

# New England Economic Snapshot

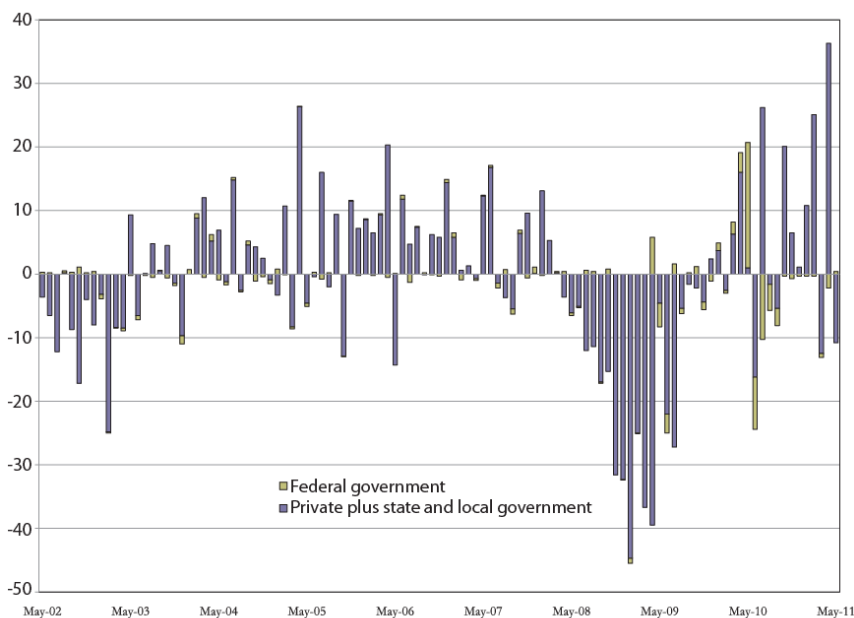
June 2011

## New England exports decline in first quarter; real estate markets mostly weakening

New England employers shed jobs in May, after expanding their payrolls vigorously in April. May's job losses softened the region's year-over-year employment growth to 0.7 percent, on par with that of the nation. Earlier signs of recovery in export volumes and the region's housing market have reversed recently, although the housing foreclosure situation continues to improve.

According to the New England Economic Partnership, the outlook is for gradual recovery, with employment growth continuing to accelerate modestly but house prices not beginning to turn until the second half of 2012.

Monthly Employment Change in New England  
(thousands of jobs)



## April's strong job growth followed by contraction in May

New England's payroll employment fell by 10,400 jobs in May, following April's increase of 34,100 jobs. May's job losses reduced the region's year-over-year employment growth to 0.7 percent.

Maine and Rhode Island were the only states in the region to see over-the-month employment gains from April to May, up 800 and 1,300 jobs, respectively.

All six New England states remain ahead of their year-earlier employment levels, with Rhode Island and Massachusetts the region's fastest growing states at 0.9 percent year-over-year employment growth.

Massachusetts was among the 15 states nationwide to post a statistically significant employment gain over the year, up 27,500 jobs.

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

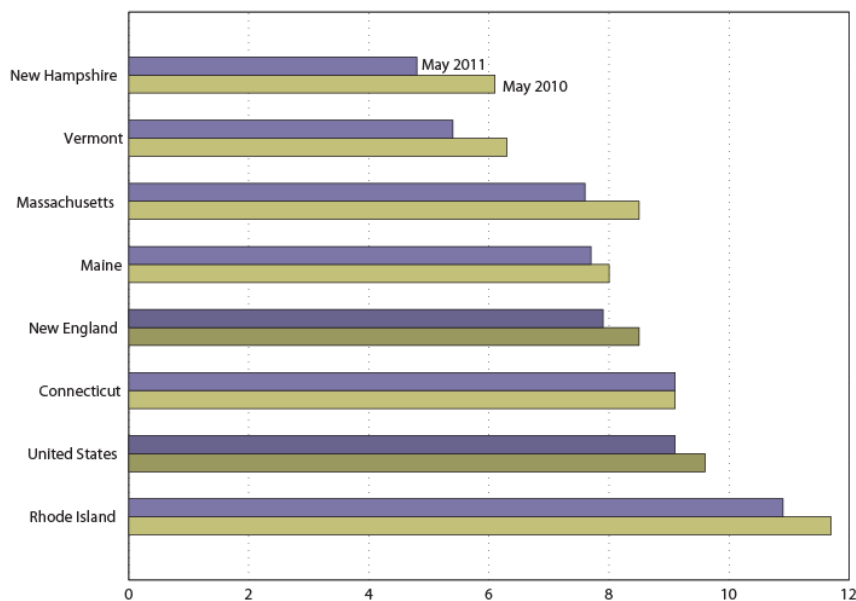
## Regional unemployment rate steady; labor force participation declines

New England's unemployment rate held steady at 7.9 percent in May, with modest over-the-month increases in joblessness in Maine and Vermont offset by decreases in Massachusetts and New Hampshire. The region continues to fare better than the nation, as the U.S. unemployment rate climbed to 9.1 percent in May.

At 10.9 percent, Rhode Island continues to have the highest jobless rate in the region and the third highest in the nation, after Nevada and California.

All six New England states saw labor force participation decline in May. The region's participation rate (percentage of the civilian noninstitutional population ages 16 and older) fell from 67.2 percent in April (where it had been since last fall) to 67.0 percent in May.

Unemployment Rates in New England, Compared to Nationwide  
(percent)



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

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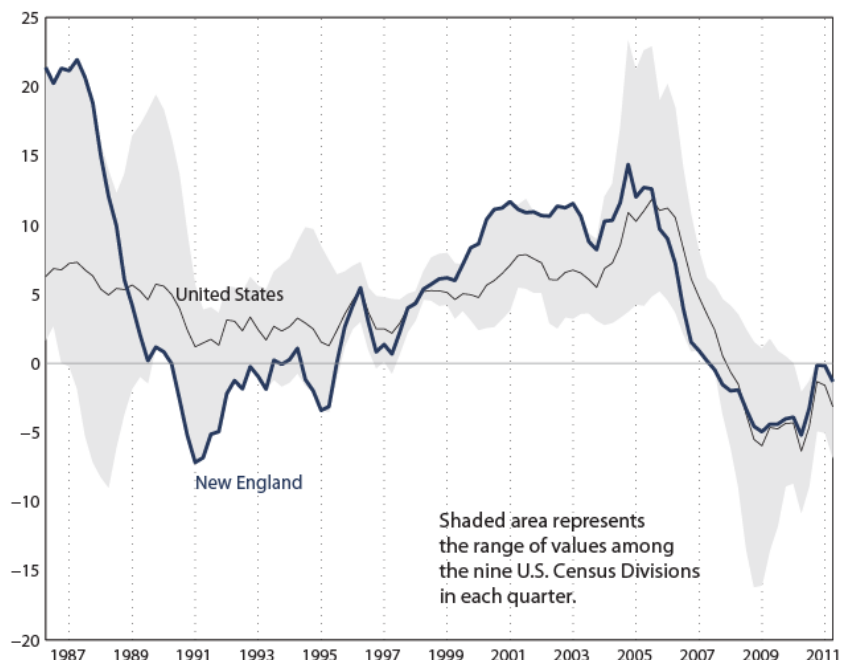
## House prices soften, permits down

House prices continued to soften in the first quarter. The FHFA house price index declined from Q4 to Q1 in the nation, region, and all six New England states, and the year-over-year change became more negative, coming in at -3.1 percent in the U.S. and -1.3 percent in New England.

Existing home sales increased in the first quarter in both New England and the nation, up 10.4 and 8.3 percent, respectively, relative to Q4 2010. Nonetheless, sales remain at or below their year-earlier levels in the nation and five of the six New England states (the exception is New Hampshire, which saw a 4.2 percent increase year-over-year).

From March to April, total housing permits fell in both New England and the nation, bringing their February-March-April averages below their November-December-January averages, down 20.6 and 4.8 percent, respectively. Relative to a year earlier, total housing permits in the three months ending in April were down 33.7 percent in New England and 15.2 percent nationwide.

FHFA House Price Indices  
(percentage change year over year)



Source: Federal Housing Finance Agency/Haver Analytics. Data are not seasonally adjusted.



**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 June 22, 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](http://www.bostonfed.org/economic/neeel). To subscribe for email updates, sign up at [www.bostonfed.org/bankinfo/firo/subscribe/index.cfm](http://www.bostonfed.org/bankinfo/firo/subscribe/index.cfm).



## Nation's core inflation, 1.5%; Boston area, 0.6%

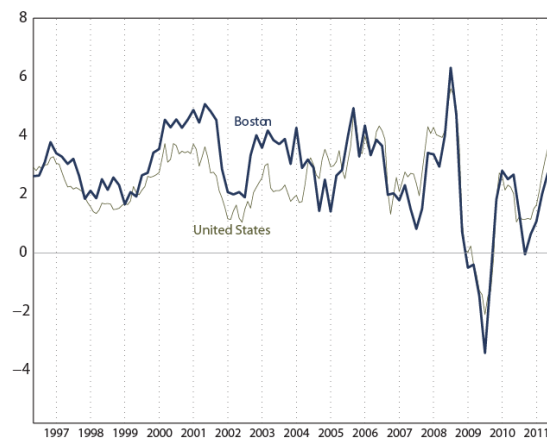
Consumer prices in the Boston metropolitan area and the nation continued to rise over the two months ended in May, bringing year-over-year headline inflation rates to 2.7 and 3.6 percent, respectively.

The over-the-year increase in Boston-area prices was driven by higher energy prices (up 24.3 percent), mainly attributable to a 37.2 percent increase in gasoline prices; utility (piped) gas service prices rose 14 percent. As a result, transportation prices increased 13.8 percent and (housing-related) fuel and utilities prices rose 11.3 percent.

Energy prices rose more modestly in the nation, up 21.5 percent, with transportation prices up 13.1 percent and fuel and utilities prices up 3.4 percent. Most other components, however, increased more modestly in the Boston area than nationally.

Food prices, for example, rose 2.7 percent in Boston over the year, compared to 3.5 percent nationwide. The increase in Boston-area food prices was driven by increases in grocery store and restaurant

Consumer Price Index  
(percentage change, year over year)



Source: US Bureau of Labor Statistics/Haver Analytics.

prices, up 2.5 and 2.9 percent, respectively.

Taking out food and energy, Boston's core inflation rate edged up to 0.6 percent, with price increases in medical, education, and other goods and services more than offsetting decreases in shelter, recreation, and apparel. The core inflation rate in the nation was 1.5 percent in May.