

## Indicators illustrate ongoing improvements in New England economy

Economic activity in New England increased on a year-over-year basis through the third quarter of 2016, further extending the region's recovery. Regional employment continues to rise across all sectors of the economy. New England added jobs in each of the last three months, erasing the small decline in payrolls seen in May. Unemployment rates are down from one year ago in all New England states except Connecticut, and the regional unemployment rate is well below the national average.

### Job growth in New England persists; states outpace the nation

The United States and New England both experienced moderate payroll employment growth between August 2015 and August 2016. During that period, job growth in the New England states ranged from a high of 2.1 percent in Vermont to a low of 0.8 percent in Connecticut. Massachusetts, New Hampshire, and Vermont all enjoyed job growth rates that exceeded the national average of 1.7 percent. The latest regional average employment growth rate, 1.6 percent, is close to its highest rate in the past twelve months. Payroll employment in the region is well above its peak pre-recession level, but New England still lags behind the nation on this measure (Exhibit 1). The region's overall employment recovery is held back by Rhode Island, Connecticut, and Maine, which all continue to face employment shortfalls relative to their respective pre-recession peaks.

### Construction leads regional job growth

All ten supersectors recorded year-over-year job gains in the region in August 2016 (Exhibit 2). The Construction sector led the region in job growth over this period, growing at a pace (3.9 percent) that exceeded that in the same sector for the nation (3 percent). Employment in the Manufacturing sector declined nationally, but it increased modestly year-over-year in New England. The region's Information supersector has grown at nearly double the national rate since August 2015.

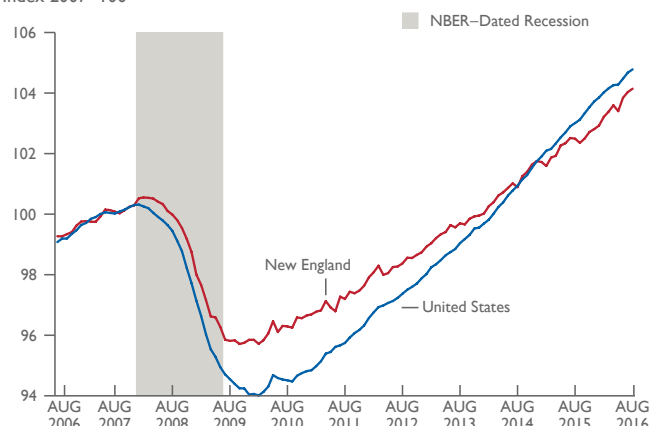
### The regional unemployment rate declines further, while wages rise

Five of the six New England states experienced further declines in unemployment between August 2015 and August 2016 (Exhibit 3). The exception was Connecticut, which saw a 0.3 percentage point increase in its unemployment rate, to 5.6 percent. From August 2015 to August 2016, the region's unemployment rate dropped 0.6 percentage points, to land at 4.2 percent. Connecticut is now tied with Rhode Island as the state with the highest unemployment rate in the region, and these two states remain the only ones in New England with a rate above the national rate. New Hampshire retained its position as the state in the region with the lowest unemployment rate (3 percent).

Over the same period, wages increased at a faster pace in the region than in the nation. New England posted average wage growth of 4.2 percent between August 2015 and August 2016, with gains as high as 6.6 percent in Vermont and as low as 2.5 percent in Connecticut. Almost all New England experienced wage growth in excess of the national average; Connecticut was the exception.

## Exhibit 1 Nonagricultural Employment

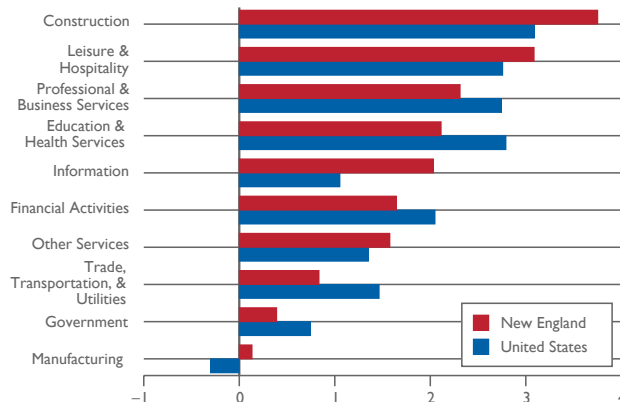
August 2006 – August 2016  
Index 2007=100



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

## Exhibit 2 Employment Growth by Supersector

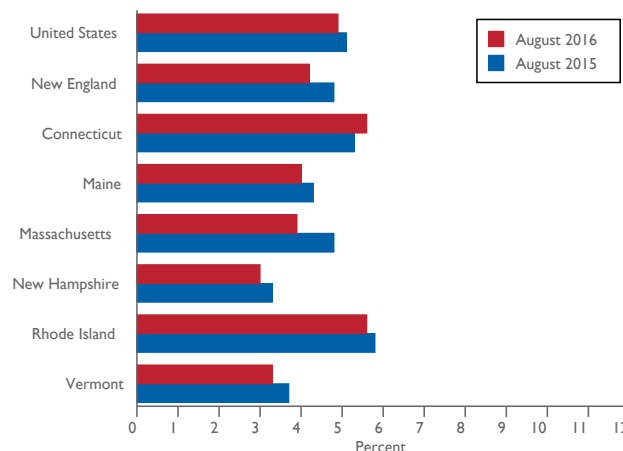
Percent Change, August 2015 to August 2016



Source: U.S. Bureau of Labor Statistics.

Note: Data are seasonally adjusted. New England's Information supersector is based on data from NH, MA, and CT only.

## Exhibit 3 Unemployment Rates

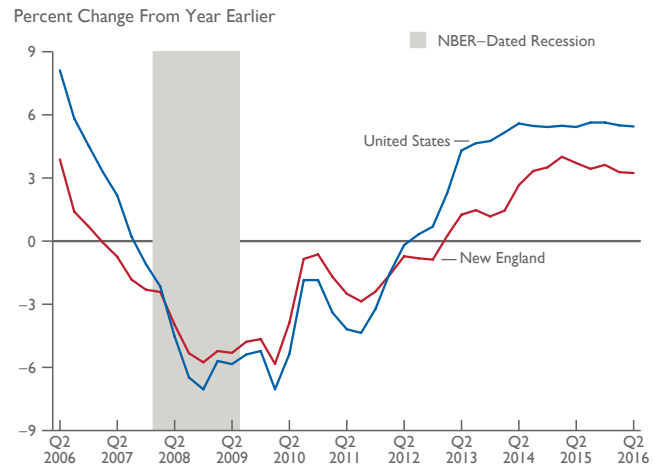


Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted.

### Massachusetts records fastest house price growth in the region

Home prices continued to grow both nationally and regionally, with national growth rates continuing to exceed regional rates (Exhibit 4). Between Q2 2015 and Q2 2016, home prices increased 5.4 percent nationally and 3.2 percent regionally. All six New England states reported positive house price growth year-over-year, but these gains all trailed the national rate. Massachusetts led regional home price gains, up 5.2 percent through Q2 2016 (Exhibit 5). House price growth in Connecticut was very modest over the period considered at just over 0.1 percent.

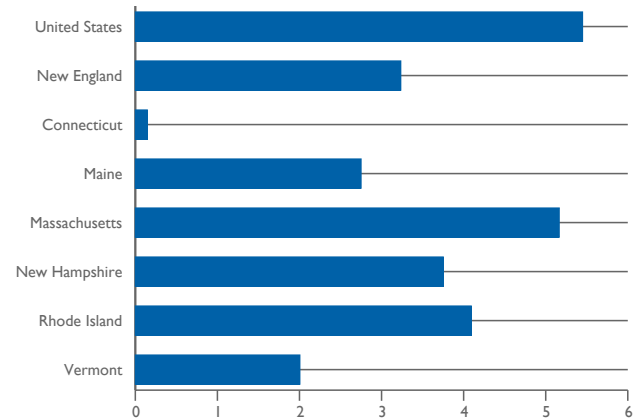
### Exhibit 4 FHFA House Price Index



Source: Federal Housing Finance Agency.

### Exhibit 5 FHFA House Price Index

Percent Change, Second Quarter 2015 to Second Quarter 2016



Source: Federal Housing Finance Agency.

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 September 20, 2016.

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