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## State job gains persist and housing data stable

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Moderate growth as measured by jobs and anecdotal data from the Federal Reserve's Beige Book shows Mass. continuing moderate economic activity. Hardly defiance of national trends which have raised the probability of economic contraction, most economic trends are favorable or stable for the commonwealth. The Federal Open Market Committee federal funds target rate cut of 50 basis points on September 18th should further support economic activity in the region.

Massachusetts jobs increased by 2,800 in August marking the fourth consecutive monthly gain and resulting in a cumulative four-month gain of 16,100 jobs. Job gains for 2007 of 28,800 outpaced 2006 for the same period. The state unemployment rate declined to 4.5% just below the national rate of 4.6% for first time since December 2005. The August data included gains in all employment sectors and all 20 labor markets recorded declines in unemployment rates. Ten labor markets recorded seasonal job losses. Suzanne Bump,, secretary of workforce and labor development, expects governor Patrick's announced economic initiatives in education, life sciences and infrastructure to enhance job growth in the commonwealth.

The Massachusetts Association of Realtors reported August data to be positive in year-over-year comparisons. Single-family home sales totaled 4,700 units up 6.6 % from 4,411 in August 2006, with median sales price of \$357,000 up 1.4% from \$352,000 in August 2006 and down 2.4% from July 2007. Condominium sales in August totaled 2,235 units up 3.4% from August 2006 and 15.6% from 1,933 units in July 2007. The median condominium price for August was \$291,250 up 4.8% from \$278,000 in August 2006 and down .8% from \$293,500 in July 2007.

The Fed rate cut to 4.75% for the federal funds target rate and a related 50-basis-point cut to 4.75% for the discount rate combined with other economic indicators to reduce the economic turbulence and boost pricing in the securities markets. The action should support consumer and business spending through lower interest rate credit and improved comfort and confidence in the economy. During 2006, consensus forecast included significant probability, 25% or so, of recession during 2007. During the first quarter 2007, the consensus probability moved marginally upwards to 30% or so. In speaking engagements both sideliners former fed chair Alan Greenspan and former Treasury Secretary and Harvard President Larry Summers put the odds at less than 50% but in that neighborhood. The data appears to provide more good reasons to continue to support economic activity and stability with additional fed rate cuts.

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