Economic activity continued to improve through 2018
Throughout 2018, New England and the United States continued to see improvements in economic conditions. Through August 2018, employment increased and unemployment rates fell relative to one year prior. Wages increased in all six New England states, although the average pace of gains eased compared with late 2017. Through the second quarter of 2018, home prices continued to climb both regionally and nationally compared to the same period in 2017.

Payroll Employment
Employment grows in New England at a slightly slower pace than the nation
The United States and New England continued to post solid job gains through August 2018. Payroll employment increased 1.6 percent nationally and 1.5 percent regionally between August 2017 and August 2018 (Exhibit 1). Although employment increased over this period in five of the New England states, Vermont experienced a slight decline (-0.6 percent) in payroll employment. Within New England, Massachusetts and New Hampshire posted the strongest year-over-year job gains through August 2018, outpacing the United States at 1.9 percent and 1.8 percent, respectively (Exhibit 2). Connecticut (1.5 percent), Rhode Island (1.3 percent), and Maine (1.1 percent), all saw increased payroll employment, but experienced smaller gains than the national average.

Wage and salary income growth continues
Incomes in New England and the United States continued to grow through the first half of 2018. Wage and salary disbursements, the largest component of income, were up year-over-year by 4.9 percent nationally and 4.2 percent regionally in Q2 2018 (Exhibit 3). For New England, the recent wage growth pace, while historically quite robust, nonetheless reflects a moderate slowdown relative to Q4 2017. All six New England states experienced year-over-year gains in wages and salaries, though the rate of growth ranged between 2.1 percent in Maine and 5.8 percent in New Hampshire.

Unemployment
Unemployment rates declined in four New England states
Four of the six New England states saw unemployment rate declines between August 2017 and August 2018. The exceptions were New Hampshire and Massachusetts, where the unemployment rate remained flat at 2.7 percent and 3.6 percent, respectively (Exhibit 4). Considering the region as a whole, the unemployment rate decreased 0.2 percentage points year-over-year; resulting in a rate of 3.6 percent, although that change was likely not statistically significant New England unemployment has continued at that rate since February 2018 and remains at its lowest level since June 2001. As of August 2018, New Hampshire retained the lowest unemployment
rate in the region, followed by Vermont at 2.8 percent. Only two states, Connecticut (4.3 percent) and Rhode Island (4.0 percent), had unemployment rates that exceeded the national rate (3.9 percent). Within the region Rhode Island posted the largest decline (0.4 percentage points) in unemployment since August 2017.

**Home Prices**

Rhode Island records the fastest house price growth in the region

Home prices continued to rise in the nation and region, with national growth rates still exceeding regional rates (Exhibit 5). Between the second quarter of 2017 and the second quarter of 2018, home prices increased 6.6 percent nationally and 5.0 percent regionally. Both of those figures reflect a slight slowdown in annual price appreciation compared with Q1 2018. All six New England states reported positive house price growth year-over-year (Exhibit 6), but Rhode Island was the sole New England state to outpace the national price growth at 7.9 percent. Maine and New Hampshire were slightly behind the national growth rate at 6.5 percent. House price growth in Connecticut, 1.2 percent, was the lowest in the region over the period considered.