

# New Hampshire ECONOMIC CONDITIONS

January 2020

## Business Employment Dynamics:

### Gross Job Gains and Gross Job Losses from 2017 Q1 through 2019 Q1

Quarterly employment in New Hampshire follows seasonal trends, with private employment typically peaking in the second and third quarters of each year, and reaching a low point during the first quarter. This cycle only describes the net change from quarter to quarter. Even when the net change in employment from one quarter to the next is zero, there are still changes to employment. At any given time, some establishments are expanding, while others are contracting. New establishments open, while other establishments permanently close.

Business Employment Dynamics data measure not just the net change in employment, but also the gross gains and losses to employment that occur every

quarter. In the first quarter of 2019, private employment in New Hampshire, not seasonally adjusted, decreased by 10,320 net jobs, compared to the previous quarter. That net loss consisted of 27,170 gross jobs added and 37,490 gross jobs lost.

The jobs added in the first quarter of 2019 included 21,860 from businesses expanding, and 5,310 from firm openings. The jobs lost included 30,290 from businesses contracting and 7,190 from firm closings.

Two industry supersectors contributed half of the gross employment changes related to establishment openings or closings during 2017 and 2018. *Professional and Business*

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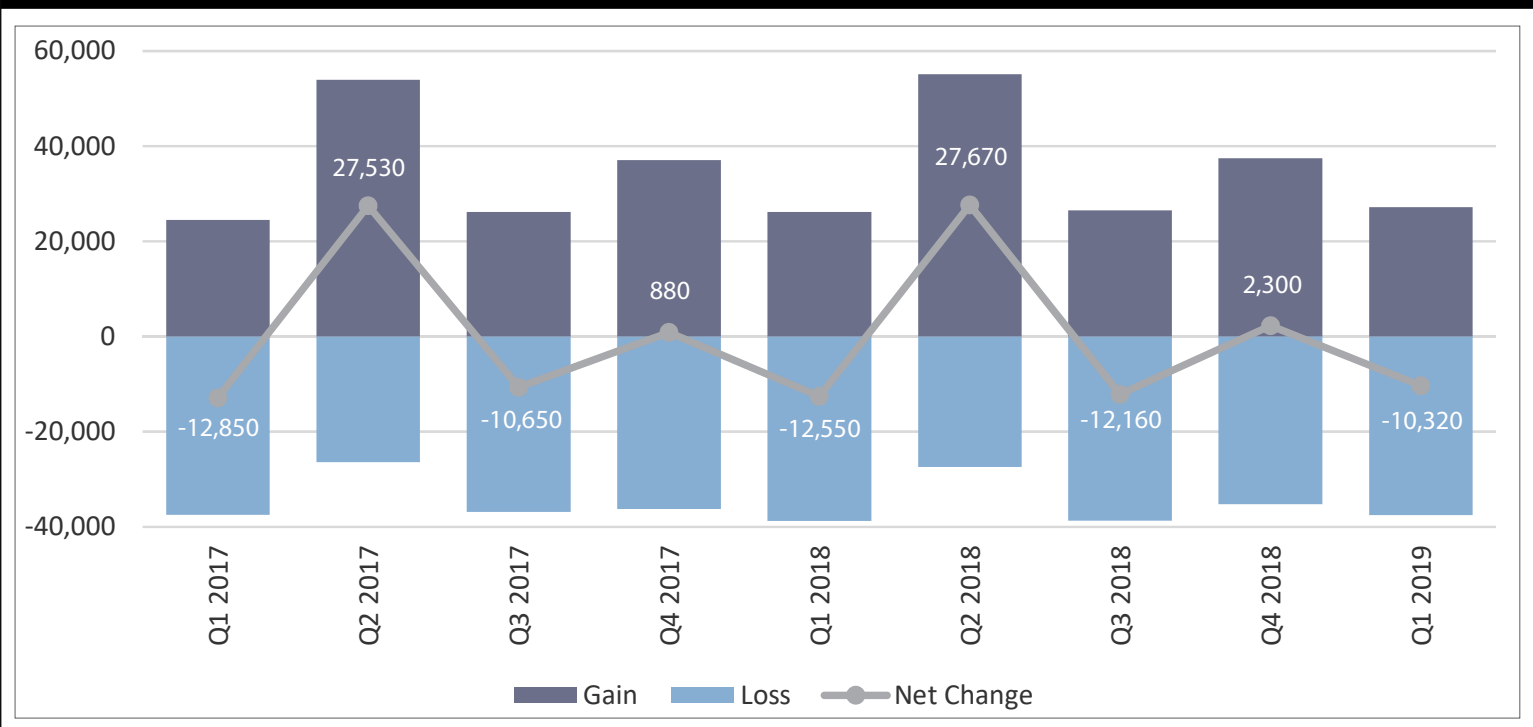
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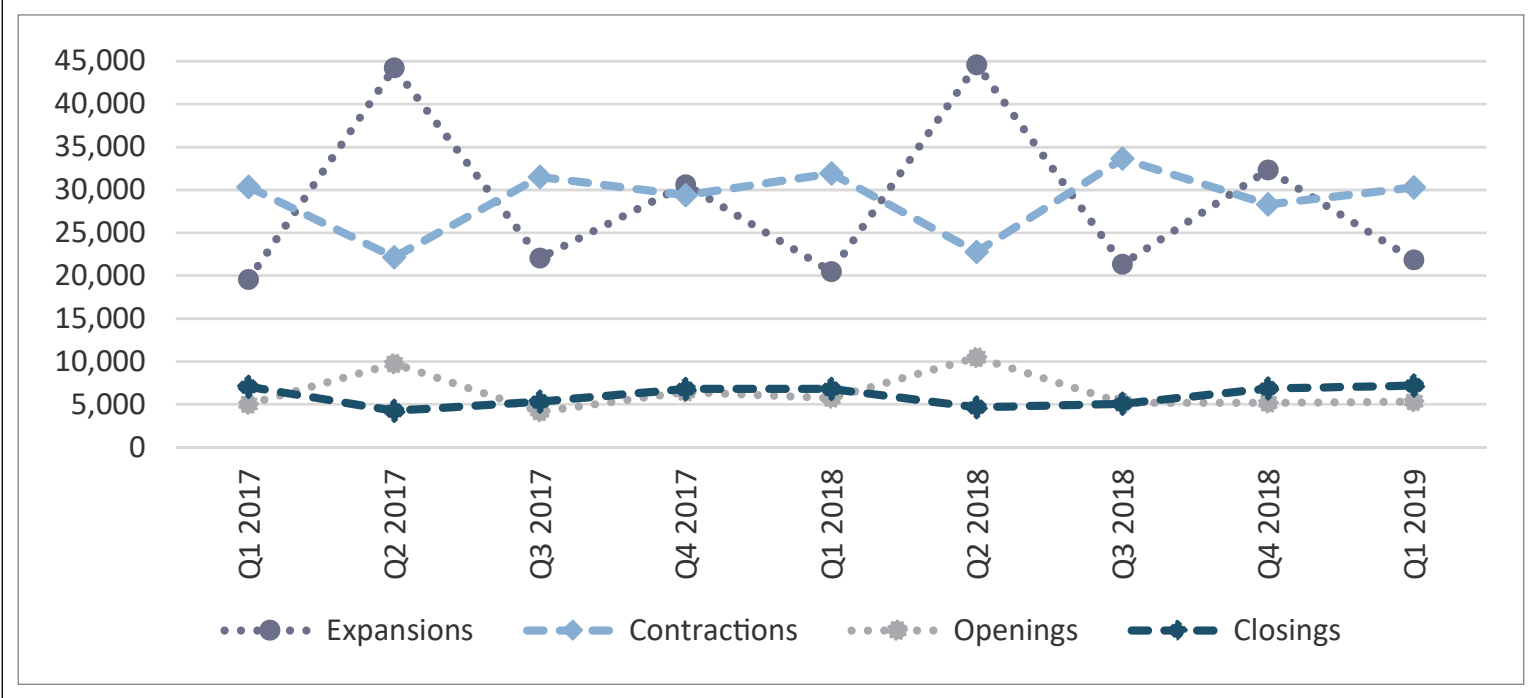
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New Hampshire Gross Private Job Gains and Losses Over-the-Quarter, Not Seasonally Adjusted



### Components of New Hampshire Private Sector Gross Job Gains and Losses, Not Seasonally Adjusted 2017 Q1 - 2019 Q1

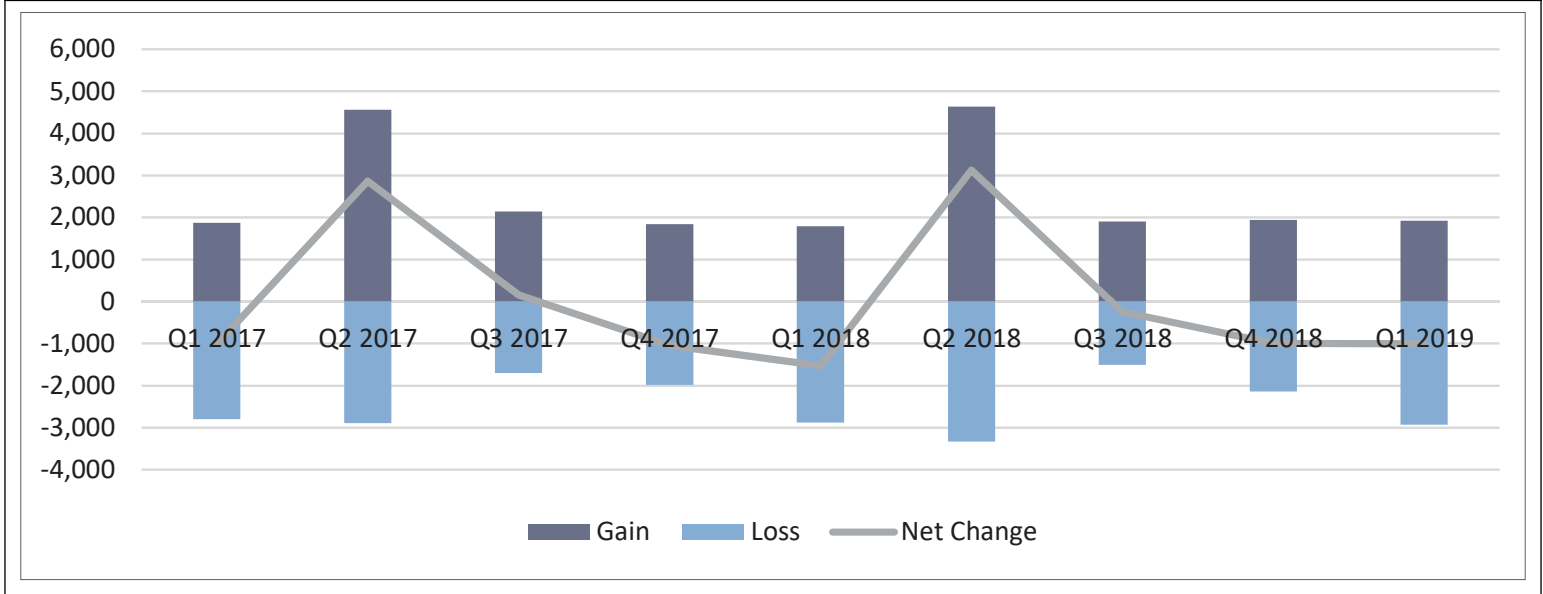


*Services and Leisure and Hospitality* combined to account for 50.1 percent of establishment openings in 2018, down slightly from 51.3 percent of openings in 2017. These industry supersectors accounted for 46.0 percent and 46.5 percent of establishment closings in 2017 and 2018, respectively.

The third quarter of each year typically has the highest levels of employment in New Hampshire, but also the largest negative net change (total gains minus total losses). Most hiring for seasonal summer employment occurs in the second quarter, so by the time the third quarter begins, employment is near its peak and relatively few additional jobs are added. Seasonal summer employment typically ends during August or September, so the job losses occur during the third quarter.

## Gross Job Gains and Gross Job Losses by Select Industries and Industry Supersectors

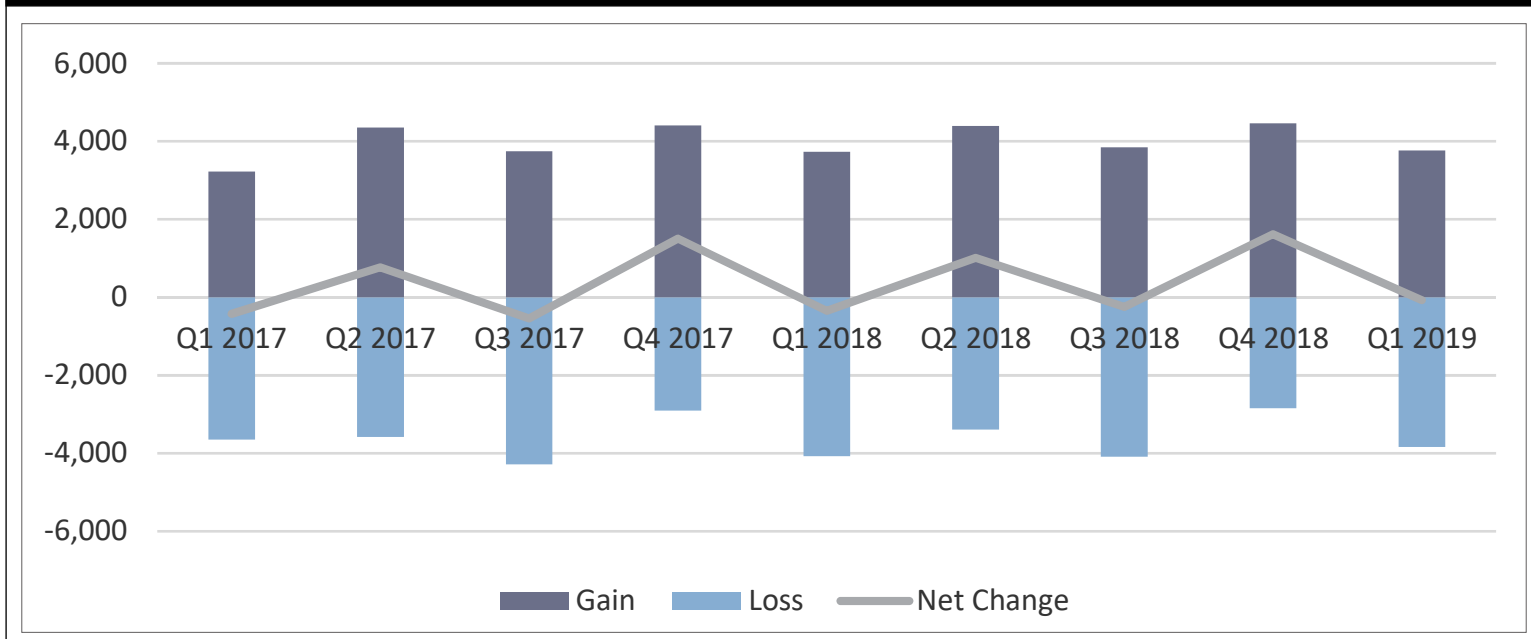
### New Hampshire *Construction* Gross Job Gains and Losses Over-the-Quarter



### **Construction**

The *Construction* industry has a strong seasonal employment pattern. Poor weather conditions and frozen ground make many *construction* projects difficult during the winter. As a result, many *Construction* workers are temporarily laid off for the winter, then rehired in the spring. This is reflected in the high gross job gains in the second quarter of both 2017 and 2018, and high gross job losses in the first and fourth quarters of each year. The net change for 2017 was 970 jobs, and the net change in 2018 was 360 jobs. There were slightly fewer gross gains in 2018 than in 2017 as well as greater gross losses. The net change in Q1 2019 was a loss of just over 1,000 jobs, similar to the number lost in Q1 2017, and fewer than the net jobs lost in Q1 2018.

## New Hampshire *Education and Health Services* Gross Job Gains and Losses Over-the-Quarter

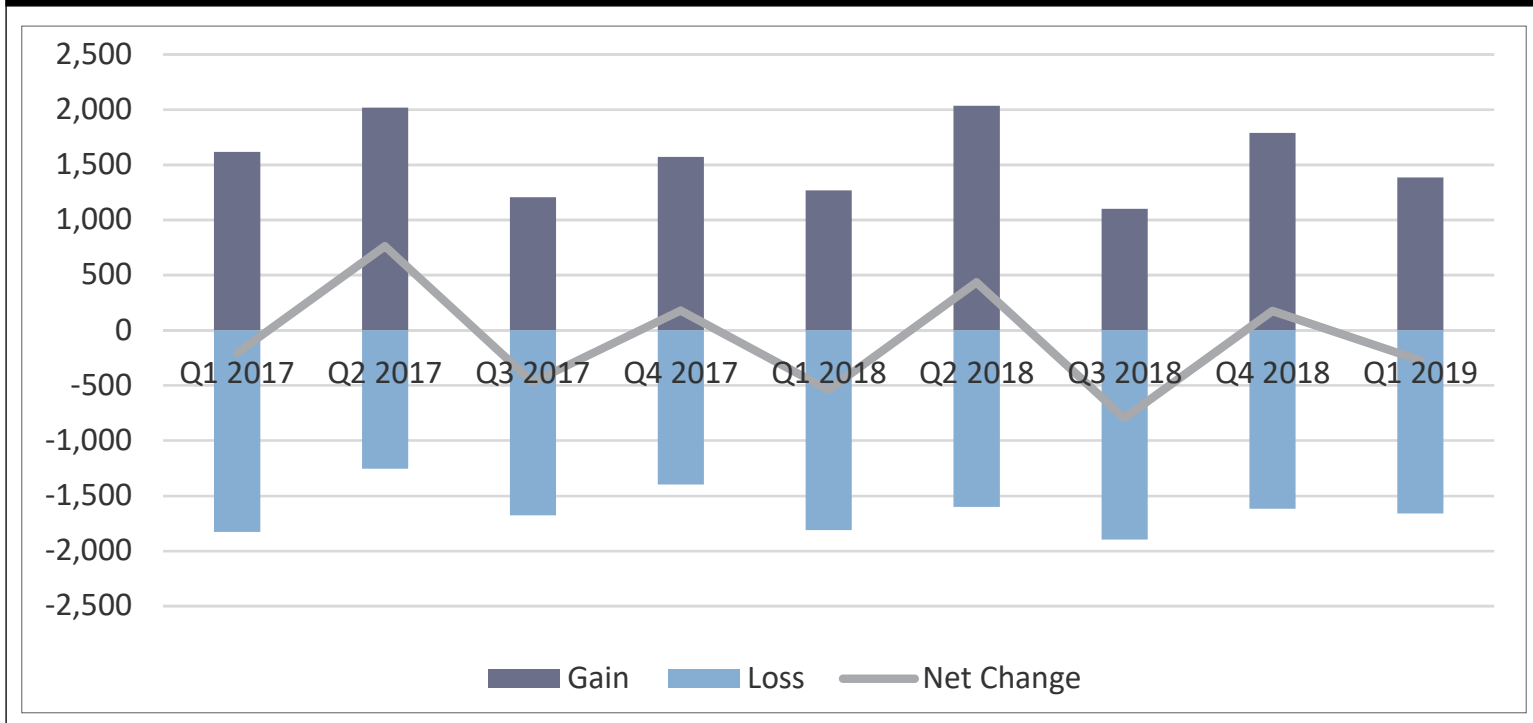


### *Education and Health Services*

There is a relatively small seasonal impact to job gains and losses in the *Education and Health Services* industry supersector.<sup>1</sup> Over the last two years, *Education and Health Services* has seen larger gross job gains in the second and fourth quarters, and larger gross job losses in the first and third quarters. The overall trend has been employment growth in this supersector; in 2017, 1,300 jobs were added supersector, and 2,040 were added in 2018. Like the first quarters of the last two years, Q1 2019 losses were slightly higher than gains. This net change was smaller than the first quarter of either of the previous two years.

<sup>1</sup> These numbers measure private employment only; they do not include public schools, which have a strong seasonal employment effect.

### New Hampshire *Financial Activities* Gross Job Gains and Losses Over-the-Quarter

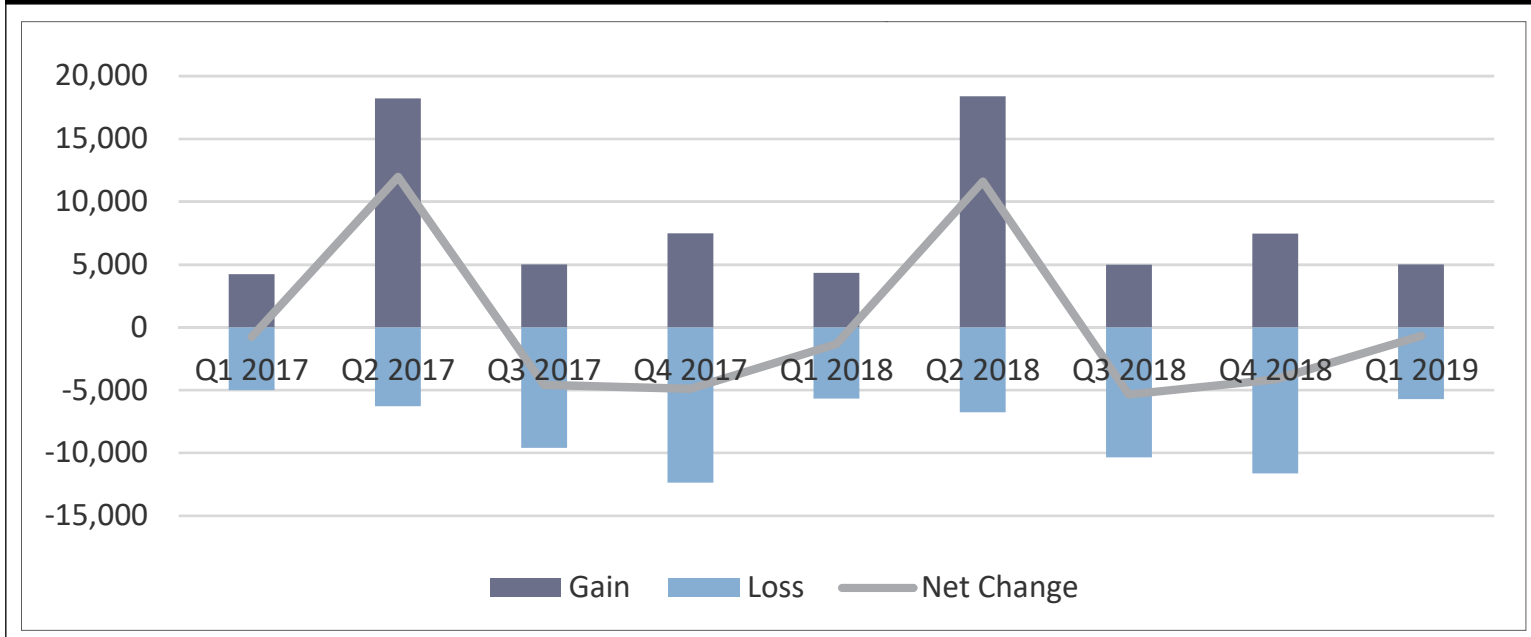


#### ***Financial Activities***

The *Financial Activities* industry supersector has a similar seasonal pattern to *Education and Health Services*; gross job gains are higher in the second and fourth quarters, and gross job losses are higher in the first and third quarters.

However, unlike *Education and Health Services*, *Financial Activities* did not see net job gains in 2018. After a net gain of 260 jobs in 2017, *Financial Activities* saw a net loss of over 700 jobs in 2018. Most of this loss was attributable to an increase in gross job losses over the previous year, while gross job gains stayed relatively unchanged.

## New Hampshire *Leisure and Hospitality* Gross Job Gains and Losses Over-the-Quarter

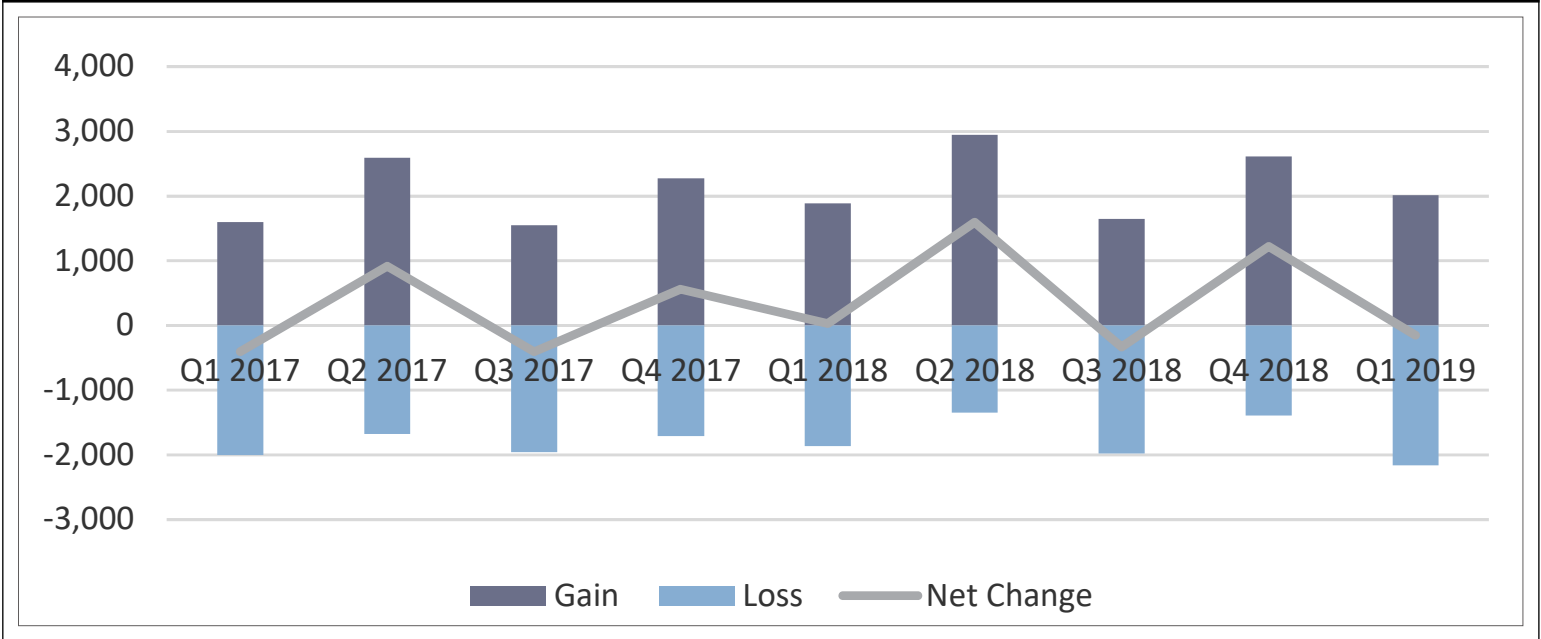


### *Leisure and Hospitality*

Employment in the *Leisure and Hospitality* industry supersector has a strong seasonal pattern, as there are a greater number of workers employed in this sector during the summer and winter, and fewer workers are employed during the spring and fall. Gross job gains were highest in the second quarters of 2017 and 2018. Gross job losses were highest in the third and fourth quarters. Gross job changes, both gains and losses, were smallest during the first quarter of each year.

Employment in the *Leisure and Hospitality* industry supersector increased by nearly 1,800 jobs in 2017, and increased by 850 jobs during 2018. Gross job gains were unchanged from 2017 to 2018, but gross job losses increased by nearly 1,000 jobs. Gross job gains in the first quarter of 2019 were higher than gross gains in the first quarters of the two previous years.

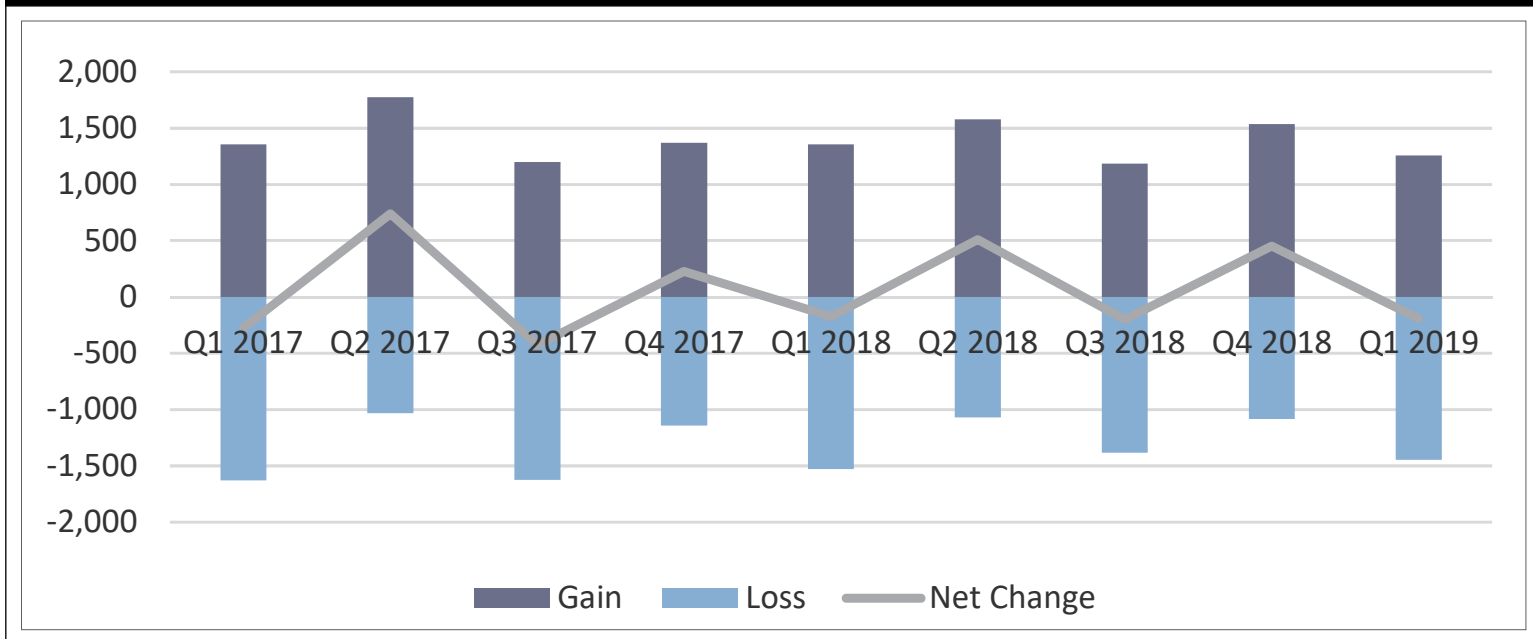
## New Hampshire *Manufacturing* Gross Job Gains and Losses Over-the-Quarter



### *Manufacturing*

Gross job gains in the *Manufacturing* industry were highest during the second and fourth quarters over the last two years. Gross job losses were lower during those quarters as well. Net jobs in *Manufacturing* increased from 670 in 2017 to 2,500 in 2018, with gross job gains increasing by nearly 1,000 jobs and gross job losses declining by over 800 jobs.

### New Hampshire *Wholesale Trade* Gross Job Gains and Losses Over-the-Quarter



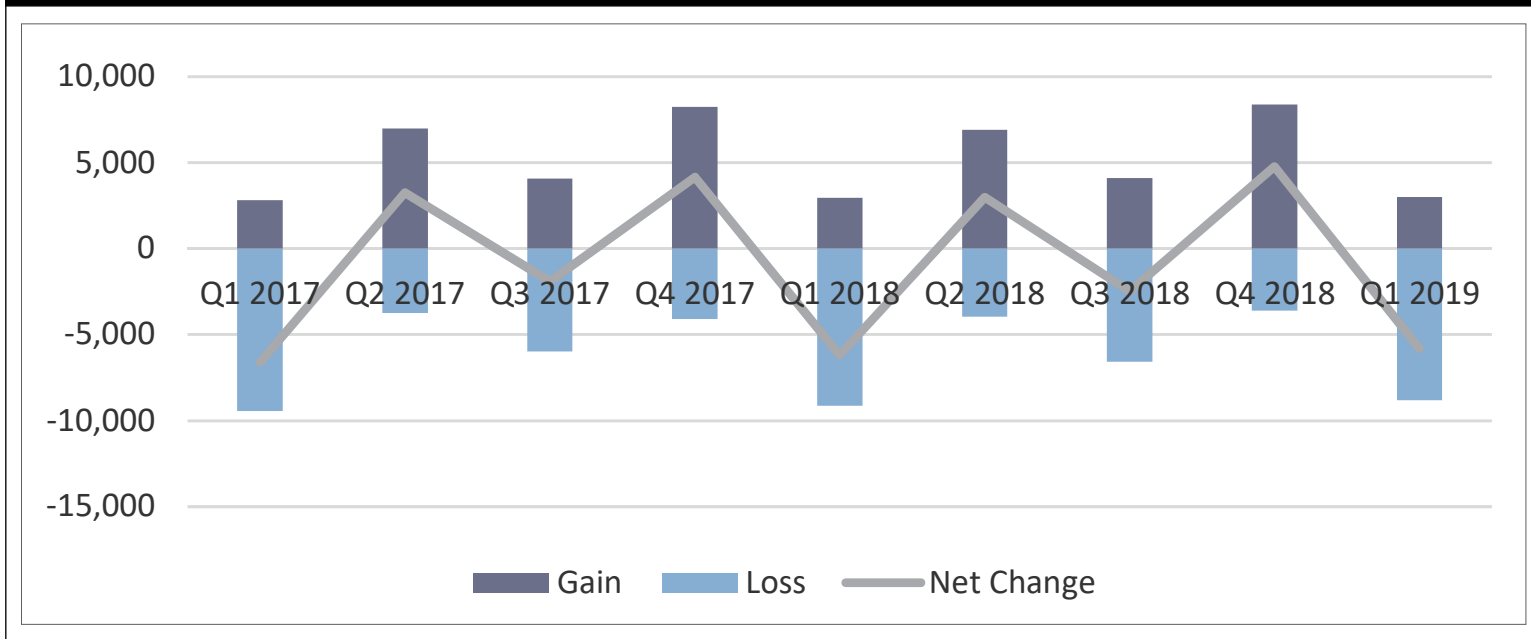
#### *Wholesale Trade*

Employment in *Wholesale Trade* followed the same seasonal pattern as most other industries in New Hampshire. Gross job gains were higher in the second and fourth quarters of 2017 and 2018, while gross job losses were higher in the first and third quarters.

Gross job gains were roughly the same from 2017 to 2018, but gross job losses were lower in 2018 by nearly 400 jobs. As a result, the net change in this industry increased from 270 jobs in 2017 to 590 jobs in 2018.



### New Hampshire *Retail Trade* Gross Job Gains and Losses Over-the-Quarter



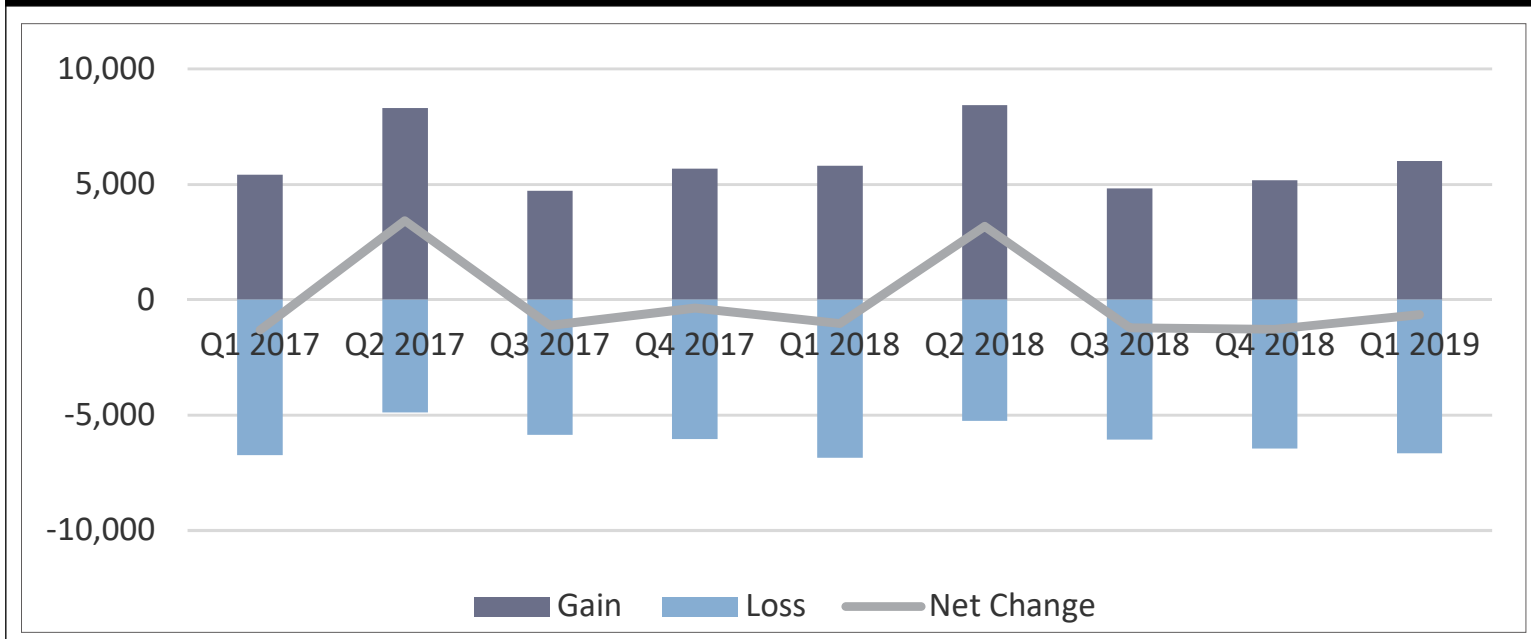
#### ***Retail Trade***

While most industries in New Hampshire have their largest gross job gains in the second quarter, *Retail Trade* had the largest gains in the fourth quarters of 2017 and 2018, as the holiday shopping season requires large increases in seasonal retail employment. The largest gross job losses were in the first quarter of each year, after the holiday shopping season ended.

Gross job gains and losses were fairly consistent from 2017 to 2018. Both years had net job losses of around 1,000 jobs. *Retail Trade* is still the largest industry in New Hampshire, with average employment over 94,000 workers in 2018. However, if this trend of net job losses continues, it may be surpassed by *Health Care and Social Assistance*, which employed an average of 92,000 workers in 2018, and is projected to increase employment in the coming years.

There were fewer gross job losses in 2019 Q1 than in the first quarter of either of the previous two years, resulting in fewer net jobs lost.

## New Hampshire *Professional and Business Services* Gross Job Gains and Losses Over-the-Quarter



### ***Professional and Business Services***

Gross employment gains in *Professional and Business Services* were greatest in the second quarter of 2017 and 2018, and gross job losses were greatest in the first quarter of both years.

After a net increase of over 600 jobs in 2017, *Professional and Business Services* had a negative net change of 360 jobs in 2018. Gross job losses increased by over 1,000 jobs from 2017 to 2018, while gross job gains increased by 100 jobs.

*Professional and Business Services* lost jobs in 2019 Q1, although not as many as in the first quarters of 2017 and 2018. This was a result of both greater gross gains and fewer gross losses in 2019 Q1 compared to the previous years.

### ***Summary***

Some industries, such as *Financial Activities* and *Wholesale Trade*, show a relatively low amount of seasonal variation in employment levels. Others have a strong seasonal cycle to job gains and losses. Seasonal changes to employment are driven by tourism and recreation activities during the summer, as well as favorable weather for outdoor work such as *Construction*. During the winter, some industries, including *Construction*, see a decline in activity, although others, such as *Retail Trade*, see an increase in activity due to winter recreation and holiday shopping.

Through the seasonal ups and downs, New Hampshire added more jobs than it lost during 2017 and 2018. The first quarter of 2019, when adjusted for seasonal variation, indicated a positive trend in net job change as well.

- Greg David, Economist