Regional Economic Conditions

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FEDERAL RESERVE BANK *of* NEW YORK

Second District Advisory Council Meeting – July 14, 2020

The views expressed here are those of the presenter and do not necessarily represent those of the Federal Reserve Bank of New York or the Federal Reserve System.
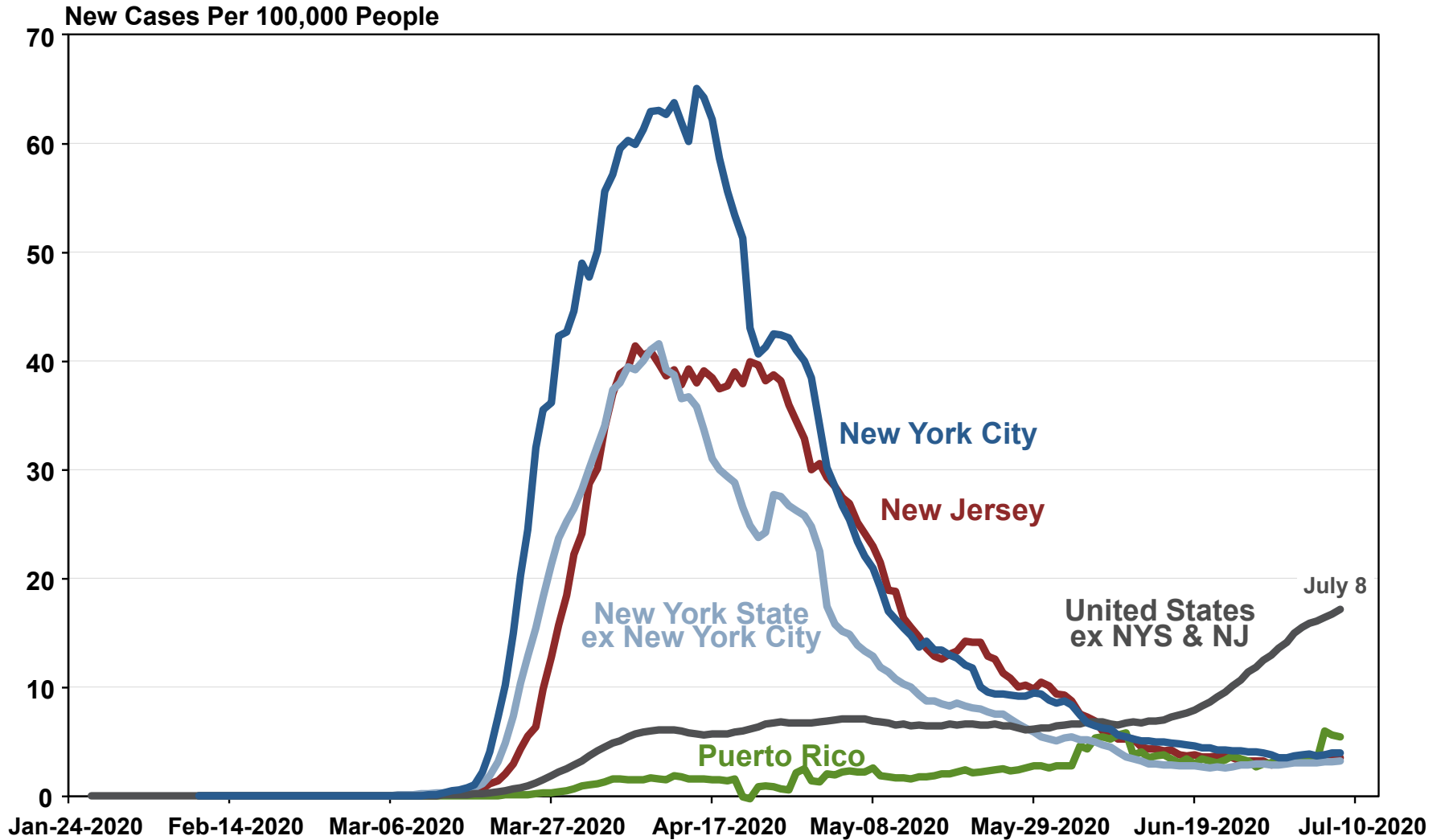
Preview

- Trends in the severity of the COVID outbreak across the District.

- Trends in the pandemic's fallout on the economy.

- How this pandemic is more comparable to past natural disasters than to typical recessions.
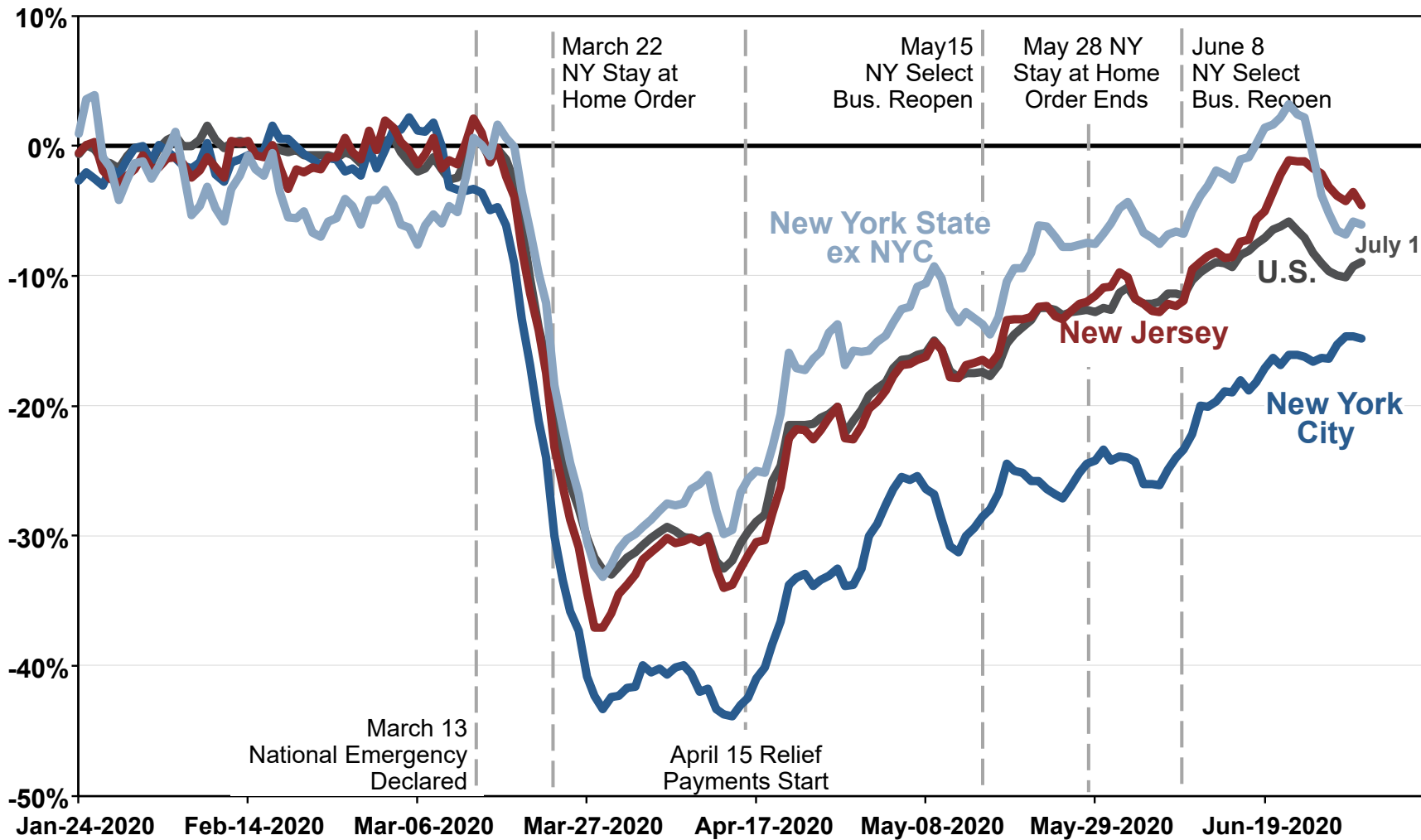
- Looking ahead.

The Coronavirus Shock

Daily New Cases Per Capita, 7-Day Average

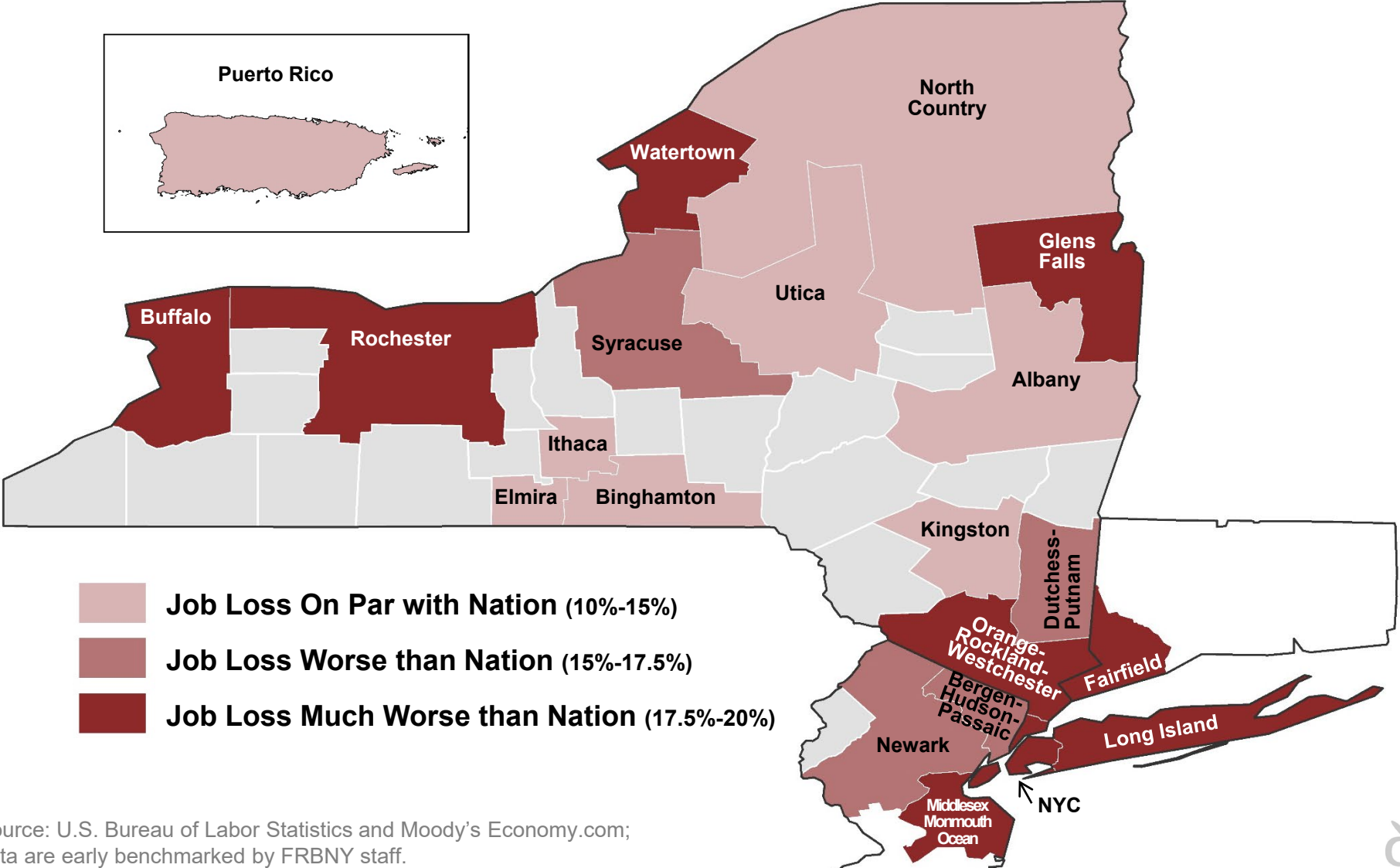**New Cases Per 100,000 People**

New York City

New Jersey

New York State
ex New York City

United States
ex NYS & NJ

July 8

Puerto Rico

Jan-24-2020 Feb-14-2020 Mar-06-2020 Mar-27-2020 Apr-17-2020 May-08-2020 May-29-2020 Jun-19-2020 Jul-10-2020

Dropoff and Recovery in Consumer Spending

Percent Change in Total Spending, Indexed to January 2020

Source: Opportunity Insights Economic Tracker and Affinity Solutions.

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Severe Job Loss in the NY-NNJ Region

Percent Decline from Pre-Pandemic Levels, Feb-May 2020

Puerto Rico

Watertown

North Country

Glens Falls

Buffalo

Rochester

Syracuse

Utica

Albany

Ithaca

Elmira

Binghamton

Kingston

Dutchess-Putnam

Orange-Rockland-Westchester

Fairfield

Bergen-Hudson-Passaic

Long Island

Newark

Middlesex Monmouth Ocean

NYC

Job Loss On Par with Nation (10%-15%)

Job Loss Worse than Nation (15%-17.5%)

Job Loss Much Worse than Nation (17.5%-20%)

Source: U.S. Bureau of Labor Statistics and Moody's Economy.com; data are early benchmarked by FRBNY staff.

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The Pandemic Resembles a Natural Disaster

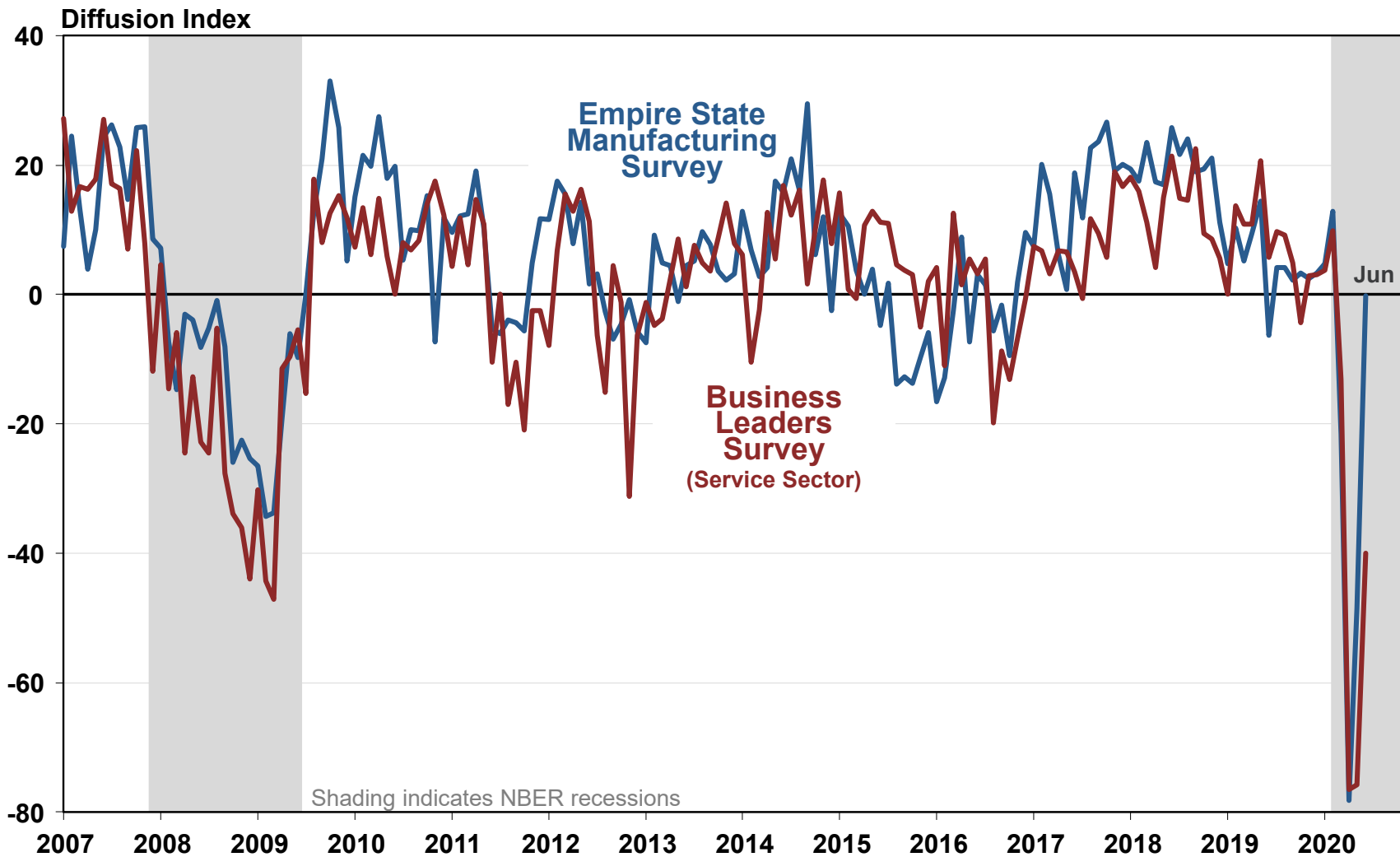## Indexes of Total Employment, Seasonally Adjusted

Index (Start of Pandemic, Recession or Disaster = 100)

Puerto Rico
Hurricane Maria

USVI

U.S. 2001 Recession

U.S. 2007-2009 Recession

PR

U.S.

NYS+NJ

NYC

Metro New Orleans
After Hurricane
Katrina (Sept. 2005)

Months Since Start of Recession or Disaster

Source: U.S. Bureau of Labor Statistics and Moody's Economy.com; data are early benchmarked by New York Fed staff.
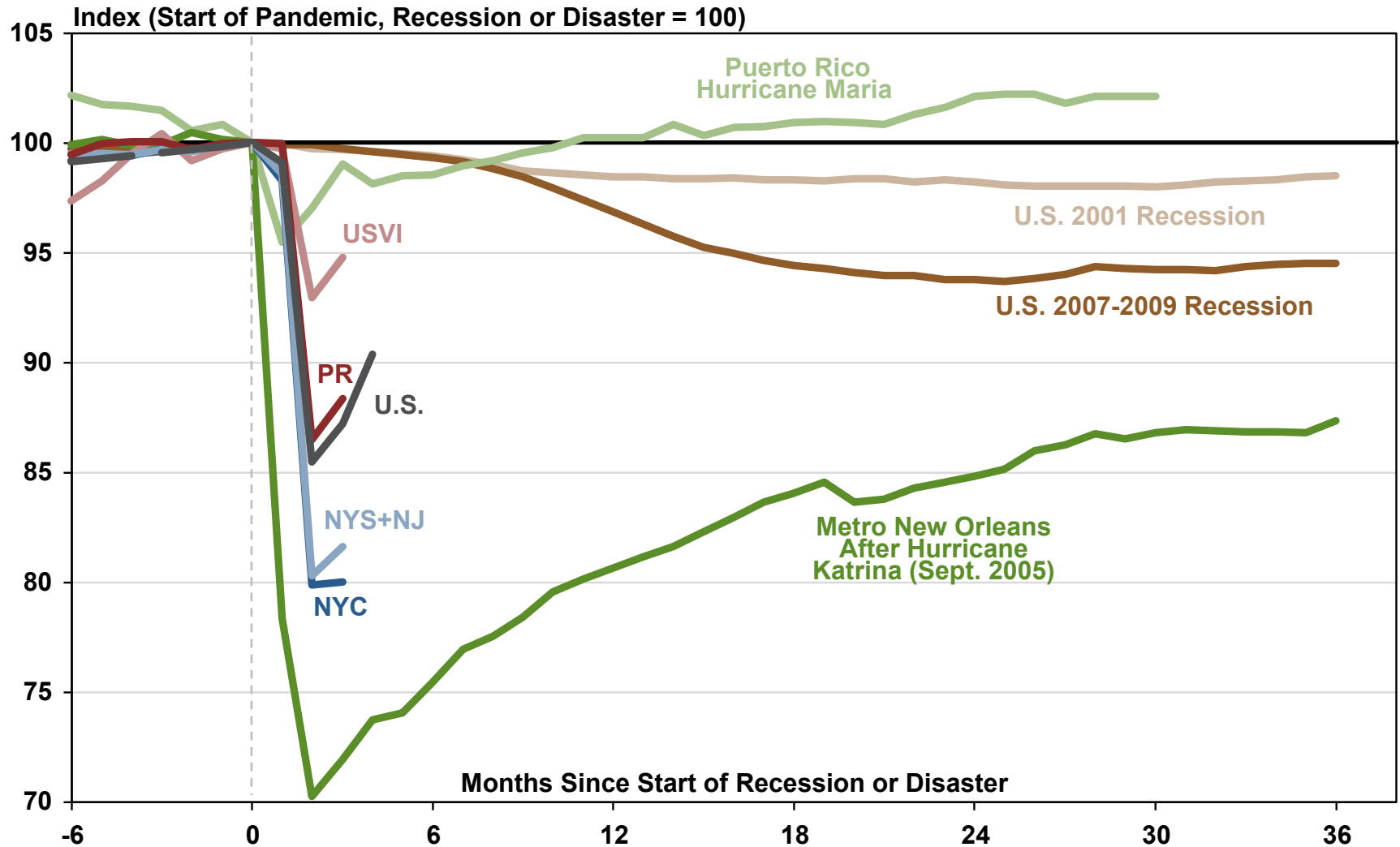
Job Losses by Sector

Change in Employment by Sector

Source: U.S. Bureau of Labor Statistics and Moody's Economy.com; some data are early benchmarked by New York Fed staff.

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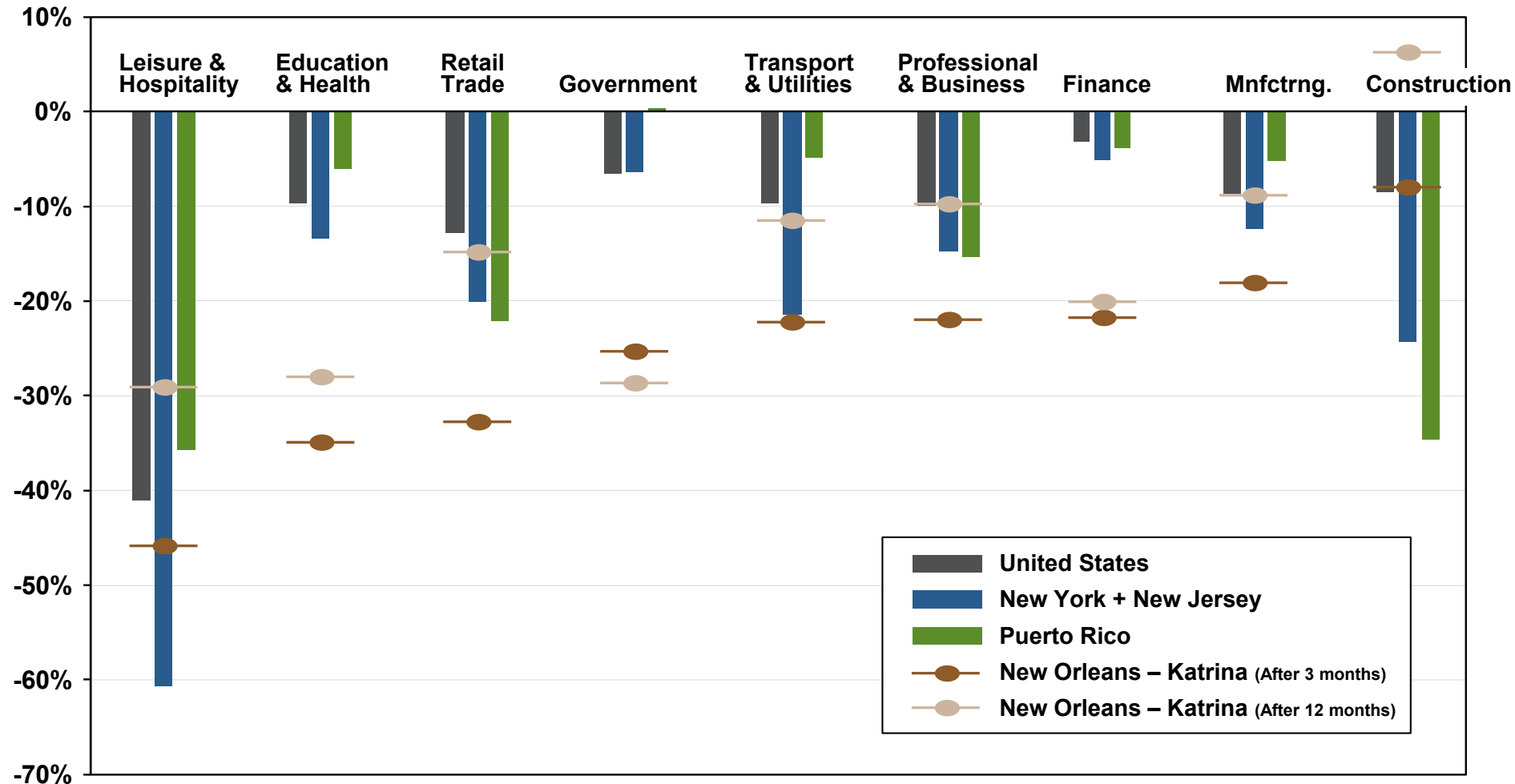
Historic Plunge in Regional Business Activity

New York Fed Regional Business Surveys, Current Conditions

Diffusion Index

Empire State Manufacturing Survey

Business Leaders Survey (Service Sector)

Jun

Shading indicates NBER recessions

Businesses Expect Conditions to Improve

New York Fed Regional Business Surveys, Future Conditions

Diffusion Index

Empire State Manufacturing Survey (Future Conditions)

Business Leaders Survey (Future Activity)

Jun

Shading indicates NBER recessions
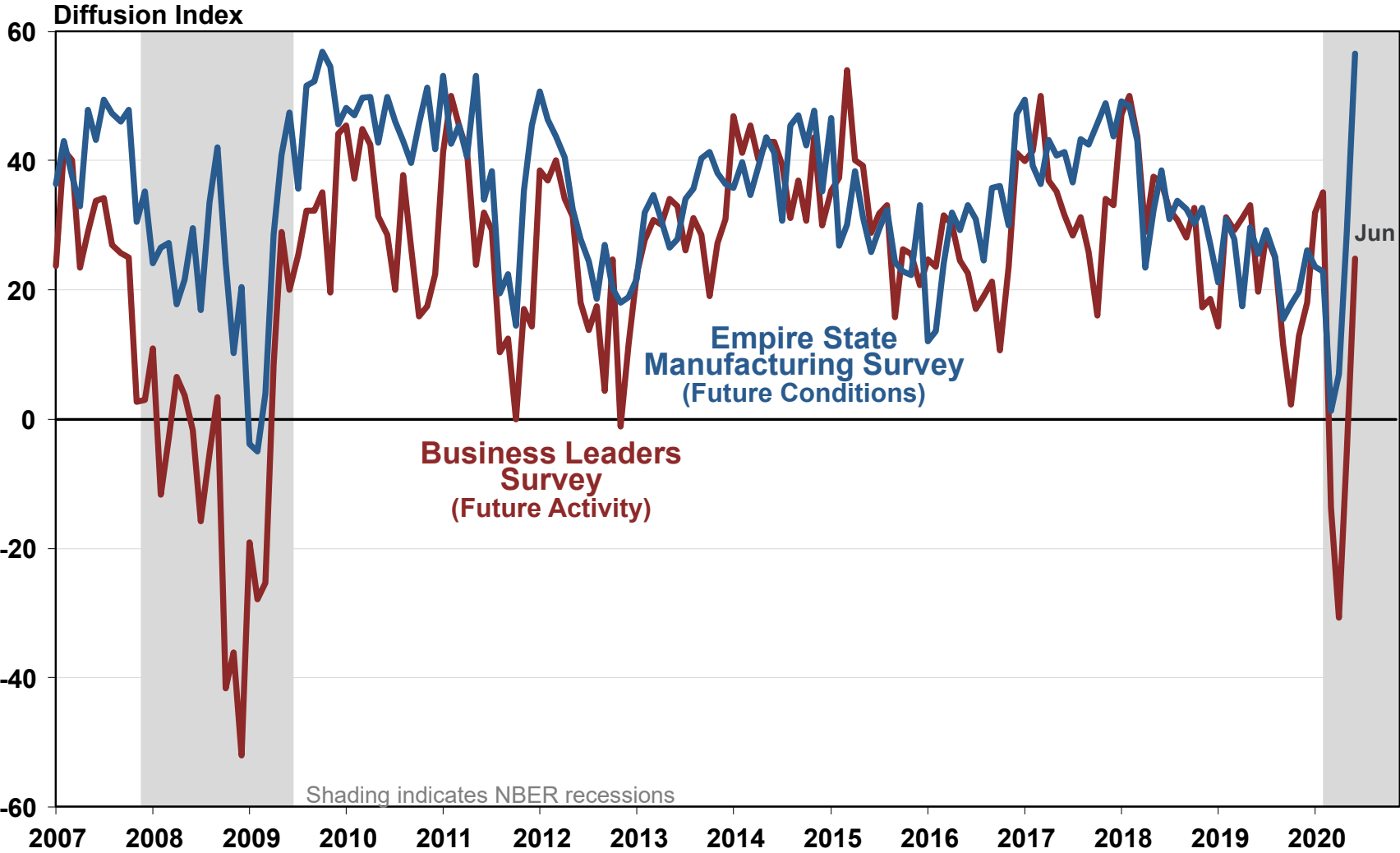
Summary

- Economic conditions across the District have been mixed, but clearly weak, since the outbreak of the pandemic.

- The outbreak initially hit the tri-state region harder than any other part of the U.S., whereas Puerto Rico and the USVI have seen much less virus spread.

- Not surprisingly, New York City's economy sustained a steeper decline than the rest of the region or the U.S.—both in terms of employment and consumer spending.

- The magnitude and suddenness of this economic downturn make it more comparable to a natural disaster—specifically Hurricane Katrina in New Orleans—than a typical recession.

- Many of the job losses have been viewed as temporary layoffs or furloughs, and businesses have grown more optimistic about the near-term outlook and have begun to rehire.