

Federal Reserve Official Speaks at UNCG, Predicts Growth in 2005

GREENSBORO – An official with the Federal Reserve System predicted that economic growth will continue this year.

Jeffrey Lacker, president of the Richmond Federal Reserve Bank, spoke at the Bryan School of Business and Economics Advisory Board luncheon on Tuesday and said the economy looks to improve upon the economic stability gained last year after a three-year recession.

“Looking back, 2004 is where we really saw the economic recovery really take root,” Lacker said, noting that business investment followed “a solid, upward trend,” that household spending was “solidly on track” and that job growth and worker productivity improved in 2004.

With that footing, Lacker told attendees, the economic health of the nation will continue to improve in the coming year.

“Looking forward to 2005, I think it’s reasonable to project a continuation of growth along the same trajectory that we’ve been seeing over the past year,” Lacker said.

Consumer spending, business spending and domestic output growth will all serve to buoy the national economy.

“Consumer spending fueled by expectations of sustained income growth should continue to expand...,” he said. “Business investment spending might show a slight slowdown in the first quarter of 2005...but it should resume expanding at a fairly robust pace thereafter...Domestic output growth should also improve due to the reduction in the drag from net exports this year compared to last, although exports will be hampered by moderated trade among our trading partners. The fall of the dollar during the last year should help stimulate export growth and restrain imports, as well.”

Lacker served as an advisor to the Bryan School in developing its PhD program in economics. He earned his PhD in economics from the University of Wisconsin and was a professor at Purdue University prior to joining the Federal Reserve Bank in 1989 as an economist.

The Richmond Federal Reserve bank and 11 other Federal Reserve Banks across the nation work with the Board of Governors in the nation’s capital and make up the Federal Reserve System. The Federal Reserve is the nation’s largest banking system, and its stated goal is to foster stable a stable economy and financial bank system by researching and reporting economic statistics and indicators. The Richmond Federal Reserve Bank’s region encompasses the District of Columbia, Maryland, North Carolina, South Carolina, Virginia and West Virginia.



Dr. Jeffrey Lacker speaks to the Business Advisory Board



Dr. Jeffrey Lacker with Dr. Ken Snowden, associate professor of economics. Lacker and Snowden were classmates at the University of Wisconsin.