

# BEIGE BOOK IN THE CLASSROOM

FEDERAL RESERVE BANK of KANSAS CITY

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## HANDOUT 5: MOCK DATA

If students do not receive a strong response in a particular sector, the following mock data may also be used. Some of the data are completed surveys, while others are memos or emails that students need to decipher to complete the information for the survey. The mock data is based on real data that has been received to fill in gaps with few responses so that students have meaningful data.

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# HANDOUT 5: MOCK DATA

## CONSUMER SPENDING & TOURISM SURVEY - RESPONSE FROM A LOCAL ELECTRONICS RETAILER

	Past 30 days vs. Prior 30 day period	Past 30 days vs. Same period a year ago	Expectations for next three months
<b>Sales</b>	Up No change Down	Up No change Down	Up No change Down
<b>Store Traffic</b>	Up No change Down	Up No change Down	Up No change Down
<b>Inventory Levels</b>	Up No change Down	Up No change Down	Up No change Down
<b>Discounts and Incentives</b>	Up No change Down	Up No change Down	Up No change Down

Will you try to increase your workforce in the next three months?

Yes  No

Are you have difficulty finding qualified workers?

Yes  No  N/A

Have you reduced permanent staff in the past 30 days?

Yes  No

Do you plan to reduce permanent staff in the next three months?

Yes  No

Have you had to raise wages more than normal in the last 30 days to keep or attract workers?

Yes  No

Do you expect to raise wages more than normal in the next three months to keep or attract workers?

Yes  No

**What types of items are selling well?**

Televisions and cell phones

**What types of items are selling poorly?**

Appliances

**General comment on business conditions:**

Sales are up this month and have increased slightly from last year. We are selling a lot of TVs priced under \$1000 and cell phones, but appliance purchases such as washers and dryers are flat. We should be able to handle an anticipated increase in sales with current staffing.



## HANDOUT 5: MOCK DATA

### CONSUMER SPENDING & TOURISM - NEWS STORY

#### Retail Sales See Largest Increase in Two Years

According to the U.S. Census Bureau, the Estimated Monthly Sales for Retail and Food Services increased 4.2 percent in July - gains last seen two years ago. The increase was buoyed by higher levels of auto sales and spending on food at grocery stores and restaurants. In contrast, gasoline purchases edged down as consumers conserved fuel in light of rising gas prices.

Sales have increased across the country, with regional consumer spending levels showing consistent growth over the past few months.

“I expect that locally, communities are seeing higher levels of consumer spending. The jump in spending most certainly means that this is a national effort on the part of consumers,” said John Harvey, Market Analyst for Bloomberg.



## HANDOUT 5: MOCK DATA

### CONSUMER SPENDING & TOURISM - EMAIL FROM ROBERT RHODES, OWNER OF A SEAFOOD RESTAURANT

Dear Federal Reserve,

Thank you for contacting me about recent business conditions. Unfortunately, things have been fairly difficult the last few months. I tend to chalk it up to the recent economic downturn - increased prices of food and food products have chipped away at profits. What is more, rising gasoline prices have negatively impacted my transportation costs.

Every three days, I have a fresh batch of seafood flown in from San Francisco. The premium for this type of service already makes profits slim, so the extra funds dedicated to picking the product up from the airport continue to dampen the short-term outlook. Maybe gas prices will go back down after the summer, but I am not holding my breath. In addition, prices of fresh seafood have increased modestly, which also adds to the bad news.

On the restaurant side of things, business is not too bad, but I cannot keep up with the rising food and energy prices. We do not have many down nights and weekends, so at least we have that going for us. I am not sure we could stay afloat if customers stopped coming through the door.

I am hopeful that this information can help you in examining economic conditions in the state. Please let me know if you need any additional information.

Take care,  
Robert



## HANDOUT 5: MOCK DATA

### NONFINANCIAL - EMAIL FROM ERIC PETERS, CEO AND CONSULTANT, IT SOLUTIONS

Dear Federal Reserve,

Thank you for contacting me regarding recent business conditions at the office. As you know, the economic crisis took a toll on our country's economy, and we have not seen an increase in business since the recession ended. Despite an incremental rebound in the economy, we continue to struggle contracting with new customers. In talking with former and potential clients, business owners seem wary of hiring outside consultants given the fragility of the markets. The tepid economy, coupled with uncertainty surrounding Congress' extension of business tax breaks, does not bode well for our near-term future.

What is more, we have seen an average of two clients per month opt against renewing on-going contracts due to financial pressures. If current economic conditions persist, I will have to let go of several employees within the next three months. I am hopeful that Congress passes legislation extending the tax breaks, thereby lending a sense of stability to the markets. I firmly believe that businesses have the money to spend on IT consultants, but they are waiting to see what transpires with fiscal policy in Washington.

Sincerely,  
Eric Peters



# HANDOUT 5: MOCK DATA

## NONFINANCIAL - SURVEY RESPONSE FROM A LOCAL MARKETING FIRM

	Past 30 days vs. Prior 30 day period	Past 30 days vs. Same period a year ago	Expectations for next three months
Sales	Up <input checked="" type="radio"/> No change <input type="radio"/> Down <input type="radio"/>	Up <input type="radio"/> No change <input checked="" type="radio"/> Down <input type="radio"/>	Up <input type="radio"/> No change <input checked="" type="radio"/> Down <input type="radio"/>
Customer Inquiries	Up <input checked="" type="radio"/> No change <input type="radio"/> Down <input type="radio"/>	Up <input checked="" type="radio"/> No change <input type="radio"/> Down <input type="radio"/>	Up <input type="radio"/> No change <input checked="" type="radio"/> Down <input type="radio"/>
Order Backlogs	Up <input type="radio"/> No change <input checked="" type="radio"/> Down <input type="radio"/>	Up <input type="radio"/> No change <input checked="" type="radio"/> Down <input type="radio"/>	Up <input type="radio"/> No change <input checked="" type="radio"/> Down <input type="radio"/>

- Will you try to increase your workforce in the next three months? Yes  No
- Are you have difficulty finding qualified workers? Yes  No  N/A
- Have you reduced permanent staff in the past 30 days? Yes  No
- Do you plan to reduce permanent staff in the next three months? Yes  No
- Have you had to raise wages more than normal in the last 30 days to keep or attract workers? Yes  No
- Do you expect to raise wages more than normal in the next three months to keep or attract workers? Yes  No

### What types of items are selling well?

Marketing contracts

### What types of items are selling poorly?

Graphic design concepts

### General comment on business conditions:

The last 30 days brought a few new clients into the business, but they were mostly political campaigns ratcheting up before election season. Once the election passes, I do not anticipate sales changing much from last year. We have been able to absorb new business without causing backlogs in work. Things appear relatively flat as the economy recovers.



## HANDOUT 5: MOCK DATA

### NONFINANCIAL - NEWS STORY

#### Lawyers See Surge in Business with Economic Recovery

As the economy recovers from the Great Recession, local lawyers say they have seen a sharp increase in requested services. In the second quarter of 2013, casework rose 17 percent for lawyers in the metro area.

“Yesterday, I had to turn away two potential clients; I just do not have the time to balance the case load since the economy started improving,” said Ryan Craig, a lawyer at Patton Troggs.

When the economy plunged, business precipitously decreased for local lawyers, and many left the area in the hopes of finding employment in other cities. At the climax of the recession, business at local firms declined 24 percent.

“It is almost as though people waited for the economy to improve before they pursued legal actions against others,” said Jacob Long, attorney at Rodgers, Matthers and Cobb.



## HANDOUT 5: MOCK DATA

### MANUFACTURING - NEWS STORY CONCERNING OUTPUT LEVELS AT AN AUTOMOBILE MANUFACTURING PLANT

#### Production Levels Up at Ford Plant

Production levels at the local Ford manufacturing plant continue to build on gains from last year. Output levels rose four percent from last month and eight percent since last year.

Unanticipated demand for Ford's expanded line of trucks prompted the company to scale up productions. "I don't think I have ever seen anything quite like this in all my years at the plant," said Mark Thomas, who has worked at the plant for 23 years. "The strong farm economy has boosted demand for trucks, particularly heavy-duty models."

With the increase in production, employees are working overtime to fill orders from around the country until Ford fills 25 new full-time positions. Ford anticipates shipping 1,000 trucks around the Midwest and another 1,000 to the West Coast by the end of next week.

"With the improving economy, we are seeing a sharp rise in auto sales, and we have to play a little bit of catch up to adequately supply the markets," say Jay Moore, Ford CEO. Moore has no plans to taper production levels at the local plant anytime soon.



# HANDOUT 5: MOCK DATA

## MANUFACTURING SURVEY - LOCAL AIRCRAFT MANUFACTURER

	Past 30 days vs. Prior 30 day period			Past 30 days vs. Same period a year ago			Expectations for next three months		
Sales Orders	Up	No change	Down	Up	No change	Down	Up	No change	Down
Order Shipments	Up	No change	Down	Up	No change	Down	Up	No change	Down
Order Backlogs	Up	No change	Down	Up	No change	Down	Up	No change	Down
Raw Material Prices	Up	No change	Down	Up	No change	Down	Up	No change	Down
Finished Goods Prices	Up	No change	Down	Up	No change	Down	Up	No change	Down
Discounts and Incentives	Up	No change	Down	Up	No change	Down	Up	No change	Down

Will you try to increase your workforce in the next three months?

Yes No

Are you have difficulty finding qualified workers?

Yes No N/A

Have you reduced permanent staff in the past 30 days?

Yes No

Do you plan to reduce permanent staff in the next three months?

Yes No

Have you had to raise wages more than normal in the last 30 days to keep or attract workers?

Yes No

Do you expect to raise wages more than normal in the next three months to keep or attract workers?

Yes No

What items are selling well?

Light jets

What types of items are selling poorly?

Large military transports

General comment on business conditions:

I cannot keep up with the brisk pace of sales - demand for aircrafts has surged. Our business basically stopped offering discounts due to the high levels of demand. While I can generally stay on top of the orders, I am having a hard time finding quality employees to fill recently added positions. In order to attract some talent, I have had to increase wages. Can't complain, though - business is booming. The only negative is that raw material prices, particularly metal alloys, have climbed since last year, but we have been able to raise finished good prices to cover our increased costs.



## HANDOUT 5: MOCK DATA

### MANUFACTURING - EMAIL FROM MARTHA GREEN, CEO OF A LOCAL VETERINARIAN VACCINATION MANUFACTURER

Dear Federal Reserve,

In regard to your inquiry, our office has been extremely busy ramping up research, development and production for a new vaccination that will eradicate a current strain of infection affecting cattle across the country. Approximately, two months ago, a rare strain of disease quickly spread throughout the state of Nebraska and killed thousands of cattle. Cattle farmers and government workers across the Midwest immediately contacted us for the purposes of developing a vaccine to prevent the disease from spreading.

Since last week, I have had seven full-time employees working overtime in developing a vaccine for the disease. In the initial research phase, it appears likely that it will take several more employees working around the clock to find a solution. Thus, I plan to hire three full-time employees - two scientists and one chemist - as soon as qualified candidates apply. The time crunch placed on us as a result of the severity of the issue requires that I offer these candidates a premium compensation package including salary and benefits.

Though a remedy to the disease remains elusive right now, I am confident that we will have a breakthrough sooner rather than later. Our reputation hangs in the balance, and I know if we produce a vaccination for the disease, business will increase exponentially. The reason farmers and government employees came to us is because we successfully developed a vaccination that eradicated a disease in swine four years ago. The two situations are similar.

Thanks - Martha



## HANDOUT 5: MOCK DATA

### REAL ESTATE & CONSTRUCTION- PHONE CONVERSATION BETWEEN JOHN, A FEDERAL RESERVE ECONOMIST AND RAY, LOCAL REALTOR

**John:** Ray, how is the housing market?

**Ray:** John, it's about time that the local housing marketing is seeing a rebound. Permits for new construction are up 15% since last year, and sales of existing homes went up 6% this month. In addition, housing prices are edging up with strong demand and a low supply of housing available.

**John:** That is great news - how about commercial properties?

**Ray:** We are not seeing as big an increase in commercial properties as housing. In fact, construction and leasing for commercial properties has remained relatively steady for the last four months.

**John:** What trends are you seeing in rental properties?

**Ray:** With the lack of housing supply for sale in the market, rents are increasing.

**John:** Ray, thank you for the information. Do you have any other thoughts or comments at this time?

**Ray:** John, you are welcome. I will say that I have concerns about the sustainability of strong sales. Housing permits traditionally increase during the spring and I am not sure the rebound will persist after summer ends. Either way, I will keep close tabs on the market.

**John:** Great - thanks. Take care.



# HANDOUT 5: MOCK DATA

## REAL ESTATE & CONSTRUCTION SURVEY - LOCAL REAL ESTATE DEVELOPER

	Past 30 days vs. Prior 30 day period			Past 30 days vs. Same period a year ago			Expectations for next three months		
<b>Building Permits</b>	<input checked="" type="radio"/> Up	<input type="radio"/> No change	<input type="radio"/> Down	<input checked="" type="radio"/> Up	<input type="radio"/> No change	<input type="radio"/> Down	<input checked="" type="radio"/> Up	<input type="radio"/> No change	<input type="radio"/> Down
<b>Home Sales</b>	<input checked="" type="radio"/> Up	<input type="radio"/> No change	<input type="radio"/> Down	<input checked="" type="radio"/> Up	<input type="radio"/> No change	<input type="radio"/> Down	<input checked="" type="radio"/> Up	<input type="radio"/> No change	<input type="radio"/> Down
<b>Home Prices</b>	<input checked="" type="radio"/> Up	<input type="radio"/> No change	<input type="radio"/> Down	<input checked="" type="radio"/> Up	<input type="radio"/> No change	<input type="radio"/> Down	<input checked="" type="radio"/> Up	<input type="radio"/> No change	<input type="radio"/> Down
<b>Availability of Raw Materials</b>	<input type="radio"/> Up	<input checked="" type="radio"/> No change	<input type="radio"/> Down	<input checked="" type="radio"/> Up	<input type="radio"/> No change	<input type="radio"/> Down	<input type="radio"/> Up	<input checked="" type="radio"/> No change	<input type="radio"/> Down

Will you try to increase your workforce in the next three months?

Yes  No

Are you have difficulty finding qualified workers?

Yes  No  N/A

Have you reduced permanent staff in the past 30 days?

Yes  No

Do you plan to reduce permanent staff in the next three months?

Yes  No

Have you had to raise wages more than normal in the last 30 days to keep or attract workers?

Yes  No

Do you expect to raise wages more than normal in the next three months to keep or attract workers?

Yes  No

### What types of homes are selling well?

Lower priced starter homes and high-end custom homes

### What types of homes are selling poorly?

Mid-range homes in need of updating

### General comment on business conditions:

During the winter months, demand for new housing construction plummeted. I hope this is a result of the seasonal ebb and flow. We are seeing a pickup in business so far this spring and hope that it continues into the summer as more young people buy homes and older homeowners “move-up” to higher price ranges. The housing sector has yet to recover fully, despite interest rates at an all-time low.

Still, one problem we are having as construction jobs ramp up is availability of labor. Since so many skilled tradespeople lost their jobs during the housing downturn, they found work elsewhere and now there is a shortage of construction workers, particularly plumbers, electricians, carpenters and masons. Some subcontractors have told me that they will work on a project and then don’t show up. While I haven’t raised base wages yet, I am willing to offer bonus pay to guarantee that workers will be on the jobsite.



## HANDOUT 5: MOCK DATA

### REAL ESTATE & CONSTRUCTION - EMAIL FROM SANDRA MORNING, LOCAL REALTOR

Dear Federal Reserve,

The housing market surprised us all during the most recent quarter: sales and single-family permit issuances rose substantially. I expect the increases to persist through the summer before retreating around winter.

Personally, I sold three lots in a neighborhood on the southwest part of town. During the recession, home building ceased in this particular neighborhood, leaving it somewhat barren; however, 20 out of the 34 open lots have sold within the past six months. Anecdotally, I hear the same thing about other neighborhoods from various realtors. This uptick in sales seems to gain strength weekly.

In addition, construction levels for single-family homes forced the industry to add jobs to keep up with the sales. I know a lot of workers were unemployed for a while, but, from what I have recently heard, there are shortages in some specialized labor markets, such as plumbers and electricians.

It's good that residential construction has improved because commercial construction remains fairly weak. Retail and office space was overbuilt prior to the recession, and many storefronts remain vacant because businesses have been reluctant to expand in the slow economy.

If you need any more information, please do not be afraid to ask!

Cheers,  
Sandra



## HANDOUT 5: MOCK DATA

### BANKING AND FINANCE - EMAIL FROM TOM DANIELS, CEO OF HEARTLAND BANK

Dear Federal Reserve,

In response to your request for information, I am happy to note that loan demand has improved steadily over the past few months. Specifically, we have seen increases in mortgage, consumer and automobile loans.

With the improving economy, I expect trends to continue with more growth. All credit factors look positive over the short- and long-term. From where we were a year ago, things are looking drastically better.

Furthermore, I'm looking for mortgage loans volumes to grow with the rebound in the housing market. At this rate, if interest rates increase a little, I do not expect to see demand decrease for all types of loans.

Please let me know if you need any additional information.

Thanks,  
Tom



# HANDOUT 5: MOCK DATA

## BANKING AND FINANCE SURVEY - RESPONSE FROM A LOCAL BANK

	Past 30 days vs. Prior 30 day period	Past 30 days vs. Same period a year ago	Expectations for next three months
Consumer Loan Demand	<input checked="" type="radio"/> Up <input type="radio"/> No change <input type="radio"/> Down	<input checked="" type="radio"/> Up <input type="radio"/> No change <input type="radio"/> Down	<input checked="" type="radio"/> Up <input type="radio"/> No change <input type="radio"/> Down
Residential Real Estate Loan Demand	<input checked="" type="radio"/> Up <input type="radio"/> No change <input type="radio"/> Down	<input checked="" type="radio"/> Up <input type="radio"/> No change <input type="radio"/> Down	<input checked="" type="radio"/> Up <input type="radio"/> No change <input type="radio"/> Down
Commercial Real Estate Loan Demand	<input type="radio"/> Up <input type="radio"/> No change <input checked="" type="radio"/> Down	<input type="radio"/> Up <input type="radio"/> No change <input checked="" type="radio"/> Down	<input type="radio"/> Up <input checked="" type="radio"/> No change <input type="radio"/> Down
Commercial and Industrial Business Loan Demand	<input type="radio"/> Up <input checked="" type="radio"/> No change <input type="radio"/> Down	<input type="radio"/> Up <input checked="" type="radio"/> No change <input type="radio"/> Down	<input type="radio"/> Up <input checked="" type="radio"/> No change <input type="radio"/> Down

- Will you try to increase your workforce in the next three months?  Yes  No
- Are you have difficulty finding qualified workers?  Yes  No  N/A
- Have you reduced permanent staff in the past 30 days?  Yes  No
- Do you plan to reduce permanent staff in the next three months?  Yes  No
- Have you had to raise wages more than normal in the last 30 days to keep or attract workers?  Yes  No
- Do you expect to raise wages more than normal in the next three months to keep or attract workers?  Yes  No

**What types of loans are in demand?**  
 Consumer loans and mortgage loans for residential real estate

**What types of loans are not in demand?**  
 Commercial real estate and commercial & industrial loans

**General comment on business conditions:**  
 As the economy rebounds modestly, we are seeing an increase in smaller consumer loans - I think it is a good sign that consumers are feeling more confident in the economy that they are willing to borrow again. The upturn in the housing market has boosted our volume of mortgage loans. Demand for commercial and industrial business loans and commercial real estate loans, however, has been sluggish as companies want to see stronger economic activity before making major investments in buildings, equipment and software. Increased governmental regulation after the financial crisis has meant that a lot more paperwork for the banking industry must be filed, so we are looking to hire an additional compliance officer.

## HANDOUT 5: MOCK DATA

### BANKING AND FINANCE - NEWS STORY

#### Recession Keeps Lending Tight

A complex bank bailout package could help boost lending levels in the next quarter. Policy makers designed and passed the bailout last month with hopes that banks would loosen credit for consumers and businesses - thus stimulating the dormant economy.

“We hope that banks jump at the opportunity to lend,” said Sen. Keith Ray (R-MN). However, credit standards have tightened over the past few years. The recession forced banks to scrutinize lending practices, as the rate of default amongst consumers and businesses shot up following the economic downturn. Trends show banks still view many consumer and business loans as risky.

“Even if I wanted to get credit right now, the banks would probably deny my request,” said Mary Wayne, a small business owner in the Denver metropolitan area.

Both houses of Congress returned early from recess this week to deal with the slow economy.

“To be frank: we have to find a way to get the banking system lending again or the situation will only deteriorate further,” said Rep. Kimberly Peters (D-WY).



## HANDOUT 5: MOCK DATA

### AGRICULTURE & NATURAL RESOURCES - NEWS STORY ON DROUGHT CONDITIONS

#### Drought Persists

Although the state received scattered storms over the weekend, a severe drought continues to plague the state's agriculture industry. Even with up to two inches of rain falling in some areas during the weekend, the state still needs more than 15 inches to replenish sub-soil moisture and end drought conditions.

Ryan Roberts, a corn farmer, has already lost 30% of his harvest due to poor conditions. "Production costs were already hurting me, but this drought is just awful - we need rain bad," said Roberts.

Prices of corn continue to rise, as supply shortages wreck havoc across the country. Foreign exports of corn, wheat and soybeans are down 12% from last year. The crops being harvested are being purchased by domestic buyers before they hit the international market.

Conditions appear unlikely to improve anytime soon. Weather forecasts across the Midwest call for higher temperatures with no precipitation.



## HANDOUT 5: MOCK DATA

### AGRICULTURE & NATURAL RESOURCES SURVEY - RESPONSE FROM FARMER AND CATTLE RANCHER

	Past 30 days vs. Prior 30 day period	Past 30 days vs. Same period a year ago	Expectations for next three months
Crop Condition	Up No change <b>Down</b>	Up No change <b>Down</b>	Up <b>No change</b> Down
Crop Prices	<b>Up</b> No change Down	<b>Up</b> No change Down	Up <b>No change</b> Down
Feed Prices for Livestock	<b>Up</b> No change Down	<b>Up</b> No change Down	Up <b>No change</b> Down
Demand for beef	<b>Up</b> No change Down	Up <b>No change</b> Down	Up <b>No change</b> Down

#### Comments on crop sector:

The drought continues to take a toll on our corn and soybean crops despite some scattered rain showers this month. We expect yields will be lower than last year. With crop production expected to decline, fears of a supply shortage have pushed crop prices higher.

#### Comments on livestock sector:

Demand for beef is rising according to seasonal trends - consumers buy more beef during the spring and summer months for grilling. However, we are making less profit per head of cattle because high corn prices have increased the cost of feed for the animals.



## HANDOUT 5: MOCK DATA

### AGRICULTURE & NATURAL RESOURCES - EMAIL FROM PETER CONRAD, CEO OF A NATURAL GAS COMPANY

Dear Federal Reserve,

Oil and natural gas production keeps growing. In the last year, we have seen an increase in exploration and extraction by 37 percent. The increase coincided with the discovery of the Nelson Shale - located in the state's northwest corner.

To meet demand, we have been filling new positions monthly, with a modest increase in wages to attract candidates. Though the industry continues to grow, I see some bumps in the road approaching. The president recently took a new policy stance on environmental issues, and he wants to limit natural gas extraction by implementing "fracking" regulations. What is more, the administration keeps throwing money for alternative energy sources, such as wind and solar, and those subsidies reduce costs for those operations and make it hard for us to compete.

I truly hope that Congress does not oblige the president and pass any more regulations. Recent national studies show the levels of natural gas reserves could serve our country's energy needs for years.

Keep in touch.

Thanks,  
Peter



# HANDOUT 5: MOCK DATA

## CONSUMER SPENDING AND EMPLOYMENT, WAGES & PRICES SURVEY - RESPONSE FROM HR DIRECTOR OF A LARGE APPAREL COMPANY

	Past 30 days vs. Prior 30 day period	Past 30 days vs. Same period a year ago	Expectations for next three months
Sales	Up No change <b>Down</b>	Up <b>No change</b> Down	Up No change <b>Down</b>
Store Traffic	Up No change <b>Down</b>	Up <b>No change</b> Down	Up No change <b>Down</b>
Inventory Levels	<b>Up</b> No change Down	<b>Up</b> No change Down	Up <b>No change</b> Down
Discounts and Incentives	<b>Up</b> No change Down	<b>Up</b> No change Down	<b>Up</b> No change Down

Will you try to increase your workforce in the next three months?

Yes **No**

Are you have difficulty finding qualified workers?

Yes No **N/A**

Have you reduced permanent staff in the past 30 days?

**Yes** No

Do you plan to reduce permanent staff in the next three months?

**Yes** No

Have you had to raise wages more than normal in the last 30 days to keep or attract workers?

Yes **No**

Do you expect to raise wages more than normal in the next three months to keep or attract workers?

Yes **No**

What type of items are selling well?

Shoes and accessories

What types of items are selling poorly?

Coats and business attire

General comment on business conditions:

Business has declined especially after the federal payroll tax break expired. We have let go of several workers, with plans for more in the following months. Sales and discounts offers do not seem to be bringing in new customers. Most of our sales are from lower-priced items such as shoes and accessories, not higher-ticket items like coats and suits.



## HANDOUT 5: MOCK DATA

### EMPLOYMENT, WAGES & PRICES - PHONE CONVERSATION WITH MARK EAST, HR MANAGER OF A TECH COMPANY

**Federal Reserve:** Mark, I am calling today to discuss recent employment trends at your company.

**Mark:** Things have been quite hectic around here. As you know, our company had to add 100 new jobs due to a sizeable increase in demand for our virus protection software. We did not have enough people to handle the new business.

**Federal Reserve:** That is great news! Are you having trouble filling the positions?

**Mark:** No, we have found quite the talent pool in the local scene. In fact, 85 percent of new hires are from the local market.

**Federal Reserve:** What do you anticipate over the next few months?

**Mark:** Well, I feel very strongly that our growth will continue unimpeded. Our virus protection software continues to receive high accolades from the industry leaders and users, so business remains strong. Our product seems especially popular with government contractors and businesses. We may eventually need to revamp the entire structure of the company, so we can appropriately deal with the surge in industrial demand.

**Federal Reserve:** Thank you for the information - good luck.



## HANDOUT 5: MOCK DATA

### EMPLOYMENT, WAGES & PRICES - EMAIL FROM JAMAL SPRUCE, ACCOUNT SUPERVISOR AT A STAFFING AGENCY

Dear Federal Reserve,

Sorry it took me a few days to get back to you, but we have been extremely busy. In fact, I just placed three temporary-to-permanent positions, two full-time positions, and four part-time positions. The rise in open positions seems to be sticking; the last five weeks have consistently brought in new requests for candidates.

The open positions seem to come heavily from the medical and insurance industries. The HR managers I talk with at these businesses anticipate continued growth for the next few months. So, we have aggressively started marketing in the local area to find candidates. We recently took out an ad in the newspaper and advertised on television. If our clients need more candidates, we have to be aggressive in finding viable applicants.

In conclusion, we have not been this busy since the recession hit. Employers across the metro area finally seem ready to start hiring again, and we have been able to get our applicants decent wages. We hope to see other industries ramping up staff, catching up with the medical and insurance industries.

Let me know if you have any other questions.

Thanks,  
Jamal



## HANDOUT 5: MOCK DATA

### VARIOUS SECTORS

SAMPLE MEMORANDUM  
May 28

To: Bank President

From: Economist

Subject: Board of Directors' commentaries on economic conditions

The Oklahoma City Branch Board of Directors met on May 28. Directors reported general improvement in consumer spending during the past year. Most firms expected profits would remain solid with sustained economic growth and improved consumer and business confidence. Capital spending plans were primarily focused on investment in technology rather than structures.

Labor markets remained fairly tight with low unemployment in most communities. Labor demand was the strongest for higher-skilled workers, especially those with technical skills, such as drafters, welders, engineers, mechanics, plumbers and electricians. Directors reported that a strengthening residential housing sector had boosted construction jobs and that health care companies continue to expand staff. The banking industry was hiring for mortgage and compliance positions to handle increased regulatory burdens. Some companies were hiring due to business growth and/or to replace retiring workers. Several manufacturers, however, were using overtime to meet production schedules instead of adding new workers.

Consumer spending has held up well; though, some employees have seen a dip in their take home pay, as end-of-year wage increases often offset the effect of higher payroll taxes. Some stores reported fewer customers but higher dollar amounts per transaction. This could be from customers making fewer shopping trips due to high gas prices.

Directors reported stable demand for consumer debt and little change in credit standards. Directors felt that consumers were more likely to spend wage gains or use higher incomes to pay off debt rather than increase savings. Consumers were still deleveraging and fewer people seem to be spending money they do not have.

Though most firms had a positive outlook for growth, they remained concerned about increasing costs, particularly for health care benefits. They felt increased benefits costs would likely be steep and could affect consumer spending if employee premiums rise and lower take-home pay.



## HANDOUT 5: MOCK DATA

### VARIOUS SECTORS

#### SAMPLE MEMORANDUM

April 9

To: Bank President

From: Economist

Subject: Board of Directors' commentaries on economic conditions

The Denver Branch Board of Directors met on April 9. Directors reported an uptick of profits during the past year, as the area economy strived to escape the recession. Firms put off infrastructure spending because of the uncertainty surrounding the recovery.

Labor markets exhibited modest improvement though unemployment is still at historically high levels. As the government reduced spending on public education, teachers and teaching assistants faced potential layoffs. Directors noted that the banking industry was starting to make more loans, but credit standards remained tight. Unfortunately, two factories in the seven-state district went out of business as export orders dropped, shedding a combined 300 jobs.

Consumer spending improved modestly even though the expiration of the federal payroll tax credit took effect. Foot traffic at retail stores was up; however, heavy discounting boosted sales but narrowed profit margins.

While most firms had a cautious outlook for growth, they remained concerned about fiscal policy. The recent stimulus added to the country's growing level of debt. Directors fear an unsustainable level of debt combined with sluggish economic growth. Firms were still hoarding cash with limited outlets for real returns on investment and some were skeptical about the economy's resilience.



## HANDOUT 5: MOCK DATA

### VARIOUS SECTORS

#### SAMPLE MEMORANDUM

May 10

To: Bank President

From: Economist

Subject: Board of Directors' commentaries on economic conditions

The Omaha Branch Board of Directors met on May 10. Directors reported modest growth in profits during the past year. Recent gains in the economy allowed businesses to start building up inventories and undertaking infrastructure projects. Directors found consumer and business confidence increasing steadily.

Labor markets improved as the unemployment rate dropped, decreasing 1.0 percent from a year ago. After months of low housing starts, building permits for single-family homes rose marginally. Home sales have started to rebound since the recession, but low home inventory levels have boosted the need for rental housing and rental rates continued to rise. Employment gains have been driven by the service sector, particularly the medical field, and surges in part-time work continued. Directors noted that the banking industry ceased layoffs and initiated hiring in some communities.

Consumer spending picked up, but stayed short of pre-recession levels. Retail stores noted an increase in sales of small items, but sales for durable goods remains weak.

Directors also reported signs of progress in the credit market. Rates of consumer and business loans picked up pace. The rate of savings decreased somewhat as consumers started purchasing again. Prices of agricultural products rose with crop prices seeing the biggest jump of 6 percent.

Though firms felt better about the short- and long-term outlooks, they remained inclined to wait for more gains in the market before making any changes in business strategies. Directors believe that additional positive signs from the market will help the economy continue its recovery from the recession.

