U.S. and Regional Economic Conditions

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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.
Real GDP growth was robust in 2023.
  - Growth in early 2024 still solid amid modest signs of slowing.

The labor market is better balanced but remains tight.

Despite an uptick in early 2024, inflation continues to moderate gradually.

Household credit conditions show signs of weakening.
GDP Rose in 2023Q4; Spending Still Resilient

- 2023 GDP grew at a robust pace.
- Expenditures have been resilient in 2024Q1.
- Since December, private forecasts have moved higher.

Sources: Bureau of Economic Analysis, Blue Chip Economic Indicators
Some Signs of Easing, but the Labor Market Remains Tight

- Unemployment rate below 4 percent for over two years.
- Job growth remains brisk: 3-month average was 276,333 in March.
- Even with some easing, there are many more job openings than people looking for work.
- Wage growth has moderated but remains above pre-pandemic rates.

Inflation is Moderating but Remains High

- Core goods inflation remains subdued, as supply chain issues have improved.
- Even after some slowing in shelter, core services inflation is still elevated.
- Ex-food & energy (core) inflation has slowed but remains high.
- Both core goods and core services inflation have been moderating.

Household Debt has Been Growing with Economy

- Nominal household debt continues to grow, reaching $17.5 trillion end of 2023.
- Pace of growth has slowed over last year.
- Mortgage debt flattened out as interest rates rose since 2022.

- Unsurprising that nominal debt grows over time.
- Debt is fairly stable as a share of income.
Debt Delinquencies an Area to Watch

- A recent concern has been sharp and sustained increases in the rate at which debts become delinquent.
- Credit card and auto delinquency transition rates now exceed pre-pandemic levels.
- Mortgage delinquency transition rates rising but still low.
- These increases not (yet) reflected in notable increases in foreclosures or bankruptcies.
Economic activity and the labor market have remained resilient so far in 2024.

Inflation is moderating but remains above 2 percent.

Supply and demand imbalances continue to recede.

Keep an eye on household delinquencies.
Overview - Regional

- Post-pandemic jobs recovery has been spotty across the region.
  - Generally weaker than the nation.

- Home prices have grown sharply, except in NYC.

- Office markets are weak, especially in NYC.

- Business conditions weak but improving.
Employment Recovery Uneven

- Much of the region has lagged the U.S. in job growth since the pandemic began.
- All areas, especially NYC, experienced sharp drops in employment as pandemic took hold.
- Northern NJ on pace with the nation; Fairfield, NYC and NY State have lagged.
- Fairfield, NYC and NY State essentially just where they were in Feb. 2020, four years ago.
Employment Recovery Uneven

- Puerto Rico and USVI have experienced wildly divergent employment paths.
- Both were declining before 2017 hurricanes, then experienced modest bounce-back before declining during pandemic.
- Since pandemic, Puerto Rico has grown relatively strongly while USVI employment has stalled.
Home prices have risen strongly throughout most of the region since the pandemic.

NYC has been an exception.

Outright price declines in Manhattan and Bronx.
Office Markets Remain Weak. Especially in NYC

- Office vacancy rates remain above their pre-pandemic levels in most of the region.
- Vacancy rates in NYC rose sharply starting in 2020, and are now over 20 percent in both Midtown and Downtown markets.
- Suburban markets started weak; Long Island an exception.

Source: Cushman & Wakefield.
Business Conditions Currently Weak, but Future Brighter

- The New York Fed conducts two surveys of regional businesses.
- Both surveys have been showing weakening conditions for the last several quarters, although services conditions appear to be stabilizing.
- Respondents expressing optimism about conditions six months ahead.
Concluding Observations - Regional

- The regional economy was hit extraordinarily hard by the pandemic, especially in its early phase.

- Jobs recovery is very uneven across the Second District; only Puerto Rico has recovered as fast as the nation as a whole.

- Regional businesses report weak conditions, but express optimism for later in the year.
Thank you!

Questions?
Total Employment

Seasonally Adjusted Index

Shading indicates NBER recessions

Source: Bureau of Labor Statistics and Moody's Economy.com; data are early benchmarked by FRBNY staff.
Total Employment

Seasonally Adjusted Index

Percent Change Since Feb 2020

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TOTAL EMPLOYMENT 08APR2024
Total Employment

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**Total Employment**

**Seasonally Adjusted Index**

![Graph showing percent change in employment since February 2020 for Atlantic City MSA, United States, Vineland MSA, and Ocean City MSA. Shading indicates NBER recessions.](image)

Source: Bureau of Labor Statistics and Moody's Economy.com; data are early benchmarked by FRBNY staff.
Total Employment

Seasonally Adjusted Index

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Puerto Rico Airline Passengers

Net Domestic Passengers, 12-Month Rolling Sum

Source: U.S. Bureau of Transportation Statistics and FRBNY staff calculations.
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Total Employment by Region

Year-Over-Year Percent Change, February 2024

Unemployment Rates

Seasonally Adjusted

Shading indicates NBER recessions

Unemployment Rates

Seasonally Adjusted

Shading indicates NBER recessions.

Unemployment Rates
Seasonally Adjusted, February 2024

Financial Activities Employment

Seasonally Adjusted

Thousands

Note: Financial Activities Includes Insurance.

Hartford-Middlesex-Tolland

Fairfield

Shading indicates NBER recessions

NYC Securities Employment

Seasonally Adjusted Levels

Shading indicates time between securities peak and trough.

**Total Employment Minus Securities**

- **Securities Employment** (left axis)
- **Total Employment Minus Securities** (right axis)

Recent NYC Securities Employment

Seasonally Adjusted Levels

New York State datapoints for July and August 2009 interpolated to smooth large fluctuations due to summer jobs program.

Shading indicates NBER recessions.

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NYC Rentals With Concessions

Indexed to February 2020

Percent Change Since Feb 2020

Zillow Observed Rent Index (ZORI)

Percent Change in Rental Prices Since Feb 2020

Source: Zillow Observed Rent Index.
Zillow Observed Rent Index (ZORI)

Percent Change in Rental Prices Since Feb 2020

United States
Upstate NY
Northern NJ
New York City

Source: Zillow Observed Rent Index, U.S. Census Bureau, Moody’s Analytics.
Zillow Home Value Index (ZHVI)

Percent Change in Home Prices Since Feb 2020

Source: Zillow Home Value Index, U.S. Census Bureau, Moodys Analytics.
Zillow Observed Rent Index (ZORI)

Percent Change in Rental Prices Since Feb 2020

Source: Zillow Observed Rent Index.
Zillow Home Value Index (ZHVI)

Percent Change in Home Prices Since Feb 2020

- Monroe County
- Ontario County
- Niagara County
- Erie County

Source: Zillow Home Value Index, U.S. Census Bureau, Moodys Analytics.
Zillow Home Value Index (ZHVI)

Percent Change in Home Prices Since Feb 2020

Essex County
Union County
Passaic County
Bergen County
Hudson County

Percent Change Since Feb 2020

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Source: Zillow Home Value Index, U.S. Census Bureau, Moodys Analytics.
Zillow Home Value Index (ZHVI)

Percent Change in Home Prices Since Feb 2020

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Zillow Home Value Index (ZHVI)

Percent Change in Home Prices Since Feb 2020

Percent Change Since Feb 2020

Ocean County
Atlantic County
Gloucester County
Burlington County
Camden County

Shading indicates NBER recessions

Source: Zillow Home Value Index, U.S. Census Bureau, Moody's Analytics.
Building Permits: New York State

Seasonally Adjusted Three-Month Moving Average

Number of Units

Note: Extremely high datapoints for May15-Sep15 were capped to avoid running off chart.

Single-Family Permits

Multi-Family Permits

Shading indicates NBER recessions

Source: Census Bureau and Moody's Economy.com.
Building Permits: New Jersey

Seasonally Adjusted Three-Month Moving Average

Number of Units

Note: Extremely high datapoint for June 2015 was capped to avoid running off chart.

Shading indicates NBER recessions

Source: Census Bureau and Moody's Economy.com.
Office Vacancy Rates

Overall Vacancy Rates

Percent

Source: Cushman & Wakefield.
Mortgage Originations by Credit Score*

Source: New York Fed Consumer Credit Panel/Equifax
* Credit Score is Equifax Riskscore 3.0
Auto Loan Originations by Credit Score*

Source: New York Fed Consumer Credit Panel/Equifax
* Credit Score is Equifax Riskscore 3.0
Percent of Balance 90+ Days Delinquent by Loan Type

Source: New York Fed Consumer Credit Panel/Equifax
Transition into Delinquency (30+) by Loan Type

Percent of Balance

Source: New York Fed Consumer Credit Panel/Equifax

Student loan data are not reported prior to 2004 due to uneven reporting.