

New England Economic Update



April 22nd, 2026

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Presenters



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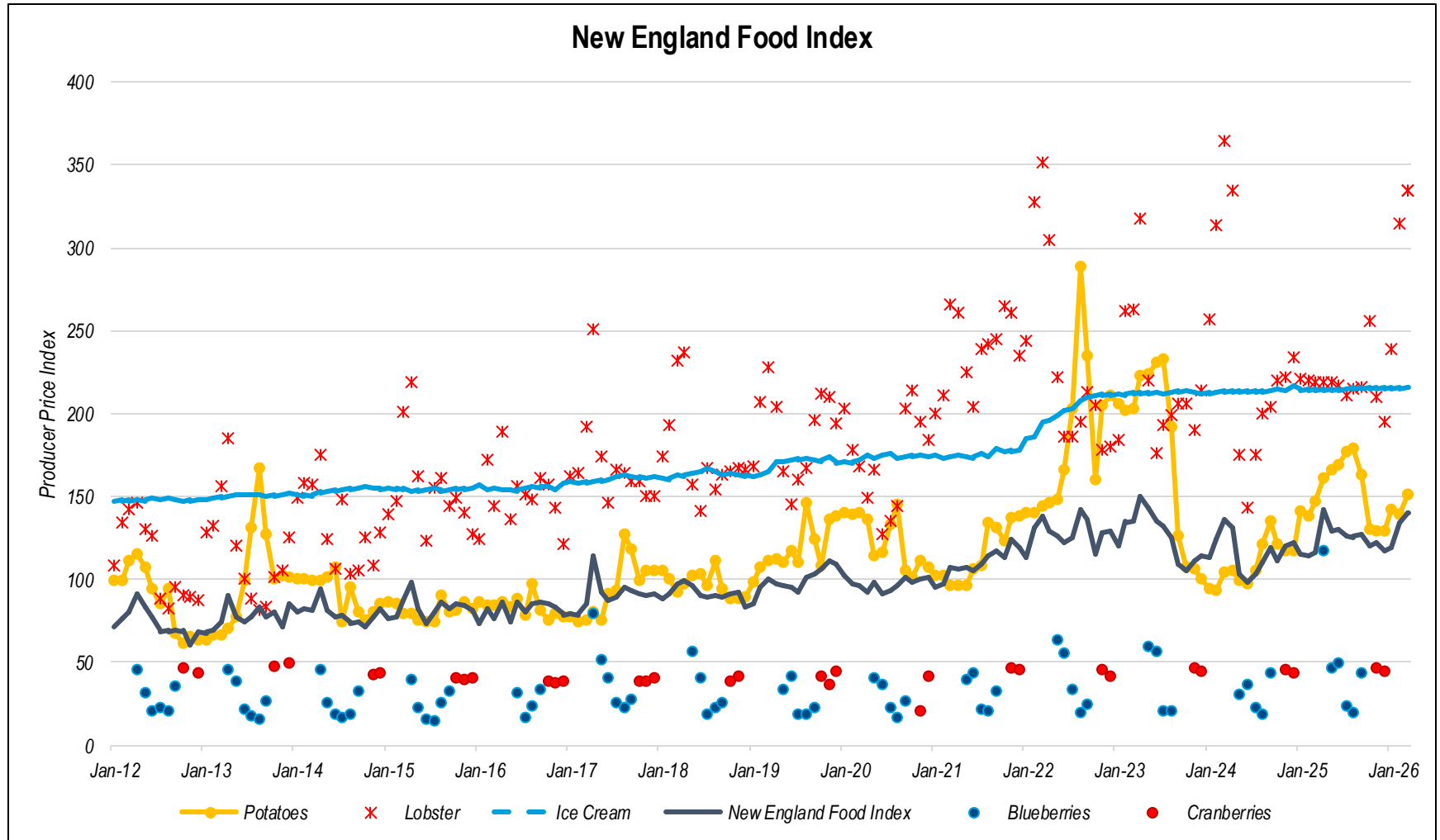
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Overview

- National Policy and Financial Considerations
- Economies in Northeast, Focus on Housing
- Detail – Specific States and Regions
- Translating Local and National Signals into Strategy

Inflation Close to Home

Berries have bounced around, potatoes have recovered, and ice cream has crept higher. Lobster, though, has exploded: up 132.2% in 10 years, equal to 8.79% annualized crustacean inflation.



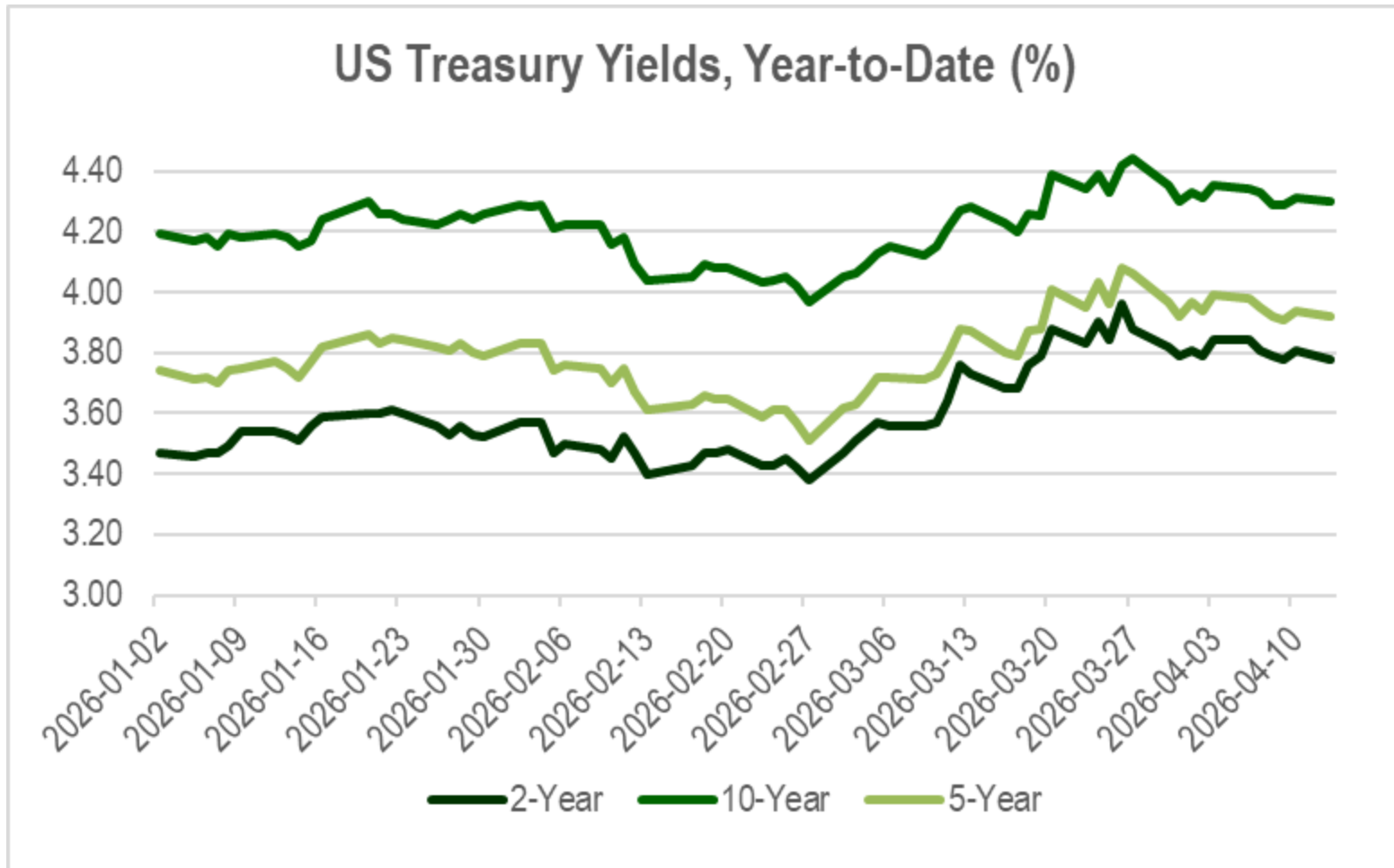
Source: Federal Reserve Bank of St. Louis, USDA, FHLBank Boston

National Policy and Financial Conditions



Treasury Yields Remain at Elevated Levels

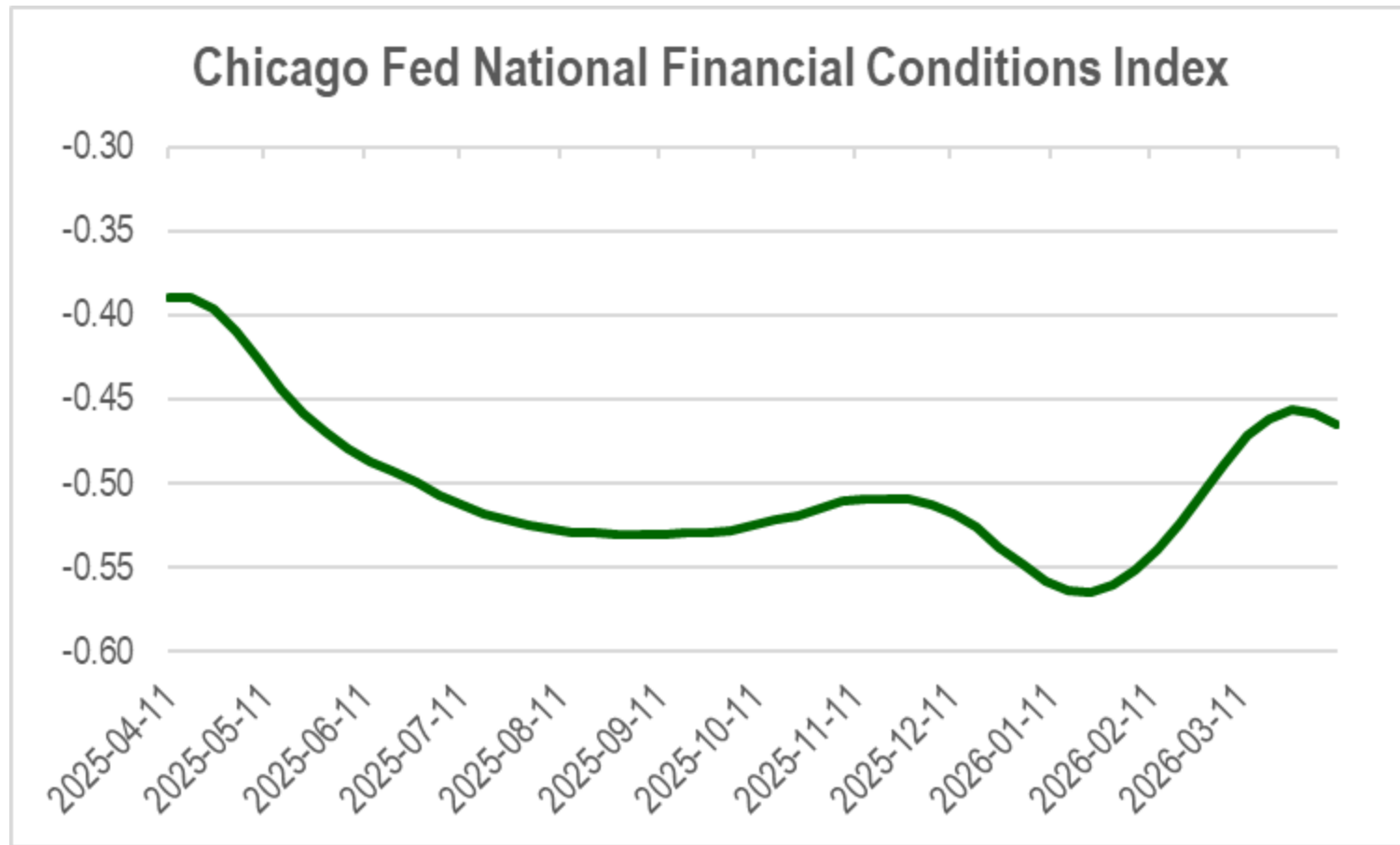
Despite messaging from the FOMC, Treasury yields remain at elevated levels, and markets continue to price no change in the target range this year.



Source: Board of Governors via FRED, FHLBank Boston

Financial Conditions Remain Looser Than Average

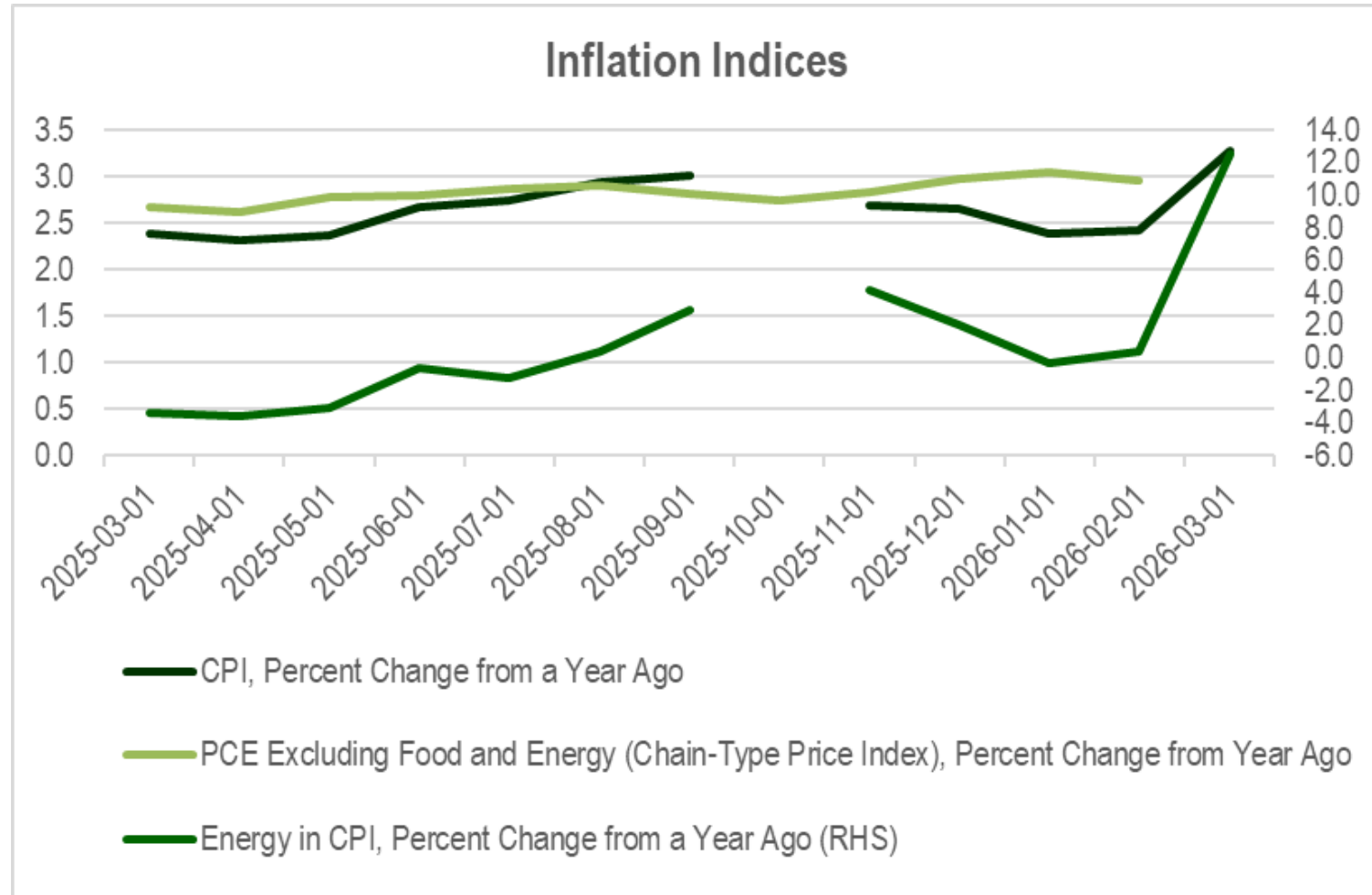
The Chicago Fed National Financial Conditions Index suggests looser than average financial conditions in money markets, debt, and equity markets when the value is negative and tighter than average conditions when positive.



Source: Federal Reserve Bank of Chicago via FRED, FHLBank Boston

Inflation Indices

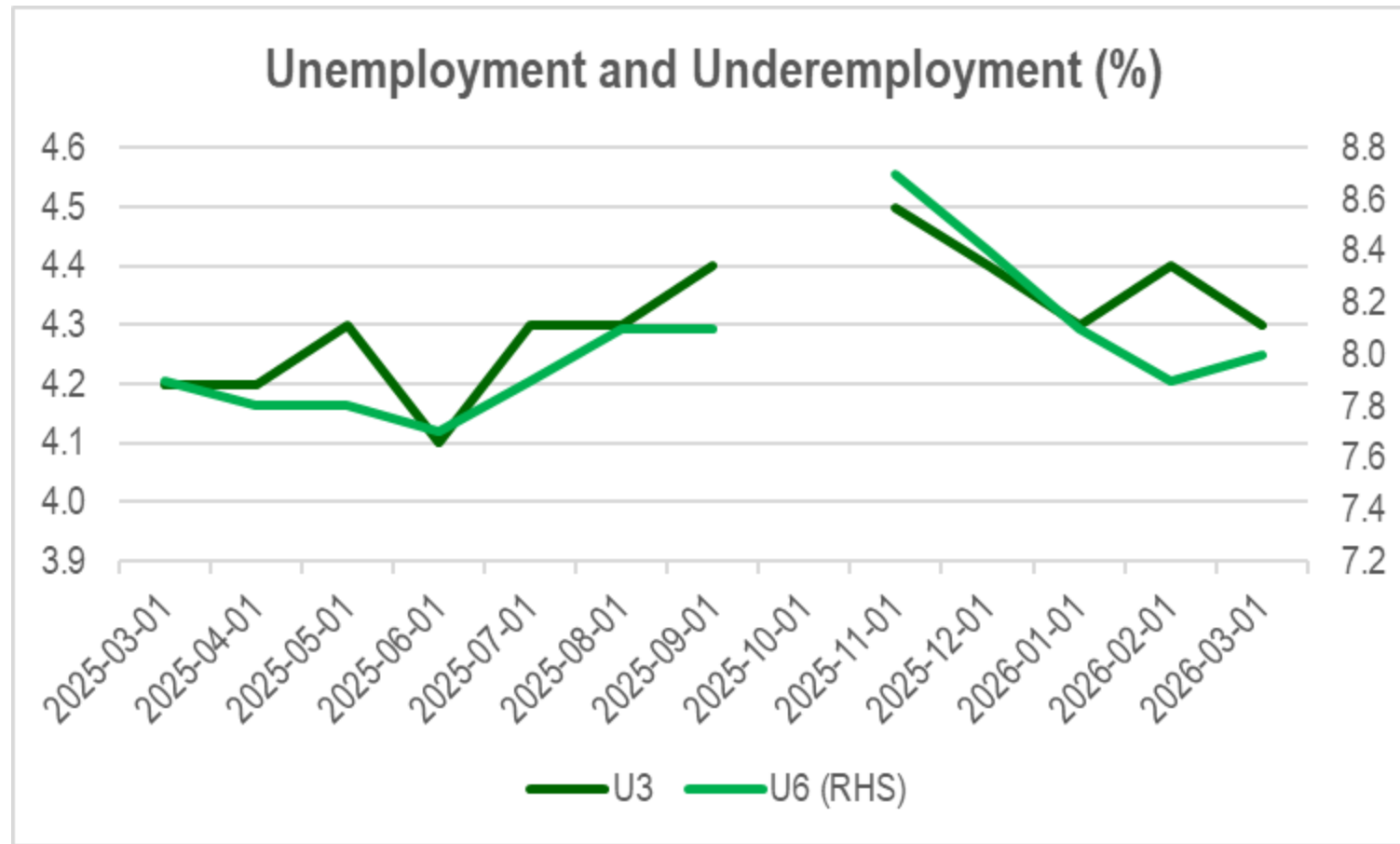
CPI and Core PCE are both above the Fed's target. In the most recent print, an 11% increase in the Energy component of CPI supported an increase of 3.3% in the overall index.



Source: Bureau of Labor Statistics and Bureau of Economic Analysis via FRED, FHLBank Boston

Labor Market

Recent prints suggests signs of stabilization in the labor market. This shows up in the official unemployment and underemployment rates, and in some other leading indicators like temporary help hiring.



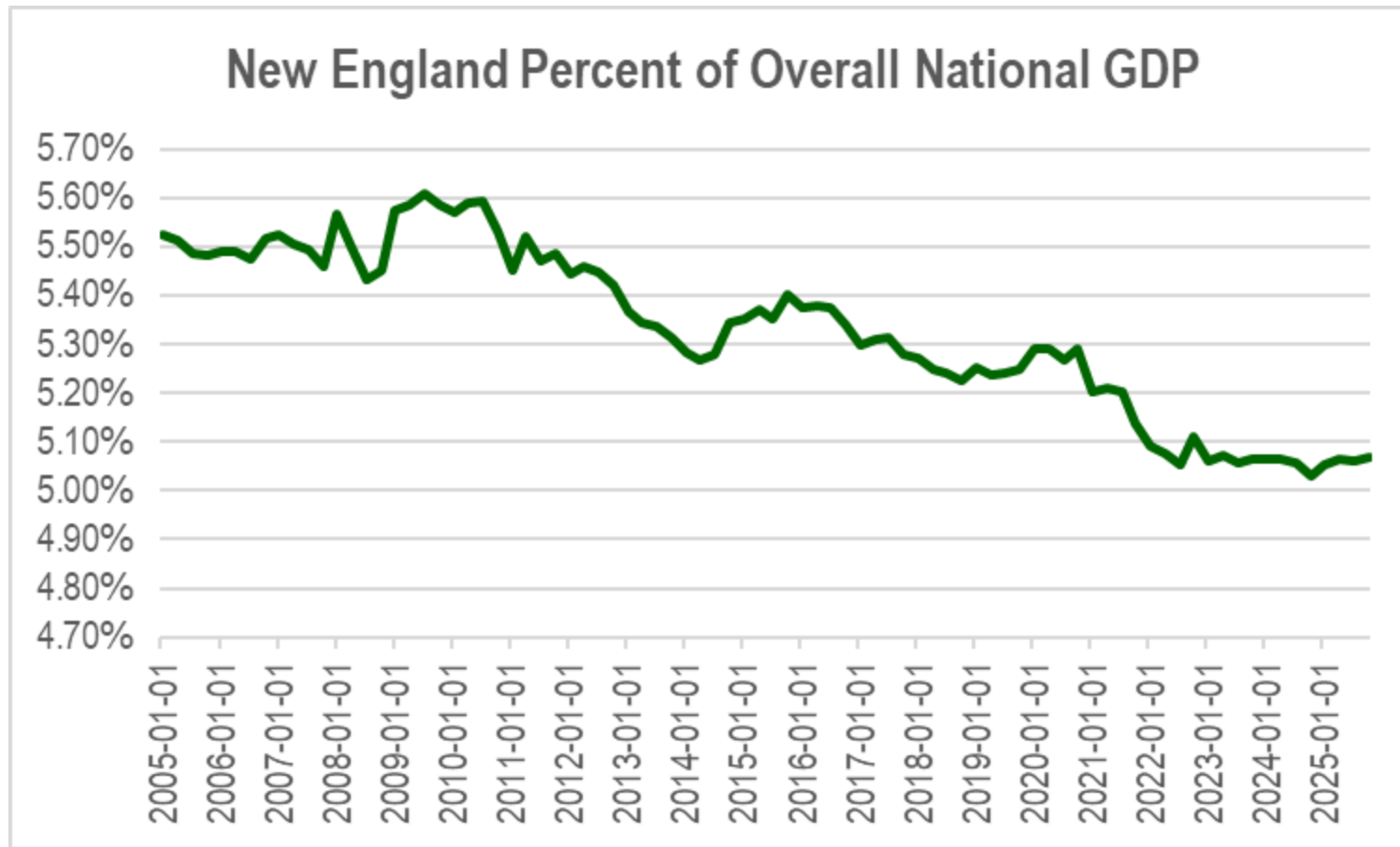
Source: Bureau of Labor Statistics via FRED, FHLBank Boston

Economies in Northeast



New England Economy Relative to US Economy

The New England economy makes up about 5% of national GDP. On the margin, the contribution to overall GDP has decreased in recent years.



Source: Bureau of Economic Analysis via FRED, FHLBank Boston

Current State of Growth in New England

The New England economy is highly correlated with the national economy, but there is significant variation across time and within states and localities regarding economic growth.

	Percent Change in Real GDP			
	2025 Q1	2025 Q2	2025 Q3	2025 Q4
<i>US Total</i>	-0.6	3.8	4.4	0.5
<i>Connecticut</i>	0.3	4.6	5.6	0.5
<i>Maine</i>	-4.6	2.4	3.8	0
<i>Massachusetts</i>	4.2	4.5	3.3	1.2
<i>New Hampshire</i>	2	2	5.5	1.6
<i>Rhode Island</i>	-0.3	0.5	4.4	-0.4
<i>Vermont</i>	-2.3	2.1	5	-0.4

Source: Bureau of Economic Analysis, FHLBank Boston

Sector Composition of Growth in New England

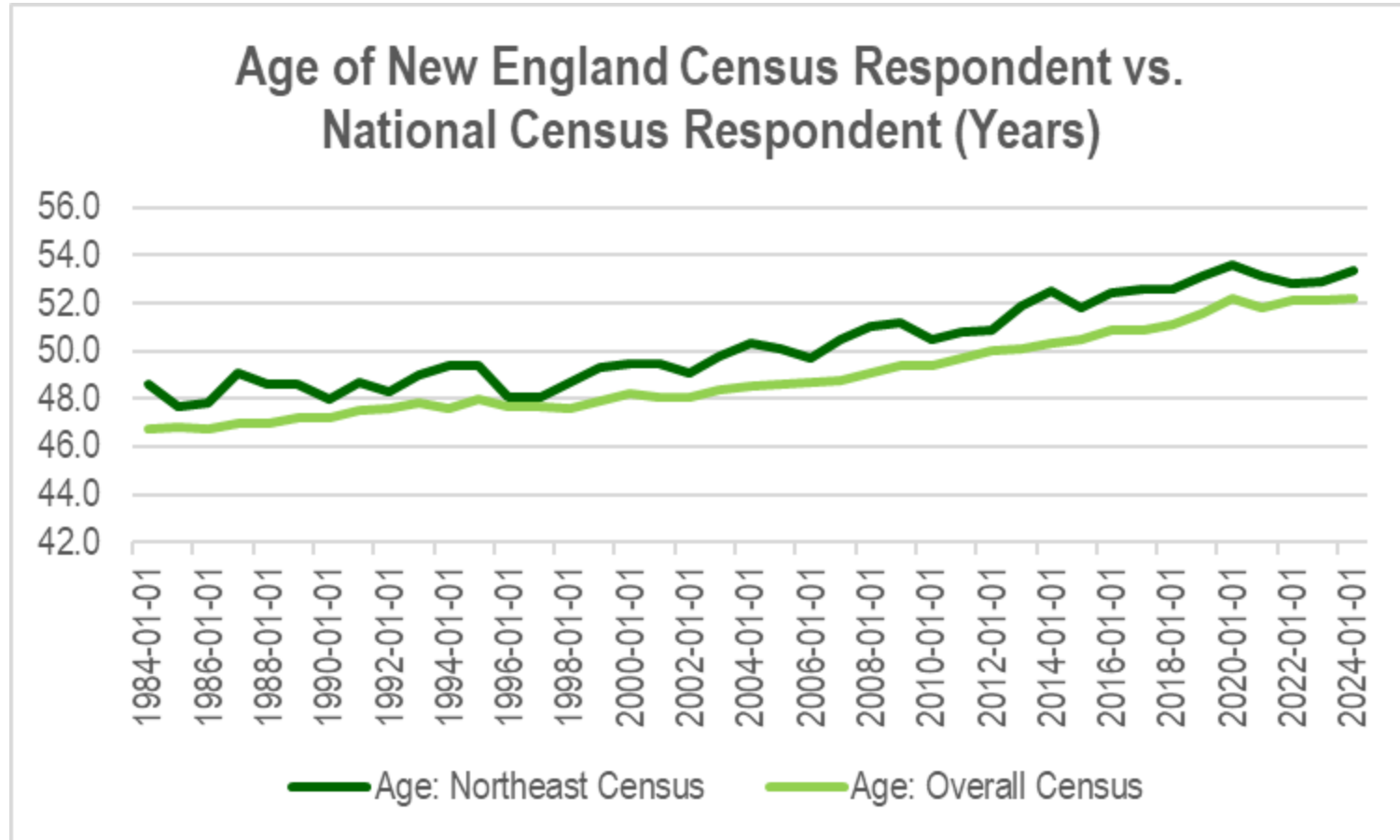
Localized economies vary widely, but in general, New England has an outsized impact on educational services, finance, and professional and business services. We also have great food and arts, economically speaking.

	Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont
<i>Percent of US GDP Overall in 2025</i>	1.2%	0.3%	2.7%	0.4%	0.3%	0.2%
<i>Notable Industries, Contribution to US GDP in State</i>						
<i>Durable Goods Manufacturing</i>	2.7%			0.5%		
<i>Finance, Insurance, Real Estate</i>	1.5%		2.8%	0.4%	0.3%	
<i>Agriculture, Forestry, Fishing and Hunting</i>		0.4%				
<i>Retail Trade</i>		0.5%			0.3%	0.2%
<i>Educational, Healthcare, Social Assistance</i>	1.5%	0.5%	3.7%	0.5%	0.4%	0.2%
<i>Arts</i>		0.5%		0.5%	0.4%	0.3%
<i>Accommodation and Food</i>		0.5%		0.6%	0.4%	
<i>Information</i>			3.1%			
<i>Professional and Business Services</i>			3.9%	0.5%	0.3%	

Source: Bureau of Economic Analysis, FHLBank Boston

Demographics of Northeast Economy

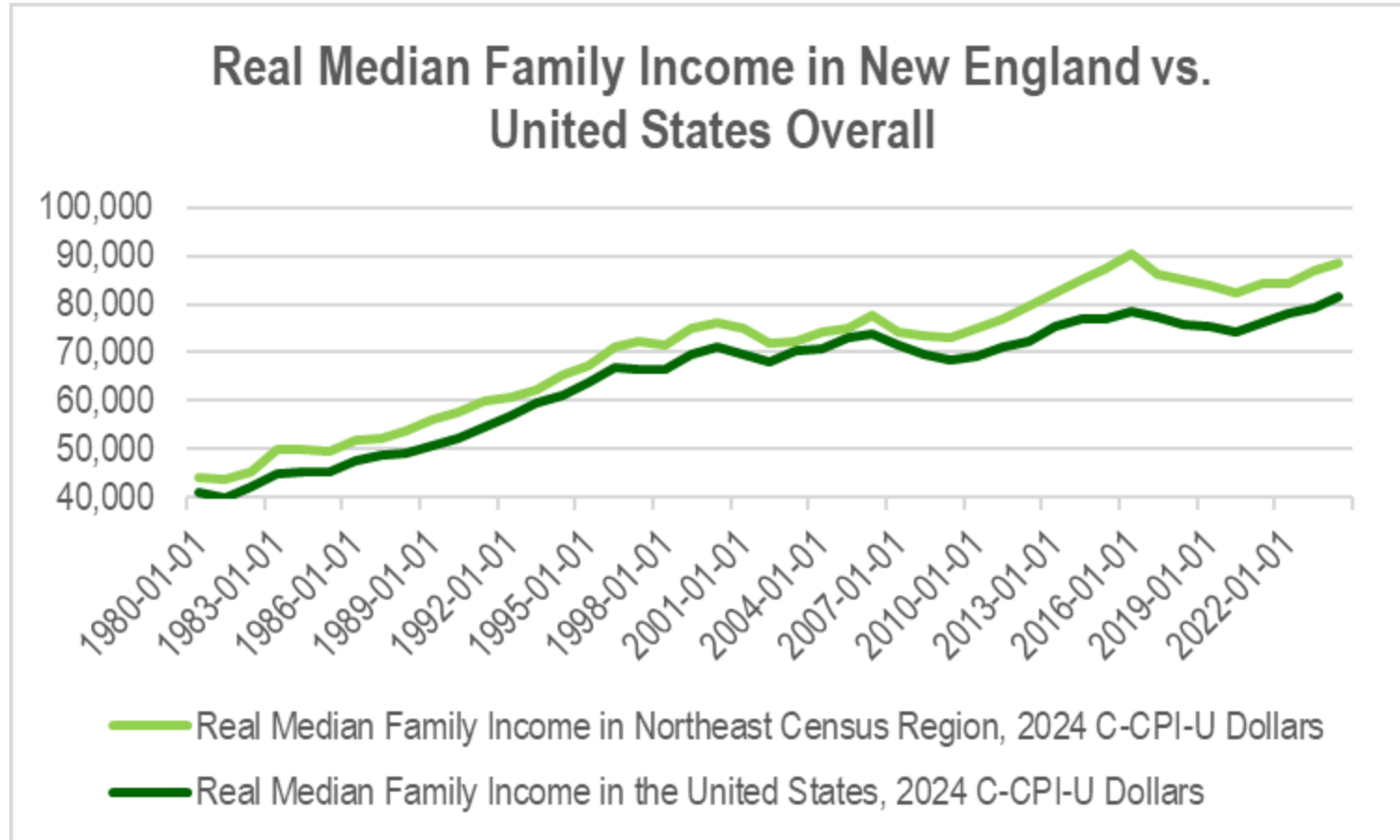
In general, the average census respondent in the Northeast is a bit older than the average resident in the United States overall. Remember this is a census respondent, so it is the relative age that is informative.



Source: Bureau of Labor Statistics via FRED, FHLBank Boston

Income in Northeast

Real median family income in the Northeast has always been higher than the national figure. In recent years, the gap between the two has expanded.



Source: US Census Bureau via FRED, FHLBank Boston

Unemployment in New England

New England has material variation in employment across state lines, but in general, the labor market is in line with or slightly weaker than the national average, particularly in Connecticut and Massachusetts.

	Unemployment Rate, January 2026 (%)	Change in Unemployment Rate Over Past Year (%)
<i>United States</i>	4.3	0.3
<i>Connecticut</i>	4.5	0.9
<i>Maine</i>	3.3	0.0
<i>Massachusetts</i>	4.7	0.5
<i>New Hampshire</i>	3.2	0.2
<i>Rhode Island</i>	4.5	0.0
<i>Vermont</i>	2.7	0.1

Source: Bureau of Labor Statistics, FHLBank Boston

Labor Force Changes in New England

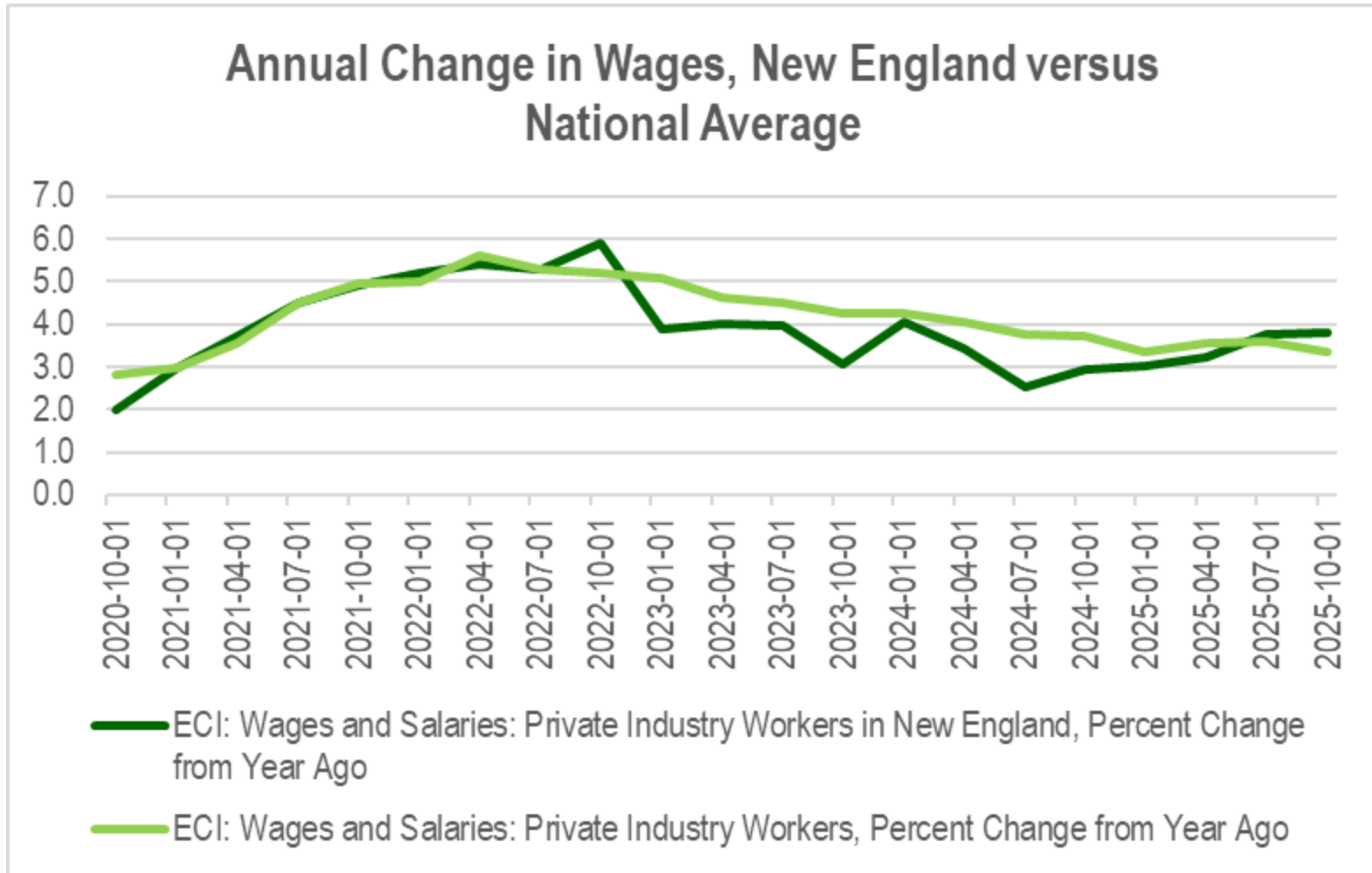
The New England labor force is shrinking, due to both an aging population and immigration changes. The number of unemployed is increasing.

	Prior Year Change in Civilian Labor Force (thousands), as of January 2026	Prior Year Change in Unemployed (thousands), as of January 2026	Prior Year Change in Unemployment Rate (%), as of January 2026
<i>United States</i>	-231.0	503.0	0.3
<i>Connecticut</i>	-11.9	17.0	0.9
<i>Maine</i>	0.2	-0.1	0.0
<i>Massachusetts</i>	-22.4	19.7	0.5
<i>New Hampshire</i>	3.2	1.6	0.2
<i>Rhode Island</i>	-3.6	0.1	0.0
<i>Vermont</i>	-7.0	0.2	0.1

Source: Bureau of Labor Statistics, FHLBank Boston

Wages and Salaries in New England

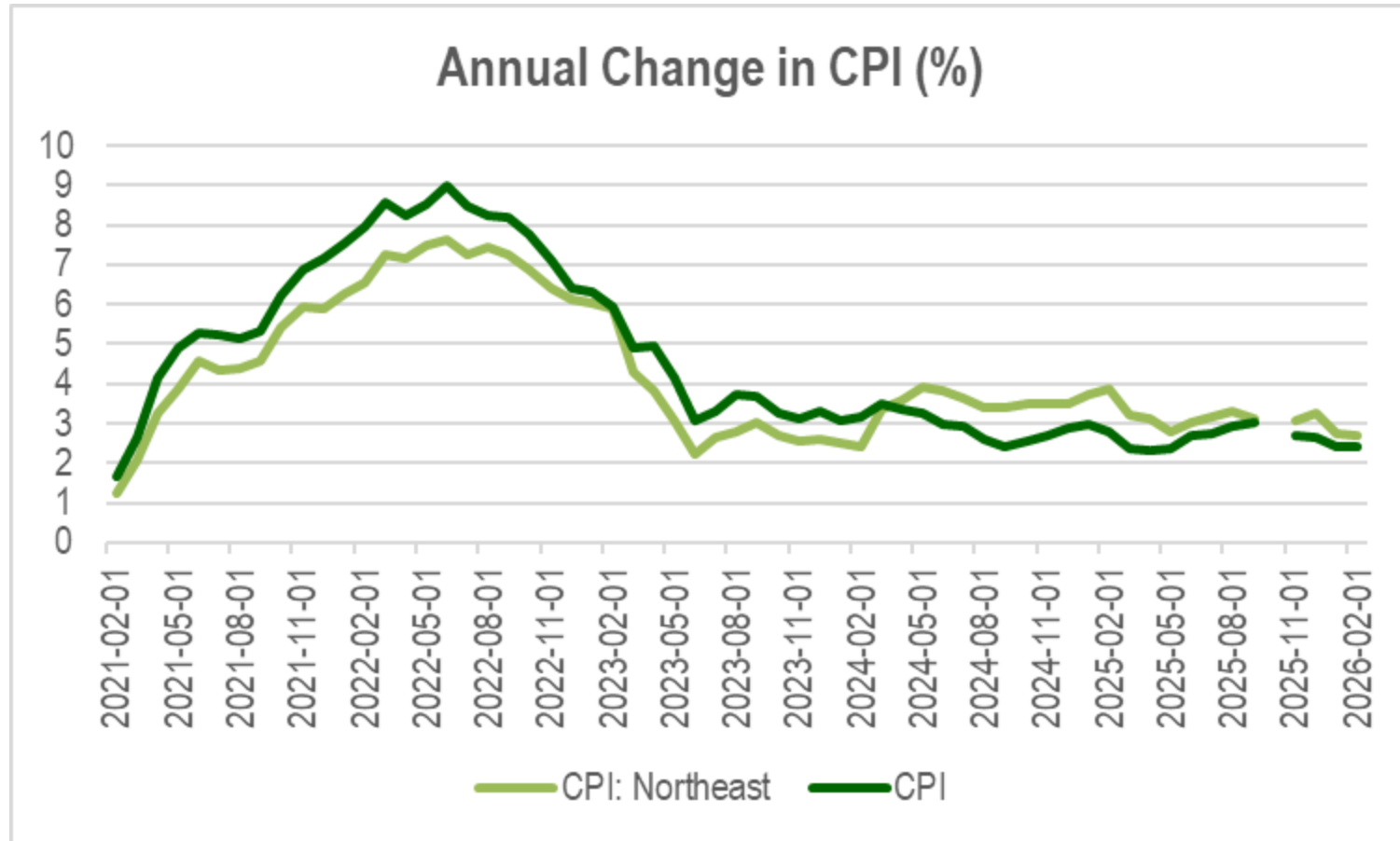
In recent years, wages and salaries in New England have increased less than wages and salaries in the country overall, though that dynamic reversed in late 2025.



Source: Bureau of Labor Statistics via FRED, FHLBank Boston

Inflation in Northeast

Inflation in the Northeast was more controlled at the peak of CPI observed in 2022, but in recent years inflation in the Northeast has printed above the national average.



Source: Bureau of Labor Statistics via FRED, FHLBank Boston

Inflation in Northeast – More Detail

A major driver of economic performance in the Northeast is housing. In addition to supporting wealth and incomes, the shortage of housing in New England also drives outsized inflation here.

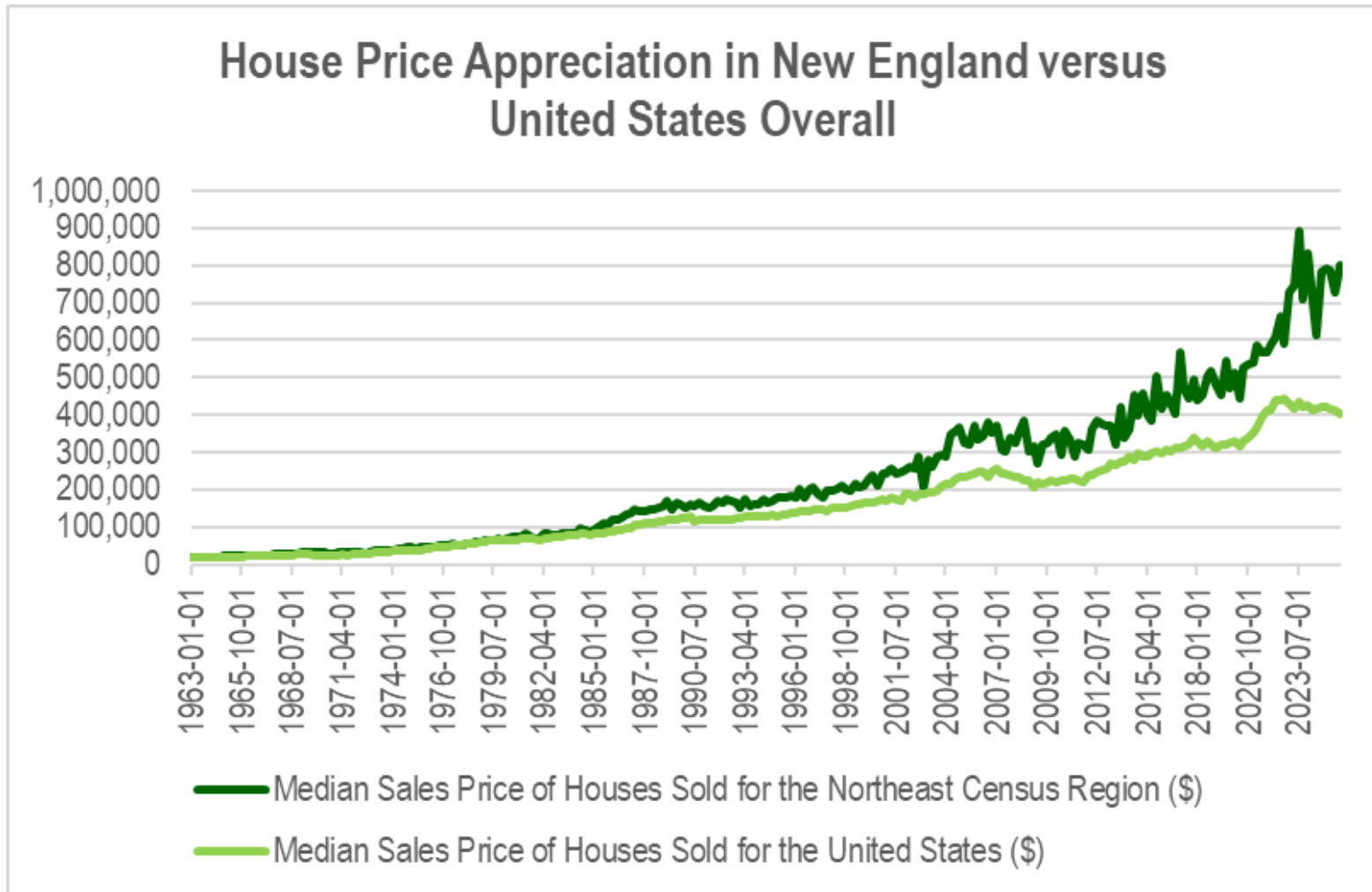
Category Percent Change from a Year Ago, as of February 2026

	<i>United States</i>	<i>Northeast</i>
<i>Overall</i>	2.4	2.7
<i>Food and Beverages</i>	3	3.5
<i>Housing</i>	3.3	3.6
<i>Apparel</i>	3.5	0.8
<i>Transportation</i>	-0.5	0.9
<i>Medical Care</i>	3.4	1.5
<i>Recreation</i>	2.3	1.2
<i>Education</i>	0.1	1
<i>Other</i>	5.1	4.4
<i>Energy</i>	0.5	1.9

Source: Bureau of Labor Statistics, FHLBank Boston

Housing Inflation in Northeast

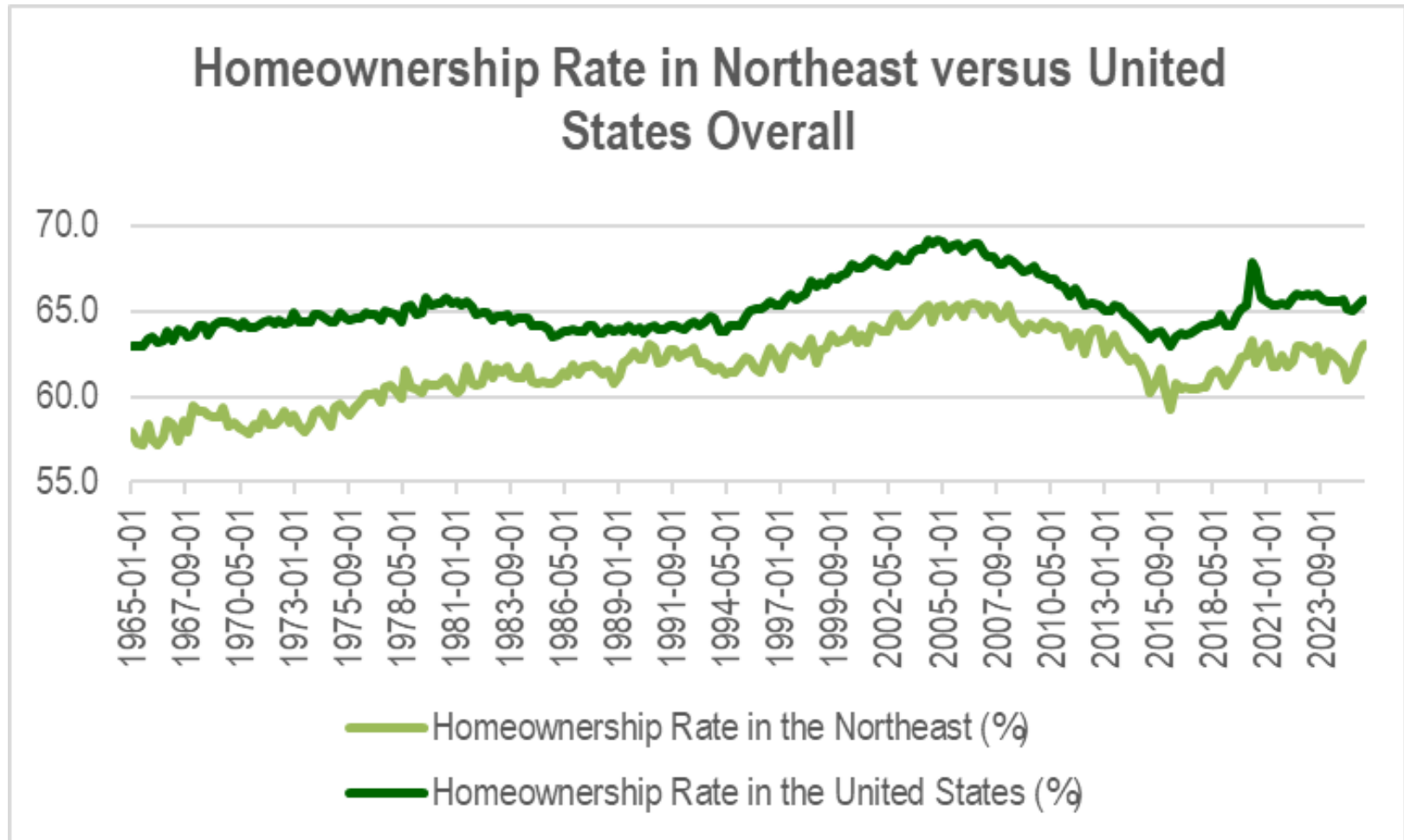
House prices have increased more in the Northeast than they have nationally, especially in the past 15 years. This creates wealth, but also affordability challenges.



Source: US Census Bureau via FRED, FHLBank Boston

Homeownership Rate in Northeast

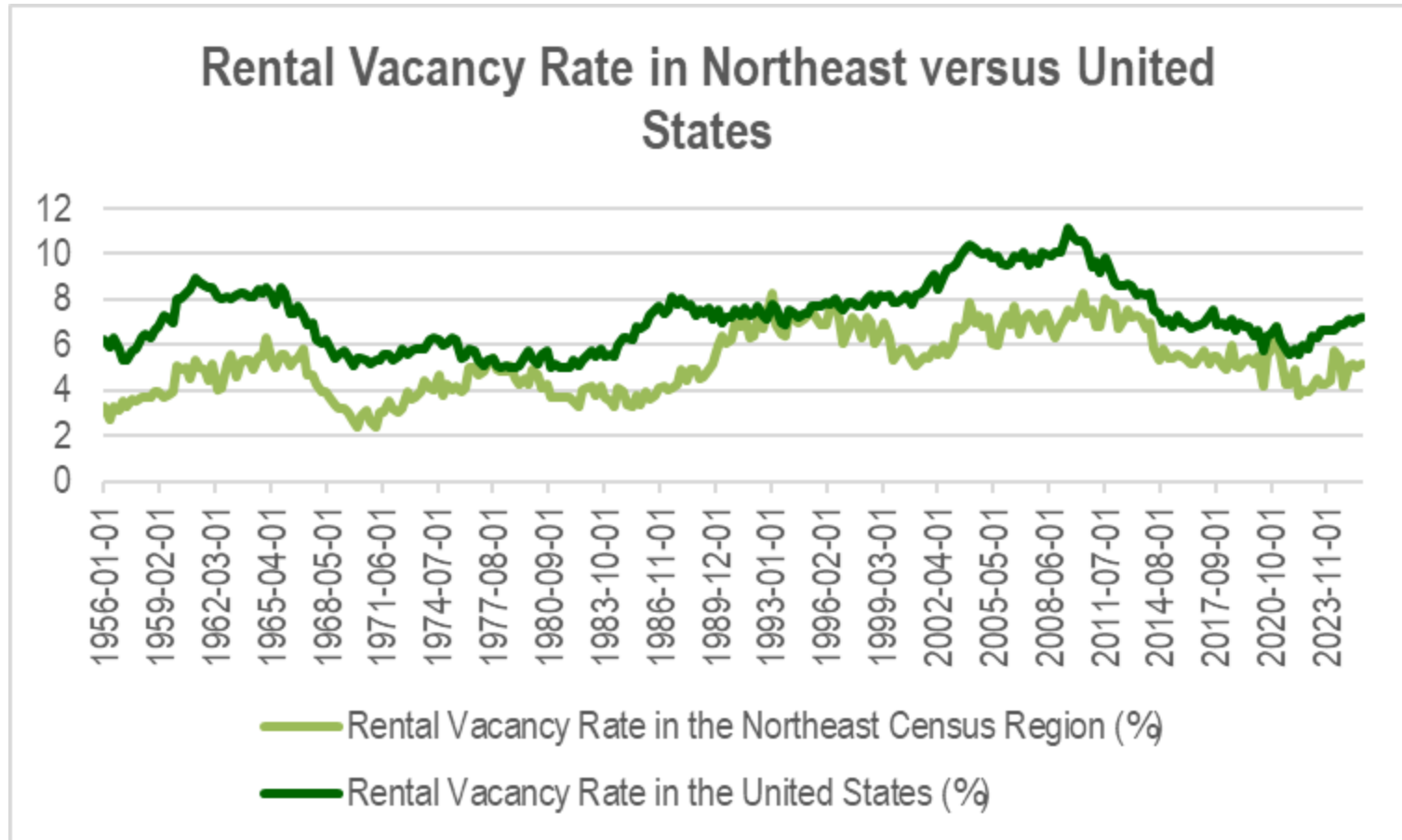
Homeownership in the Northeast is lower, as a percentage of the population, than it is across the country.



Source: US Census Bureau via FRED, FHLBank Boston

Rental Vacancy Rate in Northeast

In a reflection of the housing stock shortage in New England, the rental vacancy rate has consistently been lower than the national average.



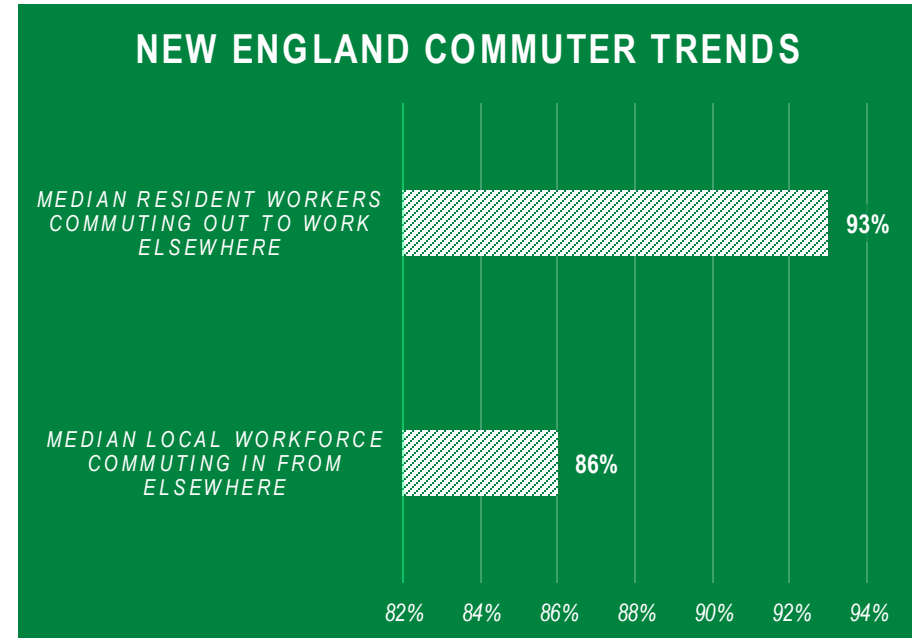
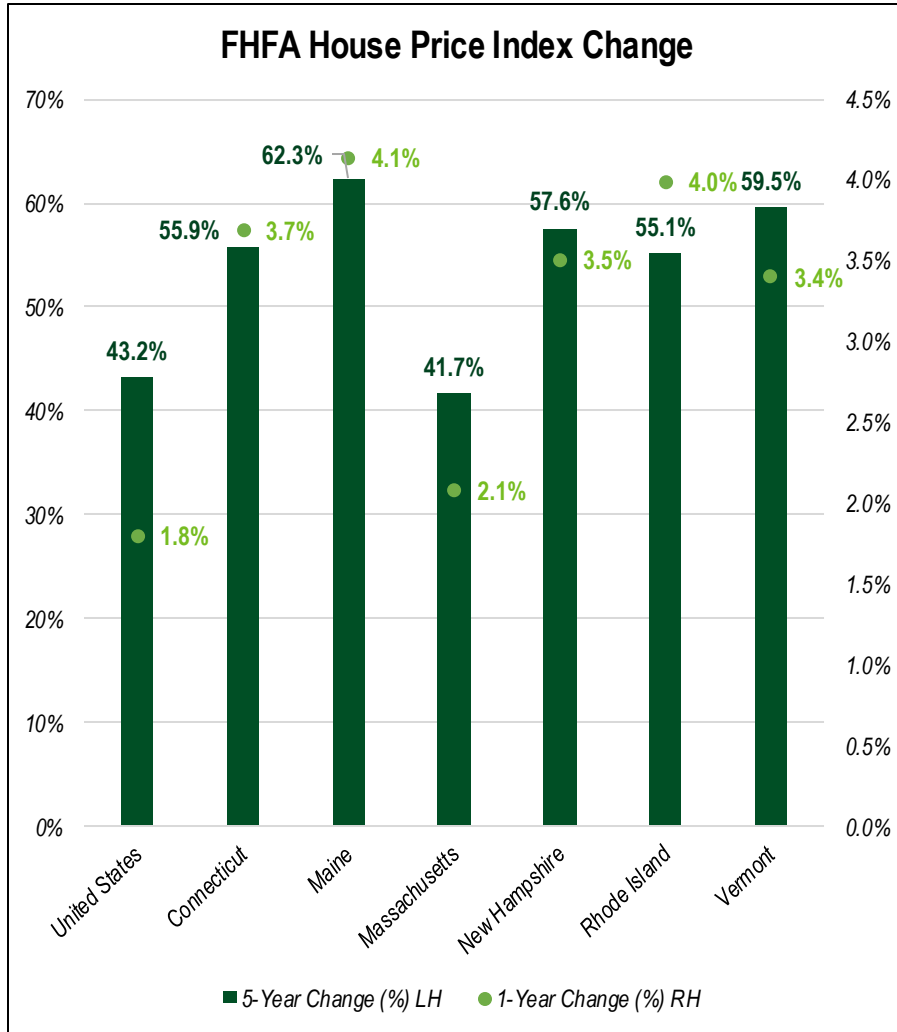
Source: US Census Bureau via FRED, FHLBank Boston

Detail - Specific States and Regions



Shared Regional Trends, Different Local Conditions

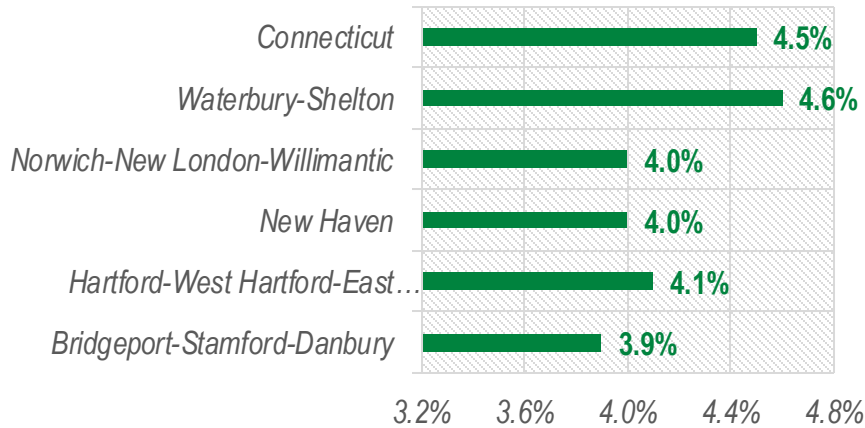
Housing, labor, and commuting patterns vary across member footprints.



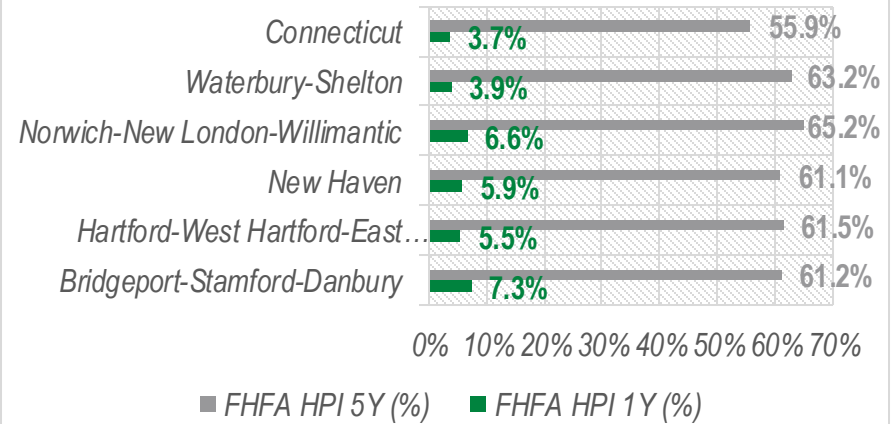
Connecticut

Commuter, institutional, and legacy industrial markets all sit inside one state.

Unemployment rate (%)



Home Price Growth



Core industries

Insurance, finance, advanced manufacturing, healthcare

Housing / labor

Higher-cost southwest corridor, more mixed inland affordability

Geographic split

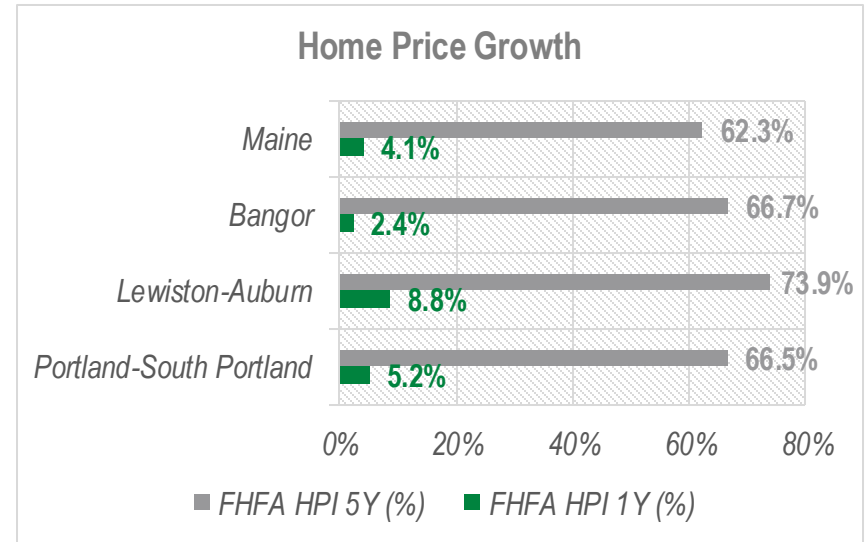
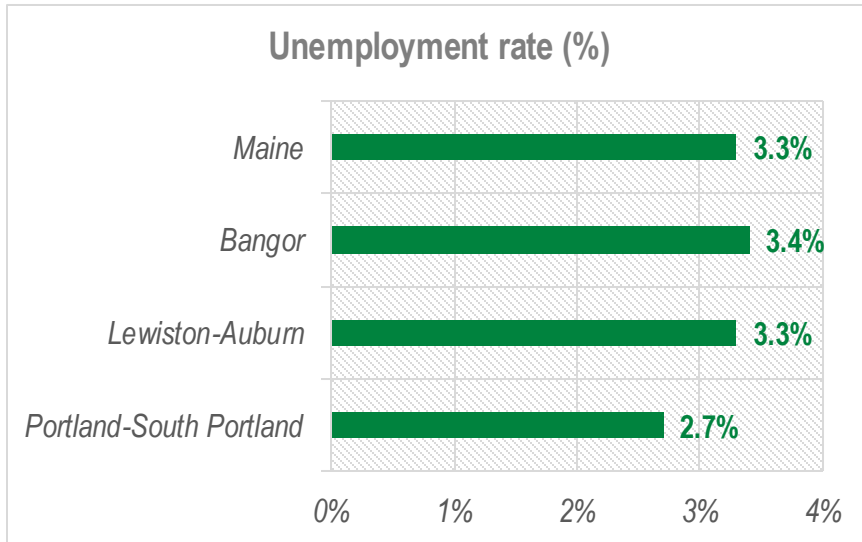
Fairfield County / New Haven corridor vs Hartford / eastern markets

Local dynamic

NYC commuter influence, legacy industrial cities, insurance hub, defense-related employers

Maine

Downeast, southern, inland, and northern Maine create different operating conditions



Core industries

Healthcare, tourism, manufacturing, marine / logistics

Housing / labor

Stronger housing pressure in southern and coastal markets

Geographic split

Portland / coast vs Lewiston-Auburn / Bangor / northern Maine

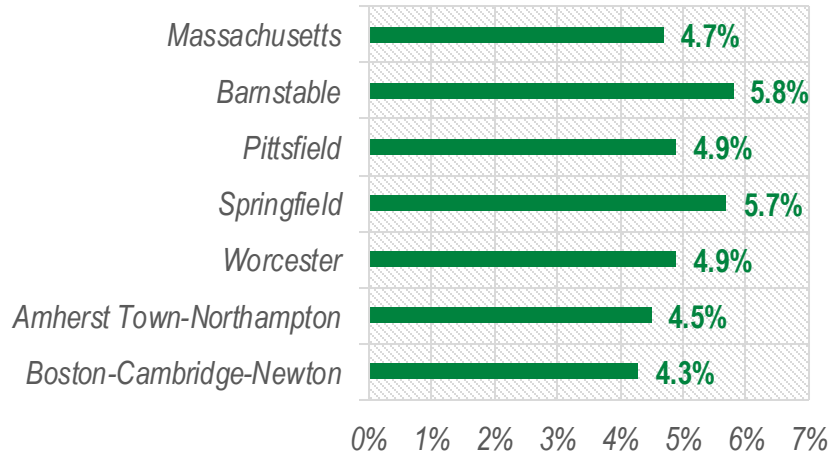
Local dynamic

Service and in-migration markets near the coast, more local-employer and demographic pressure inland

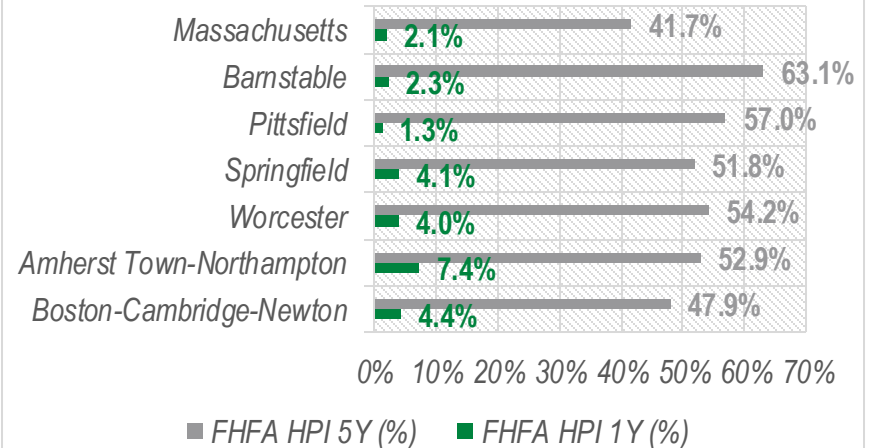
Massachusetts

Dense job centers, housing spillover, and very different local borrower conditions.

Unemployment rate (%)



Home Price Growth



Core industries
Life sciences, tech, finance, education / healthcare

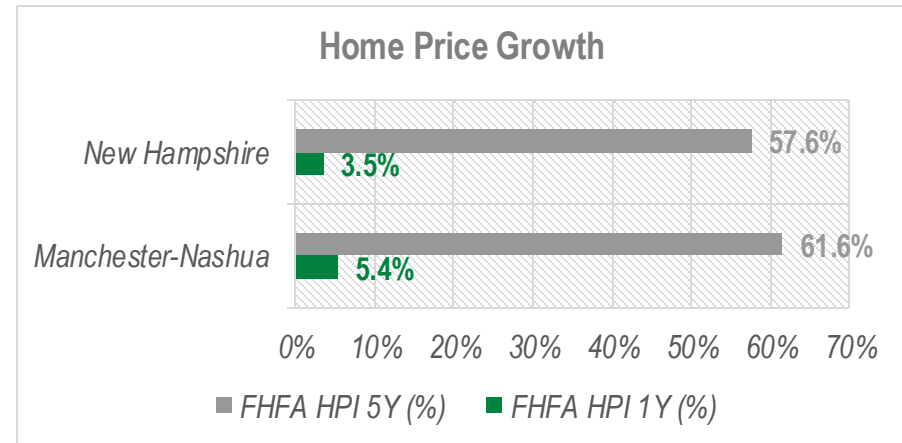
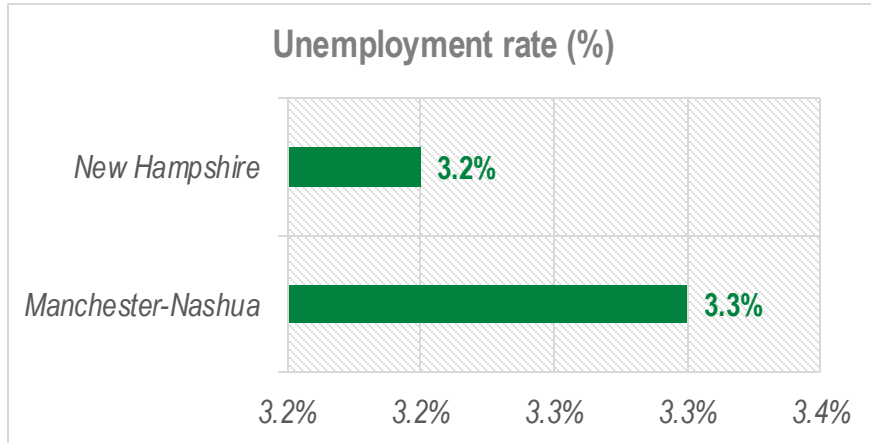
Housing / labor
High-cost Boston orbit, affordability spillover outward

Geographic split
Boston / 495 vs Worcester / Springfield / South Coast / Cape

Local dynamic
New-economy core, gateway cities, suburban commuter belts, seasonal coastal markets

New Hampshire

Commuter, seacoast, and rural areas create distinct local conditions.



Core industries

Advanced manufacturing, healthcare, tech, tourism

Housing / labor

Tight labor market, elevated affordability pressure

Geographic split

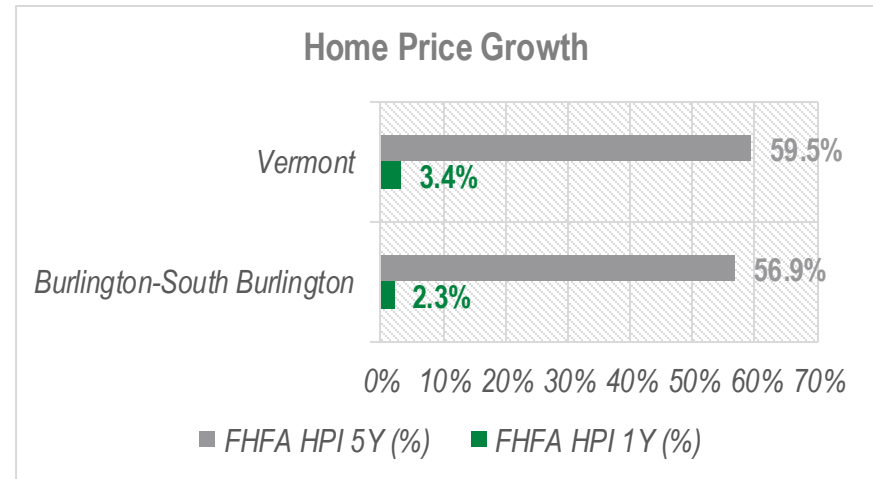
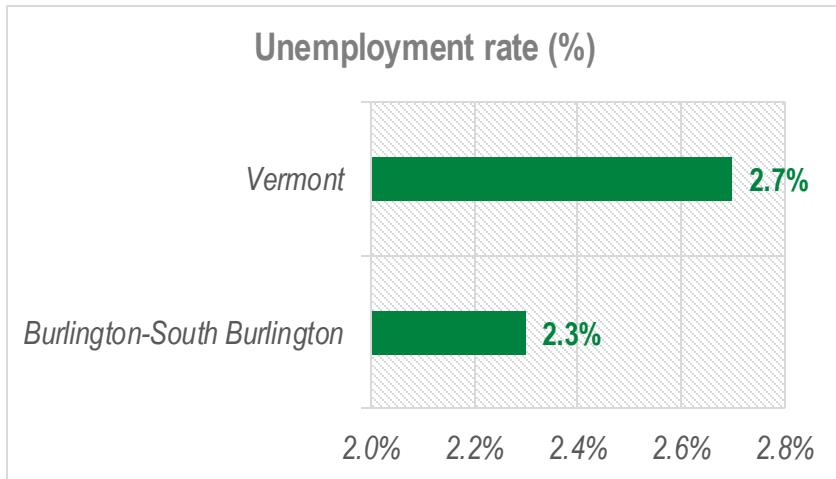
Southern commuter belt / Seacoast vs North Country

Local dynamic

Boston spillover, coastal demand, tourism-heavy and lower-density northern markets

Vermont

Burlington and rural Vermont reflect different local dynamics.



Core industries

Healthcare, manufacturing, education, outdoor economy

Housing / labor

Very tight labor supply, limited housing depth

Geographic split

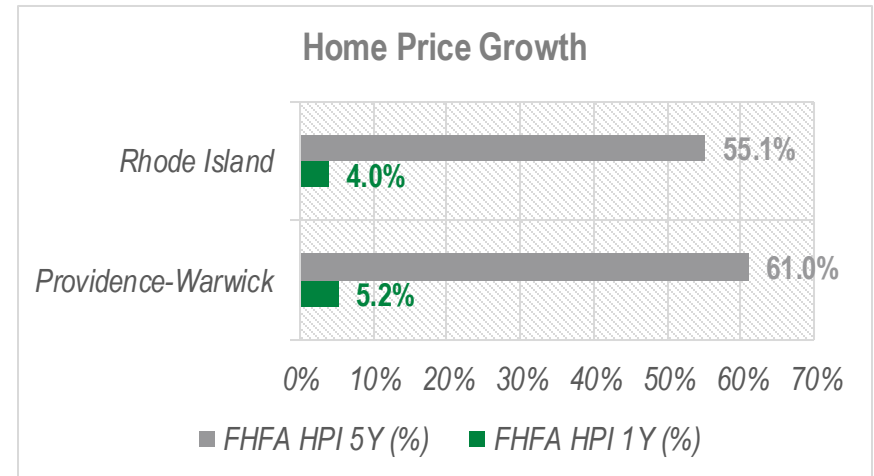
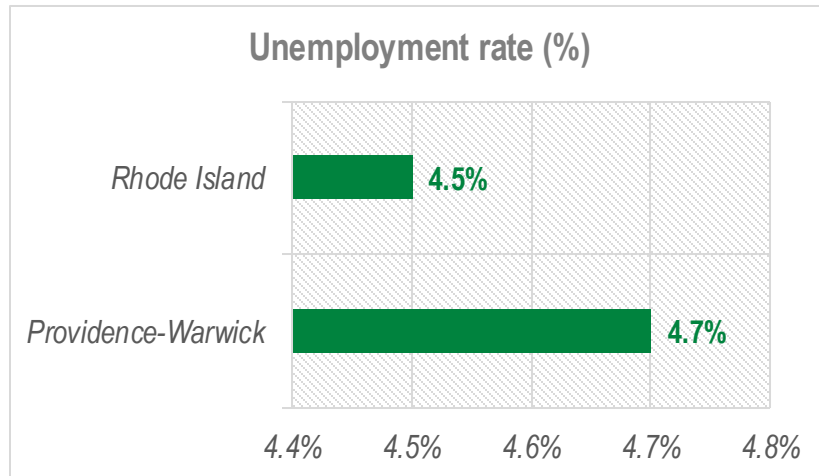
Burlington area vs smaller rural markets

Local dynamic

College / healthcare hub, aging demographics, supply-constrained growth

Rhode Island

Compact geography still produces distinct affordability and wage conditions.



- Core industries**
Healthcare, education, defense / marine economy, tourism
- Housing / labor**
Tight housing and wage pressure in a small geography
- Geographic split**
Providence core vs coastal / secondary local markets
- Local dynamic**
Urban core, port / marine economy, education anchors, coastal seasonality

Different Market Types, Different Local Dynamics

Metro, coastal, rural, and legacy industrial markets each create different borrower and funding conditions.

Metro hubs: *deeper labor pools, stronger commuting pull*

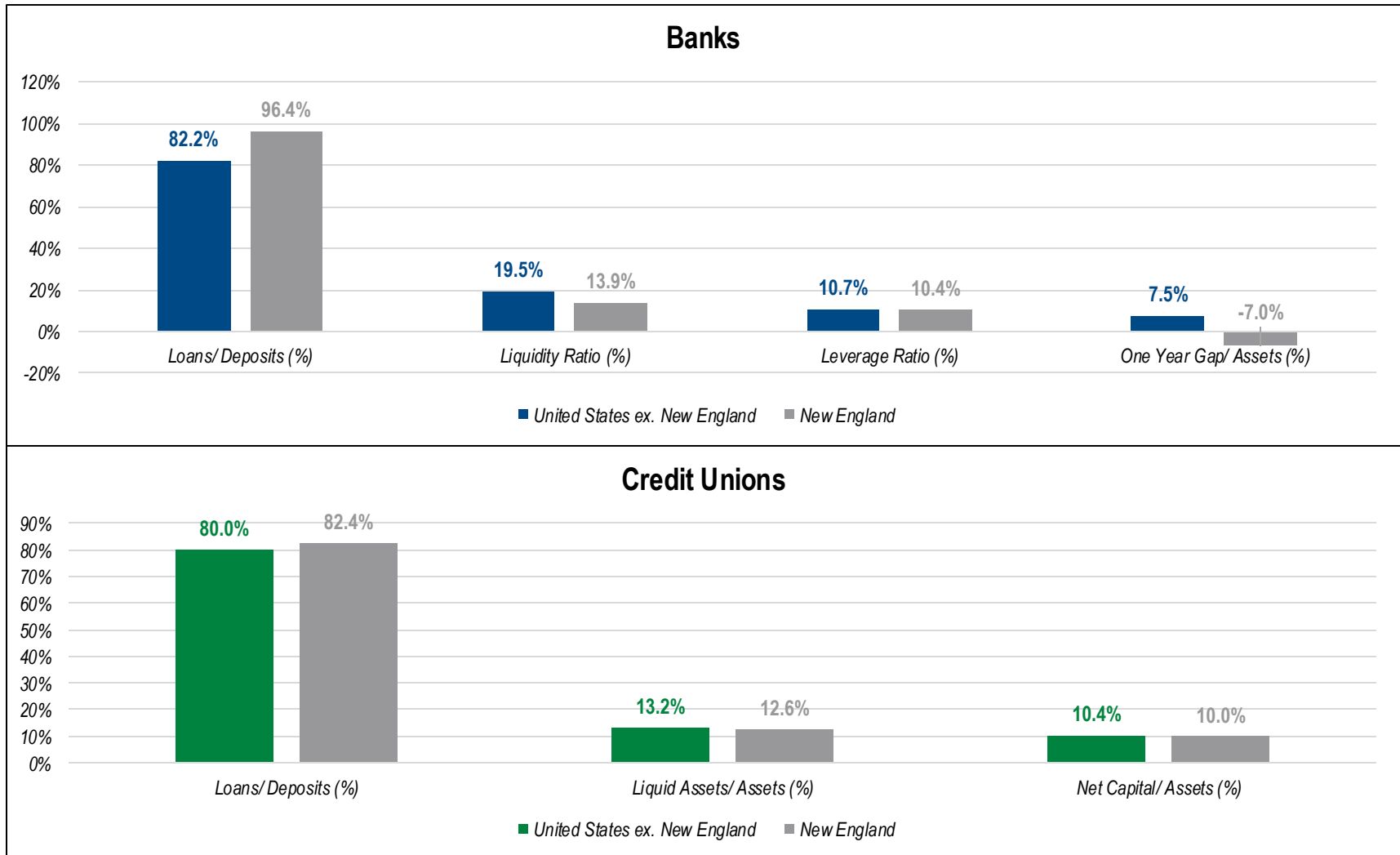
Coastal markets: *higher housing pressure, different seasonality*

Rural markets: *thinner labor pools, different borrower growth patterns*

Legacy industrial markets: *distinct affordability and employment mix*

Balance-Sheet Structure Reflects Regional Conditions

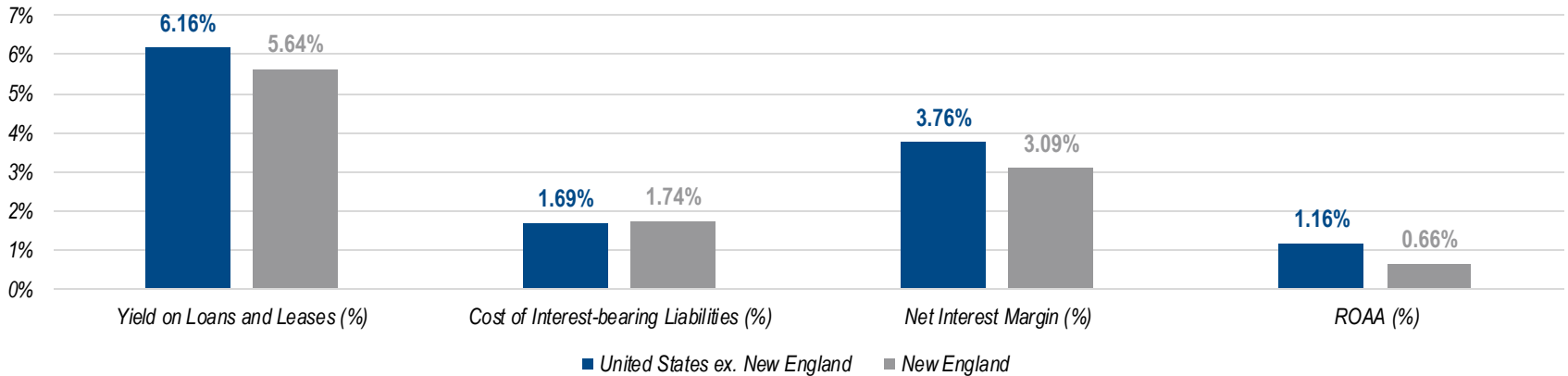
Compared with U.S. peers, New England institutions tend to be more loaned-up and somewhat less liquid.



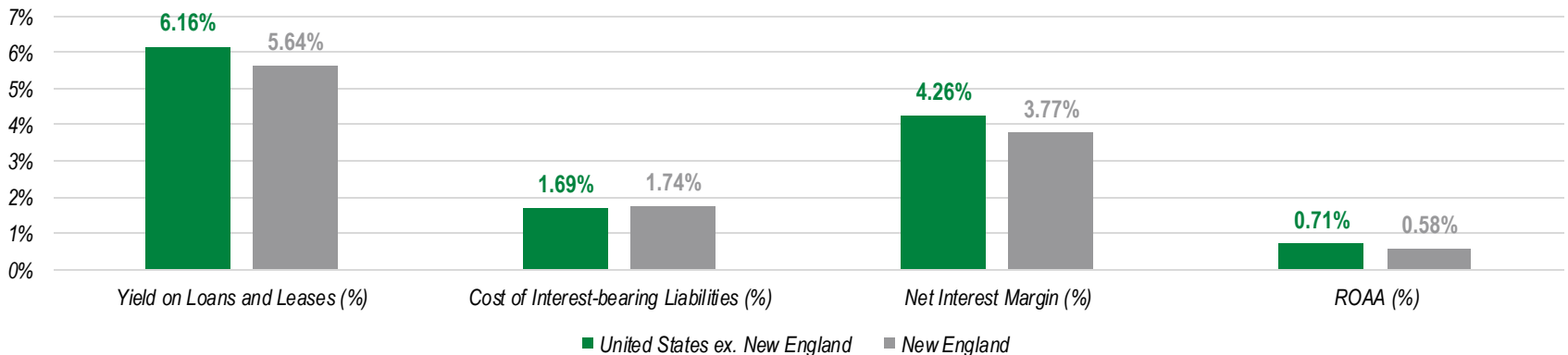
Loan Yields, Funding Costs, and Margin

Asset yields and funding costs combine to shape the region's earnings profile.

Banks



Credit Unions



Translating Local and National Signals into Strategy



How Local Economics Reach the Balance Sheet

Local market structure shapes how depositories price and manage credit, rate, liquidity, and optionality risk.

Credit risk

- *Borrower quality is local*
- *Collateral and cash flow vary by footprint*

Rate risk

- *Asset mix varies by local demand and supply*
- *Deposit behavior differs by market*

Liquidity risk

- *Funding pressure is local*
- *Deposit stability varies across footprints*

Optionality risk

- *Prepay and repricing behavior are local*
- *Housing and borrower mix shape option value*

What Gets Bid Away, and What Actually Grows

Local competition and growth capacity determine which spreads are available and which opportunities turn into balance-sheet growth.

What everyone wants

- *Acceptable spreads*
- *Stable deposits*
- *Inelastic loan demand*
- *Good credit with manageable duration*

What local economics determine

- *Housing costs and labor availability*
- *Borrower affordability and mobility*
- *Employer and industry mix*
- *Growth capacity in the footprint*

What This Means for Balance-Sheet Strategy

The key question is not just what the macro backdrop is, but which risks your footprint is actually paying you to take.

Where growth is available

- *Which markets have true demand*
- *Which ones are constrained by housing, labor, or demographics*

Where pricing holds

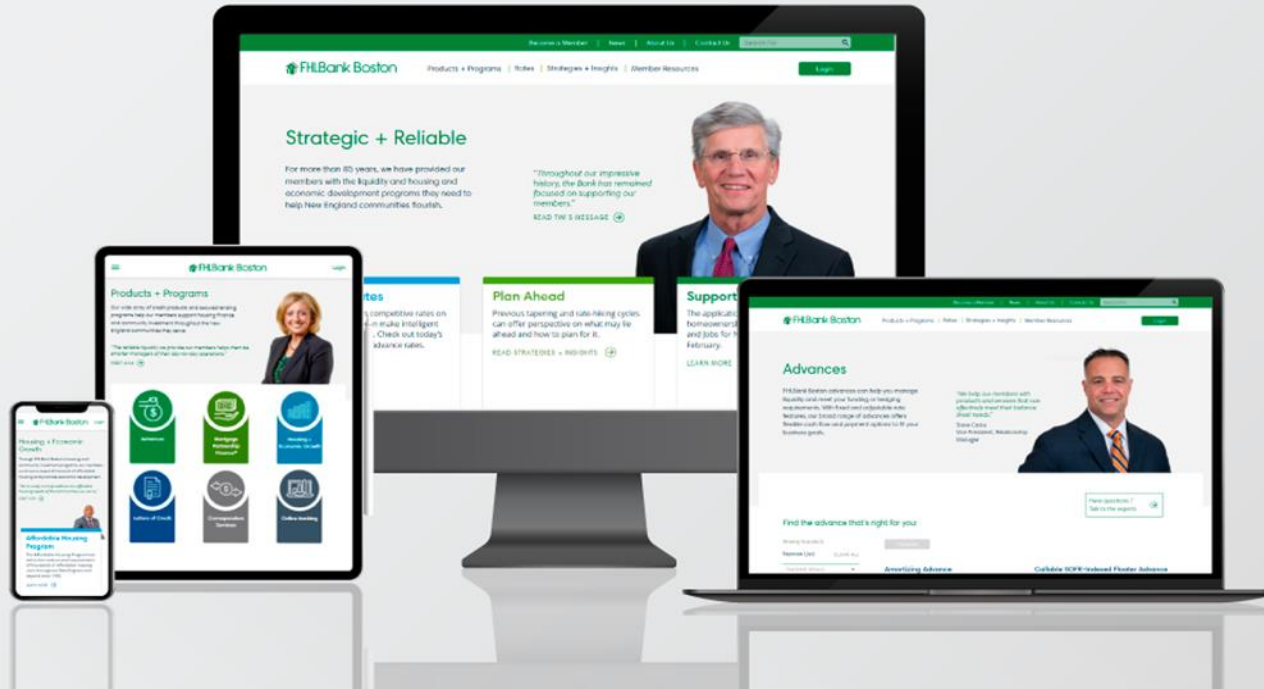
- *Which spreads reflect value*
- *Which ones simply reflect competition*

Where risk is compensated

- *Which credit, rate, liquidity, and option risks are being paid for*
- *Which ones may be underpriced*

Takeaways

- *Start with footprint economics*
- *Then match structure, funding, and optionality*



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