

# Economic Trends in the Nation

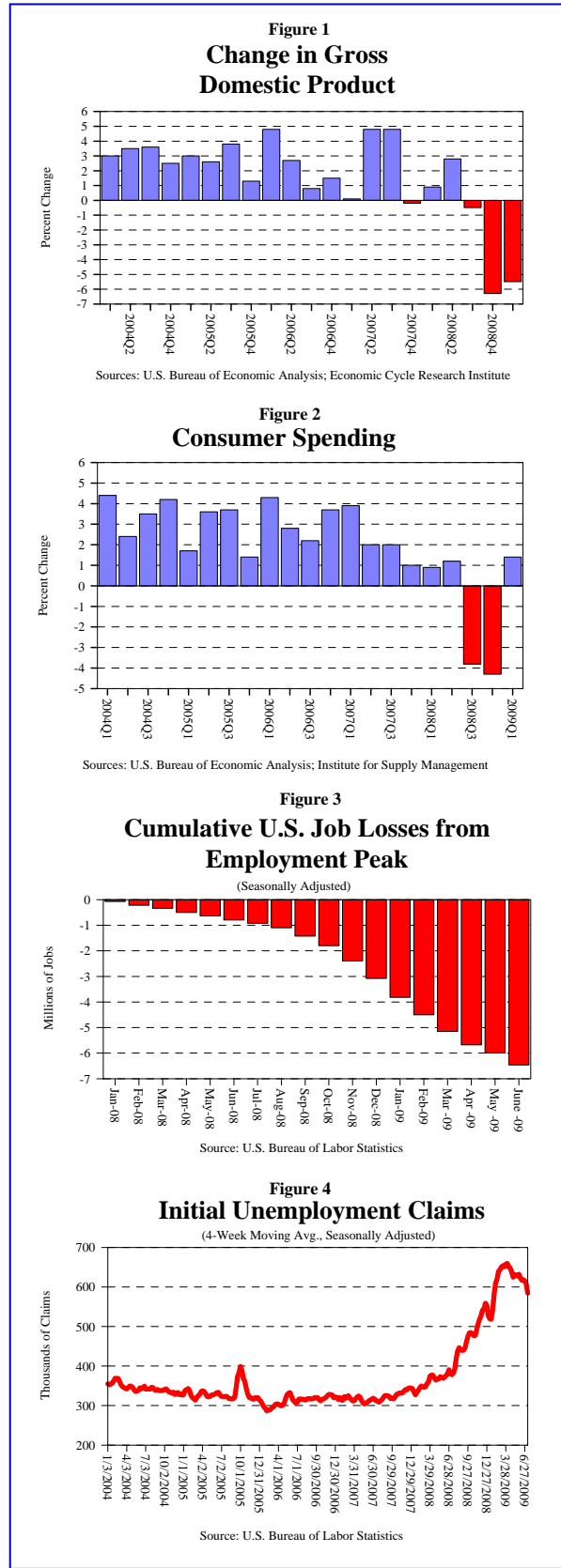


Thomas P. DiNapoli  
New York State Comptroller

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The economic downturn appears to be nearing a bottom, but the nation is still losing jobs and the unemployment rate will shortly exceed 10 percent. IHS Global Insight expects the recovery to begin in the third quarter of 2009, but growth is expected to be weak until the end of 2010. Many economists are raising the prospects of another “jobless” recovery, with the labor markets taking longer to improve.

- ↓ The Real Gross Domestic Product (GDP) declined at an annual rate of 6.5 percent during the last quarter of 2008 and 5.5 percent in the first quarter of 2009 (Figure 1). This was the deepest decline in any two consecutive quarters in more than 50 years. IHS Global Insight predicts that the economic contraction will ease during the second quarter, to 2.1 percent.
- ↑ Consumer spending rose 1.4 percent in the first quarter of 2009 after declining by 4.1 percent in the second half of 2008 (Figure 2).
- ↔ The consumer confidence index backtracked in June 2009 to 49.3—the first decline since February. Although still higher than the lows reached this past winter, confidence remains below levels associated with economic growth.
- ↑ The Institute for Supply Management’s nonmanufacturing and manufacturing indices are approaching expansion levels.
- ↓ Job losses unexpectedly rose to 467,000 in June, highlighting the continued weakness in the labor markets. Losses are expected to continue for several more months, adding to the 6.5 million jobs the nation has already lost (see Figure 3).
- ↔ Initial unemployment insurance claims continue to ease, but the overall level remains high. Initial claims averaged 584,500 during the four-week period ending July 11, 2009 (Figure 4).
- ↓ Average home prices have fallen by 31.9 percent between June 2006 and April 2009. The rate of decline, however, has been slowing, and some cities showed small increases in April. Foreclosures rose by 17.8 percent in May 2009 compared with one year ago.
- ↔ Sales of existing homes grew by 2.4 percent in May 2009, and new home sales declined by 0.6 percent. Pending home sales rose by 6.7 percent—the same growth rate as in April.



# Economic Trends in New York State



Thomas P. DiNapoli  
New York State Comptroller

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New York State's economy continues to contract and lose jobs, and IHS Global Insight expects the State's recovery to lag behind the nation's. The State's recovery is also expected to be weaker than the nation's, but the State could benefit from an earlier-than-expected recovery on Wall Street, which posted record first-quarter profits.

- ↓ The New York State gross product declined by an estimated 5.9 percent during the fourth quarter of 2008 (Figure 1), and is forecast to have contracted by another 4.3 percent during the first quarter of 2009.
- ↓ Personal income in New York State declined by 0.6 percent in the first quarter of 2009, which ranked 29th among the states.
- ↔ The Empire State Manufacturing Survey shows that the contraction in business conditions virtually ceased in July 2009, but the six-month outlook retreated after rising sharply in the four previous months.
- ↔ Consumer confidence in New York State dropped slightly in June 2009, to 64.3 points, according to the Sienna Research Institute. Nonetheless, confidence remains well above the low of 51.6 points reached in October 2008.
- ↓ New York State has lost 254,600 jobs as of June 2009 (Figure 2). New York City has lost 115,700 jobs, including 25,800 jobs in the securities industry, although the pace of job losses has slowed in recent months.
- ↔ Initial unemployment insurance claims totaled 28,662 in the four-week period ending May 30, 2009—25 percent fewer than the peak in February 2009.
- ↓ The State's unemployment rate was 8.7 percent in June 2009. Though this was less than the national rate, it was still higher than two years ago by more than 4 percentage points (Figure 3). In June, the national unemployment rate rose to 9.5 percent. New York City's unemployment rate also reached 9.5 percent in June.
- ↑ The securities industry has begun to recover, but it still faces significant challenges. After posting losses of \$42.6 billion in 2008, the industry reported record first-quarter profits of \$8.2 billion (Figure 4). Several firms have also reported strong profits for the second quarter.

