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Economist sees recovery longer for N.J. than U.S.

Ocean County Business Association luncheon

BY **DAVID P. WILLIS** • BUSINESS WRITER • NOVEMBER 21, 2008

TOMS RIVER — While the U.S. economy may experience a recovery by the end of next year, New Jersey may not see an improvement until the second half of 2010, given the turmoil roiling the financial sector, among other factors, economist Joel Naroff told a business group on Thursday.

"This is going to be a deep recession for New Jersey, no way around it," said Naroff, chief economist at TD Bank, in a speech before an Ocean County Business Association open house luncheon at the Quality Inn in Toms River.

Naroff pointed to the state's dire fiscal condition, coupled with layoffs in the financial sector, which brings huge amounts of income into New Jersey.

"The state is in very dire straits as far as the fiscal situation is concerned, and it is being hit by a nationwide steep recession, and it's got the problem of Wall Street laying off workers left and right," he said. "The state is in a very, very difficult situation."

Naroff ticked off the problems in the economy. Consumer confidence has collapsed as people and businesses become cautious in their spending. Unemployment is rising. There's a credit crunch. "There's no doubt the next six to nine months are going to be extraordinarily difficult," Naroff said.

If one or more of Detroit's Big Three automakers fail, troubles will worsen, he said. "The implications of that are enormous and we're looking at an extended period of time in a very, very deep recession," Naroff said.

But barring a collapse of an automaker, Naroff sees some encouraging signs for the national economy to see a recovery by the end of next year.

"Is there a light at the end of the tunnel that is not the oncoming train? The answer is yes," Naroff said.

For one, banks are now lending to each other again, he said. The government's efforts have helped the commercial paper market — short-term loans used by companies to pay expenses.

A financial stimulus measure, with both short- and long-term benefits, will come next year, he said.

Consumer psychology may change next year and improve, which will cause spending to return. "That sets us up for a rebound," Naroff said.

Meanwhile, Bill Roncskevitz, president of Ocean Security Systems in Island Heights, said he is seeing the effects of the poor economy.

"I am definitely seeing a downturn in business," he said.

His customers are cutting back on the size of their offices. "If they had three locations, now they are down to one location," Roncskevitz said. "We're losing that business."

Installations in custom new homes, another aspect of his business, have slowed as well.

Roncskevitz said he is "just trying to do the best I can to keep the customers that I have, trying to do the best service that I possibly can at the best price."

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Joel L. Naroff, TD Bank's chief economist, speaks at an Ocean County Business Association luncheon, held Thursday at the Quality Inn in Toms River. (STAFF PHOTO: MICHAEL SYPNIEWSKI)

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