



Federal Reserve Bank of New York

Regional Economic Press Briefing

February 14, 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 Abel, Economist

Overview

I. Economic Activity

- During Q4-2010, economic activity declined slightly in New York State, New York City, and New Jersey; while activity picked up some in Puerto Rico

II. Employment Trends

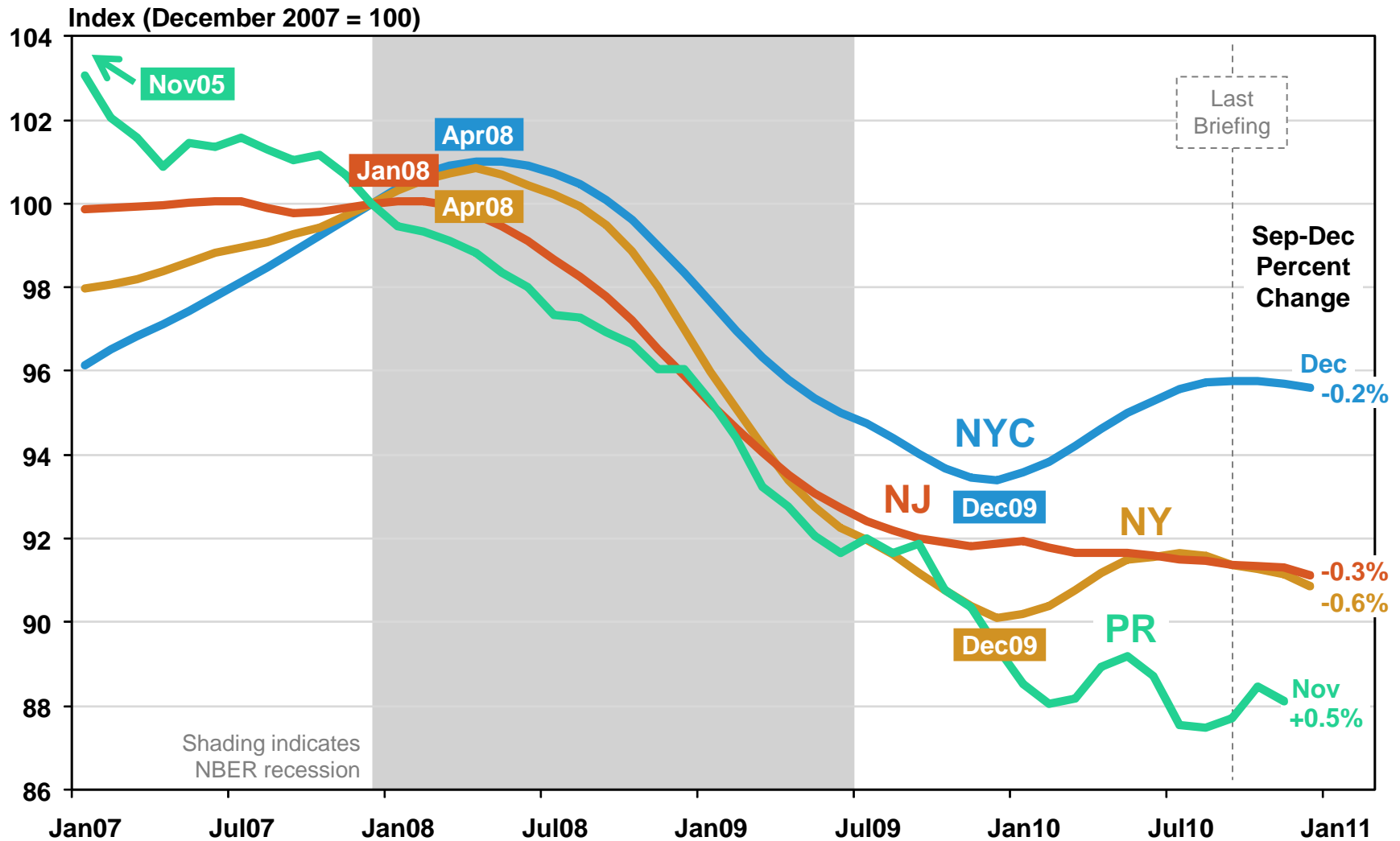
- Job growth in the region was weaker than in the U.S. in Q4

III. Unemployment Rate

- While down from peak levels, unemployment in the region remains stubbornly high

Regional Economic Activity

Index of Coincident Economic Indicators (CEI)

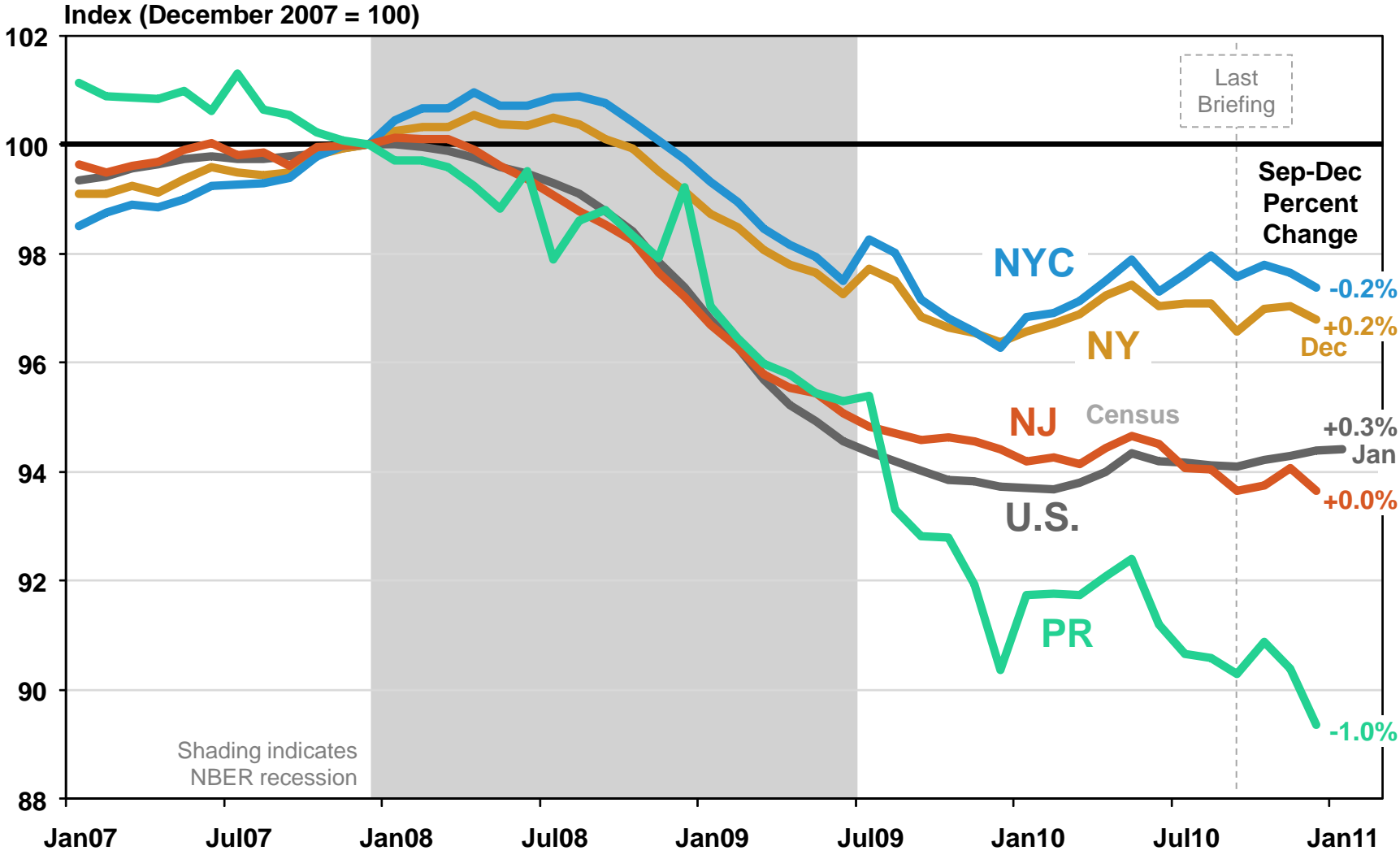


Source: Federal Reserve Bank of New York; Puerto Rico Government Development Bank

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

Regional Employment Trends

Seasonally Adjusted



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

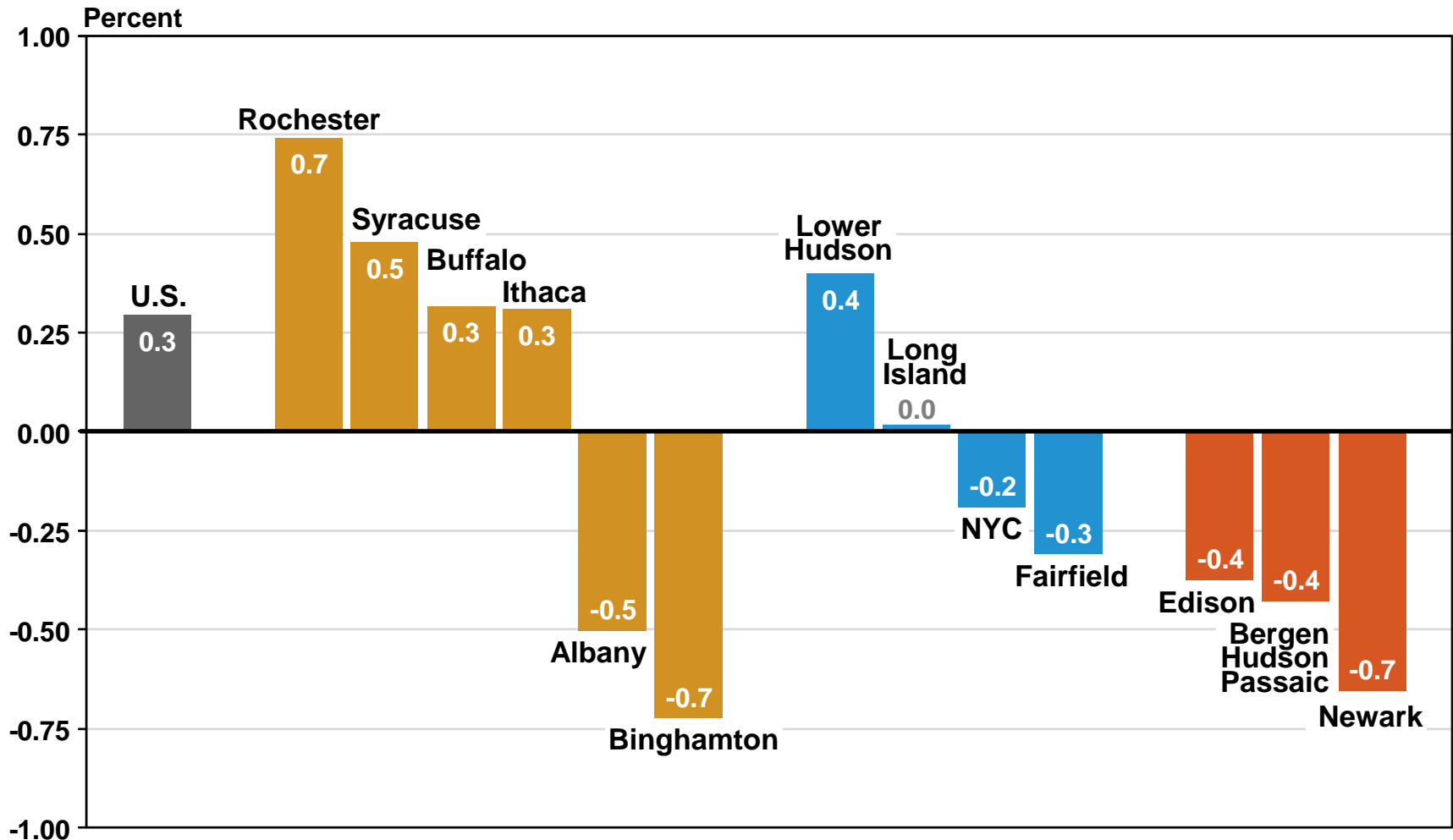
Employment Growth by Sector

Seasonally Adjusted, Percent Change, September to December 2010

	U.S.	New York	New York City	New Jersey	Puerto Rico
State & Local Government	-0.1%	-0.2%	-1.8%	-0.2%	-1.1%
Retail Trade	0.1%	-0.3%	-2.7%	-1.0%	2.0%
Manufacturing	0.2%	-1.0%	1.0%	0.0%	-2.8%
Wholesale Trade	0.4%	0.2%	-1.2%	-0.9%	-0.8%
Professional & Business Services	1.1%	0.6%	1.7%	0.9%	-0.9%
Educational & Health Services	0.6%	1.5%	1.2%	0.7%	-0.5%
Financial Activities	0.0%	0.1%	0.2%	0.6%	0.2%

Employment Growth Within the Region

Seasonally Adjusted, Percent Change, September to December 2010

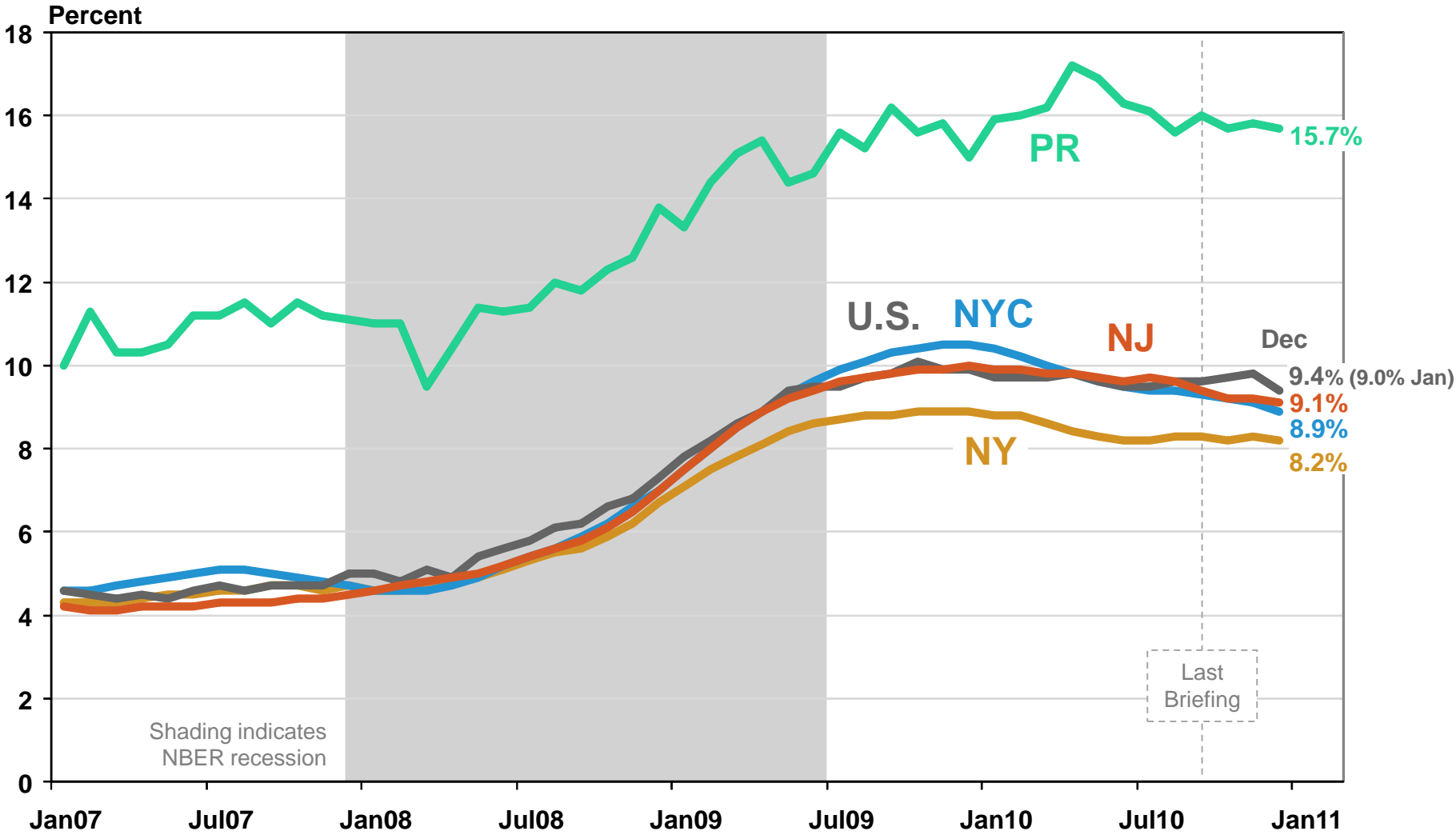


Source: Bureau of Labor Statistics and Moody's Economy.com

Note: Lower Hudson is comprised of the Kingston and Poughkeepsie MSAs and the Putnam-Rockland-Westchester Special BLS Area.

Regional Unemployment Rates

Seasonally Adjusted Rates



Shading indicates NBER recession

Last Briefing

Dec

9.4% (9.0% Jan)

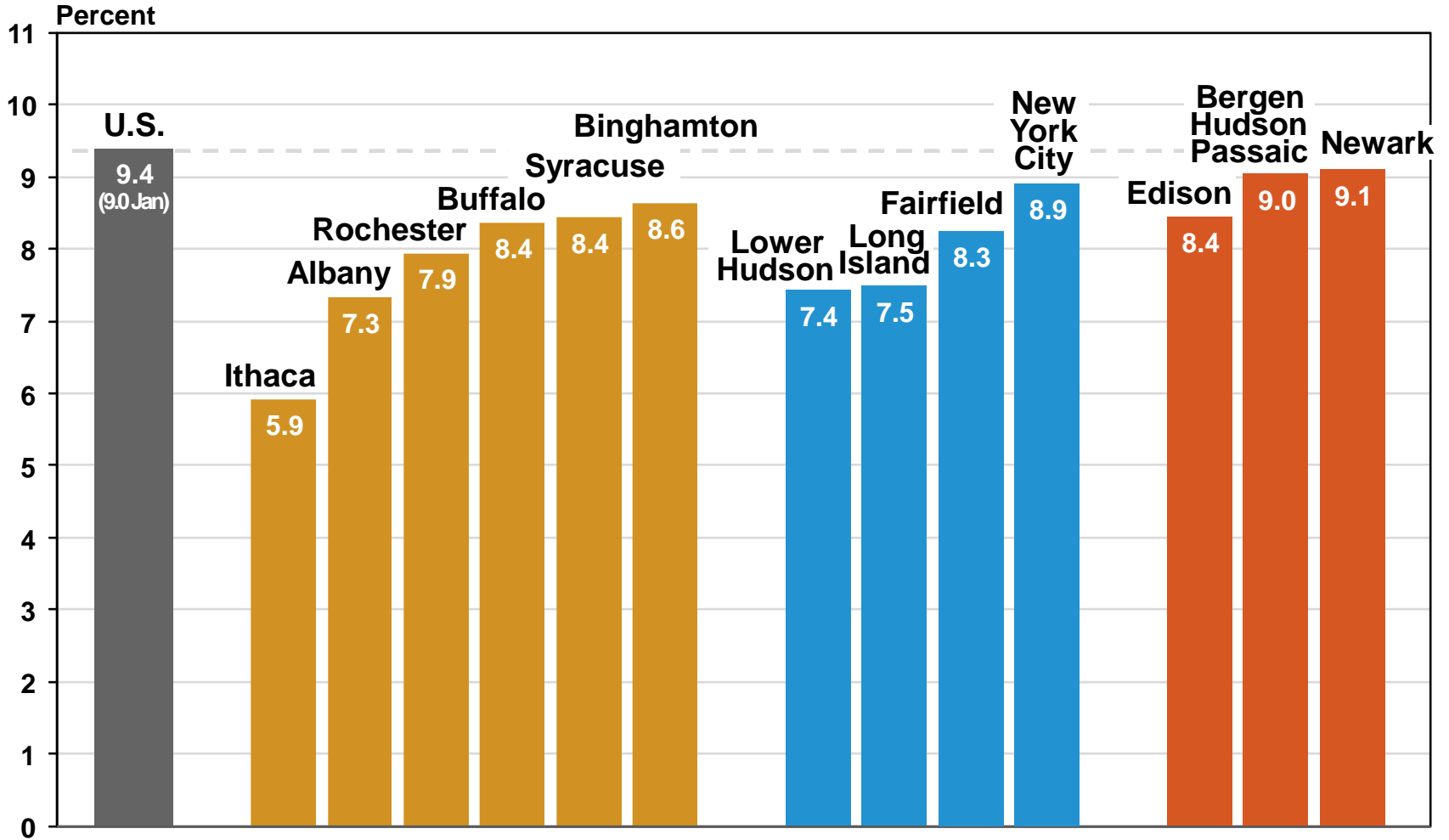
9.1%

8.9%

8.2%

Unemployment Rates Within the Region

Seasonally Adjusted, December 2010



Summary

The recent improvement in economic conditions experienced in much of the region has paused:

- Economic activity has declined slightly in most of the region
- Employment growth has generally been sluggish, with bright spots in upstate New York and the Lower Hudson Valley
- Unemployment rates have fallen modestly throughout the region, largely due to lower labor force participation, but remain high

Regional Trends in Household Debt

Richard Deitz, Officer and Senior Economist

Outline

- I. How much debt did households take on during the run-up?
 - Compared to U.S. averages, debt levels are relatively low in much of the region, although they rose to high levels in some pockets

- II. How much deleveraging has occurred?
 - Debt reductions, while significant, have been milder than the U.S. average

- III. Signs of stress
 - Delinquency rates are relatively high in some places, such as New York City and Long Island, Puerto Rico, and Upstate's urban cores

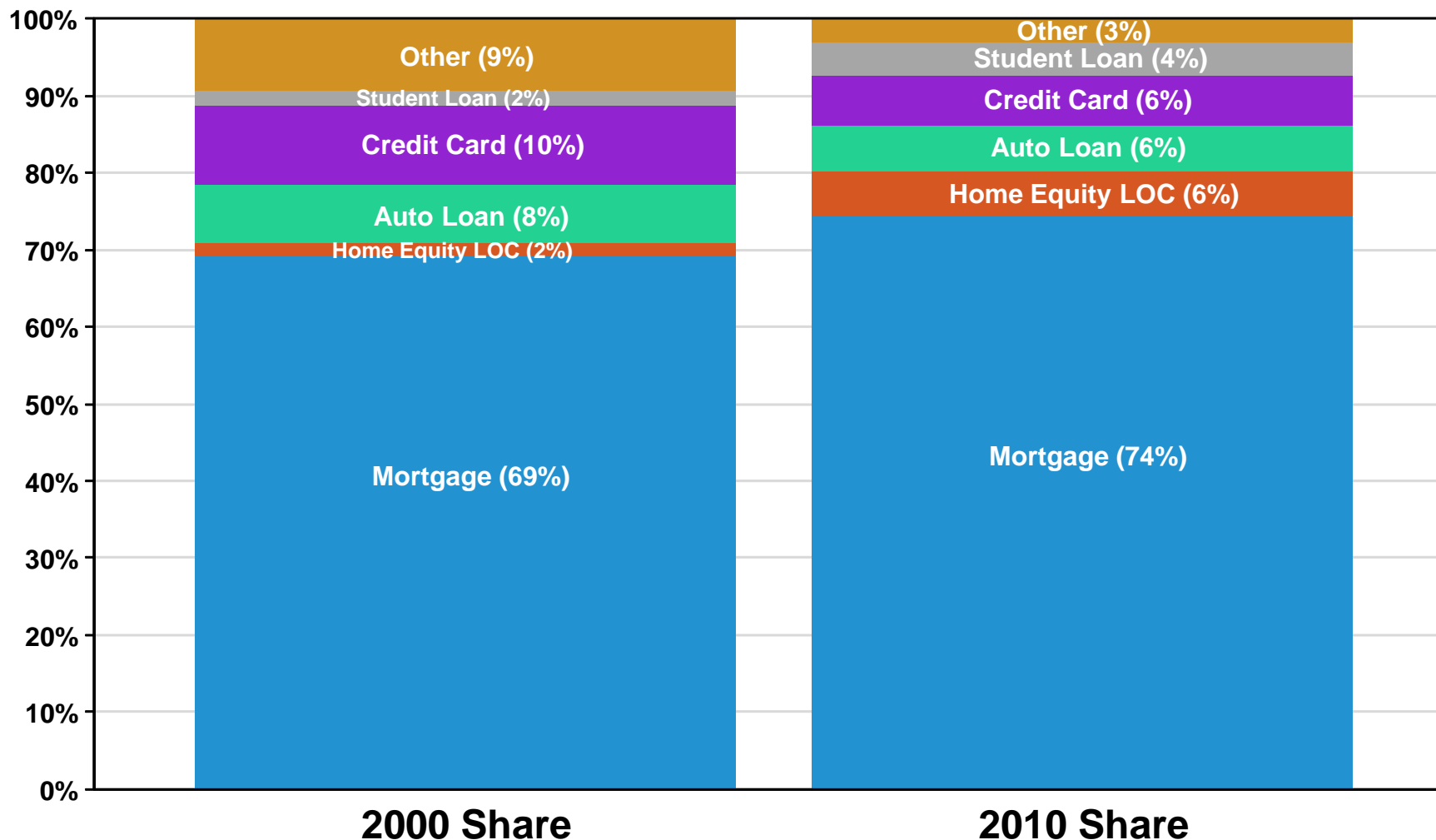
- IV. Our region's convalescence
 - Recent increases in credit inquiries and auto debt suggest that more consumers are inclined to spend and borrow

FRBNY Consumer Credit Panel

- Data from individual credit reports, an anonymous random sample
- Includes information on various debt obligations:
 - Mortgages
 - Home Equity Line of Credit
 - Auto Loans
 - Student Loans
 - Credit Cards
 - Other
- Limited demographic information, but detailed geographic location
- Quarterly data, 1999 - 2010

Components of Household Debt in the U.S.

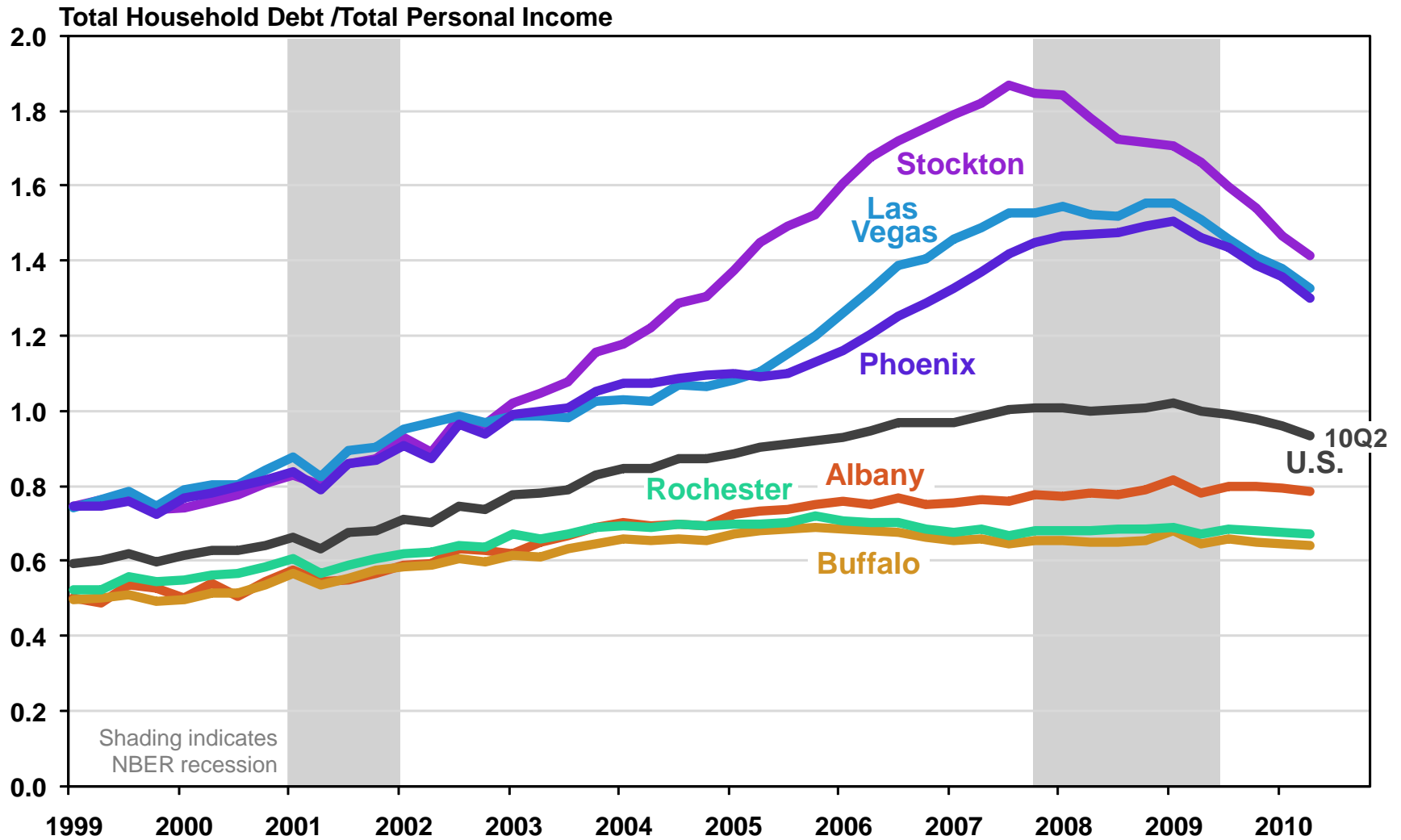
Shares of Total Debt



Regional Trends in Household Debt

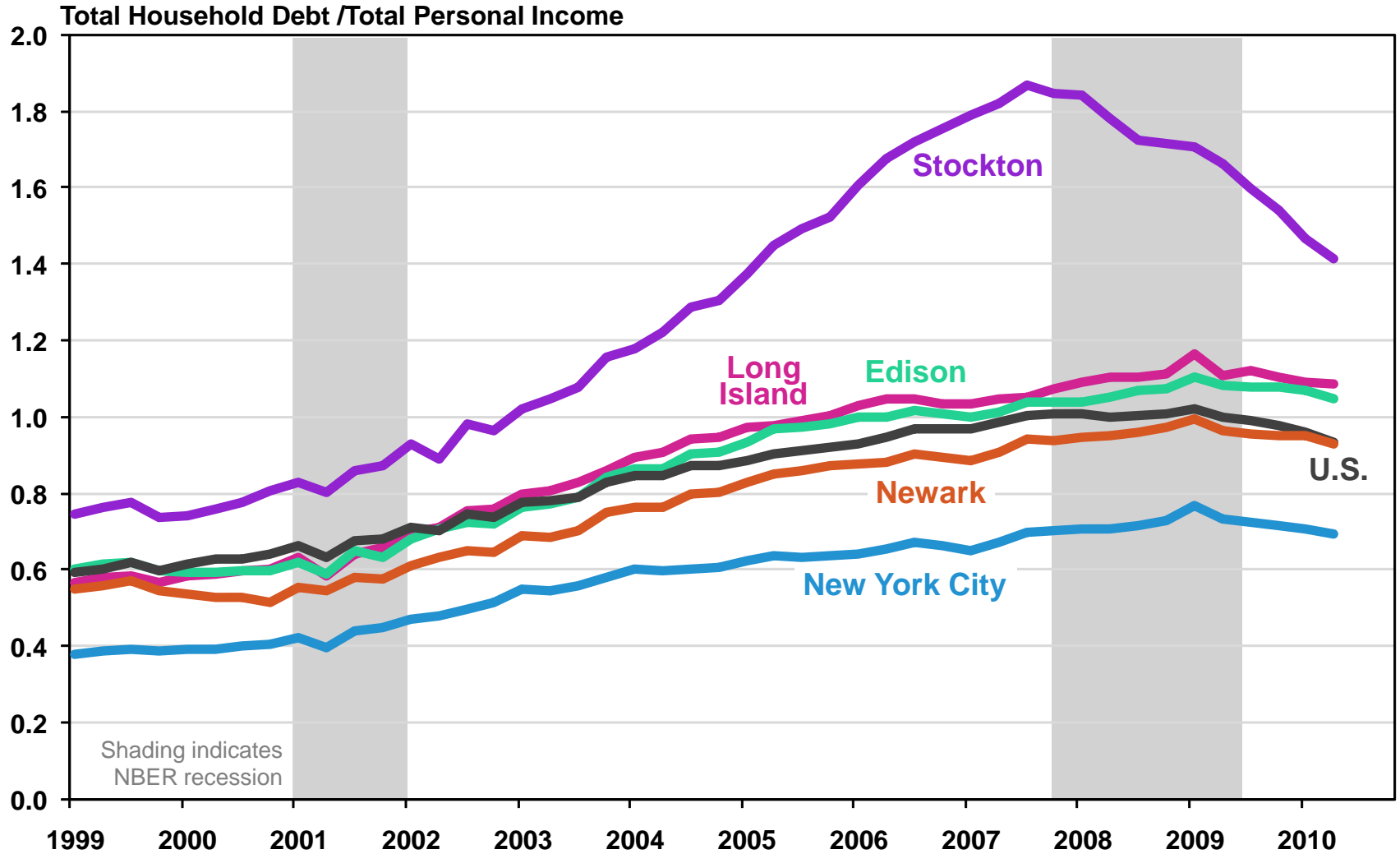
Debt-to-Income Patterns in the Region

Debt-to-Income Ratio by Metropolitan Area



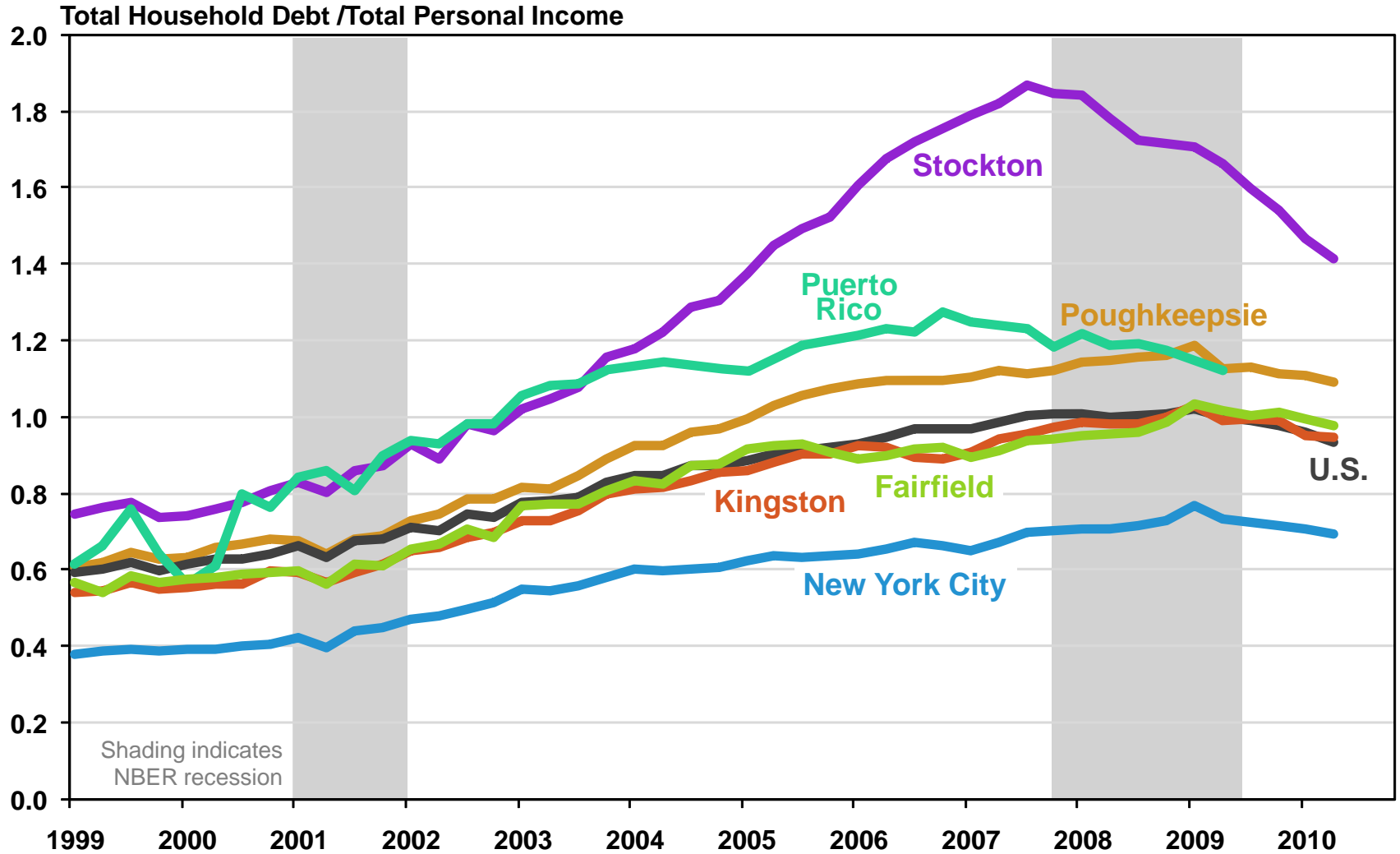
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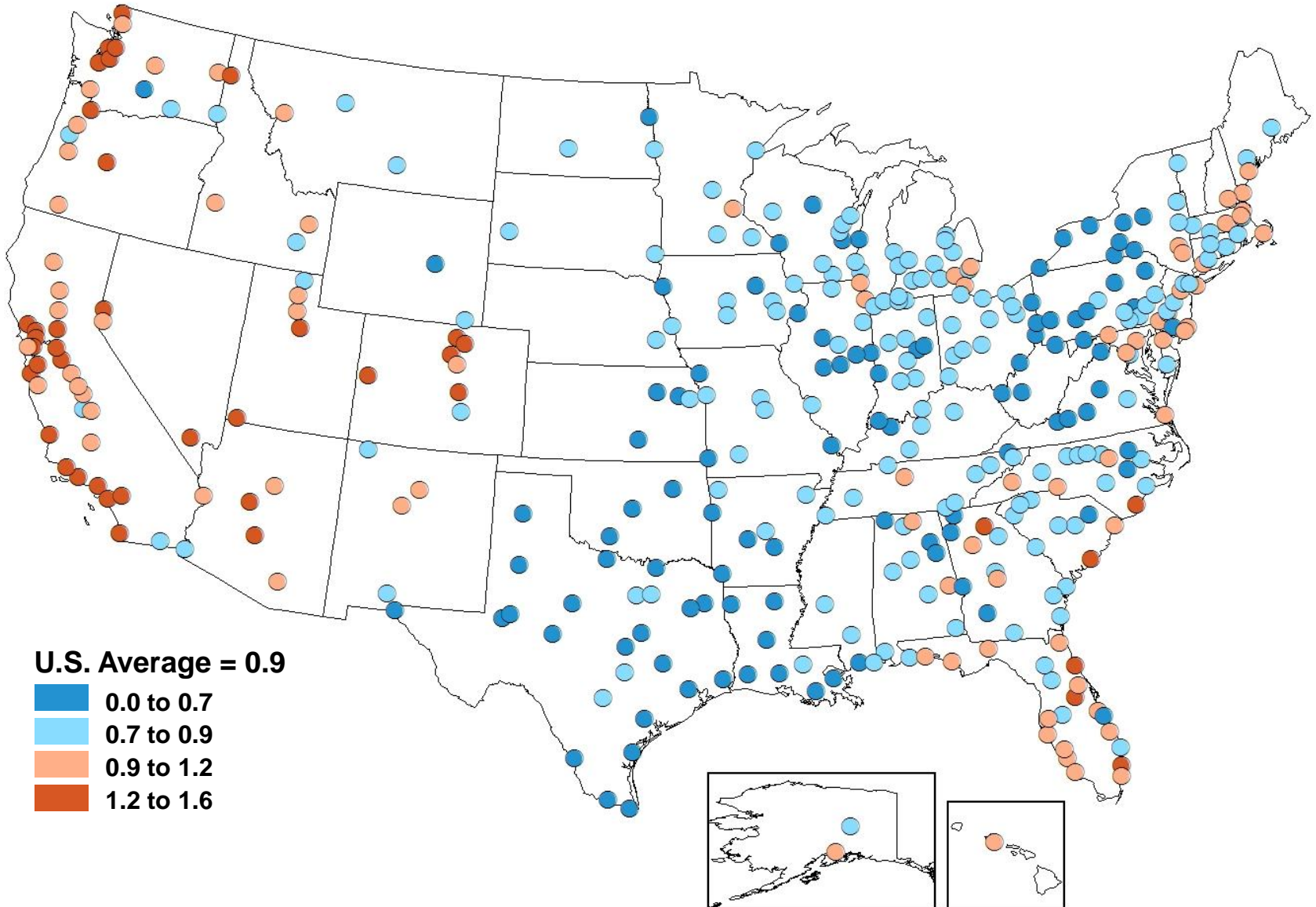
Debt-to-Income Patterns in the Region

Debt-to-Income Ratio by Metropolitan Area



Debt-to-Income Ratios Across Metros

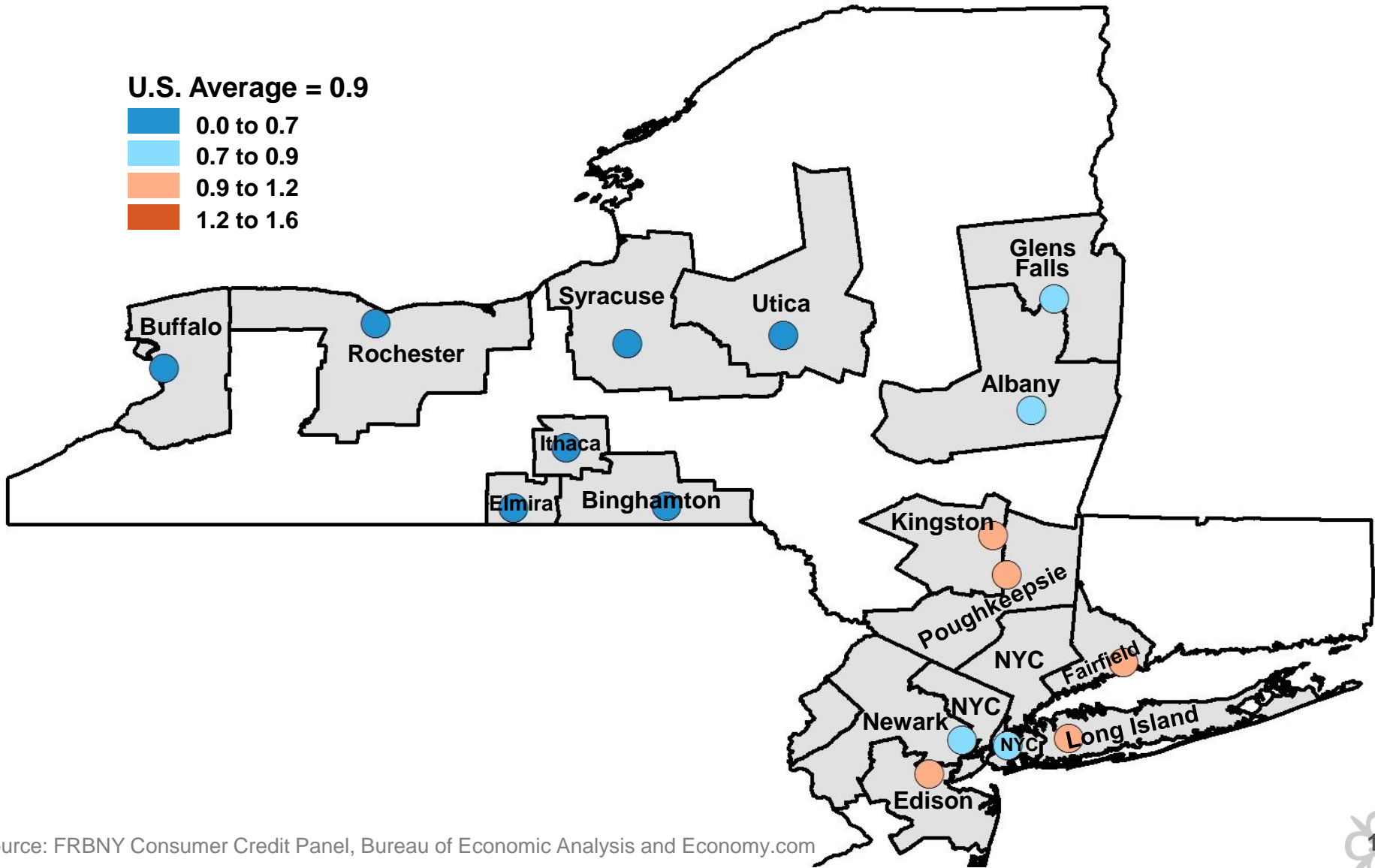
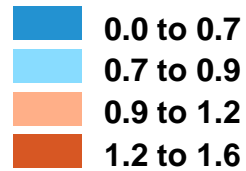
2010Q2



Debt-to-Income Ratios Across Metros

2010Q2

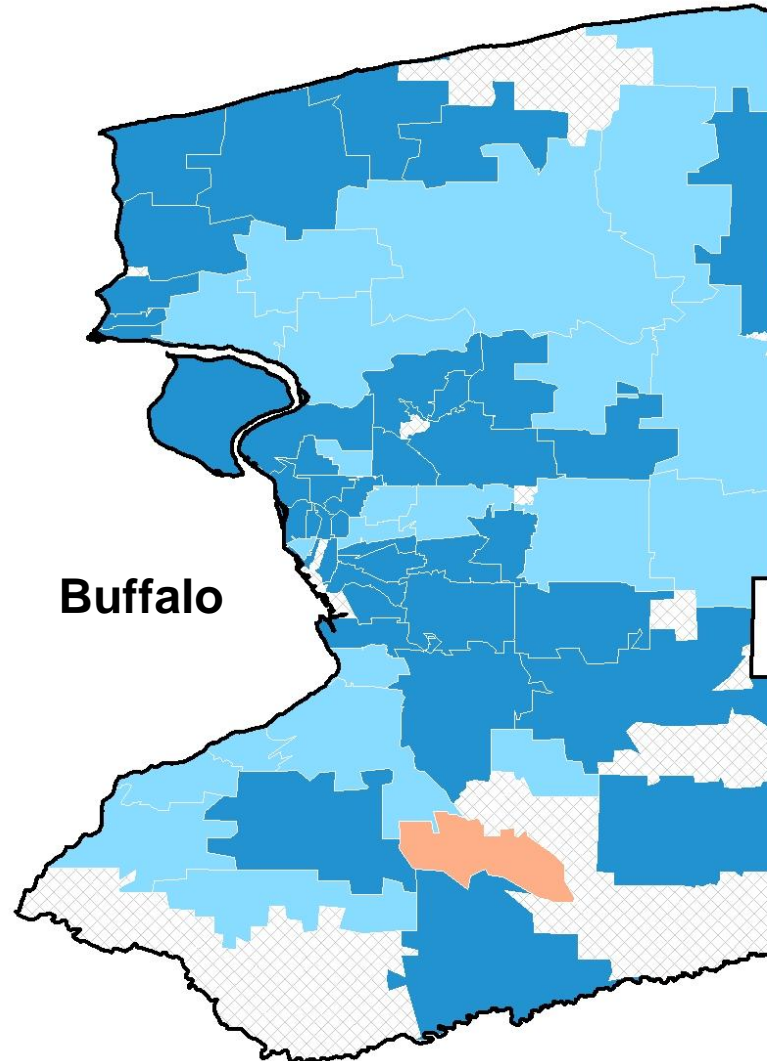
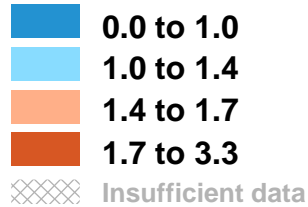
U.S. Average = 0.9



Debt-to-Income by Zip Code

2007

U.S. Rate = 1.4

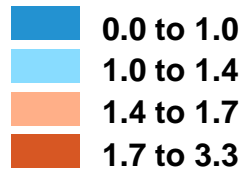


Note: Zip code computations use Adjusted Gross Income rather than Personal Income, so figures will be a different scale than for metro areas.

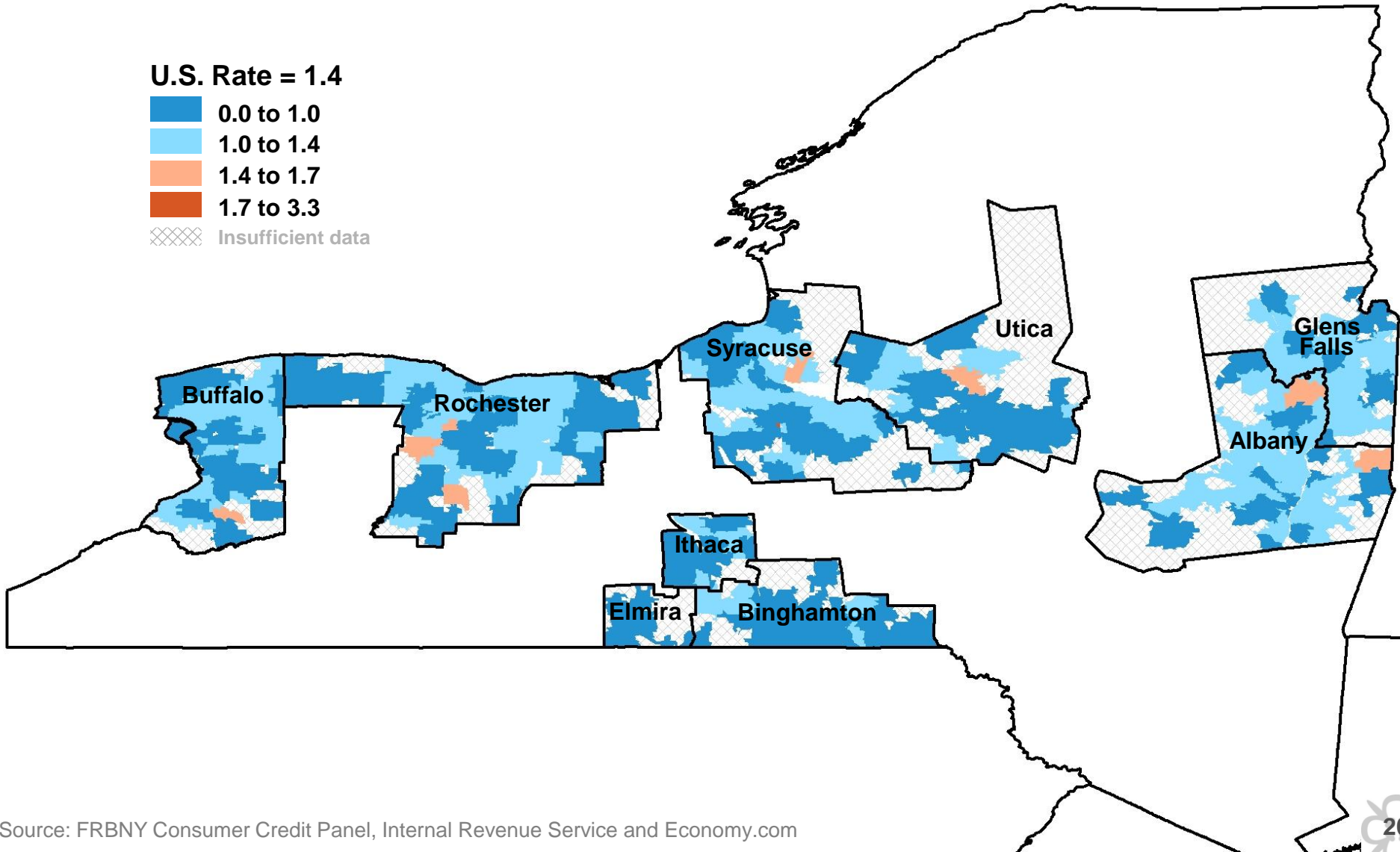
Debt-to-Income by Zip Code

2007

U.S. Rate = 1.4



Insufficient data (Cross-hatched pattern)



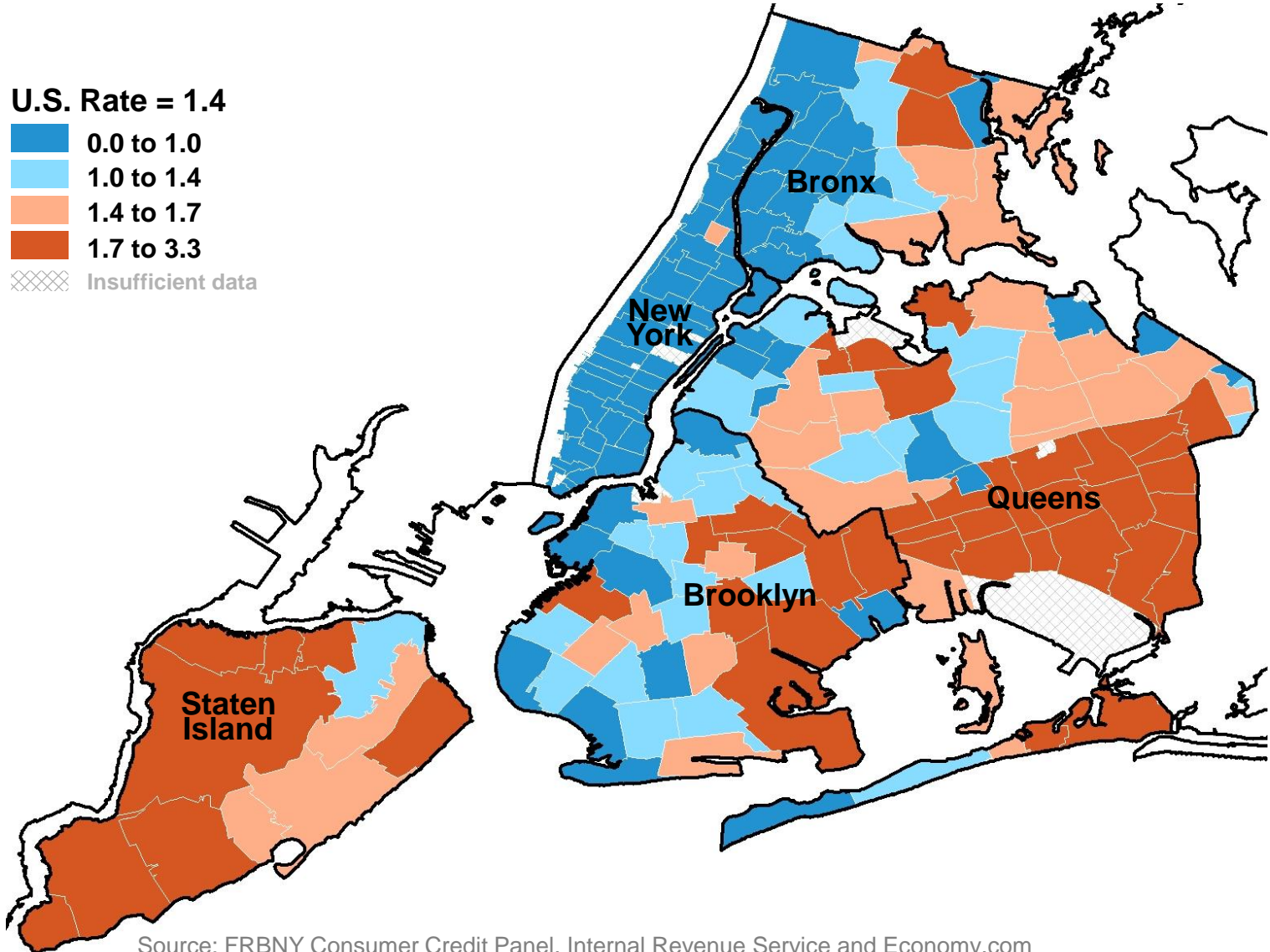
Debt-to-Income by Zip Code

2007

U.S. Rate = 1.4

- 0.0 to 1.0
- 1.0 to 1.4
- 1.4 to 1.7
- 1.7 to 3.3

Insufficient data

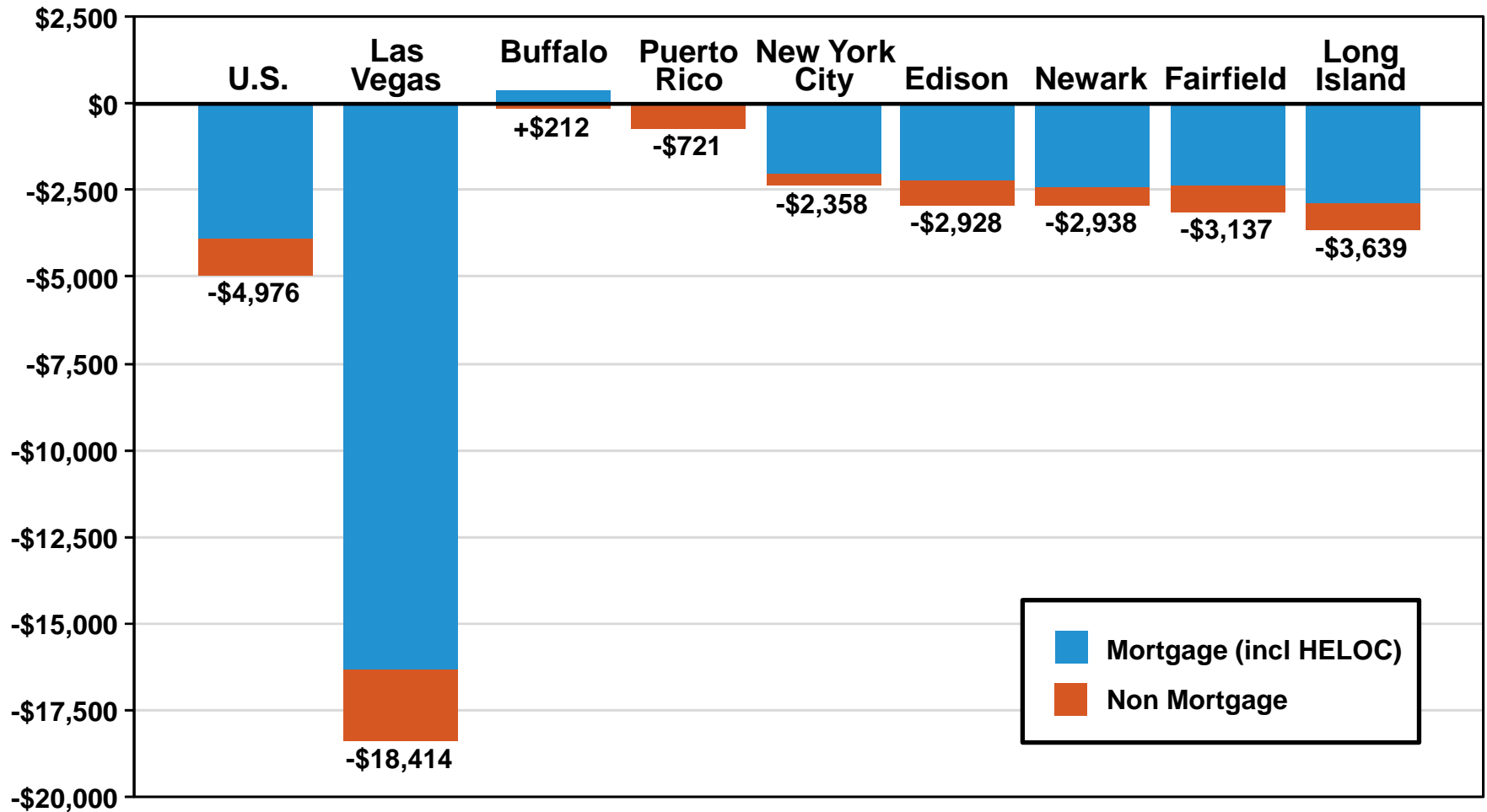


Source: FRBNY Consumer Credit Panel, Internal Revenue Service and Economy.com

How Much Deleveraging Has Occurred?

Change in Debt From U.S. Peak

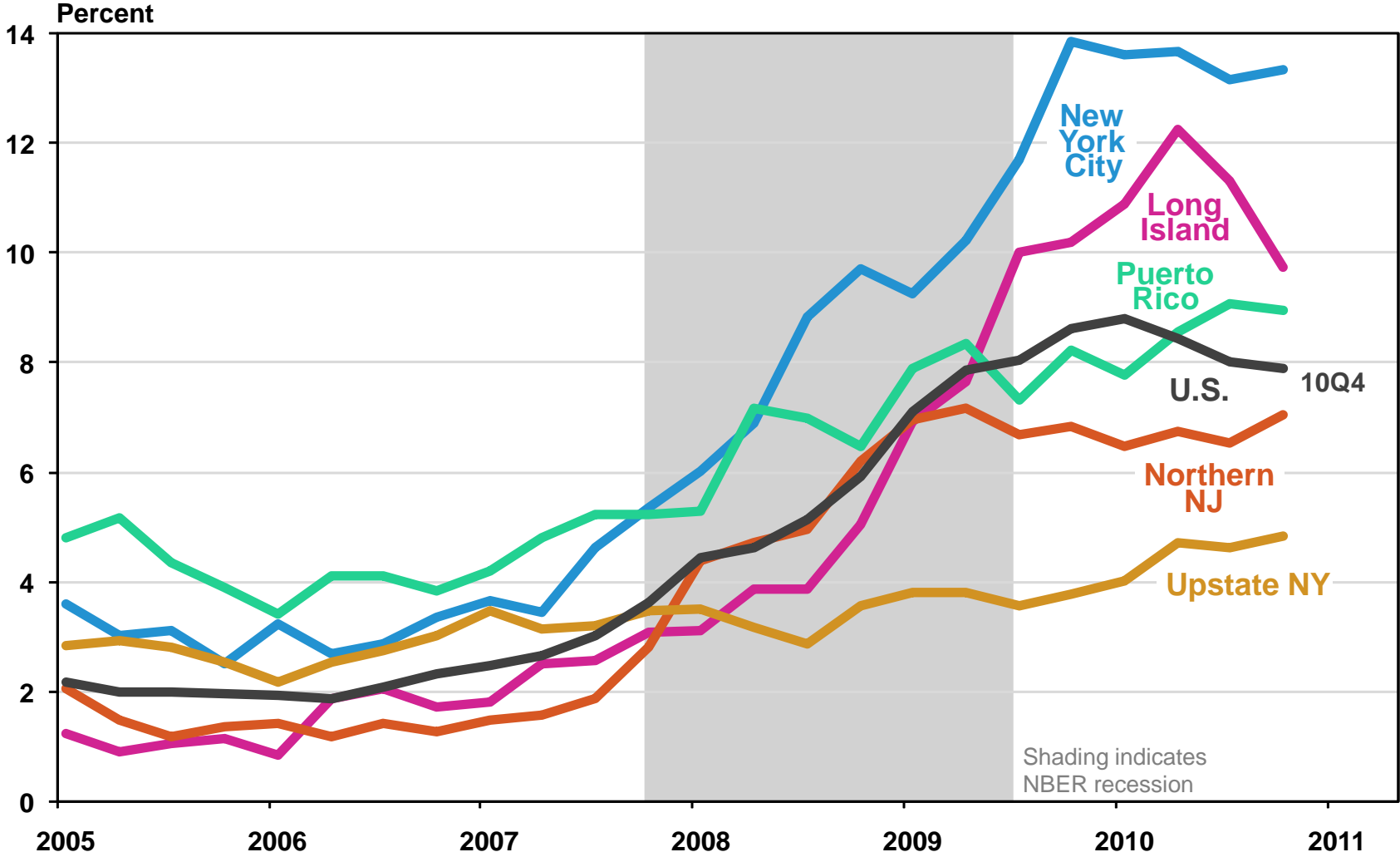
Change in Debt Per Capita from 2008Q3-2010Q4



Signs of Stress

Delinquency Rate

Percent of Total Debt 90+ Days Delinquent



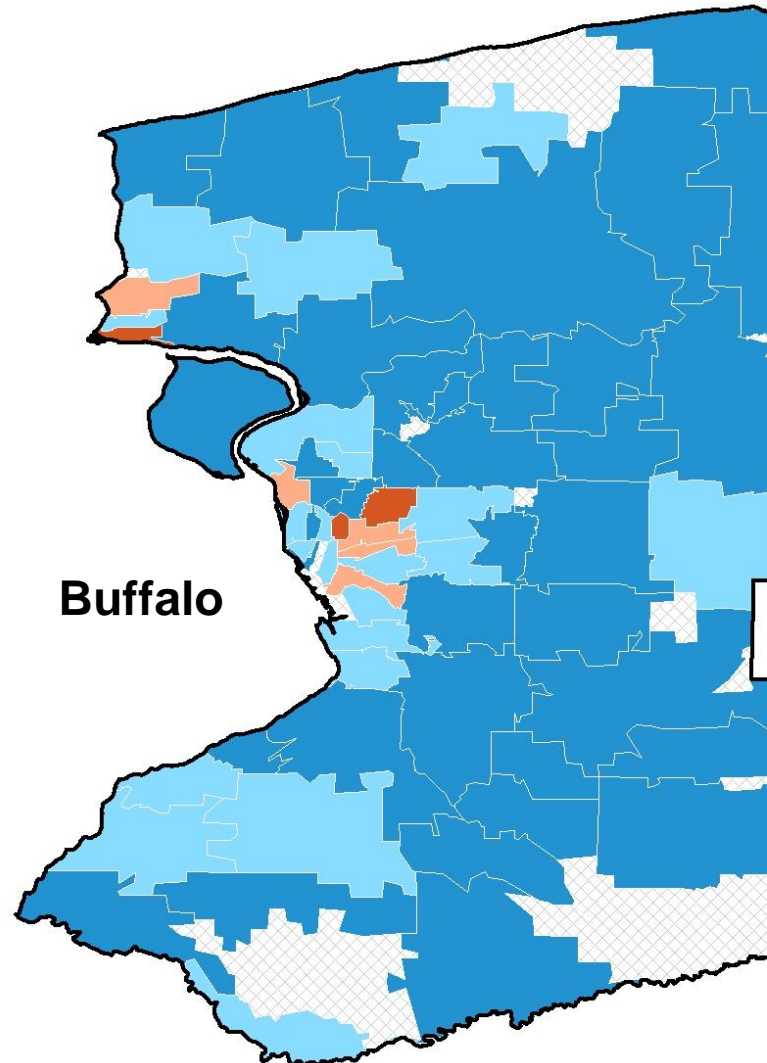
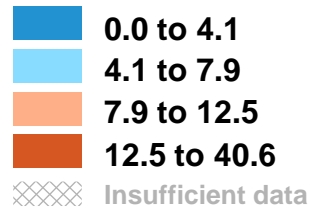
Shading indicates NBER recession

10Q4

Delinquency Rates

Share of All Debt 90+ Days Delinquent, 2010Q4

U.S. Rate = 7.9



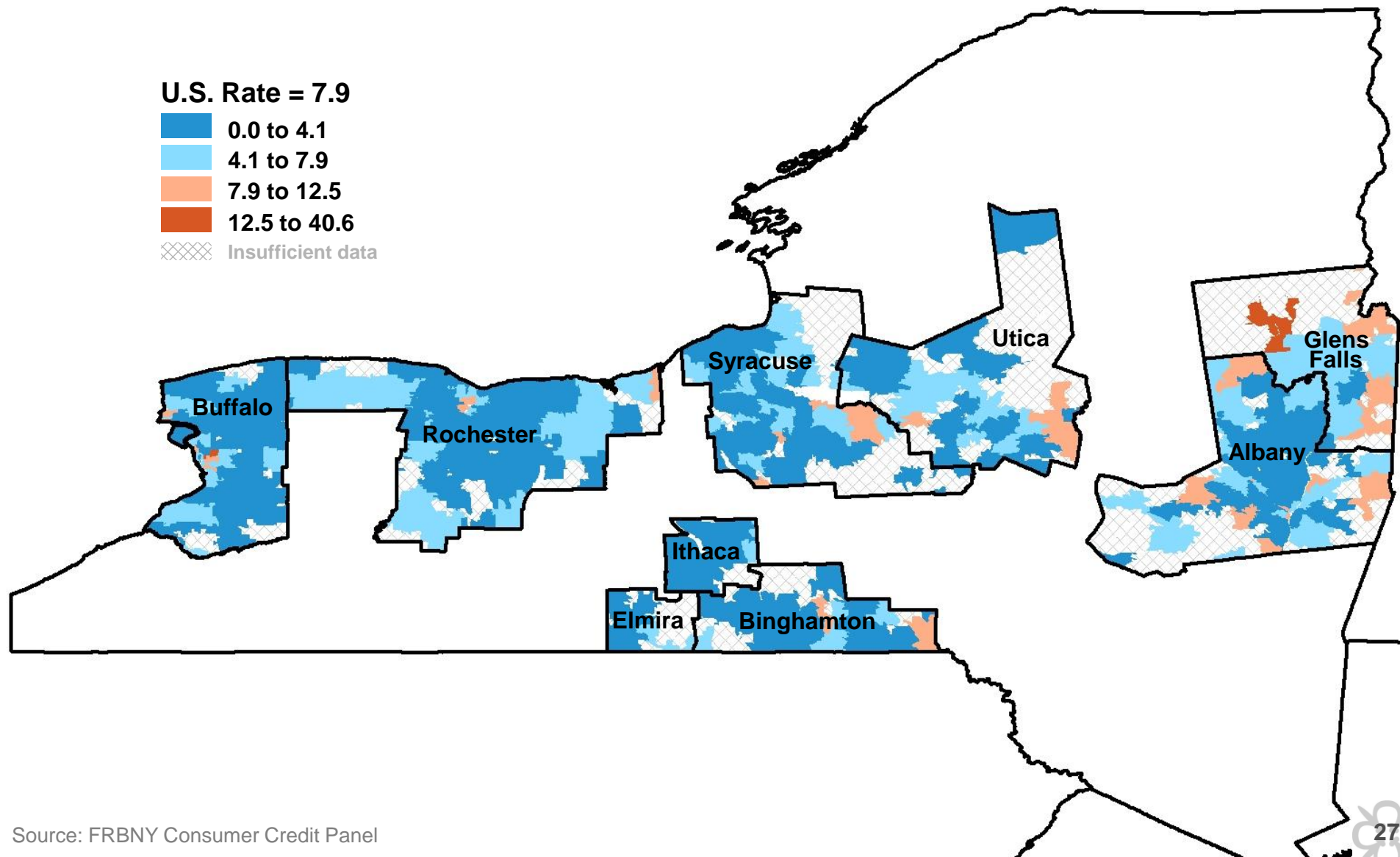
Delinquency Rates

Share of All Debt 90+ Days Delinquent, 2010Q4

U.S. Rate = 7.9

- 0.0 to 4.1
- 4.1 to 7.9
- 7.9 to 12.5
- 12.5 to 40.6

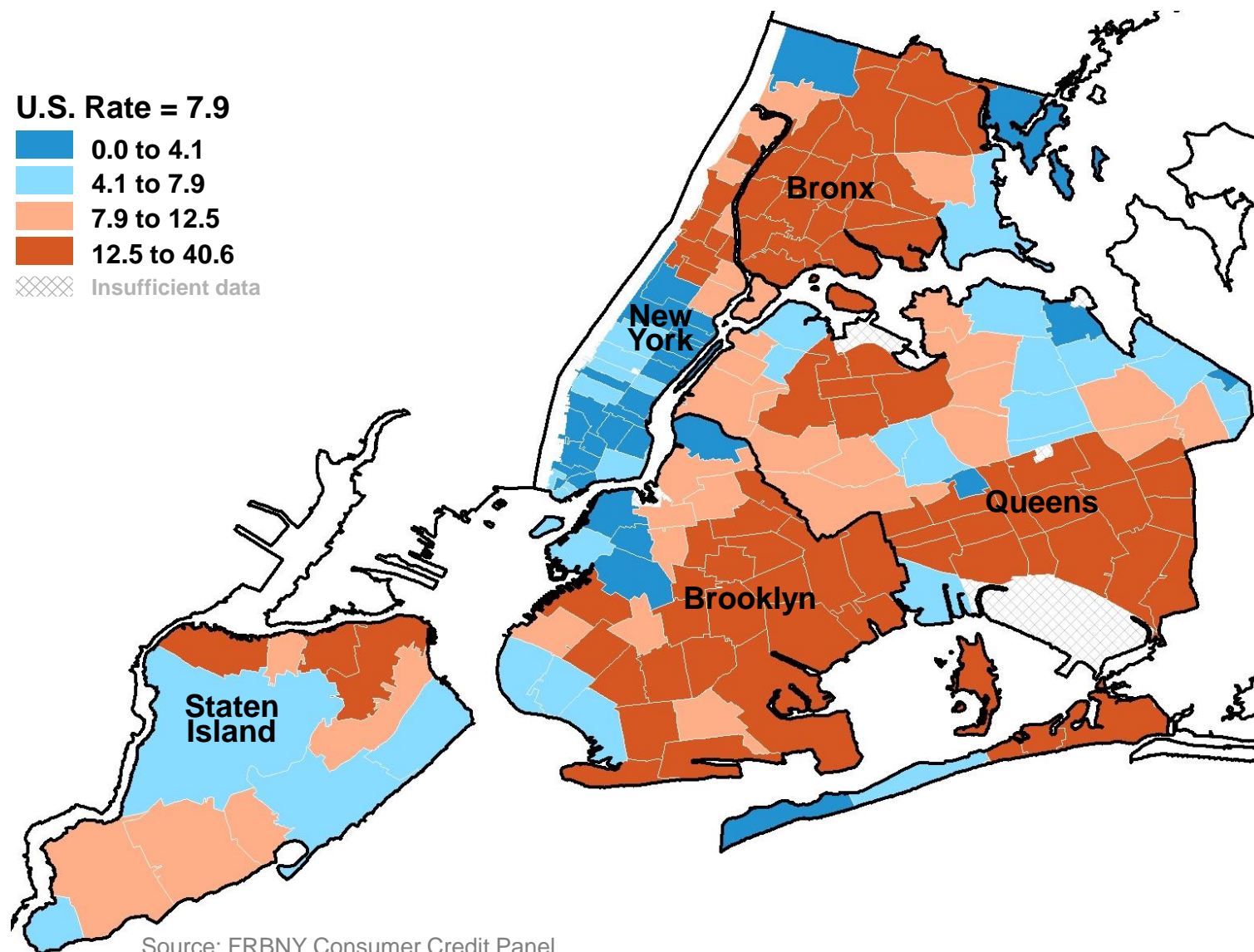
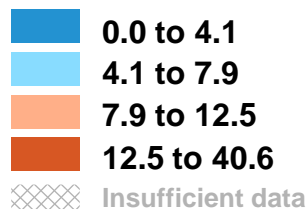
Insufficient data



Delinquency Rates

Share of All Debt 90+ Days Delinquent, 2010Q4

U.S. Rate = 7.9

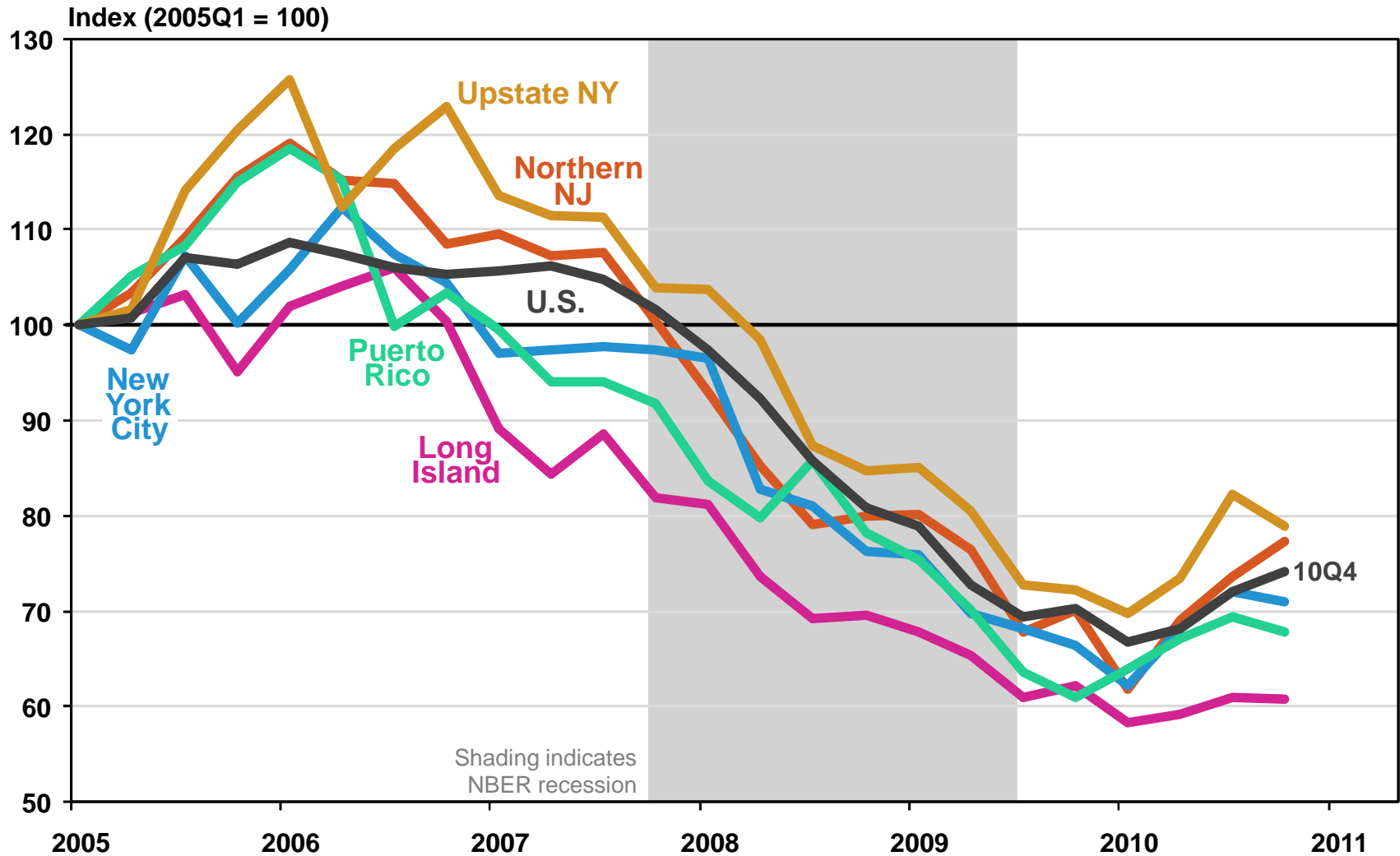


Source: FRBNY Consumer Credit Panel

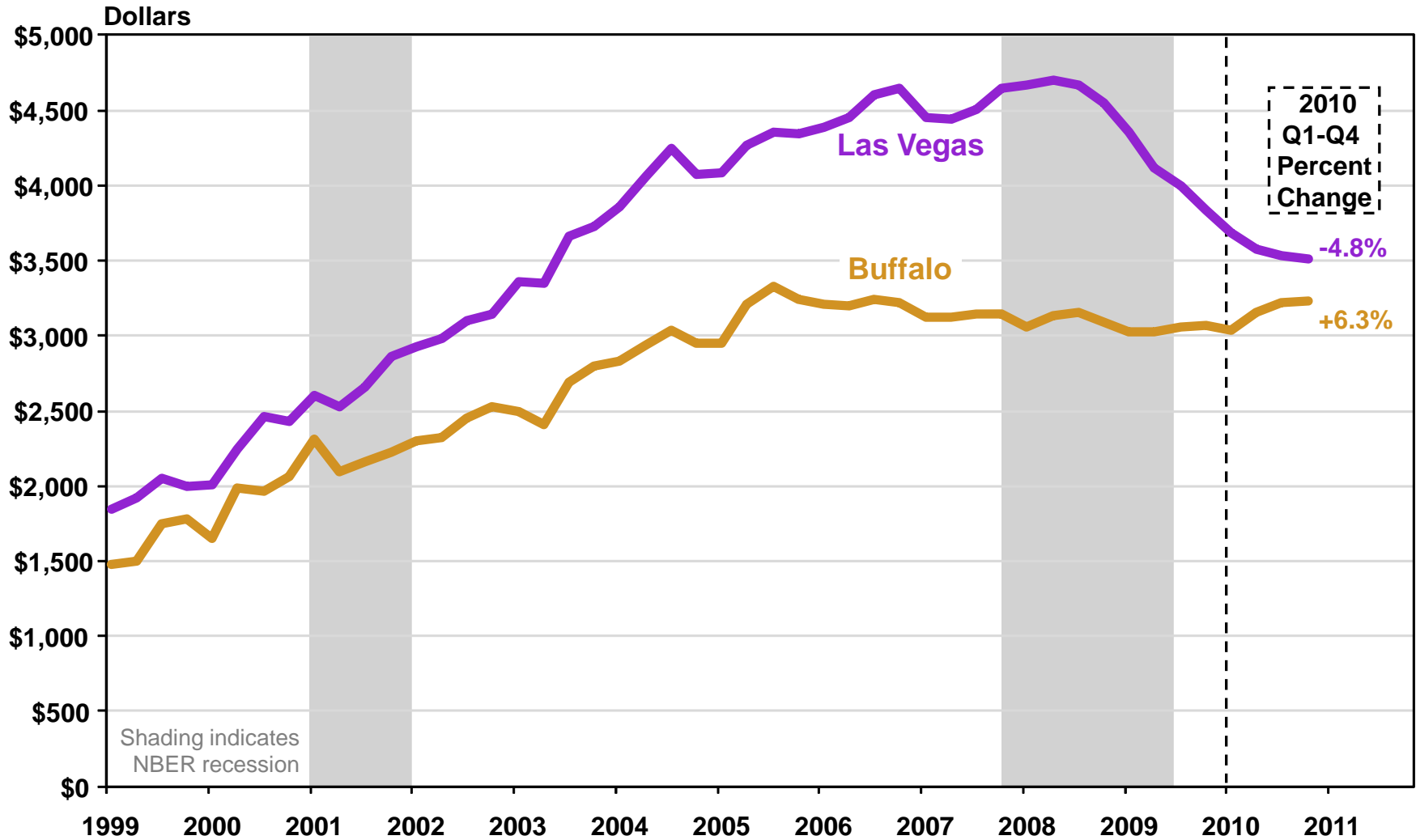
**Have Consumers Been
Seeking and Taking on New
Debt in Recent Months?**

Credit Inquiries

Number of Credit Inquiries in Past 3 Months, Seasonally Adjusted



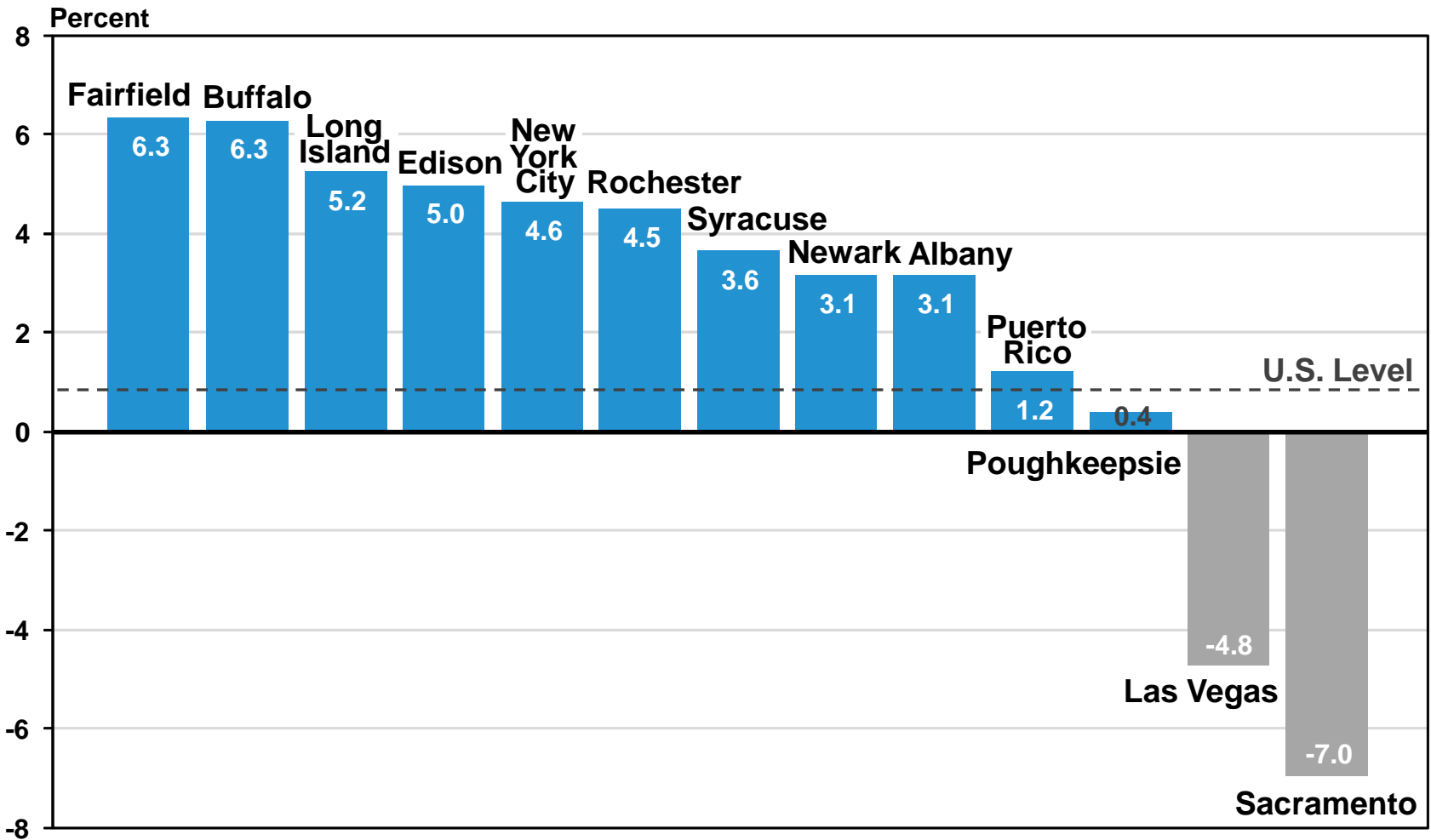
Auto Debt Per Capita



Source: FRBNY Consumer Credit Panel

Change in Auto Debt Per Capita in 2010

Percent Change from 2010Q1 to 2010Q4



Source: FRBNY Consumer Credit Panel

Conclusions

- Household debt is relatively low in much of the region, although in some pockets it has risen to high levels
- Deleveraging in the region, while severe by historical standards, has been milder than average
- Signs of stress for some households clearly remain; delinquencies are particularly high in some neighborhoods in NYC, Long Island, and upstate's urban cores
- Households in much of the region sought and took on some forms of new debt in 2010
 - A signal that consumers are willing to spend and borrow as credit has become more available and the economy recovers

Appendix

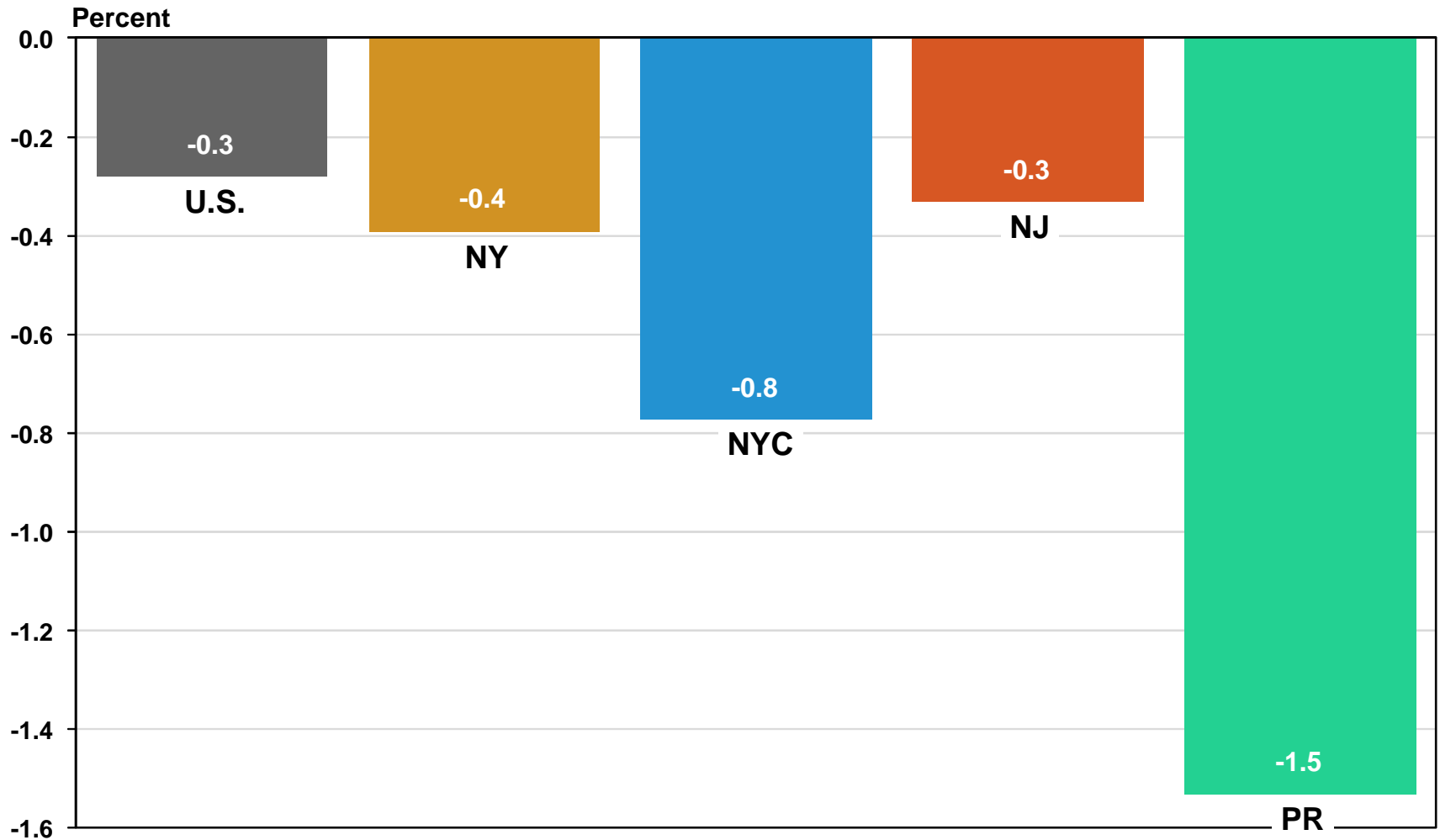
Employment Growth by Sector

Seasonally Adjusted, Percent Change, September to December 2010

	U.S.	New York	New York City	New Jersey	Puerto Rico
Transportation & Utilities	1.6%	-0.5%	-0.6%	1.2%	-4.8%
Professional & Business Services	1.1%	0.6%	1.7%	0.9%	-0.9%
Education & Health Services	0.6%	1.5%	1.2%	0.7%	-0.5%
Other Services	0.6%	-0.4%	-4.0%	0.5%	0.0%
Wholesale Trade	0.4%	0.2%	-1.2%	-0.9%	-0.8%
Manufacturing	0.2%	-1.0%	1.0%	0.0%	-2.8%
Retail Trade	0.1%	-0.3%	-2.7%	-1.0%	2.0%
Federal Government	0.1%	-2.0%	-1.5%	-0.9%	0.2%
Financial Activities	0.0%	0.1%	0.2%	0.6%	0.2%
Information	-0.1%	0.2%	1.0%	-1.5%	-2.2%
State & Local Government	-0.1%	-0.2%	-1.8%	-0.2%	-1.1%
Leisure & Hospitality	-0.3%	0.4%	-0.1%	-2.0%	-0.9%
Construction & Mining	-0.3%	-1.0%	-1.4%	1.8%	-12.1%

Labor Force

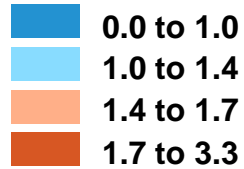
Seasonally Adjusted, Percent Change, September to December 2010



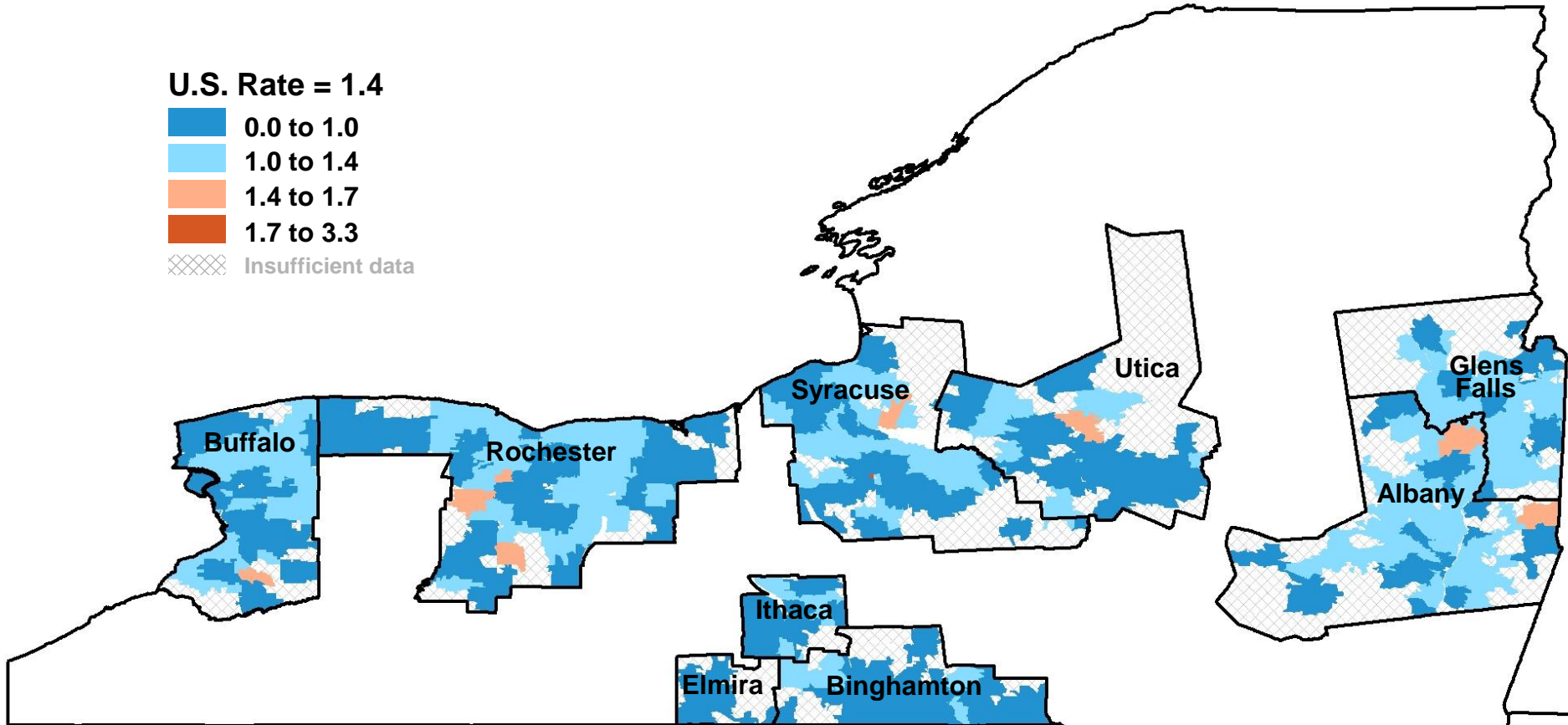
Debt-to-Income by Zip Code

2007

U.S. Rate = 1.4



Insufficient data (Cross-hatched pattern)

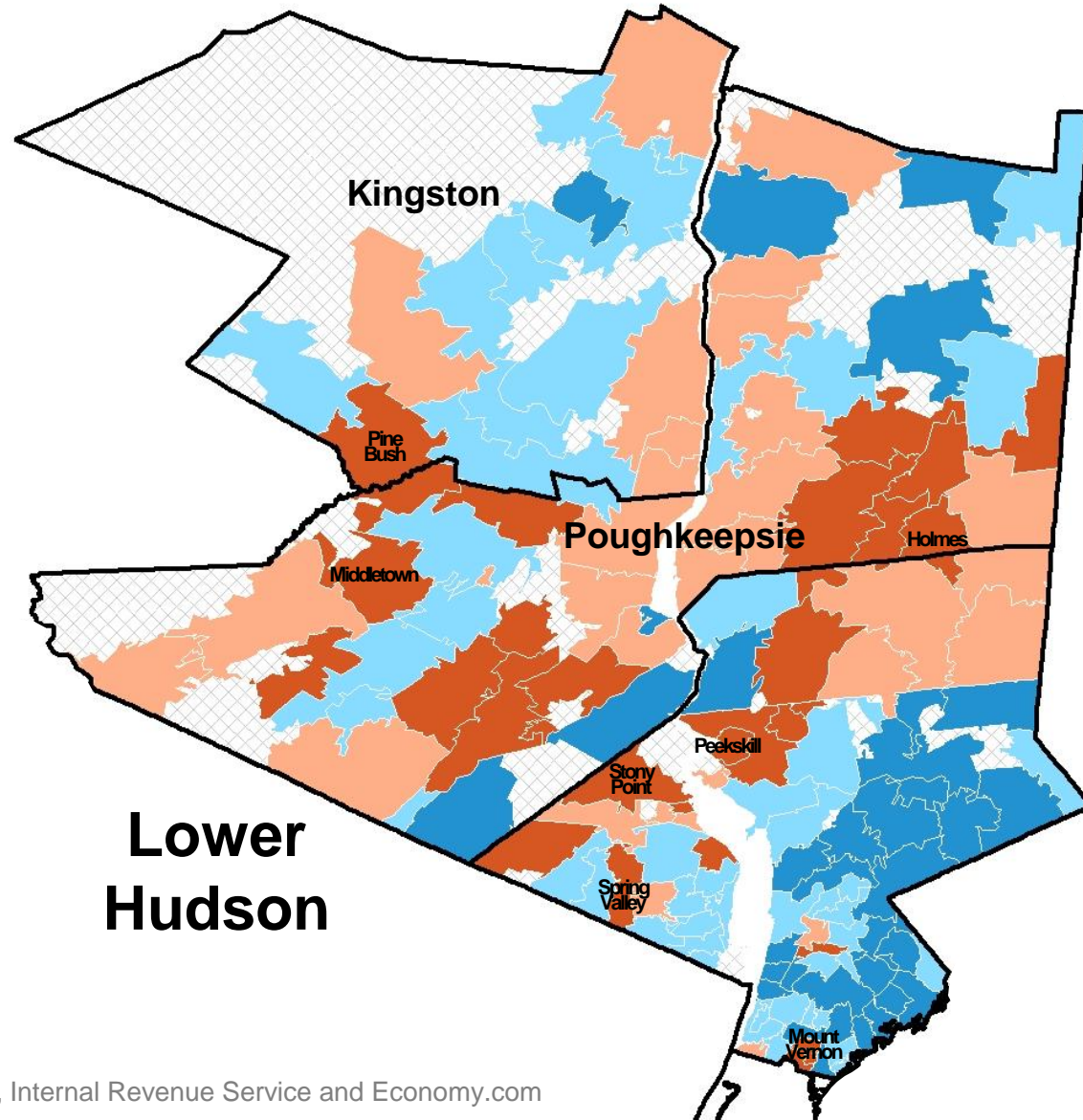
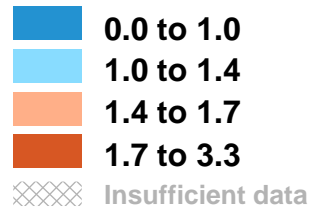


Upstate Metros

Debt-to-Income by Zip Code

2007

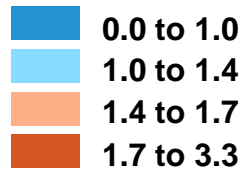
U.S. Rate = 1.4



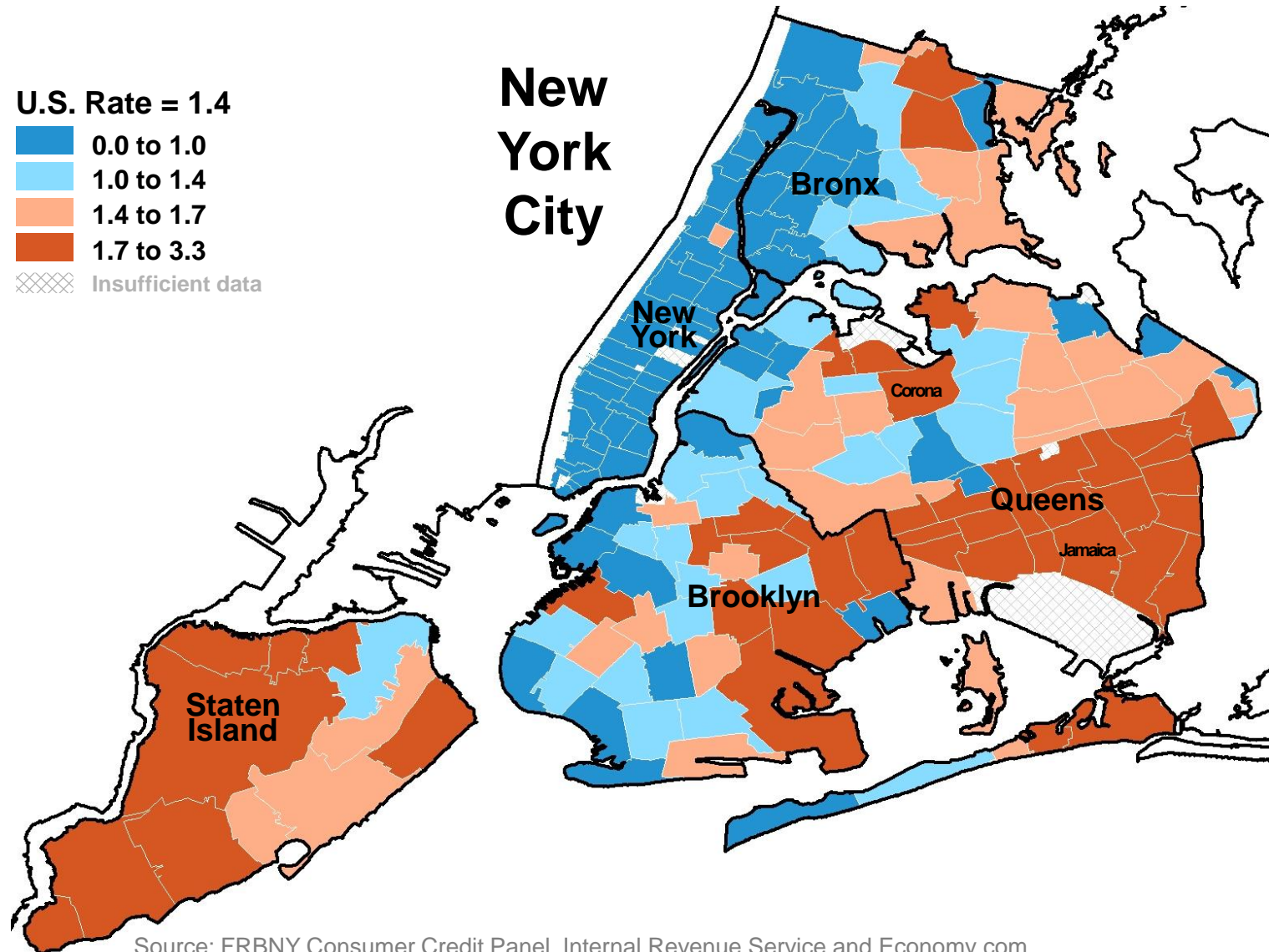
Debt-to-Income by Zip Code

2007

U.S. Rate = 1.4



Insufficient data (Cross-hatched pattern)



Source: FRBNY Consumer Credit Panel, Internal Revenue Service and Economy.com

Debt-to-Income by Zip Code

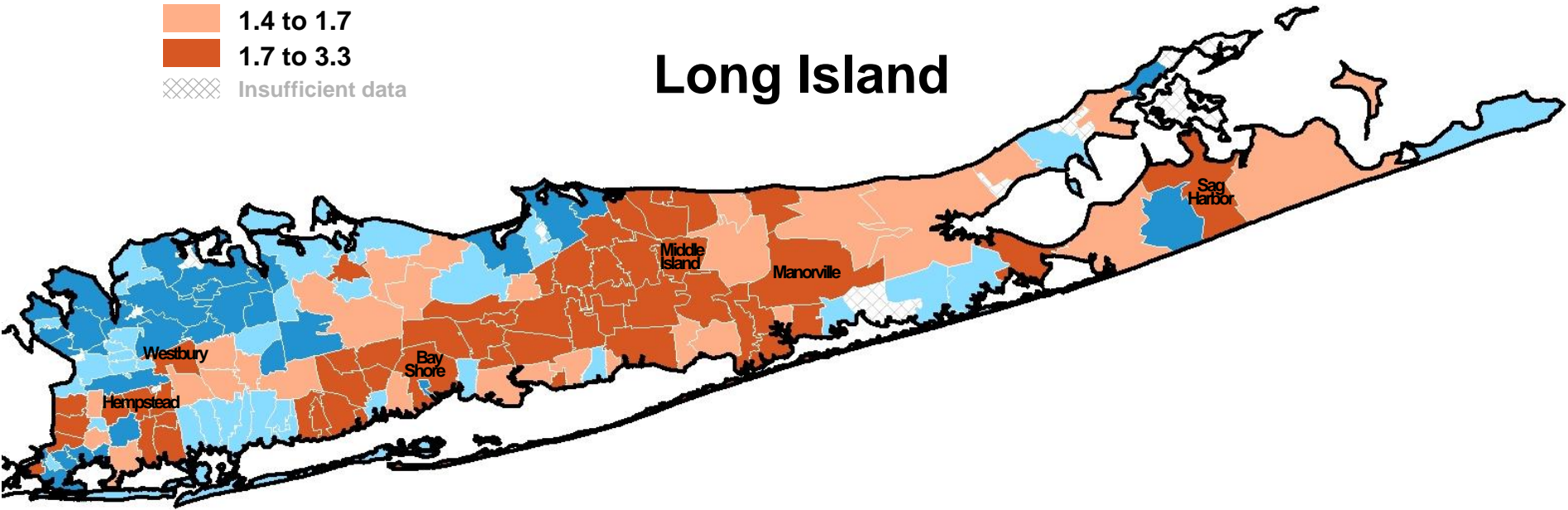
2007

U.S. Rate = 1.4

- 0.0 to 1.0
- 1.0 to 1.4
- 1.4 to 1.7
- 1.7 to 3.3

Insufficient data

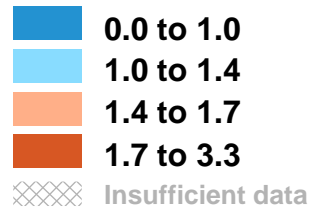
Long Island



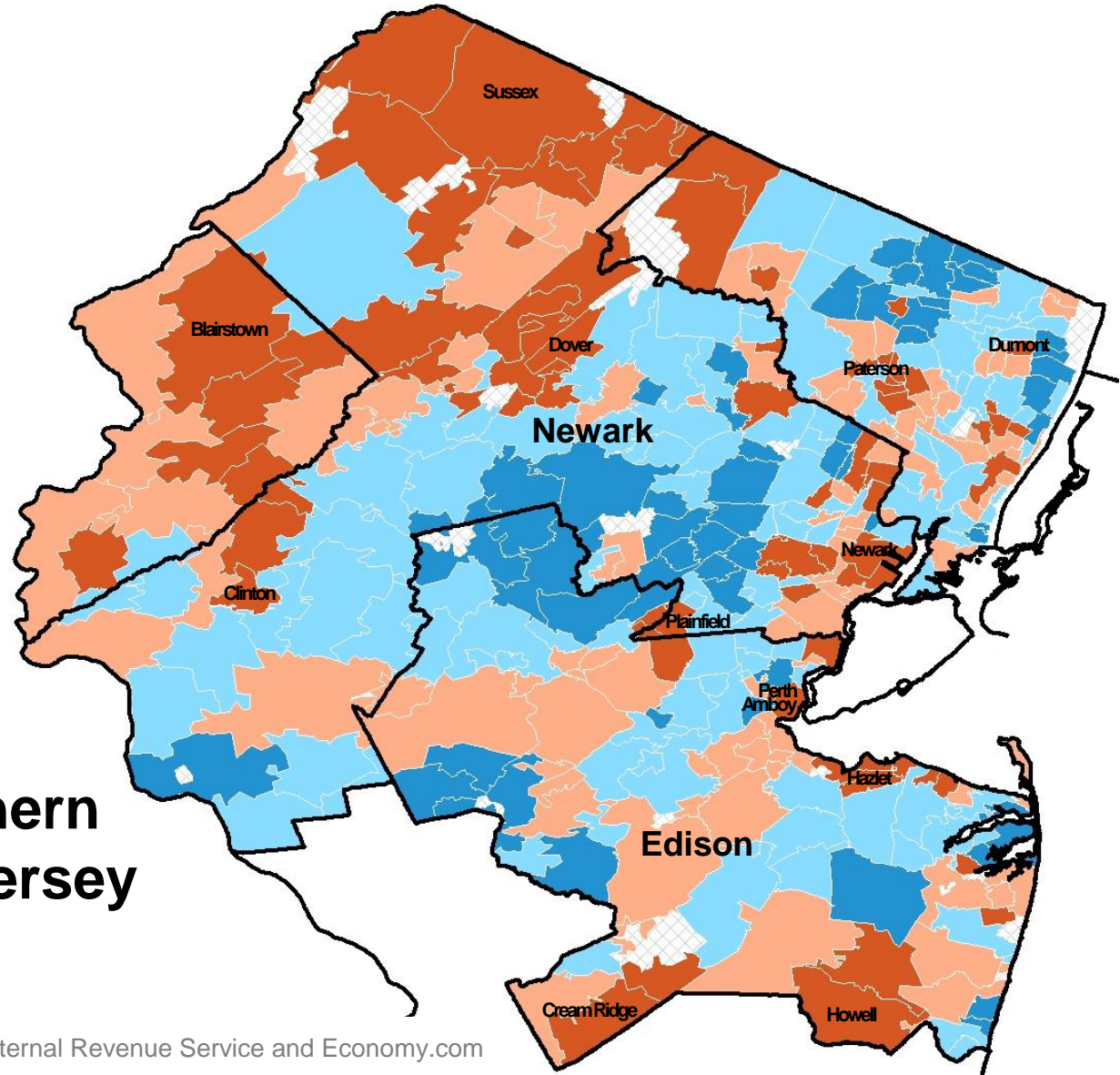
Debt-to-Income by Zip Code

2007

U.S. Rate = 1.4



Northern
New Jersey



Debt-to-Income by Zip Code

2007

U.S. Rate = 1.4

0.0 to 1.0

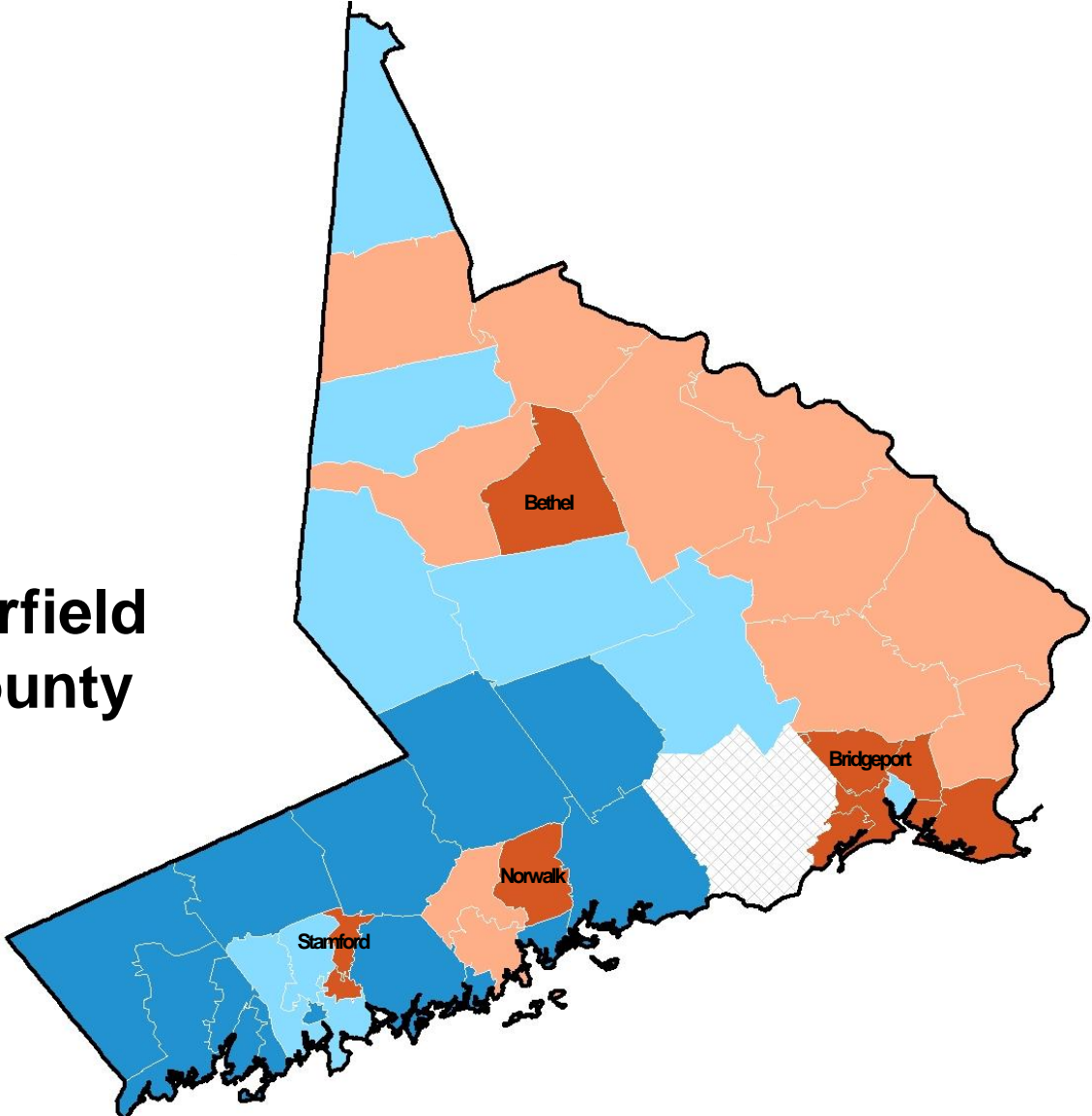
1.0 to 1.4

1.4 to 1.7

1.7 to 3.3

Insufficient data

Fairfield County



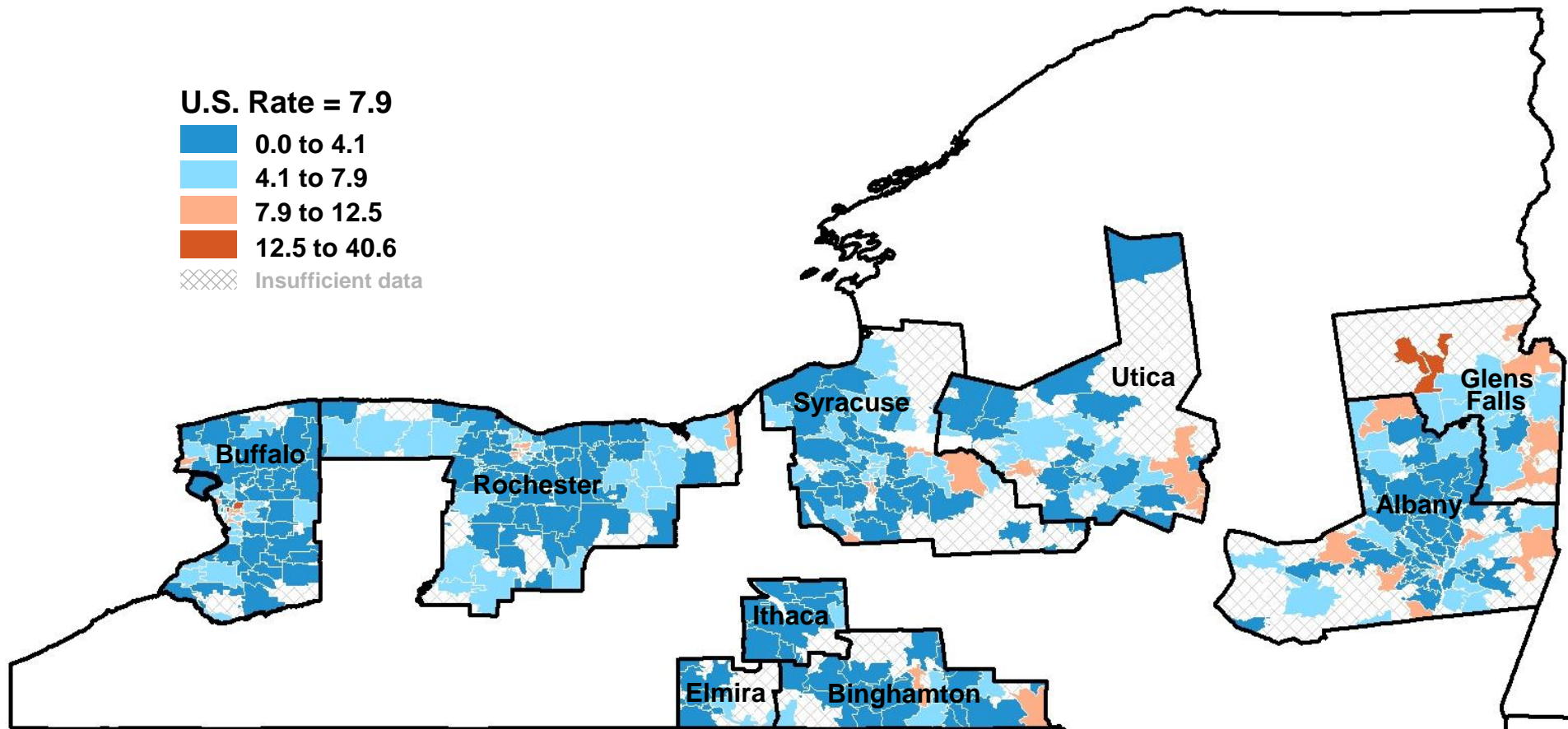
Delinquency Rates

Share of All Debt 90+ Days Delinquent, 2010Q4

U.S. Rate = 7.9

- 0.0 to 4.1
- 4.1 to 7.9
- 7.9 to 12.5
- 12.5 to 40.6

Insufficient data



Upstate Metros

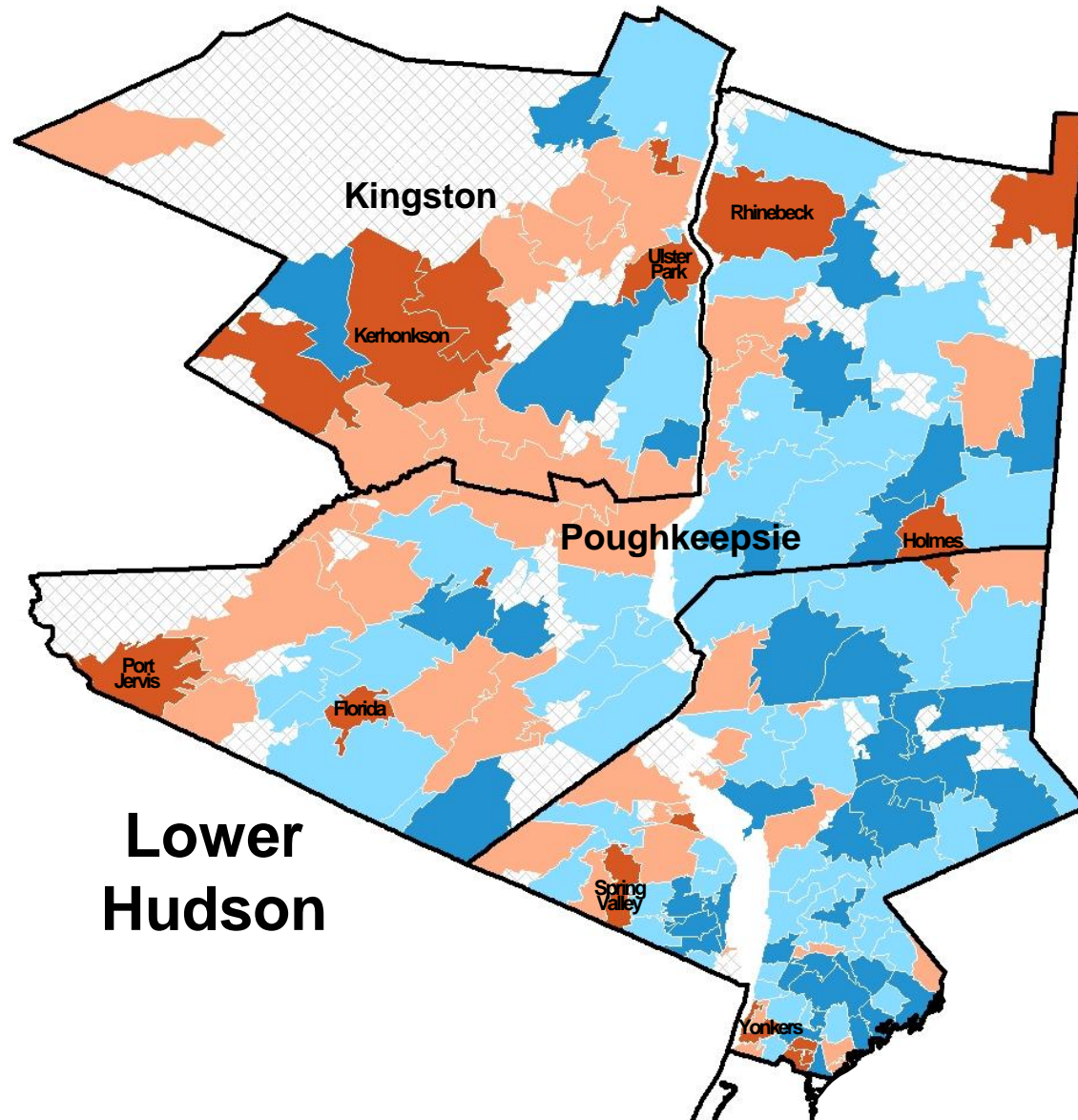
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Share of All Debt 90+ Days Delinquent, 2010Q4

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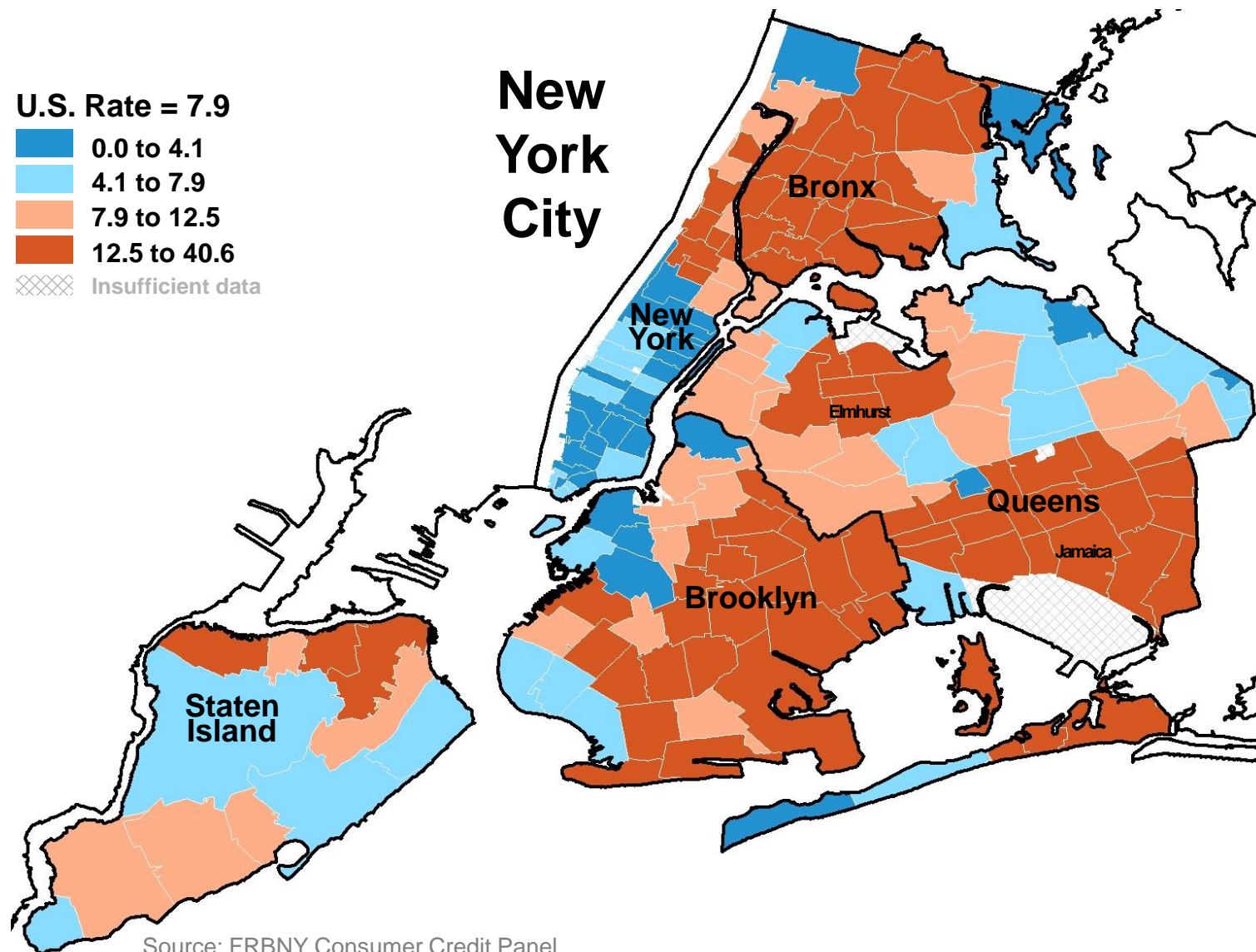
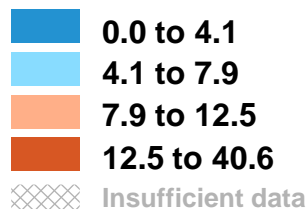


Lower
Hudson

Delinquency Rates

Share of All Debt 90+ Days Delinquent, 2010Q4

U.S. Rate = 7.9

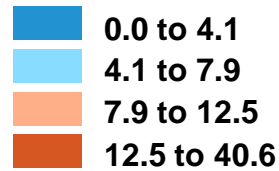


Source: FRBNY Consumer Credit Panel

Delinquency Rates

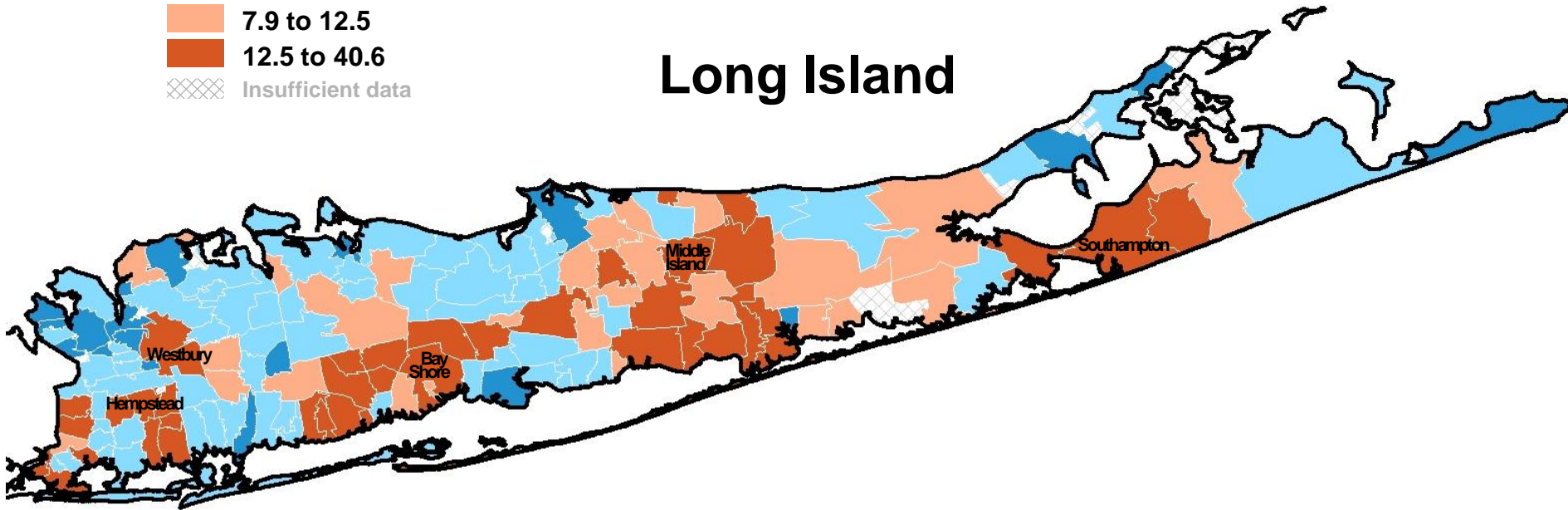
Share of All Debt 90+ Days Delinquent, 2010Q4

U.S. Rate = 7.9



Insufficient data (Cross-hatched pattern)

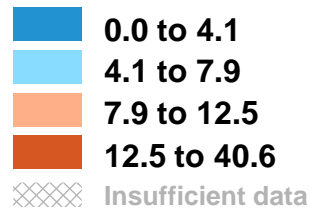
Long Island



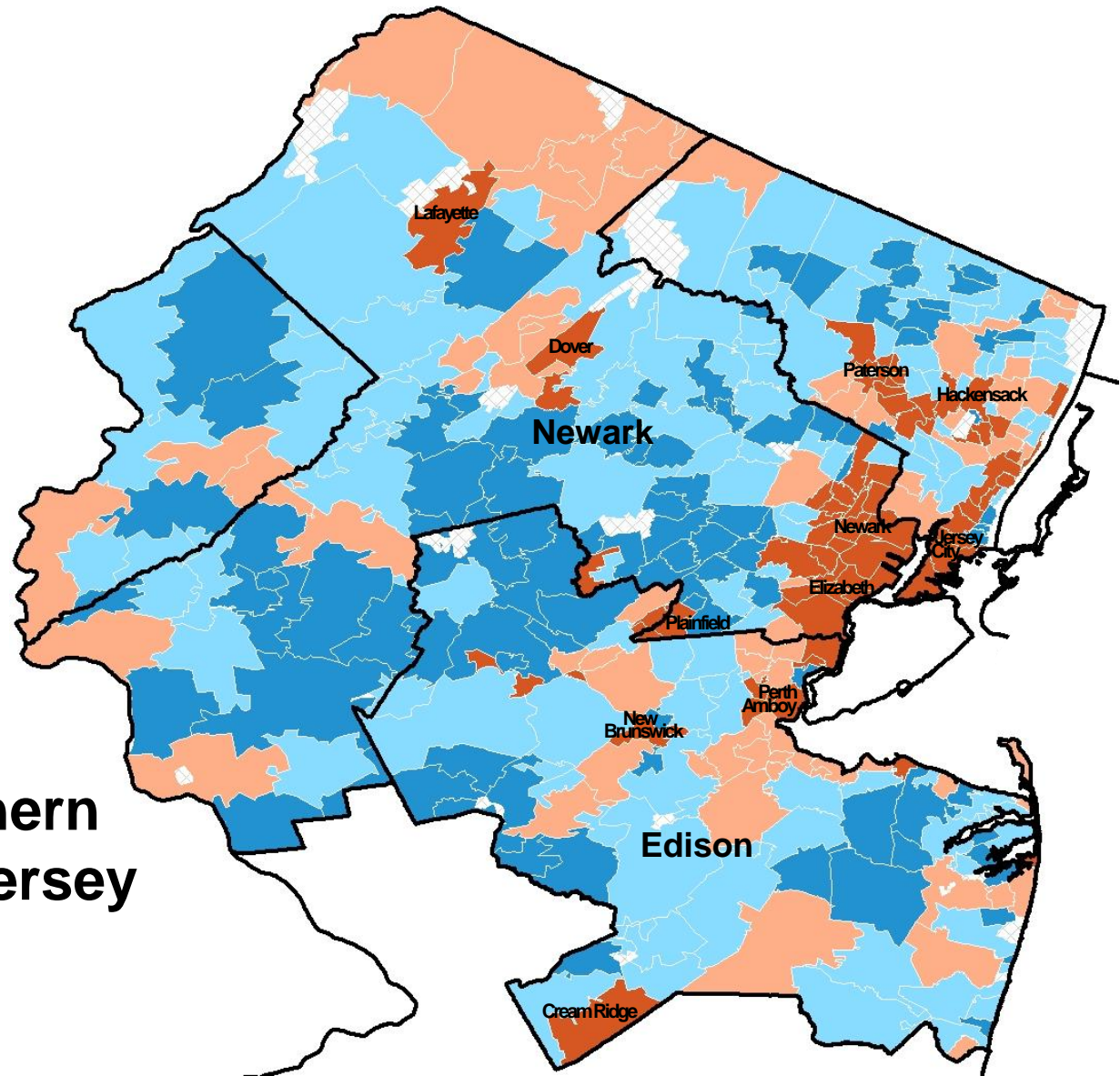
Delinquency Rates

Share of All Debt 90+ Days Delinquent, 2010Q4

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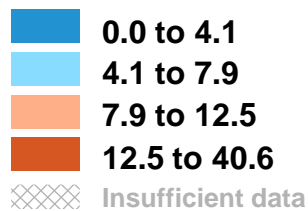
Northern
New Jersey



Delinquency Rates

Share of All Debt 90+ Days Delinquent, 2010Q4

U.S. Rate = 7.9



**Fairfield
County**

