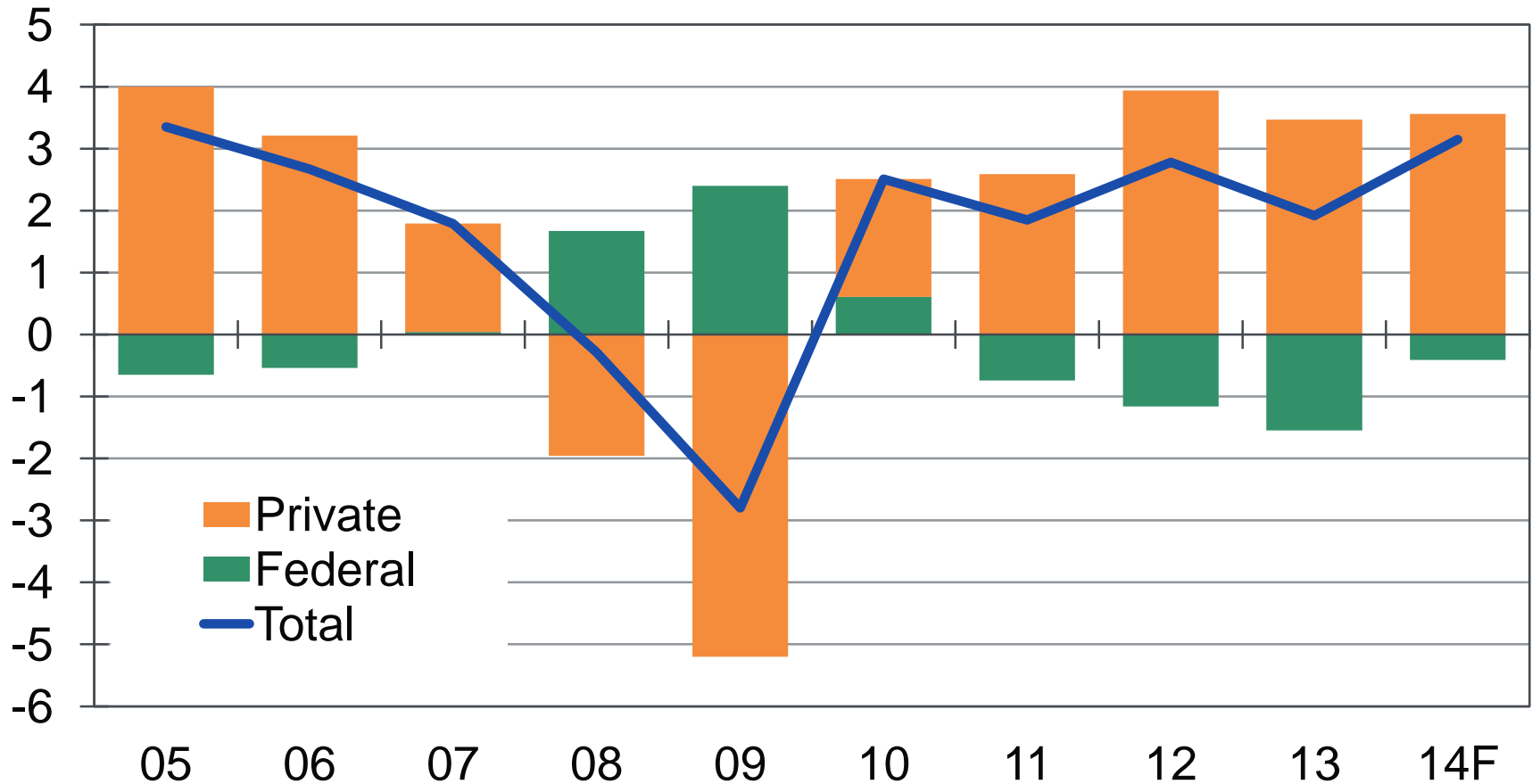


# **A Breakout Year for the U.S. Economy**

**MARISA DI NATALE, DIRECTOR**

# Fiscal Policy Will Be Less of a Drag

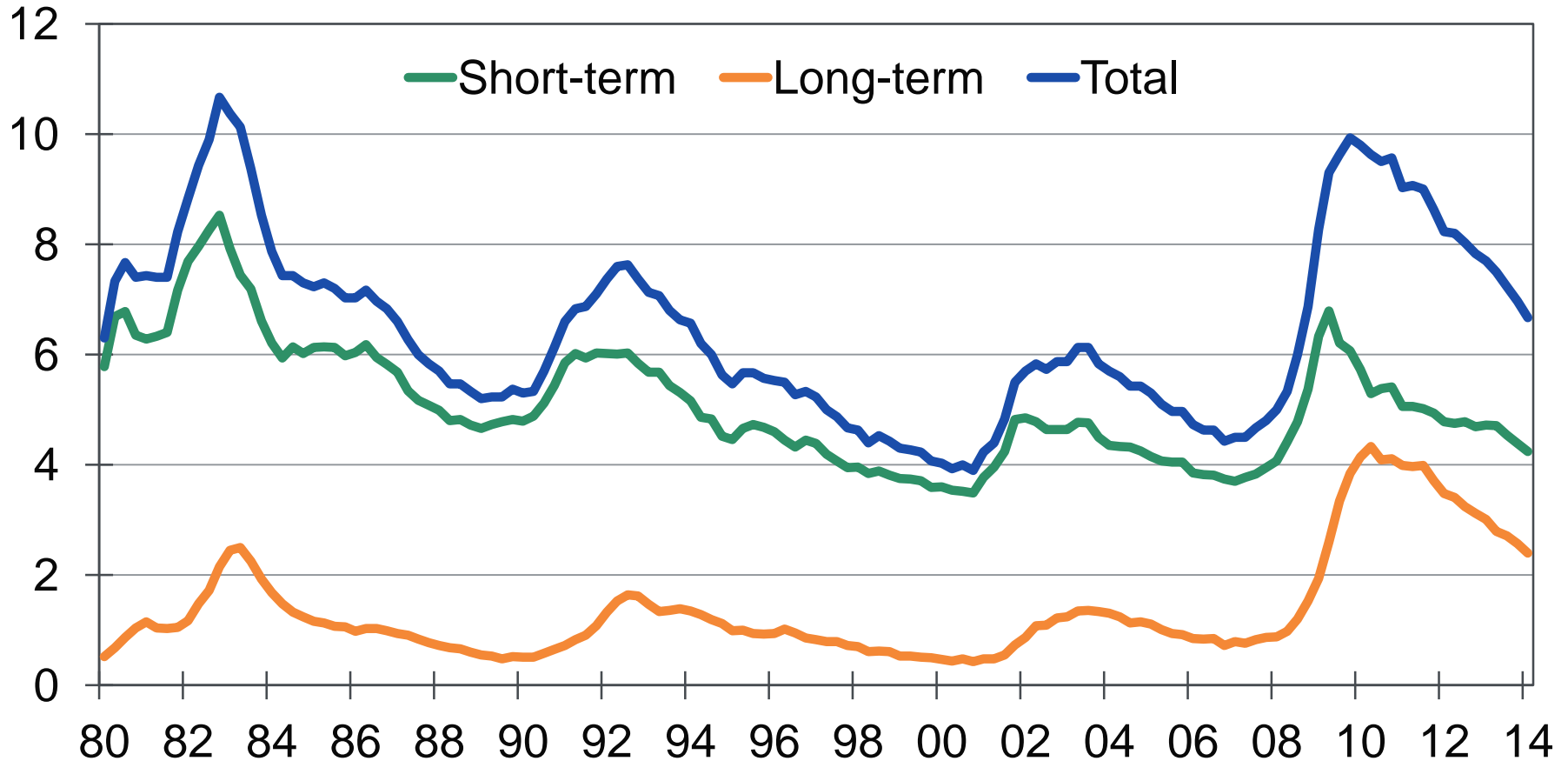
Contribution to real GDP growth, % change, ppt



Sources: BEA, Moody's Analytics

# Less Slack in the Job Market Than It Appears...

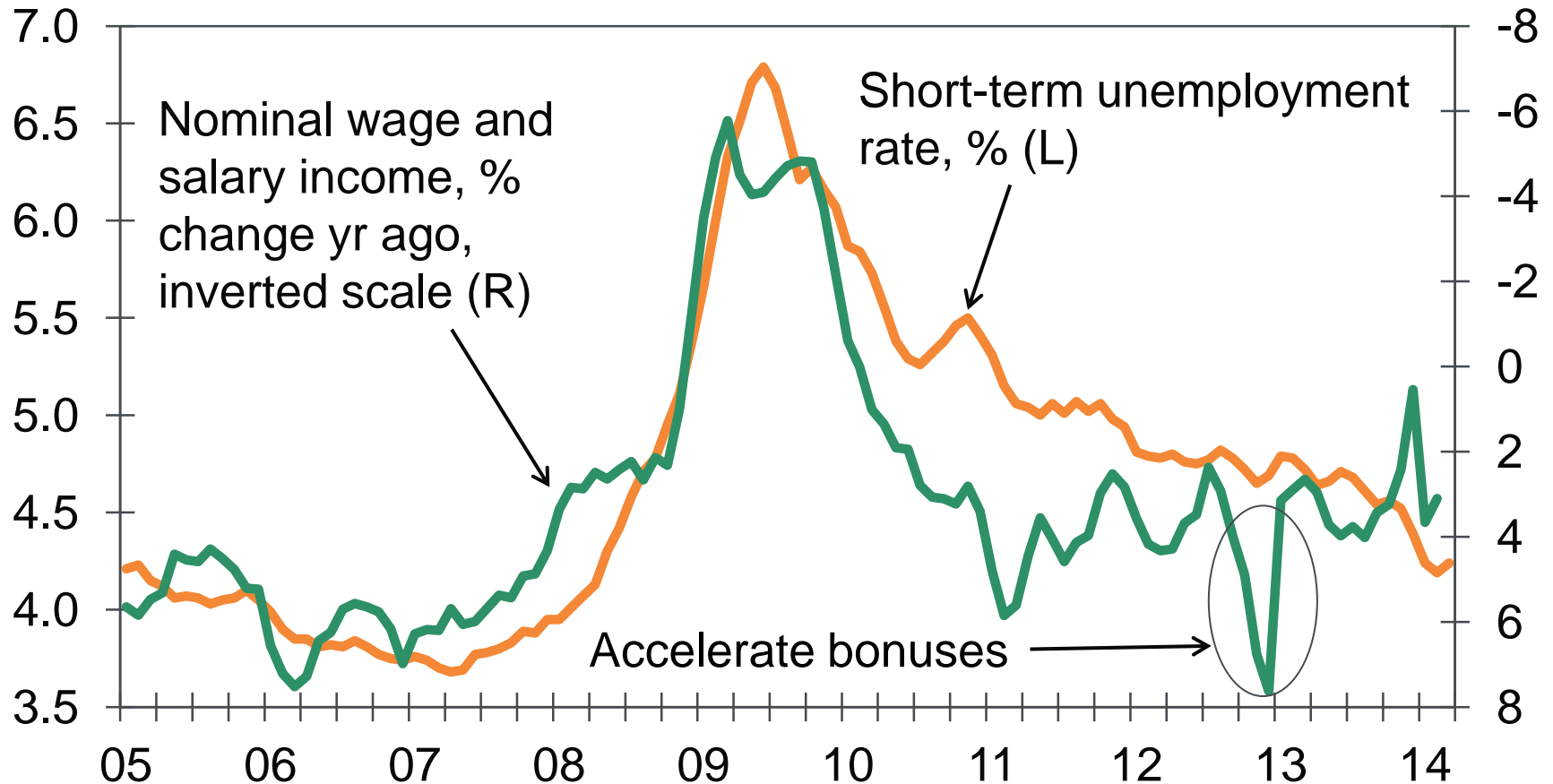
Unemployment rate, %



Sources: BLS, Moody's Analytics

# ...Signaling Stronger Wage Growth Is Ahead

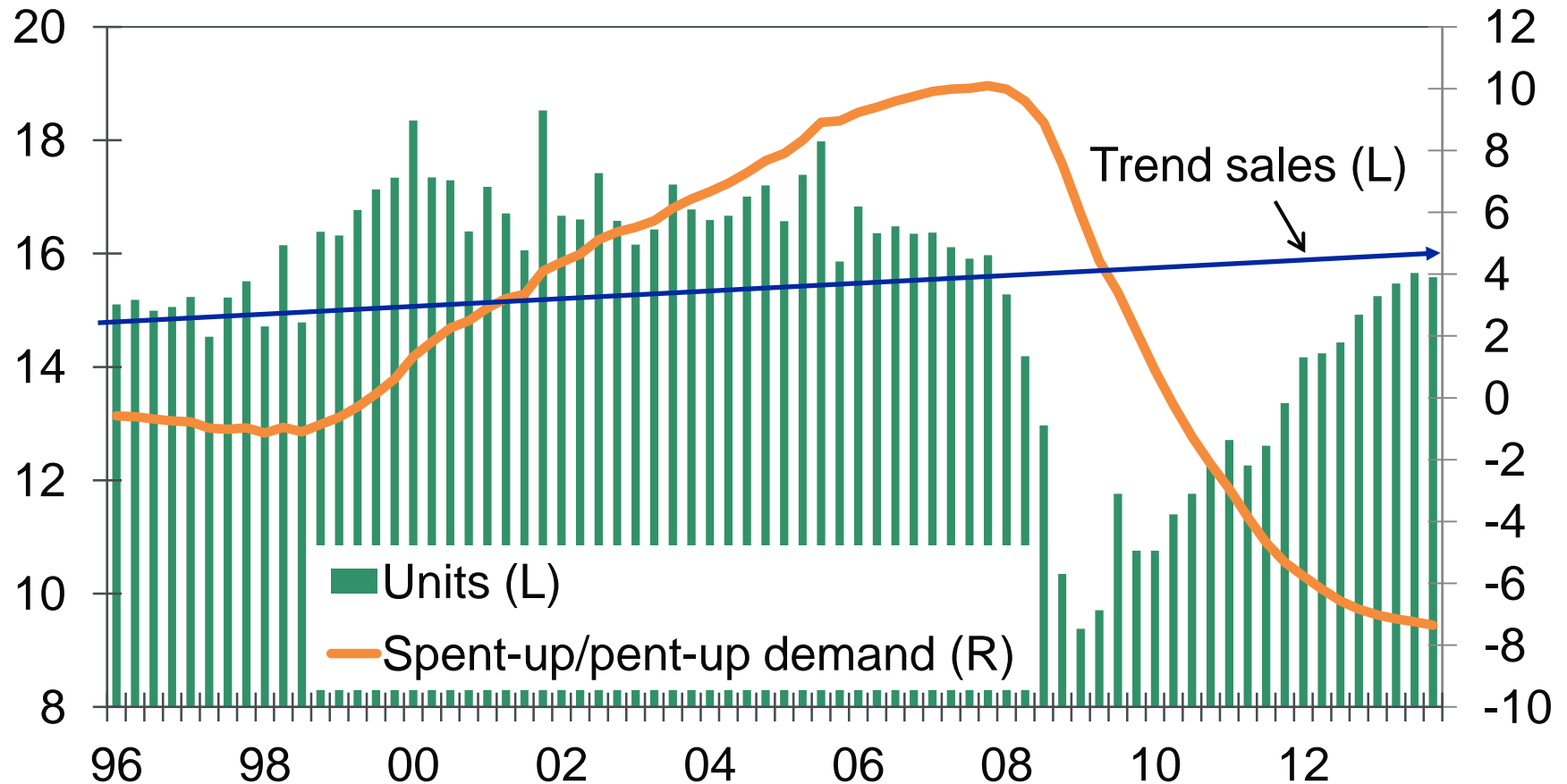
3-mo MA



Sources: BLS, BEA, Moody's Analytics

# Pent-Up Demand Mounts...

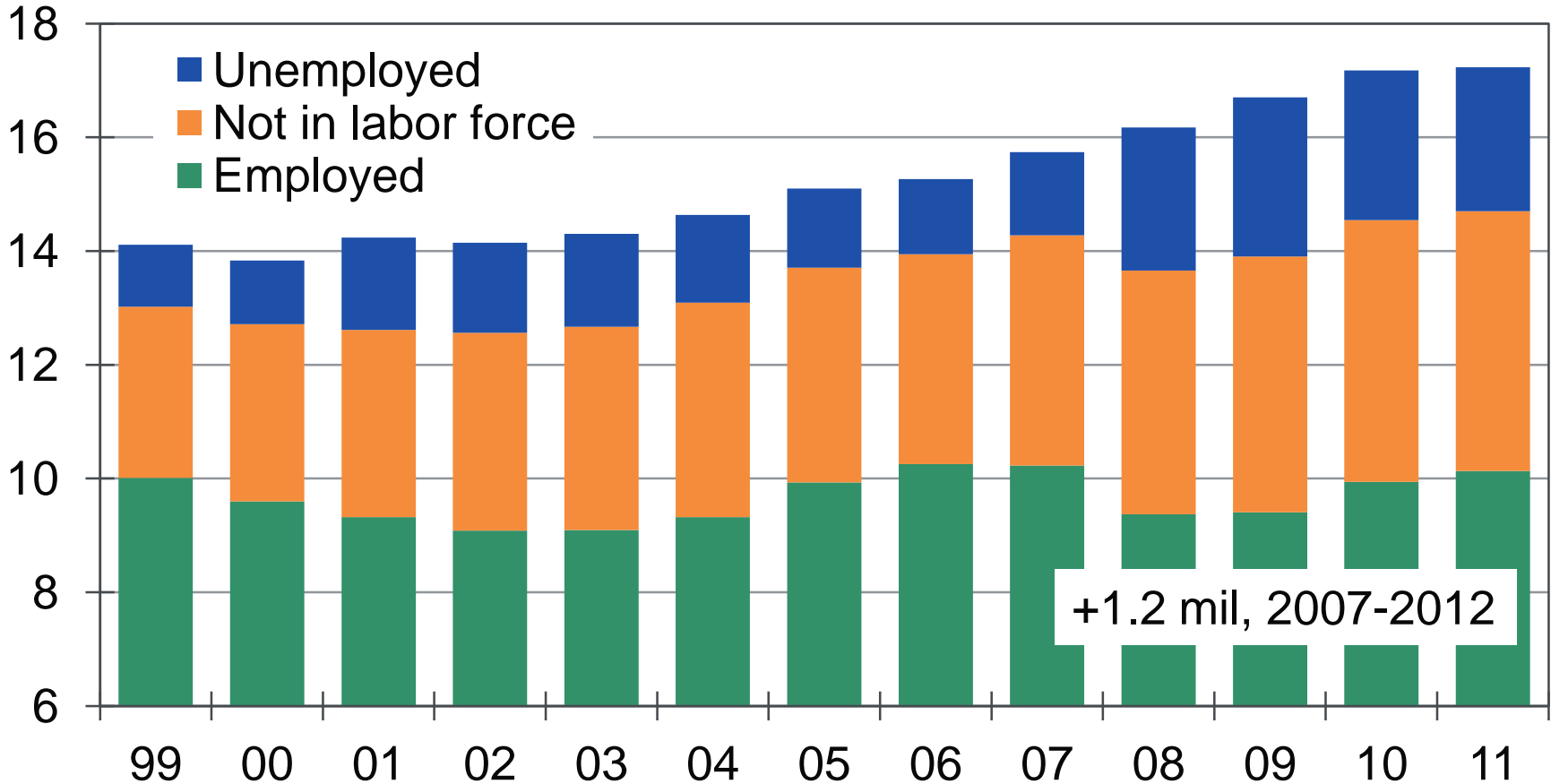
Light vehicle sales, mil



Sources: BEA, Moody's Analytics

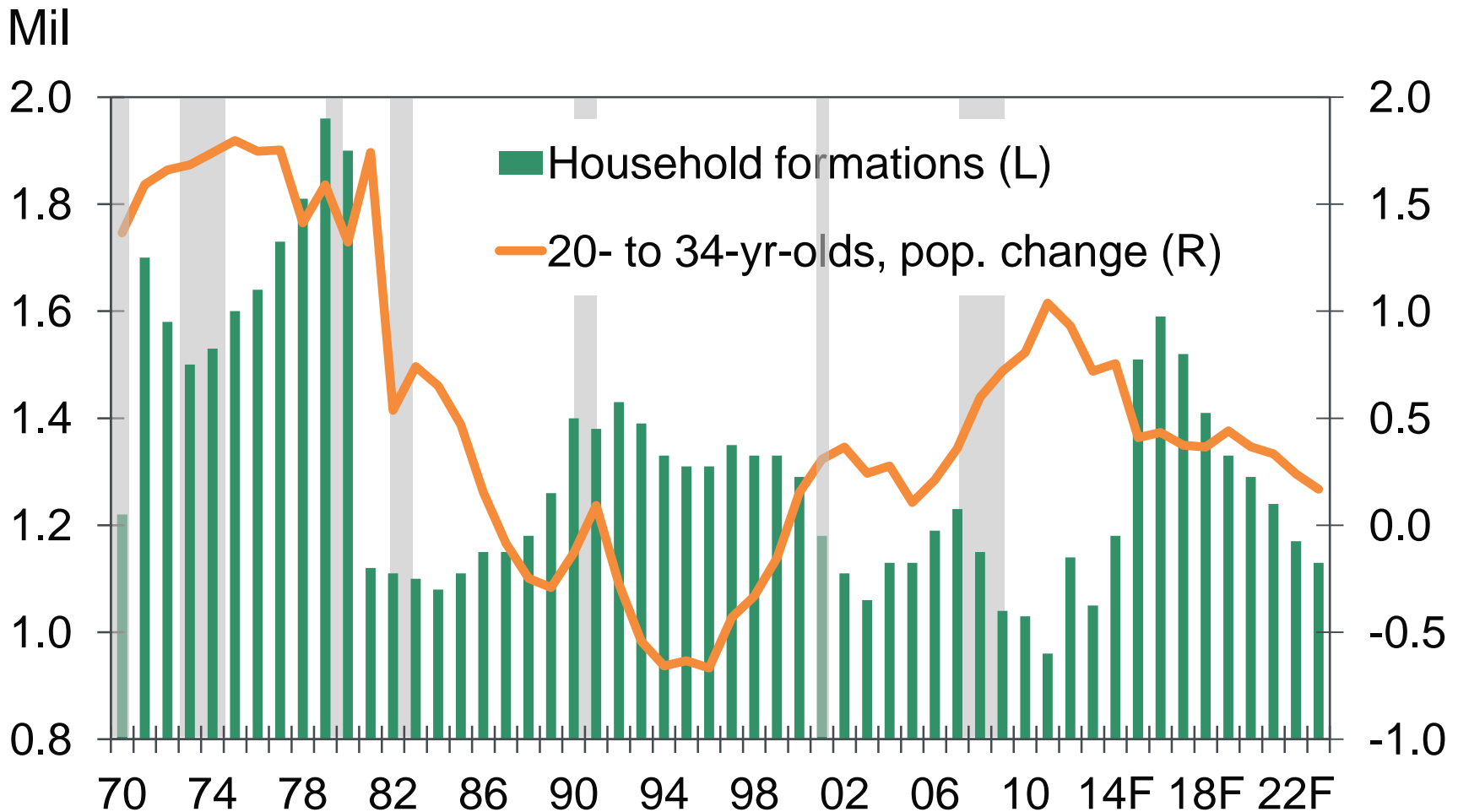
## ...As Households Are Bottled Up...

Additional adult children, by employment status, mil



Sources: Census Bureau, IPUMS USA, University of Minnesota, Moody's Analytics

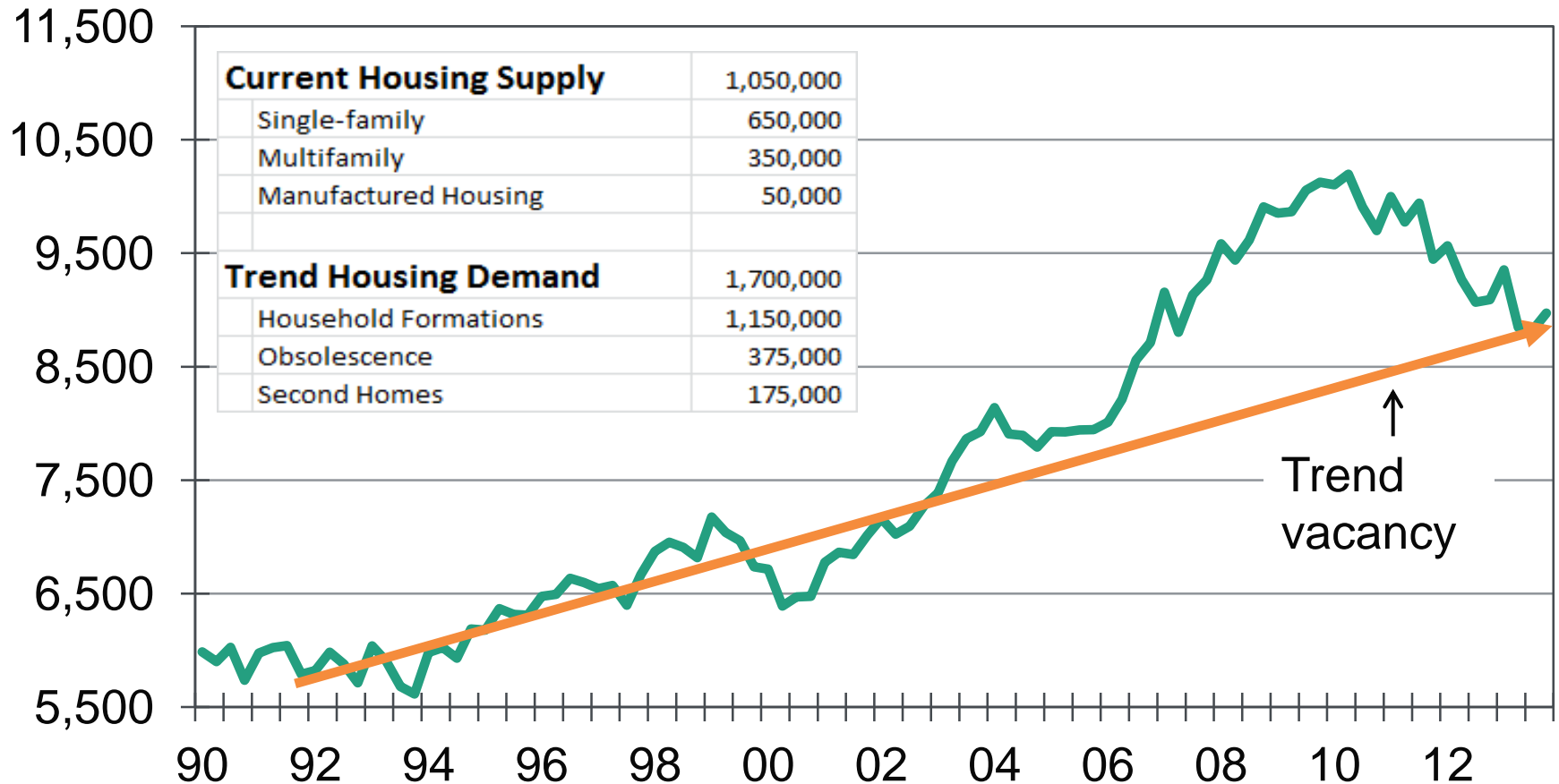
# ...And the Young Adult Cohort Is Growing Fast



Sources: Census Bureau, Moody's Analytics

# They'll Form Households and Need Places to Live

Vacant homes for sale, for rent and held off market, the

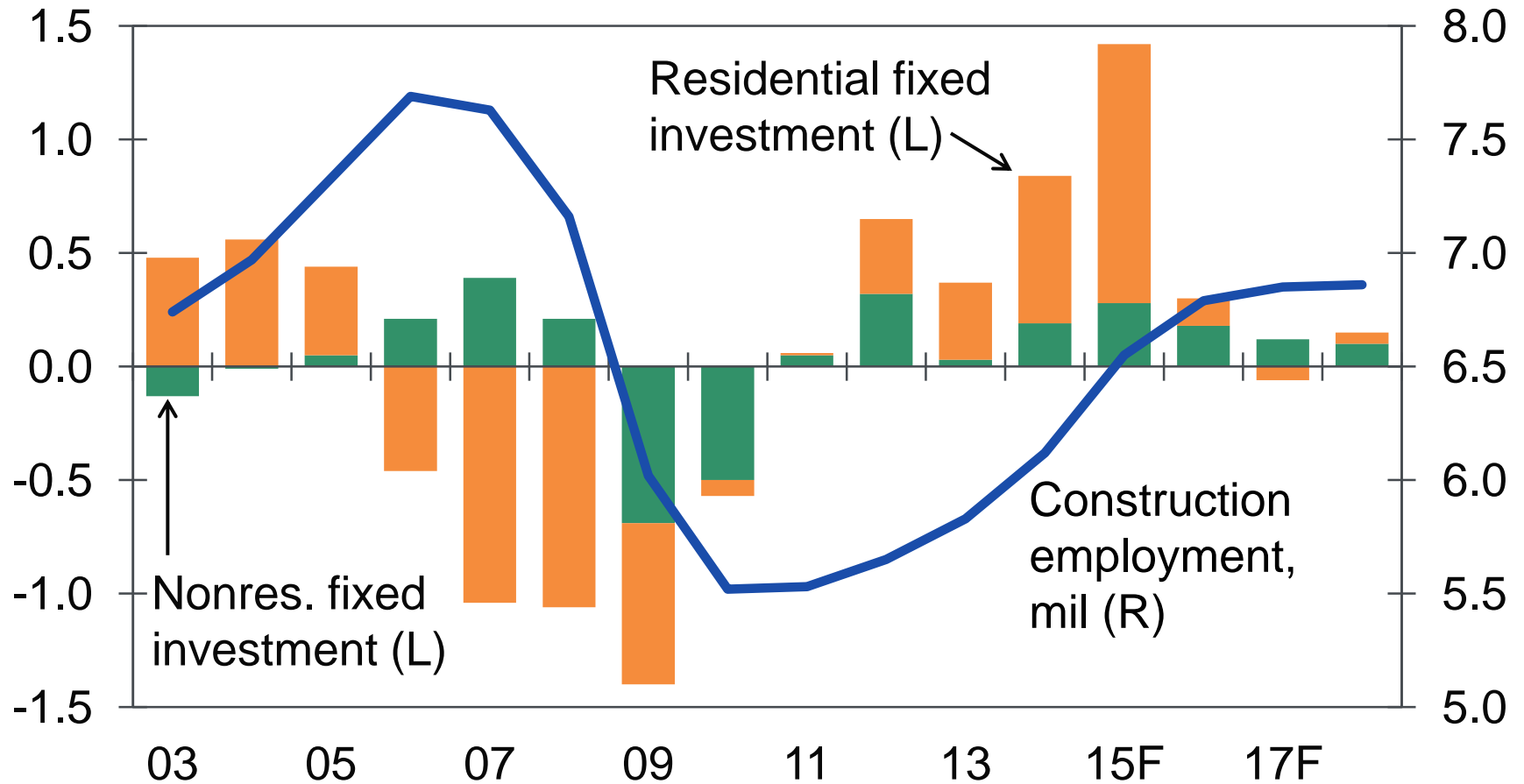


Sources: Census Bureau, Moody's Analytics



# Construction Recovery Is Vital

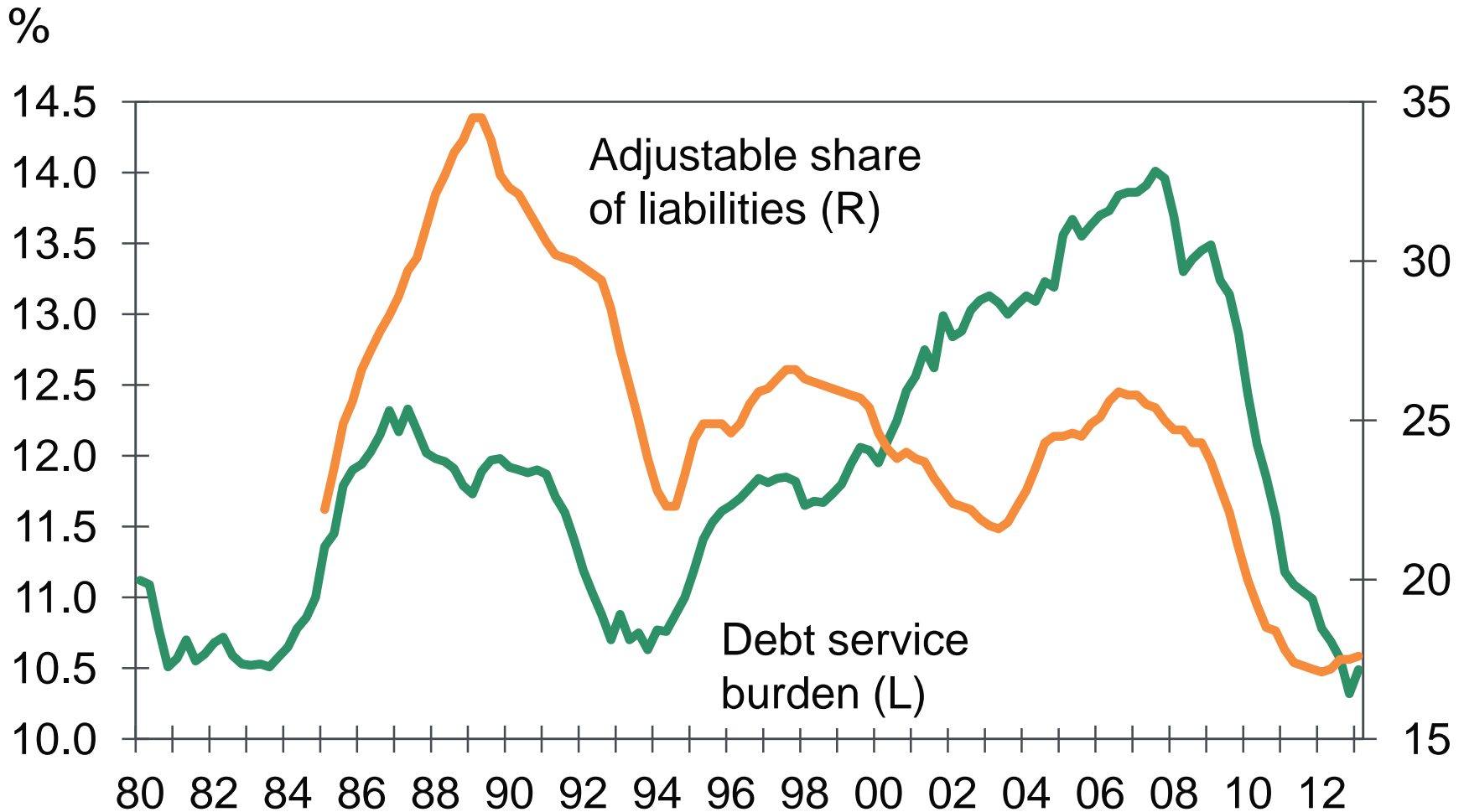
Fixed investment, direct contributions to real GDP growth\*, ppts



Sources: BEA, Moody's Analytics

\*Ex multiplier effects

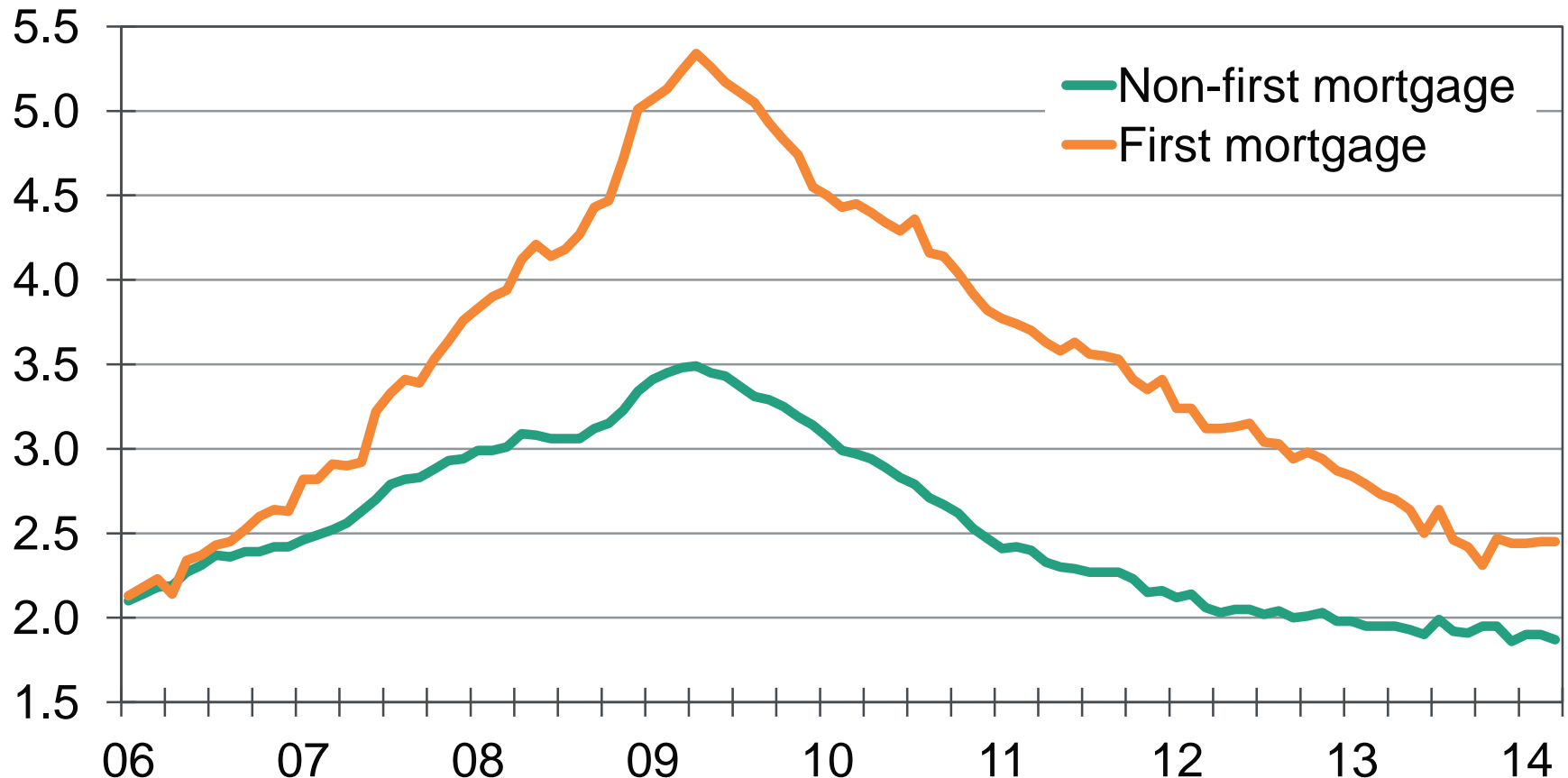
# Households De-Lever and Lock-In...



Sources: Federal Reserve, BEA, Moody's Analytics

## ...And Are Paying Their Debts on Time

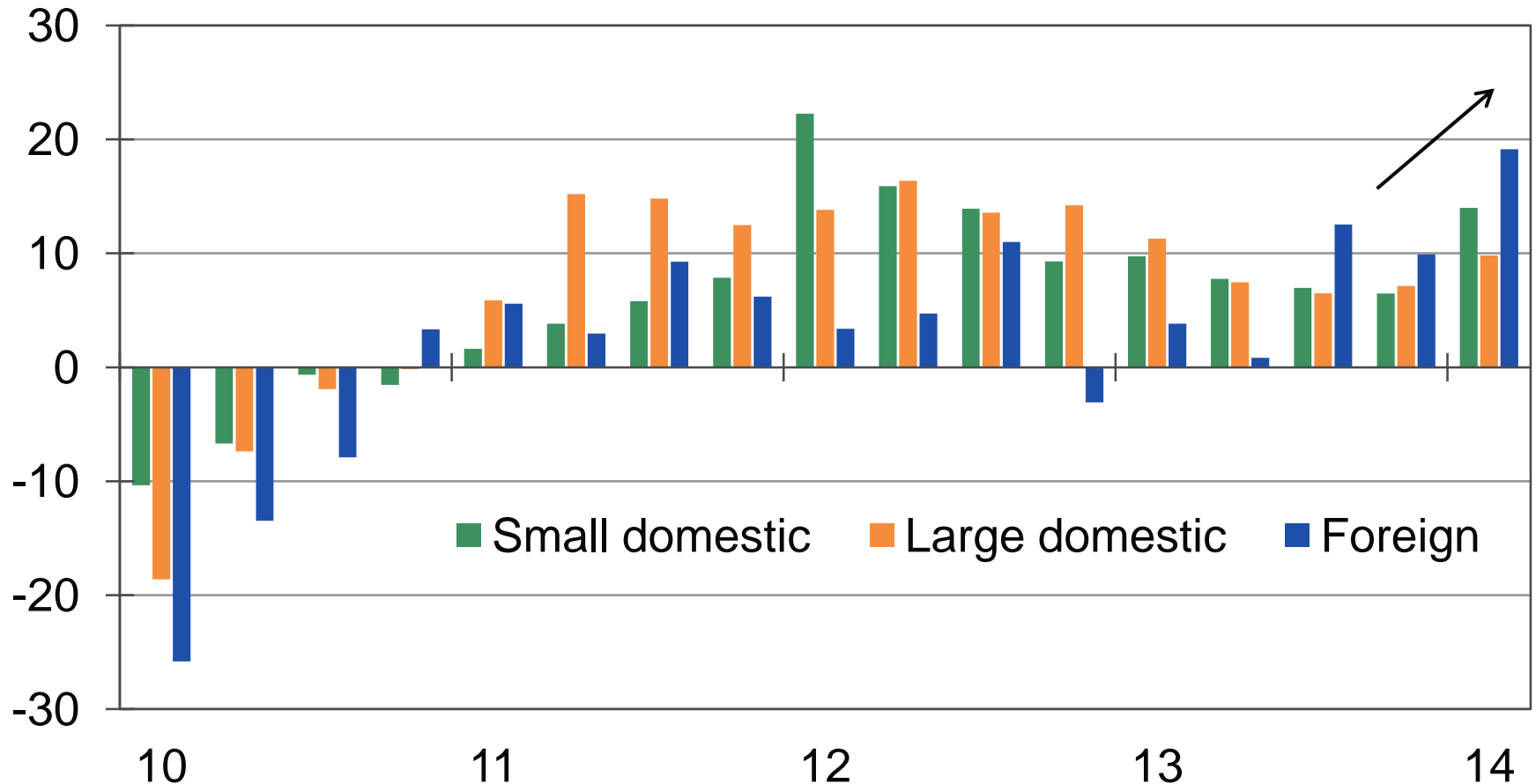
30-90 day delinquency rate, % of \$



Sources: Equifax, Moody's Analytics

# Business Credit Growth Accelerates

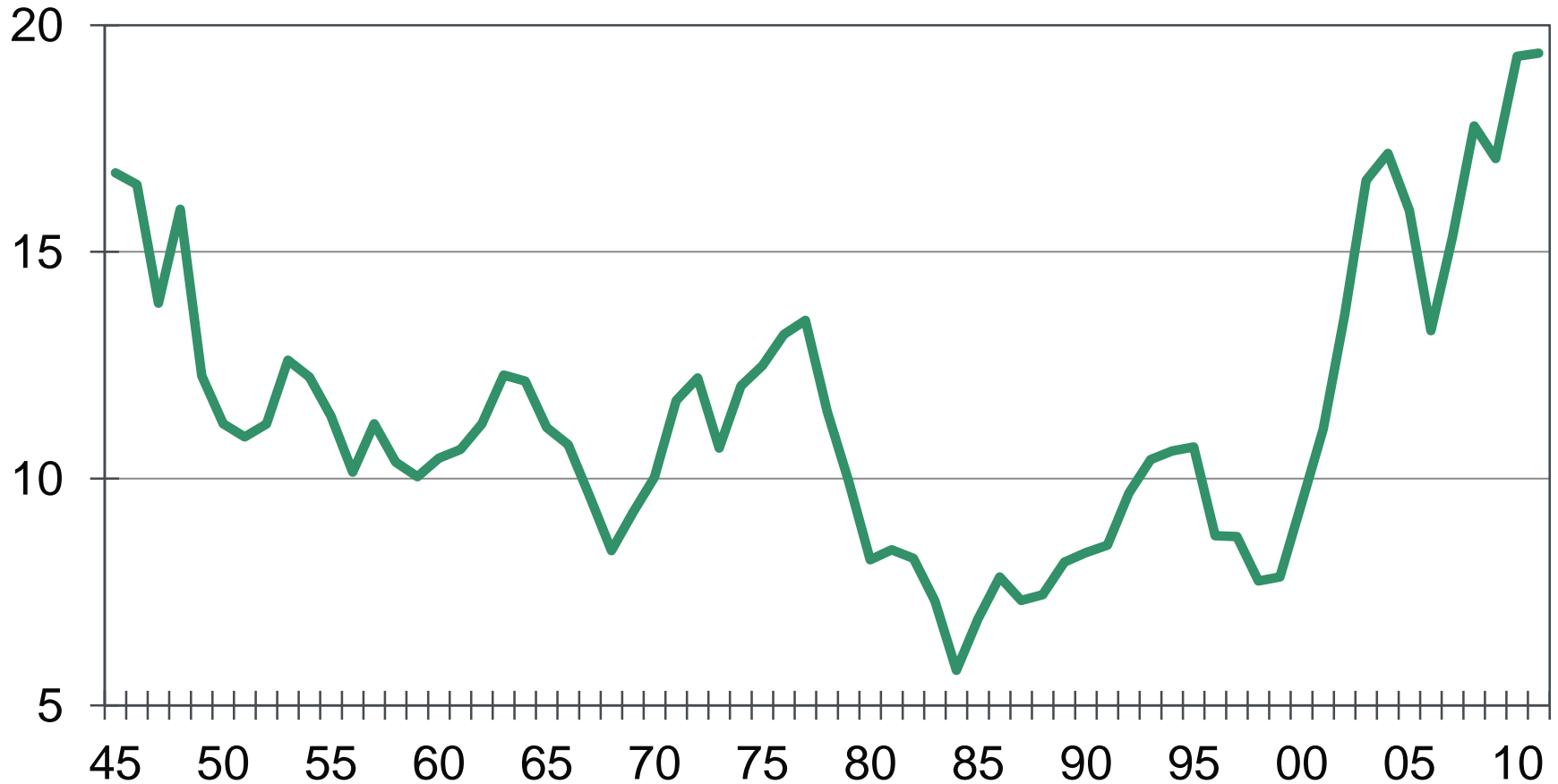
Commercial and industrial loans, annualized % change



Sources: Federal Reserve, Moody's Analytics

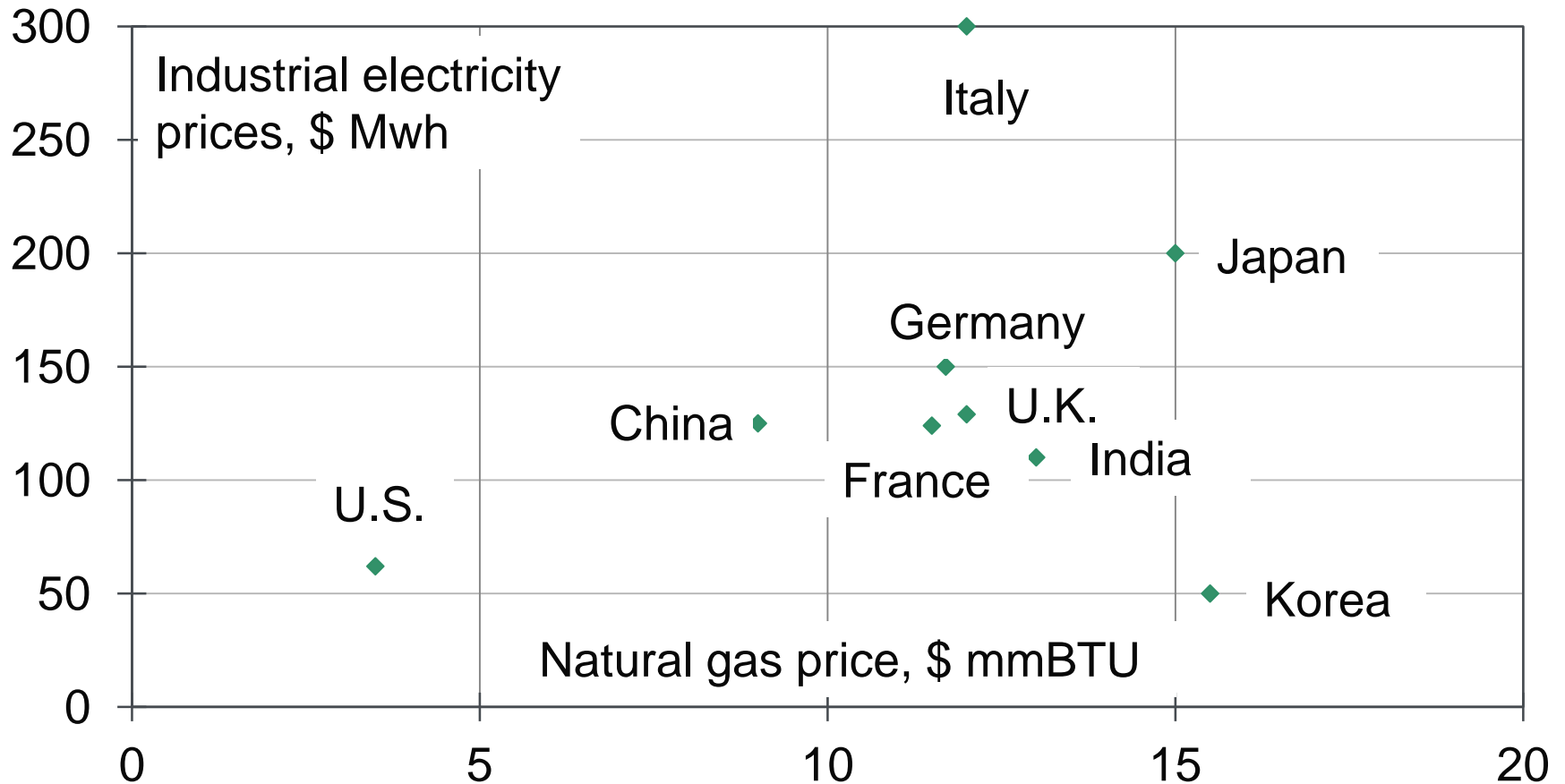
# Businesses Have Never Been as Profitable...

After-tax corporate profit margin, %



Sources: BEA, Moody's Analytics

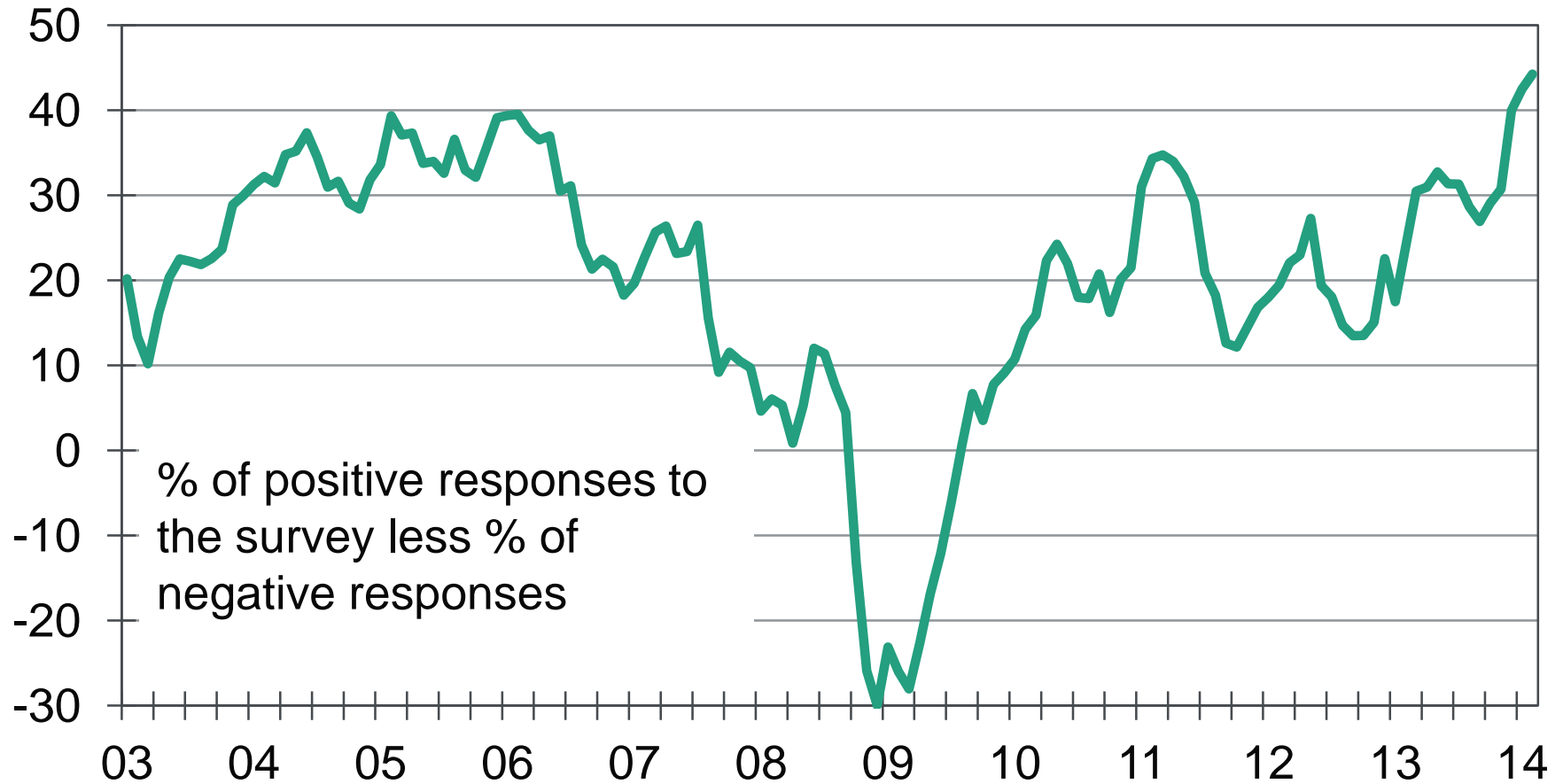
## ...They Have a Large Energy Advantage...



Sources: Country sources, Moody's Analytics

# ...And They Are Getting Their Groove Back

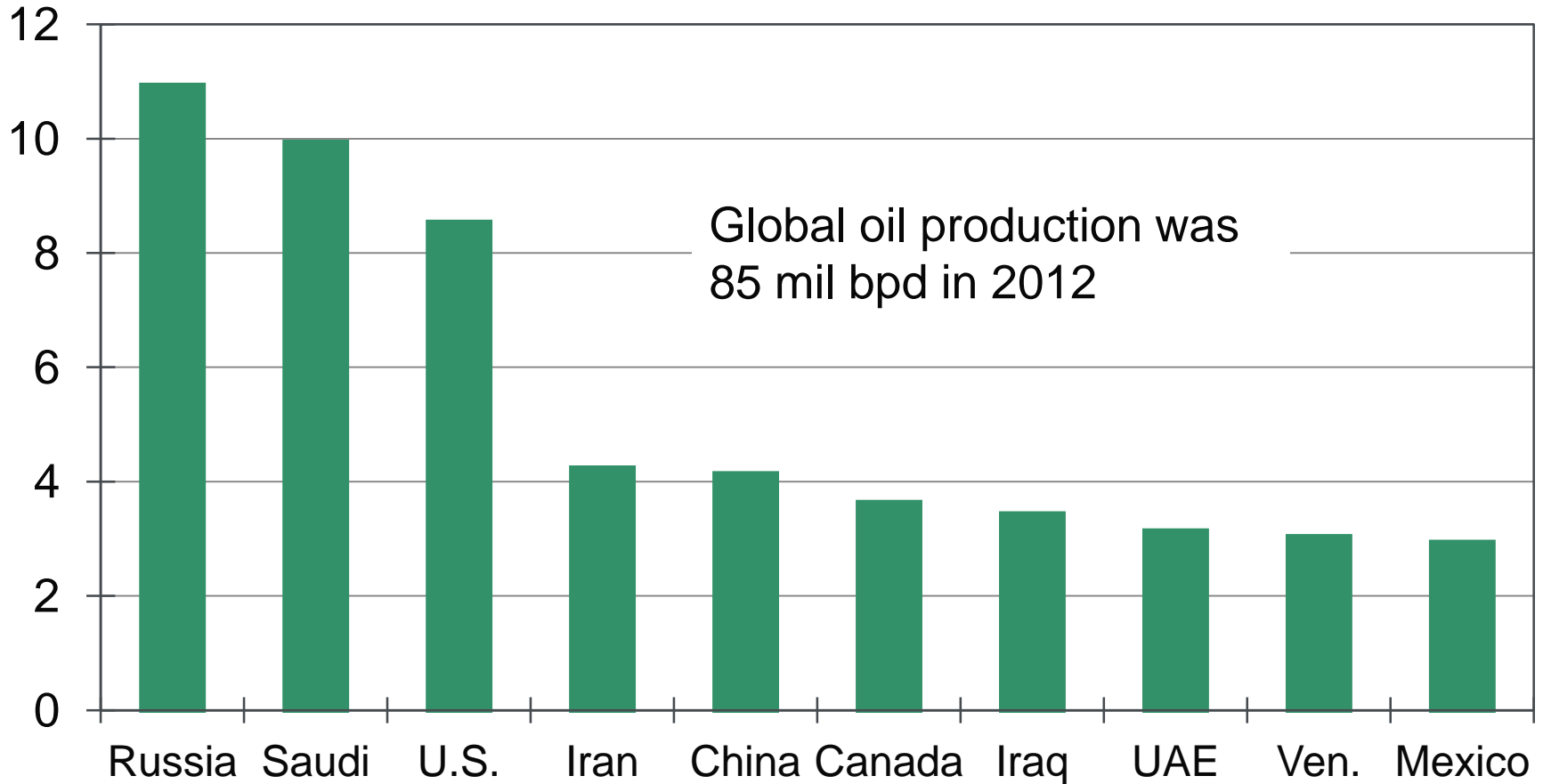
U.S. business confidence diffusion index



Source: Moody's Analytics

# Ukraine-Russia Conflict Is a Threat

Oil production, mil bpd, 2012



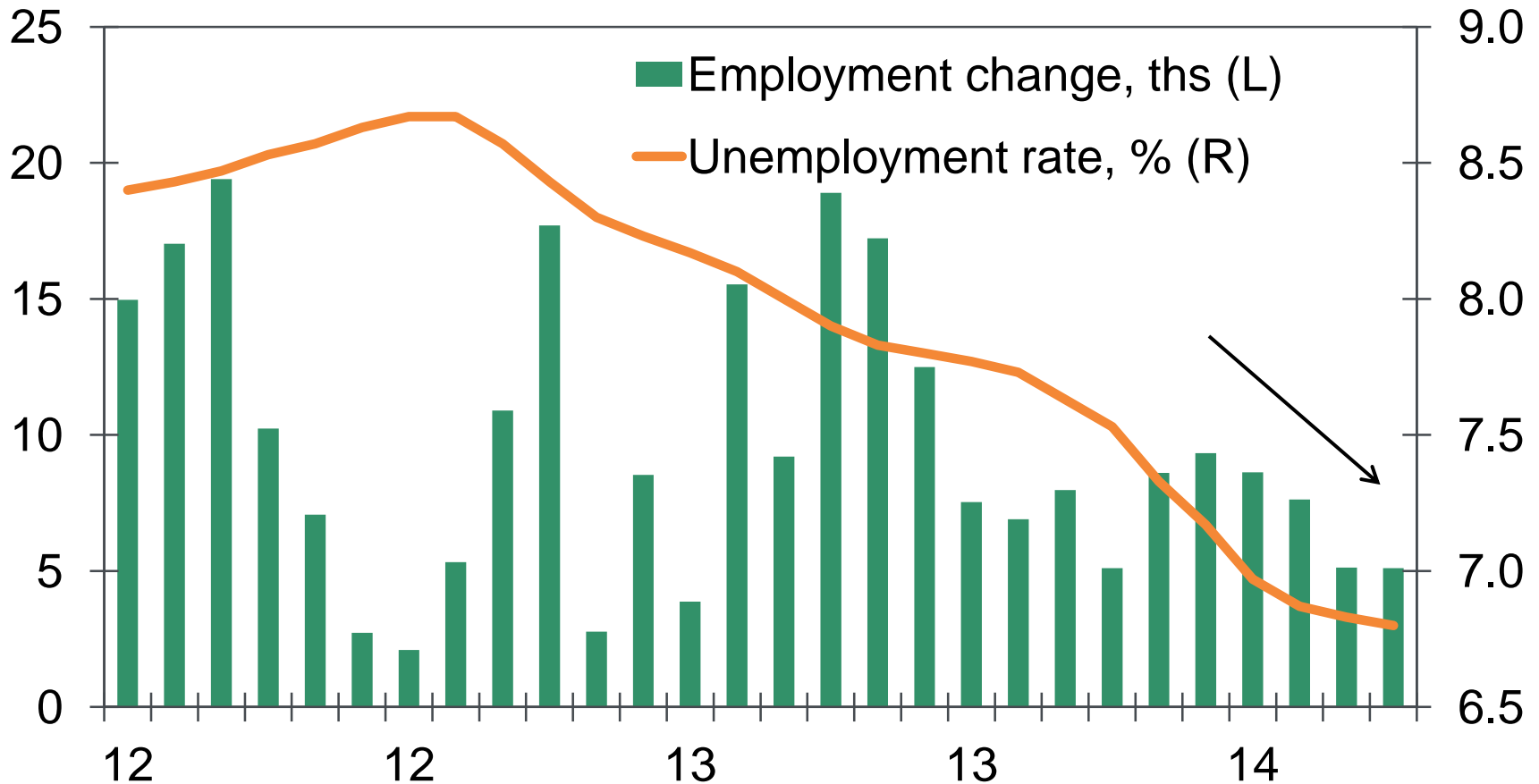
Sources: International Energy Agency, Moody's Analytics



# The New York Outlook

# Job Gains Slow in New York

Ths, 3-mo MA



Sources: BLS, Moody's Analytics

# Payroll Employment—Northeast States

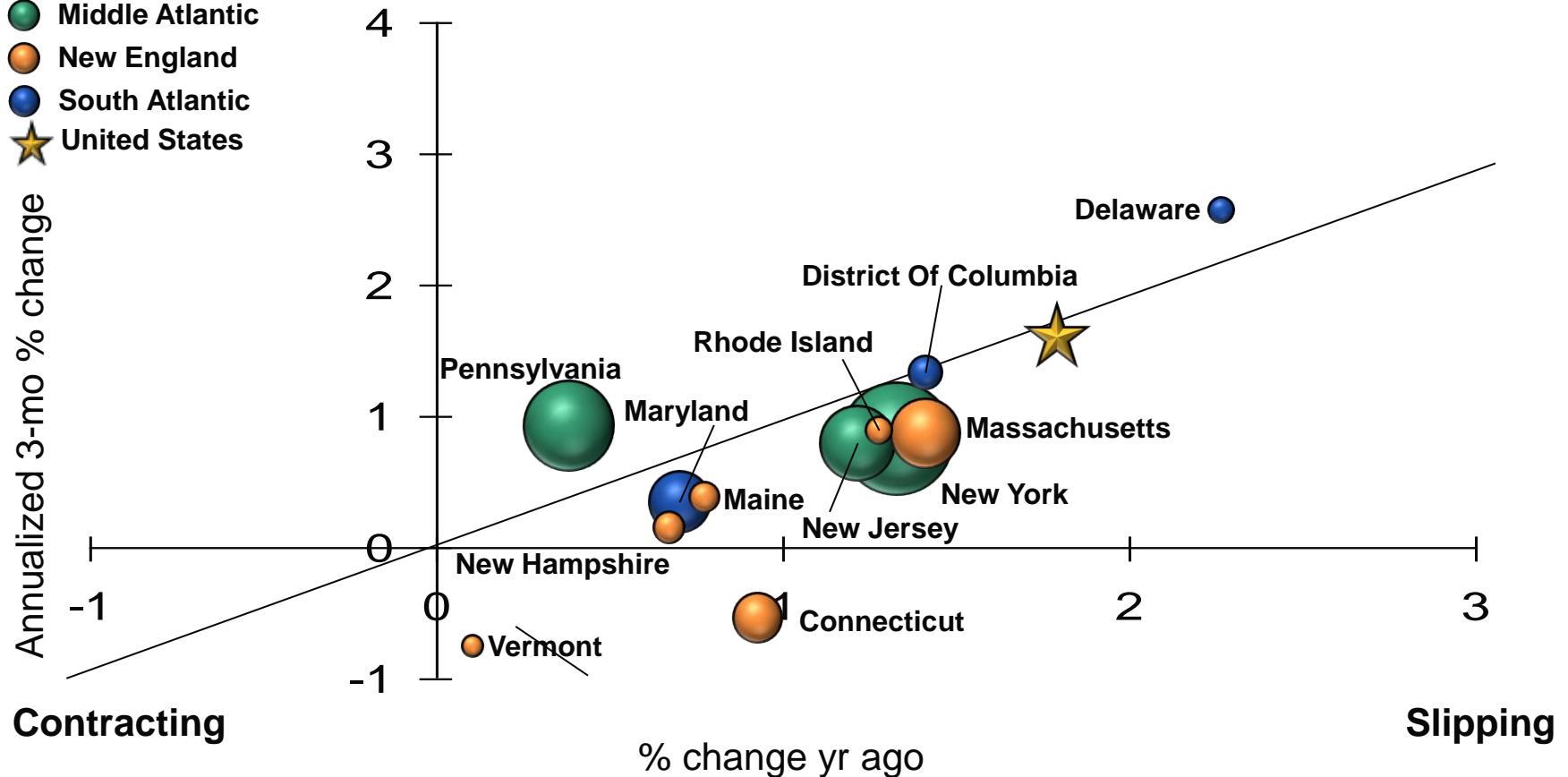
1-yr vs. 3-mo performance (3-mo. MA)

October 2013

Expanding

Improving

- Middle Atlantic
- New England
- South Atlantic
- ★ United States



Note: Size reflects relative total employment

# Payroll Employment—Northeast MSAs

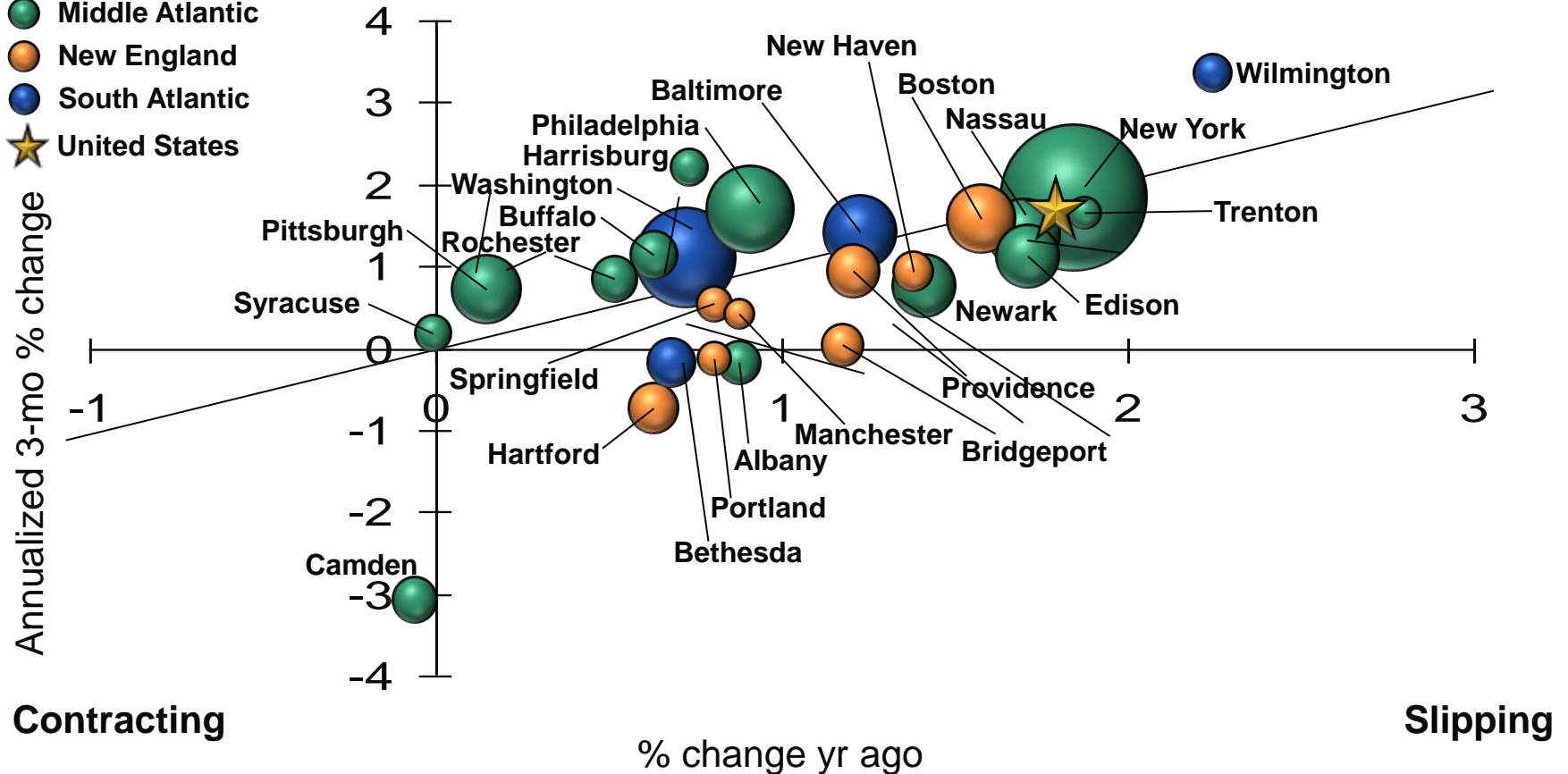
1-yr vs. 3-mo performance (3-mo. MA)

October 2013

Improving

Expanding

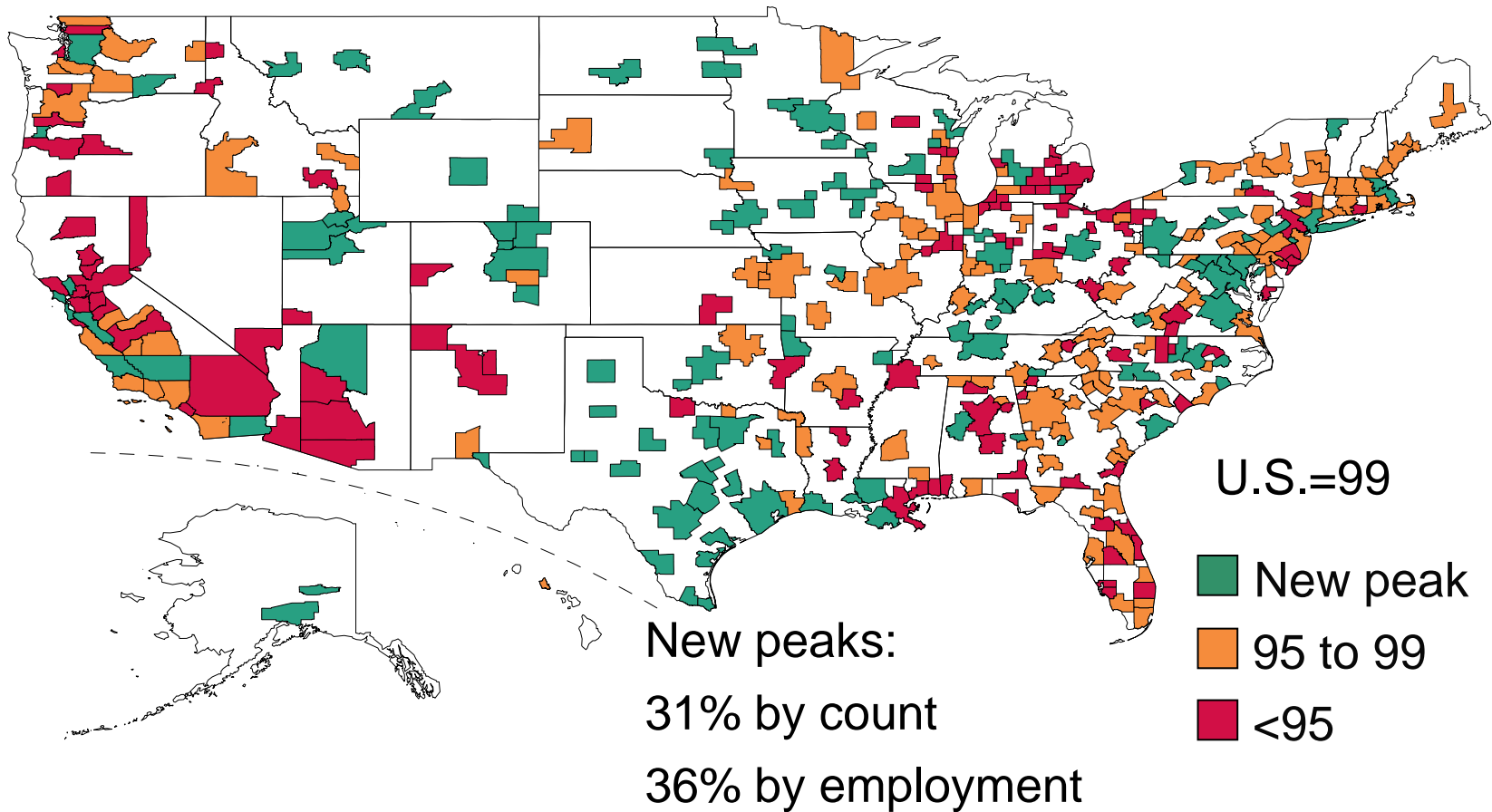
- Middle Atlantic
- New England
- South Atlantic
- ★ United States



Note: Size reflects relative total employment

# New Employment Peaks Spread From Center

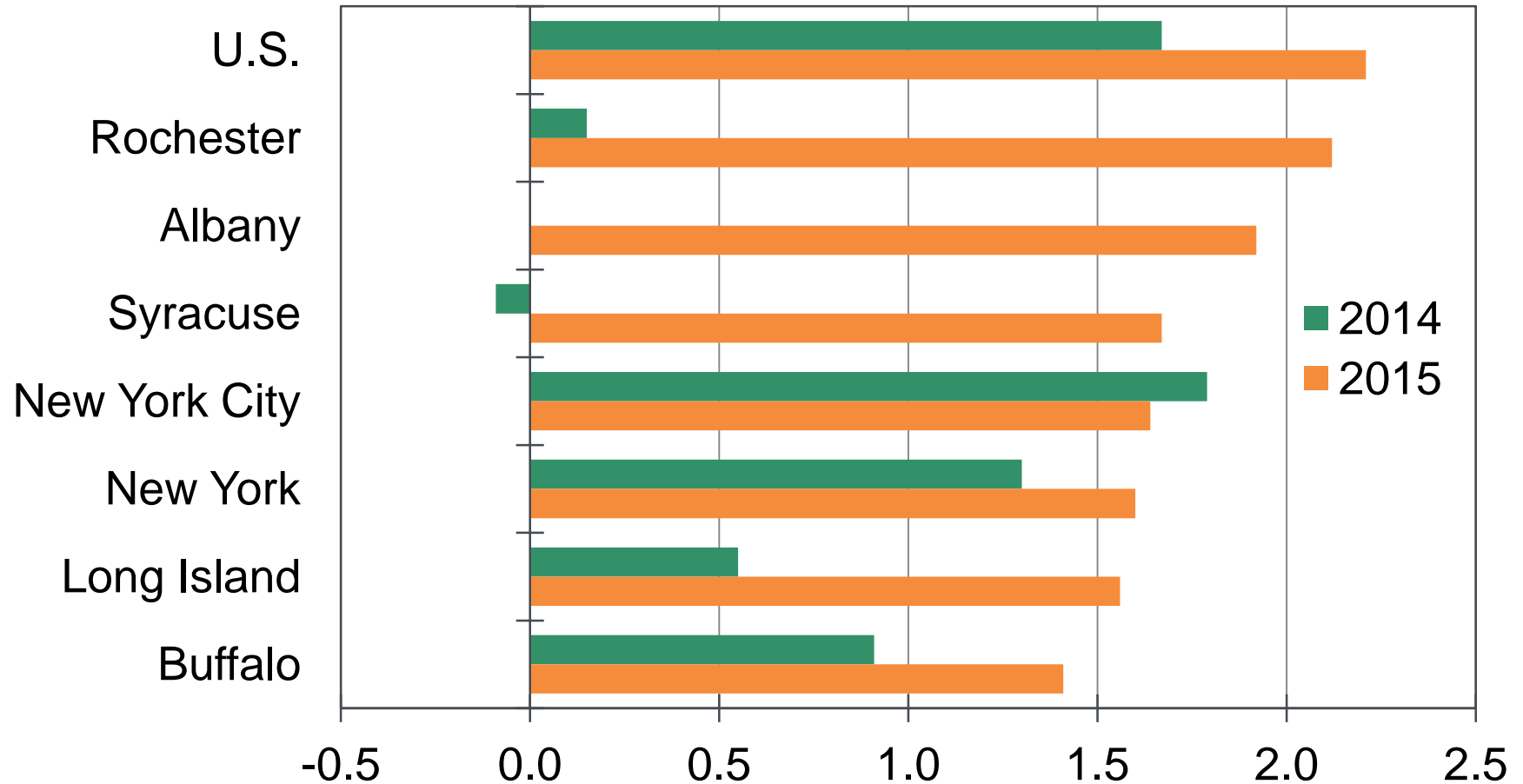
Total employment, % of previous business cycle peak, 2013Q4



Sources: BLS, Moody's Analytics

# Upstate Will Bounce Back From Harsh Winter

Employment, % change yr ago, Q4

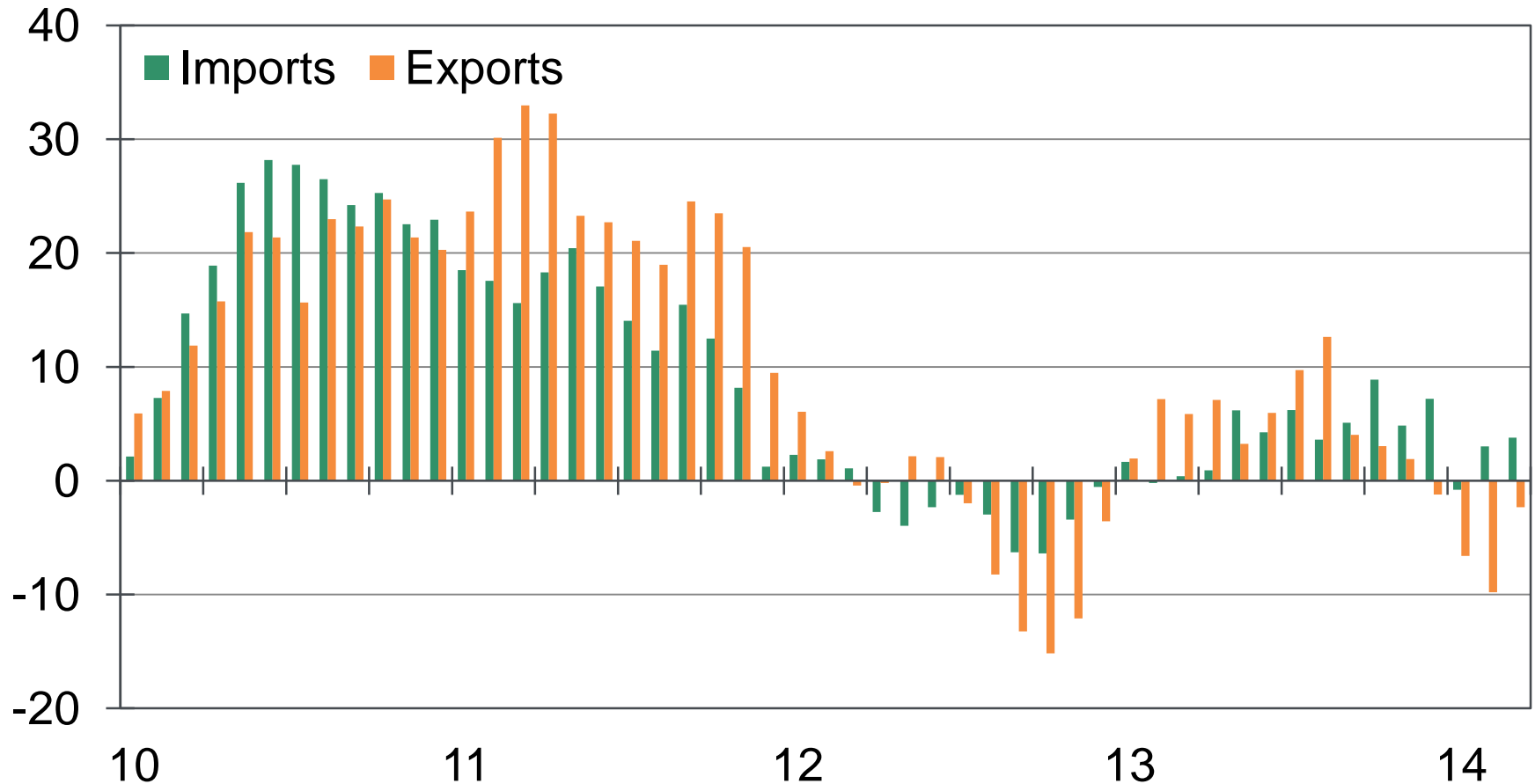


Sources: BLS, Moody's Analytics



# Imports Picking Up the Slack for Now

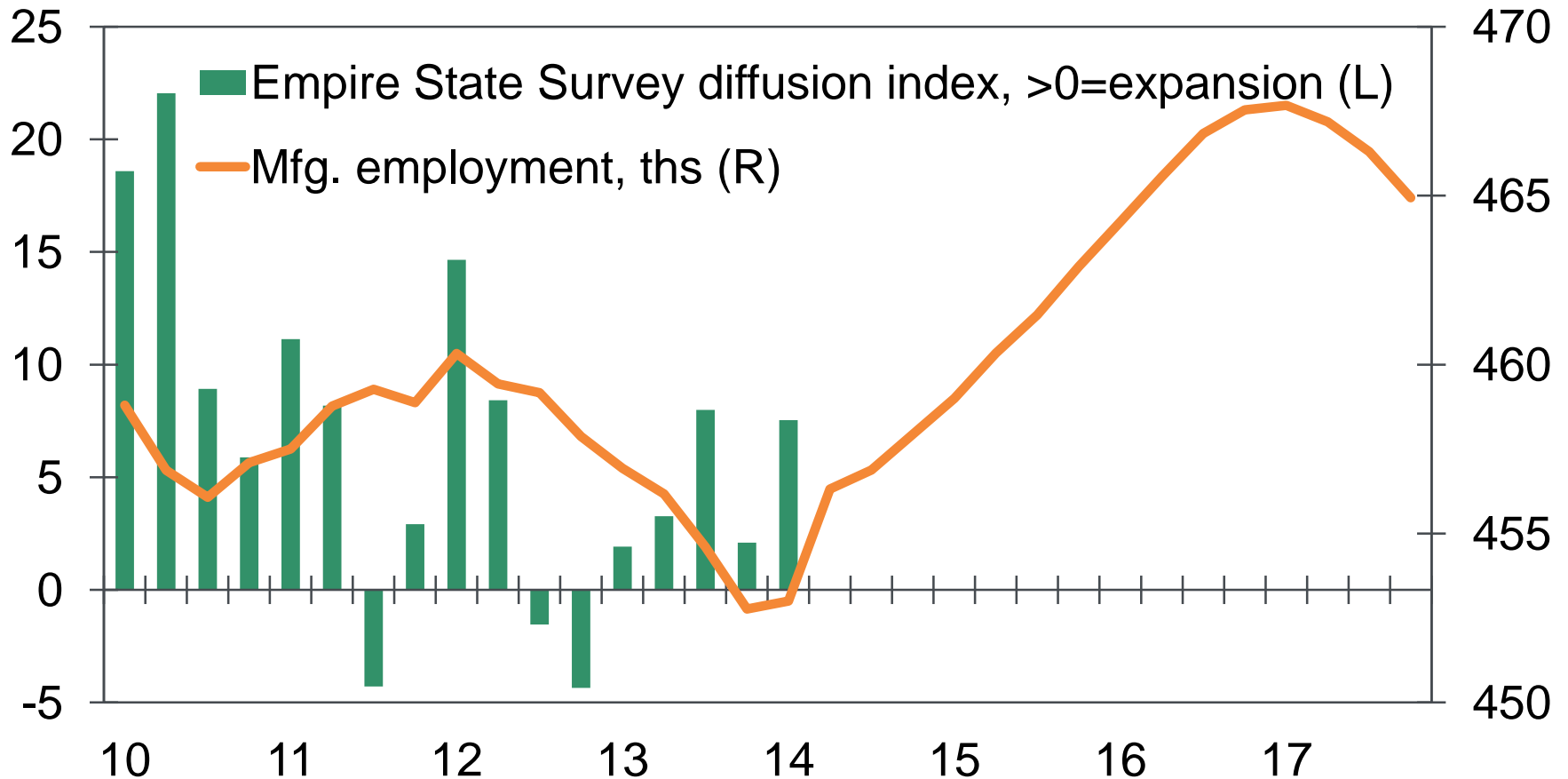
Trade through New York, % change yr ago, 3-mo MA



Sources: Census Bureau, Moody's Analytics



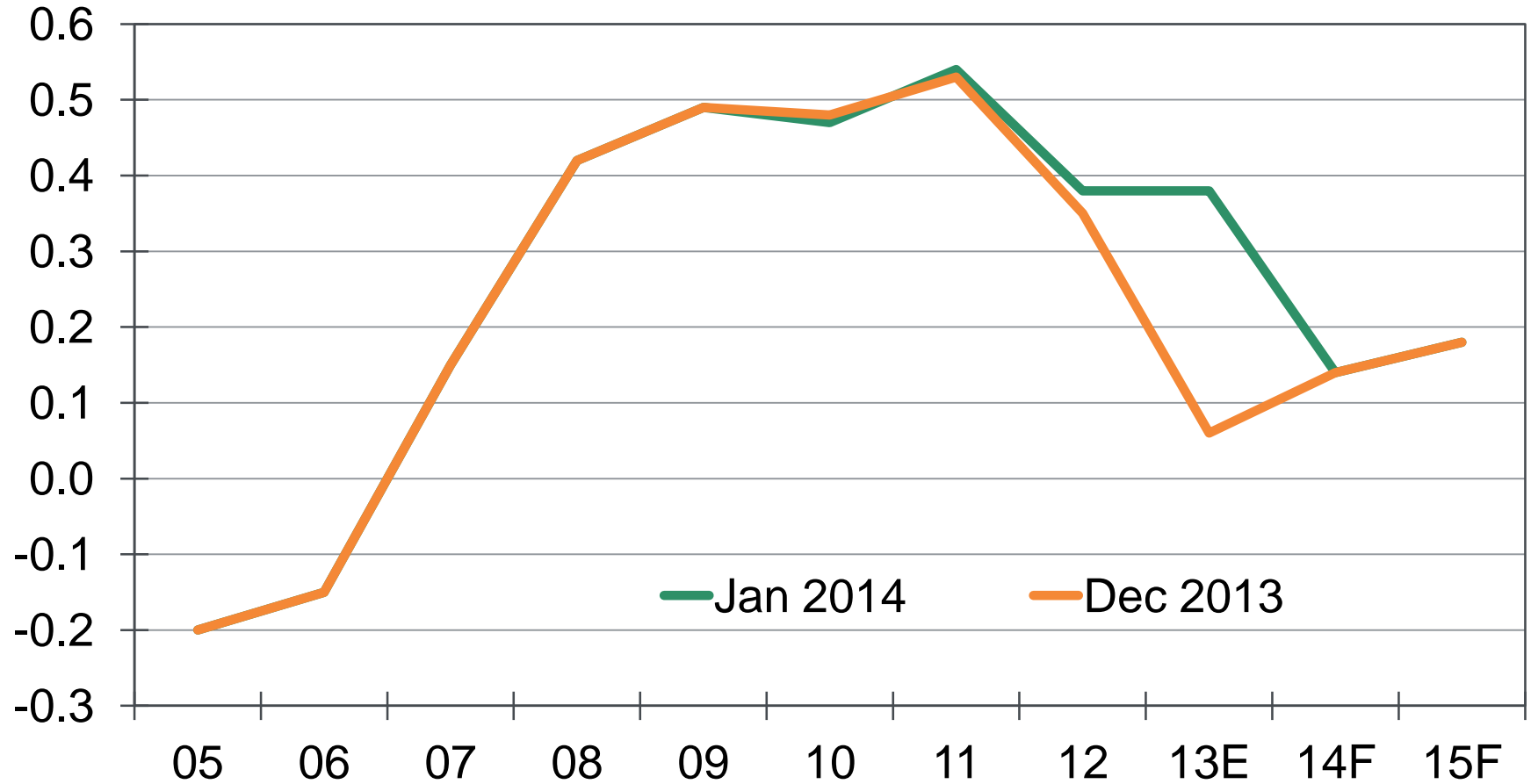
# Manufacturing's Secular Decline Will Return



Sources: NY Fed, BLS, Moody's Analytics

# New York Retained Residents in 2013

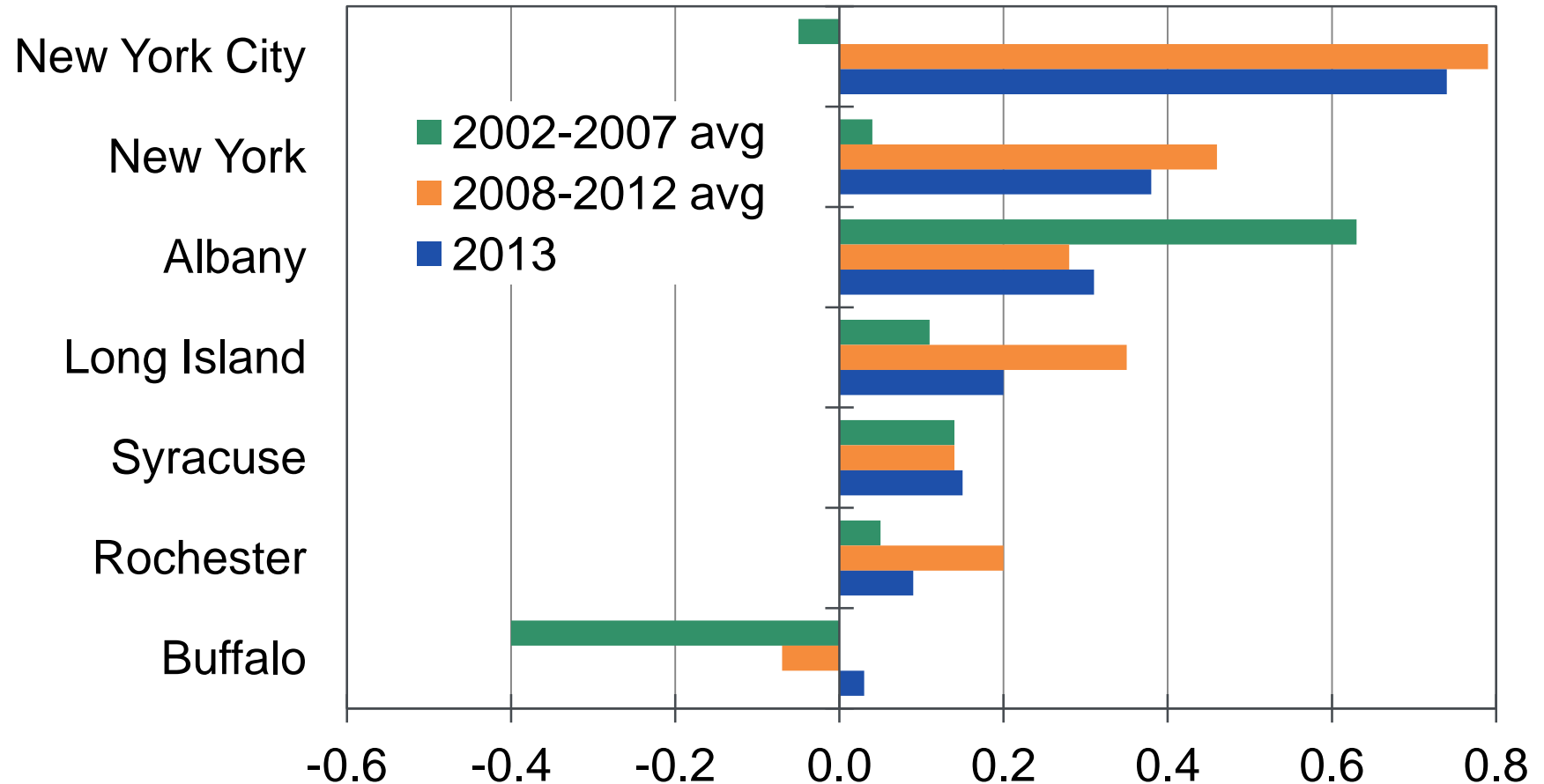
Population, % change yr ago



Sources: Census Bureau, Moody's Analytics

# Population Bests Prerecession Average

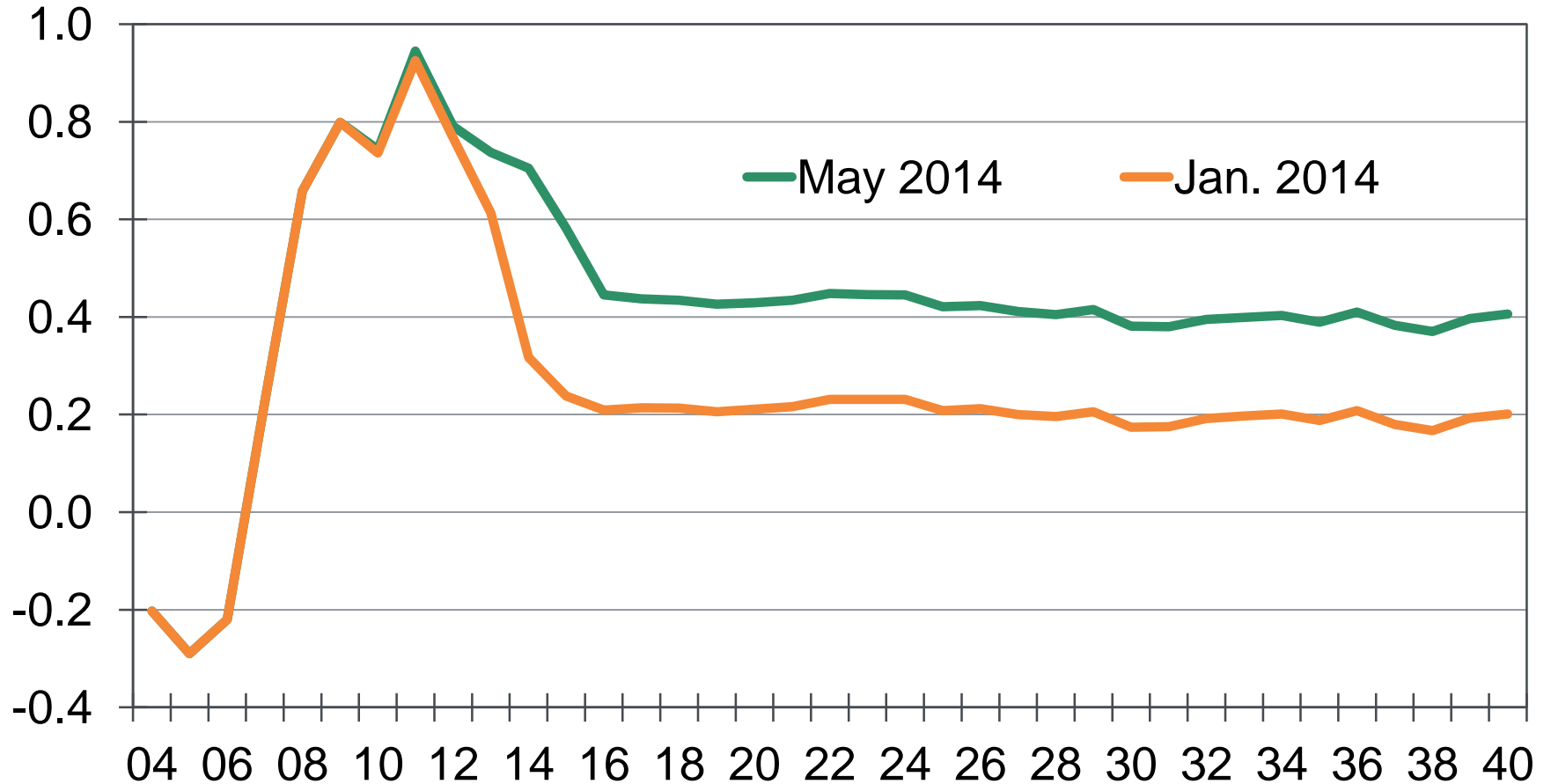
Population, % change



Sources: Census Bureau, Moody's Analytics

# Stronger New York City Forecast As a Result

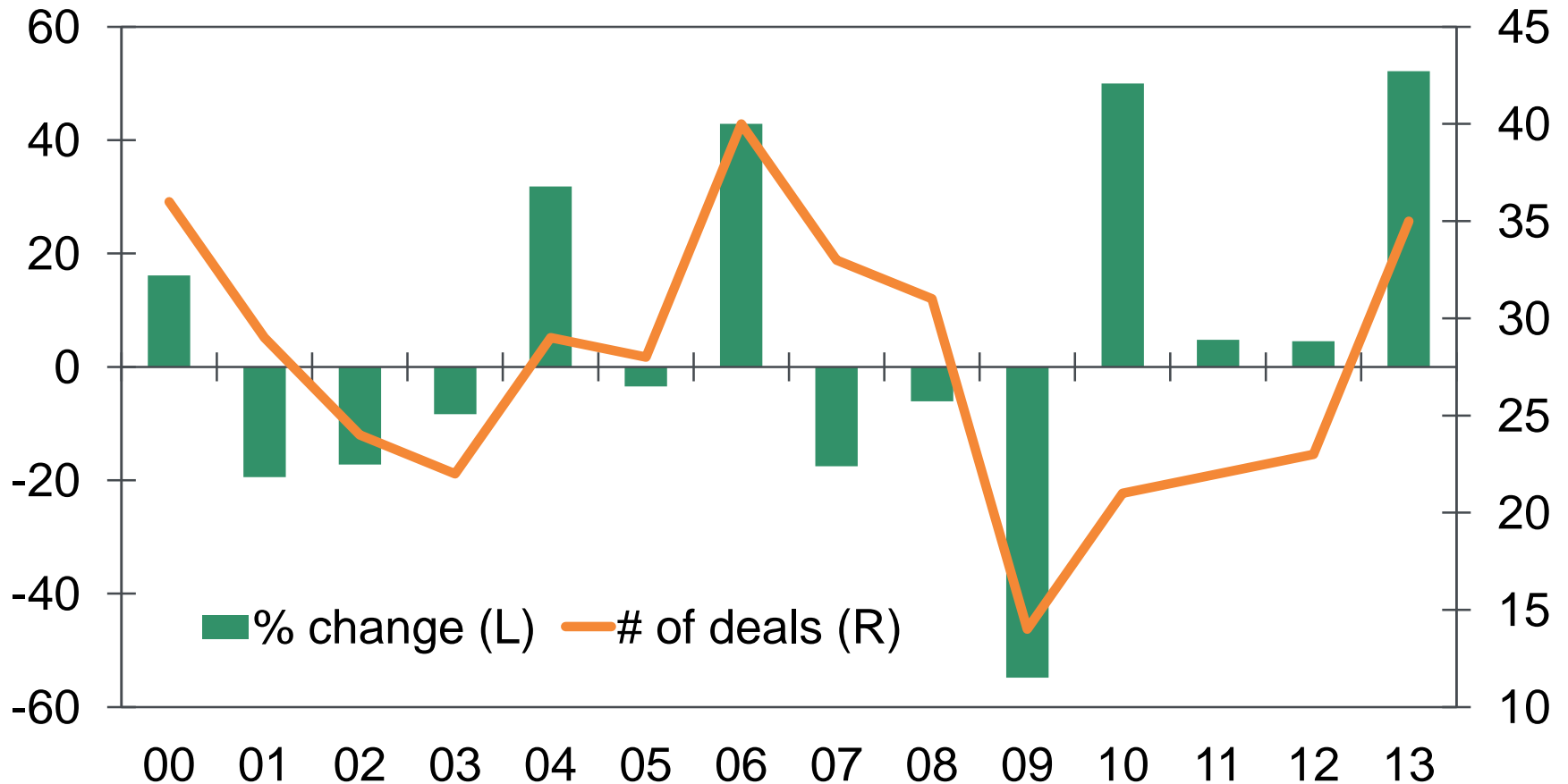
New York City population, % change yr ago



Sources: Census Bureau, Moody's Analytics

# Money Flowing to New York Tech Companies

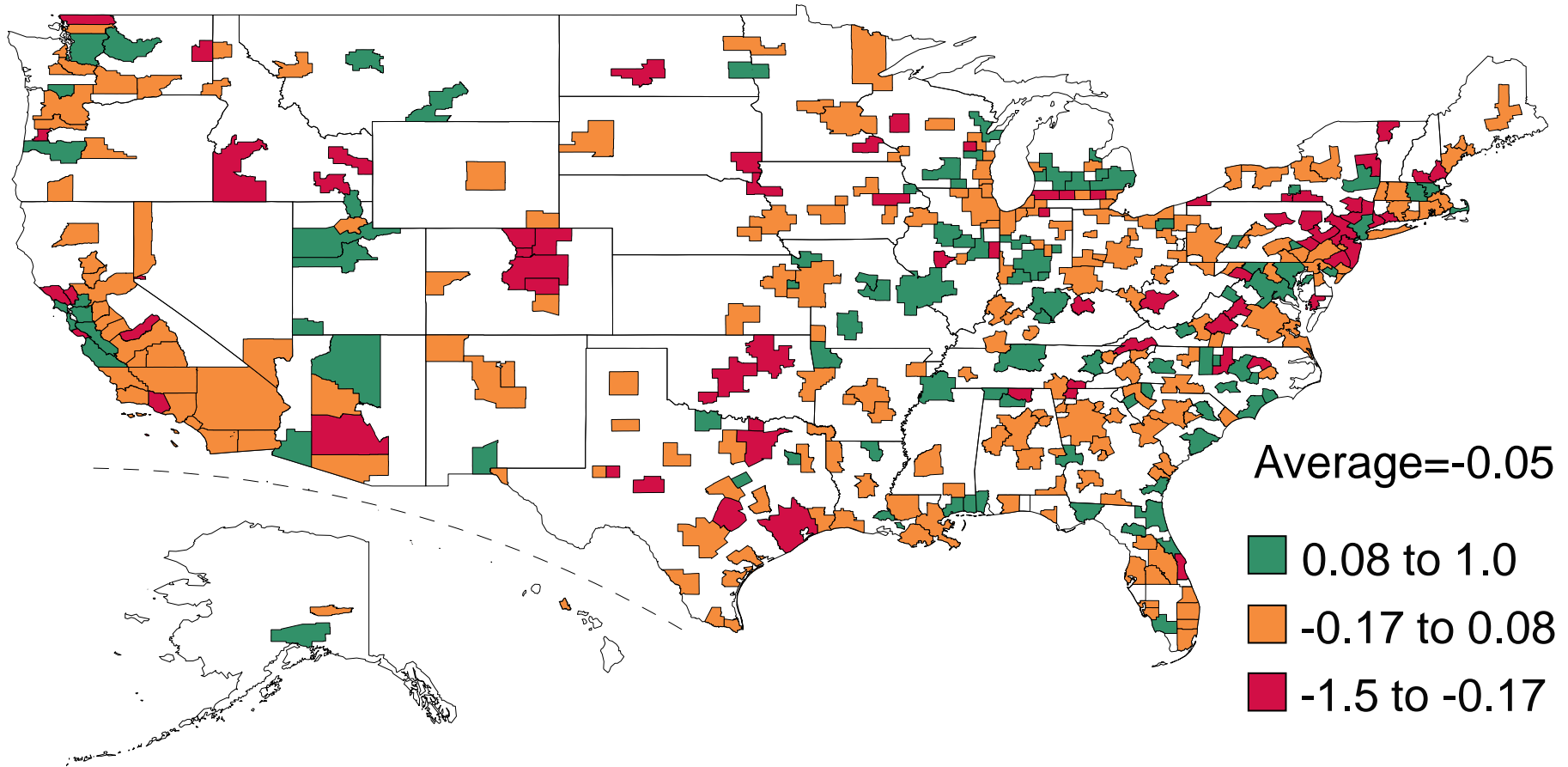
Venture capital deals in upstate New York



Sources: PWC, Moody's Analytics

# New York City, Albany Stand Out

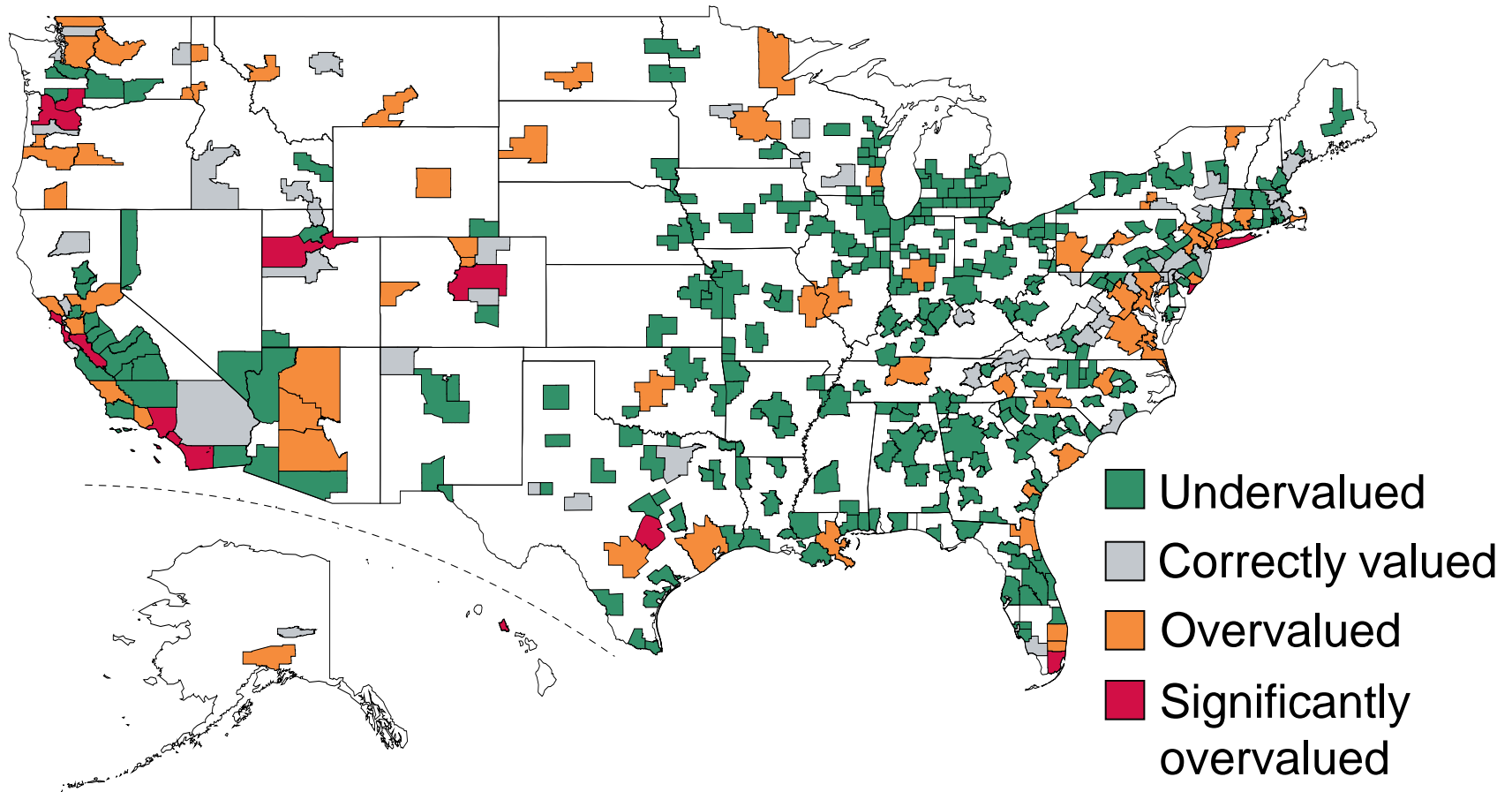
Change in high-tech location quotient since April 1999



Sources: BLS, Moody's Analytics

# Few Signs of Bubbles

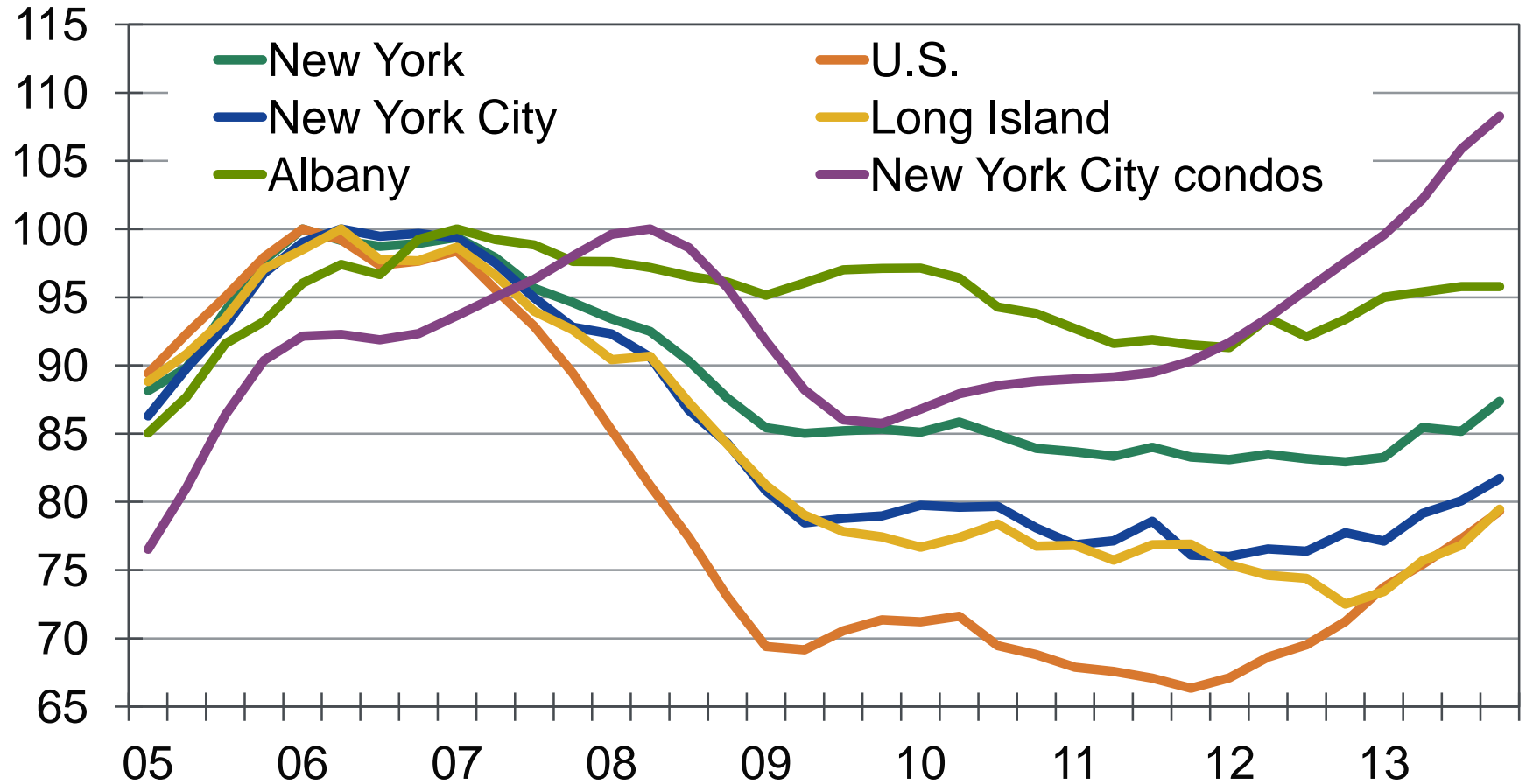
Housing valuation index, 2013Q4



Sources: CoreLogic, BEA, PPR, Moody's Analytics

# Downstate Housing Is on the Mend...

House price index, prerecession peak=100

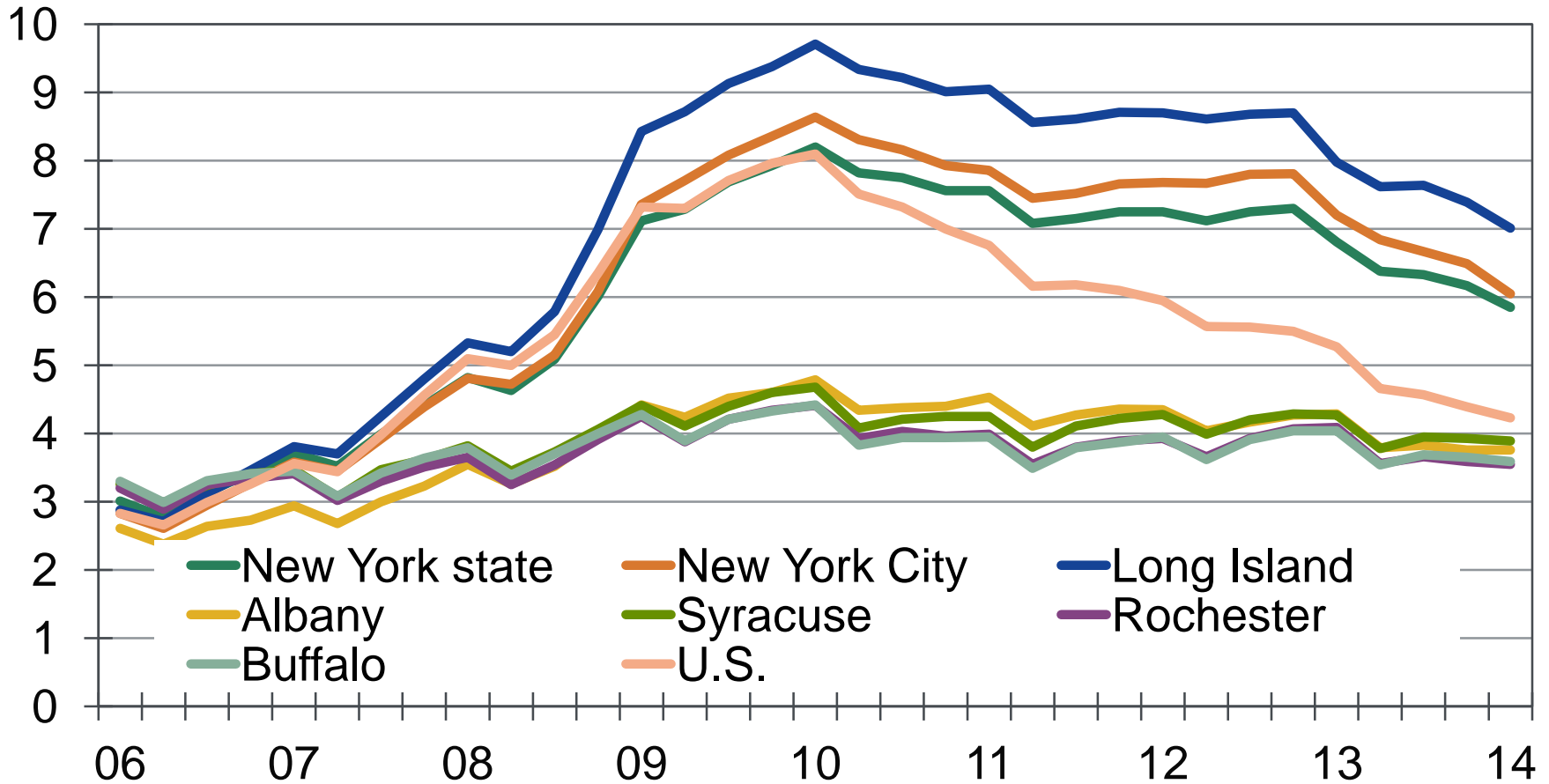


Sources: CoreLogic, Moody's Analytics



# ...As Is Consumer Credit Quality

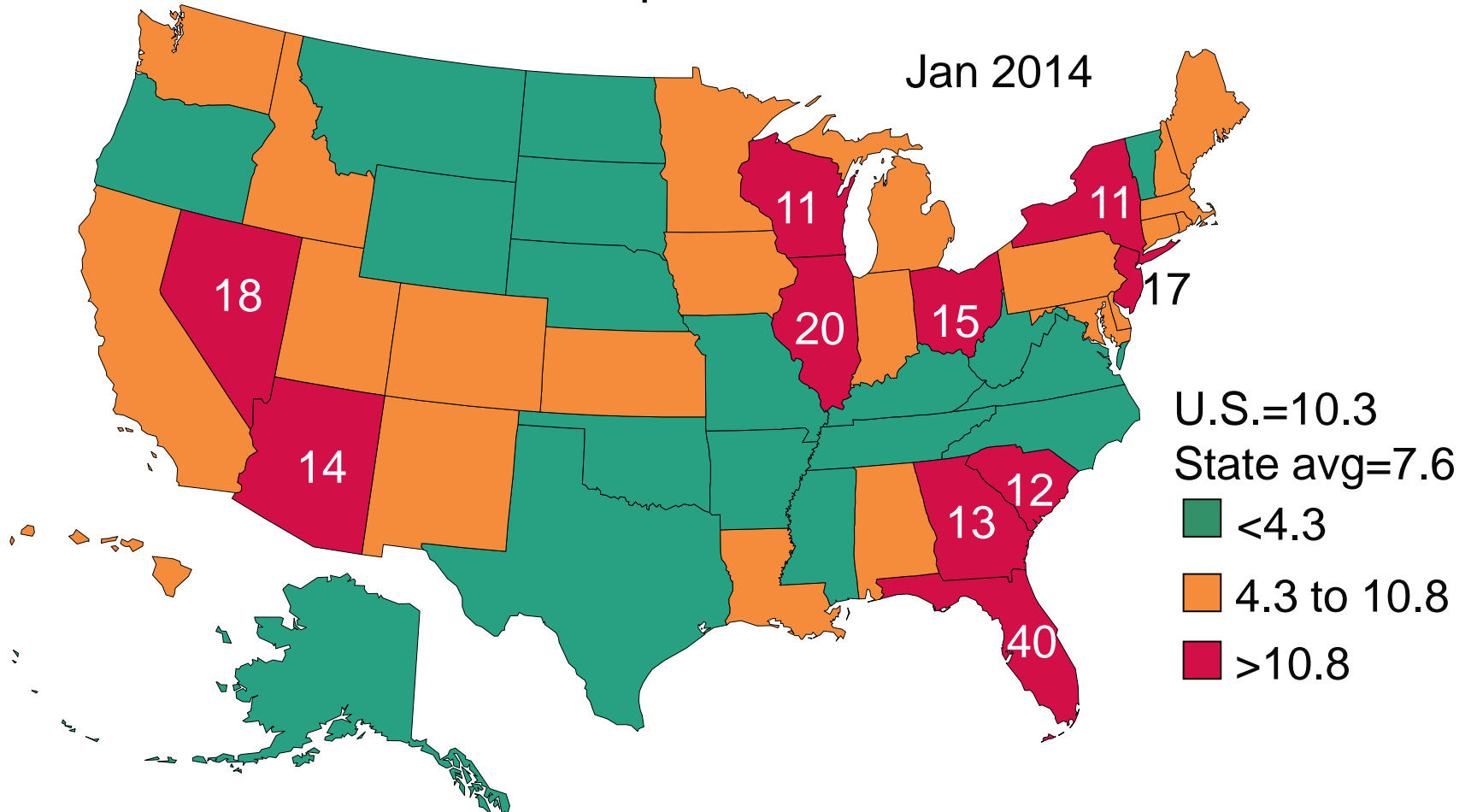
Consumer credit, all lines, delinquency rate, % of dollar volume



Sources: Equifax, Moody's Analytics

# Foreclosure Inventories Are Concentrated

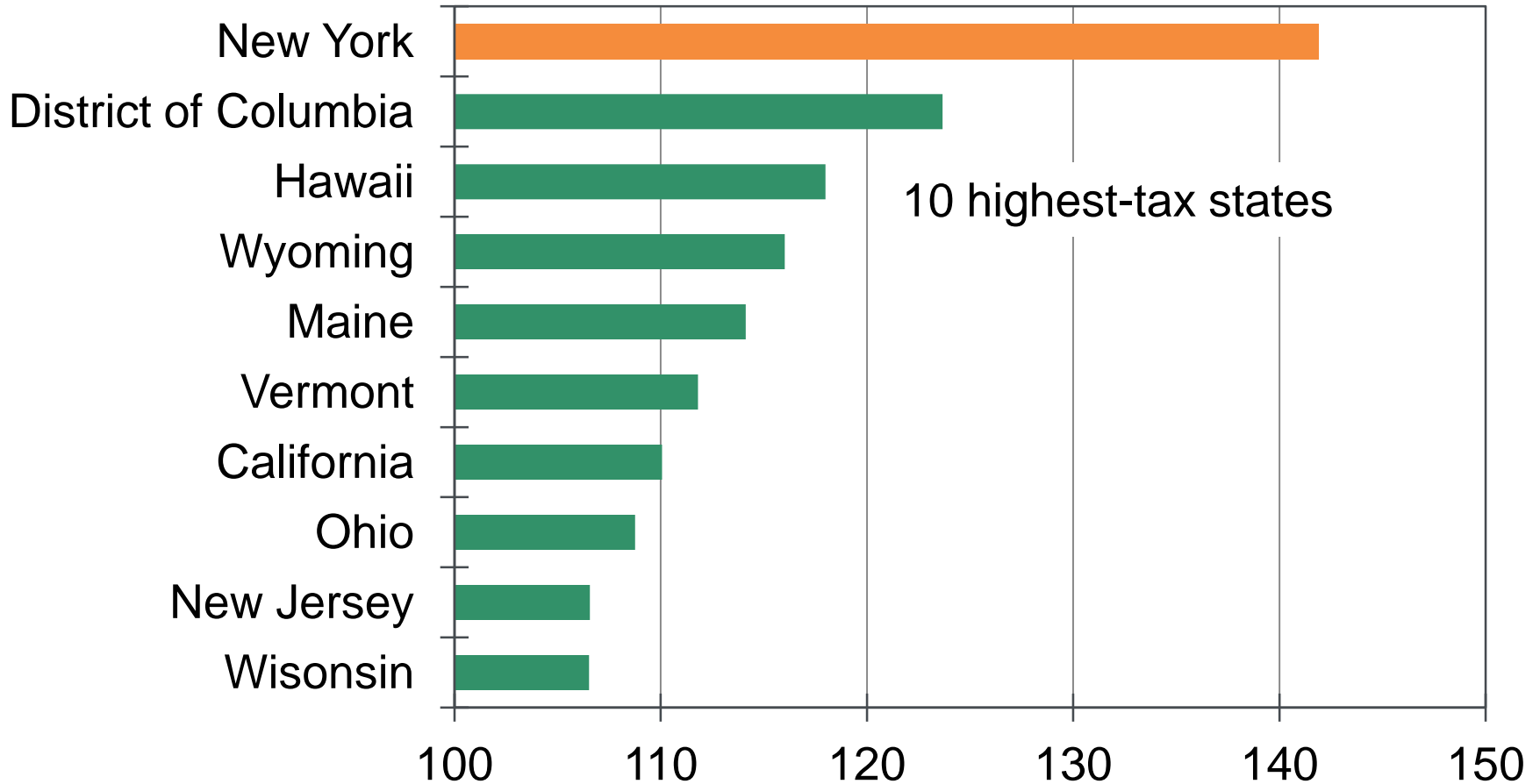
Total foreclosure inventories per 1,000 households



Sources: RealtyTrac, Moody's Analytics

# New York Tax Burden Keeps Business Away

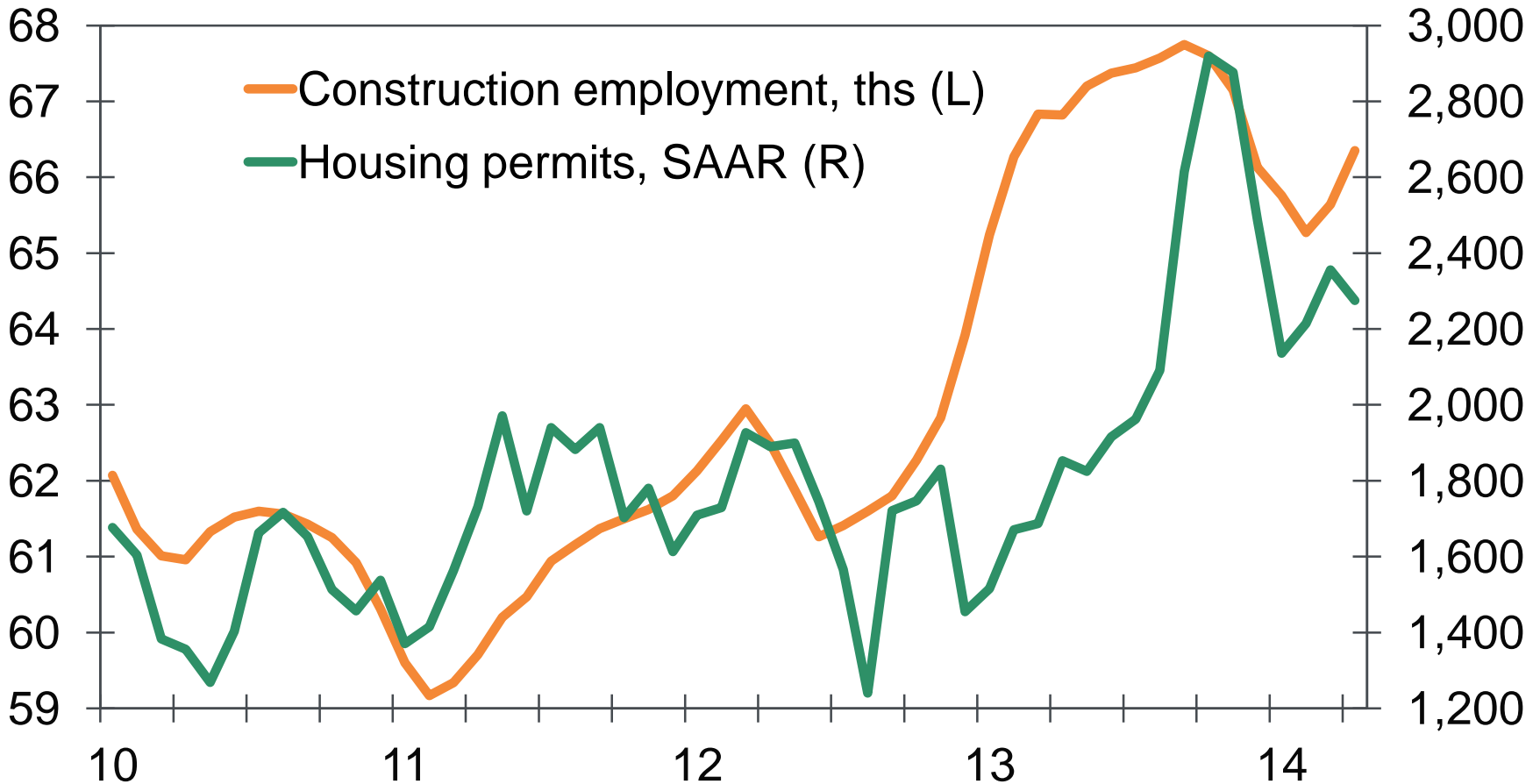
Cost of doing business, tax burden, U.S.=100, 2012



Source: Moody's Analytics

# Long Island's Sandy Boost Is Fading

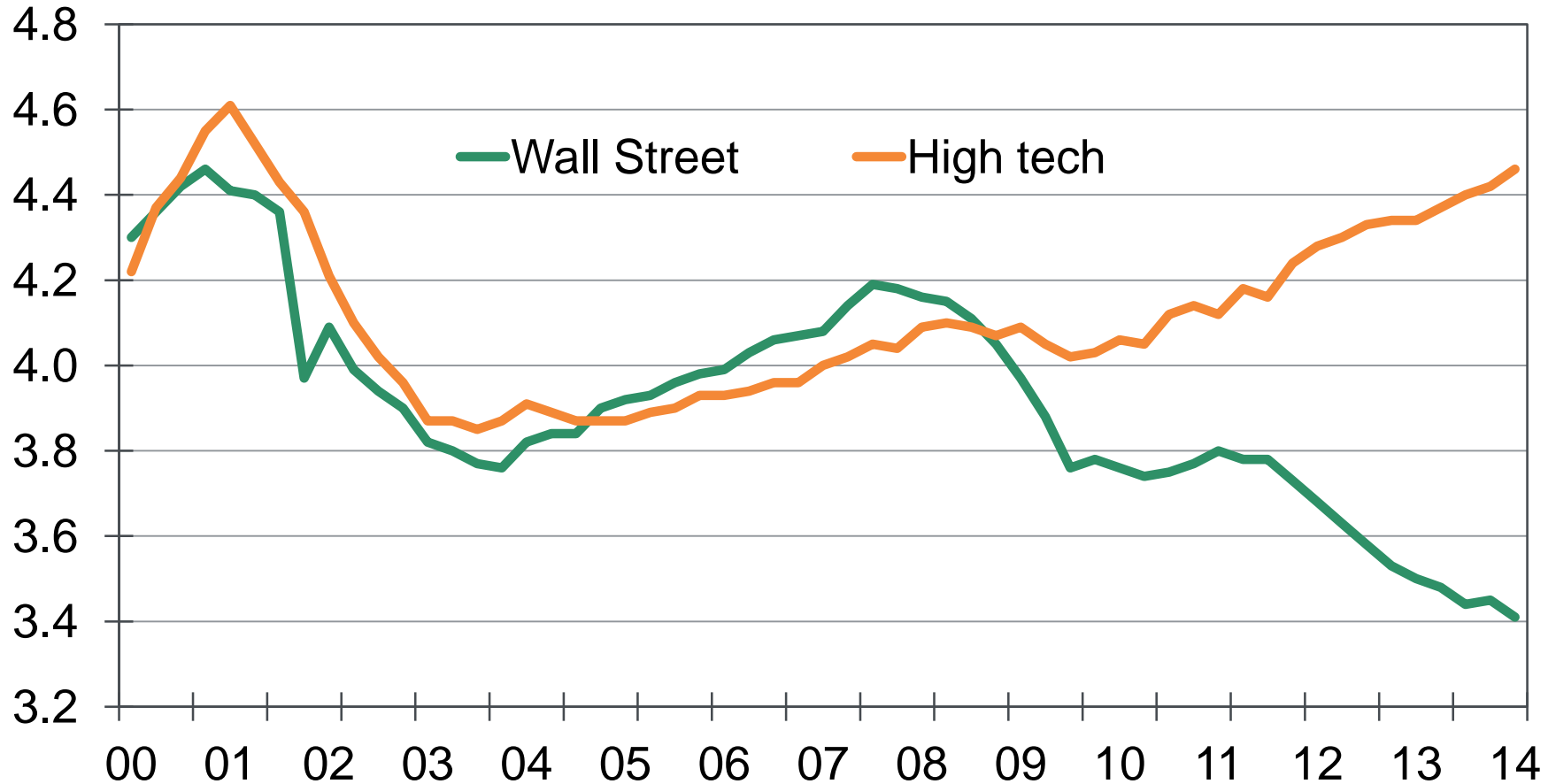
3-mo MA



Sources: BLS, Census Bureau, Moody's Analytics

# New York City Economy Shifts

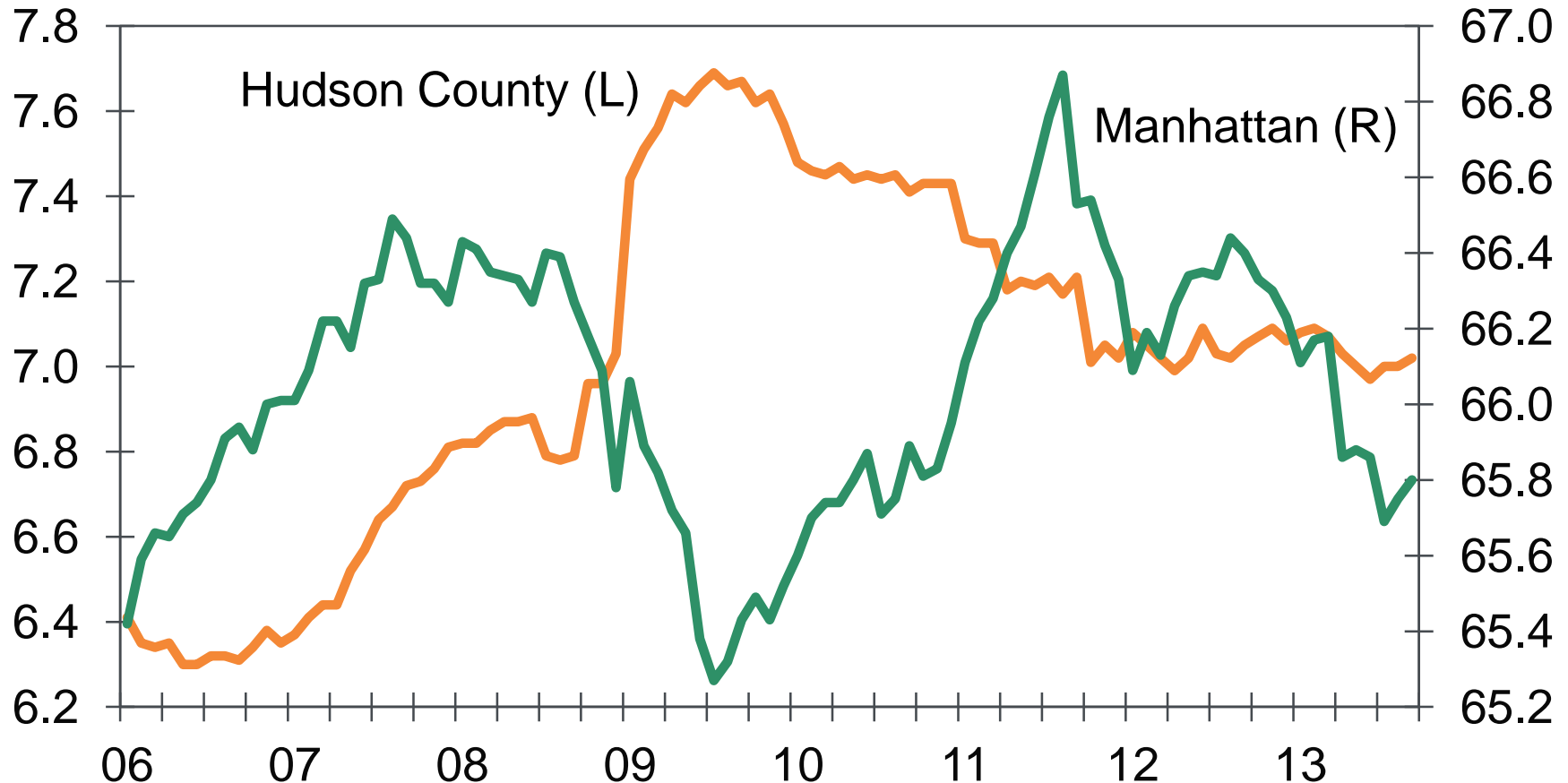
Employment as % of total employment



Sources: BLS, Moody's Analytics

# Jersey City Retaining Manhattan Defectors

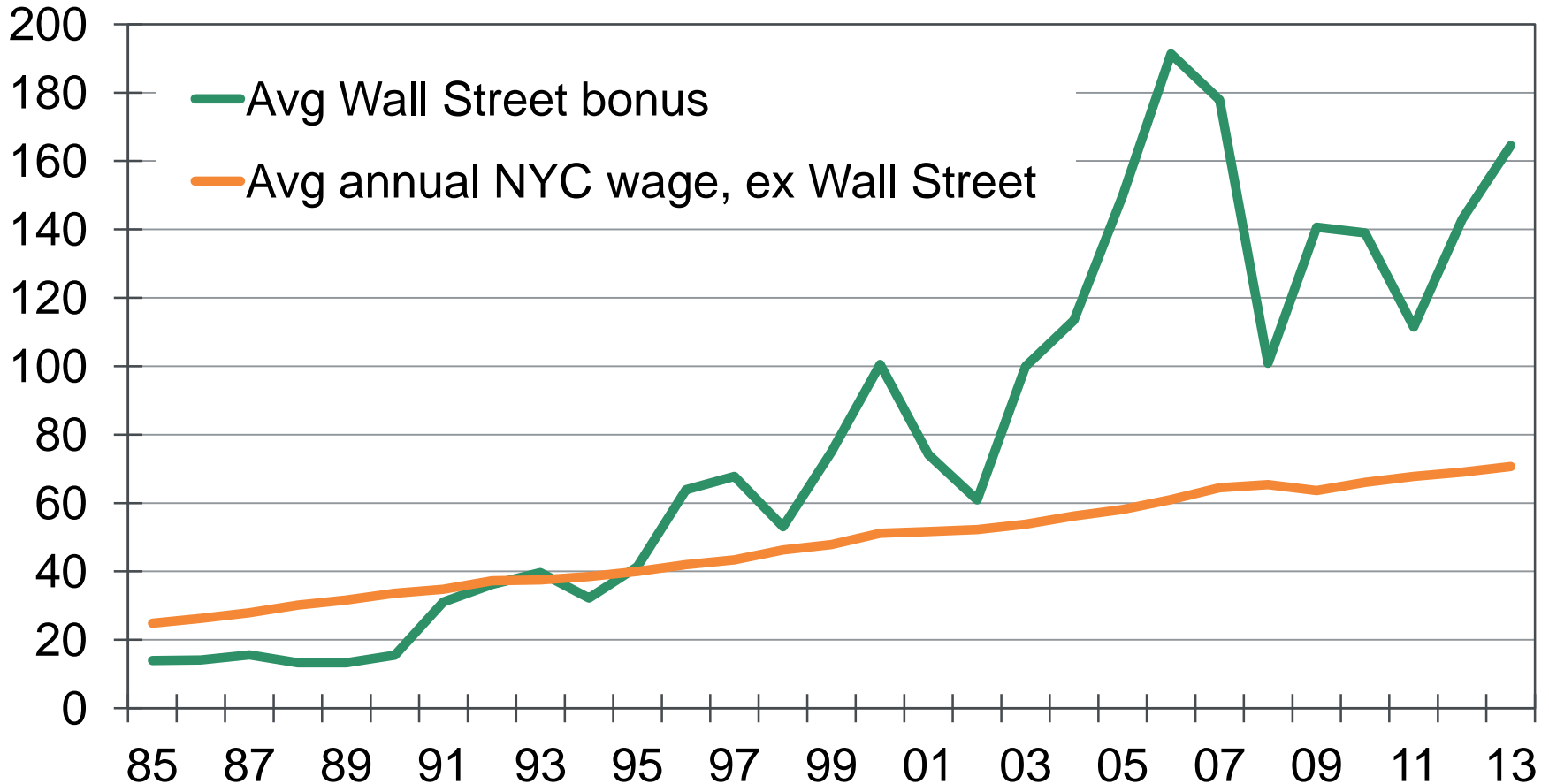
Share of financial activities jobs in New York City metro division, %



Sources: BLS, Moody's Analytics

# Bonuses Alone More Than Twice Average Wage

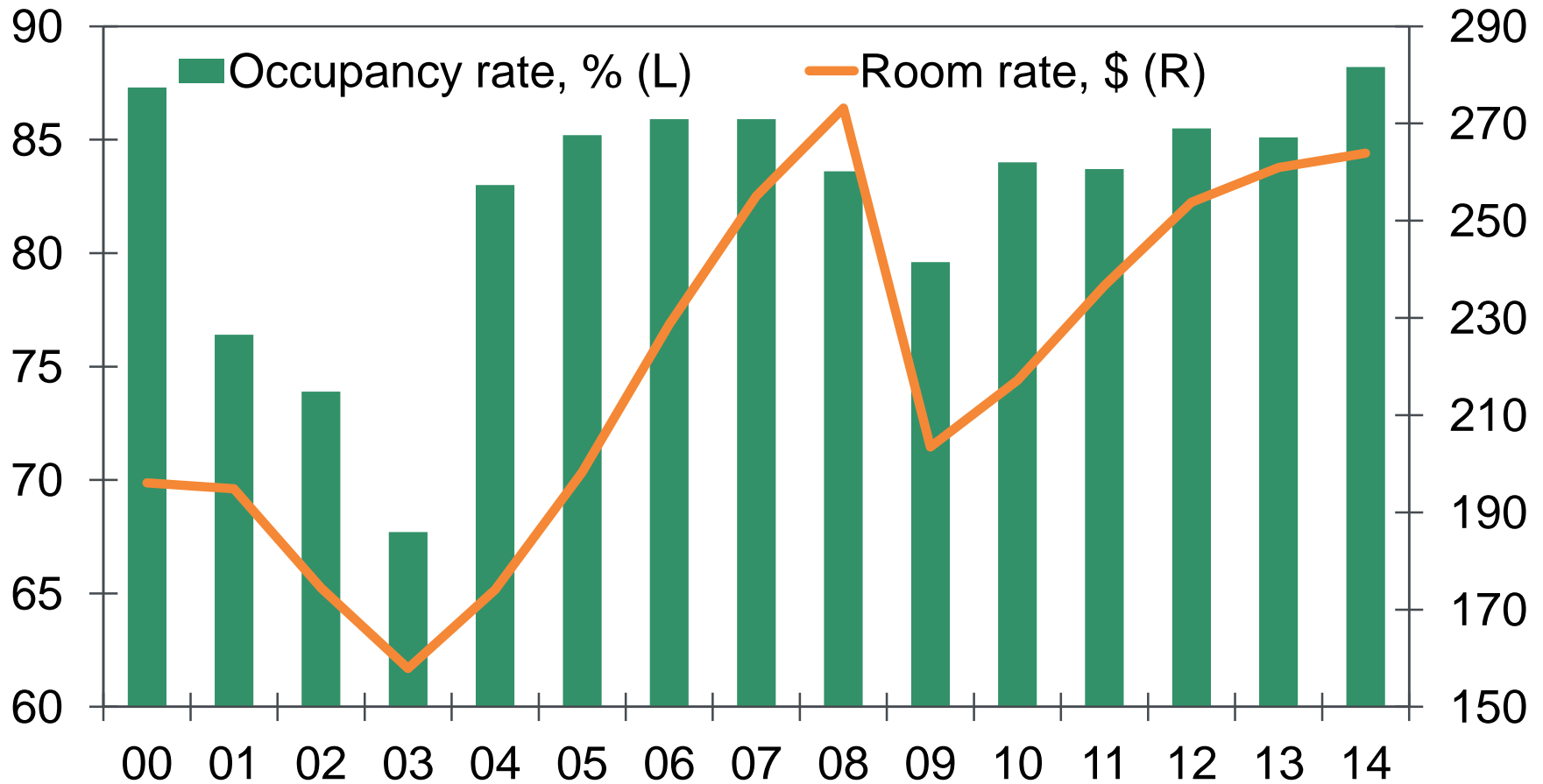
New York City, 5 boroughs, \$ ths



Sources: BLS, State of New York, Moody's Analytics

# Tourism Still Powering New York City's Economy

New York City hotel statistics, April of each year



Sources: Smith Travel Research, Moody's Analytics



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