

New England Economic Snapshot

October 2010

Summary

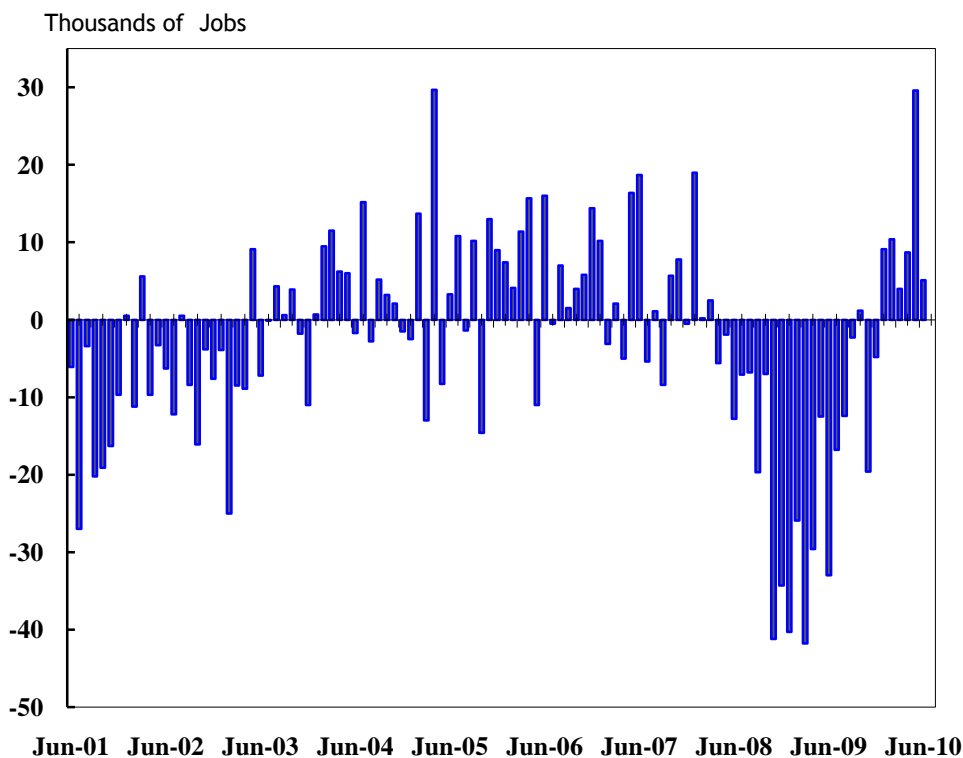
Recent data show a slow but inconsistent economic recovery in New England. July regional unemployment was 8.7 percent, down from a peak of 9.2 in February and below the national average of 9.5. However, labor force participation

in New England has fallen more than elsewhere. Exports from the region increased in the second quarter. Single family housing permits and the dollar value of residential construction were both down by 4 percent. Foreclosure initiations fell in the second quarter.

New England Payroll Employment Expands

Regional payroll employment grew by 12,300 in July, an annual rate of over 2 percent. This marks the seventh consecutive month of expansion and the second consecutive year-over-year increase. Private sector employment grew at a 5 percent annualized rate as government employment shrank for the second month. The New England experience is slightly better than the country as a whole as, in the rest of the country, the net additions to private sector payrolls were not sufficient to offset reductions in the government sector. Within New England, half of the states experienced small over-the-month payroll growth in July, while the others saw small declines—all changes were under 1 percent. Only Rhode Island and Vermont have not broken into positive job growth. New Hampshire remained the region's fastest growing state, up 1.4 percent from July 2009.

Monthly Employment Change in New England



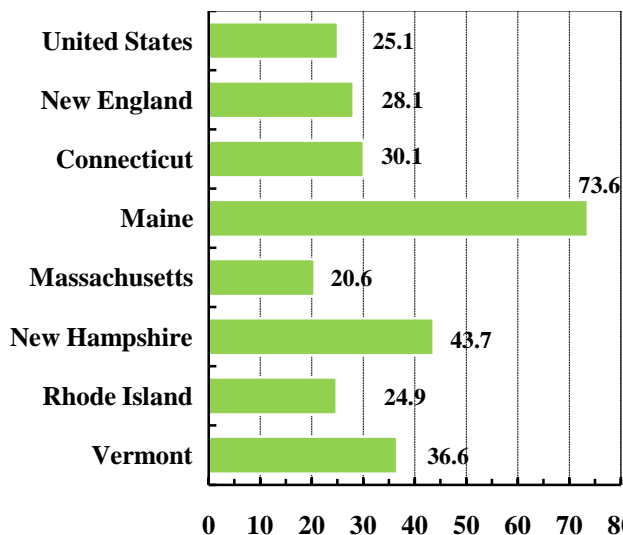
Source: U.S. Bureau of Labor Statistics/Haver Analytics

Exports on the Rise

The dollar value of merchandise exports from the region rose for a fourth consecutive quarter in the second quarter, as exports nationwide rose for a fifth consecutive quarter. Over the year ending in the second quarter, New England exports rose 28 percent, while U.S. exports climbed 25 percent. All six states in the region again posted year-over-year increases in exports; Maine was the leader in this respect with a 74 percent increase, while New Hampshire (44 percent) and Rhode Island (37 percent) were the next most active and Massachusetts saw the smallest gain (21 percent). Among major industries in New England, waste and scrap exports expanded the most over the year (86 percent), followed by machinery with a 50 percent increase and computer and electronic products, rising 28 percent.

Merchandise Exports by State

Dollar Value, percentage change Q2 2009 - Q2 2010

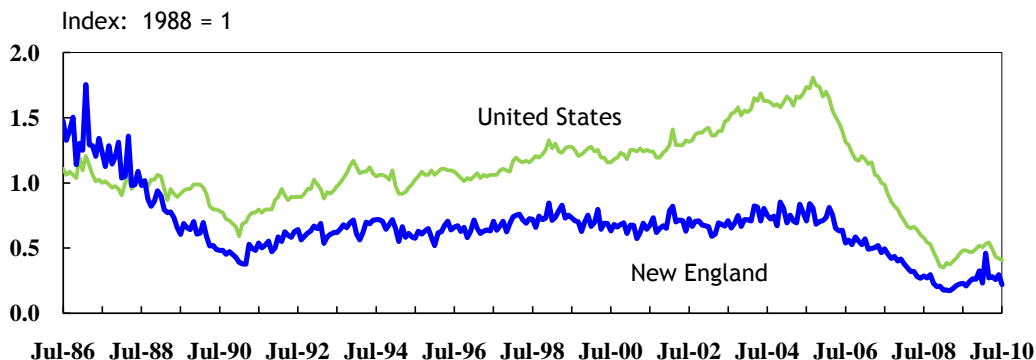


Source: World Institute for Strategic Economic Research (WISER)

New England Single Family Housing Permits Up from Year Earlier

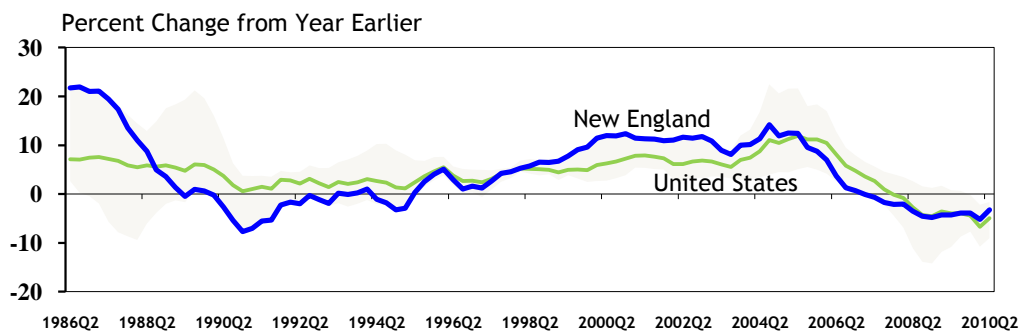
Single-family housing permits lessened from June to July in the nation and across New England, except for Vermont. For the May-June-July average, permits were up 16 percent from year-earlier levels in New England, but down 7 percent in the FHFA purchase-only index. New England house prices edged up minimally in June, for the second consecutive month, while national prices edged down slightly. The year-over-year pace of house-price decline moderated again in June, as in May, with purchase-only prices declining by 1.6 percent in New England since June 2009. Nationally, year-over-year prices edged down to a 1.7 percent decline.

Single Family Housing Permits



Source: U.S. Census Bureau

FHFA House Price Index



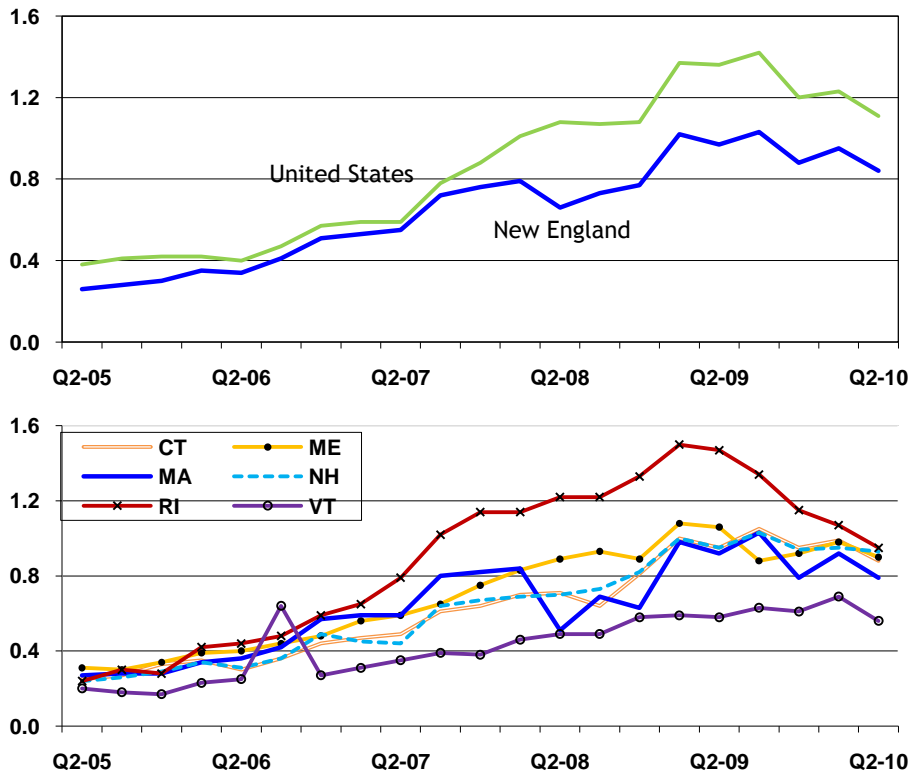
Source: Federal Housing Finance Agency (FHFA)/Haver Analytics

Foreclosure Initiations Fell

Foreclosure rates declined in the nation and New England in the second quarter, reaching lows not seen since the fourth quarter of 2008. Foreclosures were initiated on less than 1 percent of all home loans in New England in the second quarter and slightly more than 1 percent nationally. Foreclosure initiation rates are converging downwards across the New England states: Rhode Island's rate remains the highest in New England but has declined in each of the last five quarters—it is now below 1 percent for the first time in three years. Vermont's foreclosure initiations continue to claim the smallest fraction of loans. In both the nation and the region, foreclosure frequency has declined for subprime loans. The number of conventional prime fixed-rate mortgages sent to the foreclosure process increased in the nation in the second quarter, but fell in New England. Prime fixed-rate mortgages continue to account for more foreclosure starts than other loan types both regionally and nationally.

Foreclosures Started - All Loans

Foreclosures Initiated in Quarter, as a Percentage of All Loans



Source: Mortgage Bankers Association/Haver Analytics