The New York State Economy During the Pandemic

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IBANYS 46th Annual Convention – September 30, 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.
Overview

• Following an unprecedented contraction in the spring due to the coronavirus pandemic, economic activity rebounded sharply in much of New York State during the summer, though there are signs the recovery has started to lose steam heading into the fall.

• With the size of the initial shock and stricter policy approach in New York State, pandemic-related job losses were much more severe here—particularly in and around New York City—than in the nation as a whole.

• As the spread of the virus subsided and more parts of the regional economy re-opened, many firms recalled workers that were furloughed or temporarily laid off and some have even hired new workers. However, even with these job gains, employment remains well below pre-pandemic levels across the state.

• Looking ahead, businesses in the region expect economic conditions to improve over the next six months, though from fairly low levels of activity.
Economic Conditions Before the Pandemic

Indexes of Total Employment, Seasonally Adjusted

Index (December 2007 = 100)

Shading indicates NBER recessions

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

Daily New Cases Per Capita, 7-Day Average

Historic Plunge in Regional Business Activity

New York Fed Regional Business Surveys, Current Conditions

Diffusion Index

Shading indicates NBER recessions

Source: Federal Reserve Bank of New York.
Extremely Difficult Business Climate

FRBNY Business Leaders Survey

Source: Federal Reserve Bank of New York.
Weak Consumer Confidence

Overall Consumer Confidence

Index Value

Source: Sienna Research Institute, University of Michigan.
Sharp Drop in Consumer Spending
Percent Change in Total Spending, Indexed to January 2020

Source: Opportunity Insights Economic Tracker and Affinity Solutions.
Unemployment Insurance Claims Surge
New York State Initial Claims, Not Seasonally Adjusted

Source: Department of Labor and Haver Analytics.
Steep Job Losses in New York
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 Downstate NY

Change in Employment by Sector

February to April

-465,000 Leisure & Hospitality
-254,000 Trade, Transport & Utilities
-200,000 Education & Health
-168,000 Professional & Business
-134,000 Construction
-97,000 Other Services
-43,000 Manufacturing
-36,000 Government
-12,000 Information
-10,000 Finance

Total: -1,420,000

April to August

156,000 Leisure & Hospitality
118,000 Trade, Transport & Utilities
78,000 Education & Health
10,000 Professional & Business
98,000 Construction
39,000 Other Services
16,000 Manufacturing
-35,000 Government
-3,000 Information
-12,000 Finance

Total: +464,000

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 Upstate NY

Change in Employment by Sector

February to April

Leisure & Hospitality: -134,000
Trade, Transport & Utilities: -81,000
Education & Health: -57,000
Professional & Business: -36,000
Construction: -32,000
Manufacturing: -27,000
Other Services: -26,000
Government: -18,000
Finance: -3,000
Information: -800
Total: -417,000

April to August

Leisure & Hospitality: 66,000
Trade, Transport & Utilities: 28,000
Education & Health: 29,000
Professional & Business: 10,000
Construction: 21,000
Manufacturing: 15,000
Other Services: 13,000
Government: -11,000
Finance: -2,000
Information: -300
Total: +171,000

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

Percent Below Pre-Pandemic Employment Level (as of Aug)

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 Some Improvement

New York Fed Regional Business Surveys, Future Conditions

Shading indicates NBER recessions

Source: Federal Reserve Bank of New York.