



**Second District Advisory Council  
Via WebEx Conference  
Thursday, October 15, 2020**

**DRAFT AGENDA**

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- |                         |  |
|-------------------------|--|
| 10:30 a.m. – 10:40 a.m. | Welcome and Fed’s Monetary Policy Framework,<br>John Williams, President & CEO |
| 10:40 a.m. – 10:45 a.m. | National Economy Update, David Lucca, VP                                       |
| 10:45 a.m. – 10:50 a.m. | Regional Economy Update, Jaison Abel, AVP                                      |
| 10:50 a.m. – 11:15 a.m. | Member Q&A with President Williams and Economists                              |
| 11:15 a.m. – 12:20 p.m. | Member Insights, Claire Kramer Mills, AVP                                      |
| 12:20 p.m. – 12:30 p.m. | Concluding Remarks, John Williams, President & CEO                             |



**Federal Reserve Bank of New York  
Second District Advisory Council  
Thursday, October 15, 2020**

**Attendee List – WebEx Conference**

**SDAC Advisory Members**

Donnel Baird  
Founder & CEO  
BlocPower

Sarah LaFleur  
Founder & CEO  
M.M.LaFleur

Adenah Bayoh  
Founder  
Adenah Bayoh & Companies

Melanie Littlejohn  
VP NY Customer and Community Engagement  
National Grid

Jaswinder Chadha  
President & CEO  
Axtria, Inc.

Steve Priest  
EVP & CFO  
JetBlue Airways Corp.

Kevin Ellis  
CEO  
Cayuga Milk Ingredients

Jonathan F.P. Rose  
President  
Jonathan Rose Companies

Lynne Marie Finn  
President & CEO  
Broadleaf Results

Anthony E. Shorris  
John Weinberg/Goldman Sachs Visiting Scholar &  
Senior Advisor  
Princeton University, McKinsey & Company

Hugh Johnston  
Vice Chairman & CFO  
PepsiCo

Federico Stubbe, Jr.  
President  
PRISA Group

**Federal Reserve Bank of New York**

John Williams  
Michael Strine  
Jack Gutt  
David Erickson  
Andrew Haughwout  
Rosanne Notaro  
David Lucca  
Matthew Higgins  
Jaison Abel  
Claire Kramer Mills  
Jason Bram  
Tony Davis  
Edison Reyes

President & CEO  
First Vice President  
EVP, Communications & Outreach  
SVP, Outreach & Education  
SVP, Research & Statistics  
VP, Legal  
VP, Research & Statistics  
VP, Research & Statistics  
AVP, Research & Statistics  
AVP, Outreach & Education  
Officer, Research & Statistics  
Officer, Outreach & Education  
Associate, Outreach & Education



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# U.S. Economic Conditions

David Lucca, Research and Statistics Group  
October 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.

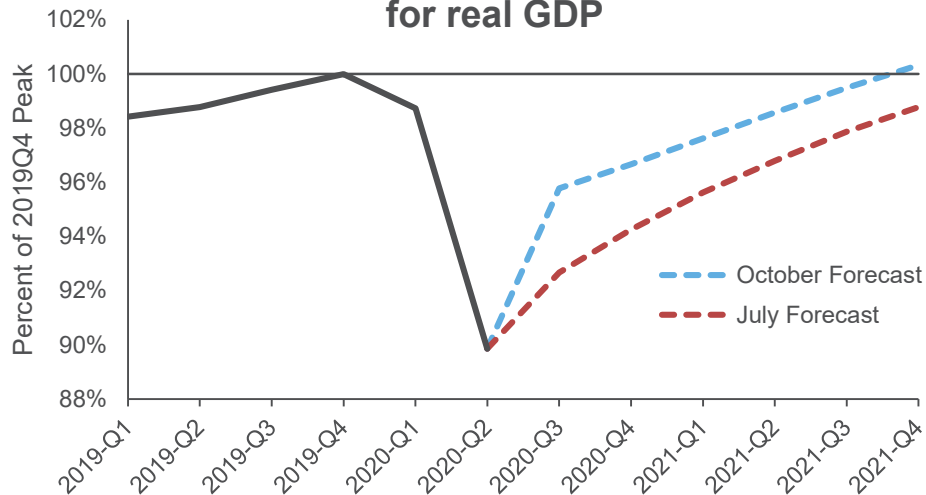
# Overview

- The recovery in Q3 has progressed more quickly than anticipated at the beginning of the summer despite elevated COVID-19 infections
- The recovery is uneven with activity still depressed in service sectors that more heavily depend on face-to-face customer interactions; activity in goods-producing sectors, capex and residential investment rebounded sharply
- Labor market recovery is also uneven with more limited gains for economically vulnerable workers that experienced disproportionate job losses between February and April



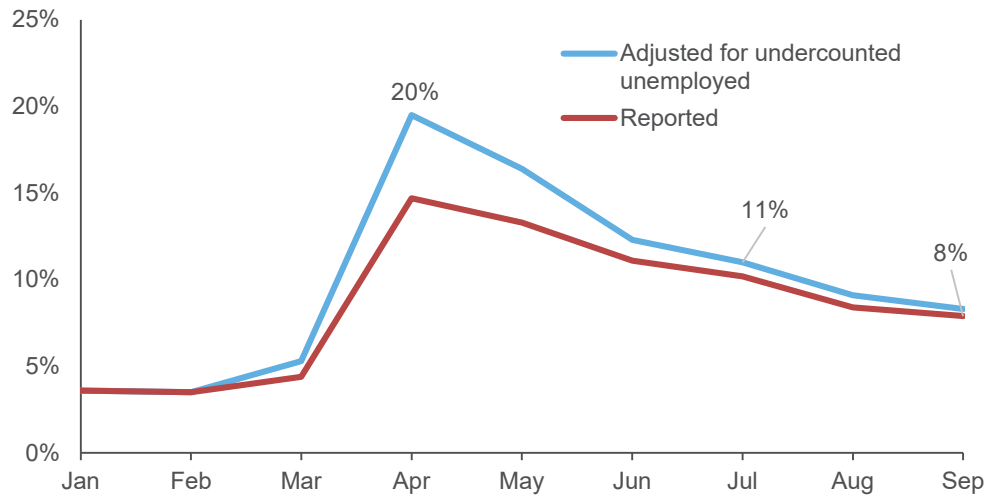
# Rebound in economic activity, labor market ...

Blue Chip consensus forecast  
for real GDP



- Recovery in Q3 has progressed more quickly than expected in early July

Unemployment rate

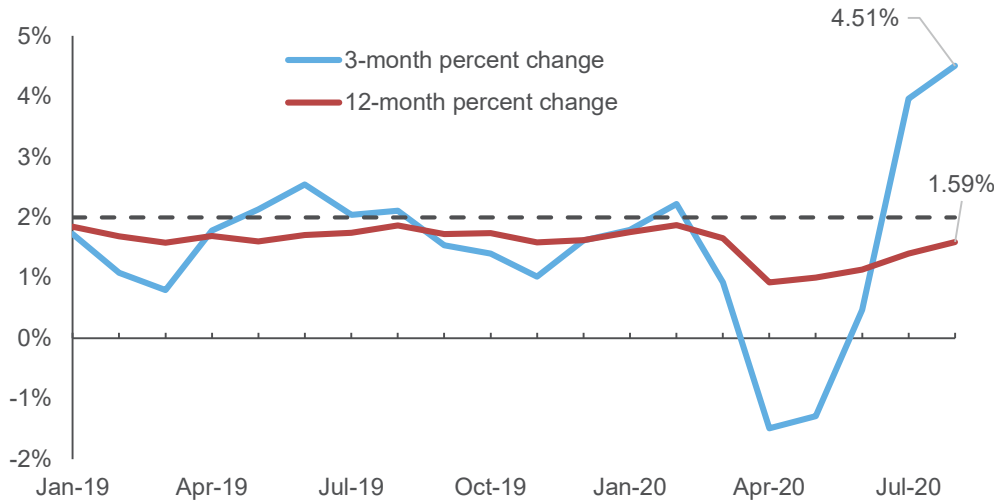


- The unemployment rate has continued to fall; but only half of the jobs lost in Feb-Apr are recovered



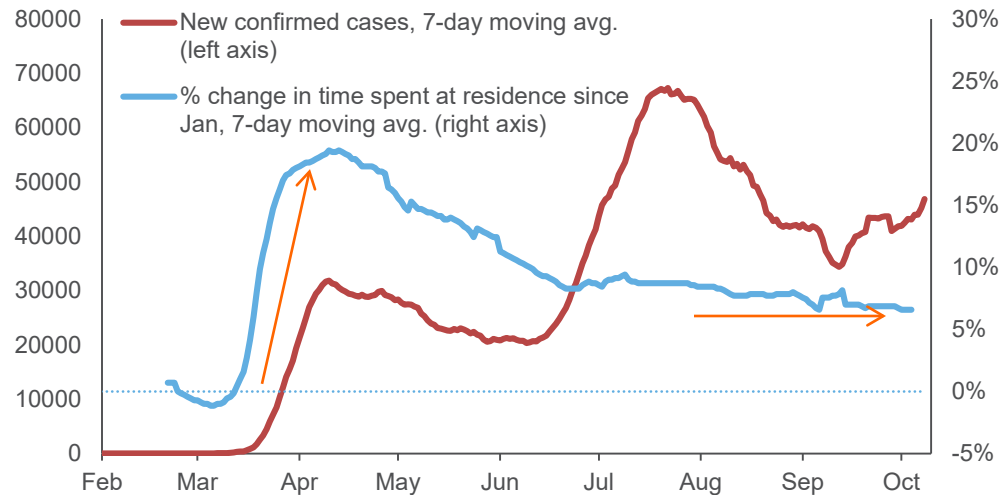
# ..and inflation despite elevated new COVID infections

### Core PCE inflation



- 3-month core-PCE inflation accelerated in Jul/Aug; on a 12-month basis inflation remains muted
- Rebound in activity & inflation despite elevated new COVID confirmed infections

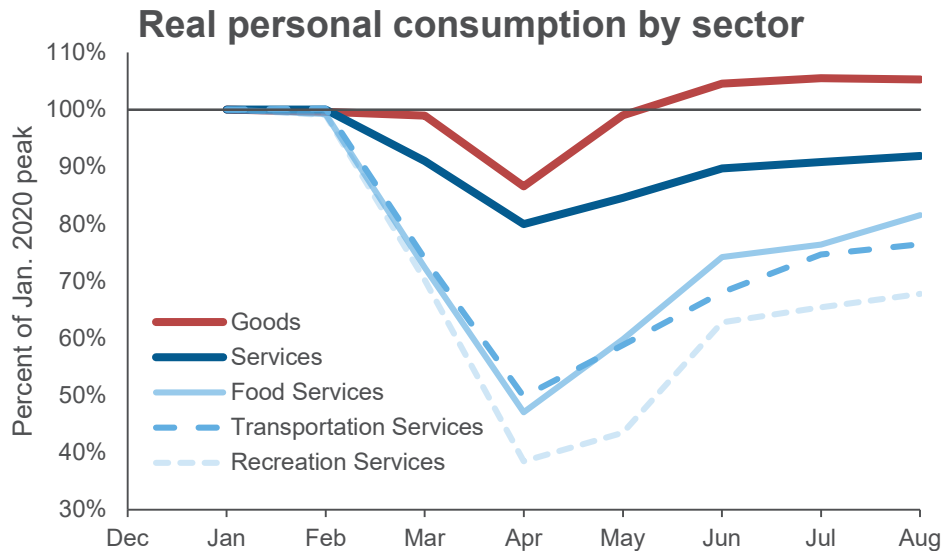
### COVID-19 cases and mobility



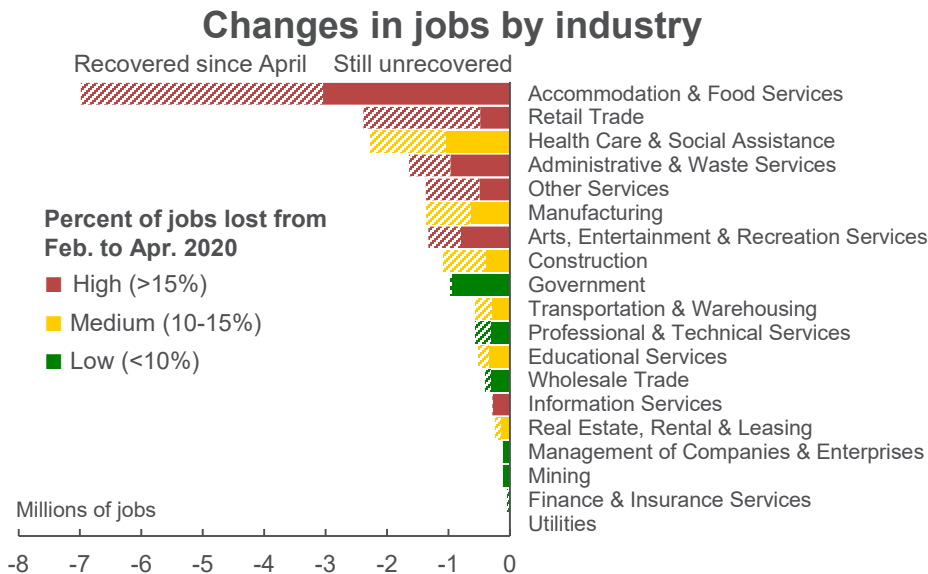
- Absence of summer increase in time-spent-at-home suggests better distancing in economic interactions
- Rising cases, path uncertain



# Activity in many service sectors still very depressed



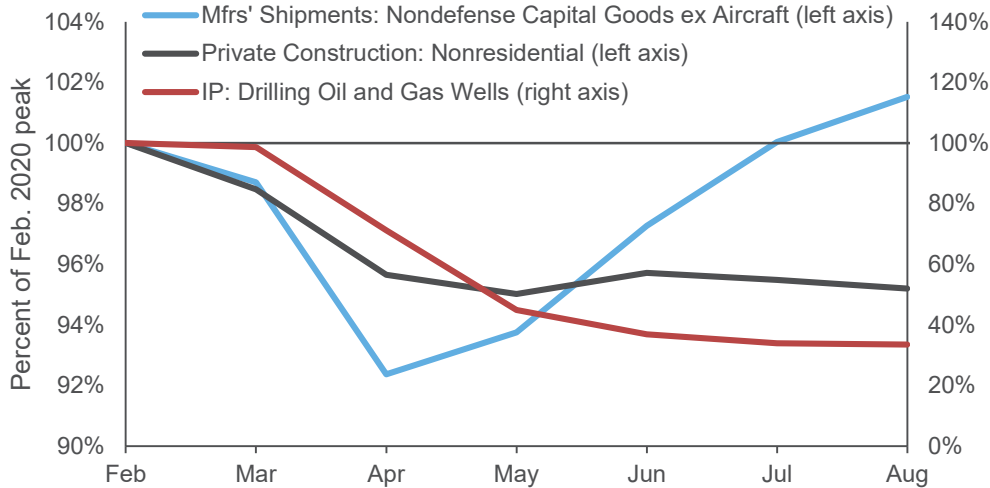
- Uneven recovery: strength in personal goods consumption but depressed services consumption especially if dependent on face-to-face interactions



- Unbalanced jobs recovery even for sectors with similar (%) job losses this spring
- Elevated COVID cases to weigh on “face-to-face-dependent” industries

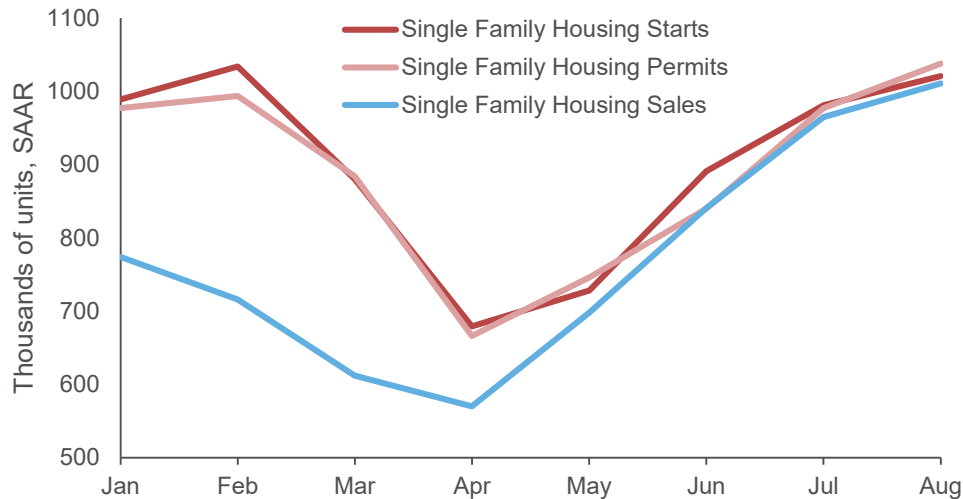
# Equipment and residential inv. rise; nonresidential lags

## Business investment



- Rebound in capex for equipment investment but weakness in business construction, especially in oil & gas

## Residential investment

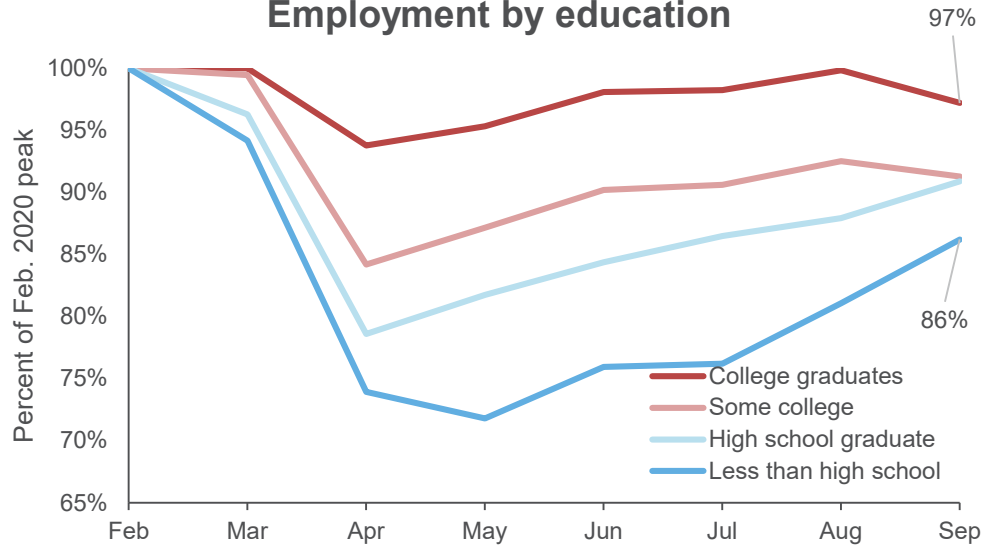


- Residential investment is experiencing a v-shaped recovery



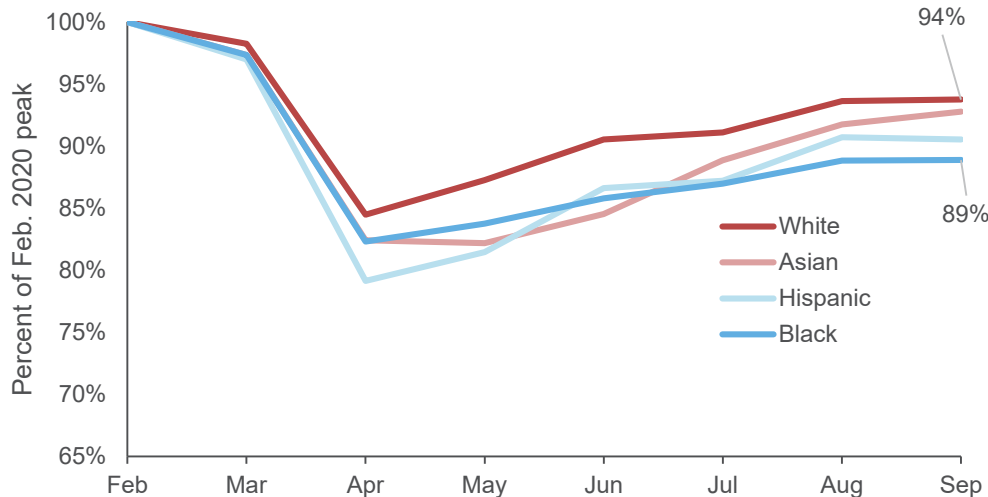
# Employment of economically vulnerable workers lags

## Employment by education



- Less-educated workers experienced disproportionate job losses and employment remains depressed

## Employment by race and ethnicity



- Rebound in employment of Black workers lags employment of White, Asian and Hispanic workers





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# Economic Conditions in the Region

Jaison R. Abel

Second District Advisory Council Meeting – October 15, 2020

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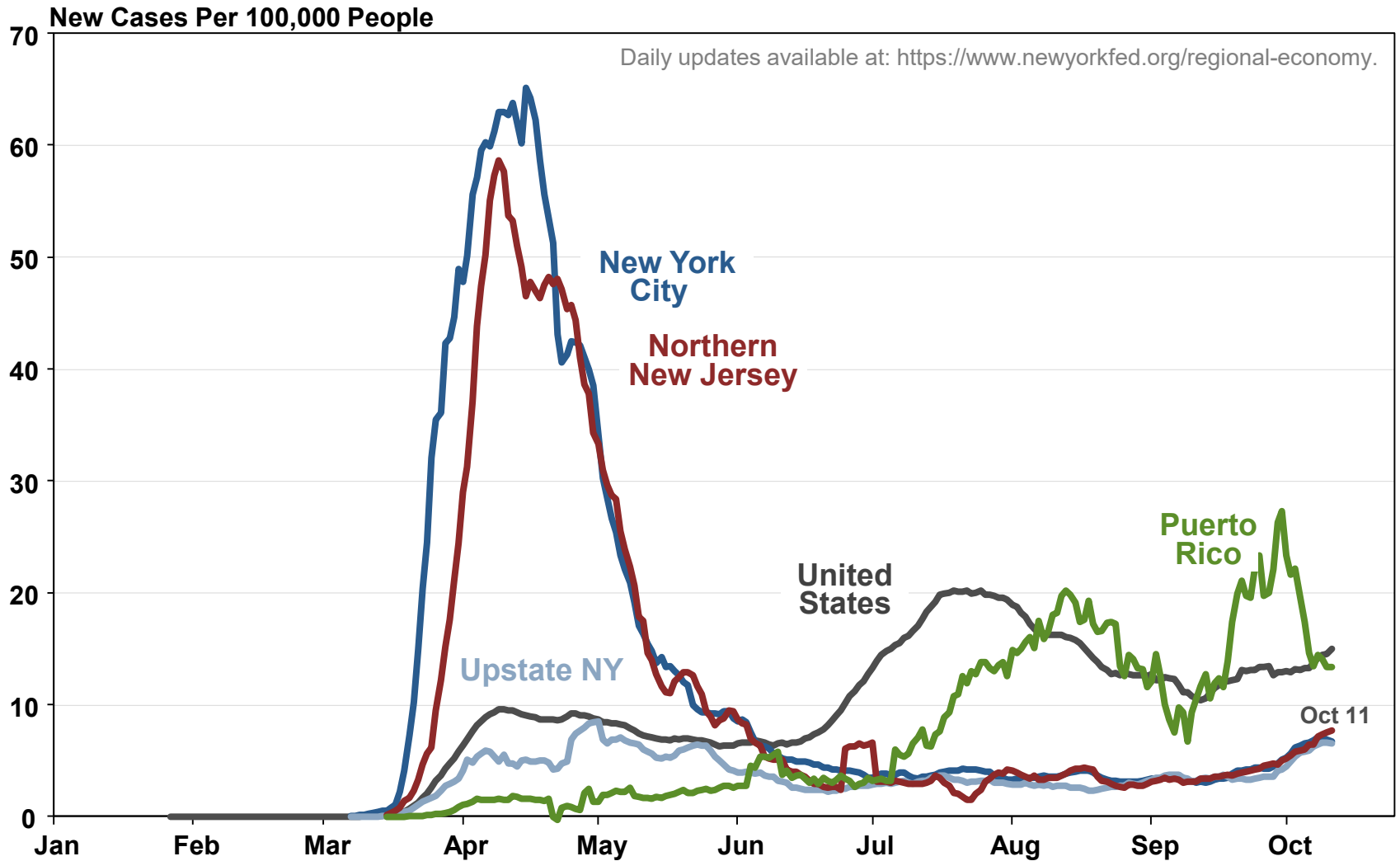
# Overview

- Following an unprecedented contraction in the spring due to the coronavirus pandemic, economic activity rebounded in the summer, though there are signs the recovery has started to lose steam heading into the fall.
- Even with the rebound that has occurred, business activity, consumer spending, and employment remain below pre-pandemic levels in much of the region.



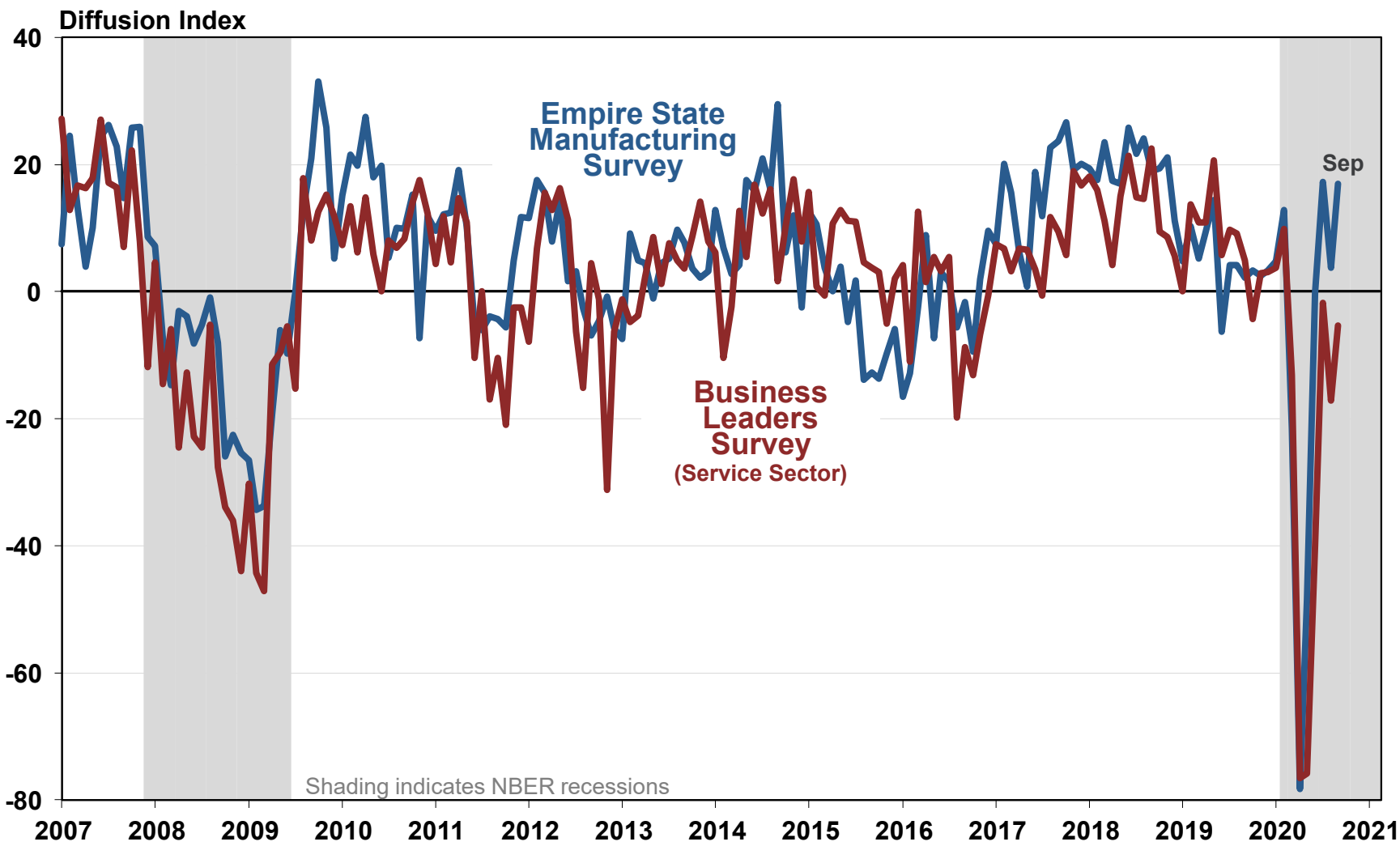
# The Coronavirus Shock

## Daily New Cases Per Capita, 7-Day Average



# Modest Rebound in Business Activity

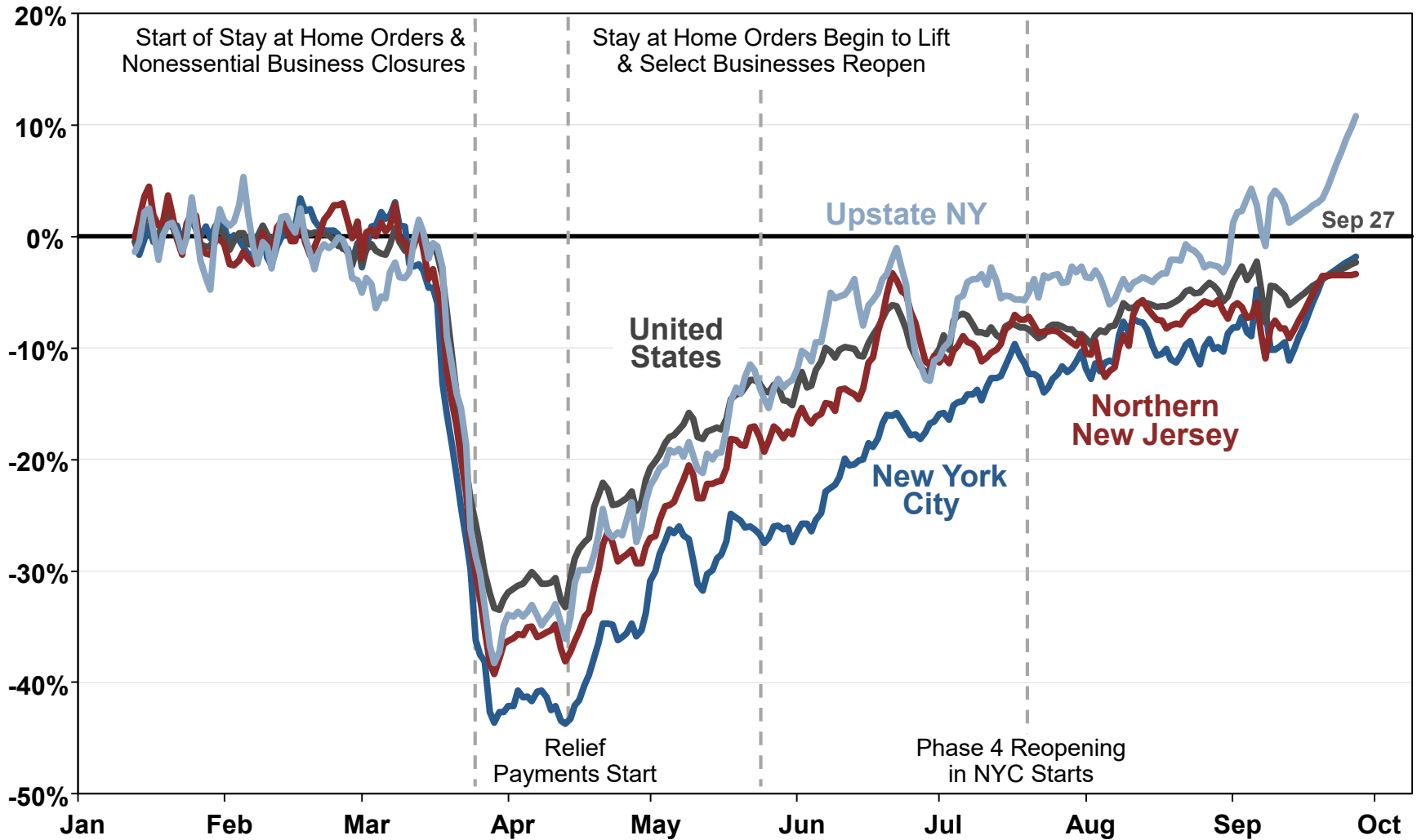
New York Fed Regional Business Surveys, Current Conditions



Source: Federal Reserve Bank of New York.

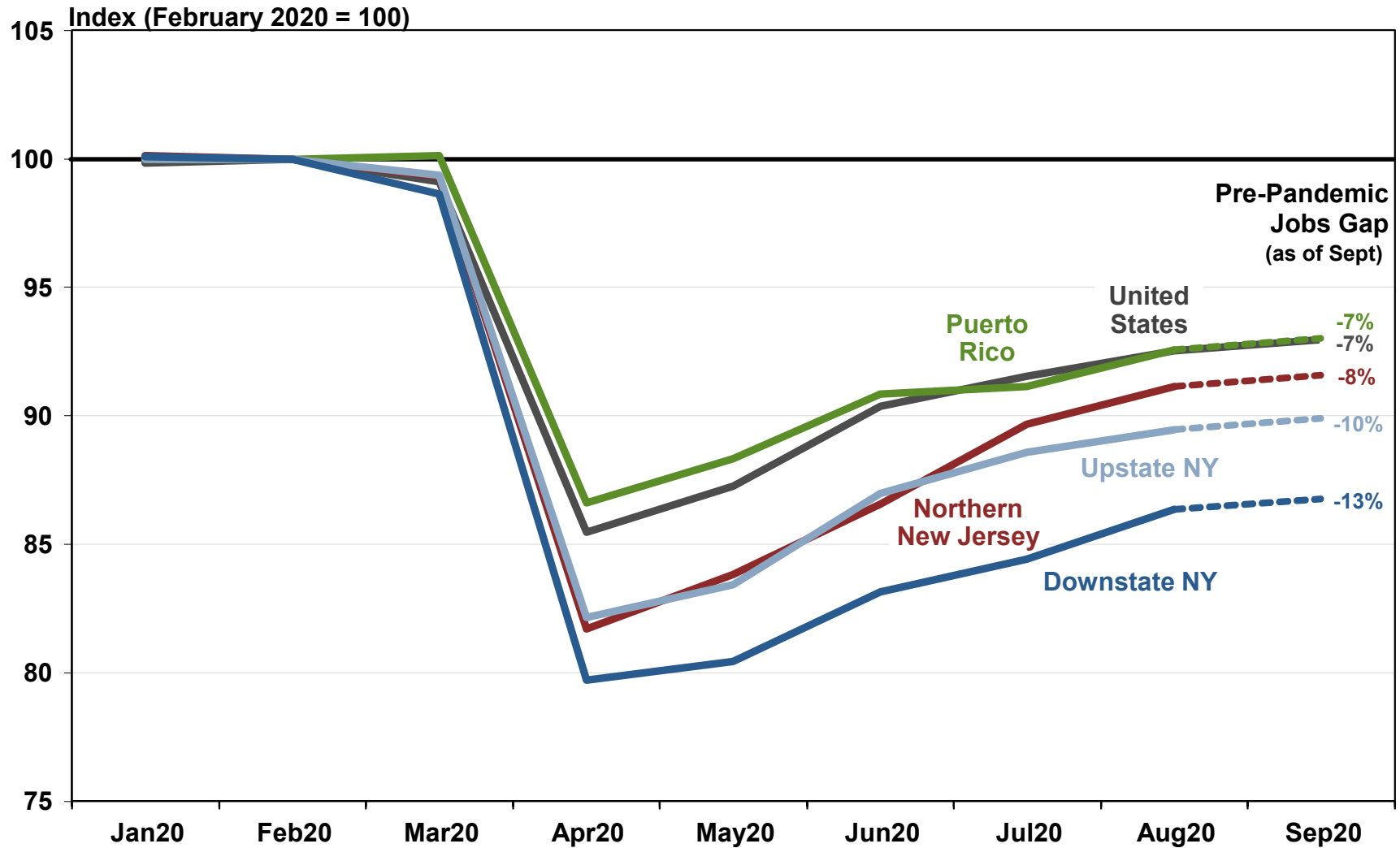
# Consumer Spending Remains Weak

Percent Change in Total Spending, Indexed to January 2020



# Employment Well Below Pre-Pandemic Levels

Indexes of Total Employment, Seasonally Adjusted



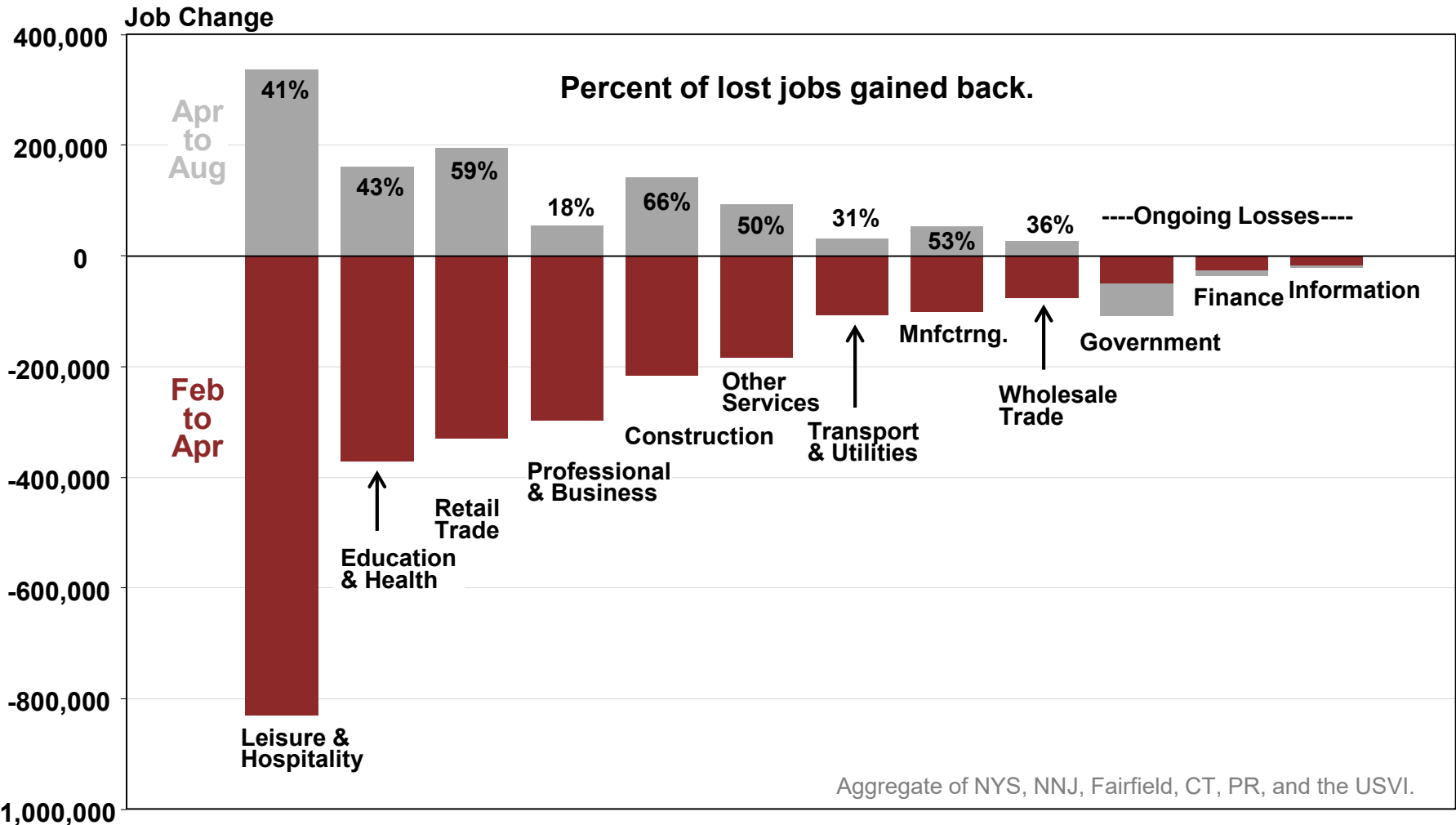
Source: U.S. Bureau of Labor Statistics and Moody's Economy.com; data are early benchmarked by New York Fed staff.  
Note: Dashed lines are preliminary estimates.

# Reference Slides



# Job Losses and Gains in the Second District

## Change in Employment Level by Sector



# Pre-Pandemic Jobs Gap by Local Area

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

