

Employment in New York State



Research and Statistics

A Publication of the New York State Department of Labor

JULY 2016

At a Glance

New York State had 9,332,000 total nonfarm jobs in May 2016, including 7,889,000 private sector jobs, after seasonal adjustment. The state's seasonally adjusted private sector job count decreased by 0.2% between April and May 2016. Over the same time frame, the nation's private sector job count increased by less than 0.1%. From May 2015 to May 2016, the number of private sector jobs increased by 1.0% in the state and by 1.9% in the nation (not seasonally adjusted).

In May 2016, New York State's seasonally adjusted unemployment rate decreased from 4.9% to 4.7%. The comparable rate for the nation was also 4.7% in May 2016.

New York State's Index of Coincident Economic Indicators decreased by less than 0.1% in May 2016.

Change in Nonfarm Jobs

May 2015 - May 2016

(Data not seasonally adjusted, net change in thousands)

	Net	%
Total Nonfarm Jobs	81.8	0.9%
Private Sector	74.9	1.0%
Goods-producing	7.3	0.9%
Nat. res. & mining	-0.3	-5.5%
Construction	11.1	3.0%
Manufacturing	-3.5	-0.8%
Durable gds.	-3.7	-1.4%
Nondurable gds.	0.2	0.1%
Service-providing	74.5	0.9%
Trade, trans. & util.	1.4	0.1%
Wholesale trade	3.1	0.9%
Retail trade	-8.1	-0.9%
Trans., wrhs. & util.	6.4	2.2%
Information	-7.4	-2.8%
Financial activities	2.6	0.4%
Prof. & bus. svcs.	13.2	1.0%
Educ. & health svcs.	44.1	2.3%
Leisure & hospitality	7.0	0.8%
Other services	6.7	1.7%
Government	6.9	0.5%

Composite index comprised of many indicators...

Charting the Future: A Look at Leading Economic Indexes

"Investors and policymakers love to follow leading economic indicators because of their look-ahead qualities."

– Economist Bernard Baumohl

According to the National Bureau of Economic Research (NBER), the current U.S. economic expansion just turned seven years old (or 84 months). This makes it our nation's fourth-longest expansion on record (data extend back to 1854).

At 84 months old, our nation's current expansion has now lasted more than two years longer than the average length of U.S. expansions (58 months) since 1945.

As this expansion is beginning to get a little long in the tooth, an increasing number of people are asking, "Where is the economy heading?" Here, we discuss one tool – the

composite leading economic index – which can help answer this question.

Business Cycle Indicators

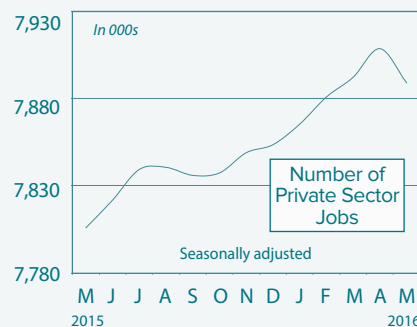
The study of fluctuations in overall economic activity is called business cycle analysis. Wesley C. Mitchell and Arthur F. Burns, NBER economists, were pioneers in the study of business cycles. As early as the 1930s, they developed a list of almost 500 economic variables and organized them into three broad categories of indicators:

- **Leading Indicators:** These shift direction before the overall economy
- **Coincident Indicators:** These shift direction at about the same time as the overall economy
- **Lagging Indicators:** These shift direction later than the overall economy

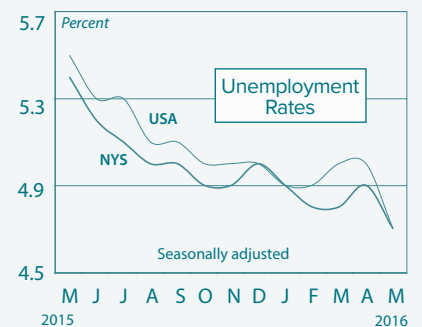
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In May...

...NYS private sector jobs decreased



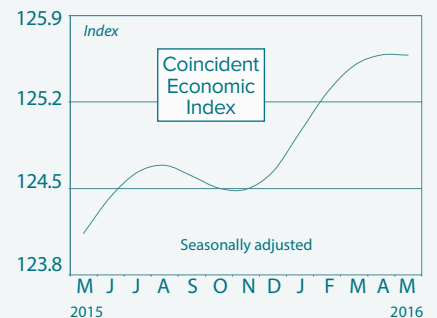
...NYS unemployment rate decreased



...NYS unemployment decreased



...NYS economic index decreased



Focus on the Finger Lakes

Beverage Production Plays Growing Role in Region's Economy
by Tammy Marino, Labor Market Analyst, Finger Lakes

Did you know beverage production is big business in the Finger Lakes? In fact, this sector generated more than \$1.6 billion in regional exports for the Finger Lakes in 2014, according to Economic Modeling Specialists Intl. (EMSI). If you have ever enjoyed one of our region's signature Riesling wines or one of our award-winning craft beers, this should come as no surprise. With the Finger Lakes' increasing popularity, a growing number of consumers have come to love these regionally produced beverages.

As a result, beverage manufacturing has experienced tremendous growth in recent years. Over the past five years, beverage manufacturers in the Finger Lakes region have added nearly 700 workers, an increase of 46%. Today, this sector employs more than 2,100 and injects \$82.2 million in wages into the regional economy.

Economic Driver

Beverage manufacturing is comprised of three industries: soft drink producers, breweries and wineries. With nearly 1,200 workers and 51 establishments, wineries employ the greatest number of workers. Breweries, with 700 employees (14 establishments), also employ a large share of workers. In 2015, breweries (\$34.8 million) and wineries (\$33.9 million) contributed nearly the same amount of wages to the Finger Lakes economy.

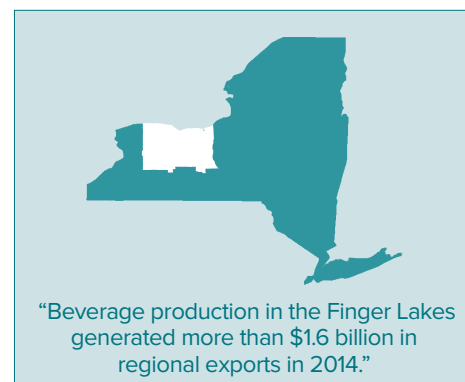
Important Regional Clusters

Clusters are groups of related industries that create jobs and increase wealth in a regional economy, primarily through the export of goods and services. Wineries and

breweries are part of the region's broader food processing cluster. In turn, the region's agriculture cluster – including grape, barley and hops production – represents a significant part of food processing's supply chain. Both the food processing and agriculture clusters have been identified as priorities by the Finger Lakes Regional Economic Development Council.

Direct employment at wineries and breweries is only one way to measure the industry's impact on the Finger Lakes regional economy. Beverage producers also help to support the broader regional economy when they purchase grapes, hops and other inputs from local businesses within the region. As a result, beverage manufacturers in the Finger Lakes are an important source of "spin-off" jobs, found in industries throughout the region, due to the "ripple" effect of the economic multiplier. According to EMSI, each new Finger Lakes beverage manufacturing job creates an additional 2.01 jobs in the region.

As expected, beverage industry jobs are overrepresented in the Finger Lakes. In 2015, the region's beverage manufacturers had a location quotient of 2.84. This means beverage industry jobs are almost three times more concentrated in the region than in the nation as a whole. More wine and beer products are produced than can be consumed within the region, so producers export the excess. In fact, the Finger Lakes region ranks among New York's largest beverage exporters, accounting for more than 50% of the state's total exports.



Supporting Tourism

Travel and tourism is another industry cluster that is a significant generator of regional exports – more than \$1.1 billion in 2014, according to EMSI. Moreover, this cluster is closely related to the food processing and agriculture clusters. Every year, thousands of people come to the Finger Lakes to visit the area's many wine producers. Visitors to local wineries and craft breweries help to boost the regional tourism economy in a number of ways. They may stop at a local restaurant for lunch, shop in a nearby store or stay at bed and breakfast in town. All of this "direct" spending by visitors to the Finger Lakes re-circulates many times over, helping to create additional jobs throughout the region's economy. For more information on food and beverage tourism in New York State, see the June 2016 issue of this newsletter.

Looking Ahead

The economic contributions of the food processing, agriculture and tourism clusters are often overlooked, despite being significant sources of regional exports in the Finger Lakes. Going forward, they are poised to play an even greater role in the Finger Lakes regional economy.

Charting the Future... from page 1

Composite Economic Indexes

Composite economic indexes (CEIs) are comprised of multiple economic indicators, usually limited to one type (i.e., leading, coincident or lagging), which are statistically combined into a single measure of the economy. The main reason for doing so is to smooth out much of the month-to-month volatility found in individual components. Leading economic indexes (LEIs) tend to get the bulk of attention because they provide a signal regarding the future health of an area's economy, much like a long-range weather report. Typically, an LEI reaches peaks and troughs in the business cycle earlier than the overall economy.

State Leading Economic Indexes

The Conference Board compiles and publishes a well-known monthly LEI for the U.S. economy. If each state and the nation had similar economic outlooks, then a national LEI, like the Conference Board's, could be used to make an economic forecast for individual states. However, fluctuations in state economies often do not mirror those at the national level. As a result, there is a need to use state-level indicators to build an appropriate leading index. Each month, the Federal Reserve Bank of Philadelphia compiles and publishes a leading index for each of the 50 states,

which it has been doing since 2010. Each state's index consists of the same five economic indicators – three are state-specific and two are national-level. These are described in greater detail below.

State Coincident Index: One input used in the Bank's leading index is the state's coincident index, which tells us about today's state economic conditions. The coincident index is comprised of four indicators – the unemployment rate, inflation-adjusted wages, nonfarm jobs and average weekly hours of manufacturing workers – which often move at the same time as the overall state economy.

Unemployment Rates in New York State

Data Not Seasonally Adjusted

	MAY '15	MAY '16		MAY '15	MAY '16		MAY '15	MAY '16
New York State	5.3	4.2	Hudson Valley	4.7	3.8	Finger Lakes	5.2	4.2
Capital	4.5	3.8	Dutchess	4.7	3.8	Genesee	4.8	3.8
Albany	4.5	3.7	Orange	4.8	3.9	Livingston	5.4	4.5
Columbia	4.0	3.3	Putnam	4.3	3.5	Monroe	5.3	4.3
Greene	5.8	4.7	Rockland	4.7	3.8	Ontario	4.7	3.8
Rensselaer	4.6	3.8	Sullivan	5.6	4.3	Orleans	6.2	4.9
Saratoga	4.2	3.4	Ulster	4.9	3.9	Seneca	4.9	4.0
Schenectady	4.8	4.0	Westchester	4.6	3.8	Wayne	5.3	4.3
Warren	5.2	4.4	Mohawk Valley	5.7	4.5	Wyoming	5.3	4.2
Washington	4.8	4.0	Fulton	6.5	5.2	Yates	4.8	3.9
Central New York	5.5	4.4	Herkimer	6.1	4.7	Western New York	5.6	4.5
Cayuga	5.1	4.4	Montgomery	6.7	5.1	Allegany	5.5	4.9
Cortland	5.5	4.6	Oneida	5.4	4.3	Cattaraugus	6.2	5.2
Madison	5.6	4.5	Otsego	5.1	4.0	Chautauqua	6.0	4.9
Onondaga	5.1	4.0	Schoharie	5.4	4.8	Erie	5.4	4.3
Oswego	7.1	5.5	North Country	6.4	5.2	Niagara	6.0	4.9
Southern Tier	5.7	4.6	Clinton	5.9	4.8	Long Island	4.6	3.7
Broome	6.0	4.8	Essex	6.0	4.7	Nassau	4.4	3.5
Chemung	6.0	5.2	Franklin	6.6	4.9	Suffolk	4.7	3.8
Chenango	5.5	4.5	Hamilton	6.5	5.4	New York City	5.7	4.4
Delaware	6.1	4.9	Jefferson	6.3	5.2	Bronx	7.8	6.1
Schuyler	6.2	5.0	Lewis	6.6	5.9	Kings	6.0	4.6
Steuben	6.6	5.3	St. Lawrence	6.9	5.5	New York	4.9	3.9
Tioga	5.4	4.4				Queens	5.1	3.8
Tompkins	4.1	3.4				Richmond	5.8	4.4

Charting the Future... from page 2

Building permits (1 to 4 units): This measure from the U.S. Census Bureau provides one estimate of future real estate supply levels. Housing is an economically sensitive sector, and is usually one of the first markets to rise or fall when overall economic conditions turn. A crash in the U.S. housing market is widely credited with precipitating the "Great Recession" of 2007-09.

Initial claims for Unemployment Insurance: These data are published by the U.S. Department of Labor's Employment and Training Administration. An increase in the number of workers applying for Unemployment Insurance (UI) for the first time signals growing slack in the labor market and is associated with worse future business conditions. The reverse is also true; fewer workers applying for UI is associated with better future business conditions.

Vendor delivery times: The Institute for Supply Management publishes this indicator. It measures the speed at which manufacturing customers receive materials from their suppliers. In general, slower delivery times mean increased demand for materials, and improving future business conditions. In contrast, faster delivery times are associated with a weaker future economy.

Interest rate spread: Also called the yield curve, this is the difference between long-

term (10-year Treasury bond) and short-term (3-month Treasury bill) interest rates. It is considered one of the most important leading indicators due to its strong track record in predicting past recessions. Data are published in the Federal Reserve Board of Governors' H.15 statistical release.

The spread is usually positive, since long-term rates are typically greater than short-term ones. It widens when the economy is likely to grow in the future and narrows when the economy is expected to contract. Over the past year, the interest rate spread narrowed from 2.34 percentage points in June 2015 to 1.37 in June 2016. Inverted yield curves (i.e., negative spreads) often occur about one year before the start of a recession, and have preceded each of the last seven U.S. recessions.

Recent Trends in the NYS Leading Index

The Bank recently released leading indexes for all 50 states for May 2016. They estimate that 40 of 50 states, including New York, will see economic growth over the next six months. New York's projected rate of growth is 1.29% in May, up from 0.84% in April. These rates of growth represent the forecasted six-month rate of change in the state's coincident economic index. New York's leading index has now grown for 82 straight months.

Analysts at the Philadelphia Fed note that state-level variables (UI claims and building permits) are more important than U.S. variables (interest-rate spread and ISM delivery time), when explaining variation in New York's coincident and leading indexes. They also indicate that New York's state-level variables have become more statistically important in recent months than they have been historically.

Summing Up

For further information regarding state-level leading economic indexes published by the Federal Reserve Bank of Philadelphia, see: www.philadelphiafed.org/research-and-data/regional-economy/indexes/leading/.

by Karen Kirker

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Regional Analysts' Corner

CAPITAL

James Ross — 518-242-8245

For the 12-month period ending May 2016, the private sector job count in the Capital Region fell by 3,400, or 0.8 percent, to 428,800. The largest gains were in manufacturing (+700) and educational and health services (+400). Losses were centered in professional and business services (-2,500), leisure and hospitality (-1,300) and information (-600).

CENTRAL NY

Karen Knapik-Scalzo — 315-479-3391

Private sector jobs in the Syracuse metro area fell over the year by 800, or 0.3 percent, to 260,700 in May 2016. Job growth was centered in trade, transportation and utilities (+2,300) and manufacturing (+400). The largest losses occurred in professional and business services (-1,900) and educational and health services (-600).

FINGER LAKES

Tammy Marino — 585-258-8870

Private sector jobs in the Rochester metro area declined over the year by 800, or 0.2 percent, to 449,900 in May 2016. Gains were concentrated in educational and health services (+1,300) and leisure and hospitality (+900). Job losses were greatest in trade, transportation and utilities (-1,100), professional and business services (-900) and manufacturing (-800).

HUDSON VALLEY

John Nelson — 914-997-8798

For the year ending May 2016, private sector jobs in the Hudson Valley increased by 11,200, or 1.4 percent, to 790,900. Gains were largest in educational and health services (+6,300), natural resources, mining and construction (+4,400), trade, transportation and utilities (+2,300) and professional and business services (+1,600). Losses were centered in information (-1,900) and leisure and hospitality (-1,700).

LONG ISLAND

Shital Patel — 516-934-8533

Long Island's private sector job count rose over the year by 2,200, or 0.2 percent, to 1,124,100 in May 2016. Job gains were largest in educational and health services (+7,800), natural resources, mining and construction (+1,300), financial activities (+1,000) and leisure and hospitality (+1,000). Losses were greatest in trade, transportation and utilities (-6,300) and information (-2,400).

MOHAWK VALLEY

Mark Barbano — 315-793-2282

For the 12-month period ending May 2016, the Mohawk Valley's private sector job count grew by 800, or 0.5 percent, to 148,300. The largest gains were in educational and health services (+700) and leisure and hospitality (+200).

NEW YORK CITY

James Brown — 212-775-3330

Private sector employment in New York City rose by 80,900, or 2.2 percent, to 3,757,600 for the 12-month period ending May 2016. Job growth was largest in educational and health services (+30,400), professional and business services (+19,400), leisure and hospitality (+15,400) and natural resources, mining and construction (+6,900). Losses were centered in trade, transportation and utilities (-800).

SOUTHERN TIER

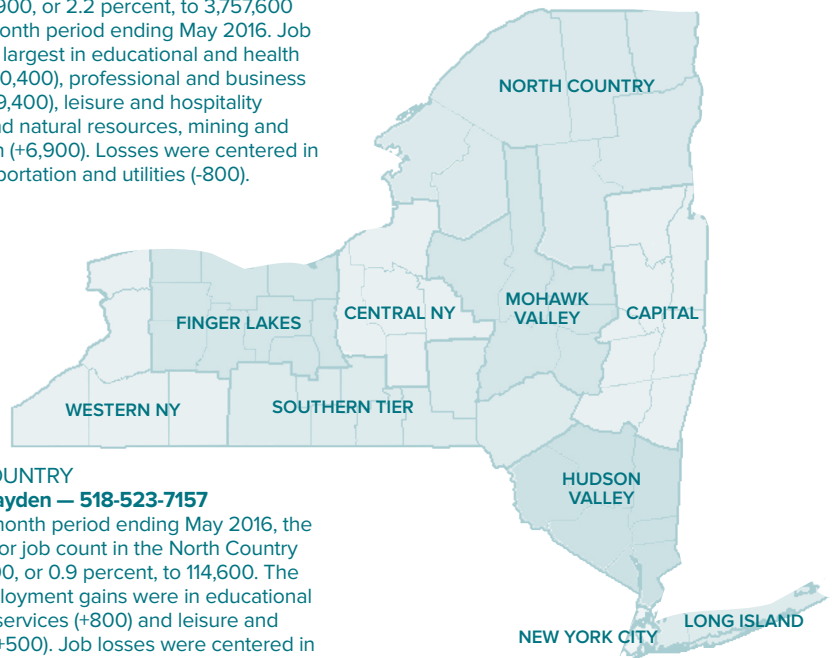
Christian Harris — 607-741-4485

For the 12-month period ending May 2016, the private sector job count in the Southern Tier fell by 1,800, or 0.8 percent, to 235,000. Employment gains were centered in educational and health services (+300). Job losses were largest in manufacturing (-900), trade, transportation and utilities (-700) and information (-400).

WESTERN NY

John Slenker — 716-851-2742

For the year ending May 2016, the private sector job count in the Buffalo-Niagara Falls metro area rose by 2,700, or 0.6 percent, to 472,700. Gains were largest in trade, transportation and utilities (+3,300), educational and health services (+1,700) and financial activities (+600). Losses were greatest in professional and business services (-1,200), manufacturing (-900) and information (-700).



NORTH COUNTRY

Anthony Hayden — 518-523-7157

For the 12-month period ending May 2016, the private sector job count in the North Country rose by 1,000, or 0.9 percent, to 114,600. The largest employment gains were in educational and health services (+800) and leisure and hospitality (+500). Job losses were centered in manufacturing (-300).

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