



**Upstate New York Regional Advisory Board  
Federal Reserve Bank of New York  
Tuesday, June 25, 2019**

**AGENDA**

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- 10:30 am-10:35 am Welcome  
Claire Kramer, Assistant Vice President & Director
- 10:35 am-11:05 am The National Economy  
Richard Peach, Senior Vice President
- 11:05 am-11:35 am International Update  
Matthew Higgins, Vice President
- 11:35 am-12:00 pm Regional Update  
Jason Bram, Officer
- 12:00 pm Adjourn to NWC Room-10F
- 12:15 pm Lunch
- 12:15 pm-1:55 pm Round Table Discussion with John Williams, President and Michael Strine, First Vice President

*Introductory Remarks and Welcome from President Williams*

Group Discussion

Your experiences provide insight into current economic conditions. **In considering each question, please reflect on the experiences of your firm, firms of similar size, and firms in your industry.**

**Please provide a rationale for each answer.**

**Business Activity**

Have sales volumes increased, decreased, or stayed the same since this time last year?

What are your expectations for the second half of 2019?

**Prices**

Have prices of products/services sold increased, decreased, or stayed the same so far in 2019? How does this compare to a year ago?

What are your expectations for the second half of 2019?

**Employment**

Please describe employment conditions in the first half of 2019.

Have they eased, tightened, or stayed the same compared to this time last year?

Have you partnered with other organizations (e.g. educational institutions) to address labor demand and if so, how?



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Has your organization participated in or created workforce development programs?

**Outlook**

What is the most significant business opportunity you see in 2019?  
What is the chief growth barrier or concern facing your firm/industry/region in 2019?

1:55-2:00 pm

*Concluding remarks from President Williams*

2:00 pm

Adjourn



**Upstate New York Regional Advisory Board Meeting  
Federal Reserve Bank of New York  
33 Liberty Street  
Tuesday, June 25, 2019**

**ATTENDEE LIST**

**Board Members**

Kenneth M. Franasiak  
Chairman  
Calamar

Jordan Levy  
NY Partner  
SoftBank Capital

Melanie Littlejohn  
Regional Director of Community & Customer  
Management  
National Grid

Linda MacFarlane  
Executive Director  
Community Loan Fund of the Capital Region

Martin Mucci  
President & CEO  
Paychex

Anthony Shorris  
John L. Weinberg/ Goldman Sachs Visiting Professor  
Princeton University

Robert Stevenson  
President & CEO  
Eastman Machine Company

Carlos Unanue  
President  
Goya de Puerto Rico, Inc.

**Federal Reserve Bank of New York**

John Williams  
Michael Strine  
Jack Gutt  
Richard Peach  
Matthew Higgins  
Rosanne Notaro  
Claire Kramer Mills  
Jason Bram  
Chelsea Cruz

President  
First Vice President  
EVP, Communications & Outreach  
SVP, Research & Statistics  
VP, Research & Statistics  
VP, Legal  
AVP & Director, Outreach & Education  
Officer, Research & Statistics  
Associate, Outreach & Education



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# US Macro Overview

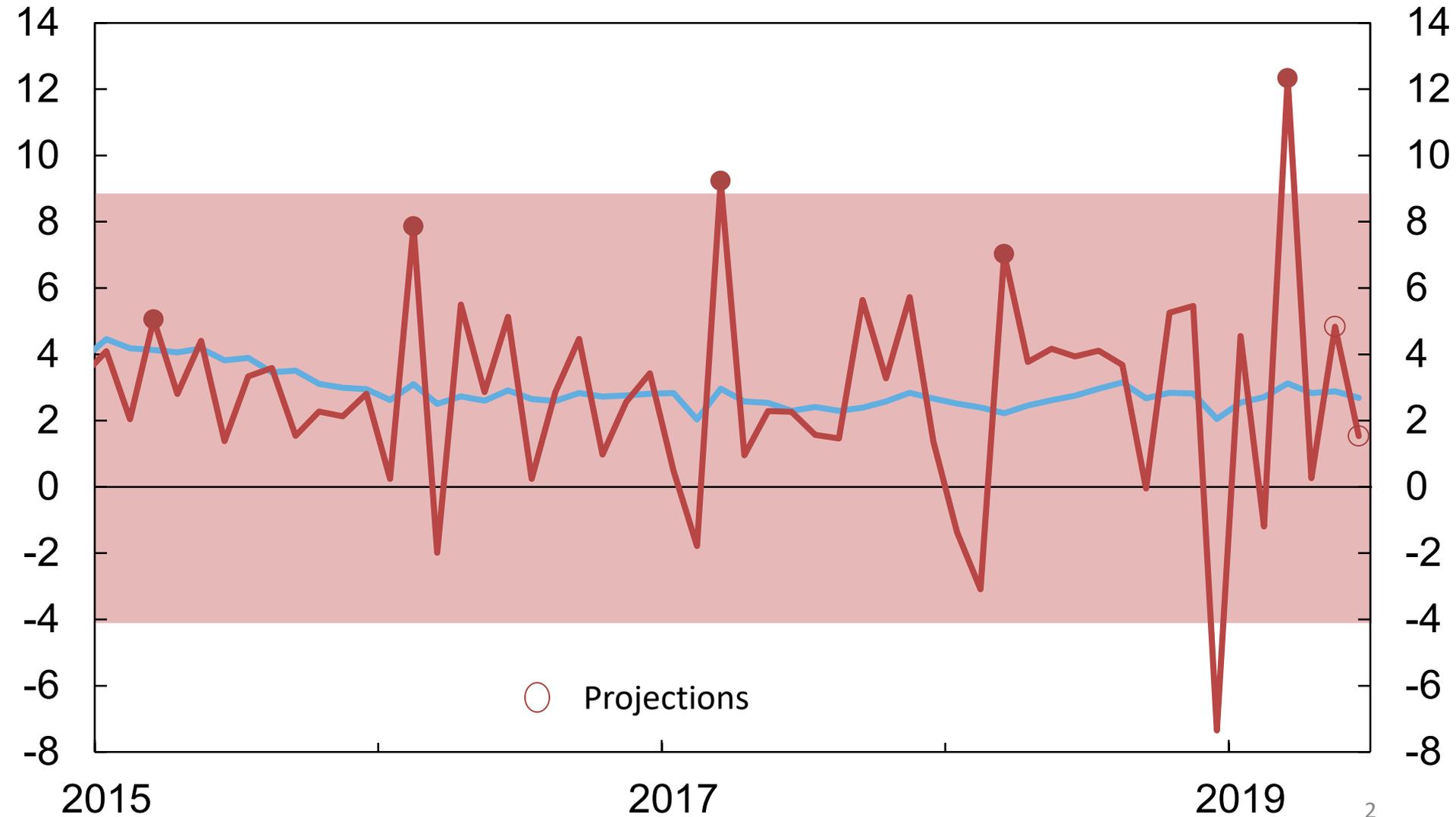
## June 24, 2019

Internal FR

# Growth of Real PCE

Year-to-Year % Change

Monthly % Change at Annual Rate



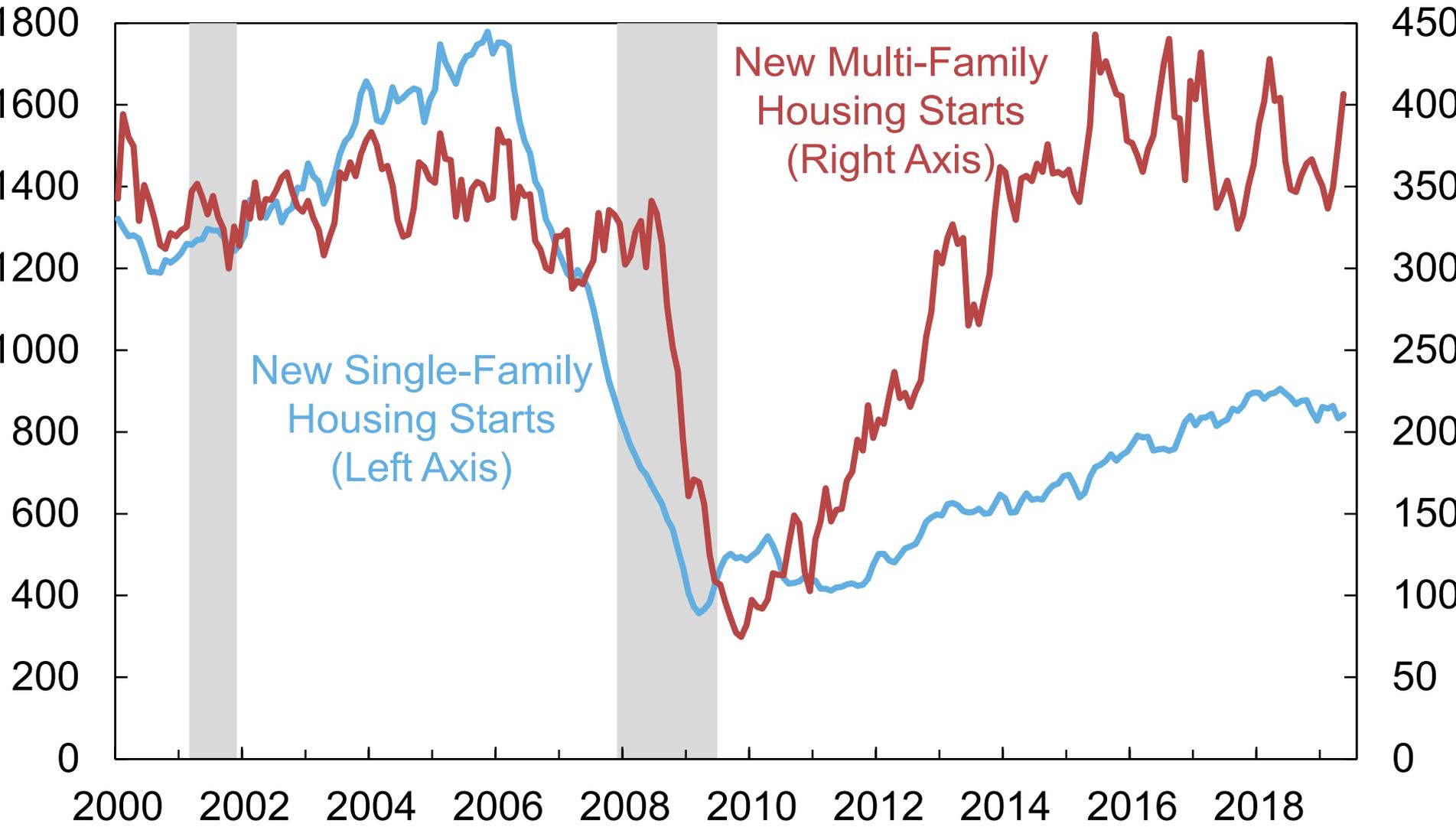
Note: Red shading represent 2 SD bands. Dots indicate peaks during tax rebate months.

Source: Bureau of Economic Analysis.

# Housing Starts

Thousands, 3 MMA

Thousands, 3 MMA



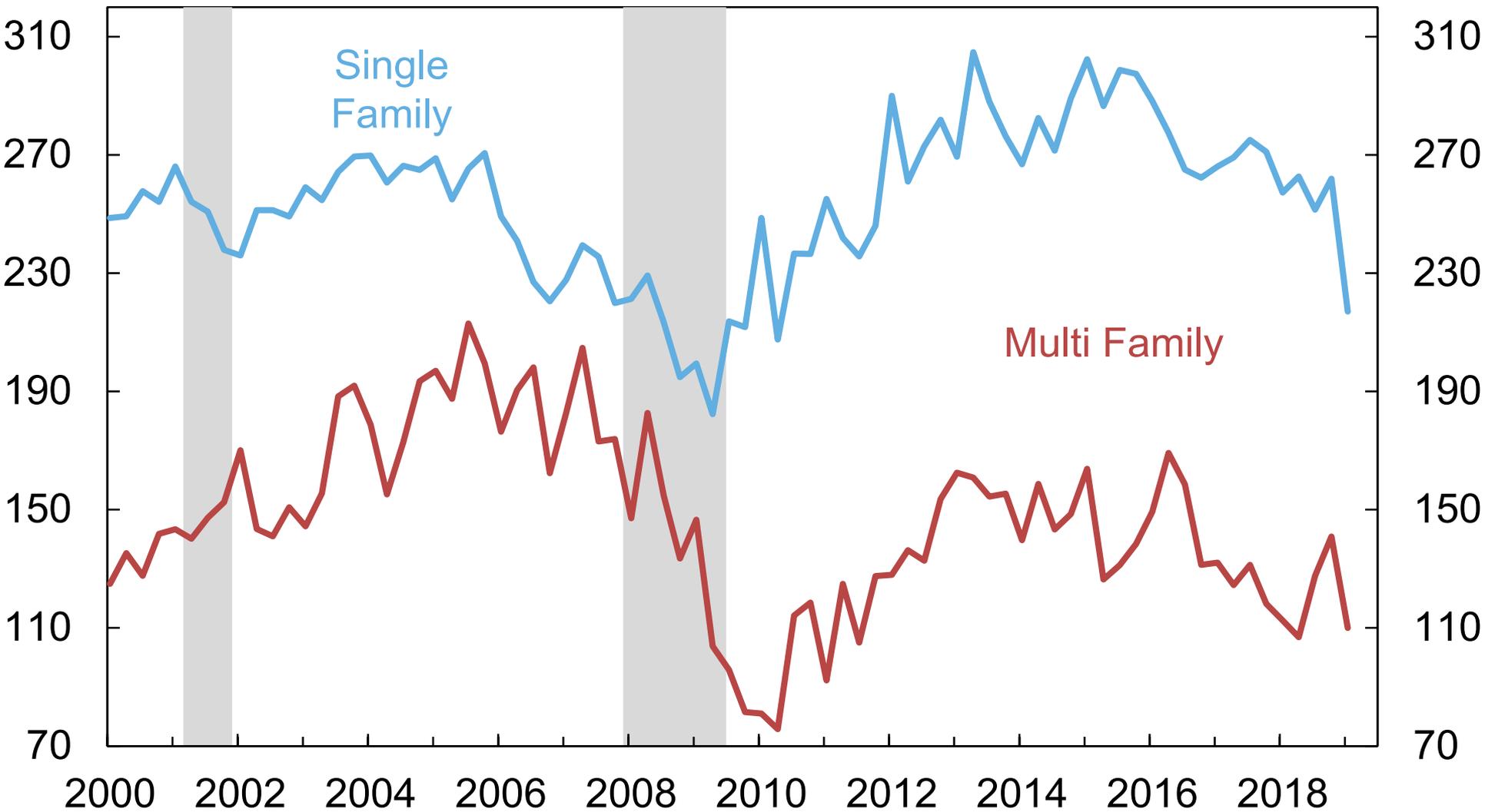
Source: Census Bureau/Haver Analytics

Note: Shading shows NBER recessions.

# Real Residential Investment per Completion

(2012 \$s, thousands)

(2012 \$s, thousands)

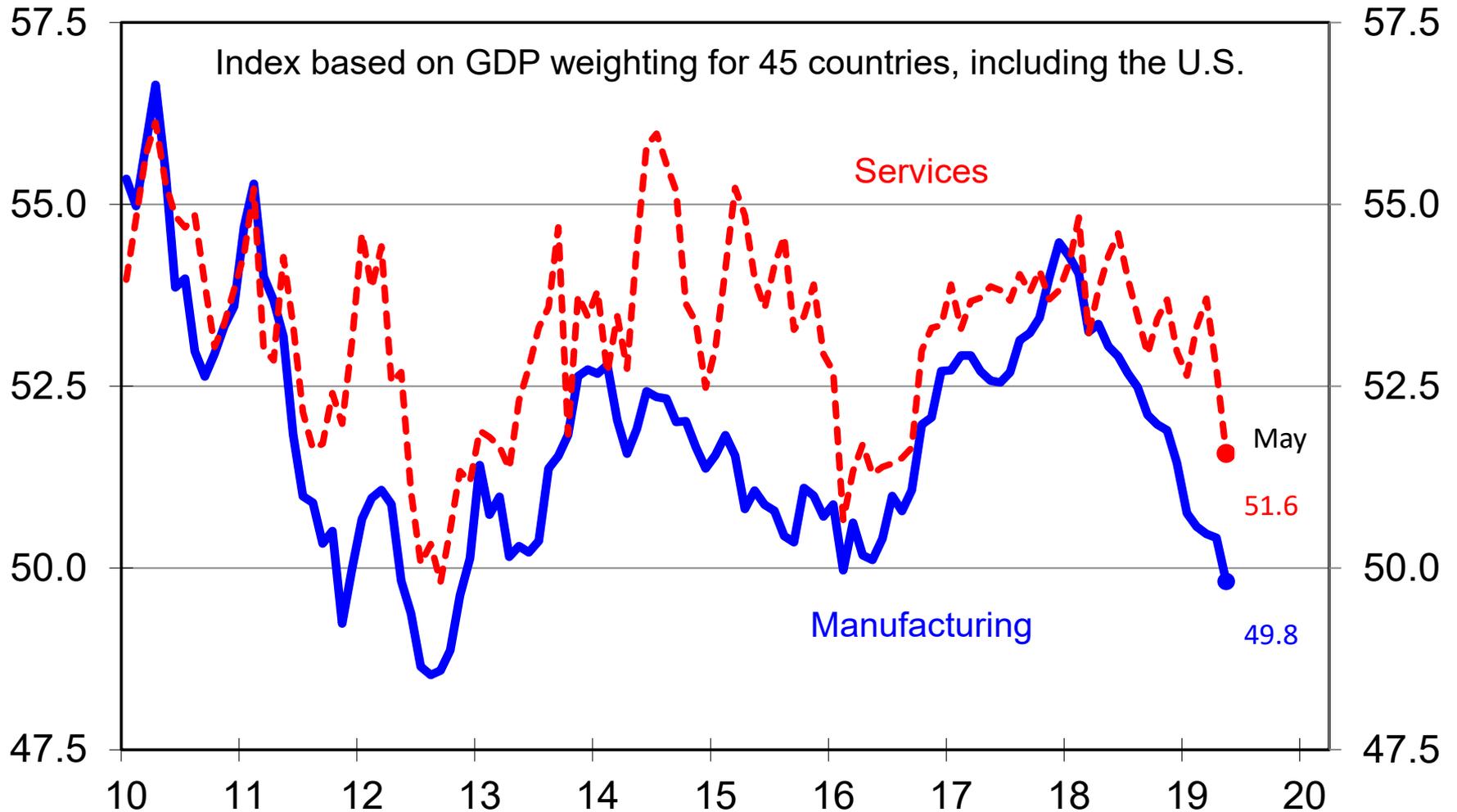


Source: Census Bureau via Haver Analytics.

Note: Shading shows NBER recessions.

# Global Manufacturing and Services PMIs

Diffusion Indexes

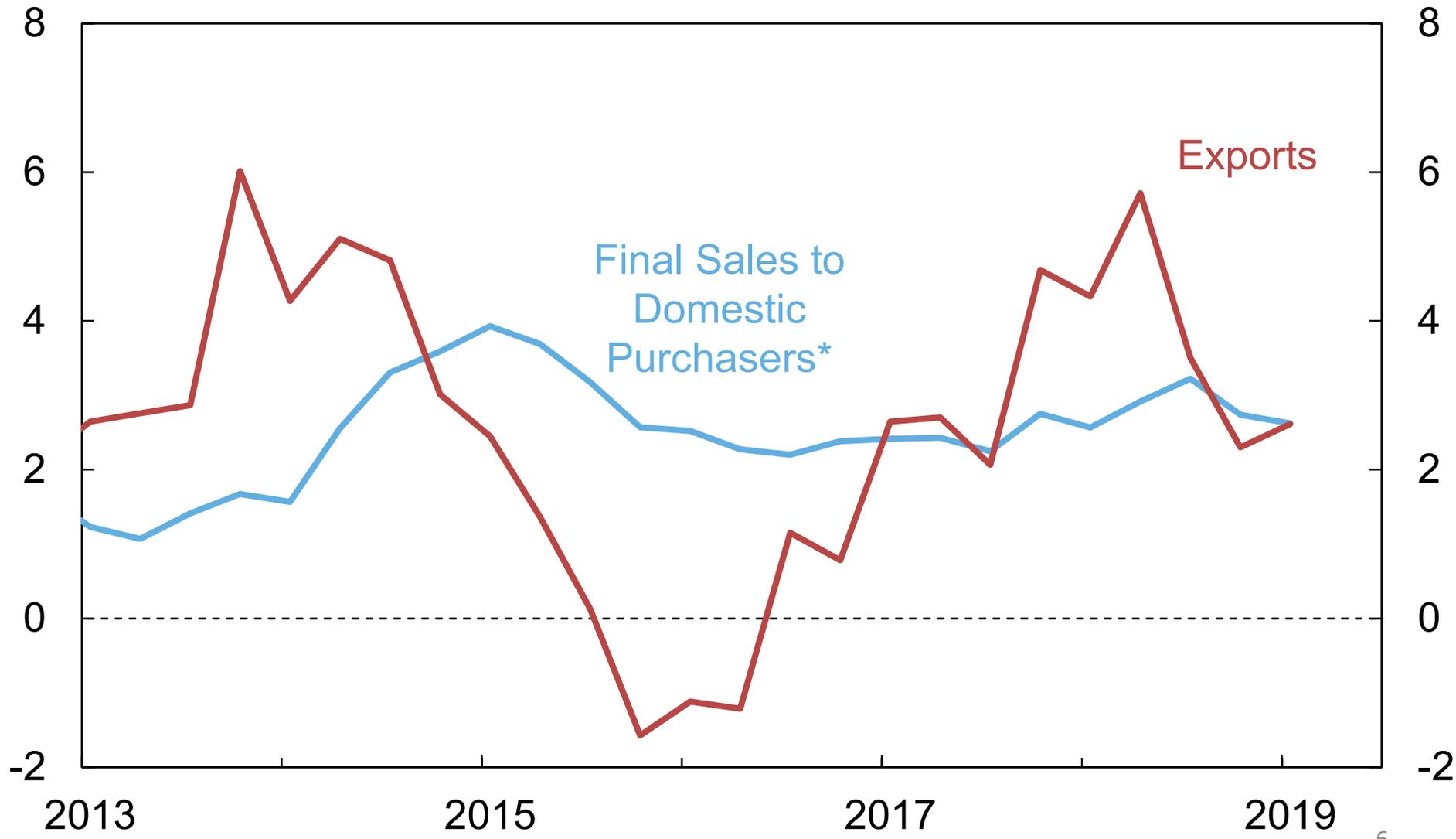


Source: Markit Economics.

# Growth of Real Final Sales to Domestic Purchasers and Real Exports

Year-to-Year Percent Change

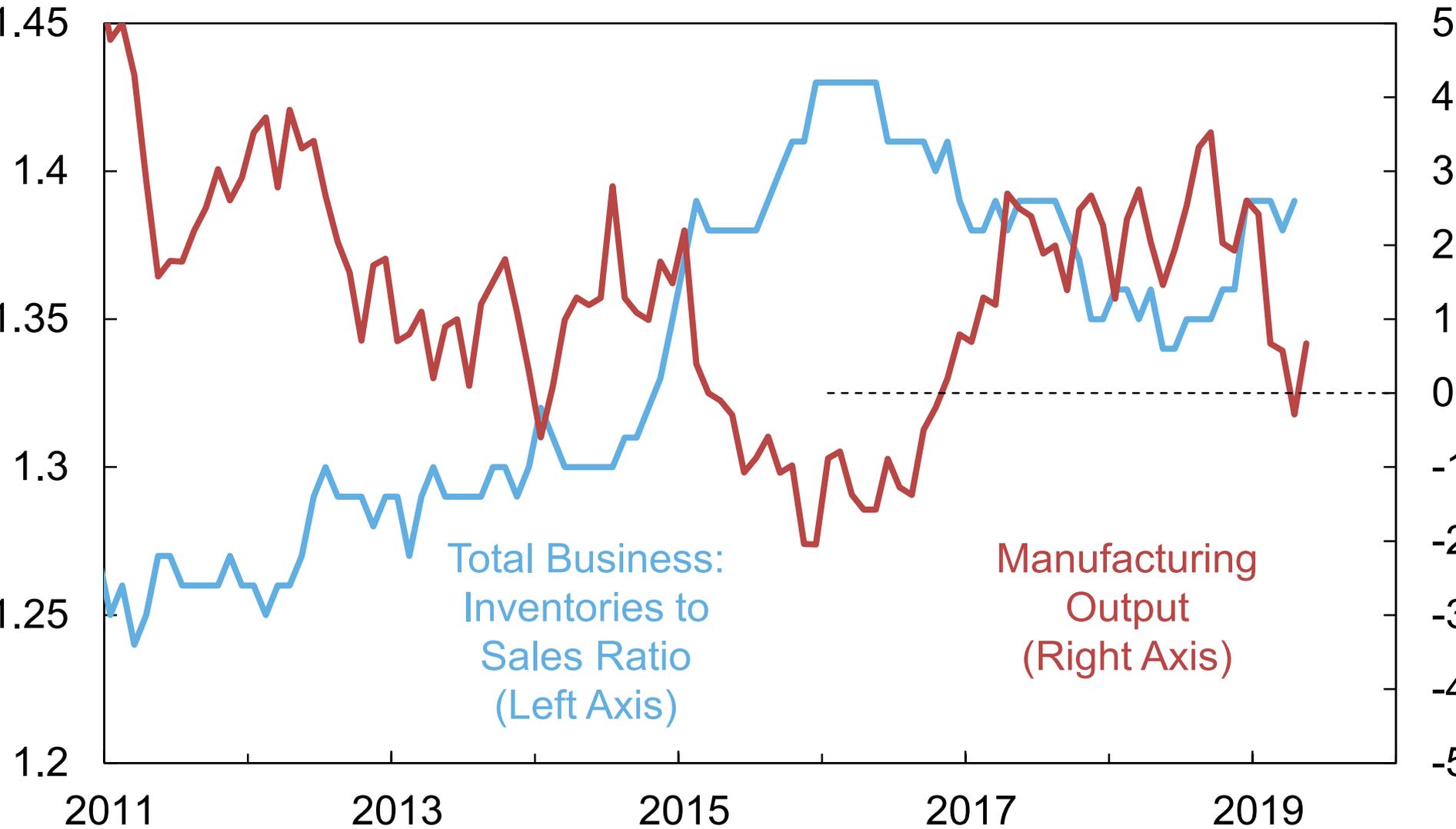
Year-to-Year Percent Change



Source: Bureau of Economic Analysis via Haver Analytics. \* Consumption, fixed investment, and government.

# Inventories to Sales Ratio and Manufacturing Output

Ratio Year-to-Year Percent Change

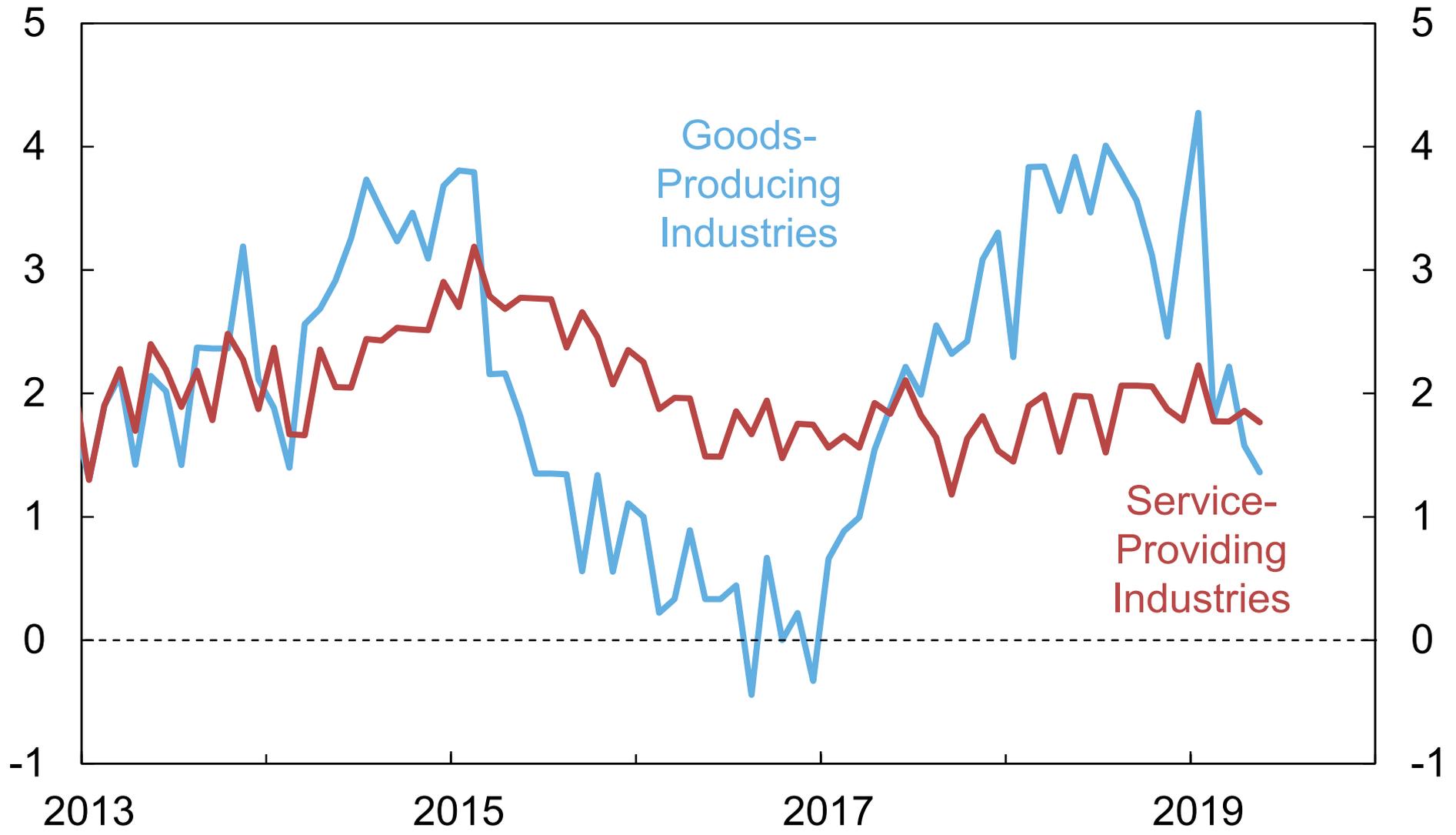


Source: Census Board and Federal Reserve Board via Haver Analytics.

# Growth in Aggregate Hours Worked

Year-to-Year Percent Change

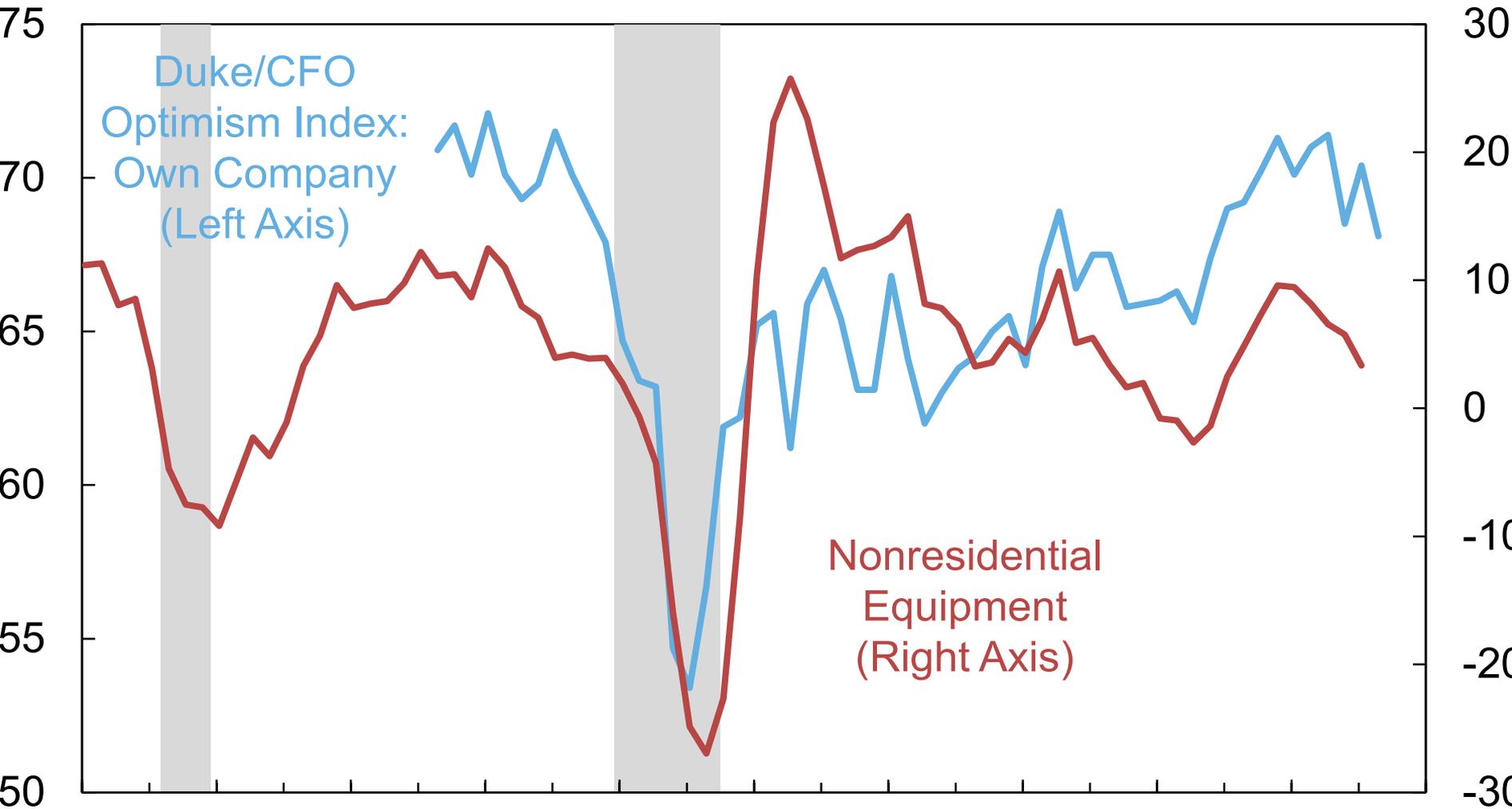
Year-to-Year Percent Change



Source: Bureau of Labor Statistics via Haver Analytics.

# Business Optimism and Investment in Nonresidential Equipment

Index Year-to-Year Percent Change



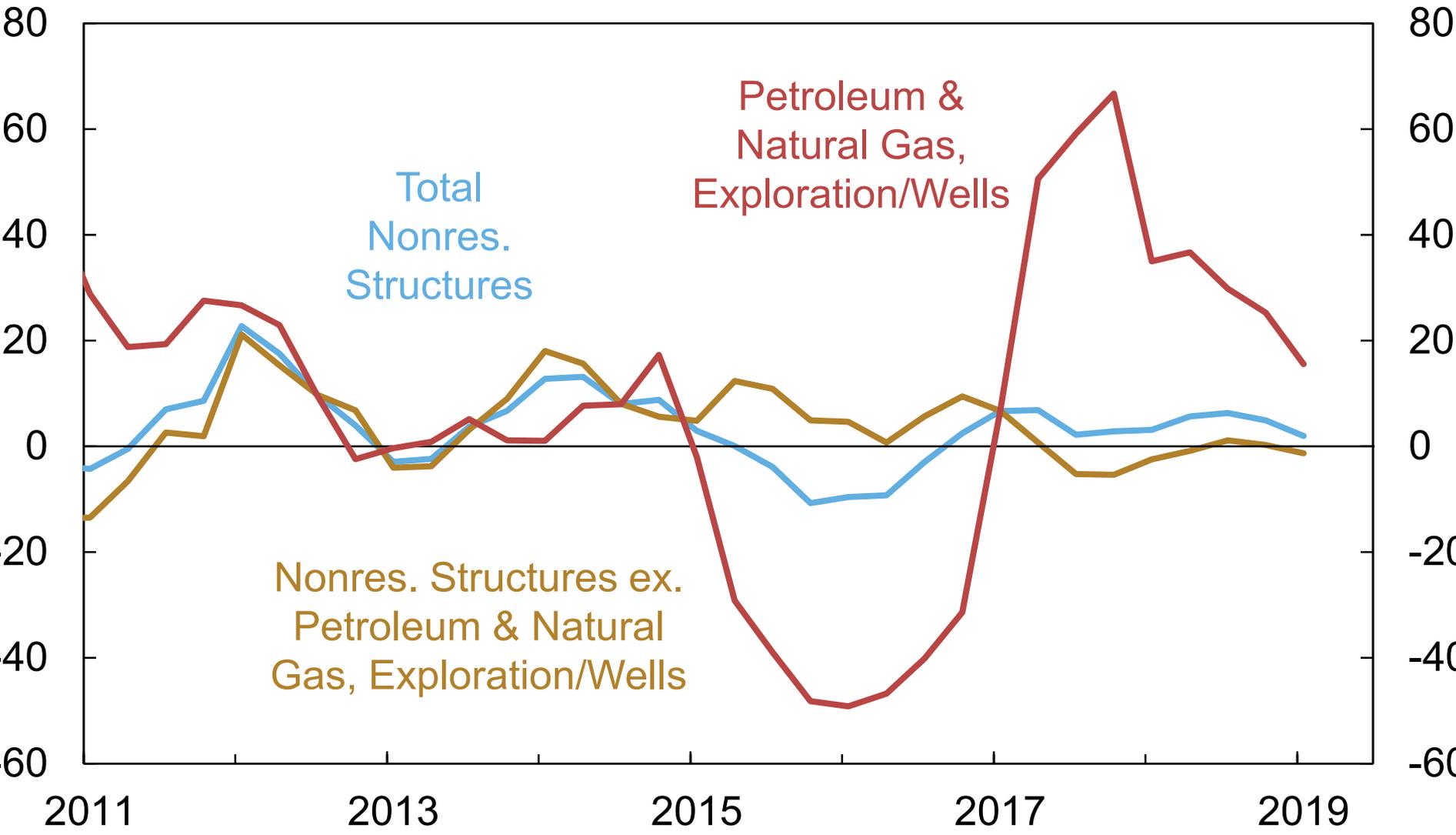
Source: Duke Fuqua School of Business/CFO Magazine and Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions. 9

# Growth of Real Investment in Nonresidential Structures

Year-to-Year Percent Change

Year-to-Year Percent Change

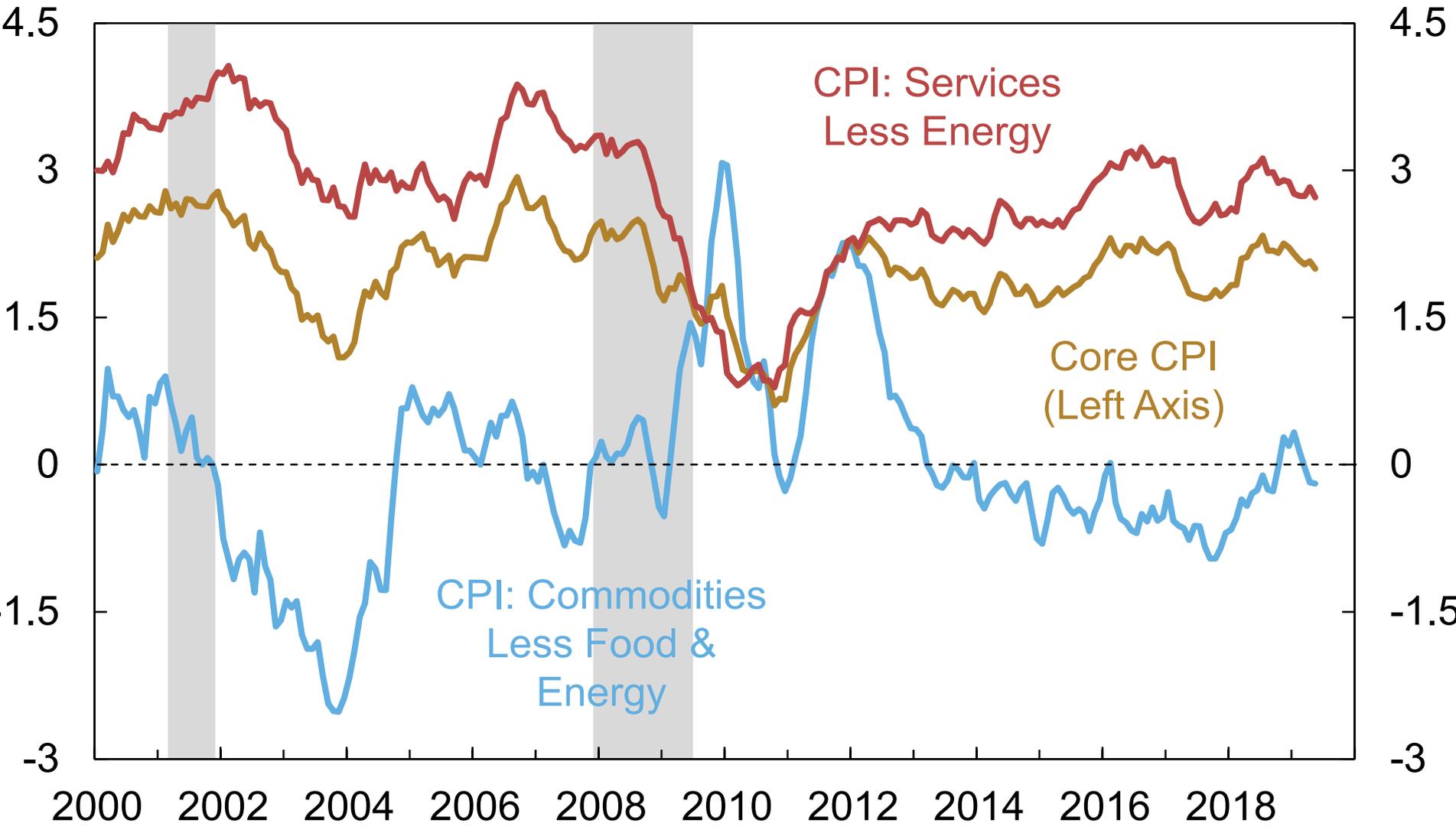


Source: Bureau of Economic Analysis via Haver Analytics.

# CPI

Year-to-Year Percent Change

Year-to-Year Percent Change



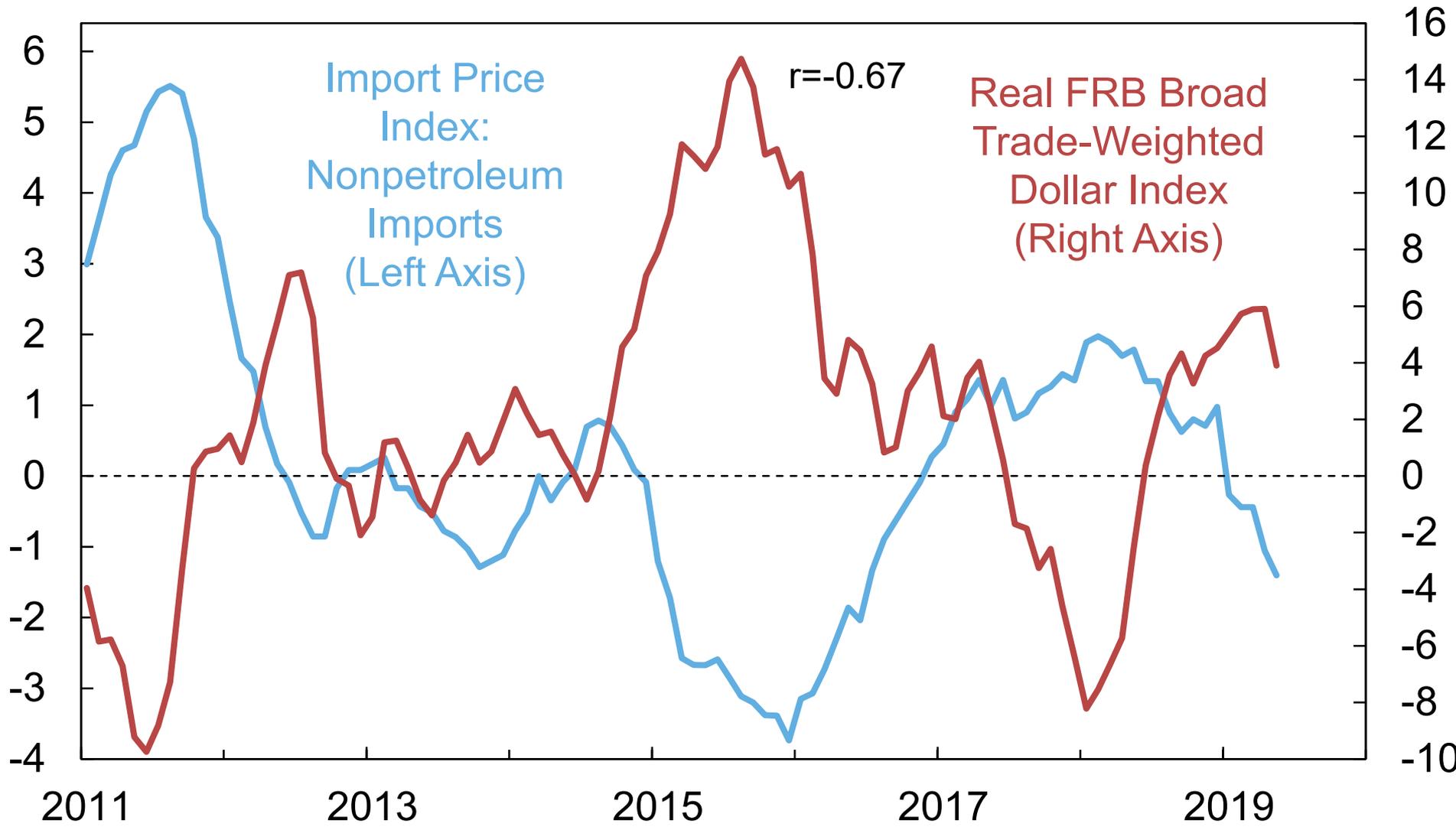
Source: Bureau of Economic Analysis via Haver Analytics.

Note: Shading shows NBER recessions. <sup>11</sup>

# Nonpetroleum Import Prices vs. Dollar Index

Year-to-Year Percent Change

Year-to-Year Percent Change

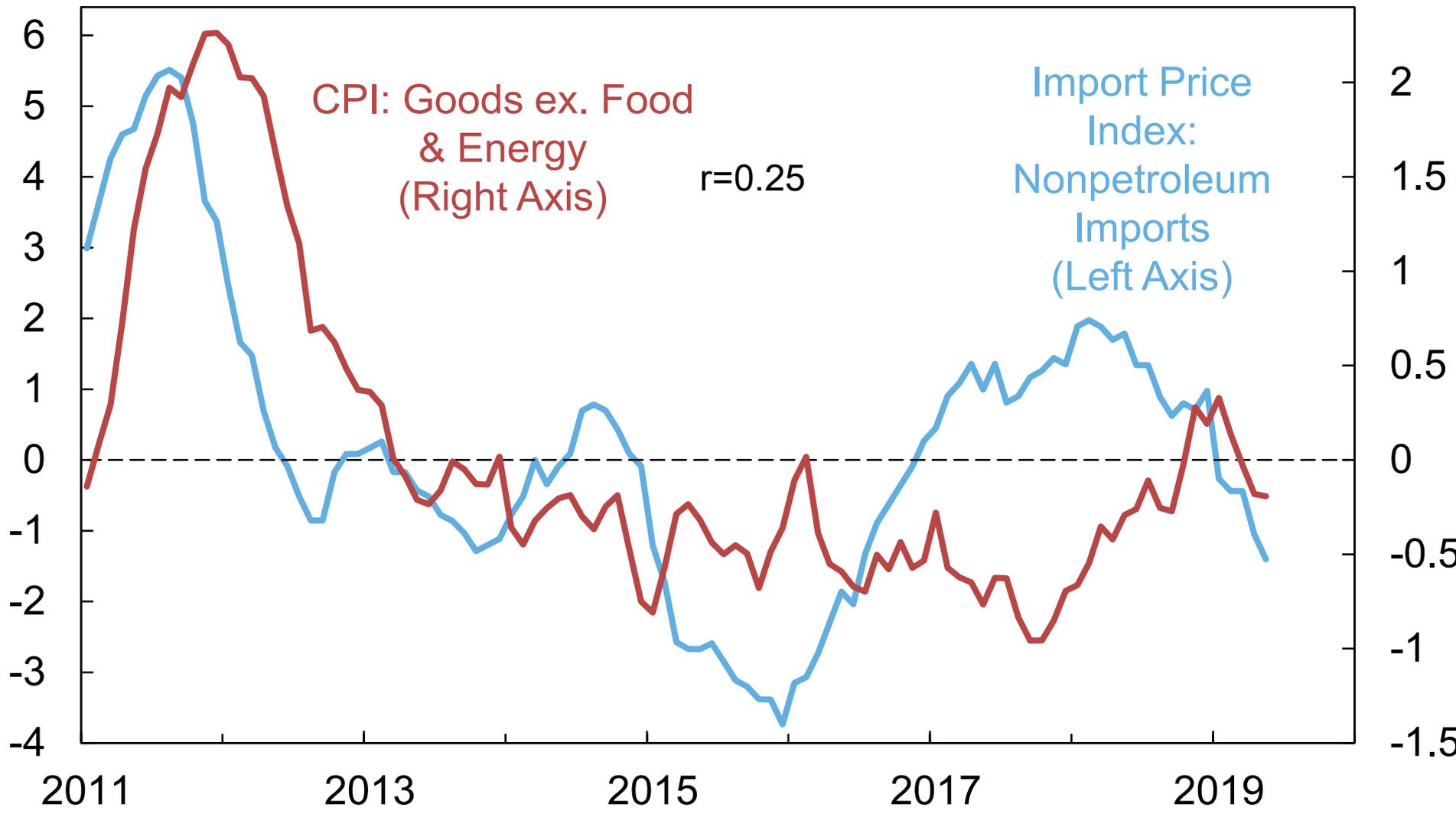


Source: Bureau of Economic Analysis and Federal Reserve Board via Haver Analytics.

# Nonpetroleum Import Prices vs. Core CPI Goods

Year-to-Year Percent Change

Year-to-Year Percent Change

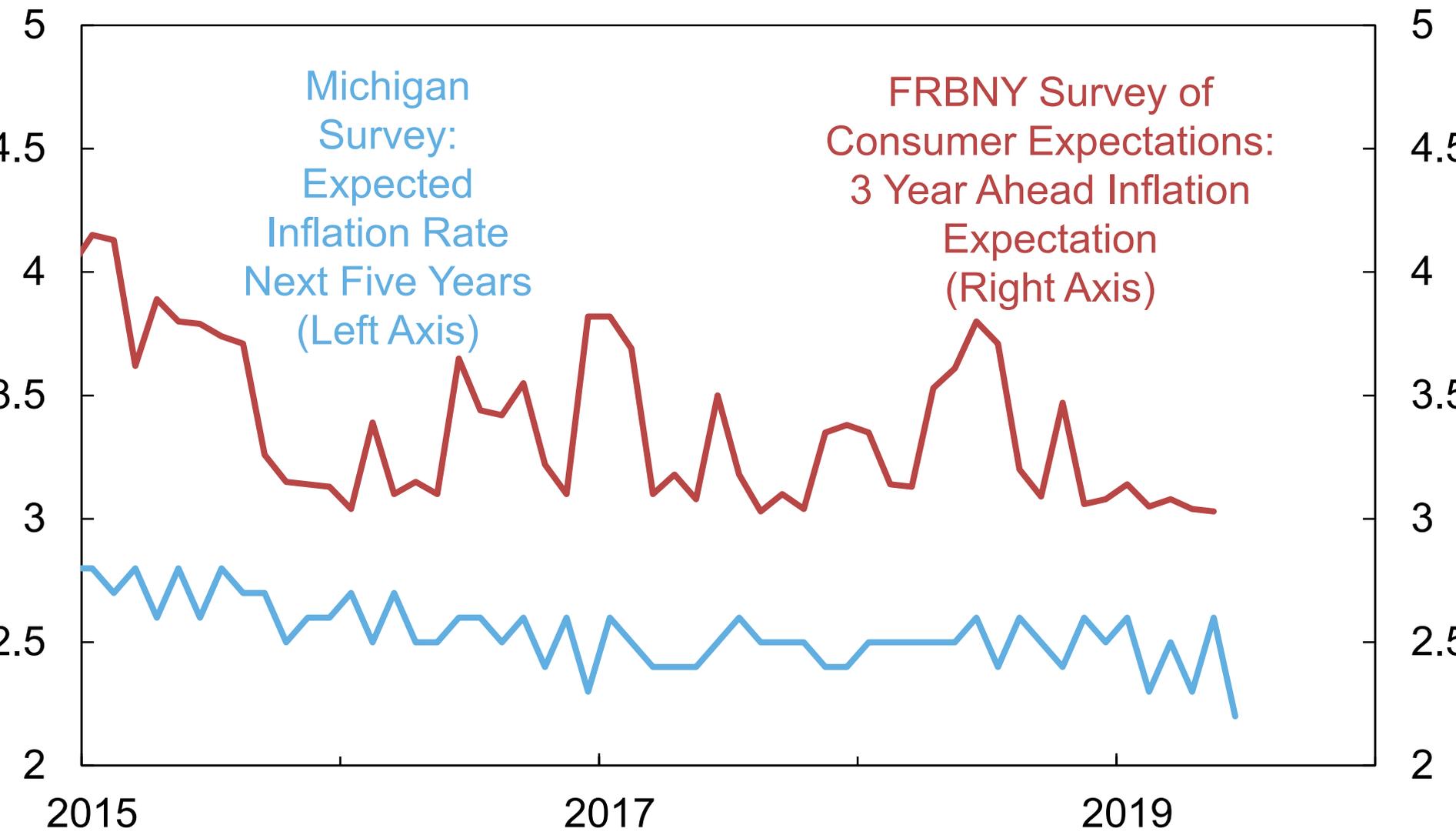


Source: Bureau of Economic Analysis and Federal Reserve Board via Haver Analytics.

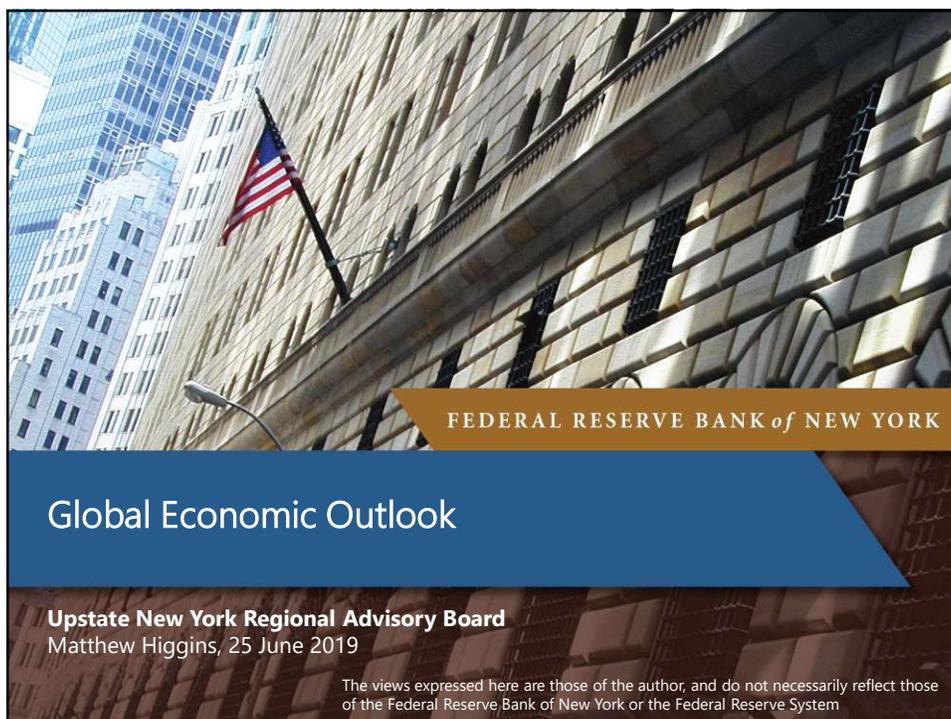
# Consumers' Inflation Expectations

Percent

Percent



Source: University of Michigan via Haver Analytics.



### Roadmap

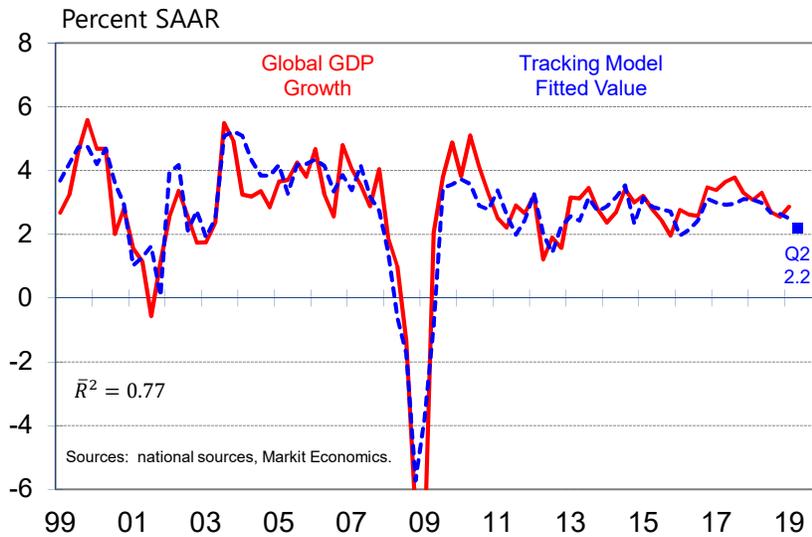
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- Update on the global economic and industrial cycle
- Lagging inflation performance in advanced economies
- China's cyclical and policy challenges

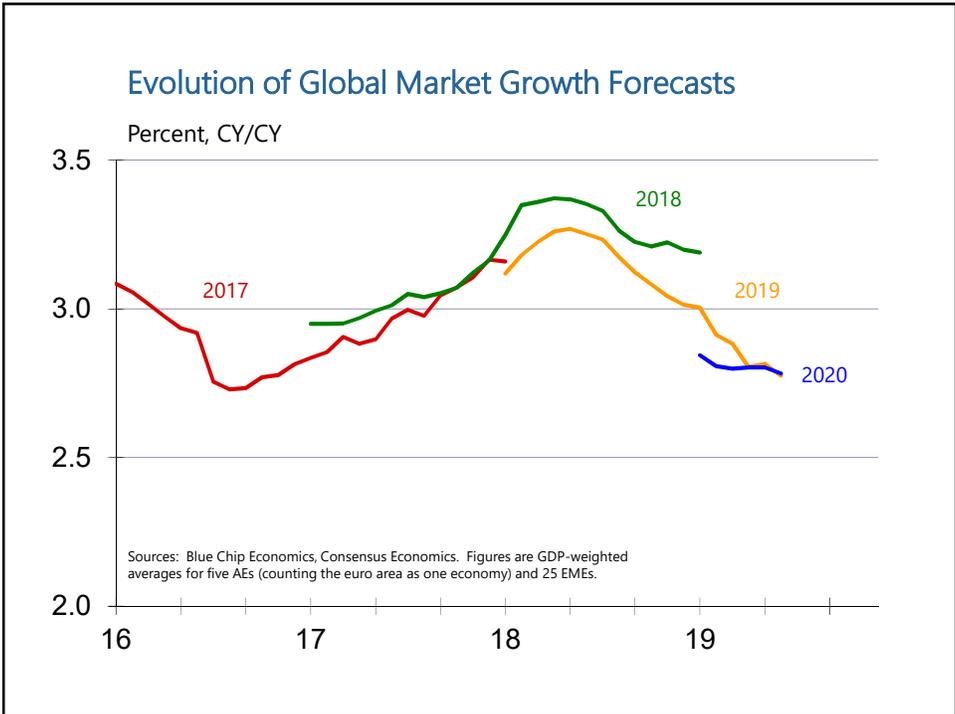
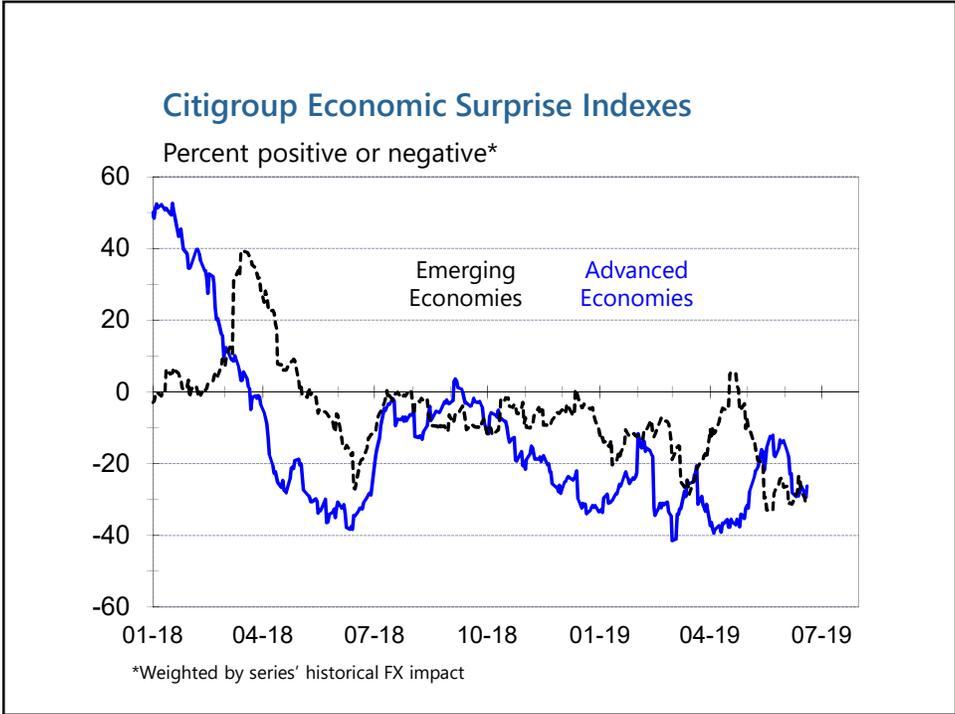
## Global Composite Purchasing Managers' Index



## Global Growth and PMI-Based Tracking Estimate

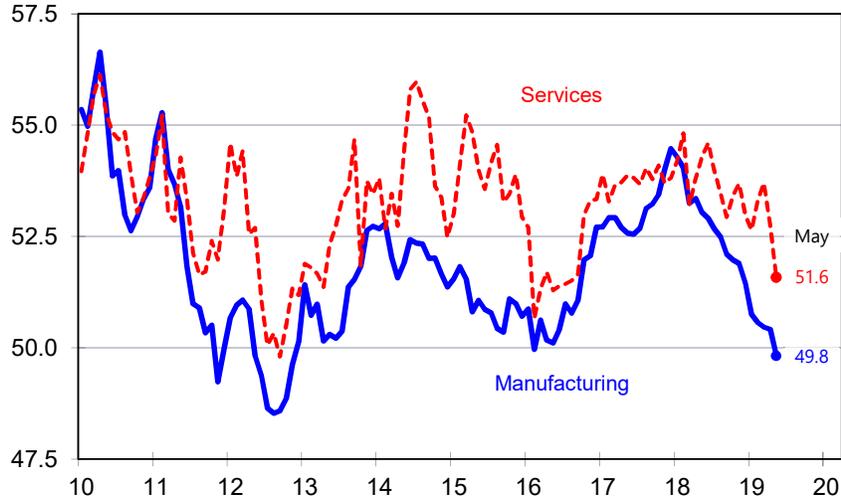


Note: Tracking model growth estimate based on current and lagged value of global composite PMI index (as quarterly averages) and a Great Recession dummy variable. Sample: 1997:Q2 – 2019:Q1.



## Global Manufacturing and Services PMIs

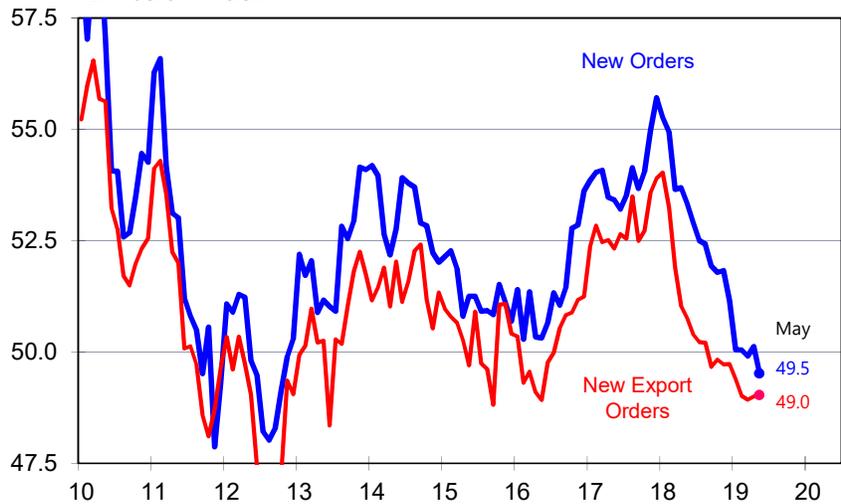
Diffusion Indexes



Source: Markit Economics.

## Manufacturing New Orders

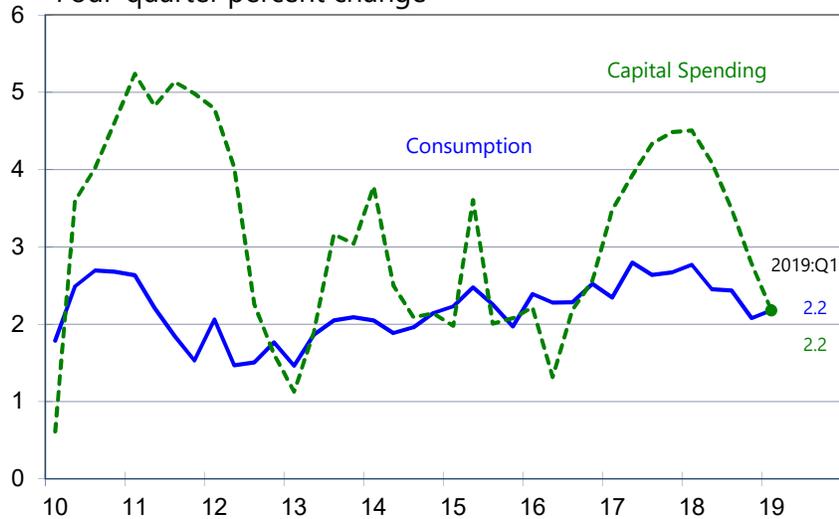
Diffusion Index



Source: Markit Economics, JPMorgan.

### Global Consumption and Capex Growth ( ex. China )

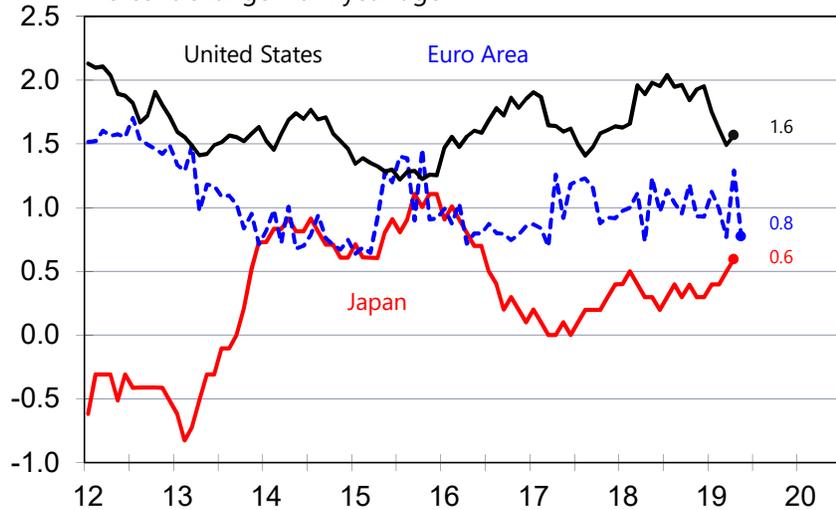
Four-quarter percent change



Source: national sources, staff calculations. Sample includes 35 advanced and EME economies (counting the euro area as a single economy). Series are weighted by lagged shares of U.S. dollar capital spending.

### G-3: Core Consumer Price Inflation

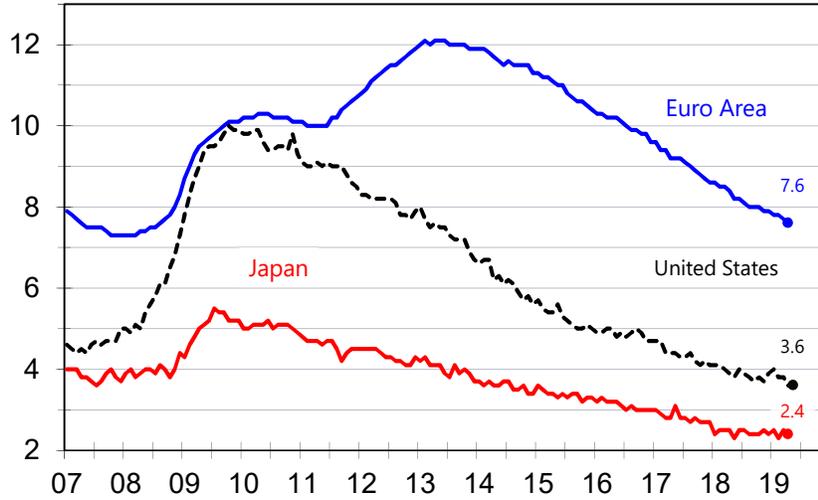
Percent change from year ago



Sources: BEA, Eurostat, BoJ. U.S. inflation measured using the PCE index.

### G-3 Unemployment Rates

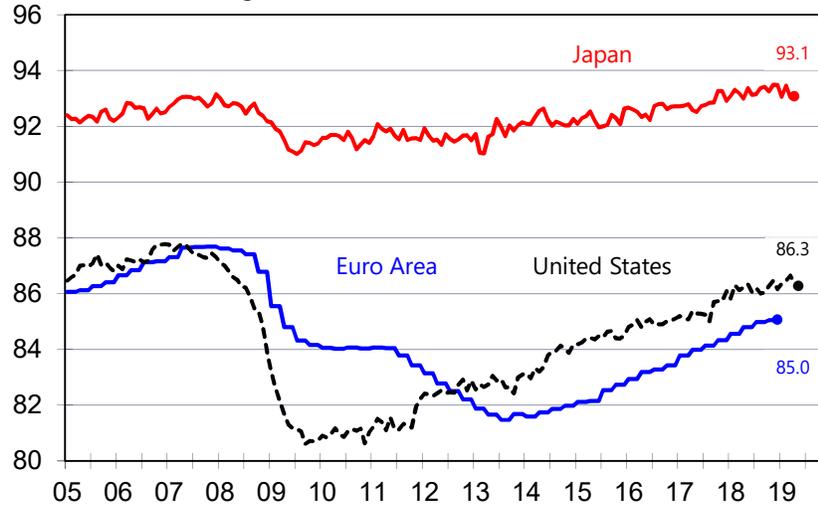
Percent change from year ago



Sources: BLS, CBO, Eurostat, Bank of Japan.

### Male Prime-Age Employment-Population Ratio

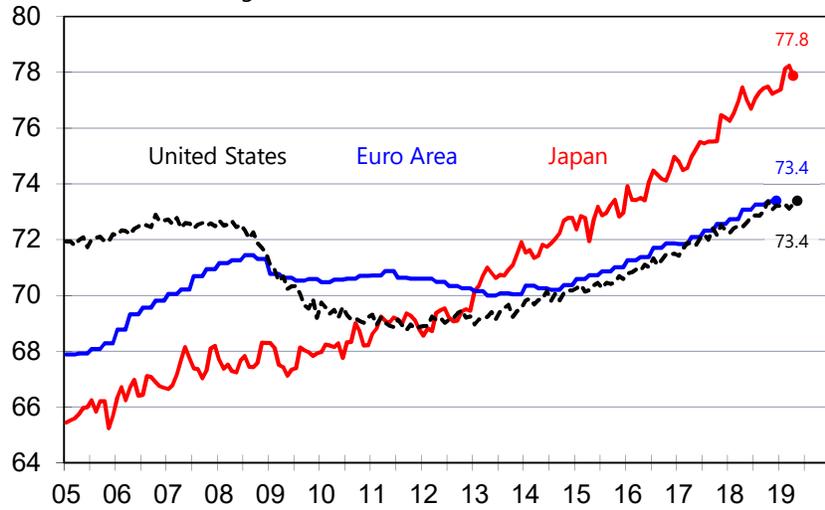
Percent active, ages 25-54



Sources: OECD, BLS.

## Female Prime-Age Employment-Population Ratio

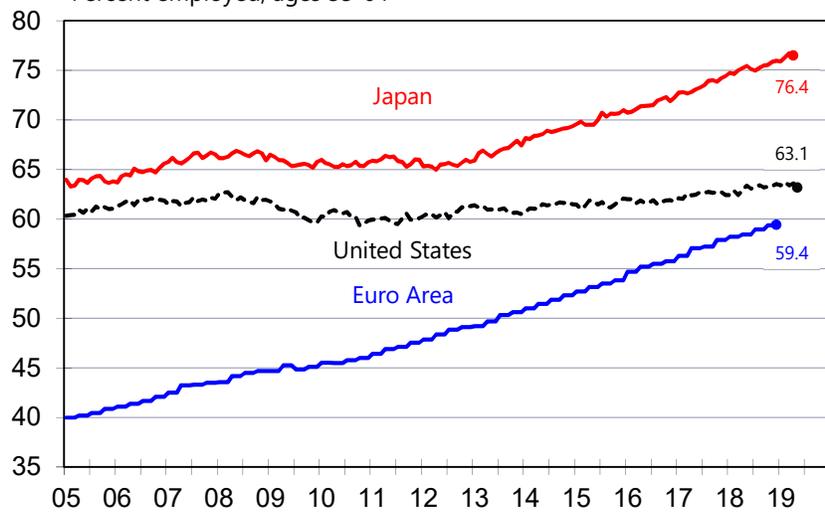
Percent active, ages 25-54



Sources: OECD, BLS.

## Mature Adult Employment-Population Ratio

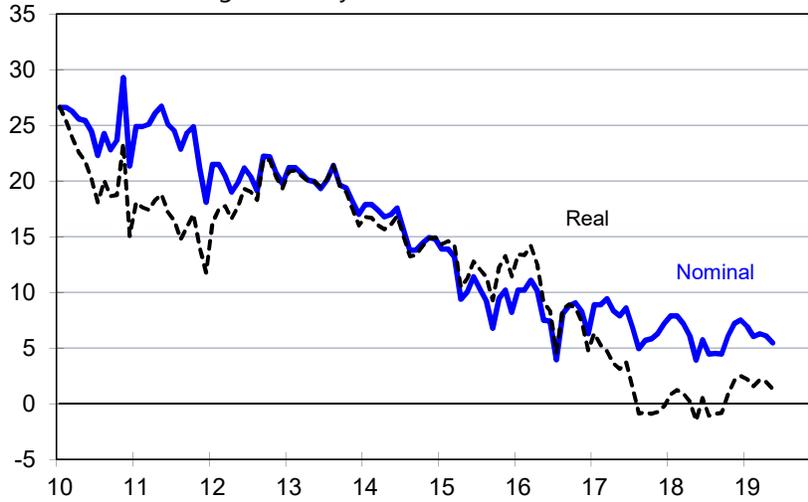
Percent employed, ages 55-64



Sources: OECD, BLS.

### China: Fixed Asset Investment

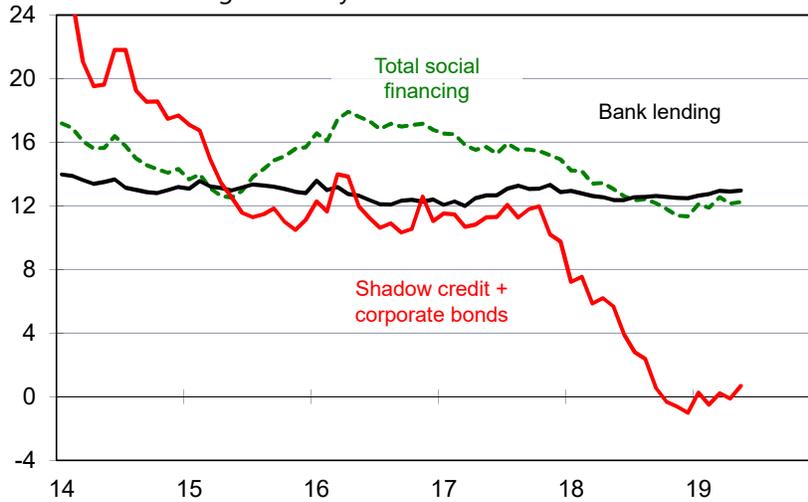
Percent change from a year earlier



Source: Monthly index computed from official year-year year-to-date changes. Real series deflated by linearly interpolated quarterly FAI price series.

### China: Credit growth

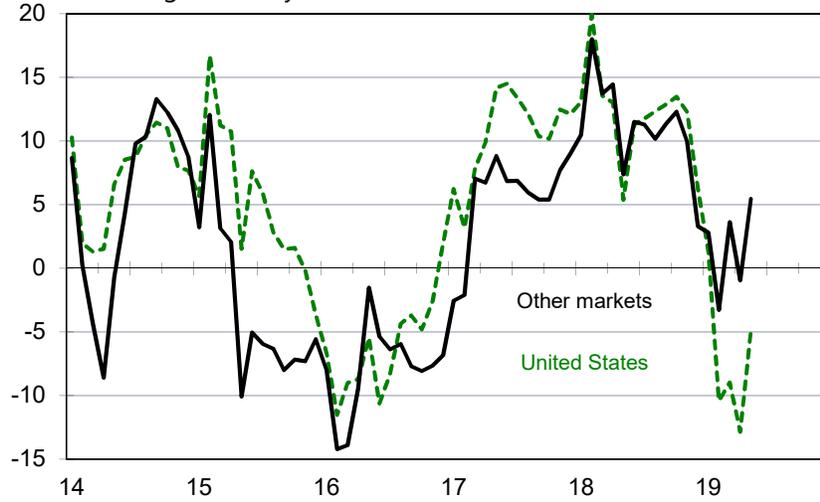
Percent change from a year earlier



Sources: CEIC, PBoC, Moody's.

### China: Export growth

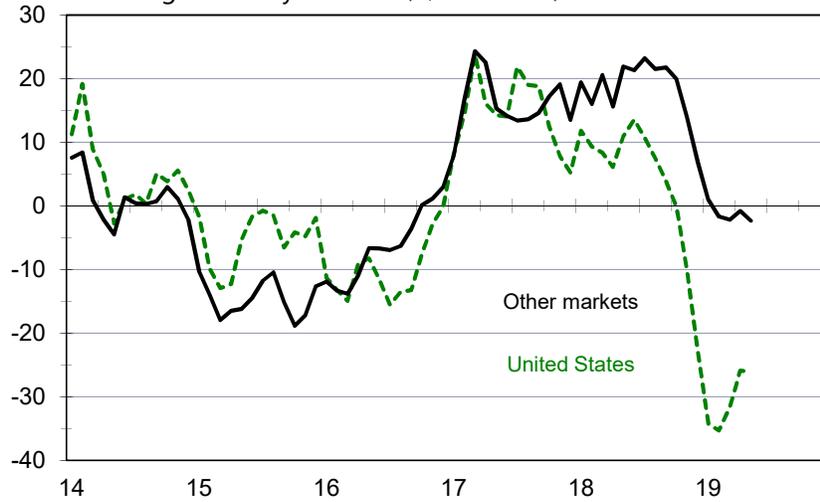
% change from a year earlier, \$U.S. terms, 3mma



Source: China Customs.

### China: Import growth

% change from a year earlier, \$U.S. terms, 3mma

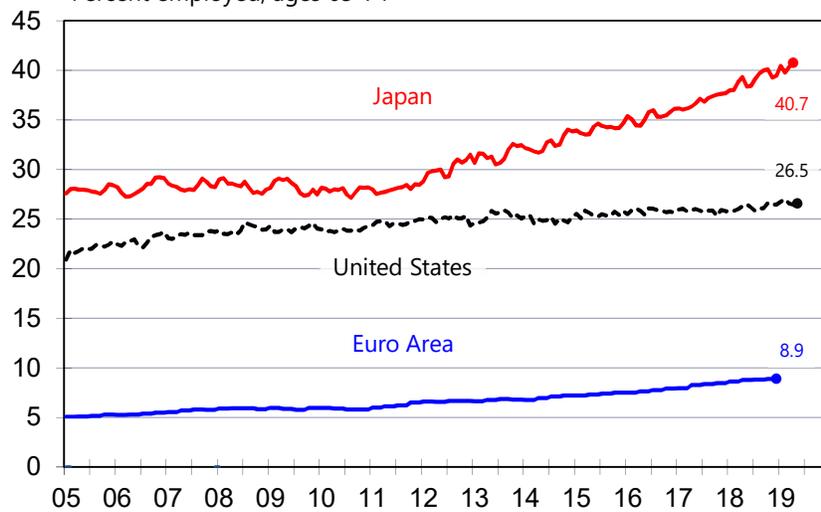


Source: China Customs.

## Reference Charts

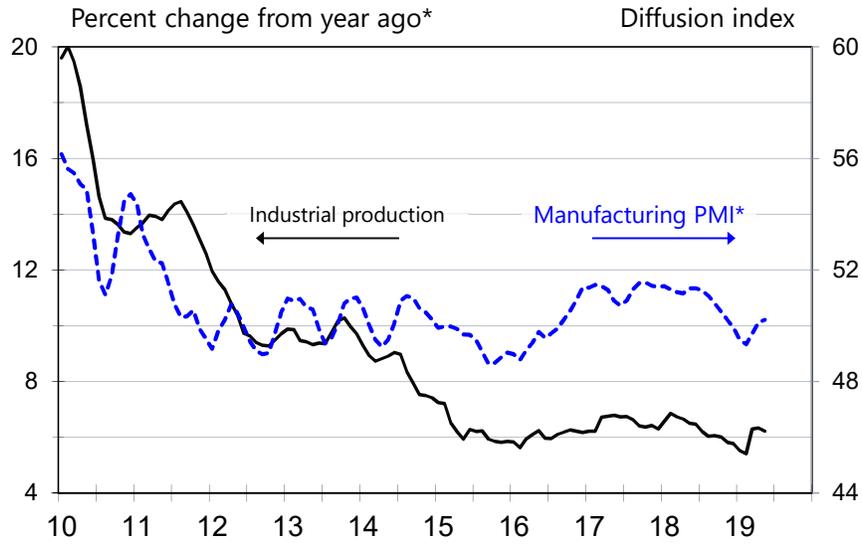
### "Young Elderly" Employment-Population Ratio

Percent employed, ages 65-74



Sources: OECD, BLS.

## Chinese IP Growth and Manufacturing PMI



Sources: China National Bureau of Statistics, Caixin. PMI is average of NBS and Caixin indexes.  
 \*Data are three-month moving averages.

## U.S. and EME equity performance



Note: Index values are in dollar terms.



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# Regional Economic Conditions

Jason Bram, Research Officer

Upstate New York and Regional Advisory Board Meeting – June 25, 2019

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

- A quick look at state economies across the U.S.
- An overview of the 2<sup>nd</sup> District's economy, focusing on job trends
- Results from recent FRBNY business surveys
- Wage trends and minimum wage response

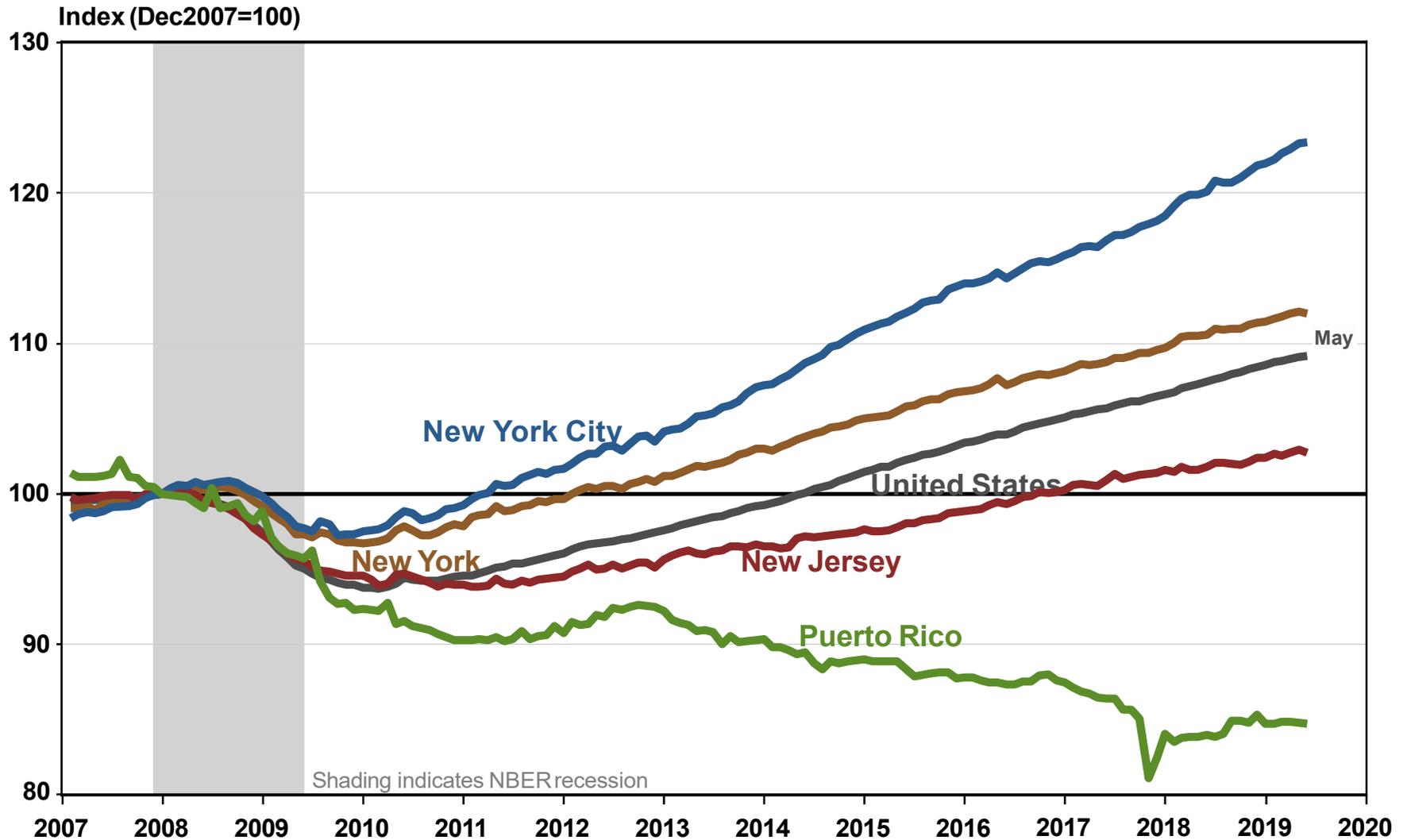






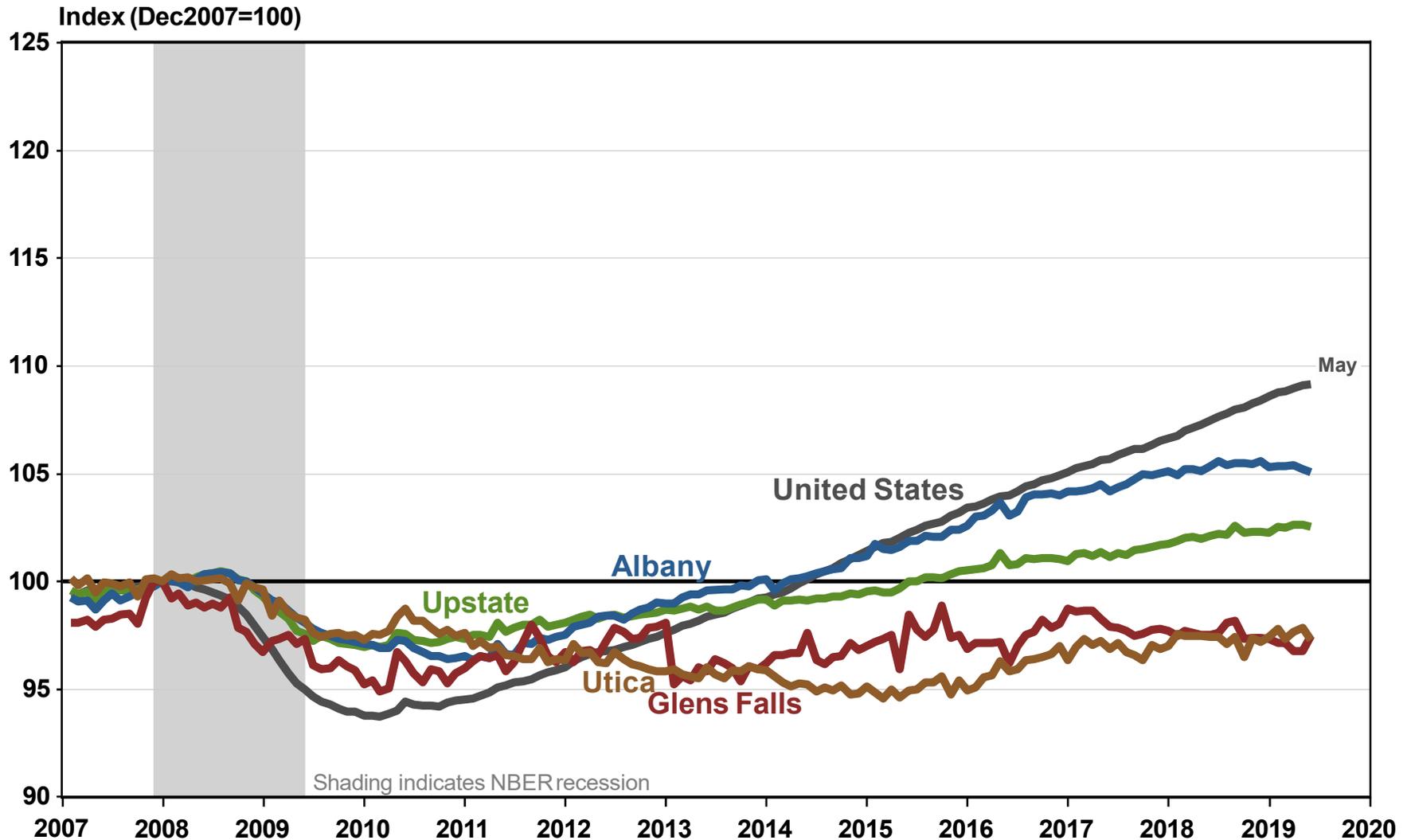
# Total Employment

## Seasonally Adjusted Index



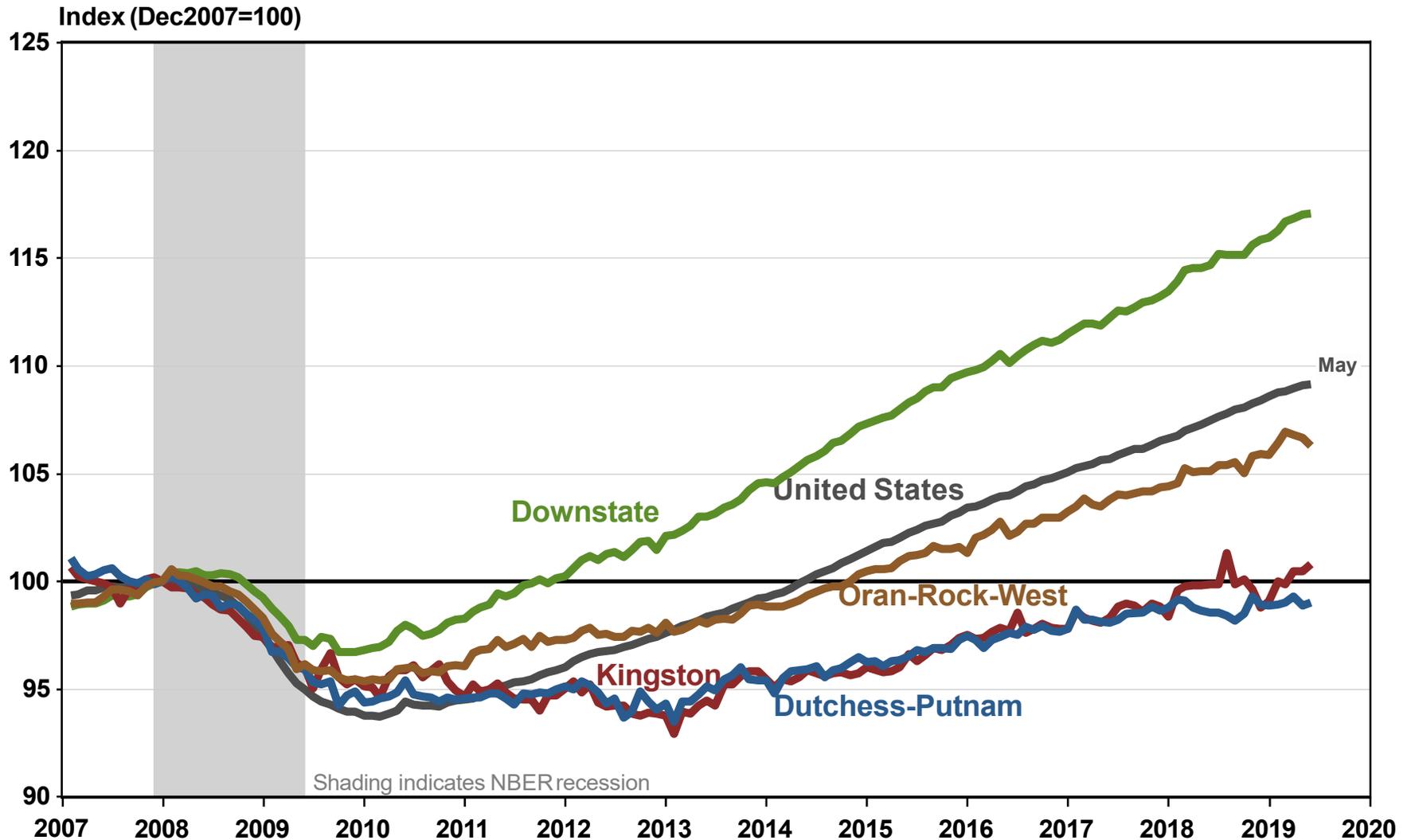
# Total Employment

## Seasonally Adjusted Index



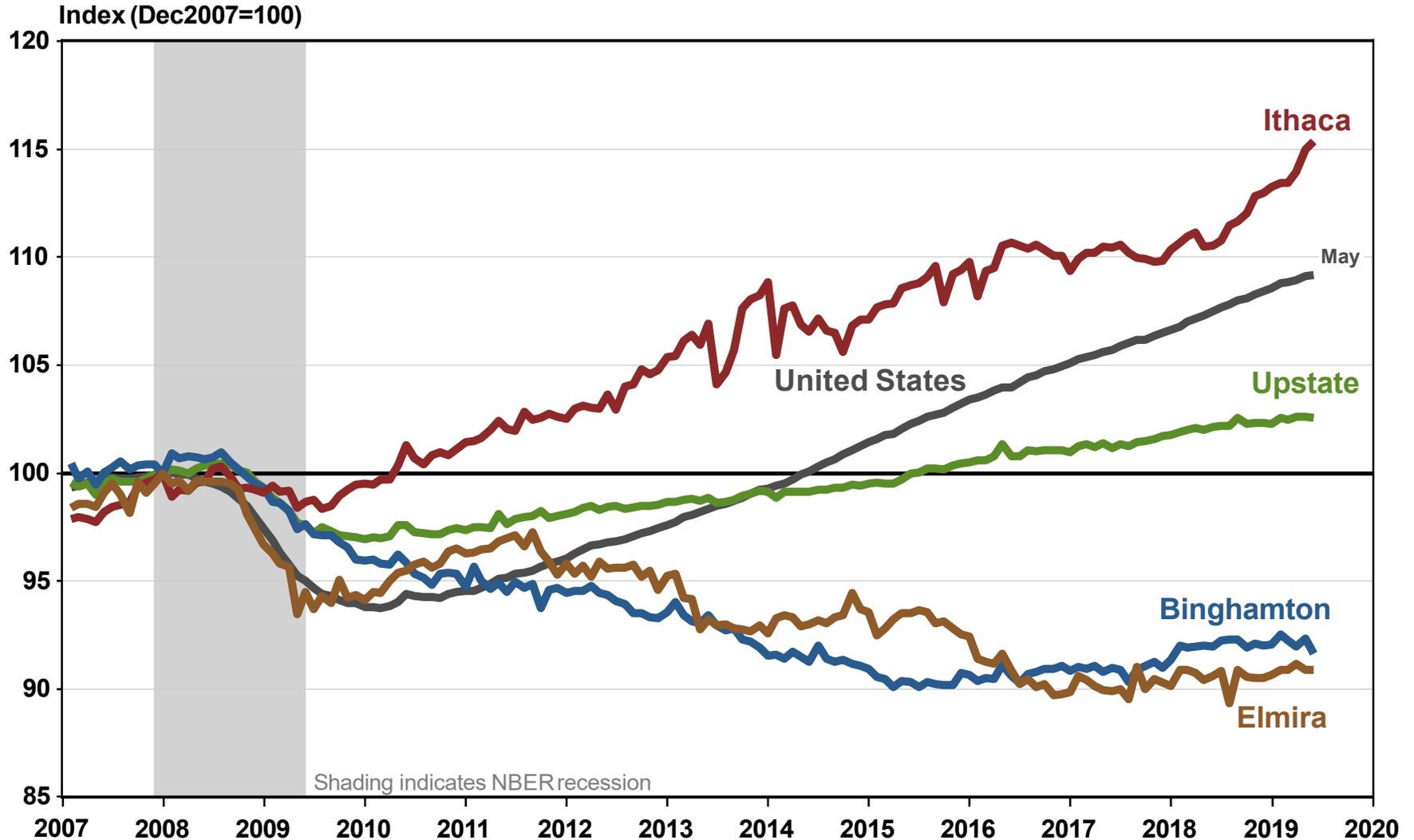
# Total Employment

## Seasonally Adjusted Index



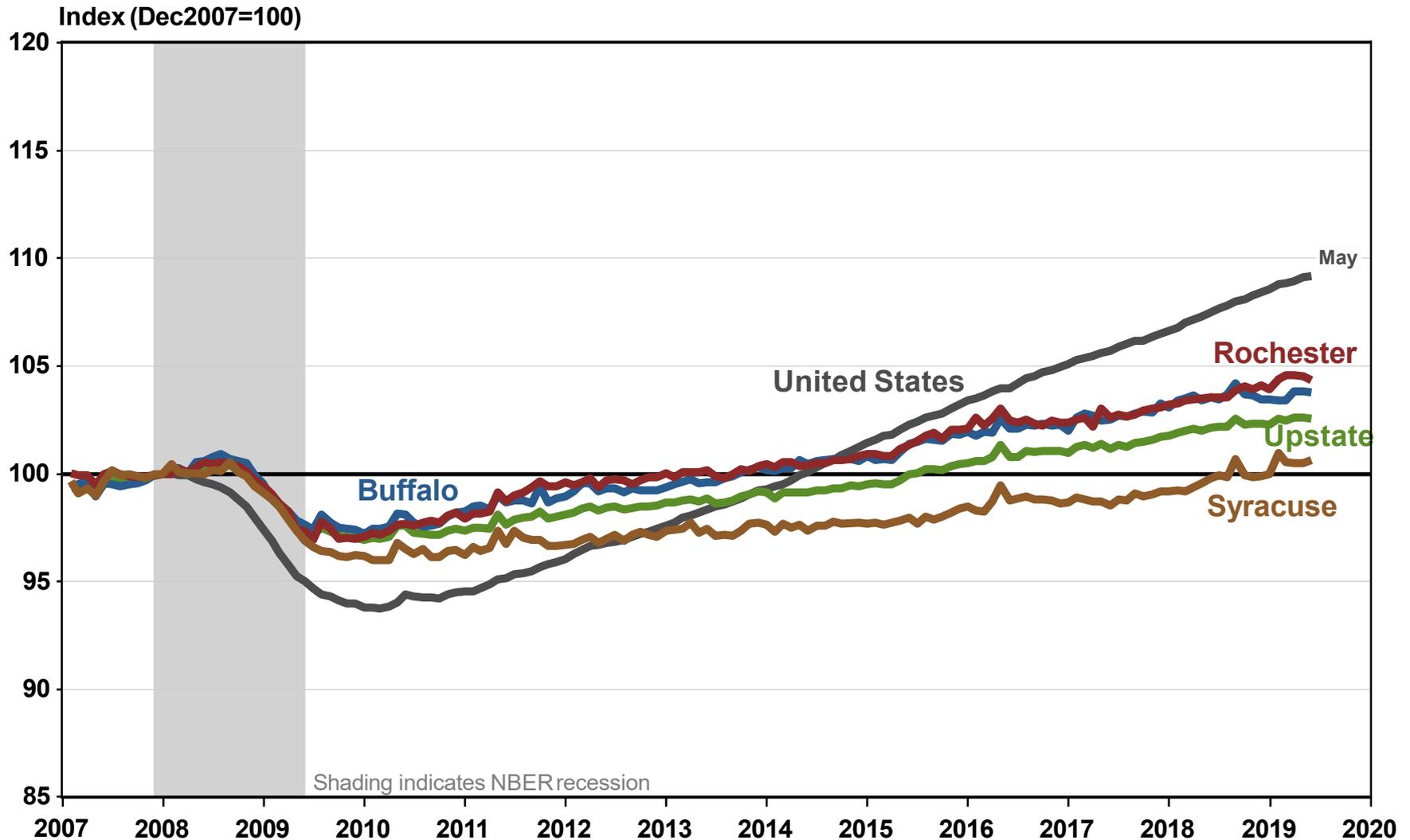
# Total Employment

## Seasonally Adjusted Index



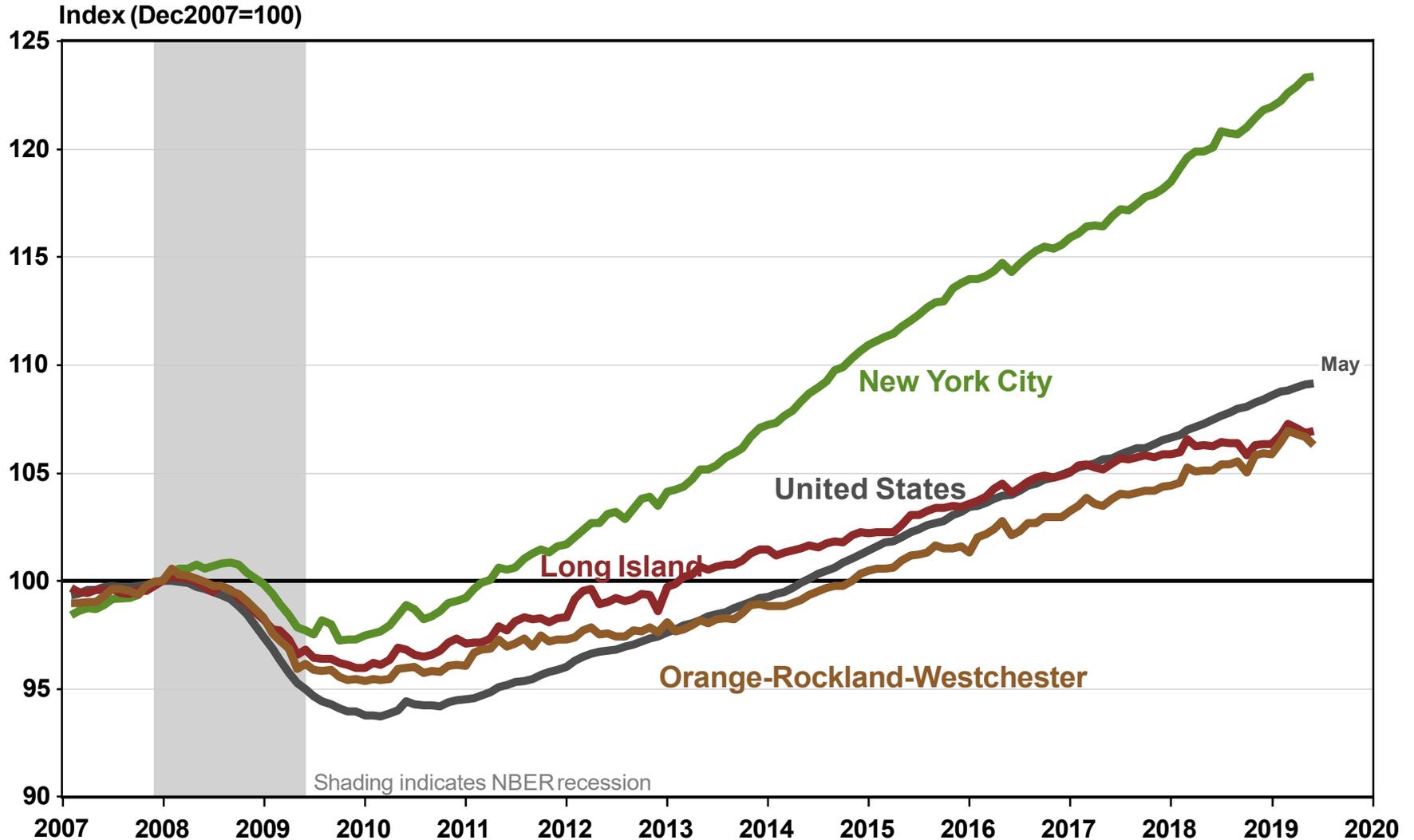
# Total Employment

## Seasonally Adjusted Index



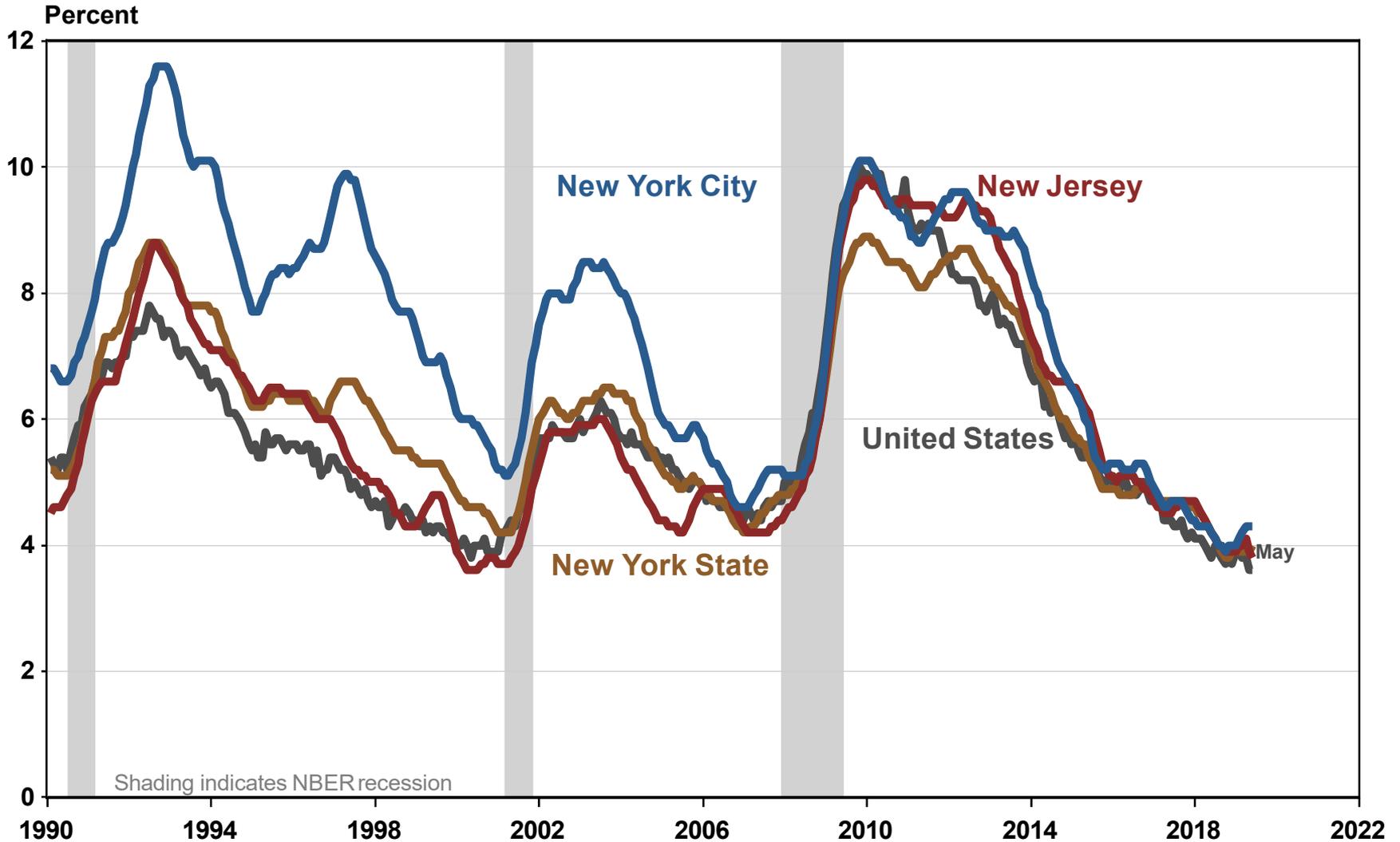
# Total Employment

## Seasonally Adjusted Index



# Unemployment Rates

Seasonally Adjusted

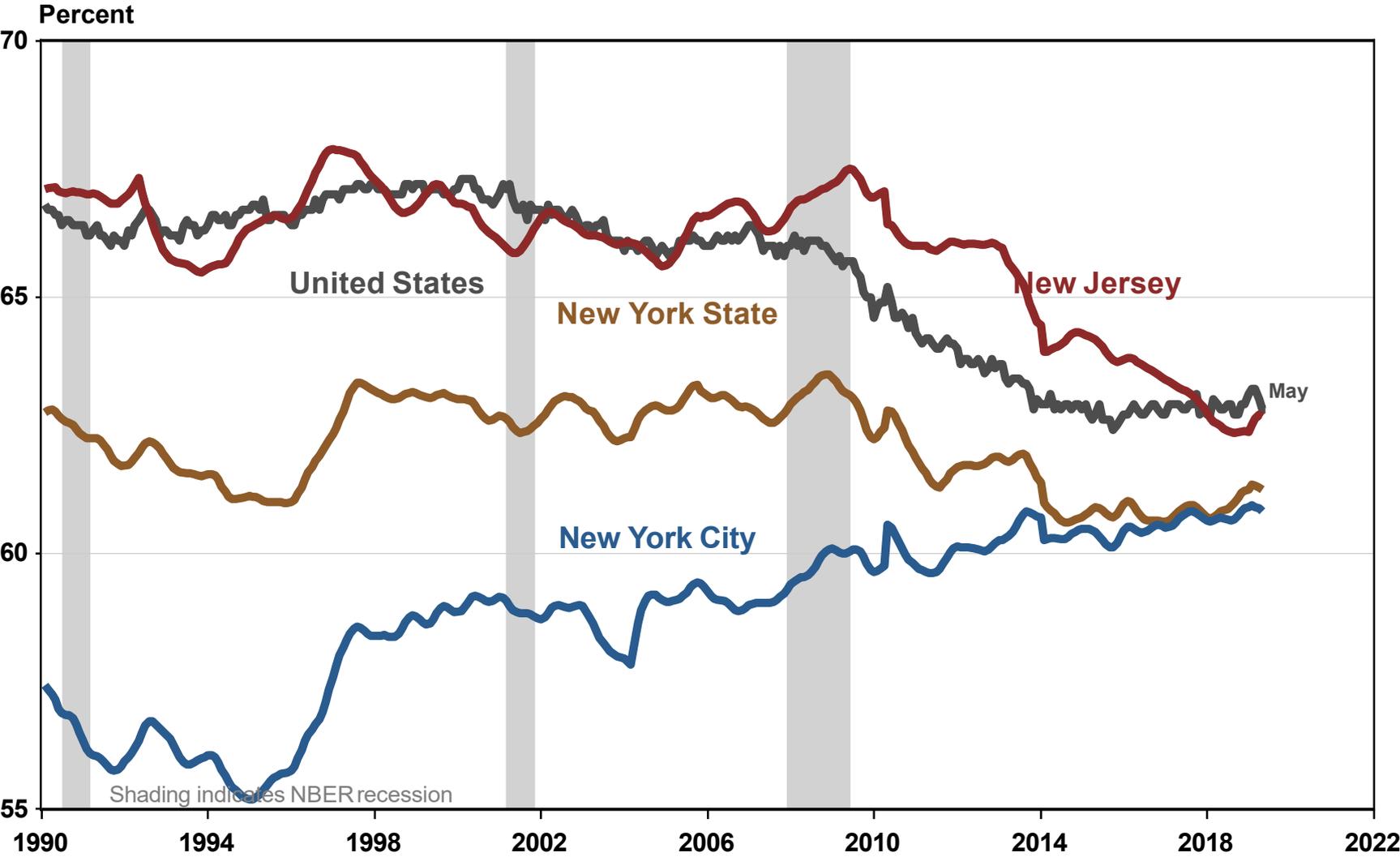


Shading indicates NBER recession

May

# Labor Force Participation

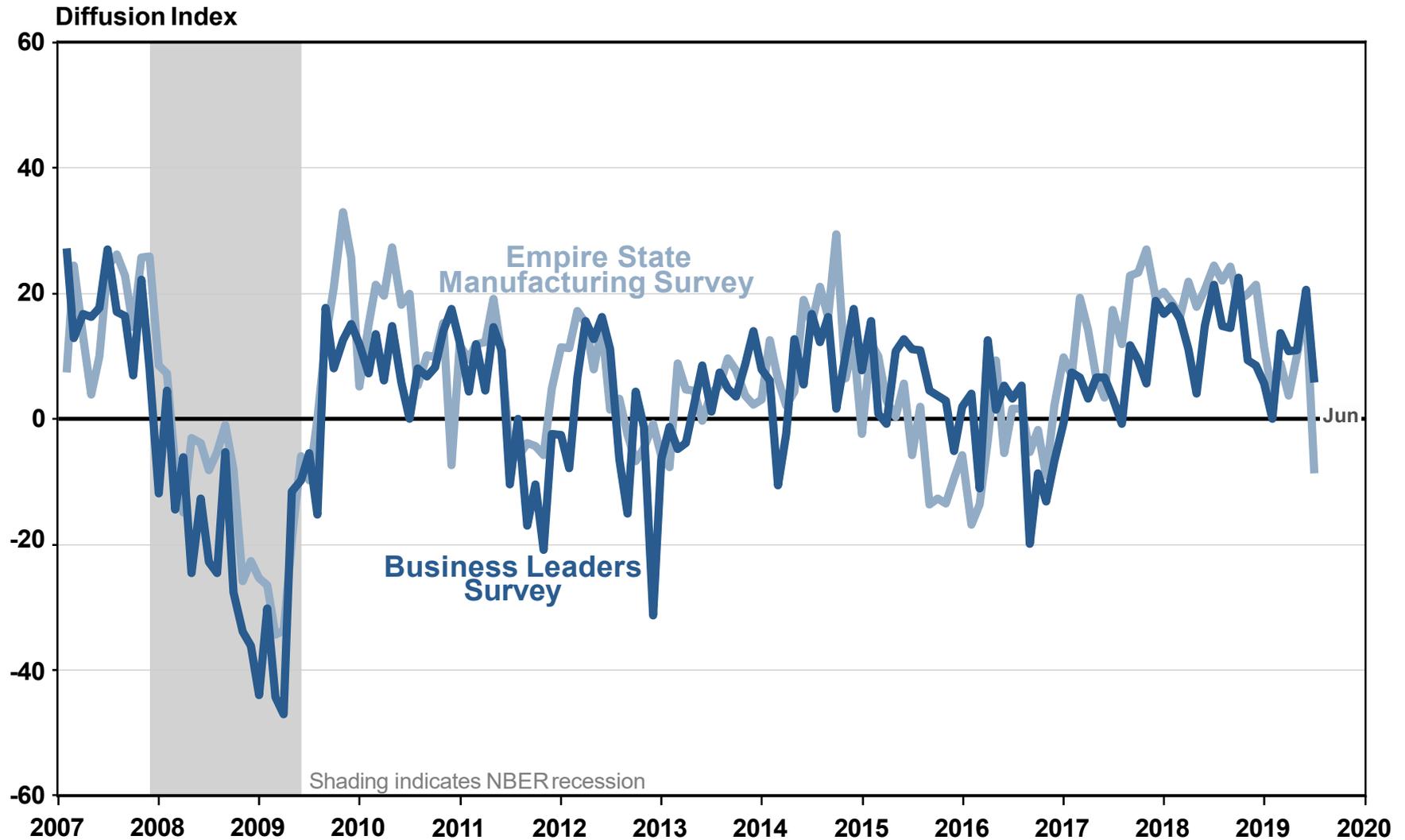
Seasonally Adjusted



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

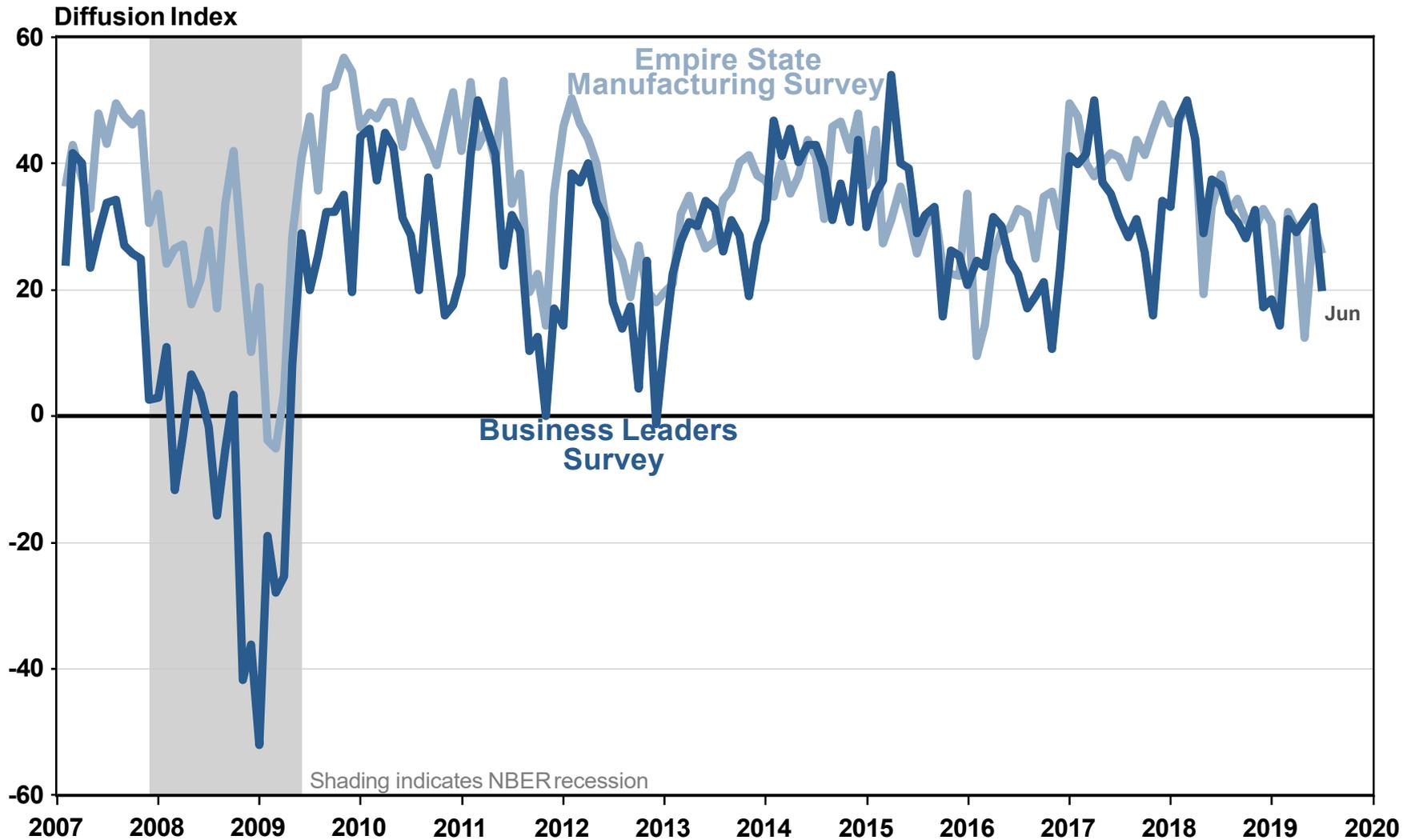
# Current Economic Conditions

## FRBNY Business Surveys, Current Conditions



# Future Economic Conditions

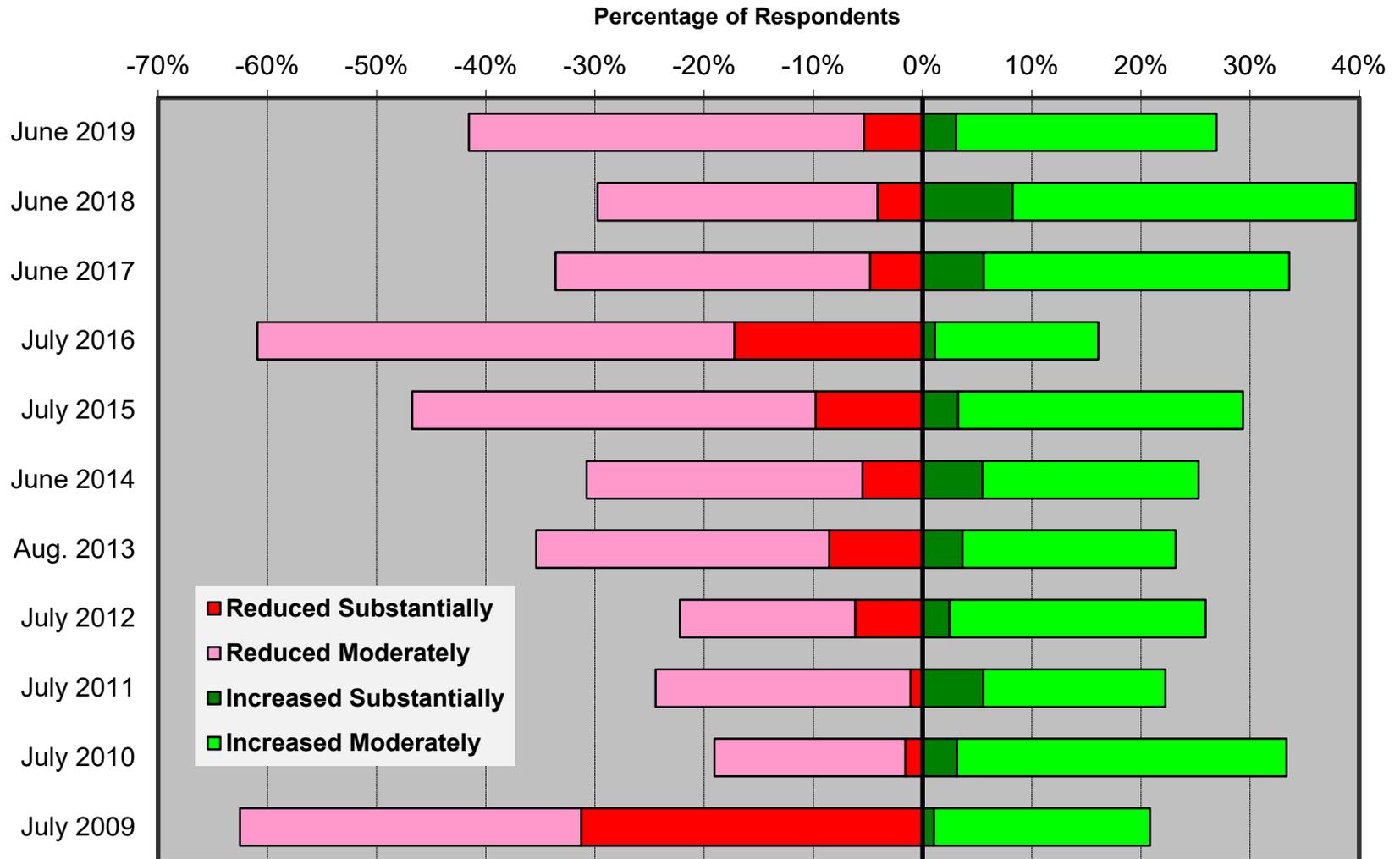
FRBNY Business Surveys, Conditions Six Months Ahead



Shading indicates NBER recession

# June 2019 Empire State Manufacturing Survey

***In the past several months, to what extent have you modified your sales expectations for the second half of this year?***

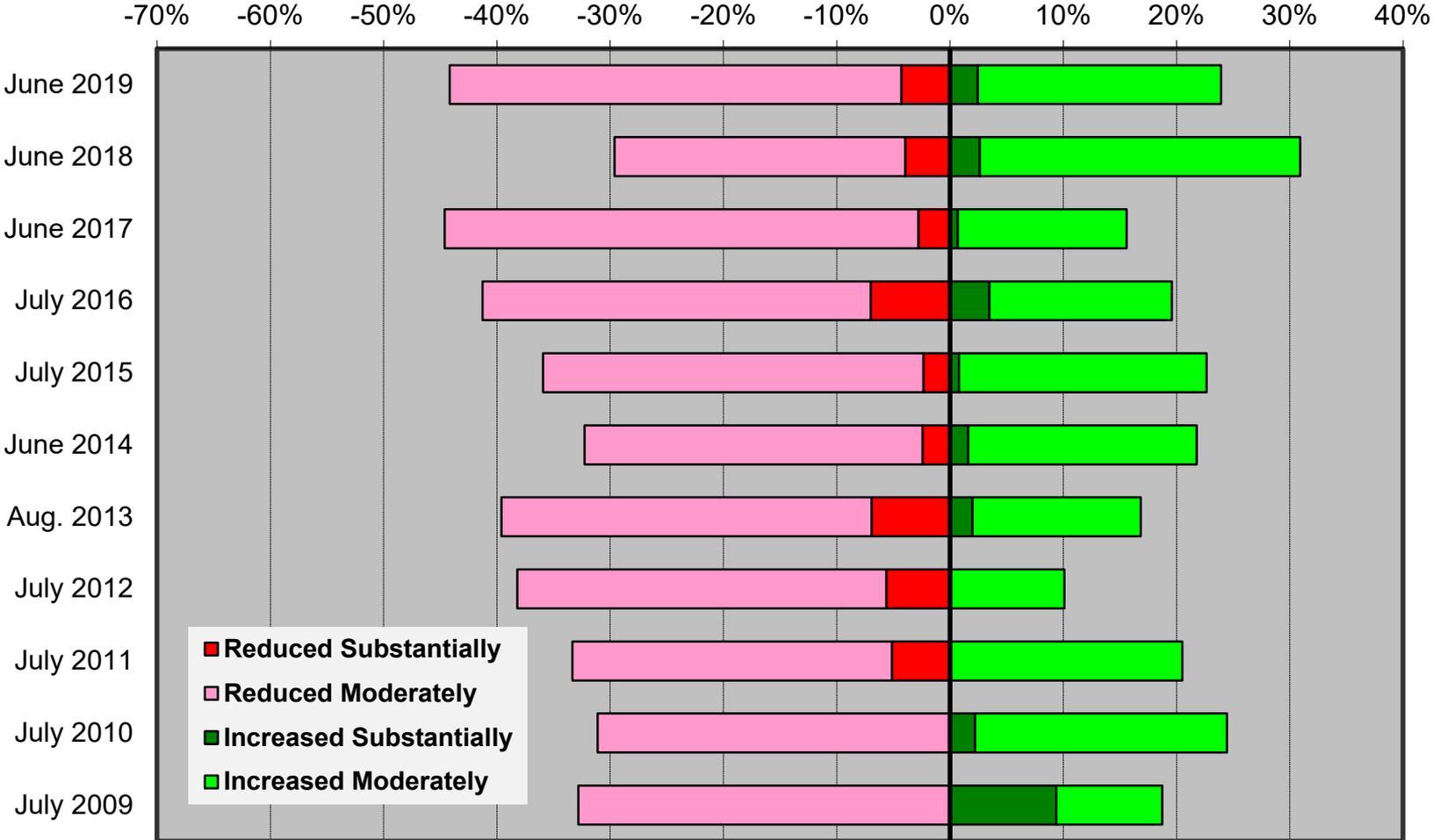


\* In July 2012 and earlier surveys, manufacturers were asked about "production plans", as opposed to sales/revenue expectations.

# June 2019 Business Leaders (Service Sector) Survey

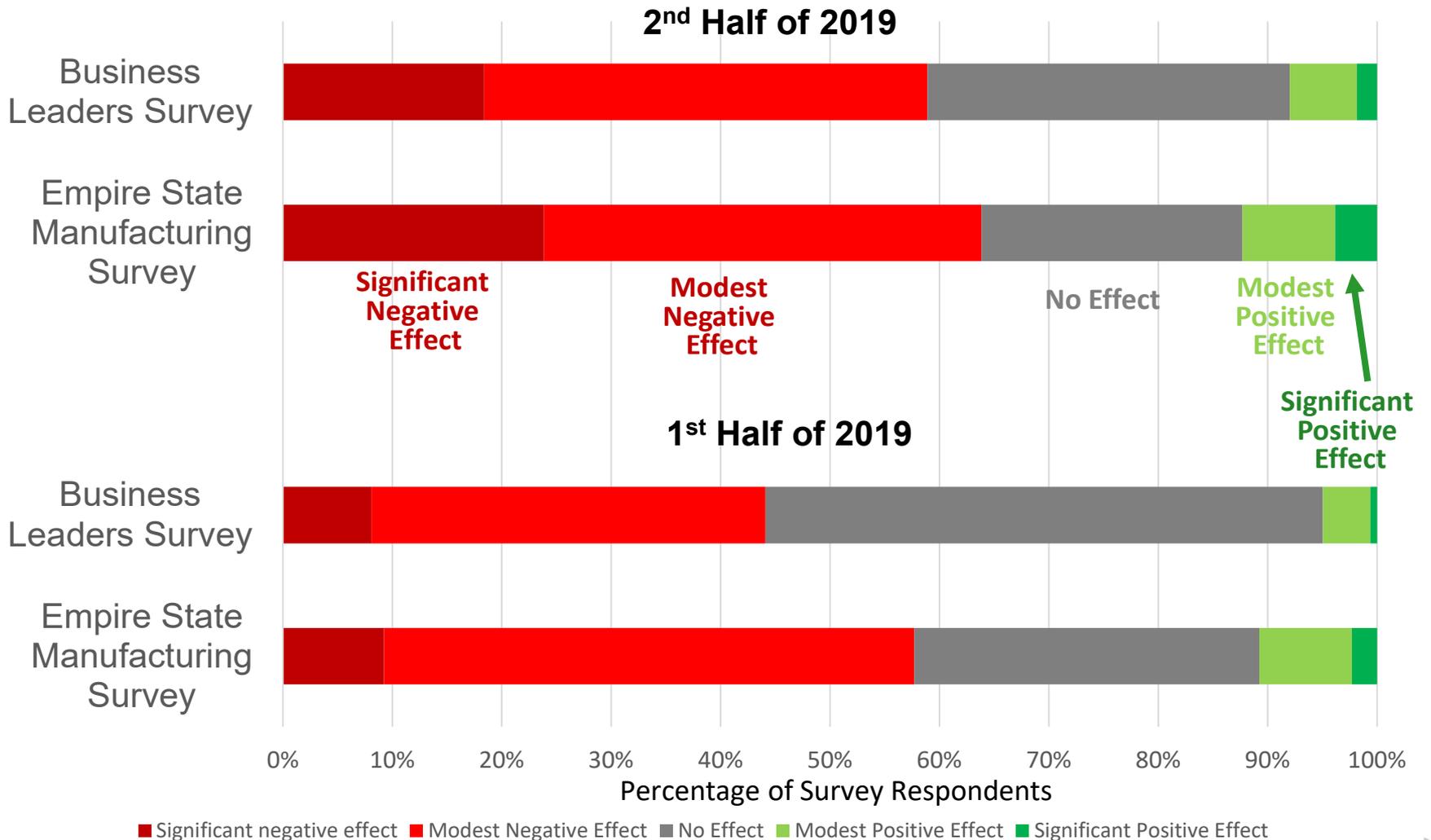
*In the past several months, to what extent have you modified your sales expectations for the second half of this year?*

Percentage of Respondents



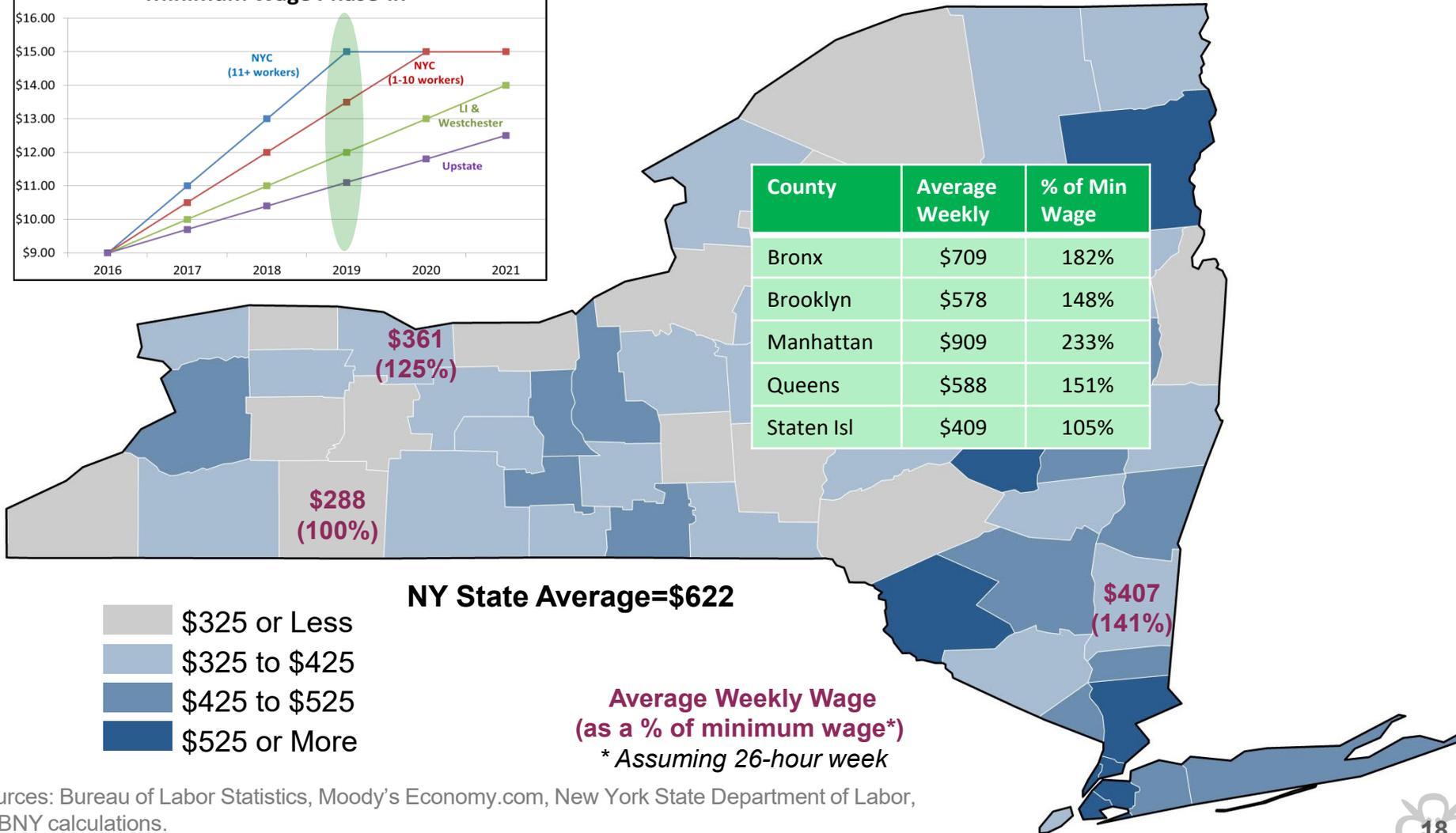
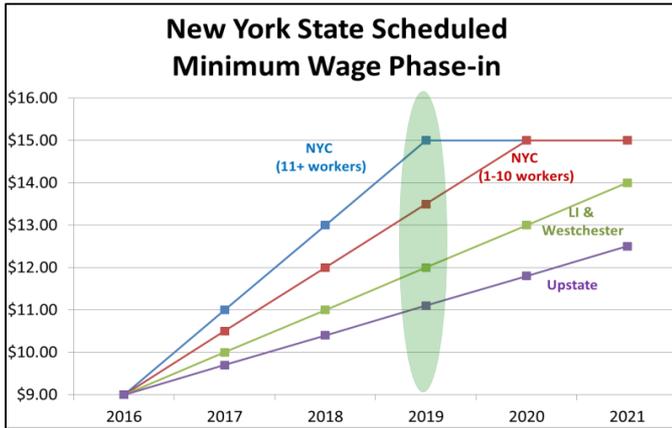
# June 2019 Survey on Trade & Tariffs

What overall effect have U.S. trade policy and tariffs had on your business in the 1st half of this year, and what effects do you expect them to have in the 2nd half?



# New York State Wages by County

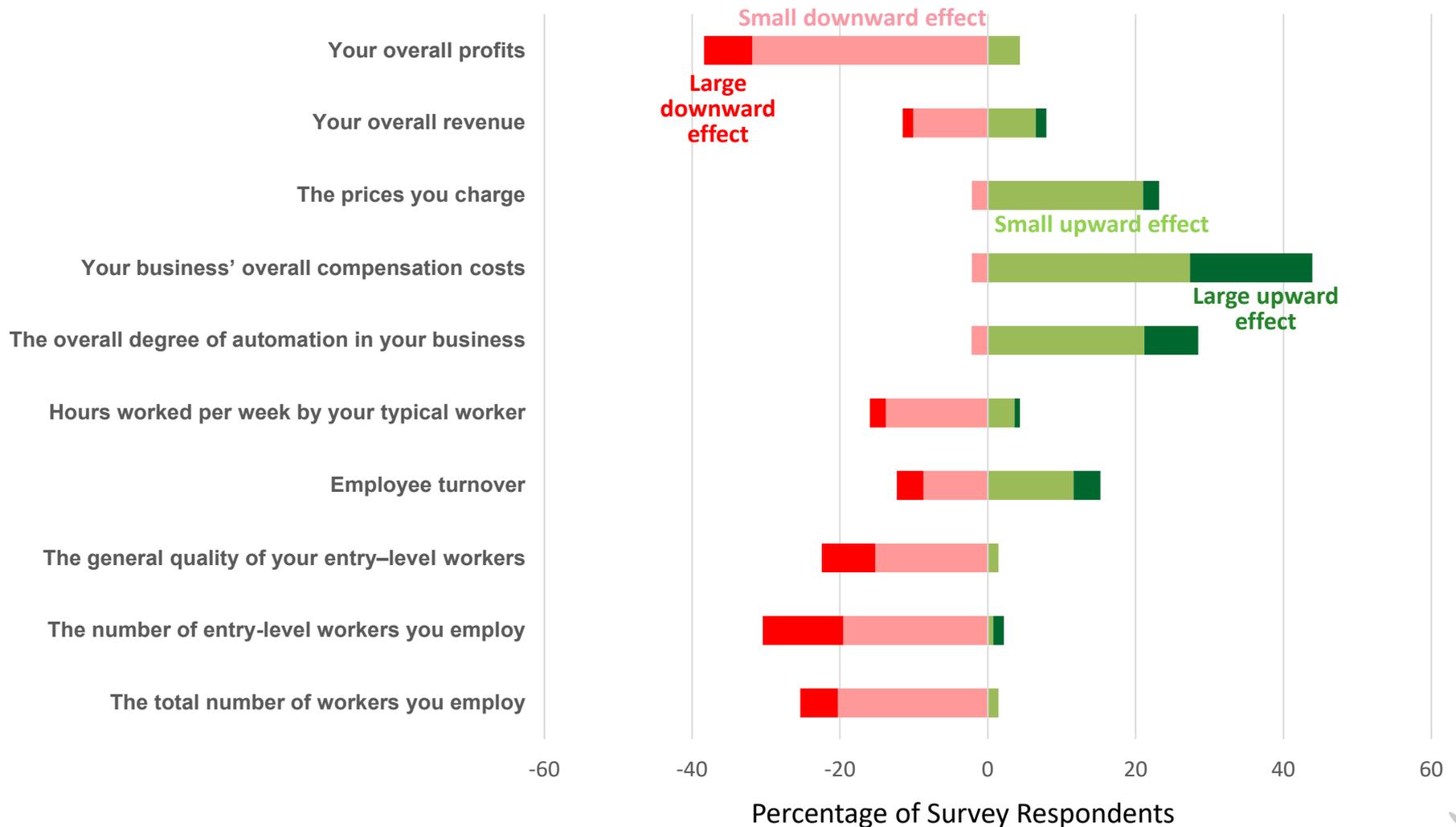
Average Weekly Wages, Leisure & Hospitality, 1<sup>st</sup> Half of 2018



Sources: Bureau of Labor Statistics, Moody's Economy.com, New York State Department of Labor, FRBNY calculations.

# April 2019 Empire State Manufacturing Survey

*Please indicate what effect you think this increase in the minimum wage has had, for your operations in New York State, on each of the following?*



# April 2019 Business Leaders (Service Sector) Survey

*Please indicate what effect you think this increase in the minimum wage has had, for your operations in New York State, on each of the following?*

