Overview of the Regional Economy

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The views expressed here are those of the presenter and do not necessarily represent those of the Federal Reserve Bank of New York or the Federal Reserve System.
Recent Private-Sector Job Trends

Year-Over-Year Percent Change as of December 2017

Private-Sector Employment

Seasonally Adjusted Index

Index (Dec2007=100)

New York City
United States
New York
New Jersey
Puerto Rico

Shading indicates NBER recession

Private-Sector Employment
Seasonally Adjusted Index

Index (Dec2007=100)

Private-Sector Employment

Seasonally Adjusted Index

Index (Dec2007=100)

United States

Buffalo

Rochester

Upstate

Syracuse

United States

Shading indicates NBER recession

Employment Trends In and Around NYC

Private-Sector Job Growth – First Half of 2017 vs First Half of 2016

Current Economic Conditions

FRBNY Business Surveys, Current Conditions

Source: Federal Reserve Bank of New York.
Future Economic Conditions

FRBNY Business Surveys, Conditions Six Months Ahead

Diffusion Index

Empire State Manufacturing Survey

Business Leaders Survey

Shading indicates NBER recession

Source: Federal Reserve Bank of New York.
NYC Securities Employment
Seasonally Adjusted Levels

NYC Tech and Securities Employment

Thousands of Jobs

Source: Bureau of Labor Statistics and Moody’s Economy.com.; FRBNY Staff Calculations

Technology Employment
- Computer manufacturing
- Electronic shopping
- Software publishing
- Data processing, hosting, etc.
- Internet/web search portals
- Computer systems design
- Scientific R&D services

Securities Employment

Jan10 to Jun17
+63,000
+13,000
Manhattan Specialization
Employment Change, Location Quotient, and Sector Size

What Lies Ahead for Puerto Rico & the US Virgin Islands?

• Both territories were in precarious shape, economically & fiscally, prior to hurricanes Irma & Maria.

• Irma & Maria caused substantial damage and disruption:
  – More than 1,000 lost lives, attributable to the storms, in Puerto Rico.
  – Widespread damage to homes, businesses, infrastructure, agriculture.
  – Puerto Rico’s power outage has been the biggest, by far, in US history.

• To begin to gauge the likely economic effect, we look at:
  – How many people left following the storms? and how many will return?
  – What can satellite imagery of nighttime lights tell us about the persistence and geographic breadth of the disruption?
  – How severe have the measured job losses been thus far?
  – What sectors were affected most and has there been any bounce-back?
Population Loss After the Storms

Net Domestic Passengers to Puerto Rico, 12-Month Rolling Sum

Between Aug. and Nov. 2017, the net number of domestic air passengers departing was roughly 160,000 above trend.

Note: Airports are Luis Munoz Marin Intl Airport in San Juan, Mercedita Intl Airport in Ponce, and Rafael Hernandez Intl Airport in Aguadilla. Source: U.S. Bureau of Transportation Statistics and FRBNY staff calculations.
Nighttime Lights in Puerto Rico

August

October

December

January

Source: Earth Observation Group; NOAA National Geophysical Data Center.
January Nighttime Lights
Brightness as a Percentage of August Baseline

As of January 2018, Puerto Rico on whole is 76% as bright as the August baseline

Source: Authors’ Calculations; Earth Observation Group; NOAA National Geophysical Data Center.
How Does This Compare to Other Disasters?
Local Job Loss Following Natural Disasters, from Onset to Trough

For context, during the Great Recession, NYC saw a 3.3 percent job loss over the course of 10 months.

Katrina-Metro New Orleans (Aug2005)
-29.7%

Hugo-US Virgin Islands (Sep1989)
-9.4%

Maria & Irma-US Virgin Islands (Sep2017)
-7.8%

Marilyn-US Virgin Islands (Sep1995)
-6.2%

Maria-Puerto Rico (Sep2017)
-4.2%

Ivan-Pensacola (Sep2004)
-2.3%

Irma-Florida (Sep2017)
-1.3%

Sandy - NY/NJ Coastal Counties (Oct2012)
-1.3%

Harvey-Metro Houston (Aug2017)
-0.9%

Georges-Puerto Rico (Sep1998)
-0.5%

Hugo-Puerto Rico (Sep1989)
-0.3%

Blizzard-Philadelphia Metro (Jan1996)
-0.1%

Andrew-Metro Miami (Aug1992)
+0.0%

Employment Paths Post Hurricanes

Index (Month Before Hurricane = 100)

Regional Recap

• NYC continues to lead the region in job growth.

• Fairfield County and much of upstate New York have lagged.

• Manufacturers report brisk growth in business activity, while service firms indicate more subdued growth.

• NYC’s key securities industry has barely contributed to the city’s boom; but brisk growth in a variety of other sectors, notably tech, has contributed to a broad-based expansion.

• Puerto Rico & USVI were devastated by Irma & Maria.
  — Compounding this, they both had economic & fiscal problems beforehand.
  — Puerto Rico’s economy has shown signs of resilience.
  — Looking ahead, the recovery will be affected by the degree of out-migration, external aid, fiscal and other reforms.
APPENDIX:
Home Prices Around the District
Home Prices

CoreLogic Home Price Index, Seasonally Adjusted

Index (Mar2006=100)

Source: CoreLogic Home Price Index (including distressed sales).
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Home Prices
CoreLogic Home Price Index, Seasonally Adjusted

Source: CoreLogic Home Price Index (including distressed sales).
Home Prices

CoreLogic Home Price Index, Seasonally Adjusted

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