

NEW ENGLAND ECONOMIC INDICATORS

THIRD QUARTER 2012

Federal Reserve Bank of Boston

Economic Snapshot
Labor Market Conditions
Income
Consumer Prices
Merchandise Exports
Real Estate



Includes data available as of
September 27, 2012

 **FEDERAL RESERVE
BANK OF BOSTON™**

NEW ENGLAND ECONOMIC INDICATORS

THIRD QUARTER 2012

Dear *Indicators* Reader,

Thank you for your continued interest in the quarterly print edition of *New England Economic Indicators*. We are currently assessing demand for continuing to the print this publication. Expect an update in the next issue.

In the meantime I would like to remind you of a number of regional economic resources provided by the Federal Reserve Bank of Boston:

New England Economic Indicators, Online

A historical database of information on a number of regional indicators covering topics such as labor market conditions, real estate, and other economic conditions (i.e. Consumer Prices, Incomes, and Exports). This includes *Indicators Interactive*, which allows users to generate customizable charts and tables for the series and regions they are interested in. This resource also hosts monthly state economic summaries that compare state and metropolitan trends to those regionally and nationally for select indicators.

New England Economic Snapshot

A brief, analytical overview of recent economic conditions in the region updated approximately every six weeks.

Profile of New England

A resource featuring a general overview of key economic indicators for the region, a look at the demographic composition of the population, and a glimpse at government finances in the six states.

Beige Book

Published eight times per year, the Beige Book summarizes anecdotal information on current economic conditions in each Federal Reserve District gathered through reports from Bank directors and interviews with key business contacts, economists, market experts, and other sources.

New England Public Policy Center

The Center promotes better public policy in New England by conducting and disseminating objective, high-quality research and analysis of strategically identified regional economic and policy issues.

To learn more about these resources, as well as other research, analysis, and presentations on the New England Economy, please visit the Regional Economy page of the Federal Reserve Bank of Boston:
<http://www.bostonfed.org/economic/regional/index.htm>

Sincerely,

Robert Clifford, Indicators Editor
Robert.Clifford@bos.frb.org

Employment slows, housing shows signs of stabilizing

New England's economic performance was mixed across the region, with jobs losses and increasing unemployment rates contrasting with shallow house price declines and slowing foreclosure activity.

New England's employment declines in August

New England lost 15,400 jobs between July and August of 2012, declining at an annual rate of -2.7 percent (Exhibit 1). In comparison, employment increased nationwide over this time period (96,000 jobs), growing at an annual rate of 0.9 percent.

Rhode Island was the only state in the region to see gains in employment, with a monthly increase of 0.2 percent (1,100 jobs). Employment losses in the other New England states ranged from -0.2 percent in New Hampshire (-600 jobs) to -0.8 percent in Vermont (-2,400 jobs).

Regional unemployment continues to increase

After reaching a post-recession low of 6.8 percent in May and June of 2012, New England's unemployment rate increased to 7.1 percent in July and 7.3 percent in August (Exhibit 2). Unemployment rates rose over-the-month in all New England states with the exception of Rhode Island, whose unemployment rate fell from 10.8 percent in July to 10.7 percent in August.

Government employment falls for 25 straight months in both New England and the United States

In August the Government sector extended its streak of year-over-year jobs losses to 25 straight months (dating back to July 2010) in both New England and the United States, declining -0.2 and -0.8, respectively. In total, Government employment in the region has declined by 24,000 jobs since July 2010. Construction employment in New England declined at the fastest rate of all sectors (-3.7 percent) between August of 2011 and 2012, but increased nationwide (0.3 percent)

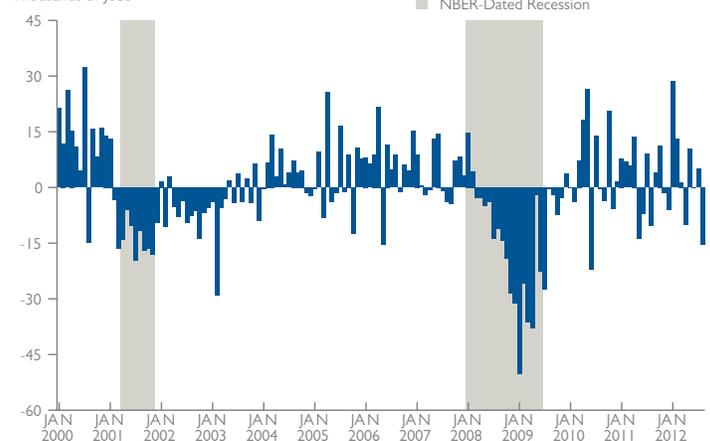
The Information sector experienced the fastest year-over-year job growth of any sector in New England, increasing 7.9 percent in August, well above the sectors 1.0 percent growth nationally. In the United States, Professional & Business Services led all sectors in employment gains year-over-year through August 2012 (3.3 percent), exceeding the sectors regional growth rate of 2.6 percent.

Inflation continues to be subdued

Consumer prices in the Boston area slid 0.1 percent between May and July of 2012 (Exhibit 4). At the national level, the Consumer Price Index fell 0.3 percent from May to July. Boston experienced headline inflation (year-over-year) of just 0.8 percent in July, with core *continued on page 2*

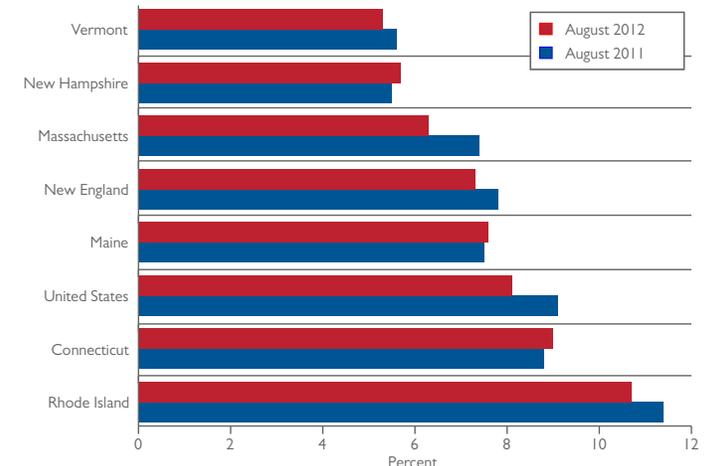
Exhibit 1 Monthly Employment Change in New England

January 2000 - August 2012
Thousands of Jobs



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

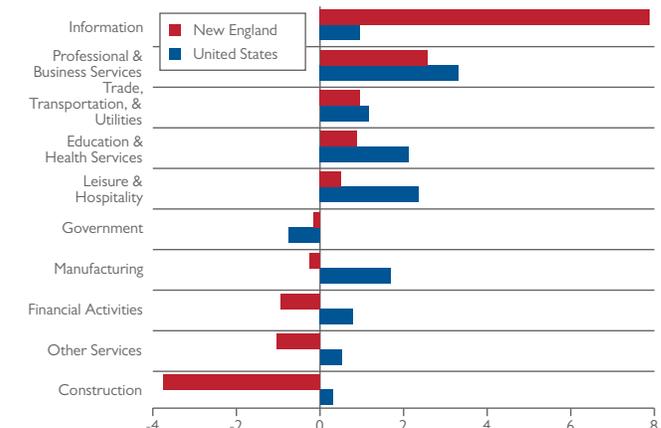
Exhibit 2 Unemployment Rates



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

Exhibit 3 Employment Growth by Supersector

Percent Change, August 2011 to August 2012



Source: U.S. Bureau of Labor Statistics.
Note: Data are seasonally adjusted. New England figure for Information includes CT, MA, and NH.

inflation coming in at 1.5 percent over the same period. Both headline and core inflation in Boston remained more moderate than their respective U.S. counterparts for July, at 1.4 percent (U.S. headline) and 2.1 percent (U.S. core). During the past twelve months, both in Boston and nationwide, the rate of inflation in shelter prices has trended upward while food price inflation has trended downward.

Housing permits increase year-over-year

The latest housing permit data release, covering through August 2012, indicates that the appetite for residential construction continues to improve with increasing numbers of permits (Exhibit 5). According to FHFA quarterly house price index data, the year-over-year pace of declines in house prices abated for the third consecutive quarter during the second quarter of 2012 in both the region and nationally (Exhibit 6). House prices in New England fell 0.1 percent over-the-year to the end of the second quarter in 2012. Nationally, the year-over-year decline in house prices of 0.6 percent is the shallowest since the third quarter of 2007.

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.



New England Economic SNAPSHOT

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

New England Economic Snapshot aggregates data released in the six weeks before September 27, 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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Exhibit 4 Percent Change in Consumer Prices

	United States		Boston	
	2 Months Ago (May 2012)	Last Year (Jul. 2012)	Months Ago (May 2012)	Last Year (Jul. 2012)
All Items	-0.3%	1.4%	-0.1%	0.8%
Food	0.1%	2.3%	0.5%	2.2%
Shelter	0.4%	2.1%	0.8%	2.4%
Fuel	2.3%	-2.3%	-2.1%	-5.4%
Transportation	-2.9%	-0.9%	-1.4%	-2.4%
Medical	0.8%	4.1%	0.5%	2.0%
Recreation	0.2%	1.3%	-1.7%	-3.6%
Education	0.1%	2.1%	-0.3%	2.4%
All, Less Food/Energy	0.1%	2.1%	0.3%	1.5%

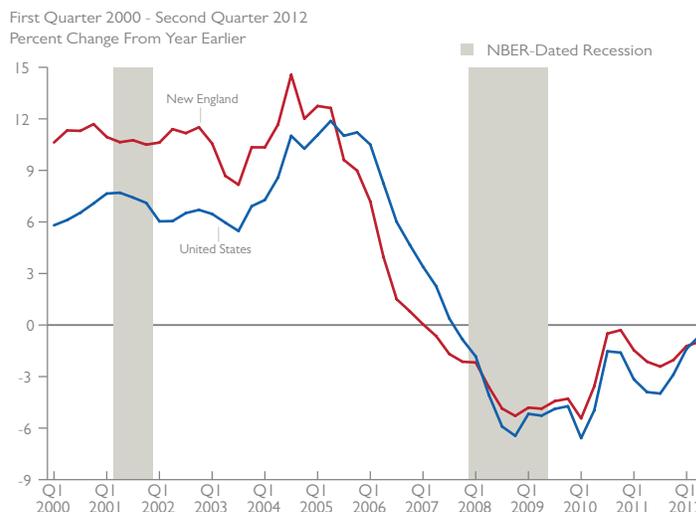
Source: U.S. Bureau of Labor and Statistics/ Haver Analytics
Note: Most recent data are for July 2012. Boston data are released every other month.

Exhibit 5 Single Family Permits



Source: U.S. Census Bureau. Data are seasonally adjusted.

Exhibit 6 FHFA House Price Index



Source: Federal Housing Finance Agency.

Summary of Latest Data in This Issue

	New England			United States		
	Current Period	Percent Change at Annual Rate from		Current Period	Percent Change at Annual Rate from	
		Prior Period	Year-Earlier Period		Prior Period	Year-Earlier Period
	Aug 2012			Aug 2012		
Labor Market Conditions						
Total Nonagricultural Employment (thousands of jobs, SA)	6,845.5	-2.7	0.6	133,300	0.9	1.4
Connecticut	1,624.8	-4.9	0.1			
Maine	591.3	-3.8	-0.2			
Massachusetts	3,243.2	-1.8	1.3			
New Hampshire	626.1	-1.1	-0.1			
Rhode Island	456.9	2.9	-0.6			
Vermont	303.2	-9.0	1.2			
Employment by Industry or Sector (thousands of jobs, SA)						
Private (Total Nonagricultural less Government)	5,869.3	-3.9	0.7	111,400	1.1	1.8
Government	976.2	4.9	-0.2	21,900	-0.4	-0.8
Construction	224.0	-14.8	-3.7	5,515	0.2	0.3
Manufacturing	608.6	-6.3	-0.2	11,970	-1.5	1.7
Trade, Transportation, and Utilities	1,237.8	-3.9	1.0	25,350	1.4	1.2
Financial Activities	444.9	1.1	-0.9	7,742	1.1	0.8
Professional and Business Services	892.1	-4.7	2.6	17,958	1.9	3.3
Education and Health Services	1,395.0	0.7	0.9	20,354	1.3	2.1
Leisure and Hospitality	651.8	-9.4	0.5	13,659	3.0	2.4
Other Services	255.7	-6.3	-1.0	5,374	-0.9	0.5
	Aug 2012			Aug 2012		
Unemployment Rate (percent, SA)**	7.3	7.1	7.8	8.1	8.3	9.1
Connecticut	9.0	8.5	8.8			
Maine	7.6	7.6	7.5			
Massachusetts	6.3	6.1	7.4			
New Hampshire	5.7	5.4	5.5			
Rhode Island	10.7	10.8	11.4			
Vermont	5.3	5.0	5.6			
Manufacturing Production Workers (NSA)						
Average Weekly Hours	40	0.0	-0.5	41.5	6.0	0.0
Average Hourly Earnings (dollars)	20.96	-0.6	-0.4	19.09	-2.5	1.4
Average Weekly Initial Claims for Unemployment Insurance (SA)	18,094	*	-15.6	370,000	*	-9.4
	Jul 2012			Aug 2012		
Consumer Prices***						
Consumer Price Index (1982-84=100, NSA)	246.3	-0.7	0.8	230.4	7.0	1.7
	Q2 2012			Q2 2012		
Income (millions of dollars)						
Total Personal Income (SAAR)	765,105	4.2	2.4	13,370,344	4.1	3.3
Wage and Salary Disbursements (SAAR)	396,571	3.4	1.5	6,871,778	3.3	3.4
	Q2 2012			Q2 2012		
Merchandise Exports						
Total Merchandise Exports (millions of dollars, NSA)	13,862	*	-10.7	391,793	*	5.6
Connecticut	4,246	*	-1.5			
Maine	741	*	-14.2			
Massachusetts	6,277	*	-17.9			
New Hampshire	940	*	-14.6			
Rhode Island	638	*	5.3			
Vermont	1,020	*	2.7			

Footnotes for page 3 and 4:

* Period-to-period comparisons of these data are not meaningful.

** Unemployment rates are for that period and not changes over time.

*** The consumer price index for New England is for the Boston area and is published every other month.

SA: seasonally adjusted

NSA: not seasonally adjusted

SAAR: seasonally adjusted annual rate

NA: not available

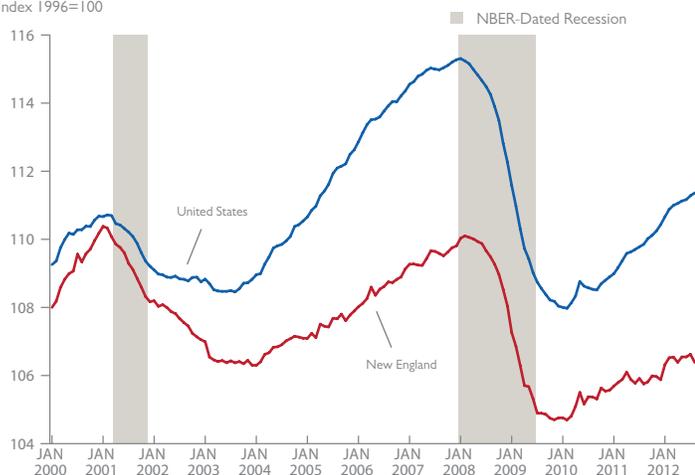
Summary (Continued) and Employment Situation

	New England			United States		
	Current Period	Percent Change at Annual Rate from		Current Period	Percent Change at Annual Rate from	
		Prior Period	Year-Earlier Period		Prior Period	Year-Earlier Period
Real Estate	Q2 2012			Q2 2012		
Home Price Index (1980:Q1 = 100, NSA)	502.18	-4.1	-1.0	311.82	-2.8	-0.6
Connecticut	391.23	-4.9	-1.8			
Maine	448.69	-7.3	-1.1			
Massachusetts	609.97	-2.0	-0.3			
New Hampshire	392.07	-3.6	-1.0			
Rhode Island	444.34	-8.1	-2.9			
Vermont	438.92	-2.8	0.9			

	Aug 2012			Aug 2012		
Housing Permits Authorized (housing units, SA)	2,540	*	91.1	67,000	*	24.1
Single Units	1,161	*	24.7	43,000	*	19.4
Value of Construction Contracts (index, 1980 = 100; total is NSA)	380.7	*	6.0	325.1	*	-2.3
Residential (SA)	325.5	*	44.5	261.0	*	26.9
Nonresidential Building (NSA)	428.7	*	-7.2	303.4	*	-11.5
Nonbuilding (NSA)	392.6	*	-9.6	431.6	*	-17.5

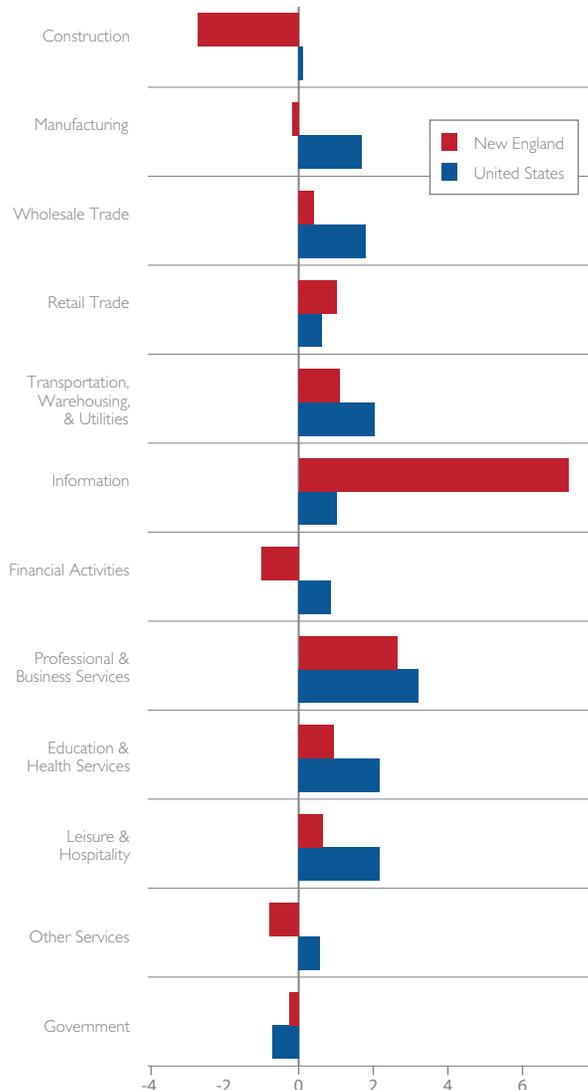
Nonagricultural Employment

January 2000 - August 2012
Index 1996=100



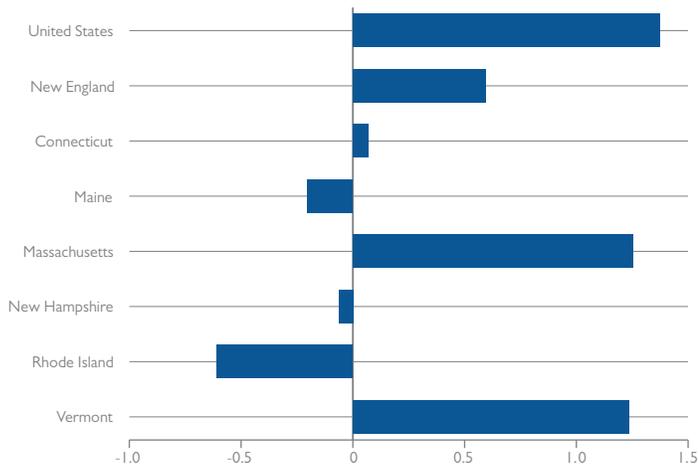
Employment by Industry

Percent Change, August 2011 to August 2012 (Not Seasonally Adjusted)



Nonagricultural Employment

Percent Change, August 2011 to August 2012

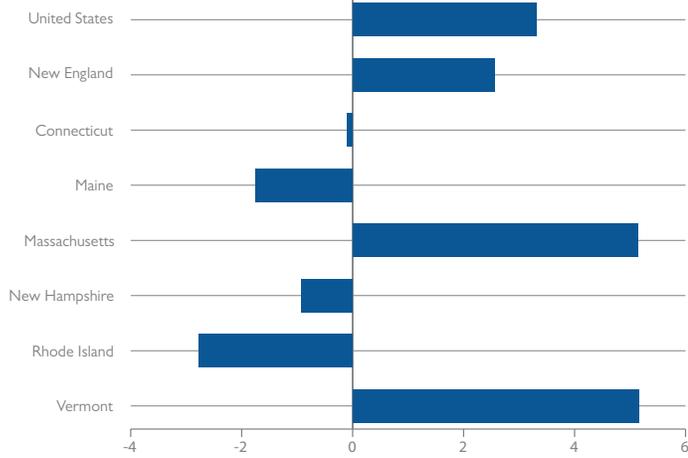


Source: U.S. Bureau of Labor Statistics

Employment by Supersector

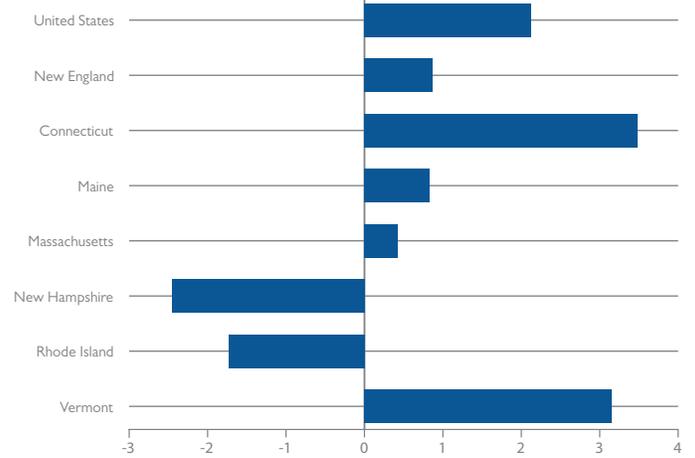
Professional & Business Services Employment

Percent Change, August 2011 to August 2012



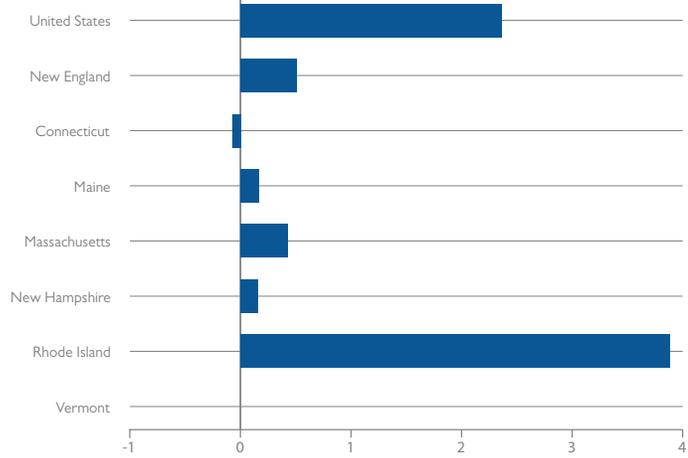
Education & Health Services Employment

Percent Change, August 2011 to August 2012



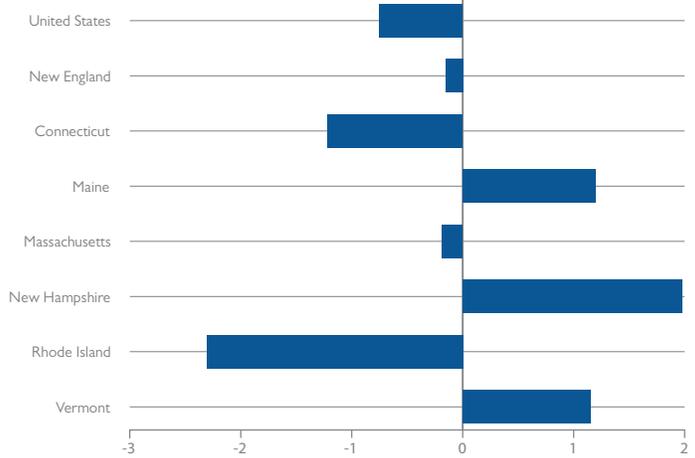
Leisure & Hospitality Employment

Percent Change, August 2011 to August 2012



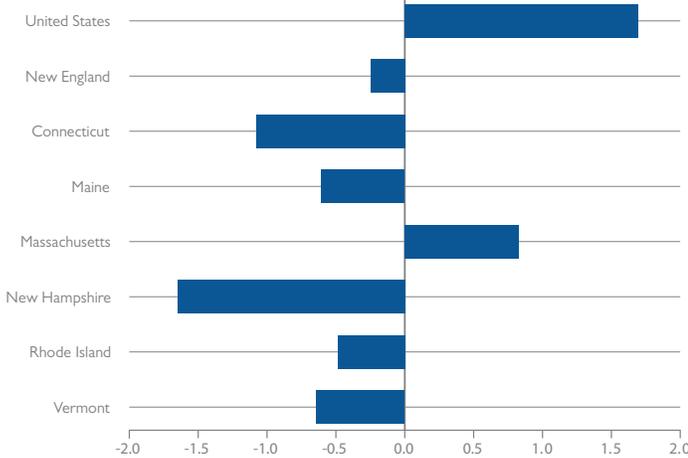
Government Employment

Percent Change, August 2011 to August 2012



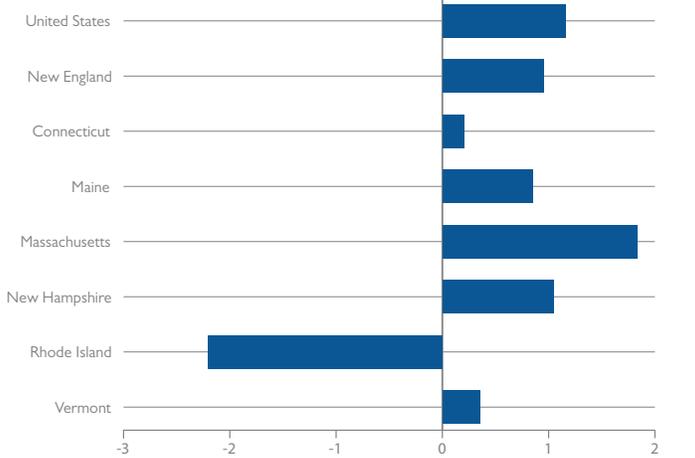
Manufacturing Employment

Percent Change, August 2011 to August 2012



Trade, Transportation, & Utilities Employment

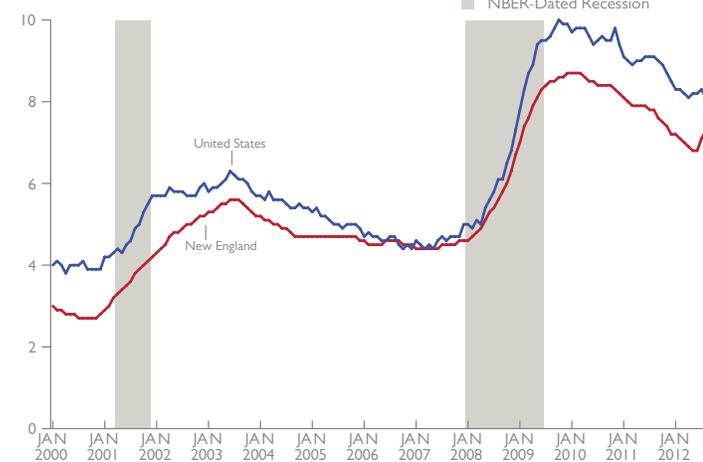
Percent Change, August 2011 to August 2012



Source: U.S. Bureau of Labor Statistics

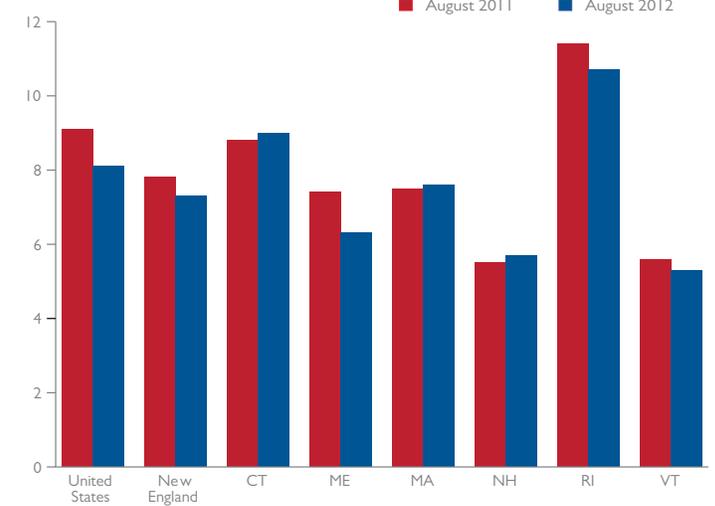
Unemployment Rate

January 2000 - August 2012
Percent



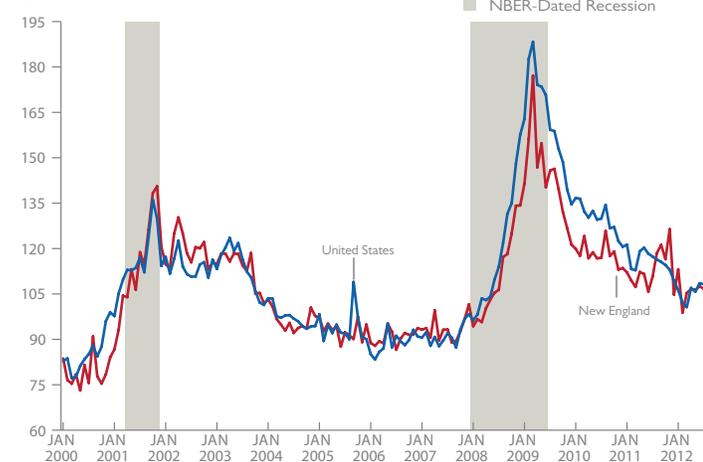
Unemployment Rate

Percent



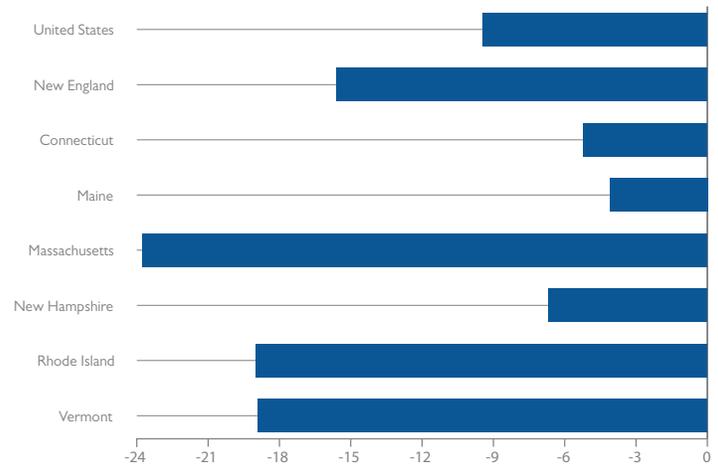
Initial Claims for Unemployment Insurance

January 2000 - August 2012
Index 1996=100



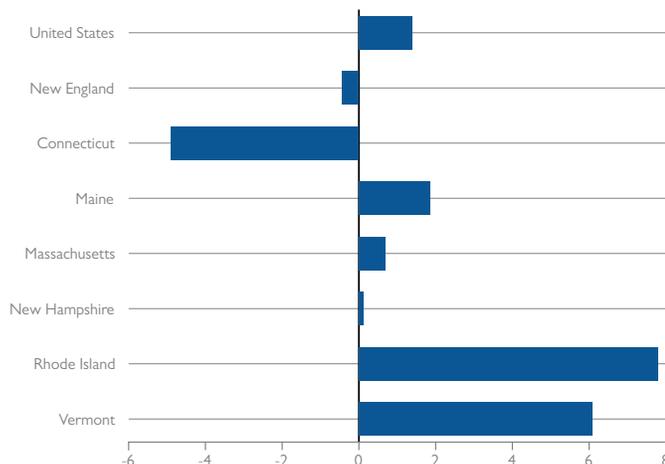
Initial Claims for Unemployment Insurance

Percent Change, August 2011 to August 2012



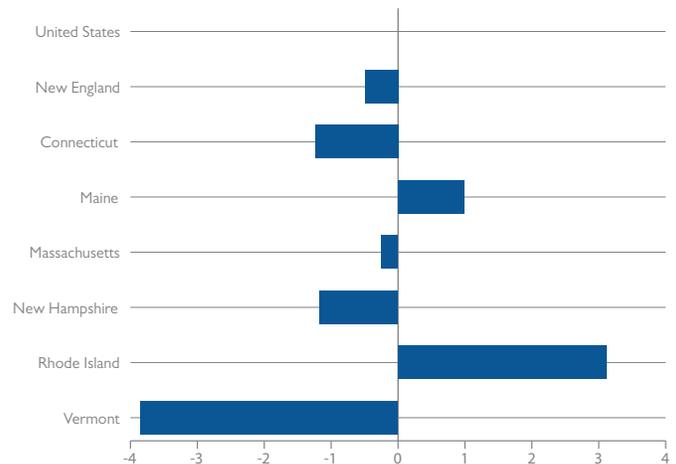
Average Hourly Earning of Manufacturing Production Workers

Percent Change, August 2011 to August 2012



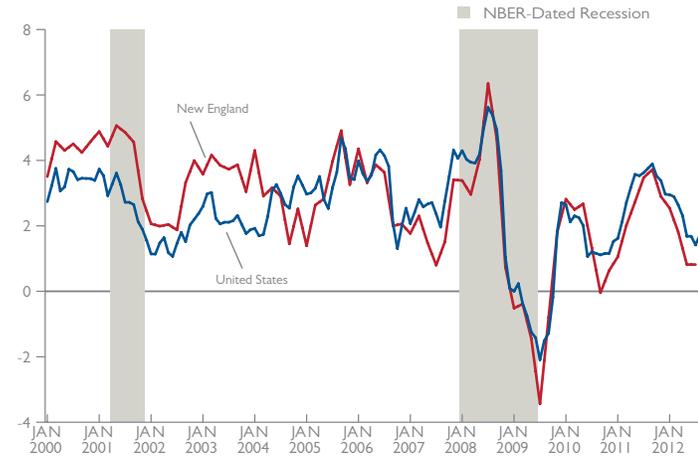
Average Weekly Hours of Manufacturing Production Workers

Percent Change, August 2011 to August 2012



Consumer Price Index

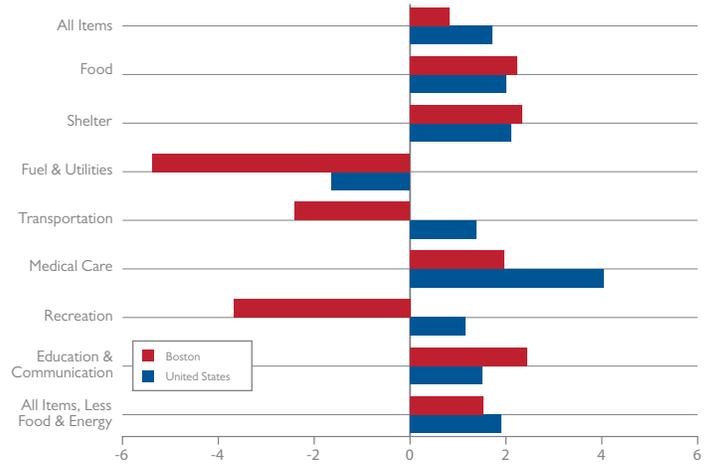
January 2000 - August 2012
All Items Percent Change From Year Earlier



Source: U.S. Bureau of Labor Statistics

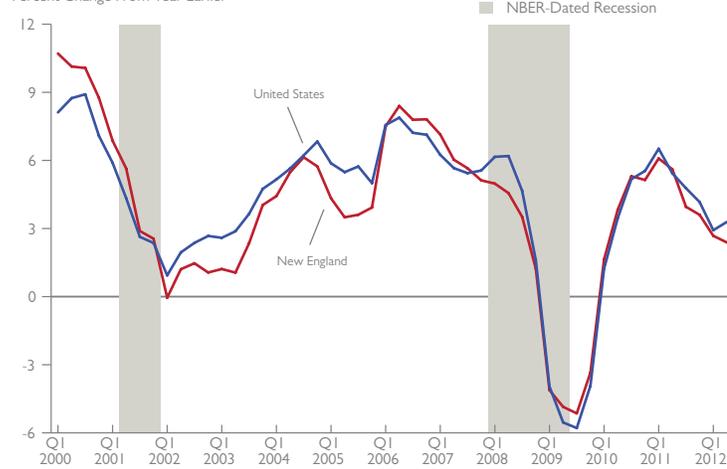
Consumer Price Index

Percent Change, July 2011 to July 2012



Total Personal Income

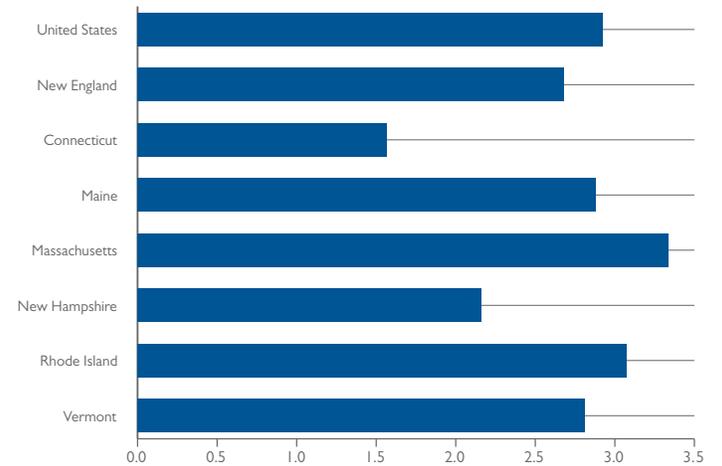
First Quarter 2000 - Second Quarter 2012
Percent Change From Year Earlier



Source: U.S. Bureau of Economic Analysis

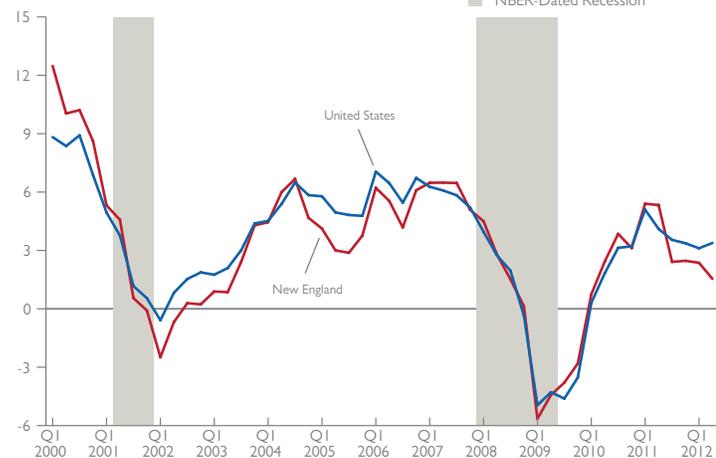
Total Personal Income

Percent Change, Second Quarter 2011 to Second Quarter 2012



Wage & Salary Disbursements

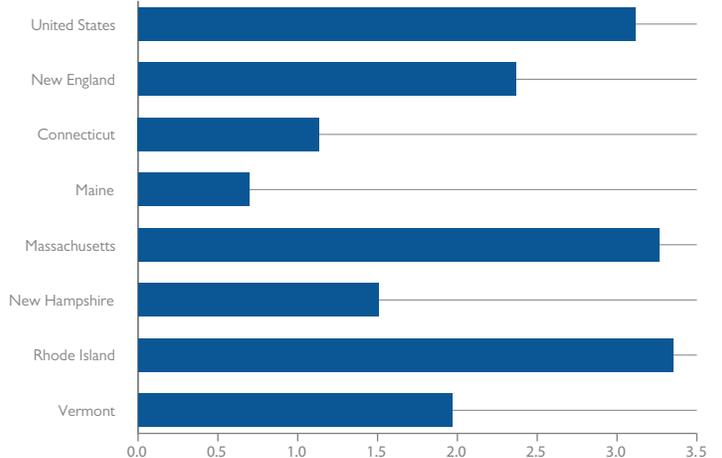
First Quarter 2000 - Second Quarter 2012
Percent Change From Year Earlier



Source: U.S. Bureau of Economic Analysis

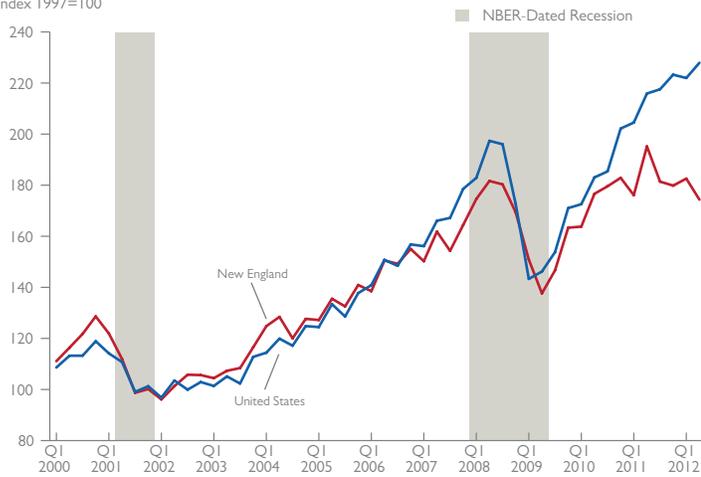
Wage & Salary Disbursements

Percent Change, Second Quarter 2011 to Second Quarter 2012



Total Merchandise Exports

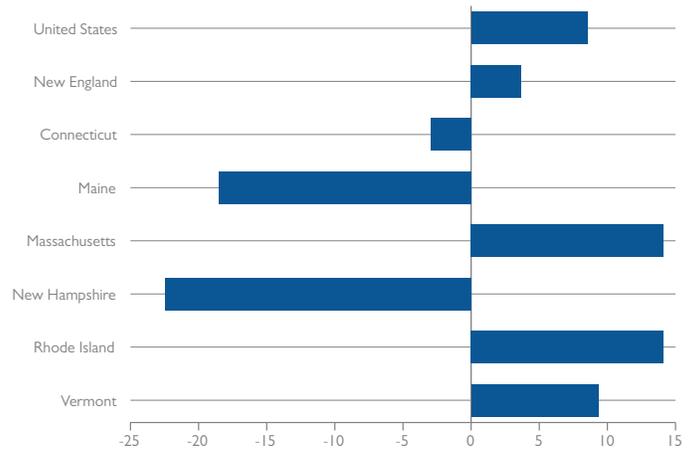
First Quarter 2000 - Second Quarter 2012
Index 1997=100



Exports by State

Dollar Value of Merchandise Exports

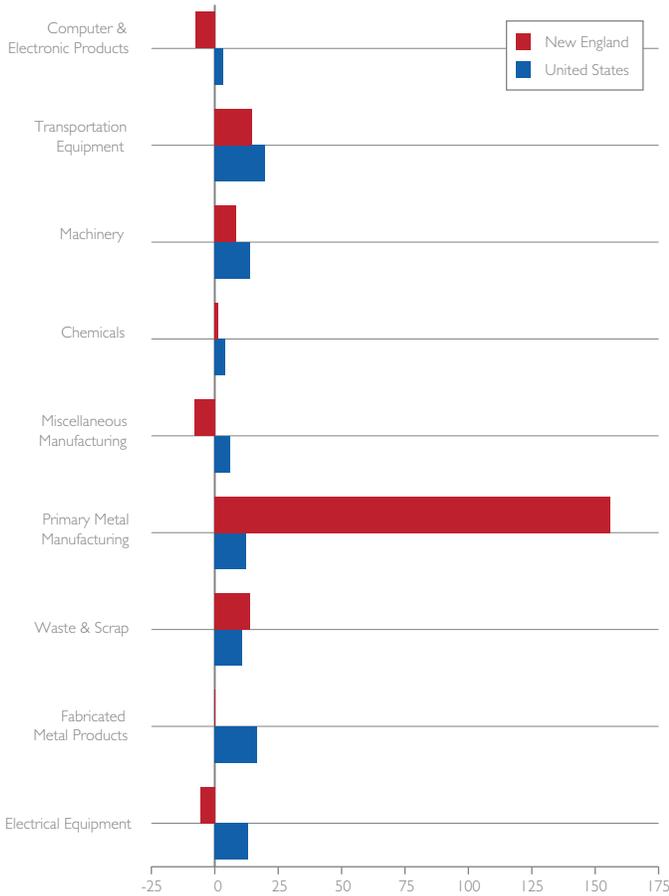
Percent Change, Second Quarter 2011 to Second Quarter 2012



Exports by Industry

Dollar Value of Merchandise Exports

Percent Change, Second Quarter 2011 to Second Quarter 2012

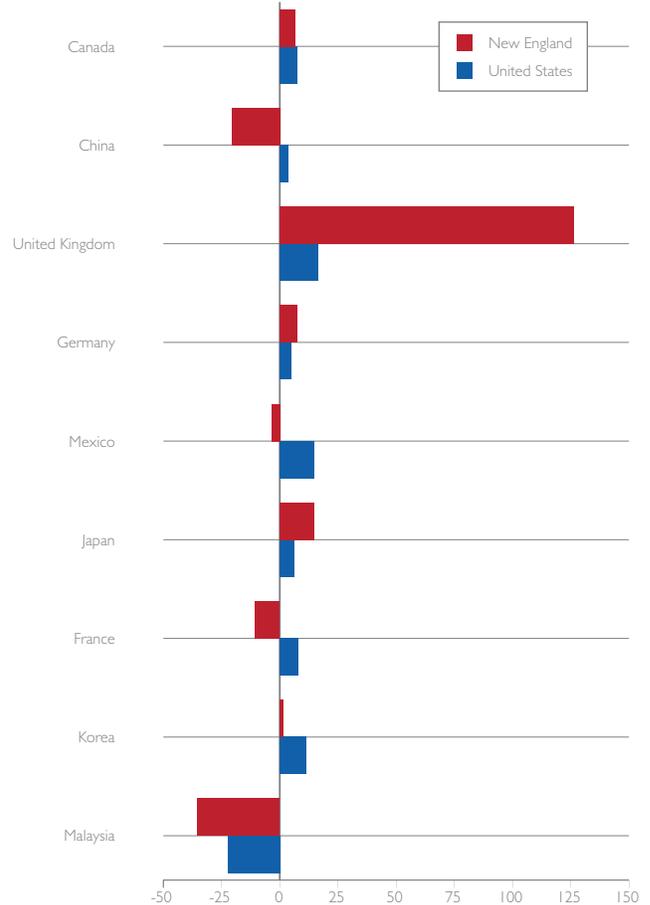


Source: World Institute for Strategic Economic Research

Exports by Country of Destination

Dollar Value of Merchandise Exports

Percent Change, Second Quarter 2011 to Second Quarter 2012



Home Price Index

First Quarter 2000 - Second Quarter 2012

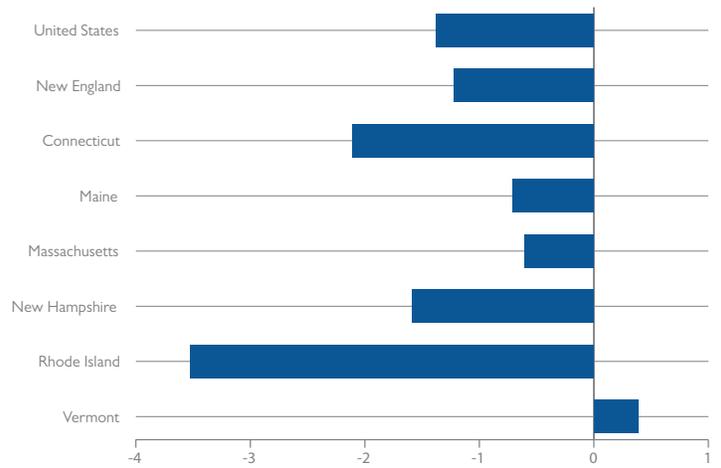
Percent Change From Year Earlier



Source: Federal Housing Finance Agency

Home Price Index

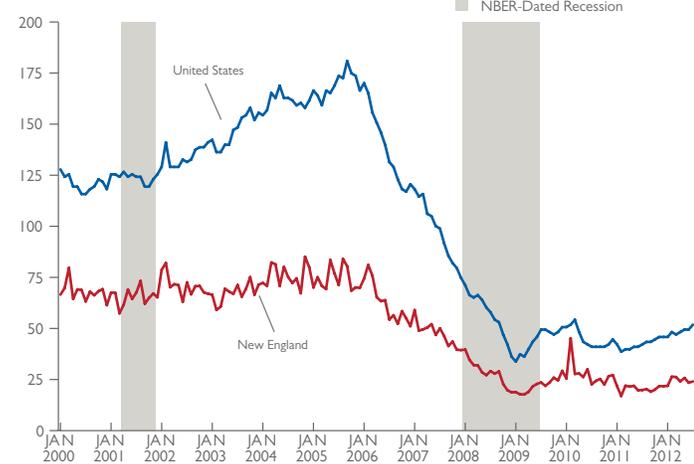
Percent Change, Second Quarter 2011 to Second Quarter 2012



Single-Family Housing Permits

January 2000 - August 2012

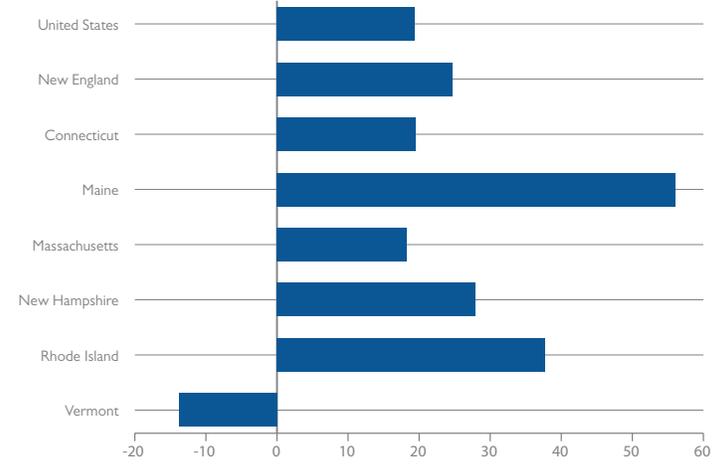
Index 1988=100



Source: U.S. Census Bureau

Single-Family Housing Permits

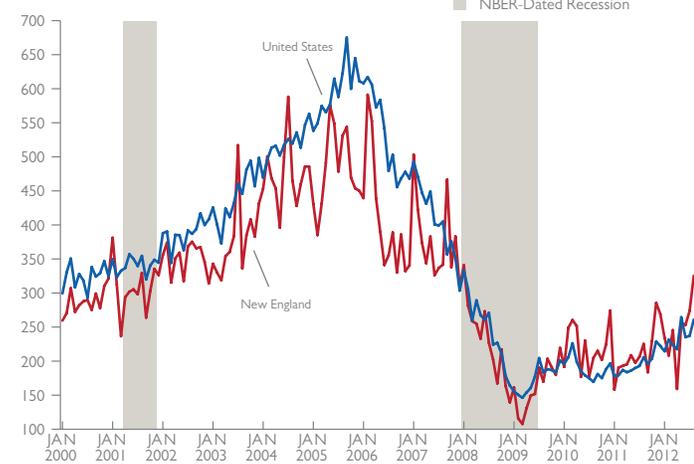
Percent Change, August 2011 to August 2012



Value of Residential Construction Contracts

January 2000 - August 2012

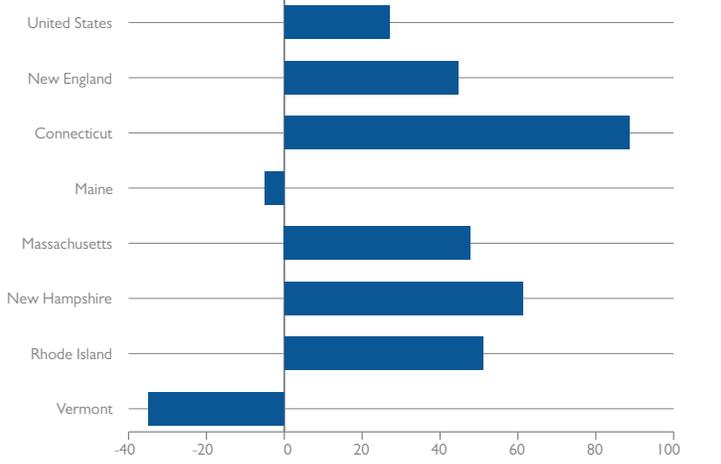
Index 1980=100



Source: McGraw-Hill Construction Dodge

Value of Residential Construction Contracts

Percent Change, August 2011 to August 2012



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INDICATORS Website

Indicators website features the most up-to-date data and information on relevant economic trends in the region. This includes monthly economic summaries for each New England state, raw time-series data for all series tracked in *Indicators*, and *Indicators Interactive*, an application that allows you to generate customized tables and charts for the geography or data series you are interested in.

<http://www.bostonfed.org/economic/neeil/index.htm>

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