



National & City Economy Forecast Update

Fiscal 2024 Preliminary Plan Fact Sheet

CY 2022 Actuals

Inflation Rate

U.S.: 8.0% Avg.
NY-Metro: 6.1% Avg.

Fed. Funds Rate

Rate 1.7%

Real GDP/GCP

U.S.: +2.1% YoY
NYC: +4.2% YoY

Private Employment

U.S.: +4.9% YoY
NY: +7.2% YoY

Unemployment Rate

U.S.: 3.6%
NYC: 6.3%

CY 2023 Forecast

Inflation Rate

U.S.: 4.0% Avg.
NY-Metro: 3.6% Avg.

Fed. Funds Rate

4.9%

Real GDP/GCP

U.S.: +0.7% YoY
NYC: +0.2% YoY

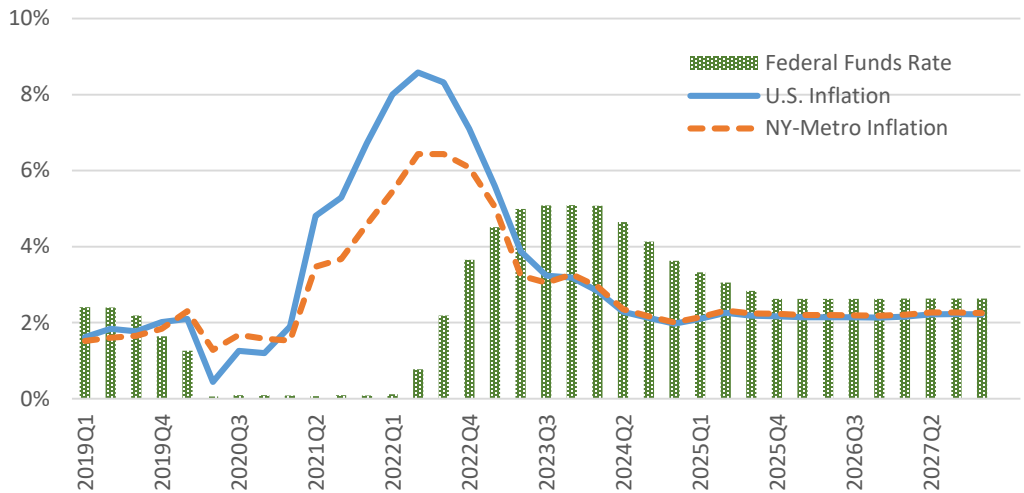
Private Employment

U.S.: +1.2% YoY
NYC: +0.5% YoY

Unemployment Rate

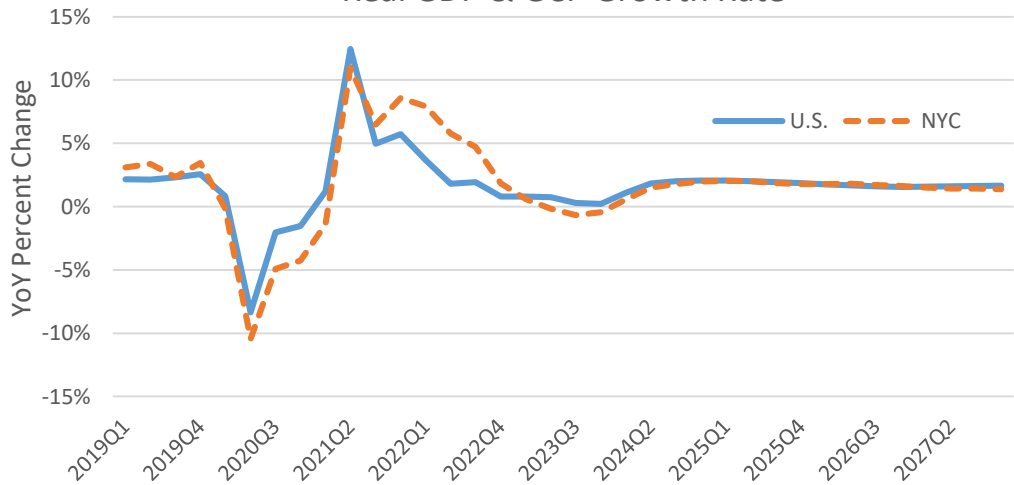
U.S.: 3.9%
NYC: 6.1%

Inflation & Federal Funds Rates



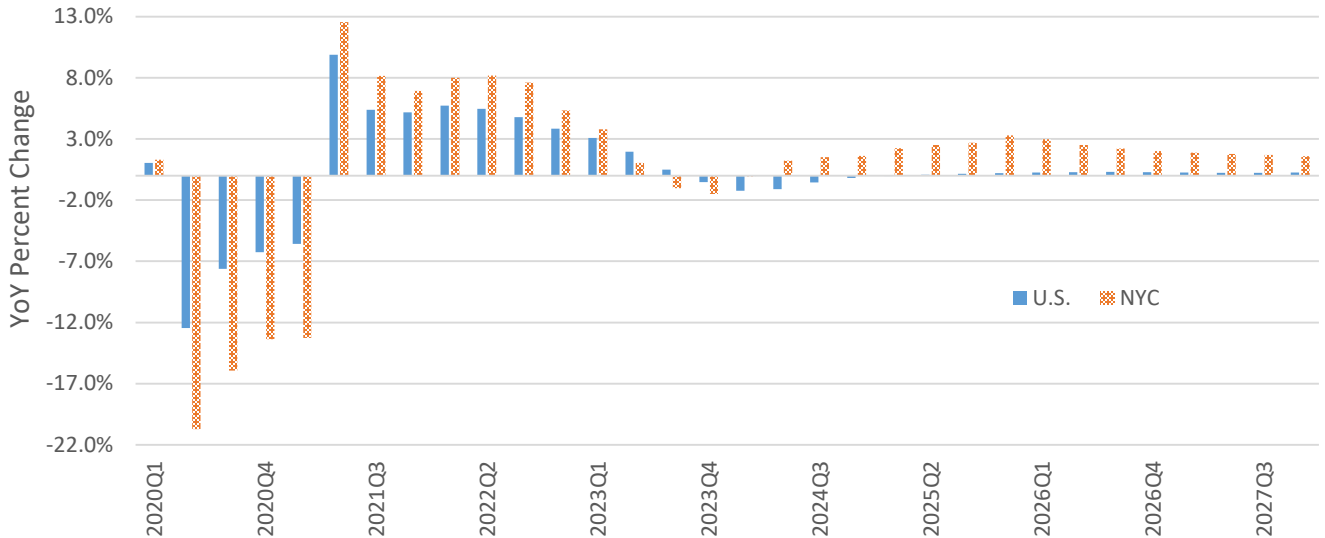
- To combat persistent high inflation, the Federal Reserve has gradually increased the federal funds rate.
- As a result, inflation has slowed in the NY-Metro Area and the rest of the U.S. since peaking in Q2 of 2022.
- Going forward, we expect the Feds to continue to raise the federal funds rate until it plateaus at 5.1% in Q3 of 2022.
- In response, inflation rates in the NY-Metro and the rest of U.S. will gradually decline, reaching the two percent target by the end of 2024.

Real GDP & GCP Growth Rate



- Through weakened investments, higher interest rates continue to slow the city and national economies.
- Going forward, investments will continue to soften resulting in a mild recession.
 - U.S. real GDP will drop 0.6% (peak-to-trough) in the first half of 2023
 - NYC real GCP will decline by an average of 0.4% in each of the last three quarters of 2023.

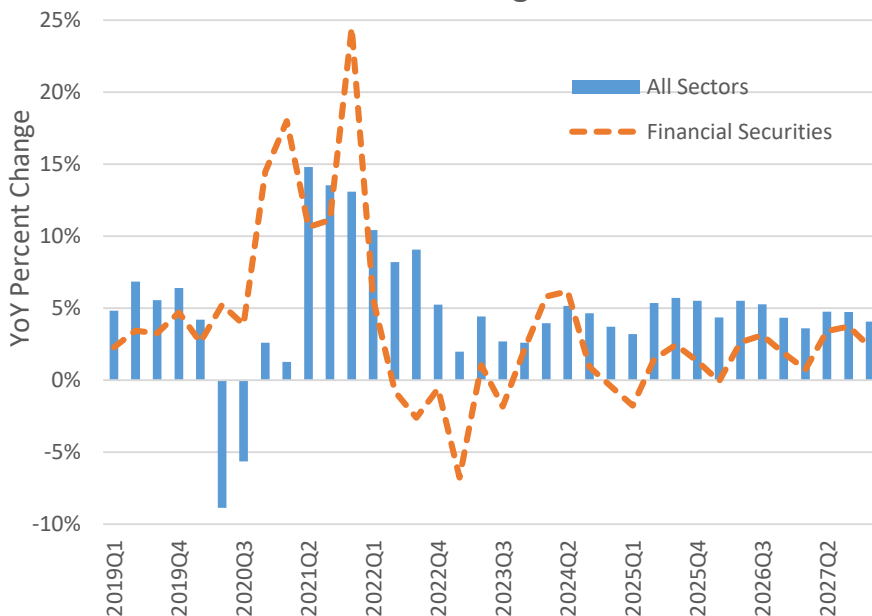
Private Sector Employment Growth



NYC employment numbers are not seasonally adjusted, while U.S. employment numbers are seasonally adjusted.

- Since its economy has more slack due to the late reopening from COVID shutdowns, NYC has been adding jobs at a faster pace than the rest of the country.
- Regardless, employment growth has slowed significantly in NYC and the U.S. since the first half of 2022.
- Going forward, the Finance Division expects employment to decline as the city and national economies enter mild recession.
- NYC private sector jobs will decline, year-over-year, from Q3 2023 through Q1 2024 – with peak job loss of 61,000 (yr-o-yr) in Q4 2023. All jobs lost will be recovered within a year.
- U.S. private sector jobs will decline from 2023 Q2 through 2024 Q3 (seasonally adjusted) - with peak job loss of 733,400 (qtr-over-qtr) in 2023 Q3.

Growth of Total Wages in NYC



- Total wage growth has slowed between Q3 2021 and Q2 2022.
- The slow wage growth in NYC in the first half of 2022 reflects the effects of higher interest rates on total financial securities wages, which fell by 0.8% in Q2 2022.
- Going forward, average securities wages will fall from \$524,000 to \$498,000 in 2023 as increased interest rates continue to hinder financial markets.
- Total securities wages will fall by 2.7% in 2023, causing total NYC wages to slow even further.

*Total wages forecast begin in Q3 of 2023.

** The financial securities industry is essential to NYC's economy; it contributes a large share of total NYC wages.