

**Federal Reserve Bank of New York
Second District Advisory Council Meeting
Hybrid – In Person/WebEx Conference
Thursday, April 7, 2022**

Agenda

10:00 a.m. – 10:05 a.m.	Welcome, Shawn Phillips, Head of External Engagement
10:05 a.m. – 10:10 a.m.	Introductory Remarks, John Williams, President & CEO
10:10 a.m. – 10:20 a.m.	National Economy Update, Davide Melcangi, Economist
10:20 a.m. – 10:30 a.m.	Regional Economy Update, Jaison Abel, Head of Urban and Regional Studies
10:30 a.m. – 10:50 a.m.	Member Q&A with President Williams and Economists
10:50 a.m. – 11:50 a.m.	Member Insights, Shawn Phillips and Dominic Ramos-Ruiz, Community Development Associate, Moderators
11:50 a.m. – 12:00 p.m.	Concluding Remarks, John Williams, President & CEO

**Federal Reserve Bank of New York
Second District Advisory Council
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Attendee List – Hybrid Conference

SDAC Advisory Members

Donnel Baird
Founder & CEO
BlocPower

Hugh Johnston
Vice Chairman & CFO
PepsiCo

Adenah Bayoh
Founder
Adenah Bayoh &
Companies

Sarah LaFleur
Founder & CEO
M.M.LaFleur

Jaswinder Chadha
President & CEO
Axtria, Inc.

Jonathan F.P. Rose
President
Jonathan Rose Companies

Kevin Ellis
CEO
Cayuga Milk Ingredients

Anthony E. Shorris
John Weinberg/Goldman Sachs Visiting Scholar
& Senior Advisor
Princeton University, McKinsey & Company

Lynne Marie Finn
President & CEO
Broadleaf Results

Federico Stubbe, Jr.
President
PRISA Group

Federal Reserve Bank of New York

John Williams
Jaison Abel
Jack Gutt
Davide Melcangi
Rosanne Notaro
Shawn Phillips
Dominic Ramos-Ruiz

President & CEO
Research & Statistics
Communications & Outreach
Research & Statistics
Legal
Communications & Outreach
Communications & Outreach



FEDERAL RESERVE BANK *of* NEW YORK

U.S. Economic Conditions

Davide Melcangi, Research and Statistics Group
April 7, 2022

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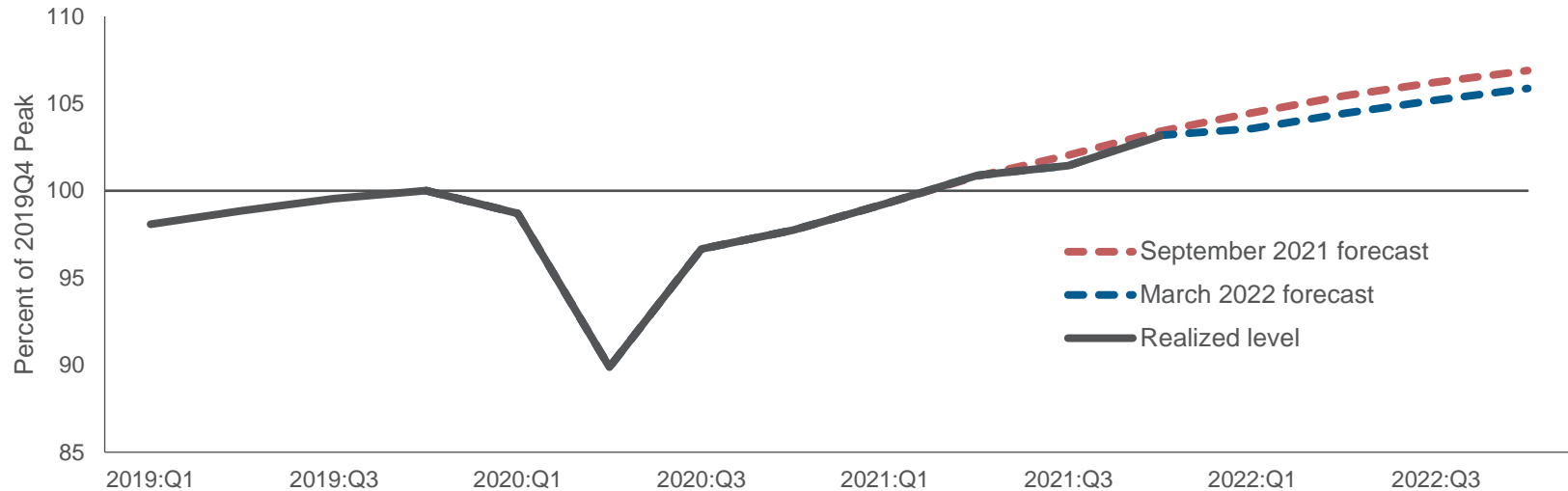
Overview

- Downward revision to the path of economic activity due to less fiscal spending, tighter financial conditions, and the war in Ukraine, but underlying activity remains strong.
- The labor market has continued to strengthen and the number of job openings remains high.
- Inflation remains well above the Federal Reserve 2% target.



Economic activity to pick up after short-lived slowdown

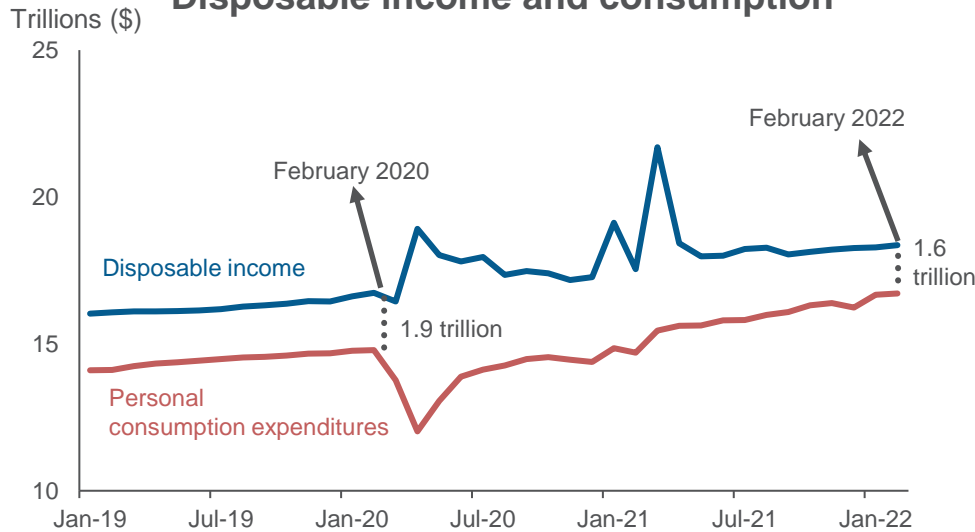
Blue Chip Consensus Real GDP Forecast



- Downward revision to the path of real GDP reflecting tighter financial conditions, less fiscal spending, and the war in Ukraine
- But underlying activity remains strong

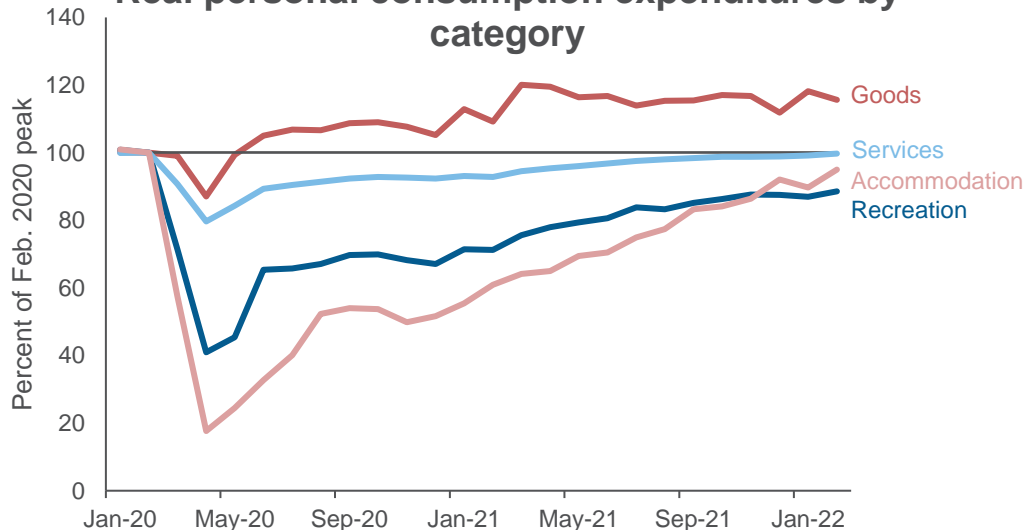
Less fiscal spending, but demand remains solid

Disposable income and consumption



- Less support from fiscal transfers
- Personal saving rate was 6.3% in February, below pre-pandemic levels

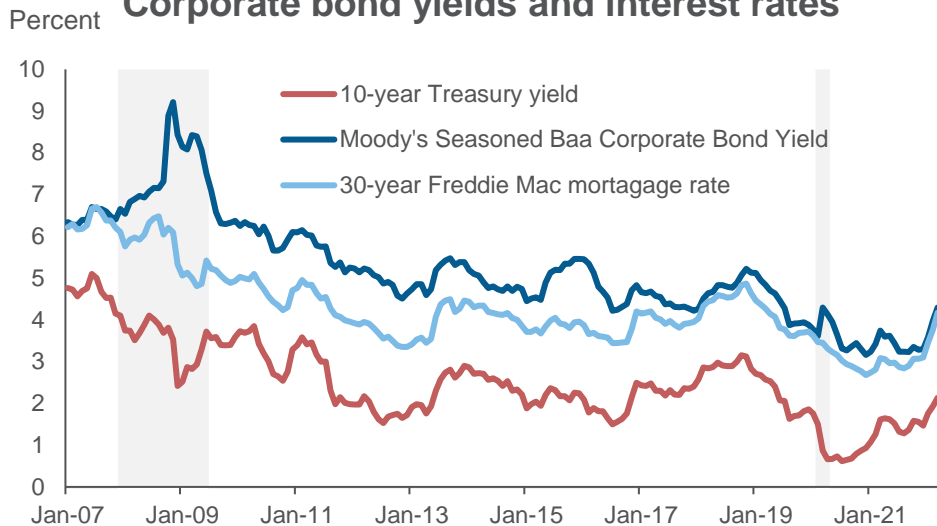
Real personal consumption expenditures by category



- Goods consumption expenditures above pre-pandemic peak; some service sectors are yet to normalize

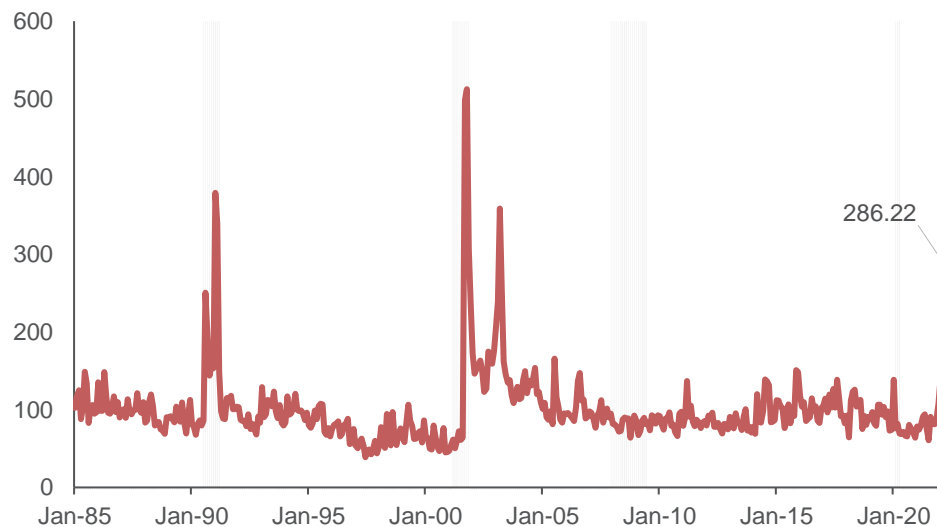
Financial conditions are tightening

Corporate bond yields and interest rates



- Long-term Treasury yields and mortgage rates, as well as corporate bond yields, have started to rise

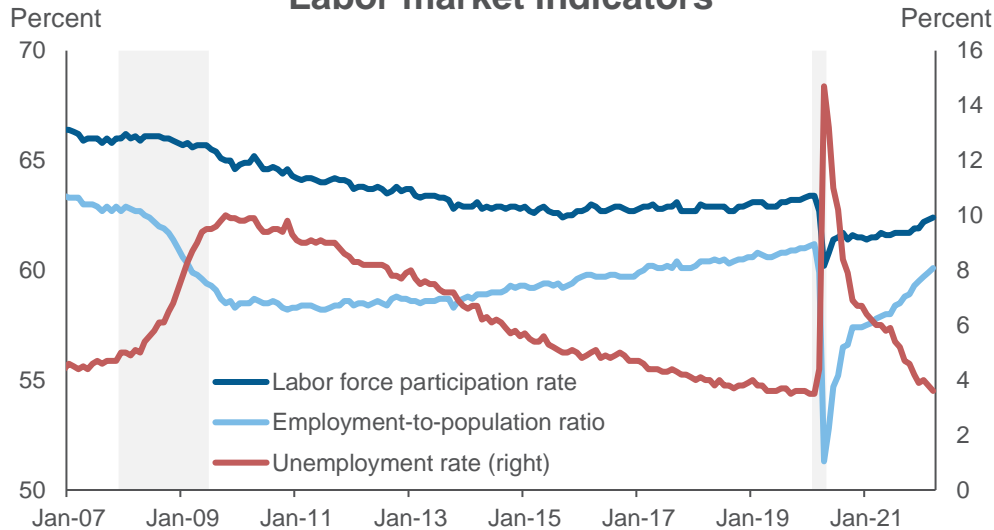
Geopolitical risk index (2019 = 100)



- Heightened geopolitical risk is weighing on financial risk premia

Labor market indicators have continued to strengthen

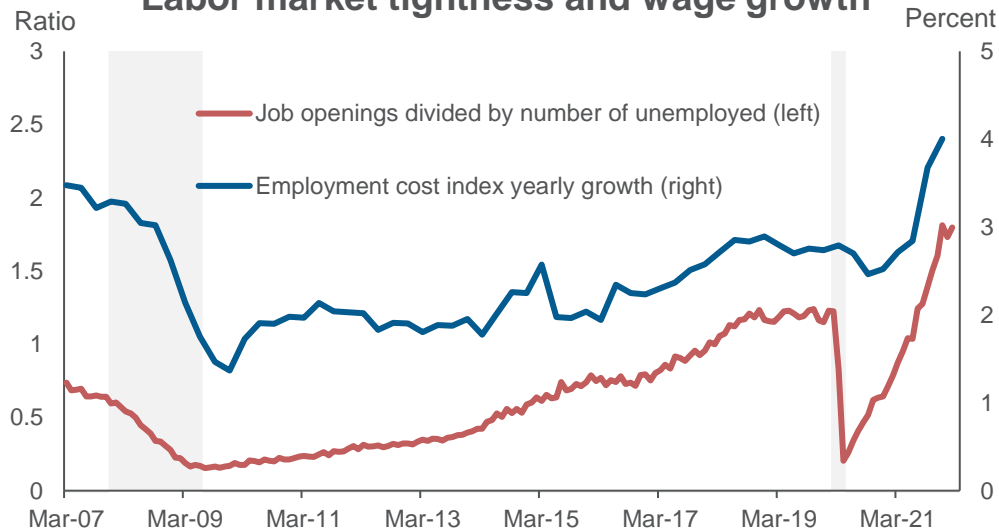
Labor market indicators



- Unemployment rate fell to 3.6% in March; 2.9 million jobs added since last October

- Many more job openings than people looking for work

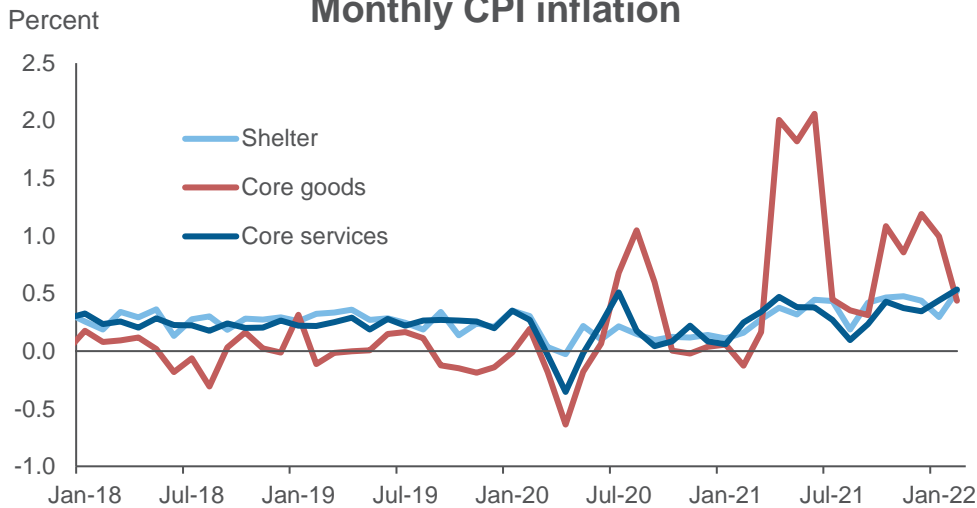
Labor market tightness and wage growth



- Wage growth well above rates of recent years

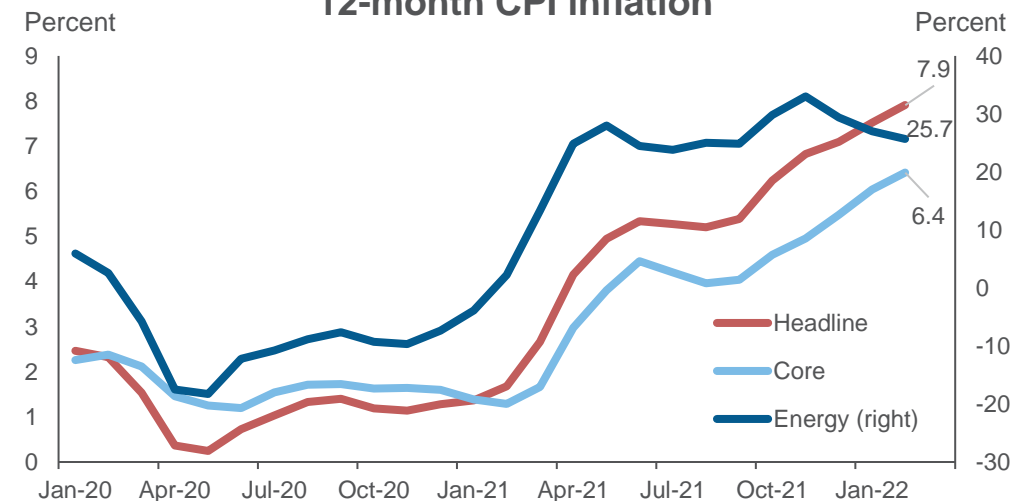
Several factors behind elevated inflation readings

Monthly CPI inflation



- Goods inflation is slowing down but remains elevated; Shelter affects services inflation

12-month CPI inflation



- Energy inflation remains high contributing to elevated headline inflation

- Russia's invasion of Ukraine adds considerable uncertainty





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Economic Conditions in the Region

Jaison R. Abel

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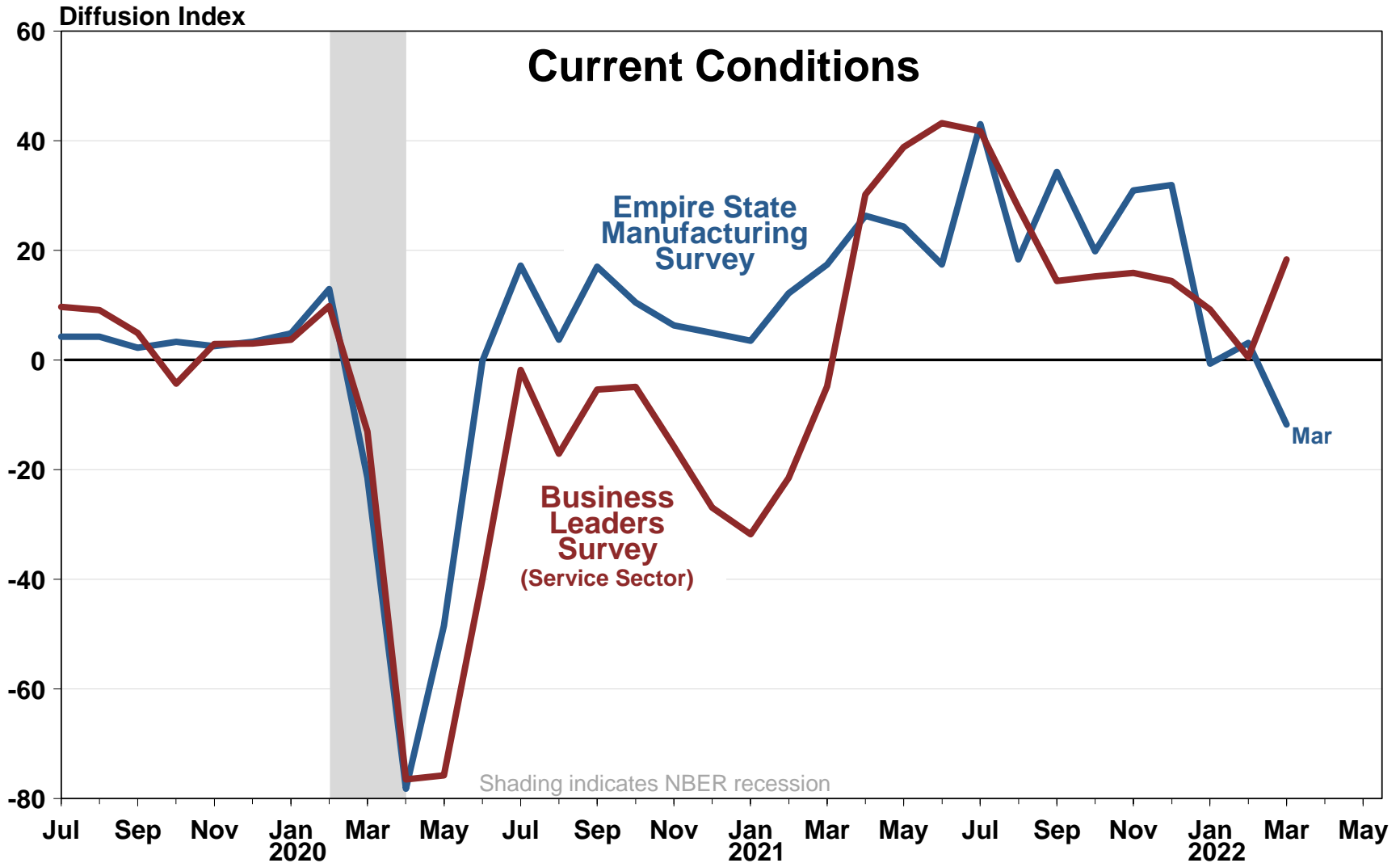
Overview of Regional Conditions

- Growth in the regional economy stalled in early 2022. Service sector activity bounced back as the Omicron wave subsided, while supply disruptions are still weighing on manufacturers.
- Though the New York-Northern New Jersey region has continued to add jobs at a solid clip, outsized job shortfalls remain in most places—particularly in New York City. Puerto Rico is bucking the trend, with employment rising above pre-pandemic levels to a 5-year high.
- After nearly two years of population loss, people have started to return to New York City, though Manhattan’s population remains well below its pre-pandemic level.
- Businesses in the region report ongoing widespread pricing pressures.



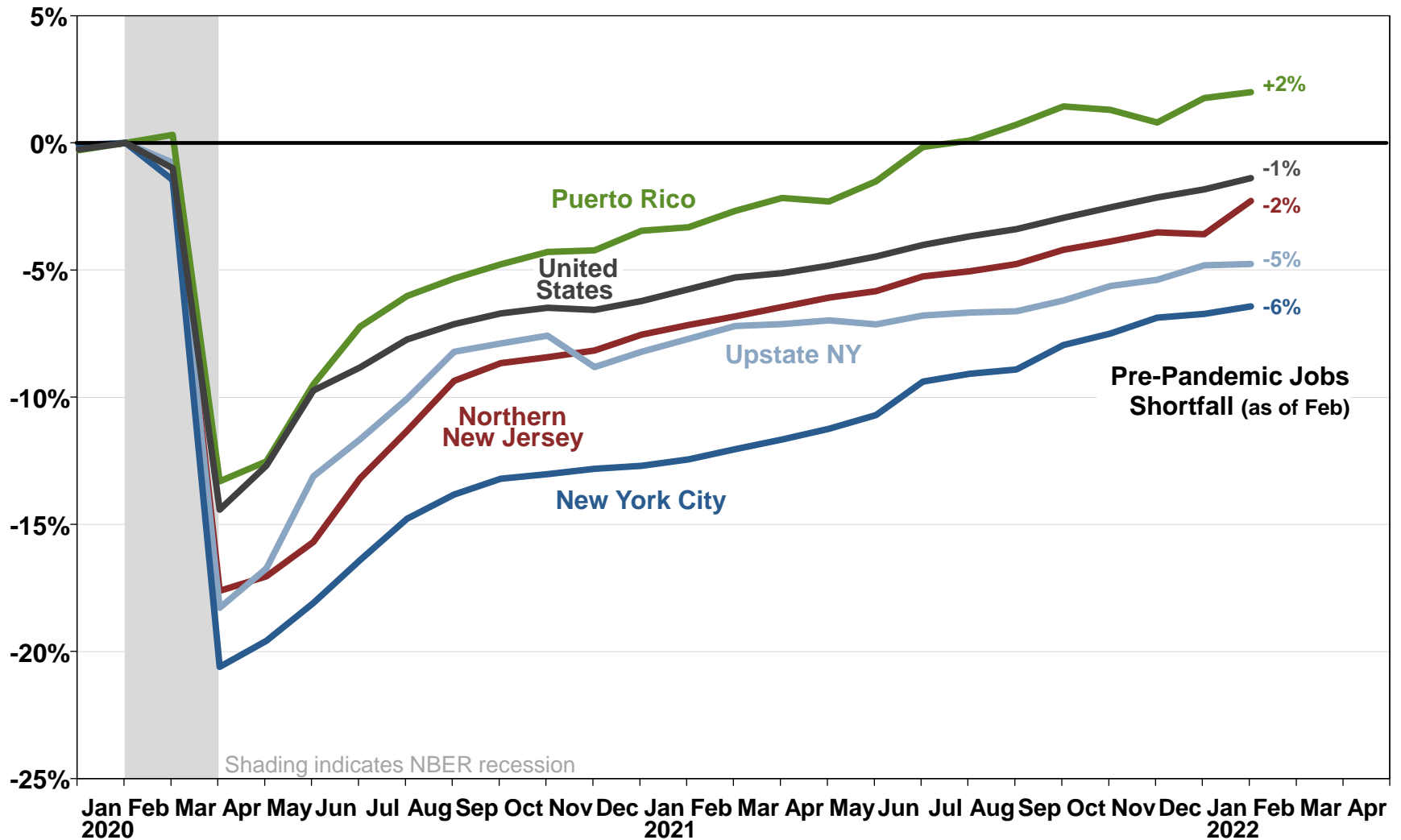
Regional Growth Stalled in Early 2022

New York Fed Regional Business Surveys



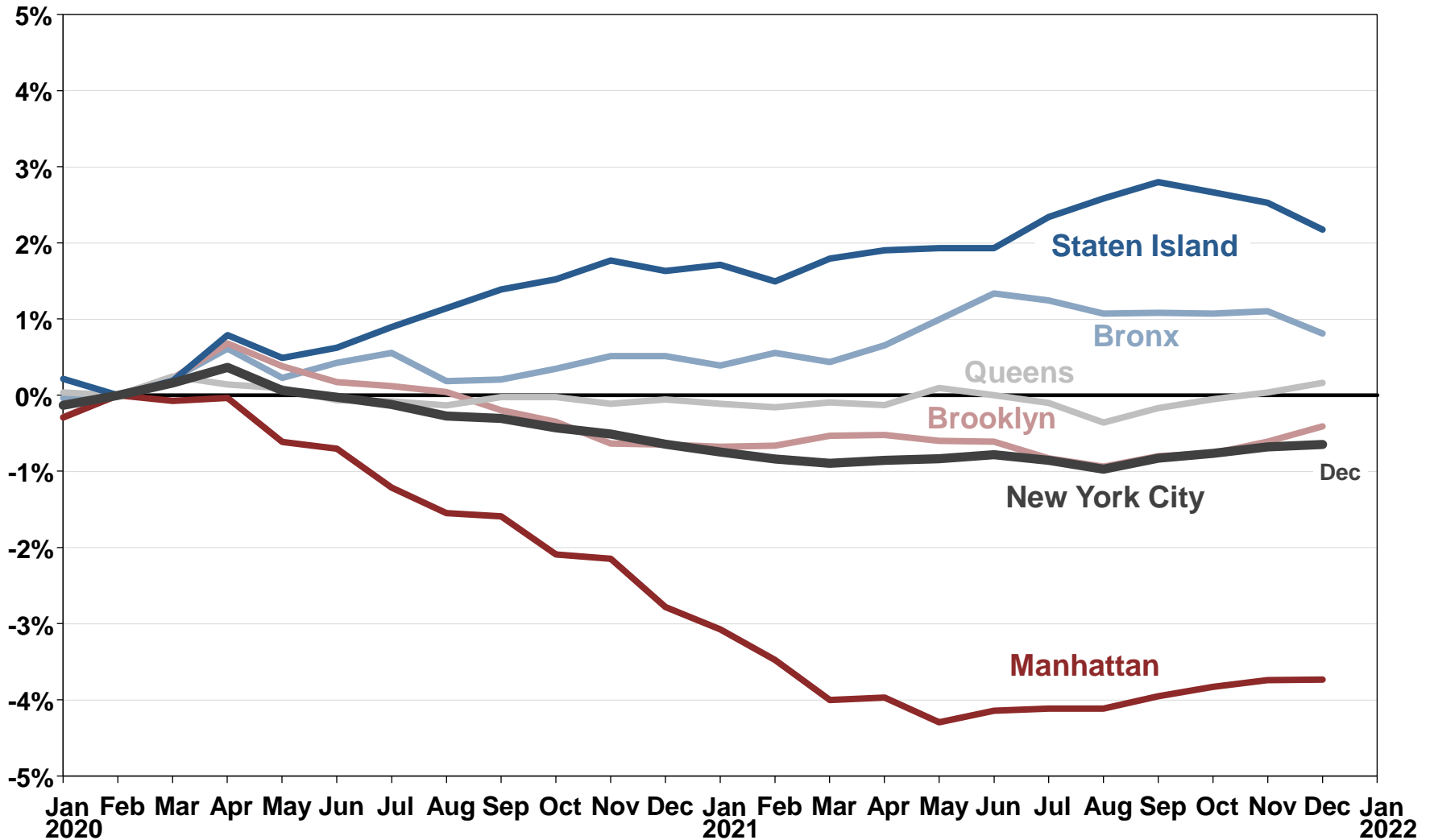
Outsized Job Shortfalls Remain in the NY-NNJ Region

Percent Change in Total Employment Since Feb 2020



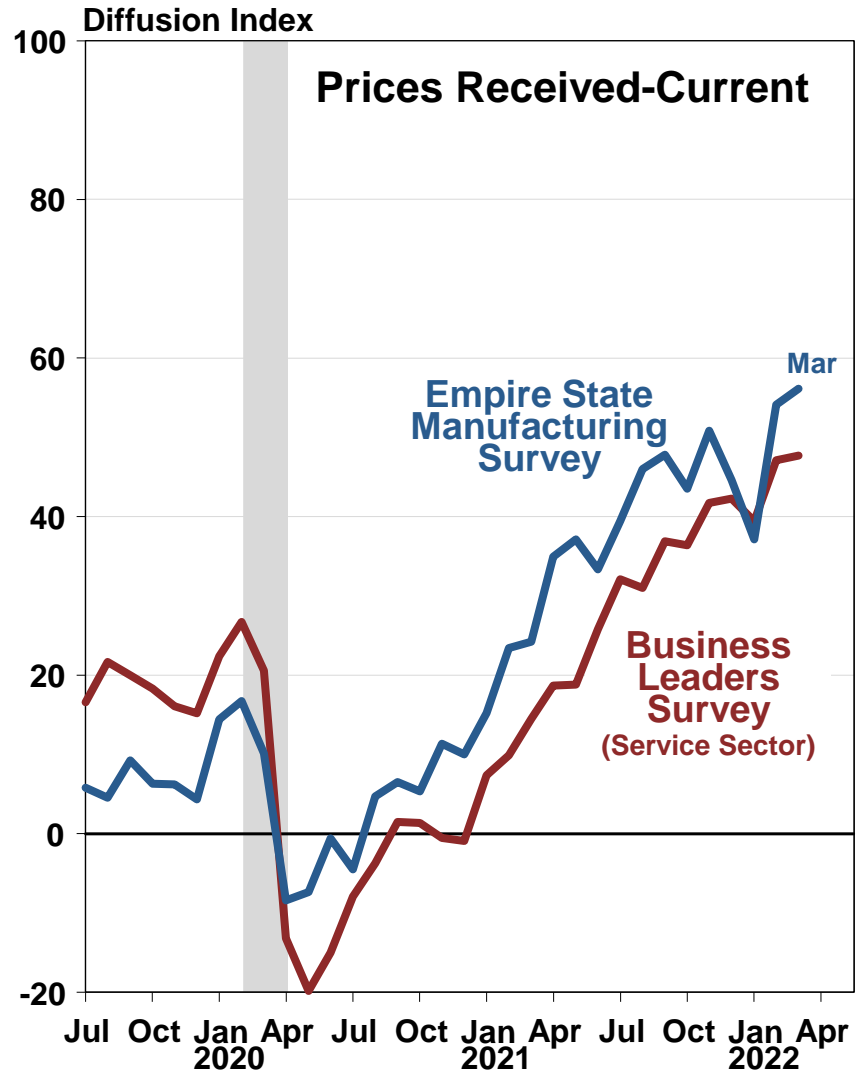
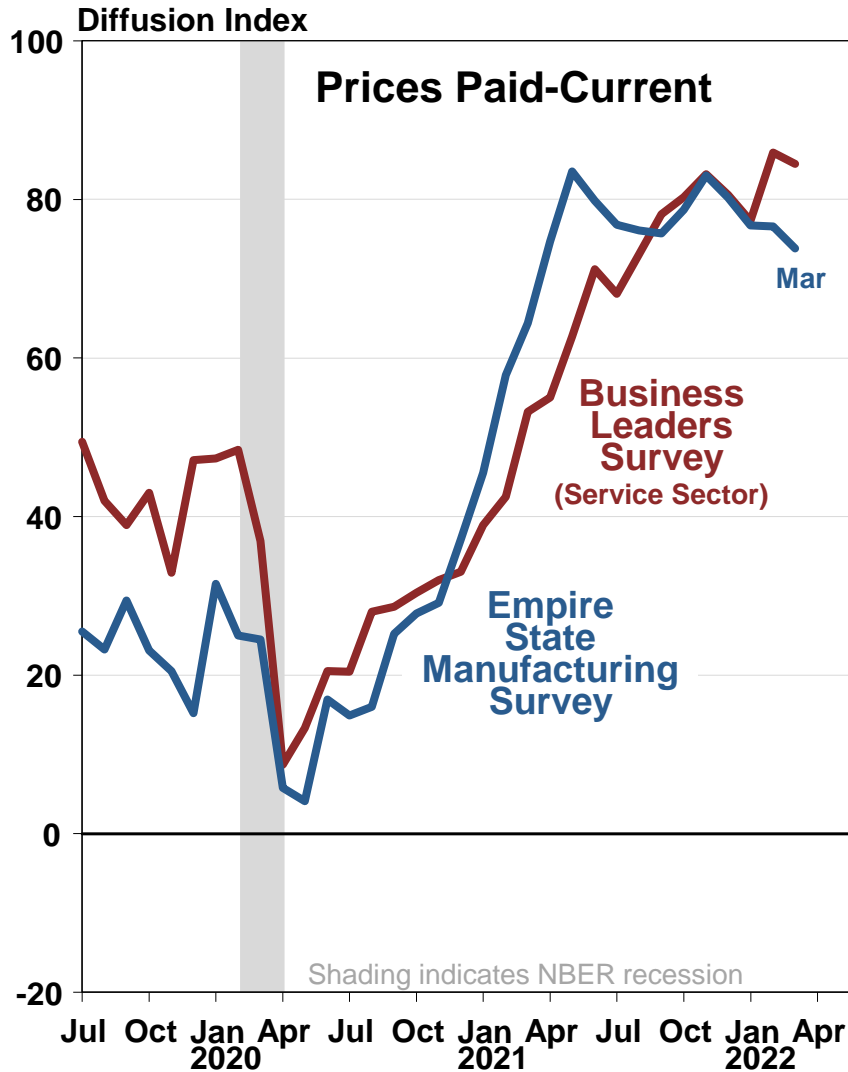
A Slow Return to New York City Living

Percent Change in Population Since Feb 2020



Widespread Pricing Pressures in the Region

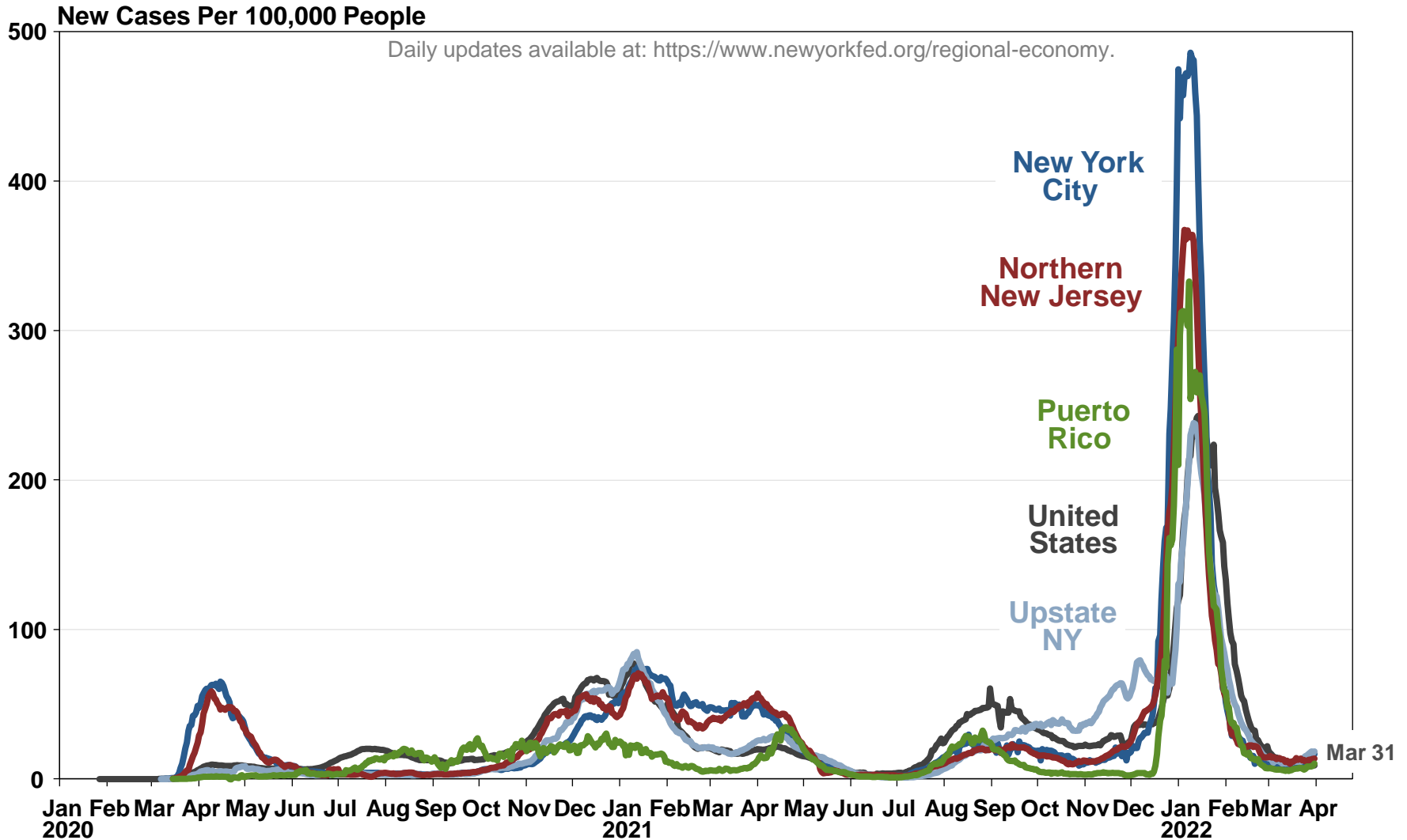
New York Fed Regional Business Surveys



Reference Slides

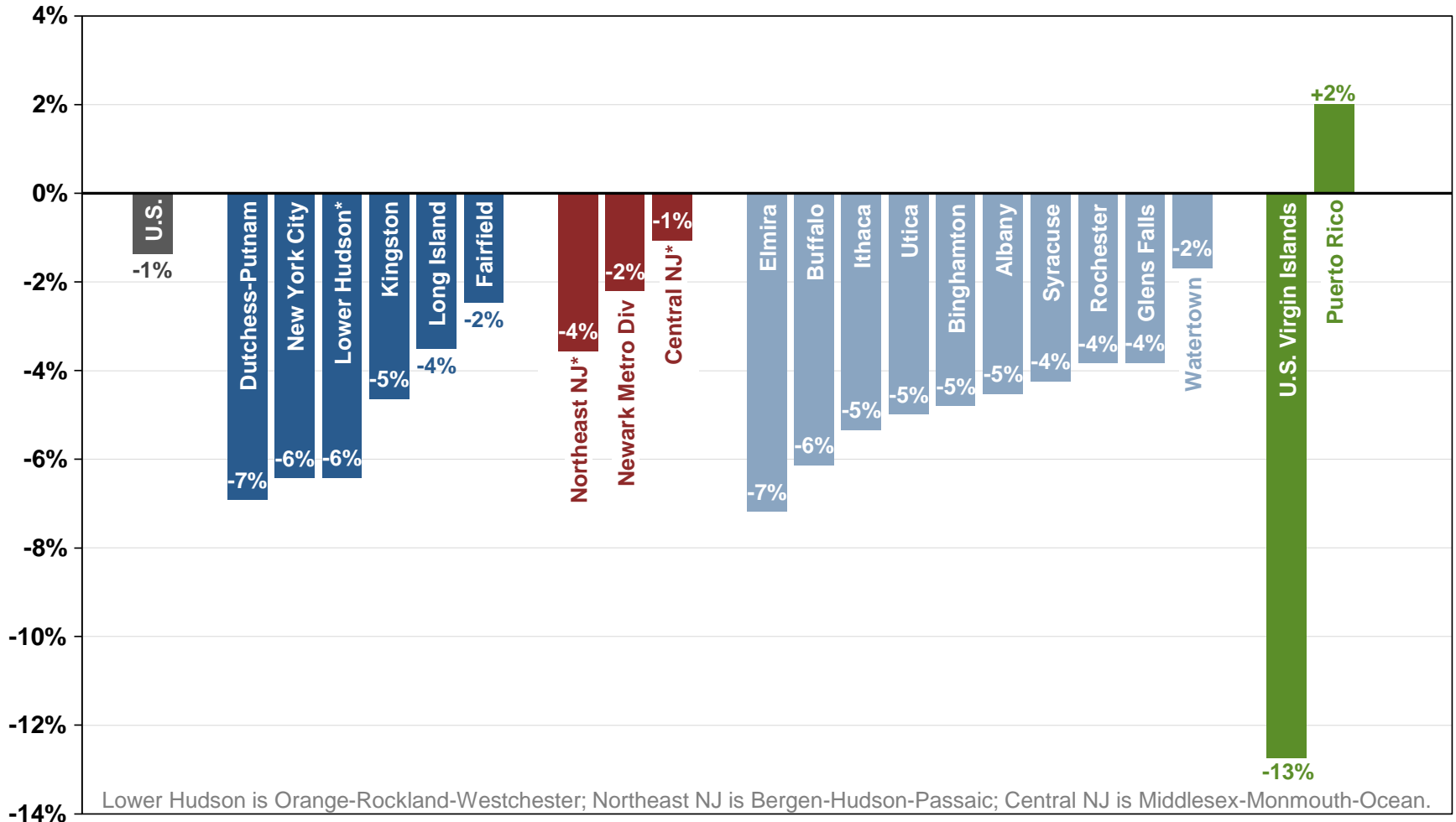
Coronavirus Spread in the Region

Daily New Cases Per Capita, 7-Day Average



Pre-Pandemic Jobs Shortfall by Local Area

Percent Below Feb 2020 Employment Level (as of Feb 2022)



Price Increases Expected to Persist in the Region

New York Fed Regional Business Surveys

