

**Minutes of the meeting of the  
SECOND DISTRICT ADVISORY COUNCIL**

2:00 p.m. – 4:00 p.m., Monday, November 6, 2023  
Federal Reserve Bank of New York  
33 Liberty Street, New York, NY  
Hybrid – WebEx Conference

**Member attendees:**

**In-Person**

Kelly Bliss, President, U.S. Group Health, Teladoc Health  
Jaswinder Chadha, President & CEO, Axtria, Inc.  
Wetteny Joseph, Executive Vice President & CFO, Zoetis  
Jonathan Rose, President, Jonathan Rose Companies  
Anthony E. Shorris, John Weinberg/Goldman Sachs Visiting Scholar & Senior Advisor  
Princeton University, McKinsey & Company.

**Virtual**

Federico Stubbe, Jr., CEO, PRISA Group

**Federal Reserve Bank of New York Attendees**

John Williams, President & CEO  
Jack Gutt, Communications & Outreach  
Shawn Phillips, Communications & Outreach  
Andrea Grenadier, Communications & Outreach  
Eric Lewin, Legal  
Andrew Haughwout, Research & Statistics  
Davide Melcangi, Research & Statistics  
Tiffany Hewlin, Corporate Secretary

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Shawn Phillips called the meeting to order at approximately 2:03p.m.

## **1. Welcome**

Ms. Phillips welcomed council members to the last meeting of the year and noted that Andrea Grenadier will serve as co-secretariat for the council. Ms. Phillips outlined plans to leverage the Federal Reserve Bank of New York's Enterprise Opportunity Exchange program to recruit a rotational co-secretariat. Mr. Williams introduced Kelly Bliss, President of U.S. Group Health, Teladoc Health, and the newest member of the Second District Advisory Council.

## **2. National Economy Update**

Mr. Melcangi presented an update on the national economy. He noted that real GDP growth was robust in the first half of 2023 and especially strong in the third quarter. He stated that even with signs of easing, the labor market remains tight. He highlighted robust consumption growth in 2023, pointing to household spending on goods and services above pre-pandemic levels. He added that the housing market is showing mixed signals and financial and credit conditions have tightened. He also stated that amid a slow moderation, inflation continues to be high. Mr. Melcangi concluded by noting that economic activity and the labor market have been resilient in 2023 and rebalancing of supply and demand in goods and labor markets is underway.

## **3. Regional Economy Update**

Mr. Haughwout provided an update on regional economic conditions. He indicated that regional business activity has been weak, job growth has slowed, but remained solid, and despite tighter financial conditions, home prices are rising again. President Williams reminded the council of the Federal Reserve System's dual mandate to ensure low inflation and maximum employment. President Williams added that labor force participation is at an all-time high and wage growth has slowed. He explained that core inflation is moving in the right direction and supply chain bottlenecks have mostly disappeared. Mr. Williams concluded by stating that despite much uncertainty, he has a positive outlook on the economy. Mr. Haughwout continued by mentioning that while job growth is slowing in Puerto Rico, it is picking up in the United States Virgin Islands. He further noted that despite sizeable job shortfalls in many parts of the region, central New Jersey is experiencing significant growth above pre-pandemic levels.

#### **4. Member Q&A with President Williams and Economists**

President Williams was asked about any concerns regarding markets weaning off dollars. President Williams explained that some sovereign investors are getting good returns on their treasuries and demand is still strong around the world. Members also inquired whether the 2% inflation target is appropriate given today's economic environment. President Williams stressed that as the nation moves closer to the target a balancing of objectives becomes more real, and that projections show no long-lasting damage to the labor market. Lastly, members inquired about the ability to attract and retain talent as workforce housing costs rise throughout the District. One member noted the remote/hybrid work environment has been favorable to leveraging the talent pool for employees who are able to manage housing costs by telecommuting. President Williams ended by highlighting that real estate valuations are strong and indicators point to slower spending in lower income groups while higher income spending will remain buoyant.

#### **5. Facilitated Discussion**

Ms. Phillips began the facilitated discussion by asking council members how prices for goods and services have changed due to inflationary pressures. Most members indicated the rising costs of cyber security, energy, real estate insurance, and healthcare forcing companies to be more efficient. One member noted that the strain of interest rates is causing pushback from customers on price increases forcing businesses to make tough decisions about the viability of projects.

When discussing wage pressures and the labor market one member noted the shortage of labor in all industries in Puerto Rico due to wage growth on the mainland. A member added that for the first time in years, labor costs are declining due to an influx of college graduates with limited positions available and higher company attrition rates overall.

Overall, members reported a positive long-term outlook of business and economic conditions. Some members pointed to economic uncertainty resulting in a low appetite for risk in the short-term. As a result, most members are focused on optimizing their environments for efficiency and are cautiously optimistic about the future.

## **6. Concluding Remarks**

President Williams provided concluding remarks, thanking members for sharing their insights and encouraged members to reach out with any new information on business conditions.

The meeting was adjourned at approximately 4:00p.m.