

# Outlook for the New England Economy

## 11th Annual Regional and Community Bankers Conference

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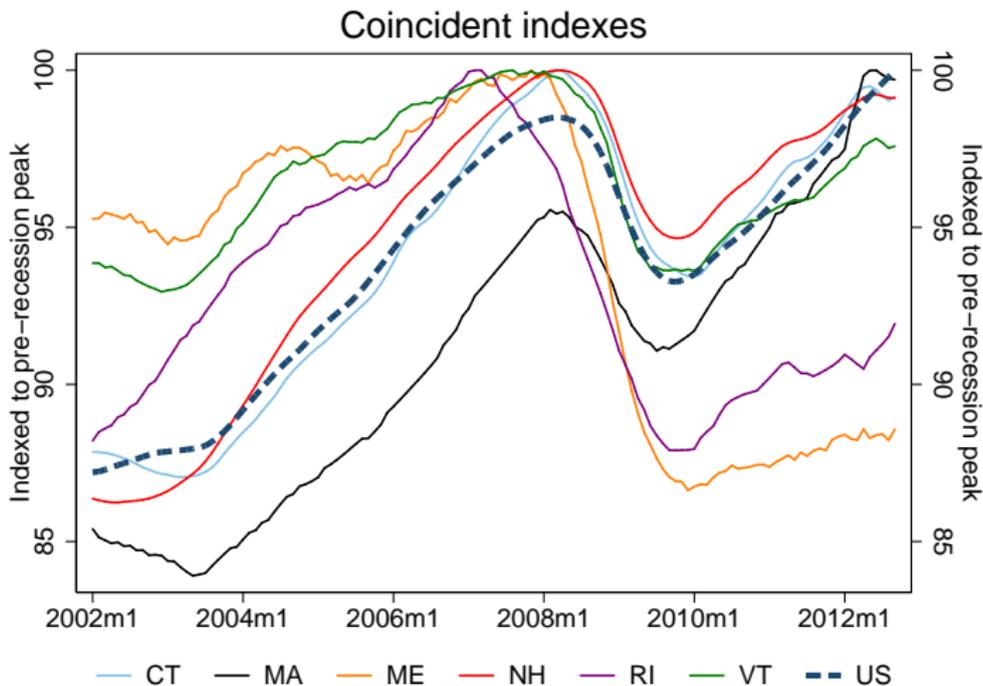
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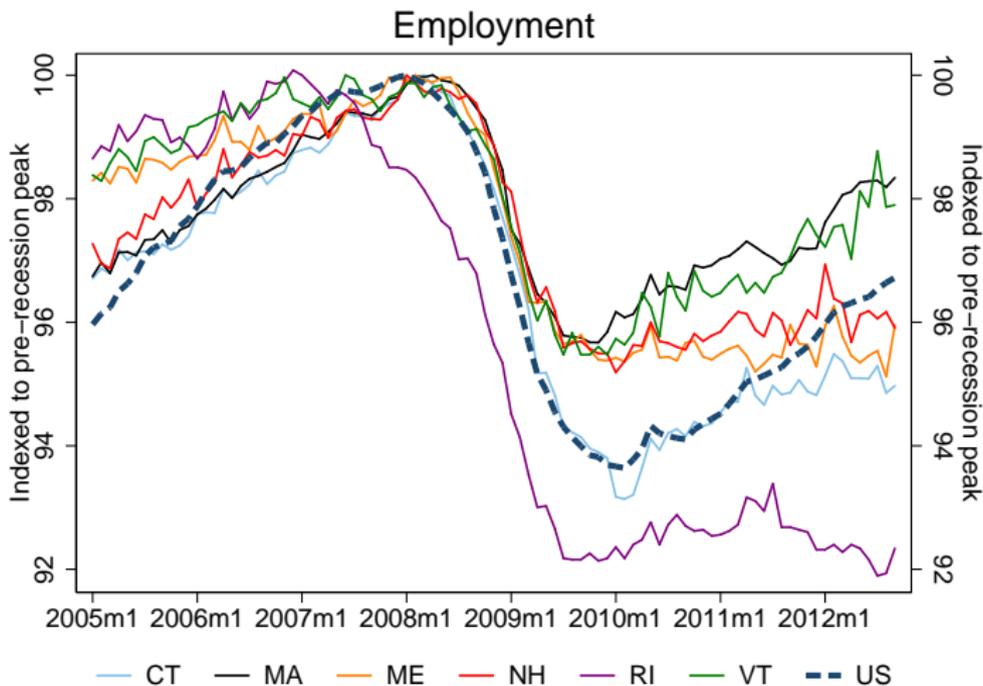
## Disclaimer

The views presented in this talk are my own and not those of the Federal Reserve Bank of Boston or the Federal Reserve System.

# Economic activity close to pre-recession peak in most NE states



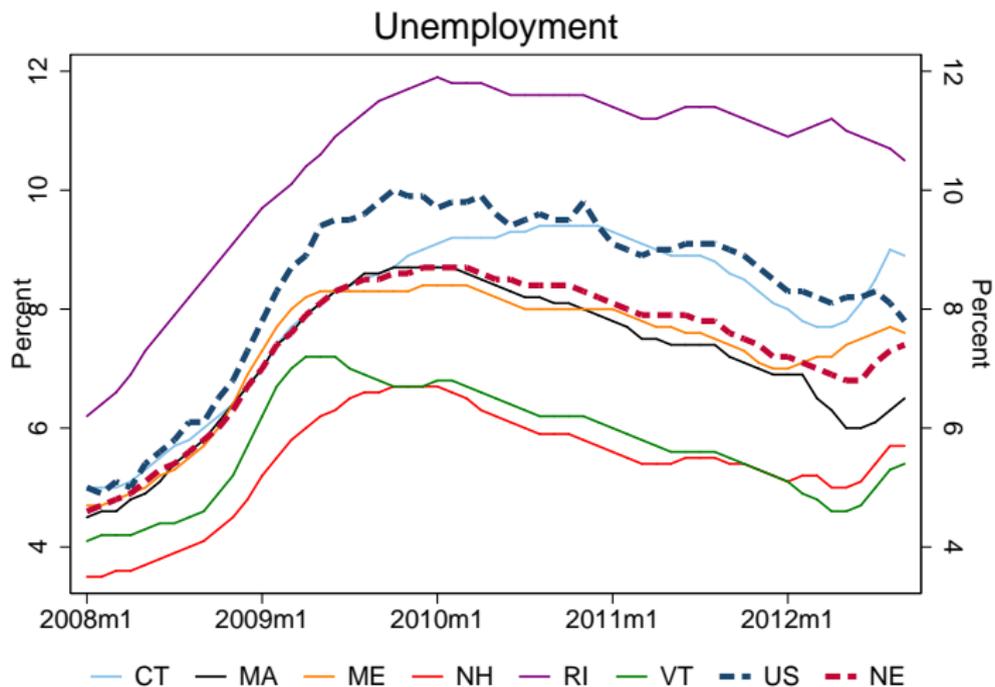
# Employment recovery incomplete across U.S. and region



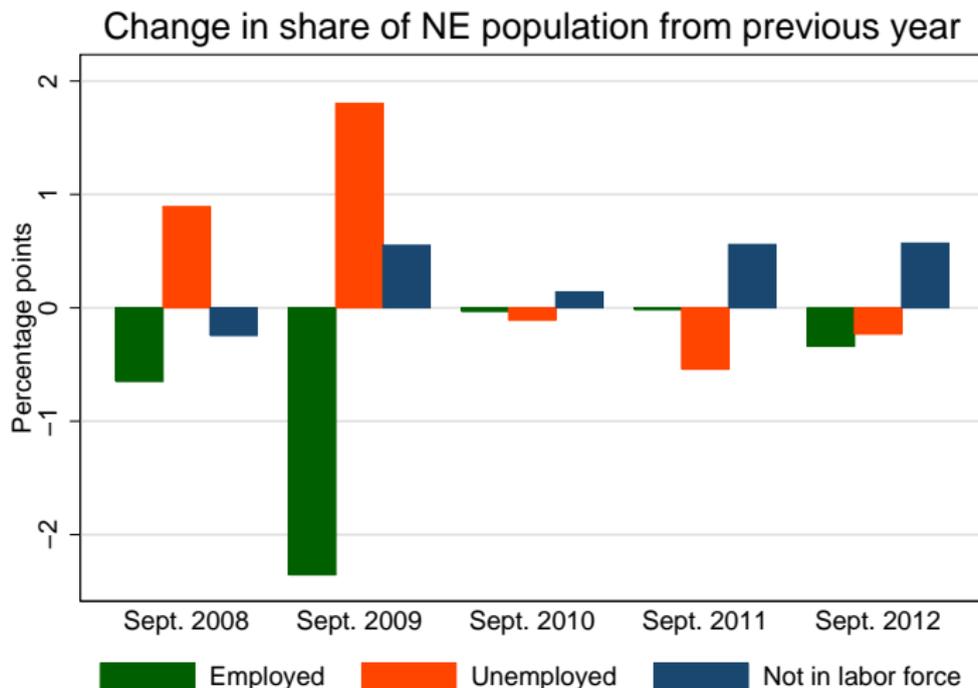
## Unemployment rates stagnant in most NE states in past year

	September 2011	September 2012
United States	9.0	7.8
New England	7.6	7.4
Connecticut	8.6	8.9
Maine	7.4	7.6
Massachusetts	7.2	6.5
New Hampshire	5.4	5.7
Rhode Island	11.3	10.5
Vermont	5.5	5.4

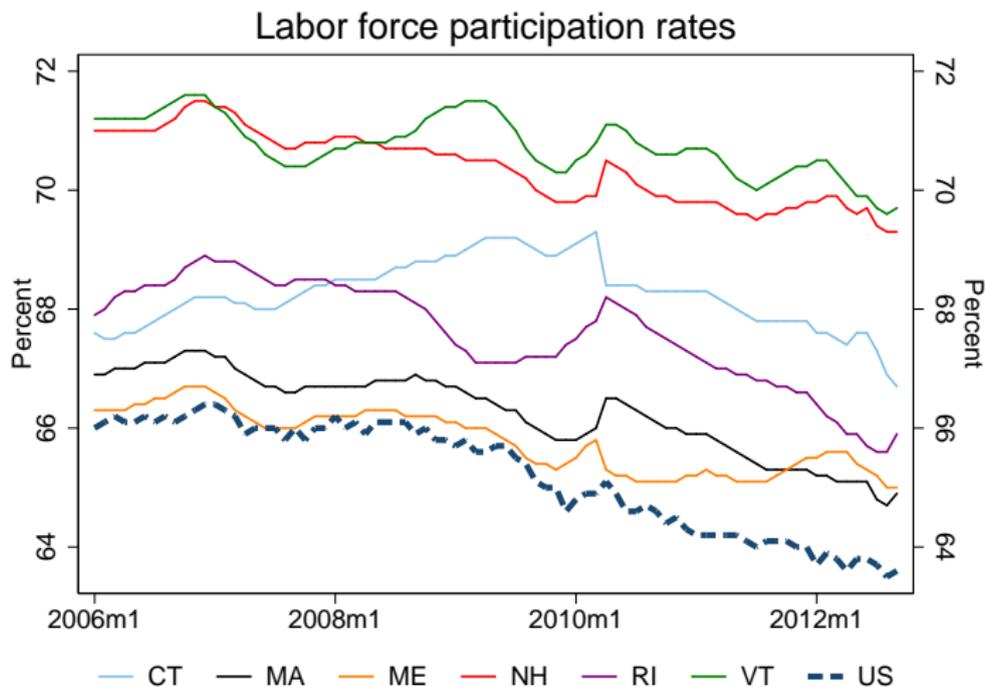
# Unemployment edged back up recently in 5 of 6 NE states



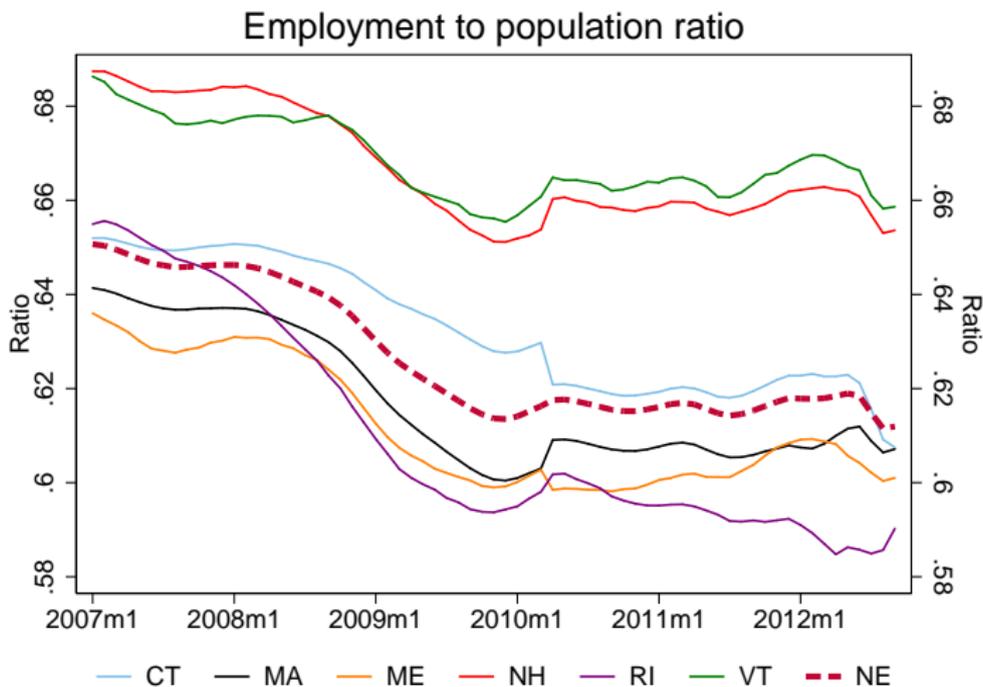
# Unemployment rate decreases are partly due to people leaving the labor force



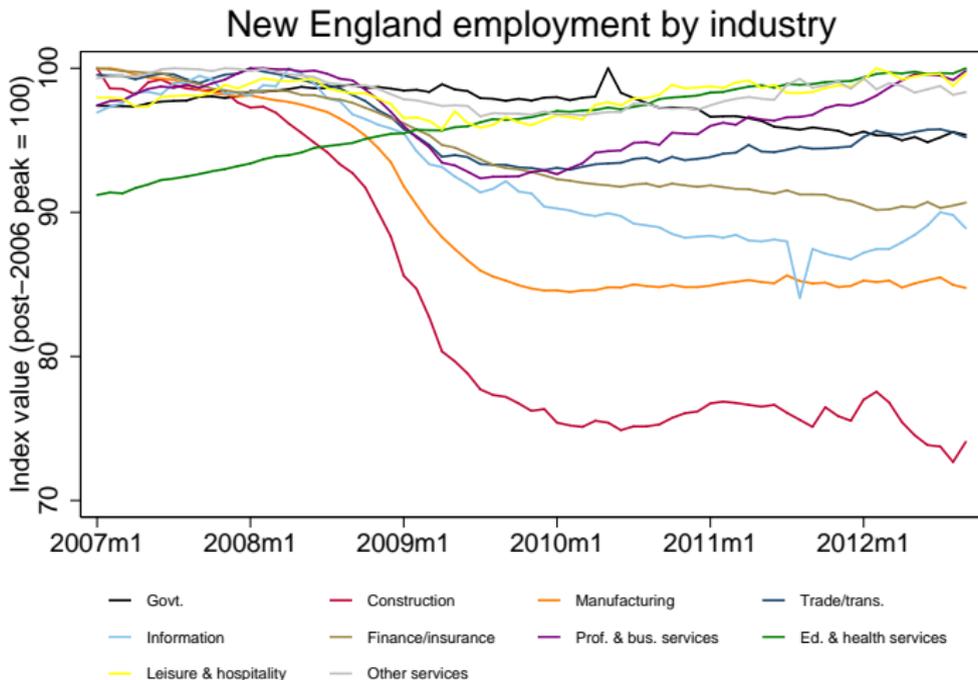
# Labor-force participation has drifted down over course of recovery



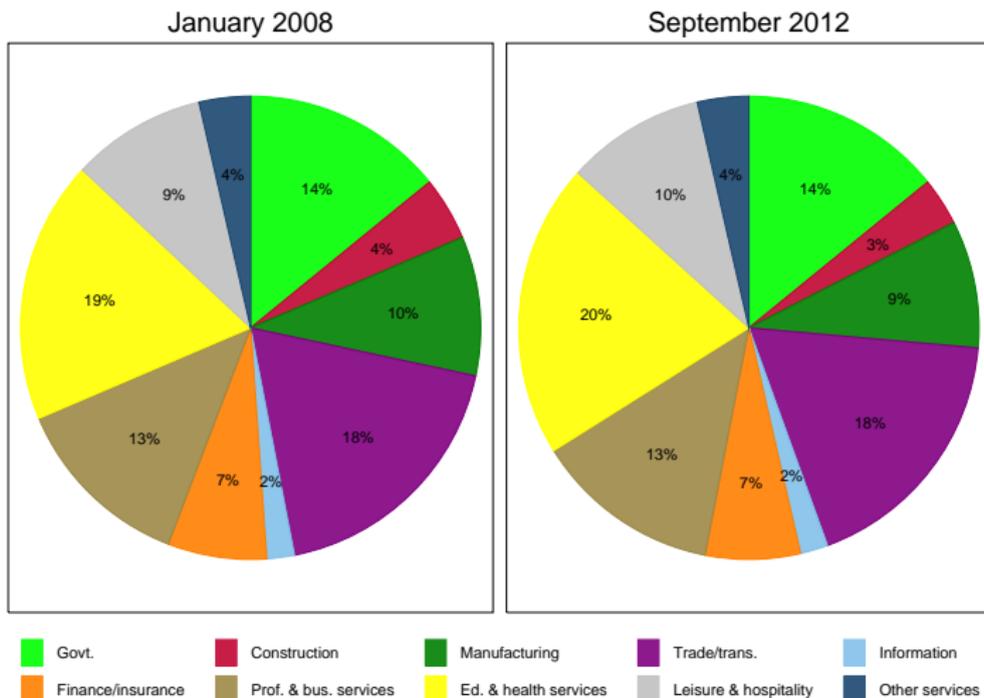
# Share of employed people lower than at depth of recession for region



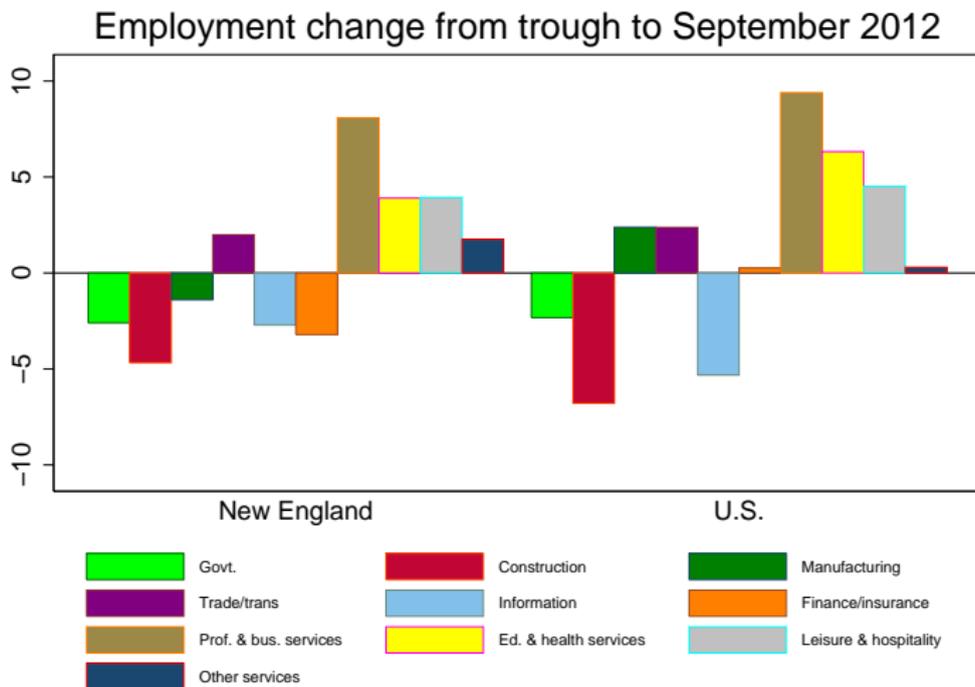
# Industry-level employment changes in New England



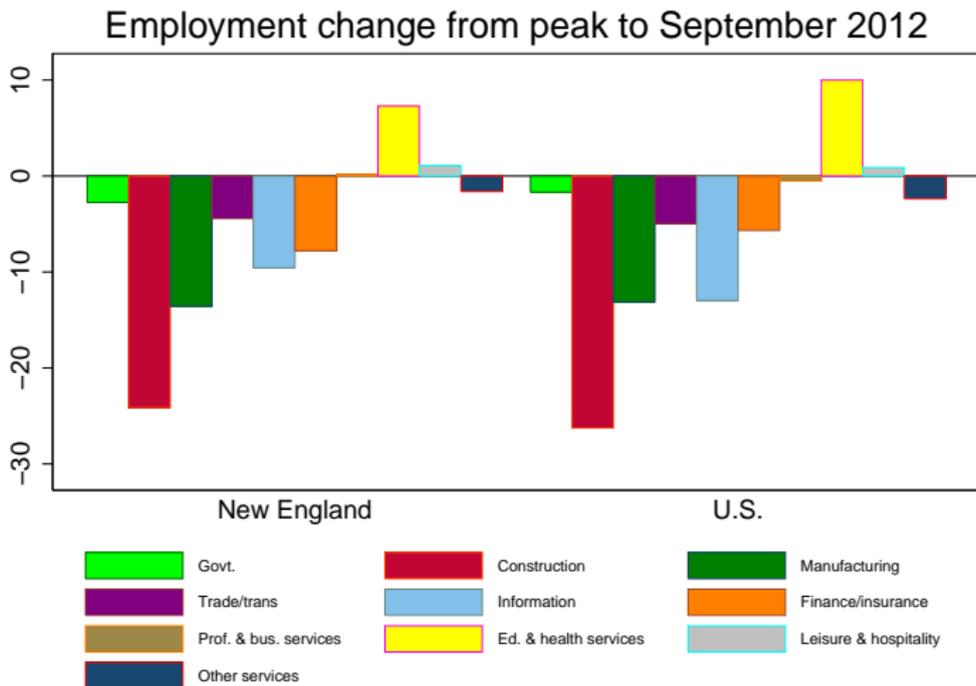
# Employment in NE has shifted to Ed. & Health Services, and Leisure & Hospitality



# Prof. & business services posts largest gains from June 2009; construction posts largest losses

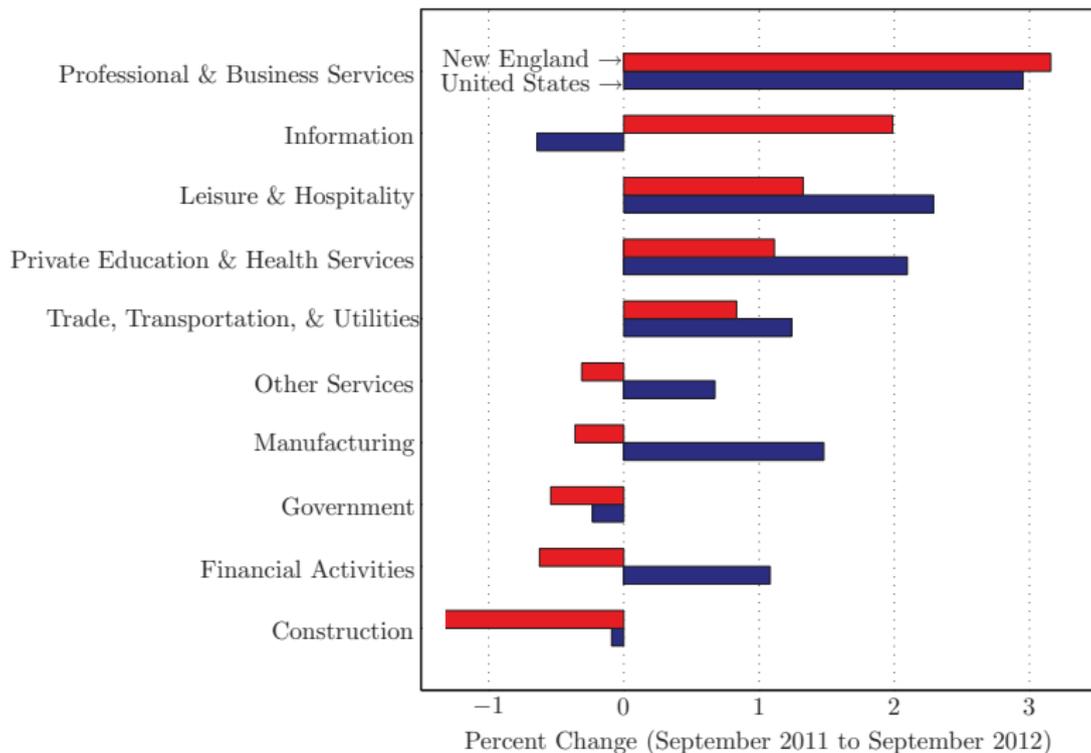


# Education and health services only sector with employment gains from December 2007

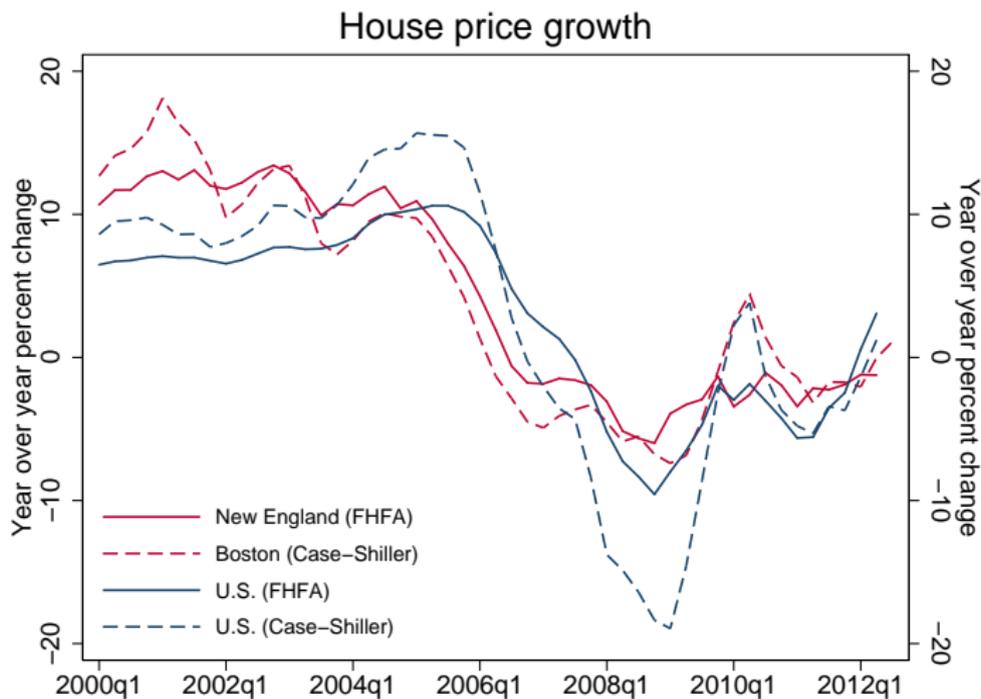


# New England information sector a relative strength

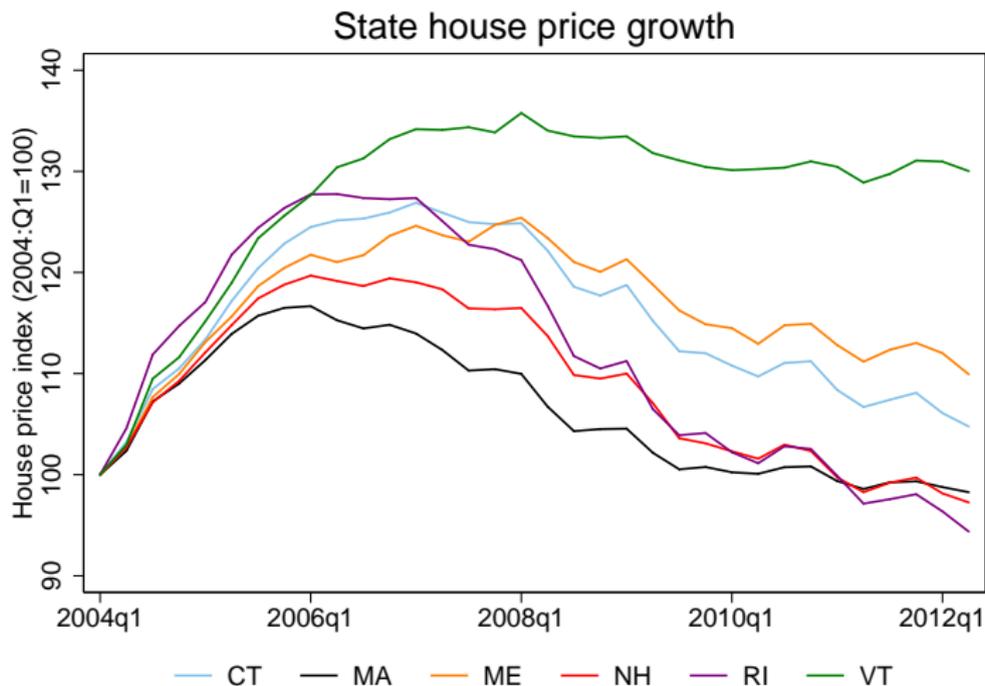
Manufacturing, Financial activities, and Construction are relative weaknesses



# Housing wealth losses more moderate in region than U.S.

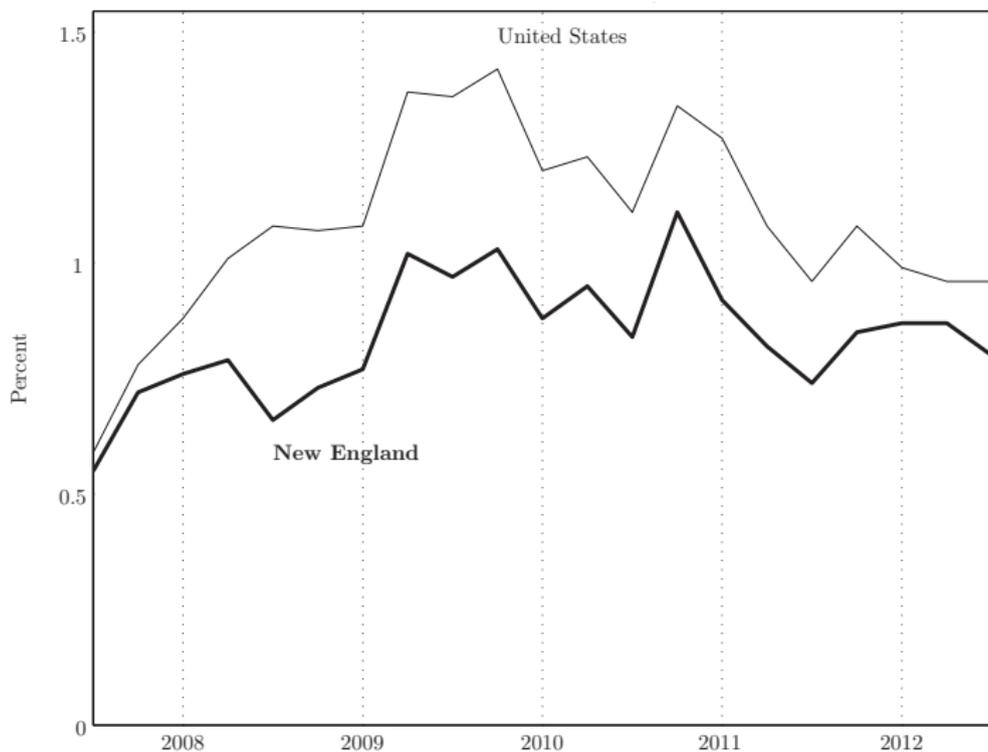


# House price growth by state



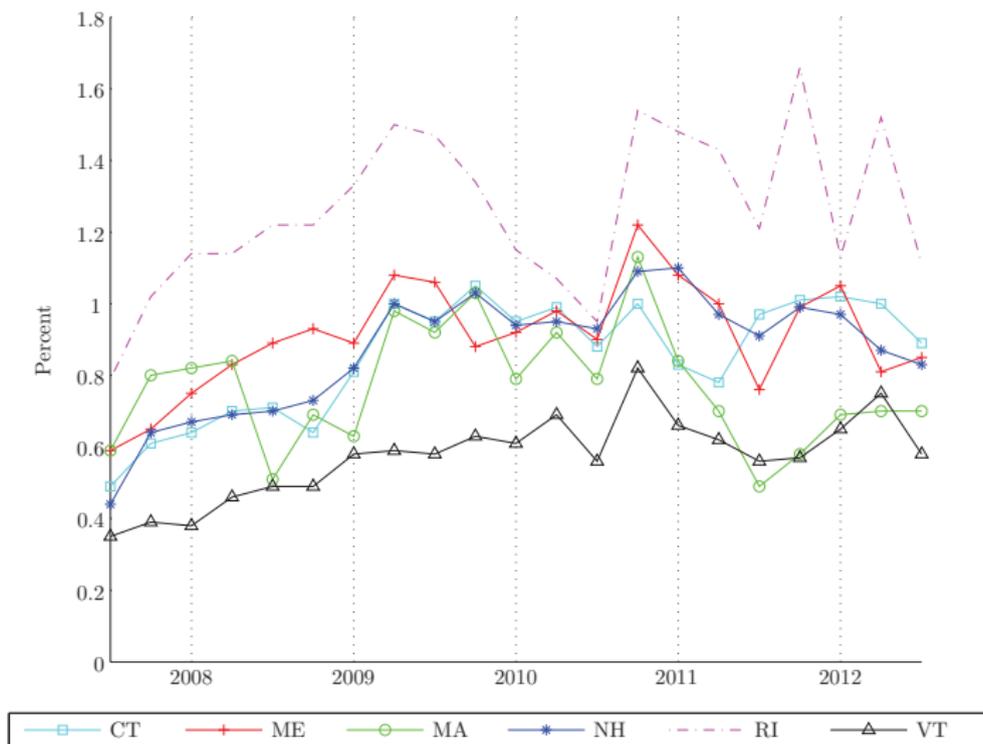
# Foreclosures in the region and the nation

(percent of all loans)



# Foreclosures by state

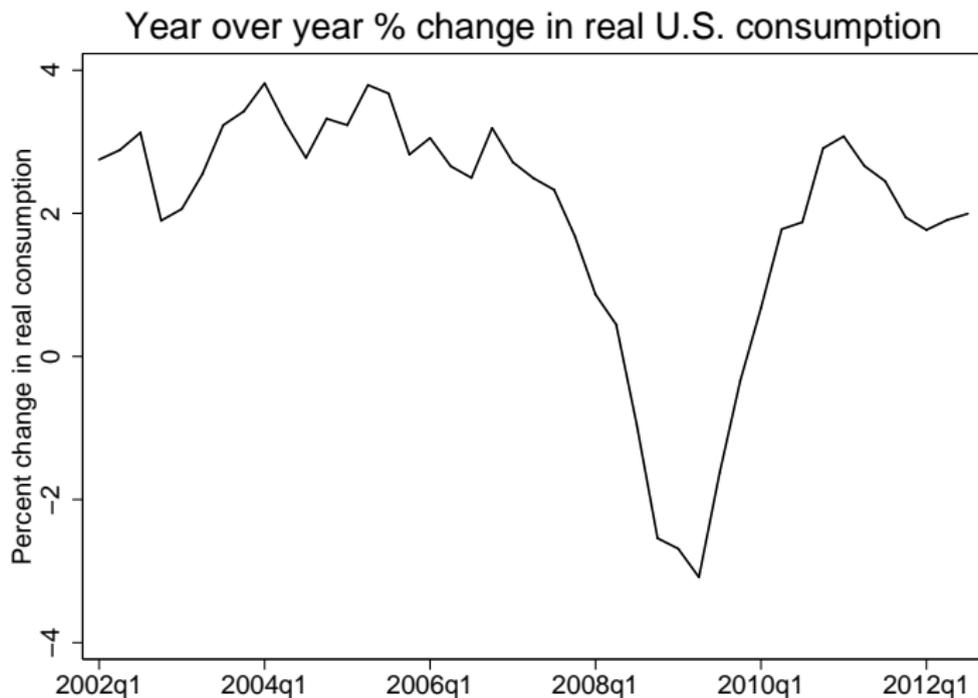
(percent of all loans)



# Personal income growth in region mirrors U.S. income growth



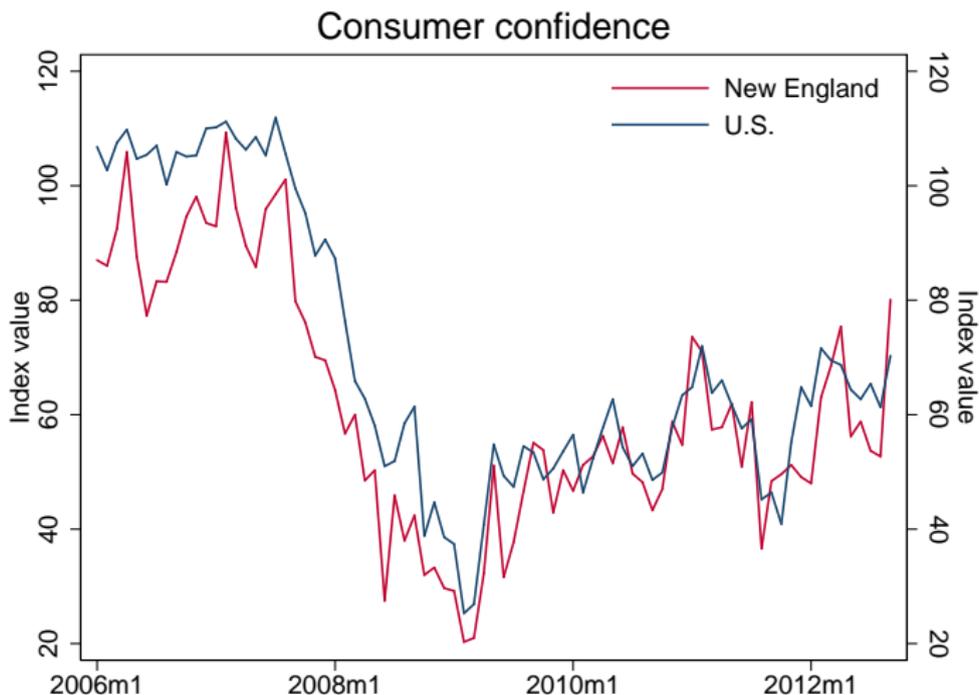
# U.S. consumption rebounded then relapsed



## New England state revenue collections post modest gains in fiscal year 2012

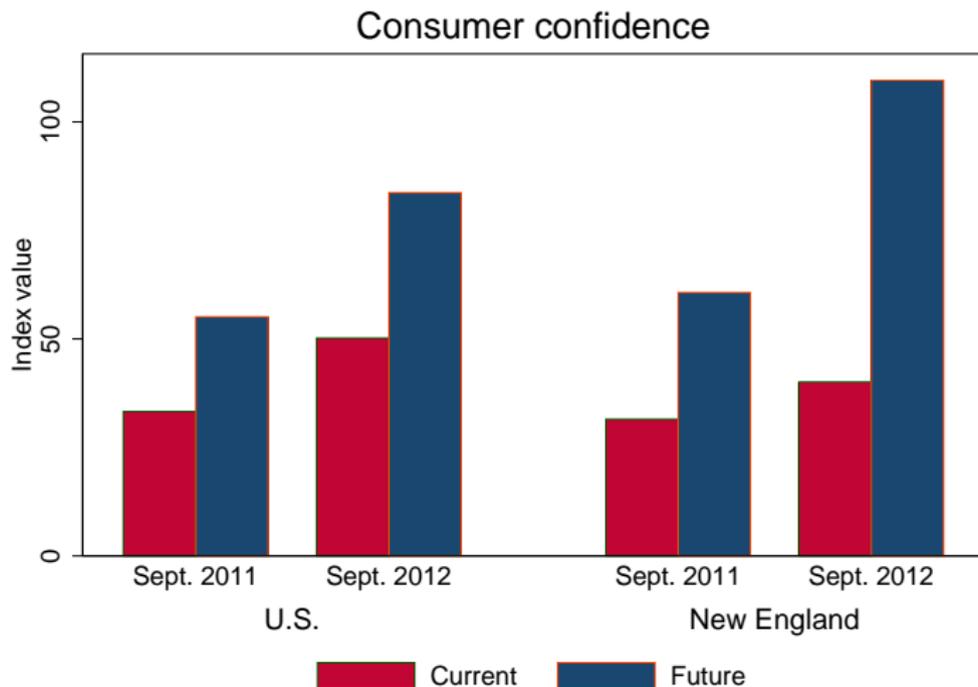
	Total Revenues/Taxes	Personal Inc. Tax	Sales Tax	Corp. Tax
Connecticut	14.2	14.9	13.6	-8.6
Rhode Island	4.8	4.2	4.3	0.1
Massachusetts	2.9	2.9	3.2	4.1
Vermont	2.5	7.9	5.0	-4.2
Maine	2.4	1.3	6.2	11.1
New Hampshire	-1.2	NA	0.8	5.3

# Consumer confidence in region mostly tracks U.S. confidence

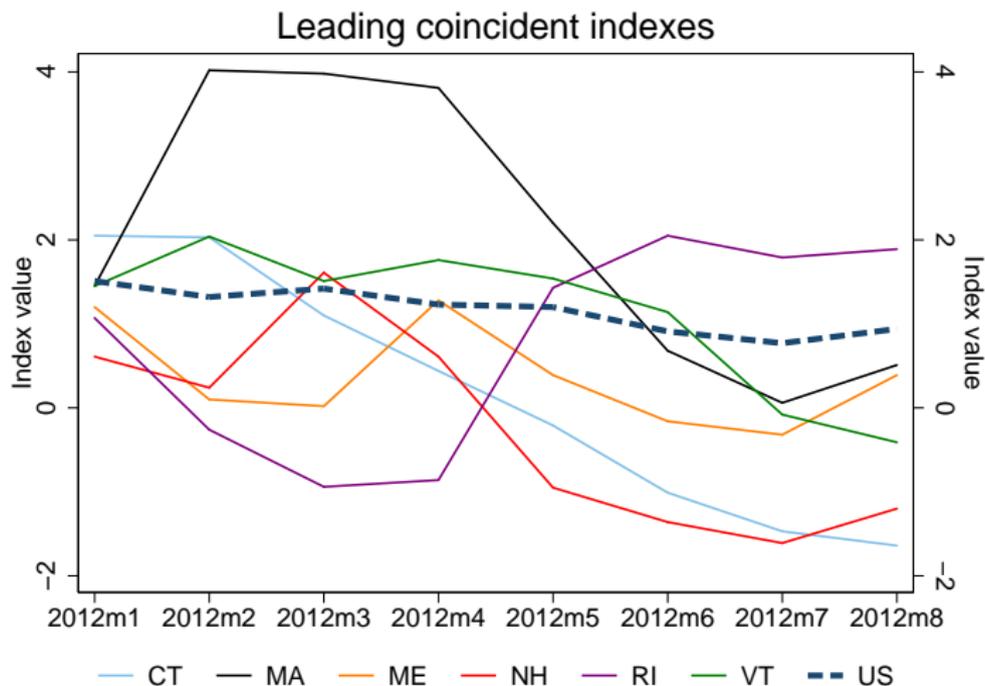


# NE consumers more optimistic about future than one year ago

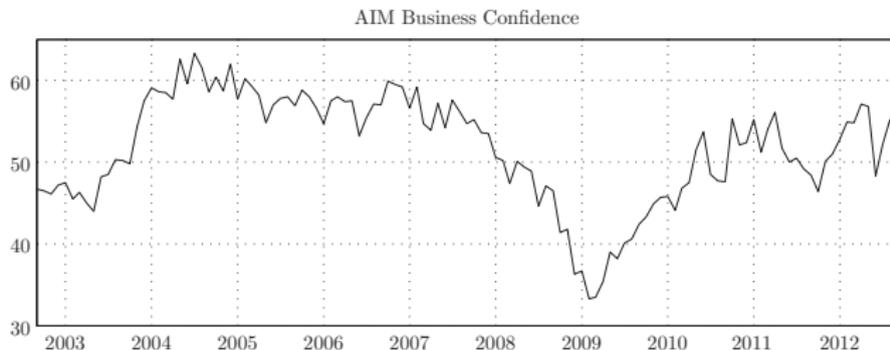
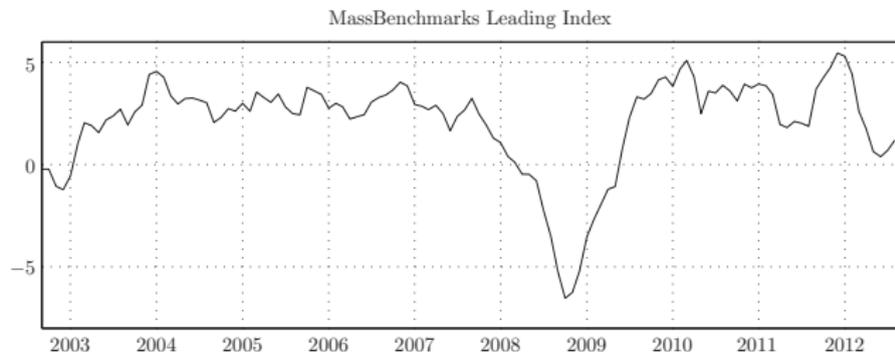
(but not much happier with the present)



# State forecasts oscillating amid uncertainty



# MA business confidence volatile in recent data



# What factors will drive region's economic growth and employment?

- Consumer spending
  - Recent signs of life, growing consumer confidence
  - Rising home and stock prices should provide boost
- Private investment
  - Multifamily construction strong, but small share of activity
  - Ongoing expansion likely in Health care and education sector
- Government spending
  - Tight budgets are a drag on short-term growth prospects
- Resolution of political uncertainty?