

**Federal Reserve Bank of New York
Second District Advisory Council Meeting
Monday, February 23, 2026**

AGENDA

- | | |
|-------------------------|---|
| 10:00 a.m. – 10:05 a.m. | Welcome Remarks, 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, Marco Del Negro, Economic Research Advisor |
| 10:20 a.m. – 10:30 a.m. | Regional Economy Update, Jaison Abel, Economic Research Department Head |
| 10:30 a.m. – 11:00 a.m. | Member Q&A with President Williams and Economists |
| 11:00 a.m. – 11:55 a.m. | Member Insights, Shawn Phillips, Head of External Engagement, Moderator |
| 11:55 a.m. – 12:00 p.m. | Concluding Remarks, John Williams, President & CEO |

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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 is your outlook for the rest of 2026?

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Attendee List

SDAC Members:

Kelly Bliss
President
U.S. Group Health
Teladoc Health

Daniel Cunha
Chief Financial Officer
Avis Budget Group, Inc.

Gary Dake
President & CEO
Stewart's Shops Corporation

John Gibson
President & CEO
Paychex

Mario Harik
Chairman & CEO
XPO

Wetteny Joseph – [Virtual]
Executive Vice President
& Chief Financial Officer
Zoetis

Jonathan Rose
President
Jonathan Rose Companies

Nicole Russo
Owner, President & CEO
Microboard Processing, Inc.

Diego Suárez, Jr.
Chairman & CEO
V. Suárez & Co., Inc.

Federal Reserve Bank of New York:

Jaison Abel, Research and Statistics
Craig Bradstock, Communications & Outreach
Marco Del Negro, Research and Statistics
Andrea Grenadier, Communications & Outreach
Jack Gutt, Communications & Outreach
Rosanne Notaro, Legal
Shawn Phillips, Communications & Outreach
John Williams, President & CEO

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U.S. Economic Conditions

Marco Del Negro, Economic Research Advisor, Research and Statistics Group
Q1 Second District Advisory Council: February 23, 2026

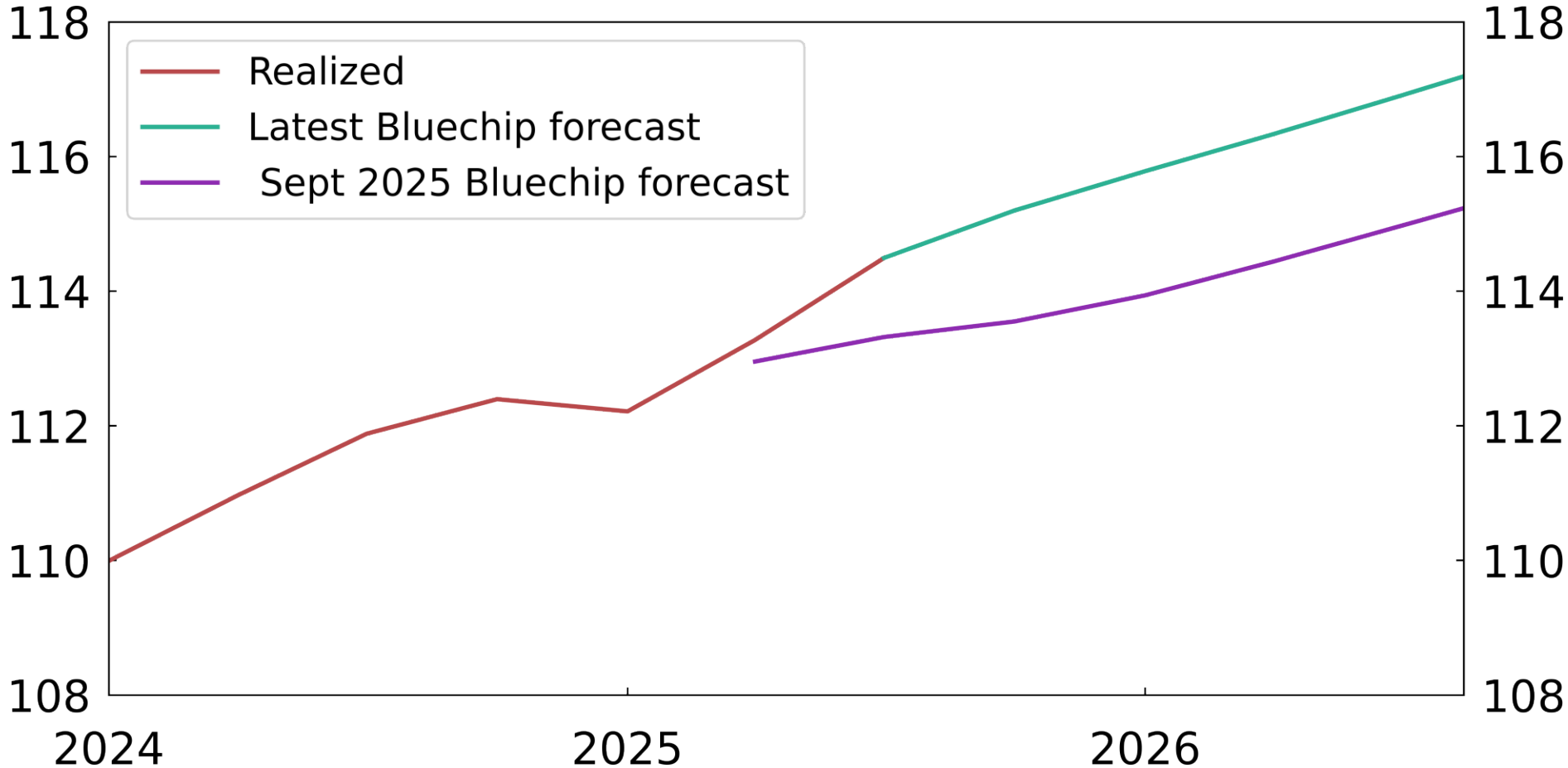
The views expressed here are those of the presenter and do not necessarily represent those of the Federal Reserve Bank of New York or the Federal Reserve System.

- The US economy remains surprisingly resilient.
- Labor market conditions seem to have stabilized.
- Inflation slowly returning toward the FOMC long term goal of 2 percent in spite of tariffs.



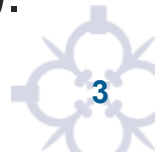
Economy remains surprisingly resilient

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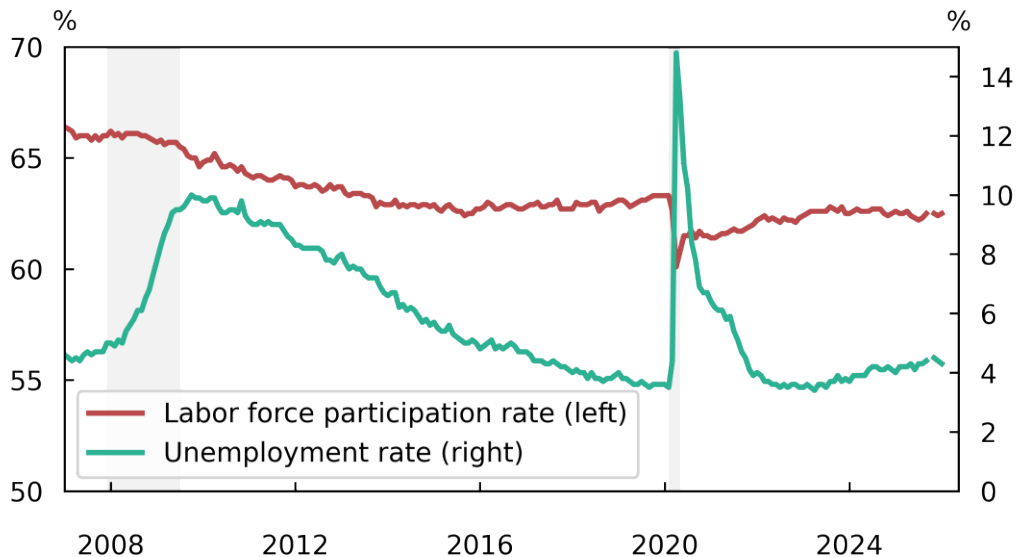
- Real GDP grew well above trend in 2025Q3 (4.4% annualized rate), buoyed by business investment and consumer spending.
- Q4 growth expected to be more subdued (retail sales were mixed).

Sources: Bureau of Economic Analysis, Blue Chip Economic Indicators
Notes: GDP and forecasts are % of 2019Q4 real GDP level.



Labor market seems to have stabilized

Labor market indicators



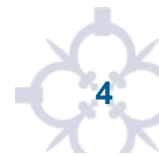
- The January report was solid.
- The unemployment rate ticked down to 4.3% from 4.4% in December and 4.6% in November .
- Labor force participation rose to 62.5% and has remained relatively stable.
- Payroll growth came in stronger than expected (130k in January; 73k on average since October).
- Stabilization of labor market conditions good news for consumer spending.

Job growth

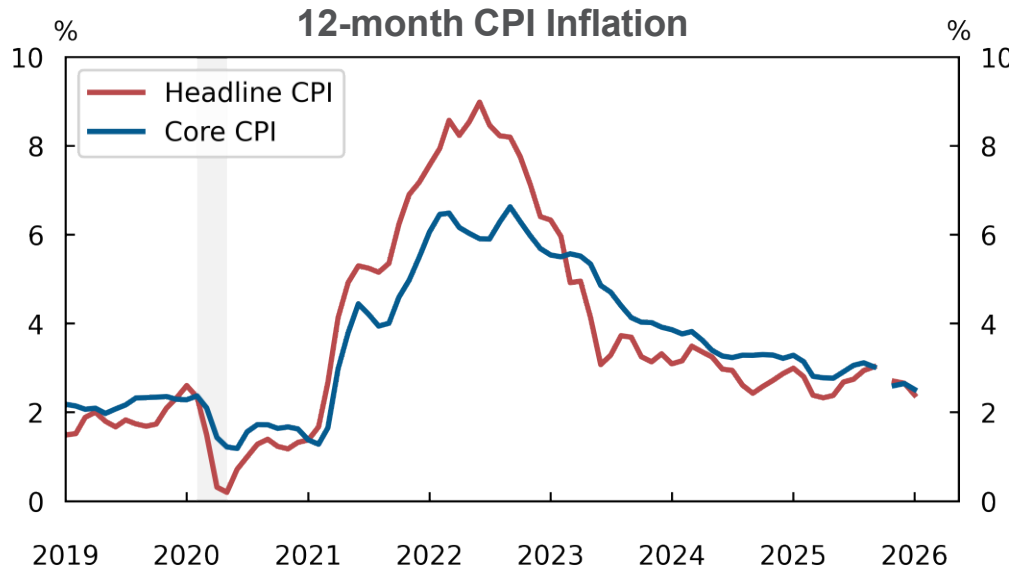


Source: Bureau of Labor Statistics via Haver Analytics.

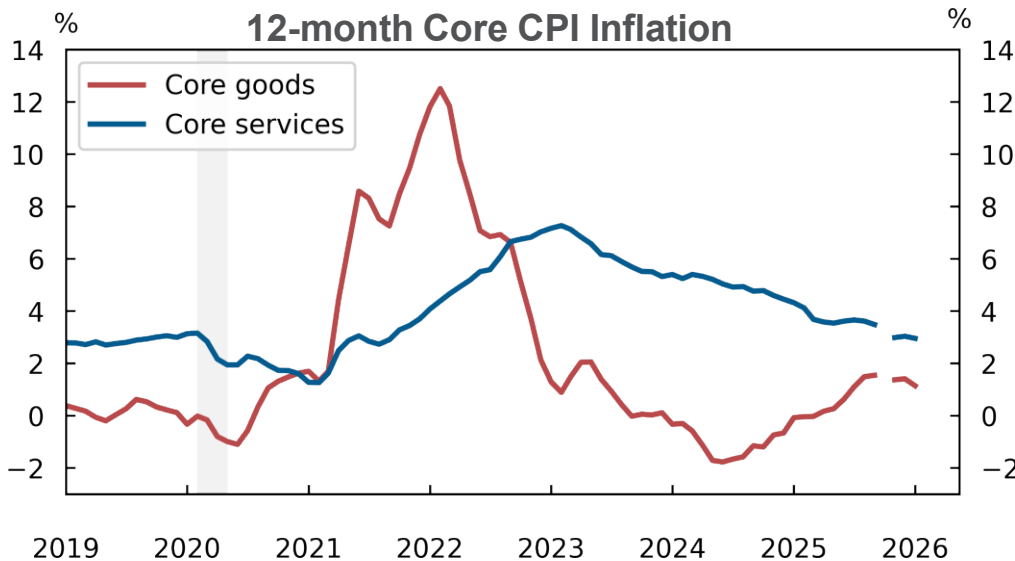
Note: Shading shows NBER recessions. Nonfarm payroll employment is 3m moving avg. Oct. 2025 UR and LFPR were not released.



Inflation slowly returning to goal, in spite of tariffs



- Headline and core CPI inflation moderated in January (2.4 and 2.5% 12-month).
- Headline driven by energy and food. Core driven by lower goods inflation, but tariff pressures were evident.



- Over the past year, goods inflation has stepped up markedly, housing inflation continued to decelerate, and services ex-housing was flat.
- Little evidence of second round effects from tariffs.

Source: Bureau of Labor Statistics via Haver Analytics.

Note: Shading shows NBER recessions. Oct. 2025 CPI and core CPI were not released.



Conclusion: Looking forward

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- Economic forecasters generally expect above trend growth in 2026, thanks to AI-driven investment and fiscal stimulus.
- With strong growth, labor market conditions anticipated to improve gradually.
- Inflation expected to continue its (slow) return to the FOMC long run goal of 2 percent, as the effect of tariffs abates.
- Significant uncertainty still surrounds the economic outlook.

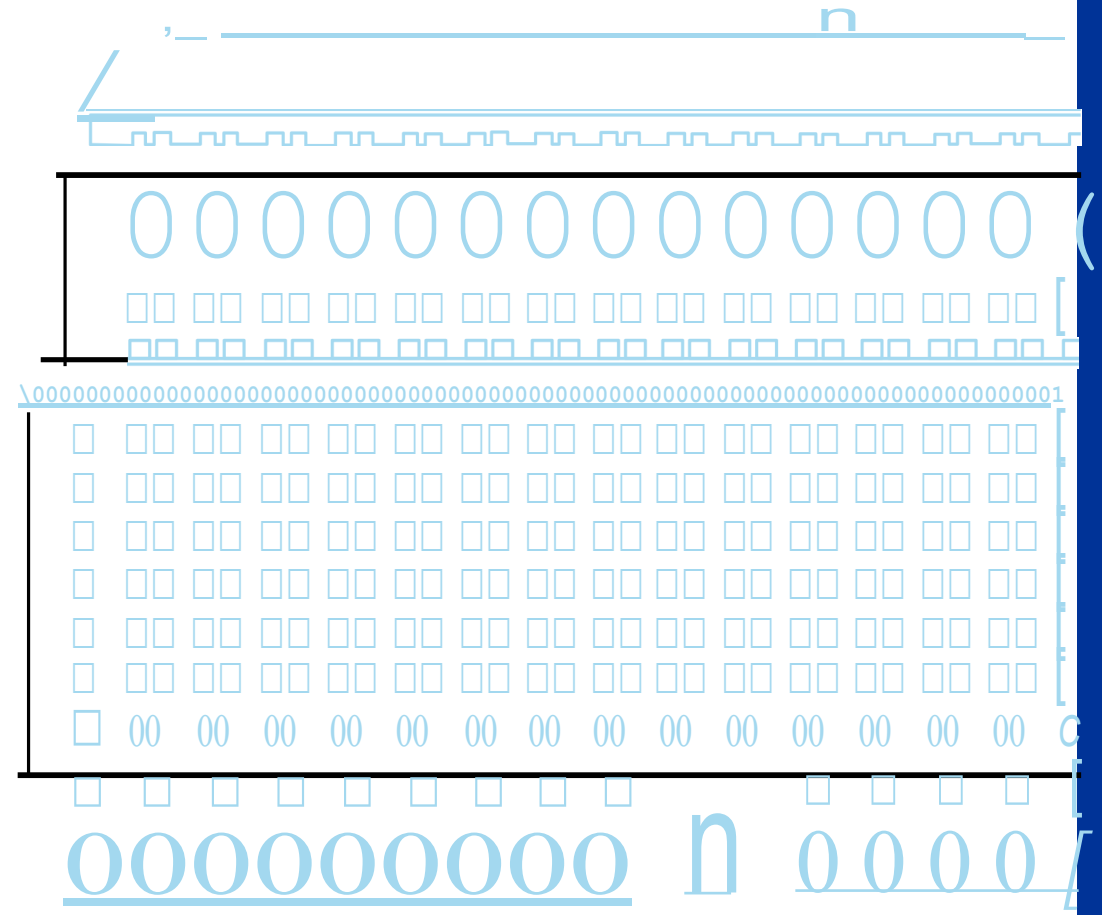


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Economic Conditions in the Region

Jaison R. Abel

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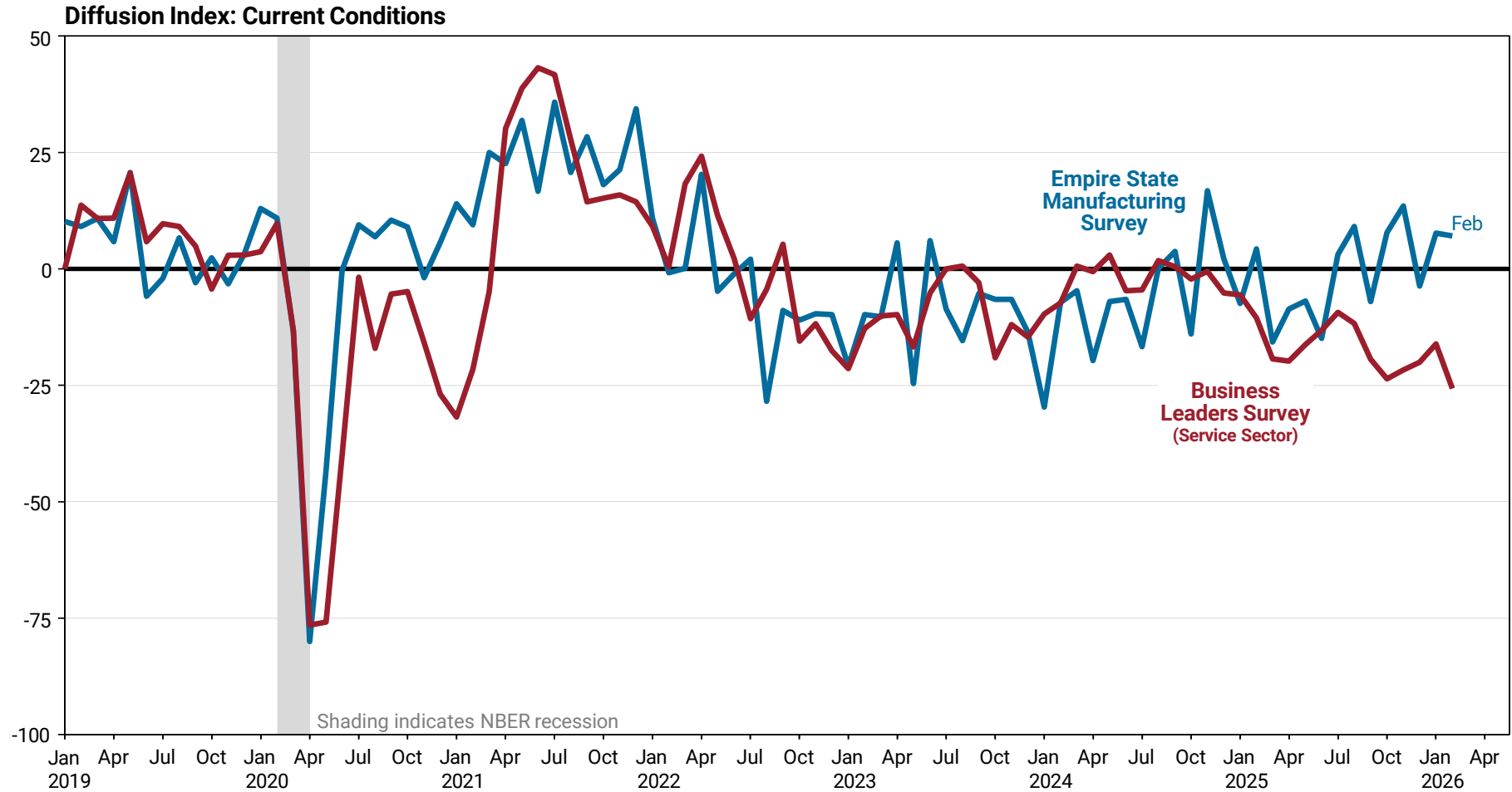


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Overview

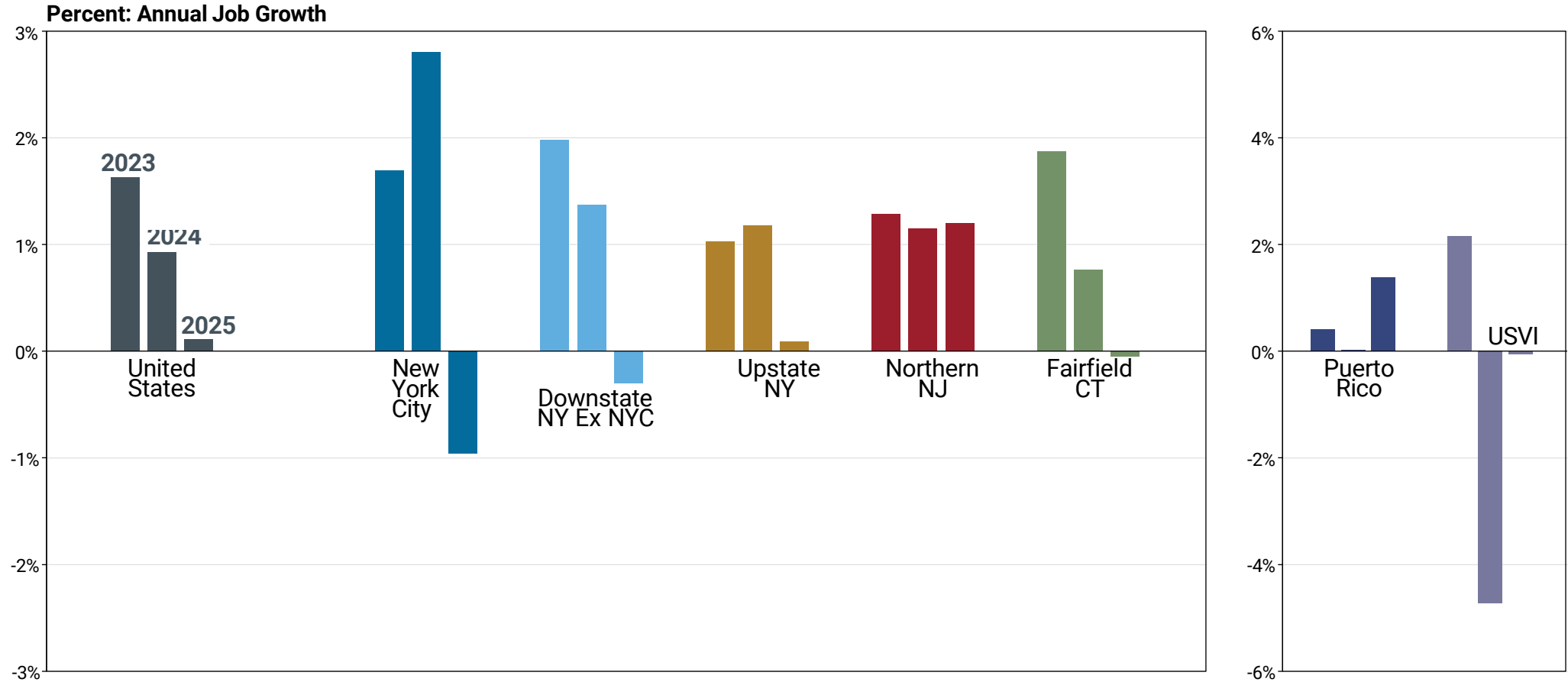
- Regional economic activity remains weak.
- Job growth stalled in much of the region and wage growth has continued to slow.
- After picking up noticeably last year, regional businesses expect cost and price increases to moderate in 2026.

Regional Economic Activity Remains Weak

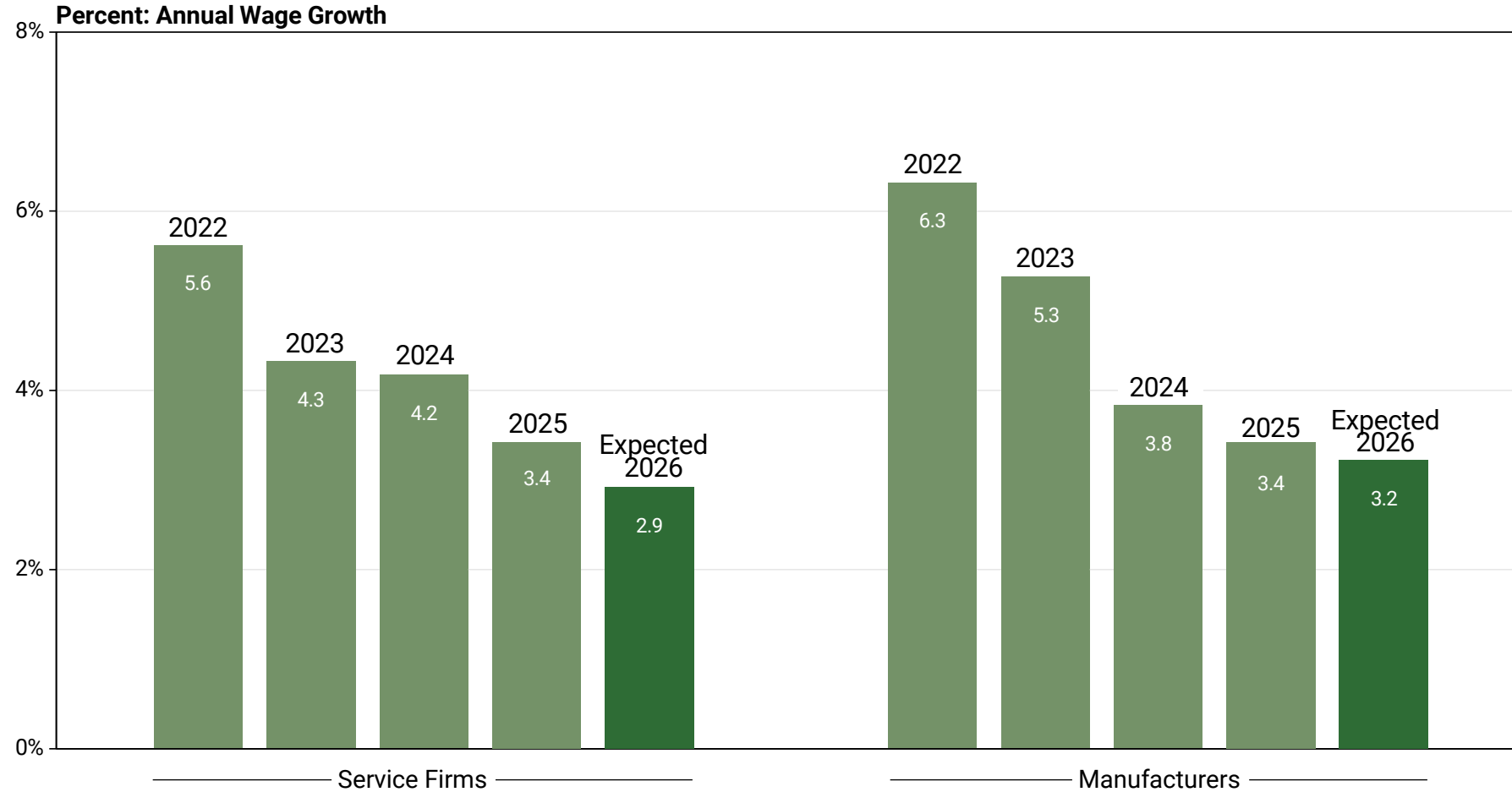


Source: Federal Reserve Bank of New York.

Job Growth Stalled in Much of the Region

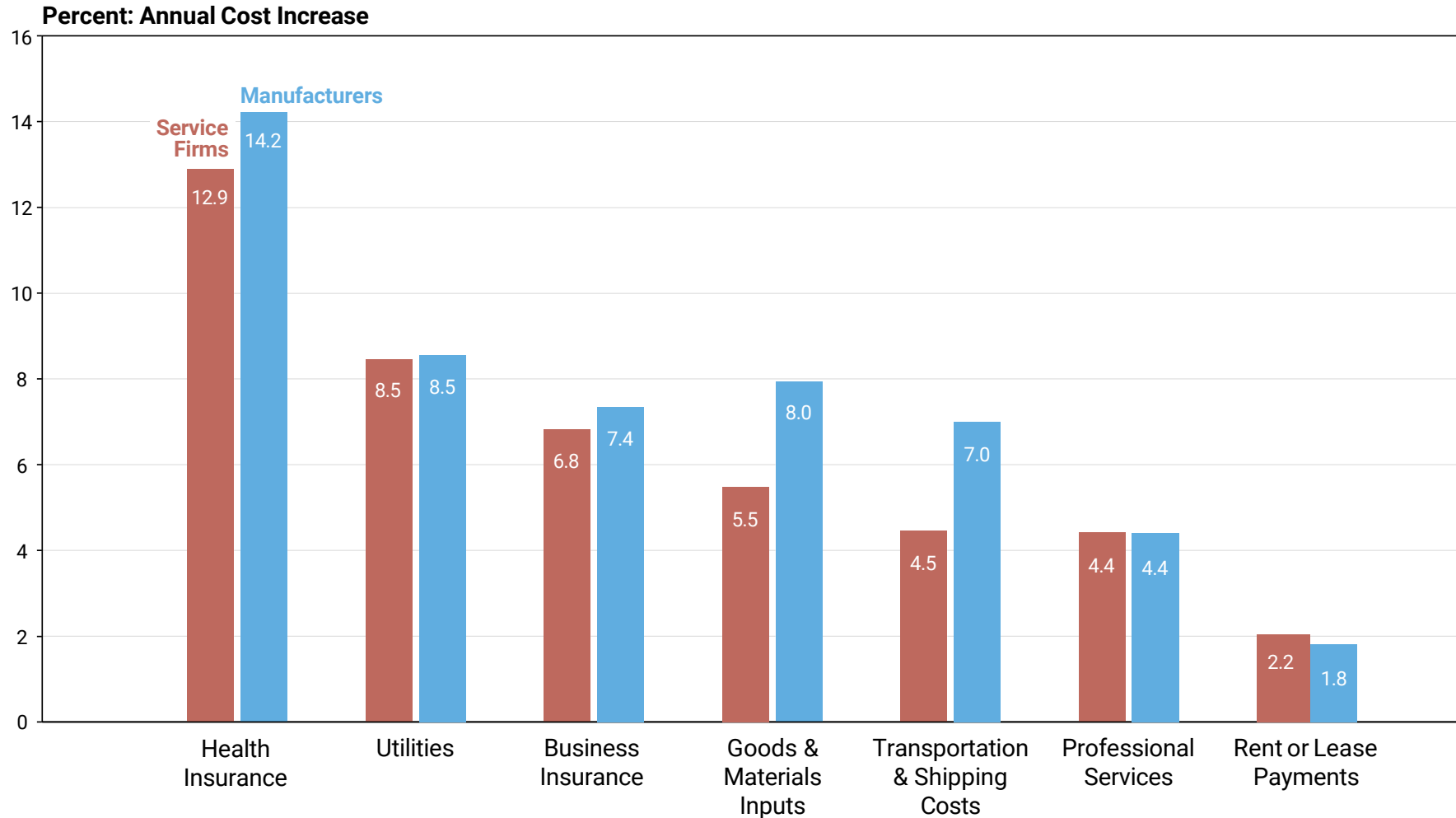


Regional Businesses Report Slowing Wage Growth



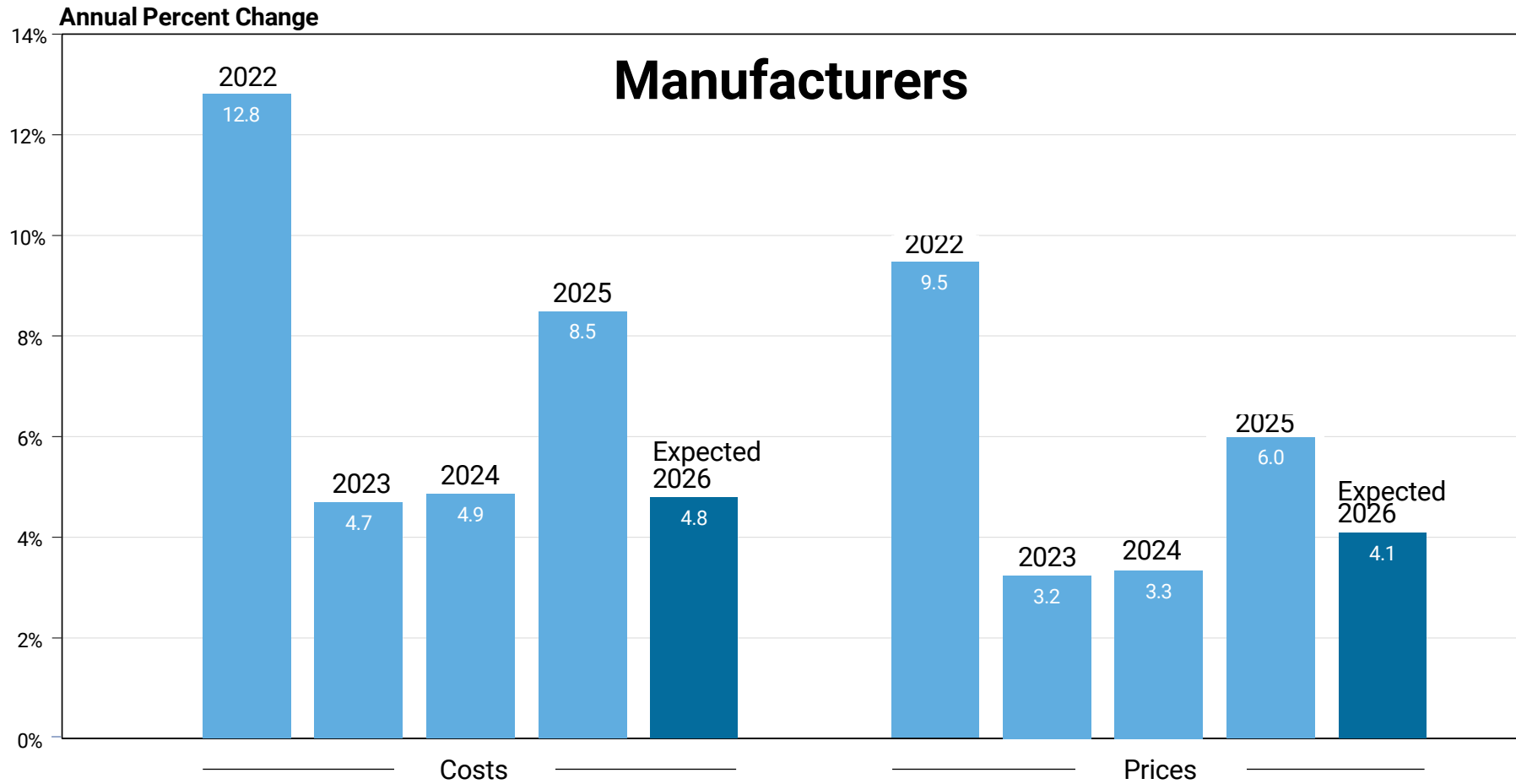
Source: Federal Reserve Bank of New York, Supplemental Surveys (Feb 2023, Feb 2024, Feb 2025, Feb 2026). Note: Trimmed mean (5% top and 5% bottom).

Sharp Cost Increases for Insurance and Utilities



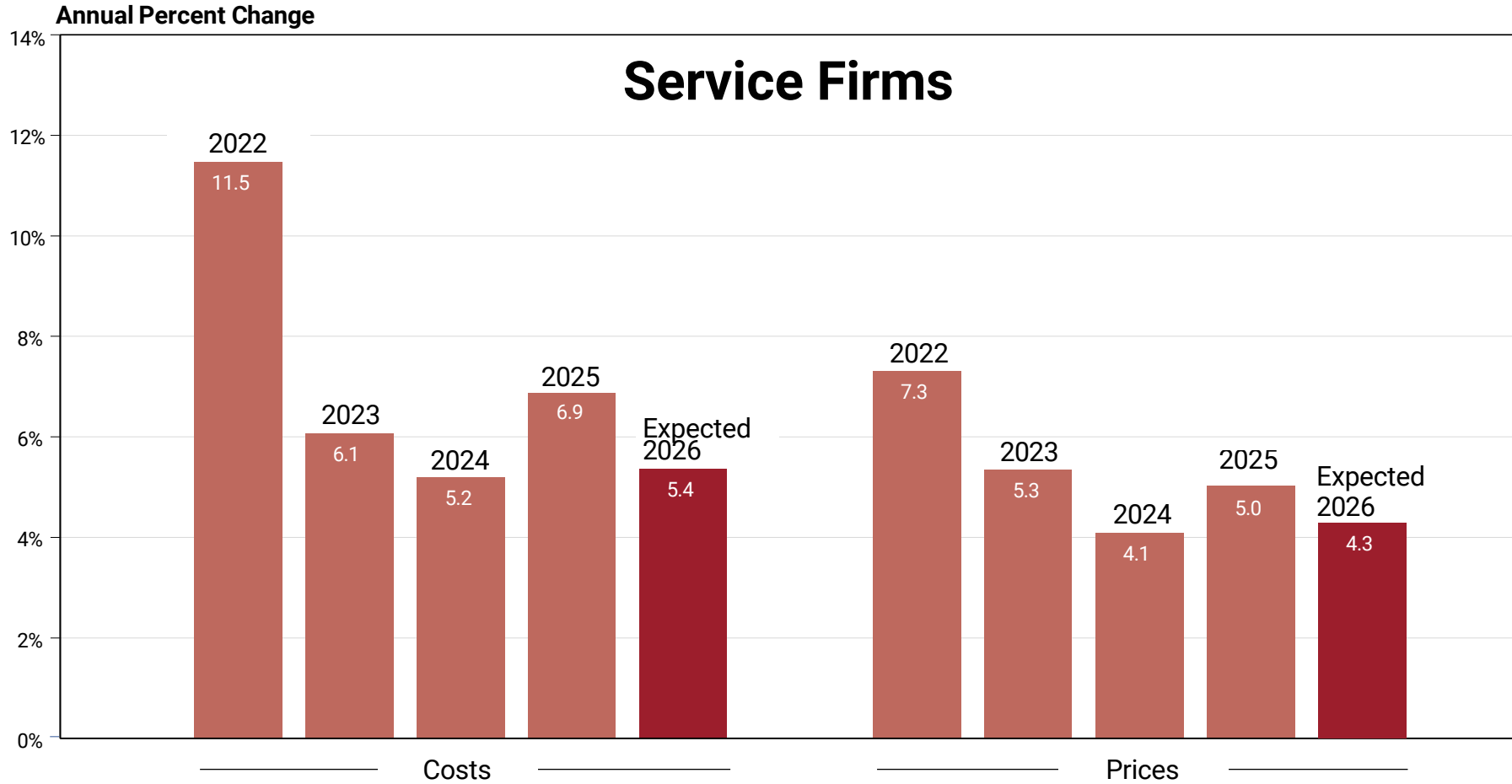
Source: Federal Reserve Bank of New York, Supplemental Surveys, Feb 2026.

Elevated Cost and Price Increases Expected to Moderate



Source: Federal Reserve Bank of New York (Dec 2022, Feb 2024, Feb 2025, Dec 2025). Note: Trimmed mean (5% top and 5% bottom).

Elevated Cost and Price Increases Expected to Moderate



Source: Federal Reserve Bank of New York (Dec 2022, Feb 2024, Feb 2025, Dec 2025). Note: Trimmed mean (5% top and 5% bottom).