

Update on Economic Activity in New York

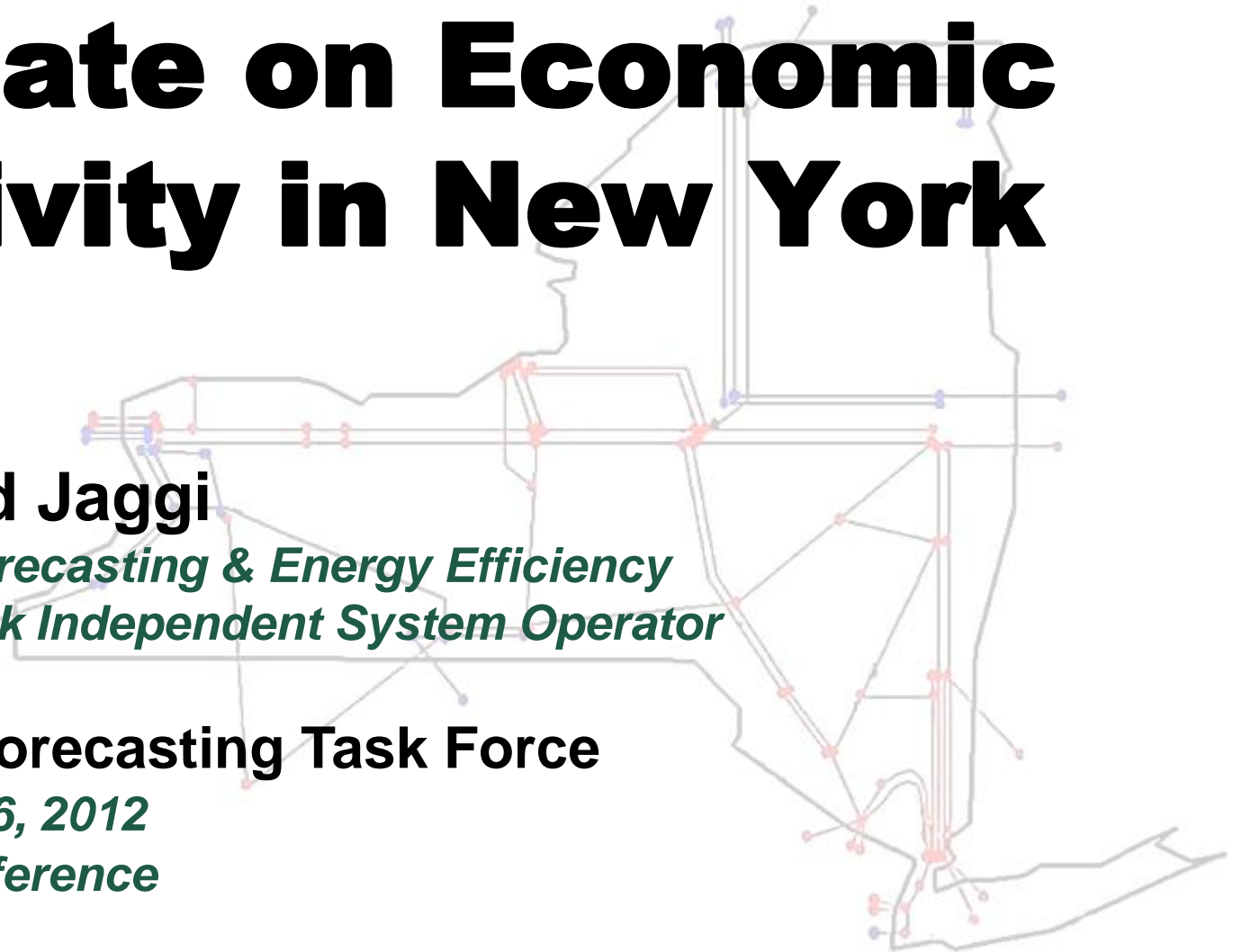
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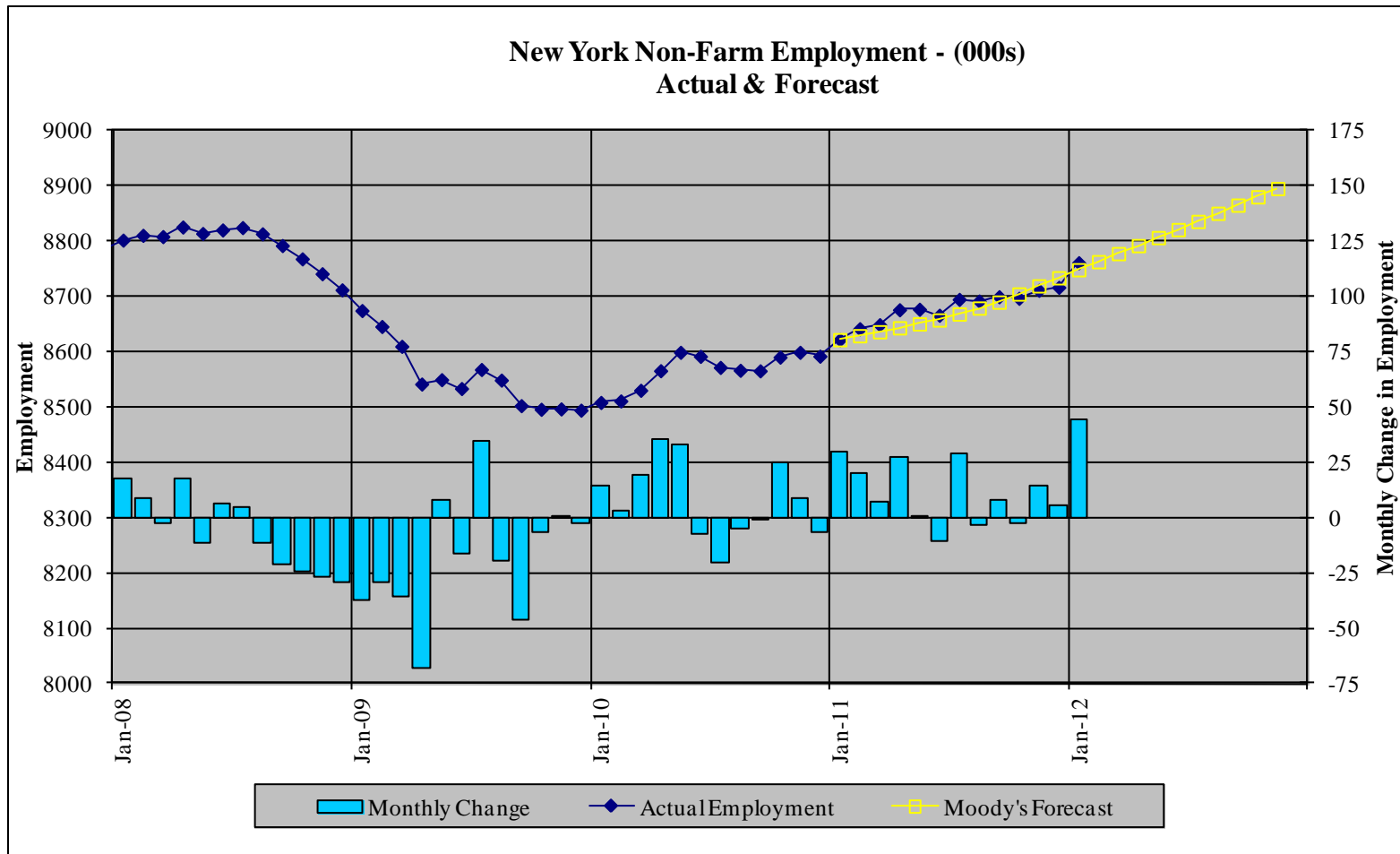
March 26, 2012

Teleconference



Topics for Discussion

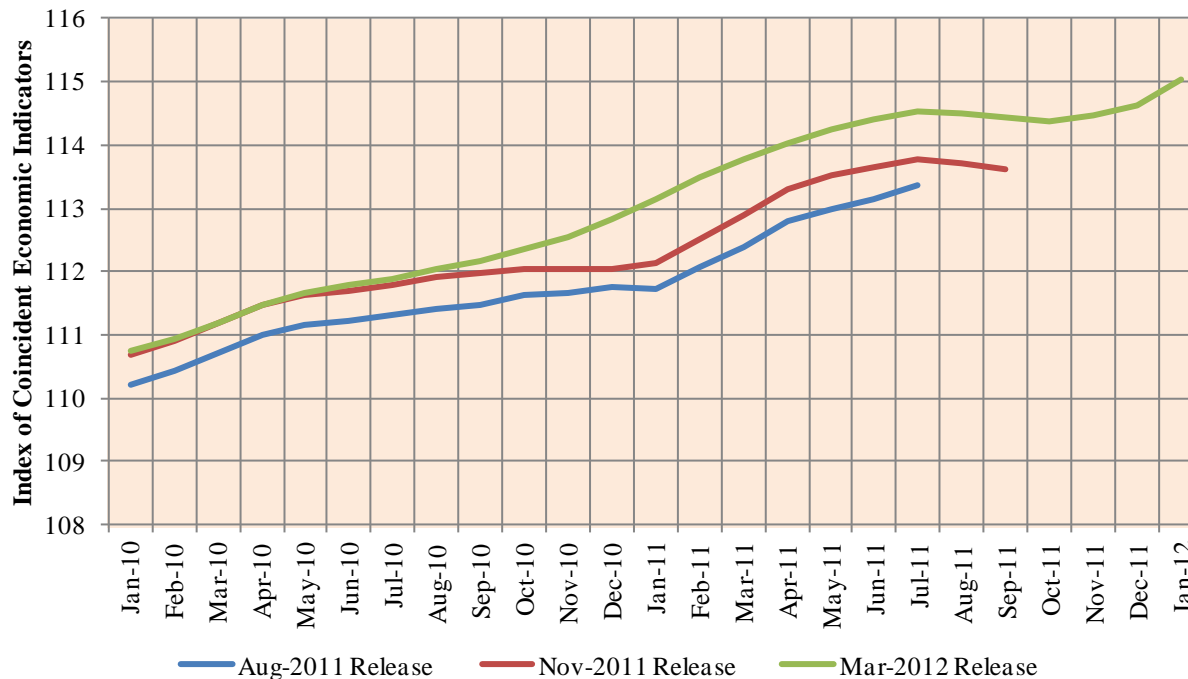
- ◆ 2011 & 2012 Employment Growth - data from Bureau of Labor Statistics (BLS)
- ◆ Current Overall Economic Conditions
 - *Coincident Economic Index– NYS Dept. of Labor*
 - *Index of Coincident Economic Indicators – NY Fed*
- ◆ Siena College Consumer Confidence Survey
- ◆ Empire State Manufacturers Survey



After losing steam in the second half of 2011, BLS employment figures are trending higher, in line with Moody's forecast

BLS = Bureau of Labor Statistics

Coincident Economic Index (NYS Dept. of Labor)



Despite a slowdown in late 2011, New York's overall economic environment shows steady recovery with improving short-term prospects

“The January *Indexes of Coincident Economic Indicators* (CEIs) for New York State, New York City, and New Jersey show fairly robust economic growth entering 2012.” – New York Federal Reserve, Mar. 21, 2012.

In January, the New York State Index of Coincident Economic Indicators (CEI) increased at an annual rate of 6.4%, following a 0.6% increase in December, revealing that the regional economy had more momentum in the second half of 2011 than previously thought.

Siena Consumer Confidence Survey (Siena Research Institute), Feb. 2012

Strengthening consumer sentiment reflects positive trends

For the first time since August/September 2007, consumer confidence has hovered for two consecutive months at just below the magical breakeven point where optimism equals pessimism. As compared to a year ago, sentiment is soaring with every demographic group.

Empire State Manufacturing Survey (New York Fed), Feb. 2012

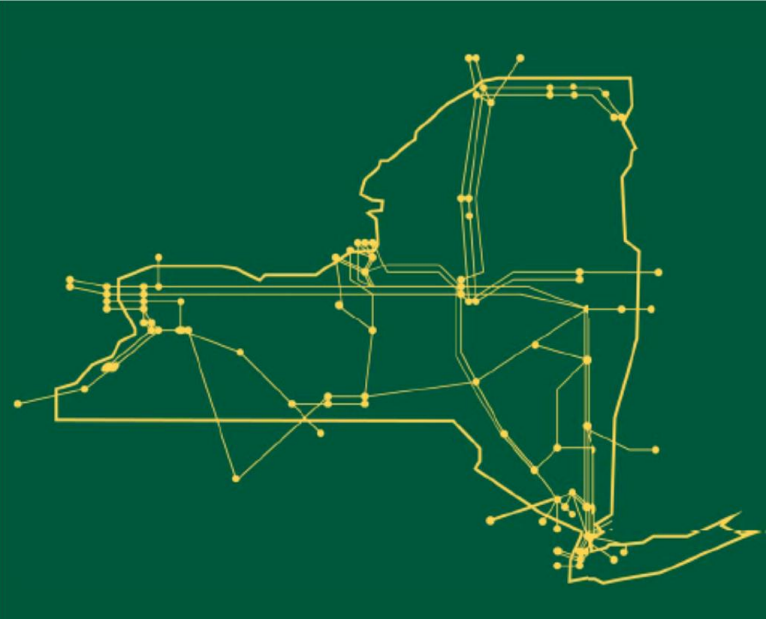
Manufacturing activity continues to fuel growth

Manufacturing activity in New York State expanded for a third consecutive month as expansion continues to gain momentum. The general business conditions index rose six points in February to 19.5, its highest level since June 2010. The index was last negative in October, then rose to a level of around zero in November; subsequently, the readings have become increasingly positive, suggesting that the expansion in business activity for New York manufacturers has gained momentum in recent months.

Rising gasoline price is a potential hazard to present trends

An area for concern in the economic outlook is the rising gasoline price. That alone was responsible for making the Siena Consumer Confidence Survey Index dip a bit in February as compared to the previous month. Both nationally and for New York, higher gas prices will tap a greater share of purchasing power thereby putting a drag on rising retail and other economic activity.

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



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