NEW ENGLAND ECONOMIC UPDATE

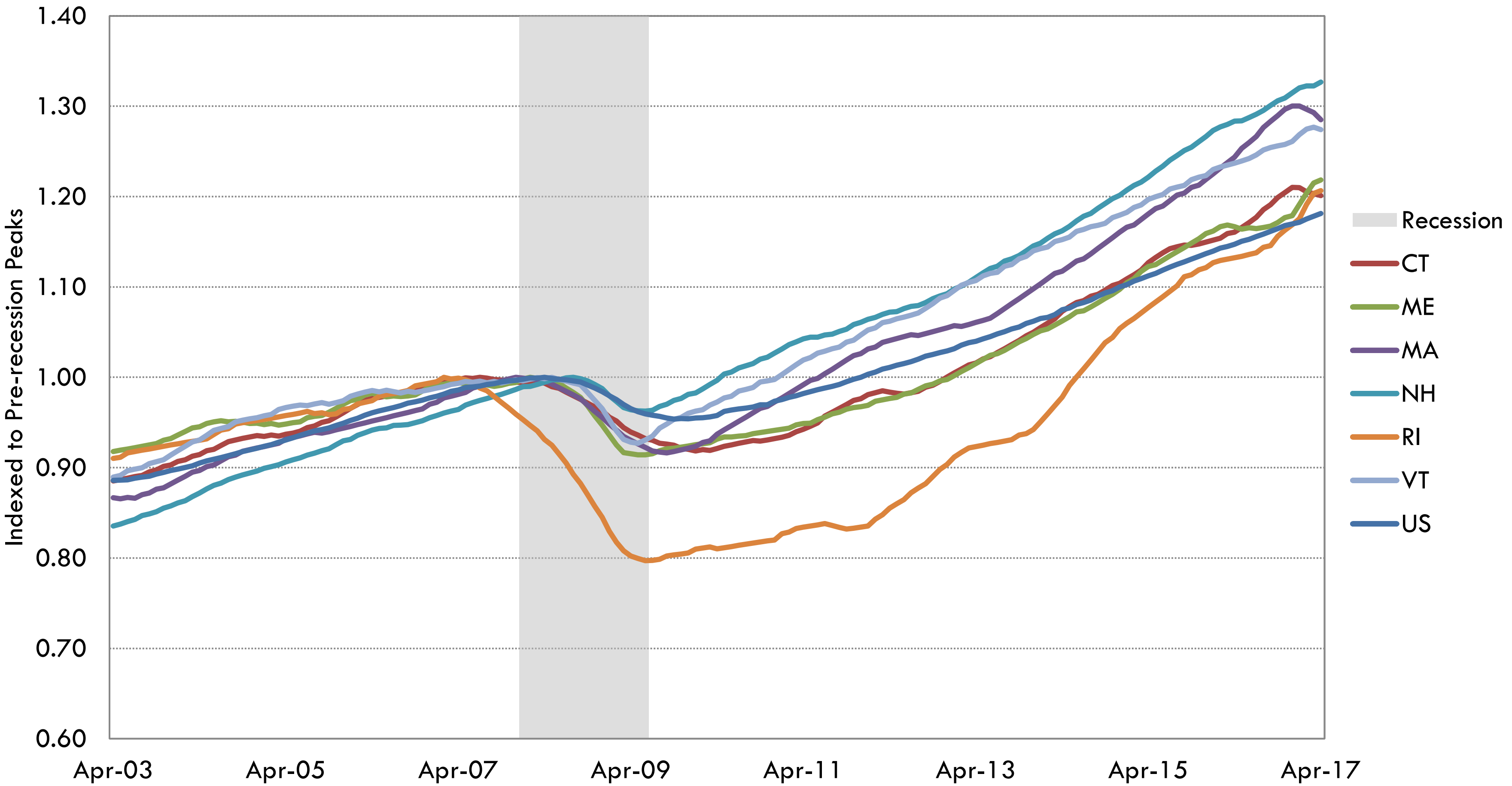
Mary A. Burke
Senior Economist

Presented to the New England Advisory Council
June 5, 2017

Federal Reserve Bank of Boston

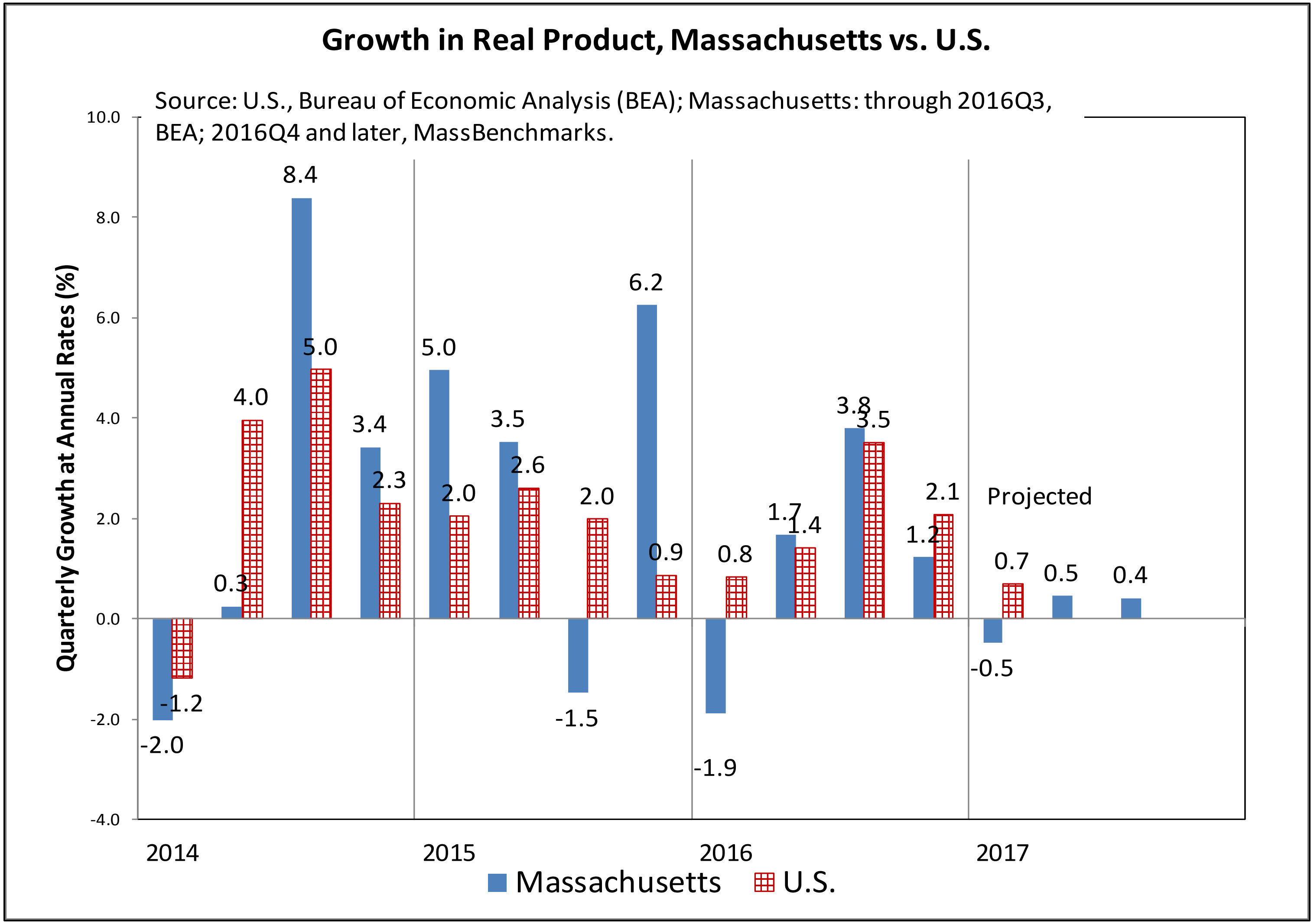
FEDERAL RESERVE BANK OF BOSTON™

Economic Activity Slightly Lower Since January in MA and CT

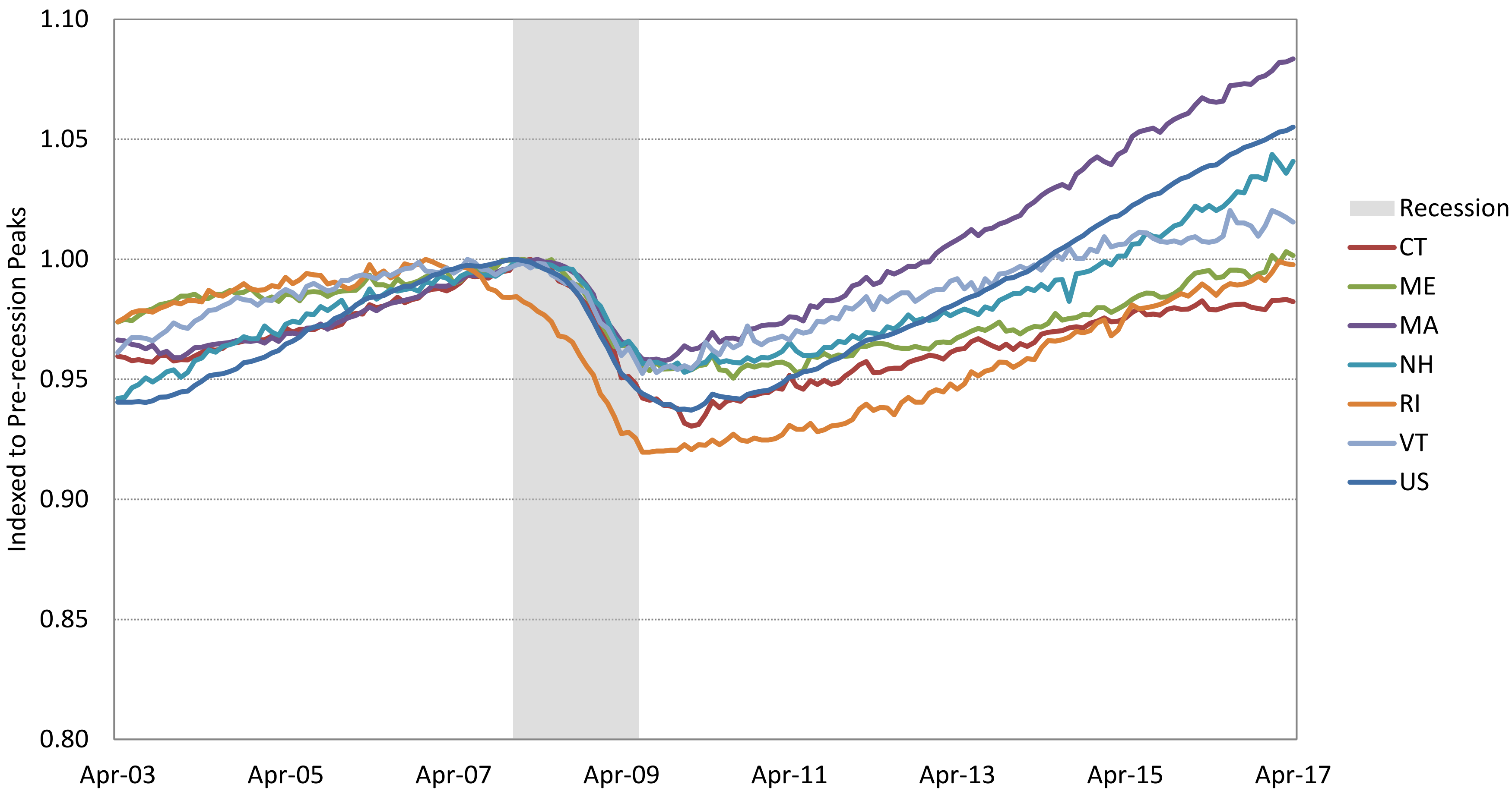


Source: Federal Reserve Bank of Philadelphia, NBER, Haver Analytics

MassBenchmarks Also Says MA Economy Contracted in 2017Q1



Payroll Employment in CT Stalled Since Mid-2015



Source: Bureau of Labor Statistics, NBER, Haver Analytics

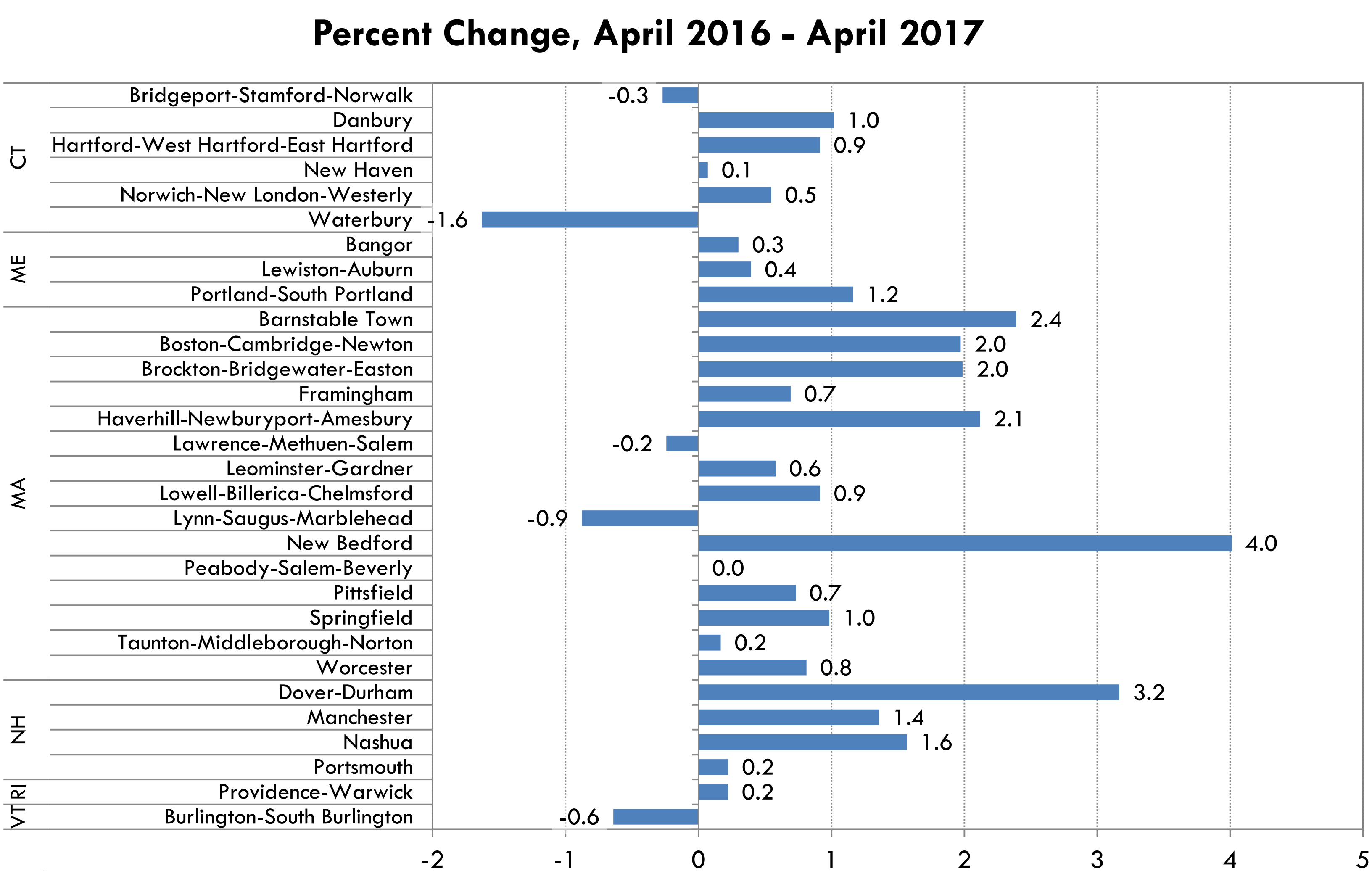
NH and MA Boosted Employment Growth in Region (since April 2016)

	Annual Long-term Trend	Last 12 months		Since Peak	
	Percent	Percent	Number	Percent	Number
United States	1.4	1.6	2,237,000	5.5	7,633,000
New England	0.9	1.2	87,600	4.1	293,000
Connecticut	0.5	0.3	5,500	-1.8	-30,100
Maine	1.2	0.6	3,900	0.2	1,000
Massachusetts	0.9	1.7	58,600	8.3	278,100
New Hampshire	1.5	1.8	12,000	4.1	26,600
Rhode Island	0.7	1.0	5,000	-0.2	-1,100
Vermont	1.3	0.8	2,600	1.6	4,800

- Long-Term Trend: average emp. growth rate 1985-2015
- Last 12 Months: emp. growth rate April 2016-April 2017
- Since Peak: net change to April 2017 from pre-recession peak

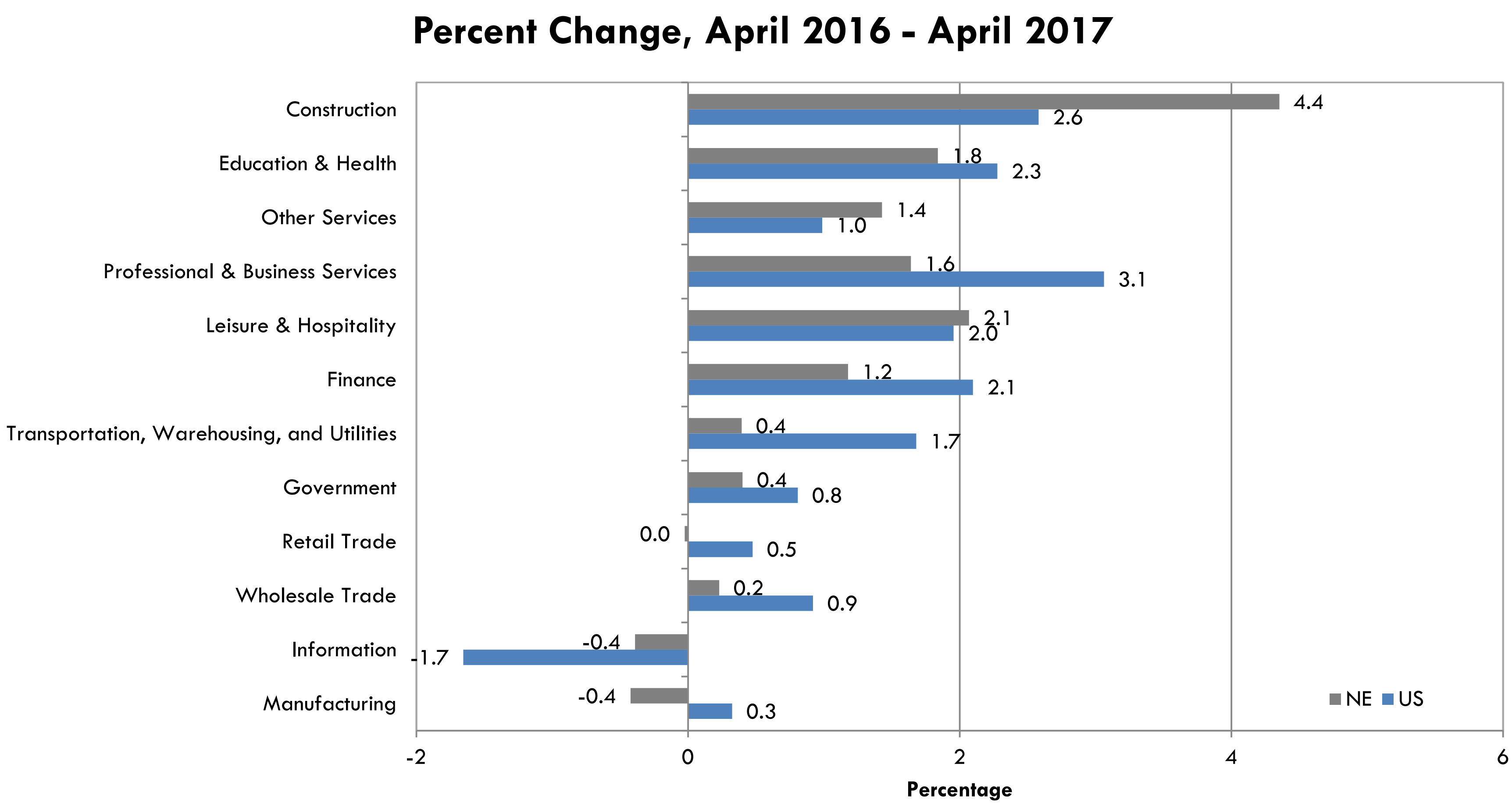
Source: Bureau of Labor Statistics, Haver Analytics

Employment Growth Mixed Across Metropolitan Areas



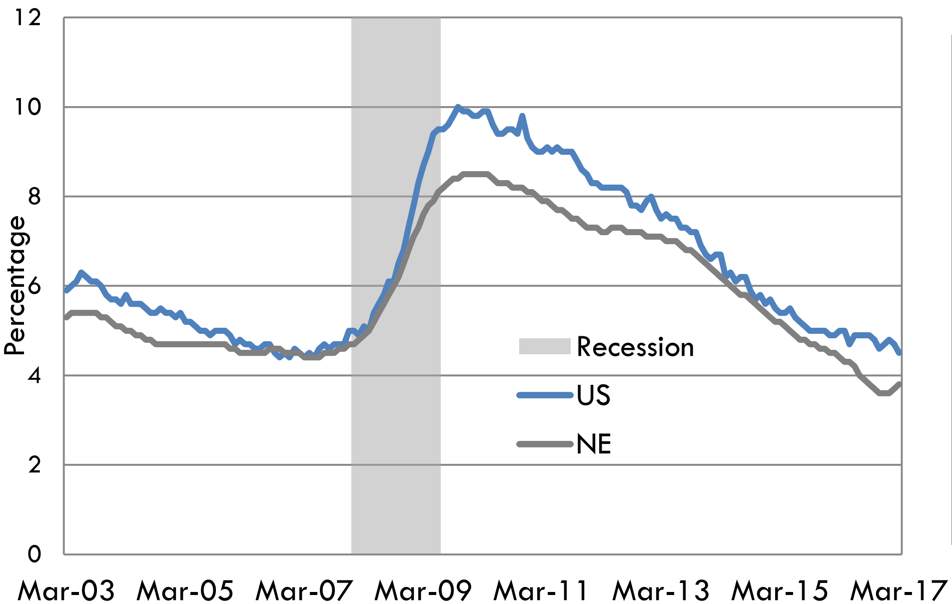
Source: Bureau of Labor Statistics, Haver Analytics

Construction Jobs on the Rebound in the Region; Manufacturing Jobs Down



Source: Bureau of Labor Statistics, Haver Analytics
Note: Information category for NE is not seasonally adjusted.

New England's Unemployment Rate Ticked Up Recently; Still Below Pre-Recession Minimum

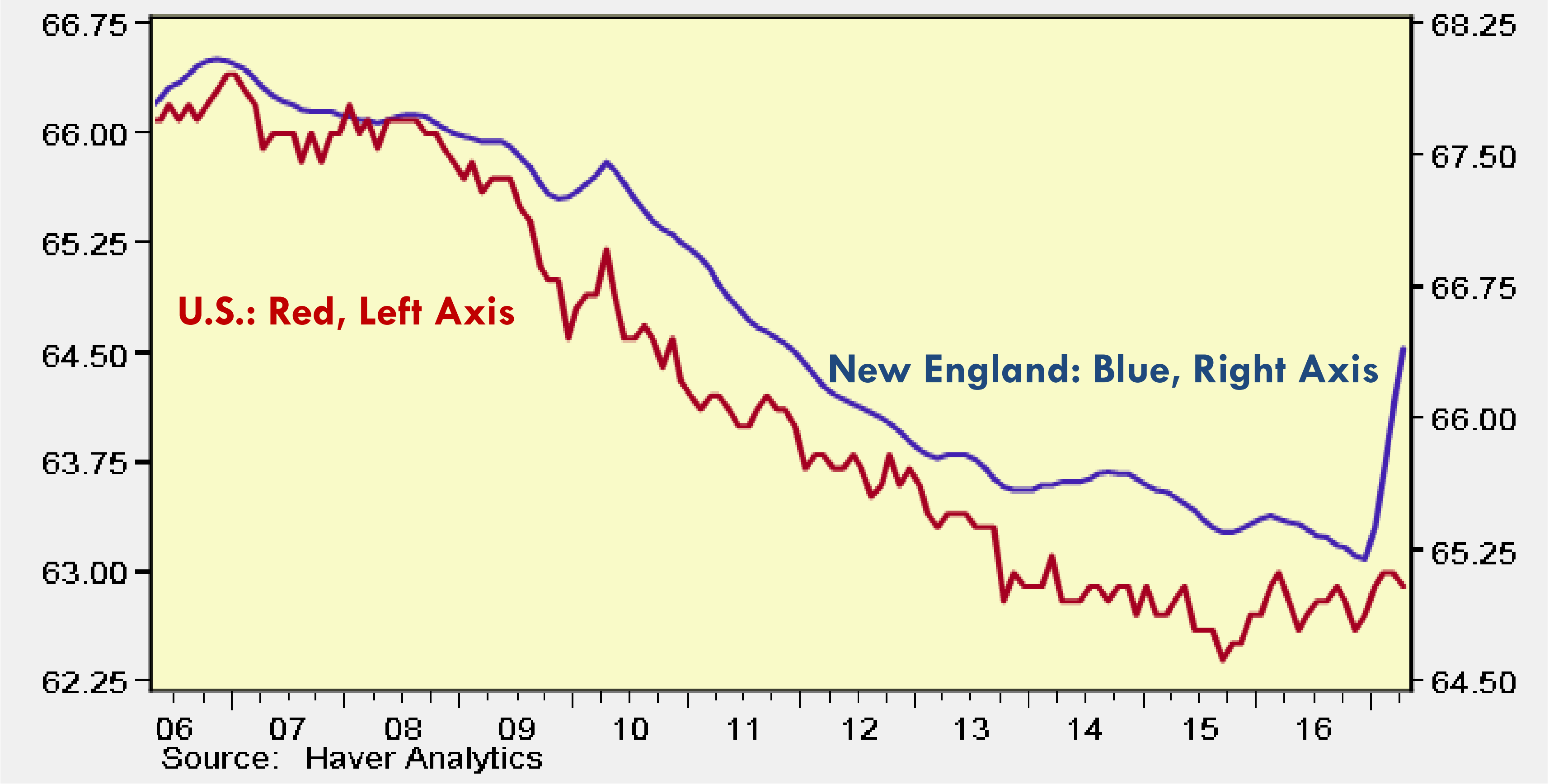


	Apr-16	Apr-17
United States	5.0	4.4
New England	4.3	3.9
Connecticut	5.4	4.9
Maine	3.8	3.0
Massachusetts	4.0	3.9
New Hampshire	2.8	2.8
Rhode Island	5.4	4.3
Vermont	3.3	3.1

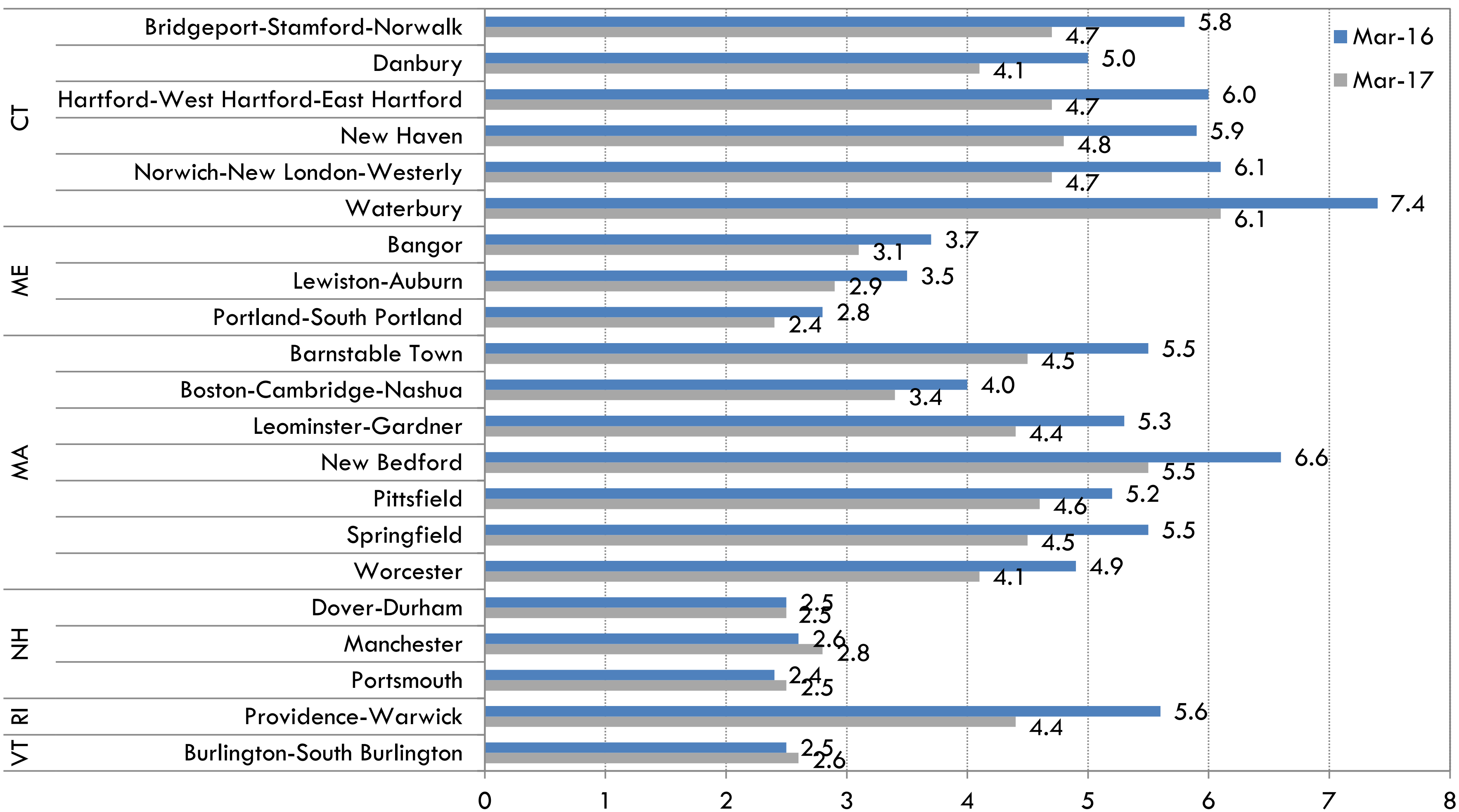
Source: Bureau of Labor Statistics, NBER, Haver Analytics

Labor Force Participation Surging in Region; Helps Account for Unemployment Increase

Percent of Population Ages 16+ in Labor Force (employed or actively looking for work)

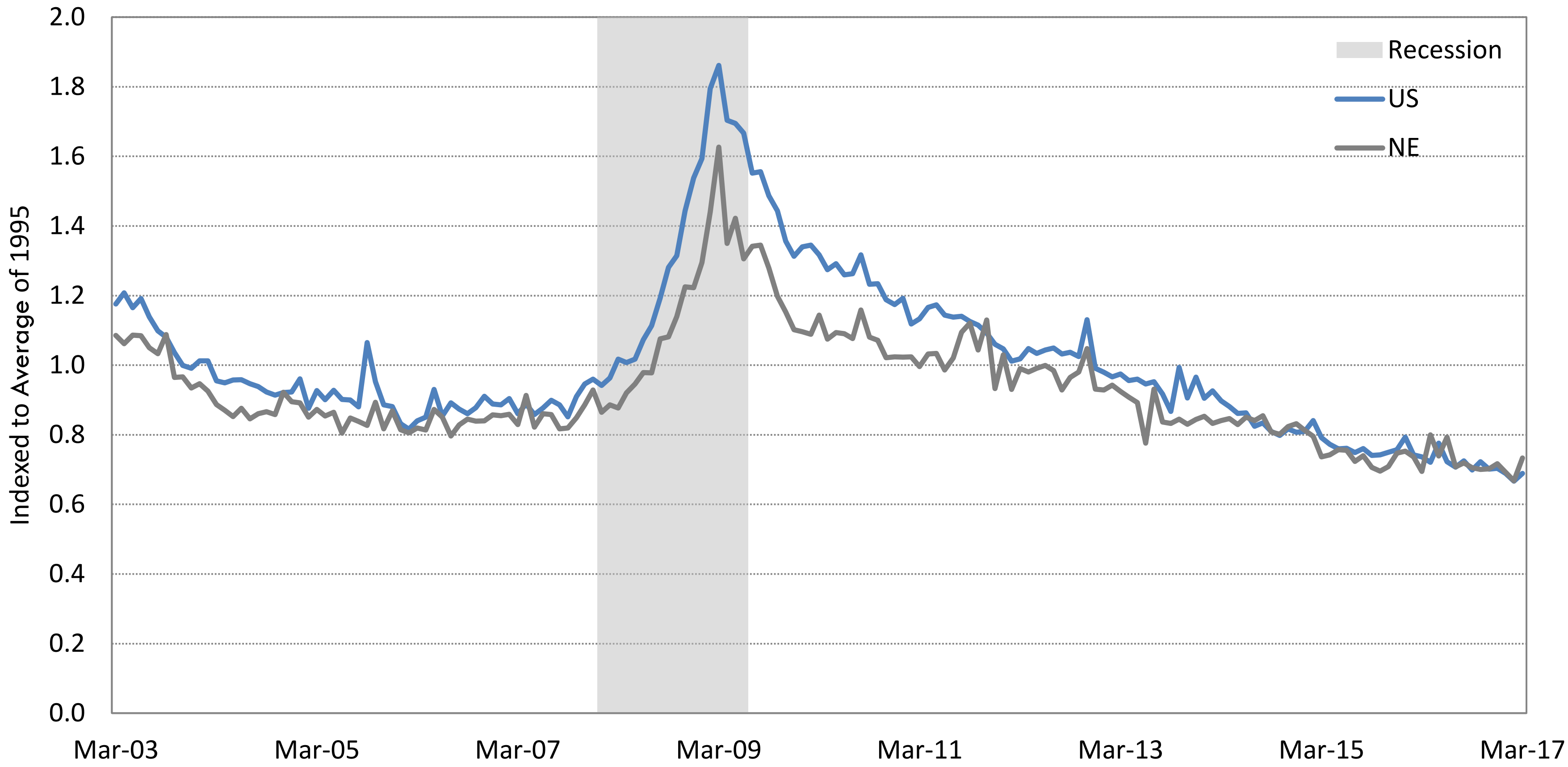


Unemployment Rates in New England by Metropolitan Areas



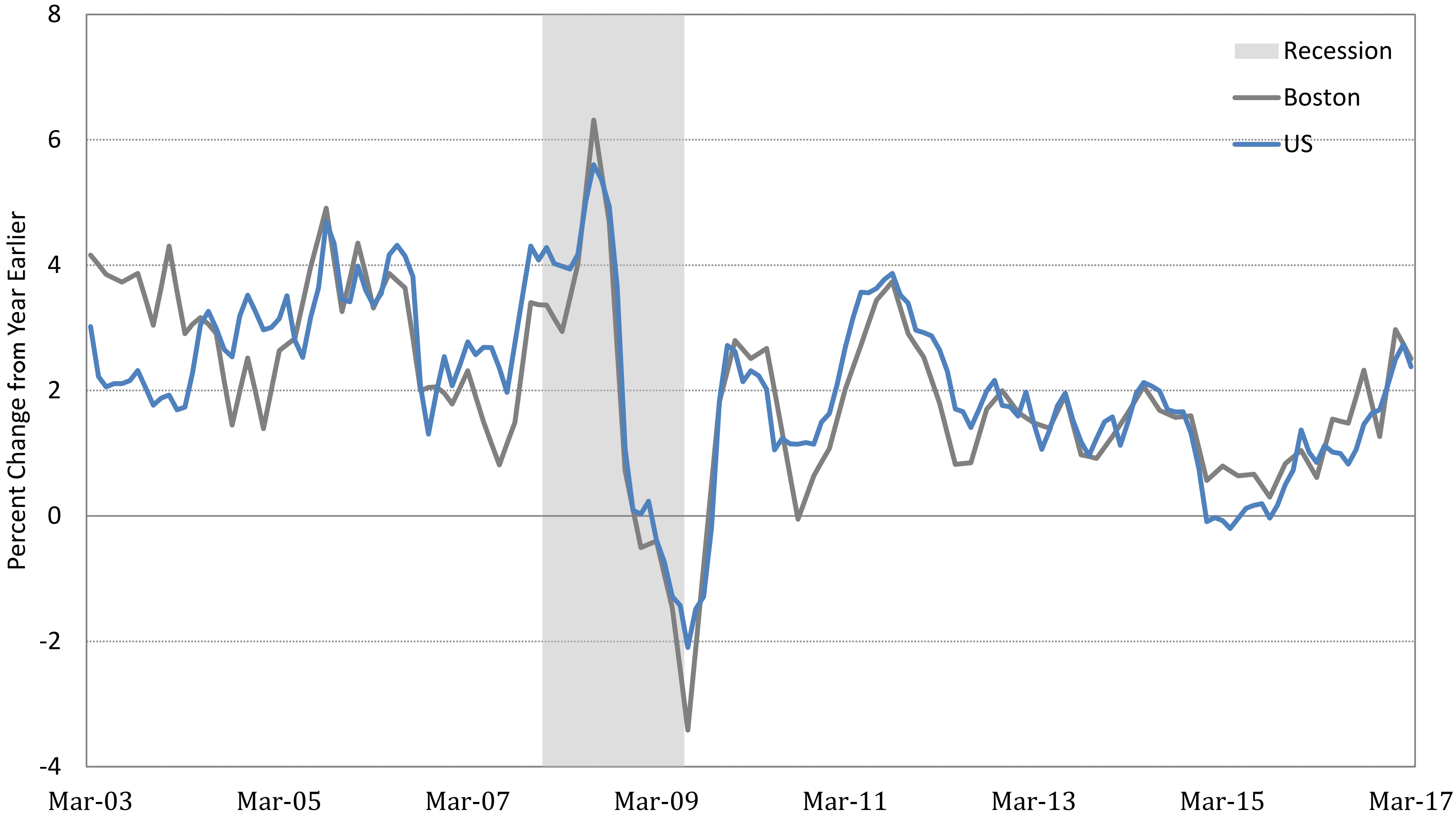
Source: Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Boston

Initial Claims for Unemployment Insurance Below Pre-Recession Levels



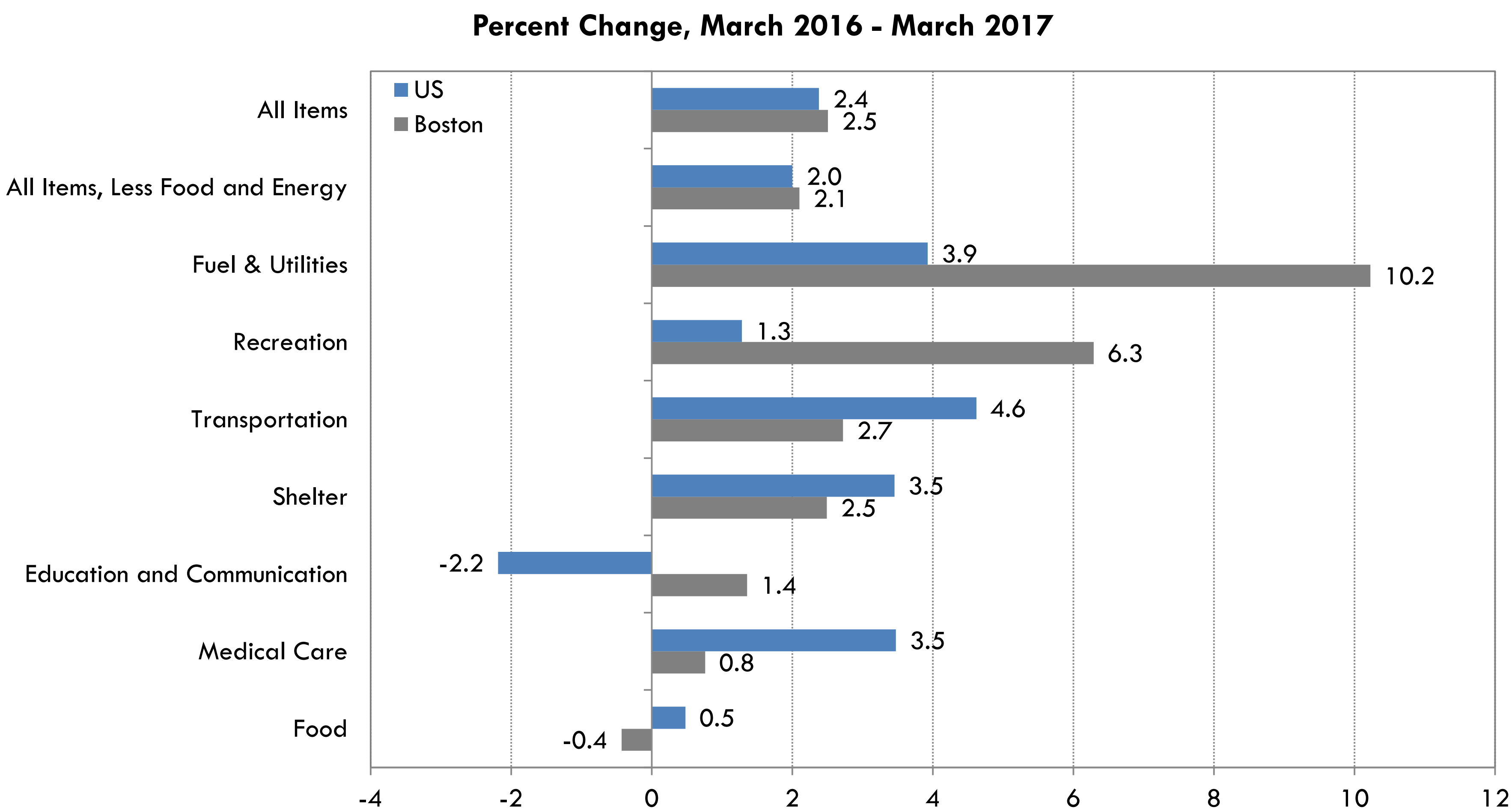
Source: Department of Labor, NBER, Haver Analytics, Federal Reserve Bank of Boston

Consumer Price Inflation Up Since 2015, But Still Moderate



Source: Bureau of Labor Statistics, NBER, Haver Analytics

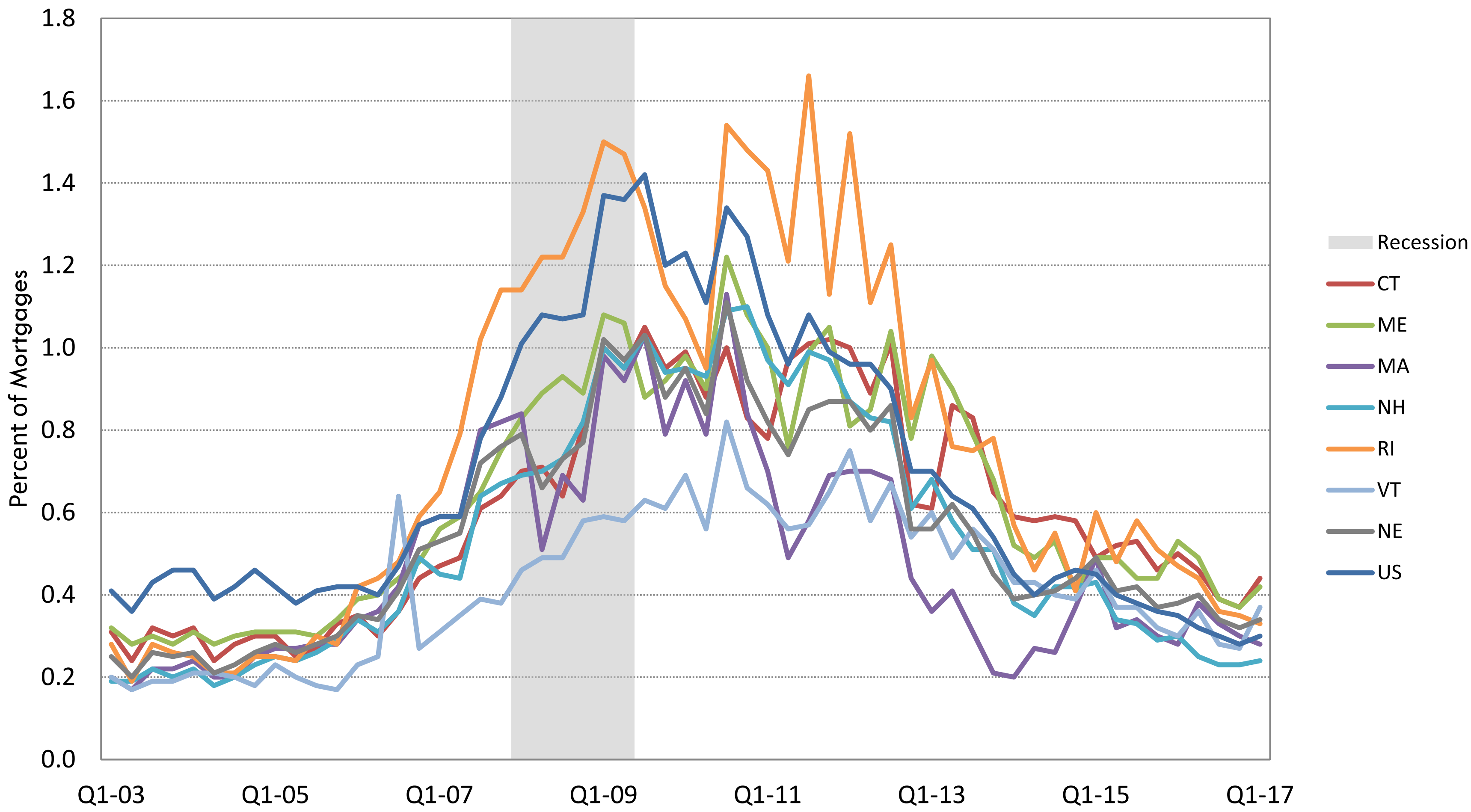
Fuel & Utilities Prices Still Rising Rapidly in Boston Area



Source: Bureau of Labor Statistics, Haver Analytics

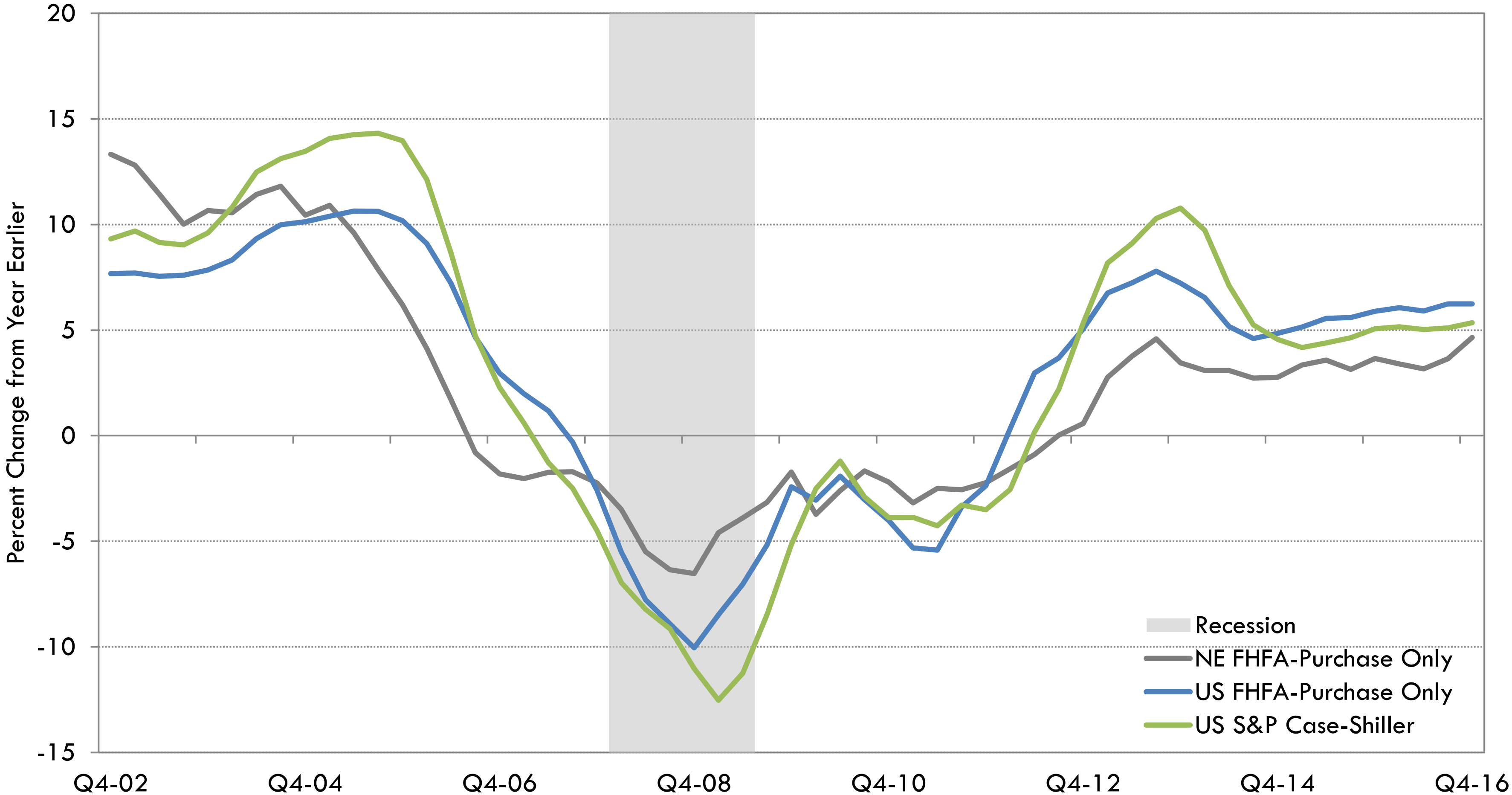
Started Foreclosures Close to Pre-Crisis Lows

All Loans



Source: Mortgage Bankers Association, NBER, Haver Analytics

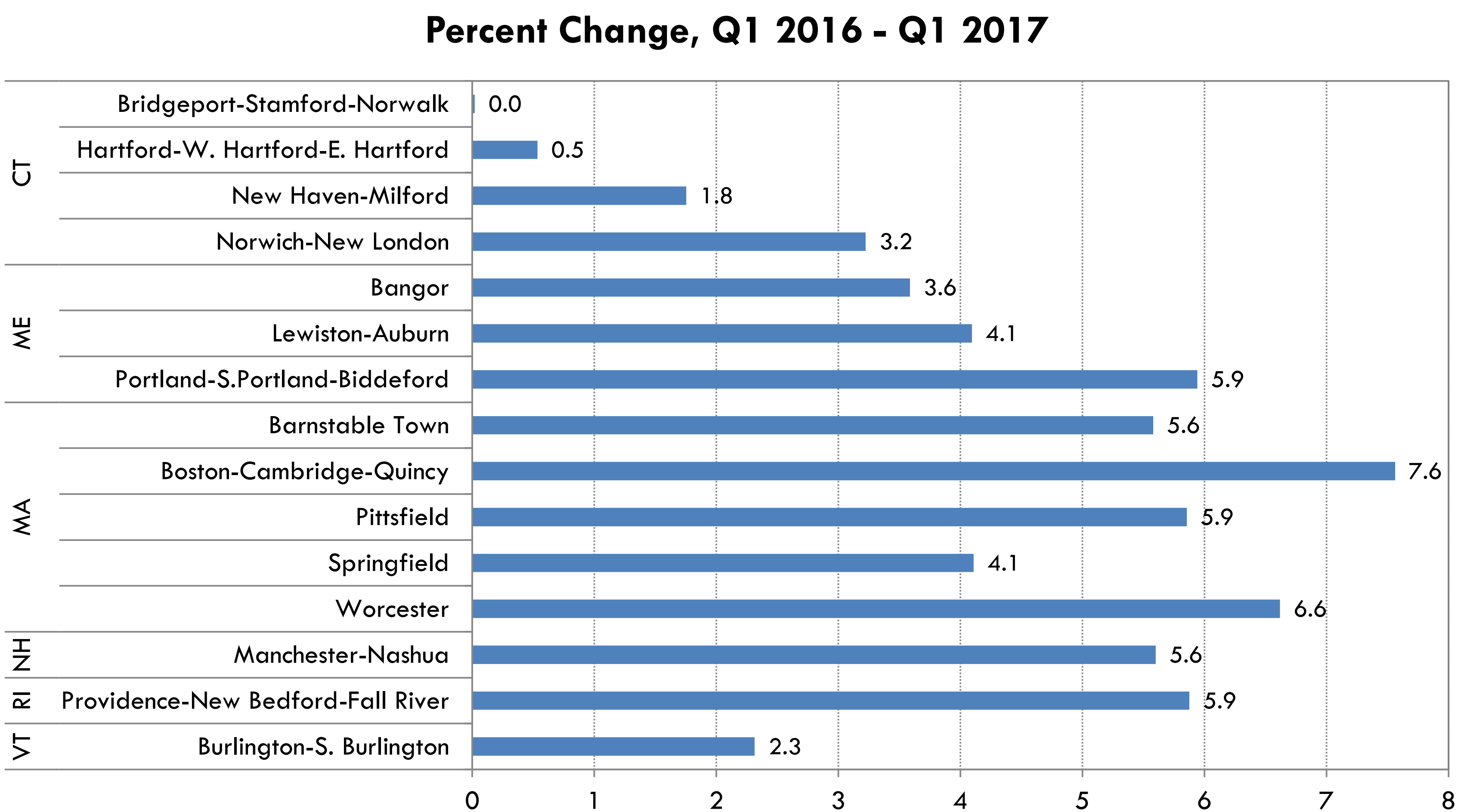
House Price Increases in Region Accelerated in Late 2016



Source: FHFA, NBER, S&P/Case-Shiller, Haver Analytics

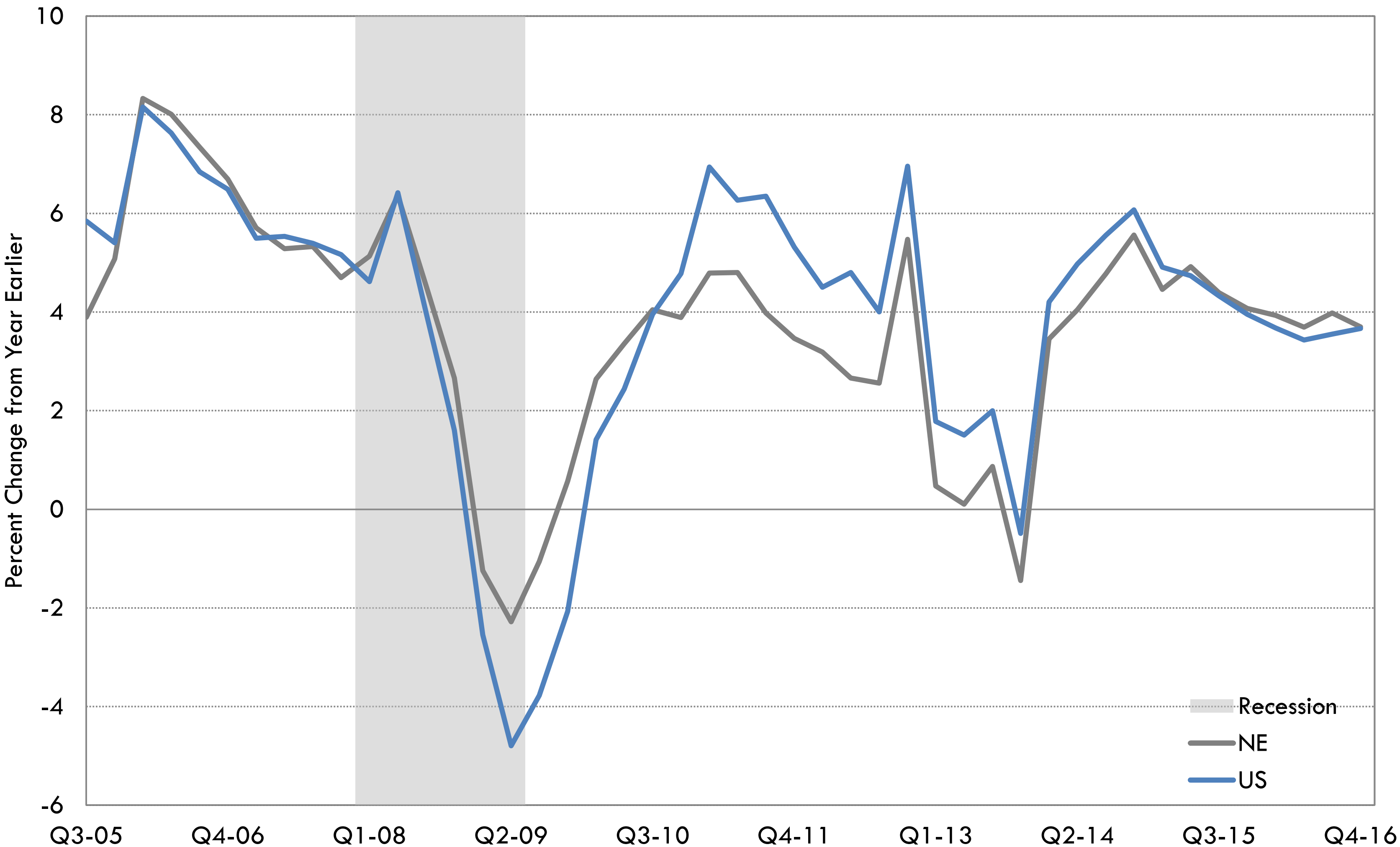
CT is Exception to Solid House Price Gains

(Single Family Homes)



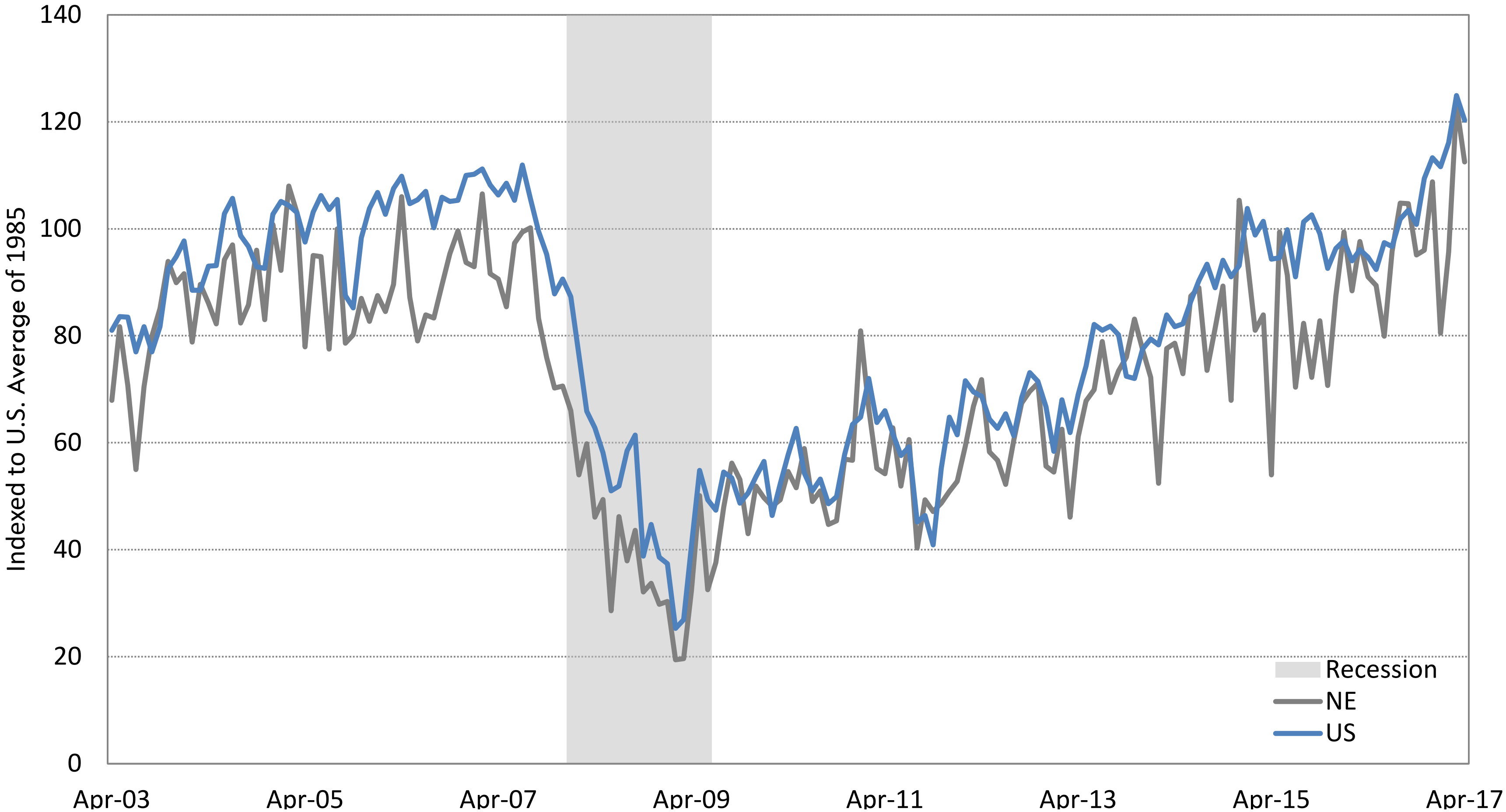
Source: Freddie Mac Home Loan Mortgage Corporation, Haver Analytics

Growth of Personal Income Down Since Late 2014



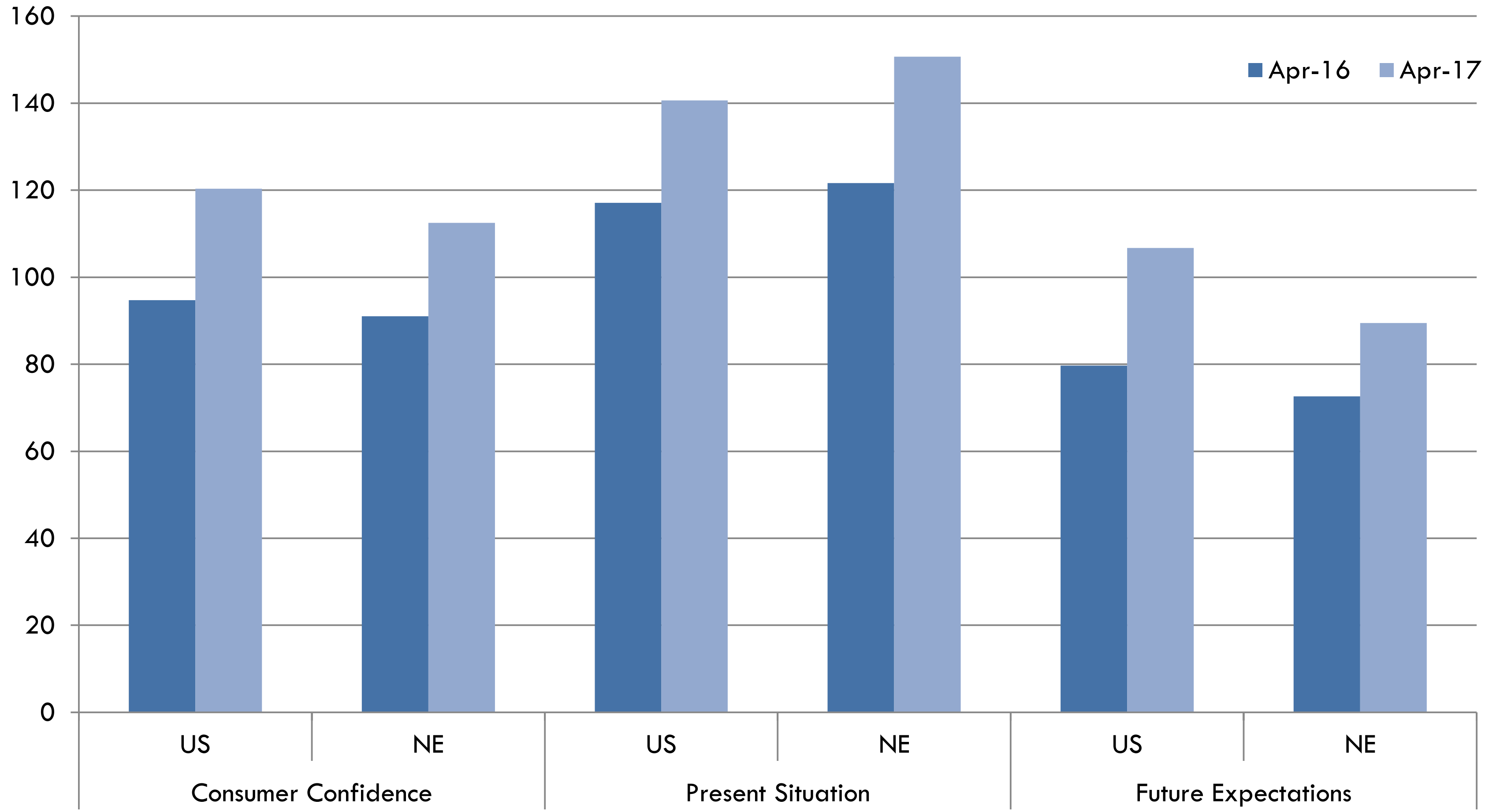
Source: Bureau of Economic Analysis, NBER, Haver Analytics

Consumer Confidence Above Pre-Recession Highs



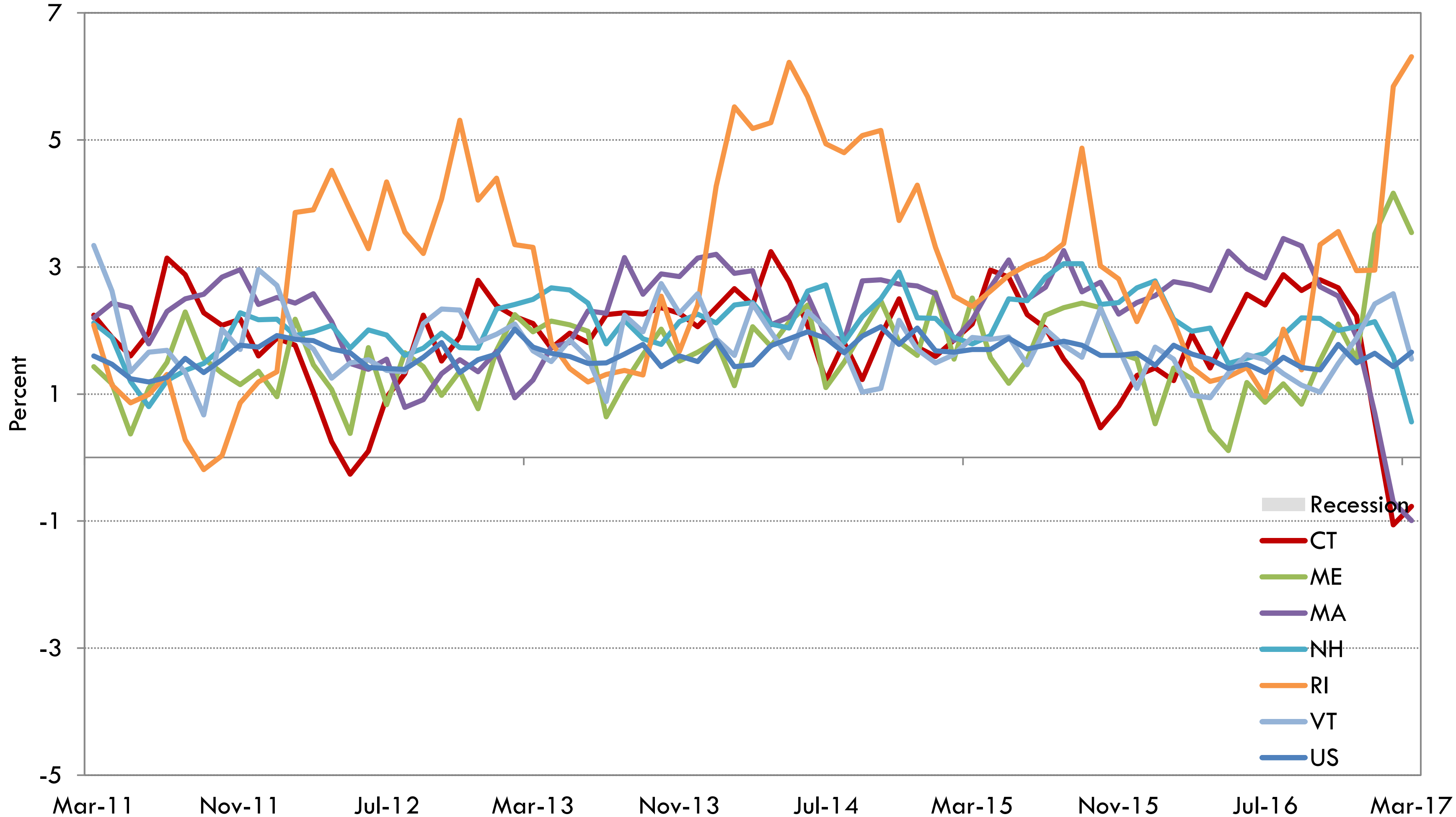
Source: The Conference Board, NBER, Haver Analytics

Both Components of Confidence Improved Over Last Year



Source: The Conference Board, Haver Analytics

Leading Indexes Point to Slower Growth or Contraction (Except RI)



Source: Federal Reserve Bank of Philadelphia, NBER, Haver Analytics

Final thoughts

- Regional economy strong along many indicators
- Recovery still incomplete in parts of the region
- Forward-looking indicators point to slower growth
  - Tight labor market is one restraining factor
  - Higher participation rate is a welcome sign