

## New England Economy loses steam; region still healthier than nation

New England's labor market showed signs of stagnation in recent months, as job losses in August and September left employment at its lowest level since March 2011. New Hampshire posted the largest over-the-month employment decline in the nation in September.

The construction sector reversed trend in recent months, losing 6,600 jobs since June following a modest first-half surge in employment. Nonetheless, total regional employment posted a 1.2 percent over-the-year increase to September, matching U.S. employment growth over the same period.

### Percentage employed dips

While regional unemployment fell by 0.6 percentage point over-the-year, this movement was overshadowed by the fact that the region's employment-to-population ratio declined by 0.5 percentage point over the same period (Exhibit 3).

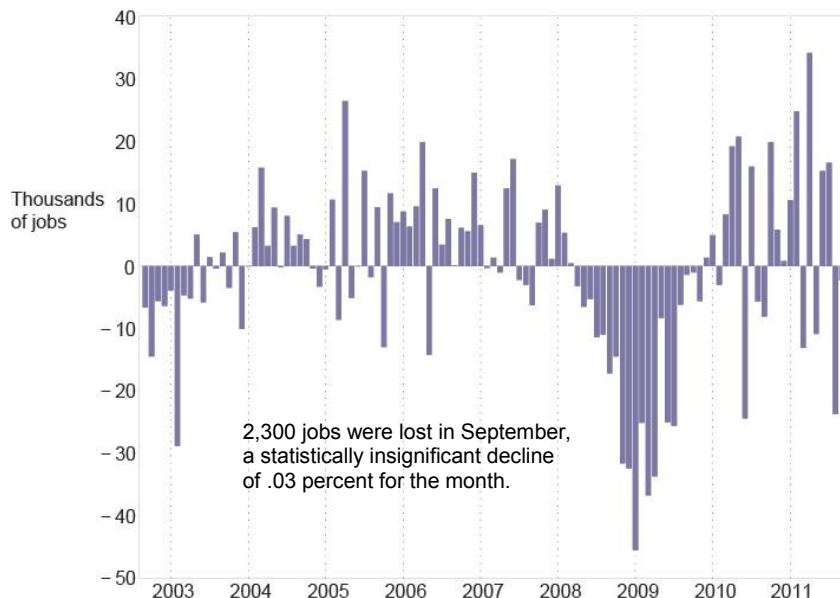
New England posted over-the-month and over-the-year increases in average weekly unemployment claims in September while the U.S. as a whole saw declines. In another unfavorable comparison, online job postings in the region grew at a scant one percent over-the-year to September while increasing in excess of seven percent for the U.S. as a whole.

Exhibit 3  
Employment/Population  
(percent)

	Current (Aug.)	Last Report (July)	One Year Ago (Aug. 2010)
Vermont	66.2	66.3	66.4
New Hampshire	65.7	65.7	65.8
New England	61.1	61.2	61.6
Connecticut	61.0	61.3	62.3
Maine	60.2	60.1	60.2
Massachusetts	60.2	60.2	60.5
Rhode Island	59.0	59.3	60.3
United States	58.2	58.1	58.5

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

Exhibit 1  
Monthly Employment Change in New England

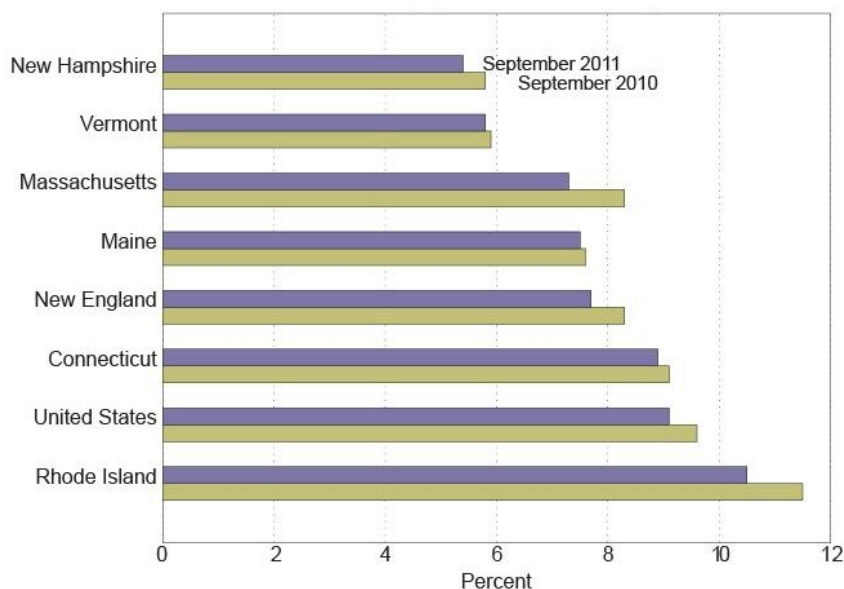


Source: U.S. Bureau of Labor Statistics/Haver Analytics. Data are seasonally adjusted.

## Unemployment rates show little change year to year

Unemployment rates in the New England states were roughly flat in September. Both Rhode Island and Massachusetts saw 1 percent declines in unemployment over the year, but the decline was not statistically significant for Rhode Island (Exhibit 2).

Exhibit 2  
Unemployment Rates New England, Compared to Nationwide



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

## Housing demand off from 2010

Housing demand in New England strengthened in August but remains weaker than one year ago. Data on housing permits and construction contracts suggest that demand for new housing in New England has fallen short of that for the U.S. as a whole.

House prices continued to decline both regionally and nationally and declines continued to be more moderate in Boston and New England than in the U.S. on average.

Depending on the house price index that is used, price declines regionally and nationally have either accelerated in recent months (according to some FHFA indices, Exhibit 4) or moderated (according to Case-Shiller indices for large cities), adding to the uncertainty in the economic outlook.

## Gasoline drives headline inflation

On a year-over-year basis to September, consumer price inflation in Boston posted its highest reading since September 2008, and at 3.7 percent fell just below the U.S. inflation rate for the same period (Exhibit 5).

Both locally and nationally, over-the-year price inflation was driven by sharp increases in gasoline prices, which have since fallen off their highs from earlier in the year.

While core inflation appeared contained, at 1.7 percent in Boston and 2 percent for the U.S. year-over-year to September, both rates represent increases over the respective readings from July.

## New England Economic Snapshot

**New England Economic Snapshot** is published by the Federal Reserve Bank of Boston's Financial Institution Relations & Outreach (FIRO) program.

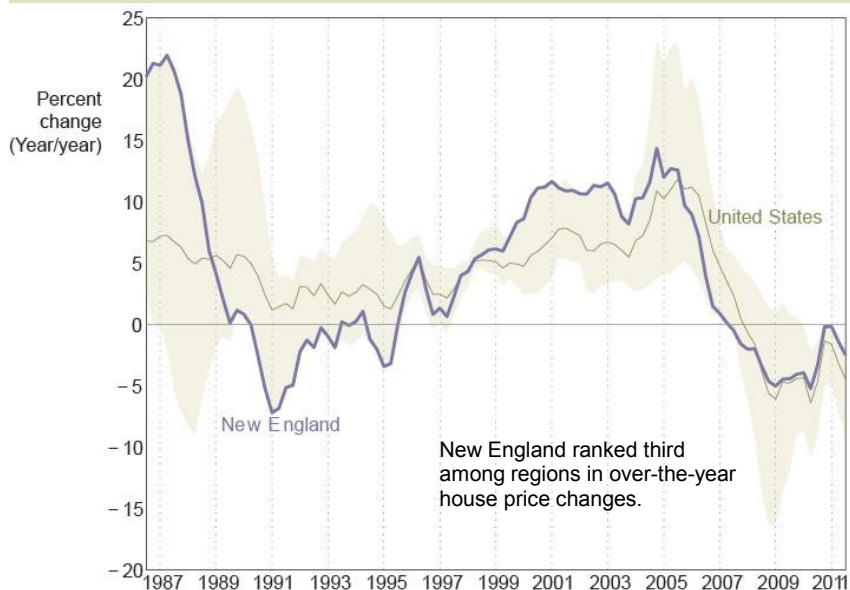
**New England Economic Snapshot** aggregates data released in the six weeks before October 21, 2011. Use of these data does not necessarily imply the Bank's endorsement. More current and detailed data on the New England economy are available at [www.bostonfed.org/economic/nee](http://www.bostonfed.org/economic/nee).

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Exhibit 4  
FHFA House Price Indices



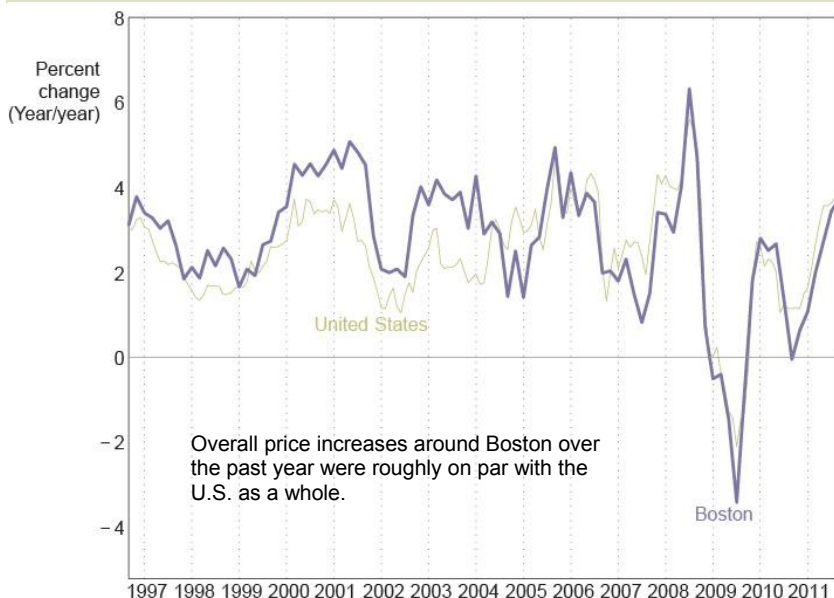
Source: Federal Housing Finance Agency/Haver Analytics. Shaded area represents the range of values among the nine U.S. Census Divisions in each quarter.

## Consumers feel better today, worry about the future

On a year-over-year basis for New England, a sizable increase in confidence in the present situation was almost fully offset by a decline in future expectations, leaving overall confidence up only slightly from September 2010.

For the U.S., overall confidence fell marginally over-the-year to September, a move that was also driven by a decline in future expectations.

Exhibit 5  
Consumer Price Index



Source: U.S. Bureau of Labor Statistics/Haver Analytics.