



Regional Economic Observations

- Regionally focused companies will continue to face headwinds during the balance of 2011 and 2012.
- National consumer spending levels will keep economic activity growing, in spite of financial services industry challenges.
- Good time for business leaders to be opportunistic and focused on execution.
- Best for business leaders to develop plans, given these macro economic realities, which may include: selective investments, acquisitions, recruitment of talent to improve likelihood of success.

Challenging Regional Economic Circumstances

- Momentum to an economic recovery, which was evident through the end of the second quarter of 2011, has now been largely lost.
- Concerns regarding health of European Banking Sector and its exposure to sovereign debt of Greece, Portugal, Spain and Italy, along with the political challenges of any moderate fix, are real.
- US banking industry most exposed to European Banking Sector troubles through derivative and other bank-to-bank trading activities.
- Passage of Dodd Frank and the recently published Volcker Rule regulations, increase the compliance burden for major financial institutions and will reduce profitability, leading to layoffs and some structural change at many institutions.
- The Office of the NYS Controller issued a report on 10/11/2011 that suggests that the securities industry has lost 4,000 jobs so far this year and is likely to lose an additional 10,000 jobs by the end of 2012.
 - One in 8 jobs in New York City and 1 in 13 jobs in New York State are linked to the securities industry.
 - Securities-related activities accounted for 14 percent of New York State's tax revenues and almost 7 percent of New York City's.
 - One out of every three jobs lost during the recession in New York City was in the financial services sector (i.e., securities, banking, insurance, and real estate).
 - In August 2011, the number of securities industry jobs outside of New York City accounted for 11.9 percent of all securities jobs in New York State, the highest share ever.
 - Should the securities industry lose an expected additional 10,000 jobs by the end of 2012, this would bring total job losses in the industry to 32,000 since January 2008.
- State and municipal budgets are likely to be impacted, as the securities jobs are high paying ones. In 2010, the securities industry accounted for 23.5 percent of all wages paid in the NYS private sector despite accounting for only 5.3 percent of all private sector jobs.



The Good News is Outside the New York City Area

Retail Sales for September

**THOMSON REUTERS
RETAIL COMPOSITE INDEX**
Year-to-year change based on monthly sales at stores open at least a year.

