

# Economic Overview

Presented to the New Jersey League of Municipalities Educational  
Foundation  
Rae D. Rosen  
Federal Reserve Bank of New York  
July 9, 2010



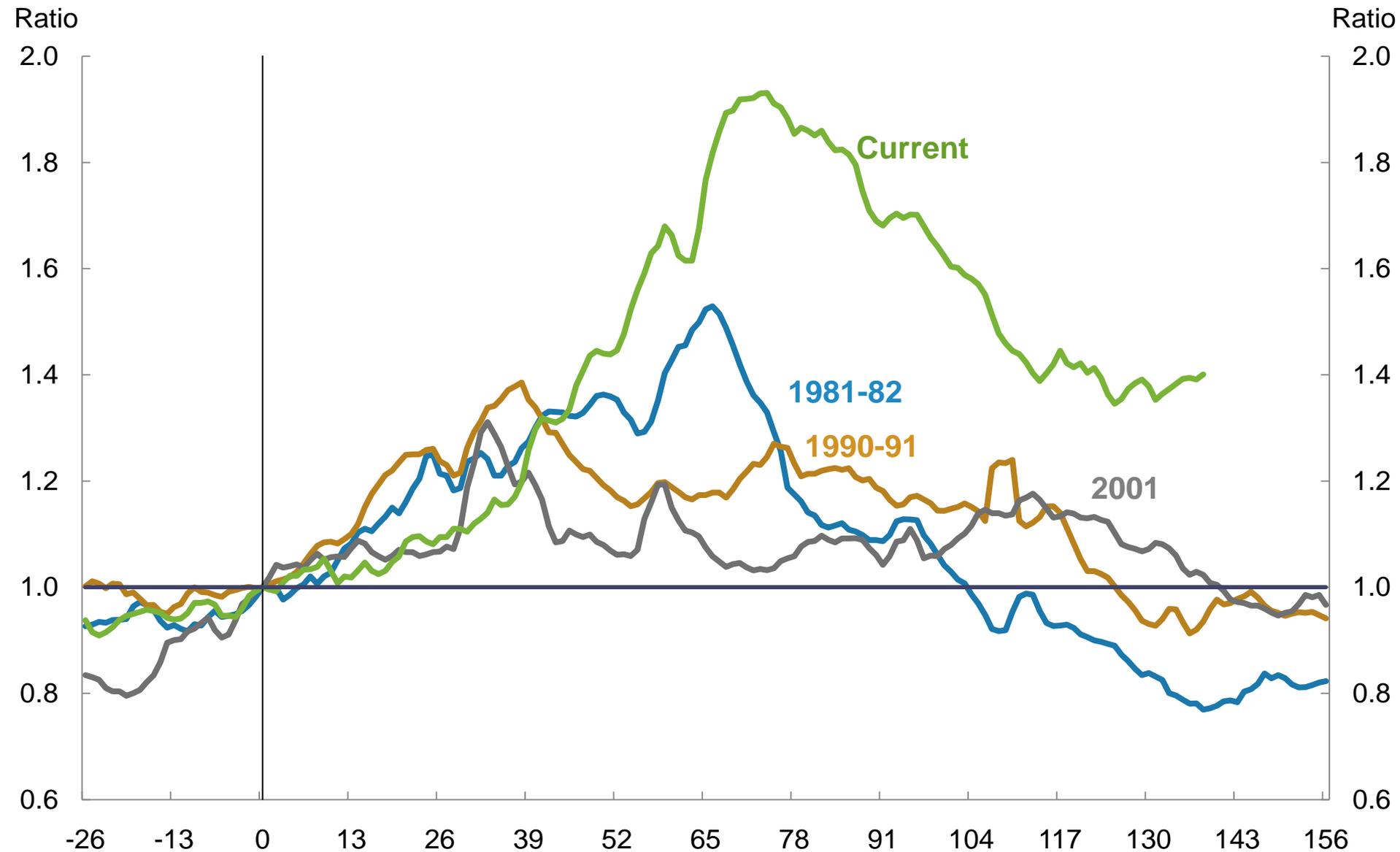
The views expressed here are those of the presenter and do not necessarily represent those of the Federal Reserve Bank of New York or the Federal Reserve System.

# FOMC Statement: June 23, 2010

- “...information received since...April suggests that the economic recovery is proceeding and that the labor market is improving gradually. ”
- “With substantial resource slack continuing to restrain cost pressures and longer-term inflation expectations stable, inflation is likely to be subdued for some time.
- “The Committee ... continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period.”



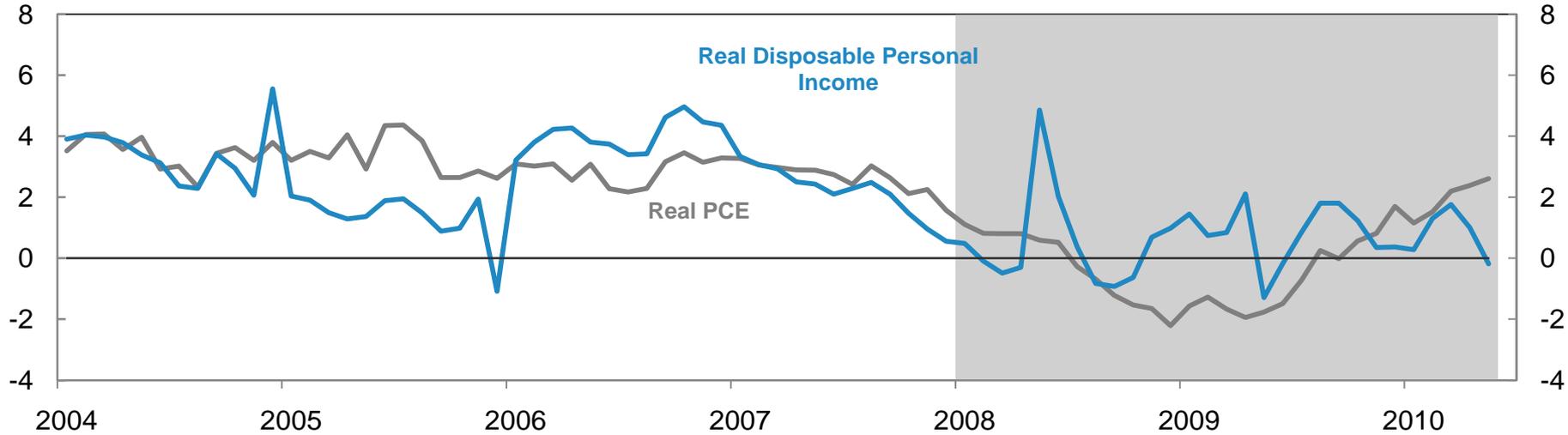
# Initial Claims (4-wk Moving Average)



# Real PCE and Disposable Income

% Change - Year to Year

% Change - Year to Year

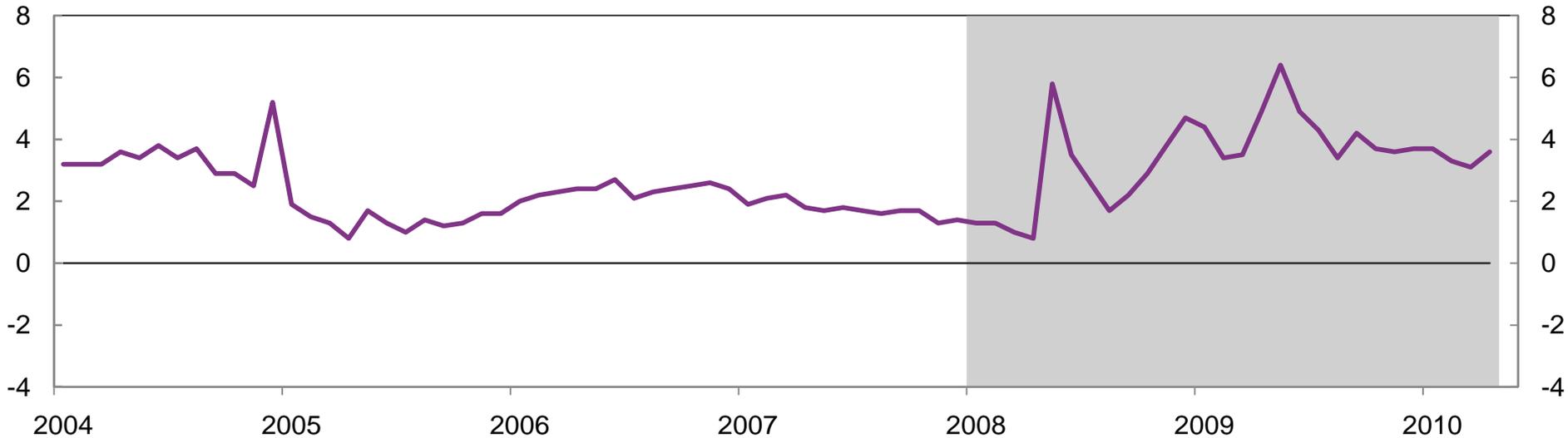


## Personal Saving

(Percent of Disposable Income)

Percent

Percent



Note: Shading represents NBER recessions.

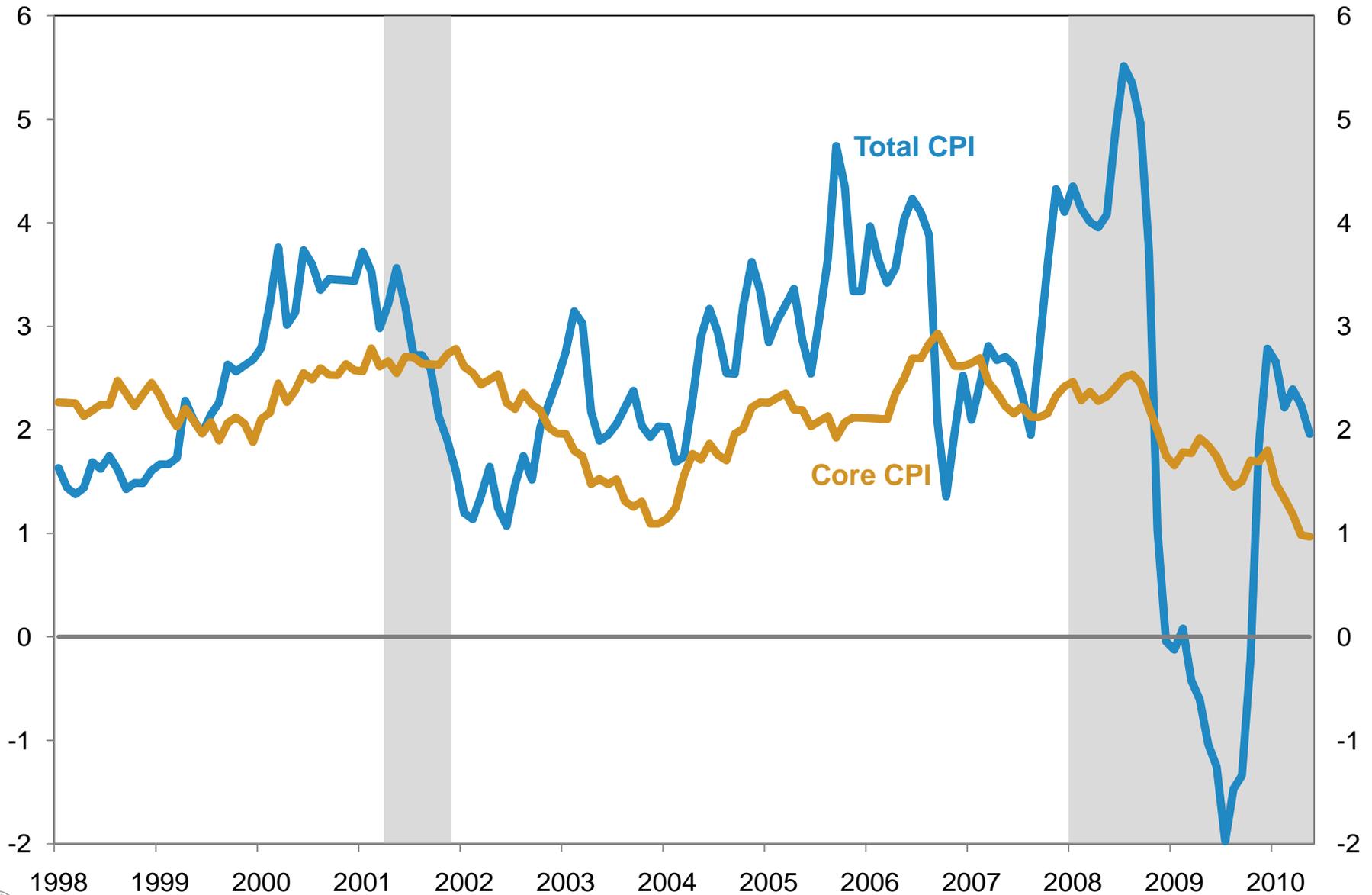
Source: Bureau of Economic Analysis



# Total and Core CPI

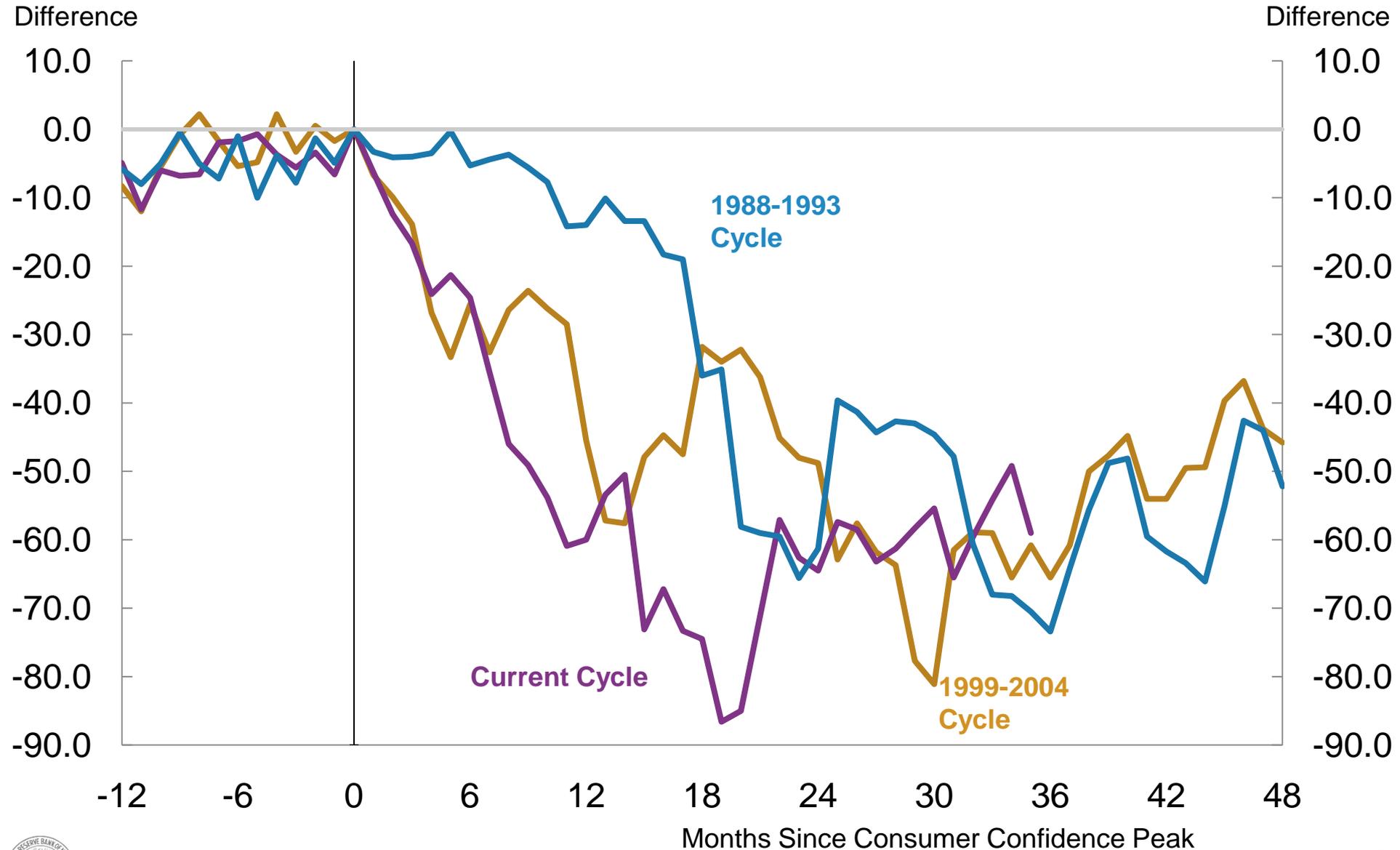
% Change - Year to Year

% Change - Year to Year



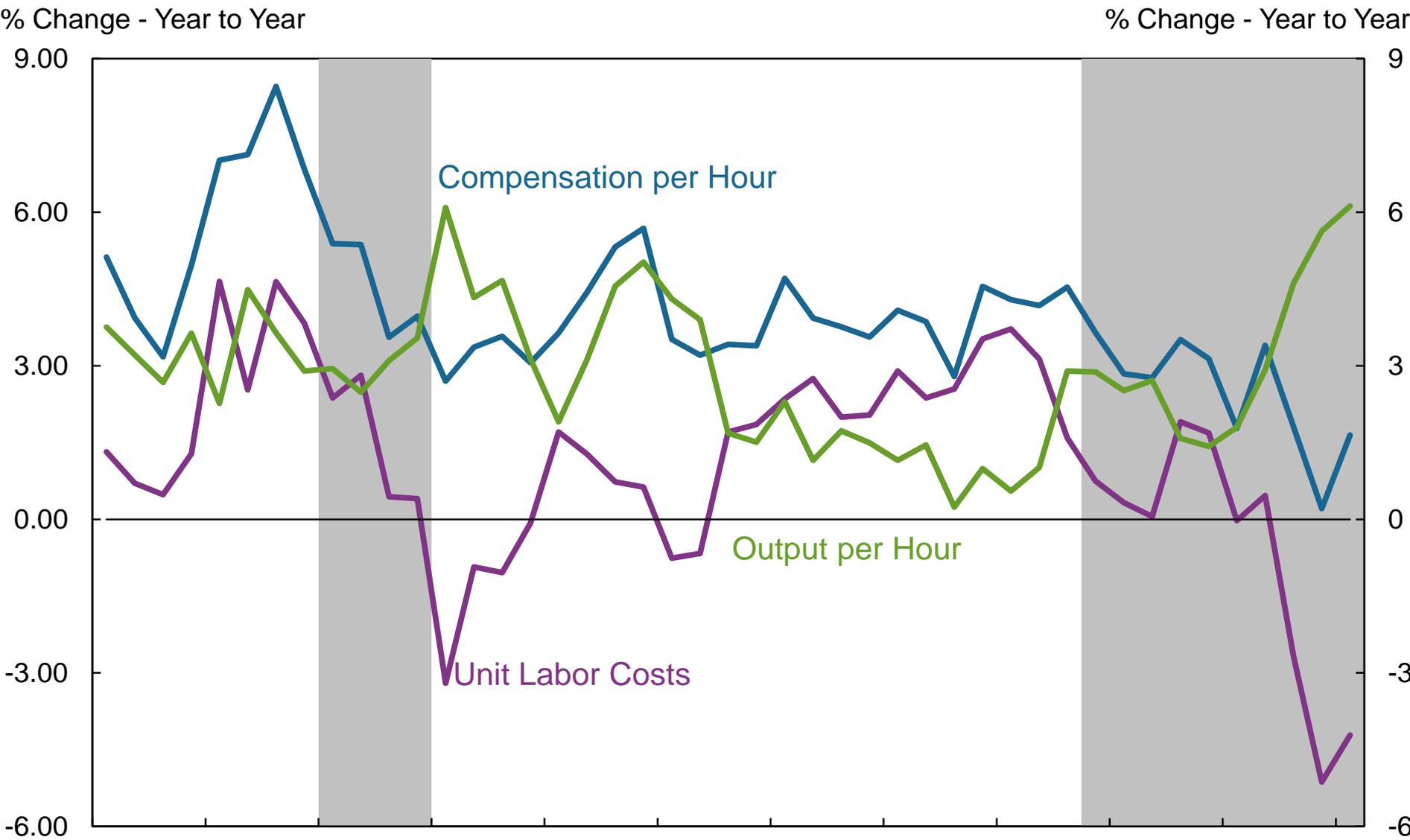
# Consumer Confidence

(Series Set to 0.0 at Consumer Confidence Peak)

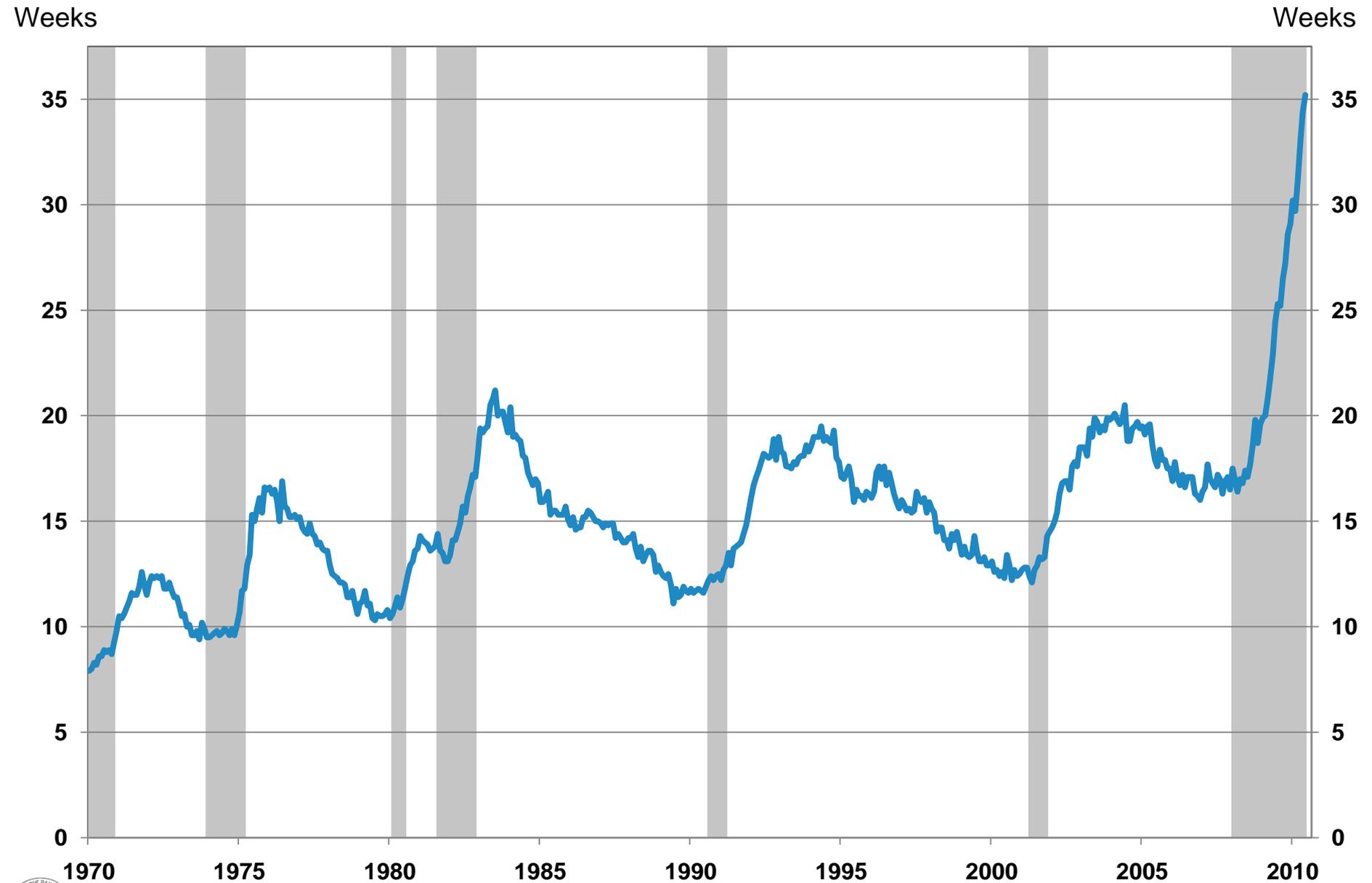


# Productivity, Compensation, and Unit Labor Costs

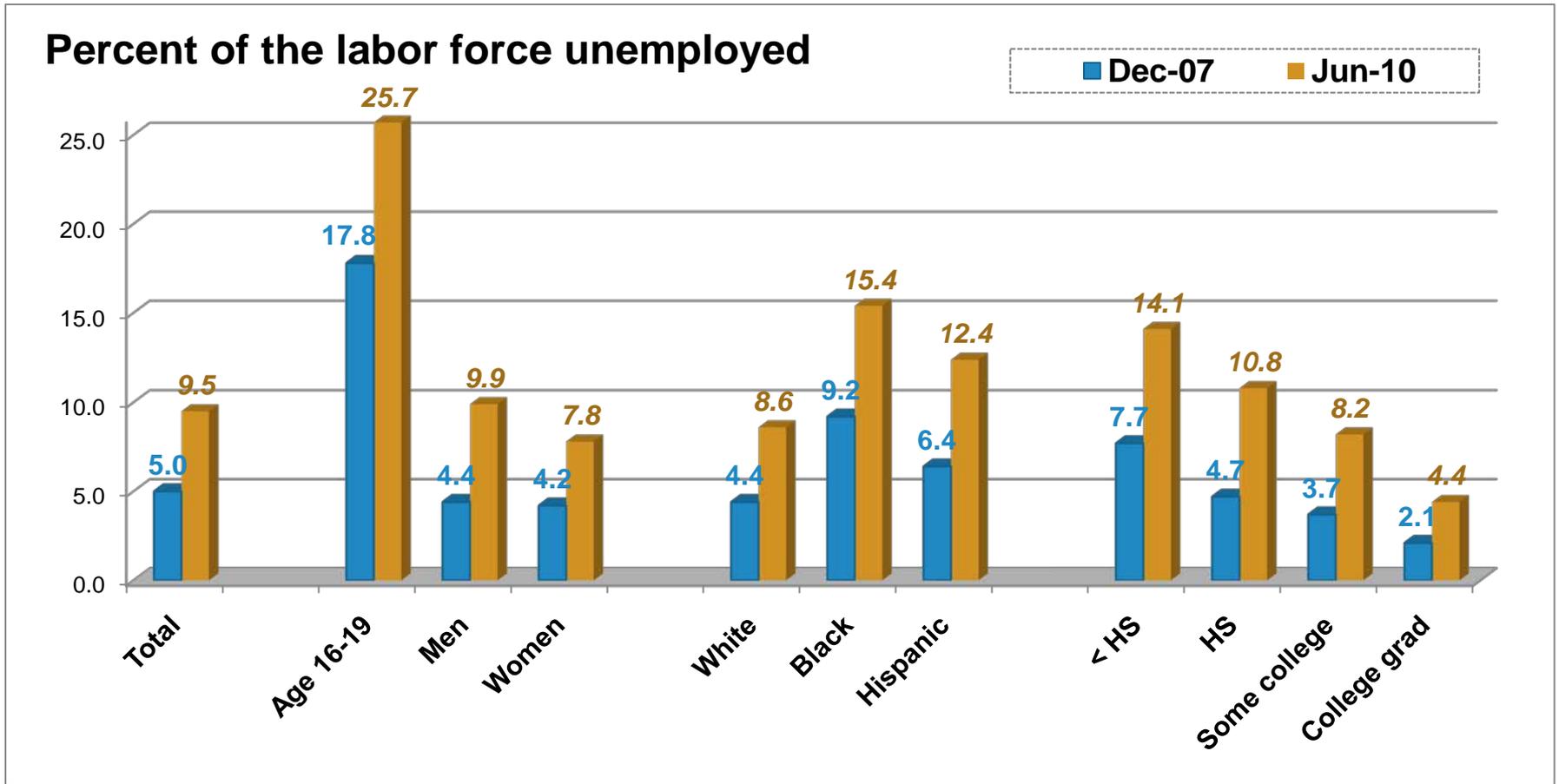
## Nonfarm Business Sector



# Average Duration of Unemployment



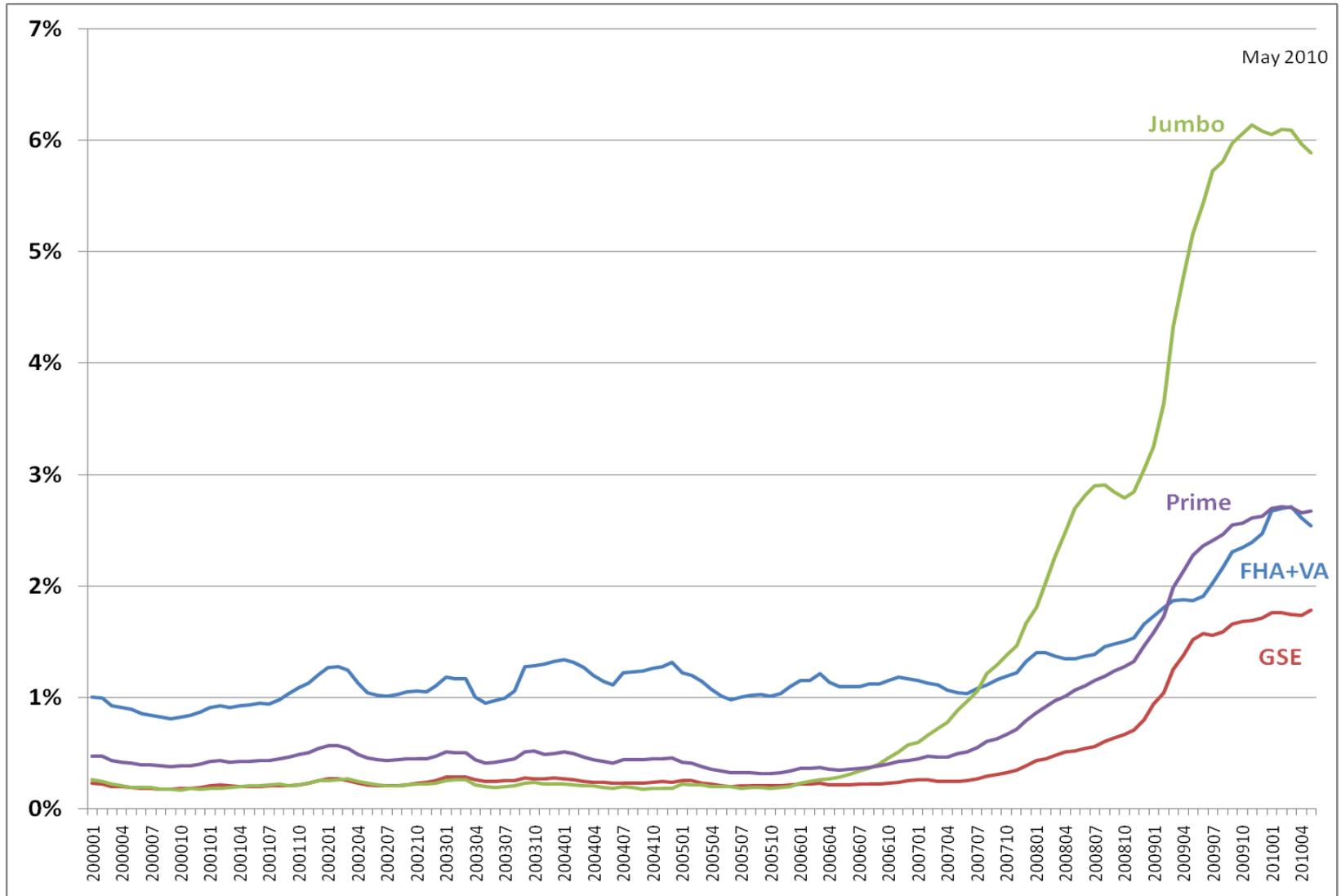
# Rise in Unemployment Varies by Demographic Group



- All unemployment rates are up substantially.
- Men's joblessness has risen faster than women's—reflects industrial mix of job losses.
- Least educated faring worst.



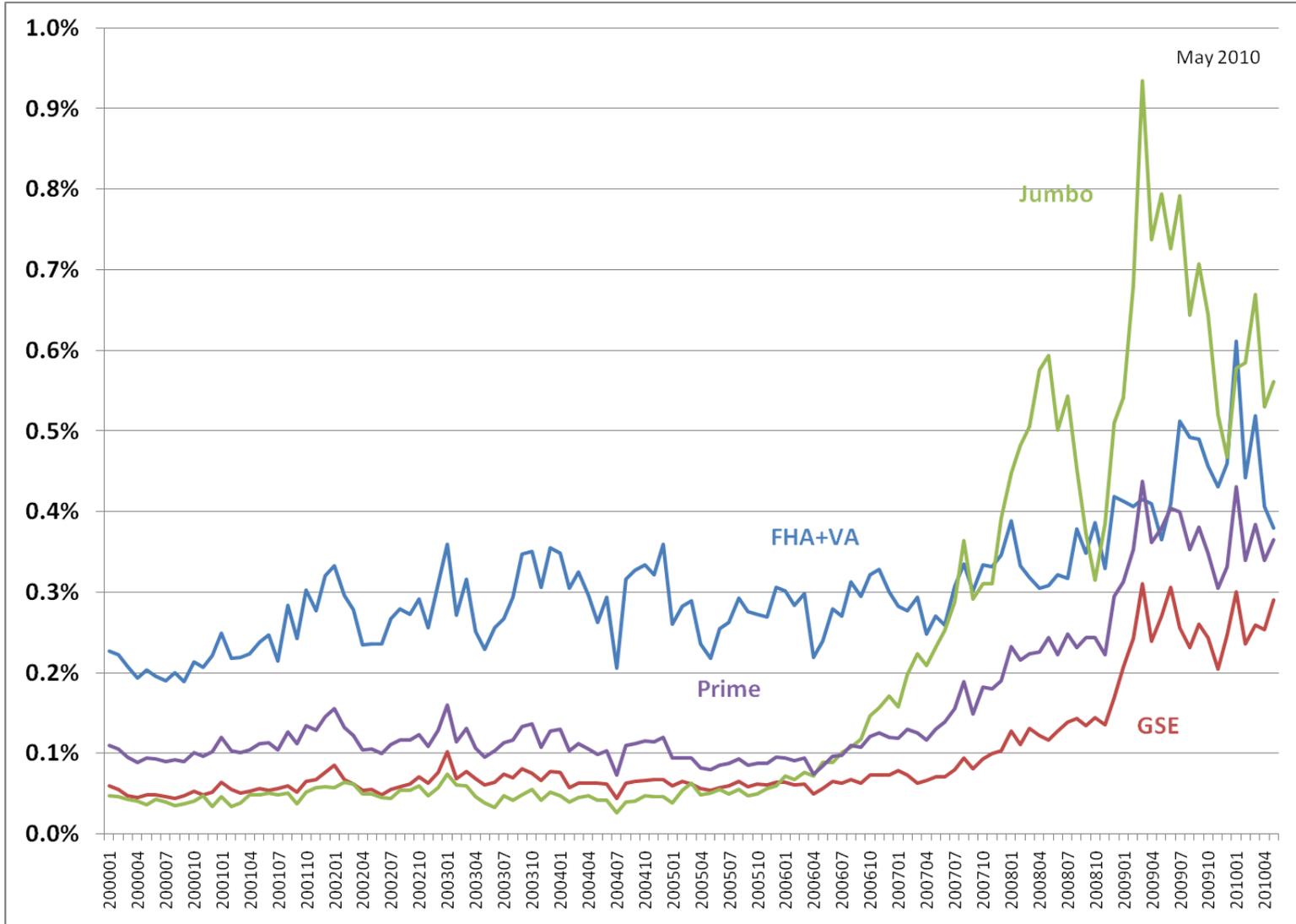
# Share of Loans in Foreclosure by Type



Source: Lender Processing Services and FRBNY



# Flow Into Foreclosure



May 2010

Jumbo

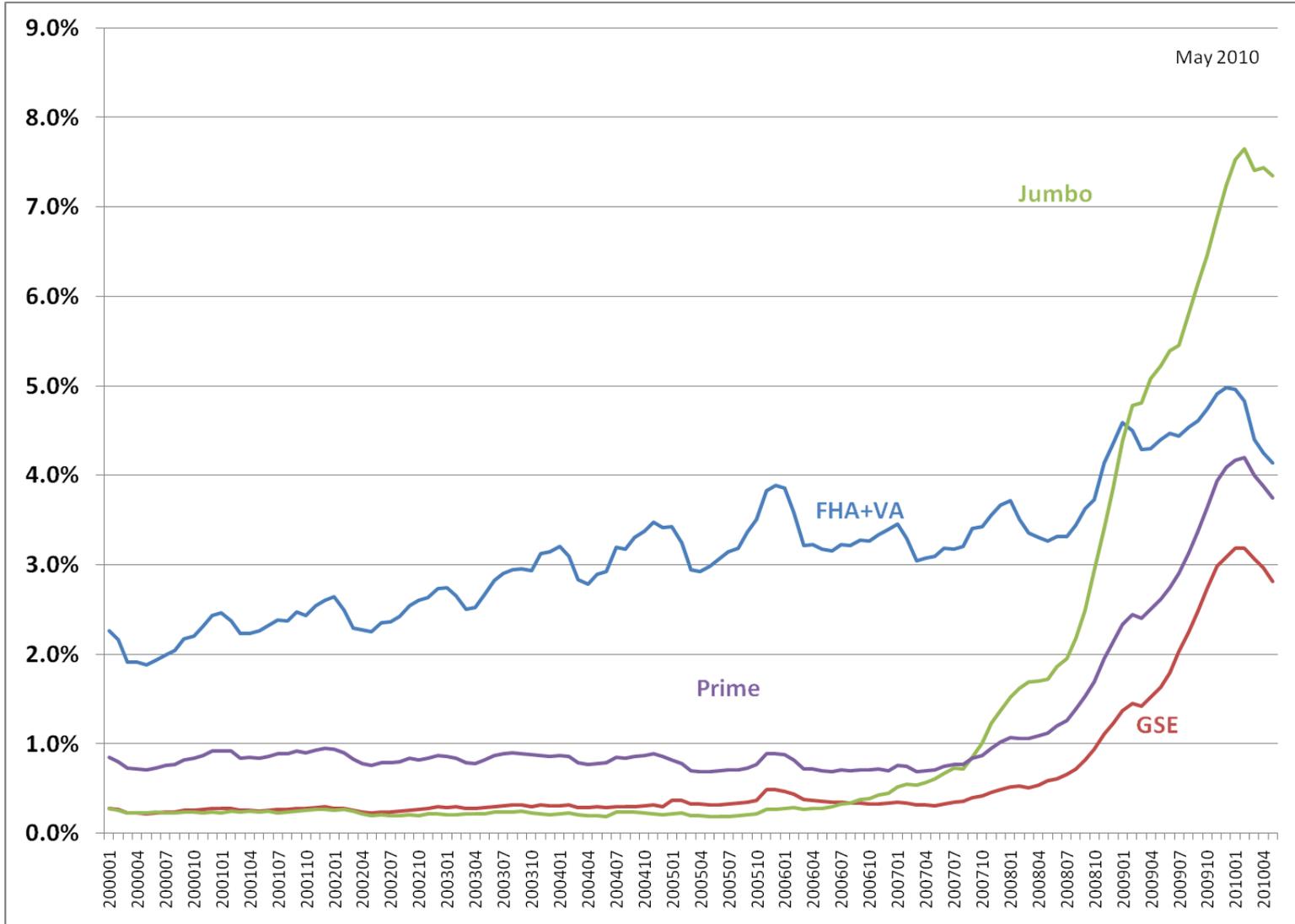
FHA+VA

Prime

GSE



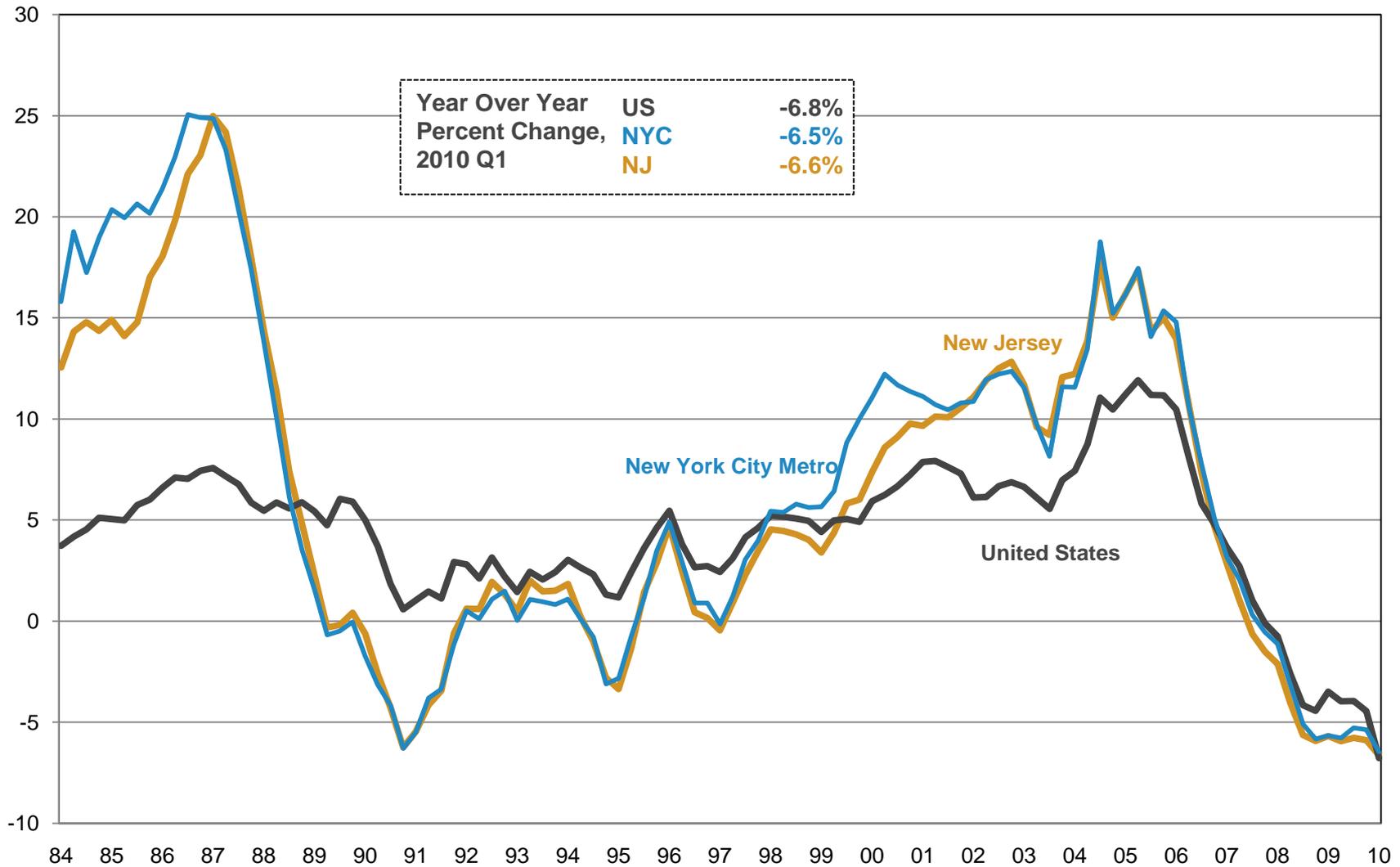
# 90+ Day Delinquency Rates by Loan Type



# Home Prices: U.S. and Region

Year Over Year Percent Change

Percent



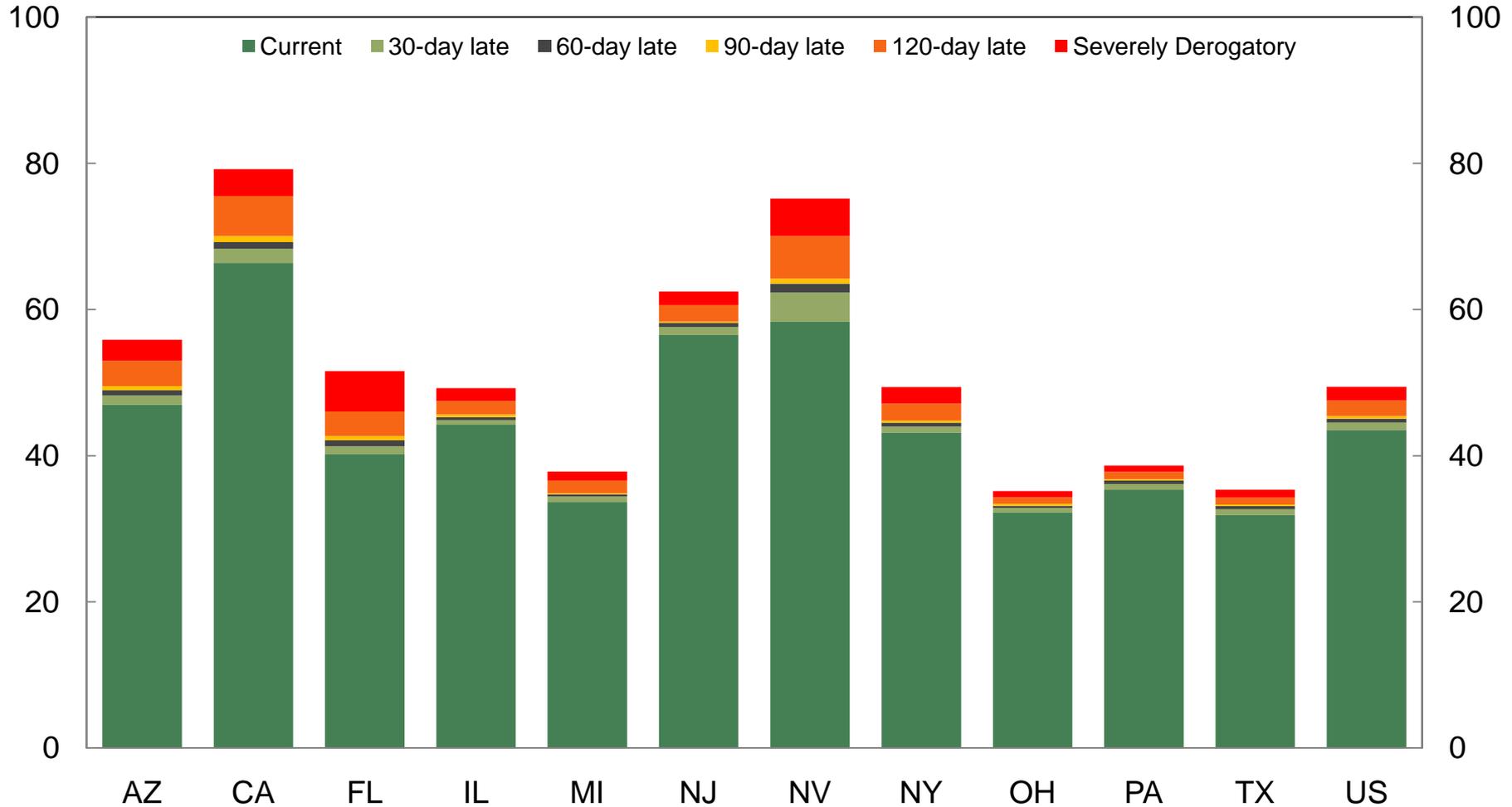
Year Over Year Percent Change, 2010 Q1	US	-6.8%
	NYC	-6.5%
	NJ	-6.6%



# Delinquency Status of Debt Balance per Capita\* by State (2010 Q1)

Thousands of Dollars

Thousands of Dollars

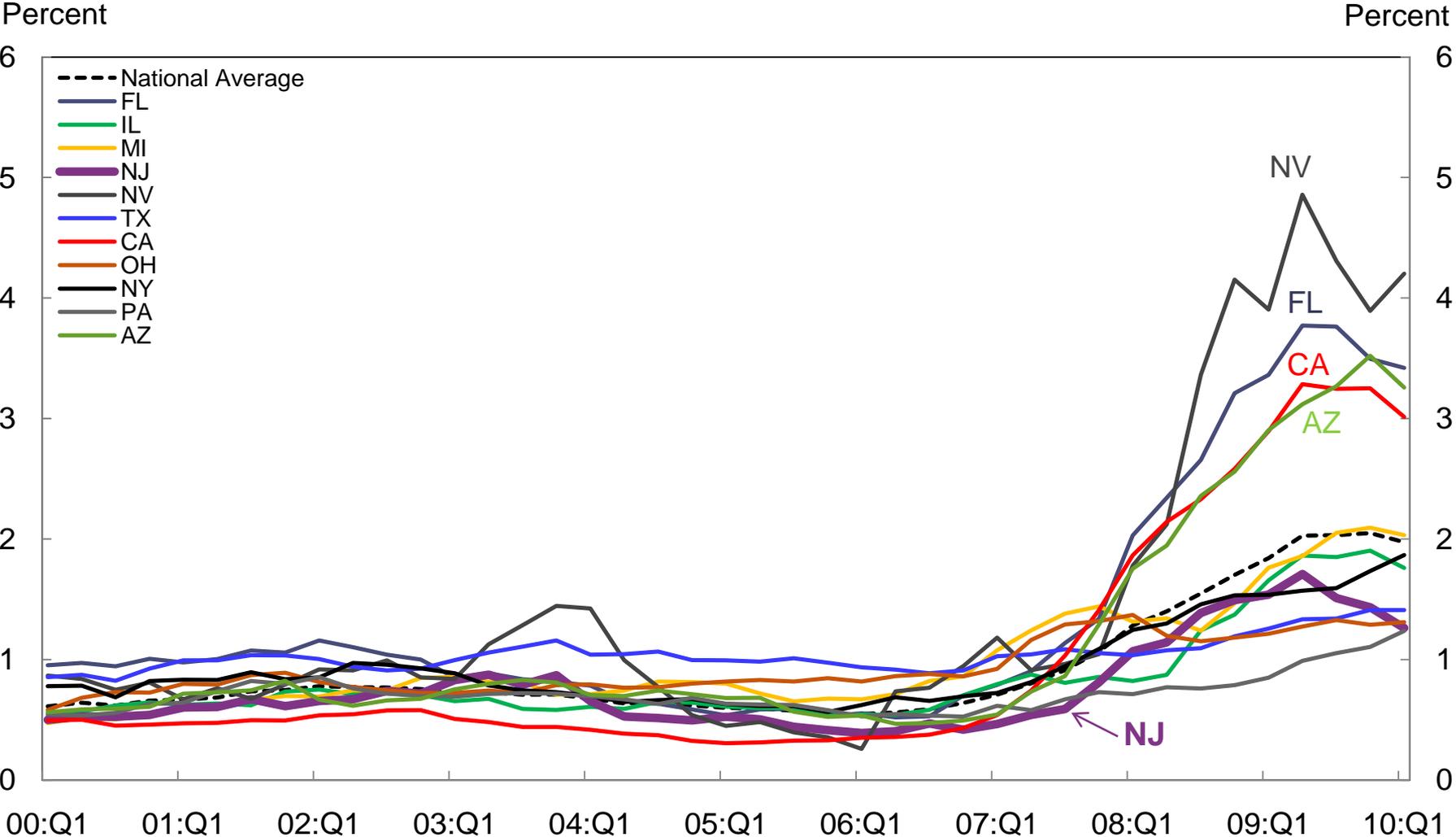


Source: FRBNY Consumer Credit Panel

\* Based on the population with a credit report



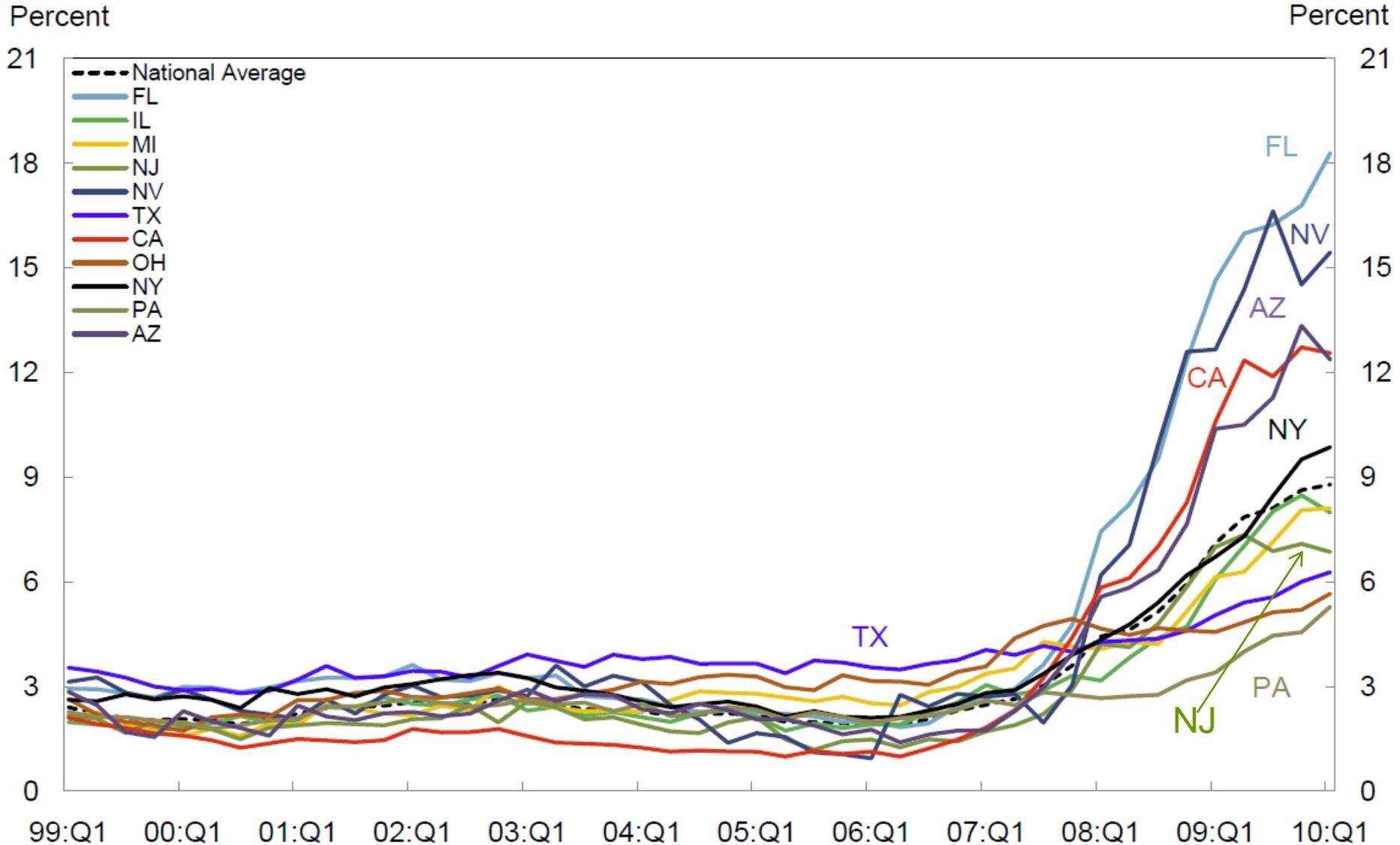
# Quarterly Transition Rates into 90+ Days Late by State\*



Source: FRBNY Consumer Credit Panel

\*Four Quarter Moving Average

# Percent of Balance 90+ Days Late by State

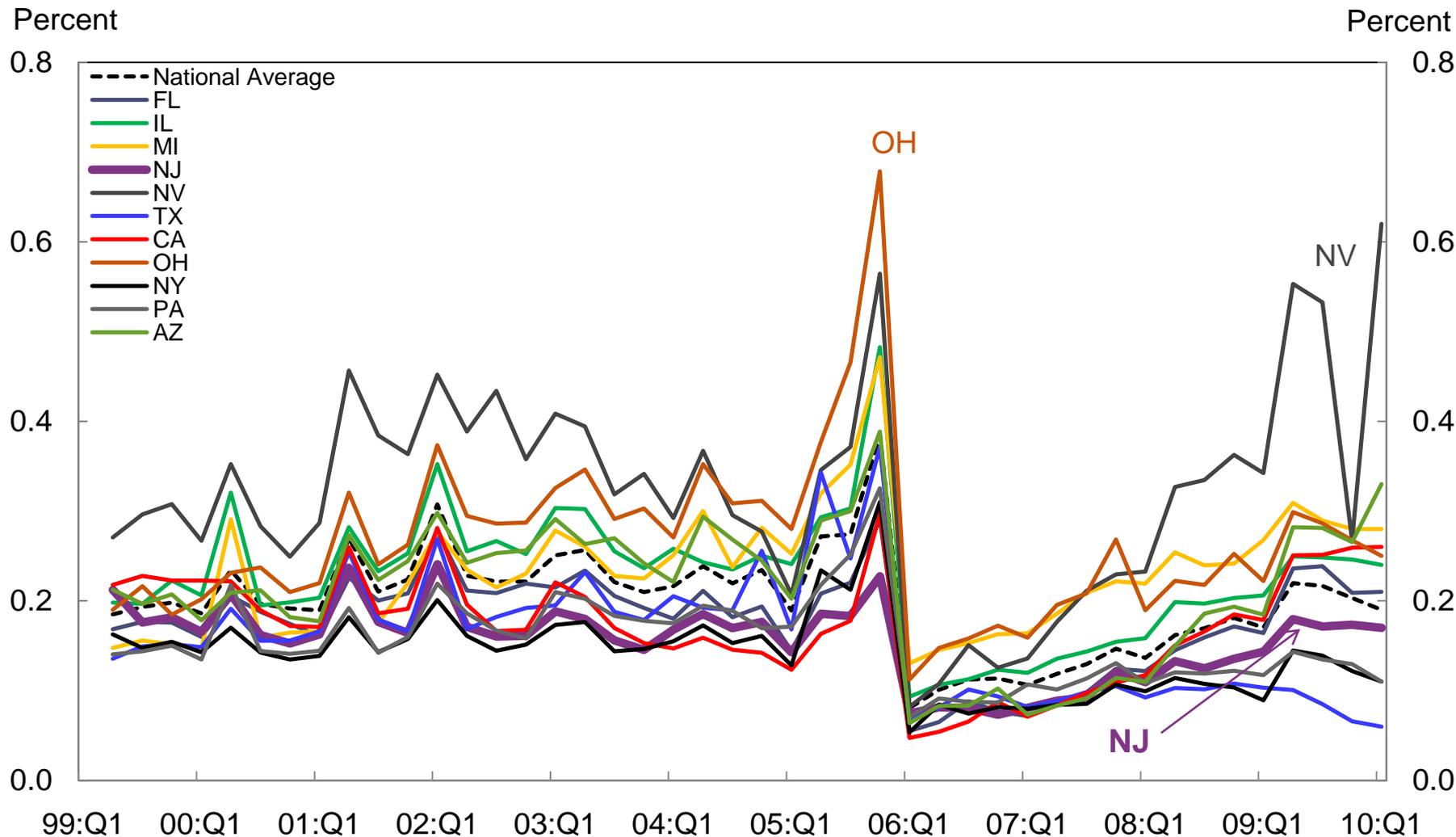


Source: FRBNY Consumer Credit Panel



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# Percent of Consumers\* with New Bankruptcies by State

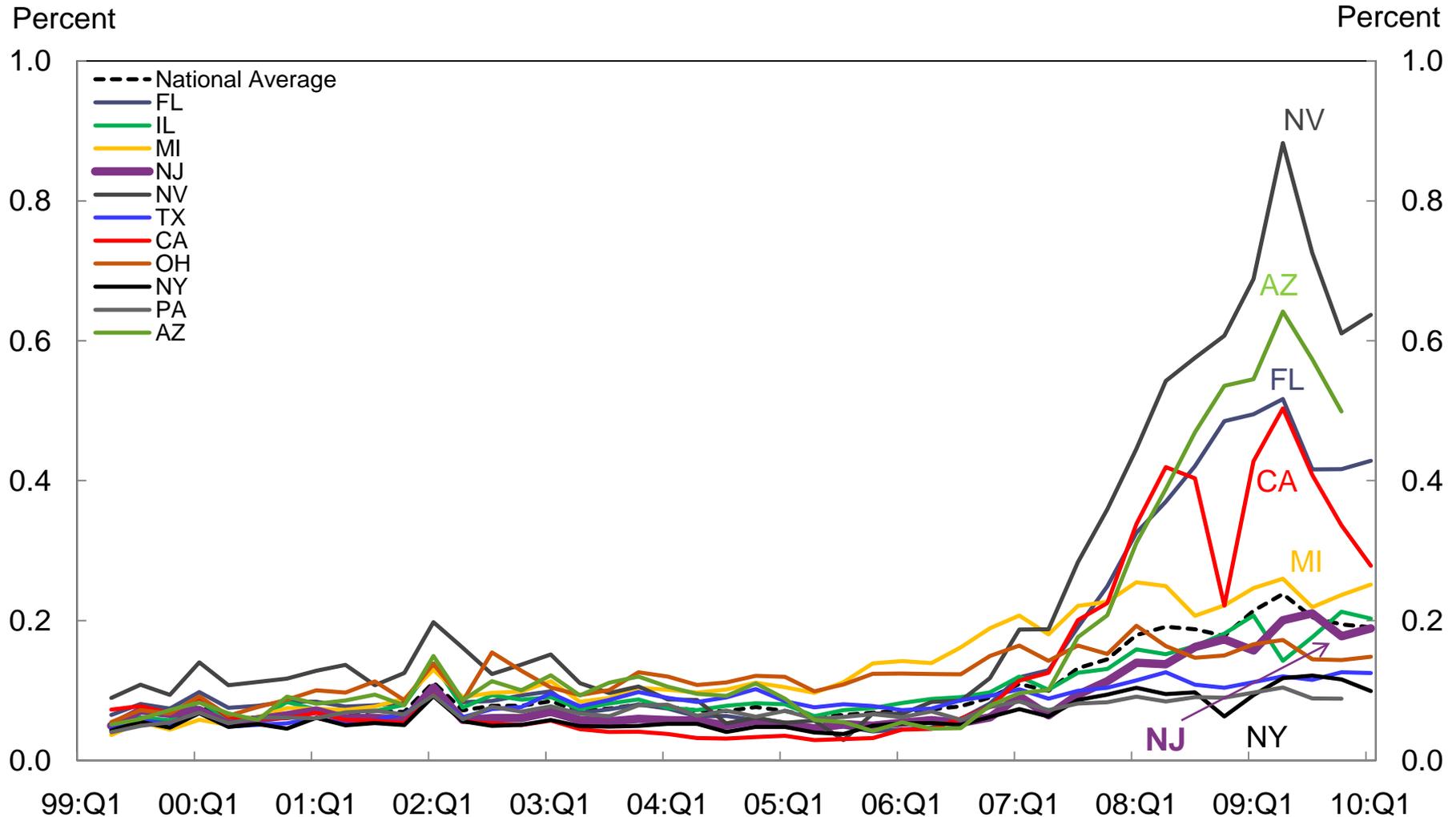


Source: FRBNY Consumer Credit Panel

\* Based on the population with a credit report



# Percent of Consumers\* with New Foreclosures by State

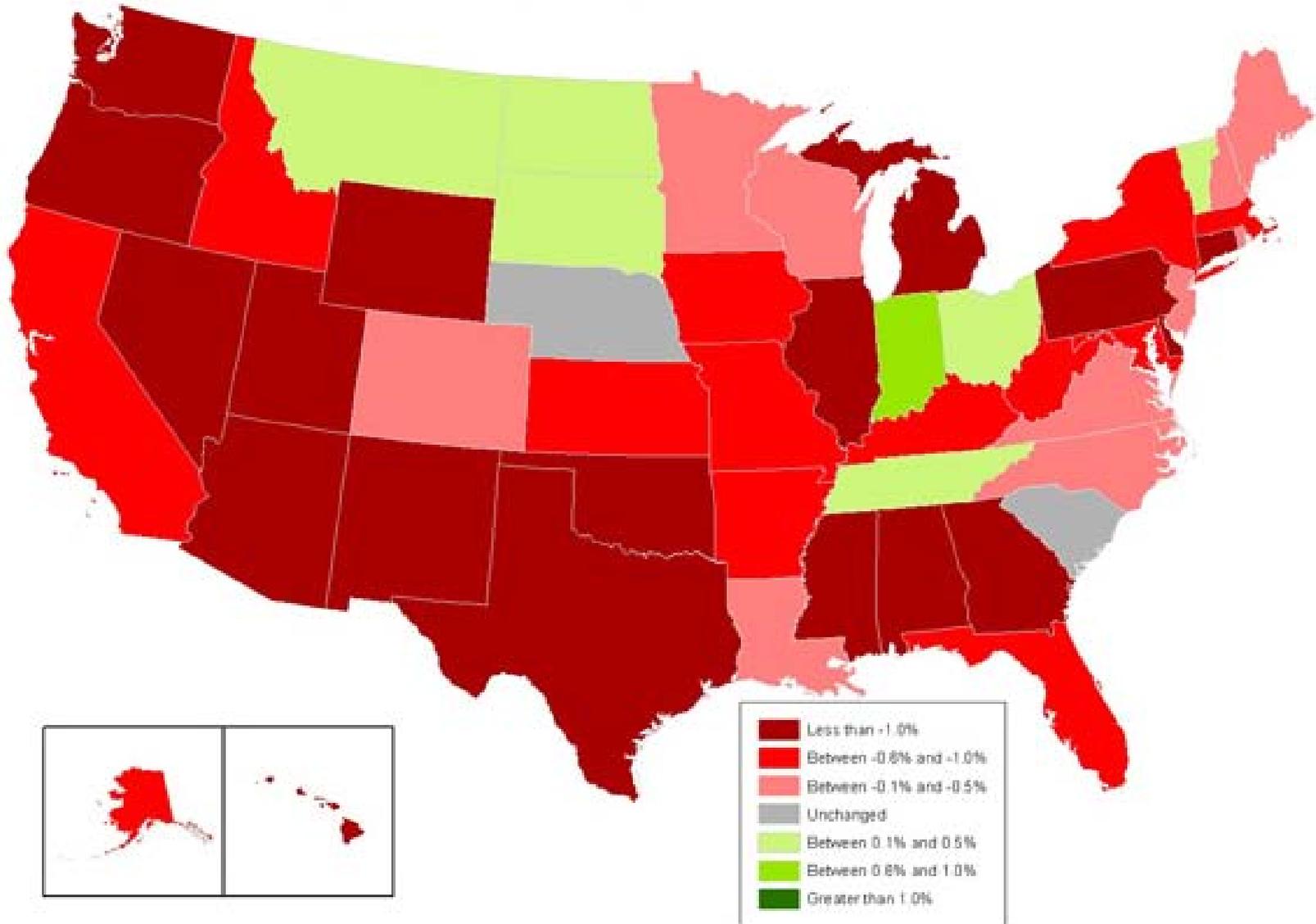


Source: FRBNY Consumer Credit Panel

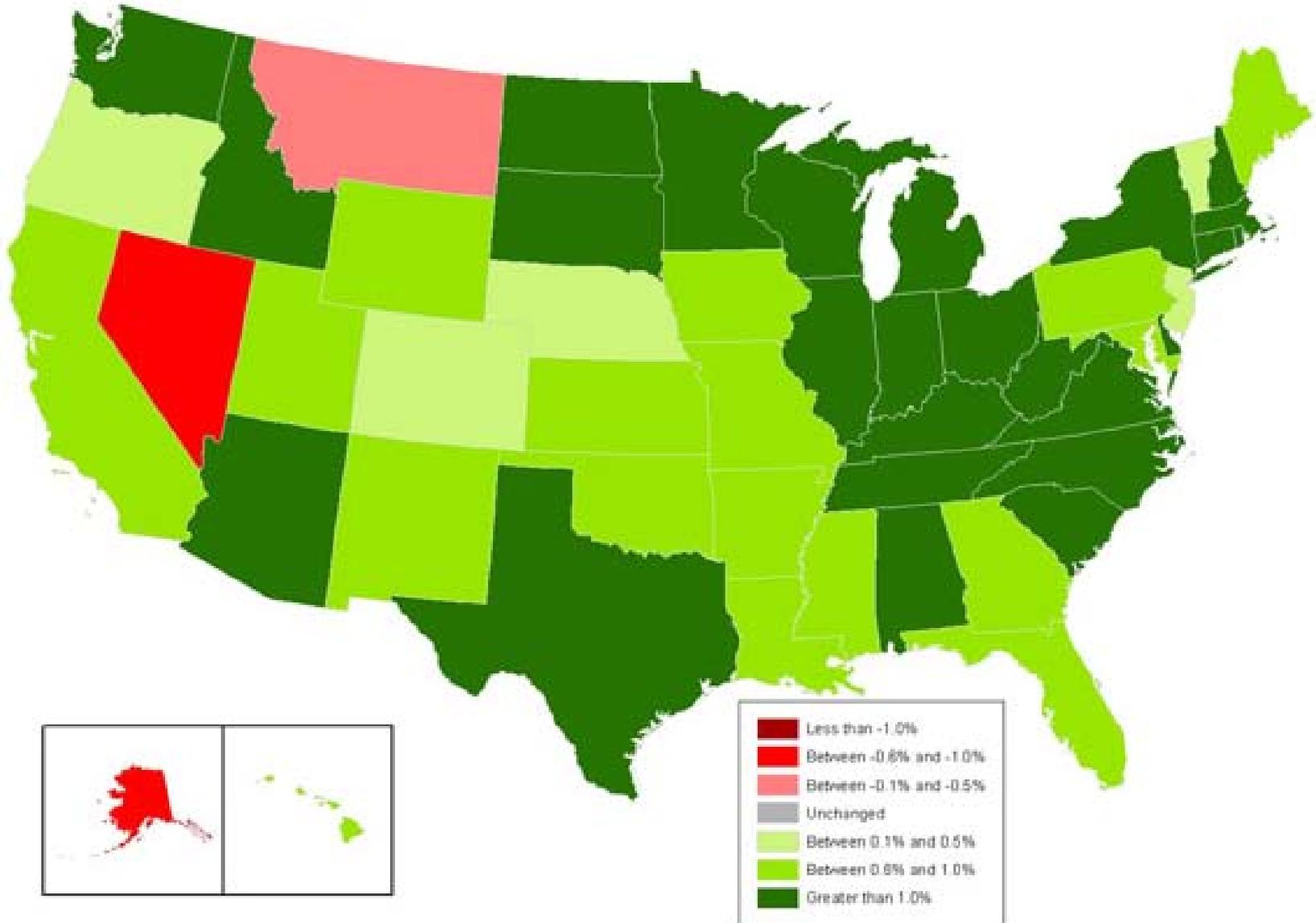
\* Based on the population with a credit report



## September State Coincident Indexes: Three-Month Change



## May State Coincident Indexes: Three-Month Change



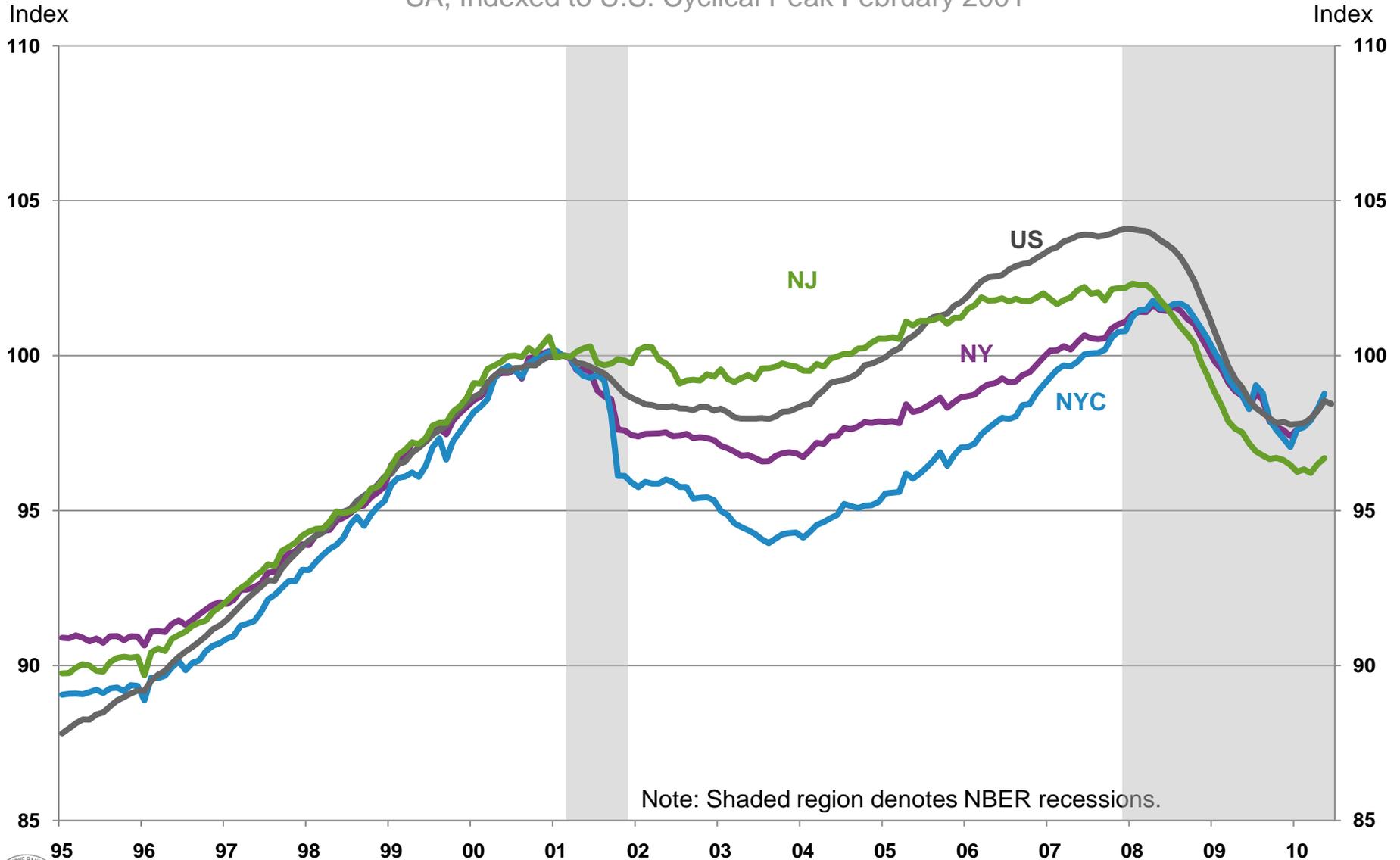
# Outlook

- The region is experiencing both cyclical and structural change
  - Changing number and size of firms
  - Sources of new financial business
  - Regulatory changes for products and compensation
- Past financial downturns coupled with a national recession have led to large job losses and income declines
- The region has been led out of past downturns by a recovery in the national economy and growth of the financial sector
- Near-term outlook thus depends on the timing and extent of recovery in the national economy and the return of smoothly functioning financial markets



# Employment has Dropped Sharply Some Signs of Improvement

SA, Indexed to U.S. Cyclical Peak February 2001

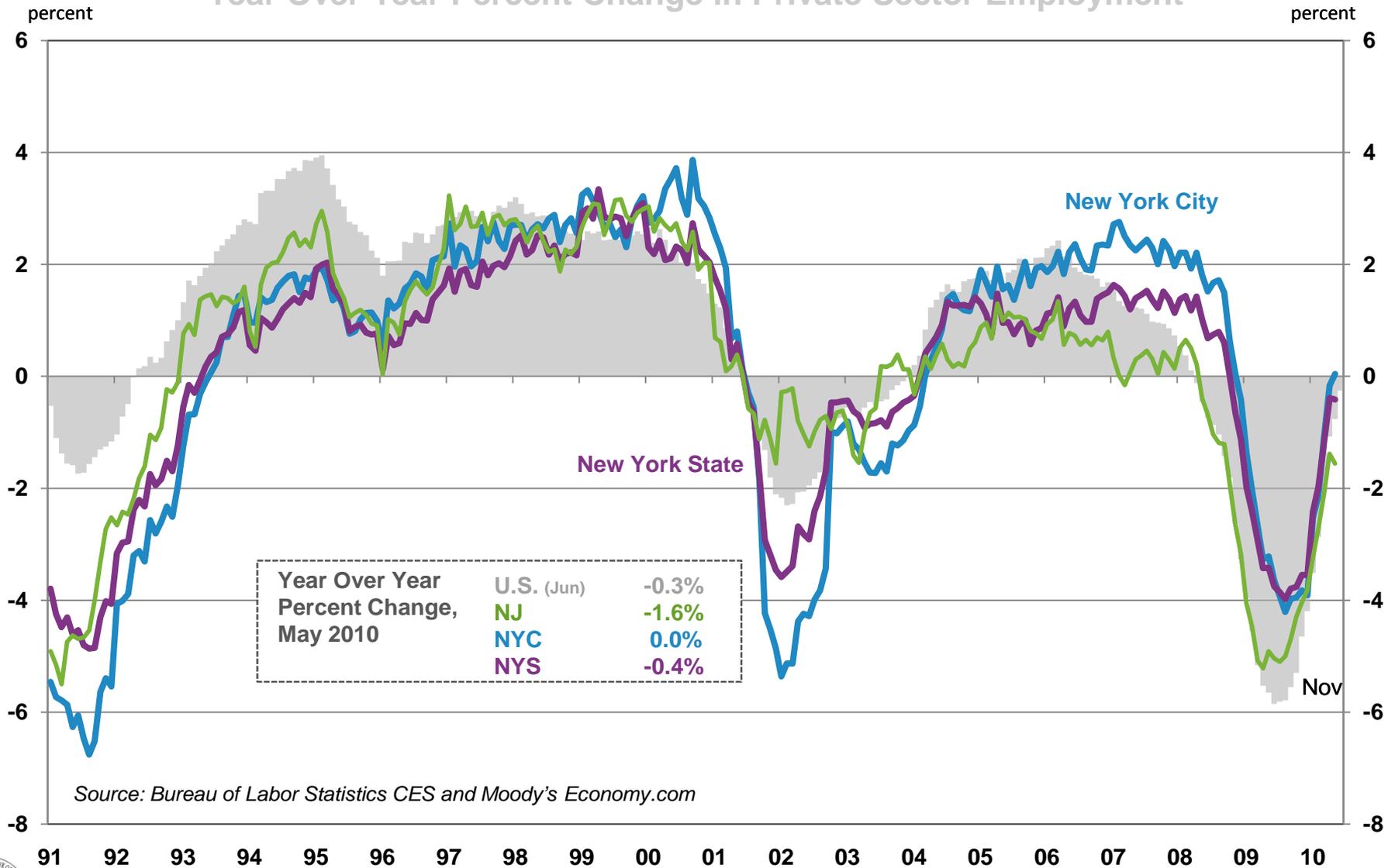


Note: Shaded region denotes NBER recessions.



# Private Sector Job Growth

Year Over Year Percent Change in Private Sector Employment



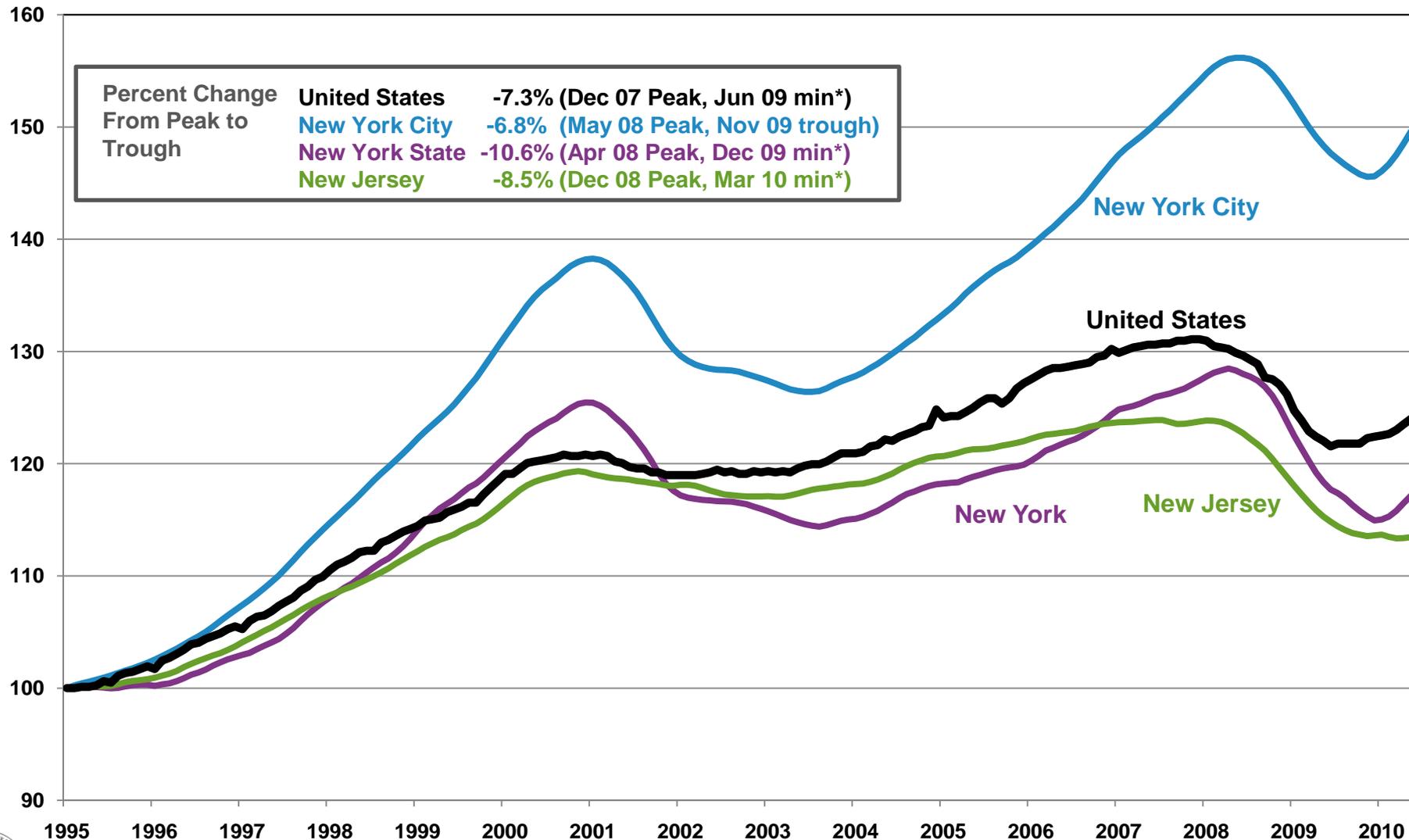
Source: Bureau of Labor Statistics CES and Moody's Economy.com



# Regional Economic Activity

## Index of Coincident Economic Indicators

Index Jan 1995 = 100



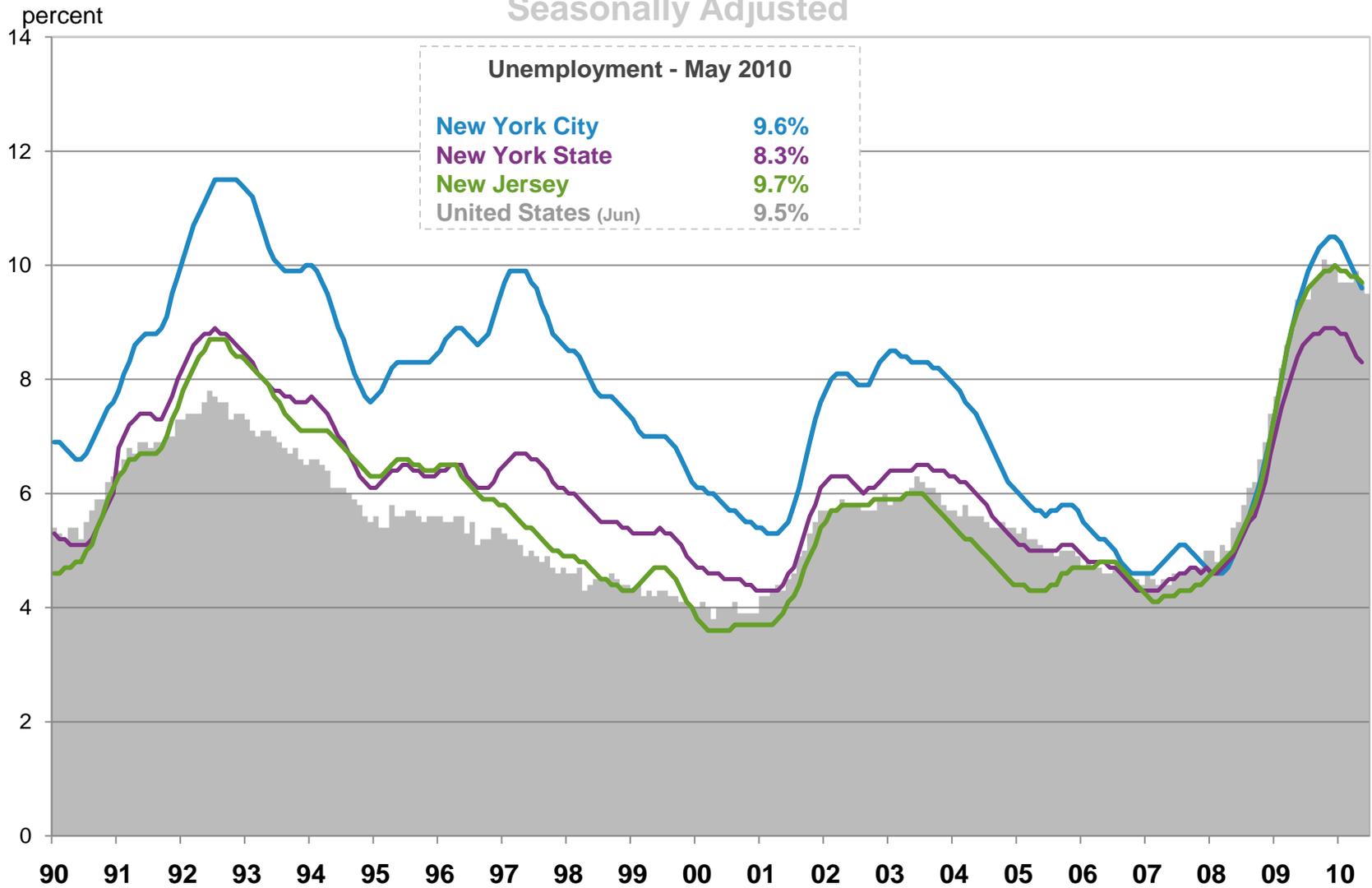
\* Trough has not been officially declared

Source: Federal Reserve Bank of New York



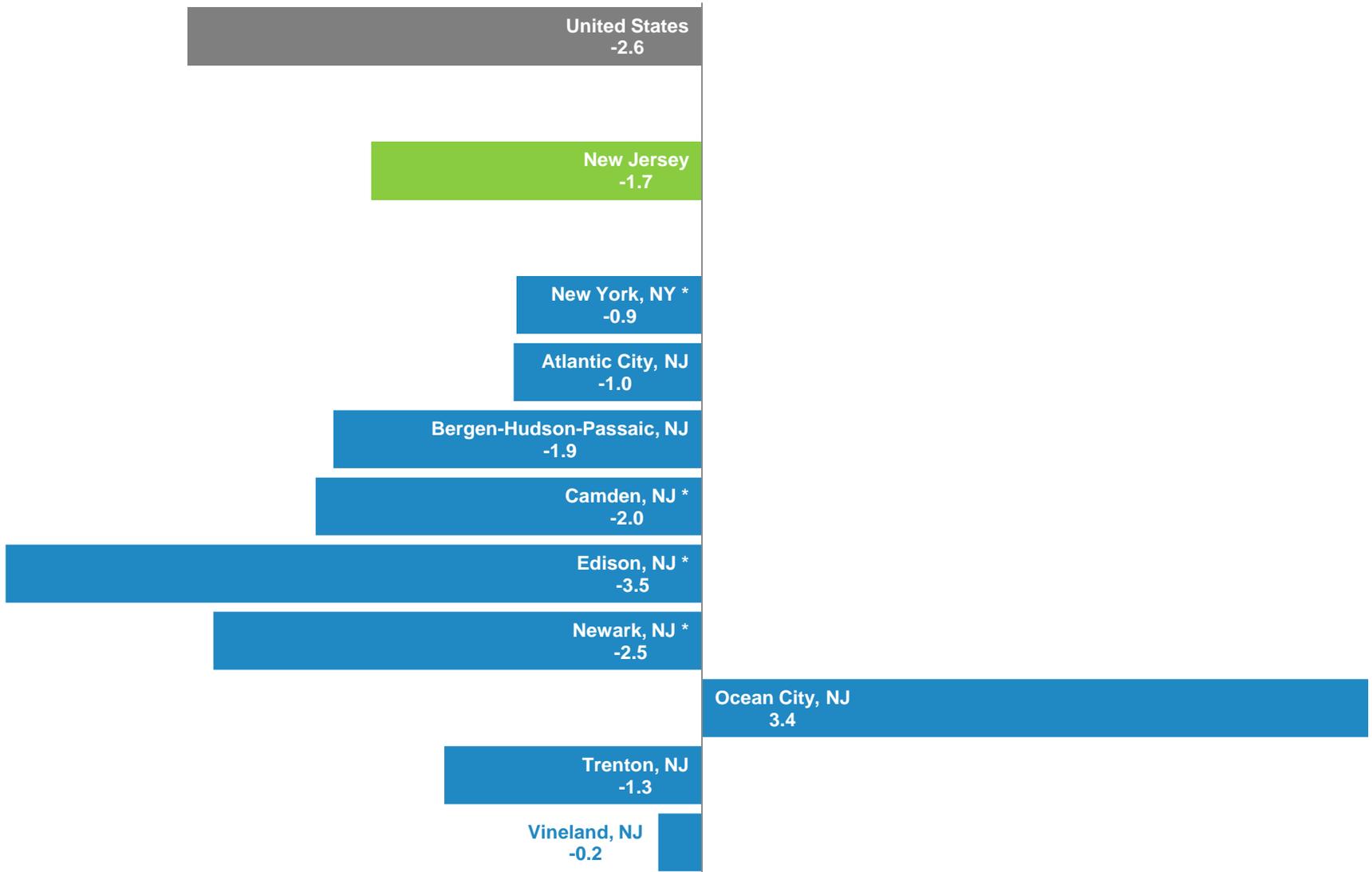
# Unemployment Rates

Seasonally Adjusted



# Private-Sector Job Growth: U.S. & Metropolitan Areas

Percentage Change in Private-Sector Employment  
March/April/May 2009 to March/April/May 2010



\* Metropolitan Division



# Job Growth by Sector- May 2010

Year-Over-Year Percent Change, Not Seasonally Adjusted

	United States	New York	New York City	New Jersey
<b>Educational and Health Services</b>	1.8	2.2	1.9	0.9
<b>Government</b>	1.5	1.1	0.4	2.2
<b>Professional and Business Services</b>	0.5	-0.4	0.0	-1.4
<b>Leisure &amp; Hospitality</b>	-0.2	1.8	0.8	-0.9
<b>Other Services</b>	-0.5	1.0	0.4	-1.2
<b>Retail Trade</b>	-0.7	2.4	0.2	-0.2
<b>Wholesale Trade</b>	-0.8	-3.0	-3.2	-1.7
<b>Manufacturing</b>	-2.0	-3.9	-3.9	-3.8
<b>Transportation and Utilities</b>	-2.1	-3.8	-2.0	-1.0
<b>Financial Activities</b>	-2.2	-1.2	-1.6	-3.0
<b>Information</b>	-2.9	-0.4	-1.3	-4.4
<b>Construction</b>	-8.2	-7.2	-6.3	-10.7

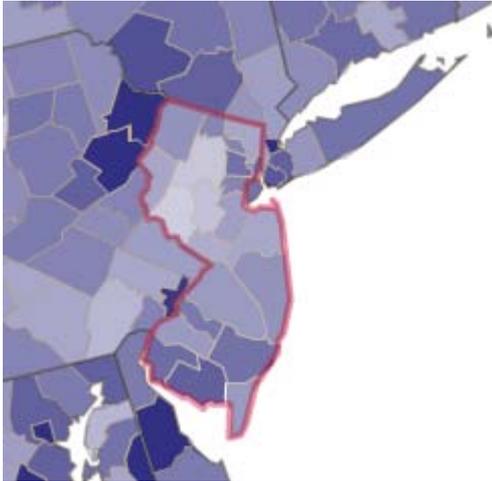
\* 'Construction' category also includes Natural Resources and Mining.

Source: U.S. Bureau of Labor Statistics, Moody's Economy.com

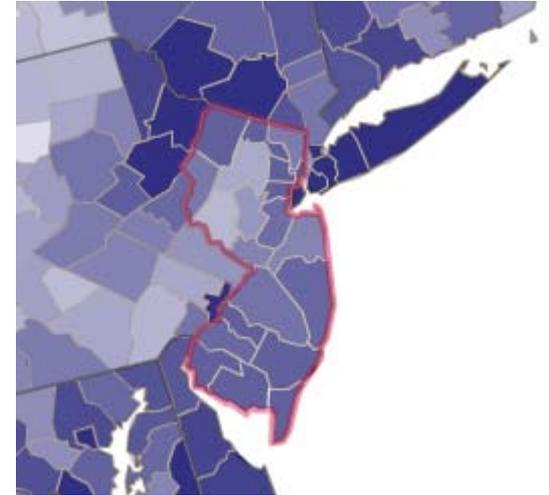


# FRBNY Maps –New Jersey Views

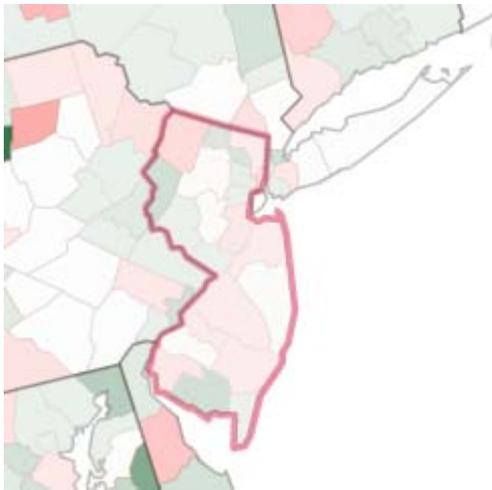
Bank cards: 60+ delinquencies



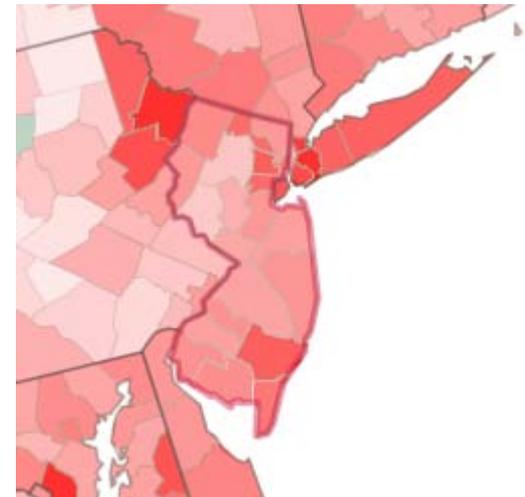
Mortgages: 90+ delinquencies



Bank cards:  
4 quarter  
change



Mortgages:  
4 quarter  
change



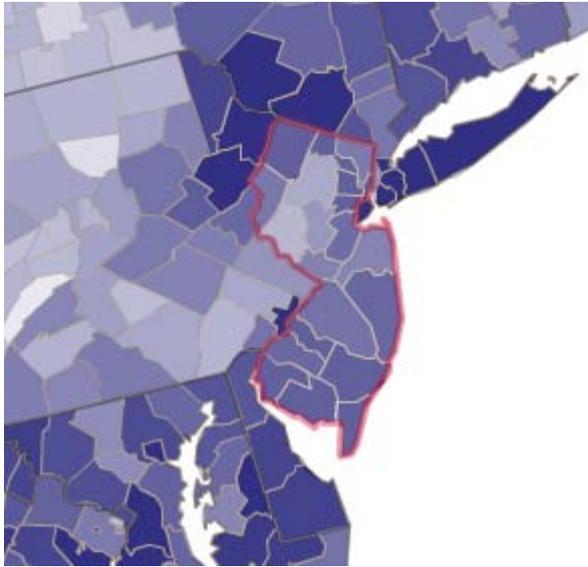
Source: TransUnion, LLC, Trend Data, 2009Q4.

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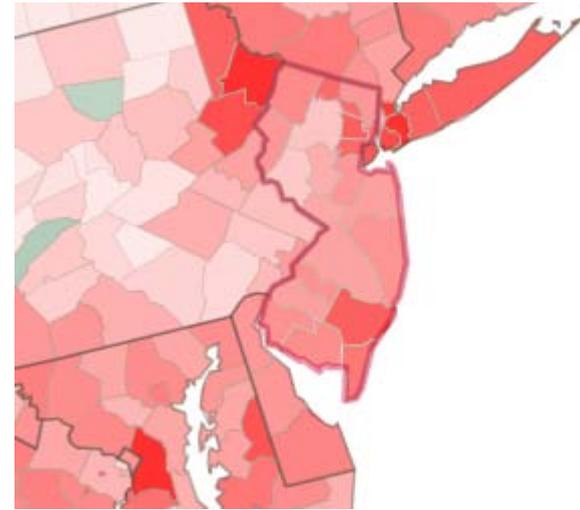
Note: Red indicates increase, white indicates little change, green indicates decrease, gray indicates no data

# Mortgage delinquency rates -- still deteriorating

90+ day delinquency rate



4-quarter change in 90+ day delinquency rate



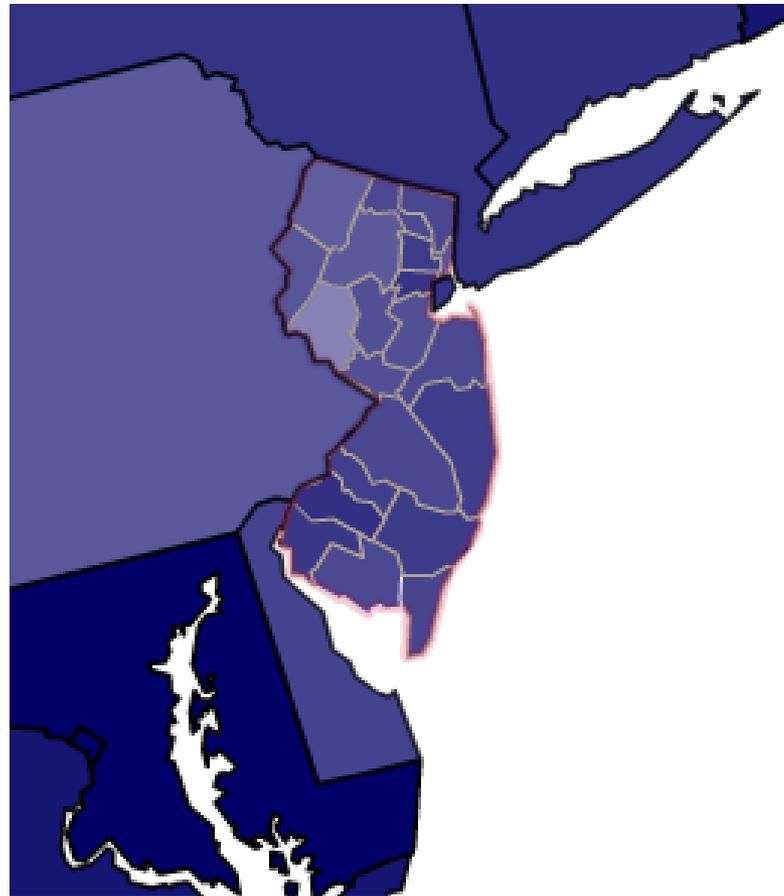
	90+ day delinquency rate	4-quarter change in 90+ day delinquency rate
<b>Westchester</b>	3.9%	+1.9
<b>NY</b>	5.0%	+2.2
<b>NJ</b>	5.8%	+2.9
<b>US</b>	5.6%	+2.1

Source: TransUnion, LLC, Trend Data, 2009Q4.

Note: Darker shading indicates higher percentage. Red indicates increase, white indicates little change, green indicates decrease, gray indicates no data.

# FRBNY Maps – New Jersey Views

Subprime Mortgages: % 90+ days delinquent



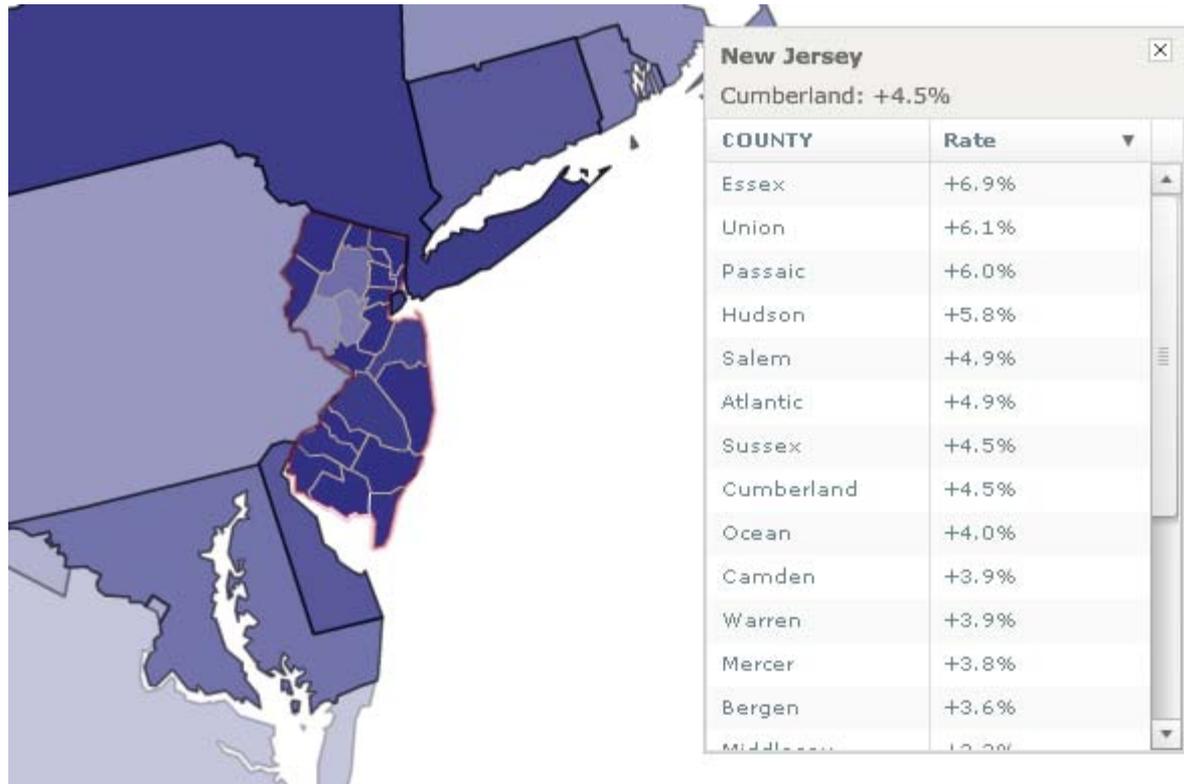
Source: *FirstAmerican CoreLogic, Loan Performance database and FRBNY, April 2010.*

Note: Darker color indicates higher percentages.



# FRBNY Maps – New Jersey by County

Prime Mortgages: % in Foreclosure



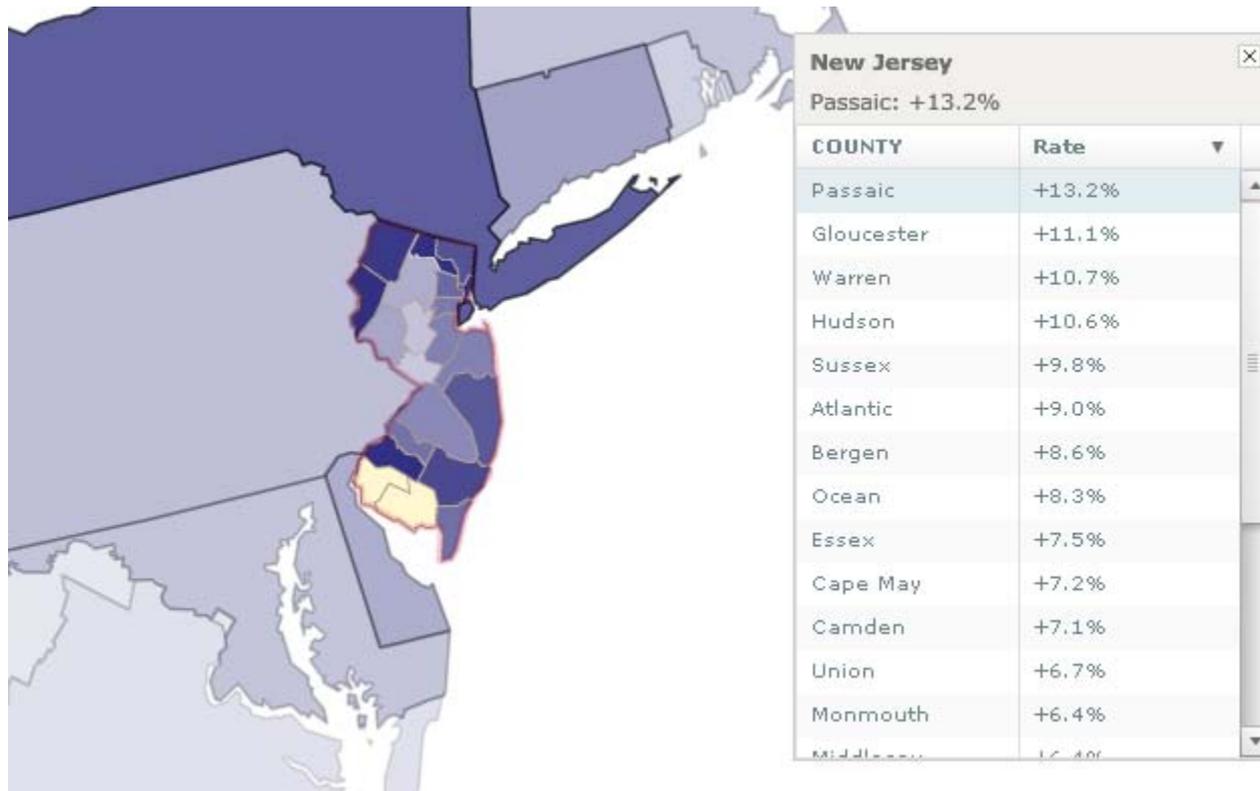
Source: Lender Processing Services and FRBNY, April 2010.

Note: Darker color indicates higher percentages.



# FRBNY Maps – New Jersey by County

Jumbo Mortgages: % in Foreclosure



Source: Lender Processing Services and FRBNY, April 2010.

Note: Darker color indicates higher percentages.



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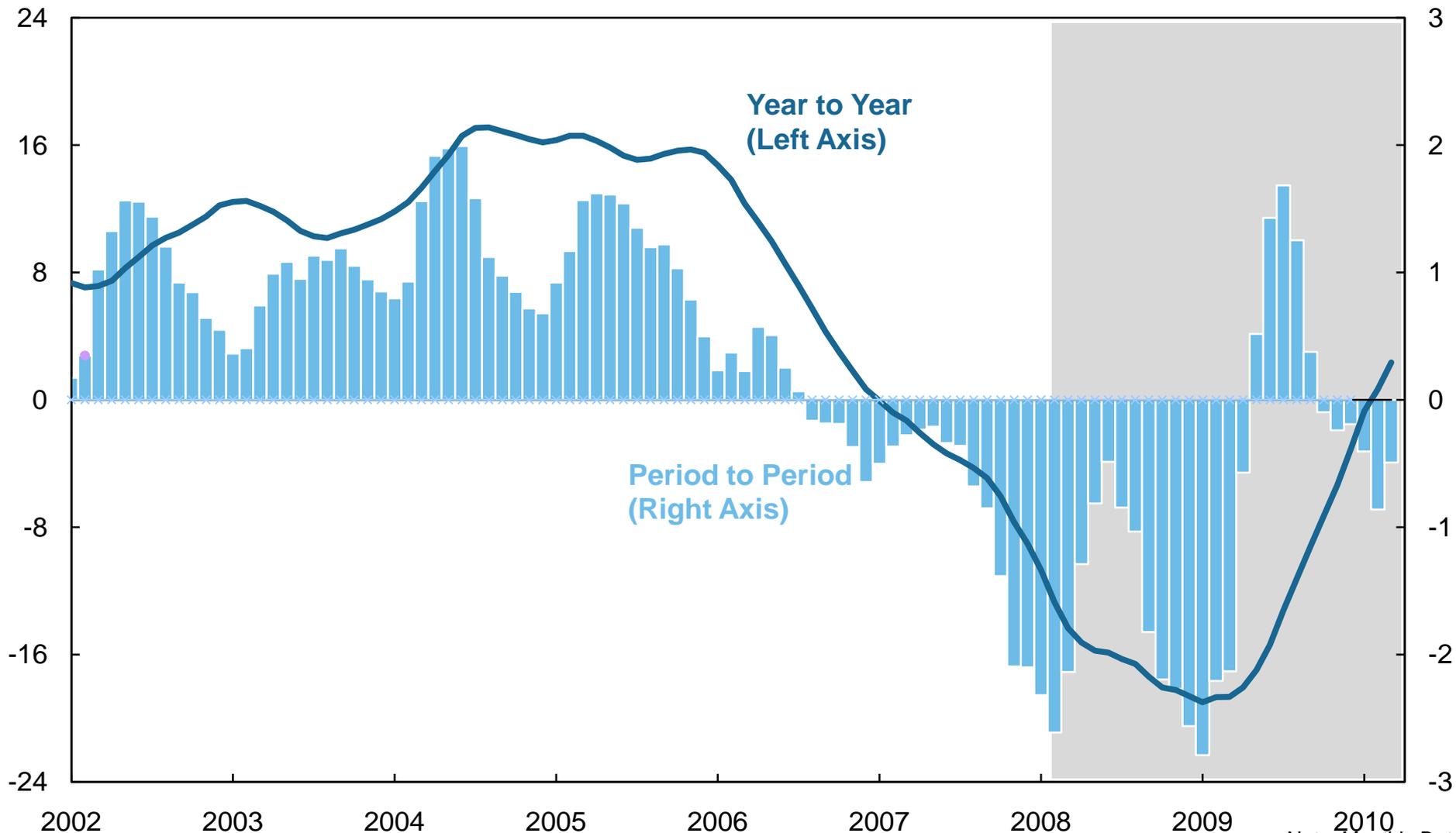
# Reference Charts

# Case-Shiller Home Price Index

## Composite 20-SA

% Change

% Change



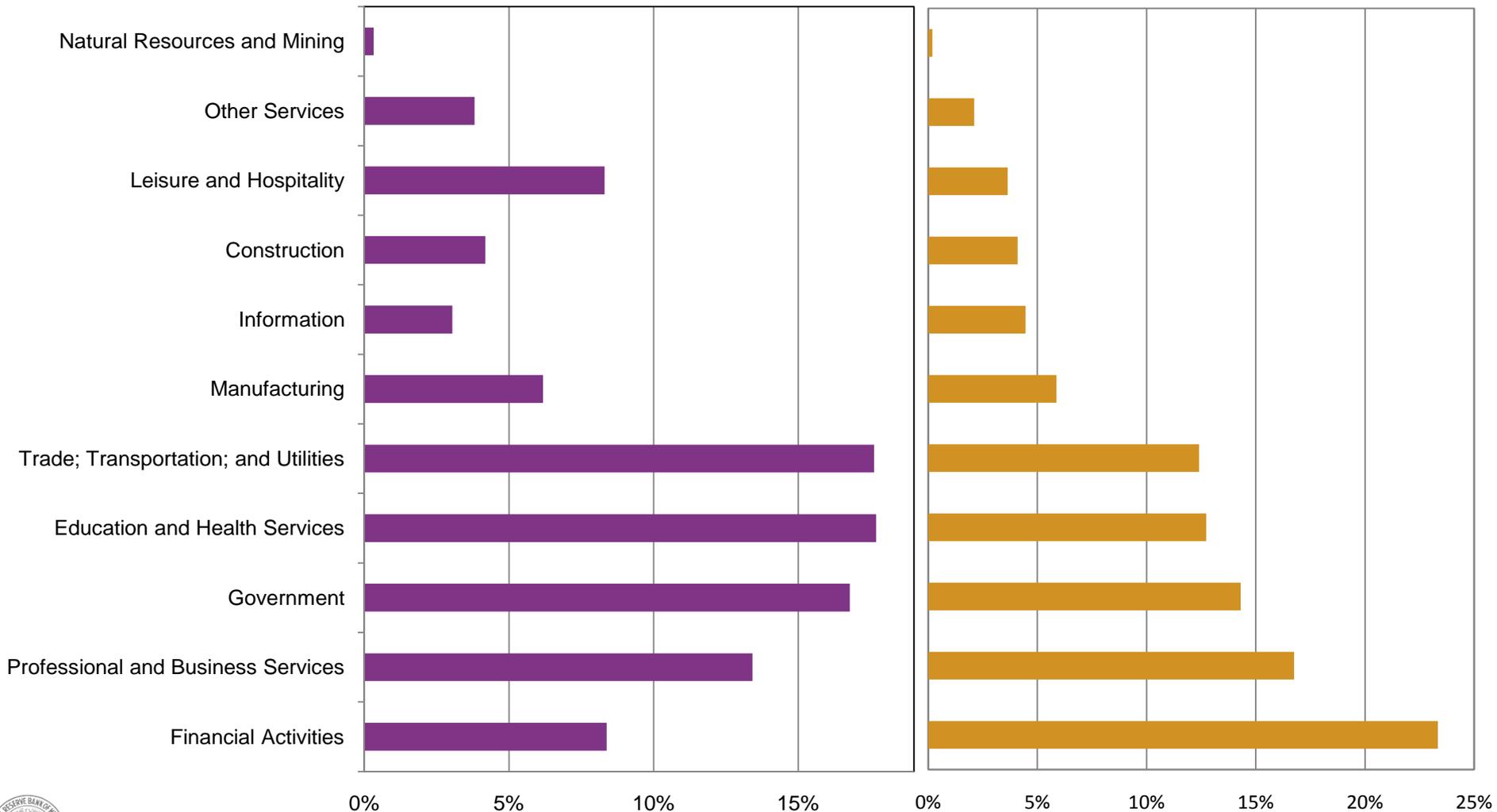
Note: Monthly Data



# New York– 2008 Earnings and Employment Shares by Sector

Employment as a % of Total

Earnings as a % of Total

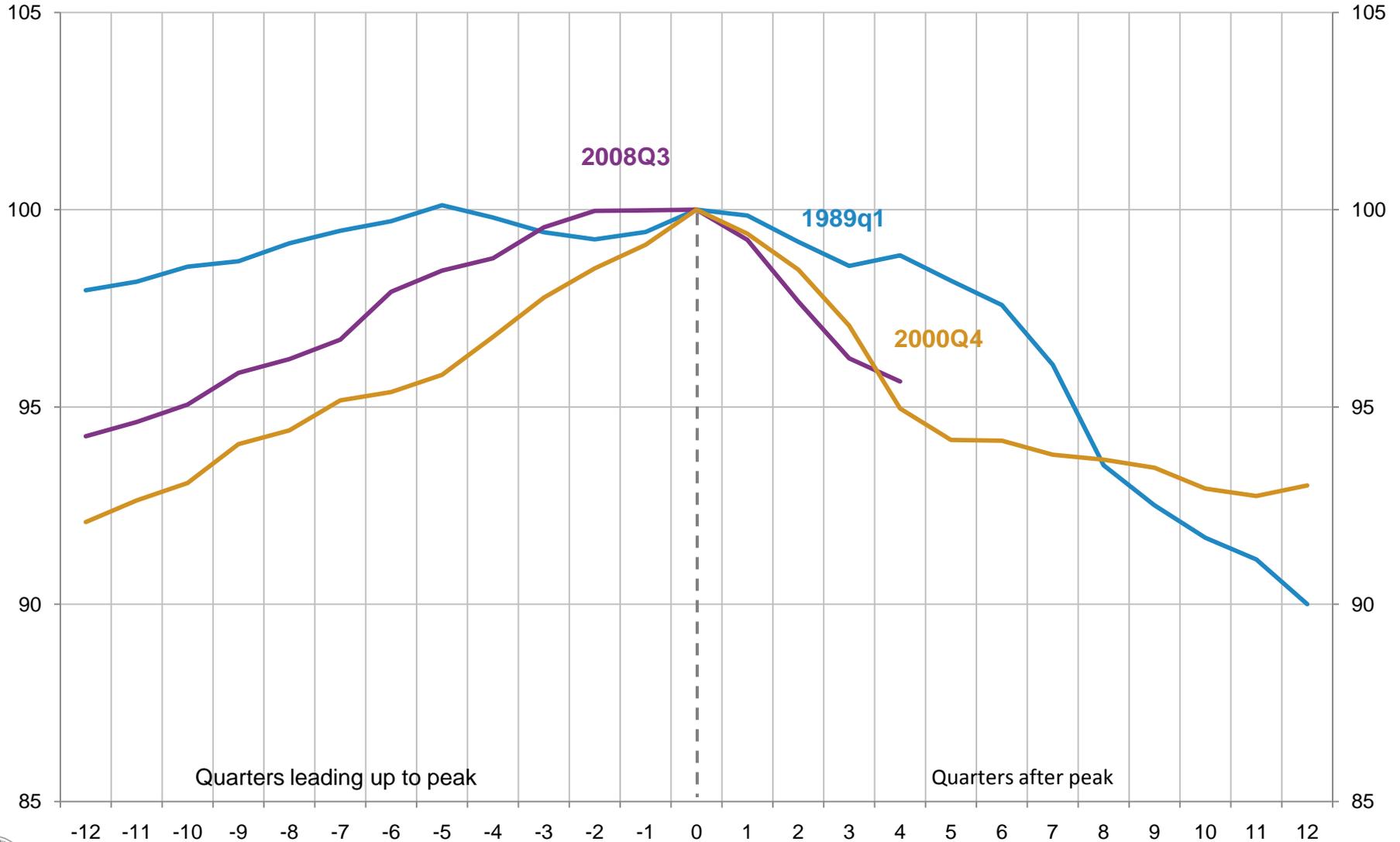


# How Did Employment Fare in Prior Downturns?

## NYC Employment

Cyclical Performance: Total Private Employment (SA)

Cyclical Peak = 100



# Inventories and Industrial Production

6-Month % Change - Annualized

6-Month % Change - Annualized

