



Federal Home Loan Bank  
NEW YORK

Presentation from the FHLBNY to:

# Beyond the Recovery Phase of the Economic Expansion

Brian Jones, Vice President & Financial Economist, FHLBNY

September 9, 2021



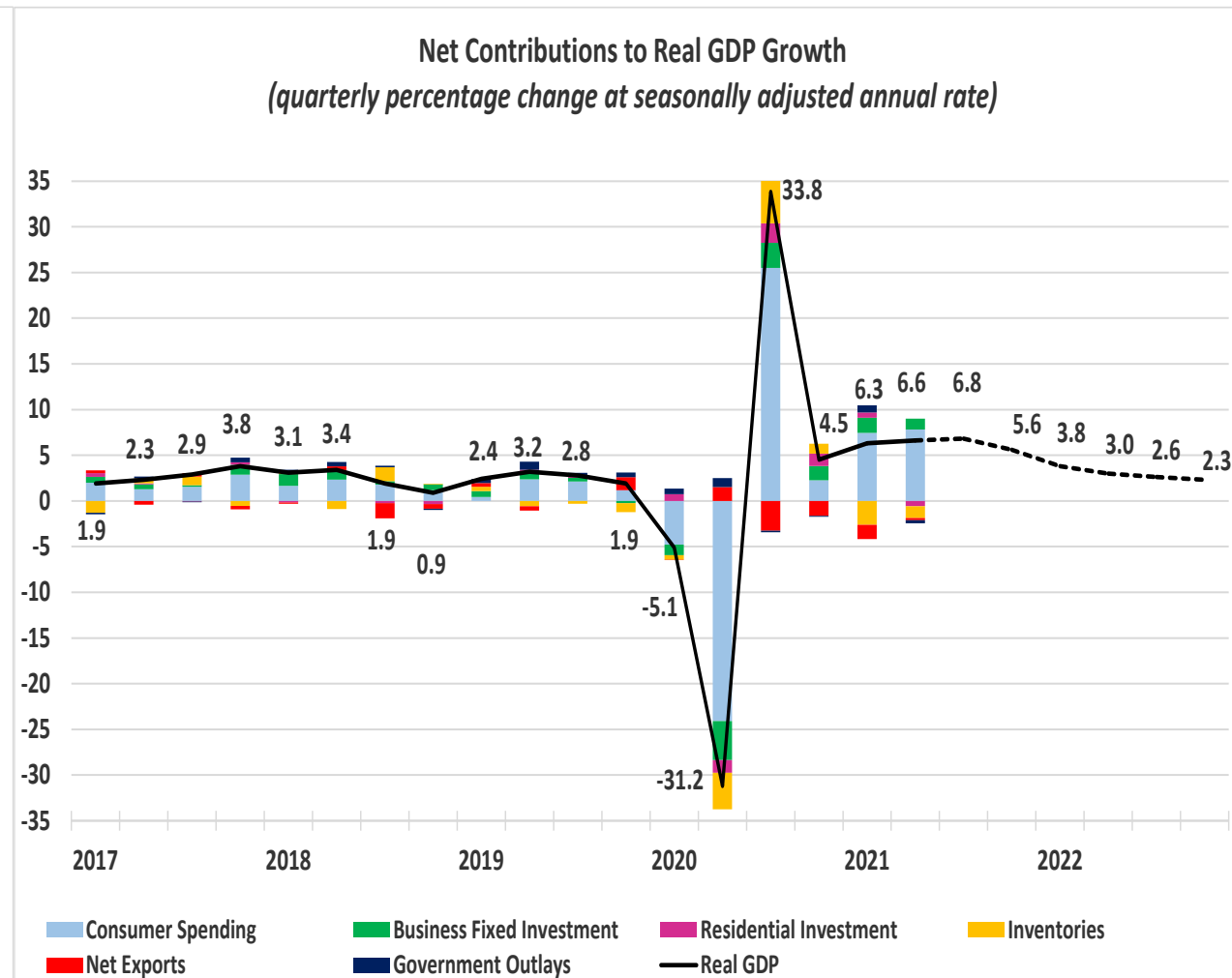
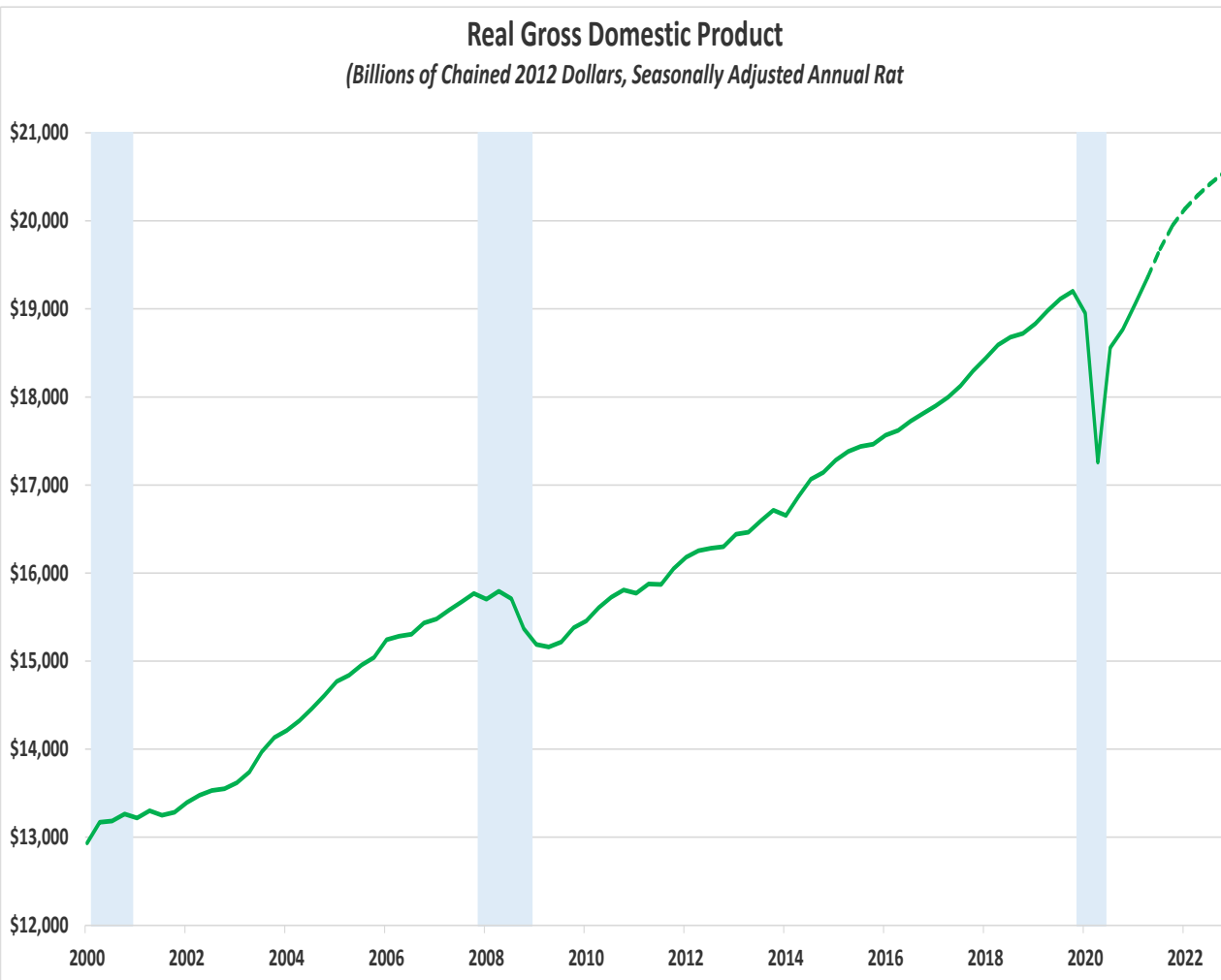
# Factors Behind United States Economic Recessions Since WWI

	Industrial	Oil Prices	Monetary	Financial	Fiscal	Healthcare Crisis	Multi Factor	All
Beginning:								
Aug-18					7			7
Jan-20			18		18		18	18
May-23	14							14
Oct-26	13							13
Aug-29				43				43
May-37			13		13		13	13
Feb-45					8			8
Nov-48	11							11
Jul-53					10			10
Aug-57			8					8
Apr-60			10					10
Dec-69			11		11			11
Nov-73		16	16				16	16
Jan-80		6	6				6	6
Jul-81			16					16
Jul-90		8	8	8			8	8
Mar-01				8				8
Dec-07				18				18
Mar-21						2		2
Number	3	3	9	4	6	1	6	19
Avg Length (Months)	12.7	10.0	11.8	19.3	11.2	2.0	12.0	12.6

Sources: Goldman Sachs Global Investment Research, National Bureau of Economic Research and FHLBNY



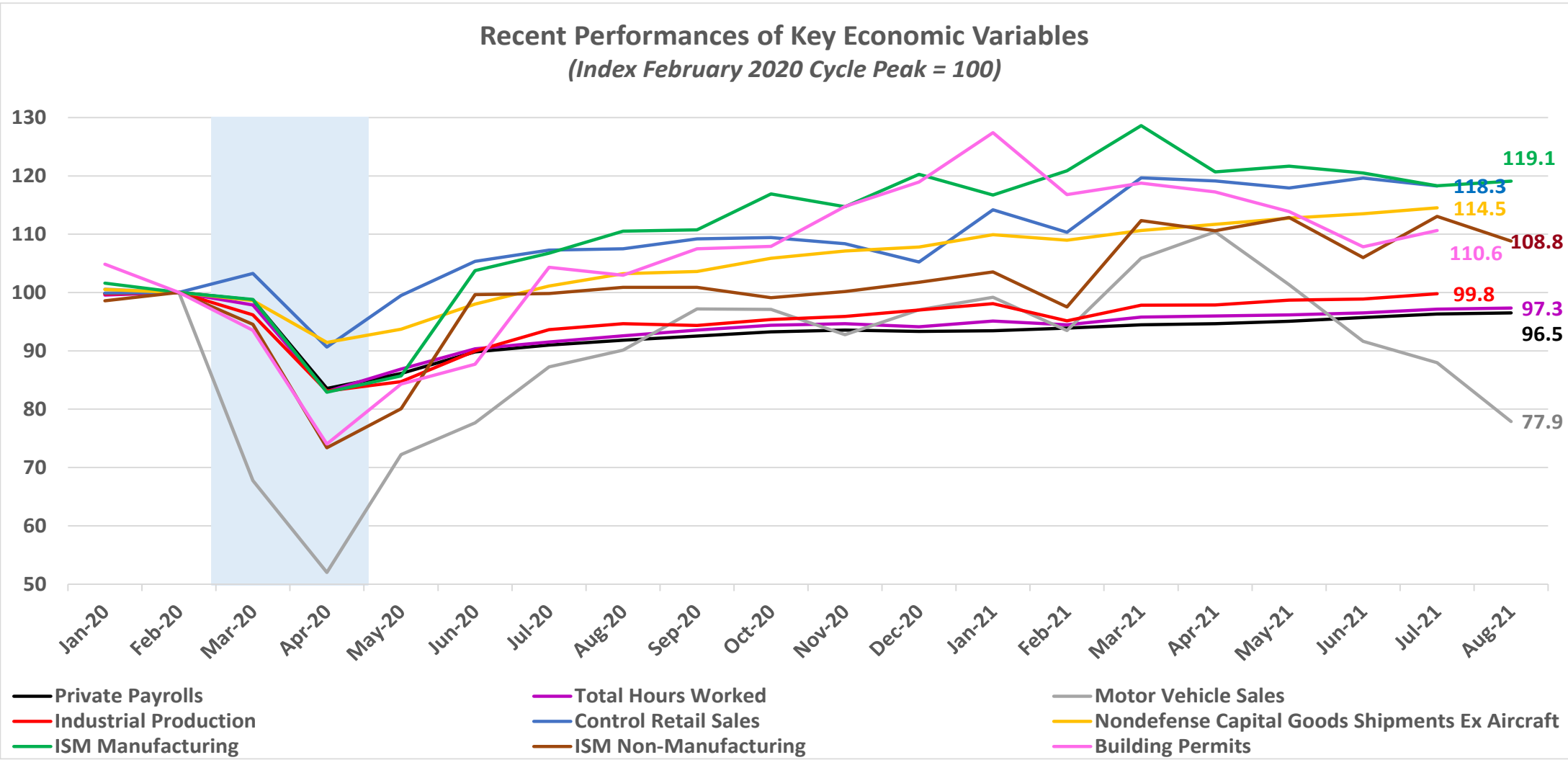
# Recovery Phase of Expansion Now Complete: GDP Growth to Remain Above Potential Through 2022



Notes: Shaded areas denote recessions. Dotted lines represent consensus projections.  
Sources: Bureau of Economic Analysis, Bloomberg



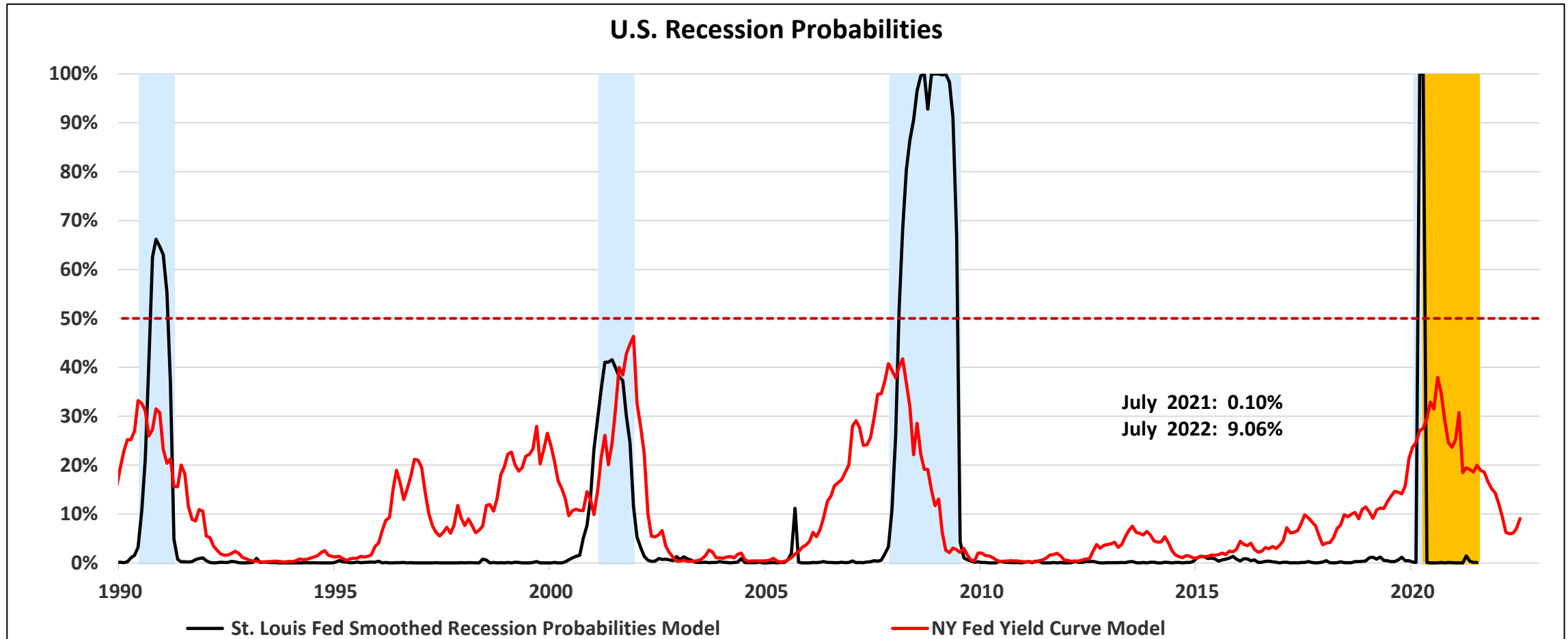
# Except for Auto Sales and Labor-Related Measures, Key Economic Gauges Now Well Above Pre-Pandemic Levels



Note: Shaded area denotes recession. Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Census Bureau, Federal Reserve System, Institute for Supply Management



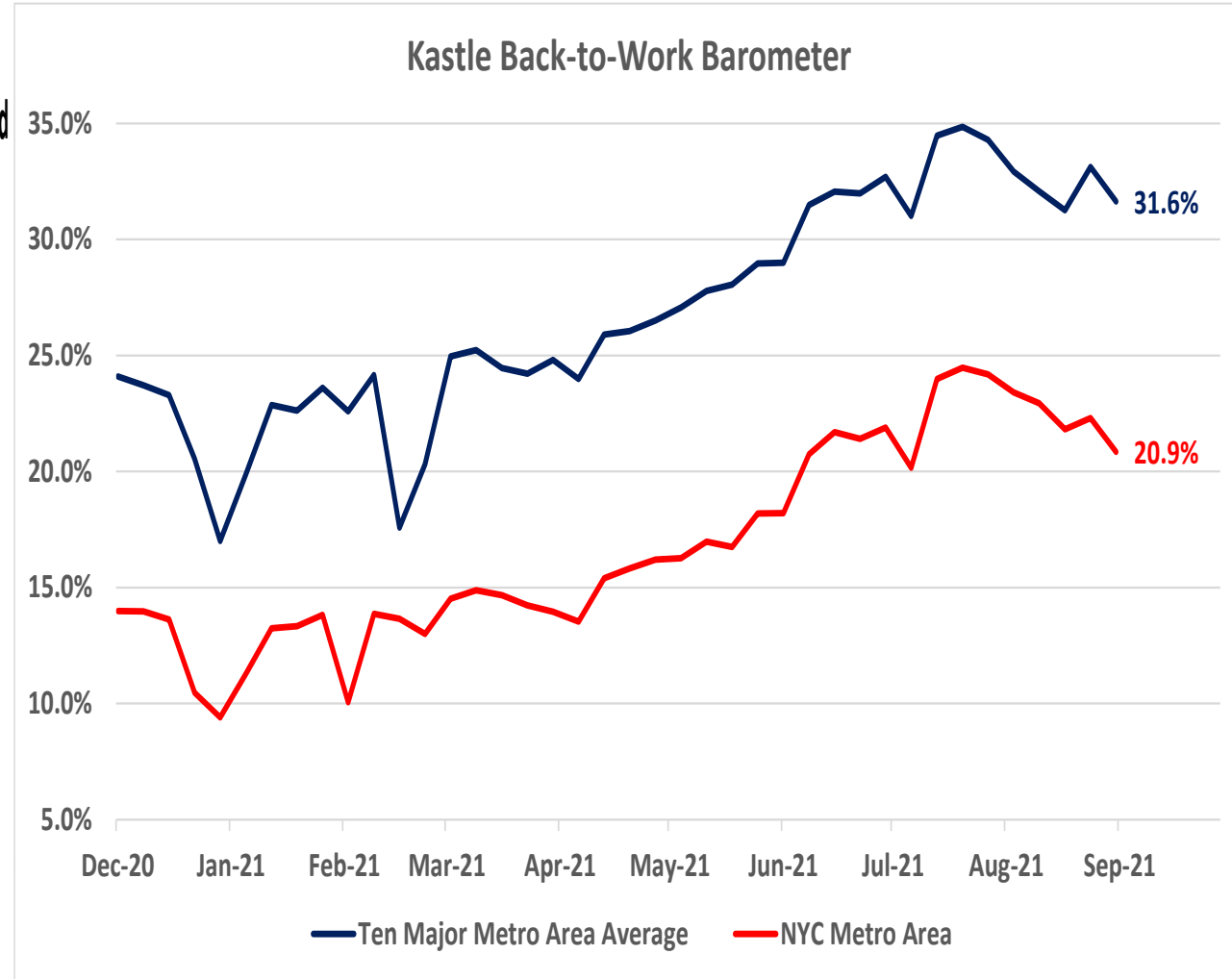
# Chances of an Economic Contraction Within the Next Year Remain Low



Notes: Blue shaded areas denote recessions. Orange shaded area denotes current economic expansion.  
Sources Federal Reserve Banks of New York and St. Louis, National Bureau of Economic Research

# Progress Continues in Distributing Vaccines, but Delta Outbreak Has Impacted Office Returns

September 8, 2021:	Doses Administered	% of Population Given		Daily Rate of Doses Administered	% of Supply Used
		1+ Dose	Fully Vaccinated		
United States	375,995,378	62.5	53.2	826,193	83.7
FHLBNY District:					
New York	24,742,907	68.4	61.0	53,243	88.8
New York City	10,883,042	65.7	59.0	29,259	89.6
New Jersey	11,749,364	70.7	62.2	20,298	84.2
Puerto Rico	4,338,431	75.7	64.4	14,286	98.7
Virgin Islands	96,664	49.3	41.7	220	94.3

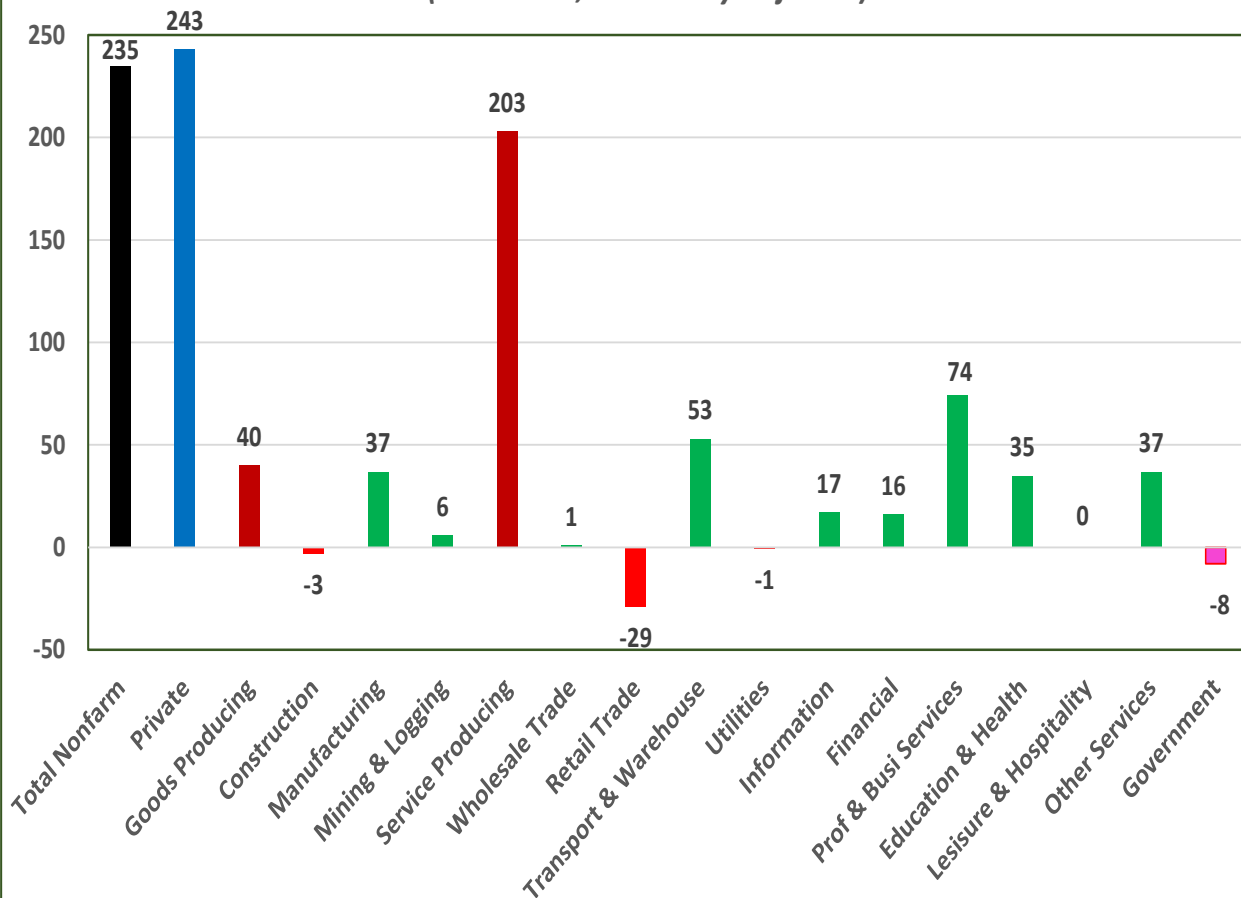


Source: Bloomberg, Kastle Systems

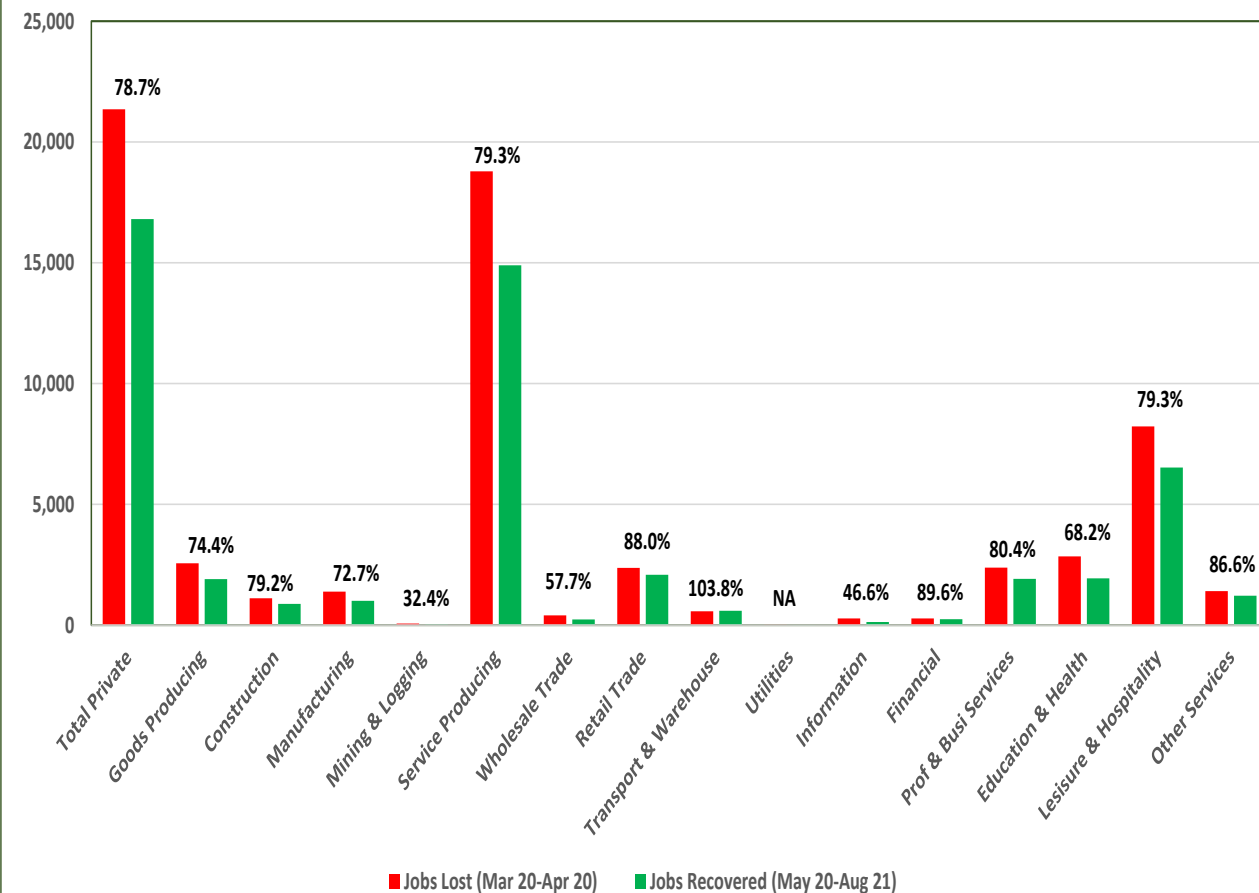


# Hiring Slowed Sharply in August; Almost 80% of Private Jobs Lost Have Been Recovered

August Changes in Nonfarm Payrolls  
(thousands, seasonally adjusted)



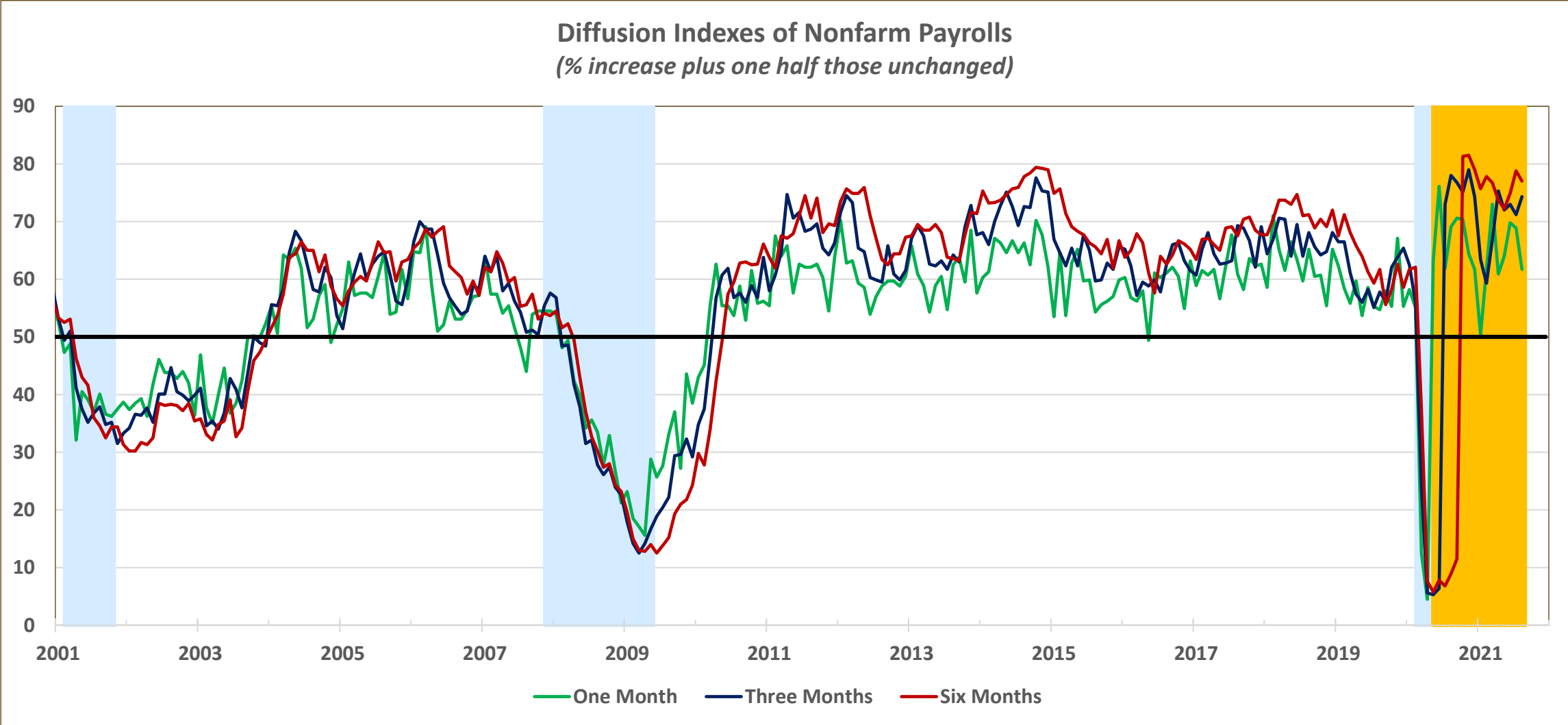
More Than Three Quarters of Private-Sector Jobs Lost to the Pandemic Have Been Recovered  
(thousands, seasonally adjusted)



Source: Bureau of Labor Statistics



# Despite Last Month's Deceleration, Hiring Remains Widespread Across Industries



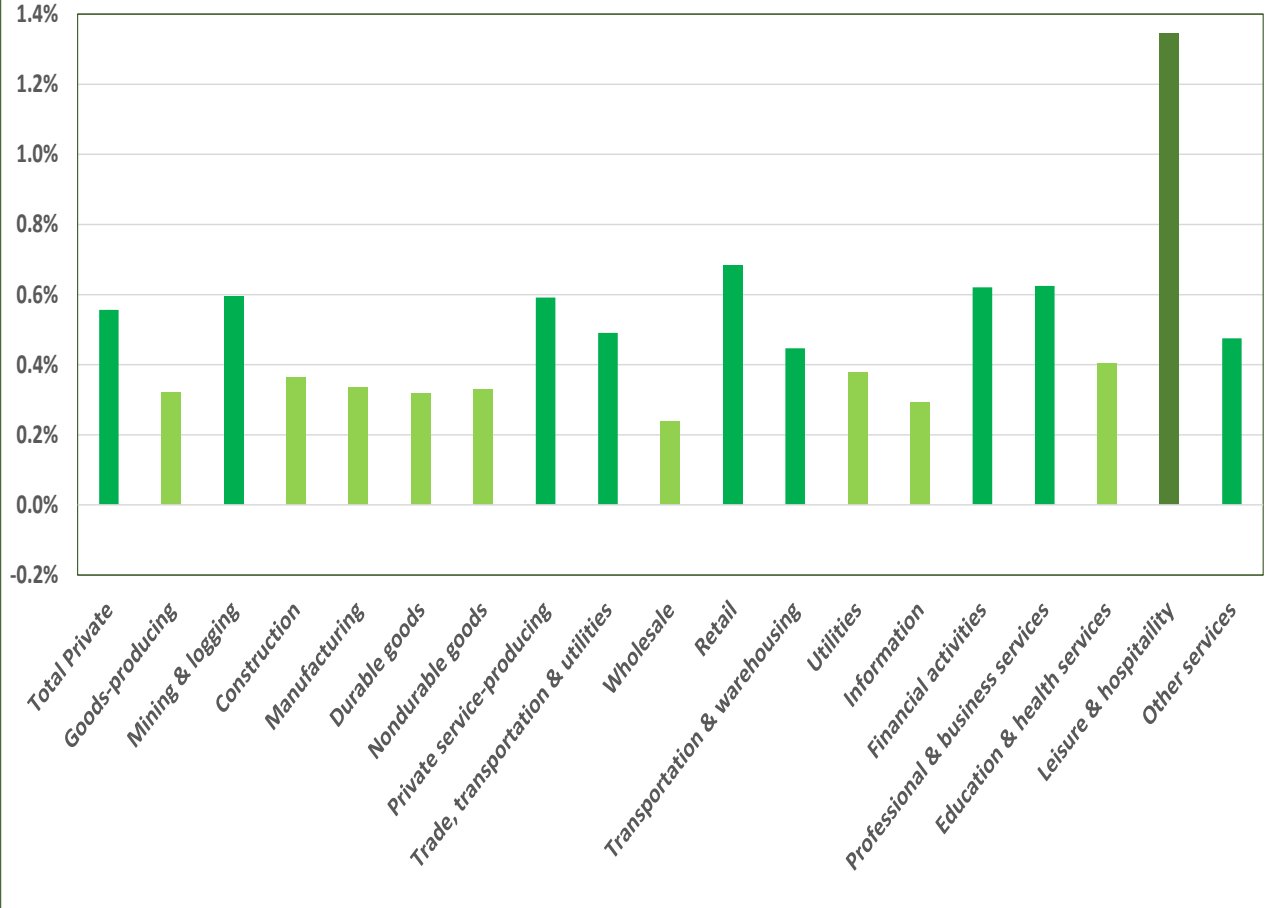
Notes: Blue shaded areas denote recessions. Orange shaded area denotes current economic expansion.  
Sources: Bureau of Labor Statistics, Federal Reserve Bank of St. Louis, and National Bureau of Economic Research



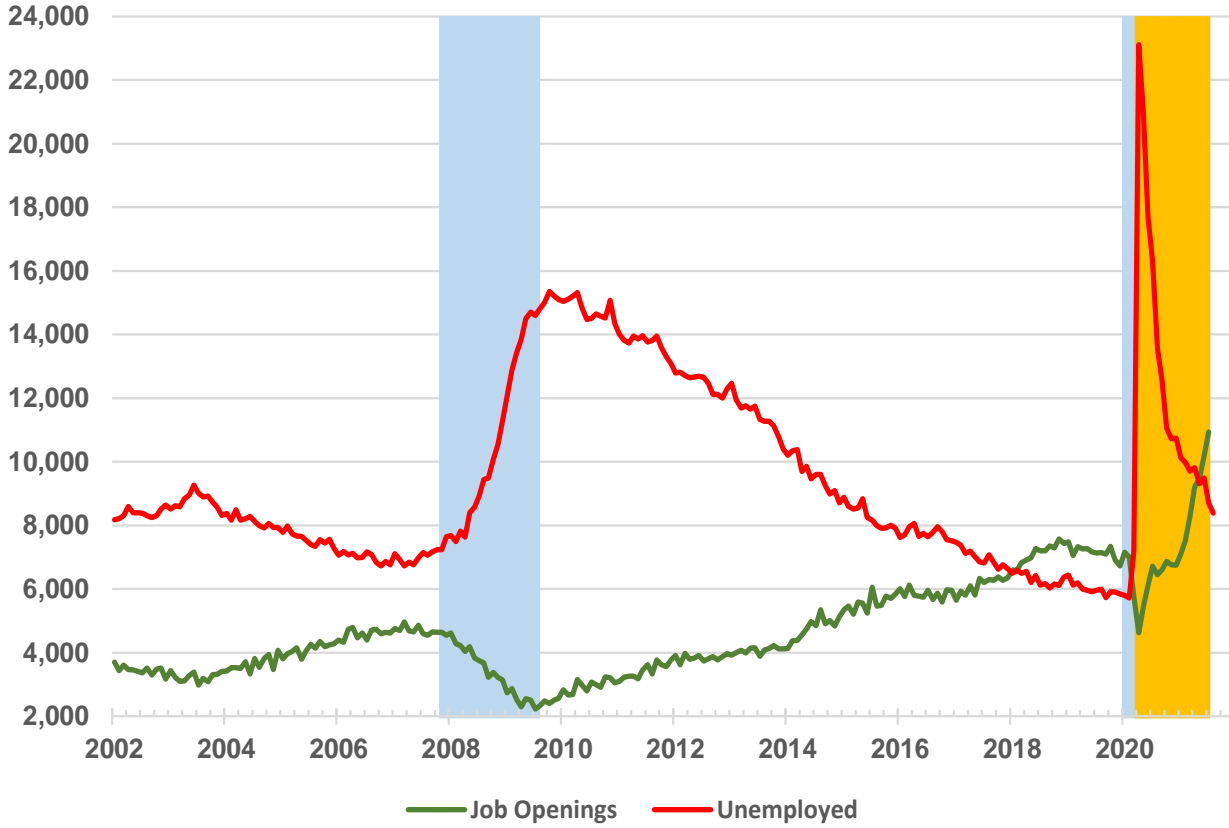


# Magnitude and Pervasiveness of Wage Gains Implies Demand for Workers Remains Strong

Changes in Average Hourly Earnings in August by Industry

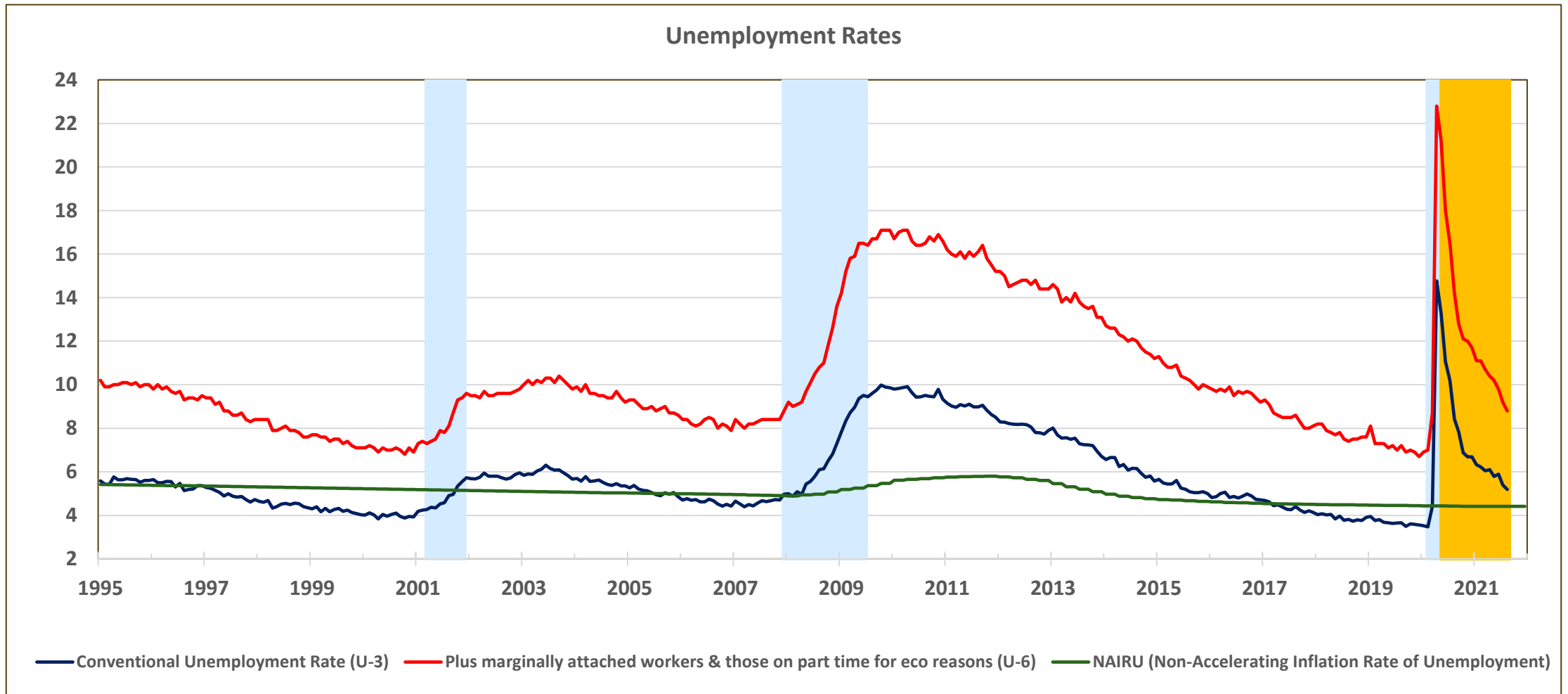


Job Openings & the Unemployed  
(thousands, seasonally adjusted)



Notes: Blue shaded areas denote recessions. Orange shaded area denotes current economic expansion.  
Sources: Bureau of Labor Statistics, National Bureau of Economic Research

# Household Survey Readings Were Far More Encouraging

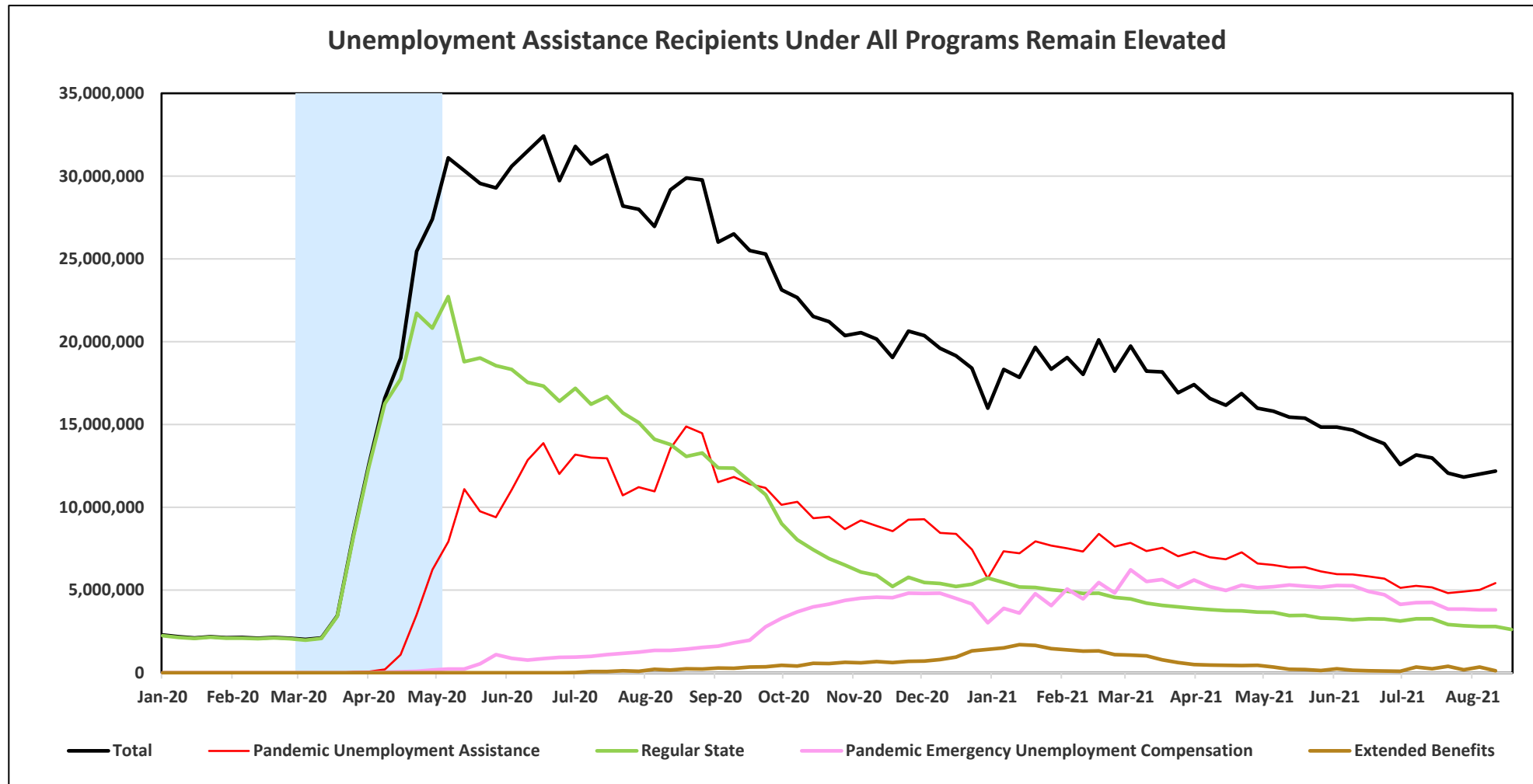


Notes: Blue shaded areas denote recessions. Orange shaded area denotes current economic expansion.

Sources: Bureau of Labor Statistics, National Bureau of Economic Research



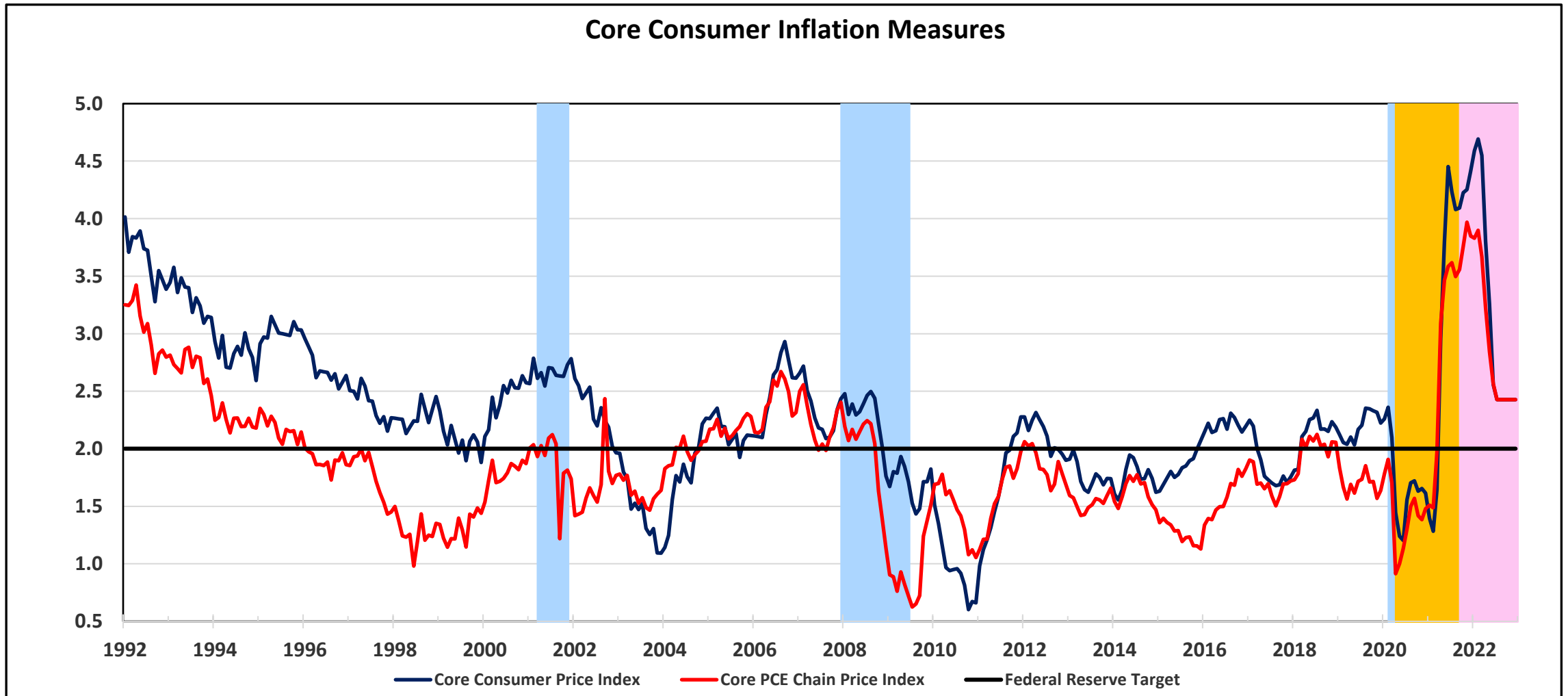
# 7.6% of the Civilian Labor Force Still Receiving Some Form of Assistance



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



# Core Consumer Inflation Gauges Will Remain Well Above Fed Target for an Extended Period of Time

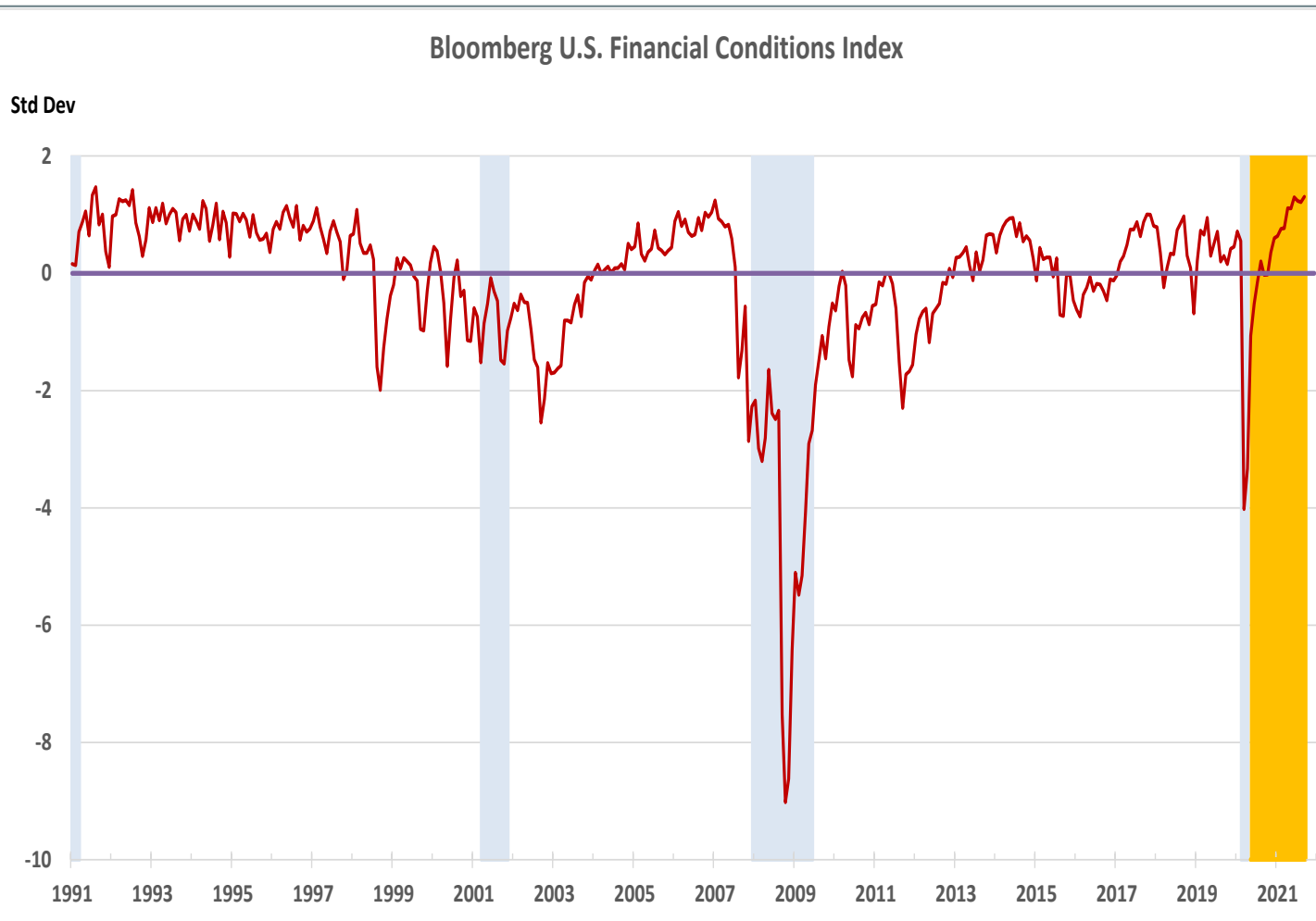


Notes: Blue shaded areas denote recessions. Orange shaded area denotes current economic expansion. Pink shaded area denotes projections.  
Sources: Bureau of Labor Statistics, Commerce Department, National Bureau of Economic Research and FHLBNY estimates



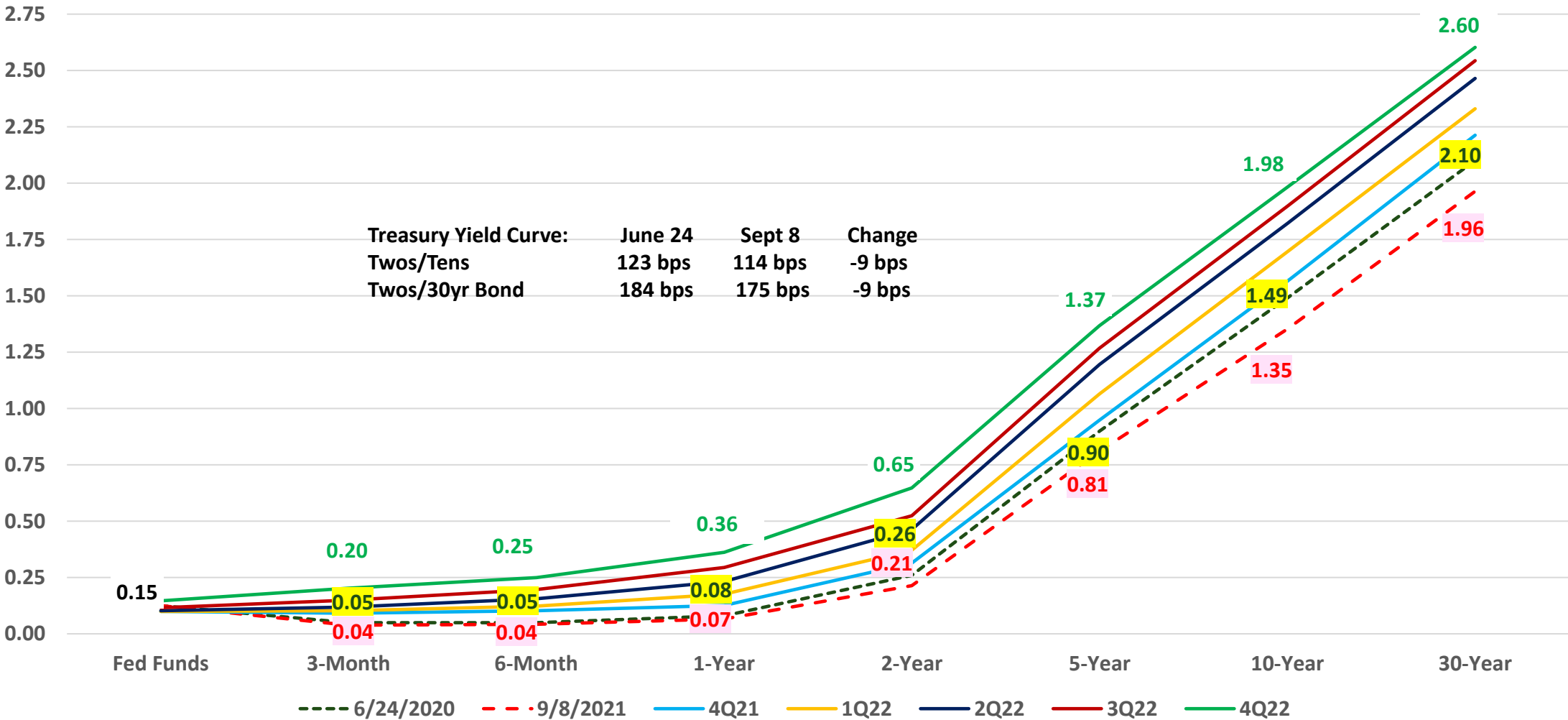
# Financial Conditions Presently the Most Accommodative in Almost Three Decades

	24-Mar-20	14-Sep-20	8-Sep-21	Change
<b>US Financial Conditions</b>	-6.34	0.03	1.24	1.21
<b>Money Market Spreads:</b>				
TED Spread	127.05	13.33	7.66	-5.67
Libor/OIS Spread	112.05	15.63	4.03	-11.60
Com Paper/T-Bill Spread	205.64	5.35	4.82	-0.53
<b>Bond Market Spreads:</b>				
Baa/10-Yr Treasury Spread	456.37	163.77	90.71	-73.06
High-Yield/10-Yr Treas Spread	11.00	4.94	2.79	-2.15
Muni/10-Yr Spread	235.89	20.44	-52.65	-73.09
Swaption Volatility Index	118.27	65.69	69.20	3.51
<b>Equity Market:</b>				
S&P 500	2447.33	3383.54	4517.76	1134.22
VIX S&P Volatility Index	61.67	25.85	18.26	-7.59



Notes: Blue shaded areas denote recessions. Orange shaded area denotes current economic expansion.  
 Source: Bloomberg, National Bureau of Economic Research

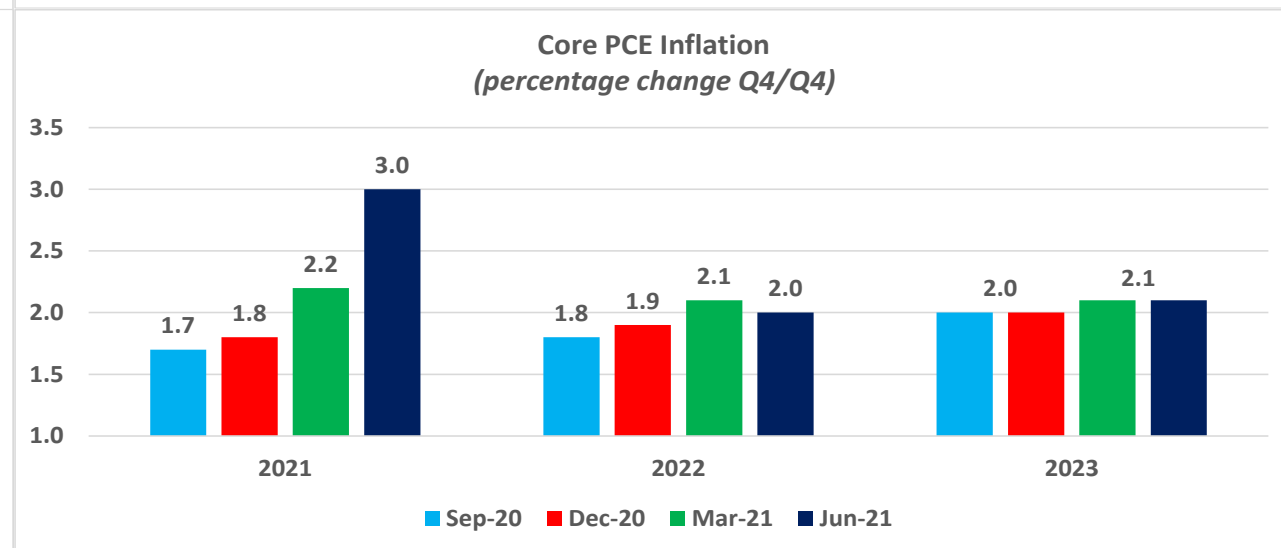
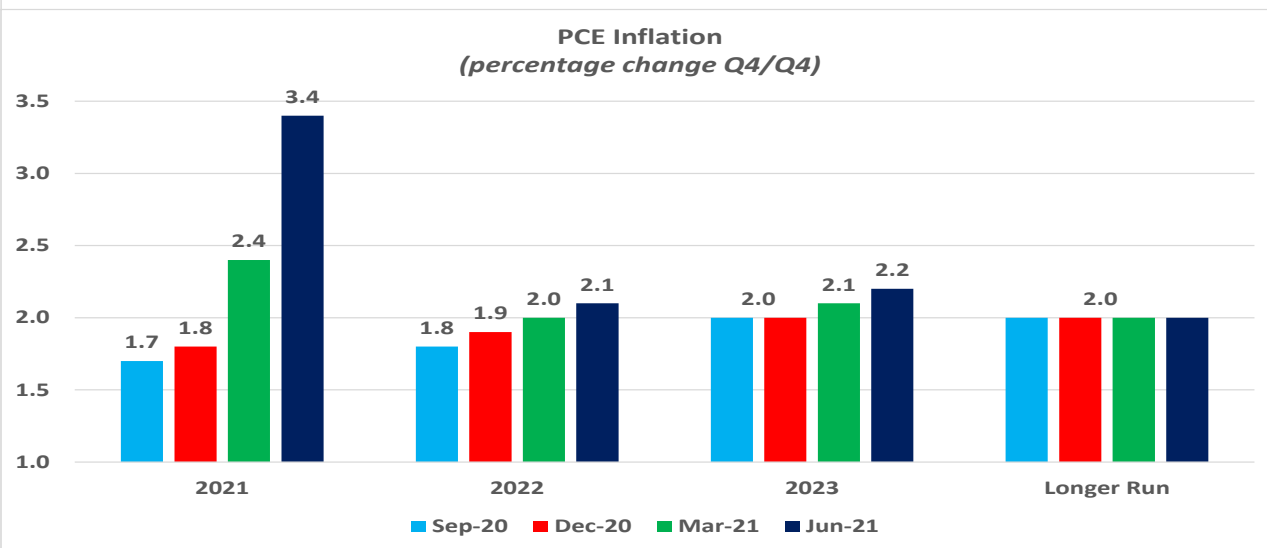
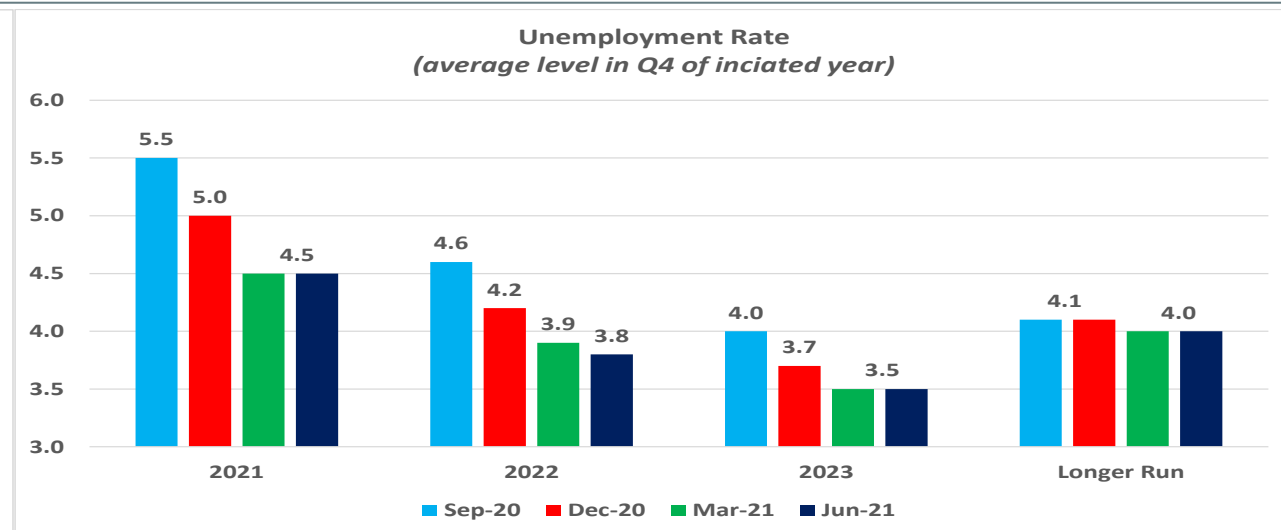
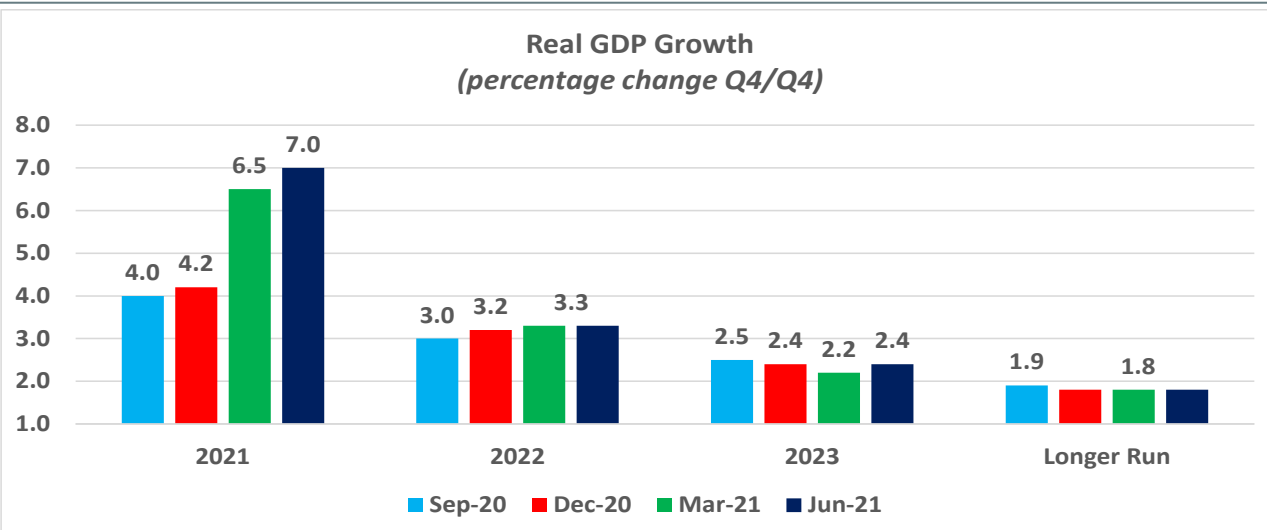
# Consensus Anticipates Higher Rates, Steeper Yield Curve Through Fall of 2022



Sources: Bloomberg, Blue Chip Consensus



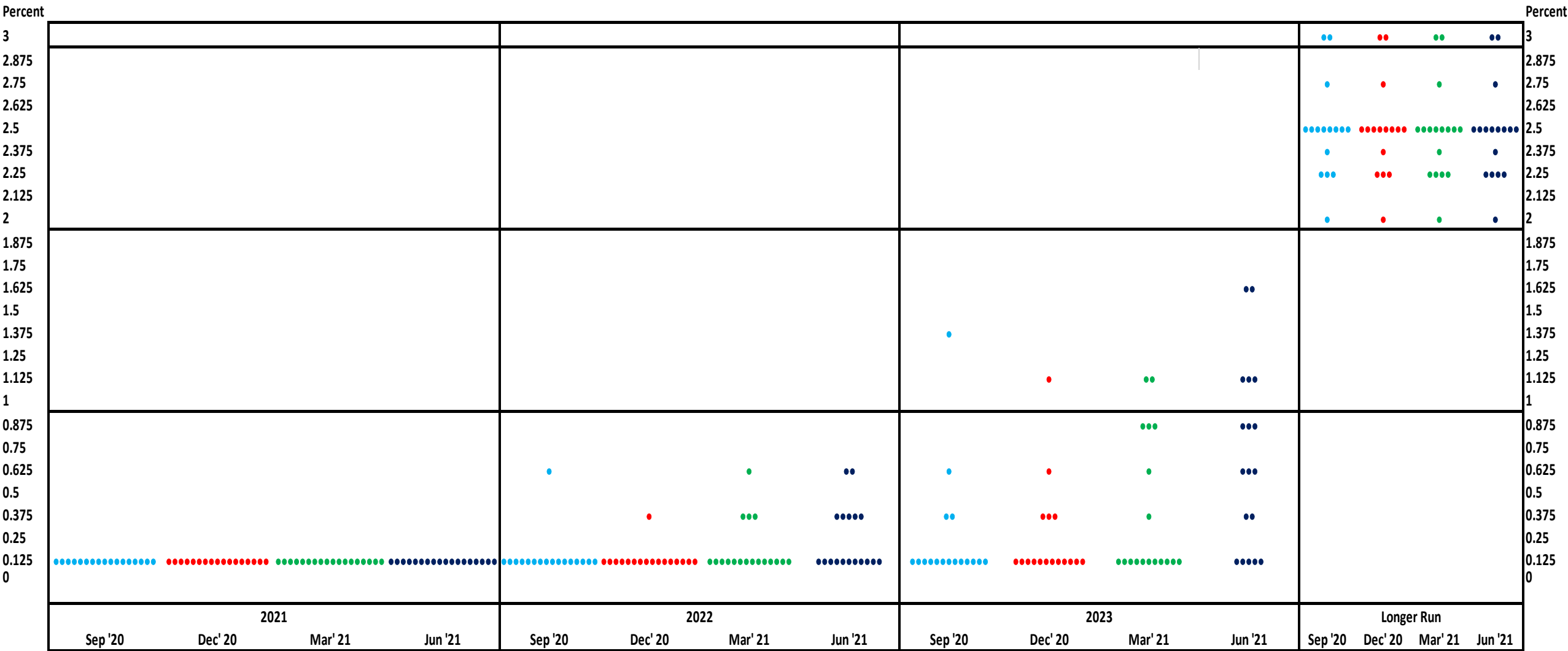
# Federal Reserve Officials to Release Updated Projections After Sept 21-22 FOMC Meeting



Source: Federal Reserve Board



# Only Two Fed Officials Need to Become More Hawkish to Bring First Rate Hike into Next Year



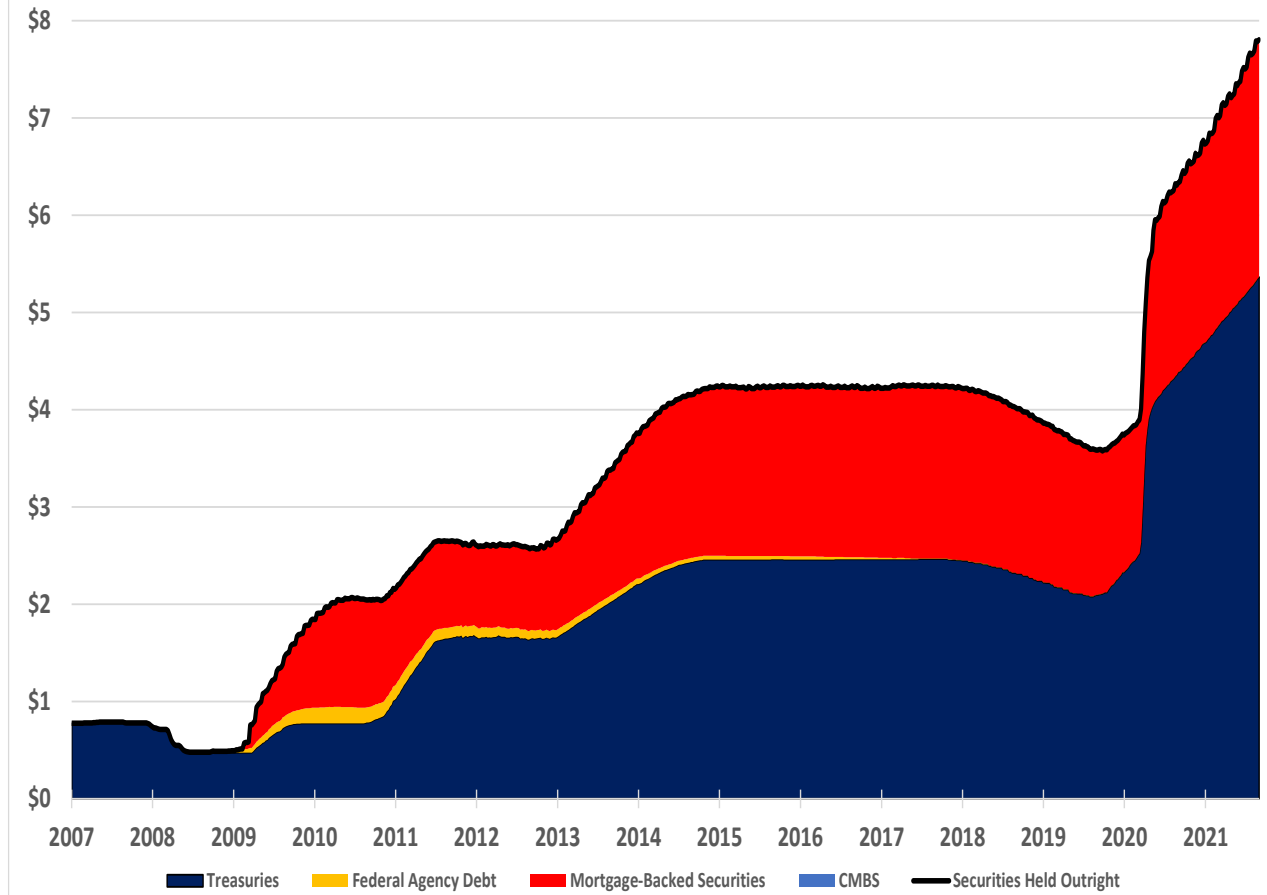
Source: Federal Reserve Board



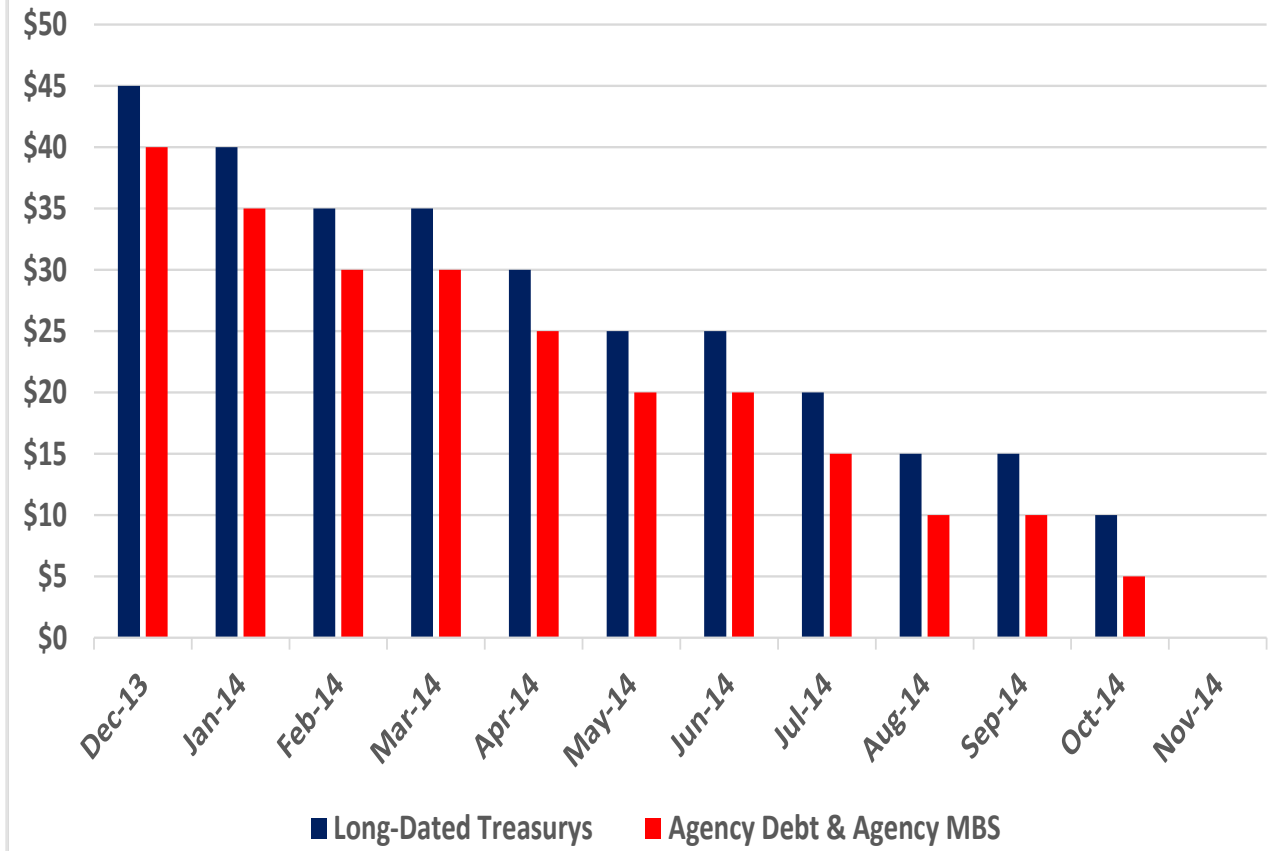


# Fed Securities Holdings Stand \$3.9 Trillion Above Their Pre-Pandemic Level; Any Tapering of Purchases Likely Will Be Gradual

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



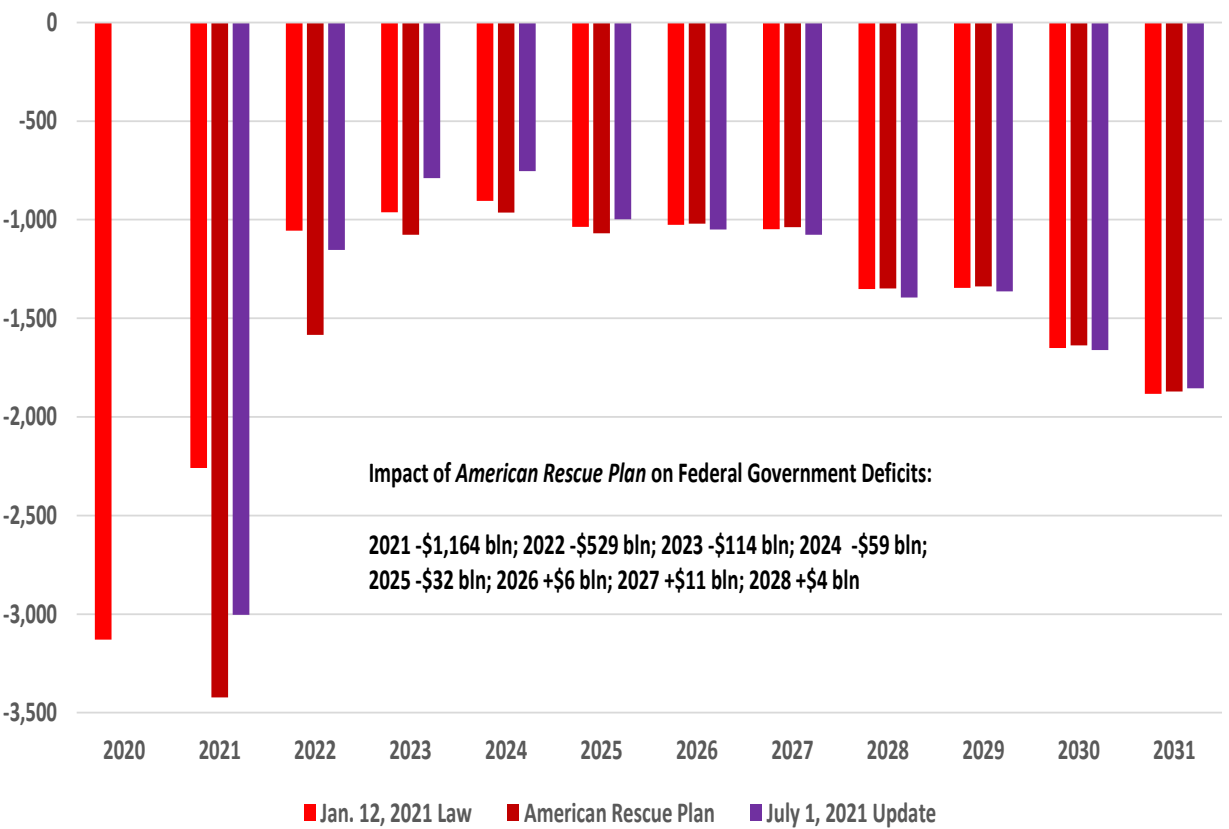
Federal Reserve Monthly Asset Purchases  
(billions of dollars)



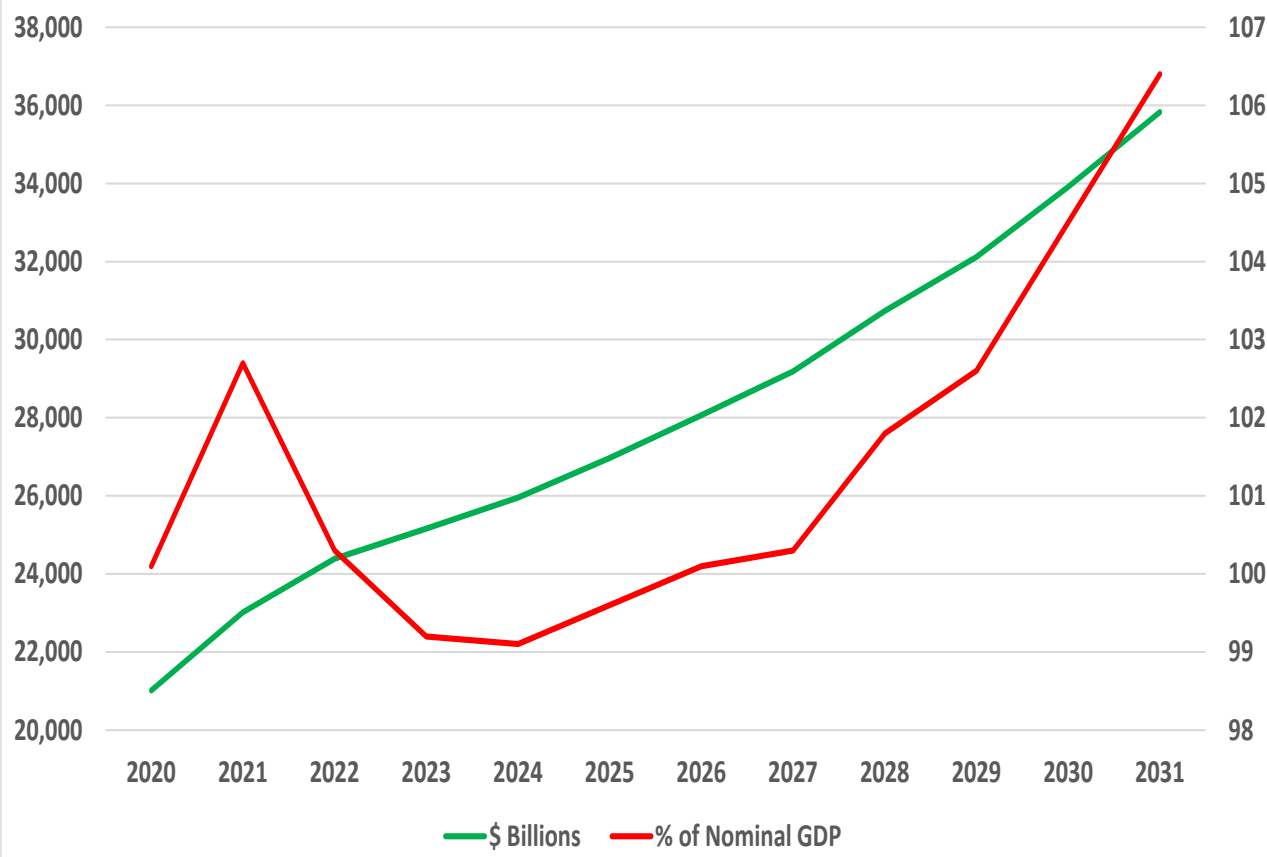
Source: Federal Reserve Board

# Massive Federal Deficits Will Require Sizable Increases in Treasury Debt Issuance

Projected Federal Budget Deficits  
(billions of dollars)



Debt Held by the Public Under Current Law

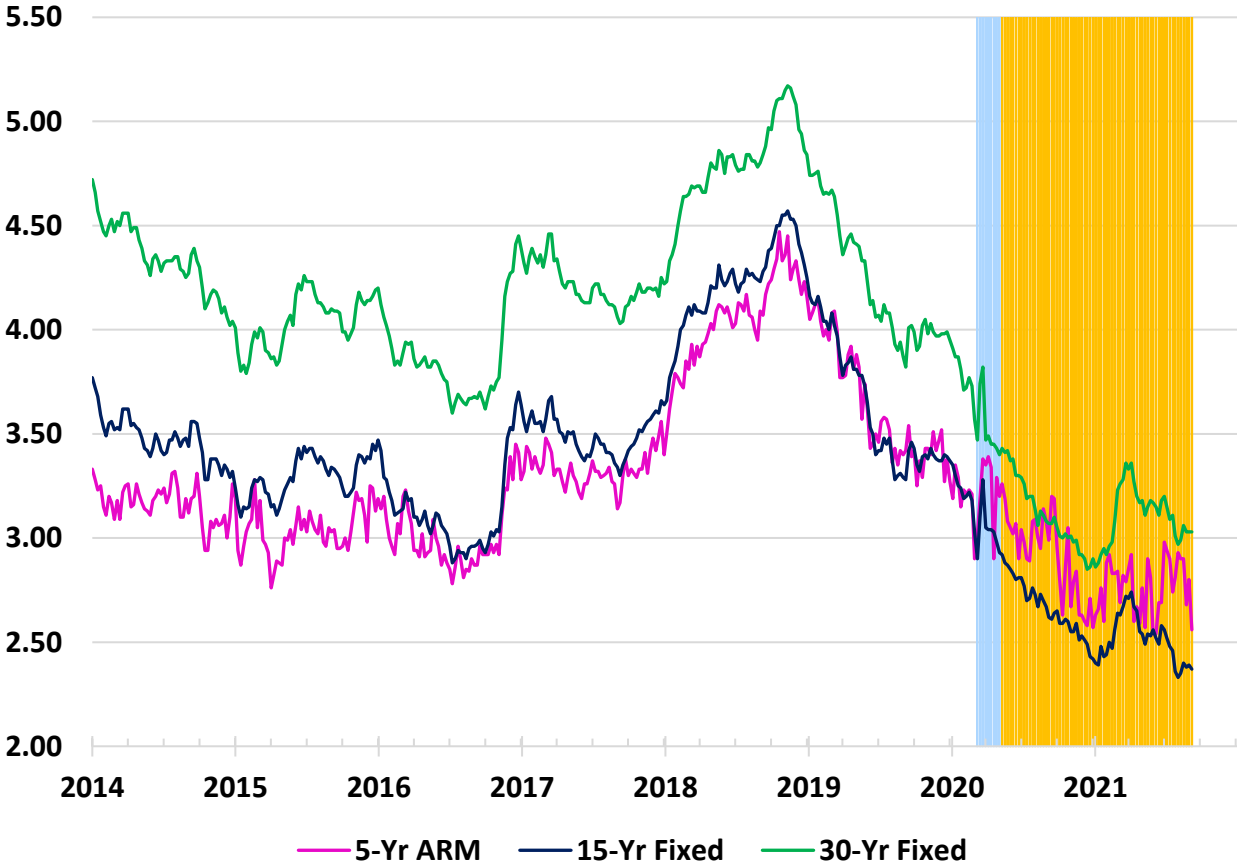


Source: Congressional Budget Office

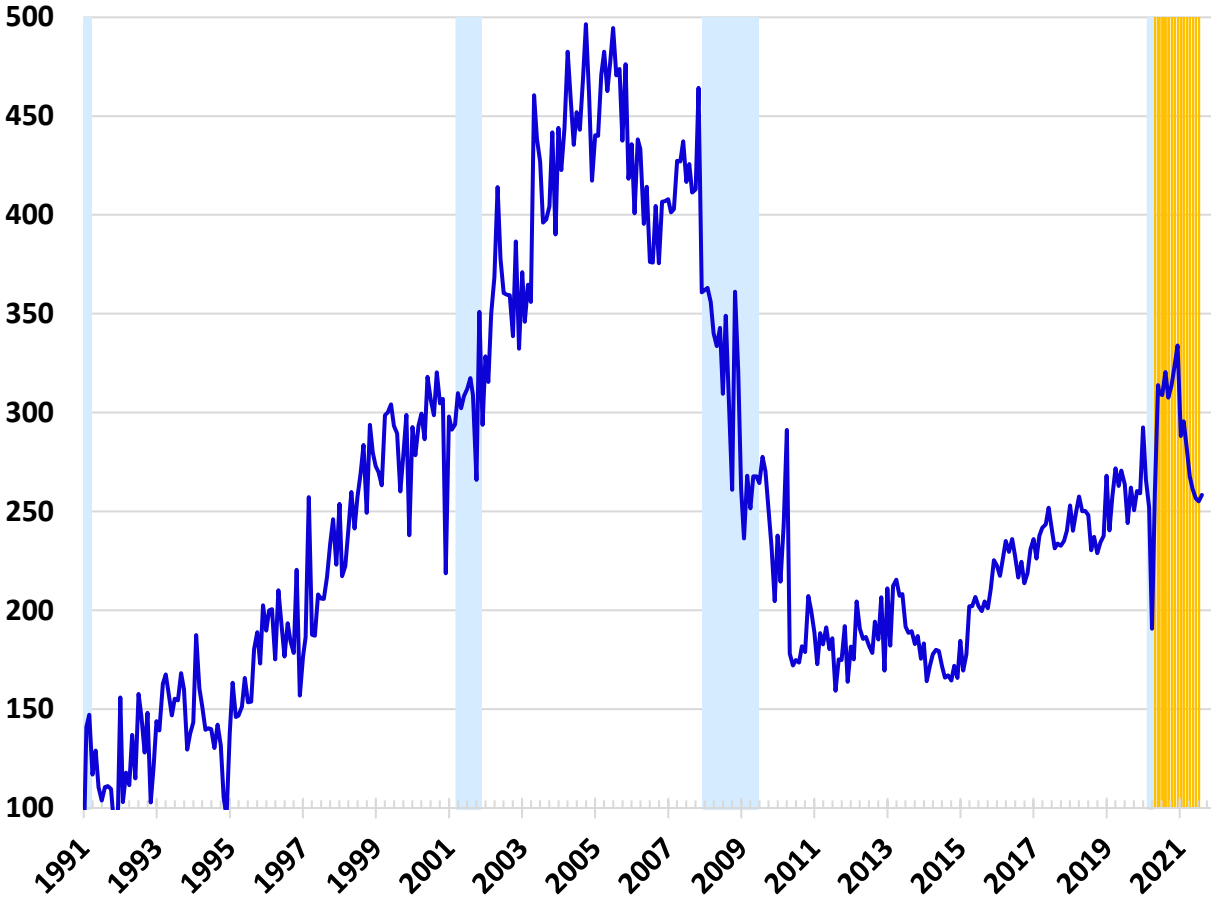


# Historically Low Mortgage Rates Supporting Home Sales, but Lack of Supply Remains a Hurdle

### Mortgage Interest Rates



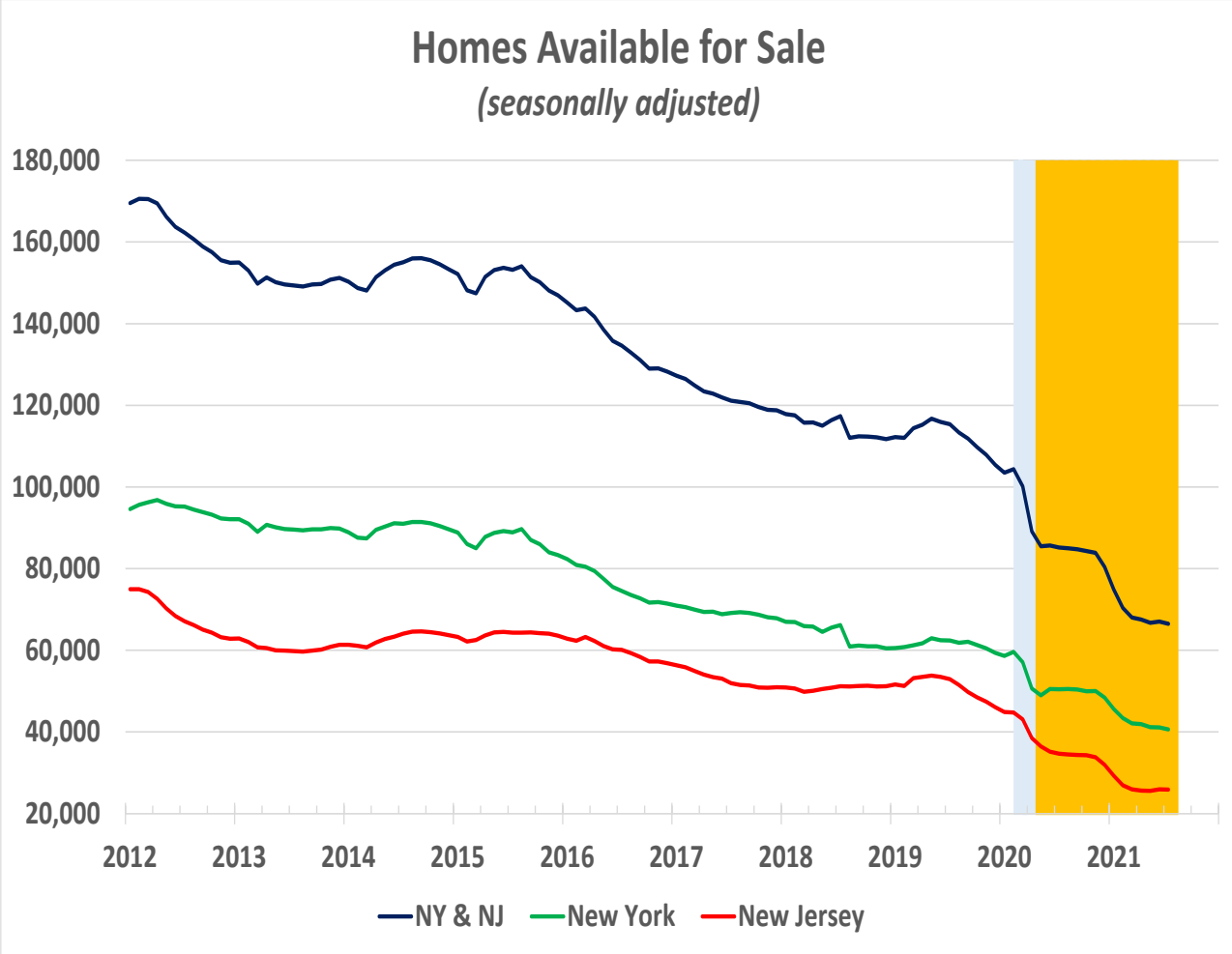
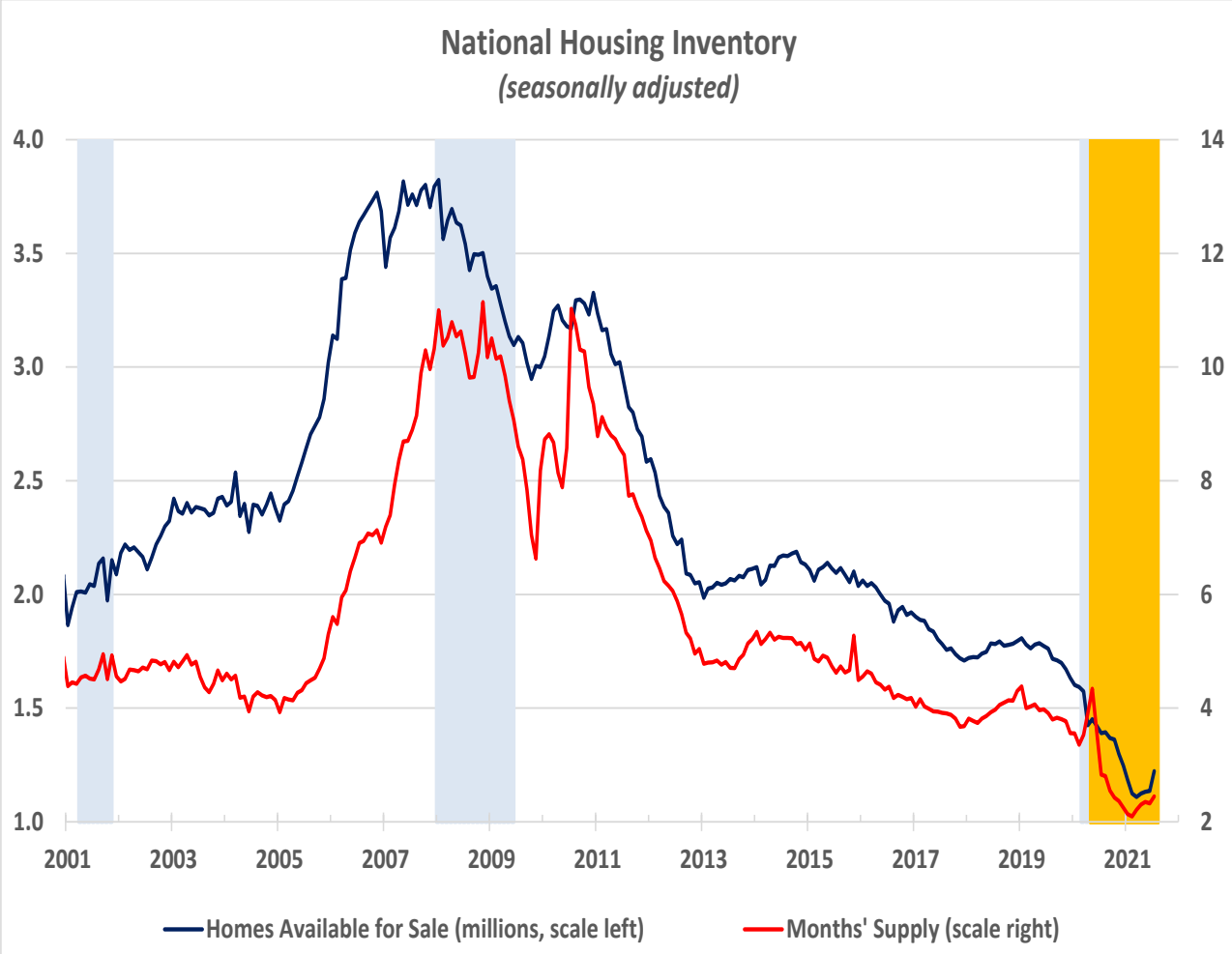
### Home-Purchase Mortgage Applications



Notes: Blue shaded areas denote recessions. Orange shaded areas denote current economic expansion.  
Sources: Mortgage Bankers Association, National Bureau of Economic Research



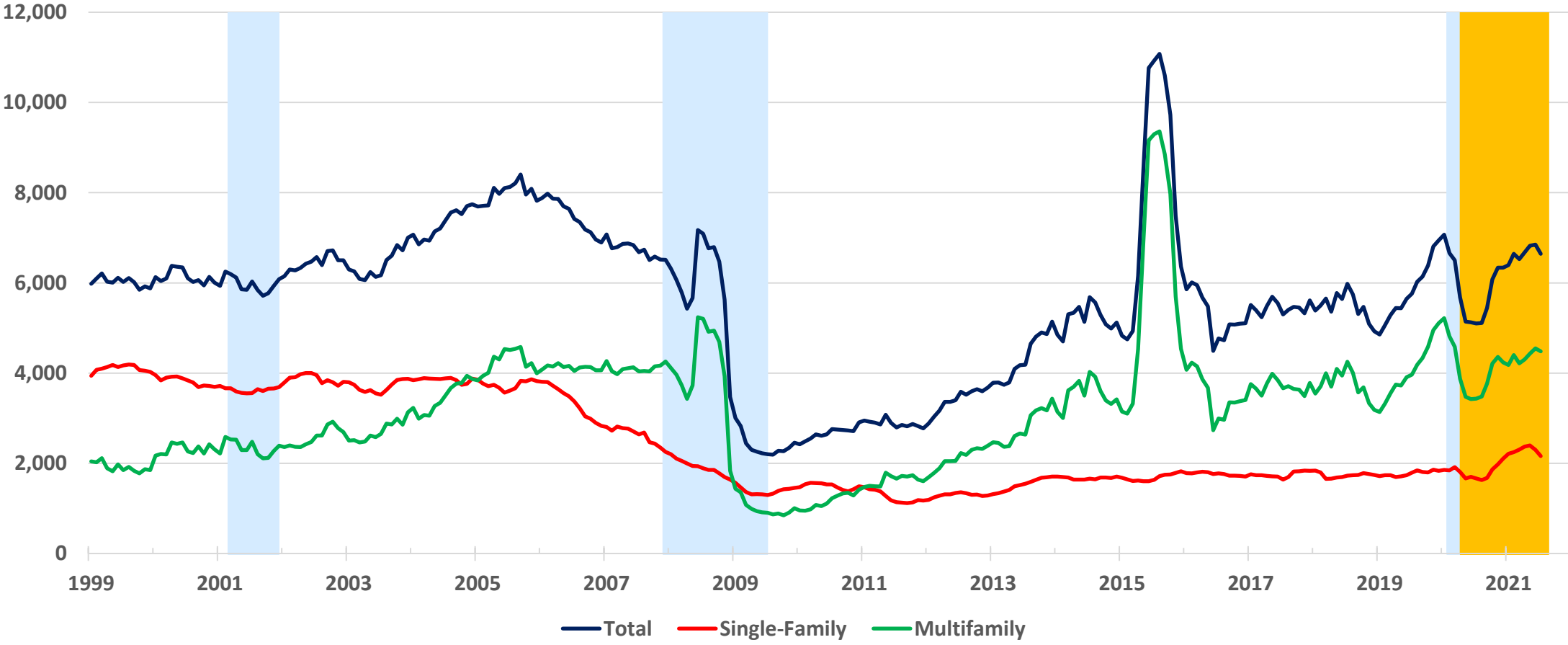
# Stocks of Available Homes Remain Tight Nationally and Locally



Notes: Blue shaded areas denote recessions. Orange shaded areas denote current economic expansion.  
Sources: Mortgage Bankers Association, National Bureau of Economic Research, NYSAR, NJ Realtors, and FHLBNY estimates

# Despite Solid Demand, Local Single-Family Construction Appears To Be Rolling Over

Residential Building Permits in New York & New Jersey  
(seasonally adjusted, 6-month moving averages)

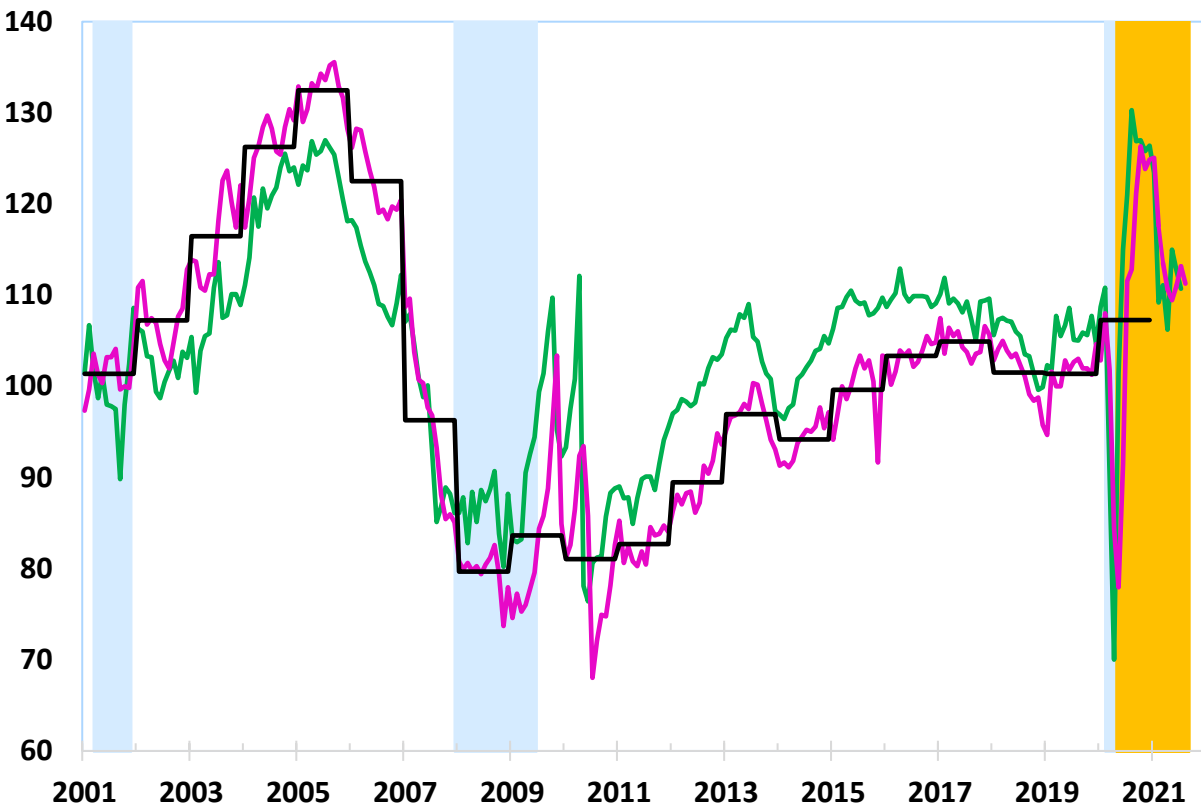


Notes: Blue shaded areas denote recessions. Orange shaded area denotes current economic expansion.  
Sources: Census Bureau, National Bureau of Economic Research and FHLBNY estimates



# Backlog of Contract Signings Points to Further Gains in Local Home Sales

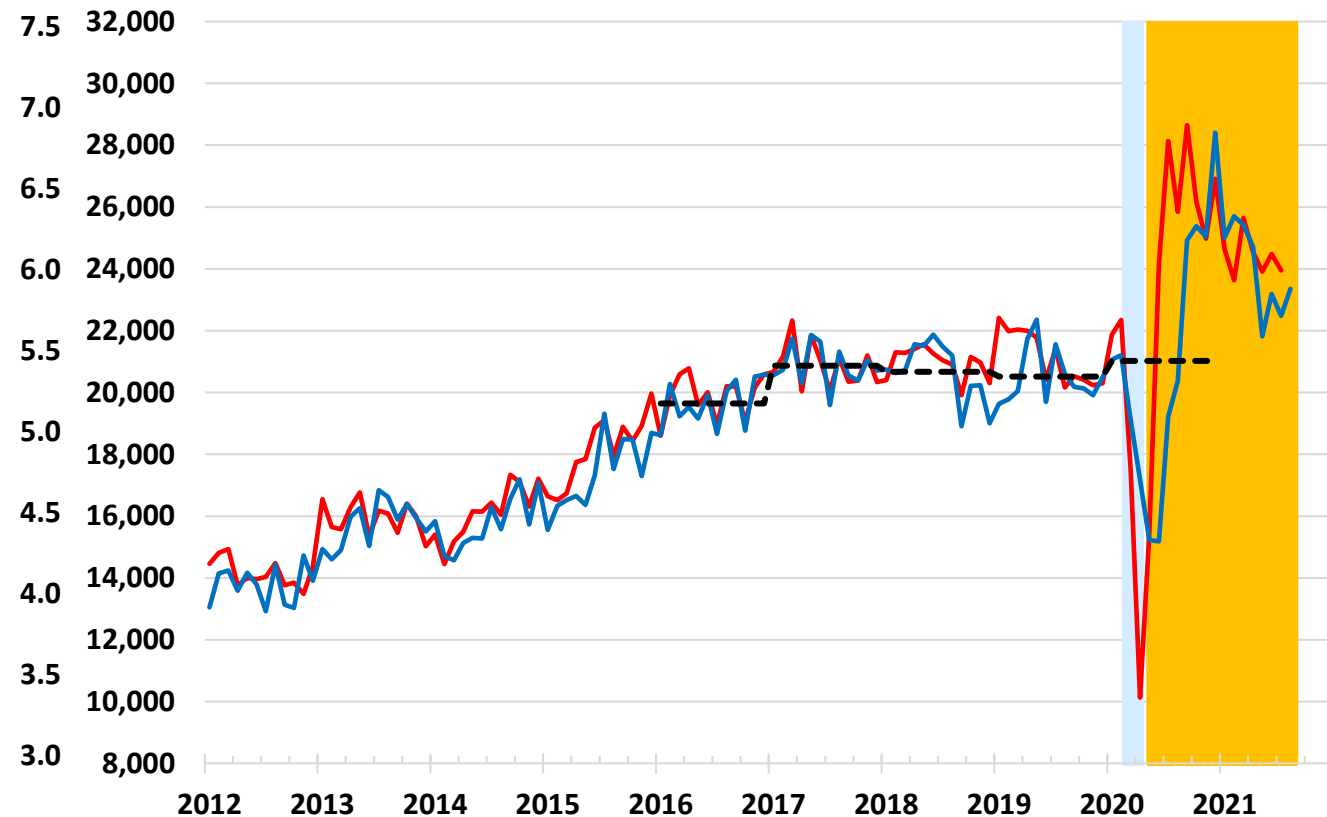
U.S. Pending and Existing Home Sales  
(seasonally adjusted)



— Pending Home Sales (index 2001 = 100, left)     
 — Existing Home Sales (millions saar, right)

— Annual Average Sales

Pending and Closed Home Sales in New York & New Jersey  
(seasonally adjusted)



— Pending Sales     
 — Closed Sales     
 - - - Annual Average Sales

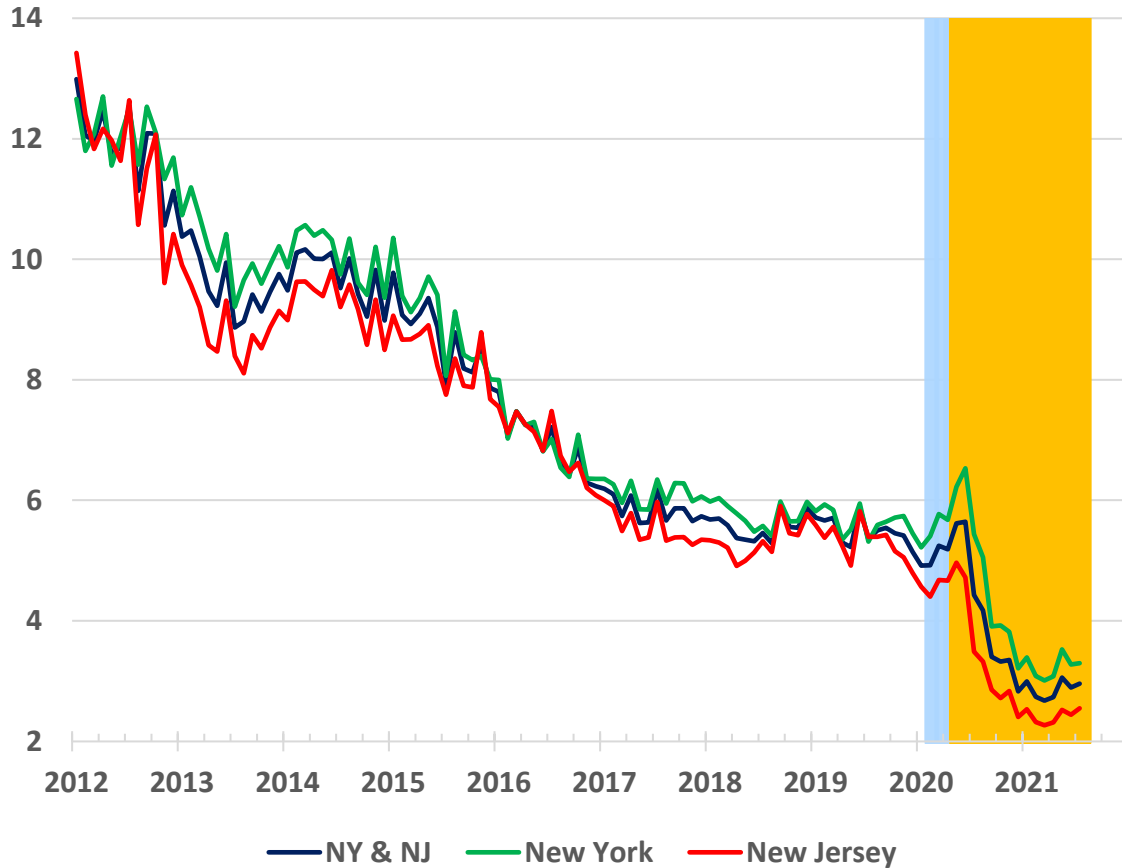
Notes: Blue shaded areas denote recessions. Orange shaded areas denote current economic expansion.

Sources: Mortgage Bankers Association, National Bureau of Economic Research, NYSAR, NJ Realtors, and FHLBNY estimates

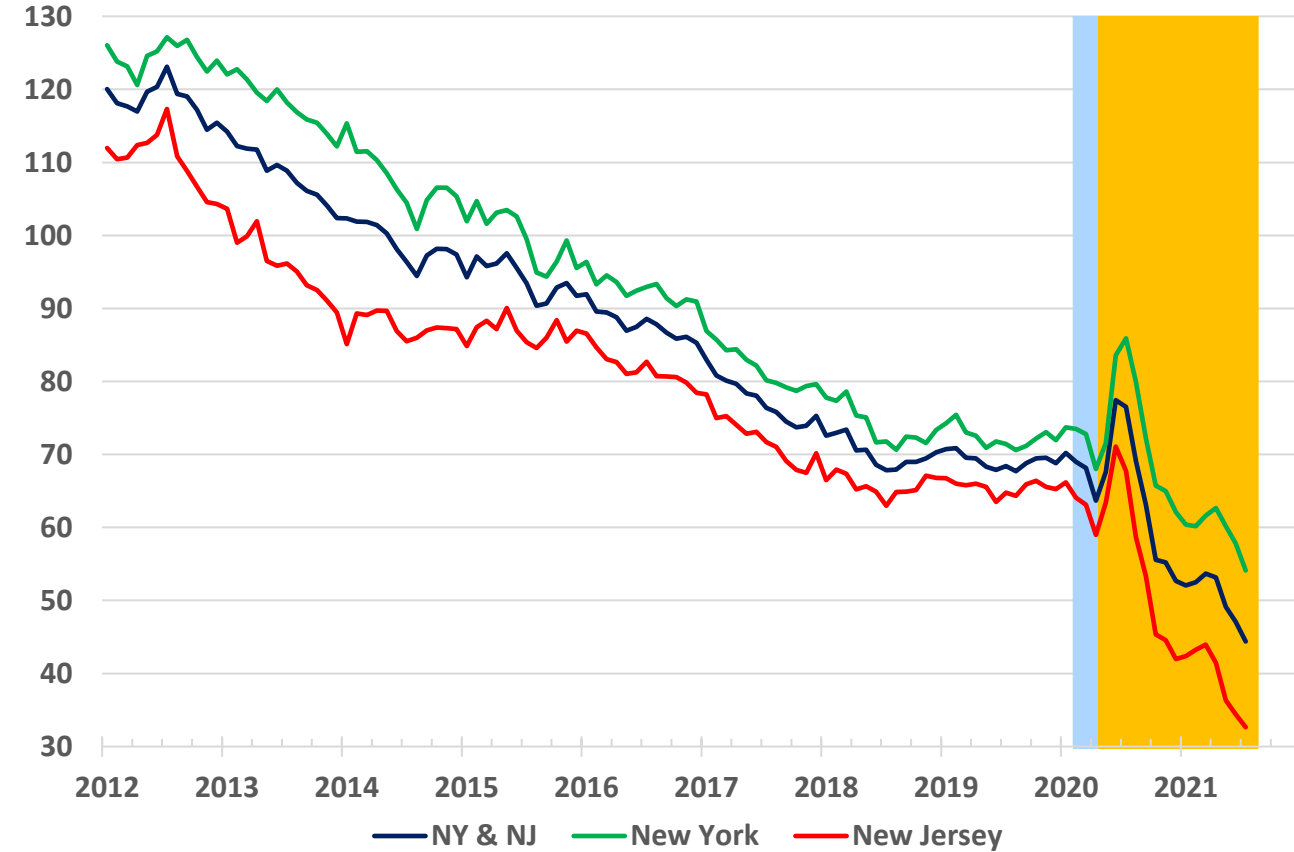


# Given Limited Supplies, Homes Are Changing Hands Quickly in NY & NJ

### Months' Supply of Homes on the Market (seasonally adjusted)



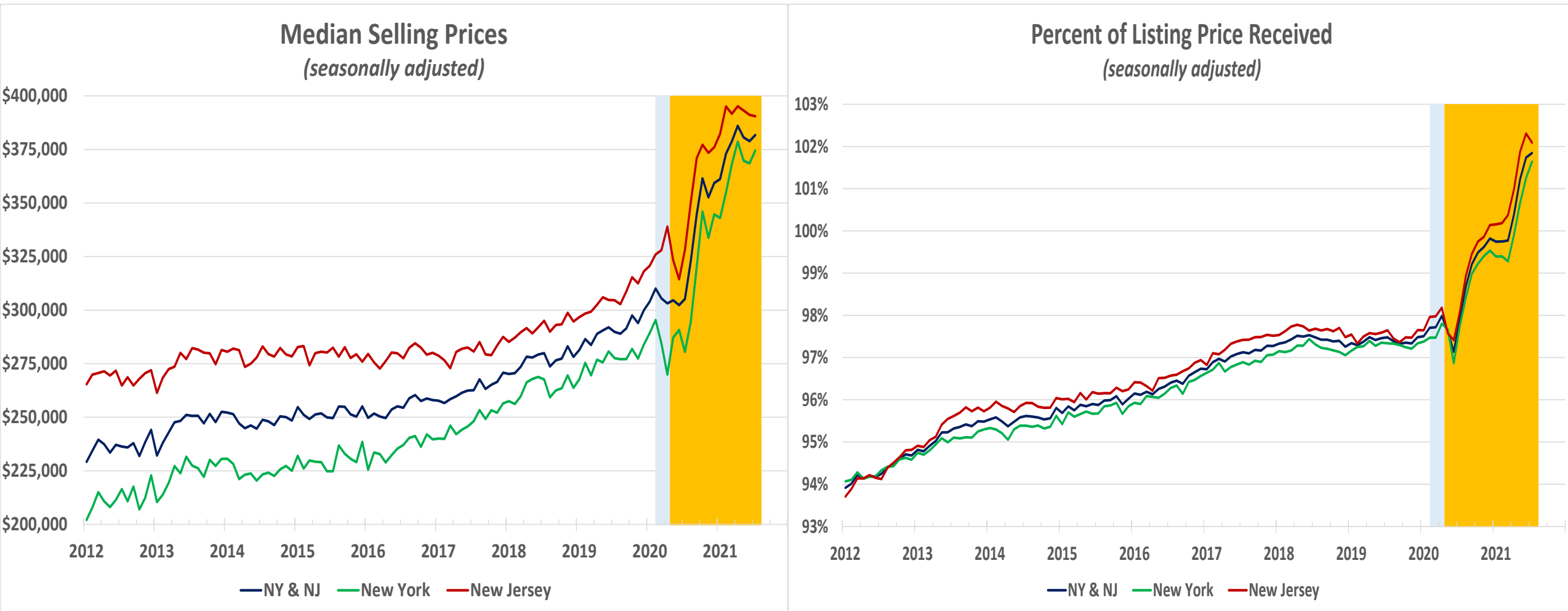
### Number of Days on the Market (seasonally adjusted)



Notes: Blue shaded areas denote recession. Orange shaded area denotes period beyond April 2020 when probability that the economy was in recession dipped below 1%. Sources: NYSAR, NJ Realtors and FHLBNY estimates



# Limited Supply of Homes Boosting Prices; Sellers Receiving Above Listing Price



Notes: Blue shaded areas denote recessions. Orange shaded areas denote current economic expansion.

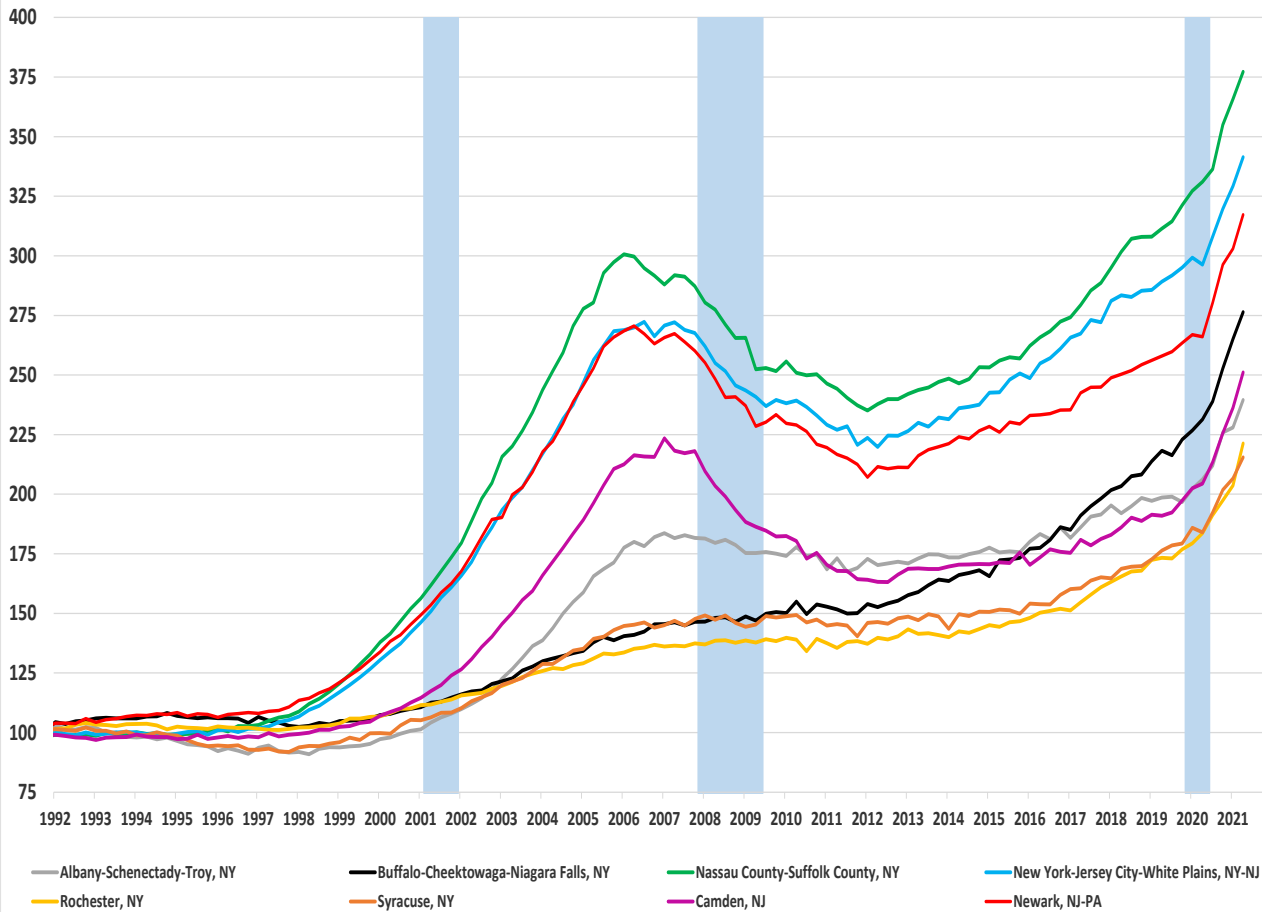
Sources: National Bureau of Economic Research, NYSAR, NJ Realtors, and FHLBNY estimates



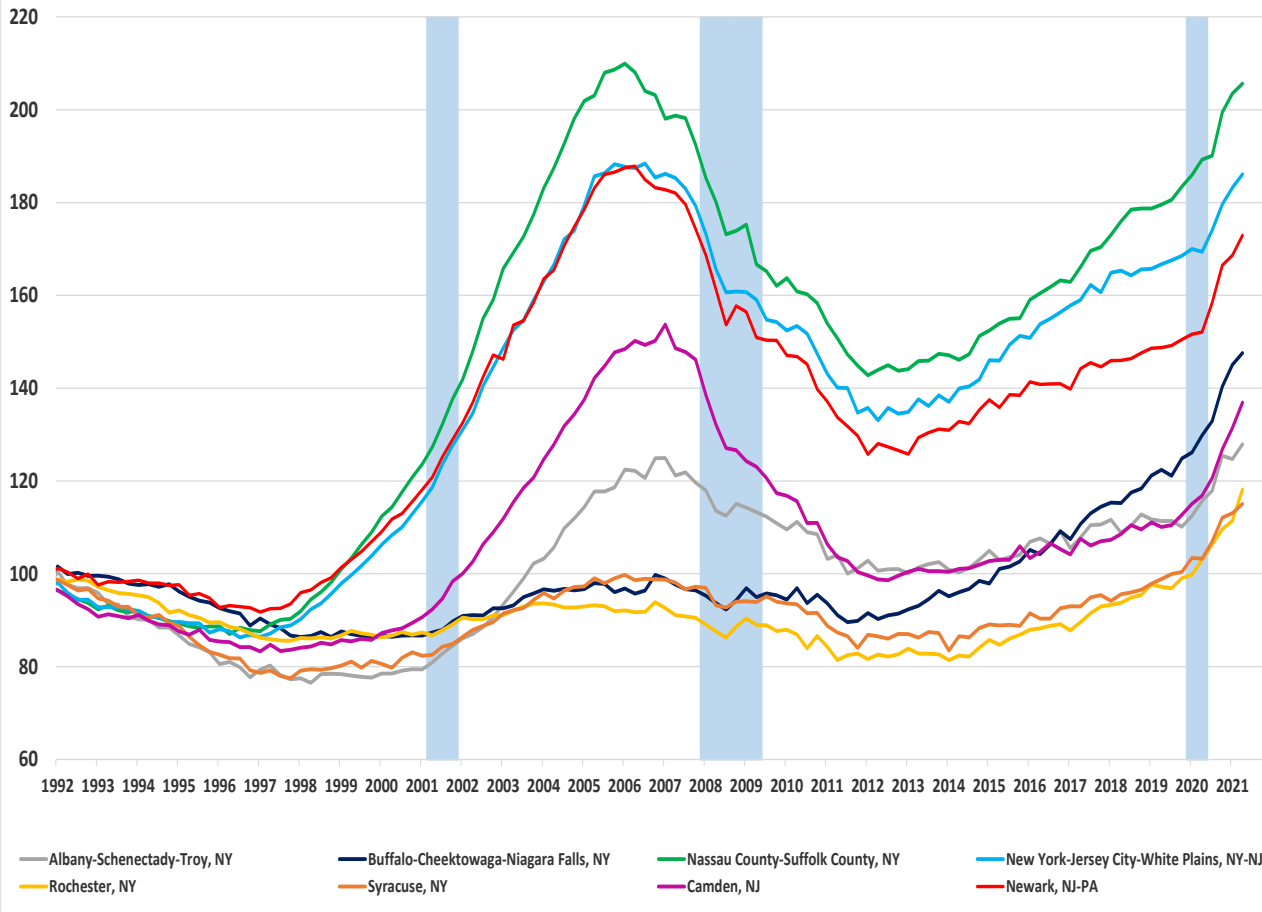


# Home-Price Performance Has Varied Widely Across the FHLB NY District

FHFA Purchase-Only Home Price Indexes  
(Seasonally Adjusted, Q1 1991 = 100)



Real FHFA Purchase-Only Home Price Indexes  
(Seasonally Adjusted, Q1 1991 = 100)



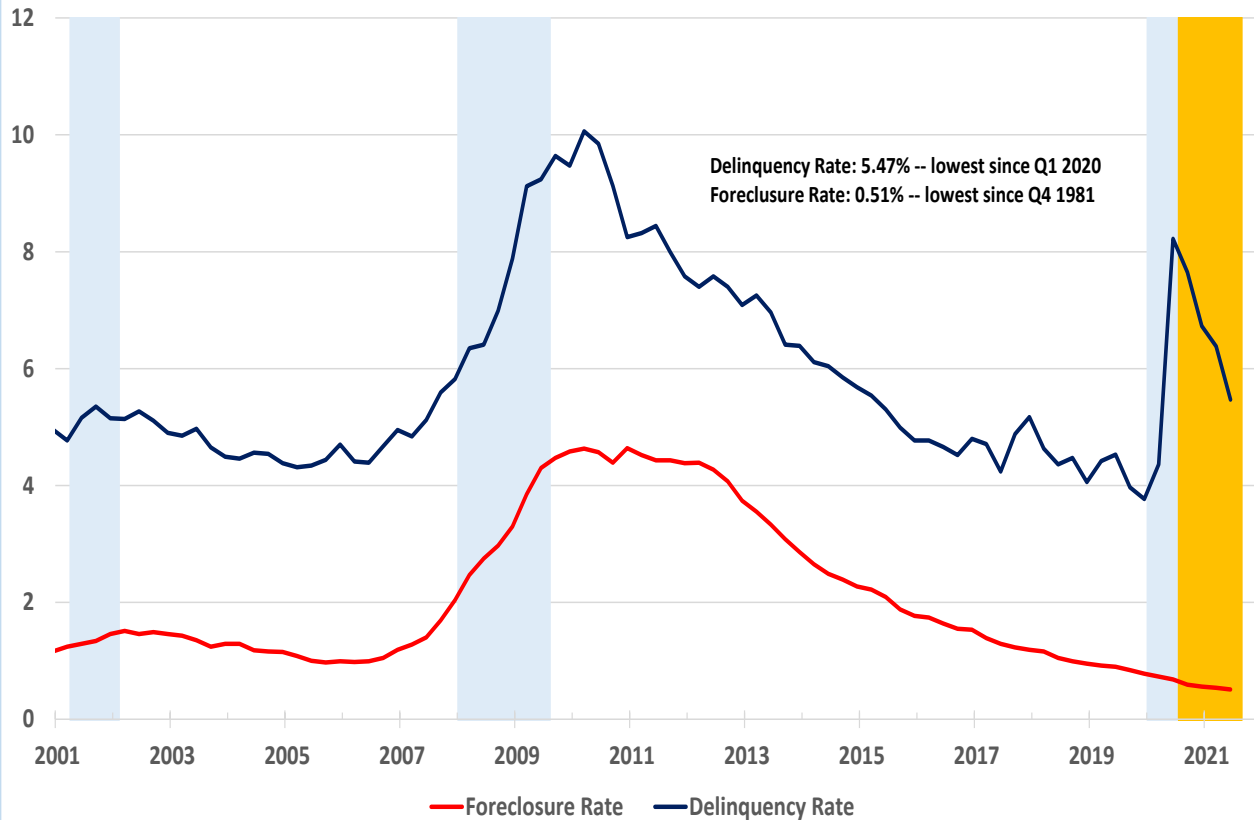
Notes: Blue shaded areas denote recessions.

Sources: Bureau of Labor Statistics, Federal Housing Finance Agency, National Bureau of Economic Research, and FHLB NY estimates

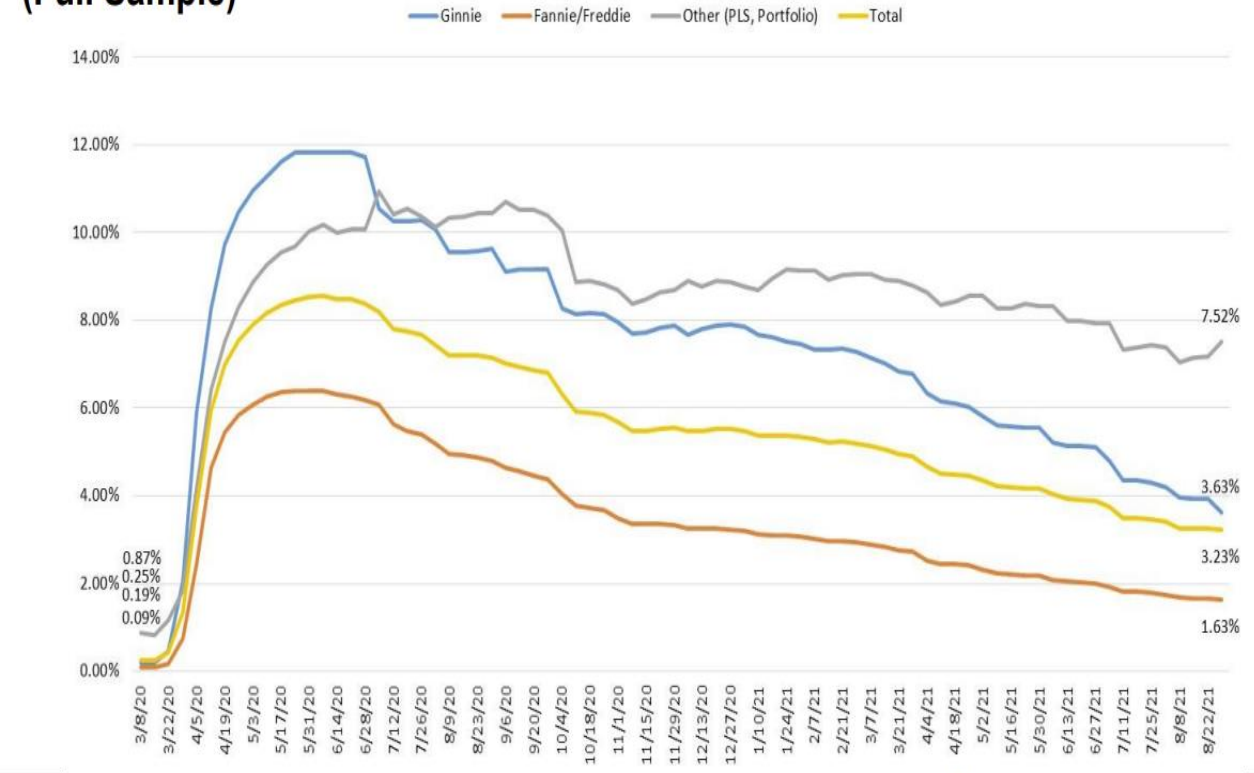


# Mortgage Performance Improving; Forbearances Moving Lower

Mortgage Delinquencies & Foreclosures  
(percentage of all loans outstanding)



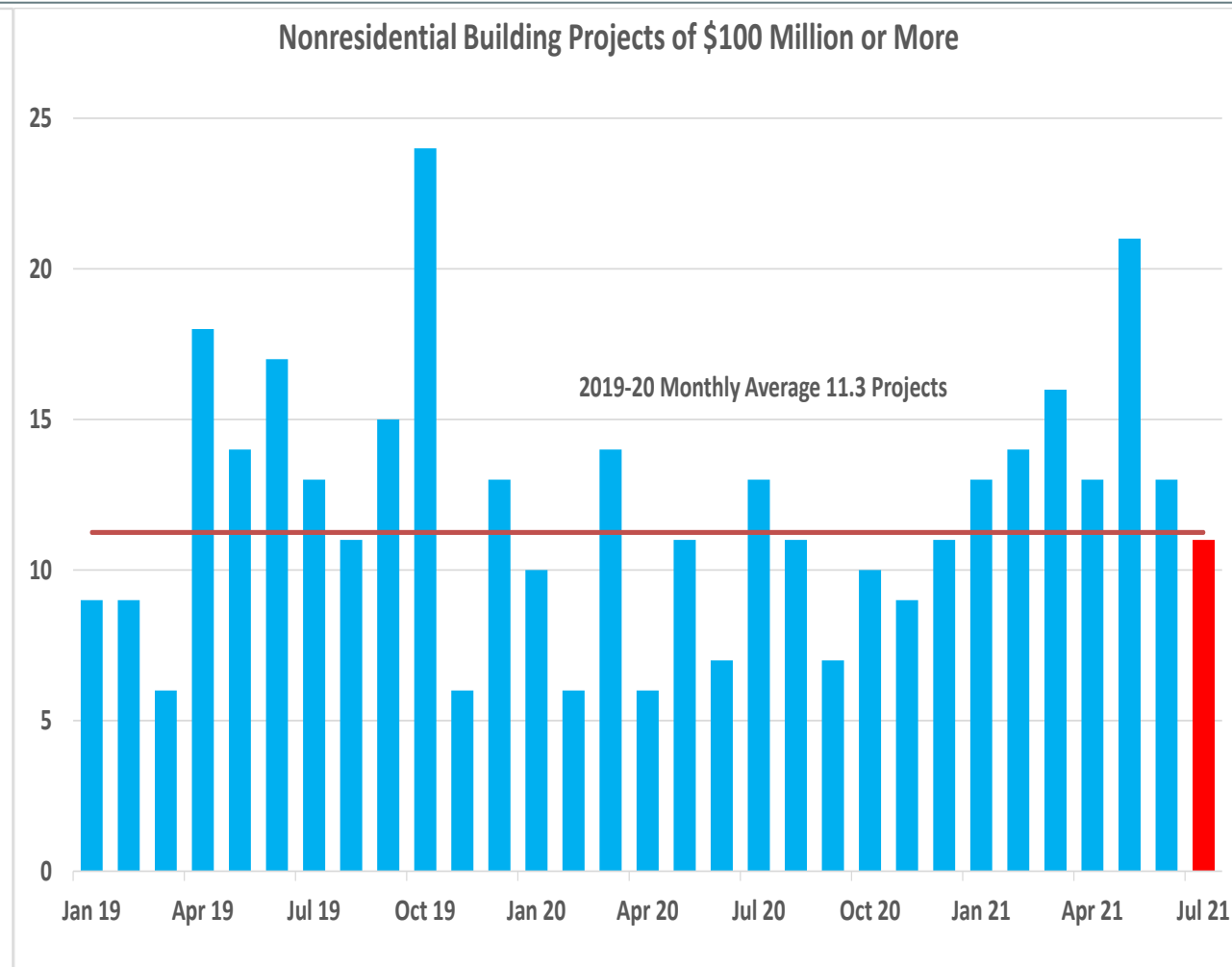
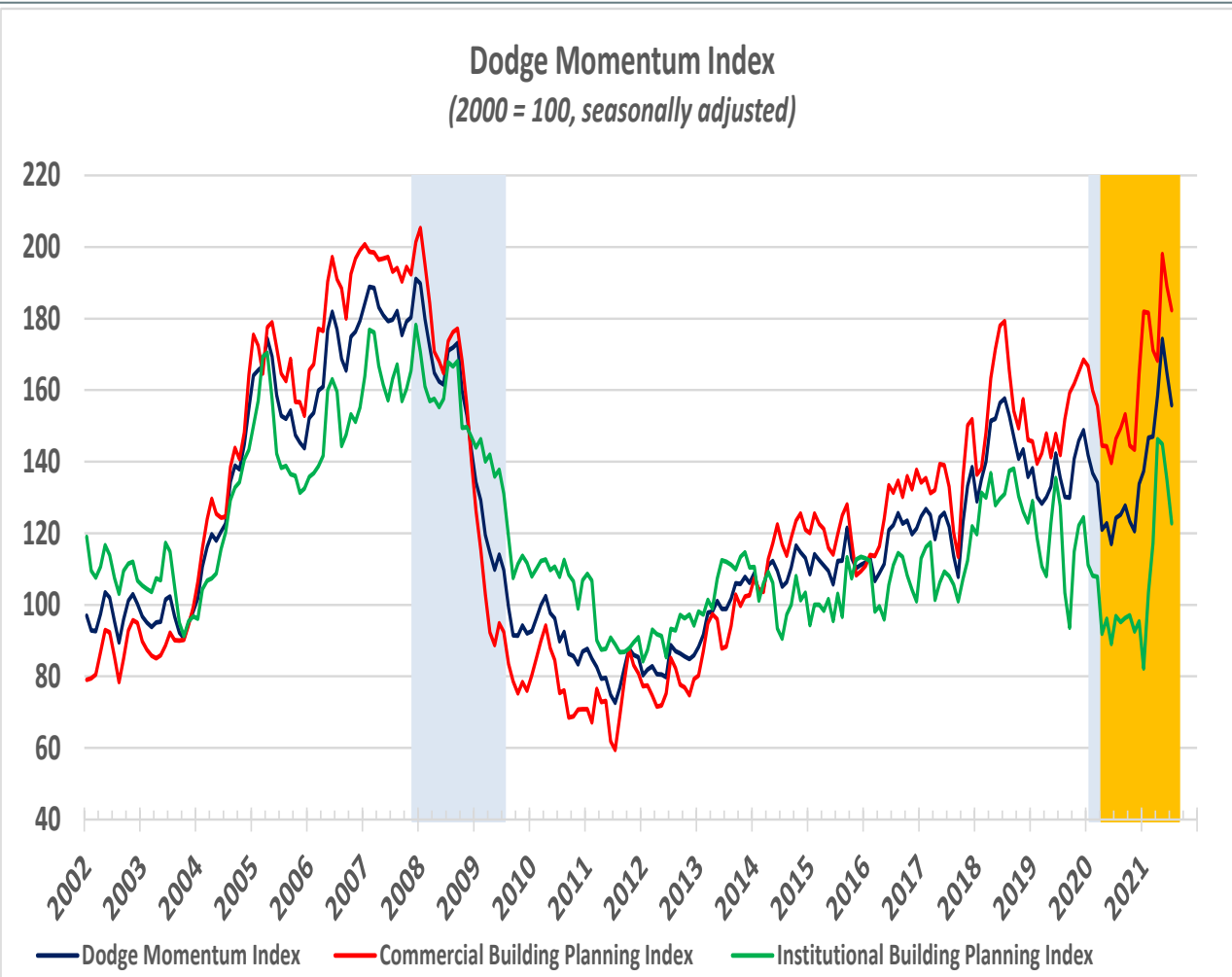
% of Servicing Portfolio Volume in Forbearance by Investor Type over Time (Full Sample)



Source: MBA's Weekly Forbearance and Call Volume Survey, as of 8/29/21  
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Notes: Blue shaded areas denote recessions. Orange shaded area denotes current economic expansion.  
Sources: Mortgage Bankers Association, National Bureau of Economic Research

# Nonresidential Building Projects in Planning Have Taken a Breather Since May



Notes: Blue shaded areas denote recession. Orange shaded area denotes current economic expansion.  
Sources: Dodge Data & Analytics, National Bureau of Economic Research

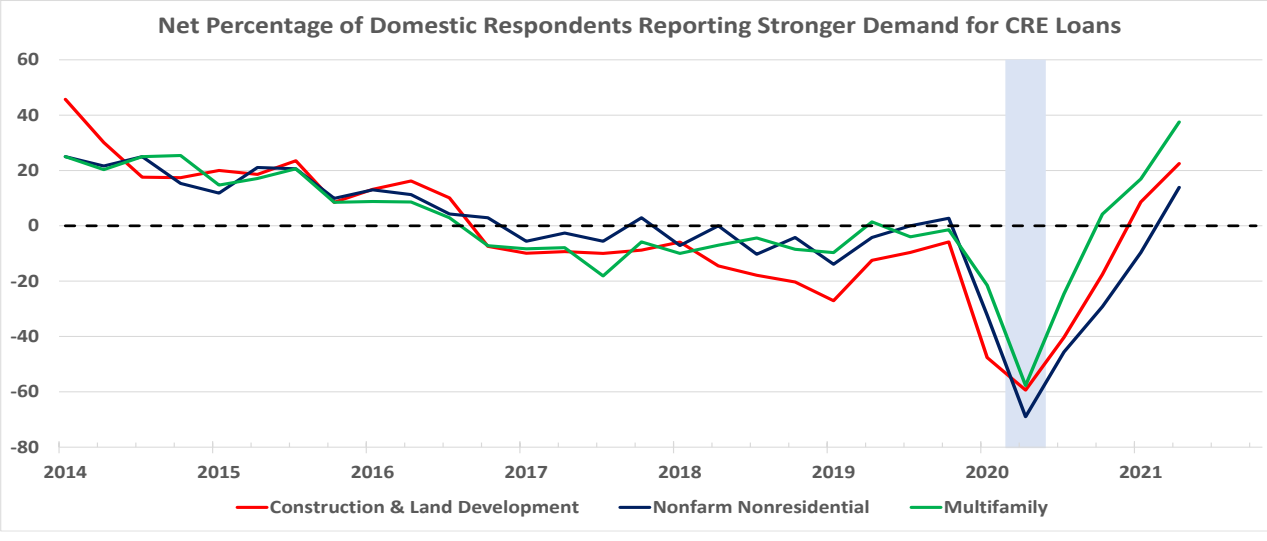
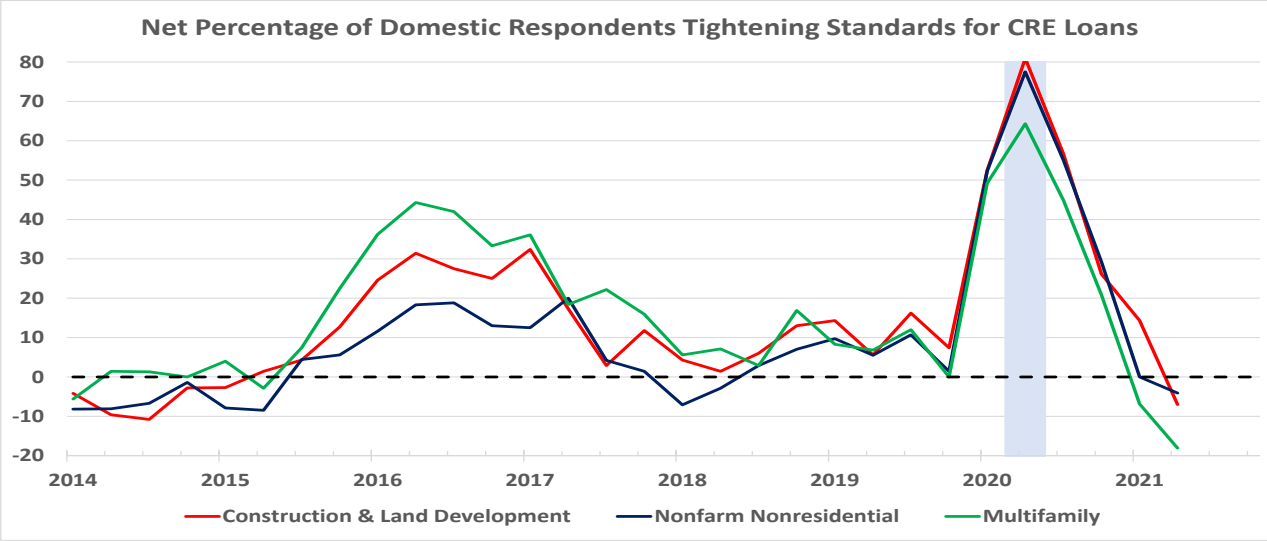
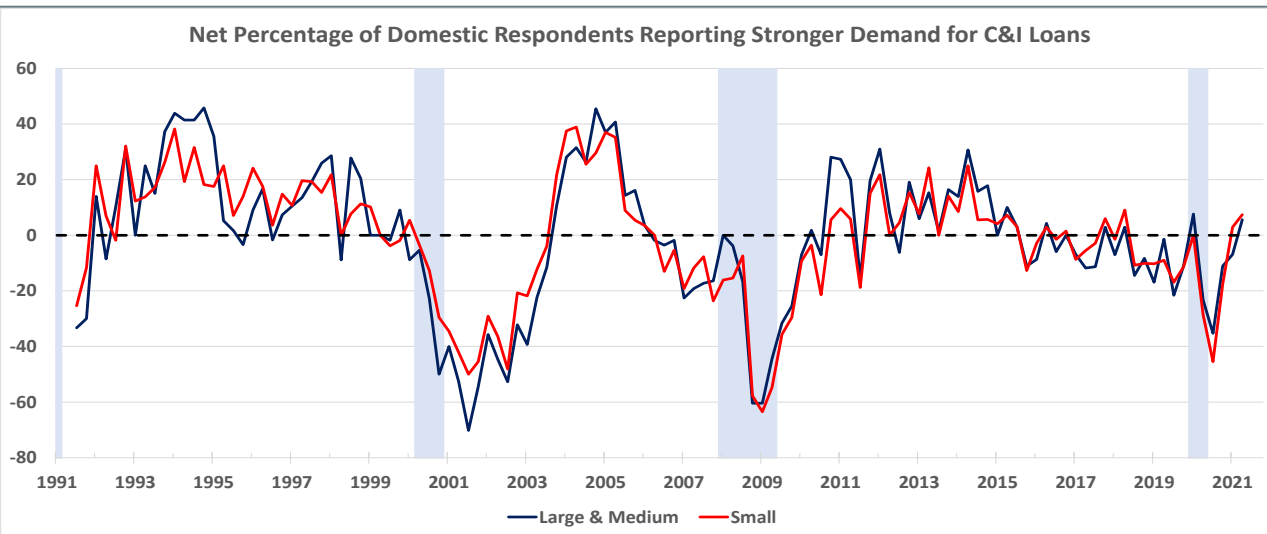
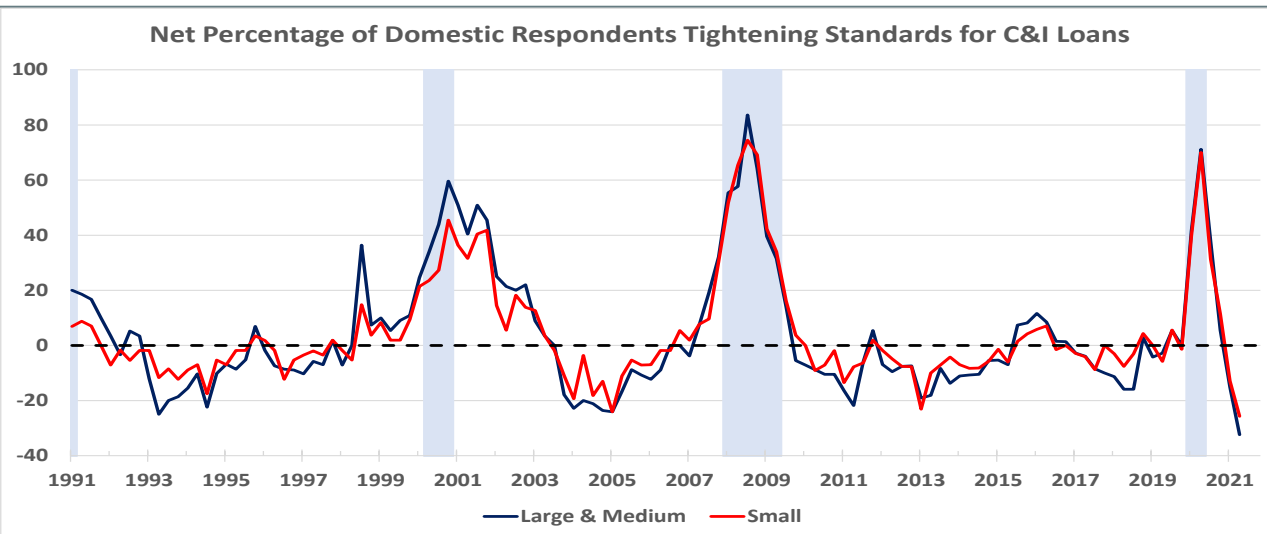
# FHLBNY District Commercial Real Estate Markets Have Been Mixed Since the Pandemic Struck (changes in key metrics from 4Q 2019 to 2Q 2021)

Office Markets:	Net Absorption (sq. ft.)	Vacancy Rate	Asking Rents	Industrial Markets:	Net Absorption (sq. ft.)	Vacancy Rate	Asking Rents
Binghamton, NY	-10,212	0.7%	-1.4%	Binghamton, NY	182,759	-4.1%	3.4%
Buffalo, NY	-41,491	1.3%	0.0%	Buffalo, NY	437,631	-3.8%	37.9%
Long Island, NY	-788,257	2.3%	2.1%	Long Island, NY	1,491,764	-0.9%	26.1%
New Jersey - Central	-2,965,511	3.5%	2.7%	New Jersey - Central	12,239,211	0.0%	24.1%
New Jersey - Northern	-3,987,650	4.3%	1.3%	New Jersey - Northern	2,600,955	-0.2%	6.7%
New York - Brooklyn	-987	3.8%	-2.8%	New York - Outer Boroughs	969,662	0.0%	5.1%
New York - Downtown	-4,480,297	5.4%	-4.0%	Rochester, NY	748,272	-0.9%	0.0%
New York - Midtown	-15,844,558	7.4%	-3.5%	Syracuse, NY	773,876	-2.2%	24.3%
New York - Midtown South	-5,625,640	9.1%	-9.3%				
Rochester, NY	-461,302	6.6%	0.0%	Shopping Centers:	Net Absorption (sq. ft.)	Vacancy Rate	Asking Rents
Syracuse, NY	-13,199	0.9%	3.9%	Albany	-281,007	1.3%	2.8%
Westchester County, NY	-671,400	2.9%	1.7%	Buffalo	-880,850	3.4%	2.1%
				New York City Metro	-1,685,832	1.3%	-8.3%
				Rochester	-730,292	3.2%	1.6%



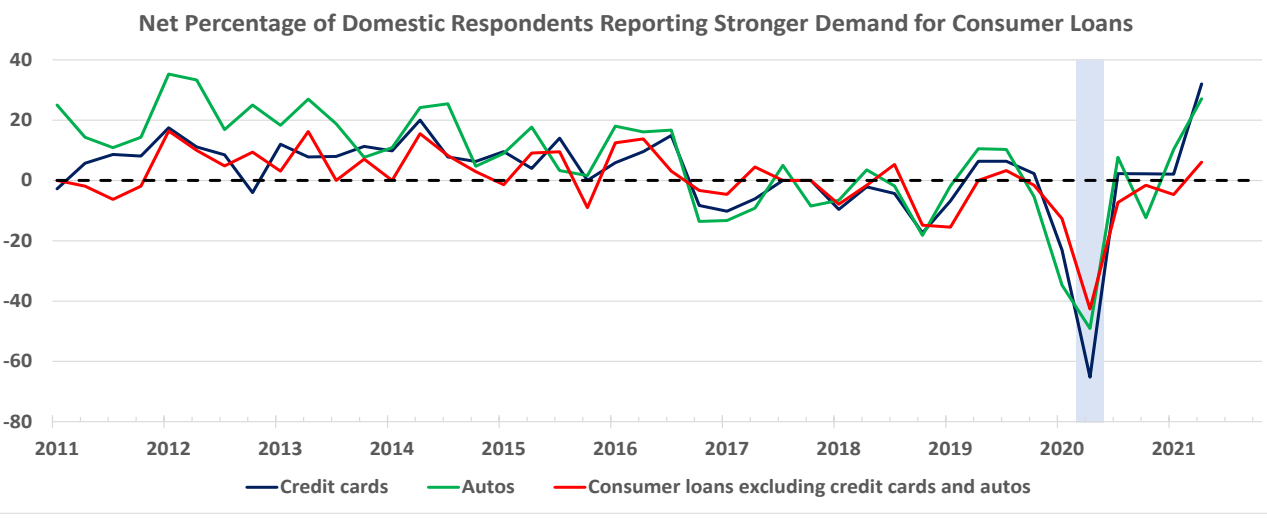
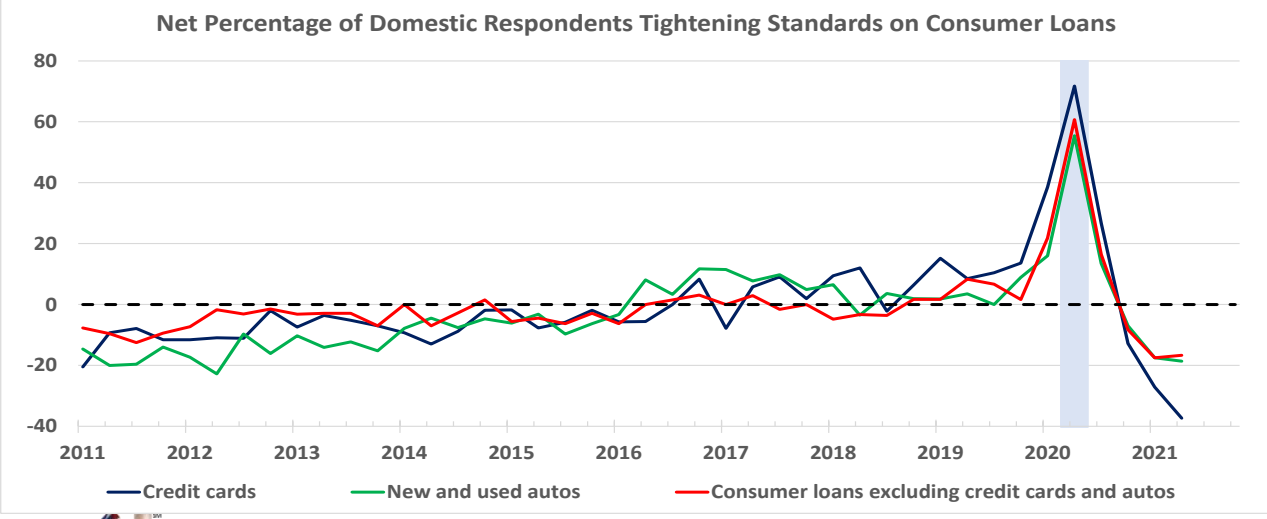
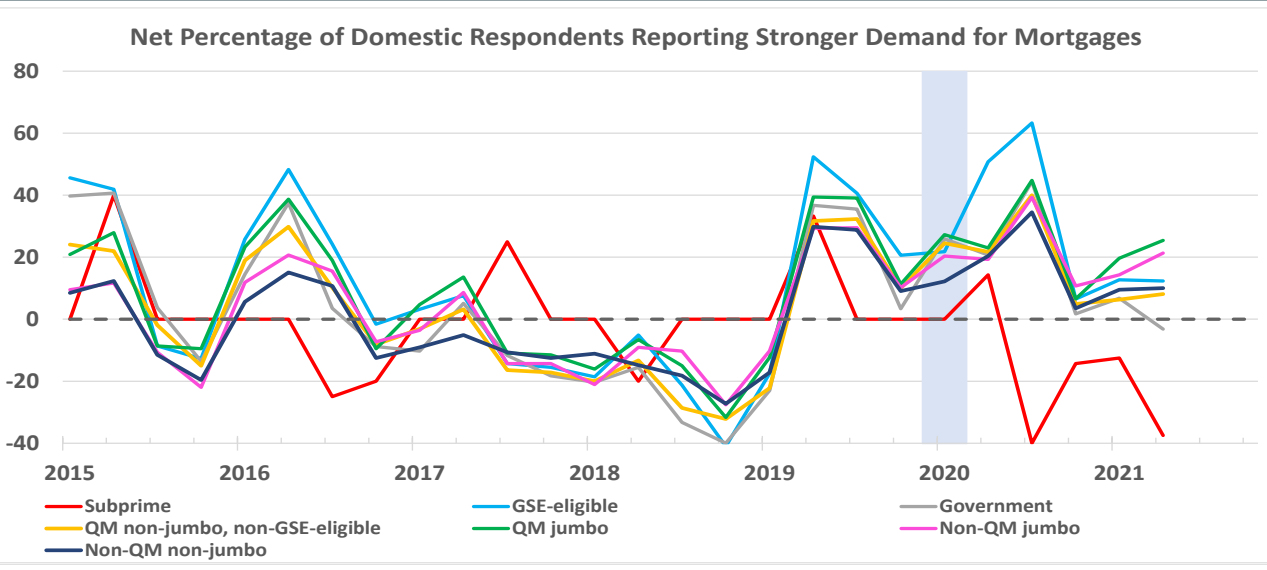
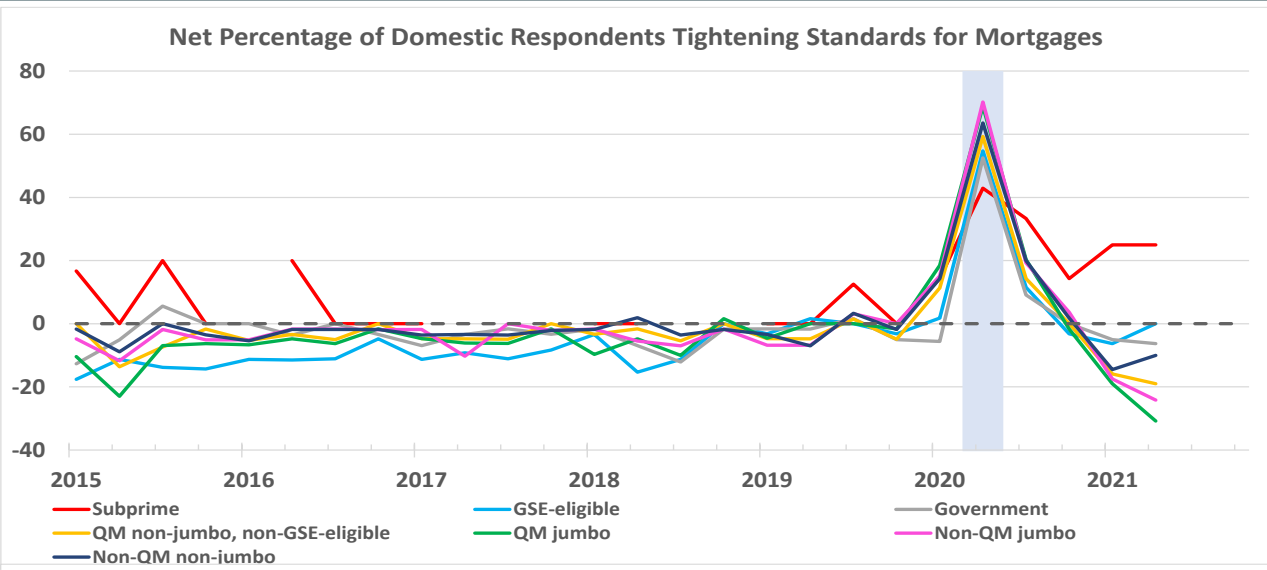
Source: Cushman & Wakefield

# Banks Easing Lending Standards for C&I and CRE Loans Amid Growing Demand



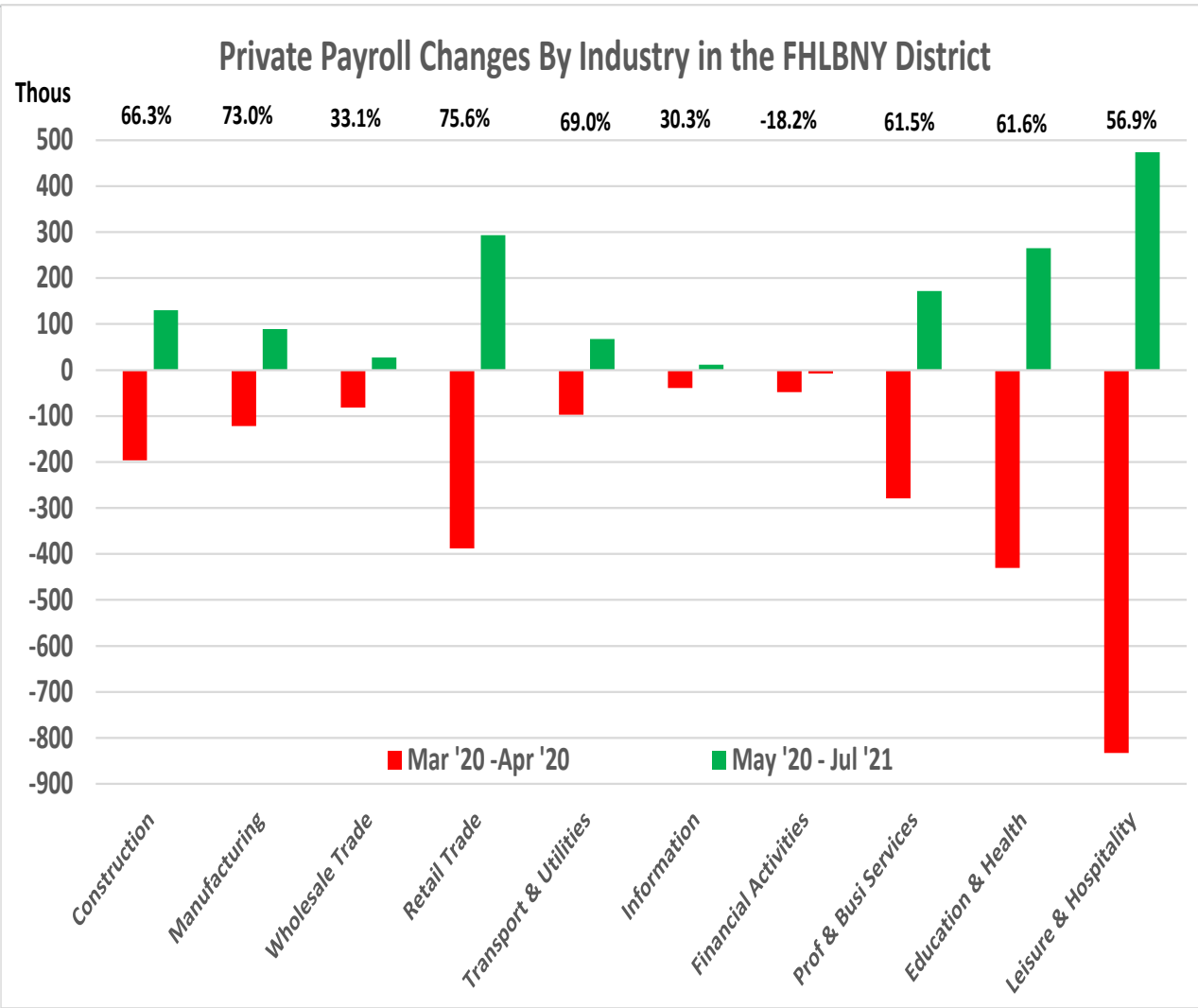
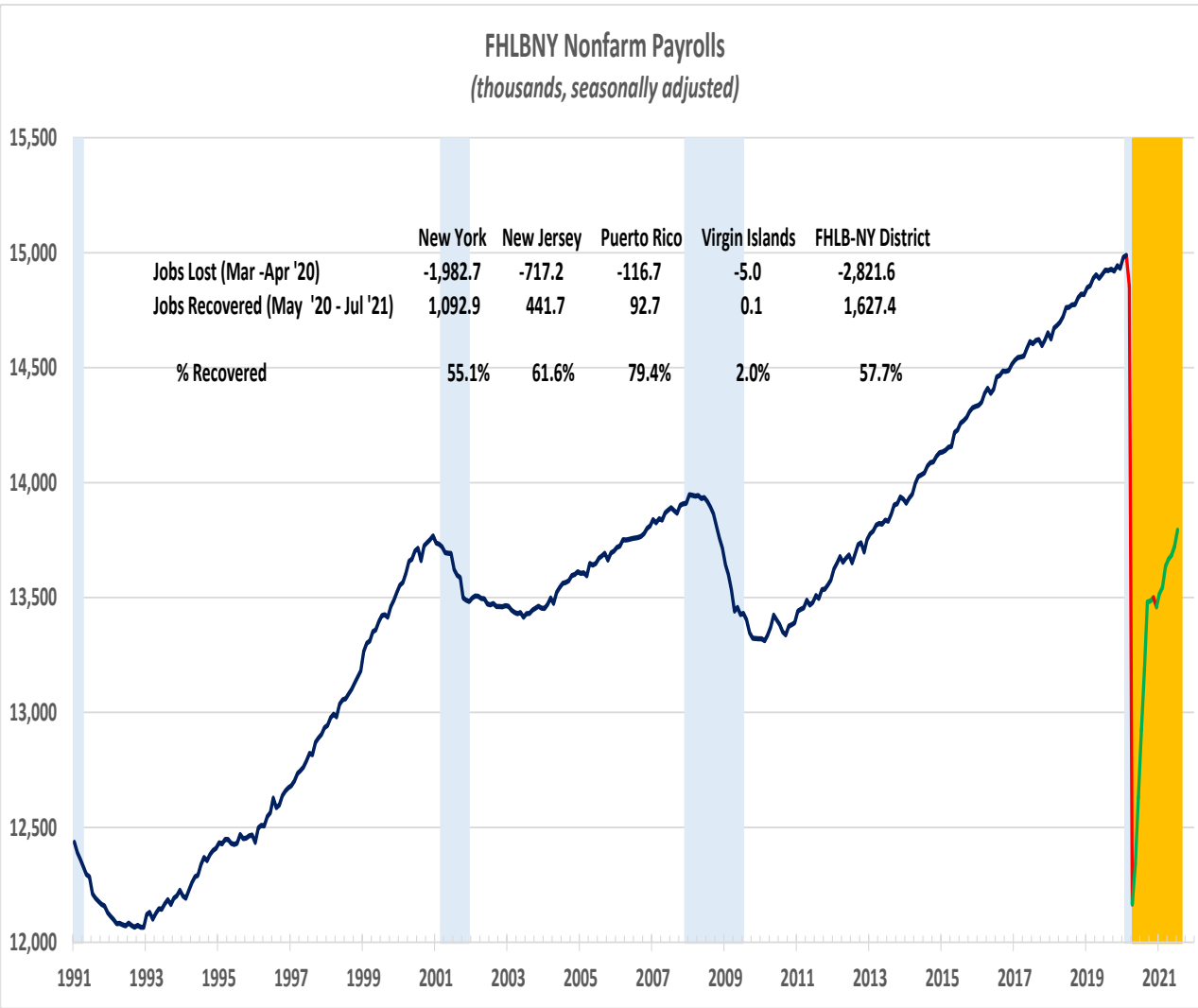
Source: Federal Reserve Board

# Banks Easing Lending Standards for Mortgage & Consumer Loans Amid Growing Demand



Source: Federal Reserve Board

# FHLBNY District Has Added Jobs Over Past 15 Months, But Payrolls Remain Well Below Pre-Pandemic Levels



Sources: Bureau of Labor Statistics, National Bureau of Economic Research



# Jobs Recovery in FHLB NY District Lagging Behind Rest of the Nation

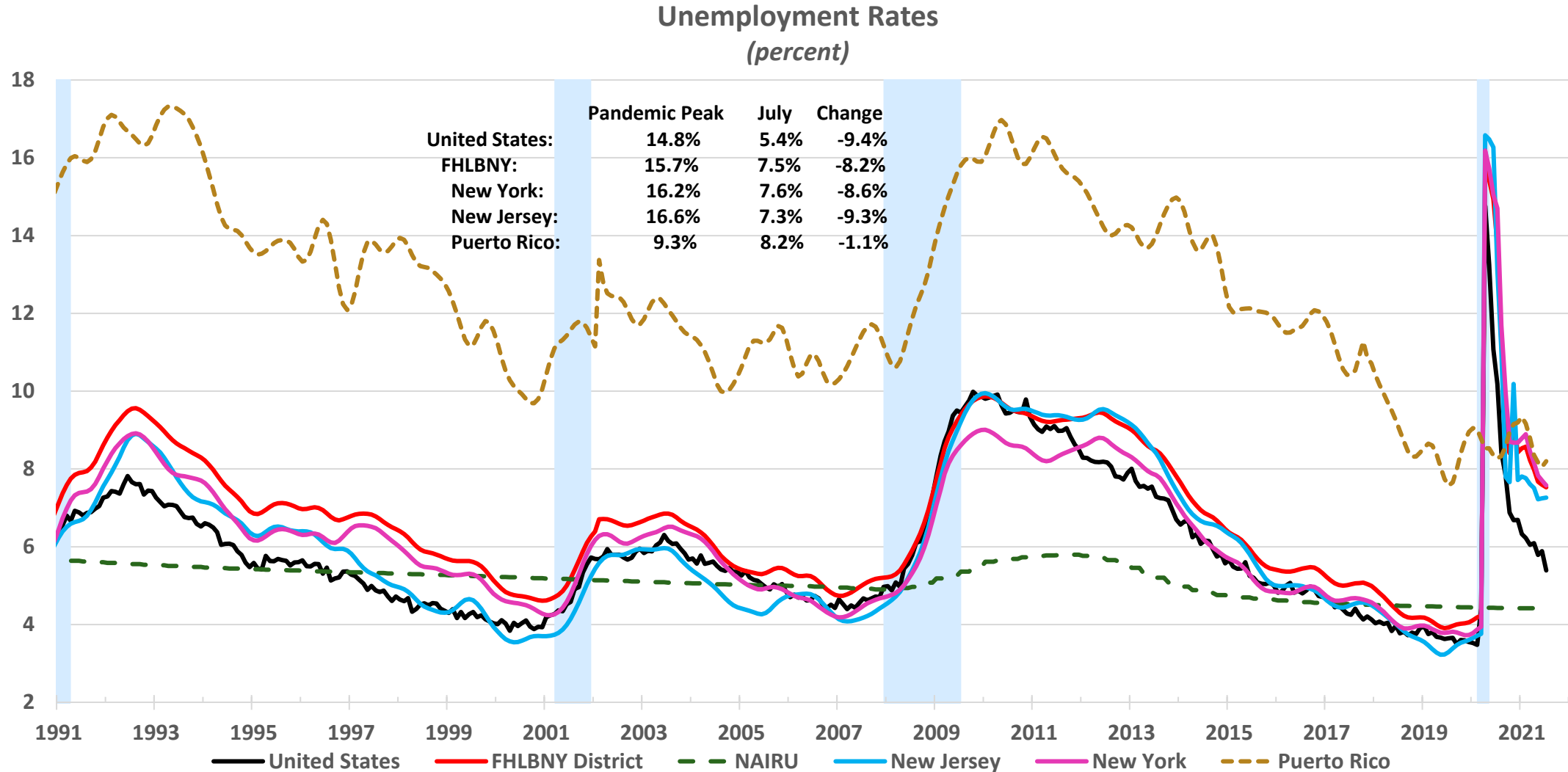
	Jobs Lost (thous)	Jobs Recovered (thous)	Percent		Jobs Lost (thous)	Jobs Recovered (thous)	Percent
United States	-22,362	16,794	75.1%	New Jersey	-717.2	441.7	61.6%
FHLB NY District	-2,822	1,627	57.7%	Atlantic City-Hammonton, NJ	-43.9	28.7	65.4%
				Camden, NJ Metropolitan Division	-89.3	66.6	74.6%
				Newark, NJ-PA Metropolitan Division	-199.2	104.5	52.5%
New York State	-1982.7	1092.9	55.1%	Ocean City, NJ	-11.2	13.7	122.3%
Albany-Schenectady-Troy, NY	-73.7	44.4	60.2%	Trenton, NJ	-32.1	21.1	65.7%
Binghamton, NY	-18.8	11.2	59.6%	Vineland-Bridgeton, NJ	-8.5	5.7	67.1%
Buffalo-Cheektowaga-Niagara Falls, NY	-124.3	90.1	72.5%	Bergen-Hudson-Passaic, NJ	-173.9	89.4	51.4%
Dutchess County-Putnam County, NY Metropolitan Division	-27.8	13.6	48.9%	Middlesex-Monmouth-Ocean, NJ	-165.5	113.3	68.5%
Elmira, NY	-6.8	3.7	54.4%				
Glens Falls, NY	-10.5	6.6	62.9%				
Ithaca, NY	-10.3	5.4	52.4%	Puerto Rico	-120.5	92.7	76.9%
Kingston, NY	-13.5	8.4	62.2%	Aguadilla-Isabela	-7.9	7.4	93.7%
Nassau County-Suffolk County, NY Metropolitan Division	-323.2	195.4	60.5%	Arecibo	-5.8	5.0	86.2%
New York-Jersey City-White Plains, NY-NJ Metropolitan Division	-1450.1	706.1	48.7%	Guayama	-1.4	1.8	128.6%
New York-Newark-Jersey City, NY-NJ-PA	-2028.0	1050.9	51.8%	Mayaguez	-5.0	3.5	70.0%
Rochester, NY	-97.1	73.5	75.7%	Ponce	-9.7	8.9	91.8%
Syracuse, NY	-58.0	36.6	63.1%	San German	-2.6	3.6	138.5%
Utica-Rome, NY	-22.2	13.9	62.6%	San Juan-Carolina-Caguas	-85.7	60.7	70.8%
Watertown-Fort Drum, NY	-7.0	4.3	61.4%				
New York City, NY	-957.1	414.7	43.3%	Virgin Islands	-5.3	0.1	1.9%
Orange-Rockland-Westchester, NY	-162.0	96.9	59.8%				



Source: Bureau of Labor Statistics



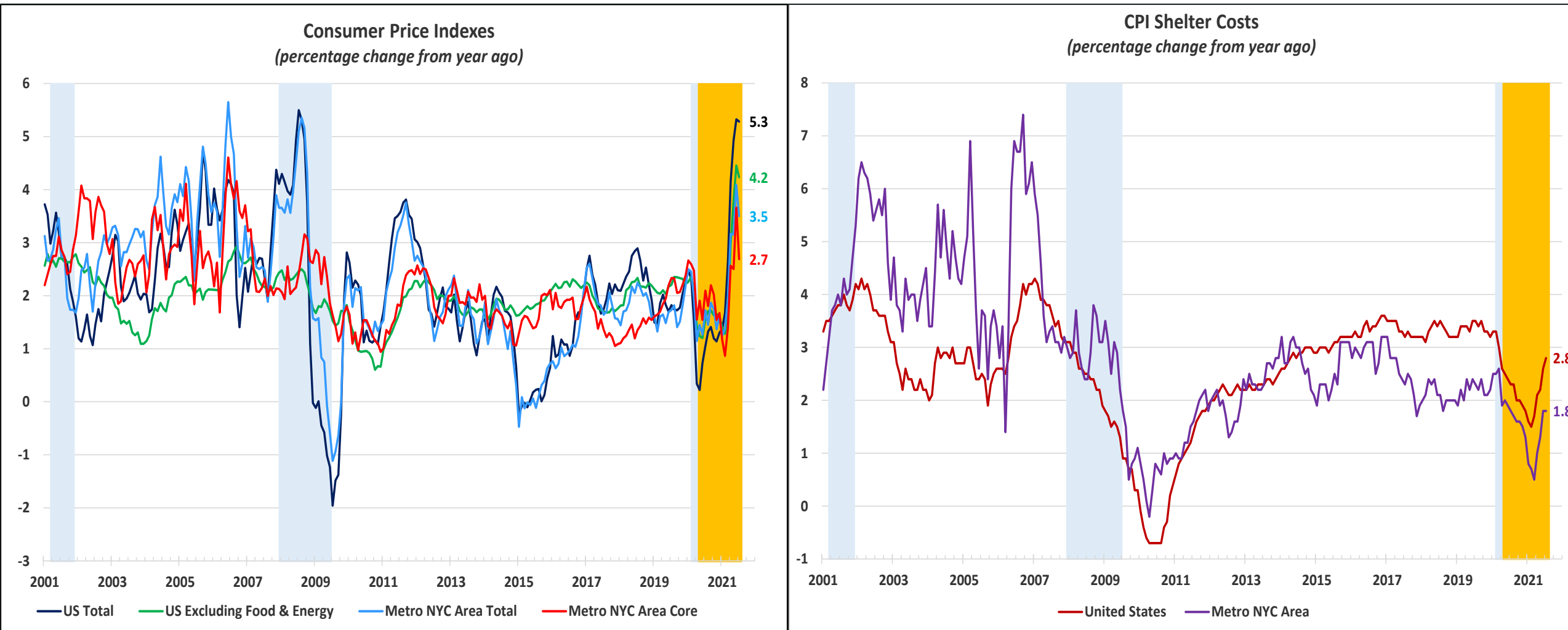
# District Jobless Rates Have Moved Lower, But Remain Above National Average



Note: Shaded areas denote recessions. Source: Bureau of Labor Statistics



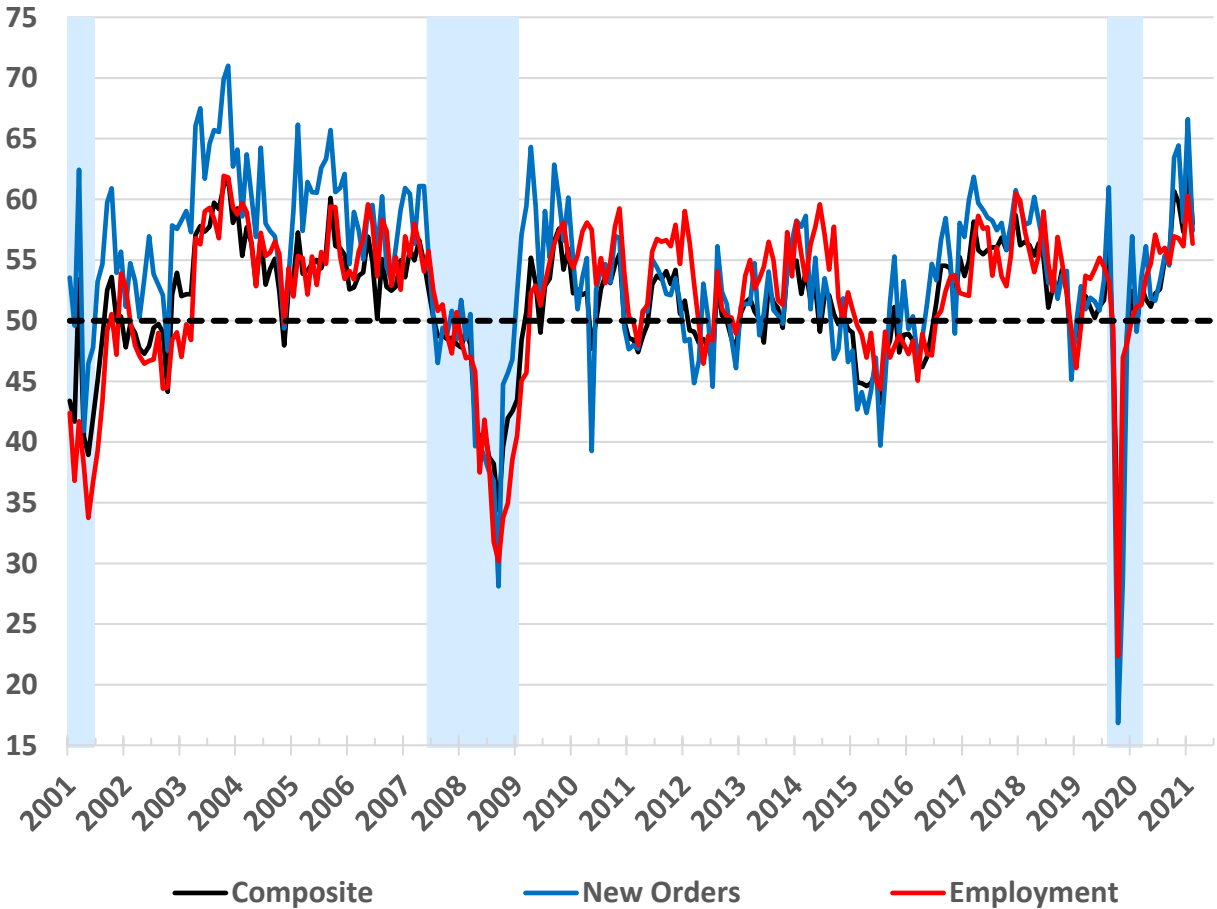
# Inflation in the NYC Metro Area Running Slower Largely Due to Shelter Costs



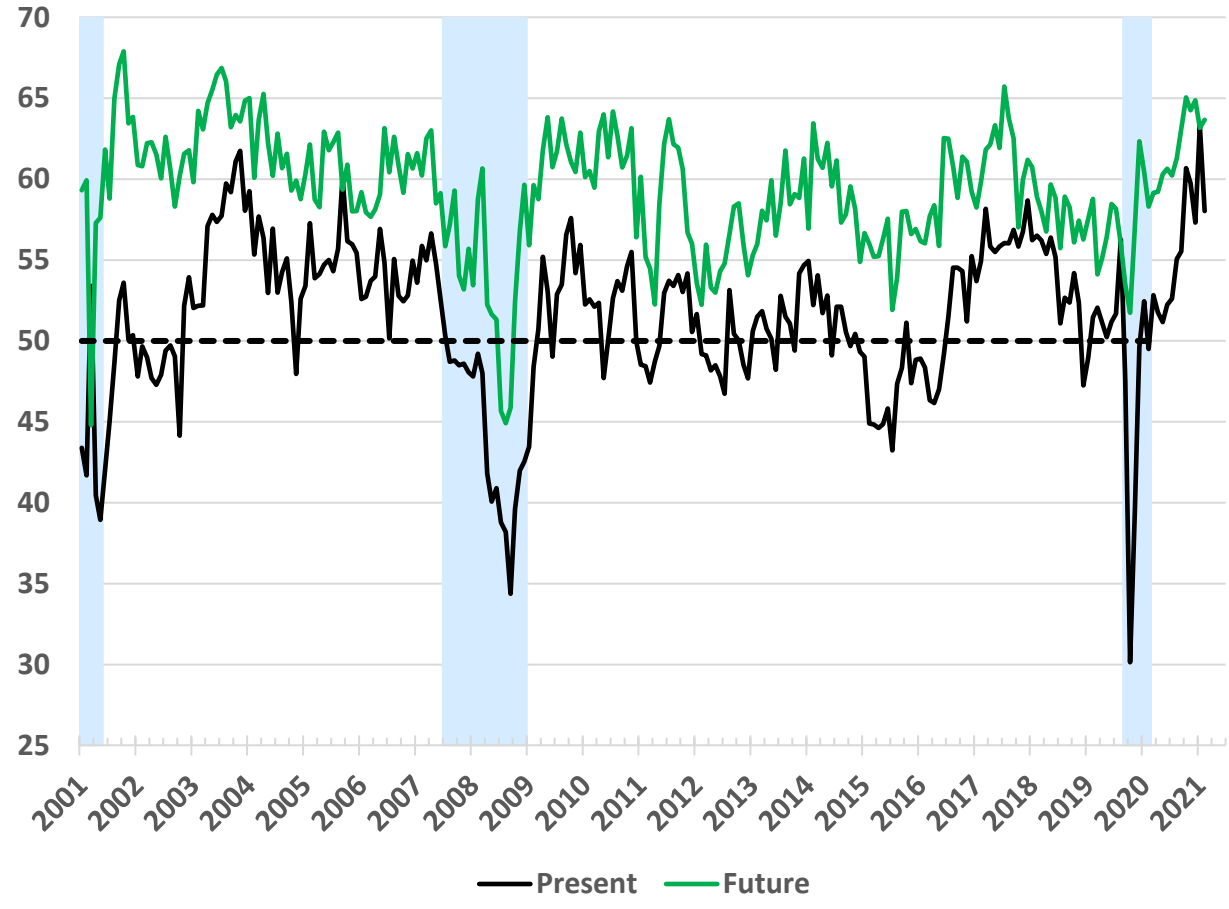
Notes: Blue shaded areas denote recessions. Orange shaded area denotes current economic expansion.  
Sources: Bureau of Labor Statistics, National Bureau of Economic Research

# NY Factory Activity Expanded in August; Companies Extremely Optimistic About the Future

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

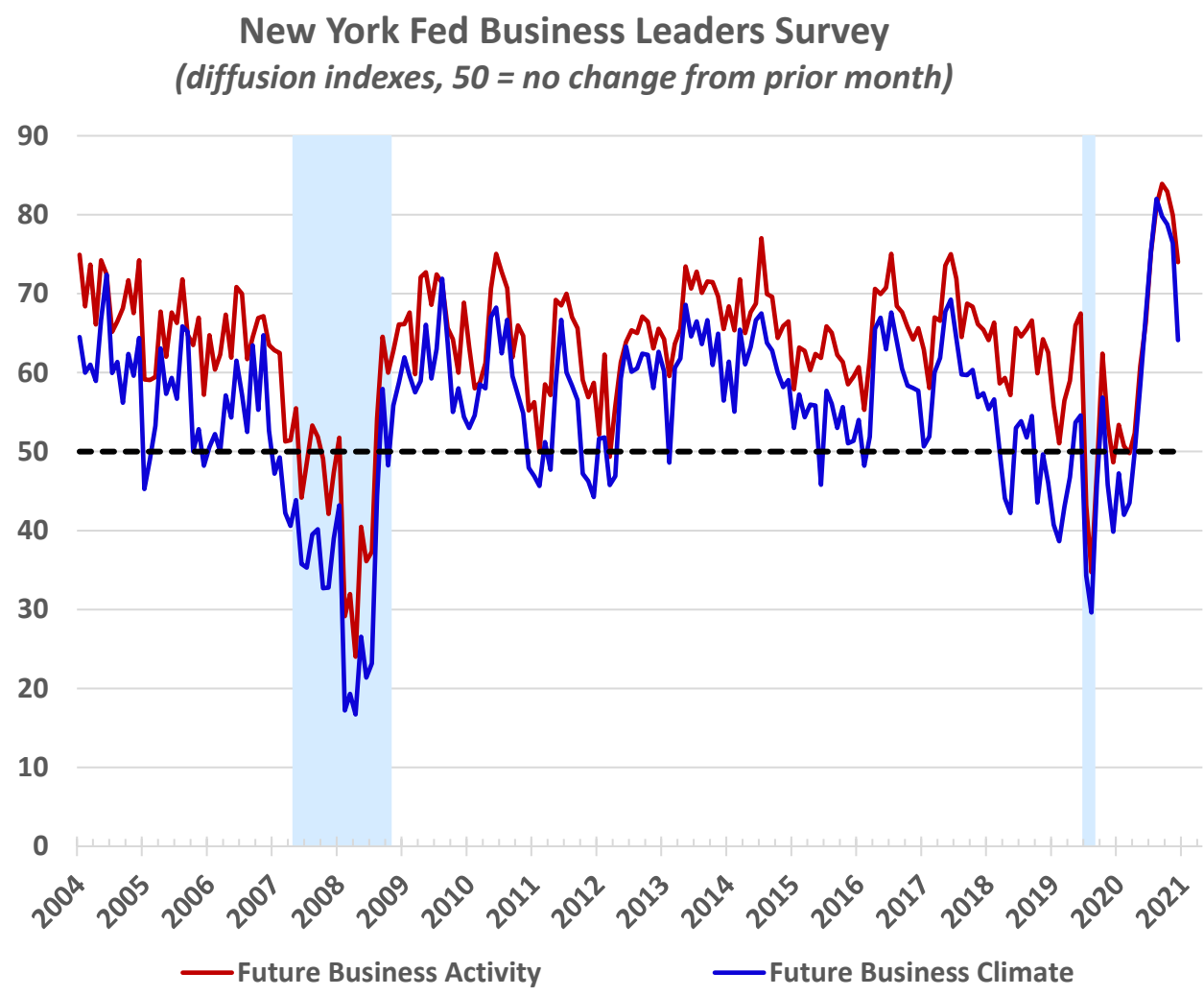
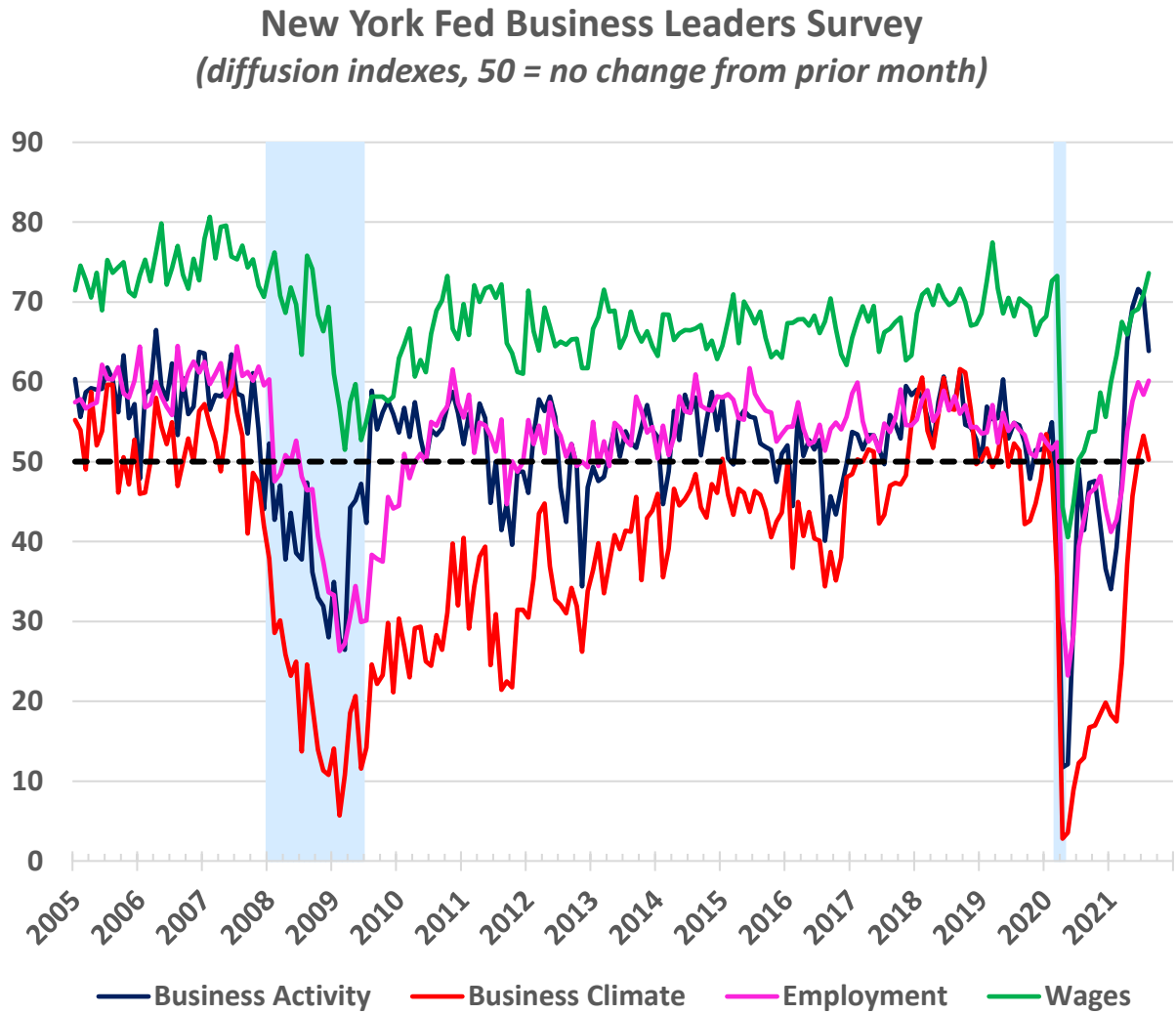


Empire State Manufacturing Composite Indexes  
(diffusion indexes, 50 = no change from prior month)



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

# Local Service-Producing Activity Rose at a Slower Pace in August; Firms' Remain Upbeat About the Future



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





Federal Home Loan Bank  
NEW YORK

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