

New England Economic Snapshot

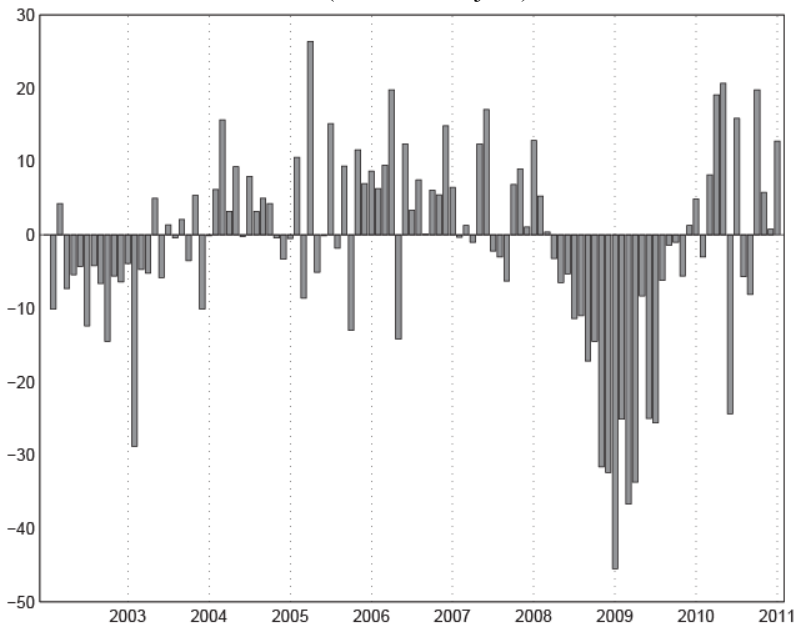
March 2011

New England recovery continues

New England still appears to be performing somewhat better than the nation as a whole. Employment remained 0.9 percent above its year-earlier level, which exceeds the nation's year-over-year job gains of 0.8 percent to January. All six states have lower unemployment rates this January than last.

Coincident indices still show year-over-year increases in economic activity across the region, and more growth regionally than nationally.

Monthly Employment Change in New England
(thousands of jobs)



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

New England employment increases for 4th consecutive month

New England gained 54,000 jobs in all of 2010 and 39,000 jobs in October through January alone. On a year-over-year basis, employment in the region expanded for a seventh consecutive month in January, up 0.9 percent (61,900 jobs).

Nationally, employment expanded slightly from December to January and came in 0.8 percent above its year-earlier level. Both New England and the nation remain significantly below their pre-recession peaks, down 4 and 5.6 percent, respectively.

Within New England, three of the six states (Connecticut, New Hampshire, and Rhode Island) saw job losses in January, while the others continue to add jobs. All the states except Rhode Island remain ahead of their year-earlier employment levels, with Vermont the region's fastest growing state at 2.8 percent year-over-year employment growth.

Regional jobless rate down 0.6 percentage points from prior year

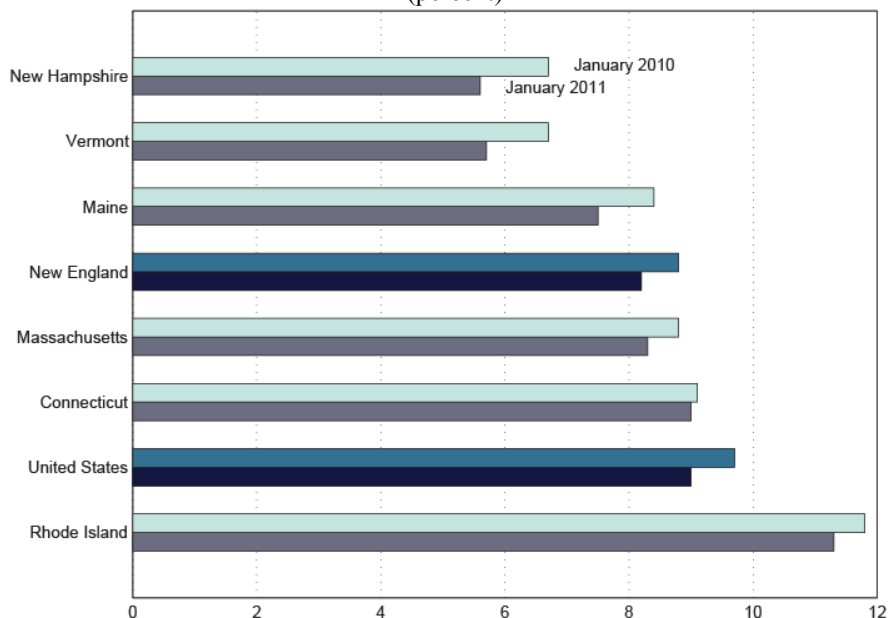
New England's unemployment rate dropped to 8.2 percent in January 2011, down from its year-earlier (peak) level of 8.8 percent and its December 2010 value of 8.3 percent.

Nationally, unemployment came in at 9 percent in January, down from its year-earlier level of 9.7 percent.

Rhode Island has the highest jobless rate in New England and the fourth highest in the nation; New Hampshire and Vermont have the lowest jobless rates in the region and rank fourth and fifth lowest, respectively, among all U.S. states.

All six New England states saw declines unemployment since January 2010, but only the changes in Maine, New Hampshire, and Vermont were statistically significant.

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

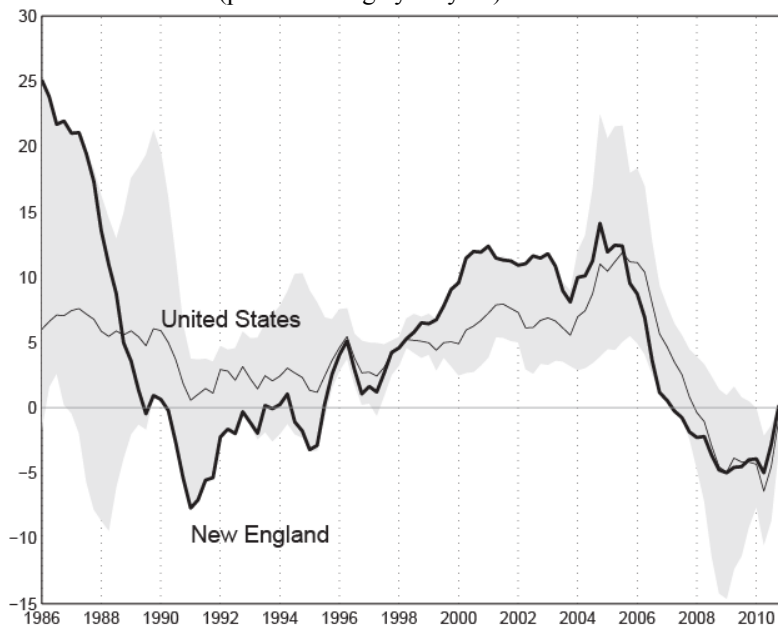


Source: U.S. Bureau of Labor Statistics/Haver Analytics. Note: Data are seasonally adjusted.

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FHFA House Price Indices
(percent change year/year)



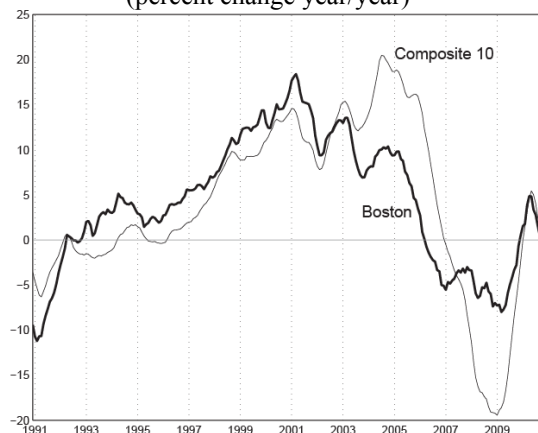
Source: Federal Housing Finance Agency/Haver Analytics. Data are not seasonally adjusted.



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 March 15, 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.

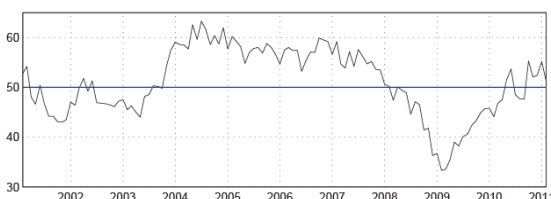


S&P/Case–Shiller Metropolitan-Area Home Price Indices
(percent change year/year)



Source: S&P/Case–Shiller, Fiserv, and MacroMarkets LLC/Haver Analytics. Data are not seasonally adjusted.

Massachusetts Business Confidence Index



Source: Associated Industries of Massachusetts.

Residential real estate data mixed

Residential real-estate market indicators were mixed in recent data. Existing home sales increased in the fourth quarter in both New England and the nation, after each had dropped markedly in the third quarter. Both remain below their year-earlier levels, and this pattern occurred in all six New England states.

New England house prices as measured by the FHFA house price index stayed mostly steady in the fourth quarter, from their values both one quarter and one year ago (dark line in the chart at left). The six New England states showed some variability in their year-over-year changes; Rhode Island house prices performed worst with a 1.5 percent decrease and Massachusetts prices best with a 0.4 percent increase. (Shaded area in the chart at left represents the range of values among the nine U.S. Census Divisions in each quarter.)

The FHFA metro-area house price indices saw scattered fourth-quarter changes throughout the metropolitan areas in New England; a number of areas continued to see price declines on a year-over-year basis, a pattern particularly consistent for those areas in Connecticut and Maine.

Boston's Case–Shiller monthly home price index was 0.8 percent below its year-earlier level in December 2010, the third consecutive month with a negative year-over-year report (left). The composite 10 index of 10 metropolitan areas (including Boston) was 1.2 percent below its year-earlier level, for a second month of negative growth. Among the metro areas included in the composite 10 index, year-over-year price changes ranged from a decrease of 7.4 percent in Chicago to an increase of 4.1 percent in Washington, D.C.

Massachusetts business confidence declines in December

The MassBenchmarks leading economic index decreased from 3.2 in November to 3.0 in December, indicating that the Massachusetts economy is expected to grow at an annualized rate of 3 percent over the next six months.

The Associated Industries of Massachusetts (AIM) Business Confidence Index (at left) fell 4 points to 51.2 in February, following an increase from December to January. The index is now 7.1 points above its value for February 2010. (Measures above 50 indicate predominately positive sentiment among employers.)