The 2nd Federal Reserve District

Regions in the District

- Upstate NY
- Northern NJ
- Downstate NY
- Puerto Rico & U.S. Virgin Islands
- Fairfield County CT
Overview of Regional Conditions

• Growth in regional economic activity slowed through most of last year and remains subdued heading into 2020.

• Job growth has also slowed in much of the region, though Central NY is bucking the trend:
  ▪ Job growth has picked up in Syracuse.
  ▪ Employment has continued to edge down in Cayuga County.

• Businesses in the region report that selling prices have continued to increase modestly.

• With low inventory, home prices have generally continued to appreciate throughout the region, though there has been some softening in the most expensive 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.
Wage Growth

Annual Percent Change in Hourly Wages


Shading indicates NBER recession.
Inflation

Annual Percent Change in PCE Price Indexes

Twelve-Month Percent Change

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

Home Price Trends and Inventory

Source: CoreLogic, National Association of Realtors via Haver Analytics.
Housing Conditions
Home Sales and Mortgage Rates

Thousands – 3-Month Moving Average SAAR

New & Existing Single-Family Houses Sold (left axis)

FRM 30-Year Interest Rate (right axis)

Shading indicates NBER recession

Source: Mortgage Bankers Association, U.S. Census Bureau via Haver Analytics.
Regional Economic Conditions
Current Economic Conditions

FRBNY Regional Business Surveys

Diffusion Index – 3-Month Moving Average

Empire State Manufacturing Survey

Business Leaders Survey (Service Sector)

Shading indicates NBER recession

Source: Federal Reserve Bank of New York.
Current Business Climate

FRBNY Business Leaders Survey

Diffusion Index – 3-Month Moving Average

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

Source: U.S. Bureau of Labor Statistics and Moody’s Economy.com; data are early benchmarked by FRBNY staff.
Sectors Driving Job Growth in Central NY

Five-Year Change, 2014 to 2019

Source: U.S. Bureau of Labor Statistics and Moody’s Economy.com; data are early benchmarked by FRBNY staff.
Job Growth Has Slowed in the Region

Annual Percent Change in Total Employment

<table>
<thead>
<tr>
<th></th>
<th>Previous Five Years Change (Annualized)</th>
<th>Past Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Downstate NY</td>
<td>2.0%</td>
<td>-0.5%</td>
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<tr>
<td>Upstate NY</td>
<td>0.2%</td>
<td>-0.5%</td>
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<tr>
<td>Albany</td>
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<tr>
<td>Rochester</td>
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<td>Buffalo</td>
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<td>0.3%</td>
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<tr>
<td>Syracuse</td>
<td>0.9%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Cayuga County</td>
<td>-0.5%</td>
<td>-0.5%</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of Labor Statistics and Moody’s Economy.com; data are early benchmarked by FRBNY staff.
Difficult to Find Workers in the Region
Long-Run and Current Unemployment Rates, Seasonally Adjusted

Regional Labor Force Trends

Indexes of Total Labor Force, Seasonally Adjusted

Index (Dec2007 = 100)

Shading indicates NBER recession.

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

Source: Federal Reserve Bank of New York.
Trade Issues Affecting Local Business

Percentage of Respondents Reporting Adverse Effects from Trade Policy Changes on ...

**Business Leaders Survey – Aug 2019**

- Your sales to foreign customers: 11%
- Your sales to domestic customers: 21%
- Overall net effect on bottom line: 38%

**Empire State Manufacturing Survey – Aug 2019**

- Your sales to foreign customers: 23%
- Your sales to domestic customers: 27%
- Overall net effect on bottom line: 51%

Source: Federal Reserve Bank of New York, Regional Business Surveys, Supplemental Questions.
Trade Issues Affecting Local Business

FRBNY Regional Business Surveys, Business Activity

Source: Federal Reserve Bank of New York.
Selling Prices

FRBNY Regional Business Surveys

Source: Federal Reserve Bank of New York.
The Geography of the Housing Bust

Change in Home Prices, March 2006 – April 2009

Source: CoreLogic Home Price Index (including distressed sales).
Regional Home Price Trends

Home Price Index, Seasonally Adjusted

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

Shading indicates NBER recession

Percent Change
Dec11-Oct19

Upstate NY

Downstate NY

United States

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); seasonal adjustment by FRBNY staff.
Low Inventory in the Region

Month’s Supply, November 2019

Source: NYSAR, GCAR.
Looking Ahead
State Leading Economic Indexes
Six-Month Forecast of State Growth, November 2019

U.S. = 1.4

- Strong Growth
- Moderate Growth
- Modest Growth
- Little or No Growth
- Decline

Source: Federal Reserve Bank of Philadelphia.
Future Economic Conditions
FRBNY Regional Business Surveys, Conditions Six Months Ahead

Source: Federal Reserve Bank of New York.