



FEDERAL RESERVE BANK *of* NEW YORK

Regional Economic Press Briefing

August 12, 2011

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

Regional Economic Update

Jaison R. Abel, Senior Economist

Overview for the Region

I. Overall Economic Activity

- During Q2-2011, activity expanded in New York State and New York City, held steady in New Jersey, and declined slightly in Puerto Rico

II. Employment

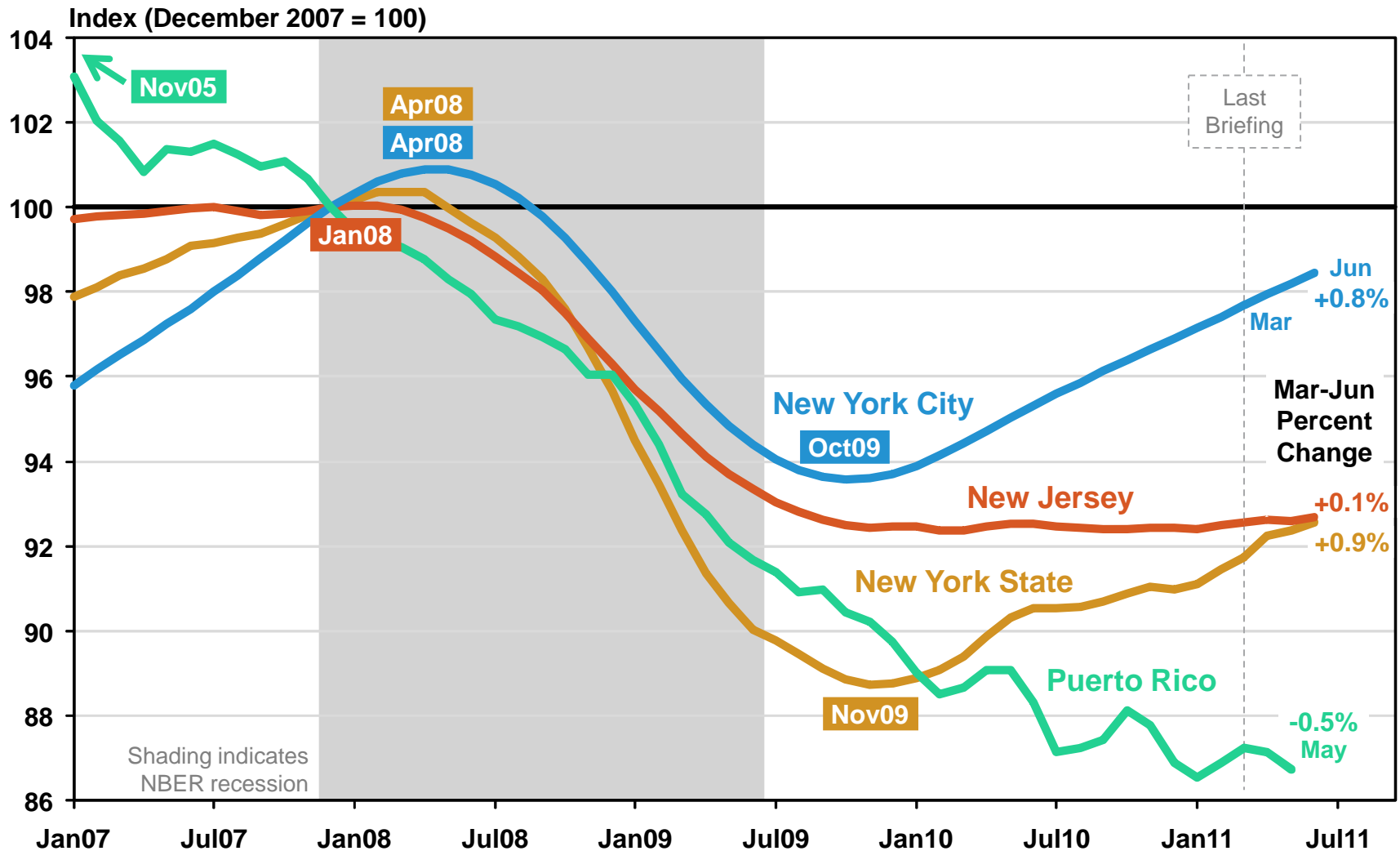
- Job growth was generally stronger than in the nation, although unemployment rates edged up

III. Housing and Household Finances

- Housing markets remain weak, but have started to firm
- Pockets of household financial stress clearly remain

Regional Economic Activity

Index of Coincident Economic Indicators (CEI)

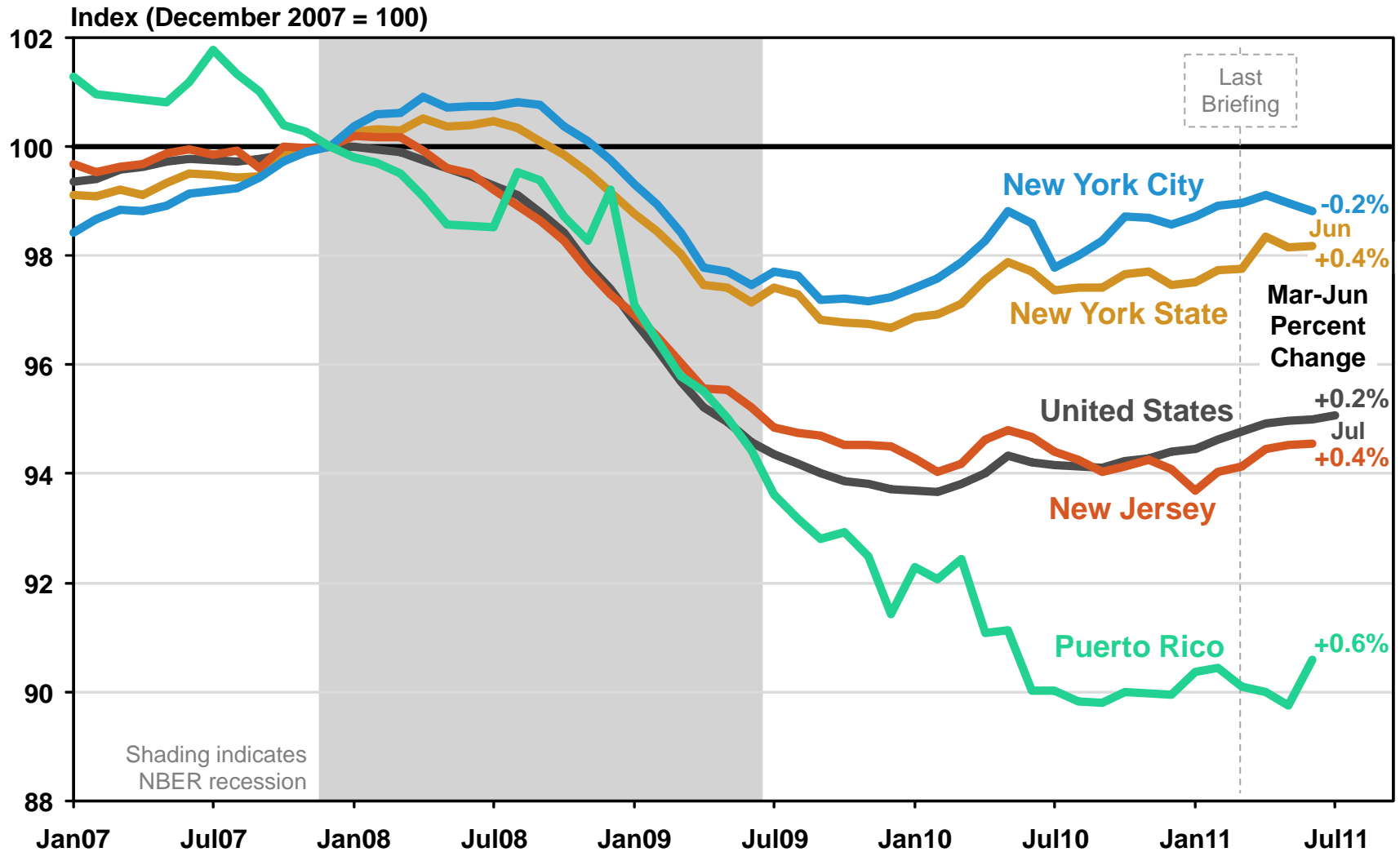


Source: Federal Reserve Bank of New York; Puerto Rico Government Development Bank

Note: The Puerto Rico composite index is based on a different methodology than the indexes produced by the FRBNY.

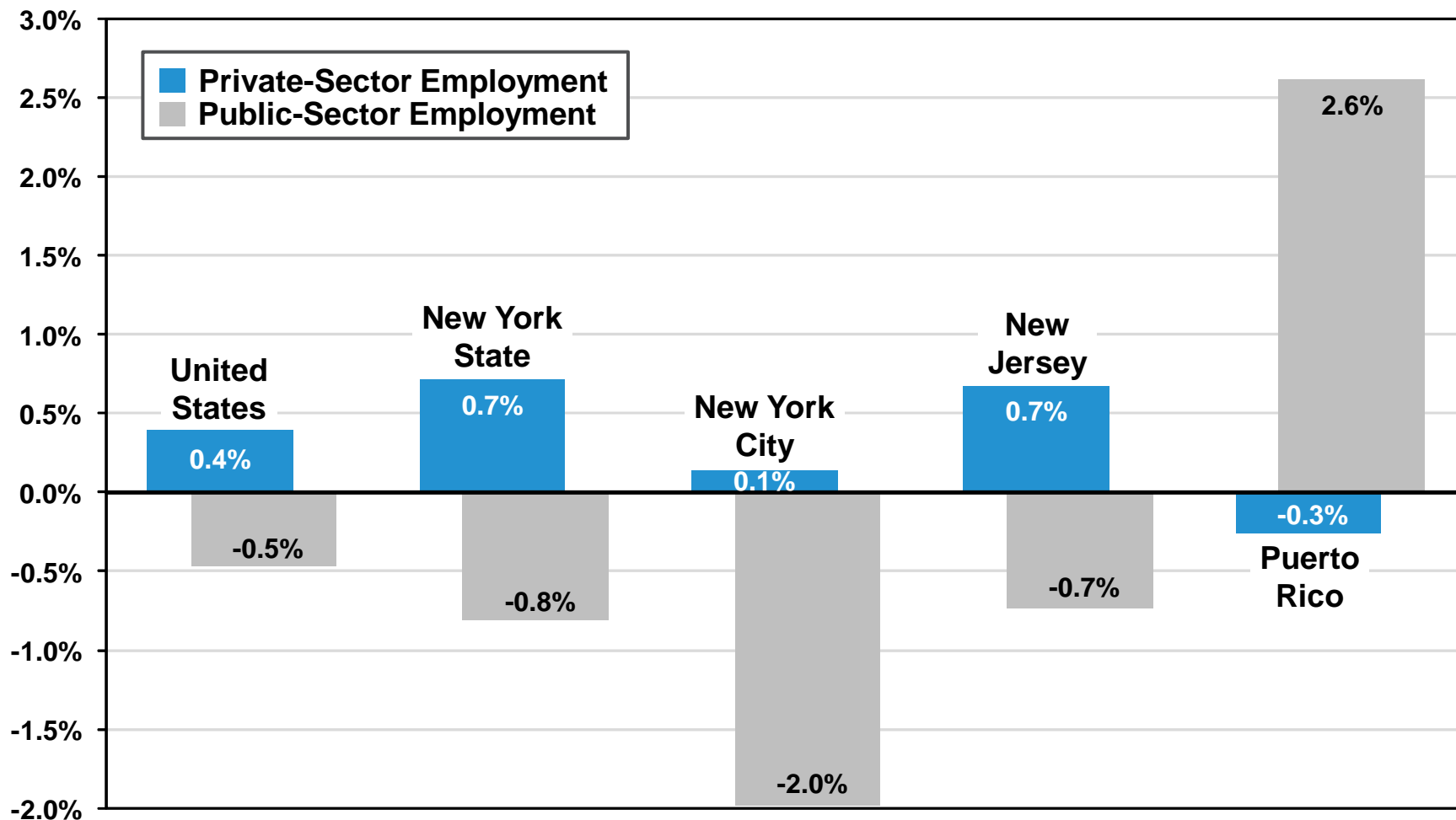
Regional Employment Trends

Seasonally Adjusted



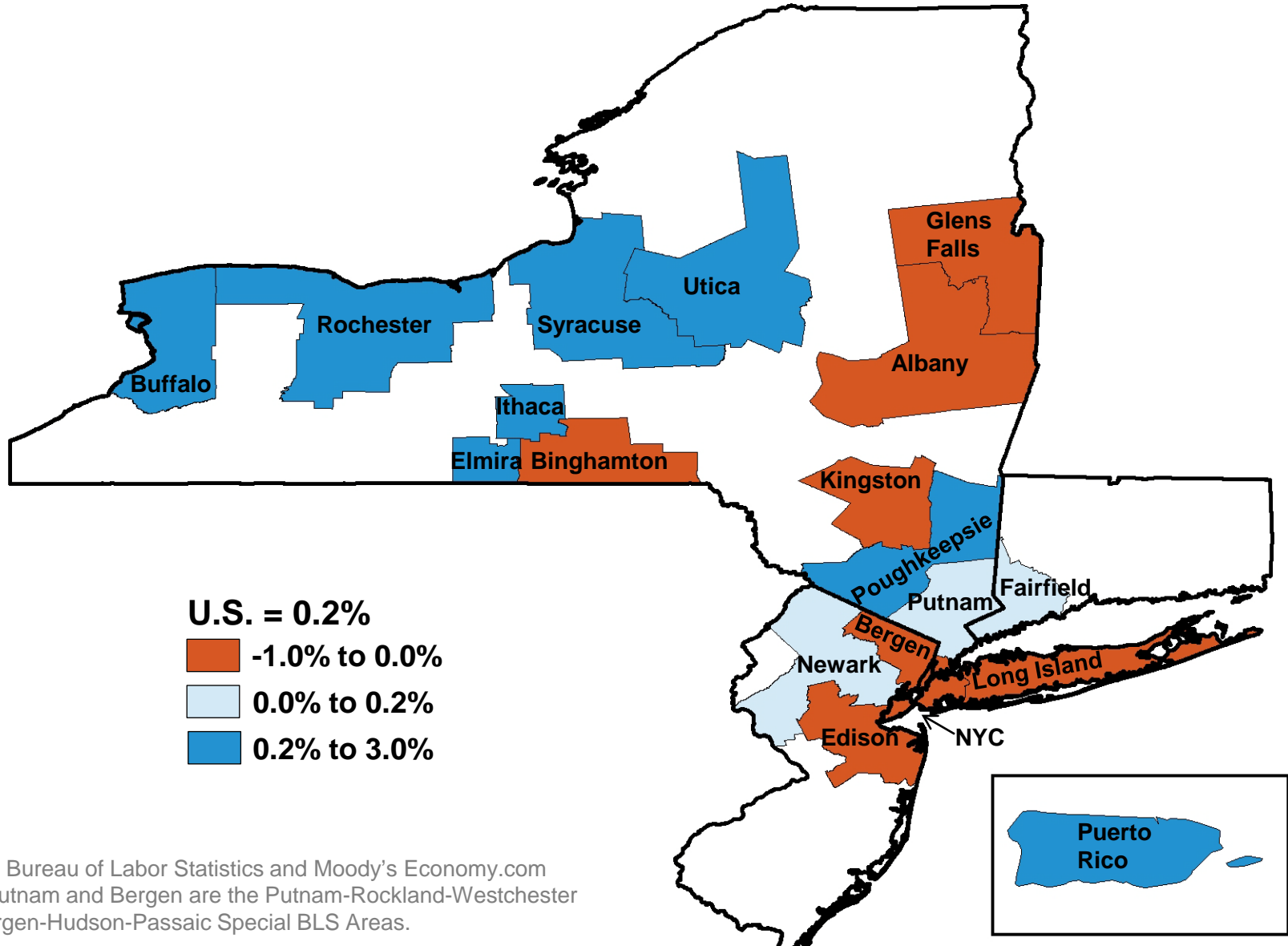
Private and Public-Sector Employment

Seasonally Adjusted, Percent Change, March to June 2011



Employment Change Within the Region

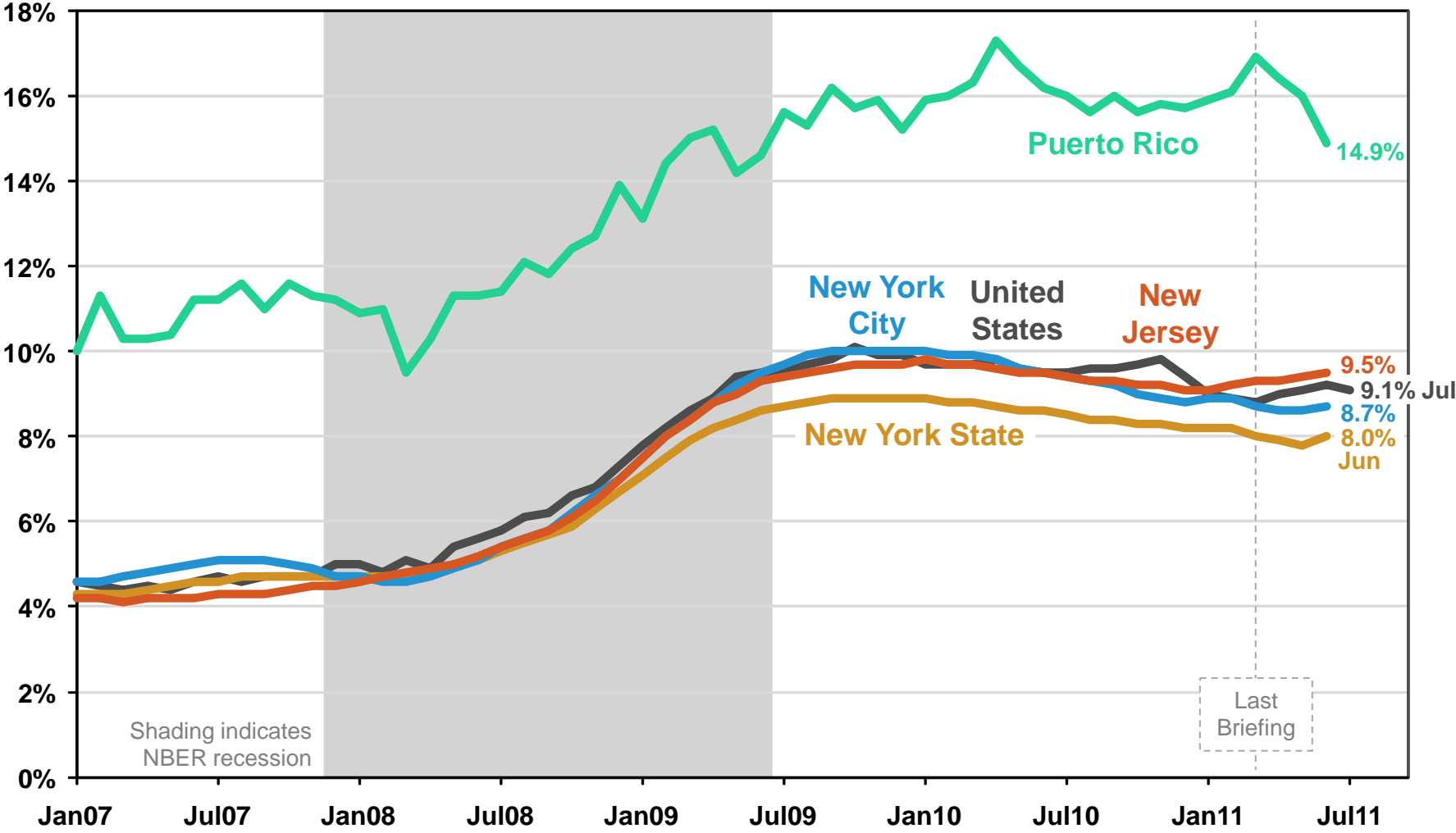
Seasonally Adjusted, Percent Change, March to June 2011



Source: Bureau of Labor Statistics and Moody's Economy.com
Note: Putnam and Bergen are the Putnam-Rockland-Westchester and Bergen-Hudson-Passaic Special BLS Areas.

Regional Unemployment Rates

Seasonally Adjusted Rates

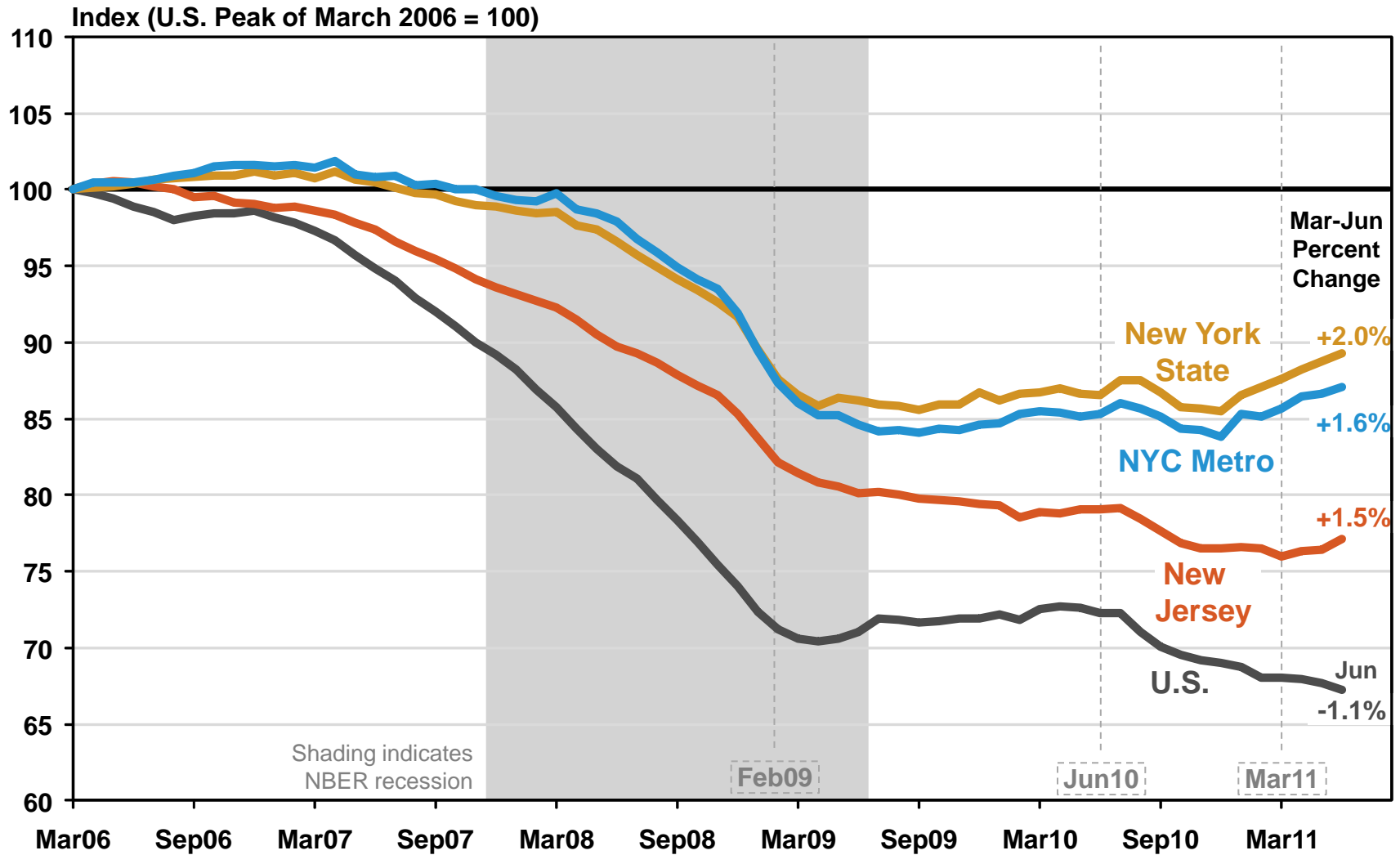


Shading indicates NBER recession

Last Briefing

Regional Home Price Trends

CoreLogic Home Price Index, Seasonally Adjusted

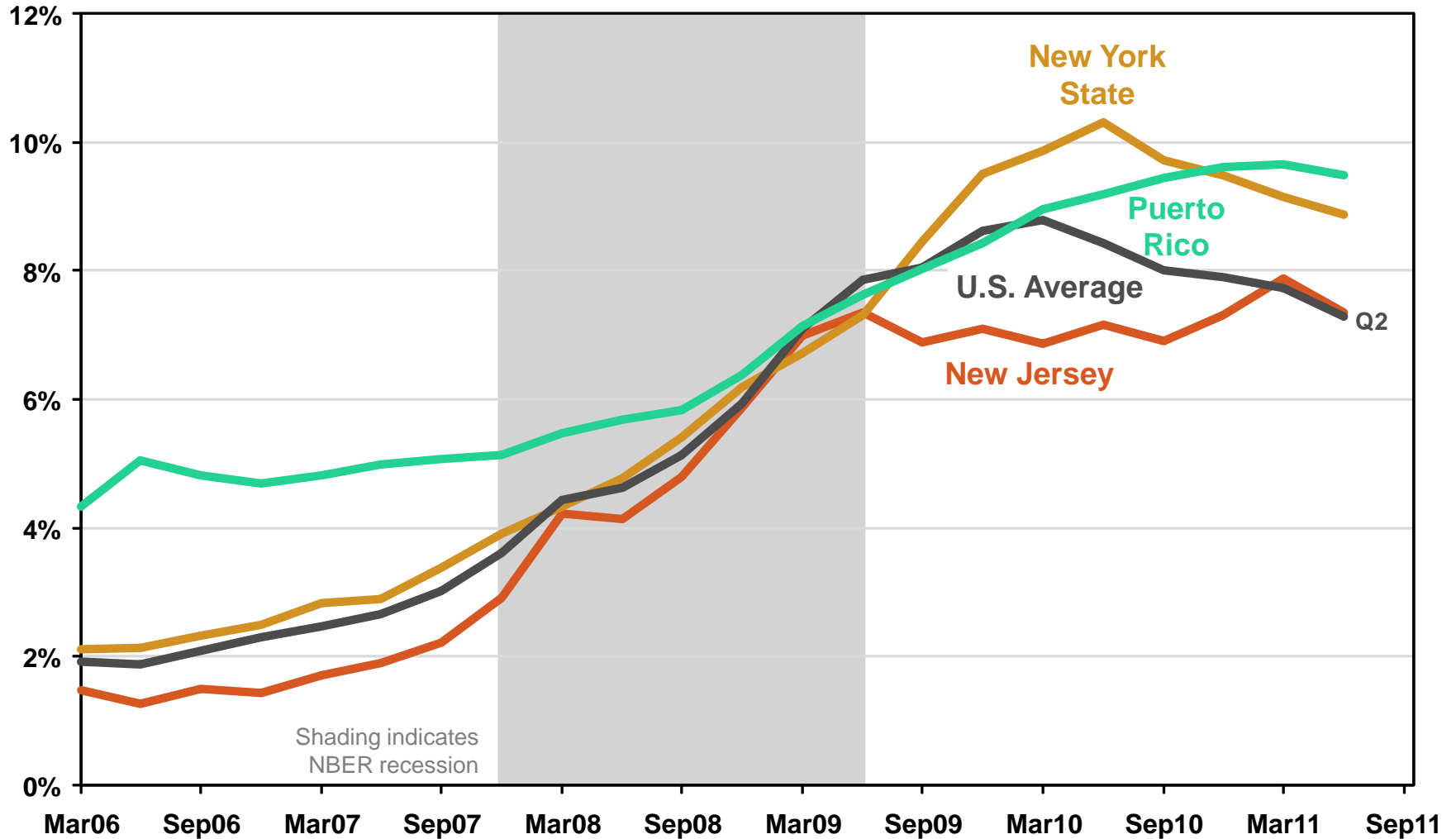


Source: CoreLogic Home Price Index (including distressed sales); Seasonally adjusted by FRBNY staff.

Note: 'NYC Metro' refers to the 'New York-White Plains-Wayne NY-NJ Metro Division.'

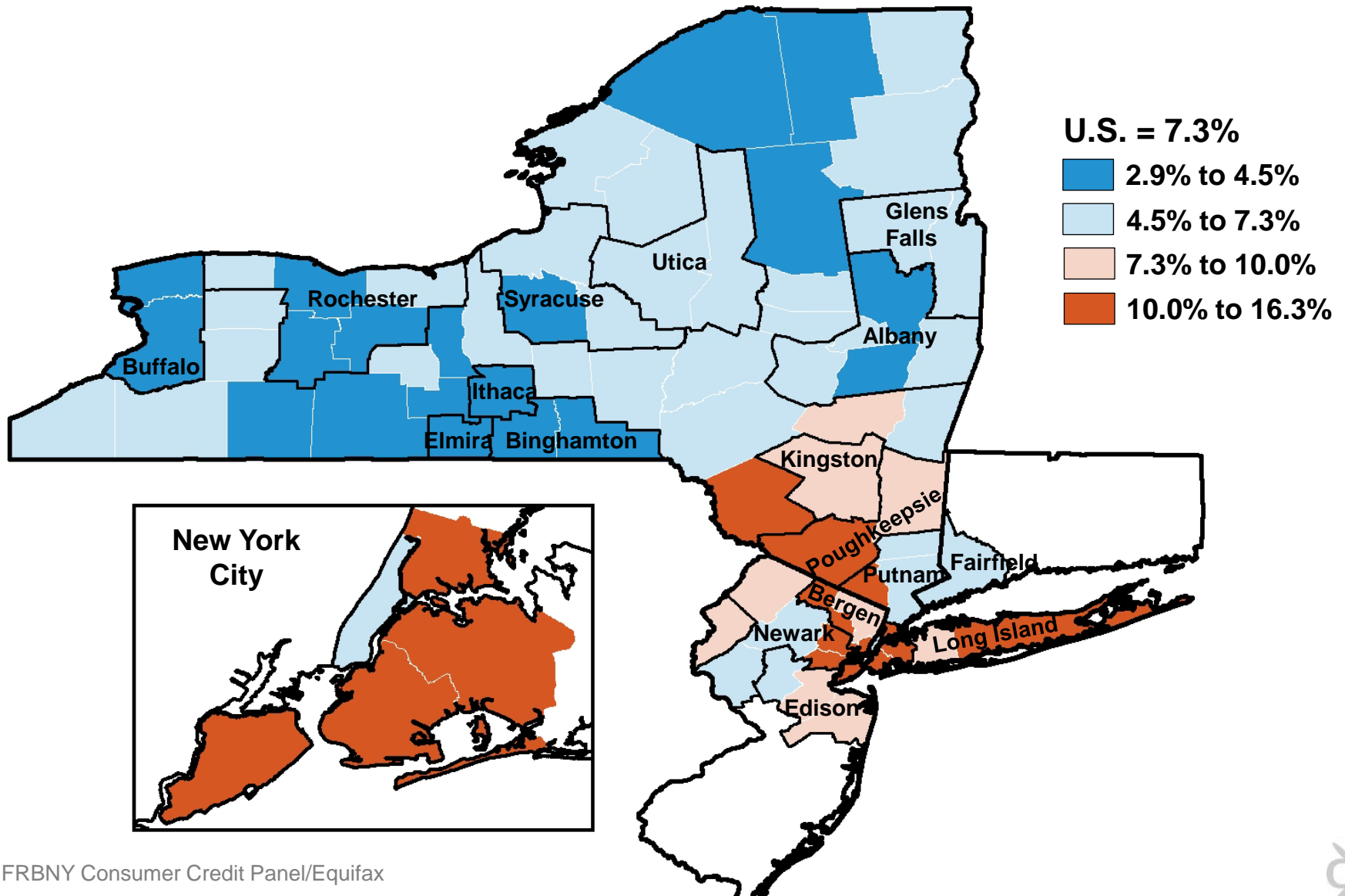
Regional Delinquency Rates

Percent of Total Debt Balance 90+ Days Late



Delinquency Rates Within the Region

Percent of Total Debt Balance 90+ Days Late in Q2-2011



Summary of Regional Conditions

The recovery continued at a slow pace during Q2-2011:

- Economic activity expanded or held steady
- Employment growth, while sluggish, generally outpaced the nation, although the public sector remains weak and unemployment rates remain high
- Regional housing markets appear to be firming, but remain fragile
- Pockets of household financial stress clearly remain, with especially high delinquency rates in and around New York City

Job Creation in the Region

Erica L. Groshen, Vice President

Agenda

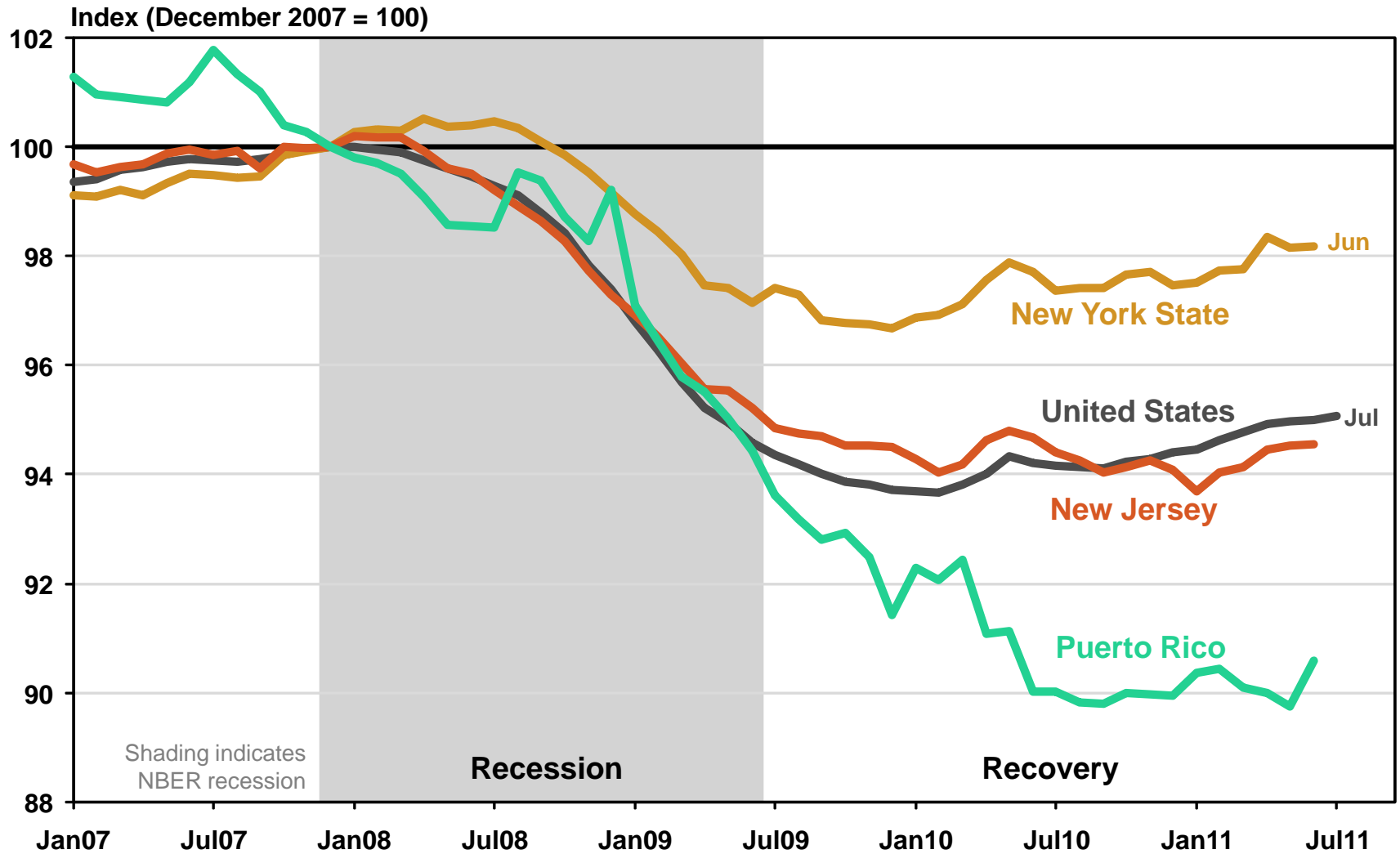
- Churning
 - Despite slow overall growth, some industries expand while others contract
- Jobs created
 - Mix of old jobs and new jobs, by industry
- Old jobs
 - Hiring that restores firms, puts people back to work more easily
- New jobs
 - Hiring that transforms our region, changing the industrial mix
 - May entail skill upgrading

Bottom Line on Job Creation in the Region

- Recent job creation is closely balanced between
 - Industries restoring jobs lost during the recession
 - Industries creating new jobs that transform the economy
- Due to the depth of the recession, both types of job churning are more pronounced than in recent downturns
 - Metro areas' experience varies
- New jobs tend to be in highly educated sectors

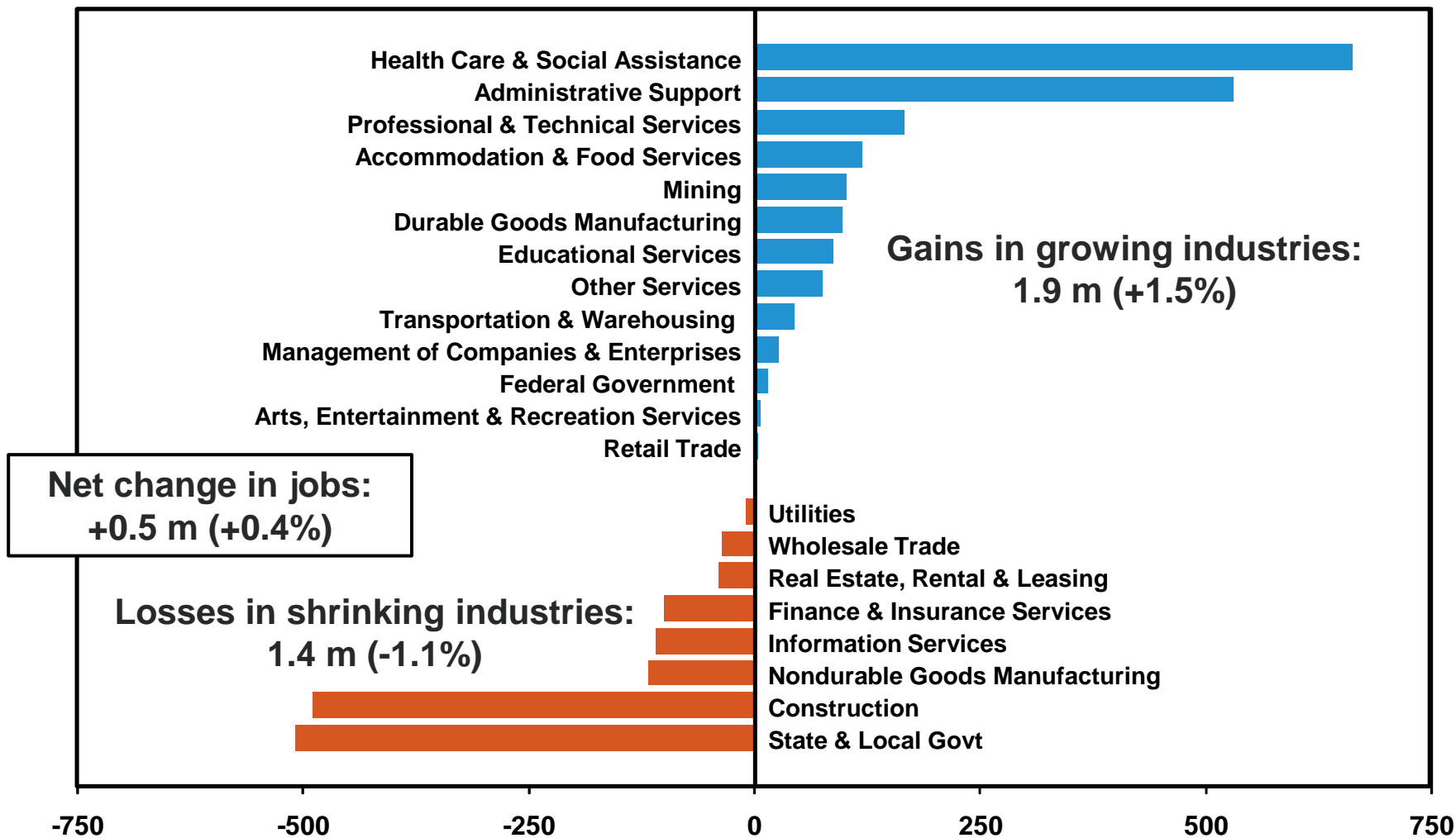
Regional Employment Trends

Seasonally Adjusted



Certain Jobs Are Growing: United States

Employment Change (Thousands), June 2009-June 2011



New Jobs and Old Jobs



Autoworker



Laid off

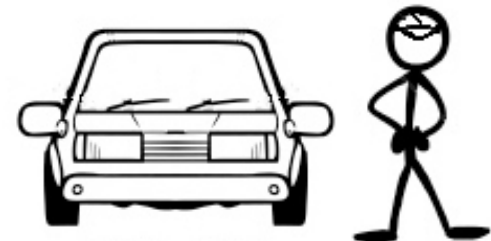
New Job



Medical Technician

Retraining Needed

Old Job



Autoworker

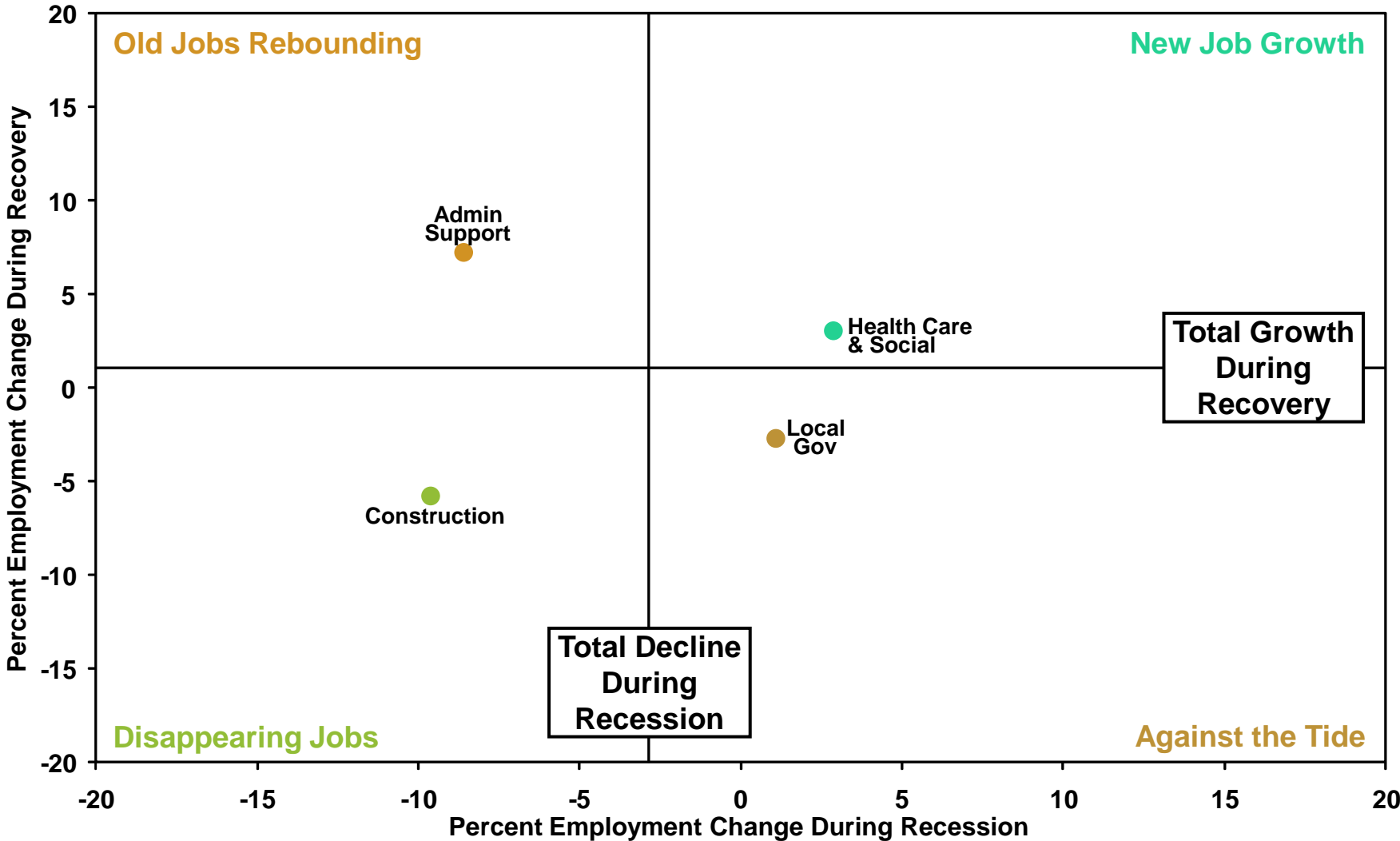
No Retraining Needed

Why Distinguish Between Old and New Jobs

- “Old job” churning reflects activity paused and restored
- “New job” churning transforms an area’s economy
- Compared with restoring old jobs, new job creation offers
 - Challenges
 - Effort to establish positions and hire workers
 - Retraining may be needed
 - Risk and stress for workers, firms, and communities
 - Opportunities
 - Make region more competitive, set stage for more growth
 - Adjust to changing technology, trade and consumption patterns

Churning Among Industries: New York State

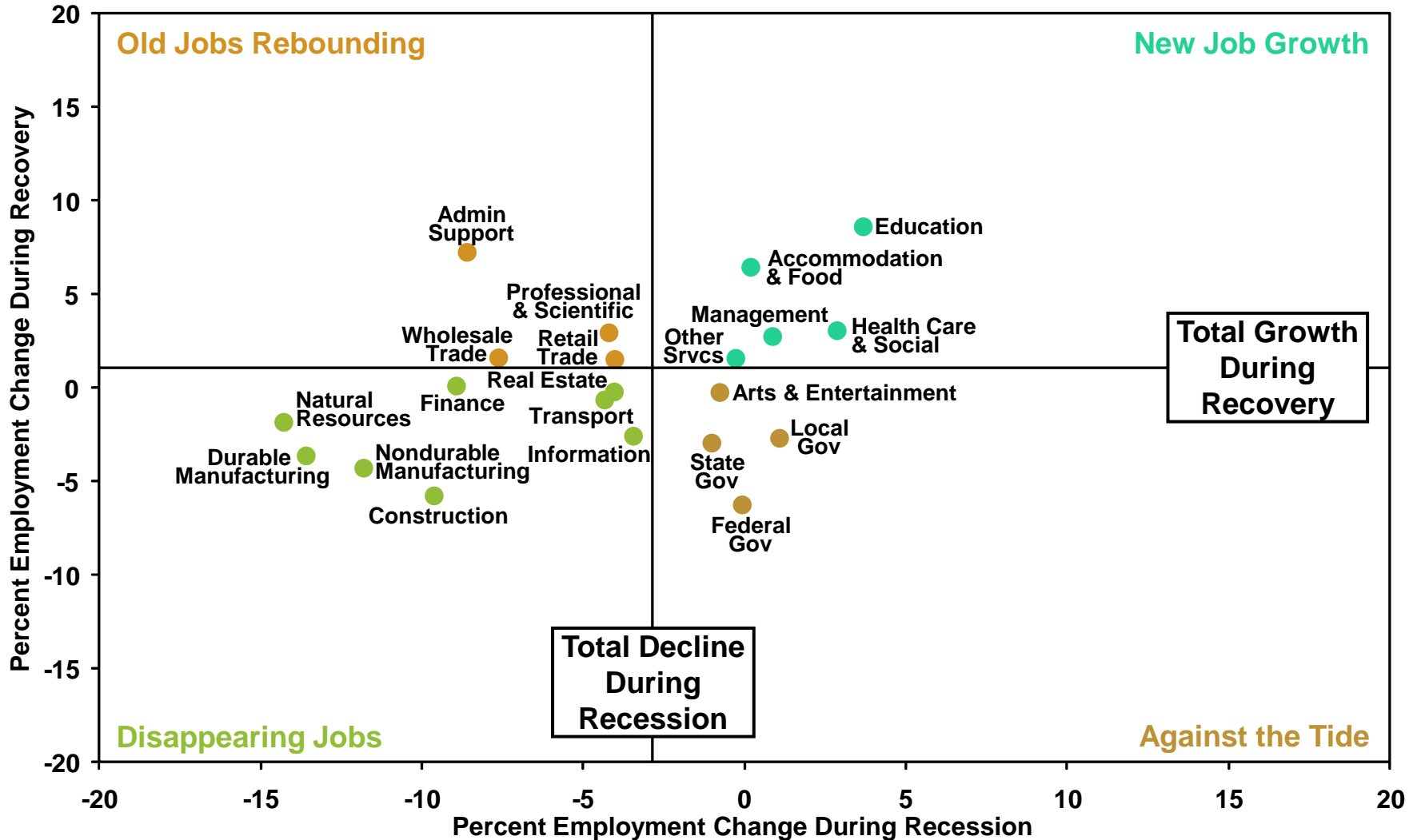
Change During Recession and Recovery to Date



Source: Bureau of Labor Statistics, Haver Analytics, and author's calculations

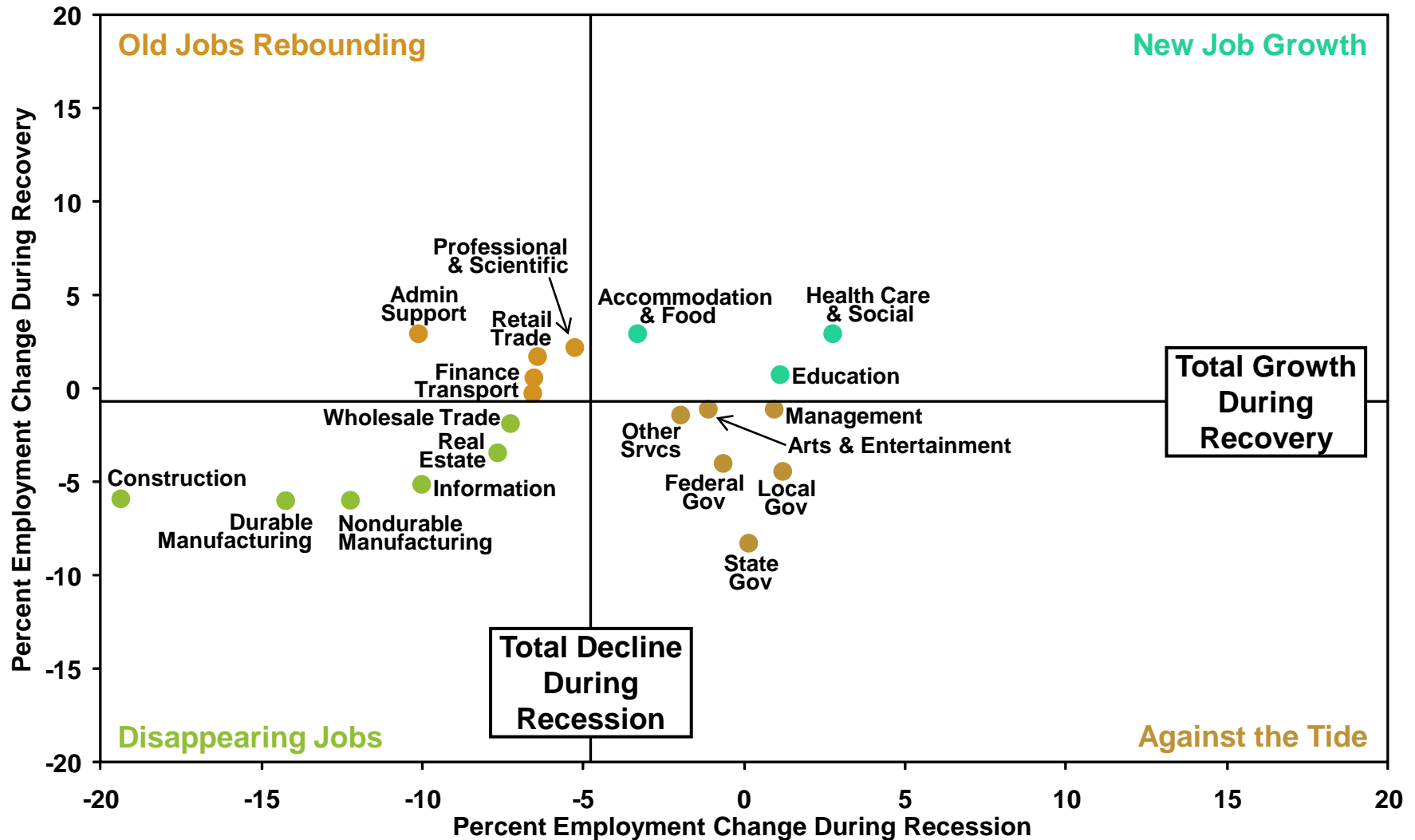
Churning Among Industries: New York State

Change During Recession and Recovery to Date



Churning Among Industries: New Jersey

Change During Recession and Recovery to Date

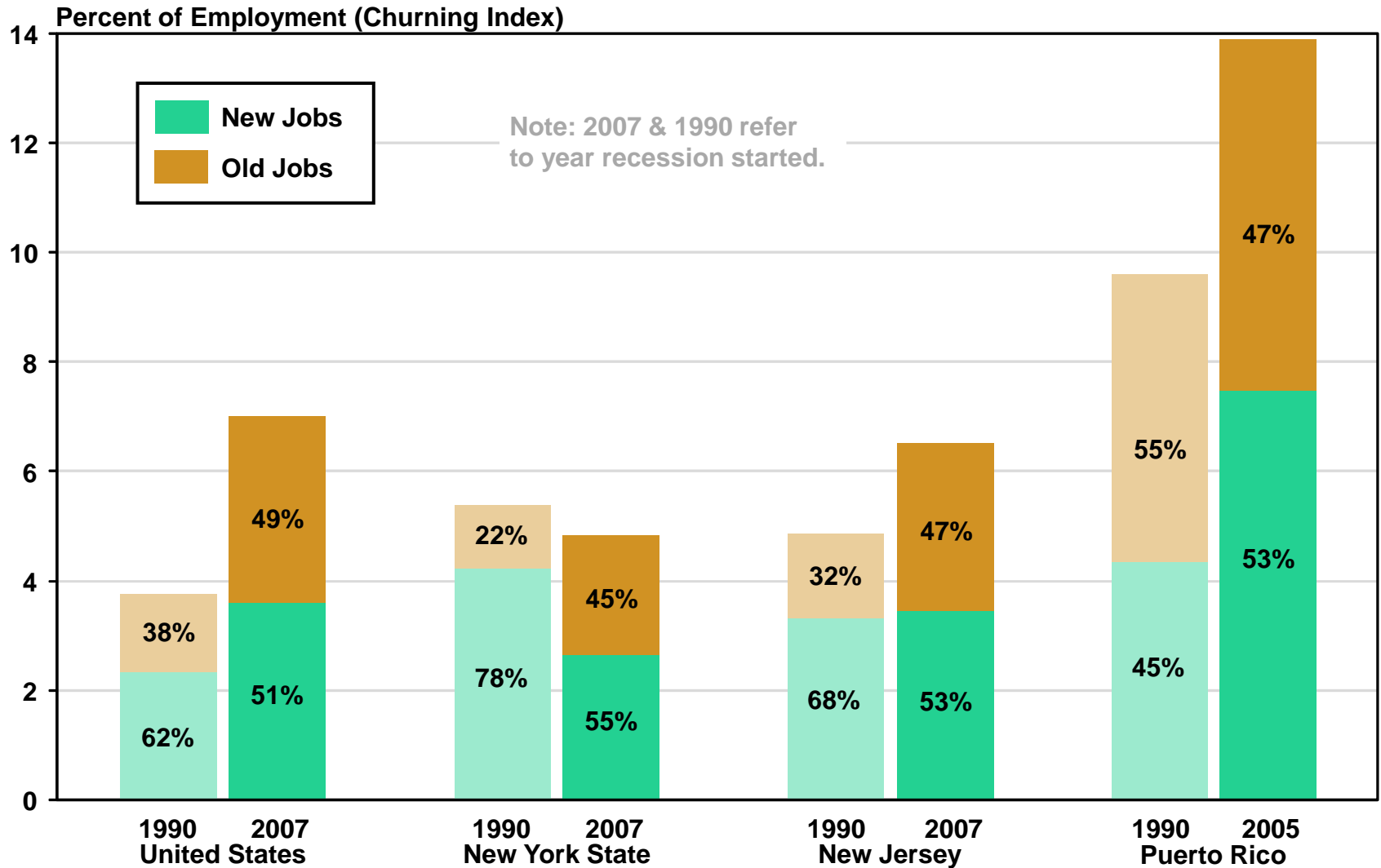


Churning Index Summarizes the Pattern

- Adds up all industry employment changes during recession and recovery
 - Old Job churning index: losses → rebounds
 - New Job churning index: shrinking → growing industries
 - Total churning index: Old Job churning + New Job churning
- Scale = share of total employment affected
 - Rises with depth of recession and/or amount of transformation
 - 0% = no change
 - 20% = turmoil, many jobs move

Old and New Job Churning in the Region

During Recession and Recovery

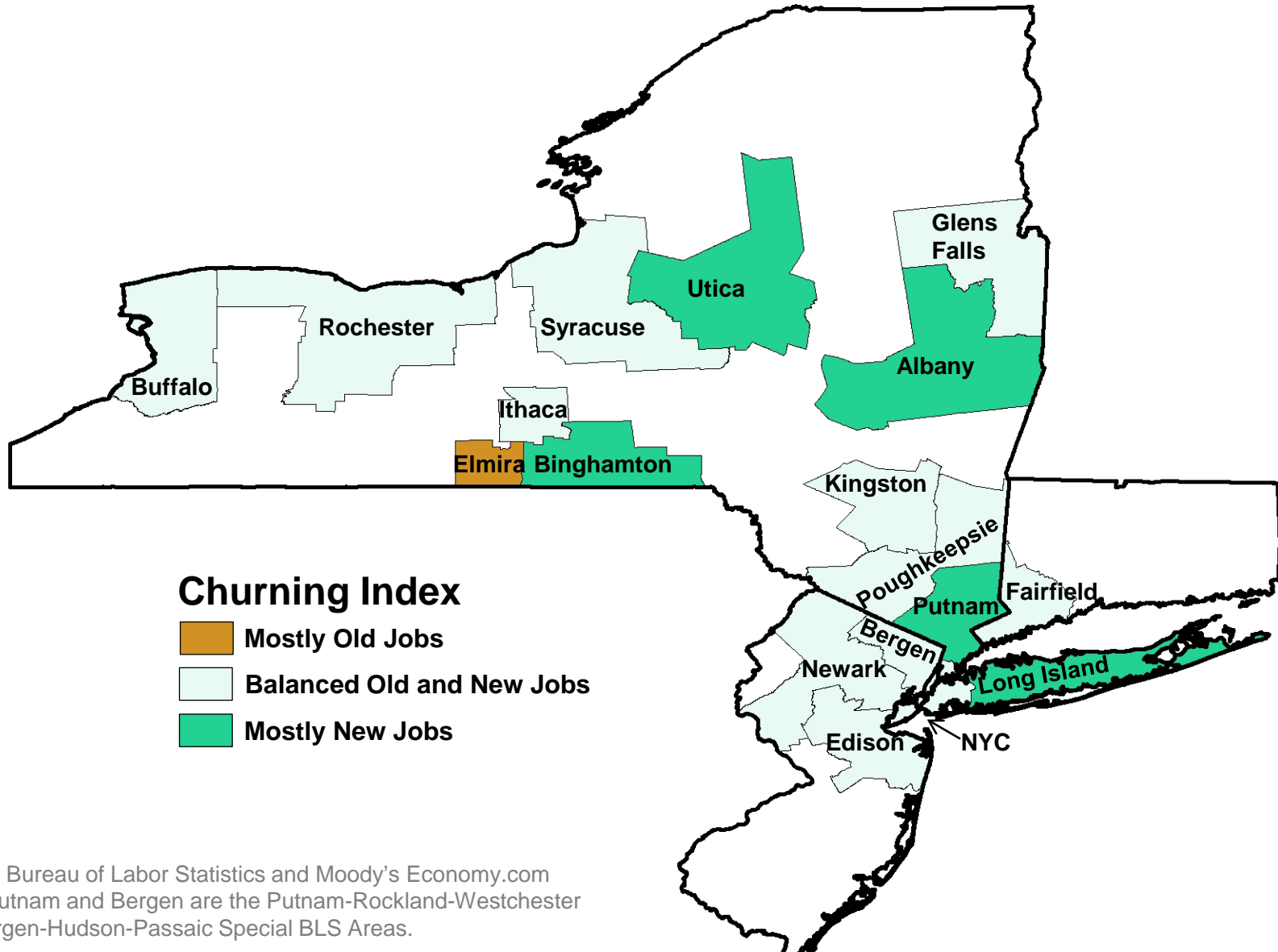


Source: Bureau of Labor Statistics, Haver Analytics, and author's calculations

Note: Puerto Rico data taken from June 2005 to June 2010 (recession) and June 2010 to June 2011 (recovery).

Old Versus New Job Churning

Relative Shares



Source: Bureau of Labor Statistics and Moody's Economy.com
Note: Putnam and Bergen are the Putnam-Rockland-Westchester and Bergen-Hudson-Passaic Special BLS Areas.

Which Types of Jobs Are Being Created and Destroyed?

National Long-Term Trends

- New jobs
 - Use creativity, innovativeness, complex thought, education
 - Require personal contact, ability to communicate
- Disappearing jobs
 - Routine, easily automated
 - Tradable, easily defined and moved

New or Disappearing Jobs

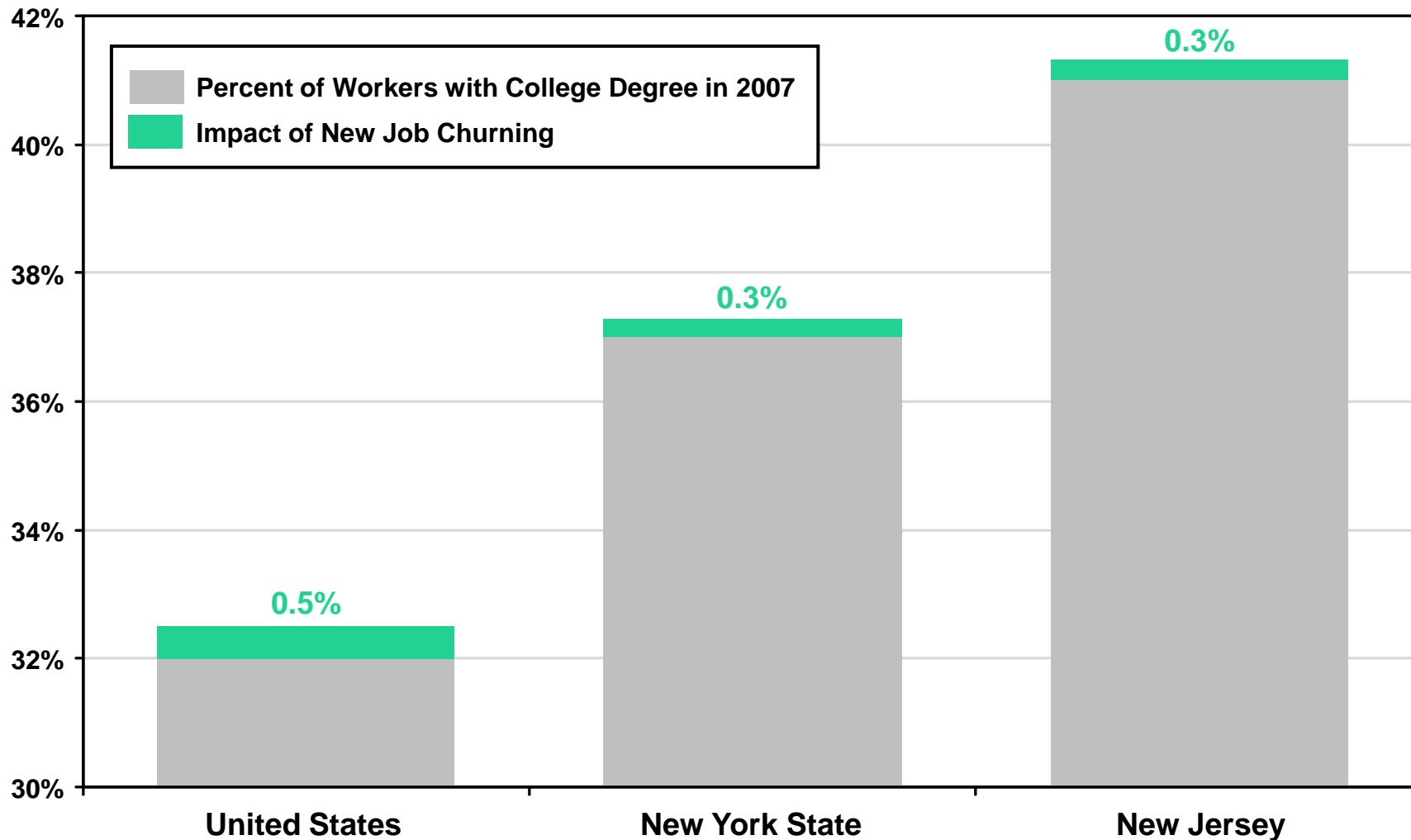
New York and New Jersey

New Job Industries	Percent College Graduates
Health Care & Social Services	High
Education	High
Accommodation & Food Services	Low

Disappearing Jobs	Percent College Graduates
Construction	Low
Manufacturing - Durables	Low
Manufacturing - Nondurable	Low

Evidence of Upskilling from New Jobs

Percent of Workers With College Degree



Summary

- Recovery is far from complete
- To date, job creation has been closely balanced between old and new jobs in the nation and the region
 - Compared to recent downturns, most additional churning from this deep recession is old job (not transformational) churning
 - Regional metro areas vary considerably in experience
- Old jobs put people back to work more easily
- New jobs help transform the region and make it more competitive
 - Some workers may require retraining
 - Recent churning implies upskilling for the region as new jobs tend to be in high-skill sectors



Question & Answer

Appendix

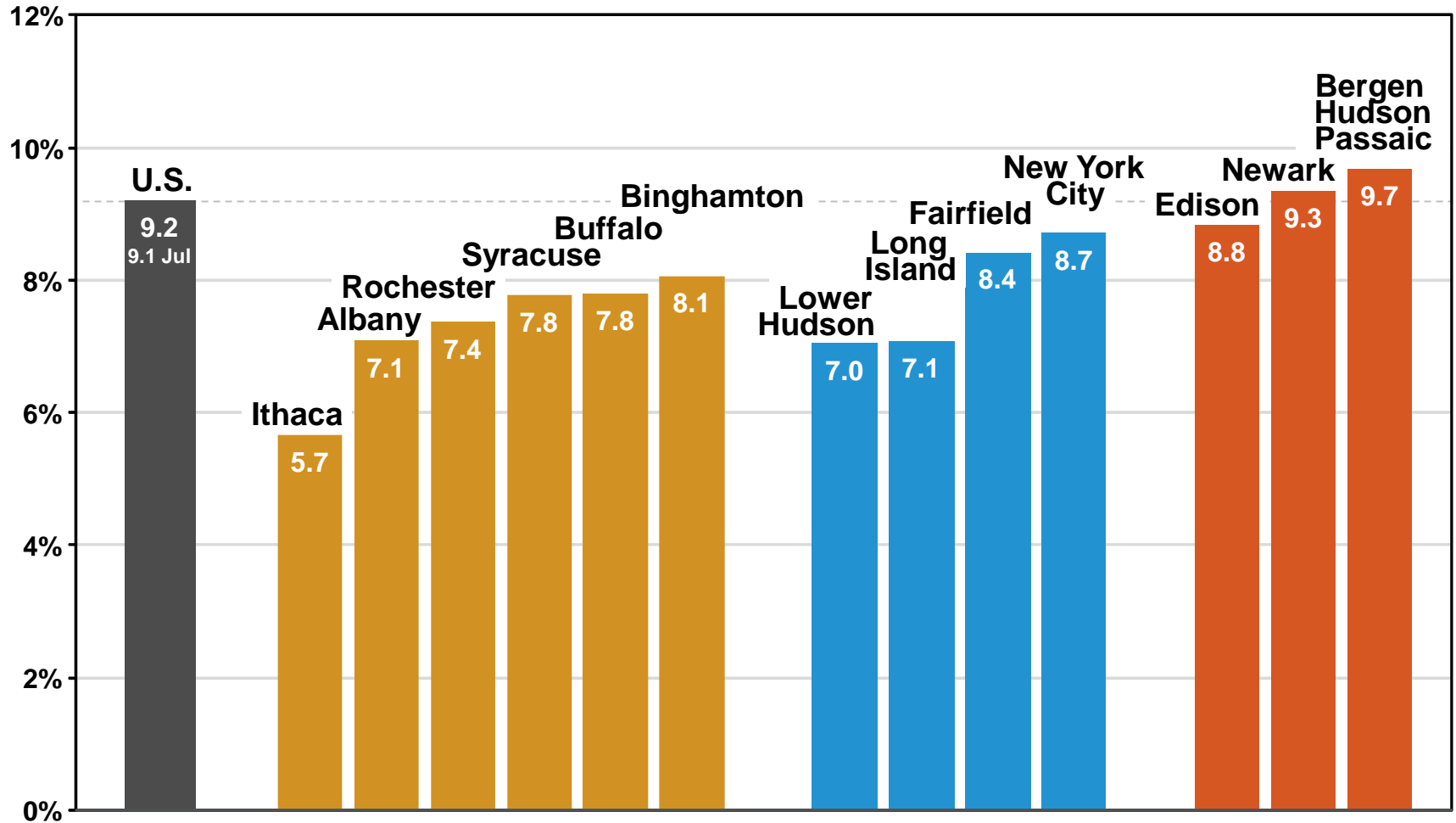
Employment Growth by Sector

Seasonally Adjusted, Percent Change, March to June 2011

	U.S.	New York	New York City	New Jersey	Puerto Rico
Transportation & Utilities	0.7%	1.3%	0.7%	1.3%	5.8%
Professional & Business Services	0.5%	1.3%	1.6%	0.3%	-2.7%
Retail Trade	0.5%	0.5%	-1.2%	1.0%	1.5%
Construction & Mining	0.5%	3.2%	-0.5%	1.5%	-0.7%
Manufacturing	0.4%	0.9%	-2.5%	-1.3%	-2.9%
Wholesale Trade	0.4%	1.6%	1.8%	1.1%	0.1%
Education & Health Services	0.4%	0.3%	0.6%	0.9%	2.7%
Leisure & Hospitality	0.3%	0.0%	0.9%	2.6%	-1.0%
Other Services	0.2%	1.1%	-2.0%	0.6%	-0.1%
Information	0.0%	-0.7%	-2.3%	-1.0%	2.1%
Financial Activities	-0.1%	0.2%	-0.6%	-0.7%	-0.2%
State & Local Government	-0.4%	-0.8%	-1.4%	-0.7%	1.9%
Federal Government	-0.8%	-1.2%	-7.2%	-1.4%	-4.0%

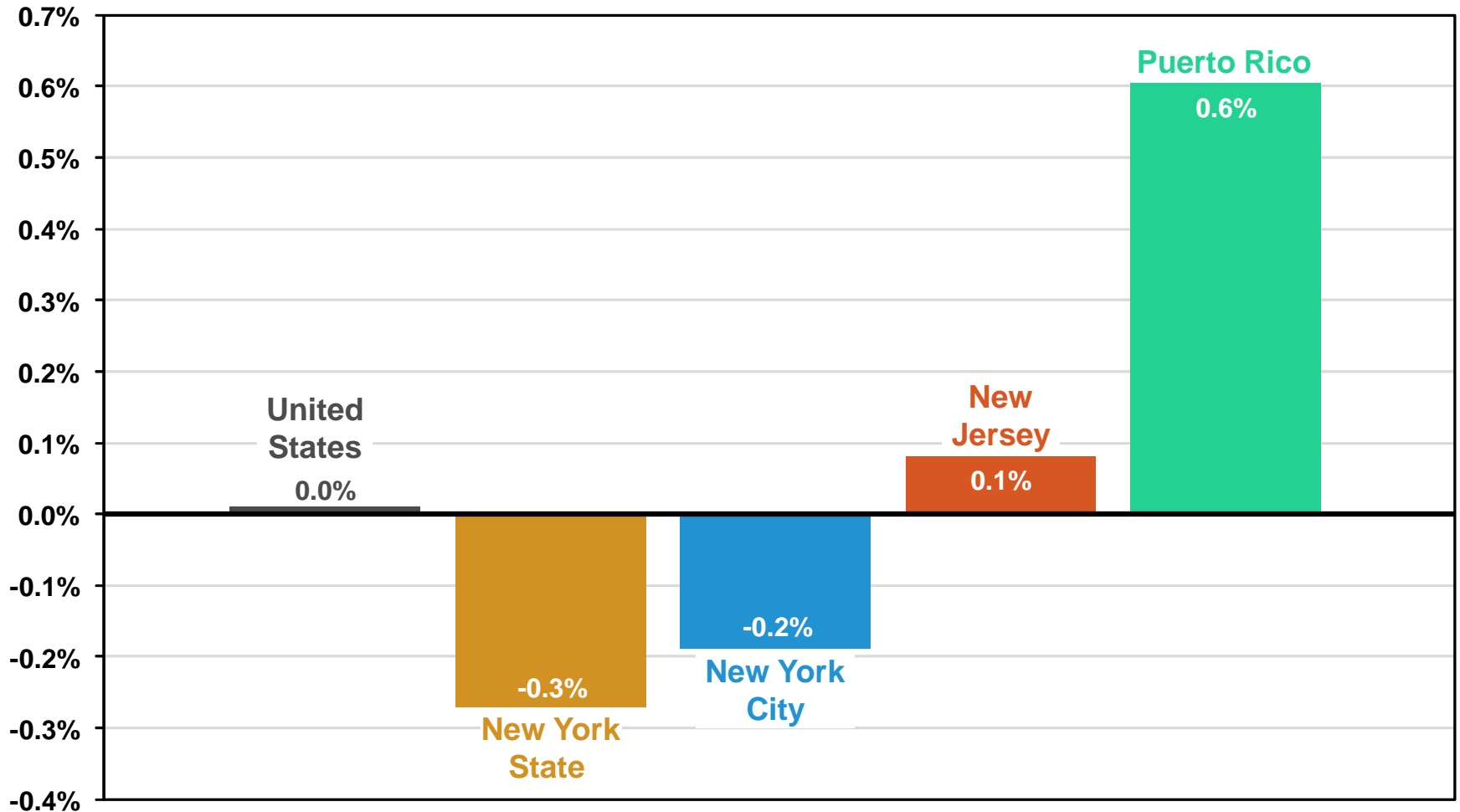
Unemployment Rates Within the Region

Seasonally Adjusted, June 2011



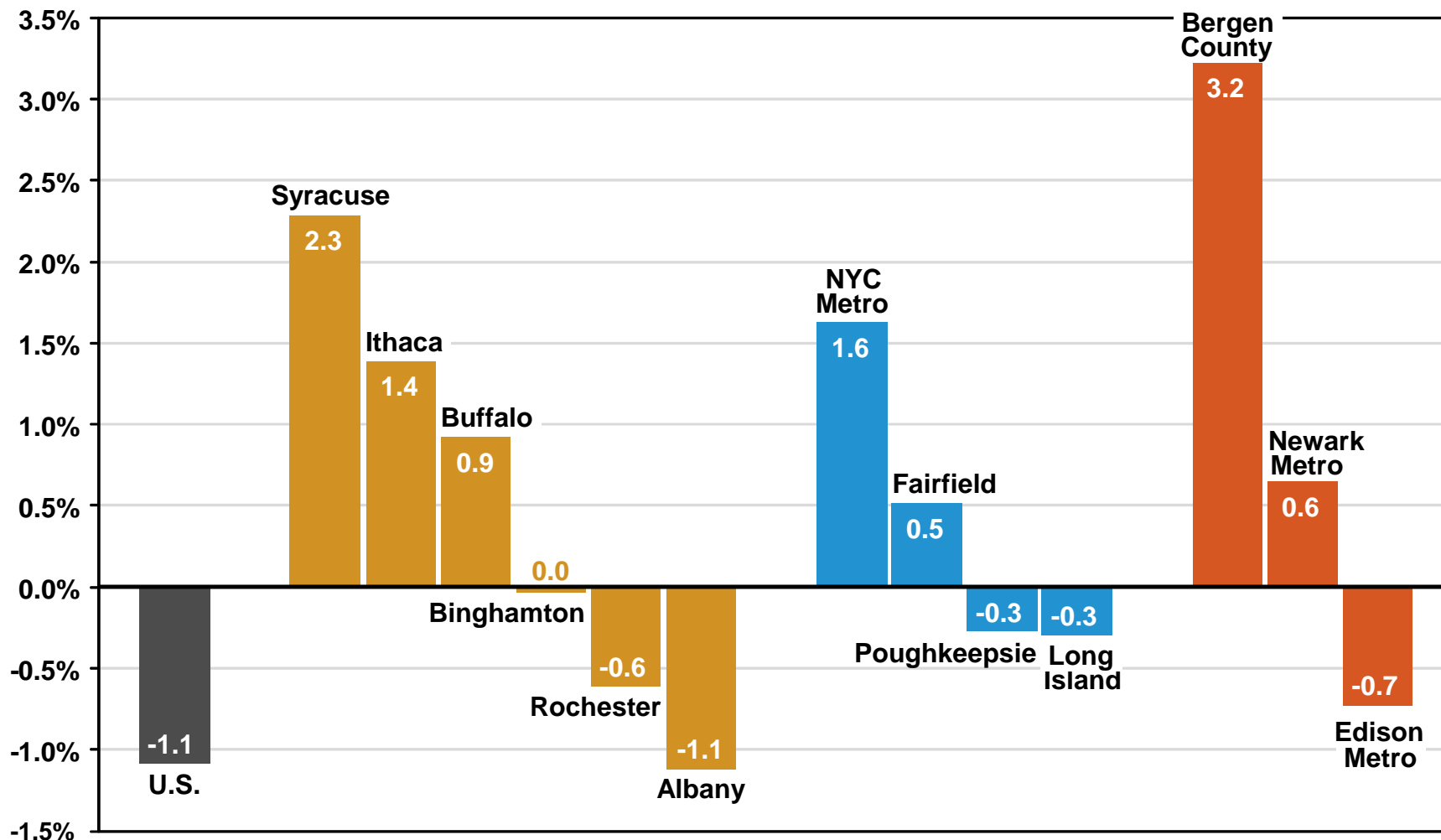
Labor Force

Seasonally Adjusted, Percent Change, March to June 2011



Home Prices Within the Region

CoreLogic Home Price Index, Seasonally Adjusted, March to June 2011

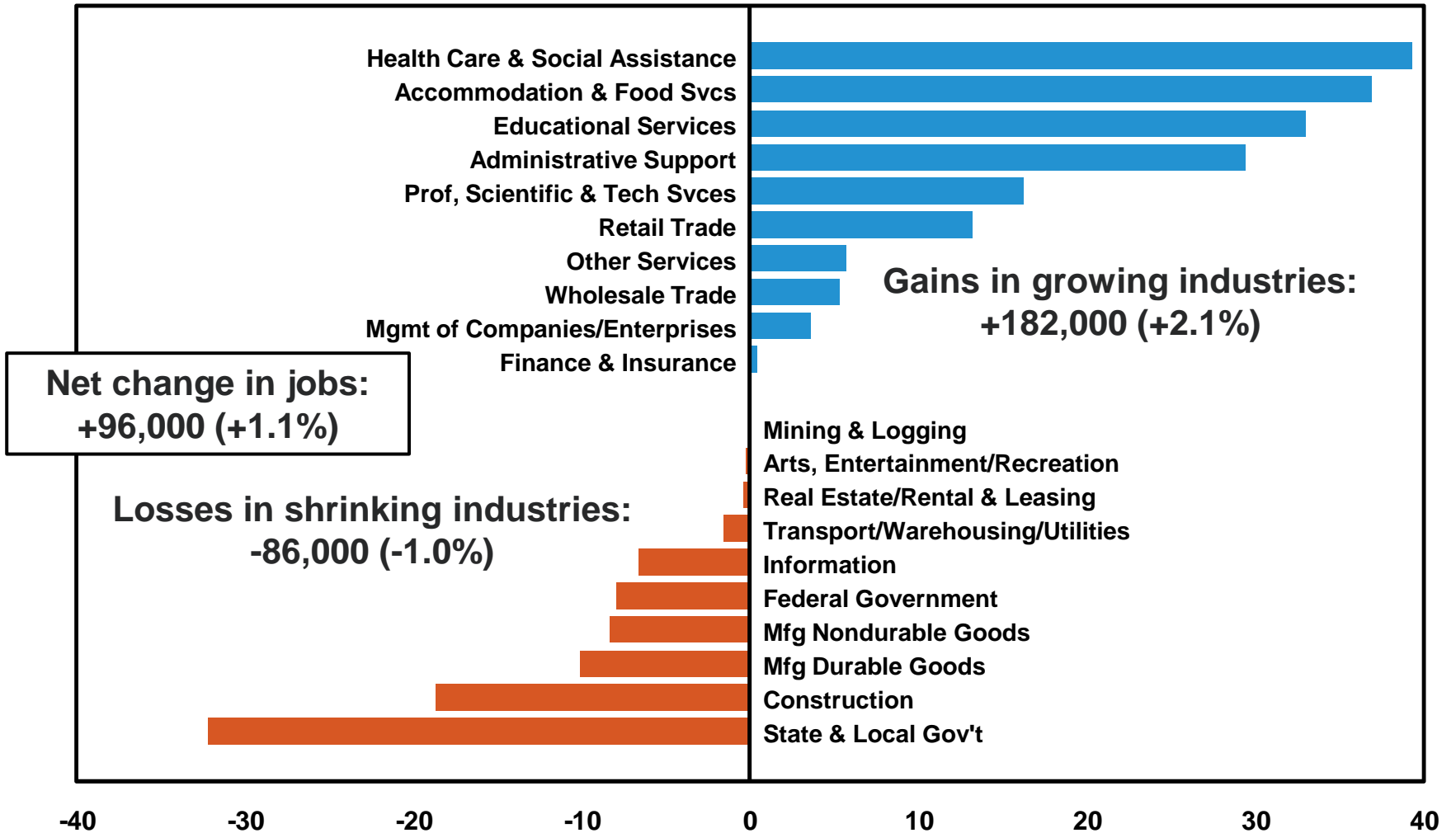


Source: CoreLogic Home Price Index (including distressed sales); Seasonally adjusted by FRBNY staff.

Note: 'NYC Metro' refers to the 'New York-White Plains-Wayne NY-NJ Metro Division,' 'Newark Metro' refers to the 'Newark-Union NJ-PA Metro Division, and 'Edison Metro' refers to the Edison-New Brunswick NJ Metro Division.'

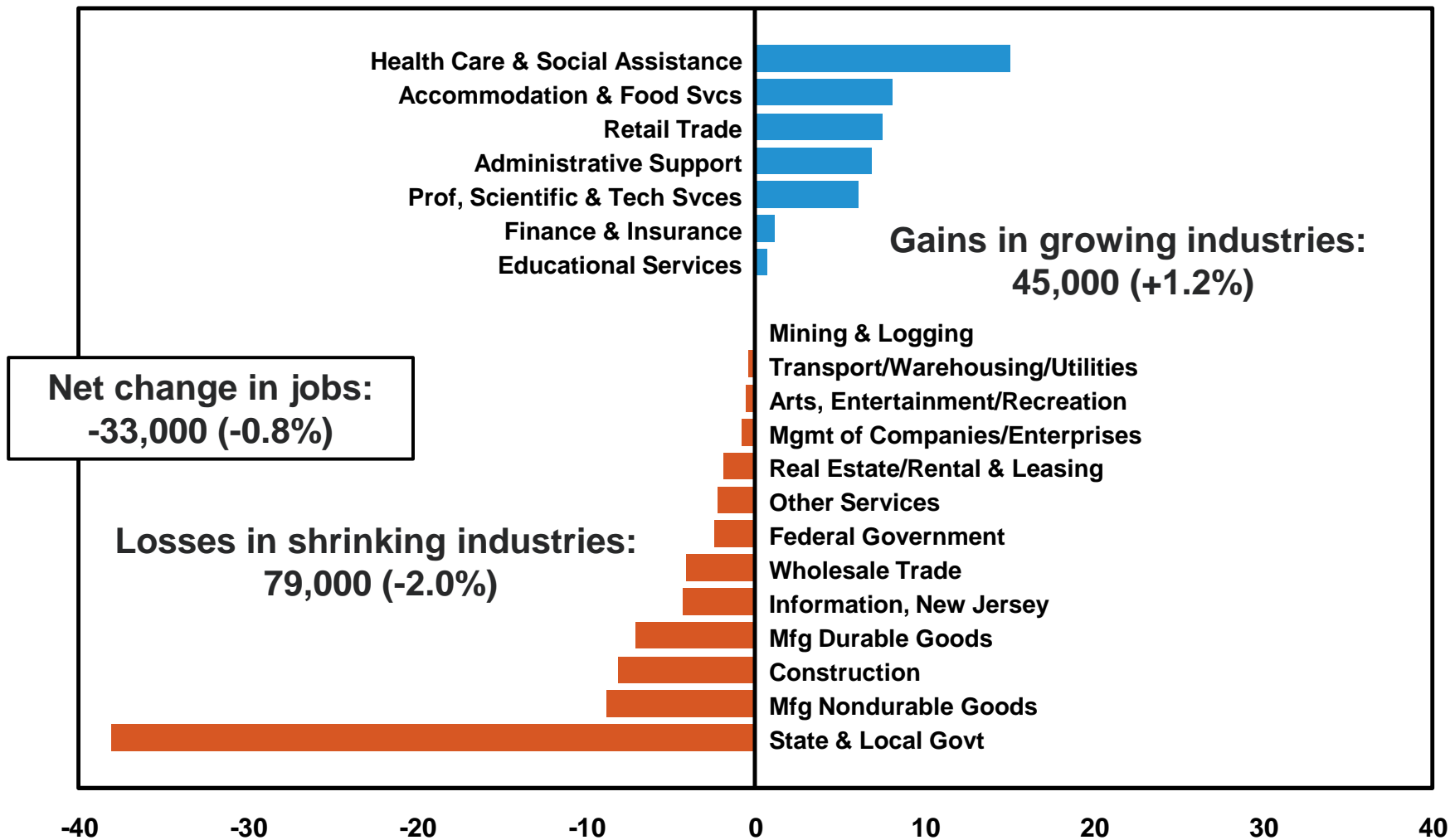
Certain Jobs Are Growing: New York

Employment Change (Thousands), June 2009-June 2011



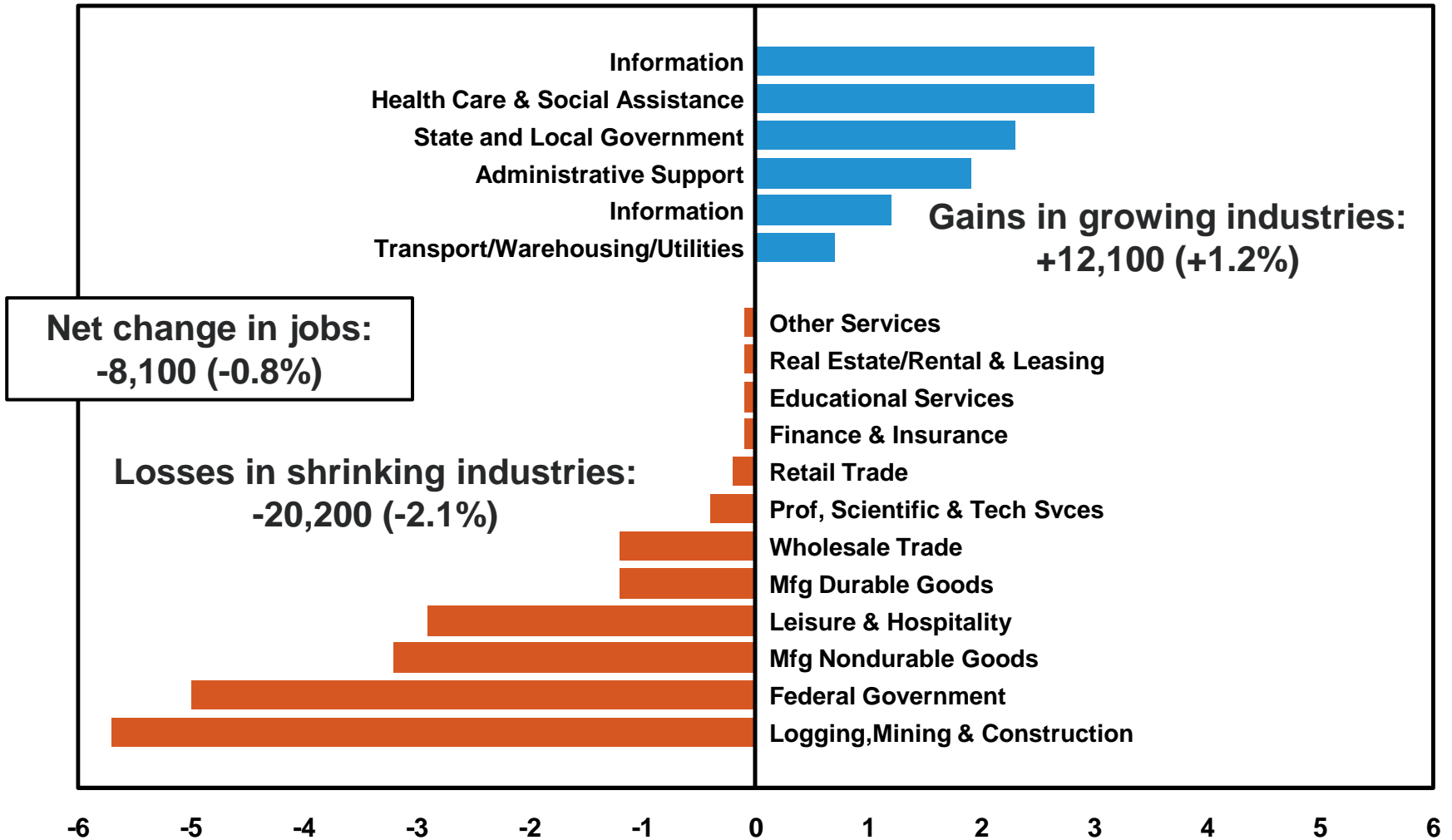
Certain Jobs Are Growing: New Jersey

Employment Change (Thousands), June 2009-June 2011



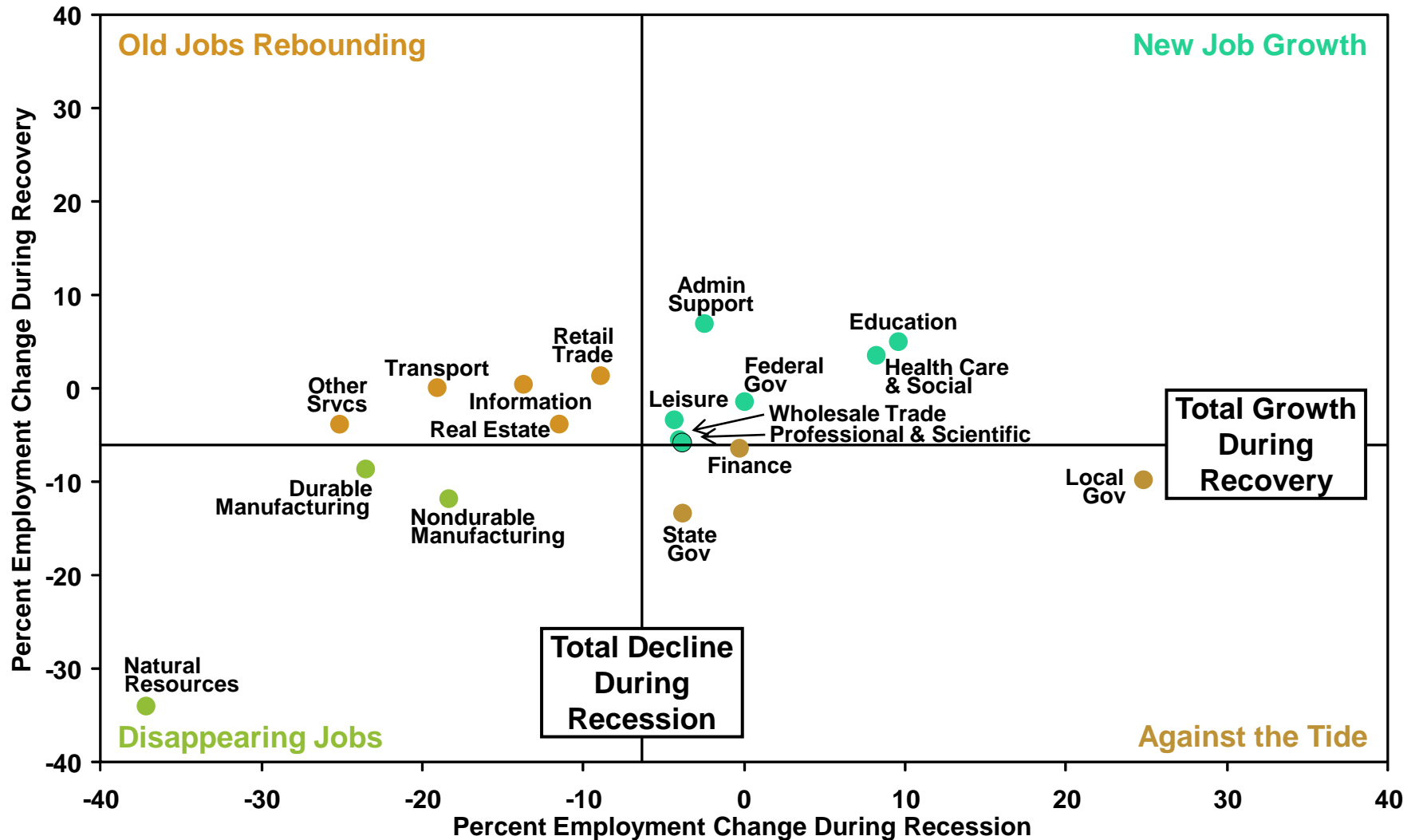
Certain Jobs Are Growing: Puerto Rico

Employment Change (Thousands), June 2010-June 2011



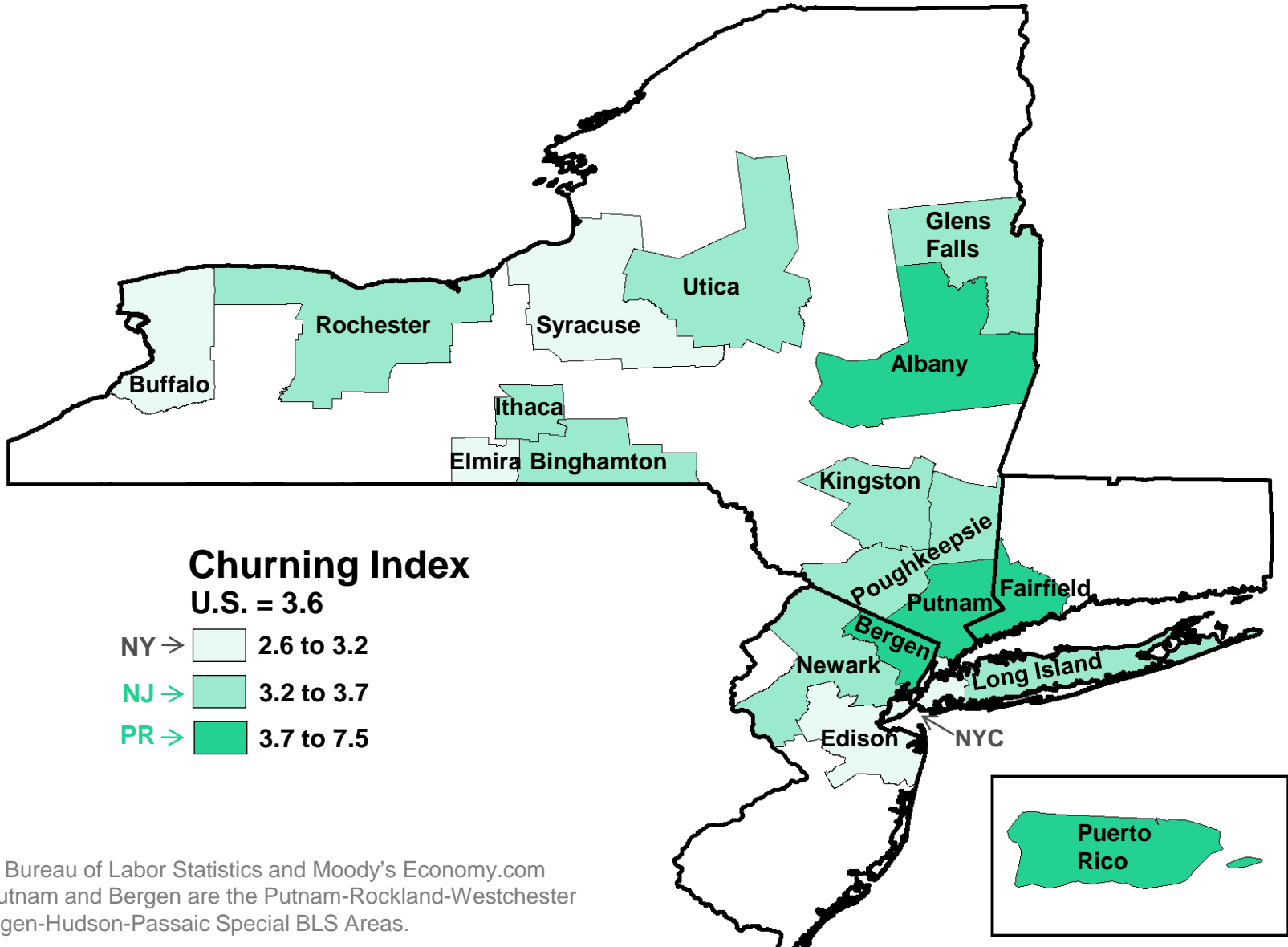
Churning Among Industries: Puerto Rico

June 2005 to June 2009 (Recession) and 24-Month Recovery



“New Job” Churning

From Shrinking Industries to Growing Industries



Churning Index

U.S. = 3.6

NY → 2.6 to 3.2

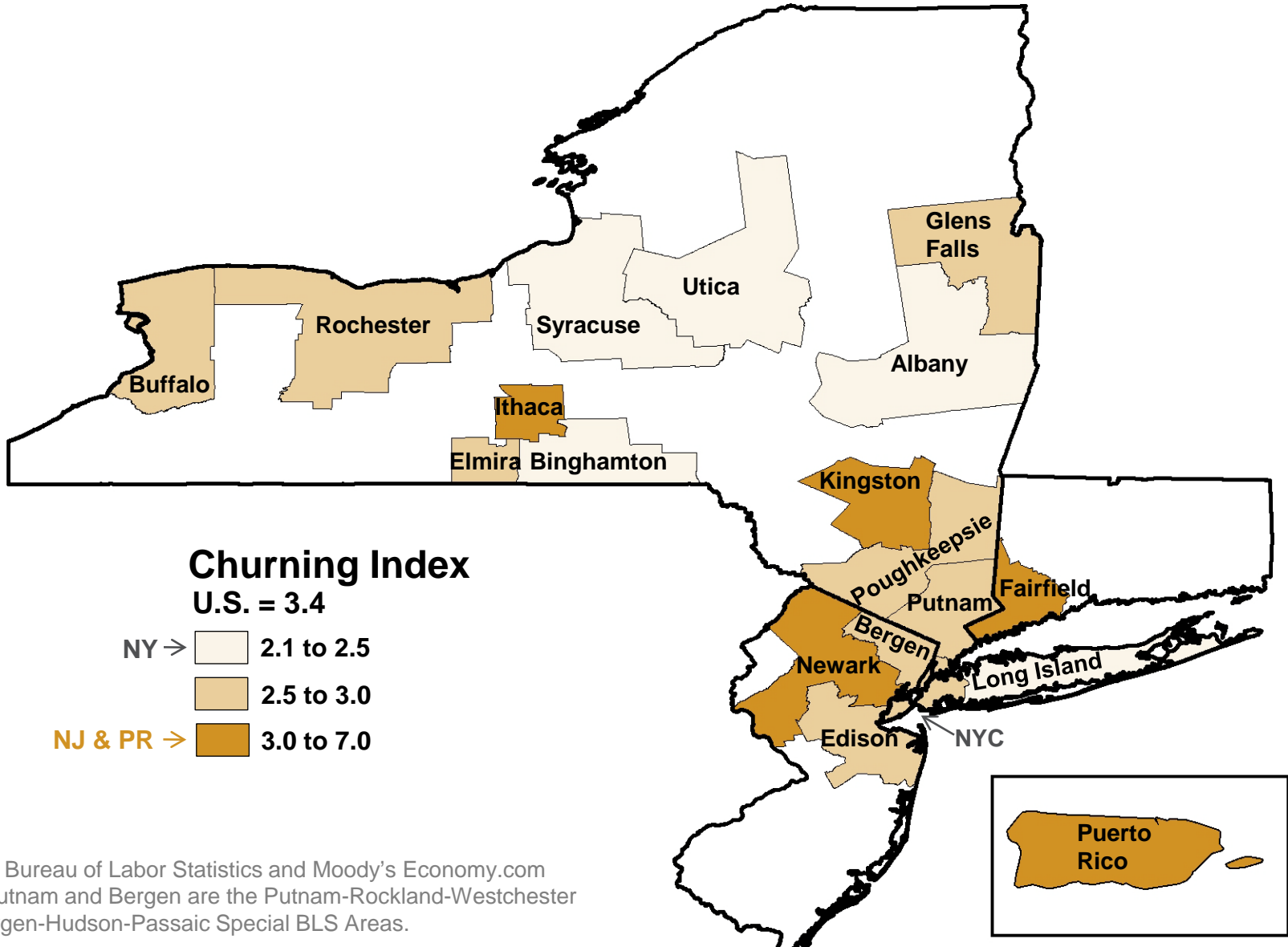
NJ → 3.2 to 3.7

PR → 3.7 to 7.5

Source: Bureau of Labor Statistics and Moody's Economy.com
Note: Putnam and Bergen are the Putnam-Rockland-Westchester and Bergen-Hudson-Passaic Special BLS Areas.

“Old Job” Churning

Lost During Recession, Then Regained During Recovery or Vice Versa



Churning Index

U.S. = 3.4

NY → 2.1 to 2.5

2.5 to 3.0

NJ & PR → 3.0 to 7.0

Source: Bureau of Labor Statistics and Moody's Economy.com
Note: Putnam and Bergen are the Putnam-Rockland-Westchester and Bergen-Hudson-Passaic Special BLS Areas.

Old and New Job Churning in Regional Metros

During Recession and Recovery

