

# SouthPoint - Federal Reserve Bank of Atlanta

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## Grassroots and green shoots

[Chairman Bernanke](#) noted the detection of "green shoots" in financial markets back in March during his interview with [60 Minutes](#). Ever since, the term "green shoots" has become synonymous with any detection of a budding turnaround in the economy. We saw green shoots here in the Southeast as well, but in a different form.

The difficulty with finding evidence of green shoots with regard to regional economic activity as opposed to financial markets is that data on financial markets are available in real time, while data measuring economic activity are not. For example, the [Bureau of Labor Statistics](#) reported on [July state employment levels](#) on August 21. The data, along with other series we monitor, are very useful in ascertaining where the regional economy has been. Trend analysis helps us identify where it may be going, but determining emerging turning points in economic activity requires additional information.

That's where the "Grassroots" nature of the Atlanta Fed enters the picture.

Not only do the economists and analysts in the Bank's research department maintain numerous business and academic contacts, but our regional executives do as well. What's a regional executive, you ask? Each [branch office](#) of the Atlanta Fed is headed by one. They maintain extensive contacts in their communities and use these relationships to gather first-hand, real-time information about economic performance in their respective geographic region. [Lee Jones](#), the Nashville regional executive said in an *EconSouth* article that as a regional executive he has become involved with civic and business groups, partnered with a number of organizations to conduct business roundtable meetings, and gathered intelligence from home builders and residential and commercial real estate agents.

The regional executives bring to the table grassroots information about what is happening in real time, which helps us bridge the gap caused by lags in economic data.

This spring, anecdotal information these contacts provided led our staff to conclude that signs of economic stabilization were emerging. The [Atlanta Fed's Beige Book](#) contribution for that time period noted that "Sixth District business contacts reported that economic activity remained weak in March.

However, residential real estate contacts noted modest sales improvements in several areas. Also, while manufacturing contacts noted that production and orders remained very low, their outlook was less pessimistic than last reported."

The final, and most essential, piece of the regional economic analysis puzzle is our boards of directors. The Atlanta Fed and each of its branches has a board ([Birmingham](#), [Jacksonville](#), [Miami](#), [Nashville](#), and [New Orleans](#)). The directors are drawn from different industries and geographies to gain a full representation of the regional economy.

Our branch boards meet about a week and a half before each Federal Open Market Committee (FOMC) meeting. These meetings are attended by senior bank officers, economists, and, of course, our regional executives. The discussions focus on current and expected economic conditions and are shared with FRB Atlanta President [Dennis Lockhart](#).

The [Atlanta Board of Directors](#) meets the week before each FOMC meeting. We ask the branch and Atlanta directors to share their thoughts on the outlook at every meeting. President Lockhart incorporates the information he receives from the branch and Atlanta boards into his view of current economic conditions as well as the outlook.

The grassroots complexion of the Atlanta Fed, and the entire Federal Reserve System, often goes unnoticed but is indispensable to the formulation of sound monetary policy.

Note: These first three installments of SouthPoint focused on why and how the Atlanta Fed conducts regional economic analysis. Beginning next week we will turn our focus to the "what we do" part of the equation by looking at recent employment trends.

*By [Michael Chriszt](#), an assistant vice president in the Atlanta Fed's research department*

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