

REGIONAL ECONOMIC CONDITIONS IN NEW ENGLAND

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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.



Overview of Economic Conditions in New England

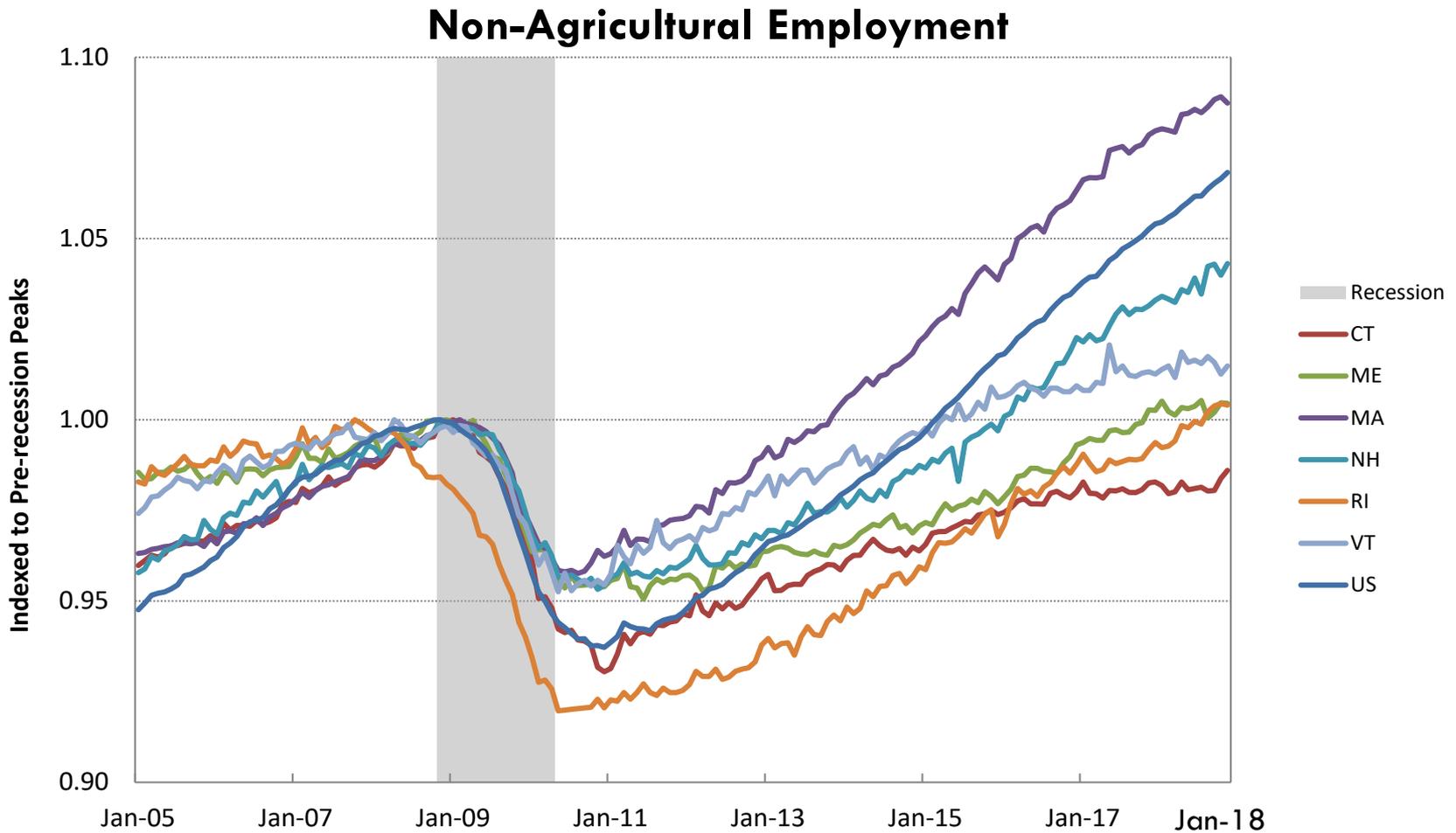
- Labor market conditions in New England remain steady but somewhat tight, and with performance varying across states and industries.
 - ▣ Maine is comparable to the region as a whole.

- Inflation excluding food and energy prices is fairly low.

- House prices have increased in the region compared to one year ago, approaching the national trend.
 - ▣ Once again, Maine aligns with New England overall.

- Expectations for the future appear to be positive.
 - ▣ Nationally and regionally, consumers seem to be more confident about the economic outlook.
 - ▣ Forecasts for employment and other indicators predict modest improvement.

Employment Remains on the Rise Across the Region



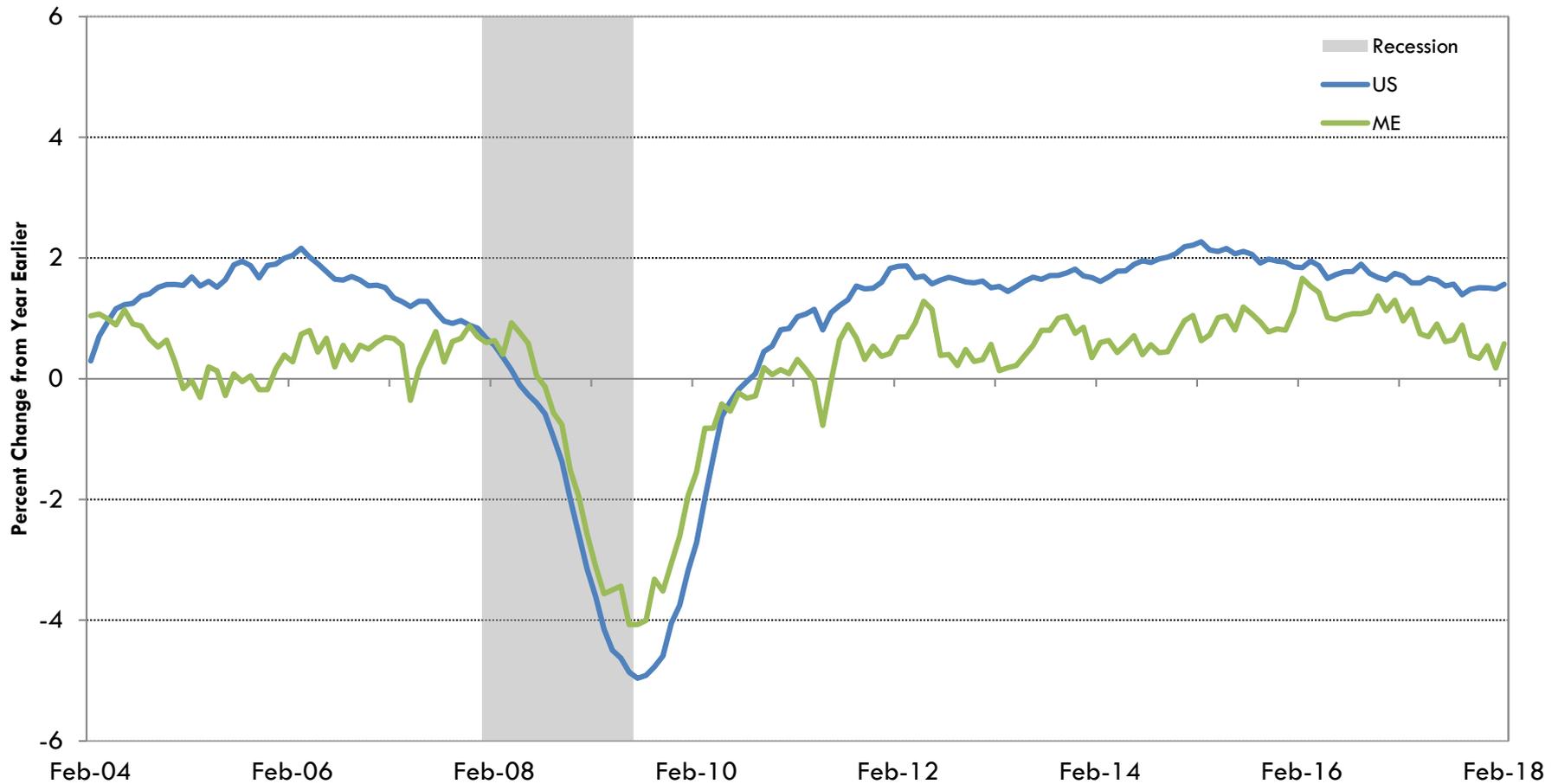
Recent Employment Growth is Close to Long-Run Trends

Employment Growth Rates

	Annual Long-term Trend	Last 12 months		Since Peak	
	Percent	Percent	Number	Percent	Number
United States	1.4	1.6	2,281,000	7.0	9,758,000
New England	0.9	0.9	66,800	4.8	340,300
Connecticut	0.5	0.5	8,100	-1.2	-21,300
Maine	1.1	0.6	3,600	0.8	5,200
Massachusetts	0.9	1.1	39,100	9.1	304,700
New Hampshire	1.5	1.4	9,400	4.7	30,900
Rhode Island	0.7	1.3	6,300	0.6	3,200
Vermont	1.3	0.1	300	1.4	4,200

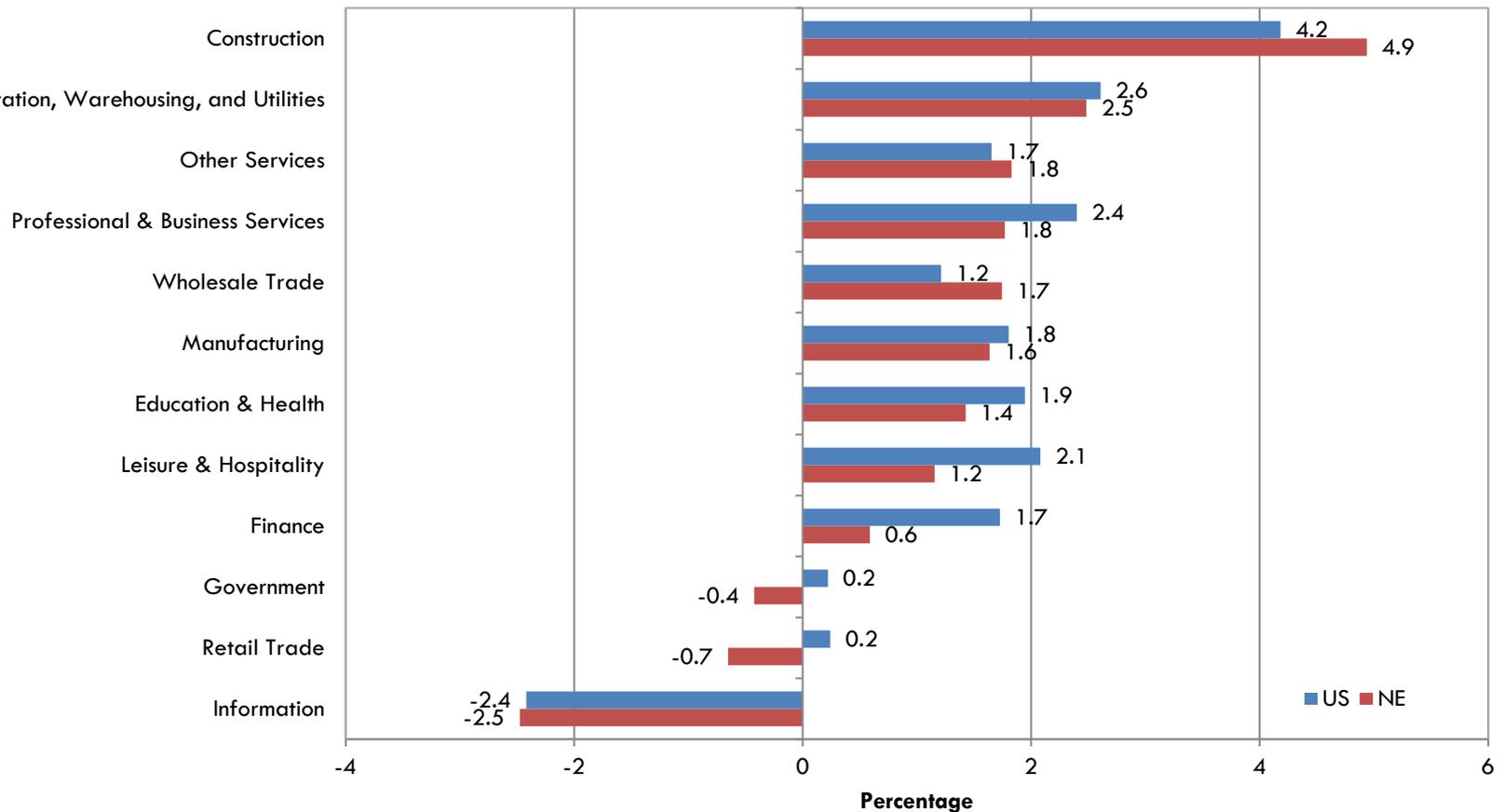
Year-Over-Year Employment Growth in Nation has Exceeded Maine

Non-Agricultural Employment



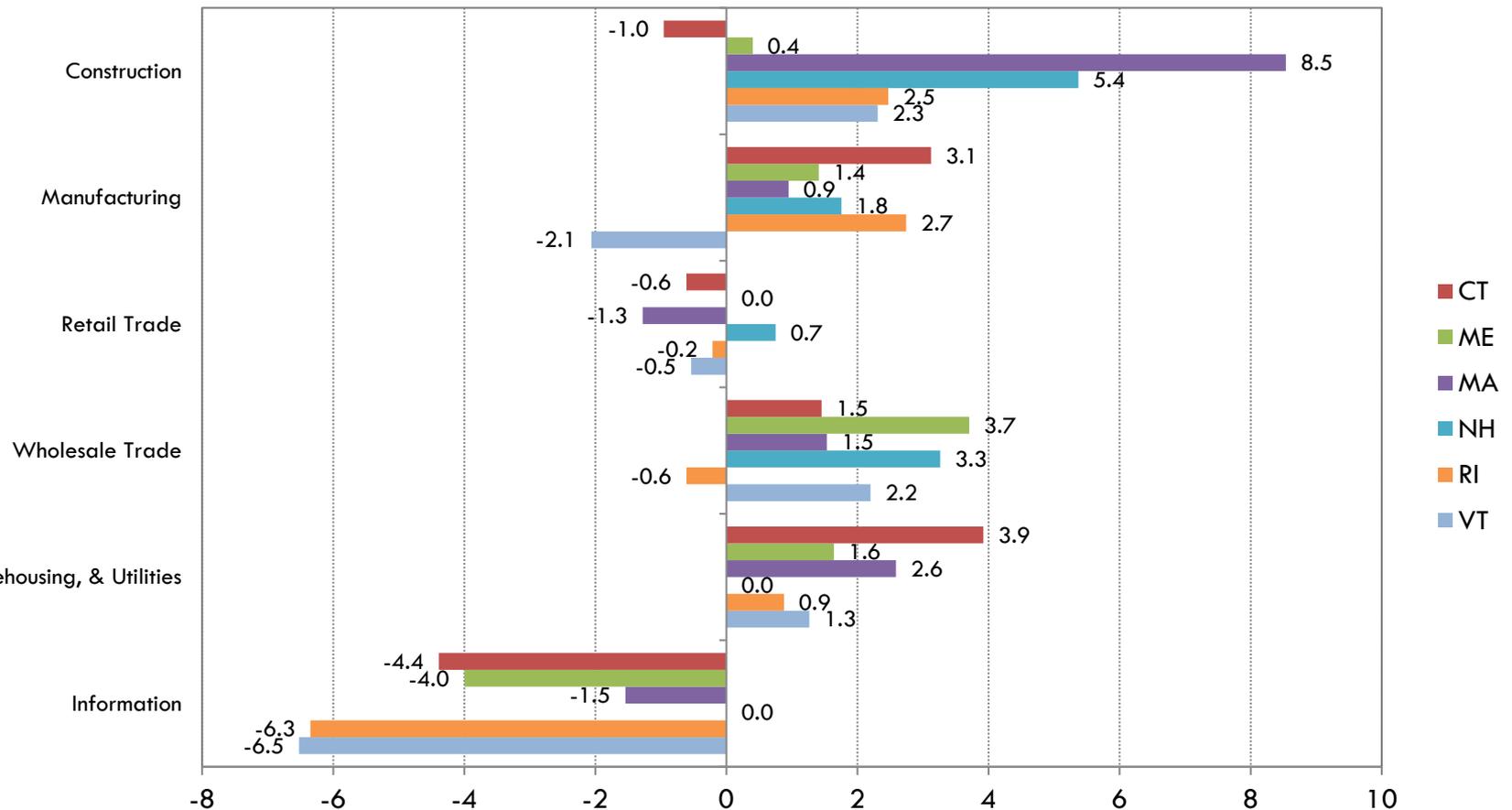
Construction & Trans/Warehousing/Util Industries Lead NE Employment Growth

Employment Growth by Industry
Percent Change, February 2017 - February 2018



Transportation, Warehousing, and Utilities Industry is Hiring in Maine...

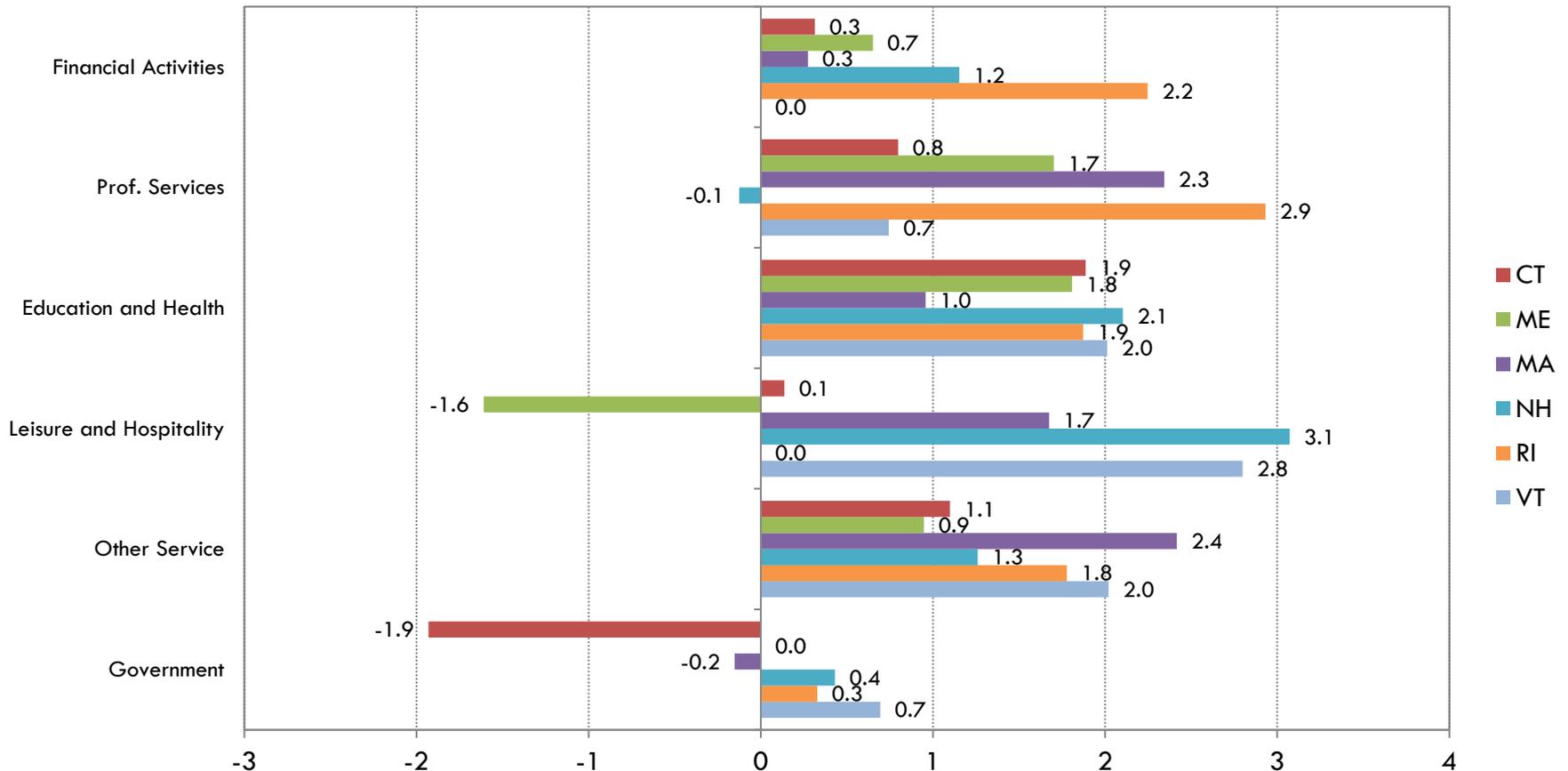
State Employment Growth by Industry
Percent Change, February 2017 - February 2018



Source: Bureau of Labor Statistics, Haver Analytics

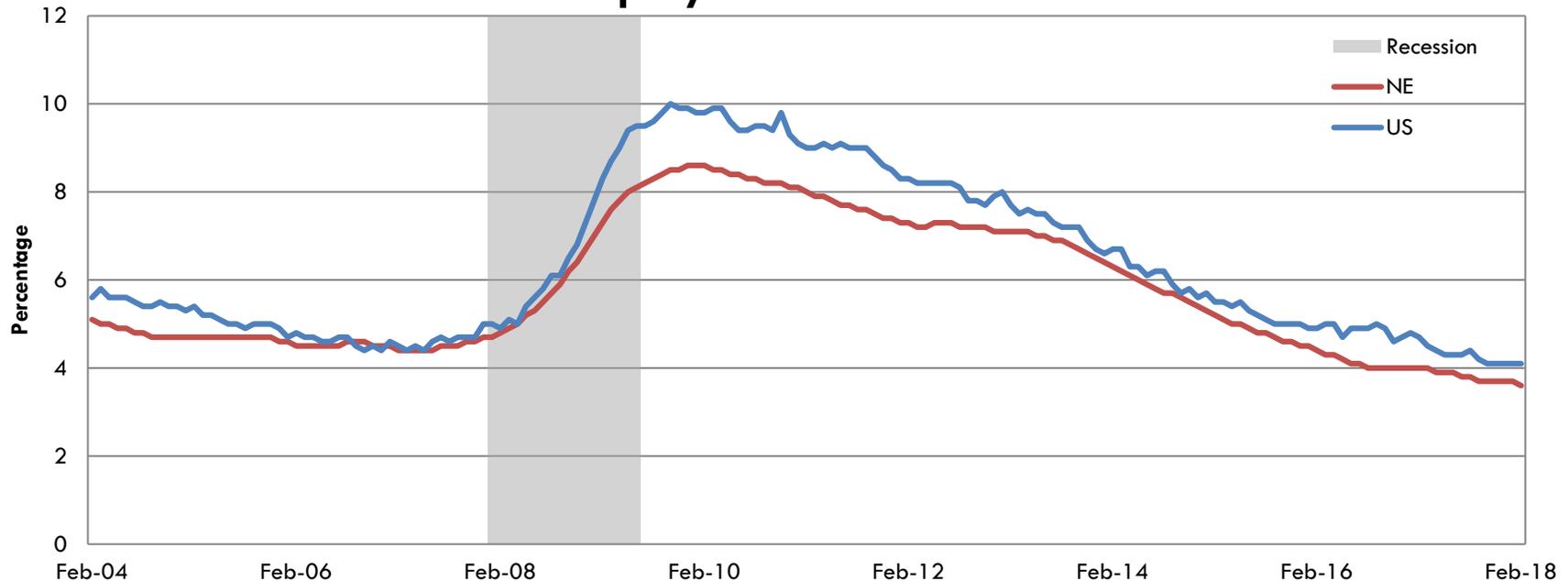
...with Mixed Employment Growth in Other Maine Industries, Other States

State Employment Growth by Industry Percent Change, February 2017 - February 2018



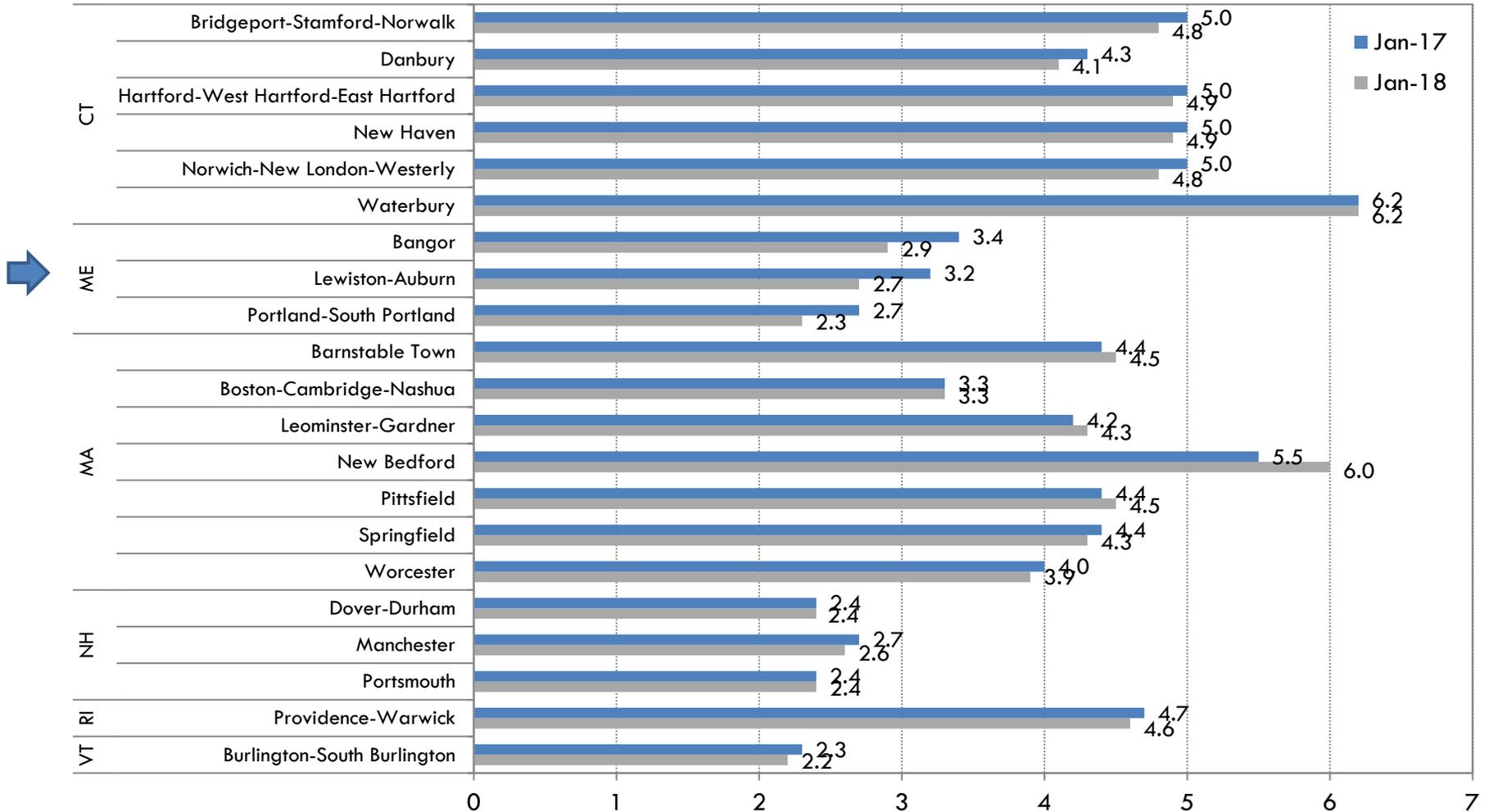
Unemployment Rates are Low

Unemployment Rates



	Feb-17	Feb-18
United States	4.7	4.1
New England	4.0	3.6
Connecticut	4.9	4.6
→ Maine	3.3	2.9
Massachusetts	3.9	3.5
New Hampshire	2.8	2.6
Rhode Island	4.5	4.5
Vermont	3.1	2.8

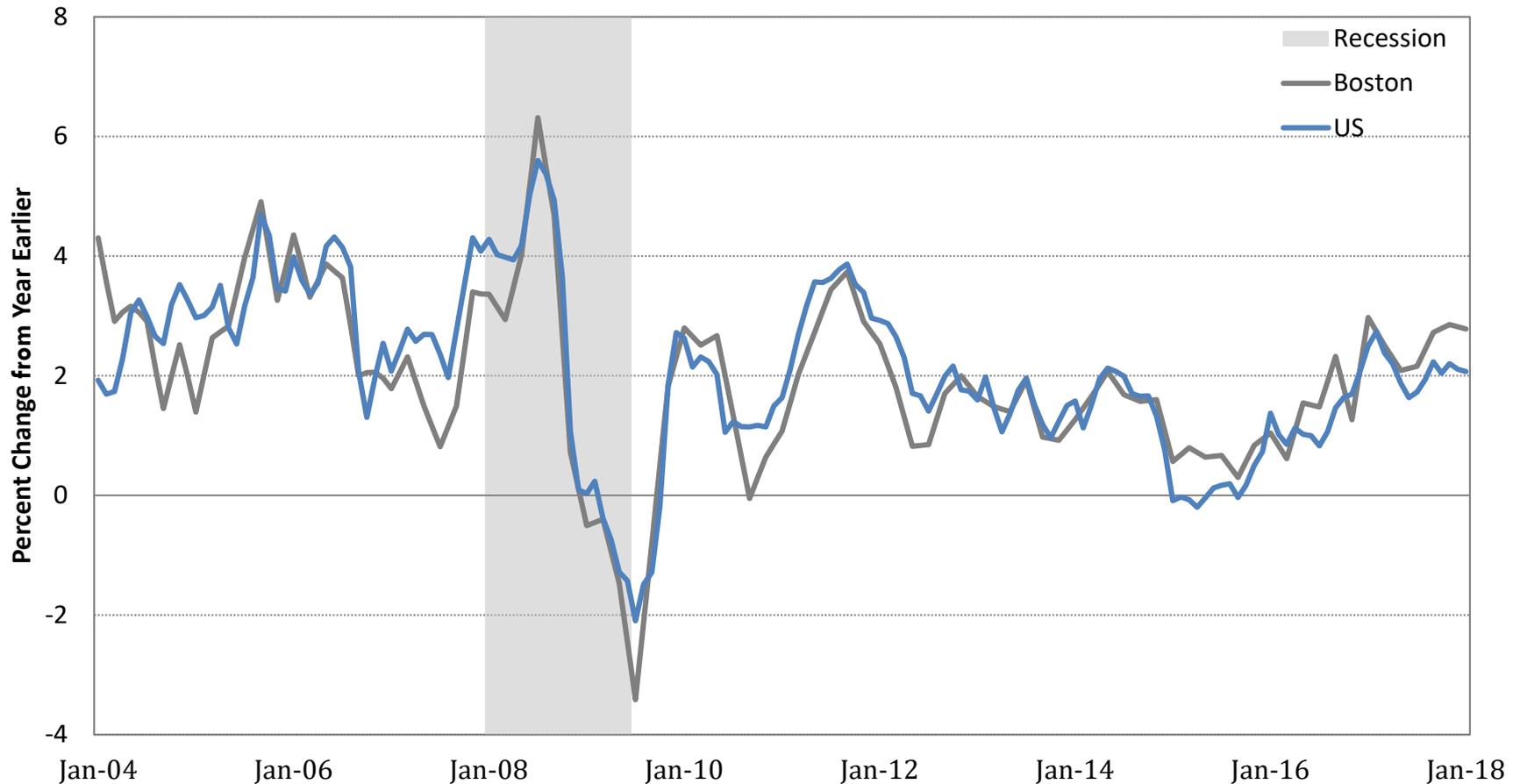
Unemployment Rates Vary Across New England Metropolitan Areas



Source: Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Boston

Inflation in New England is Higher than US but Comparable

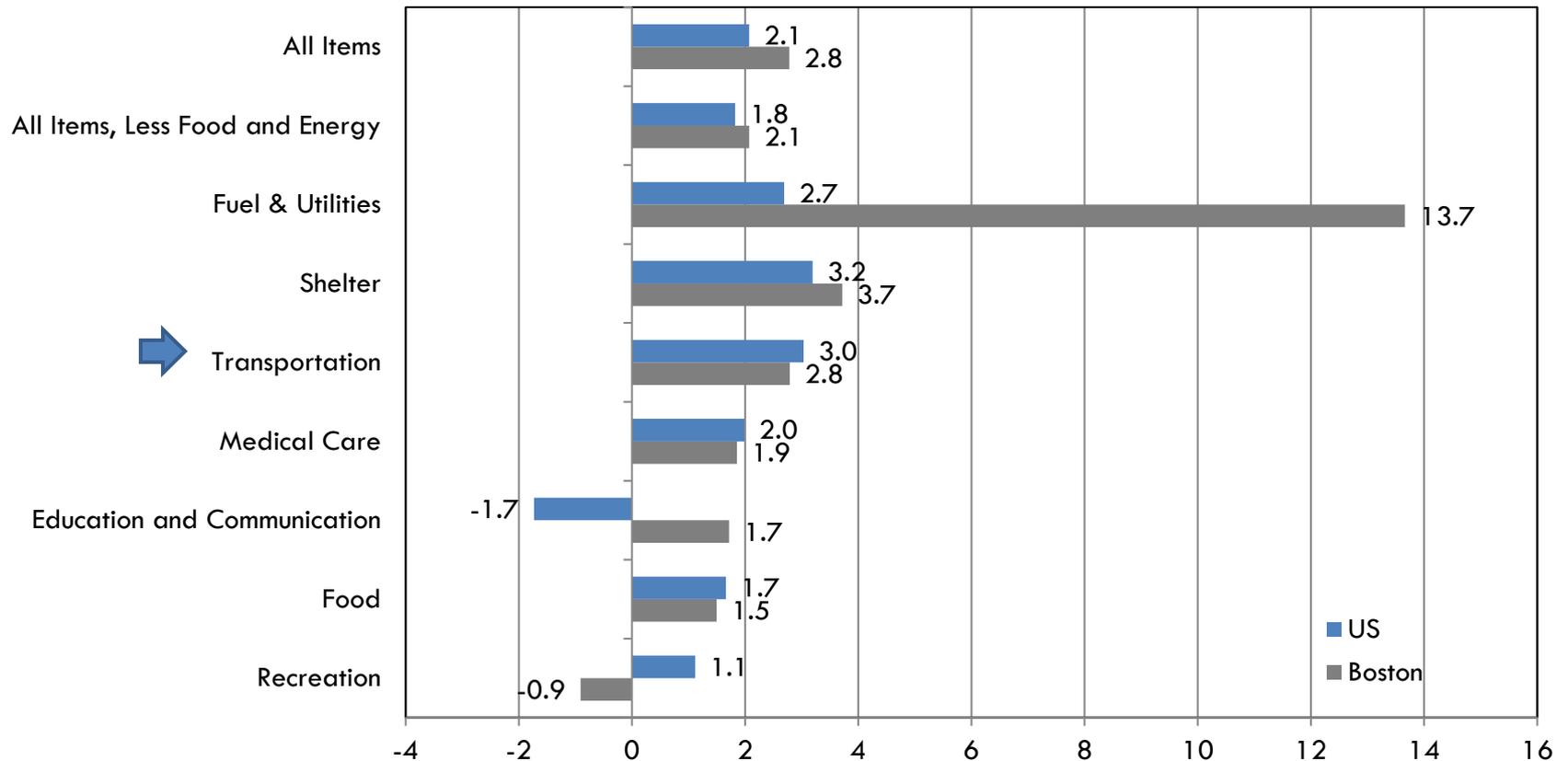
Consumer Price Index



High Energy Price Growth in the Region Helps Drive Overall Inflation

Components of the Consumer Price Index

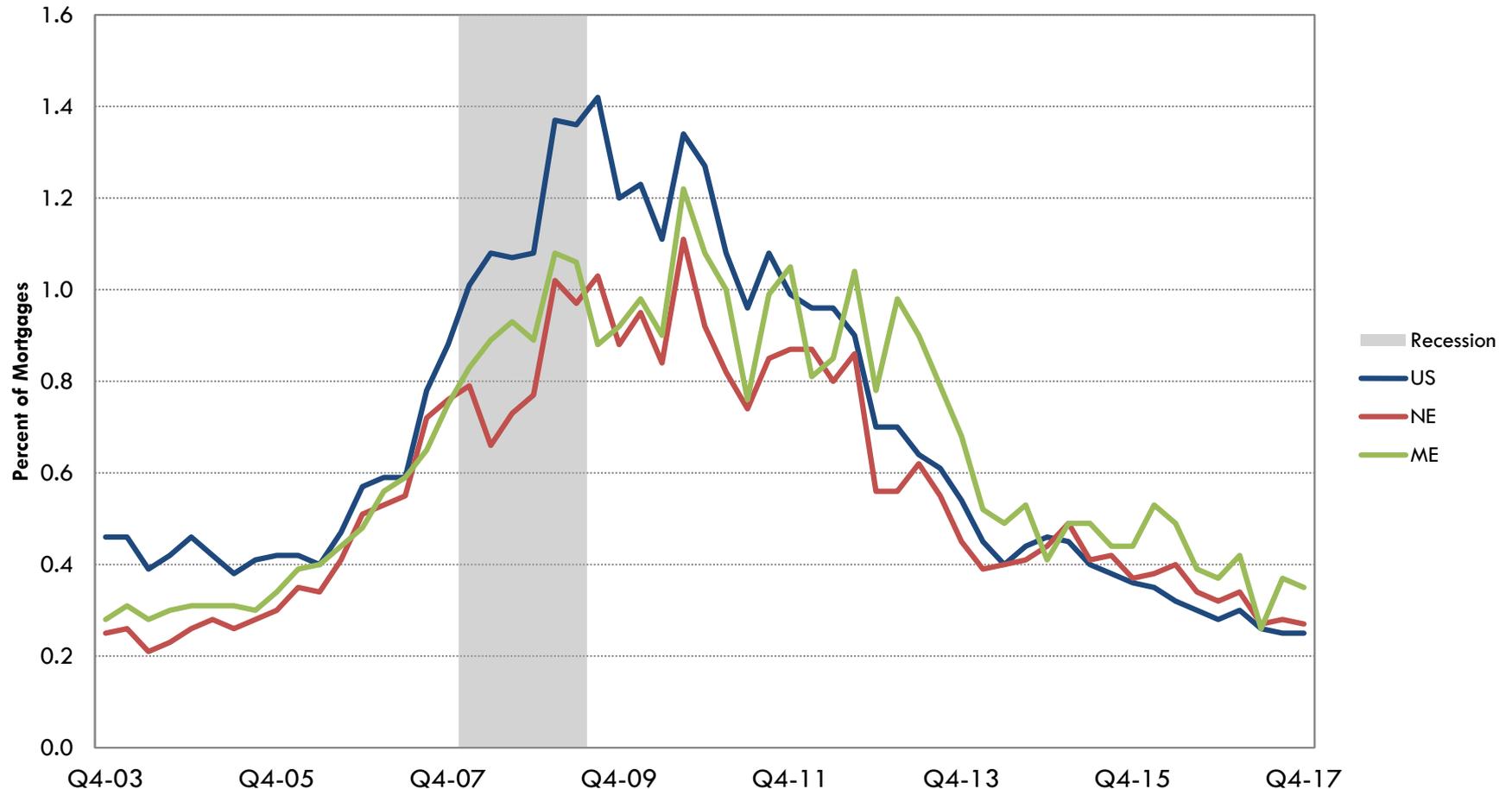
Percent Change, January 2017 - January 2018



Decline of Foreclosures in Maine, Comparable to Region and Nation

Foreclosures Started

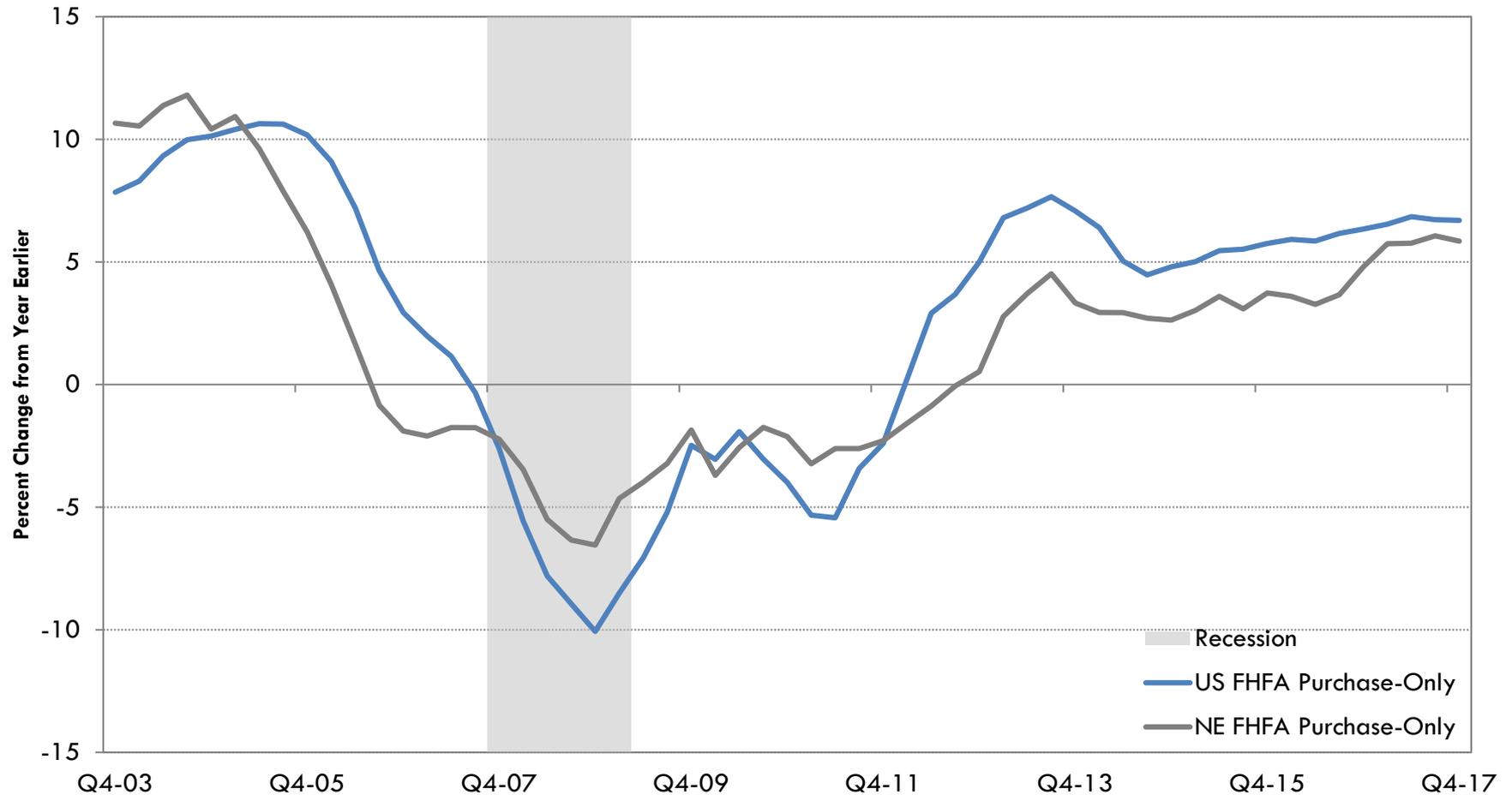
All Loans



Source: Mortgage Bankers Association, NBER, Haver Analytics

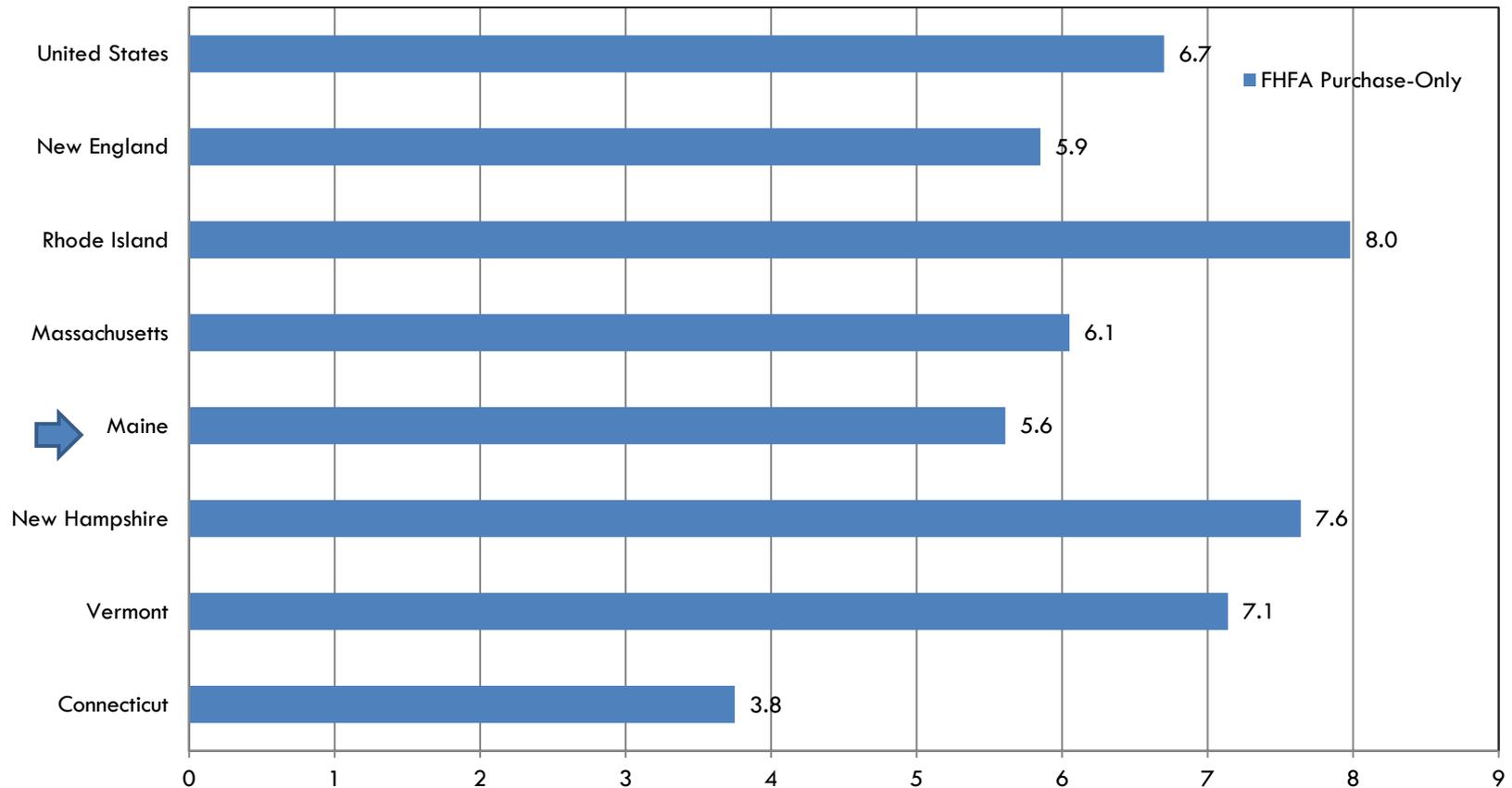
Housing Prices Continue to Rise

Repeat-Sales Home Price Index

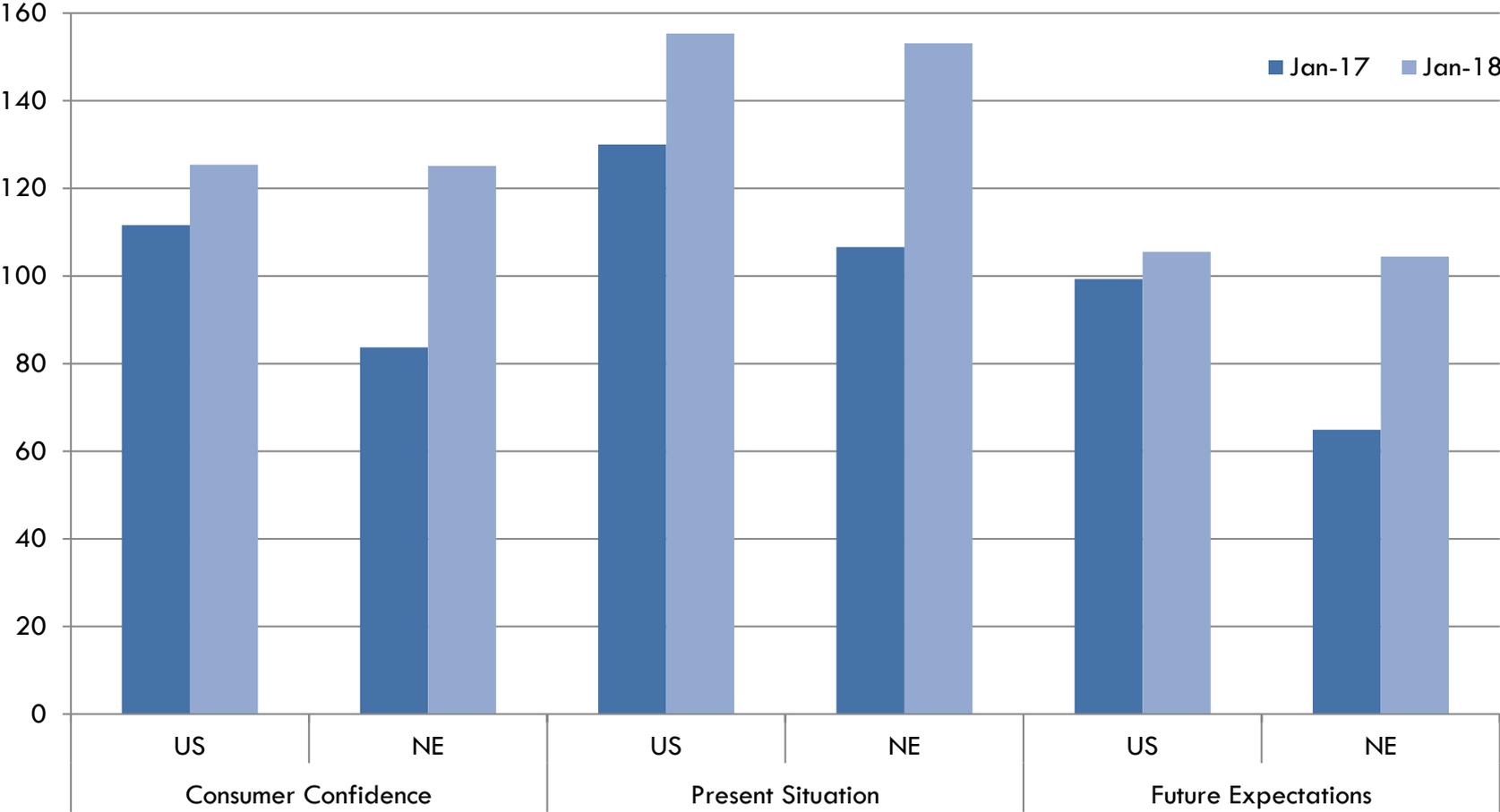


House Price Growth Varies Across New England

Repeat-Sales Home Price Index Percent Change, Q4 2016 - Q4 2017



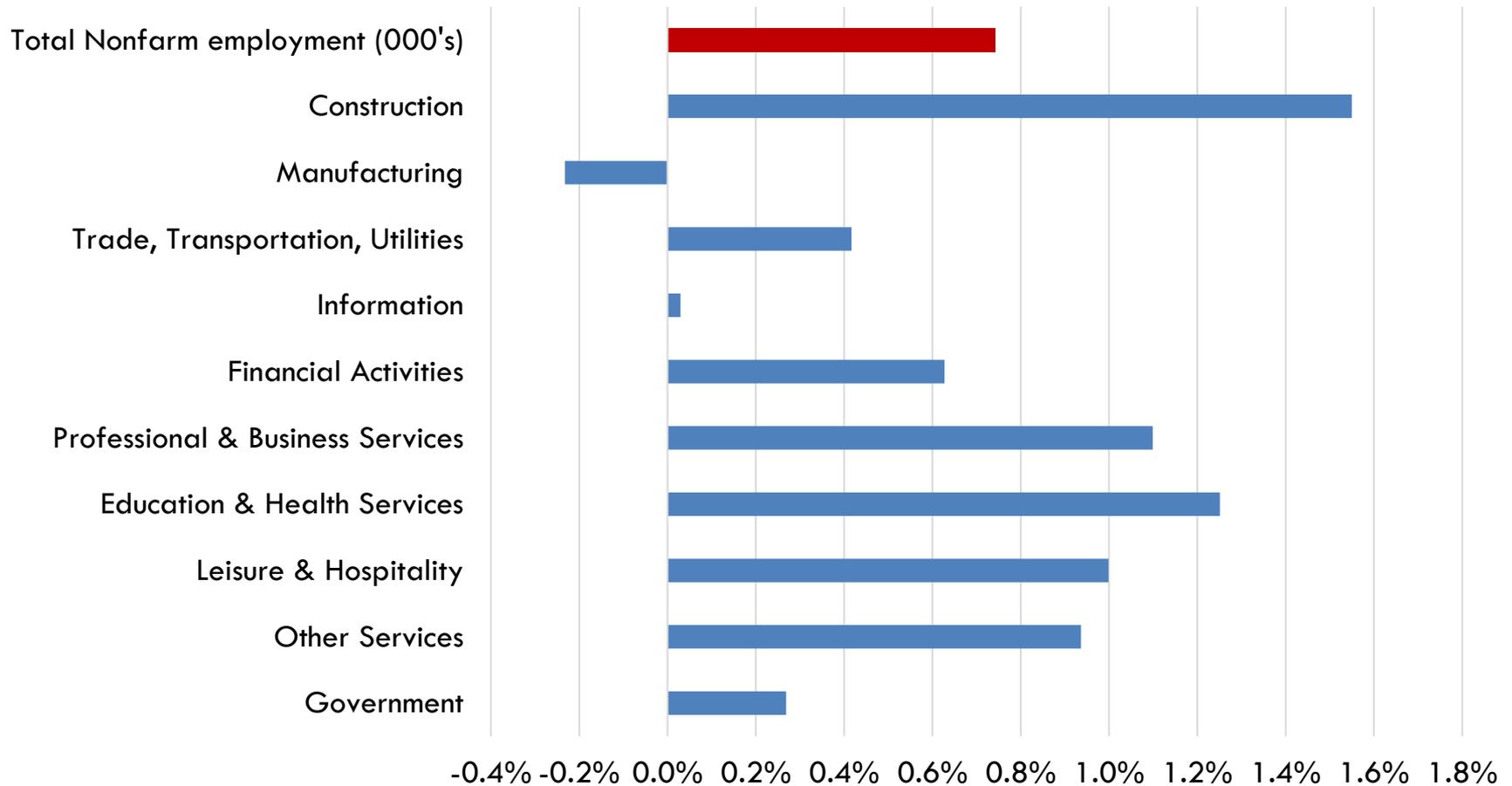
Consumer Confidence Has Risen



Source: The Conference Board, Haver Analytics

Forecasts for New England Suggest Employment Growth...

Average Annual Growth by Employment Sector, 2016-2021 (Percent)



...and Some Improvement in Macroeconomic Conditions

Five-Year Average Annual Growth Rate

	2011-2016	2017-2021
Labor Force	0.2%	0.6%
Unemployment Rate (Average %)	5.8	4.0
Personal Income	2.9%	3.9%
Gross State Product	1.2%	1.9%
Population	0.3%	0.4%

Concluding Observations

- New England's labor market still exhibits growth in employment and declines in unemployment.
- Core inflation is low.
- Housing price growth persists, with an increase in the growth rate in the region.
- Consumer sentiment about the present and future economy is fairly positive, and the latter is consistent with forecasts.