

## Take Five (with Bill Emmons)



# THE 2013 ECONOMIC AND BANKING OUTLOOK: STEADY RECOVERY WILL CONTINUE

Recorded on February 4, 2013

**William R. Emmons**

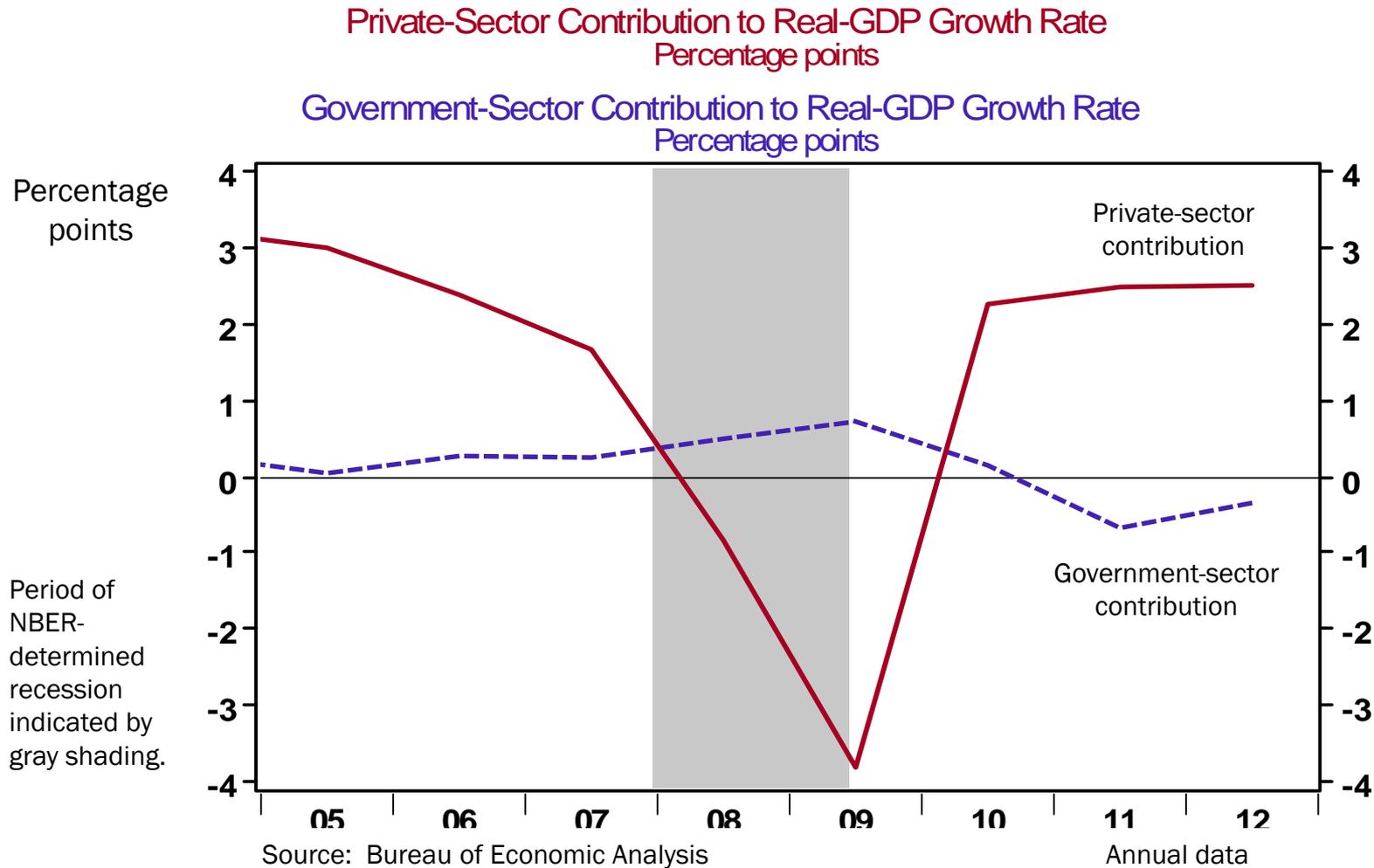
Assistant Vice President and Economist  
Division of Banking Supervision and Regulation  
Federal Reserve Bank of St. Louis

# Recovery continues at moderate pace

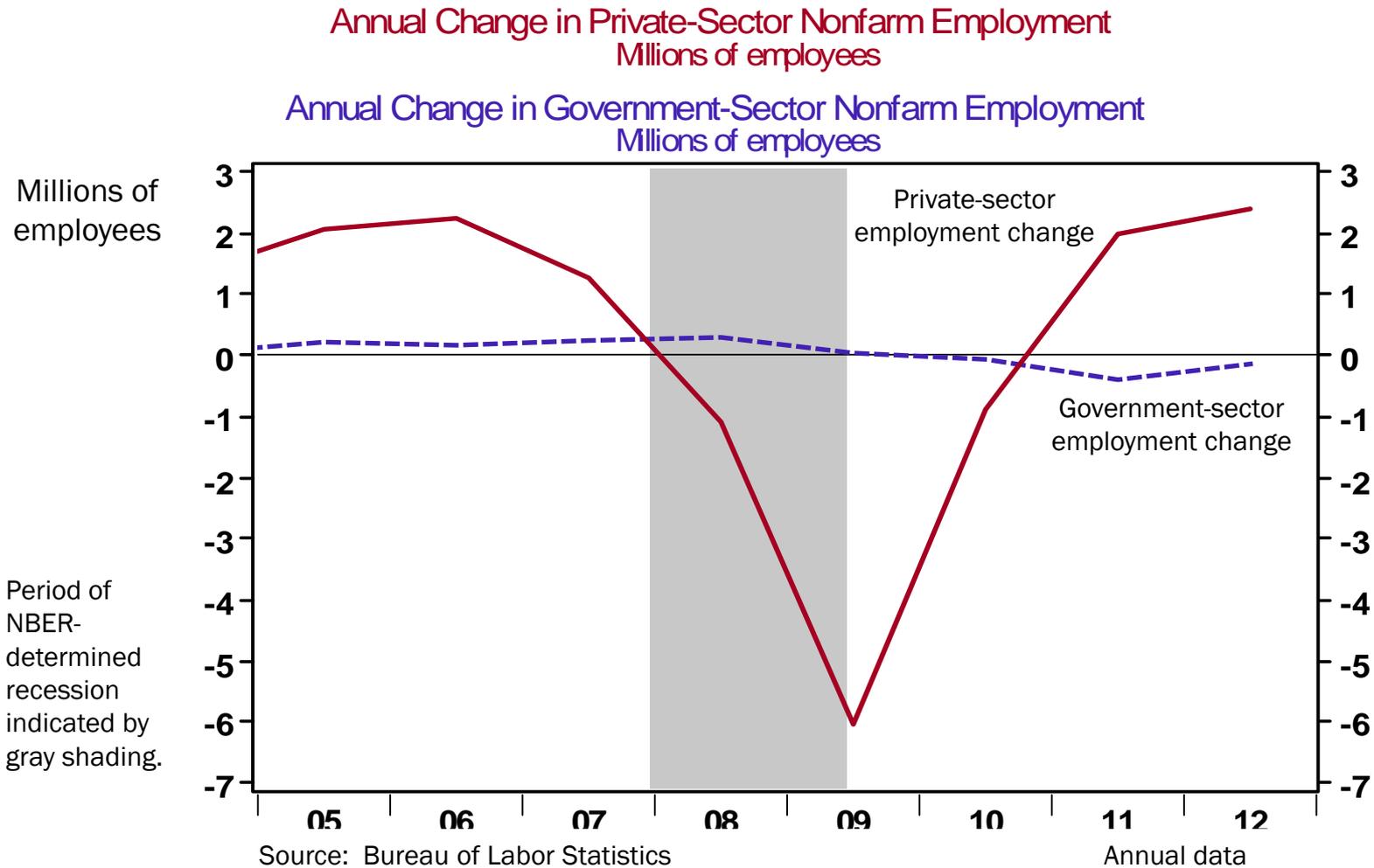
- Economy growing at its (new) trend rate of 2%
  - Fiscal-policy payback will continue in 2013
  - Private job growth back to normal
  - Unemployment looks structural
  - Risks include fiscal showdown, shock from Europe
- Banking challenges
  - NIM squeeze will continue
  - Slow growth in mortgage-banking revenue
  - Provision releases winding down
  - How much more expense can be taken out?



# Private sector carrying the growth baton



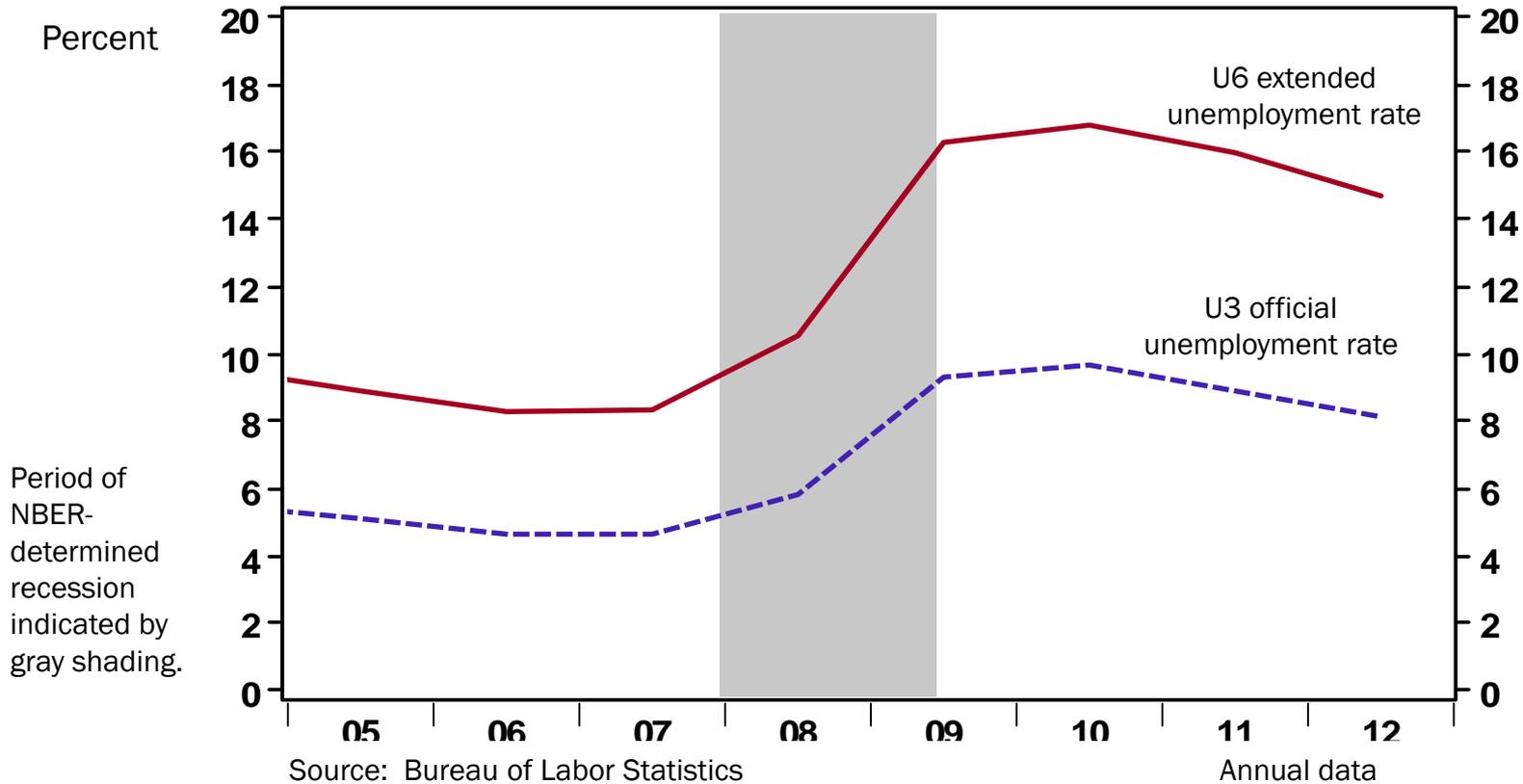
# Private employment growth at trend



# Remaining unemployment looks structural

J6 Unemployment Rate: U3 + Marginally Attached + Part-Time for Econ. Reasons  
Percent

U3 Official Unemployment Rate  
Percent



# Banking challenges in 2013

- NIM squeeze will continue
- Slow growth in mortgage-banking revenue
- Provision releases winding down
- How much more expense can be taken out?

