

Economic Trends in the Nation



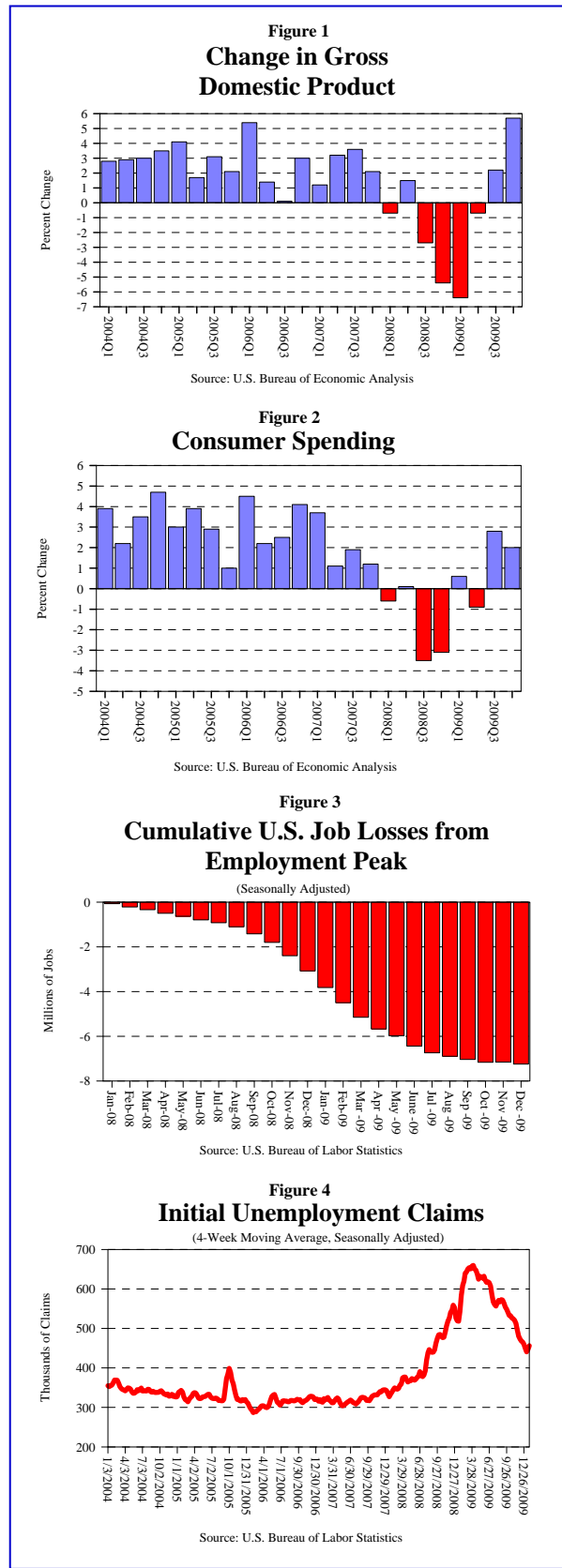
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The national economy continues to show signs of improvement, but job growth has not resumed and economists expect a weak recovery. The economy expanded during the third and fourth quarters of 2009 after four consecutive quarters of contraction.

- ▲ The real Gross Domestic Product (GDP) grew by 5.7 percent during the fourth quarter of 2009, boosted by a strong increase in business investments, especially in equipment (Figure 1). After the strong gain in the fourth quarter, IHS Global Insight expects economic growth to weaken during 2010.
- ▲ In December, the consumer confidence index rose to 52.9, the second consecutive increase.
- ▲ Consumer spending increased by 2 percent in the fourth quarter of 2009 (Figure 2). Growth slowed compared to the prior quarter as spending on durable goods such as autos declined after the “cash for clunkers” program ended.
- ▲ The Institute for Supply Management’s manufacturing index continues to show growth, and the nonmanufacturing index resumed growth in December. The Index of Leading Economic Indicators continues to rise.
- ↔ Employment unexpectedly declined by 85,000 jobs in December, following a gain of 4,000 jobs in November. Since December 2007, the nation has lost 7.2 million jobs (Figure 3).
- ↔ Initial unemployment insurance claims edged up to 456,250 for the four-week period ending January 23, but claims are still significantly below the peak reached in February 2009 (Figure 4). The national unemployment rate remained at 10 percent in December.
- ▲ National home prices rose for the sixth consecutive month in November. Prices have risen by 3.4 percent since May 2009, but are still 5.3 percent lower than one year earlier
- ▲ Sales of existing homes rose to the highest level since February 2007. Sales of new homes declined in November after rising in October.
- ▼ Foreclosures rose by 21.2 percent in 2009 and were nearly 120 percent above 2007 levels.
- ▼ The default rate for commercial mortgages rose to 8.7 percent in the third quarter of 2009, up from 2 percent two years earlier.



Economic Trends in New York State



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New York State's economy expanded during the third quarter of 2009, after four quarters of contraction. While job losses have slowed to a trickle, jobs are not being added on a sustained basis. Wall Street firms are reporting historic profits, and compensation is also expected to be higher than last year, but cash may constitute a smaller share of bonuses than in past years.

- ▲ New York State's estimated gross product grew by 2.9 percent in the third quarter of 2009 (Figure 1). IHS Global Insight projects that the State's economy will expand by 4.2 percent in the fourth quarter.
- ▲ The Empire State Manufacturing Survey shows that business conditions improved again in January. The employment component moved into the range associated with hiring.
- ▲ Consumer confidence in New York State increased for the first time since August, to 65.8 points, according to the Siena Research Institute.
- ▼ New York State lost 5,900 jobs in December, bringing the total decline since the July 2008 employment peak to 291,900 jobs (Figure 2).
- ↔ Initial unemployment insurance claims averaged 30,290 in the four-week period ending December 26, 2009. While claims are well below levels from the beginning of 2009, they have risen somewhat in recent weeks.
- ▼ The unemployment rate in New York State rose to 9 percent in December, nearly double its level two years ago (Figure 3). The State's rate remains lower than the national rate (10 percent). New York City's unemployment rate also rose in December, to 10.6 percent—the highest rate in nearly 17 years.
- ▲ Preliminary data show that profits in the securities industry reached a record of nearly \$50 billion in the first three quarters of 2009, nearly two and a half times the previous annual peak in 2000 (Figure 4). Initial reports of fourth quarter profits have also been strong.
- ▼ There were 50,369 foreclosures in New York State during 2009, an increase of 0.7 percent compared with 2008 and 30.2 percent from 2007.

