

Economic Trends in the Nation



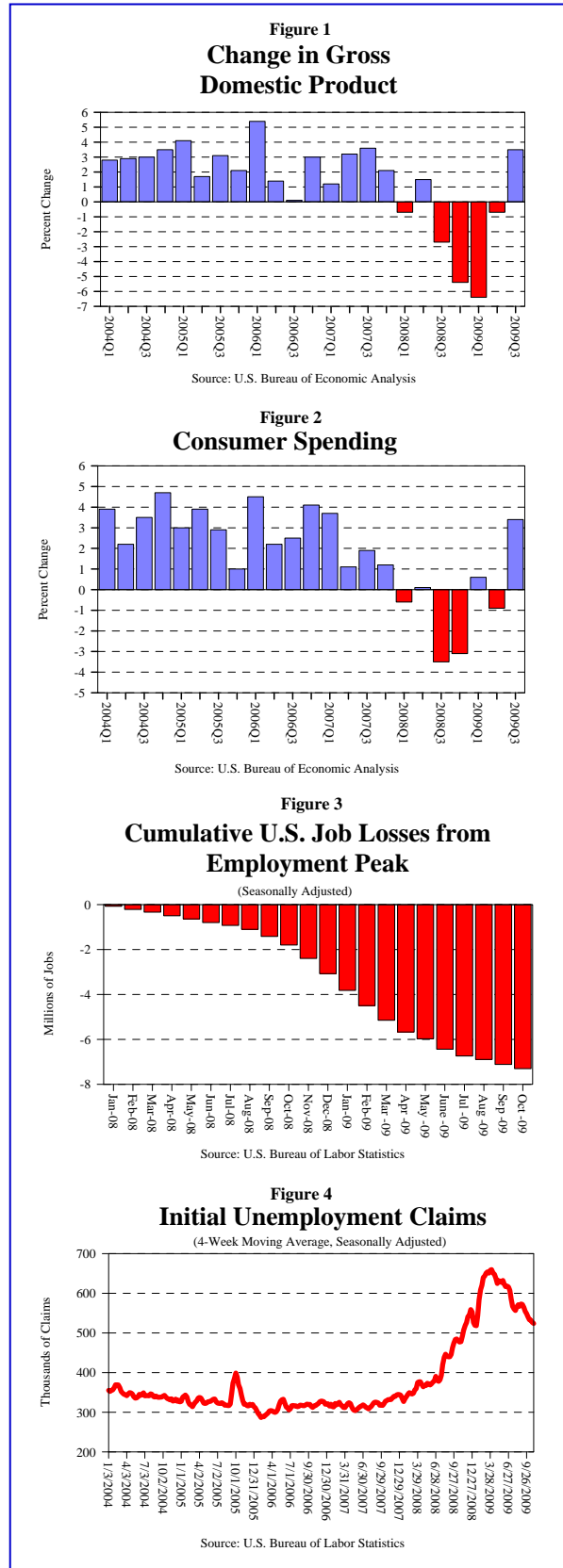
Thomas P. DiNapoli
New York State Comptroller

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The national economy expanded during the third quarter of 2009 (boosted by government stimulus spending), after four quarters of contraction. Most economic indicators suggest that the recession is coming to an end and job losses are easing. IHS Global Insight projects that the recovery will be weak, and job growth is not expected to resume until the second half of 2010.

- ▲ The real Gross Domestic Product increased at an annual rate of 3.5 percent during the third quarter of 2009, but much of the growth was due to government stimulus programs (Figure 1).
- ↔ In October, the consumer confidence index declined for the second consecutive month, to 47.7. Although still higher than the lows reached this past winter, confidence has stalled as consumers continue to worry about jobs.
- ▲ Consumer spending increased by 3.4 percent in the third quarter of 2009 (Figure 2). Although auto spending was boosted by the “cash for clunkers” program, the growth was broad-based.
- ▲ The Institute for Supply Management’s nonmanufacturing and manufacturing indices have crossed into expansion levels. The Index of Leading Economic Indicators continues to rise.
- ▼ Job losses are slowing, but the nation still lost 190,000 jobs in October. Job losses now total 7.3 million since December 2007 (Figure 3).
- ▼ The national unemployment rate rose in October to 10.2 percent, the first time it has exceeded 10 percent since June 1983.
- ↔ Initial unemployment insurance claims continue to decline from the peak reached in February, but remain high at an average of 523,750 for the four-week period ending October 24 (Figure 4).
- ↔ National home prices rose for the third consecutive month in August. Although prices were 17 percent lower than one year earlier, they have risen by 3 percent since June 2009.
- ▲ Sales of existing homes rose in September (2.7 percent) to the highest level since July 2007, but sales of new homes declined (3.6 percent)—the first drop since March 2009.
- ▼ Foreclosures rose by 22.5 percent in the third quarter of 2009 compared with one year ago.



Economic Trends in New York State



Thomas P. DiNapoli
New York State Comptroller

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New York State's economy grew slightly during the second quarter of 2009 after three quarters of contraction. Job losses are expected to continue into 2010, but the total number of jobs lost will be lower than forecast a few months ago. The State's recovery, however, is still projected to be weaker than the nation's.

↔ New York State's estimated gross product grew by 0.3 percent during the second quarter of 2009, after declines during the three prior quarters (Figure 1). IHS Global Insight projects that the State's economy continued to increase in the third quarter of 2009, by 1.4 percent.

↑ The Empire State Manufacturing Survey shows that business conditions continued to improve in October, while the New York State Index of Coincident Economic Indicators rose for a third consecutive month in September.

↔ Consumer confidence in New York State declined for the third consecutive month in October, to 68.6 points, according to the Siena Research Institute. The short-term outlook has deteriorated as consumers remain concerned about job security.

↓ Employment losses in New York State rose to 81,700 jobs in September, as federally funded summer job programs ended. Since July 2008, the State has lost 274,100 jobs (Figure 2).

↔ Initial unemployment insurance claims totaled 22,835 in the four-week period ending October 3. The number of claims has remained at about the same level since early August, but is well below levels from earlier this year.

↓ The unemployment rate in New York State was unchanged at 8.9 percent in September. This was below the national rate (9.8 percent), but still more than 4 percentage points higher than two years ago (Figure 3). New York City's unemployment rate rose to 10.3 percent.

↑ The securities industry reported record profits of \$35.7 billion in the first half of 2009, compared to a loss of \$42.6 billion in 2008 (Figure 4). While compensation levels are rising, compensation reform may restrict cash bonuses.

↓ Foreclosures rose by 5 percent in the third quarter of 2009 compared with one year ago.

