



FEDERAL RESERVE BANK *of* NEW YORK

Economic Conditions in the Region

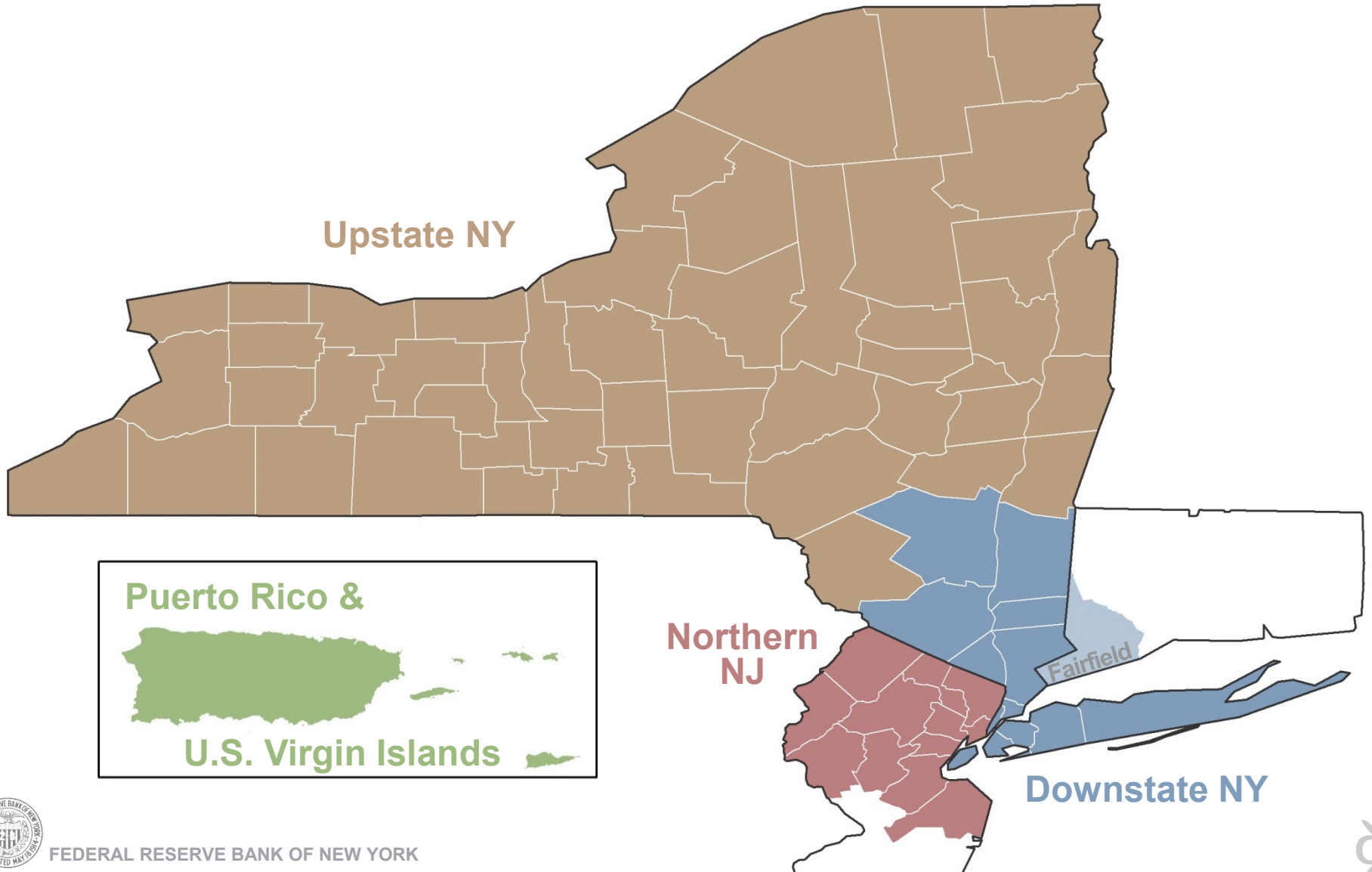
Jason Bram, Research Officer

Westchester County Association Regional Workforce Development Summit
January 16, 2020

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.

The 2nd Federal Reserve District

Regions in the District



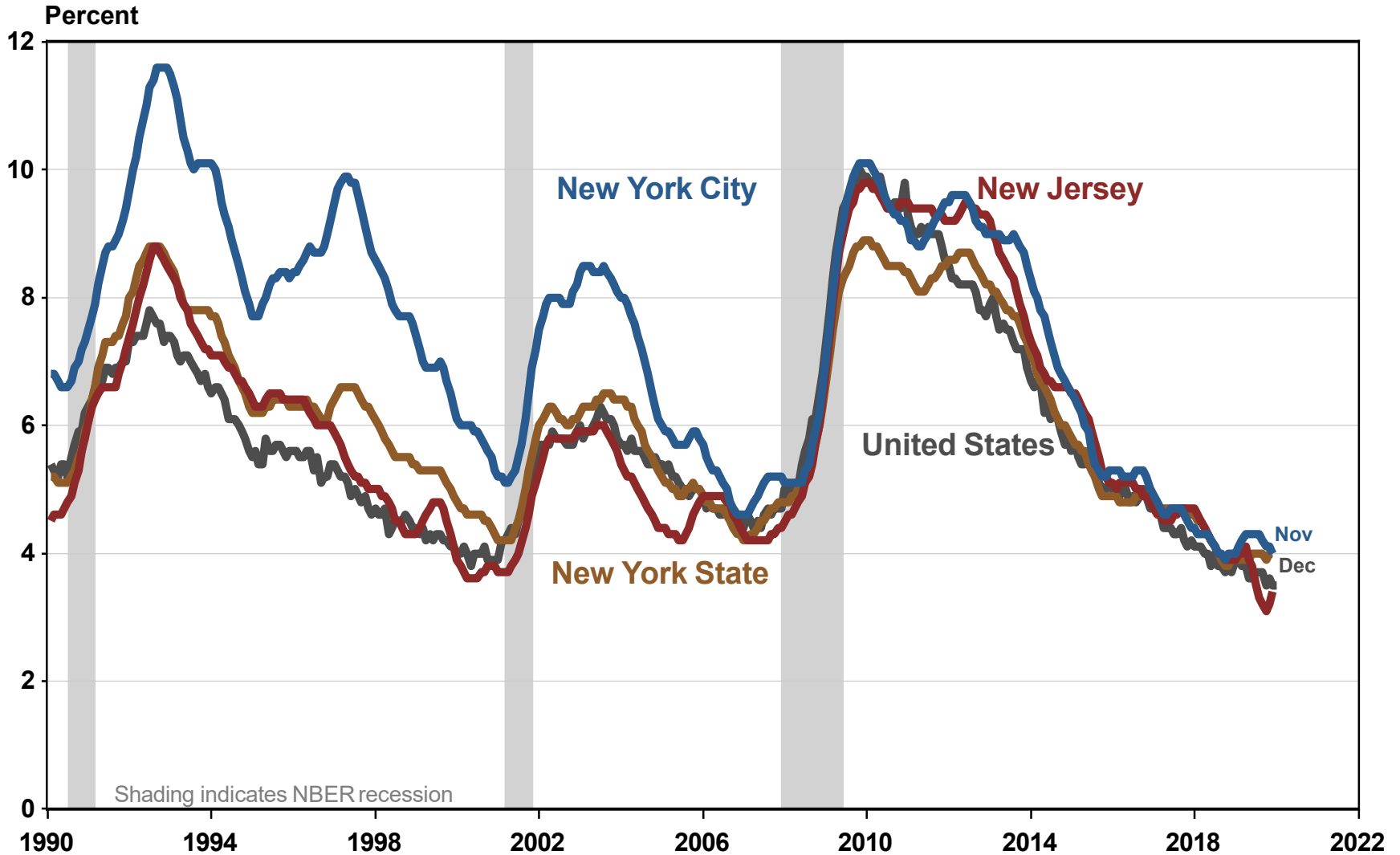
Preview

- Unemployment rates are at or near record lows.
- NYC remains the engine of job growth in the region.
- There are signs that the economy is slowing.
- Businesses are having trouble finding workers.
- Wage growth has remained subdued.



Unemployment Rates

Seasonally Adjusted

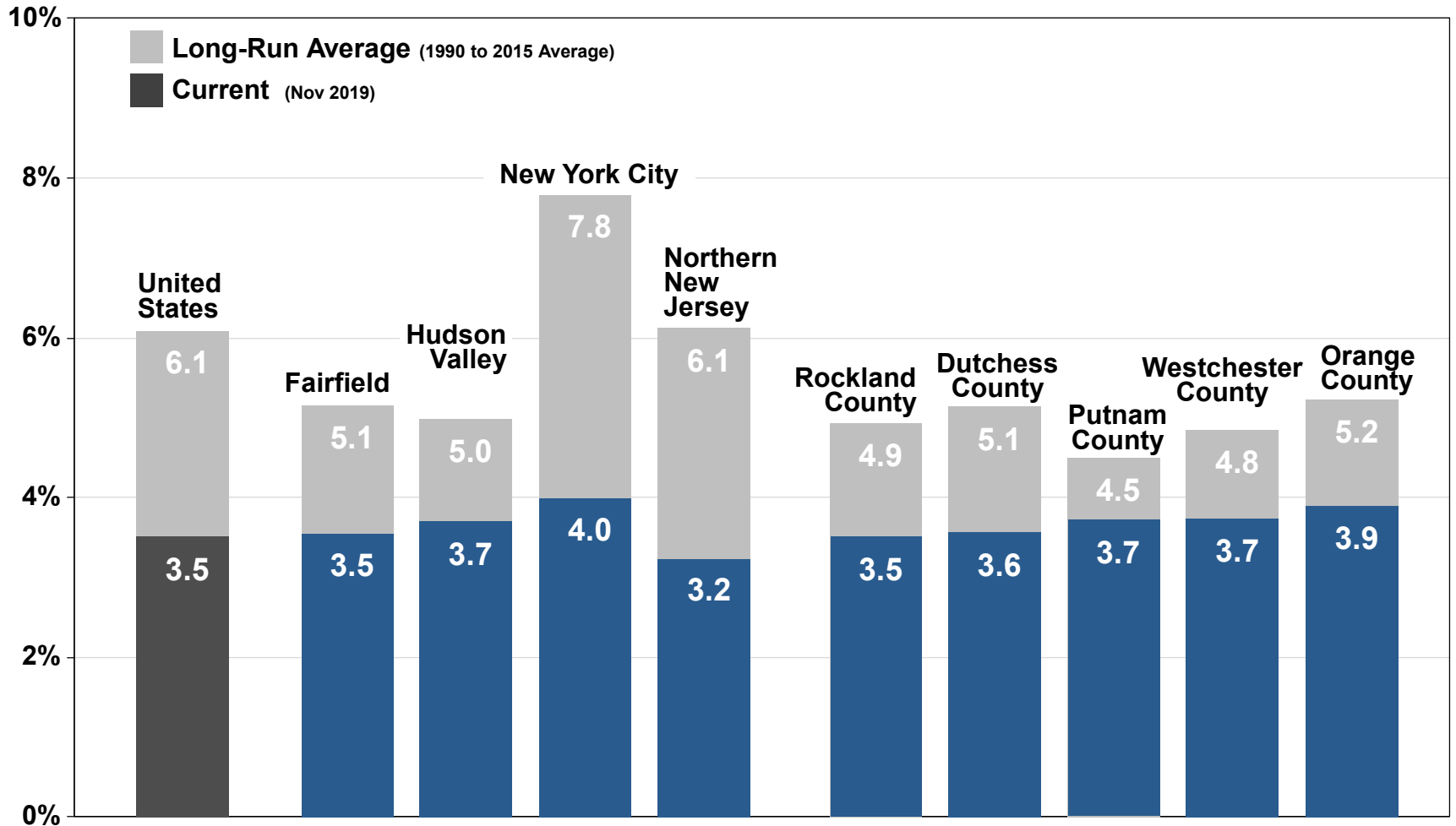


Shading indicates NBER recession

Nov
Dec

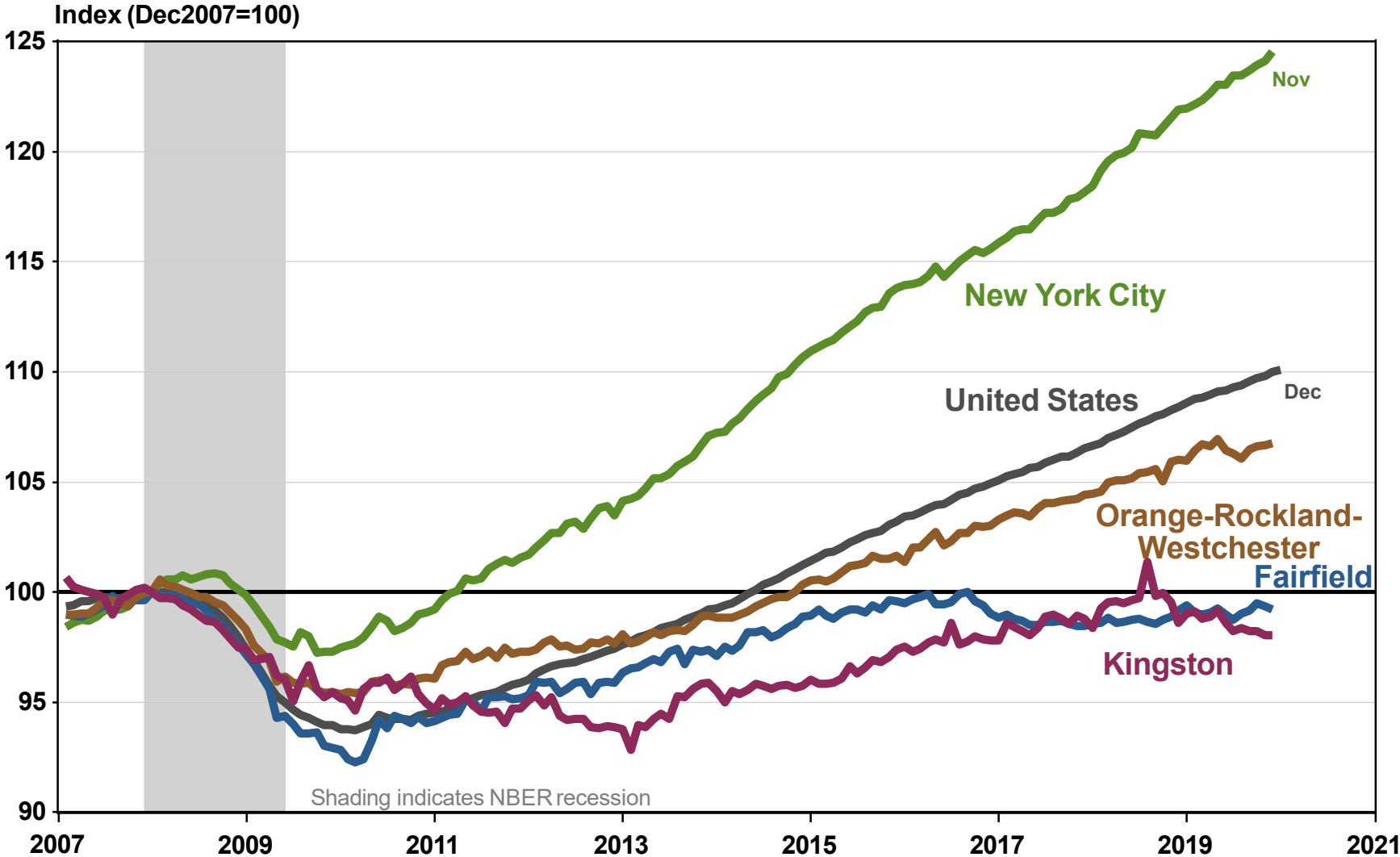
Difficult to Find Workers in the Region

Long-Run and Current Unemployment Rates, Seasonally Adjusted



Regional Employment Trends

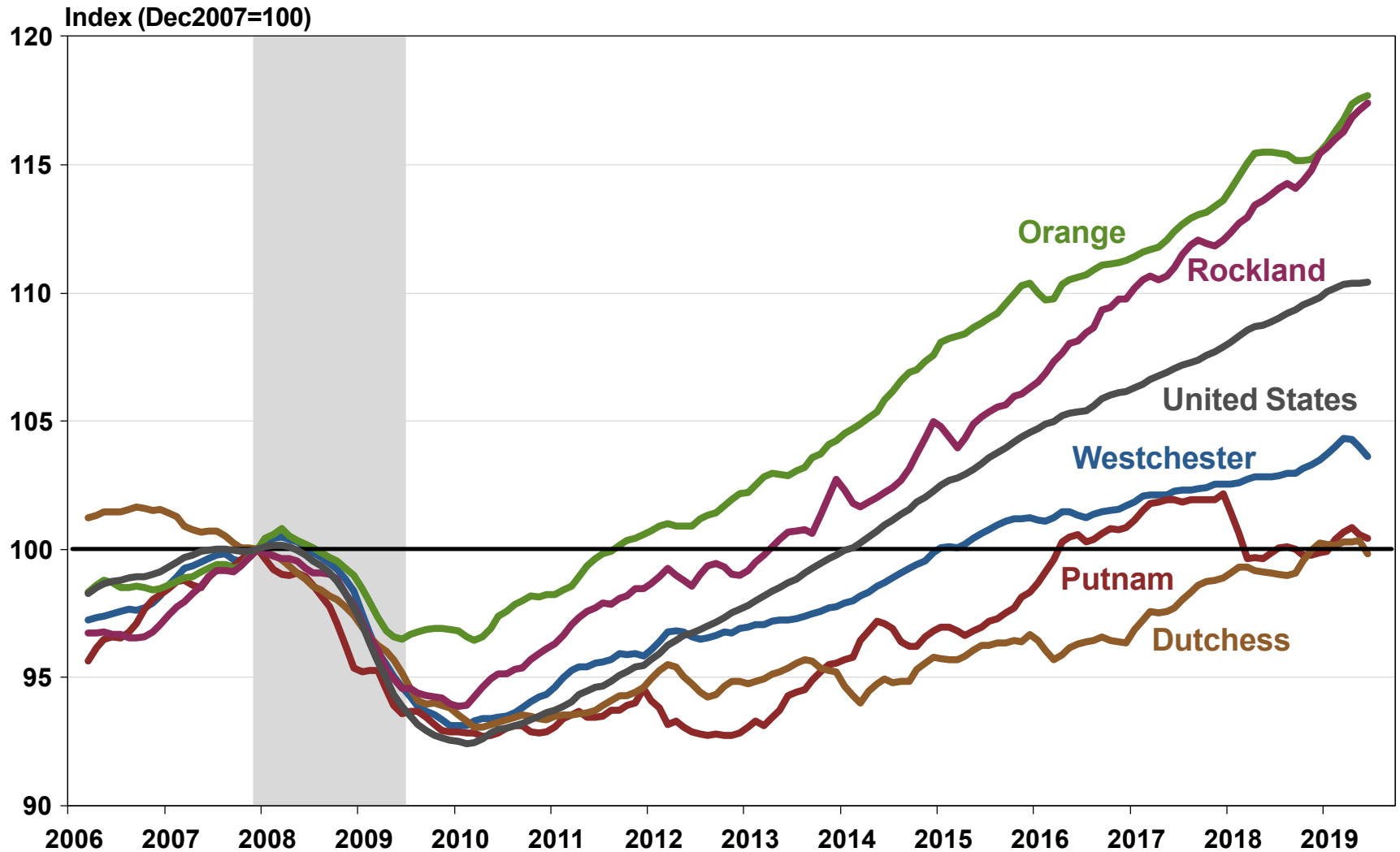
Total Employment, Seasonally Adjusted Index



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

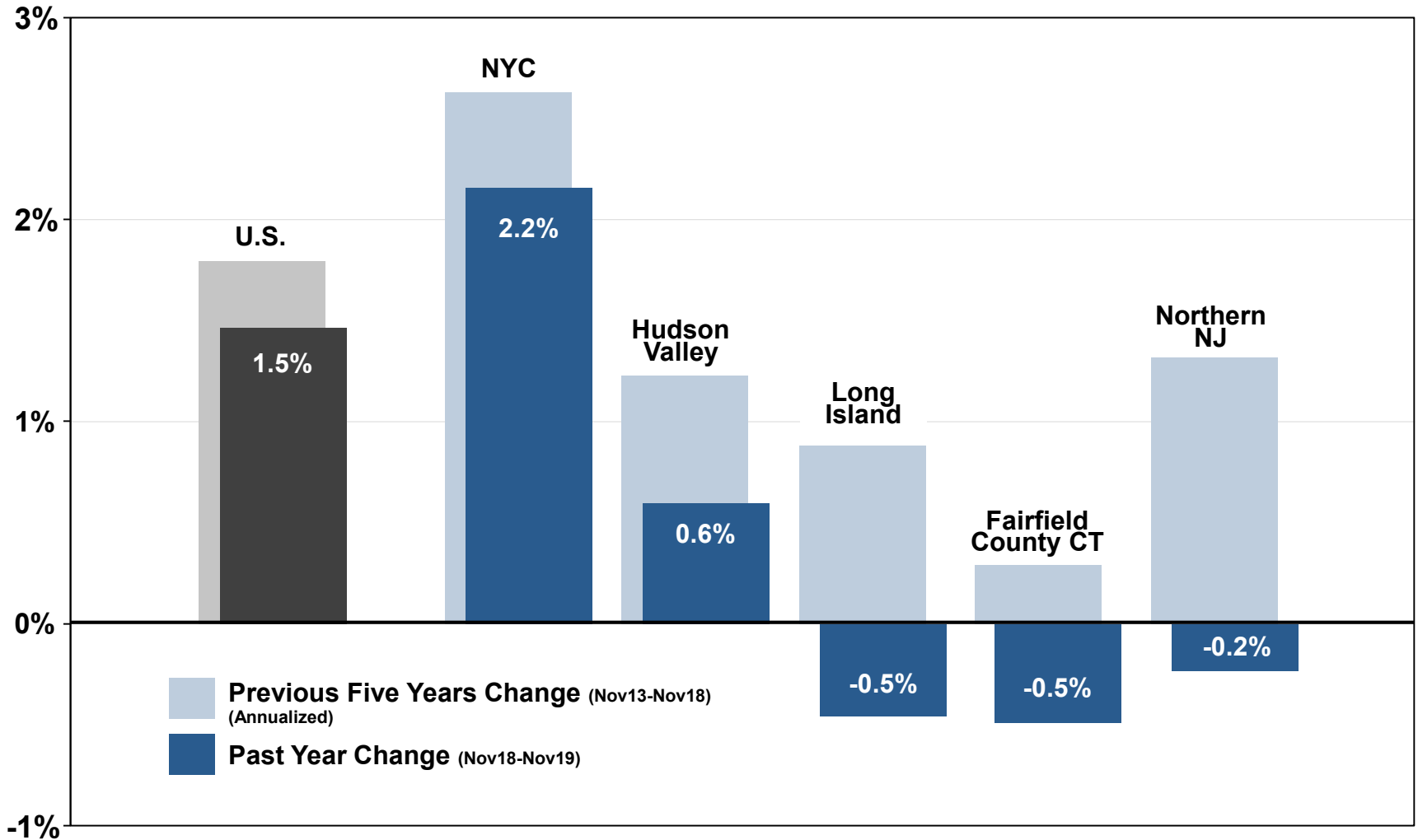
Regional Employment Trends

Private-Sector Employment, Seasonally Adjusted Index



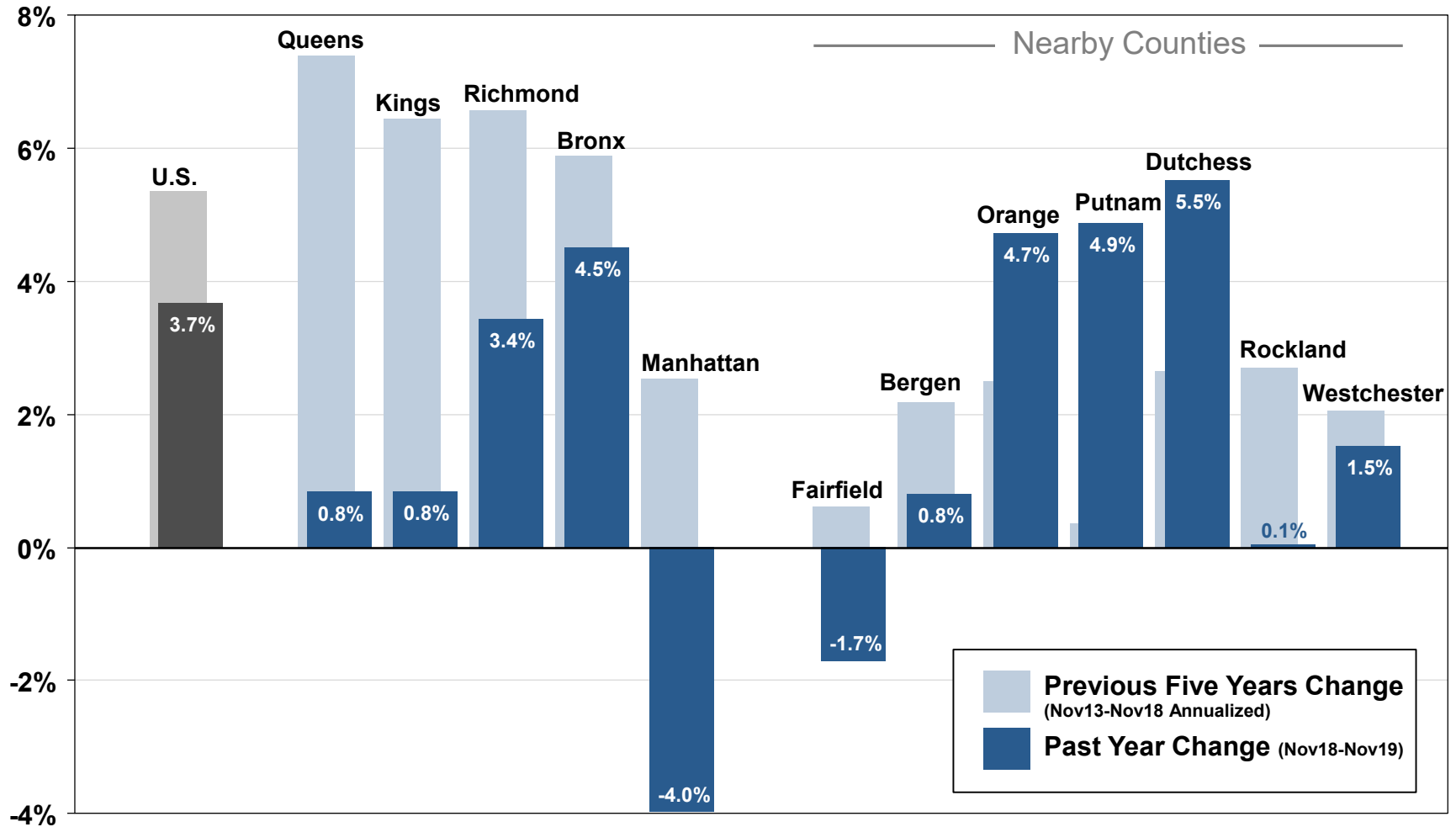
Job Growth Has Slowed in and Around NYC

Annual Percent Change in Total Employment

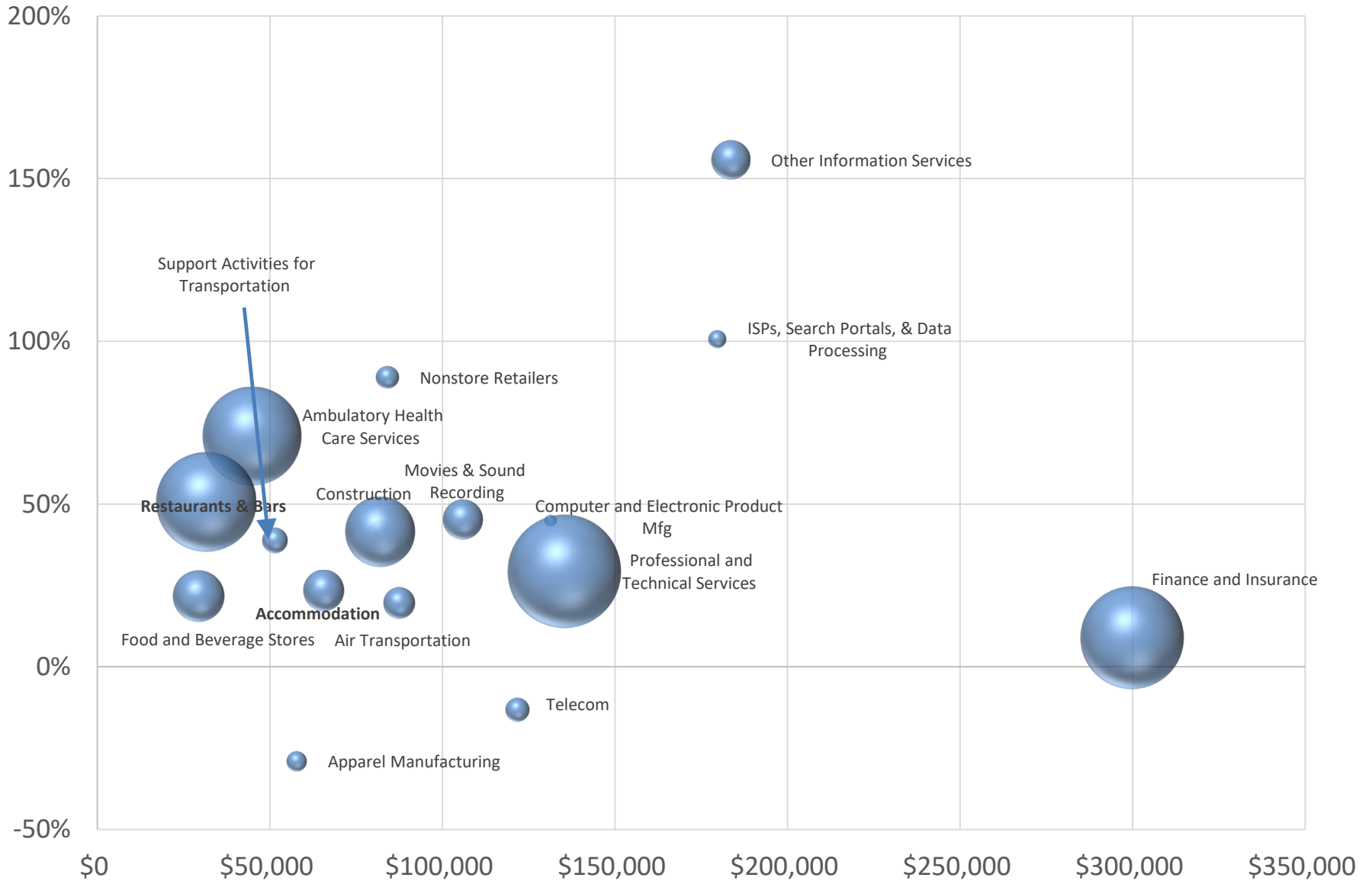


Home Prices Softening in NYC Area, Up in Mid-Hudson Valley

Annual Percent Change in Home Prices



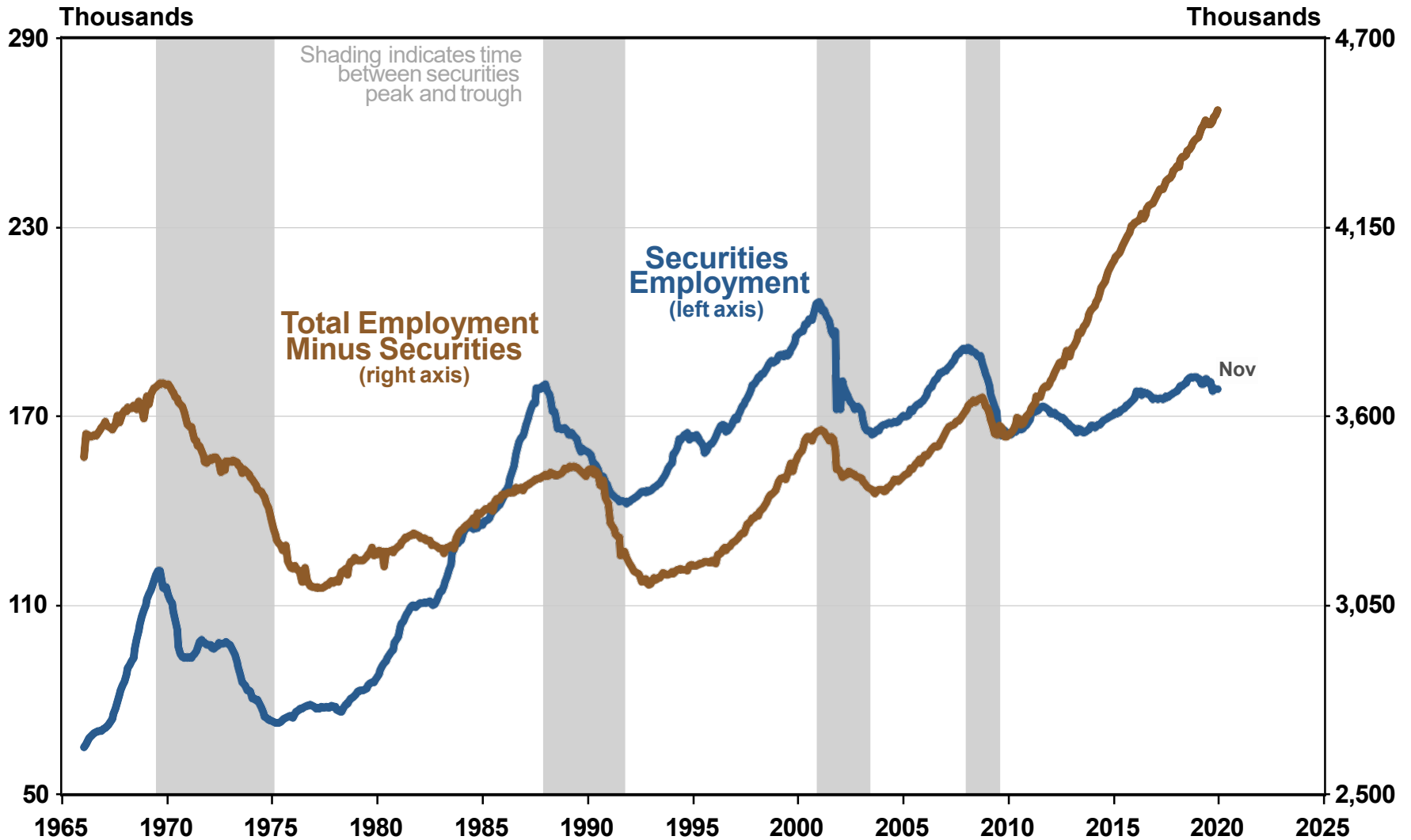
Average Earnings vs Job Growth (2010-18) for Selected NYC Industries



Sources: NY State Department of Labor, QCEW; FRBNY staff calculations

NYC Securities Employment

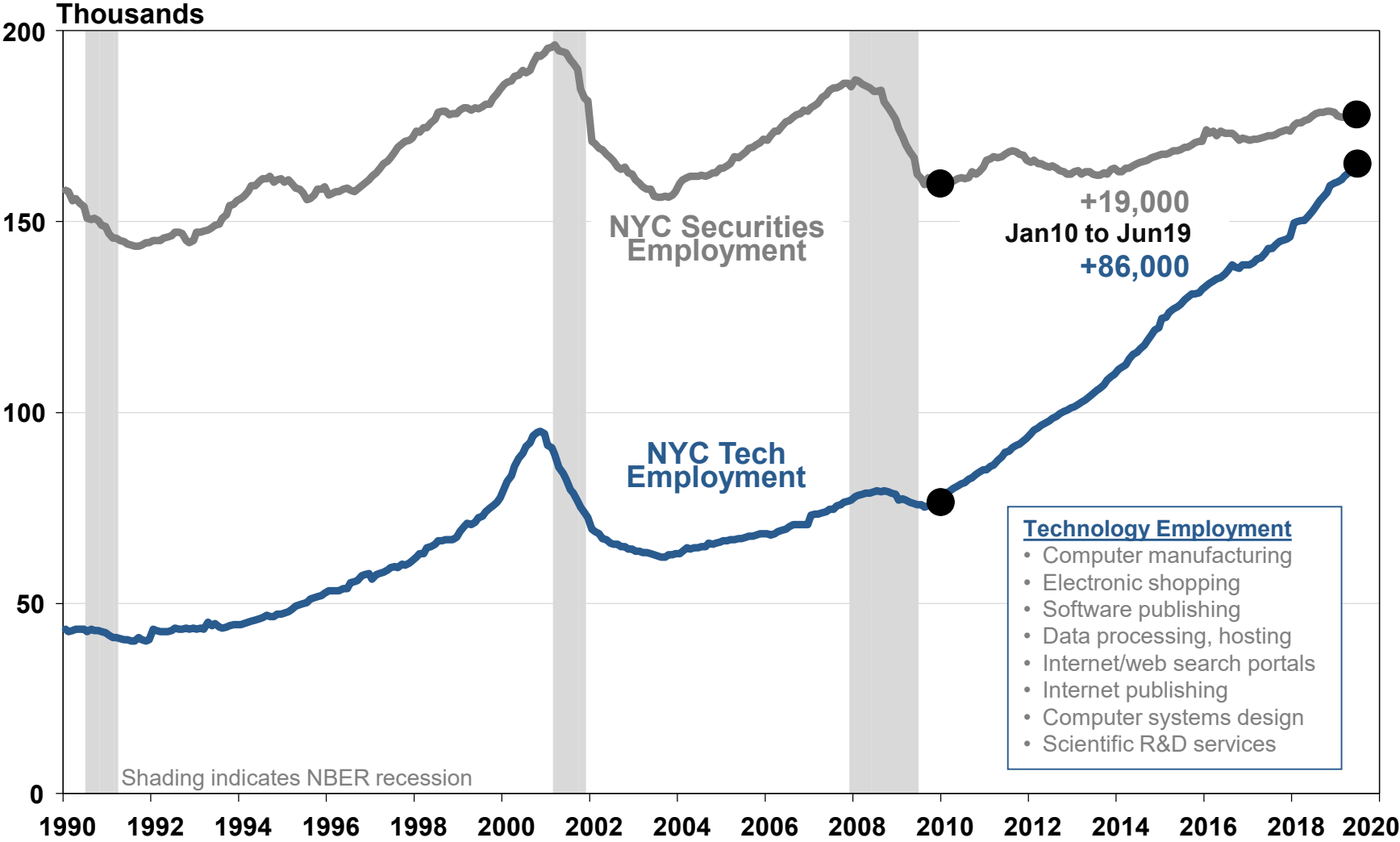
Seasonally Adjusted Levels



Source: Bureau of Labor Statistics, Moody's Economy.com, and FRBNY calculations.

New York City's New Growth Sector

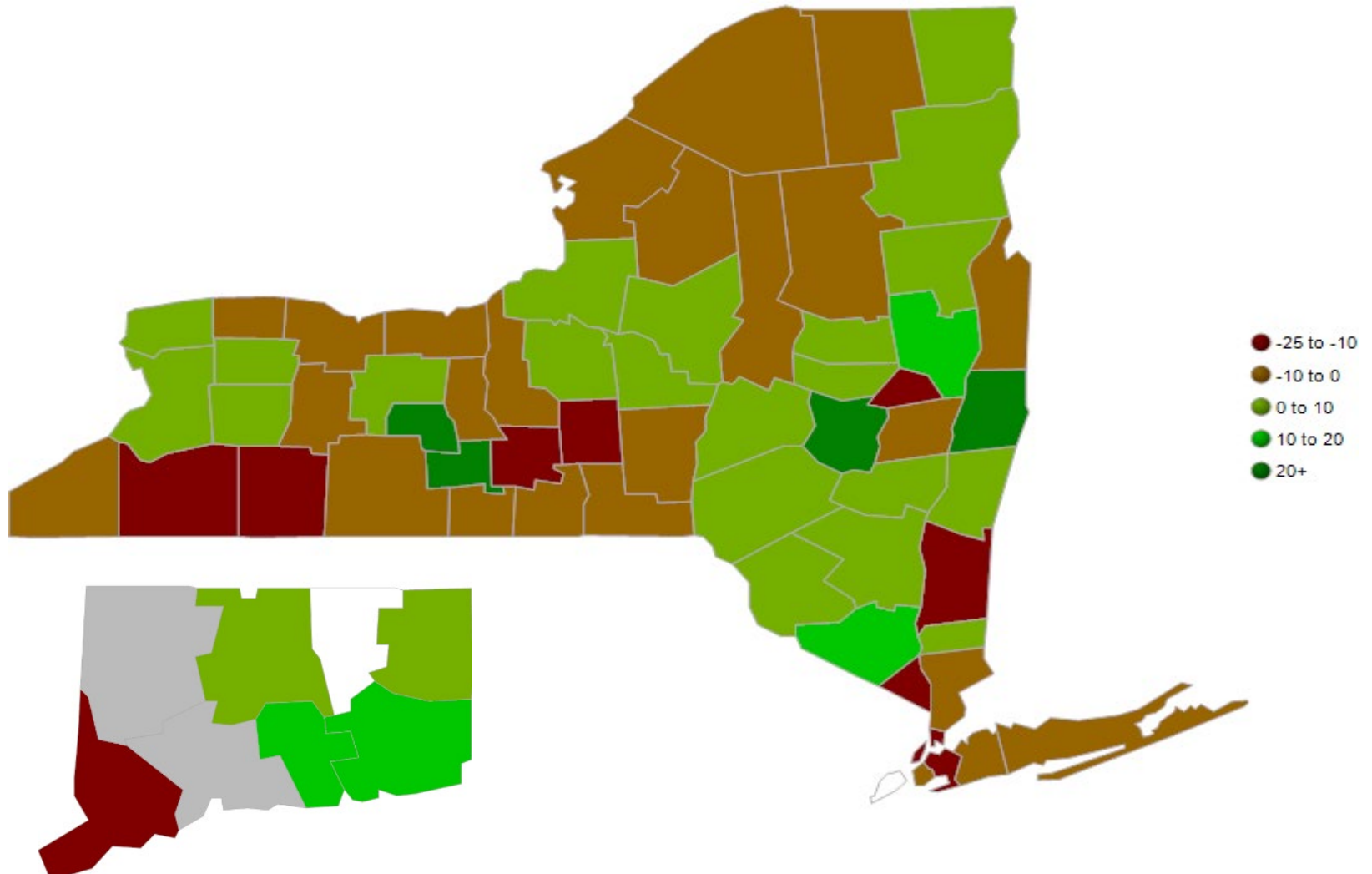
Number of Jobs in Thousands



Source: U.S. Bureau of Labor Statistics (QCEW) and Moody's Economy.com.

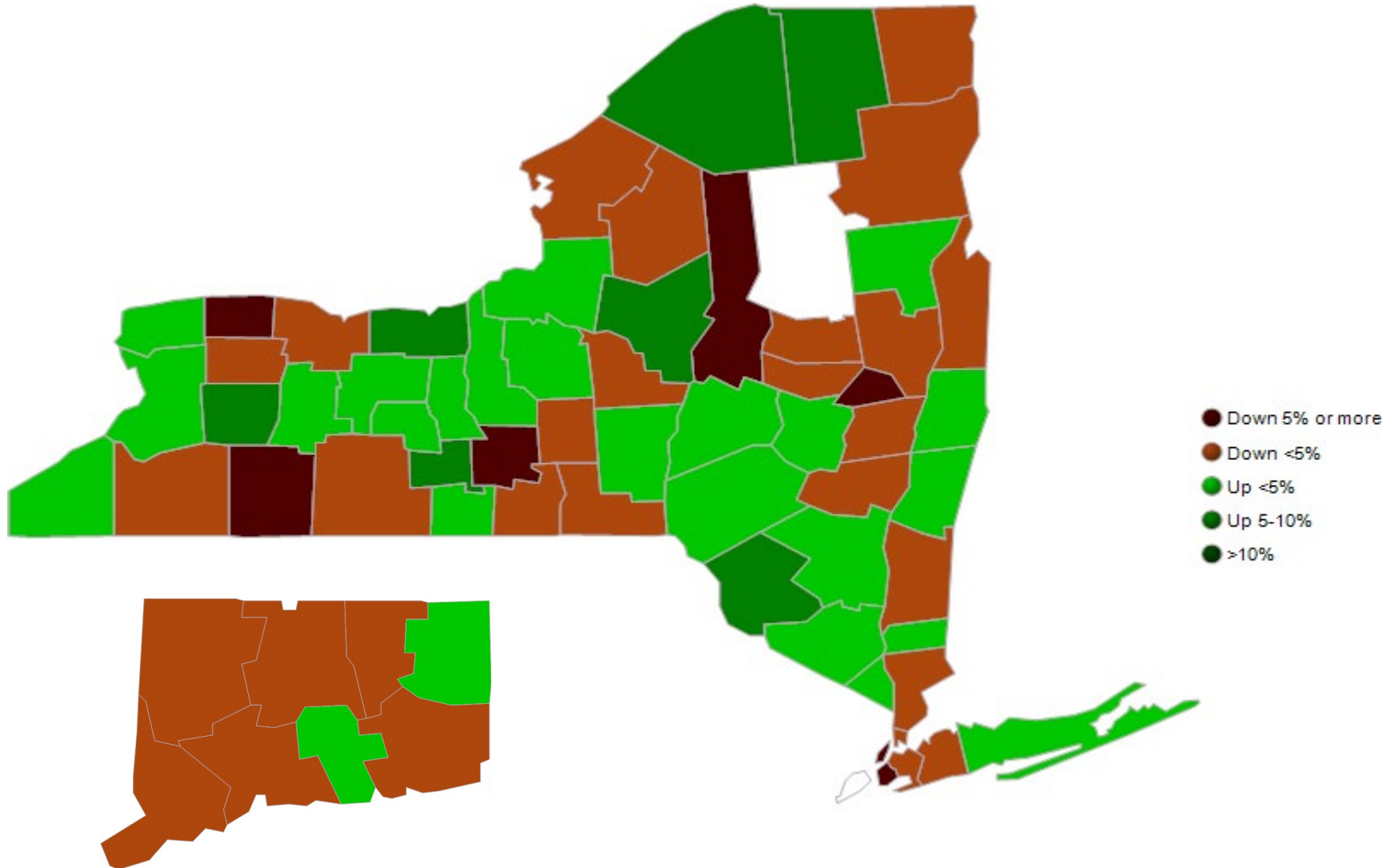
Manufacturing Job Growth by County

5 Years (2014 Q1 - 2019 Q1)



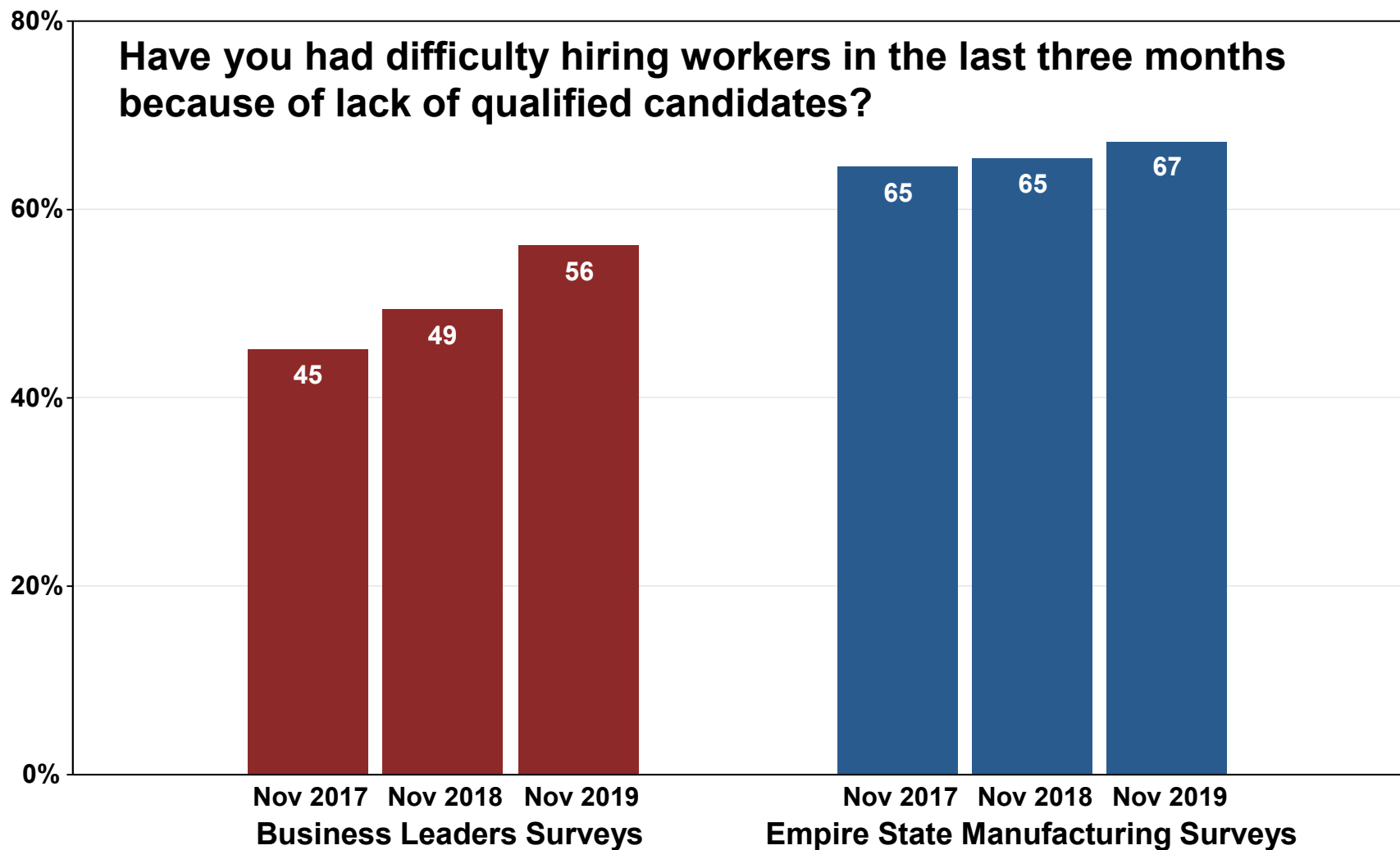
Manufacturing Job Growth by County

Past Year (2018 Q2 - 2019 Q2)



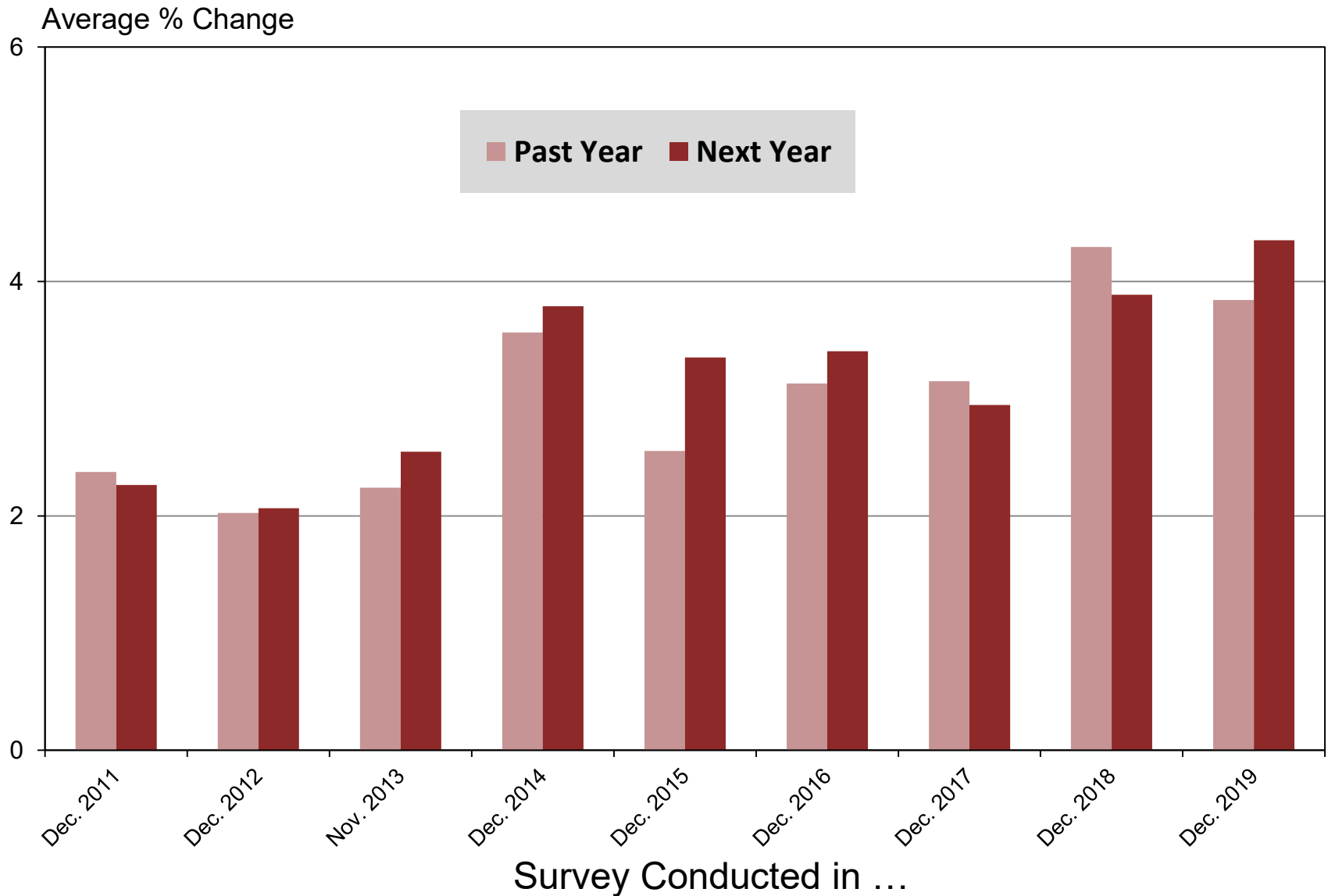
Surveys Point to Hiring Difficulties

New York Fed Regional Business Surveys



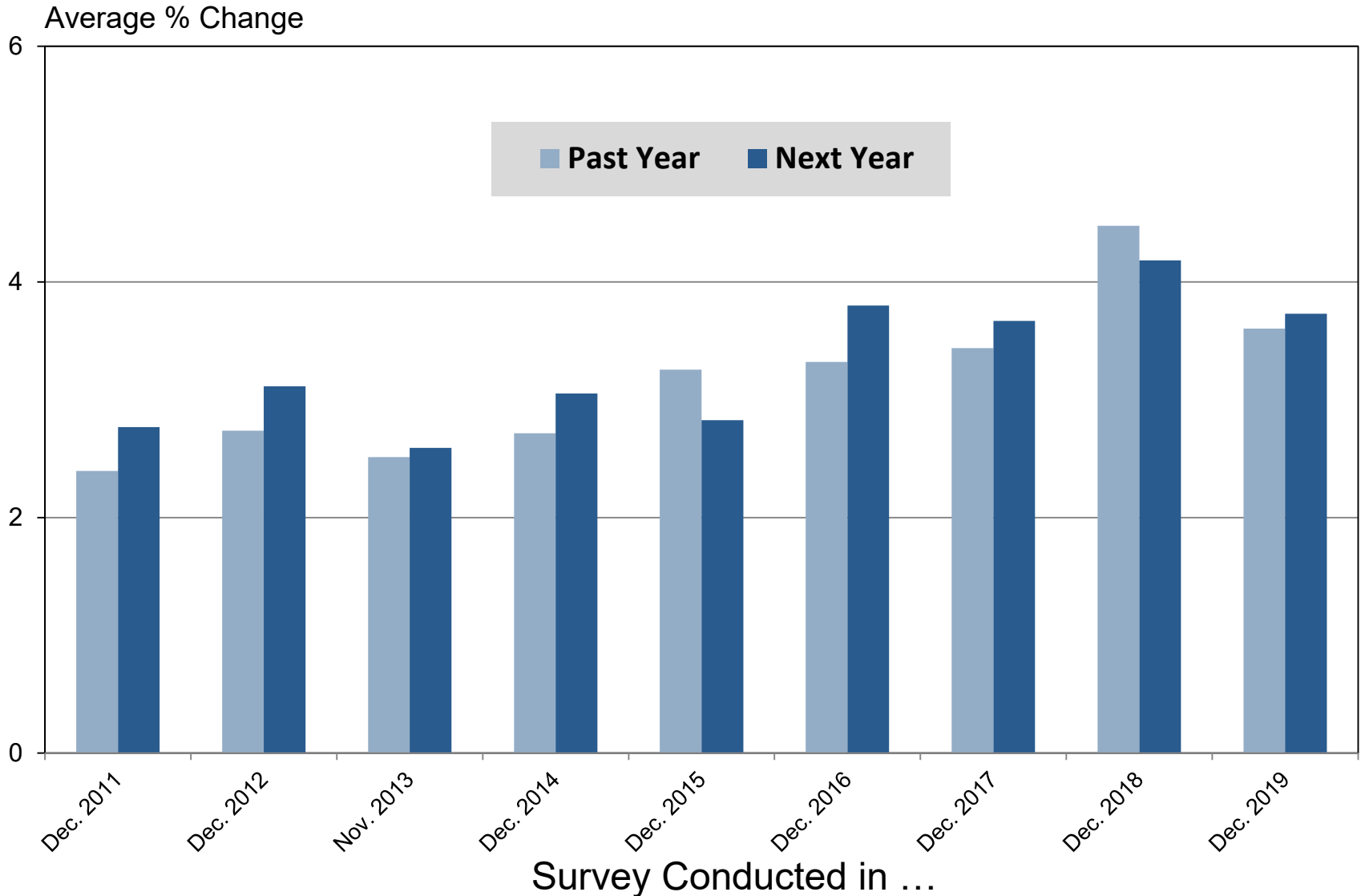
Estimated % Change in Wages Paid

Business Leaders (Service Sector) Survey



Estimated % Change in Wages Paid

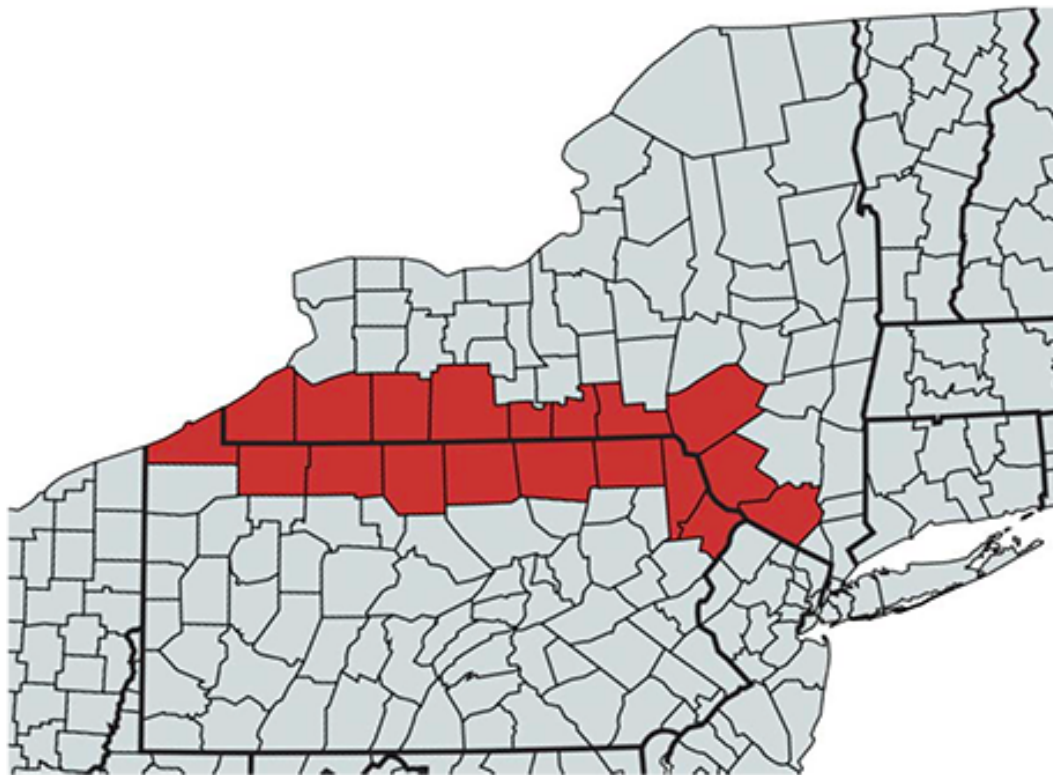
Empire State Manufacturing Survey



Employment Effects of Minimum Wage

Analysis of Counties Along Both Sides of the NY/PA Border

Data Are Drawn from Nineteen New York-Pennsylvania
Border Counties



Taken from Liberty Street Economics blog post:

<https://libtystreeteconomics.newyorkfed.org/2019/09/minimum-wage-impacts-along-the-new-york-pennsylvania-border.html>

Results of Our Analysis of the NY/PA Border

Since the fourth quarter of 2009, workers in both New York and Pennsylvania have been subject to the federal minimum wage of \$7.25 per hour.

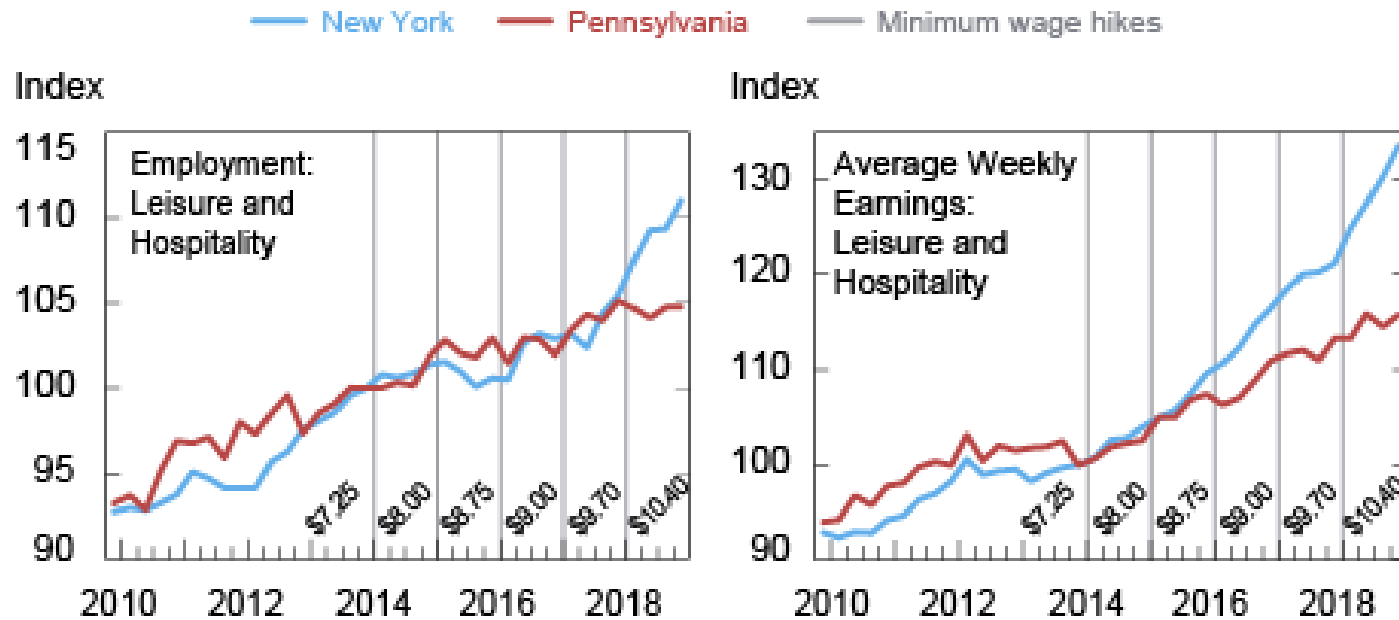
Over the past 6 years, upstate New York's minimum wage has gone up; as of 2019 it stood at \$11.10 (50% higher than in PA) and \$12.75 for non-tipped, fast-food workers.

The Path of New York's Minimum Wage Upstate		
Date Effective	For Non-Tipped, Fast-Food Workers	For Other Non-Tipped Workers
July 24, 2009	\$7.25	\$7.25
December 31, 2013	\$8.00	\$8.00
December 31, 2014	\$8.75	\$8.75
December 31, 2015	\$9.00	\$9.00
December 31, 2016	\$10.75	\$9.70
December 31, 2017	\$11.75	\$10.40
December 31, 2018	\$12.75	\$11.10
December 31, 2019	\$13.75	\$11.80

Source: New York State Department of Labor.

Note: "Upstate" covers all of New York State except for New York City, Long Island, and Westchester County.

Earnings Rose More in New York than Pennsylvania Counties with No Adverse Employment Effects

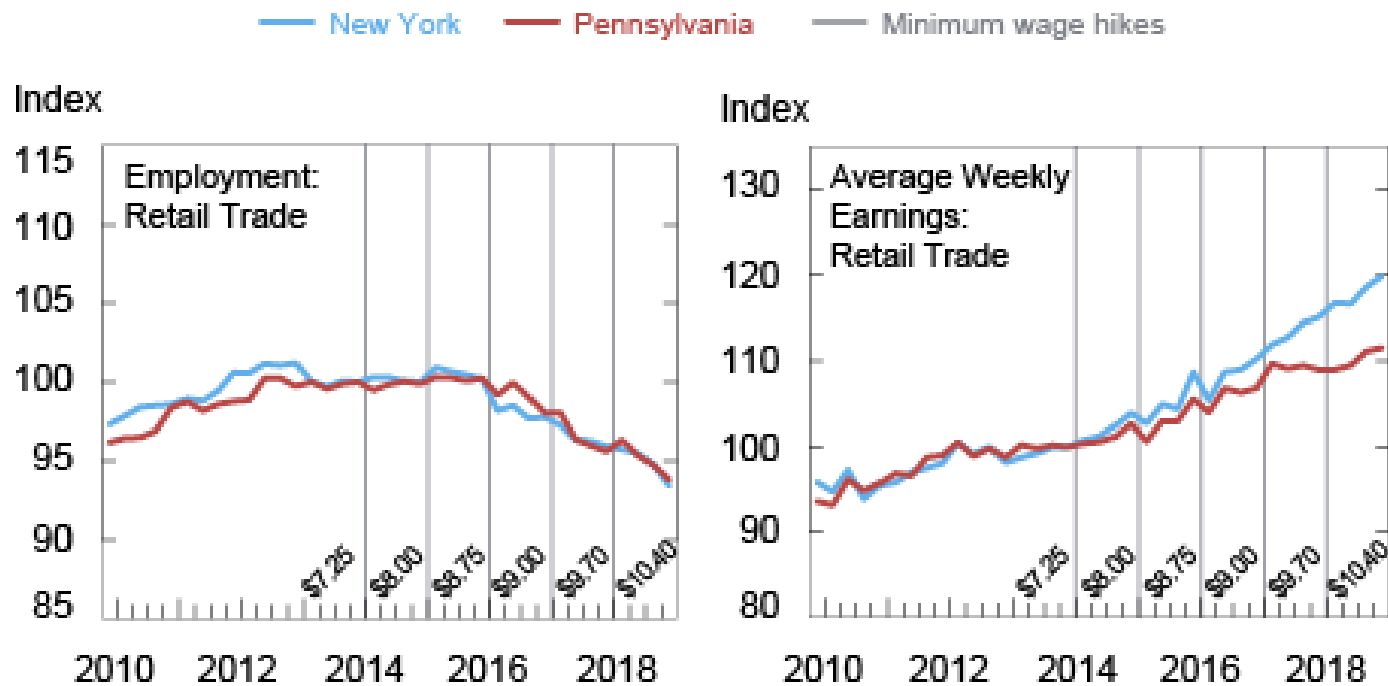


Sources: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages; Moody's Economy.com.

Notes: Employment and average weekly earnings for the leisure and hospitality sector in both states are indexed to 100 in 2013:Q4, the quarter before New York's first minimum wage increase.

Vertical lines indicate dates of gradual increases in New York's minimum wage from \$7.25 per hour prior to 2014 to \$10.40 per hour in 2018. Blue and red lines indicate averages for the counties along the New York-Pennsylvania border for each state.

Even in a Shrinking Sector, Job Loss across States Was Similar as Wages Diverged



Sources: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages; Moody's Economy.com.

Notes: Employment and average weekly earnings for the retail trade sector in both states are indexed to 100 in 2013:Q4, the quarter before New York's first minimum wage increase. Vertical lines indicate dates of gradual increases in New York's minimum wage from \$7.25 per hour prior to 2014 to \$10.40 per hour in 2018. Blue and red lines indicate averages for the counties along the New York-Pennsylvania border for each state.

Recap

- Unemployment is near record lows across the region.
- NYC remains the engine of job growth in the region.
- There are signs that the economy is slowing.
 - Job growth has slowed.
 - Recent business surveys are giving less positive signals.
 - Housing markets have softened.
- Businesses are having trouble finding workers.
- Despite tight job markets, wage growth remains subdued.

