



Federal Home Loan Bank
NEW YORK

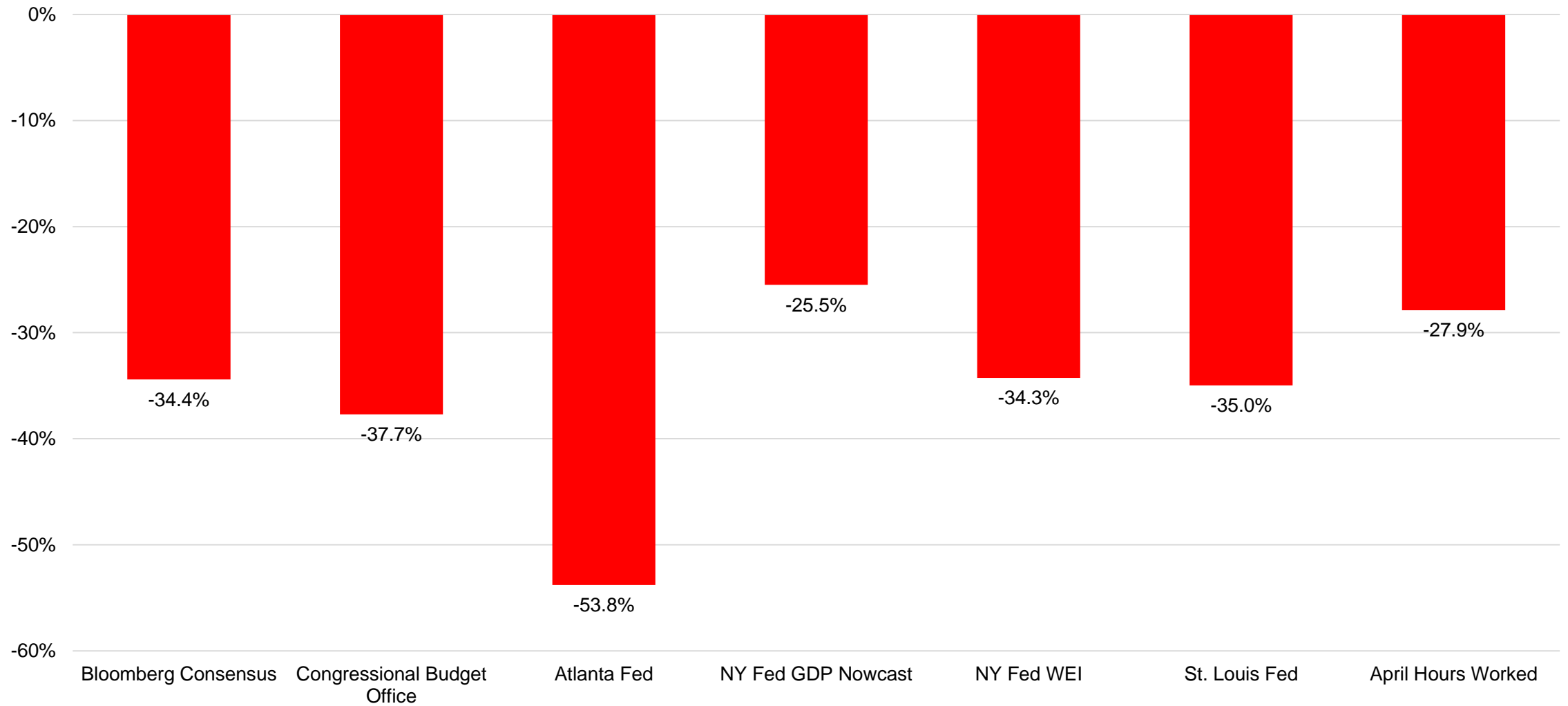
Looking for a Light at the End of the Tunnel

June 11, 2020

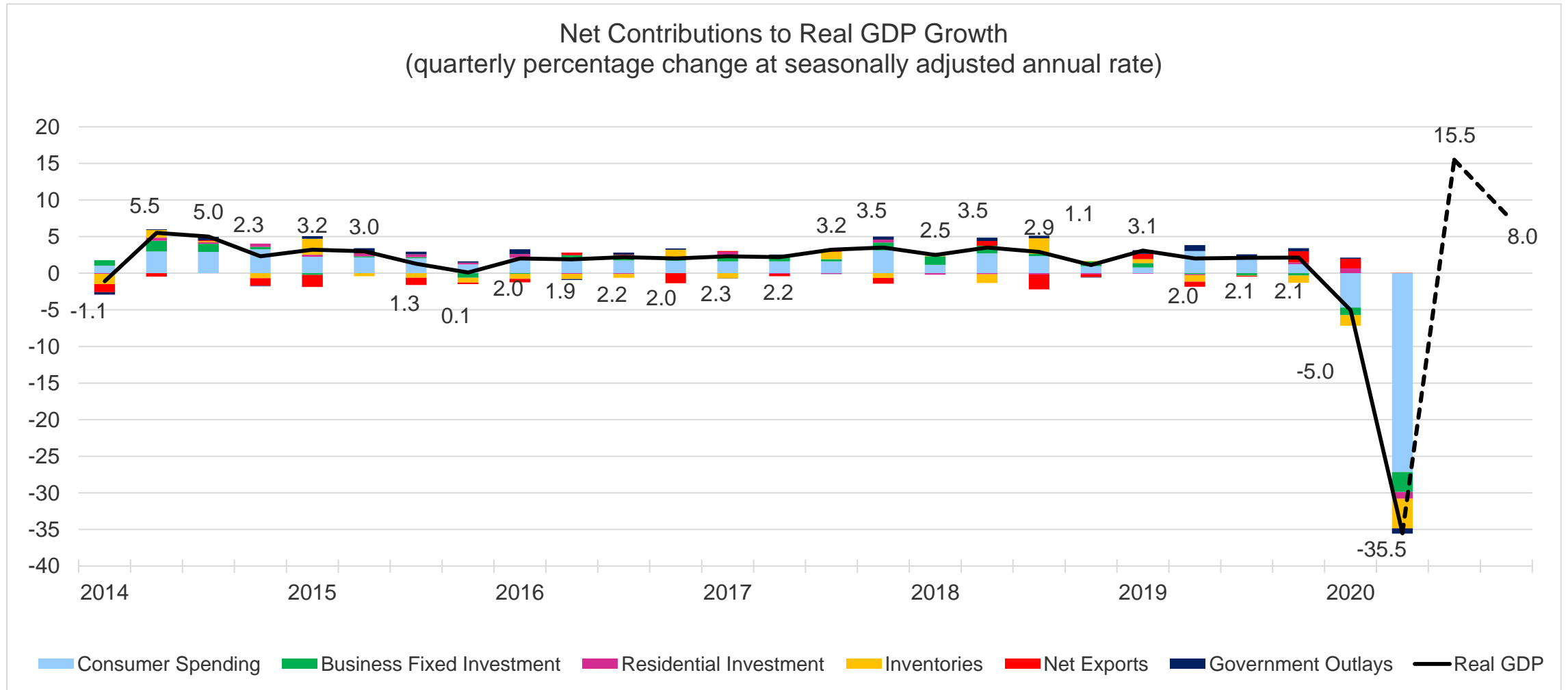
Presented by: Brian Jones, Financial Economist



Q2 Real GDP Projections, While Dour, Remain in Flux

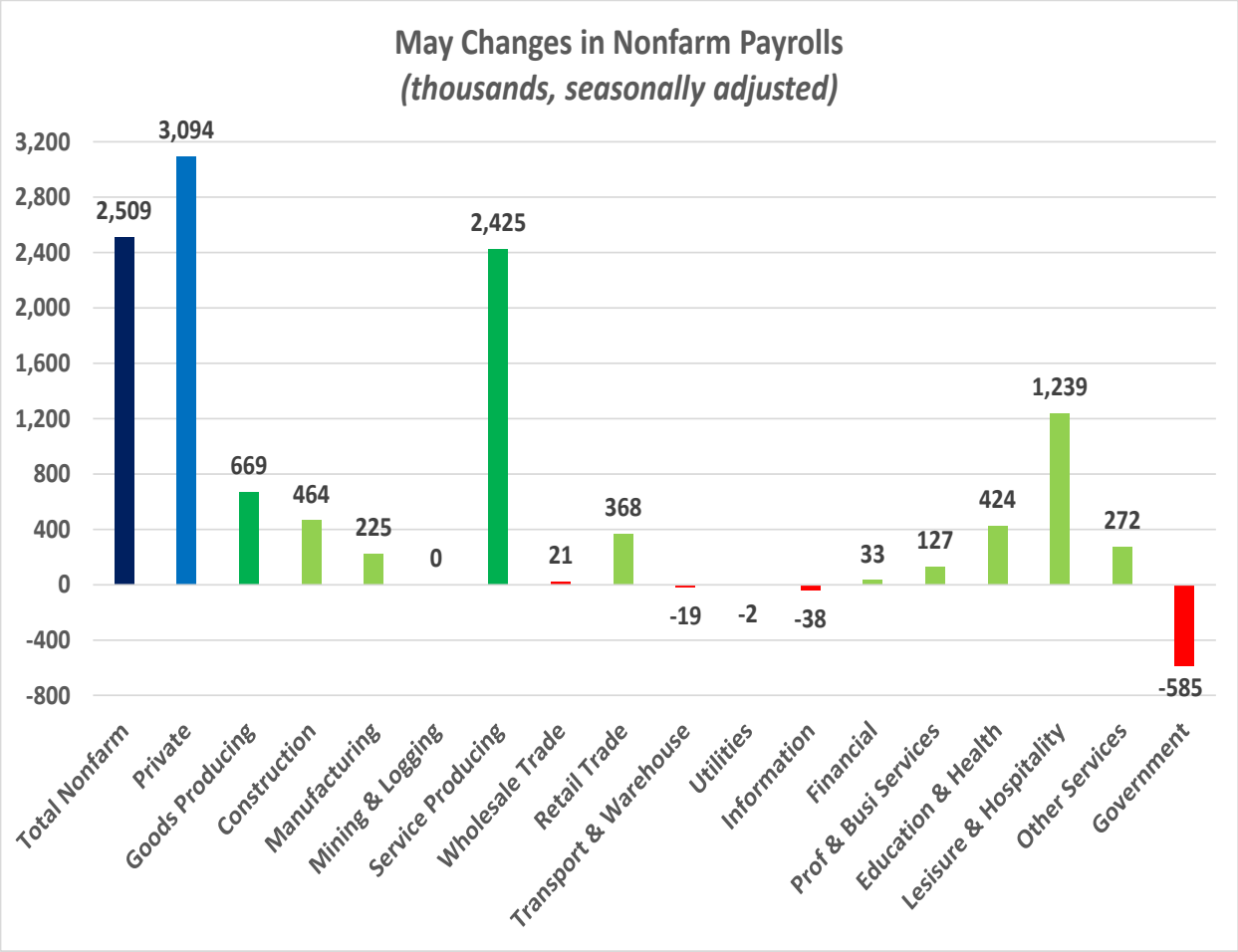
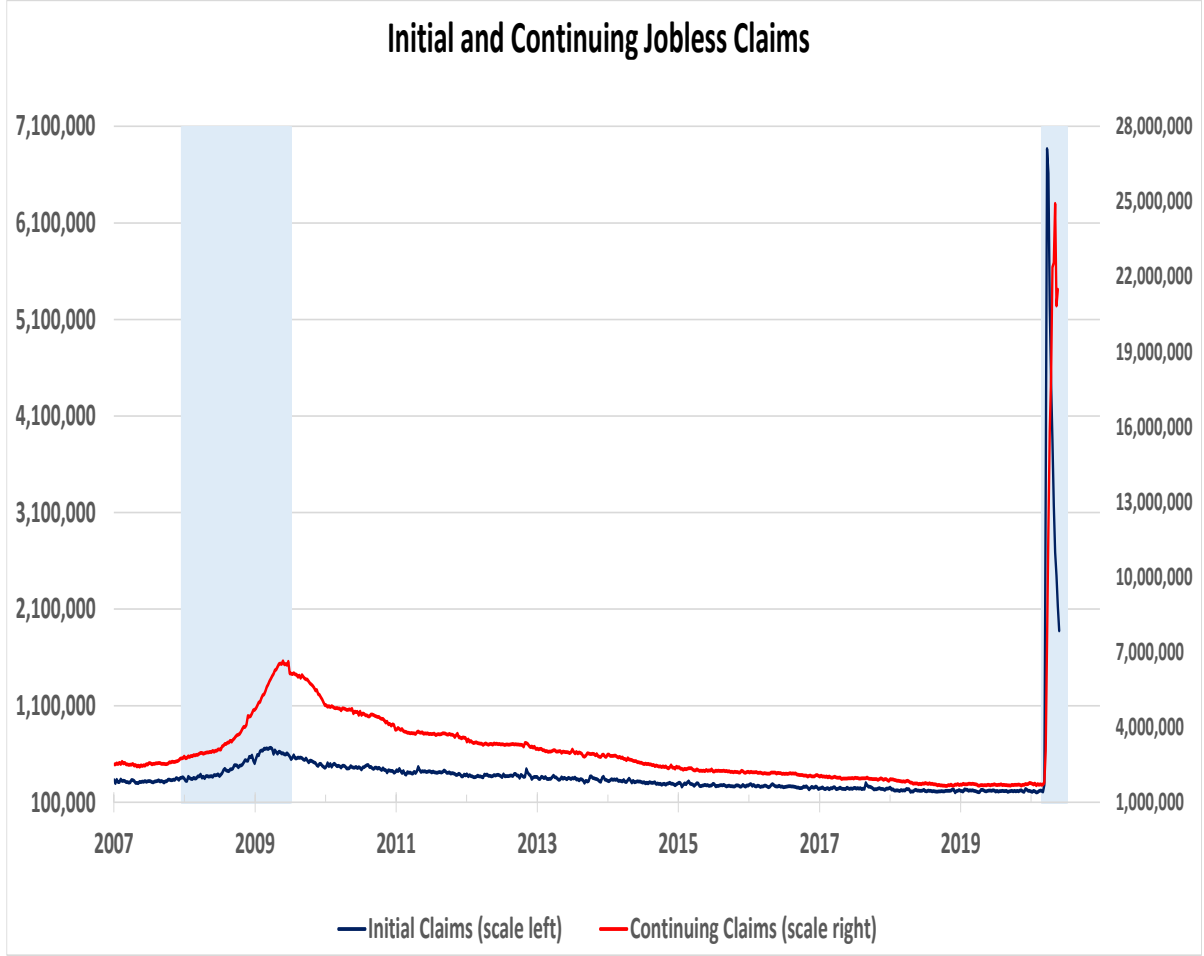


Consensus Expects Economic Expansion to Resume During the Summer



Source: Bureau of Economic Analysis

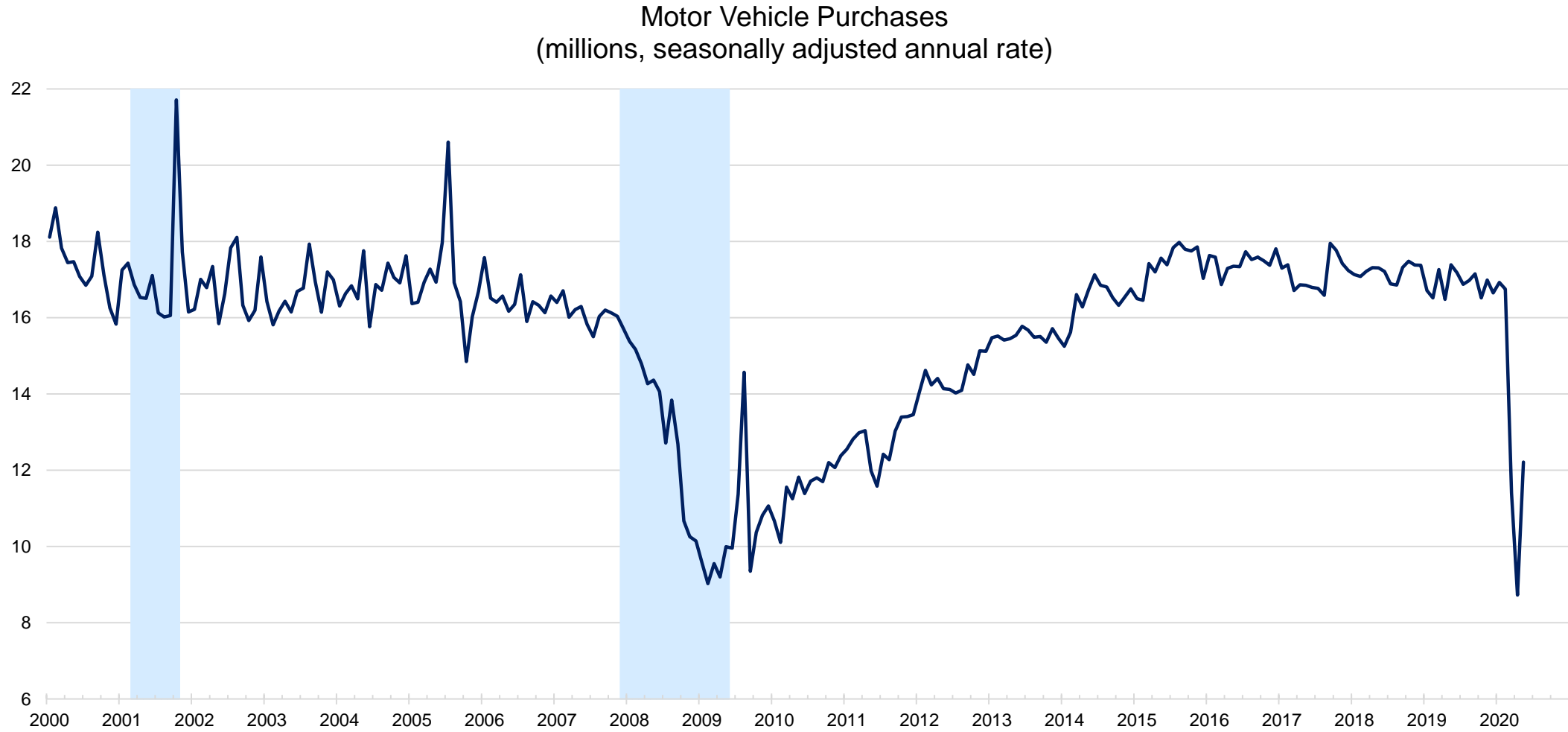
Labor Markets Have Started to Recover as Segments of the Economy Reopen



Note: Shaded areas denote recessions. Sources: U.S. Department of Labor, Federal Reserve Bank of St. Louis



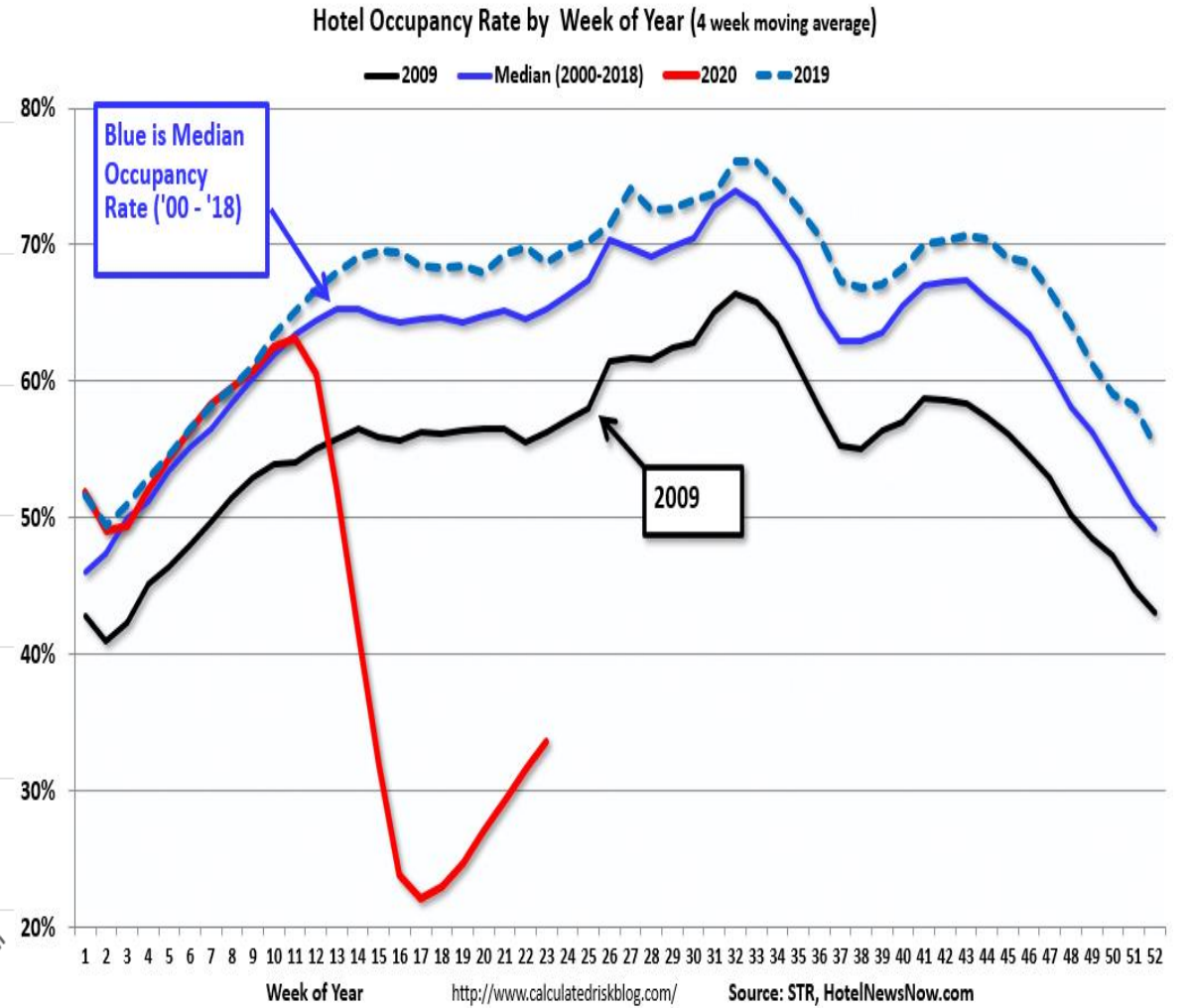
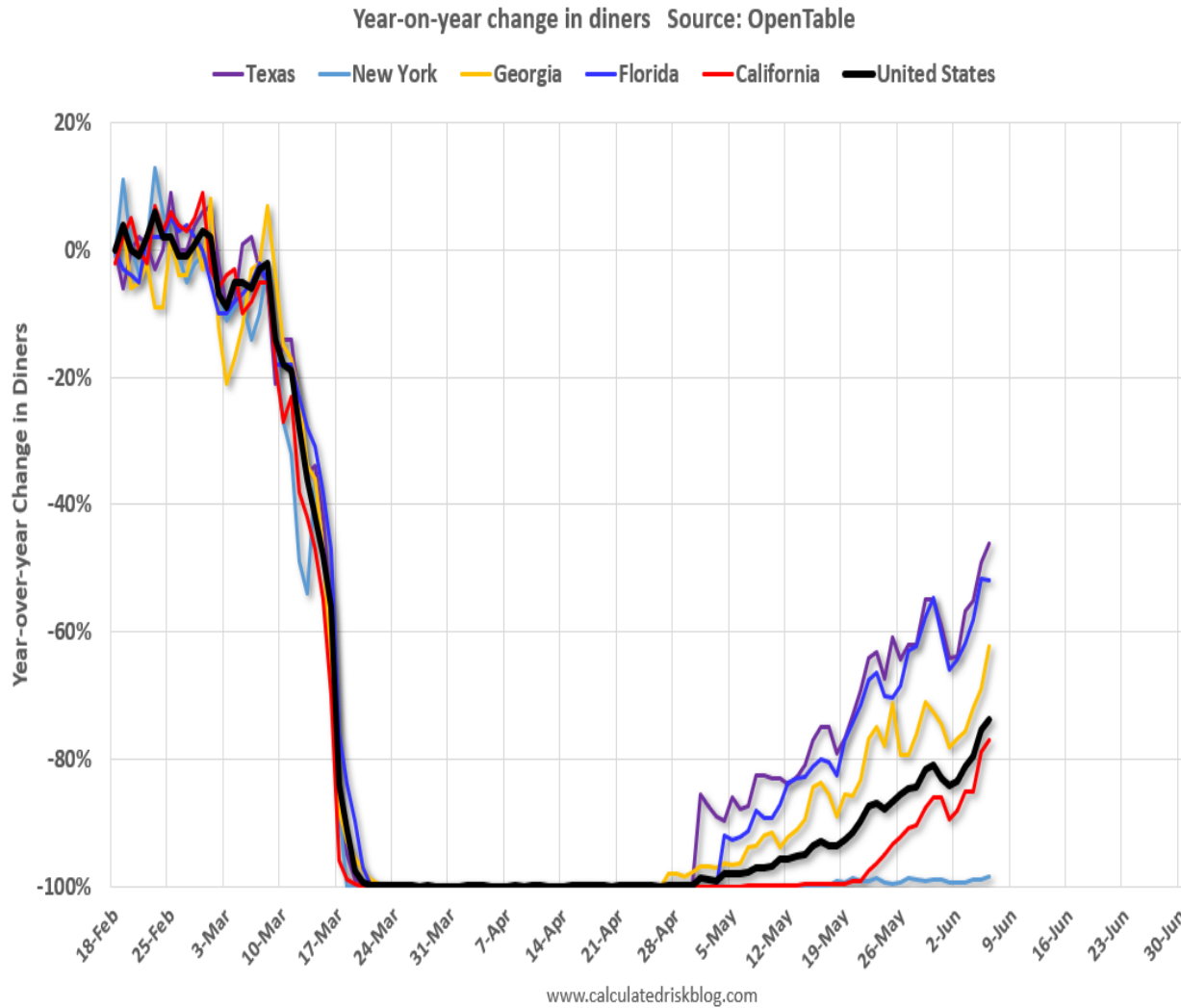
Motor Vehicle Sales Bounced Off Their Record Low in May



Note: Shaded areas denote recession.
Source: Bureau of Economic Analysis



Some of the Hardest Hit Service-Producing Industries Are Moving Off Their Bottoms



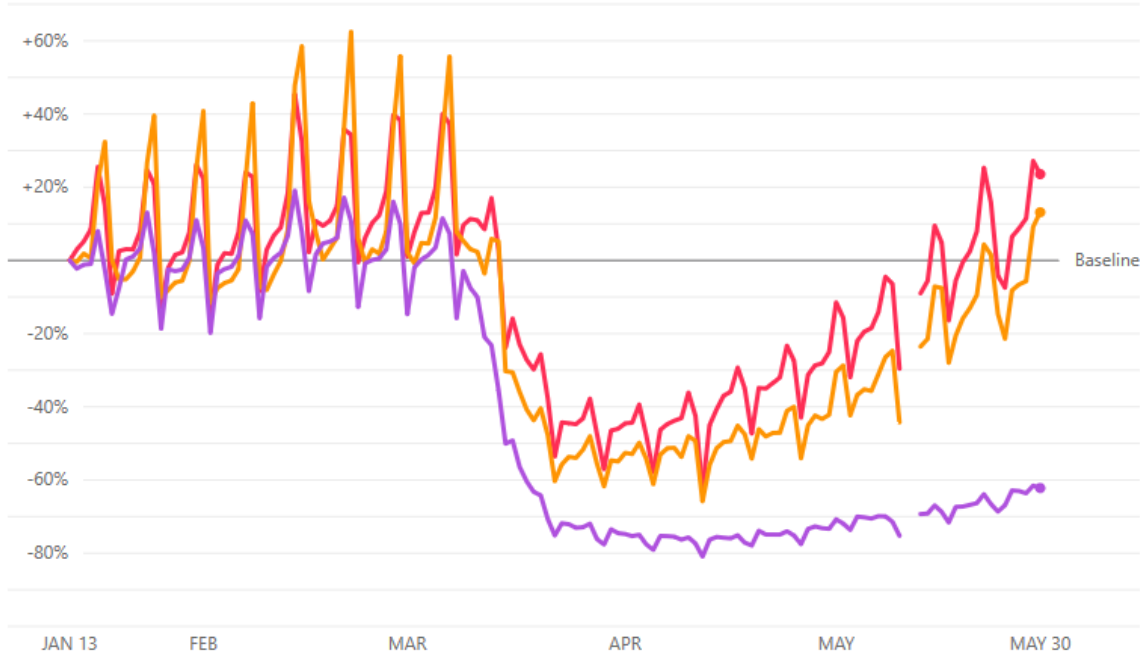
Source: Calculated Risk

Consumers Returning to the Road; Public Transit Will Rebound With Reopenings

Mobility Trends

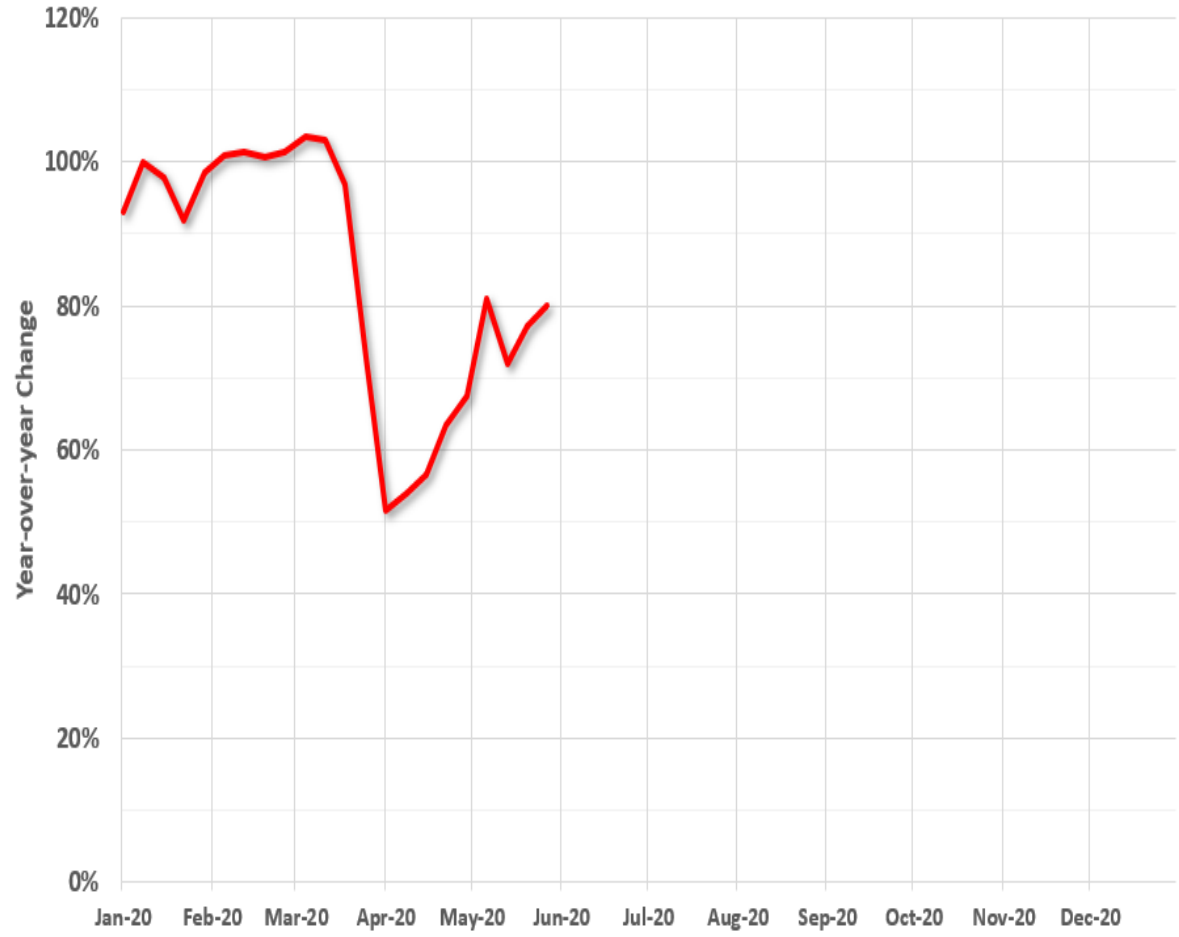
Change in routing requests since January 13, 2020

Search (for example Italy, California, or New York City)
United States



- Driving +24%
- Walking +13%
- Transit -62%

Gasoline Consumption Year-over-year



Source: EIA

www.calculatedriskblog.com

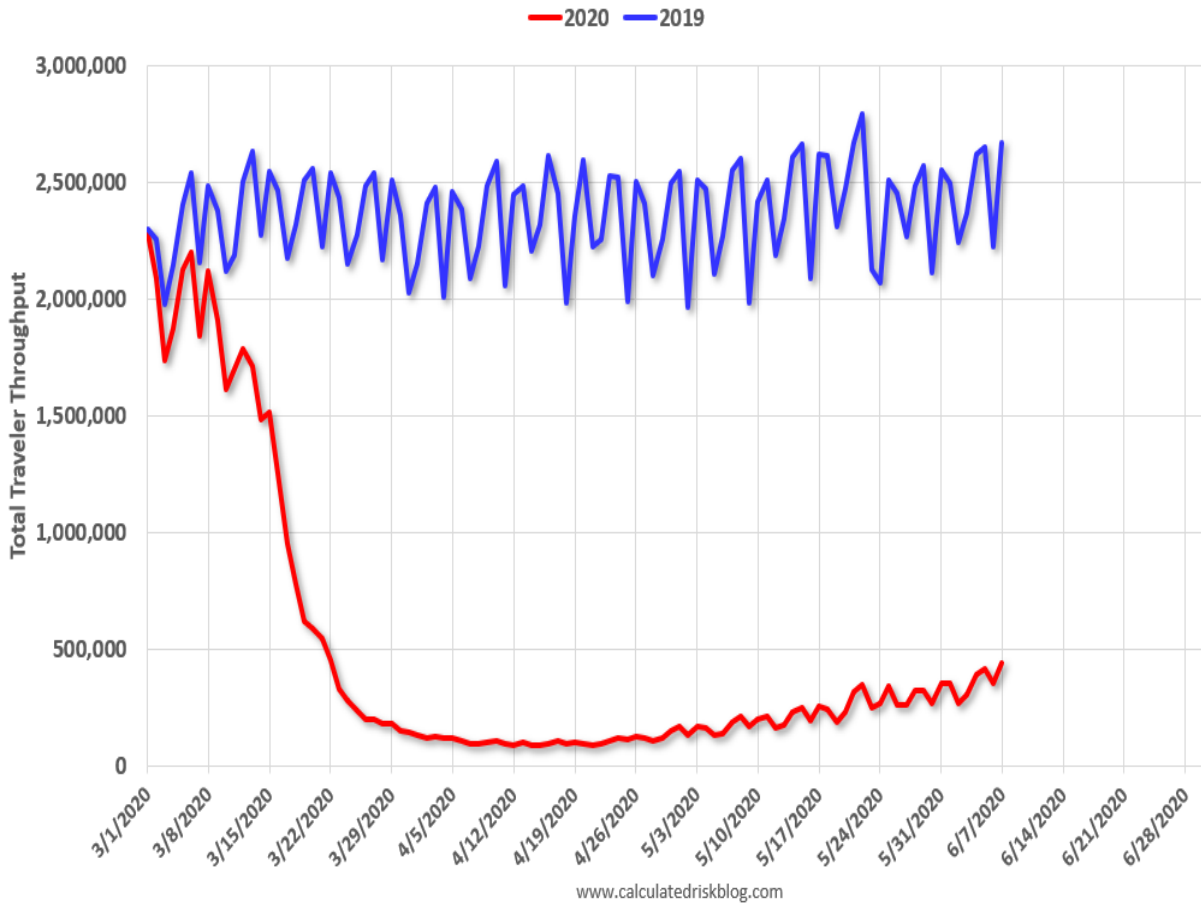


Source: Calculated Risk

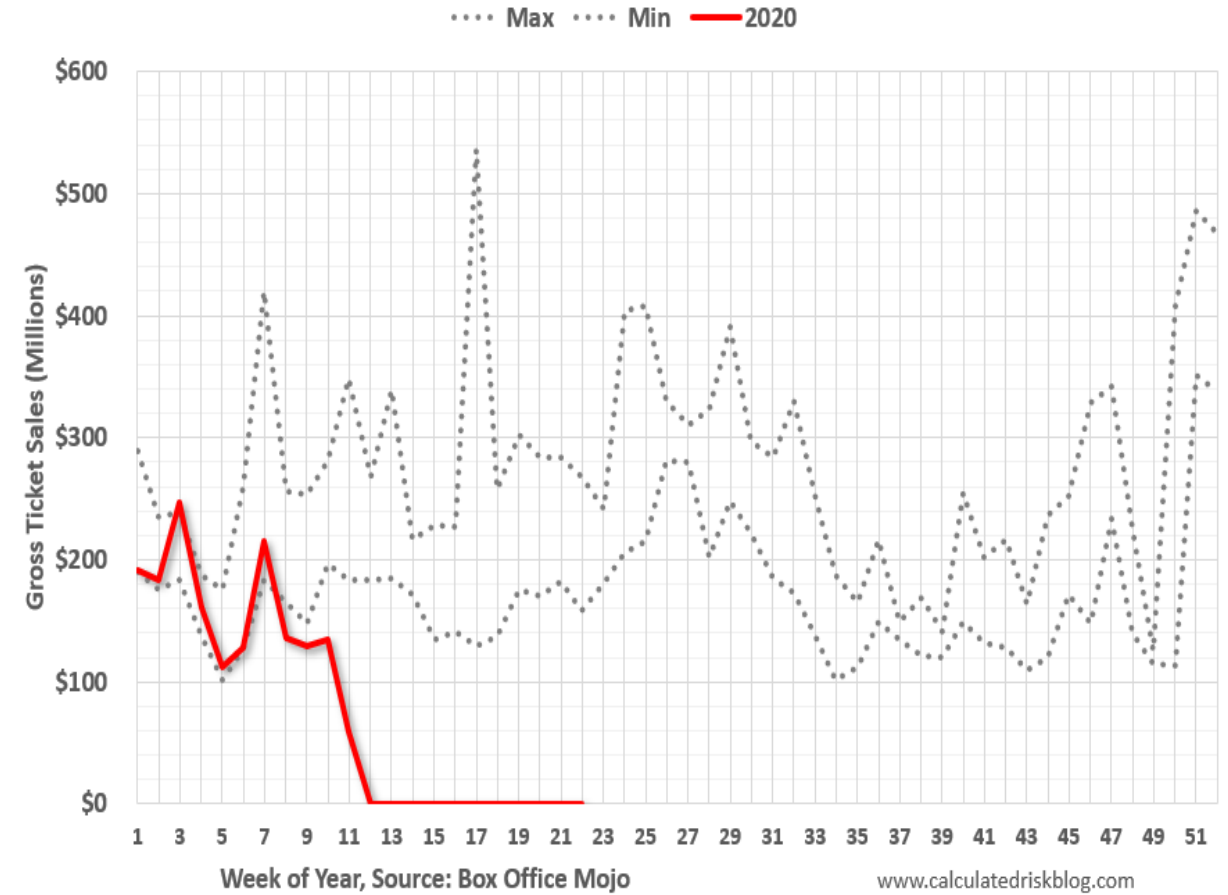
FHLBNY

Other Areas of the Economy Will Take Longer to Recover

TSA checkpoint travel numbers for 2020 and 2019

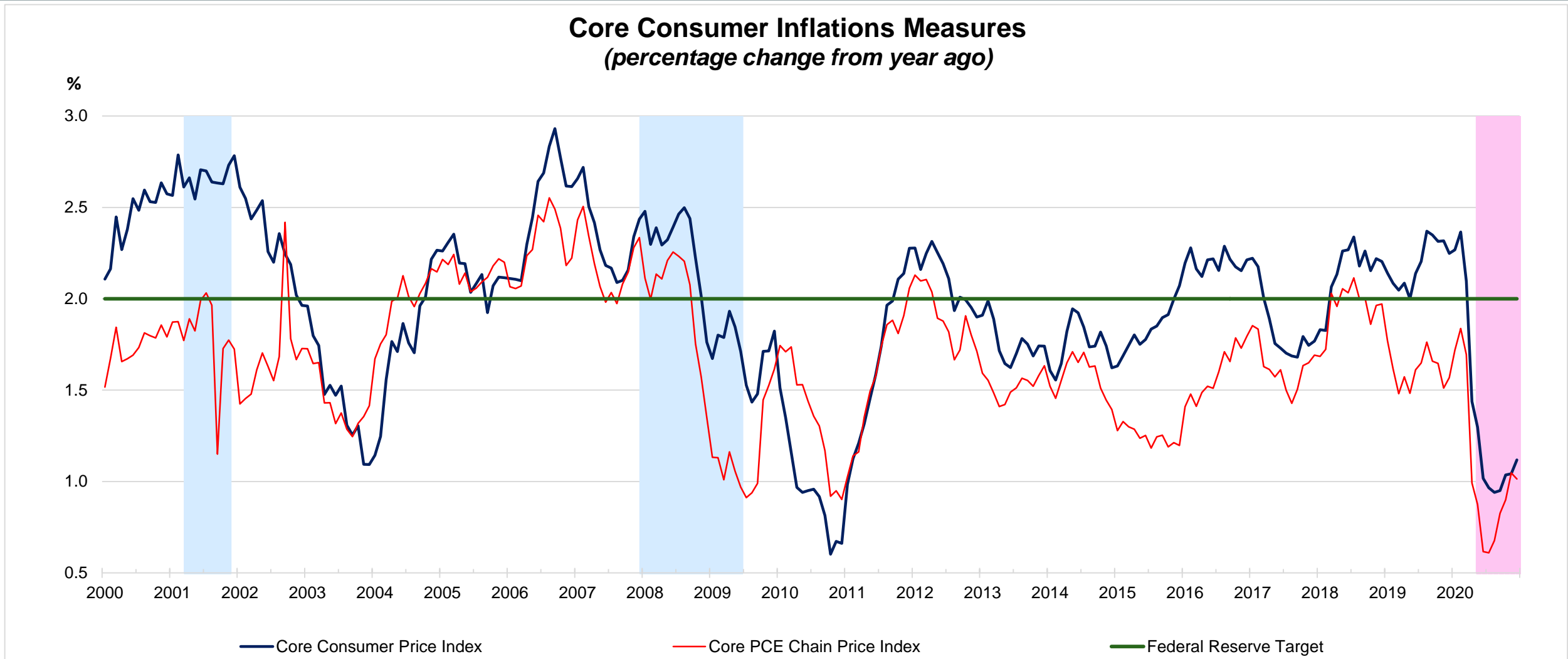


Gross Movie Sales Weekly, Max and Min for 2016 - 2019



Source: Calculated Risk

Core Consumer Inflation Gauges Will Remain Well Below Fed Target in 2020

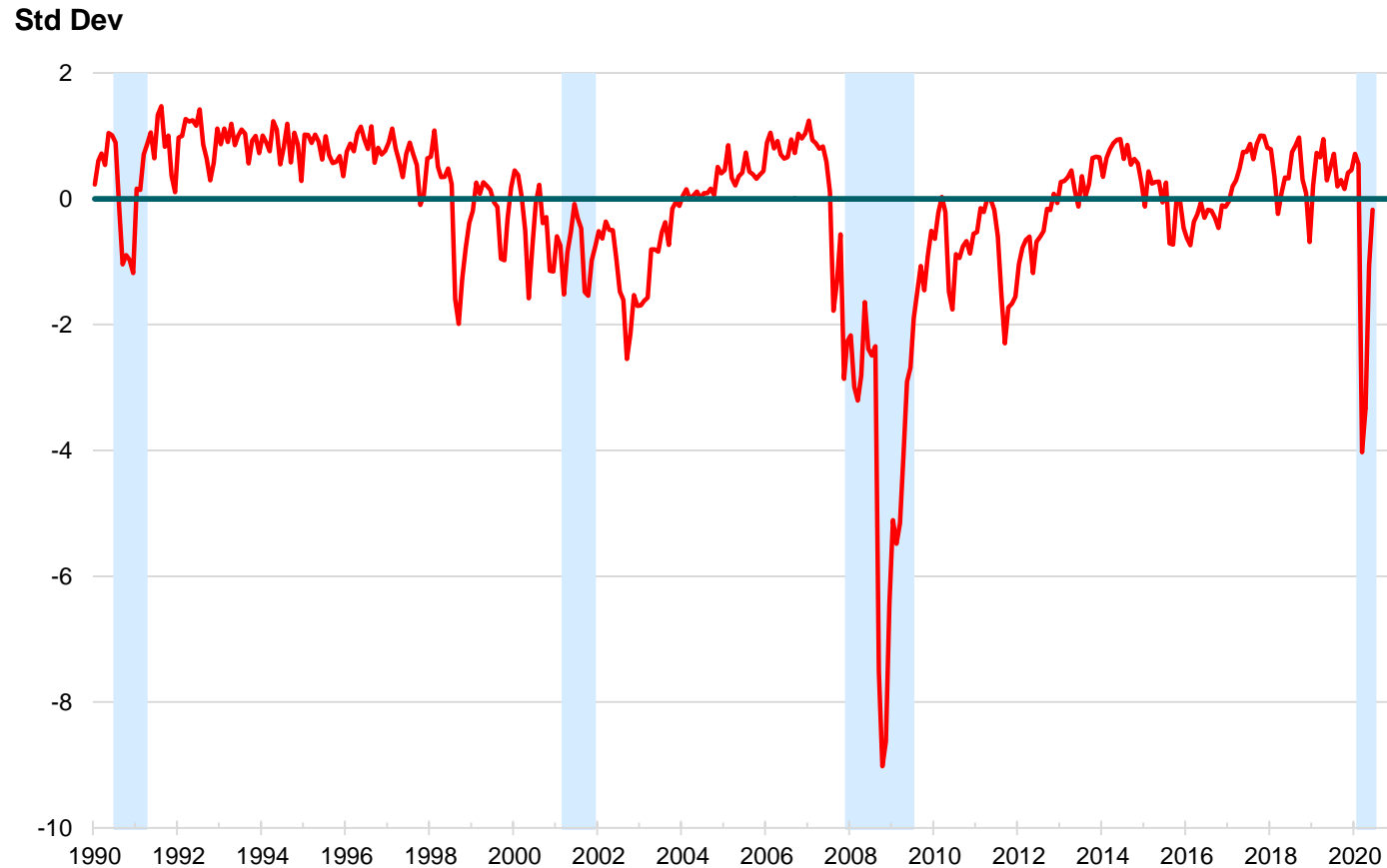


Notes: Light blue shaded areas denote recessions. Pink shaded area denotes projections.
Sources: Bureau of Labor Statistics and FHLBNY



Financial Conditions Near Neutral for the First Time Since Late February

Bloomberg United States Financial Conditions Index



	14-May-20	8-Jun-20	Change
US Financial Conditions	-1.26	-0.18	1.08
Money Market Spreads:			
TED Spread	27.63	17.34	-10.29
Libor/OIS Spread	33.40	24.79	-8.62
Com Paper/T-Bill Spread	17.56	12.15	-5.41
Bond Market Spreads:			
Baa/10-Yr Treasury Spread	274.82	189.82	-85.00
High-Yield/10-Yr Treas Spread	7.50	5.36	-2.14
Muni/10-Yr Spread	61.30	15.95	-45.35
Swaption Volatility Index	66.90	68.88	1.98
Equity Market:			
S&P 500	2852.50	3210.36	357.86
VIX S&P Volatility Index	32.61	25.11	-7.50

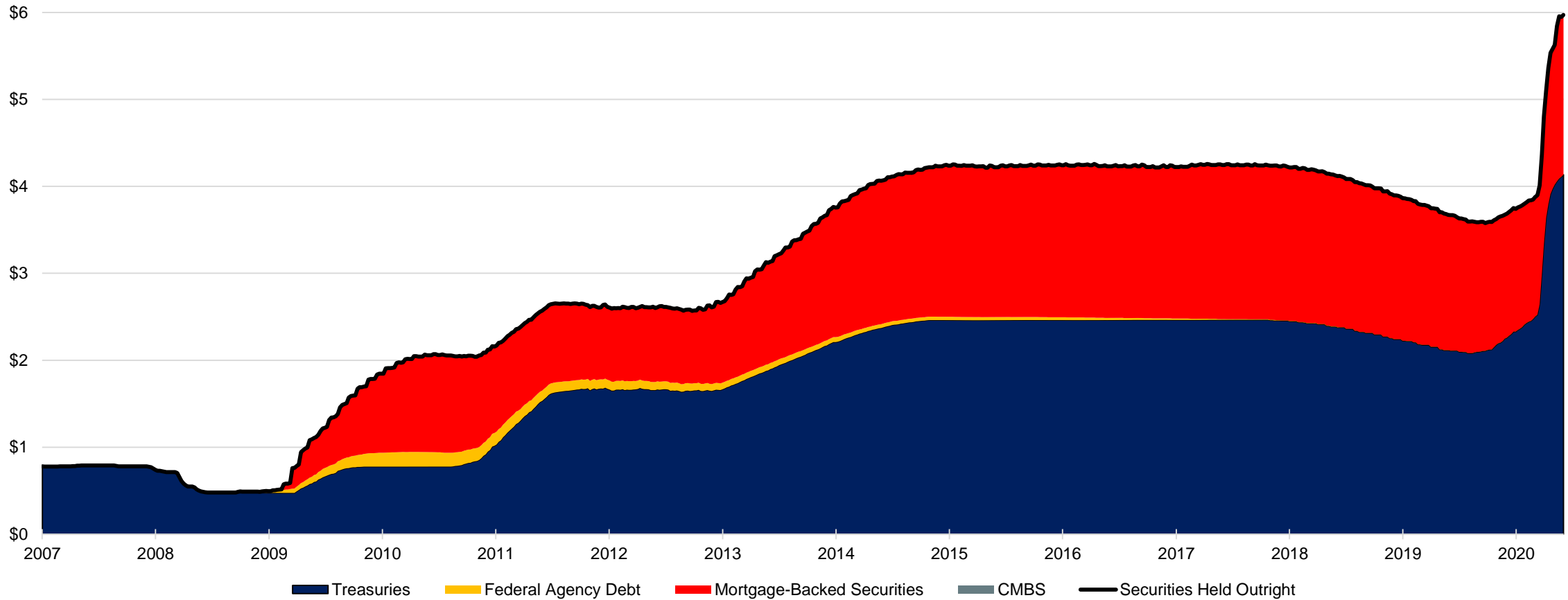
Note: Shaded areas denote recessions.

Source: Bloomberg



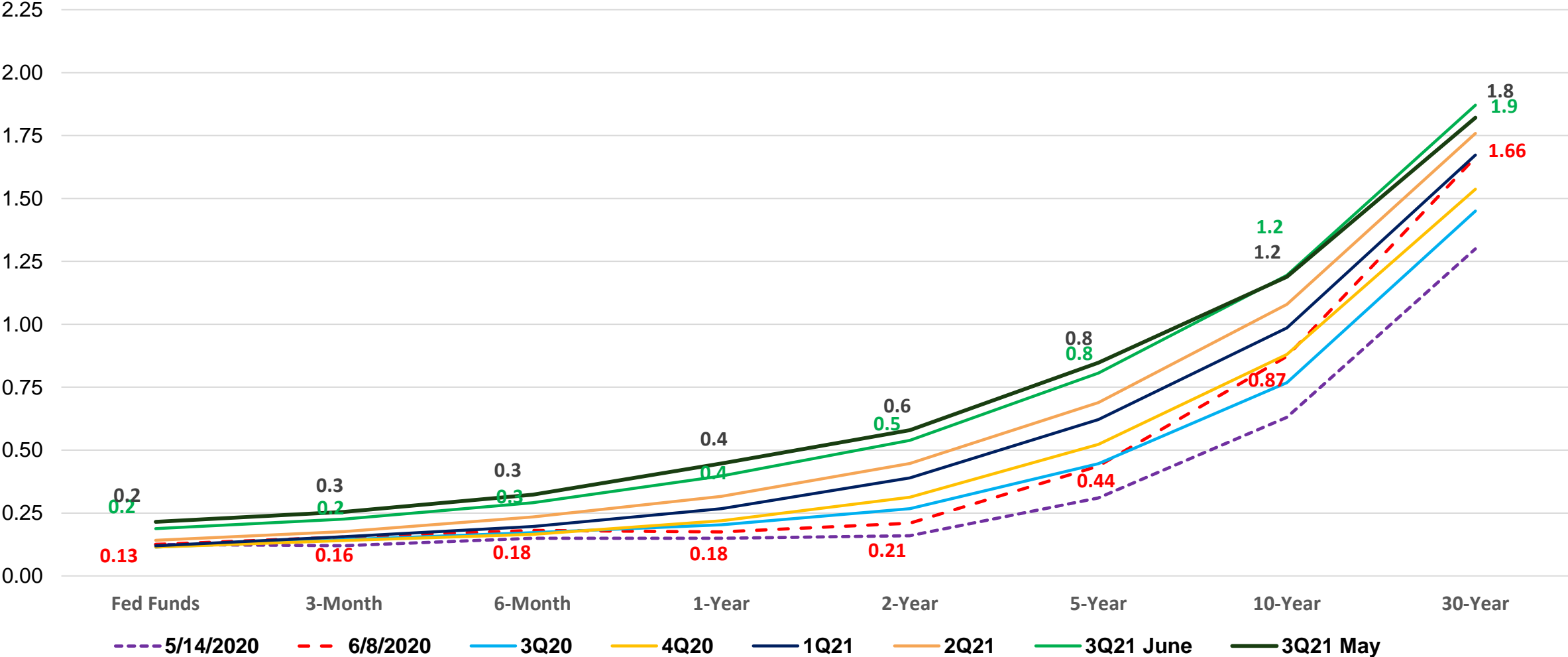
Fed Securities Holdings Stand \$2 Trillion Above Their Pre-COVID-19 Level

Securities Held Outright by the Federal Reserve
(trillions of dollars)



Source: Federal Reserve Board

Consensus Projections Call for Steady Rise in Treasury Rates Through Summer 2021

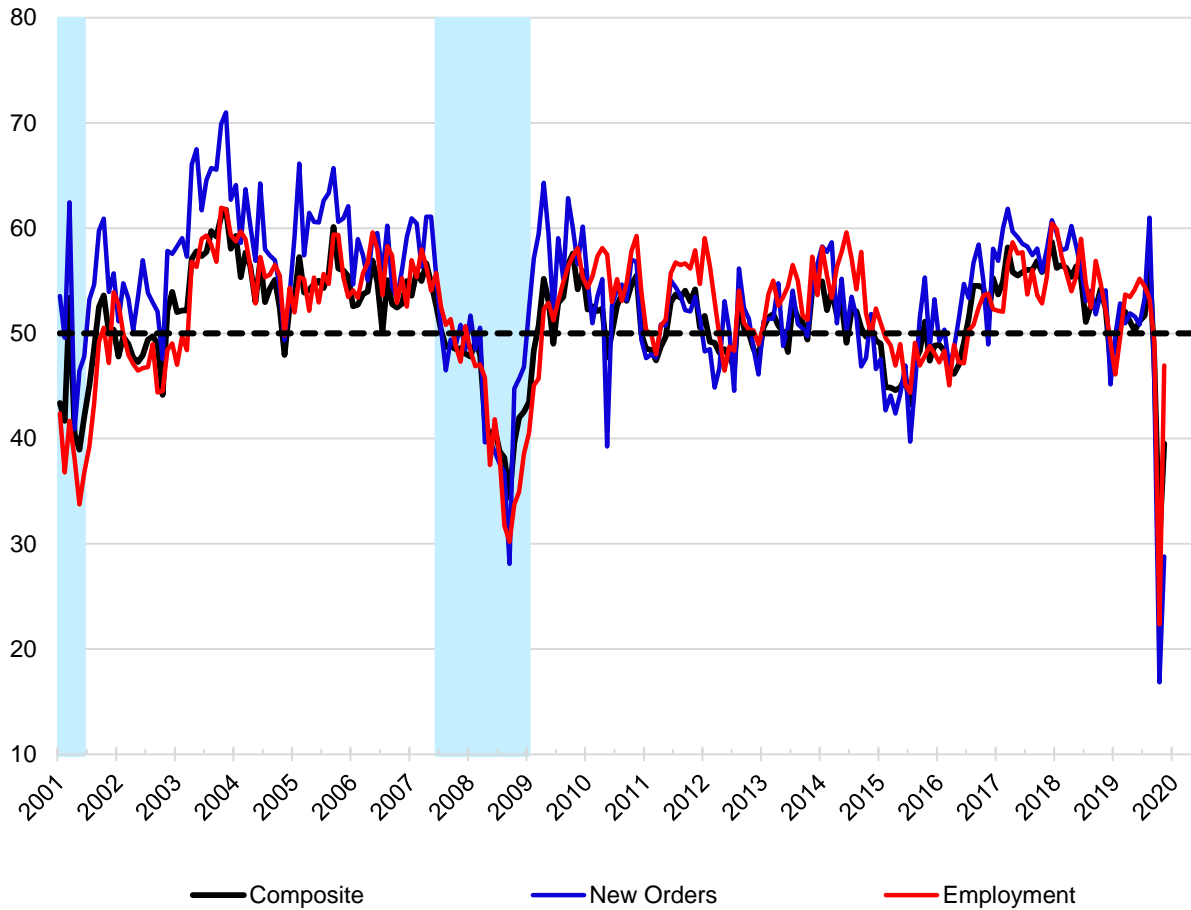


Sources: Bloomberg, Blue Chip Consensus

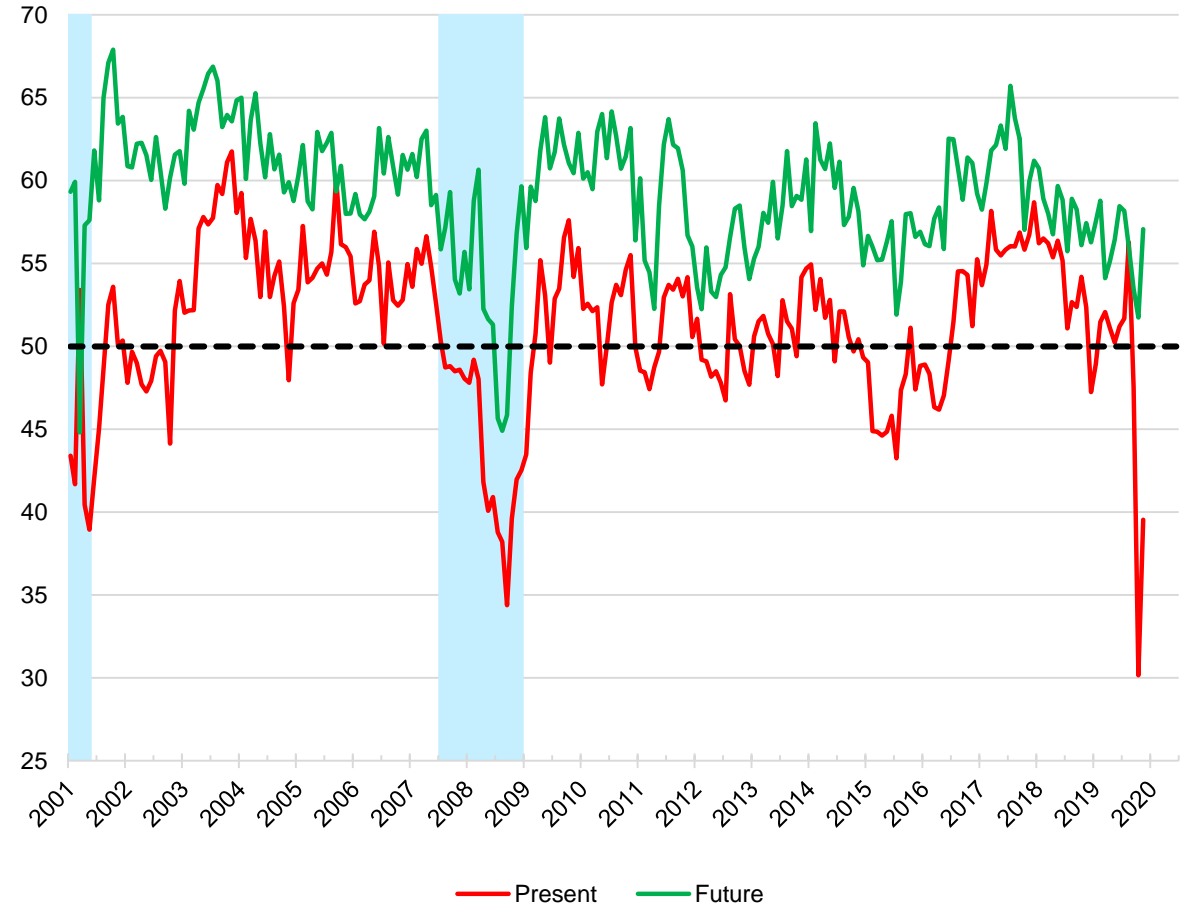


NY Factory Activity Contracted at a Slower Rate in May, Firms More Hopeful About the Future

Empire State Manufacturing Survey
(diffusion indexes, 50 = no change from prior month)



Empire State Manufacturing Composite Indexes

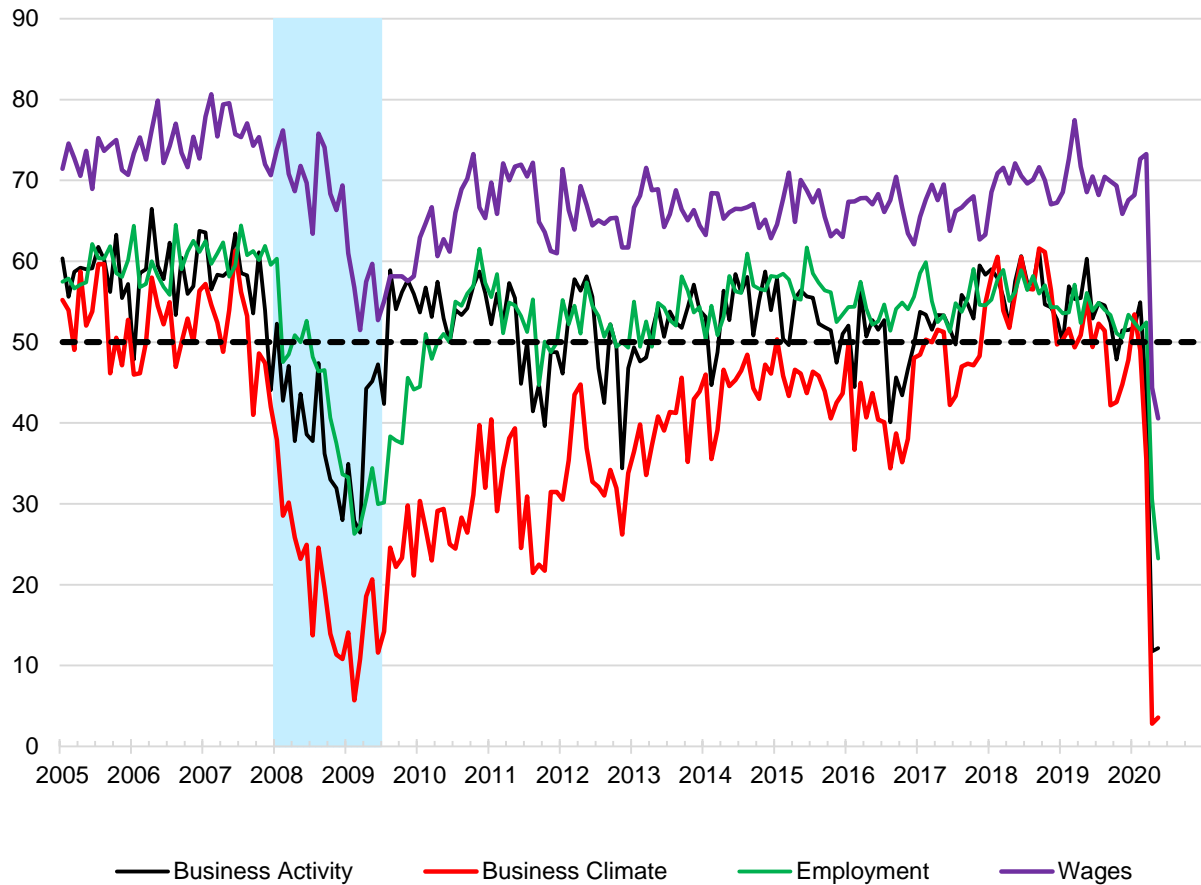


Note: Shaded areas denote recessions.
Sources: Federal Reserve Bank of New York, FHLBNY estimates

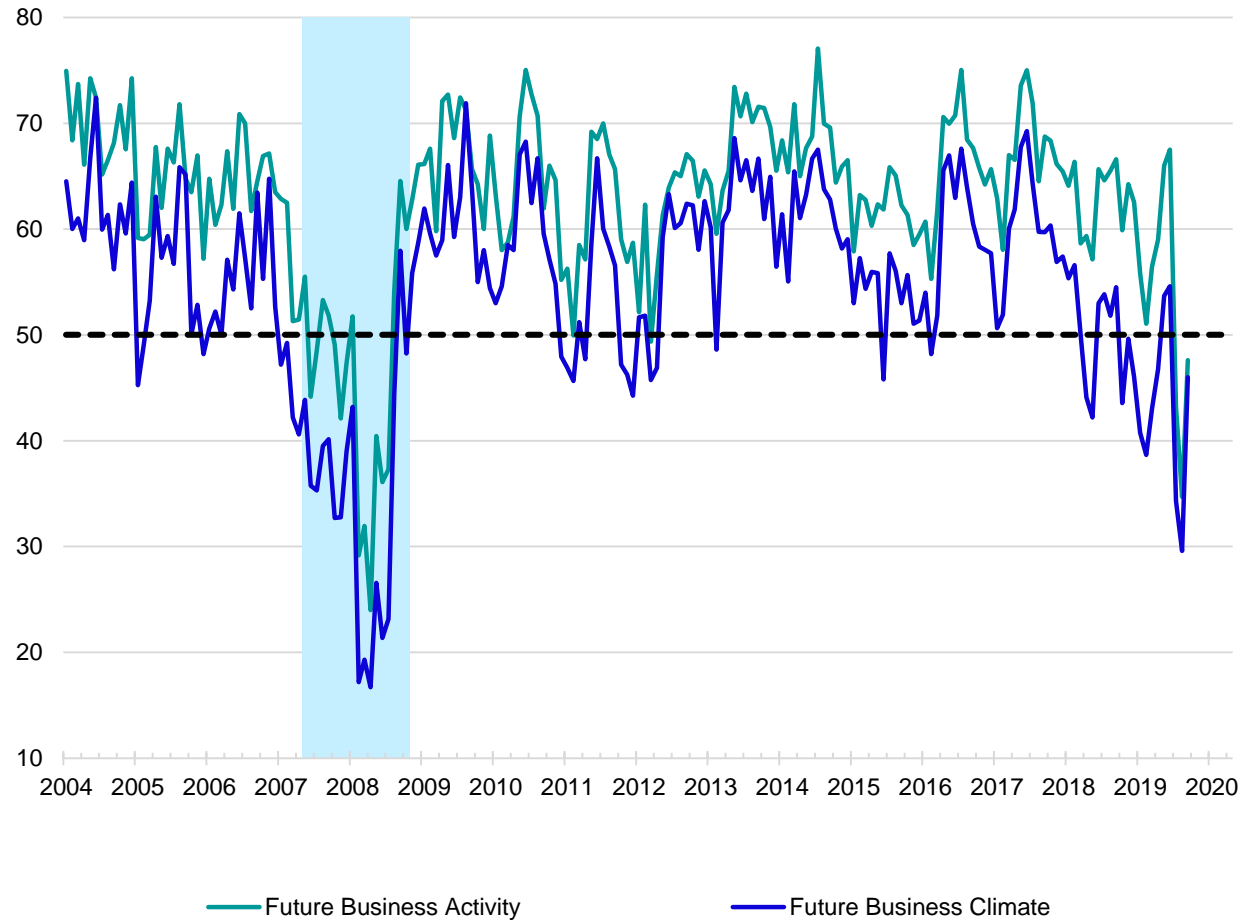


Local Service-Producing Activity Remains Weak, But Firms Less Concerned About the Future

New York Fed Business Leaders Survey
(diffusion indexes, 50 = no change from prior month)

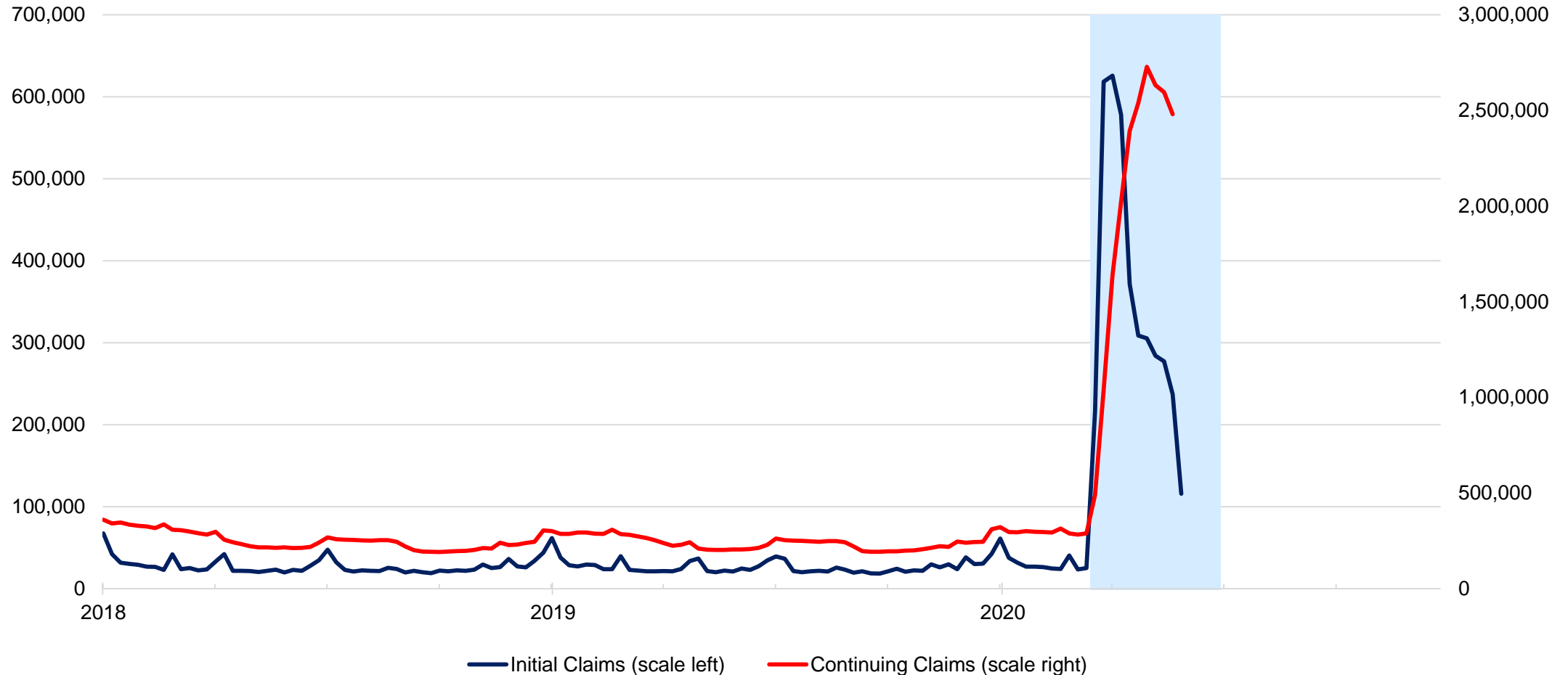


New York Fed Business Leaders Survey
(diffusion indexes, 50 = no change from prior month)



Note: Shaded areas denote recession.
Sources: Federal Reserve Bank of New York, FHLBNY estimates

Jobless Claims in the FHLB NY District Have Been Moving Lower

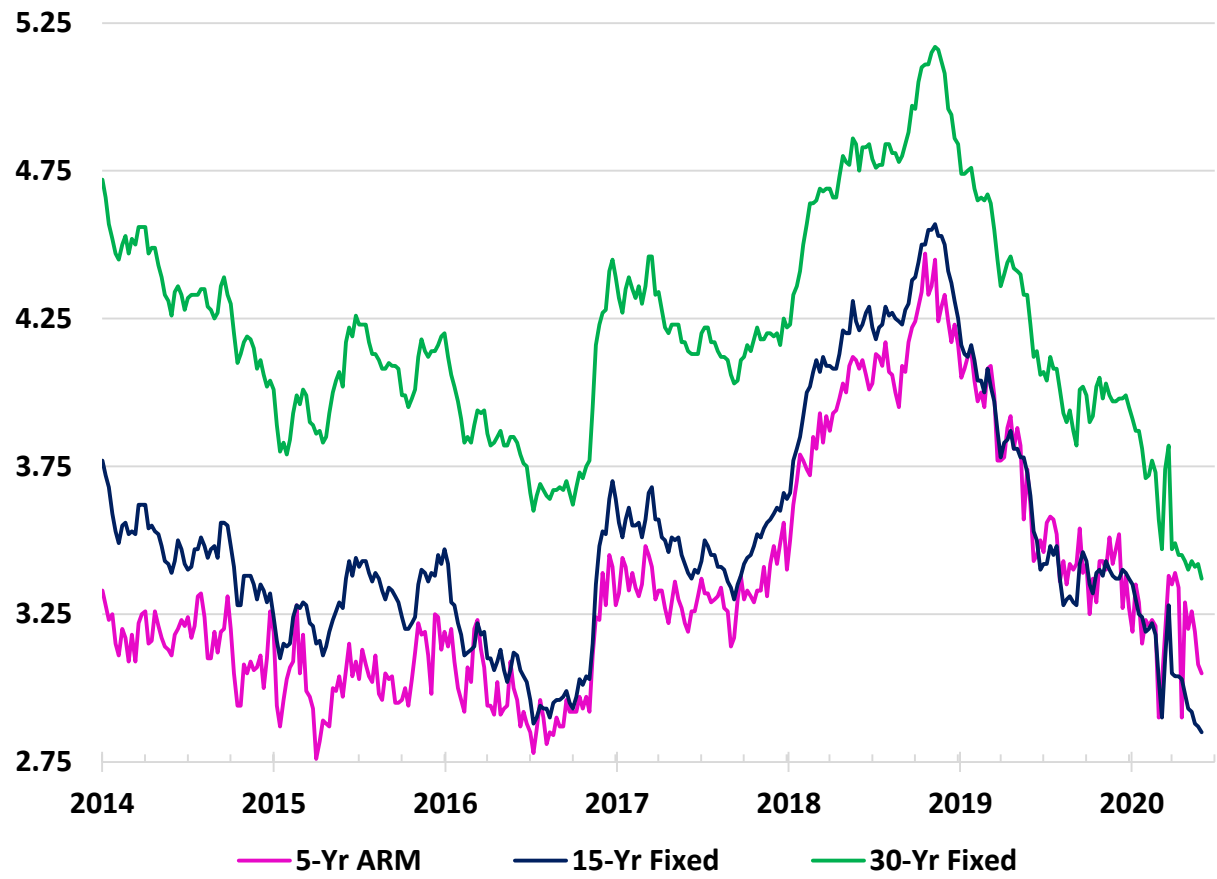


Note: Shaded area denotes recession.
Source: U.S. Department of Labor

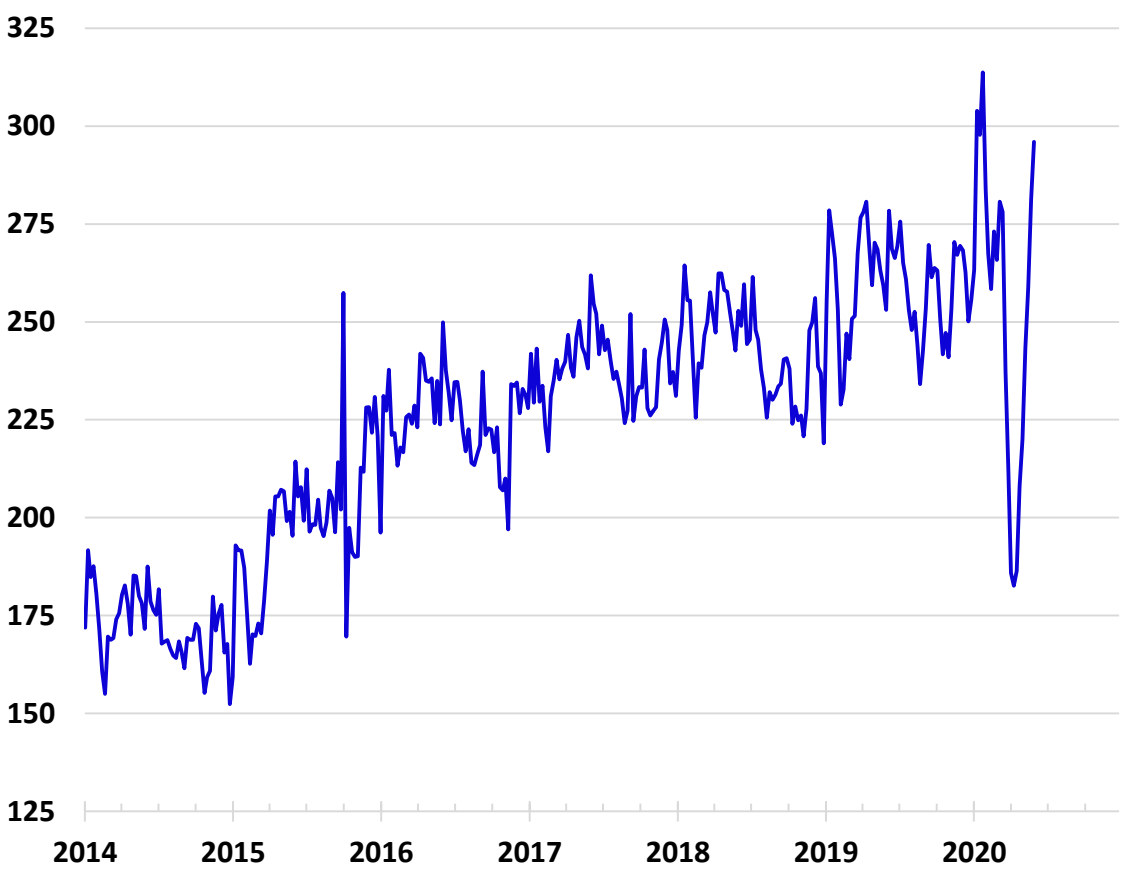


Low Rates Are Supporting a Sharp Rebound in Home-Purchase Mortgage Applications

Mortgage Interest Rates



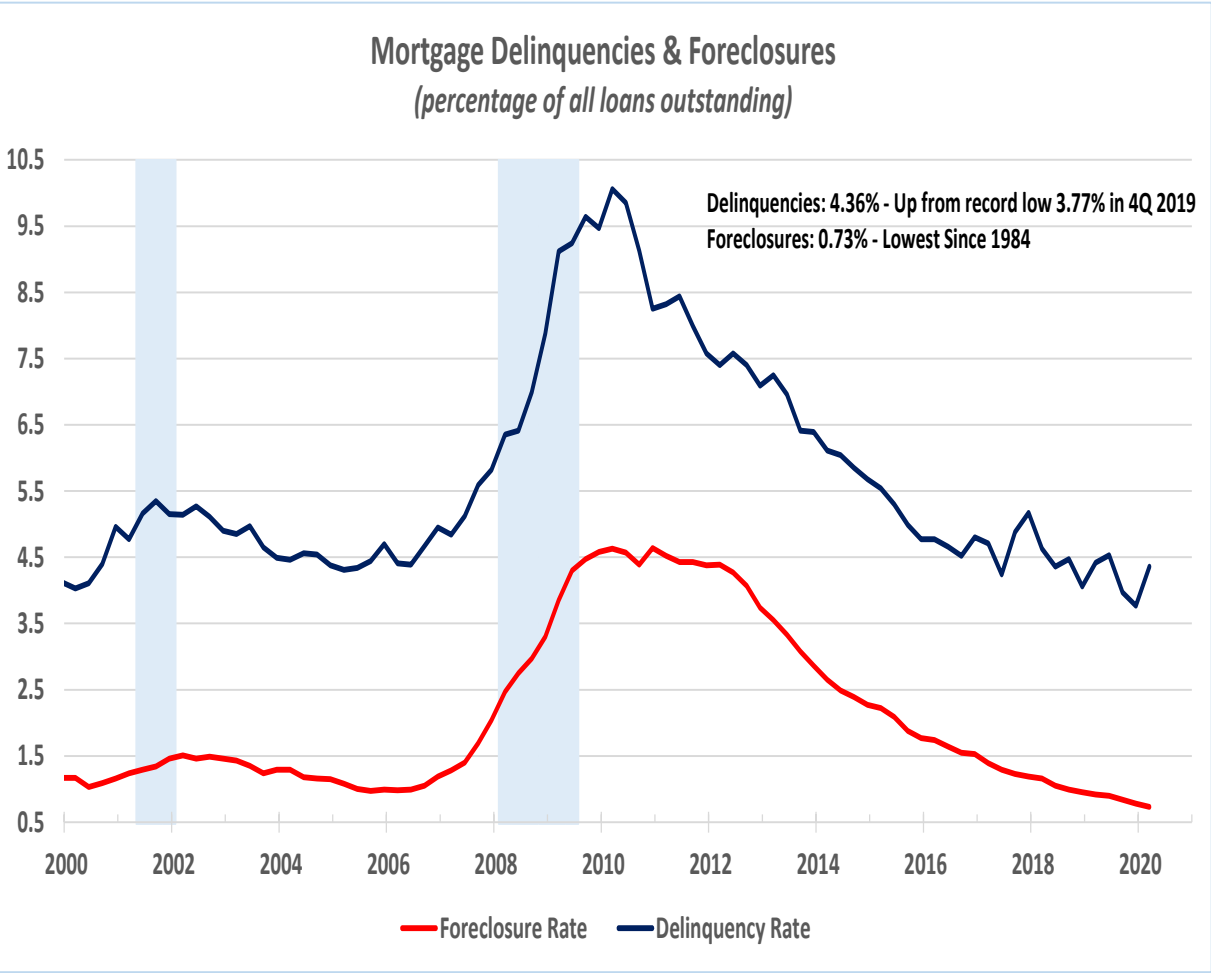
Home-Purchase Mortgage Applications



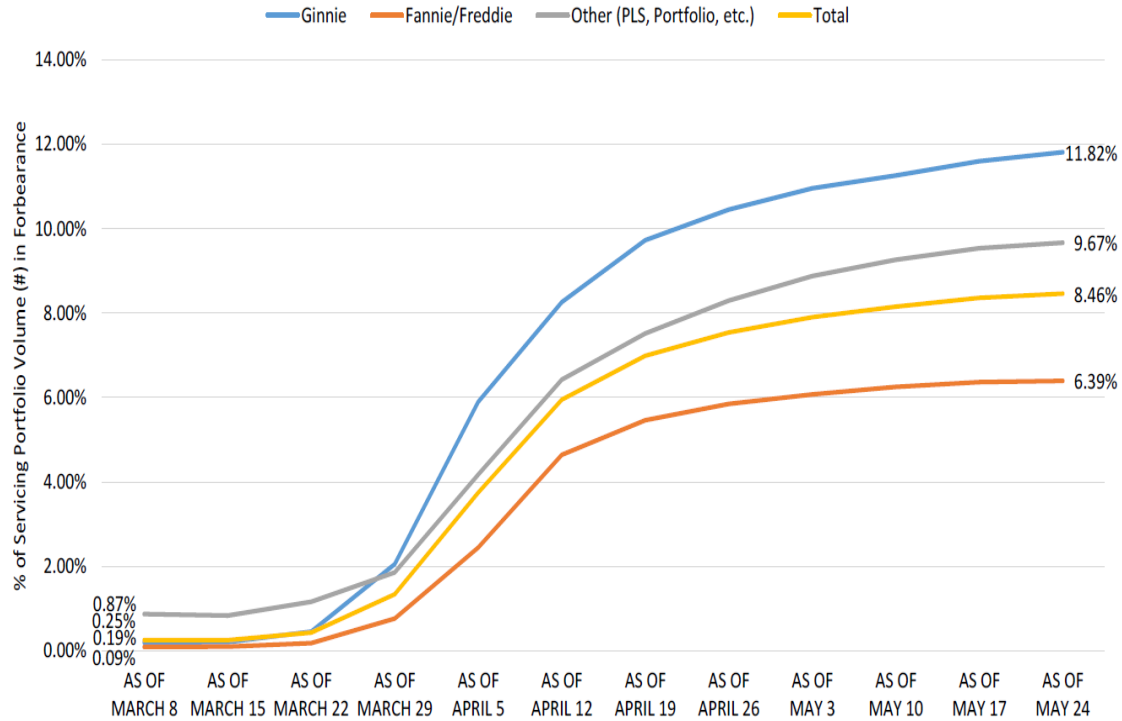
Note: Shaded areas denote recessions.
Sources: Mortgage Bankers Association, National Association of Realtors



Mortgage Delinquencies Will Climb in Q2, But Forbearances Are Flattening Out

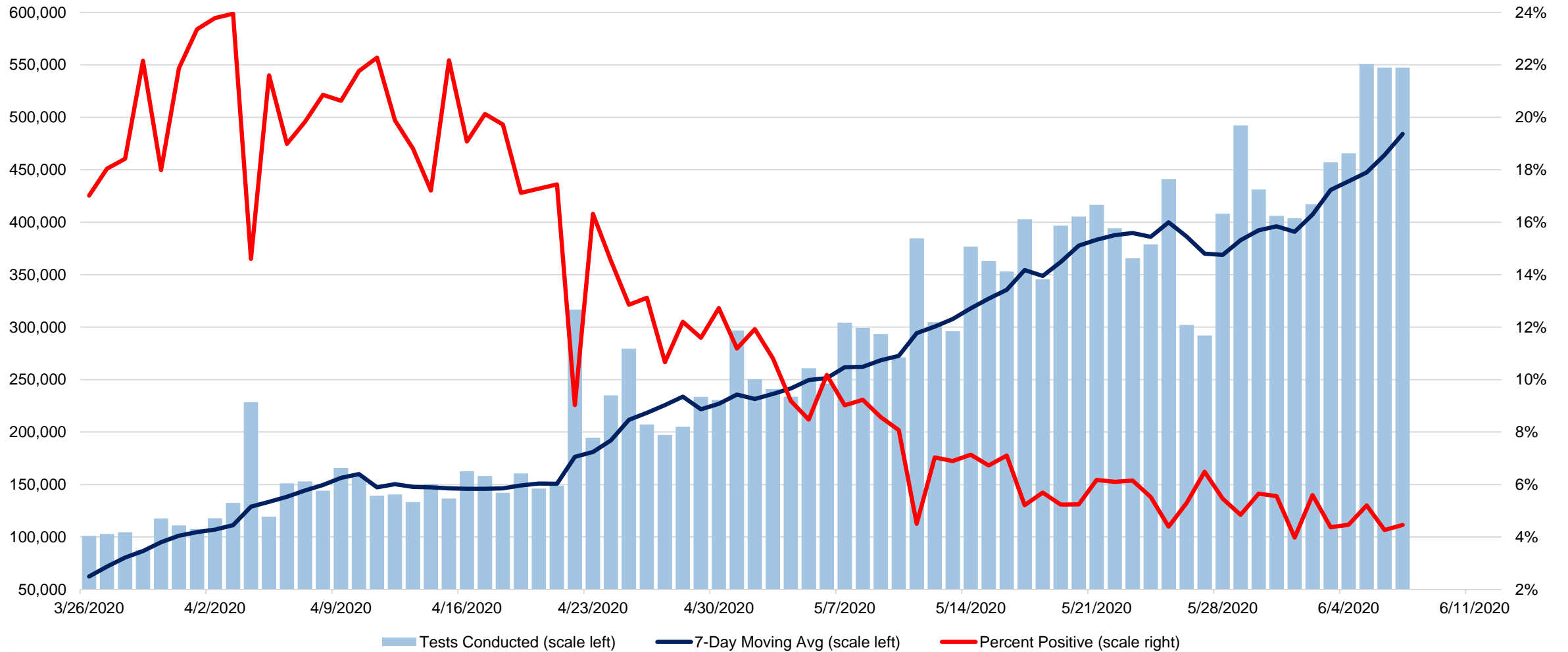


% of Servicing Portfolio Volume in Forbearance by Investor Type over Time



The Most Important Data to Watch

U.S. COVID-19 Tests Results Per Day

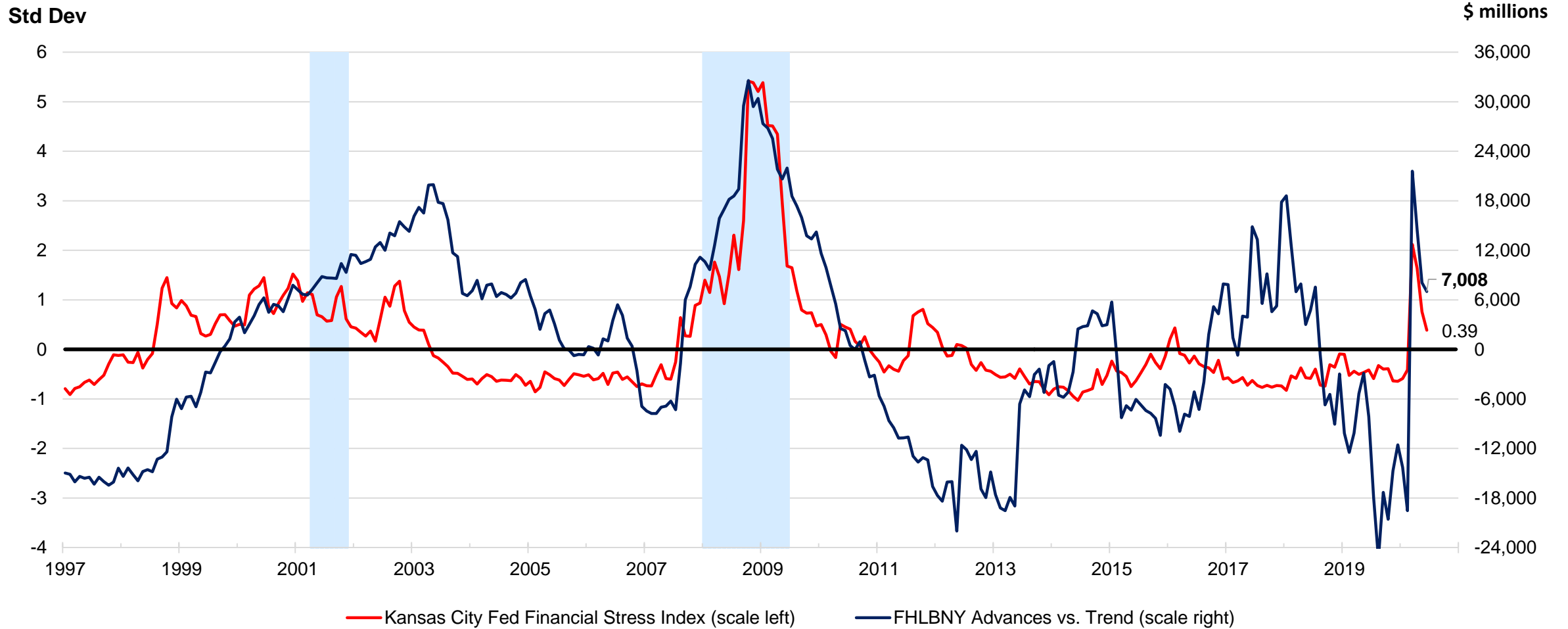


Source: The COVID Tracking Project



When Financial Stress Rises, the FHLBNY Stands Ready to Lend

Financial Stress & Total Advances vs. Trend



Note: Shaded areas denote recessions.
Sources: Federal Reserve Bank of Kansas City, FHLBNY estimates





Federal Home Loan Bank
NEW YORK

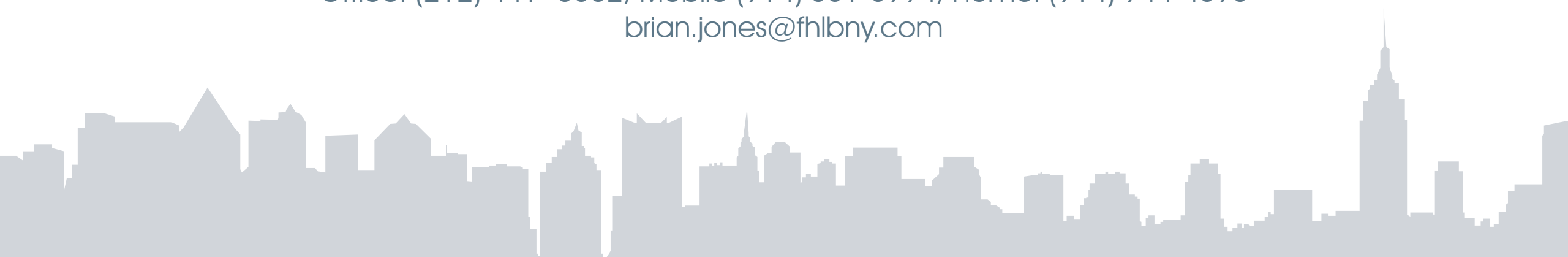
Advancing Housing and Community Growth

Brian M. Jones

FHLBNY, Financial Economist

Office: (212) 441- 6802; Mobile (914) 351-8994; Home: (914) 944-4393

brian.jones@fhlbny.com



The information provided by the Federal Home Loan Bank of New York (FHLBNY) in this communication is set forth for informational purposes only. The information should not be construed as an opinion, recommendation or solicitation regarding the use of any financial strategy and/or the purchase or sale of any financial instrument. All customers are advised to conduct their own independent due diligence before making any financial decisions. Please note that the past performance of any FHLBNY service or product should not be viewed as a guarantee of future results. Also, the information presented here and/or the services or products provided by the FHLBNY may change at any time without notice.