Regional Economic Conditions

Jason Bram

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Preview

• Trends in the severity of the COVID outbreak across the District.

• Trends in the pandemic’s fallout on the economy.

• How this pandemic is more comparable to past natural disasters than to typical recessions.

• Looking ahead.
The Coronavirus Shock
Daily New Cases Per Capita, 7-Day Average

Severe Job Loss in the NY-NNJ Region
Percent Decline from Pre-Pandemic Levels, Feb-May 2020

Job Loss On Par with Nation (10%-15%)
Job Loss Worse than Nation (15%-17.5%)
Job Loss Much Worse than Nation (17.5%-20%)

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

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

Change in Employment by Sector

Source: U.S. Bureau of Labor Statistics and Moody’s Economy.com; some 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.
Businesses Expect Conditions to Improve

New York Fed Regional Business Surveys, Future Conditions

Source: Federal Reserve Bank of New York.
Summary

• Economic conditions across the District have been mixed, but clearly weak, since the outbreak of the pandemic.

• The outbreak initially hit the tri-state region harder than any other part of the U.S., whereas Puerto Rico and the USVI have seen much less virus spread.

• Not surprisingly, New York City’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.

• Many of the job losses have been viewed as temporary layoffs or furloughs, and businesses have grown more optimistic about the near-term outlook and have begun to rehire.