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
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.
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.

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.