

ECONOMIC CONDITIONS in New Hampshire



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Frequently Asked Questions 7

Local Area Unemployment Statistics 8

Current Employment Statistics 9

One In Every Twelve New Hampshire Lived In Manchester In 2003 12

For Additional Information 12



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New Hampshire's employment projected to increase

Short-term projections show 3.0 percent growth from 2003 Q4 to 2005 Q4

The mixed bag of current economic indicators released in late 2003 and early 2004 made it a challenge to project employment change for this version of short-term projections. National and state indicators are used to get a sense of the condition and potential direction of the economy. This version uses fourth quarter of 2003 as a base and looks ahead two years to fourth quarter 2005. Over the two-year period, New Hampshire's employment is projected to increase by three percent.

Short-term projections also take into account current events, layoffs, and new plant openings to get an idea of the short-term trends affecting the local

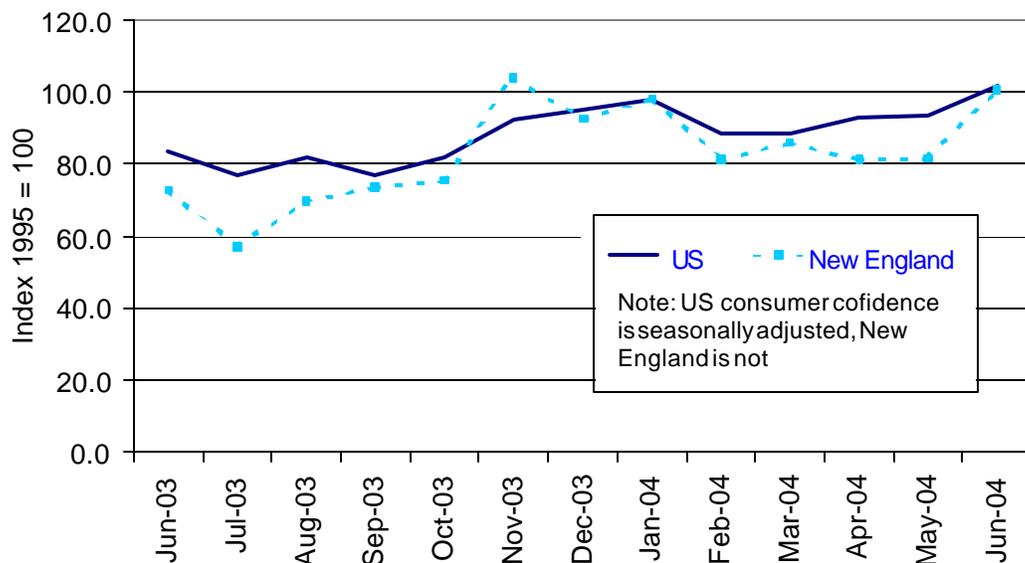
economy. This is different from long-term projections, which are influenced by demographic, technological, social, and other trends that are more apparent over a longer time.

Some of the current indicators influencing these short-term projections include:

- ◆ Consumer confidence, as surveyed by the Conference Board, lately has been lower in New England than the nation as a whole.
- ◆ The volume of help-wanted ads, as measured by the Conference Board index, was up 13.0 percent from a

Continued on page 2

New England consumers are not as optimistic as consumers nationwide



Continued from page 1

year ago in New England, compared to only 5.6 percent for the US. (April 2004)

- ◆ Personal income for the fourth quarter of 2003 increased by 4.4 percent in New Hampshire, slightly ahead of the US increase of 4.3 percent.
- ◆ Change in merchandise exports in the first quarter of 2004 increased by 19.2 percent in New Hampshire, compared to 13.4 percent for the US.
- ◆ In 2003, mass layoffs in manufacturing declined by 53.4 percent in the state from the previous year.
- ◆ Energy prices began to move upward, while the value of the US dollar remained low relative to the Euro.

In the April 2004 edition of the *Beige Book* (a publication of the Federal Reserve Board), businesses in the Boston district reported increased economic activity ahead of last year's levels. Retail

sales were strong, with big-ticket items leading the way. In manufacturing, half of the surveyed contacts were planning to increase employment, if only modestly. Respondents pointed out continued uncertainty about world conflicts, the upcoming elections, and rising interest rates. In the insurance industry, some employers expect declines, according to the report.

Federal government spending is at the highest level in years. For New Hampshire, this is good news for manufacturing. Manufacturing employment received a potential boost earlier this summer when the Department of Defense announced the award of two contracts totaling \$39.9 million to a large company in southern New Hampshire. Another manufacturer stands to gain from the closing of its parent company's plant in Massachusetts and the relocation of 100 employees to central New Hampshire.

Government spending is a two-edged sword. Companies always welcome a federal contract, but it comes at a price—an increase in the deficit and the potential for higher interest rates.

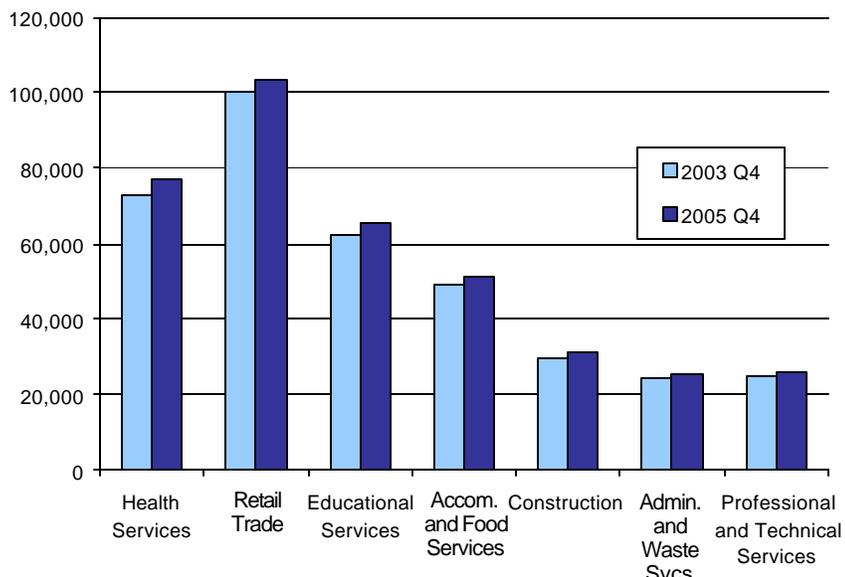
Employment Projections by Industry

Industry projections take into account economic developments described above and consider historical trends for specific industries going back to 1990. Employment is projected for more than 100 separate industries in New Hampshire. For this article, those industries have been summarized into 20 NAICS sectors.

Retail trade, the largest sector in the state, is expected to contribute 3,470 more jobs by the end of the fourth quarter 2005.

New Hampshire continues to be a destination for many shoppers taking advantage of the lack of a sales tax.

Of the sectors expected to add more than 1,000 jobs, Health Services and Retail Trade are the leaders in projected new jobs, 2003 Q4 to 2005 Q4



Retail employment is generally easy to project, growing at a steady rate of about one to two percent from year to year. Note that projections are based on fourth quarter employment, when retail employment is at a peak. Since the fourth quarter is used for both the base and projection, seasonal effects are comparable.

Health services is projected to add 4,000 jobs, which is more than the gains expected for Retail trade. It is the second fastest growing sector, growing at a five-percent rate over two years. Gains are consistent with the longer-term trend in Health services driven by a growing and aging population.

Population growth and increased demand for training will drive demand for more workers in Educational services. Individuals of all ages recognize the need to upgrade skills or simply take a class for the fun of it. By the end of the projection period, an additional 2,800 jobs are expected in this sector.

Only two sectors are projected to lose a significant number of jobs during the period. The Finance and insurance sector, hampered by potential job losses in banking and insurance, is expected to drop employment levels by 180 jobs, a decline of about one percent. Job losses in banking are part of a long-term trend of consolidation among large area banks

Continued on page 4

Unemployment Compensation Claims Activity

Total Regular Unemployment Compensation Programs:	Change from Previous								
	Jun-04 May-04 Jun-03			Month		Year			
				Net	Percent	Net	Percent		
Initial Claims	4,338	2,897	4,895	1,441	49.7%	-557	-11.4%		
Continued Weeks	29,435	26,775	37,766	2,660	9.9%	-8,331	-22.1%		

Claims Activity

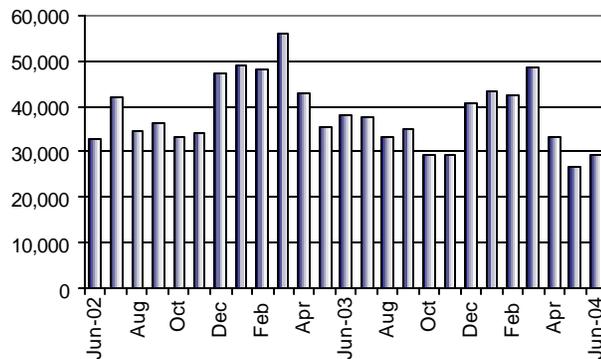
Unemployment Compensation Fund

Unemployment compensation fund balance at the end of June	\$239,404,187.56
Average payment for a week of total unemployment:	\$255.97
Net benefits paid:	\$5,459,820.43
Net contributions received during the month:	\$330,900.54
Interest Received:	\$3,167,254.31
Reed Act Distribution:	\$0.00
Reed Act Withdrawal for Administrative Costs:	\$2,871.46

Trust Fund

Continued Weeks Claimed

Jun. 2002 - Jun. 2004



Both initial and continued weeks claimed increased over-the-month but decreased in comparison to June 2003 and 2002.

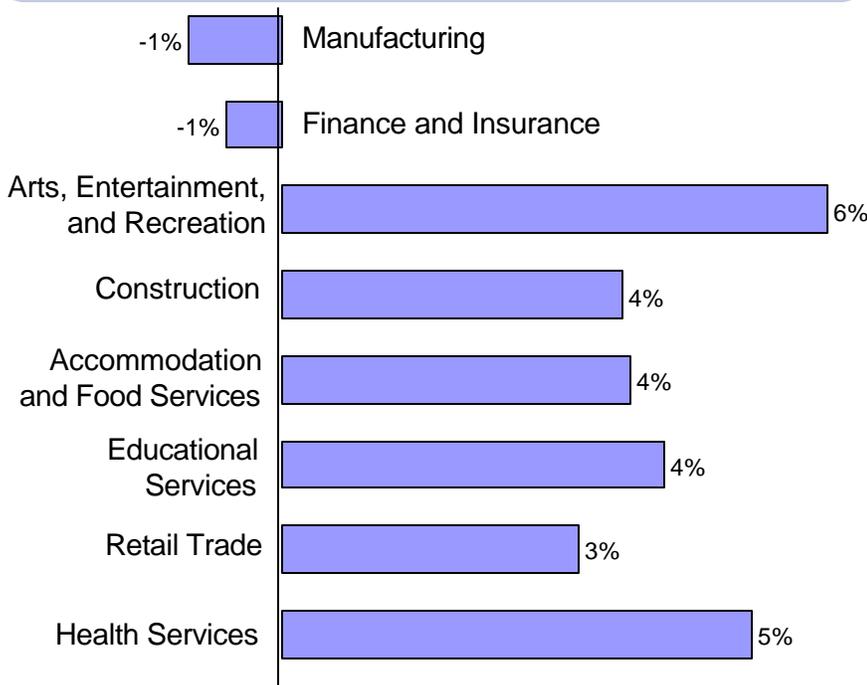
Jun-04	May-04	Jun-03	Change from Previous	
			Month	Year
189.7	189.1	183.7	0.3%	3.3%

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

Consumer Price Index

Continued from page 3

Projected short term percentage changes in employment among selected sectors, 2003 Q4 to 2005 Q4



and the increased use of online banking and ATMs.

Manufacturing will continue to shed jobs, but the worst seems to be over. By the fourth quarter of 2005, nearly 900 fewer jobs will exist as losses in some manufacturing industries offset gains in others. Overall, employment is projected to decline by one percent.

Within the Manufacturing sector, several industries deserve comment. Actual announced layoffs in Food manufacturing and Printing and related support activities in late 2003 and early 2004 underscore the weakness in these industries. Computer and electronic manufacturing is also expected to be a declining industry. Much of the employment in New Hampshire is in semiconductor and other component manufacturing, an industry where productivity gains and foreign competition have made it difficult to maintain previous high employment levels.

However, manufacturing had good news in three industries: Plastics and rubber,

Primary metals, and Fabricated metals. As the national economy improves, these basic industries can be expected to increase employment. Chemical manufacturing, a relatively small industry, has potential for employment growth, particularly in the new and emerging biotechnology field.

During the most recent recession, the Information sector suffered extensive job losses. The sector, which includes software publishers, lost nearly 2,000 jobs between 2000 Q4 and 2003 Q4. As businesses exhibit their

Health Services And Retail Trade Are The Expected Leaders For Adding New Jobs In The Short Term

NAICS SECTORS	2003 Q4	2005 Q4	Change	
			Net	%
Health Services	72,950	76,950	4,000	5%
Retail Trade	99,970	103,440	3,470	3%
Educational Services	62,520	65,320	2,800	4%
Accommodation and Food Services	49,150	51,150	2,000	4%
Construction	29,880	31,070	1,190	4%
Administrative and Waste Services	24,320	25,390	1,070	4%
Professional and Technical Services	24,920	25,960	1,040	4%
Arts, Entertainment, and Recreation	10,370	11,030	660	6%
Transportation and Warehousing	17,420	18,030	610	4%
Other Services, Except Public Admin.	19,150	19,700	550	3%
Wholesale Trade	26,900	27,440	540	2%
Information	12,030	12,430	400	3%
Government	36,850	37,220	370	1%
Real Estate and Rental and Leasing	7,840	8,090	250	3%
Management of Companies and Enterprises	6,310	6,550	240	4%
Agriculture, Forestry, Fishing, and Hunting	1,900	1,940	40	2%
Mining	500	510	10	2%
Utilities	2,830	2,820	-10	0%
Finance and Insurance	27,140	26,960	-180	-1%
Manufacturing	79,690	78,810	-880	-1%

confidence in the economy with increased spending on information technology, this sector should show signs of improvement with a potential gain of 400 jobs by the end of 2005. One potential weak spot is in telecommunications, where excess capacity will continue to hold down job expansion.

On a percentage basis, the fastest projected gains are expected in Arts, entertainment, and recreation. Most of the gains are expected in Amusements, gambling, and recreation, the largest sub sector in the sector. It should be noted that this industry is seasonal with a significant portion of fourth quarter employment in industries related to winter sports.

Employment Projections By Occupation

Why do some occupations grow while others decline? Perhaps there is a growing demand for a particular product or a service produced by an industry. Occupations in these industries would benefit, as firms would hire more workers to meet the demand. Another reason is that in a particular industry, changes in technology, differences in what goods are produced, sizes of firms, and relative wage rates all affect what occupations a business will employ in order to serve its customers and make a profit. Over time, an employer will change the mix, hiring more of one occupation and less of another.

Occupational projections build upon the industry projections by applying assumptions about occupational growth developed by

the Bureau of Labor Statistics. Occupational projections are prepared for more than 700 separate occupations, and are summarized here into 22 major occupational groups.

Nearly all Production occupations are employed in Manufacturing industry. Declining employment is projected for many industries in this sector. In some cases, layoffs have already occurred or have been announced for the near future. Leading the declining occupations are Machine operators in leather and textiles; Meat, poultry, and fish cutters and trimmers; and Electric and electronic equipment assemblers.

Sales and related occupations will likely add the most jobs. New Hampshire has a strong retail presence, so this group is usually among the leaders in job creation. By the fourth quarter of 2005, about 2,600 jobs are expected. On a percentage basis, that will match the average

Continued on page 6

Projected Short Term Job Growth Will Be in Educational And Sales Related Occupations

Major Occupational Groups	2003 Q4	2005 Q4	Change	
			Net	%
Total, all Occupations	660,790	680,040	19,250	3%
Management Occupations	52,760	54,460	1,700	3%
Business and Financial Operations Occupations	22,430	23,240	810	4%
Computer and Mathematical Occupations	12,020	12,660	640	5%
Architecture and Engineering Occupations	12,950	13,180	230	2%
Life, Physical, and Social Science Occupations	4,550	4,690	140	3%
Community and Social Services Occupations	9,240	9,760	520	6%
Legal Occupations	4,000	4,040	40	1%
Education, Training, and Library Occupations	43,560	45,750	2,190	5%
Arts, Design, Entertainment, Sports, and Media Occupations	7,840	8,120	280	4%
Healthcare Practitioners and Technical Occupations	31,640	33,490	1,850	6%
Healthcare Support Occupations	14,180	14,930	750	5%
Protective Service Occupations	10,910	11,200	290	3%
Food Preparation and Serving Related Occupations	50,640	52,490	1,850	4%
Building and Grounds Cleaning and Maintenance Occupations	22,280	23,170	890	4%
Personal Care and Service Occupations	19,850	20,810	960	5%
Sales and Related Occupations	88,170	90,760	2,590	3%
Office and Administrative Support Occupations	104,290	105,390	1,100	1%
Farming, Fishing, and Forestry Occupations	1,890	1,920	30	2%
Construction and Extraction Occupations	29,660	30,810	1,150	4%
Installation, Maintenance, and Repair Occupations	26,800	27,540	740	3%
Production Occupations	55,090	54,780	-310	-1%
Transportation and Material Moving Occupations	36,040	36,850	810	2%

Continued from page 5

gain for the state as a whole with an increase of three percent.

Health care practitioners and Healthcare support occupations will be among the fastest growing major groups. Three occupations in the health care field are projected to increase by nearly ten percent over the two-year period: Respiratory therapists, Medical assistants, and Physician assistants. Registered nurses, a large and growing occupation, is expected to add 800 new jobs.

I Don't Plan on Going to College. What Does the Job Market Have for Me?

Many job seekers are interested in getting into an occupation that does not require extensive training. Perhaps they are looking to obtain a certificate at a community technical college, or they may be looking for a position that requires on-the-job training. Many occupations that do not require a Associate's degree are also projected to grow.

If those jobs are not appealing, it may be wise to consider an associate's degree. In that case, there are many opportunities in fast-growing occupations.

Occupations With The Most Annual Openings, Projected Requiring An Associate's Degree 2003 Q4 To 2005 Q4

Occupation	Employment		Annual Growth Openings	Annual Replacement Openings	Total Annual Openings
	2003 Q4	2005 Q4			
Registered Nurses	12,320	13,100	390	228	618
Computer Support Specialists	1,650	1,720	36	18	53
Computer Specialists, All Other	1,210	1,290	41	12	53
Medical Records and Health Information Technicians	790	860	39	10	49
Life, Physical, and Social Science Technicians, All Other	890	920	13	21	34
Dental Hygienists	850	910	28	6	34
Radiologic Technologists and Technicians	730	770	19	12	31
Electrical and Electronic Engineering Technicians	1,140	1,160	7	22	29
Respiratory Therapists	340	380	16	11	27
Drafters, Engineering, and Mapping Technicians, All Other (OES Only)	960	960	3	22	25
Veterinary Technologists and Technicians	430	460	18	5	23
Medical and Clinical Laboratory Technicians	320	340	7	9	16
Physical Therapist Assistants	320	340	11	5	16
Paralegals and Legal Assistants	800	820	10	5	15

Job seekers should use short-term projections, long-term projections, wage surveys, and other sources to get a clearer picture of occupational trends.

Michael Argiropolis

Occupations With The Most Annual Openings, Projected Requiring Less Than An Associate's Degree 2003 Q4 To 2005 Q4

Occupation	Employment		Annual Growth Openings	Annual Replacement Openings	Total Annual Openings
	2003 Q4	2005 Q4			
Cashiers	20,860	21,500	320	1,350	1,669
Retail Salespersons	26,870	27,740	432	1,082	1,514
Waiters and Waitresses	12,100	12,590	249	707	956
Combined Food Preparation and Serving Workers, Including Fast Food	10,780	11,290	254	588	842
Stock Clerks and Order Fillers	8,570	8,550	0	428	428
Teacher Assistants	8,780	9,220	218	153	371
First-Line Supervisors/Managers of Retail Sales Workers	10,780	11,090	153	177	329
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	8,710	9,030	159	164	323
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	7,270	7,500	113	188	301
Managers, All Other	9,900	10,140	119	172	291
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	2,320	2,400	37	244	281
Truck Drivers, Heavy and Tractor-Trailer	7,890	8,220	161	118	279