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New England Public Policy Center
at the Federal Reserve Bank of Boston

New England Economic Update

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Economic Perspectives on State and Local Taxes Seminar

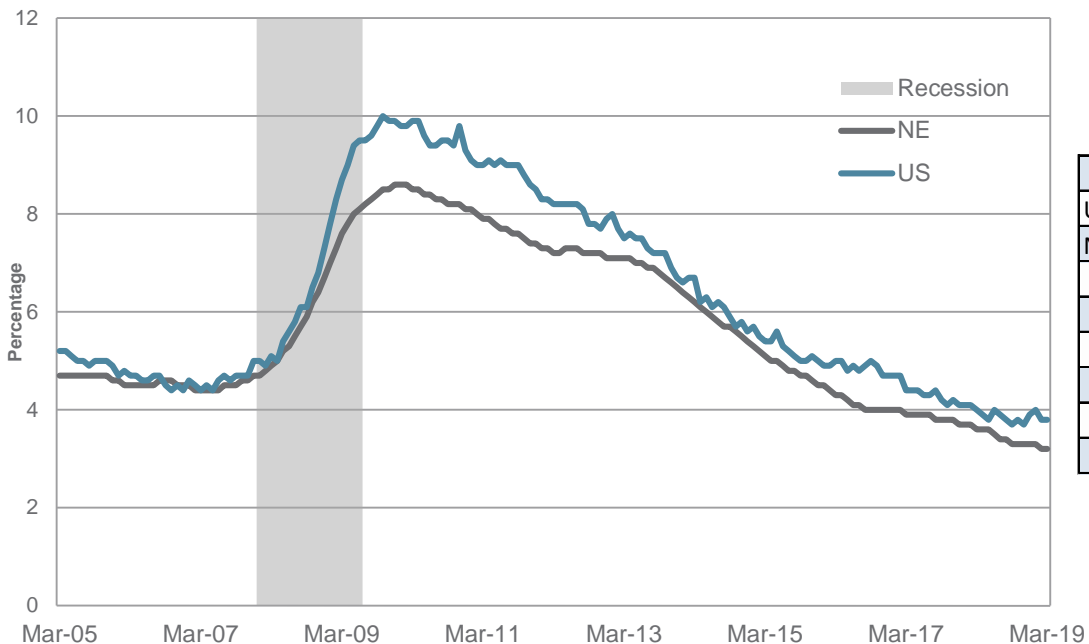
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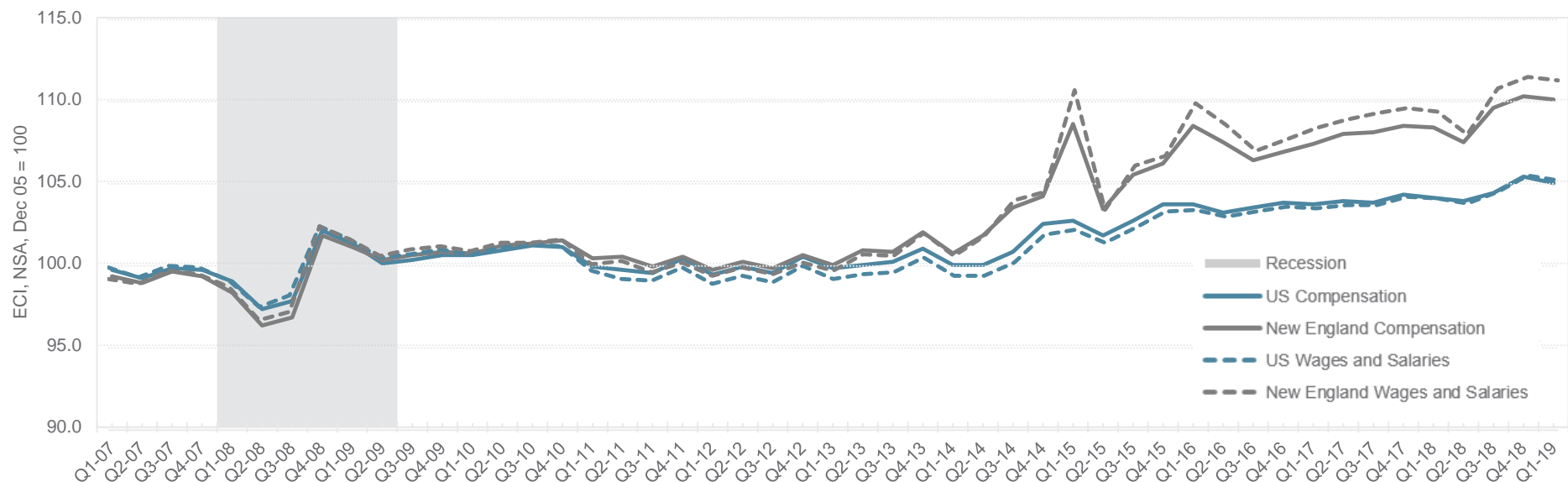
Unemployment Rates



Source: Bureau of Labor Statistics, NBER, Haver Analytics

	Mar-18	Mar-19	All Time Low	Timing of ATL
United States	4	3.8	3.7	Sep-18
New England	3.6	3.2	2.7	Jun-00
Connecticut	4.4	3.9	2.2	Aug-00
Maine	3.2	3.4	3.2	Mar-18
Massachusetts	3.5	3	2.6	May-00
New Hampshire	2.6	2.4	2.2	Feb-87
Rhode Island	4.2	3.8	3.0	May-88
Vermont	2.7	2.3	2.3	Mar-19

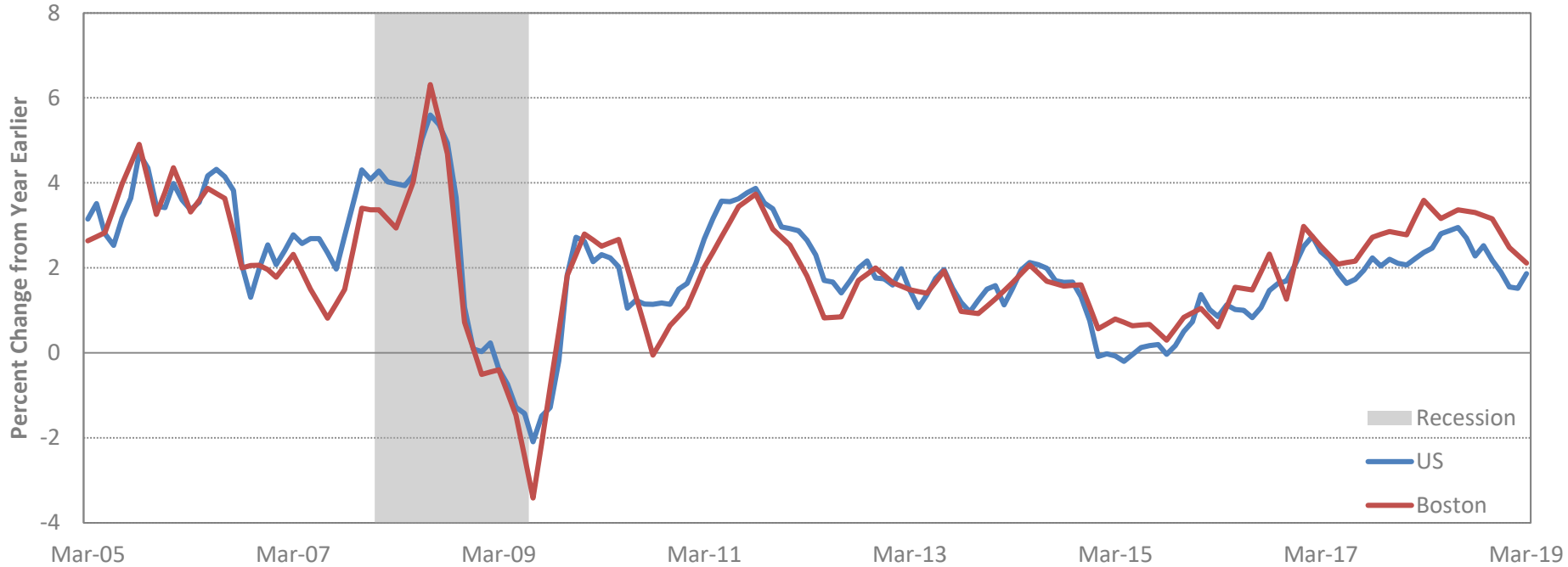
Compensation: Private Industry Workers



Note: ECI is using Real Dollar Values

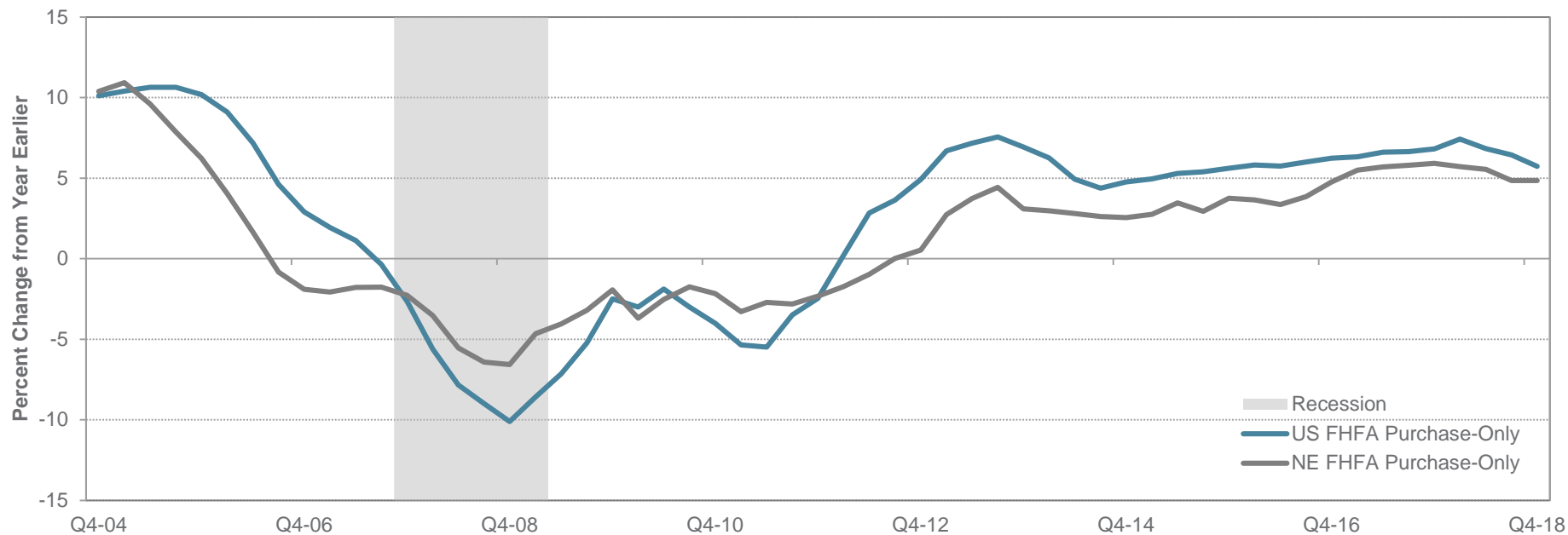
Source: Bureau of Economic Analysis, Haver Analytics

Consumer Price Index



Source: Bureau of Labor Statistics, NBER, Haver Analytics

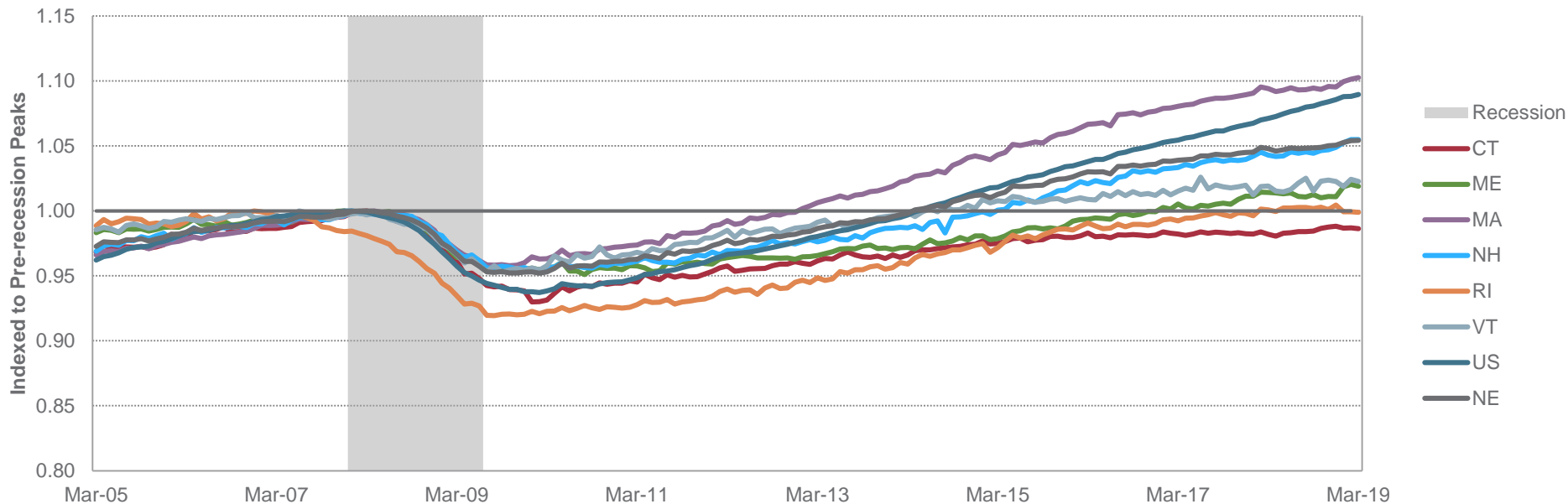
Repeat-Sales Home Price Index



Source: FHFA, NBER, S&P/Case-Shiller, Haver Analytics

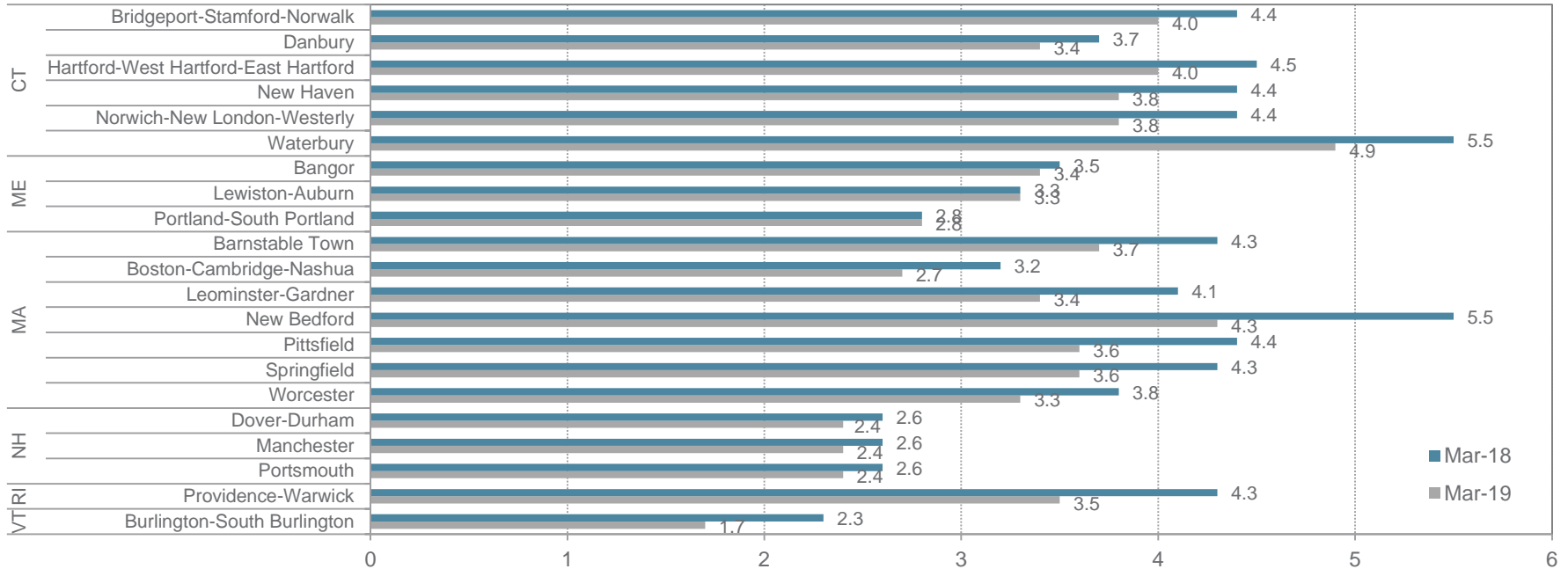
Substantial Variation in the Extent of Recovery Across States/Regions/Groups

Non-Agricultural Employment



Source: Bureau of Labor Statistics, NBER, Haver Analytics

Unemployment Rates in New England by Metropolitan Areas



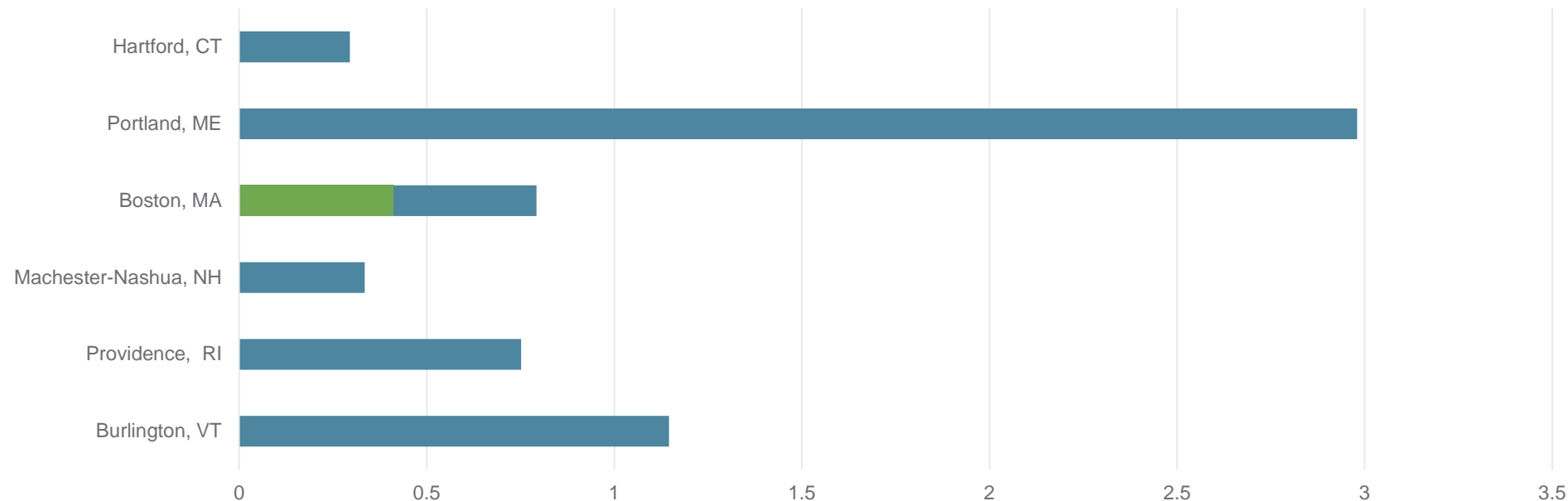
Source: Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Boston

Employment Growth Rates

	Annual Long-Term Trend	Last 12 Months		Since Peak	
	Percent	Percent	Number	Percent	Number
United States	1.5	1.7	2,537,000	9.0	12,394,000
New England	0.9	0.6	46,200	5.4	385,900
Connecticut	0.5	0.4	7,300	-1.4	-23,700
Maine	1.1	0.5	2,900	1.9	11,700
Massachusetts	0.9	0.8	28,200	10.3	341,900
New Hampshire	1.5	1.1	7,700	5.5	35,700
Rhode Island	0.7	-0.2	-1,000	-0.1	-600
Vermont	1.2	0.3	1,100	2.3	7,000

Source: Bureau of Labor Statistics, Haver Analytics

Top Metro Area Share of Total Jobs Added Since Pre-Recession Peak



Green segment of Boston, MA refers to the share for the Boston Metro Division whereas the blue refers to the combined Boston-Cambridge-Newton Metro Divisions

Source: Bureau of Economic Analysis and Haver Analytics

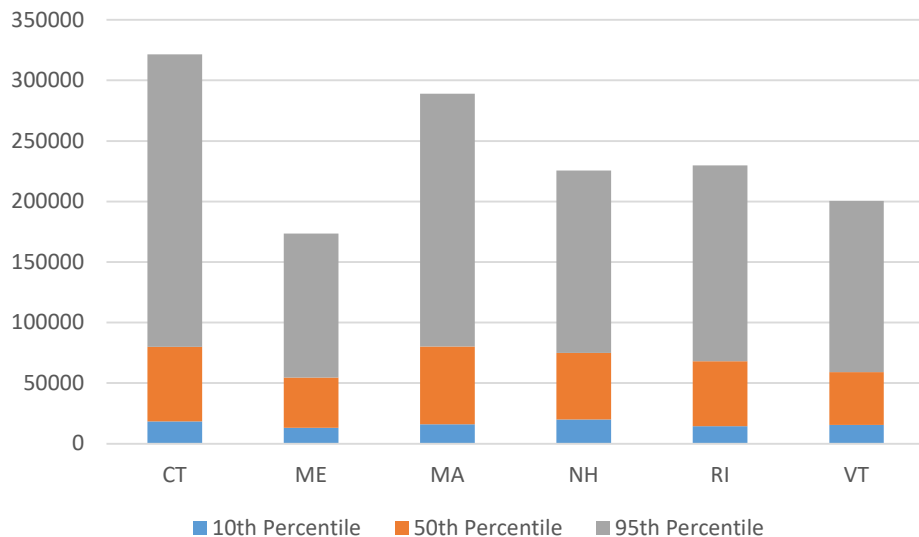
Industry Share of Jobs Added since Recession



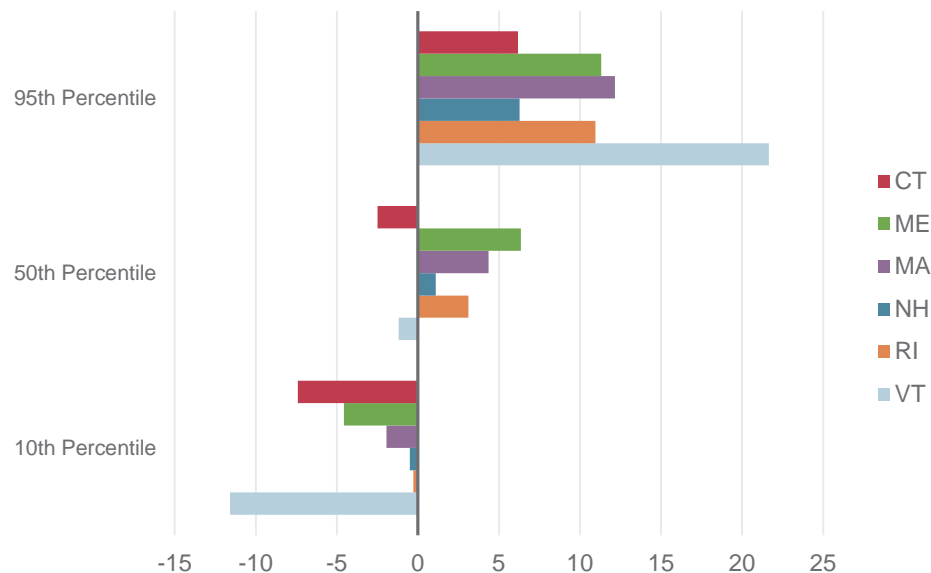
Average Weekly Wage		
	NE	US
Professional and Business Services	\$ 1,681	\$ 1,358
Educational and Health Services	\$ 1,063	\$ 964
Leisure and Hospitality	\$ 490	\$ 456
Construction	\$ 1,305	\$ 1,180
Other Services	\$ 697	\$ 730
Transportation, Warehousing, and Utilities	\$ 916	\$ 1,008
Retail Trade	\$ 643	\$ 615
Wholesale Trade	\$ 1,700	\$ 1,430
Financial Services	\$ 1,969	\$ 1,558
Manufacturing	\$ 1,434	\$ 1,249
Government	\$ 1,156	\$ 1,099

Source: Bureau of Labor Statistics and Haver Analytics

New England States Income Inequality

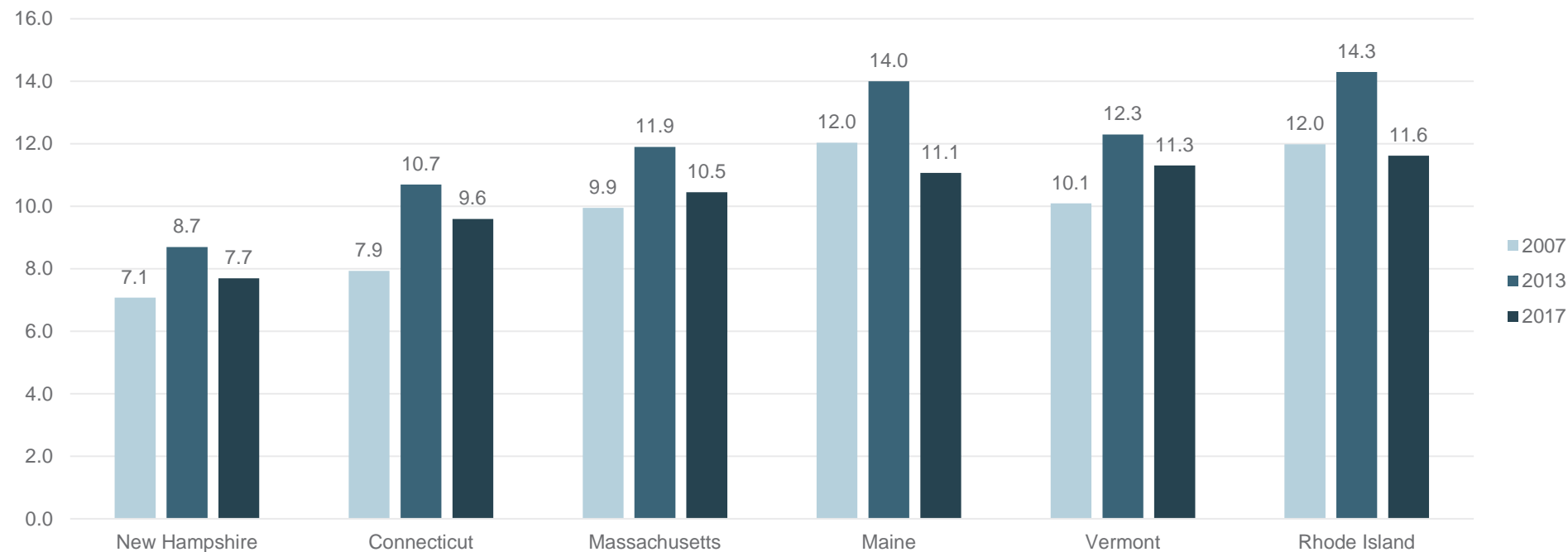


Percent Change in Real Household Income
(between 2007 and 2017)



Source: ACS One-Year Estimates

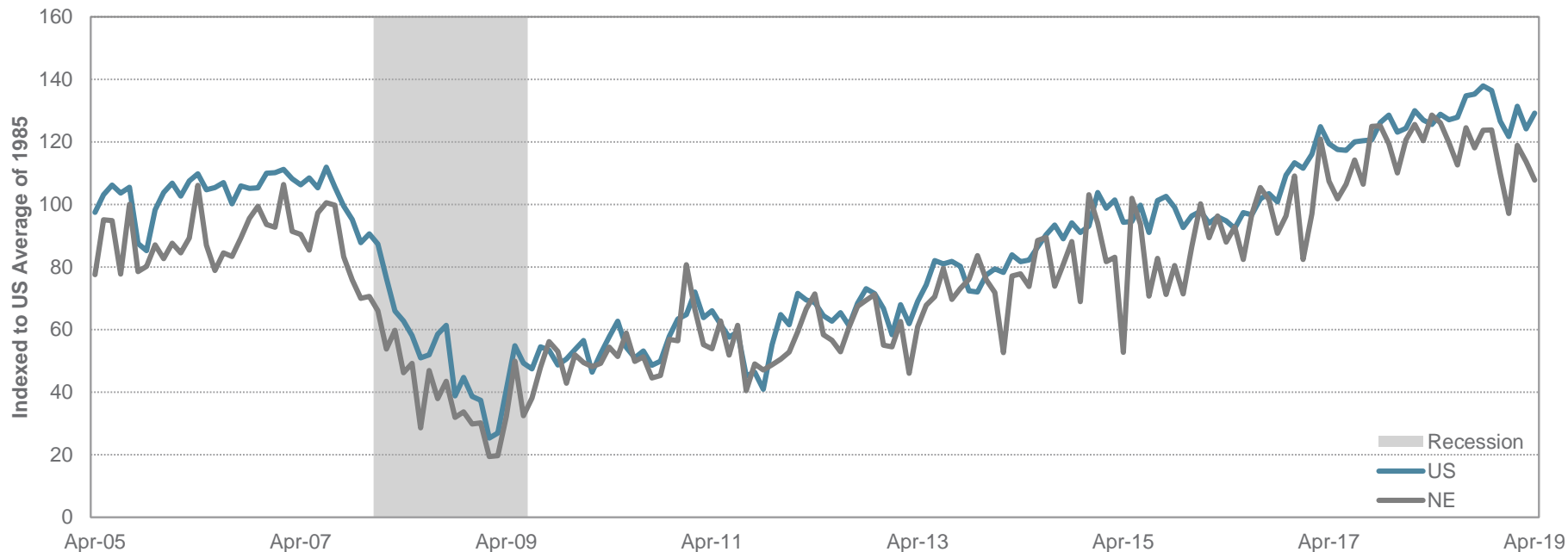
Poverty Rates by State



Source: ACS One-Year Estimates

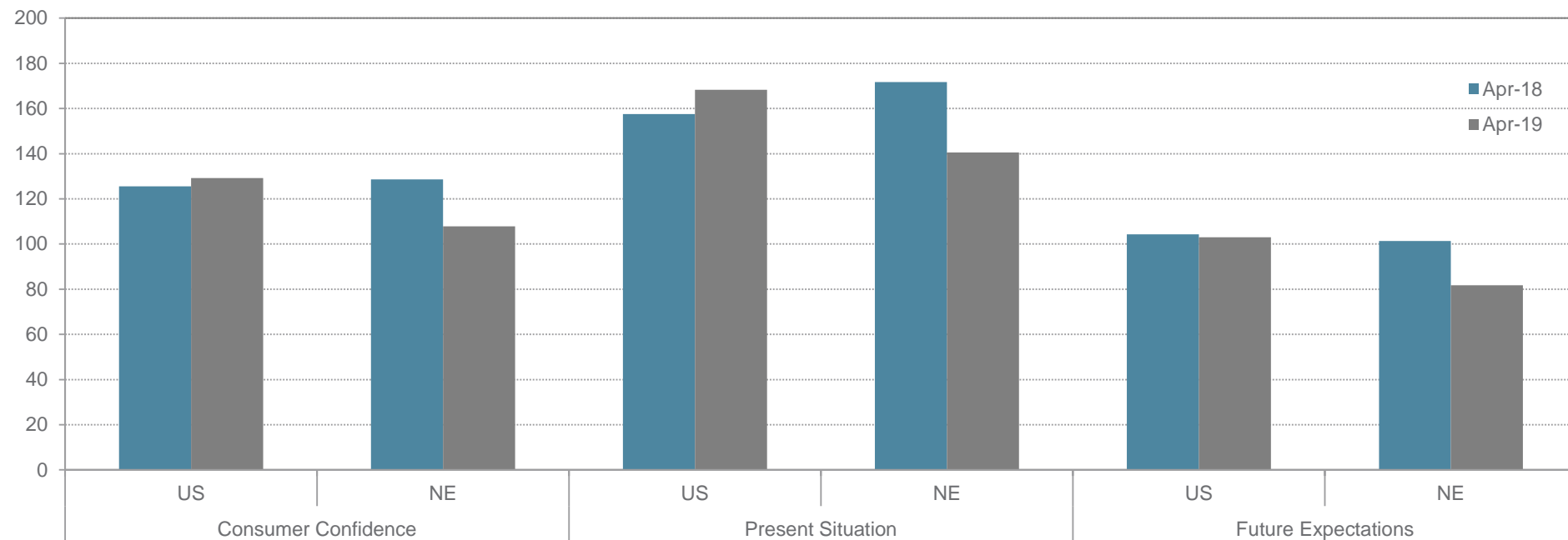
Slower growth expected moving forward

Consumer Confidence



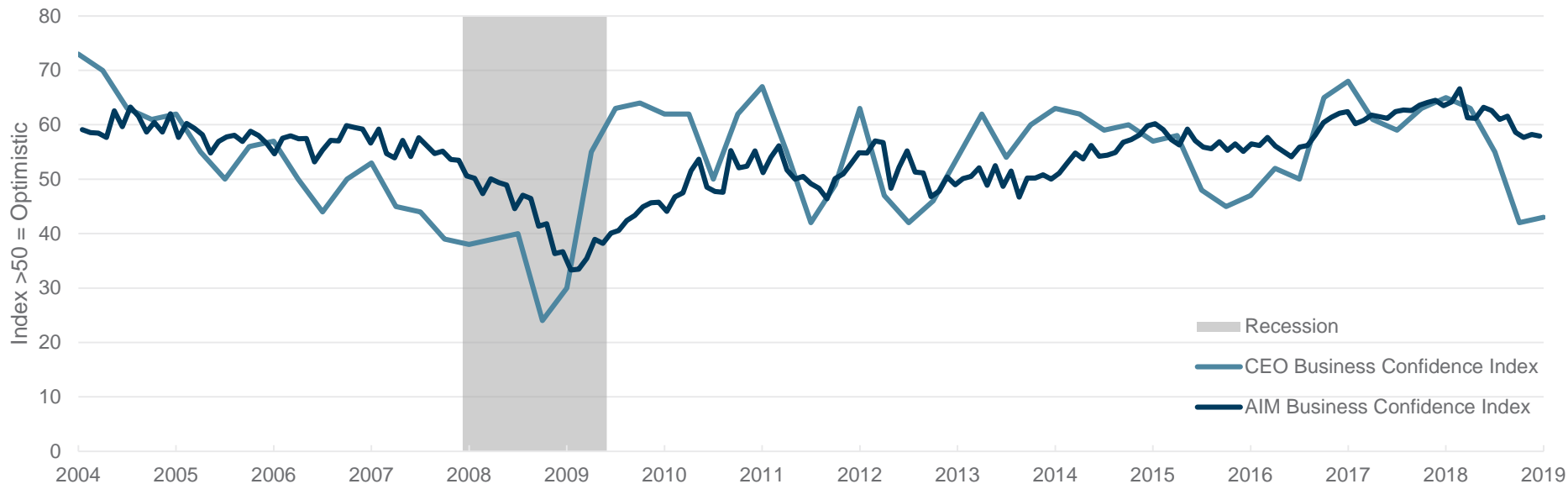
Source: The Conference Board, NBER, Haver Analytics

Consumer Confidence



Source: The Conference Board, Haver Analytics

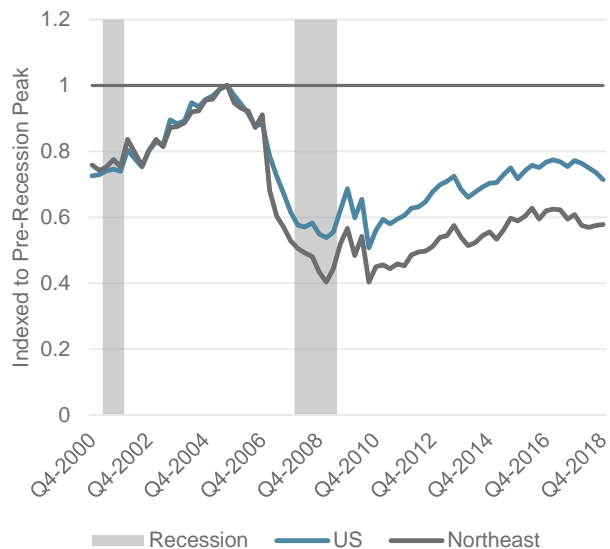
Business Confidence Indices



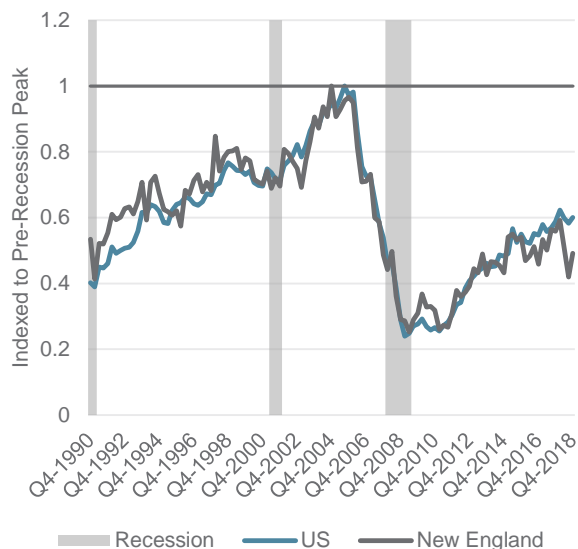
Source: The Conference Board, Associated Industries of Massachusetts, and Haver Analytics

Housing Sales, Permits, and Starts

Sales of All Existing Homes



Housing Permits (Units)

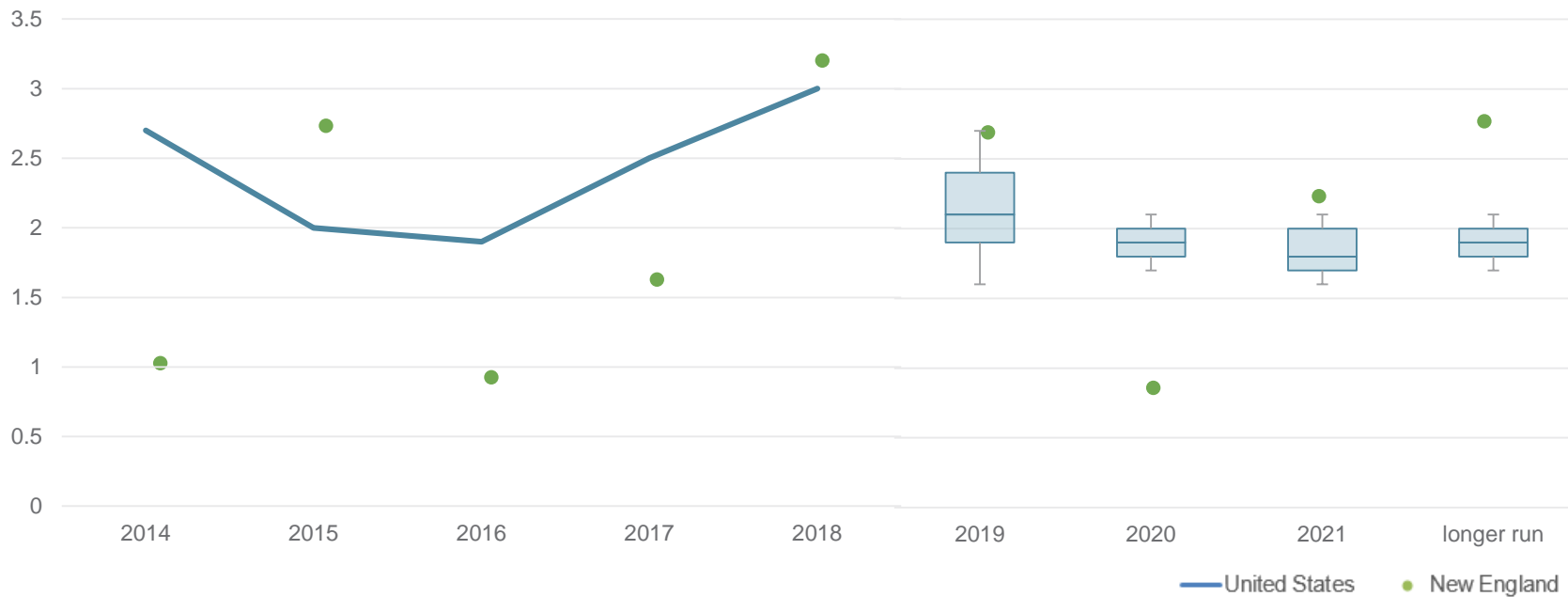


Housing Starts



Source: Census Bureau, Bank of Tokyo-Mitsubishi UFJ, and Haver Analytics

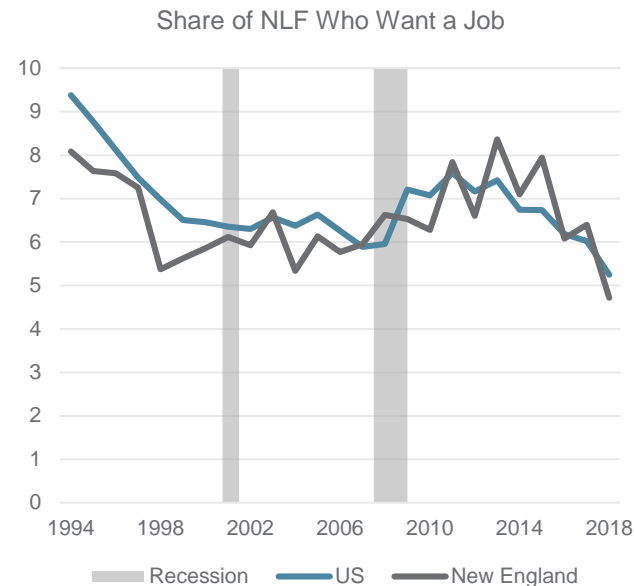
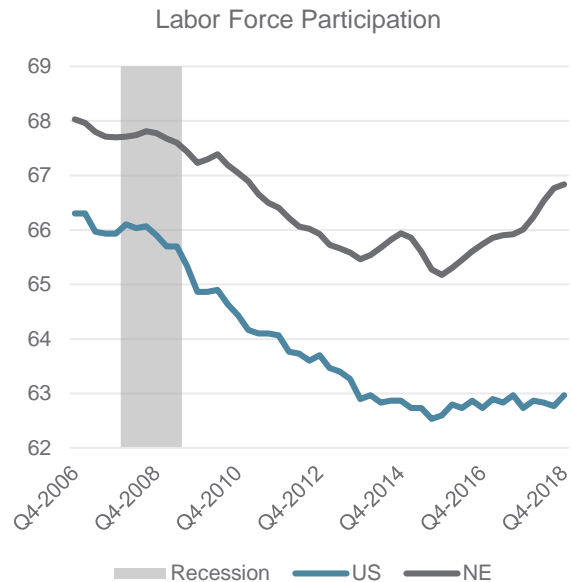
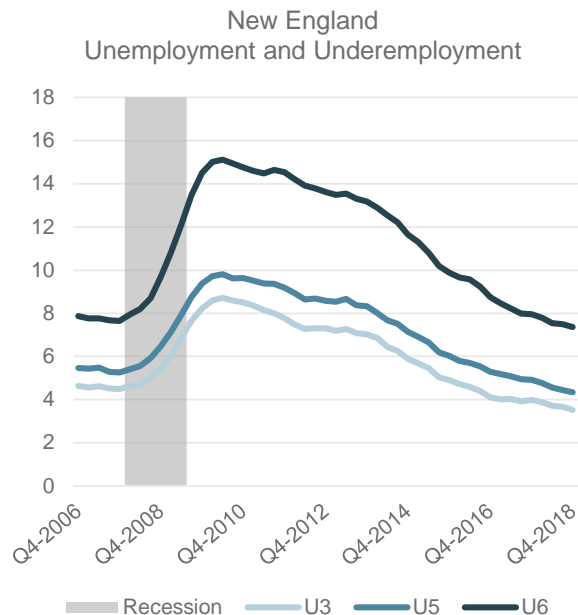
GDP Forecasts



Source: FOMC Meeting Minutes March 2019, Bureau of Economic Analysis, Moody's Analytics

Near-term challenges?

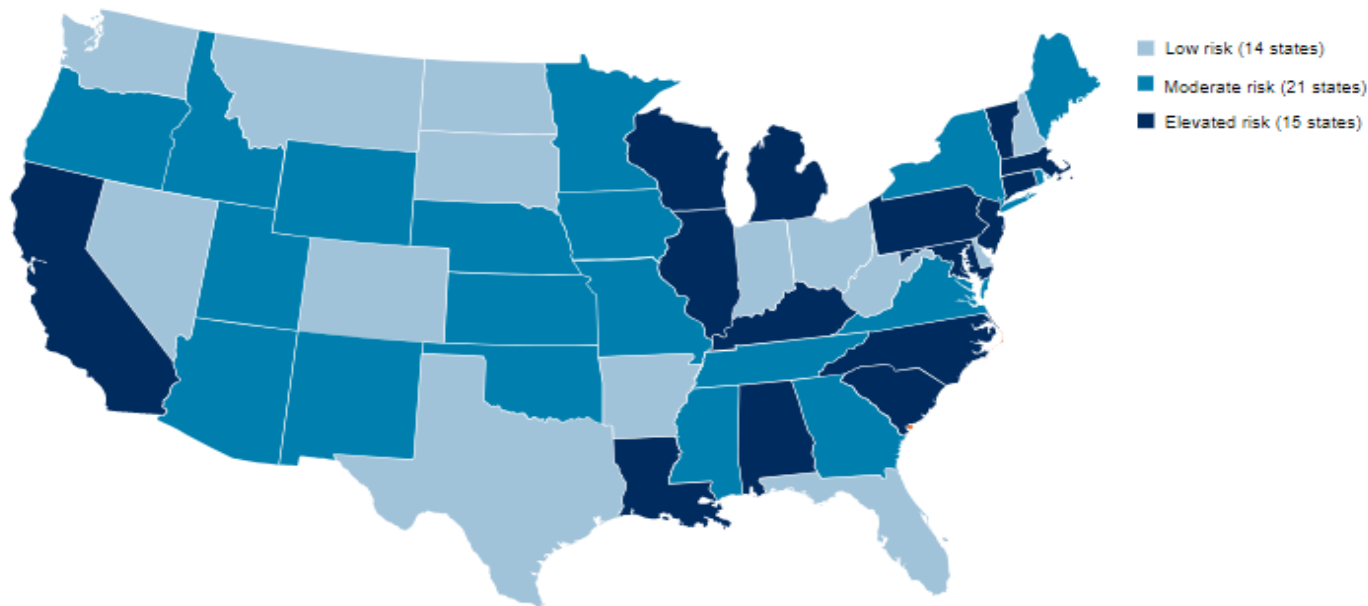
Unemployment and Labor Force Participation



U-3: searched past 4 weeks (official measure); U-5: searched past year; U-6: adds involuntary part-time employment

Source: Bureau of Labor Statistics/Haver Analytics

State Susceptibility to Fiscal Distress in Recession



Source: S&P Global Market Intelligence; "When the Credit Cycle Turns, U.S. States May be Tested in Unprecedented Ways"

Long-term challenges

- ▶ Infrastructure
- ▶ Housing Affordability
- ▶ Cost of Higher Education
- ▶ Population Growth and Demographic Shifts

Aging Infrastructure Needing Considerable Investment

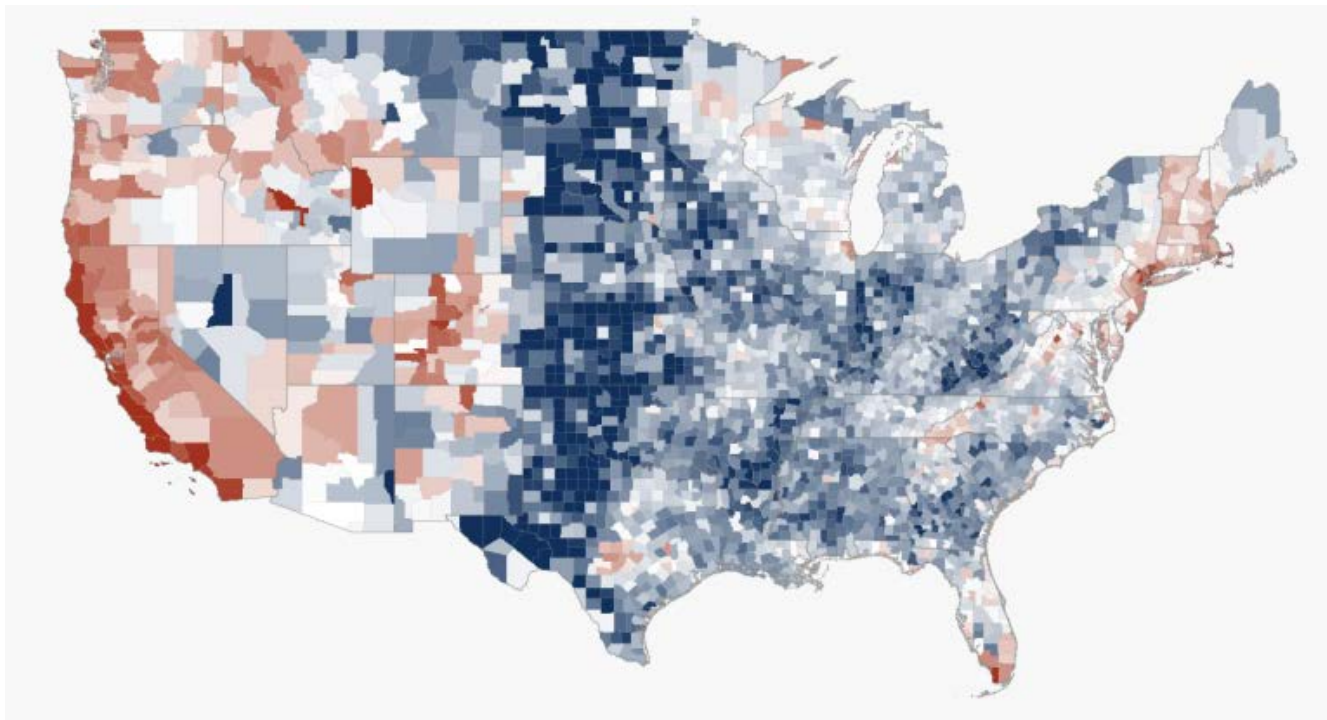


Five New England States Among 10 “Worst” for Infrastructure

	RI	NH	ME	CT	MA	VT
Rank (1=worst)	1	2	3	4	9	18
Deficient Bridges (as a percent of all bridges)	23.2	10.9	13.3	7.8	9.3	5.6
Average Commute Time to Work (in minutes)	24.8	26.9	23.9	26.3	29.6	21.5
Roads in poor or mediocre condition (as a percent of all roads)	70	54	53	73	42	24
20-year water-system needs	\$1.7 B	\$1.9 B	\$1.3 B	\$4 B	\$12.2 B	\$511 M

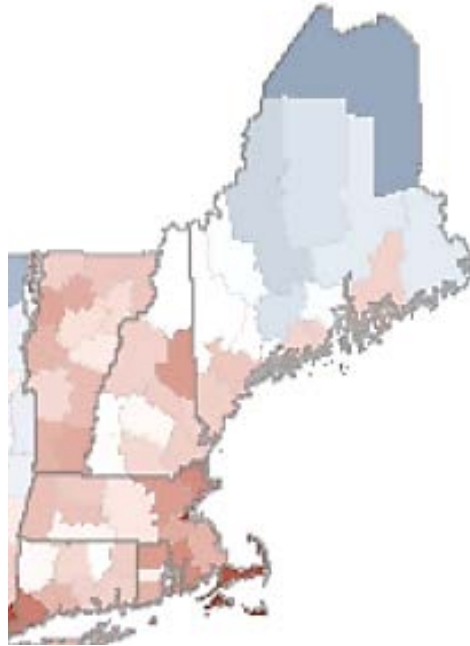
Source CNBC/McKinsey Analysis “Top States for Business: America in Crisis – The 10 States with the Worst Infrastructure”

Housing Affordability Nationwide



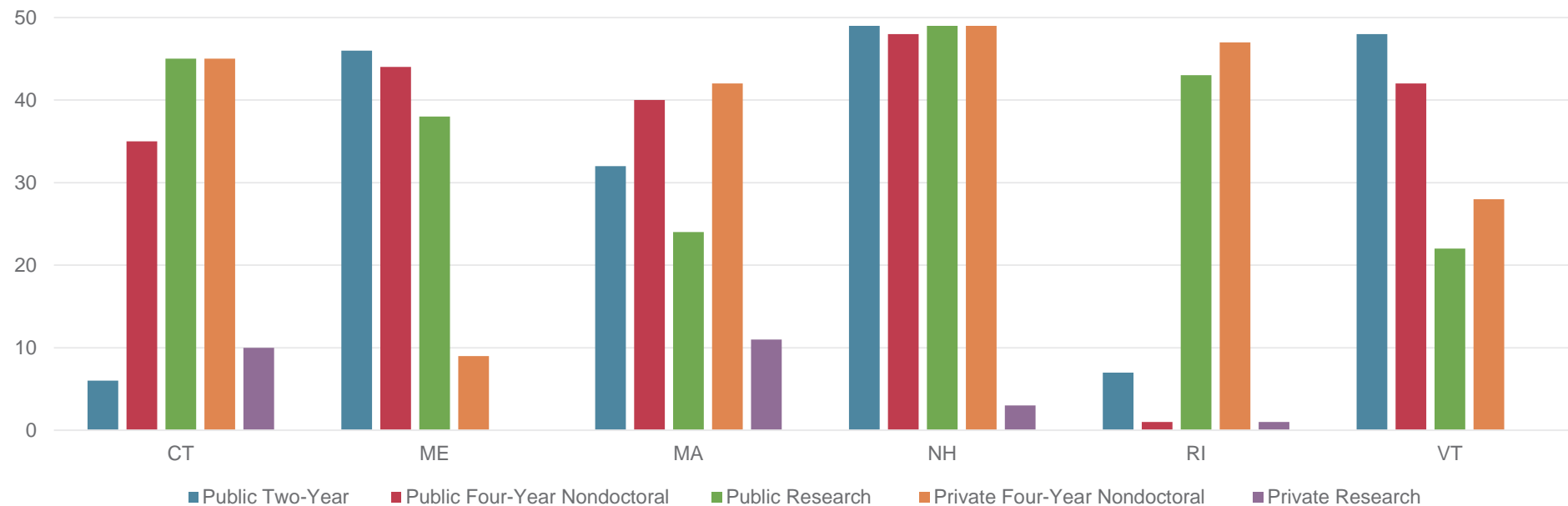
Source: ESRI Demographics "The Delicate Balance between Housing Affordability, Growth, and Income"

Housing Affordability Index in New England



Source: ESRI Demographics "The Delicate Balance between Housing Affordability, Growth, and Income"

College Affordability Rankings



Source: University of Pennsylvania Institute for Research on Higher Education 2016 College Affordability Diagnosis

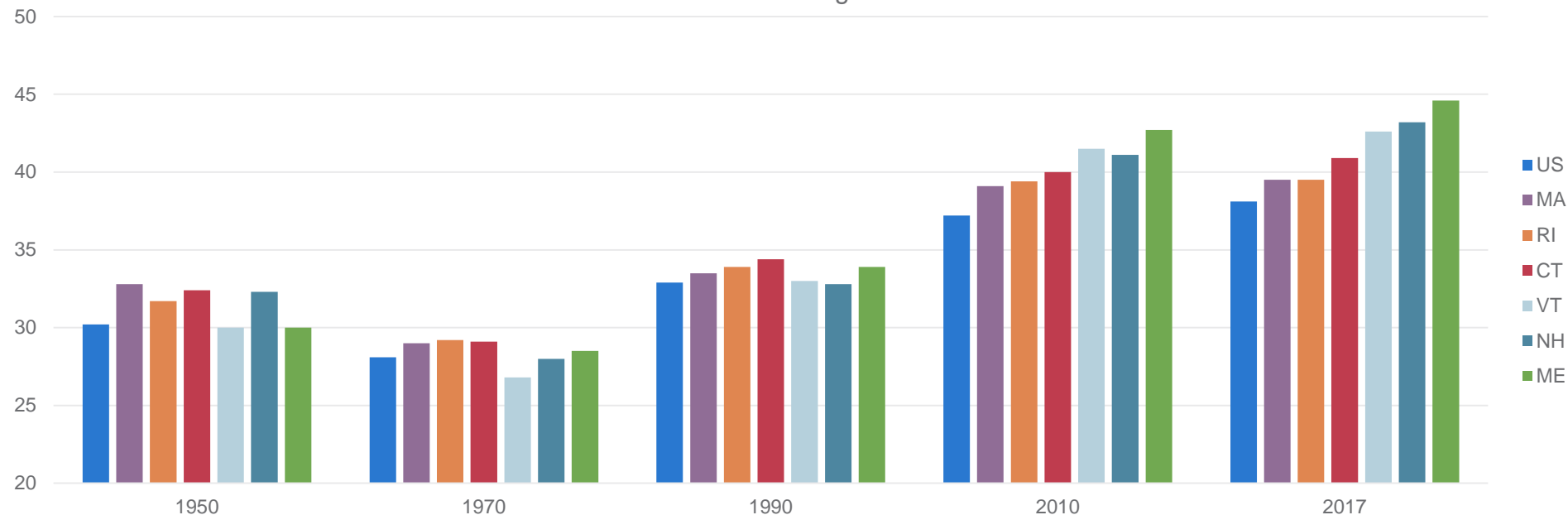
New England Student Loan Debt

	NH	RI	VT	MA	CT	ME
Percent of Graduates with Debt	74%	64%	60%	59%	57%	56%
Rank	1	6	15	17	24	28
Average Debt	\$34,415	\$32,250	\$30,651	\$32,065	\$38,510	\$31,364
Rank	4	3	16	7	1	10

Source: *The Institute for College Access and Success "Student Debt and the Class of 2017"*

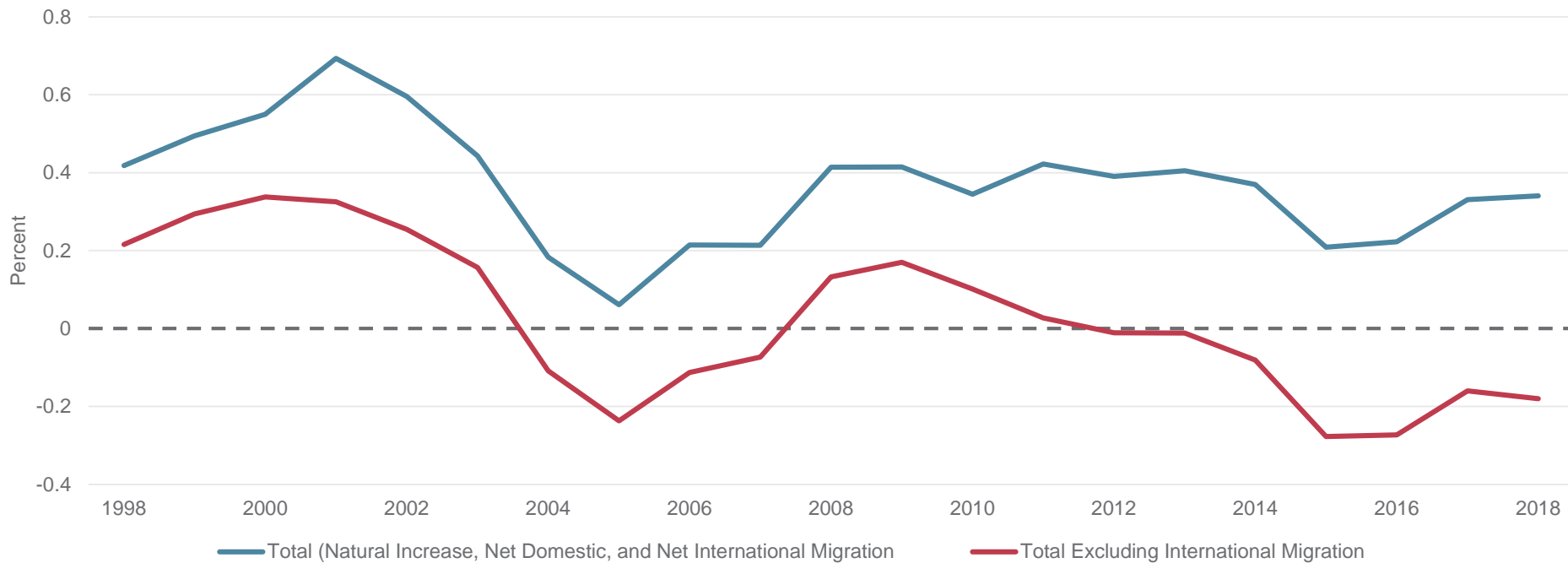
Aging New England Population

Median Age



Source: Decennial Census of Population and Housing, ACS 1 Year Estimate for 2017

New England Population Changes



Source: US Census Bureau and Haver Analytics

Thank You

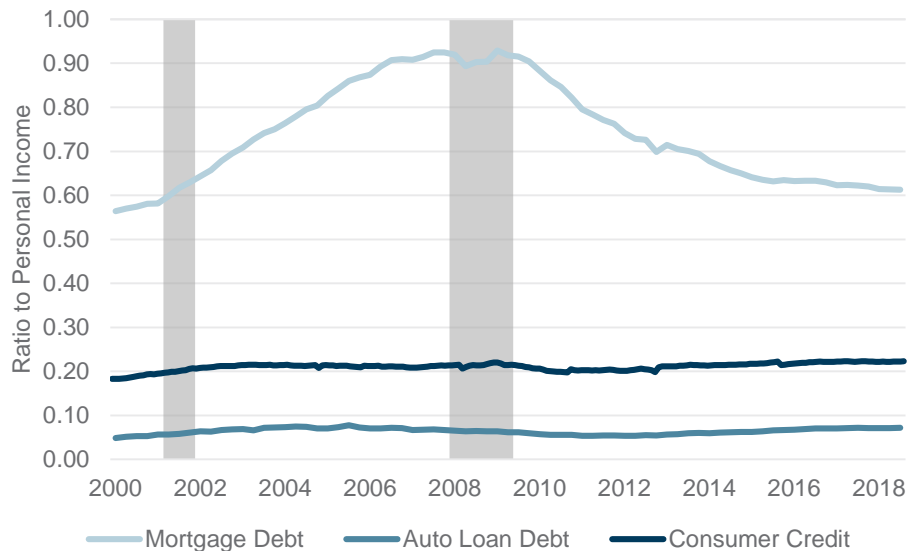
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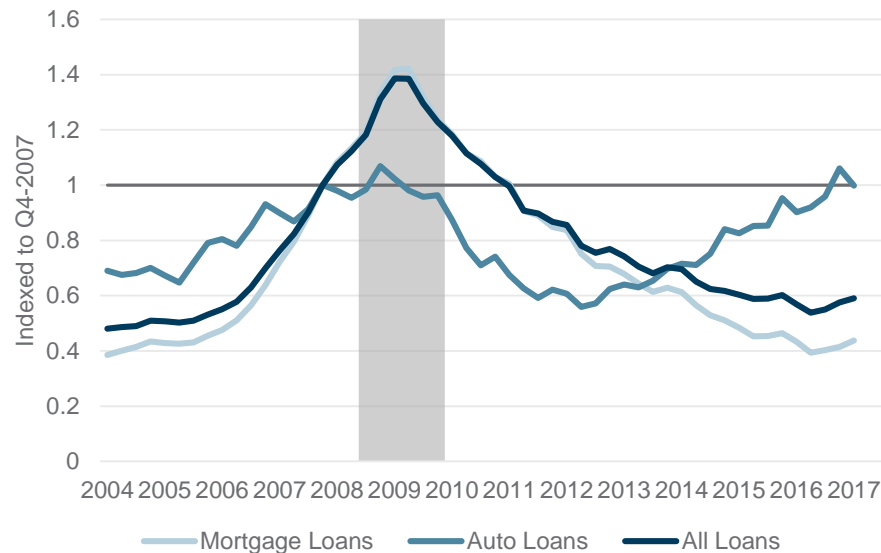
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Consumer Credit and Delinquency

Consumer Credit, Auto Loan, and Mortgage Debt



Dollar Value of Delinquent Loans
(3 quarter averages)



Source: Federal Reserve Board of Governors, Federal Reserve Bank of New York Consumer Credit Panel, and Haver Analytics

Note: Individual Mortgage debt is measured as outstanding mortgage debt held by individuals for one-to-four family residences

Economic Forecasts for New England

	Employment					GDP				
	Percent change in nonagricultural employment					Percent change in real GDP (chained 2009 dollars)				
	Actual	Forecast				Actual	Forecast			
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Connecticut	0.10	0.90	1.00	0.20	-0.10	-0.20	3.36	2.58	0.76	2.20
Maine	0.80	0.90	0.80	0.40	-0.10	1.40	2.80	2.52	1.03	2.25
Massachusetts	1.30	1.50	1.30	0.30	-0.10	2.60	3.21	2.76	0.83	2.17
New Hampshire	1.00	1.90	1.90	0.30	-0.30	1.90	3.14	2.63	0.72	2.24
Rhode Island	1.00	1.40	1.10	0.40	-0.10	1.60	2.85	2.64	1.09	2.37
Vermont	0.30	-0.10	0.30	0.30	-0.20	1.10	2.33	1.91	0.68	2.06
New England	0.90	1.30	1.20	0.30	-0.10	1.60	3.17	2.65	0.82	2.20

Source: Actual Employment from BLS, forecast from Moody's January 2019 Regional Economic Outlook, Actual State GDP from BEA, forecast from Moody's January 2019 Regional Economic Outlook