



**Economic and Community Advisory Council
August 10, 2022**

The Federal Reserve Bank of Philadelphia's Economic and Community Advisory Council (ECAC) convened the second meeting of 2022 on August 10, in person at the Federal Reserve Bank of Philadelphia with an option to attend virtually. The ECAC consists of national and regional leaders offering a broad range of perspectives, including business, philanthropy, academics, community development, and organized labor. The meeting focused on the impacts of inflation, supply chain issues, supply and demand, and the potential long-term impacts of COVID-19. There were 10 ECAC members in attendance, one of whom attended virtually. More information about the ECAC council and its members, can be found on the [Federal Reserve Bank of Philadelphia website](#).

Deborah Hayes, senior vice president of Corporate Affairs, opened the meeting before turning it over to Rochelle Cameron, the council chair. Chair Cameron gave welcoming remarks, and facilitated introductions. Chair Cameron then gave a brief overview of the agenda, before turning it over to President Patrick Harker, for his reflections on the economy. After taking questions, President Harker turned the meeting over to Ryo Tashiro, senior outreach economist, who gave a presentation on the current economic outlook, business and consumer conditions, and labor market dynamics. Chair Cameron then facilitated a group discussion.

Inflation was at the forefront of discussion during this meeting, as it has impacted nearly every industry sector. One council member noted that the price of lumber had been particularly unstable, rising to a high of \$1,500 per thousand board feet and now back down to \$600, after a steady pre-pandemic price of around \$400 per unit. The rising cost of homes can partially be attributed to the increased cost of materials. Inflation has also impacted the hospitality sector. A council member mentioned that the price of meat, seafood, and fruit has risen. Food price volatility has made it challenging for restaurants to properly price their menus. The price of fuel has also been turbulent, with oil costs rising as much as 20 cents some days. The rapid jumps in the futures of fuel prices, one council member commented, caused fuel providers to sell fuel at a loss, at times. The shifting prices has prompted hesitancy from fuel providers to lower their prices as fast as they raised them. The council member also shared that he is seeing consumers beginning to purchase more of their takeout meals from convenience stores rather than restaurants due to the inflationary environment.

There was mixed sentiment on the impact of rising prices on consumer defaults. Several council members noted they have seen no increase in the number of customers unable to make their payments on products ranging from internet plans to mortgages. Other council members reported they have seen the opposite. Within the entertainment sector, one member shared that an increased number of customers were defaulting on season ticket renewals, although there is adequate demand to replace any defaults. Finally, a council member highlighted that the groups of workers they represent were all trying to save as much money as possible, which may explain consumer spending cutbacks in some areas.

Supply chain issues have persisted throughout the year, with the recent conflict in Ukraine exacerbating the issue. One member stated that prior to the Russian invasion of Ukraine, countries like the United States had shifted their supply chains to become interdependent with their trade partners. Due to both the pandemic and the invasion of Ukraine, the council member noted, some foreign



countries have begun moving back toward independent supply chains within their own countries. Another council member commented that because of supply chain issues, some businesses are having to pick and choose which customers to serve, opting to satisfy their main base of customers instead of ramping up production to meet growing demand.

The healthcare industry continues to be hard hit, especially with new diseases like monkeypox spreading in the U.S., and the impacts of inflation. One council member stated the industry has been experiencing a loss of workers (about three-quarters of healthcare workers are women), facilities are operating under a net loss, and workers are suffering post-traumatic stress disorder (PTSD). The sector has also experienced consolidations and hospital closures, particularly in rural areas, which leaves vulnerable communities without necessary resources. This member added that monkeypox was not getting the attention it needs, further straining hospitals. Additionally, wage inflation continues to be a challenge.

Wages across industries have increased with no net increase in buying power, because of inflation. A council member noted that restaurant owners have seen wages rise by around 8%–10% for managers as well as increases for hourly workers. Another council member pointed out that before the pandemic, the hourly cost for a nurse was about \$40, but it jumped to a height of around \$200 an hour during the pandemic. The labor market has seen a gap in employment due to the mass retirement of those close to, or beyond, retirement age. Recently, a council member remarked, some industries have been freezing hiring and downsizing, because of the uncertain economic environment. Another council member commented on the lasting effects of the pandemic on cities. With the increased number of remote or hybrid workers, the local economies of cities, including Trenton and Philadelphia, have been adversely impacted. Members also highlighted that COVID-19 has amplified the importance of creating a safe environment for employees to work in and for consumers to shop in. A council member from Philadelphia underscored how important these efforts were to bringing more individuals back into cities for work. Another council member mentioned that safety is an issue that has impacted foot traffic in restaurants. To address this challenge, one member is leading an initiative focused on ensuring the environment of Greater Philadelphia remains safe.

Additionally, a council member voiced that everyone has experienced the pandemic in different ways, with income level being a key factor. The council member is working to build an inclusive growth coalition with a focus on upskilling workers and improving the environment. Regarding equity, another council member noted that women of color have been hit the hardest by both employment cutbacks and the impacts of inflation on wages.

After the facilitated group discussions, Chair Cameron turned the meeting back over to President Harker for closing remarks. President Harker expressed his appreciation for the members' insights on the current state of the economy. The council will reconvene one more time in 2022 and continue to provide insights on the economy within the Third District.