

## Continued economic growth, but New England trails the nation

In late 2014 the economic recovery continued to see moderate improvements and persistent growth in employment, wages, and housing prices. Consistent with trends over the past two years, the New England region trails the pace of the national recovery in such areas.

## Vermont employment exceeds pre-recession levels

In 2014 the United States added jobs at a faster rate than New England, maintaining the trend of the past few years (Exhibit 1). Between November 2013 and 2014, employment grew 2.0 percent nationally while expanding by 1.5 percent regionally. This marked twenty-nine consecutive months where national employment growth outpaced regional gains.

Massachusetts posted the strongest gain in employment among the New England states, growing 1.8 percent year-over-year through November 2014. Growth in the other New England states over this time period ranged from 0.8 percent in New Hampshire to 1.6 percent in Connecticut. In November 2014, Vermont, which posted modest employment gains throughout 2014, became the second New England state to surpass its pre-recession employment peak. Massachusetts was the first, reaching this benchmark in November 2012.

## Unemployment rates are down in most New England states

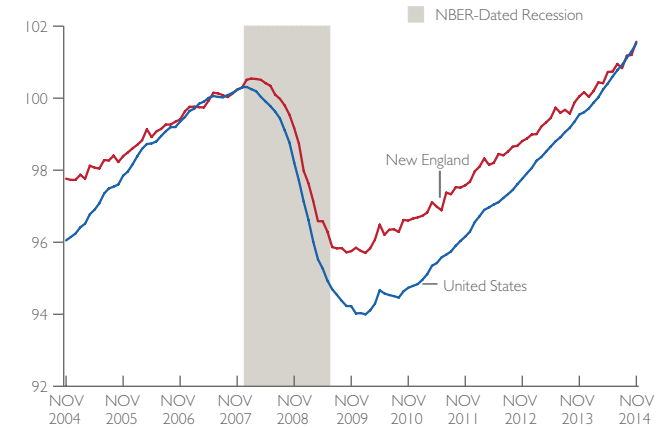
Over the past year, New England and the United States experienced identical decreases in their unemployment rates: both fell from 7.0 percent to 5.8 percent between November 2013 and November 2014 (Exhibit 2). Within New England nearly all states experienced a year-over-year unemployment rate decline, save for Vermont where the unemployment rate remained unchanged at 4.3 percent. Consequently, New Hampshire now has the lowest unemployment rate among the New England states (4.1 percent), a position Vermont had held since 2011. Rhode Island recorded the largest percentage point decline in the region, dropping 2.3 percentage points between November 2013 and November 2014. Consequently, Rhode Island went from having the highest unemployment rate in the nation in November 2013 to the sixth highest in November 2014. However, that state continues to have the highest rate of unemployment in New England.

## Utility prices rise while transportation costs fall

Consumer prices continued to grow at a fairly subdued pace through the end of 2014 (Exhibit 3). Between November 2013 and November 2014 prices for all items grew 1.6 percent in New England, exceeding the 1.3 percent growth experienced nationally. New England's higher price growth was largely driven by a significant increase in the price of fuel and utilities. Utility prices in the region jumped due to a 21.4 percent year-over-year increase in the price of electricity, which was over seven times the national increase in electricity prices. Declining transportation costs helped offset some of the growth in utilities: the price of gasoline declined both regionally and nationally by more than 10 percent. Excluding volatile food and energy prices, price growth both nationally and regionally was fairly similar between November of 2013 and 2014.

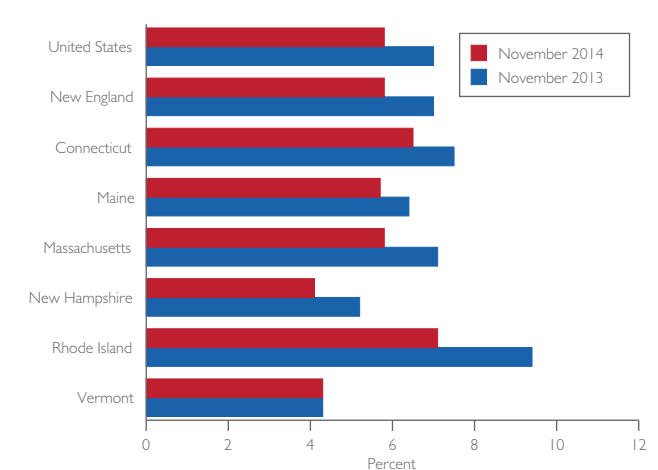
## Exhibit 1 Nonagricultural Employment

November 2004 - November 2014  
Index 2007=100



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

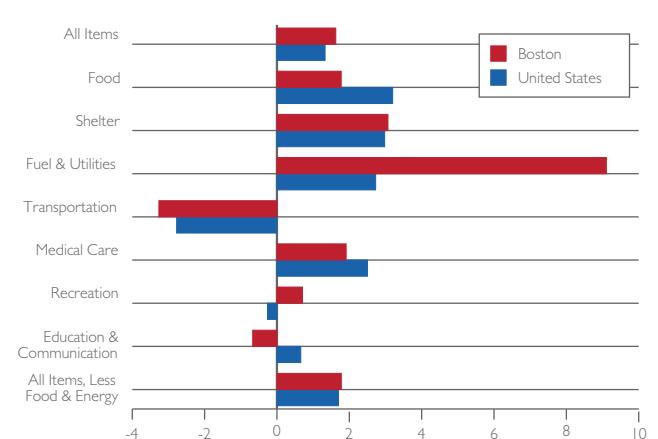
## Exhibit 2 Unemployment Rates



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

## Exhibit 3 Consumer Price Index

Percent Change, November 2013 to November 2014



Source: U.S. Bureau of Labor Statistics.

### Income growth continues at a moderate pace

Wages and salary income increased at a moderate pace throughout the year, with the nation experiencing slightly stronger year-over-year gains than the region (Exhibit 4). Between the third quarters of 2013 and 2014 the United States experienced a 4.4 percent increase in wage and salary incomes, exceeding the 3.7 percent growth experienced in New England. Nationally, this was the fastest pace of year-over-year wage growth since the fourth quarter of 2012. Within New England, New Hampshire was the only state to exceed the national wage and salary increases, growing 4.9 percent between the third quarters of 2013 and 2014.

### New England home prices increase at fastest rate since 2006

The United States and New England housing markets improved in 2014, with year-over-year home prices increasing at their fastest pace since 2006 (Exhibit 5). In the third quarter of 2014, year-over-year home price growth was 5.6 percent nationally and 3.6 percent regionally. And while this marked the ninth consecutive quarter where national home price growth outpaced regional gains, for New England this was the largest year-over-year house price increase since the second quarter of 2006.

All New England states trailed the national pace of home price growth between the third quarters of 2013 and 2014 (Exhibit 6). Massachusetts reported the strongest year-over-year gains among the New England states, with home prices increasing 5.2 percent over that period. This was the second straight year in which Massachusetts was the only New England state where home price growth exceeded regional gains. Vermont experienced the smallest growth in the region, with home prices increasing just 1.1 percent over this time period.

New England Economic

## INDICATORS

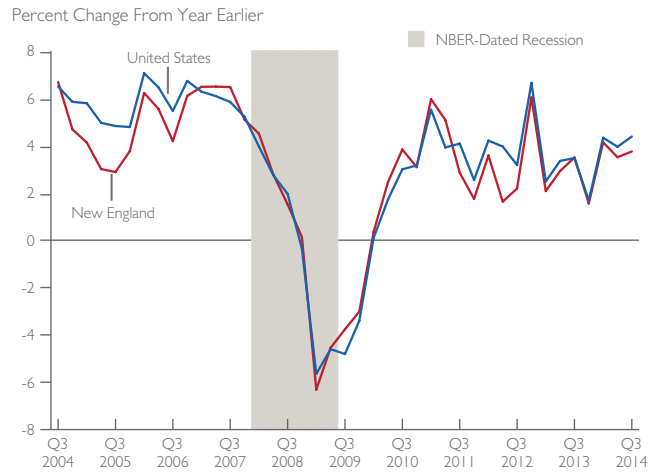
New England Economic Indicators is published by the Federal Reserve Bank of Boston.

New England Economic Indicators aggregates data released prior to December 30, 2014.

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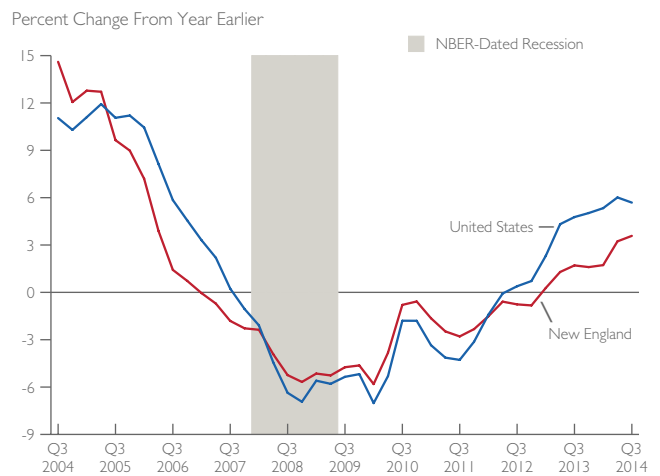


### Exhibit 4 Wage & Salary Disbursements



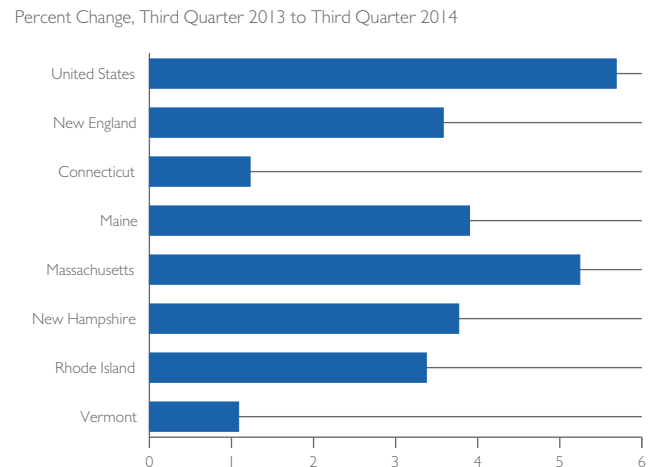
Source: U.S. Bureau of Economic Analysis.

### Exhibit 5 FHFA House Price Index



Source: Federal Housing Finance Agency.

### Exhibit 6 FHFA House Price Index



Source: Federal Housing Finance Agency.