

The Massachusetts Economy: From Full Employment to 2020

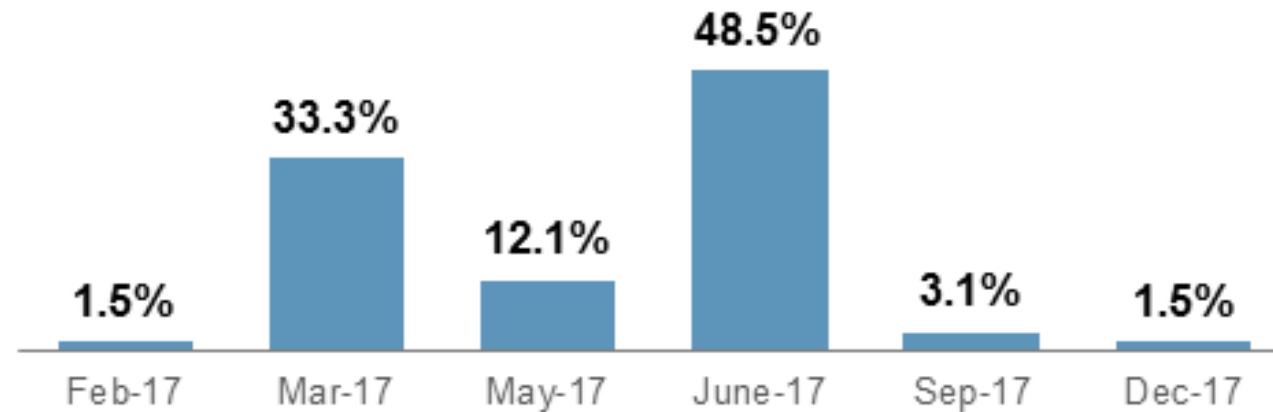
Presentation to MassEcon
January 20, 2017

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NEEP, *MassBenchmarks*

WSJ Survey of 60 Economists: January

Q&A: March vs. June?

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

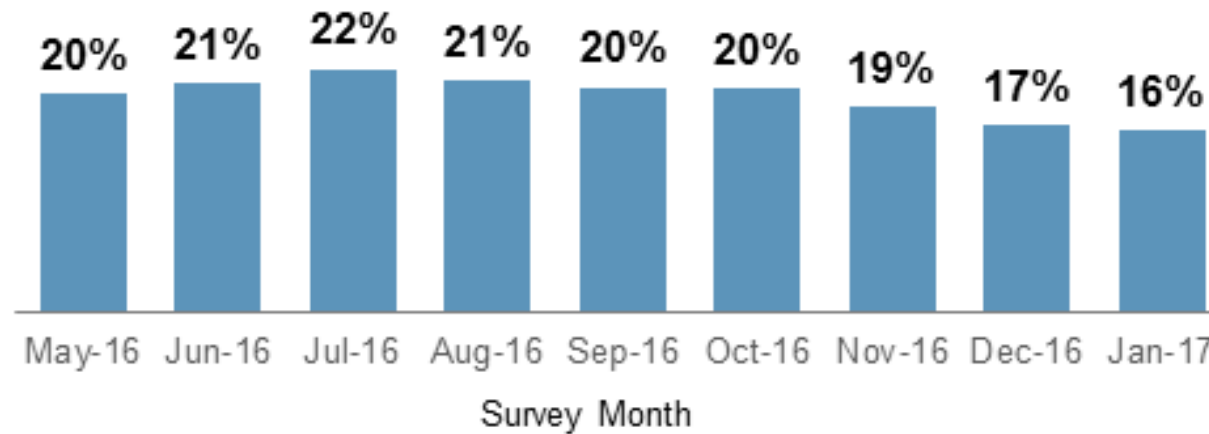


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WSJ Survey of 60 Economists: January

Q&A: Recession Risks Recede

Economists' assessment of the chance the U.S. enters a recession in the next 12 months is diminishing:



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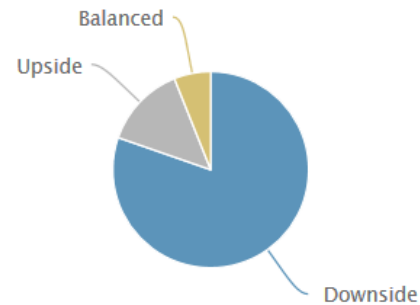
Wall Street Journal Survey of 60 Economists: The Balance of Risks Has Reversed

January 2016

January 2017

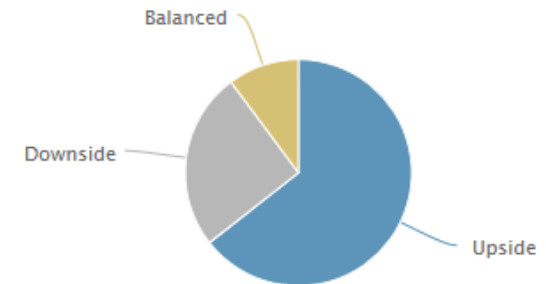
Q&A: To the Downside

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



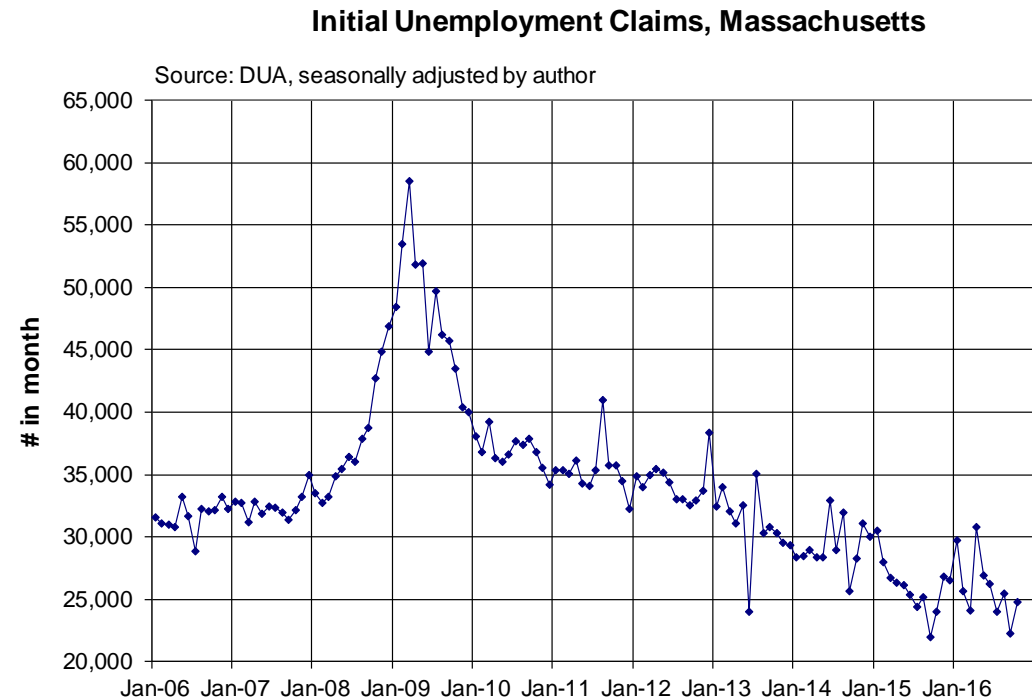
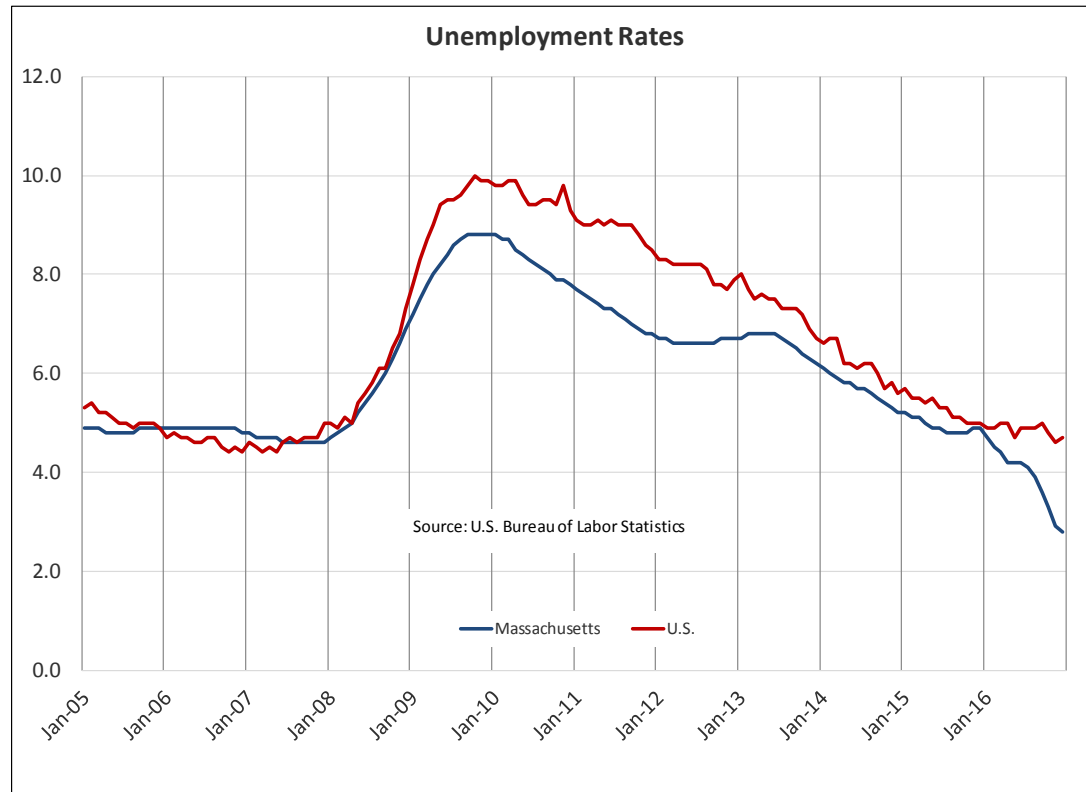
Q&A: Upside Risks

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



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We are at full employment, with diminishing capacity to expand employment at the pace of recent years.

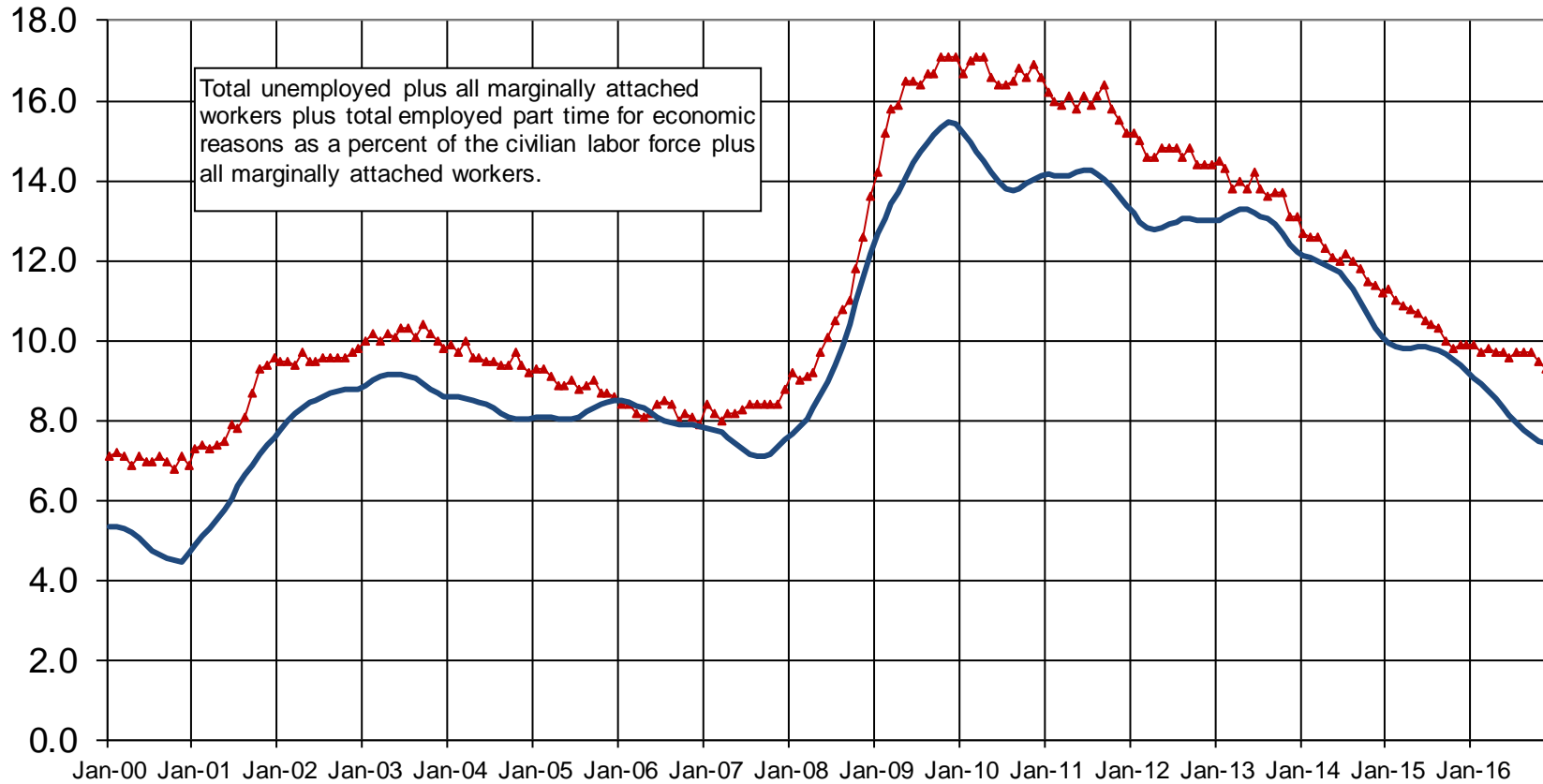


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Even the broader underemployment rate is at pre-recession levels.

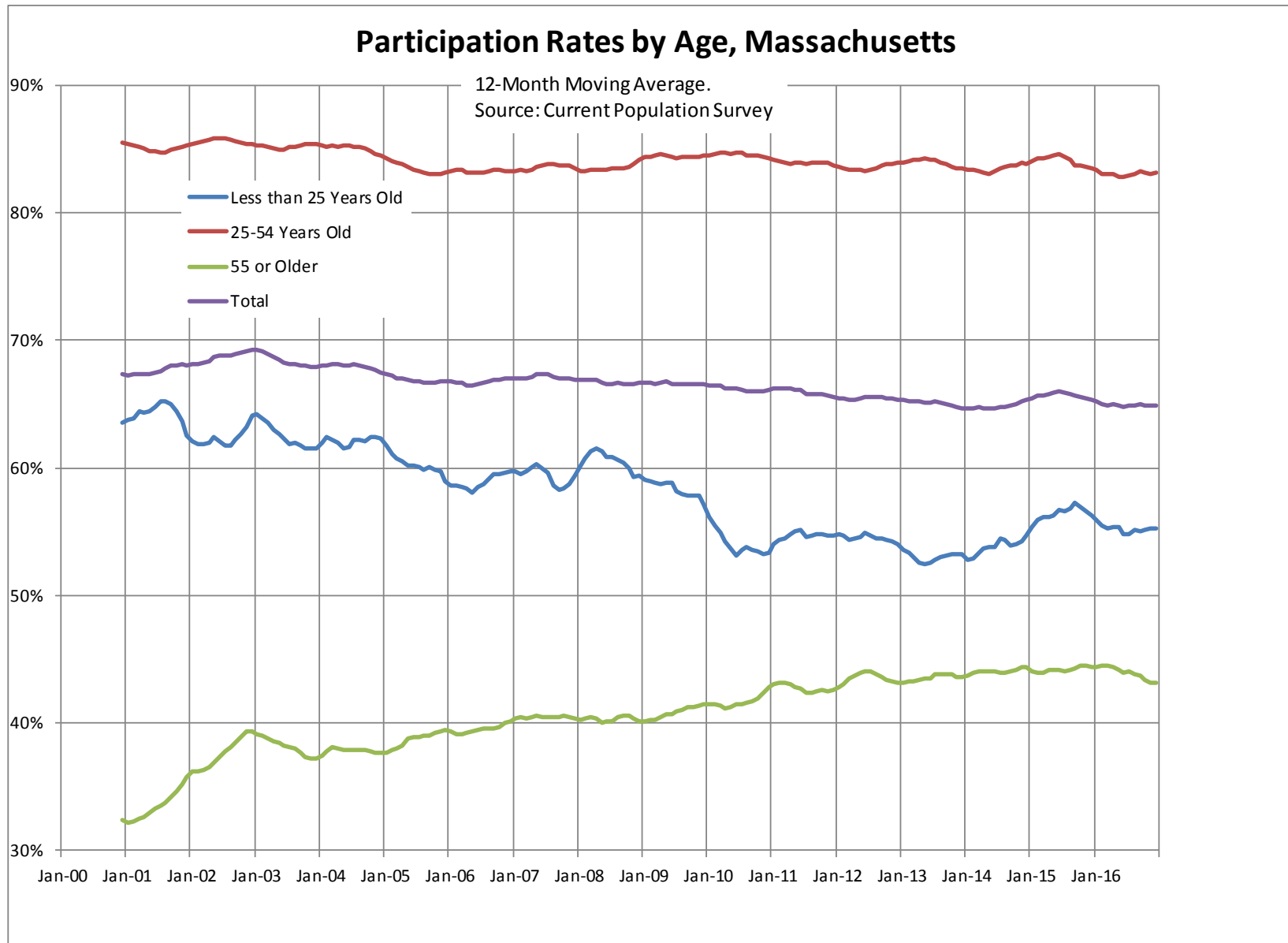
U-6 Unemployment Rate

Source: U.S. Bureau of Labor Statistics. The unemployment rate is the official unemployment rate as released by the BLS. The underemployment rate is from the monthly CPS surveys. The Massachusetts underemployment rate is seasonally adjusted and smoothed by Northeastern University.



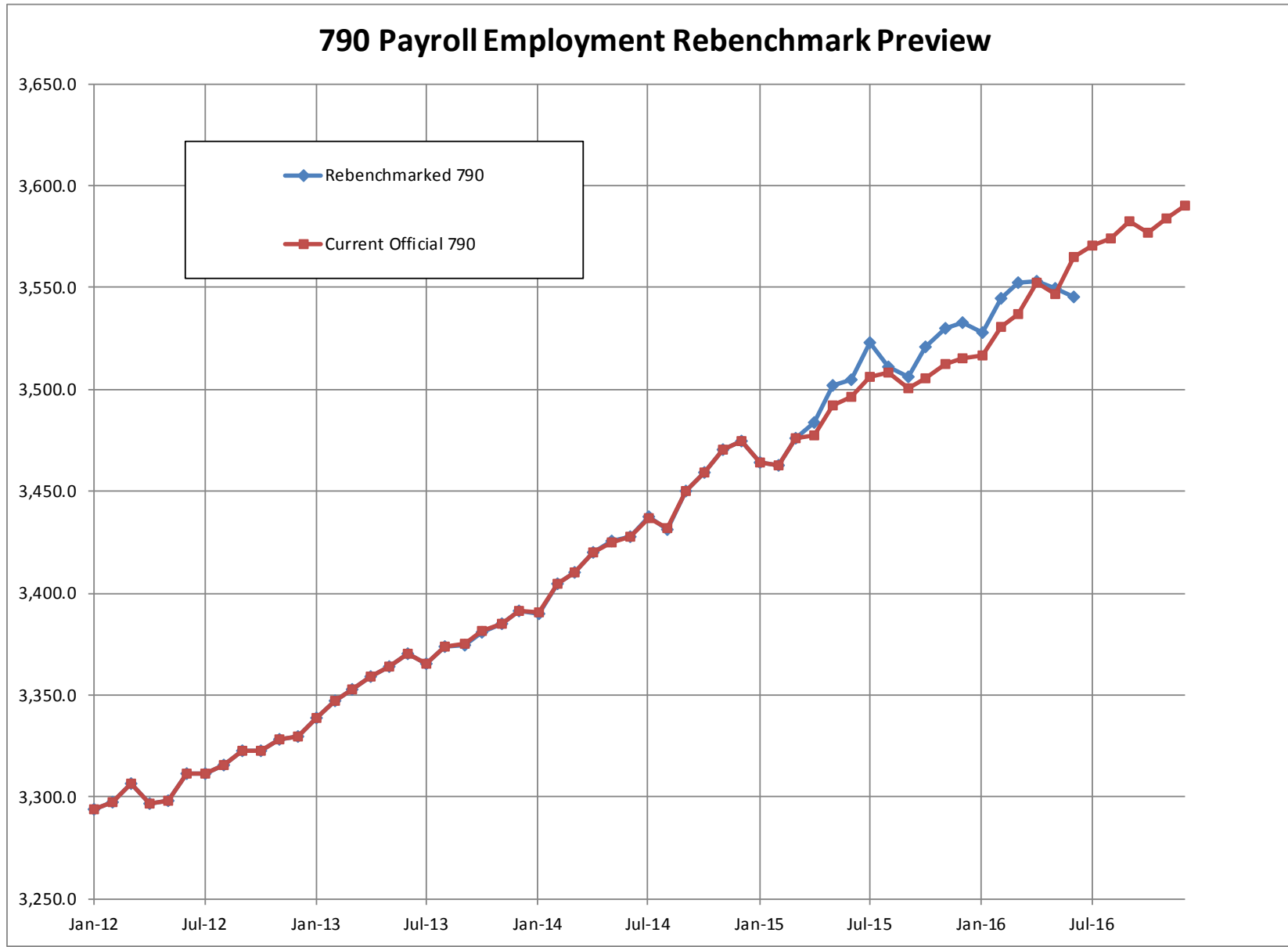
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Participation rates are near pre-recession levels, leaving some, but little, slack.



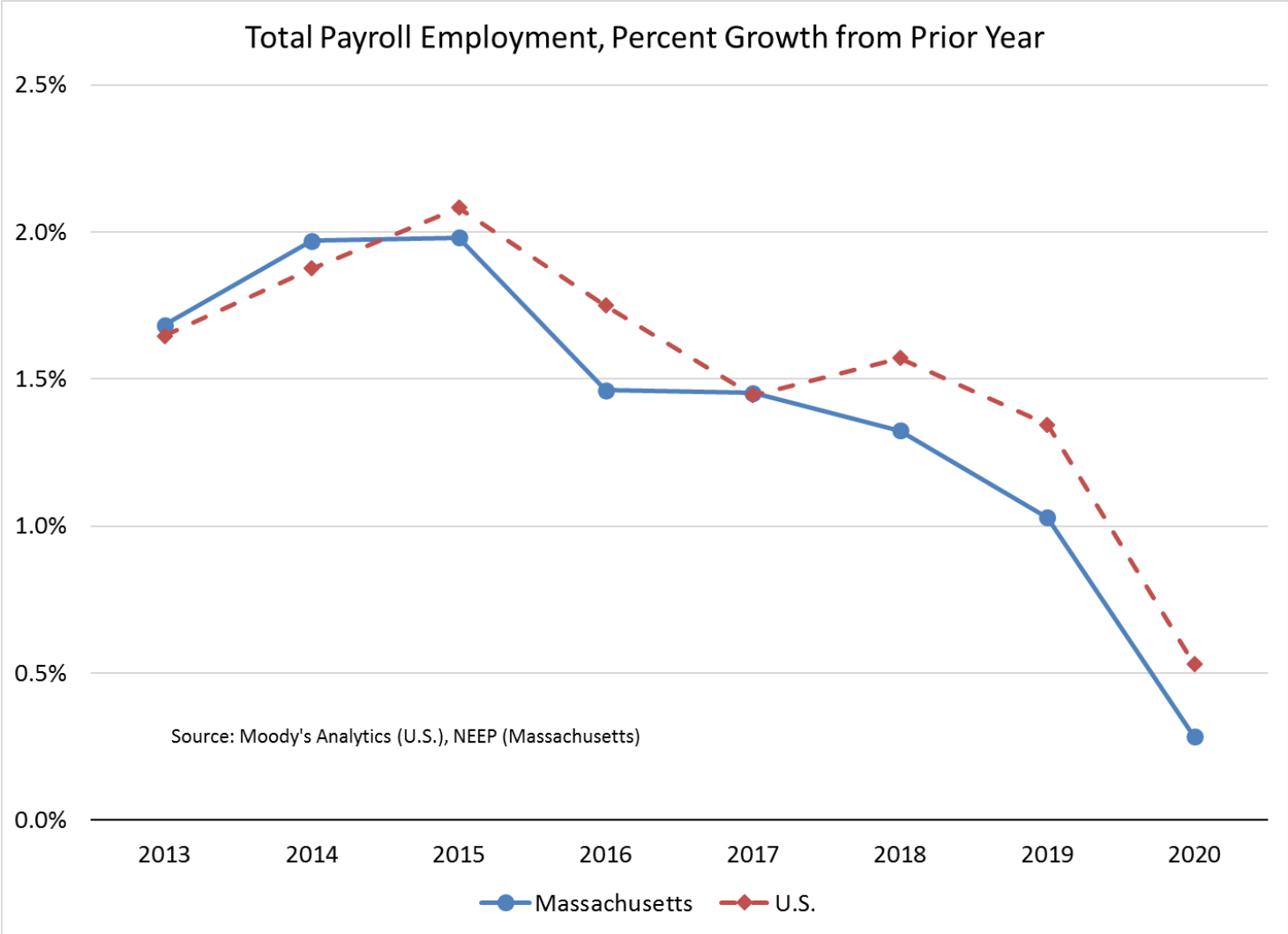
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Employment growth may already have begun to slow.



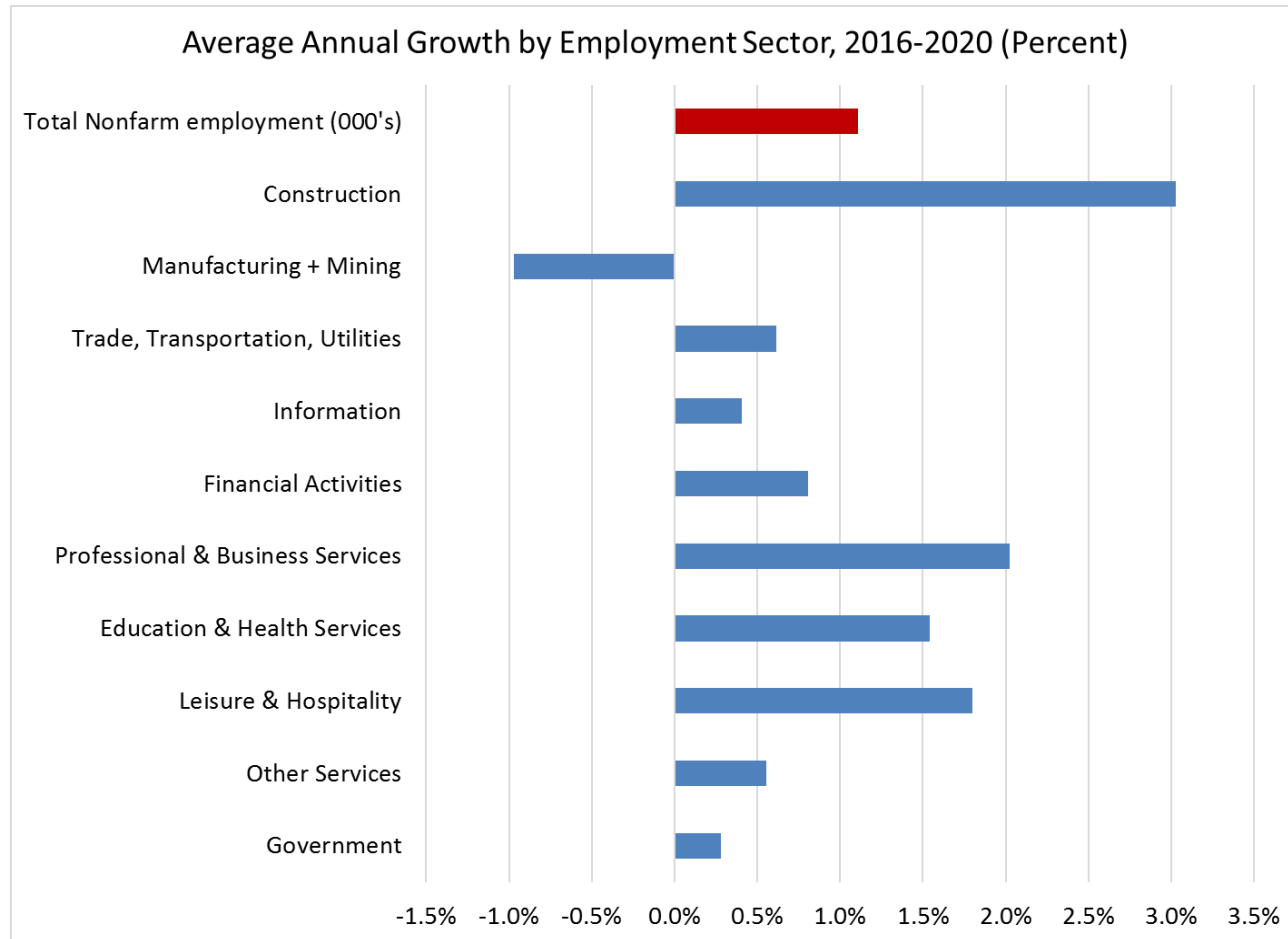
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Despite a fiscal stimulus, employment growth will slow due to demographic headwinds.



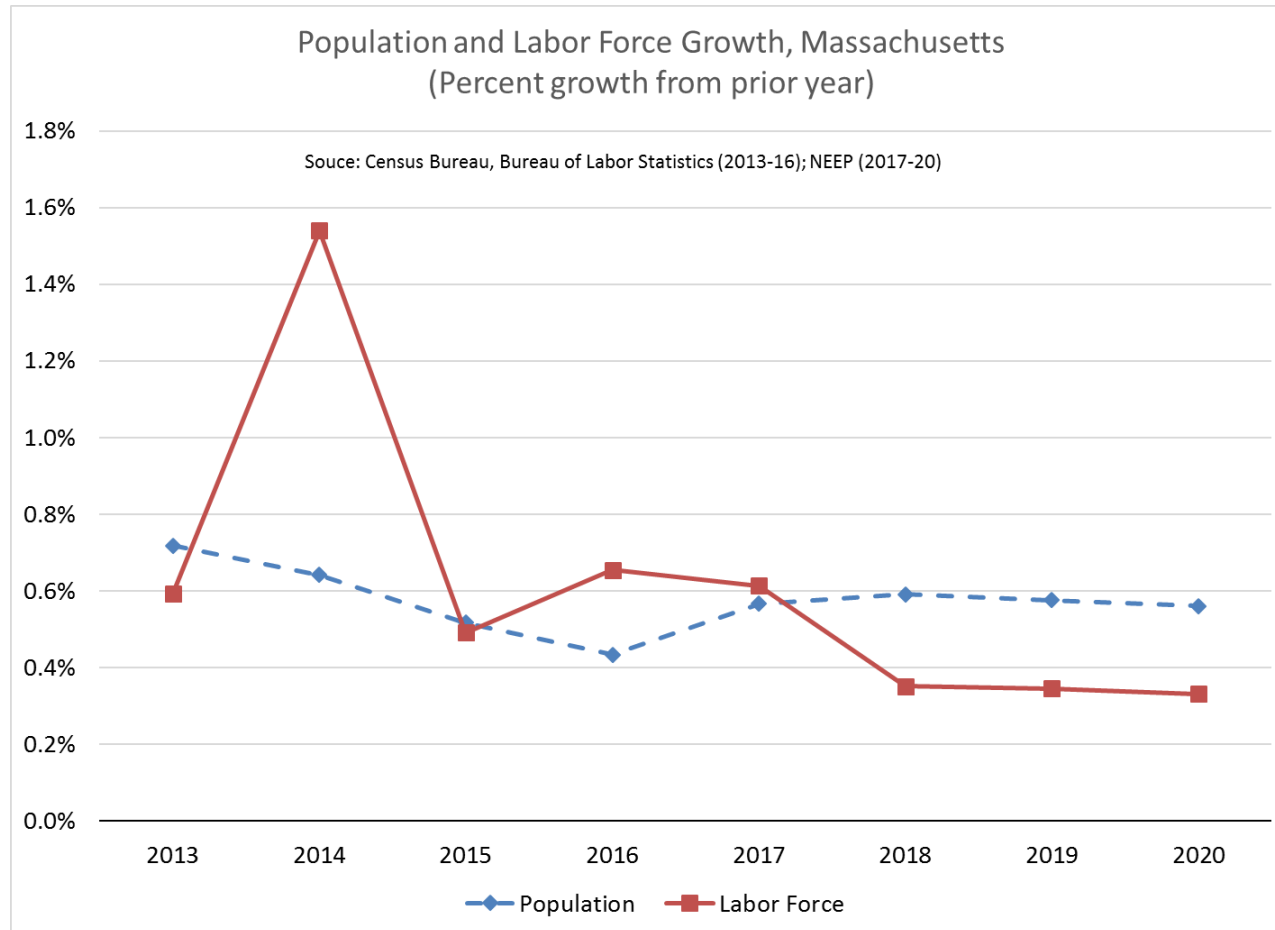
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Job growth will be fastest in Construction; Professional and Business Services; Leisure and Hospitality; and Education and Health Services.



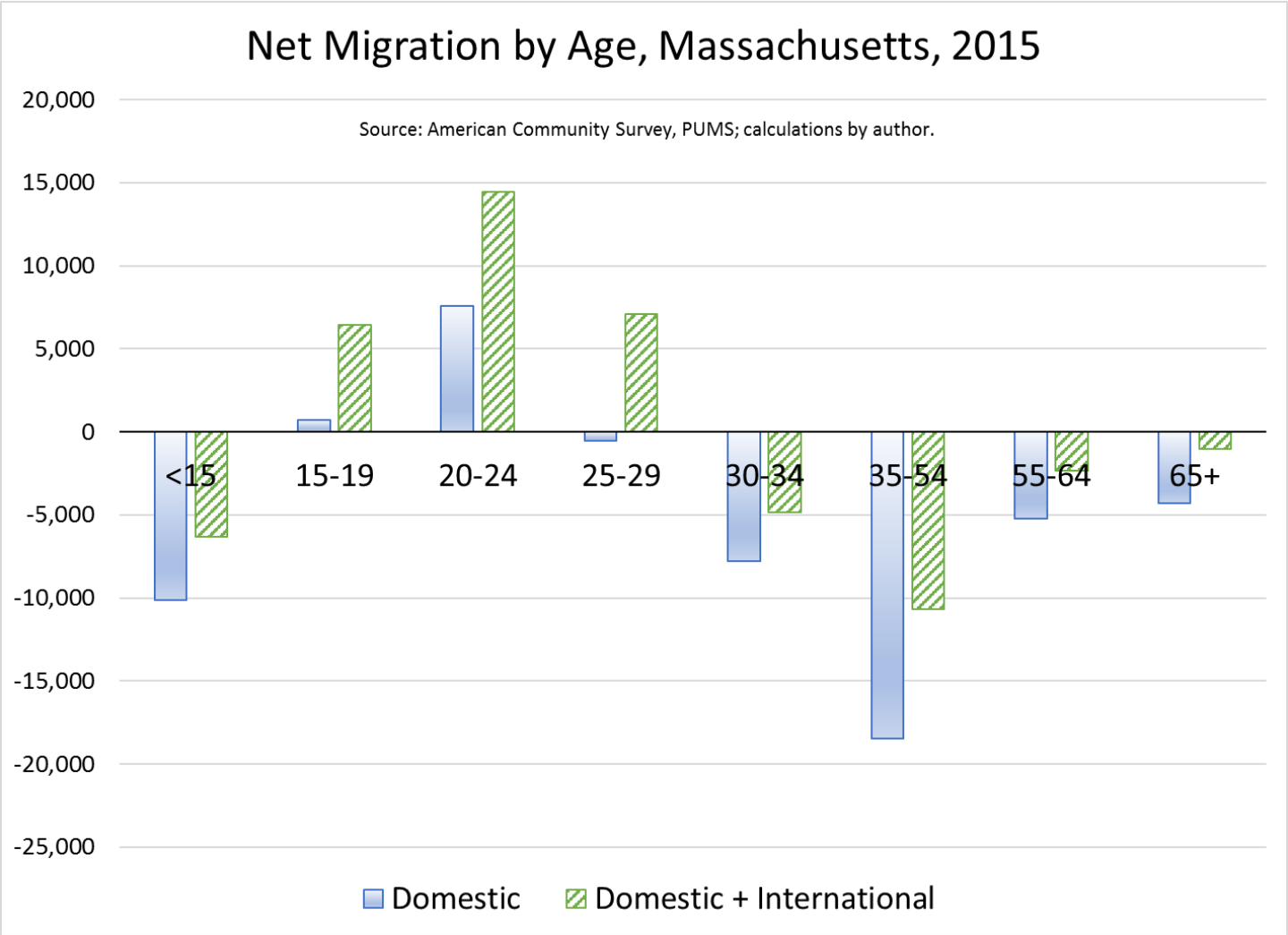
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Labor force growth will slow below that of population due the aging of the baby boomers.



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Millennials appear to be coming to Massachusetts, but will they stay?



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