

New England Economic Snapshot

December 2009

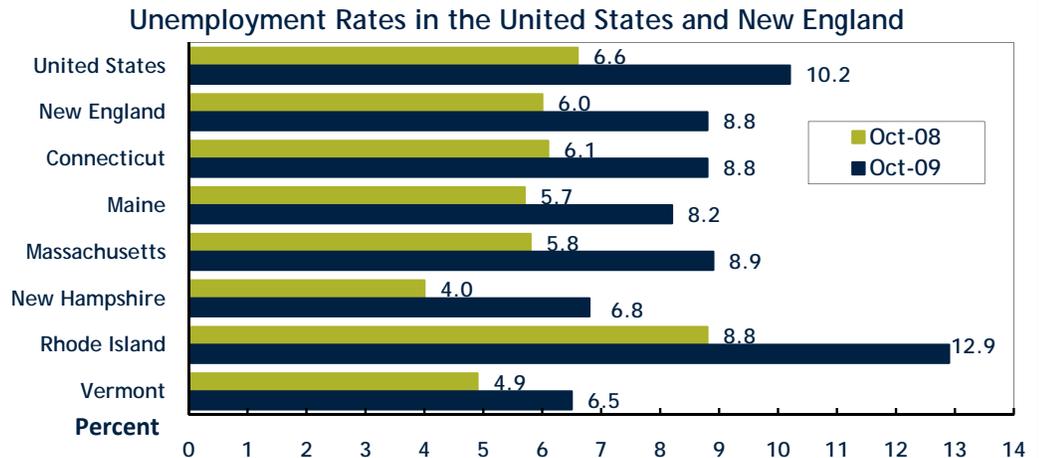
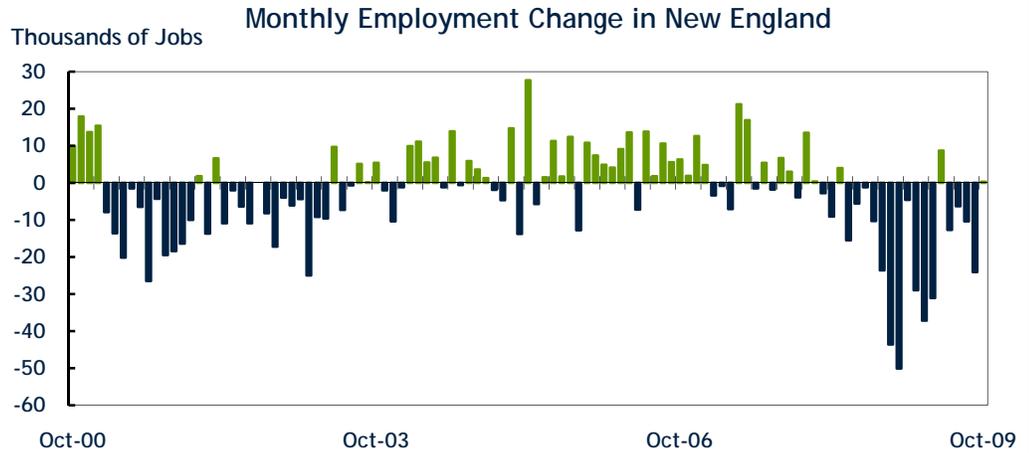
Summary

According to some of the major indicators tracked, the New England economy is beginning to emerge from its doldrums. In general, economic data for the region are somewhat better than comparable data for the nation.

While New England labor markets remain weak, they no longer are deteriorating; in fact, some states' data show slight improvements.

Employment: Stabilizing at Depressed Levels

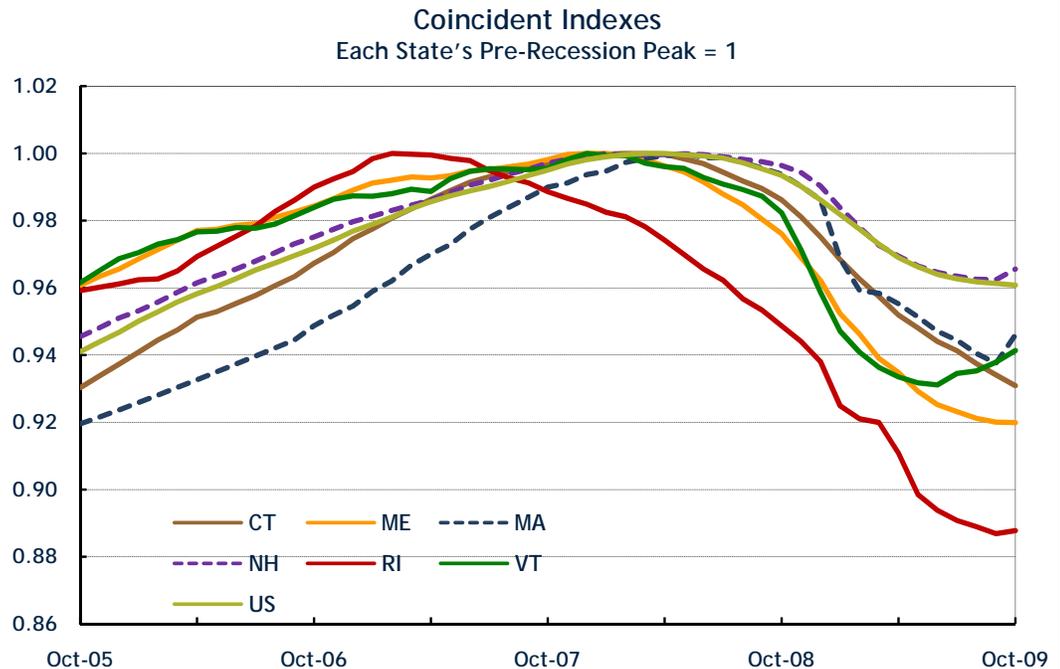
New England's payroll employment remained virtually unchanged in October, marking only the second time since June 2008 that the region's monthly job tally has not shrunk. For the first time in 33 months, New England's unemployment rate fell very slightly (0.1 percentage point) in October to a rate of 8.8 percent. Rhode Island continued to be the only New England state with a higher jobless rate than the U.S. average. The New England Economic Partnership (NEEP) forecasts that the region will start to see a jobs recovery around the last quarter of 2010, but that total payroll employment will not exceed its pre-recession level until mid-2013. NEEP anticipates that New England's unemployment rate will top out at 9.4%, noticeably lower than the national average, but higher than the region has experienced in any downturn since the mid-1970s.



Coincident Indexes: Economic Activity Beginning to Recover in Most Parts of New England

Reflecting the comparatively positive October employment and unemployment data for the New England region, the Philadelphia Fed's coincident indexes for October show month-over-month upticks in economic activity in Massachusetts, New Hampshire, and Rhode Island, as well as a fourth consecutive increase in Vermont.

Economic activity was flat in Maine and decreased in Connecticut from September to October, according to the coincident indexes. The national index continued to fall slightly.

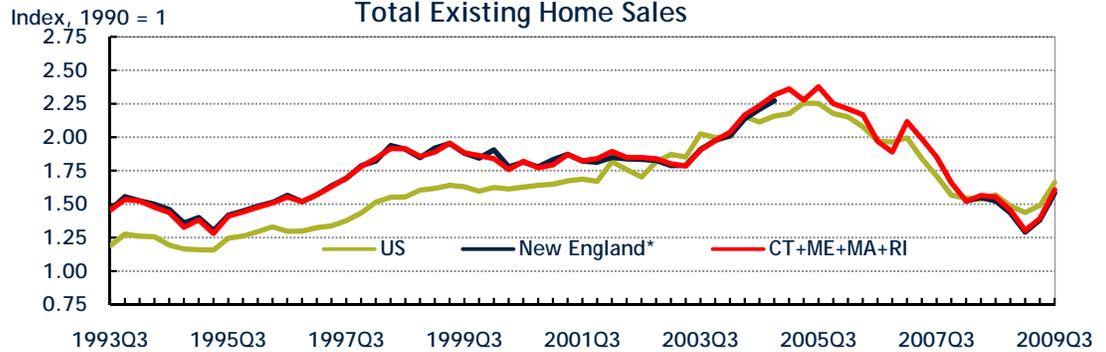


Source: The Federal Reserve Bank of Philadelphia.

Residential Real Estate: Mounting Evidence the Worst May Be Over

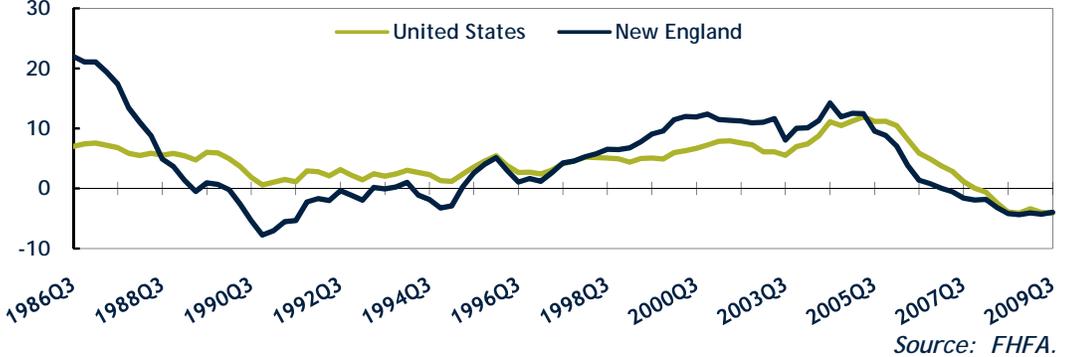
For the first time since 2005, existing home sales rose year-over-year in the third quarter. The number of homes sold in New England was 3 percent higher than a year earlier, while national home sales rose 6 percent. In the third quarter, house prices in both New England and the nation remained about 4 percent lower than a year earlier. Each New England state had year-over-year drops in home prices, ranging from 1.5 percent in Vermont to 6.8 percent in Rhode Island.

Total Existing Home Sales



* 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(not seasonally adjusted)



Source: FHFA.

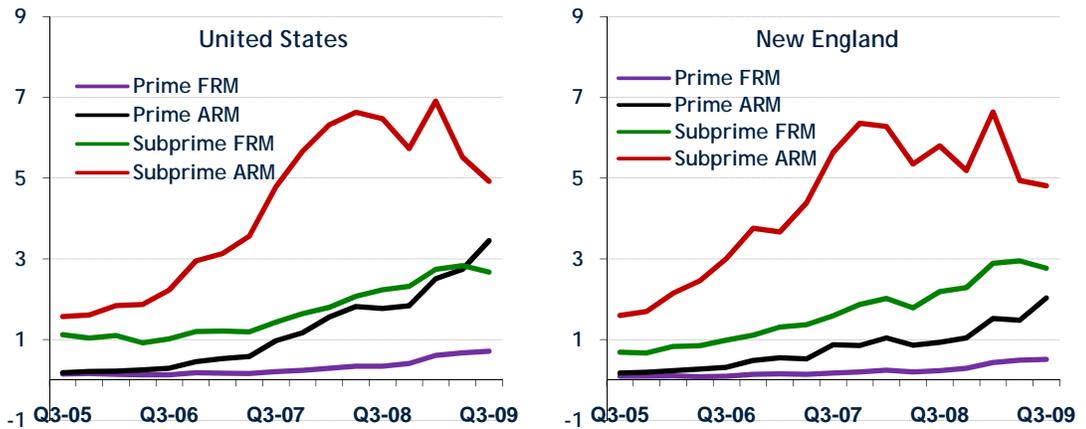
Foreclosures and Delinquencies – Growing Distress in Prime Mortgage Markets

Both regionally and nationally, foreclosure initiations came down in the third quarter for homes financed with subprime mortgages, but continued to rise for prime-mortgage-financed homes. Even so, New England's overall foreclosure starts rate of 1.0 remained below the national average of 1.4 percent, mostly due to the region's comparatively low foreclosures for prime adjustable-rate mortgages.

Serious delinquencies continued to mount in the third quarter. In New England, 7.2 percent of all mortgages were 90 days or more past due or in foreclosure, up from 6.3 percent in the second quarter and dramatically higher than 4.0 percent one year earlier. Nationwide, 8.8 percent of mortgages were seriously delinquent.

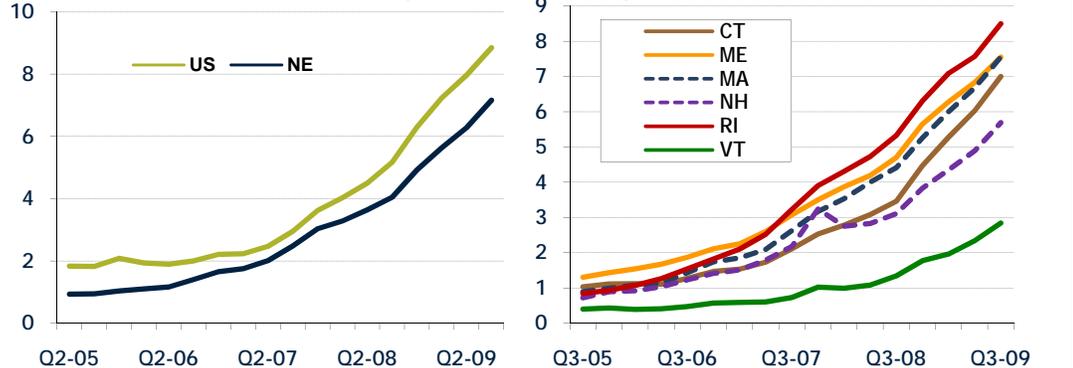
Foreclosures Started by Type of Loan

Foreclosures initiated in quarter, as a percent of loans in pool.



Seriously Delinquent Mortgages

Mortgages with payments 90 days past due plus inventory of mortgages in foreclosure, as a percent of loans in pool.



Source: Mortgage Bankers Association / Haver Analytics.