Current Employment Statistics

Nonfarm Employment and Earnings Estimates

Preliminary 2006 and Final 2005 Benchmark

The Current Employment Statistics (CES) program conducts a survey of New Hampshire employers each month to produce estimates of New Hampshire's nonfarm employment, hours, and earnings. As additional information is received during the month, CES revises those preliminary estimates the following month. The cycle repeats each month. After the end of the year, monthly estimates are benchmarked.

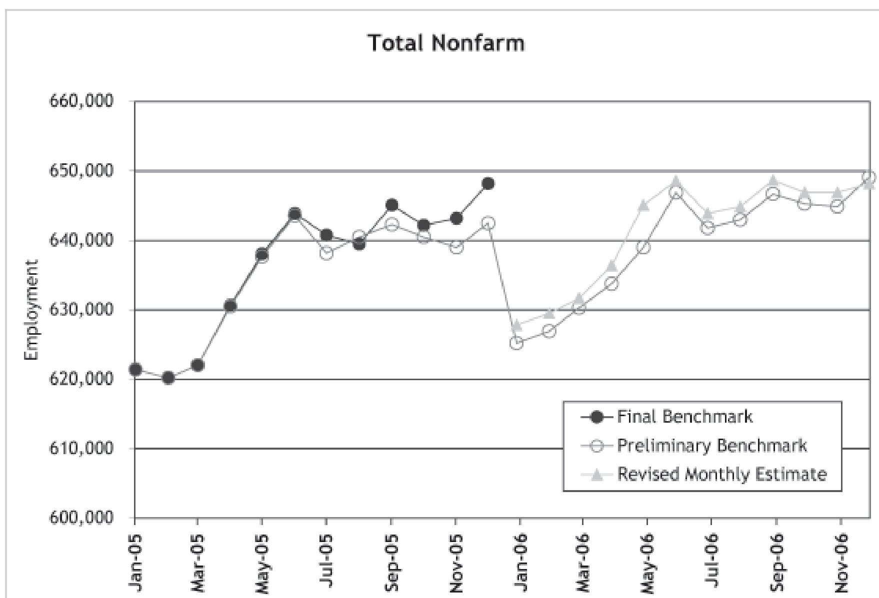
Annual benchmarking is the process of validating Current Employment Statistics (CES) employment estimates and adjusting levels using the most recent data available from the Quarterly Census of Employment and Wages (QCEW). The last two years are benchmarked because QCEW data is not yet available for all four quarters of the most recent year (2006) and all four quarters are now available for the prior year (2005).

The Quarterly Census of Employment and Wages (QCEW) represents employment counts based on records of employers covered by unemployment compensation insurance. Because these counts are submitted with tax contributions, these figures typically lag actual time by a three to six-month period.

Total Nonfarm

The final 2005 benchmark adjusted the total number of workers upward to an annual average of 636,300 in New Hampshire. This was 1,400 additional jobs for the year, an adjustment of only 0.2 percent from the preliminary 2005 benchmark.

With the 2006 preliminary benchmark, the monthly revised estimates trimmed the job level slightly downward. The job levels through 2006 experienced seasonal changes, ending the year with a preliminary benchmarked annual average of 649,100 jobs. The 3,100 jobs represented an almost inconsequential employment increase of one-half percent over the 2005 final benchmarked figure.

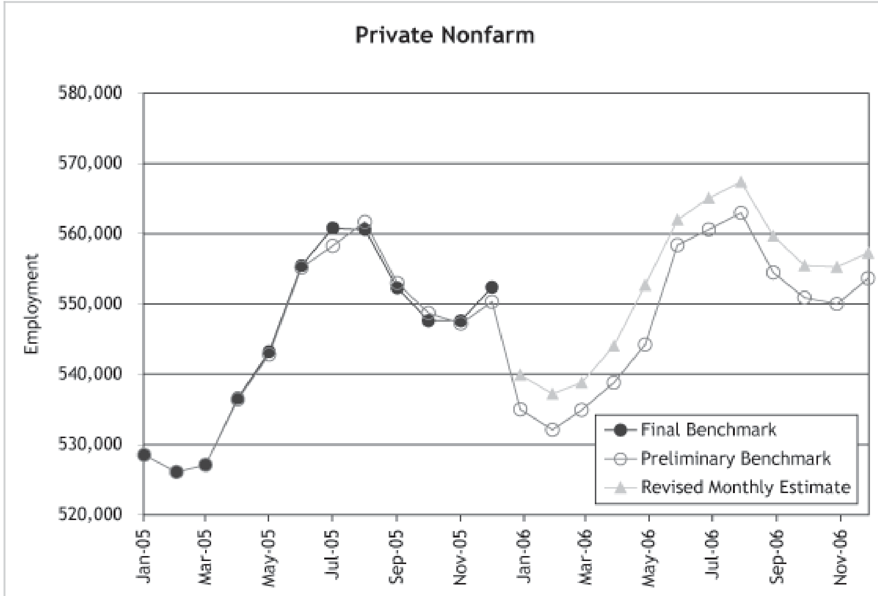


Private Employment

Likewise, the final benchmarked Private employment level of 544,800 for 2005 was barely changed from the preliminary benchmark. The annual average increased by 300 jobs, only 0.1 percent more than the preliminary 2005 benchmark level.

For 2006, Private employment experienced modest growth of 0.6 percent over the 2005 annual average as the benchmarked 2006 employment count reached 548,000.

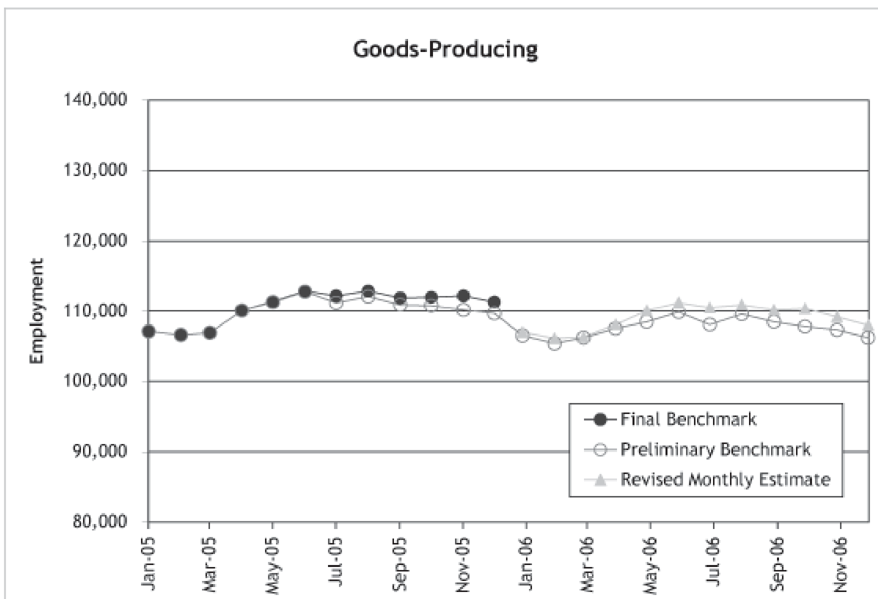
Evaluating the benchmark changes within the different industries yields more information about changes in the state's economy.



Goods-Producing

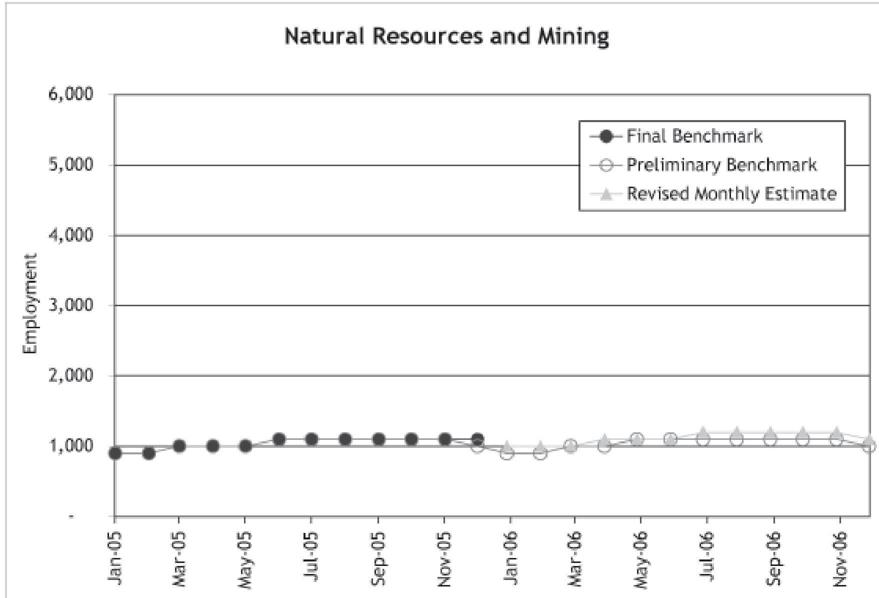
The combination of *Natural resources and mining*, *Manufacturing*, and *Construction* industries make up the goods-producing sector. As it has since the state's hill farms gave way to mills, *Manufacturing* makes up the lion's share of goods-producing employment in the state. The final 2005 benchmark process adjusted the average annual goods-producing employment up by 600 positions, a 0.5 percent correction.

By the end of 2006, the benchmark process showed the annual average employment count for goods-producing had withdrawn to 107,600. That was a drop of 2.7 percent from the final 2005 annual average.



Natural Resources and Mining Supersector

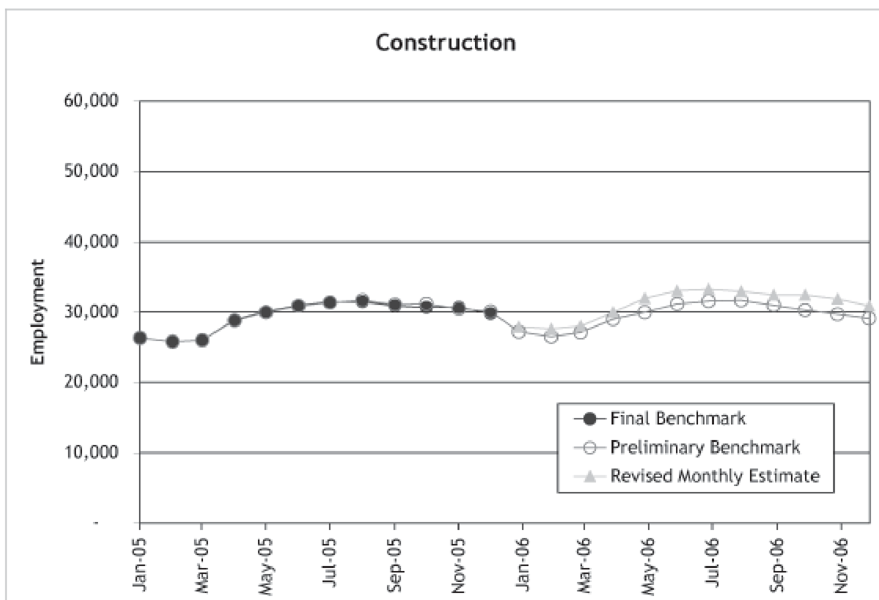
Since this industry is so small in New Hampshire, there is generally very little shifting that occurs in its employment level. The final benchmark for 2005 found the average annual employment at the same 1,000 figure from the preliminary level. The 2006 figure was also unchanged from the previous year.



Construction Supersector

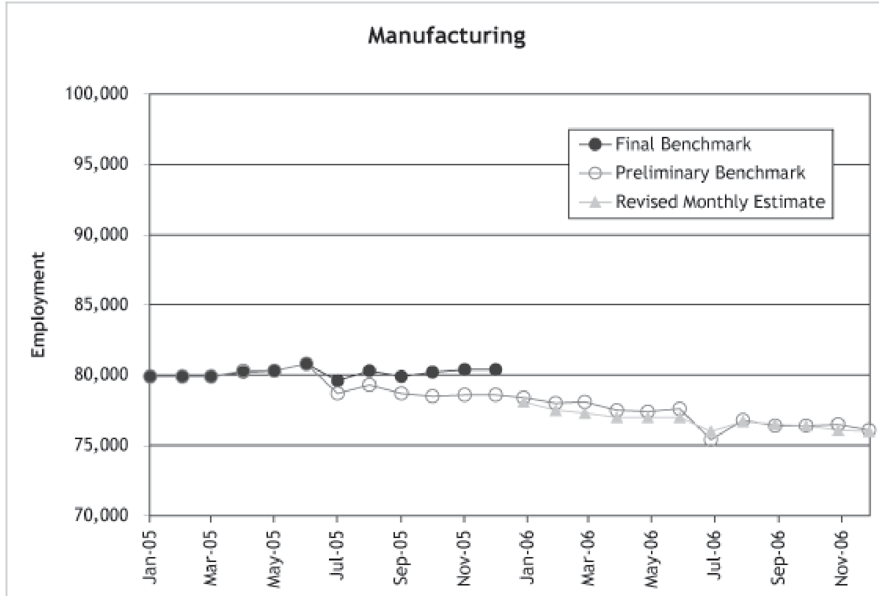
In recent years, *Construction* employment growth has been the bright spot in the New Hampshire goods-producing sector, growing while the other industries were either stagnant or falling. The preliminary 2005 benchmark had slightly overstated its employment growth which was adjusted down by 100 jobs in the final benchmark process, a minus 0.3 percent correction.

The average annual 2006 employment arrived at through the benchmark recaptured the 100 jobs, and 0.3 percent, landing at 29,500 jobs.



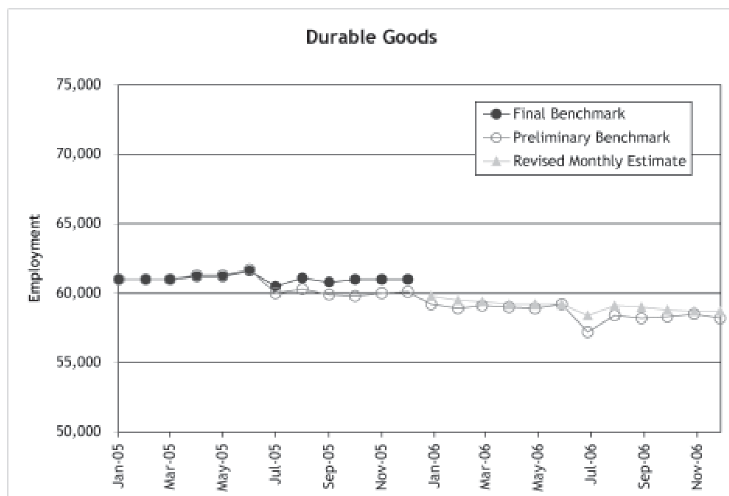
Manufacturing Supersector

With the Industrial Revolution came the transformation of hand-crafting items to mass production of manufactured products. In New Hampshire, as well as the nation, we are now feeling the pinch of the change of location for manufactured goods, away from our home base to environments where production costs, especially labor, are lower, leading us to a "Post Manufacturing" era.



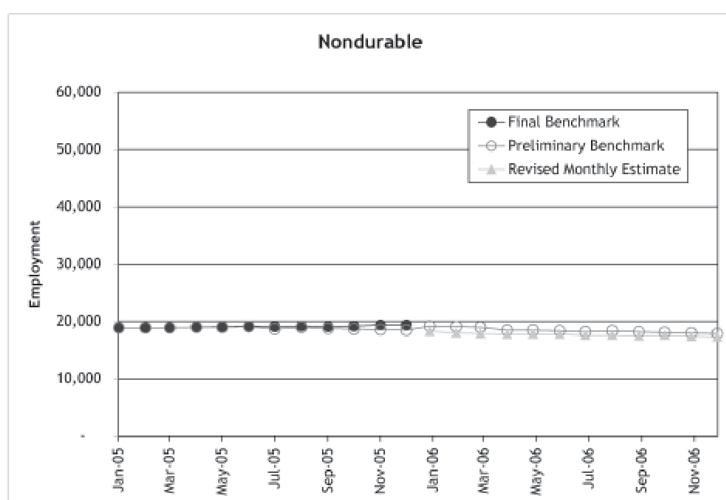
Manufacturing is still important in goods-producing but is not as strong. While the decline in employment of this sector is real, the final 2005 benchmark process found original estimates to be understated and adjusted the average annual employment upward by 700 positions to 80,200.

However, that positive adjustment was the only upward motion to employment for the sector. Monthly 2006 estimates slipped early, then tumbled with the typical summer shut-downs, and did not regain the pre-summer levels. The 2006 annual average employment of 77,100 jobs is a 3.9 percent drop from the final benchmark 2005 average.



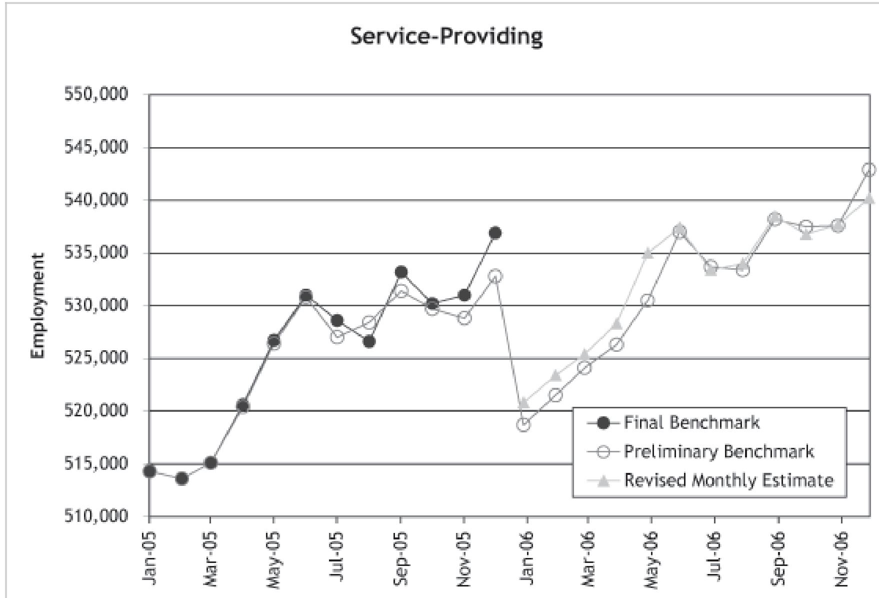
Within *Manufacturing*, the areas for the losses were in the *Durable goods manufacturing* industries. In spite of gains made by the *Computer and electronic product manufacturing* industry group (300 jobs), other industry groups dropped substantially bringing the annual average employment for *Durable goods manufacturing* down 2,400 positions, to 58,600 by 2006.

Nondurable goods manufacturing also dropped about 300 jobs over the year, bringing its average annual employment to 18,500 for 2006.



Total Service-Providing

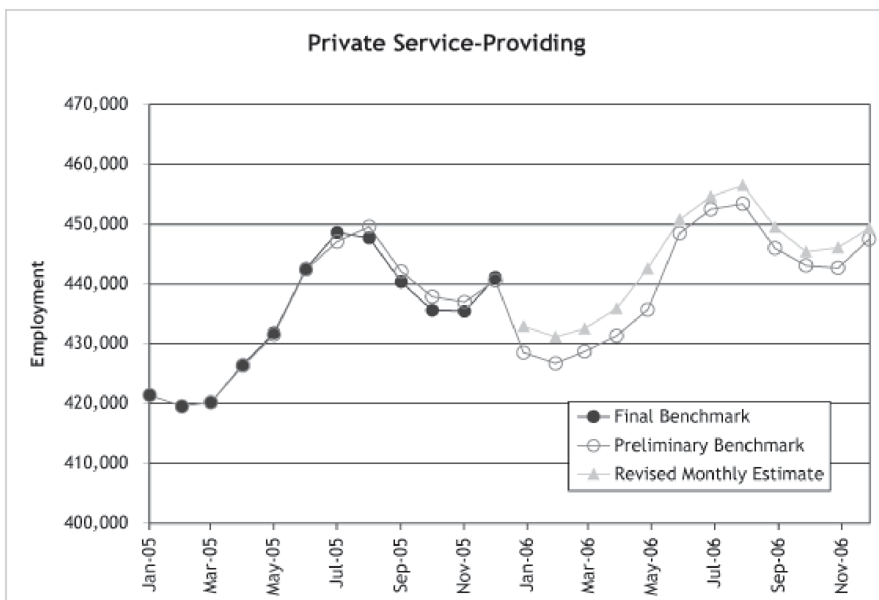
Service-providing industries include *Trade, transportation, and utilities; Information; Financial activities; Professional and business services; Education and health services; Leisure and hospitality; Other services*. Employment by federal, state, and, local government entities is often included in the broad definition of total service-providing employment. The importance of these industries has been growing with the changes in demographics. There were 800 jobs added to the total of private and government 2005 average annual employment with the final benchmark. The 0.2 percent adjustment placed the annual employment at 525,700.



The 2006 benchmark followed the same trend line as monthly estimates, with the employment averaging 531,800 for the year. This was up 6,100 jobs over 2005, a 1.2 percent increase.

Private Service-Providing

Private service-providing employment provides a better gauge of economic cycles. Government employment is less prone to the ups and downs of the business cycle. It is largely driven by demographic changes and may actually increase during a recession as residents suffering hard times require more services.



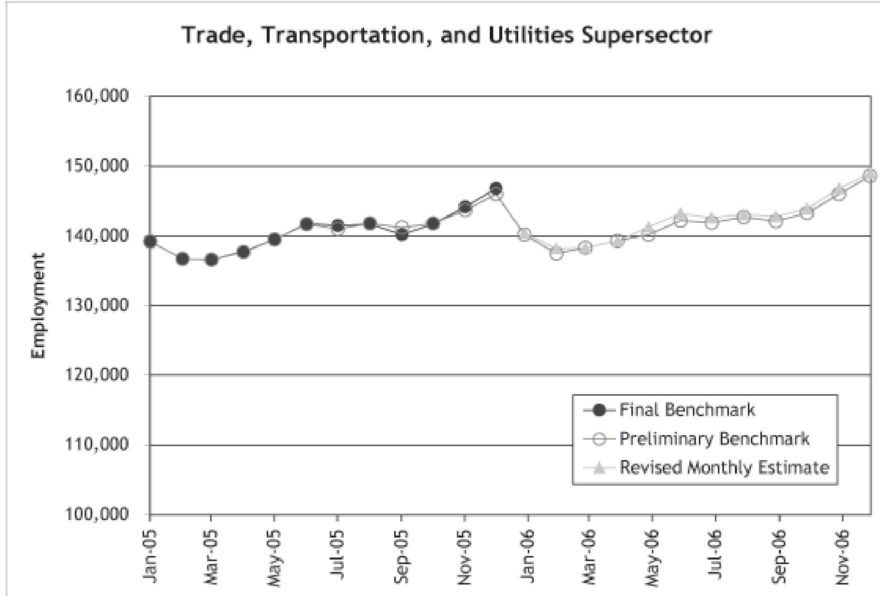
Final 2005 benchmarked average annual employment for private service-providing workers was 434,200.

Without the seasonal pull of the school year schedule, the private employment trend line is smoother during the summer months. It follows similar seasonal changes as total service providing, with the increasing employment levels in spring, gearing up for the summer tourism. The drop-off in employment after the holidays, from December to January, is less drastic in the private sector mostly because of the concentration of education workers in local government. Benchmarked 2006 monthly estimates averaged 440,400 annual employment.

Trade, Transportation, and Utilities Supersector

This supersector is the combination of *Wholesale trade, Retail trade, Transportation and warehousing, and utilities*. It is the supersector with the largest employment in the state, and accounts for almost one-third of the private service-providing employment. The final 2005 benchmark held the average annual employment at 140,600, unchanged from the preliminary level.

Employment increased in 2006 by 0.9 percent, representing 1,300 additional jobs. The benchmarked average annual employment for 2006 was 141,900.



Wholesale Trade

Employment in *Wholesale trade* has been relatively flat over time growing ever so slightly. No adjustment was made as a result of the 2005 final benchmark, maintaining the average annual employment of 27,500. There was a gradual increase of 500 jobs during 2006, arriving at the average annual employment of 28,000 jobs, an increase of 1.8 percent from 2005.

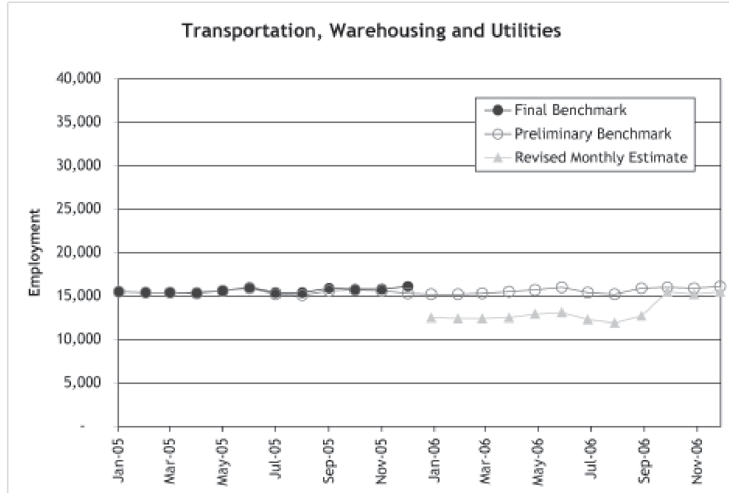
Retail Trade

Economists have observed that increases in employment and spending in the *Retail trade* sector have provided crucial support for the economy during recent periods. A slight downward adjustment, of 100 positions, from 2005 final benchmark brought average annual employment to 97,500 for the year.

In spite of downward employment trends in 2006 of many retail industries, such as *Clothing and clothing accessories and general merchandise stores*, and *Department stores*, increases from *Food and beverage stores* contributed to overall growth of 800 jobs for the *Retail trade* sector. Benchmarked 2006 average annual employment arrived 0.8 percent higher than the 2005 level at 98,300 jobs.

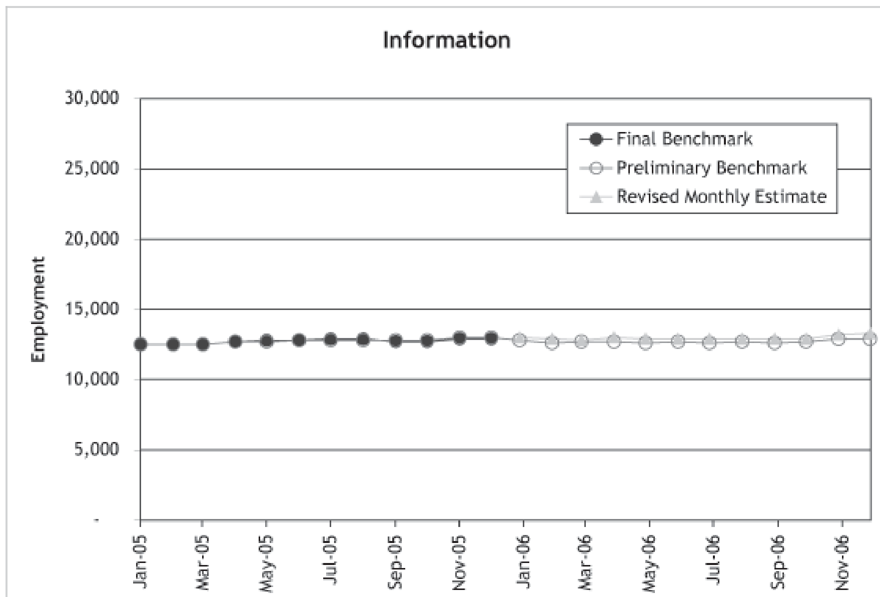
Transportation, Warehousing, and Utilities

There is generally very little change in the employment for this sector, although there is slight seasonal fluctuation mostly from school bus drivers. The final 2005 benchmark and the 2006 annual average employment were the same at 15,600 workers.



Information Supersector

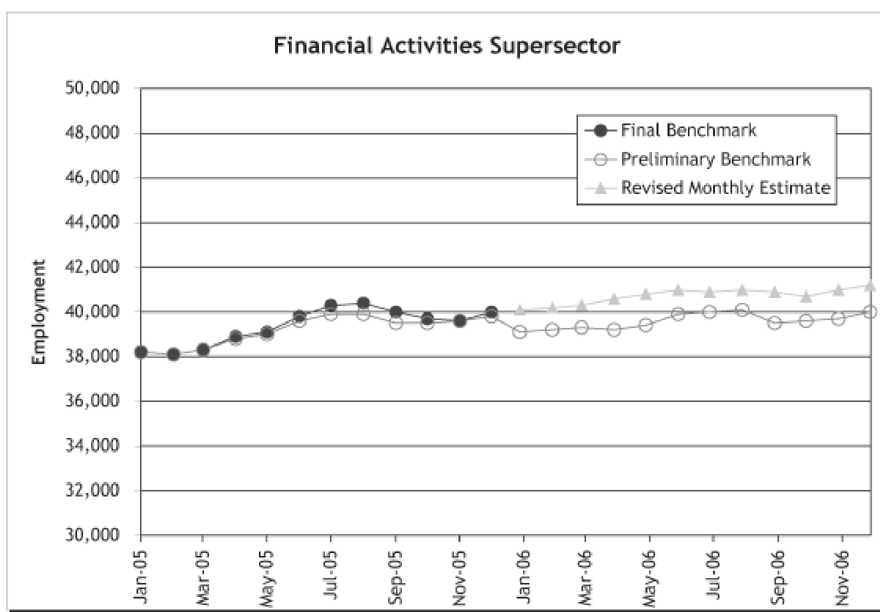
With an average annual employment level of 12,700, *Information* is the smallest employing supersector among the service-providing industries. The 2005 and 2006 benchmarking processes left employment unchanged.



Financial Activities Supersector

This supersector is the combination of *Finance and insurance* and *Real estate and rental and leasing*. Current issues, such as the looming crisis in the funding of retirement systems, rising mortgage interest rates, and the slowing real estate market, have drawn a lot of attention to these industry sectors. The final 2005 benchmarking process added 200 jobs to the supersector, a 0.5 percent adjustment. That adjustment brought the average annual employment to 39,400 for 2005.

Revised monthly estimates during 2006 maintained steady job increases. The 2006 benchmark tempered those estimates, resulting in an annual average employment of 39,600, up 200 positions from 2005, a 0.5 percent increase.

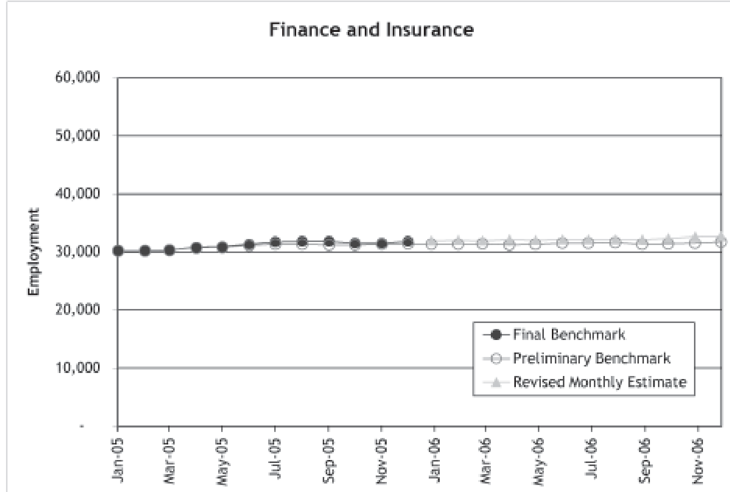


Finance and Insurance

Finance and insurance holds the majority of the jobs in the supersector. An adjustment of 300 jobs was added as a result of the 2005 benchmarking. That 1.0 percent correction put the average annual employment at 31,200 for 2005.

Employment during 2006 brought a slight increase of 200 jobs. The 2006 average annual employment of 31,400 was 0.6 percent ahead of 2005.

Real estate and rental and leasing job count estimates showed no changes and 2005 final and 2006 benchmarked average annual employment was 8,200.



Professional and Business Services Supersector

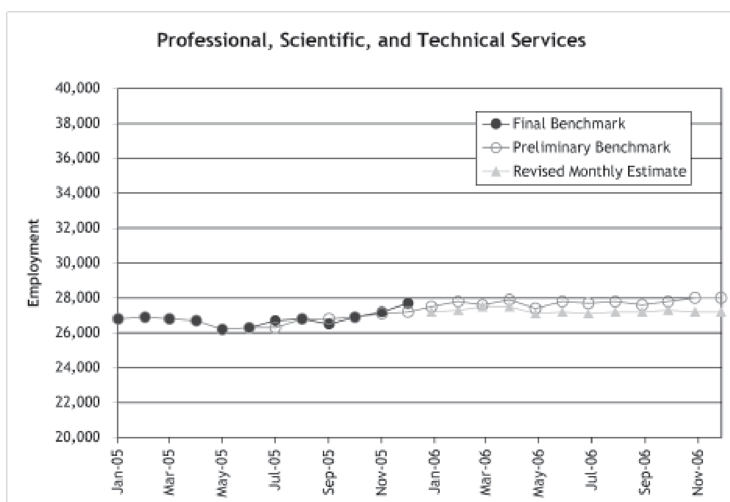
Three industry sectors make up this grouping: *Professional, scientific, and technical services; Management of companies and enterprises*; and *Administrative and support and waste management and remediation services*. Combined, these industries do show some seasonal movement, and employment growth. Final 2005 benchmarking adjusted the average annual employment down 100 positions to 59,200.

During 2006 the group had continued growth, and 2006 benchmarked annual average employment reached 61,300 jobs. This was 2,100 workers more than 2005, a job increase of 3.5 percent.

Professional, Scientific, and Technical Services

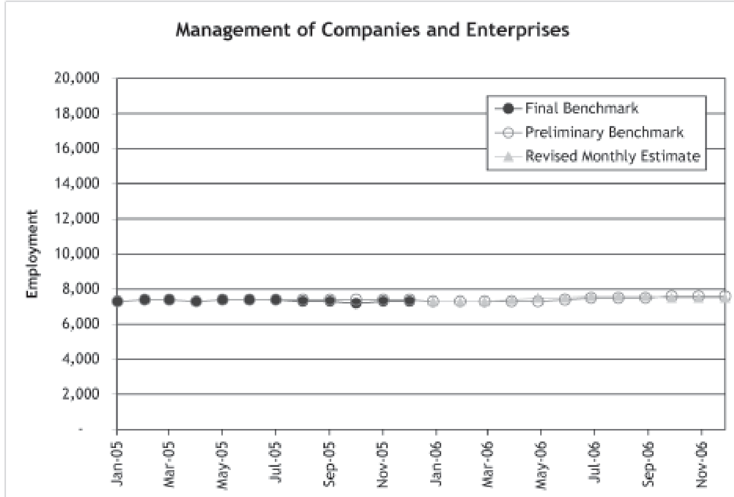
Professional, scientific, and technical services makes up over 45 percent of the employment for the supersector. The 2005 final benchmark added 100 positions to the annual average employment, reaching 26,800 for the year.

Monthly 2006 employment estimates were revised upwards with the benchmark, increasing the level by 900 workers over 2005 to 27,700 average annual jobs.



Management of Companies and Enterprises

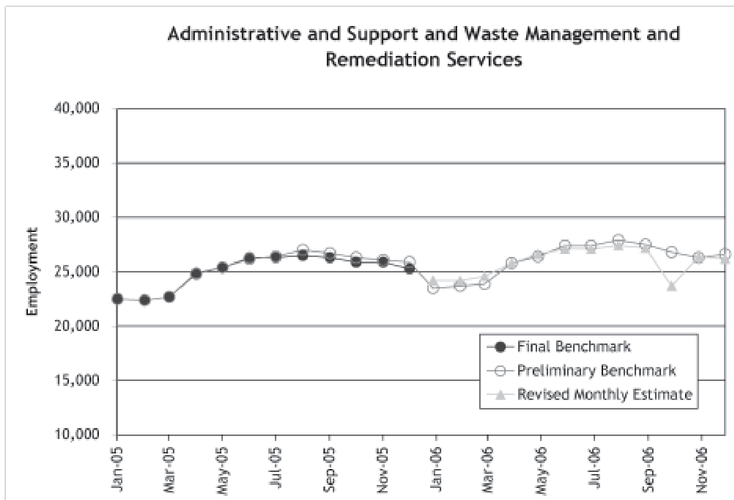
Employment in this sector is little changed. While final 2005 benchmark adjusted the average annual employment down by 100 positions, by the end of 2006 those jobs were added back on, resulting in an average annual employment of 7,400.



Administrative and Support and Waste Management and Remediation Services

This group is largely responsible for the seasonal movement of the supersector, mainly because it includes landscaping services. It also holds over 40 percent of the employment for the supersector. The final 2005 benchmark revised the annual average down by 200 workers to 25,000.

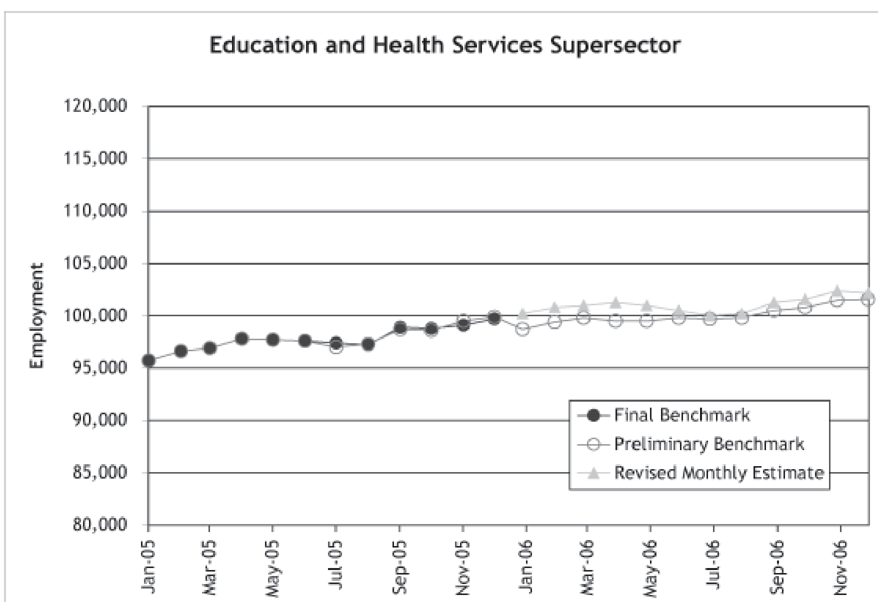
In spite of a soggy start to summer, employment in 2006 grew by 1,100 workers to 26,100 annual average, up 4.4 percent from 2005.



Education and Health Services Supersector

This is the second largest employing supersector in New Hampshire, and one of the groups most affected by the changing demographics of an aging population and the new generations coming up. The final 2005 benchmark held employment unchanged from the preliminary level of 97,800.

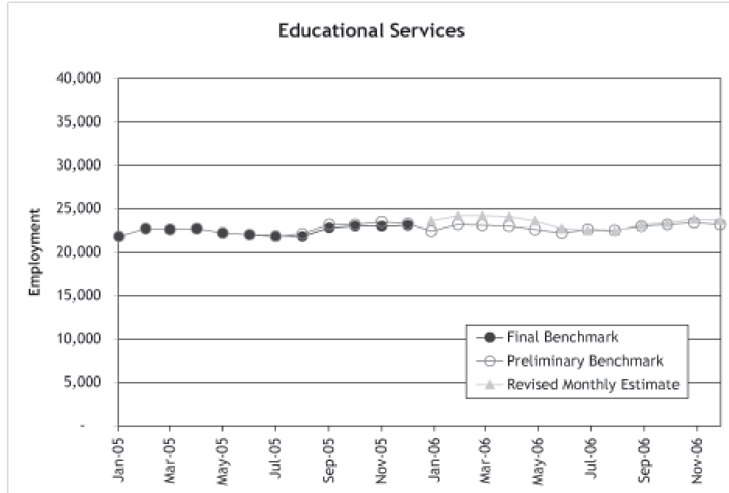
Employment continued to expand through 2006 by 2,300 jobs, a 2.4 percent growth rate. The 2006 average annual employment reached 100,100 jobs.



Educational Services

These educational services include only those in the private sector. Government education employment is much larger with local elementary and secondary schools and the state university system and technical college system. Private nonfarm estimates by industry do not include government employment. The final 2005 benchmarked average annual employment in private *Educational services* was 22,500, adjusted just 100 jobs fewer than the preliminary level.

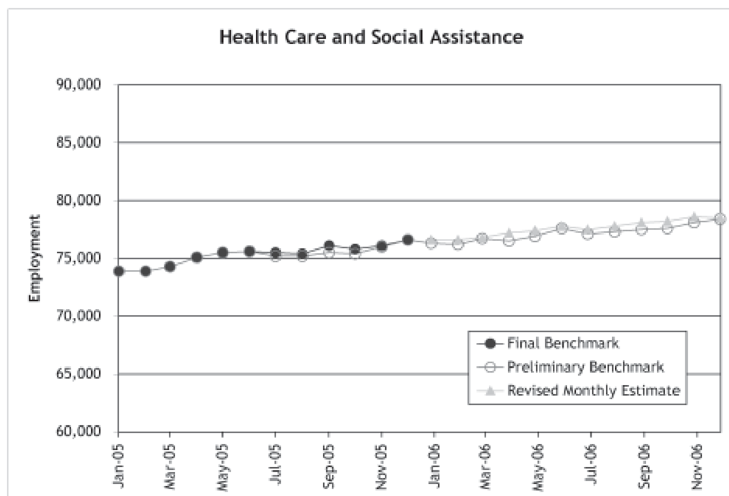
In 2006, the increased employment demand from *Colleges, universities and professional schools* helped push the average annual employment up 400 jobs to reach 22,900.



Health Care and Social Assistance

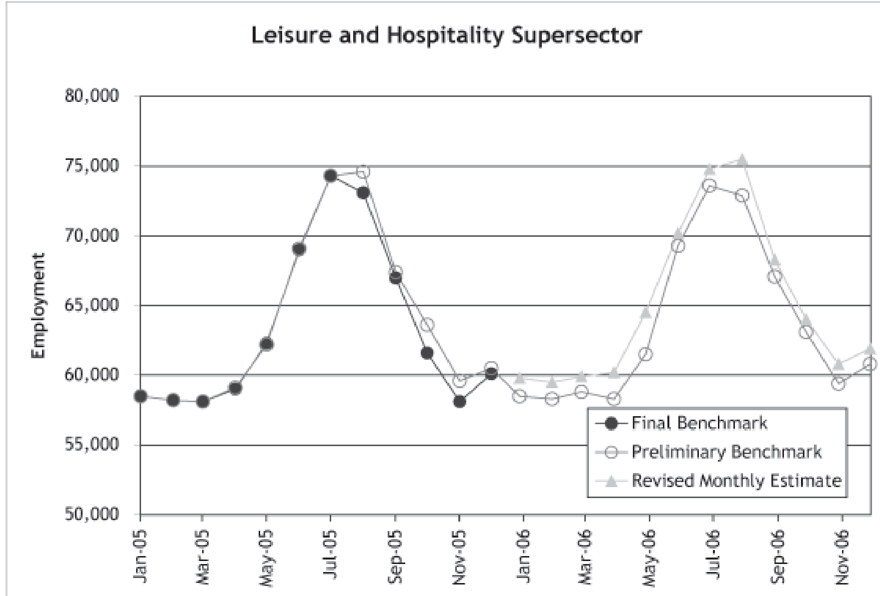
This industry sector reflects the close relationship that social assistance responsibilities have with health care services, although health care makes up a majority of the employment. Final 2005 benchmark pushed the average annual employment up barely 0.1 percent, 100 positions, to 75,300.

During 2006, employment increases of 900 jobs from *Hospitals*, and another 400 from *Ambulatory services* boosted average annual employment to 77,200.

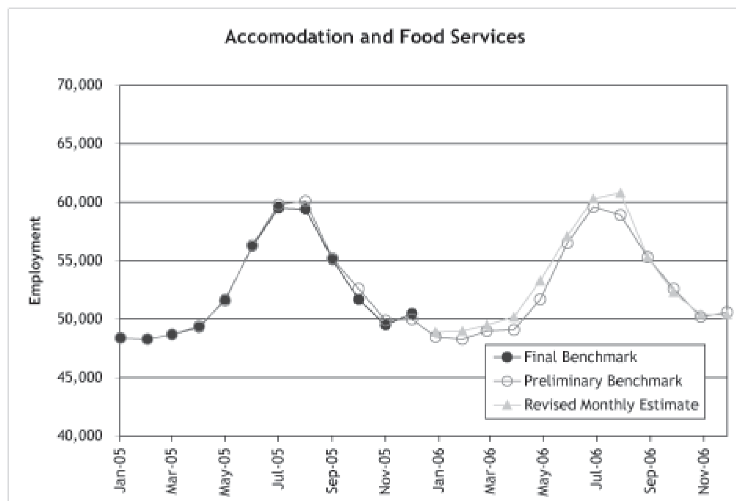


Leisure and Hospitality Supersector

Trends in this supersector are closely related to tourism in the state. It is the combination of the *Arts, entertainment, and recreation* sector and the *Accommodation and food services* sector. The 2005 final benchmark dampened the preliminary benchmark and adjusted the average annual employment downward by 500 positions to 63,300.



The rainy, dreary 2006 summer did little to encourage tourists so there was no recorded employment growth contribution from the *Arts, entertainment, and recreation* sector. Fortunately, people still enjoy eating out, so there was some need for additional help there, adding barely 200 positions over the year resulting in the 63,500 job average employment level.



Accommodation and Food Services

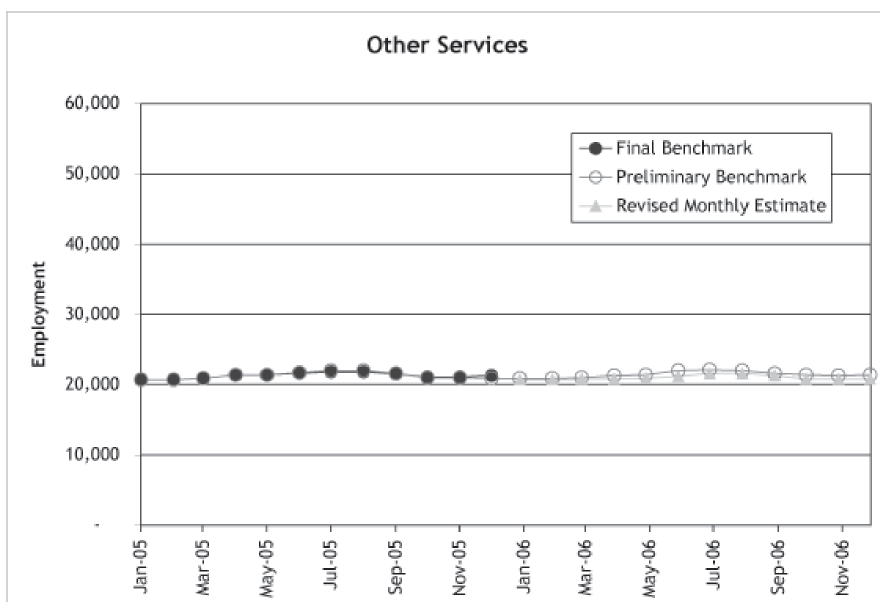
The annual average employment of 52,500 was overstated by 100 positions, and was adjusted with the final 2005 benchmarking process.

Industries associated with food services were the reason for growth in 2006 for the sector. The uninviting climate led *Accommodation* employment to fall by 300 jobs over-the-year while *Food services and drinking place* added 500. Combined they brought the annual average employment back to 52,500 jobs.

Other Services Supersector

Many repair services, personal care services, and membership services are included in this supersector, and the employment level is typically very stable. The average annual employment of 21,300 positions was unchanged with the final 2005 benchmark.

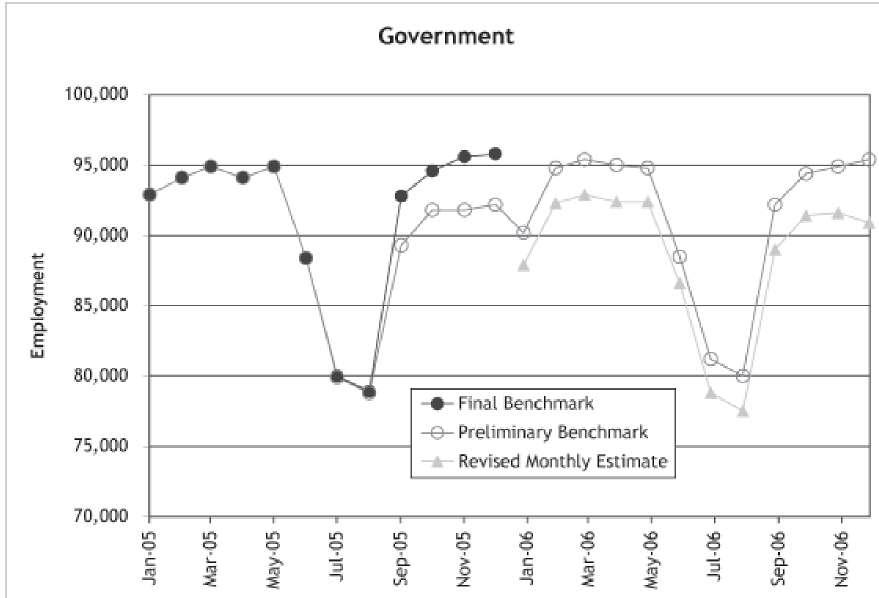
There was a slight increase through 2006 of 100, a 0.5 percent gain, bringing the average annual employment to 21,400 jobs.



Government

Government employment levels are fairly stable, aside from the seasonality in local government resulting from the school calendar. Employment changes are typically in response to population demands for services especially education. Final 2005 benchmark required revision to annual average employment mostly because employment in local government had been overstated. The preliminary employment average annual of 91,400 was scaled back to 90,300 jobs.

Preliminary 2006 benchmark pulled revised monthly estimates up slightly, so again employment growth in local government brought the total Government 2006 annual average to 91,400 jobs.



Detail 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. At the end of each calendar year, CES employment estimates are replaced with the most recent employment data available from the Quarterly Census of Employment and Wages (QCEW), or benchmarked The benchmark process allows an opportunity to validate 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.