

ECONOMICS & THE MARKET

The New York State Department of Labor updated the employment statistics for September to reflect that New York City experienced a combined jobs increase of 2.4% in the private and government sectors. Statewide the official seasonally adjusted unemployment rate decreased to approximately 6.2% while the New York City unemployment rate decreased to 6.8%.

Year-over-year, manufacturing and government sectors shed jobs, while the primary industries contributing to job growth were educational & health services, professional and business services as well as leisure & hospitality.

The S&P 500 has fluctuated below the 2,000 mark with increased volatility and the 30-Year Fixed Rate Mortgage decreased to approximately 3.92%. The Federal Reserve continued with the termination of the quantitative easing policies this October. It should be interesting to see the interplay between interest rates and asset prices as we approach 2015.

*The following chart demonstrates fluctuations in the S&P 500 Stock Index as well as the 30-Year FRM on a weekly basis from 2010 through October 2014:

S&P 500 Stock Index and 30-Year FRM



REGIONAL ASSET PRICES & INFLATION

Another economic relationship worth following is the interaction between inflation and asset prices such as real estate. Most recently Federal Reserve Monetary Policy has maintained a relatively low level of inflation for urban consumers despite persistently low interest rates. Simultaneously, the Case-Shiller Condo Index for New York has displayed an approximate 10% year-over-year increase.

The Bureau of Labor Statistics has reported an increase of 0.1% in the CPI for the most recent month of September. Additionally, relatively low interest rates can fuel borrowing and investment in various assets within an economy. Currently the Federal Reserve is on track to provide forward guidance by Fed Chairwoman Janet Yellen regarding interest rate increases in 2015 as the market stabilizes.

*The following chart displays the annual percentage change in inflation (CPI) along with the seasonally adjusted Case-Shiller NY Condo Index on a monthly basis from January 2004 through July 2014:

NY Case-Shiller Condo Index and Inflation

