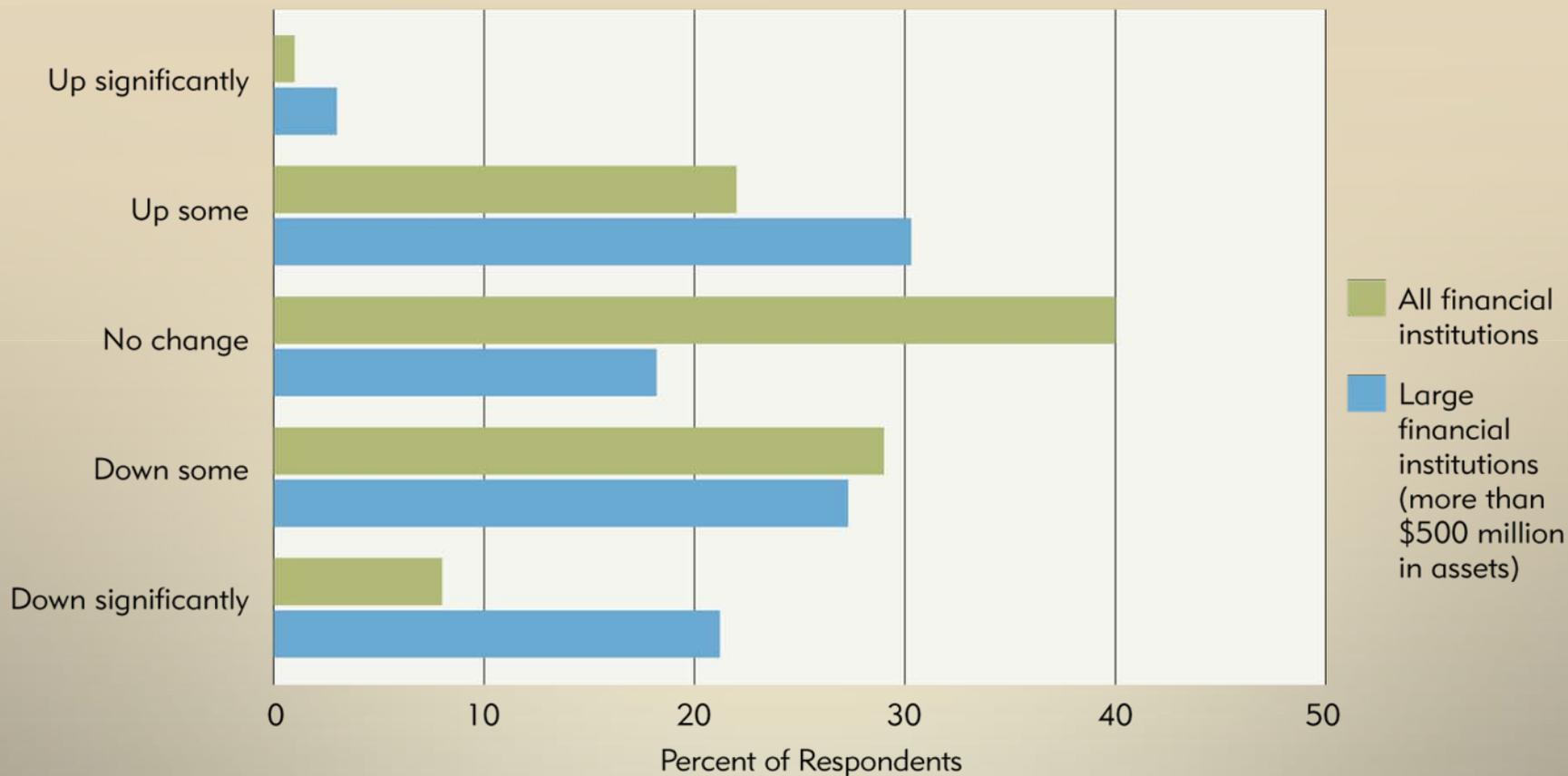
Has your company's access to credit deteriorated in the past three months?



Source: Federal Reserve Bank of Minneapolis. Manufacturers Survey conducted in cooperation with the Minnesota Department of Employment and Economic Development.



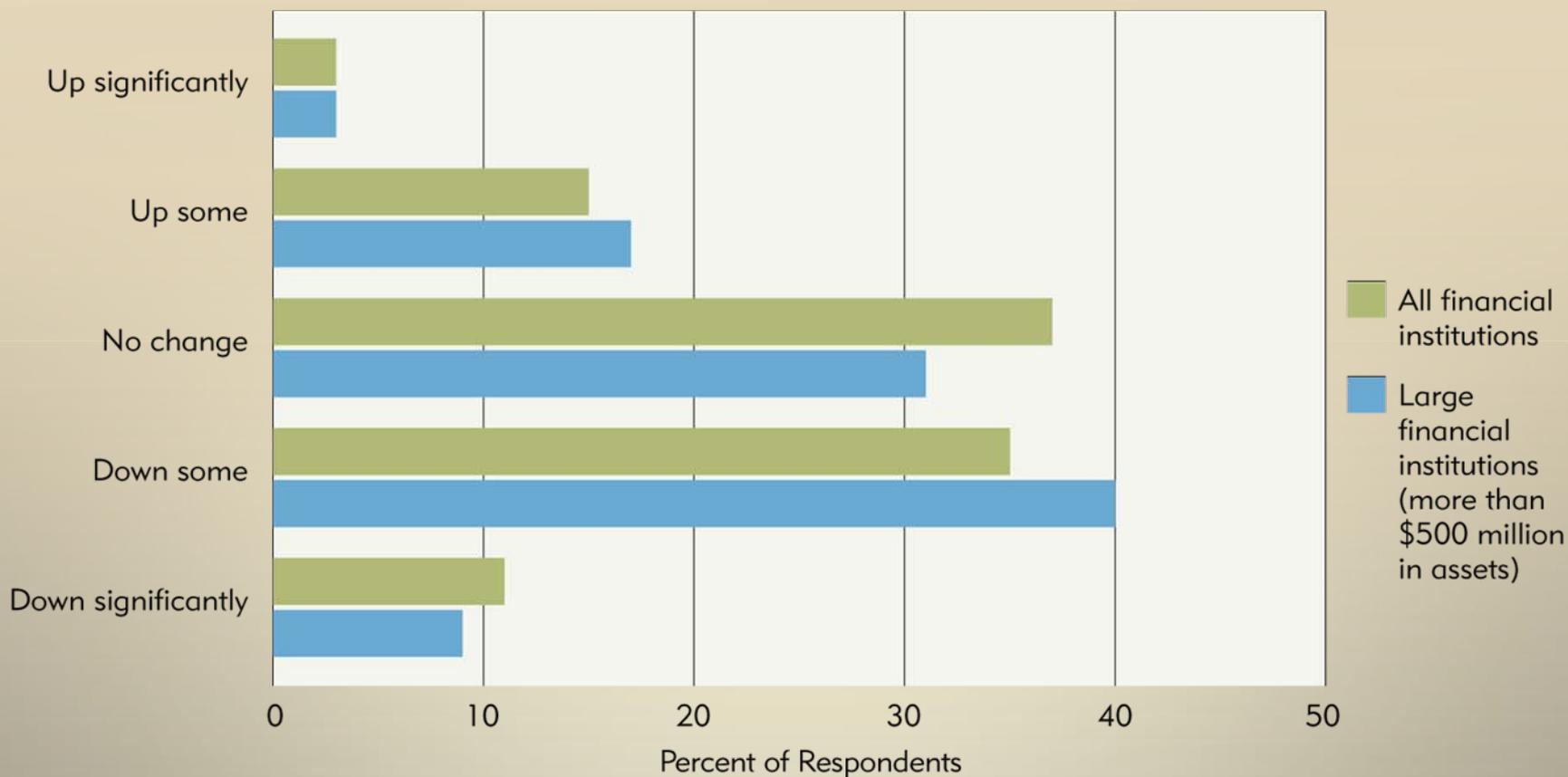
How has the volume of business credit changed in the past three months?



Source: Financial Institutions Survey, Federal Reserve Bank of Minneapolis



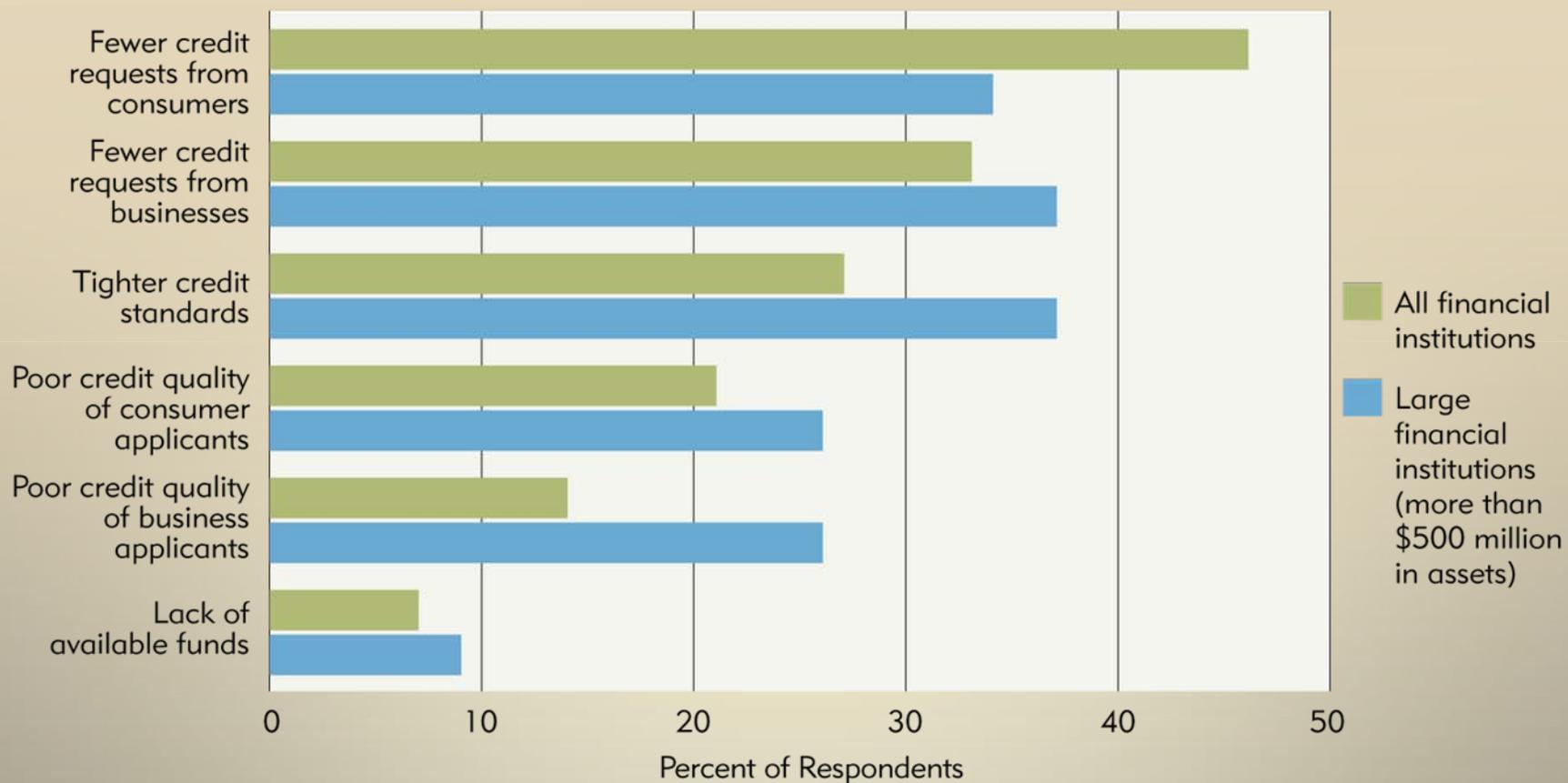
How has the volume of consumer credit changed in the past three months?



Source: Financial Institutions Survey, Federal Reserve Bank of Minneapolis



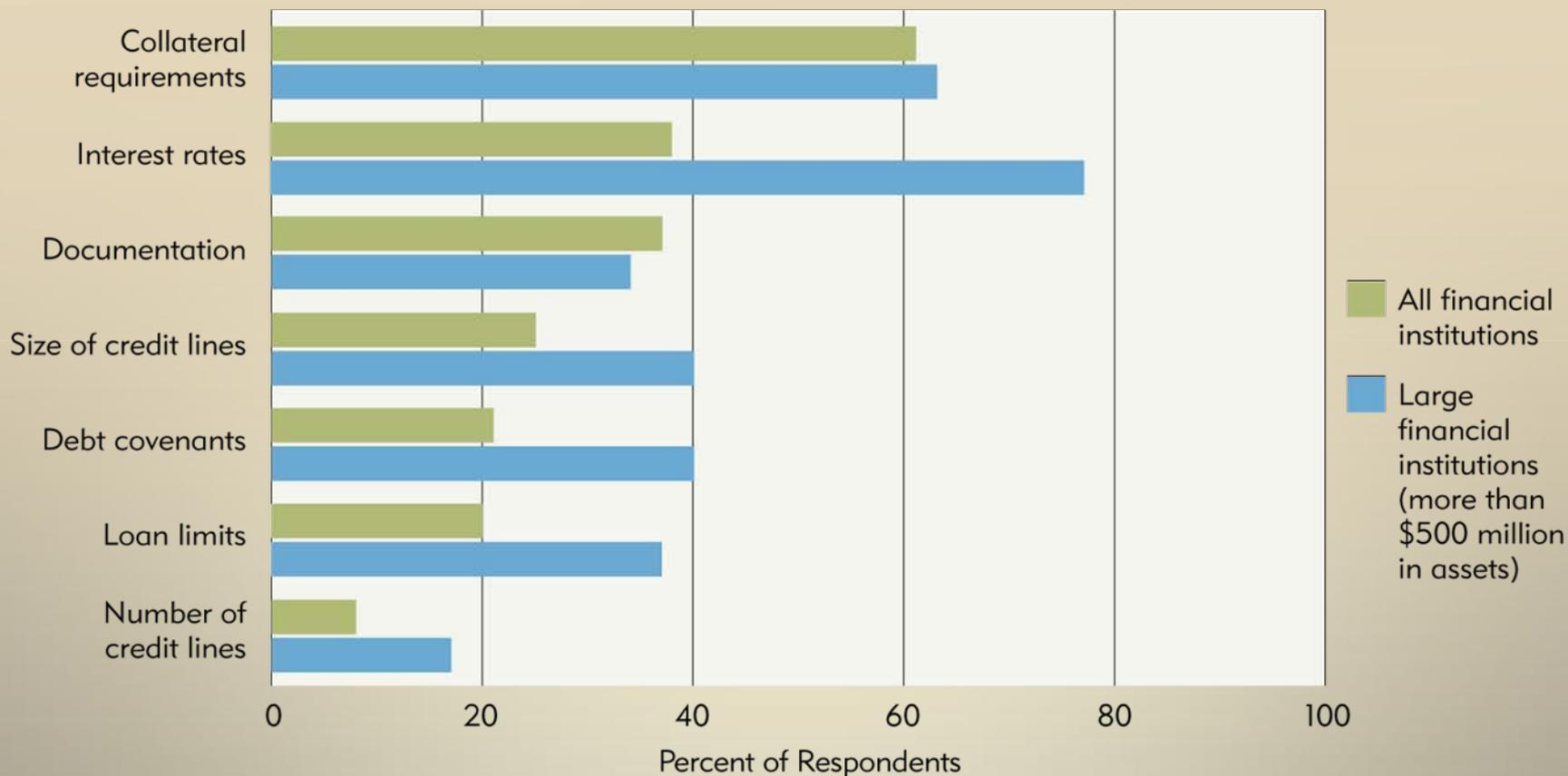
Reasons for lower credit volume at Ninth District financial institutions



Source: Financial Institutions Survey, Federal Reserve Bank of Minneapolis



Which of the following credit standards have been tightened in the past three months?



Source: Financial Institutions Survey, Federal Reserve Bank of Minneapolis

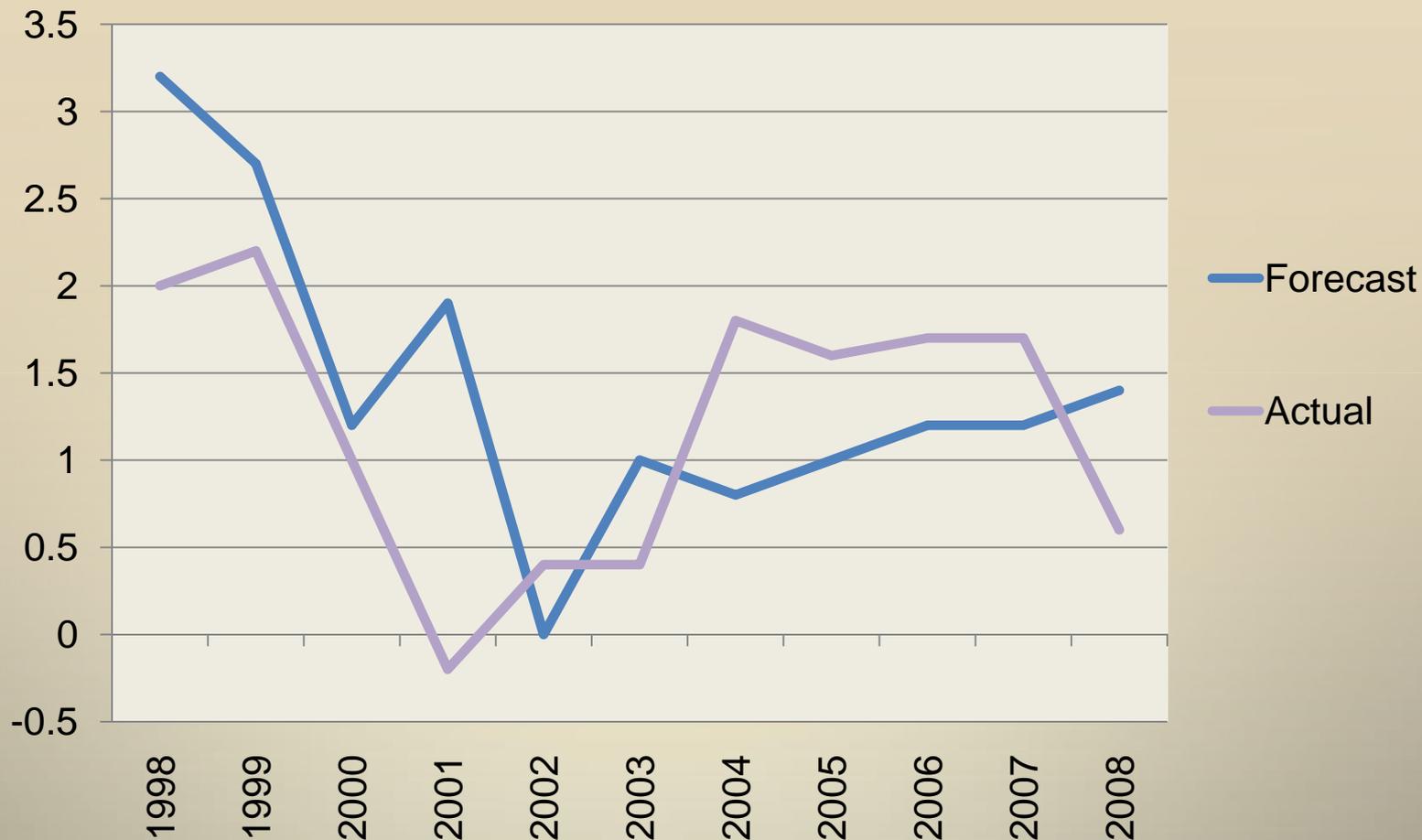


Comparing 2008 with last year's forecast

- Job growth was weaker
- Unemployment rates were higher
- Personal income grew slightly faster
- Home building slowed more than expected



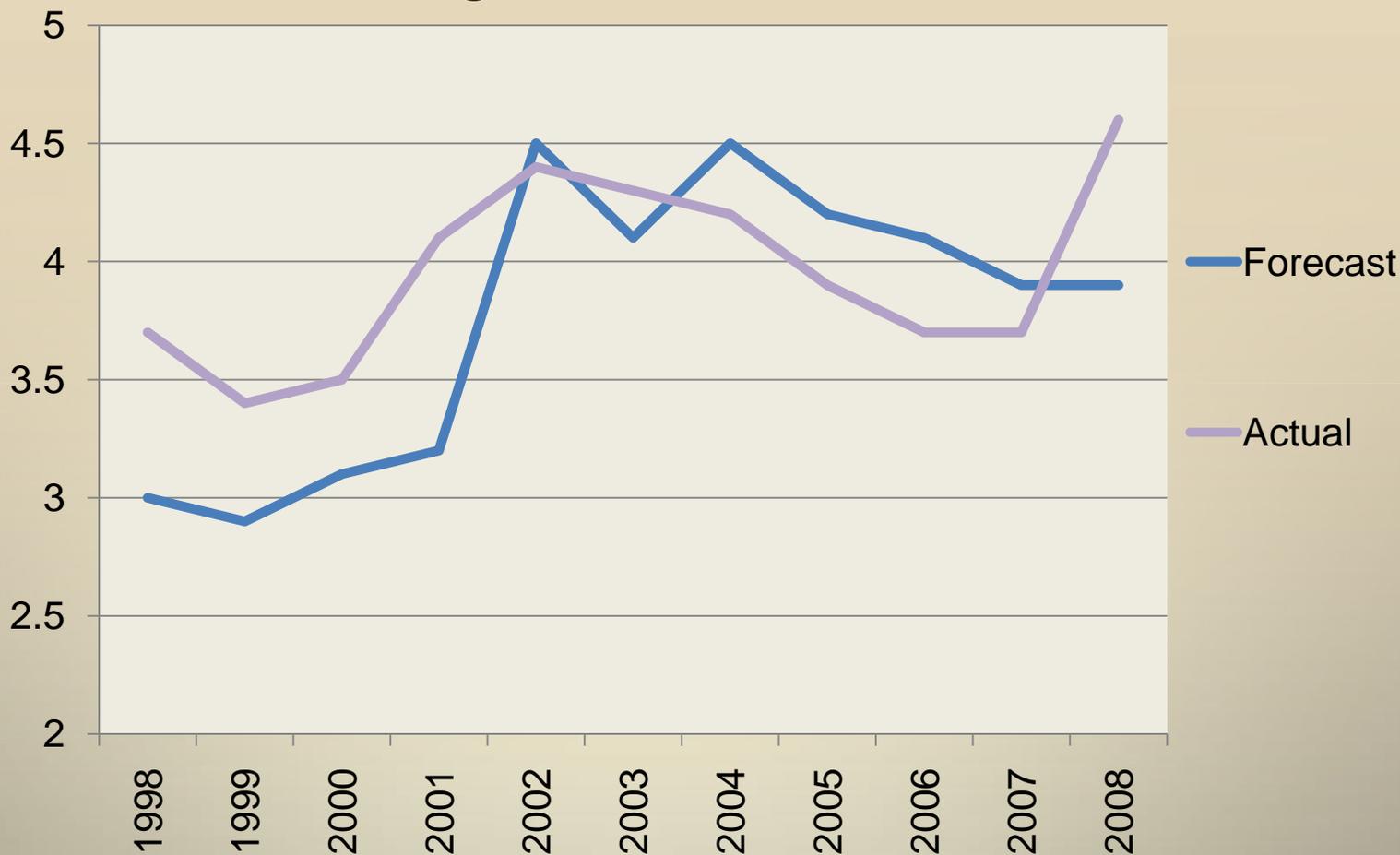
2008 Employment Growth Lower than Forecast



Nonfarm employment – simple average
Percent change from a year earlier -- 4th quarter



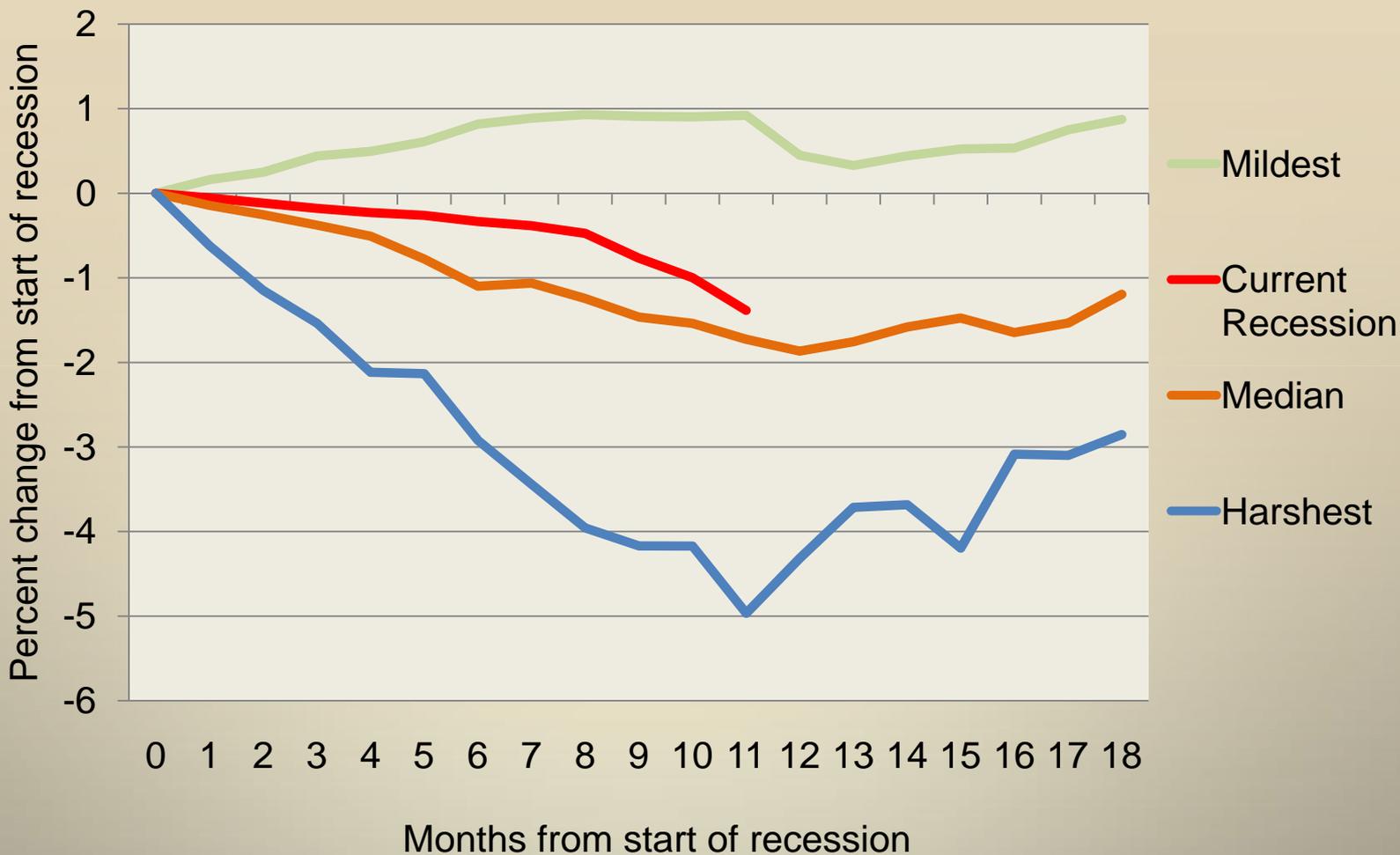
2008 Unemployment Rate Higher than Forecast



Unemployment rate – simple average
Percent change from a year earlier -- 4th quarter

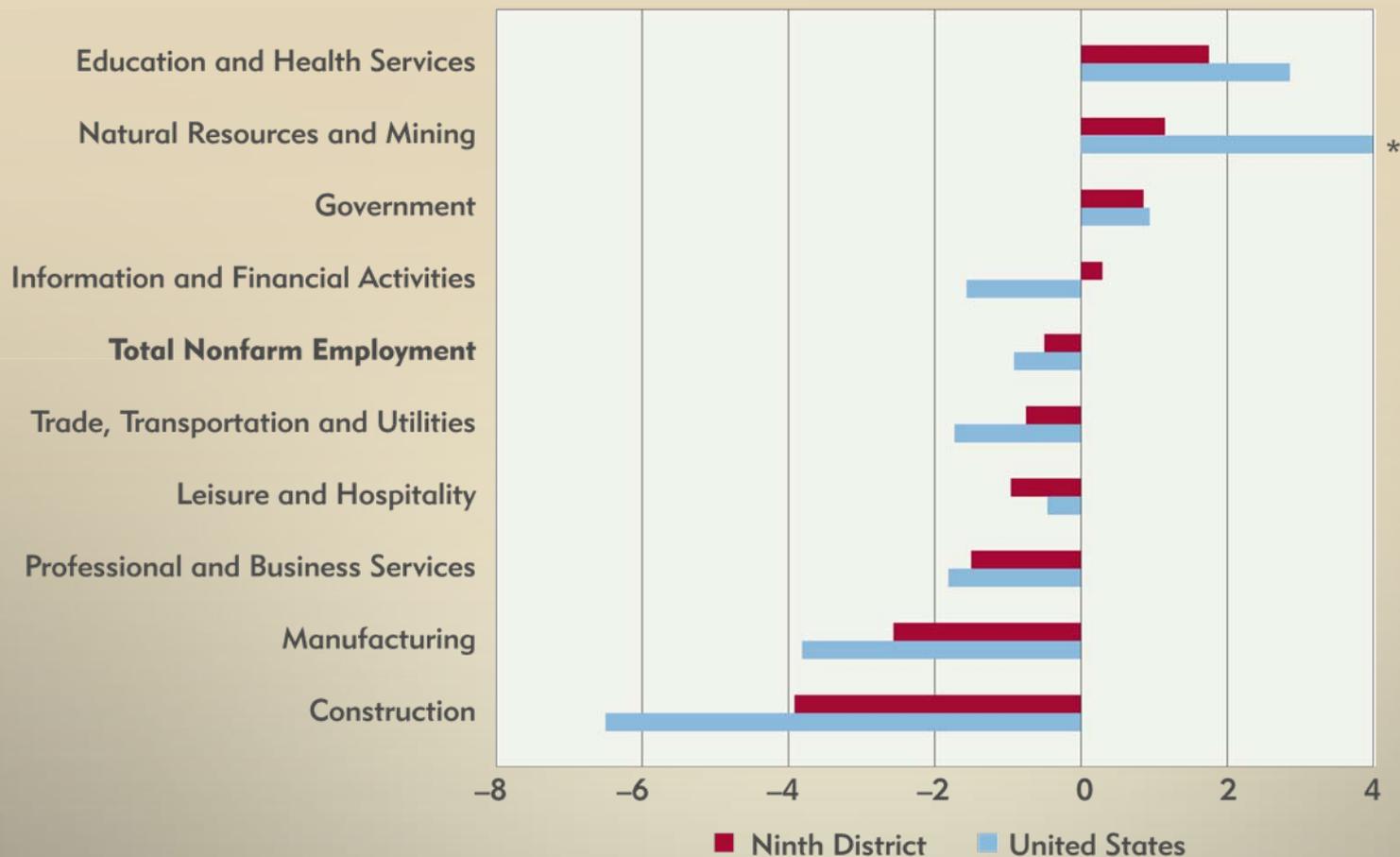


Changes in Nonfarm Employment: Current Recession vs. 10 Postwar Recessions





Nonfarm Employment, October 2008 Percent Change From a Year Earlier



*U.S. natural resources and mining employment increased 10.3 percent.

Source: Bureau of Labor Statistics

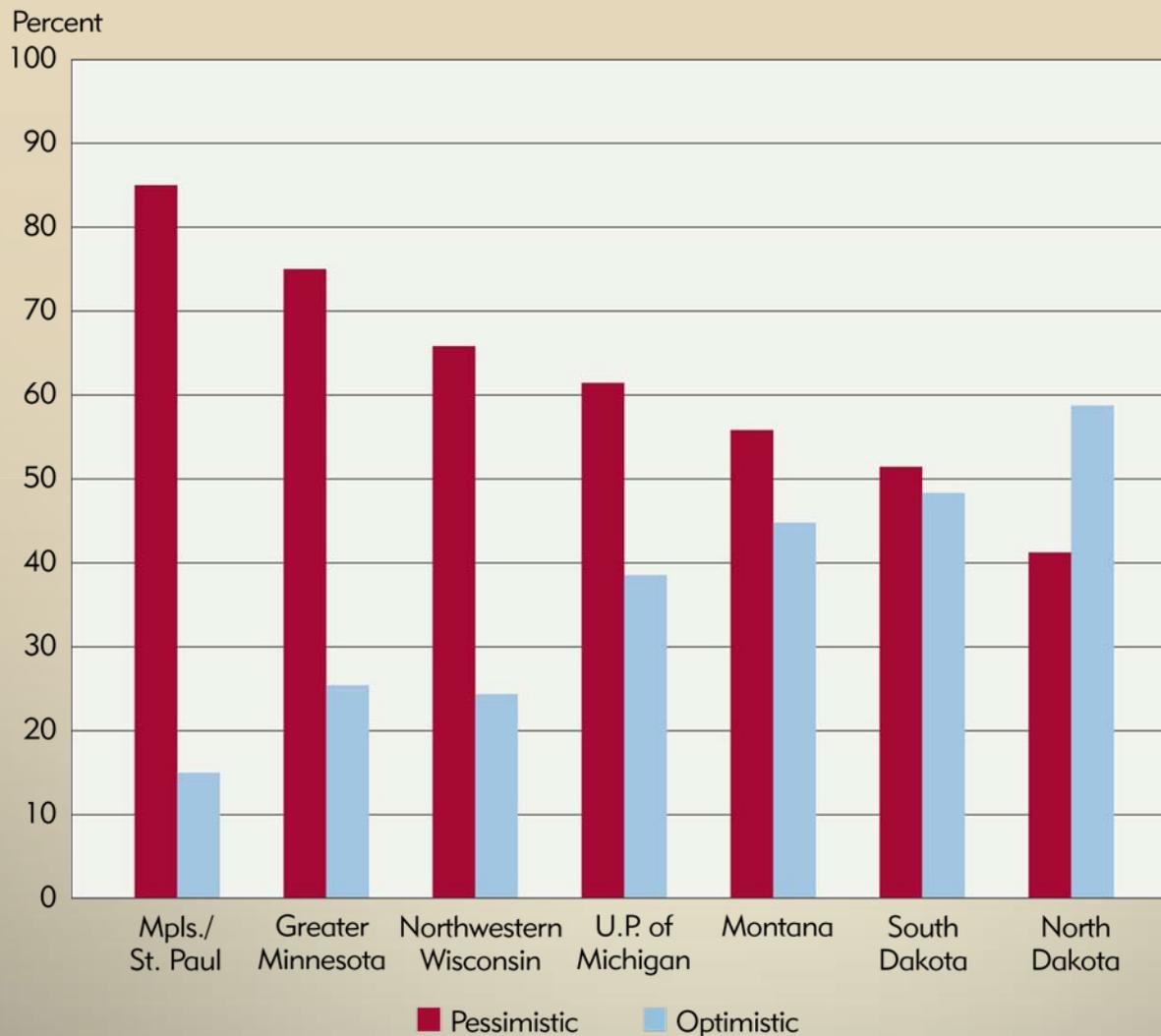


Ninth District Economy: Declines in 2009

- Decreases in employment and increases in unemployment
- Wage and price increases moderate
- Ag mixed but manufacturing down
- Home building slowdown continues in many areas



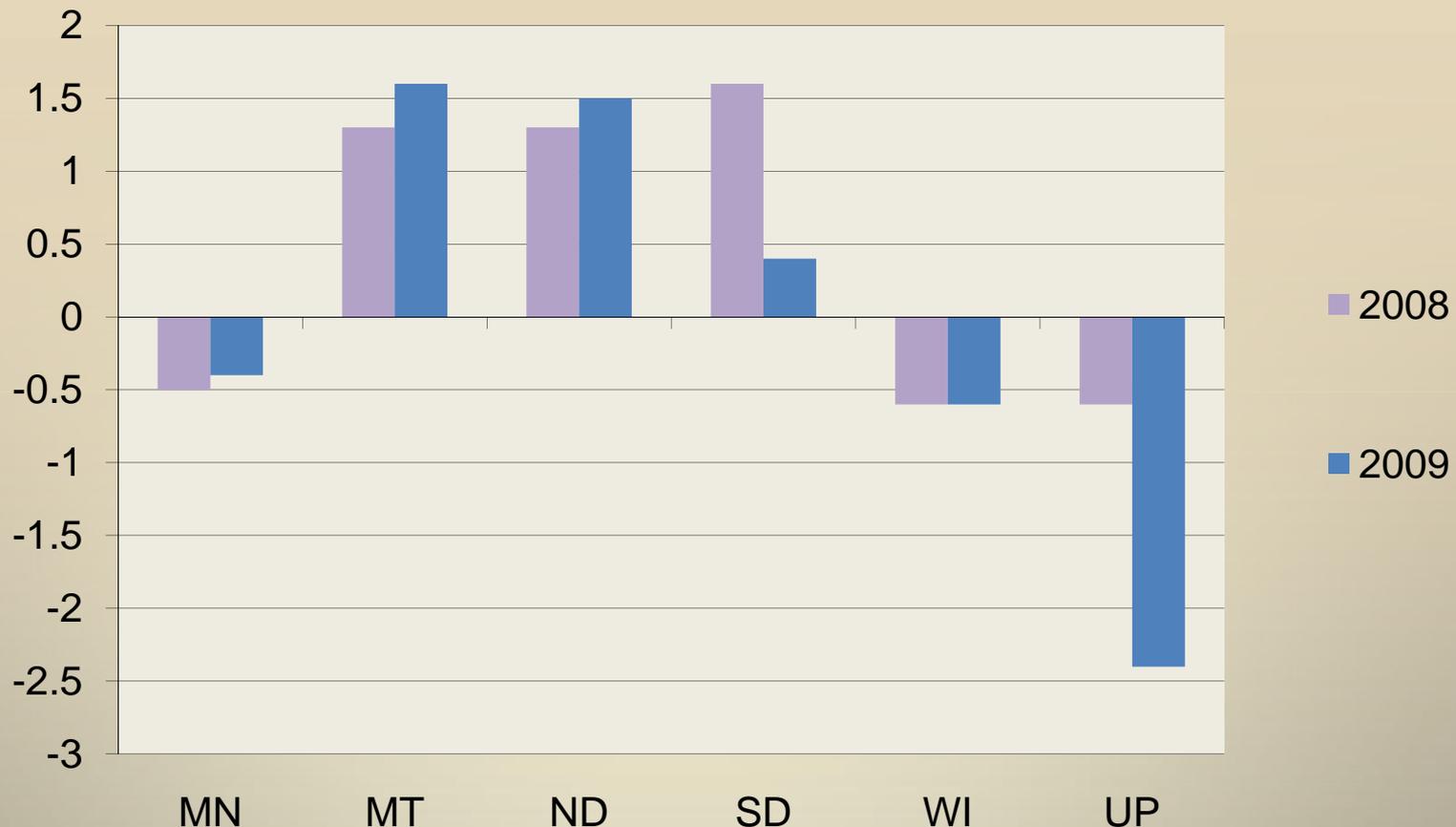
Overall, what is your outlook for your community's economy in the next 12 months?



Source: Federal Reserve Bank of Minneapolis



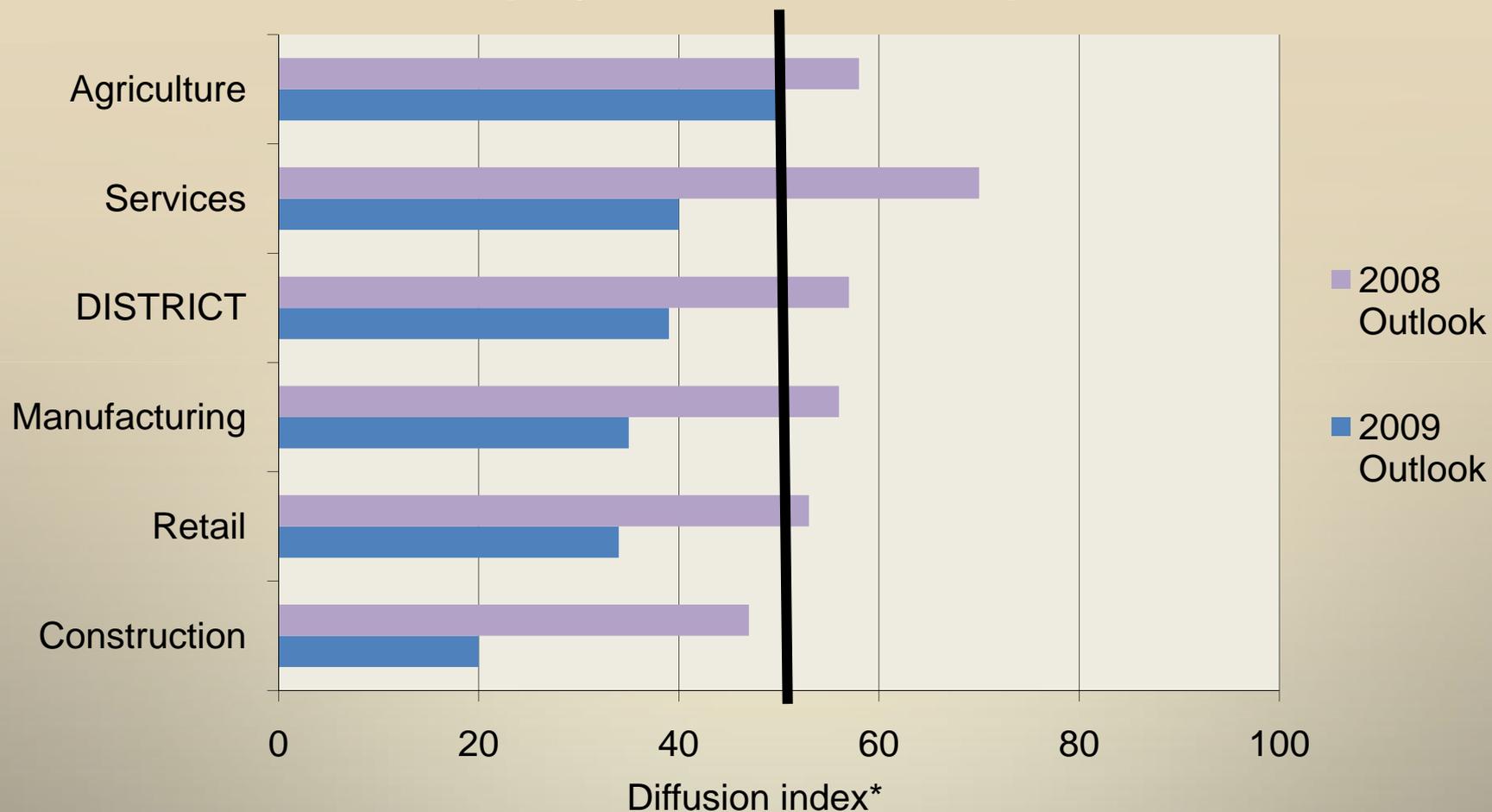
Employment Expected to Contract in Eastern States



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



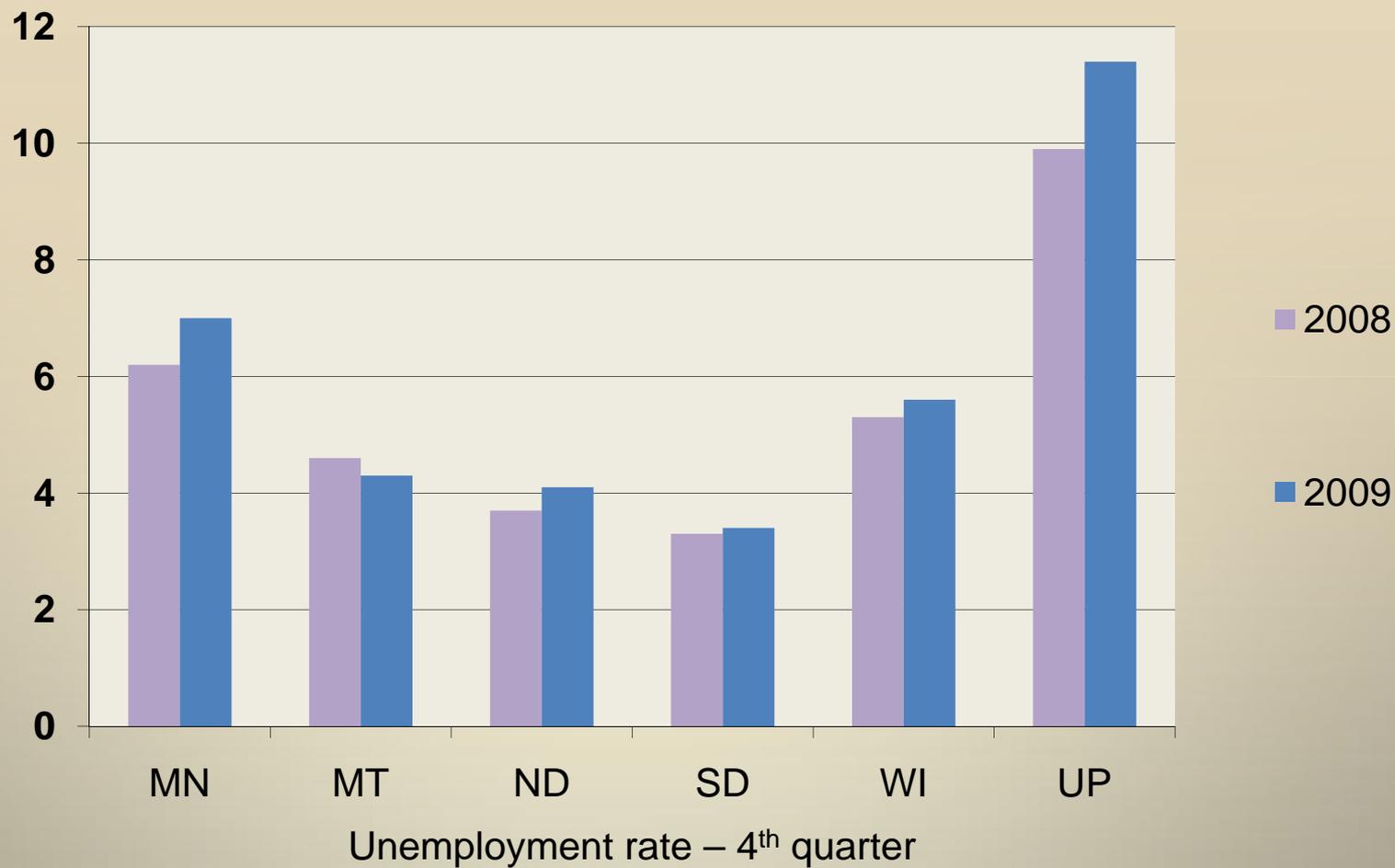
Business Leaders Expect Decreased Employment at Their Companies



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

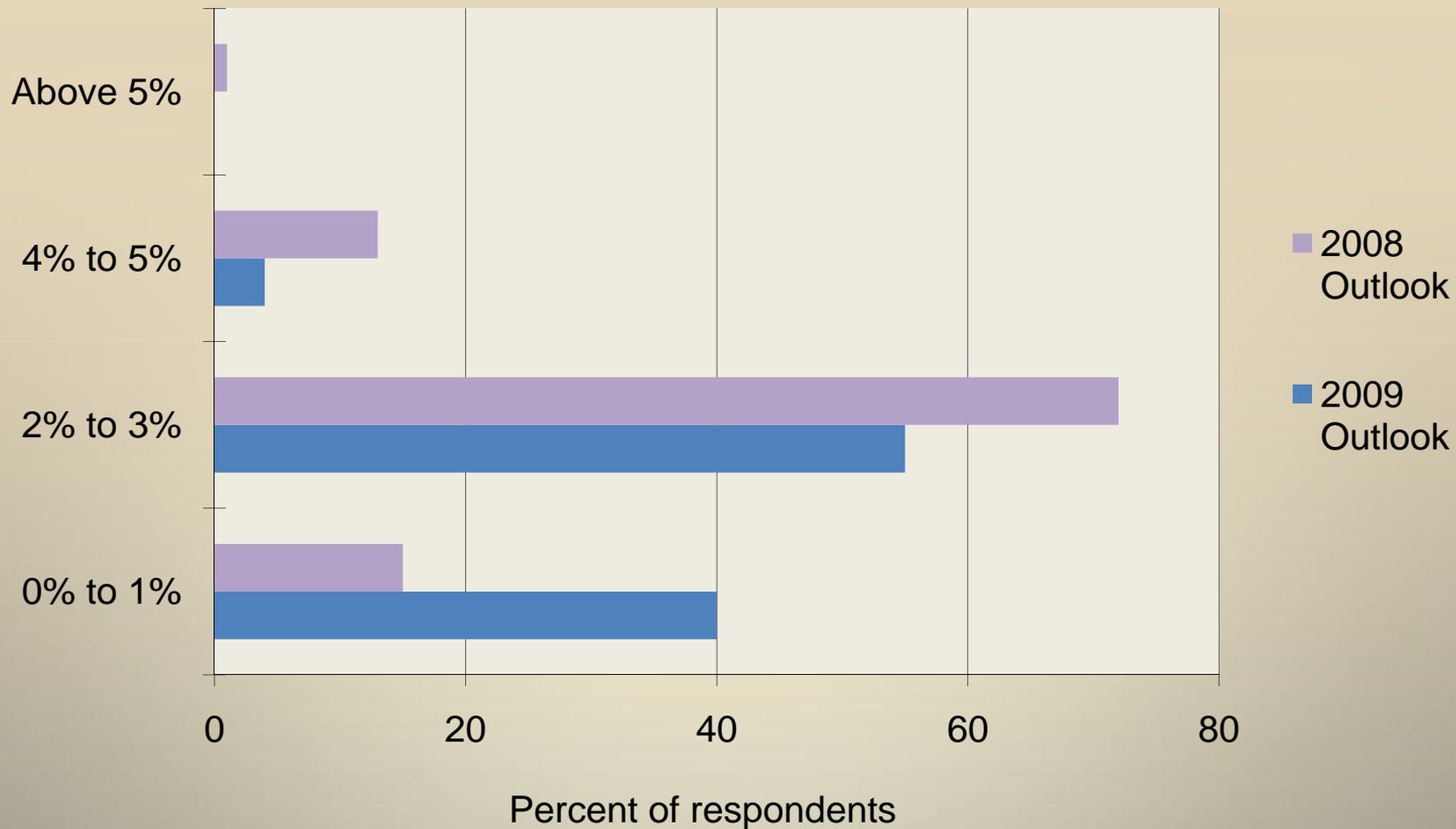


Unemployment Rates Expected to Increase



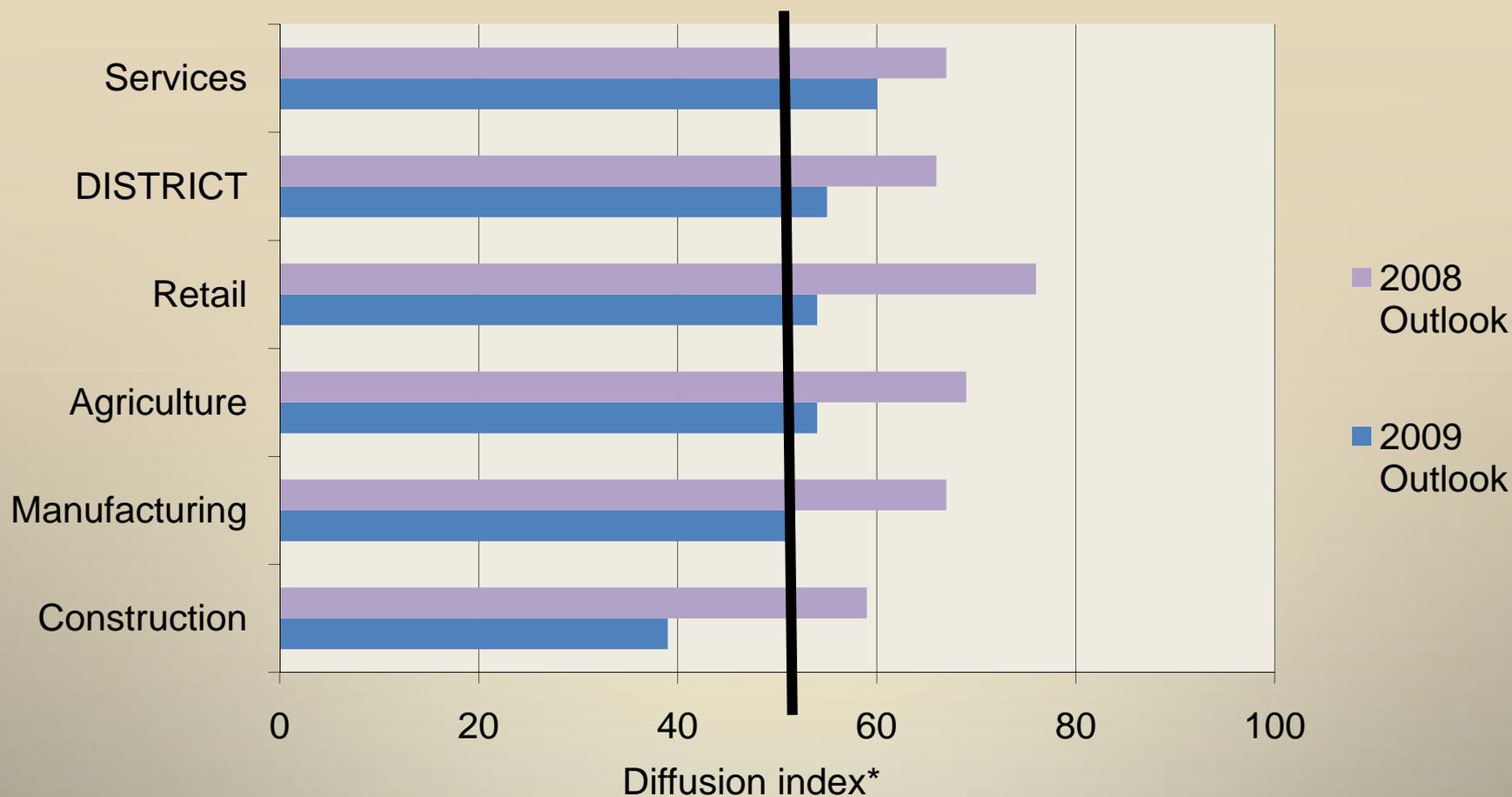


Business Leaders Anticipate Modest Wage Increases





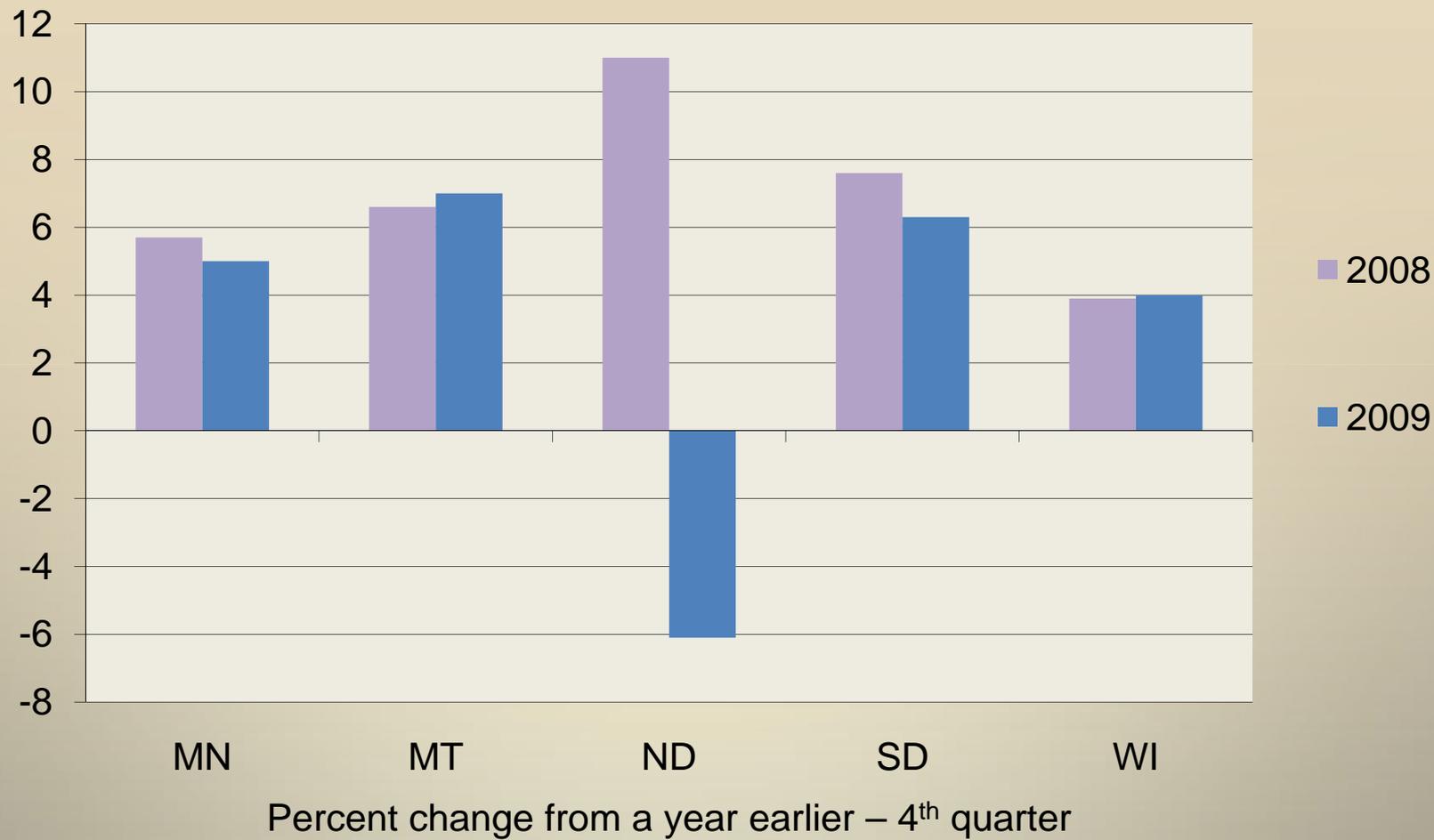
Business Leaders Foresee Level Prices



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



Personal Income Growth Expected to Moderate



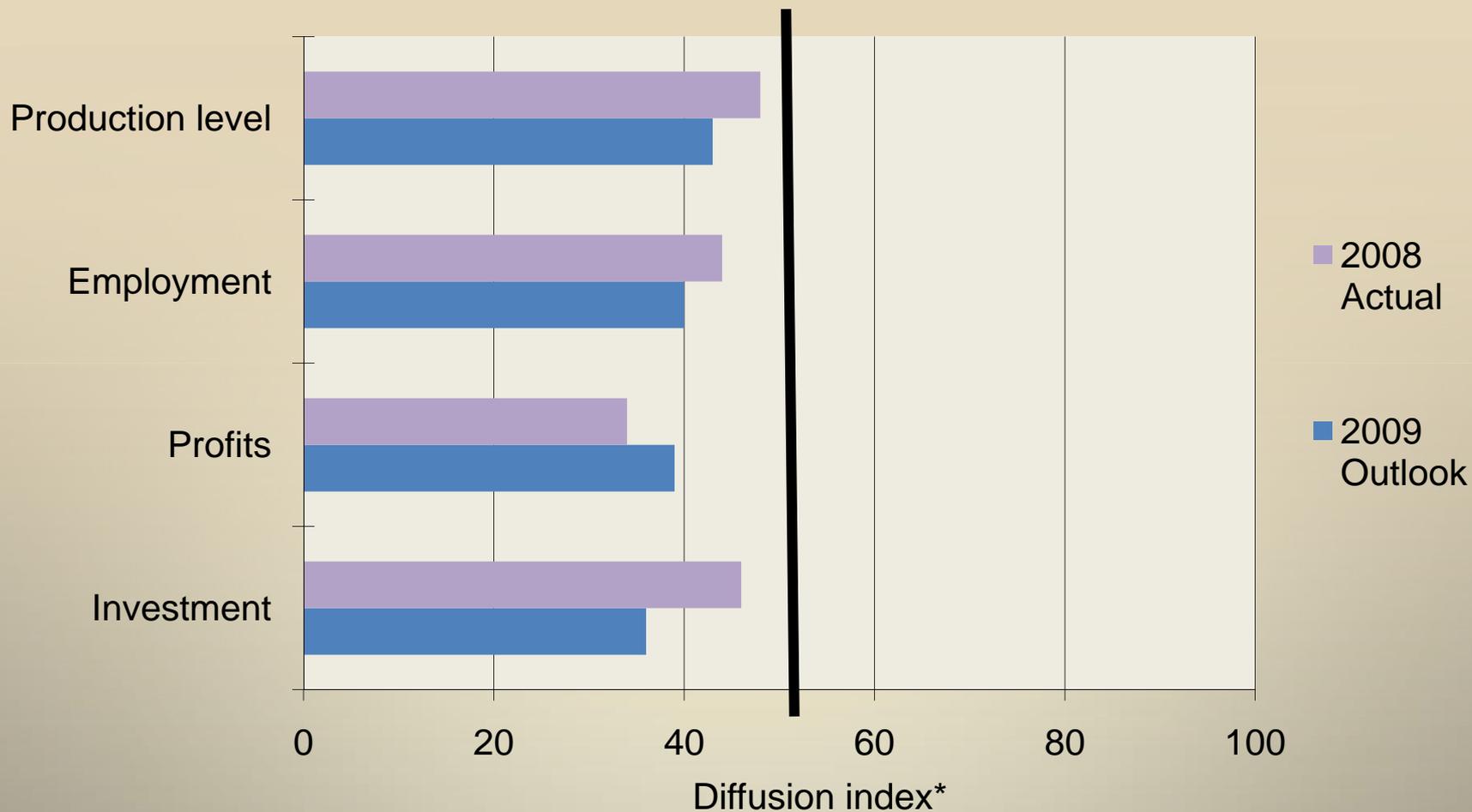


Agriculture outlook mixed

- Volatile but decent 2008
- Mixed outlook for 2009



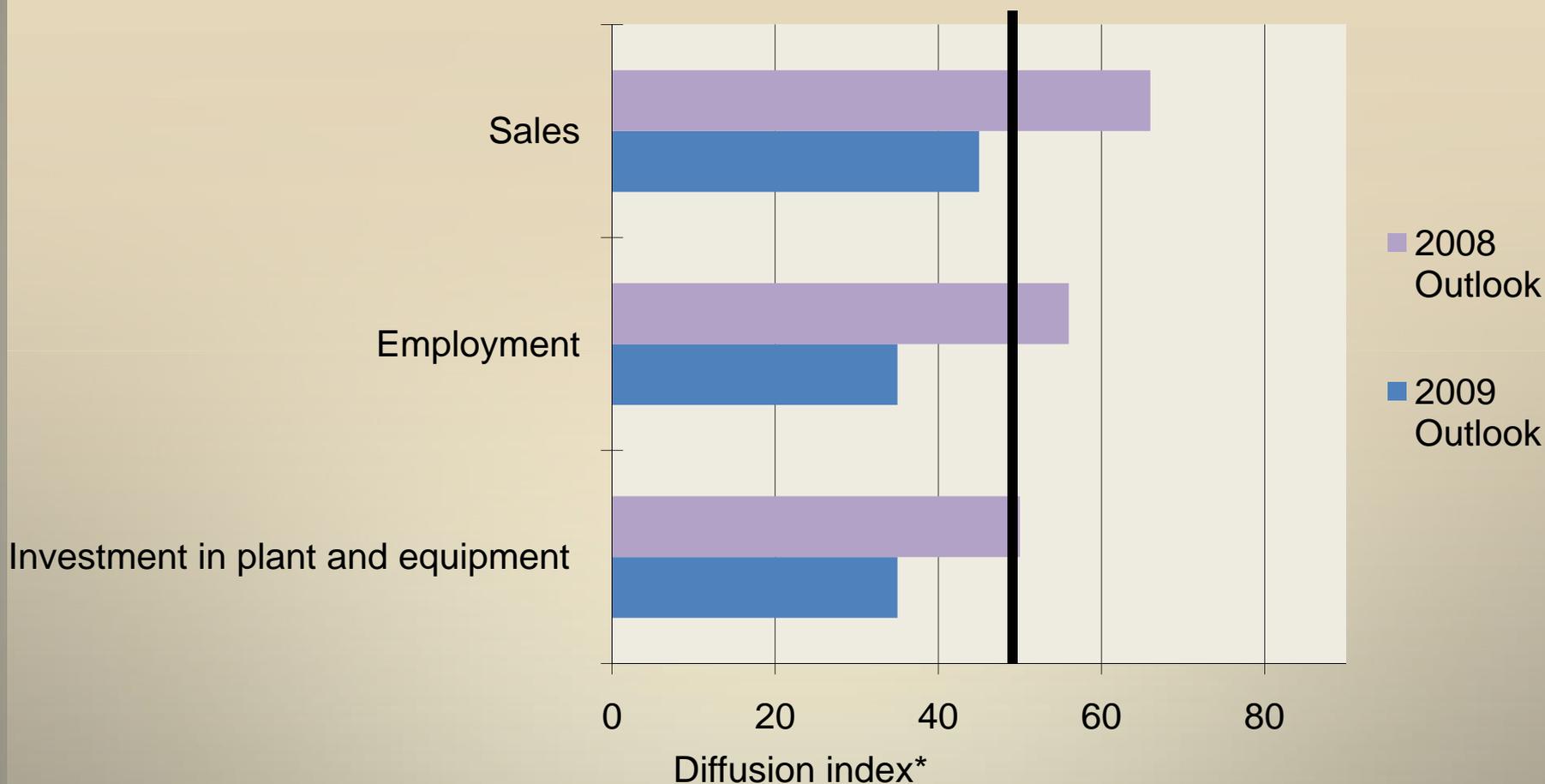
Manufacturing Is Down



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



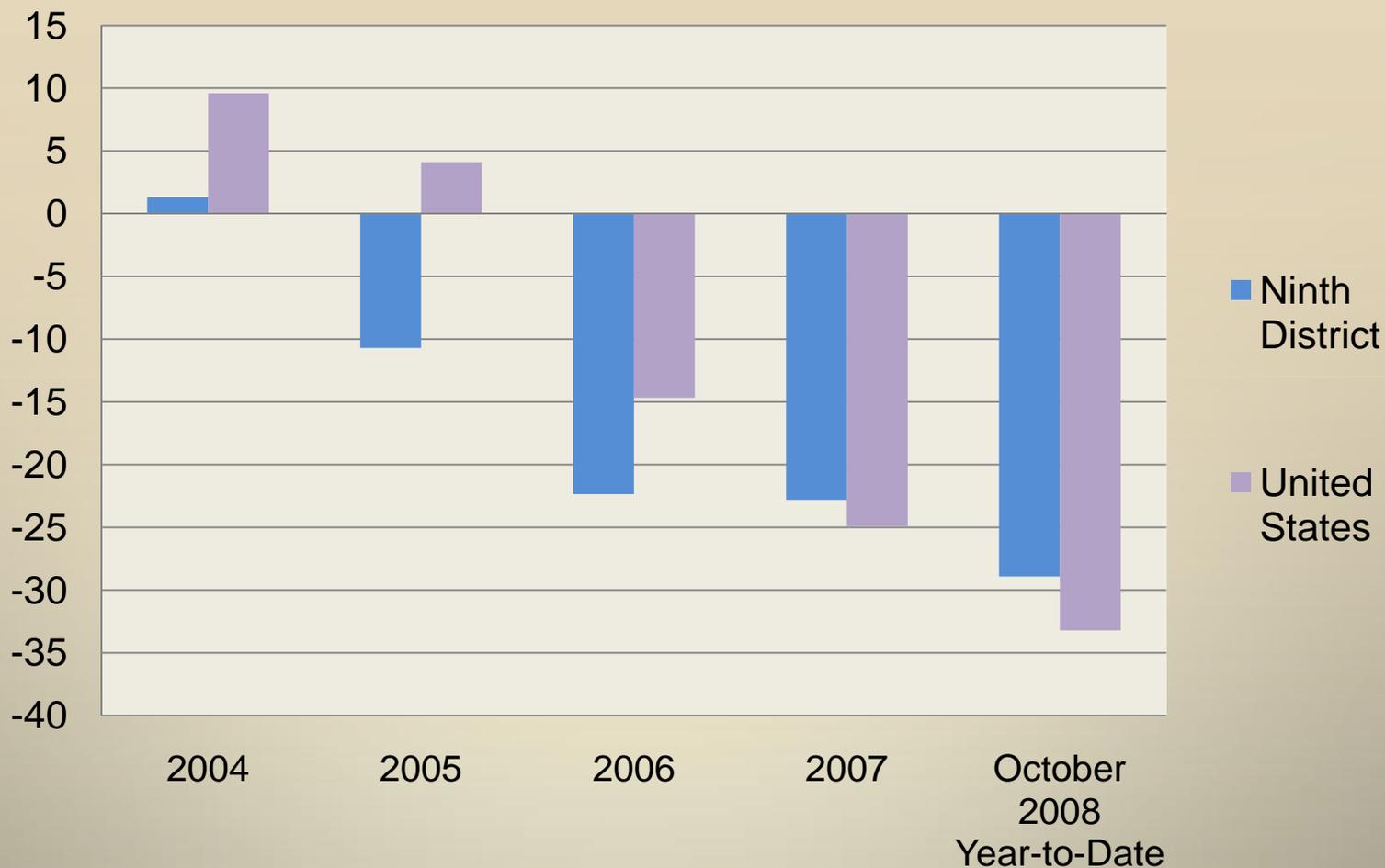
Manufacturing Firms Expect Big Slowdown



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



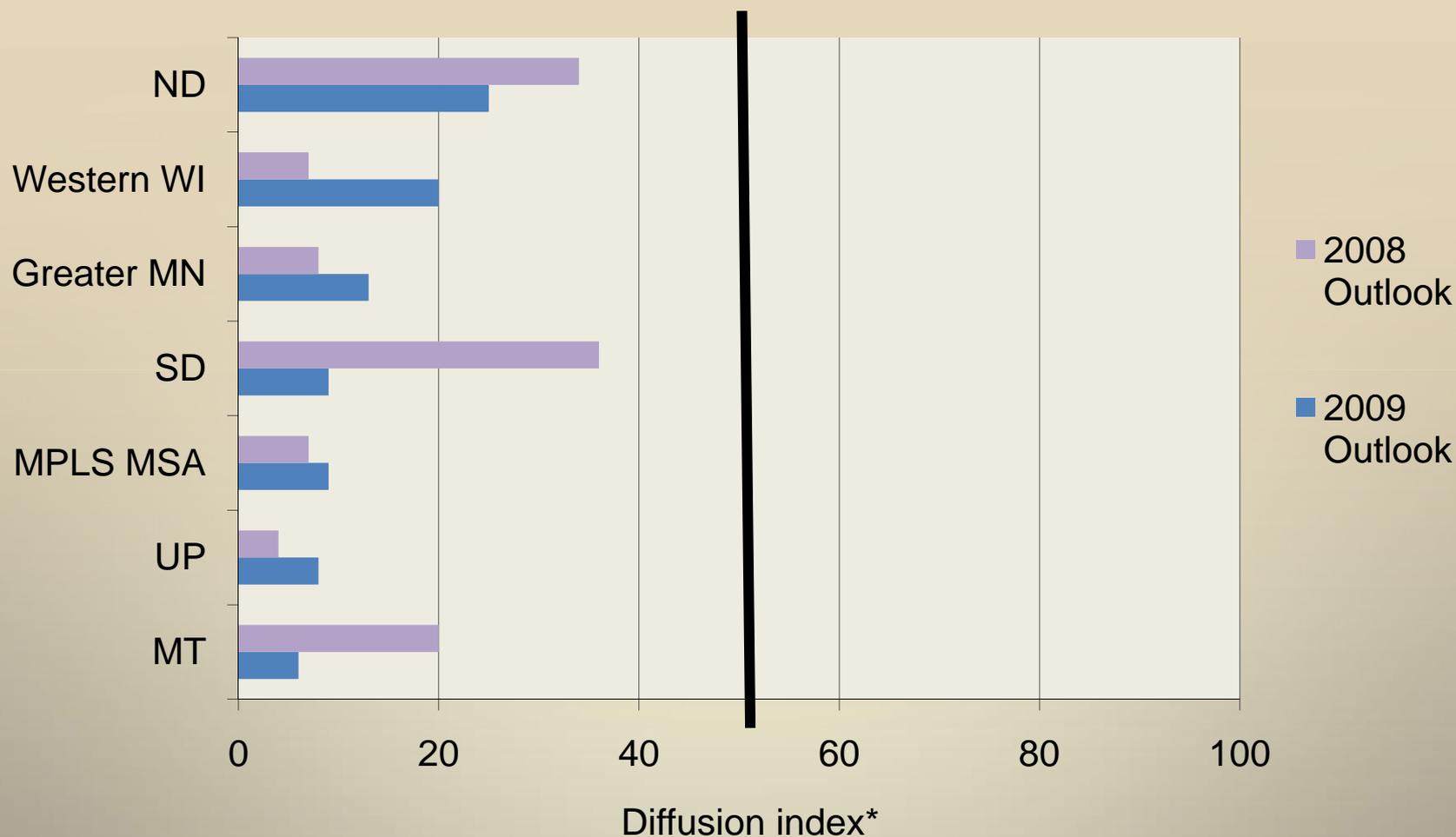
Home Building Continues to Decline



Housing units authorized
percent change from a year earlier



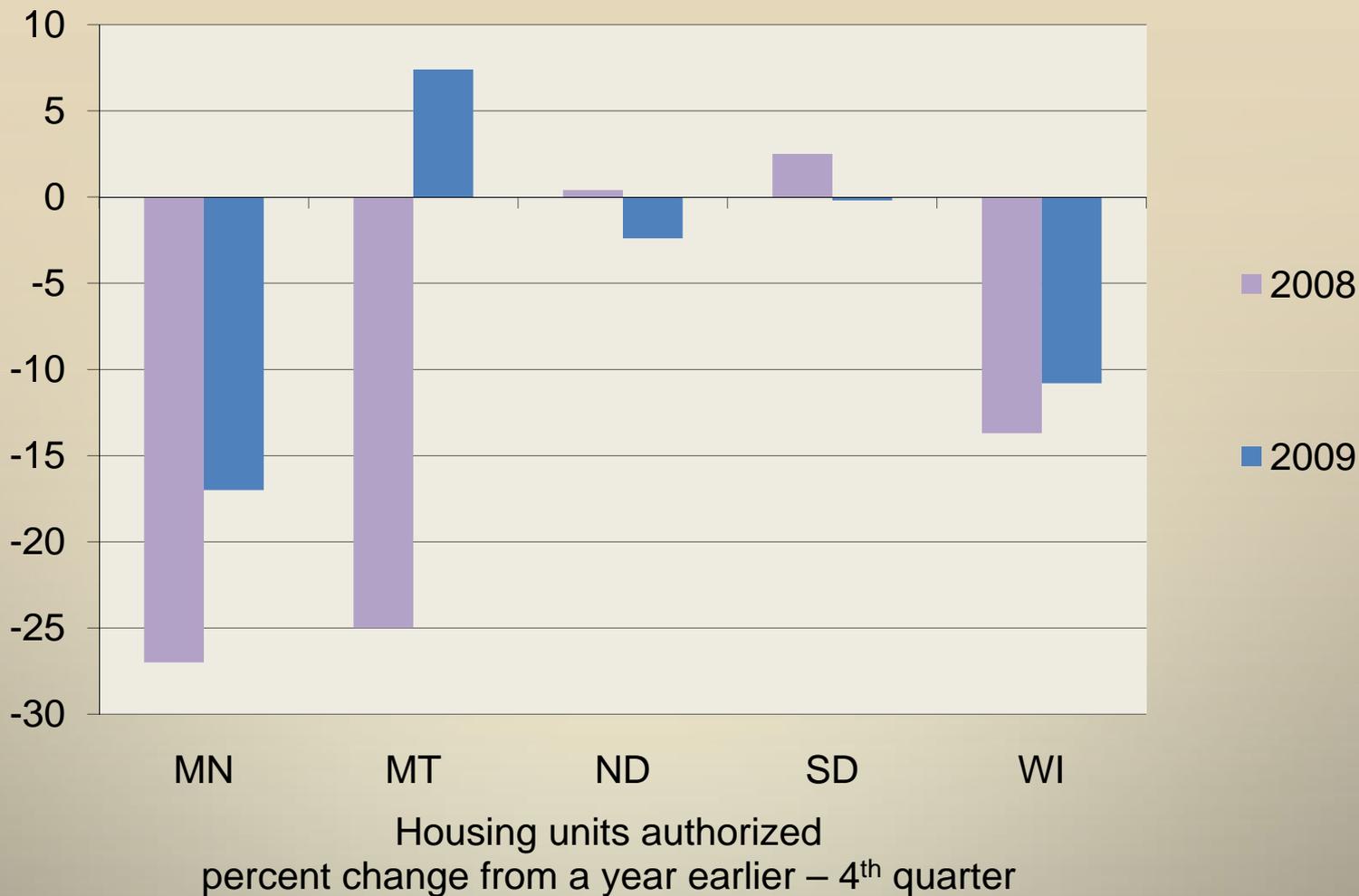
Business Leaders Expect Slower Home Building



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



Home building Expected to Remain Depressed





Ninth District Economy: Declines in 2009

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Questions?