

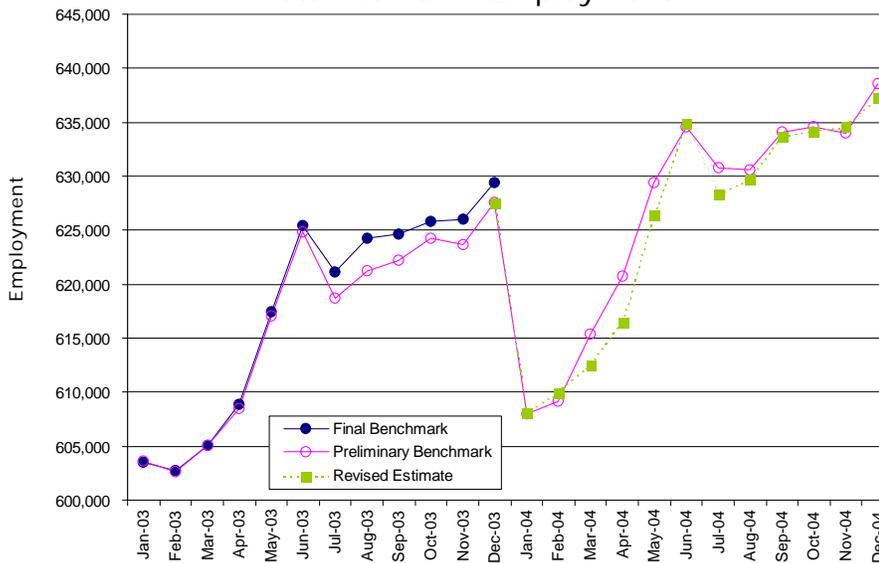
Current Employment Statistics

Nonfarm Employment & Earnings Estimates

Preliminary 2004 and Final 2003 Benchmark

The Current Employment Statistics (CES) survey provides employment estimates for states and areas on a monthly basis. Benchmarking is an annual re-anchoring of the sample based employment estimates to the full population employment counts to eliminate survey sample errors. The benchmark, by definition, is in March and uses data from Unemployment Insurance (UI) tax records which are filed quarterly by nearly all employers as the universe count. The UI universe count covers over 97 percent of the total nonfarm employment. The adjustment takes into account the number of employees presumed not covered by unemployment insurance, as well as including railroad workers.

Total Nonfarm Employment



Final 2003 benchmark

The final 2003 benchmark estimated total nonfarm employment at an annual average of 617,900, down 500 jobs from the 2002 final benchmark. The final 2003 benchmark was revised upward 1,300 from the preliminary 2003 benchmark.

The monthly 2003 final benchmark was revised upwards ten months of the year, with most adjustments during the last six months of the year.

Definition of revised estimate and preliminary and final benchmarks

The revised estimate is published in the month following the initial release. The reason behind this revision is because a larger share of sample data became available. The graphs show revised estimates back to January 2003. That is when CES converted to the North American Industry Classification System. To avoid a series break, historical data have been converted to NAICS.

The preliminary benchmark is the re-anchoring of the revised estimate with the unemployment insurance (UI) universe through the first and second quarter of the prior year. In addition, preliminary third quarter UI data is taken into account.

The final benchmark adjusts preliminary benchmark estimates with revised UI data for all four quarters. As the preliminary benchmark estimates have already been adjusted using UI universe counts for first and second quarters, the final benchmark for these two quarters generally does not differ from the preliminary benchmark.

Preliminary 2004 benchmark

The preliminary 2004 benchmark, done in early 2005, set the annual average employment at 626,700, 8,800 ahead of the 2003 final benchmark figure of 617,900. This was an over-the-year increase of 1.4 percent. Revised estimates were adjusted downward four months and upward eight months.

Within private employment, the preliminary 2004 benchmark annual average for the goods producing domain showed an increase of half a percent over final benchmark 2003. This growth rate was supported by the construction supersector, while manufacturing suffered some continued employment losses. The monthly revised estimates were revised upward in each of the twelve months.

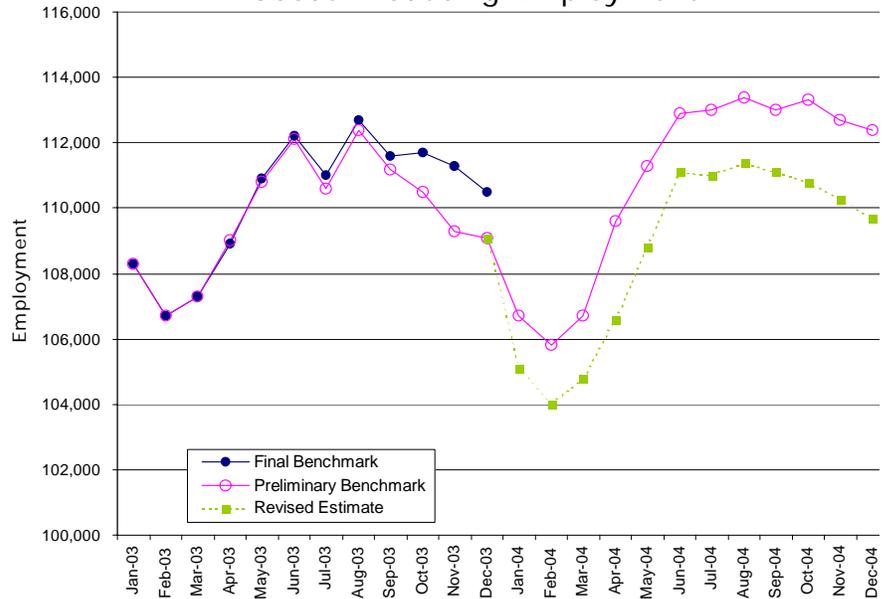
The service producing domain had an increase of 1.6 percent in 2004 preliminary benchmark annual average over 2003 final benchmark. Important contributions toward this employment growth came from the leisure and hospitality supersector and the professional and business services supersector. Revised estimates for the domain were adjusted downward in eight months of the year.

Goods Producing

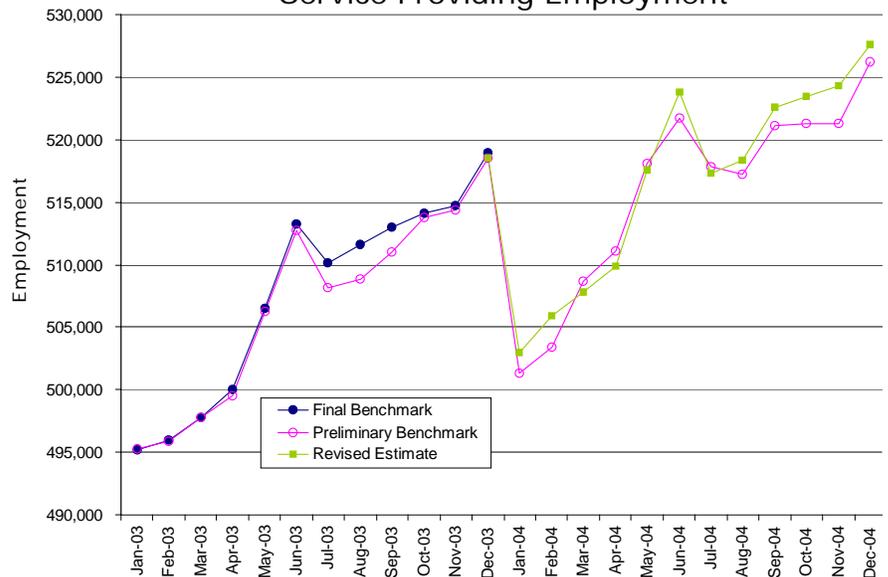
Natural Resources and Mining supersector

With the NAICS coding, logging is included in this supersector. The 2003 final benchmark adjusted total employment down by 100 to an annual average of 900. Preliminary 2004 benchmark showed employment had recovered to the 1,000 level.

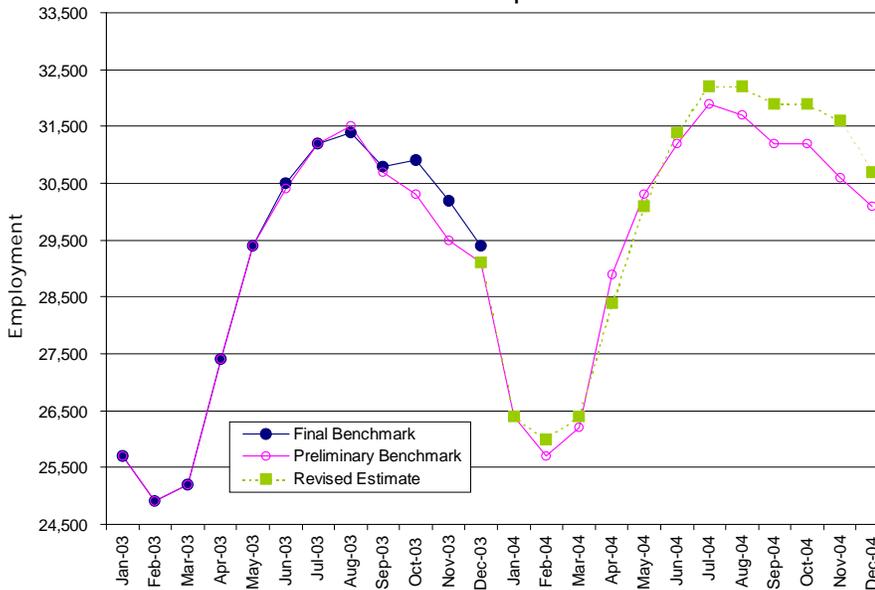
Goods Producing Employment



Service Providing Employment



Construction supersector



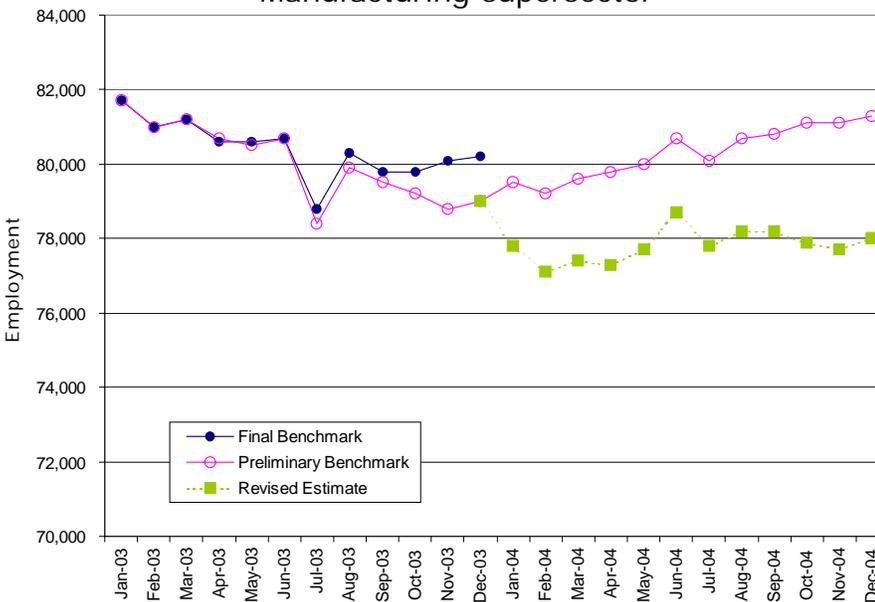
Construction supersector

Final 2003 benchmark for the construction supersector placed the employment level at 28,900. While final benchmark 2003 matched preliminary 2003 six of the first seven months of the year, most of the remaining months were adjusted upward. The final 2003 benchmarked annual average employment shifted by 100, a change of less than 0.4 percentage points.

Preliminary 2004 benchmark in the construction supersector was up 700 jobs over the final 2003 benchmark. This growth rate of 2.4 percent placed the 2004 annual average employment at 29,600. While the revised 2004 estimates were revised downward nine months, the preliminary 2004 benchmark followed the same trend as the sample.

Also, 2004 benchmark monthly manufacturing numbers were generally increasing throughout the year.

Manufacturing supersector



Manufacturing supersector

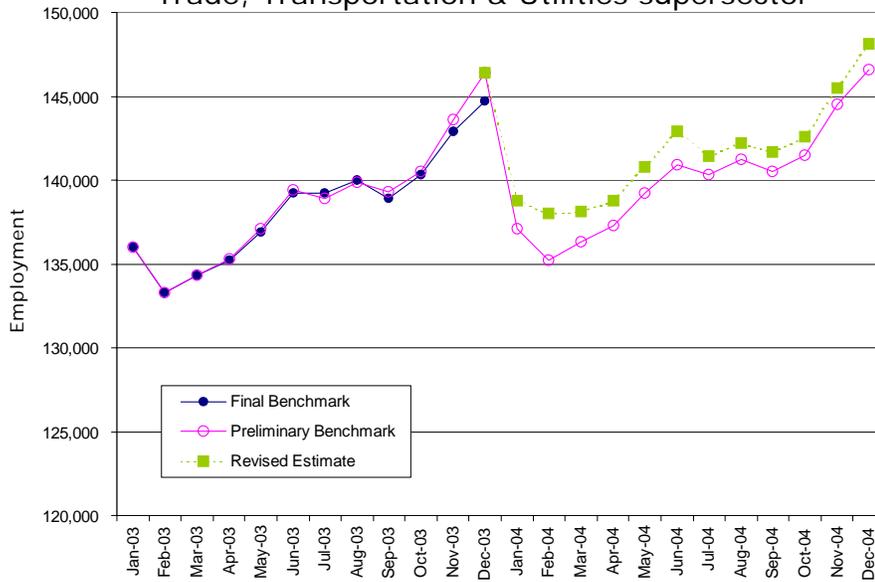
The benchmarking process resulted in an upward revision of 300 positions to final manufacturing average employment figures in 2003. Employment during each month of the second two quarters of 2003 was expanded in the final 2003 benchmark figures for a total employment level of 80,400.

Preliminary 2004 benchmark saw a slight downward shift of an estimated 100 positions to total manufacturing employment from the final 2003 level. Although this is a decline in over-the-year employment levels to 80,300, the rate of the change is significantly slower than had been experienced in recent years, a mere 0.1 percent reduction.

Also, 2004 benchmark monthly manufacturing numbers were generally increasing throughout the year.

Much of what helped sustain the employment level for the manufacturing supersector was the activity within the durable goods manufacturing, the larger portion of manufacturing employment. Defense contracts helped support growth of employment in various segments of durable goods manufacturing for an increase of 1,000 jobs, or 1.7 percent over final 2003 benchmark figures. The opposite was the case in non-durable goods manufacturing. Plant closings in food manufacturing caused a big employment drop in the beginning of 2004, and seasonal shutdowns, untypical for non-durable goods, showed up in 2004. The result was the losses from non-durable goods manufacturing absorbed the employment gains made in the durable goods side of the house.

Trade, Transportation & Utilities supersector



Service Providing

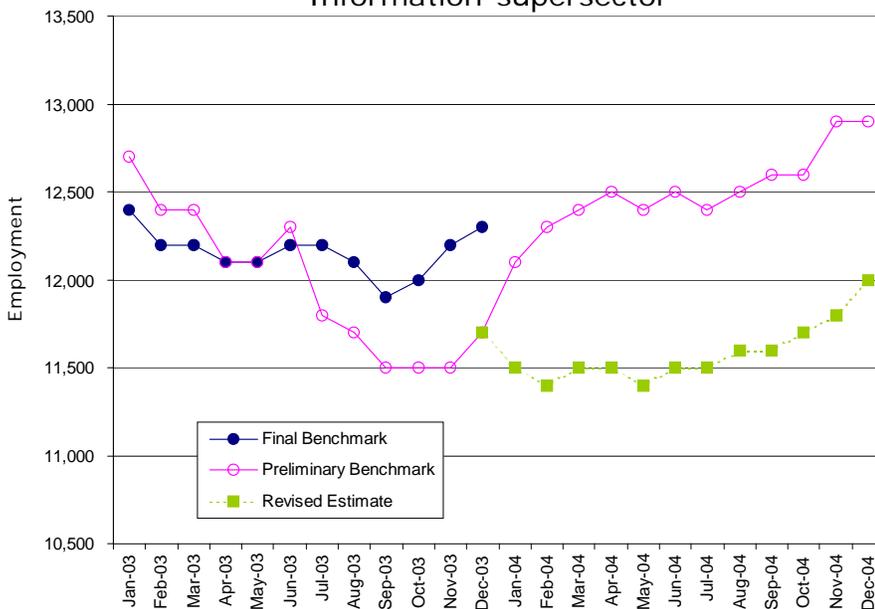
Trade, Transportation, and Utilities supersector

Final 2003 employment estimates in the trade, transportation, and utilities supersector trimmed the preliminary 2003 employment figure by 300 in the supersector. Final benchmark was adjusted down seven of the last nine months to finish 2003 with 138,400, down 0.2 percentage points from the preliminary 2003 level.

Although preliminary 2004 benchmark adjusted employment downward each of the 12 months in this supersector, there was an overall increase from the final 2003 benchmark of 1.2 percent to

140,100 jobs. Retail trade was the driving force of the employment growth in the supersector. This sector contributed the largest net increase of 1,400 jobs ahead of the final 2003 benchmark, increasing 1.5 percent over-the-year. Wholesale trade also geared up by 600 jobs from final 2003 benchmark to 27,300. Utilities held status quo at 2,800 jobs from the final 2003 benchmark while transportation and warehousing slid back 400 positions totaling 15,400 for the preliminary 2004 benchmark.

Information supersector

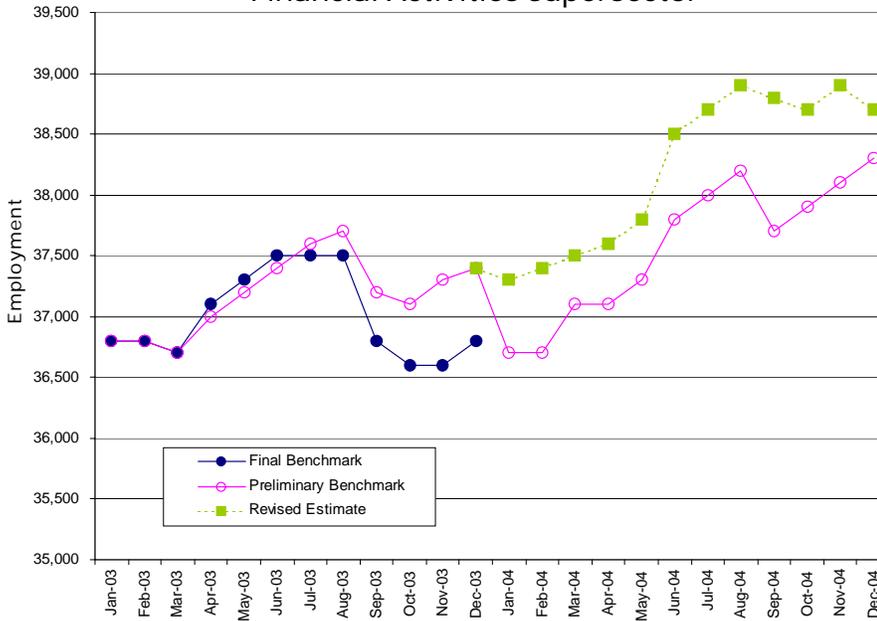


Information supersector

Employment in the information supersector nudged up 200 to an annual average of 12,200 in the final 2003 benchmarking process. Adjustments were made to ten months of preliminary 2003 figures, with upward adjustments the last six months.

Like most of the service providing supersectors, the information supersector had a staffing increase over the final 2003 benchmark. Three hundred jobs were added, a 2.4 percent increase to land at 12,500 for preliminary 2004 benchmark.

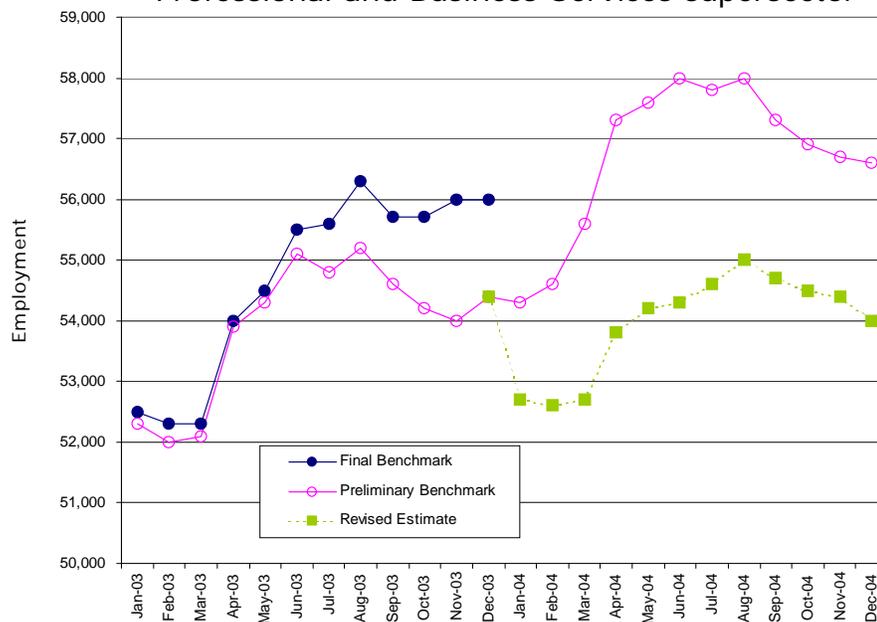
Financial Activities supersector



Financial Activities supersector
Final 2003 benchmark set employment at 37,000 for this supersector, 200 jobs below the preliminary level. Adjustments were made to nine months of preliminary 2003 figures, the resulting influence of a large amount of presumed non-covered employment within the insurance carriers sector.

Revised employment estimates were scaled back for every month in this supersector, the outcome a preliminary 2004 benchmark level of 37,600. This added 600 jobs to this supersector's cadre, an increase of 1.6 percent over-the-year.

Professional and Business Services supersector

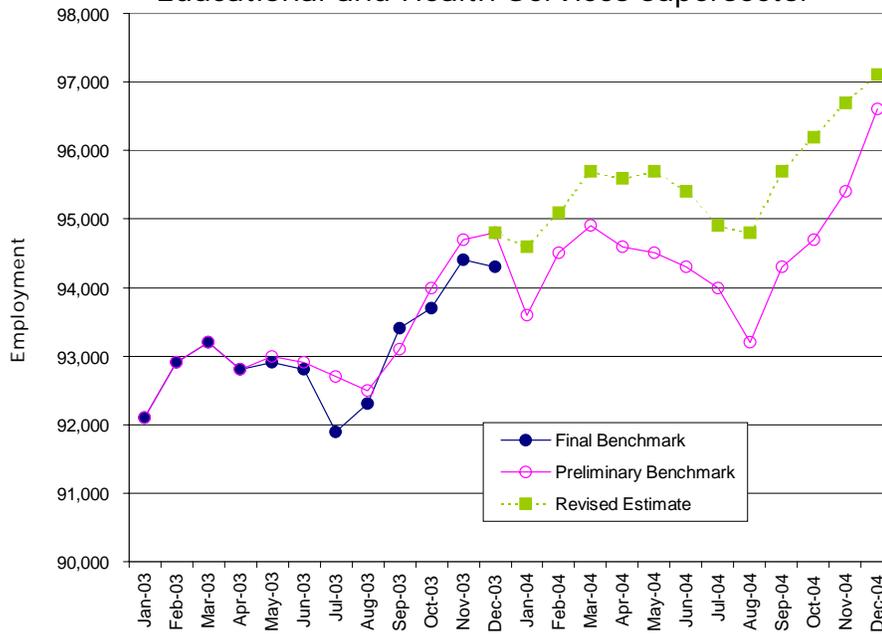


Professional and Business Services supersector

Another 800 jobs were added to the preliminary 2003 benchmark to total the final 2003 level of 54,700. The final 2003 benchmark for this supersector realized a 1.5 percent change from preliminary estimates.

Preliminary 2004 benchmark employment levels continued this upward trend jumping up 2,000 positions over 2003, an increase of 3.7 percent over-the-year. This supersector poses challenges in estimating employment because employment is generally project-driven rather than seasonal, and it also includes the temporary help firms that do have seasonal changes but are very influenced by the economy. Every month of the 2004 revised estimates were modified upward when balanced to the covered employment levels.

Educational and Health Services supersector

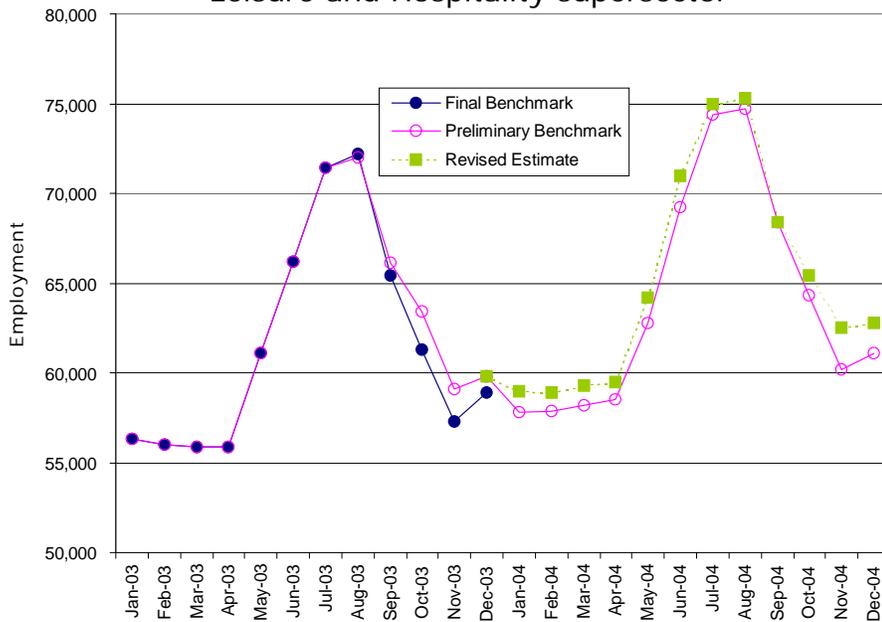


Educational and Health Services supersector

Final 2003 benchmark employment figures for education and health services had a minor 100 job reduction from the preliminary annual average. Six of the last eight months employment were scaled back from preliminary estimates to arrive at the final 2004 benchmark level of 93,100.

Revised 2004 employment figures continued to be pulled back throughout 2004, but the supersector still landed the year with an annual average employment level at 94,600, a 1.6 percent increase over final 2003 benchmark. Of the 1,500 new positions, health care and social assistance was responsible for two-thirds of this employment growth while educational services rounded out the balance.

Leisure and Hospitality supersector

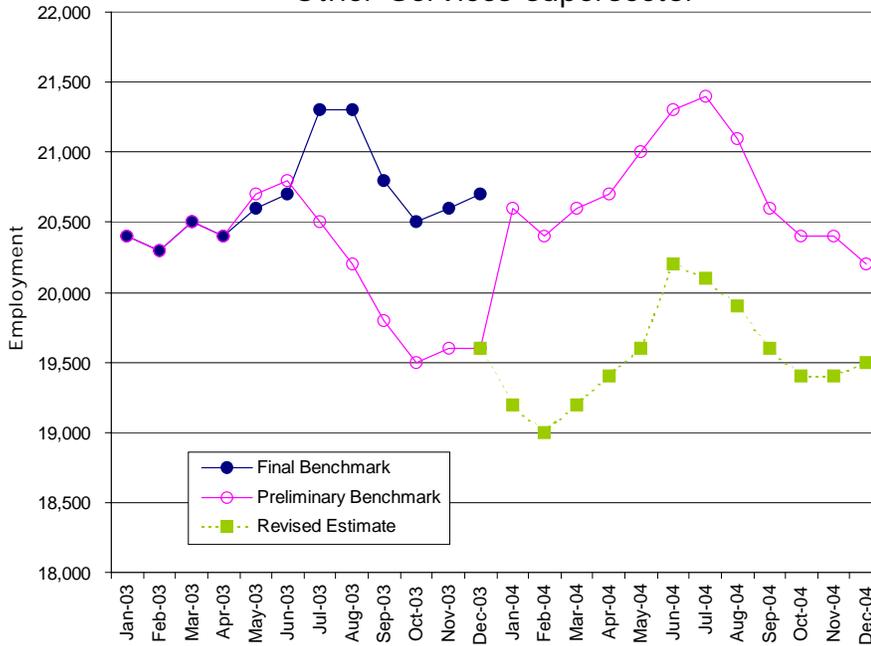


Leisure and Hospitality supersector

Preliminary 2003 benchmarked employment figures were rolled back in the last four months of the year ending with a final 2003 benchmark job level of 61,500.

The leisure and hospitality supersector showed an upward growth trend. By the time preliminary 2004 benchmark figures came out, the revised 2004 employment estimates had also been trimmed eleven out of twelve months. Even with this, employment in the supersector had climbed 4.1 percent over 2003 to 64,000. This growth rate was greatly supported by the accommodations and food services sector, which houses a majority of the supersector's employment.

Other Services supersector

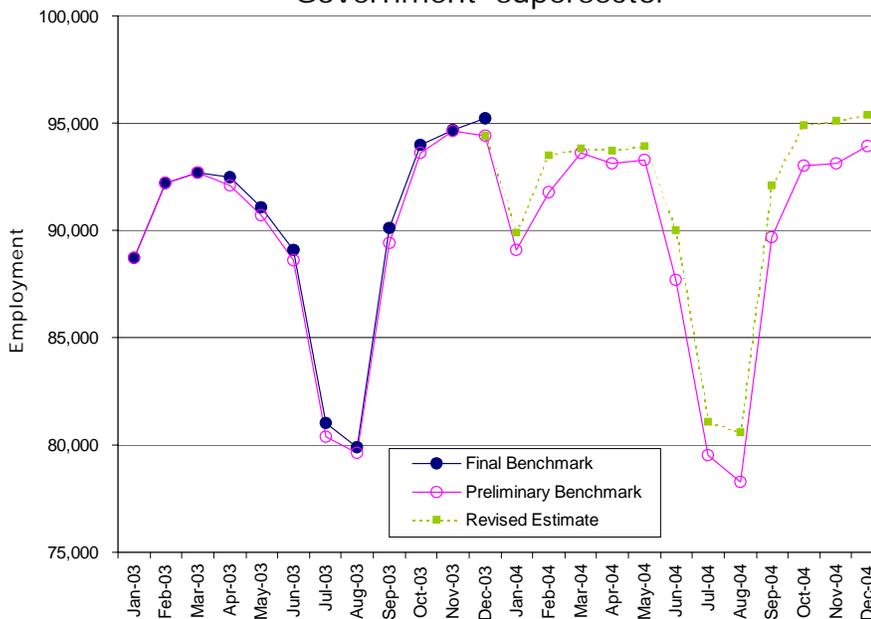


Other Services supersector

The last eight months of preliminary 2003 employment in the other services supersector were revised upward. This landed the final 2003 benchmark at 20,700.

The nature of businesses in this supersector includes a lot of self-employed people, not covered by unemployment taxes. This may help explain why all months of revised 2004 estimates were adjusted upward. Preliminary 2004 benchmark showed the supersector had sustained its 2003 annual average employment level at 20,700.

Government supersector



Government

Final 2003 benchmark also amended the level of employment as part of government ownership. The annual average employment was increased by 300 for the year to 90,100.

The preliminary 2004 benchmark pared employment back to 89,700. Edits were done to the revised estimates in all three levels of government employment through the year.

Detailed Employment and Earnings data

The employment data used in this analysis can be downloaded in spreadsheet format from our web site at: www.nhes.state.nh.us/elmi/nonfarm.htm or call (603) 228-4124.

For more information about this analysis, contact Anita Josten (603) 228-4173

About CES

In order to gauge the state's economy in a timely manner, CES estimates employment each month from a sample of New Hampshire employers. Because it is based on a sample, the data is necessarily incomplete. At the end of each calendar year, CES employment estimates are revised, or benchmarked. The benchmark integrates the latest covered employment numbers from payroll reports submitted quarterly to New Hampshire Employment Security by New Hampshire employers subject to unemployment compensation law. The benchmark process allows an opportunity to adjust sample-based estimates to actual counts of jobs with New Hampshire employers. The resulting product offers a more accurate picture of the New Hampshire economy than could be achieved with sample-based estimates alone.

If you have any questions about CES, please contact Bernhard McKay at (603) 228-4127.