Federal Reserve Bank of New York  
Second District Advisory Council Meeting  
Virtual  
Friday, February 2, 2024

AGENDA

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<th>Time</th>
<th>Session</th>
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<td>3:00 p.m. – 3:05 p.m.</td>
<td>Welcome Remarks, Shawn Phillips, Head of External Engagement</td>
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<td>3:05 p.m. – 3:10 p.m.</td>
<td>Introductory Remarks, John Williams, President &amp; CEO</td>
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<td>3:10 p.m. – 3:20 p.m.</td>
<td>National Economy Update, Jonathan McCarthy, Economic Research Advisor</td>
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<td>3:20 p.m. – 3:30 p.m.</td>
<td>Regional Economy Update, Jaison Abel, Research Department Head, Household and Public Policy</td>
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<td>3:30 p.m. – 4:00 p.m.</td>
<td>Member Q&amp;A with President Williams and Economists</td>
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<td>4:00 p.m. – 4:55 p.m.</td>
<td>Member Insights, Shawn Phillips, Head of External Engagement Moderator</td>
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<td>4:55 p.m. – 5:00 p.m.</td>
<td>Concluding Remarks, John Williams, President &amp; CEO</td>
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Discussion Questions

1. How has your business fared over the past several months?
2. How have business or economic conditions stayed the same, improved, or worsened (e.g. recruitment or retention of workers, access to capital, and other supply-side pressures)?
3. What are your projections for 2024?
Second District Advisory Council Meeting
Friday, February 2, 2024

Attendee List - Virtual

SDAC Members

Virtual
Donnel Baird
Founder & CEO
BlocPower

Kelly Bliss
President, U.S. Group Health
Teladoc Health

Jaswinder Chadha
President & CEO
Axtria, Inc.

Wetteny Joseph
Executive Vice President & CFO
Zoetis

Sarah LaFleur
Founder & CEO
M.M. LaFleur

Jonathan Rose
President
Jonathan Rose Companies

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

Federico Stubbe, Jr.
CEO
PRISA Group

Federal Reserve Bank of New York
As it was throughout 2023, real GDP growth was robust in Q4.

Labor demand and supply continued to move into better balance, but the labor market remains tight.

Inflation slowed significantly in 2023, but it continues to run above the FOMC goal.
GDP growth was strong in 2023Q4

- Real GDP grew at a robust pace in 2023Q4.
- Expenditures were more resilient in 2023 than anticipated.
- Since October, private forecasts moved higher.

Sources: Bureau of Economic Analysis, Blue Chip Economic Indicators
Robust consumption growth in 2023

- Consumption increased solidly through December.
- Saving rate was 3.7% in December, well below pre-pandemic levels.
- Goods spending is still well above pre-pandemic levels.
- Services expenditures are moderately above pre-pandemic levels.
- Little change recently in balance between goods and services.

Source: Bureau of Economic Analysis via Haver Analytics.
Housing market stabilizing at subdued level

- With mortgage rates still high, affordability is strained.
- Also hindered by limited supply, existing home sales are very weak.
- Single-family home building moved up over 2023, as new home sales held up fairly well for the year.
- Multi-family building activity fell from high levels over the course of the year.

Sources: Census Bureau, National Association of Realtors via Haver Analytics
Business investment composition shifted in 2023

- Real spending on business equipment rebounded strongly after the pandemic.
- But equipment spending has been flat since mid-2022.

- After weakness following the pandemic, real spending on business structures has risen strongly since mid-2022.
- A surge in manufacturing structures is a factor in that rise.

Sources: Census Bureau, National Association of Realtors via Haver Analytics
Financial and credit conditions have eased recently

- Long-term Treasury yields and mortgage rates have eased recently but are still above year-ago levels.

- The net percentage of banks stating that they are tightening standards for C&I loans to firms has fallen some, but it is still elevated.

Sources: Federal Home Loan Mortgage Corporation, Federal Reserve Board, Moody's, U.S Treasury, Senior Loan Officer Opinion Survey via Haver Analytics. Note: Shading shows NBER recessions. Bottom chart shows net percentage of respondents tightening standards for loans.
Better balanced, but the labor market remains tight

- Unemployment rate was 3.7% in December.
- Participation somewhat below pre-pandemic levels.
- Job growth still solid: 3-month average was 165,000 in December.
- Even with easing, there are more job openings than people looking for work.
- Wage growth moderated over 2023 but is still above pre-pandemic rates.

Inflation slowed in 2023, but it remained above 2%

- Core goods prices fell in 2nd half of 2023, as supply chain issues improved.
- Core services inflation slowed in 2023 but is still elevated.
- Ex-food & energy (core) inflation thus slowed in 2023 but it remained near 3%.
- Headline inflation was a little lower than core in 2023, reflecting a fall in energy prices over the year.

Concluding observations

- Economic activity increased robustly in 2023.
- The labor market was resilient over the year.
- Inflation remains above 2 percent.
- Supply and demand in goods and labor markets are in better balance, but some imbalances are still evident.
Overview

• Businesses report sustained weakness in the regional economy.

• Job growth remains solid in much of the region.

• Price increases by regional businesses have slowed to a more modest pace.
Sustained Weakness in the Regional Economy

New York Fed Regional Business Surveys

Source: Federal Reserve Bank of New York; indexes shown as a 3-month moving average.
Solid Job Growth in Much of the Region

Year-Over-Year Percent Change, Dec 2023

Source: U.S. Bureau of Labor Statistics and Moody’s Economy.com; regional data are early benchmarked by New York Fed staff.
New York City Back to Pre-Pandemic Employment Levels

Total Employment, 2020 to 2023

Jobs Gained in New York City Different from Jobs Lost

Change in Number of Jobs by Sector, Feb 2020 to Dec 2023

- Leisure & Hospitality
- Personal Services
- Manufacturing
- Transport & Warehousing
- Construction
- Government
- Wholesale Trade
- Information
- Business Services
- Finance

Price Increases Have Slowed to a More Modest Pace

New York Fed Regional Business Surveys

Source: Federal Reserve Bank of New York.
Reference Slides
Recent Job Growth by Local Area
Year-Over-Year Percent Change, Dec 2023

Source: U.S. Bureau of Labor Statistics and Moody’s Economy.com; regional data are early benchmarked by New York Fed staff.