Current Employment Statistics

Nonfarm Employment and Earnings Estimates

Preliminary 2007 and Final 2006 Benchmark

Early every year the Economic and Labor Market Information Bureau (ELMIB) revisits the nonfarm industrial employment estimates for the previous two years and revises (benchmarks) them using methods established by the U.S. Bureau of Labor Statistics.

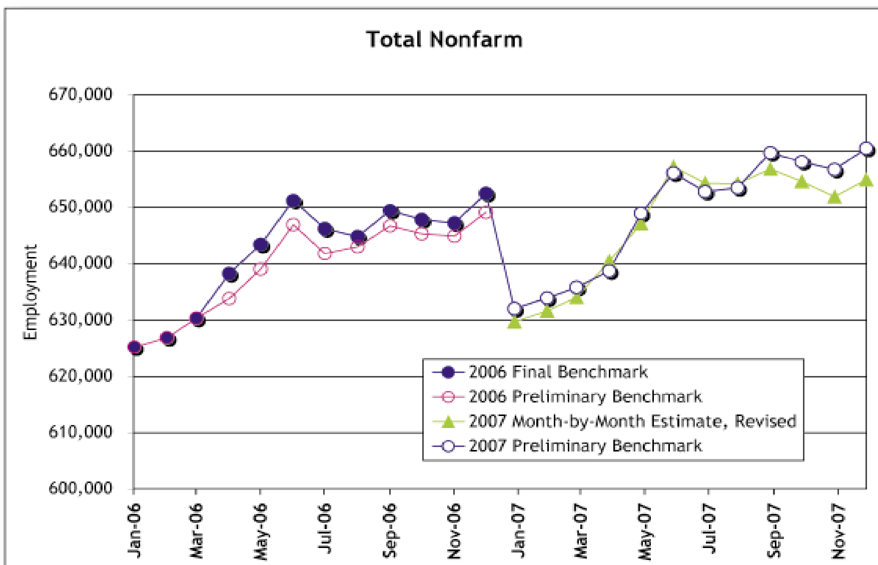
The original estimates are based on the Current Employment Statistics (CES) monthly survey of roughly 2,100 New Hampshire employers. While a statistically representative sample, it is not all New Hampshire employers. The benchmarked employment figures are based on actual employment data collected by the Quarterly Census of Employment and Wages program (QCEW) each quarter from more than 37,000 New Hampshire employers covered by unemployment compensation law. The CES nonfarm employment estimates also include workers in industries not covered by unemployment insurance, like some in finance and insurance, and in membership organizations. This spring involved updating data from the 2006 preliminary benchmark into a final benchmark, and updating the 2007 monthly estimates into a preliminary benchmark.

When the economy is expanding, the benchmark process typically results in an upward revision to nonfarm employment. When the economy is slowing, the benchmark process usually results in a downward revision to employment. While the New Hampshire economy was still expanding in the second half of 2006 into 2007, there was evidence that national economic growth had begun to slow.

For New Hampshire nonfarm employment as a whole, 2006 average annual employment increased by 2,500 when revised from the preliminary benchmark to a final benchmark. The 2007 preliminary benchmark averaged 1,900 more than the estimates produced each month for 2007. All told, net job growth from 2006 to 2007 in New Hampshire's annual average employment was 7,000. Because not all industries respond to overall economic changes in the same direction to the same degree, benchmarked employment changes will be more significant in some industries than in others.

Total Nonfarm

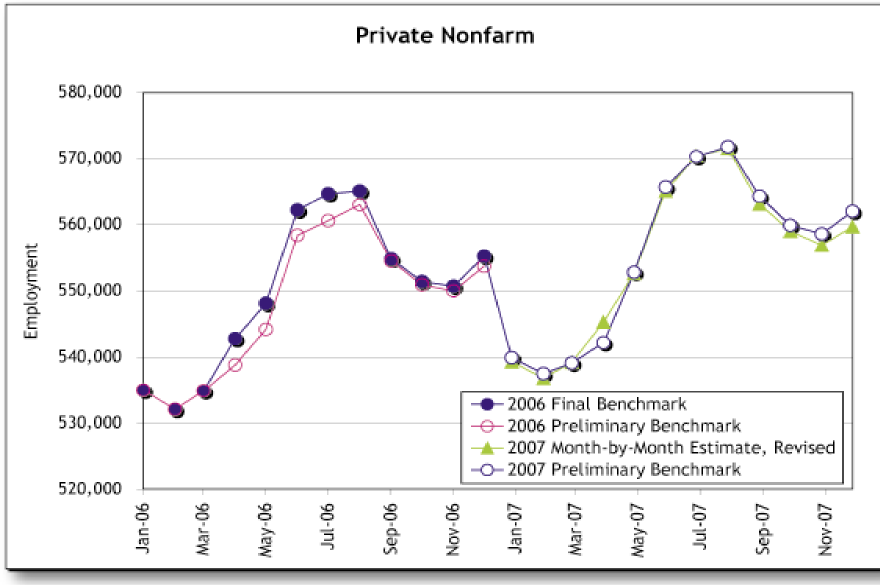
The final 2006 benchmark adjusted the *total nonfarm* employment upward by 2,500 jobs to reach an annual average of 641,900 in New Hampshire. This represented an adjustment of 0.4 percent from the preliminary 2006 benchmark.



The preliminary 2007 benchmark adjusted monthly revised estimates upward in the first three and the last four months of the year. The annual average adjustment was roughly 1,600 jobs ahead of preliminary estimates and placed 2007 *total nonfarm* employment at an annual average of 648,900. This was a gain of 7,000 jobs, 1.1 percent, from the final 2006 employment.

Private Employment

Private employment was also adjusted upward by 1,800 positions with the final 2006 benchmark. This increased the annual average *private employment* 0.3 percent to 549,800 workers.



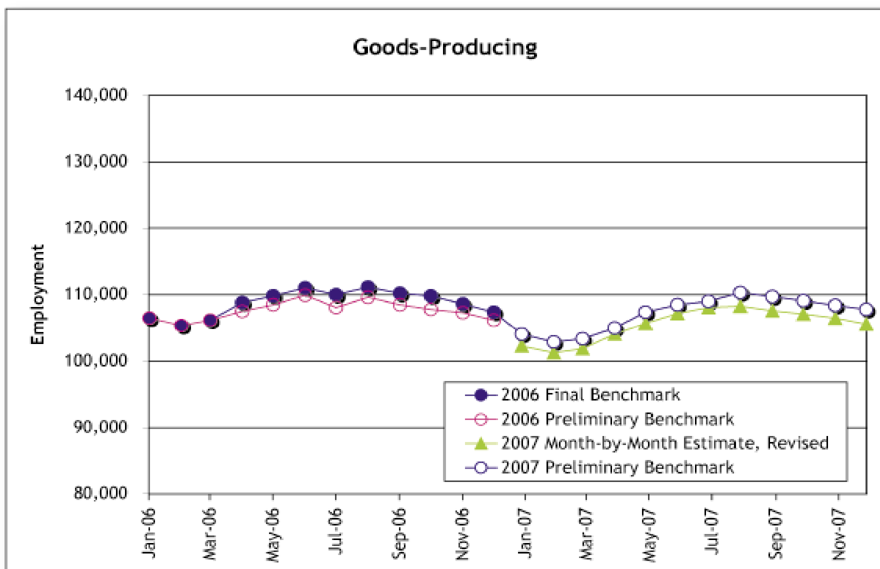
Preliminary 2007 benchmark showed an increase of 1.0 percent in *private employment* to 555,300 from the final 2006 level. This was a gain of 5,500 jobs over the year.

Industry details

While it is a good sign that the state's economy is showing positive total employment growth, it is helpful to review the individual industry shifts to gain a more thorough perspective of the changes in the state's economy.

Goods-Producing

Final 2006 benchmark showed that employment in the *goods-producing* industries was slightly stronger than original indications. *Manufacturing, Construction, Natural resources* and *Mining* are included as *goods-producing* industries. The annual average employment in these industries was bumped up 1,100 jobs to 108,700 for 2006.

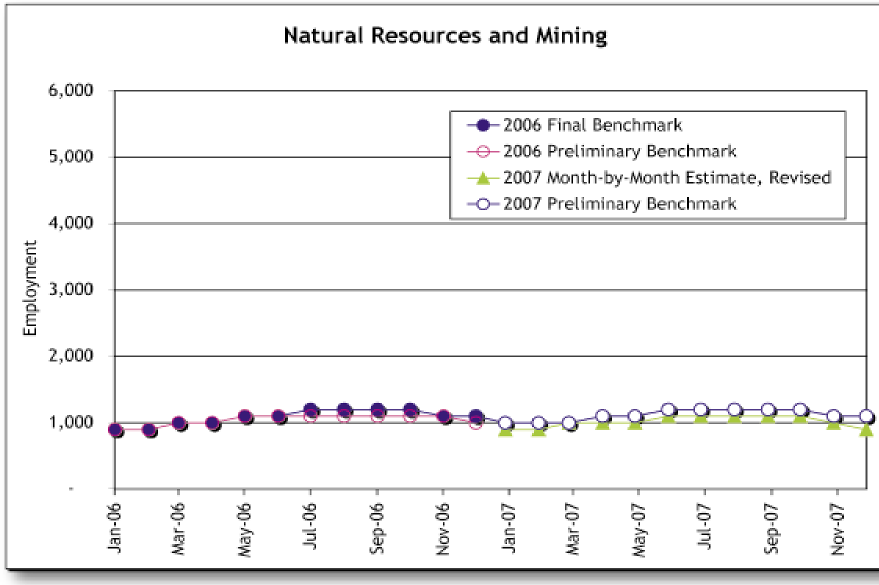


Likewise monthly revised estimates were also adjusted upwards with the preliminary 2007 benchmark. However, even though the adjustments were positive the annual average employment in *goods-producing* industries dropped 1,600 jobs to 107,100. That was a 1.5 percent reduction from the final 2006 employment level.

Natural Resources and Mining Supersector

Typically this industry sector experiences very few shifts in employment because it has such a small employment base. However, the final 2006 benchmark did move the annual average up to 1,100 for 2006.

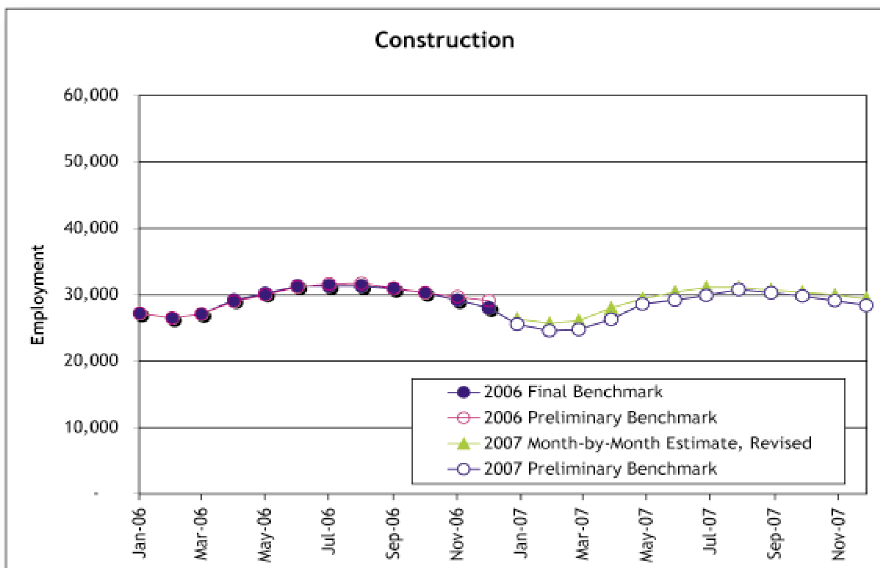
Monthly revised estimates were adjusted upward in 2007 in the preliminary benchmark to maintain that same annual average employment for the year.



Construction Supersector

Growing concerns in the overall housing market have adversely affected the recent employment growth in this sector. Final 2006 benchmark scaled back the annual average employment by 100 jobs, resting at 29,400 jobs for the year.

The monthly revised estimates had been slightly too vigorous and were adjusted with the preliminary 2007 benchmark. *Construction's* annual average employment of 28,100 was a drop of 4.4 percent or 1,300 jobs from 2006.



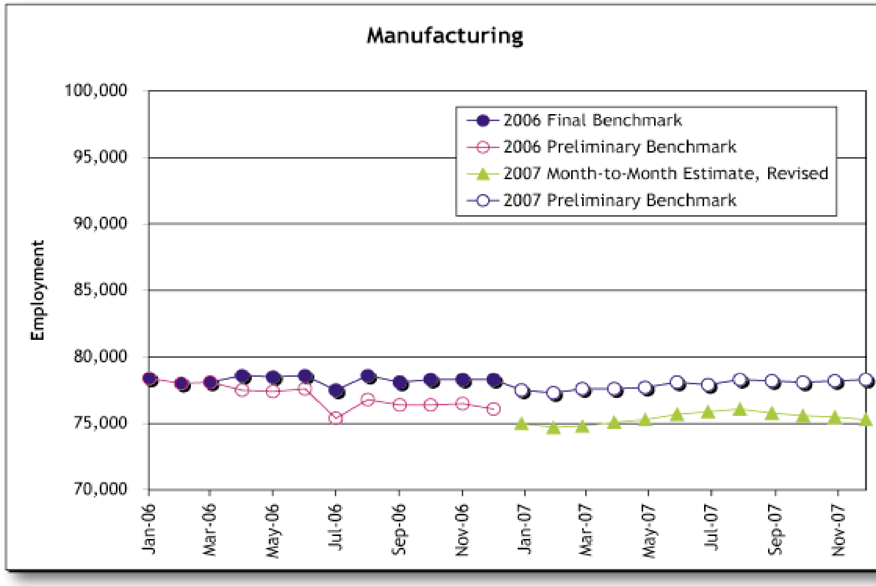
Manufacturing Supersector

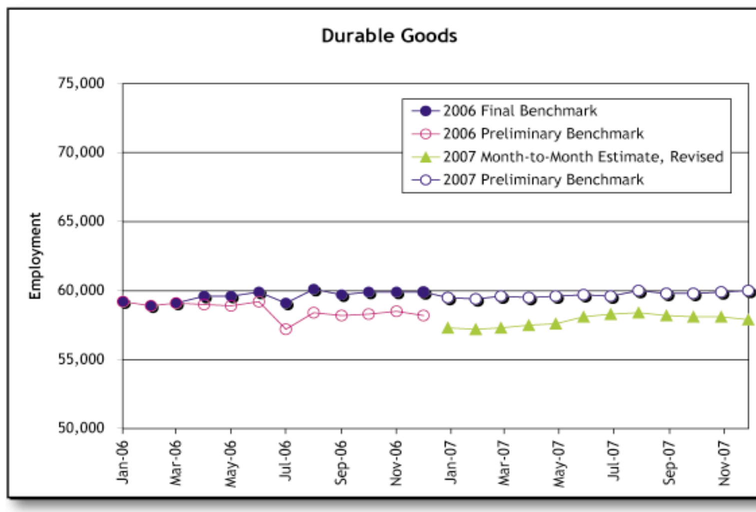
Manufacturing's struggles were mitigated somewhat with the final 2006 benchmark, which adjusted the 2006 annual employment upward 1.6 percent to 78,300 jobs. Continuing contractions in *paper manufacturing* segments have added to the shrinking in the overall manufacturing industry.

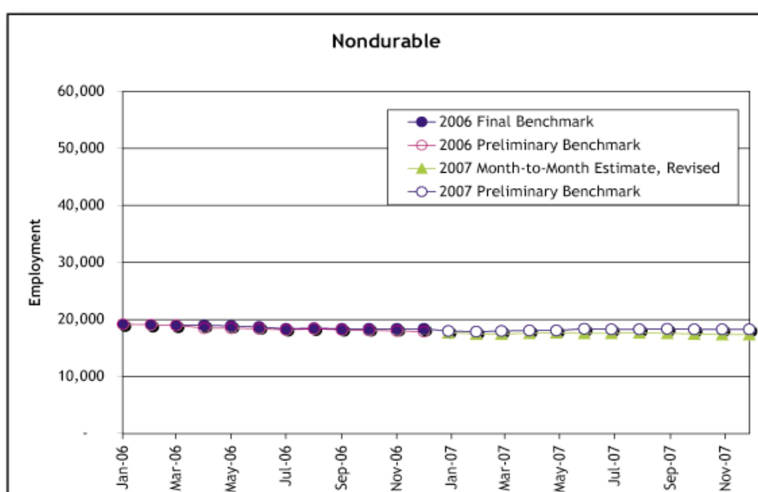
Preliminary 2007 benchmark documented the ongoing declines in *Manufacturing* as average annual employment dropped another 400 jobs to 77,900.

The lion's share of all *Manufacturing* employment is in *Durable goods manufacturing* which employs three of every four manufacturing workers. Final 2006 benchmark revised the annual average employment in this segment up 1,000 positions to 59,600. The monthly revised estimates in 2007 were also positively adjusted to reflect an increase of 100 jobs over the year to 59,700. No single published manufacturing segment had any significant employment changes during the year.

Nondurable goods manufacturing has shouldered the brunt of the employment reductions in the industry. This may be because nondurable goods has been more affected by outsourcing to where materials and labor are less expensive. The final 2006 benchmark had an increase of 1.1 percent to reach an annual average employment of 18,700. The preliminary 2007 benchmark showed a slow downward trend, falling 500 jobs to an annual employment level of 18,200.

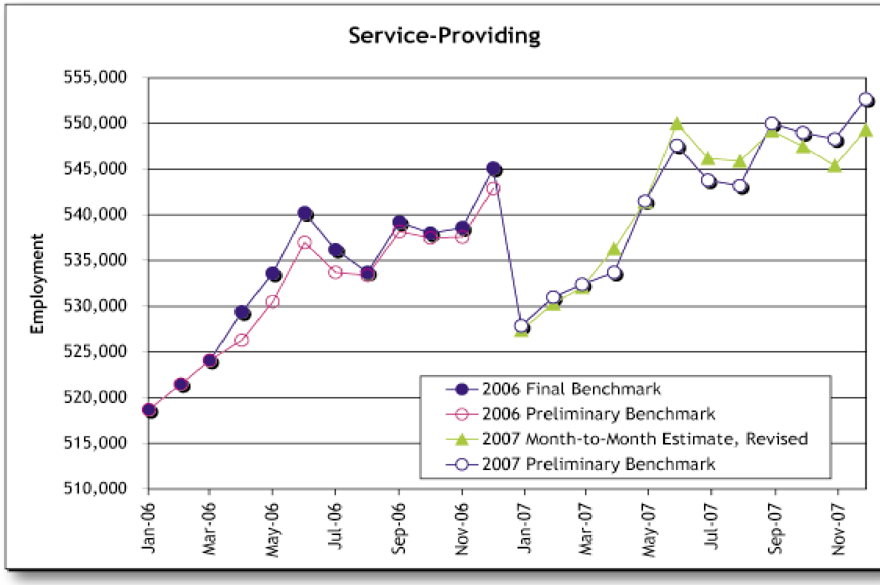






Total Service-Providing

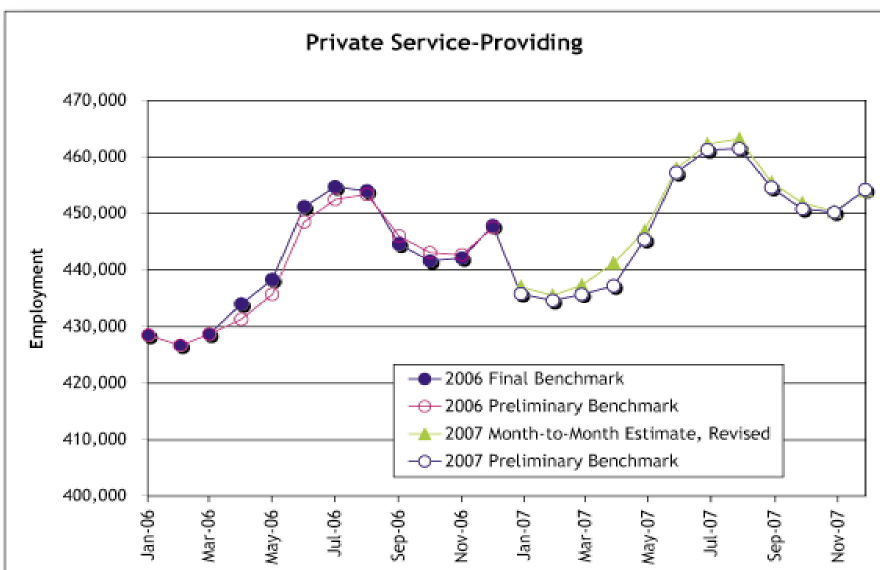
Demographics have been the driving force behind the growth in most *service-providing industries*. As the population grows, moves, and ages, it creates new demands for various services. *Service-providing industries* include *Trade, transportation* and *utilities; Financial activities; Information; Professional and business services; Education and health services; Leisure and hospitality*; and *Other services. Government* employment is also included as *service-providing* employment because its employment customarily changes in response to population needs.



Final 2006 benchmark adjusted the number of *service-providing* jobs up by 1,400 to reach an annual average of 533,200. Monthly revised estimates had minute adjustments with the 2007 benchmark. The net result was an 8,600 job increase over 2006, a 1.6 percent growth rate. Annual average employment reached 541,800.

Private Service-Providing

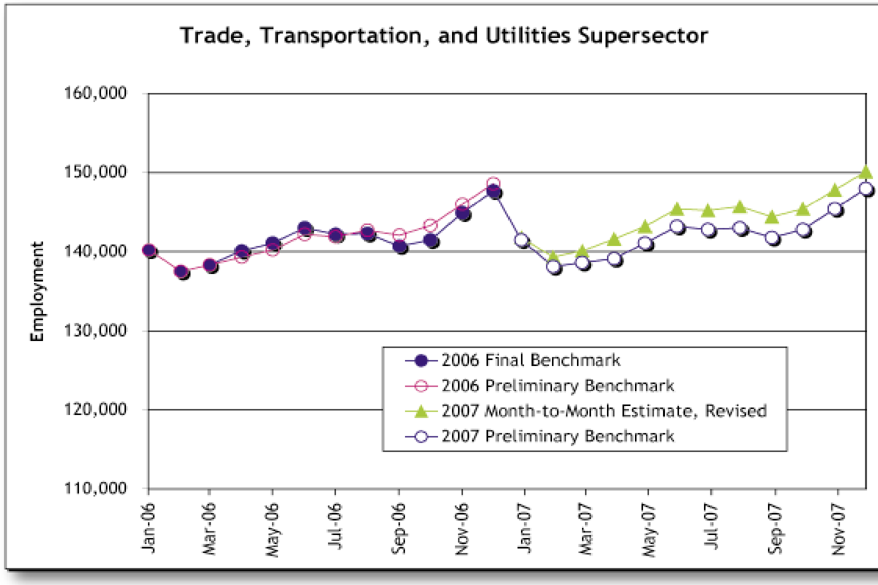
As mentioned earlier, government employment is typically counted as part of *service-providing* industries. The final 2006 benchmark included 441,000 *private service-providing* employees. Likewise with preliminary 2007 benchmark, *private service-providing* employment grew 1.6 percent to reach 448,200 jobs.



Trade, Transportation, and Utilities Supersector

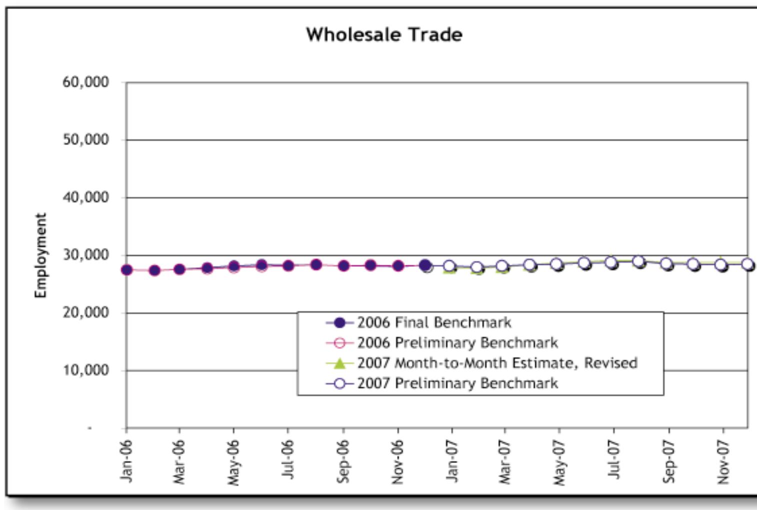
This supersector includes *Wholesale trade, Retail trade, Transportation* and *warehousing,* and *Utilities*. This group employs almost a third of the *private service-providing* workers and over a quarter of *total private* employment in the state. Final 2006 benchmark placed annual average employment at 141,600 workers.

Preliminary 2007 benchmark showed an increase of 0.4 percent in average annual employment. This expanded 2007 employment in the supersector to 142,100 jobs.



Wholesale Trade

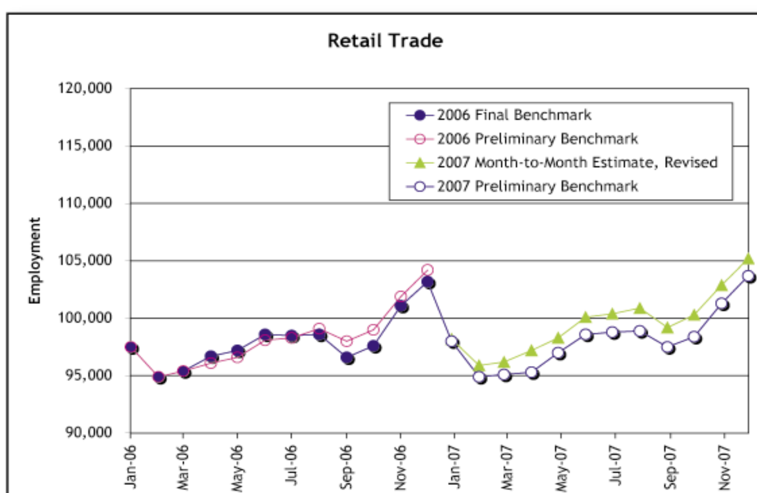
Wholesale trade continued its steady employment levels through this benchmarking process. Final 2006 benchmark maintained the annual employment of 28,000 with no adjustments. Annual employment increased by 1.8 percent, 500 jobs with preliminary 2007 benchmark, to 28,500 workers.



Retail Trade

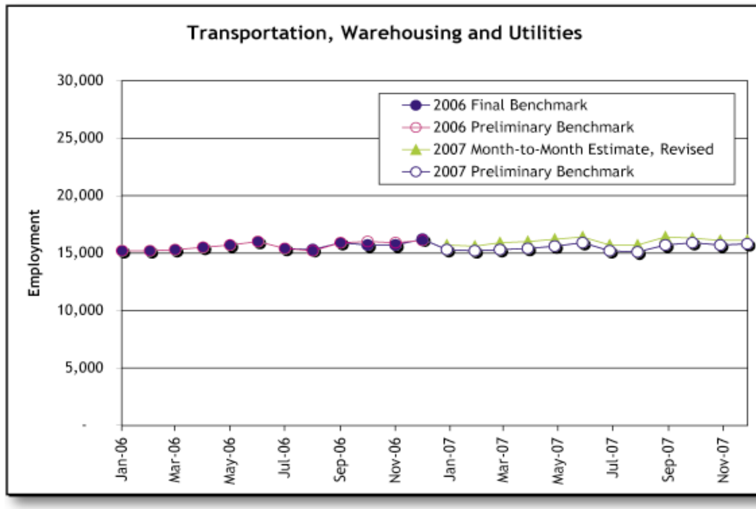
As consumers' purse strings have been tightened with costs of energy and basic necessities increasing, a lot of attention has focused on employment in this sector. Consumer spending in retail had been an economy saver in recent years and retail is among the industries most affected by changes in people's disposable income. Final 2006 benchmark adjusted annual employment by 300 jobs to 98,000.

Only published retail industries such as *Clothing and clothing accessories stores and general merchandise stores; Food and beverage stores; Health and personal care stores*; and *Department stores* experienced gains over 2006 jobs levels. However, job reductions in other nonpublished segments tempered those gains. Preliminary 2007 benchmark arrived at an annual average employment 98,100, just 100 jobs higher than 2006.



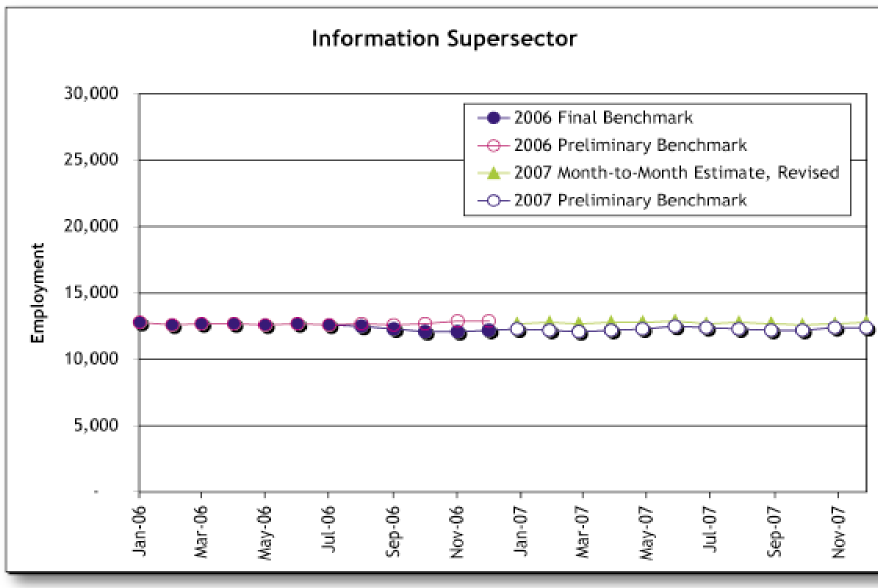
Transportation, Warehousing and Utilities

Average annual employment remained at 15,600 after the 2006 benchmark was finalized. Seasonal changes in otherwise stable employment numbers were mostly related to the end of the school year as bus companies reduced staff. Monthly estimates were reduced in the 2007 preliminary benchmarking process, yielding an annual employment drop of 100 jobs to 15,500.



Information Supersector

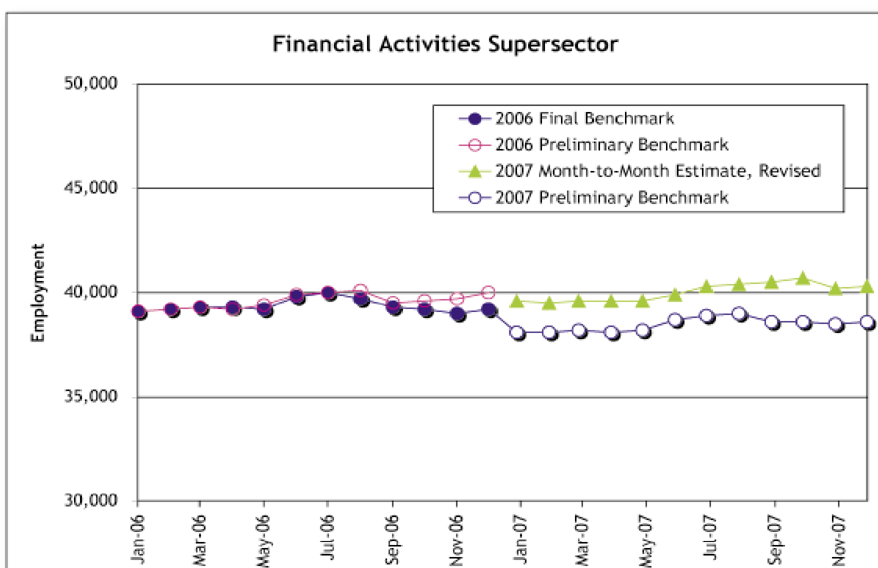
Final 2006 benchmark reduced employment in the *Information Supersector* by 200 jobs to 12,500. The *Publishing industries* sector was responsible for most of the employment changes. Reductions to monthly revised estimates within the group also resulted in the preliminary 2007 benchmark falling another 200 jobs for the supersector overall to 12,300.



Financial Activities Supersector

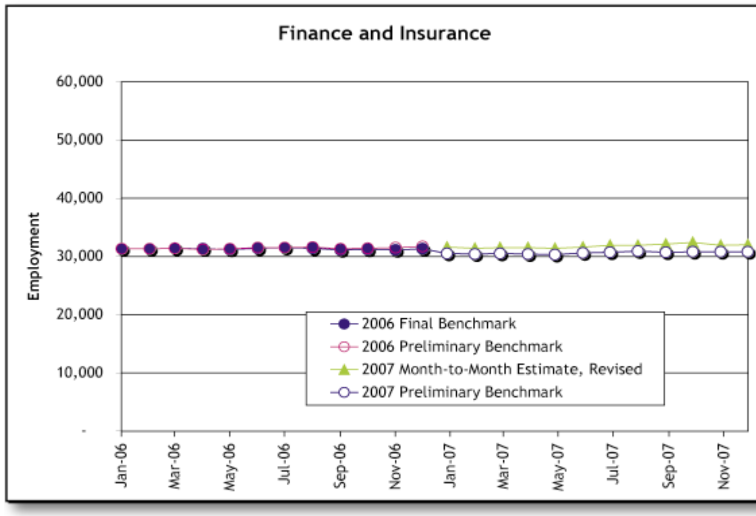
This supersector includes *Finance and insurance,* and *Real estate and rental and leasing*. As looming financial and housing concerns became realizations, foremost among them problems in subprime lending practices, this group has been under public scrutiny. And now the question revolves around these realizations affecting employment levels in the industry. There was a 0.5 percent adjustment to the employment level in the 2006 final benchmark, bringing the average annual employment for the supersector down to 39,400 workers.

The 2007 monthly revised estimates were lowered in the preliminary 2007 benchmark, yielding an annual employment average of 38,500. This was a drop of 2.3 percent or 900 positions from 2006.



Finance and Insurance

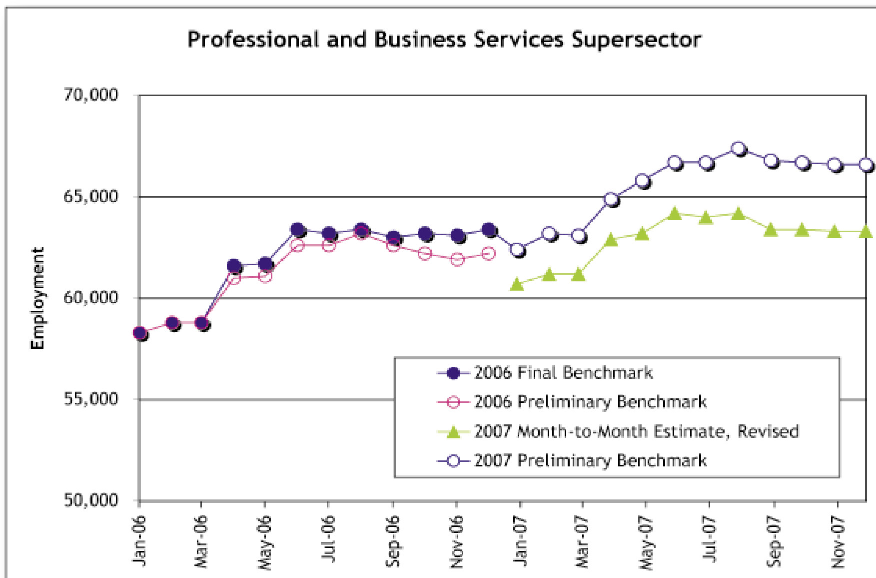
Four of every five workers in the supersector are in the *Finance and insurance* sector. The final 2006 benchmark process revised annual employment downward 100 positions to an average of 31,300. 2007 monthly revised estimates were reduced with the preliminary 2007 benchmark by 2.2 percent, resulting in average annual employment of 30,600 workers. This was 2.2 percent lower than the 2006 average.



Real estate, rental and leasing was not as robust in 2007 as 2006. The slowing in the housing market has affected the overall employment here. This sector also dropped 200 jobs over the year for a 2007 benchmarked employment level of 7,900.

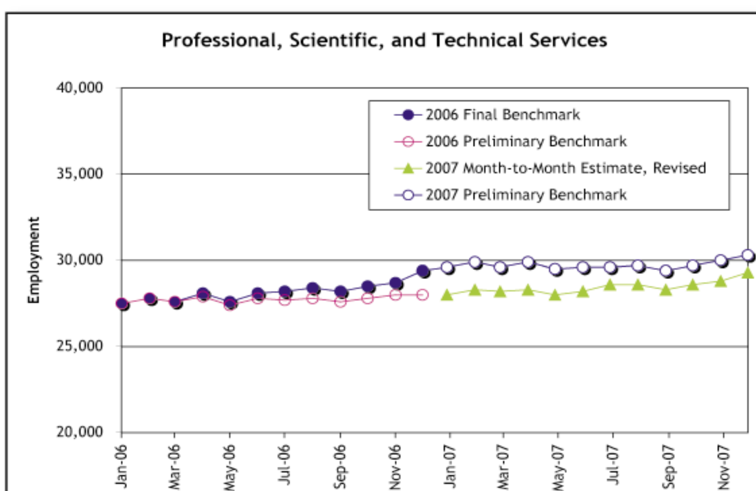
Professional and Business Services Supersector

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*. These sectors combine to make up 14 percent of *private service-providing* industries in New Hampshire, and two of the sectors are among the top five industries sectors in the state with the highest average weekly wage. Final 2006 benchmark boosted the employment by 500 jobs, to an annual average of 61,800. Revised 2007 monthly estimates were also moved upwards to an annual average of 65,600 workers. This surpassed 2006 by 3,800 jobs.



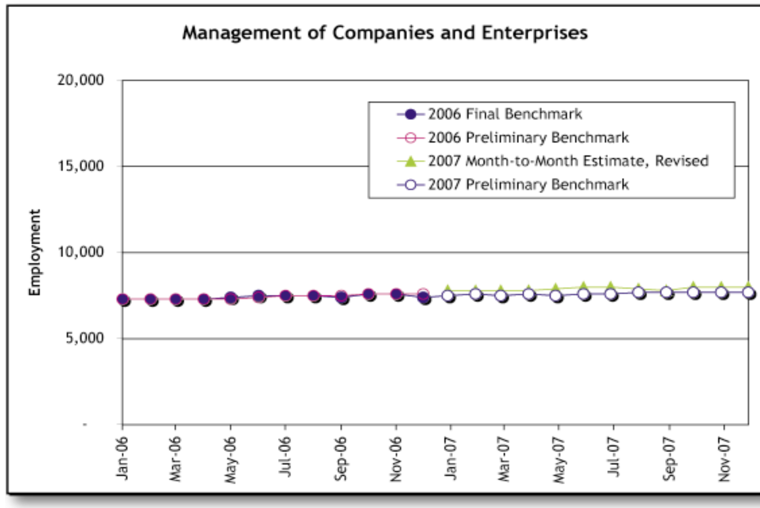
Professional, Scientific, and Technical Services

The *Professional, scientific and technical services* sector employs almost half the workers of the *Professional and business services* supersector. It is among the higher paid industry sectors in the state because it includes a lot of the research and development companies. Final 2006 benchmark adjusted average annual employment upward 1.8 percent to 28,200. Likewise, 2007 monthly revised estimates were raised with the 2007 benchmark to an annual average employment of 29,700 workers for the year. The sector added 1,500 jobs over the year.



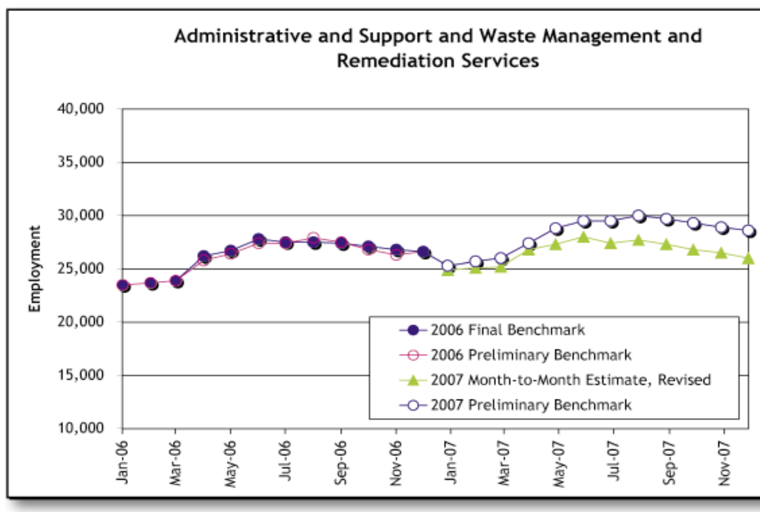
Management of Companies and Enterprises

Simply put, establishments in this sector administer, oversee, and manage other companies, or may hold the securities of the company or enterprise. Average annual employment in this sector was unchanged with final 2006 benchmark, maintaining the 7,400 workers. Revised 2007 monthly estimates were pulled back with the 2007 benchmark process to an average 7,600 workers. This resulted in a 200 job gain over the year.



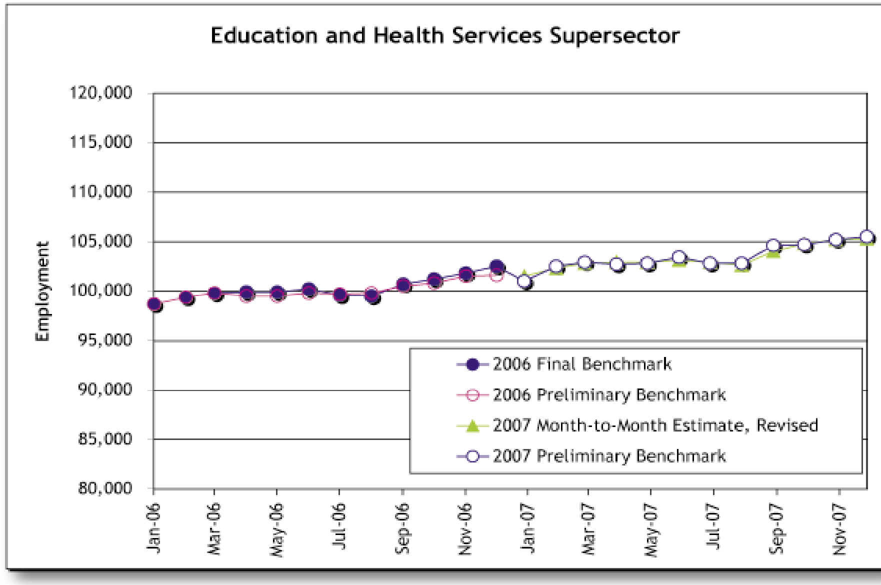
Administrative and Support and Waste Management and Remediation Services

Unlike the rest of the supersector, this group has more seasonal employment shifts because it includes companies that provide landscaping, trade show organization, employment services and travel services. Final 2006 benchmark added 100 jobs to the average annual employment, reaching 26,200 workers. Preliminary 2007 benchmark saw the annual employment level expand another 2,000 positions to 28,200.



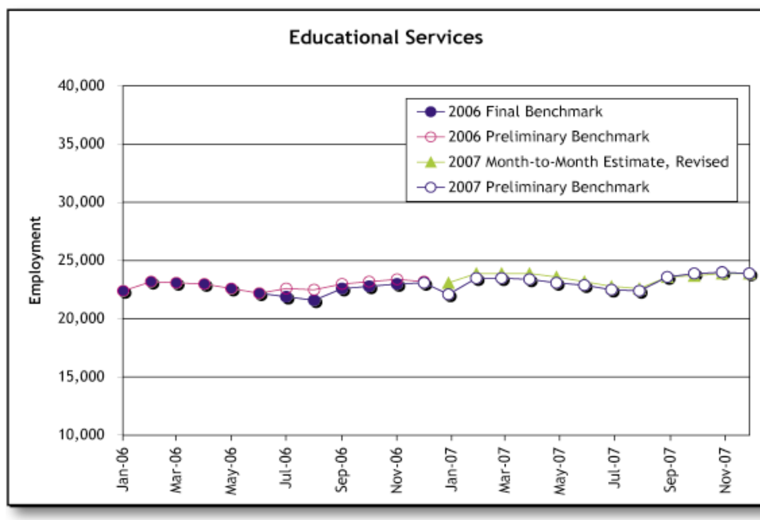
Education and Health Services Supersector

Employment in this supersector is linked to population needs. Final 2006 benchmark increased average annual employment by 200 jobs, putting it at 100,300 workers. Employment in this supersector grew through 2007 as preliminary 2007 benchmark average employment reached 103,400 jobs statewide. This was up 3.1 percent over the year.



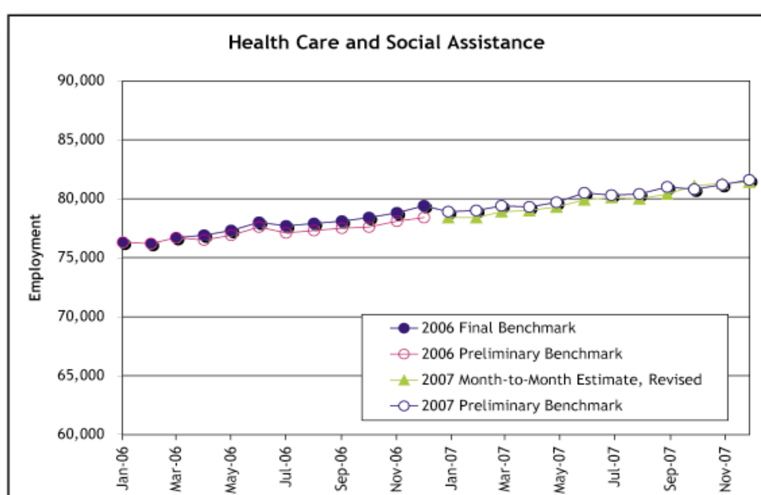
Educational Services

Final 2006 benchmark resulted in a 300 jobs downward adjustment in the annual average to 22,600 private education workers. Revised 2007 monthly estimates were scaled back for the beginning of the year but showed an over the year increase of 600 jobs in annual average employment to 23,200 workers.



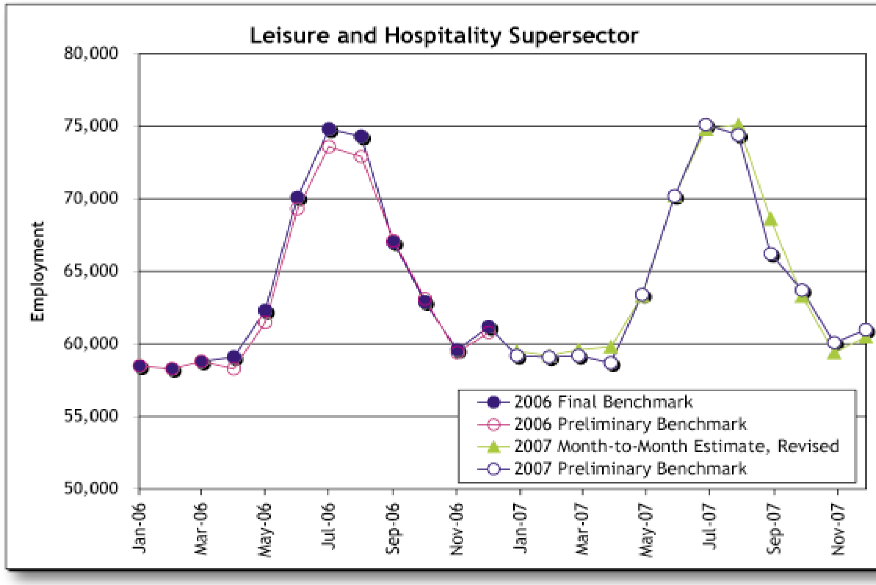
Health Care and Social Assistance

Health care makes up the lion's share of the employment in this sector. It also shows the affiliation between health services and social services. And as baby boomers continue to age the demands on this industry sector will continue to increase. Final 2006 benchmark added 400 jobs to reach an average annual employment of 77,600 for the year. Preliminary 2007 benchmark continued to see employment grow by 3.4 percent over the year to 80,200 workers.



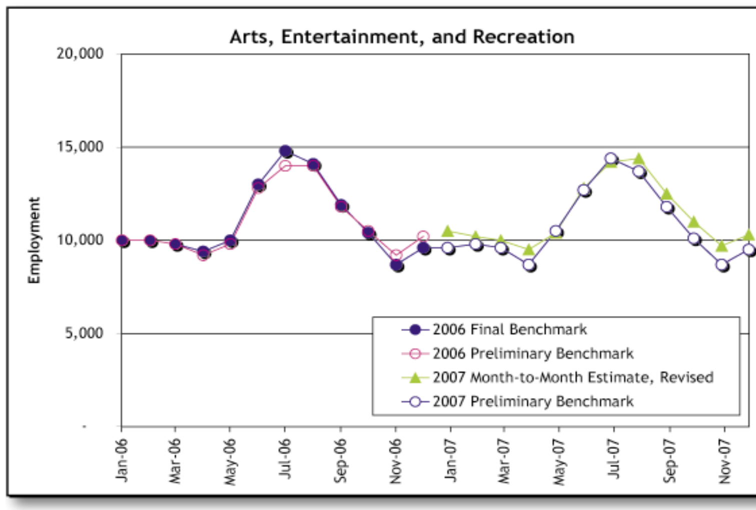
Leisure and Hospitality Supersector

With tourism as an important part of the local economy, New Hampshire pays a lot of attention to this industry group. Industry sectors in this group include *Arts, entertainment, and recreation* and *Accommodation and food services*. These are also among the industries most vulnerable to lean economic times and changes in disposable income. Final 2006 benchmark proved more favorable by 400 positions to reach annual employment of 63,900. Preliminary 2007 benchmark employment averaged 64,400 workers for the year, up less than one percent over the year.



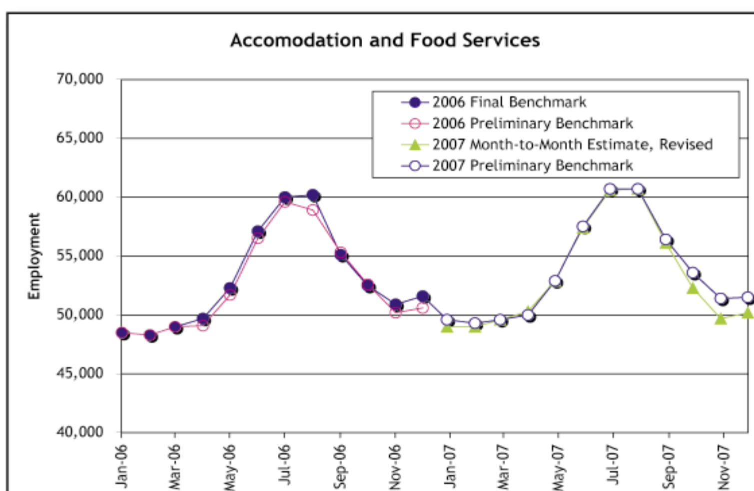
Arts, Entertainment and Recreation

About two of every eleven workers (17.6 percent) of the *Leisure and hospitality* supersector are in this group, with employment strongest during the summer months. An average annual employment of 11,000 was reached with the 2006 final benchmark. The preliminary 2007 benchmark declined to 10,800 for the year.



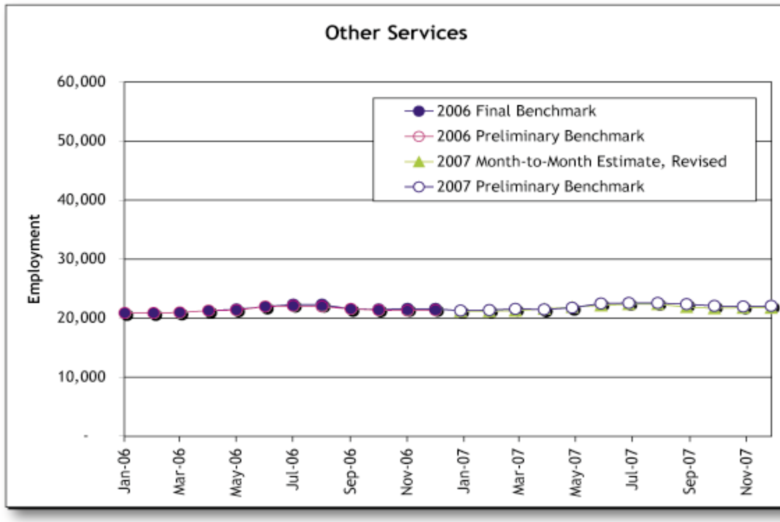
Accommodation and Food Services

This industry holds the majority of the employment in the *Leisure and hospitality* supersector, and the strength within this group is food services. The final 2006 benchmark pushed annual employment to 52,900 workers that year. The preliminary 2007 benchmark mustered an increase of 1.3 percent over the year, outpacing overall state jobs growth of 1.1 percent. The average annual employment for 2007 was 53,600.



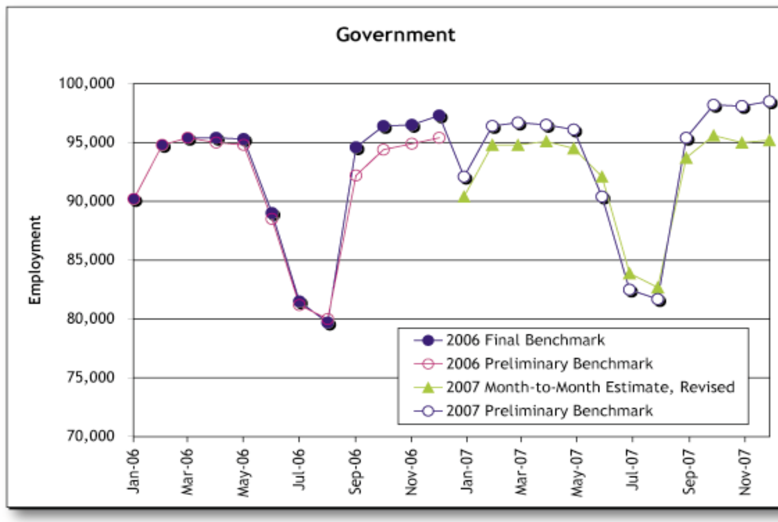
Other Services Supersector

Personal care services, repair shops, and laundry services are among the businesses included in this supersector. Employment in these industries is typically very stable. Final 2006 benchmark put annual employment at 21,500 for the year. Employment grew by 2.3 percent over the year with preliminary 2007 benchmark adding 500 jobs to reach 22,000 workers.



Government

Employment in *Government* shows definite seasonal swings affected by the beginning and end of the academic year — state employment from the university system and local government employment from the local school districts. Final 2006 benchmark put annual employment at 92,200. With preliminary 2007 data, employment expanded to 93,600 public servants for the year.



Detail Employment and Earnings data

The employment data used in this analysis can be downloaded in spreadsheet format from our web site at: <www.nh.gov/nhes/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.