



Richmond Fed eBrief

September 2015

Speeches

[The Case for Raising Rates](#)

In a September 4 speech, Richmond Fed President Jeffrey Lacker argued that economic conditions have improved substantially since the recession and the Fed should raise its target interest rate sooner rather than later. Lacker [dissented](#) from the Federal Open Market Committee's decision at its September meeting to keep rates near zero.

Research

[Estimating the Natural Rate of Interest](#)

Comparing the economy's natural interest rate to the real interest rate allows economists to assess the stance of monetary policy. However, the natural rate cannot be observed, only estimated. Richmond Fed economists use a new approach to estimate the natural rate of interest and find that real rates have been below that level for some time.

[Missed Inflation Targets: Bad Luck or Bad Policy?](#)

In January 2012, the Fed set an explicit inflation target of 2 percent, but the annual inflation rate has been consistently below that target for the past 10 quarters. Is such a persistent, one-sided deviation from the target the result of bad luck, bad policy, or structural changes in the economy that may affect inflation dynamics? Analysis by Richmond Fed researchers suggests that bad luck may explain the Fed's current string of one-sided misses.

[Why do Nations Break Apart?](#)

Last fall, Scottish voters took to the polls to decide whether to break away from the United Kingdom and form an independent country. Secession can offer a number of economic benefits, as well as costs. The latest *Econ Focus* magazine explores these issues.

Fifth Federal Reserve District

[Fifth District Economic Snapshot](#)

Reports on the Fifth District economy were somewhat positive in recent months. The labor market strengthened and business conditions were generally stable; however, housing market indicators were mixed. This edition of Snapshot takes a closer look at exports.

[Mortgage Performance Summaries](#)

Foreclosure and delinquency rates in the Fifth District declined in the second quarter of 2015 and on a year-over-year basis as prime and subprime mortgage performance improved.

Beige Book

The Fifth District economy grew moderately since the previous Beige Book. In manufacturing, shipments and the volume of new orders rose. Retailers reported stronger sales, and non-retail services firms saw faster growth in revenues. Demand for residential mortgage loans rose, while other consumer loan demand increased slightly. Competition among commercial lenders intensified. Residential real estate activity grew at a modest pace and commercial real estate activity increased moderately. Agribusiness strengthened slightly. In District energy markets, natural gas production and prices were unchanged since our last report, while coal production and prices declined further. Labor demand continued to rise, with increasing conversions of temporary positions to permanent employment.

Events

Sept. 24 – [Economic Inclusion: Being Unbanked/Underbanked](#), Washington, D.C.

Sept. 29 – [Small Businesses' Perceptions and Understanding of Online Alternative Loan Products: Findings from Online Focus Groups](#), Webinar

