Assessing Economic Conditions and Risks to Financial Stability

Eric S. Rosengren
President & CEO
Federal Reserve Bank of Boston

New York University
Stern School of Business
New York, New York

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## Figure 1: Recent Data and Blue Chip Forecasts

<table>
<thead>
<tr>
<th>Actual</th>
<th>May 2019</th>
<th>June 2019</th>
<th>July 2019</th>
<th>Aug 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment Rate (%)</td>
<td>3.6</td>
<td>3.7</td>
<td>3.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Inflation Rate (% Change from Year Earlier)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CPI</td>
<td>1.8</td>
<td>1.6</td>
<td>1.8</td>
<td>1.7</td>
</tr>
<tr>
<td>Core CPI</td>
<td>2.0</td>
<td>2.1</td>
<td>2.2</td>
<td>2.4</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly Average</td>
<td>2,854.71</td>
<td>2,890.17</td>
<td>2,996.11</td>
<td>2,897.50</td>
</tr>
<tr>
<td>Month-end Close</td>
<td>2,752.06</td>
<td>2,941.76</td>
<td>2,980.38</td>
<td>2,926.46</td>
</tr>
<tr>
<td><strong>Consensus Forecast for 2019 as of:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real GDP (% Change, Full Year over Prior Year)</td>
<td>2.5</td>
<td></td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>Unemployment Rate (%, Fourth Quarter)</td>
<td>3.6</td>
<td></td>
<td>3.6</td>
<td></td>
</tr>
<tr>
<td>CPI (% Change, Full Year over Prior Year)</td>
<td>1.9</td>
<td></td>
<td>1.8</td>
<td></td>
</tr>
</tbody>
</table>

*Source: BLS, Blue Chip Economic Indicators, S&P, Haver Analytics*
Figure 2: Federal Funds Target Rate: Actual and Forecast
June 20, 2019 - December 31, 2019

Note: The forecast for the federal funds target rate is calculated using the CME Group probability for the most likely outcome for the target range. Pictured above is the midpoint of the actual and forecast target ranges.

Source: Federal Reserve Board, CME Group, Haver Analytics
Figure 3: Federal Funds Target Rate: Actual and Forecast
June 20, 2019 - December 31, 2019

Note: The forecast for the federal funds target rate is calculated using the CME Group probability for the most likely outcome for the target range. Pictured above is the midpoint of the actual and forecast target ranges. The longer-run federal funds rate estimate is the median of the SEP estimates for the federal funds rate in the longer run.

Source: Federal Reserve Board; FOMC, Summary of Economic Projections; CME Group; Haver Analytics
Figure 4: Unemployment Rates and Real Interest Rates
1988:Q1 - 2019:Q2

Note: Laubach and Williams define r-star as the real short-term interest rate expected to prevail when an economy is at full strength and inflation is stable.

Source: Federal Reserve Bank of New York, Measuring the Natural Rate of Interest, https://www.newyorkfed.org/research/policy/rstar/overview; BLS; CBO; Federal Reserve Board; NBER; Haver Analytics
Figure 5: Inflation Rates and Real Interest Rates
1988:Q1 - 2019:Q2

Note: Laubach and Williams define r-star as the real short-term interest rate expected to prevail when an economy is at full strength and inflation is stable.
Source: Federal Reserve Bank of New York, Measuring the Natural Rate of Interest, https://www.newyorkfed.org/research/policy/rstar/overview; BEA; Federal Reserve Bank of Dallas; Federal Reserve Board; NBER; Haver Analytics
Figure 6: Building Permits for New Privately Owned Housing Units
January 1988 - August 2019

Source: Census Bureau, NBER, Haver Analytics
Figure 7: Initial Claims for Unemployment Insurance
January 2, 1988 - September 14, 2019

Note: Four-week moving average
Source: U.S. Department of Labor, NBER, Haver Analytics
Figure 8: Average Debt Multiples of Highly Leveraged Loans
2002 - 2019:Q2

Note: Includes loan deals that are syndicated in the U.S. market. Includes transactions with loans priced at Libor+225 and higher. Total debt includes loans and bonds. Excludes the media and telecom industry deals prior to 2011. EBITDA is earnings before interest, taxes, depreciation and amortization.

Source: LCD, S&P Global Market Intelligence
Figure 9: Capitalization Rates by Property Type
2001:Q1 - 2019:Q2

Note: The capitalization or “cap” rate is the ratio of net operating income produced by a property to the price paid, calculated at the time of a transaction. Based on properties of $2.5 million or more.

Source: Real Capital Analytics, NBER, Haver Analytics
*Co-working companies' business models may utilize different structures*