

Economy expands, albeit slowly

The New England economy continued to expand slowly, although performance remained mixed across states in the region, with Massachusetts continuing to lead along many indicators.

New England adds jobs in July, with Vermont leading the way

Employment in New England resumed its progress in July, adding 7,200 jobs for a monthly increase of 0.1 percent (Exhibit 1). June's unemployment change was revised upward by 2,400 jobs resulting in a final employment change of -100 jobs for that month.

Vermont led the region in employment growth in July, with a monthly gain of 0.8 percent (2,500 jobs), the only statistically significant employment change in the region.

New Hampshire (-0.4 percent) and Rhode Island (-1.6 percent) were the only two New England states in which employment contracted on a yearly basis to July.

Regional unemployment increases in July

After reaching a post-recession low of 6.8 percent in May and June, New England's unemployment rate increased 0.3 percentage points in July, ending the month at 7.1 percent (Exhibit 2). Unemployment rates rose over-the-month in all New England states with the exception of Rhode Island, whose unemployment rate fell in July to 10.8 percent.

Construction employment in New England falls for a fifth straight month

Construction employment in New England fell for a fifth straight month and has logged a cumulative loss of almost 12,000 jobs since February 2012. Professional and business services led both the region and the nation in employment growth, with over-year gains to July of 3.2 and 3.4 percent, respectively (Exhibit 3).

The Government sector extended its streak of job losses, in both New England (-0.6 percent) and in the U.S. as a whole (-0.5 percent). The Government sector has experienced negative job growth (year-over-year) in the region since June 2009 and in the U.S. since August 2009. The latest figures represent a deceleration in the rate of losses in the Government sector.

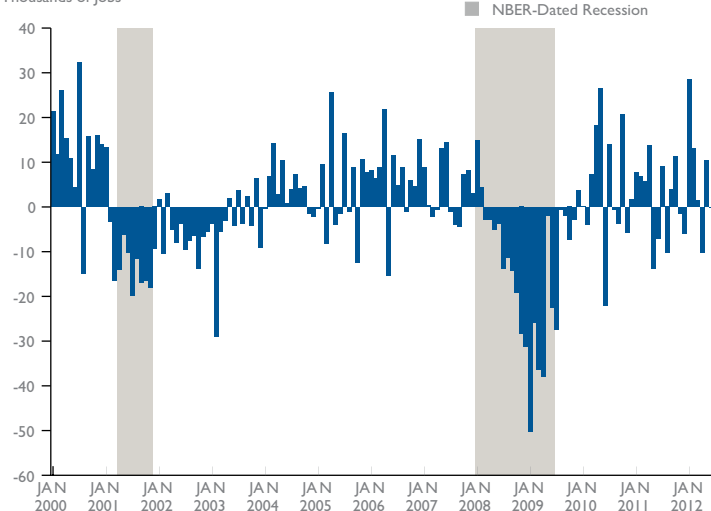
Inflation continues to be subdued

Consumer prices in the Boston area slid 0.1 percent between May and July of 2012 (Exhibit 4). At the national level, the Consumer Price Index fell 0.3 percent from May to July. Boston experienced headline inflation (year-over-year) of just 0.8 percent in July, with core inflation coming in at 1.5 percent over the same period. Both headline and core inflation in Boston remained more moderate than their respec-

Exhibit 1 Monthly Employment Change in New England

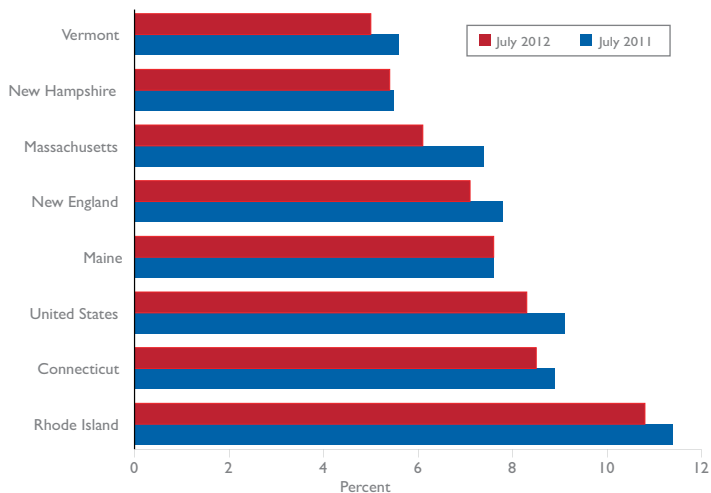
January 2000 - July 2012

Thousands of Jobs



Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted.

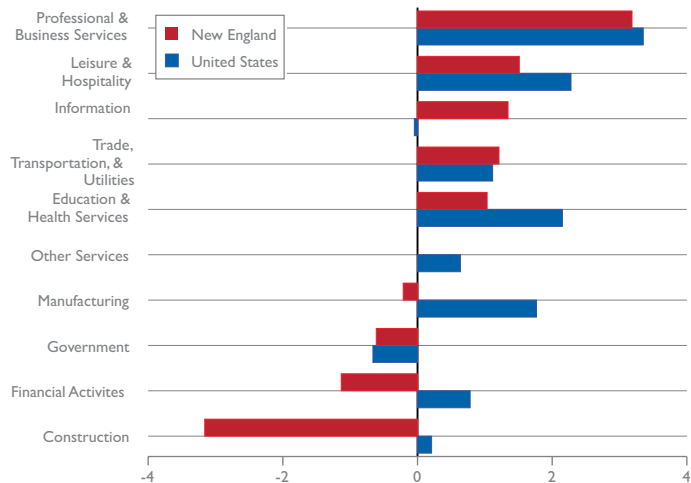
Exhibit 2 Unemployment Rates



Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted.

Exhibit 3 Employment Growth by Supersector

Percent Change, July 2011 to July 2012



Source: U.S. Bureau of Labor Statistics.

Note: Data are seasonally adjusted. New England figure for Information includes CT, MA, and NH

tive U.S. counterparts for July, at 1.4 percent (U.S. headline) and 2.1 percent (U.S. core). During the past twelve months, both in Boston and nationwide, the rate of inflation in shelter prices has trended upward while food price inflation has trended downward.

Housing permits increase year-over-year

The latest housing permit data release, covering June 2012, indicates that the appetite for residential construction (both single family and multi-family residences) remains improved relative to June 2011 (Exhibit 5)

According to FHFA quarterly house price index data, the year-over-year pace of declines in house prices abated for the third consecutive quarter during the second quarter of 2012 in both the region and nationally (Exhibit 6). House prices in New England fell 0.1 percent over-the-year to the end of the second quarter in 2012. Nationally, the year-over-year decline in house prices of 0.6 percent is the shallowest since the third quarter of 2007.

Foreclosure initiation rate falls in New England

New England's foreclosure initiation rate fell over-the-quarter during the second quarter of 2012 to 0.80 percent of all loans, down from 0.87 percent of loans in the previous quarter. Nationally, the foreclosure rate remained unchanged at 0.96 percent of loans over the same period.

Foreclosure starts continue to paint a mixed picture among the different New England states with Massachusetts experiencing the sharpest increase in foreclosure starts, rising from a post-recession low of 0.49 percent in the second quarter of 2011 to 0.71 percent during the second quarter of 2012. However, the Bay State's latest foreclosure rate remains well below its peak of 1.13 seen in the third quarter of 2010. Rhode Island reported the region's best 0.41 percentage point over-the-month decline in its foreclosure rate. Rhode Island still suffers from the region's highest foreclosure rate at 1.11 percent.

New England Economic

SNAPSHOT

New England Economic Snapshot is published by the Federal Reserve Bank of Boston.

New England Economic Snapshot aggregates data released in the six weeks before September 4, 2012. Use of these data does not necessarily imply the Bank's endorsement. More current and detailed data on the New England economy are available at www.bostonfed.org/economic/nee.

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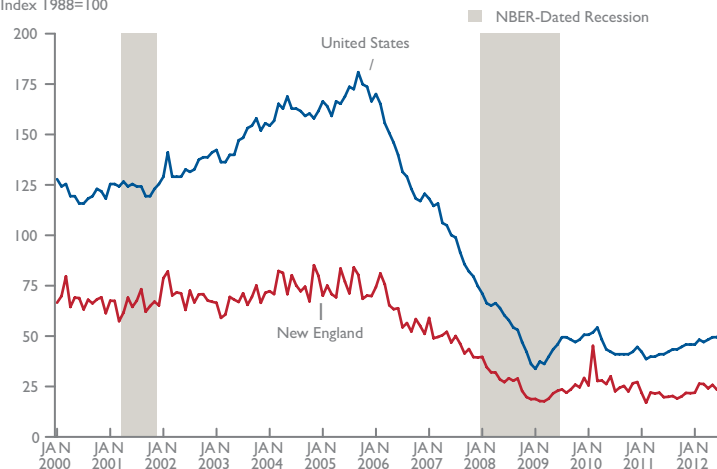
Exhibit 4 Percent Change in Consumer Prices

	United States		Boston	
	2 Months Ago (May 2012)	Last Year (Jul. 2012)	2 Months Ago (May 2012)	Last Year (Jul. 2012)
All Items	-0.3%	1.4%	-0.1%	0.8%
Food	0.1%	2.3%	0.5%	2.2%
Shelter	0.4%	2.1%	0.8%	2.4%
Fuel	2.3%	-2.3%	-2.1%	-5.4%
Transportation	-2.9%	-0.9%	-1.4%	-2.4%
Medical	0.8%	4.1%	0.5%	2.0%
Recreation	0.2%	1.3%	-1.7%	-3.6%
Education	0.1%	2.1%	-0.3%	2.4%
All, Less Food/Energy	0.1%	2.1%	0.3%	1.5%

Source: U.S. Bureau of Labor and Statistics/ Haver Analytics
Note: Most recent data are for July 2012. Boston data are released every other month.

Exhibit 5 Single Family Permits

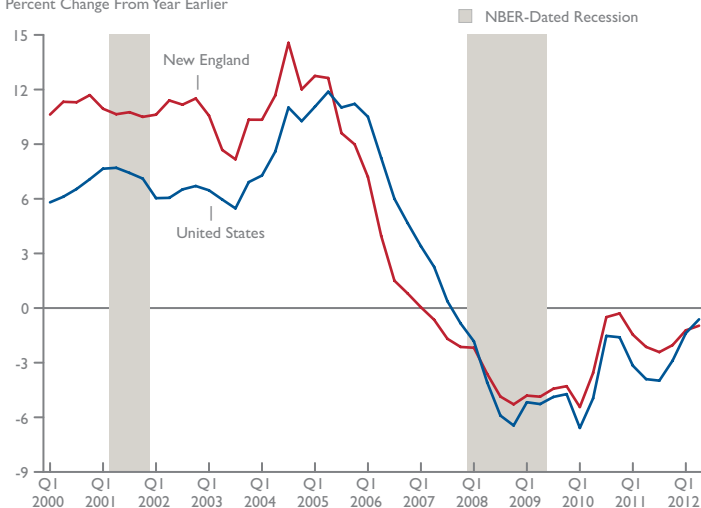
January 2000 - July 2012
Index 1988=100



Source: U.S. Census Bureau. Data are seasonally adjusted.

Exhibit 6 FHFA House Price Index

First Quarter 2000 - Second Quarter 2012
Percent Change From Year Earlier



Source: Federal Housing Finance Agency.