



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

AGENDA

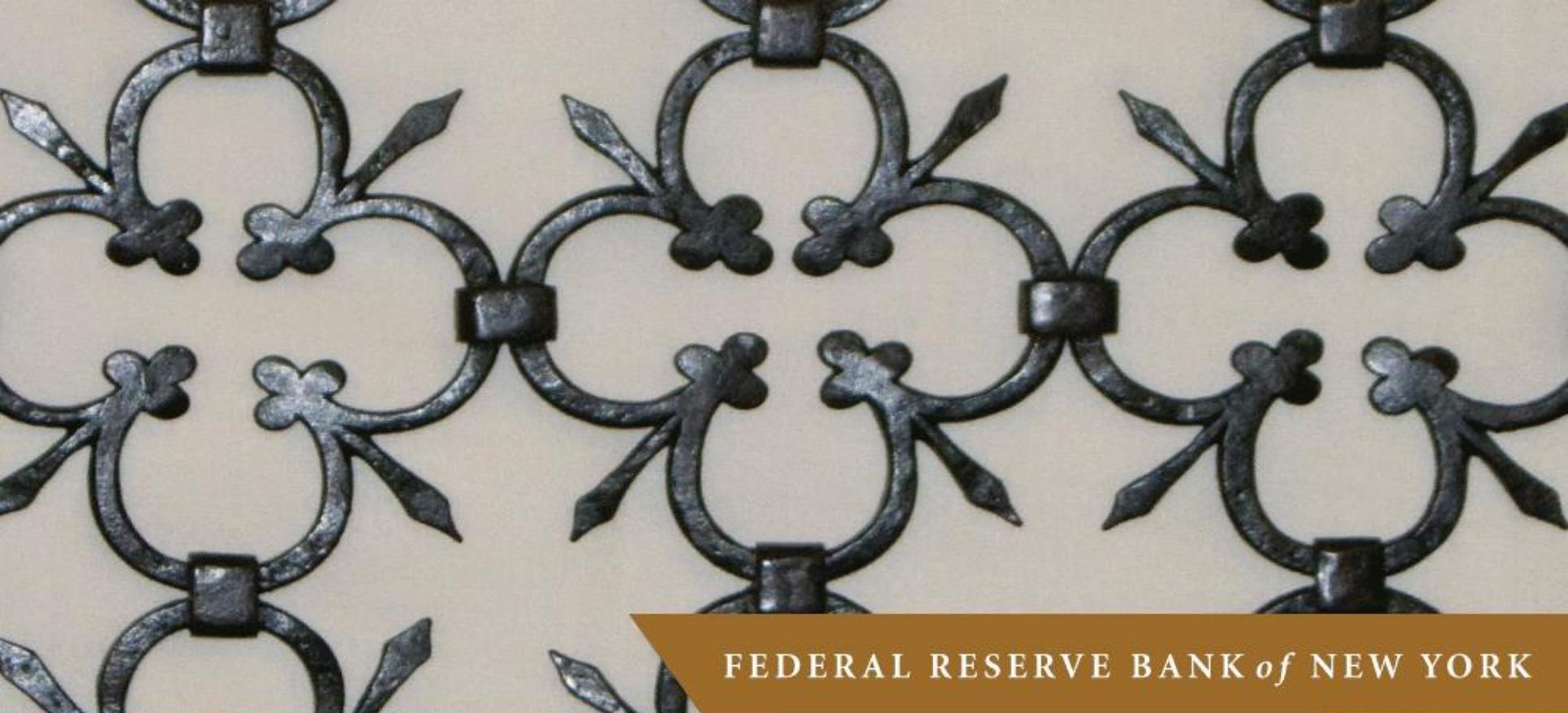
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|-----------------|----------------------------------------------------------------------------------------------------------------------|
| 10:00am | Arrival and Continental Breakfast |
| 10:30am | Welcome and Adoption of the CAG Charter, Adrian Franco, 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



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Regional Economic Conditions

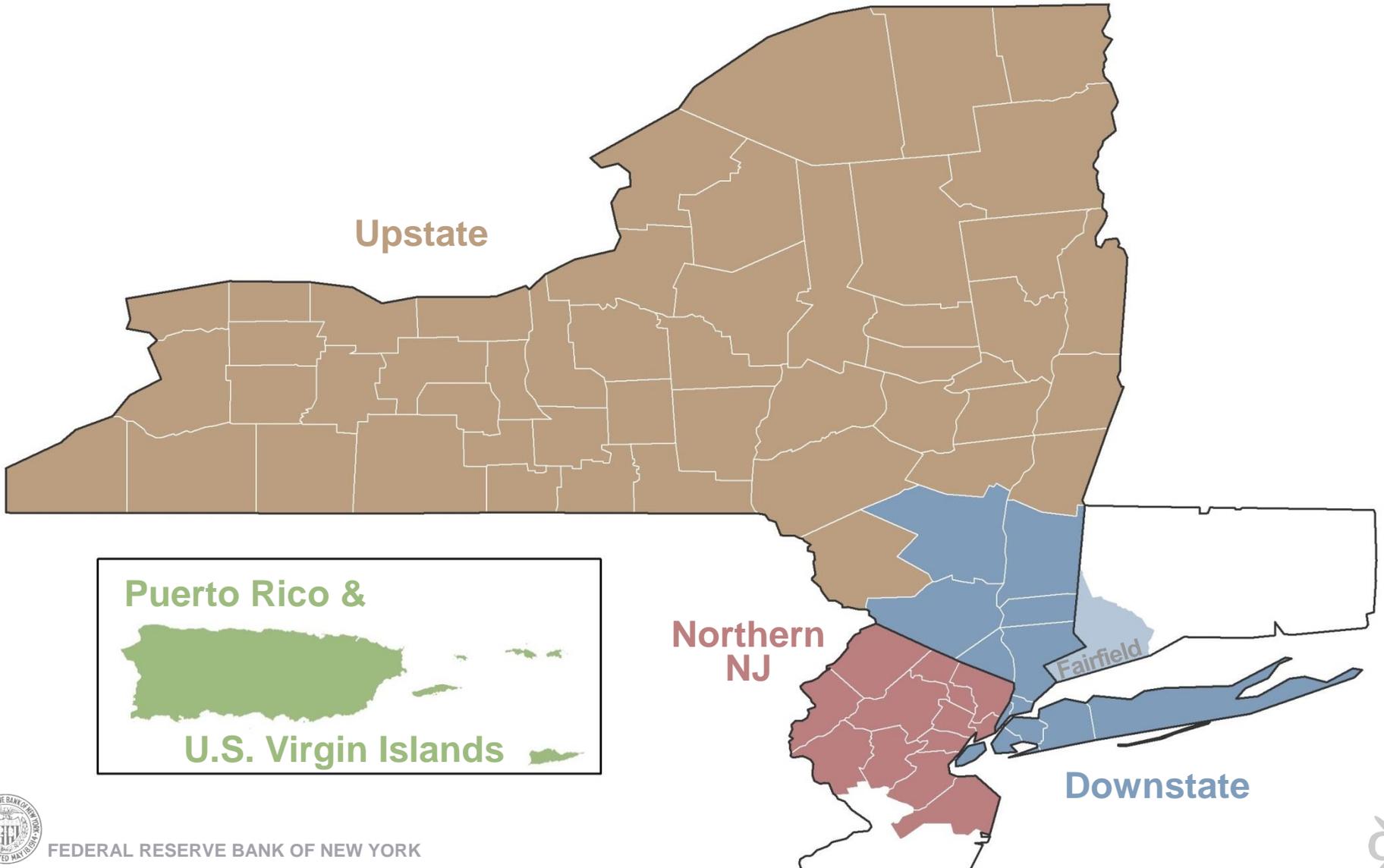
Jaison R. Abel, Research Officer

Community Advisory Group Meeting – April 19, 2017

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.

The 2nd Federal Reserve District

Regions in the District



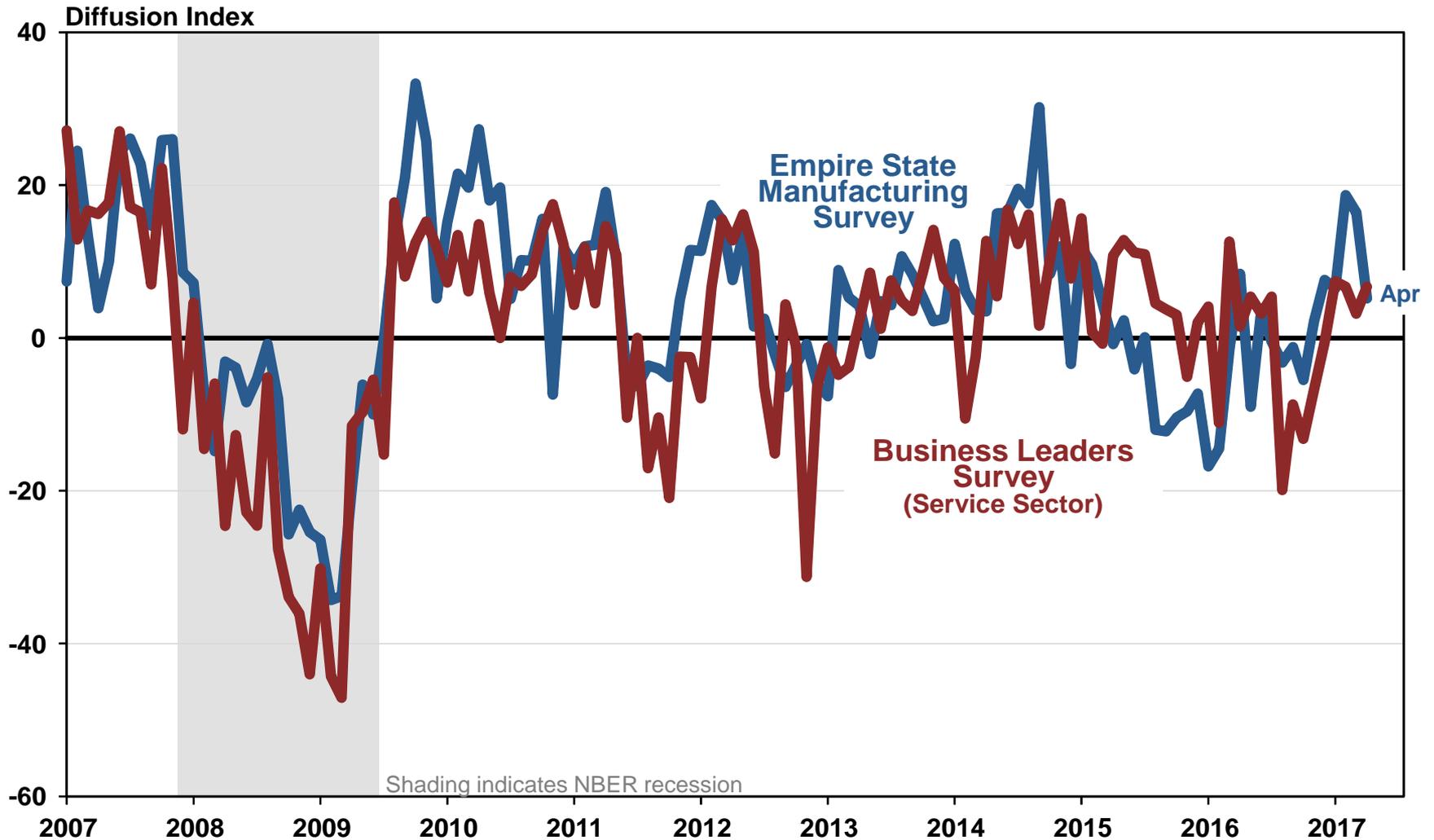
Overview of Regional Conditions

- 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

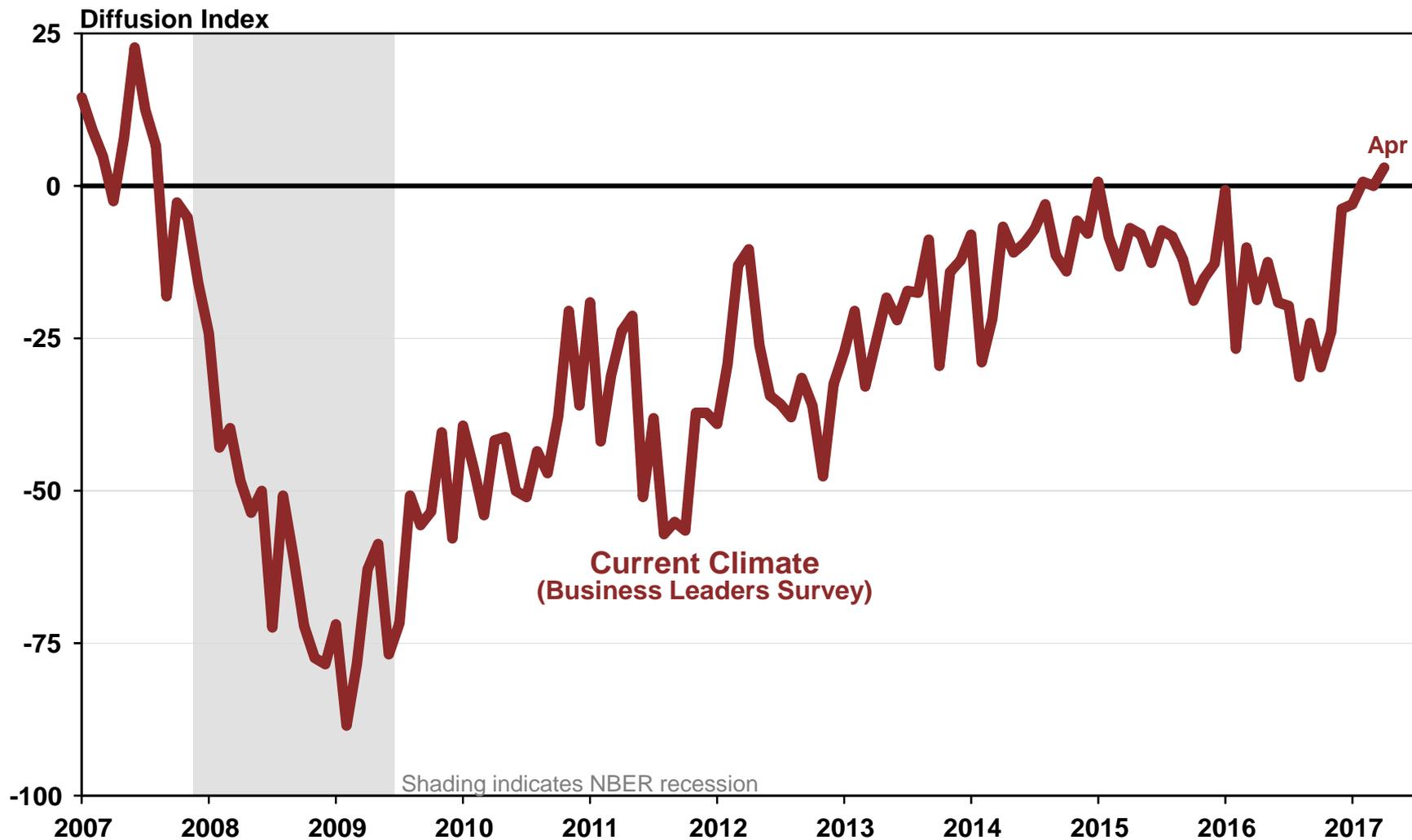


Shading indicates NBER recession

Apr

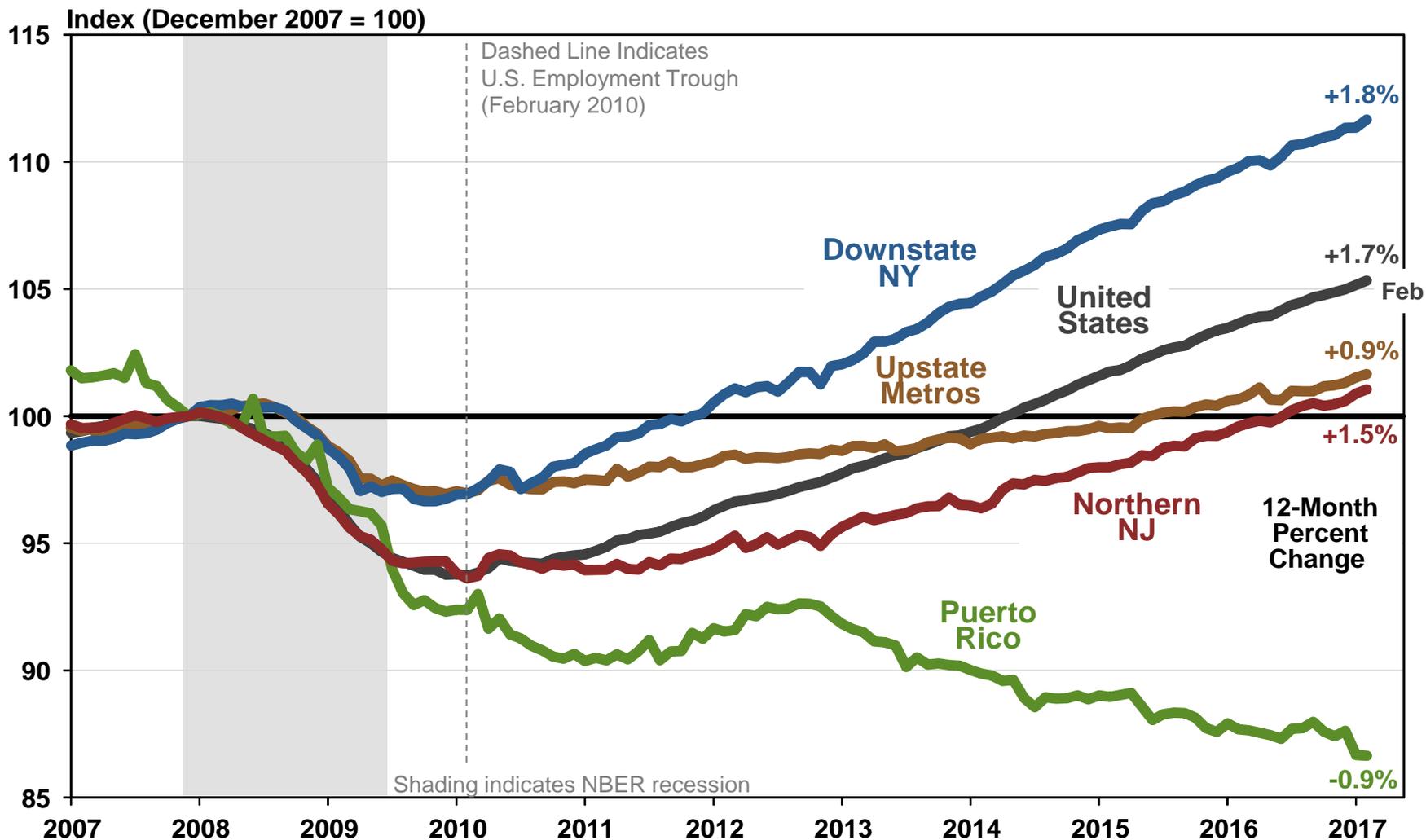
Current Business Climate

FRBNY Business Leaders Survey



Regional Employment Trends

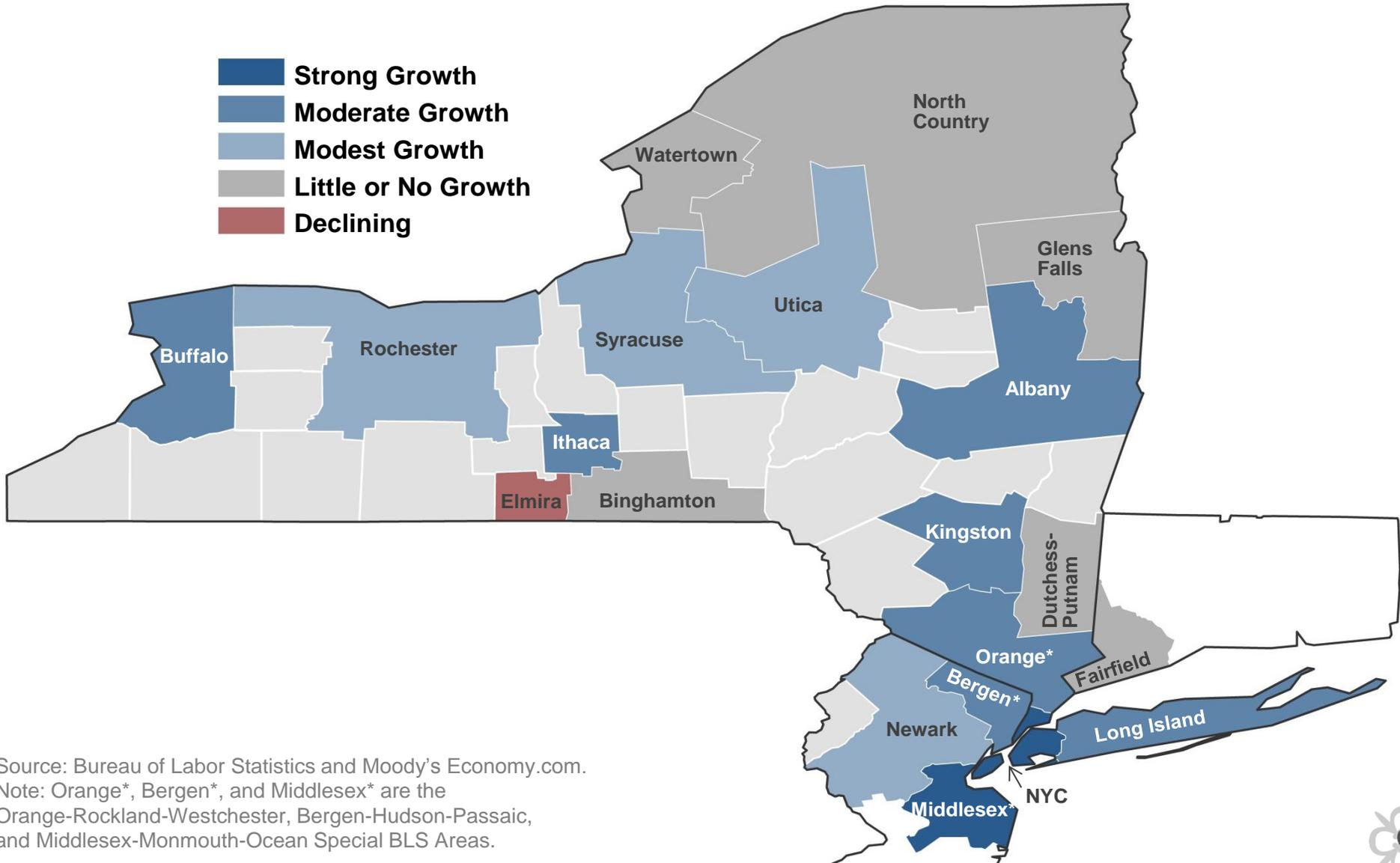
Indexes of Total Employment, Seasonally Adjusted



Recent Job Growth in the Region

Annual Percent Change, February 2017

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

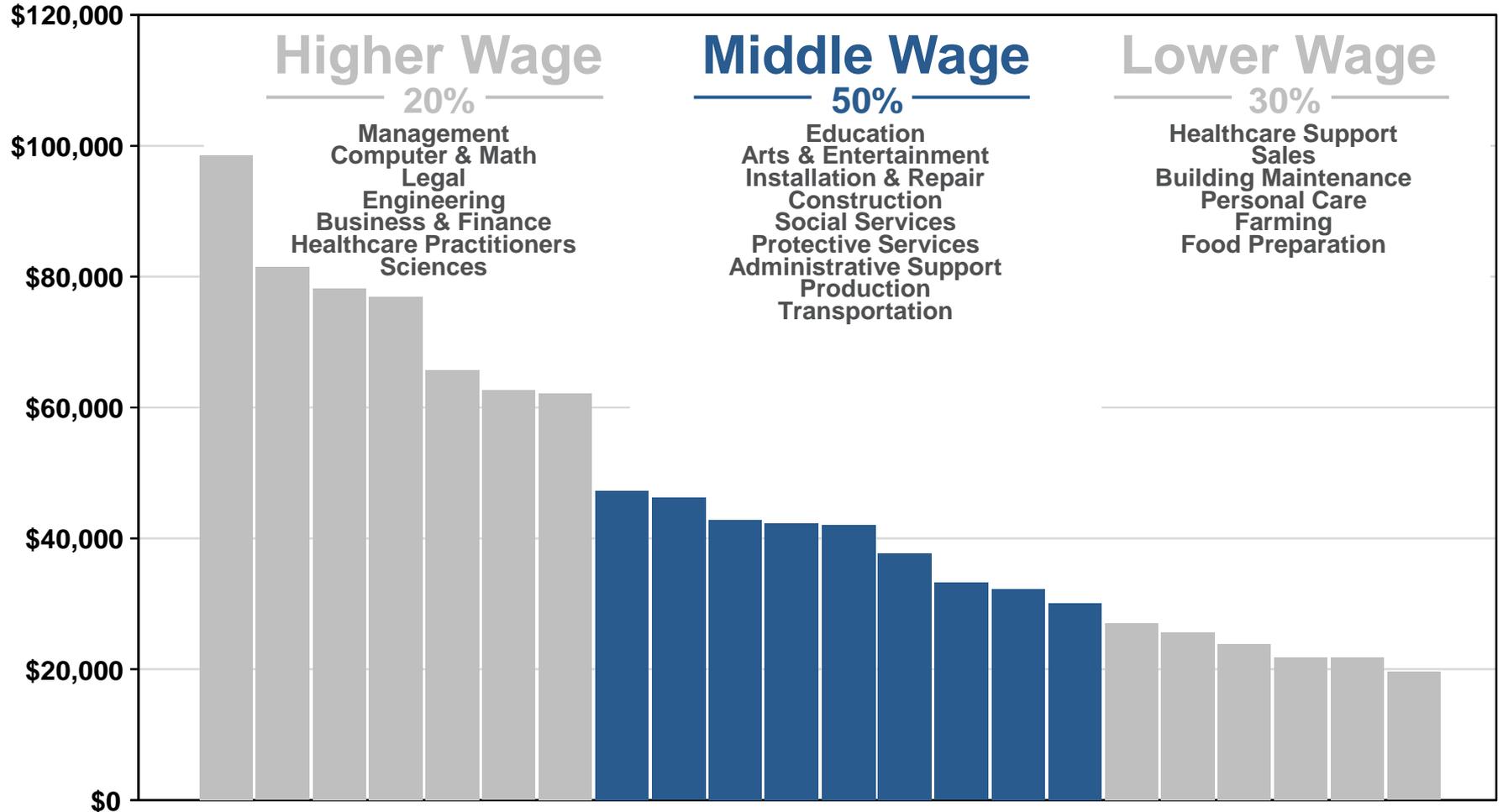


Source: Bureau of Labor Statistics and Moody's Economy.com.

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

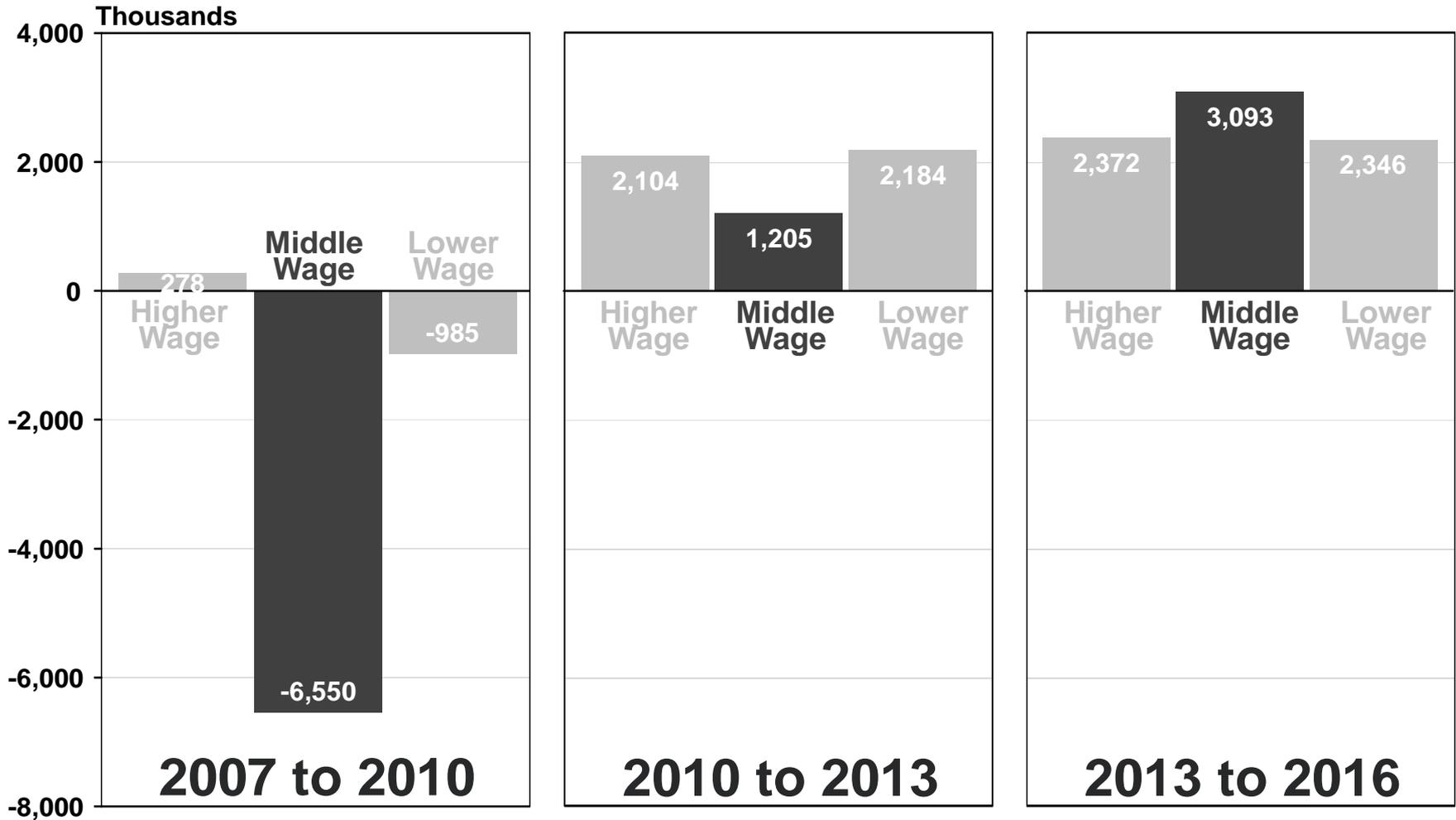
Job Categories

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

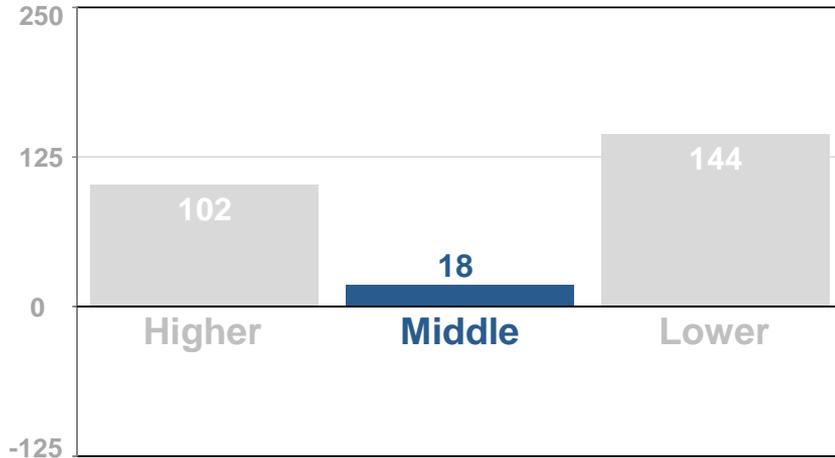
- Growth in traditional blue collar jobs:
 - **Construction**
 - **Production**
 - **Transportation**
 - **Installation & Repair**
- **Education** jobs growing again as local government fiscal pressures have subsided.
- Rebound in **Administrative Support** jobs.



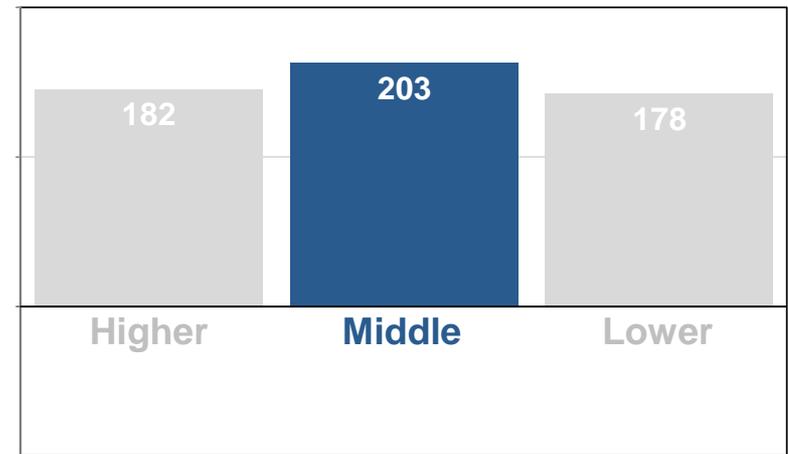
Job Gains and Losses in the Region

Net Change in Total Employment, Thousands

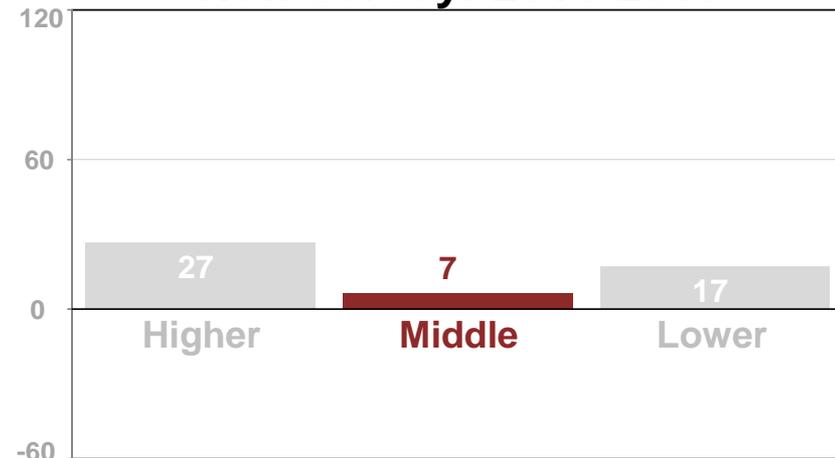
Downstate NY: 2010-2013



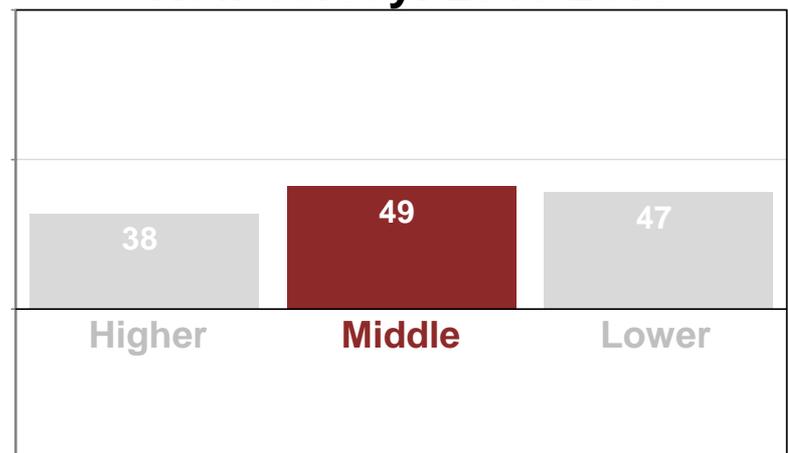
Downstate NY: 2013-2016



New Jersey: 2010-2013



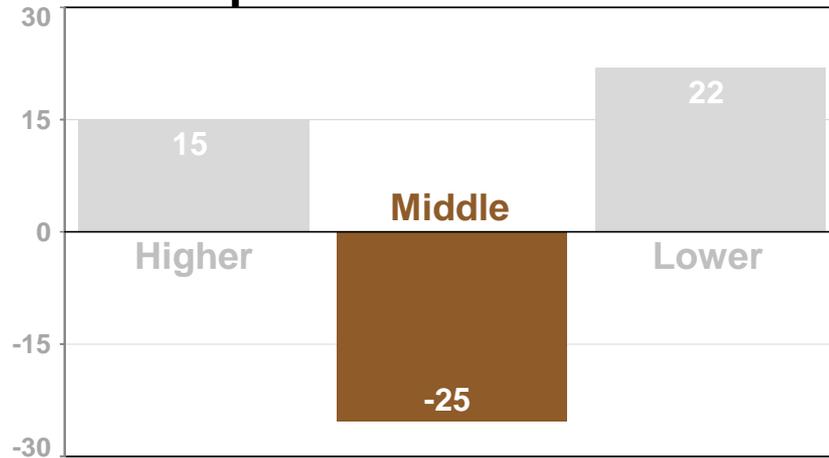
New Jersey: 2013-2016



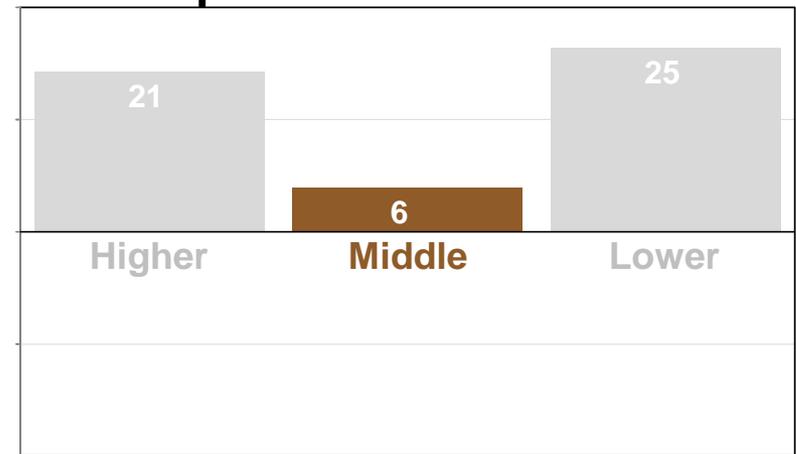
Job Gains and Losses in the Region

Net Change in Total Employment, Thousands

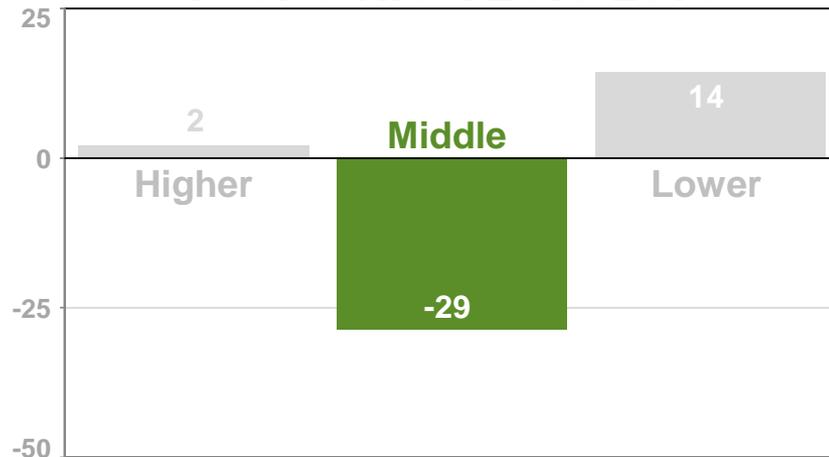
Upstate NY: 2010-2013



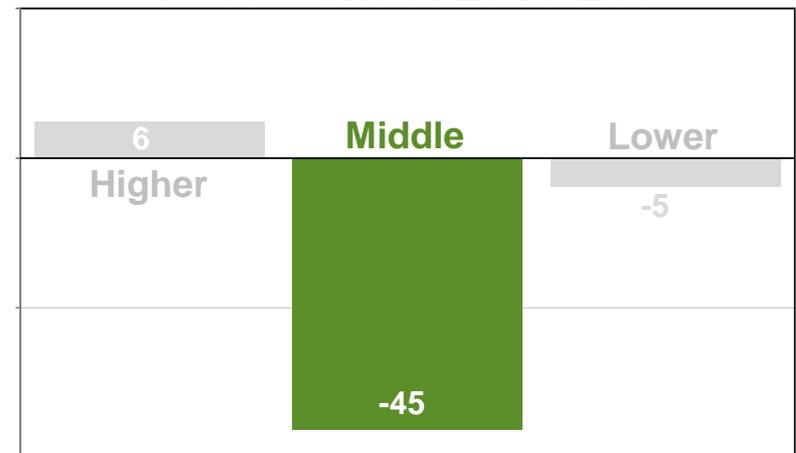
Upstate NY: 2013-2016



Puerto Rico: 2010-2013

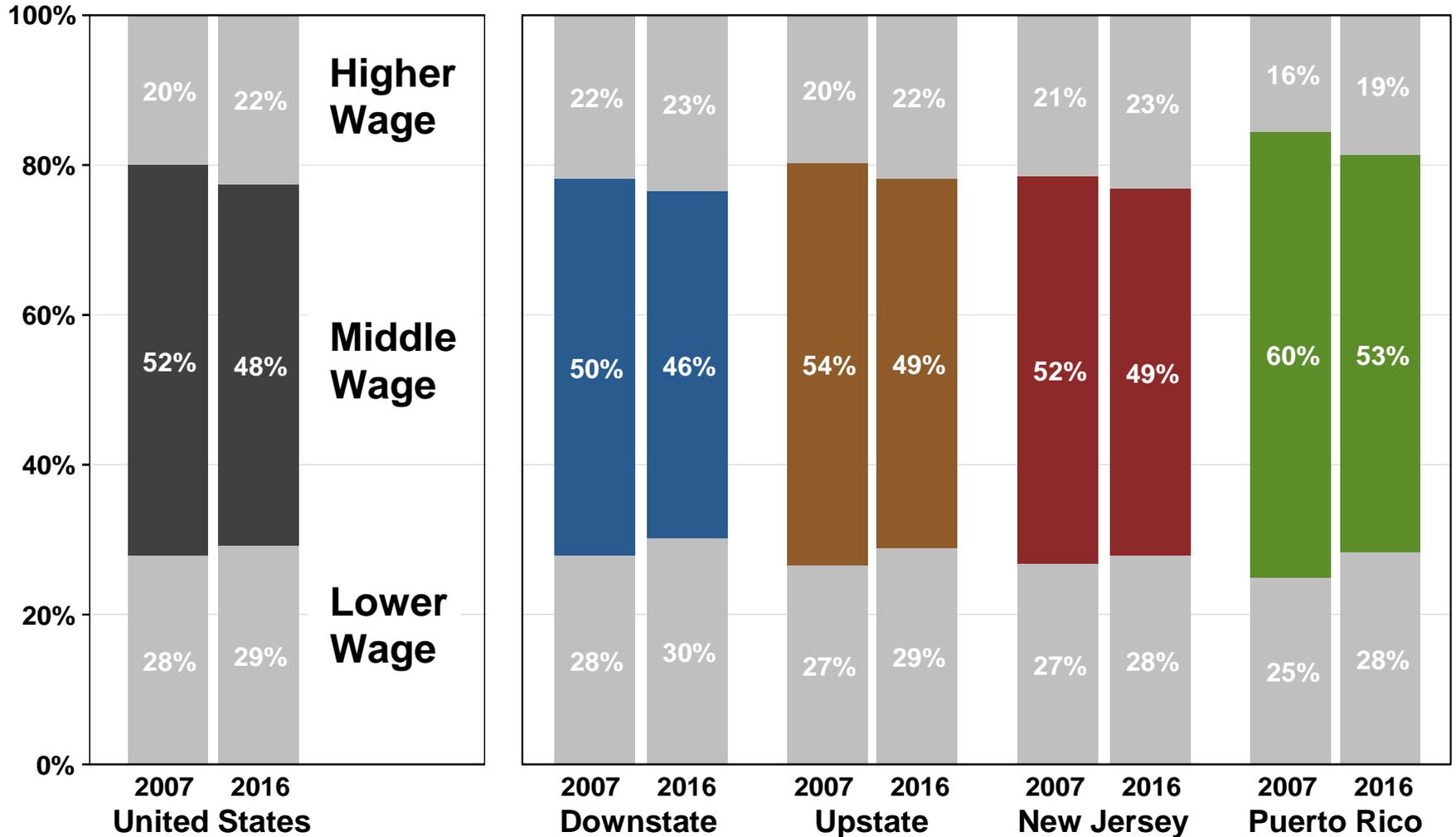


Puerto Rico: 2013-2016



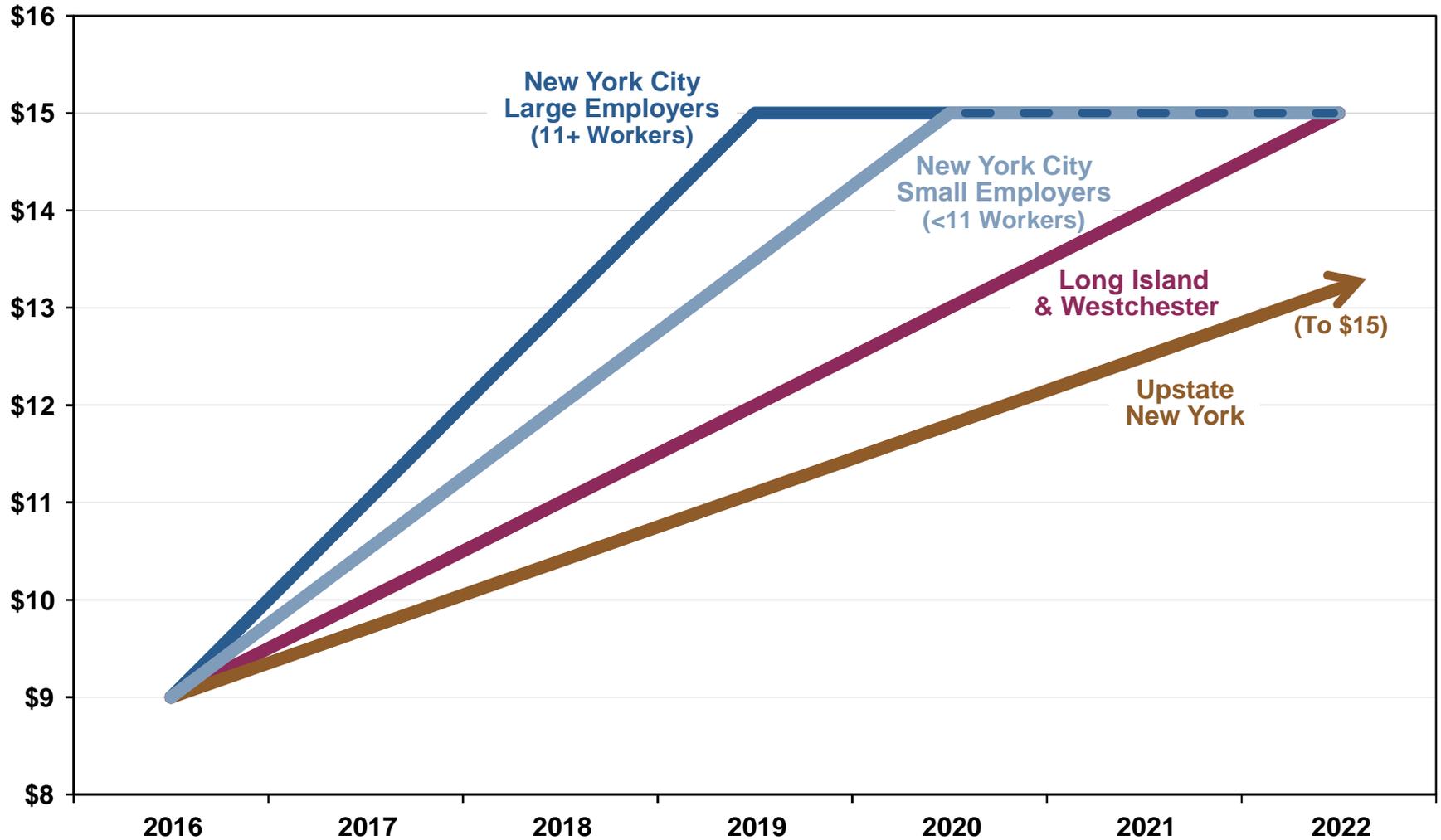
A Shrinking Middle

Share of Jobs by Wage Group, 2007 and 2016



NYS Minimum Wage Increase

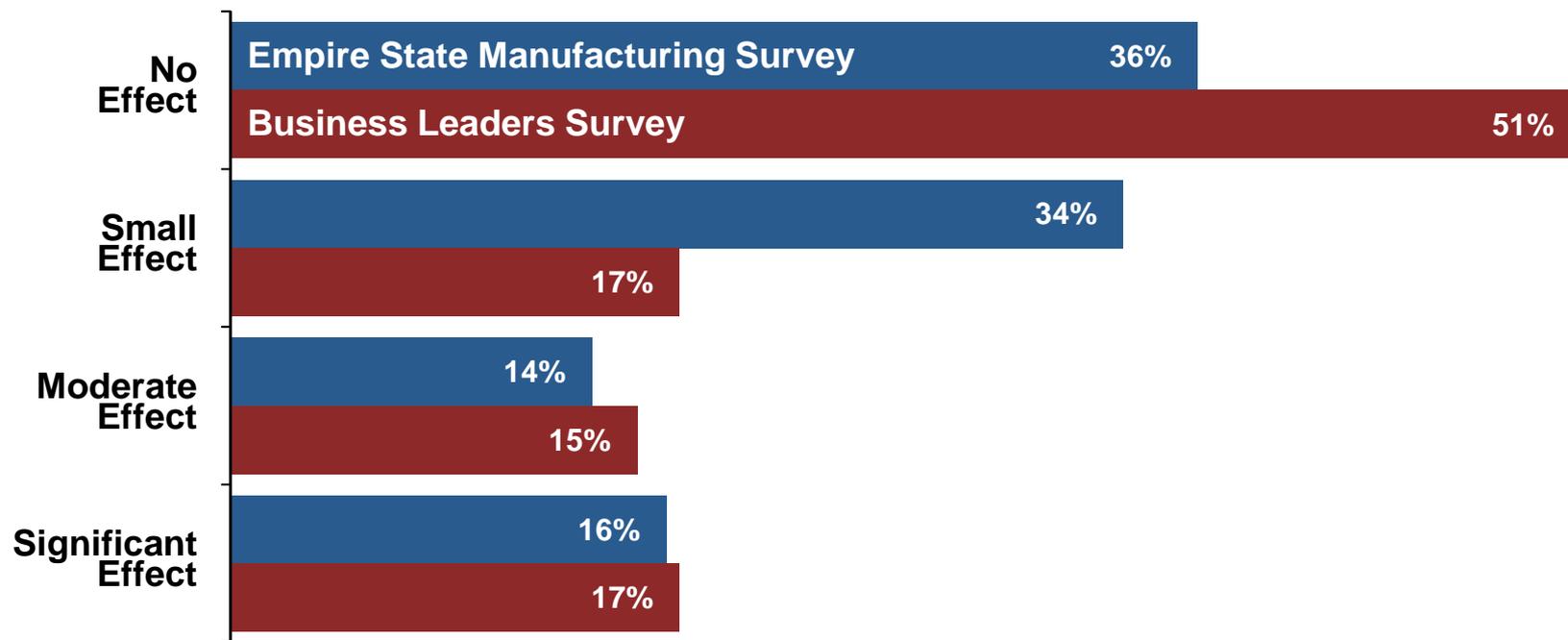
2017 Through 2022



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.

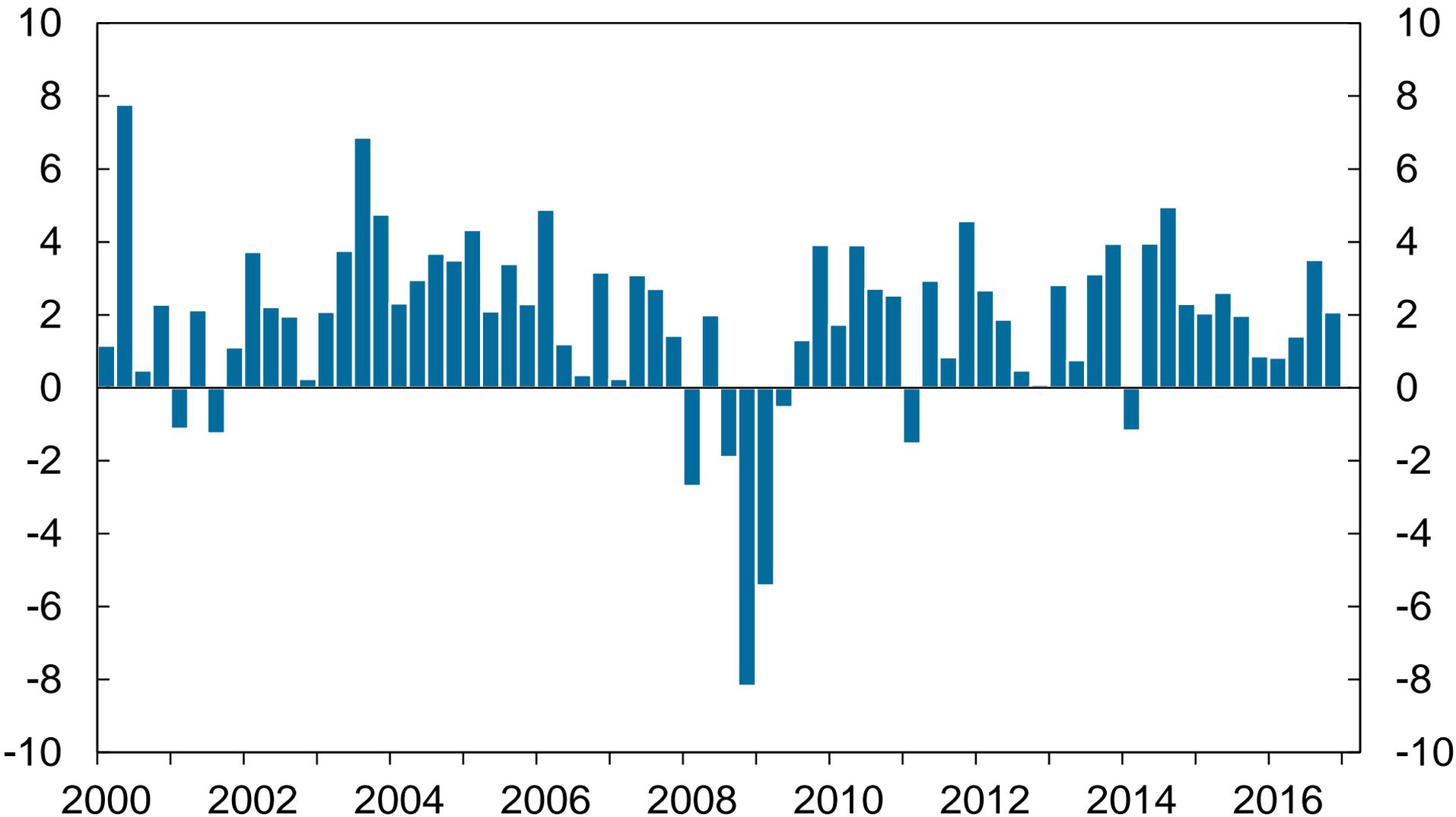
- Surveys continued to indicate sizable improvement in manufacturing conditions, with production data showing tentative signs of a sustained rebound in sectorial activity.

- 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

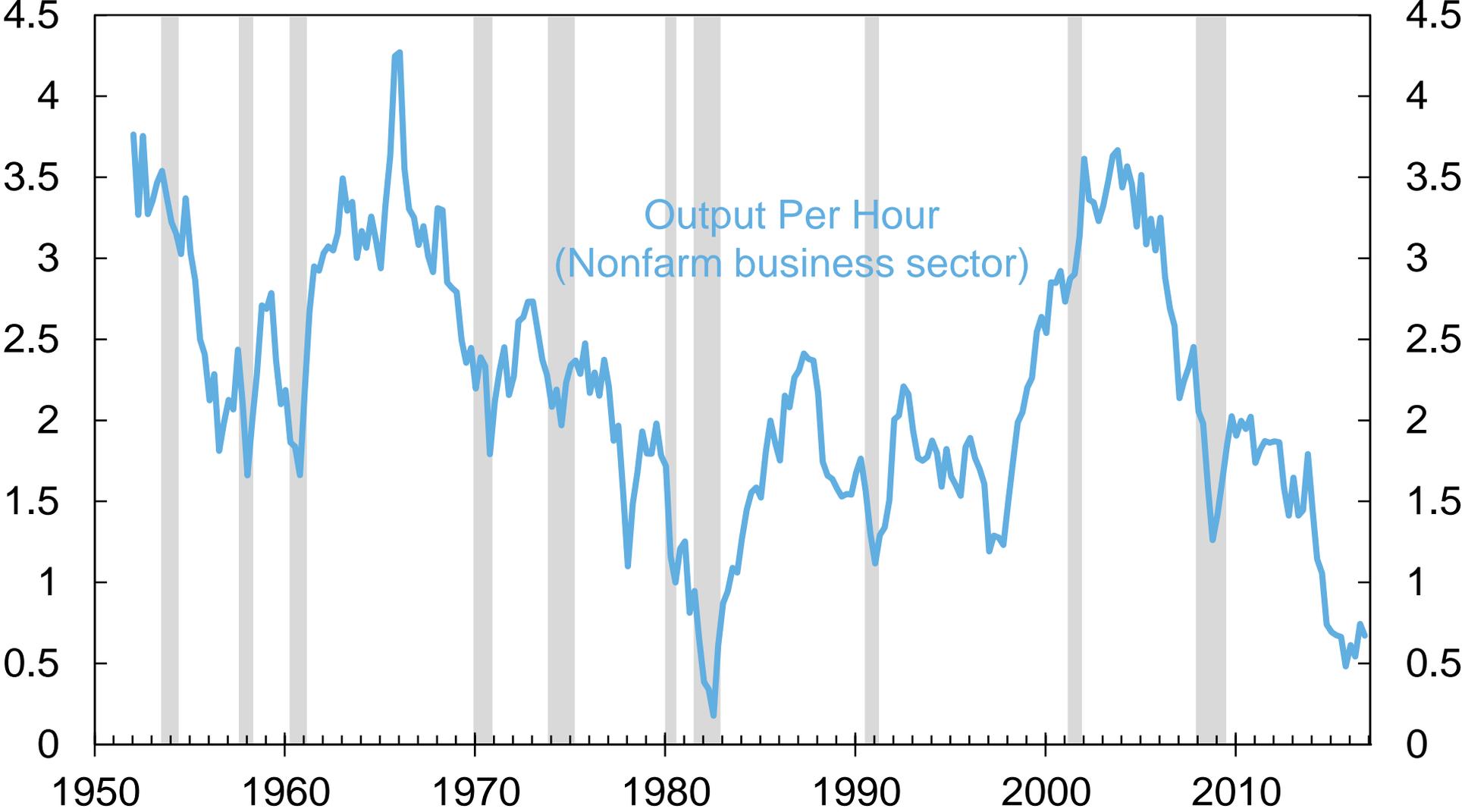


Source: Bureau of Economic Analysis via Haver Analytics

Very weak productivity growth since 2010

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

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



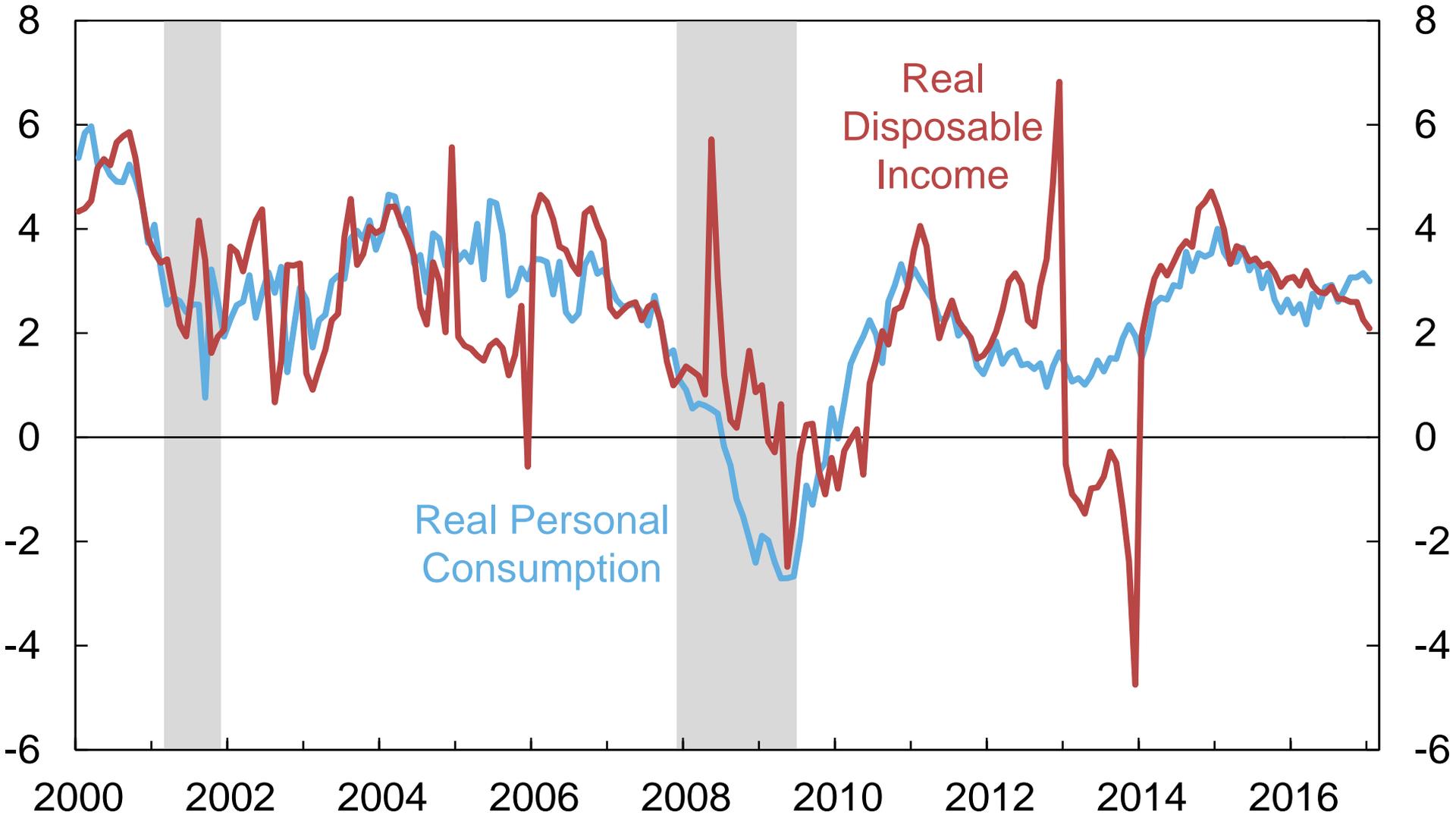
Source: Bureau of Labor Statistics

Note: Shading shows NBER recessions.

Consumer spending in 2017 retreats from Q4 pace

12 Month % Change

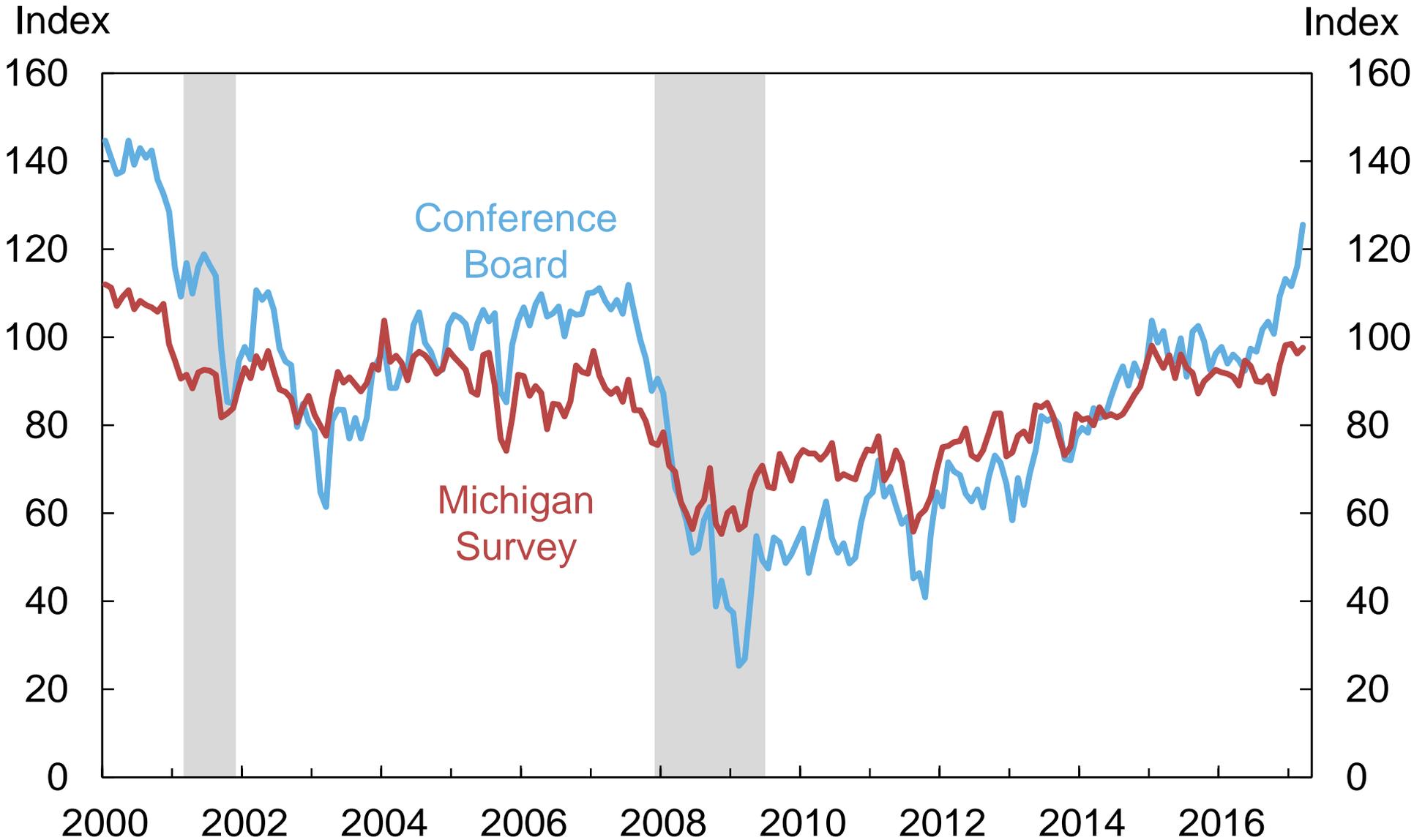
12 Month % Change



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

Note: Shading shows NBER recessions.

Consumer confidence at or near multi-year high



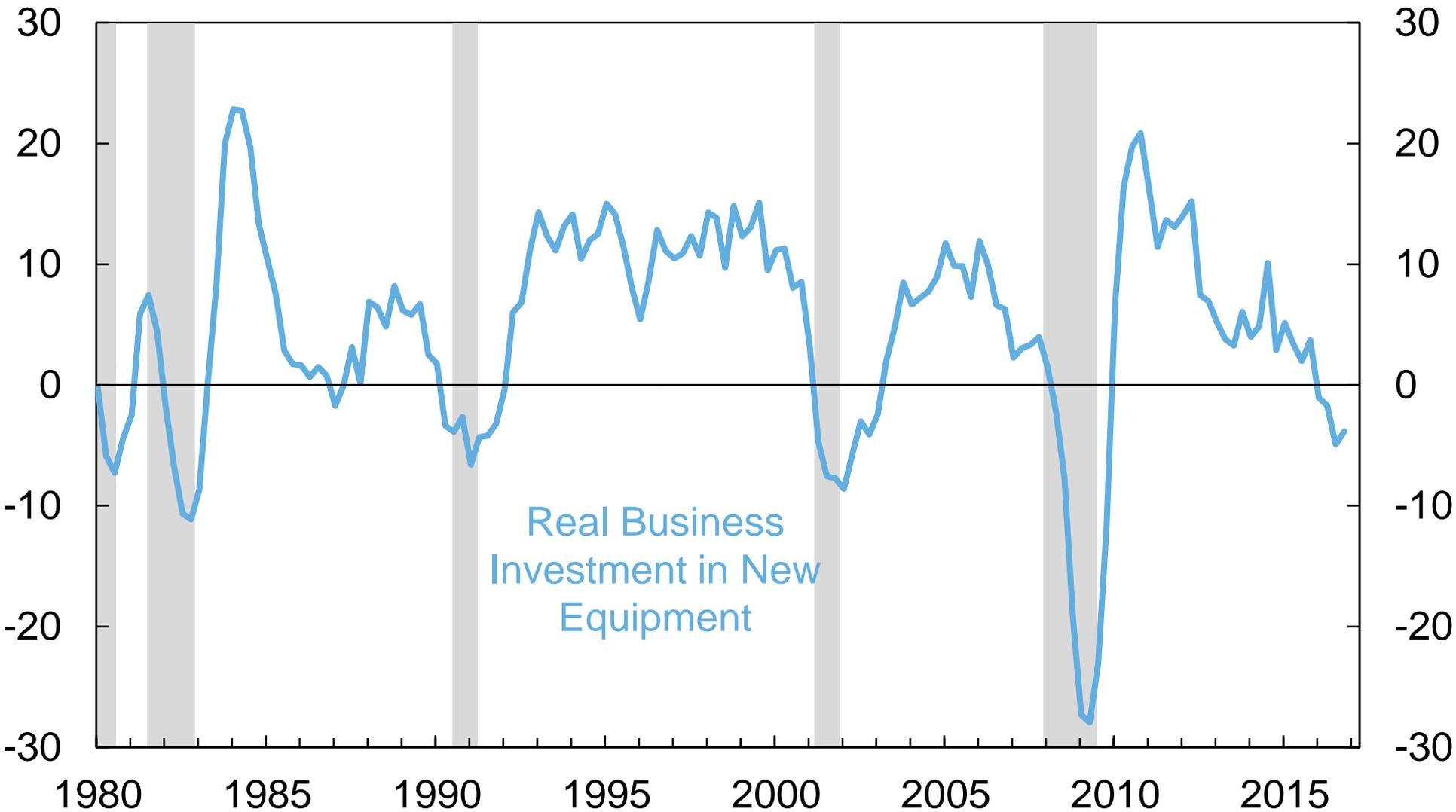
Source: Conference Board,
University of Michigan

Note: Shading shows NBER recessions.

Investment in equipment rose modestly in Q4

4 Quarter % Change

4 Quarter % Change



Real Business
Investment in New
Equipment

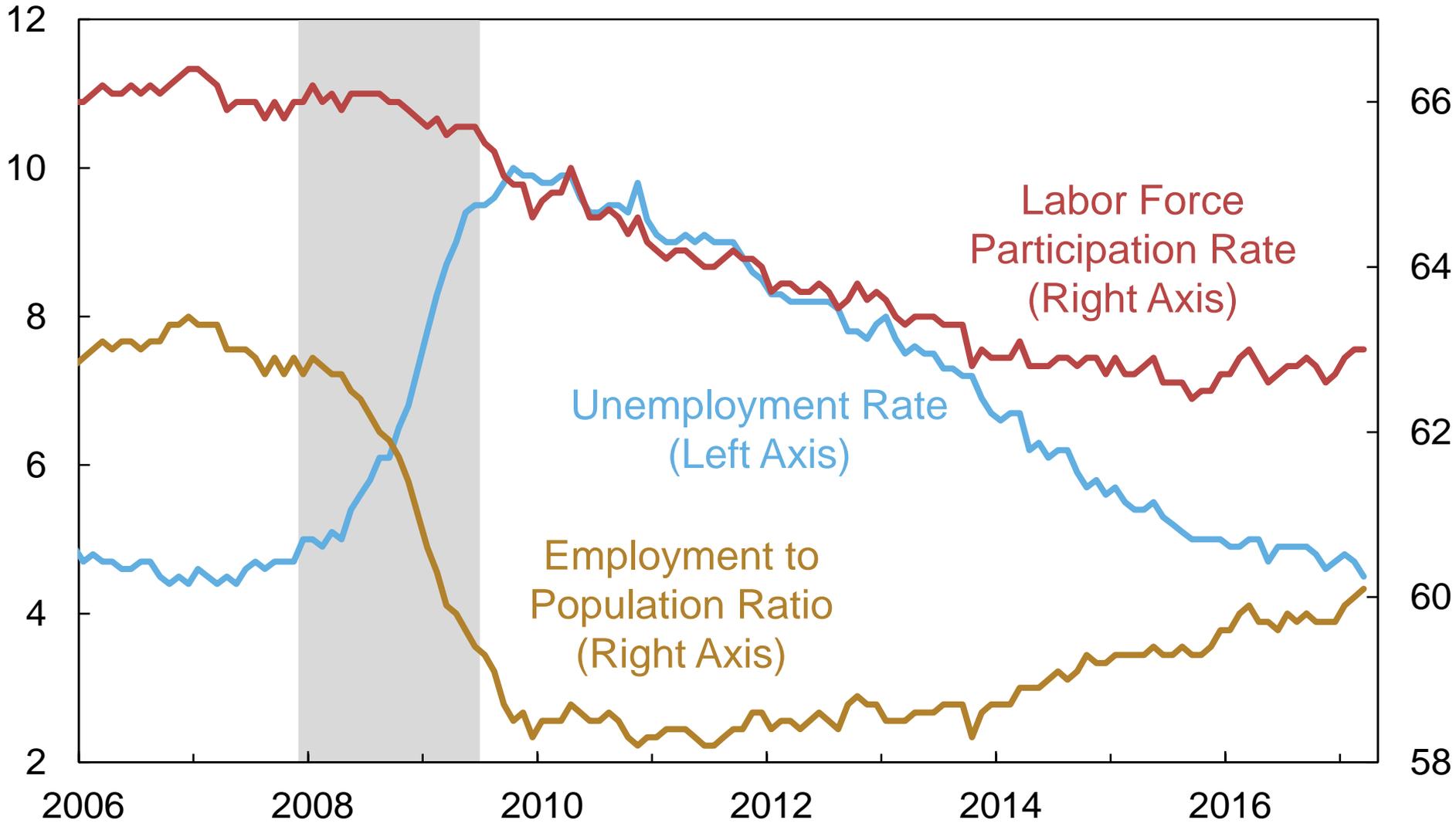
Source: Bureau of Economic Analysis,
Federal Reserve Board via Haver Analytics

Note: Shading shows NBER recessions.

Labor market conditions continue to strengthen

Percent

Percent



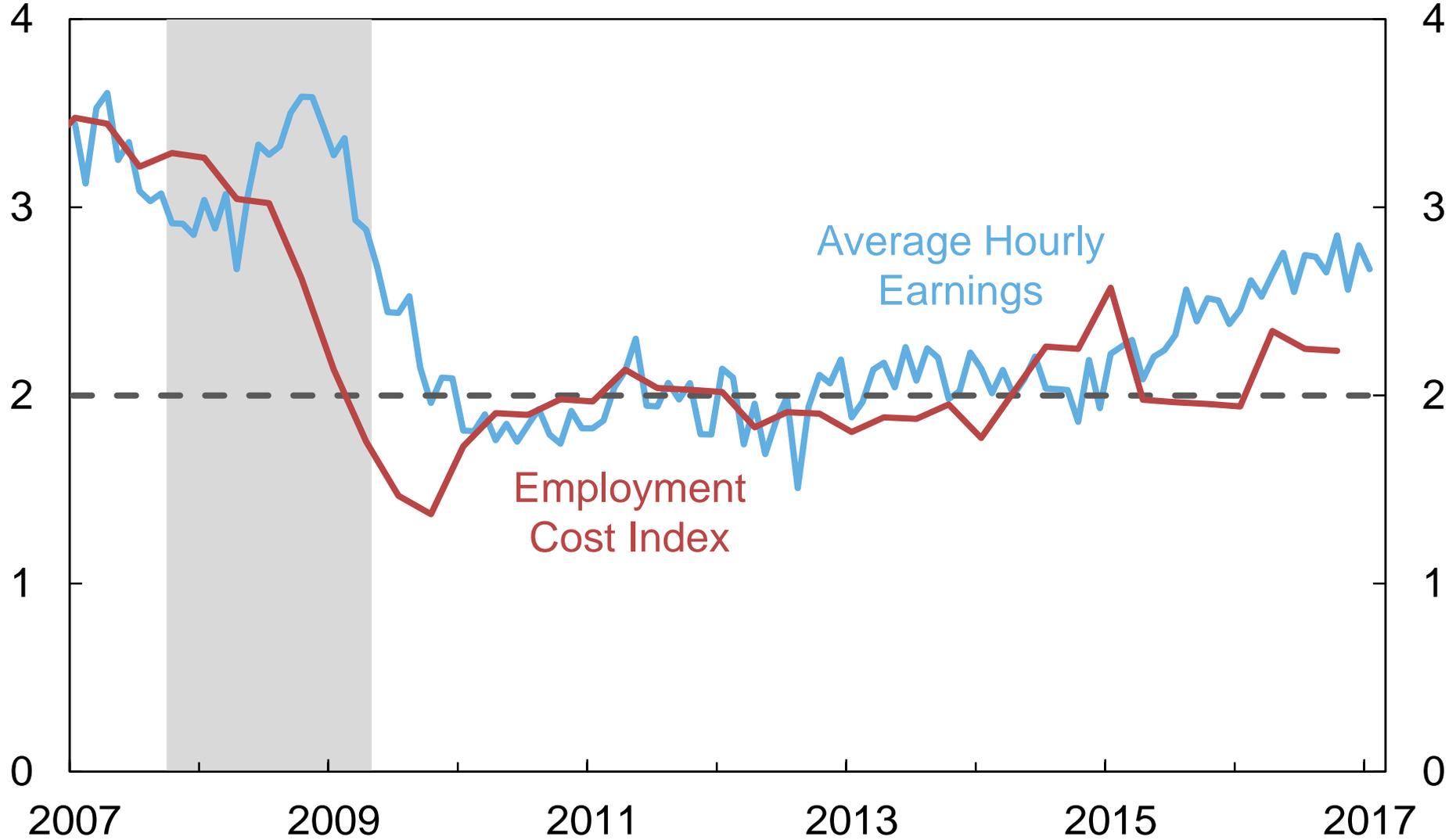
Source: Bureau of Labor Statistics
via Haver Analytics

Note: Shading shows NBER recessions.

Mixed evidence of stronger labor compensation growth

Annual % change

Annual % change



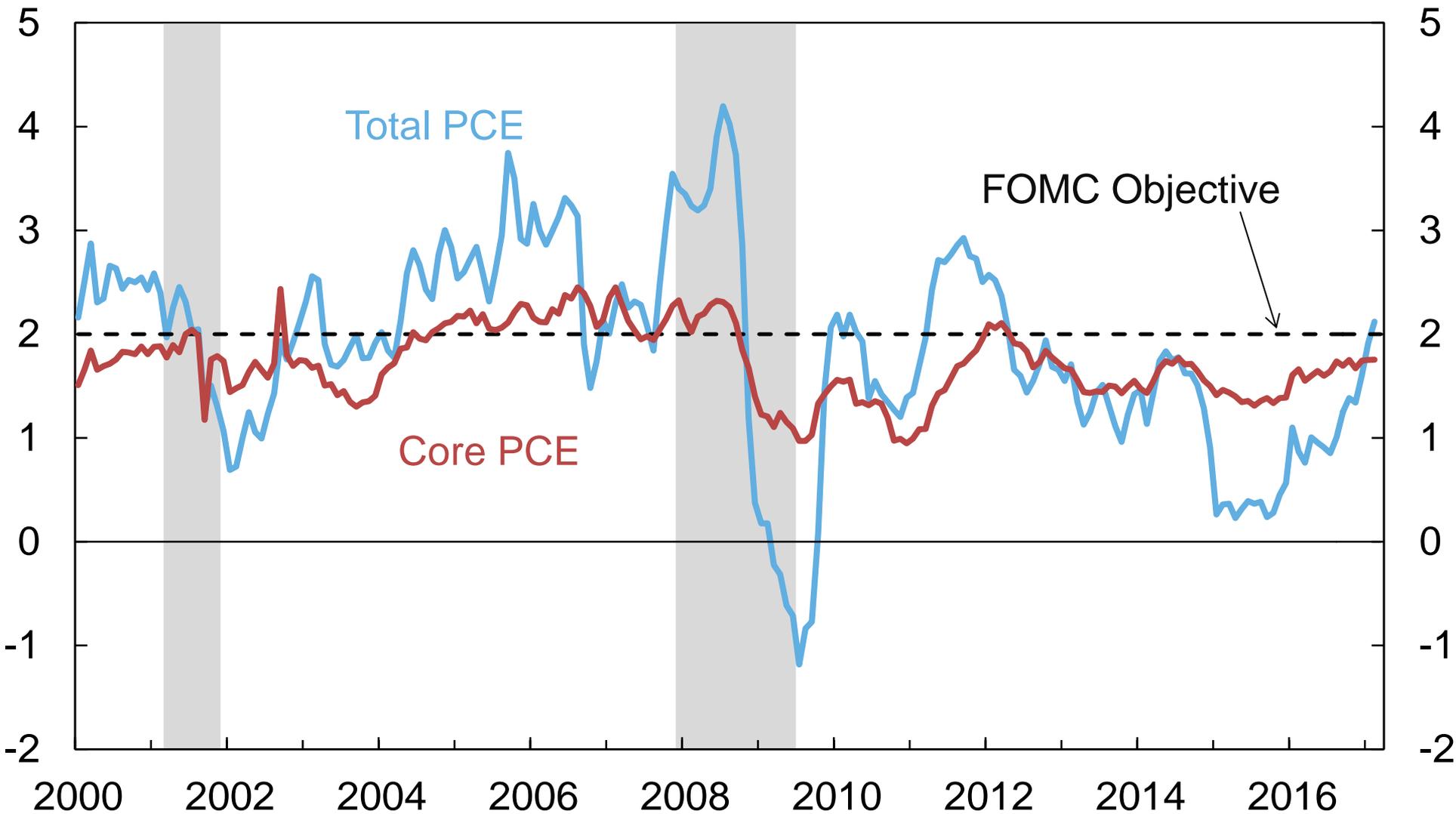
Source: Bureau of Labor Statistics
via Haver Analytics

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.