

New England's economic performance trails the nation in recent months

The New England economy continues to expand, but the rate of growth appears to have slowed in recent months and, for some indicators, trails the national pace of recovery.

New England's employment declines slightly in November

Following two months of job gains, New England's employment was essentially unchanged between October and November of 2012, down 100 jobs (Exhibit 1). In comparison, employment increased nationwide over this time period (146,000 jobs), growing 0.1 percent month-over-month.

Vermont experienced the strongest employment gains of all the New England states, increasing employment 0.7 percent (2,200 jobs) between October and November of 2012. Connecticut was the only other state to gain jobs over this period, adding 300 jobs. Employment changes in the other New England states ranged from -0.03 percent in Massachusetts (-1,100 jobs) to -0.17 percent in Maine (-1,000 jobs).

Regional unemployment rate remains elevated

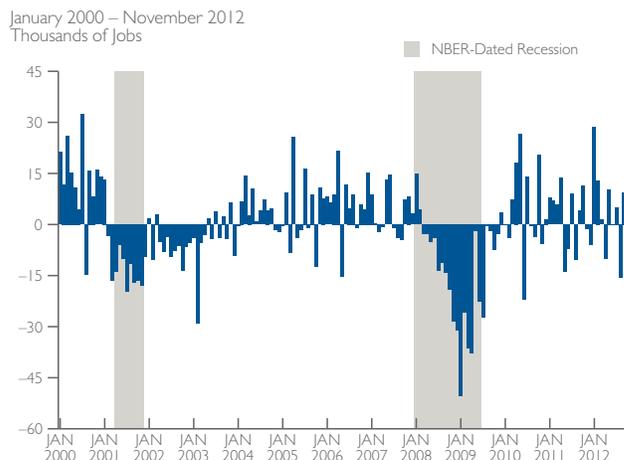
After reaching a post-recession low of 6.8 percent in May and June of 2012, New England's unemployment rate increased to 7.4 percent in October. In November the region's unemployment rate dropped to 7.3 percent, 0.1 percentage points below the rate in November 2011 (Exhibit 2). In comparison, the national unemployment rate was 7.7 percent in November 2012, a full percentage point below its level a year earlier. The unemployment rates in Massachusetts, Rhode Island, and Vermont were down year-over-year, while the rates in Connecticut, Maine, and New Hampshire increased.

Inflation in the Boston area increases slightly

Consumer prices in the Boston area grew 0.2 percent between September and November of 2012. At the national level, the Consumer Price Index fell 0.5 percent from September to November. Boston experienced headline inflation (year-over-year) of just 2.0 percent in November, with core inflation (All Items less Food and Energy) coming in at 2.2 percent over the same period (Exhibit 3). Both headline and core inflation in Boston grew slightly faster than their respective U.S. counterparts for November, at 1.8 percent (U.S. headline) and 1.9 percent (U.S. core). During the past twelve months, both in Boston and nationwide, fuel & utilities prices have been the only major expenditure category to decline.

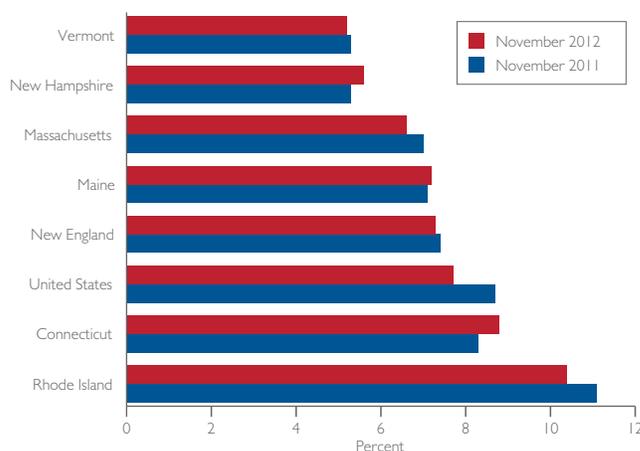
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Exhibit 1 Monthly Employment Change in New England



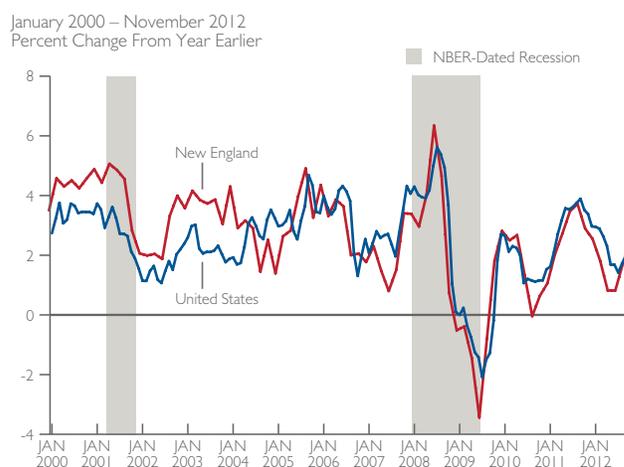
Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted.

Exhibit 2 Unemployment Rates



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

Exhibit 3 Consumer Price Index



Source: U.S. Bureau of Labor Statistics.

Incomes in New England grew at slower pace than nationally

Both regionally and nationally personal income continued to grow in the third quarter of 2012 (Exhibit 4). Year-over-year growth in personal income in the third quarter of 2012 came out to 2.6 percent for New England and 3.2 percent for the United States. The 2.6 percent income growth in New England was faster than in the previous quarter when it increased only 1.6 percent, making it the first time year-over-year income growth in the region has accelerated since the first quarter of 2011. Personal incomes experienced positive growth in all New England states, both year-over-year and quarter-over-quarter. Vermont posted the strongest year-over-year increase in personal income in the third quarter, at 4.4 percent.

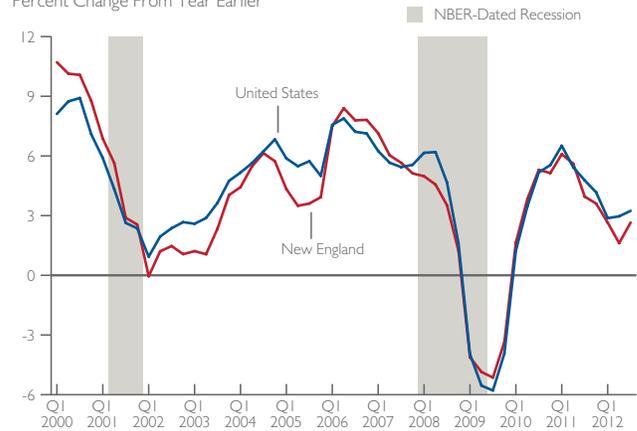
The housing market is starting to improve at a faster pace nationally

Residential real estate markets are continuing to show signs of improvement, with residential housing permits and construction contract indicators showing increases from a year ago. However, the pace of growth has been much stronger nationally than in the New England region.

The FHFA house price index edged up between the second and third quarters of 2012 in the nation, region, and all six New England states, following two consecutive quarters of declines. However, the index continued to decline on a year-over-year basis in the region (Exhibit 5), and at an even faster pace in the third quarter of 2012 (-1.0 percent from the third quarter of 2011) than was observed for the second quarter of 2012 (-0.7 percent from the second quarter of 2011). Nationally, home price declines continued to moderate and were flat in the year ending in third quarter 2012. Vermont was the only state in New England to see housing prices grow between the third quarters of 2011 and 2012, increasing 0.4 percent (Exhibit 6). Housing price changes in the other New England states ranged from -0.1 percent in Massachusetts to -2.6 percent in Rhode Island.

Exhibit 4 Personal Income

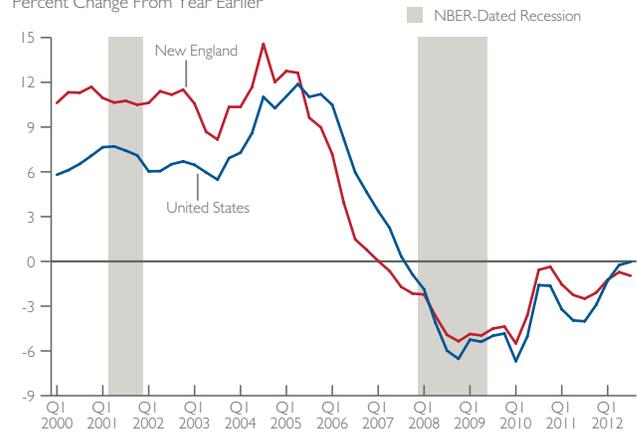
First Quarter 2000 – Third Quarter 2012
Percent Change From Year Earlier



Source: U.S. Bureau of Economic Analysis.

Exhibit 5 FHFA House Price Index

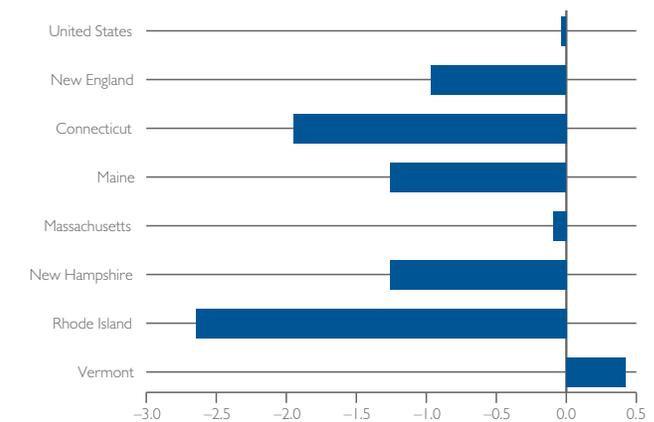
First Quarter 2000 – Third Quarter 2012
Percent Change From Year Earlier



Source: Federal Housing Finance Agency.

Exhibit 6 Home Price Index

Percent Change, Third Quarter 2011 to Third Quarter 2012



Source: Federal Housing Finance Agency.



New England Economic

SNAPSHOT

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

New England Economic Snapshot aggregates data released prior to December 28, 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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