

New Hampshire ECONOMIC CONDITIONS

May 2023

Moss on Tucker Falls PHOTO CREDIT: Willa 2017

Madame Sherri's Stairs PHOTO CREDIT: [unintelligible]

Chester Covered Bridge PHOTO CREDIT: [unintelligible]

Wild Mushrooms PHOTO CREDIT: [unintelligible]

Comparing New Hampshire and U.S. Employment Trends

Adjusted for seasonal factors, U.S. nonfarm employment increased by 253,000 jobs in April 2023. While this was a larger increase than the 165,000 jobs added in March, employment growth has slowed gradually throughout 2022 and early 2023. Despite this slowdown, U.S. employment growth remains strong compared to pre-pandemic growth. The U.S. added an average of 160,000 jobs per month in 2019, and 190,000 jobs per month in 2018.

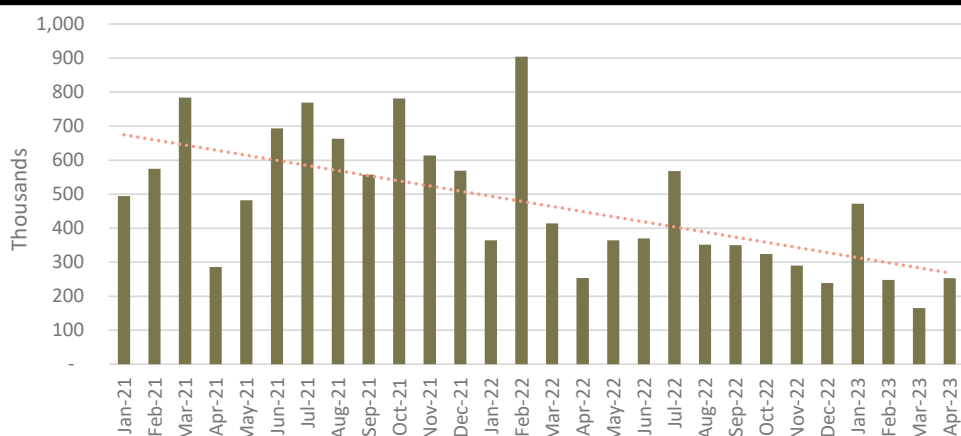
Nonfarm employment in New Hampshire appears to follow a similar trend, increasing by 1,300 jobs in March 2023. Although employment growth in New Hampshire has been more volatile month-to-month than national employment, quarterly gains indicate growth in New Hampshire has been similar to the national trend.

While overall employment continued to grow, employment in several industries has declined in recent

months. Nationwide, employment in the information sector declined by 33,000 jobs (1.1 percent) between October 2022 and April 2023. Information employment in New Hampshire followed a similar trajectory, declining by 300 jobs (2.5 percent) between October 2022 and March 2023. The information sector includes several technology-related industry groups, including software publishers, and broadcasting and content providers, which includes media streaming distribution services, social networks, and other media networks and content providers. Technology firms are disproportionately affected by interest rate increases, as many rely on investor capital or loans, rather than profits, to fund new products and research.¹ Rising interest rates have resulted in less funding available for these businesses, and many began laying off staff and reducing hiring in late 2022.

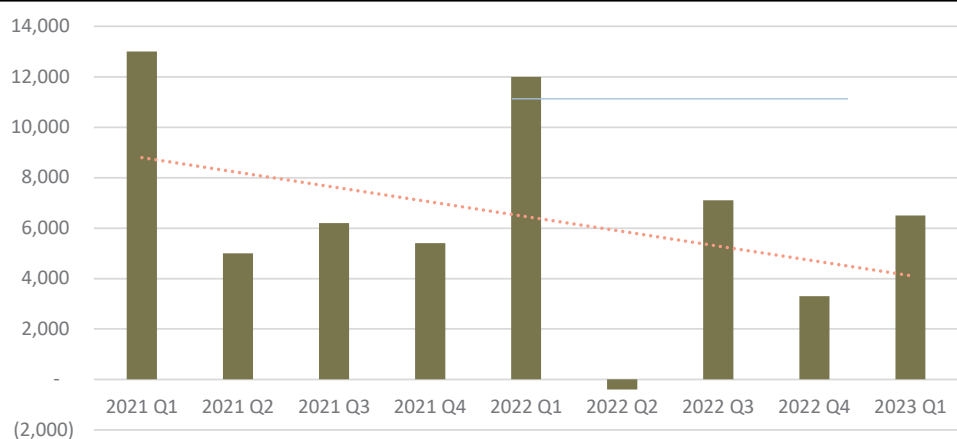
The finance and insurance sector has also been affected by high interest rates, and the collapse of three regional banks – Silicon Valley Bank, Signature Bank, and First Republic Bank – in

U.S. Nonfarm Employment Growth



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

New Hampshire Nonfarm Employment Growth



Source: New Hampshire Employment Security, Current Employment Statistics, Seasonally Adjusted

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Seasonally Adjusted Estimates

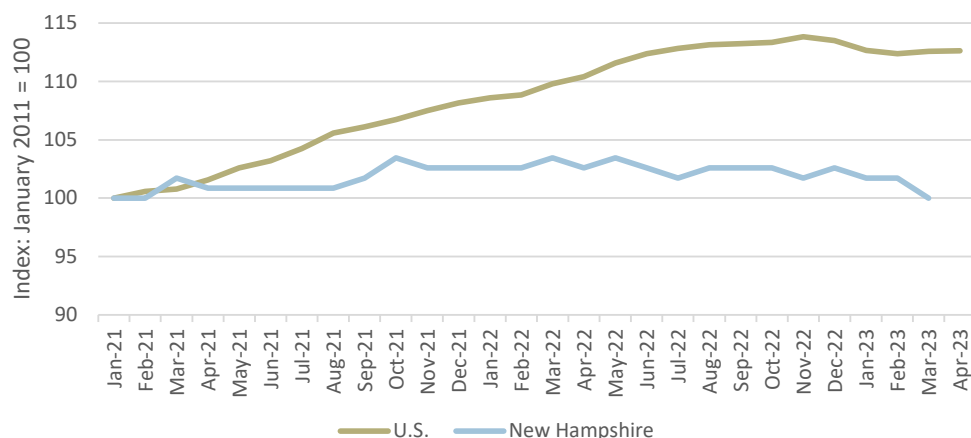
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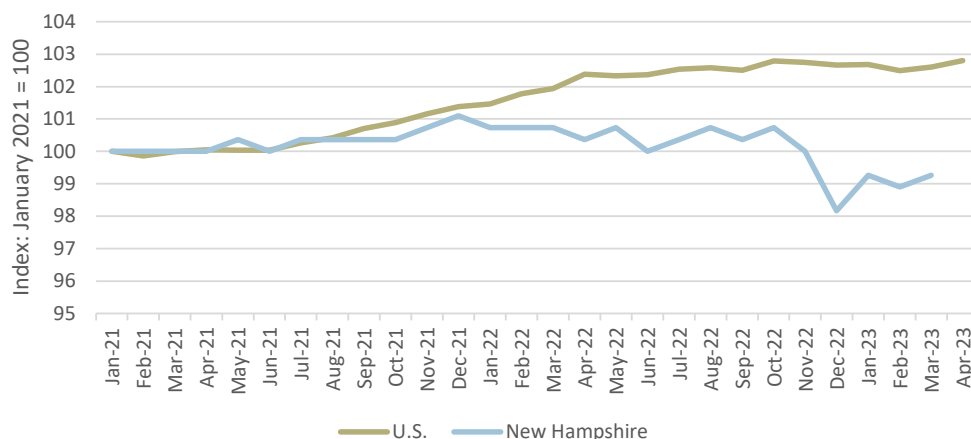
¹ Mallika Mitra, "Why Tech Stocks Are Doing Especially Poorly During the Market Selloff," CNN, May 31, 2022. <https://money.com/why-are-tech-stocks-down-2022>.

Information Employment Index



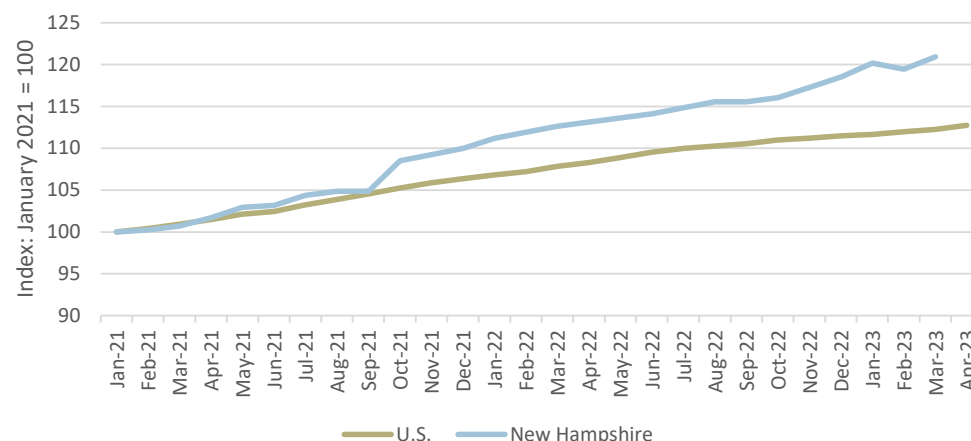
Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Finance and Insurance Employment Index



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Professional, Scientific, and Technical Services Employment Index



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

spring 2023, raised concerns that some banks in the U.S., particularly mid-sized banks, were financially unsound following rapid interest rate increases in 2022.² While the banking industry appears to have stabilized, this crisis resulted in banks prioritizing liquidity, while tightening credit availability.³ More conservative lending will result in lower spending by both individuals and firms, and could slow the broader economy.

After steady growth through the first three quarters of 2022, employment in the U.S. finance and insurance sector has been flat since October 2022, adding 600 jobs (less than 0.1 percent) between October and April 2023. Finance and insurance employment in New Hampshire lagged behind national growth, with essentially no growth over the first three quarters of 2022. Between October 2022 and March 2023, finance and insurance employment declined by 400 jobs, or 1.5 percent.

Employment growth in the professional, scientific, and technical services and accommodation and food services sectors show no sign of slowing, either nationally or in New Hampshire. Through the first four months of 2023, professional, scientific, and technical services employment increased 1.1 percent in the U.S., and accommodation and food services employment increased 1.4 percent. Job growth in these sectors was even stronger in New Hampshire, with professional, scientific, and technical services employment increasing 2.1 percent between January 2023 and March 2023, and accommodation and food services employment increasing 3.5 percent.

² Hugh Son, "Here's How the Second Biggest Bank Collapse in U.S. History Happened in Just 48 Hours," CNBC, March 10, 2023. <https://www.cnbc.com/2023/03/10/silicon-valley-bank-collapse-how-it-happened.html>.

³ Dana M. Peterson and Mitchell Barnes, "2023 Banking Crisis, US By The Numbers," The Conference Board, April 6, 2023. <https://www.conference-board.org/pdfdownload.cfm?masterProductID=46115>.

Job Openings Data

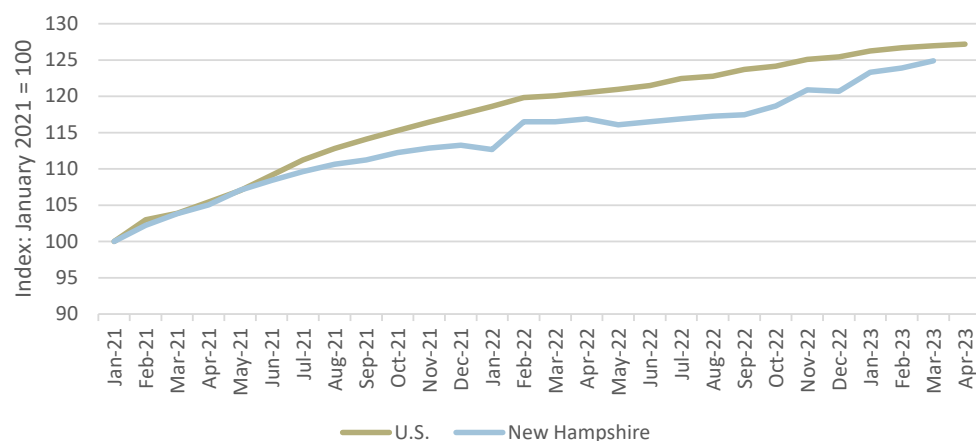
According to the U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey (JOLTS) program, the U.S. job openings rate (percentage of total jobs that are currently unfilled) has been elevated since early 2021, and reached a high of 7.4 percent in March 2022. A high percentage of job vacancies indicates that employer demand for workers exceeds the supply of individuals looking for work, evidence of a tight labor market. The job openings rate in March 2023, 5.8 percent, was the lowest since March 2021, but remained well above 2019 rates, which ranged between 4.2 and 4.8 percent.

Similar to slowing nonfarm employment growth, the declining job openings rate indicates slowing demand for labor beginning in 2022 and continuing into early 2023. However, job openings rates remain above pre-pandemic rates, suggesting that demand for labor remains strong.

The job openings rate in New Hampshire was higher than the national rate for most of 2022, suggesting a tighter labor market than in the U.S. overall. However, the gap between the U.S. and New Hampshire job openings rates narrowed over the second half of 2022, and New Hampshire's job opening rate of 5.9 percent in February 2023 was 0.1 percentage points lower than the U.S. average. New Hampshire's February 2023 job openings rate also dropped 2.5 percentage points compared to February 2022, suggesting that demand for workers, while still high, has declined substantially.

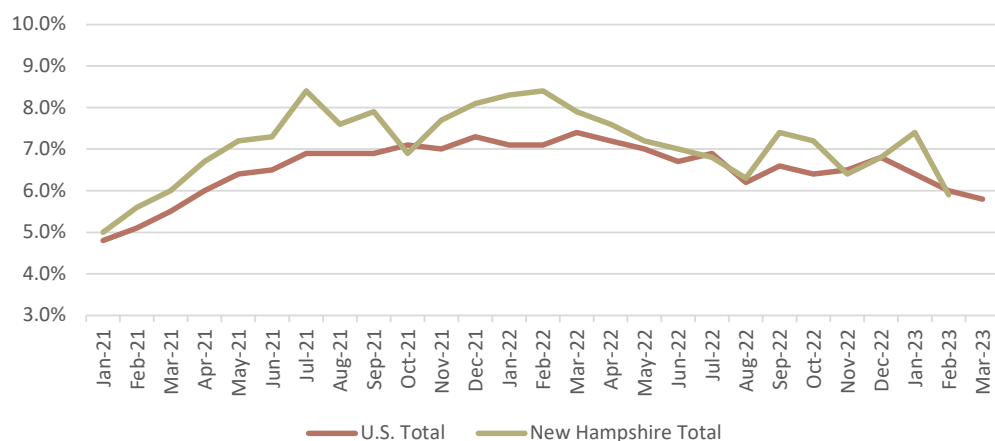
National job opening rates were down over-the-year in every industry, with the exception of arts, entertainment, and recreation. The decline was particularly large in the information sector, falling from 6.4 percent in November 2022 to 3.4 percent in December, before increasing to 5.6 percent by March 2023.

Accommodation and Food Services Employment Index



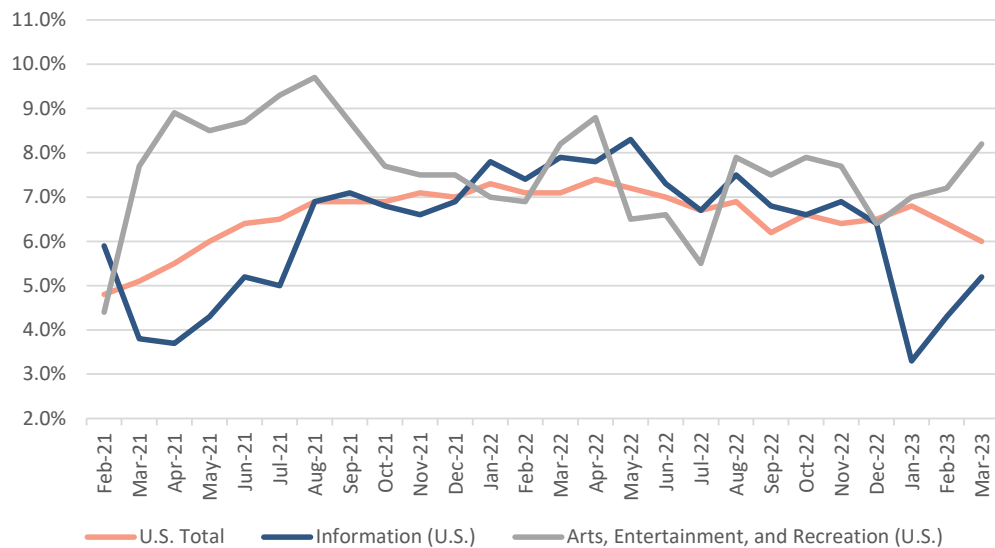
Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Job Openings Rate



Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey

Job Openings Rate, by Industry



Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey

Unemployment Claims

Since late 2022, mass layoffs by technology firms have been widely publicized, but there does not appear to be a similar trend in the overall labor market. The number of workers who filed continuing unemployment claims, indicating that they were determined eligible for unemployment benefits and continue to be unemployed, increased slightly in early 2023, but remained low by historical standards.

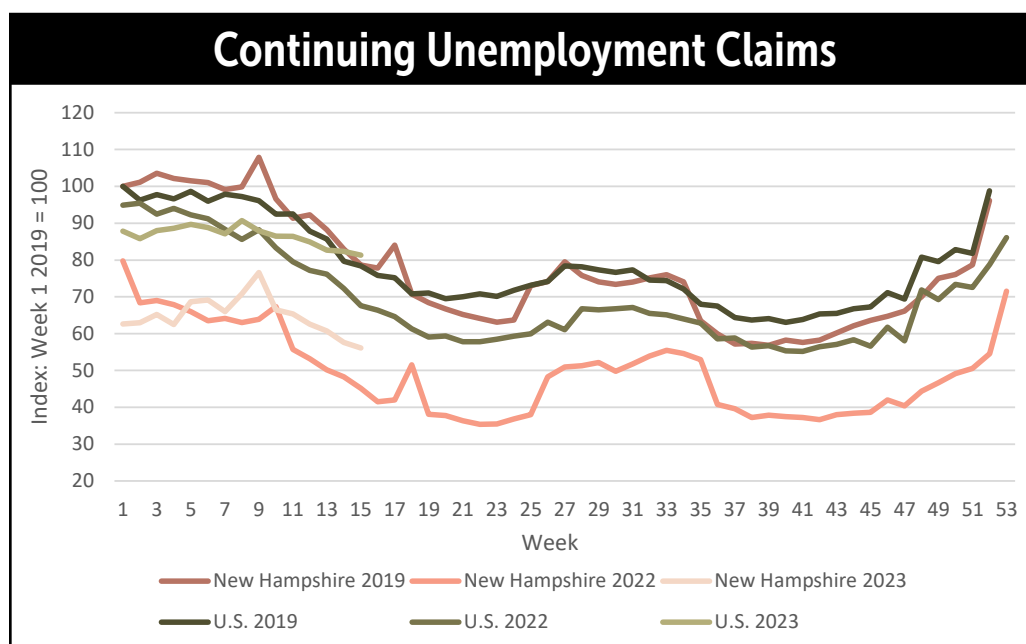
The number of claims filed in 2022 were historically low, with the number of continued claims filed weekly at the lowest levels since the 1960s. In both New Hampshire and the U.S., continuing claims increased over-the-year beginning in February 2023. U.S. continuing claims exceeded 2019 levels in April 2023, while in New Hampshire, claims remained below pre-pandemic levels.

Summary

Recent trends in employment growth, unemployment claims and job openings all suggest that the labor market in New Hampshire and the U.S. overall, while still strong, is slowing. Many economists expect the U.S. to enter a recession in the near future, with the recent banking crisis and resulting contraction in credit availability increasing the possibility of a recession.

Personal spending, which accounts for approximately two-thirds of gross domestic product, declined modestly in both February 2023 and March 2023. The Consumer Confidence Index produced by nonpartisan think tank The Conference Board declined in April 2023, suggesting that consumers are becoming increasingly concerned about the economy.⁴ In particular, the Consumer Confidence Index suggested that while most consumers felt that business conditions and the labor market were currently in good shape, they were pessimistic about conditions over the next six months. The good news is that while the labor market is slowing, along with consumer expenditures, neither is doing so at an alarming rate. Each should contribute to lower inflation moving forward and provide conditions necessary for lowering inflation without producing a recession, or the so called “soft landing” for the economy that the Federal Reserve and economist are hoping for.

– Greg David, Economist



Source: U.S. Employment and Training Administration, Unemployment Insurance Weekly Claims Report

⁴ The Conference Board, “US Consumer Confidence Declined in April.” <https://www.conference-board.org/topics/consumer-confidence>.