

New England Economic Snapshot

November 2009

Summary

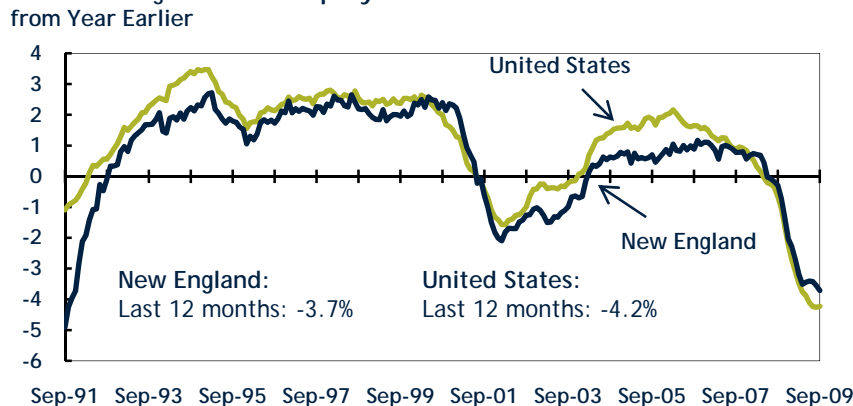
The New England economy continues to show weakness, but as is the case for the nation, there are some signs of improvement. Furthermore, several indicators suggest the recession is less severe regionally than nationally, although

coincident indexes point to a worsening downturn in New England. While unemployment is rising and the number of jobs in the region continues to shrink, regional housing markets are revealing signs of stabilization.

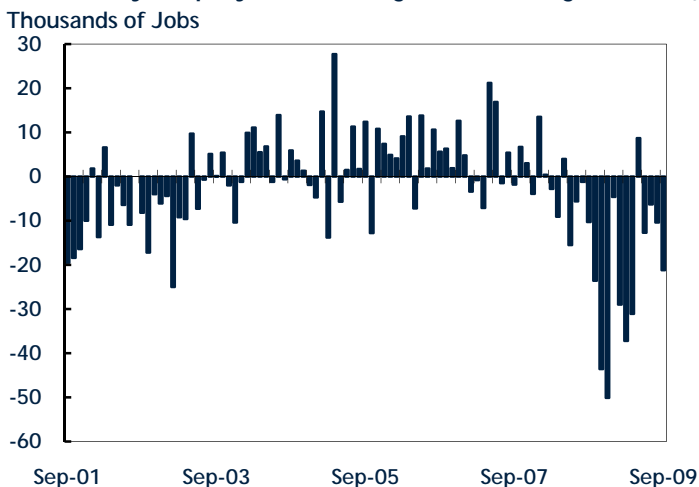
Labor Markets Continue to Contract

Despite moderation in employment declines over recent months, regional job counts fell sharply again in September, with five of the six states shedding jobs. New England unemployment continues to rise and is more than three percentage points above its year-earlier level. While joblessness in Rhode Island reached another record high, unemployment rates in the other New England states were below the national average.

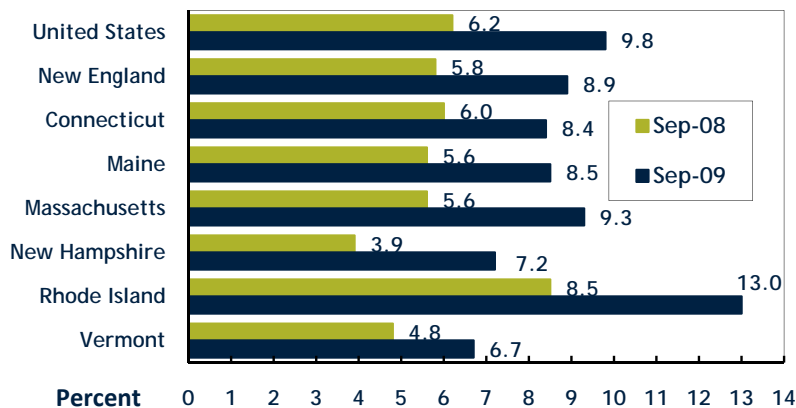
Employment Growth



Monthly Employment Change in New England



Unemployment Rates in the United States and New England



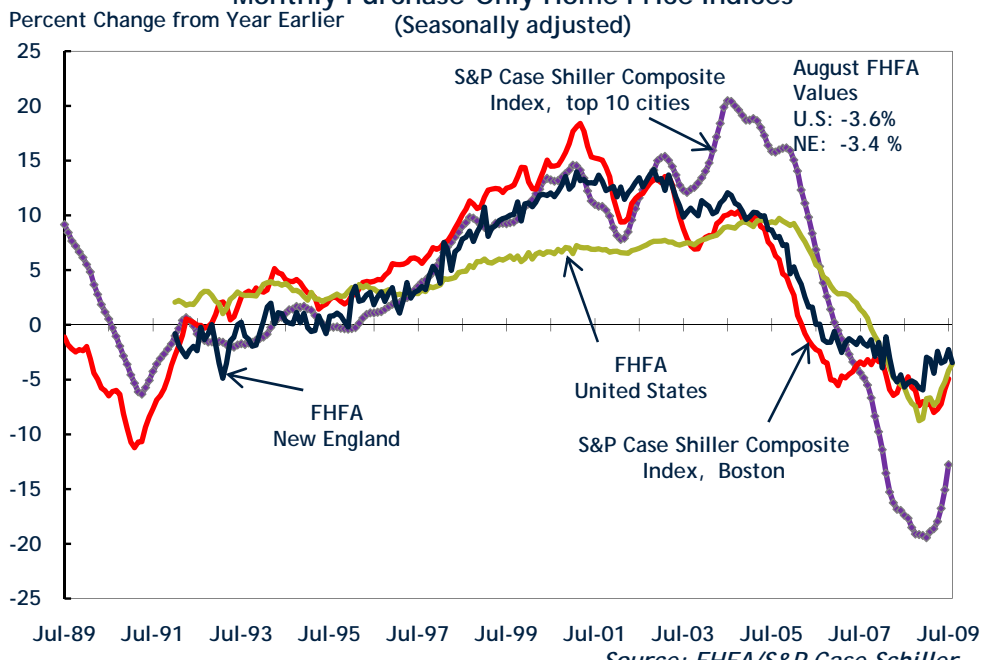
Source: U.S. Bureau of Labor Statistics.

Housing Prices: Moderation in Annual Paces of Decline

Several home price indexes posted over-the-month increases both regionally and nationally, leading to moderation in the annual paces of decline.

August monthly FHFA purchase-only data show New England house prices down 3.4 percent from a year ago, while prices nationwide have fallen slightly further, 3.6 percent. On a month-to-month basis, both the national and New England price indexes declined in August. Nevertheless, home prices nationally had risen in May, June, and July (and in New England in June), contributing to moderation in the year-over-year pace of decline since March 2009. Monthly metro-area Case-Shiller data through July also suggest some stabilization in housing prices both regionally and nationally.

Monthly Purchase-Only Home Price Indices



Source: FHFA/S&P Case Schiller.

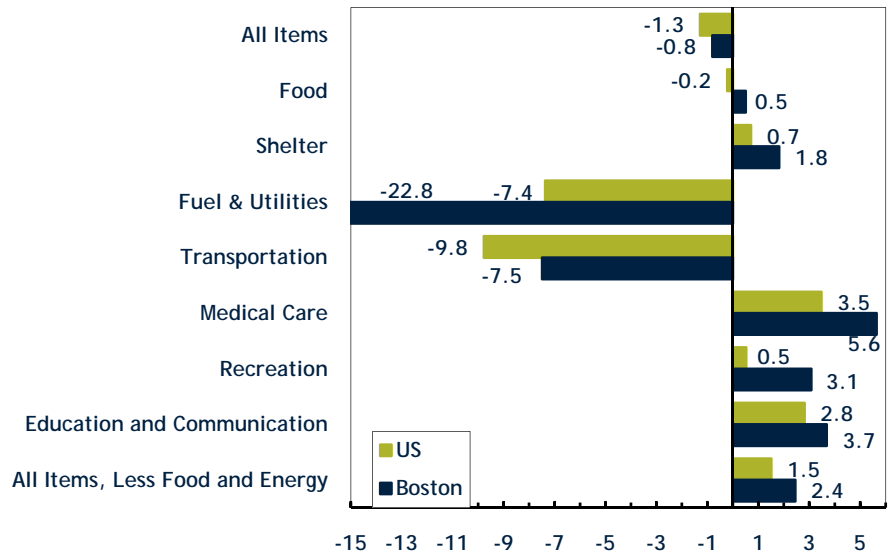
Consumer Prices Rise on Monthly Basis, but Prices Down Since a Year Ago

Consumer prices in the Boston metropolitan area increased 1.5 percent for the two months ended in September, marking the highest bi-monthly increase in the Boston area since July 2008.

Compared with a year ago, consumer prices were down 0.8 percent in Boston, a smaller decline than the 1.3 percent seen nationally. Taking out food and energy, Boston's core inflation rate was 2.4 percent, above the 1.5-percent core inflation nationwide.

Year-over-year, the decline in Boston prices was mainly due to lower energy prices. Transportation fell 7.5 percent, attributable to a 27 percent drop in gasoline prices. Nationally, transportation costs dropped further, 9.8 percent, with gasoline prices down 30 percent year-over-year.

Consumer Prices
Percent Change, September 2008 - September 2009



Source: U.S. Bureau of Labor Statistics.

Over-the-Year Personal Income Worsens

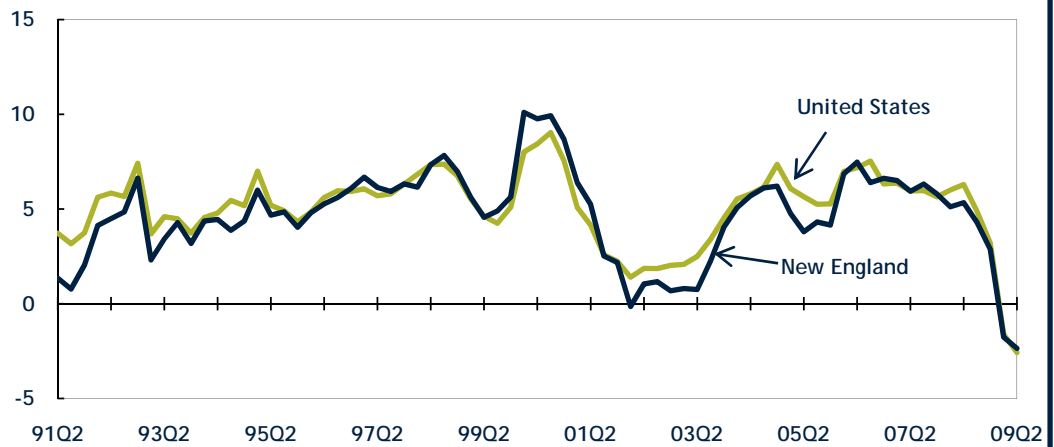
Year-over-year growth rates of personal income and wage and salary disbursements both regionally and nationally sank deeper into negative territory in the second quarter of 2009. The yearly rate of change in personal income in New England worsened from -1.8 percent in the first quarter to -2.4 percent in the second quarter, while the U.S. rate of change fell off more, from -1.6 percent to -2.6 percent. One bright spot is that U.S. and regional personal income posted slight over-the-quarter increases, the first growth in a year for the United States.

However, the impact of this quarter's growth is tempered by a steep quarter-to-quarter decline the preceding quarter. Also having experienced steep declines in state personal income from the fourth to the first quarter, five of the six New England states saw over-the-quarter increases in the second quarter.

Moreover, the increase in income in the second quarter largely reflects ARRA payments (OASDI, SSI, and food stamps) and rising unemployment benefits.

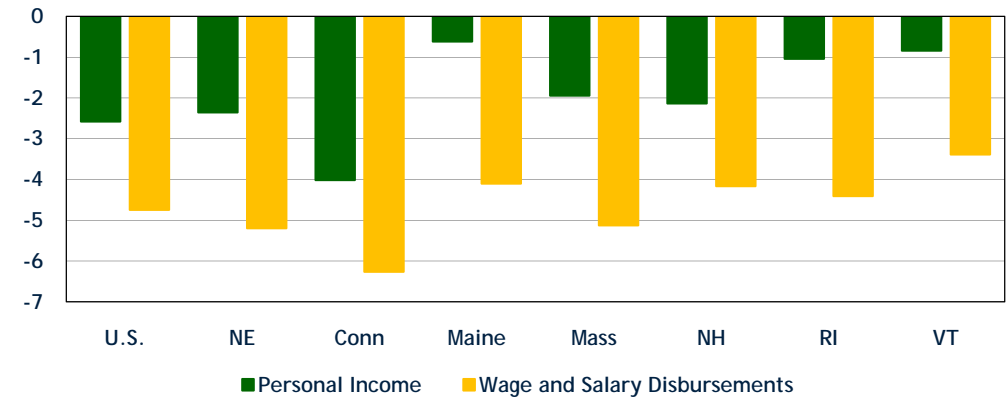
Personal Income

Percent Change from Year Earlier



Personal Income and Total Wage and Salary Disbursements

Percent Change, Q2 2008 - Q2 2009



Source: U.S. Bureau of Economic Analysis.

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 October 23, 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.