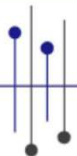


MASSACHUSETTS AND US ECONOMIC OUTLOOK

Charles River Regional Chamber
Spring Business Breakfast
May 14, 2025

Mary A. Burke
Principal Economist and Policy Advisor
Federal Reserve Bank of Boston



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



FEDERAL RESERVE
BANK OF BOSTON™

Disclaimer: The views expressed here are those of the speaker and do not necessarily represent the views of the Federal Reserve Bank of Boston or the Federal Reserve System.

About the Boston Fed and NEPPC

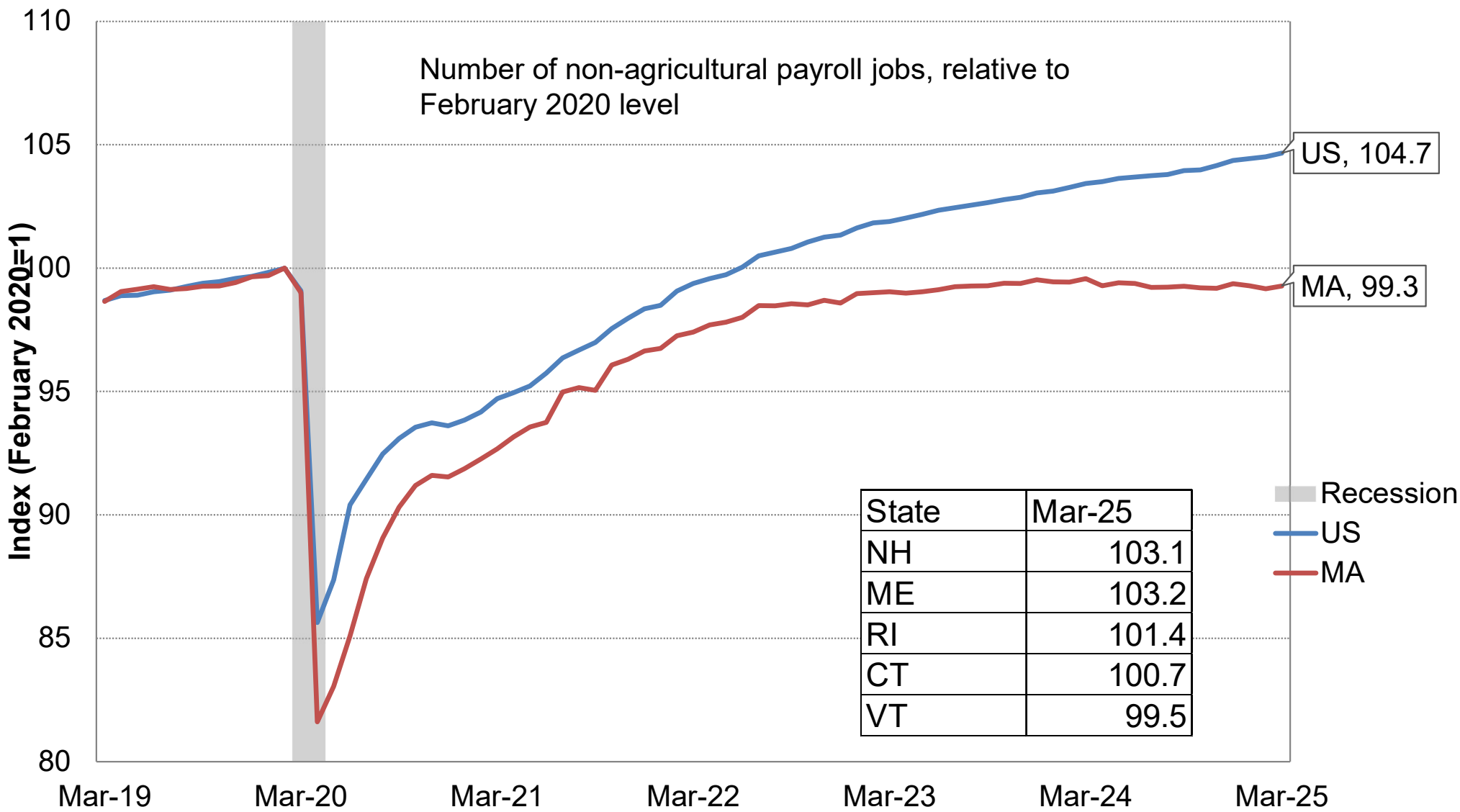
- **Federal Reserve System**
 - Board of Governors (Washington., DC)
 - Regional Fed banks (12 total, including Boston)
 - Monetary policy, bank supervision
 - Seeks price stability, full employment, financial stability
- **New England Public Policy Center (NEPPC)**
 - Rigorous research and analysis aimed at improving public policy
 - Recent issues: geographic mobility, labor force participation

Preview



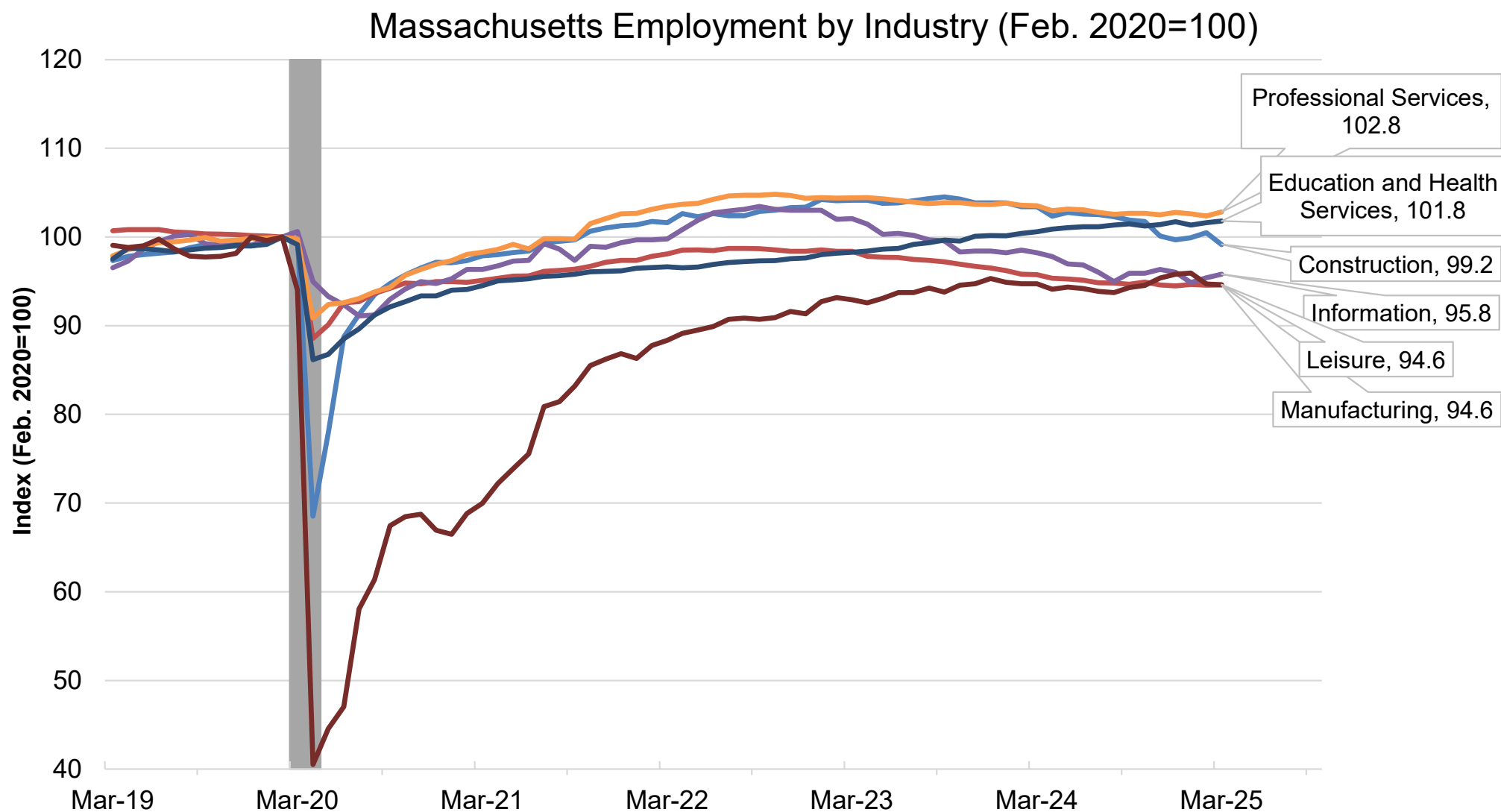
- Employment growth has stalled in MA
- Policy uncertainty is affecting economic activity
- Downside risks dominate the forecast for Massachusetts

MA Payroll Jobs: About Flat since Late 2023

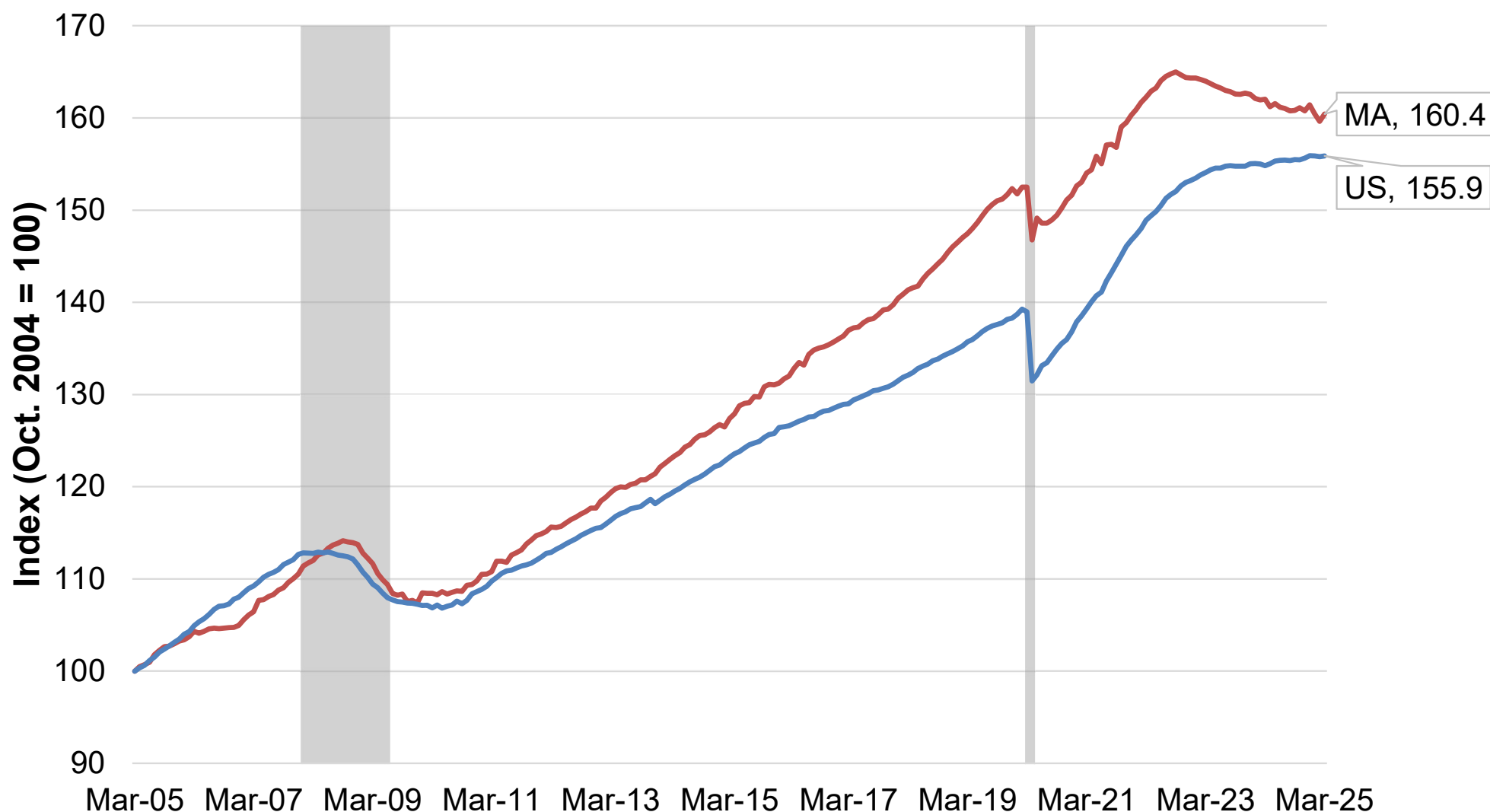


Source: Bureau of Labor Statistics, NBER, Haver Analytics.

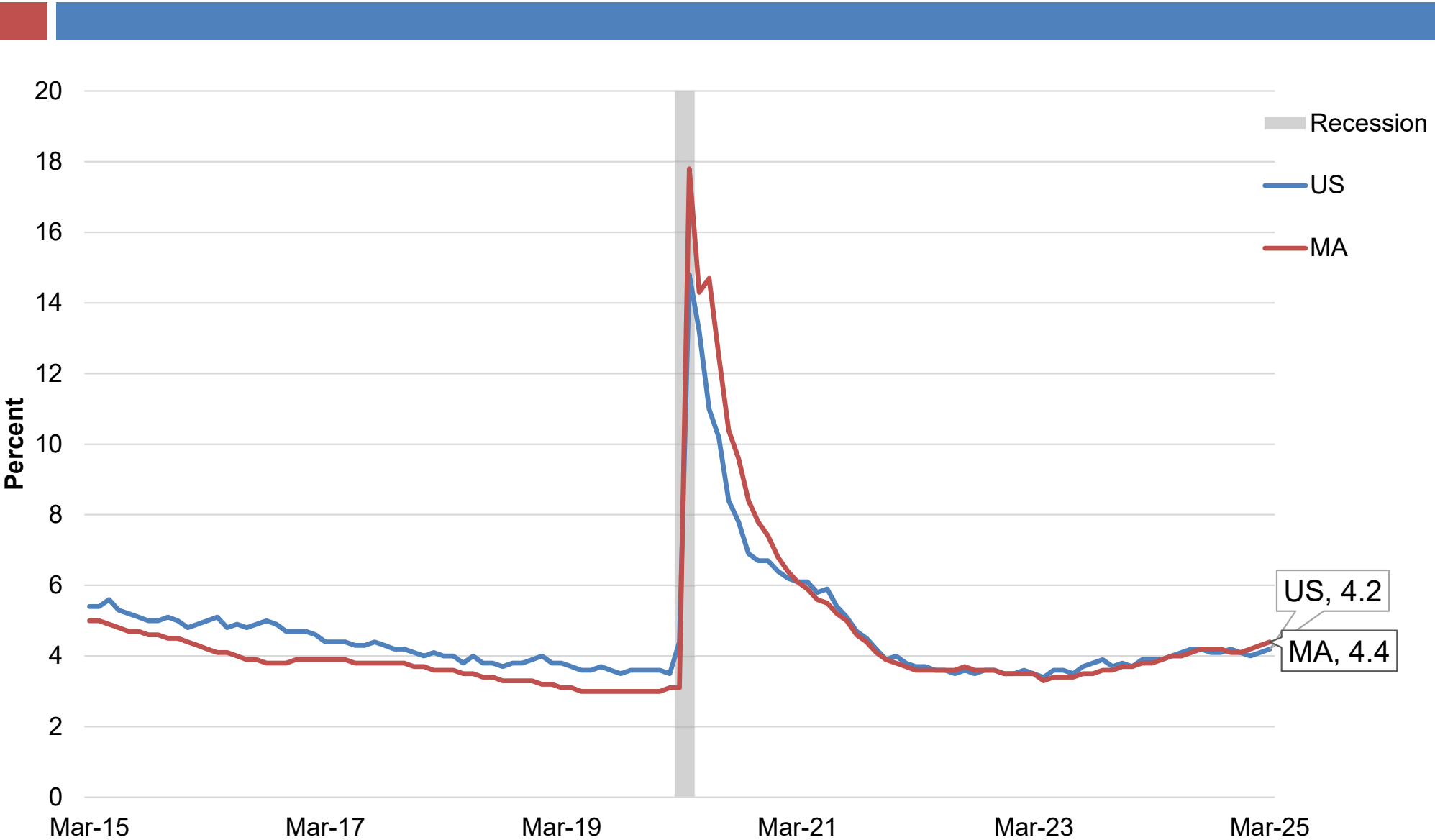
Only Education & Health Services has had Steady Job Growth Since Pandemic



Prof., Scientific, and Technical Services Jobs Down in MA Since Late 2022

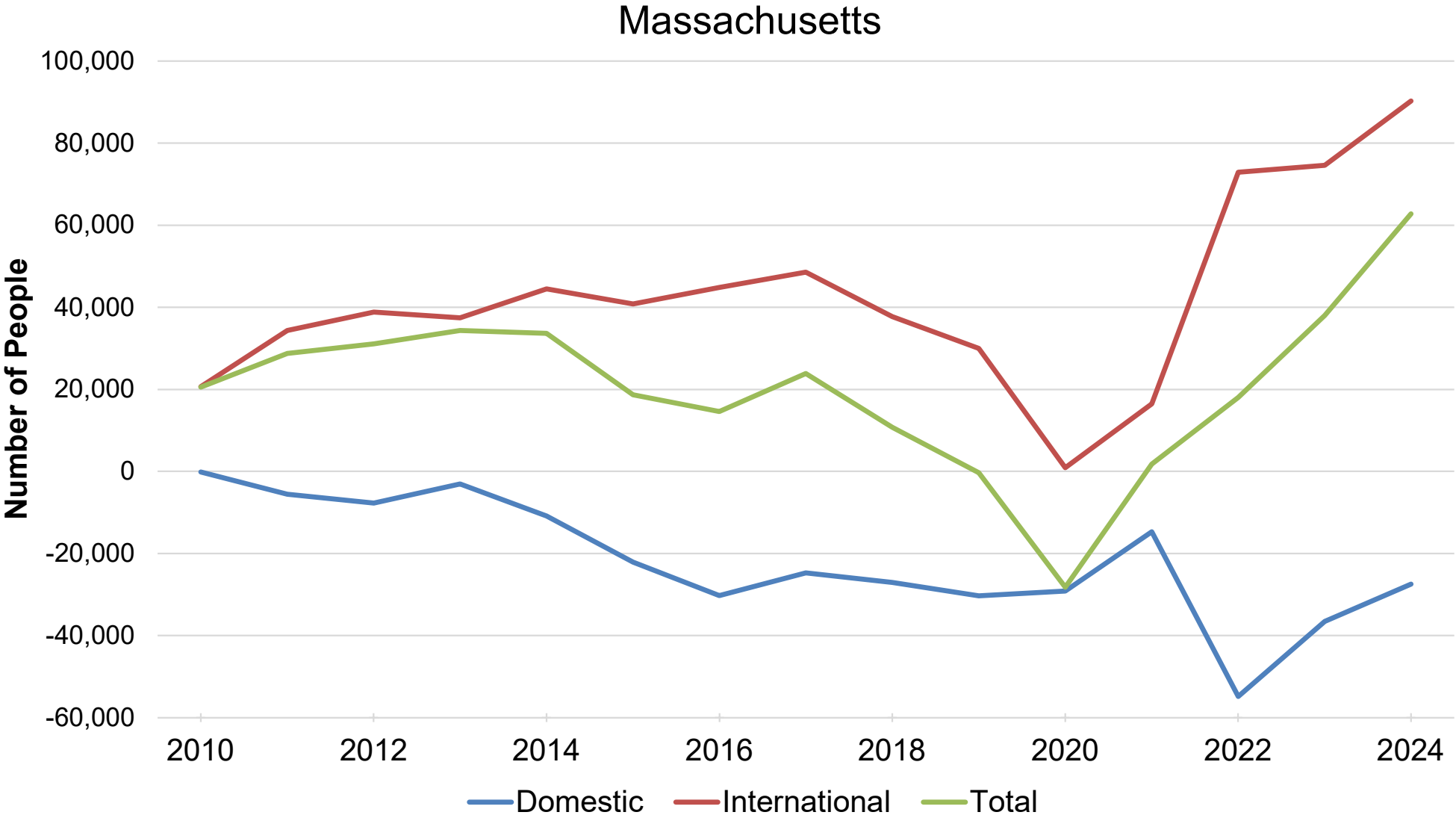


Unemployment Up About One Percentage Point in MA Since March 2023



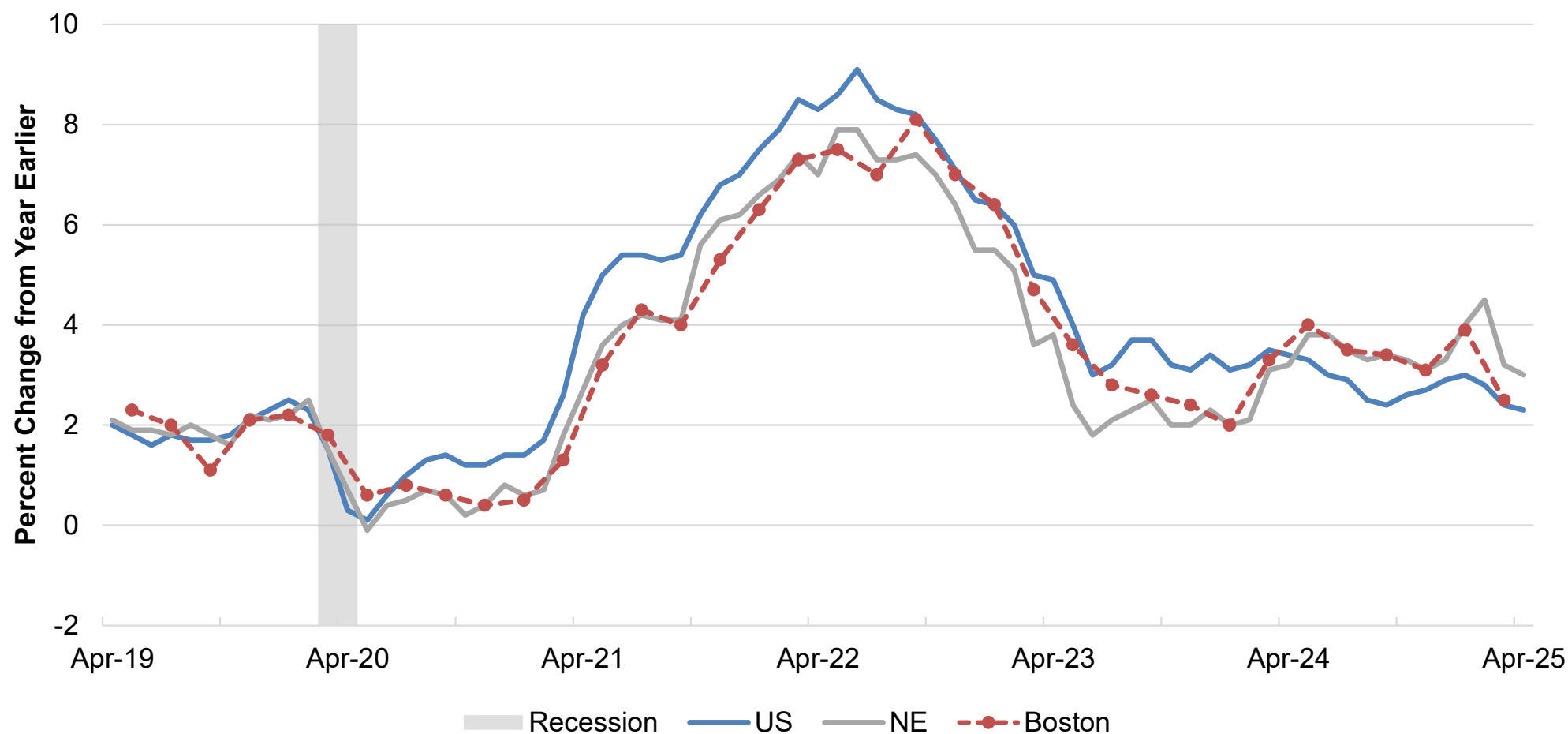
Source: Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Boston

Since 2015, MA Losing ~15,000 or More Residents per Year to Other States



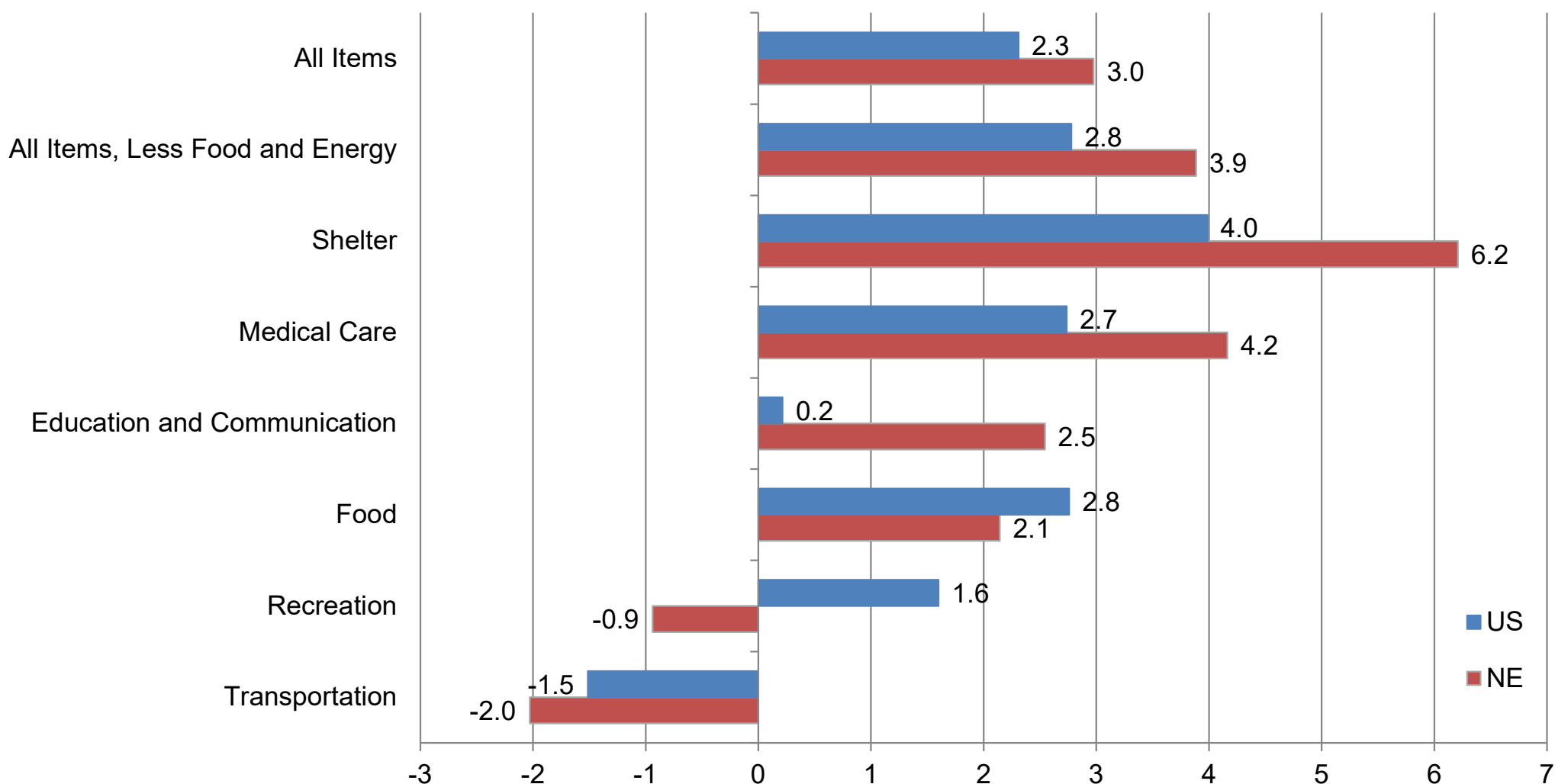
CPI Inflation in Boston and New England Down in Recent Months, NE Still Higher than US

Year over Year Change in CPI-U (Percentage)

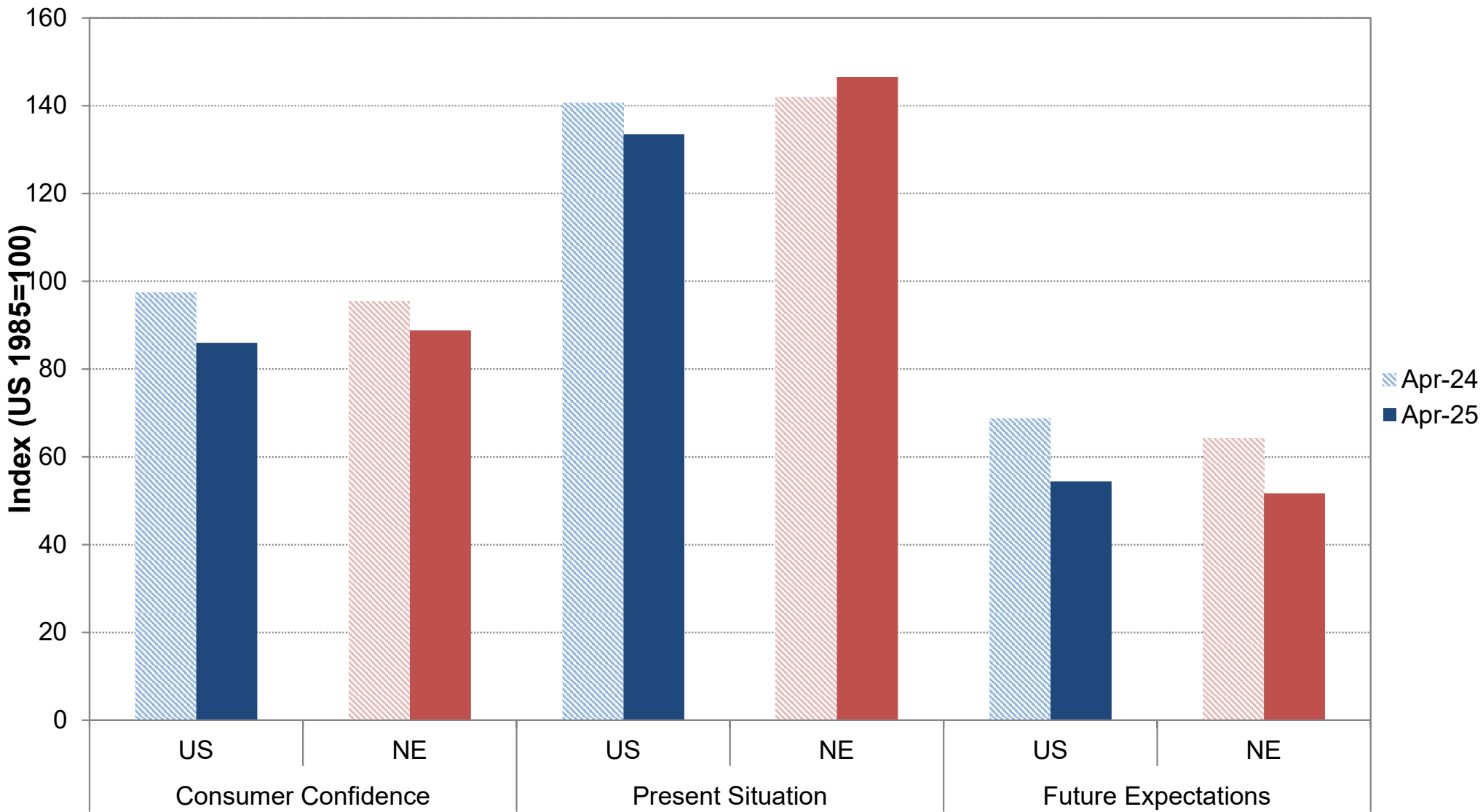


Shelter, Medical Care, and Education Prices Keeping Inflation Elevated in New England

Percent Change, April 2024 - April 2025

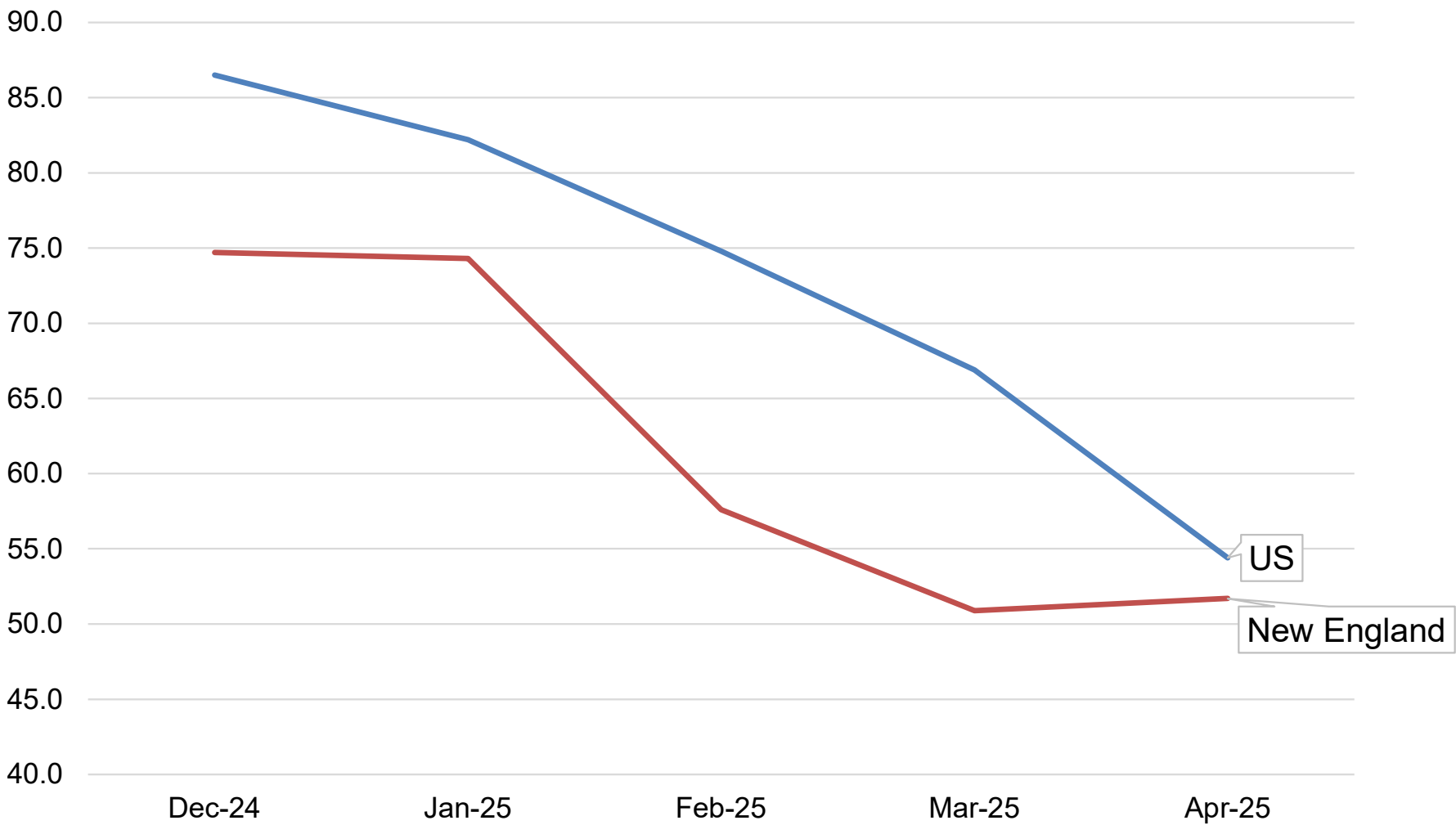


Consumer Confidence Down from Year Ago; Present Confidence Up in New England



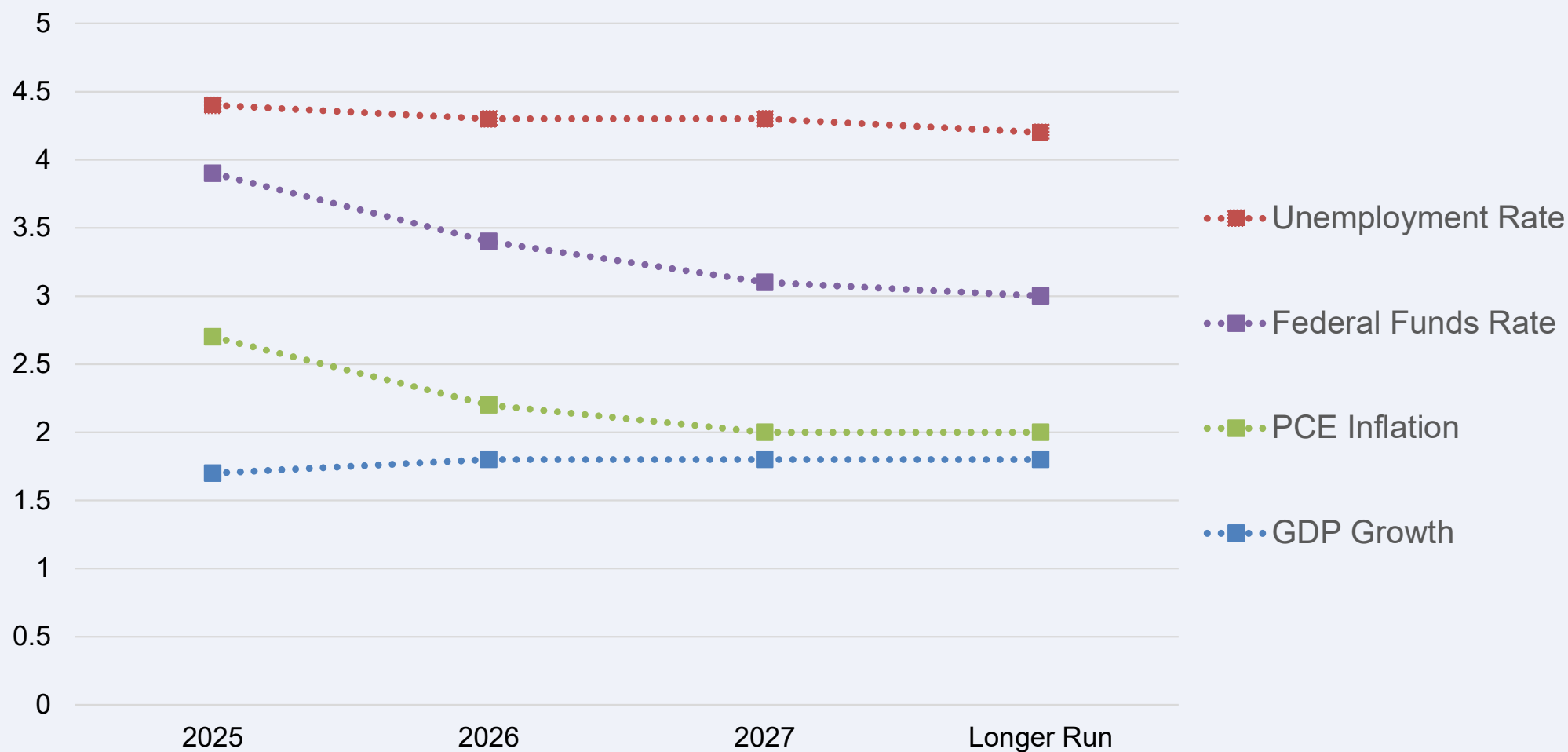
Source: The Conference Board, Haver Analytics

Future Expectations Have Plummeted Since November



FOMC: Growth Revised Down, Inflation Revised Up in March; Two Rate Cuts Still Expected

Median Projection of FOMC Members for End-of-Year Value of Each Outcome

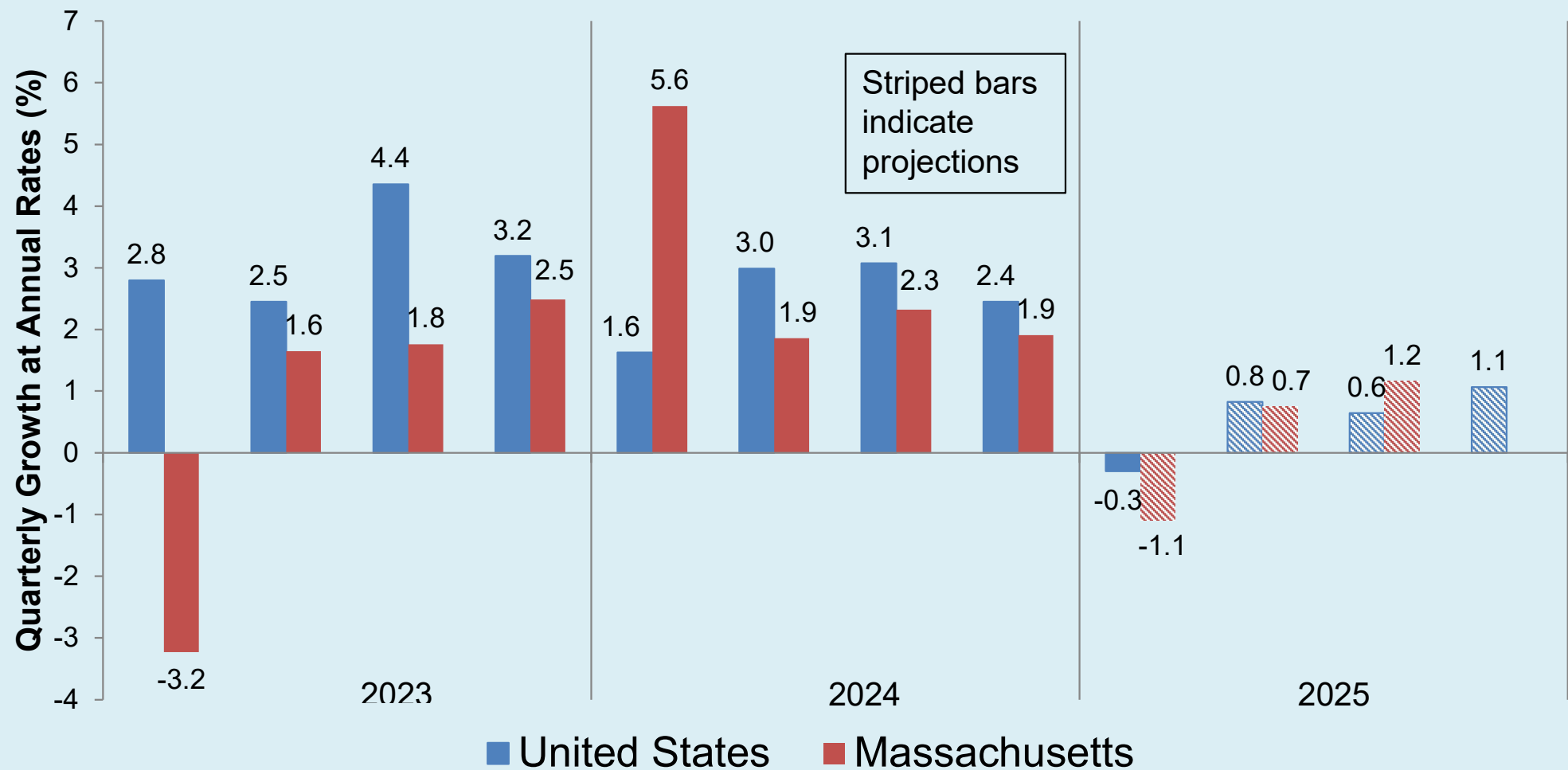


Note: Values reflect median forecast of FOMC members at March 2025 meeting.

<https://www.federalreserve.gov/monetarypolicy/fomcproptab20250319.htm>

Slower GDP Growth Expected for 2025; Recession Risk Higher

Growth in Real Product, Massachusetts vs. U.S.



Sources: U.S.: BEA (through 2024Q4); WSJ Survey (2025Q1 and later). Massachusetts: BEA (through 2024Q4); MassBenchmarks (2025Q1 and later)

Key Factors for Outlook

- Policy uncertainty affecting national economy, complicates the job for the Fed
 - Higher inflation risk calls for keeping rate high
 - Slower growth risk calls for cutting the rate
- In Massachusetts
 - Aging population, domestic outmigration exert drag on economic growth
 - Federal policy changes pose downside risks

Massachusetts Especially Vulnerable to Recent Federal Policy Changes

- Trade war threatens relationship with Canada
 - Reduction in Canadian tourism already apparent
- BU Study (Williams and Langley 2025)
 - tariffs could lower MA tax revenues by up to \$1B
 - cuts to NIH grants could cost MA up to \$2.2 billion in reduced economic activity and 14,000 jobs
 - immigration crackdown hurts labor supply, puts upward pressure on wages

Continuing the Conversation – The Beige Book



- ▶ Qualitative report on economic conditions by Fed District
- ▶ Published eight times a year
- ▶ Gathers anecdotal information from businesses/other sources
- ▶ “The Beige Book offers valuable insights into real-time economic conditions across the region, providing essential information that helps guide our monetary policy decisions.” – Susan M. Collins, Boston Fed President and CEO

Help Improve Our Understanding of the Regional Economy



- ▶ The Boston Fed collects info for Beige Book through online surveys
- ▶ A survey takes ~10-15 minutes to complete
- ▶ Asks about revenues, cost pressures, local labor market trends, etc.
- ▶ Responses kept confidential and summarized for public Beige Book report
- ▶ To inquire about joining the sample, scan the QR code or e-mail riley.sullivan@bos.frb.org