

The economic recovery hits pre-recession levels by some measures

National and regional economic data continue to show a modest economic recovery with national economic activity exceeding regional trends. Persistent modest employment gains have finally restored employment levels in the United States and New England to pre-recession levels; though most New England states have yet to return to their pre-recession employment peaks. Unemployment insurance claims continue to trend downward, matching 2006 levels through the first half of 2014. Wages and salaries maintained moderate and consistent growth, but growth rates continue to trail the pre-recession pace. National gains in home prices continue to exceed regional price increases, which began to moderate at the start of 2014.

Employment reaches pre-recession levels

After nearly six and half years, employment in the United States and New England surpassed pre-recession levels in May 2014 (Exhibit 1). Although the New England region as a whole has seen employment return to pre-recession levels, Massachusetts remains the only state in the region to have regained all of the jobs it lost in the Great Recession. Vermont and New Hampshire are fairly close to pre-recession employment levels, with both states less than 1 percent below their respective pre-recession employment peaks as of May 2014. The three remaining New England states have further to go; ranging from 1.8 percent below peak employment levels in Connecticut all the way to 3.8 percent below peak in Rhode Island.

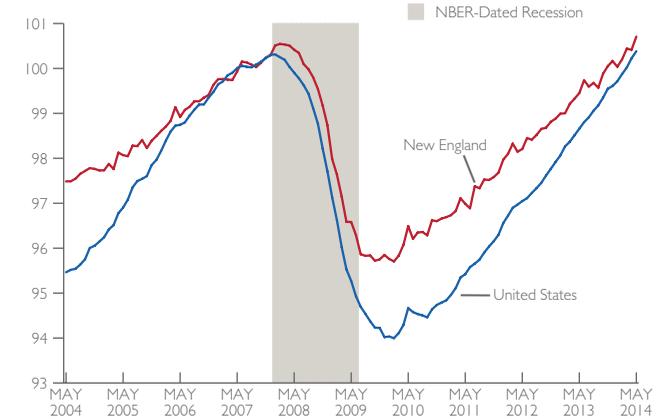
It is somewhat surprising to see both the United States and New England surpassing peak employment levels simultaneously given the more pronounced national downturn in employment in the Great Recession. However, the United States has seen persistently stronger year-over-year gains in employment than New England in the past three years. This pattern continued through May, as national employment gains outpaced those in the New England region and its constituent states (Exhibit 2). Total payroll employment in the United States increased 1.7 percent year-over-year through May 2014, exceeding regional growth of 1.3 percent. All six New England states trailed national employment gains, while Maine, Massachusetts, and Rhode Island experienced stronger growth than the region. The region's slower employment growth was the result of weak employment gains in Connecticut and Vermont.

Unemployment insurance claims at 2006 levels

Initial claims for unemployment insurance have continued to trend downward since peaking in the midst of the Great Recession in early 2009 (Exhibit 3). While claims volumes are volatile from month to month, initial claims for unemployment insurance have declined year-over-year both nationally and regionally for 28 consecutive months through May of 2014. As a result initial claims for unemployment insurance in the first half of 2014 were near their lowest levels since before the Great Recession. In May 2014, both New England and the United States reported initial claims for unemployment insurance volumes comparable to the numbers filed in early 2006.

Exhibit 1 Nonagricultural Employment

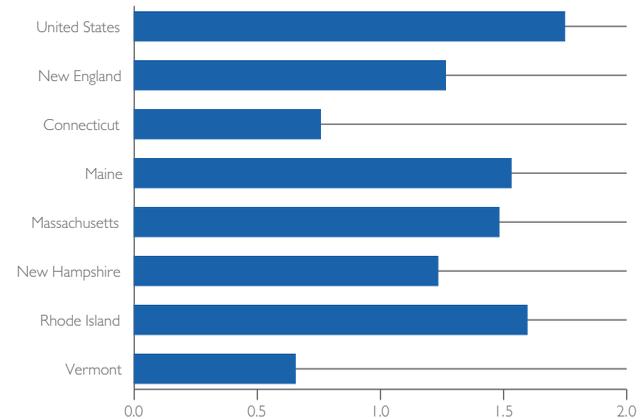
May 2004 - May 2014
Index 2007=100



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

Exhibit 2 Nonagricultural Employment

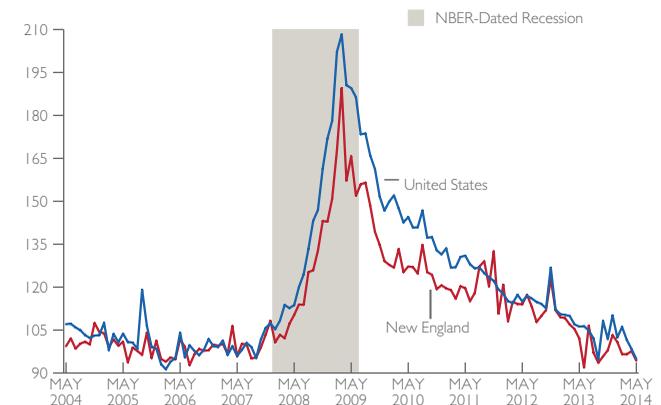
Percent Change, May 2013 to May 2014



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

Exhibit 3 Initial Claims for Unemployment Insurance

May 2004 - May 2014
Index 2007=100



Source: U.S. Department of Labor, Federal Reserve Board of Governors, and Federal Reserve Bank of Boston. Data are seasonally adjusted.

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Wages and salaries grow at a modest pace

After declining in the recession, national and regional wage and salary disbursements have recorded 17 straight quarters of year-over-year growth (Exhibit 3). Year-over-year growth in wage and salary income in the first quarter of 2014 was 3.1 percent in New England and 3.6 percent in the United States; both up slightly from the previous quarter. Among the New England states, Massachusetts posted the strongest year-over-year increase in wages and salaries, increasing 4.3 percent. Connecticut trailed all states in the region and had the third slowest growth rate nationwide in wage and salary income, increasing just 0.9 percent over this time period. While wage and salary growth has been fairly consistent over the past few years, growth rates have generally trailed rates seen prior to the recession.

National housing price gains outpace New England's

While national and regional home prices continued to grow through the first quarter of 2014, the pace of growth has started to moderate in New England and continues to lag national price gains (Exhibit 5). Home prices in New England increased by 1.2 percent between the first quarters of 2013 and 2014, down from 1.5 percent year-over-year growth at the end of 2013 (Exhibit 6). This growth was well below the two consecutive quarters of 4.9 percent year-over-year growth in home prices nationally. Within New England, only Massachusetts and New Hampshire reported year-over-year housing price growth at the beginning of 2014, with Massachusetts growing the fastest at 3.5 percent. In Vermont housing prices were down 1.8 percent year-over-year in the first quarter of 2014, the steepest decline among all states in the nation.

Exhibit 4 Wage & Salary Disbursements

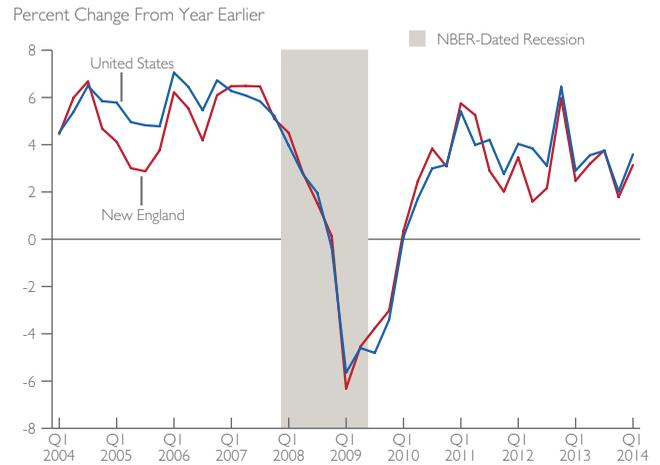


Exhibit 5 FHFA House Price Index

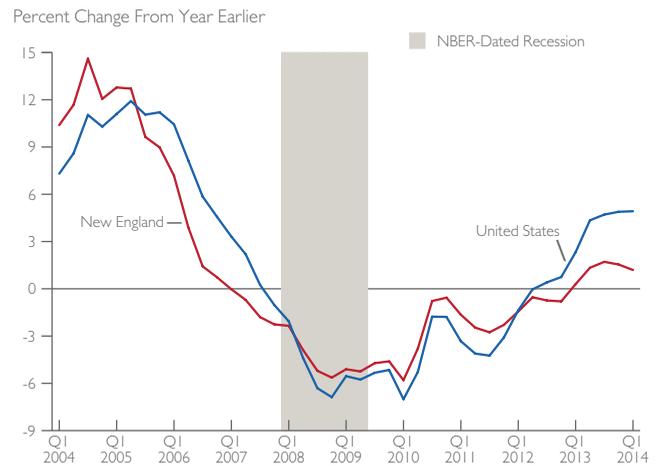
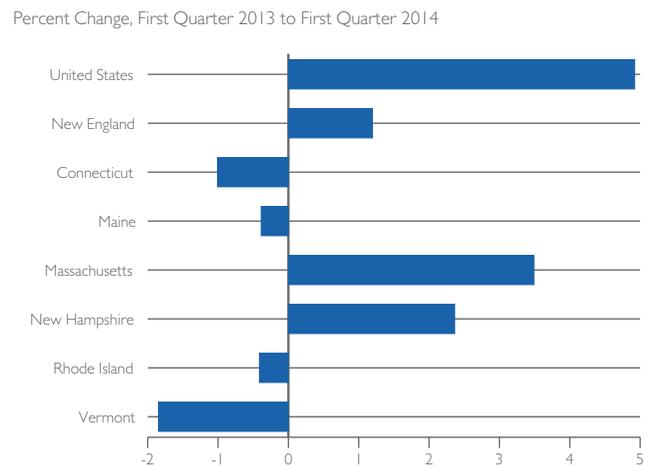


Exhibit 6 FHFA House Price Index



New England Economic

INDICATORS

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

New England Economic Indicators aggregates data released prior to June 25 2014. More current and detailed data on the New England economy are available at www.bostonfed.org/economic/nee.

