

What is the "new normal" anyway?

If your perspective is where the Dow Jones Index is...things are almost back to where they were pre-Covid. If your perspective is do you have a job, you may say, we are a long way from where we were in February. We celebrate that the trials for a vaccine are promising. We cry as 137,000 people have now died. We are heartened that the New York economy has opened and there has not been a spike in new infections. We cringe as we look at many states having to roll back their efforts to open their economies as cases reach new heights.

The new normal is uncertainty.

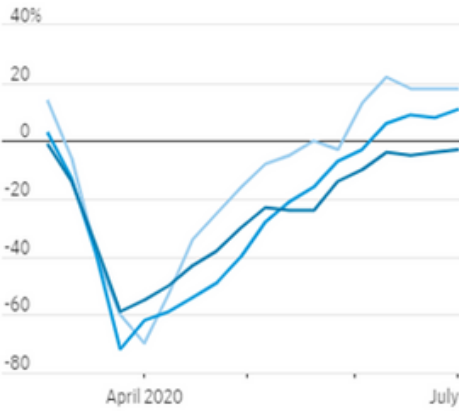
That is a tough place for most people that follow the economy to be. Economies and businesses do not like uncertainty and neither do most people. So celebrate the "wins" and persevere the "losses". Unfortunately, we have to learn to live with this.

NATIONAL NUMBER WATCH

AUTO DRIVE

Retail sales of vehicles compared with J.D. Power's pre-virus forecast

■ New ■ New premium ■ Used



Source: J.D. Power

Note: Historically low interest rates

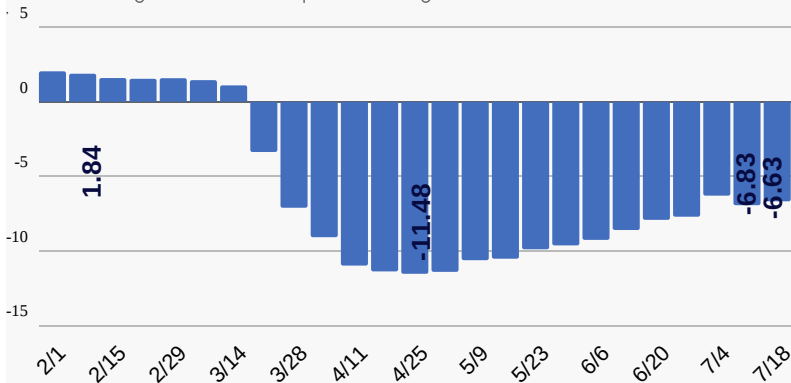
According to a Wall St. Journal article on July 15, 2020 - "Major auto makers reported steep drops in second-quarter sales, as the pandemic led car plants and some dealerships to close for extended periods this spring. Still, sales have improved steadily since bottoming out earlier in the pandemic and broadly outperformed expectations this spring and summer. Retail sales of new autos were just slightly below pre-virus forecasts in the week ended July 5, according to J.D. Power, an auto-industry research firm."

STOCK MARKET-DOW JONES

25,706 **26,734** **↑ 1,028**
 JULY 10 JULY 17

WEI Over Recent Months *Percent (GDP Growth Units)*

The WEI is an index of ten daily and weekly indicators of real economic activity scaled to align with the four-quarter GDP growth rate.



Source: Authors calculations based on data from Haver Analytics, Redbook Research, Rasmussen Reports, The American Association Railroads and Booth Financial Consulting

REGIONAL TRENDS

"The Hudson Valley is uniquely positioned to weather the economic turmoil associated with the pandemic due its proximity to the metropolitan markets south of us (e.g. NYC). Specifically with regards to the real estate market - borrowers from the city are flocking to the Hudson Valley region to pursue mortgages in a beautiful (and less dense) region.

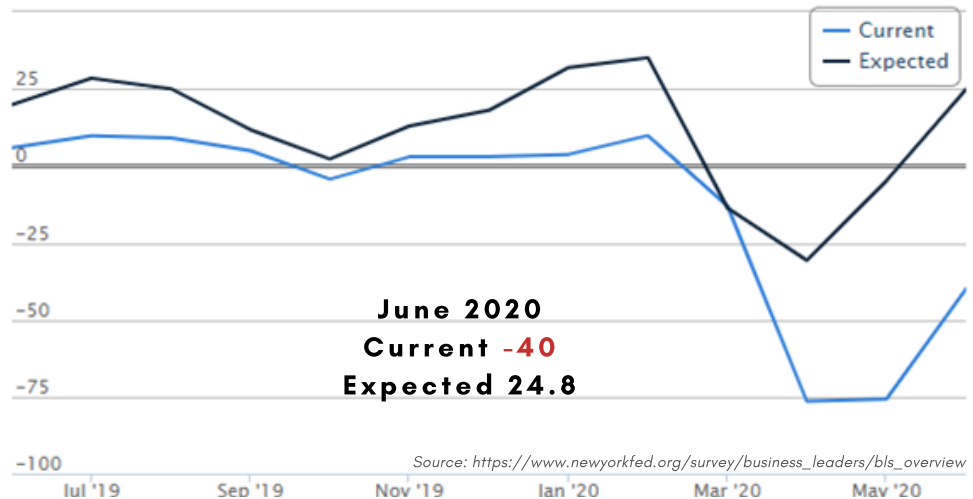
Telecommuting arrangements for "city" workers post-pandemic are allowing for a better work - life balance and Hudson Valley living fits the bill".

Derrick Wynkoop, President & CEO
Walden Savings Bank



BUSINESS ACTIVITY *Diffusion Index of current and Expected Activity*

Business Leaders Survey. A monthly survey of service firms in New York State, northern New Jersey and southwestern Connecticut, conducted by the New York Fed.



June 2020
Current -40
Expected 24.8

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview