

NED recovery remains solid but continues to lag the U.S.

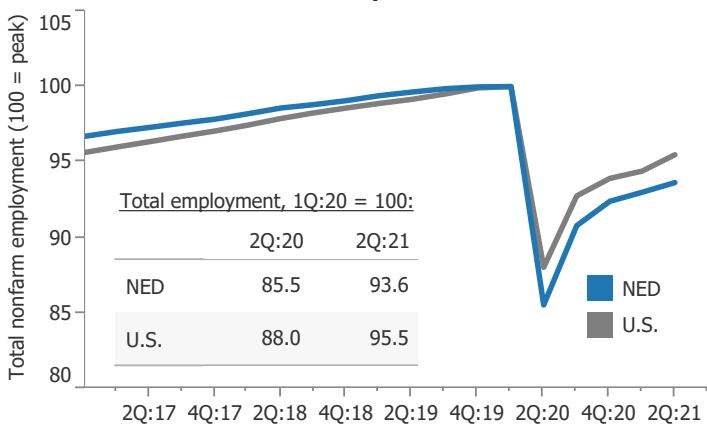
• **The U.S. and Northeastern District (NED) economies continue to recover strongly although NED employment remains further from its pre-pandemic peak.** See Figure 1. Since bottoming in April of last year, the U.S. has regained 70 percent of jobs lost due to the pandemic-related recession, while the NED has regained a lesser 62 percent. The district remains nearly 2.8 million jobs below its pre-pandemic peak. The U.S. economy is expected to return to full employment toward the end of 2022, and the NED economy shortly thereafter.

• **Some of the sectors hardest hit by the pandemic, such as leisure & hospitality, trade, and education have also seen the sharpest rebounds over the past year.** Nevertheless, job totals in these industries are still well below their 1Q:20 peak. See Figure 2. Nonmanufacturing sectors experienced bigger job losses than manufacturing as pandemic restrictions depressed consumer spending on services. But consumer spending has bounced back, bolstered by huge fiscal and monetary stimulus. A renewed surge in COVID-19 cases could restrain the expansion.

• **States in the Southern portion of the NED generally experienced milder contractions than those in the Northern half due in large part to less severe lockdown restrictions.** See Figure 3. Although the jobs rebound in the Northern half has been slightly stronger in percentage terms, the Southern NED states are much closer to regaining peak employment levels. While employment nationally is still 4.5 percent below its 1Q:20 high point, employment in North and South Carolina, for example, is averaging just 3.4 percent below peak levels. By contrast, job totals in a number of states in the district's northern half are still off 6.4 percent or more from last year's peak. New York has the worst job loss rate, at 9.3 percent.

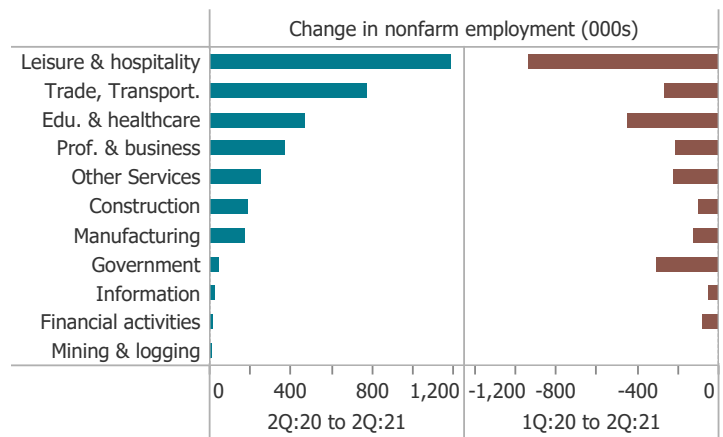
• **Metros in the Southern half continued to outperform those in the Northern NED.** Employment is already running above pre-pandemic levels in Winchester and near its pre-pandemic peak in Raleigh, Hilton Head, and Spartanburg. By contrast, employment in NYC/Jersey City/Newark, Springfield, and Johnstown is still 10 percent or so below peak levels.

Figure 1: NED economy is rebounding but continues to underperform the U.S.



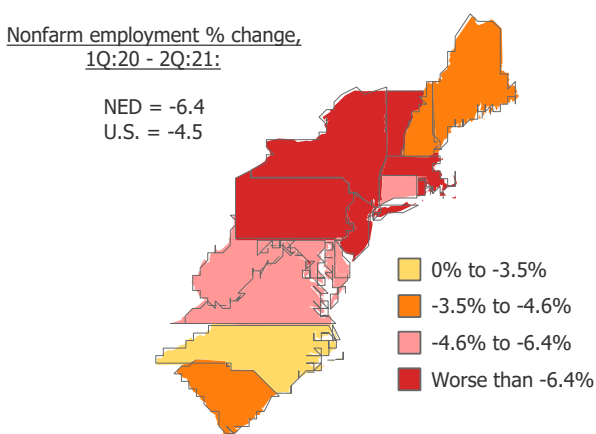
Source: BLS (data through June 2021)

Figure 2: Hardest hit sectors are recovering rapidly but employment remains well below peak levels



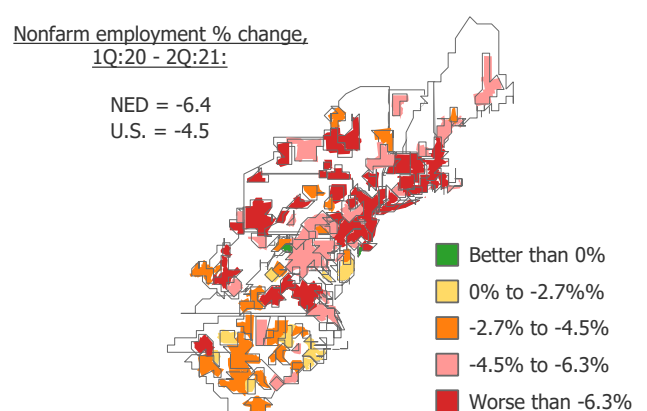
Source: BLS (data through June 2021)

Figure 3: States in the Southern NED continue to overperform those in the Northern portion



Source: BLS (data through June 2021)

Figure 4: Several Southern NED metros are getting close to their pre-pandemic employment levels



Source: BLS (data through June 2021)