

**Minutes of the meeting of the
SECOND DISTRICT ADVISORY COUNCIL**

10:30 a.m. – 12:30 p.m., Thursday, October 14, 2021
Federal Reserve Bank of New York
33 Liberty Street, New York, NY
Via WebEx

On WebEx:

Donnel Baird, Founder & CEO, BlocPower
Adenah Bayoh, Founder, Adenah Bayoh & Companies
Jaswinder Chadha, President & CEO, Axtria, Inc.
Kevin Ellis, CEO, Cayuga Milk Ingredients
Lynne Marie Finn, President & CEO, Broadleaf Results
Hugh Johnston, Vice Chairman & CFO, PepsiCo
Melanie Littlejohn, VP NY Customer & Community Engagement, National Grid
Jonathan F.P. Rose, President, Jonathan Rose Companies
Federico Stubbe, Jr., CEO, PRISA Group

Federal Reserve Bank of New York attendees:

John Williams, President & CEO
Jaison Abel, Research & Statistics
Jason Bram, Research & Statistics
David Erickson, Communications & Outreach
Jack Gutt, Communications & Outreach
Andrew Haughwout, Research & Statistics
Rebecca Landau, Communications & Outreach
Claire Kramer Mills, Communications & Outreach
David Lucca, Research & Statistics
Rosanne Notaro, Legal
Shawn Phillips, Communications & Outreach
Dominic Ramos-Ruiz, Communications & Outreach

Ms. Kramer Mills called the meeting to order at approximately 10:30 a.m.

1. Welcome

Mr. Williams welcomed council members and discussed inflation pressures, supply chain disruptions, and labor shortages. He noted that the most acute stressors are COVID-related, these economic pressures are a global issue, and these issues are not unique to the New York Fed's Second District (the "District").

2. National Economy Update

Mr. Lucca presented an update on the national economy and noted that the COVID-19 summer surge has weighed on economic activity, but above-trend economic growth is expected to resume as activity in COVID-19 sensitive sectors normalizes and supply bottlenecks abate. He added that inflation readings have moderated as the impact of idiosyncratic COVID-19 factors have subsided, and that there has been robust wage growth especially for low-wage workers. Mr. Lucca also noted that labor market recovery is still underway amidst strong labor demand, but that jobs remain five million below pre-pandemic levels.

3. Regional Economy Update

Mr. Able provided an update on the regional economy, noting that growth has slowed in the region's service sector with the rise of the Delta variant but that the manufacturing sector remains solid. He added that the labor market is exceptionally tight with widespread reports of hiring difficulties. In particular, while the New York and Northern New Jersey regions have continued to steadily add jobs, employment remains well below pre-pandemic levels, particularly in New York City. However, he added that the jobs shortfall was less severe in Puerto Rico than in other parts of the District. Finally, Mr. Abel noted that home prices have increased sharply through the pandemic, while rents in New York City have rebounded modestly but have not returned to pre-pandemic levels.

4. Facilitated Discussion

Mr. Kevin Ellis began the facilitated discussion by asking members to share how their industry has fared over the past quarter and to provide insights on emerging industry and overall economic trends, noting four focused discussion topics – labor, inflationary pressures, supply chain and logistic issues, and other national or regional insights. Regarding labor, participants noted a tight labor market across sectors, the need to increase wages to attract and retain workers, an increase in retirements among Baby Boomers, women leaving

workforce in greater numbers, and the impact of immigration policies and child care shortages.

Regarding inflation, some participants noted price increases in certain commodities, some of which was being passed on to the consumer. Many participants also commented on supply chain issues, which were causing extended project completion dates; significant increases in the cost of shipping containers; and difficulty in obtaining project financing as the cost of goods could vary greatly between concept and closing. Finally, a participant commented on a psychosocial general phenomenon, which includes a general resistance to returning to work and/or being vaccinated and to paying for or holding debt obligations.

5. Fed Listens

Mr. Gutt, Executive Vice President and Head of Communications & Outreach, led a Fed Listens session focused on the pace of pandemic recovery. Members shared how issues such as inflation, housing, food insecurity, and pandemic-related benefits have affected recovery for their communities and businesses. Insights included: some organizations noted a push for automation and new technologies and an associated uncertainty about the results of such; many characterized the recovery as “uneven” both geographically and across industries; some organizations are looking to adapt to changes in the workplace post-pandemic, including increased hybrid and remote work; and some businesses highlighted impending challenges of adapting to the climate transition.

6. Concluding Remarks

Mr. Williams thanked members for their insights and noted that the New York Fed will continue to monitor the recovery and engage with members.

The meeting adjourned at approximately 12:30 p.m.