

## Beige Book Mostly Upbeat

November 30, 2016



The Federal Reserve's [new Beige Book](#) continues to point toward a steadily improving economy, and the outlook generally remains optimistic for the rest of this year and 2017. The Beige Book is a summary of interviews the Atlanta Fed conducts with business contacts before each meeting of the Fed's monetary policymaking body, the Federal Open Market Committee (FOMC). The [next FOMC meeting](#) will be held December 13 and 14.

In particular, tourism and hospitality contacts, except those in Florida and Georgia directly affected by Hurricane Matthew, reported strong occupancies. That was partially because they were busy accommodating evacuees from the hurricane. Also, commercial real estate contacts continued to report that the pace of construction has picked up from a year ago. Manufacturers indicated that levels of new orders and production increased since the previous report. Manufacturing contacts were also more optimistic, as almost half indicated they expect an increase in production over the next six months, compared with only a third in the previous report.

The labor market continued to tighten as companies faced difficulty finding workers. Nevertheless, Fed contacts reported that wage growth was modest. Notably, contacts in construction mentioned having trouble finding enough workers, often resulting in project delays. Meanwhile, people in the medical field cited worsening nursing shortages.

Merchants in the Sixth Federal Reserve District mostly said they are optimistic about the holiday season despite relatively flat sales activity. Contacts also reported having little to no pricing power. In the banking and finance sector, the Beige Book notes that demand for most types of loans remained healthy in metropolitan areas, but weaker in rural areas.

Turning to energy, industry contacts indicated that oil and gas producers will proceed with sensible capital investment plans. For now, liquefied natural gas projects continued growing while other petrochemical projects that had been planned for this year and 2017 were being postponed until the 2018 to 2021 timeframe.



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