

# ECONOMIC CONDITIONS in New Hampshire



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## Spring Summary shows New Hampshire businesses are adding to their workforces

The recession is over and has been for almost two years, but job growth has been struggling as an air of uncertainty remains. With mixed results from the different sectors, growth in certain industries still remains to be realized. Offshoring has been a growing concern to everyone, bringing with it a mixed bag of perceived local job reductions (continued lack of job growth) and the benefit of reduced operating expenses that could lower prices (a contributing factor to the improving economy).

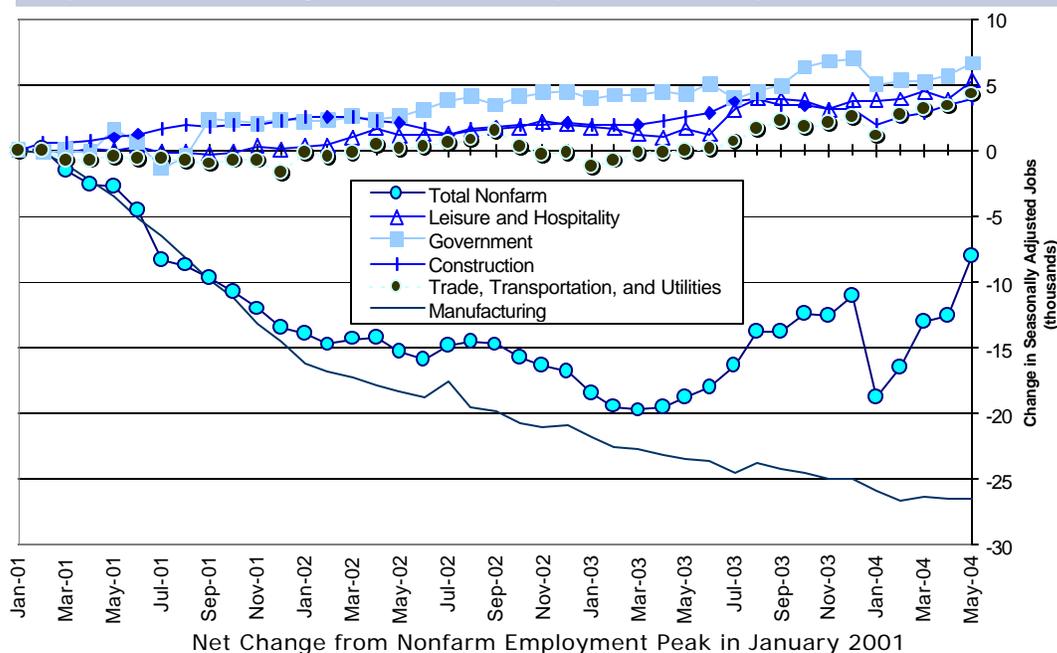
Spring 2004 is brimming with uncertainty. Winter was tough. With cold temperatures and little snow, even ski areas found it difficult to finish the

season profitably. As warmer weather comes, tourism experts optimistically predict that the higher gasoline prices will not affect summer business. Transportation by car is still the most economical means of travelling. People reeling from sticker shock at the gasoline pumps and seeking comfort from an ice cream cone may also face the jolt of dramatic price increases there.

Some positive economic signs can be found at the Manchester Airport with growth proposals and additional hotels looking to move to the area. Meanwhile manufacturing companies continued with reduced workforces as productivity levels of the remaining workers increased. The continued high productivity has helped

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Total nonfarm employment, although showing signs of improvement, has yet to reach the pre-recession peak



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feed a more positive business confidence. Business confidence and expected growth in product demand may warrant additional employees. Slowly and cautiously, businesses are starting to rebuild their workforces.

Entering spring 2004, New Hampshire maintained an unemployment rate lower than the region and the nation, as well as our high labor force participation rate, a strong trait from our Yankee work ethic. This is further supported by the stronger nonfarm job increases entering this summer's employment picture, which itself is expected to be better than in the previous two summers.

Although consumer confidence indicators leave room for doubt, New Hampshire's Department of Resources and Economic Development was successful in recruiting new businesses to the state in 2003. The industry mix of these

businesses included high tech service, manufacturing, and distribution companies. It is anticipated that these new companies will contribute \$4.7 million in new business enterprise taxes to the state coffers and \$34 million in new payroll.<sup>1</sup>

The state's budget process is still influenced by the education funding situation and the property taxing system.

So far the signs have been positive. If the job market continues to stabilize, consumer confidence will eventually turn around as well. But overall it's a 'wait and see' economic environment.

*Anita Josten*

<sup>1</sup> 2003 Annual Report of The Office of Business and Industrial Development, Department of Resources and Economic Development

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