
New Hampshire Business Employment Dynamics Quarter Ending June 2023

Summary

According to the U.S. Bureau of Labor Statistics,¹ from March 2023 to June 2023, the net change in jobs in New Hampshire was 1,994. There were 39,844 gross job gains from opening and expanding establishments in New Hampshire, whereas gross job losses from closing and contracting private sector establishments totaled 37,850 jobs. There was a decrease in gross job gains and an increase in gross job losses compared to the previous quarter, resulting in a smaller net employment change in New Hampshire's private sector during the second quarter of 2023.

Over the same period, there were 8.1 million gross job gains from opening and expanding private sector establishments in the U.S., a slight uptick in job gains from the previous quarter. There were 7.8 million gross job losses from closing and contracting private sector establishments, an increase of 723,000 job losses from the previous quarter. With a sharp increase in job losses, the U.S. net employment change only added 332,000 jobs in the private sector during the second quarter of 2023.

The Business Employment Dynamics (BED) Data Series

The U.S. Bureau of Labor Statistics' Business Employment Dynamics (BED) data series highlights the dynamics underlying net employment growth at the state and national levels. Job gains and losses at private business establishments from the third month of one quarter to the third month of the next are tracked, showing employment changes due to establishment openings or closings versus changes due to existing firms adding or shedding jobs.

The BED data series are derived from the Quarterly Census of Employment and Wages program (QCEW). This program is a quarterly census of all establishments covered under state and federal unemployment insurance programs, representing about 98 percent of employment on nonfarm payrolls. BED data represent privately owned establishments; government owned establishments are excluded. All data referred to in the text are seasonally adjusted. For more information, see *About the BED Data Series* at www.nhes.nh.gov/elmi/products/documents/about-bed.pdf.

Coronavirus Pandemic Effect on Business Employment Dynamics

Data collection and processing methods were impacted because of the coronavirus pandemic. More detail is available at www.bls.gov/covid19/effects-of-covid-19-pandemic-on-business-employment-dynamics.htm.

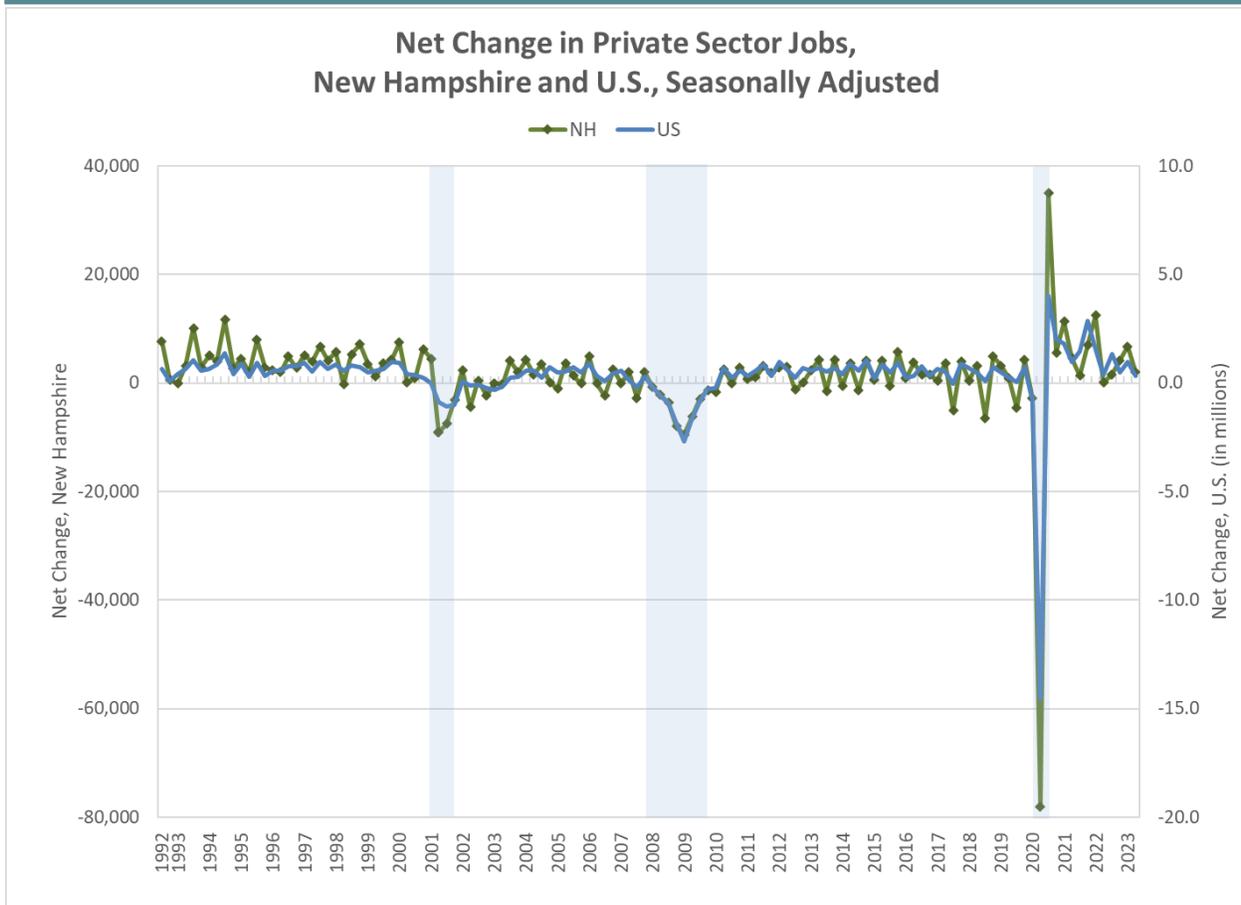
¹ U.S. Bureau of Labor Statistics, Business Employment Dynamics, <https://www.bls.gov/bdm/>

Net Change in Private Sector Employment, U.S. and New Hampshire

In the quarter ending June 2023, job gains were positive for both New Hampshire and the nation. Net employment change in New Hampshire was 1,994 jobs, whereas the net private sector employment change nationally was 332,000 jobs.

Figure 1 depicts the changing business employment dynamics and compares New Hampshire to national trends. Net change in jobs for New Hampshire follows national trends, particularly during recession periods. According to the National Bureau of Economic Research,² the latest business cycle peak, or start of a recession period, was in February 2020, ending in April 2020.

Figure 1. Net job changes in New Hampshire and the nation were both smaller than in the previous quarter.



Source: U.S. Bureau of Labor Statistics, Business Employment Dynamics data series. Shaded areas represent recessions.

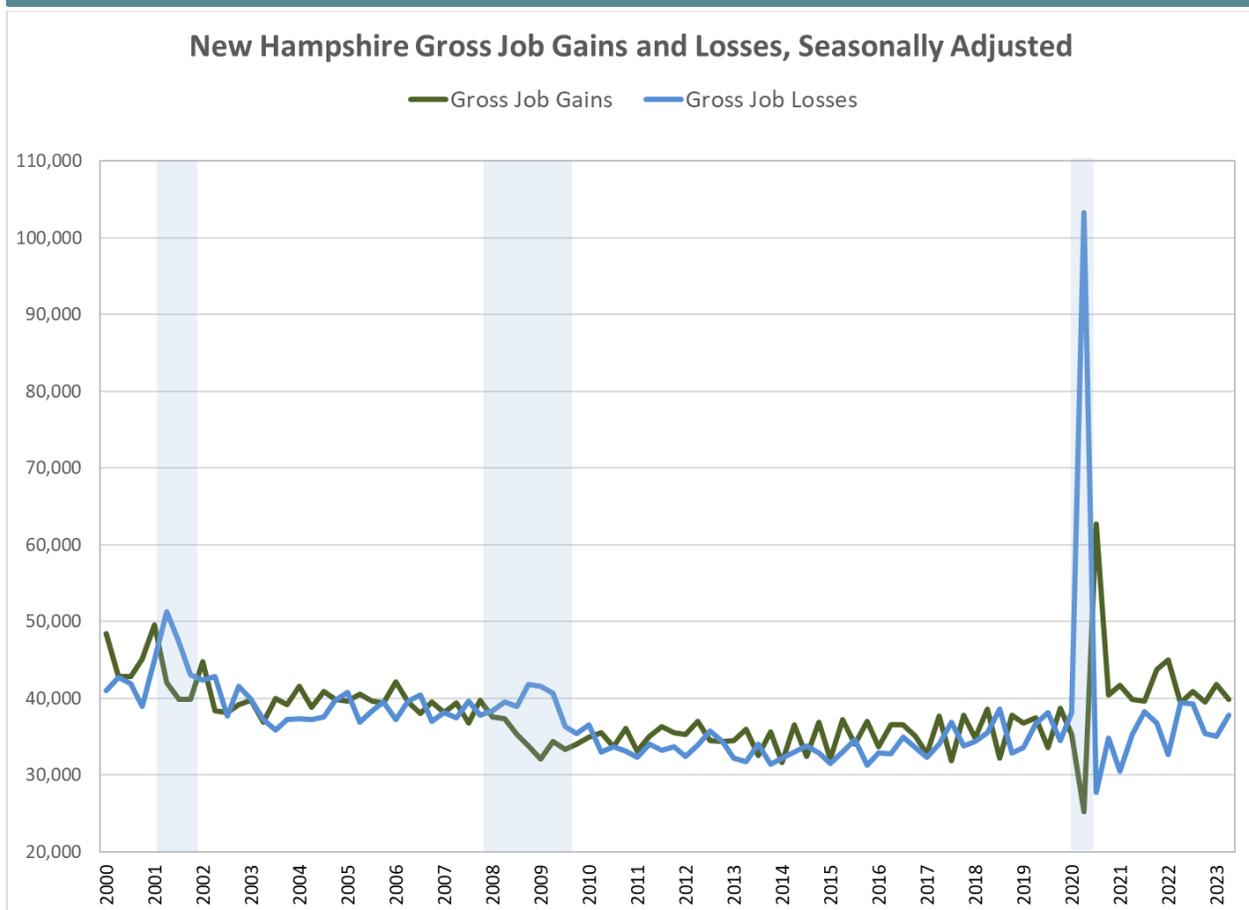
² The Business Cycle Dating Committee of the National Bureau of Economic Research (NBER) maintains a chronology of U.S. business cycles. Contractions (recessions) start at the peak of a business cycle and end at the trough. <https://www.nber.org/research/data/us-business-cycle-expansions-and-contractions>

Gross Job Gains and Gross Job Losses in New Hampshire

Over the quarter from March 2023 to June 2023, there was a decrease in gross job gains and an increase in gross job losses when compared to the prior quarter. **Gross job gains** from New Hampshire's expanding and opening private sector establishments totaled 39,844. Over this same time period, **gross job losses** from contracting and closing private sector establishments totaled 37,850.

The change in the number of jobs over time is the net result of increases and decreases in employment that occur at all private businesses in the economy. Changes are measured from the third month of one quarter to the third month of the next quarter.

Figure 2. In New Hampshire, both gross job gains and gross losses are higher than prior to the COVID-19 pandemic, indicating more job churning in the labor market.



Source: U.S. Bureau of Labor Statistics, Business Employment Dynamics data series. Shaded areas represent recessions.

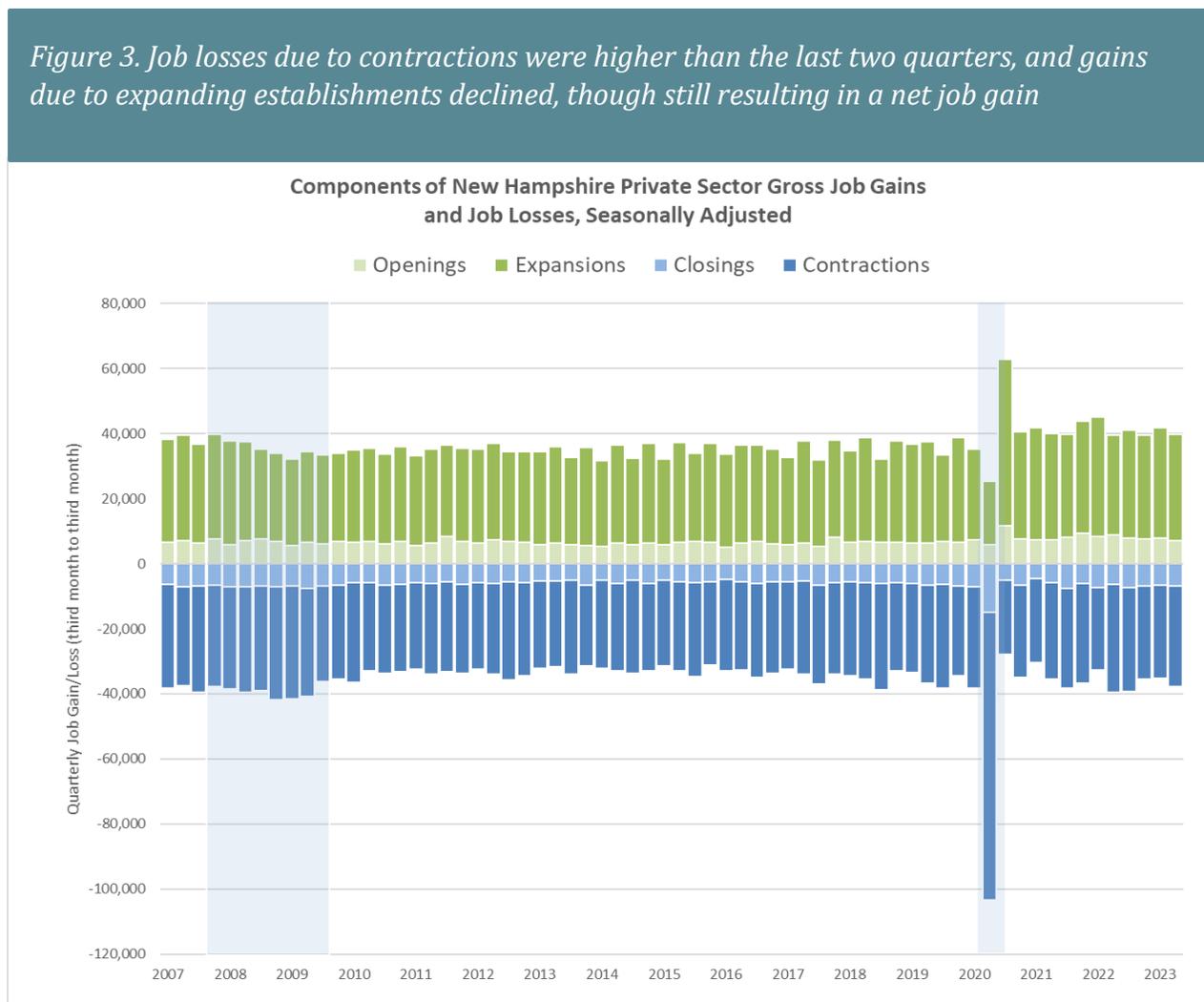
Components of Gross Job Gains and Gross Job Losses

The difference between the number of gross job gains and the number of gross job losses is the net change in employment. Gross job gains and gross jobs losses are determined by the sum of their components.

Gross job gains include new jobs added, at either existing establishments (expansions) or at new establishments (openings). In the second quarter of 2023, gross job gains of 39,844 included 32,873 jobs gained at expanding establishments, and 6,971 jobs added due to opening establishments. Both the number of jobs gained at expanding establishments and jobs gained from opening establishments were lower than in the previous quarter.

Gross job losses include job elimination at either existing establishments (contractions) or at permanently closing establishments. In the second quarter of 2023, gross job losses totaled 37,850, including 31,055 jobs lost from contracting establishments, and 6,795 jobs lost due to closing establishments. The number of job losses due to contracting firms was higher than losses in the previous quarter.

Figure 3. Job losses due to contractions were higher than the last two quarters, and gains due to expanding establishments declined, though still resulting in a net job gain



Source: U.S. Bureau of Labor Statistics, Business Employment Dynamics data series. Shaded areas represent recessions.

Rates of Gross Job Gains and Gross Job Losses

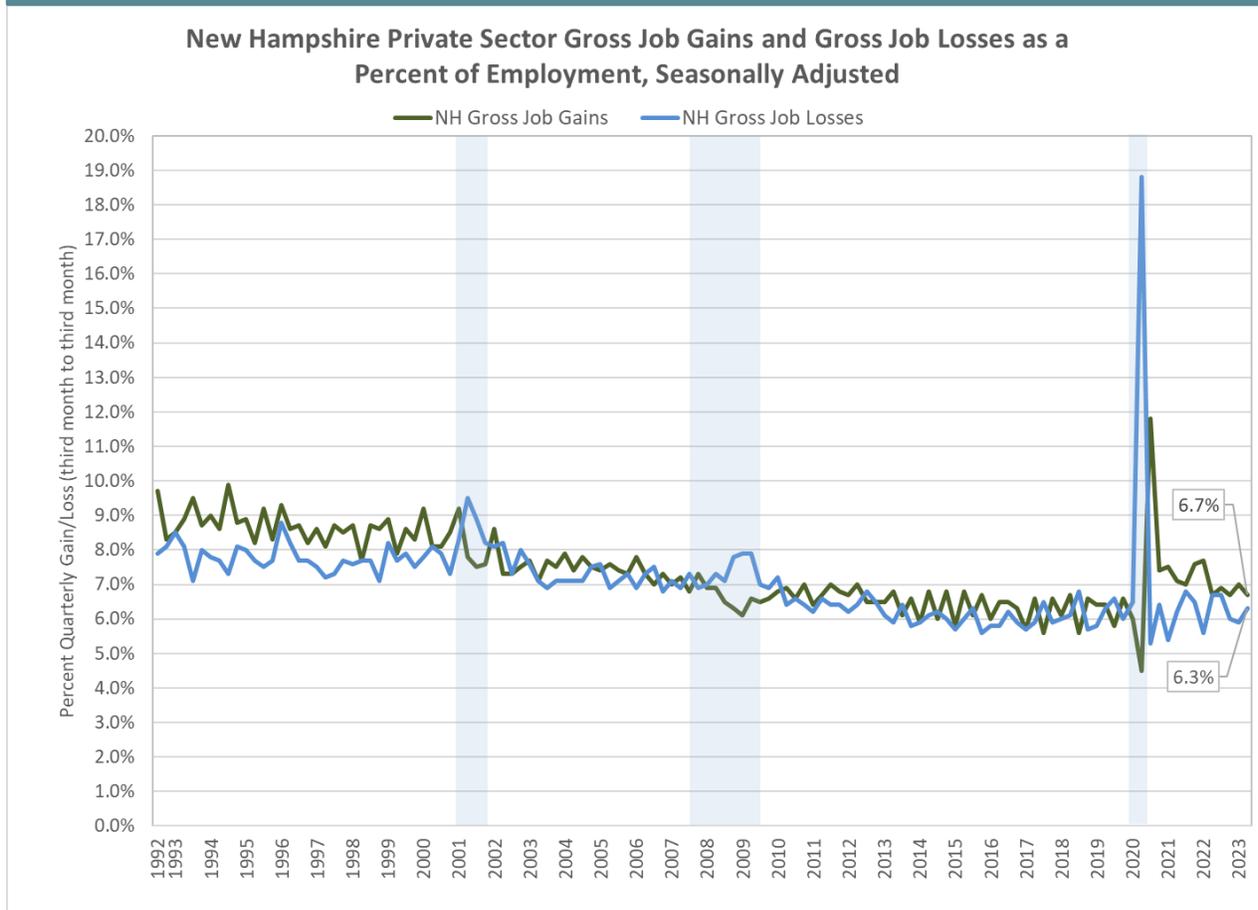
In the quarter ending in June 2023, gross job gains represented 6.7 percent of private employment in New Hampshire. Gross job gains at *expanding* establishments represented 5.5 percent of private employment, and gross job gains at *opening* establishments represented 1.2 percent of private employment.

Gross job losses in New Hampshire represented 6.3 percent of private employment in the first quarter of 2023. Gross job losses at *contracting* establishments represented 5.2 percent of private employment, and gross job losses at *closing* establishments represented 1.1 percent.

When looking back, the rate of gross job gains and the rate of gross job losses trended downward from above eight percent in the 1990's to above seven percent in the 2000s, then lowered to six percent after the Great Recession. However, in the post-pandemic era, these rates have been higher than pre-pandemic.

Job flows are expressed as rates that measure job gains and job losses as a percentage of the average of the previous and current quarter levels.

Figure 4. The rate of gross job gains was still elevated in comparison to the pre-pandemic trend. As a percent of total employment, net employment gain accounted for 0.4 percent for the quarter ending June 2023.



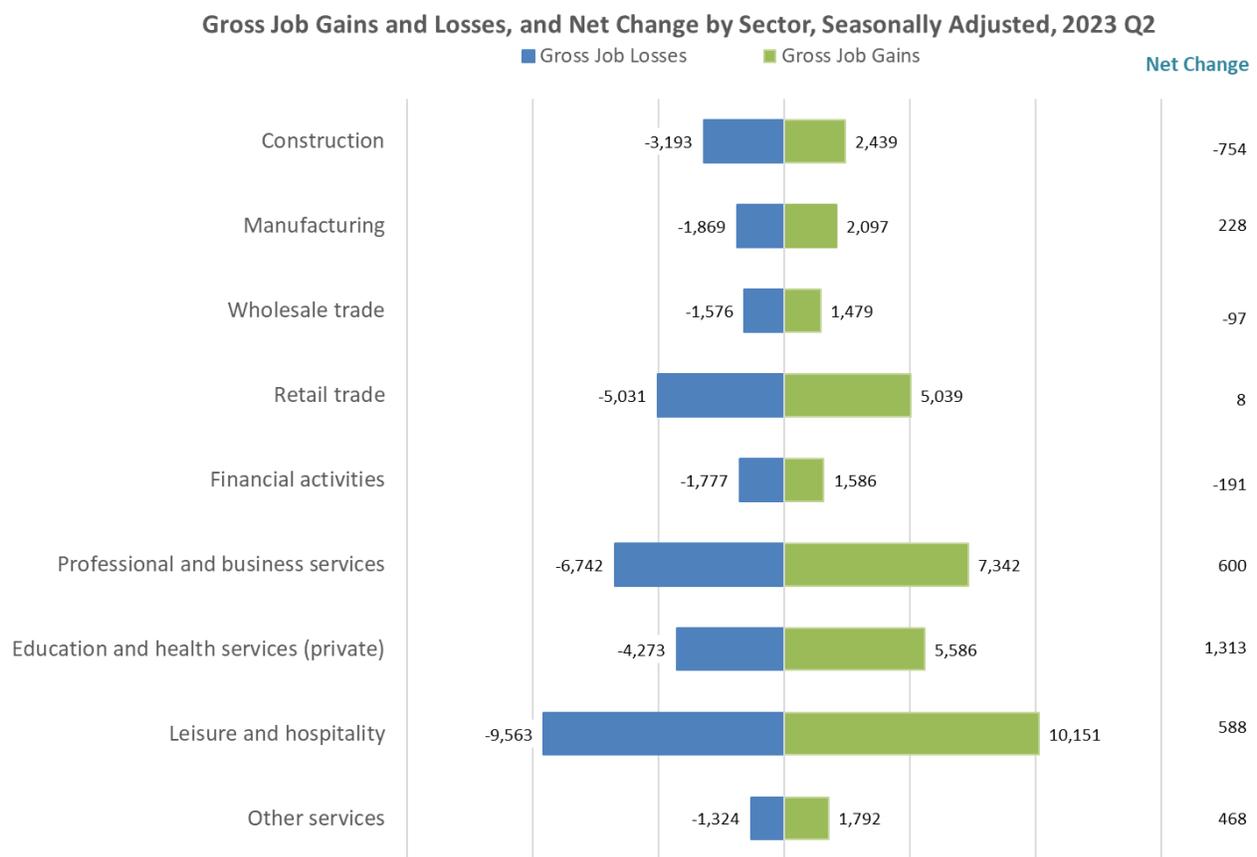
Source: U.S. Bureau of Labor Statistics, Business Employment Dynamics data series. Shaded areas represent recessions.

Gross Job Gains and Gross Job Losses by Private Industry Sectors

By the second quarter of 2023, the disruption caused by the COVID-19 pandemic³ continued to impact New Hampshire’s labor market, though the level of industry churning was closer in line with the pre-pandemic trend. Overall, there were strong net employment gains in education and health services (private), professional and business services, leisure and hospitality.

New Hampshire leisure and hospitality establishments continues to experience the most churning of any sector. Job gains in leisure and hospitality were the largest (+10,151), and the gross job losses (-9,563) were also the largest among all sectors, resulting in a net change of 588 jobs. The second largest job gains (+7,342) and second largest number of job losses (-6,742) were in professional and business services, resulting in a net change of 600 jobs. Education and health services (private) gained 5,586 jobs but losses were relatively low at 4,273 jobs, resulting in largest net gain of 1,313 jobs in the second quarter of 2023.

Figure 5. The largest number of job gains and job losses were in leisure and hospitality, though only leading to the third largest net positive change of 588 jobs.



Source: U.S. Bureau of Labor Statistics, Business Employment Dynamics data series.

³ In second quarter 2020, nonessential businesses were mandated to close in an effort to contain the COVID-19 pandemic.