New England Economic Snapshot
February 2010

Summary
The New England economy continues to exhibit gradual improvement, with most indicators pointing to a less severe recession in the region than nationally. Labor markets remain soft, but display signs of stabiliziation.

Although regional job counts fell again in December, the pace of employment decline continues to moderate and joblessness remains a full percentage point lower in the region than in the nation. Housing construction continues to be weak but is improving.

Employment: Pace of Decline Moderates
Payroll employment declined by another 14,700 in New England between November and December, with net job cutbacks in four of the six states (New Hampshire and Maine saw small month-to-month increases). Nonetheless, the pace of job loss abated somewhat in December, with 2.5 percent year-over-year regional job losses as compared with 3.1 percent nationwide. New England unemployment rose to 9.0 percent in December after decreasing for two months; this represents the highest unemployment rate seen in the region since 1976. Rhode Island continues to suffer the highest joblessness in the region (and third highest in the nation), at 12.9 percent in December. The other five states’ rates remain below the national average, with Vermont (6.9 percent) and New Hampshire (7.0 percent) still the lowest in the region.

Housing: Signs of Improvement in Residential Construction
Residential construction remains weak but there are tentative signs of improvement, with New England faring better than the nation. Relative to the prior year, single family housing permits in the three months ending in November were up 6 percent regionally and down 3 percent nationally. Multi-family permits were down 45 percent in New England, although this was not as steep as the nationwide decline of 54 percent. In addition, the dollar value of residential construction contracts has improved markedly since last spring, with the region up 7 percent year-over-year in the same three months, outperforming the nation which was down 11 percent.
Declines in Personal Income and Wage and Salary Disbursements Moderate

Through the third quarter of 2009, both the region and nation saw improvement in their year-over-year rates of change in personal income, with the New England rate rising by 0.1 percentage point to -1.2 percent and the U.S. rate moving up from -1.9 percent to -1.6 percent. Wage and salary disbursements also improved regionally, to -3.1 percent year-over-year, while nationally they deteriorated to -3.7 percent. Within the region, Connecticut’s 2.5-percent drop in personal income and 3.4-percent decline in wages and salaries were the most severe. Maine registered the largest increase in personal income (up 0.6 percent) and Rhode Island showed the only other gain in personal income and posted the most moderate decline in wages and salaries (down 1.7 percent).

Consumer Prices Up Modestly from Last Year

Consumer prices in the Boston metropolitan area were unchanged for the two months ended in November. Increases in the price of transportation, medical care, recreation, and other goods and services were offset by declining prices for food and beverages, housing, apparel, education, and communication. Compared with a year ago, consumer prices in Boston rose 1.8 percent, the first increase following five consecutive year-over-year declines. The U.S. CPI also rose 1.8 percent from November to November. Taking out food and energy, Boston’s core inflation rate was 2.5 percent, somewhat higher than the 1.7 percent core inflation nationwide. The yearly increase in Boston prices was driven by higher transportation prices, up 7.2 percent, mainly attributed to a 23.3 percent increase in gasoline prices.