



# U.S. & CenterState NY Economic Outlook

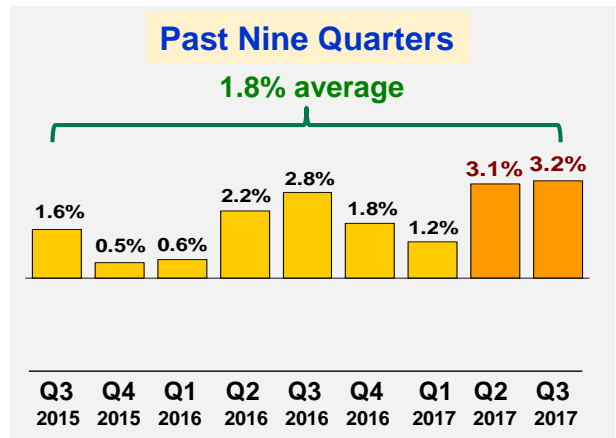
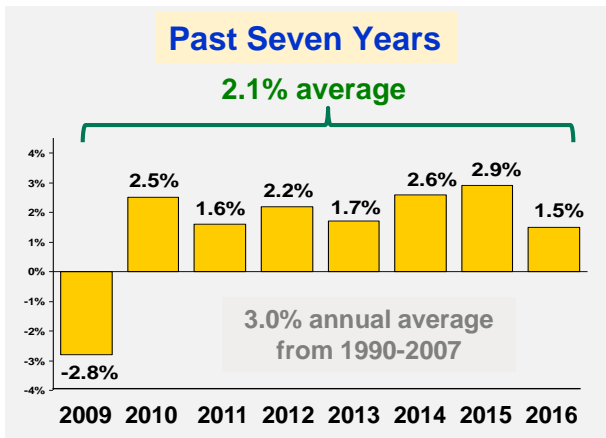
Gary D. Keith – Regional Economist  
January 10, 2018



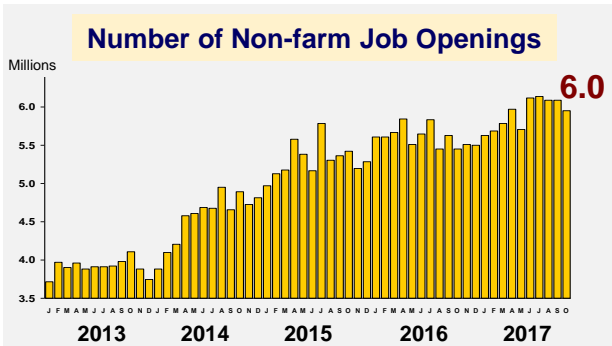
## U.S. Real Gross Domestic Product Growth

### Recent Signs That Economic Growth is Accelerating

Growth has been sluggish since 2010, averaging 2.1% per year—However, GDP expanded at a 3%+ annualized rate in Q2 & Q3 suggesting a stronger outlook for 2018

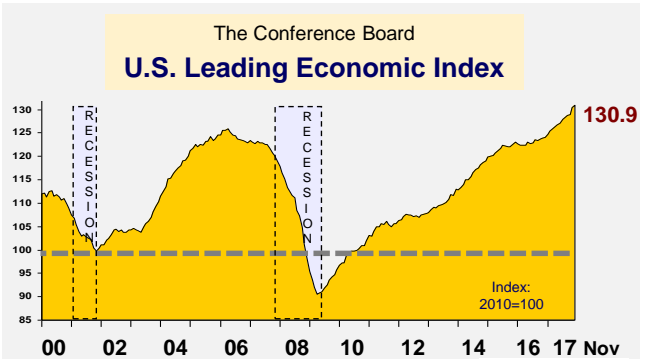


# Solid Economic Momentum Heading Into 2018



**Robust Hiring Demand**

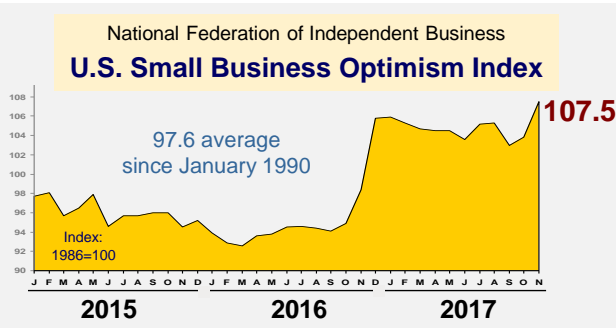
Strong hiring plans set the stage for faster income and spending growth in the coming year



**U.S. Leading Indicators Point to Further Expansion**

“The Index...suggests that solid economic growth will continue into the first half of 2018”

# Sentiment Has Moved Sharply Higher Over Past Year

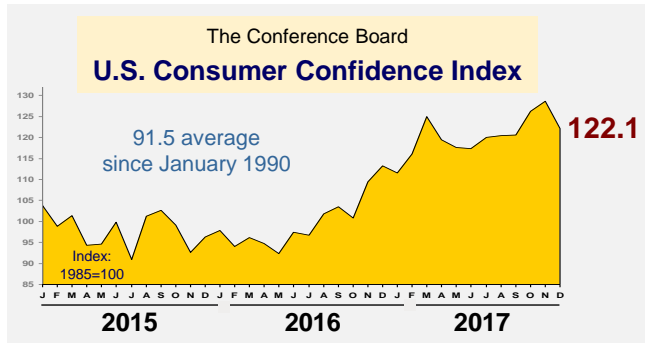


**Small Business Optimism Is At An All-Time High**

“We haven’t seen this kind of optimism in 34 years, and we’ve seen it only once in the 44 years that NFIB has been conducting this research”

**Upbeat Consumer Outlook Bodes Well For Spending**

“After hitting a 17-year high in November, expectations remain at historically strong levels, suggesting growth will continue well into 2018”

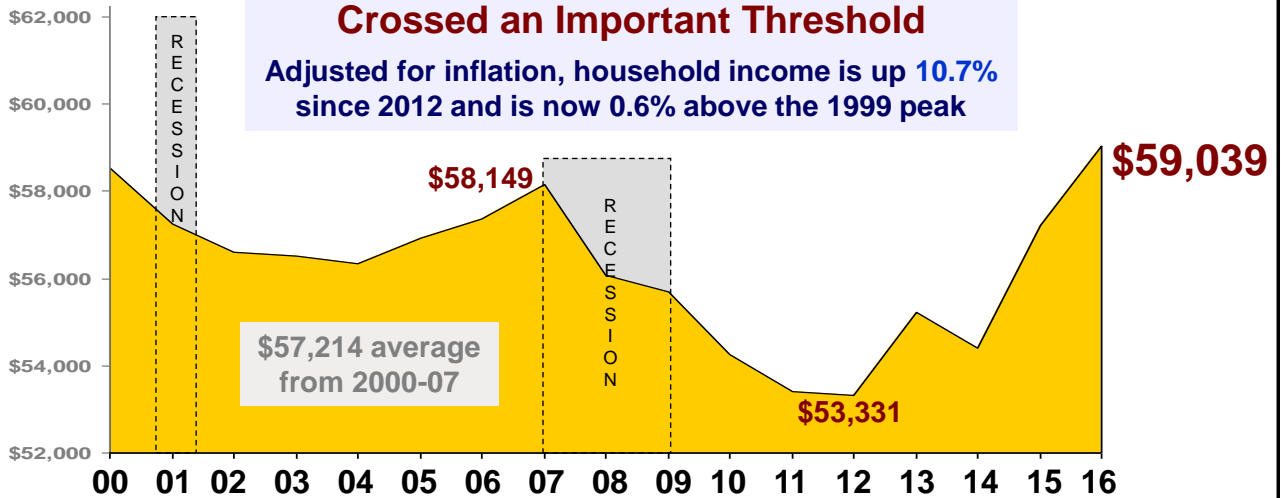


Constant 2016 Dollars

## U.S. Real Median Household Income

**Household Income Has (Finally) Crossed an Important Threshold**

Adjusted for inflation, household income is up 10.7% since 2012 and is now 0.6% above the 1999 peak



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Source: U.S. Census Bureau

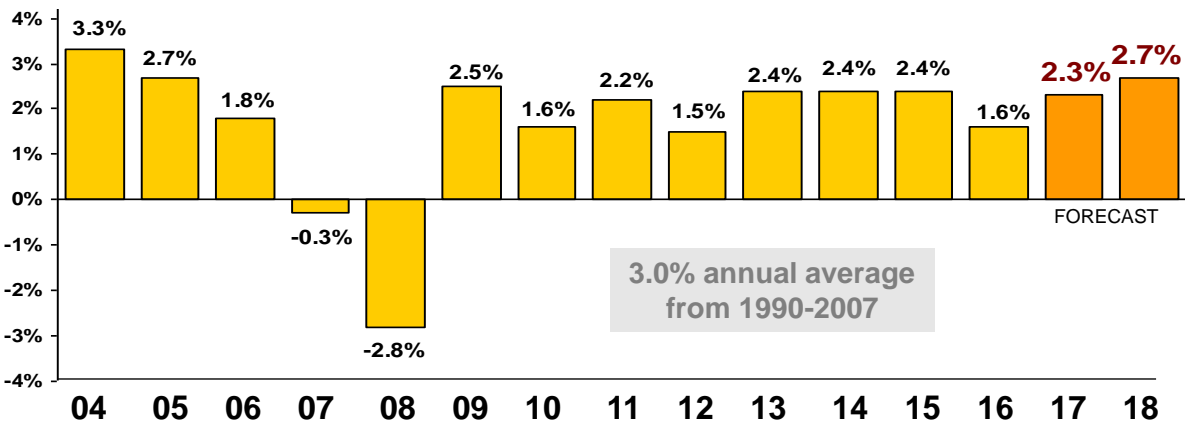
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## U.S. Real Gross Domestic Product Growth

**2018 Growth Should Improve...With Plenty of Wildcards!**

The economy is expected to grow at a solid pace in 2018, with continued support from consumer spending, improving global trade and bump from federal tax cuts



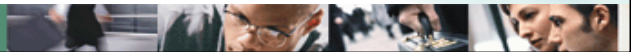
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Sources: U.S. Bureau of Economic Analysis, Consensus Forecast

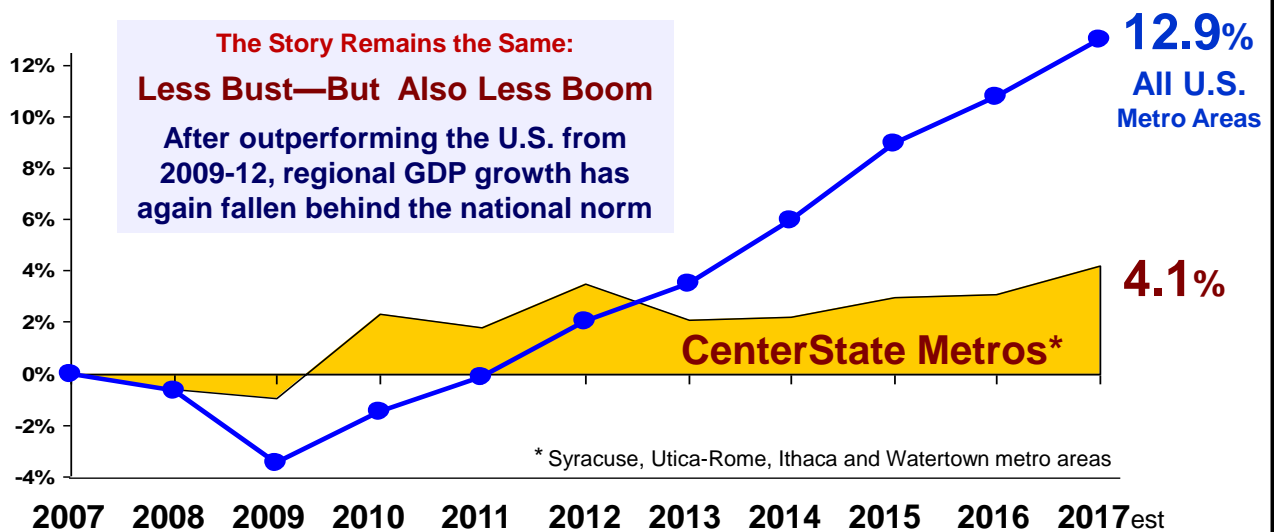
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# How's the CenterState NY region performing?

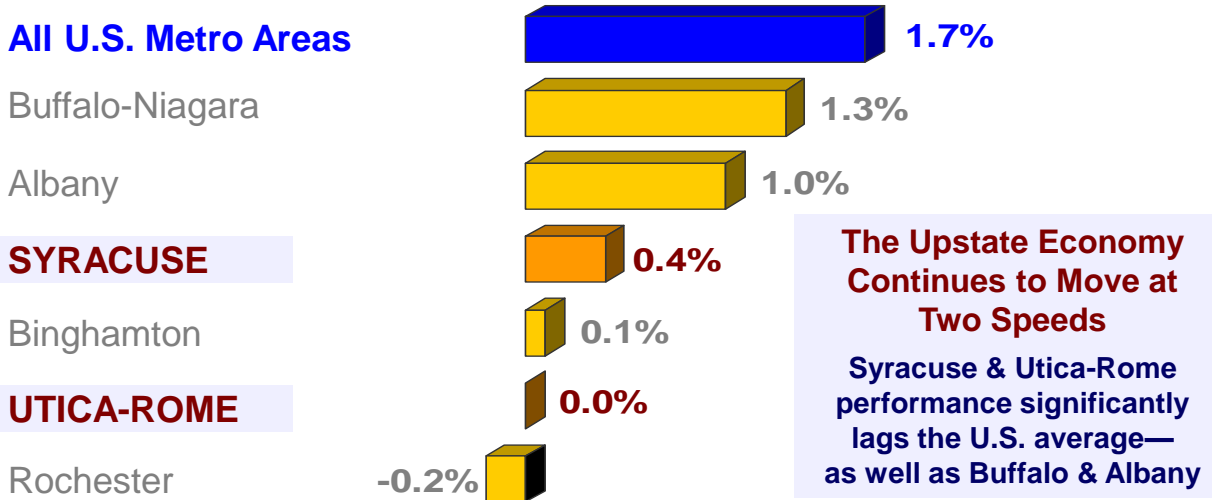


## Relative Change in Inflation-Adjusted GDP Since 2007 CenterState NY Real GDP Growth



Inflation-Adjusted Year-Over-Year Change

## Real Gross Domestic Product Growth—2016



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Source: U.S. Bureau of Economic Analysis

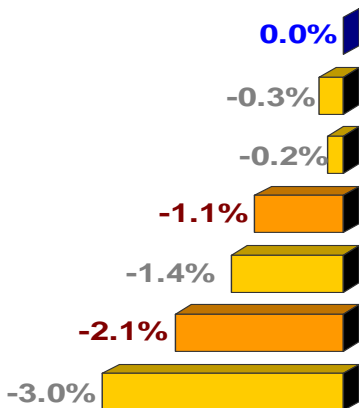
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## Real Gross Domestic Product Growth—2016

**Drag From Declining Manufacturing Output is Only Part of the Problem**  
Sluggish growth in broader, non-industrial economy is a more significant impediment

### Manufacturing



### All U.S. Metro Areas

Buffalo-Niagara

Albany

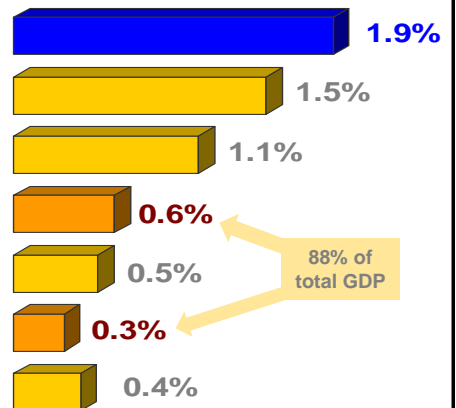
SYRACUSE

Binghamton

UTICA-ROME

Rochester

### Non-Manufacturing



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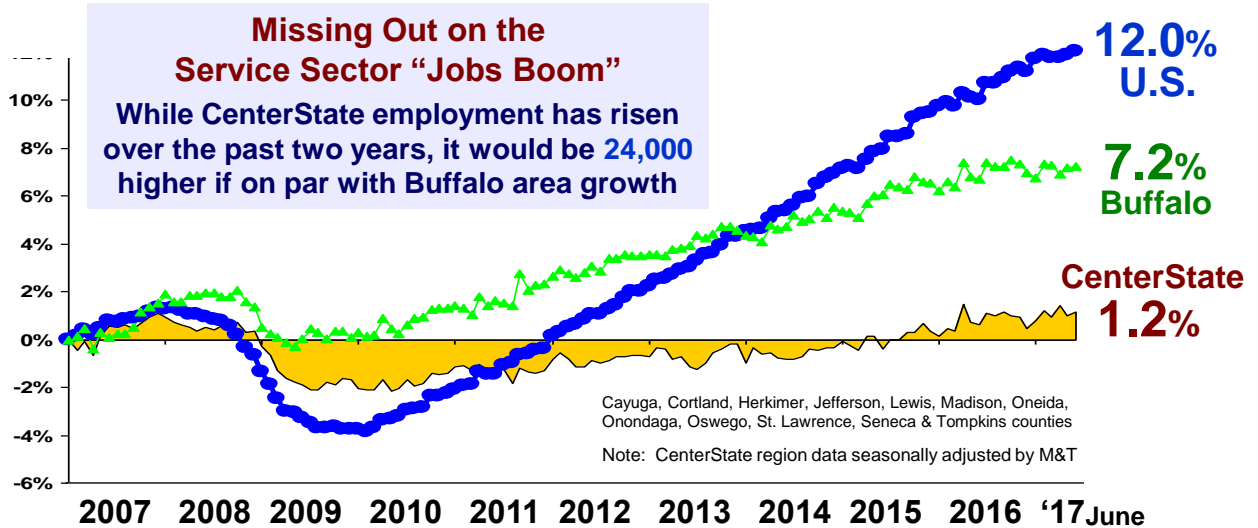
Source: U.S. Bureau of Economic Analysis

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Relative Change Since January 2007

## CenterState NY Private Service Providing Jobs



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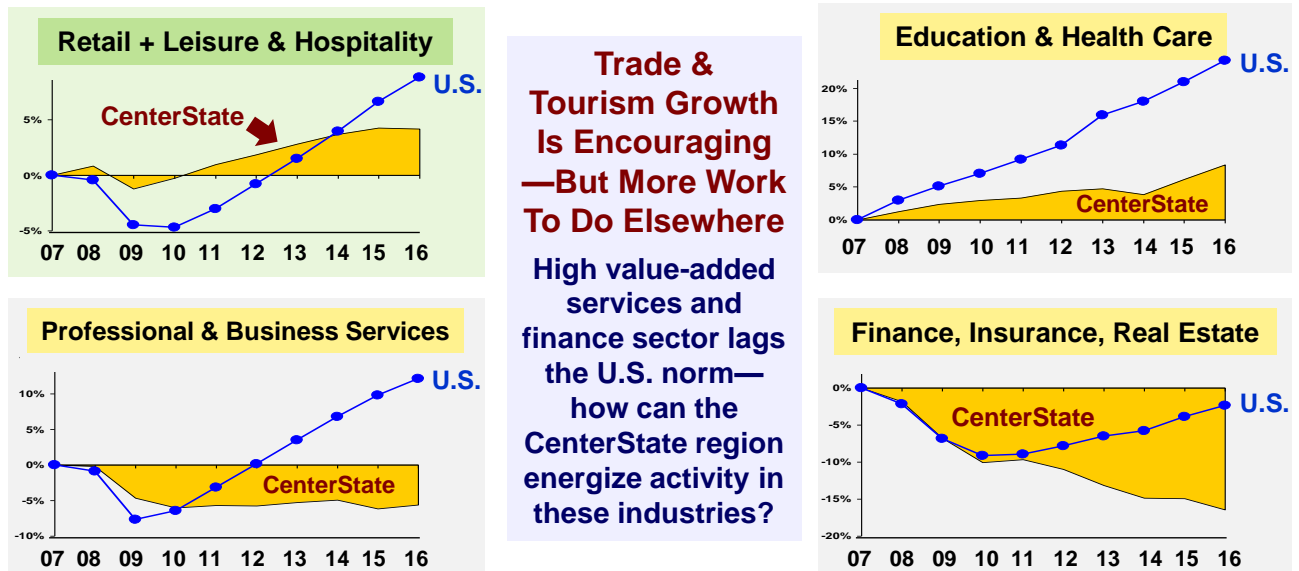
Sources: U.S. Bureau of Labor Statistics, NYS Department of Labor

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Relative Change Since 2007

## CenterState Region Private Service Providing Jobs



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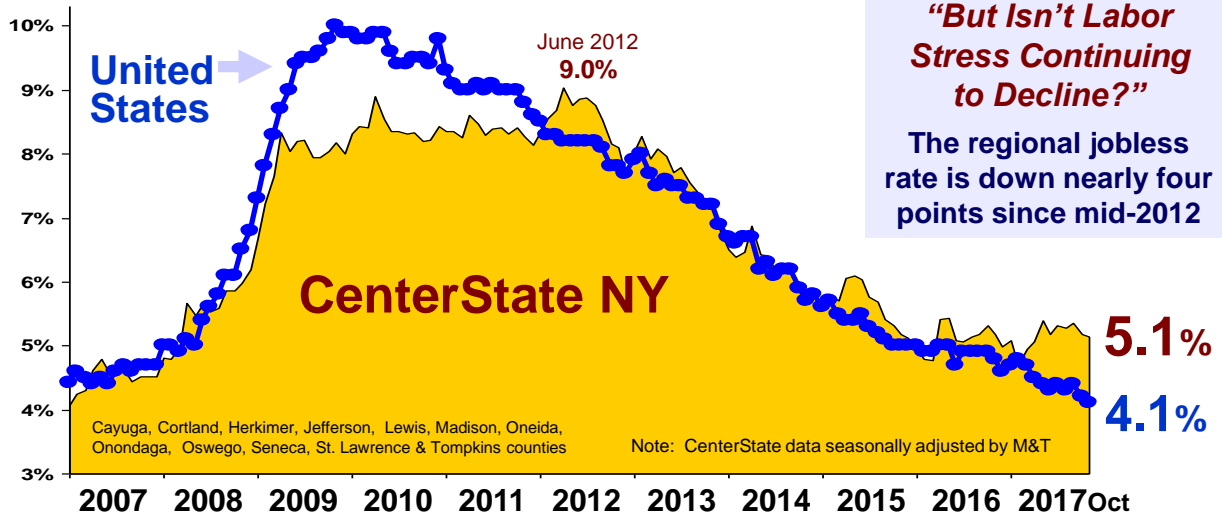
Source: U.S. Bureau of Labor Statistics

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Seasonally Adjusted

## CenterState NY Unemployment Rate



**“But Isn’t Labor Stress Continuing to Decline?”**

The regional jobless rate is down nearly four points since mid-2012

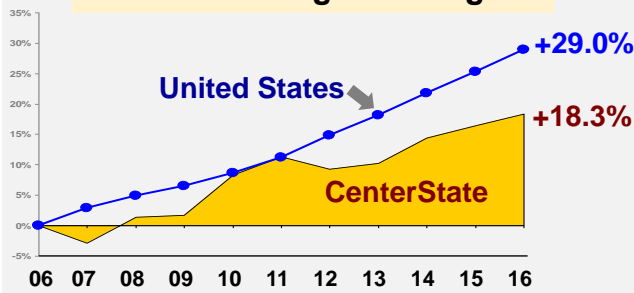
Relative Change Since 2006 For Persons 18-Plus Years Old

## CenterState Resident Employment

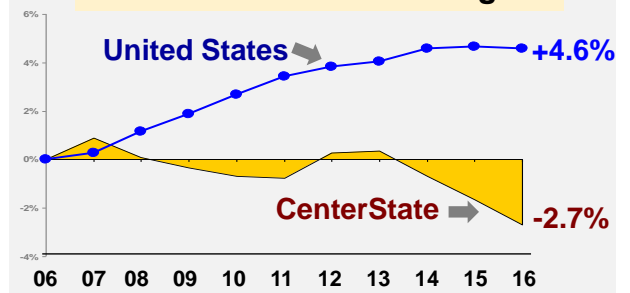
**The Workforce is Undergoing a Significant Transformation**

Among CenterState residents with a bachelor’s degree or higher, employment is up 18.3% since 2006, or roughly two-thirds the U.S. average gain—versus a 2.7% decline in employment among individuals with less educational attainment

**Bachelor’s Degree or Higher**



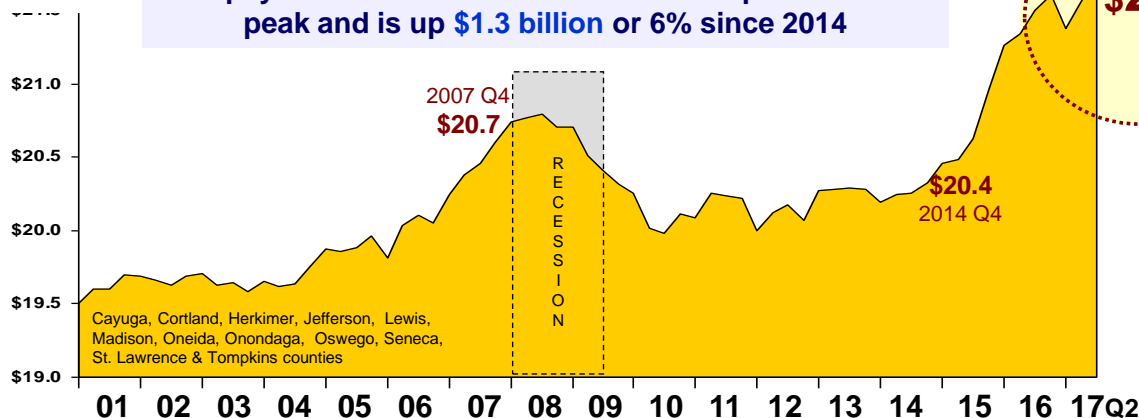
**Less Than Bachelor’s Degree**



Inflation-Adjusted Four-Quarter Running Total

## CenterState Private Sector Payroll Income

Billions of  
Constant  
Q2 2017  
Dollars



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Sources: New York State Department of Labor, U.S. Bureau of Economic Analysis

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## CenterState Private Payroll Income Growth Since 2014

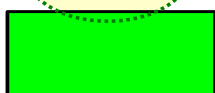
**Manufacturing,  
Retail Trade,  
Leisure & Hospitality**

29.0%



Share of Total  
2016 Private  
Payroll Earnings

20.0%



Share of Growth  
in Private Payroll  
Earnings Since 2014

**But a  
Worrisome  
Trend:  
Income  
Growth  
Is Uneven**

Gains in  
real payroll  
income  
differ by  
industry and  
workforce  
skillset

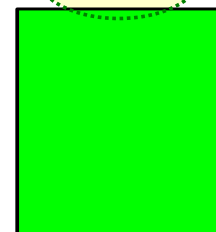
**Private Education,  
Health Care, Professional  
and Business Services**

41.0%



Share of Total  
2016 Private  
Payroll Earnings

53.0%



Share of Growth  
in Private Payroll  
Earnings Since 2014

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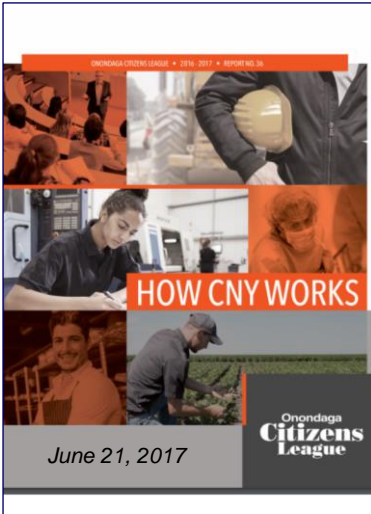
Sources: New York State Department of Labor, U.S. Bureau of Economic Analysis

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## “Identify Workforce Development Strategies and Shrink the Skills Gap Through Industry and Educational Collaboration”

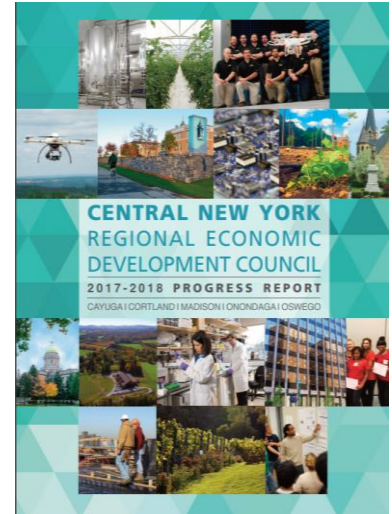


Identify skills gaps and inventory / examine existing workforce training programs and initiatives

- *Internship & apprenticeship programs*
- *Recruiting strategies, such as Come Home to Syracuse*
- *Spousal placement programs, retention strategies & targeted marketing efforts*

Examine the potential impact to the community if this challenge is not addressed

Issue joint recommendations to address what is becoming one of the community's leading growth inhibitors



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