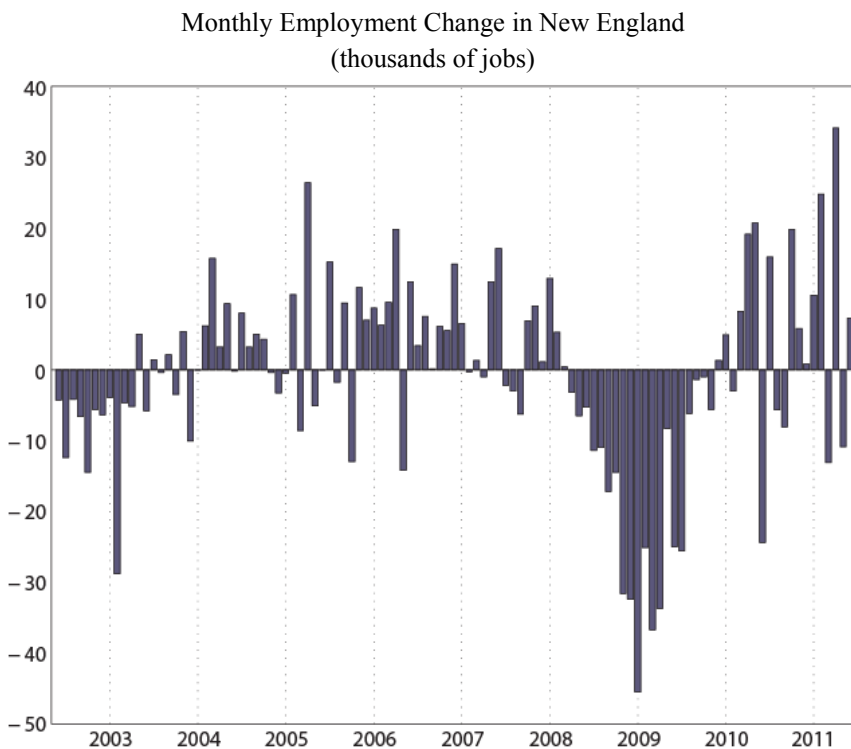


New England Economic Snapshot

August 2011

Mixed signals on economy; overall, New England outperforms the nation

The New England economy showed improvements in recent months along some indicators, such as employment growth, income growth, and initial unemployment claims. At the same time, other recent data indicated flat performance, such as in unemployment, or even a weakening economy, as signaled by declines in the Philadelphia Fed's growth forecasts for New England states and continued weakness in the housing market. Despite the mixed signals, the region's economy continued to outperform that of the U.S. as a whole on most measures.



Source: U.S. Bureau of Labor Statistics/Haver Analytics. Data are seasonally adjusted.

June job growth fails to offset May decline; employment growth slows in CT

New England's labor market continued to perform better than the U.S. average as employment growth in the region returned to its long-term trend rate of 1.2 percent in June. Still, the number of jobs added in June was modest (7,300) and failed to offset May's loss of 10,900 jobs.

Massachusetts and Vermont posted the strongest job growth in the region both over-the-month and over-the-year. Massachusetts led the region in job growth for June, posting a statistically significant gain of 10,400 jobs. Vermont payrolls also increased significantly in June, by 2,800 jobs, a monthly gain that ranked third in percentage terms among all U.S. states.

More worryingly, employment growth has been on the decline in Connecticut (losses of 4,100 for the month) since April. Rhode Island's rate has seen a modest upward trend, while rates in Maine and New Hampshire exhibit no significant trends in either direction.

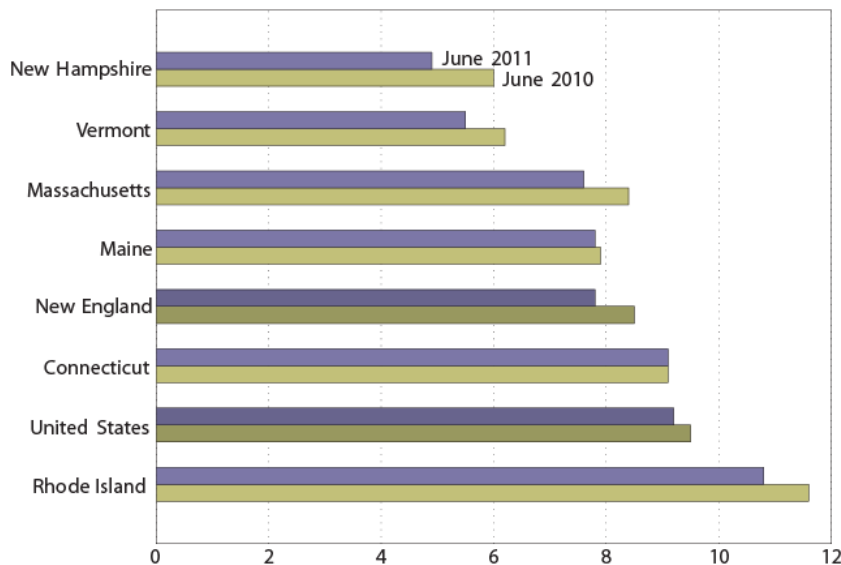
Unemployment down from same time in 2010, labor force participation falls

Unemployment in New England was roughly unchanged in June compared to May, but improved (fell) by 0.7 percentage points from a year earlier. Clouding the year-over-year decline in unemployment, however, is the fact that labor force participation in the region fell by roughly the same margin during the same period. Unemployment rates did not change significantly over-the-month in any state in the region.

The U.S. unemployment rate edged up for the third straight month in June, rising to 9.2 percent from March's 8.8 percent.

Initial claims for unemployment insurance fell in all New England states in June, both over-the-month and over-the-year, and the average decline in claims in the region (over-the-year) hewed closely to the national decline.

Unemployment Rates New England, Compared to Nationwide (percent)



Source: U.S. Bureau of Labor Statistics/Haver Analytics. Data are seasonally adjusted.

New England Economic Snapshot

August 2011

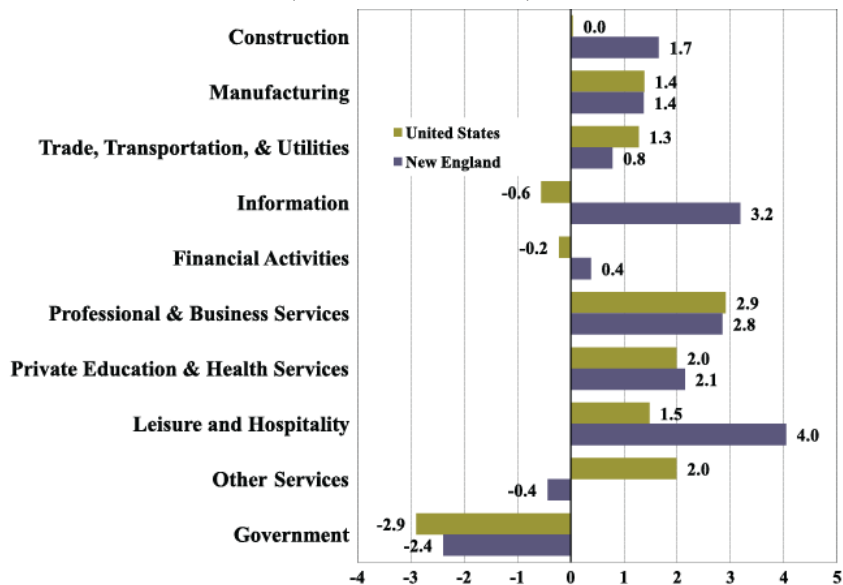
Leisure, construction employment up

Employment growth strengthened in almost all of New England's non-governmental sectors in June, with the exception of other services. Leisure and hospitality saw the strongest employment growth over-the-year to June, at 4 percent, and construction made news by posting its first significant annual employment increase in the region since October 2006. New England's construction sector rebounded in June to post employment gains of 1.7 percent over-the-year. Construction continued to stagnate at the national level with zero job growth over the same period.

Employment growth in the region's information sector, at 3.2 percent over-the-year to June, was especially strong in light of the 0.6 percent decline in that sector's employment nationwide for the same period.

Government-sector employment continued to decline in the region, albeit at a more moderate pace in June than in May.

Employment Growth by Supersector
(June 2010–June 2011)



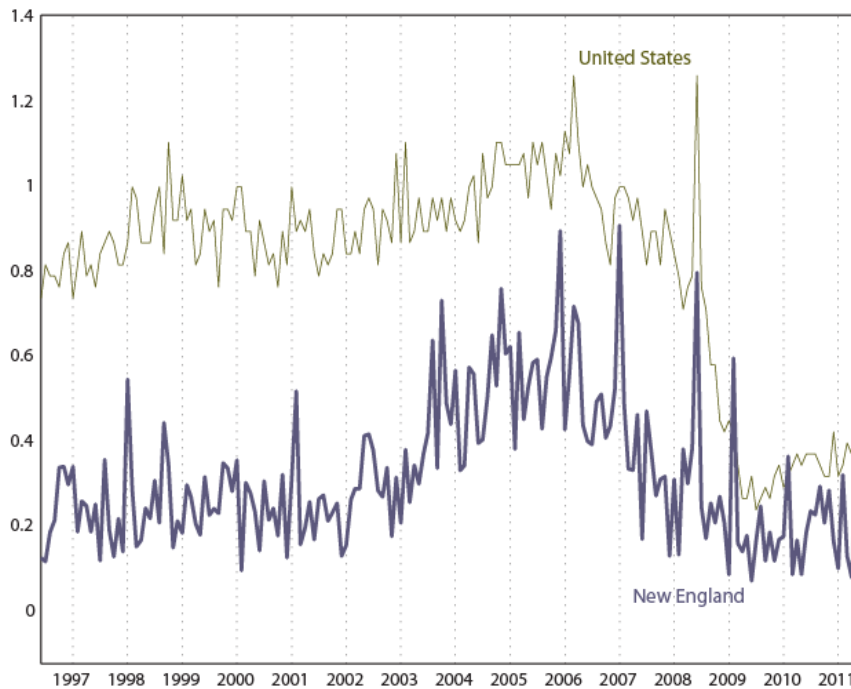
Source: U.S. Bureau of Labor Statistics. New England data for CT, MA, and NH. Seasonally adjusted data are not available for ME, RI, or VT.



New England Economic Snapshot is compiled by the Federal Reserve Bank of Boston's Financial Institution Relations & Outreach (FIRO) program and contains excerpts from information prepared by the Bank's Research Department and publicly available sources. This document generally reflects data released in the six weeks prior to August 9, 2011. 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 are available via *New England Economic Indicators* at www.bostonfed.org/economic/neeel. To subscribe for email updates, sign up at www.bostonfed.org/bankinfo/firo/subscribe/index.cfm.



Multifamily Housing Permits
(relative permits level 1998=1)



Source: U.S. Census Bureau/Federal Reserve Bank of Boston. Data are seasonally adjusted.

Multi-family permits up sharply

Single-family housing permits were roughly unchanged in the region, and increased just 3 percent for the U.S. in May compared to April. On a year-over-year basis to May, single-family permits fell 16.2 percent in New England and 5.6 percent nationwide.

In contrast, multifamily permits more than tripled over-the-month in the region and increased almost 20 percent nationwide. The data are consistent with a demand shift in favor of rental housing in the wake of the foreclosure crisis.