Economic Conditions in New Hampshire

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New Hampshire ELMIB
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New Hampshire's Economy Showed Continued Signs of Strength in 2004

New Hampshire's real GSP for 2004 increased 5.8 percent over-the-year, surpassing the national growth rate of 4.2 percent. This ranked as the fifth fastest growing GSP in the nation for 2004. This was an improvement over the revised 2003 increase of 3.1 percent in the state and 2.8 percent nationally. These figures are the result of a new prototype Gross State Product estimating system released by Bureau of Economic Analysis.

The gross state product (GSP) is the state counterpart to the nation's gross domestic product (GDP). The GSP is used to measure the strength of the state economies. Even though New Hampshire had a faster paced growth in its economy, the state has a smaller economy overall, so is only a very small part of the national total (0.4 percent).

There is additional detail about the state economies at the industry level available by looking at the 2002 to 2003 changes in real gross state product. In New Hampshire, about two of every seven dollars of the increase in real gross state product came from durable goods manufacturing, reinforcing the prominent place of manufacturing to the state's economy. Another one of every four dollars was the result of trade. The three supersectors, Transportation and utilities; Professional and business services; and Education and health services each contributed about ten percent of the increase to the state's economy.

The remaining industries, with the exception of Construction, combined to produce one of every five dollars of the increase over-the-year. Construction was the only industry to have a negative impact on the economy from 2002 to 2003.

Anita Josten

Real Gross State Product Millions of Chained (2000) Dollars

	2000	2001	2002	2003	2004*	Percent of U.S. 2004 total
United States	9,749,104	9,836,571	10,009,433	10,289,220	10,720,296	100.0
New England	568,212	573,703	573,700	588,536	617,107	5.7
Connecticut	160,685	161,595	160,115	164,137	172,355	1.6
Maine	35,662	36,138	37,110	38,097	39,536	0.4
Massachusetts	276,786	279,434	278,213	284,286	298,020	2.7
New Hampshire	43,584	43,691	44,475	45,874	48,550	0.4
Rhode Island	33,835	34,493	35,025	36,547	38,017	0.4
Vermont	17,661	18,350	18,748	19,562	20,608	0.2

* Prototype estimates

Source: US Bureau of Economic Analysis

New Hampshire's Total Personal Income Hit $50 Billion First Quarter 2005

New Hampshire's total personal income increased to an annualized $50 billion for first quarter 2005. This represented a 1.0 percent increase from fourth quarter 2004, according to the report released by the Bureau of Economic Analysis released. This still surpassed the national increase of 0.7 percent. This was a significant change from the 2.3 percent increase for New Hampshire and the 3.3 percent national increase from third to fourth quarter 2004.

It is not unusual for personal income to grow at a slower rate from fourth quarter to first quarter because of the end of year bonuses typically received during the fourth quarter. However, the slowdown was significantly greater over this period nationwide because of the big boost received fourth quarter 2004 from the Microsoft special dividend payouts. The dividends, interest and rent component, the only component in New Hampshire that lost over-the-quarter, declined by 4.4 percent. Transfer receipts got a first quarter hike from cost of living increases.

The earnings by place of work component breaks out the contributions to income from the different industries. There were three industries in New Hampshire that were the leading contributors to growth in personal income, Healthcare and social assistance; Construction; and Retail trade. These three sectors provided a third of all income growth from earnings by place of work. In comparison, these three sectors also made up 31.7 percent of the Granite State's employment during the first quarter of 2005.

Anita Josten

Components of Personal Income - New Hampshire

LineTitle	2004.1	2004.2	2004.3	2004.4	2005.1
Personal income	46,774	47,637	48,493	49,585	50,063
Nonfarm personal income 1/	46,743	47,604	48,462	49,548	50,028
Farm income 2/	31	33	31	38	35
Earnings by place of work	33,746	34,407	35,401	35,901	36,607
Less: Contributions for government social insurance 3/	3,689	3,747	3,858	3,905	4,012
Employee and self-employed contributions for government social insurance	1,982	2,015	2,076	2,100	2,159
Employer contributions for government social insurance	1,707	1,732	1,782	1,804	1,853
Plus: Adjustment for residence 4/	3,888	4,000	3,949	3,974	4,062
Equals: Net earnings by place of residence	33,945	34,660	35,492	35,971	36,656
Plus: Dividends, interest, and rent 5/	7,613	7,670	7,701	8,216	7,852
Plus: Personal current transfer receipts	5,216	5,307	5,300	5,398	5,555
Wage and salary disbursements	24,173	24,596	25,353	25,722	26,175
Supplements to wages and salaries	5,385	5,475	5,632	5,694	5,809
Employer contributions for employee pension and insurance funds	3,678	3,743	3,850	3,890	3,955
Employer contributions for government social insurance	1,707	1,732	1,782	1,804	1,853
Proprietors' income 6/	4,189	4,337	4,416	4,485	4,623
Farm proprietors' income	-17	-16	-18	-12	-16
Nonfarm proprietors' income	4,206	4,353	4,434	4,497	4,638

1. Nonfarm personal income is total personal income less farm income.
2. Farm income is farm earnings less farm employer contributions for government social insurance.
3. Contributions for government social insurance are included in earnings by type and industry, but they are excluded from personal income.
4. The adjustment for residence is the net inflow of the earnings of interarea commuters. For the United States, it consists of adjustments for border workers: wage and salary disbursements to U.S. residents commuting to Canada less wage and salary disbursements to Canadian and Mexican residents commuting into the United States.
5. Rental income of persons includes the capital consumption adjustment.
6. Proprietors' income includes the inventory valuation adjustment and the capital consumption adjustment.

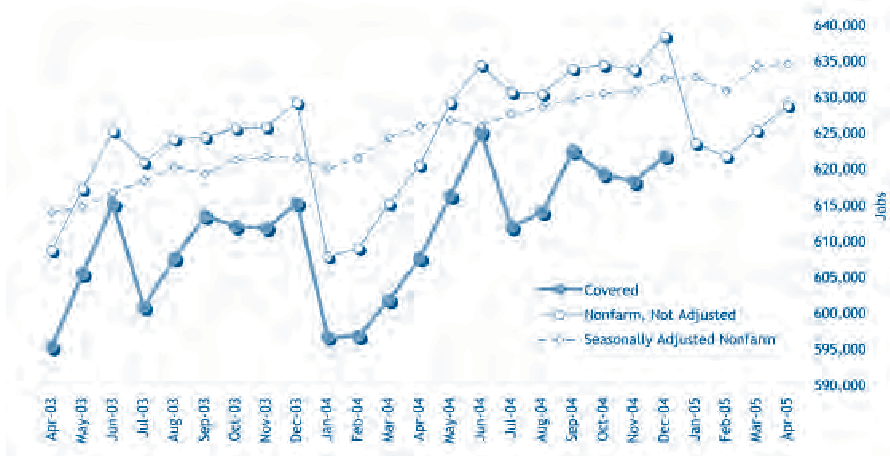
All state and local area dollar estimates are in current dollars (not adjusted for inflation).
(N) Data not available for this year.
Regional Economic Information System Bureau of Economic Analysis
June 2005

Synopsis of Summary of the New Hampshire Economy, Spring 2005

The state's economy has been on a slow but steady recovery since the 2001 recession. Spring brought with it high hopes of the seasonal push from Construction and landscaping businesses. Both business and consumer confidence had been improving to a comfort level of considering investing in increasing staff levels and making major purchases. Affordable housing has been a growing topic of interest, and total and personal income levels in the state have continued to grow. Employment levels have been gradually growing in strong industries and losses in the weaker industries have been stabilizing.

Continued on page 8

Total Employment



Unemployment Compensation Claims Activity

Claims Activity

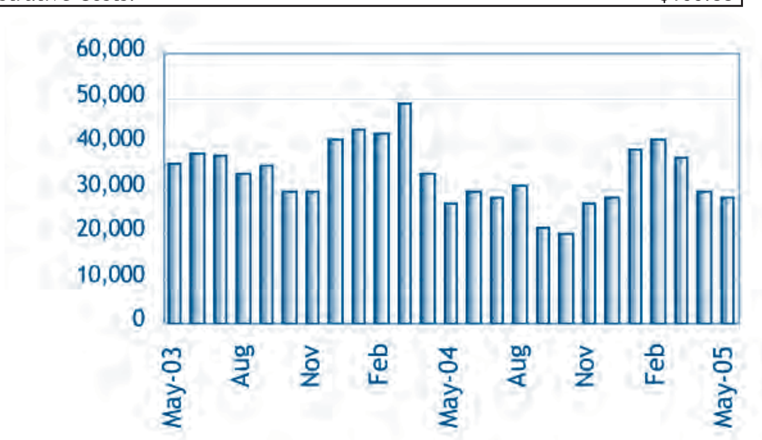
Total Regular Unemployment Compensation Programs:	May-05	April-05	May-04	Change from Previous Month: Net	Month: Percent	Year: Net	Year: Percent
Initial Claims	3,088	4,004	2,897	-916	-22.9%	191	6.6%
Continued Weeks	28,160	29,302	26,775	-1,142	-3.9%	1,385	5.2%

Unemployment Compensation Fund

Trust Fund

Unemployment compensation fund balance at the end of May	$262,901,333.91
Average payment for a week of total unemployment:	$251.71
Net benefits paid:	$7,367,263.57
Net contributions received during the month:	$32,837,748.03
Interest Received:	$0.00
Reed Act Distribution:	$0.00
Reed Act Withdrawal for Administrative Costs:	$166.88

Continued Weeks Claimed



May 2003 - May 2005

Continued weeks claims increased over-the-month for the first time in 21 months.

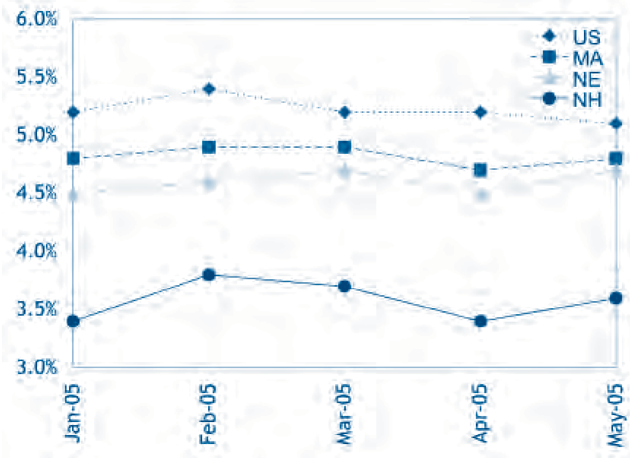
Consumer Price Index

			Change from Previous	
May-05	Apr-05	May-04	Month	Year
194.4	194.6	189.1	-0.1%	2.8%

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

N.H and U.S. Seasonally Adjusted Unemployment Rates

Although New Hampshire's unemployment rate increased over-the-month, it still remained the second lowest in the region.



Unemployment Rates by Region

	preliminary May-05	revised Apr-05	May-04
United States	5.1%	5.2%	5.6%
Northeast	4.7%	4.7%	5.3%
New England	4.7%	4.5%	4.9%
Connecticut	5.3%	4.9%	5.0%
Maine	5.0%	4.7%	4.4%
Massachusetts	4.8%	4.7%	5.2%
New Hampshire	3.6%	3.4%	3.9%
Rhode Island	4.5%	4.7%	5.3%
Vermont	3.1%	3.3%	3.6%
Mid Atlantic	4.7%	4.7%	5.5%
New Jersey	3.9%	4.2%	4.9%
New York	5.0%	4.9%	5.8%
Pennsylvania	4.8%	4.9%	5.5%

	Jan-05	Feb-05	Mar-05	revised Apr-05	preliminary May-05
New Hampshire					
Unemployment Rate	3.4%	3.8%	3.7%	3.4%	3.6%
Civilian Labor Force	726,564	727,240	729,623	733,778	734,124
Number Employed	701,550	699,575	702,516	708,652	707,726
Number Unemployed	25,014	27,666	27,107	25,126	26,398
United States (in thousands)					
Unemployment Rate	5.2%	5.4%	5.2%	5.2%	5.1%
Civilian Labor Force	147,979	148,132	148,157	148,762	149,122
Number Employed	140,241	140,144	140,501	141,099	141,475
Number Unemployed	7,737	7,988	7,656	7,663	7,647

Note: Beginning in January 2005, data reflect revised population controls used in the household survey.

Seasonally Adjusted Nonfarm Employment Estimates

By Place of Establishment

Supersector	Jan-05	Feb-05	Mar-05	revised Apr-05	preliminary May-05
Total Nonfarm	632,900	631,000	634,500	636,700	637,600
Construction	29,900	30,000	30,400	31,000	31,000
Manufacturing	81,000	80,900	80,900	80,700	80,400
Trade, Transportation, and Utilities	140,800	140,500	141,400	142,500	142,900
Financial Activities	38,400	38,600	38,700	38,700	38,400
Professional and Business Services	55,200	55,200	55,900	56,400	56,300
Leisure and Hospitality	65,000	65,500	66,200	66,600	66,300
Other Services	20,200	20,400	20,100	20,000	19,900
Government	93,100	90,100	90,800	90,500	91,100

Please note that not all supersectors meet the statistical criteria for publication in this category.
We seasonally adjust the total nonfarm data series and all the published supersectors independently.
Therefore, the sum of the published parts will not equal the total.

Labor Force Estimates

New Hampshire	May-05	Apr-05	May-04
Number of workers	preliminary	revised	
Total Civilian Labor Force	730,620	728,260	719,270
Employed	705,290	703,110	691,300
Unemployed	25,330	25,150	27,970
Unemployment Rate (percent of labor force)	3.5%	3.5%	3.9%

Local Area Unemployment Statistics (LAUS)

Not Seasonally Adjusted

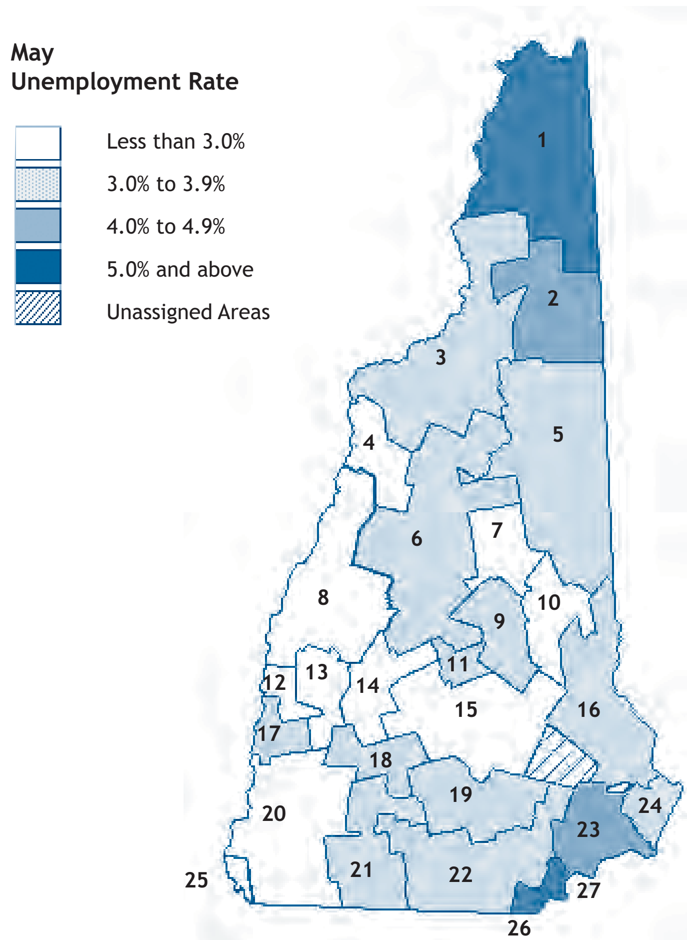
By Place of Residence

Unemployment Rates by Area

	preliminary May-05	revised Apr-05	May-04
U.S and Regional States			
United States	4.9%	4.9%	5.3%
Northeast	4.5%	4.5%	5.1%
New England	4.5%	4.5%	4.8%
Connecticut	5.3%	4.8%	5.0%
Maine	4.8%	5.1%	4.3%
Massachusetts	4.5%	4.5%	5.1%
New Hampshire	3.5%	3.5%	3.9%
Rhode Island	4.1%	4.6%	5.2%
Vermont	3.0%	3.8%	3.6%
Mid Atlantic	4.5%	4.5%	5.3%
New Jersey	3.8%	3.9%	4.7%
New York	4.8%	4.7%	5.5%
Pennsylvania	4.7%	4.6%	5.3%

Map Key	Labor Market Areas	preliminary May-05	revised Apr-05	May-04
1	Colebrook NH-VT LMA, NH Portion	7.4%	7.6%	7.6%
2	Berlin NH MicroNECTA	4.0%	4.5%	4.1%
3	Littleton NH-VT LMA, NH Portion	3.2%	3.5%	3.1%
4	Haverhill NH LMA	2.8%	3.4%	3.6%
5	Conway NH-ME LMA, NH Portion	3.6%	3.8%	4.1%
6	Plymouth NH LMA	3.0%	3.1%	3.3%
7	Moultonborough NH LMA	2.8%	2.5%	3.1%
8	Lebanon NH-VT MicroNECTA, NH Portion	2.3%	2.1%	2.4%
9	Laconia NH MicroNECTA	3.0%	3.2%	3.4%
10	Wolfeboro NH LMA	2.7%	3.0%	3.0%
11	Franklin NH MicroNECTA	3.3%	3.5%	3.4%
12	Claremont NH MicroNECTA	2.9%	3.0%	3.4%
13	Newport NH LMA	2.8%	2.7%	3.4%
14	New London NH LMA	2.8%	2.5%	2.6%
15	Concord NH MicroNECTA	2.9%	2.9%	3.2%
16	Rochester-Dover NH-ME MetroNECTA, NH Portion	3.3%	3.2%	3.4%
17	Charlestown NH LMA	3.0%	3.1%	3.4%
18	Hillsborough NH LMA	3.1%	3.1%	3.3%
19	Manchester NH MetroNECTA	3.4%	3.4%	3.7%
20	Keene NH MicroNECTA	2.9%	2.9%	3.0%
21	Peterborough NH LMA	3.3%	3.2%	3.7%
22	Nashua NH-MA NECTA Division, NH Portion	3.8%	3.8%	4.4%
23	Exeter Area, NH Portion, Haverhill-N. Andover-Amesbury MA-NH NECTA Division	4.4%	4.2%	5.5%
24	Portsmouth NH-ME MetroNECTA, NH Portion	3.4%	3.3%	3.6%
25	Hinsdale Town, NH Portion, Brattleboro VT-NH LMA	2.5%	2.1%	4.6%
26	Pelham Town, NH Portion, Lowell-Billerica-Chelmsford MA-NH NECTA Division	5.7%	5.4%	5.9%
27	Salem Town, NH Portion, Lawrence-Methuen-Salem MA-NH NECTA Division	5.2%	5.0%	6.6%

Counties	preliminary May-05	revised Apr-05	May-04
Belknap	3.0%	3.1%	3.4%
Carroll	3.3%	3.5%	3.6%
Cheshire	3.0%	2.9%	3.3%
Coos	4.4%	4.8%	4.7%
Grafton	2.7%	2.7%	3.0%
Hillsborough	3.7%	3.6%	4.1%
Merrimack	2.9%	2.9%	3.1%
Rockingham	4.0%	3.9%	4.7%
Strafford	3.3%	3.2%	3.4%
Sullivan	2.7%	2.7%	3.2%



New Hampshire unemployment and labor force estimates are calculated using a regression model which depends on Current Population Survey (CPS) Estimates. Labor Market Area estimates are caculated using the Bureau of Labor Statistics "Handbook Method" and then adjusted to the State levels.

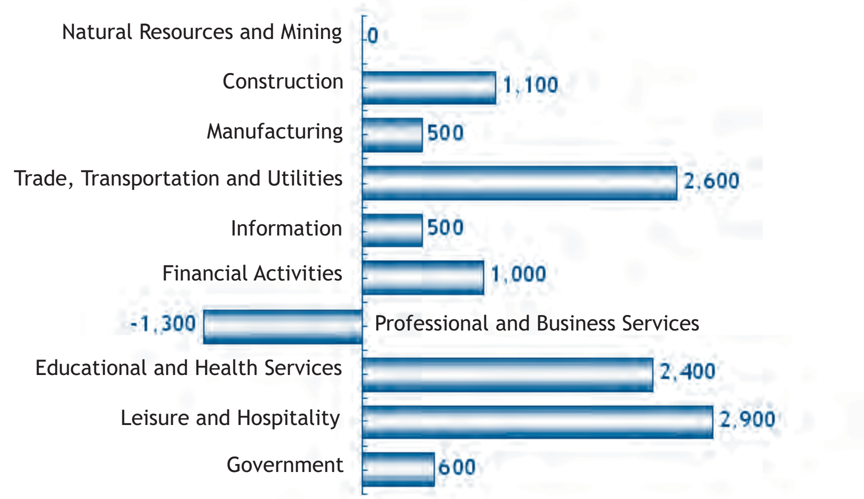
The over-the-month increase in nonfarm employment received a seasonal boost from Leisure and hospitality and from Trade, transportation and utilities.

Monthly Not Seasonally Adjusted New Hampshire Nonfarm Wage and Salary Employment

Current Employment Statistics Employment by Super Sector by place of establishment	Number of Jobs			Change from previous:	
	May-05 preliminary	Apr-05 revised	May-04	Month	Year
Total All Super Sectors	638,600	631,000	629,400	7,600	9,200
Private Employment Total	544,700	537,600	536,100	7,100	8,600
Natural Resources and Mining	1,000	1,000	1,000	0	0
Construction	31,400	30,000	30,300	1,400	1,100
Manufacturing	80,500	80,700	80,000	-200	500
Durable Goods	61,300	61,600	60,300	-300	1,000
Non-Durable Goods	19,200	19,100	19,700	100	-500
Trade, Transportation and Utilities	141,800	139,800	139,200	2,000	2,600
Wholesale Trade	27,900	27,800	27,300	100	600
Retail Trade	98,100	96,500	96,300	1,600	1,800
Transportation and Utilities	15,800	15,500	15,600	300	200
Information	12,900	12,900	12,400	0	500
Financial Activities	38,300	38,400	37,300	-100	1,000
Professional and Business	56,300	56,000	57,600	300	-1,300
Educational and Health	96,900	96,800	94,500	100	2,400
Leisure and Hospitality	65,700	62,200	62,800	3,500	2,900
Other Services	19,900	19,800	21,000	100	-1,100
Government Total	93,900	93,400	93,300	500	600

Change in Nonfarm Employment

May 2004 to May 2005



Monthly Analysis of Current Employment Statistics (CES) Data

For further analysis please read the *Detailed Monthly Analysis of Industry Employment Data* on our Web site at <www.nhes.state.nh.us/elmi/nonfarm.htm>

Seasonally Adjusted:

New Hampshire's total nonfarm employment increased by 900 jobs overall in May's preliminary seasonally adjusted estimates. Government (supersector 90) led the way with a 600-job addition. Trade, transportation, and utilities (supersector 40) assisted the upward movement with a 400-job contribution.

For construction (supersector 20) in May, the total number of persons employed held at the previous month's level.

The remaining published supersectors served to hold employment growth in check for May. Manufacturing (supersector 30), financial activities (supersector 55), and leisure and hospitality (supersector 70) each pared their respective work force by 300 positions. May also saw professional and business services (supersector 60) and other services (supersector 80) reduce staffing levels by 100 jobs.

Unadjusted:

Signs of the change in season manifested itself in the 7,600-job growth in May's preliminary unadjusted estimates.

Monthly Unadjusted Nonfarm Wage and Salary Employment by Metropolitan Stratistical Areas

Employment by Sector number of jobs by place of establishment	Manchester NH MetroNECTA			Nashua NH-MA NECTA Division, NH Portion			Portsmouth NH-ME MetroNECTA, NH Portion			Rochester-Dover NH-ME MetroNECTA, NH Portion		
	preliminary	Change from previous:		preliminary	Change from previous:		preliminary	Change from previous:		preliminary	Change from previous:	
	May-05	Month	Year	May-05	Month	Year	May-05	Month	Year	May-05	Month	Year
Total All Sectors	100,100	400	900	131,000	900	200	55,500	1,100	700	56,100	900	400
Private Employment Total	88,700	300	1,000	116,200	1,000	300	45,600	900	500	42,200	600	200
Natural Resources and Construction	5,500	200	100	6,100	200	100	1,900	100	100	2,200	100	100
Manufacturing	9,600	-100	200	25,900	100	-100	4,000	0	100	6,400	0	0
Trade, Transportation and Utilities	21,000	100	400	30,700	100	500	11,400	100	100	11,100	200	-300
Wholesale Trade	5,200	0	100	5,600	0	100	1,900	0	-100	1,400	0	-100
Retail Trade	12,900	0	400	20,600	0	100	8,000	100	0	8,700	200	-200
Transportation, Warehousing and Utilities	Information will be made available in January 2006			4,500	100	300	1,500	0	200	1,000	0	0
Information	3,300	0	0	2,000	0	0	1,800	0	200	1,400	100	100
Financial Activities	8,800	0	100	8,100	0	100	4,700	0	0	2,600	0	0
Professional and Business	11,300	0	-600	13,100	100	300	8,000	0	-100	3,800	0	100
Educational and Health	16,500	-100	600	15,300	0	-200	5,600	0	0	7,500	0	300
Leisure and Hospitality	8,500	200	100	10,600	500	-300	6,600	700	100	5,300	200	-100
Services	4,200	0	100	4,400	0	-100	1,600	0	0	1,900	0	0
Government Total	11,400	100	-100	14,800	-100	-100	9,900	200	200	13,900	300	200

Note: Employment estimates for the Lawrence-Methuen-Salem MA-NH NECTA Division, NH Portion, will be available with January 2006 data.

Average Earnings and Hours of Production Workers in Manufacturing

Sector	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	May-05 preliminary	Apr-05 revised	May-04	May-05 preliminary	Apr-05 revised	May-04	May-05 preliminary	Apr-05 revised	May-04
New Hampshire									
All Manufacturing	$625.68	$639.16	$611.38	39.6	40.3	39.7	$15.80	$15.86	$15.40
Durable Goods	$626.80	$658.83	$623.70	40.0	41.1	40.5	$15.67	$16.03	$15.40
Nondurable Goods	$620.93	$585.61	$578.29	38.4	38.2	37.6	$16.17	$15.33	$15.38
Manchester NH MetroNECTA									
All Manufacturing	$689.93	$667.13	$687.42	40.8	39.9	40.2	$16.91	$16.72	$17.10
Nashua NH-MA NECTA Division, NH Portion									
All Manufacturing	$677.21	$704.32	$652.42	41.7	42.2	40.7	$16.24	$16.69	$16.03

Note: Production workers and information for Portsmouth and Rochester will be available with January 2006 data.

Leisure and hospitality (supersector 70) accounted for 3,500 of those jobs. Trade, transportation, and utilities (supersector 40) bumped up its staffing by 2,000 places. Construction (supersector 20), the last of the month's four digit gainers, increased its payroll by 1,400 jobs.

In the moderate range of force expansion for the month, Government (supersector 90) added 500 jobs, while professional and business services (supersector 60) expanded its rolls by 300. Educational and health services (supersector 65) and other services each pitched in 100 jobs to May's upward movement in the employment trend line.

Natural resources and mining (supersector 10) and information (supersector 50) made no change in the employment totals posted in April's estimates.

On the down side, manufacturing found it necessary to cut 200 jobs from its roster, and Fnancial activities (supersector 55) trimmed 100 jobs in May.

B. G. McKay

Continued from page 3

The weather had been extremely fickle, from cold and wet to hot and muggy back to cold and wet. How will the summer add to the economy this year? What other elements will come into play? An answer came when the Department of Defense announced that the Portsmouth Naval Shipyard was on their list of recommended closures under the 2005 round of Base Realignment and Closure (BRAC) act.

Even with the BRAC recommendation to close the shipyard, the time frame required for any closure would extend out a few years before a complete shut down. At this point, the state economy is growing, but not robustly. So the concern is, will the shock of the news about the possible shipyard closure stall the recovery?

The Yard news may cause consumers to hesitate to invest in homes as well as refrain from large durable goods purchases such as cars and large appliances. The financial community may also start to approach things more conservatively in preparation for an increase in possible defaults.

Maybe the weather will improve as we go into summer giving a boost to the upcoming tourist season and the economy will continue to be bright.

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