Volume 14, Number 7 ⤳ September/October 2008
FEDERAL RESERVE BANK OF NEW YORK

Current Issues

IN ECONOMICS AND FINANCE

Second District Highlights

Employment in the New York–New Jersey Region: 2008 Review and Outlook

Jason Bram, James Orr, and Rae Rosen

The 2007 slowing in job growth in the New York–New Jersey region continued through August 2008. A projected weakening in the national economy through the end of 2008 combined with the market turmoil affecting New York City's finance sector suggests that the region will post substantially smaller job gains this year than it did in 2007. Beyond 2008, continued financial stress could lead to an even sharper and more protracted contraction in the city's finance sector, potentially spreading to other sectors of the region's economy.

Economic activity in New York and New Jersey began to slow in the second half of 2007 and further weakened through the summer of 2008. Our composite measures of economic performance show that starting in March of this year, overall activity in the region declined, although activity in New York City merely decelerated. Job growth in the region also slowed in 2007, and the deceleration continued through August 2008. Within the region, employment in New Jersey was relatively flat through most of 2007, and it fell modestly in the first eight months of 2008; job counts in New York City and New York State leveled off in early 2008 and as of August were little changed.

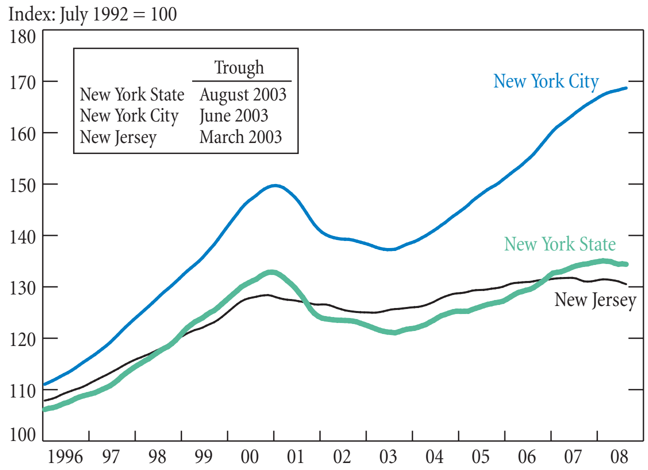
Through the end of 2008, employment trends in the New York–New Jersey region will depend on several factors. First, job trends are expected to be depressed by the continued slowing in the growth of real, or inflation-adjusted, GDP at the national level as projected by the Blue Chip Consensus forecast.[1] The slowing in U.S. economic activity can be expected to have a broad impact on the region. Second, the course of employment in New York City, and particularly in the finance sector, will be determined largely by the depth and duration of the fallout from the ongoing turmoil in the financial markets.[2] The turmoil began in the summer of 2007 with sharp increases in mortgage delinquencies and foreclosures that depressed the market for financial instruments tied to housing and mortgages. The uncertainty created by home price declines and financial market stress has created a great deal of risk for the regional and especially the New York City economy. Other important factors influencing employment include the degree of slack in the markets for housing and office space and trends in key local industries other than finance in the New York City area and upstate New York.

[1] The forecast is published monthly in *Blue Chip Economic Indicators*.

[2] The finance sector, or, more formally, the financial activities sector, includes establishments engaged in a variety of financial activities, including commercial banks, securities and commodities brokers and traders, clearinghouses, and the central bank. The securities industry is a subset of this broader financial activities sector that comprises only the securities and commodities brokerage and trading establishments.

This edition of *Second District Highlights* reviews regional trends in economic activity—and specifically employment—in 2007 and the first eight months of 2008. Our discussion focuses on New York State, New York City, and New Jersey, but it also considers job trends in selected upstate metropolitan areas. We highlight major influences on the region's employment growth in 2008, emphasizing the importance of the finance sector to the New York City economy. Our assessment of the magnitude and timing of potential job losses in finance is informed by the city's experience with employment and income declines during previous finance sector downturns. While the region will almost certainly add significantly fewer jobs in 2008 than in 2007, we present no specific point estimates for job growth; rather, we rely on the city's past experience to suggest possible future paths for employment.[3] We also consider risks to employment and income growth in the city.

Chart 1
Indexes of Coincident Economic Indicators



Source: Federal Reserve Bank of New York staff calculations.

Recent Economic Performance in the New York–New Jersey Region

To measure economic activity in the region, we use the Federal Reserve Bank of New York's indexes of coincident economic indicators (CEI), reported monthly and constructed separately for New York State, New York City, and New Jersey.[4] Each index is a single composite measure calculated from four variables: payroll employment, the unemployment rate, average weekly hours worked in the manufacturing sector, and real wage and salary earnings. The indexes show that the expansion of activity that had taken hold in the region in 2003 continued through the end of 2007, but only New York City appeared to have maintained any upward momentum into 2008.

In New York State, the CEI expanded 3.2 percent in 2007, up from 2.7 percent in 2006, and for the first time the level of economic activity surpassed the peak reached in 2001 (Chart 1). Readings through the first eight months of 2008, however, show that activity in the state began to decline in March and, by August, was at the same level as a year earlier.

Within the state, economic activity continued to expand in New York City through the summer of 2008, although at a more modest pace than in the preceding four years. As of August 2008, the readings show growth in activity slowing to 2.5 percent on a year-over-year basis, though the city's CEI was almost 12 percent above its peak during the previous expansion. The strength of the city's economy in 2007 and through the first eight months of the year compared with that of the statewide economy implies little or no growth upstate as well as in New York City's suburbs.

In New Jersey, the modest downturn in activity in the second half of 2007, which followed a slowing in growth in 2006, continued into 2008. The CEI revealed outright declines in activity from July to October 2007 and from March to August 2008, at which point the index was down 0.6 percent from its level a year earlier.

Recent Employment Trends in the Region

New York State

Buoyed by New York City's performance, job growth in the state exceeded the national average through August 2008. Employment trends in other downstate areas initially lagged those in New York City: In 2006 and 2007, job growth in Long Island and in the Lower Hudson Valley was approximately 1 percentage point lower than growth in the city; in the first eight months of 2008, however, it roughly equaled the city's growth. Employment upstate remained generally sluggish, with the industrial composition of employment continuing to shift to a more service-oriented economy. (The box summarizes employment conditions in selected upstate New York metro areas.)

In New York State, private sector employment expanded at a 1.2 percent pace from 2005 to 2006 and accelerated to 1.5 percent in calendar-year 2007. However, growth slowed to just 0.4 percent by August 2008 on a year-over-year basis, in conjunction with the nationwide slowing in job growth

[3] Total employment throughout the region is almost certain to be lower in December 2008 than it was at the end of 2007; however, on an annual average basis, employment is still expected to be higher in 2008 than in 2007.

[4] See Orr, Rich, and Rosen (1999) for details on the construction of the indexes; the complete historical series is available at <http://www.newyorkfed.org/research/regional_economy/index.html>.

Upstate New York Employment Trends

- The **Albany** metropolitan area experienced virtually no job growth in 2007 and the first eight months of 2008. The weakest sectors were manufacturing and especially financial activities, where employment fell roughly 3 percent in 2007 and is on track for a similar decline in 2008. However, this weakness was largely offset by continued job gains in education and health services as well as in professional and business services. Employment in state government has continued to expand moderately.

- Employment in metropolitan **Binghamton** expanded modestly but steadily in 2007 and early 2008 but turned down slightly over the summer. Much of the recent weakening reflects a sharp slowdown in job growth in construction. Leisure and hospitality and education and health services registered modest gains. However, moderate job losses have also occurred in manufacturing, financial services, transportation, warehousing, and utilities.

- **Buffalo** area employment, which had been little changed from 2006 to 2007, remained essentially flat in the first eight months of 2008. Construction employment has fallen sharply thus far in 2008 and manufacturing employment has continued to decline at an annual rate of roughly 3 percent. Jobs in financial activities, transportation, and utilities, however, expanded in the first eight months of 2008.

- Employment in the **Glens Falls** metro area, which had been flat during 2007, picked up in early 2008 but weakened noticeably into the summer months. Employment has leveled off in construction and leisure and hospitality, while it has turned down in professional and business services, trade, transportation, and utilities.

- Metropolitan **Ithaca** saw moderate job gains in 2007 but employment flattened in the first eight months of 2008. Job increases in education services, a key local sector, offset declines in a variety of other service sectors and in manufacturing.

- The **Rochester** area's labor market showed signs of cooling in late 2007 and into the first eight months of 2008, with private sector employment falling below prior-year levels, led by ongoing steep losses in manufacturing. Employment was also depressed by declines in financial activities, professional and business services, and leisure and hospitality. Continued job gains in education and health services, however, offset some of this decline.

- The **Syracuse** area registered moderate job growth in 2007, but employment leveled off into the summer of 2008. So far this year, there have been modest gains in construction, professional and business services, education and health services, and leisure and hospitality; job losses in manufacturing were fairly modest, placing less of a drag on growth than in other metro areas.

- Metropolitan **Utica-Rome's** labor market remained sluggish. Private sector employment was virtually flat in 2007 and was down moderately in the first eight months of 2008. Fairly steep job losses in financial activities and manufacturing more than offset gains in education and health services.

(Chart 2). The strongest growth sectors in 2007 were education and health services, construction, and business and professional services, although the latter two sectors saw a significant deceleration through August 2008. In the education and health services sector, job growth statewide exceeded expansion in the city. Information sector employment, which includes new media and motion pictures in New York City, picked up markedly in 2008 after declining in 2006 and 2007.

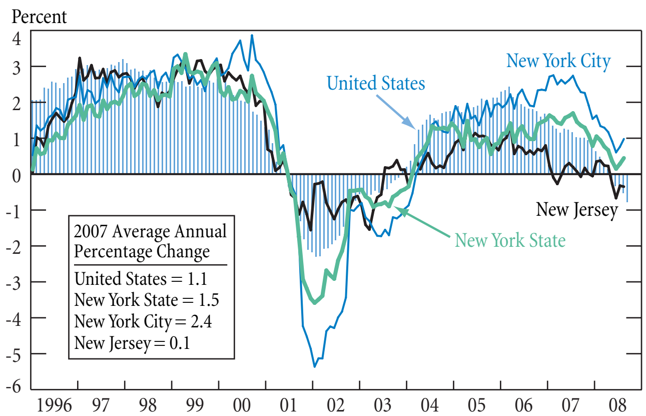
New York City

In 2006 and 2007, the city's job growth rate exceeded the national average—a rare occurrence in the past half-century. Private sector employment expanded 2.1 percent from 2005 to 2006 and a robust 2.4 percent from 2006 to 2007, although the pace tapered off toward the end of the year. While the year-over-year job growth rate continued to slow through the summer of 2008, it was still more than 1 percentage point above the national average in August.

Chart 2

Private Sector Job Growth in the United States and the Region

Twelve-Month Percentage Change in Employment



Sources: U.S. Department of Labor, Bureau of Labor Statistics; Moody's Economy.com.

The financial activities sector is a key driver of city employment. Jobs in the industry grew 3.0 percent in 2006 and 2.1 percent in 2007, with the number of jobs peaking in March 2008. Between March and August of this year, employment in the sector fell by about 10,000, or roughly 2 percent. Employment in the securities industry, or "Wall Street jobs," the engine behind the city's financial activities sector, peaked in September 2007. The timing of the peak occurred shortly after the financial market turmoil developed. Securities industry jobs weakened through August 2008, tumbling by 9,000, or about 5 percent of employment, and accounting for the bulk of the financial job losses to date.

The sharpest drop in New York City job growth occurred in professional and business services, a sector that includes such industries as corporate headquarters management, legal services, advertising, and accounting. Employment in this sector is typically boosted by demand from financial services and by an expanding national economy.[5] In 2007, city professional and business services jobs rose by a striking 3.5 percent. By August 2008, however, jobs in this sector were up just 0.2 percent from a year earlier and were down about 2,000, or roughly 0.3 percent, from the fourth-quarter level. In contrast, continued job growth in three sectors—education and health, leisure and hospitality, and information—supported overall job growth in the city in 2008. Although growth rates in these sectors slowed moderately from their 2007 annual averages, they remained above comparable nationwide growth rates.

New Jersey

New Jersey's industry mix is somewhat similar to the nation's, and the state typically tracks national employment trends. In 2006 and 2007, however, New Jersey lagged the United States in job growth by more than 1 percentage point. As of August 2008, employment was down 0.3 percent from a year earlier, a drop similar to the nationwide decline. New Jersey's finance sector has experienced significant job losses: Following a late 2005 peak, 15,000 positions had been shed as of August 2008, representing about 5 percent of sector employment. Commercial banks and mortgage firms were hit the hardest. In sharp contrast with New York City, the professional and business services sector in New Jersey registered continued growth in the first eight months of 2008: As of August, jobs were up 0.8 percent from a year earlier, matching the 0.8 percent gain for 2007. The education and health services sector has seen little or no easing in the pace of job creation. Employment in the transportation and utilities sectors in August was down from the high reached earlier in the year, to roughly its August 2007 level.

Factors Shaping the Regional Employment Outlook

The overall outlook through year-end 2008 and into 2009 will depend on several factors—most notably, the performance of the U.S. economy and developments in New York City's financial sector. These forces will, in turn, strongly influence employment trends. A weakening national economy would tend to reduce demand for the region's traded goods and services, which include not only financial services but also professional and business services, leisure and hospitality, information services, and manufactured goods. While manufacturing has shed jobs fairly steadily, as a group these other sectors were a key source of employment growth in 2006 and 2007. The projected slowing in growth of real GDP at the national level is expected to weigh down employment prospects in the region through the end of 2008 and into 2009.[6] (The October Blue Chip Consensus forecast projected a drop in GDP growth to 1.5 percent in calendar-year 2008, from 2.0 percent in 2007, and a further decline in growth to 0.5 percent in 2009.[7]) This effect would resonate in New Jersey and upstate New York, where the industrial composition of employment resembles that of the nation.

While national conditions will influence the path of regional employment going forward, developments and trends in New York City's finance sector will also come into play. According to 2007 data, wages and salaries in the sector account for more than 35 percent of total city earnings. Thus, a major concern of our outlook is the extent to which the current financial turbulence will affect local employment and especially income, not just in the financial sector but in the region's economy as a whole. The uncertainty surrounding the time path and ultimate resolution of the stresses affecting the financial markets makes it difficult to estimate these effects. For this reason, we take a different approach to the outlook, turning to past finance sector downturns in New York City to gain insight into the current turmoil's potential influence on employment and earnings in the sector.

New York City's Finance Sector

Employment in the financial activities sector includes workers in establishments engaged in a broad array of activities,

[5] For every $1 million of output in the city's finance sector, output in the city's professional and business services sector expands by roughly $120,000. Input-output coefficients for New York City are available from the U.S. Bureau of Economic Analysis' RIMS II model, <https://www.bea.gov/regional/rims>.

[6] Changes in employment and income in the New York metropolitan area have been estimated to be tightly linked to similar changes nationwide. See McCarthy and Steindel (1997).

[7] See *Blue Chip Economic Indicators* (2008). Projections reported in June by the Board of Governors of the Federal Reserve System and the regional Federal Reserve Bank presidents also see real GDP growth weakening in 2008, with projected growth rates ranging from 1.0 percent to 1.6 percent (this was the central tendency of the Board and the Bank presidents for fourth-quarter-over-fourth-quarter growth rates)—down from the 2.3 percent growth rate recorded in 2007.

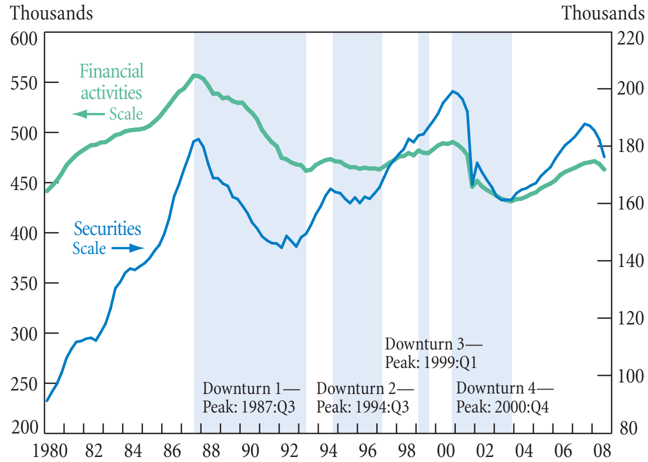
such as commercial banking and securities underwriting and trading.[8] The sector is disproportionately large in New York City: In 2007, finance jobs accounted for 12.7 percent of employment and 36.0 percent of earnings, while the shares for the nation were 6.0 percent and 10.0 percent, respectively. Employment in the city's finance sector has declined modestly since 1987. The decline in part reflects the relocation of support operations and relatively routine functions to New Jersey, other areas of the country, and other countries; the generally more modest expansion of employment during successive cyclical upturns; and job losses from mergers in the sector.

Within the financial sector, the securities industry has assumed an increasingly important role in New York City's economy. Overall, the industry accounted for 5 percent of total city employment in 2007, or roughly nine times the national average, and almost 25 percent of earnings, the highest share in the city's history.[9] The mean annual salary in 2007 was slightly less than $400,000. Moreover, each securities job is estimated to generate 2.3 other city jobs by spurring demand for business and professional services such as legal services, software development, and real estate, as well as other services such as hotels and restaurants.[10] In addition to generating these employment effects, the securities industry is a major source of tax revenues for New York City and New York State.[11] Downturns in the finance sector generally—and in the narrower securities industry especially—can therefore have a sizable impact on the local and state economies.

The City's Finance Sector in Earlier Periods of Market Stress

As of August 2008, as noted earlier, employment in New York City's finance sector was down about 10,000 jobs—or approximately 2 percent—from the recent cyclical peak. There are concerns that job losses in the sector will intensify, and that the loss of income to these workers will have deleterious consequences for other areas of the city's and region's economies.[12] To assess the potential effects of the current financial turmoil on the sector's job growth prospects, we compare developments through August in the city's finance sector and in the broader local and national economies with developments during prior periods of significant market turmoil.

Chart 3
Employment in New York City's Finance Sector



Sources: U.S. Department of Labor, Bureau of Labor Statistics; New York State Department of Labor; Moody's Economy.com; Federal Reserve Bank of New York calculations.

Note: Employment data for the securities and financial activities sectors are based on North American Industry Classification System (NAICS) definitions and are seasonally adjusted by the Federal Reserve Bank of New York; data prior to 1990 are estimated using Standard Industrial Classification (SIC) data, based on the assumption that the proportional relationship between the corresponding SIC and NAICS series prior to 1990 was constant at 1990 levels.

We consider four distinct cyclical downturns—those starting in 1987, 1994, 1999, and 2000—in New York City's finance sector (Chart 3).[13] The chart plots, by quarter, employment levels in the broad financial activities sector and in the securities segment of that sector; the bands indicate the peak-to-trough period in financial activities employment in each of the four cycles. The chart shows that the magnitude and timing of the employment changes varied considerably across the four cycles. Employment in the first cycle peaked in the third quarter of 1987 and was followed by a loss of about 95,000 jobs, roughly 17 percent, over the next five years. Employment in the second cycle peaked in the third quarter of 1994 and job counts were down about 10,000 over the subsequent two years. In the third cycle, employment peaked in the first quarter of 1999 with only minimal job losses in the two subsequent quarters. Employment in the fourth cycle peaked in the fourth quarter of 2000; over the following three years, about 60,000 jobs were lost, or roughly 12 percent of employment. The chart

---

[8] See Hyde et al. (2000) for details on the composition of New York City's finance sector.

[9] During the late 1990s, the securities industry's share of New York City employment slightly exceeded the current level of 5 percent, but it accounted for a smaller share—20 percent—of wage and salary income. In 1990, the industry accounted for 4 percent of city employment and 11 percent of income. (Some of the earnings attributed to the securities industry could come from the securities affiliates of bank holding companies.)

[10] The employment multiplier is from the U.S. Bureau of Economic Analysis' RIMS II model, <https://www.bea.gov/regional/rims>.

[11] See New York State Office of the Comptroller (2007).

[12] Of the 60,000 or so announced major job cutbacks by New York City–based financial firms as of May 2008, an estimated 22,000 are located in New York City. See *Crain's New York Business*, June 2-8, 2008.

[13] New York City's Office of Management and Budget followed a similar analytical approach in its "Monthly Report on Current Economic Conditions," April 4, 2008, available at <http://www.nyc.gov/html/omb/pdf/ec03_08.pdf>.

also shows that, with the exception of the 1999 cycle, the timing and relative severity of the employment downturns in the securities industry were generally similar to those in the broader financial activities sector.

1987-93 Downturn. The cyclical downturn in the city's financial activities employment that began in 1987 was sparked by the October 1987 stock market crash. The severe and prolonged decline following the crash reflected a variety of cyclical and longer term influences, including reduced securities trading volumes and consolidation among securities firms and commercial banks. Moreover, weakness in real estate markets in the United States in the late 1980s led to sizable losses throughout the savings and loan industry and to significant reductions in the activity of thrift institutions. Financial activity and employment in the city were not on solid ground even several years after the stock market decline, and they were weakened further by the national recession that started in the third quarter of 1990.[14] Not until 1993—more than five years after the onset of the downturn—did finance employment in the city begin to recover. Real earnings fell 10 percent over the 1988:Q4-1991:Q3 period before starting to recover.

1994-97 Downturn. Unlike the sharp decline in the 1987 downturn, the mild decline in the city's jobs in the 1994 financial sector downturn can be viewed as a mid-decade pause in growth. The decline was tied to an increase in interest rates leading to a slowdown in activity on Wall Street and a sharp falloff in mortgage lending. In contrast to the 1987 downturn, stock prices and trading volumes generally held up and the national economy continued to expand. Employment losses in the city's securities sector were ultimately modest and short-lived. However, real earnings again declined—this time by 9 percent.

1999 Downturn. The brief downturn that began in the first quarter of 1999 shared a number of features with the mid-1990s slowdown. The financial crises that arose in East Asia in 1997 and in Russia in the summer of 1998 affected a number of U.S. financial firms and heightened concern about a potential widespread collapse of credit markets. However, a reduction in interest rates, a strong ongoing U.S. expansion, and a generally surging stock market throughout the period likely helped limit losses in the city's financial activities employment as well as in real earnings in the sector—earnings declined less than 2 percent.

2000-03 Downturn. New York City's steep decrease in financial activities employment during the downturn that began in 2000 initially reflected a sharply declining stock market.[15] Employment losses in the sector were compounded by a national recession that began in March 2001, as well as by the attacks of September 11, 2001, on the World Trade Center. While employment in the city's financial sector fell about 12 percent over the cycle, income declines were much sharper: Following a sharp run-up in 2000 and the first half of 2001, real earnings in the city's financial activities sector fell 27 percent over a two-year period before recovering.

Over these four downturns, financial employment losses ranged from approximately 0 percent to 17 percent while real earnings declines ranged from about 0 percent to 27 percent. The proportionately larger decline in real earnings in the 2000-03 downturn compared with the downturn in the late 1980s reflects the significant increase in average wages in the finance sector, which far outpaced earnings gains in any major sector of the economy.

Employment Outlook

The depth and duration of the current cyclical downturn in the finance sector will be an important determinant of the overall employment outlook for New York City. Our brief survey of past downturns affecting the city shows that, while each had unique features, the relatively severe downturns in 1987 and 2000 appear to have several elements in common with the current cycle. As in the current cycle, the late 1980s cyclical downturn was associated with weakness in both the housing market and financial activity more broadly. Although the job losses reported through the summer of 2008 were relatively moderate, the sharp losses that accompanied the finance sector weakness in the late 1980s might indicate that the city's finance sector stands on the verge of a significant multiyear downturn in employment and in real earnings.

The duration and magnitude of potential job losses in the finance sector, however, could be tempered by two features of the current cycle. First, the weakening in the financial sector coincides more closely with the weakening in the national economy than it did in the late 1980s. The roughly five-year decline in finance employment in the late 1980s was prolonged by a U.S. recession that did not begin until mid-1990. The current weakening appears to be following the pattern of the approximately three-year decline in financial sector employment in 2000-03, which started at about the same time as the national recession. The concurrence of the regional and national downturns now could thus limit to some degree the time period over which the losses would occur.

Second, as a result of the longstanding trend of moving many employees to lower cost locations outside the city, the financial activities sector is now composed of a larger share of relatively high-paid employees, particularly in the increasingly important securities sector. Therefore, compared with the pattern of the late 1980s downturn, the current weakness

[14] See Groshen, Potter, and Sela (2004) for evidence of longer term structural changes adversely affecting employment in finance and other major industries in New York State during cyclical downturns.

[15] The weakness in the financial markets began in the stock market with the sell-off in the NASDAQ in early 2000. That decline lasted for about three years, during which time the NASDAQ composite price index fell about 70 percent.

in the financial sector may be more likely to manifest itself in severe declines in income rather than in employment—a pattern more reminiscent of the decline that started in 2000. However, this outcome would also imply that the losses in real earnings would be at the higher end of the historical range, perhaps as much as, or more than, the 27 percent decline seen in the 2000 cycle, compared with the smaller income losses experienced in the 1980s and 1990s cycles.

Conclusion

Our employment outlook for the New York–New Jersey region suggests substantially smaller job gains in calendar-year 2008 than the 35,000 net new jobs recorded in 2007. The outlook assumes that the Blue Chip Consensus forecast will be on target with its projection of a slowing in the nation's real GDP growth in 2008, and that the current financial turmoil will weaken employment in the city's finance sector.

The uncertainty surrounding the national economy and the unfolding of events in the financial markets influences our outlook for employment. If growth of the U.S. economy falls short of expectations, employment in a number of the region's sectors, including manufacturing, would decline significantly. These effects would be especially pronounced in upstate New York and New Jersey. The key downside risk to New York City is that the recent sharp deterioration in financial market conditions will not be reversed in the near term and that the finance sector—particularly the securities industry—will continue to weaken.

Through August 2008, the payroll employment figures did not fully reflect the numerous lay-off and restructuring announcements in the local and national media in the first half of the year (and, of course, did not incorporate more recent announcements). In addition, high bonus payments to finance industry workers in late 2007 and early 2008 had at the time mitigated some of the potential negative effects working through the finance sector to the broader economy. In any case, it is clear that the marked contraction in financial activity that could arise from the ongoing stress in the financial markets will likely deter employment and income generation in the sector. Thus, given the great importance of the sector for the city and the broader New York–New Jersey region, there will be negative repercussions for employment and income in the area. The risk going forward is that continued, or intensified, contraction in the finance sector could substantially affect other sectors of the region's economy.

References

Blue Chip Economic Indicators. 2008. Vol. 33, no. 10 (October).

Groshen, Erica L., Simon Potter, and Rebecca J. Sela. 2004. "Economic Restructuring in New York State." Federal Reserve Bank of New York *Current Issues in Economics and Finance* 10, no. 7 (June).

Hyde, Wendy, Sarah Dilnot, Meg Kaufman, Pete Large, Rae Rosen, and James Orr. 2000. "The Financial Services Sector in London and New York." In *London–New York Study: The Economies of Two Great Cities at the Millennium*, 1-34. London: The Corporation of London et al. Available at<http:// 213.86.34.248/NR/rdonlyres/4020F2D0-666D-48C2-974A-DFF213DF6085/0/BC_RS_lonny_0006_FR2.pdf>.

McCarthy, Jonathan, and Charles Steindel. 1997. "National and Regional Factors in the New York Metropolitan Economy." Federal Reserve Bank of New York *Economic Policy Review* 3, no. 1 (February): 5-19.

New York State Office of the Comptroller. 2007. "The Securities Industry in New York City." Report no. 5-2008, October. Available at<http://www.osc.state.ny.us/osdc/rpt5-2008.pdf>.

Orr, James, Robert Rich, and Rae Rosen. 1999. "Two New Indexes Offer a Broad View of Economic Activity in the New York–New Jersey Region." Federal Reserve Bank of New York *Current Issues in Economics and Finance* 5, no. 14 (October).

About the Authors

Jason Bram is an economist and James Orr an assistant vice president in the Microeconomic and Regional Studies Function of the Research and Statistics Group; Rae Rosen is a senior economist and assistant vice president in the Bank's Regional Affairs Office.

We are saddened to announce the death of Leonardo Bartolini, coeditor of *Current Issues in Economics and Finance* and a senior vice president in the International Research division of the Bank's Research and Statistics Group. A highly respected analyst of global economic and monetary policy issues, Leonardo was very effective in encouraging his fellow economists to make their technical research accessible to a broad audience by publishing in *Current Issues*. In working with authors, he was quick to see the strengths in their papers and adept at providing constructive suggestions to remedy the weaknesses. We remember him as a person of expert and fair judgment and as a warm and generous friend.

—The editor and staff of *Current Issues*

Current Issues in Economics and Finance is published by the Research and Statistics Group of the Federal Reserve Bank of New York. Charles Steindel is the editor.