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May 19, 2011

DURHAM, N.H. – The New England region is struggling to establish strong growth and recover the jobs lost during the recent recession as U.S. economic conditions remain weak. The region's economy is forecast to continue to grow slowly through the first half of 2011 and then to pick up some modest strength, according to Ross Gittell, James R. Carter Professor of Management at the University of New Hampshire.


“Economic forecasting for the New England region remains difficult. There is significant uncertainty in the global and national economies that could have significant negative impact on the New England economy. This includes government at all levels under significant stress, volatile energy markets, declining housing prices and unresolved housing issues, and the European economy debt,” Gittell said.

Just like in the second quarter of 2010, the region experienced a dip in growth in the first quarter of 2011. The region is expected to pick up in growth in the last half of 2011, increasing its real gross region growth from 1.7 percent in the first quarter of 2011 to 2.6 percent in the second quarter of 2011 and with above 3 percent growth in the last two quarters of 2011. This is below the expected rates of growth nationally.

The region’s recovery in total employment to its pre-recession level in the first quarter of 2008 is not expected until early 2014, which is when the nation is expected to reach employment recovery. With slow labor force and population growth, the regional unemployment rate is expected to remain below the national average, but stay above 8 percent until mid-2012. Median housing prices are not expected to start to rise for another 12 to 18 months.

According to Gittell, the region will continue to experience significant variation in economic performance. New Hampshire is expected to continue to have the highest employment growth but at a rate over the forecast period below the U.S. average. Connecticut is expected to have the lowest employment growth, and Rhode Island is expected to have the highest unemployment rate.

“Economic connections between New England and Canada are important, and this is especially true now as economic ties with a strong economic partner can benefit the region. In contrast to the economic situation in Europe, New England’s neighbor to the north has had and continues to have a relatively strong economy, in many respects one of the strongest economies among developed nations,” Gittell said.

Canada is the top export destination for three of the six New England states -- Maine, Rhode Island, and Vermont -- and the second-most important export destination for the other states in the region. The leading New England exports to Canada include aircraft engines and parts, electronic tubes and semi-conductors, computers and wood materials. Canada is also the top foreign nation importer to five of the six states in the region, all except Rhode Island. Top imports from Canada to the region include energy products – including petroleum and coal products, natural gas and electricity – and also aircrafts and electronic generators and motors.

“With the Canadian economy relatively strong, New England economic connections with Canada and the possibility of expanding those connections for the benefit of the region and Canada provides a potential bright spot in the New England economic outlook,” Gittell said.
The University of New Hampshire, founded in 1866, is a world-class public research university with the feel of a New England liberal arts college. A land, sea, and space-grant university, UNH is the state's flagship public institution, enrolling more than 12,200 undergraduate and 2,300 graduate students.

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