

The New England Economy: Recession and Recovery

Robert Clifford, Policy Analyst
New England Public Policy Center
Federal Reserve Bank of Boston

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

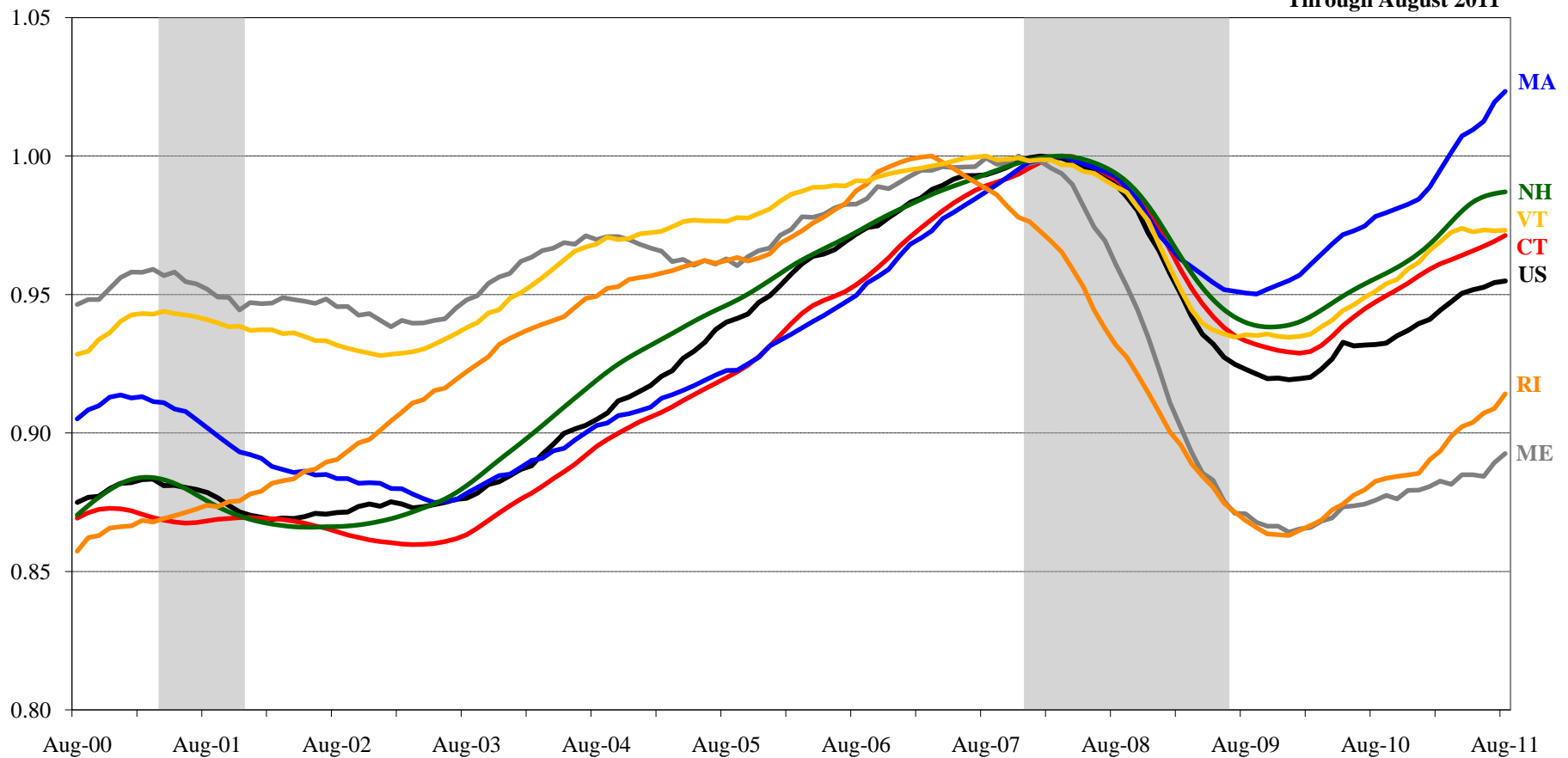
Overview

- Job Market
- Housing Market
- Economic Outlook

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

State Economic Activity Indexes

Through August 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

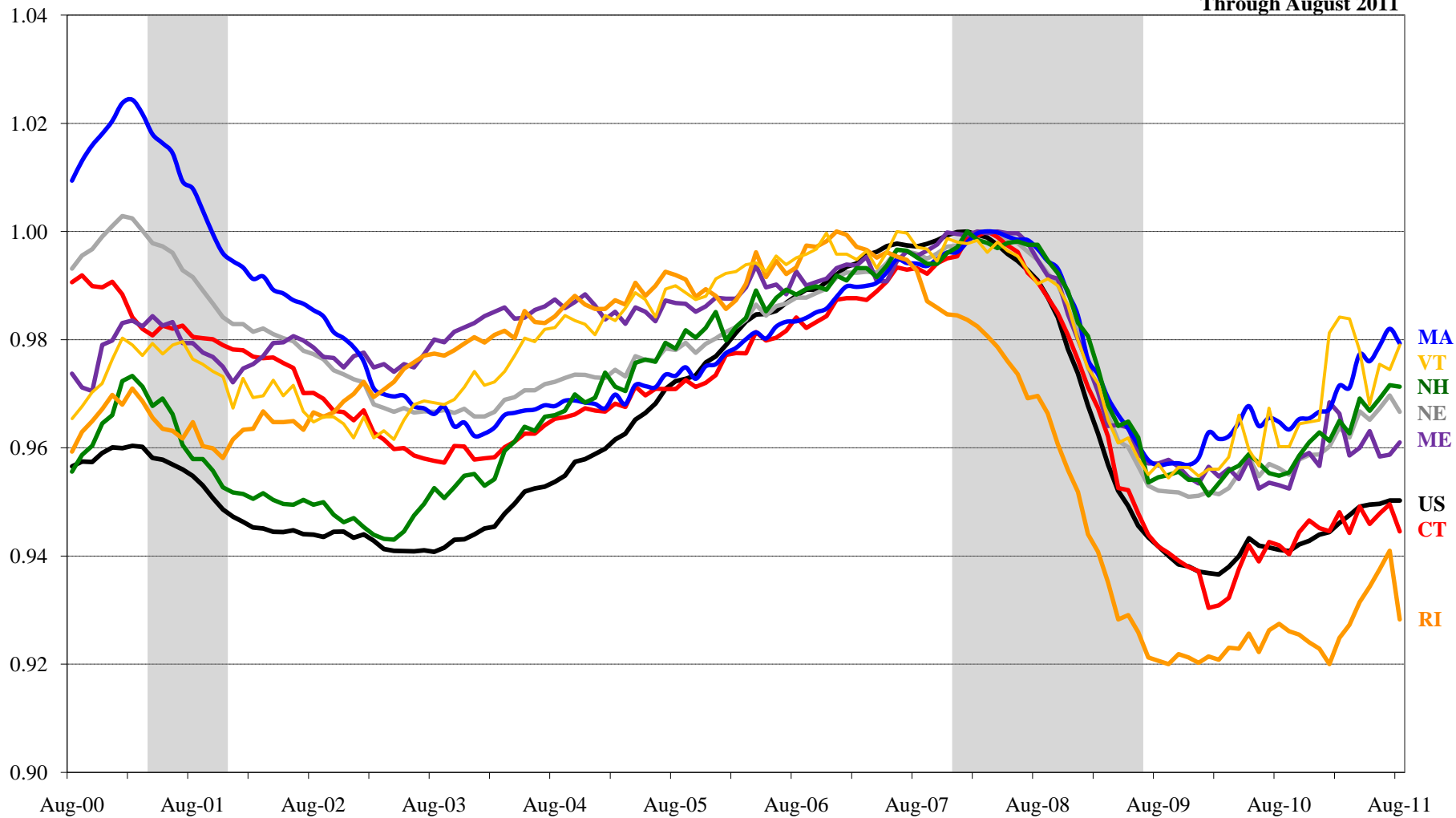
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Employment is slowly recovering...

Total Employment

Through August 2011

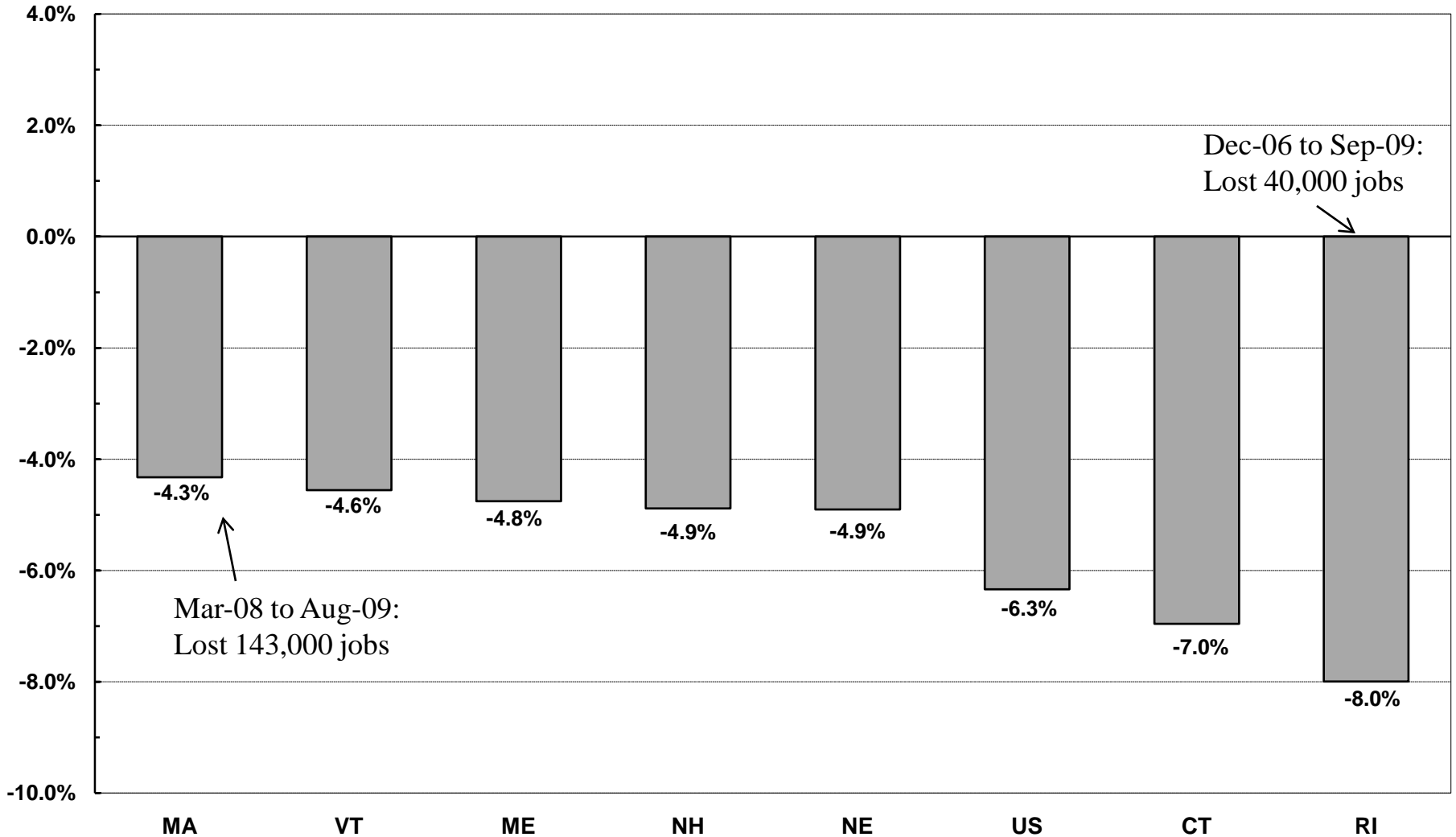


Index: Each state's pre-recession peak is equal to 1.

Sources: U.S. Bureau of Labor Statistics

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

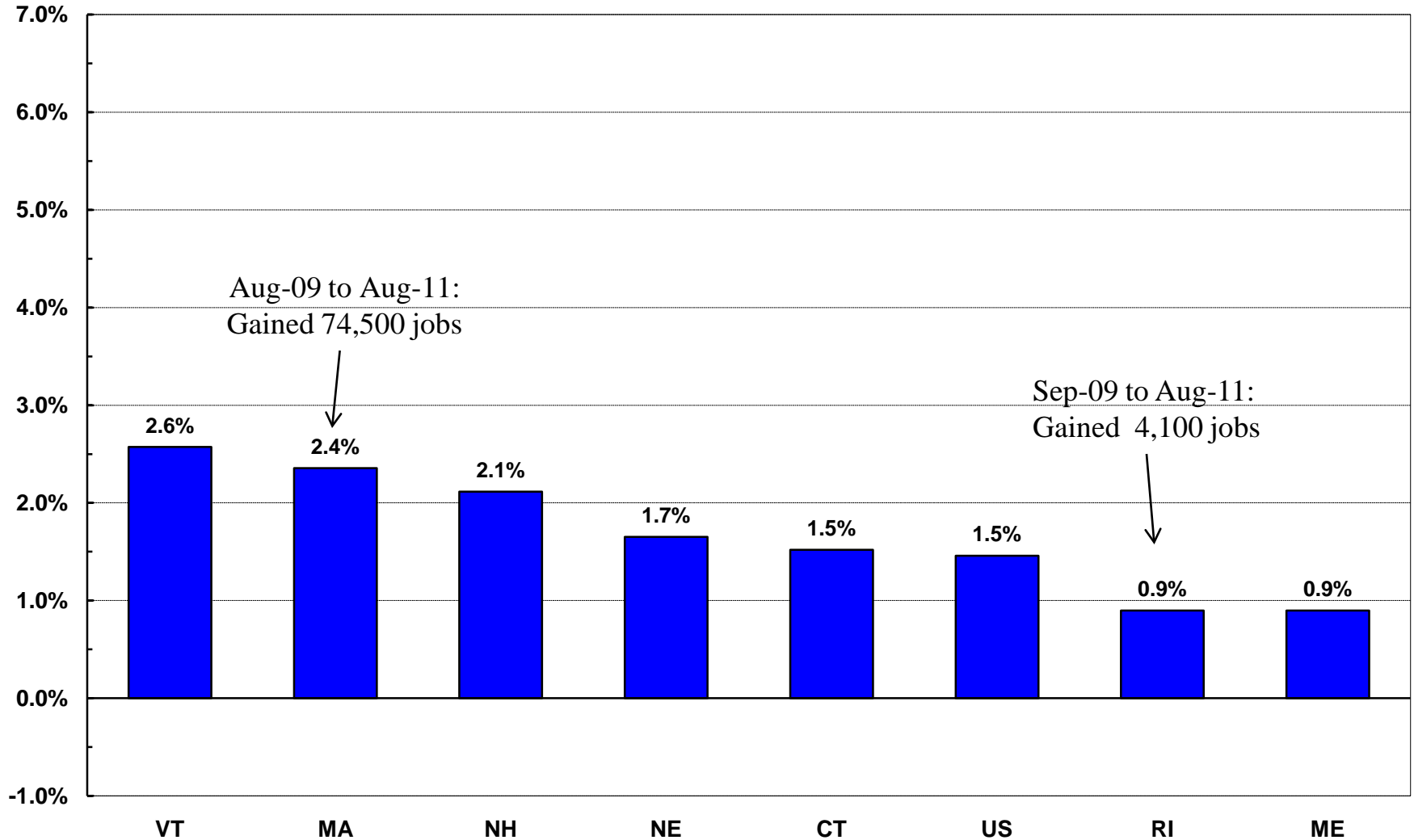
Peak to Trough Employment Change



Source: U.S. Bureau of Labor Statistics

All states have been slow to regain jobs...

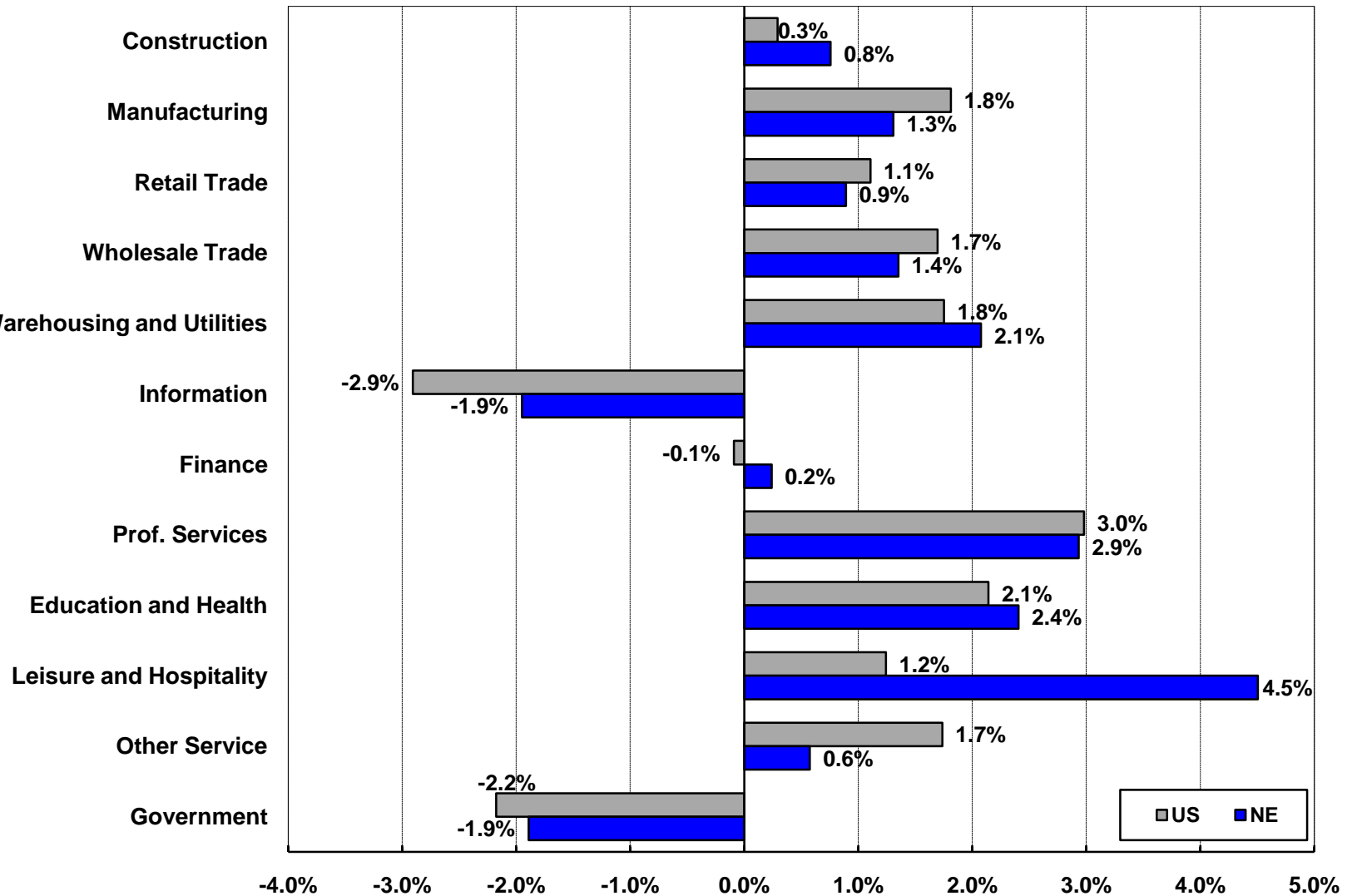
Job Recovery, Trough to August 2011



Source: U.S. Bureau of Labor Statistics

Employment Growth by Supersector

Percent Change, August 2010 – August 2011

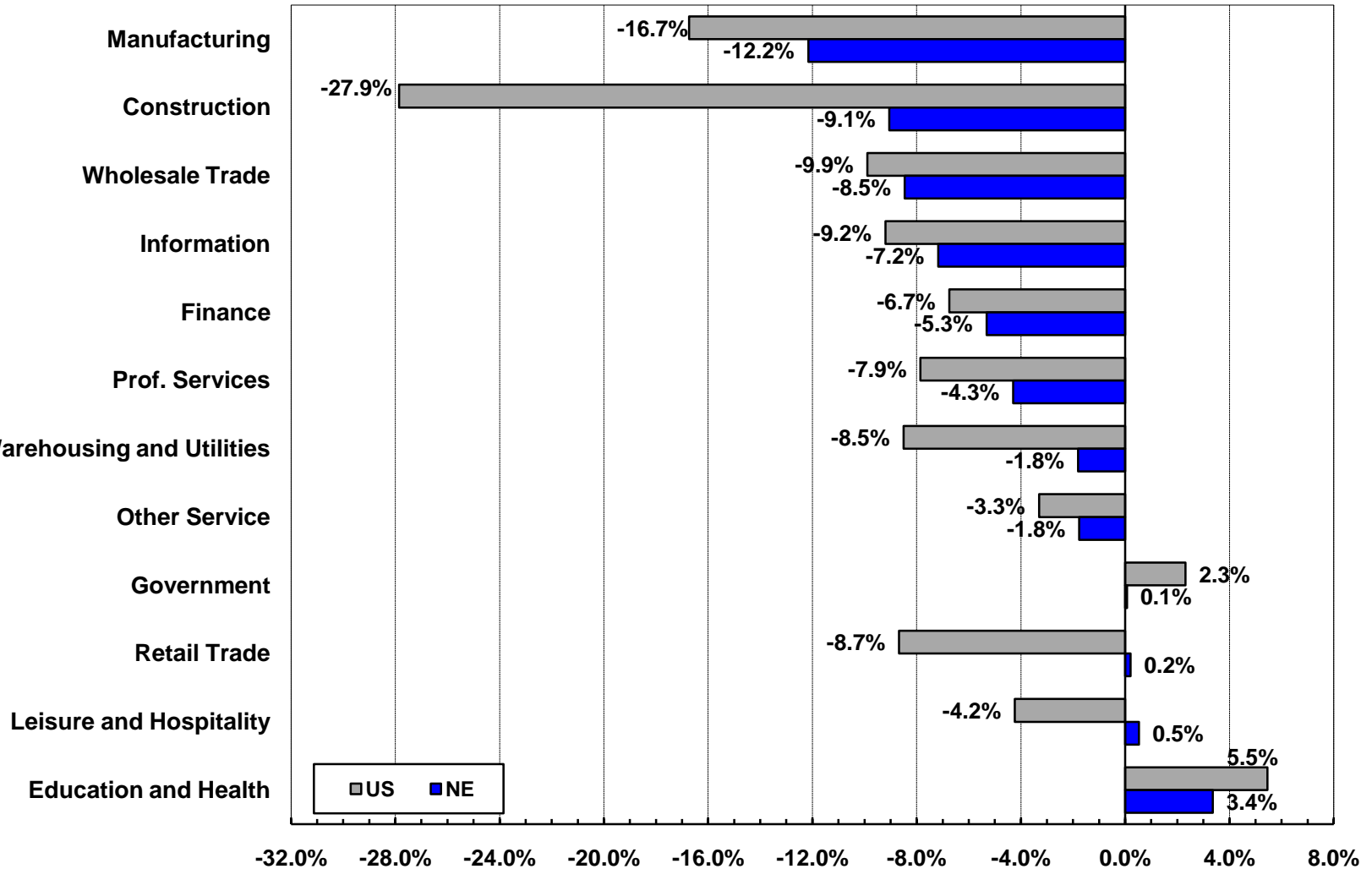


Source: U.S. Bureau of Labor Statistics

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

Employment Growth by Supersector

Peak to Trough

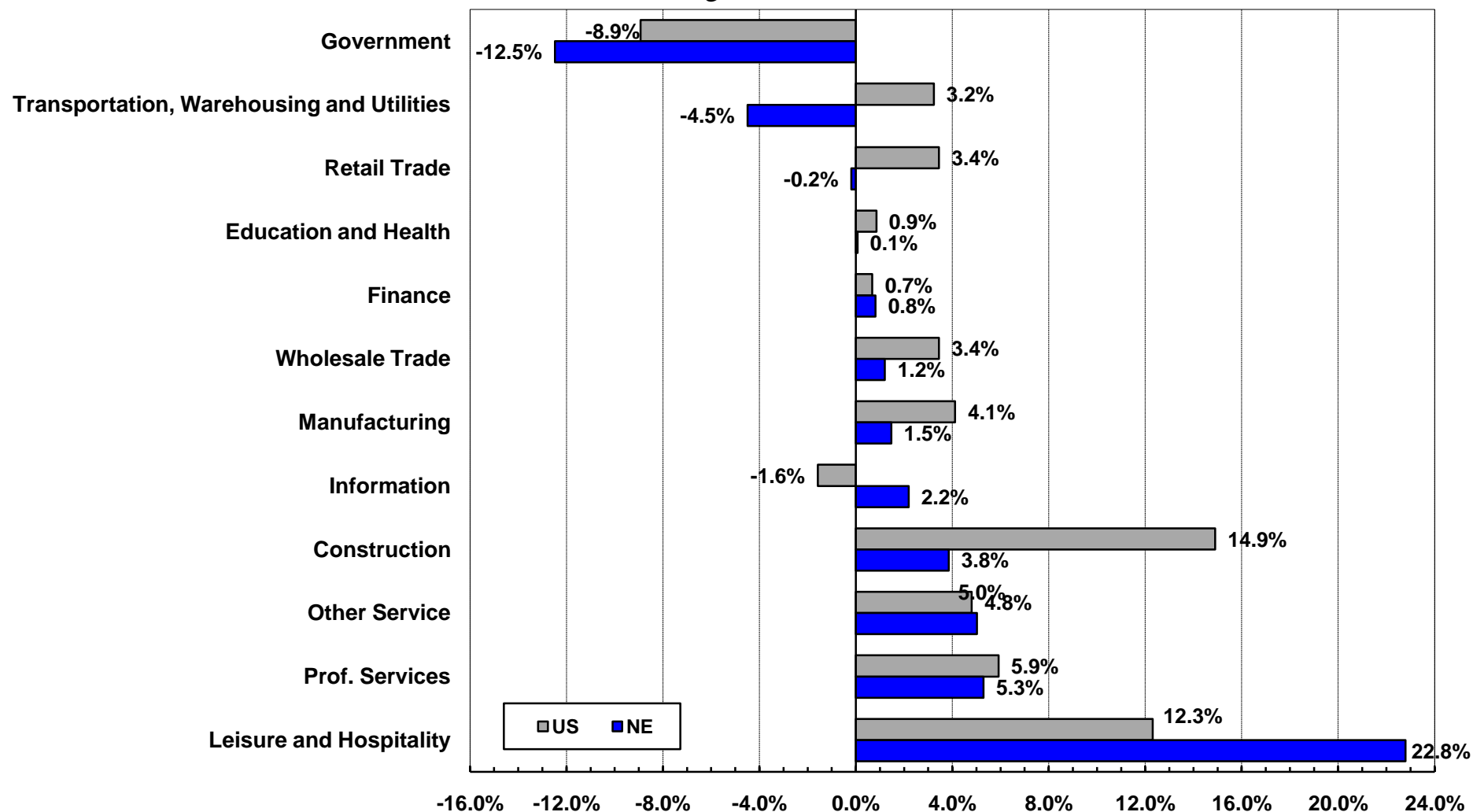


Source: U.S. Bureau of Labor Statistics

The recovery has been mixed across sectors...

Employment Growth by Supersector

Trough to Current



Source: U.S. Bureau of Labor Statistics

Job growth has had trouble staying with population growth...

Employment to Population Ratio

Through August 2011

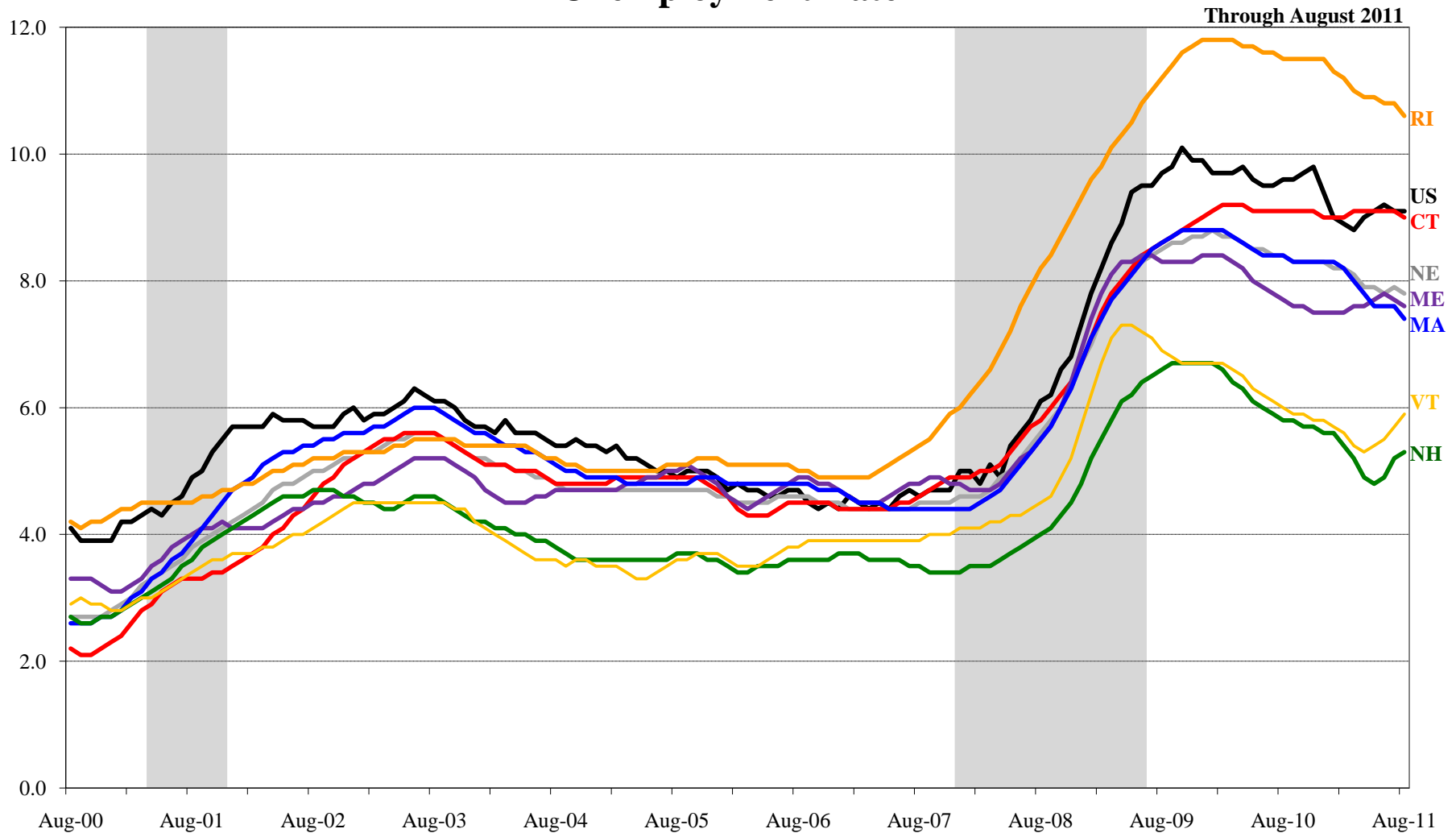


Index: Each state's pre-recession peak is equal to 1.

Sources: U.S. Bureau of Labor Statistics

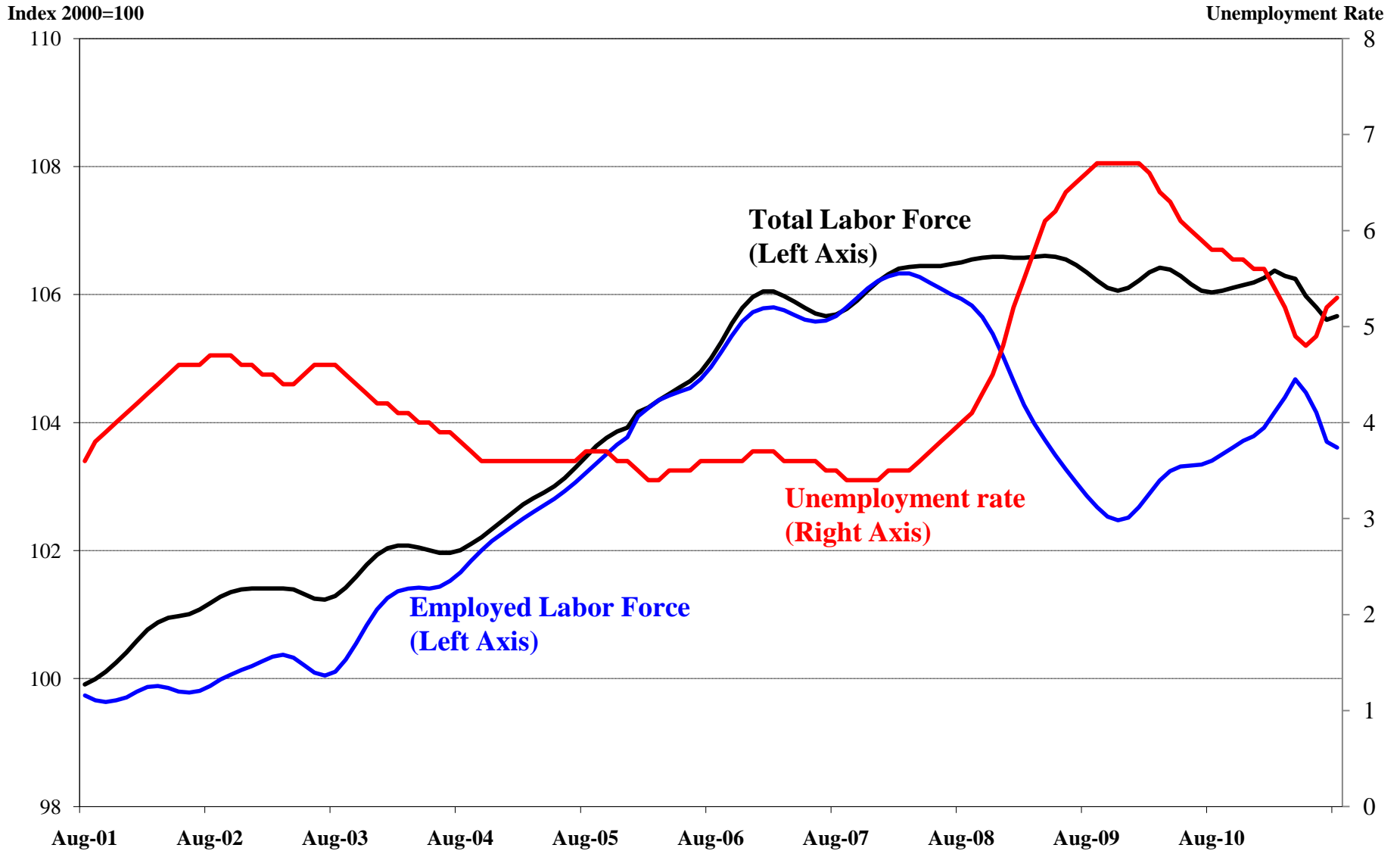
Unemployment in New England is well below the national level...

Unemployment Rate



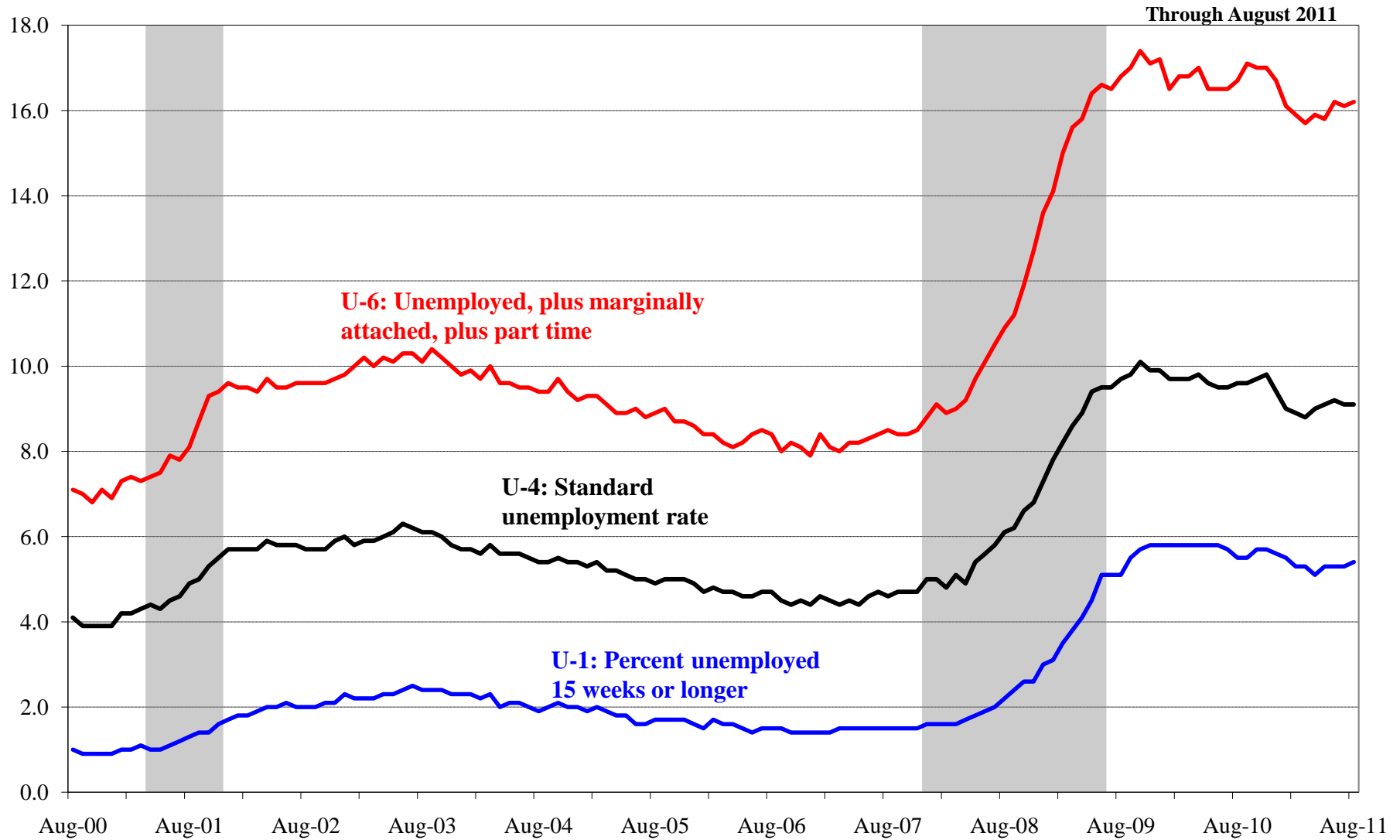
Sources: U.S. Bureau of Labor Statistics

What going on in New Hampshire?



Sources: U.S. Bureau of Labor Statistics

Alternative Measures of Unemployment



Sources: U.S. Bureau of Labor Statistics

State employment situations are closely tied to each other...

Commuting Patterns in New England

		Place of Work							
		Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont	New York	Other
Place of Residence	Connecticut	1,573,191	569	19,514	1,002	6,687	-	75,609	48,956
	Maine	92	599,357	3,968	14,913	104	-	1,042	19,611
	Massachusetts	30,944	1,951	3,054,441	27,535	39,551	2,113	5,815	95,546
	New Hampshire	834	8,536	78,395	570,274	289	8,775	1,479	20,437
	Rhode Island	10,400	-	57,590	780	425,150	177	959	20,428
	Vermont	408	335	2,021	13,894	-	296,527	2,626	10,639
	New York	45,405	415	7,855	639	295	3,957	NA	NA
	Other	9,729	2,740	14,308	2,110	2,104	1,883	NA	NA

Source: U.S. Census Bureau, 2009 American Community Survey

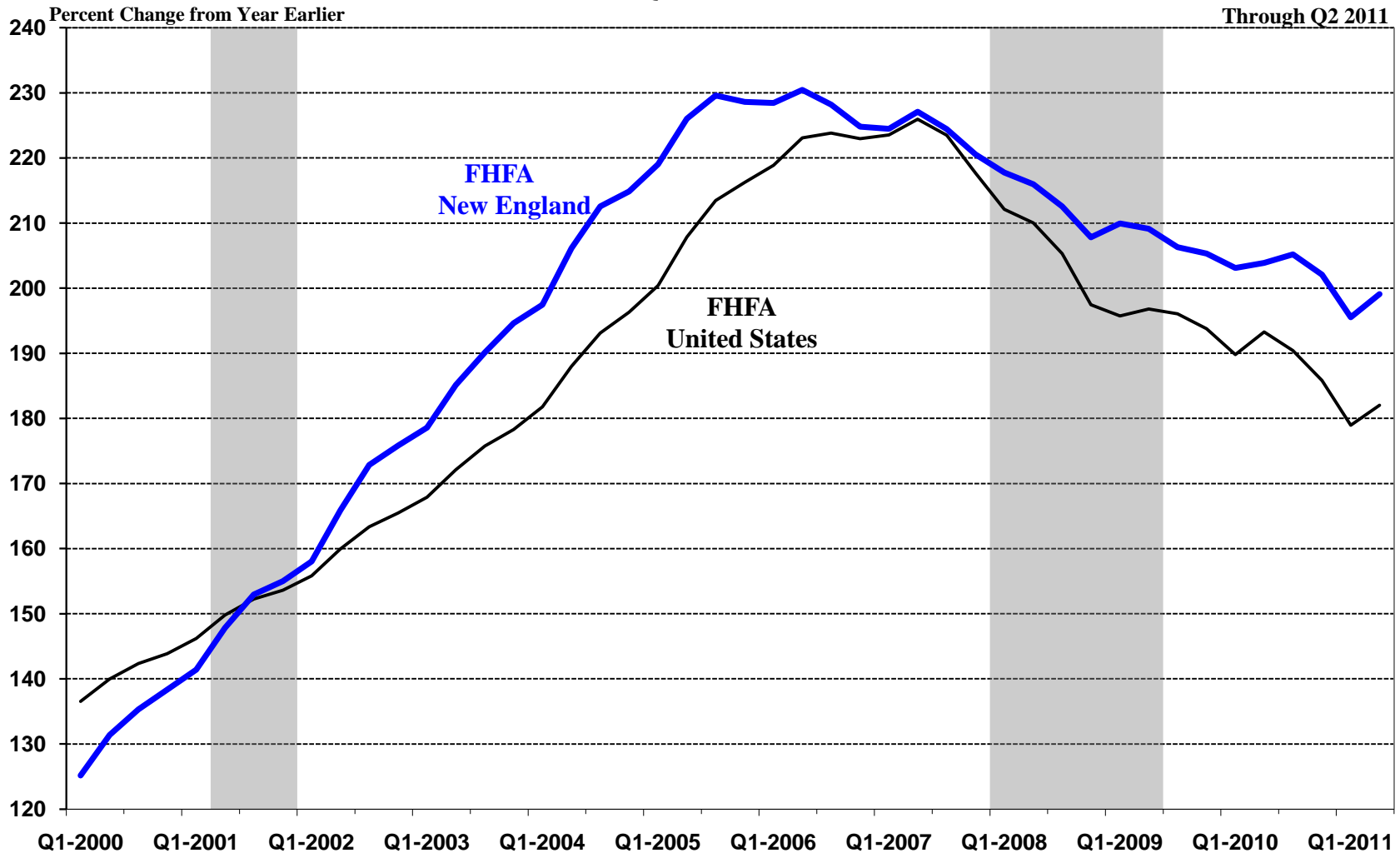
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The housing downturn started earlier in New England...

FHFA Home Price Index

Q1 1980 = 100

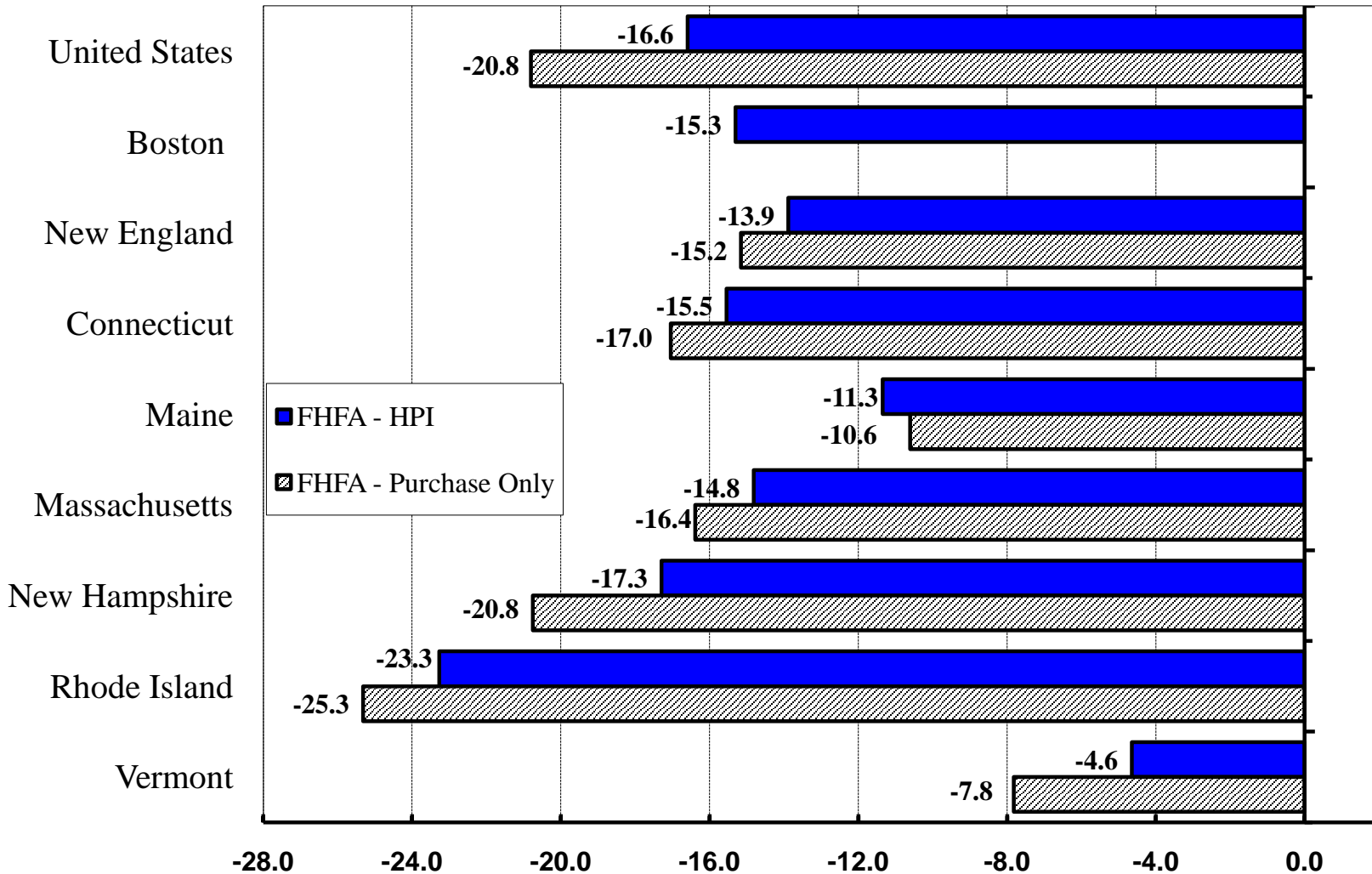


Source: Federal Housing Finance Authority

With steep price declines across the region...

House Price Changes

Percent Change, Peak to Trough

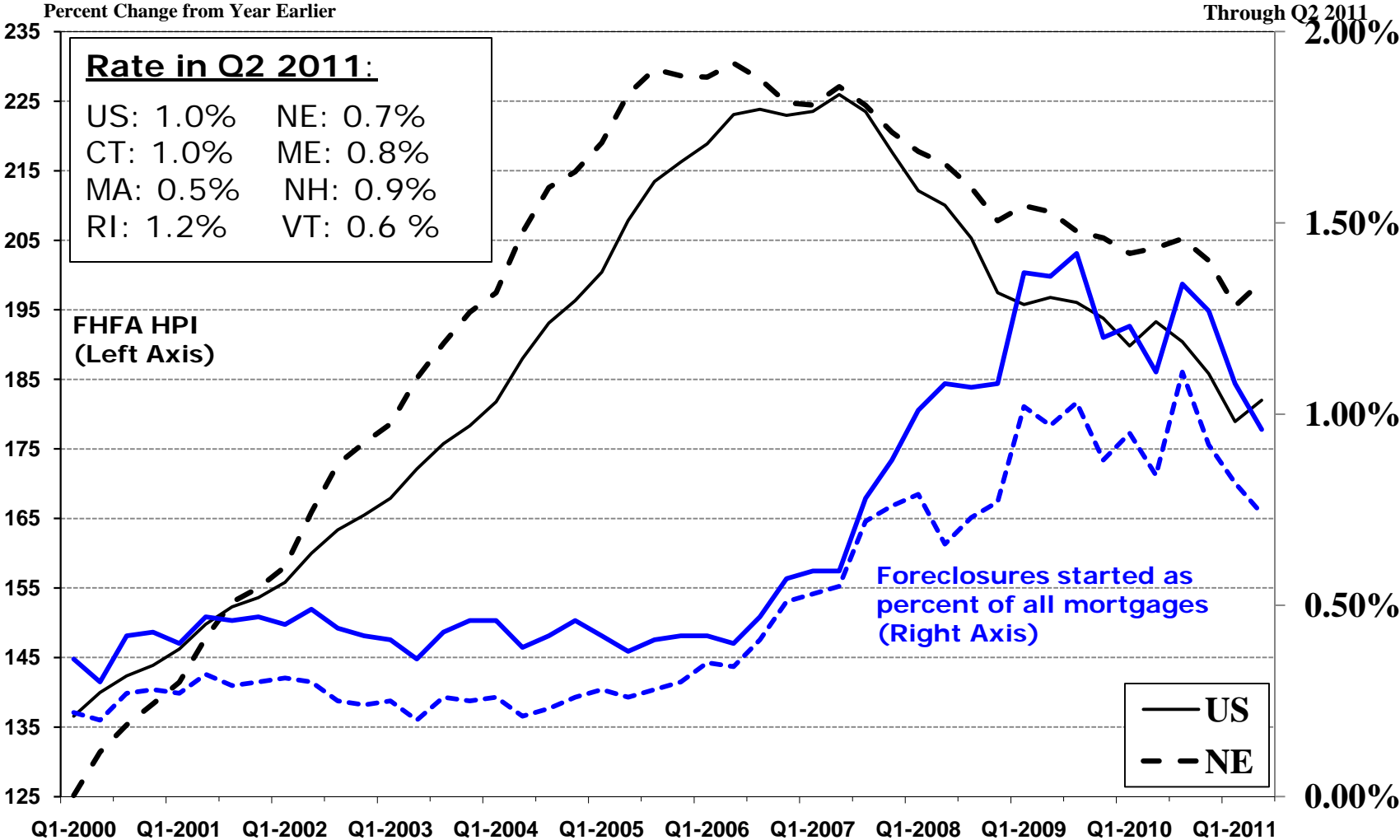


Source: Federal Housing Finance Authority

Prices declines coincided with a large number of foreclosures...

FHFA Home Price Index

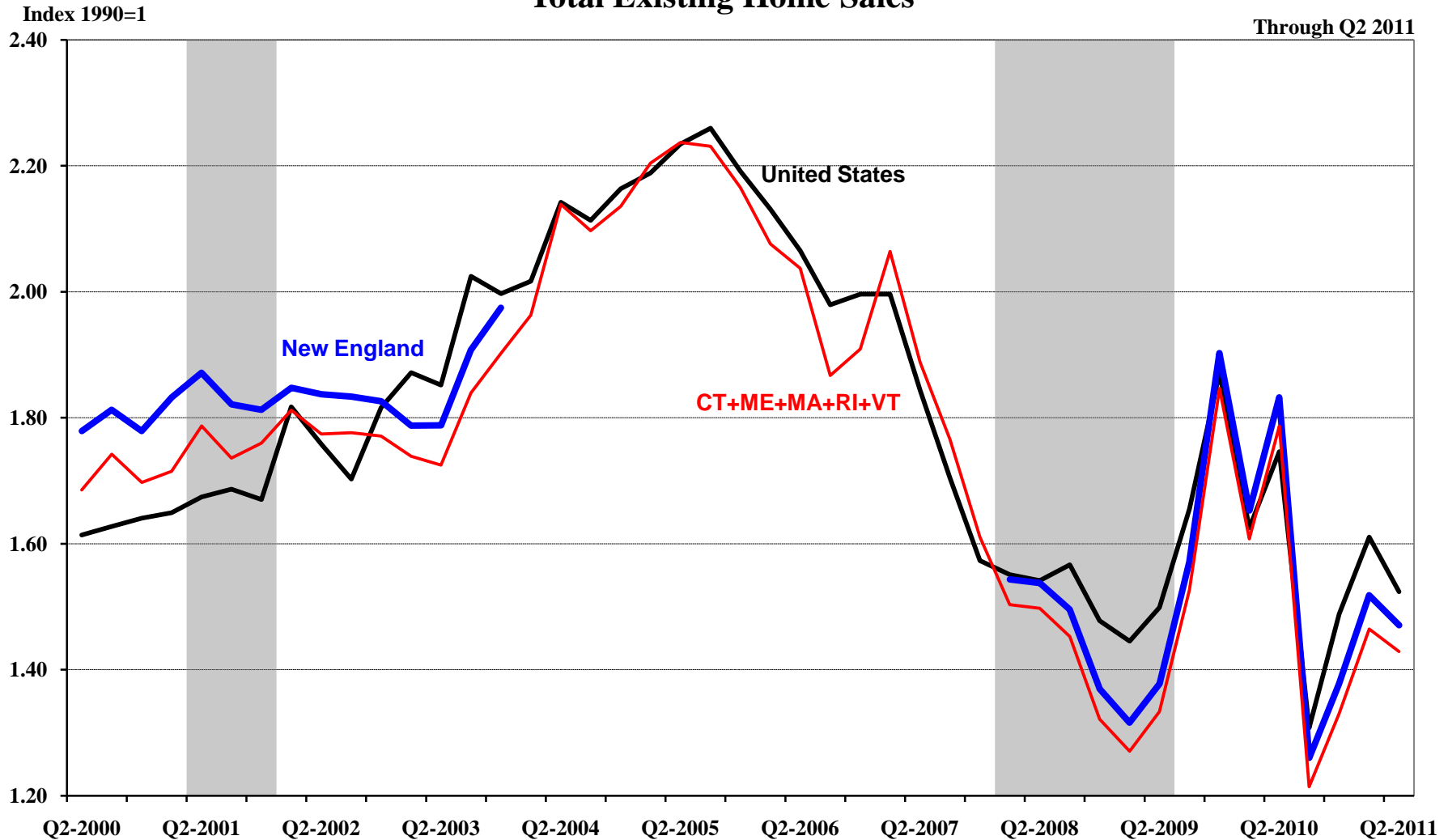
Q1 1980 = 100



Source: Federal Housing Finance Authority, Mortgage Bankers Association

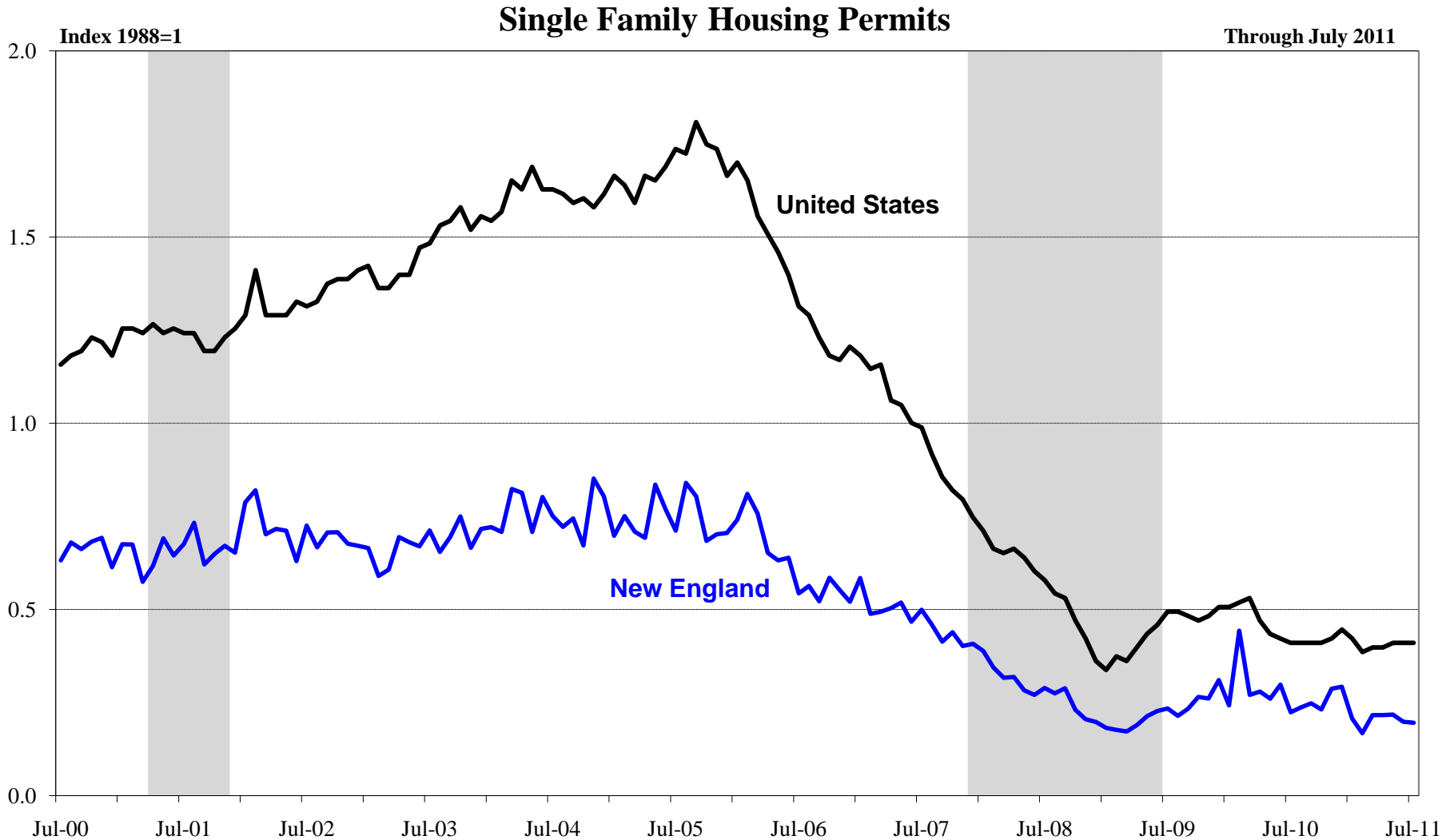
The Federal Tax Credit temporarily lifted home sales...

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



Overview

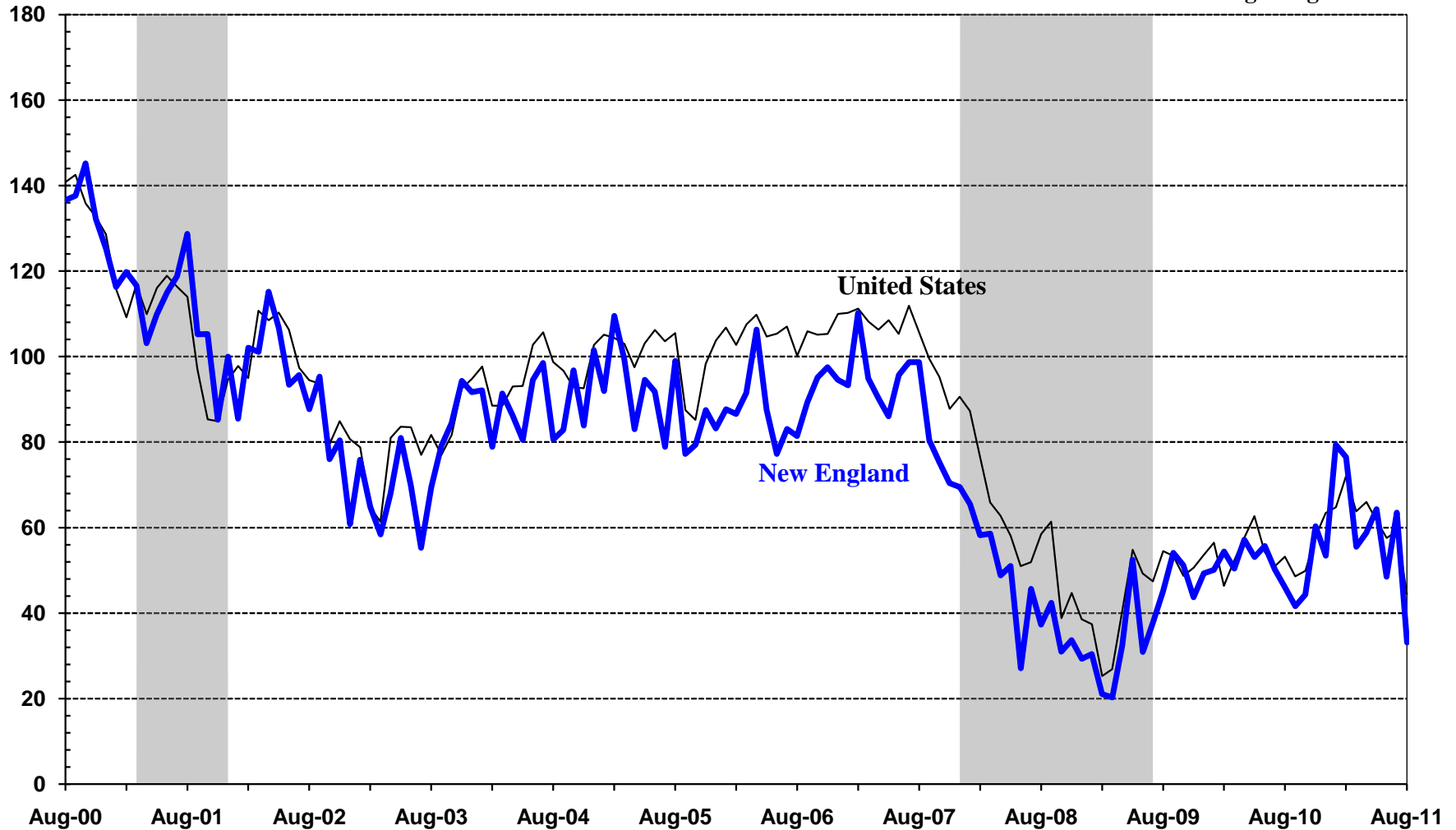
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Confidence has been volatile due to uncertainty...

Consumer Confidence

1985 U.S. Average = 100

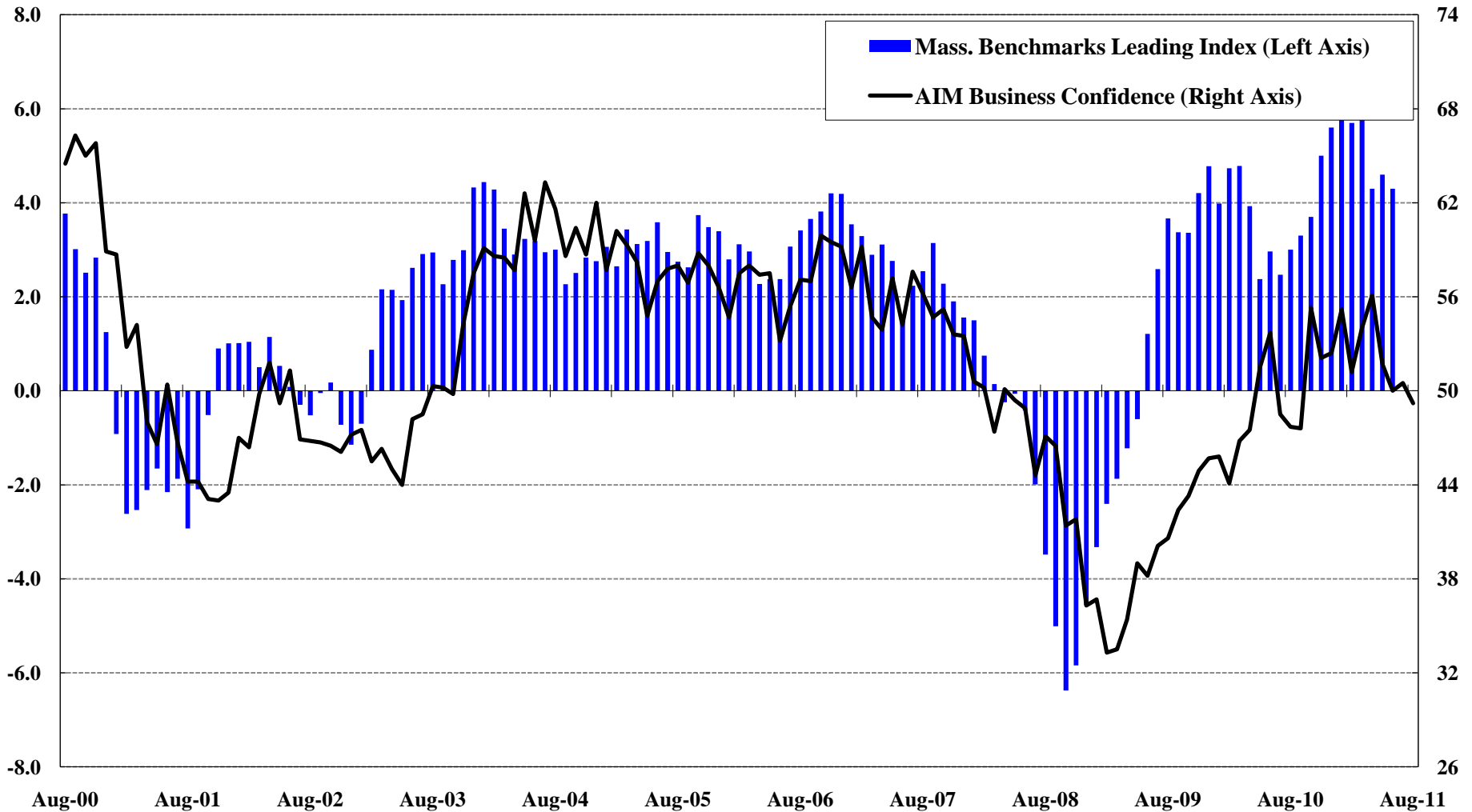
Through August 2010



Source: The Conference Board/Haver Analytics

Recent economic turmoil is weighing on business confidence...

Massachusetts Business Indicators

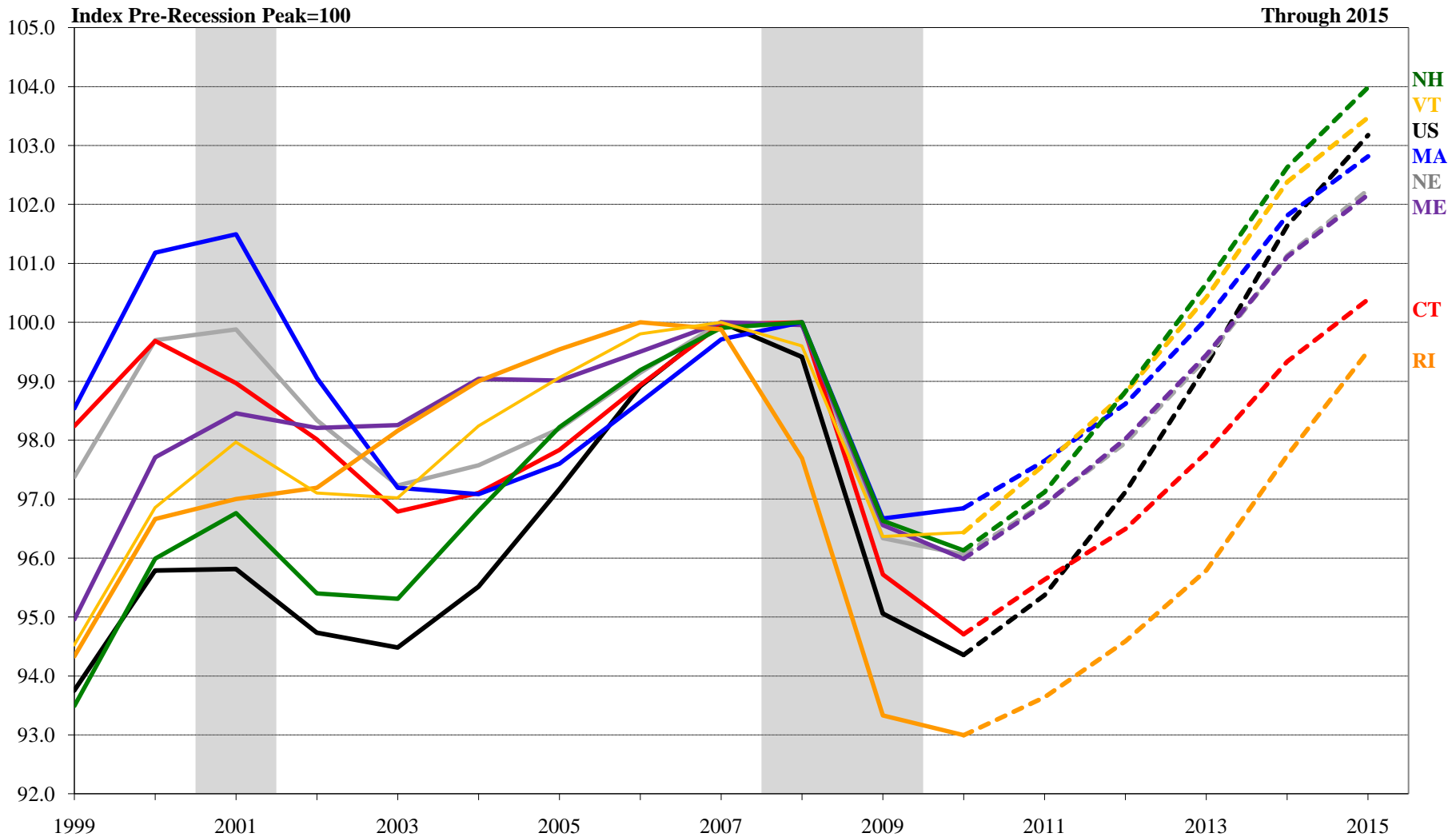


Source: Associated Industries of Massachusetts and the University of Massachusetts.

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

Employment will recover in the coming years...

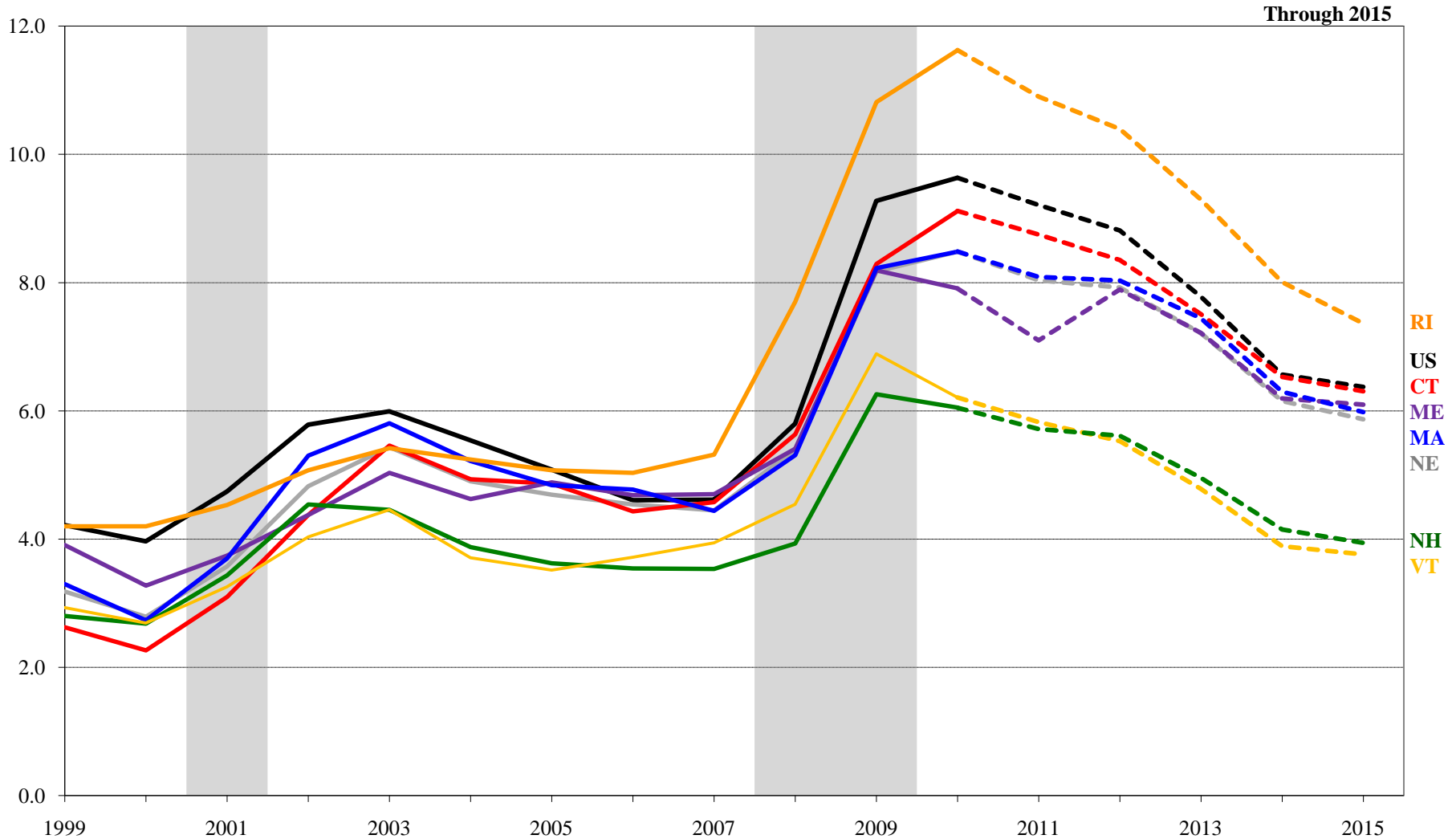
Employment Forecast



Sources: Bureau of Labor Statistics, New England Economic Partnership

Unemployment will remain stubbornly high...

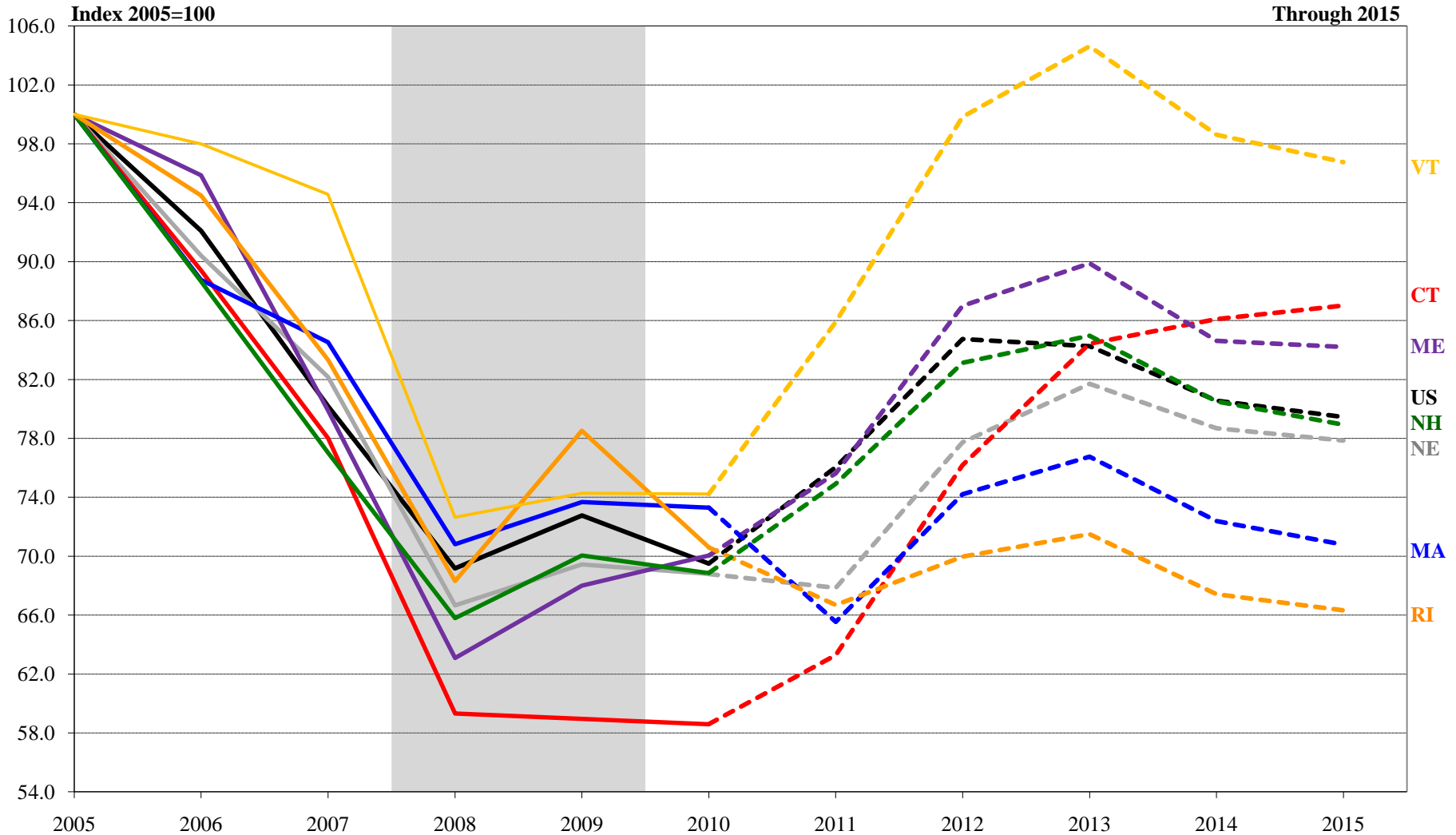
Unemployment Rate Forecast



Sources: Bureau of Labor Statistics, New England Economic Partnership

Home sales will pick up but remain low...

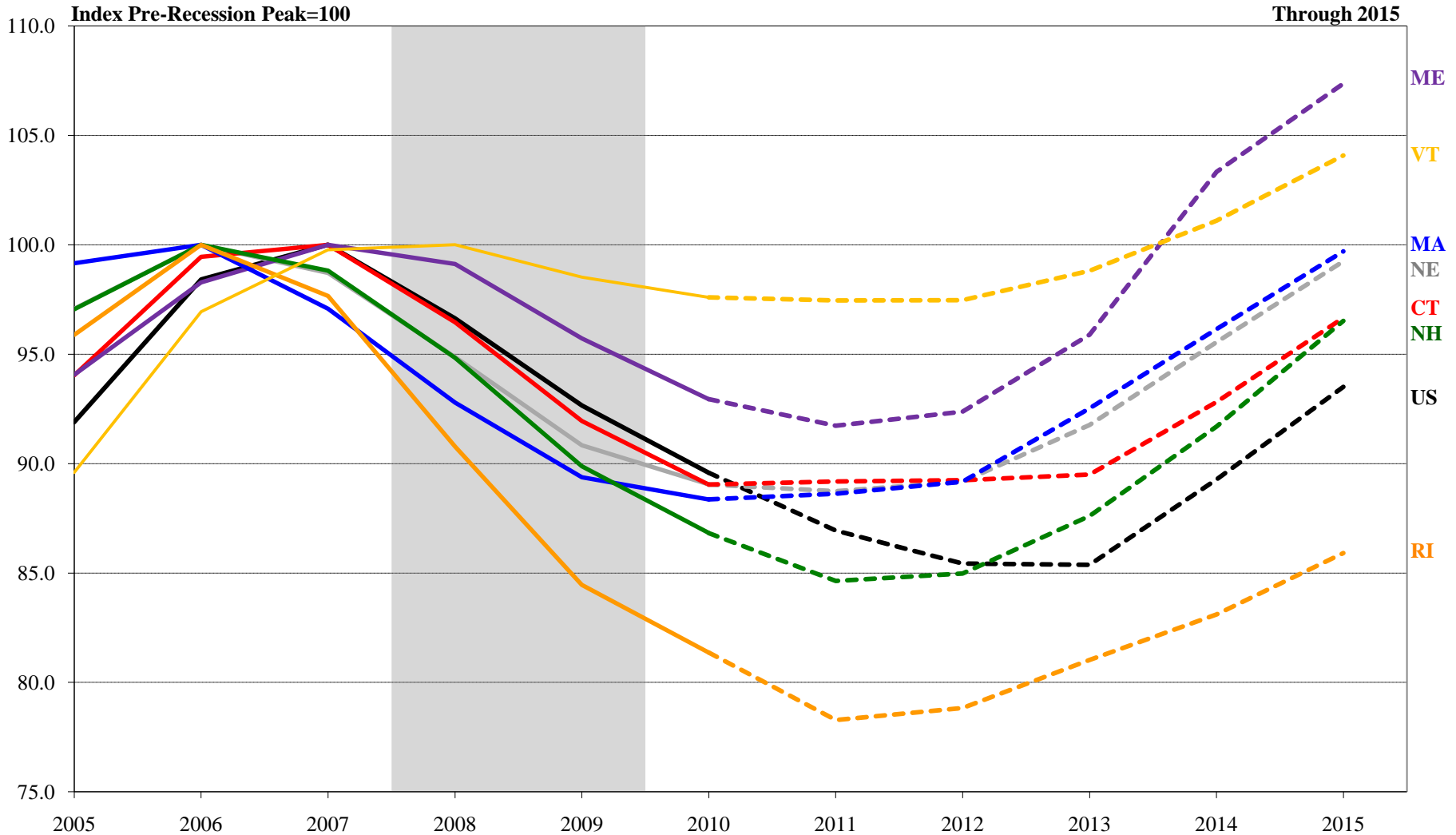
Existing Home Sales Forecast



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

- A recovery is slowly taking hold across the New England region.
- Recent economic turmoil has slowed down the pace of an already slow recovery.
- 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.

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 and analysts)
- Visit www.neepecon.org for New England state forecasts prepared by the New England Economic Partnership (Spring 2011)