The Buffalo Economy During the Pandemic

Jaison R. Abel

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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.
Overview

• The Buffalo economy has started to show some early signs of recovery after three months of unprecedented decline due to the coronavirus pandemic.

• With the size of the initial shock and stricter policy approach in New York, pandemic-related job losses have been much more severe in Buffalo and the state more generally than in the nation as a whole.

• As non-essential businesses have reopened, many firms have started to recall workers that were furloughed or temporarily laid off and some have even hired new workers. However, even with this recent job growth, employment in the region remains well below pre-pandemic levels.

• Looking ahead, businesses have become optimistic that conditions will improve in the next six months, though from extremely low levels.
Economic Conditions Before the Pandemic

Indexes of Total Employment, Seasonally Adjusted

Index (December 2007 = 100)

Source: U.S. Bureau of Labor Statistics and Moody's Economy.com; data are early benchmarked by New York Fed staff.
Historic Plunge in Regional Business Activity

New York Fed Regional Business Surveys, Current Conditions

Source: Federal Reserve Bank of New York.
Sharp Drop in Consumer Spending

Percent Change in Total Spending, Indexed to January 2020

Source: Opportunity Insights Economic Tracker and Affinity Solutions.
Steep Job Loss in the Region
Indexes of Total Employment, Seasonally Adjusted

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

Change in Employment by Sector

February to April:
- Leisure & Hospitality: -36,600
- Trade, Transport & Utilities: -21,300
- Education & Health: -14,400
- Professional & Business: -13,200
- Construction: -8,000
- Other Services: -7,200
- Manufacturing: -6,500
- Government: -4,400
- Finance: -600
- Information: -100

Total: -112,000

April to May:
- Leisure & Hospitality: +2,500
- Trade, Transport & Utilities: +1,000
- Education & Health: +700
- Professional & Business: +600
- Construction: +3,900
- Other Services: +300
- Manufacturing: +3,100
- Government: +600
- Finance: +200
- Information: +0

Total: +5,000

Source: U.S. Bureau of Labor Statistics and Moody’s Economy.com; data are early benchmarked by New York Fed staff.
A Deeper Downturn Than the Great Recession
Percent Decline in Total Employment from Peak to Trough

Source: U.S. Bureau of Labor Statistics and Moody’s Economy.com; data are early benchmarked by New York Fed staff.
The Pandemic Resembles a Natural Disaster

Indexes of Total Employment, Seasonally Adjusted

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

New York Fed Regional Business Surveys, Future Conditions

Source: Federal Reserve Bank of New York.