



U.S. & CenterState NY Economic Outlook

Gary D. Keith – Regional Economist

January 22, 2020

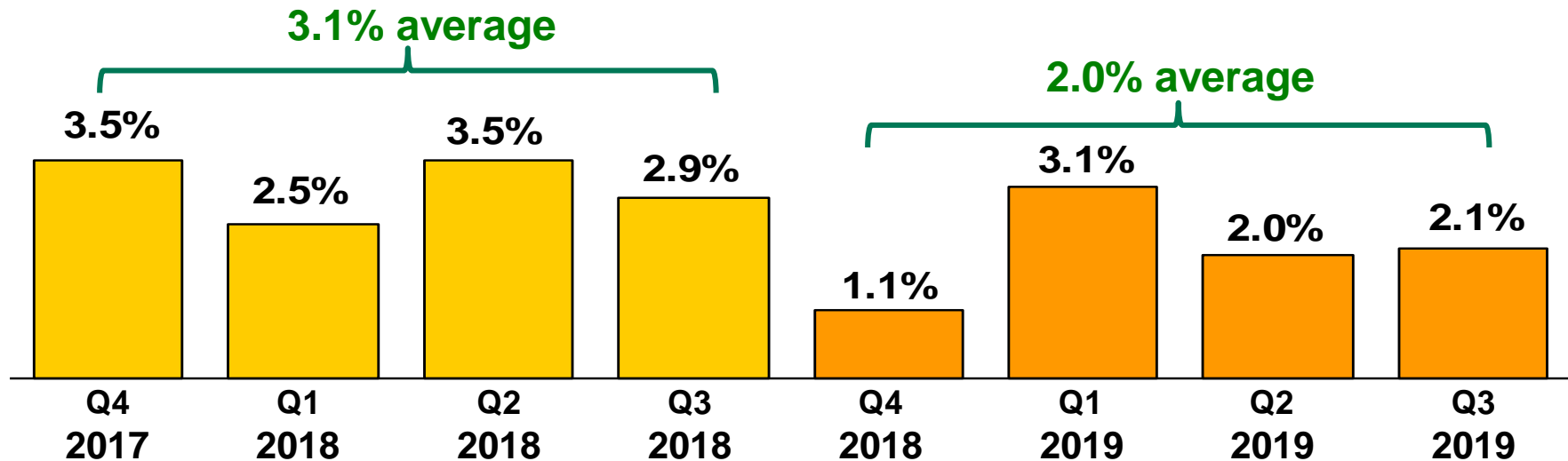
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U.S. Real Gross Domestic Product Growth

A Lot Has Changed in the Past 12 Months

Growth Has Decelerated...Amid Multiple Headwinds

On an annualized basis, economic growth has averaged 2% over the past four quarters—the slowest pace since mid-2016

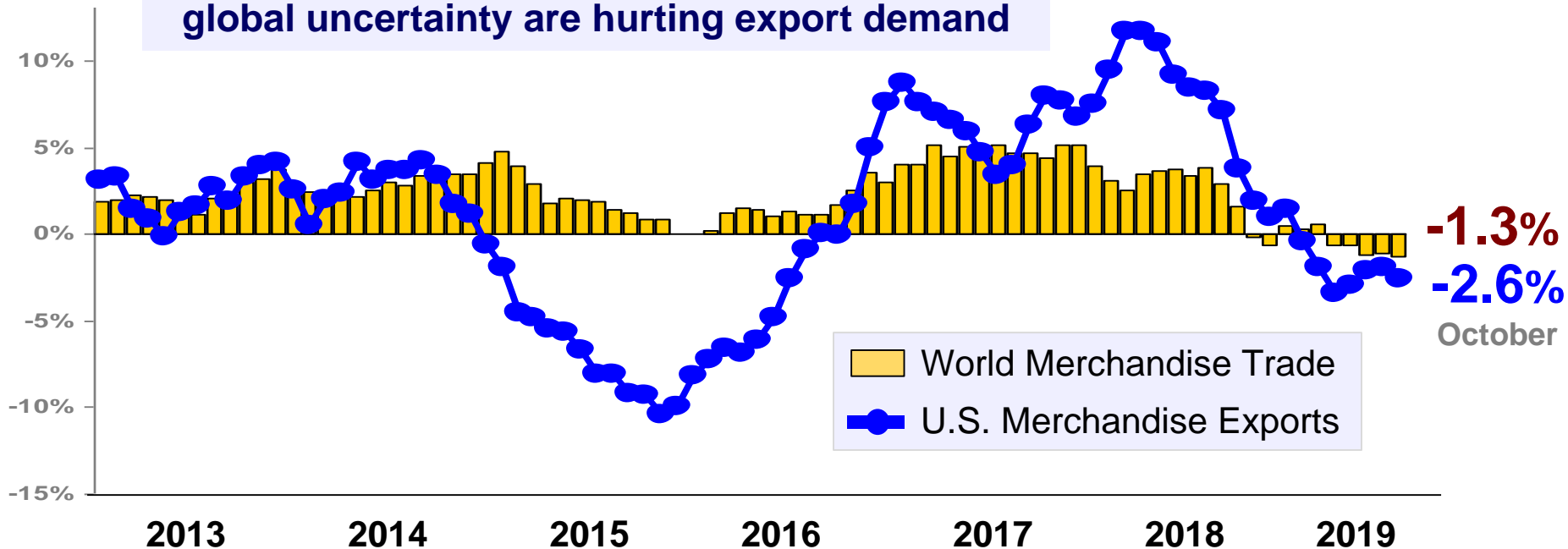


Growth in World Merchandise Trade

Perhaps the Biggest Headwind

Drag From Declining Global Trade

Evolving U.S. trade policies, a strong dollar and global uncertainty are hurting export demand



Seasonally Adjusted

U.S. Unemployment Rate



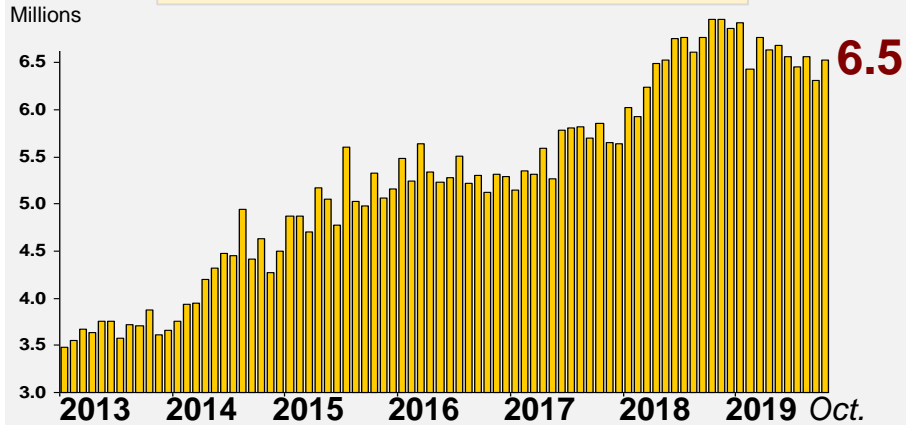
* Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons

Source: U.S. Bureau of Labor Statistics

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The Case For Optimism? Solid Labor Fundamentals

Private Sector Job Openings



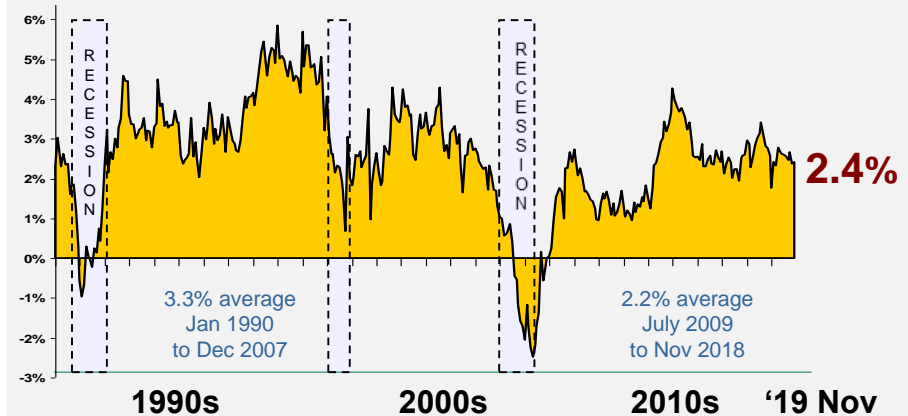
**“Help Wanted” Signs
Are Still Abundant**

**Strong hiring plans set the stage for
further income & spending growth**

**Consumer Spending
Remains Robust**

**With personal consumption
representing 70% of GDP, strong
performance in this sector puts a
floor under economic growth**

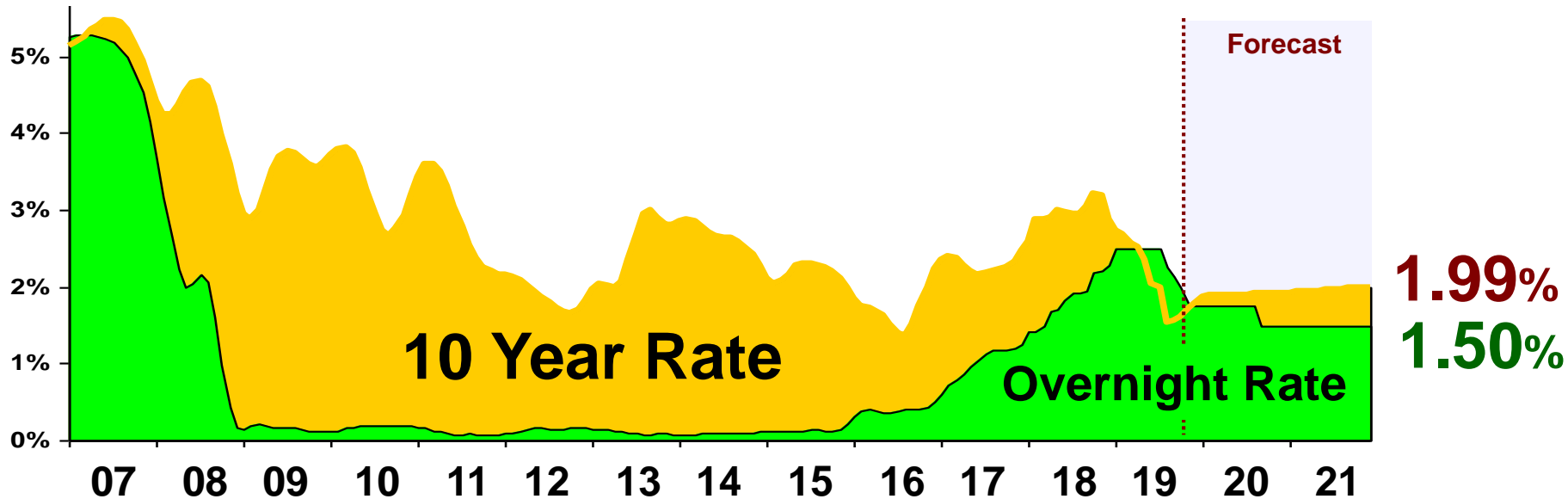
U.S. Real Personal Consumption Growth



Interest Rate Forecast

Monetary Policy Will Remain Accommodative

The Fed is expected to cut short-term rates only once more (September 2020), while medium- and long-term rates are expected to drift sideways, keeping an upward slope on the yield curve

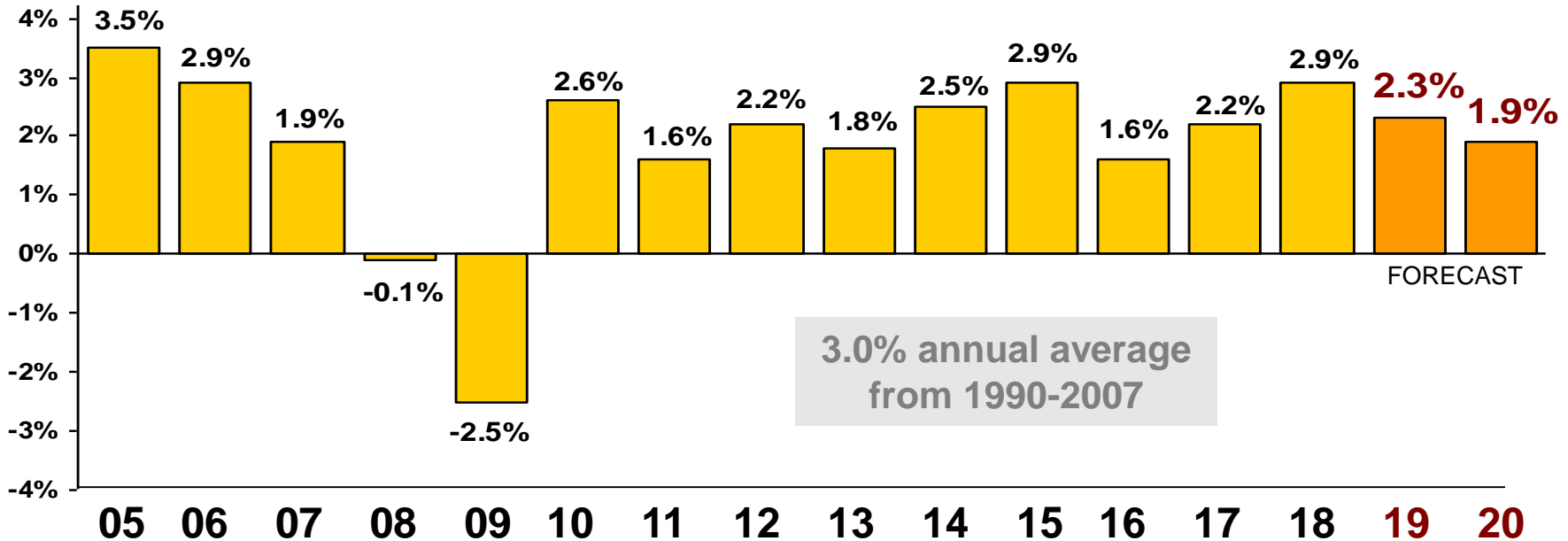


1.99%
1.50%

U.S. Real Gross Domestic Product Growth

The Expansion Should Continue For Another Year

The economy is expected to slow in 2020—but still have enough momentum to overcome potential headwinds from trade policy, geopolitical uncertainty and tightening labor supply



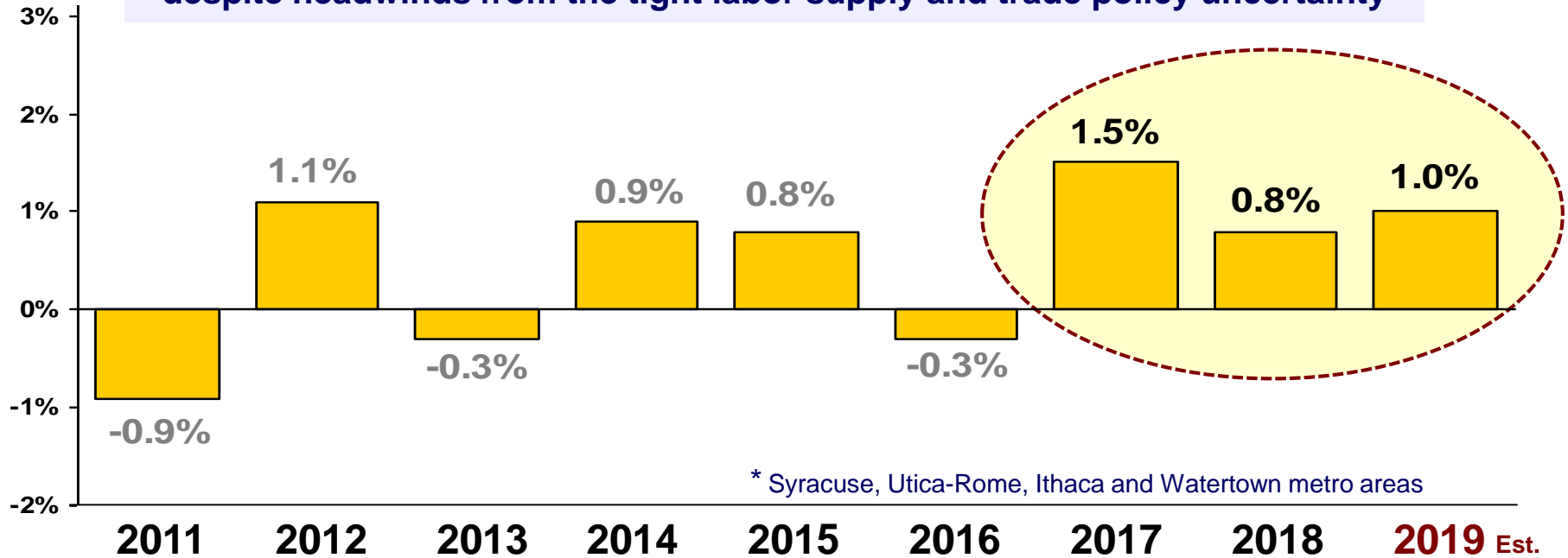
How's the CenterState NY region performing?



CenterState Region* Real Gross Domestic Product Growth

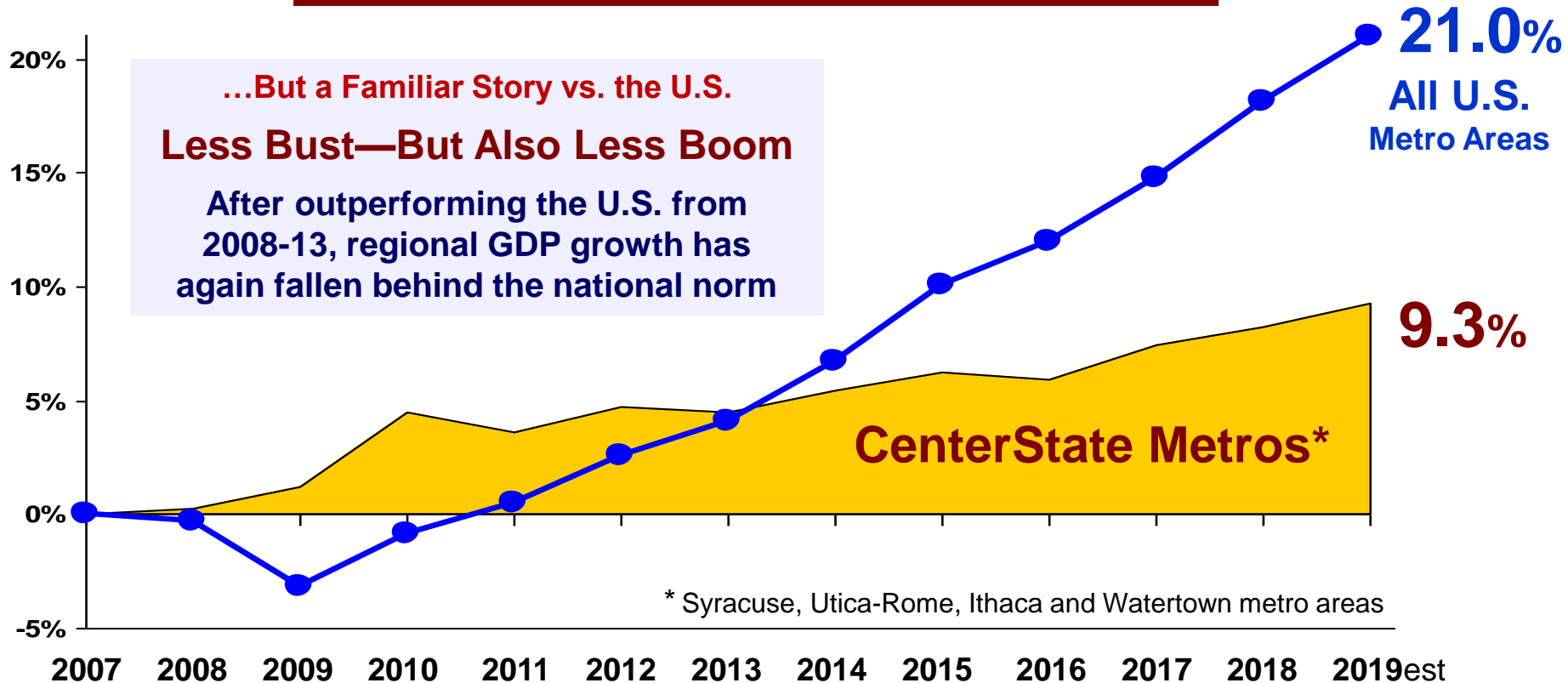
The Regional Economy Continued to Expand in 2019

After battling choppy performance earlier in the decade, the past three years have exhibited relatively consistent growth—which should continue in 2020, despite headwinds from the tight labor supply and trade policy uncertainty



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

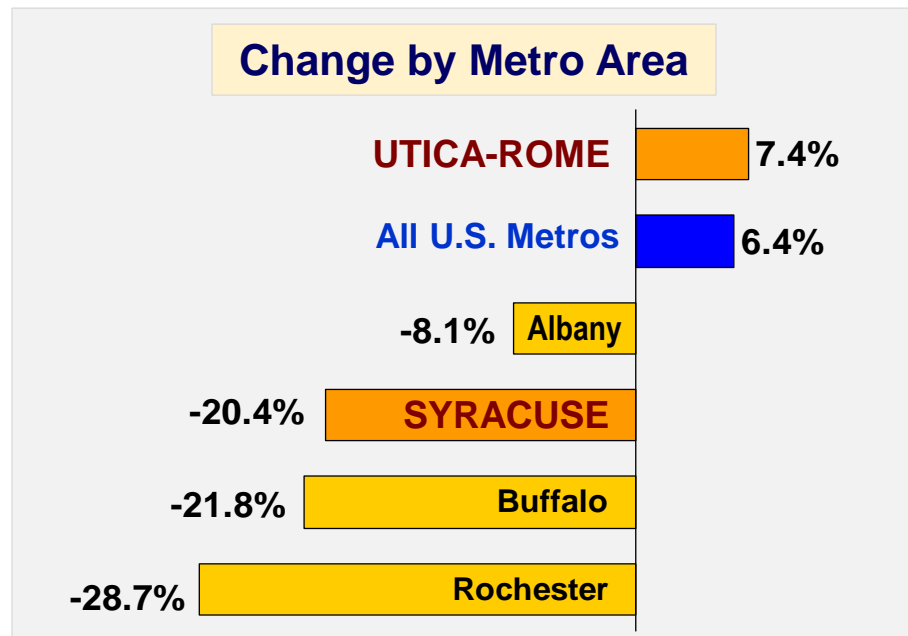
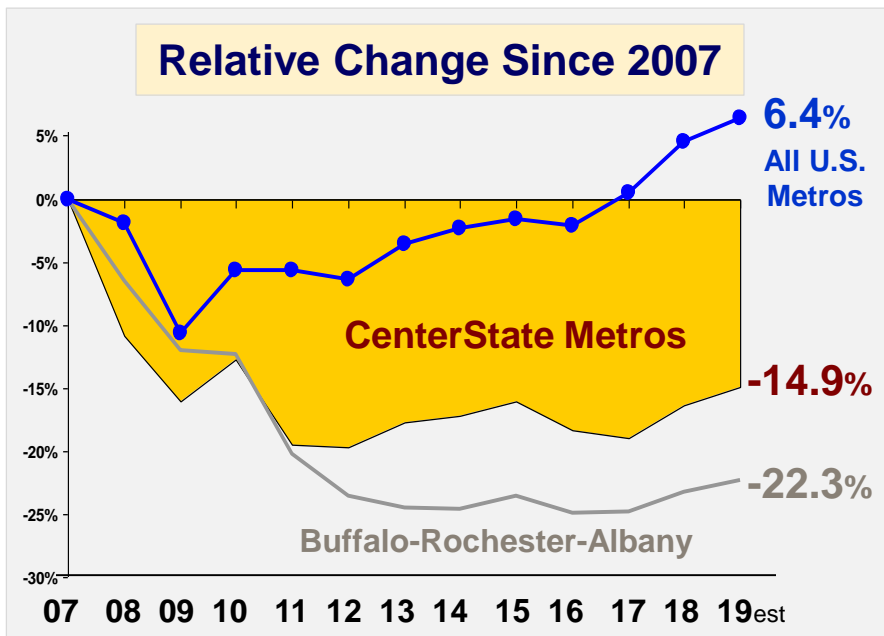
CenterState NY Real GDP



CenterState NY Real Manufacturing GDP Growth

Why the Difference? Drag From De-industrialization is Certainly a Factor

Real manufacturing output has declined across most Upstate NY metros over the past decade



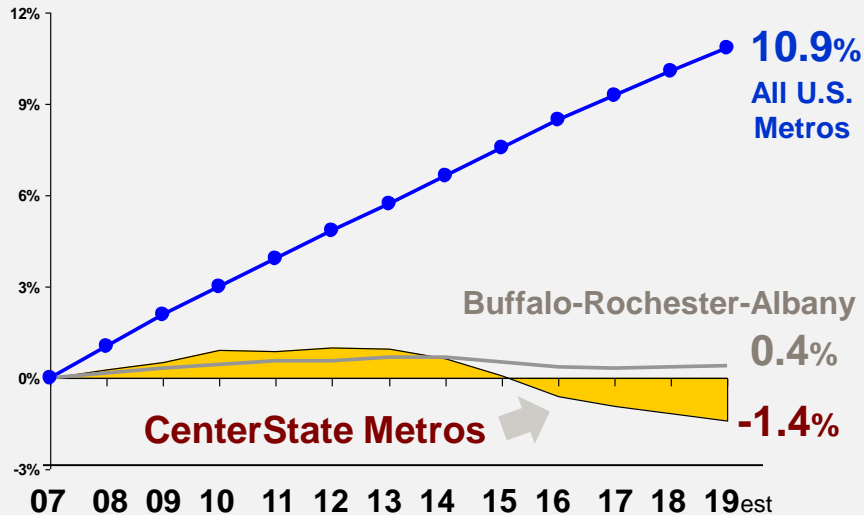
Relative Change Since 2007

CenterState NY Population Loss

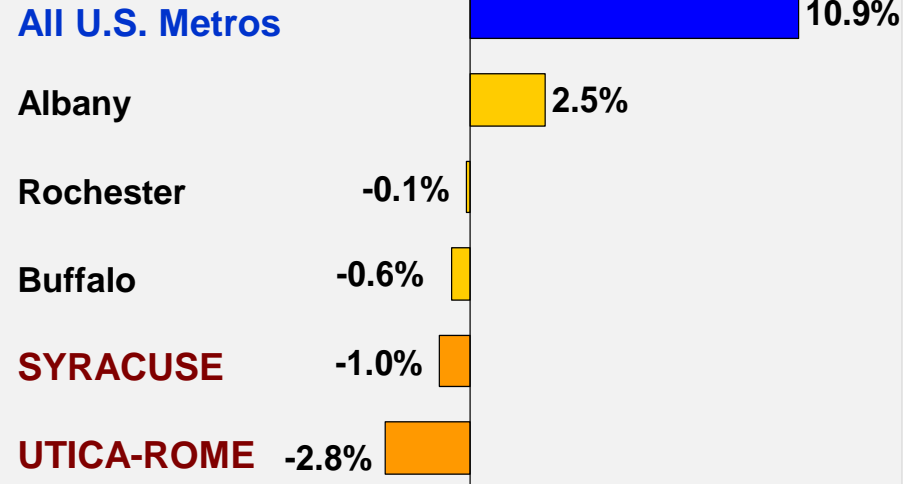
Another Key Driver: Regional Population Loss vs. Other U.S. Metro Areas

Population growth (or lack thereof) is critically important in a service-based economy

Relative Change Since 2007



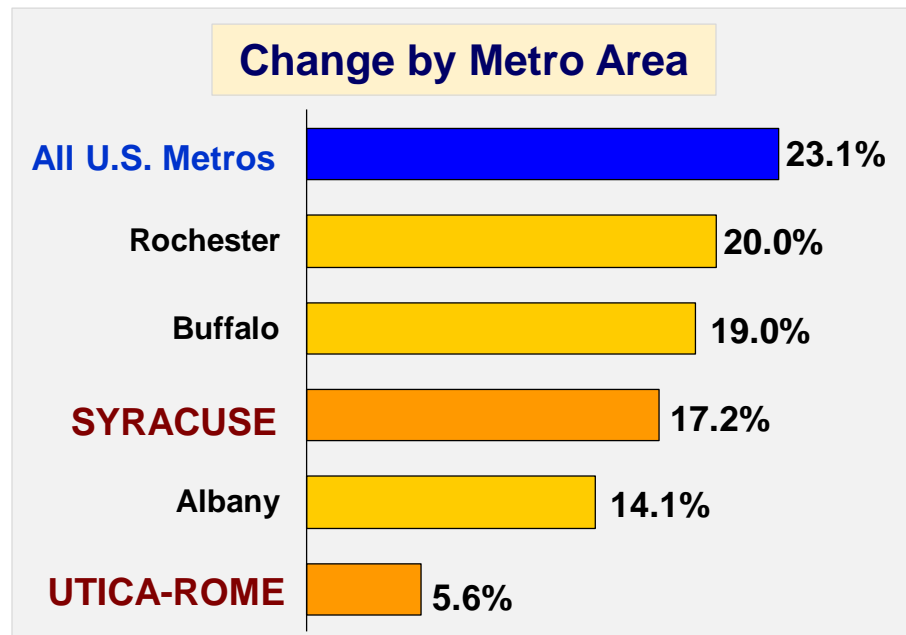
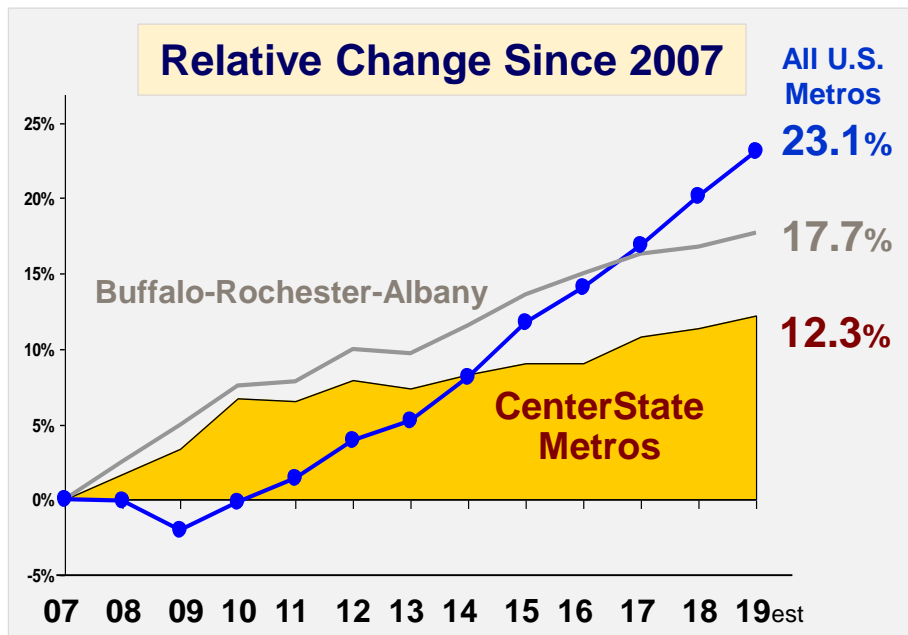
Change by Metro Area



CenterState NY Real Non-Manufacturing GDP Growth

Net Result: Less Contribution From Service Sector Industries

The region continues to lag in generating “New Economy” output and employment sources



“Keep Planning the Work, Working the Plan”



CAYUGA | CORTLAND | MADISON | ONONDAGA | OSWEGO

Central New York Innovation Hot Spot

This 21-partner consortium, headed by CenterState CEO at The Tech Garden, delivers innovative physical and virtual incubation and business development programming combining higher education resources with early-stage funding, coaching and mentorship.

Mohawk Valley I thINCubator

This “home of innovative new companies,” in downtown Utica, serves the community and the region’s higher education institutions. The thINCubator drives innovation and entrepreneurship in collaboration with multiple area stakeholders.

Griffiss Institute Certified Business Incubator (GI)

The Rome-based incubator, serving the Mohawk Valley partners with thINCubator and other regional economic development entities to combine numerous high-tech, information and cybersecurity assets with programs and services to support local entrepreneurs.

Central New York Biotech Accelerator

CNYBAC is a biotech incubator/accelerator that promotes ready access to Upstate Medical University’s experts, facilities, and equipment for biotech startups, early discovery innovators, entrepreneurs, mentors, service providers, and innovation clubs.

Mohawk Valley Farm & Food Business Incubator (FFBI)

This partnership between SUNY Cobleskill and the Center for Agricultural Development and Entrepreneurship (CADE), provides a variety of services for clients, including food processing and commercial kitchens.

Rev Ithaca Startup Works

Rev is an Ithaca-based, collaborative project with New York State, Cornell University, Ithaca College and Tompkins Cortland Community College to develop startups and grow regional economy and employment.

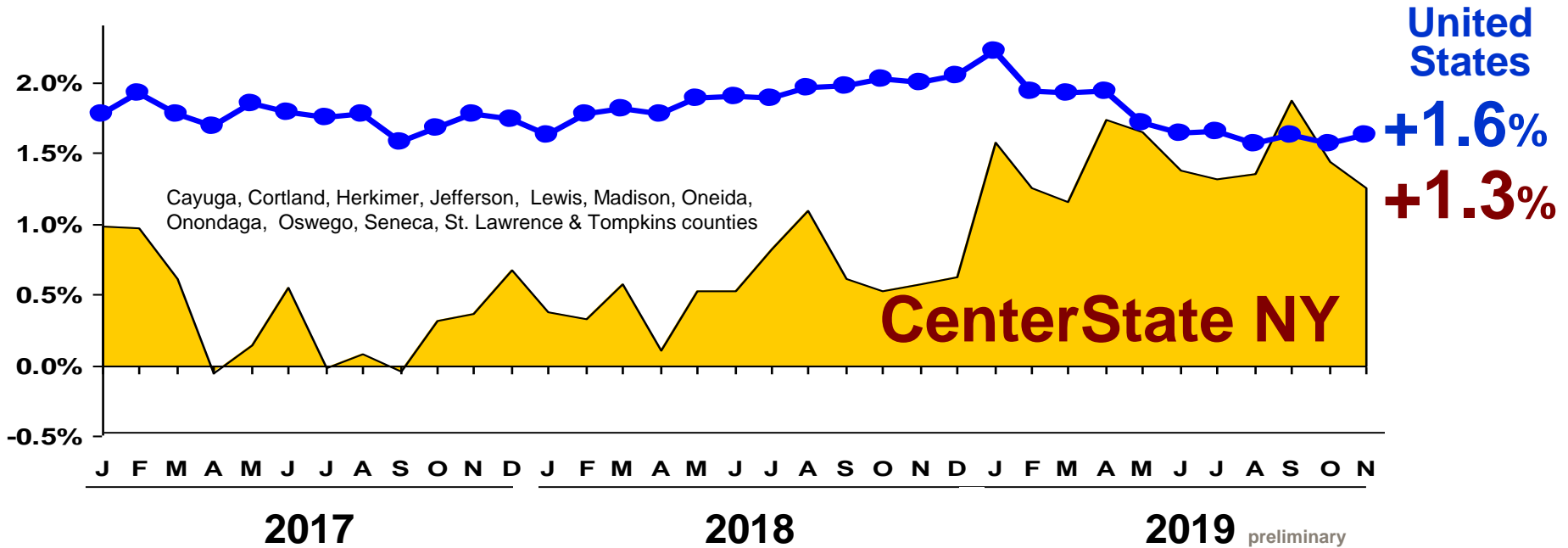


All the intersection of our strategies we have found a recipe that works. Brewery Ommevang, a Round 1 & 7 project, expanded their brewing capacity using high-tech equipment from hospitality center is fueled by local farms, and their atmosphere has made them a tourism destination.
Photo: Frisays Photo credit: Brewery Ommevang.

CenterState NY Private Sector Job Growth

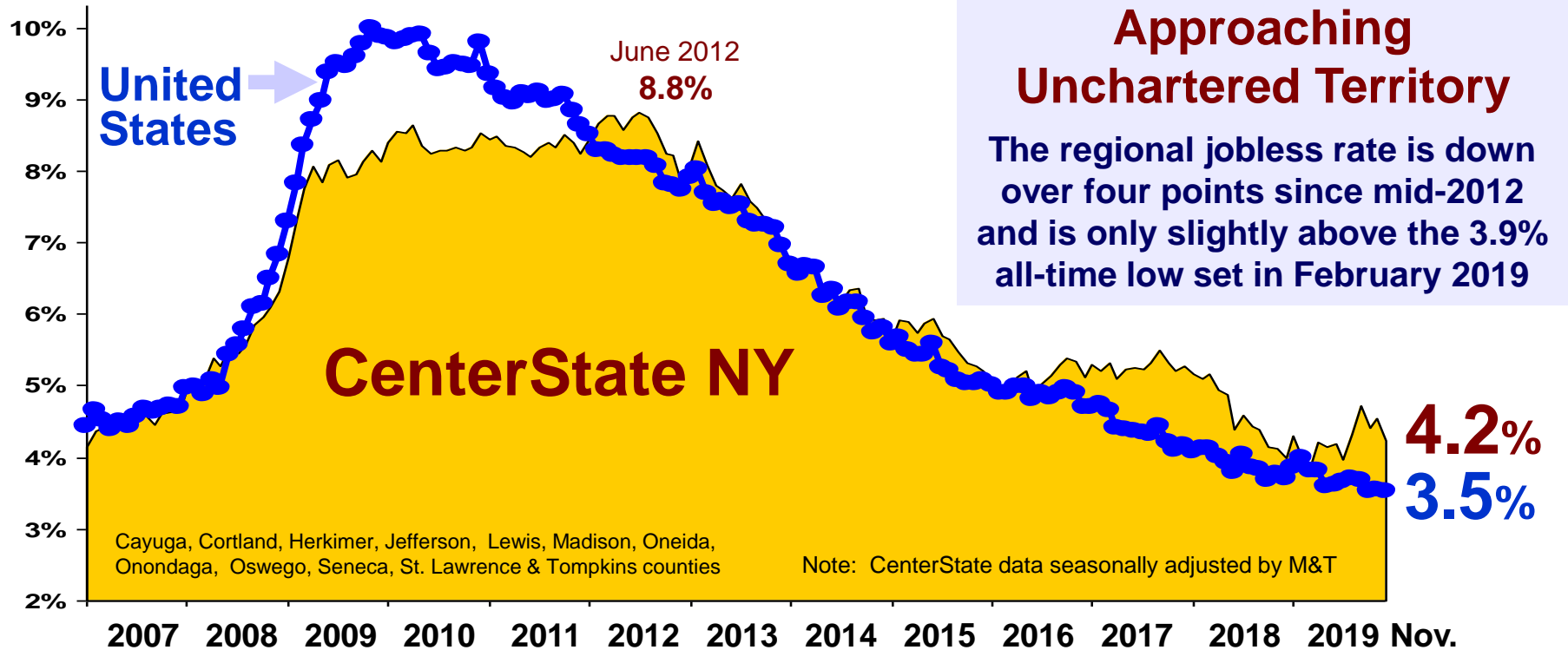
Regional Job Growth Accelerated in 2019

The “gap” with the national growth rate is the closest in recent memory



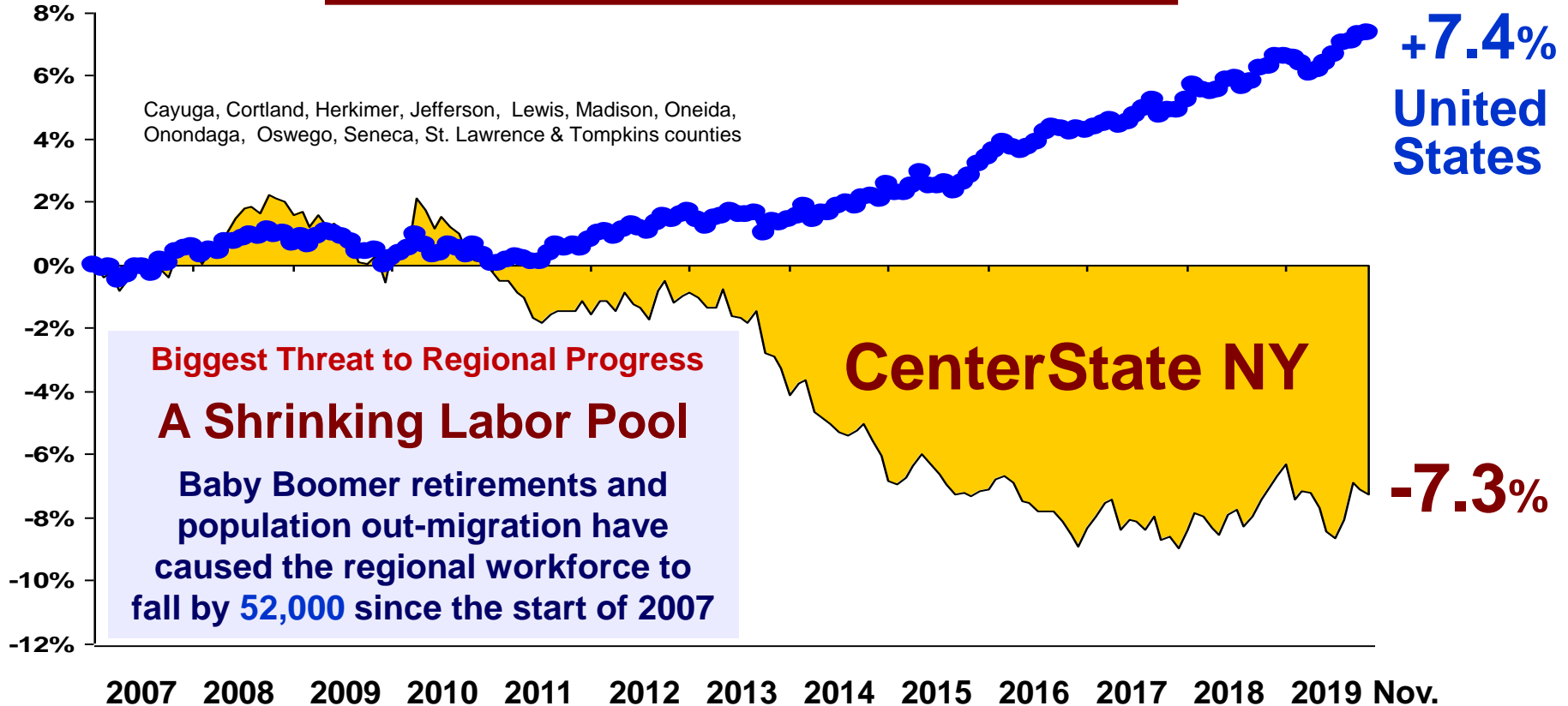
Seasonally Adjusted

CenterState NY Unemployment Rate



Relative Change Since January 2007

CenterState NY Labor Force



Full STEAM Ahead...





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