Economic Conditions in the Region

Jaison R. Abel

New York Fed Community Bankers Conference – November 5, 2021

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

- Upstate NY
- Northern NJ
- Downstate NY
- Puerto Rico & U.S. Virgin Islands
Overview of Regional Conditions

• Growth in the regional economy is being restrained by three key factors: ongoing spread of the coronavirus, severe supply disruptions, and significant worker shortages.

• While the Tri-State region has continued to steadily add jobs through the recovery, employment remains well below pre-pandemic levels, particularly in New York City.

• Inflation has picked up through the year, with businesses in the region reporting widespread pricing pressures.

• Home prices have increased sharply through the pandemic, while rents in New York City have rebounded but have not yet returned to pre-pandemic levels.
Coronavirus Spread in the Region

Daily New Cases Per Capita, 7-Day Average

New Cases Per 100,000 People


Daily updates available at: https://www.newyorkfed.org/regional-economy.
Severe Supply Chain Disruptions

New York Fed Supplemental Surveys

Source: Federal Reserve Bank of New York Supplemental Surveys, October 2021.
Significant Worker Shortages

New York Fed Supplemental Surveys

Share of Respondents with Job Openings Reporting Difficulty Hiring

- Services: 80%
- Manufacturing: 89%

Most Widely Cited Reasons:
- Lack of qualified candidates
- Compensation

Other Reported Factors:
- Covid-related health concerns
- Enhanced unemployment insurance benefits
- Preference for remote work arrangements
- Drug tests

Source: Federal Reserve Bank of New York Supplemental Surveys, August 2021.
Regional Growth Has Slowed

New York Fed Regional Business Surveys, Current Conditions

Source: Federal Reserve Bank of New York.
Strong Consumer Spending Outside of NYC
Percent Change in Debit & Credit Card Spending Since Feb 2020

Source: Commerce Signals, a Verisk Analytics Business; data are seasonally adjusted by NY Fed Staff.
After Brief Dip, Household Debt Continues to Rise

Total Debt Per Capita

Thousands of Dollars

Source: New York Fed Consumer Credit Panel/Equifax, based on population with a credit report.
Driven by Auto Loans and Home Mortgages

Percent Change by Debt Type Since Feb 2020

Note: Data covers New York State, Northern NJ, and Fairfield, CT.

Shading indicates NBER recession

Employment Still Below Pre-Pandemic Levels

Percent Change in Total Employment Since Feb 2020

Shading indicates NBER recession

Job Shortfalls in the Tri-State Region
Percent Change in Total Employment Since Feb 2020

As of Sept 2021

Regional data are early benchmarked by FRBNY staff.
Inflation Has Picked Up

Annual Percent Change in PCE Price Indexes

Source: U.S. Bureau of Economic Analysis via Haver Analytics.
Widespread Pricing Pressures in the Region

New York Fed Regional Business Surveys

Source: Federal Reserve Bank of New York.
Sharp Rise in Home Prices
Percent Change in Home Prices Since Jan 2015

Source: CoreLogic Home Price Index (including distressed sales).
NYC Rents Have Rebounded But Remain Soft

Percent Change in Median Rent Since Feb 2020

Source: Miller Samuel Elliman Report; Median Rents with Concessions.
New Foreclosure Activity Limited by Moratorium

Share of Population with New Foreclosures

Source: New York Fed Consumer Credit Panel/Equifax, based on population with a credit report.
Businesses in the Region Remain Optimistic

New York Fed Regional Business Surveys, Future Conditions

Diffusion Index

Empire State Manufacturing Survey
Business Leaders Survey (Service Sector)

Shading indicates NBER recession

Source: Federal Reserve Bank of New York.