



**Upstate New York Regional Advisory Board Meeting  
Federal Reserve Bank of New York  
33 Liberty Street  
Wednesday, July 18, 2018**

**AGENDA**

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- |                 |   |
|-----------------|---|
| 10:30am-10:35am | Introductory Remarks<br>Tony Davis, Officer & Director of Community Engagement  |
| 10:35am-11:05am | The National Economy<br>Richard Peach, Senior Vice President  |
| 11:05am-11:35am | International Update<br>Matthew Higgins, Vice President   |
| 11:35am-12:00pm | Regional Update<br>Jaison Abel, Assistant Vice President  |
| 12:00pm         | Adjourn to NWCR-10F   |
| 12:15pm         | Lunch   |
| 12:15pm-1:55pm  | Round Table Discussion with<br>John Williams, President <ol style="list-style-type: none"><li>1. Has your business experienced an increase in demand in recent months? What is your business outlook for the next six months?</li><li>2. Are there any noteworthy trends affecting your business?</li><li>3. Are you experiencing any difficulties hiring the workers you need? If so, what measures are you taking?</li><li>4. Do you anticipate any change in your ability to access credit over the next few months?</li><li>5. What are the most significant obstacles facing your business related to operating in upstate New York?</li></ol> |
| 2:00 pm         | Adjourn   |



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**ATTENDEE LIST**

**Board Members**

Lynne Marie Finn  
CEO  
Superior Workforce Solutions, Inc.

Kenneth M. Franasiak  
Chairman  
Calamar

Bridget-Ann Hart  
President & CEO  
KPH Healthcare Services, Inc.

Dr. Anne Kress  
President  
Monroe Community College

James Laurito  
Executive Vice President  
Fortis, Inc.

Jordan Levy  
NY Partner  
Softbank Capital

Melanie Littlejohn  
Vice President and Regional Director-NY  
National Grid

Martin Mucci  
President & CEO  
Paychex, Inc.

Linda MacFarlane  
President & CEO  
Community Loan Fund of the Capital Region

Robert Stevenson  
President  
Eastman Machine Company

Carlos Unanue  
President  
Goya de Puerto Rico, Inc.

**Federal Reserve Bank of New York**

John Williams  
Michael Strine  
Jack Gutt  
Gerard Dages  
Richard Peach  
Matthew Higgins  
Anand Marri  
Rosanne Notaro  
Jaison Abel  
Julia Gouny  
Tony Davis  
Chelsea Cruz

President  
First Vice President  
EVP, Communications & Outreach  
SVP & Senior Advisor, Executive Office  
SVP, Research & Statistics  
VP, Research & Statistics  
VP & Head of Outreach & Education  
AVP, Legal  
AVP & Head of Regional Analysis, Research & Statistics  
Officer & Deputy Chief of Staff, Executive Office  
Officer & Director, Outreach & Education  
Associate, Outreach & Education



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# Regional Economic Conditions

Jaison R. Abel

Upstate New York Regional Advisory Board Meeting – July 18, 2018

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.

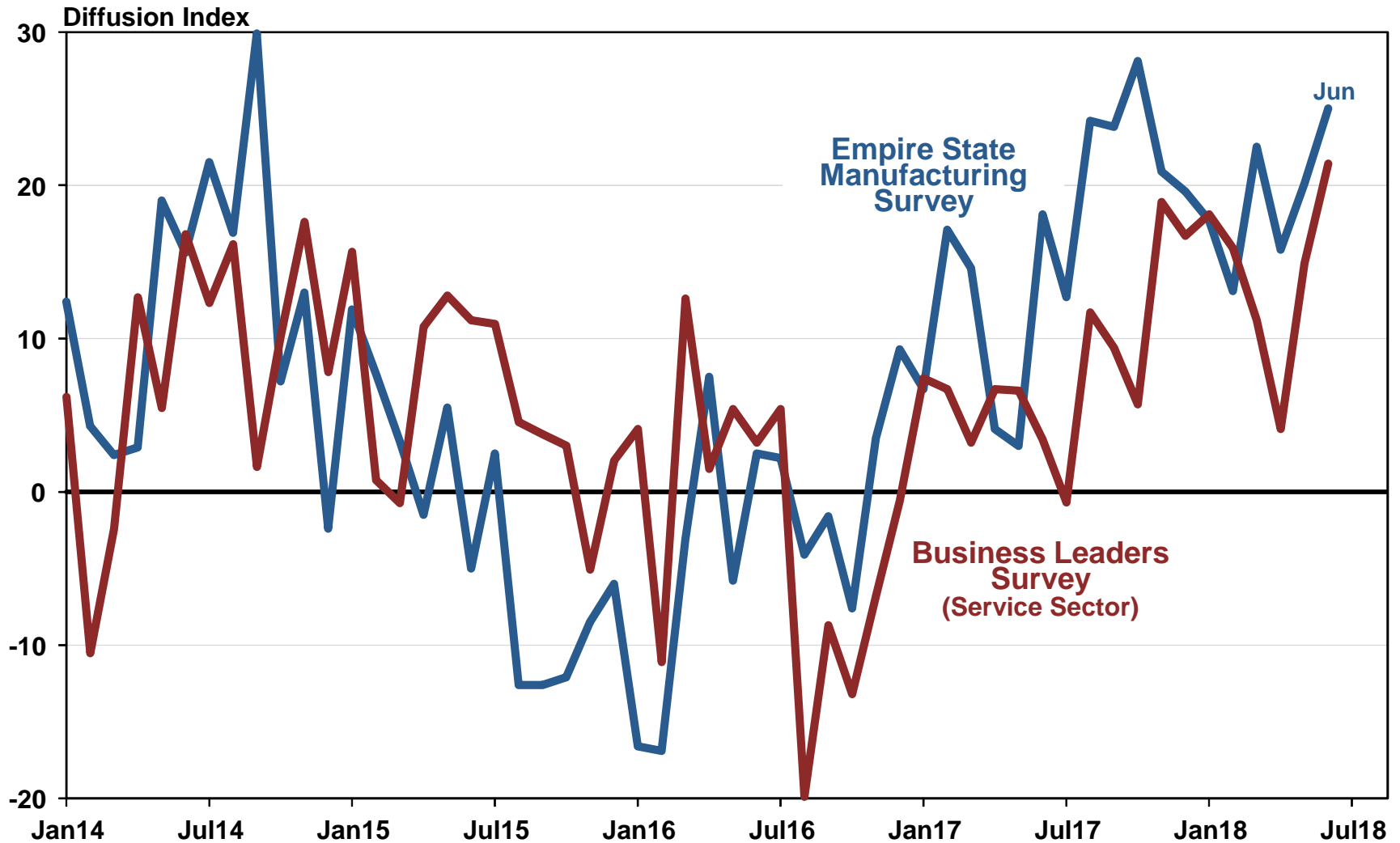
# Overview of Regional Conditions

- Business activity in the region has remained fairly robust through mid-2018, particularly in manufacturing. Businesses continue to report widespread price pressures.
- New York City remains the region's engine of job growth. Growth has been sluggish in upstate New York, with many areas seeing little or no job growth over the past year. Puerto Rico and the USVI continue to recover from the storms.
- The region's housing markets have generally continued to firm; however, a backlog of foreclosures remains elevated in the region.



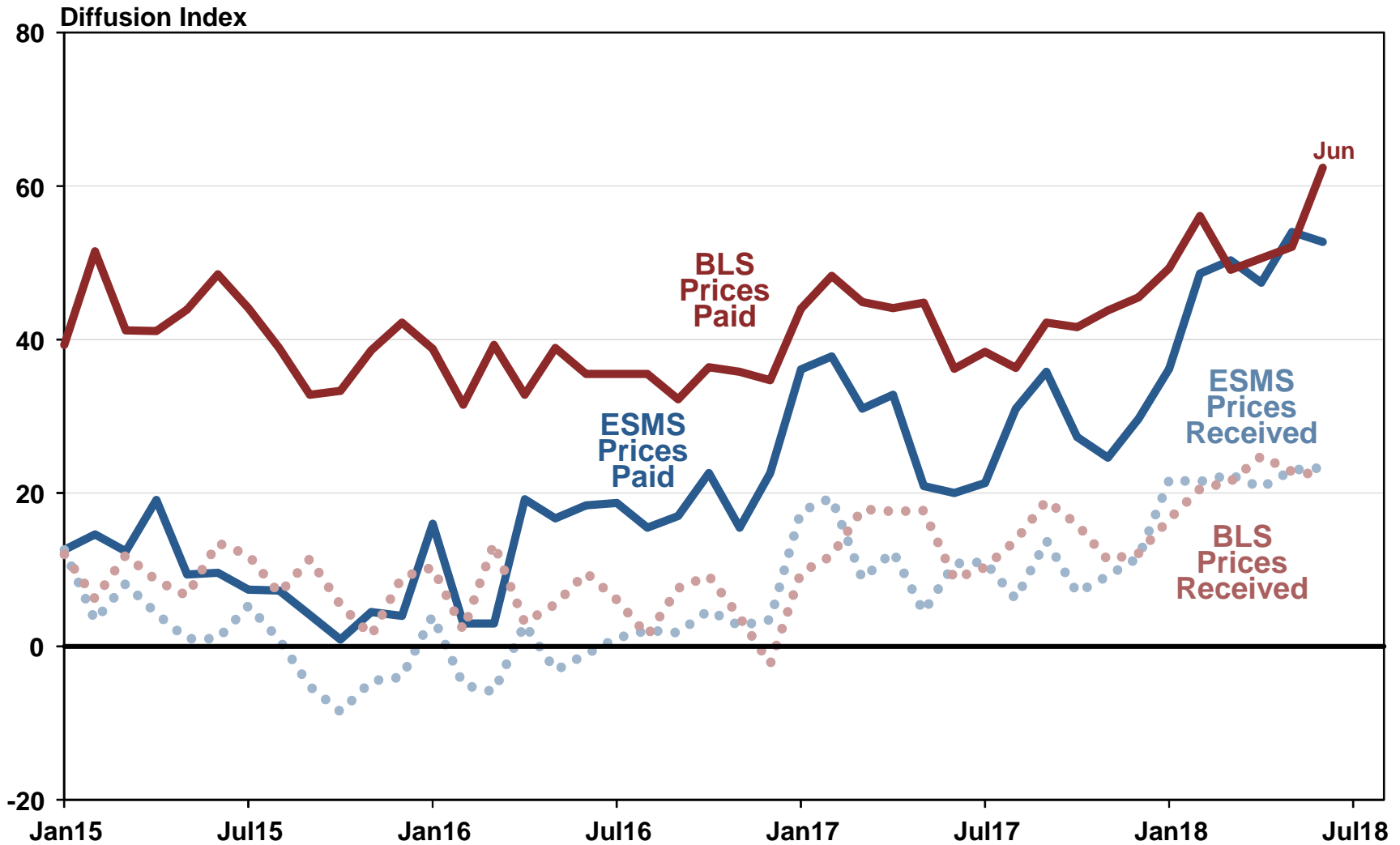
# Current Economic Conditions

## FRBNY Regional Business Surveys



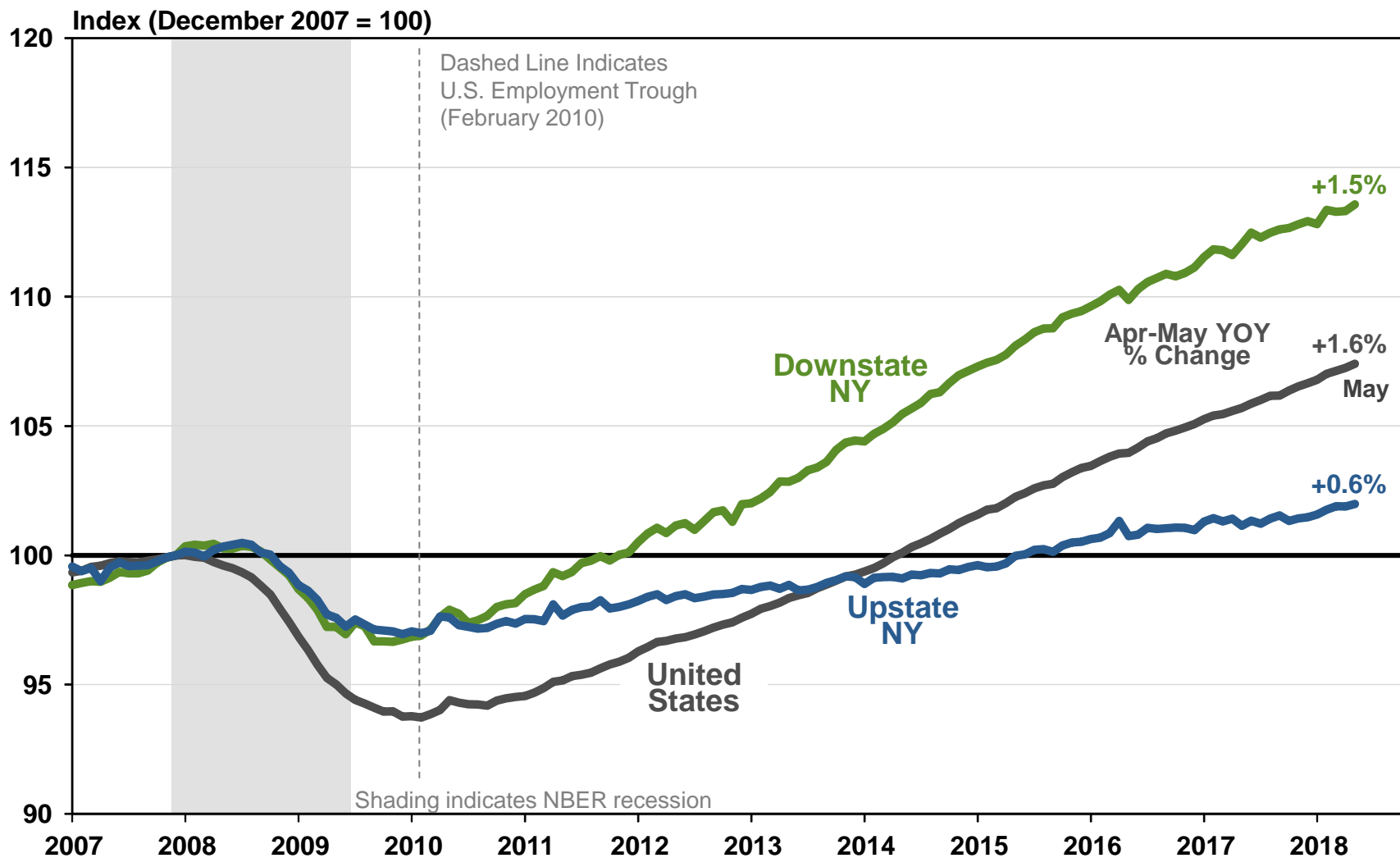
# Input and Selling Prices

FRBNY Regional Business Surveys



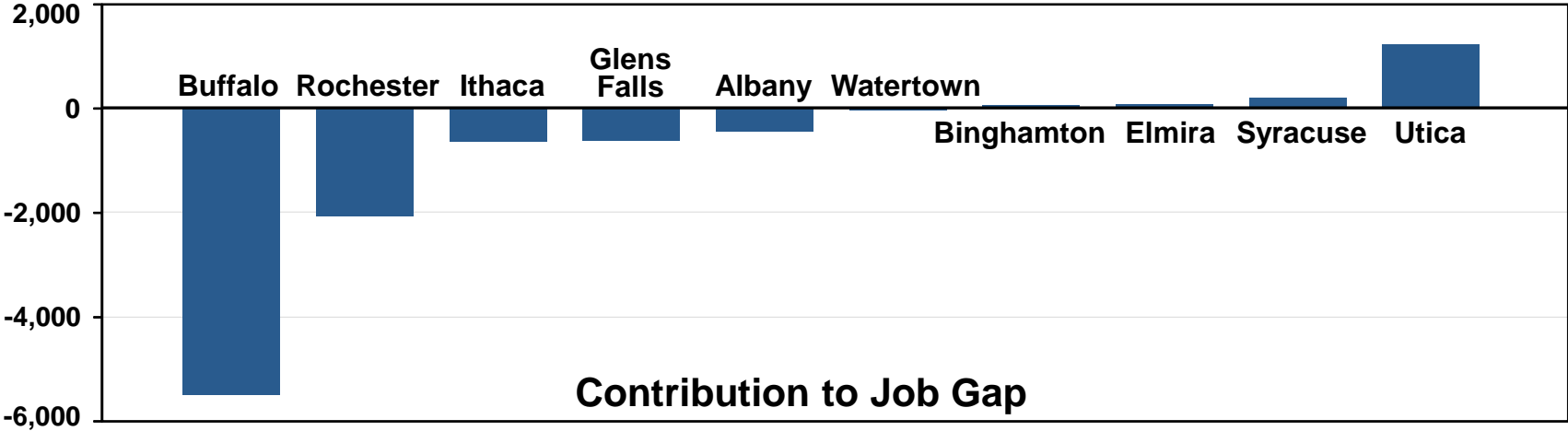
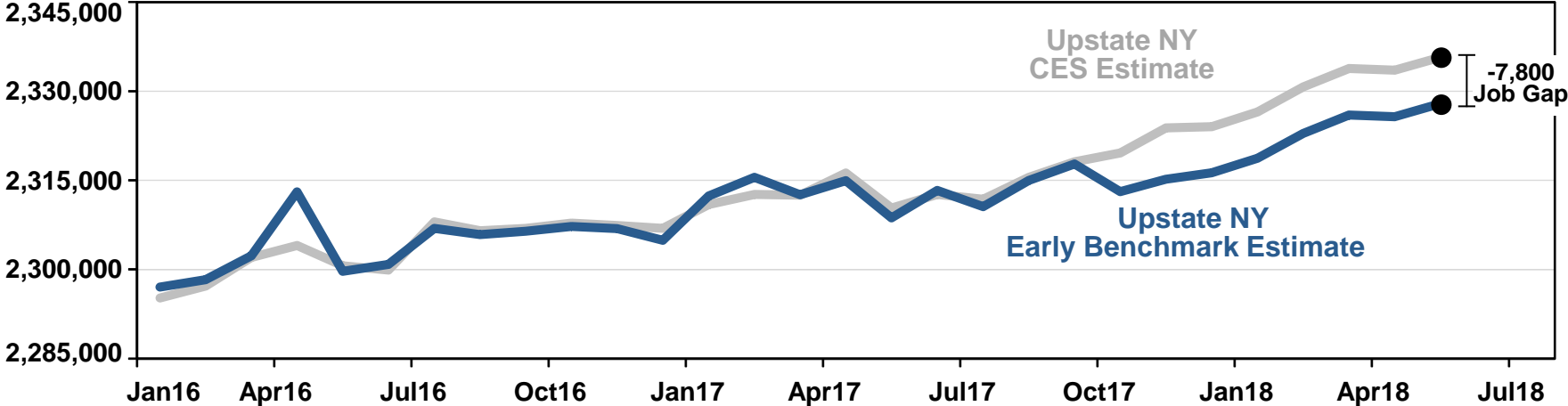
# Regional Employment Trends

## Indexes of Total Employment, Seasonally Adjusted



# Slower Growth in Upstate New York

## Total Employment, Seasonally Adjusted

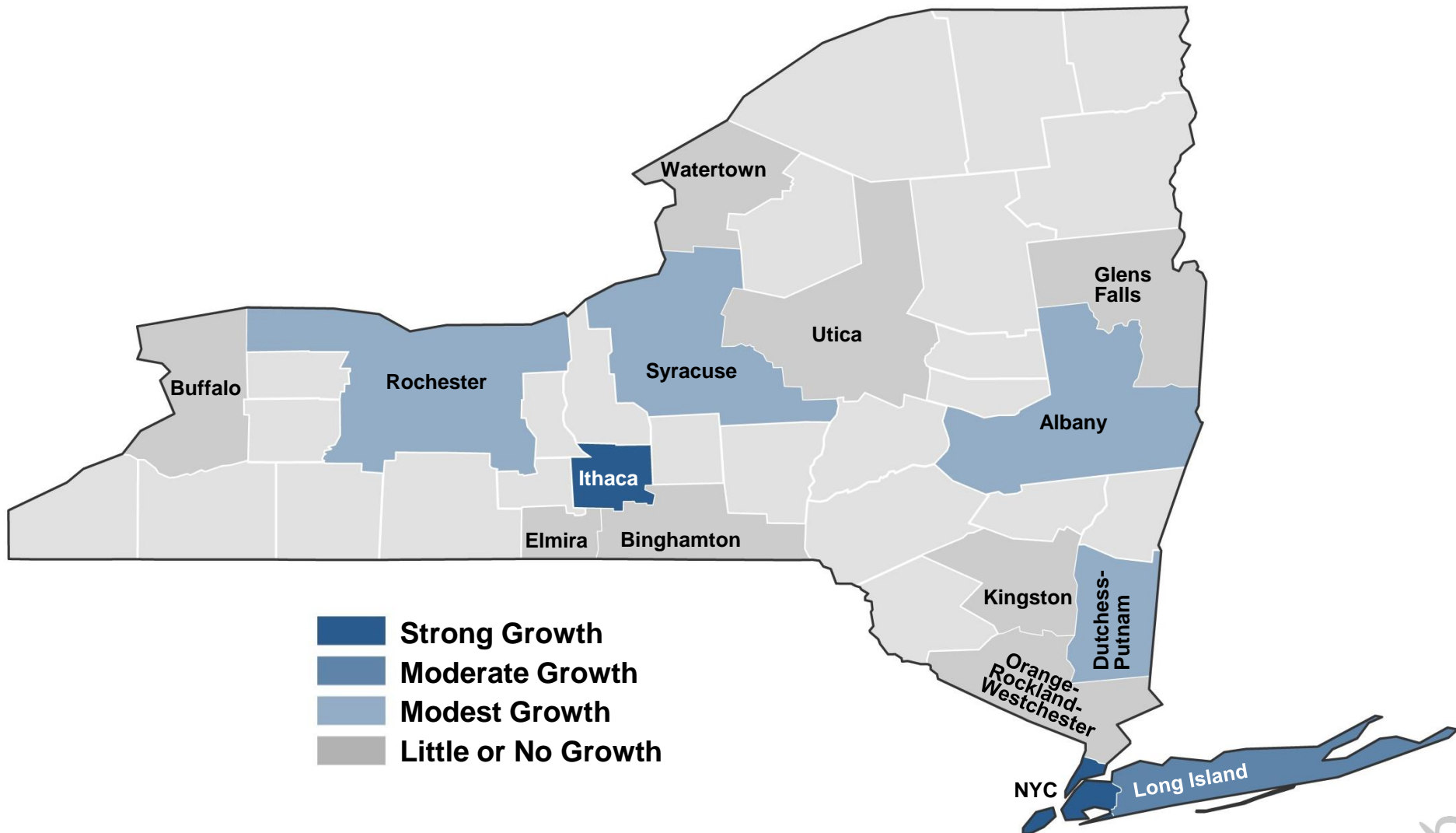


Source: U.S. Bureau of Labor Statistics and Moody's Economy.com. Regional data are early benchmarked by FRBNY staff.



# Recent Job Growth in New York State

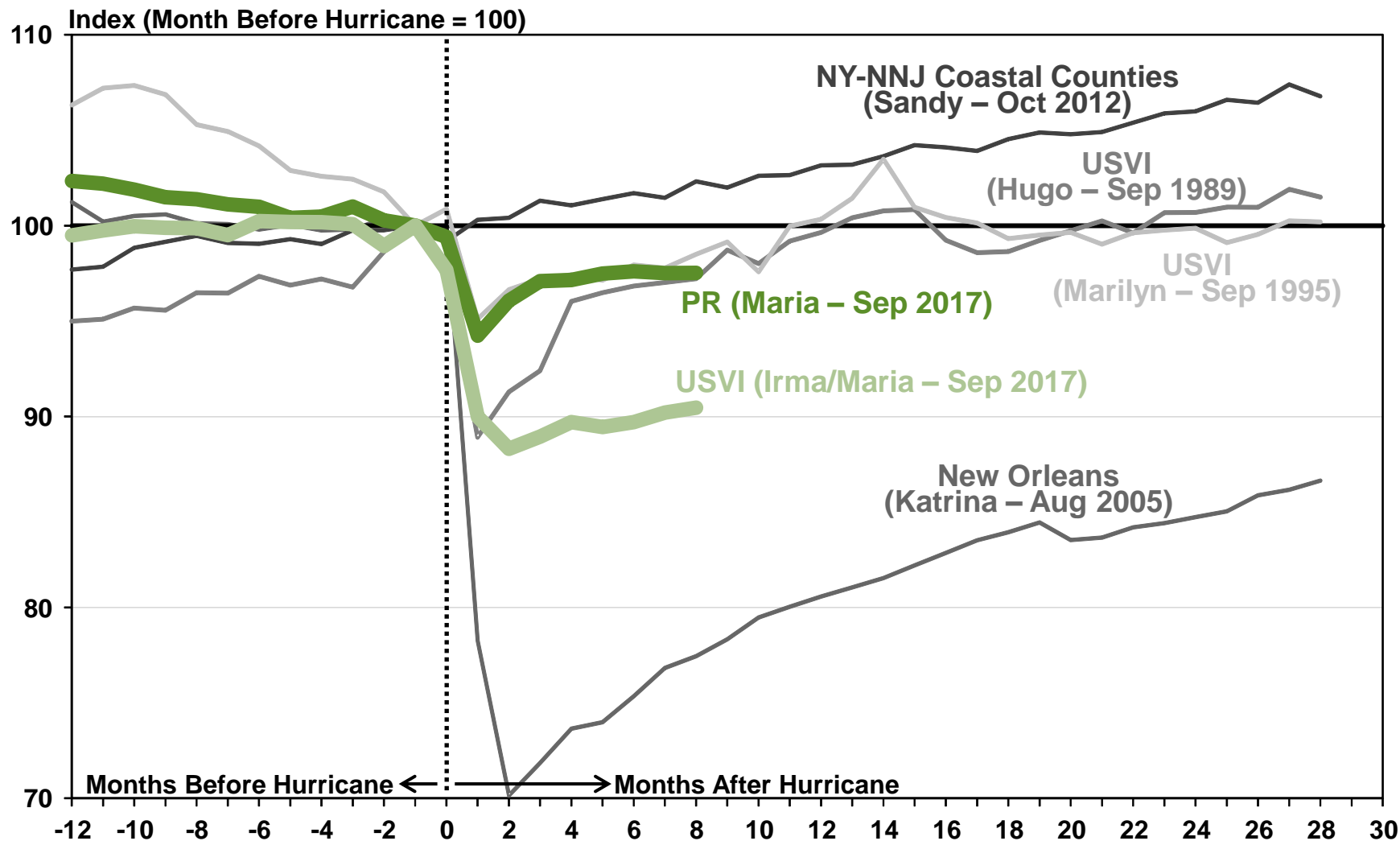
Apr-May YOY Percent Change



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

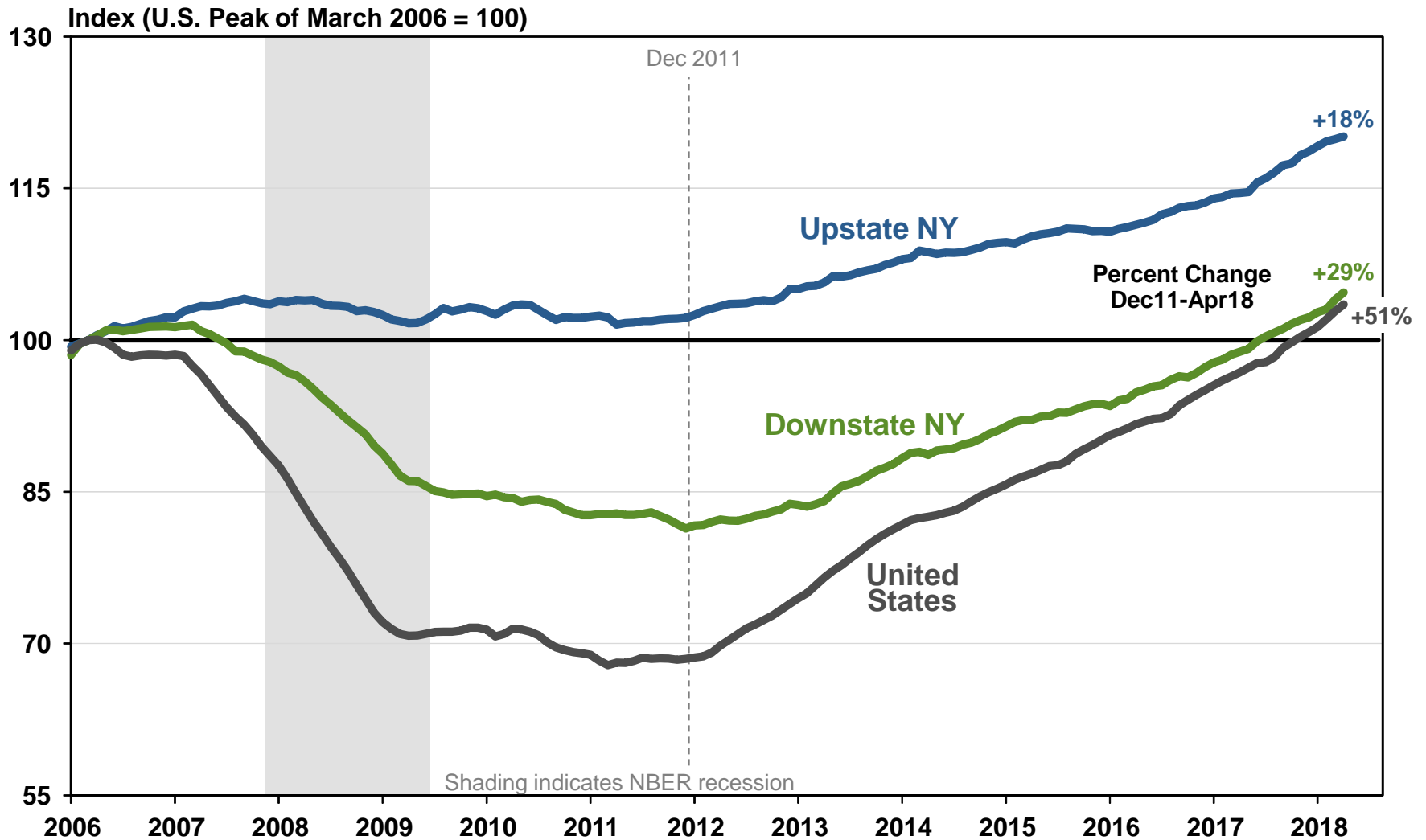
# Post-Hurricane Employment Paths

Indexes of Total Employment, Seasonally Adjusted



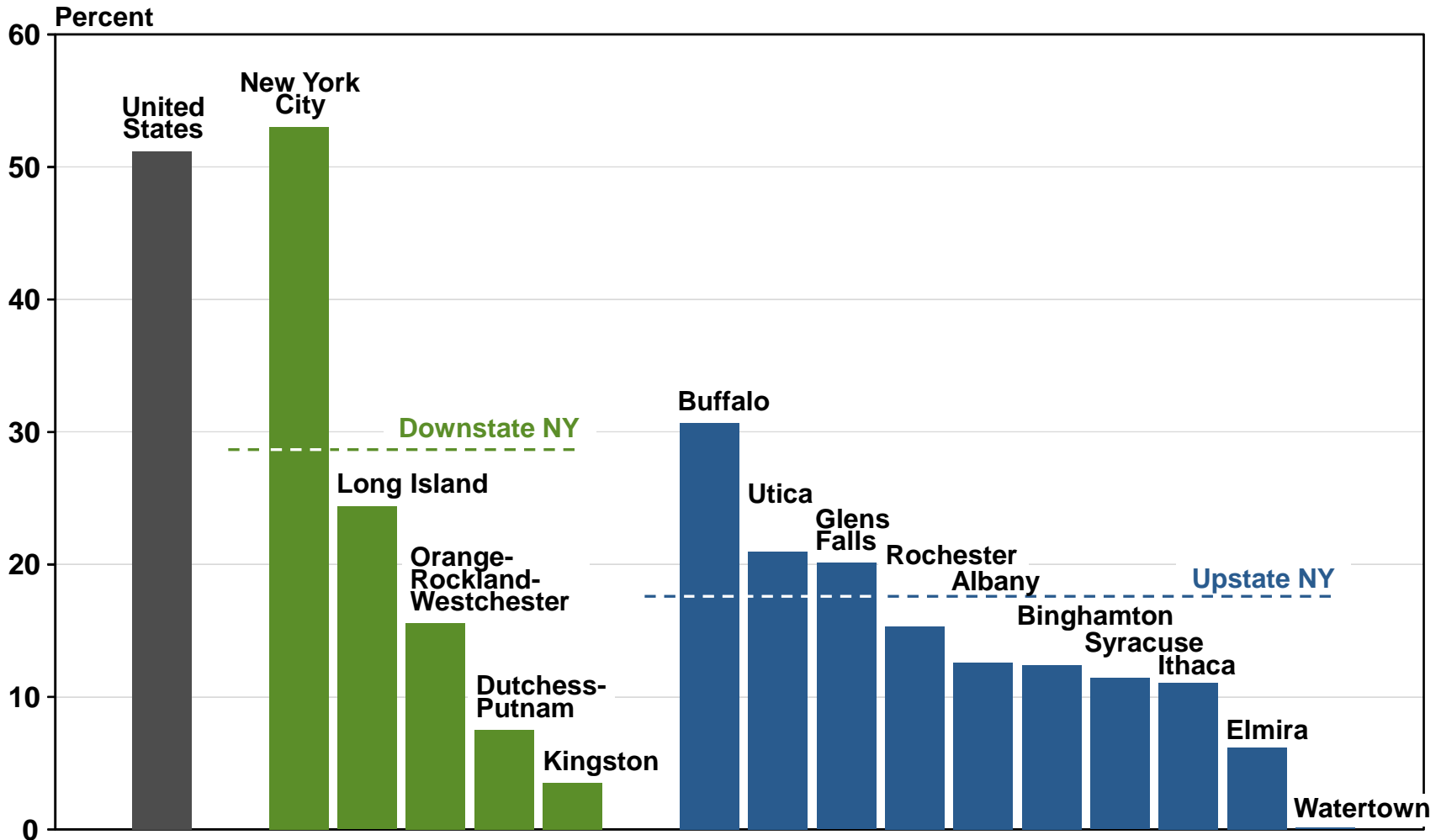
# Regional Home Price Trends

## Home Price Indexes, Seasonally Adjusted



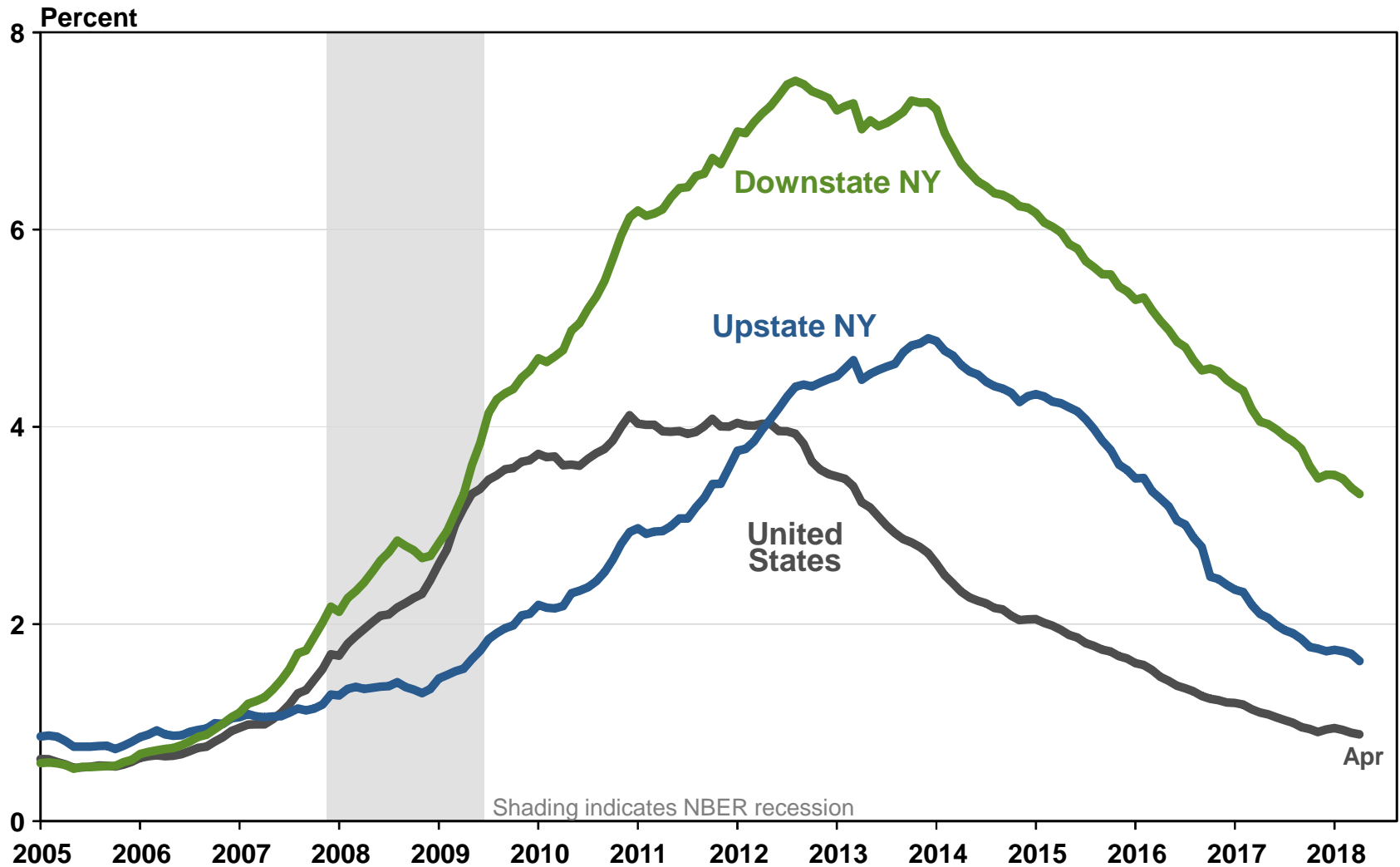
# Local Home Price Growth

Percent Change, Dec 2011 to Apr 2018



# Backlog of Foreclosures

## Share of Mortgages in Foreclosure







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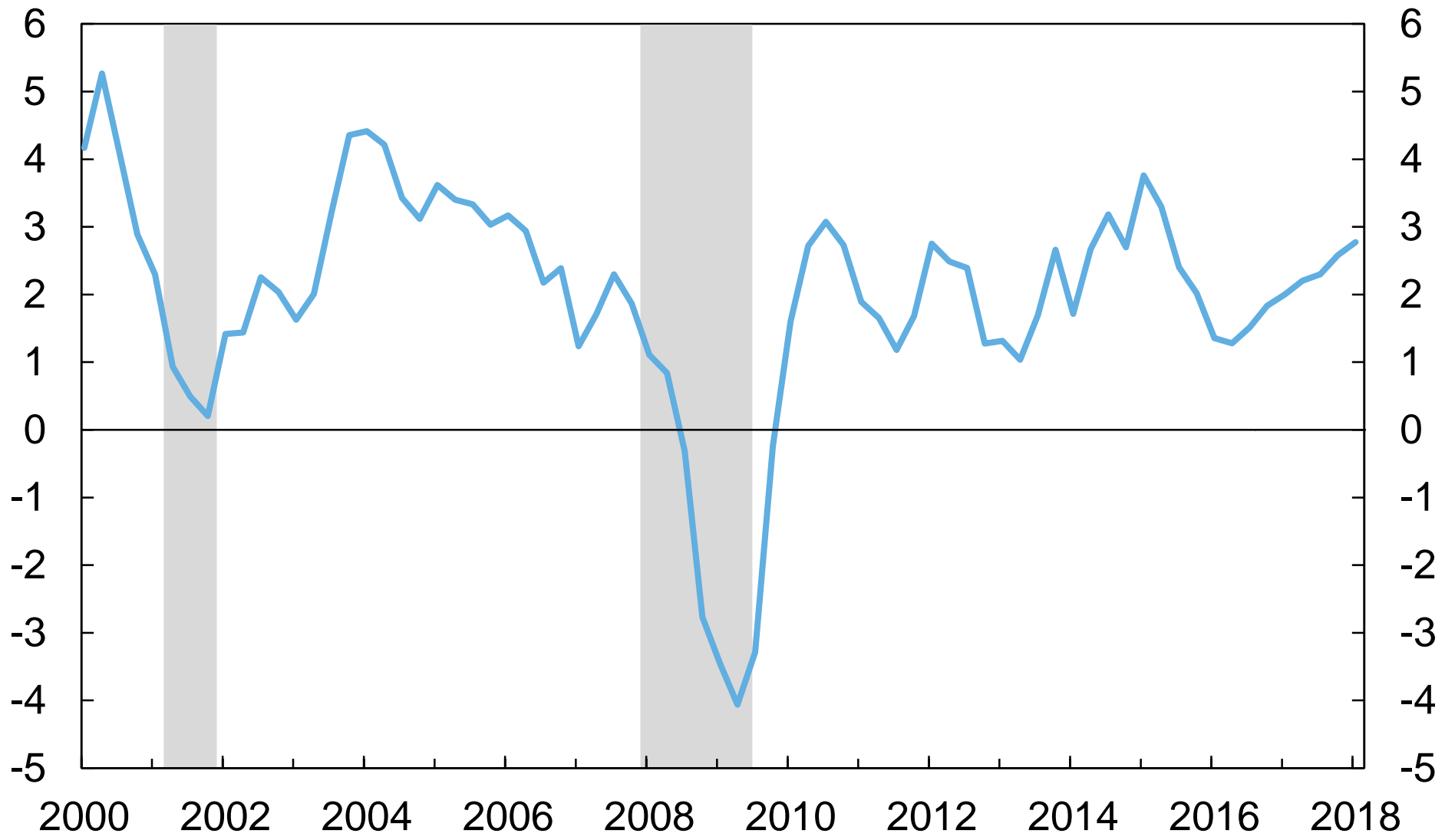
# US Macro Overview

## July 18, 2018

# Growth of Real GDP

Four Quarter Percent Change

Four Quarter Percent Change

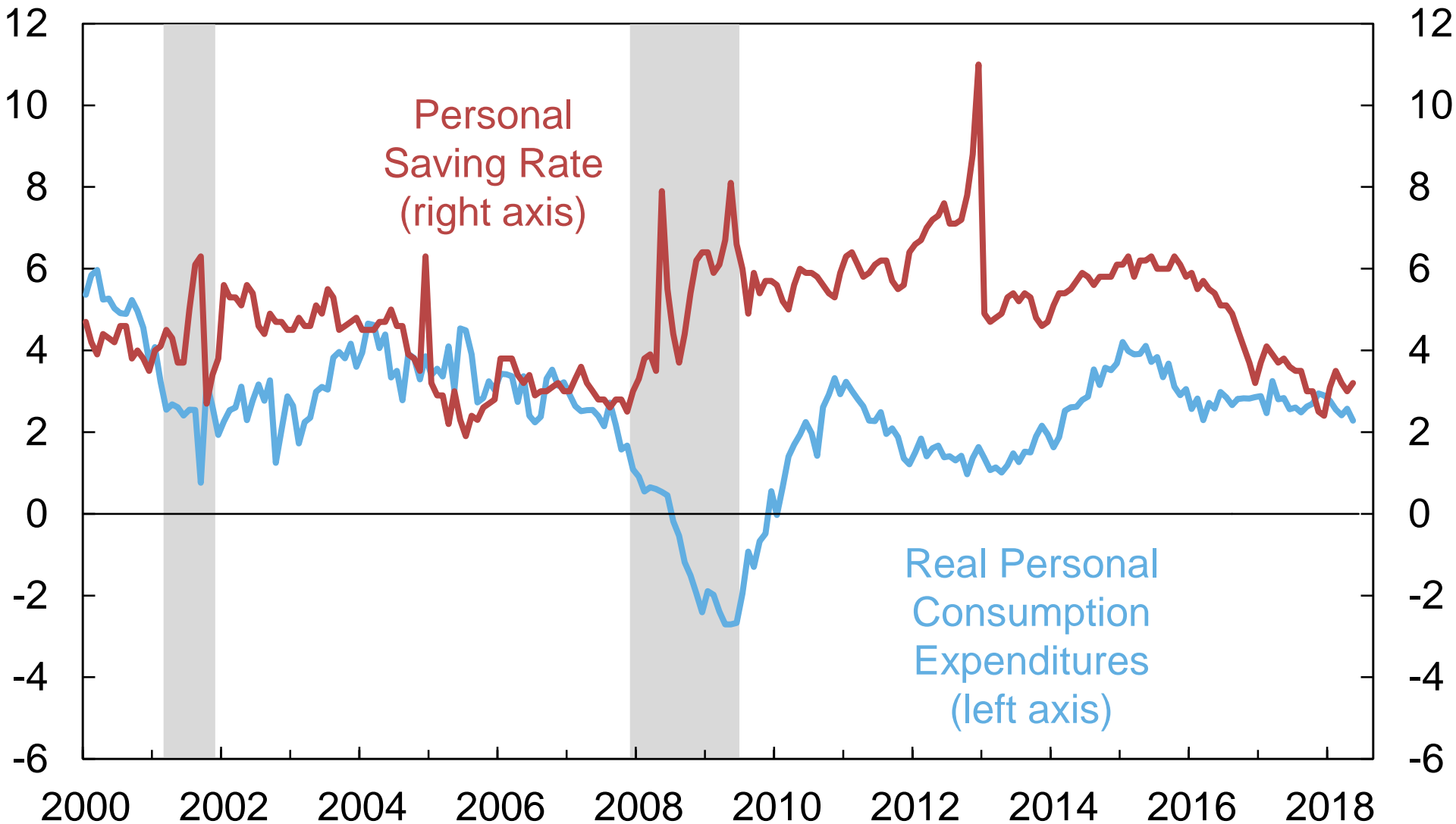


Source: Bureau of Economic Analysis

Note: Shading shows NBER recessions.

# Real PCE and the Personal Saving Rate

12 Month % Change

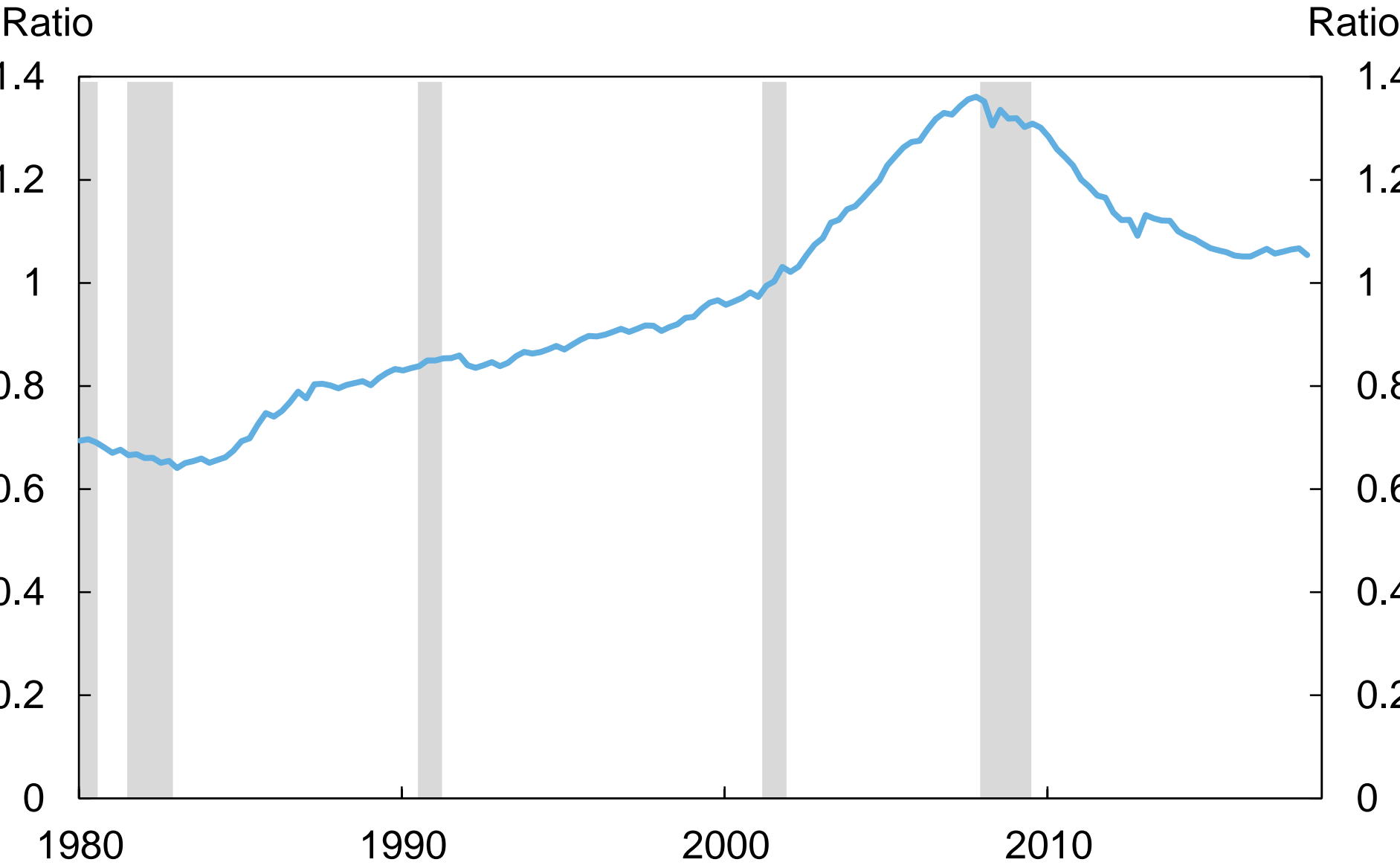


Source: Bureau of Economic Analysis,  
Federal Reserve Board via Haver Analytics

Note: Shading shows NBER recessions.



# Household Liabilities over Disposable Income



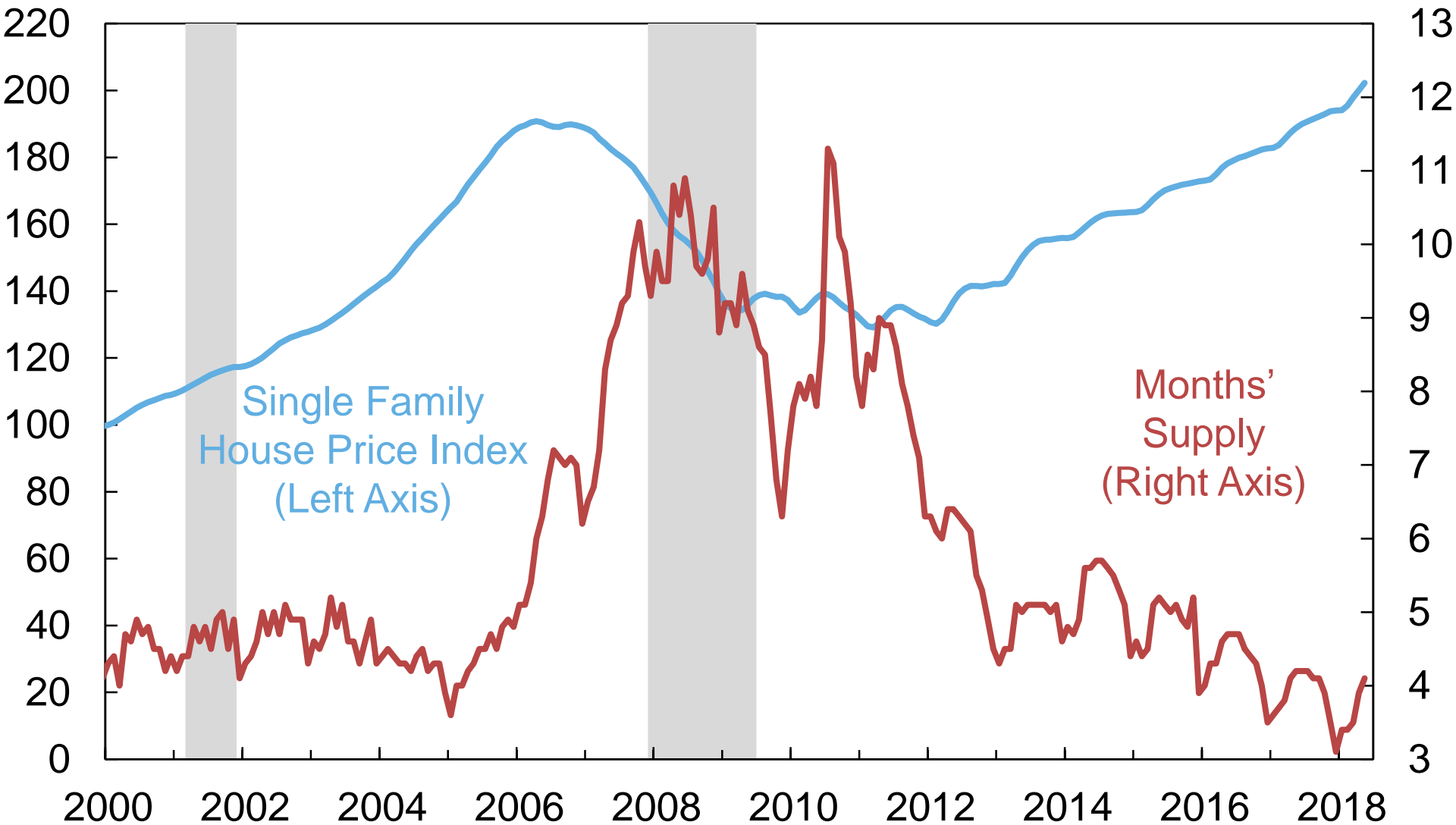
Source: Federal Reserve Board and Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions.

# Single Family Housing Market

Index Level

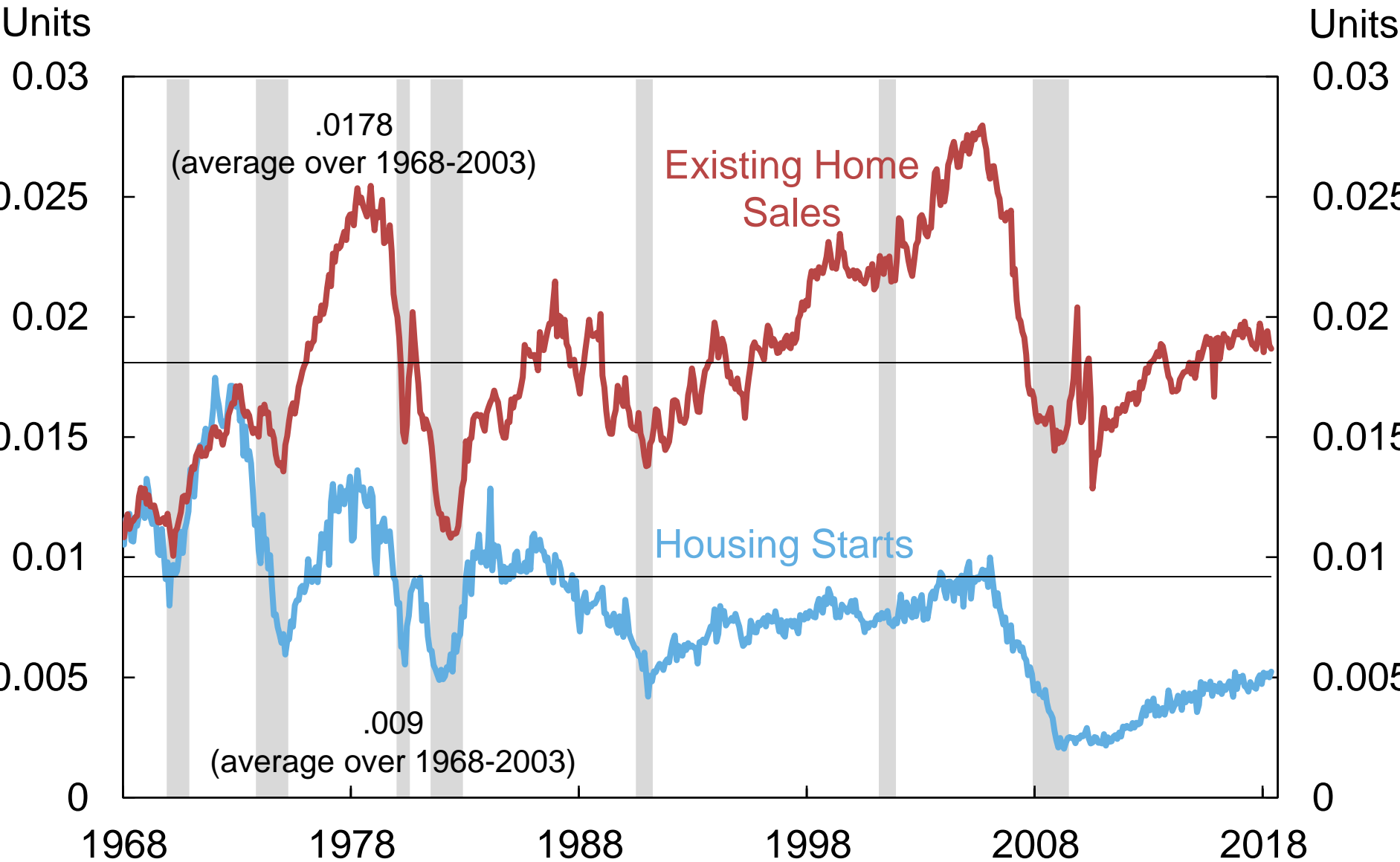
Months



Source: CoreLogic, National Association of Realtors, via Haver Analytics

Note: Shading shows NBER recessions.

# Housing Starts and Existing Homes Sales Per Capita



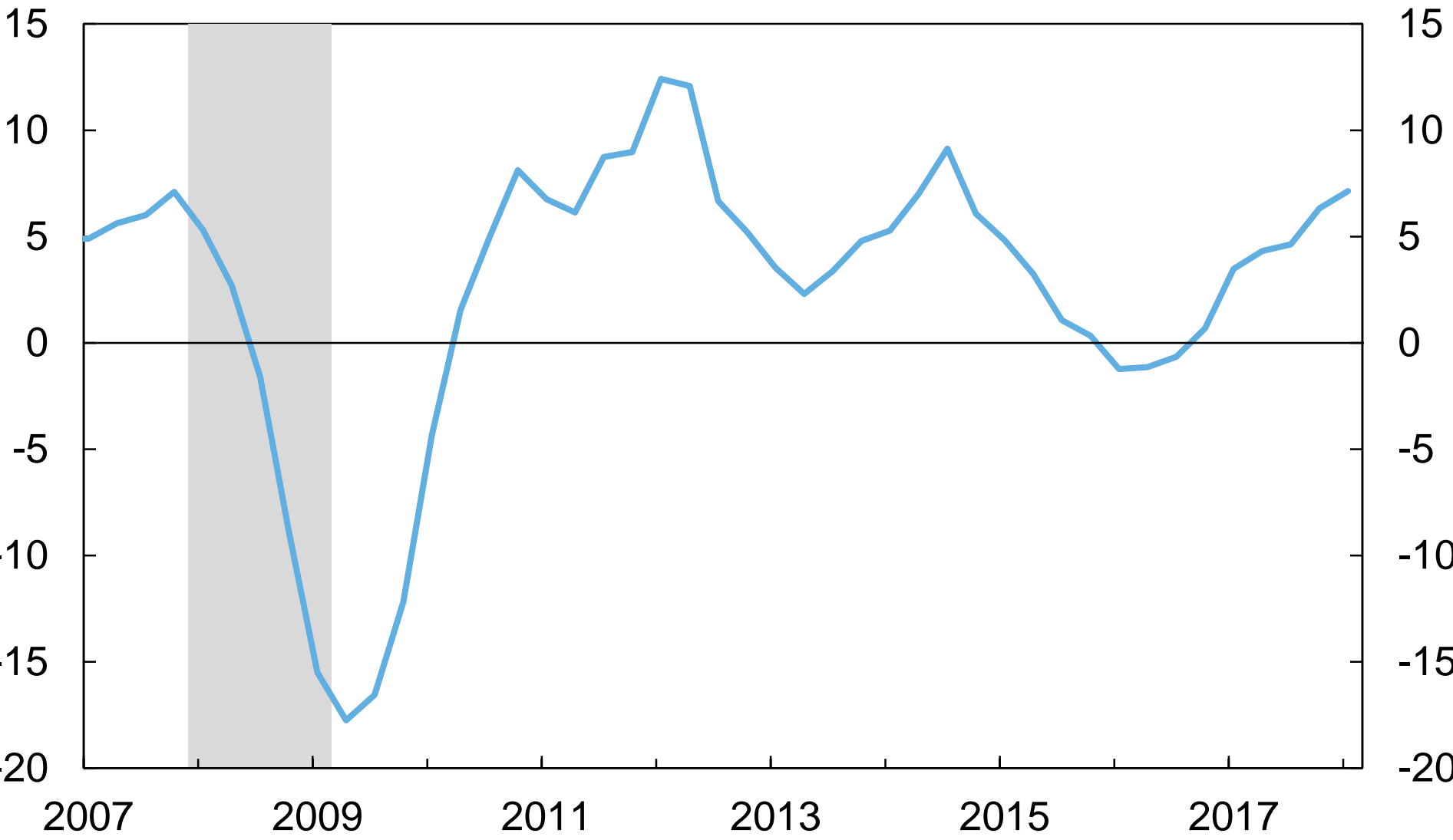
Source: BLS, Census Bureau, NAR

Note: Shading shows NBER recessions.

# Business Fixed Investment

Four Quarter Percent Change

Four Quarter Percent Change



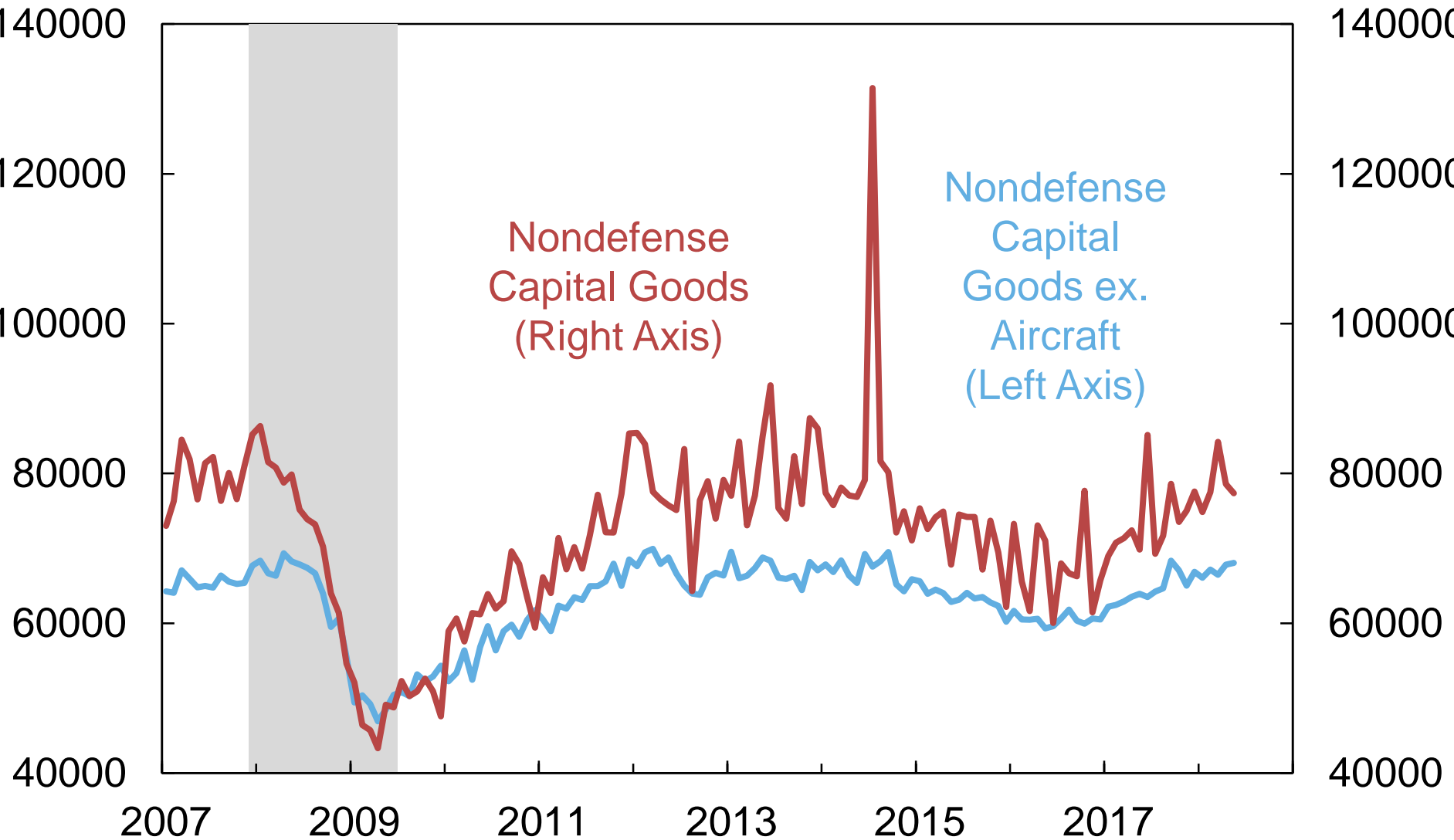
Source: Bureau of Economic Analysis

Note: Shading shows NBER recessions.

# Manufacturers' New Orders of Nondefense Capital Goods

Millions of Dollars

Millions of Dollars



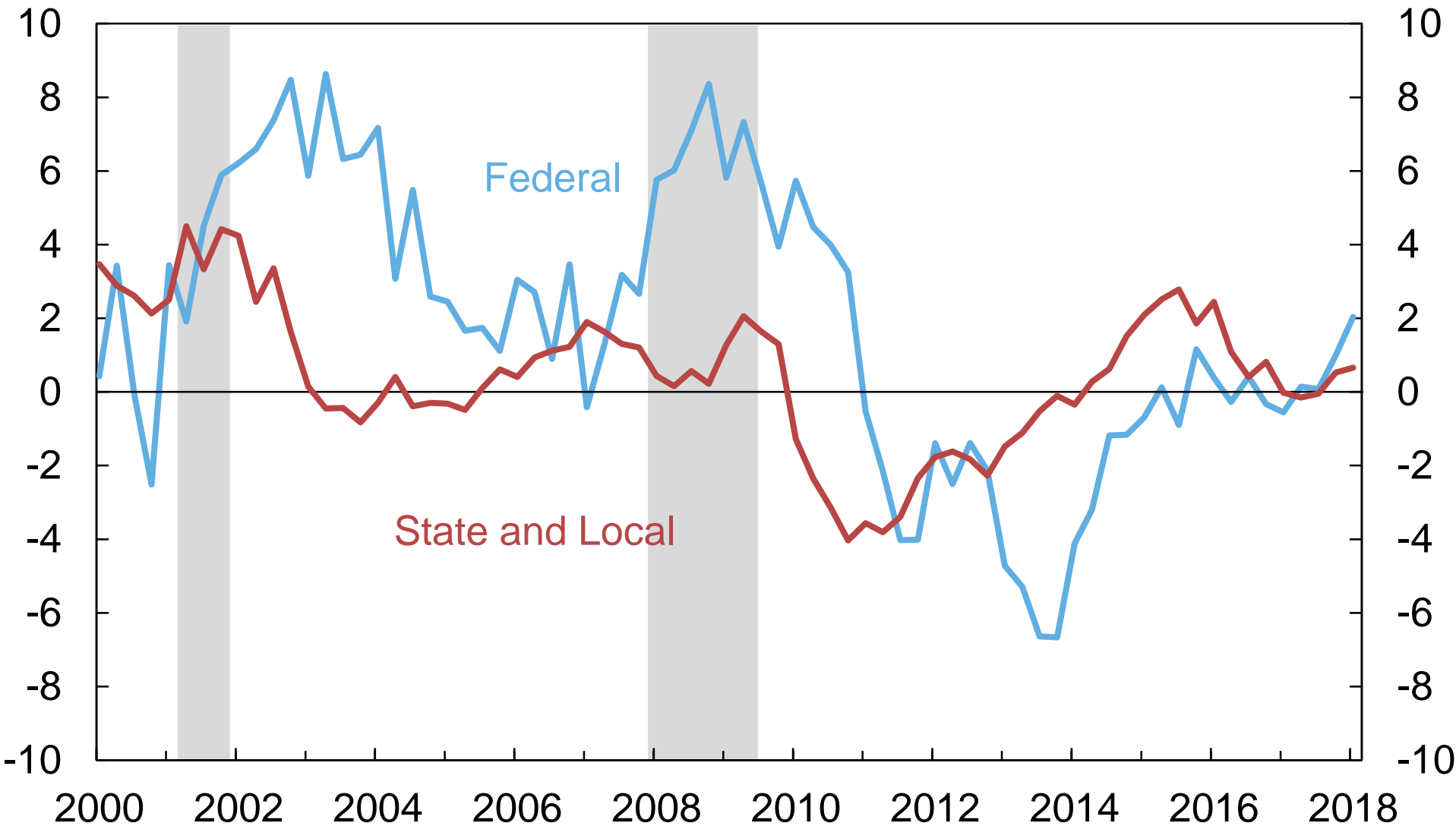
Source: Census Bureau; Haver Analytics.

Note: Shading shows NBER recessions.

# Real Government Consumption and Gross Investment

4 Quarter % Change

4 Quarter % Change



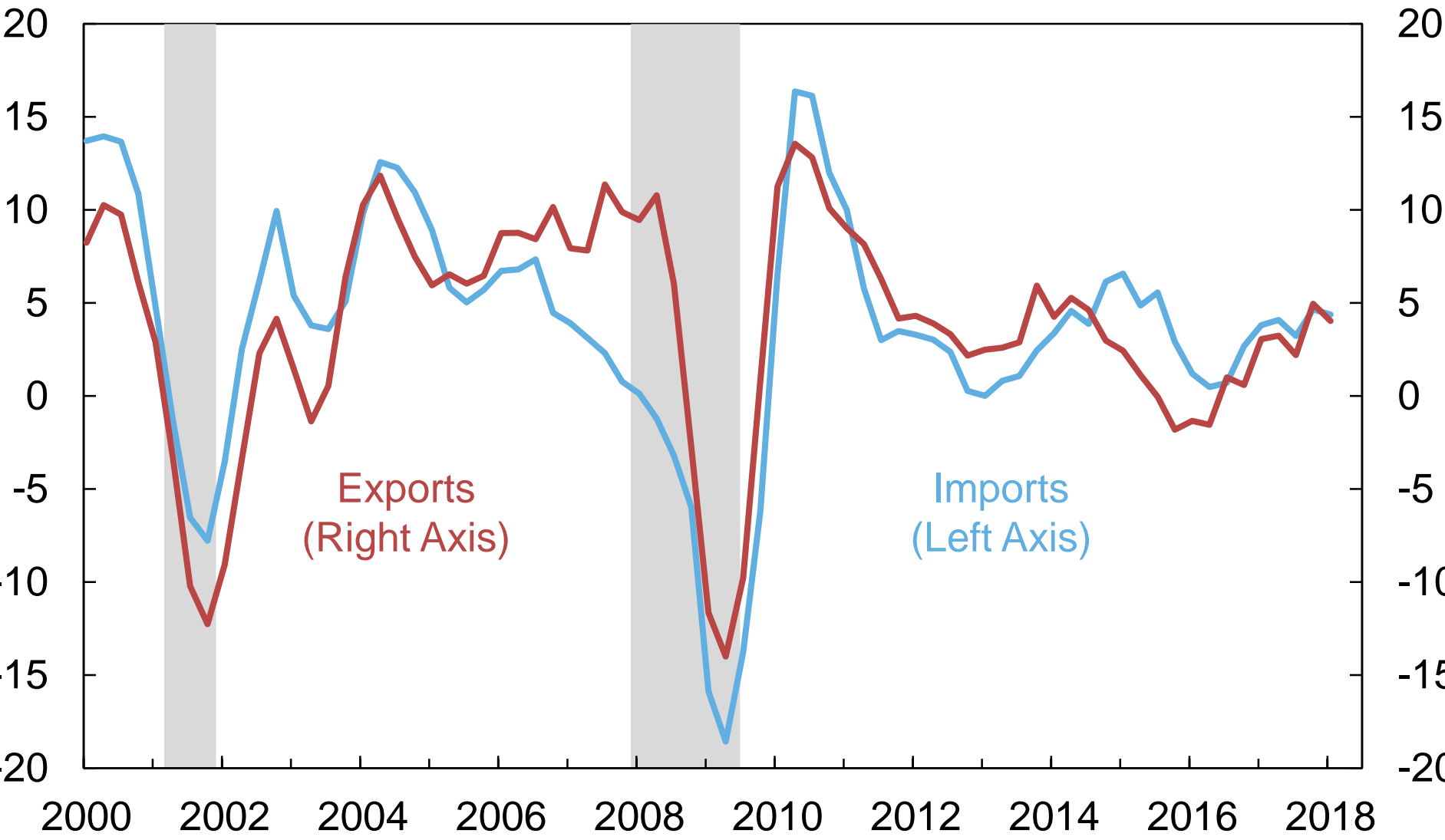
Source: Bureau of Economic Analysis  
via Haver Analytics

Note: Shading shows NBER recessions.

# Real Imports and Exports

4-Quarter Percent Change

4-Quarter Percent Change



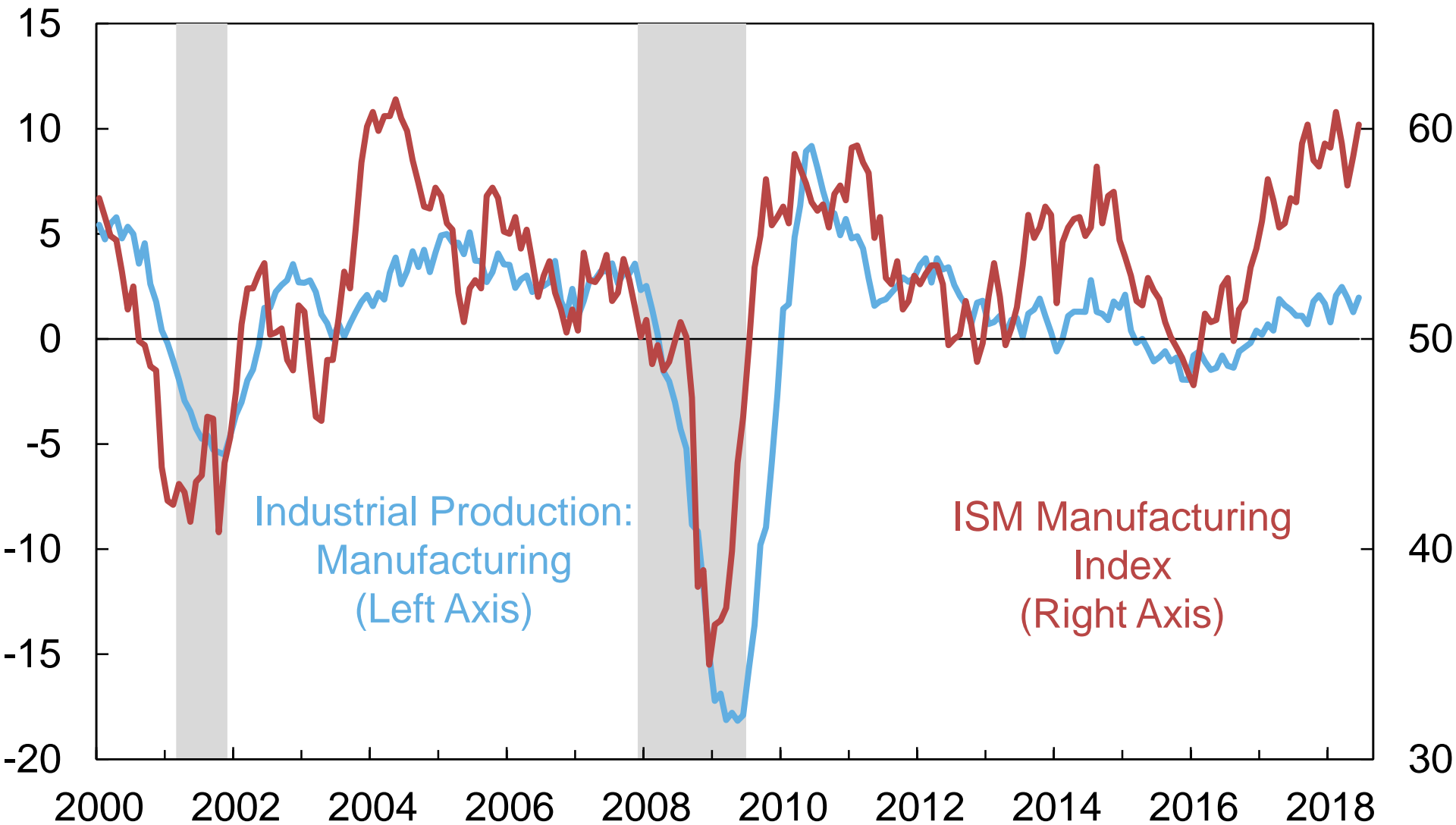
Source: Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions.

# Manufacturing and ISM Manufacturing Index

12 Month % Change

Index



Source: Institute for Supply Management, Federal Reserve Board via Haver Analytics

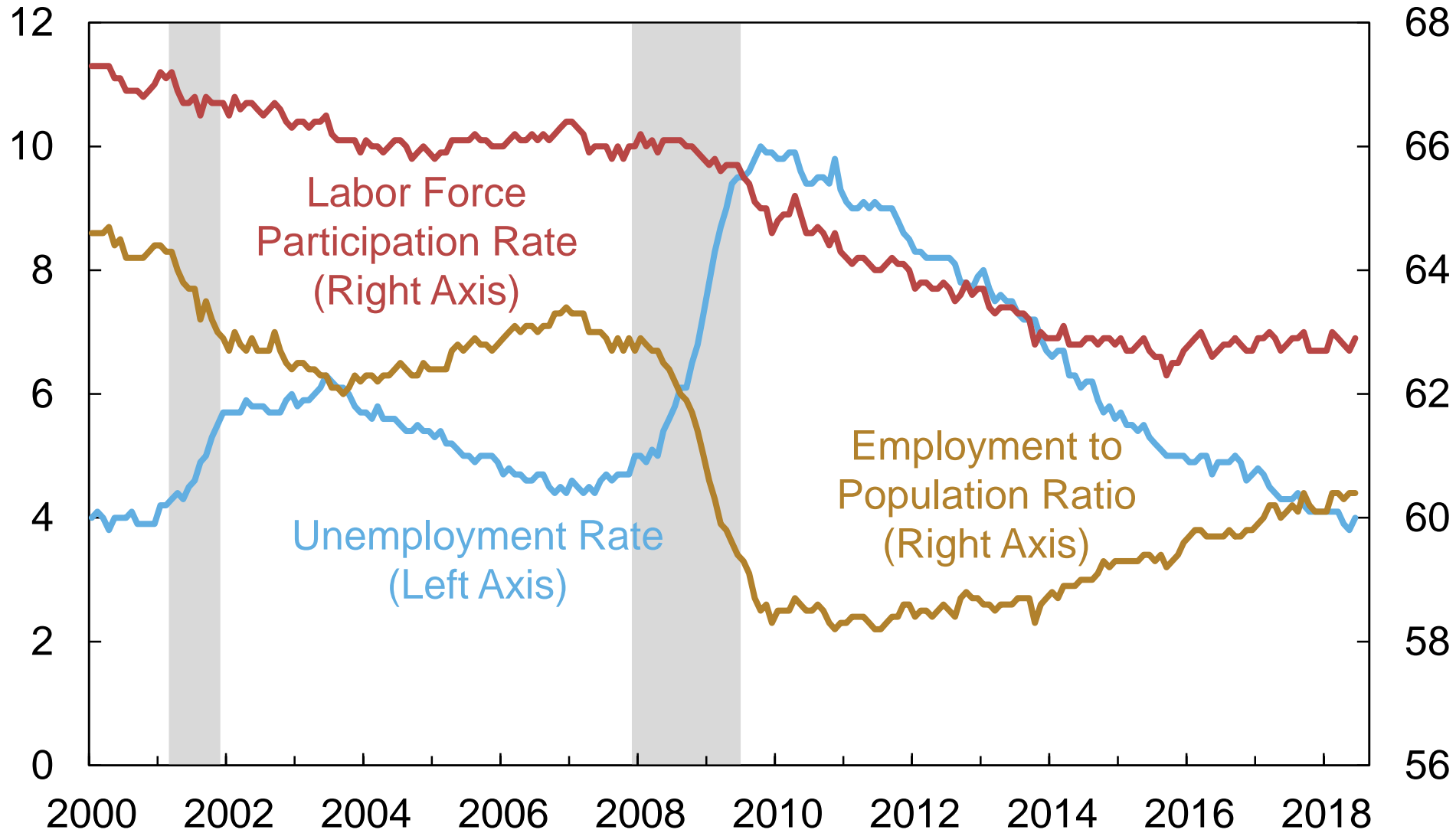
Note: Shading shows NBER recessions.



# Labor Market Indicators

Percent

Percent



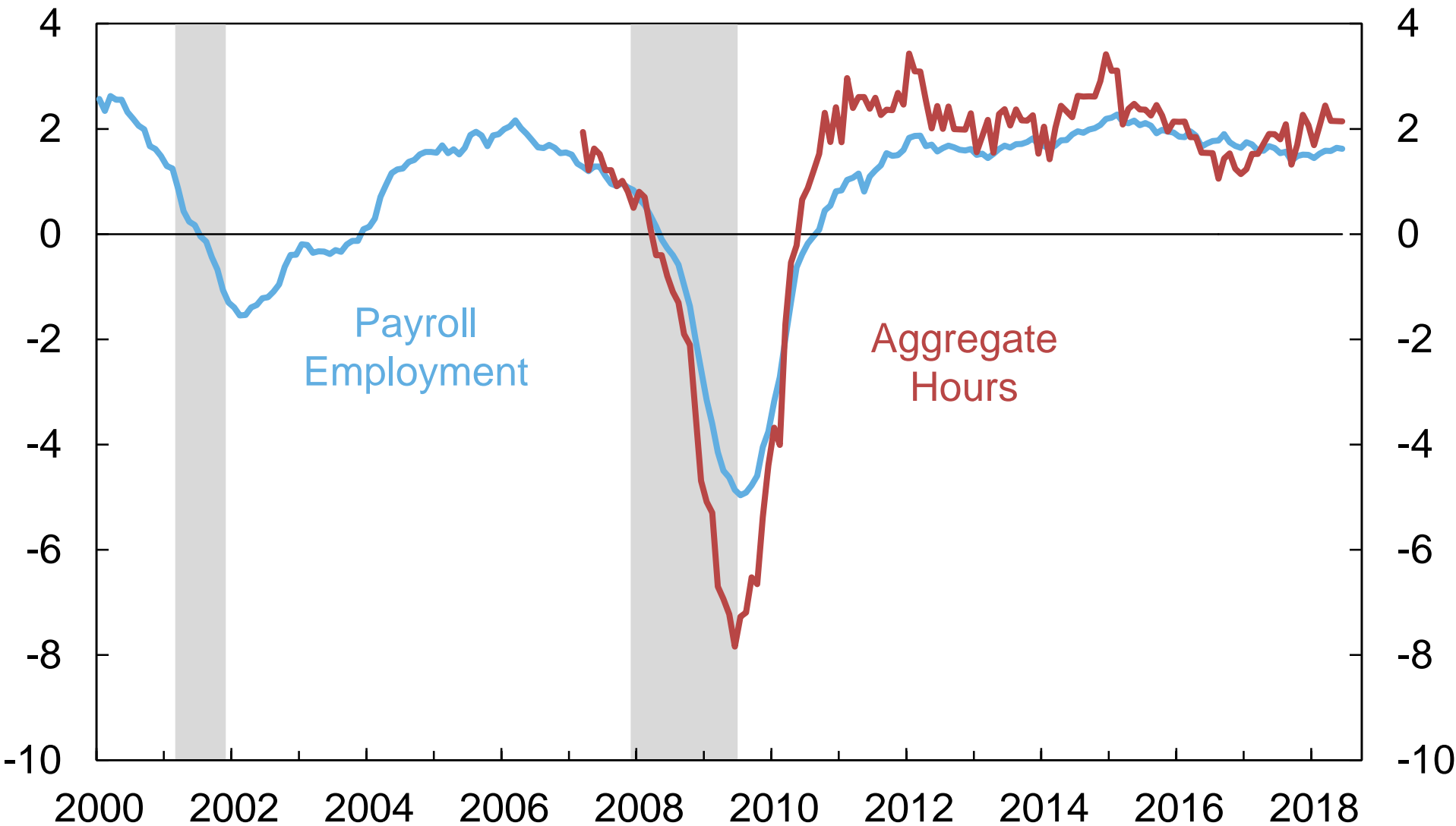
Source: Bureau of Labor Statistics  
via Haver Analytics

Note: Shading shows NBER recessions.

# Payroll Employment and Aggregate Hours

12 Month % Change

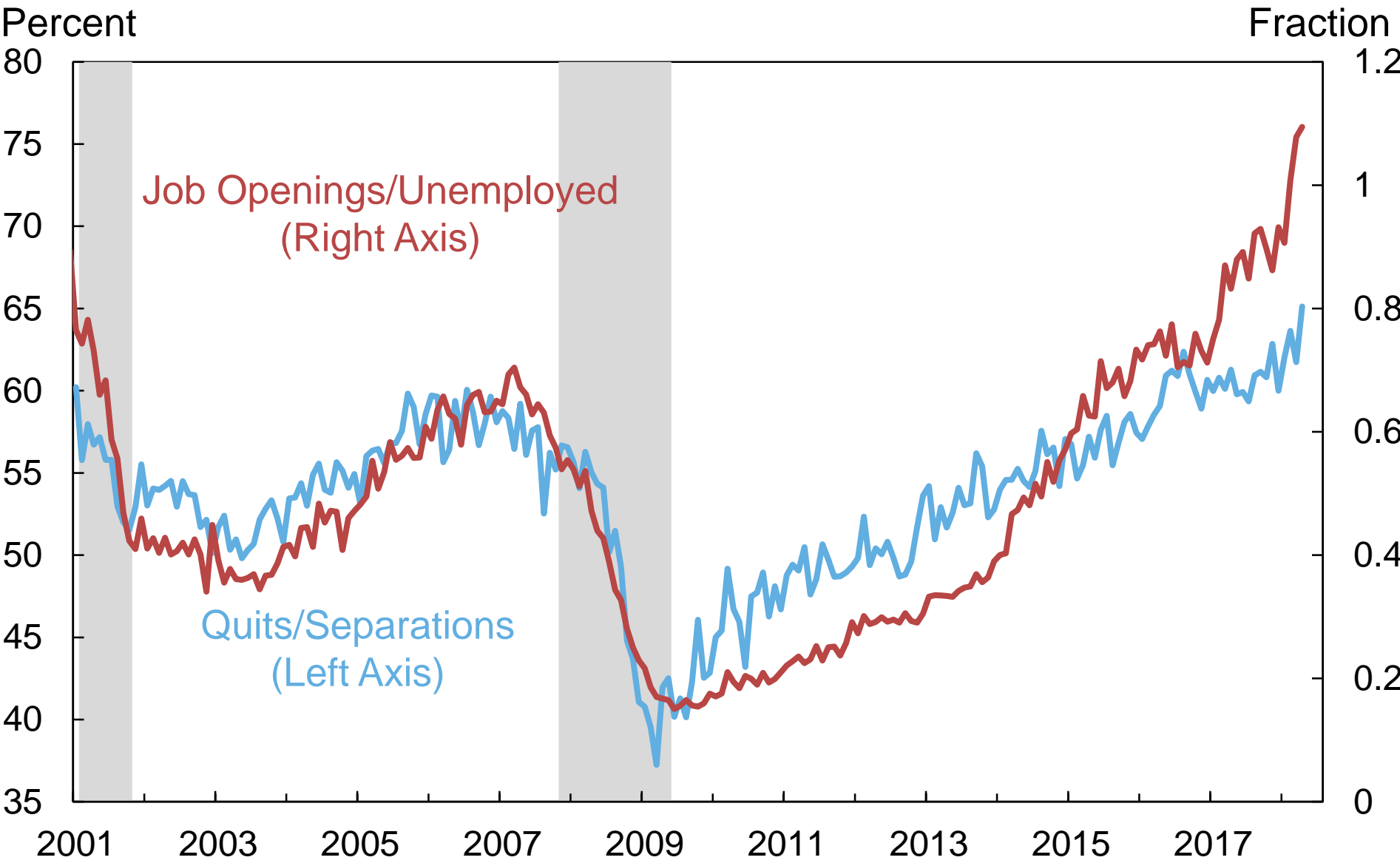
12 Month % Change



Source: Bureau of Labor Statistics via Haver Analytics

Note: Shading shows NBER recessions.

# Openings/Unemployed and Quits/Separations



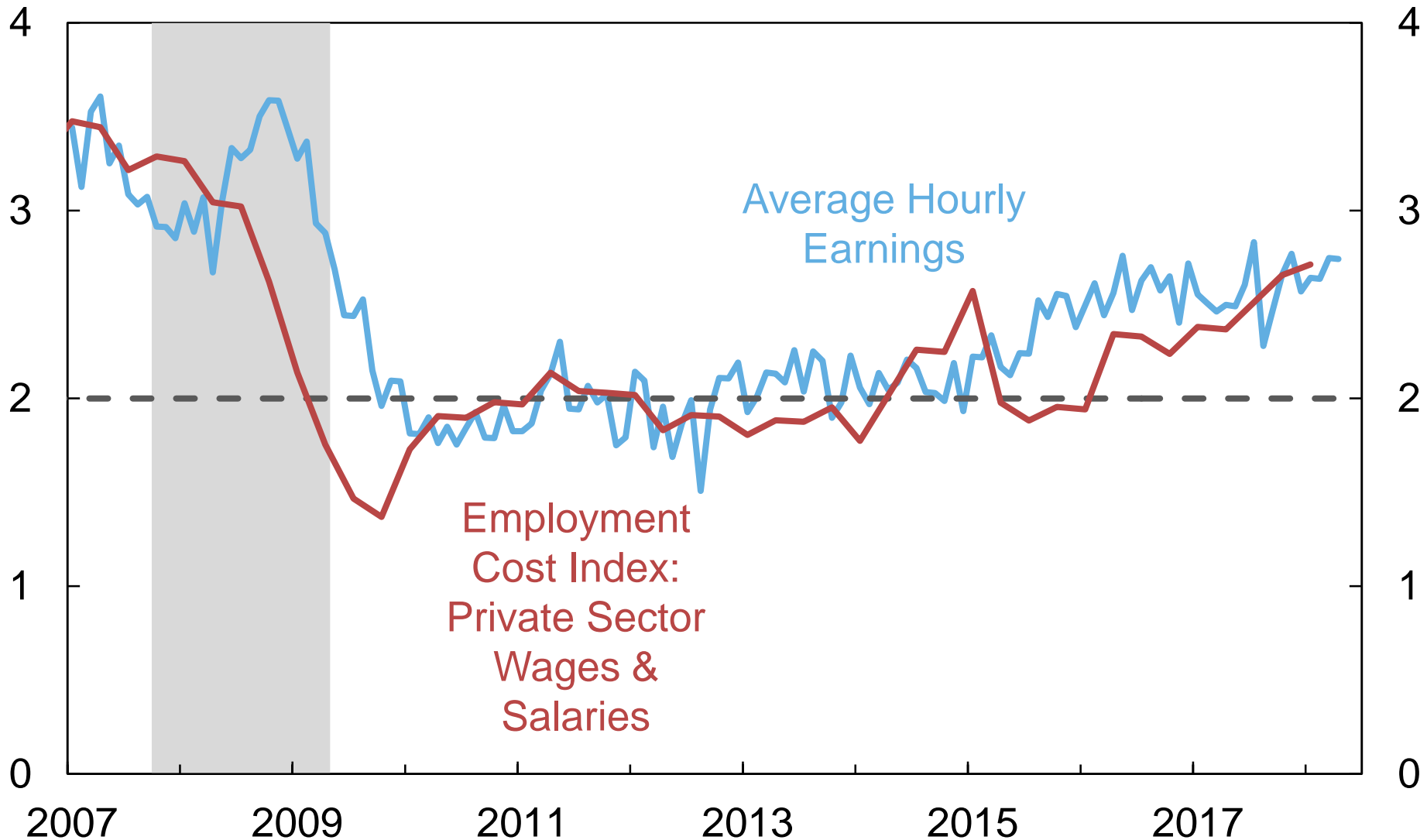
Source: Bureau of Labor Statistics

Note: Grey shading shows NBER recessions.

# Growth of Average Hourly Earnings and ECI

Annual % change

Annual % change



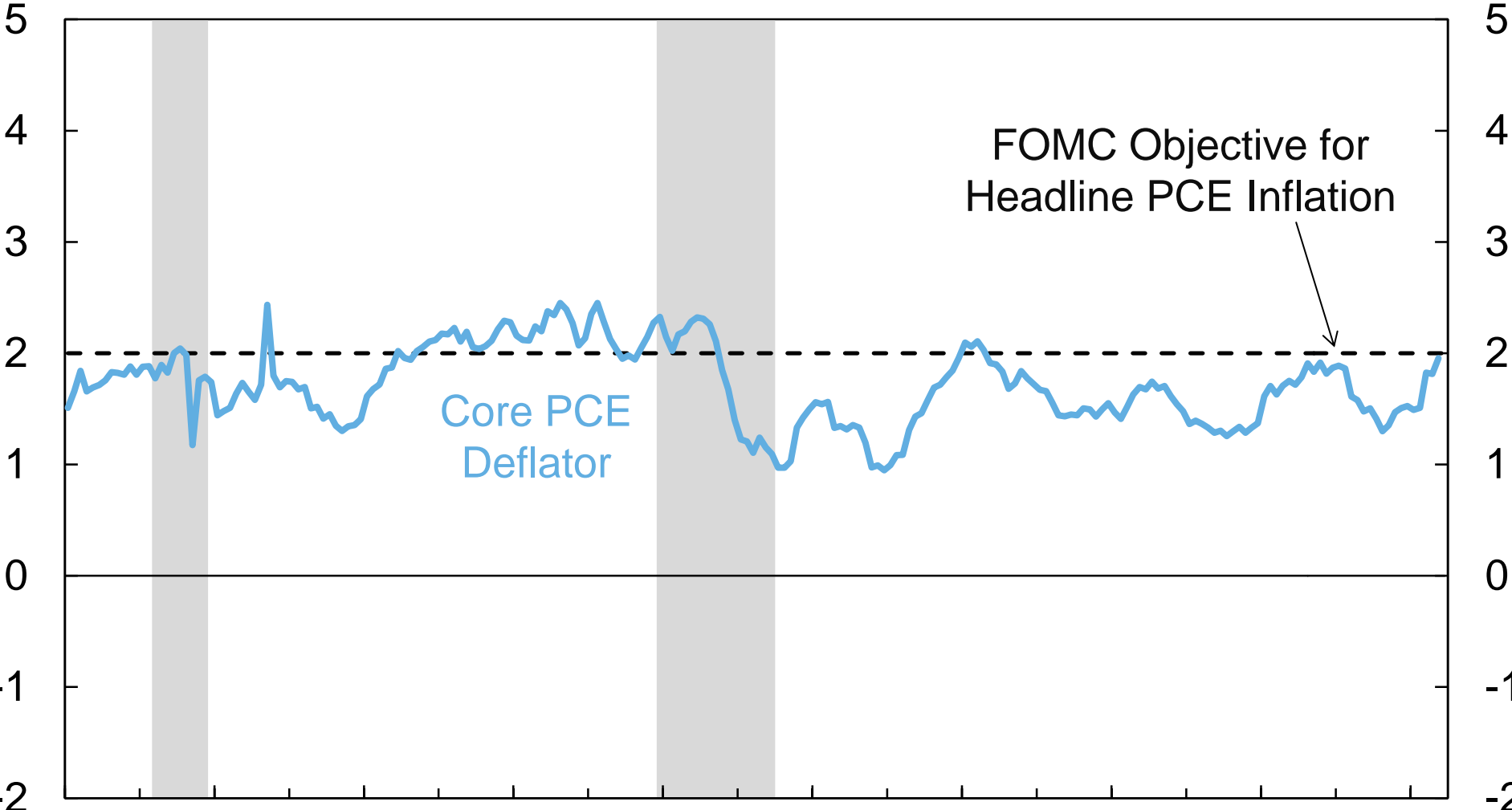
Source: Bureau of Labor Statistics  
via Haver Analytics

Note: Shading shows NBER recessions.

# Measure of Underlying PCE Price Inflation

12 Month % Change

12 Month % Change



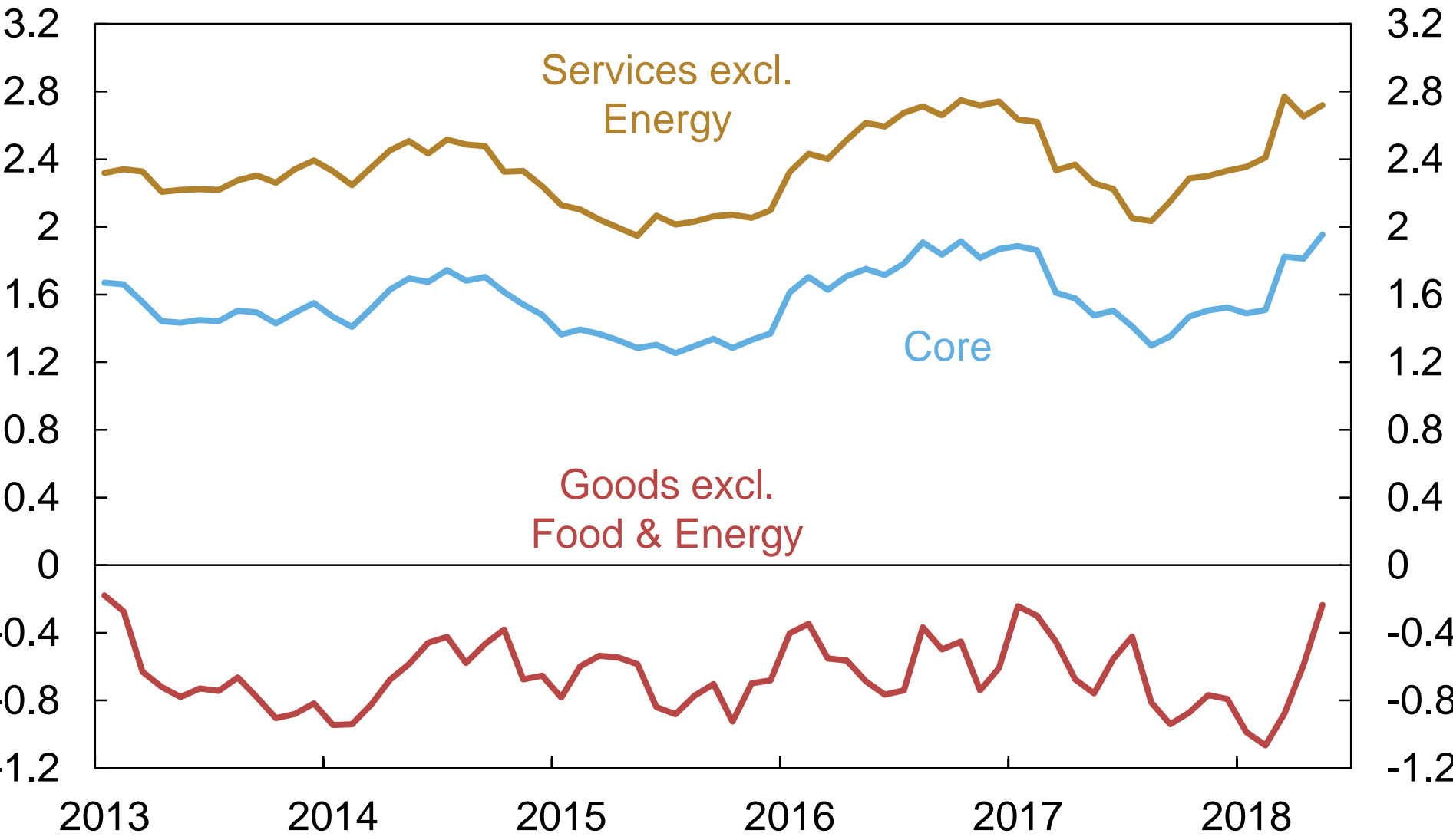
Source: Bureau of Economic Analysis via Haver Analytics

Note: Shading shows NBER recessions. 16

# Core PCE Deflator Inflation

12-Mo % Change

12-Mo % Change



Source: BEA; Haver Analytics.

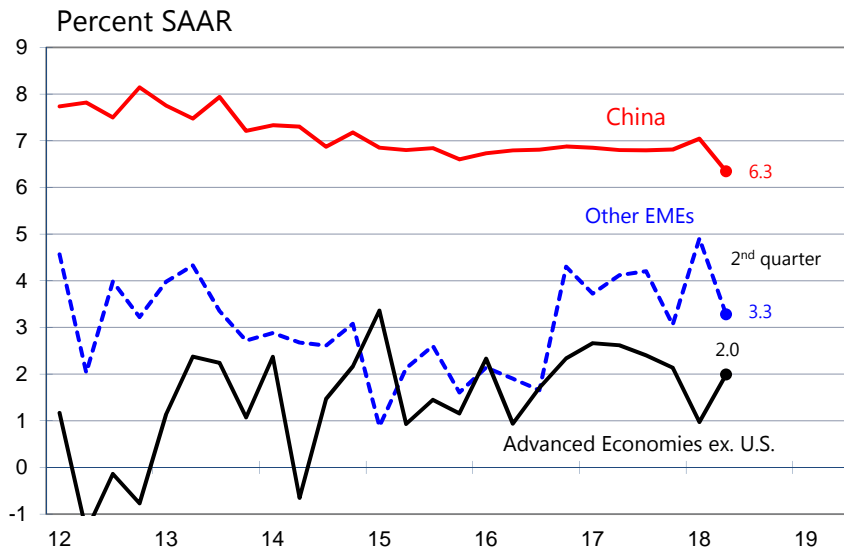


## Roadmap

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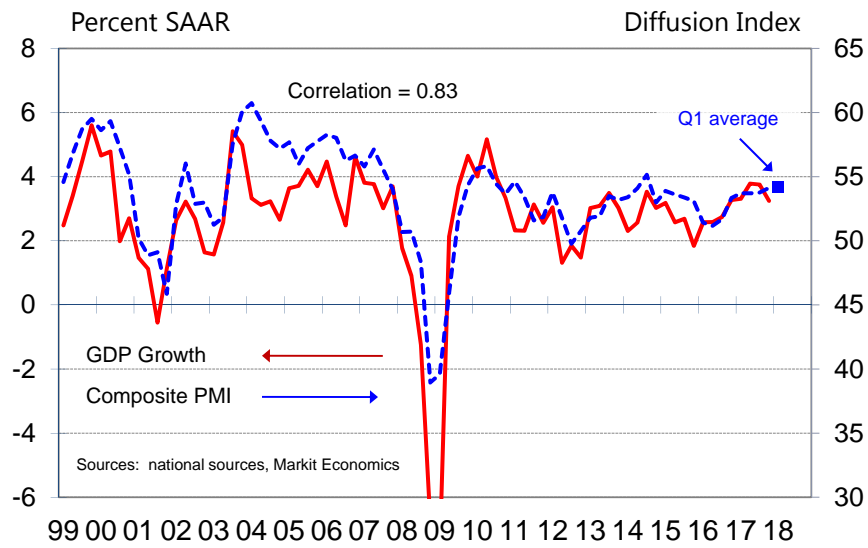
- Update on the global economic and industrial cycle
- Inflation and labor market trends in the advanced economies
- Impact of recent U.S. tariff measures
- Economic Implications of Mexico's new political landscape

## Global GDP Growth



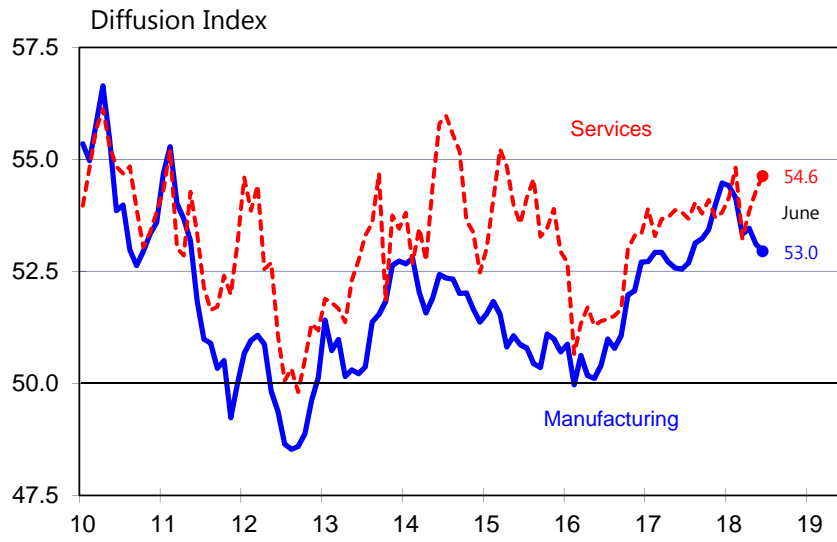
Sources: national sources, staff calculations. Q2 growth rates for advanced economies and for most EM economies outside China reflect market estimates.

## Global GDP Growth and Composite PMI



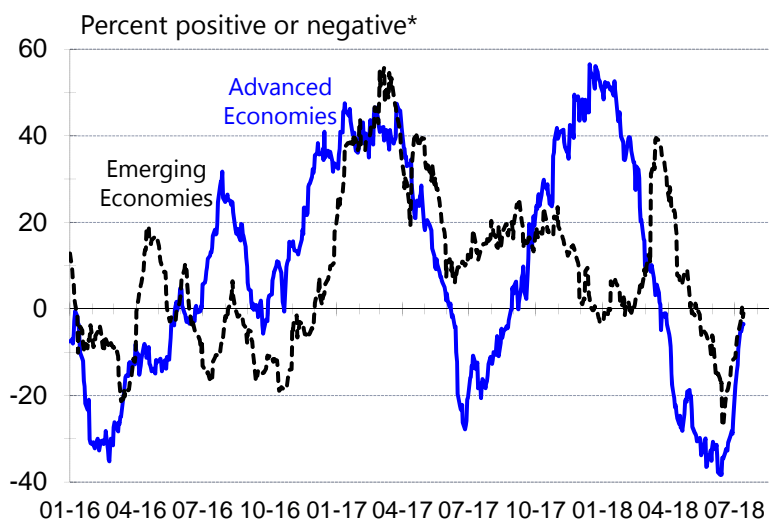


## Global Manufacturing and Services PMIs

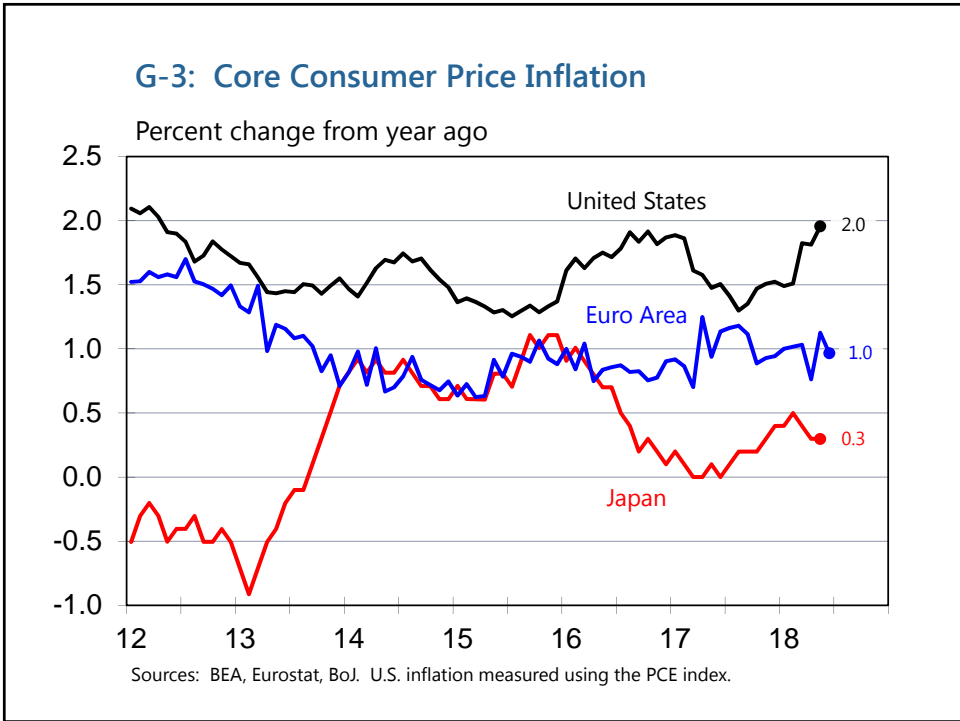
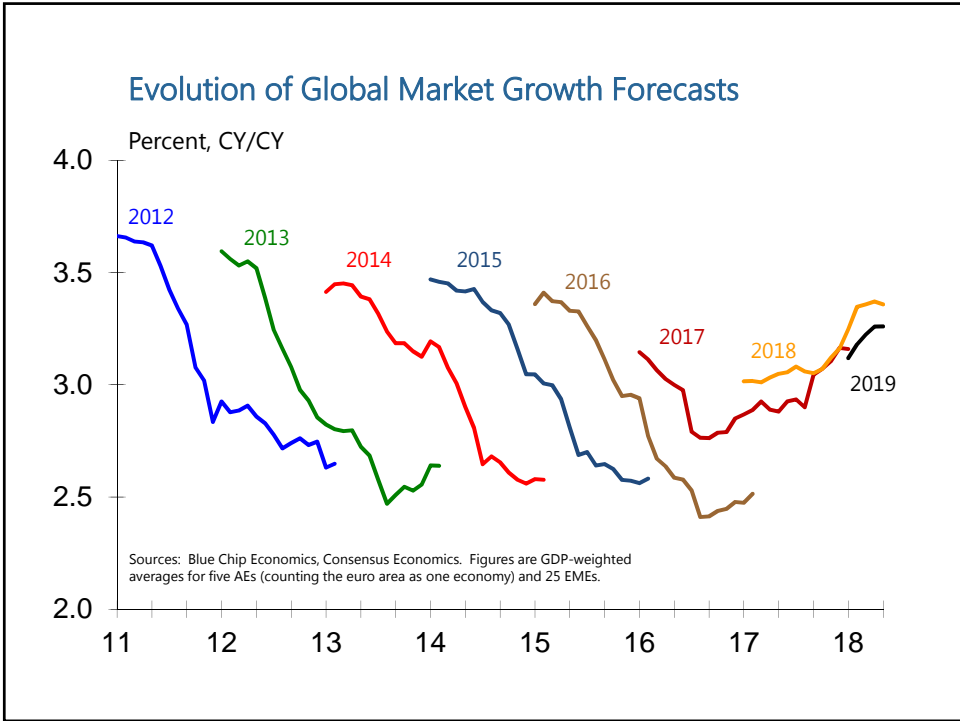


Source: Markit Economics.

## Citigroup Economic Surprise Indexes

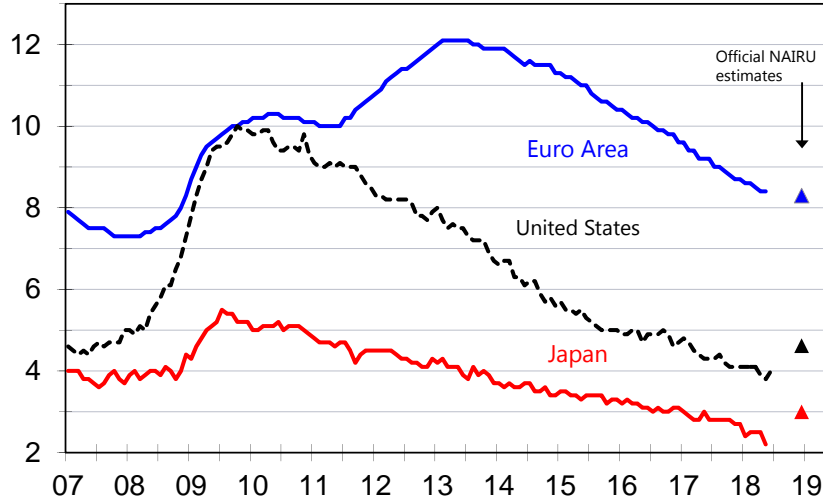


\*Weighted by series' historical FX impact



## G-3 Unemployment Rates

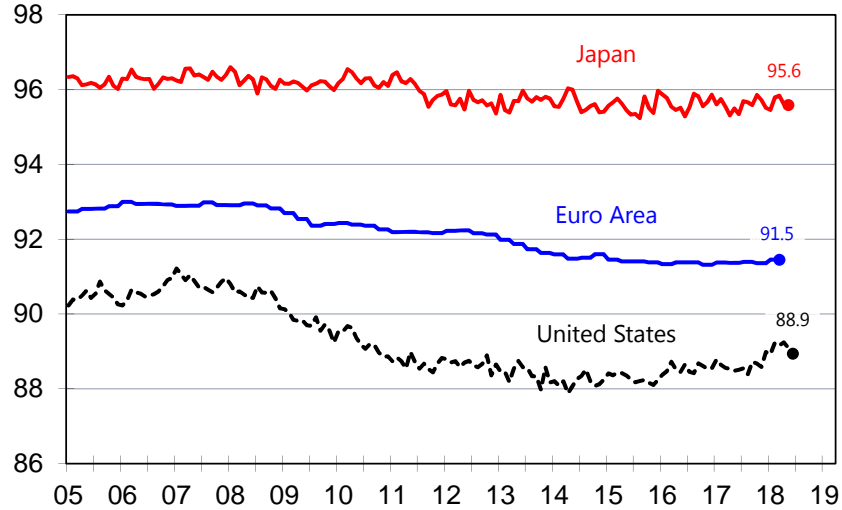
Percent change from year ago



Sources: BLS, CBO, Eurostat, BoJ.

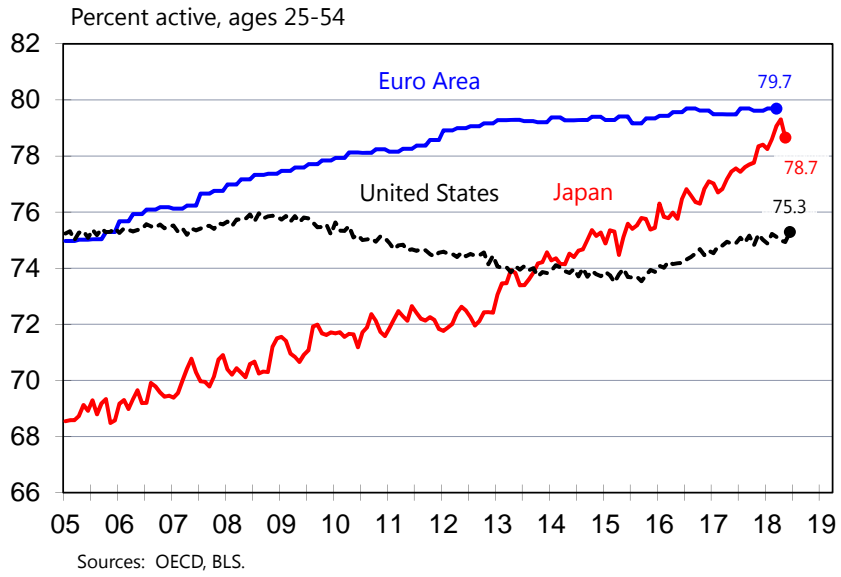
## Male Prime-Age (25-54) Labor Force Participation

Percent active, ages 25-54

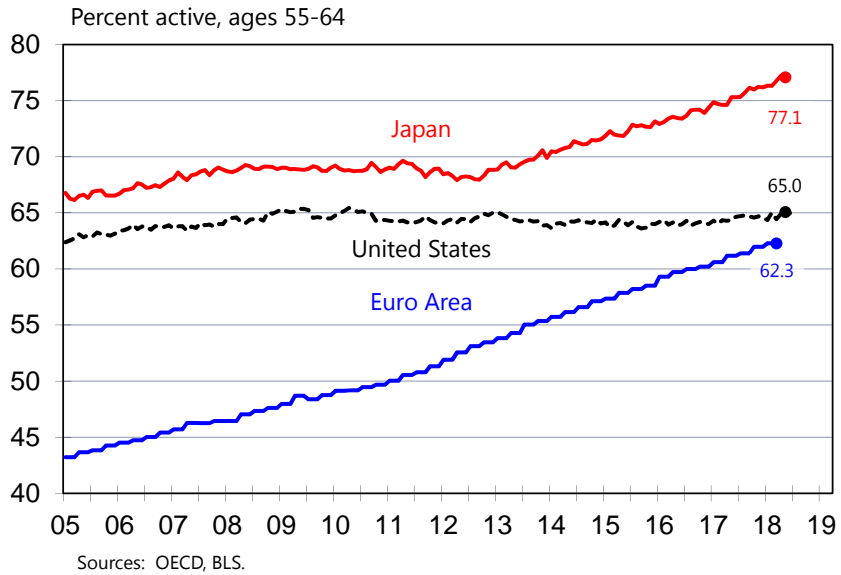


Sources: OECD, BLS.

### Female Prime-Age (25-54) Labor Force Participation



### "Over-the-Hill" (55-64) Labor Force Participation

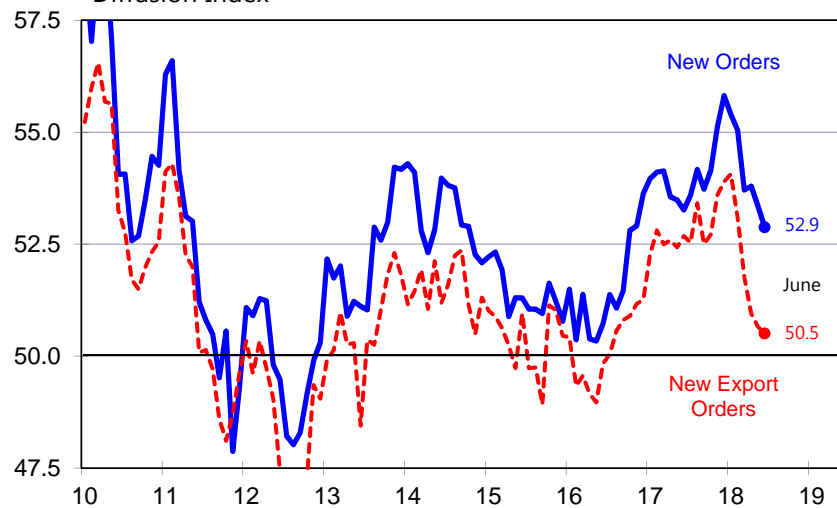


## Recent U.S. Tariff Measures

- 25% tariff on steel product imports, with limited exemptions
  - Affects roughly \$29 bn in U.S. purchases (1.2% of total U.S. imports)
- 10% tariff on aluminum imports, with limited exemptions
  - Affects roughly \$23 bn in U.S. purchases (1.0% of total U.S. imports)
- 25% tariff on roughly \$50 bn in Chinese goods, in response to alleged violations of U.S. IP rights (2.1% of total U.S. imports)
- Proposed 10% tariff on additional \$200 bn in Chinese goods, to counter Chinese retaliation (8.5% of total U.S. imports)
- Observations:
  - China has responded with tariffs on \$50 bn in U.S. sales to China
  - Given the trade imbalance, tariffs enacted to date affect 38% of U.S. sales to China, but only 10% of Chinese sales to the U.S.

## Manufacturing New Orders

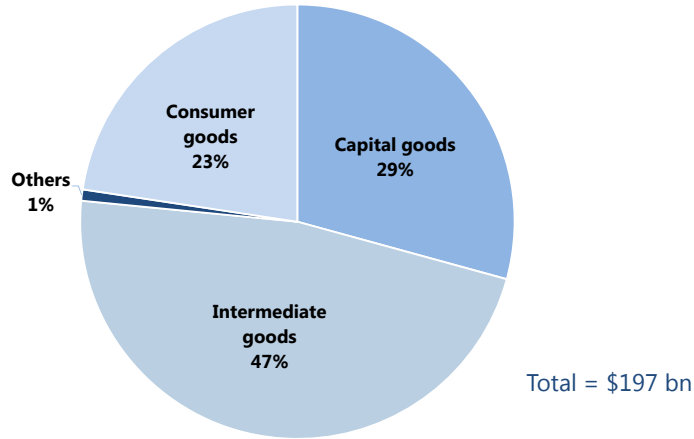
Diffusion Index



Source: Markit Economics, JPMorgan.

### U.S. imports from China subject to Section 301 tariffs by type

\$U.S. bn

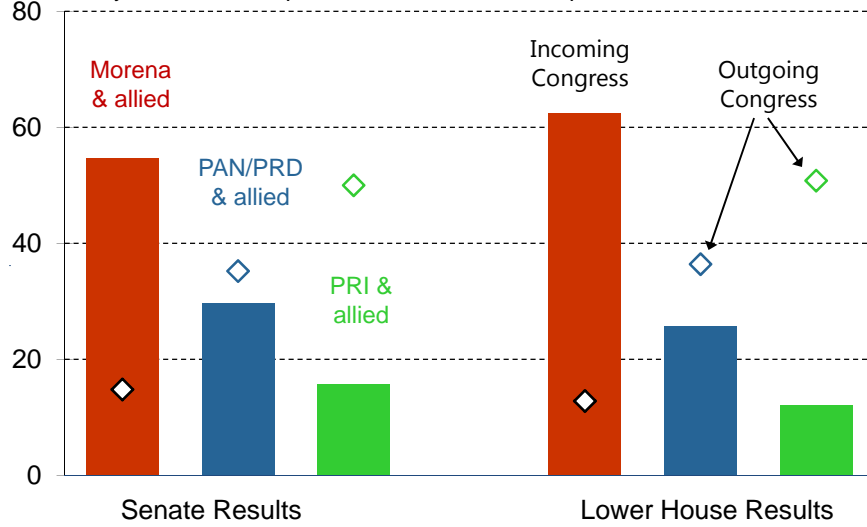


Notes: Based on July 10 list. Harmonized System [HS] 8-digit tariff code is converted to Broad Economic Categories (BEC) code, using the correspondence table at <https://unstats.un.org/unsd/trade/classifications/correspondence-tables.asp>.

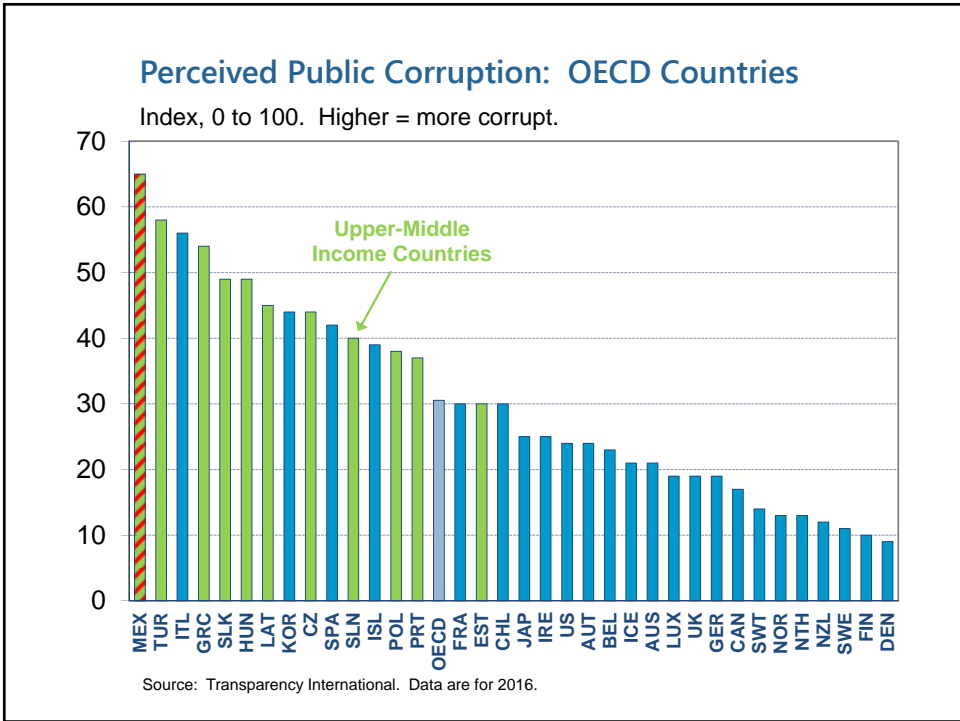
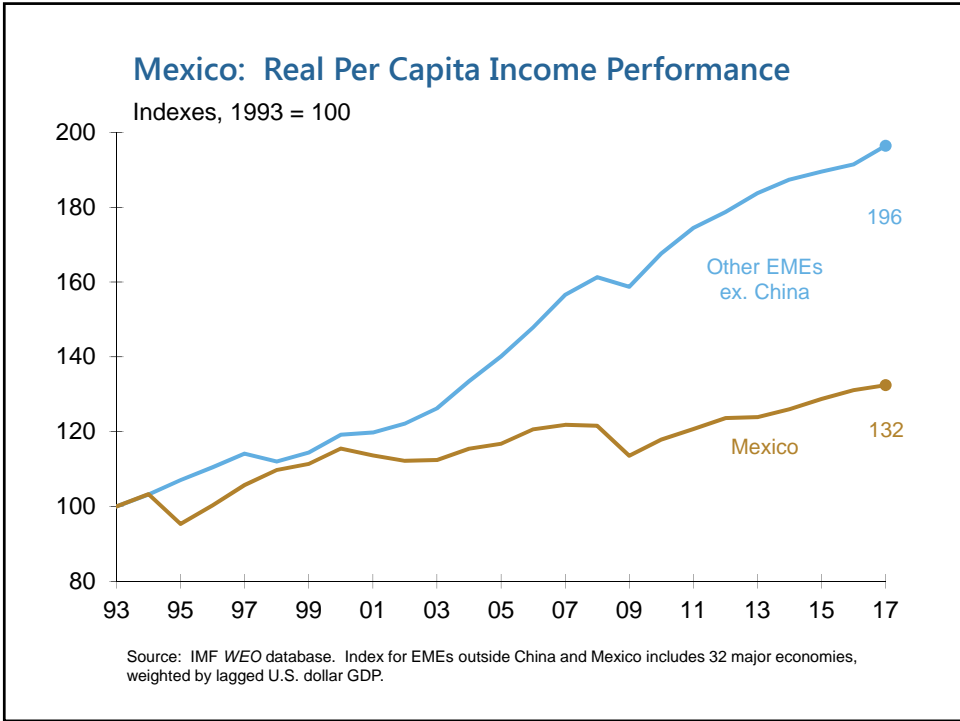
Sources: United States International Trade Commission (USITC) Dataweb. Others include BEC 7 (Health, pharmaceuticals, education, cultural, sport), 12 and 32 (services in food and beverages, and services in construction, wood, glass, stone, metals, housing and furnitures) and HS codes that have no match with BEC code.

### Mexican Congressional Election Results: 2018 vs. Prior

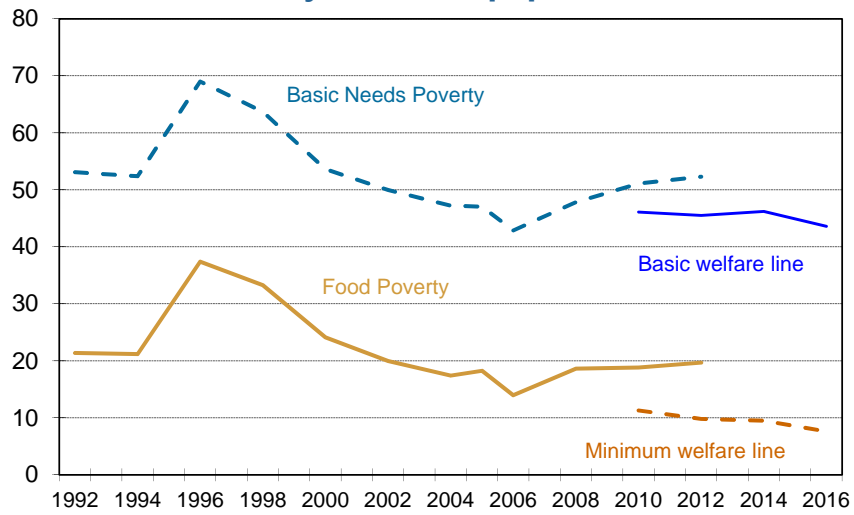
Party coalitions and percent of total membership



Source: Instituto Nacional Electoral, unofficial totals.



### Mexico: Poverty Trends (% population )



Source: National Council for Evaluation of Social Development Policy. Welfare lines based on income per household member. Welfare lines as of April 2017 are as follows: Basic \$151/mo. urban, \$97/mo. rural; minimum welfare line \$75/mo. urban, \$53/mo. rural.