

New England Economic Snapshot

May 2009

Summary

All major economic indicators show that the New England economy continues to shrink. Job counts fell sharply in both February and March, and the only sectors showing year-over-year job gains are education and health services.

In addition, foreclosures and seriously delinquent mortgages are again on the rise. No New England state is immune to the recession; in fact, the region now is tracking the U.S. economy more closely than was the case previously.

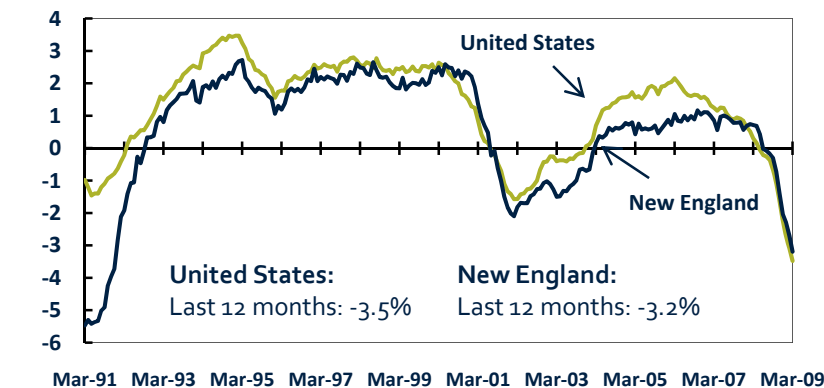
Total Employment: Large Decreases Continue

New England payroll employment has dropped sharply, with 37,000 jobs lost in March and 29,000 jobs lost in February.

Regional employment is down 3.2 percent from 12 months earlier – slightly less than the nation’s 3.5 percent loss from March 2008 to March 2009.

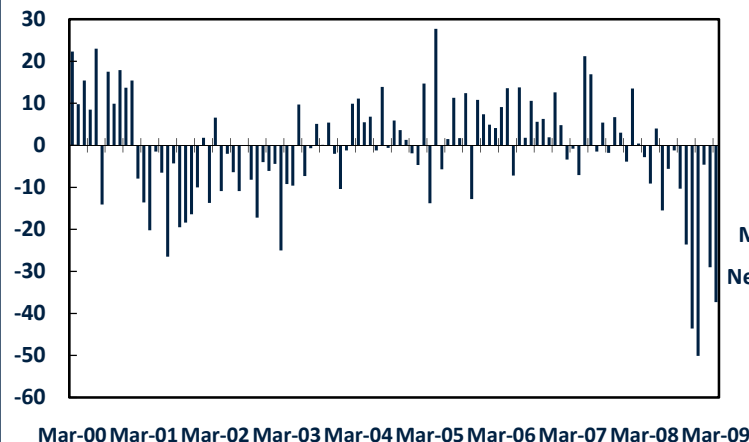
The region’s unemployment rate is 3 percentage points higher than it was a year ago. Of all the New England states, New Hampshire is faring the best, and Rhode Island is faring the worst.

Percent Change from Year Earlier **Employment Growth**

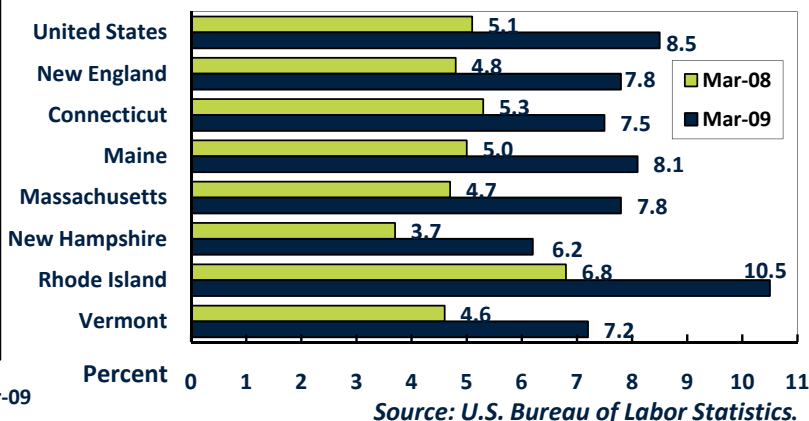


Monthly Employment Change in New England

Thousands of Jobs



Unemployment Rates in the United States and New England



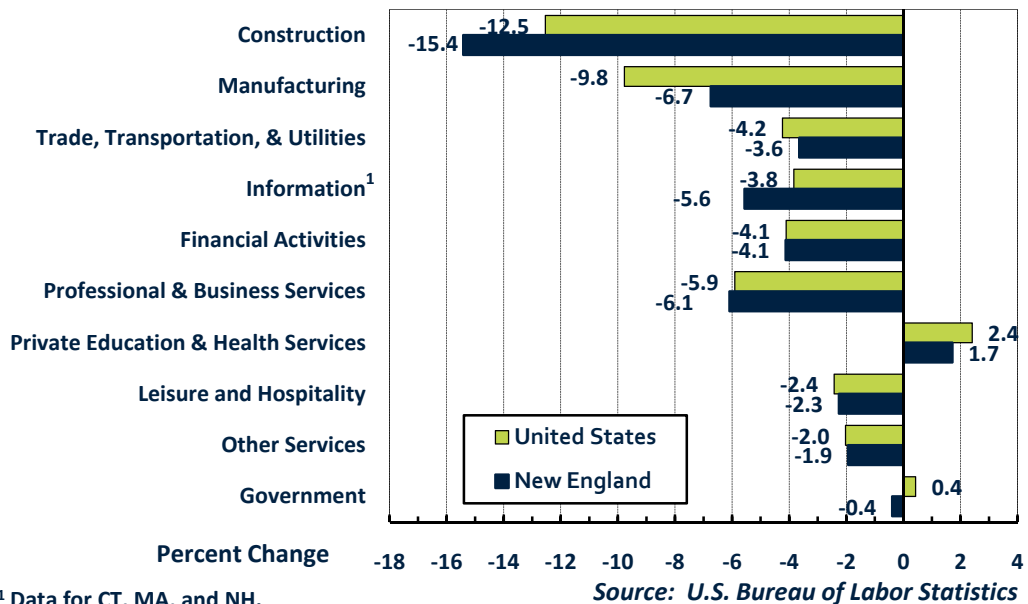
Employment Expanding Only in Education and Health Care

Among New England industries, private educational and health services is the only sector still expanding on a year-over-year basis, although the growth is slower than its counterpart nationwide.

In contrast, the construction sector continues to slash jobs, and at a steeper rate than nationally. The second steepest decline is in manufacturing, although New England is faring better in this sector than the nation.

Professional and business services, financial activities, leisure and hospitality, and other services are all shrinking in New England at the same pace that is being seen nationwide.

Employment Growth by Sector, Percent Change, March 2008 - March 2009 Seasonally Adjusted (SA)



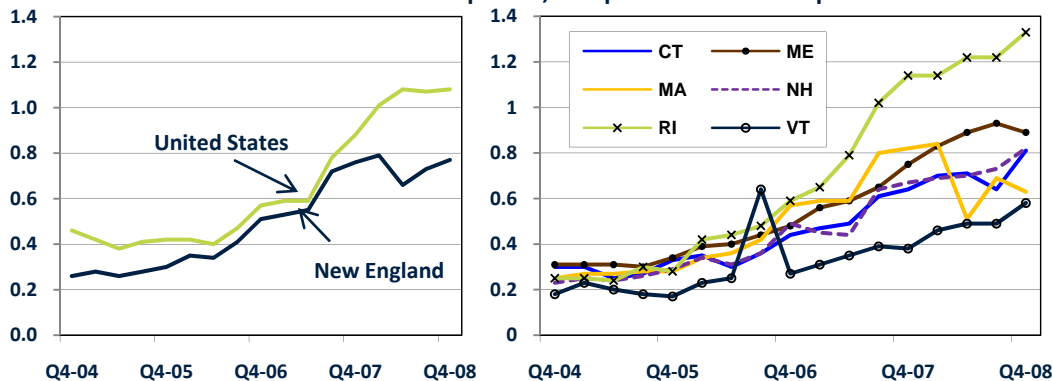
Foreclosure Rates Rise Again; Serious Delinquencies Climb

New England's foreclosure initiation rate rose again in the fourth quarter, almost re-attaining the Q1 2008 peak. Four of the six New England states saw quarter-over-quarter increases in foreclosure initiations, the exceptions being Maine and Massachusetts.

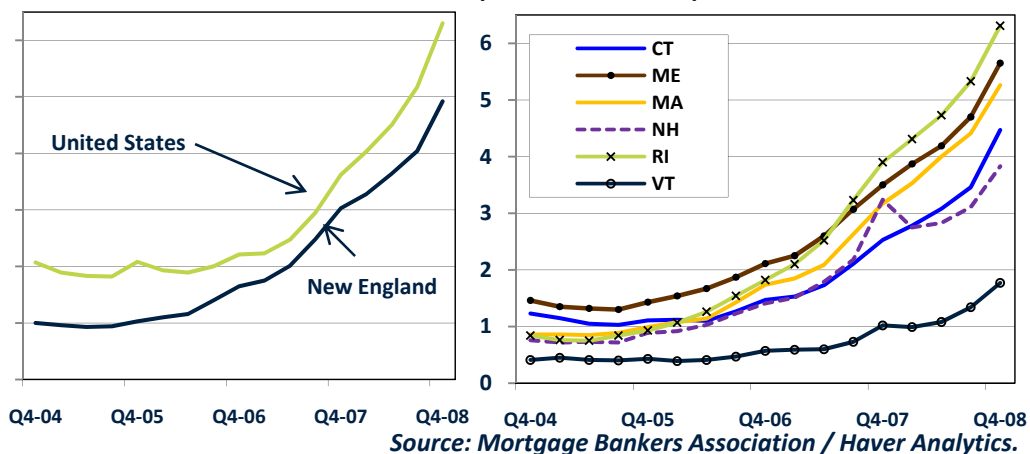
While national foreclosure rates remained almost flat from Q2 to Q4 in 2008, serious delinquencies (loans 90 days past due or in the foreclosure process) continued to soar regionally and nationally, with fourth-quarter rates for delinquencies surpassing records set in the third quarter.

Within the region, delinquency rates are highest in Rhode Island and lowest in Vermont. These data (which begin in 1979) are at an all time high in each of the New England states. Note: Massachusetts' Chapter 206 went into effect on May 1, 2008 and likely contributed to the state and region's noticeably lower foreclosure rates in Q2 2008.

Foreclosures Started, All Loans
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.

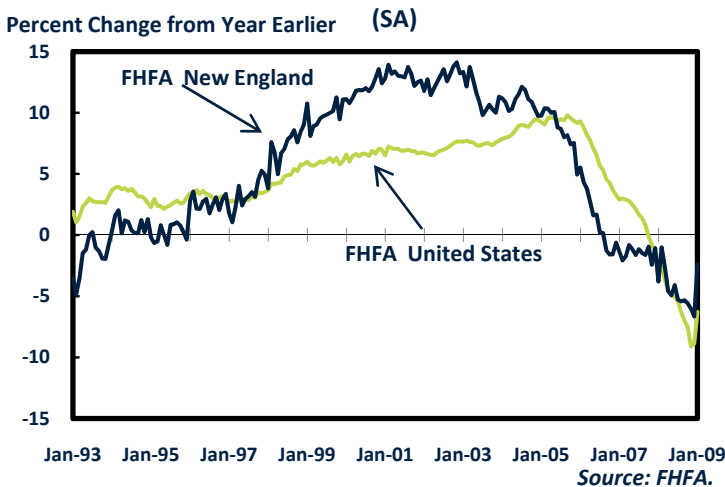


Source: Mortgage Bankers Association / Haver Analytics.

House Prices Decline, but at a More Modest Rate

The year-over-year pace of house-price decline moderated in New England in January, rising to -2.4 percent. Nationwide, home prices declined 6.3 percent over the same period, also representing an improvement compared to the December 2007-December 2008 period. From their peak values, regional home prices have fallen 7.7 percent, compared with a U.S. decline of 9.6 percent.

Monthly Purchase-Only Home Price Indexes

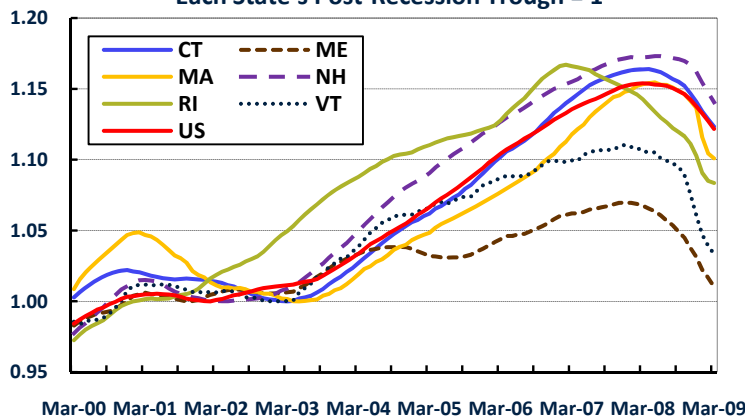


Source: FHFA.

Coincident Indexes: Economic Activity Declines Further

Coincident indexes continue to show marked slowdowns in the New England economy; in March, economic activity again declined in each state. The nation and all New England states are below year-earlier levels, but still ahead of the previous recession trough. All states in the region, except New Hampshire, experienced steeper year-over-year percentage declines in activity than the U.S., which was 2.2 percent from a year earlier.

Coincident Indexes
Each State's Post-Recession Trough = 1



Note: The Rhode Island index does not have a post-recession trough. It is equal to 1 at the U.S. trough. Source: Federal Reserve Bank of Philadelphia.

New England Economic Snapshot is compiled by the Federal Reserve Bank of Boston's Financial Institution Relations & Outreach (FIRO) program and contains excerpts of information prepared by the Bank's Research Department, as well as other publically available sources. This document generally reflects data released in the six weeks prior to April 21, 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.