NEW ENGLAND ECONOMIC UPDATE

Mary A. Burke
Senior Economist

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Federal Reserve Bank of Boston

Disclaimer: The views expressed here are those of the speaker and do not necessarily represent the views of the Federal Reserve Bank of Boston or the Federal Reserve System.
Economic Activity Slightly Lower Since January in MA and CT

Source: Federal Reserve Bank of Philadelphia, NBER, Haver Analytics
MassBenchmarks Also Says MA Economy Contracted in 2017Q1

Growth in Real Product, Massachusetts vs. U.S.

Source: U.S., Bureau of Economic Analysis (BEA); Massachusetts: through 2016Q3, BEA; 2016Q4 and later, MassBenchmarks.

Quarterly Growth at Annual Rates (%)
Payroll Employment in CT Stalled Since Mid-2015

Indexed to Pre-recession Peaks

Source: Bureau of Labor Statistics, NBER, Haver Analytics
NH and MA Boosted Employment Growth in Region (since April 2016)

<table>
<thead>
<tr>
<th>Annual Long-term Trend</th>
<th>Last 12 months</th>
<th>Since Peak</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent</td>
<td>Percent</td>
</tr>
<tr>
<td>United States</td>
<td>1.4</td>
<td>1.6</td>
</tr>
<tr>
<td>New England</td>
<td>0.9</td>
<td>1.2</td>
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<tr>
<td>Connecticut</td>
<td>0.5</td>
<td>0.3</td>
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<tr>
<td>Maine</td>
<td>1.2</td>
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<tr>
<td>Massachusetts</td>
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<tr>
<td>New Hampshire</td>
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<tr>
<td>Rhode Island</td>
<td>0.7</td>
<td>1.0</td>
</tr>
<tr>
<td>Vermont</td>
<td>1.3</td>
<td>0.8</td>
</tr>
</tbody>
</table>

- Long-Term Trend: average emp. growth rate 1985-2015
- Last 12 Months: emp. growth rate April 2016-April 2017
- Since Peak: net change to April 2017 from pre-recession peak

Source: Bureau of Labor Statistics, Haver Analytics
Employment Growth Mixed Across Metropolitan Areas

Percent Change, April 2016 - April 2017

Source: Bureau of Labor Statistics, Haver Analytics
Construction Jobs on the Rebound in the Region; Manufacturing Jobs Down

Source: Bureau of Labor Statistics, Haver Analytics
Note: Information category for NE is not seasonally adjusted.
New England’s Unemployment Rate Ticked Up Recently; Still Below Pre-Recession Minimum

<table>
<thead>
<tr>
<th></th>
<th>Apr-16</th>
<th>Apr-17</th>
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<tbody>
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<td>Vermont</td>
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</tbody>
</table>

Source: Bureau of Labor Statistics, NBER, Haver Analytics
Labor Force Participation Surging in Region; Helps Account for Unemployment Increase

Percent of Population Ages 16+ in Labor Force (employed or actively looking for work)

Source: Haver Analytics
Unemployment Rates in New England by Metropolitan Areas

Source: Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Boston
Initial Claims for Unemployment Insurance
Below Pre-Recession Levels

Source: Department of Labor, NBER, Haver Analytics, Federal Reserve Bank of Boston
Consumer Price Inflation Up Since 2015, But Still Moderate

Source: Bureau of Labor Statistics, NBER, Haver Analytics
Fuel & Utilities Prices Still Rising Rapidly in Boston Area

Source: Bureau of Labor Statistics, Haver Analytics
Started Foreclosures Close to Pre-Crisis Lows

Source: Mortgage Bankers Association, NBER, Haver Analytics
House Price Increases in Region Accelerated in Late 2016

Source: FHFA, NBER, S&P/Case-Shiller, Haver Analytics
CT is Exception to Solid House Price Gains

(Single Family Homes)

Percent Change, Q1 2016 - Q1 2017

- Bridgeport-Stamford-Norwalk: 0.0%
- Hartford-W. Hartford-E. Hartford: 0.5%
- New Haven-Milford: 1.8%
- Norwich-New London: 3.2%
- Bangor: 3.6%
- Lewiston-Auburn: 4.1%
- Portland-S.Portland-Biddeford: 5.9%
- Barnstable Town: 5.6%
- Boston-Cambridge-Quincy: 7.6%
- Pittsfield: 5.9%
- Springfield: 4.1%
- Worcester: 6.6%
- Manchester-Nashua: 5.6%
- Providence-New Bedford-Fall River: 5.9%
- Burlington-S. Burlington: 2.3%

Source: Freddie Mac Home Loan Mortgage Corporation, Haver Analytics
Growth of Personal Income Down Since Late 2014

Source: Bureau of Economic Analysis, NBER, Haver Analytics

Percent Change from Year Earlier

Recession
NE
US

Source: Bureau of Economic Analysis, NBER, Haver Analytics
Consumer Confidence Above Pre-Recession Highs

Source: The Conference Board, NBER, Haver Analytics
Both Components of Confidence Improved Over Last Year

Source: The Conference Board, Haver Analytics
Leading Indexes Point to Slower Growth or Contraction (Except RI)

Source: Federal Reserve Bank of Philadelphia, NBER, Haver Analytics
Final thoughts

• Regional economy strong along many indicators

• Recovery still incomplete in parts of the region

• Forward-looking indicators point to slower growth
  ➢ Tight labor market is one restraining factor
  ➢ Higher participation rate is a welcome sign