

NEW ENGLAND ECONOMIC UPDATE

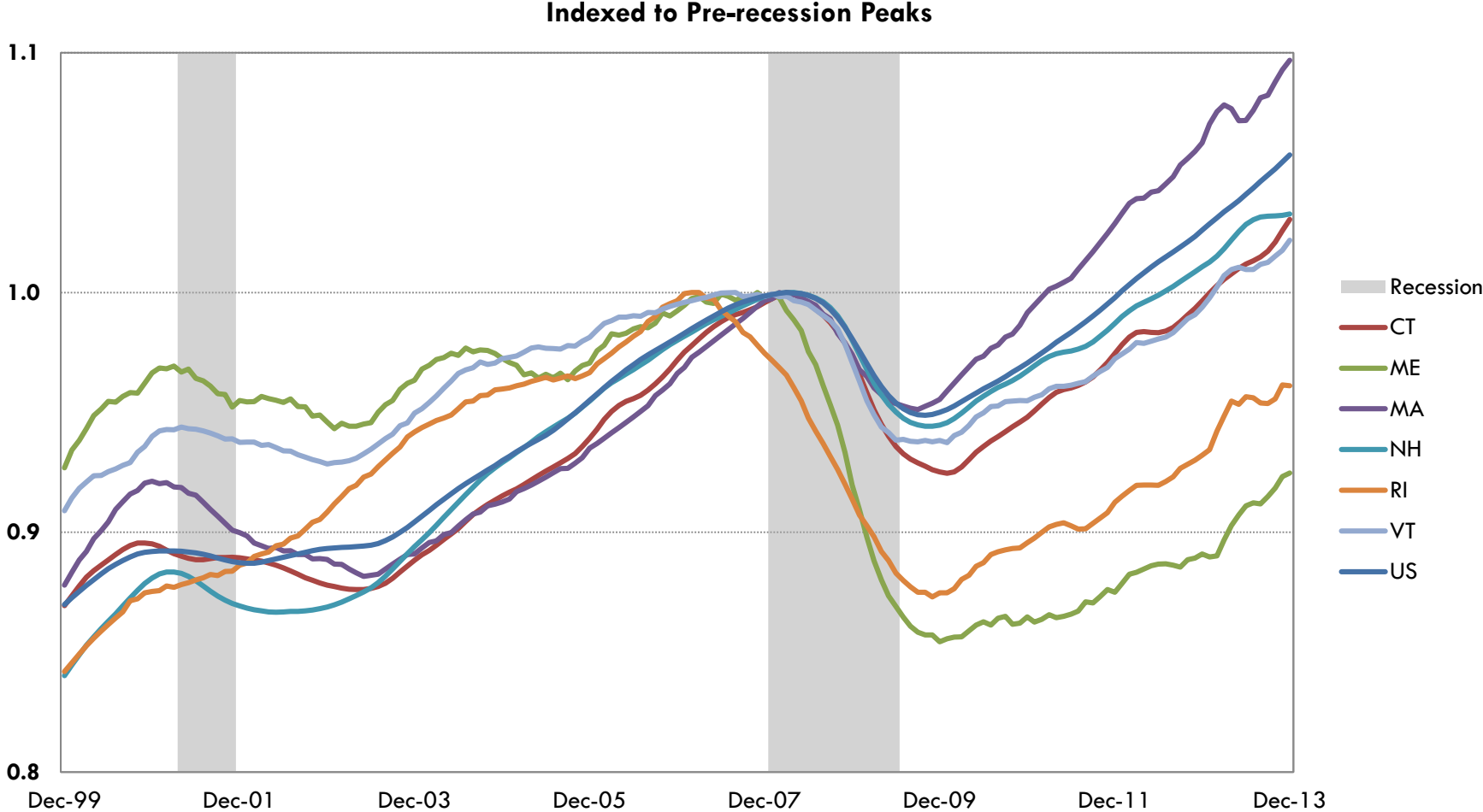
Presented to the New England Advisory Council
March 10, 2014

Bo Zhao
Senior Economist
New England Public Policy Center
Federal Reserve Bank of Boston

Overview

- The New England economy continues to grow at a moderate pace.
- The labor market and the housing market continue to improve, while there is still significant labor market slack.
- Overall inflation is low.
- The New England economy is expected to expand modestly in the near future.

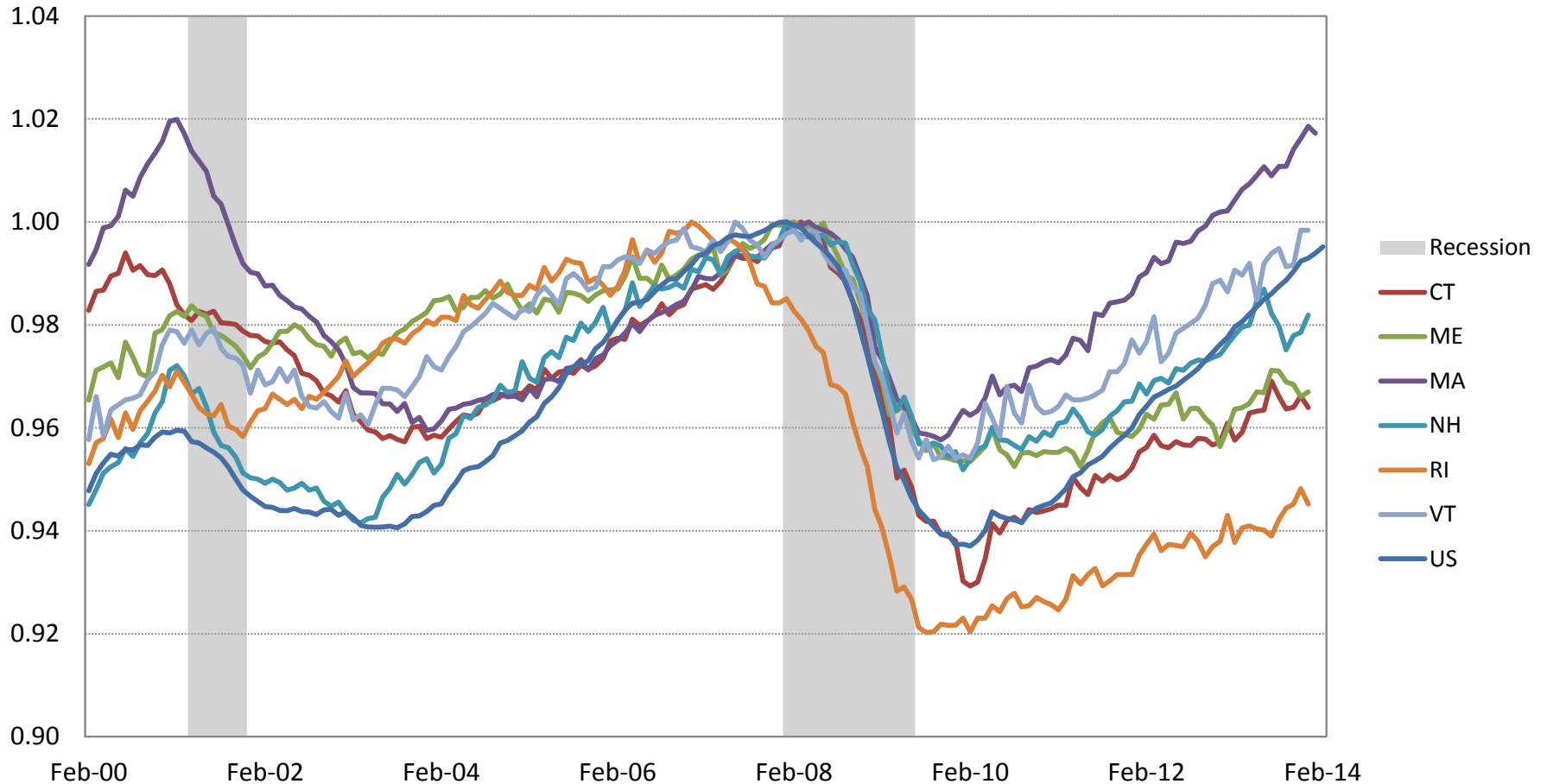
State Coincident Economic Activity Indexes



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

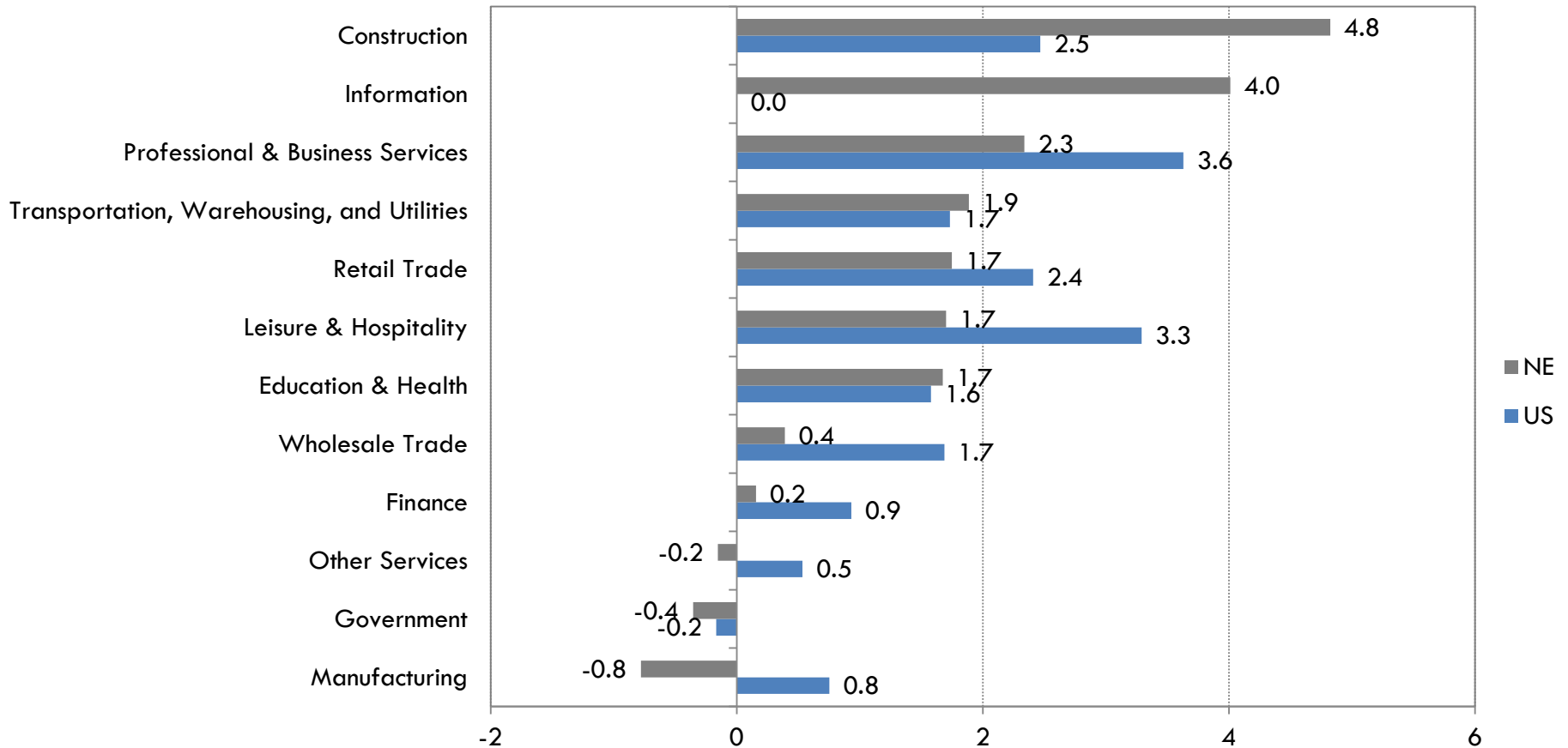
Non-Agricultural Employment

Indexed to Pre-recession Peaks

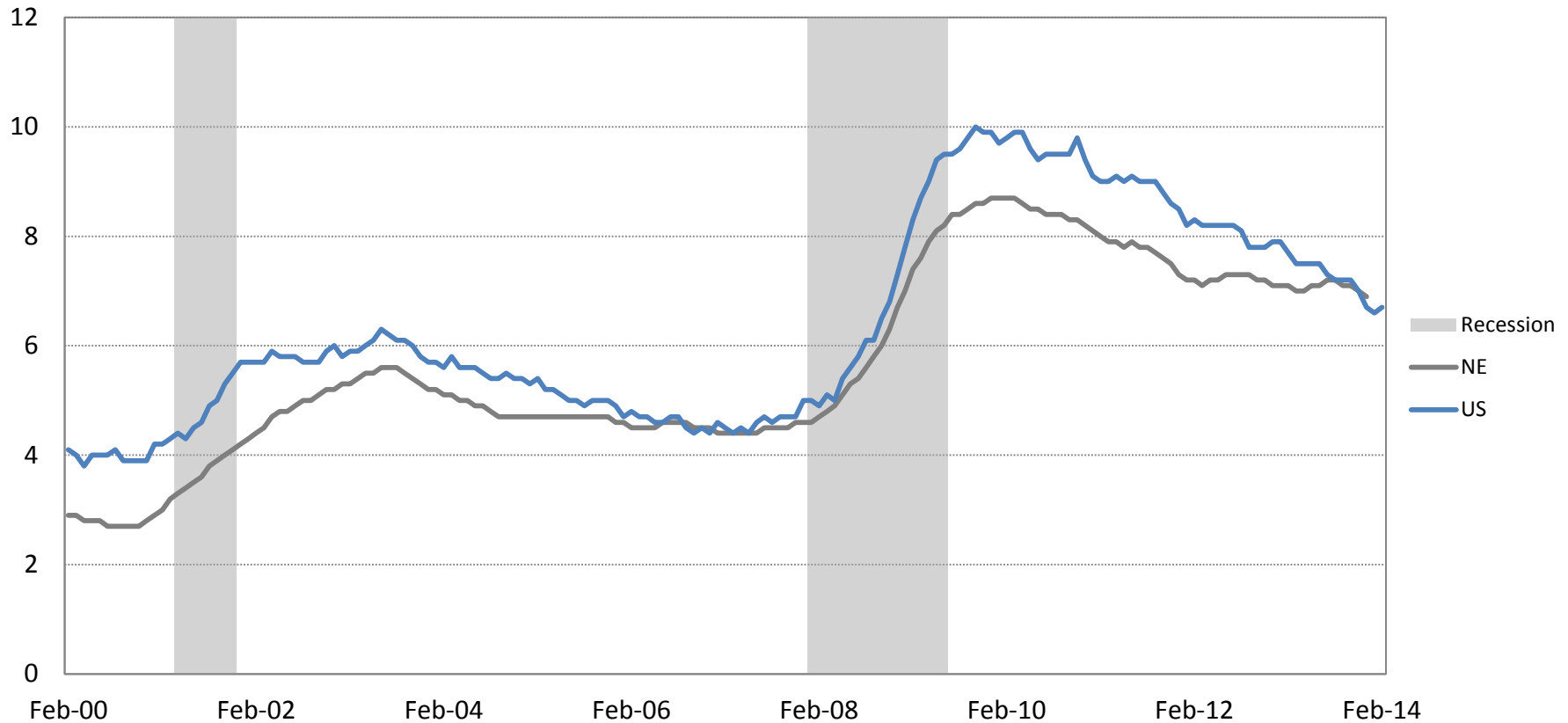


Employment Growth by Industry

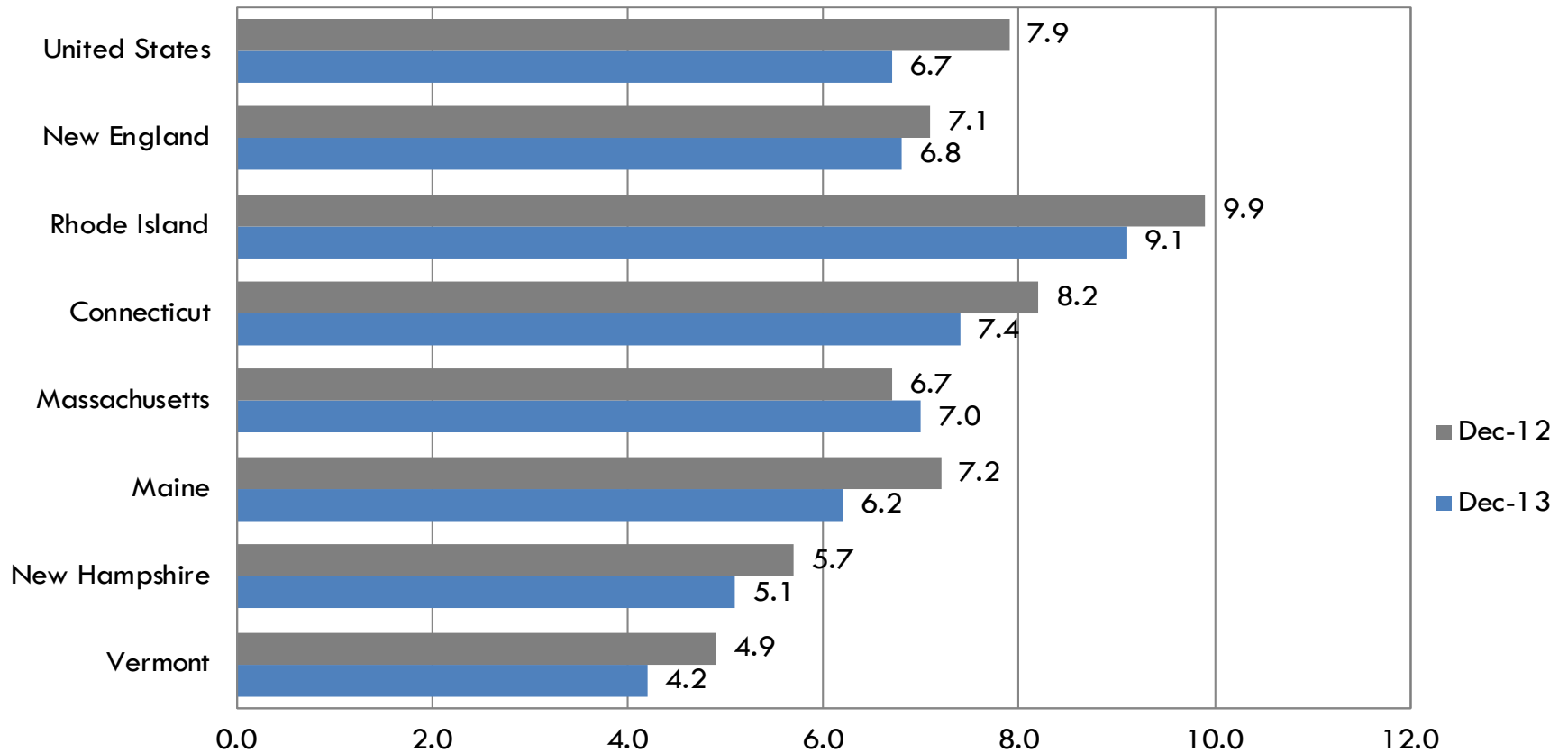
Percent Change, December 2012 - December 2013



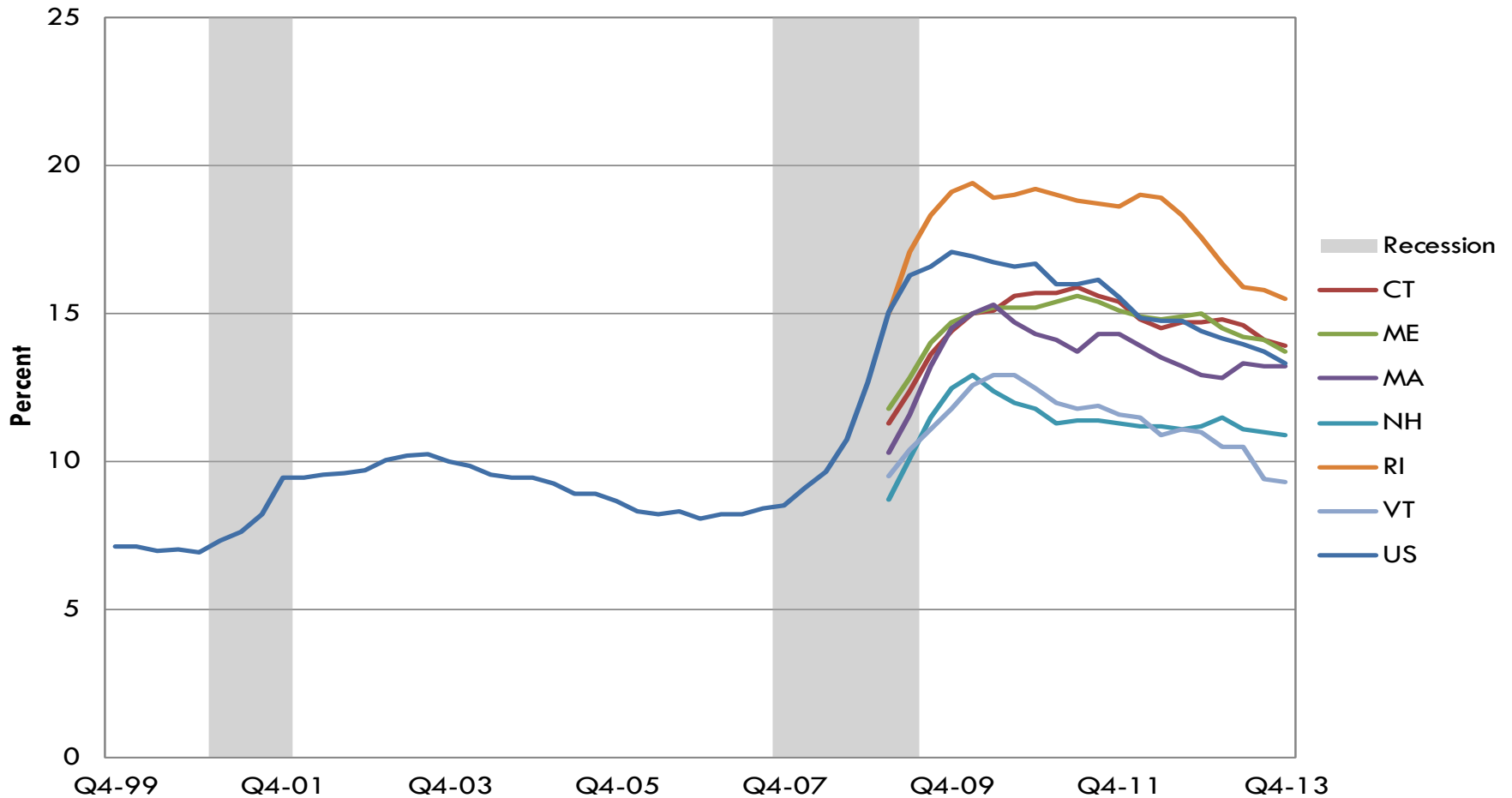
Unemployment Rates



Unemployment Rates within New England



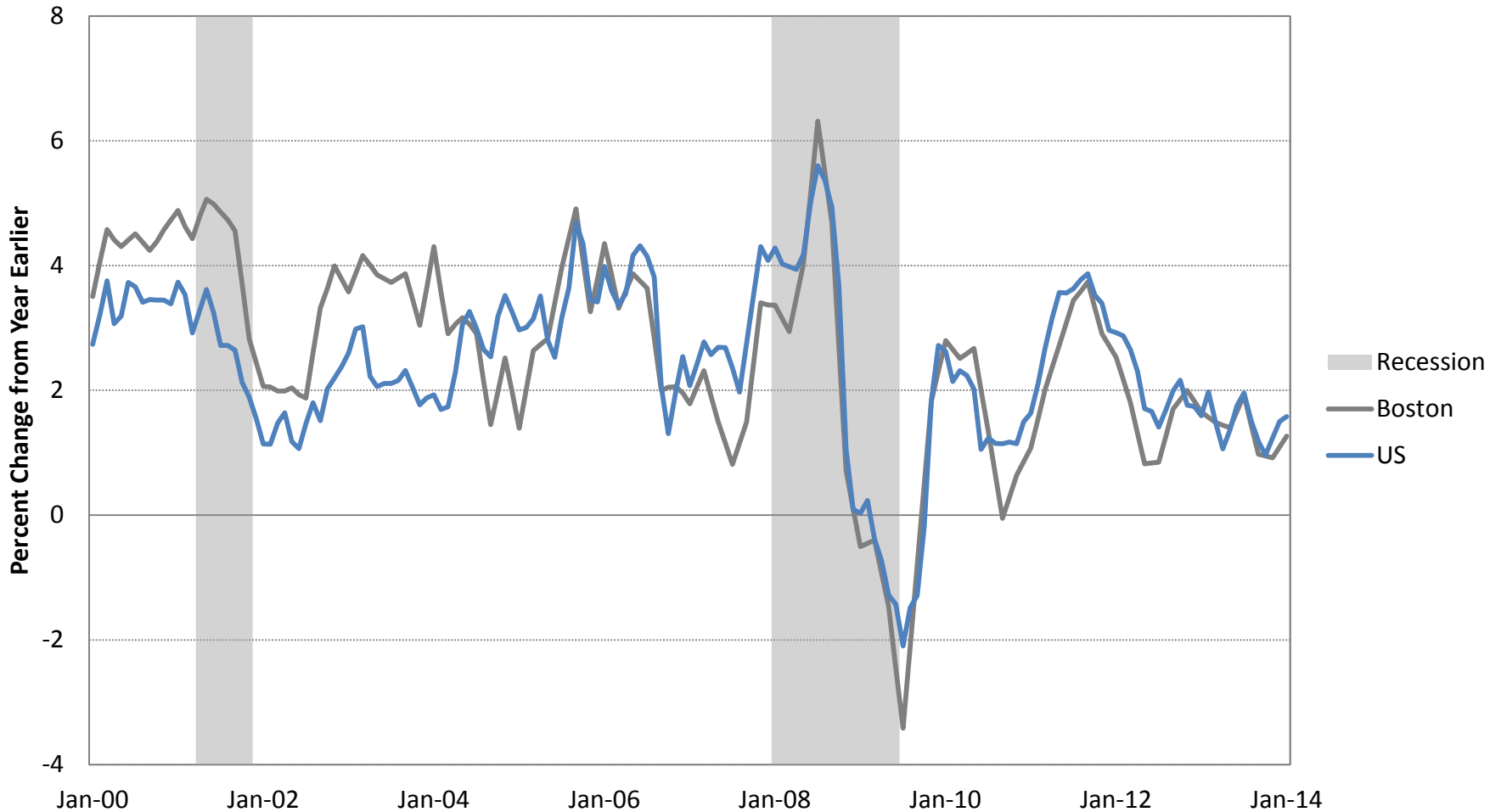
U-6 Rates



Note: U-6 includes total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.

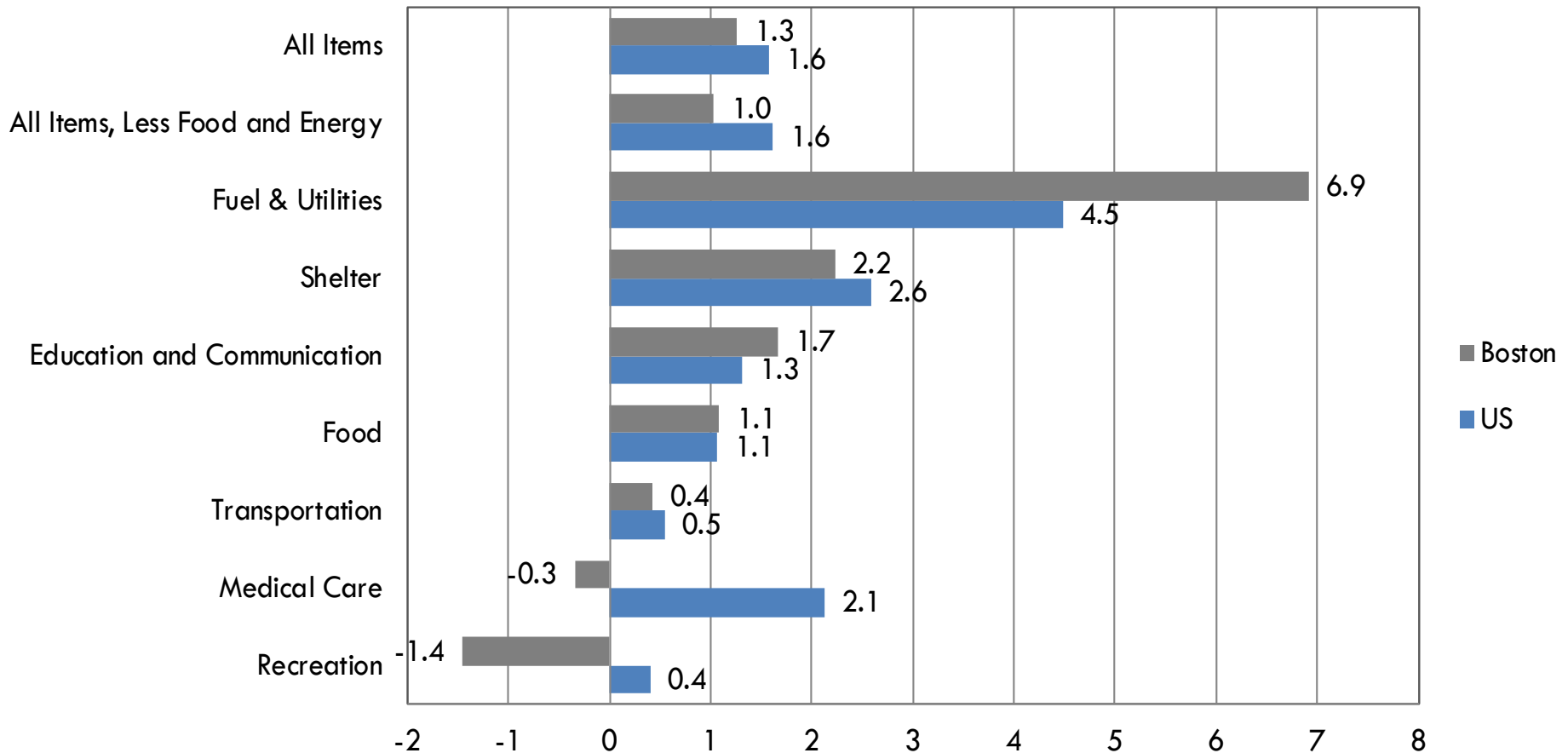
Source: Bureau of Labor Statistics, NBER, Haver Analytics

Consumer Price Index

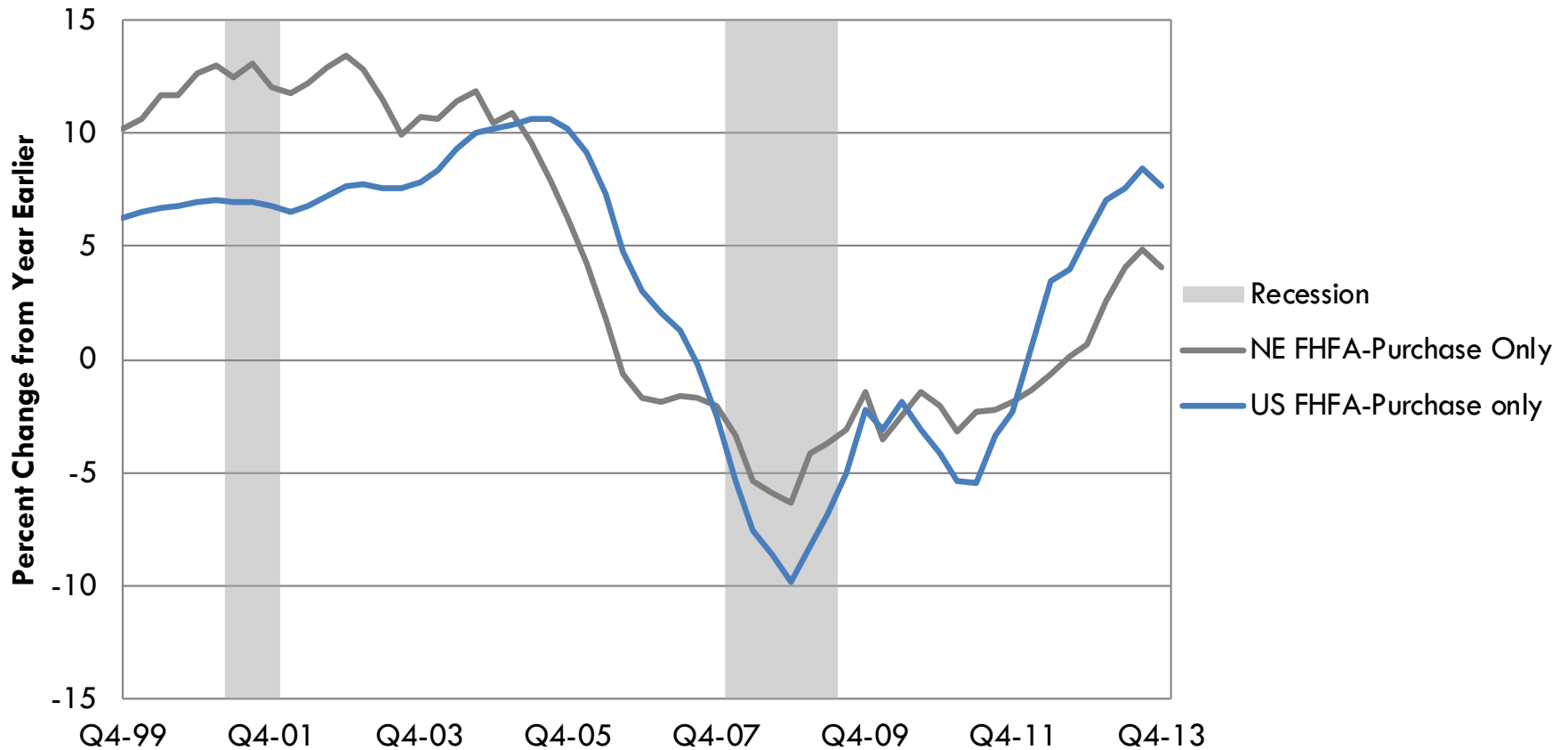


Components of the Consumer Price Index

Percent Change, January 2013 - January 2014

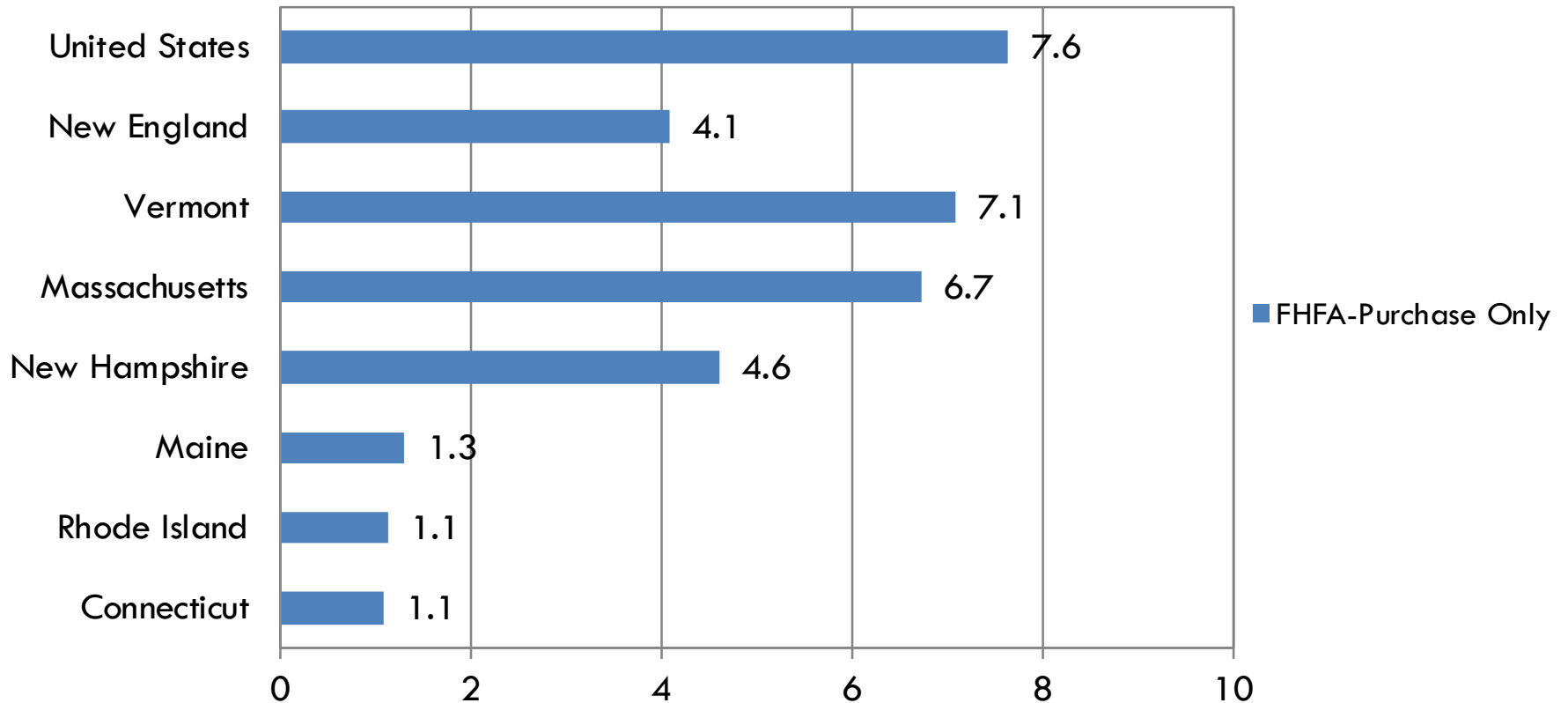


Repeat-Sales Home Price Index

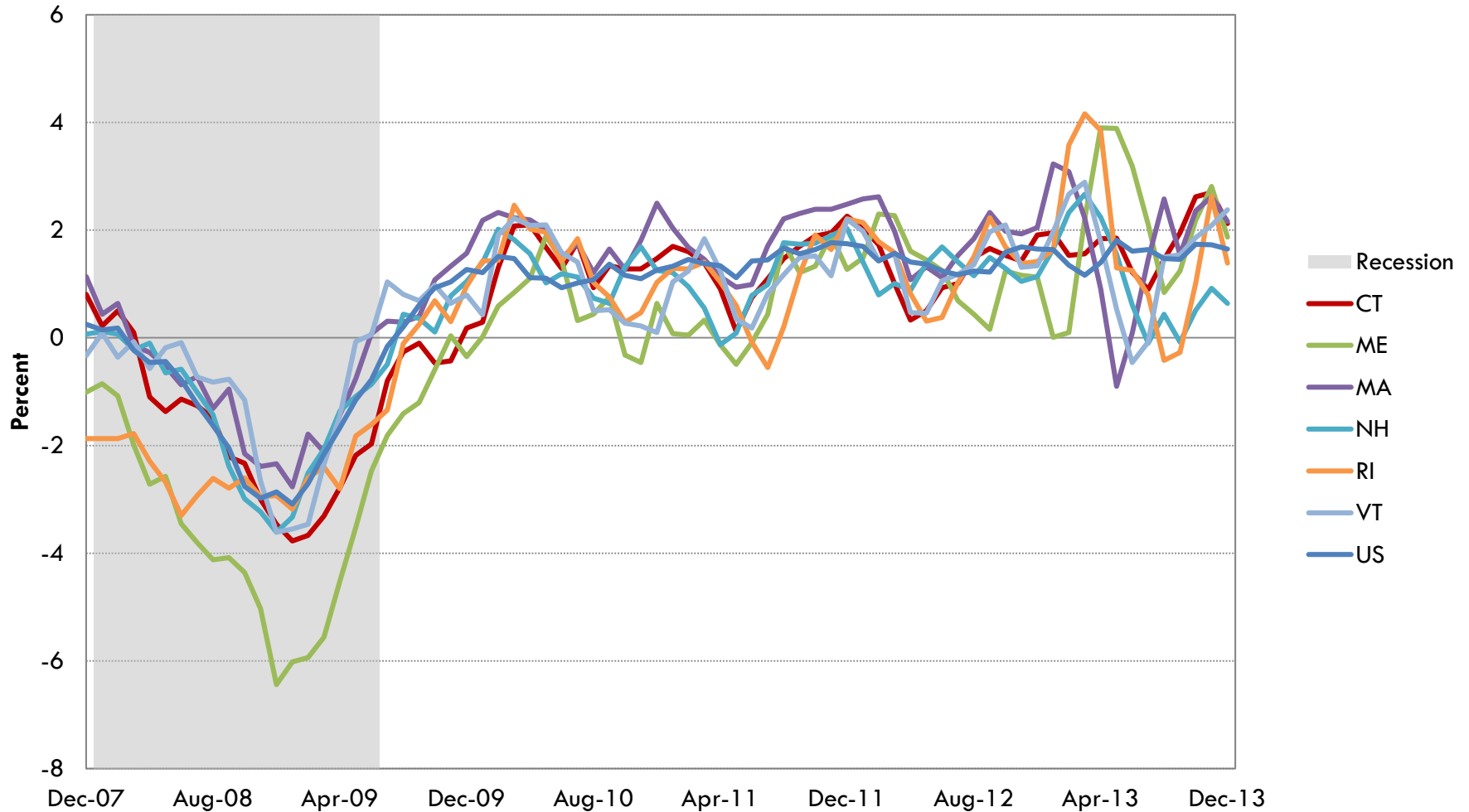


House Price Changes

Percent Change, Q4 2012 - Q4 2013



State Leading Economic Activity Indexes



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

Concluding Observations

- Unemployment rates are coming down, but there is still significant labor underutilization.
- Inflation is low, except for fuel and utilities.
- The housing market continues to make a healthy recovery with increasing prices.
- The forecast suggests moderate growth of the New England economy in the first half of 2014.