

Labor market slightly better, other indicators soften in New England

New England's small performance advantage compared with the national economy appears to be eroding further, although the region's economy still seems somewhat healthier than the U.S. economy overall.

Payroll employment up in October

Payroll employment expanded in New England in October, offsetting only three-fifths of the job losses of the previous two months and bringing total employment 1.1 percent ahead of its year-earlier level (Exhibit 1). This pace fell short of the nation's 1.2 percent job growth over the same 12 months.

All the non-government sectors added jobs in the region from October to October, with professional and business services leading the way at 3.7 percent job growth, construction increasing 1.4 percent year-over-year, and financial activities eking out a 0.2 percent year-over-year job gain.

While federal and local governments have cut back in New England at a similar pace as nationally (1.3 and 1.2 percent year-over-year, respectively), New England state governments, in total, held employment steady over the 12 months ending in October.

Regional jobless rate improves

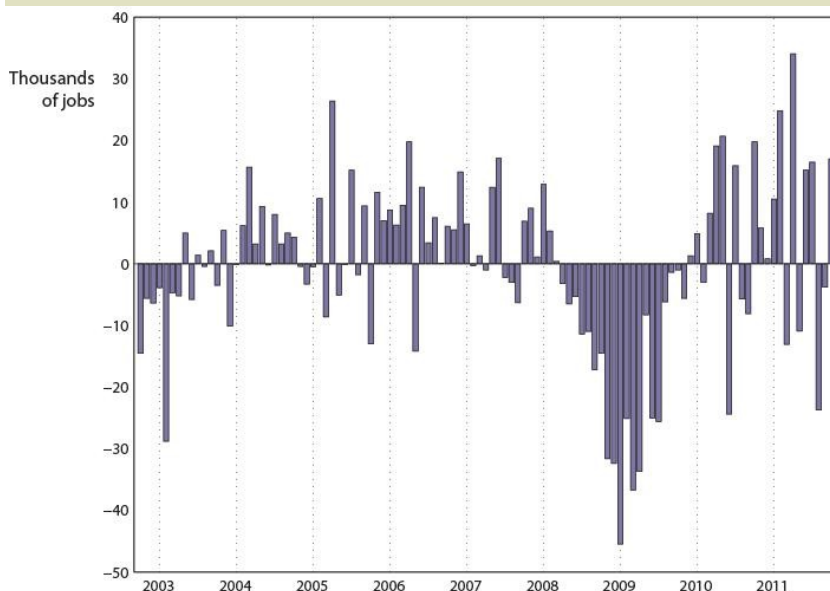
The New England unemployment rate continued to improve in October, coming in at 7.6 percent, almost a point and a half lower than the 9.0 percent October national rate. Four of the six states' jobless rates are significantly below the U.S. average, while Connecticut's rate is only slightly lower and Rhode Island's rate, at 10.4 percent, is significantly higher (Exhibit 2).

Labor force participation rates in the New England states rose slightly in October, following similar slight increases in September, but participation nonetheless remained below year-earlier levels.

Online job postings decline

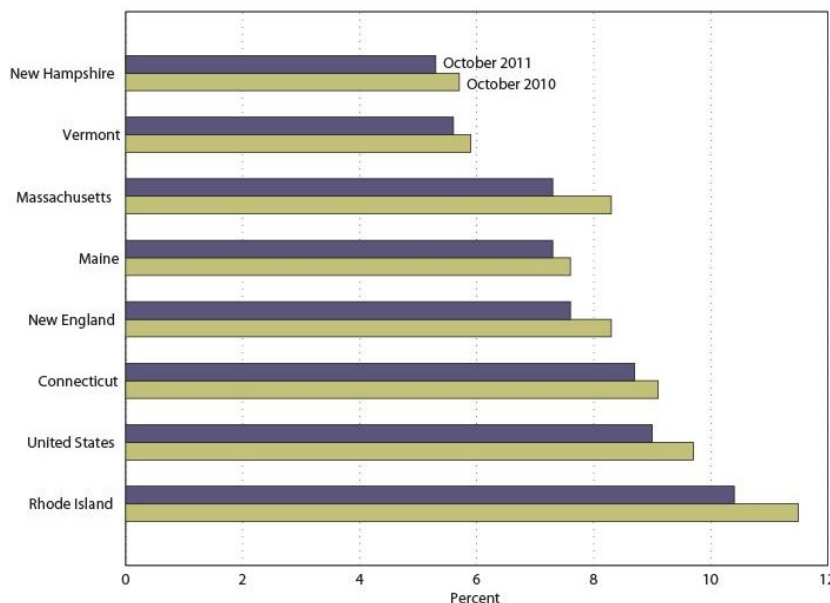
Online job postings and employment cost indexes paint a picture of deterioration in the region's

Exhibit 1
Monthly Employment Change in New England



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

Exhibit 2
Unemployment Rates

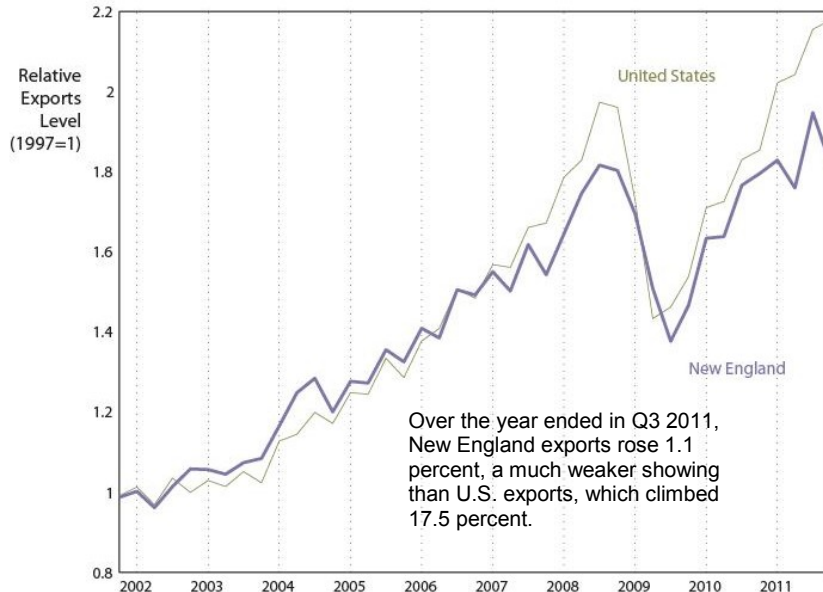


Source: U.S. Bureau of Labor Statistics/Haver Analytics. Data are seasonally adjusted.

position, relative to a year ago and/or relative to the nation. Job postings declined in the region and the Boston metro area from November 2010 to November 2011, while increasing nationally. New England's employment costs rose the most or second most among the nine Census divisions over the four quarters ending in Q3.

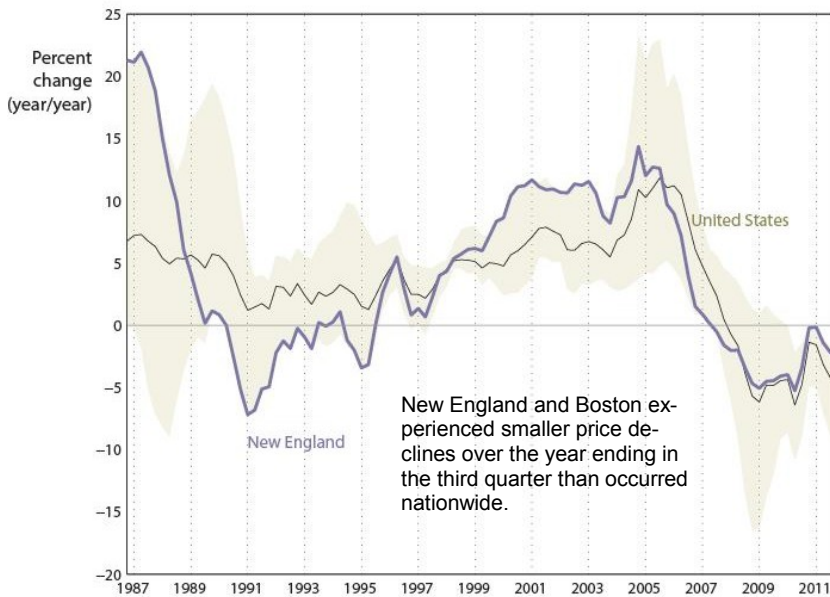
Most recent regional and national data available online www.bostonfed.org

Exhibit 3 Merchandise Exports



Source: World Institute for Strategic Economic Research/Federal Reserve Bank of Boston. Note: Merchandise exports are quarterly origin-of-movement data based on trade data compiled by the U.S. Census Bureau, Foreign Division.

Exhibit 5 FHFA House Price Indices

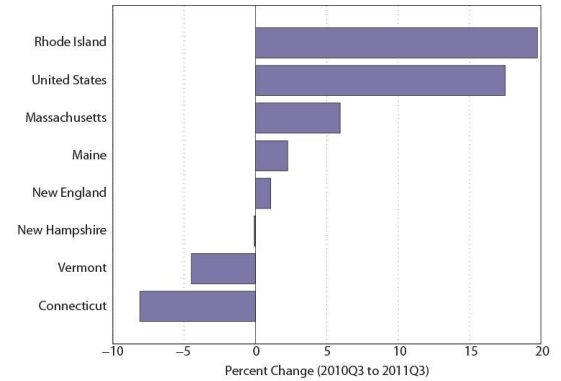


Source: Federal Housing Finance Agency/Haver Analytics. Shaded area represents the range of values among the nine U.S. Census Divisions in each quarter.

Residential construction slow in New England

Measures of home construction activity show steeper cutbacks (single-family permits) or more modest gains (multi-family permits and dollar value of residential construction contracts) in New England than nationally over the year ending with the August-September-October average. Similarly, existing home sales rose less in New England than nationally over the four quarters ending in Q3.

Exhibit 4 Merchandise Exports by State



Source: World Institute for Strategic Economic Research/Federal Reserve Bank of Boston. Note: Merchandise exports are quarterly origin-of-movement data based on trade data compiled by the U.S. Census Bureau, Foreign Division.

In contrast to nation, region's exports down in 3rd quarter

The dollar value of merchandise exports from New England fell in Q3 2011, partially offsetting the increases seen in the second quarter. Nationally, exports increased for a 10th consecutive quarter from their Q1 2009 low point (exhibit 3).

Within the region, Rhode Island (up 19.8 percent) was the only New England state to outpace the national export growth rate (exhibit 4).

Among New England's major export industries, waste and scrap expanded the most over the year (more than double), followed by electrical equipment, appliances, and components (up 17.2%) and primary metal manufacturing (14.3%).

New England Economic Snapshot

New England Economic Snapshot is published by the Federal Reserve Bank of Boston's Financial Institution Relations & Outreach (FIRO) program and contains information from the Bank's Research Department.

New England Economic Snapshot aggregates data released in the six weeks before December 2, 2011. Use of these data does not necessarily imply the Bank's endorsement. More current and detailed data on the New England economy are available at www.bostonfed.org/economic/nee.

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