

ECONOMIC CONDITIONS in New Hampshire



October 2004

Volume 104, Number 10

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Are wages keeping up with inflation?

A comparison of annual average weekly wages and the CPI-U index

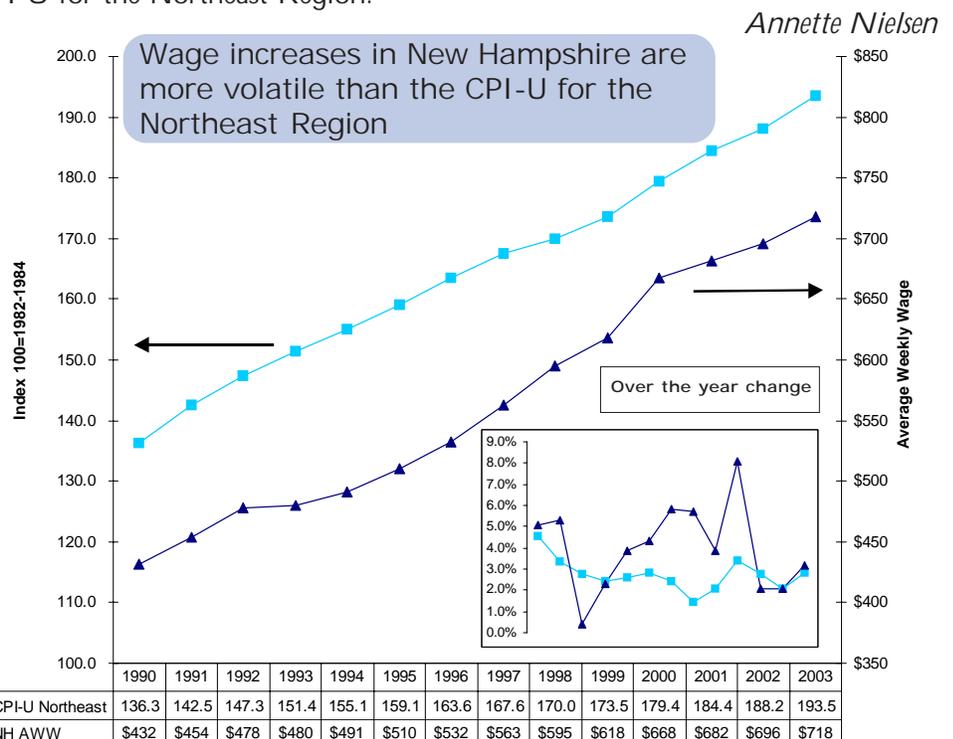
In 2003 the annual average weekly wage (AWW) in New Hampshire was \$718, an increase of 3.2 percent over-the-year. This was an improvement from the 2002 and 2001 over-the-year increases of 2.1 percent. The Consumer Price Index for all Urban Areas (CPI-U) in 2003 for the Northeast Region increased over-the-year 2.8 percent. In other words, the annual average weekly wage increased at a faster rate than the CPI-U. The New Hampshire annual average weekly wage and the Northeast CPI-U increased at the same rate of 2.1 percent from 2001 to 2002, whereas the CPI-U increased at a faster rate of 2.8 percent from 2000 to 2001. Except for these last couple of years, increases in wages in New Hampshire have generally been higher than increases in the CPI-U for the Northeast Region.

During the last ten years, over-the-year increases in the CPI-U for the Northeast Region have generally stayed between two to three percent. In contrast, over-the-year increases in annual average weekly wages fluctuated from as low as 0.4 percent to a high of 8.1 percent. The 0.4 percent increase happened over-the-year in 1993 as a reflection of the 1992 recession and the 8.1 percent increase happened over-the-year in 2000 reflecting the peak of the high tech boom, right before the recession in 2001.

So if we look at the 1990's, wages in the state were definitely keeping up with inflation, and after a short decline in 2001 in wages relative to the Northeast CPI-U, the annual average weekly wage is again keeping up with inflation.



Published by the Economic and Labor Market Information Bureau



Note: The two graphs are on different scales. Do not compare them directly.

Frequently Asked Questions

What is the cost of living?

Most of the requests we get are from people who either want to give raises equal to the rate of inflation or from people who feel their salaries are not keeping up with the current rate of inflation. The Consumer Price Index for all Urban Consumers (CPI-U), published monthly by the Bureau of Labor Statistics (BLS), is a widely used measure of inflation. It measures the average change over time in the prices paid by urban consumers for a fixed market basket of consumer goods and services.

What is the CPI-U for New Hampshire?

The CPI-U is not calculated at the state level. It is calculated monthly for the nation and for the four BLS regions (Northeast, Midwest, South, and West). It is also calculated bimonthly for eleven metropolitan areas across the nation.

How do I interpret the CPI-U Index?

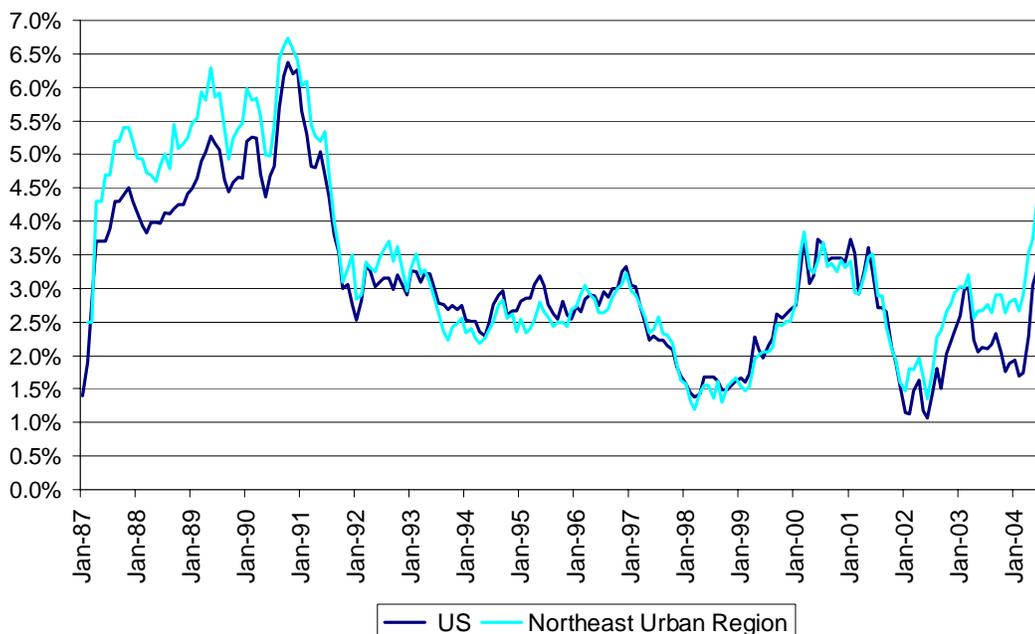
In general, an index is a way to measure the change in a particular item. It is measured from a starting point (base period). For the CPI-U, the Bureau of Labor Statistics has assigned the base period to be the thirty-six months from 1982-1984. The change in the price of goods and services surveyed is measured from that period.

For example, the July 2004 CPI-U index was 189.4. This means prices for those goods and services surveyed each month have increased 89.4 percent since the 1982-1984 time period. More simply, a loaf of bread that sold for \$1.00 sometime between January 1982 and December 1984 would cost \$1.89 in July 2004.

How is the CPI-U used?

The CPI-U is often used to adjust consumers' income payments (i.e. Social Security), to adjust income eligibility levels for government assistance, and to automatically provide cost-of-living wage adjustments to millions of American workers. The CPI-U affects the income of about 80 million persons. Included among those are: 48.4 million Social Security beneficiaries, about 19.8 million food stamp recipients, and about 4.2 million military and Federal Civil Service retirees and survivors. Changes in the CPI also affect the cost of lunches for 26.5 million children who eat lunch at school, while collective bargaining agreements that tie wages to the CPI cover over 2 million workers. ¹

Over the last few years, the over-the-year change in the Northeast Urban Region CPI-U has been higher than that of the US CPI-U



Continued on page 8

New Hampshire Unemployment Insurance Historical Data 1970-2003

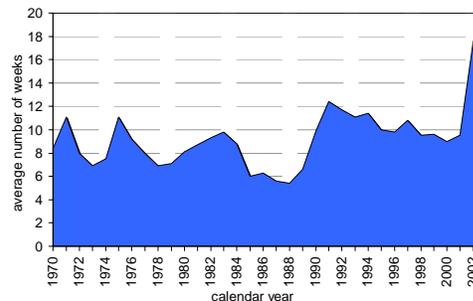
The New Hampshire Unemployment Insurance Historical Data publication has been updated with data through 2003, so it now covers thirty-four years of data. The text has also been edited to reflect changes in Unemployment Insurance law and programs and the improved narratives make the publication more user friendly. Data in this publication are based on administrative reports submitted by New Hampshire Employment Security (NHES) to the federal agency, Employment and Training Administration for accountability purpose.

This publication is not only important to employees within NHES but also to

economic analysts. The unemployment insurance data, though not a full picture of the labor market, is a good indicator of how the economy is doing. For example the average duration of unemployment benefits is an indicator of how long it takes the unemployed to get re-employed. The number of final payments can also be an indicator of how difficult it is to get re-employed.

This publication can be accessed on our Web site at: www.nhes.state.nh.us/elmi/unempinsur.htm

The average duration of unemployment nearly doubled between 2000 and 2003



Unemployment Compensation Claims Activity

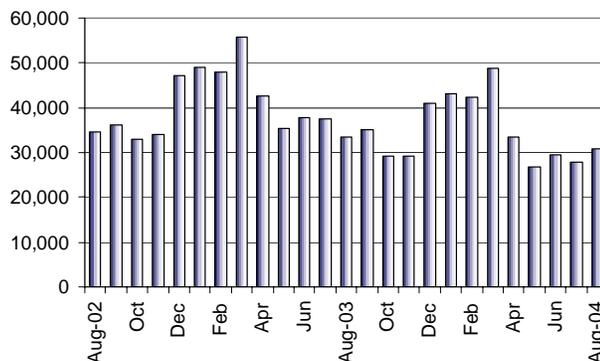
Total Regular Unemployment Compensation Programs:	Change from Previous							
	Aug-04		Jul-04		Aug-03		Year	
			Net	Percent	Net	Percent	Net	Percent
Initial Claims	3,254	4,254	3,381	-1,000	-23.5%	-127	-3.8%	
Continued Weeks	30,758	27,866	33,473	2,892	10.4%	-2,715	-8.1%	

Claims Activity

Unemployment Compensation Fund

Unemployment compensation fund balance at the end of August	\$244,764,340.04
Average payment for a week of total unemployment:	\$242.85
Net benefits paid:	\$5,841,332.16
Net contributions received during the month:	\$10,744,894.73
Interest Received:	\$0.00
Reed Act Distribution:	\$0.00
Reed Act Withdrawal for Administrative Costs:	\$422.36

Trust Fund



Continued Weeks Claimed

Aug. 2002 - Aug. 2004

Although the number of continued weeks claimed in August 2004 increased over-the-month, they were down more than 2,800 over-the-year.

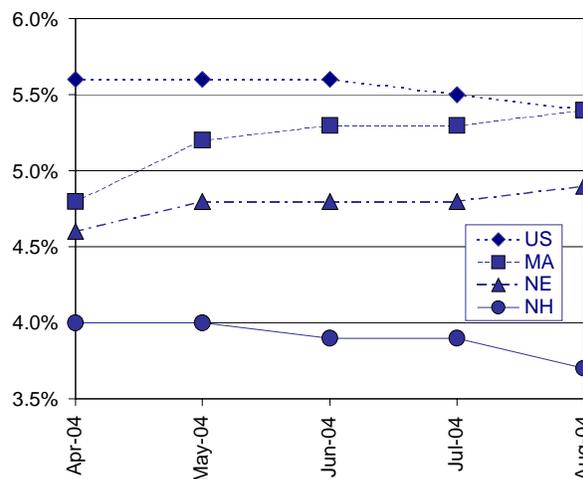
Aug-04	Jul-04	Aug-03	Change from Previous	
			Month	Year
189.5	189.4	184.6	0.1%	2.7%

United States All Urban Areas (CPI-U) (1982-1984=100)

Consumer Price Index

N.H. and U.S. Seasonally Adjusted Unemployment Rates

New Hampshire and Rhode Island were the only states in New England to record an over-the-month decline in their unemployment rate; Connecticut's rate remained unchanged.



	preliminary Aug-04	revised Jul-04	Aug-03
United States	5.4%	5.5%	6.1%
Northeast	5.3%	5.3%	5.9%
New England	4.9%	4.8%	5.5%
Connecticut	4.6%	4.6%	5.6%
Maine	4.5%	4.2%	5.1%
Massachusetts	5.4%	5.3%	5.9%
New Hampshire	3.7%	3.9%	4.3%
Rhode Island	5.5%	5.8%	5.2%
Vermont	3.4%	3.3%	4.6%
Mid Atlantic	5.5%	5.5%	6.0%
New Jersey	4.8%	5.0%	5.9%
New York	5.6%	5.9%	6.4%
Pennsylvania	5.6%	5.3%	5.5%

Seasonally Adjusted Labor Force Estimates

By Place of Residence

	Apr-04	May-04	Jun-04	revised Jul-04	preliminary Aug-04
New Hampshire					
Unemployment Rate	4.0%	4.0%	3.9%	3.9%	3.7%
Civilian Labor Force	726,030	726,890	728,990	731,740	729,570
Number Employed	697,110	697,740	700,600	702,940	702,830
Number Unemployed	28,920	29,150	28,390	28,800	26,740
United States (in thousands)					
Unemployment Rate	5.6%	5.6%	5.6%	5.5%	5.4%
Civilian Labor Force	146,741	146,974	147,279	147,856	147,704
Number Employed	138,576	138,772	139,031	139,660	139,681
Number Unemployed	8,164	8,203	8,248	8,196	8,022

Seasonally Adjusted Nonfarm Employment

By Place of Establishment

Supersector	Apr-04	May-04	Jun-04	revised Jul-04	preliminary Aug-04
Total Nonfarm	620,800	626,600	626,600	626,600	626,100
Construction	29,300	29,900	30,400	30,500	30,300
Manufacturing	77,200	77,500	78,300	78,600	77,800
Trade, Transportation, and Utilities	141,400	142,300	142,300	141,200	141,700
Leisure and Hospitality	63,400	65,100	65,900	65,700	65,900
Government	90,700	91,600	90,000	89,700	90,400

Labor Force Estimates

New Hampshire	Aug-04	Jul-04	Aug-03
Number of workers	preliminary	revised	
Total Civilian Labor Force	738,720	745,380	732,110
Employed	711,690	717,480	700,770
Unemployed	27,030	27,900	31,340
Unemployment Rate (percent of labor force)	3.7%	3.7%	4.5%

Unemployment Rates by Area

	preliminary Aug-04	revised Jul-04	Aug-03
U.S and Regional States			
United States	5.4%	5.7%	6.0%
Northeast	5.1%	5.4%	5.7%
New England	4.7%	4.9%	5.3%
Connecticut	4.6%	4.9%	5.6%
Maine	3.7%	3.5%	4.2%
Massachusetts	5.3%	5.4%	5.8%
New Hampshire	3.7%	3.7%	4.3%
Rhode Island	5.3%	5.8%	5.0%
Vermont	3.1%	3.1%	4.2%
Mid Atlantic	5.3%	5.7%	5.8%
New Jersey	4.8%	5.5%	5.9%
New York	5.4%	5.9%	6.2%
Pennsylvania	5.4%	5.4%	5.2%
Labor Market Areas			
Berlin LMA	2.9%	3.3%	4.1%
Seabrook-South Hampton NH			
Portion Boston MA-NH PMSA	6.6%	6.5%	5.5%
Claremont LMA	2.4%	2.6%	2.9%
Colebrook LMA	3.2%	4.1%	5.9%
Concord LMA	2.6%	2.7%	3.2%
Conway LMA	2.1%	2.2%	2.9%
NH Portion Hartford-Lebanon, VT-NH LMA	1.3%	1.4%	1.4%
NH Portion Keene-Brattleboro, NH-VT LMA	2.8%	2.7%	2.9%
Laconia LMA	2.5%	2.5%	3.4%
Lancaster LMA	2.8%	3.2%	3.6%
Salem-Derry, NH Portion			
Lawrence, MA-NH PMSA	6.6%	6.6%	7.1%
Littleton LMA	2.2%	2.3%	2.4%
Pelham, NH Portion Lowell, MA-NH PMSA	6.6%	6.8%	7.1%
Manchester PMSA	3.7%	3.8%	4.3%
Nashua PMSA	4.5%	4.5%	5.5%
Peterborough LMA	4.0%	4.1%	4.3%
Plymouth LMA	2.0%	1.9%	2.7%
NH Portion Portsmouth- Rochester, NH-ME PMSA	3.5%	3.6%	4.0%
Counties			
Belknap	2.6%	2.6%	3.4%
Carroll	2.0%	2.1%	2.6%
Cheshire	3.1%	3.1%	3.2%
Coos	2.8%	3.4%	4.1%
Grafton	1.7%	1.7%	2.0%
Hillsborough	4.2%	4.2%	4.9%
Merrimack	2.5%	2.5%	3.2%
Rockingham	5.1%	5.3%	5.7%
Strafford	3.3%	3.4%	4.0%
Sullivan	2.5%	2.7%	2.9%

Note: 2003 preliminary benchmark figures are pending final review by the Bureau of Labor Statistics, Washington, D.C. and are subject to change.

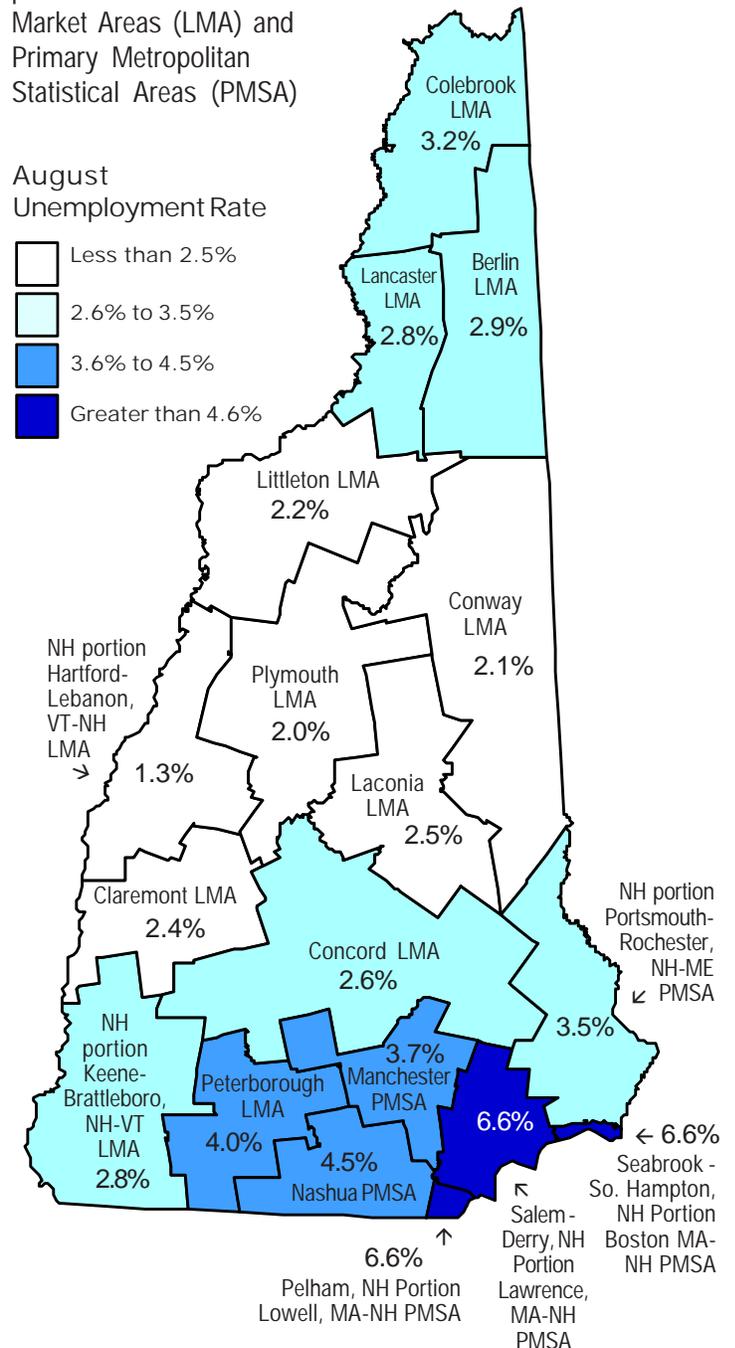
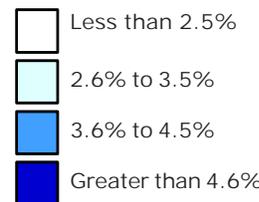
Local Area
Unemployment
Statistics
(LAUS)

Not Seasonally
Adjusted

By Place of Residence

Unemployment rates in the New Hampshire portion of its Labor Market Areas (LMA) and Primary Metropolitan Statistical Areas (PMSA)

August
Unemployment Rate



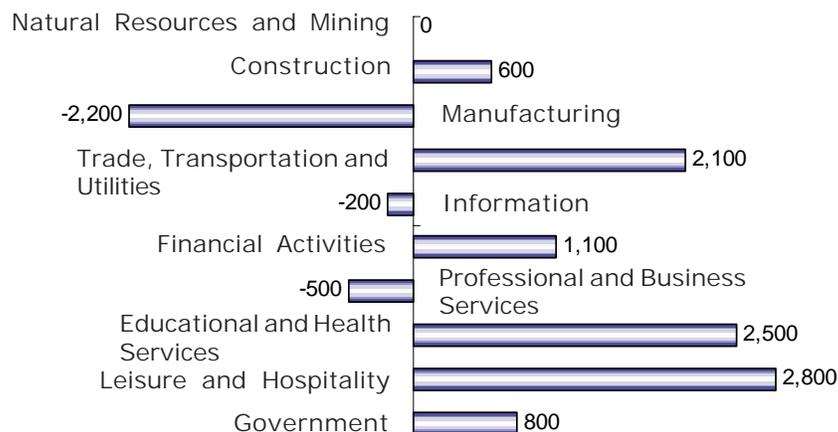
Seasonal employment gains in Retail trade nearly offset the over-the-month losses in Government for August 2004.

Monthly Not Seasonally Adjusted New Hampshire Nonfarm Wage and Salary Employment

Current Employment Statistics Employment by Super Sector by place of establishment	Number of Jobs			Change from previous:	
	Aug-04 preliminary	Jul-04 (revised)	Aug-03	Month	Year
	Total All Super Sectors	627,800	628,300	621,200	-500
Private Employment Total	547,400	547,200	541,600	200	5,800
Natural Resources & Mining	1,000	1,000	1,000	0	0
Construction	32,100	32,200	31,500	-100	600
Manufacturing	77,700	77,800	79,900	-100	-2,200
Durable Goods	59,100	59,100	59,300	0	-200
Non-Durable Goods	18,600	18,700	20,600	-100	-2,000
Trade, Transportation and Utilities	142,000	141,400	139,900	600	2,100
Wholesale Trade	28,000	27,900	27,300	100	700
Retail Trade	98,500	97,900	97,600	600	900
Transportation and Utilities	15,500	15,600	15,000	-100	500
Information	11,500	11,500	11,700	0	-200
Financial Activities	38,800	38,700	37,700	100	1,100
Professional and Business	54,700	54,600	55,200	100	-500
Educational and Health	95,000	94,900	92,500	100	2,500
Leisure and Hospitality	74,800	75,000	72,000	-200	2,800
Other Services	19,800	20,100	20,200	-300	-400
Government Total	80,400	81,100	79,600	-700	800

Change in Nonfarm Employment

Aug. 2003 to Aug. 2004



Monthly Analysis of Current Employment Statistics (CES) Data

For further analysis please read the *Detailed Monthly Analysis of Industry Employment Data* on our Web site at <www.nhes.state.nh.us/elmi/nonfarm.htm>

Seasonally Adjusted: New Hampshire's employment totals slipped by 500 jobs in preliminary seasonally adjusted estimates for August. Manufacturing (supersector 30) led the way with an 800-job reduction, and construction (supersector 20) trimmed 200 jobs from its ranks.

On the plus side, government (supersector 90) added 700 jobs, and employment in trade, transportation, and utilities (supersector 40) expanded by

500 jobs to mitigate some of the job loss. August saw leisure and hospitality (supersector 70) take on 200 extra workers.

Unadjusted: August's unadjusted estimates also showed that New Hampshire's employment trend line dipped by 500 jobs.

Government (supersector 90) with its 700-job workforce reduction supplied the primary impetus for August job loss.

Continued on page 7

Monthly Unadjusted Nonfarm Wage and Salary Employment by Primary Metropolitan Statistical Areas

Employment by Sector number of jobs by place of establishment	Manchester PMSA			Nashua PMSA			Portsmouth-Rochester NH-ME PMSA		
	Preliminary Aug-04	Change from previous:		Preliminary Aug-04	Change from previous:		Preliminary Aug-04	Change from previous:	
		Month	Year		Month	Year		Month	Year
Total All Sectors	108,700	100	-300	94,700	-100	100	125,700	100	100
Private Employment Total	98,300	200	200	86,000	200	200	104,200	100	-200
Natural Resources and Construction	6,700	0	200	4,500	0	200	4,900	0	100
Manufacturing	10,800	-100	-700	21,200	0	-500	12,000	0	-600
Trade, Transportation, and Utilities	25,000	300	600	21,000	0	-500	26,400	100	900
Wholesale Trade	6,300	0	100	3,700	0	100	4,400	0	0
Retail Trade	15,100	400	700	15,500	100	-600	19,700	100	1,100
Transportation and Utilities	3,600	-100	-200	1,800	-100	0	2,300	0	-200
Information	3,100	0	100	1,900	0	0	2,800	0	-100
Financial Activities	8,700	0	0	6,500	0	0	7,400	0	-200
Professional and Business	14,500	0	100	8,500	100	300	12,600	100	-400
Educational and Health	16,100	-100	-300	11,200	100	400	19,000	100	900
Leisure and Hospitality	9,100	100	200	8,100	0	300	15,000	-200	-1,000
Services	4,300	0	0	3,100	0	0	10,800	100	-100
Government Total	10,400	-100	-500	8,700	-300	-100	21,500	0	300

Average Earnings and Hours of Production Workers in Manufacturing

Sector	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Aug-04 prelim.	Jul-04 revised	Aug-03	Aug-04 prelim.	Jul-04 revised	Aug-03	Aug-04 prelim.	Jul-04 revised	Aug-03
New Hampshire									
All Manufacturing	\$621.72	\$608.40	\$576.42	39.6	39.0	39.4	\$15.70	\$15.60	\$14.63
Durable Goods	\$628.28	\$620.29	\$594.28	40.3	40.2	40.1	\$15.59	\$15.43	\$14.82
Nondurable Goods	\$601.13	\$575.65	\$526.97	37.5	35.6	37.4	\$16.03	\$16.17	\$14.09
Manchester PMSA									
All Manufacturing	\$667.16	\$659.99	\$636.40	39.5	38.8	39.8	\$16.89	\$17.01	\$15.99
Nashua PMSA									
All Manufacturing	\$644.28	\$651.85	\$594.61	40.7	41.1	39.3	\$15.83	\$15.86	\$15.13
Portsmouth-Rochester, NH-MA PMSA									
All Manufacturing	\$625.17	\$607.61	\$602.76	39.0	38.8	41.2	\$16.03	\$15.66	\$14.63

Next, other services (supersector 80) cut its staffing by 300 jobs, and employment in leisure and hospitality (supersector 70) fell by 200 jobs. To complete the downside, construction (supersector 20), and manufacturing (supersector 30) each reduced its respective payrolls by 100 jobs.

Employment totals for natural resources and mining (supersector 10) and information (supersector 50) remained unaltered in August preliminary estimates.

On the other side of the ledger, trade, transportation, and utilities (supersector 40) expanded its labor pool by 600 jobs in August's preliminary estimates. The three remaining supersectors each added 100 jobs to their respective personnel rolls.

B. G. McKay

Continued from page 2

Employment SECURITY

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Covered Employment & Wages

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Current Employment Statistics

228-4127

Local Area Unemployment

Statistics

228-4175

Occupational Employment

Statistics

229-4315

Where can I get the CPI-U each month?

For the latest CPI-U data, please visit the *What's New* section of our Web site at <www.nhes.state.nh.us/elmi/>. We now publish the CPI-U for the Northeast Urban region as well as the nation each month. Another feature now available on our Web site is the CPI-U for select major groups that make up the market basket of goods and services each month. These are available for both the Northeast Urban region and the nation.

What goods and services are measured each month?

The goods and services measured are broken into eight major groups. Below are some examples of goods and services found in each of the eight major groups:

- Food and beverages (cereal, milk, coffee, chicken, wine, full service meals);

- Housing (rent of primary residence, owners' equivalent rent, fuel oil);
- Apparel (men's shirts and sweaters, women's dresses, jewelry);
- Transportation (new vehicles, airline fares, gasoline, motor vehicle insurance);
- Medical care (prescription drugs and medical supplies, physicians' services, eyeglasses and eye care, hospital services);
- Recreation (televisions, cable television, pets and pet products, sports equipment);
- Education and communication (college tuition, postage, telephone services, computer software and accessories);
- Other goods and services (tobacco and smoking products, haircuts and other personal services, funeral expenses).

Elisabeth Picard

¹Consumer Price Index, Bureau of Labor Statistics. Accessed August 20, 2004. www.bls.gov/cpi/home.htm

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