

The New England Economy: Jobs, Housing, and the Market Ahead

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Business Breakfast sponsored by Saugus Bank
in conjunction with the Saugus Chamber of Commerce
June 8, 2011

*The views expressed in this presentation are mine and not necessarily those of the Federal Reserve Bank of Boston or Federal Reserve System

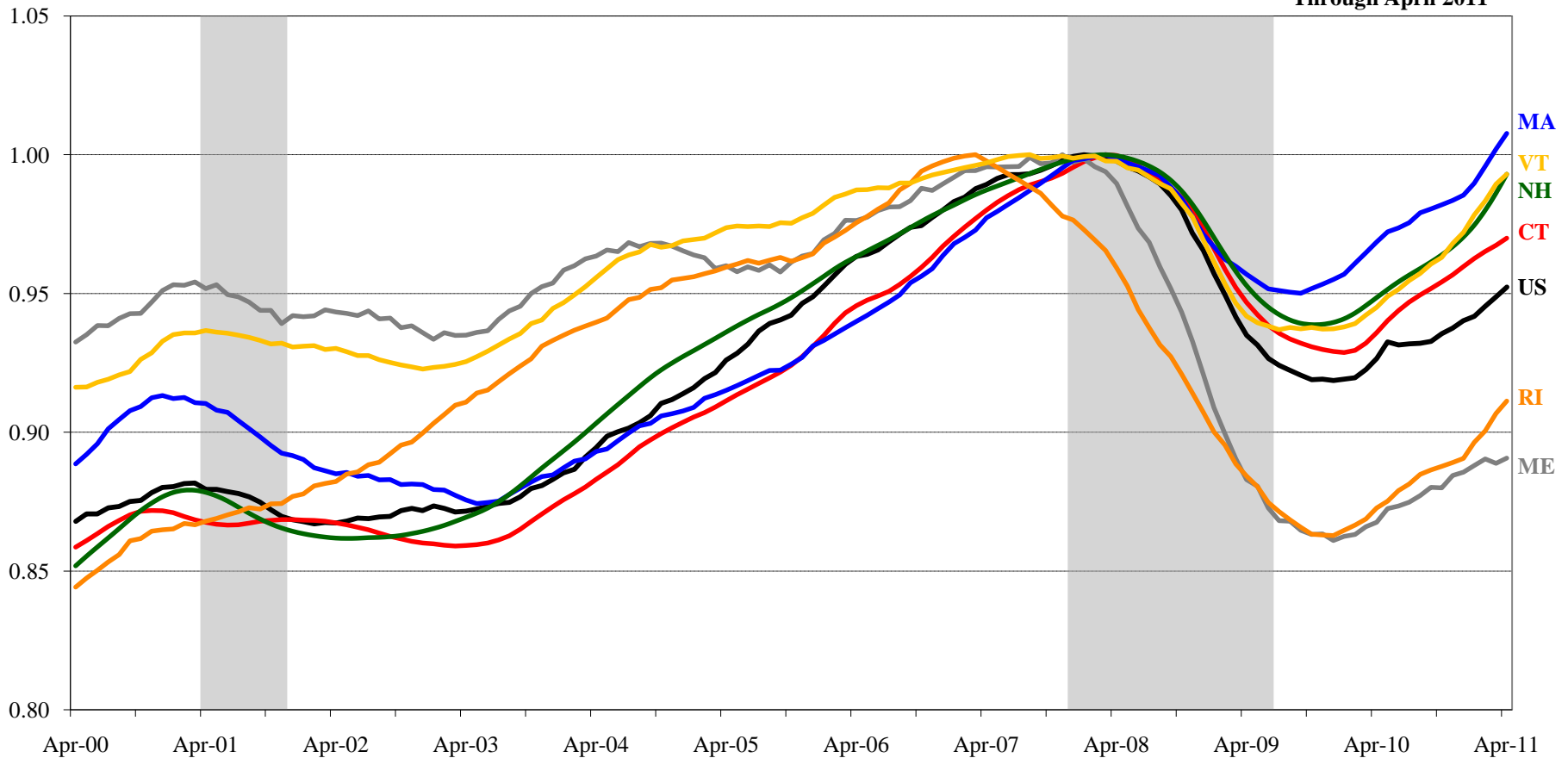
Overview

- Job Market
- Housing Market
- Prices and Confidence
- Economic Outlook

New England's economic performance has varied by state...

State Economic Activity Indexes

Through April 2011



Index: Each state's pre-recession peak is equal to 1.

Note: The economic activity indexes include four indicators: non-farm employment, the unemployment rate, average weekly hours worked in manufacturing, and wage and salary disbursements. The trend for each state's index is set to match the trend for its gross domestic product (available annually). Shaded bars are recessions.

Sources: Federal Reserve Bank of Philadelphia

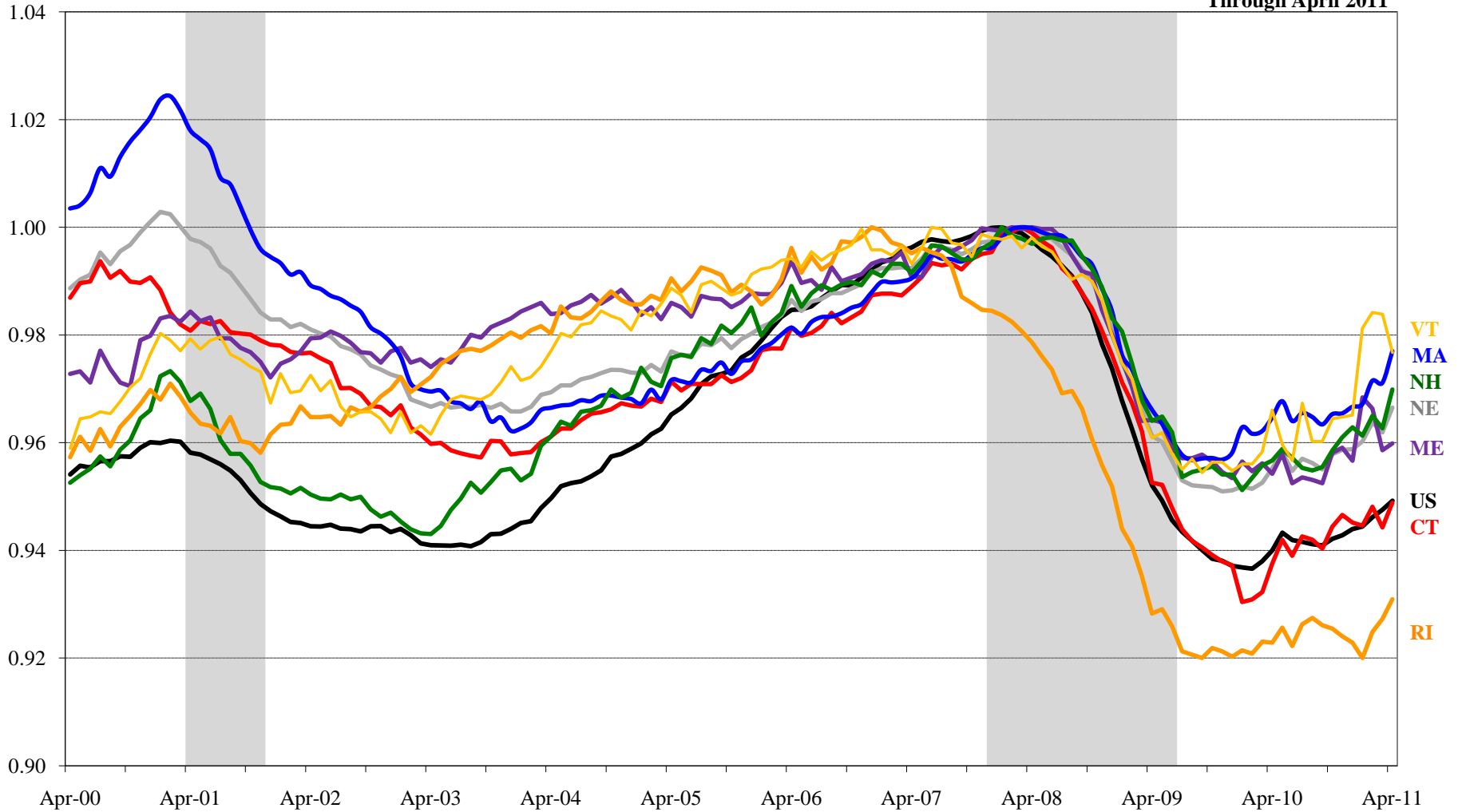
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Employment is slowly recovering...

Total Employment

Through April 2011

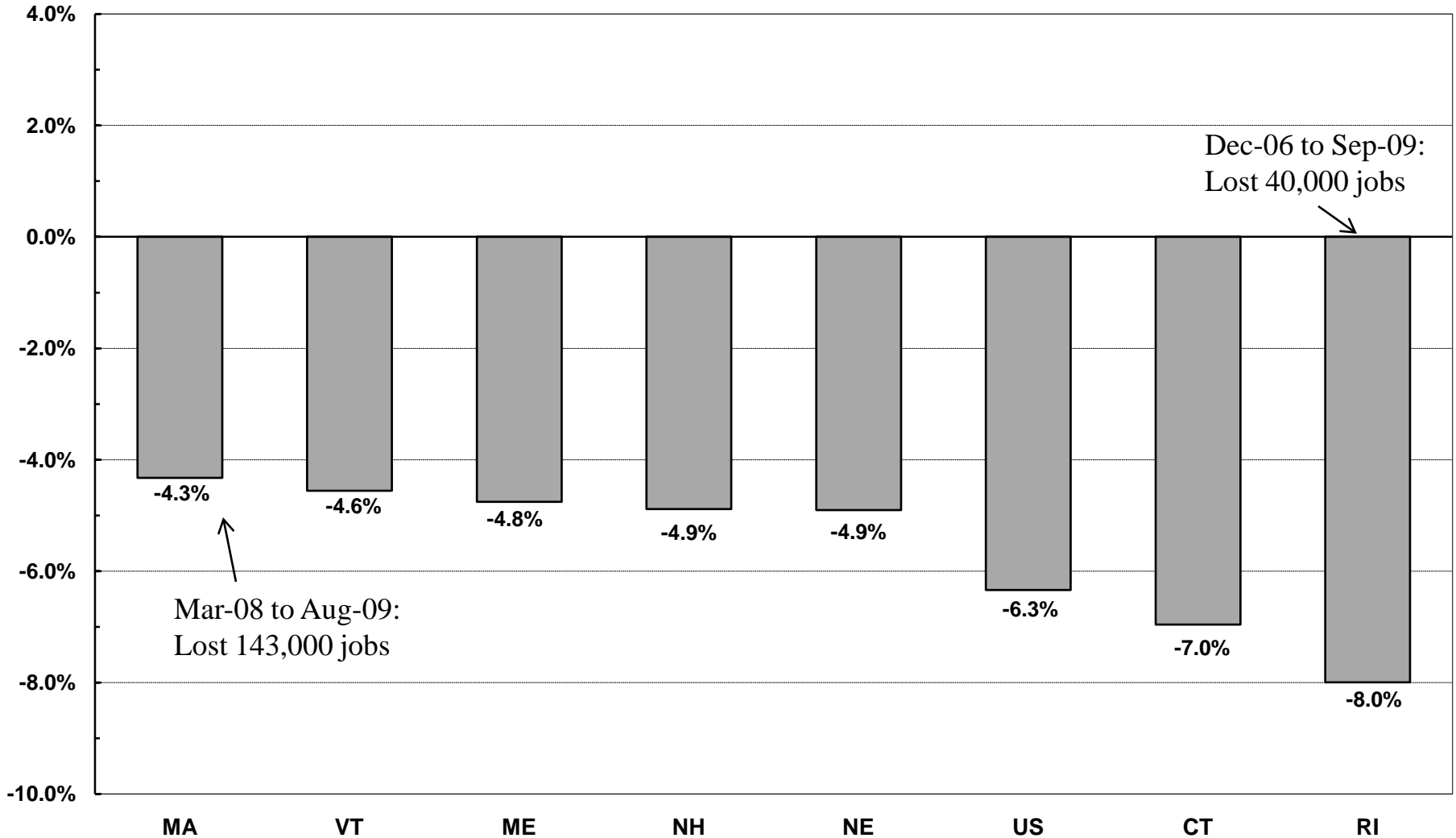


Index: Each state's pre-recession peak is equal to 1.

Sources: U.S. Bureau of Labor Statistics

The impact of the recession varied greatly across the region...

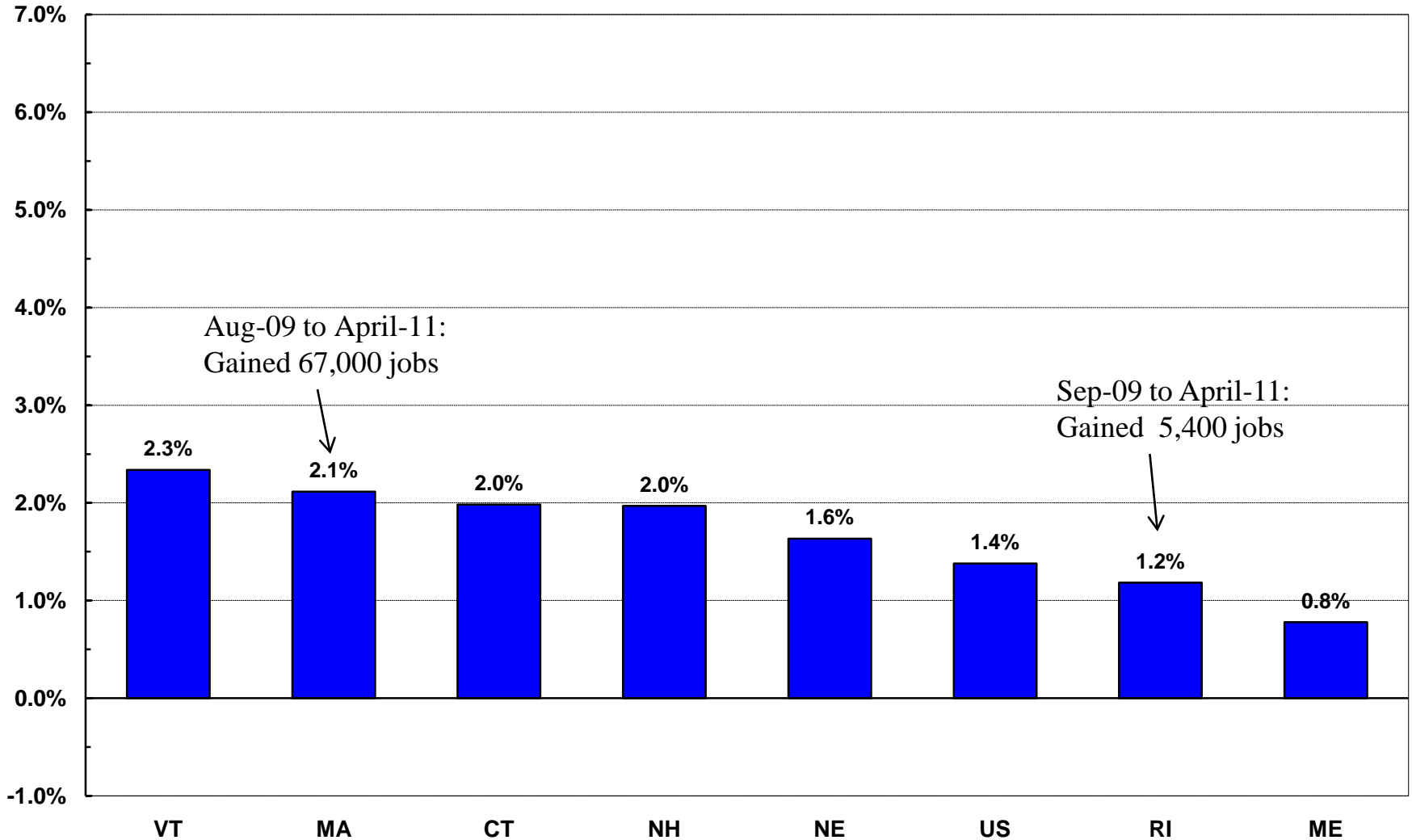
Peak to Trough Employment Change



Source: U.S. Bureau of Labor Statistics

All states have been slow to regain jobs...

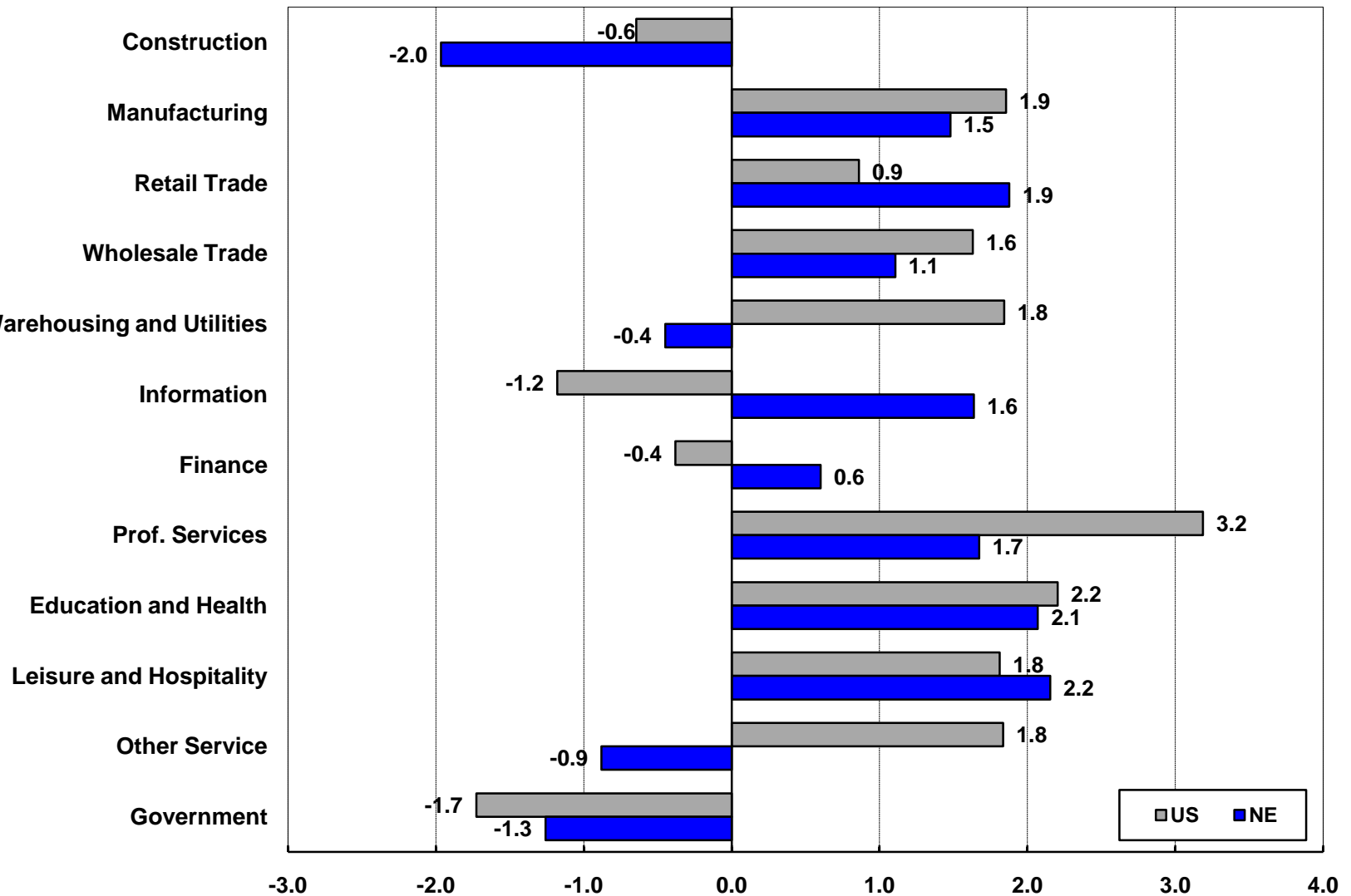
Job Recovery, Trough to April 2011



Source: U.S. Bureau of Labor Statistics

Employment Growth by Supersector

Percent Change, April 2010 – April 2011

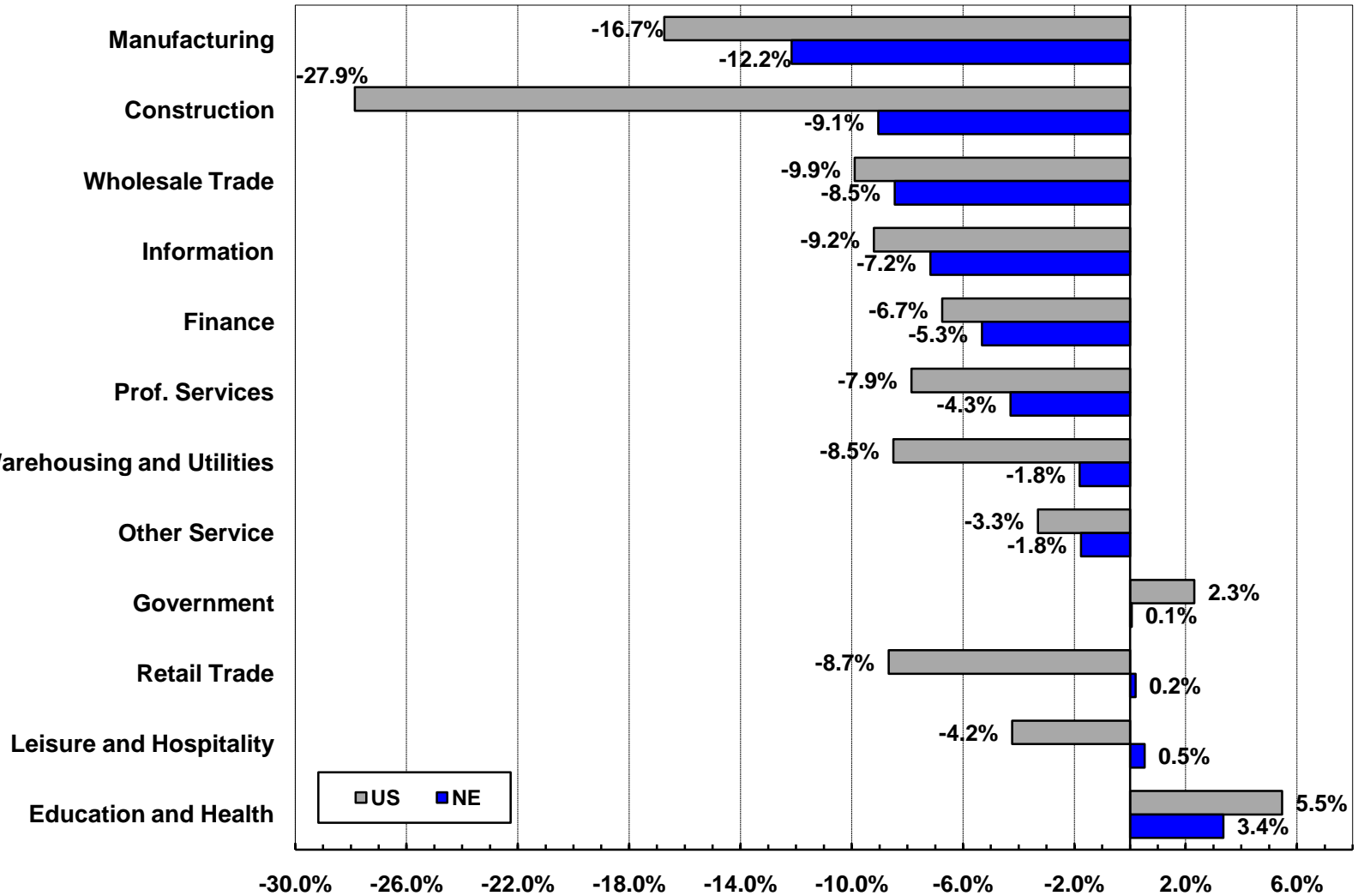


Source: U.S. Bureau of Labor Statistics

New England Supersector's were less severely impacted...

Employment Growth by Supersector

Peak to Trough

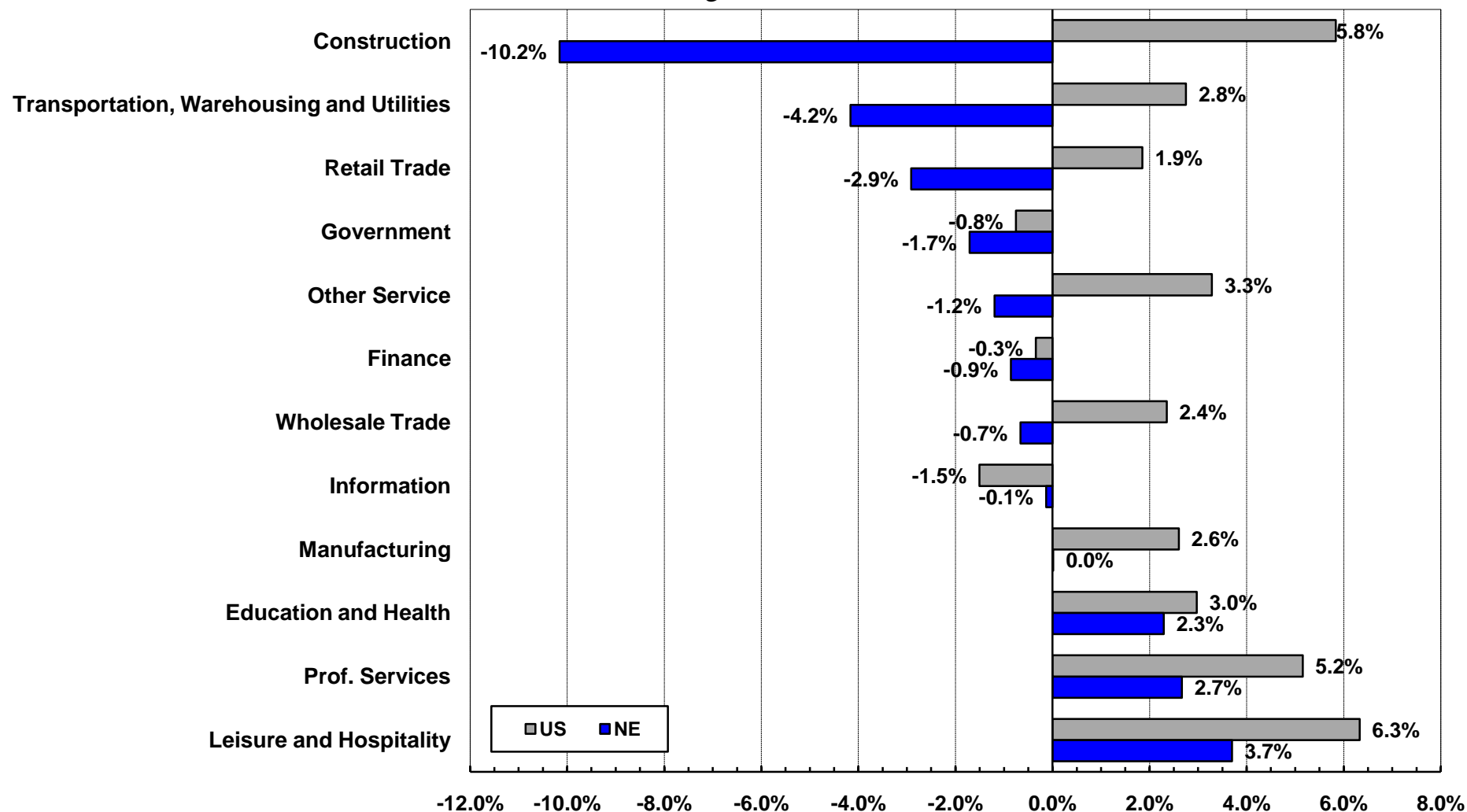


Source: U.S. Bureau of Labor Statistics

The recovery has been mixed across sectors...

Employment Growth by Supersector

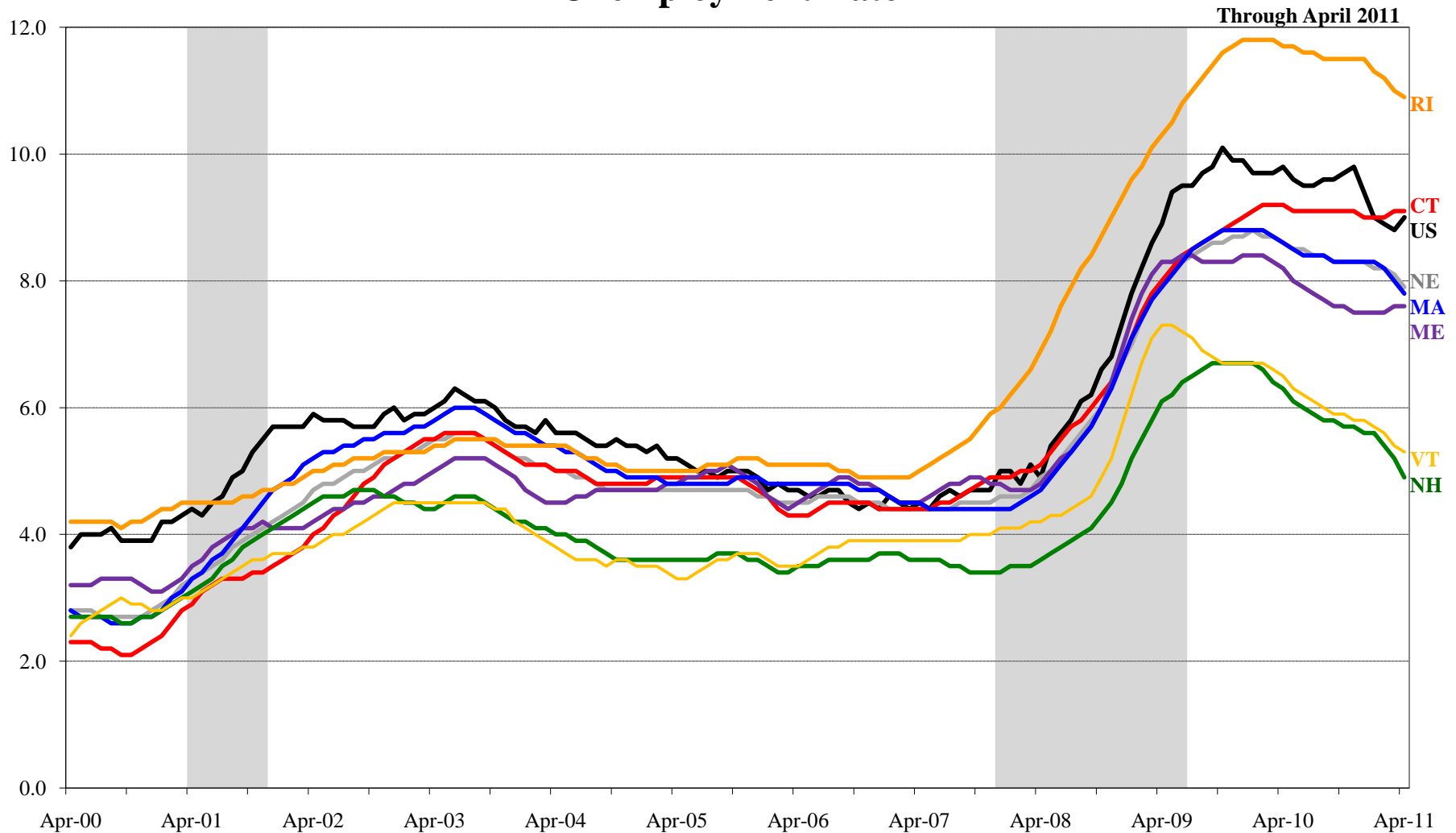
Trough to Current



Source: U.S. Bureau of Labor Statistics

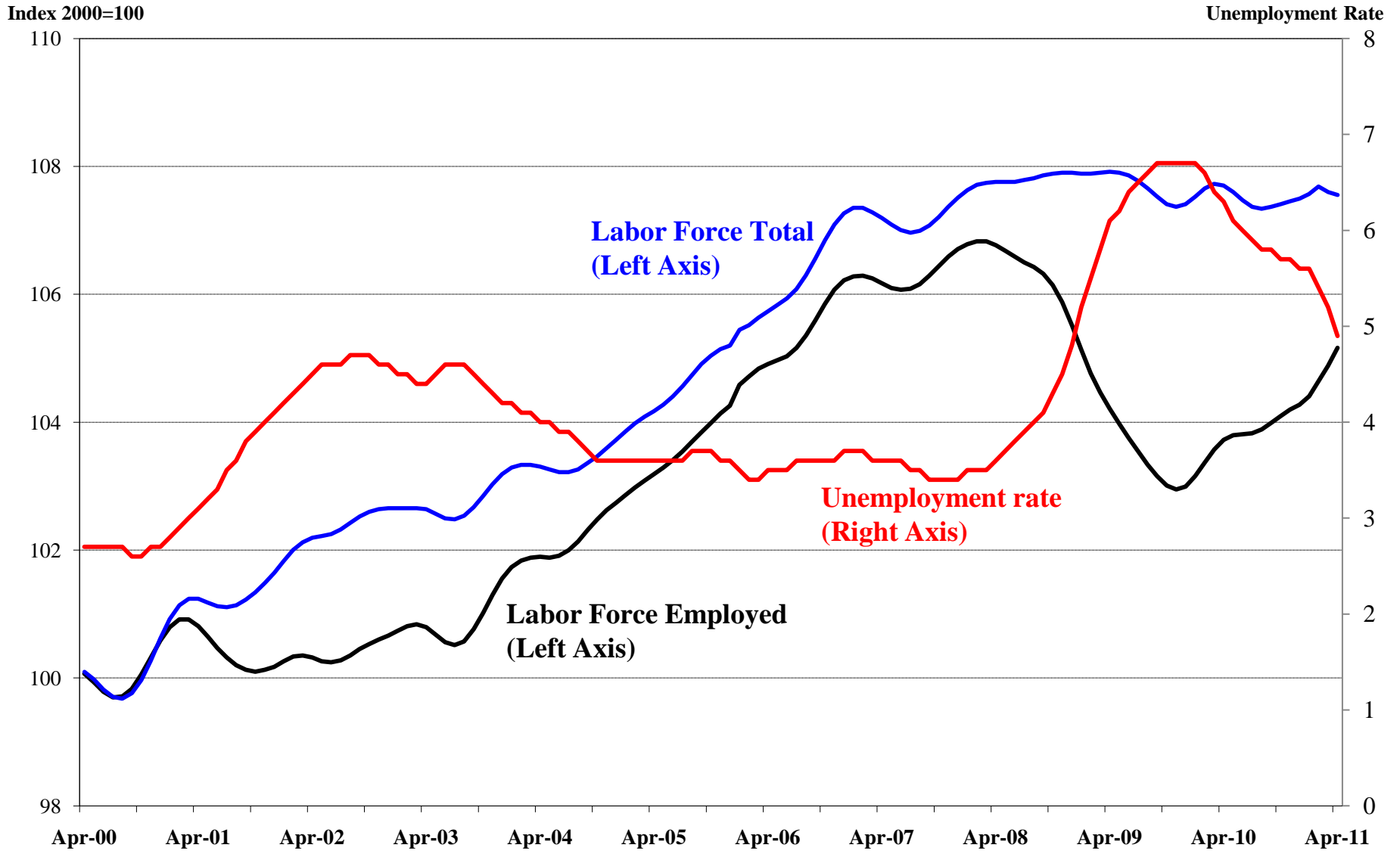
Unemployment has remained below the national rate...

Unemployment Rate



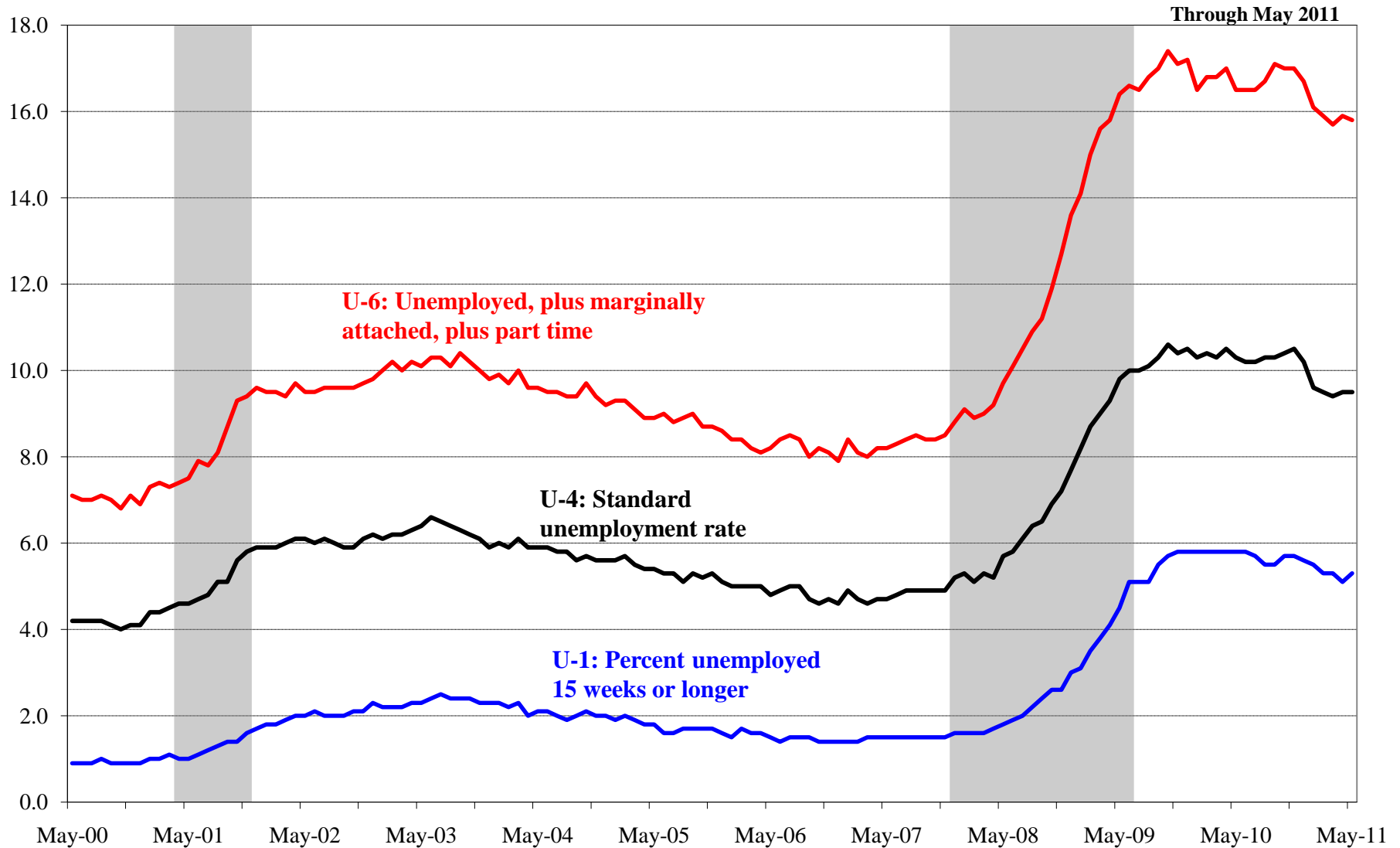
Sources: U.S. Bureau of Labor Statistics

What going on in New Hampshire?



Sources: U.S. Bureau of Labor Statistics

Alternative Measures of Unemployment



Sources: U.S. Bureau of Labor Statistics

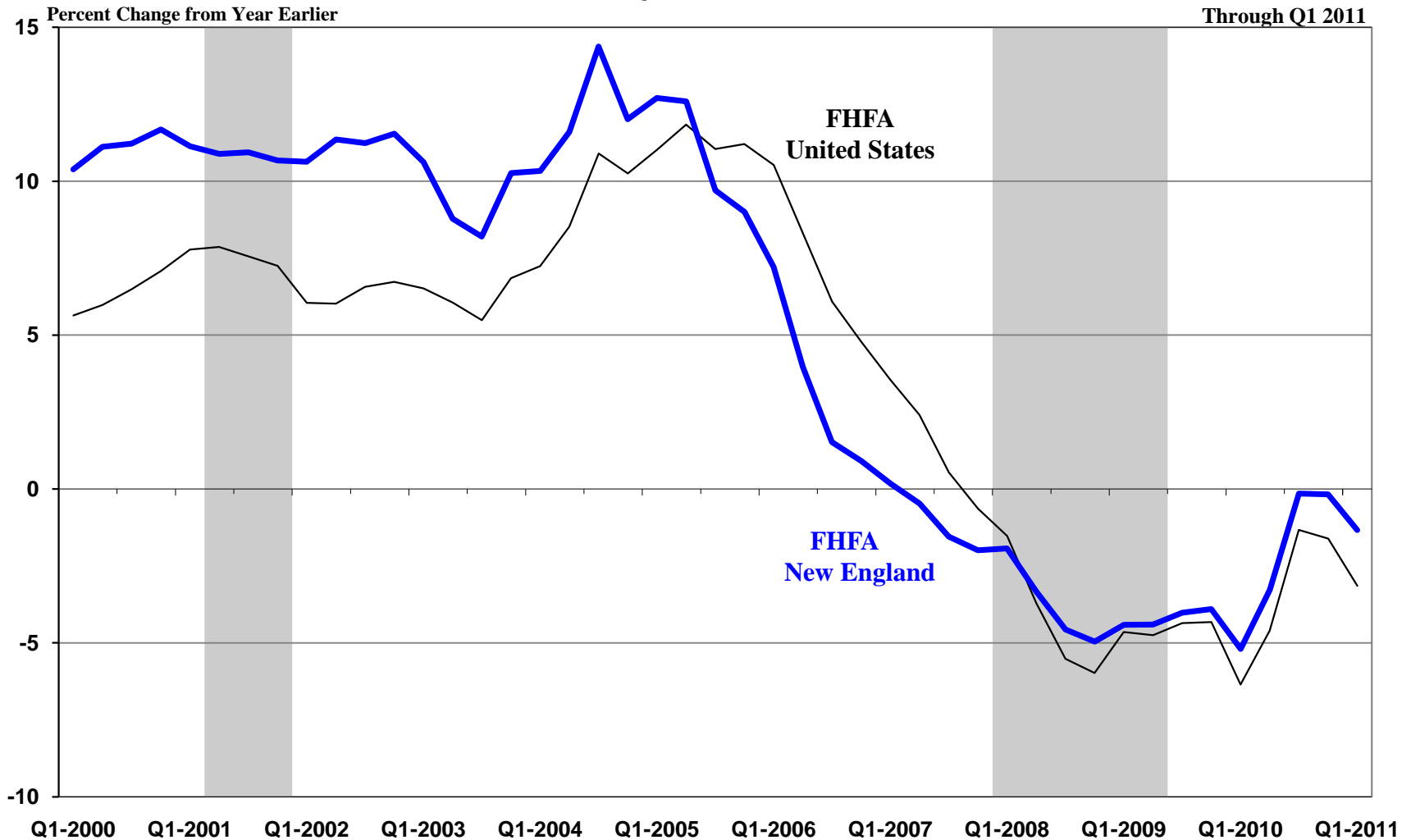
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Home prices have continued to fall...

FHFA Home Price Index

Q1 1980 = 100

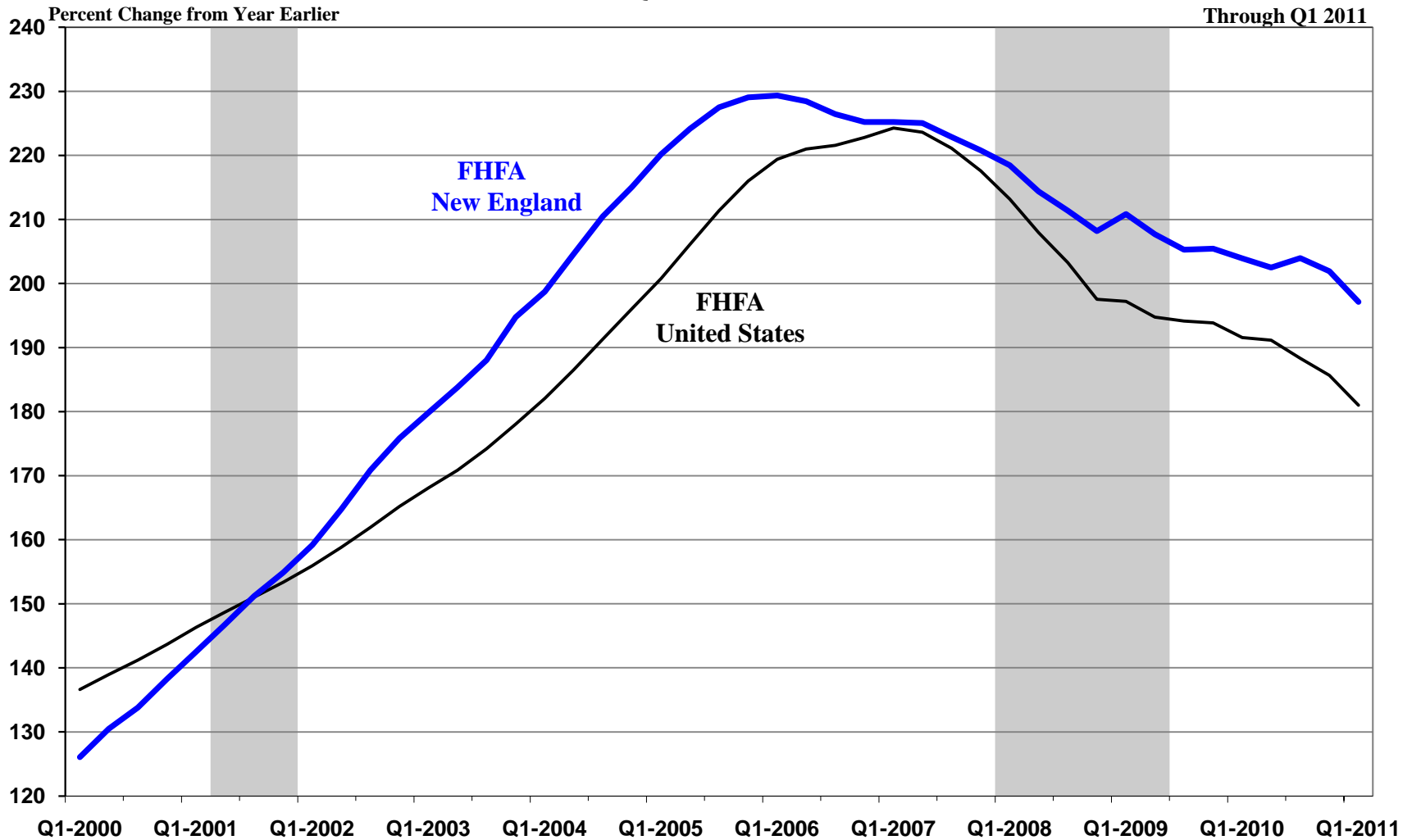


Source: Federal Housing Finance Authority, S&P Case-Schiller

...but less sharply in New England than the nation.

FHFA Home Price Index

Q1 1980 = 100

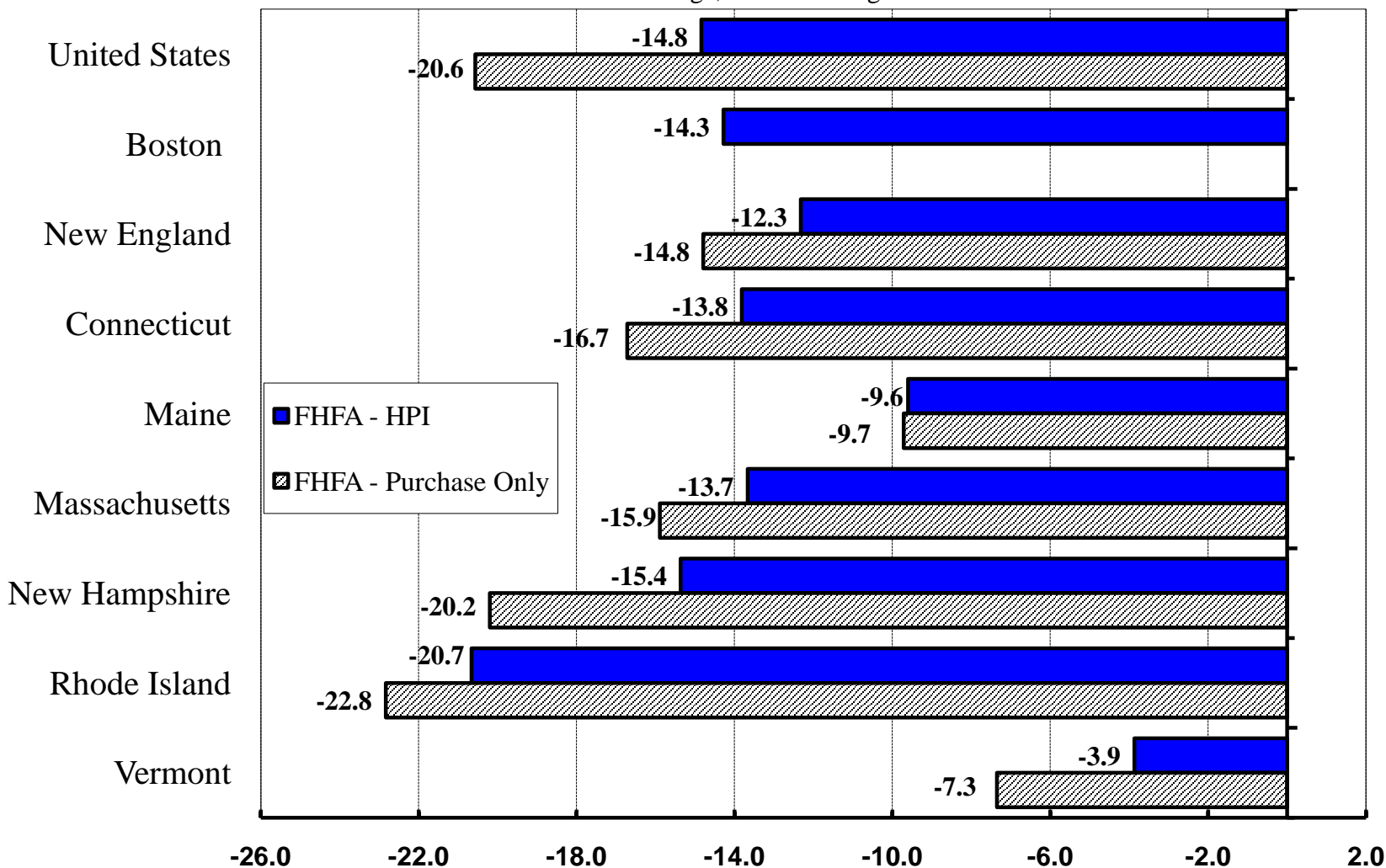


Source: Federal Housing Finance Authority, S&P Case-Schiller

The housing downturn resulted in steep price declines...

House Price Changes

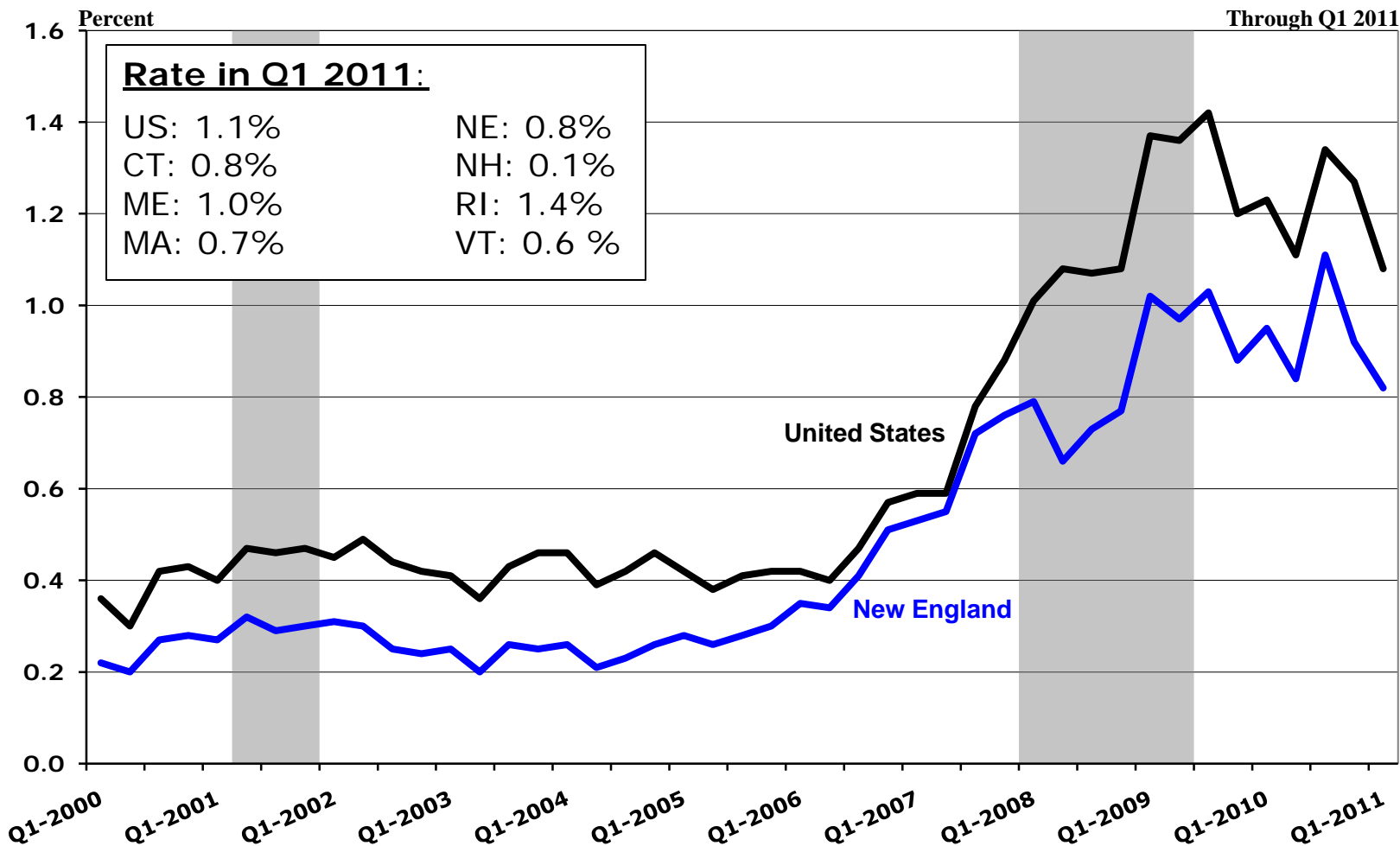
Percent Change, Peak to Trough



Source: Federal Housing Finance Authority

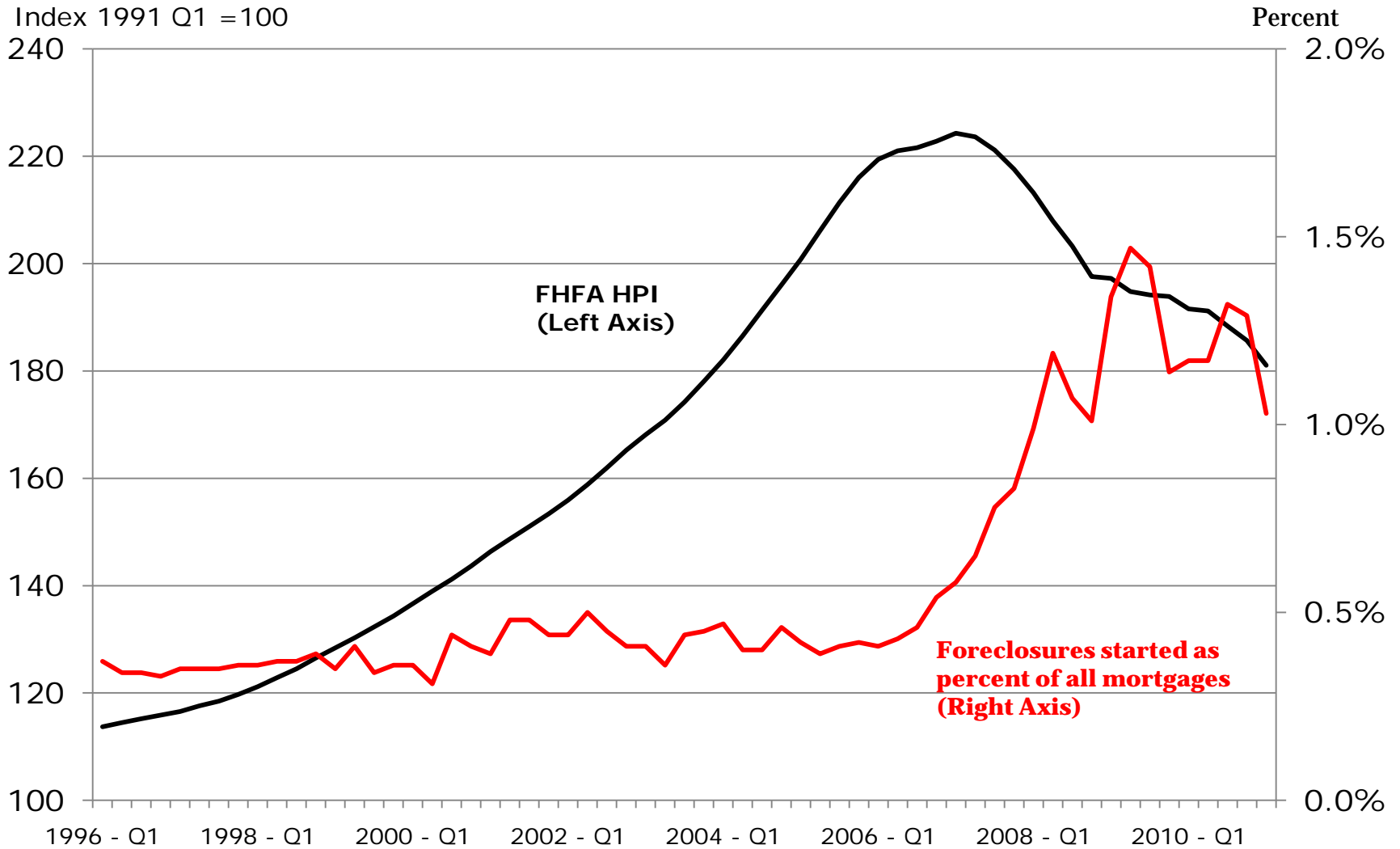
Foreclosure continue to weigh on a housing recovery ...

Foreclosures Started as a Percent of All Loans



Source: Mortgage Bankers Association

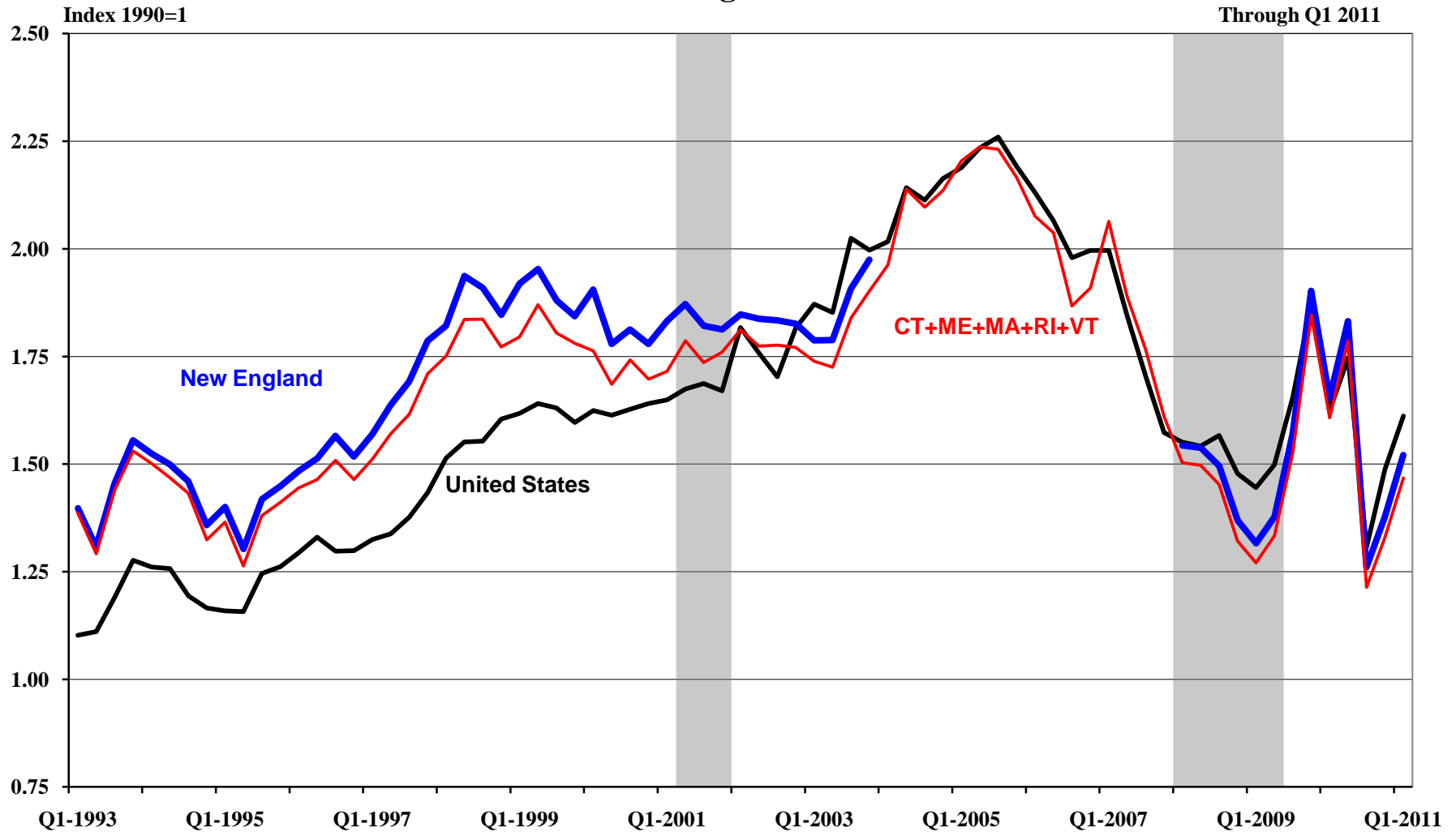
Housing Bust and Foreclosures (US)



Source: Federal Housing Finance Authority and Mortgage Bankers Association/Haver Analytics

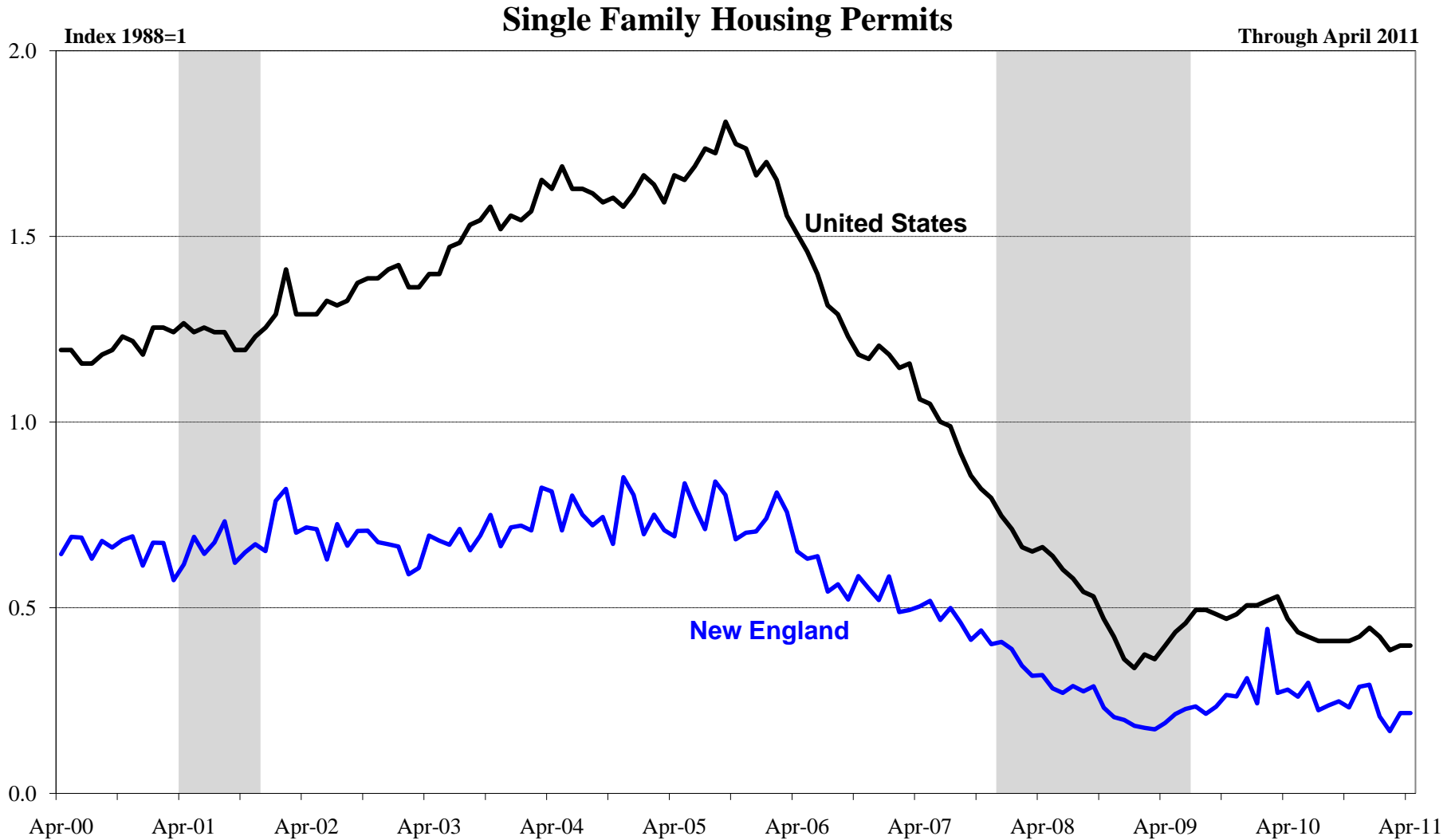
The Federal Tax Credit temporarily lifted home sales...

Total Existing Home Sales



Sources: National Association of Realtors

Permits are at historic lows due to excess supply and low demand...

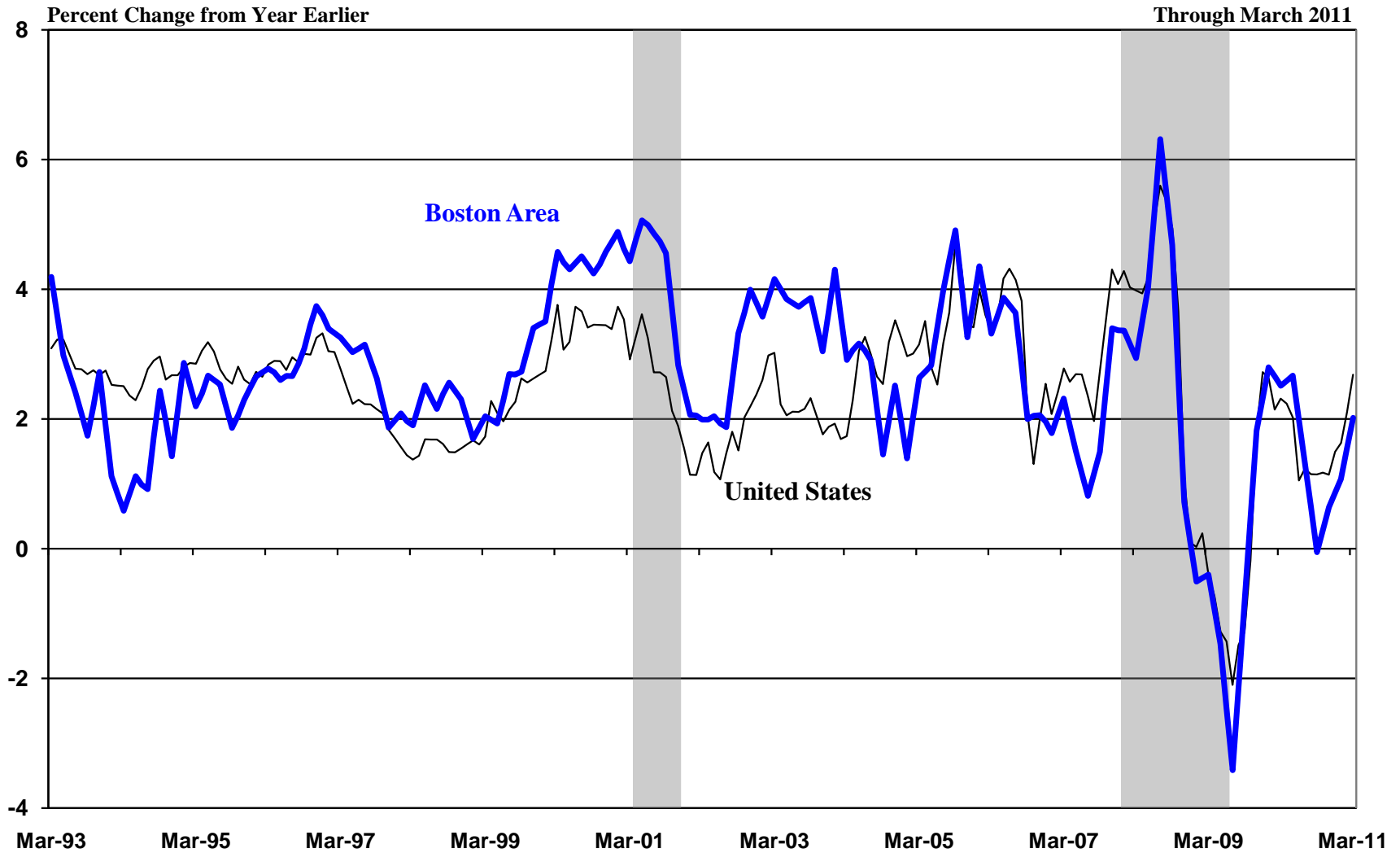


Sources: U.S. Census Bureau

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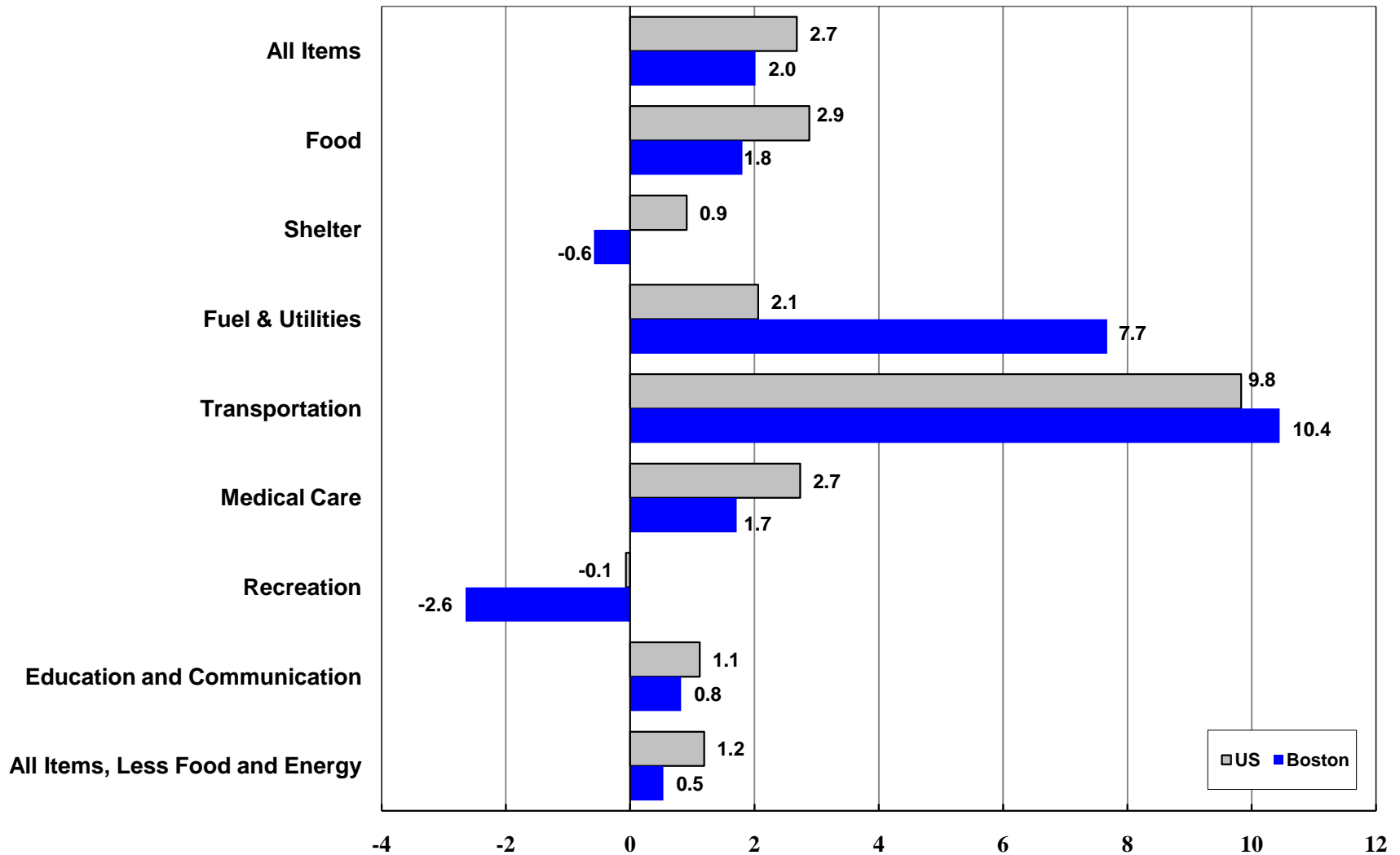
Consumer Price Index



Note: CPI is for all urban consumers.
Source: U.S. Bureau of Labor Statistics.

Components of Consumer Price Increases

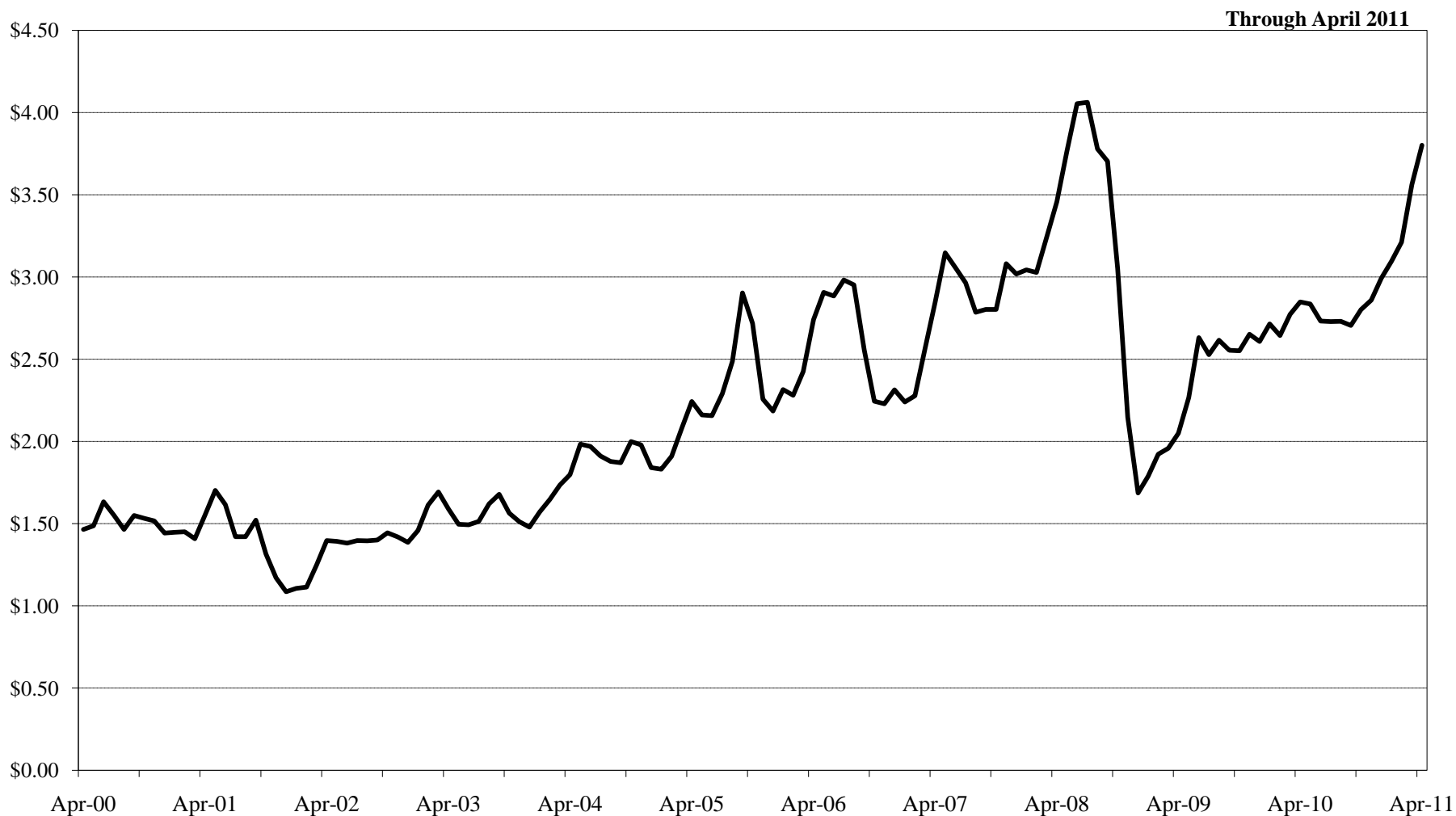
Percent Change, March 2010 – March 2011



Source: U.S. Bureau of Labor Statistics.

Despite stable prices, high gasoline prices can hamper consumption...

Average Monthly Cost of a Gallon of Regular Grade Gasoline



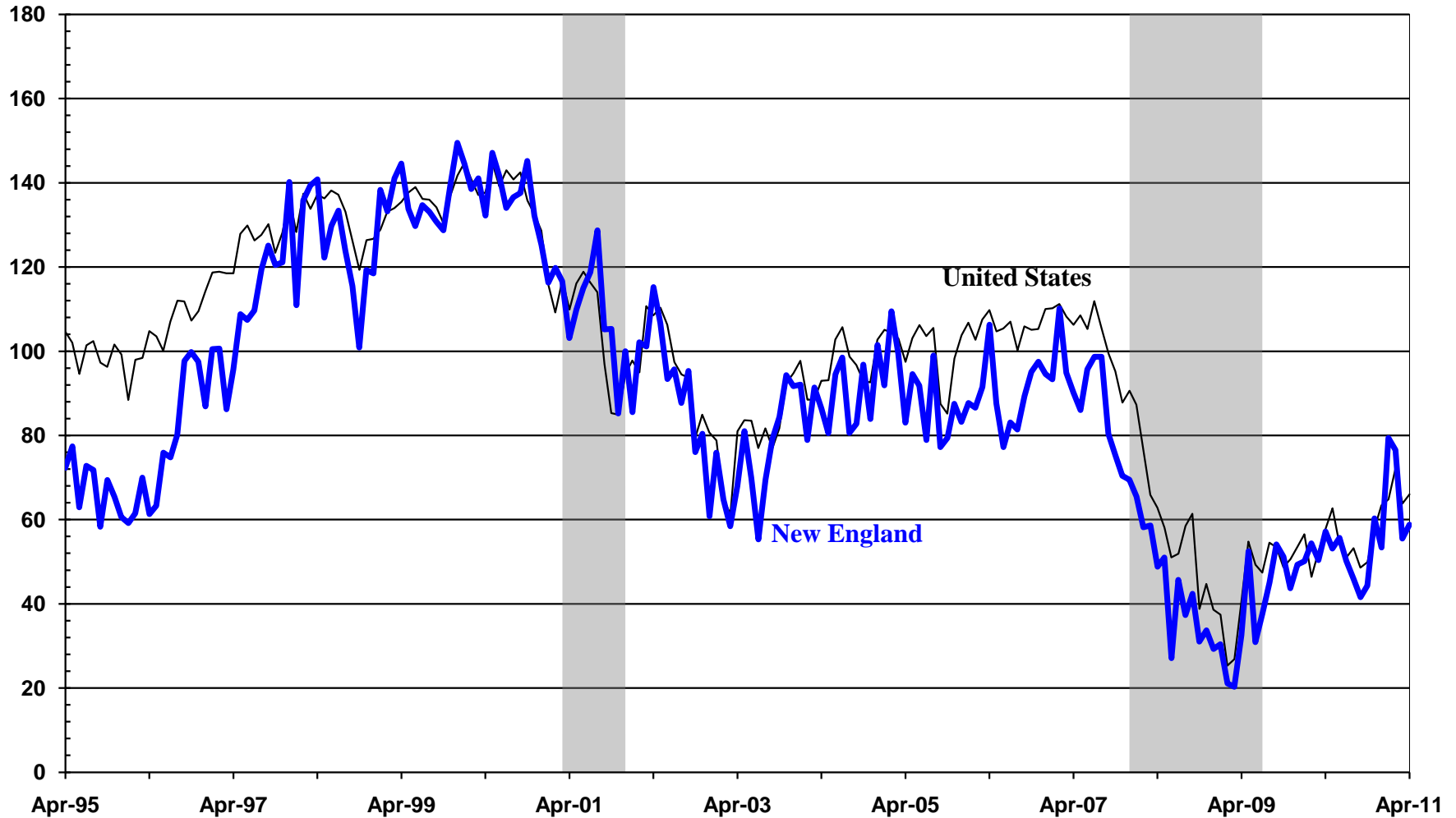
Sources: Department of Energy

Consumer confidence is slowly rebounding...

Consumer Confidence

1985 U.S. Average = 100

Through April 2010

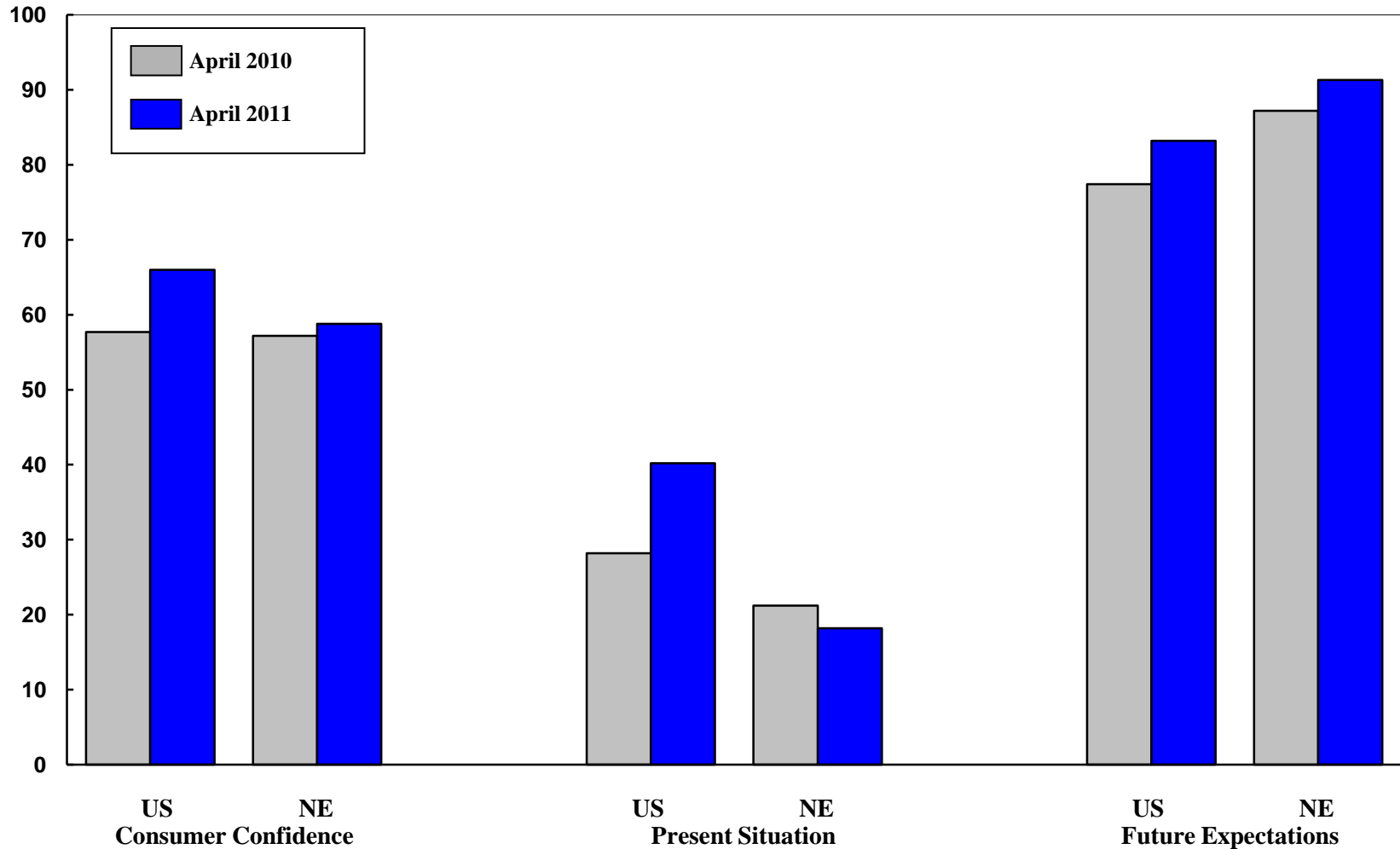


Source: The Conference Board/Haver Analytics

Future expectations are starting to improve...

Consumer Confidence

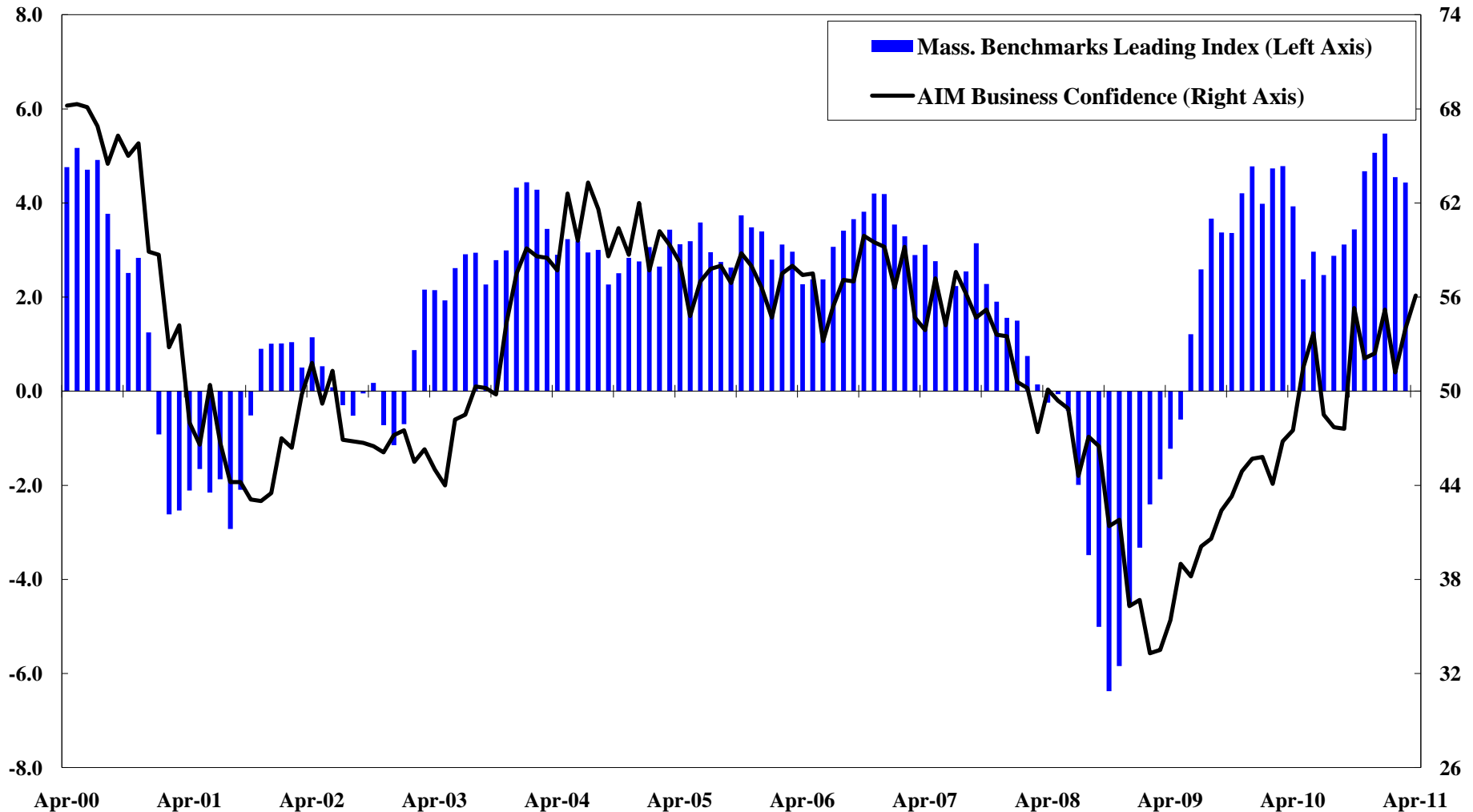
1985 U.S. Average = 100



Source: The Conference Board

An improving economy is providing businesses with confidence...

Massachusetts Business Indicators

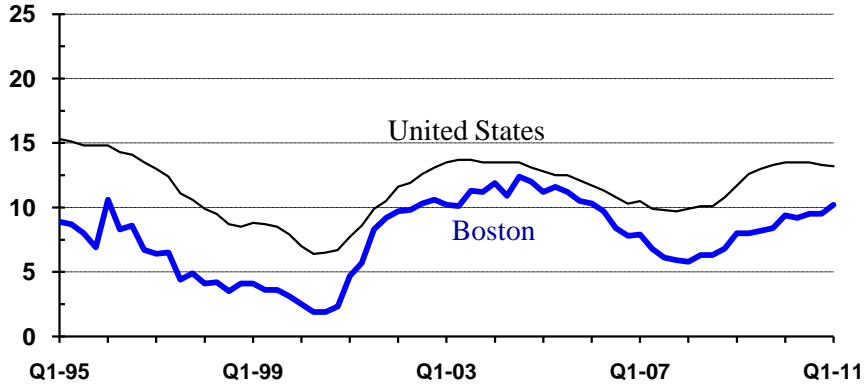


Source: Associated Industries of Massachusetts and the University of Massachusetts.

Note: The Massachusetts Benchmarks Index was formerly known as the UMass Leading Index

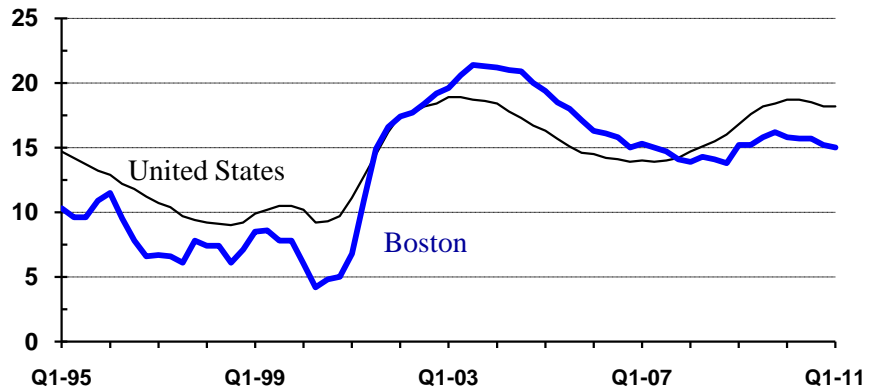
Office Vacancy Rates

Downtown



Through Q1 2011

Suburban



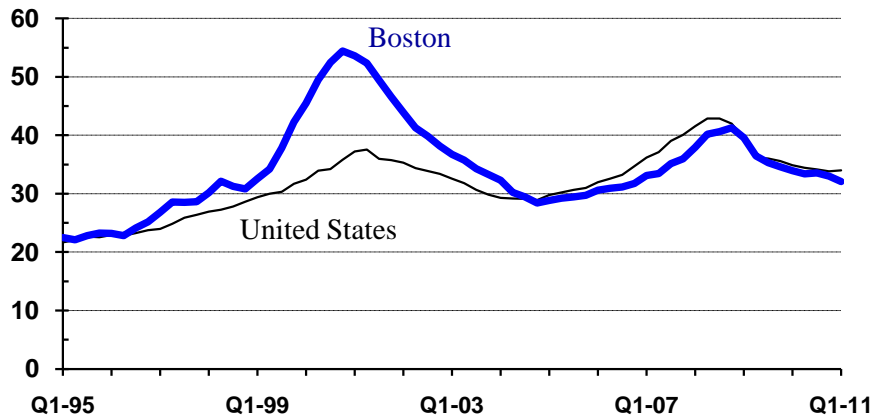
Source: CB Richard Ellis Econometric Advisors.

Office Rents

Through Q1 2011

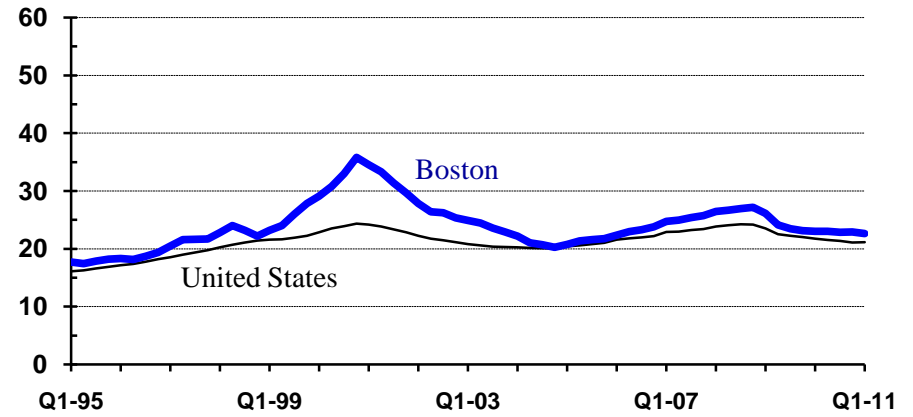
Adjusted Asking
Rent Per S/F

Downtown



Adjusted Asking
Rent Per S/F

Suburban



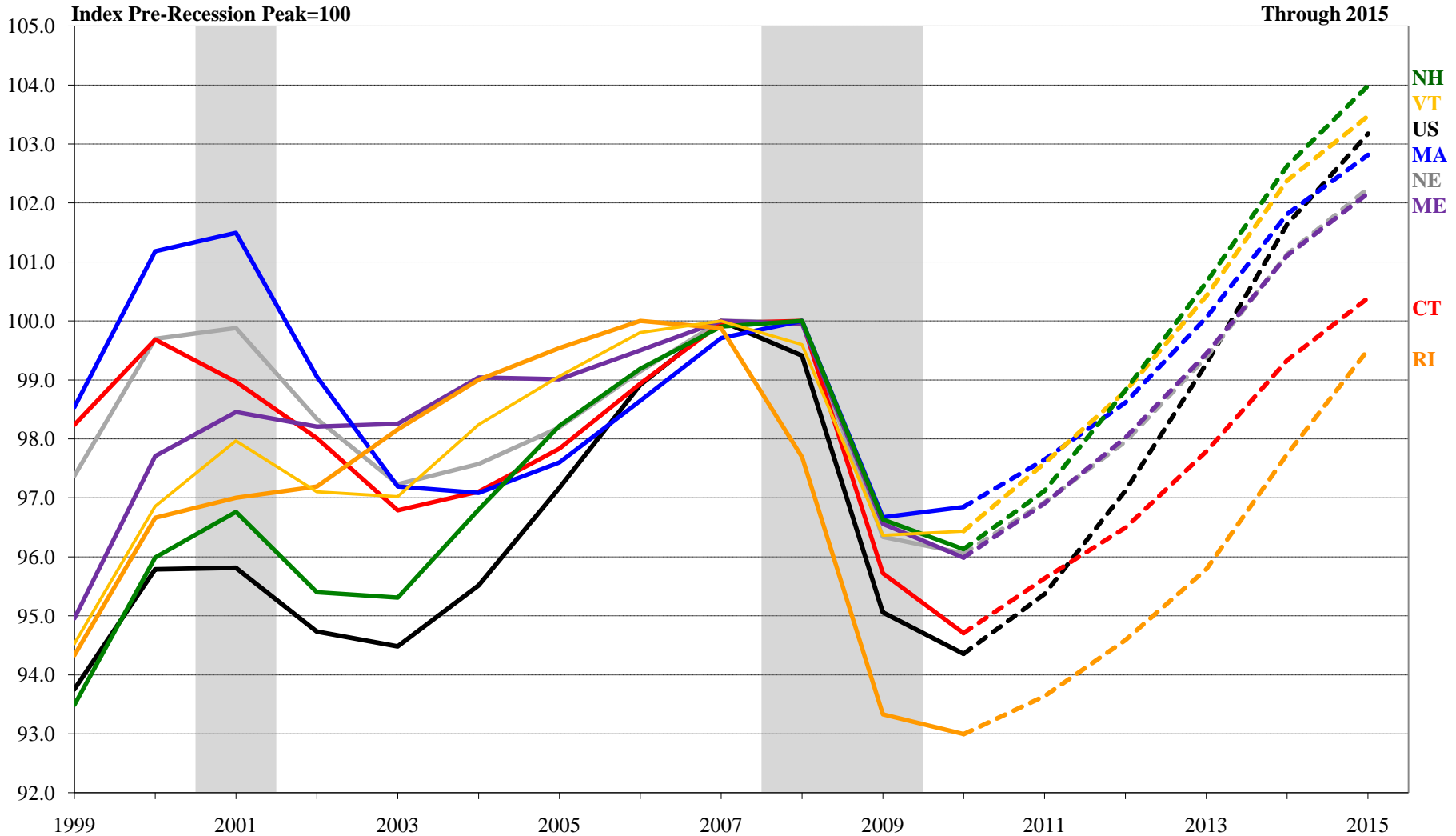
Source: CB Richard Ellis Econometric Advisors.

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Employment will recover in the coming years...

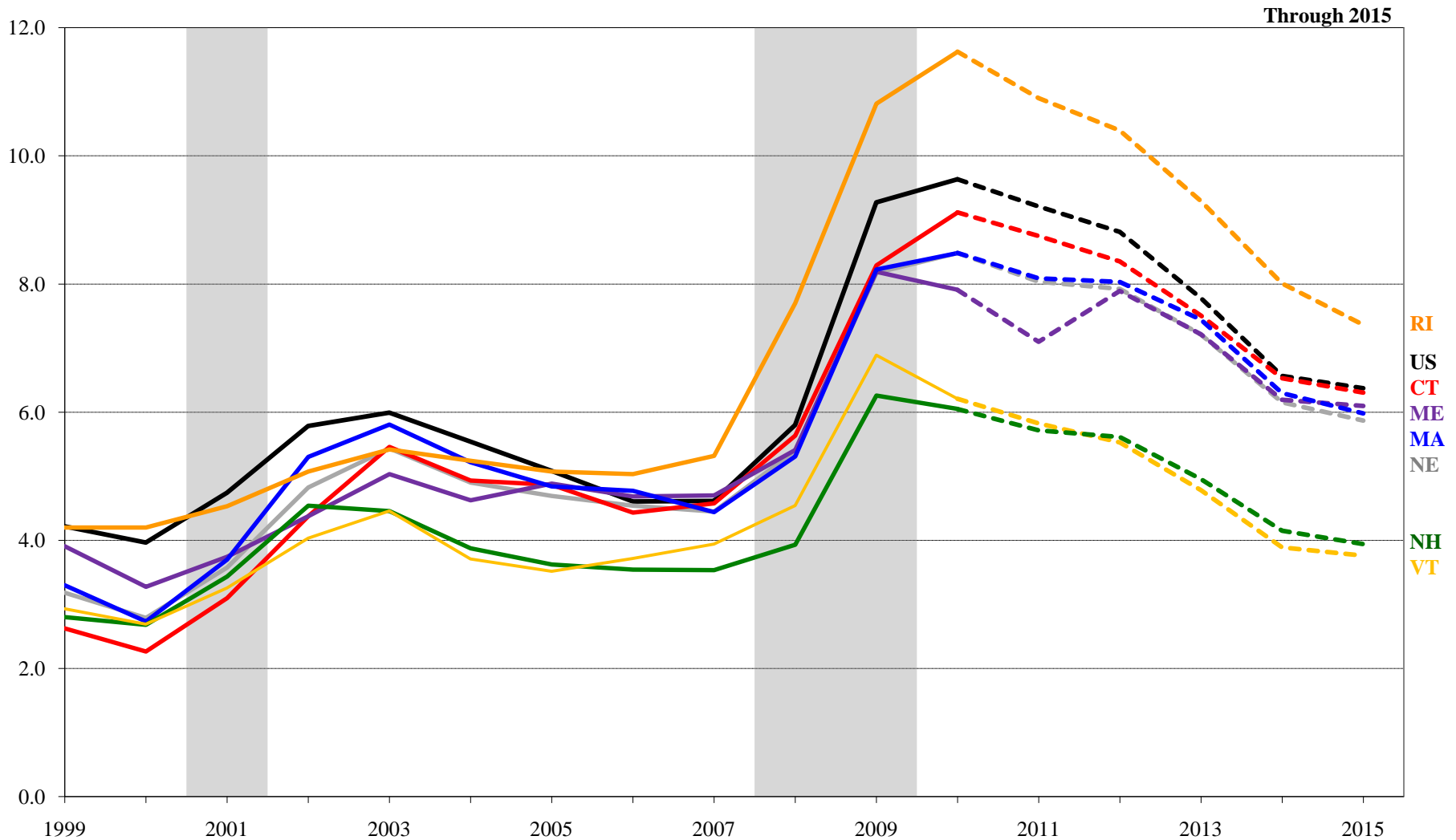
Employment Forecast



Sources: Bureau of Labor Statistics, New England Economic Partnership

Unemployment will remain stubbornly high...

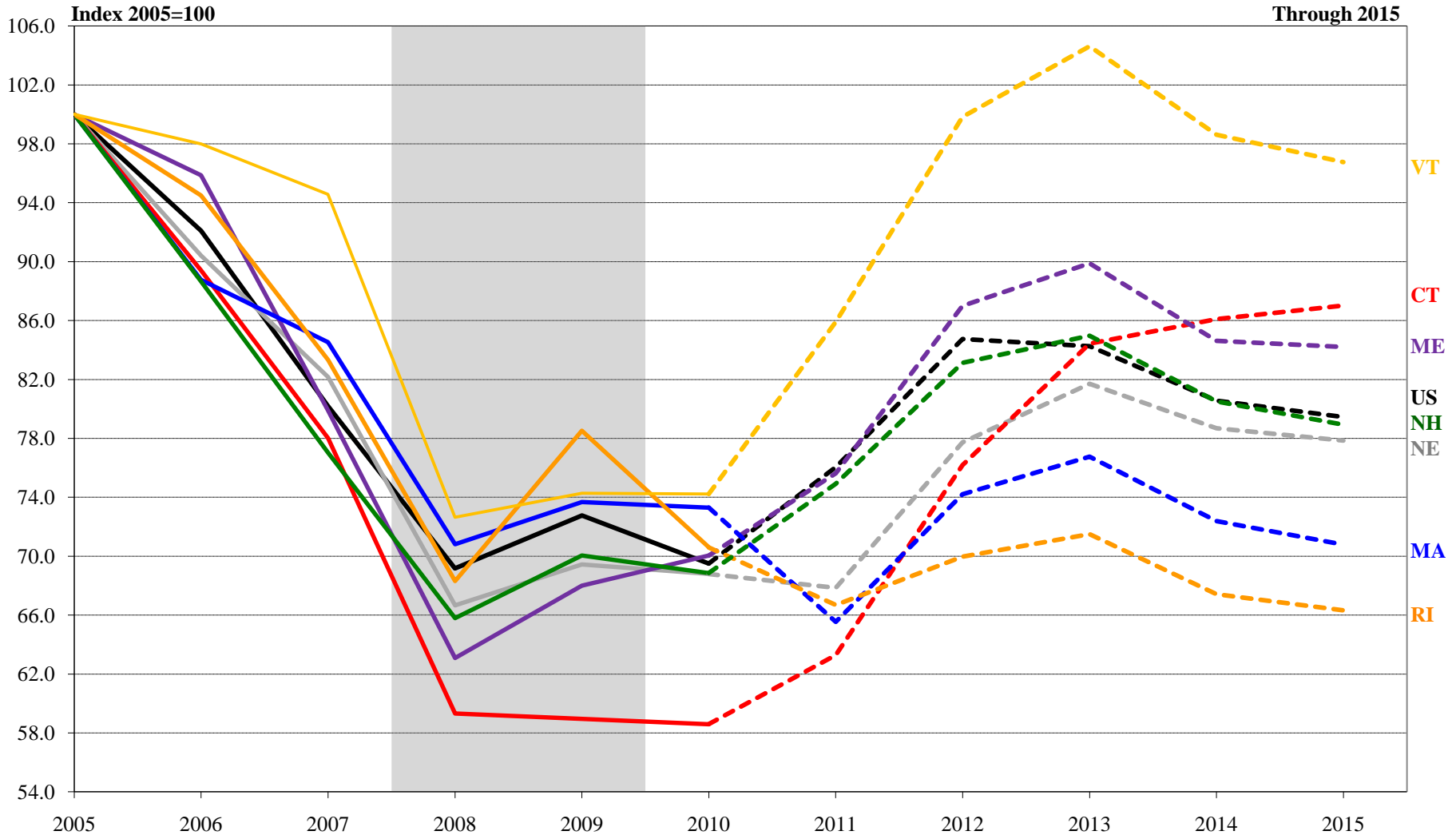
Unemployment Rate Forecast



Sources: Bureau of Labor Statistics, New England Economic Partnership

Home sales will pick up but remain low...

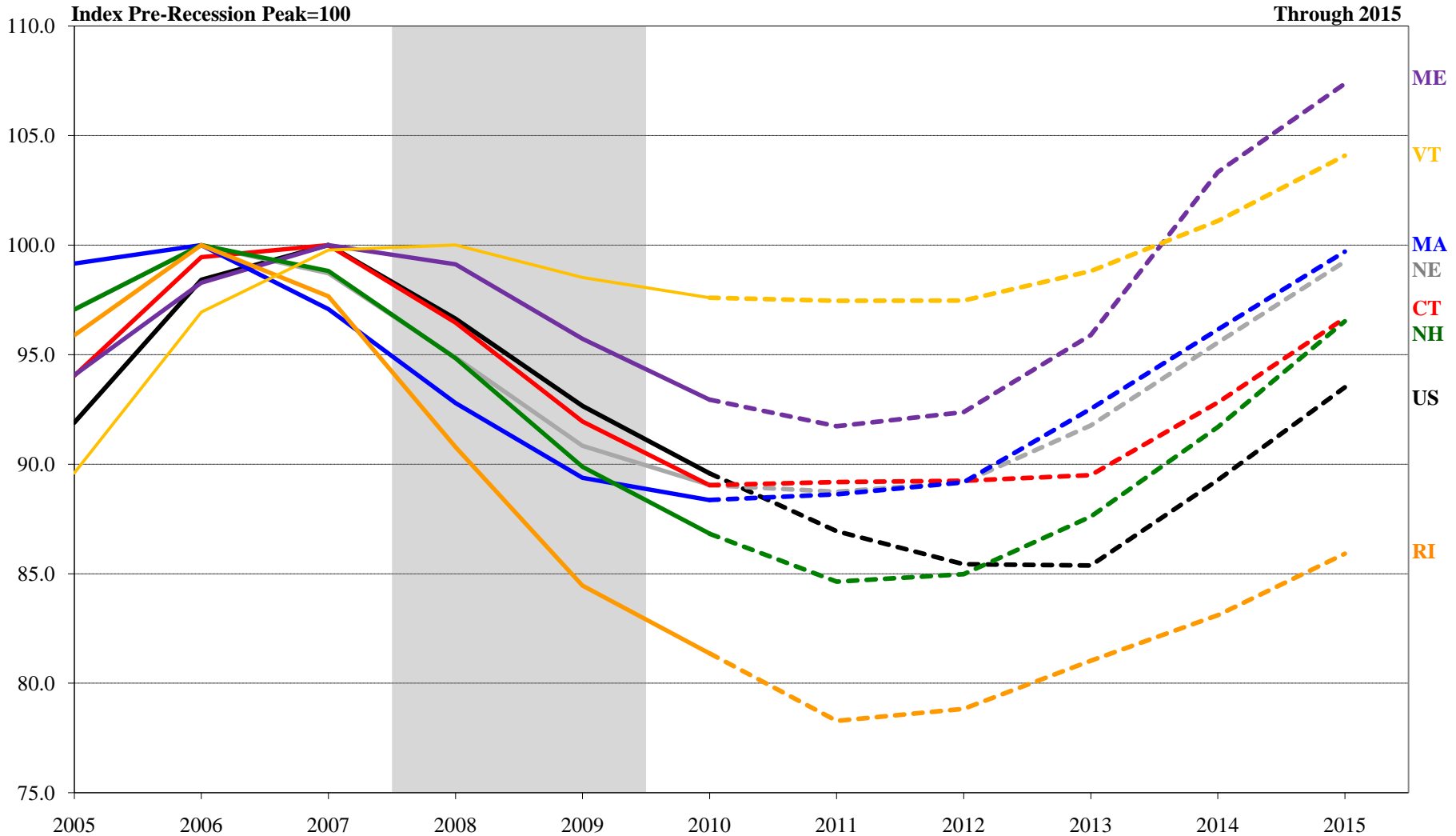
Existing Home Sales Forecast



Sources: National Association of Realtors, New England Economic Partnership

Improvements in the housing market will take a while...

FHFA Forecast



Sources: Federal Housing Finance Authority, New England Economic Partnership

Summary

- New England's economic recovery is continuing.
- The region is performing somewhat better than the nation on a whole.
- Forward-looking indicators suggest positive but moderate growth in 2011 and the coming years.

Thank you.

Questions?

Sources of Further Information

Visit www.bos.frb.org for updates on the New England and U.S. economies

- *New England Economic Indicators* (statistical information on the New England economy updated continually)
 - *New England Economic Snapshot* (brief analysis of recent economic indicators)
 - *Profile of New England* (data and brief analysis on important long-term economic and demographic trends in the New England states)
 - Beige Book (anecdotal information updated every six weeks or so)
 - “News and Events” tab (speeches by Boston Fed president)
 - New England Public Policy Center “Assistance Provided” (economic updates by Boston Fed economists)
- Visit www.neepecon.org for New England state forecasts prepared by the New England Economic Partnership (Spring 2011)