



FEDERAL RESERVE BANK *of* NEW YORK

# Overview of the Regional Economy

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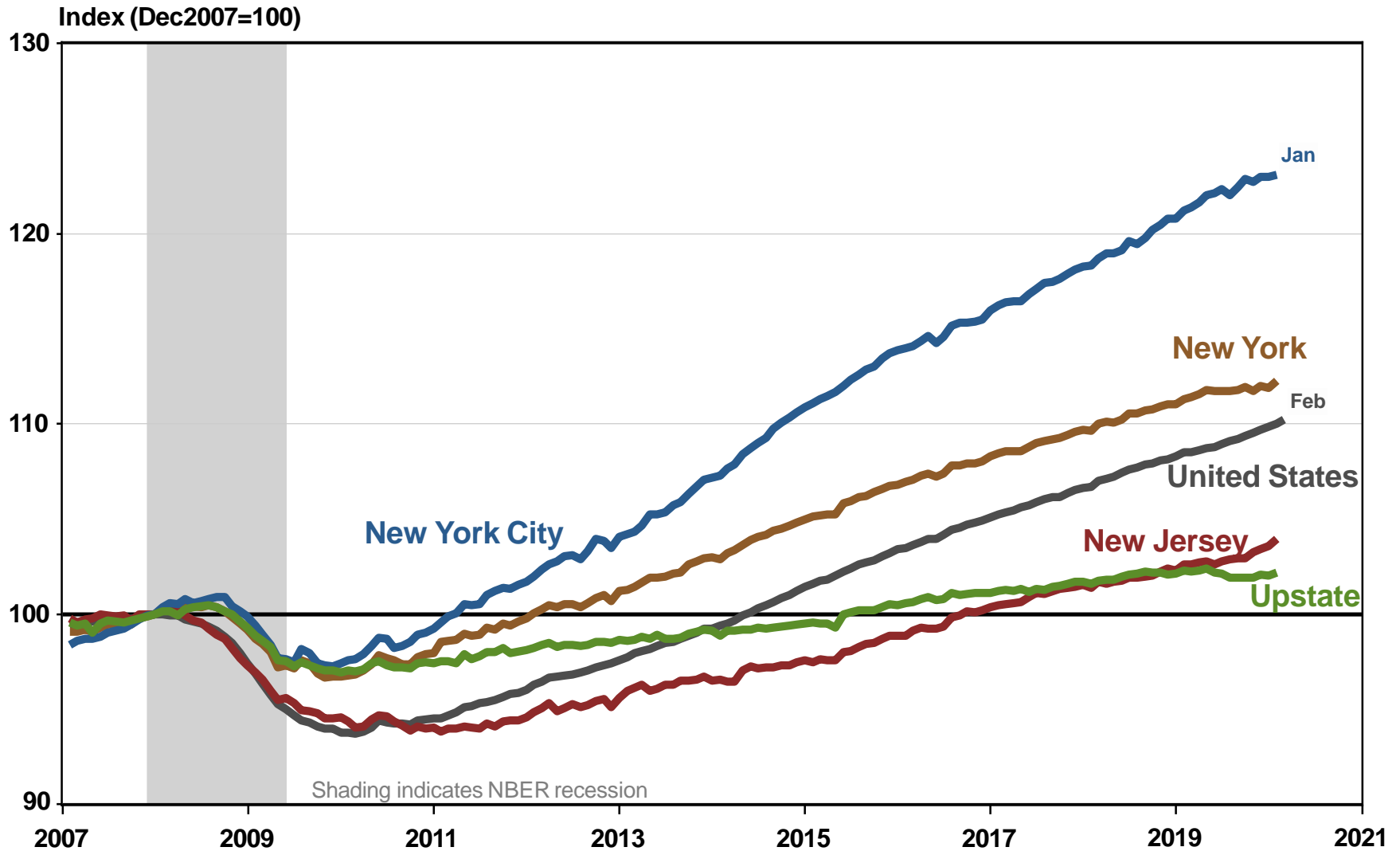
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# Preview

- Employment trends prior to coronavirus pandemic.
- Recent results from regional business surveys.
- Implications of oncoming surge in jobless claims.
- What lies ahead for the region?

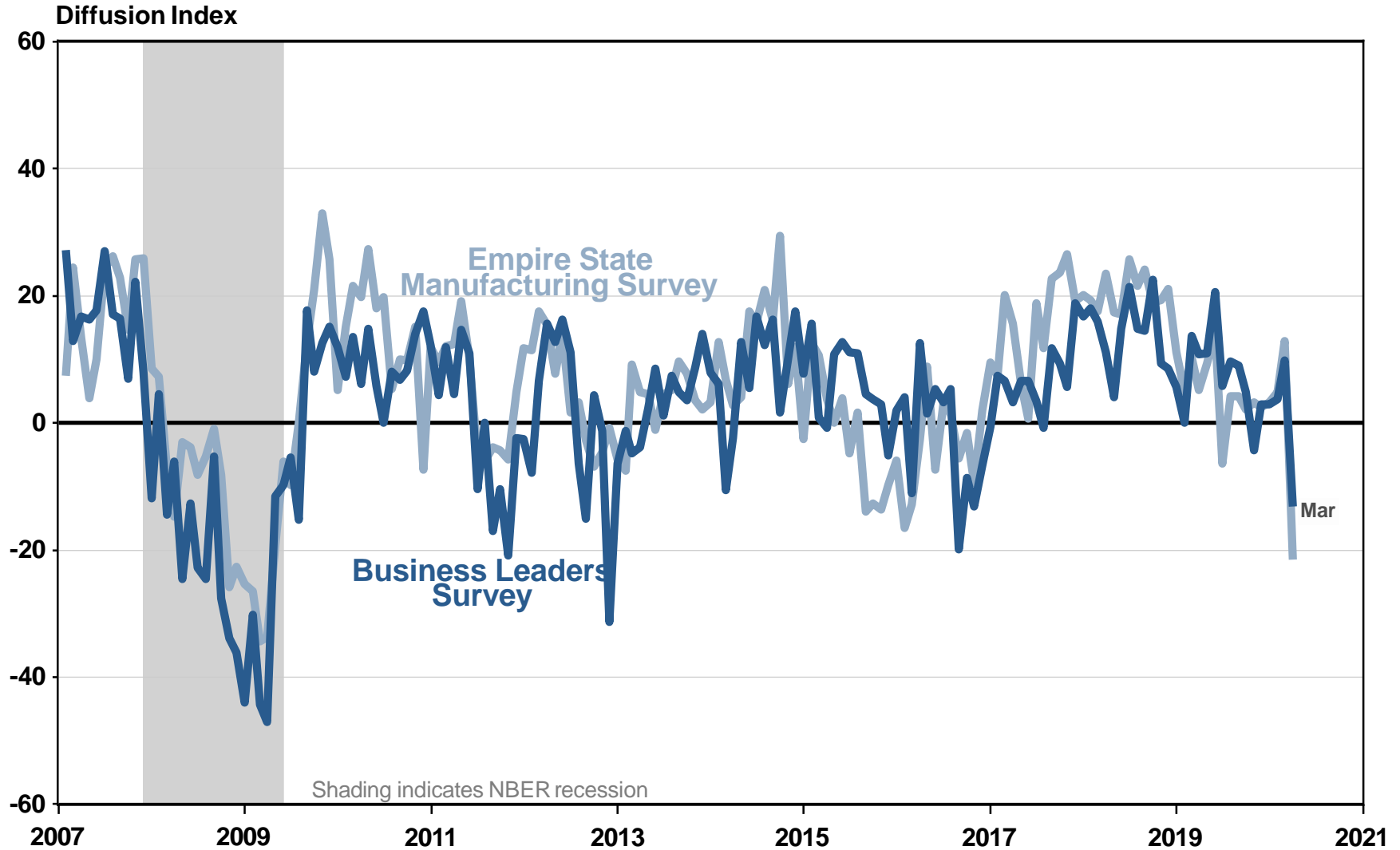
# Total Employment

## Seasonally Adjusted Index



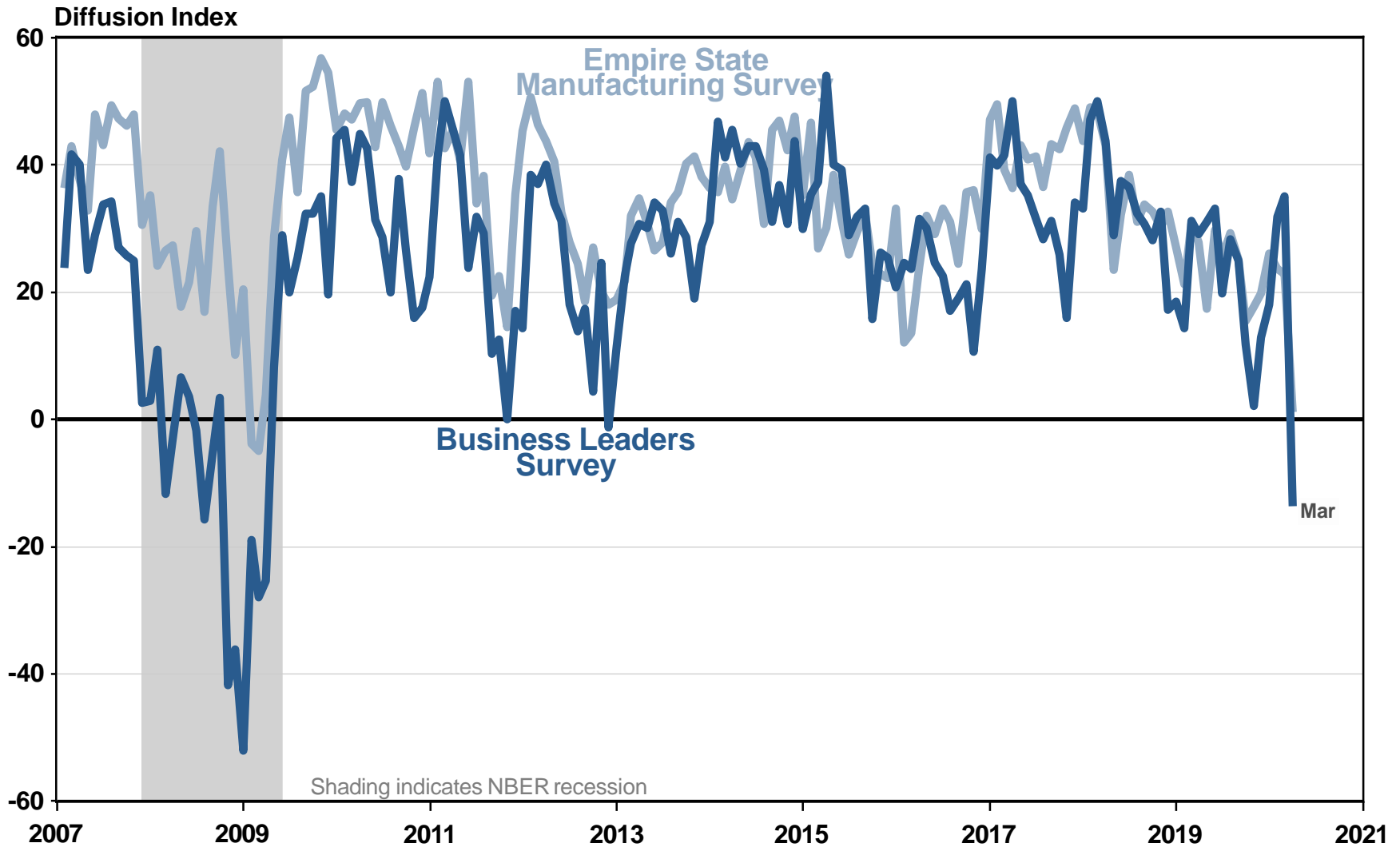
# Current Economic Conditions

## FRBNY Business Surveys, Current Conditions



# Future Economic Conditions

FRBNY Business Surveys, Conditions Six Months Ahead



Shading indicates NBER recession

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# March 2020 Surveys

New York Fed Regional Business Surveys (March 2 to 10)

What effect do you see the recent outbreak of the Coronavirus having on your bottom line (profits) thus far in 2020?

## Empire State Manufacturing Survey



## Business Leaders Survey

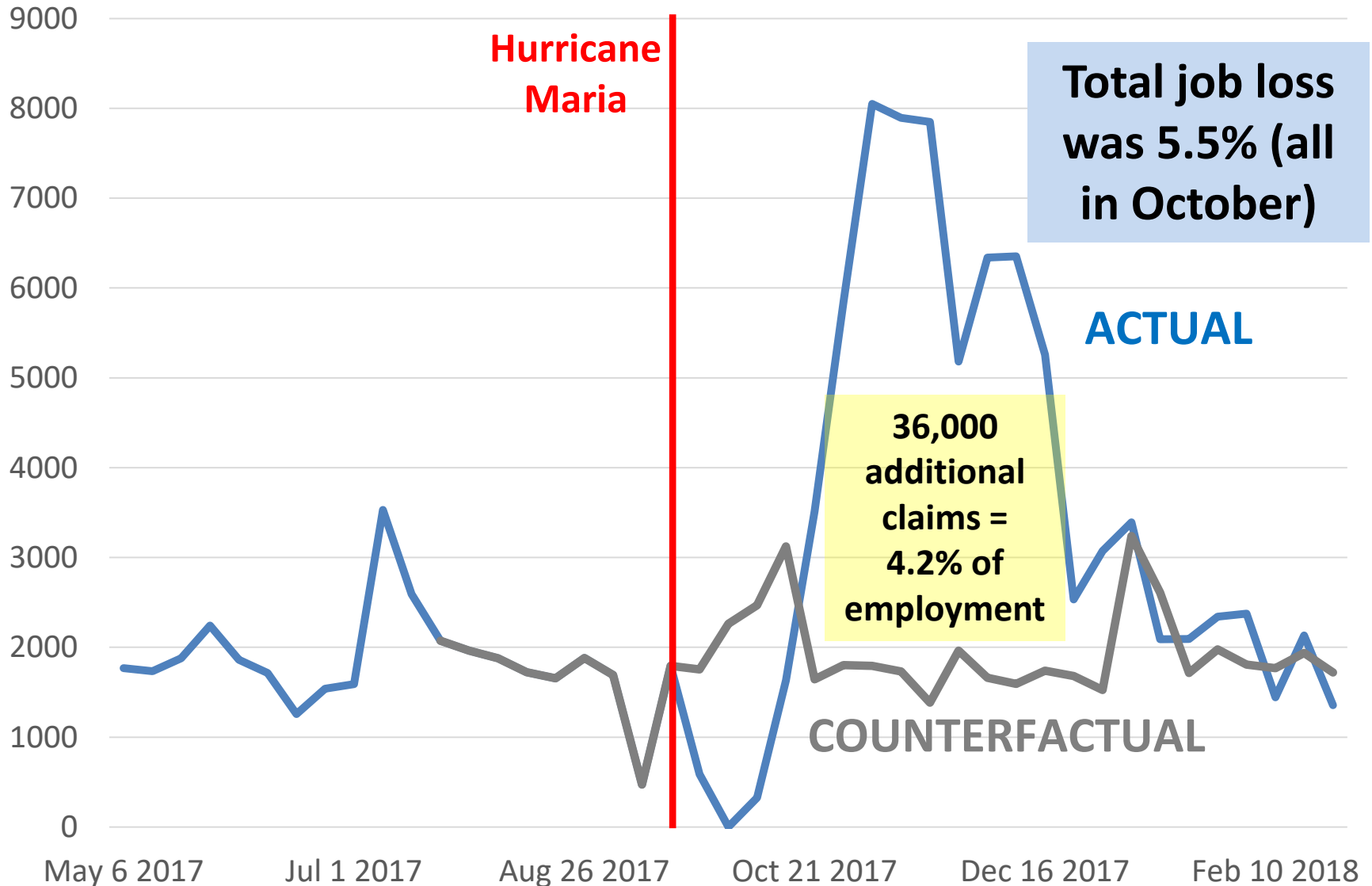


# Jobless Claims

- This past week's surge in initial jobless claims—to be released Thursday—is likely to be unprecedented.
- One comparison is Puerto Rico's shutdown following Hurricane Maria in September 2017:
  - Jobless claims in the 10 weeks following Maria added up to roughly 36,000 above normal levels—equivalent to just over 4% of total employment in Puerto Rico. The drop in employment turned out to be 5.5%.
  - A comparable rise in jobless claims in New York State would add up to 420,000 over the coming weeks, which would imply something like a 5% drop in employment—roughly comparable to the total job loss in the 2008-09 recession.

# Weekly Initial Jobless Claims in Puerto Rico Pre and Post Maria

## Actual vs Counterfactual





# Summary

- The NYC metro economy was running at full steam prior to the pandemic, though upstate New York had already been sluggish.
- Our regional business surveys point to a decline in activity and sharp deterioration in the economic outlook.
  - Both current and expected headline indexes fell in early March but remained above the lows seen during the Great Recession, though much has changed since the survey closed on March 10<sup>th</sup>.
- Jobless claims in the region are likely to surge in the coming weeks.
  - Comparing the current situation to Puerto Rico post-Maria may help us get a rough handle on the magnitude of the employment effect.
- What lies ahead for the region?
  - This situation is unprecedented and economic implications are uncertain. The outlook largely depends on the duration of the pandemic.
  - We will be monitoring conditions and surveying businesses and households to better understand the path of the regional economy.

