

Briefing on the State of the State

presented to the

SCAA Schuyler Center for Analysis and Advocacy

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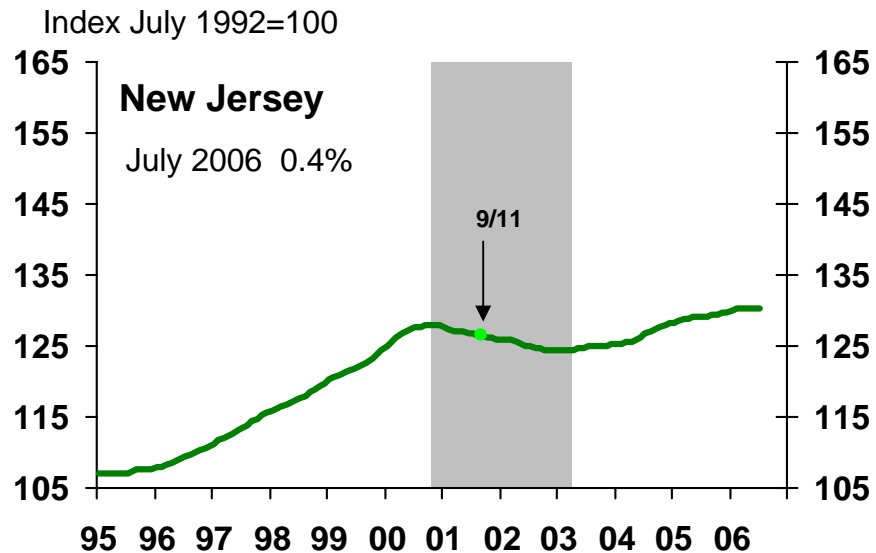
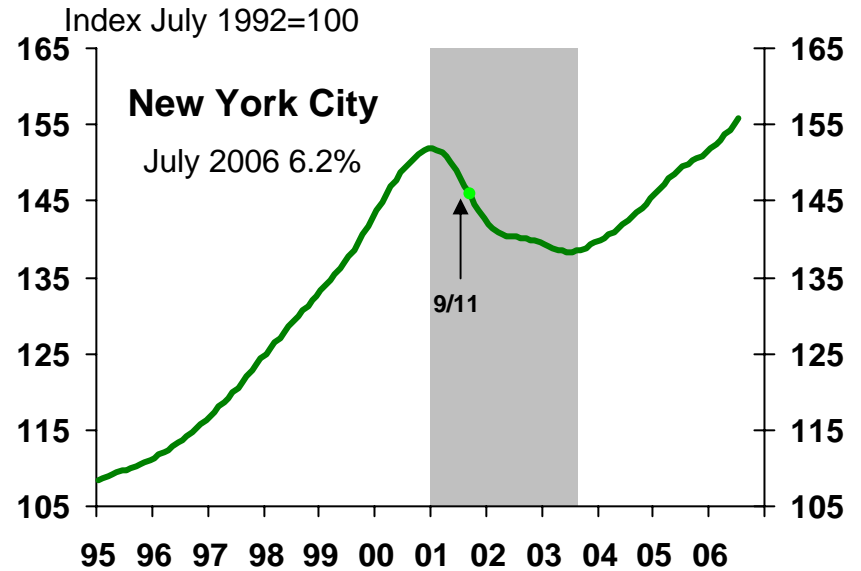
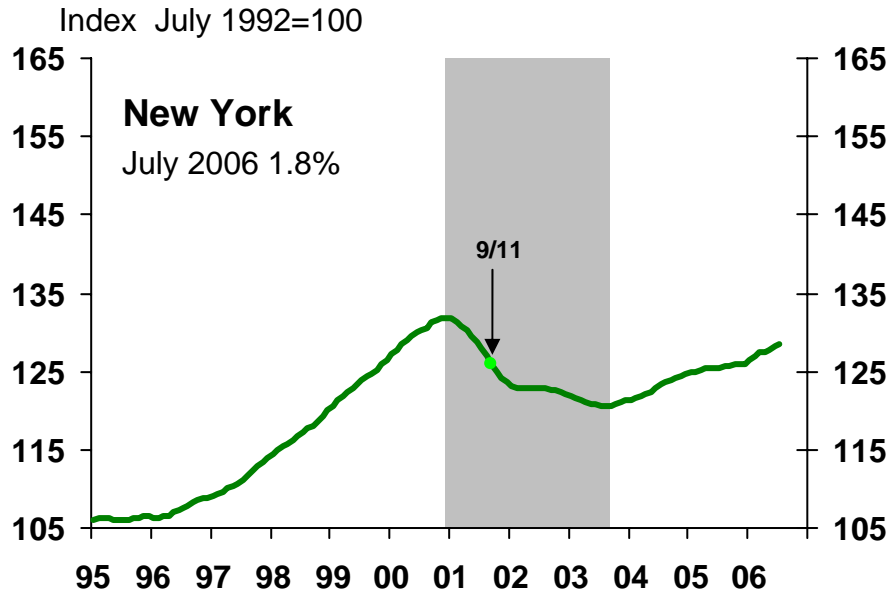
Federal Reserve Bank of New York

November 16, 2006

Key Points:

- Economic activity is expanding at a robust pace in New York City. Growth is slower in the New York suburbs, and slower still in upstate and western region.
- The budget surpluses have been used in a fiscally responsive manner in New York City. For fiscal 2006 which ended this June, The estimated \$1.4 billion 2006 surplus in New York City had a record \$6.1 billion dollar surplus. NYC closed the 2007 fiscal budget gap, paid-down future liabilities, establish significant reserves for disallowances related to federal programs and allocated money for a pay-as-you-go capital fund.
- With the third quarter results nearly complete for the securities industry, analysts estimate that the industry has already booked 75 percent of the profits earned in 2005. Profits in 2006 are expected to easily exceed the record \$21.5 billion earned in 2005. The economic outlook for NYC remains positive reflecting the strength of its dominant industry and the payout period which is concentrated in the first few months of 2007. The prospects for upstate and western New York are more subdued.
- Trends in legal immigration could dim this outlook, particularly in NYC, which relies on immigration to replace domestic out-migration. However, the housing market has provided evidence that successfully challenged the US Census estimates for NYC. Populations flows are largely negative for upstate and western New York.

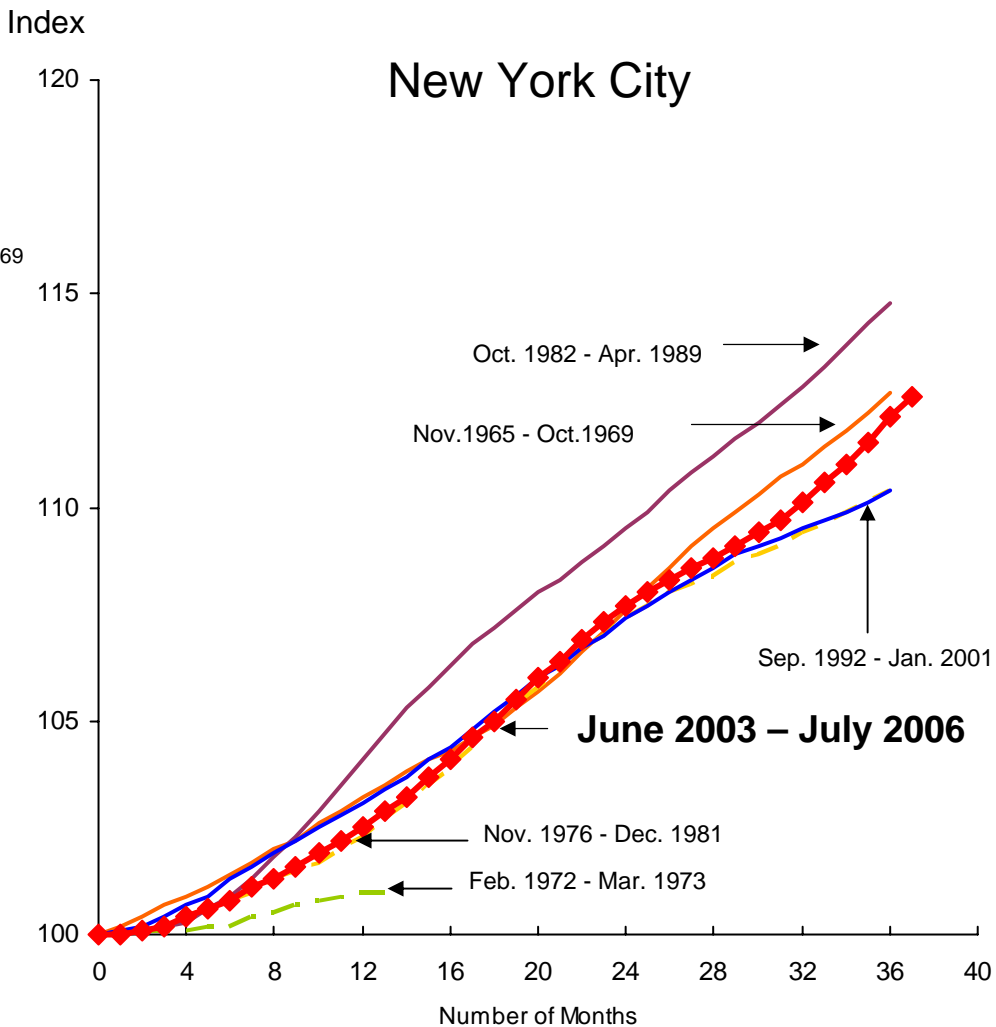
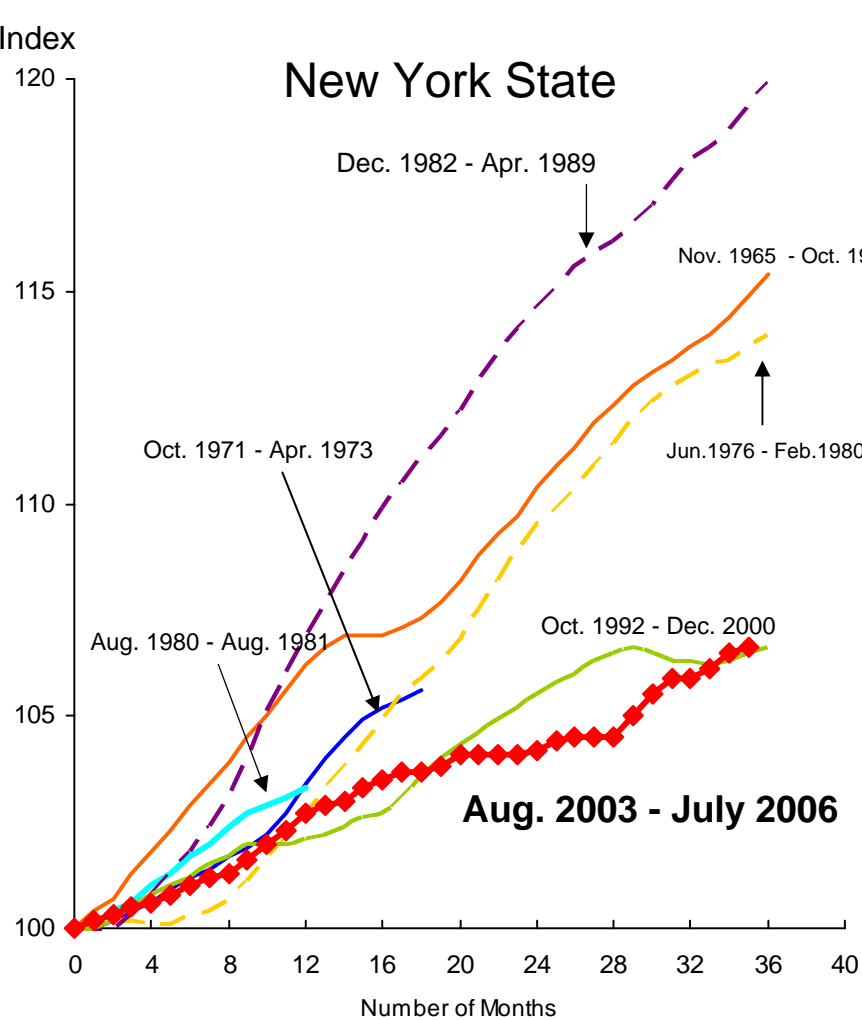
Indexes of Coincident Economic Indicators



Note: Shading denotes state or local recession.

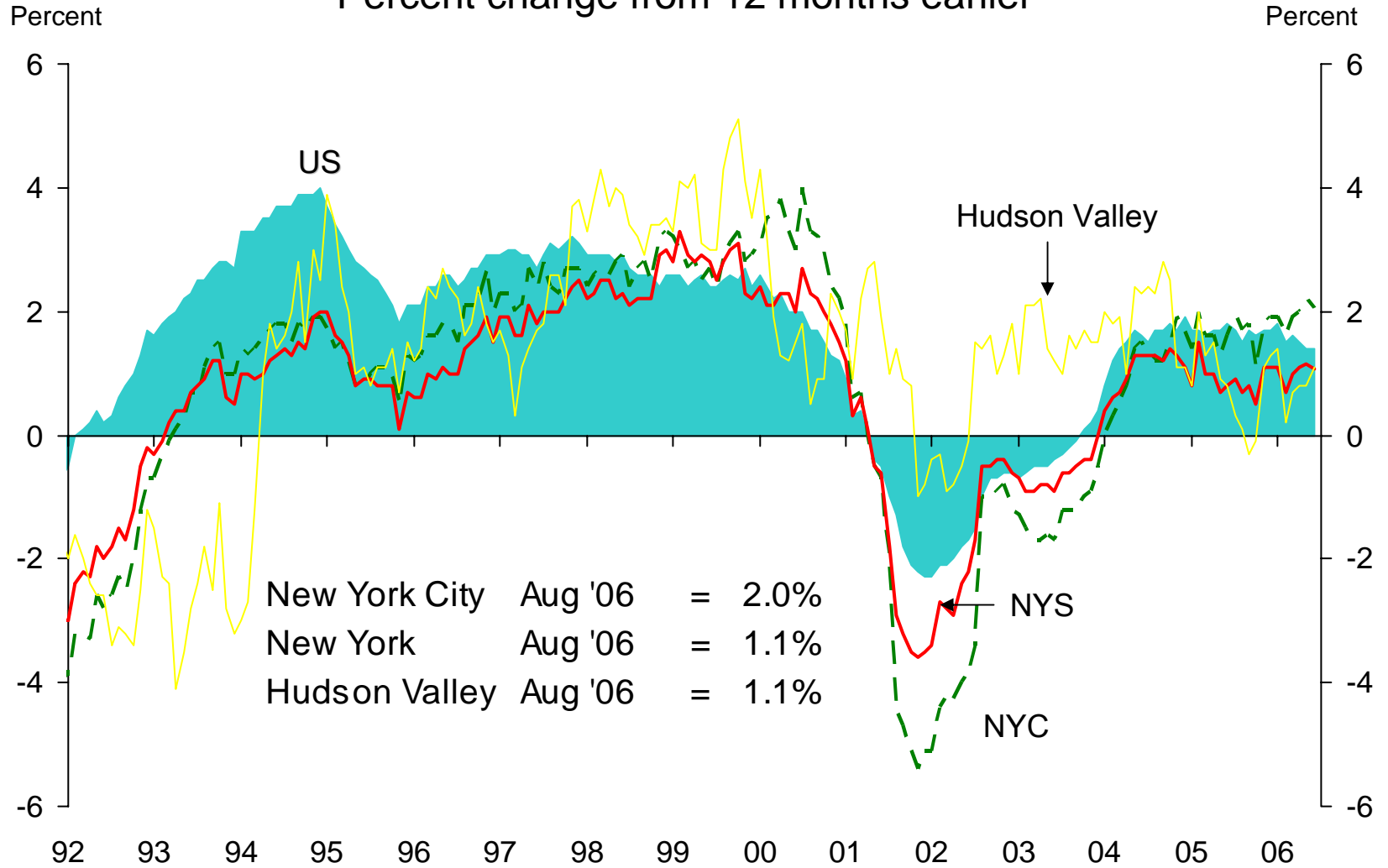
Source: FRBNY.

Expansion Patterns Increase from CEI Trough to Peak for the First 36 months



Private-Sector Job Growth: U.S. and Region

Percent change from 12 months earlier



Second District Unemployment Rates

	2003	2005	Sep-06
United States	6.0%	5.1%	4.6%
New York	6.4%	5.0%	4.2%
New York City	8.3%	5.8%	4.5%

Growth in Service Jobs

% change August 2006 / August 2005

	<u>U.S.</u>	<u>NJ</u>	<u>NYC</u>
Professional & Business	2.7	1.6	1.8
Security/Commodity Broker	2.2	-0.8	2.7
Leisure and Hospitality	1.6	2.9	4.6
Arts, Entertainment and Recreation	0.4	3.4	4.9
Accommodation And Food	1.9	2.8	4.5
Eating and Drinking	2.4	3.9	3.8
Accommodations	-0.6	-0.1	7.8
Health and Social	2.4	3.0	2.1
Educational	1.4	-0.1	3.7
All Services	1.3	1.1	1.8
Services as % of Total Employment	83.1	87.8	93.7

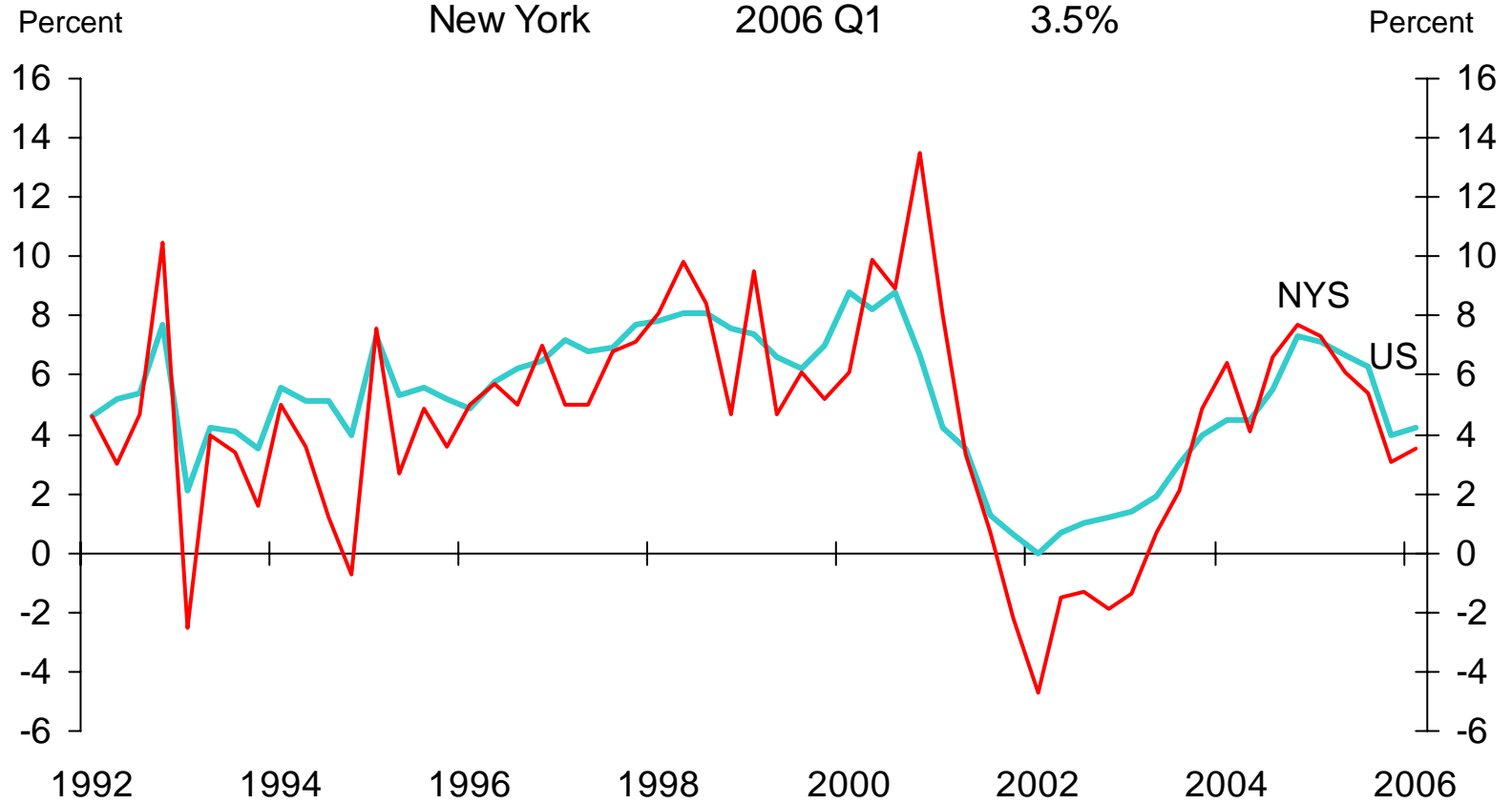
Private Sector Job Growth 2003Q1 to 2005Q1

		New Jersey		New York City	
		Avg. Salary	Net Job Growth	Avg. Salary	Net Job Growth
			24600 (0.8%)		33900 (1.2%)
Job Gains	Mgt. of Companies	\$128,000	3100	-	-
	Financial Services	-	-	\$196,000	1500
	Prof., Tech. amd Scientific	\$70,600	1900	\$93,000	10,500
	Construction	\$48,400	5800	-	-
	Average Wage XFinancial	\$46,000		\$54,700	
	Education	\$37,400	1300	\$41,500	2650
	Retail Trade	-	-	\$30,900	10000
	Admin. Support	\$33,600	5600	\$41,900	3000
	Health, Soc. Svcs.	\$39,000	15200	\$39,500	15,900
	Unclassified	\$34,300	15900	\$31,100	500
	Arts, Entertainment	\$27,200	2100	\$51,600	1150
Accomodations	\$18,600	8100	\$24,500	10,100	
<hr style="border: 2px solid red;"/>					
Job Losses	Finance	\$112,700	-600	-	-
	Utilities	\$93,700	-1900	\$88,500	-500
	Information	\$76,500	-7100	\$107,500	-5100
	Whsl. Trade	\$66,400	-400	\$65,900	-200
	Mfg.	\$63,000	-23600	\$49,800	-14100
	Trans., Warehousing	\$41,600	-3850	\$41,100	-2100
	Retail Trade	\$27,000	-1400	-	-
	Mgt. of Companies	-	-	\$208,800	-1700

Wages and Salaries

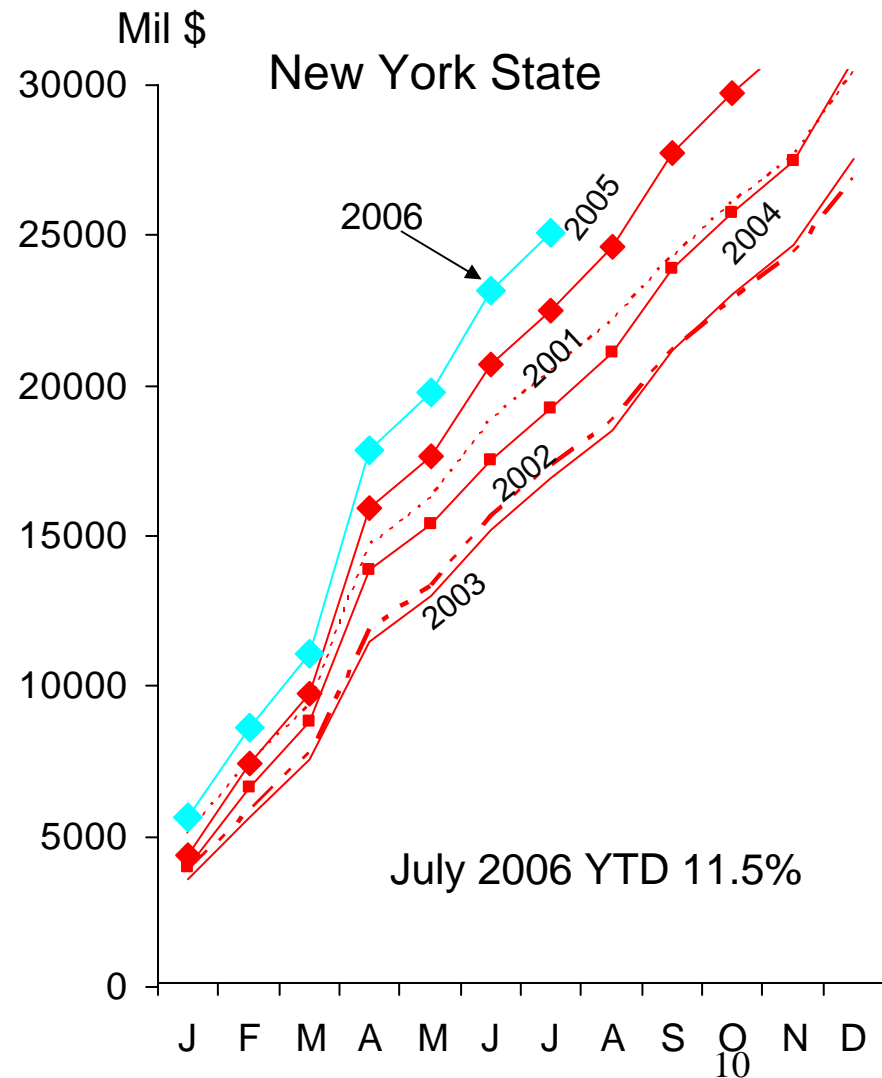
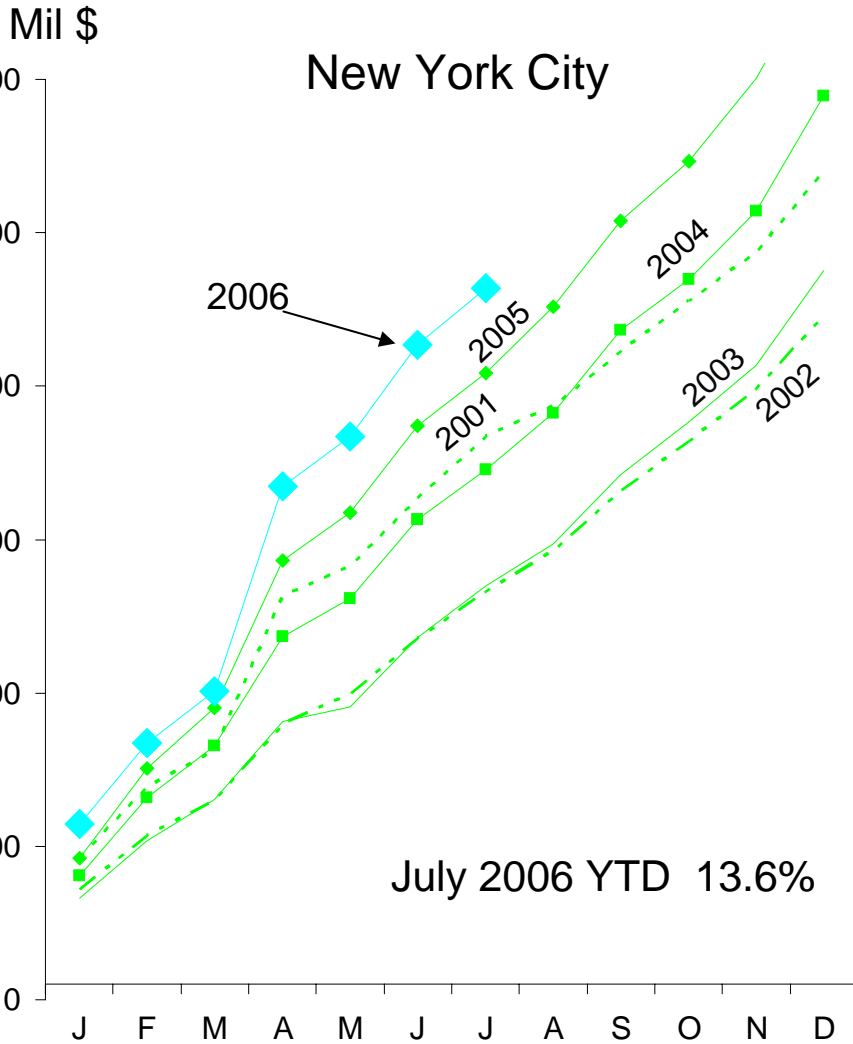
Percent change from 4 quarters earlier

United States	2006 Q1	4.2%
New York	2006 Q1	3.5%



Personal Income Tax Revenue Collections

Year to Date

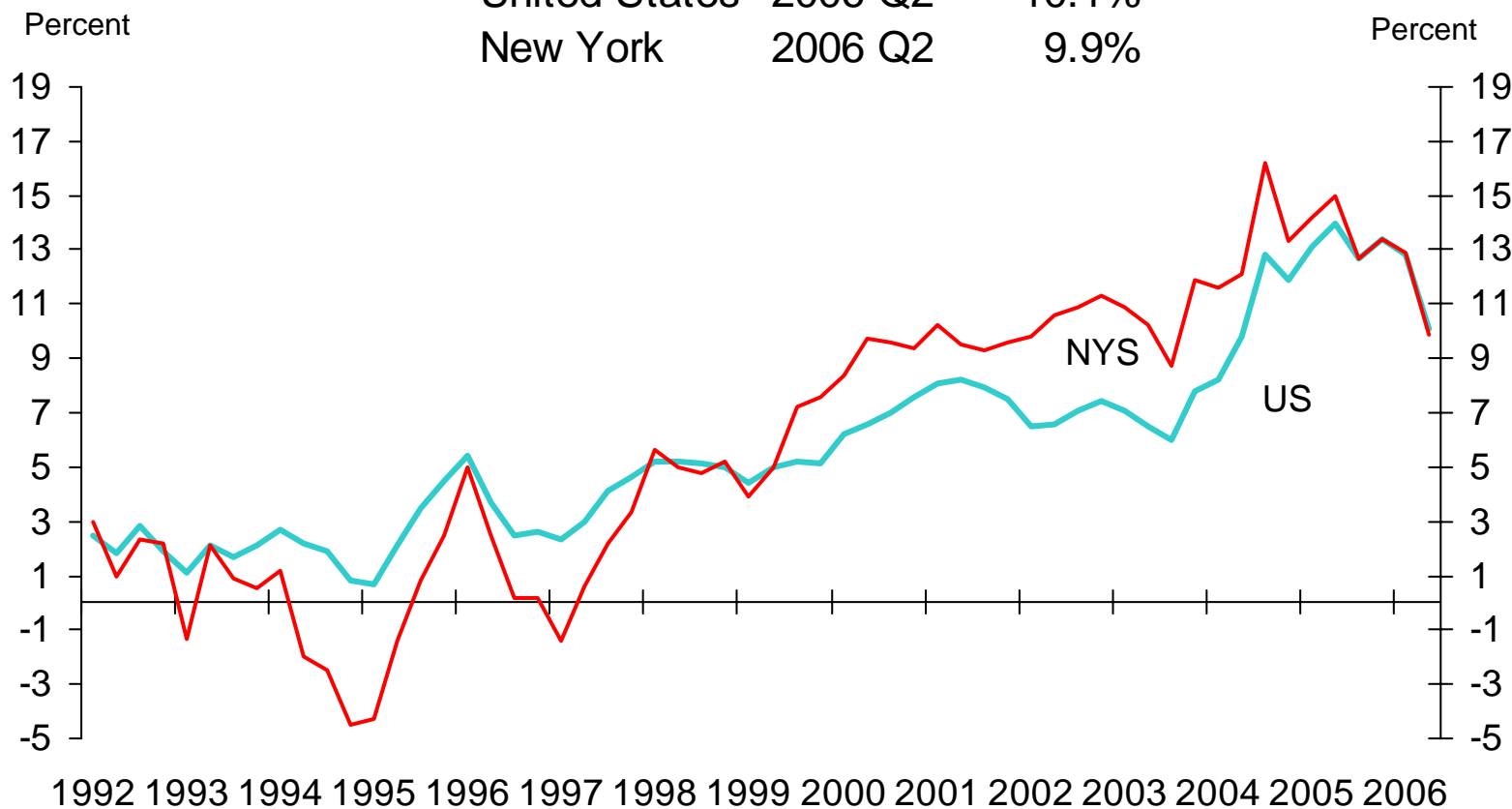


Source: New York City Department of Finance, Office of the New York State Comptroller.

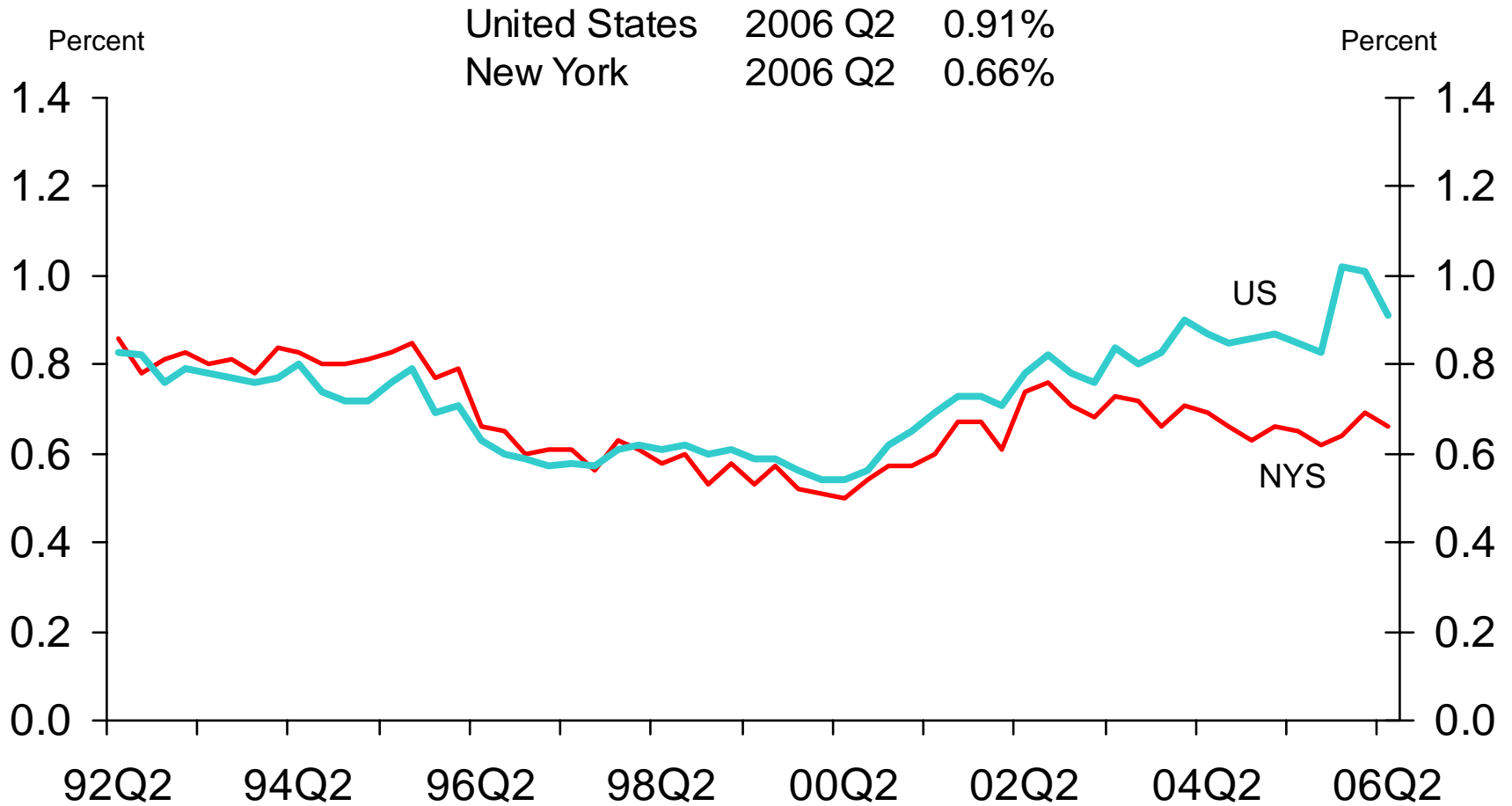
Home Prices

Percent change from 4 quarters earlier

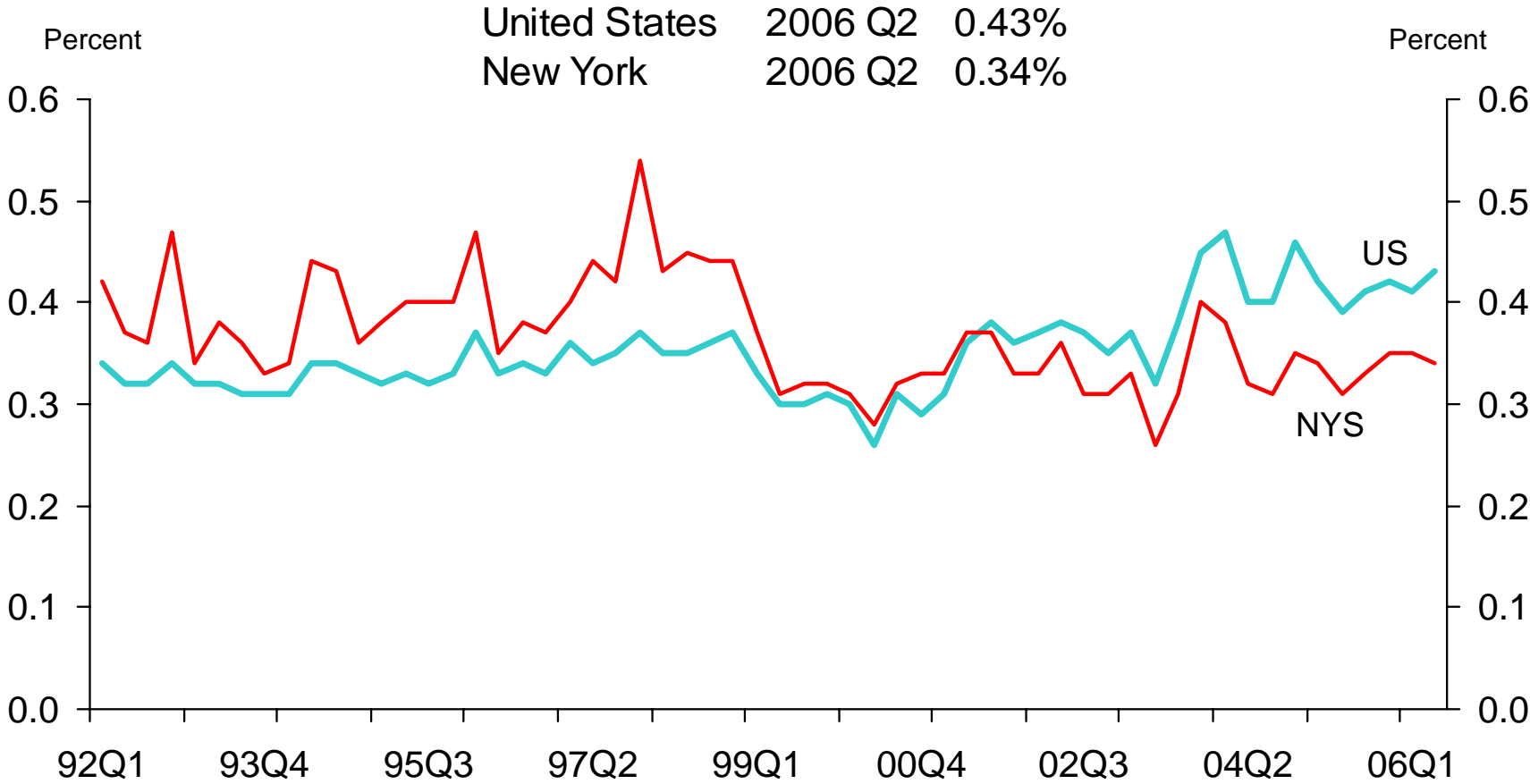
United States	2006 Q2	10.1%
New York	2006 Q2	9.9%



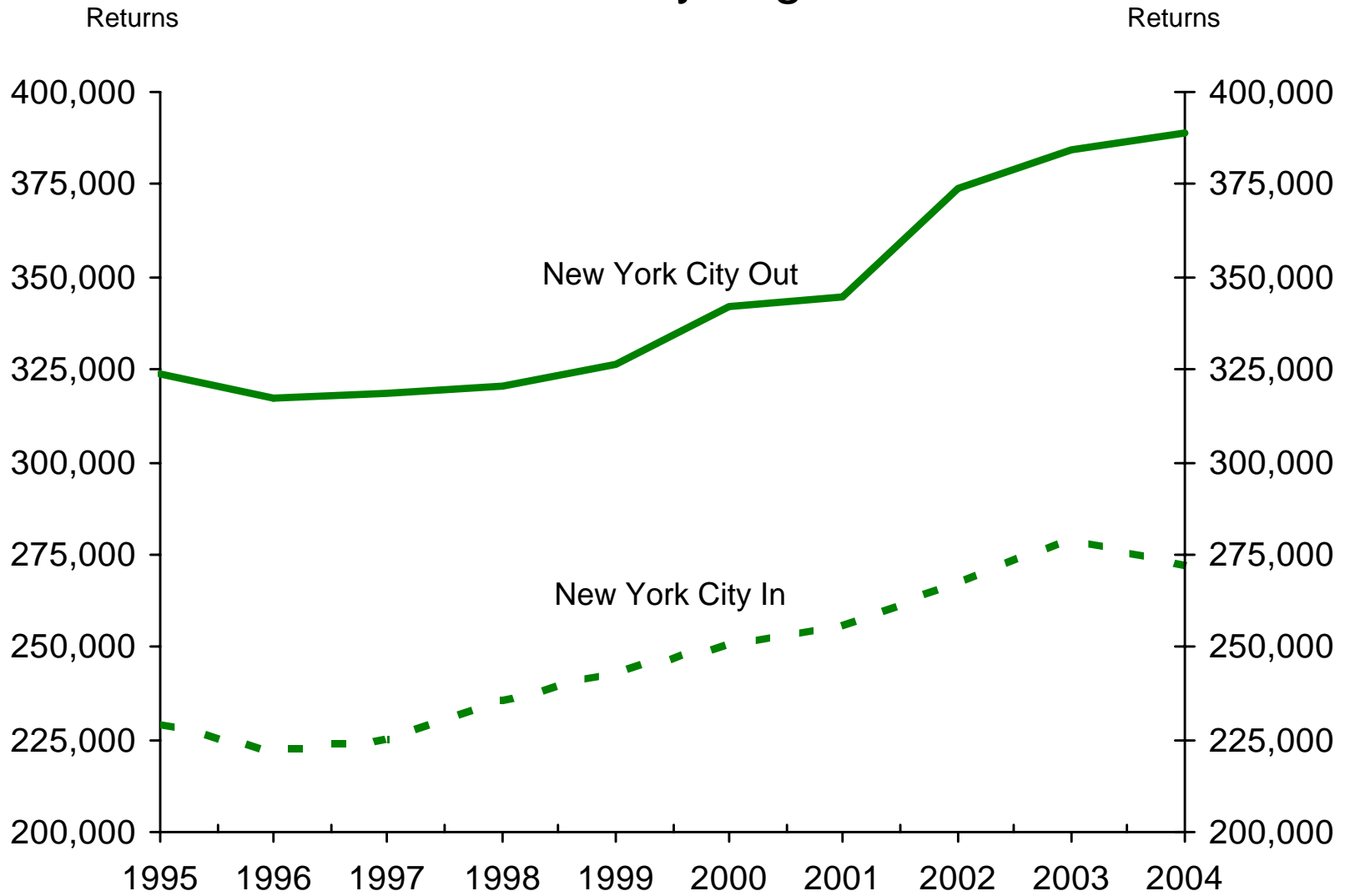
Percent of Residential Mortgage Loans with Installments 90 Days Past Due



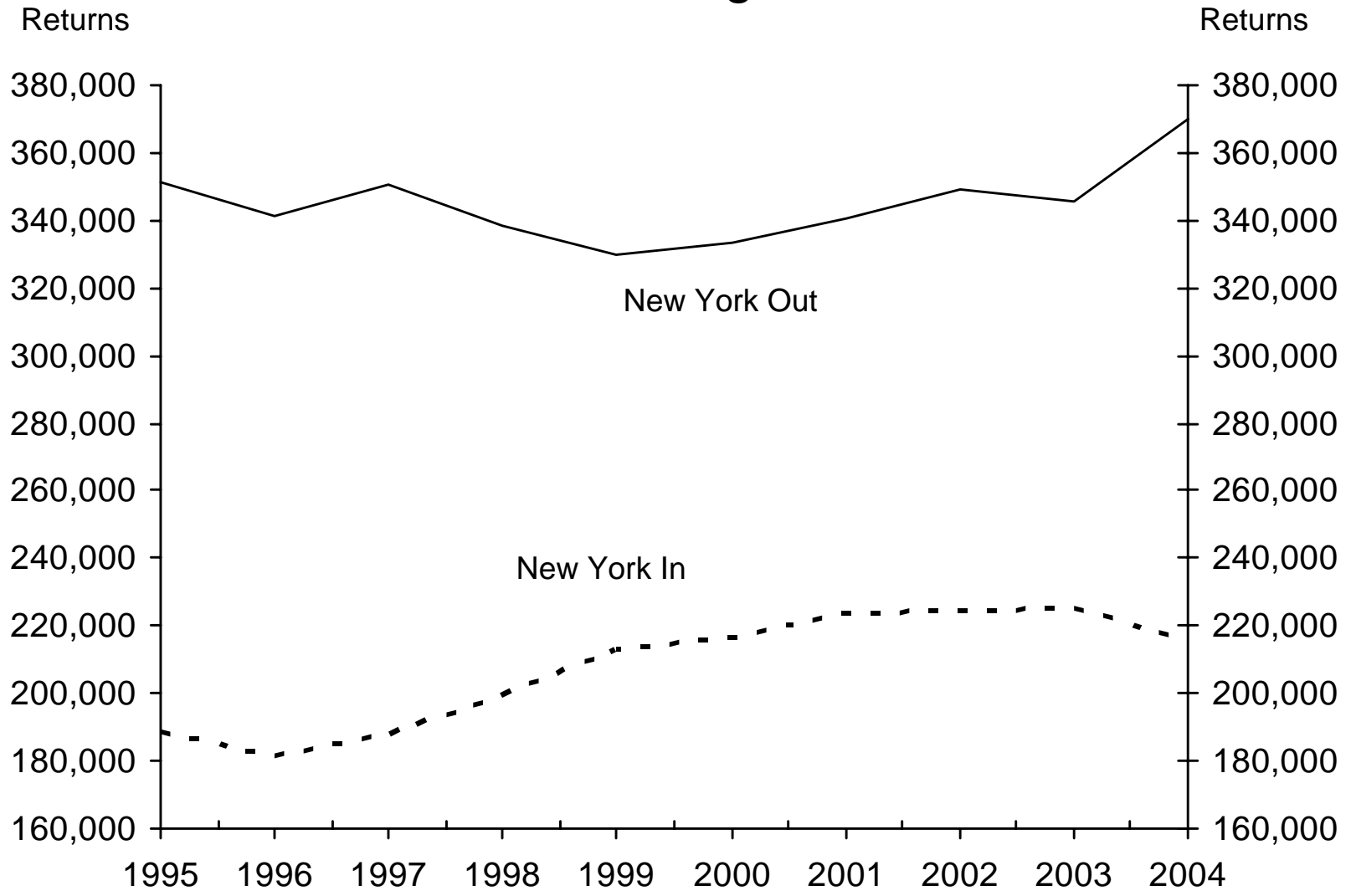
Percent of Residential Mortgage Loans in Foreclosure Started During the Quarter



New York City Migration



New York Migration



Source: Internal Revenue Service, Statistics of Income.

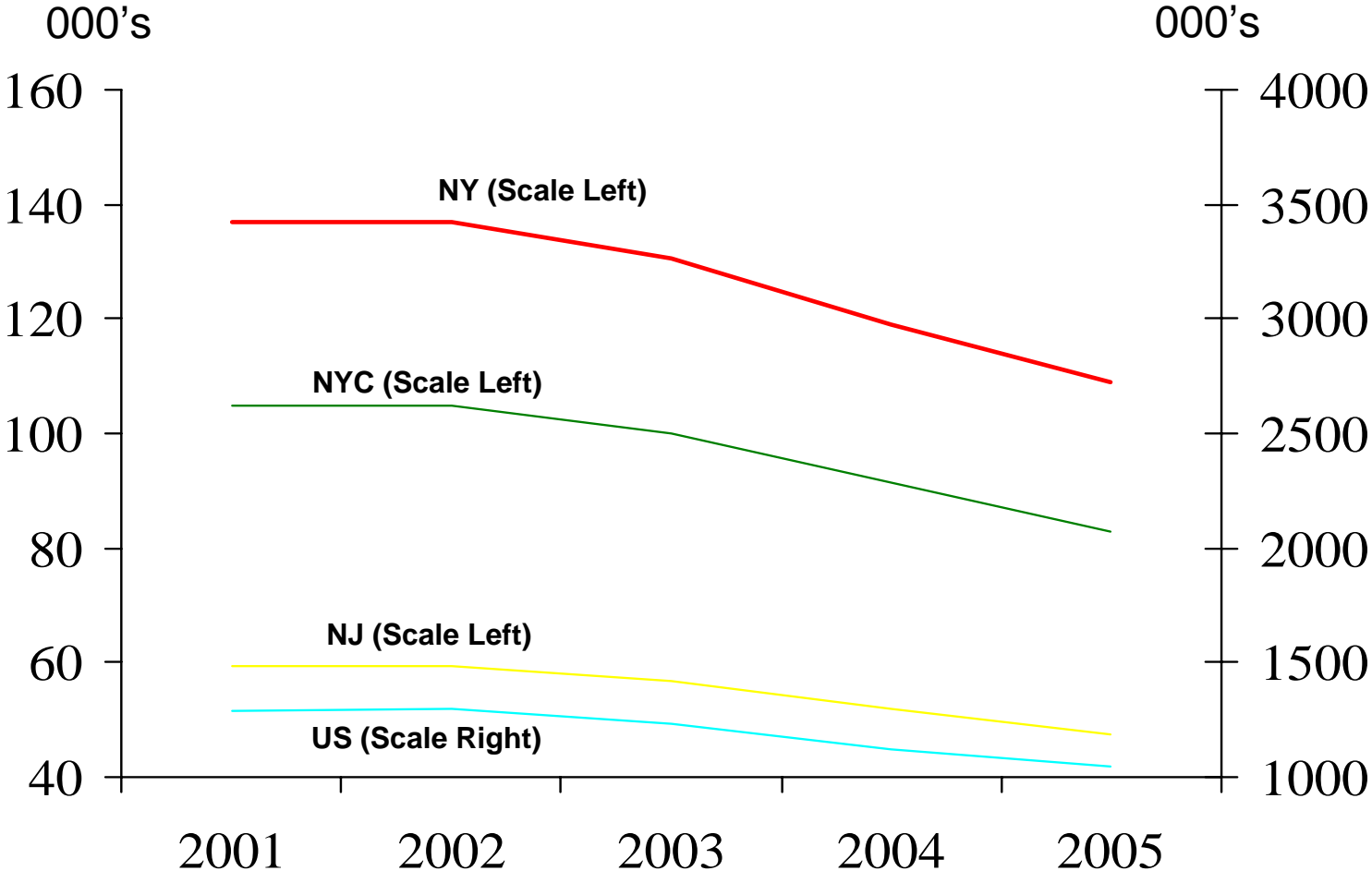
Net Domestic and International Migration

April 2000 to July 2005

	Net Domestic Migration	Net International Migration
Connecticut	-34,273	75,991
New York	-1,001,100	667,007
New York City	-808,552	511,018
New Jersey	-194,901	290,194
Westchester	-47,704	37,751

Appendix

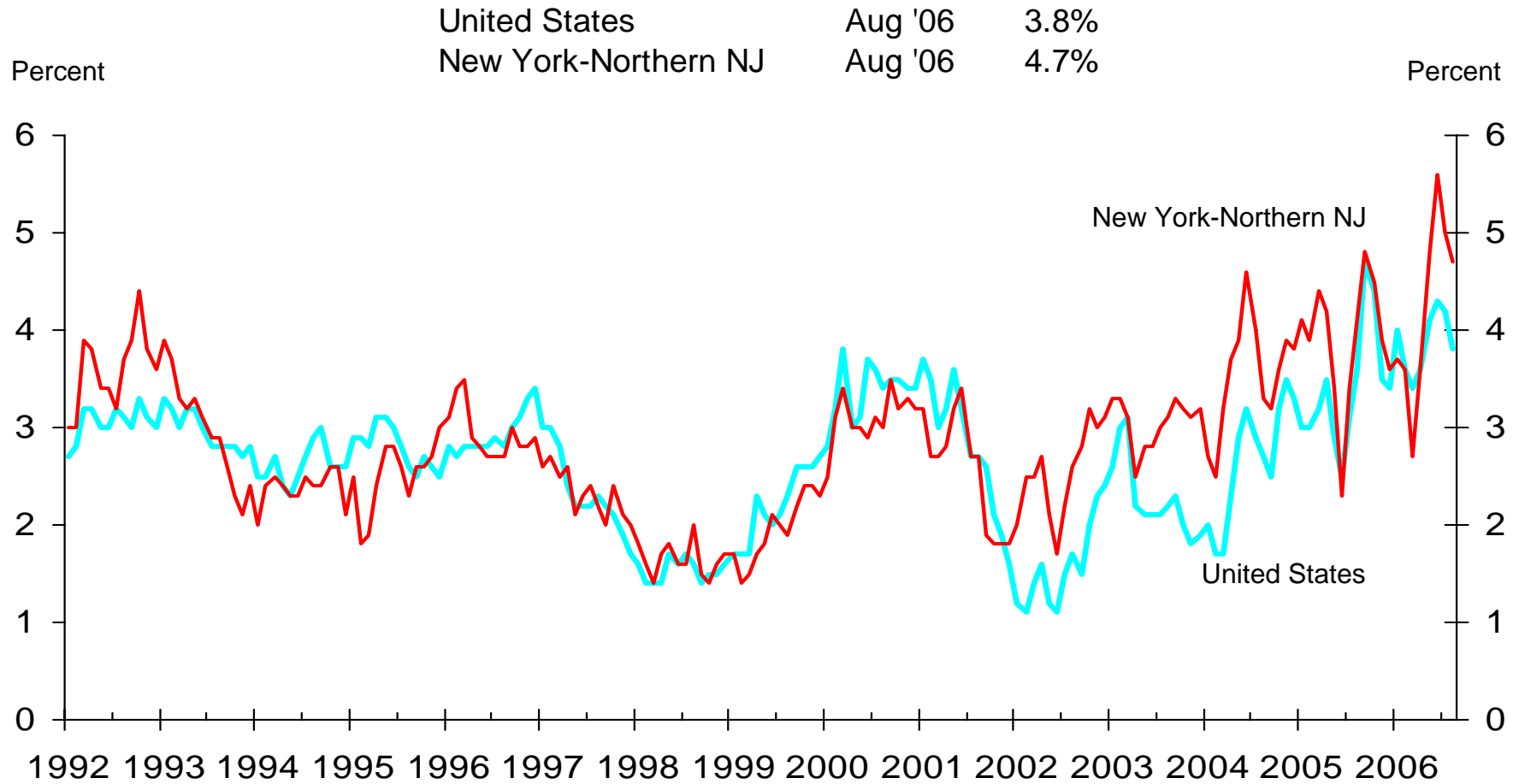
Net International Immigration



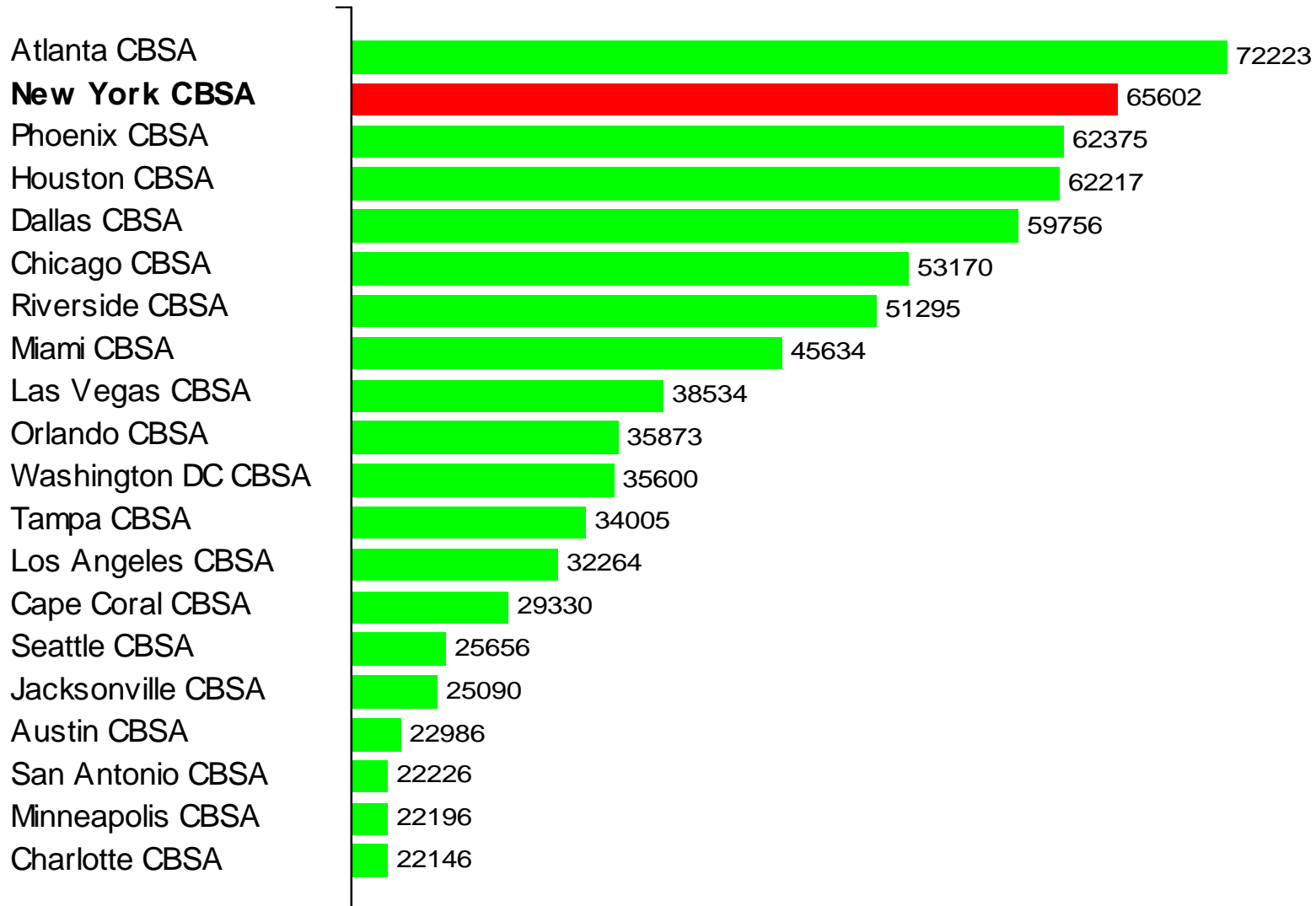
Source: U.S. Bureau of the Census.

Consumer Price Index

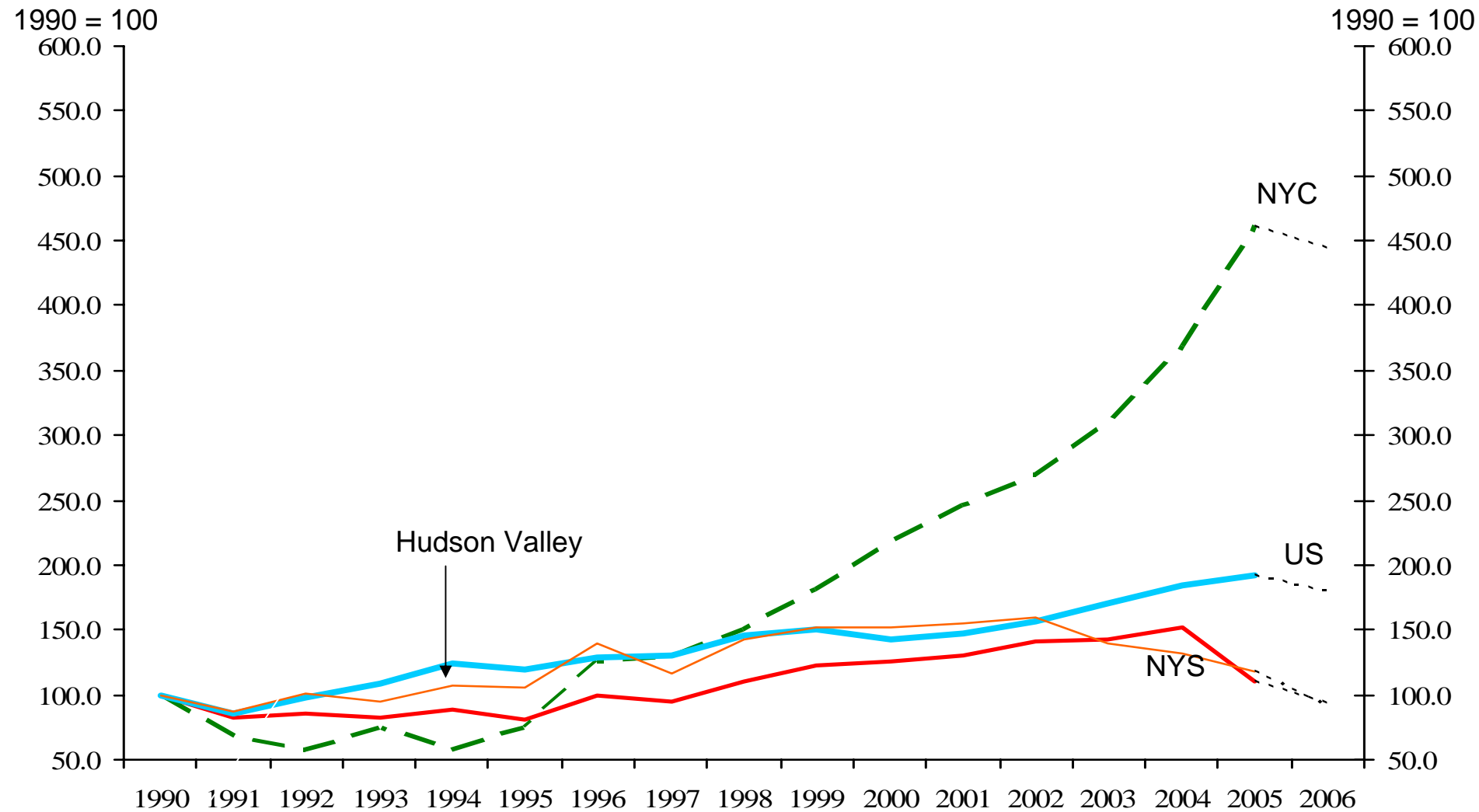
Percent change from 12 months earlier



New Privately Owned Housing Units Authorized – Top 20 CSA's/CBSA's: 2005



Housing Units Authorized by Building Permits



Note: Data for 2006 is seven months YTD annualized.

Source: Bureau of Census, FRBNY calculations.