Overview of Regional Conditions

• Business activity in the region slowed in late 2018 and has remained fairly subdued so far in 2019.

• Job growth has been strongest in and around New York City, and sluggish in most of upstate New York—including Buffalo. Labor markets have become extremely tight with exceptionally low unemployment throughout the region. As a result, wage growth has picked up.

• Businesses in the region report that selling price increases remain elevated, but have moderated slightly in recent months.

• With low inventory levels, home prices have generally continued to appreciate throughout the region, though there are signs that a slowdown may be underway in some areas.
US Macro Overview
Economic Activity

Annual Percent Change in Real GDP

Four-Quarter Percent Change

Shading indicates NBER recession

Source: U.S. Bureau of Economic Analysis via Haver Analytics.
Labor Market Conditions

Unemployment, Participation, and Working Population

Shading indicates NBER recession

Inflation Measures

Annual Percent Change in PCE Price Indexes

Twelve-Month Percent Change

Shading indicates NBER recession

Source: U.S. Bureau of Economic Analysis via Haver Analytics.
Source: CoreLogic, National Association of Realtors via Haver Analytics.
Housing Conditions

Home Sales and Mortgage Rates

New & Existing Single-Family Houses Sold

FRM 30-Year Interest Rate

Thousands – 3-Month Moving Average SAAR

Source: Mortgage Bankers Association, U.S. Census Bureau via Haver Analytics.
Regional Economic Conditions
Current Business Climate
FRBNY Business Leaders Survey

Diffusion Index

Shading indicates NBER recession

Source: Federal Reserve Bank of New York.
Regional Consumer Confidence

Overall Consumer Confidence

Source: Sienna Research Institute, University of Michigan.
Regional Employment Trends
Indexes of Total Employment, Seasonally Adjusted

Sectors Driving Job Growth in Buffalo

Five-Year Change, 2013 to 2018

Recent Job Growth in New York State

Q12018 to Q12019 YOY Percent Change

Strong Growth

Moderate Growth

Modest Growth

Little or No Growth

Exceptionally Tight Labor Markets

Long-Run and Current Unemployment Rates, Seasonally Adjusted

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

Shading indicates NBER recession.

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

Source: Federal Reserve Bank of New York.
Regional Home Price Trends
Home Price Index, Seasonally Adjusted

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

Dec 2011

Percent Change
Dec11-Feb19

+21%
+32%
+55%

Upstate NY

Downstate NY

United States

Shading indicates NBER recession

Source: CoreLogic Home Price Index (including distressed sales); aggregation and seasonal adjustment by FRBNY staff.
Local Home Price Trends
Home Price Index, Seasonally Adjusted

Source: CoreLogic Home Price Index (including distressed sales); aggregation and seasonal adjustment by FRBNY staff.
Low Inventory in the Region

Month’s Supply, Q12019

Source: NYSAR, GCAR.
Pipeline of Foreclosures in the Region

Share of Mortgages Entering Foreclosure Since Previous Month

Source: CoreLogic LoanPerformance (LP) and Lender Processing Services Mortgage Performance data (LPS).

Shading indicates NBER recession.
Backlog of Foreclosures in the Region

Share of Mortgages in Foreclosure

Source: CoreLogic LoanPerformance (LP) and Lender Processing Services Mortgage Performance data (LPS).
Looking Ahead
State Leading Economic Indexes
Six-Month Forecast of State Growth, February 2019

U.S. = 1.1
- Strong Growth
- Moderate Growth
- Modest Growth
- Little or No Growth
- Small Decline

Source: Federal Reserve Bank of Philadelphia.
Economic Conditions in the Nation and Region

Jaison R. Abel

Buffalo Niagara Association of Realtors Economic Forum
Buffalo, NY; May 1, 2019

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.