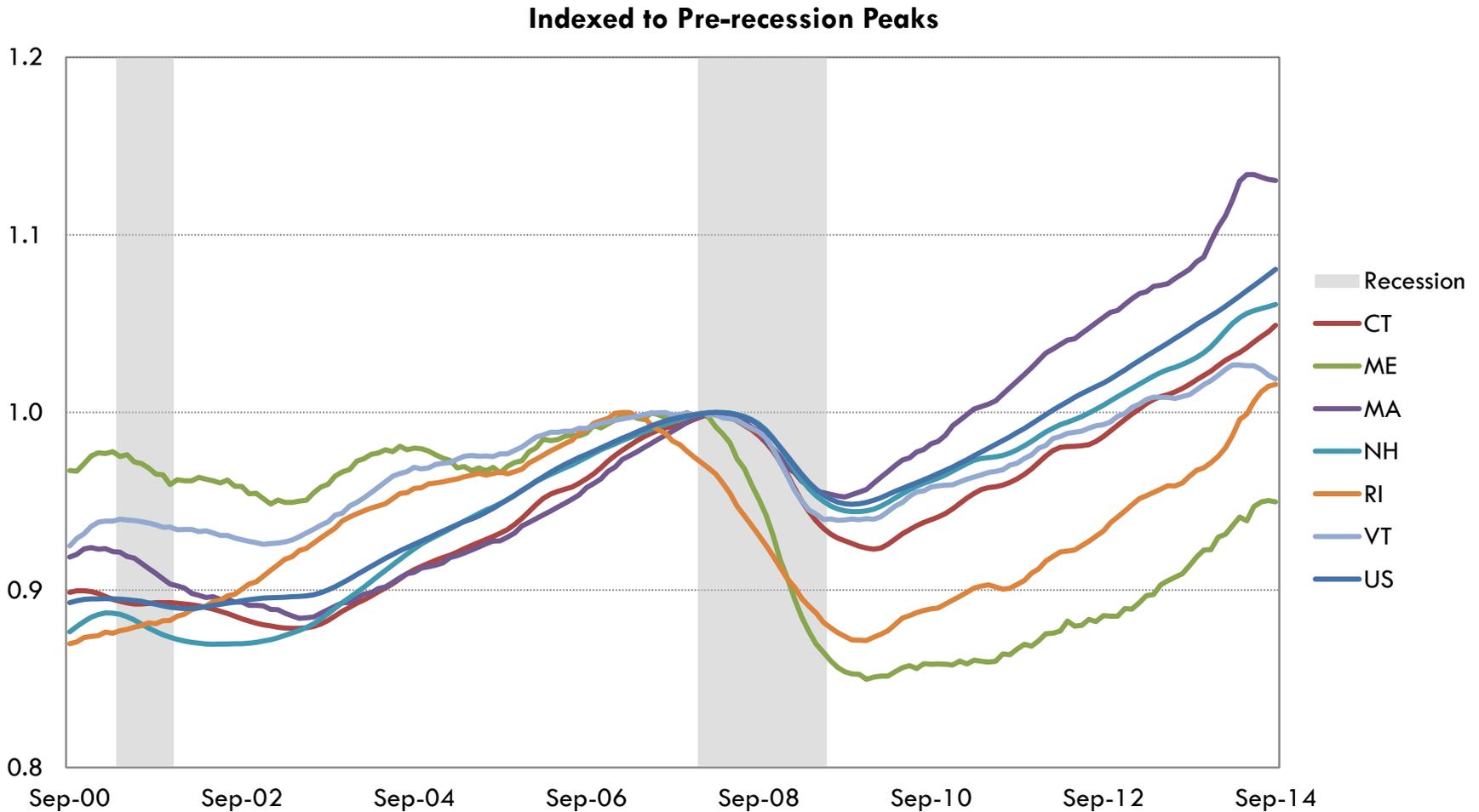


NEW ENGLAND ECONOMIC OUTLOOK

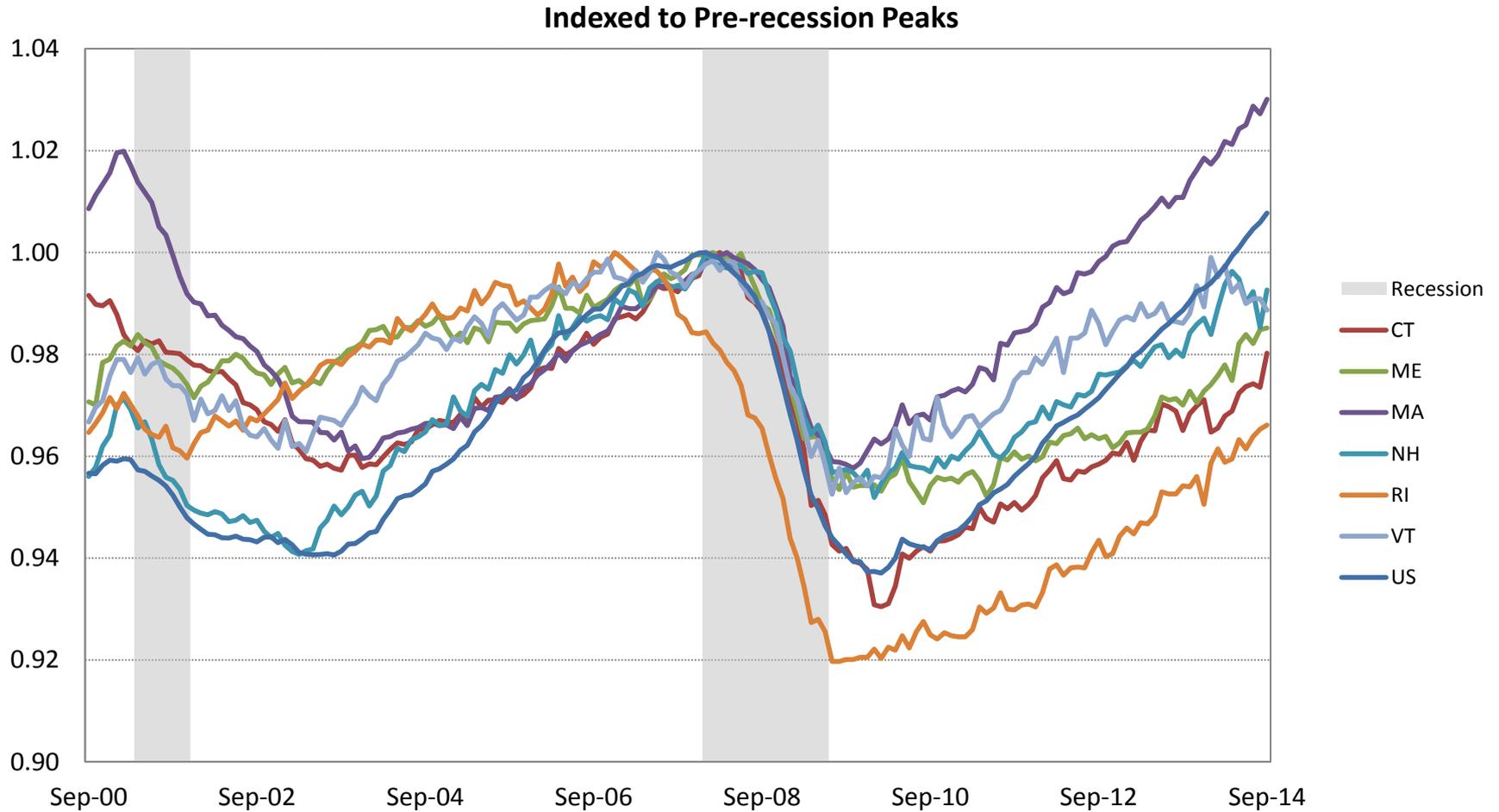
13th Annual Regional & Community Bankers Conference
November 17, 2014

Mary A. Burke
Senior Economist
Federal Reserve Bank of Boston

Economic activity exceeds pre-recession peak in all NE states except Maine



Employment falls short of pre-recession peak in all states except Massachusetts



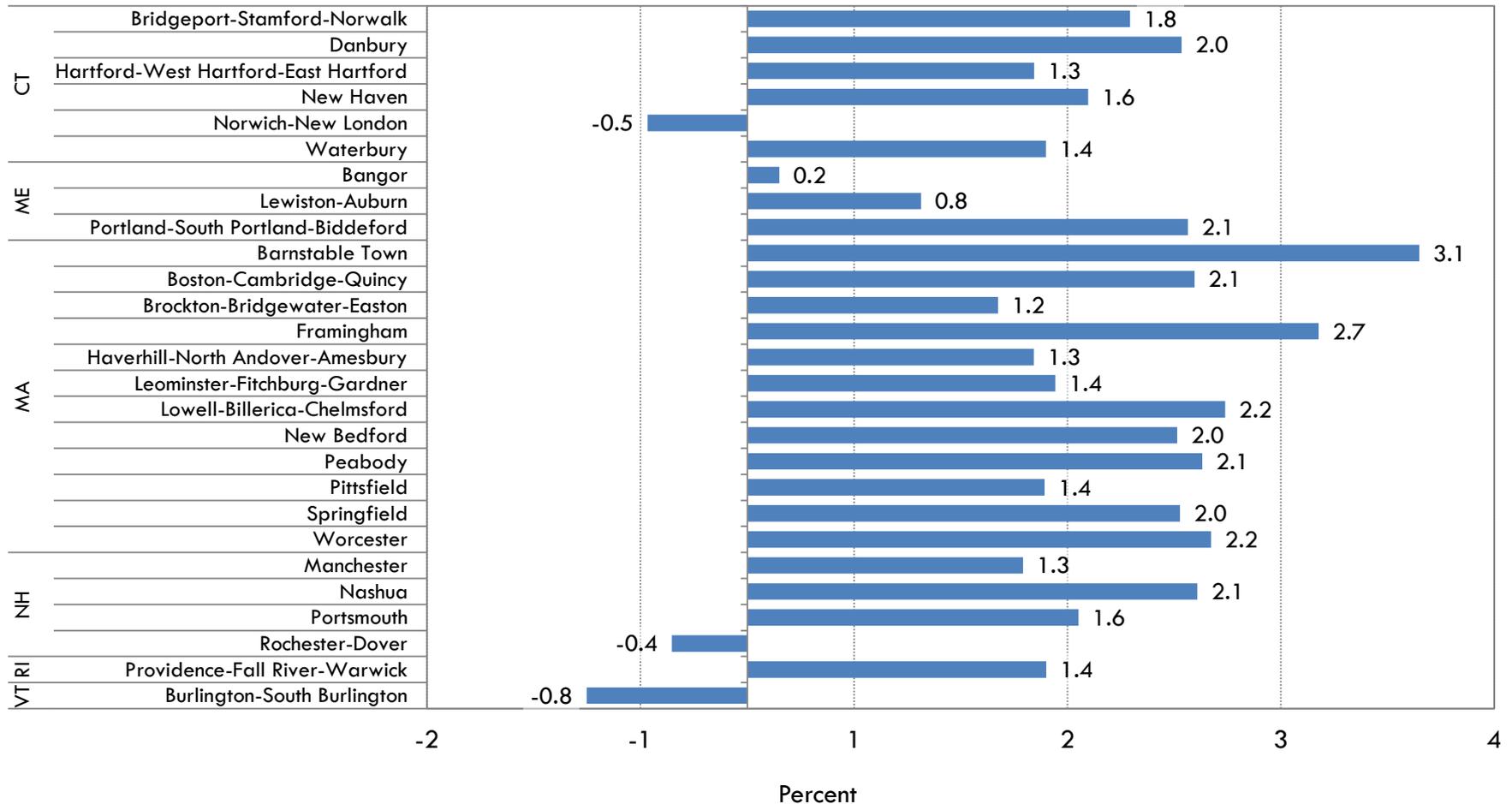
Source: Bureau of Labor Statistics, NBER, Haver Analytics

Employment growth near or above trend in all states except Vermont

	Annual Long-term Trend		Last 12 months		Since Peak	
	Percent		Percent	Number	Percent	Number
United States	1.4		1.9	2,635,000	0.773	1,070,000
New England	0.8		1.6	114,800	0.648	46,000
Connecticut	0.5		1.6	26,100	-1.973	-33,800
Maine	1.2		1.6	9,400	-1.481	-9,200
Massachusetts	0.8		1.9	64,100	3.008	100,000
New Hampshire	1.5		1.3	8,500	-0.735	-4,800
Rhode Island	0.6		1.2	5,900	-3.389	-16,800
Vermont	1.3		0.3	800	-1.130	-3,500

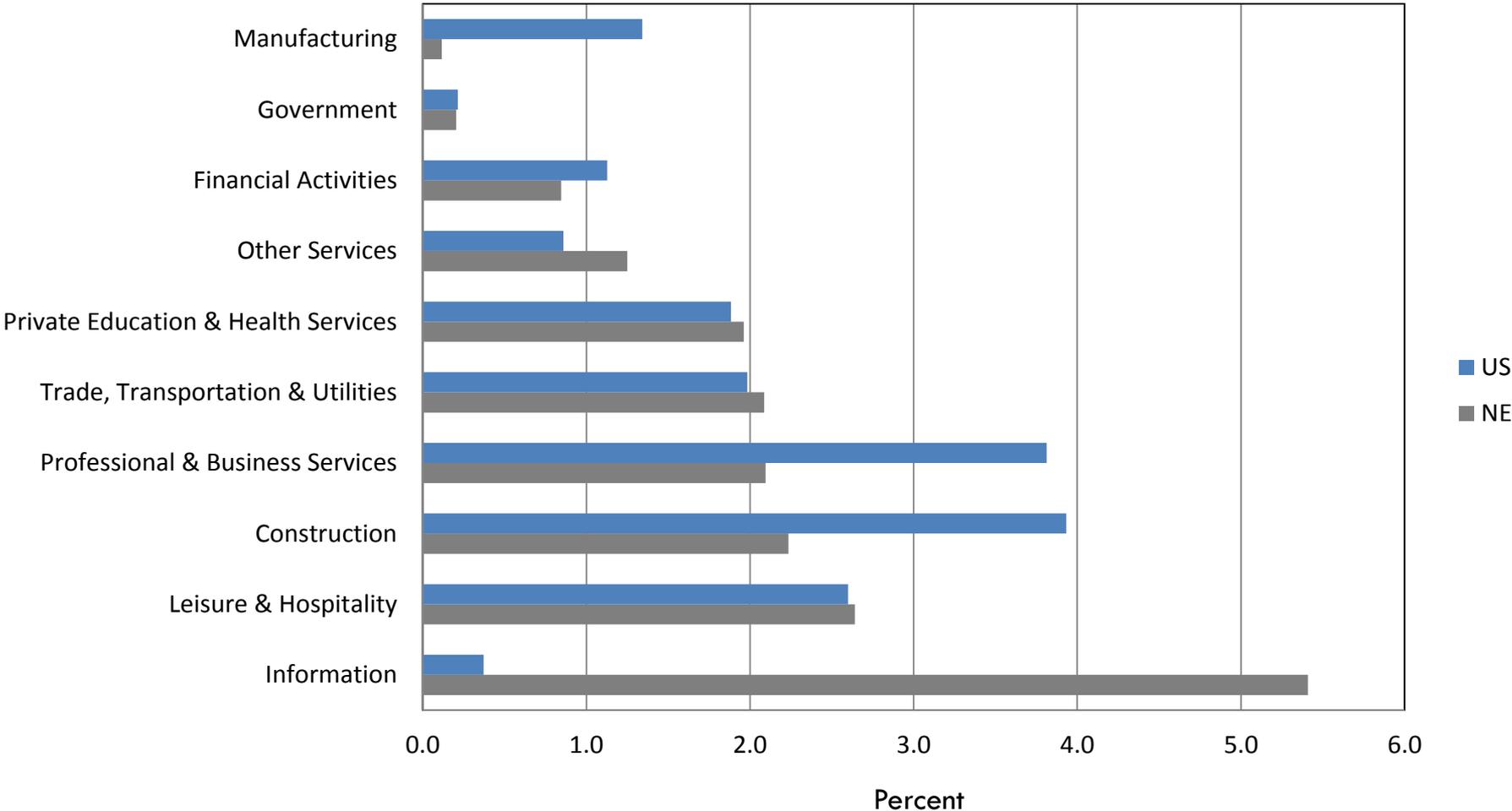
Some metro areas seeing robust job growth; others still shedding jobs

Percent Change, September 2013 - September 2014



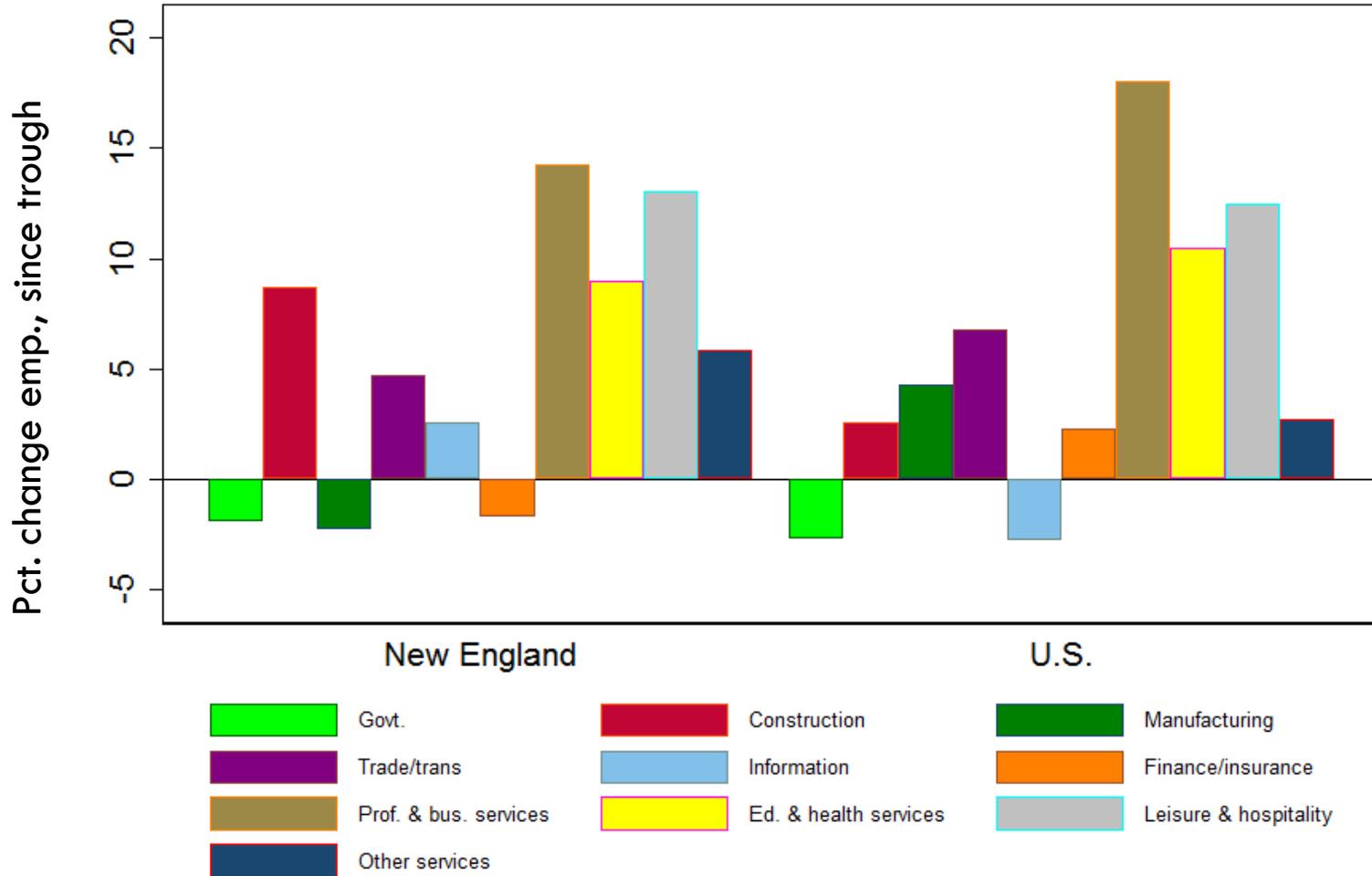
Region's information sector leads job growth; manufacturing lags

Percentage Change, September 2013 - September 2014

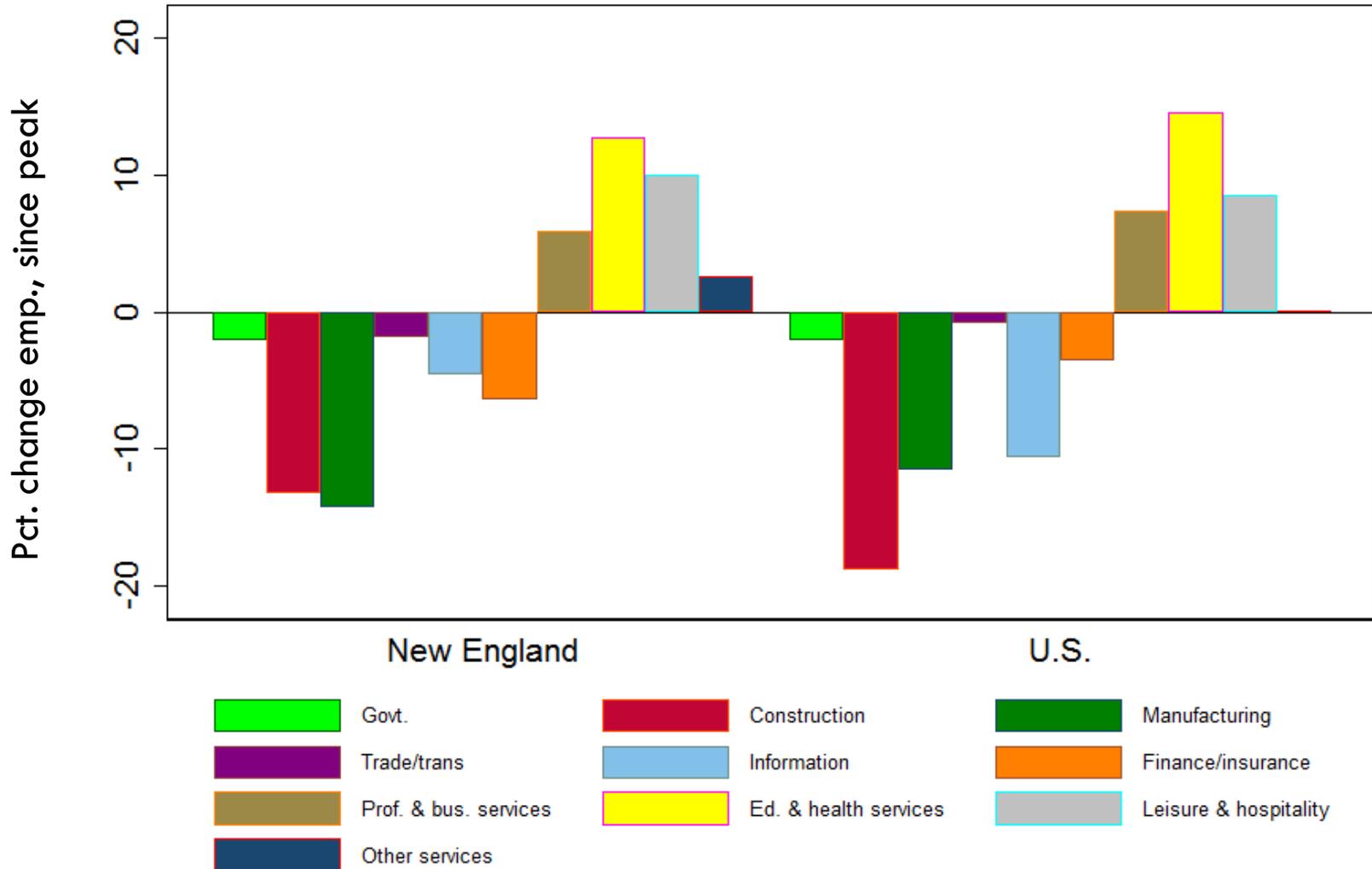


Source: Bureau of Labor Statistics, Haver Analytics

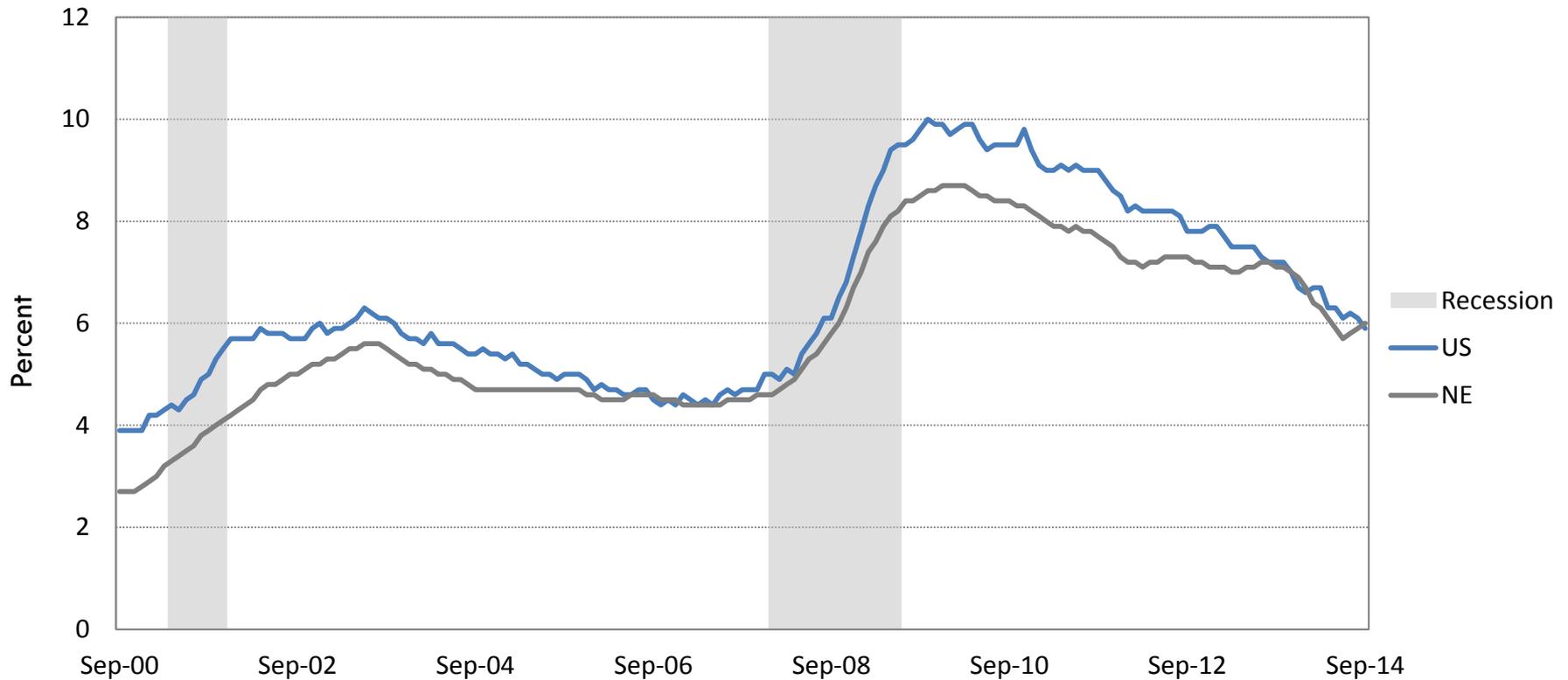
Prof. and business services strongest sector in recovery; manufacturing weakest



Employment exceeds pre-recession peak in service-oriented industries



New England no longer enjoys lower unemployment than U.S.

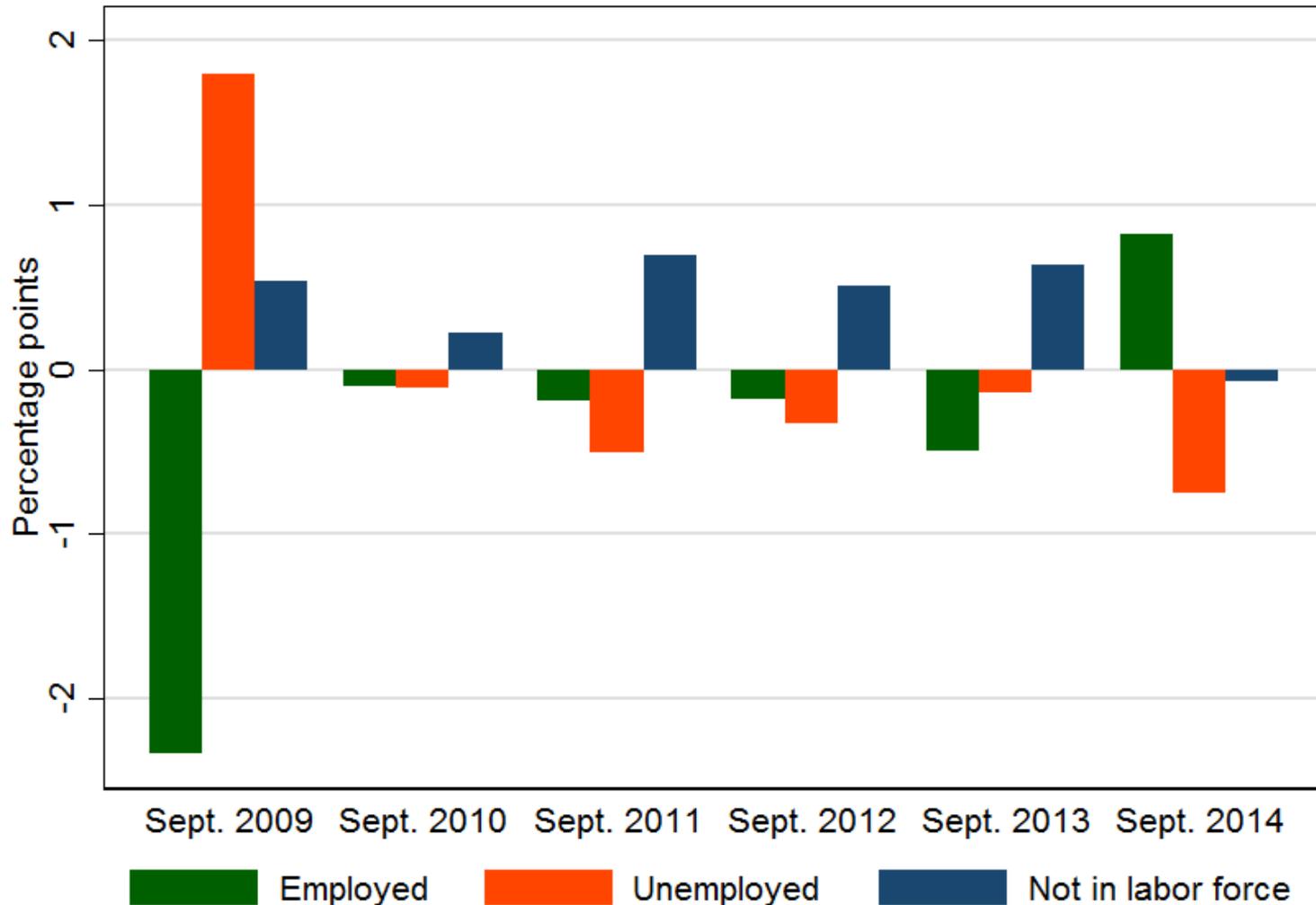


Unemployment rate fell sharply in RI over past twelve months

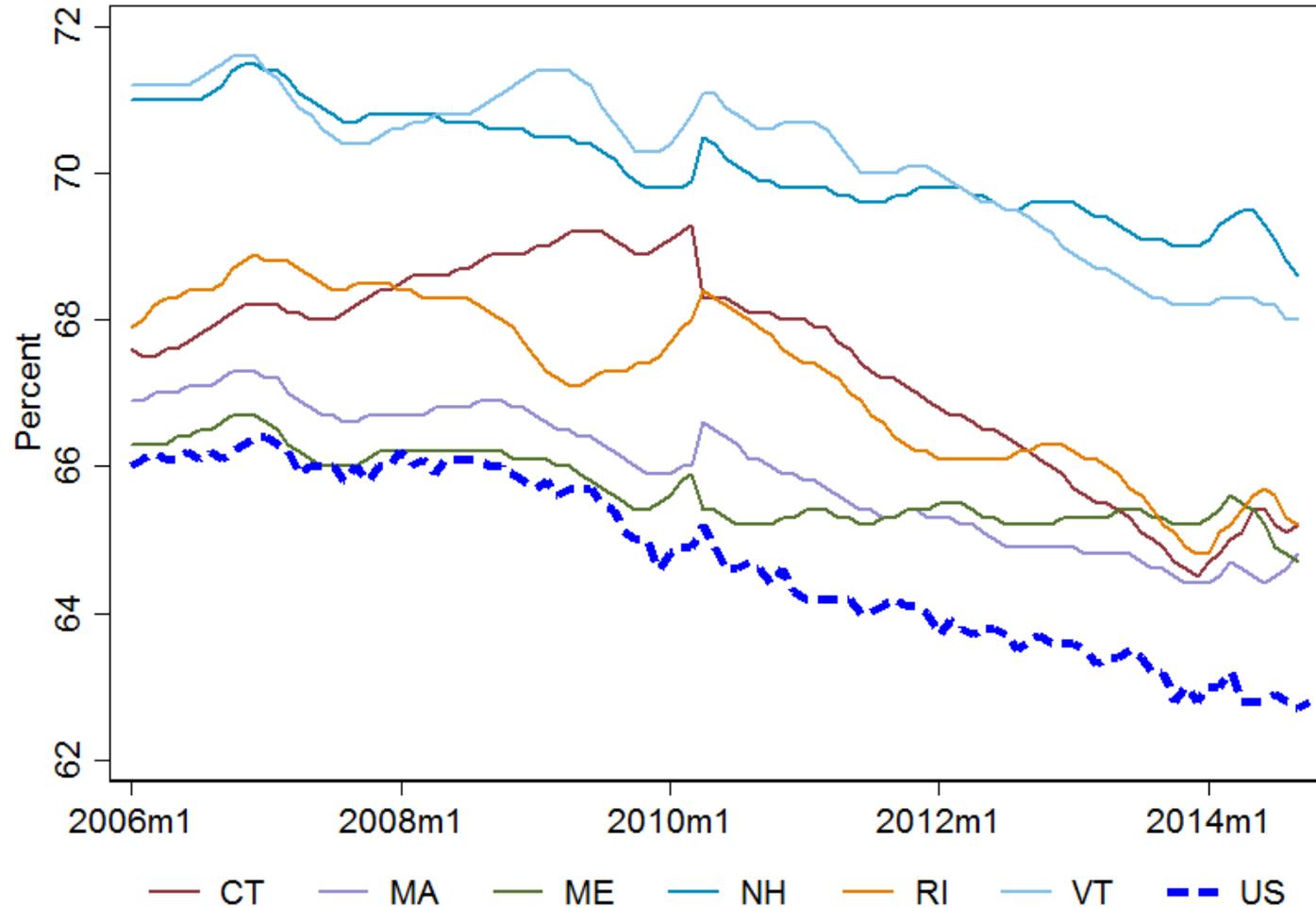
	Sep-13	Sep-14
United States	7.2	5.9
New England	7.1	6.0
Connecticut	7.7	6.4
Maine	6.6	5.8
Massachusetts	7.2	6.0
New Hampshire	5.2	4.3
Rhode Island	9.5	7.6
Vermont	4.5	4.4

Source: Bureau of Labor Statistics, Haver Analytics

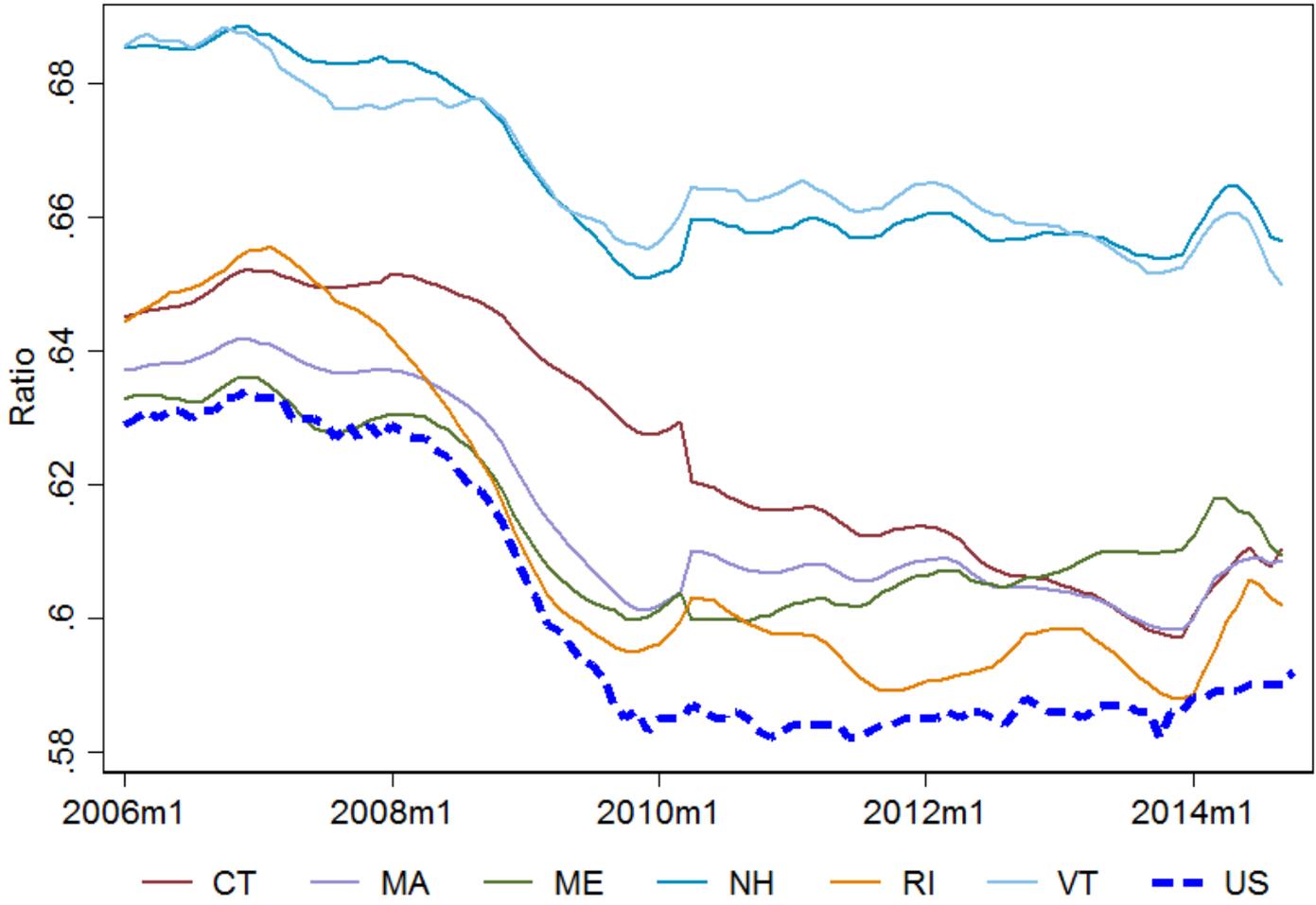
Share employed posts substantial increase; share not in labor force falls slightly



Labor force participation still falling in some states; overall increase may not be robust

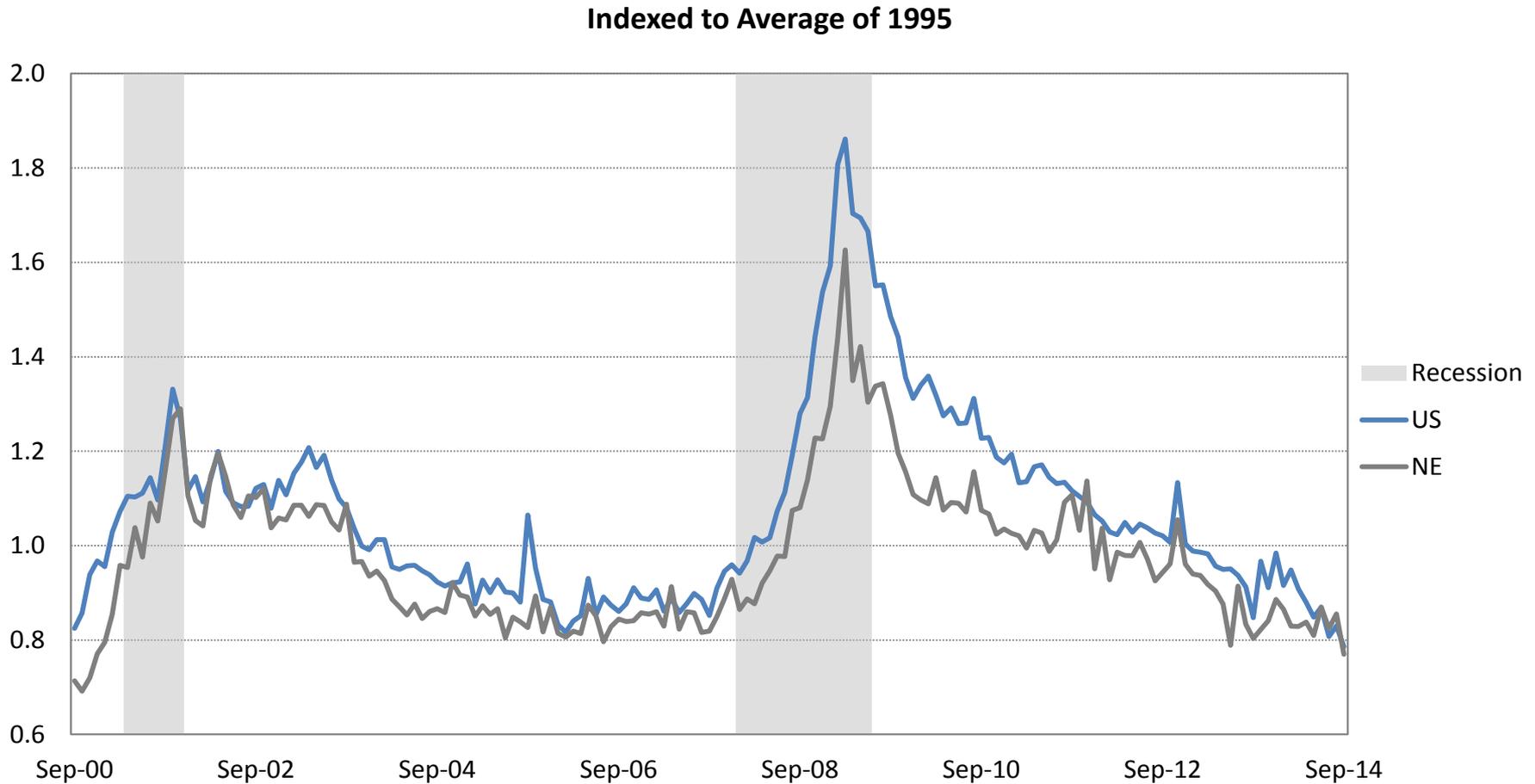


Despite recent improvement, employment-to-population ratios still languishing

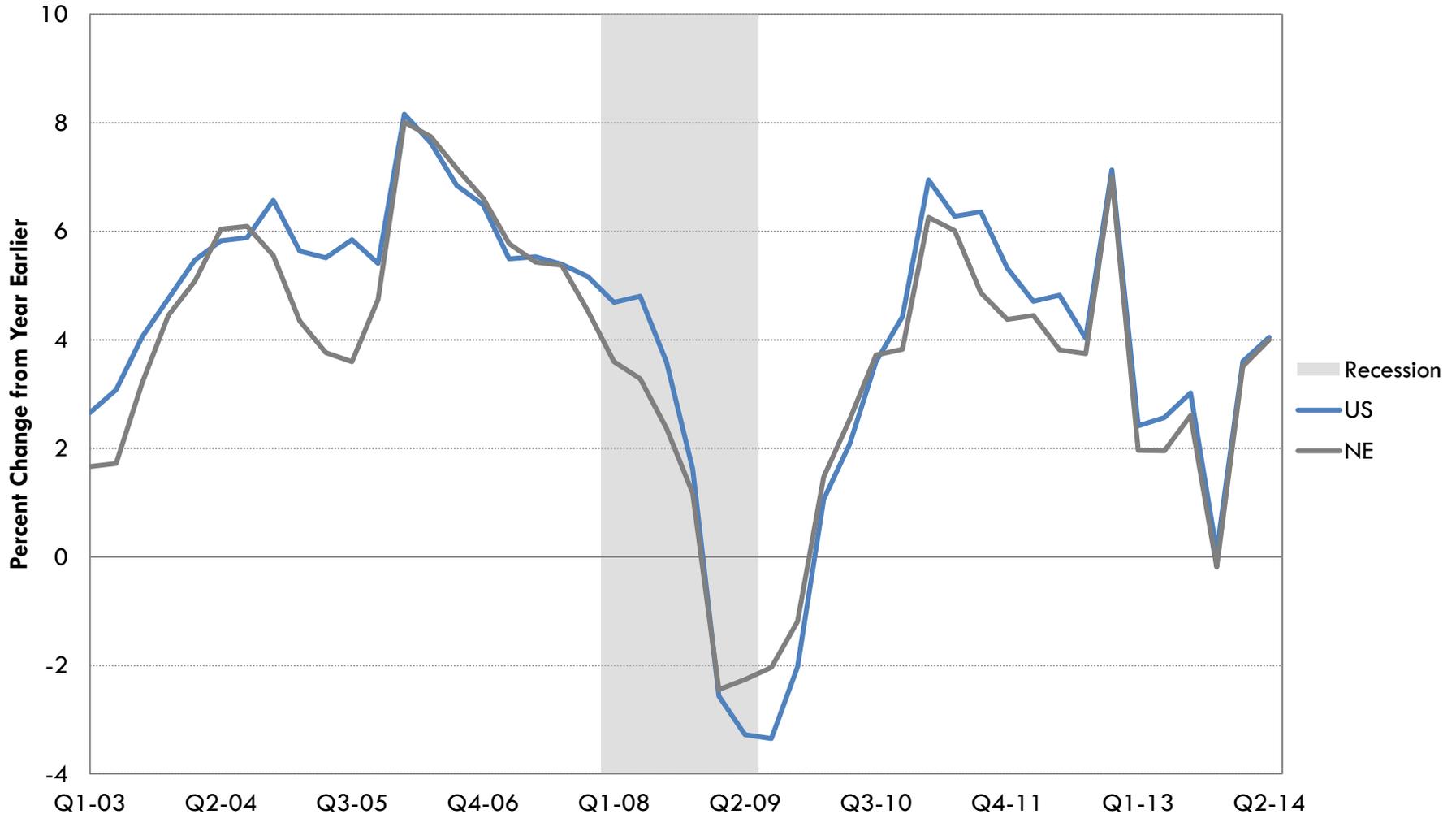


Source: Bureau of Labor Statistics, Haver Analytics

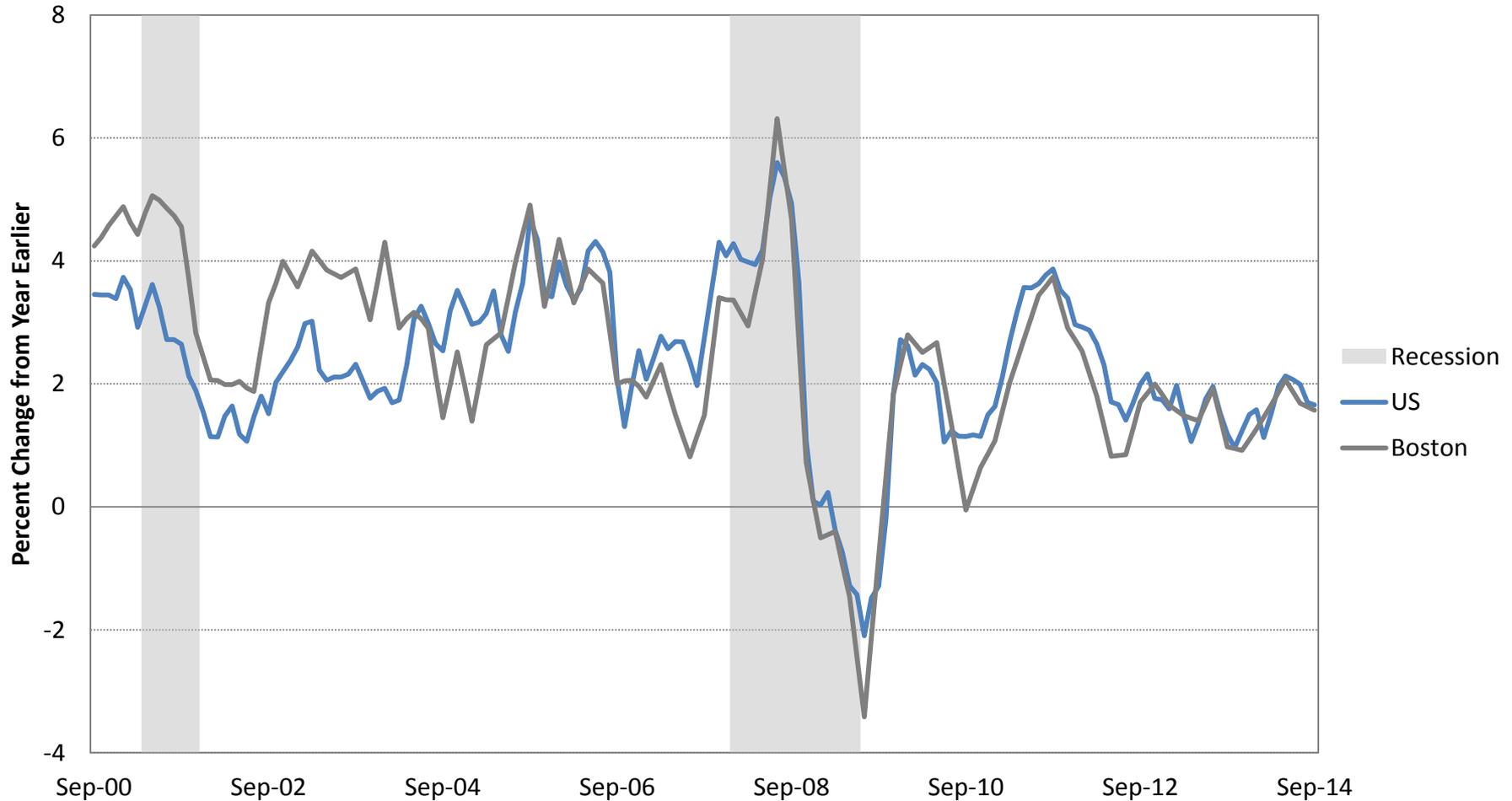
Initial claims back down to pre-recession lows in region and U.S.



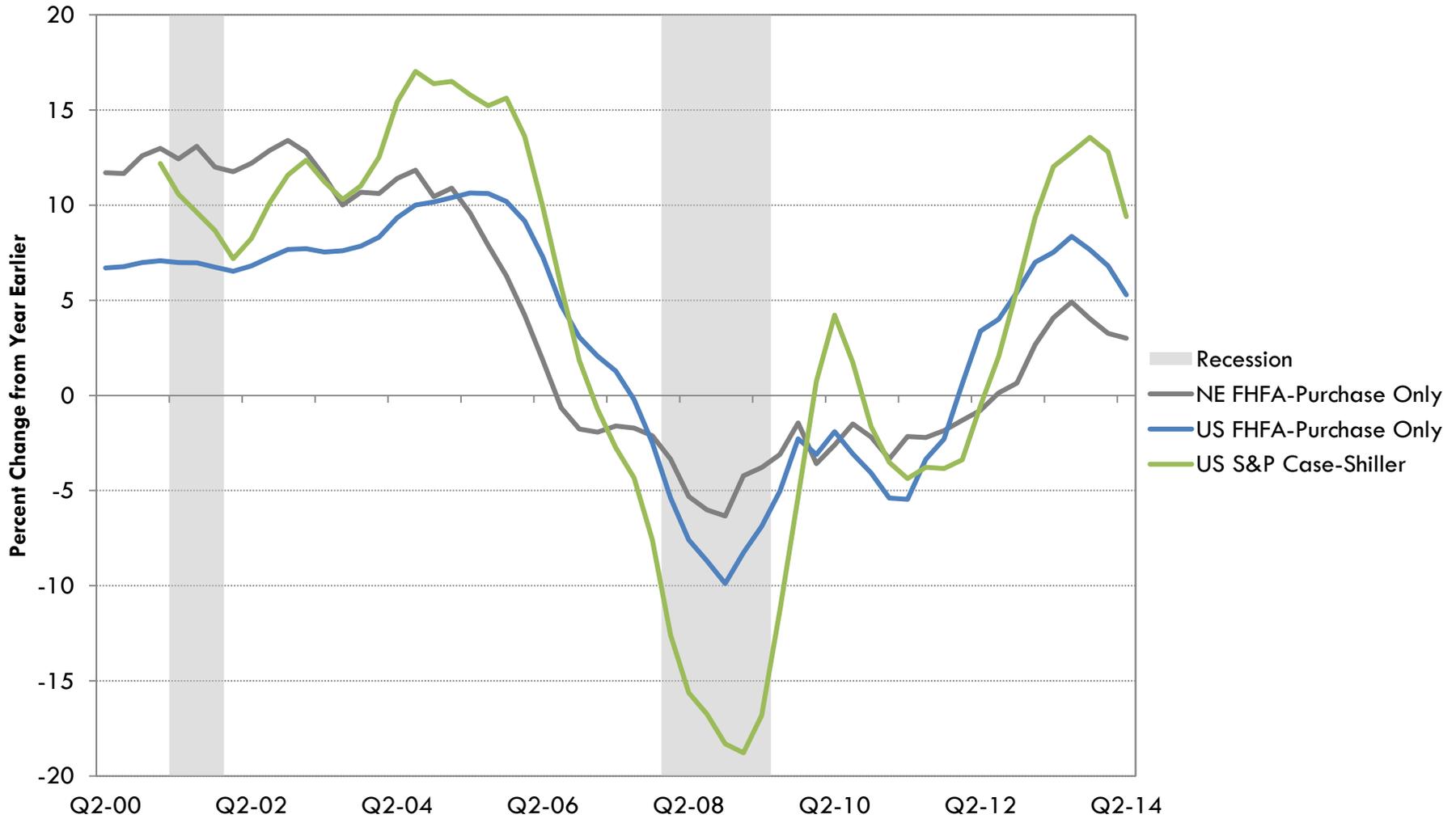
Personal income growth up sharply in past two quarters; still below post-recession highs



Inflation in Boston has stayed at or below 2 percent since early 2012

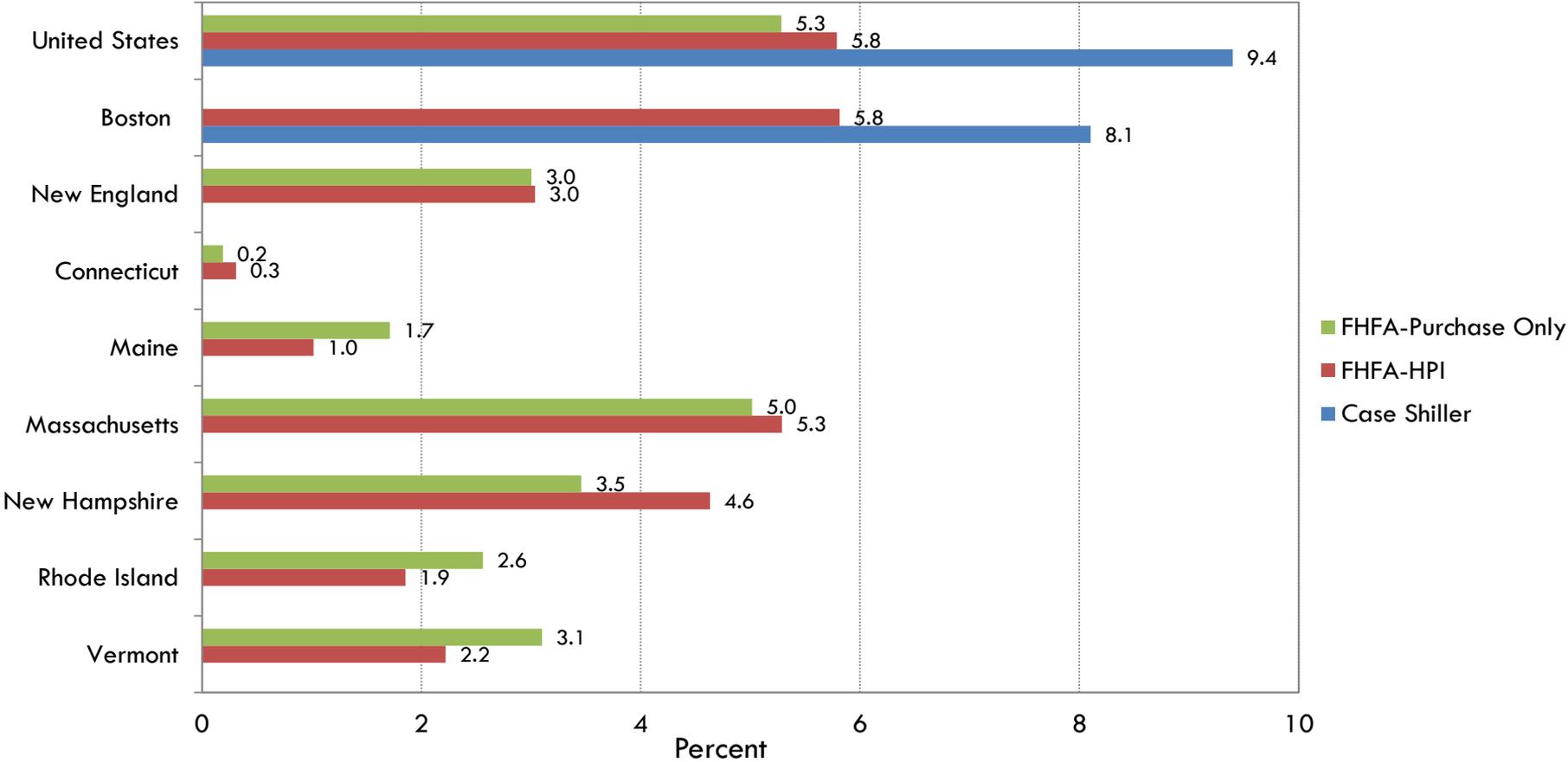


House price growth receding in region and U.S. since third quarter of 2013



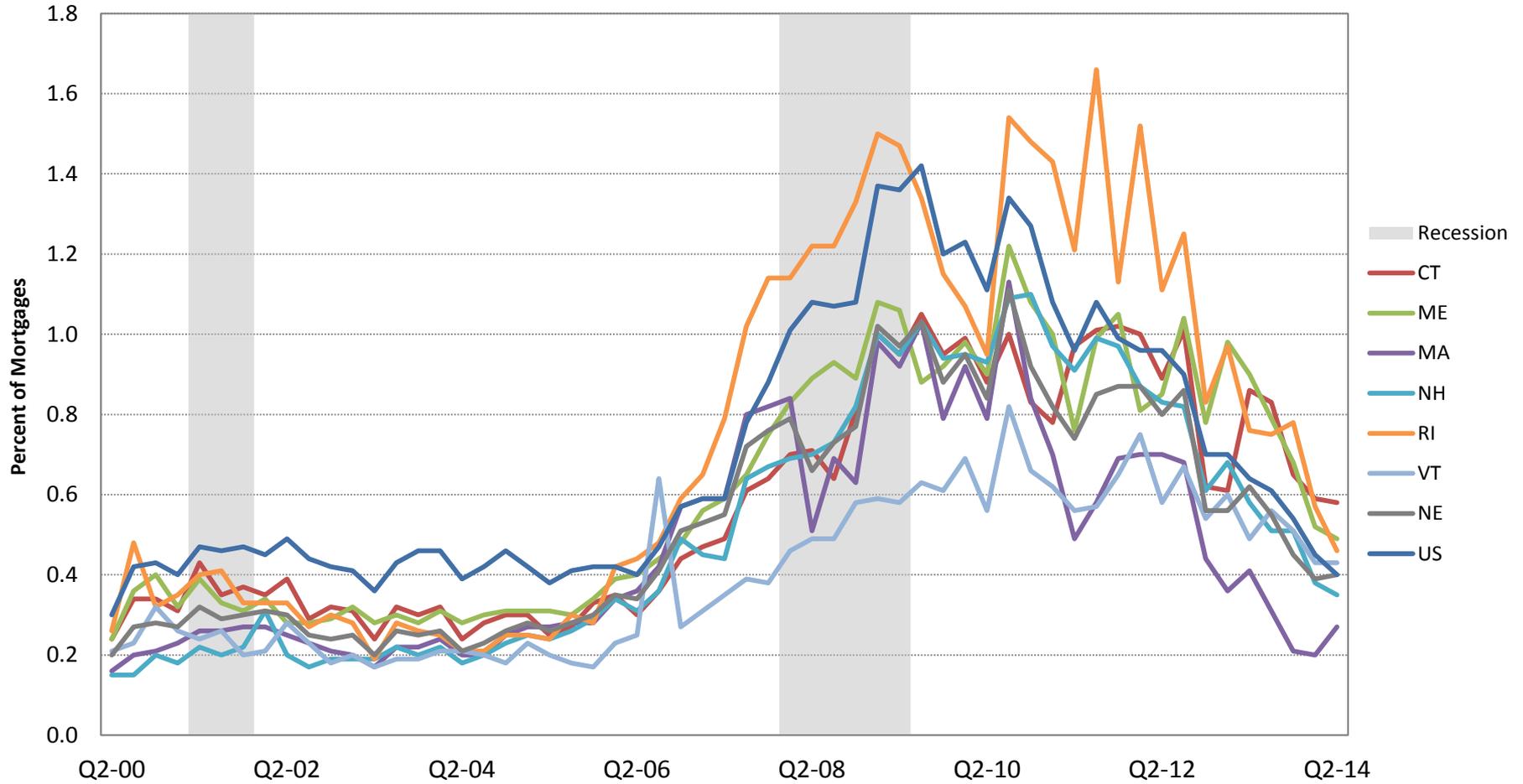
MA leads region in house price growth; CT trails

Percent Change, Q2 2013 - Q2 2014



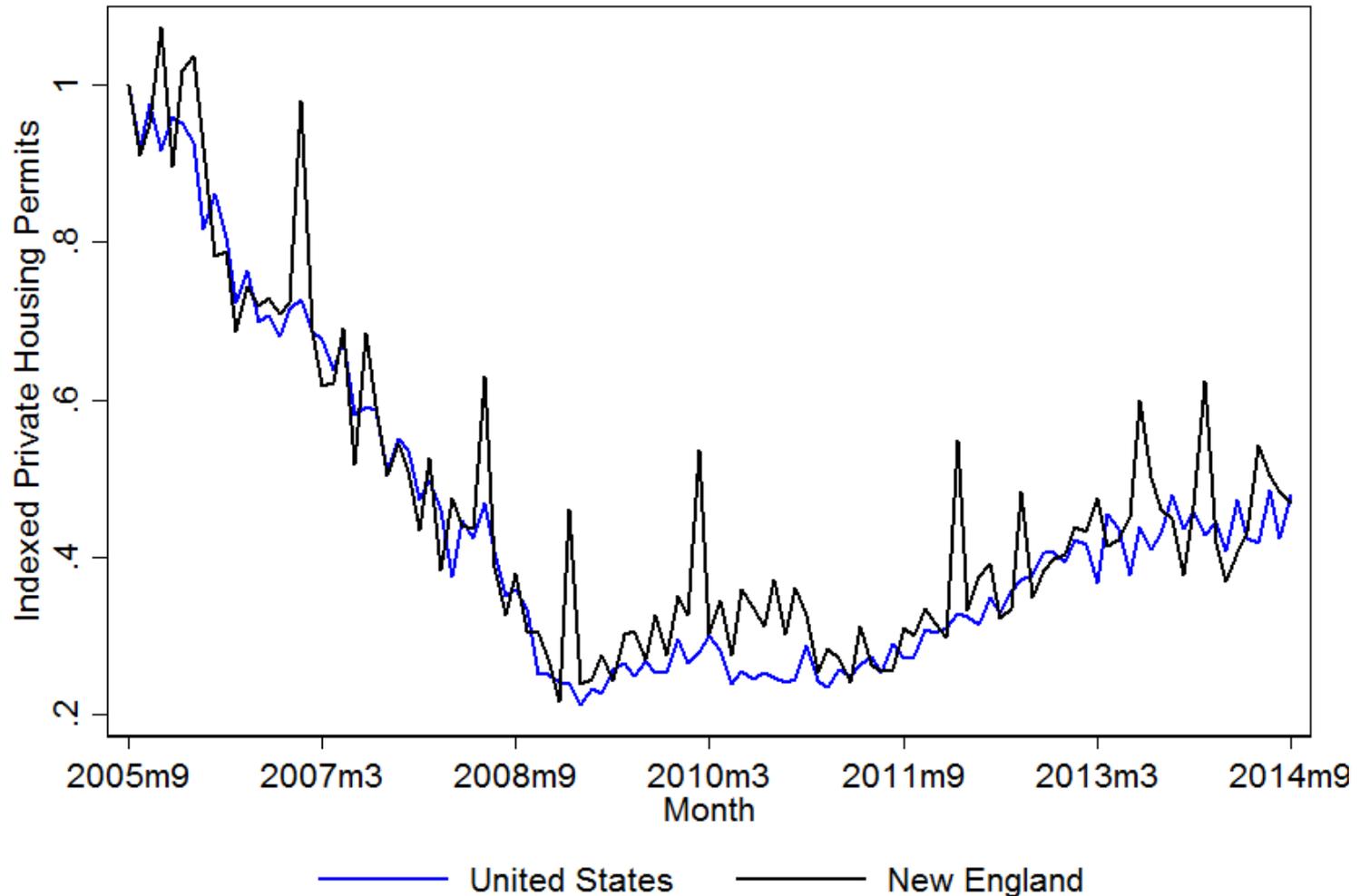
Source: FHFA, S&P/Case-Shiller, Haver Analytics

Foreclosures back to boom-period lows in MA; still elevated in CT

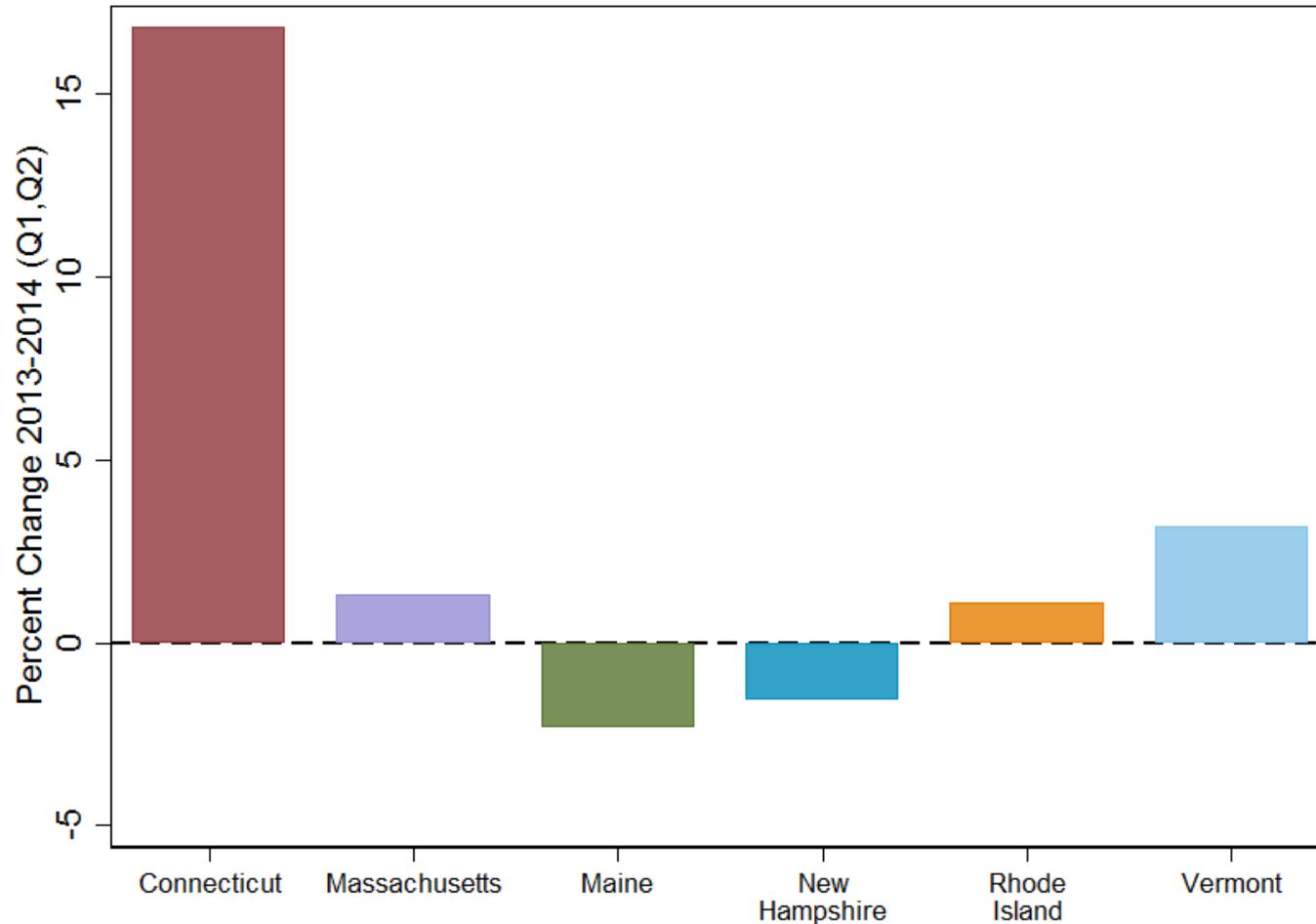


Source: Mortgage Bankers Association, NBER, Haver Analytics

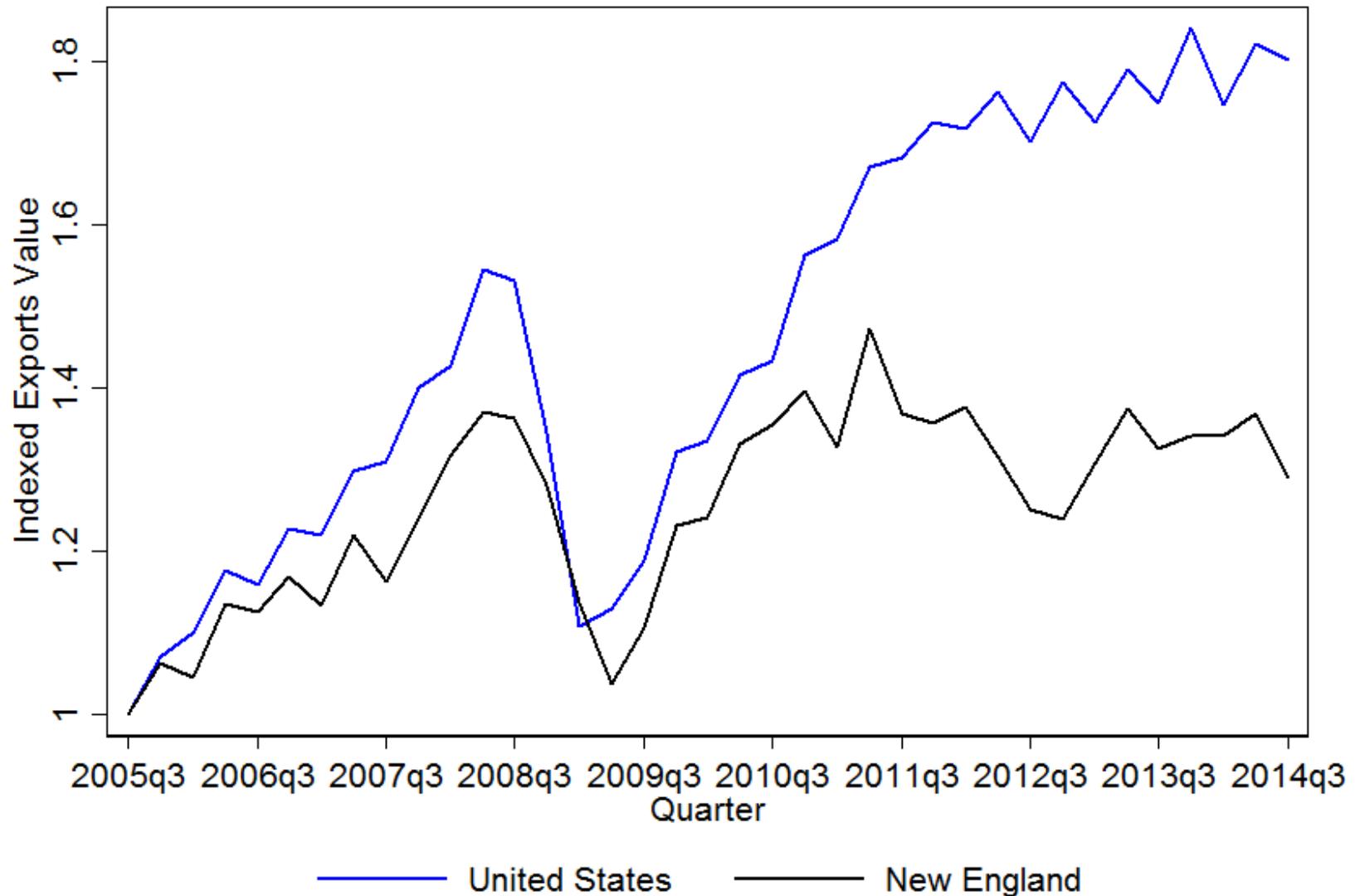
Growth in housing permits slower in past 18 months; levels still well below pre-recession values



Revenue collections surge in CT; lag in ME and NH

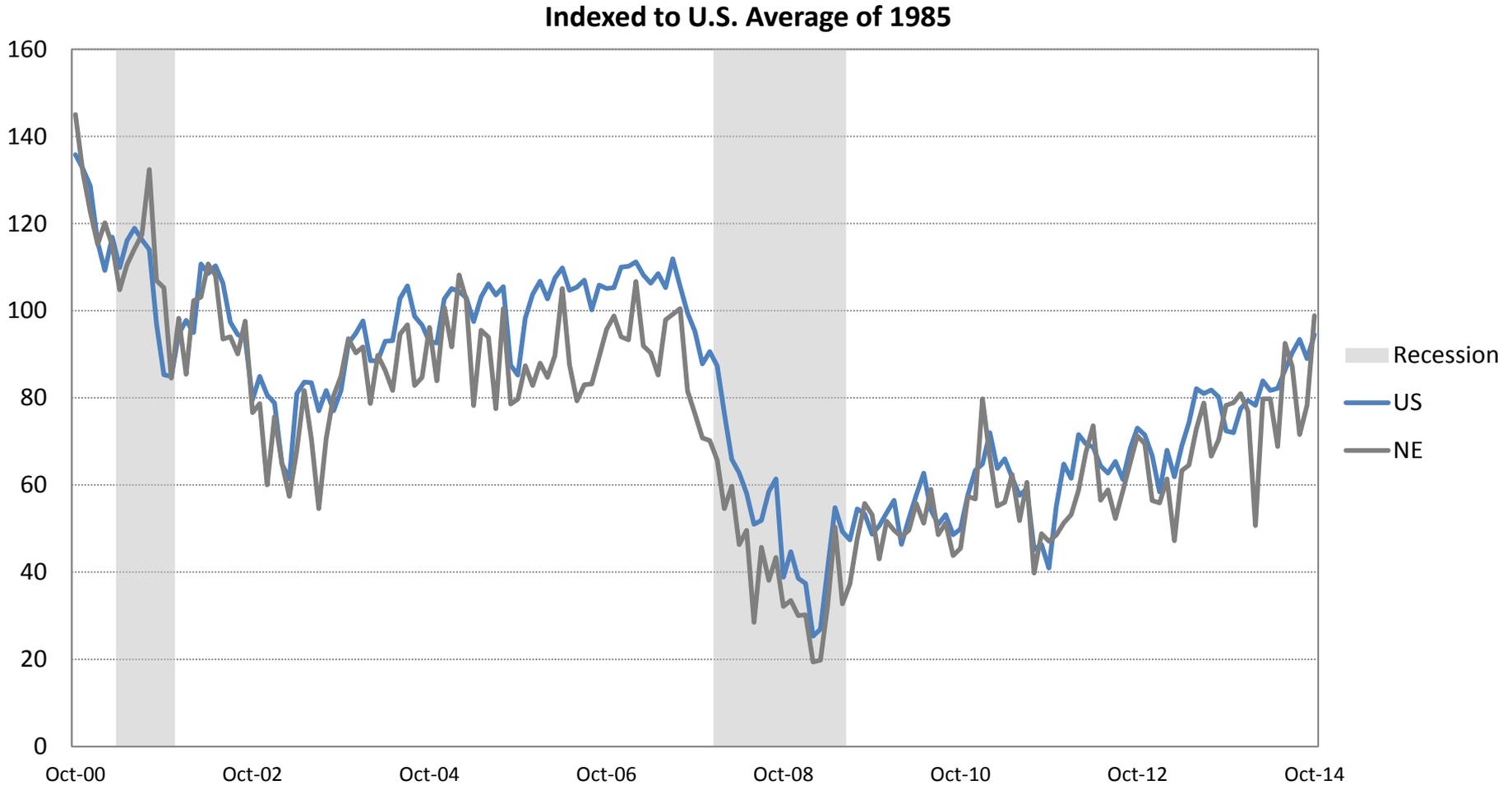


Growth in exports stalled in region since mid-2011

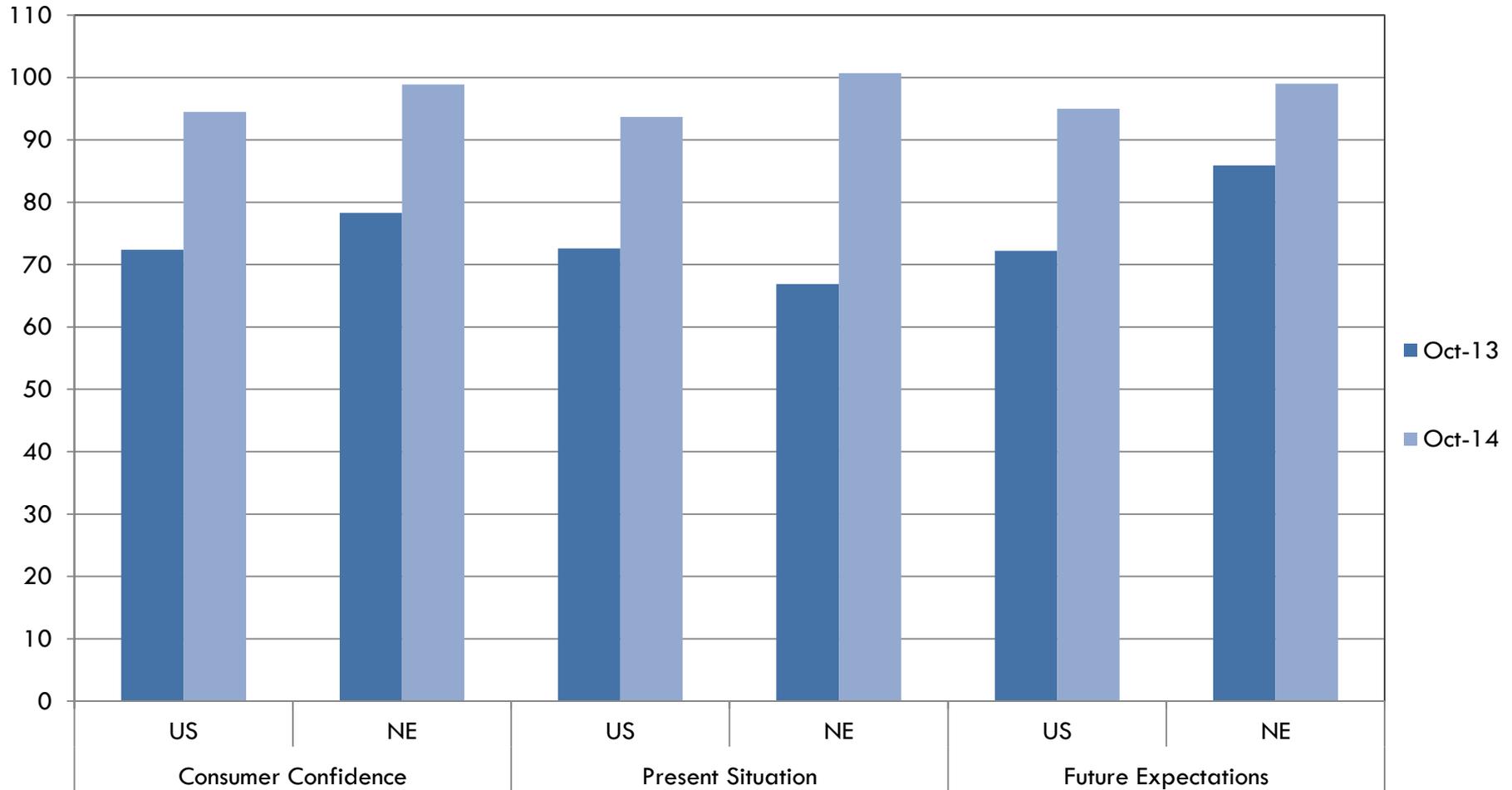


Consumer confidence approaches pre-recession high in region

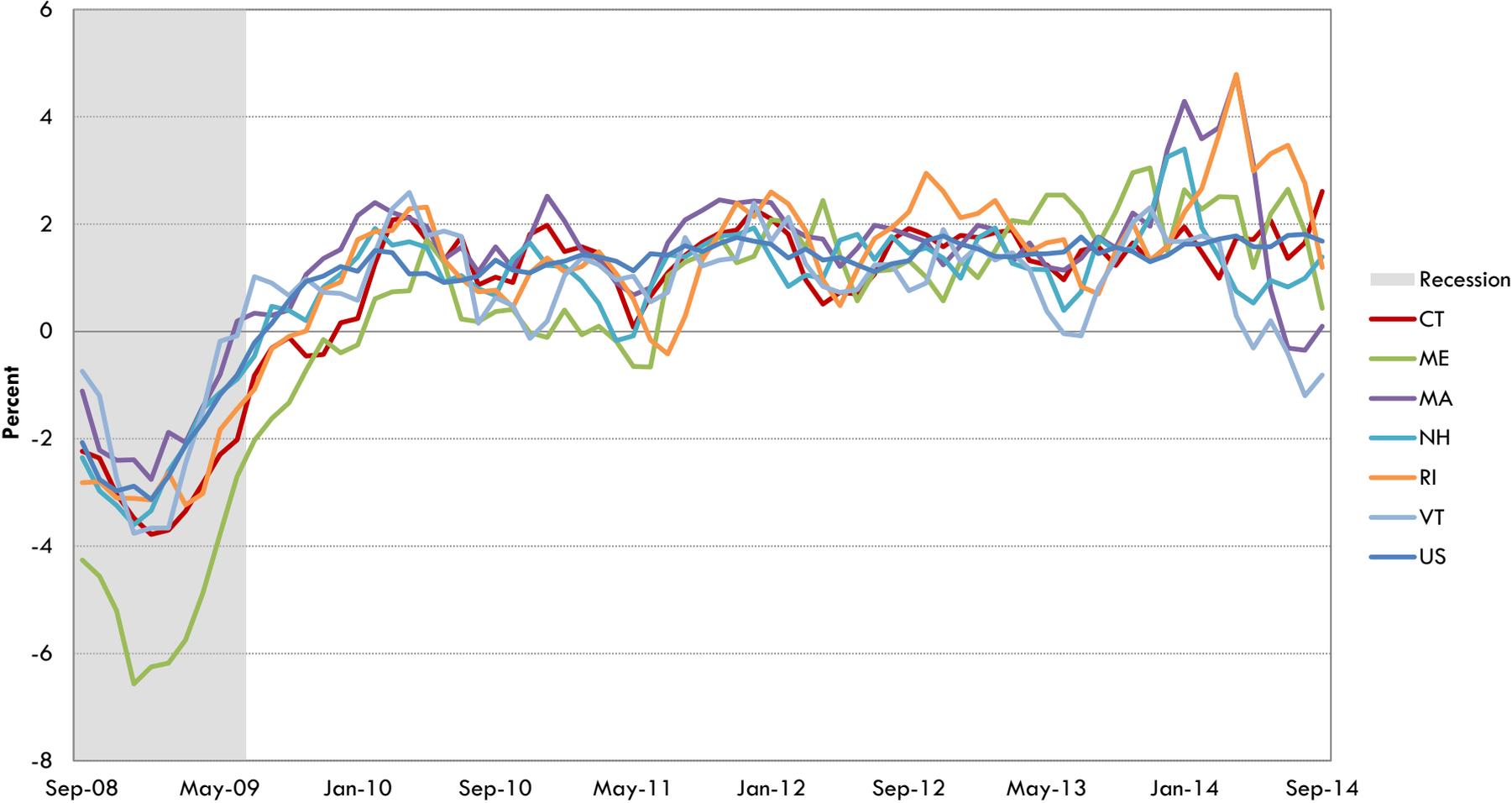
high in region



Confidence in present situation increased more sharply than future expectations

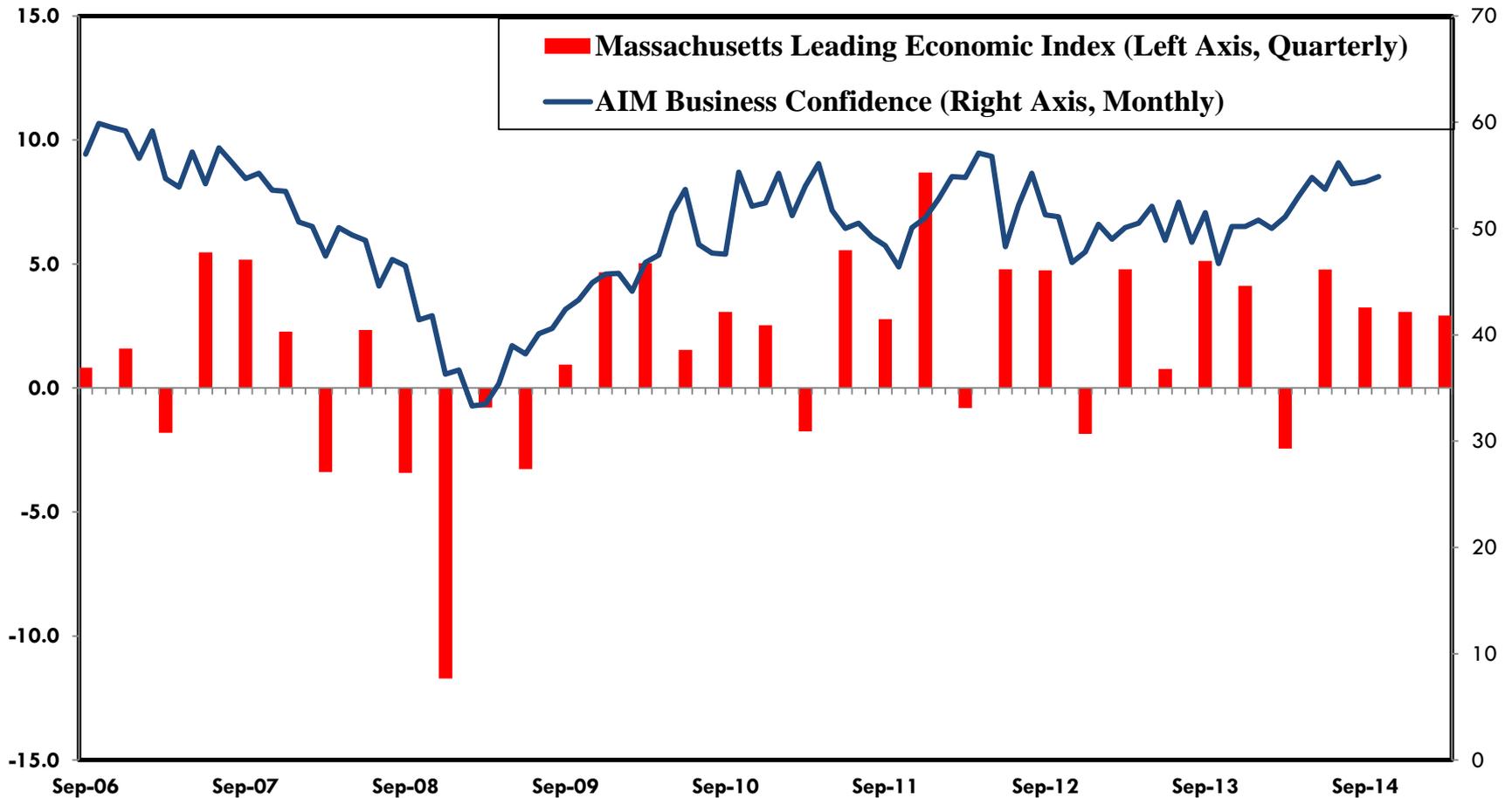


State leading indexes volatile since January; contraction foreseen in VT



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

Outlook for MA: solid econ. growth foreseen; rising business confidence affirms forecast



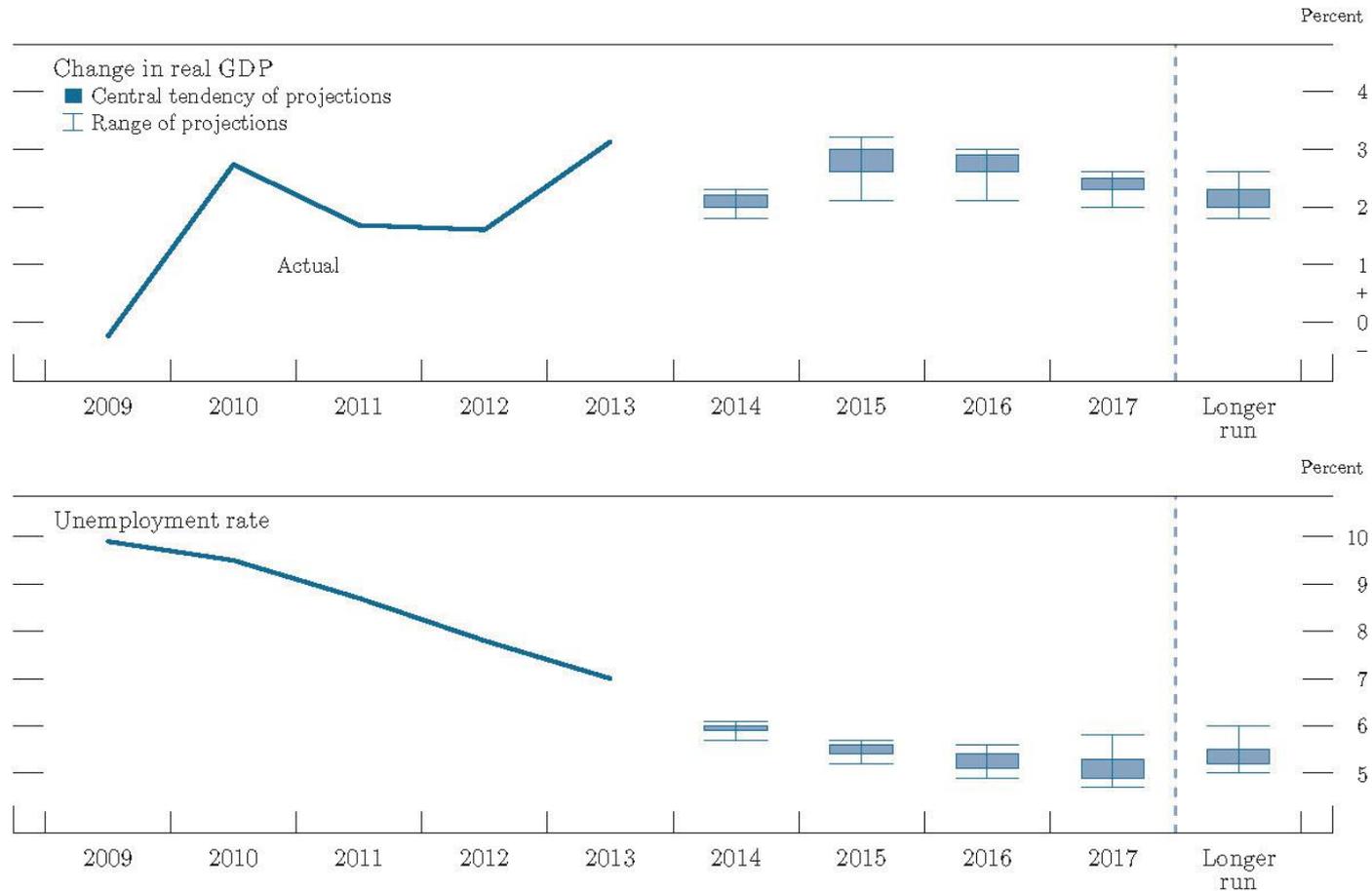
Sources: MassBenchmarks; Associated Industries of Massachusetts

New England Economic Partnership foresees stronger regional economy over next 5 years

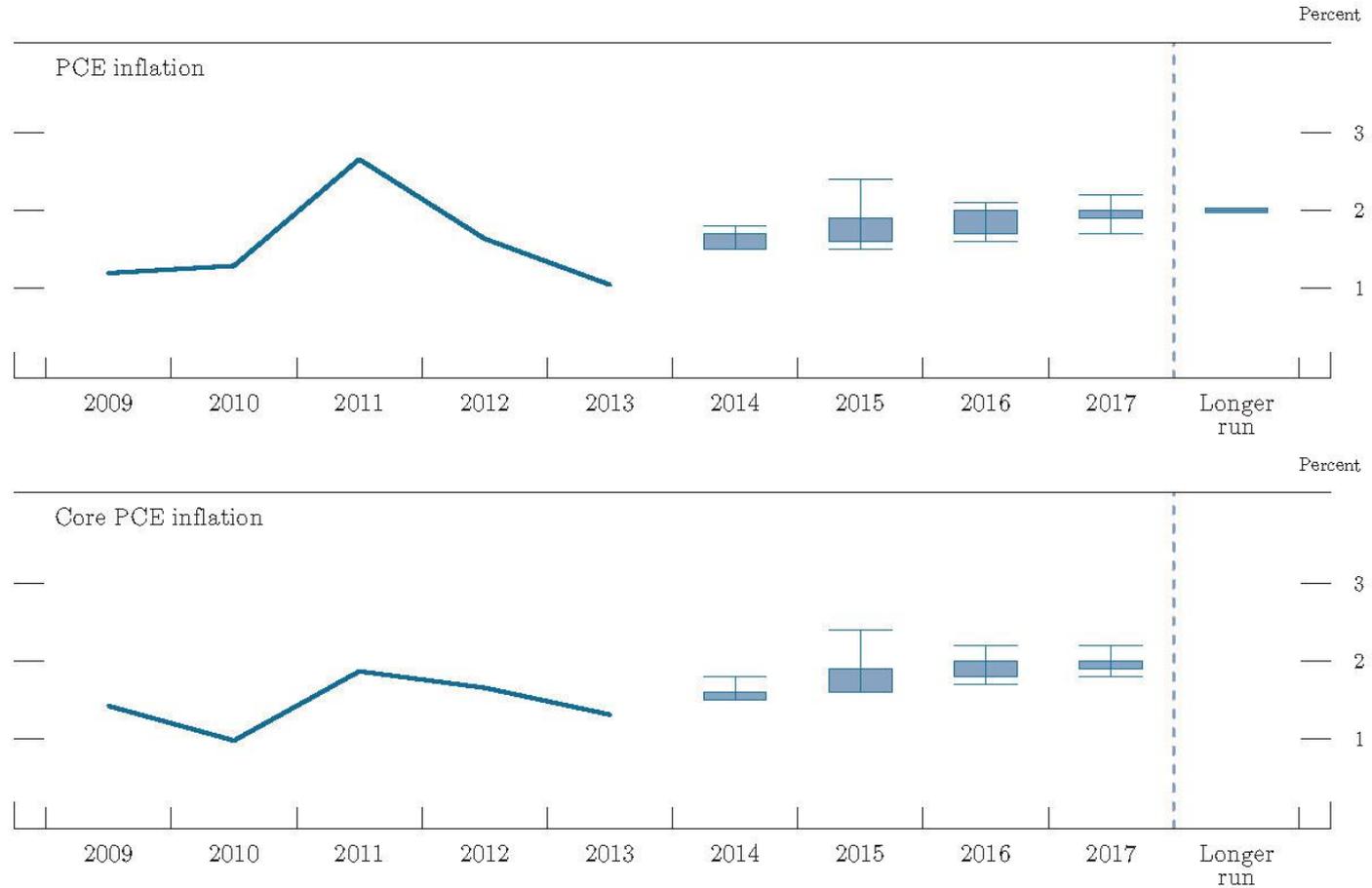
<i>Actual or Forecasted Ann. Growth Rates in:</i>	2008-13	2013-18
Employment	-0.1	1.2
Personal Income	2.4	5.0
Gross State Product	0.7	2.4
Population	0.4	0.3
Labor Force	0.0	0.8
Unemployment Rate	1.6	-2.2
Housing Permits	3.2	9.0
FHFA House Price Index	-2.0	3.0

Source: New England Economic Partnership, Fall 2014 forecast

FOMC expects rebound in GDP growth in 2015; further declines in unemployment through 2017



FOMC forecasts see inflation creeping up to ~2 percent by 2017



Risks factors in the outlook

- Weakness in foreign markets contributing to:
 - drag on exports, could worsen
 - downward pressure on oil prices
 - boosts disposable income and, possibly, consumer spending
 - downward pressure on long-term Treasury yields
 - could help housing market, consumption of durables
- Timing of short-term rate increase
 - expected mid-2015, could be later if inflation stays low
- Progress likely to continue to be uneven within region
 - VT most exposed to weak export demand