Economy healthier, but growth remains unsteady
The New England economy is healthier this autumn than it was one year ago. Growth has been unsteady and varied widely among the states. Additionally, New England is falling behind the rest of the country by some economic measures.

Employment growth sporadic
New England had another month of sporadic payroll changes, gaining 12,700 jobs in September (Exhibit 1). This followed a loss of 15,000 jobs in August, putting the region’s year-over-year pace of employment growth at 0.7 percent through September. Nationally, employment continues to expand resulting in year-over-year employment growth of 1.4 percent through September.

Information employment growth leads the way while construction struggles
The Professional & Business Services sector led New England employment growth in relative terms, logging job growth of 3.2 percent (Exhibit 2). This exceeded the national growth in the Professional & Business Services sector of 3.0 percent. The Information sector in the region has continued to be strong, experiencing 2.0 percent job growth since September 2011, compared with a 0.6 percent decline in the sector nationally.

The New England Construction sector suffered a 1.4 percent reduction in jobs, far exceeding the 0.1 percent decline in the sector nationwide.

Unemployment rises in New England
Unemployment in New England has been on the rise since its post-recession low of 6.8 percent in May and June. The September unemployment rate for the region was 7.4 percent, up from 7.3 percent in August (Exhibit 3). Nationwide the rate dropped to 7.8 percent in September, down from 8.1 percent in August.

Four of the six New England states –Maine, Massachusetts, New Hampshire and Vermont –posted jobless rates in August that were significantly lower than that of the nation. In Connecticut, where the unemployment rate has climbed from 8.1 percent in June to 9.0 percent in August, the jobless rate fell to 8.9 percent in September (Exhibit 4). The jobless rate in Rhode Island declined for the fifth consecutive month, falling two-tenths of a percentage point to 10.5 percent, but remained well above the rest of the region and the nation as a whole.

Inflation rises slightly
Between September 2011 and 2012, consumer prices rose 1.7 percent in the Boston area, compared with 2.0 percent nationwide.
(Exhibit 5). Core CPI, excluding food and energy, increased 1.6 and 2.0 percent in the region and the nation. The year-over-year increase in Boston prices was driven by higher shelter and education costs (up 2.1 percent each), as well as food costs (up 1.8 percent). Additionally, between July and September of this year the Boston area saw a 5 percent increase in fuel costs.

Wages in New England grow, albeit slower than the rest of the country
Both regional and national personal income continued to grow in the second quarter of 2012, though growth has been slower (on a year-over-year basis) each quarter since the first quarter in 2011 (Exhibit 6). Year-over-year growth in personal income to the second quarter came out to 2.4 percent for New England and 3.3 percent for the United States. Maine posted the strongest year-over-year increase in personal income in the second quarter, at 3.2 percent. Personal incomes experienced positive growth in all New England states, both year-over-year and quarter-over-quarter.

Foreclosure initiation rate falls in New England
New England’s foreclosure initiation rate fell over-the-quarter during the second quarter of 2012 to 0.80 percent of all loans, down from 0.87 percent of loans in the previous quarter. Nationally, the foreclosure rate remained unchanged at 0.96 percent of loans over the same period.

Foreclosure starts continue to paint a mixed picture among the different New England states with Massachusetts experiencing the sharpest increase in foreclosure starts, rising from a post-recession low of 0.49 percent in the second quarter of 2011 to 0.71 percent during the second quarter of 2012. However, the Bay State’s latest foreclosure rate remains well below its peak of 1.13 seen in the third quarter of 2010. Rhode Island reported the region’s best 0.41 percentage point over-the-month decline in its foreclosure rate. Rhode Island still suffers from the region’s highest foreclosure rate at 1.11 percent.