

# New England Economic Snapshot

August 2010

## Summary

The New England regional economy continued to expand somewhat more strongly than the national economy, but recovery is proceeding slowly and somewhat inconsistently. Labor markets improved steadily in New England through

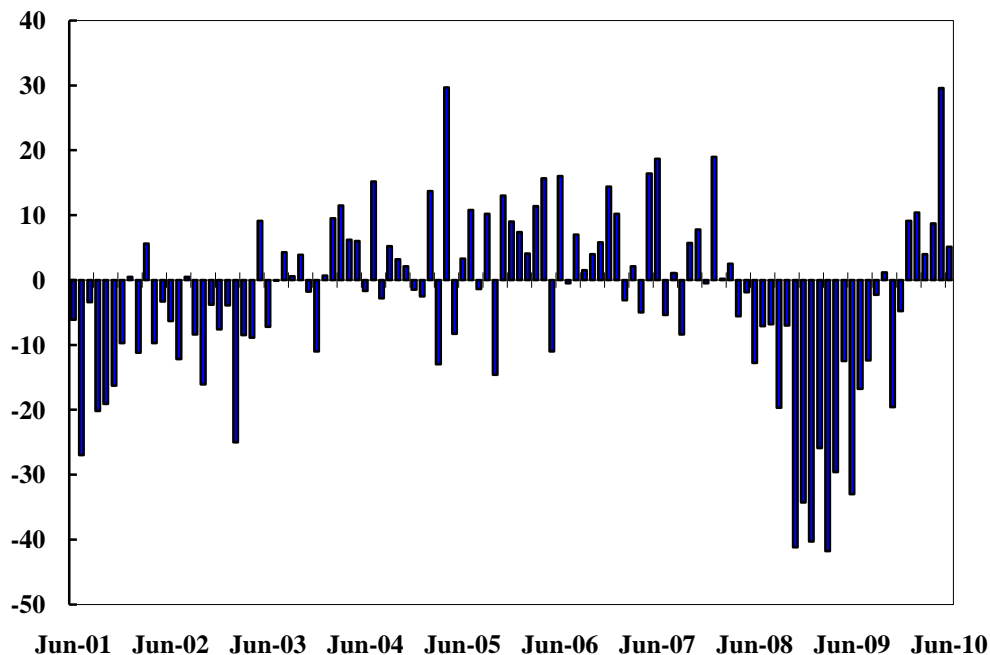
June, with job counts rising every month in 2010 to date and unemployment down each month since peaking in February. Housing markets continue to show improvement in the region, with single family permits up from a year ago and home prices rising on a month-to-month basis.

## New England Payroll Employment Expands

New England's payroll employment expanded for a sixth consecutive month in June, adding 5,100 jobs, and marking the region's first year-over-year increase since July 2008 (up 0.2 percent). Nationally, employment declined from May to June and came in 0.1 percent lower than a year earlier. As was the case in May, temporary Census hiring was an important factor in the month-to-month change; in this case, the Census began cutting back, causing federal government employment in New England to decline in June. This was more than offset by an increase in private employment; indeed, private employment in the region expanded by considerably more in June than in May. In the nation, by contrast, private employment also expanded in June, but not enough to offset government job cutbacks.

## Monthly Employment Change in New England

Thousands of Jobs



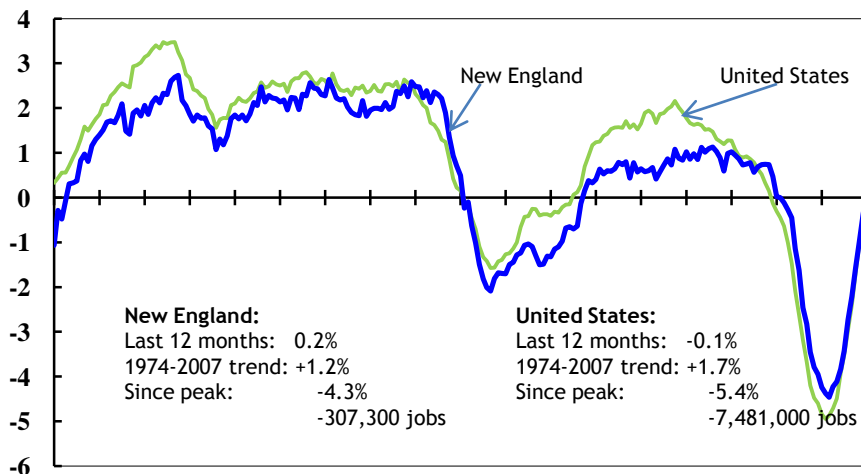
Source: U.S. Bureau of Labor Statistics.

## Private Employment Grew over the Month in All Six New England States

Within New England, five of the six states experienced over-the-month employment growth in June, while Rhode Island saw no change. Over the year, New Hampshire and Massachusetts continued to experience job growth, with New Hampshire remaining the region's fastest growing state (up 1.4 percent from June 2009). By contrast, Rhode Island's employment total was down 1.7 percent from June 2009; the state has not seen year-over-year job growth since July 2007. Among the other three states, year-over-year declines ranged from 0.6 percent in Vermont to 0.1 percent in Connecticut. All six states—even Rhode Island—saw private employment expand from May to June.

## Employment Growth

Percent change from year earlier



Jun-92 Jun-94 Jun-96 Jun-98 Jun-00 Jun-02 Jun-04 Jun-06 Jun-08 Jun-10

Source: U.S. Bureau of Labor Statistics.

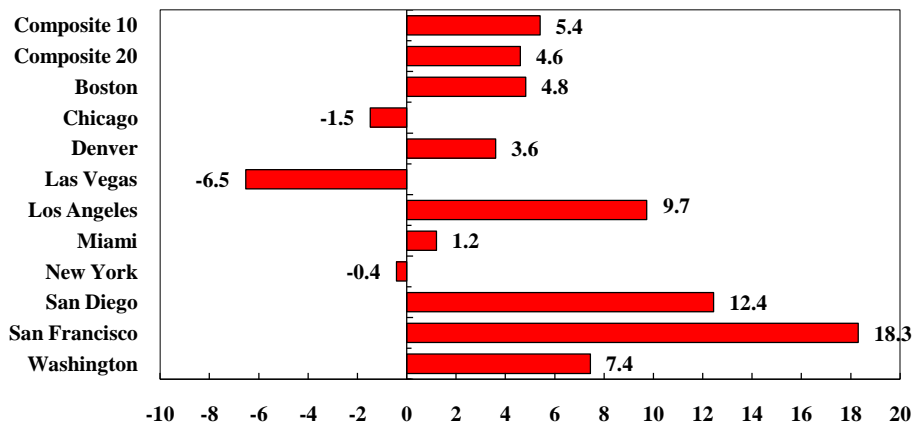
### Home Prices are Increasing, Regionally and Nationally

The monthly Case-Shiller home price index has shown year-over-year price increases starting in December for the Boston metro area and since February for the 10-city and 20-city composite indexes. Over the year ended in May, Boston posted a 4.8 percent gain, while Washington DC, Los Angeles, San Diego, and San Francisco experienced increases between 7.4 and 18.3 percent; three of the composite-10 cities (Las Vegas, Chicago, New York) were down year-over-year.

The Case-Shiller condo price index also shows Boston prices rising year-over-year in May (up 1 percent). As was the case with homes, Chicago continued to see condo prices below year-earlier levels, while San Francisco and Los Angeles saw modest year-over-year increases. For the first time in over two years, New York saw condo prices rise year-over-year, up 0.9 percent.

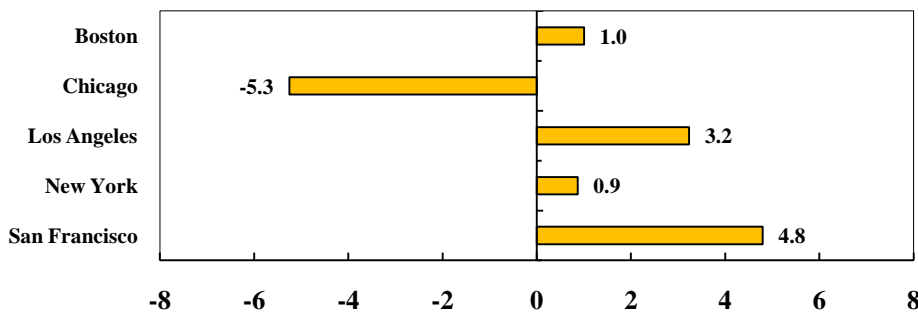
### Case-Shiller Metro Area Home Price Changes

Percent change May 2009-May 2010



### Case-Shiller Monthly Purchase Only Condo Price Changes

Percent change May 2009- May 2010



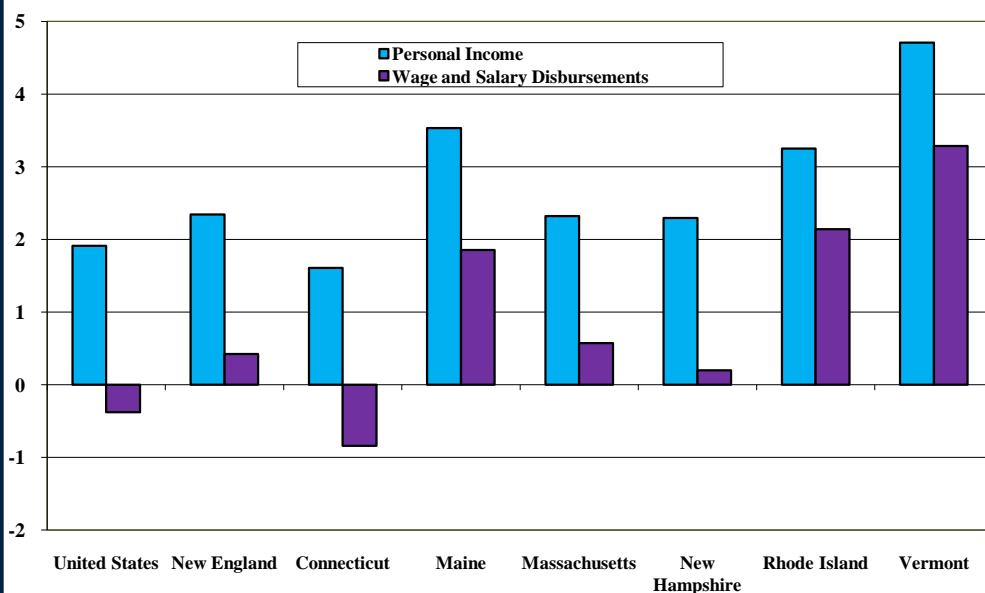
Source: S&P, Fiserv, and MacroMarkets LLC/Haver Analytics

### Gains Seen in Personal Income and Wage and Salary Disbursements

Through the first quarter of 2010, both New England and the nation witnessed considerable improvement in the growth rates of personal income and wage and salary disbursements. Year-over-year growth of personal income in New England rose from -1.3 percent in Q4 2009 to +2.3 percent in Q1 2010, while the national growth rate increased from -1.3 percent to +1.9 percent over the same period. The growth rate of total wage and salary disbursements rose from -4.4 percent in Q4 2009 to +0.4 percent in Q1 2010 in New England, while increasing from -4.7 percent to -0.4 percent in the nation. Within New England, Vermont posted the strongest growth in both personal income and wage and salary disbursements, up 4.7 and 3.3 percent, respectively. Connecticut showed the weakest year-over-year performance, experiencing personal income growth of 1.6 percent and a decline in wage and salary disbursements of -0.8 percent.

### Personal Income and Wage & Salary Disbursements

Percent Change, Q1 2009 - Q2 2010



Source: U. S. Bureau of Economic Analysis