The views expressed here are those of the presenters and do not necessarily represent the views of the Federal Reserve Bank of New York or the Federal Reserve System.
Overview for the Region

I. Overall Economic Activity

• During Q2-2011, activity expanded in New York State and New York City, held steady in New Jersey, and declined slightly in Puerto Rico

II. Employment

• Job growth was generally stronger than in the nation, although unemployment rates edged up

III. Housing and Household Finances

• Housing markets remain weak, but have started to firm
• Pockets of household financial stress clearly remain
Regional Economic Activity
Index of Coincident Economic Indicators (CEI)

Source: Federal Reserve Bank of New York; Puerto Rico Government Development Bank
Note: The Puerto Rico composite index is based on a different methodology than the indexes produced by the FRBNY.
Private and Public-Sector Employment
Seasonally Adjusted, Percent Change, March to June 2011

Source: Bureau of Labor Statistics and Moody’s Economy.com
Employment Change Within the Region
Seasonally Adjusted, Percent Change, March to June 2011

Source: Bureau of Labor Statistics and Moody’s Economy.com
Note: Putnam and Bergen are the Putnam-Rockland-Westchester and Bergen-Hudson-Passaic Special BLS Areas.
Regional Home Price Trends
CoreLogic Home Price Index, Seasonally Adjusted

Index (U.S. Peak of March 2006 = 100)

Shading indicates NBER recession

Source: CoreLogic Home Price Index (including distressed sales); Seasonally adjusted by FRBNY staff.
Note: ‘NYC Metro’ refers to the ‘New York-White Plains-Wayne NY-NJ Metro Division.’
Regional Delinquency Rates

Percent of Total Debt Balance 90+ Days Late

Source: FRBNY Consumer Credit Panel/Equifax

Shading indicates NBER recession
Delinquency Rates Within the Region
Percent of Total Debt Balance 90+ Days Late in Q2-2011

New York City

Source: FRBNY Consumer Credit Panel/Equifax
Summary of Regional Conditions

The recovery continued at a slow pace during Q2-2011:

• Economic activity expanded or held steady

• Employment growth, while sluggish, generally outpaced the nation, although the public sector remains weak and unemployment rates remain high

• Regional housing markets appear to be firming, but remain fragile

• Pockets of household financial stress clearly remain, with especially high delinquency rates in and around New York City
Agenda

• **Churning**
  • Despite slow overall growth, some industries expand while others contract

• **Jobs created**
  • Mix of old jobs and new jobs, by industry

• **Old jobs**
  • Hiring that restores firms, puts people back to work more easily

• **New jobs**
  • Hiring that transforms our region, changing the industrial mix
  • May entail skill upgrading
Bottom Line on Job Creation in the Region

• Recent job creation is closely balanced between
  • Industries restoring jobs lost during the recession
  • Industries creating new jobs that transform the economy

• Due to the depth of the recession, both types of job churning are more pronounced than in recent downturns
  • Metro areas’ experience varies

• New jobs tend to be in highly educated sectors
Certain Jobs Are Growing: United States

Employment Change (Thousands), June 2009-June 2011

Gains in growing industries: 1.9 m (+1.5%)

Losses in shrinking industries: 1.4 m (-1.1%)

Net change in jobs: +0.5 m (+0.4%)

Source: Bureau of Labor Statistics, Haver Analytics, and Moody’s Economy.com
New Jobs and Old Jobs

Medical Technician
Retraining Needed

Autoworker
Laid off

Old Job
Autoworker
No Retraining Needed
Why Distinguish Between Old and New Jobs

• “Old job” churning reflects activity paused and restored
• “New job” churning transforms an area’s economy
• Compared with restoring old jobs, new job creation offers
  • Challenges
    – Effort to establish positions and hire workers
    – Retraining may be needed
    – Risk and stress for workers, firms, and communities
  • Opportunities
    – Make region more competitive, set stage for more growth
    – Adjust to changing technology, trade and consumption patterns
Churning Among Industries: New York State

Change During Recession and Recovery to Date

- **Old Jobs Rebounding**
  - Admin Support

- **Total Decline During Recession**
  - Construction

- **Total Growth During Recovery**
  - Health Care & Social
  - Local Gov

- **Against the Tide**

Source: Bureau of Labor Statistics, Haver Analytics, and author’s calculations
Churning Among Industries: New York State
Change During Recession and Recovery to Date

Source: Bureau of Labor Statistics, Haver Analytics, and author’s calculations
Churning Among Industries: New Jersey
Change During Recession and Recovery to Date

Source: Bureau of Labor Statistics, Haver Analytics, and author’s calculations
Churning Index Summarizes the Pattern

• Adds up all industry employment changes during recession and recovery
  • Old Job churning index: losses $\rightarrow$ rebounds
  • New Job churning index: shrinking $\rightarrow$ growing industries
  • Total churning index: Old Job churning + New Job churning

• Scale = share of total employment affected
  • Rises with depth of recession and/or amount of transformation
  • 0% = no change
  • 20% = turmoil, many jobs move
Old and New Job Churning in the Region
During Recession and Recovery

Note: Puerto Rico data taken from June 2005 to June 2010 (recession) and June 2010 to June 2011 (recovery).

Source: Bureau of Labor Statistics, Haver Analytics, and author’s calculations
Note: 2007 & 1990 refer to year recession started.
Old Versus New Job Churning

Relative Shares

Churning Index
- Mostly Old Jobs
- Balanced Old and New Jobs
- Mostly New Jobs

Source: Bureau of Labor Statistics and Moody’s Economy.com
Note: Putnam and Bergen are the Putnam-Rockland-Westchester and Bergen-Hudson-Passaic Special BLS Areas.
Which Types of Jobs Are Being Created and Destroyed?

National Long-Term Trends

• New jobs
  • Use creativity, innovativeness, complex thought, education
  • Require personal contact, ability to communicate

• Disappearing jobs
  • Routine, easily automated
  • Tradable, easily defined and moved
# New or Disappearing Jobs

## New York and New Jersey

### New Job Industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percent College Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care &amp; Social Services</td>
<td>High</td>
</tr>
<tr>
<td>Education</td>
<td>High</td>
</tr>
<tr>
<td>Accommodation &amp; Food Services</td>
<td>Low</td>
</tr>
</tbody>
</table>

### Disappearing Jobs

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percent College Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>Low</td>
</tr>
<tr>
<td>Manufacturing - Durables</td>
<td>Low</td>
</tr>
<tr>
<td>Manufacturing - Nondurable</td>
<td>Low</td>
</tr>
</tbody>
</table>
Evidence of Upskilling from New Jobs

Percent of Workers With College Degree

Source: U.S. Census Bureau and author’s calculations
Summary

- Recovery is far from complete

- To date, job creation has been closely balanced between old and new jobs in the nation and the region
  - Compared to recent downturns, most additional churning from this deep recession is old job (not transformational) churning
  - Regional metro areas vary considerably in experience

- Old jobs put people back to work more easily

- New jobs help transform the region and make it more competitive
  - Some workers may require retraining
  - Recent churning implies upskilling for the region as new jobs tend to be in high-skill sectors
Appendix
# Employment Growth by Sector

**Seasonally Adjusted, Percent Change, March to June 2011**

<table>
<thead>
<tr>
<th>Sector</th>
<th>U.S.</th>
<th>New York</th>
<th>New York City</th>
<th>New Jersey</th>
<th>Puerto Rico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation &amp; Utilities</td>
<td>0.7%</td>
<td>1.3%</td>
<td>0.7%</td>
<td>1.3%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>0.5%</td>
<td>1.3%</td>
<td>1.6%</td>
<td>0.3%</td>
<td>-2.7%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>0.5%</td>
<td>0.5%</td>
<td>-1.2%</td>
<td>1.0%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Construction &amp; Mining</td>
<td>0.5%</td>
<td>3.2%</td>
<td>-0.5%</td>
<td>1.5%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.4%</td>
<td>0.9%</td>
<td>-2.5%</td>
<td>-1.3%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>0.4%</td>
<td>1.6%</td>
<td>1.8%</td>
<td>1.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>0.4%</td>
<td>0.3%</td>
<td>0.6%</td>
<td>0.9%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>0.3%</td>
<td>0.0%</td>
<td>0.9%</td>
<td>2.6%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Other Services</td>
<td>0.2%</td>
<td>1.1%</td>
<td>-2.0%</td>
<td>-1.0%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Information</td>
<td>0.0%</td>
<td>-0.7%</td>
<td>-2.3%</td>
<td>-1.0%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>-0.4%</td>
<td>-0.8%</td>
<td>-1.4%</td>
<td>-0.7%</td>
<td>1.9%</td>
</tr>
<tr>
<td>State &amp; Local Government</td>
<td>-0.8%</td>
<td>-1.2%</td>
<td>-7.2%</td>
<td>-1.4%</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Federal Government</td>
<td>-0.8%</td>
<td>-1.2%</td>
<td>-7.2%</td>
<td>-1.4%</td>
<td>-4.0%</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics and Moody’s Economy.com
Labor Force
Seasonally Adjusted, Percent Change, March to June 2011

Source: Bureau of Labor Statistics and Moody’s Economy.com
Home Prices Within the Region
CoreLogic Home Price Index, Seasonally Adjusted, March to June 2011

Source: CoreLogic Home Price Index (including distressed sales); Seasonally adjusted by FRBNY staff.
Note: ‘NYC Metro’ refers to the ‘New York-White Plains-Wayne NY-NJ Metro Division,’ ‘Newark Metro’ refers to the ‘Newark-Union NJ-PA Metro Division, and ‘Edison Metro’ refers to the Edison-New Brunswick NJ Metro Division.’
Certain Jobs Are Growing: New York

Employment Change (Thousands), June 2009-June 2011

Net change in jobs: +96,000 (+1.1%)

Losses in shrinking industries: -86,000 (-1.0%)

Gains in growing industries: +182,000 (+2.1%)

Source: Bureau of Labor Statistics, Haver Analytics, and Moody’s Economy.com
Certain Jobs Are Growing: New Jersey
Employment Change (Thousands), June 2009-June 2011

Gains in growing industries:
45,000 (+1.2%)

Losses in shrinking industries:
79,000 (-2.0%)

Net change in jobs:
-33,000 (-0.8%)

Source: Bureau of Labor Statistics, Haver Analytics, and Moody’s Economy.com
Certain Jobs Are Growing: Puerto Rico

Employment Change (Thousands), June 2010-June 2011

Net change in jobs: -8,100 (-0.8%)

Gains in growing industries:
+12,100 (+1.2%)

Losses in shrinking industries:
-20,200 (-2.1%)

Source: Bureau of Labor Statistics, Haver Analytics, and Moody’s Economy.com
Churning Among Industries: Puerto Rico
June 2005 to June 2009 (Recession) and 24-Month Recovery

Source: Bureau of Labor Statistics, Haver Analytics, and author’s calculations
“New Job” Churning

From Shrinking Industries to Growing Industries

Source: Bureau of Labor Statistics and Moody’s Economy.com
Note: Putnam and Bergen are the Putnam-Rockland-Westchester and Bergen-Hudson-Passaic Special BLS Areas.

Churning Index
U.S. = 3.6

- **NY** → 2.6 to 3.2
- **NJ** → 3.2 to 3.7
- **PR** → 3.7 to 7.5
“Old Job” Churning
Lost During Recession, Then Regained During Recovery or Vice Versa

Source: Bureau of Labor Statistics and Moody’s Economy.com
Note: Putnam and Bergen are the Putnam-Rockland-Westchester and Bergen-Hudson-Passaic Special BLS Areas.

Churning Index
U.S. = 3.4

NY
2.1 to 2.5
2.5 to 3.0
3.0 to 7.0

NJ & PR

Puerto Rico

Putnam
Fairfield
Putnam
Troy
Kingston
Poughkeepsie
Bergen

Buffalo
Rochester
Syracuse
Albany
Utica
Elmira
Binghamton

Newark
Glens Falls
Albany
Long Island
NYC

U.S. = 3.4
Putnam and Bergen are the Putnam-Rockland-Westchester and Bergen-Hudson-Passaic Special BLS Areas.
Old and New Job Churning in Regional Metros
During Recession and Recovery

Source: Bureau of Labor Statistics, Moody’s Economy.com, and author’s calculations