

The New England economy continues to improve, but has lagged the nation by some measures

The New England economic recovery continues to take shape, but some economic indicators show the region starting to trail the pace of the national recovery. From jobs to housing to exports the recovery in the region has proceeded at a slower pace in recent months.

Regional employment gains lag national growth

Annual revisions to state and regional employment data showed New England employment to be 71,300 jobs greater than originally estimated for December of 2012. These revisions also eliminated previous month-over-month declines reported in August and November of 2012, resulting in six consecutive months of employment gains in the region between August 2012 and January 2013—the first streak of such length since 2005 (Exhibit 1). In fact, between December 2012 and January 2013 New England gained 30,500 jobs (0.4 percent), the largest month-over-month gain since May 2010. However, employment gains did not continue into February as the region experienced a loss of 2,800 jobs. In comparison, national employment gains continued for the twenty-ninth straight month through February of 2013.

Across the New England states revisions increased employment estimates, ranging from an additional 1,500 jobs in Vermont to 35,700 jobs in Massachusetts in December of 2012. The region's employment situation continued to improve through the first two months of 2013, with all New England states reporting year-over-year employment growth between February 2012 and 2013 (Exhibit 2). However, Massachusetts was the only state in the region to experience stronger year-over-year growth than the United States (1.8 percent versus 1.5 percent). Employment growth in the other New England states ranged from 0.04 percent in Rhode Island to 1.4 percent in Vermont.

Regional unemployment rates improve

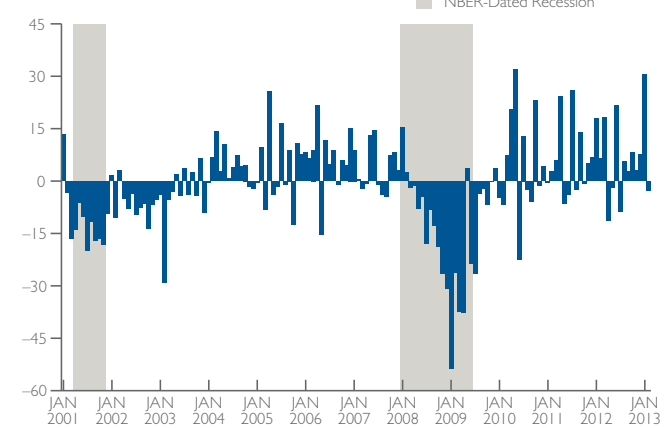
Similar to the employment situation, state and regional unemployment rates improved slightly due to data revisions. New England's unemployment rate was revised from 7.3 percent to 7.1 percent in December of 2012. Connecticut had the largest unemployment rate revision among the New England states, from 8.6 percent to 8.2 percent. Rhode Island's unemployment rate was adjusted to 9.9 percent in December of 2012, putting it below 10 percent for the first time since February of 2009.

In the New Year the region's unemployment rate continued to improve through February 2013, reaching 7.0 percent for the first time since January 2009 (Exhibit 3). With the national unemployment rate at 7.7 percent in February, it also was at its lowest level since January

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Exhibit 1 Monthly Employment Change in New England

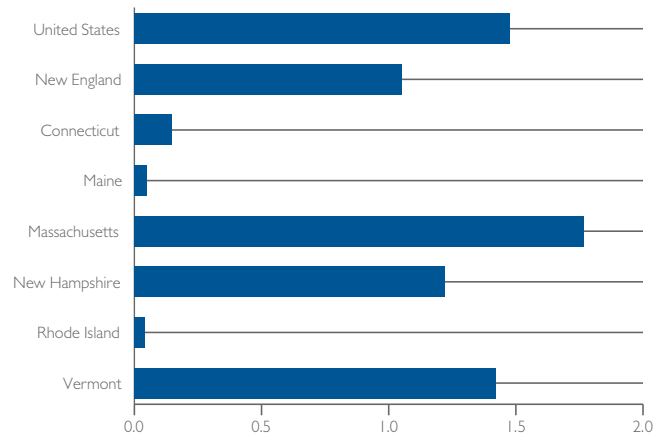
January 2001 – February 2013
Thousands of Jobs



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

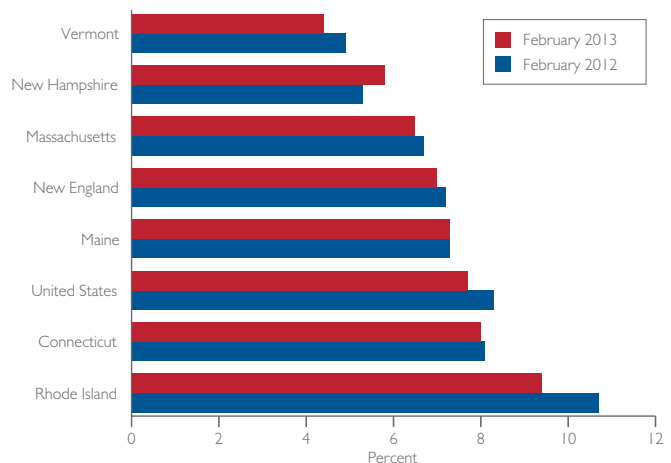
Exhibit 2 Nonagricultural Employment

Percent Change, February 2012 to February 2013



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

Exhibit 3 Unemployment Rates



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

of 2009. Within the region New Hampshire was the only state to see its unemployment rate rise in the past year, increasing half a percentage point to 5.8 percent. Rhode Island experienced the largest percentage point improvement in its unemployment rate, dropping from 10.7 percent in February 2012 to 9.4 percent in February 2013.

Nationally housing prices continue to grow

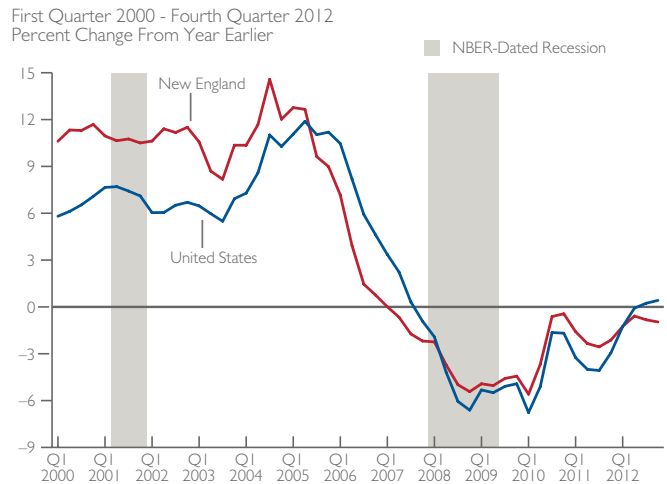
After nearly five years of year-over-year declines in housing prices, the national housing market has continued to experience growth in home prices with two consecutive quarters of gains through the end of 2012 (Exhibit 4). In comparison, New England is nearing its sixth straight year of home prices declines, according to the FHFA housing price index.

Between the fourth quarters of 2011 and 2012, home prices grew 0.4 percent nationally while declining 1.0 percent across the region (Exhibit 5). Massachusetts and Vermont were the only New England states to experience year-over-year growth in the final quarter of 2012, albeit at a slower pace than the national growth rate. In Vermont, this was the sixth consecutive quarter of year-over-year growth in home prices. Housing price declines in the New England states ranged from 1.6 percent in Maine to 2.6 percent in Rhode Island.

Exports continue to decline across the region

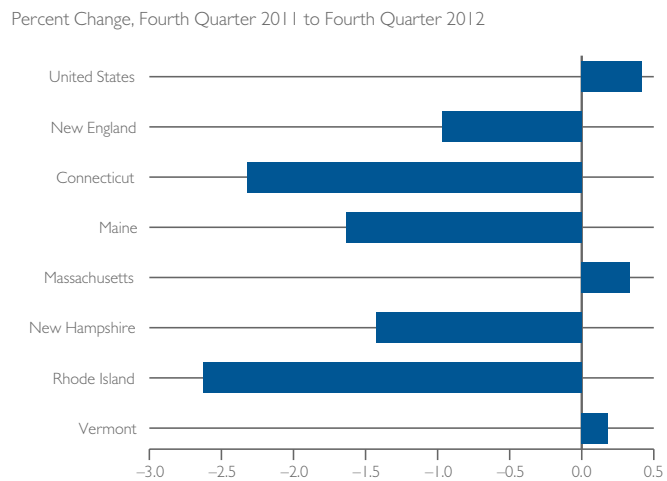
Following decreases in the two previous quarters, the dollar value of merchandise exports from New England continued to fall through the fourth quarter of 2012, coming in 8.6 percent below its year-earlier level (Exhibit 6). The decline in exports was experienced in nearly all New England states, with Rhode Island being the only state to experience export growth in the final quarter of 2012 (0.5 percent). Nationally, year-over-year export growth continued for the third straight year, with exports coming in 2.8 percent higher in the fourth quarter of 2012. However, national export growth in 2012 was much slower than in 2010 and 2011.

Exhibit 4 FHFA House Price Index



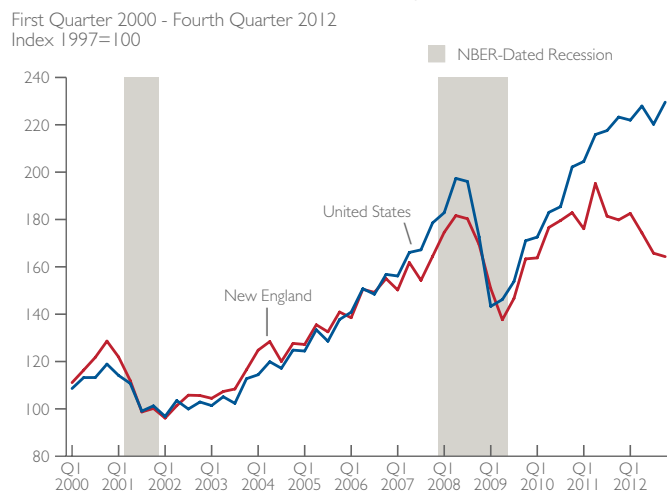
Source: Federal Housing Finance Agency.

Exhibit 5 Home Price Index



Source: Federal Housing Finance Agency.

Exhibit 6 Total Merchandise Exports



Source: World Institute for Strategic Economic Research.

New England Economic

INDICATORS

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New England Economic Indicators aggregates data released prior to March 29, 2013. 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.

