

## Economic activity continued to improve throughout 2015

In late 2015 New England and the United States continued to see modest improvements in economic indicators. Employment increased, wages and salaries rose, and unemployment rates fell. Growth in consumer prices was modest all year due to declining Fuel & Utility and Transportation costs. However, export activity declined throughout 2015 as global demand for US exports moderated, particularly in Canada.

## Employment gains persist throughout 2015

The United States and New England continued to post consistent job gains into the second half of 2015. Between November 2014 and November 2015, payroll employment grew by 1.9 percent nationally and 1.8 percent regionally (Exhibit 1). This was the slowest employment growth nationally in the past eighteen months and the closest New England employment gains have come to national gains in over three years. However, both the United States and New England reported slower year-over-year gains in employment in November than rates of growth experienced in mid-2015.

Within New England, Massachusetts posted the strongest year-over-year job gains, increasing employment by 2.2 percent from November 2014 to November 2015. Over this period, Massachusetts was the only New England state to exceed the national pace of job gains, marking the fifth consecutive month that the Commonwealth's employment gains exceeded the nation's. New Hampshire posted the slowest employment growth in the region, increasing payroll jobs just 0.6 percent over this time period.

## Unemployment rates declined in all New England states

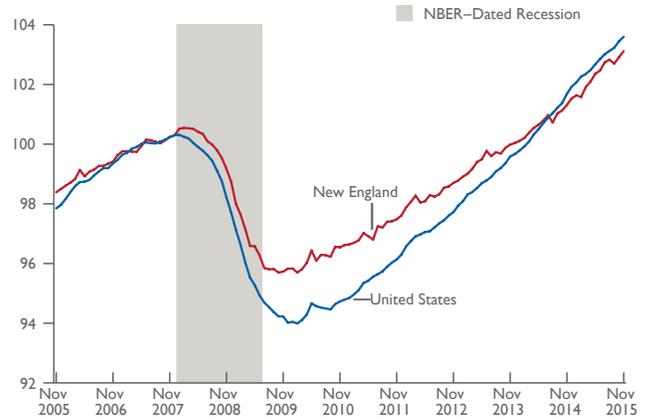
All six of the New England states continued to see unemployment rates decline between November 2014 and 2015. Over this period the region's unemployment rate dropped 0.9 percentage points and as of November 2015 was 4.6 percent. However, this drop in unemployment occurred primarily in the first half of 2015, as the regional unemployment rate has stood at 4.6 percent since August 2015. Unemployment rates in Connecticut, Maine, and Rhode Island all declined more than a full percentage point over this time period. Rhode Island experienced the steepest drop (1.7 percentage points) but continues to have the highest unemployment rate in the region at 5.2 percent. New Hampshire had the lowest unemployment rate in the region (3.2 percent), and was tied for the 4th lowest in the nation behind South Dakota, Nebraska, and North Dakota.

## Consumer prices were moderated by declining utility and transportation costs

Consumer prices continued to grow at a fairly subdued pace through 2015, with regional price growth slightly outpacing national increases (Exhibit 3). In the Boston area, price inflation fell to 0.3 percent between September 2014 and 2015, the slowest growth in consumer prices since 2010. By November 2015 year-over-year price inflation in the region had ticked up modestly, increasing to 0.8 percent. Nationally, consumer prices actually declined year-over-year for most of the first half of 2015, followed by slight increases in prices in the second half of the year. As of November, consumer prices nationally increased 0.5 percent year-over-year, the largest increase of 2015.

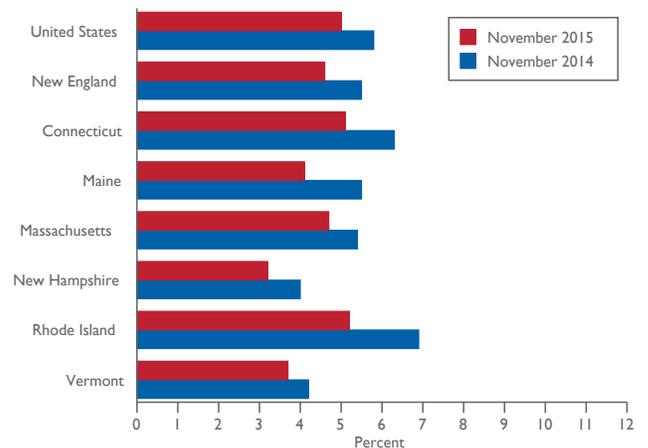
## Exhibit 1 Nonagricultural Employment

November 2005 – November 2015  
Index 2007=100



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

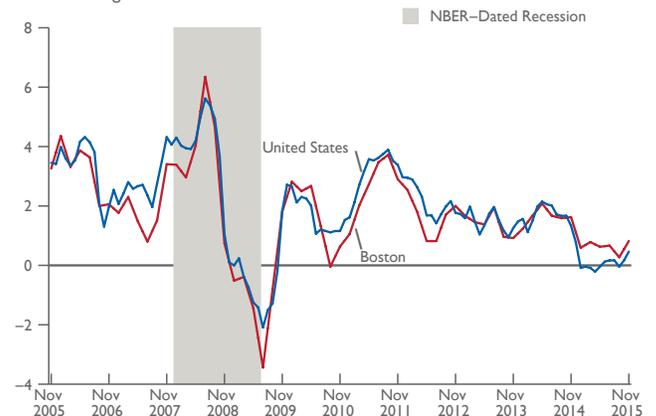
## Exhibit 2 Unemployment Rates



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

## Exhibit 3 Consumer Price Index

November 2005 – November 2015  
Percent Change From Year Earlier



Source: U.S. Bureau of Labor Statistics.

These recent trends in consumer prices are largely driven by declining utility prices and by a significant decline in gasoline prices, which pushes down transportation costs (Exhibit 4). While transportation prices declined at fairly similar rates nationally and regionally, Fuel & Utilities prices fell by 11.1 percent in the Boston area between November 2014 and 2015, five times the rate of decline nationally over this time period (-2.2 percent). Excluding more volatile price categories, such as food and energy, consumer prices through May increased year-over-year at a more moderate pace in the Boston area (2.7 percent) and in the United States (2.0 percent). Boston's higher growth in consumer prices came largely through greater increases in prices for Medical Care and Education & Communication, though price increases were higher in Boston than nationally in all price categories.

### Income grew for the third straight year

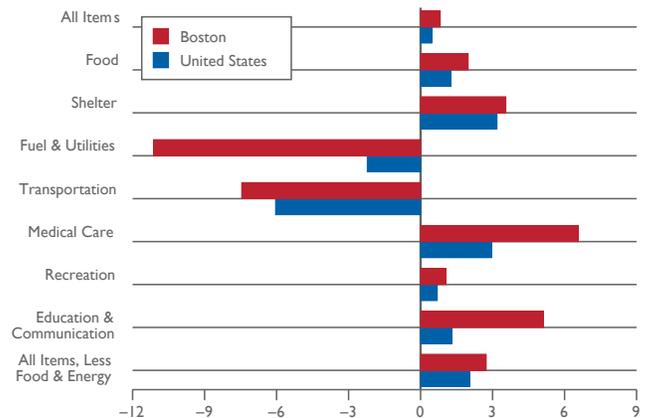
Incomes in New England and the United States continued to grow at a persistent pace through the third quarter of 2015 (Exhibit 5). Wage and salary disbursements, the largest component of income, were up year-over-year by 5.1 percent nationally and 5.3 percent regionally in Q3 2015. This marks nearly three consecutive years of persistent year-over-year gains in wage and salary income nationally and regionally. All six New England states experienced year-over-year wage and salary growth rates in excess of 3 percent in this period, with only Massachusetts (6.3 percent) and Rhode Island (5.5 percent) exceeding national growth rates.

### Exports are down from all New England states in 2015

The dollar value of exports from both New England and the United States declined year-over-year through the first three quarters of 2015, most recently falling 8.0 percent nationally and dropping 6.8 percent regionally between Q3 2014 and Q3 2015 (Exhibit 6). The declining value of exports this year marked the first drop in exports nationally since 2009, though New England had seen year-over-year declines as recently as 2012. All six New England states reported declines in exports through Q3 2015, ranging from a 0.4 percent in Massachusetts to 23.7 percent in Rhode Island. While the value of exports from the region and nation are down in most major industries and to most major destinations, a large portion of the drop in export values comes from falling exports to Canada, which represents both the nation's and the region's biggest trading partner.

### Exhibit 4 Consumer Price Index

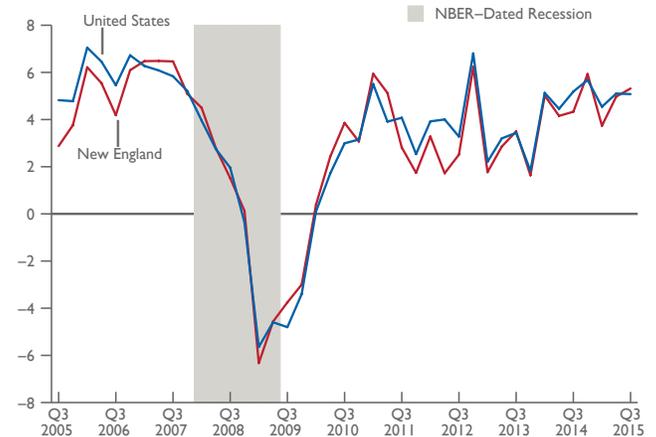
Percent Change, November 2014 to November 2015



Source: U.S. Bureau of Labor Statistics.

### Exhibit 5 Wage & Salary Disbursements

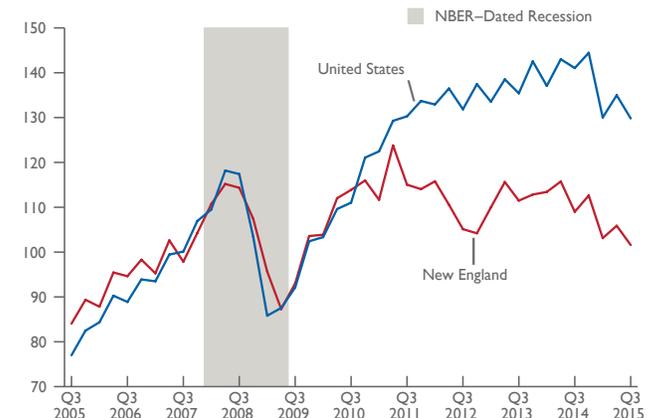
Percent Change From Year Earlier



Source: U.S. Bureau of Economic Analysis.

### Exhibit 6 Total Merchandise Exports

Third Quarter 2005 – Third Quarter 2015  
Index 2007=100



Source: World Institute for Strategic Economic Research.

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 21, 2015.

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