



FEDERAL RESERVE BANK *of* NEW YORK

The Regional Economy During the Pandemic

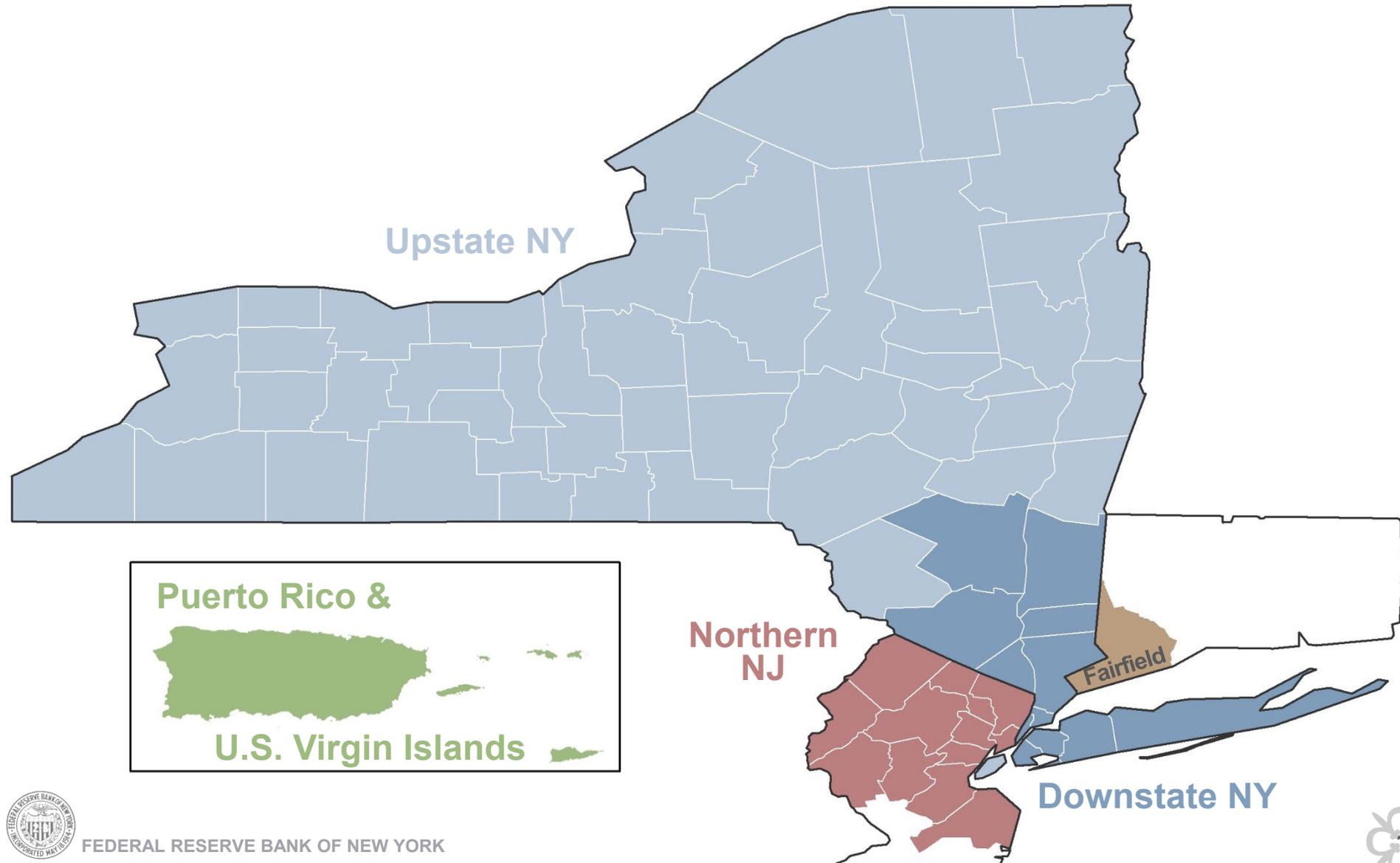
Richard Deitz

Press Briefing, December 2, 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.

The 2nd Federal Reserve District

Regions in the District



Overview

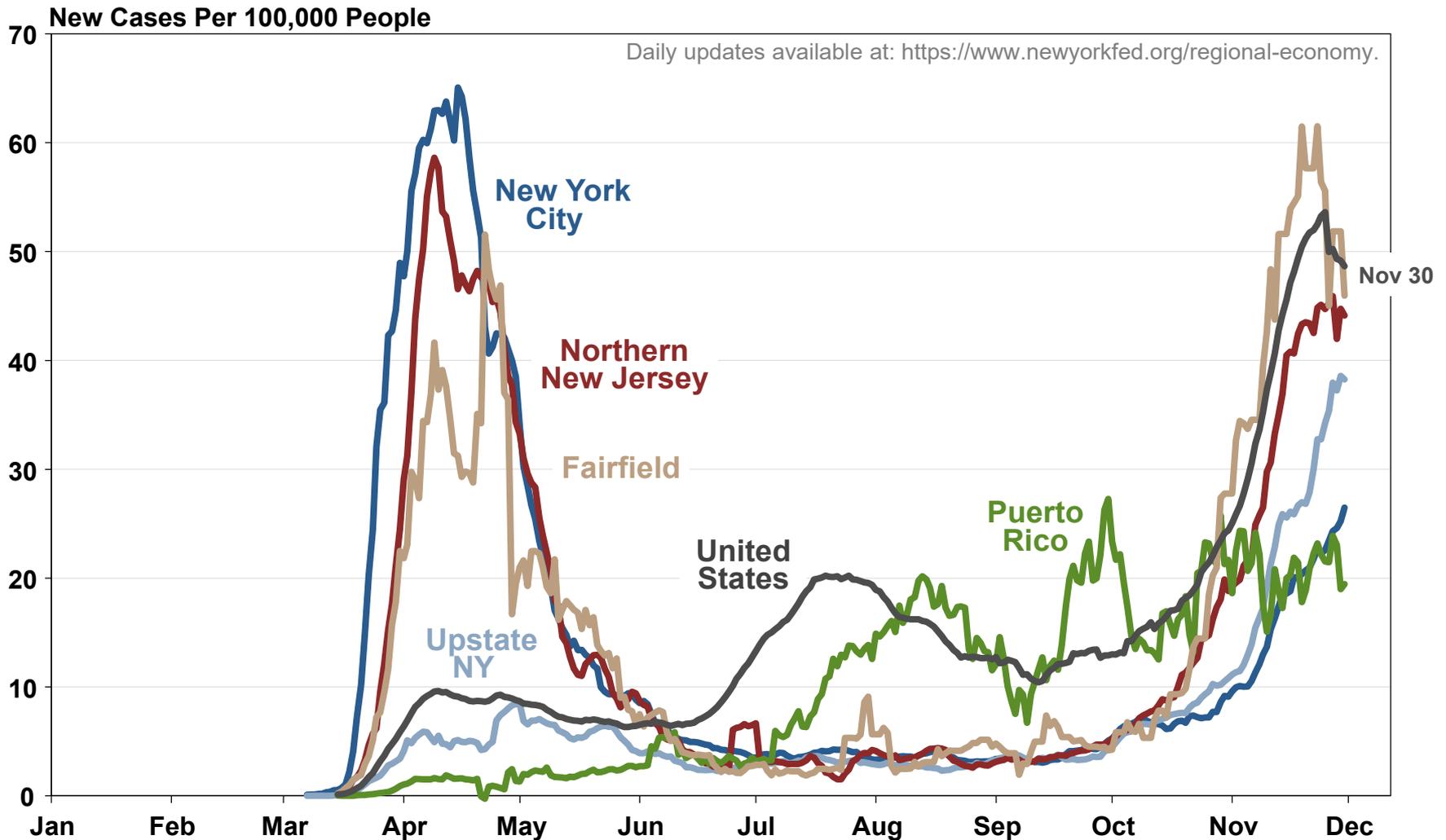
- After a summer lull in the spread of the coronavirus, much of the region is seeing a surge in cases.
- The region experienced a deep and rapid downturn, which was more severe than the nation, and is still struggling to make up the ground that was lost. Lower-wage workers & people of color were hit especially hard.
- Housing markets in the region have held up fairly well, except in New York City.
- Fiscal pressures are mounting for state and local governments, creating an additional headwind to the region's recovery.
- Local businesses anticipate a long road ahead before conditions approach normal.



The Spread of Coronavirus in the Region

Coronavirus Case Growth

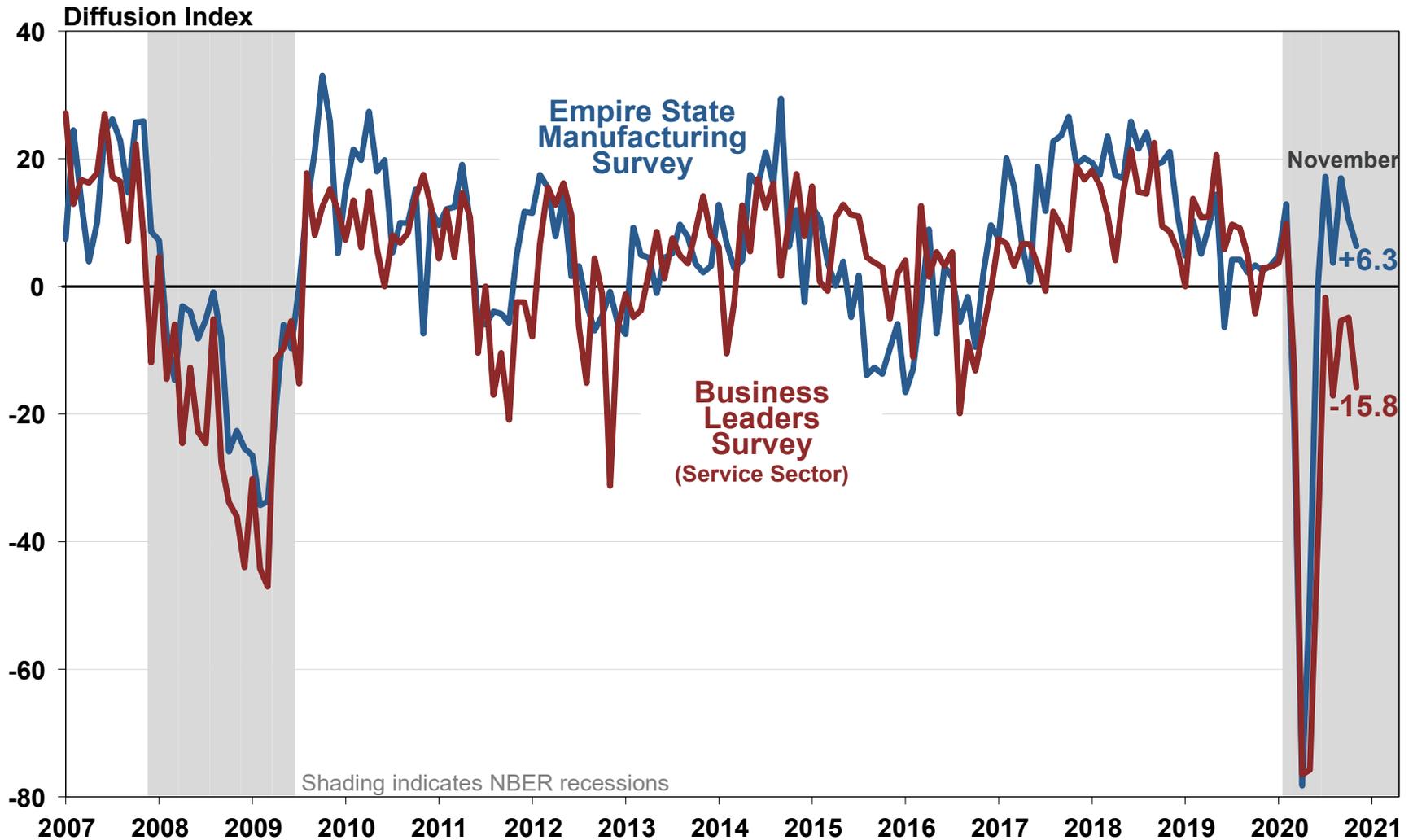
Daily New Cases Per Capita, 7-Day Average



Business Activity & Consumer Spending

Many Local Businesses Still Struggling

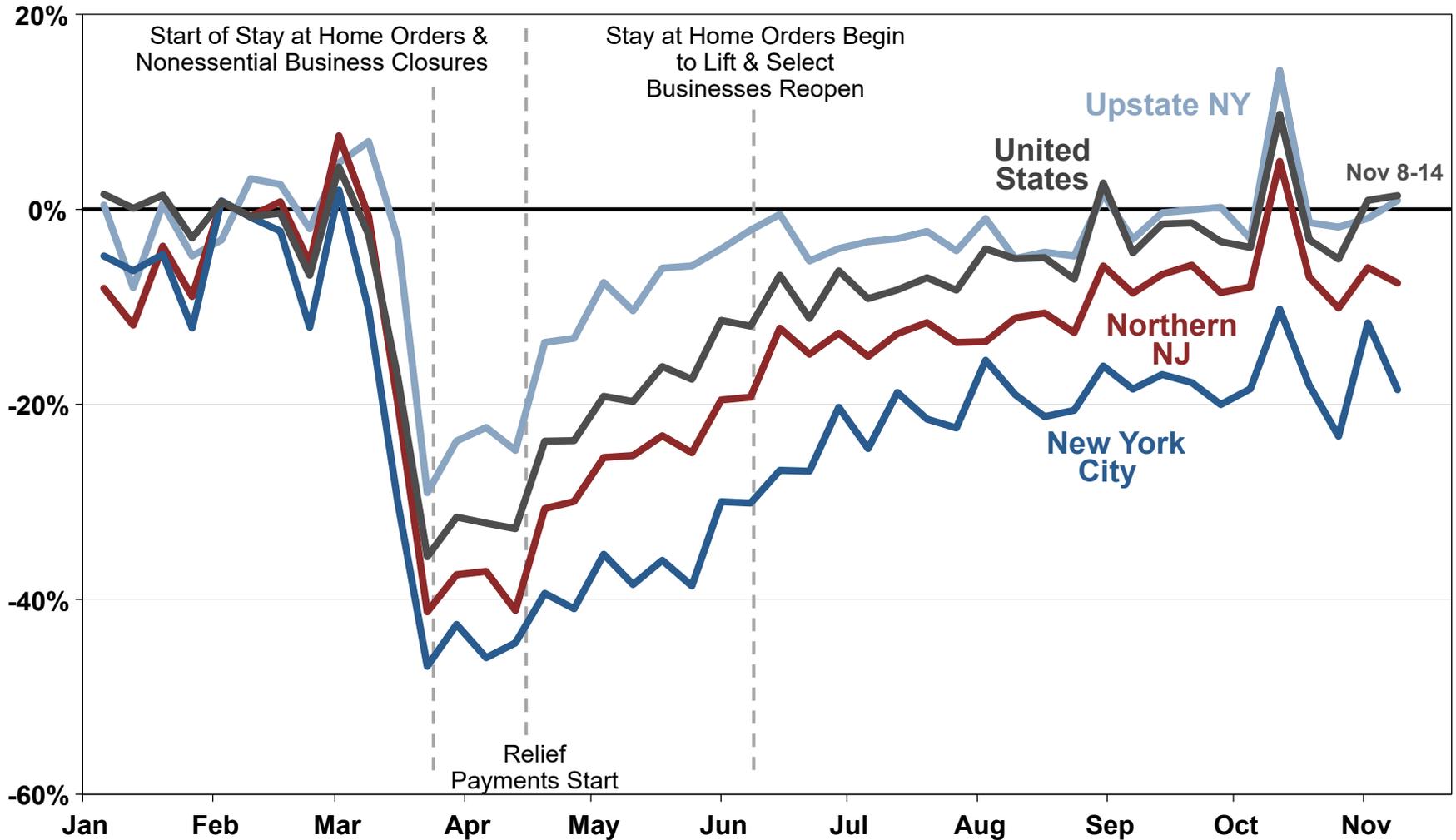
New York Fed Regional Business Surveys, Current Conditions



Shading indicates NBER recessions

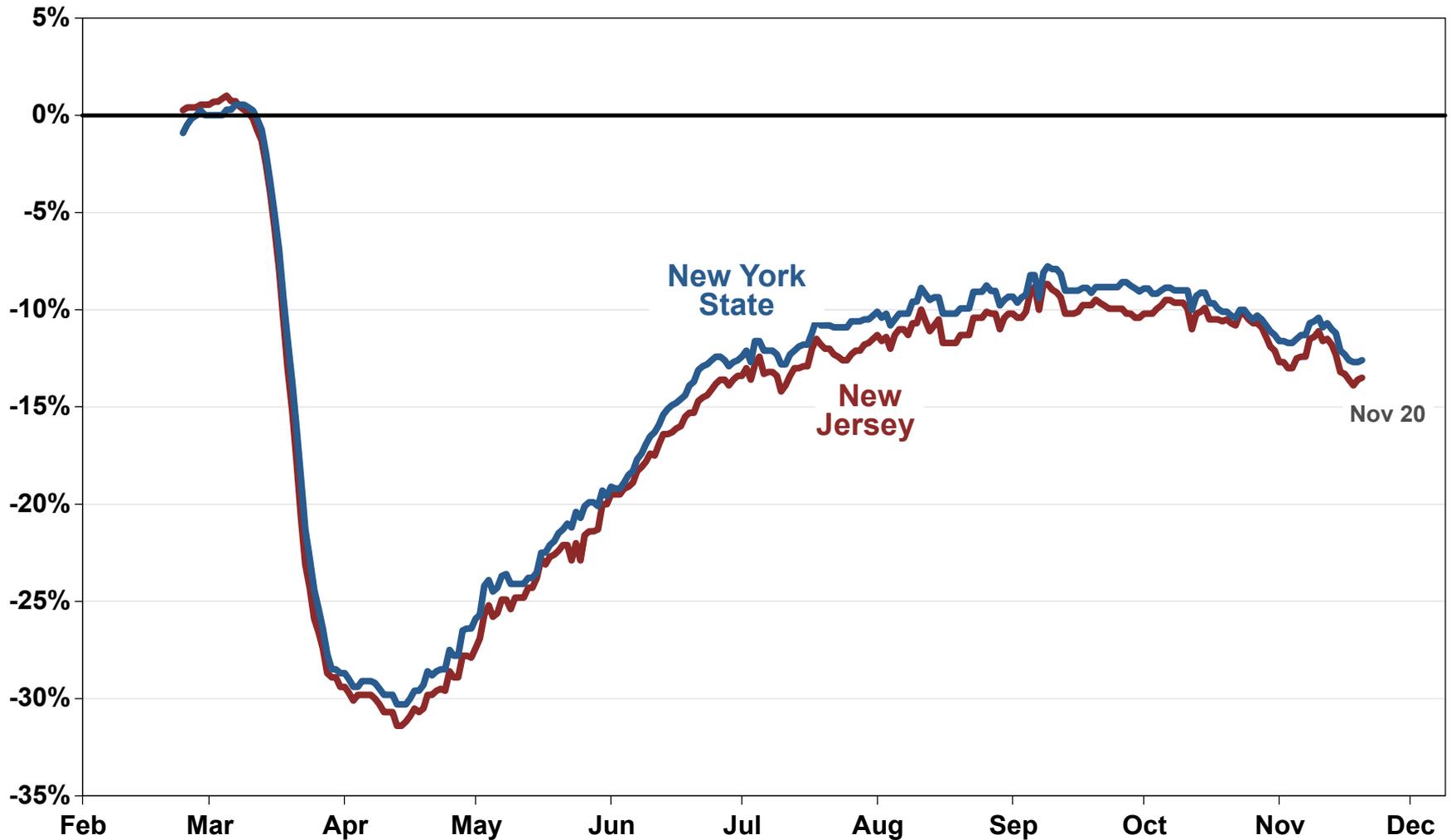
Consumer Spending Flattening

Percent Change in Debit & Credit Card Spending, Indexed to Feb 2020



People Spending More Time at Home

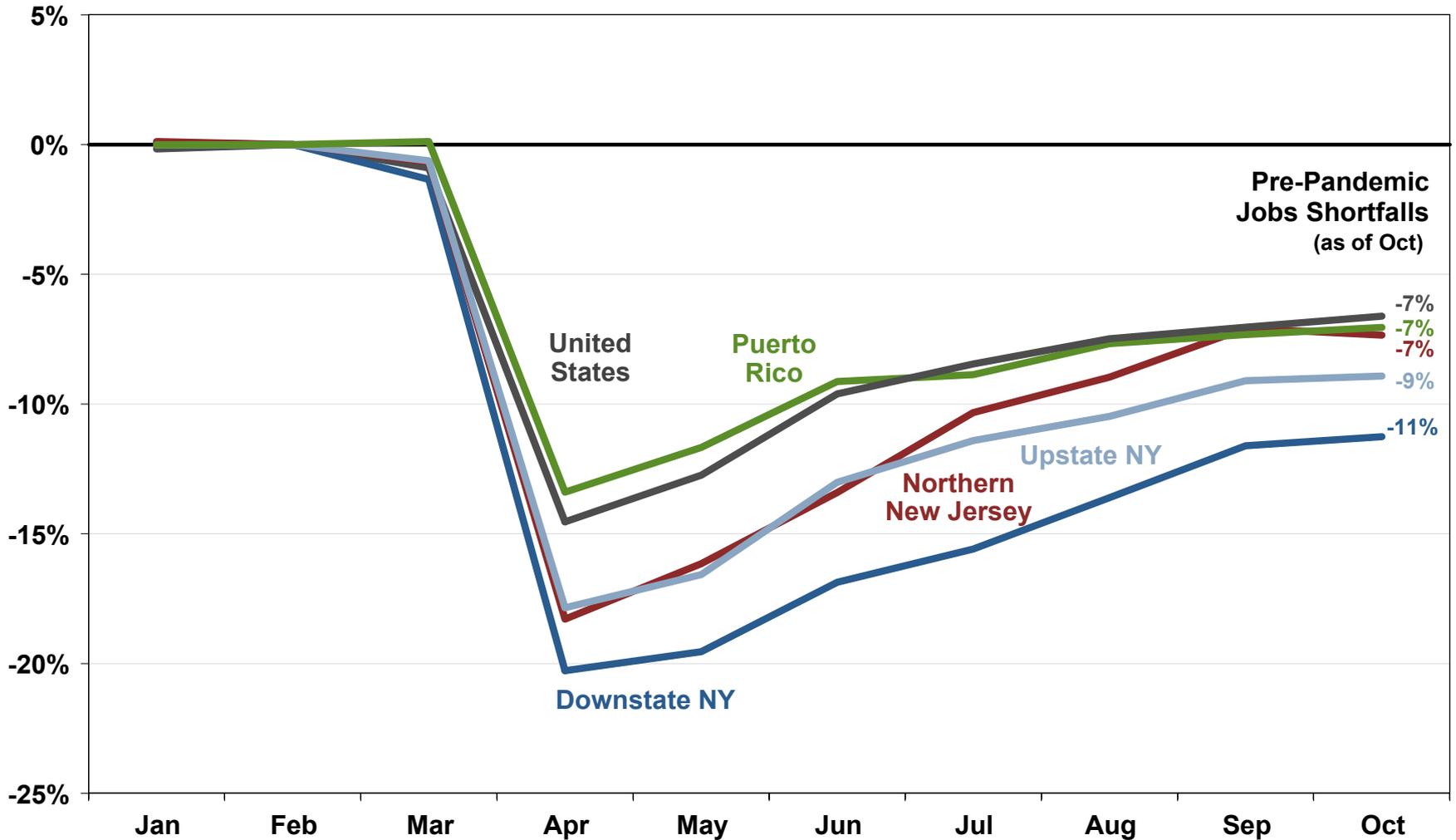
Change in Average Time Spent Outside Residential Locations, Indexed to Feb 2020



Labor Market

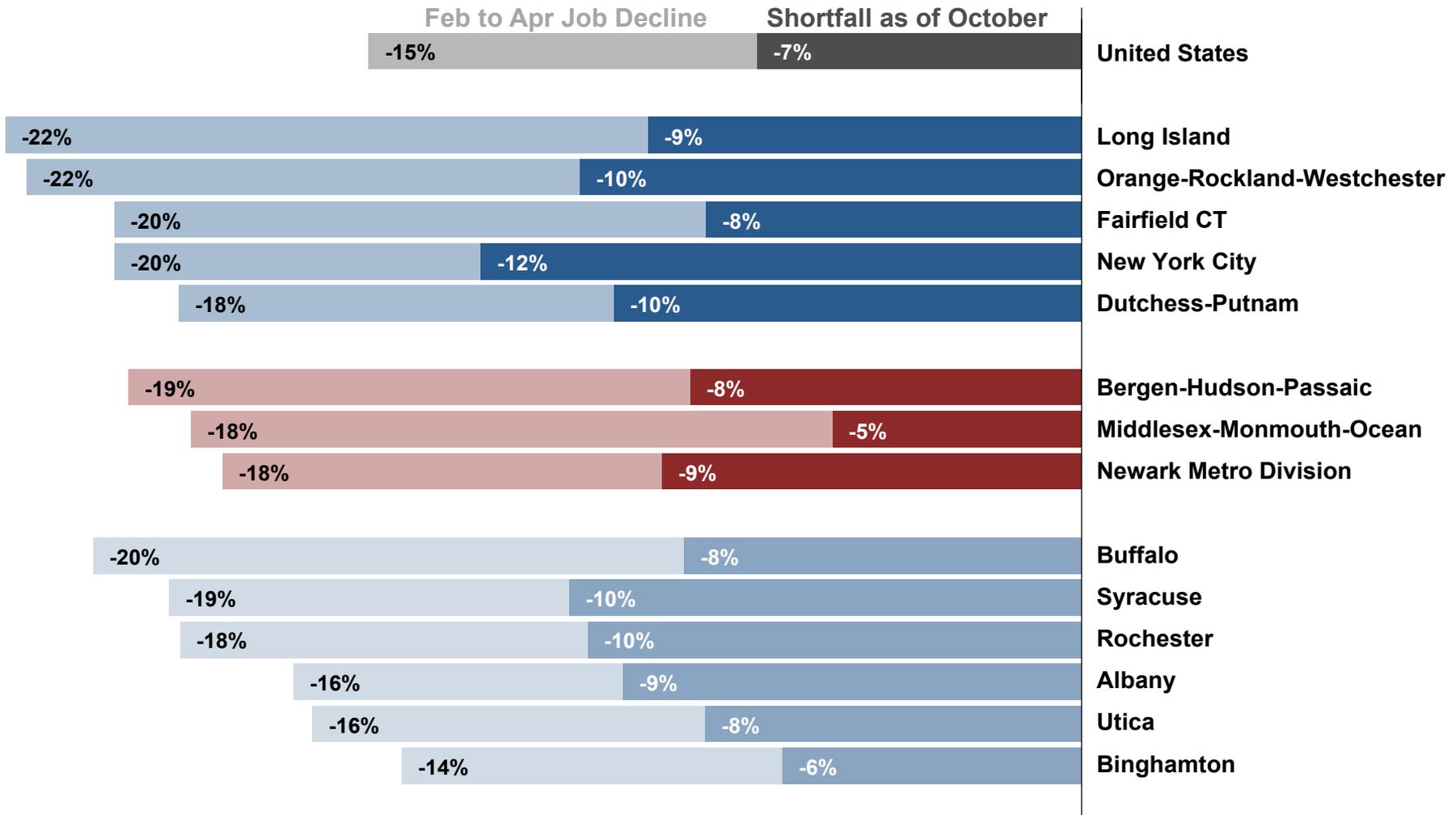
Employment Well Below Pre-Pandemic Levels

Percent Change in Total Employment, Indexed to February 2020



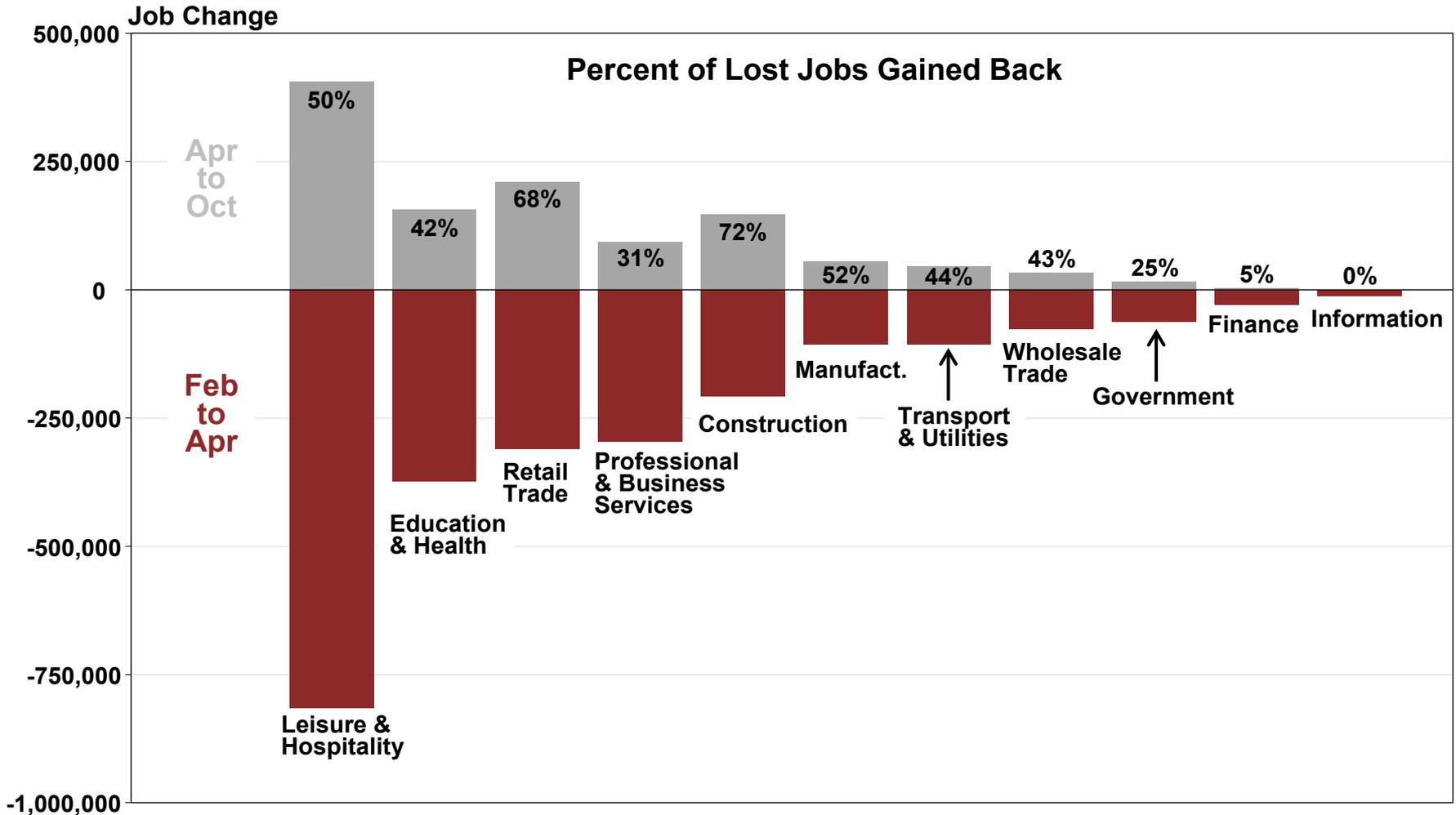
Large Job Shortfalls Remain

Job Declines and Remaining Shortfalls



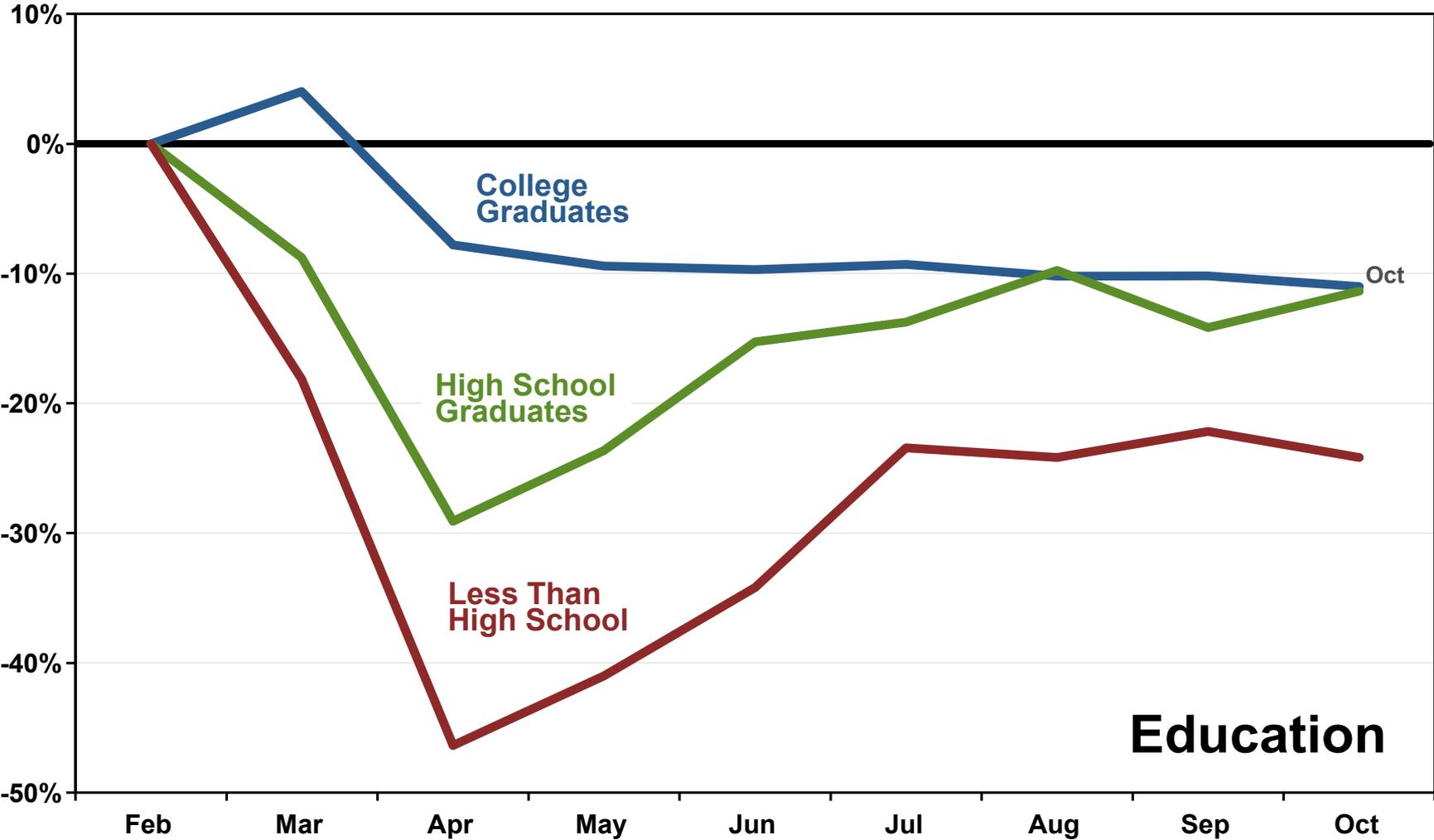
Jobs Lost and Gained by Industry

New York/Northern New Jersey/Fairfield



Workers Affected Unevenly

Percent Change by Group for NYS, NNJ, & Fairfield, Indexed to Feb 2020

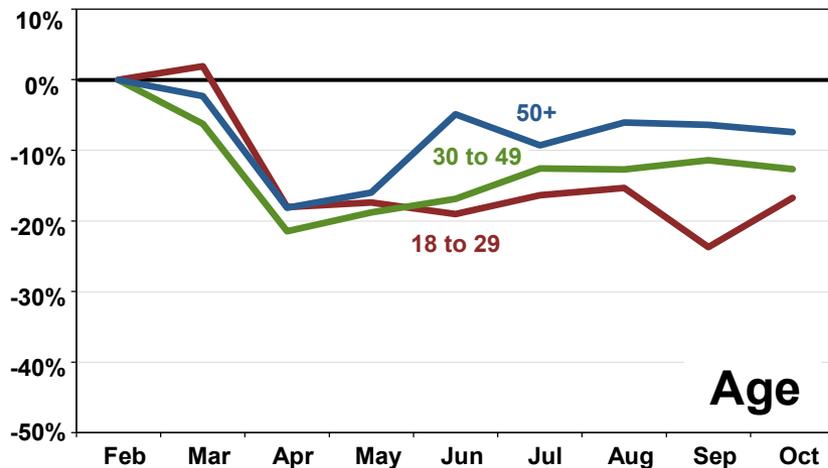
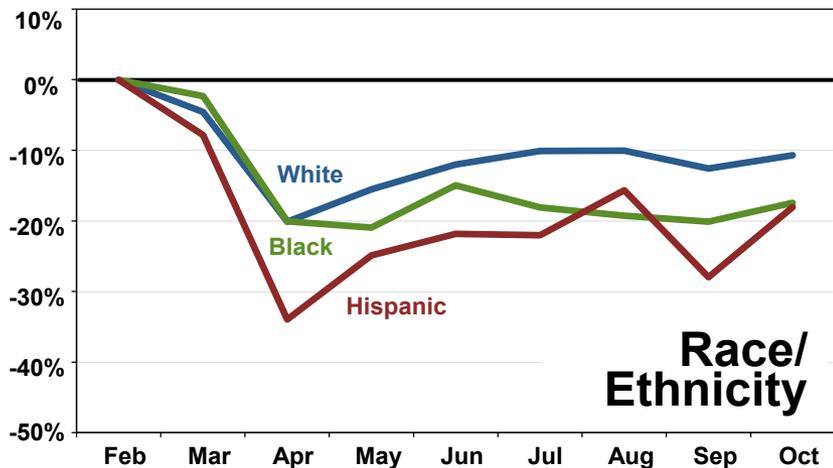
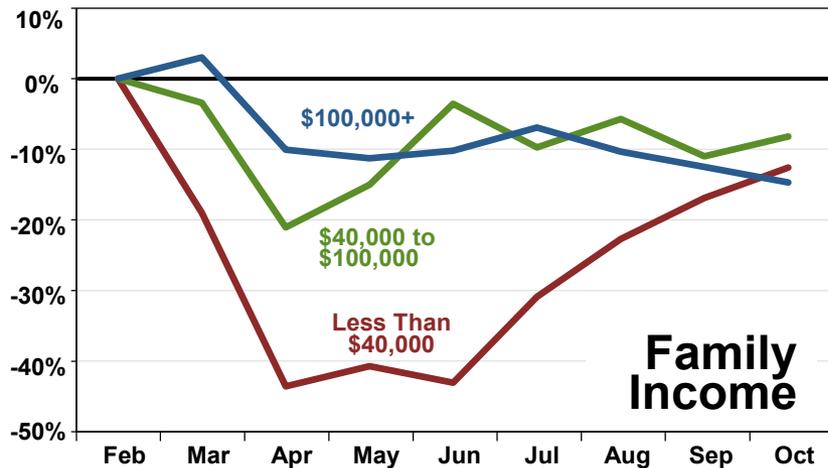
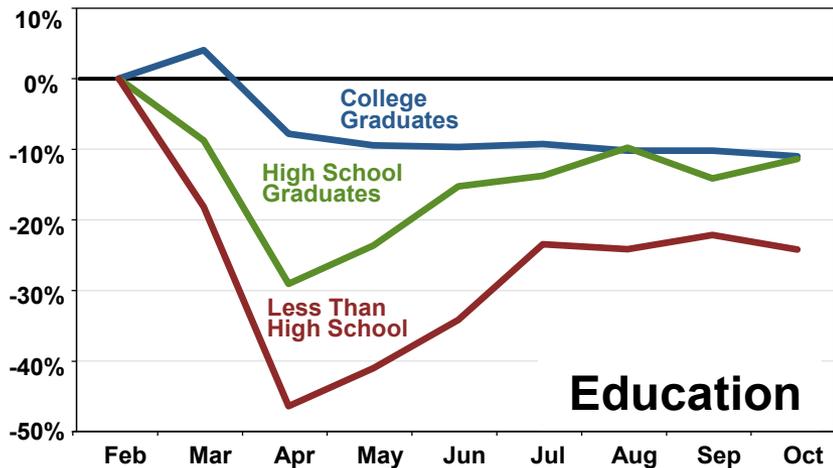


Education

Source: IPUMS-CPS, University of Minnesota, www.ipums.org.

Workers Affected Unevenly

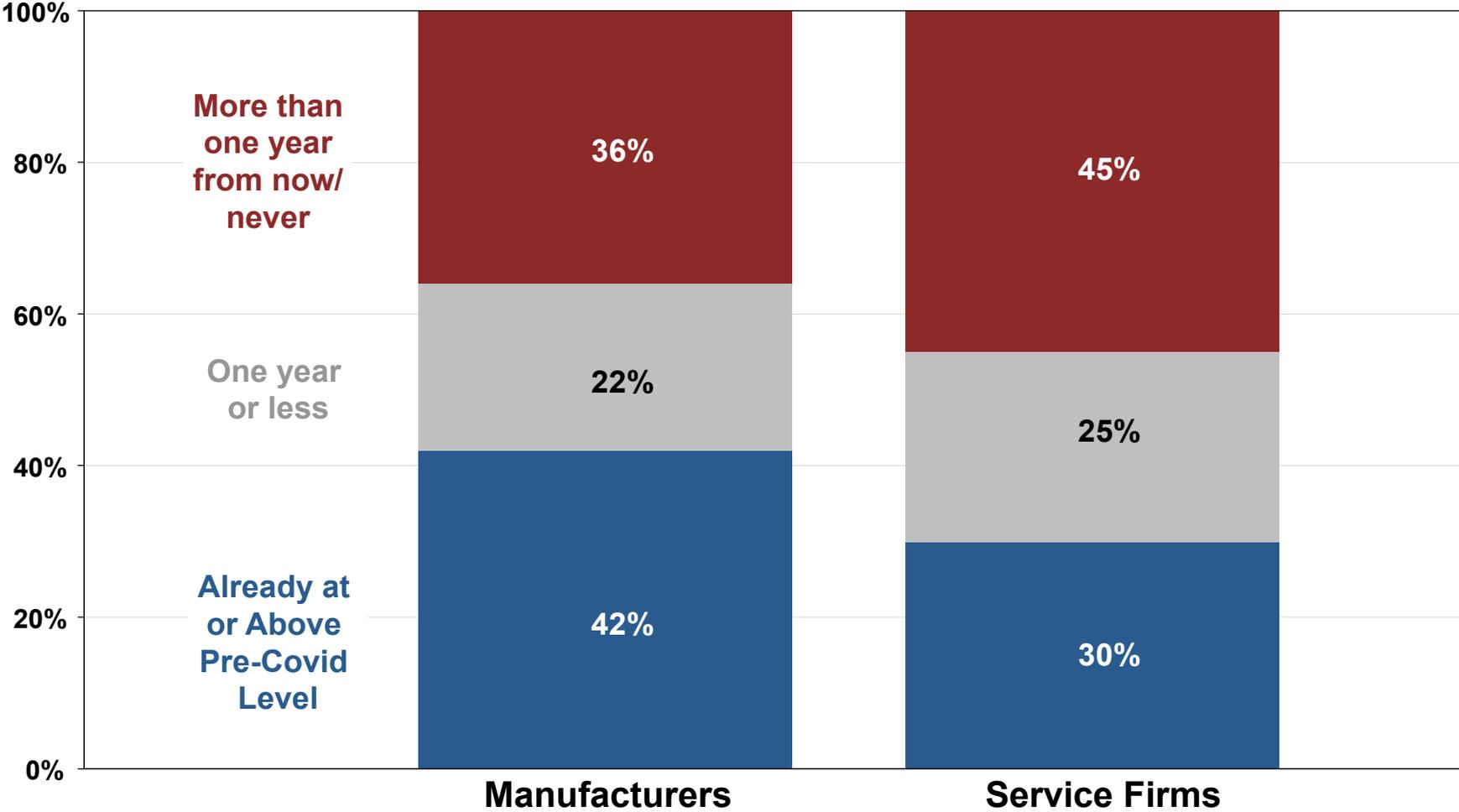
Percent Change by Group for NYS, NNJ, & Fairfield, Indexed to Feb 2020



Businesses Anticipate a Long Road Ahead

New York Fed November Supplemental Survey Report

Q: When Do You Expect Employment to Return to Pre-Covid Levels?

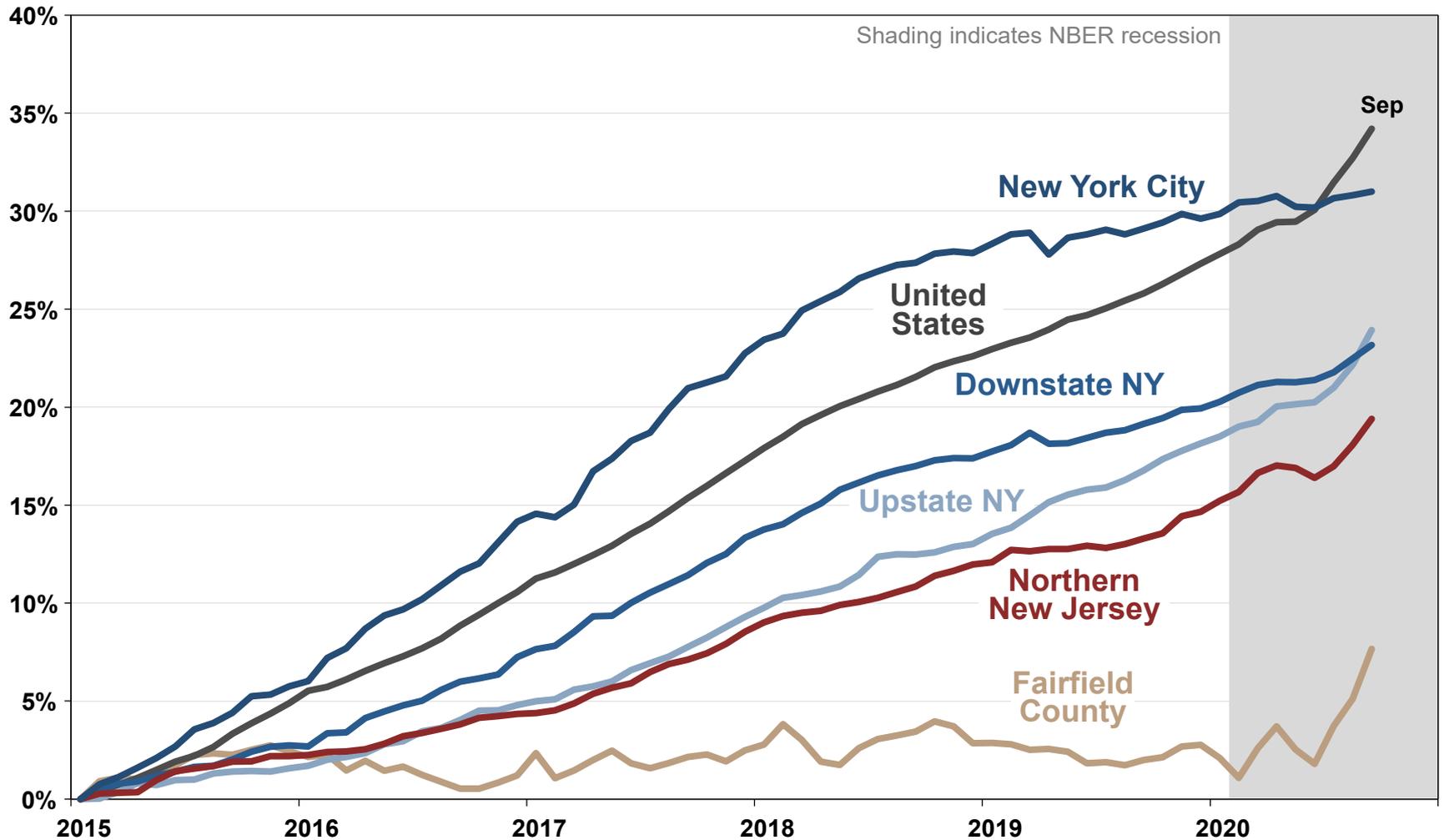


Source: Federal Reserve Bank of New York.

Real Estate

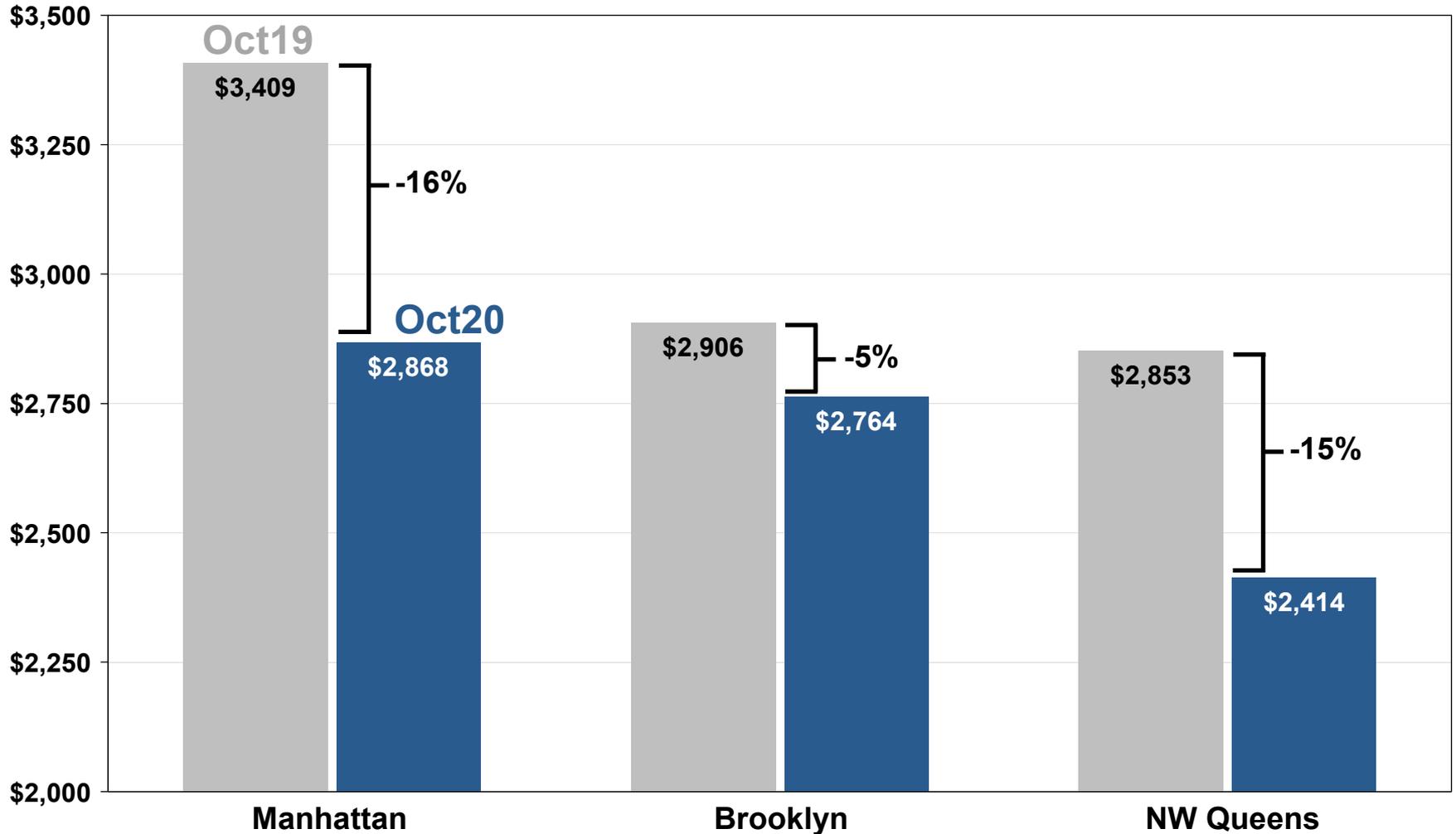
Home Prices Continuing to Increase

Percent Change in Home Prices, Indexed to January 2015



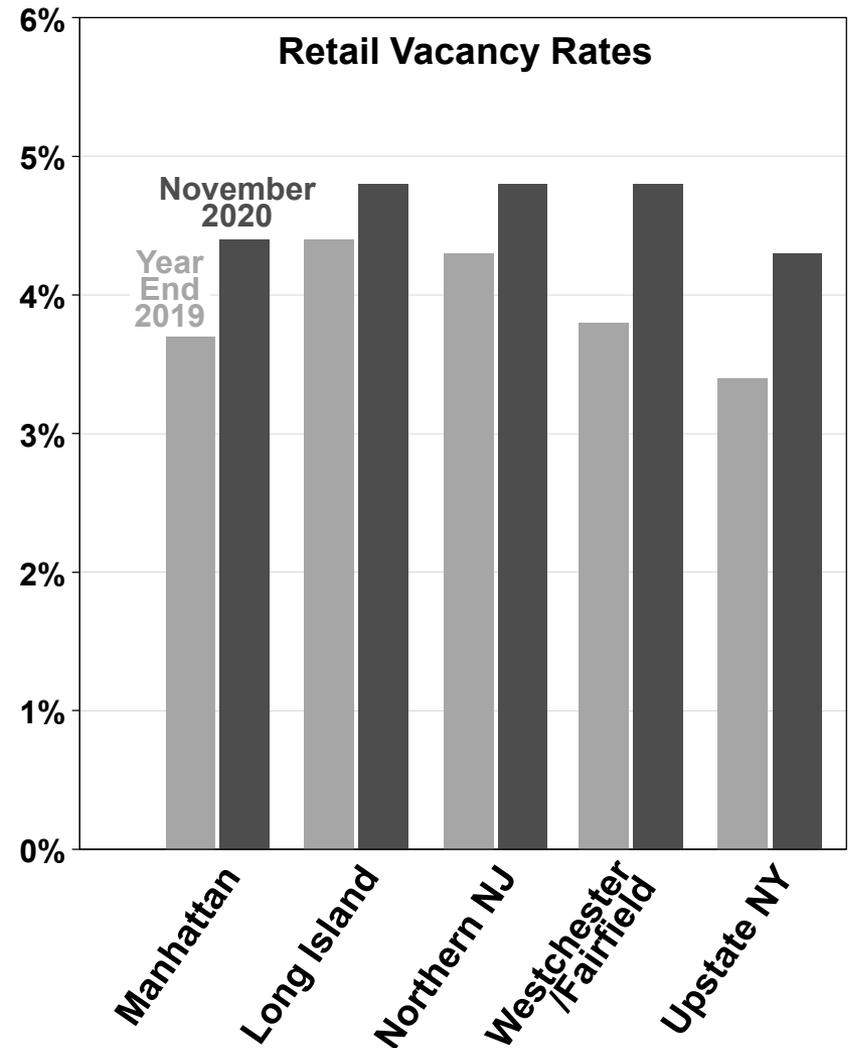
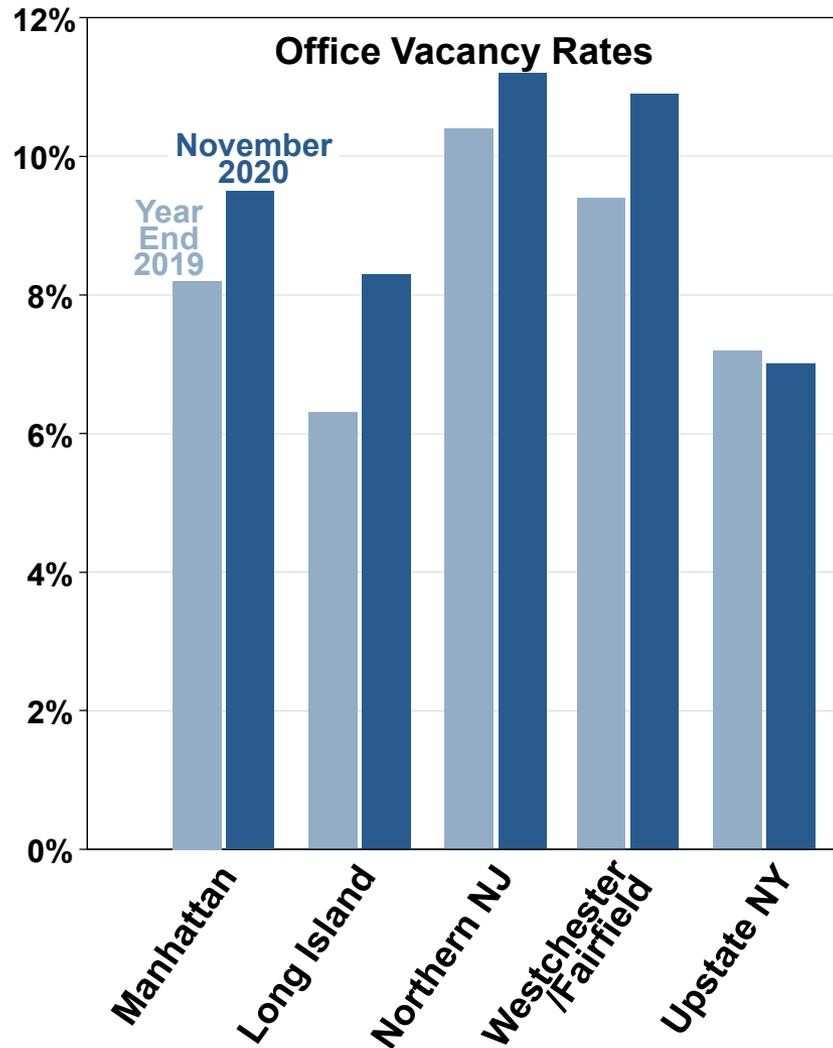
New York City Rents Are Falling

Median Overall Residential Rent With Concessions



Commercial Vacancies on the Rise

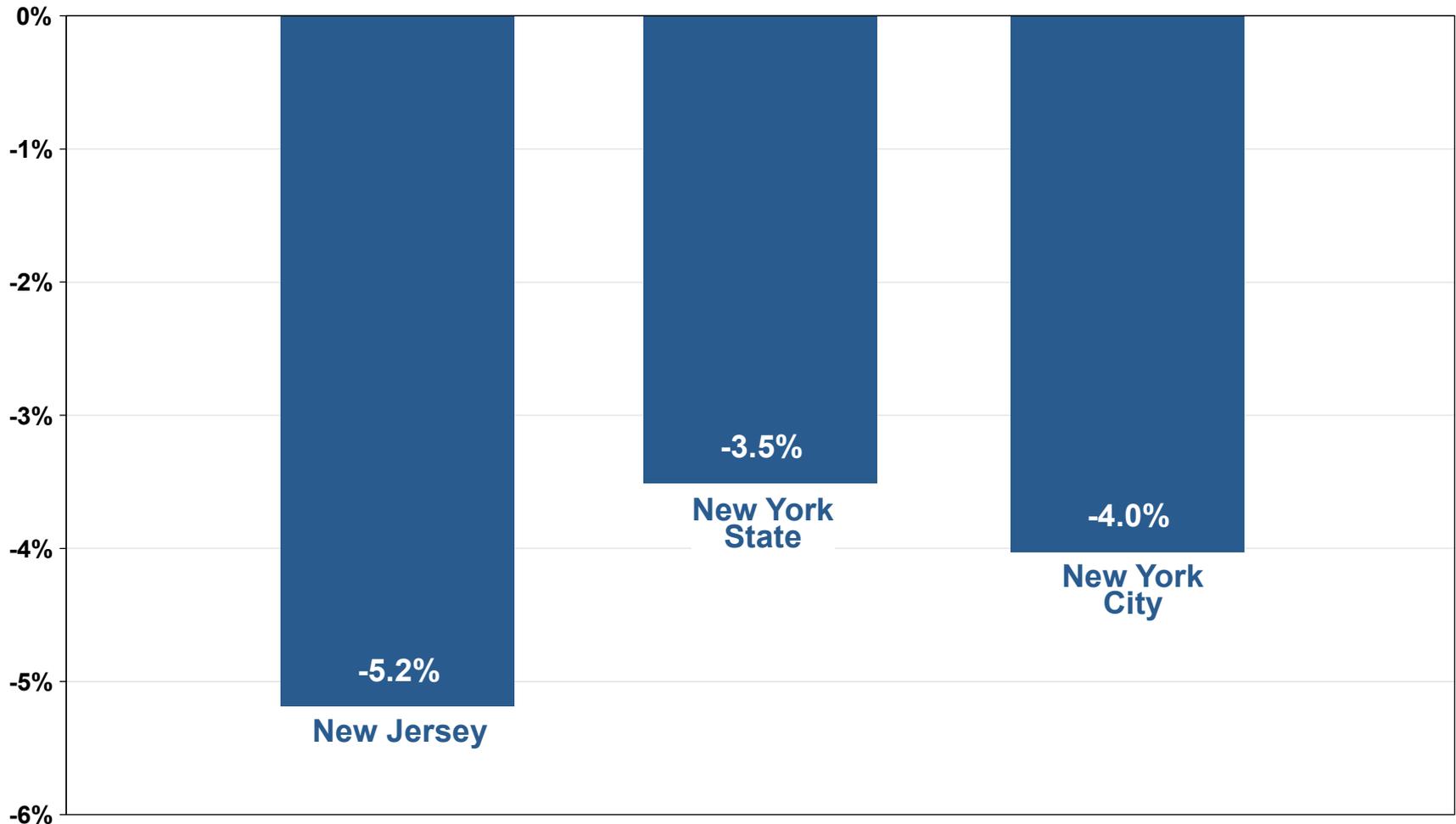
Vacancy Rates



State & Local Fiscal Pressures

Public Sector Revenues Declining

Cumulative Change in Revenues, Jan-Oct 2020 vs Jan-Oct 2019



Conclusions

- Despite the substantial recovery we've seen so far, business activity, consumer spending, and employment are all still below pre-pandemic levels in much of the region.
- The pandemic and economic consequences have been particularly hard on lower-wage workers and people of color.
- There are many headwinds facing the regional economy, including increased virus spread, tightened restrictions on business activity, and colder weather.





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