

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

10:00 a.m. – 12:00 p.m., Thursday, April 7, 2022
Federal Reserve Bank of New York
33 Liberty Street, New York, NY
Hybrid – In Person/WebEx Conference

Member Attendees:

Donnel Baird, Founder & CEO, BlocPower
Adenah Bayoh, Founder, Adenah Bayoh & Companies
Jaswinder Chadha, President & CEO, Axtria, Inc.
Kevin Ellis, CEO, Cayuga Milk Ingredients*
Lynne Marie Finn, President & CEO, Broadleaf Results*
Hugh Johnston, Vice Chairman & CFO, PepsiCo
Sarah LaFleur, Founder & CEO, MM.LaFleur
Jonathan F.P. Rose, President, Jonathan Rose Companies
Anthony E. Shorris, John Weinberg/Goldman Sachs Visiting Scholar & Senior Advisory,
Princeton University, McKinsey & Company
Federico Stubbe, Jr., CEO, PRISA Group

Federal Reserve Bank of New York attendees:

John Williams, President & CEO*
Jaison Abel, Research & Statistics
Jack Gutt, Communications & Outreach*
Davide Melcangi, Research & Statistics
Rosanne Notaro, Legal
Shawn Phillips, Communications & Outreach*
Dominic Ramos-Ruiz, Outreach & Education*

*Attended in person

Shawn Phillips called the meeting to order at approximately 10:03 a.m.

1. Welcome

Mr. Williams welcomed council members and provided a brief overview of the economic conditions currently in focus, as well as how members of this and other Advisory Group meetings contribute to the dialogue and understanding of such conditions.

2. National Economy Update

Mr. Melcangi presented an update on the national economy. He noted that there has been downward revision to the path of economic activity due to less fiscal spending, tighter financial conditions, and the war in Ukraine, but that underlying activity remains strong. He added that the labor market has continued to strengthen and the number of job openings remain high, but that inflation remains well above the Federal Reserve's 2% target.

3. Regional Economy Update

Mr. Abel provided an update on regional economic conditions. In terms of the big picture, he said that growth in the regional economy stalled in early 2022 but that service supply 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, Mr. Abel said that outsized job shortfalls remain in most places, particularly in New York City. He added that Puerto Rico is bucking the trend, with employment rising above pre-pandemic levels to a 5-year high. Mr. Abel noted that after nearly two years of population loss, people have started to return to New York City, though Manhattan's population remains below its pre-pandemic level. Overall, he noted that businesses in the region report ongoing widespread pricing pressures.

4. Member Q&A with President Williams and Economists

Before taking questions, President Williams provided an overview of his outlook for the national economy and monetary policy. President Williams said that the Fed remains focused on the maximum employment goal, and that labor force participation has come back up both for men and women, although the participation rate among those over than 55 remains lower. He said he expects labor force participation to move up over the recovery and emphasized that the labor market remains strong. Regarding the price stability mandate, President Williams stated that FOMC's focus is to get inflation down, which is a difficult challenge. To do so, he said the approach is to restore price stability in a way that is not

disruptive to the overall economy. He believes that inflation will be peaking in the coming months, though geopolitical events and other factors creates uncertainty. President Williams highlighted that these inflation trends are not unique to the United States but are shared broadly around the world.

Moving to questions from council members, President Williams was asked about the likelihood of a recession. In response, President Williams again emphasized that the FOMC's task is challenging and underlined the importance of FOMC's communications in moving forward. In terms of the war in Ukraine, President Williams said that it was mostly GDP neutral for U.S. but that there are downside risks. When asked about labor participation rate of those 55 and older, President Williams acknowledged that there has been a retirement wave among that age group but that he expects that people in that age bracket will come back to labor force in some capacity. When asked about equity and the impact on the relative distribution on income and wealth, President Williams said that maximum employment is a "broad and inclusive" goal and added that that inflation has a greater impact on lower income households.

5. Facilitated Discussion

Ms. Phillips began the facilitated discussion by asking members to share how business and economic conditions have changed since the last meeting and as COVID cases have declined. Many members spoke about continued labor shortages, employee turnover, and wage and other employment cost increases, specifically with regard to leisure & hospitality workers, construction workers, and truck drivers. Some members noted inflationary pressures and stated that business investments continued and consumer demand remained strong. Some members noted disparities in the commercial real estate market based on location and age of buildings within New York City and the challenges of converting unused office space for residential purposes. Some members shared that world supply chain disruptions continued to impact operations and the ability to meet demand. Members also shared the impact of public safety concerns and municipal administrative delays on business operations. Another member noted ESG reporting requirements in Europe and their impact including on investments. In terms of their outlook for business and economic conditions for the

remainder of the year, many members reported a strong outlook as consumer activity remained strong, but inflation pressures, labor shortages, and supply chain disruptions remain a major concern.

6. Concluding Remarks

Mr. Williams providing some concluding remarks, noting the increase in a hybrid work model and value placed on such by workers and potential productivity benefits. President Williams then thanked those members who are retiring from SDAC and thanked members for their insights.

The meeting adjourned at approximately 12:30 p.m.