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  
Thursday, April 7, 2022

**Attendee List – Hybrid Conference**

**SDAC Advisory Members**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company/Institution</th>
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<tr>
<td>Donnel Baird</td>
<td>Founder &amp; CEO</td>
<td>BlocPower</td>
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<td>Adenah Bayoh</td>
<td>Founder</td>
<td>Adenah Bayoh &amp; Companies</td>
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<tr>
<td>Jaswinder Chadha</td>
<td>President &amp; CEO</td>
<td>Axtria, Inc.</td>
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<td>Kevin Ellis</td>
<td>CEO</td>
<td>Cayuga Milk Ingredients</td>
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<td>Lynne Marie Finn</td>
<td>President &amp; CEO</td>
<td>Broadleaf Results</td>
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**Federal Reserve Bank of New York**

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<tr>
<th>Name</th>
<th>Position</th>
<th>Research &amp; Statistics</th>
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<tr>
<td>Hugh Johnston</td>
<td>Vice Chairman &amp; CFO</td>
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<td>Sarah LaFleur</td>
<td>Founder &amp; CEO</td>
<td>M.M. LaFleur</td>
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<td>Jonathan F.P. Rose</td>
<td>President</td>
<td>Jonathan Rose Companies</td>
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<tr>
<td>Anthony E. Shorris</td>
<td>John Weinberg/Goldman Sachs Visiting Scholar &amp; Senior Advisor</td>
<td>Princeton University, McKinsey &amp; Company</td>
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<td>Federico Stubbe, Jr.</td>
<td>President</td>
<td>PRISA Group</td>
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<tr>
<td>Jack Gutt</td>
<td>Research &amp; Statistics</td>
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<td>Davide Melcangi</td>
<td>Communications &amp; Outreach</td>
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<td>Rosanne Notaro</td>
<td>Research &amp; Statistics</td>
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<td>Shawn Phillips</td>
<td>Legal</td>
<td>Communication &amp; Outreach</td>
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<tr>
<td>Dominic Ramos-Ruiz</td>
<td>Communications &amp; Outreach</td>
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U.S. Economic Conditions

Davide Melcangi, Research and Statistics Group
April 7, 2022

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.
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

- 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

Source: BEA, Blue Chip Economic Indicators, BLS
Less fiscal spending, but demand remains solid

- Less support from fiscal transfers
- Personal saving rate was 6.3% in February, below pre-pandemic levels
- Goods consumption expenditures above pre-pandemic peak; some service sectors are yet to normalize
Financial conditions are tightening

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

- Heightened geopolitical risk is weighing on financial risk premia.

Source: Federal Home Loan Mortgage Corporation, U.S. Treasury, Moody’s, Dario Caldara and Matteo Iacoviello.

Note: Shading shows NBER recessions.
Labor market indicators have continued to strengthen

- 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

- Wage growth well above rates of recent years

Source: BLS, JOLTS. Note: Shading shows NBER recessions.
Several factors behind elevated inflation readings

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

- Energy inflation remains high contributing to elevated headline inflation

- Russia’s invasion of Ukraine adds considerable uncertainty

Source: BLS.
Economic Conditions in the Region

Jaison R. Abel

Second District Advisory Council Meeting – April 7, 2022

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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

Diffusion Index

Current Conditions

Shading indicates NBER recession

Source: Federal Reserve Bank of New York.
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

Source: Federal Reserve Bank of New York, Consumer Credit Panel; Population with a credit report.
Widespread Pricing Pressures in the Region

New York Fed Regional Business Surveys

Source: Federal Reserve Bank of New York.
Reference Slides
Coronavirus Spread in the Region

Daily New Cases Per Capita, 7-Day Average

New York City
Northern New Jersey
Puerto Rico
United States
Upstate NY

Pre-Pandemic Jobs Shortfall by Local Area

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


Lower Hudson is Orange-Rockland-Westchester; Northeast NJ is Bergen-Hudson-Passaic; Central NJ is Middlesex-Monmouth-Ocean.
Price Increases Expected to Persist in the Region

New York Fed Regional Business Surveys

Source: Federal Reserve Bank of New York.