



**Community Advisory Group  
Federal Reserve Bank of New York  
33 Liberty Street  
10F, Paul Volcker Boardroom  
Wednesday, April 19, 2017**

## **AGENDA**

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- |                 |  |
|-----------------|--|
| 10:00am         | Arrival and Continental Breakfast  |
| 10:30am         | Welcome and Adoption of the CAG Charter, Adrian Franco, Officer  |
| 10:35am         | Introductory Remarks, Jack Gutt, Executive Vice President  |
| 10:40am-11:10am | National Economy Update, Robert Rich, Assistant Vice President   |
| 11:10am-11:40am | Regional Economy Update, Jaison Abel, Officer  |
| 11:40am-12:00pm | Community Credit Presentation, Kausar Hamdani, Senior Vice President & Claire Kramer Mills, Assistant Vice President |
| 12:00pm         | Adjourn to NWC Room-10F  |
| 12:15pm         | Lunch  |
| 12:15pm-1:55pm  | Round Table Discussion with William Dudley, President & Michael Strine, First Vice President                         |
1. Presentations on Conditions in Upstate New York by Kate Fish, ANCA; Michael Martin, NACS; and Stuart Mitchell, PathStone
    - What are the major challenges that your constituencies face in achieving financial security in Upstate New York?
    - Are there any unique geographic factors that cause barriers to sustainable employment?
    - Are these challenges persistent or have they been exacerbated due to specific or recent economic changes?
    - How do you see these issues/challenges evolving in the next year and in the long-run?



2. Discussion on Conditions in the Second District by CAG Membership: What are the most pressing socio-economic issues facing the community you serve? In other words, what are your constituents talking about?  
(Please discuss the below topics that are most relevant to your scope of work)
  - Sustainable employment and skills/location mismatch
  - Access to financial services
  - Affordable housing

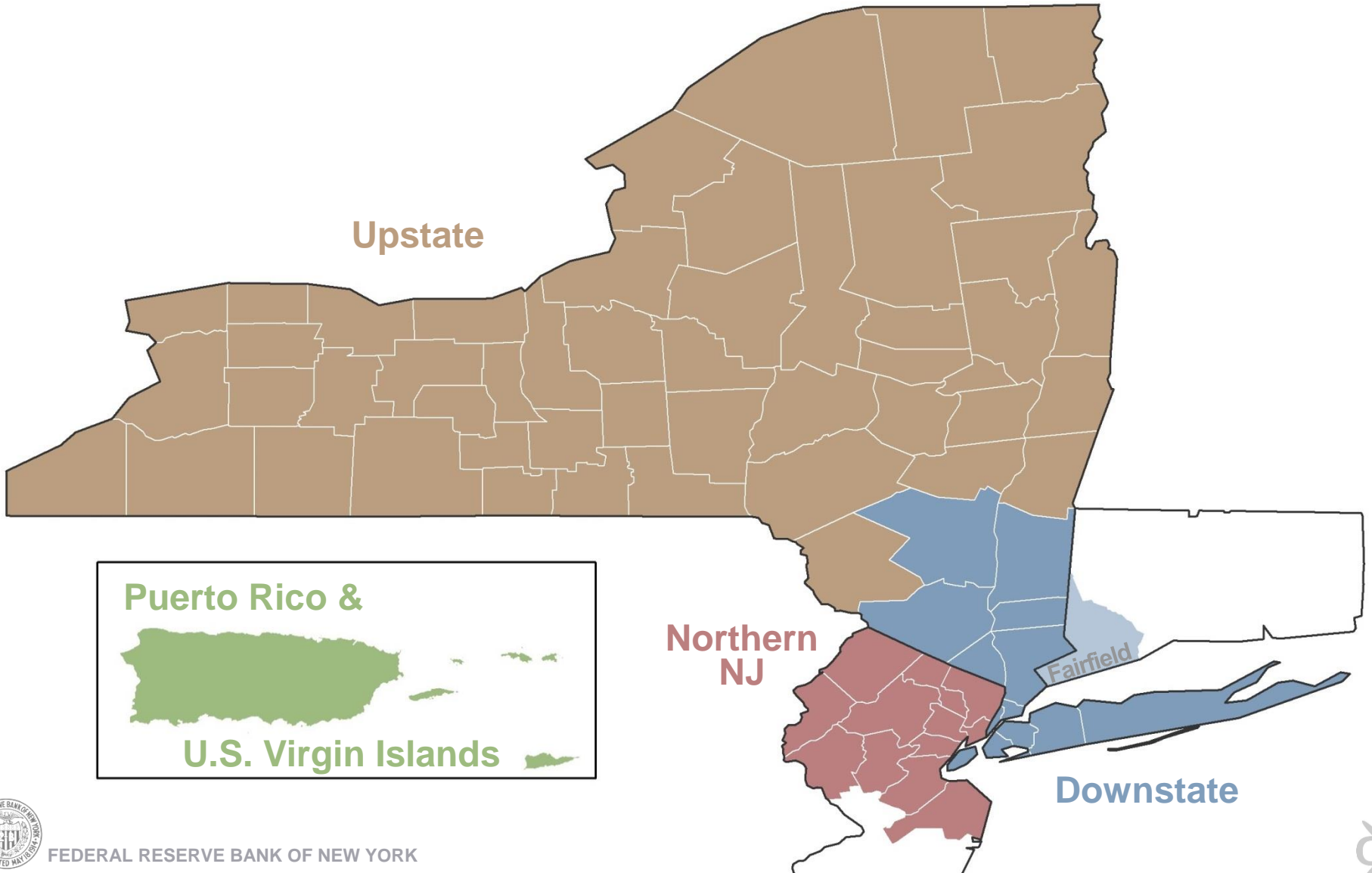
2:00 pm

Adjourn



# The 2<sup>nd</sup> Federal Reserve District

## Regions in the District



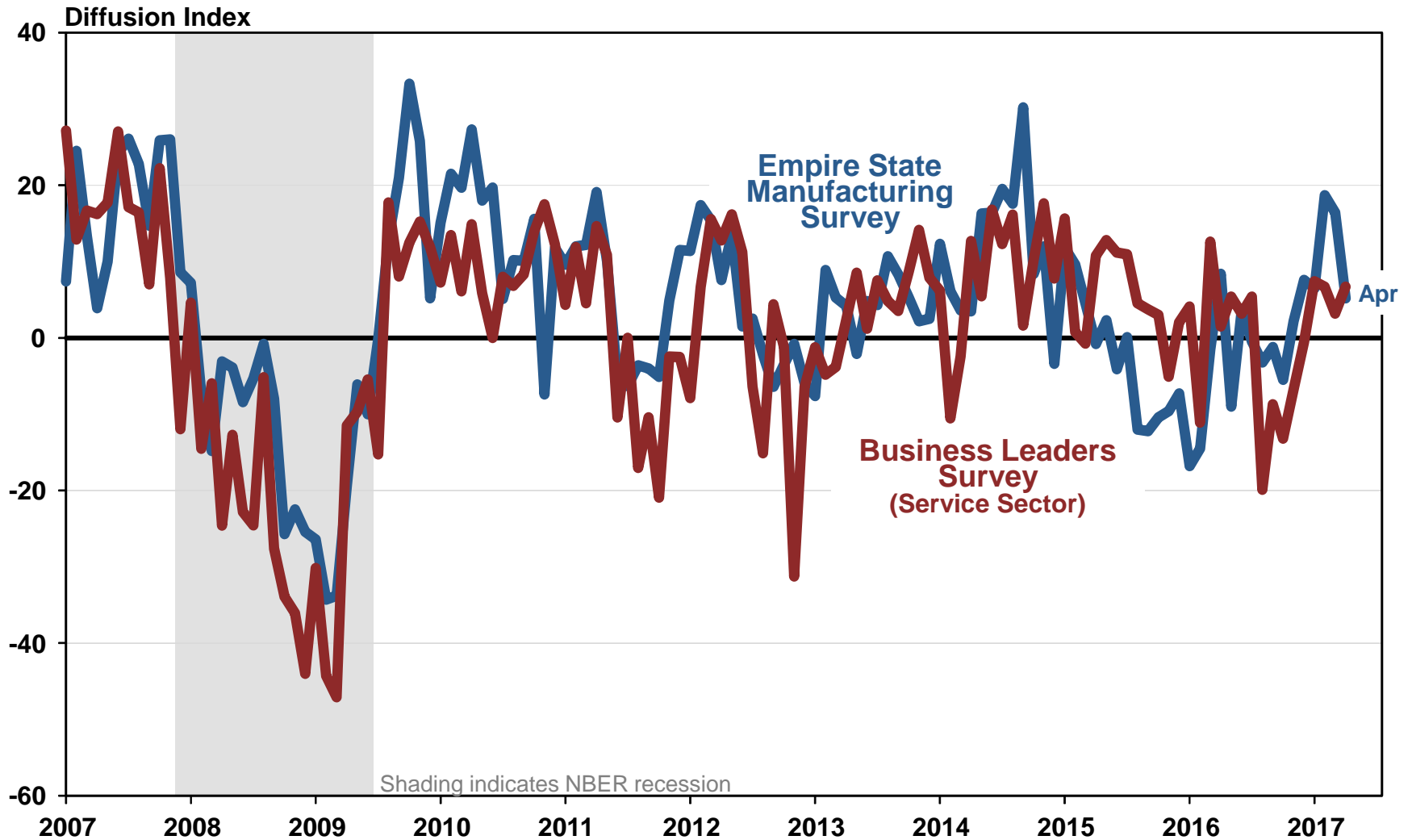
# Overview of Regional Conditions

- Regional economic conditions have improved noticeably in recent months, particularly in the manufacturing sector.
- Job growth has been strongest in and around New York City, while growth in upstate New York and northern New Jersey has been slower. Puerto Rico continues to lose jobs.
- Middle-wage jobs have finally started to return, though to different degrees across the region.



# Current Economic Conditions

## FRBNY Regional Business Surveys

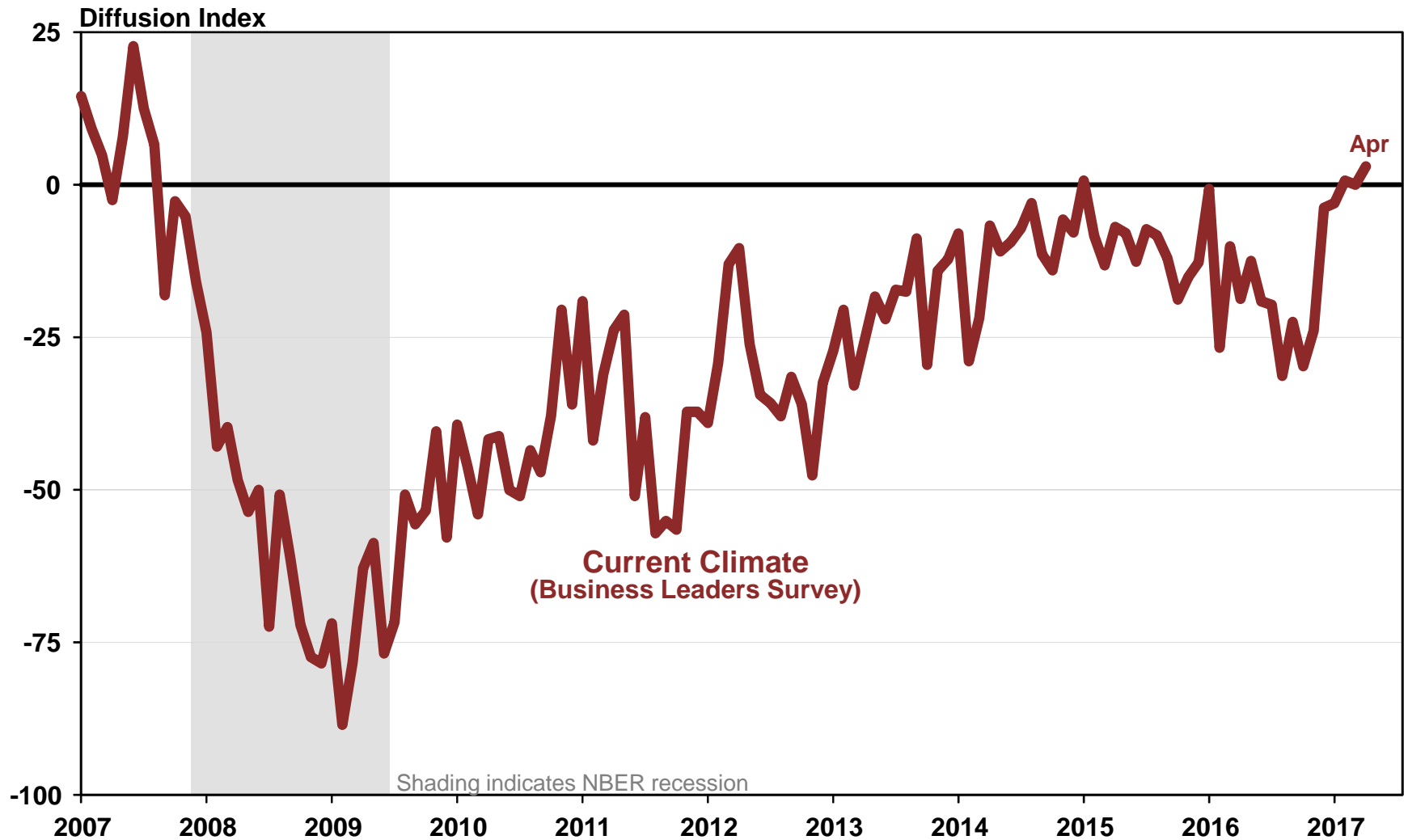


Shading indicates NBER recession

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# Current Business Climate

## FRBNY Business Leaders Survey

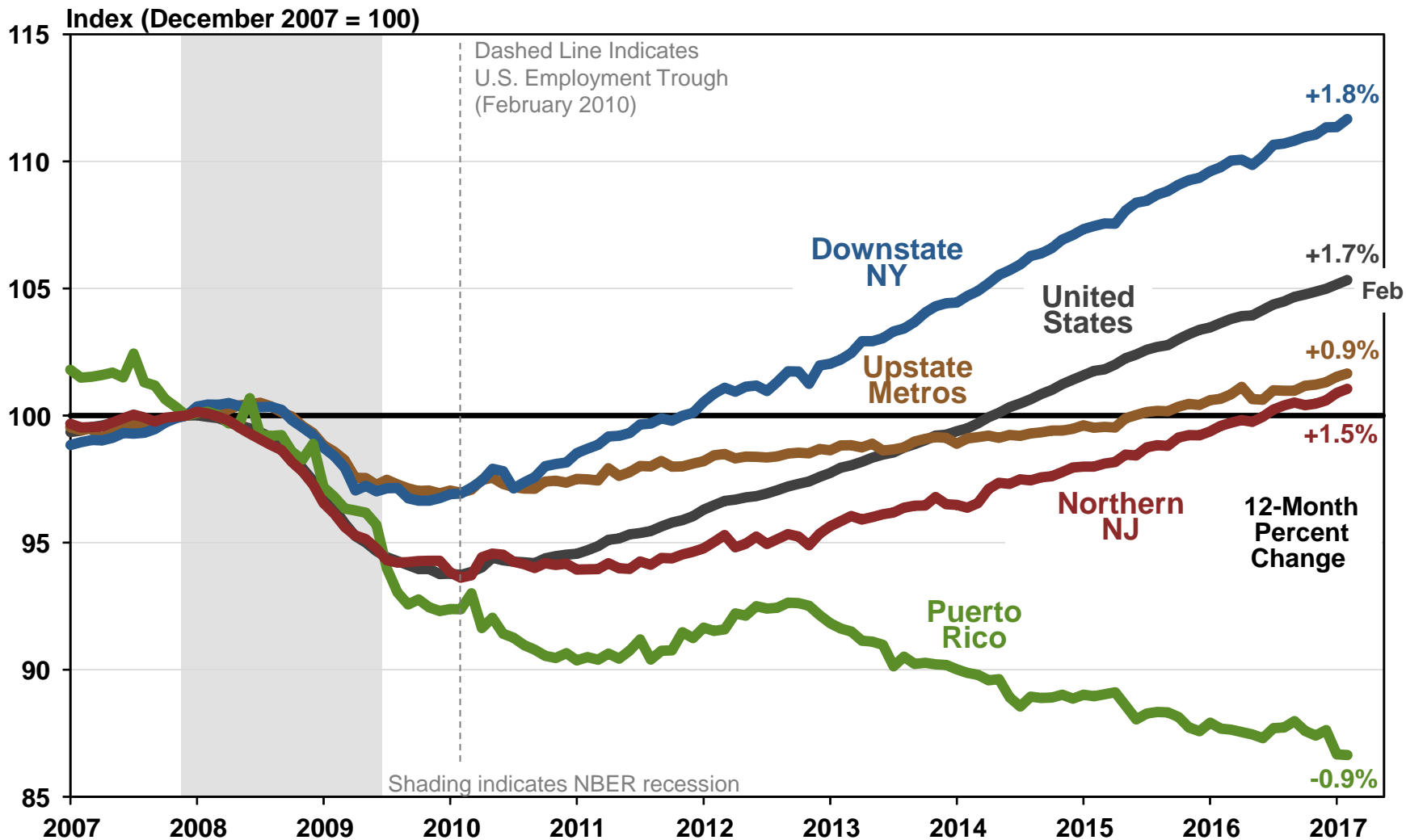


Current Climate  
(Business Leaders Survey)

Shading indicates NBER recession

# Regional Employment Trends

## Indexes of Total Employment, Seasonally Adjusted

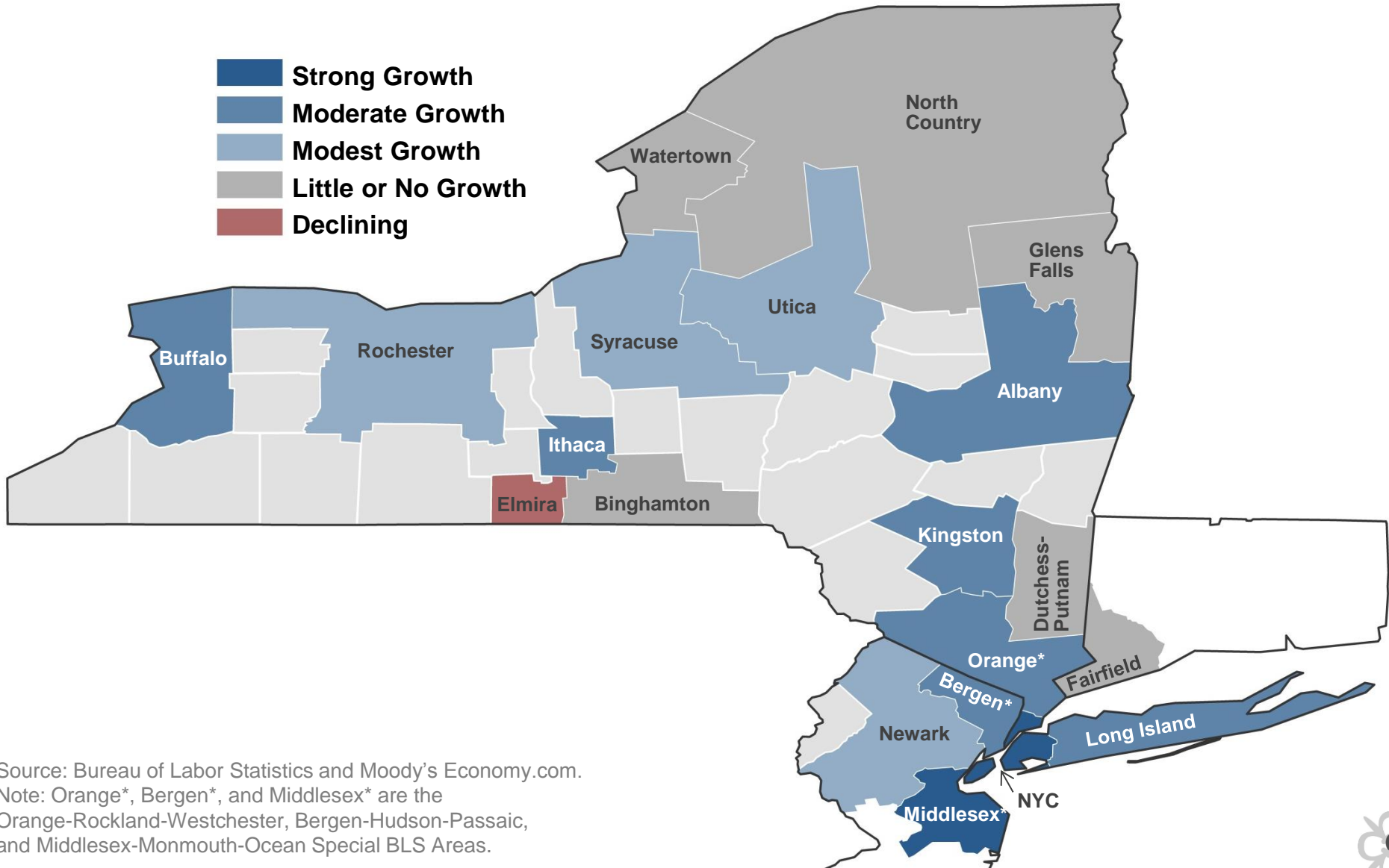




# Recent Job Growth in the Region

Annual Percent Change, February 2017

- Strong Growth**
- Moderate Growth**
- Modest Growth**
- Little or No Growth**
- Declining**

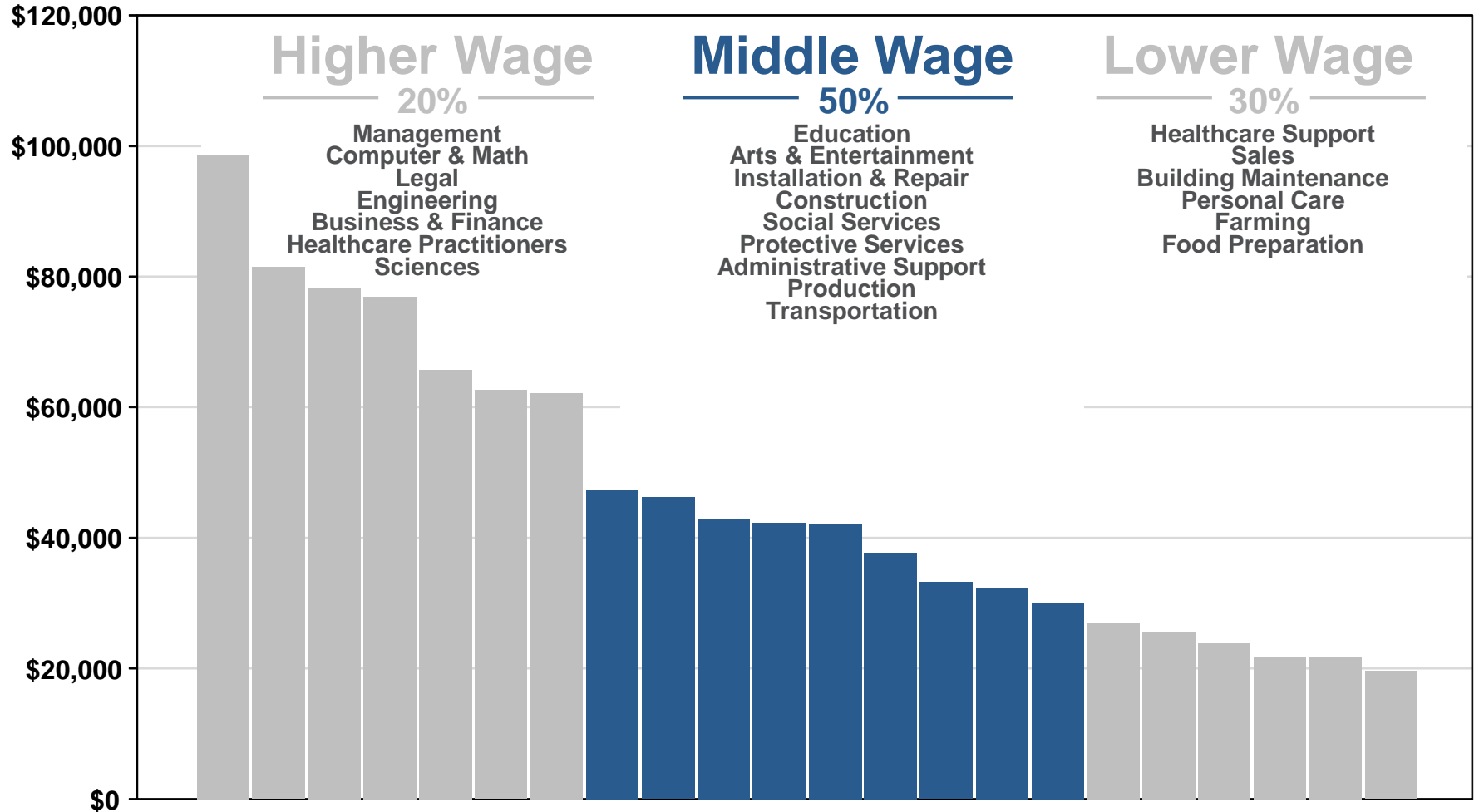


Source: Bureau of Labor Statistics and Moody's Economy.com.

Note: Orange\*, Bergen\*, and Middlesex\* are the Orange-Rockland-Westchester, Bergen-Hudson-Passaic, and Middlesex-Monmouth-Ocean Special BLS Areas.

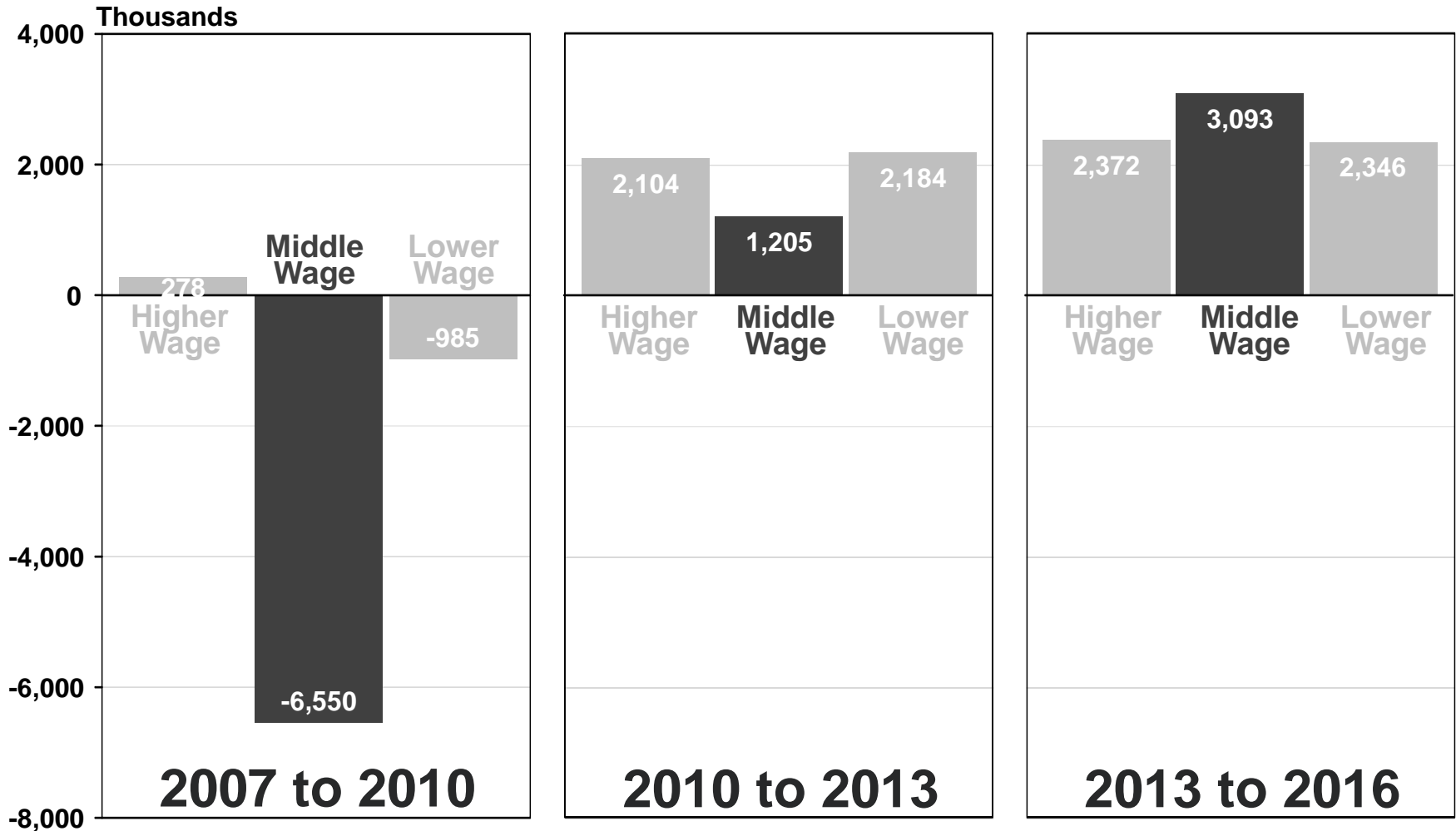
# Job Categories

Based on 2015 Median Wages, United States



# Job Gains and Losses in the United States

Net Change in Total Employment, Thousands



# Middle-Wage Jobs Returning

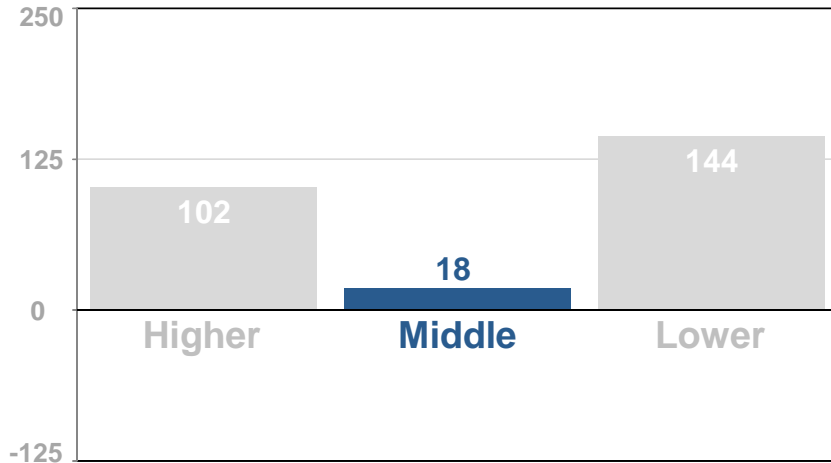
- Growth in traditional blue collar jobs:
  - **Construction**
  - **Production**
  - **Transportation**
  - **Installation & Repair**
- **Education** jobs growing again as local government fiscal pressures have subsided.
- Rebound in **Administrative Support** jobs.



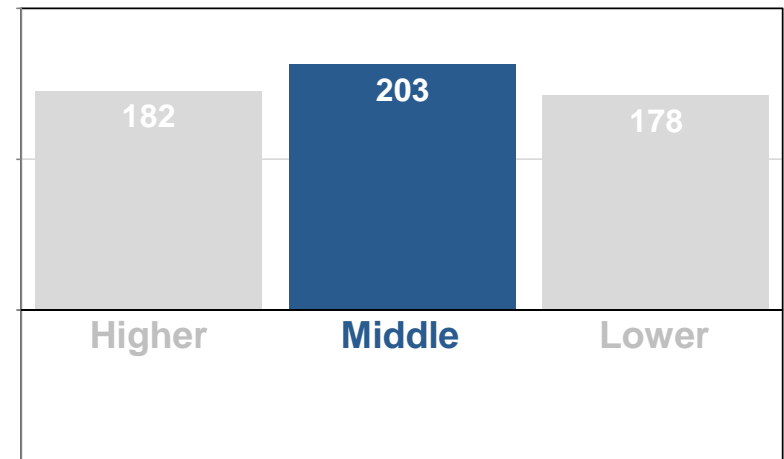
# Job Gains and Losses in the Region

Net Change in Total Employment, Thousands

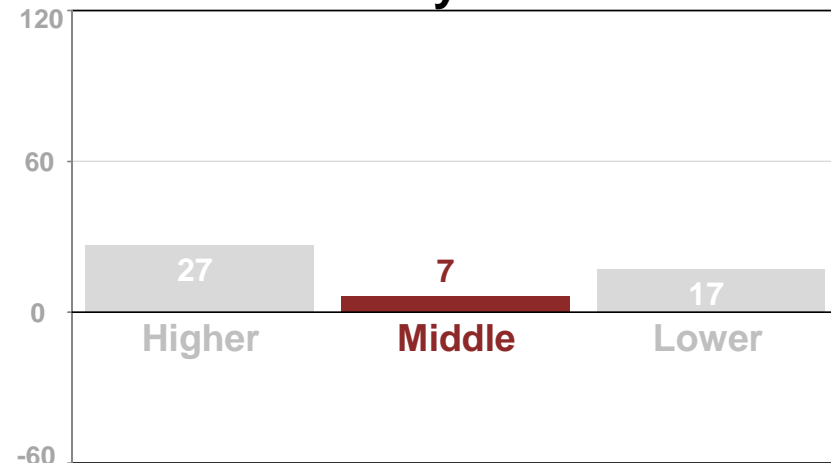
### Downstate NY: 2010-2013



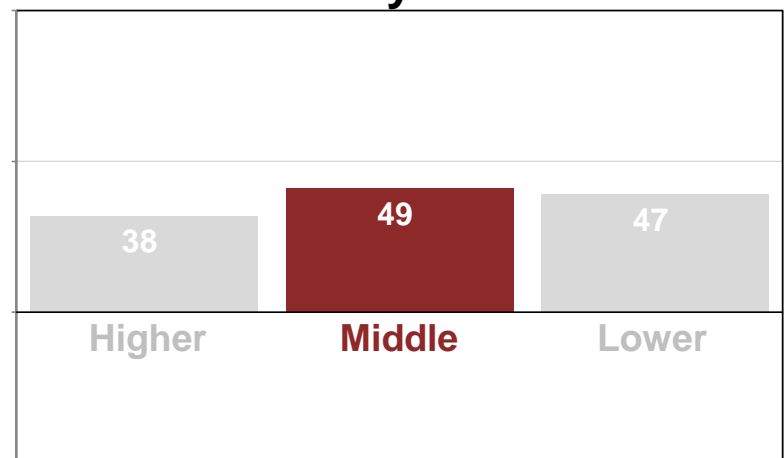
### Downstate NY: 2013-2016



### New Jersey: 2010-2013



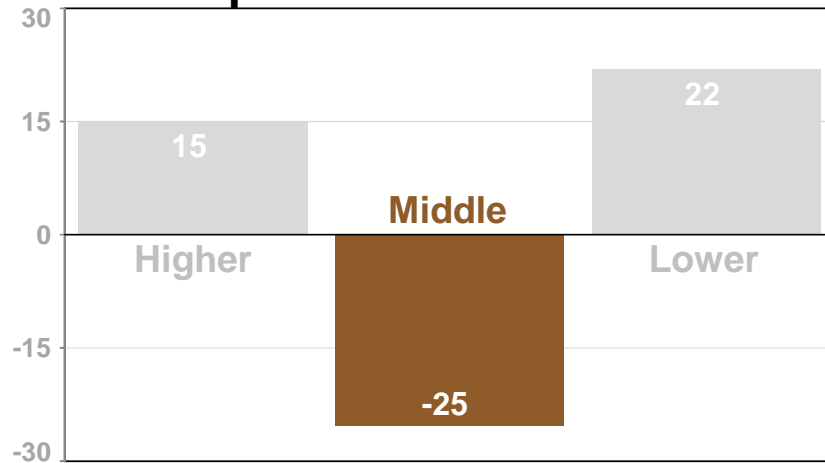
### New Jersey: 2013-2016



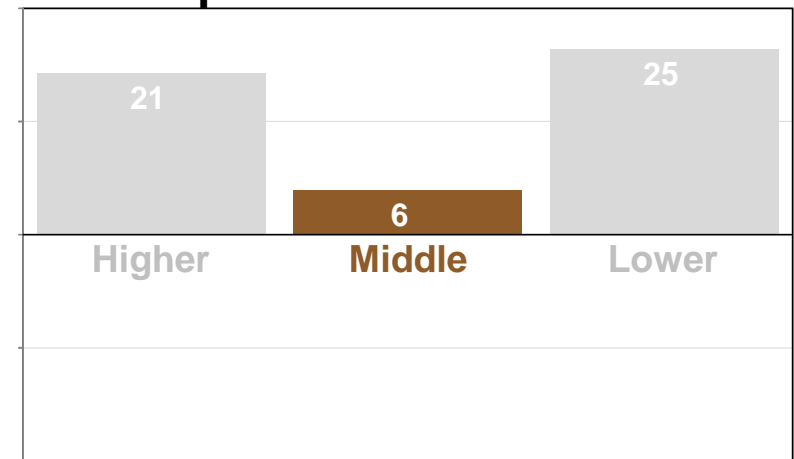
# Job Gains and Losses in the Region

Net Change in Total Employment, Thousands

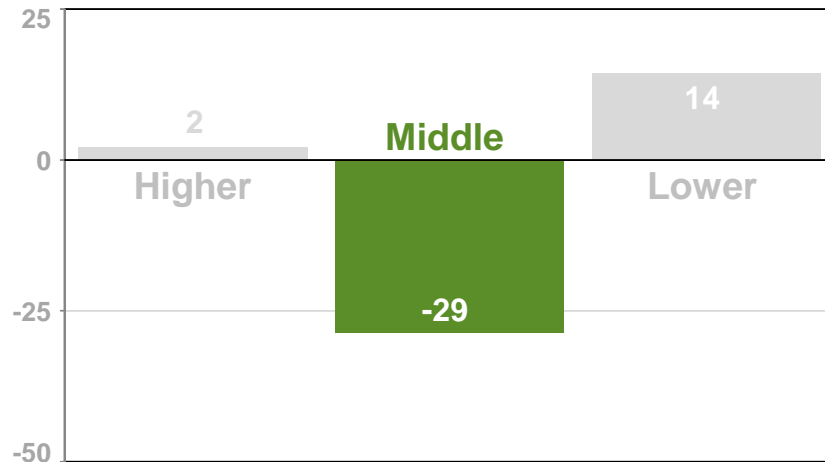
### Upstate NY: 2010-2013



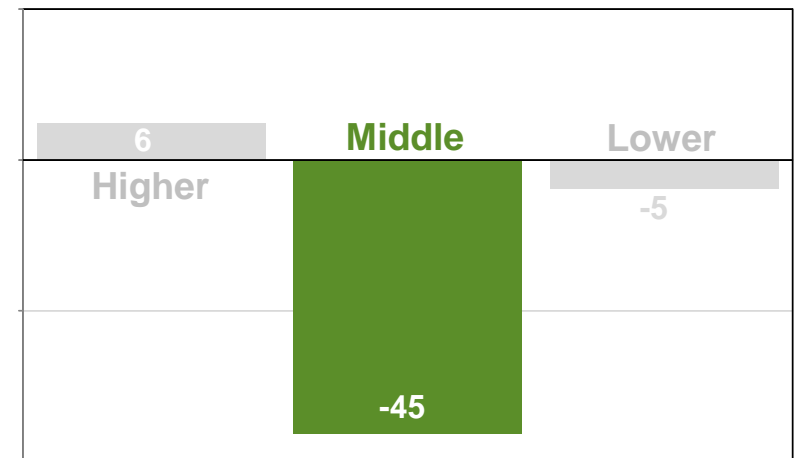
### Upstate NY: 2013-2016



### Puerto Rico: 2010-2013

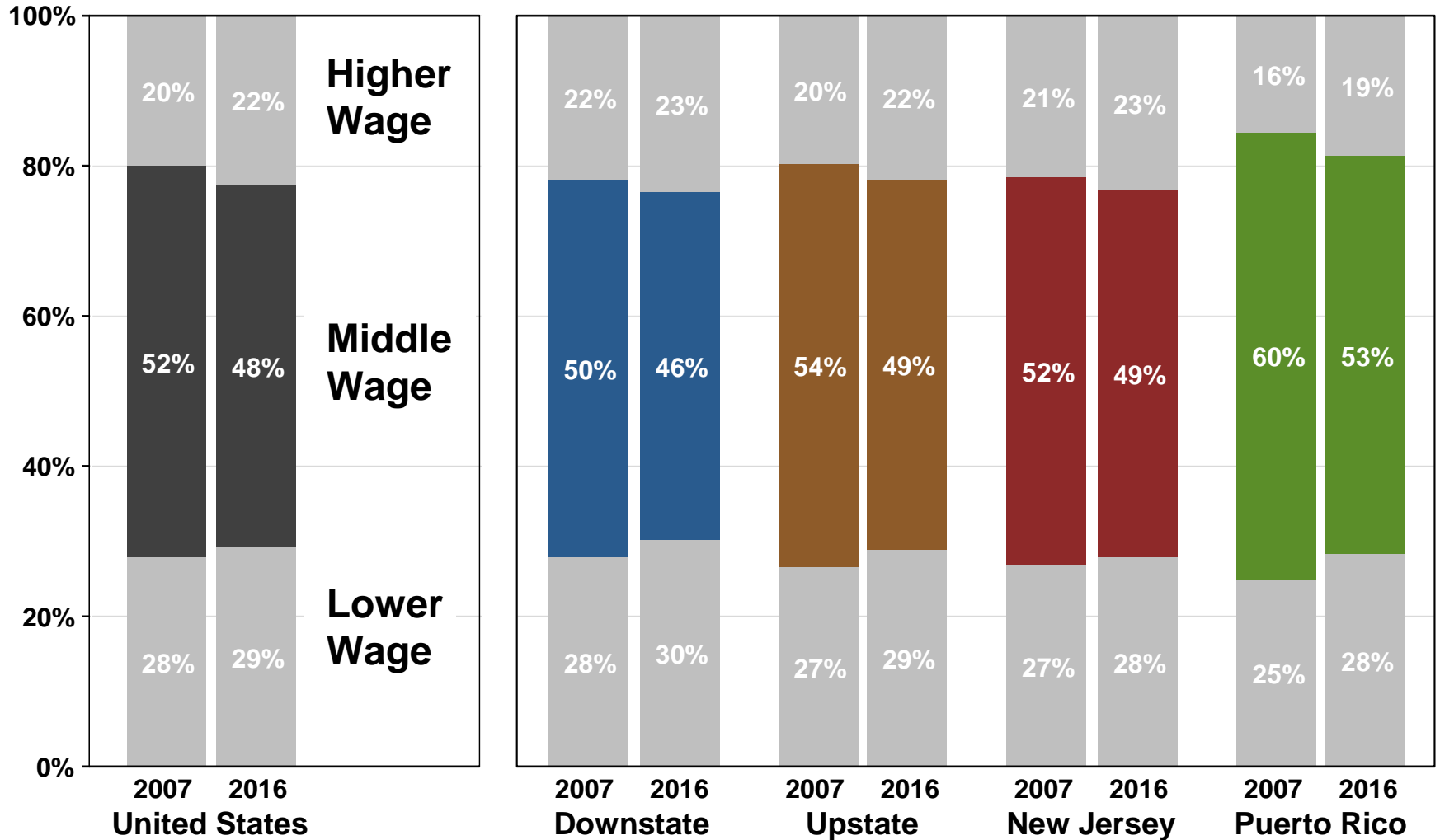


### Puerto Rico: 2013-2016



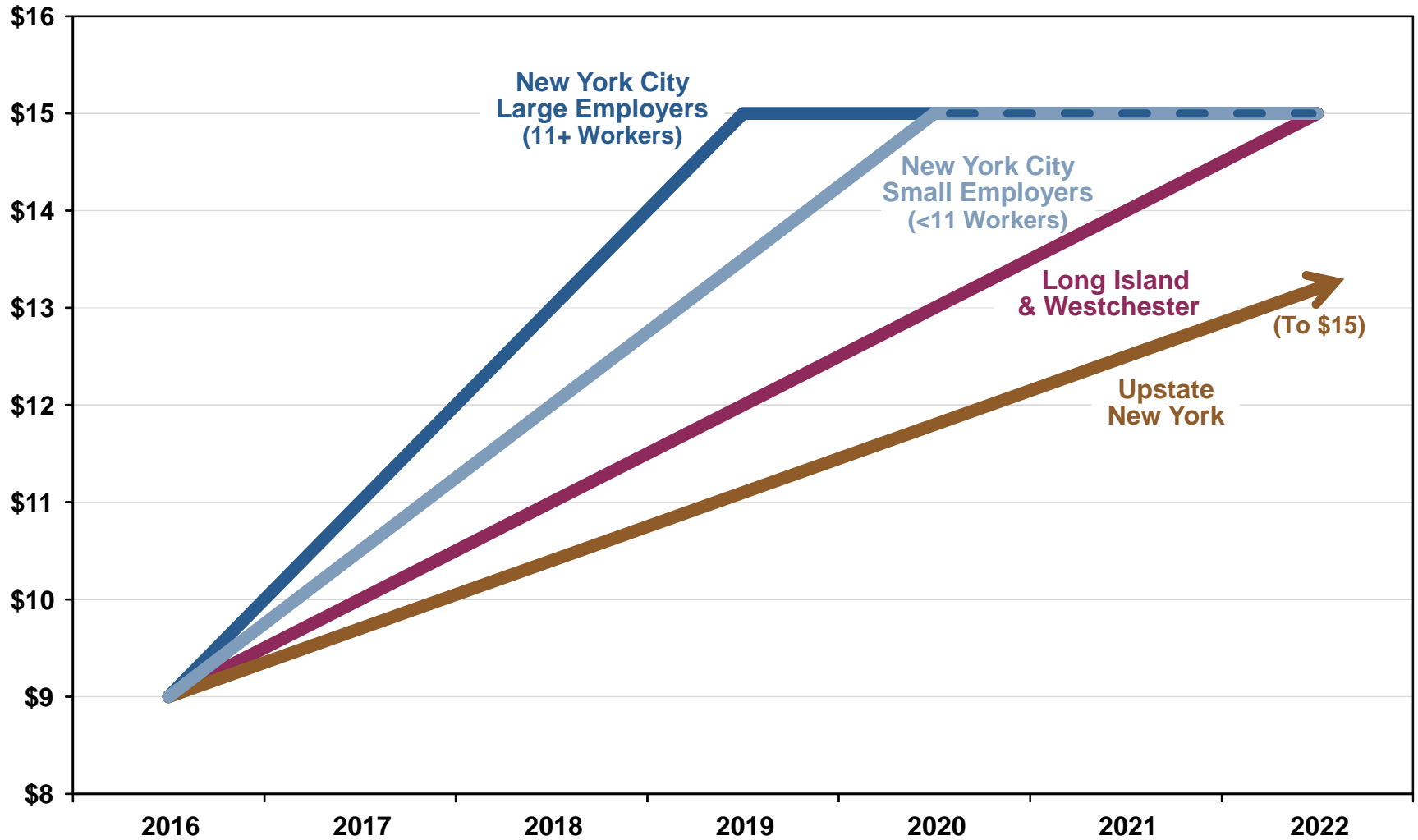
# A Shrinking Middle

Share of Jobs by Wage Group, 2007 and 2016



# NYS Minimum Wage Increase

2017 Through 2022

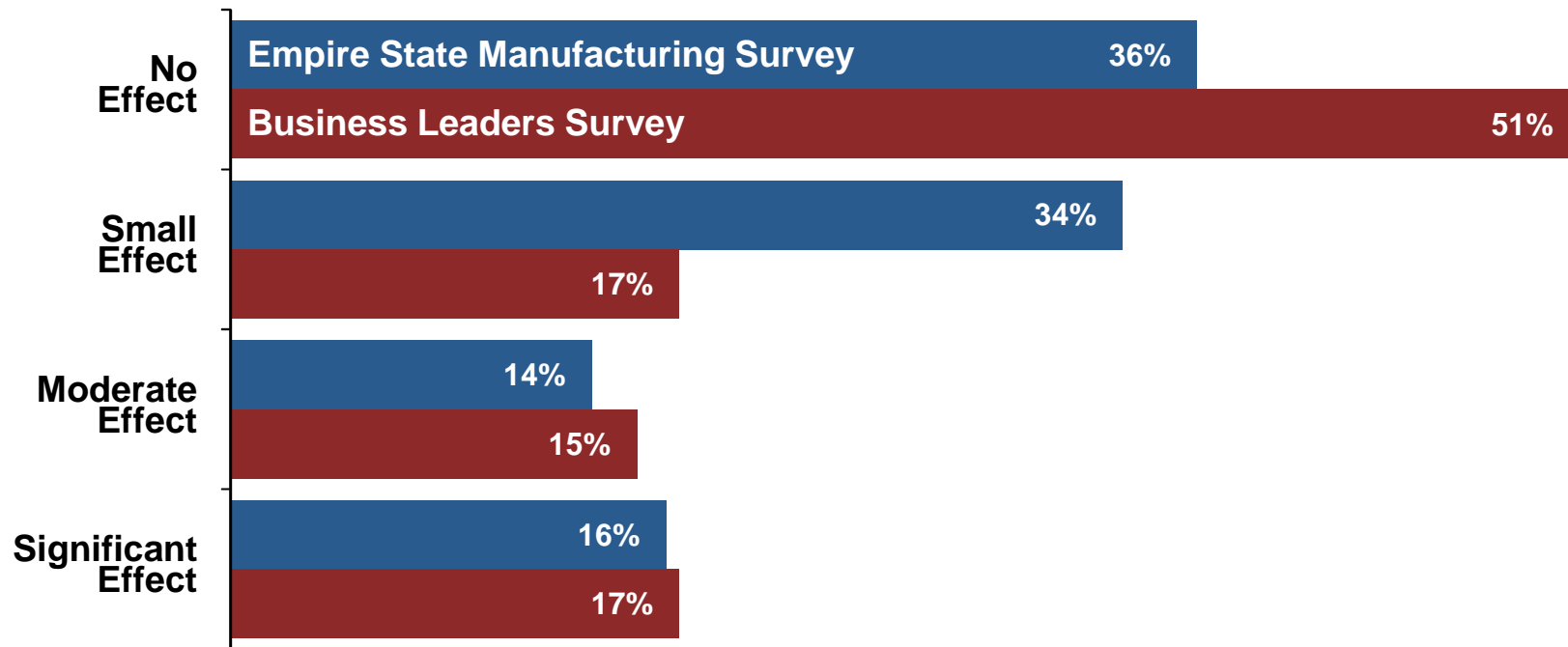




# Effects of NYS Minimum Wage Increase

FRBNY Supplemental Survey Report, March 2017

*Q: Has the recent increase in the minimum wage, effective January 1, had any effect on your decisions about compensation and employment?*





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# US Macro Overview

## April 19, 2017

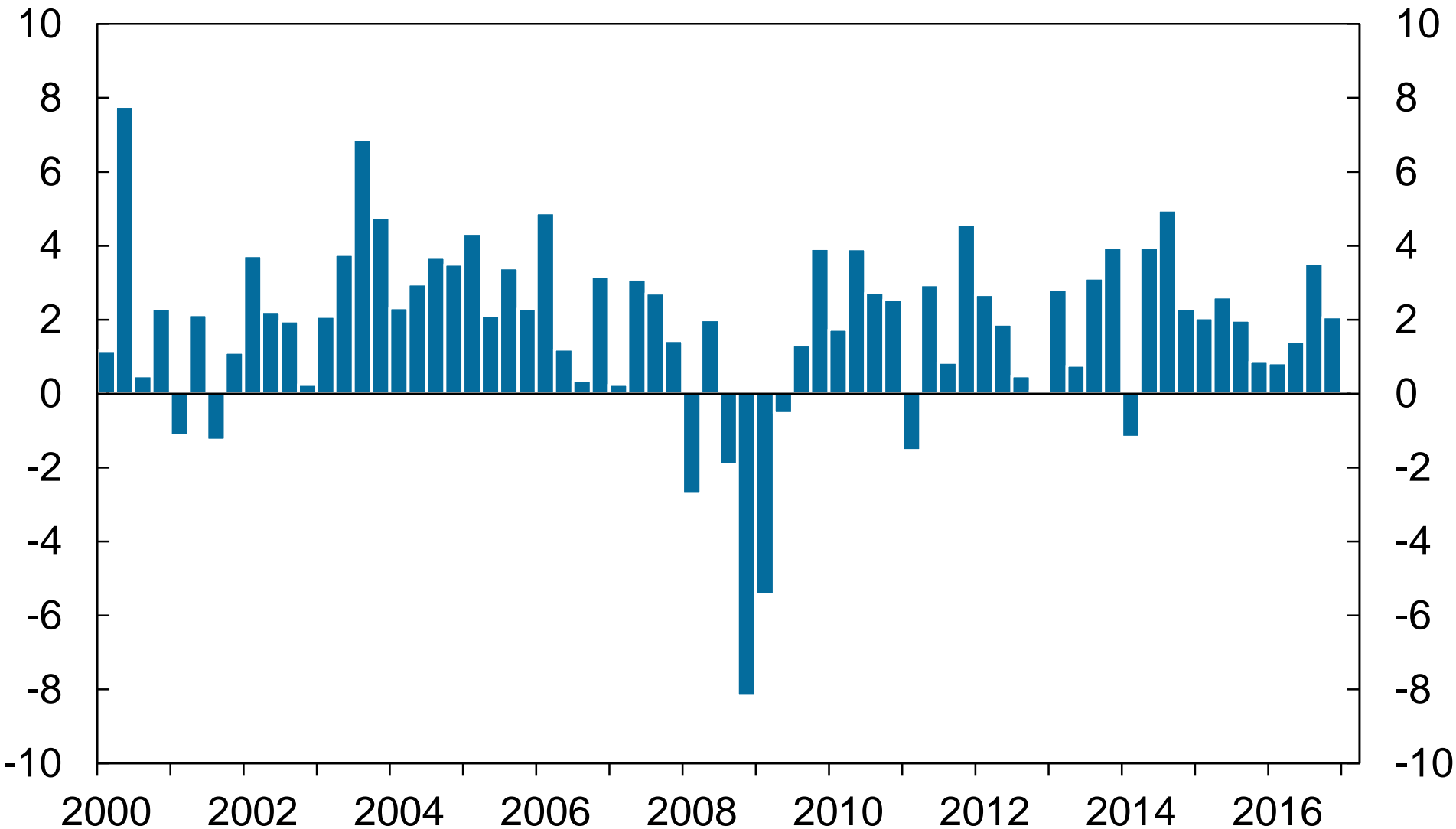
- Real consumer spending fell for a second consecutive month in February, suggesting a marked slowdown in real PCE growth in Q1 compared to recent quarters.
  - Weak consumer spending in 2017 likely reflects some effect from the delay in tax refund disbursements.
  
- February data suggested some improvement in the near-term outlook for business equipment spending, and single-family housing starts continued to trend upward at a moderate rate.
  
- Surveys continued to indicate sizable improvement in manufacturing conditions, with production data showing tentative signs of a sustained rebound in sectorial activity.

- Payroll growth was weak in March due to weather impacting the reported numbers, but other indicators pointed to ongoing improvement in the labor market.
  - The unemployment rate fell, the employment-population ratio rose, and the labor force participation rate held steady in the month.
  
- February price data suggest headline inflation is close to the FOMC's objective, while core inflation still appears to be running modestly below the objective.
  
- U.S. equity indexes and nominal long-term Treasury yields moved lower. Oil prices retraced part of the decline that occurred during the first part of March, while the dollar moved lower against most major currencies.

# 2016Q4 growth revised up – divergent views for 2017Q1

% Change – Annual Rate

% Change – Annual Rate

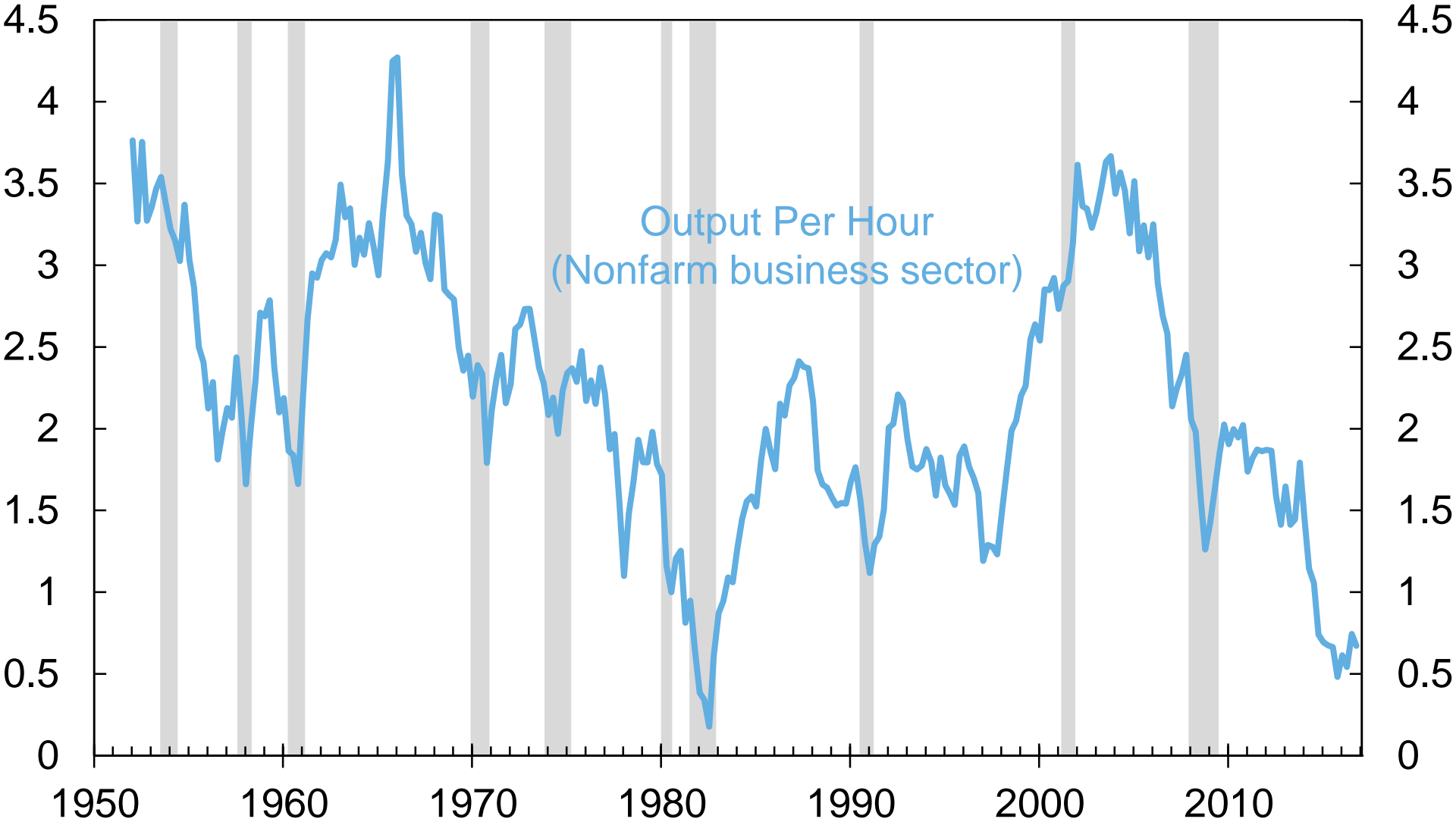


Source: Bureau of Economic Analysis via Haver Analytics

# Very weak productivity growth since 2010

20-Qtr MA of 1 Quarter  
% Change — Annual Rate

20-Qtr MA of 1 Quarter  
% Change — Annual Rate



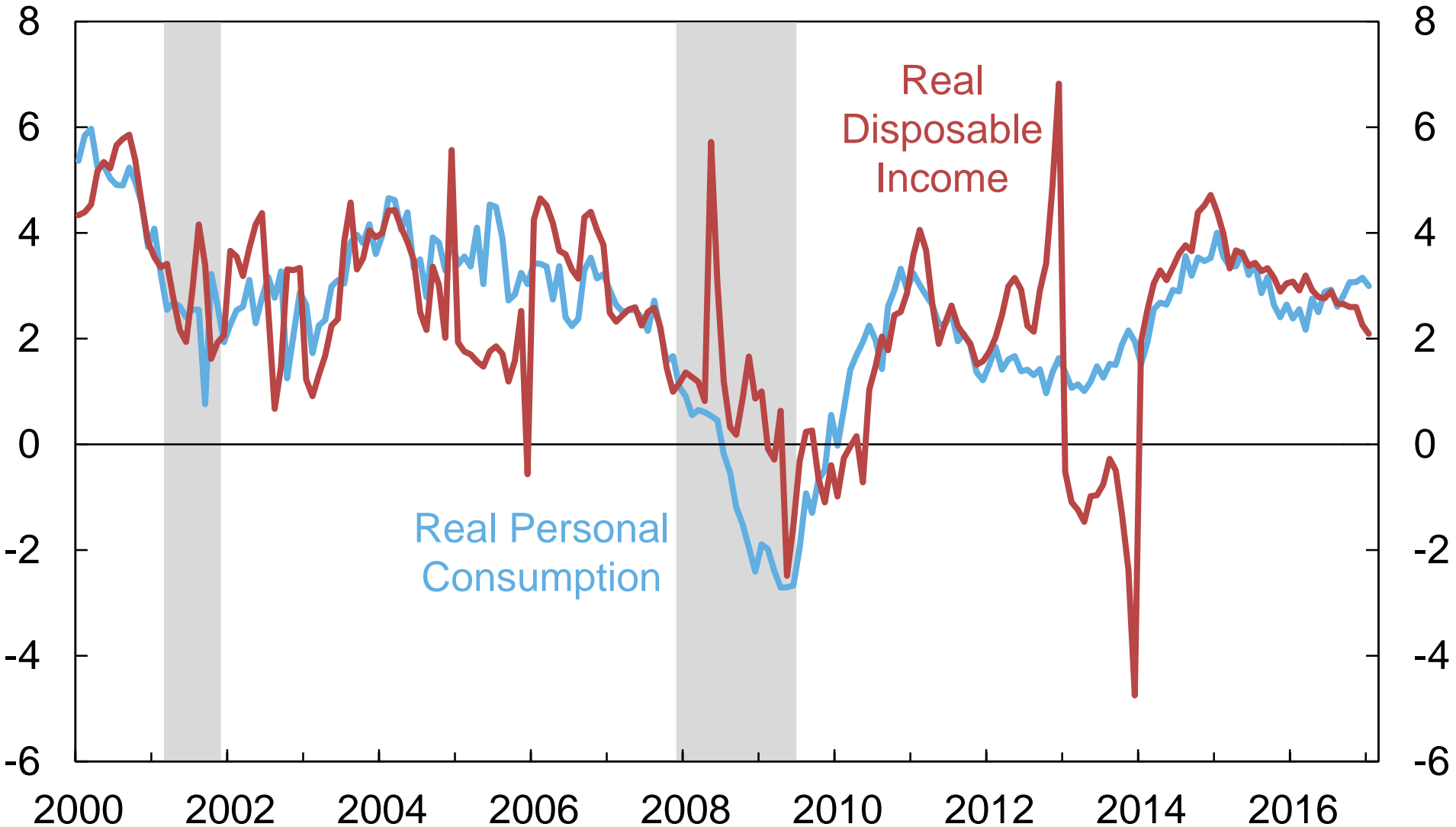
Source: Bureau of Labor Statistics

Note: Shading shows NBER recessions.

# Consumer spending in 2017 retreats from Q4 pace

12 Month % Change

12 Month % Change

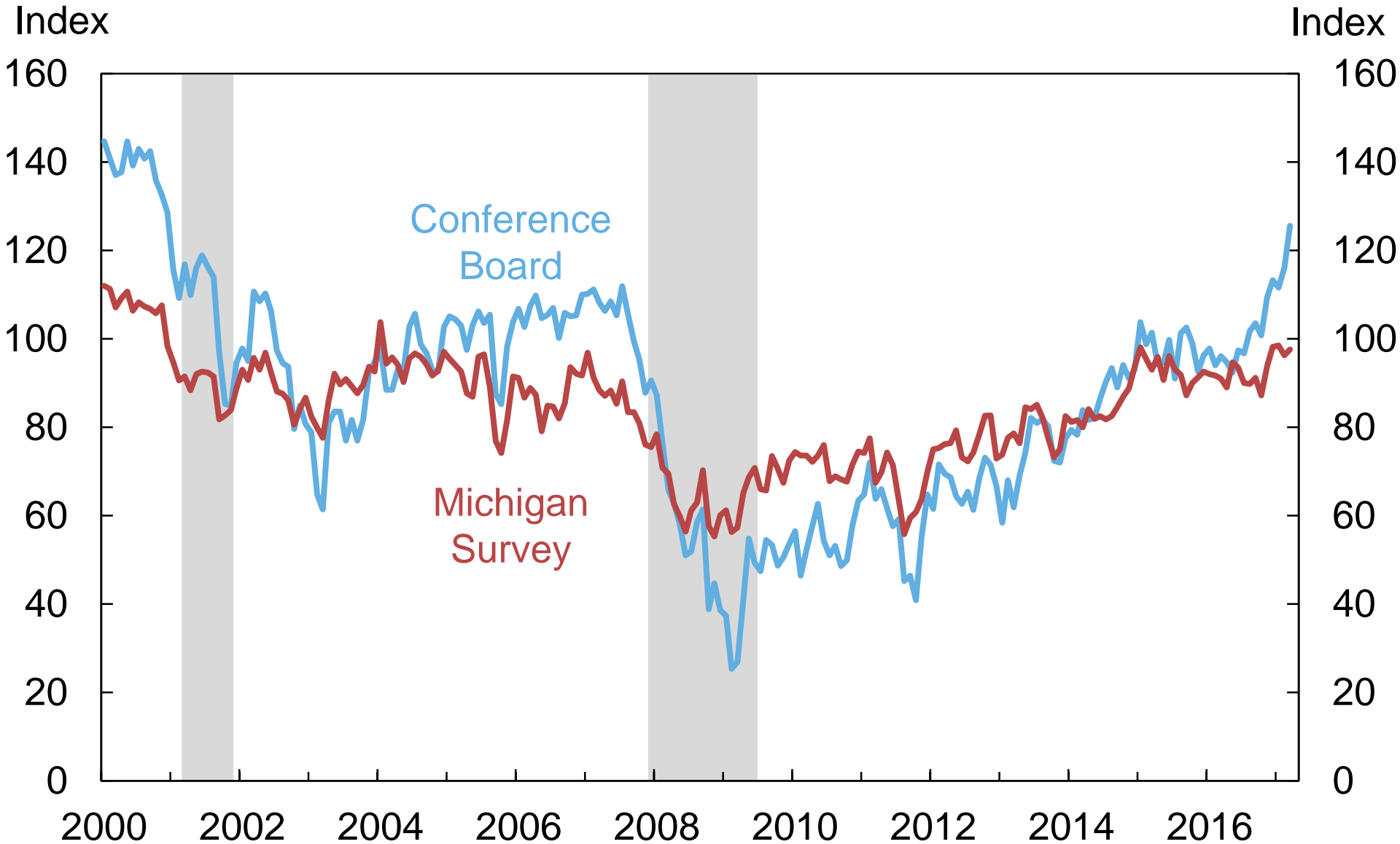


Source: Bureau of Economic Analysis,  
Federal Reserve Board via Haver Analytics

Note: Shading shows NBER recessions.



# Consumer confidence at or near multi-year high



Source: Conference Board,  
University of Michigan

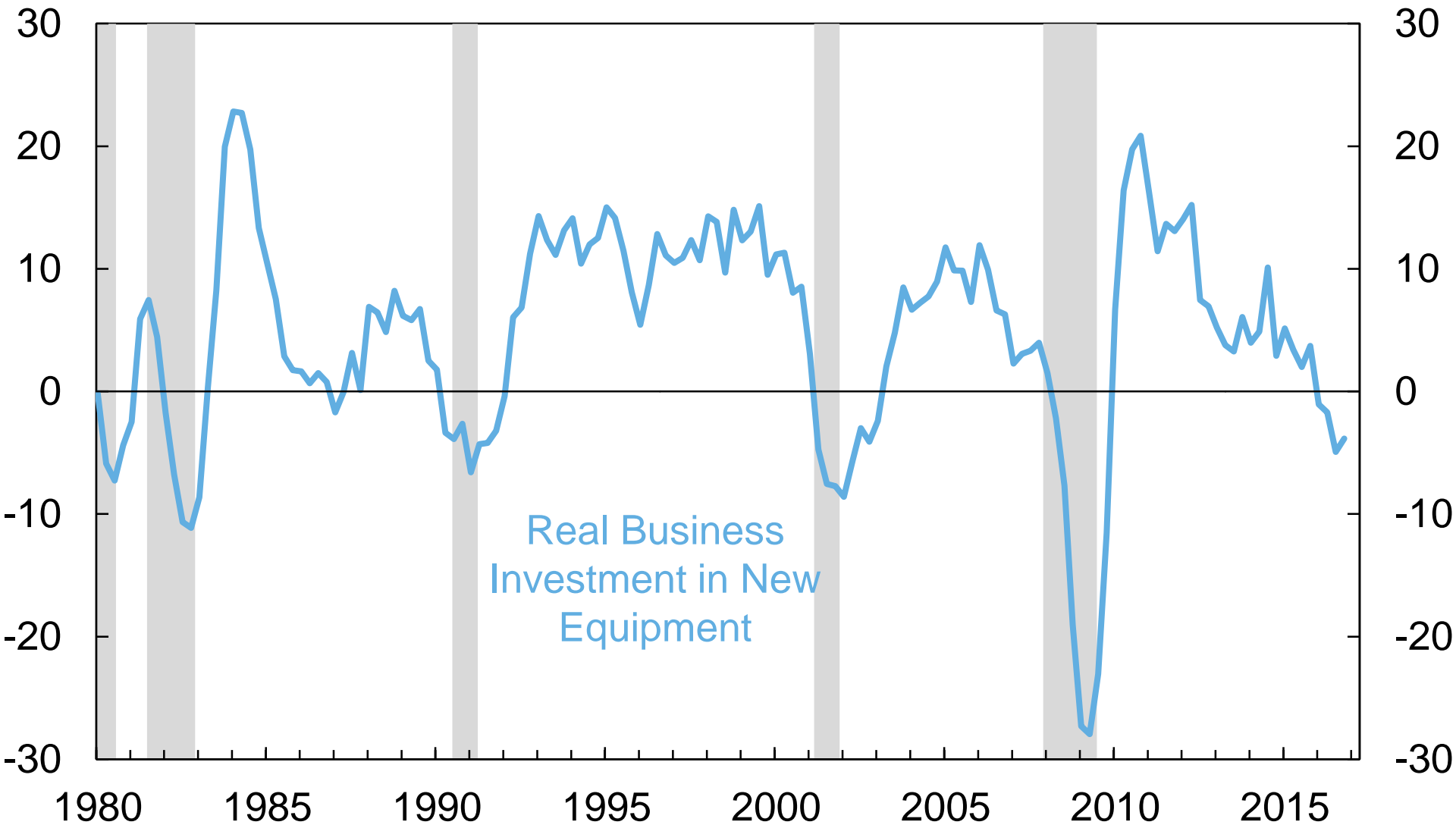
Note: Shading shows NBER recessions.



# Investment in equipment rose modestly in Q4

4 Quarter % Change

4 Quarter % Change



Real Business  
Investment in New  
Equipment

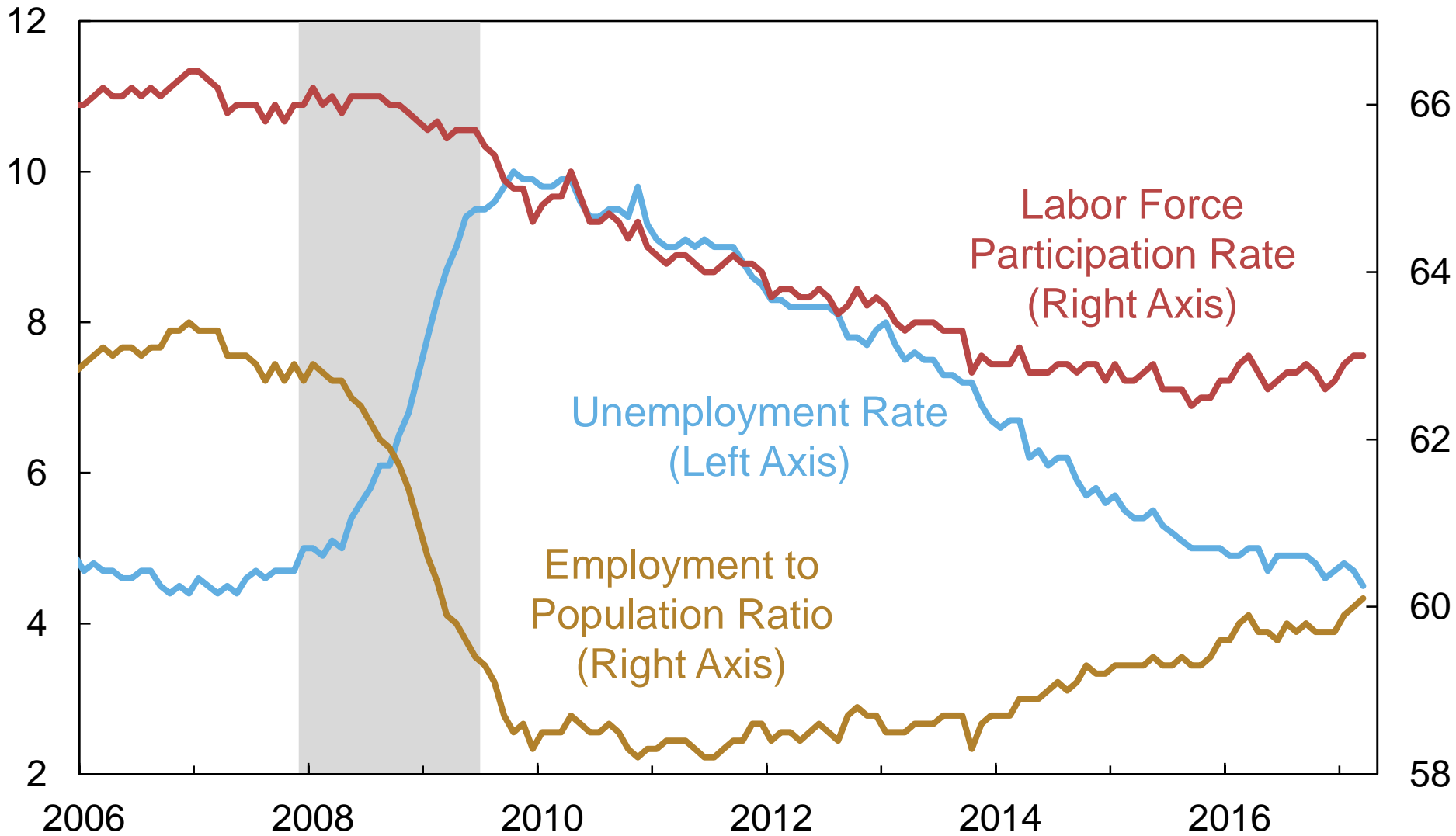
Source: Bureau of Economic Analysis,  
Federal Reserve Board via Haver Analytics

Note: Shading shows NBER recessions.

# Labor market conditions continue to strengthen

Percent

Percent



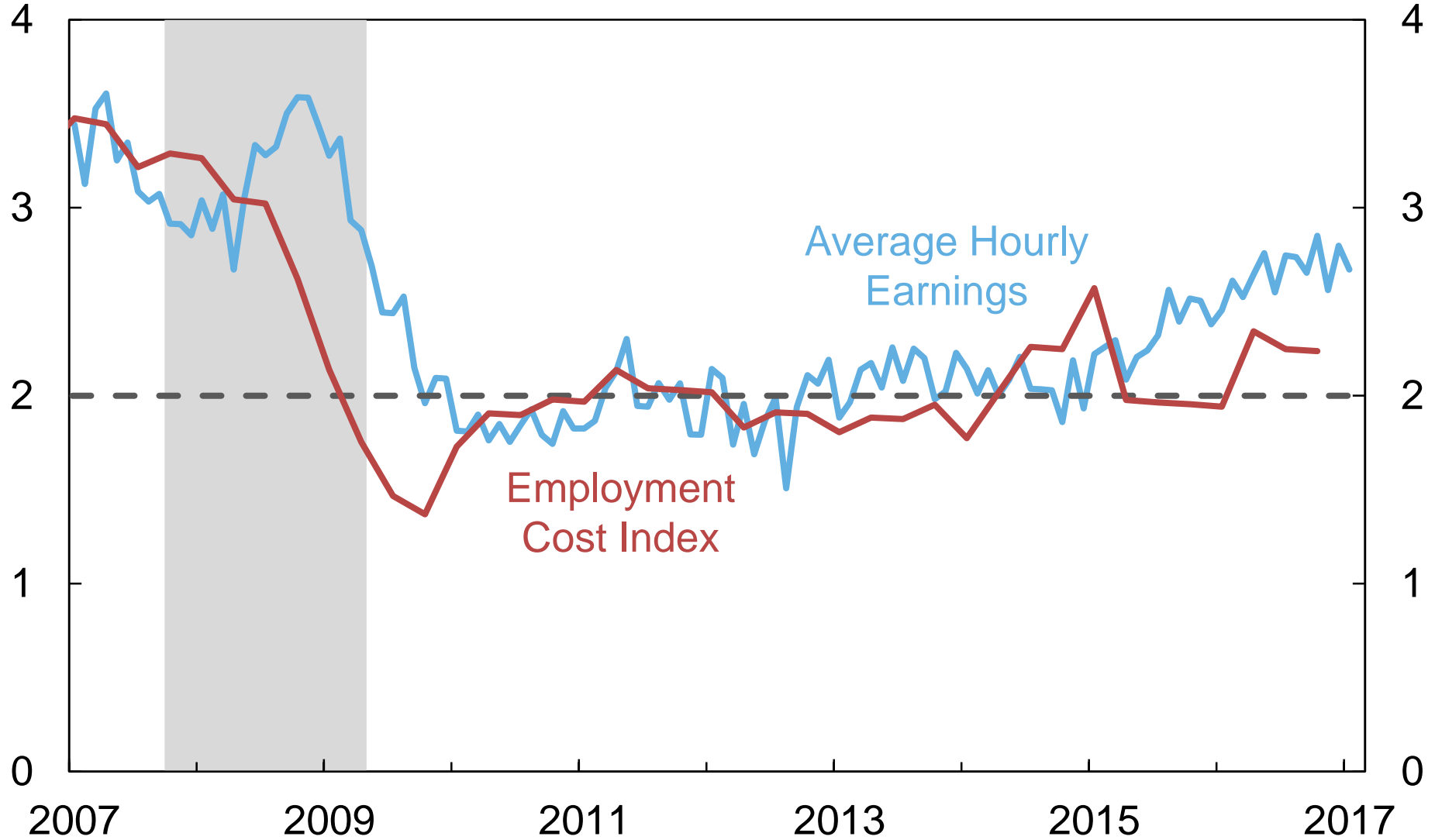
Source: Bureau of Labor Statistics  
via Haver Analytics

Note: Shading shows NBER recessions.

# Mixed evidence of stronger labor compensation growth

Annual % change

Annual % change



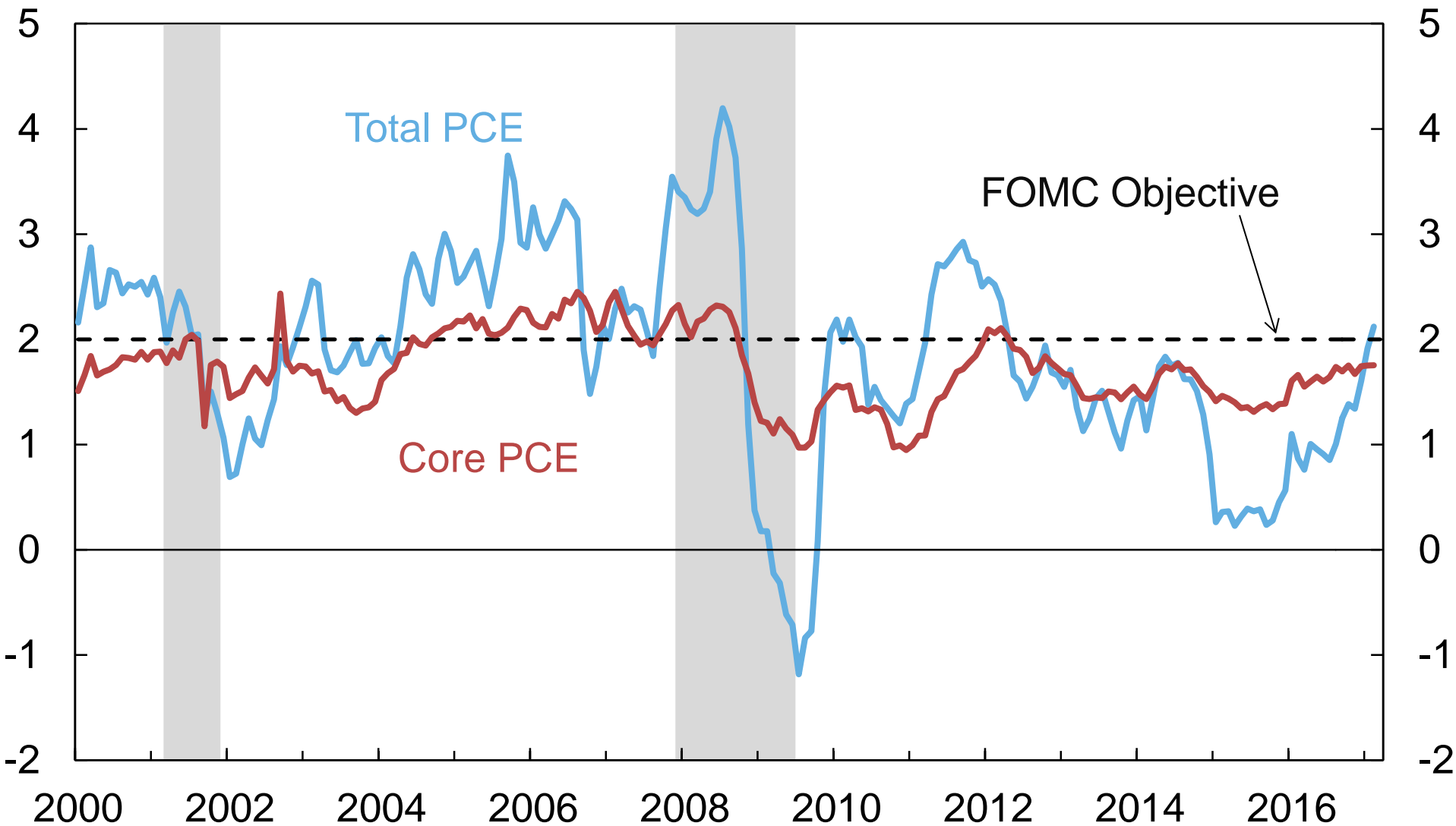
Source: Bureau of Labor Statistics  
via Haver Analytics

Note: Shading shows NBER recessions.

# Headline inflation is close to the FOMC's 2% objective

12 Month % Change

12 Month % Change



Source: Bureau of Economic Analysis  
via Haver Analytics

Note: Shading shows NBER recessions.