



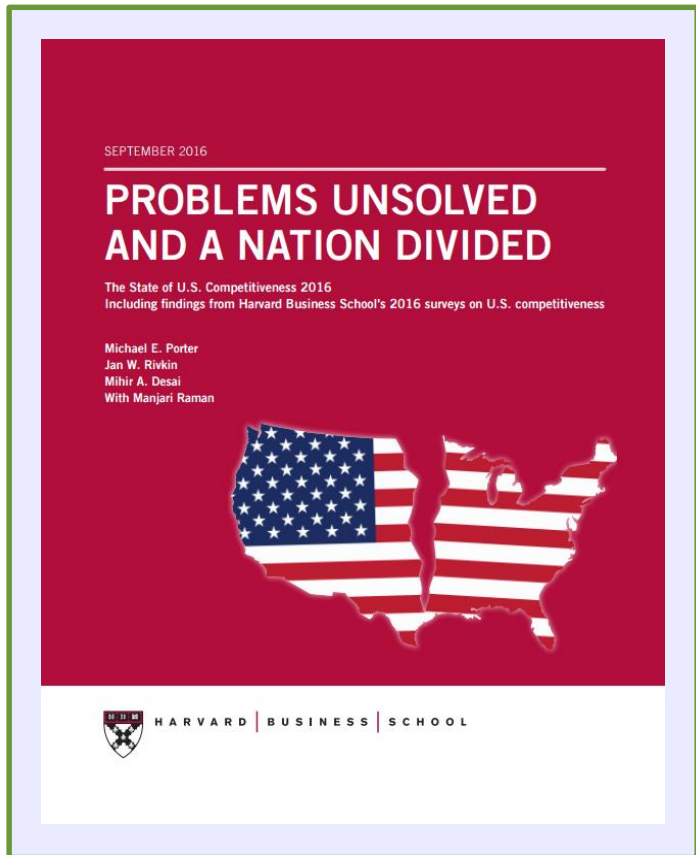
U.S. & CenterState NY Economic Outlook

Gary D. Keith – Regional Economist

January 11, 2017

M&T Bank

Political Dysfunction Drove Election Outcome



“The political system is no longer delivering good results for the average American.

Numerous indicators point to failure to compromise and deliver practical solutions to the nation’s problems.

Political polarization has...made it harder to build consensus on sensible economic policies that address key U.S. weaknesses.

Overall, we believe that dysfunction in America’s political system is now the single most important challenge to U.S. economic progress.”

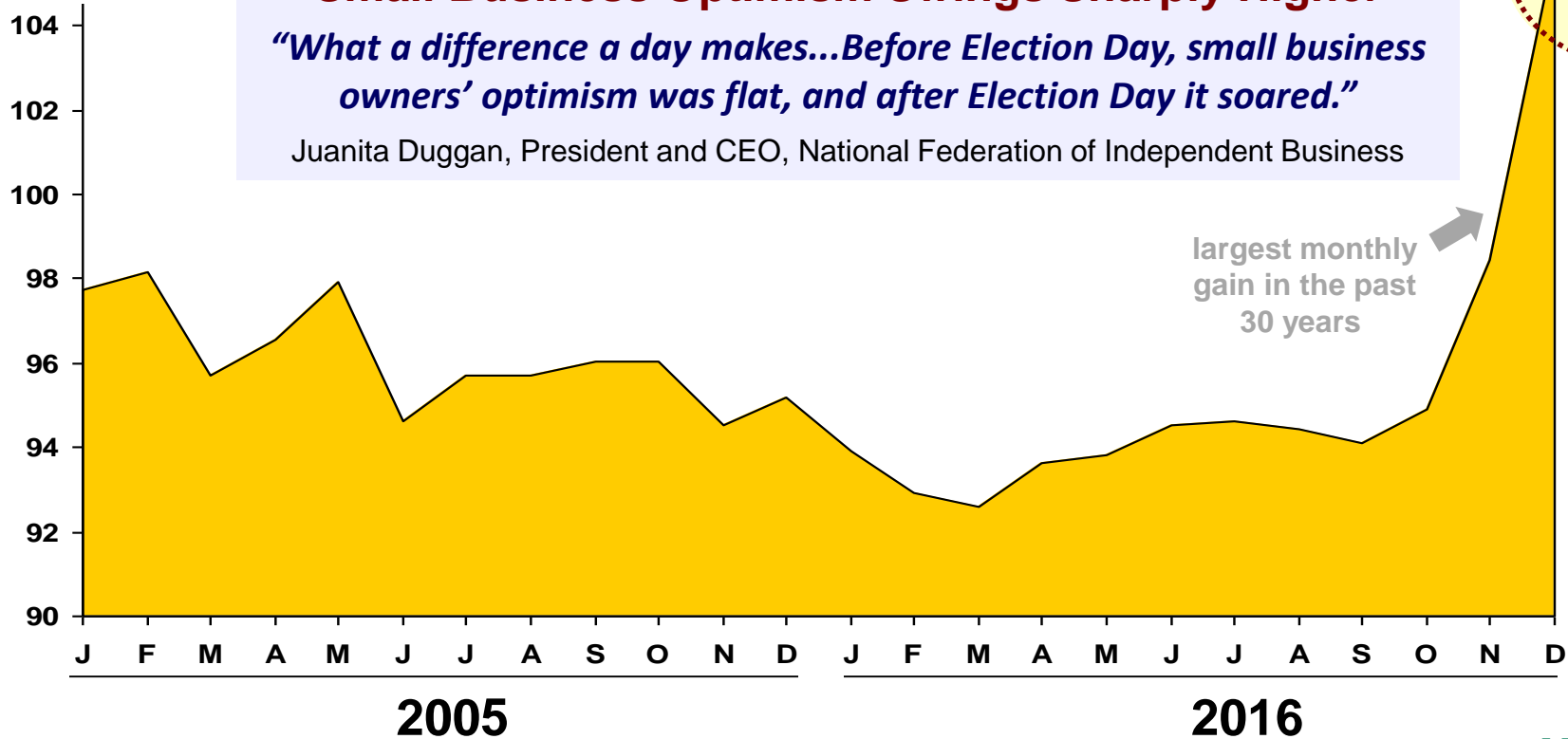
U.S. Small Business Optimism Index

Small Business Optimism Swings Sharply Higher

“What a difference a day makes...Before Election Day, small business owners’ optimism was flat, and after Election Day it soared.”

Juanita Duggan, President and CEO, National Federation of Independent Business

Index:
1986 = 100



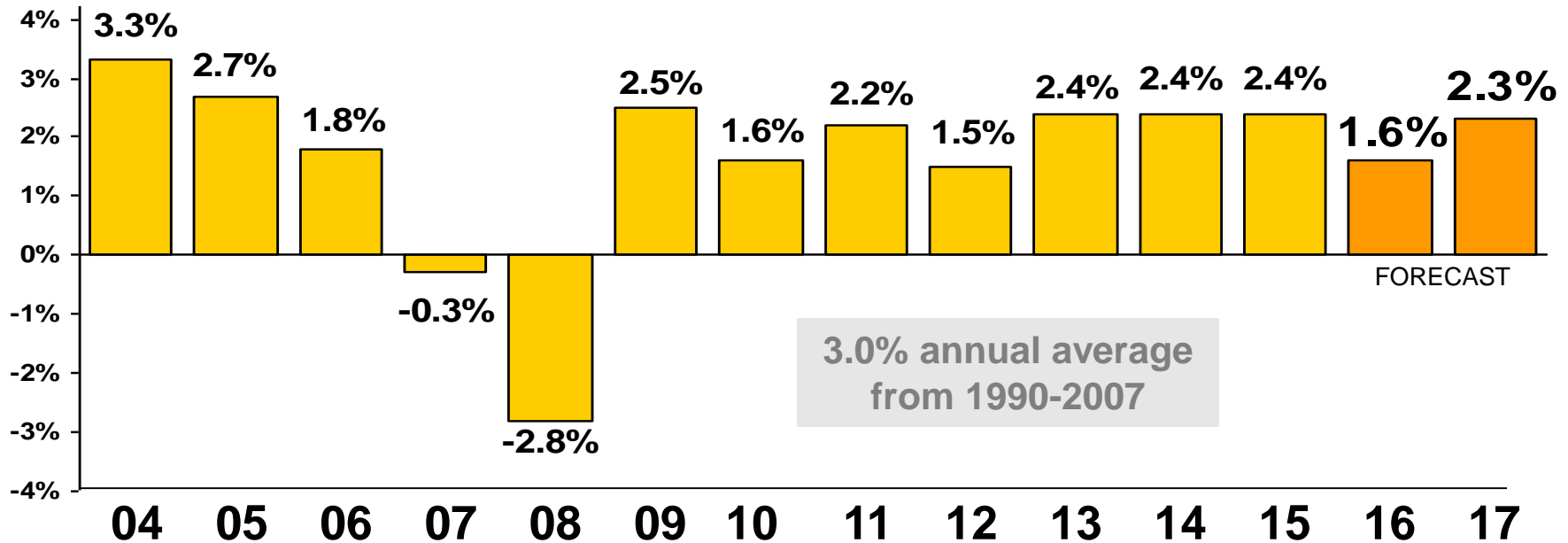
105.8

largest monthly
gain in the past
30 years

U.S. Real Gross Domestic Product Growth

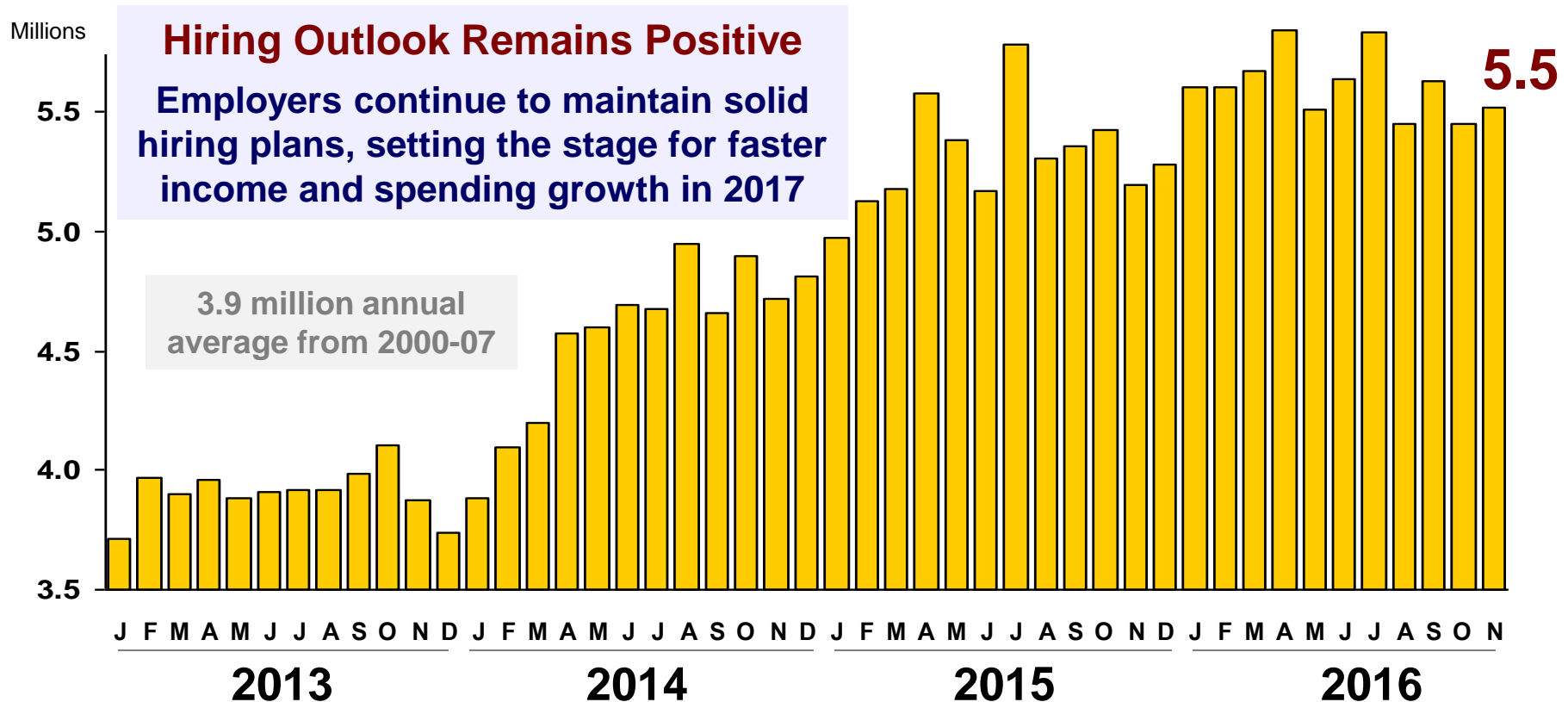
2017 Growth Should Modestly Improve...With Plenty of Wildcards!

The economy is expected to grow at a solid if unspectacular pace in 2017, with a potential lift from expanded fiscal policy in the second half of the year



Seasonally Adjusted Annual Rate

Number of U.S. Nonfarm Job Openings

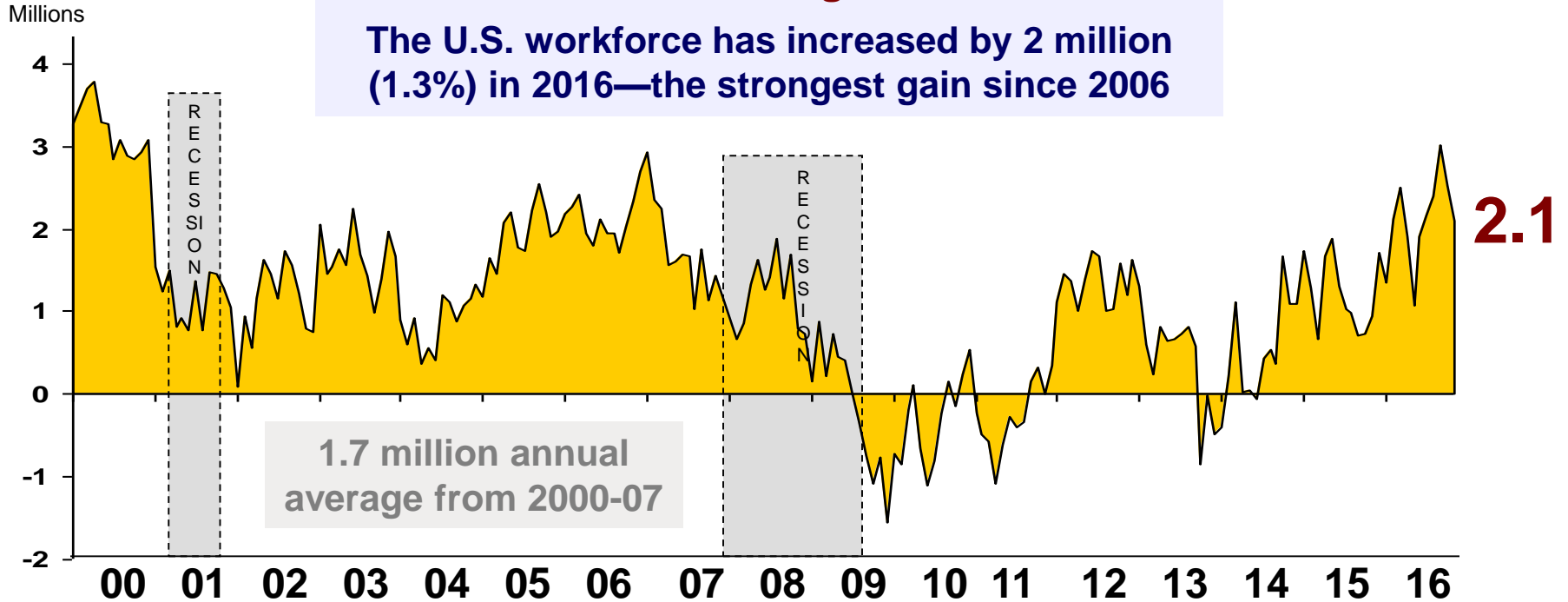


Seasonally Adjusted Year-Over-Year Absolute Change

Number of Persons in the U.S. Labor Force

Job Seekers Are Coming Off the Sidelines

The U.S. workforce has increased by 2 million (1.3%) in 2016—the strongest gain since 2006



2.1

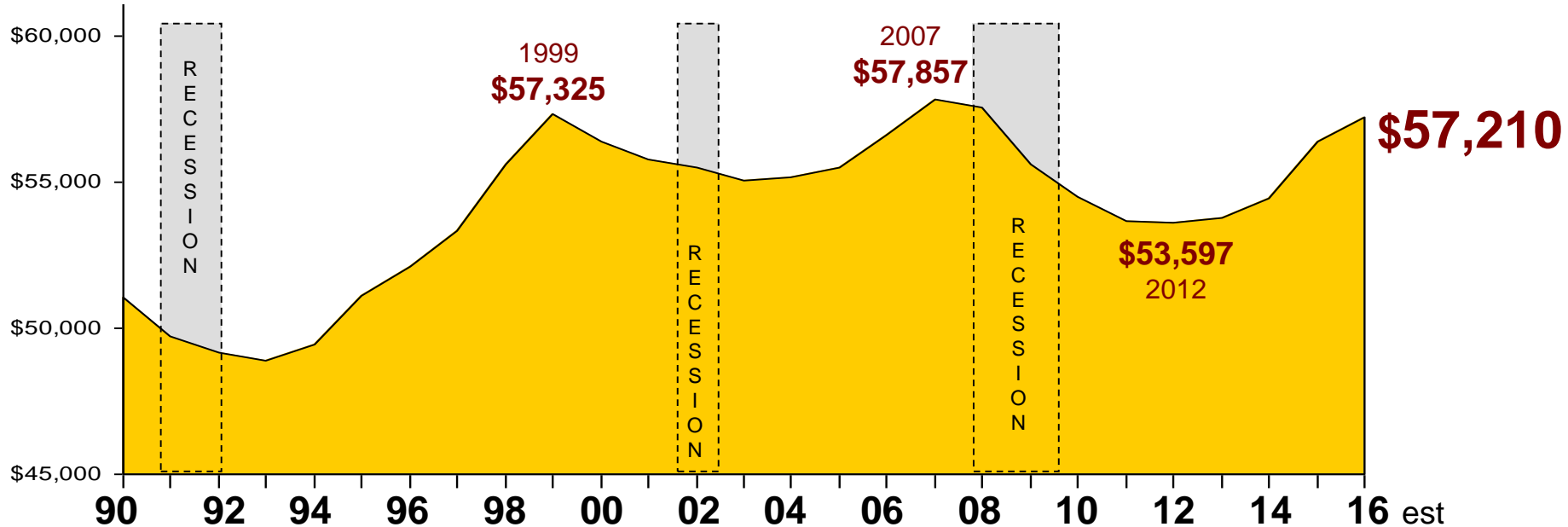
1.7 million annual average from 2000-07

Constant 2016 Dollars

U.S. Real Median Household Income

Job Creation is Spurring Income Growth

While still 1.1% below the pre-recession peak, household incomes are moving solidly higher—with the 2016 median up 6.7% since 2012



How's the CenterState NY region performing?

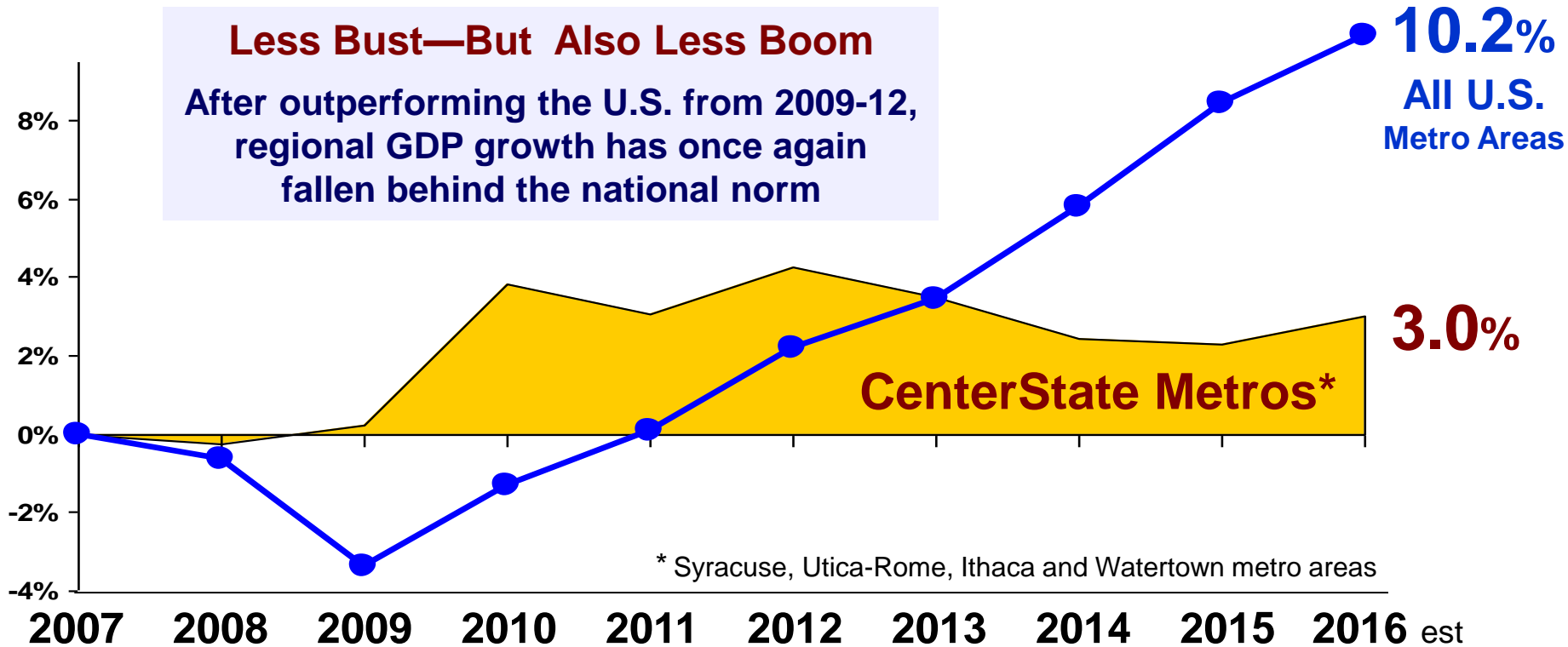


Relative Change in Inflation-Adjusted GDP Since 2007

CenterState NY Real GDP Growth

Less Bust—But Also Less Boom

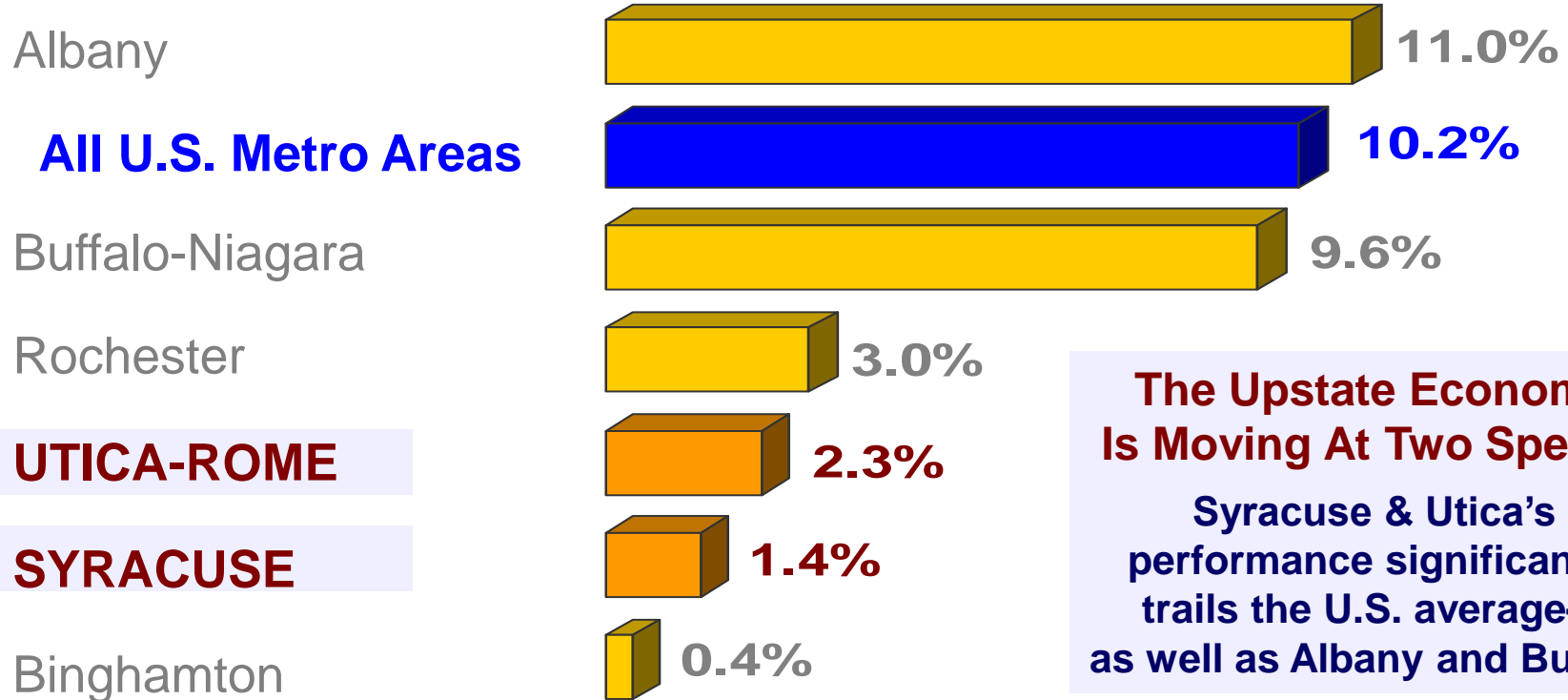
After outperforming the U.S. from 2009-12, regional GDP growth has once again fallen behind the national norm



* Syracuse, Utica-Rome, Ithaca and Watertown metro areas

Inflation-Adjusted Percentage Change Since 2007

Real Gross Domestic Product Growth



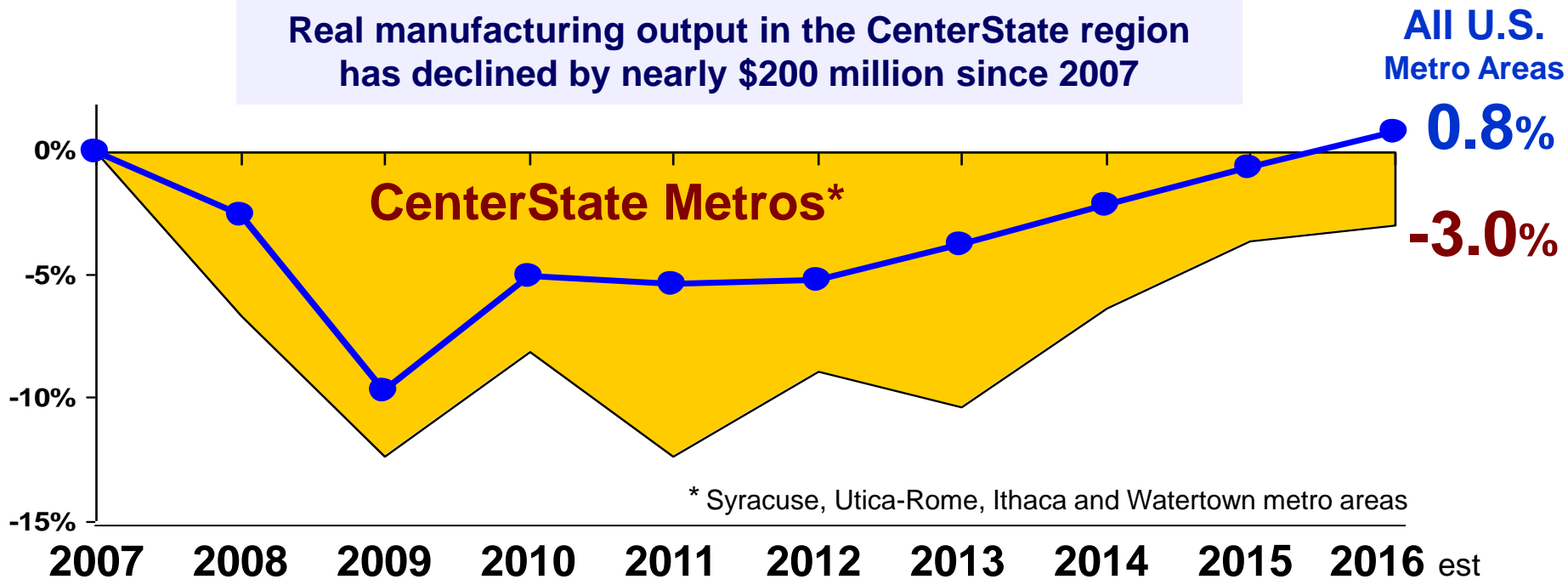
**The Upstate Economy
Is Moving At Two Speeds**

**Syracuse & Utica's
performance significantly
trails the U.S. average—
as well as Albany and Buffalo**

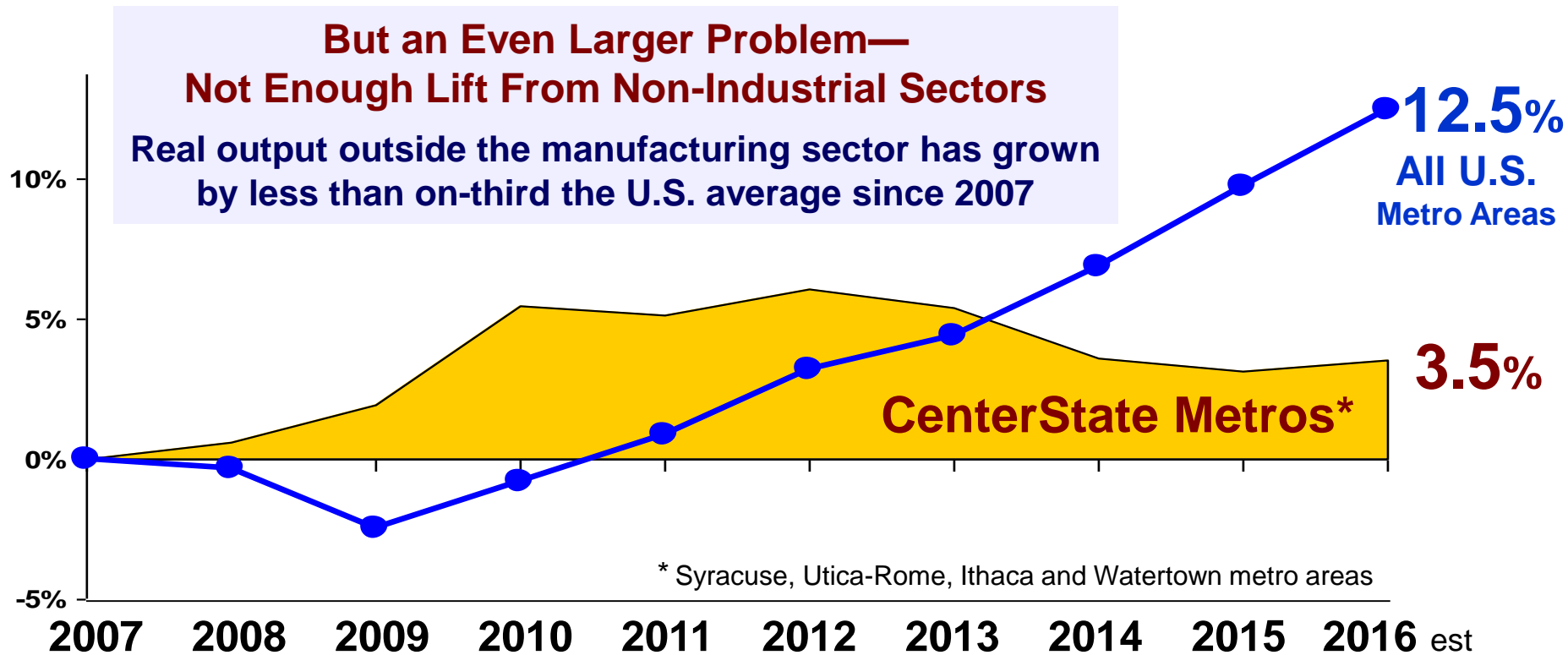
CenterState NY Real Manufacturing GDP Growth

One Reason—Drag From Industrial Downsizing

Real manufacturing output in the CenterState region has declined by nearly \$200 million since 2007

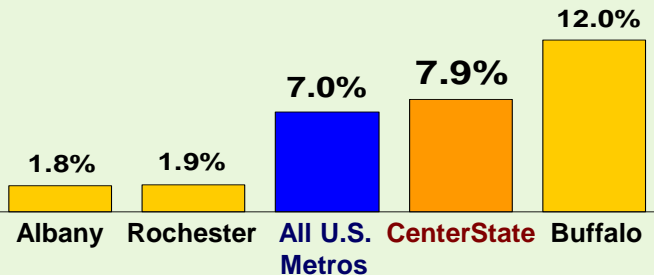


CenterState NY Real Non-Manufacturing GDP Growth

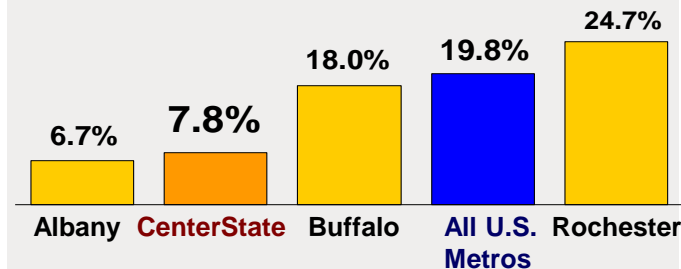


Real GDP From “Economy 2.0” Industries

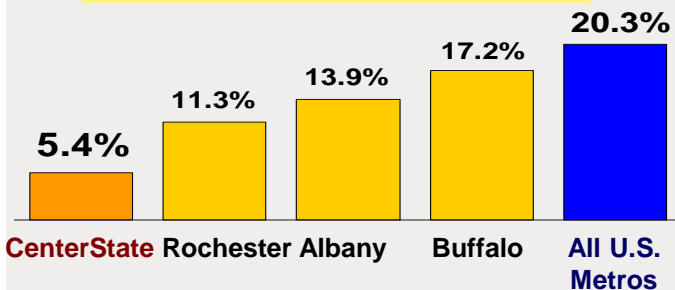
Retail + Leisure & Hospitality



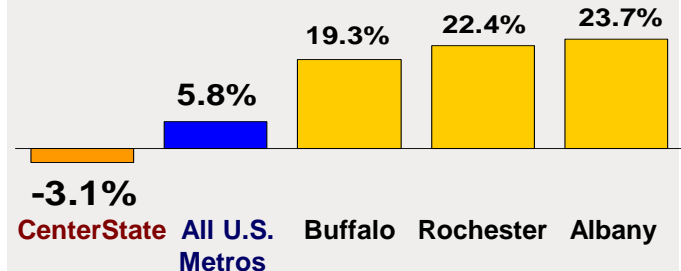
Professional & Business Services



Education & Health Care



Construction & Real Estate



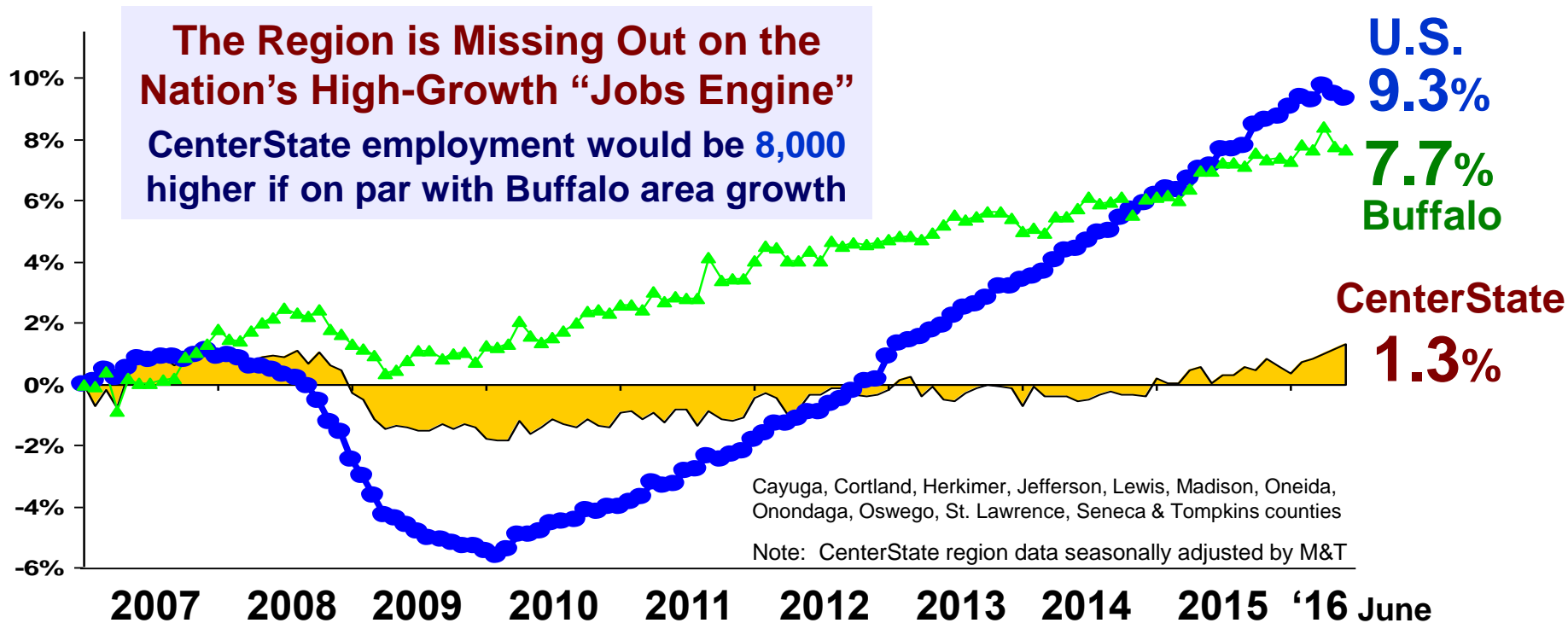
Trade & Tourism Growth Is Encouraging —But More Work To Do Elsewhere

High value-added services and real estate sectors lag Upstate peers—how can the CenterState region energize activity in these industries?

Economy 2.0 = Private Education, Health Care, Information, Business Services, Finance, Insurance, Real Estate, Construction, Retail, Leisure & Hospitality

Relative Change Since January 2007

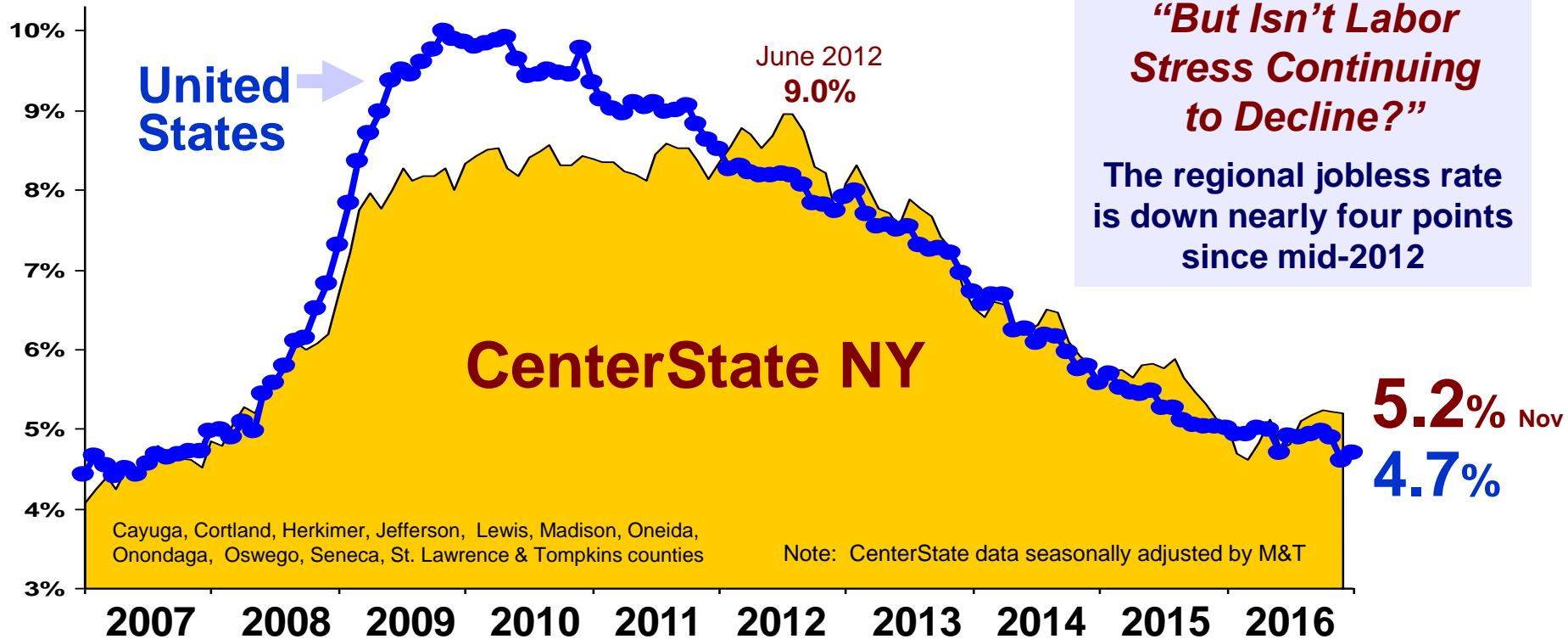
CenterState NY “Economy 2.0” Employment



Economy 2.0 = Private Education, Health Care, Information, Business Services, Finance, Insurance, Real Estate, Construction, Retail, Leisure & Hospitality

Seasonally Adjusted

CenterState NY Unemployment Rate

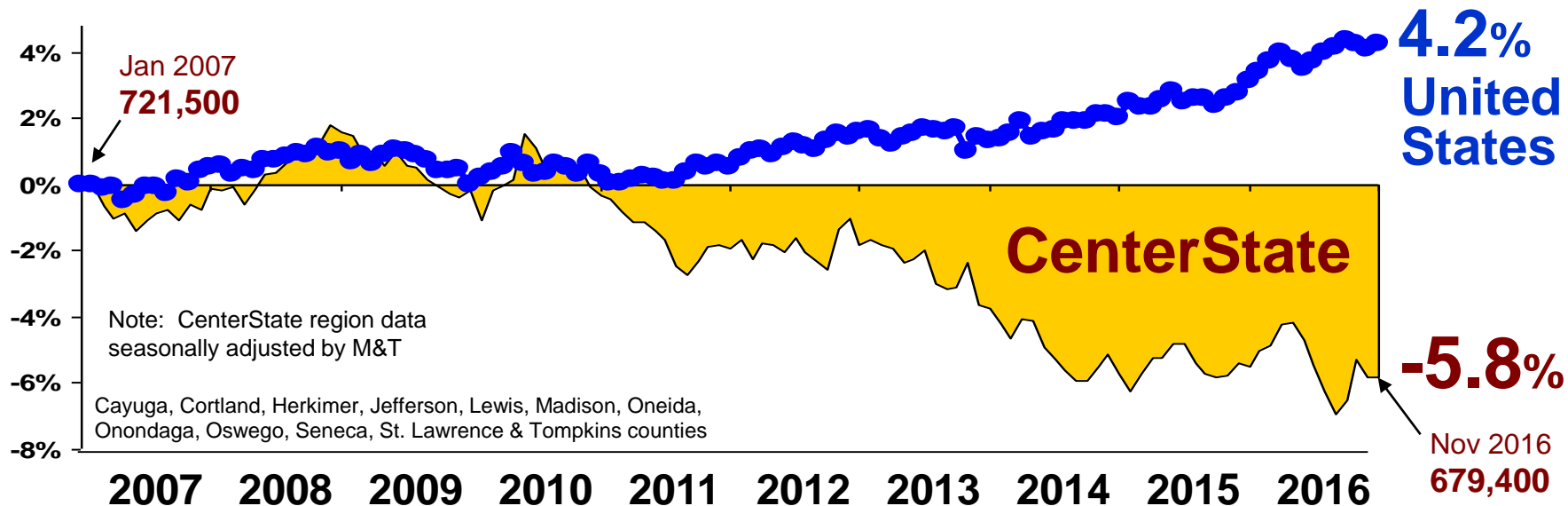


Relative Change Since January 2007

CenterState NY Labor Force

Older Workers Are Retiring Causing the Labor Pool to Shrink

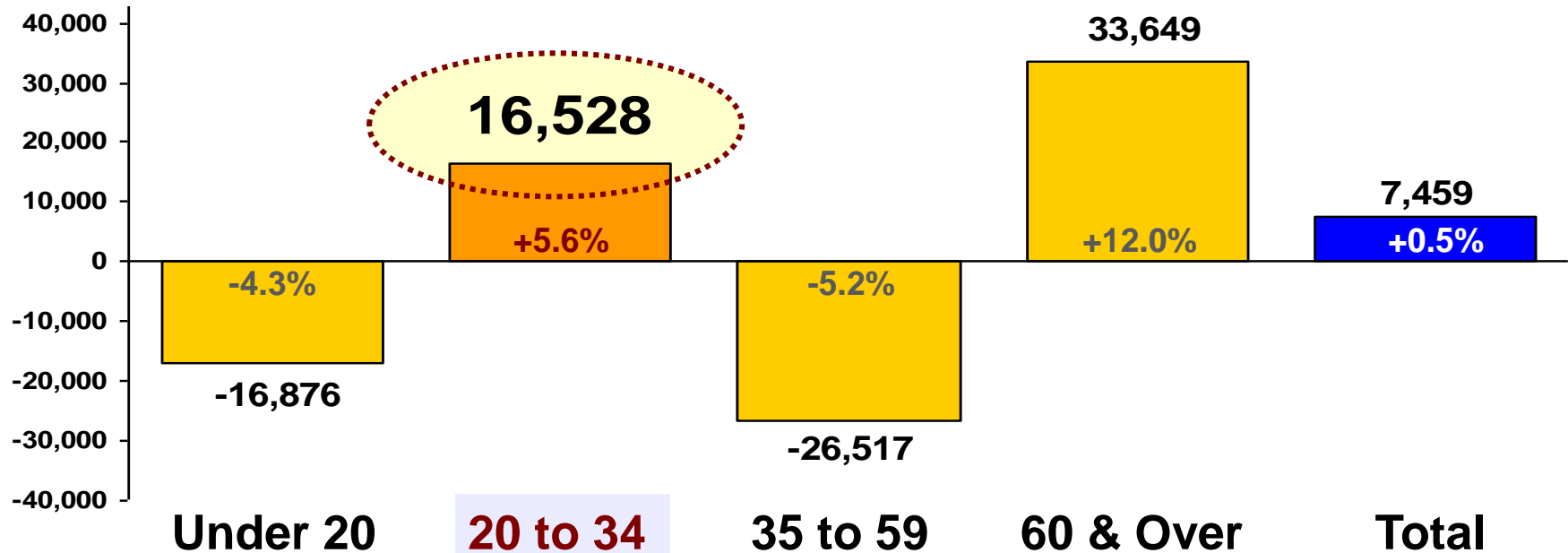
The CenterState workforce has contracted by **15,900** over the past 36 months (and by nearly 42,000 since January 2007), **distorting the decline in jobless rate**



CenterState Population Change by Age 2010-15

Better News—The Region's Young Adult Population is Growing

The **5.6%** increase since 2010 nearly matches the **6.7%** U.S. average gain. Retaining and attracting Millennials is essential to future economic growth



“Plan the Work...Work the Plan”

CENTRAL NEW YORK REGIONAL ECONOMIC DEVELOPMENT COUNCIL 2016-2017 PROGRESS REPORT CAYUGA | CORTLAND | MADISON | ONONDAGA | OSWEGO



“The best way
to predict the
future is to
create it.”

Peter Drucker

“Coming together
is a beginning...
keeping together
is progress...
working together
is success.”

Henry Ford

MOHAWK VALLEY

REGIONAL ECONOMIC DEVELOPMENT COUNCIL

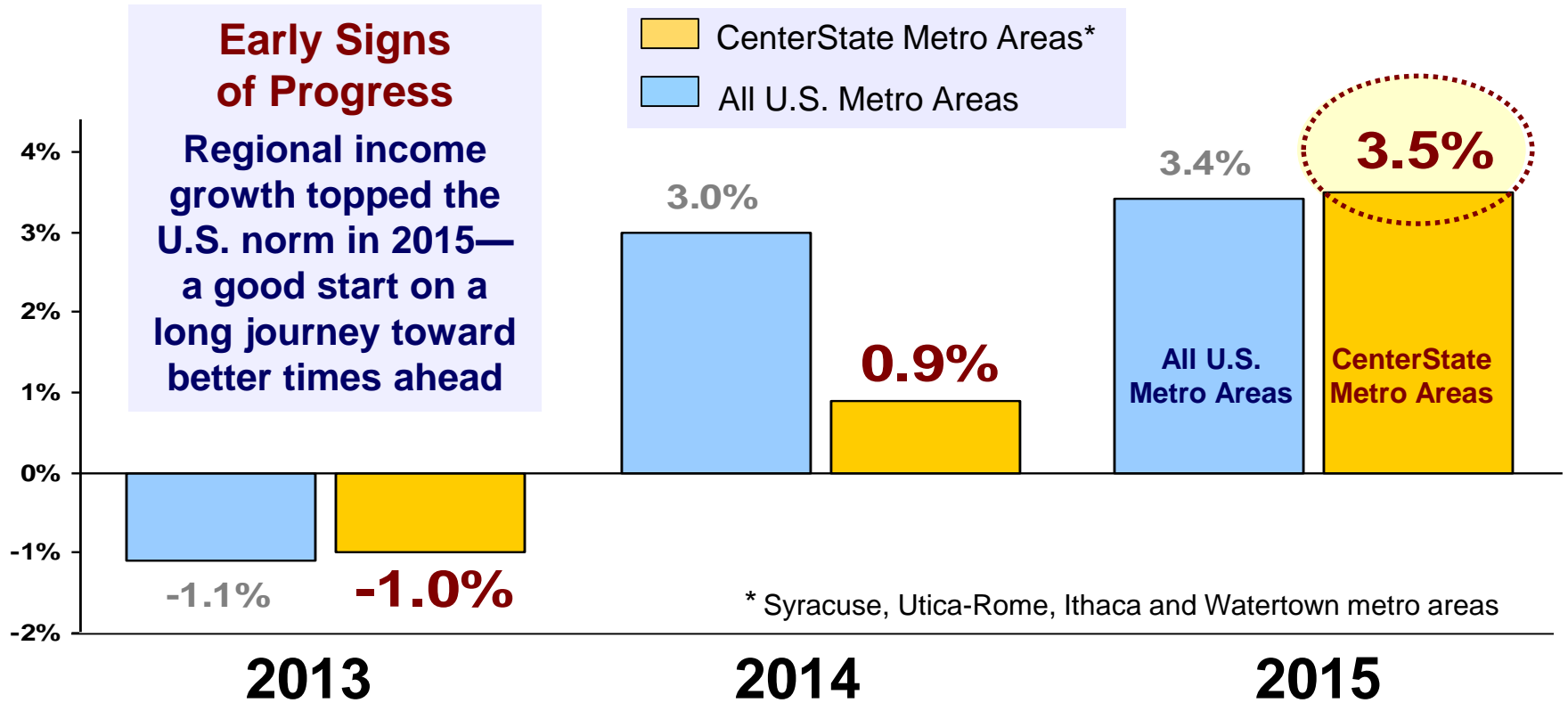
Cool Places. Smart People.



-2016 PROGRESS REPORT-



Real Per Capita Personal Income Growth



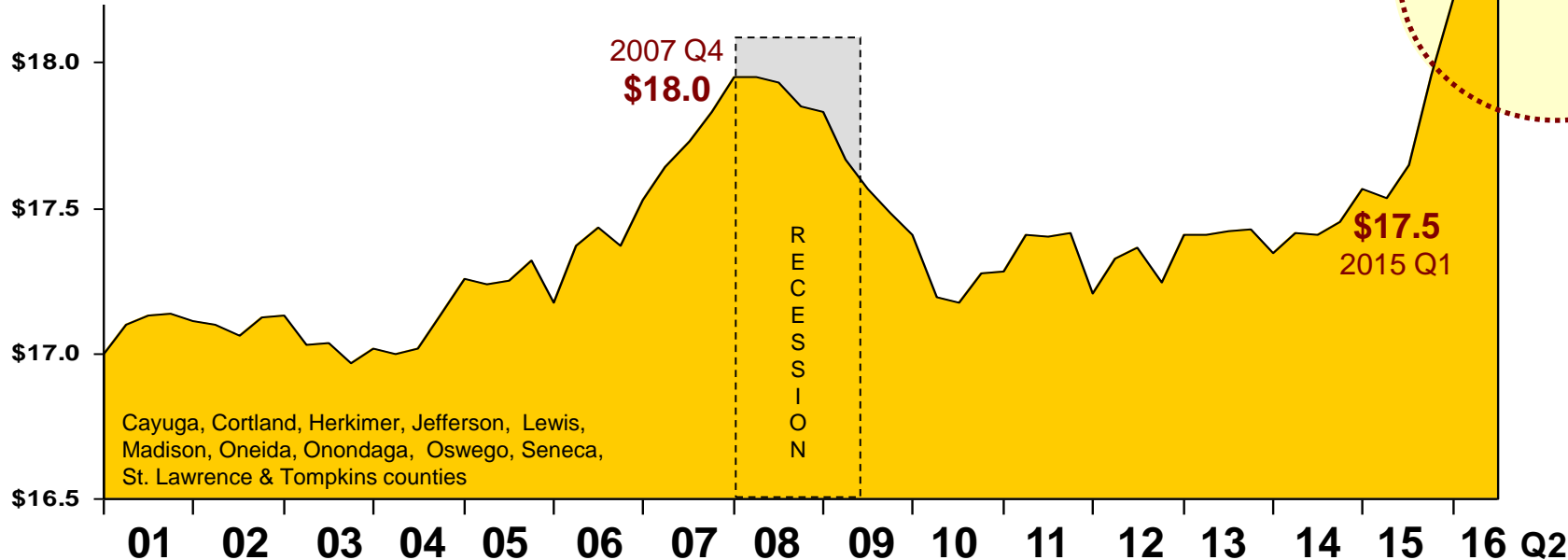
Inflation-Adjusted Four-Quarter Running Total

CenterState Private Sector Payroll Income

Heading in the Right Direction

Real payroll income has moved above the pre-recession peak and is up **\$1 billion** or **5%** since the start of 2015

Billions of
Constant
Q2 2016
Dollars



Cayuga, Cortland, Herkimer, Jefferson, Lewis,
Madison, Oneida, Onondaga, Oswego, Seneca,
St. Lawrence & Tompkins counties

R
E
C
E
S
S
I
O
N

\$18.5

\$17.5
2015 Q1

2007 Q4
\$18.0



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