Regional Economic Conditions

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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.
Summary

- The spread of COVID has abated across most of the District, except in Northern New Jersey, where it has turned up again.

- Economic conditions across the District have shown signs of improving, with COVID spread receding, and vaccinations more widely available.

- The economic effect has been particularly severe in New York City—both on employment and consumer spending.

- Puerto Rico has seen a much milder job shortfall than the USVI, likely reflecting key industry sectors (medical manufacturing vs tourism).

- This downturn is more comparable to a natural disaster—similar to the US Virgin Islands after hurricanes Irma & Maria—than a typical recession.

- Our monthly business surveys point to a recent surge in optimism about the outlook, as well as a pickup in inflation.
Coronavirus Spread in the Region

Daily New Cases Per Capita, 7-Day Average

- Per capita measure scales the spread to population and allows comparison across regions.
- These represent confirmed (tested) cases and likely understate the actual levels.

The Rebound in Consumer Spending

Percent Change in Total Spending

- Credit card spending has fully rebounded above pre-pandemic levels, except in NYC.
- There was some, possibly weather-related, pullback in February.

Indexed to January 4-31, 2020, Seasonally Adjusted, and 14-day Moving Average

Start of NY Stay at Home Orders & Nonessential Business Closures
NY Ends Stay at Home Order Statewide

Relief Payments Start

2nd Relief Payments Start

NOTE: This measure is not available for Puerto Rico or US Virgin Islands.
Source: Opportunity Insights Economic Tracker and Affinity Solutions.
Employment Has Yet to Fully Rebound
Indexes of Total Employment, Seasonally Adjusted

Index (February 2020, Start of Pandemic = 100)

- After rebounding for 6 months into the pandemic, the jobs recovery stalled with the winter wave of COVID.
- New York City and the US Virgin Islands have lagged—due to a dearth of office workers (in NYC) and visitors (in both areas).
- Upstate NY & Northern NJ have lagged the nation only slightly.
- PR has seen more of a rebound, in part due to its medical mfg. cluster.

The Pandemic Resembles a Natural Disaster

Indexes of Total Employment, Seasonally Adjusted

- The pattern of a sudden drop followed by a rebound is much more analogous to a natural disaster than a typical recession.

Resilience in New York City’s Key Sectors

Number of Jobs in Thousands

- Tech has recently surpassed Wall St. in number of jobs.
- Both finance and tech have seen only minimal job losses during the pandemic.

Weak Business Activity but Brightening Outlook

New York Fed Regional Business Surveys

Diffusion Index

Current Conditions

Future Conditions

- Diffusion indexes show net % of business reporting / expecting improving conditions i.e. % improving - % worsening

Source: Federal Reserve Bank of New York.
Service Firms Report Accelerating Prices

New York Fed Regional Business Surveys

- Diffusion indexes show net % of business reporting rising prices i.e. % rising - % declining

Shading indicates NBER recession

Source: Business Leaders Survey (Service firms), Federal Reserve Bank of New York.
Manufacturers Seeing Surging Price Pressure

New York Fed Regional Business Surveys

• Diffusion indexes show net % of business reporting rising prices i.e. % rising - % declining

Source: Empire State Manufacturing Survey, Federal Reserve Bank of New York.