

Economic growth continues, but uneven

The New England economy continues to expand but growth is unsteady and varies widely among the states.

Jobs increase in January and February

New England had a second month of payroll job gains, adding 14,700 jobs in February and 28,500 in January (exhibit 1). This followed a revised loss of 5,900 payroll jobs in December (revised up from a loss of 9,600 jobs), bringing the year-over-year employment growth rate back up to 0.7 percent, but keeping it below the U.S. growth rate of 1.6 percent.

Within New England, only one of the six states shed jobs in February, with losses of 3,500 jobs in New Hampshire. All states except Vermont gained jobs or held payroll employment constant in January. Only Rhode Island is down year-over-year, with 0.2 percent fewer payroll jobs.

Unemployment improves, back to January 2009 level

The region's unemployment rate improved again in February, to 7.2 percent of the labor force, to a level not seen since January 2009 (exhibit 2). It is well below the national rate of 8.3 percent. Within the region, the jobless rate varies dramatically, however, with New Hampshire and Vermont continuing to have very low unemployment (of 5.2 and 4.9 percent, respectively) and Rhode Island having one of the highest rates in the country (rising to 11.0 percent in February). All six states' jobless rates have come down from a year earlier.

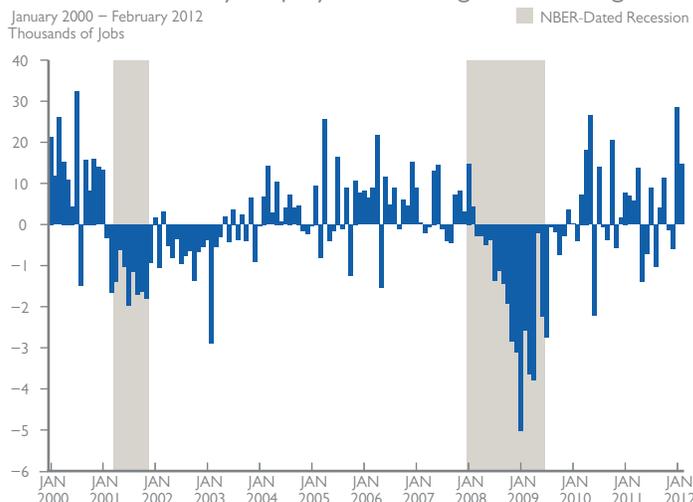
New England's labor-force participation rate edged down in February (to 66.5 percent) while the employment-to-population ratio remained steady at 61.8 percent.

Personal income grows 4.6 percent over the year nationally and in New England

Personal income continued to grow in both the region and nation in 2011 Q4 (exhibit 3). Year-over-year growth in the fourth quarter was 4.6 percent for each, although both rates are below their recent peak values from the first quarter of 2011.

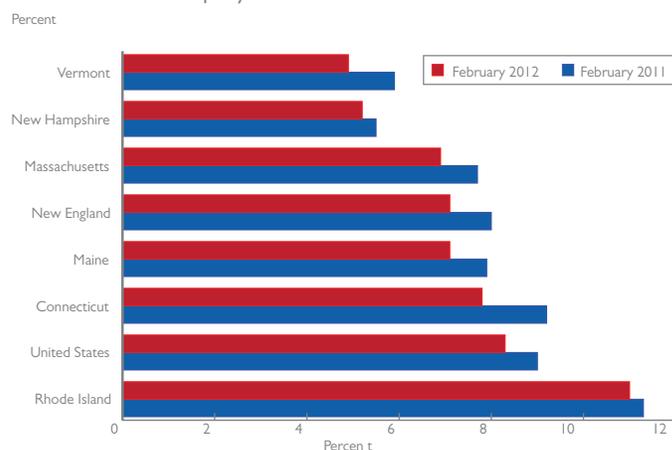
Among New England states, New Hampshire posted the strongest year-over-year increase in personal income to Q4, at 5.1 percent. Maine lagged the region for the seventh consecutive quarter, with personal income growth of just 3.6 percent year-over-year to Q4.

Exhibit 1 Monthly Employment Change in New England



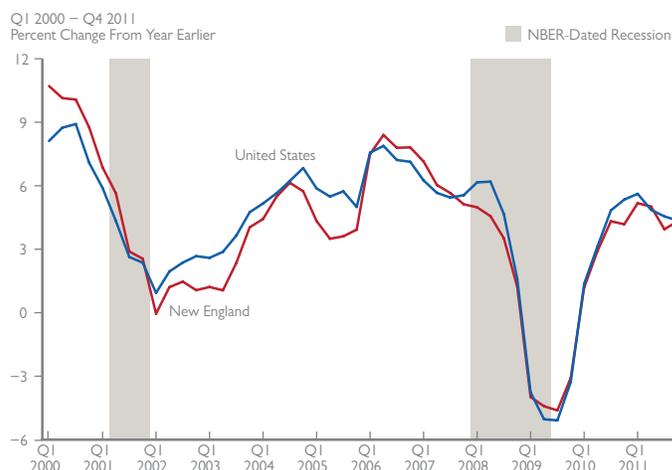
Source: US Bureau of Labor Statistics. Data are seasonally adjusted.

Exhibit 2 Unemployment Rates



Source: US Bureau of Labor Statistics. Data are seasonally adjusted.

Exhibit 3 Personal Income



Source: Bureau of Economic Analysis.

Regional inflation less than nation's

Consumer price increases in Boston have continued to be somewhat more modest than in the nation (exhibit 4). Over the 12 months ending in March, the cost of the market basket rose 1.8 percent in Boston and 2.7 percent nationally.

Similarly, Boston's core inflation rate (excluding food and energy over the year was 1.4 percent compared to nation's 2.3 percent. The year-over-year increase in Boston prices was driven by higher food, transportation, and education costs, up 3.0, 2.8, and 2.4 percent, respectively.

Housing construction picks up

Construction-related indicators were positive for the region's housing market, while the S&P/Case-Shiller price indices for single-family homes and condominiums saw continued declines.

Housing construction activity has picked up in recent months (exhibit 5). Single-family permits and the dollar value of residential construction contracts during the three months ending in February exceeding their year-earlier levels by 6.1 and 17.2 percent, respectively, in the region; the analogous figures for the United States were 10.6 and 18.6 percent.

The year-over-year pace of decline in Boston's Case-Shiller monthly index worsened again in January, down 2.8 percent. Boston's Case-Shiller condo price index moderated somewhat, but also continued to show year-over-year declines in January, down 1.7 percent.

Business and consumer confidence improves

Forward-looking indicators have improved in recent months, with consumer confidence in the region rising again in March, to a level not seen since October 2007. This welcome change is largely due to a surge in future expectations in February and a similar jump in New England consumers' assessment of the present situation in March. The MassBenchmarks leading index in January (affected by the recent revisions to BLS state data) reached a level not seen since March 2010 (exhibit 6). AIM business confidence fell marginally in March but remained 0.8 percent above its year-earlier level.

New England Economic

SNAPSHOT

New England Economic Snapshot is published by the Federal Reserve Bank of Boston.

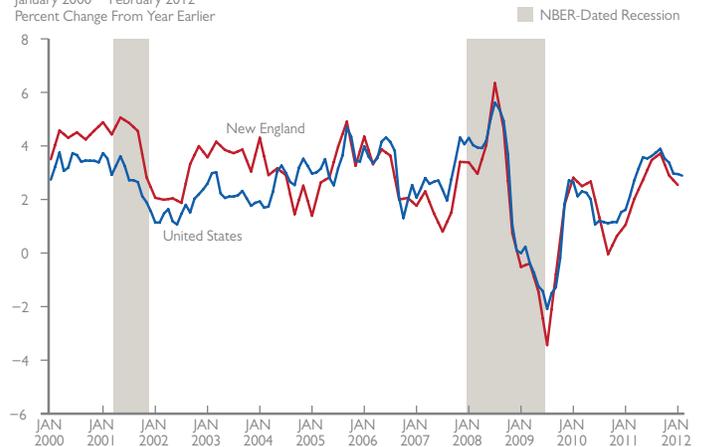
New England Economic Snapshot aggregates data released in the six weeks before April 10, 2012. Use of these data does not necessarily imply the Bank's endorsement. More current and detailed data on the New England economy are available at www.bostonfed.org/economic/nee.

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Exhibit 4 Consumer Price Index

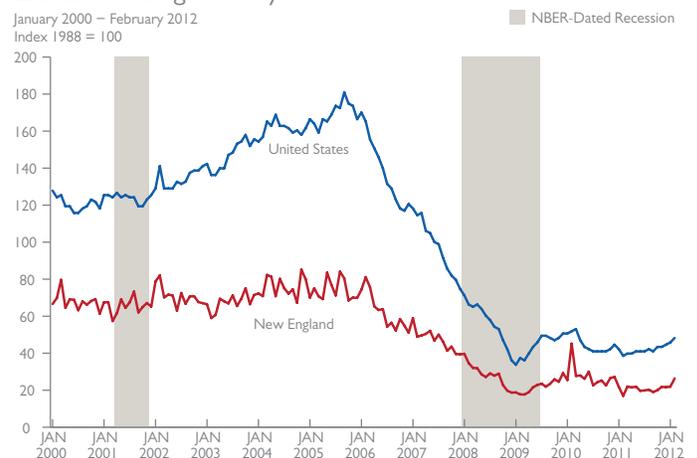
January 2000 – February 2012
Percent Change From Year Earlier



Source: US Bureau of Labor Statistics.

Exhibit 5 Single Family Permits

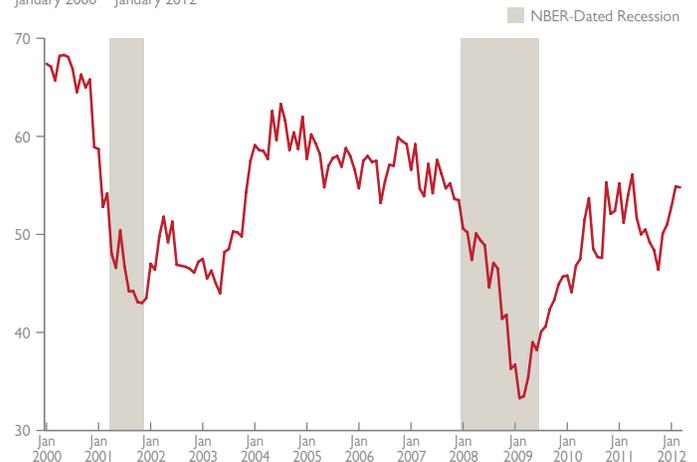
January 2000 – February 2012
Index 1988 = 100



Source: US Census Bureau. Data are seasonally adjusted.

Exhibit 6 AIM Business Confidence

January 2000 – January 2012



Source: Associated Industries of Massachusetts.

