

Economic Trends in the Nation

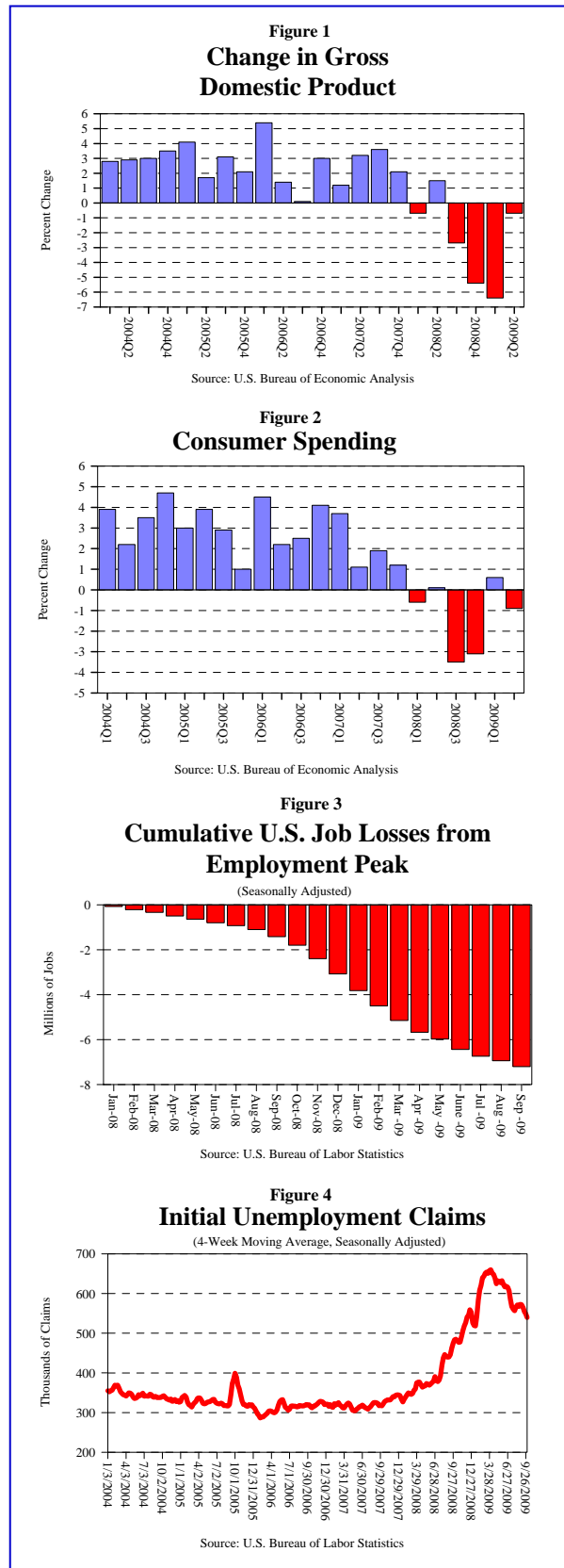


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The national economy continues to show signs of improvement. Although the nation is not yet adding jobs, the rate of job loss has slowed since the spring. The economy expanded sharply during the third quarter, but the expansion is expected to ease until next year, when job growth begins to boost consumer confidence and spending.

- ⇔ The real Gross Domestic Product declined at an annual rate of 0.7 percent during the second quarter of 2009, much less than the prior three quarters (Figure 1). IHS Global Insight now forecasts that the economy grew at a strong 3.6 percent rate in the third quarter.
- ⇔ In September, the consumer confidence index retreated slightly, to 53.1. Although the index level has doubled from the lows reached this past winter, confidence has essentially stalled as consumers remain concerned about jobs.
- ↓ Consumer spending declined by 0.9 percent in the second quarter of 2009, after rising by 0.6 percent in the first quarter (Figure 2).
- ↑ The Institute for Supply Management's nonmanufacturing index crossed into expansion levels, while its manufacturing index is close to expansion levels. The Index of Leading Economic Indicators also points to growth.
- ↓ Job losses were higher than expected in September (263,000 jobs). Job losses now total 7.2 million since December 2007 (Figure 3).
- ↓ The national unemployment rate rose to 9.8 percent in September 2009—a 26 year high. More than one-third of the unemployed have been jobless for at least 27 weeks.
- ⇔ Initial unemployment insurance claims continue to decline from the peak reached in February, but remain high at an average of 539,750 for the four-week period ending October 3rd (Figure 4).
- ⇔ The national housing market appears to have reached bottom. Although home prices were 13.3 percent lower in July than at this point last year, they rose by 1.2 percent from June levels. Increases were reported in almost all cities.
- ↑ Sales grew for both existing homes (7.2 percent) and new homes (9.6 percent) in July 2009, while pending home sales grew by 5.4 percent.
- ↓ Foreclosures rose by 14.7 percent in the first half of 2009 compared with one year ago.



Economic Trends in New York State



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The recession is easing in New York State, but most forecasters still expect that the State's recovery will be weaker than the nation's and that job losses will continue into 2010. Wall Street is improving and residential home prices appear to be stabilizing, but problems are developing in commercial real estate.

↔ The New York State's estimated gross product was unchanged during the second quarter of 2009, compared to declines during the three prior quarters (Figure 1). IHS Global Insight expects the economy to grow by 1.9 percent in the third quarter of 2009.

↑ The Empire State Manufacturing Survey shows that business conditions improved in September 2009, with the index reaching its highest level since November 2007. In addition, the six-month outlook resumed its upward advance.

↑ The New York State Index of Coincident Economic Indicators increased at an annual rate of 2.9 percent in August, its third consecutive increase (Figure 2).

↔ Consumer confidence in New York State eased in September to 68.6 points, according to the Siena Research Institute. As with consumers nationwide, confidence here rose from its lows of last winter but then stalled in recent months.

↓ New York State added 66,700 jobs in July 2009 (primarily due to federal stimulus spending), and in August employment losses were minimal. Despite this change, the State has still shed 191,400 jobs in the current downturn (Figure 3).

↔ Initial unemployment insurance claims were 25,631 in the four-week period ending September 12. Claims have remained at about the same level since early August, but are well below levels reached earlier this year.

↓ The unemployment rate in New York increased to 9 percent in August 2009. Though less than the national rate (9.7 percent), it was still more than 4 percentage points higher than it was two years ago (Figure 4). New York City's unemployment rate rose to 10.3 percent.

↑ Wall Street firms have reported strong profits during 2009, and merger and acquisition activity has begun to revive.

↓ Commercial mortgage default rates have increased sharply, and Manhattan's office vacancy rates remain high.

