

New England Economic Snapshot

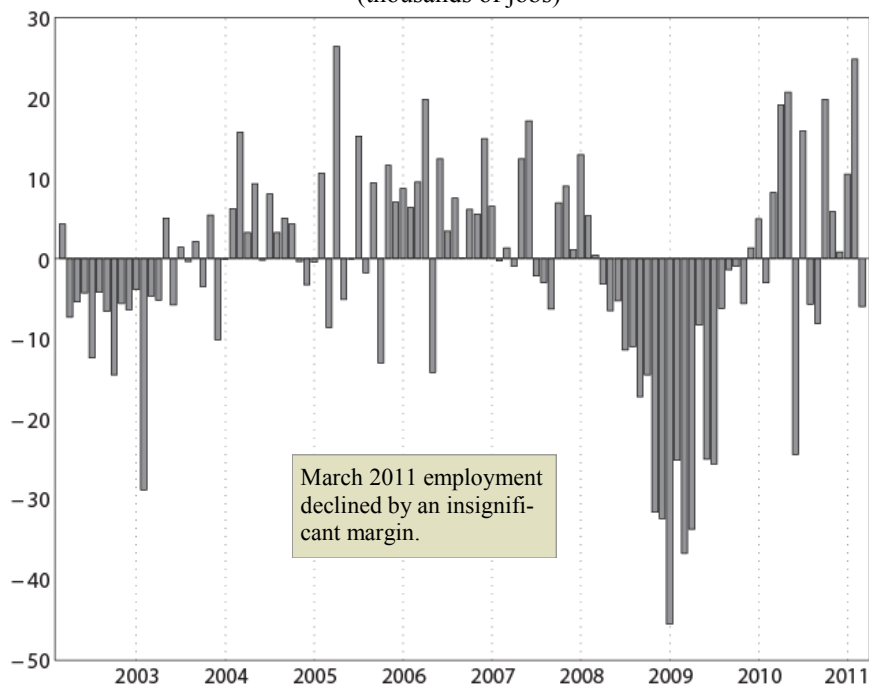
May 2011

Economic Recovery Solidifies in New England and U.S., Housing Remains Weak

In every state in New England, overall economic activity grew at an accelerated pace in March 2011 compared to each of the previous two months.

Labor market indicators improved along a number of dimensions. Inflation picked up steam in recent months, both locally and nationally, due in large part to rising energy prices, but core inflation remained tame. Growth in wages and personal income in New England continued to accelerate. House prices continued to fall both regionally and nationally through January 2011.

Monthly Employment Change in New England
(thousands of jobs)



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

Ninth consecutive month of year-over-year employment growth

New England saw an increase of 24,800 jobs in February, the largest monthly gain since April 2005. In March, net employment for the region declined, but by an insignificant margin of 6,000 jobs (.09 percent).

On a year-over-year basis in February, both the region and the U.S. saw net job growth. The pace of growth was slightly faster in New England (1.3 percent) than for the nation (1 percent). Year-over-year job growth for March was 1.1 percent for New England (positive in all states) and 1 percent for the nation.

The U.S. gained more than 216,000 jobs in March. For March, Massachusetts and Vermont each posted statistically significant employment increases over the year of 1.1 percent and 2.8 percent, respectively.

Unemployment rate holds steady

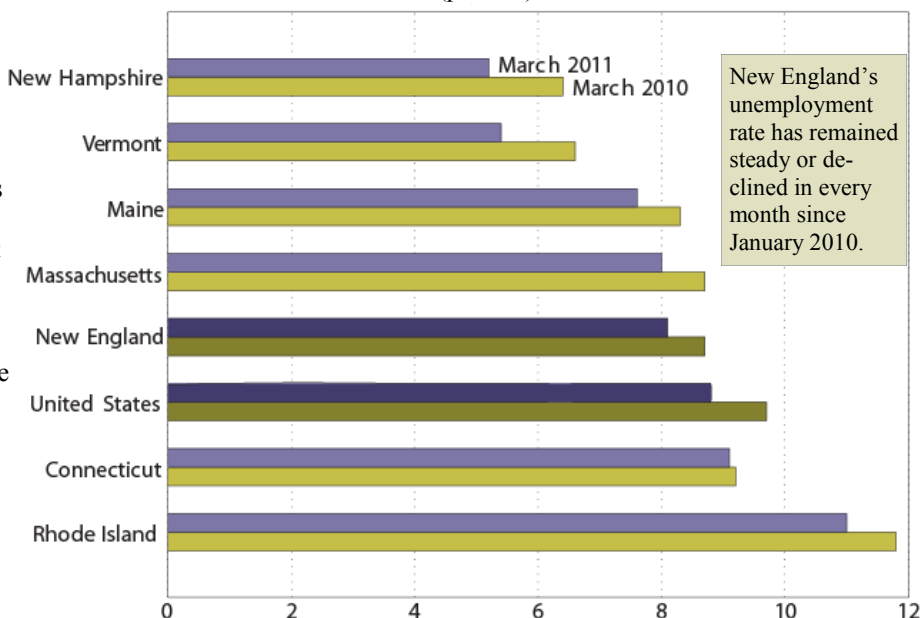
Regional unemployment fell to 8.1 percent in March from 8.2 percent in January and February, but the monthly decline is probably not statistically significant.

Unemployment rates in three New England states are significantly lower than the U.S. average (8.8 percent): New Hampshire (5.2 percent), Vermont (5.4 percent) and Maine (7.6 percent).

Among New England states, only New Hampshire experienced a statistically significant change in its unemployment rate over-the-month in March, a decline of 0.2 percent.

New Hampshire's unemployment rate of 5.2 percent is not much higher than that of the state ranked third lowest in terms of unemployment, South Dakota (4.9 percent in March).

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

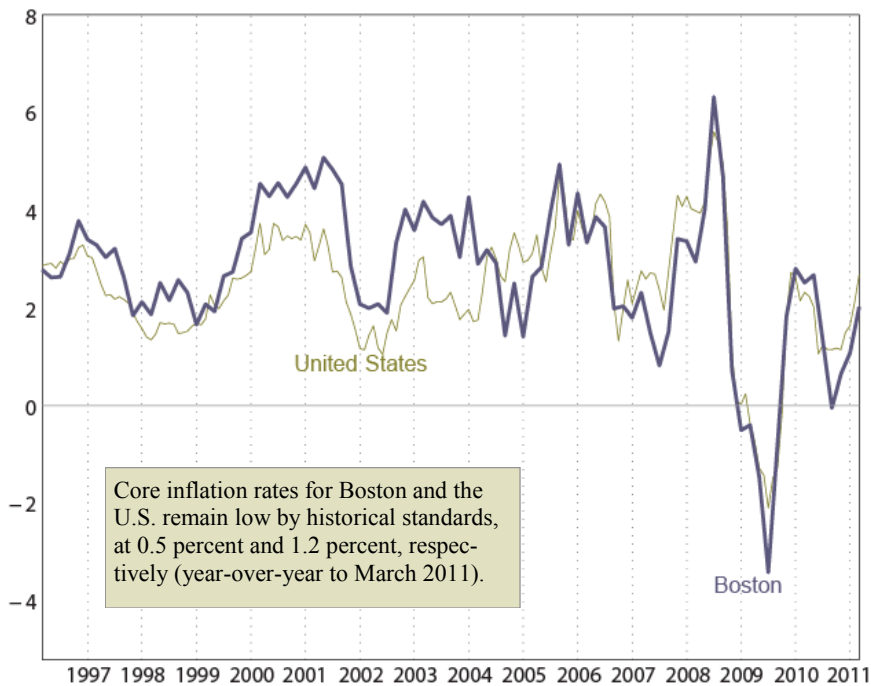


Source: U.S. Bureau of Labor Statistics/Haver Analytics. Data are seasonally adjusted.

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Consumer Price Index
(percentage change, year over year)



Source: US Bureau of Labor Statistics/Haver Analytics.

Consumer prices including food and energy, up for 6th month

For March, consumer prices in Boston (based on the headline CPI, which includes food and energy) are up significantly—1.2 percent—over January. Boston’s year-over-year headline inflation rate increased for the sixth straight month to 2 percent in March.

Prices increased even more sharply for the U.S. as a whole, leaving the CPI up 1.5 percent since January 2011 and 2.7 percent since March 2010, the highest year-over-year increase since January 2010.

Core inflation rates (not including food and energy) for Boston and the U.S. remain low by historical standards.

Energy prices were the main driver of the uptick in Boston’s CPI, increasing 16.6 percent over the year. The two components with the largest local price increases from January to March were transportation (3.7 percent) and fuel (3.4 percent) [see table below left].

Percent Change in Consumer Prices

Since...	United States		Boston	
	2 months ago (1/2011)	Last year (3/2010)	2 months ago (1/2011)	Last year (3/2010)
All Items	1.5%	2.7%	1.2%	2.0%
Food	1.1%	2.9%	0.4%	1.8%
Shelter	0.3%	0.9%	0.2%	-0.6%
Fuel	1.2%	2.1%	3.4%	7.7%
Transportation	5.1%	9.8%	3.7%	10.4%
Medical	1.0%	2.7%	0.3%	1.7%
Recreation	0.6%	-0.1%	0.7%	-2.6%
Education	0.0%	1.1%	0.3%	0.8%
All, Less Food/ Energy	0.7%	1.2%	0.7%	0.5%

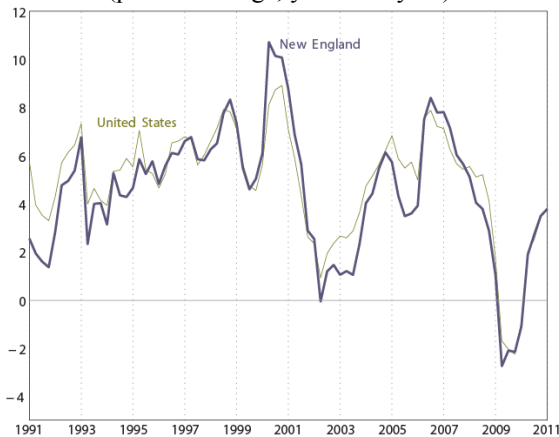
Source: U.S. Bureau of Labor Statistics/Haver Analytics. Most recent data are for March 2011.

New England and U.S. personal income continue to grow

Personal income grew on a year-over-year basis to 2010Q4 both regionally and nationally (3.8 percent and 3.9 percent, respectively).

All states in New England reported personal income growth above 3 percent year-over-year to 2010Q4. Only Massachusetts (4.2 percent) outperformed the national rate.

Personal Income
(percent change, year over year)



Source: U.S. Bureau of Economic Analysis/Federal Reserve Bank of Boston. Data are 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 April 19, 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/nee. To subscribe for email updates, sign up at www.bostonfed.org/bankinfo/firo/subscribe/index.cfm.