



MassEcon

Location is everything.

Welcome!

Members Meeting

January 22, 2016

Speaker

Alan Clayton-Matthews

Outlook for the Massachusetts Economy

The Massachusetts Economy: External and Internal Impediments to Rapid Growth

Presentation to MassEcon
January 22, 2016

Alan Clayton-Matthews
School of Public Policy and Urban Affairs
Northeastern University
NEEP, *MassBenchmarks*

The Massachusetts Economy: The China Syndrome and Demographic Drag

Presentation to MassEcon
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The Massachusetts Economy: Approaching Full Employment

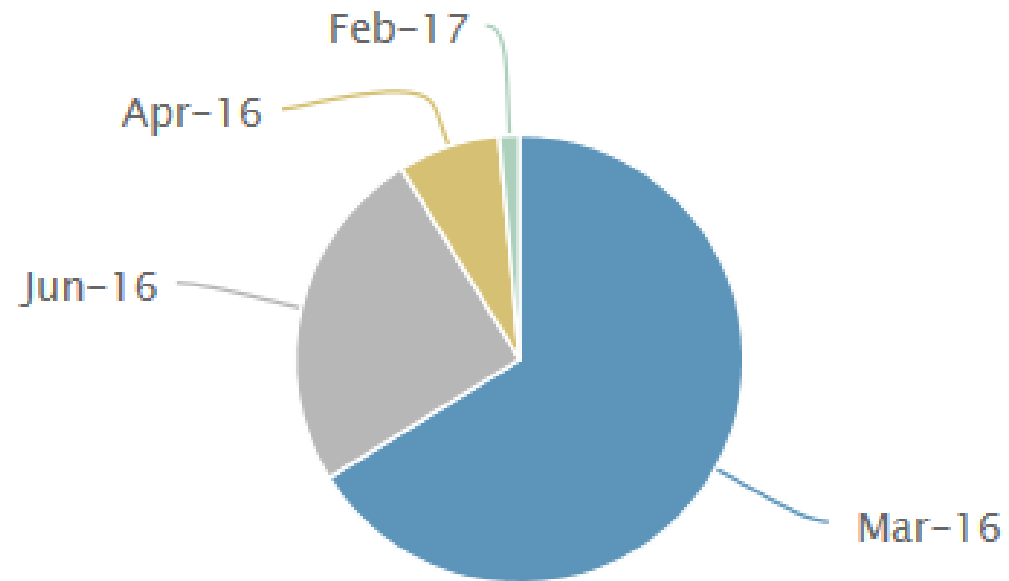
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WSJ Survey of 60 Economists: January

Q&A: The Next Hike

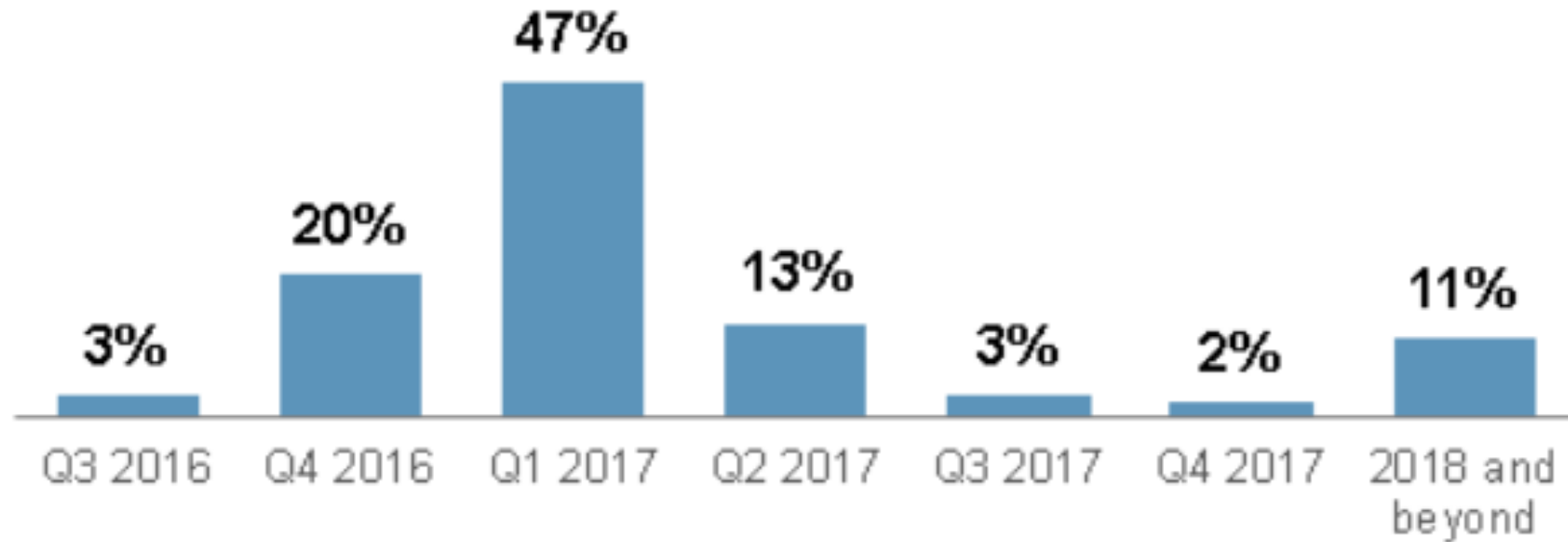
When will the Fed make its next increase to its interest rate target?



WSJ Survey of 60 Economists: January

Q&A: Shrinking Fed Assets

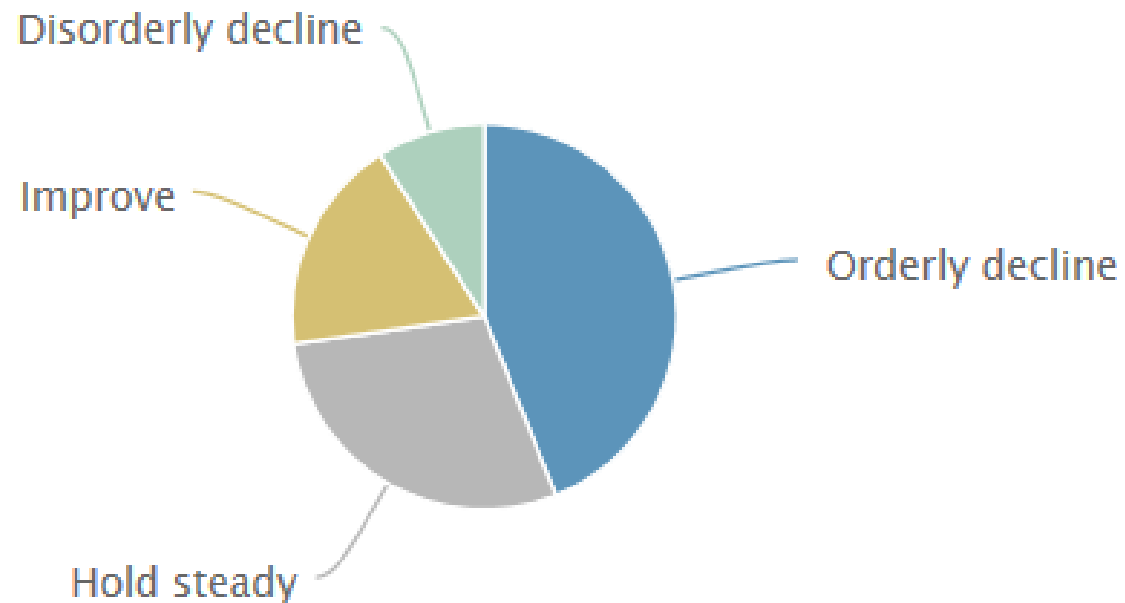
When will the Fed begin to allow its balance sheet to decline?



WSJ Survey of 60 Economists: January

Q&A: Emerging Market Risk

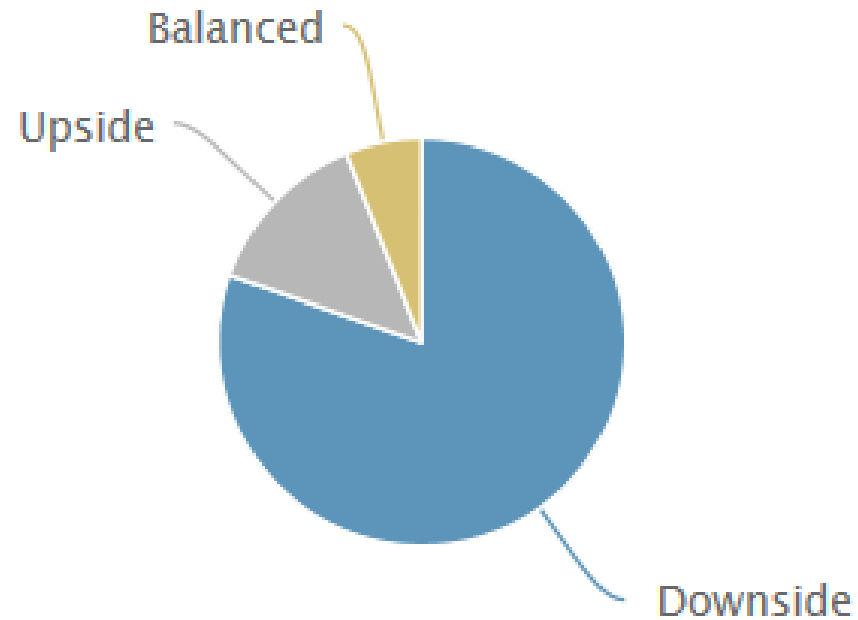
In general, how do you expect growth in emerging market economies to perform in the coming year?



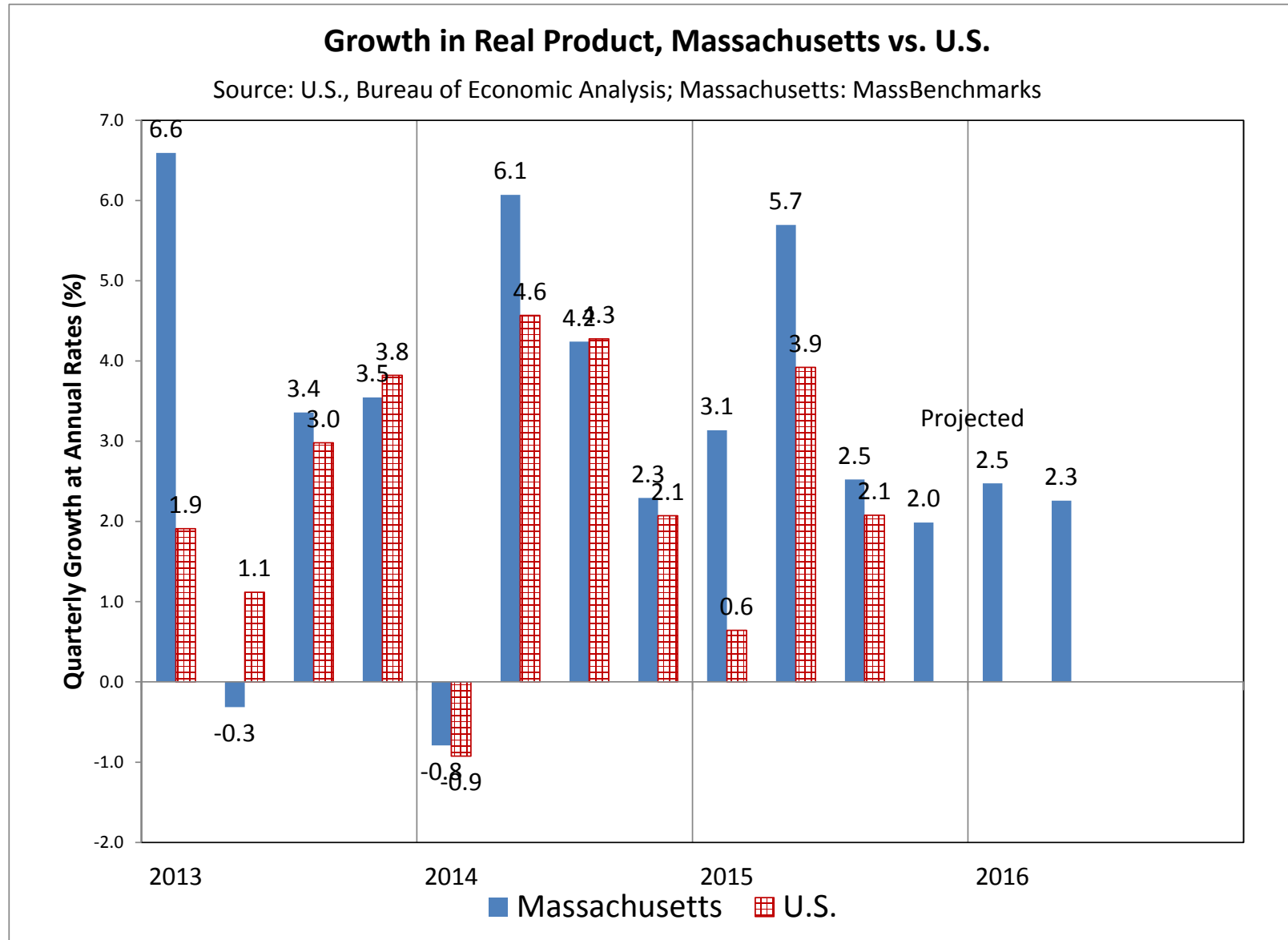
WSJ Survey of 60 Economists: January

Q&A: To the Downside

Is the risk to your GDP growth forecast for the next 12 months more to the upside or downside?



The economy is expanding steadily but slowly because of low productivity growth.



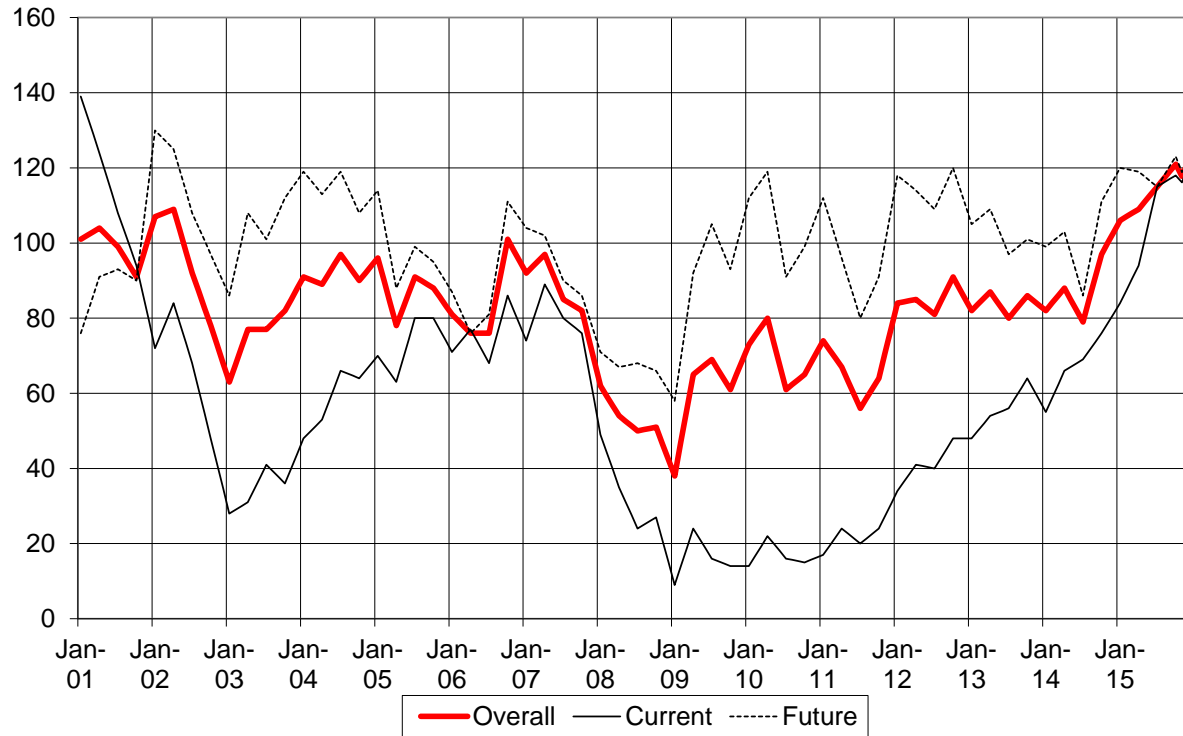
Job growth has been strong but stock markets are damping expectations of growth in the first half of this year.

(Massachusetts leading index components)

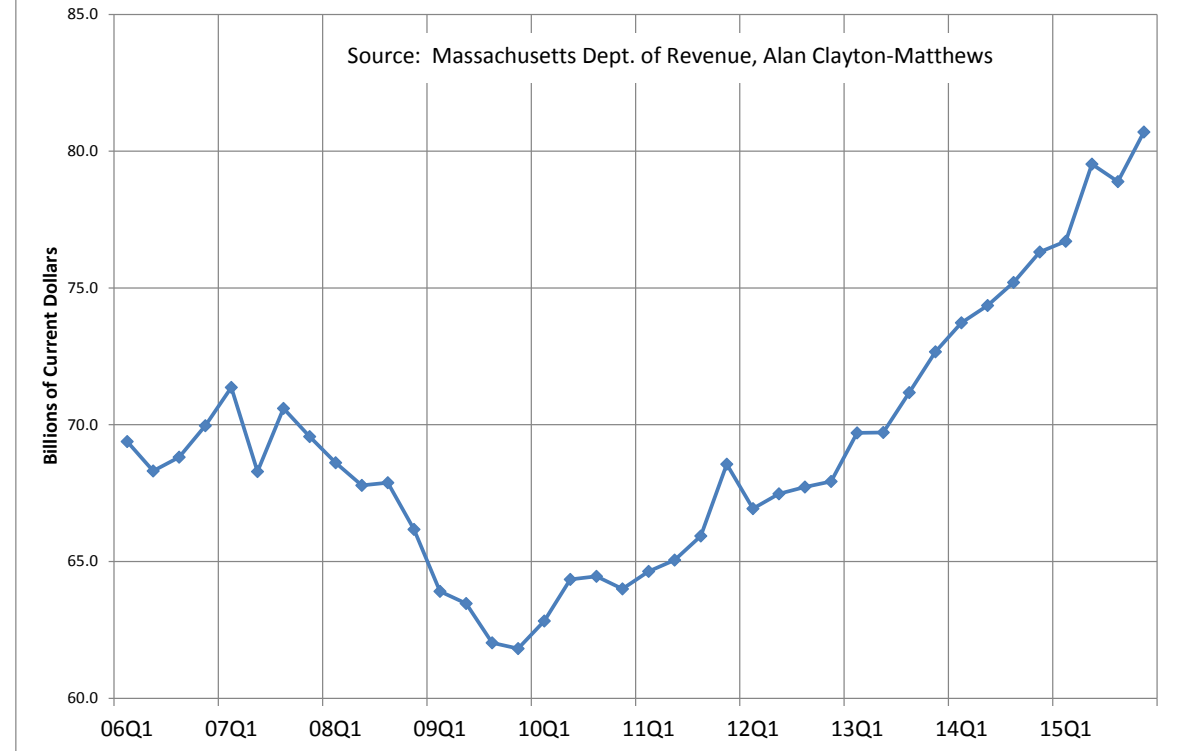
Contributions of Indicators to the Leading Index		
	December	October-December
Trend	2.9	2.9
Total Nonagricultural Employment	0.8	1.0
Withholding Taxes	0.0	0.0
Sales Taxes	0.0	0.0
Unemployment rate	0.1	0.2
Consumer Confidence	0.2	0.2
Interest rate spread (10-year less 3-month)	0.0	0.0
Bloomberg MA stock index	-0.6	-0.2
Initial Unemployment Claims	-0.2	-0.1
Construction Employment	0.0	0.1
Motor Vehicle Sales Taxes	0.1	0.1
Total	3.3	4.3

Consumer spending is driving the economy.

Massachusetts Consumer Confidence

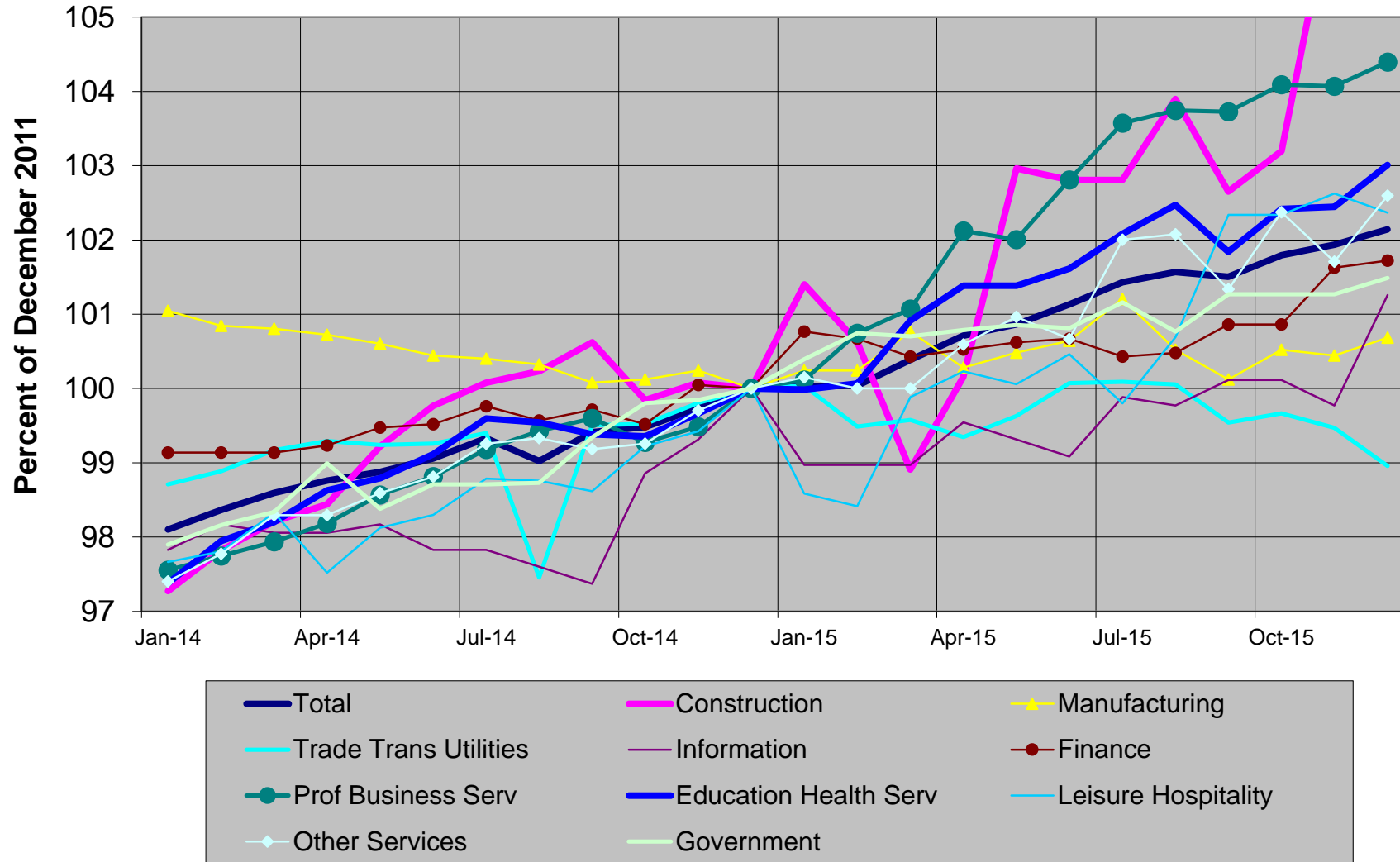


Spending on Taxable Regular Sales Items and Motor Vehicles, Massachusetts

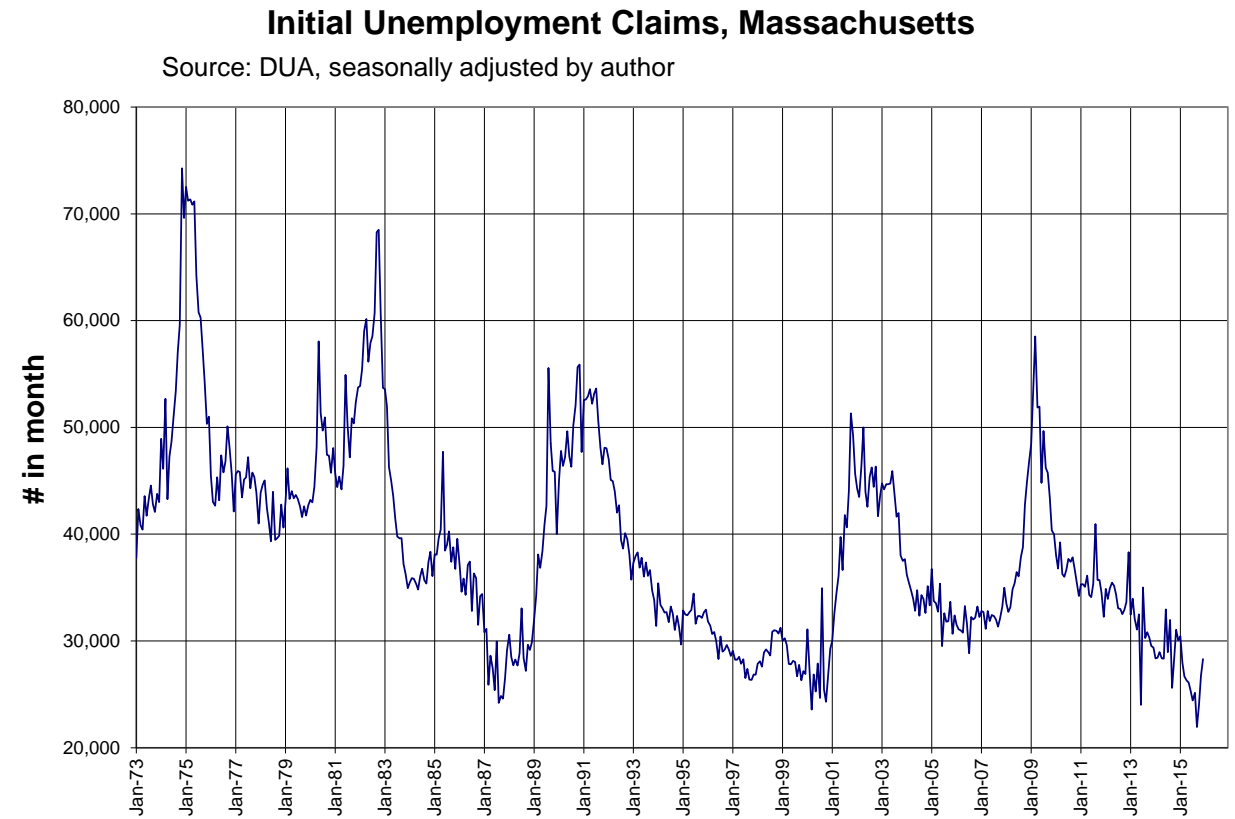
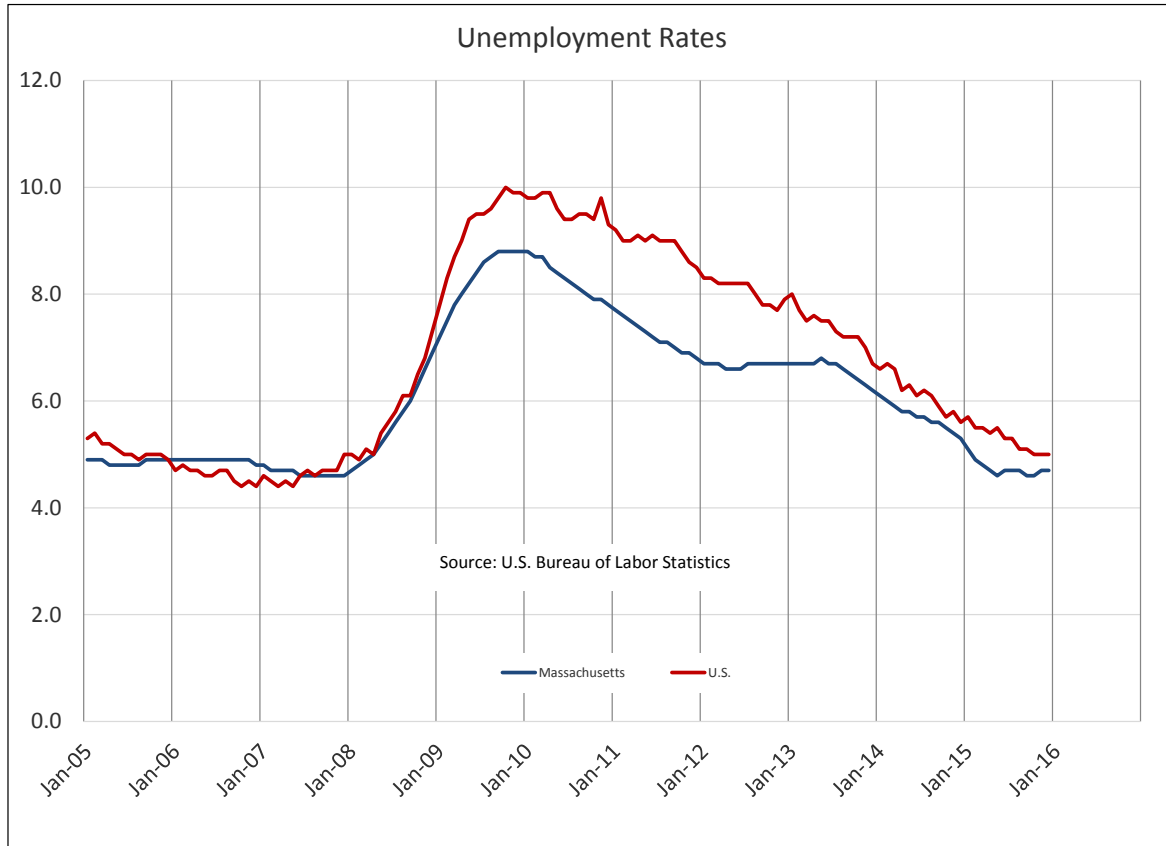


The state's tech and knowledge economy are strong.

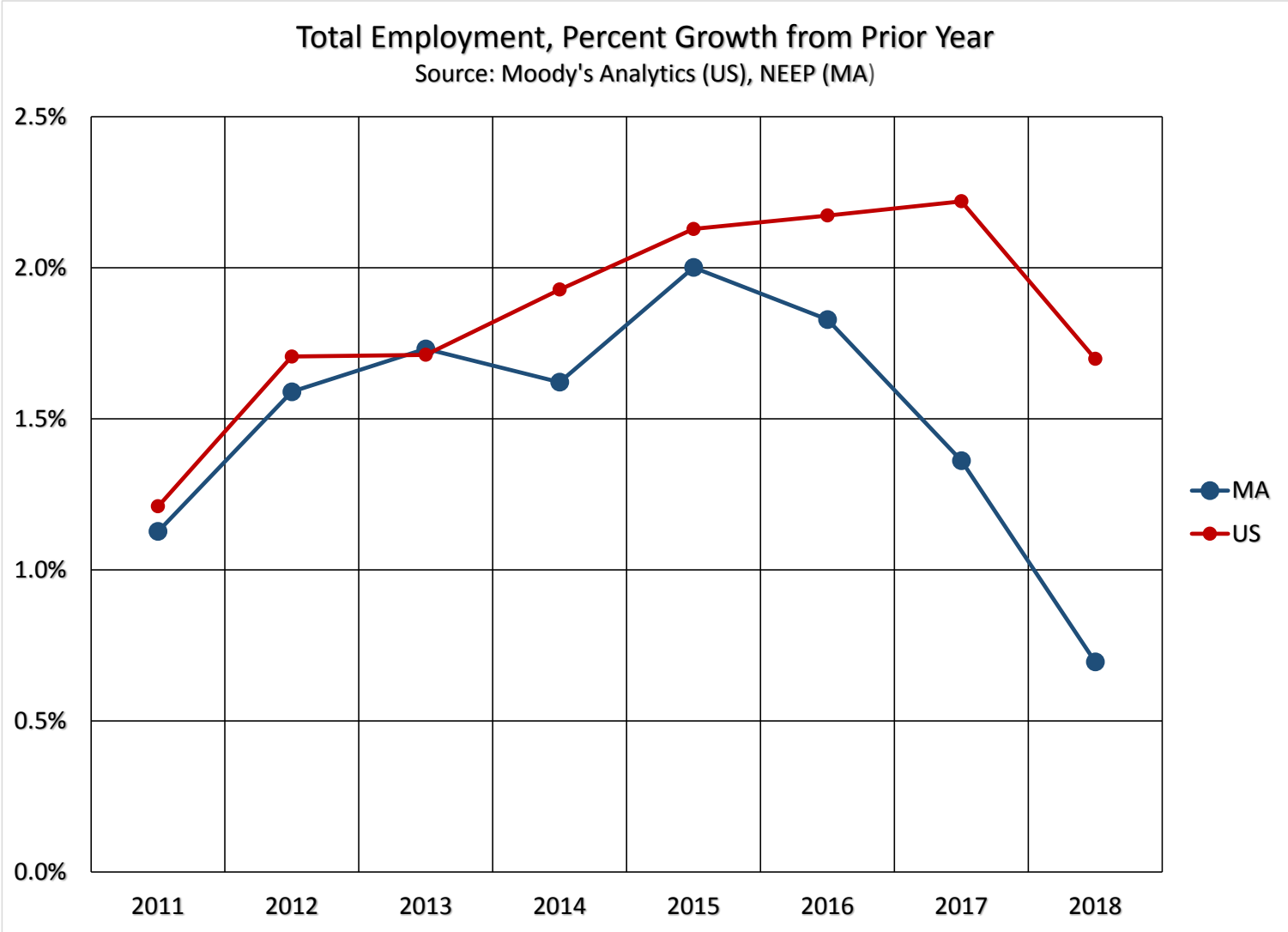
Employment Growth by Supersector, Massachusetts



We are near full employment, with diminishing capacity to expand employment at the pace of 2015.



Massachusetts employment growth peaked in 2015, and will slow due to the demographic drag of an aging population.



What can we do to attract young workers? There is hope.

