ECONOMIC CONDITIONS in New Hampshire

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Employment SECURITY

Recession officially over

Latest recession follows longest expansion period in history

Is the recession over? Officially, yes it's over – and has been for a while now! The organization that most folks depend on to decide when a recession begins and ends is the National Bureau of Economic Research (NBER). The indicators they use to determine when peaks or troughs occur in the economy include gross domestic product in constant dollars, personal income excluding transfer payments, the volume of sales of the manufacturing and the trade sectors, and employment. Following the lengthy economic expansion of the 1990's, the GDP peaked in fourth quarter 2000. It was concluded that the current recession began in March 2001 after the nation's economy had hit its peak.[1] The NBER's five-member Business Cycle Dating Committee determined the low point in business activity occurred in the American economy in November 2001, designating the end of the recession. By these measures the recession officially lasted eight months. It should be noted that updated information could cause the dates to be revised.

The timing of a recession and subsequent recovery may vary from area to area. Different states can enter at different times, based on the indicators from the individual state. For example in the 1990s New Hampshire employment peaked 18 months before the nation. The employment level of the state bottomed out at the same time as the nation, but was much more severe and it took significantly longer to recover in the state than the nation because of the degree of the decline. Employment is one of the indicators used in determining recession dates, but is generally considered a lagging indicator because employment declines often continue even after the economy starts to turn around. In the recent recession job losses continued well beyond the declared end of the recession.

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The recent recession ended the longest period of expansion in recorded economic history

Peak	Trough	Expansion (months)
May 1937	June 1938	50
February 1945	October 1945	80
November 1948	October 1949	37
July 1953	May 1954	45
August 1957	April 1958	39
April 1960	February 1961	24
December 1969	November 1970	106
November 1973	March 1975	36
January 1980	July 1980	58
July 1981	November 1982	12
July 1990	March 1991	92
March 2001	November 2001	120

Source: National Bureau of Economic Research

Continued from page 1

After the low point, or end of a recession, the recovery period begins. Regarding this recent recession, New England was more negatively influenced than the nation by weakness in capital investment, abrupt slackening in spending on high technology and telecommunications after Y2K preparations, and basic economic over-confidence prior to 2001.[2] New Hampshires' economy may be better positioned for a recovery from the recession and its aftermath than the other regional states' economies.

New Hampshire is the only New England state forecasted to grow faster than the United States' expected average rate of 3.1 percent. The Granite State ranks in the top ten for per capita personal income, its real estate sales remain strong, and a highly trained workforce is in place.[3] While New Hampshire is well positioned, it has also experienced the flat job growth situation prevalent in the region and nation. Continued recovery in New Hampshire should see job growth, but at a much slower rate than the last ten years.

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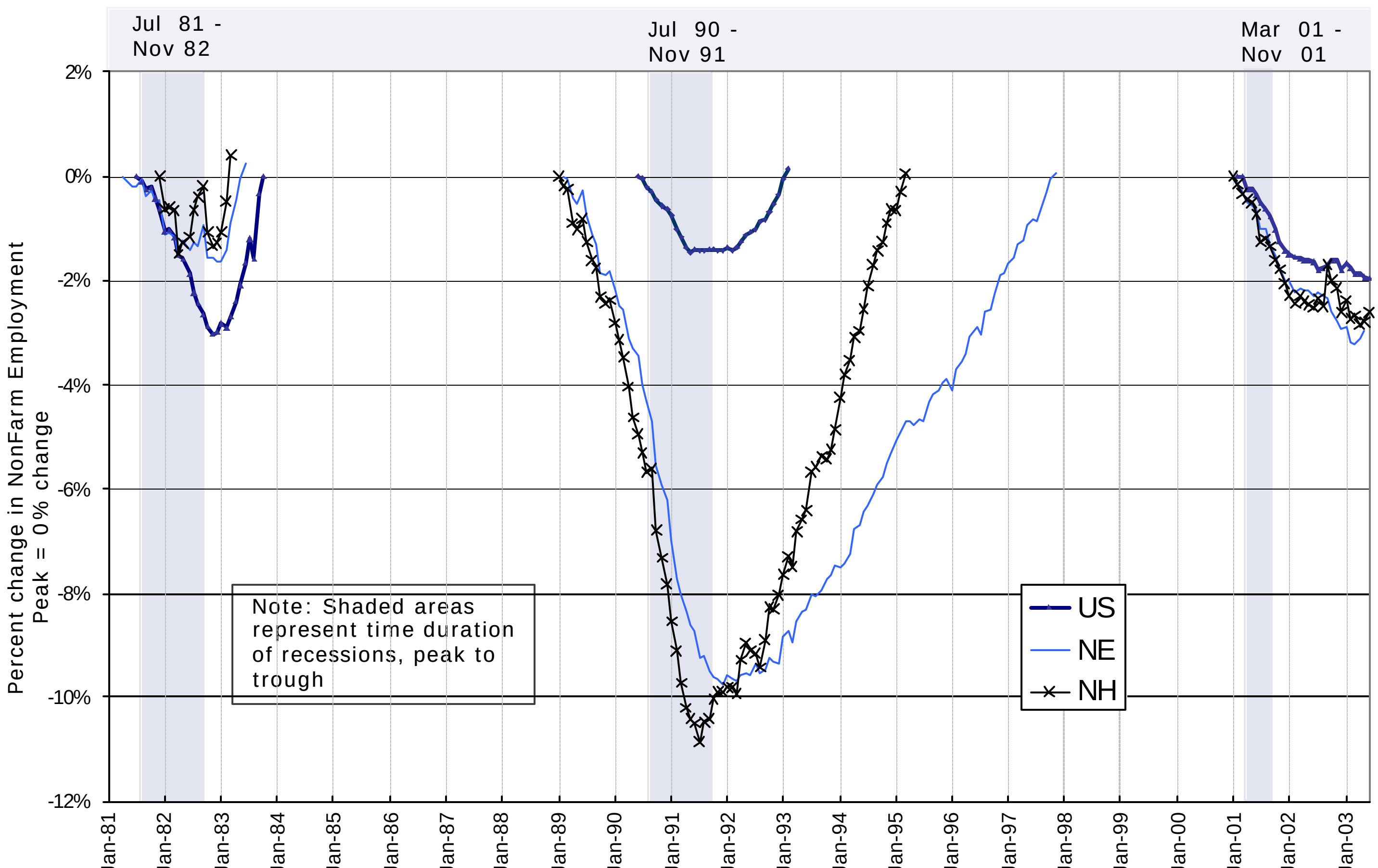
[1]The NBER's Recession Dating Procedure December 7, 2002. Business Cycle Dating Committee, National Bureau of Economic Research. Accessed January 3, 2003. <www.nber.org/cycles/recessions.html>.

[2]Zandi, Mark, New England Economic Project, "New England Economy Amid Global Uncertainty Conference", June 5, 2003.

[3]Bartlett, Peter. Summary of the NewHampshire Economy, Spring 2003. June 2003. New Hampshire Employment Security, Economic and Labor Market Information Bureau.

New England and New Hampshire took longer for employment levels to recover from the recession of 1990 than the nation

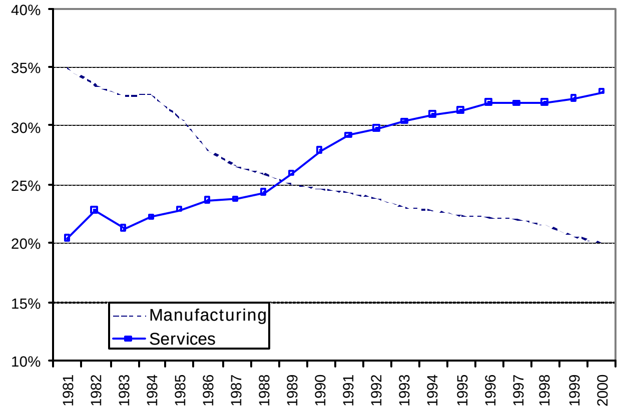


Employment being picked up by Services and Retail Trade

So the recession is over. But what does that mean for Manufacturing? That industry was the hardest hit in New Hampshire with about one of every five jobs lost in the state coming from Manufacturing. Even with recent job recovery, Manufacturing has continued to see job losses, albeit at a slower rate.

The jobs being lost in Manufacturing are being replaced by jobs in Services and Retail trade and require significantly different skills. This has several different effects on the economy. One main concern with the replacement positions is that a lot of these positions may be at a lower pay scale. Another concern is the new jobs may have smaller benefits, such as more limited medical insurance and retirement programs, although benefits packages of existing jobs seem to be changing as well. Although many new

Employment in New Hampshire has shifted from businesses that make things to those that serve people



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Claims Activity

Unemployment Compensation Claims Activity

Total Regular Unemployment Compensation Programs:				Change from Previous Month		Change from Previous Year	
	July-03	June-03	July-02	Net	Percent	Net	Percent
Initial Claims	5,283	4,895	6,211	388	7.9%	-928	-14.9%
Continued Weeks	37,505	37,766	41,974	-261	-0.7%	-4,469	-10.6%

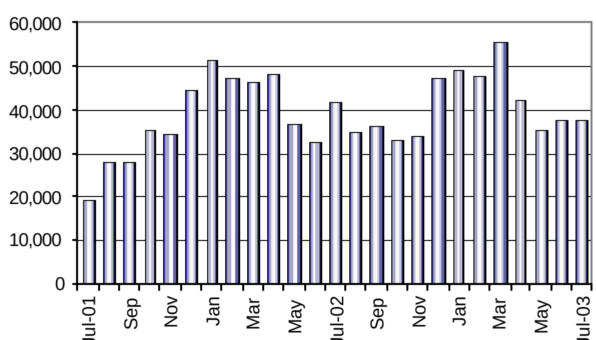
Trust Fund

Unemployment Compensation Fund

Unemployment compensation fund balance at the end of July	$252,339,162.84
Average payment for a week of total unemployment:	$256.02
Net benefits paid:	$10,733,334.22
Net contributions received during the month:	$3,874,119.59
Interest Received:	$0.00
Reed Act Distribution:	$0.00
Reed Act Withdrawn:	$0.00

Continued Weeks Claimed

July 2001 - July 2003



The over-the-year drop of countinued weeks claimed in July 2003 was 4,500; about half of the previous year's change.

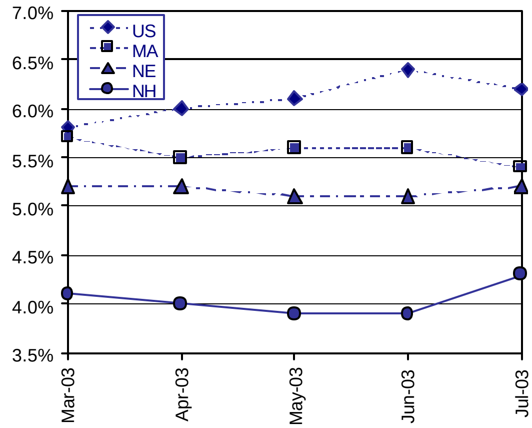
Consumer Price Index

			Change from Previous Month	Change from Previous Year
Jul-03	Jun-03	Jul-02	Month	Year
183.9	183.7	180.1	0.1%	2.1%

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

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

New Hampshire was the only state in the region to record an over-the-year drop in the unemployment rate. Massachusetts remained the same.



Unemployment Rates by Region

	preliminary Jul-03	revised Jun-03	Jul-02
United States	6.2%	6.4%	5.8%
Northeast	5.7%	5.7%	5.7%
New England	5.2%	5.1%	4.9%
Connecticut	5.2%	4.9%	4.4%
Maine	4.9%	4.5%	4.4%
Massachusetts	5.4%	5.6%	5.4%
New Hampshire	4.3%	3.9%	4.7%
Rhode Island	5.6%	5.7%	4.9%
Vermont	4.1%	4.1%	3.8%
Mid Atlantic	6.0%	5.9%	6.0%
New Jersey	6.1%	5.8%	6.0%
New York	6.1%	6.1%	6.2%
Pennsylvania	5.6%	5.7%	5.6%

Seasonally Adjusted Labor Force Estimates

By Place of Residence

	Mar-03	Apr-03	May-03	revised Jun-03	preliminary Jul-03
New Hampshire					
Unemployment Rate	4.1%	4.0%	3.9%	3.9%	4.3%
Civilian Labor Force	715,690	714,670	711,500	714,160	716,880
Number Employed	686,550	685,850	684,030	686,030	685,970
Number Unemployed	29,140	28,820	27,470	28,130	30,910
United States (in thousands)					
Unemployment Rate	5.8%	6.0%	6.1%	6.4%	6.2%
Civilian Labor Force	145,793	146,473	146,485	147,096	146,540
Number Employed	137,348	137,687	137,487	137,738	137,478
Number Unemployed	8,445	8,786	8,998	9,358	9,062

Seasonally Adjusted Nonfarm Employment

By Place of Establishment

Supersector	Mar-03	Apr-03	May-03	revised Jun-03	preliminary Jul-03
Total Nonfarm	616,300	615,300	615,600	617,800	615,200
Construction	27,300	26,900	26,900	26,600	27,000
Manufacturing	80,900	81,500	82,100	82,300	82,700
Trade, Transportation, and Utilities	138,200	137,900	138,900	139,200	137,700
Leisure and Hospitality	61,700	62,100	62,800	63,500	63,800
Government	88,900	88,900	86,800	89,300	86,600

Labor Force Estimates

New Hampshire	Jul-03	Jun-03	Jul-02
Number of workers	preliminary	revised	
Total Civilian Labor Force	730,470	723,400	720,080
Employed	700,940	694,530	688,300
Unemployed	29,530	28,870	31,780
Unemployment Rate (percent of labor force)	4.0%	4.0%	4.4%

Unemployment Rates by Area

	preliminary Jul-03	revised Jun-03	Jul-02
U.S and Regional States			
United States	6.3%	6.5%	5.9%
Northeast	5.8%	5.6%	5.8%
New England	5.2%	5.2%	4.9%
Connecticut	5.4%	5.2%	4.6%
Maine	4.1%	4.4%	3.6%
Massachusetts	5.6%	5.7%	5.6%
New Hampshire	4.0%	4.0%	4.4%
Rhode Island	5.5%	5.5%	4.8%
Vermont	3.7%	3.7%	3.4%
Mid Atlantic	6.1%	5.8%	6.1%
New Jersey	6.5%	5.8%	6.4%
New York	6.1%	5.9%	6.2%
Pennsylvania	5.7%	5.8%	5.7%
Labor Market Areas			
Berlin LMA	3.9%	4.4%	8.1%
Seabrook-South Hampton NH Portion Boston MA-NH PMSA	6.9%	6.7%	8.2%
Claremont LMA	2.7%	2.6%	2.5%
Colebrook LMA	1.8%	1.8%	1.5%
Concord LMA	3.0%	3.0%	3.0%
Conway LMA	2.8%	2.9%	3.5%
NH Portion Hartford-Lebanon, VT-NH LMA	1.4%	1.4%	1.5%
NH Portion Keene-Brattleboro, NH-VT LMA	2.8%	2.8%	2.8%
Laconia LMA	3.1%	2.9%	3.2%
Lancaster LMA	4.2%	3.4%	5.0%
Salem-Derry, NH Portion Lawrence, MA-NH PMSA	5.8%	6.0%	6.7%
Littleton LMA	2.9%	2.8%	2.9%
Pelham, NH Portion Lowell, MA-NH PMSA	6.3%	6.6%	7.1%
Manchester PMSA	4.2%	4.1%	4.4%
Nashua PMSA	5.5%	5.4%	5.9%
Peterborough LMA	4.2%	3.8%	3.8%
Plymouth LMA	2.7%	3.0%	2.4%
NH Portion Portsmouth-Rochester, NH-ME PMSA	3.8%	3.6%	4.4%
Counties			
Belknap	3.1%	3.0%	3.5%
Carroll	2.6%	2.8%	3.0%
Cheshire	3.0%	3.0%	3.0%
Coos	3.8%	3.7%	6.1%
Grafton	2.1%	2.1%	1.9%
Hillsborough	4.8%	4.7%	5.1%
Merrimack	2.9%	3.0%	2.9%
Rockingham	5.0%	5.0%	5.6%
Strafford	3.9%	3.6%	4.6%
Sullivan	2.7%	2.7%	2.3%

Local Area Unemployment Statistics (LAUS)

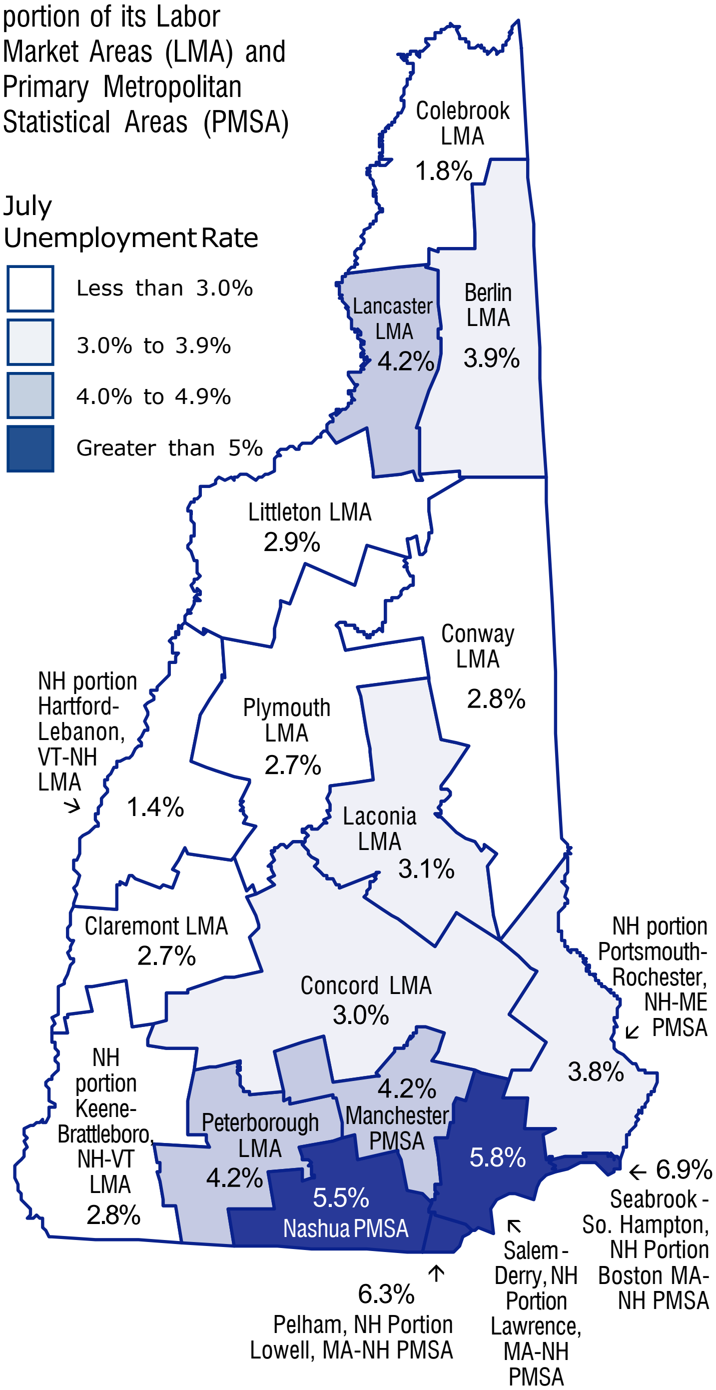
Not Seasonally Adjusted

By Place of Residence

Unemployment rates in the New Hampshire portion of its Labor Market Areas (LMA) and Primary Metropolitan Statistical Areas (PMSA)

July Unemployment Rate

- Less than 3.0%
- 3.0% to 3.9%
- 4.0% to 4.9%
- Greater than 5%



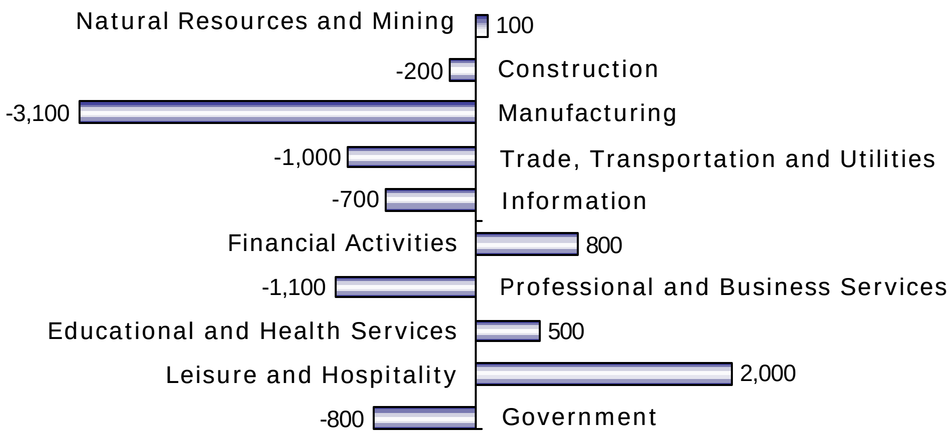
The total over-the-month decline in employment was driven by schools closing for vacations and by factory shutdowns.

Monthly Not Seasonally Adjusted New Hampshire Nonfarm Wage and Salary Employment

Current Employment Statistics Employment by Sector by place of establishment	Number of Jobs Jul-03 (preliminary)	Jun-03 (revised)	Jul-02	Change from previous: Month	Year
Total All Sectors	617,000	626,400	620,200	-9,400	-3,200
Private Employment Total	538,700	537,200	541,100	1,500	-2,400
Natural Resources & Mining	1,100	1,000	1,000	100	100
Construction	28,600	27,700	28,800	900	-200
Manufacturing	81,500	82,700	84,600	-1,200	-3,100
Durable Goods	60,200	61,200	62,800	-1,000	-2,600
Non-Durable Goods	21,300	21,500	21,800	-200	-500
Trade, Transportation and Utilities	137,900	139,500	138,900	-1,600	-1,000
Wholesale Trade	26,000	26,000	26,700	0	-700
Retail Trade	96,000	97,000	96,200	-1,000	-200
Transportation and Utilities	15,900	16,500	16,000	-600	-100
Information	12,100	12,300	12,800	-200	-700
Financial Activities	37,600	37,600	36,800	0	800
Professional and Business	53,000	52,800	54,100	200	-1,100
Educational and Health	92,200	93,000	91,700	-800	500
Leisure and Hospitality	72,400	68,300	70,400	4,100	2,000
Other Services	22,300	22,300	22,000	0	300
Government Total	78,300	89,200	79,100	-10,900	-800

Change in Nonfarm Employment

June 02 to June 03



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: Preliminary estimates in this category showed that New Hampshire's total nonfarm employment fell by 2,600 jobs in July. Government (supersector 90) supplied 2,700 jobs to that total, while trade, transportation, and utilities (supersector 70) contributed 1,500 jobs to the downward trend.

Elsewhere, not all supersectors experienced diminished employment levels. Manufacturing (supersector 30) and construction (supersector 20) each expanded their ranks by 400 jobs, and leisure and hospitality added 300 jobs in July.

Unadjusted: School was out of session for the summer season, and manufacturing (supersector 30) took its traditional hiatus to have vacations and retool. Because of those events, total nonfarm employment overall dropped by 9,400 jobs in the preliminary unadjusted estimates for July.

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Monthly Unadjusted Nonfarm Wages and Salary Employment by Primary Metropolitan Statistical Area

Employment by Sector number of jobs by place of establishment	Manchester PMSA Preliminary Jul-03	Change from previous: Month	Year	Nashua PMSA Preliminary Jul-03	Change from previous: Month	Year	Portsmouth-Rochester NH-ME PMSA Preliminary Jul-03	Change from previous: Month	Year
Total All Sectors	106,600	-2,600	500	92,100	-2,200	-2,100	128,700	-400	1,500
Private Employment Total	95,800	-600	100	83,900	-800	-1,800	105,500	100	-100
Natural Resources and Construction	6,900	100	500	3,900	100	0	4,700	0	100
Manufacturing	11,700	-100	-200	21,200	-300	-1,900	12,100	-1,000	-1,500
Trade, Transportation, and Utilities	23,800	-200	0	20,800	-500	-400	28,200	-300	1,700
Wholesale Trade	6,300	0	200	3,600	0	200	4,300	0	0
Retail Trade	13,600	-100	-300	15,000	-500	-800	21,100	-300	1,600
Transportation and Utilities	3,900	-100	100	2,200	0	200	2,800	0	100
Information	3,100	-100	-100	1,700	0	-100	3,200	0	0
Financial Activities	8,600	0	0	6,200	0	-200	7,500	0	100
Professional and Business	12,200	0	-300	7,400	0	100	11,100	100	-700
Educational and Health	16,400	-100	600	11,700	100	600	18,500	100	400
Leisure and Hospitality	8,600	-200	-500	7,700	-200	0	13,200	13,200	13,200
Services	4,500	0	100	3,300	0	100	4,200	0	200
Government Total	10,800	-2,000	400	8,200	-1,400	-300	23,200	-500	1,600

Average Earnings and Hours of Production Workers in Manufacturing

Sector	Average Weekly Earnings Jul-03 prelim.	Jun-03 revised	Jul-02	Average Weekly Hours Jul-03 prelim.	Jun-03 revised	Jul-02	Average Hourly Earnings Jul-03 prelim.	Jun-03 revised	Jul-02
New Hampshire									
All Manufacturing	$561.87	$591.32	$547.79	39.1	39.9	39.1	$14.37	$14.82	$14.01
Durable Goods	580.00	621.56	574.46	40.0	41.0	39.7	14.50	15.16	14.47
Nondurable Goods	516.67	515.59	479.02	36.8	37.2	37.6	14.04	13.86	12.74
Manchester PMSA									
All Manufacturing	$620.80	$624.10	$595.18	38.8	39.4	38.3	$16.00	$15.84	$15.54
Nashua PMSA									
All Manufacturing	$582.18	$582.92	$532.70	37.2	38.0	37.7	$15.65	$15.34	$14.13
Portsmouth-Rochester, NH-MA PMSA									
All Manufacturing	$674.96	$664.21	$652.36	43.8	43.9	40.9	$15.41	$15.13	$15.95

Government (supersector 90) led the way with a 10,900-job reduction. Trade, transportation, and utilities (supersector 40), which has an affiliation with educational services, dropped 1,600 jobs. To complete the decline in the education arena, education and health services (supersector 65) in the private sector trimmed 800 jobs from their roster.

Manufacturing (supersector 30) had 1,200 fewer workers on the job in July, and information (supersector 50) cut its force by 200 jobs.

As the state moved deeper into the vacation season, leisure and hospitality (supersector 70) found it necessary to add 4,100 jobs in July.

Traditionally, July marks one of the high points in the construction industries' (supersector 20) employment levels. With the 4,100-job increase in the July estimates, construction has again reached a high point for the year to date.

B. G. McKay

Continued from page 3

Services jobs are highly skilled, they often do not utilize the skills of the former Manufacturing employees.[1]

So where are all the Manufacturing jobs? These jobs are frequently being outsourced to other countries where a highly skilled labor force is available for a much cheaper wage. Since 2000, there have been roughly 3,800 employees from 25 companies in New Hampshire affected by layoffs and closures certified as covered by the Trade Act. Certified Trade Act covered events require:

a) that workers have been totally or partially laid off and :

b) that sales or productions have declined and :

c) that increased imports have contributed importantly to worker layoffs.[2]

Will the jobs come back? That remains to be seen. That type of recuperation would require a structural change of the Manufacturing industry to concentrate on higher value added production and becoming more competitive, especially in the research and development field.

Is this unique to New Hampshire? Not really. Over the last couple of decades, there has been a slow but steady shift, nationally as well as within the state, of employment concentrations from Manufacturing to Services. Population demographics have a lot of impact here. As baby boomers get older they are going to require more services, health and otherwise. Naturally, jobs will develop in the reas of demand. The question is whether the available labor in New Hampshire can be retrained in order to meet this demand.

Anita Josten
Annette Nielsen

[1] Gittell, Ross, Associate Professor, Whittemore School of Business & Economics, UNH Vice President, New England Economic Project (NEEP), telephone interview August 20, 1003

[2] U.S Department of Labor, Employment and Training Administration, http://www.doleta.gov/programs/factsht/taa.cfm

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