

New England Economic Snapshot

April 2009

Summary

The New England economy weakened further in late 2008 and early 2009, with all major economic indicators worsening during this time. Many regional economic measures are at their weakest levels since the recession of the early 1990s, and some are at record lows.

From December 2008 through January 2009, certain indicators for New England (including unemployment, exports, and housing prices) show that New England, except for Rhode Island, is faring better than the nation as a whole.

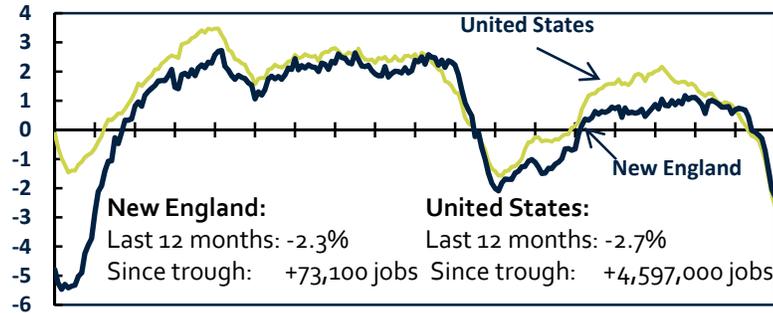
Employment: Large Decreases Seen in 4Q08, Moderating in January 2009

Payroll employment in New England plunged by 76,630 in the fourth quarter of 2008, the largest quarterly decrease since the early 1990s recession.

Unemployment in New England rose for the 16th consecutive month in January. While the region's jobless rate remained below the national average, the differential narrowed considerably in January compared to the second half of 2008. On average, about 24,000 New Englanders per week filed initial claims for unemployment benefits in January, a figure comparable to the region's early 2000's recessionary peak, and 45 percent higher than in January 2008.

Employment Growth

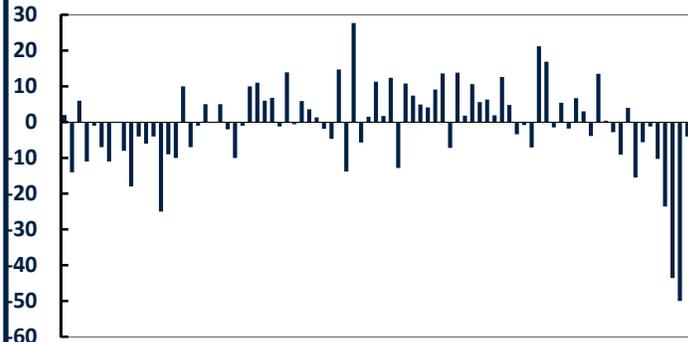
Percent Change from Year Earlier



Jan-91 Jan-93 Jan-95 Jan-97 Jan-99 Jan-01 Jan-03 Jan-05 Jan-07 Jan-09

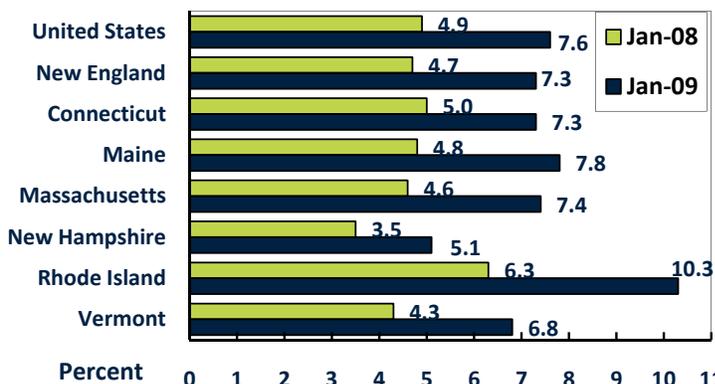
Monthly Employment Change in New England

Thousands of Jobs



Jan-02 Jan-03 Jan-04 Jan-05 Jan-06 Jan-07 Jan-08 Jan-09

Unemployment Rates in the United States and New England



Source: U.S. Bureau of Labor Statistics.

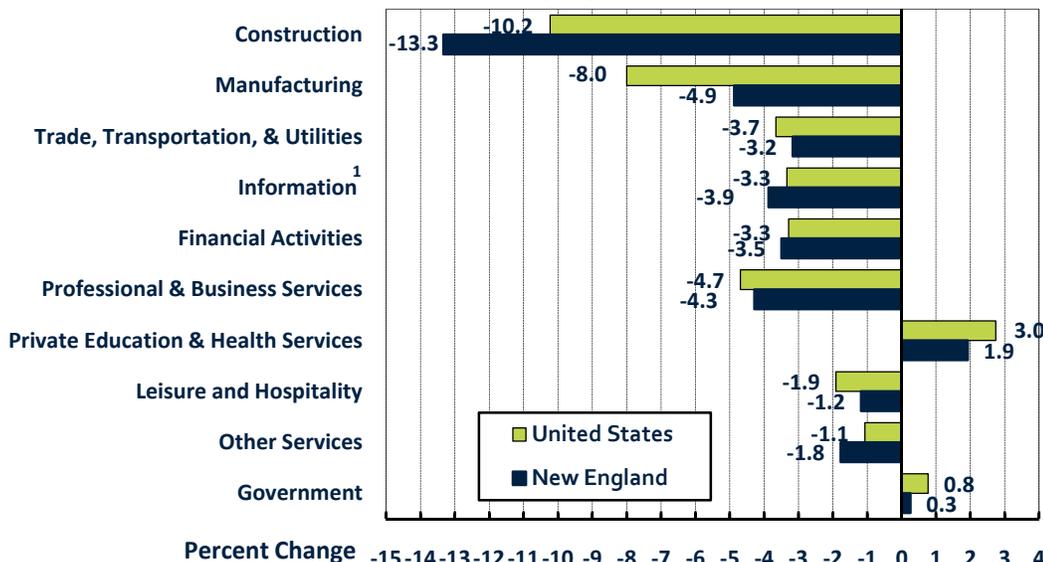
Construction and Manufacturing Weakest Sectors

Private education, private health services, and government were the only sectors with positive job growth year-over-year in January.

Construction job losses mounted again, showing the steepest drop since 1991. Employment in the manufacturing sector also experienced a sharp decline, though less severe than nationally.

Rhode Island's unemployment rate was a series high of 10.3 percent (data go back to 1976) and the third highest jobless rate in the U.S. New Hampshire had the lowest unemployment of the remaining New England states.

Employment Growth by Sector, Percent Change, Jan 2008 – Jan 2009 Seasonally Adjusted (SA)



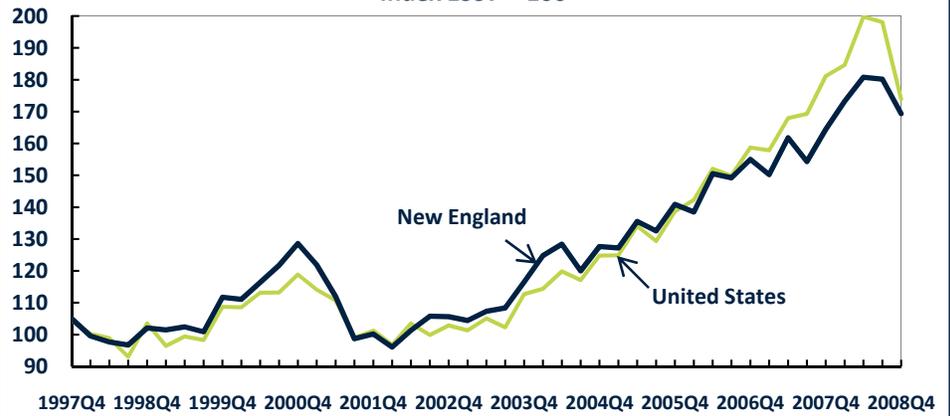
¹ Data for CT, MA, and NH.

Source: U.S. Bureau of Labor Statistics.

New England Merchandise Exports: Up From a Year Ago, Dropped in 4Q08

The dollar value of exports from New England dropped 6 percent in the last three months of 2008, the largest quarter-over-quarter decline since September 2001. However, New England's exports rose 3.0 percent year-over-year, much better than the U.S. as whole. The most obvious explanation for the relatively strong performance is product mix within industries. For example, New England's transportation equipment manufacturing consists mostly of aircraft (rather than farm tractors and other land vehicles), and its chemicals industry is oriented toward biopharmaceuticals (rather than industrial chemicals or petroleum products.)

Merchandise Exports
Index 1997 = 100



Sources: Merchandise Exports is Origin of Movement data reported quarterly by the World Institute for Strategic Economic Research (WISER) based on trade data compiled by the U.S. Census Bureau, Foreign Division.

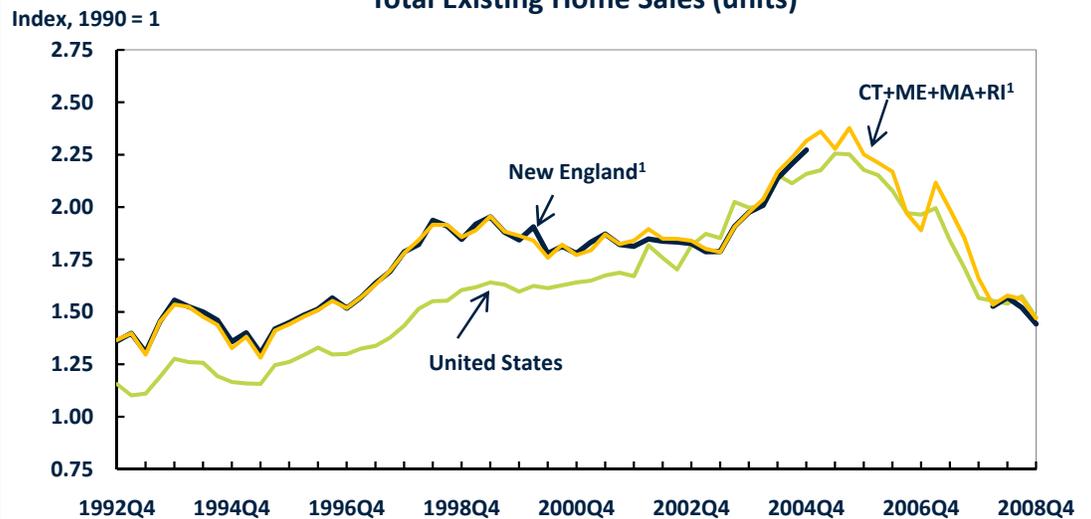
Residential Sales and Construction: Reaching Extremely Low Levels; Prices Falling

Existing home sales in New England fell 11.5 percent year-over-year in Q42008, almost twice as much as the national figure, and home sales in the region are at their lowest level since 1995. New England single-family construction permits continued to decline in January and were down 53 percent from a year earlier.

According to the FHFA index, based on properties that were sold and refinanced, New England home prices increased slightly between the third and fourth quarters of 2008. Even so, prices were down 4 percent from Q42007 levels, the largest decrease in the region since 1991 and only slightly better than the 4.5 percent decline nationwide.

All New England states except Vermont saw housing prices fall in the four quarters ending in Q42008. The largest drop was in Rhode Island, 8.3 percent, while those in New Hampshire, Massachusetts and Connecticut were in line with the regional and national averages.

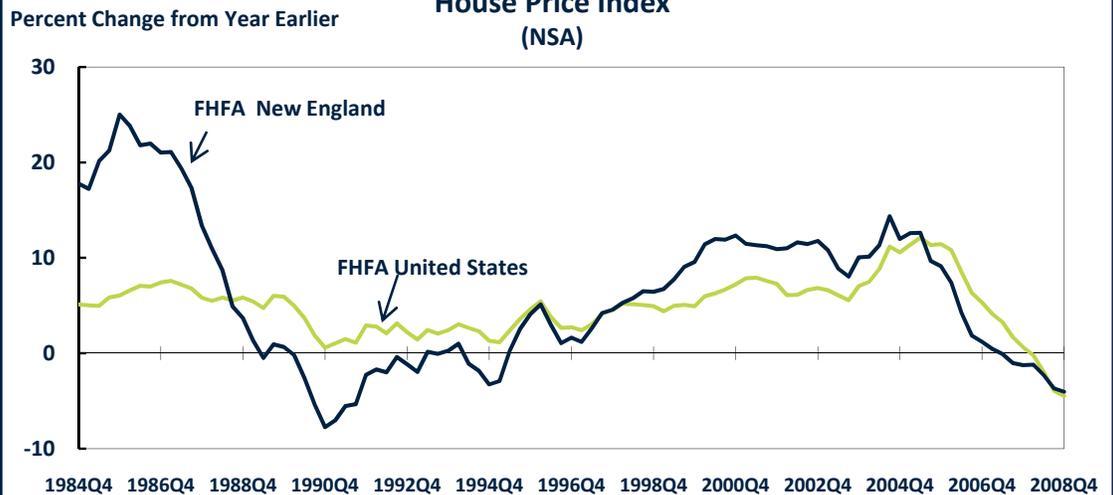
Total Existing Home Sales (units)



1. Data for New England are not available for some quarters; New Hampshire and/or Vermont data are missing.

Source: National Association of Realtors.

House Price Index (NSA)



Source: FHFA.

New England Economic Snapshot is compiled by the Federal Reserve Bank of Boston's Financial Institution Relations & Outreach program and contains excerpts of information prepared by the Bank's Research Department, as well as publicly available sources. This document generally reflects data released in the six weeks prior to March 13, 2009, and the use of these data does not necessarily imply the Bank's endorsement of the information. More current and detailed statistical data on the region's economy is available via *New England Economic Indicators* at: www.bos.frb.org/economic/nee/nee.htm.