Labor Market Conditions in the Region

Economic Press Briefing: December 4, 2018

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 NY

Northern NJ

Downstate NY

Puerto Rico &
U.S. Virgin Islands
Overview

• Job growth has been strong in New York City, moderate nearby, and sluggish in upstate New York. Puerto Rico and the USVI are still recovering from the storms.

• Labor markets have tightened across the region, even in parts of upstate New York with little or no job growth during the expansion. As a result, wage growth has picked up throughout the region.

• The types of jobs gained differ within the region. Thus, even with tight labor markets, it may still be challenging for some workers without the skills desired in their local area to find a good job.
Job Growth in the Region
Job Growth in the Region

Indexes of Total Employment, Seasonally Adjusted

Source: U.S. Bureau of Labor Statistics and Moody’s Economy.com; regional data are early benchmarked by FRBNY staff.
PR and the USVI Still Recovering

Indexes of Total Employment, Seasonally Adjusted

NY-NNJ Coastal Counties
(Sandy – Oct 2012)

PR (Maria – Sep 2017)

USVI (Irma/Maria – Sep 2017)

New Orleans
(Katrina – Aug 2005)

Source: U.S. Bureau of Labor Statistics and Moody’s Economy.com; data are early benchmarked by FRBNY staff.
NYC Remains an Engine of Job Growth

Indexes of Total Employment, Seasonally Adjusted

Source: U.S. Bureau of Labor Statistics and Moody’s Economy.com; data are early benchmarked by FRBNY staff.

Shading indicates NBER recession.
Sluggish Job Growth in Upstate NY

Indexes of Total Employment, Seasonally Adjusted

Source: U.S. Bureau of Labor Statistics and Moody’s Economy.com; data are early benchmarked by FRBNY staff.

Shading indicates NBER recession.
Tight Labor Markets in the Region
Exceptionally Low Unemployment
Long-Run and Current Rates, Seasonally Adjusted

Regional Labor Force Trends
Indexes of Total Labor Force, Seasonally Adjusted

Index (Dec2007 = 100)

Shading indicates NBER recession.

More Firms Increasing Wages

FRBNY Business Leaders Survey

Source: Federal Reserve Bank of New York; data expressed as a 12-month moving average.

% Reporting Wage Increases

Jan15 Jul15 Jan16 Jul16 Jan17 Jul17 Jan18 Jul18 Jan19

Nov
Wage Growth Has Picked Up in the Region

**FRBNY Supplemental Survey**

By about what percentage, on average, has a typical worker’s wage/salary (not including benefits) changed over the past 12 months?

<table>
<thead>
<tr>
<th>Year</th>
<th>Business Leaders Survey</th>
<th>Empire State Manufacturing Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 2017</td>
<td>3.0</td>
<td>2.8</td>
</tr>
<tr>
<td>Feb 2018</td>
<td>3.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Nov 2018</td>
<td>4.2</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: Federal Reserve Bank of New York.
Types of Jobs Gained in the Region
Job Categories
Median Annual Wages By Occupation, United States

Lower Wage
Below $30,000
- Healthcare Support
- Sales
- Building Maintenance
- Personal Care
- Food Preparation

30%

Middle Wage
$30,000-$60,000
- Education
- Arts & Entertainment
- Construction
- Installation & Repair
- Social Services
- Protective Services
- Administrative Support
- Production
- Transportation

50%

Higher Wage
Above $60,000
- Management
- Computer & Math
- Legal
- Engineering
- Business & Finance
- Healthcare Practitioners
- Sciences

20%

Recent Job Gains in the United States

Net Change in Employment, 2015 to 2017

Recent Job Gains in the United States
Net Change in Employment, 2015 to 2017

The Shape of Recent Job Gains
Net Change in Employment, Thousands, 2015 to 2017

Recent Job Gains in Downstate NY

Net Change in Employment, 2015 to 2017

Recent Job Gains in Upstate NY

Net Change in Employment, 2015 to 2017

Recent Job Gains in New Jersey
Net Change in Employment, 2015 to 2017

Summary

• New York City remains an engine of growth in the region, while job growth has been slower in Northern New Jersey and upstate New York.

• Sustained job gains through the expansion coupled with a lack of growth in much of the region’s labor force has resulted in tight labor markets throughout the region.

• With tight labor markets, unemployment is exceptionally low in many parts of the region and there are signs that wage growth has picked up.
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