New England Economic Outlook

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Emerging Leaders in New England’s Banking Industry
Federal Reserve Bank of Boston/Connolly Center
Payroll Employment: Recovery Mixed Across New England States

Source: Bureau of Labor Statistics, NBER, Haver Analytics
NH and MA Boosted Employment Growth in Region (since April 2016)

<table>
<thead>
<tr>
<th></th>
<th>Annual Long-term Trend</th>
<th>Last 12 months</th>
<th>Since Peak</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>United States</td>
<td>1.4</td>
<td>1.6</td>
<td>2,237,000</td>
</tr>
<tr>
<td>New England</td>
<td>0.9</td>
<td>1.2</td>
<td>87,600</td>
</tr>
<tr>
<td>Connecticut</td>
<td>0.5</td>
<td>0.3</td>
<td>5,500</td>
</tr>
<tr>
<td>Maine</td>
<td>1.2</td>
<td>0.6</td>
<td>3,900</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>0.9</td>
<td>1.7</td>
<td>58,600</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>1.5</td>
<td>1.8</td>
<td>12,000</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>0.7</td>
<td>1.0</td>
<td>5,000</td>
</tr>
<tr>
<td>Vermont</td>
<td>1.3</td>
<td>0.8</td>
<td>2,600</td>
</tr>
</tbody>
</table>

- 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
Net Job Gains Since March 2008: Rural Counties Still Haven’t Recovered
Construction Employment Rebounding in Region…

### Percent Change, April 2016 - April 2017

- **Construction**: NE 3.1, US 2.4
- **Education & Health**: NE 2.0, US 2.2
- **Other Services**: NE 1.0, US 1.7
- **Professional & Business Services**: NE 1.4, US 1.8
- **Leisure & Hospitality**: NE 1.3, US 1.8
- **Finance**: NE 1.3, US 2.1
- **Transportation, Warehousing, and Utilities**: NE 1.1, US 1.5
- **Government**: NE 0.4, US 0.6
- **Retail Trade**: NE 0.2, US 0.3
- **Wholesale Trade**: NE 0.2, US 0.9
- **Information**: NE -0.4, US 0.9
- **Manufacturing**: NE -0.5, US 0.3

Source: Bureau of Labor Statistics, Haver Analytics
…Especially in Rhode Island and New Hampshire

Percent Change, April 2016 - April 2017

Source: Bureau of Labor Statistics, Haver Analytics
Education-Health Sector Adding Jobs in All States (Flat in VT)

Percent Change, April 2016 - April 2017

Source: Bureau of Labor Statistics, Haver Analytics
Unemployment Rate in New England Below its Pre-Recession Minimum

Source: Bureau of Labor Statistics, NBER, Haver Analytics
Unemployment Rates Vary Across Metro Areas, But Most are Lower than One Year Ago

Source: Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Boston
Foreclosure Rates Close to Pre-Recession Lows in New England

Source: Mortgage Bankers Association, NBER, Haver Analytics
Region’s House Price Growth Accelerated in 2016

Source: FHFA, NBER, S&P/Case-Shiller, Haver Analytics
# House Price Gains Highest in Boston Metro Area; Weakest in CT

*(Single Family Homes)*

### Percent Change, Q1 2016 - Q1 2017

<table>
<thead>
<tr>
<th>Location</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridgeport-Stamford-Norwalk</td>
<td>0.0</td>
</tr>
<tr>
<td>Hartford-W. Hartford-E. Hartford</td>
<td>0.5</td>
</tr>
<tr>
<td>New Haven-Milford</td>
<td>1.8</td>
</tr>
<tr>
<td>Norwich-New London</td>
<td>3.2</td>
</tr>
<tr>
<td>Bangor</td>
<td>3.6</td>
</tr>
<tr>
<td>Lewiston-Auburn</td>
<td>4.1</td>
</tr>
<tr>
<td>Portland-S.Portland-Biddeford</td>
<td>5.9</td>
</tr>
<tr>
<td>Barnstable Town</td>
<td>5.6</td>
</tr>
<tr>
<td>Boston-Cambridge-Quincy</td>
<td>5.9</td>
</tr>
<tr>
<td>Pittsfield</td>
<td>5.9</td>
</tr>
<tr>
<td>Springfield</td>
<td>4.1</td>
</tr>
<tr>
<td>Worcester</td>
<td>6.6</td>
</tr>
<tr>
<td>Manchester-Nashua</td>
<td>5.6</td>
</tr>
<tr>
<td>Providence-New Bedford-Fall River</td>
<td>5.9</td>
</tr>
<tr>
<td>Burlington-S. Burlington</td>
<td>2.3</td>
</tr>
</tbody>
</table>

*Source: Freddie Mac Home Loan Mortgage Corporation, Haver Analytics*
Consumer Confidence Recently Surged Above Pre-Recession Highs

Source: The Conference Board, NBER, Haver Analytics
MA Business Confidence Moderates After Reaching 13-Year High

Source: Associated Industries of Massachusetts; http://blog.aimnet.org/AIM-IssueConnect
Growth in Real Product, Massachusetts vs. U.S.

Source: U.S., Bureau of Economic Analysis; Massachusetts: MassBenchmarks

Economic Growth in Massachusetts Slowed in Late 2016; State’s Growth Pace May Moderate Further in 2017

Quarterly Growth at Annual Rates (%)

2014 2015 2016 2017

Massachusetts U.S.

Projected, 2017

Economic Growth in Massachusetts Slowed in Late 2016; State’s Growth Pace May Moderate Further in 2017
Risks to the Outlook for the Region

• Downside risks to economic growth
  – Labor supply constraints: very little slack in market; demographics a drag as well
  – Infrastructure needs work
  – New England states facing fiscal pressures

• Upside risks
  – National policies may create fiscal stimulus
  – Labor participation on the upswing recently