Economic activity continued to increase into 2018
In the first months of 2018, New England and the United States continued to see improvements in economic indicators. Through February 2018, employment increased and unemployment rates fell relative to one year prior. Through the fourth quarter of 2017, wage and salary income continued to climb both regionally and nationally compared to the same period in 2016.

**Payroll Employment**

**Employment gains in 2018**
The United States and New England continued to post job gains through February 2018. Between February 2017 and February 2018, payroll employment increased 1.6 percent nationally and 0.9 percent regionally (Exhibit 1). Although employment increased since February 2017 in each of the New England states, the job growth rates varied and were all below the national average. Within New England, New Hampshire posted the strongest year-over-year job gains through February 2018, increasing 1.4 percent. Year-over-year payroll employment was weakest in Vermont, growing by less than 0.1 percent.

**Construction job gains in New England continue to outpace the national average**
Over the year to February 2018, the Construction supersector led the region in employment growth, with gains that outpaced the national average for Construction (Exhibit 2). Over the same time period, Government employment shrank in the region by 0.5 percent while nationally Government employment grew 0.2 percent. Manufacturing employment increased in five of the six New England states; Rhode Island (2.2 percent), New Hampshire (2.3 percent), and Connecticut (3.5 percent) all experienced Manufacturing job growth above the national average for that supersector (1.8 percent). Employment in the Information supersector dropped 2.2 percent year-over-year both nationally and in New England.

**Unemployment**

**Unemployment rates declined in five New England states**
Five of the six New England states saw unemployment rate declines between February 2017 and February 2018. The exception was Rhode Island, where the unemployment rate remained flat at 4.5 percent (Exhibit 3). Considering the region as a whole, the unemployment rate decreased 0.4 percentage points over the year, to land at 3.6 percent, the lowest level since June 2001. As of February 2018, New Hampshire retained the lowest unemployment rate in the region (2.6 percent) followed by Vermont at 2.8 percent. Only two states, Connecticut (4.6 percent) and Rhode Island (4.5 percent), had unemployment rates that exceeded the national rate (4.1 percent).
Income
Wage and salary income growth continues
Incomes in New England and the United States continued to grow through the end of 2017. Wage and salary disbursements, the largest component of income, increased year-over-year by 4.6 percent nationally and 5.4 percent regionally through the fourth quarter of 2017 (Exhibit 4). Wage and salary growth in the New England states ranged from 2.7 percent in Connecticut to 7.6 percent in New Hampshire.

Home Prices
Rhode Island records fastest house price growth in the region
Home prices continued to rise both nationally and regionally, with national growth rates continuing to exceed regional rates (Exhibit 5). Between the fourth quarter of 2016 and the fourth quarter of 2017, home prices increased 6.3 percent nationally and 4.8 percent regionally. All six New England states reported positive house price growth year-over-year (Exhibit 6), but outside of Rhode Island (7.0 percent), these gains trailed the national growth rate. House price growth in Connecticut was the lowest in the region over the period considered, just 1.2 percent.