

FEDERAL RESERVE BANK *of* NEW YORK

# Regional Economic Conditions

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Community Advisory Group Meeting – September 3, 2020

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.

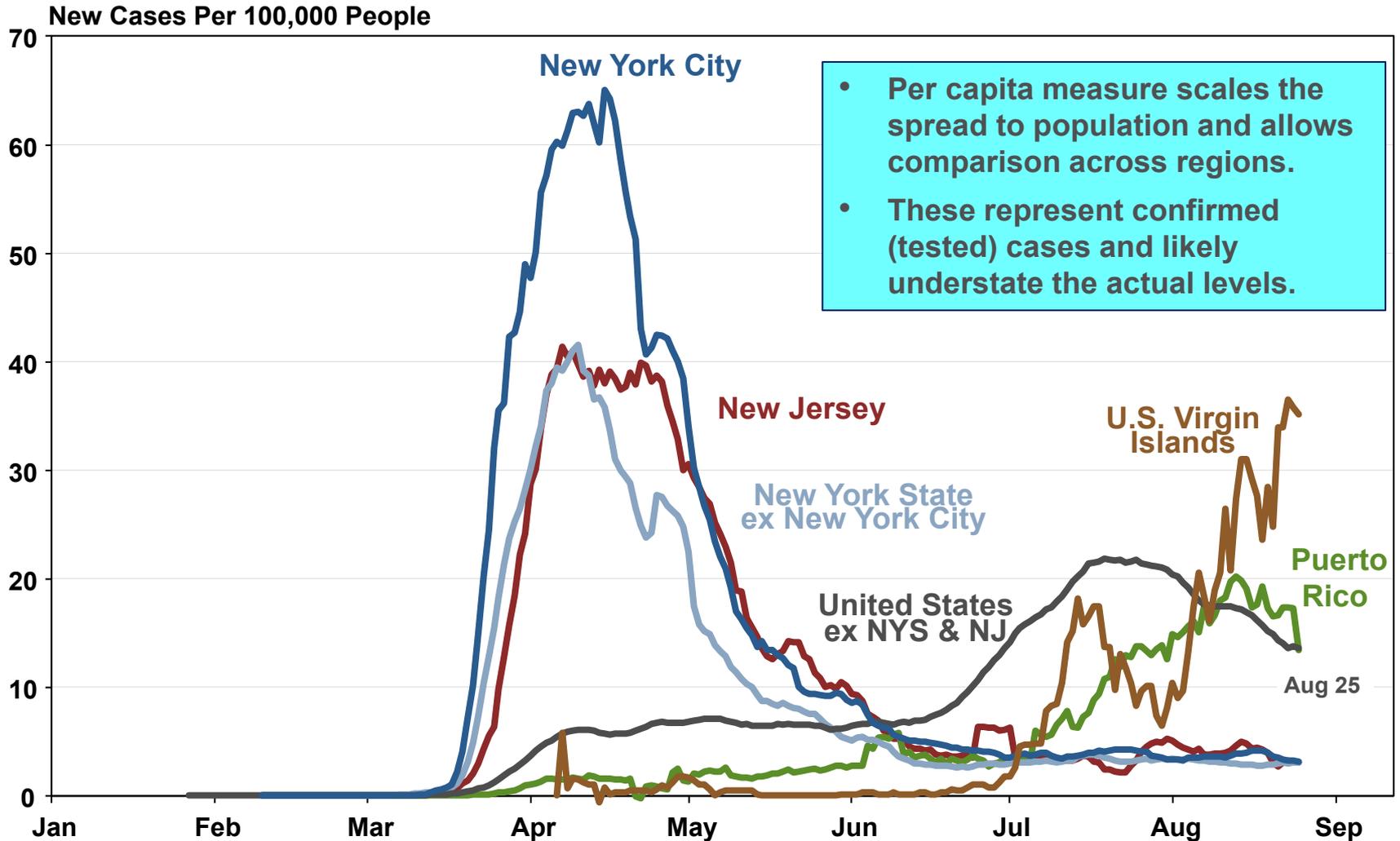
# Summary

- Economic conditions across the District have been mixed, but clearly weak, since the outbreak of the pandemic.
- The outbreak initially hit the NYC metro region much harder than the rest of the U.S., but the spread has largely subsided. Puerto Rico and USVI seemed to have the spread under control until July, when both territories saw a flare-up; it seems to have subsided in PR but not, thus far, in USVI.
- Not surprisingly, NYC's economy sustained a steeper decline than the rest of the region or the U.S.—both in terms of employment and consumer spending.
- The magnitude and suddenness of this economic downturn make it more comparable to a natural disaster—specifically, Hurricane Katrina in New Orleans—than a typical recession.
- Our monthly business surveys point to recent weakening in the regional economy, and contacts are now less optimistic about the outlook.



# The Coronavirus Shock

## Daily New Cases Per Capita, 7-Day Average



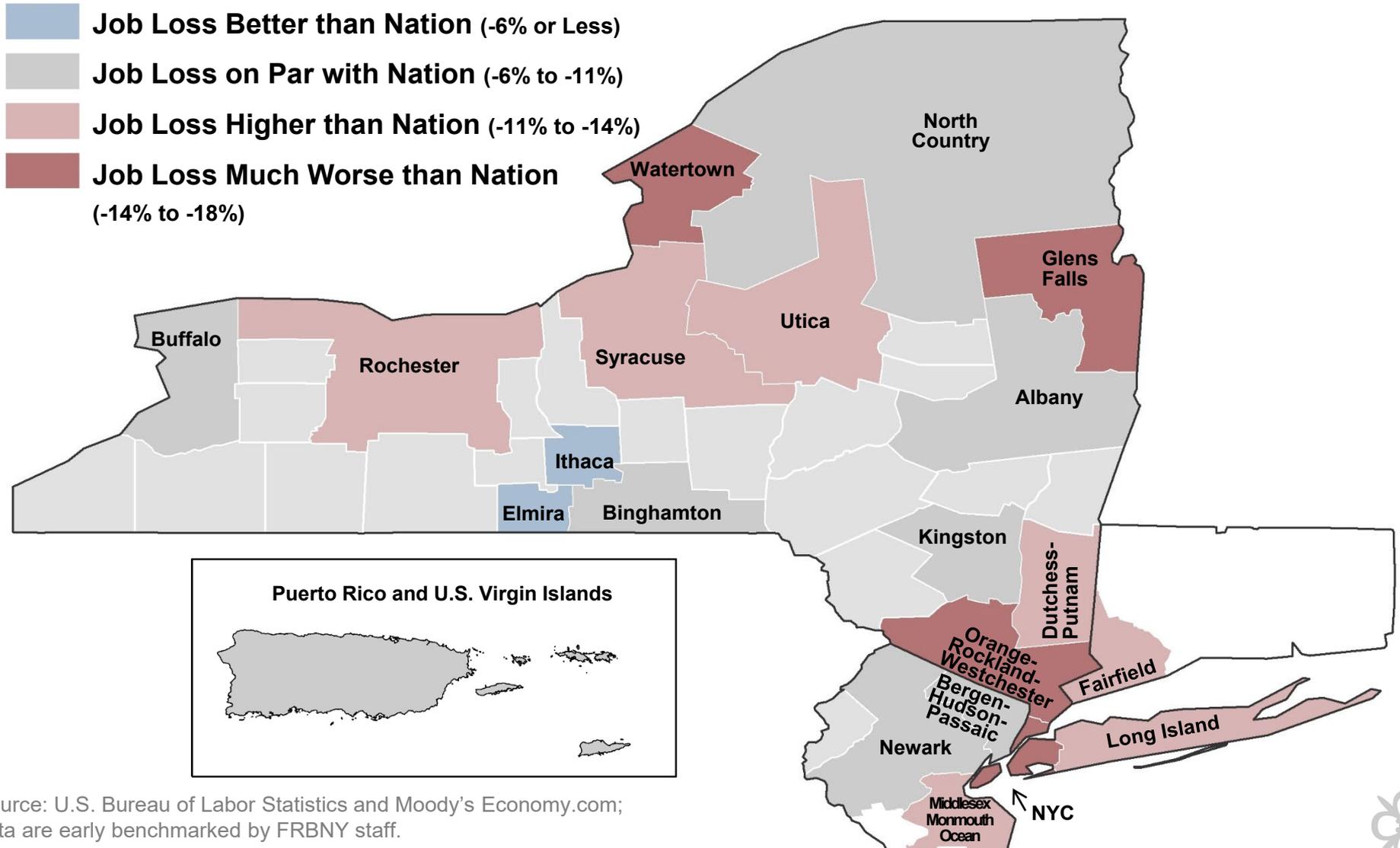
# Dropoff and Recovery in Consumer Spending

Percent Change in Total Spending, Indexed to January 2020



# Severe Job Loss in the Region

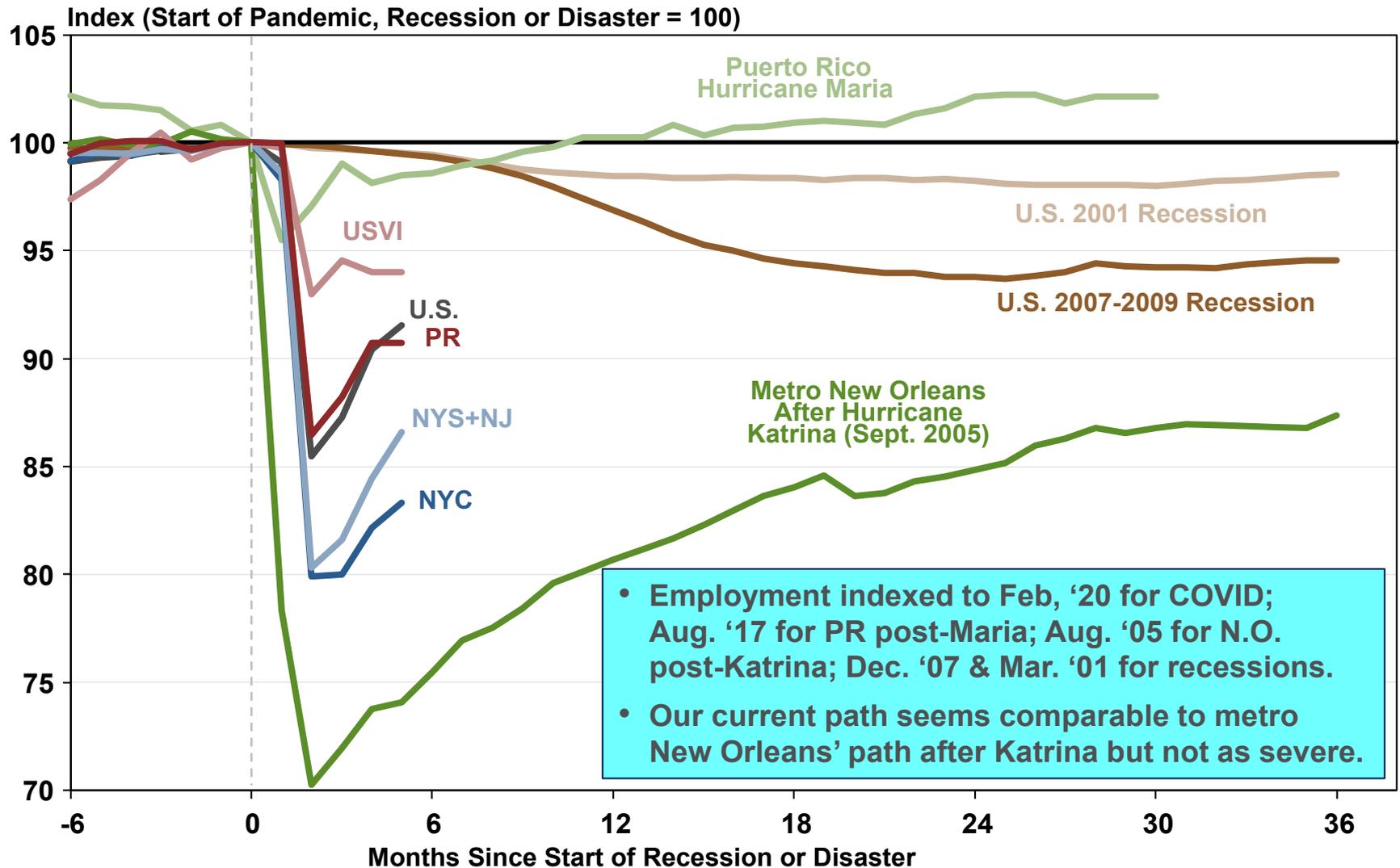
Percent Decline from Pre-Pandemic Levels, Feb-Jul 2020



Source: U.S. Bureau of Labor Statistics and Moody's Economy.com; data are early benchmarked by FRBNY staff.

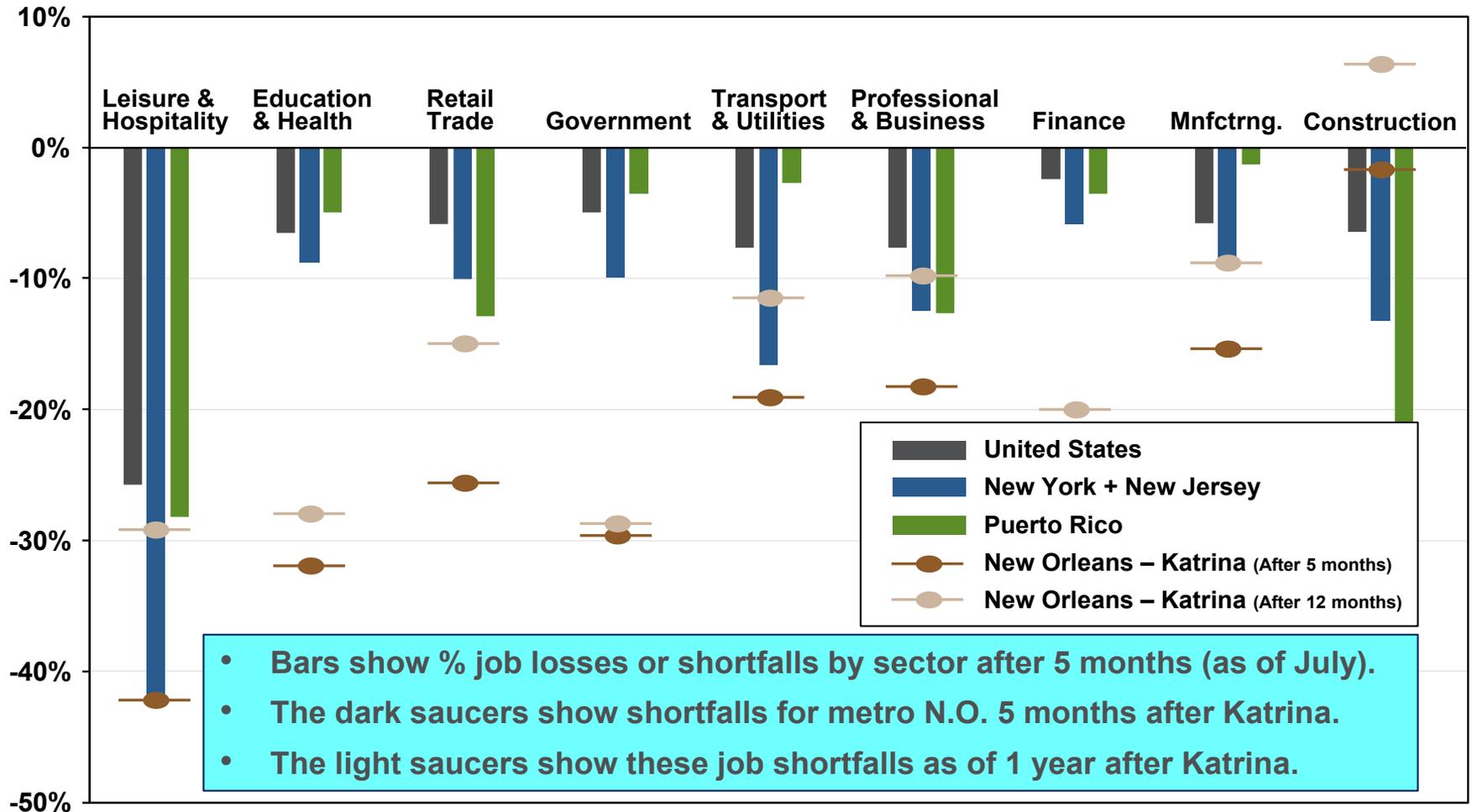
# The Pandemic Resembles a Natural Disaster

## Indexes of Total Employment, Seasonally Adjusted



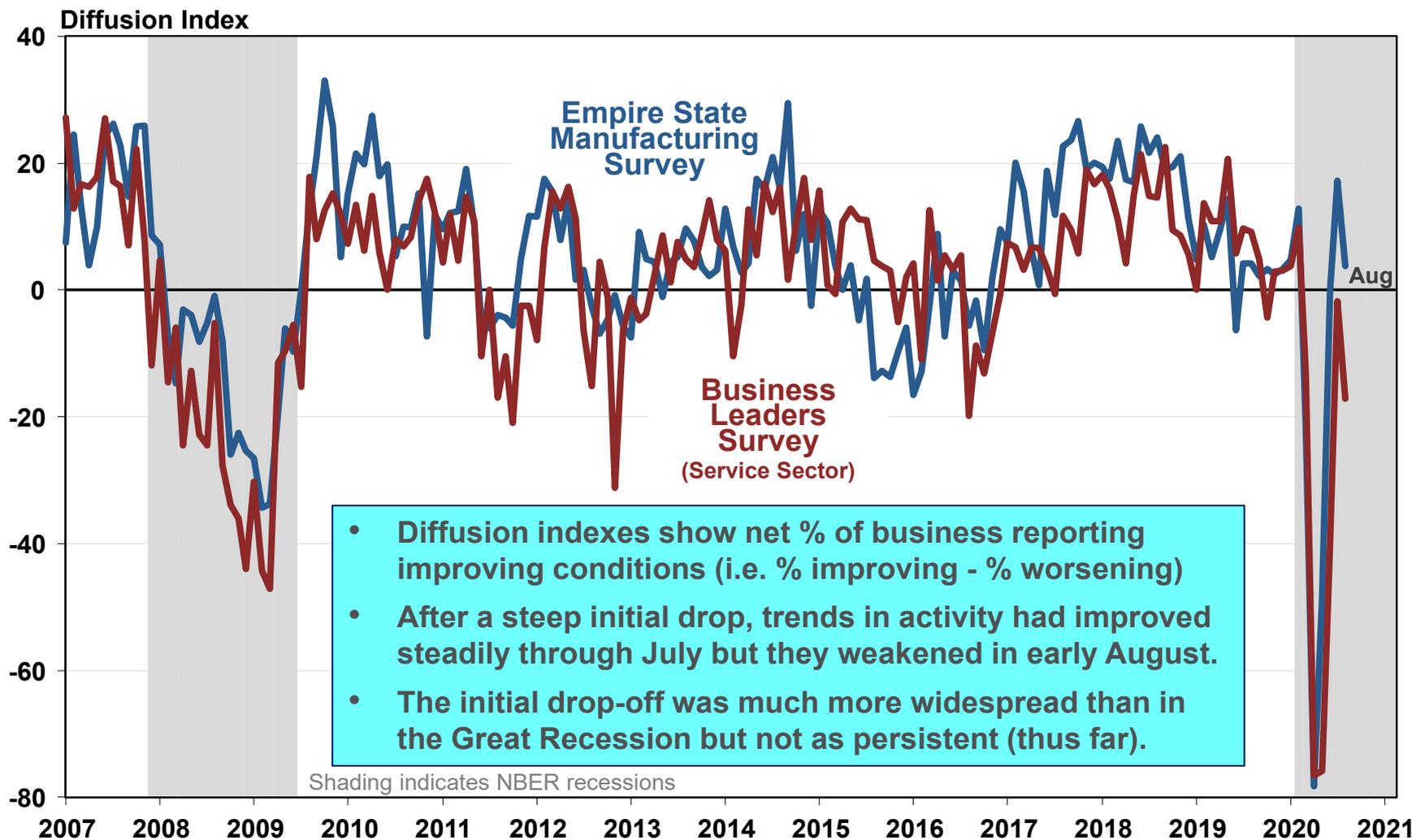
# Job Losses by Sector

Change in Employment by Sector (February to July)



# Business Conditions Weaken in Early August

New York Fed Regional Business Surveys, Current Conditions



# Business Optimism Wanes in August

New York Fed Regional Business Surveys, Future Conditions

