Economic Conditions in the 2nd District

Economic Press Briefing: August 26, 2015

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

Upstate

Puerto Rico & U.S. Virgin Islands

Northern NJ

Downstate
Overview of Regional Conditions

Some parts of the District are performing remarkably well, while other places are struggling with little or no growth

- New York City’s expansion is its strongest in recent history, with little help from Wall Street.
- Buffalo and Albany are seeing solid growth, with construction and manufacturing boosting employment for the first time in decades.
- Northern New Jersey is growing modestly, but is being weighed down by weak business services and finance sectors.
- Syracuse and Binghamton continue to struggle with little or no growth, and are feeling the sting of ongoing manufacturing job cuts.
- The economies of Puerto Rico and the U.S. Virgin Islands remain depressed.
Regional Economic Activity

Index of Coincident Economic Indicators (CEI)

Index (Dec2007=100)

New York City
New York State
New Jersey
Puerto Rico

Shading indicates NBER recession

Note: The Puerto Rico composite index is based on a different methodology than the indexes produced by the FRBNY.
FRBNY Regional Business Surveys
Indexes of Current Economic Conditions

Business Leaders Survey (Service Sector)
Empire State Manufacturing Survey

Source: Federal Reserve Bank of New York.
FRBNY Regional Business Surveys

Indexes of Current Economic Conditions

Diffusion Index

Shading indicates NBER recession.

Source: Federal Reserve Bank of New York.
Regional Employment Trends
Indexes of Total Employment, Seasonally Adjusted

Recent Job Growth Across the District

May - July Average, Percent Change From a Year Earlier

Downstate Employment Trends

Employment Indexed to Local Employment Peak

Index (Start of Downturn = 100)

Note: Lower Hudson Valley includes Ulster, Dutchess, Orange, Putnam, Rockland, and Westchester counties.

NYC Employment Trends

Last 3 Downturns - Indexed to Cyclical Employment Peak

Index (Start of Downturn = 100)

NYC Employment: Wall Street & Main Street

Seasonally Adjusted

Thousands

Dotted line indicates securities industry trough

Total Employment Minus Securities (right axis)

Securities Employment (left axis)

Sectors Driving Recent NYC Job Growth


- Educational & Healthcare Services: 144,000
- Professional & Business Services: 124,000
- Leisure & Hospitality: 111,000
- Retail Trade: 65,000

Regional Tech Employment

Number of Jobs

Thousands

Shading indicates NBER recessions

New Jersey

Average wage is roughly $130,000

Nearly 50,000 jobs created since Sept. 2009

New York City

Long Island

Fairfield

Sectors Driving Upstate Job Trends

Year-to-Date 2014 to Year-to-Date 2015 Net Change

Upstate Construction Employment

Annual Percent Change

Upstate Manufacturing Employment

Year-to-Date 2010 to Year-to-Date 2015 Percent Change

Total Employment

Seasonally Adjusted Index

Note: Northern NJ is here defined as Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Pike, Sussex, Somerset, and Union counties.

Shading indicates NBER recession

NNJ Sectors Underperforming the Nation
May - July Average, Percent Change From a Year Earlier

Professional & Business Services: 3.5%
Leisure & Hospitality: 3.0%
Retail Trade: 2.1%
Financial Activities: 1.9%

United States: -0.8%
Northern NJ: -0.2%

NNJ Sectors Matching or Exceeding the U.S.

May - July Average, Percent Change From a Year Earlier

Puerto Rico
Puerto Rico Employment Trends

Thousands

Private-Sector Employment

Government Employment

Government (right axis)

Private-Sector (left axis)

Sectors Driving Puerto Rico Job Trends

Year-to-Date 2014 to Year-to-Date 2015 Change

Summary

- New York City’s job growth has been particularly strong, outpacing the nation, without much help from Wall Street. Growth has been more modest in the rest of downstate.

- Economic conditions are mixed across upstate New York, with Buffalo leading in job growth and Binghamton still seeing significant declines.

- Northern New Jersey’s economy is growing modestly, with varied performance across sectors.

- The economies of Puerto Rico and the U.S. Virgin Islands remain depressed, with no sign of recovery.
How We Define the Tech Sector

- NAICS 334  Computer Manufacturing
- NAICS 454111  Electronic Shopping
- NAICS 5112  Software Publishing
- NAICS 518  Data Processing, Hosting & Related Services
- NAICS 51913  Internet Publishing & Broadcasting and Web Search Portals
- NAICS 5415  Computer Systems Design & Related
- NAICS 5417  Scientific R&D Services