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Figure 1: Primary Dealers Survey Results: Average Distribution of Probabilities for the Timing of First Target Federal Funds Rate Increase

Survey Results as of July 21, 2014

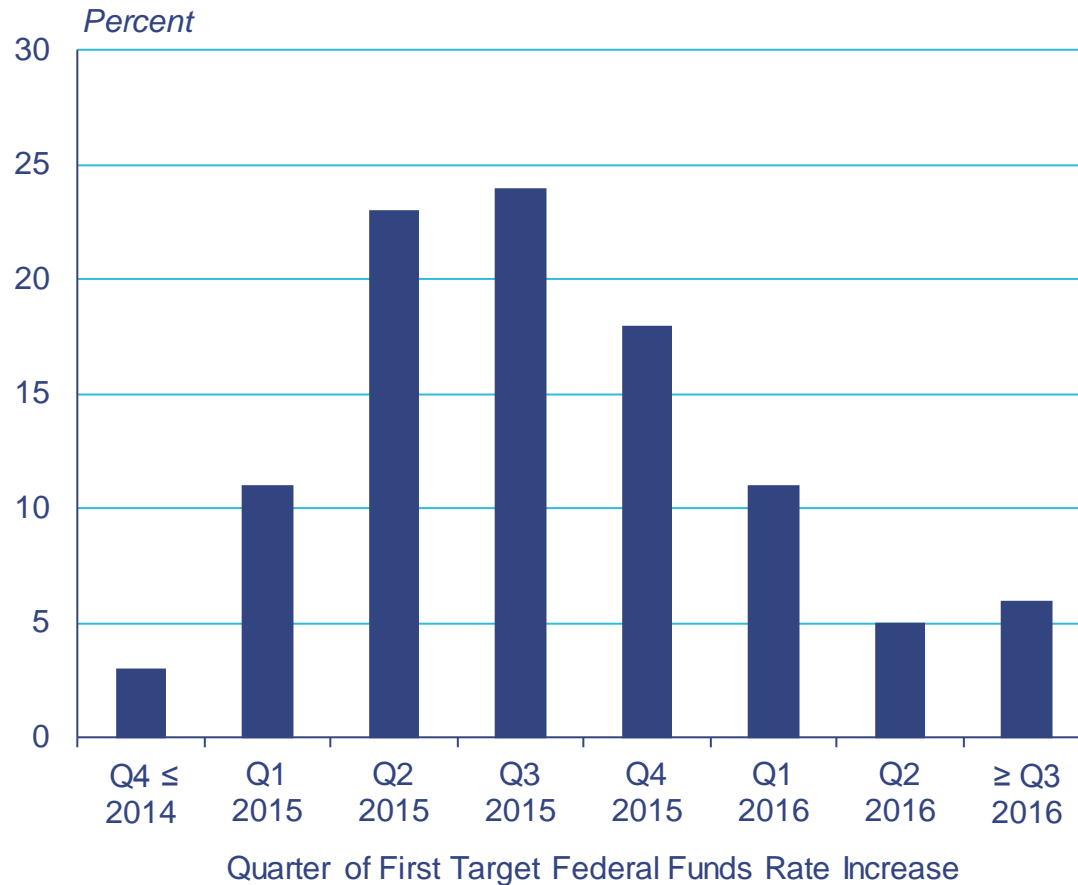
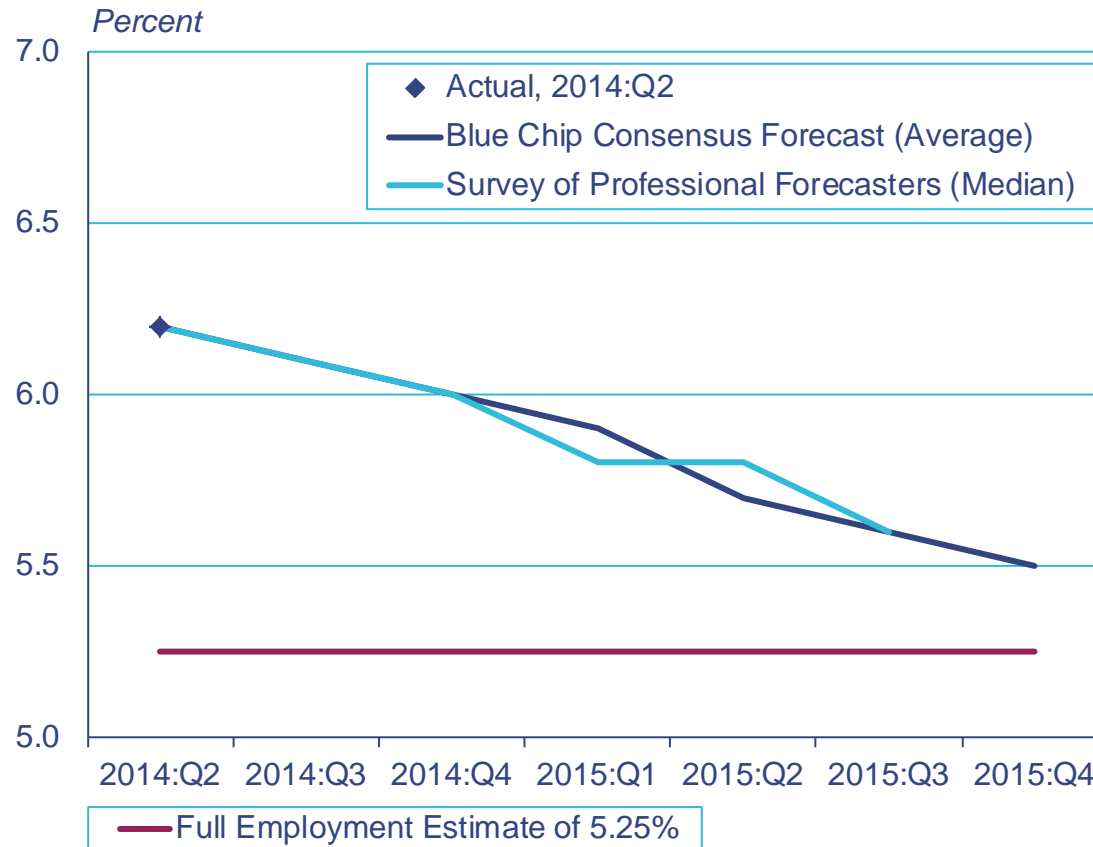




Figure 2: Private Sector Forecasts for the U.S. Unemployment Rate

Forecasts as of August 2014 and September 2014



Source: Blue Chip Economic Indicators (September 2014), Federal Reserve Bank of Philadelphia (August 2014), BLS, Haver Analytics

Figure 3: Blue Chip Forecast for the U.S. Unemployment Rate and Actual Unemployment Rate

Forecast as of March 2013

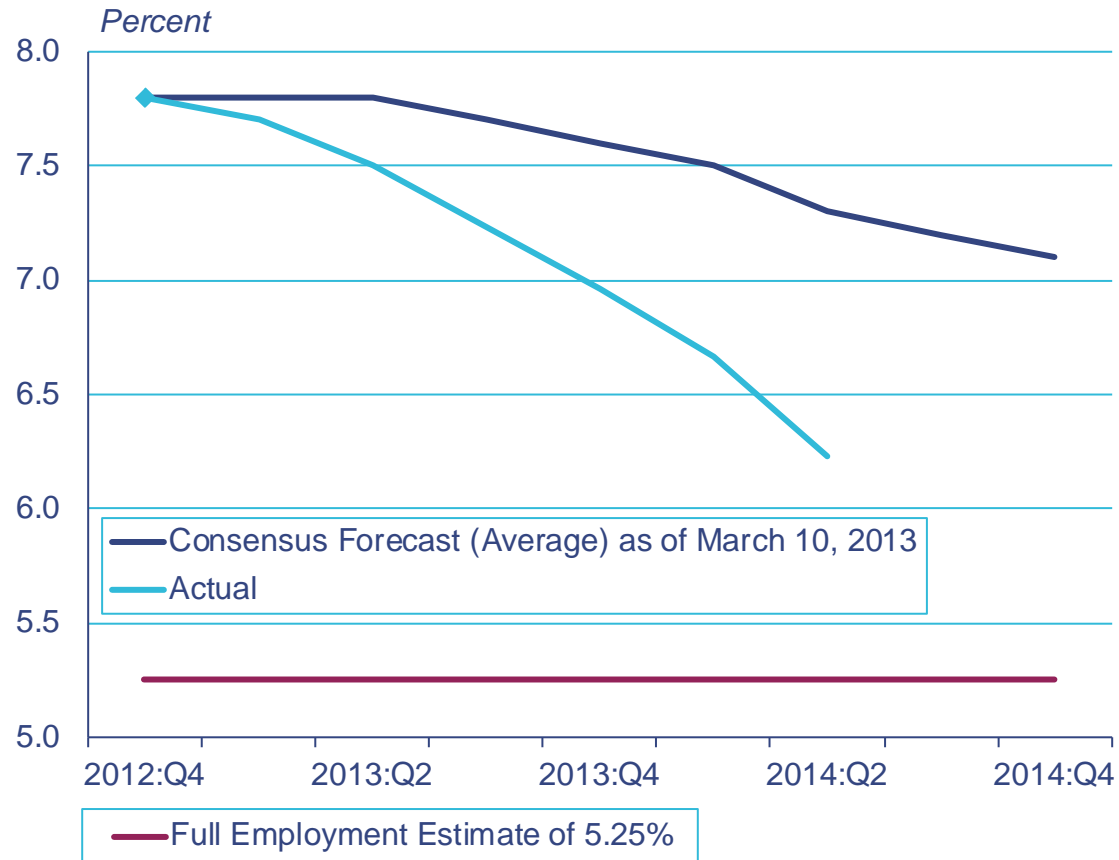
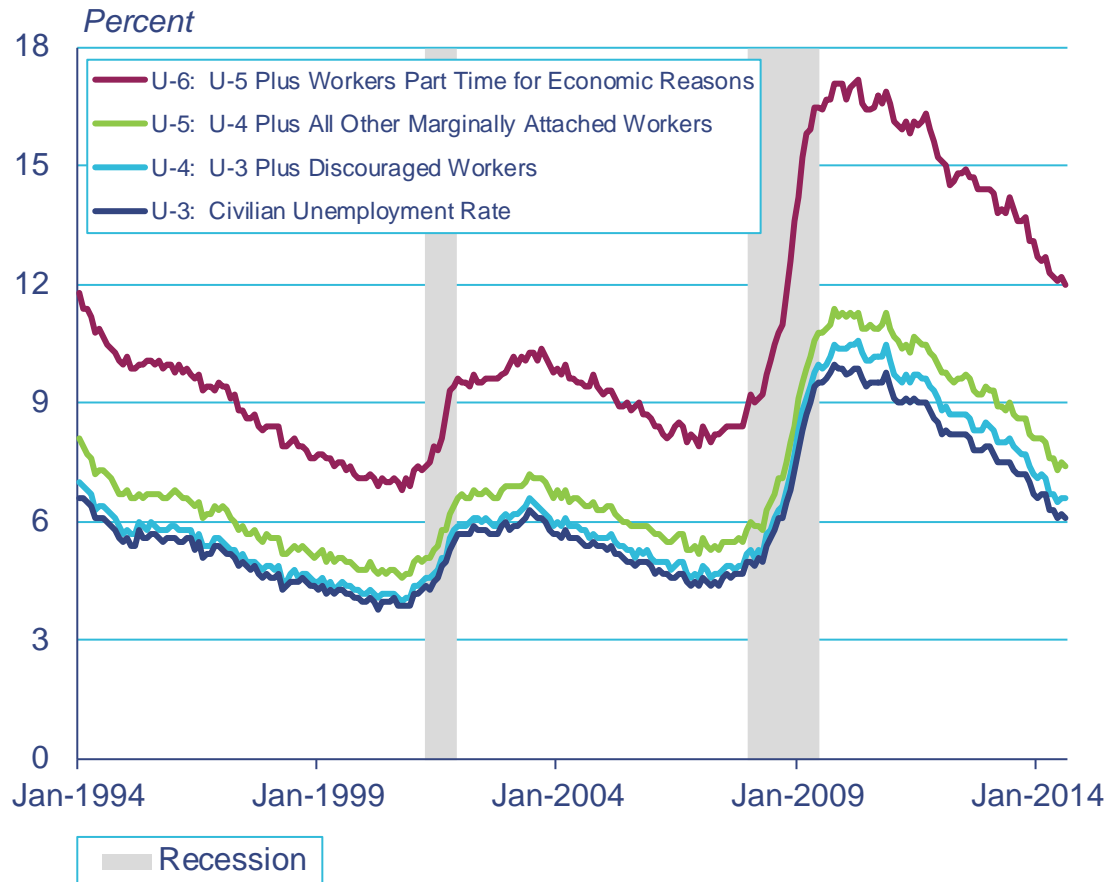


Figure 4: Alternative Measures of Labor Market Slack

January 1994 - August 2014





Building Collaborative Leadership: Working Cities Challenge



What Drew the Boston Fed to Working Cities

- ▶ Presence of concentrated poverty in New England's small and mid-sized cities, like Springfield MA – a 2006/7 case study and part of a Brookings/Fed volume
 - ▶ A 2009 Boston Fed study found that eight small cities out of a peer group of 26 nationwide have been able to either maintain or recover much of their economic stability. (Kodrzycki and Muñoz)
 - ▶ Several factors drove the rebound of these “resurgent” cities: collaborative leadership, the role of anchor institutions, investment in infrastructure, and extension of benefits to the community as a whole
 - ▶ Of these, collaborative leadership – the ability to work together across sectors over a sustained period with a comprehensive vision – was most crucial
 - ▶ The Boston Fed began a multi-year initiative in Springfield, with city-to-city leadership visits and research on topics such as immigrant entrepreneurship
 - ▶ In 2013, Boston Fed and partners announced the Working Cities Challenge, highlighted by Chairman Ben Bernanke in an April speech
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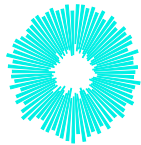
What is the Working Cities Challenge?

“..the Federal Reserve Bank of Boston has been the catalyst for the Working Cities Challenge, **inspired by its own research** on cities that managed to diversify away from a declining, manufacturing-based economy. The research found that one key to success is "**collaborative leadership**," when governments, businesses, and nonprofits unite behind one focused approach. The Working Cities Challenge promotes that principle by **inviting smaller Massachusetts cities** to consider how they would use collaborative leadership to unite their communities to address a major challenge for lower-income residents. **Twenty cities competed for \$1.8 million in funding from the state and other sources.** Six cities were awarded funds this past January, but many more will benefit from the spread of a new approach to capacity building that Fed research shows helps communities thrive.”

Federal Reserve Chair Janet L. Yellen, March 31, 2014

The WCC Collaborative: Being the Change

The WCC is a multi-stakeholder table of leaders with the ability to support local initiatives by influencing state policy and large scale investment in smaller cities. Prize Funds are not provided by the Fed, but by:



LIVING CITIES
INNOVATE ▶ INVEST ▶ LEAD



*Commonwealth of
MA/MassDevelopment*

- The Boston Foundation
- Surdna Foundation
- Ford Foundation
- Hyams Foundation
- Move the World Foundation
- Boston Private Bank and Trust

Other Partners/Steering Committee

- Boston Community Capital (*fiscal agent*)
- MassINC
- The Life Initiative
- Alliance for Business Leadership
- Clark University (*Research Partner*)