

Economic signals remain mixed, New England generally outperforms nation

The New England economy showed positive signs in recent months along some indicators, such as employment growth and initial unemployment claims. Unemployment and foreclosure starts indicated neutral performance. Headline CPI, the costs of fuel and transportation, and consumer confidence sent negative signals.

The region's economy continued to outperform that of the United States as a whole on most measures, although the region's consumers are considerably more pessimistic than last year and than the nation as a whole.

Jobs grow in June and July

New England's labor market continued to perform better than the national average as employment growth in the region surpassed its long-term trend rate of 1.2 percent in July with 1.3 percent annual growth. The number of jobs added in July was modest (15,200) and followed June numbers revised upward to the same number, both rebounding from May's loss of 10,900 jobs (Exhibit 1).

Massachusetts posted the strongest job growth in the region both month-over-month and year-over-year, while Rhode Island and New Hampshire also showed significant positive year-over-year growth.

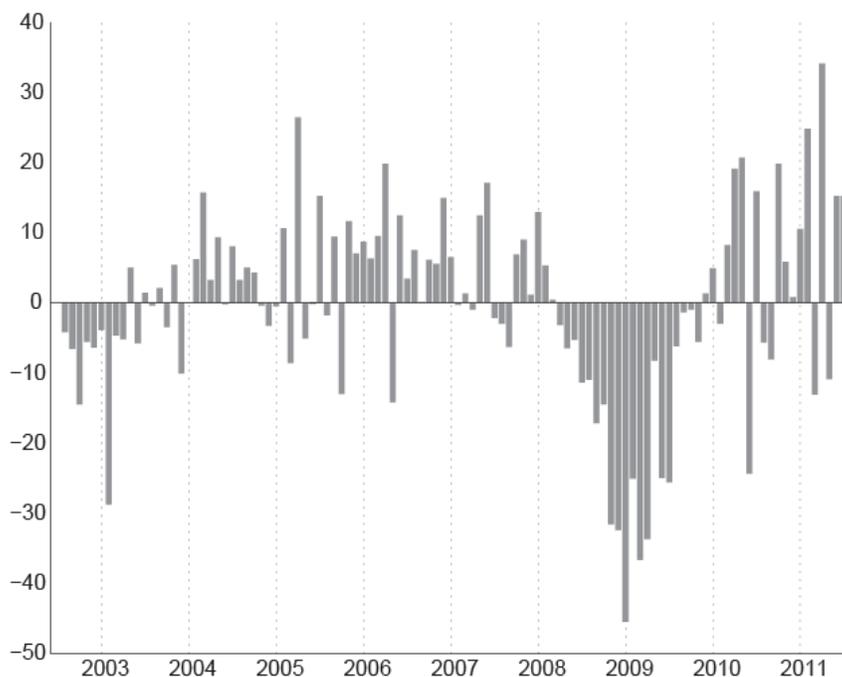
Information, hospitality grow

In the region, the information sector and the leisure and hospitality sector saw the strongest employment growth year-over-year to July, at 3.7 and 2.6 percent, respectively. As in June, the construction sector also posted an annual employment increase in the region. Government-sector employment continued to decline in the region and the nation, at 1.6 percent and 2.7 percent year-over-year, respectively.

Unemployment flat May–July

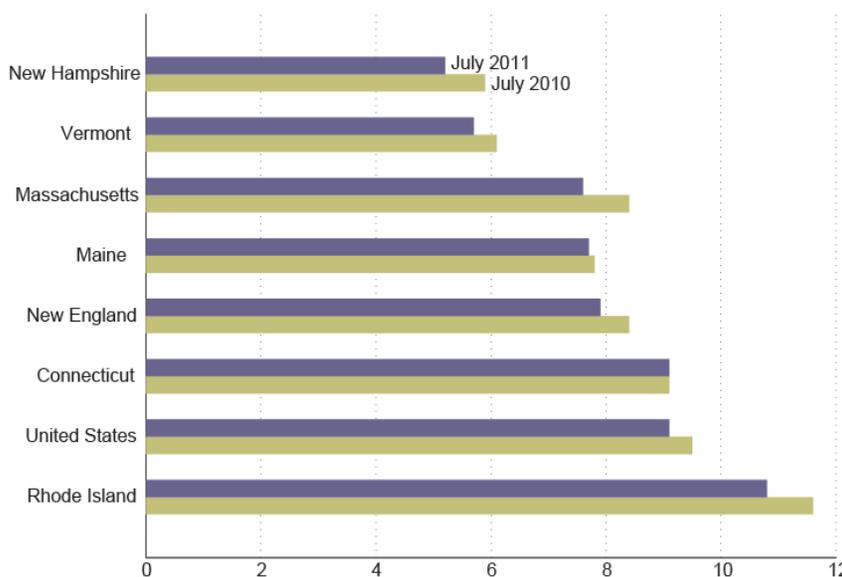
Unemployment in New England was unchanged in July compared to May, at 7.9 percent, after dipping to 7.8 percent in June, but is down 0.5 percentage points from a year earlier (Exhibit 2). Clouding the year-over-year decline in unemployment is the 0.9 percentage-point decline in regional labor-force participation. The national unemployment rate was also the same in July as in May, at 9.1 percent.

Exhibit 1: Monthly Employment Change in New England
(thousands of jobs)



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

Exhibit 2: Unemployment Rates New England, Compared to Nationwide
(percent)



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

New England Economic Snapshot

September 2011

Initial unemployment claims down

Initial claims for unemployment insurance fell year-over-year in July for New England and each state except Rhode Island; initial claims also decreased significantly in the nation since July 2010 (Exhibit 3). Despite the mostly positive labor market news in the region, online job postings grew more slowly in New England than in any other census region for the year ended in July.

Core inflation remains low

Core inflation rates for Boston and the United States remain low by historical standards, at 1.3 percent and 1.8 percent year-over-year, respectively, although these rates have risen for 10 consecutive months in Boston and 9 in the United States.

For July, consumer prices (based on the headline CPI, which includes food and fuel) in the nation were unchanged over May.

Prices including food and fuel were up nationally year-over-year, 3.6 percent higher than July 2010, the highest year-over-year increase since October 2008 (Exhibit 4).

Prices decreased marginally for Boston in the prior two months, leaving the CPI down 0.1 percent since May 2011, but Boston's year-over-year headline inflation increased for the 10th straight month to end at 3.4 percent over July 2010.

Fuel prices saw the largest component rise in the United States since May, up 3.0 percent; they increased 3.2 year-over-year, but transportation (up 12.0 percent) and food (up 4.2 percent) both saw larger year-over-year jumps.

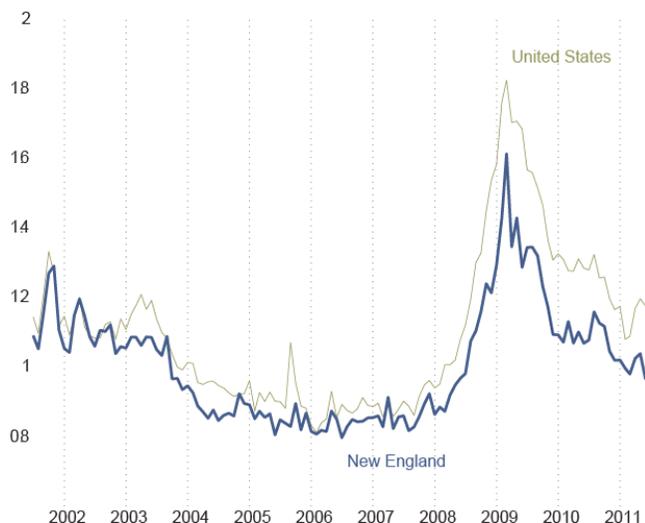


New England Economic Snapshot is compiled by the Federal Reserve Bank of Boston's Financial Institution Relations & Outreach (FIRO) program and contains information from the Bank's Research Department and publicly available sources.

This document generally reflects data released in the six weeks prior to September 9, 2011. Use of these data does not necessarily imply the Bank's endorsement of the information. More current and detailed data on the region's economy are available at www.bostonfed.org/economic/nee.

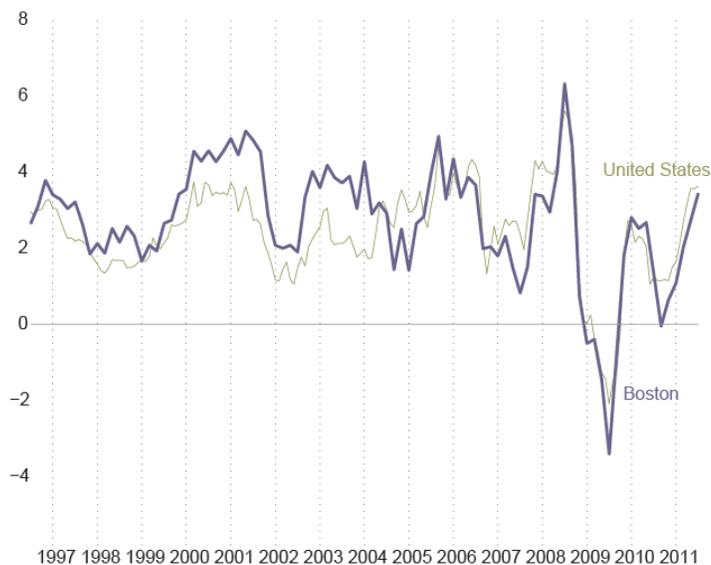
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Exhibit 3: Initial claims for Unemployment Insurance
(relative claims level, 1995=1)



Source: U.S. Department of Labor and Federal Reserve Bank of Boston (New England) and U.S. Department of Labor and Federal Reserve Board of Governors (United States). Data are seasonally adjusted.

Exhibit 4: Consumer Price Index
(percent change year/year)



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