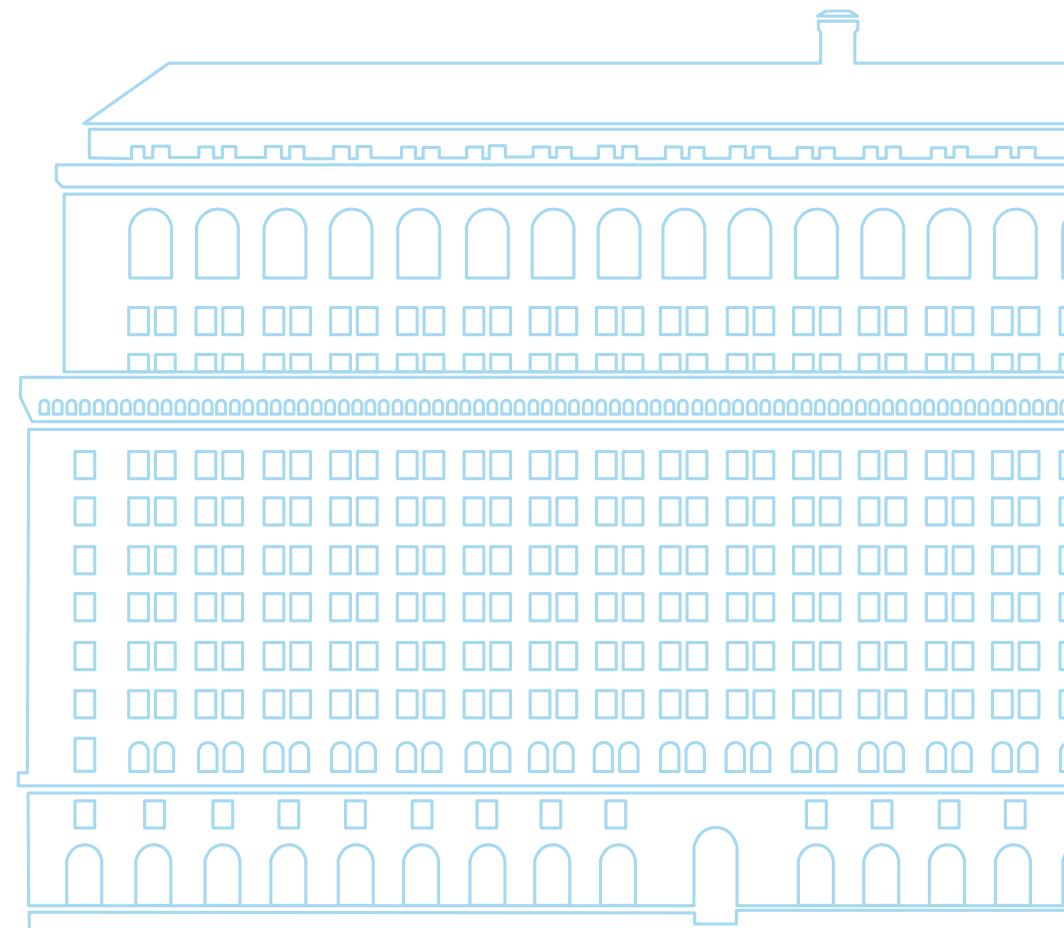


FEDERAL RESERVE BANK *of* NEW YORK

Economic Conditions in the Region

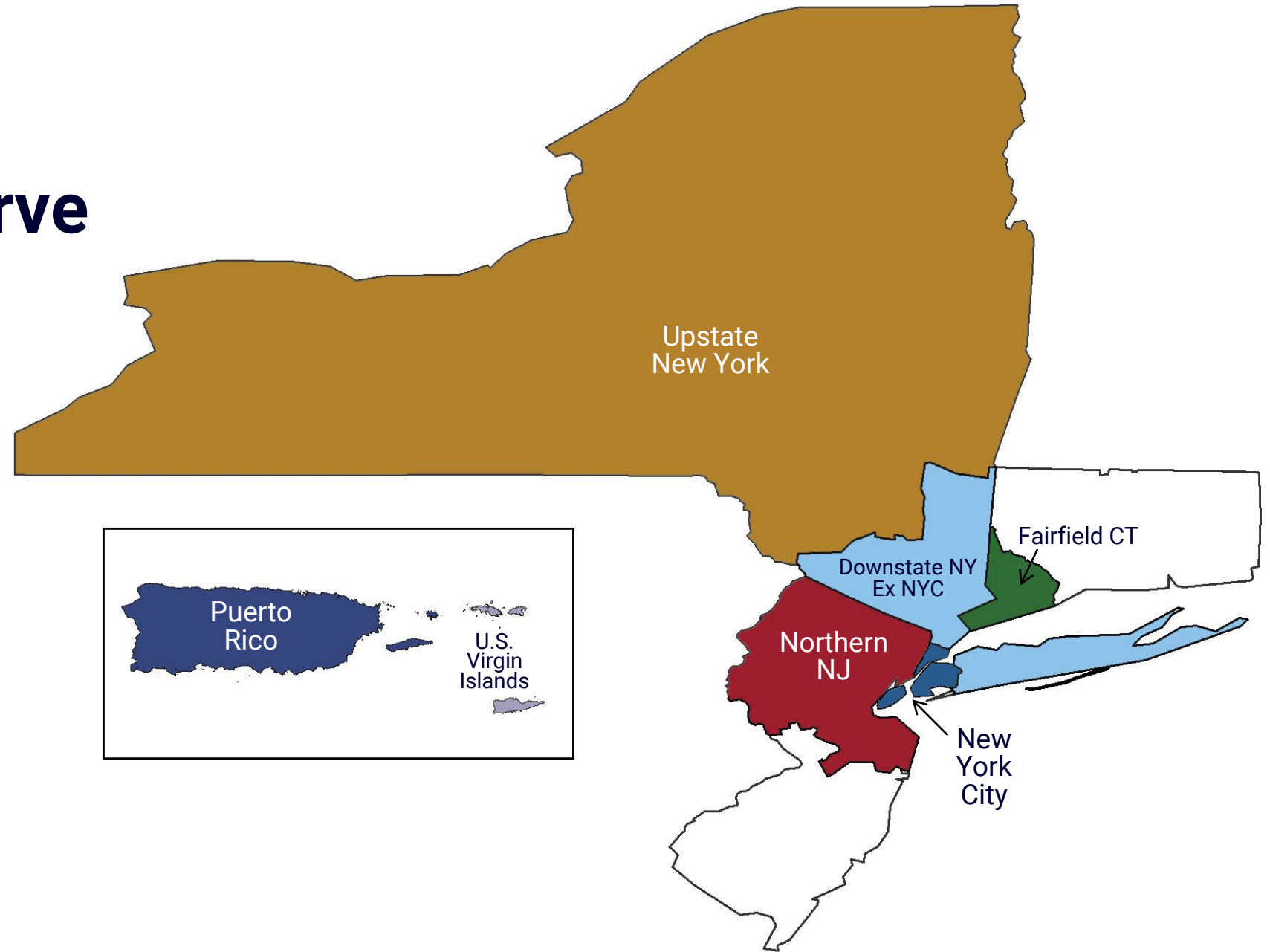
Jaison R. Abel
Head of Microeconomics

Regional and Community Banking Conference
March 25, 2025



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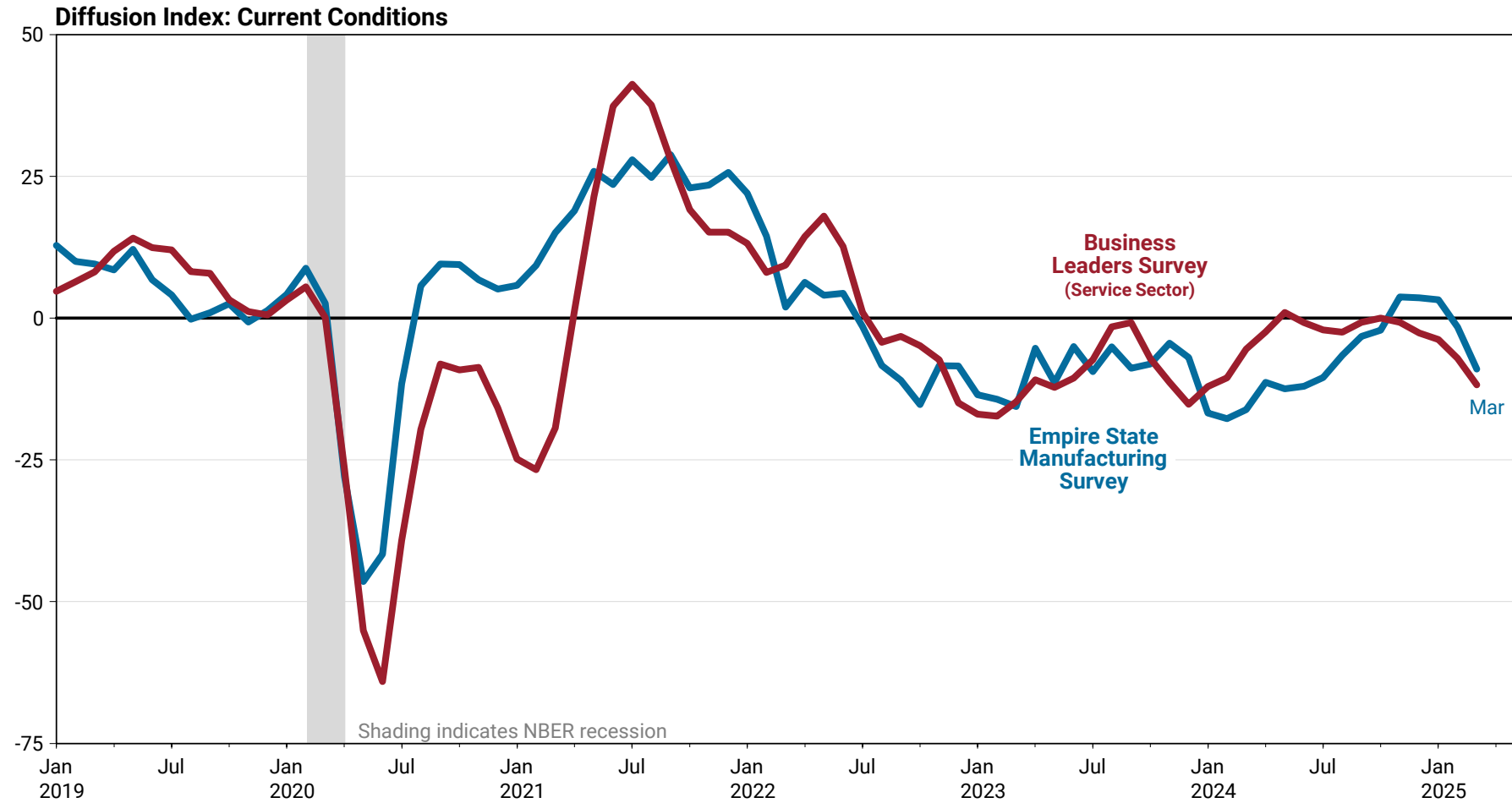
The Second Federal Reserve District



Overview

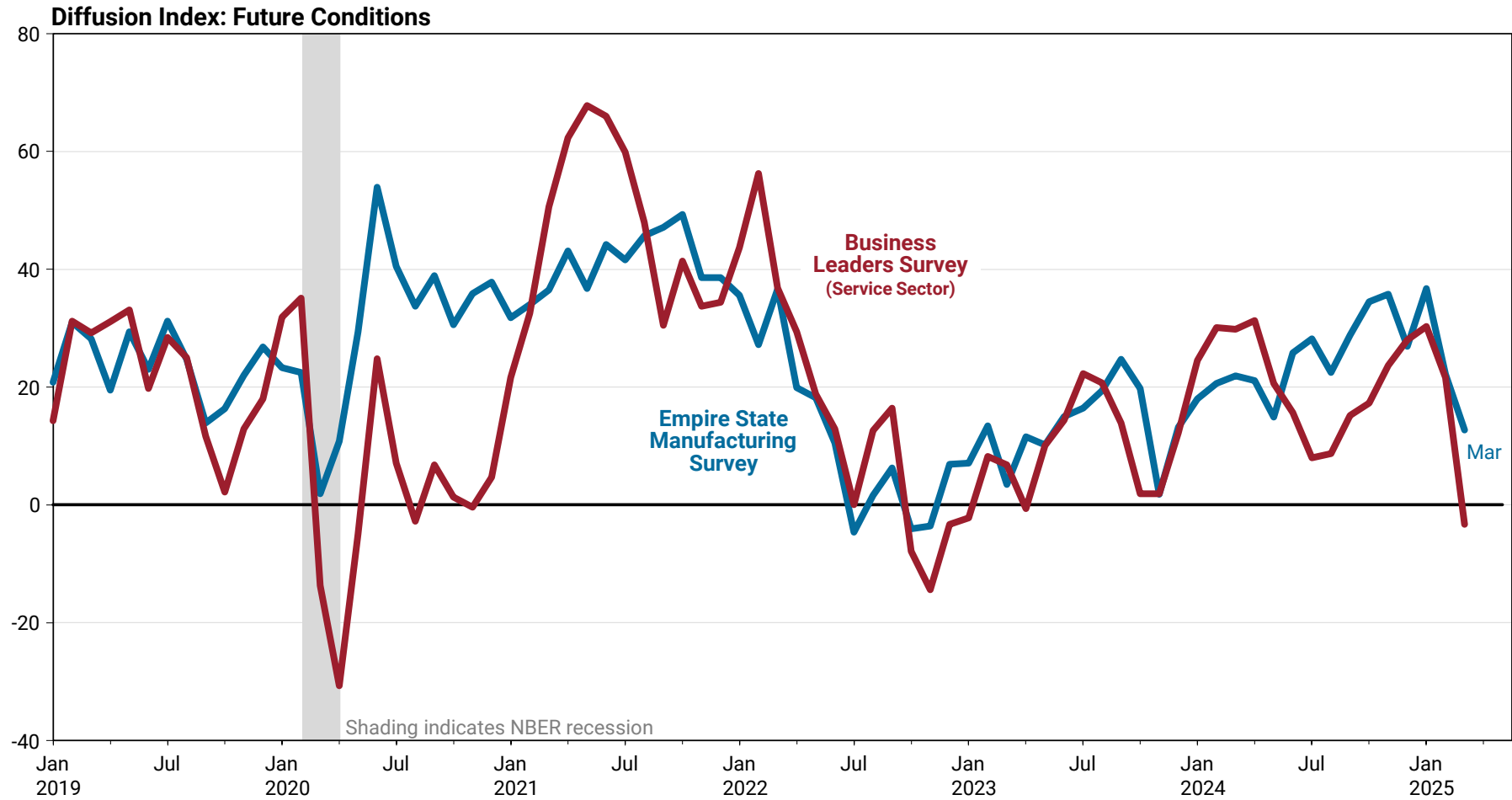
- Economic conditions in the region deteriorated noticeably in March.
- Job growth and wage growth have slowed as labor supply and labor demand have come into better balance.
- Cost and price increases have moderated for regional businesses, but expectations are for a pickup in 2025.
- Households are showing some signs of financial stress.

Regional Economic Activity Contracted in March

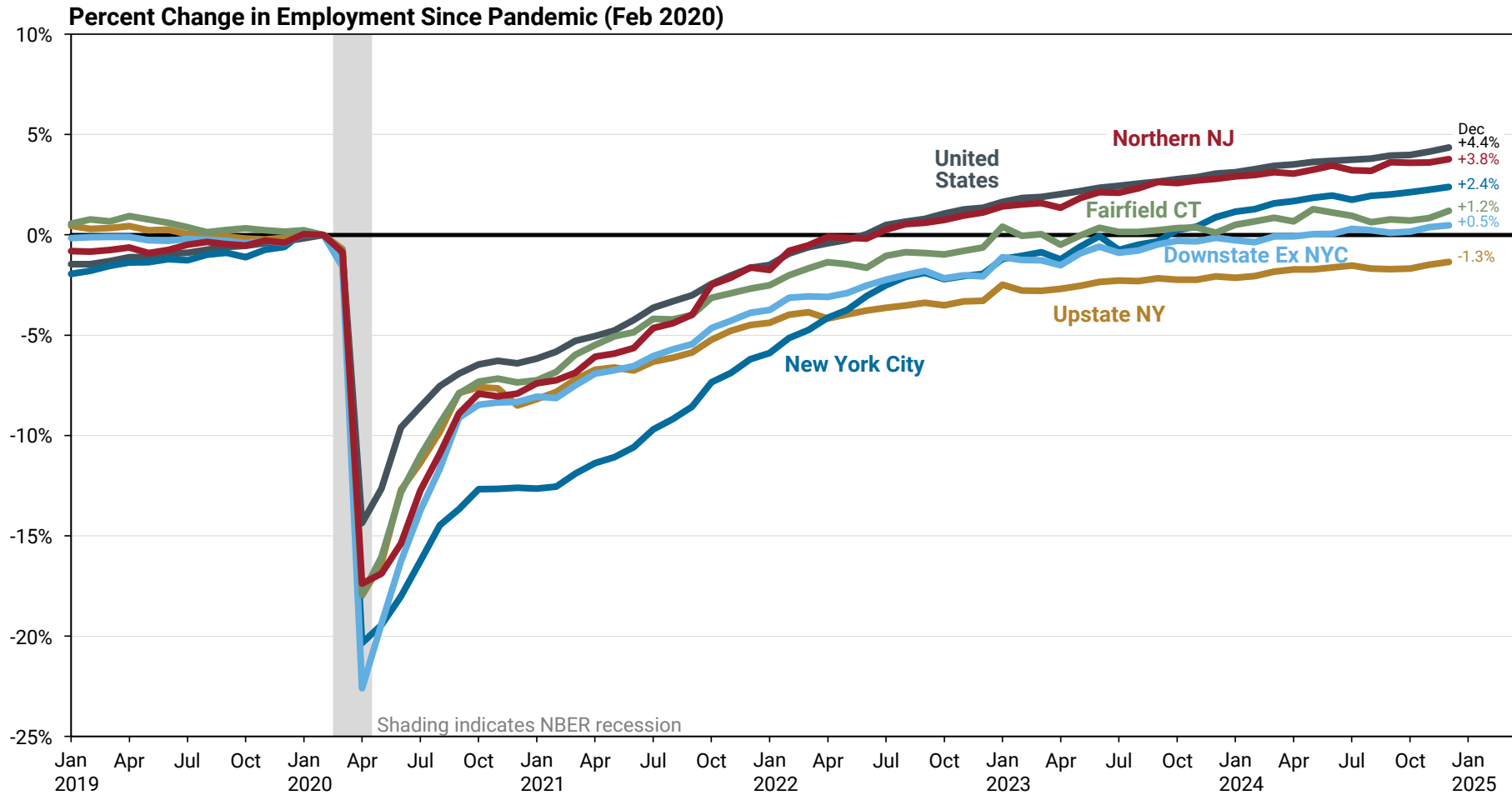


Source: Federal Reserve Bank of New York.

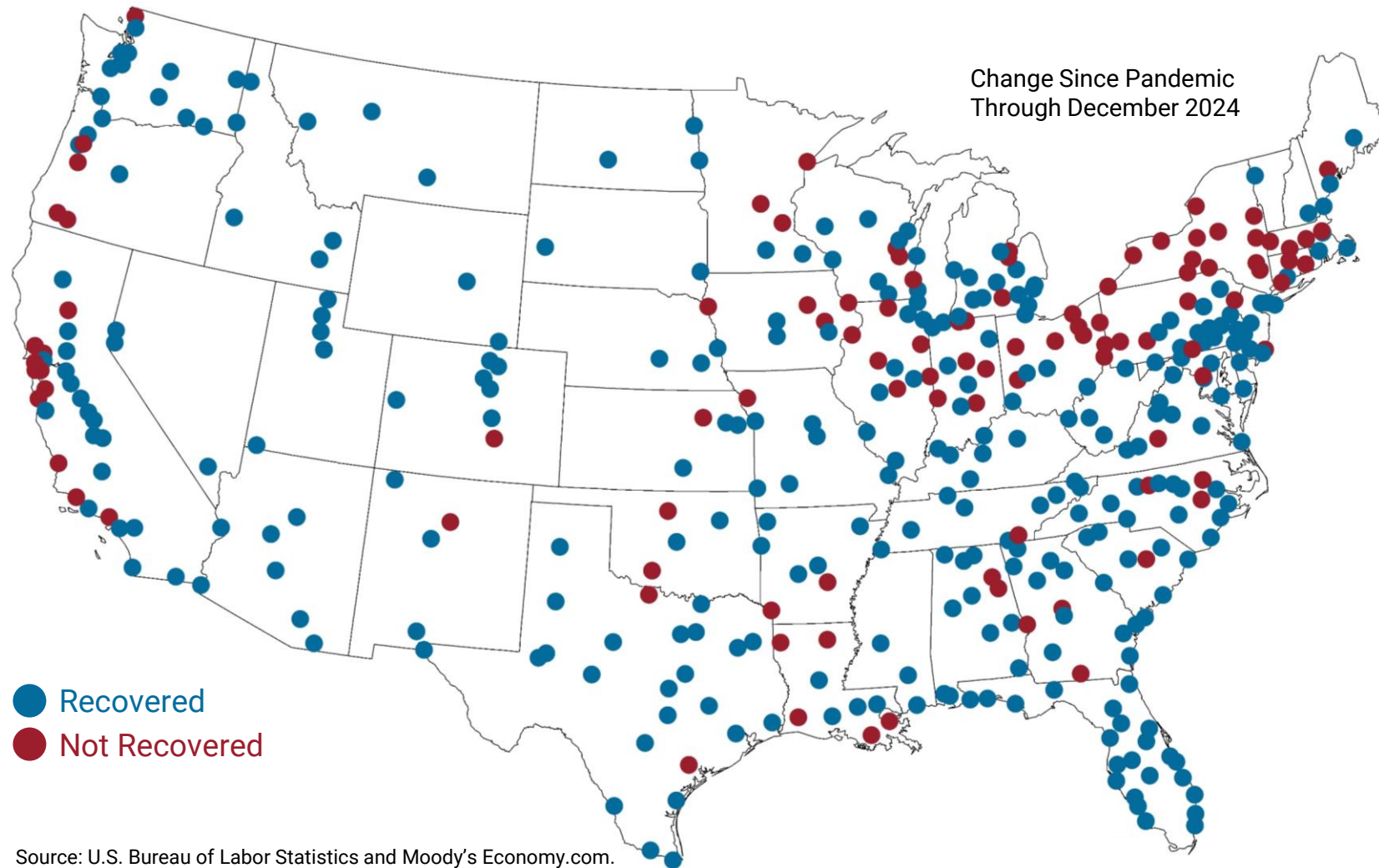
And Optimism Among Regional Businesses Plunged



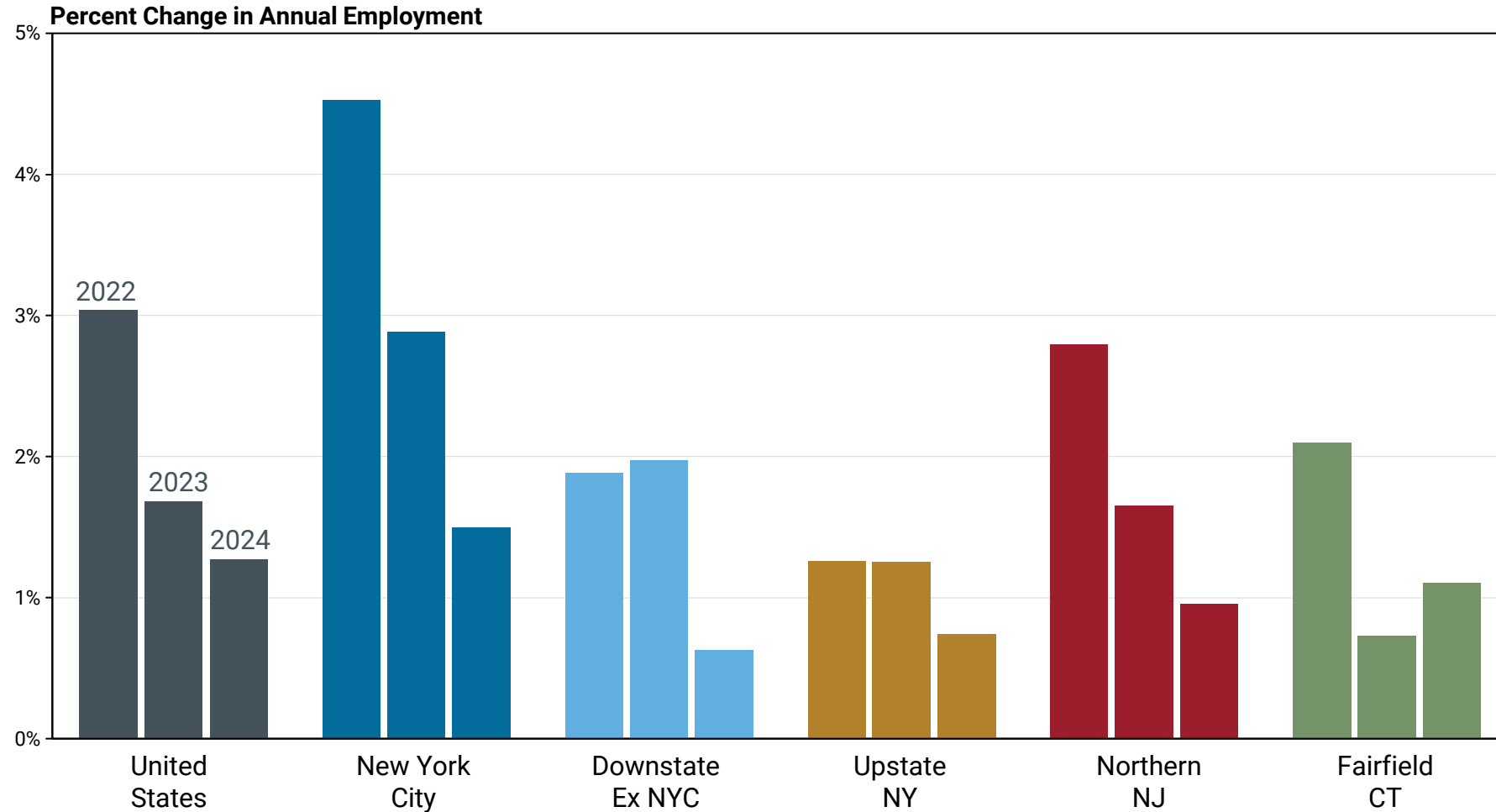
Status of the Tri-State Region's Jobs Recovery



An Uneven Geographic Recovery

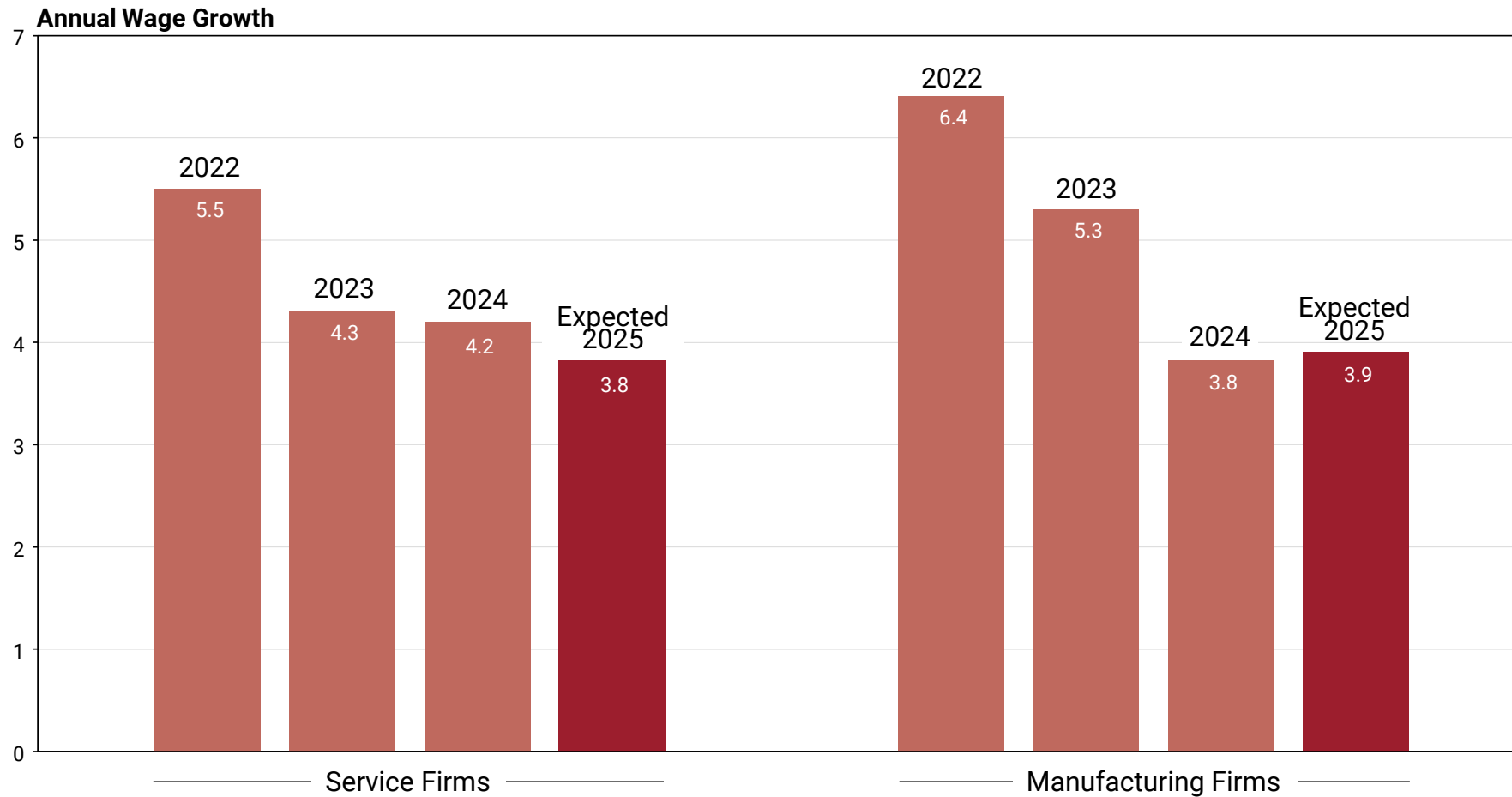


Job Growth Has Slowed with Rebalancing in the Labor Market



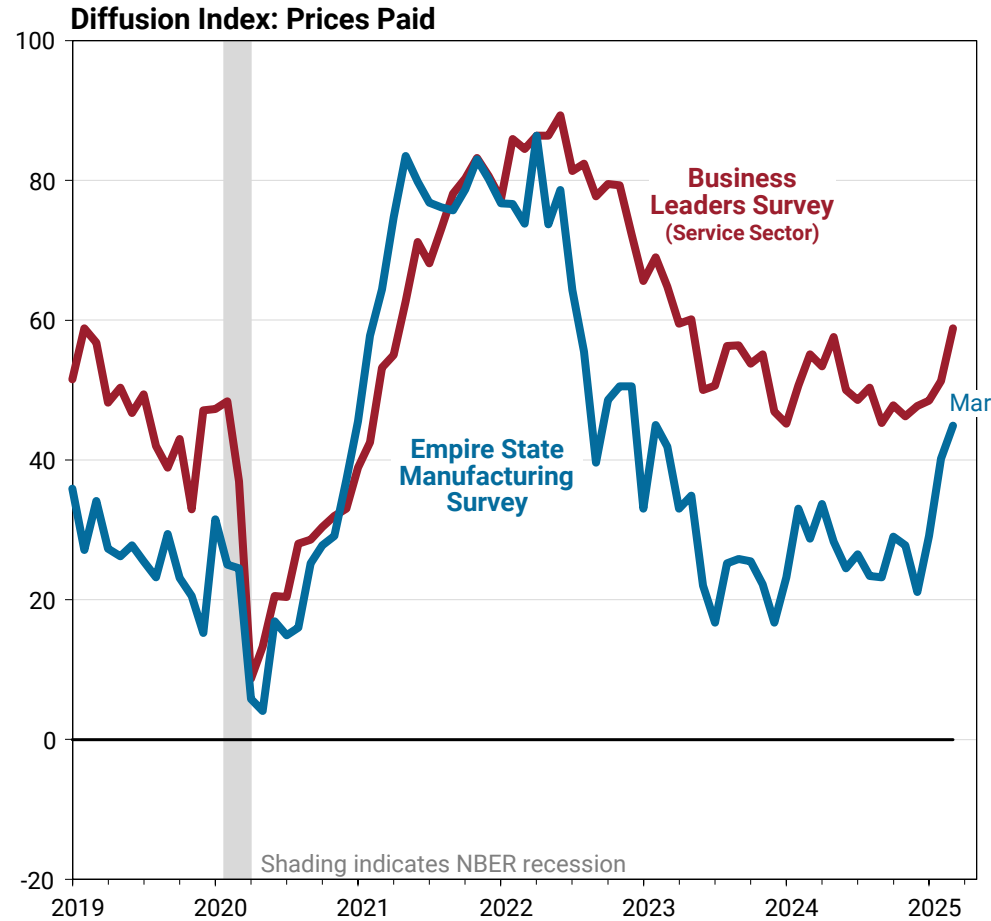
Source: U.S. Bureau of Labor Statistics and Moody's Economy.com. Regional data early benchmarked by NY Fed staff.

Regional Businesses Report Slowing Wage Growth

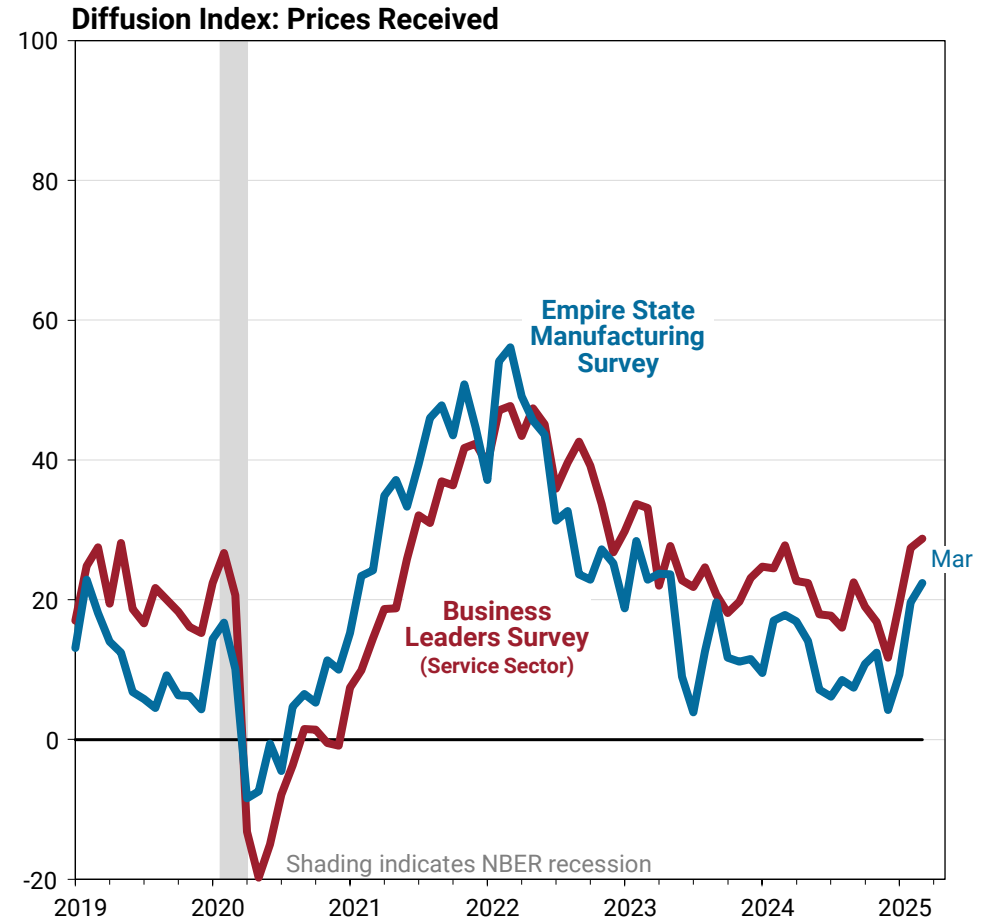


Source: Federal Reserve Bank of New York, Supplemental Survey (Feb 2023, Feb 2024, Feb 2025). Note: Trimmed mean (5% top and 5% bottom).

Inflationary Pressures Have Moderated But Remain Elevated

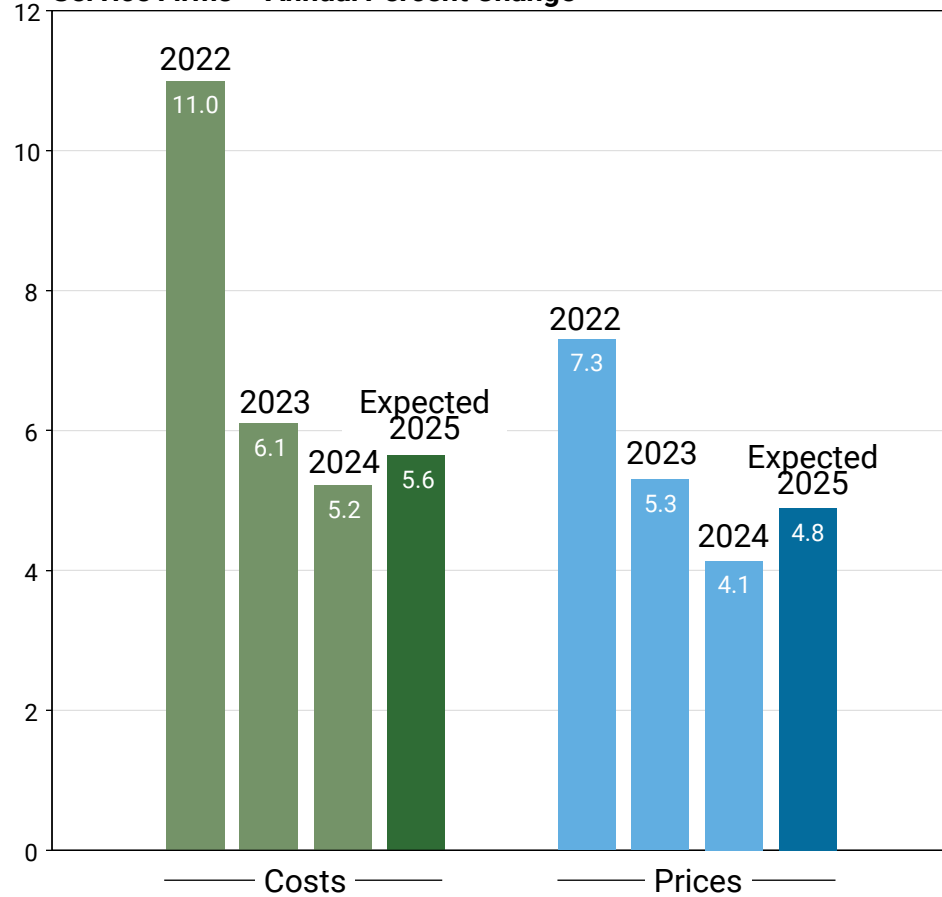


Source: Federal Reserve Bank of New York.

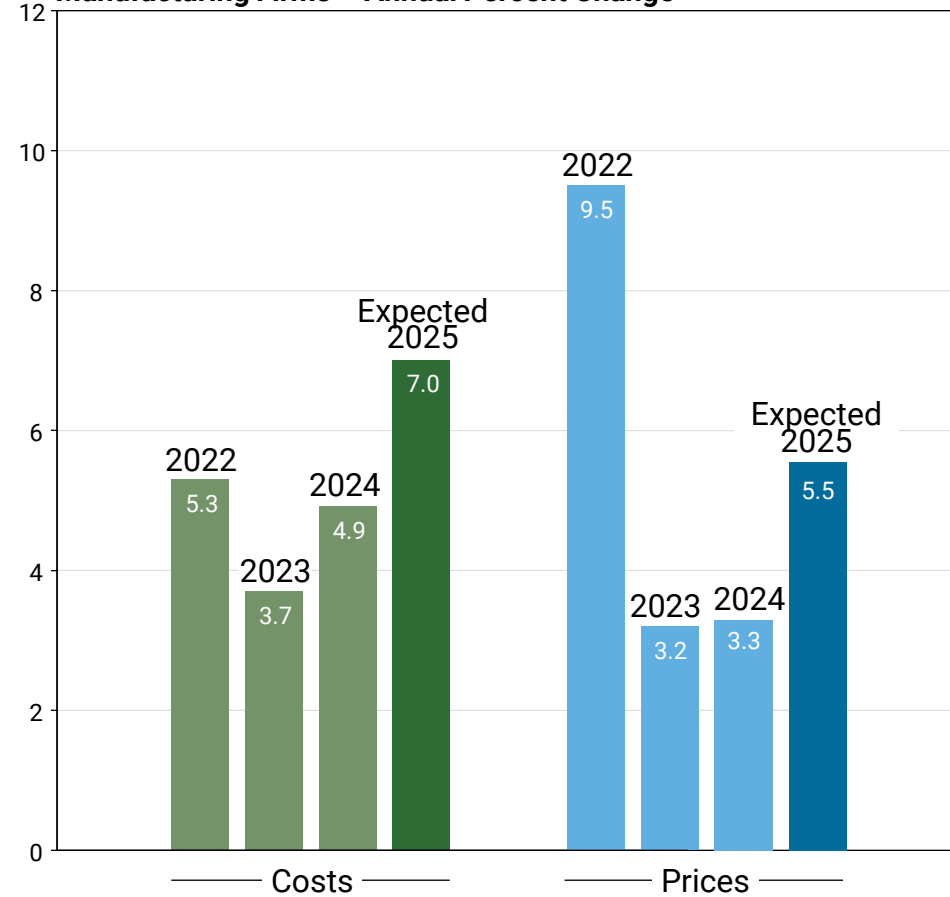


Businesses Expect Cost and Price Increases to Pick Up

Service Firms – Annual Percent Change

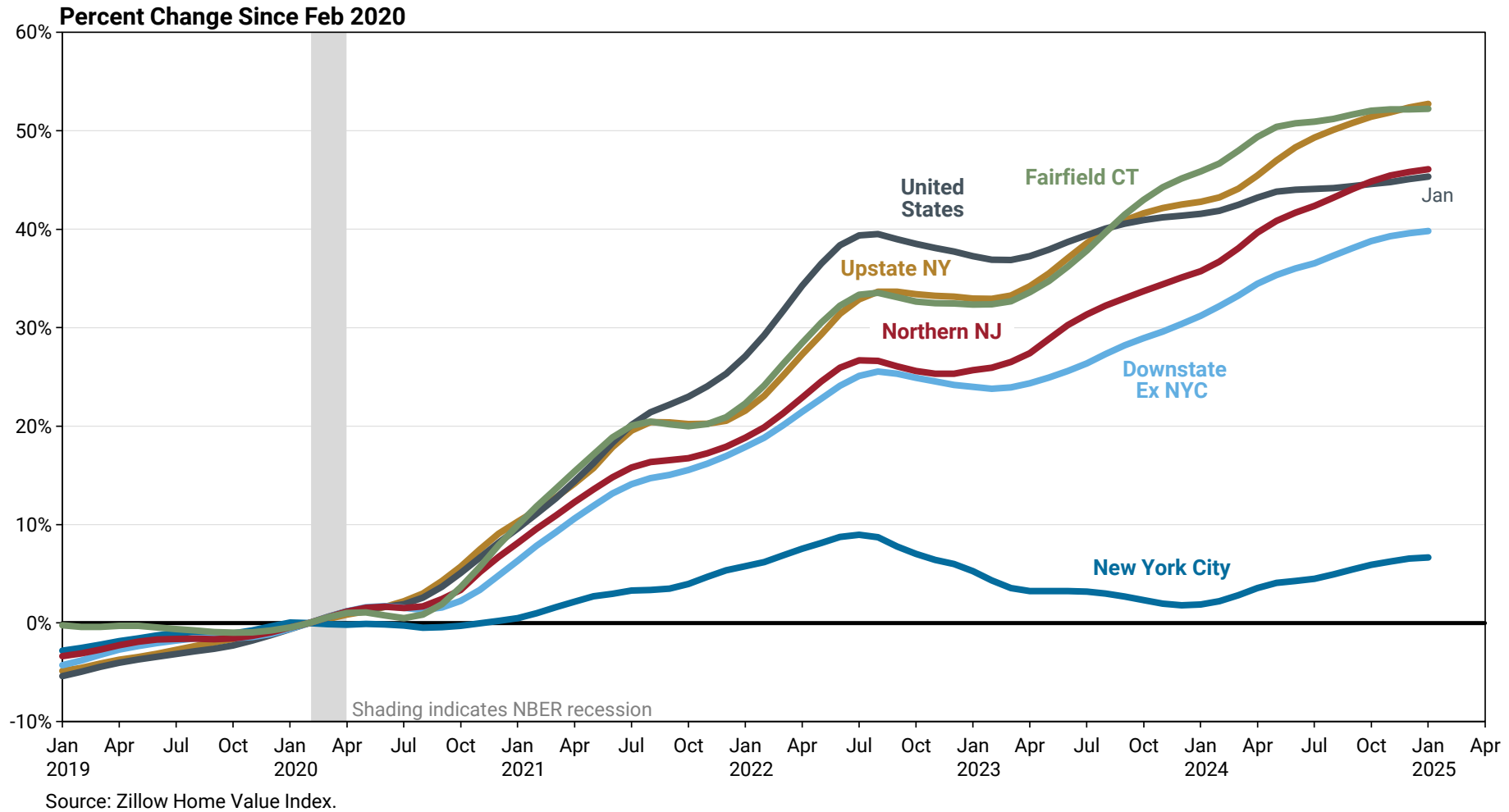


Manufacturing Firms – Annual Percent Change

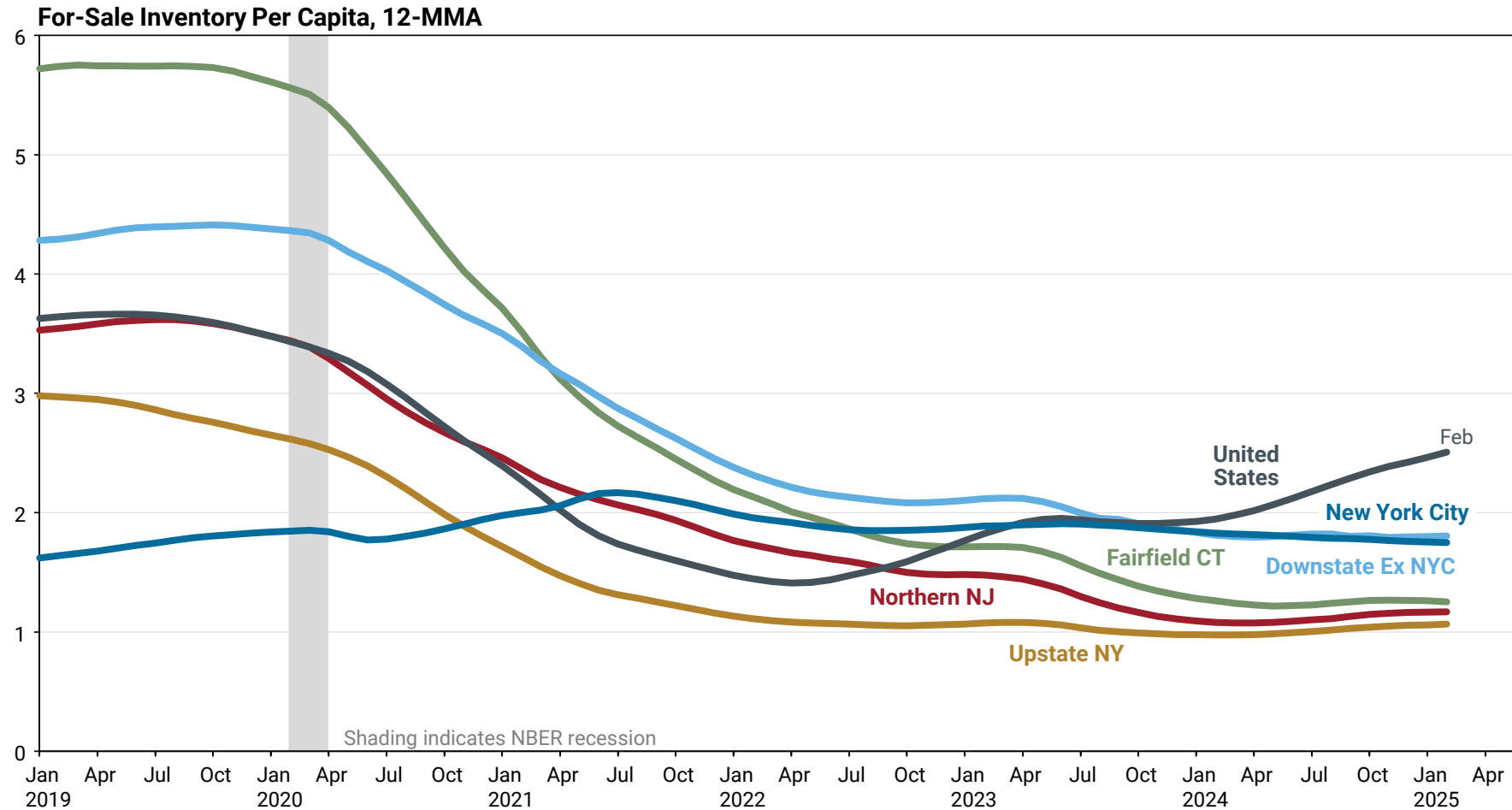


Source: Federal Reserve Bank of New York (Dec 2022, Feb 2024, Feb 2025). Note: Trimmed mean (5% top and 5% bottom).

Home Prices Continue to Rise in the Region

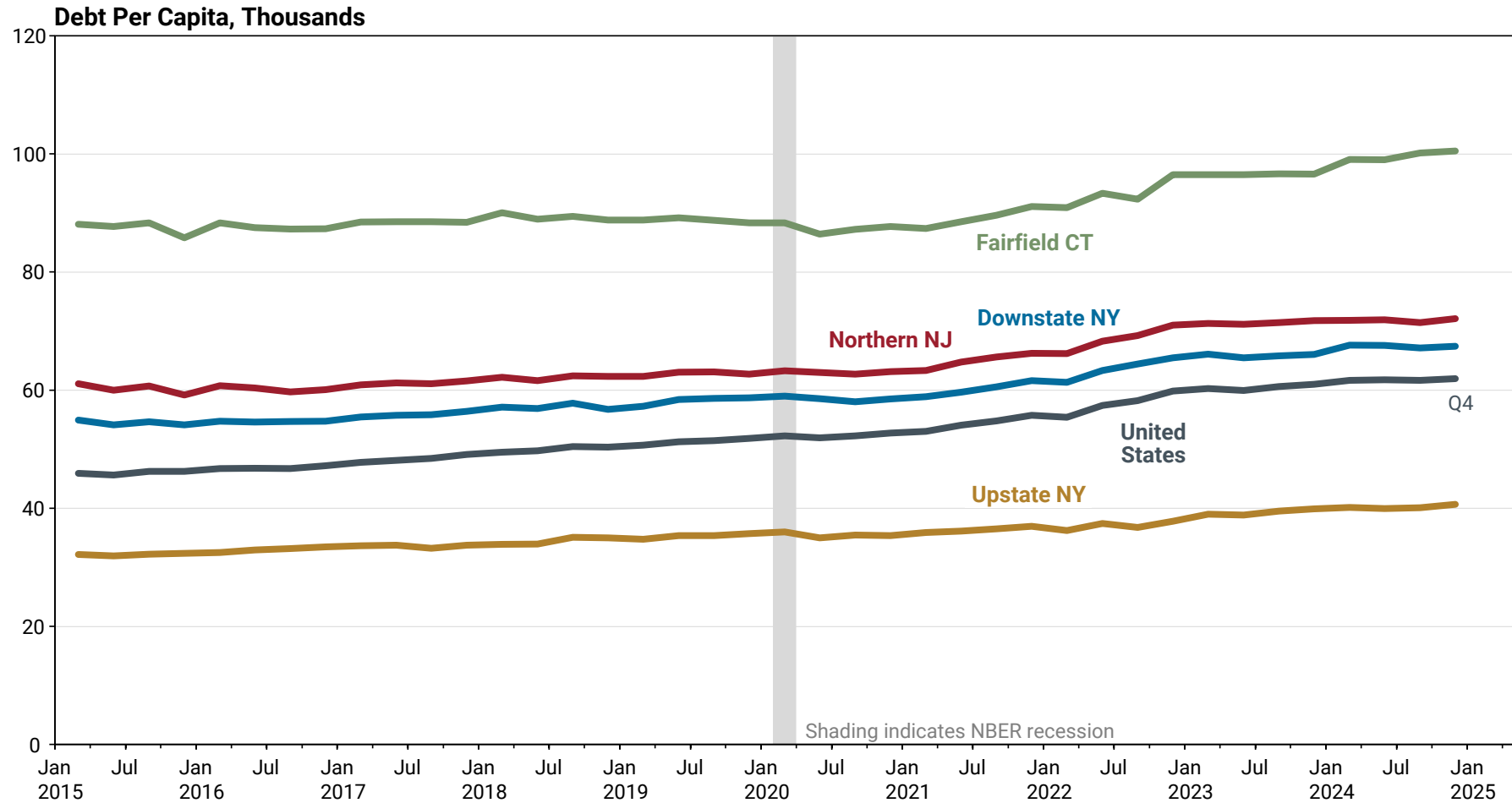


Exceptionally Low For-Sale Inventory in the Region



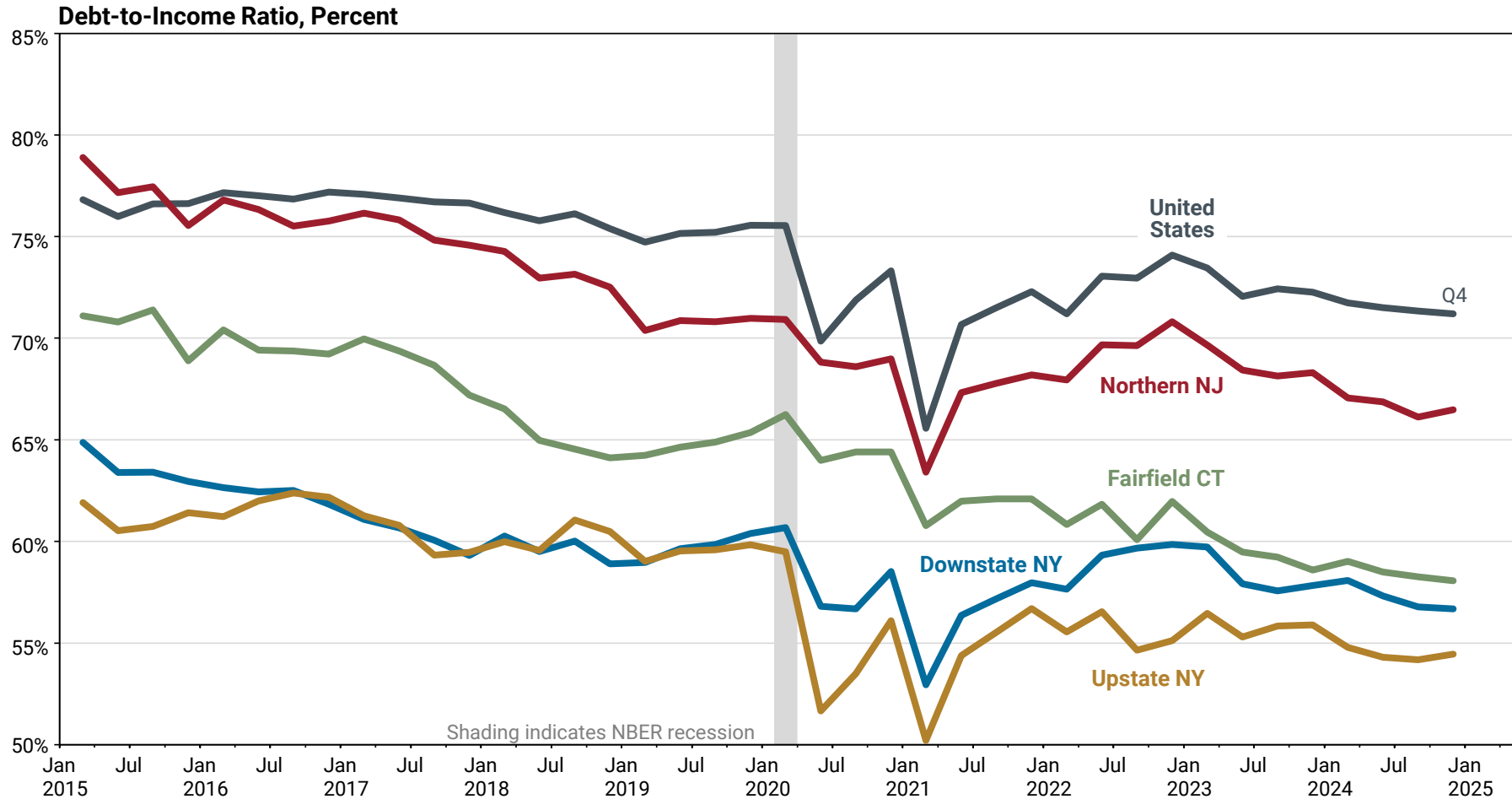
Source: Realtor.com, U.S. Census Bureau, Moody's Analytics.

Household Debt Continues to Rise

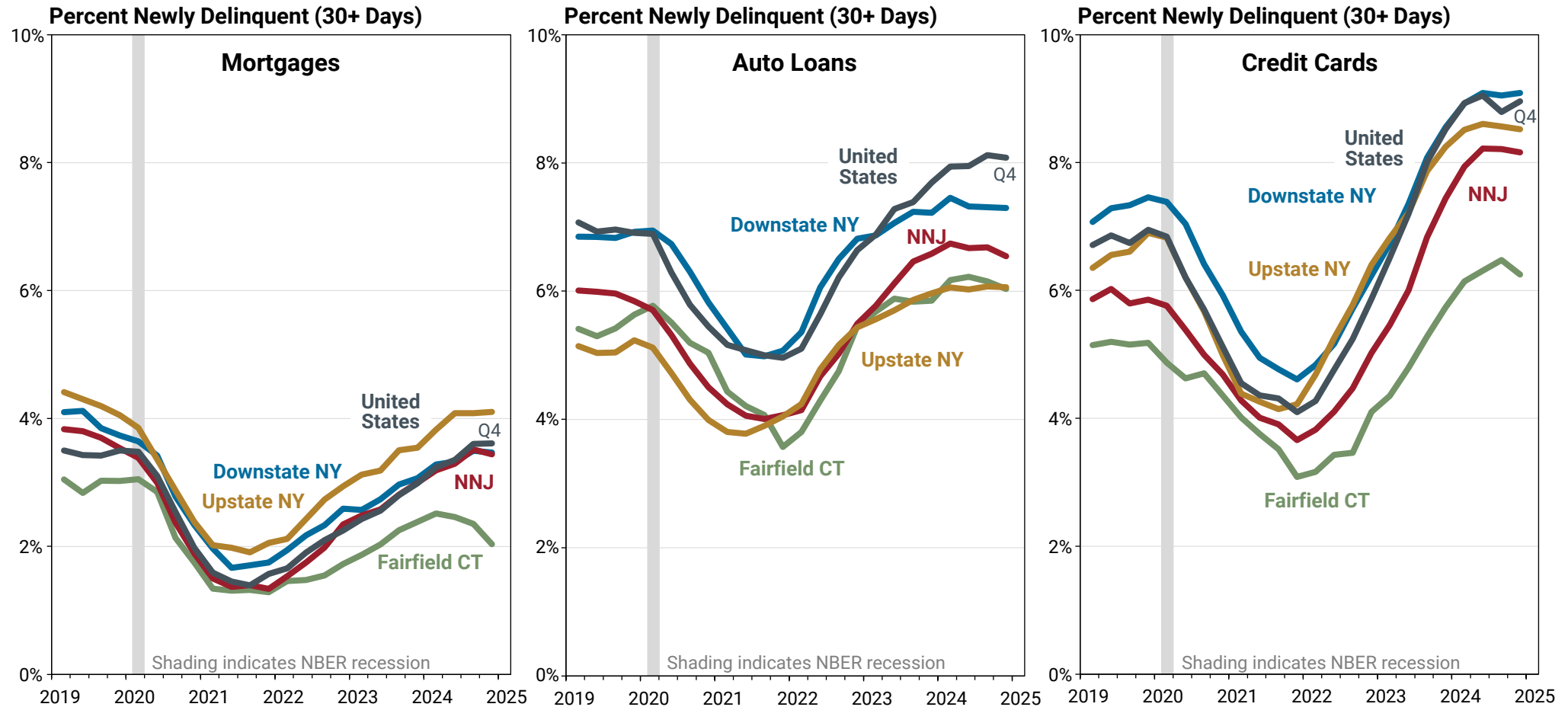


Source: New York Fed Consumer Credit Panel / Equifax.

But Income Growth Has Outpaced Household Borrowing



Delinquencies Have Trended Up But May Be Leveling Off



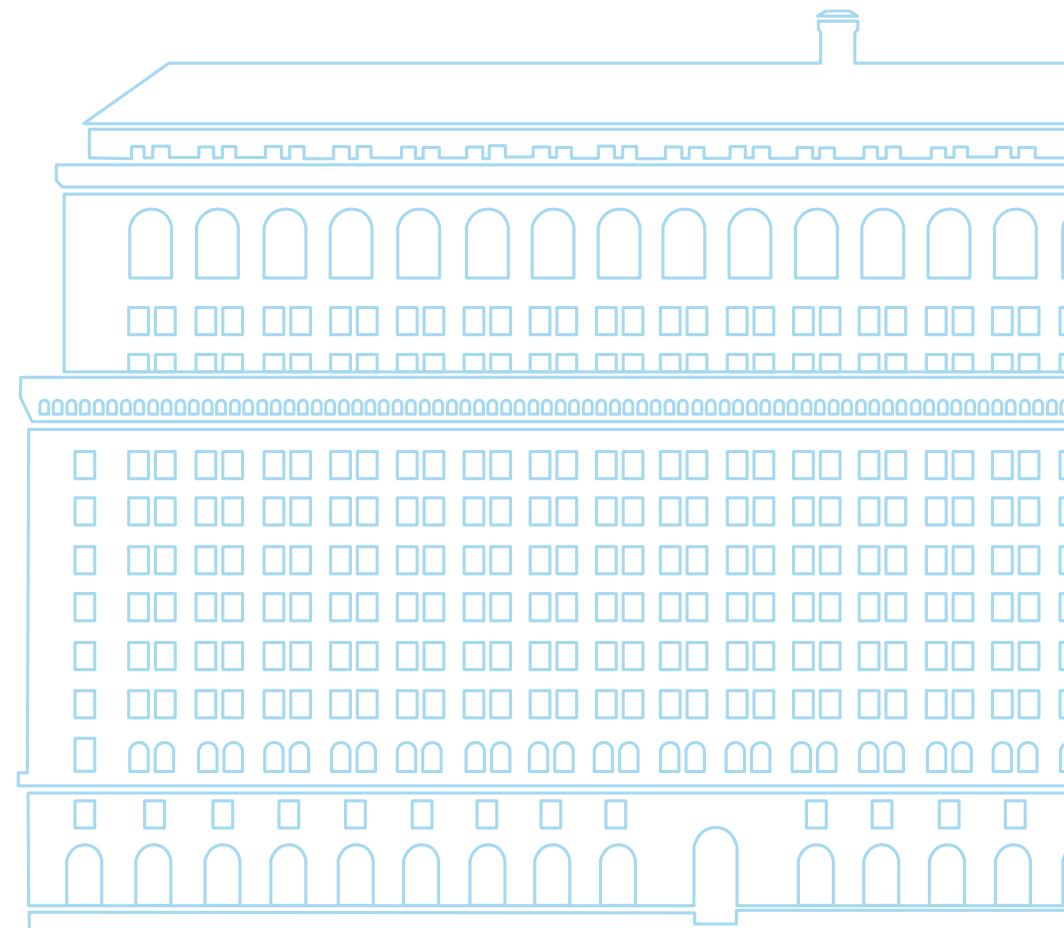
Source: New York Fed Consumer Credit Panel / Equifax.

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