

ECONOMIC CONDITIONS in New Hampshire



November 2005

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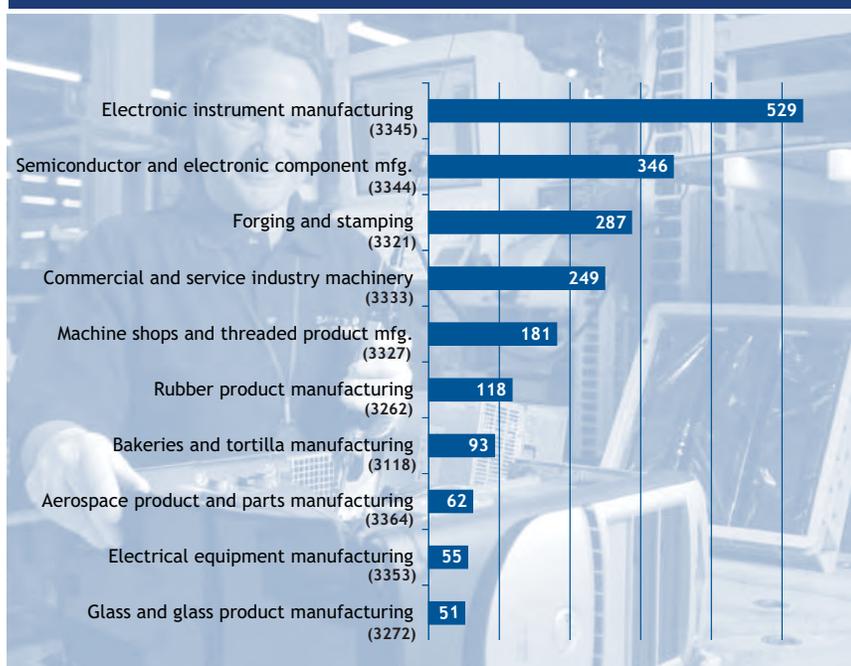
A focus on Manufacturing - a detailed industry perspective...

The Manufacturing sector's average annual covered employment showed a net loss of 216 jobs over-the-year from 2003 to 2004. However, beneath the overall job loss, a lot of job shifting (layoffs and hiring) occurred. This dynamic movement of jobs is not unique to the Manufacturing sector. It occurs in every sector, and is more pronounced in industries with a high turnover rate. So, even though there was a minor net loss in employment in Manufacturing, many new jobs were created. In addition, some people left their jobs because of retirement or other reasons, and these vacancies needed to be filled as well.

In the following analysis we are not looking at all the job shifting occurring in Manufacturing but instead we are trying to analyze net changes in jobs at the industry group level (Four-digit NAICS) from 2003 to 2004. Even though this does not give a precise picture of the job shifting that occurs, it gives a more in-depth perspective of which manufacturing industry groups are gaining employment and which industry groups are losing.¹ In other words, a slight decline in Manufacturing, overall, is covering up large declines in certain manufacturing industry groups while other manufacturing industry groups are gaining significant amounts of employment.

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Net Employment Gains in Manufacturing from 2003 to 2004



Note: Four-digit NAICS codes are in ()

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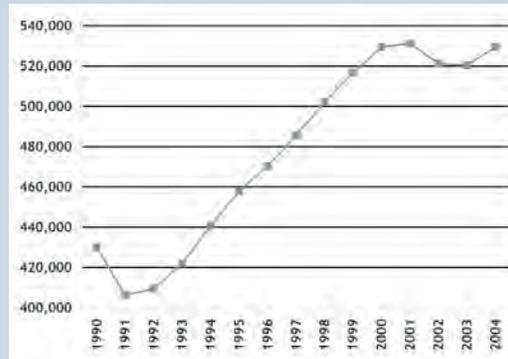
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Examining manufacturing employment change at the four-digit level makes us aware of a couple of surprising

2004 annual average employment data shows New Hampshire is on the rebound

Annual averages for 2004 covered employment have recently been released. In comparison to the prior year's annual average, 2004 private employment showed an increase of 1.8 percent. This is the first year since the 2001 recession that the state experienced an over-the-year increase in private employment. In addition, this is also the first time since the recession that Manufacturing had not seen the largest net decline in jobs among the 21 industry sectors. Over-the-year 2003 to 2004, Transportation and warehousing lost more than 250 jobs, equivalent to two percent of its employment base.

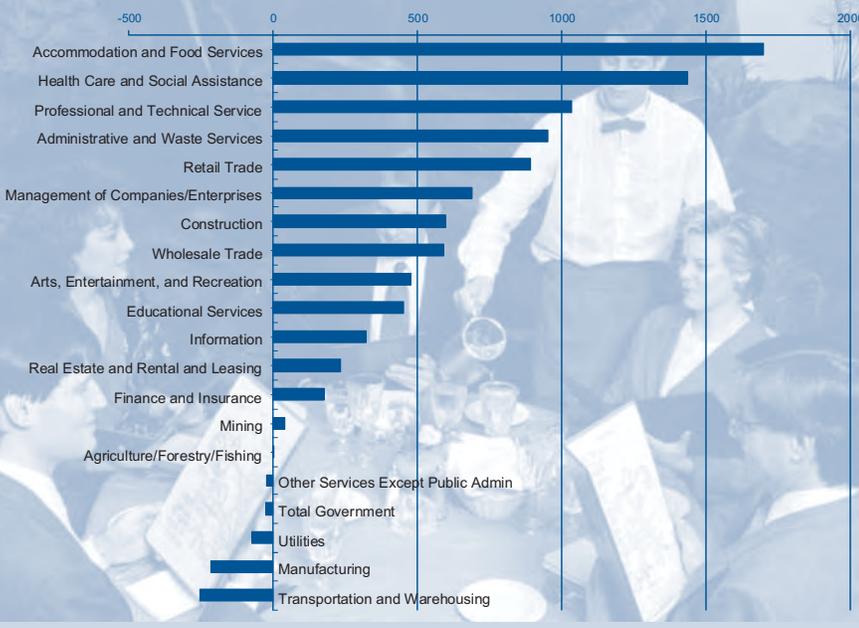
Total Private Employment, New Hampshire Statewide



After a couple of years with declines, the Professional and technical service sector has come back with a strong growth of four percent from 2003 to 2004, adding more than 1,000 jobs to the New Hampshire economy.

If you would like to find more detailed information on 2004 covered employment data in New Hampshire, go to <http://www.nhes.state.nh.us/elmi/covempwag.htm>.

Net Changes in Employment at the Sector Level 2003 to 2004



details. Two of the high-tech manufacturing industry groups gaining the most employment from 2003 to 2004 were among the high-tech industries that lost significant numbers of jobs in the aftermath of the 2001 recession. From 2000 to 2003, Semiconductor and electronic component manufacturing lost half of its employment from about 13,000 workers to approximately 6,600. Electronic instrument manufacturing did not experience as sharp a decline from 2000 to 2002, and this industry group has, since then, been on an increase. From 2003 to 2004 this industry group increased by more than 500 jobs, the most of any of the manufacturing groups, and Electronic instrument manufacturing is now at an employment level close to its pre-2001 recession level of more than 7,500 jobs. It is likewise good news that another high-tech manufacturing industry group, Electrical equipment manufacturing, after losing 300 jobs from 2001 to 2003, added 55 jobs from 2003 to 2004. This industry group accounted for 798 jobs in 2004.

By adding 287 jobs over-the-year 2003 to 2004, Forging and stamping close to doubled. But this is after having nearly halved its employment from 2000 to 2002. The average annual employment in 2004 of 612 has not yet regained to the pre-recession level of 691 jobs in 2000.

Bakeries and tortilla manufacturing is growing by 17.8 percent over-the-year, a strong growth for otherwise declining food manufacturing industries. Another industry group, Animal slaughtering and processing, experienced a net loss of 551 jobs. Probably, most of the losses in this industry group can be attributed to one plant closure in February 2004.²

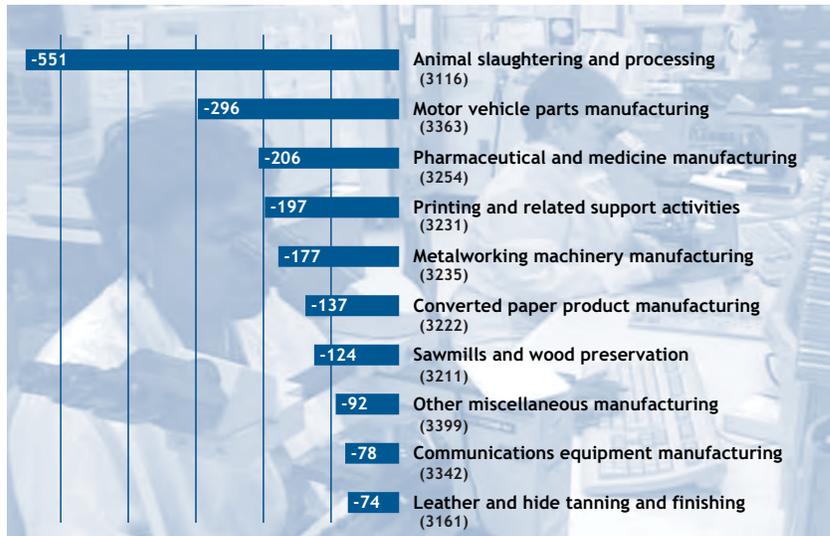
The biotech industry, normally considered a potential high-growth area, lost 206 jobs in Pharmaceutical and

Continued on page 3

medicine manufacturing from 2003 to 2004, a decline of 23.5 percent. This decline comes after one year of average growth and following two years of high growth. (From 2001 to 2002, this industry group grew by more than 25 percent.) Nationally, this industry group lost 4,600 jobs from 2003 to 2004, but this only accounts for a 1.6 percent decline. Despite the high growth in health care services and in certain parts of the biotech industry, medicine manufacturing is currently losing jobs and in the long term will probably not experience growth. The production of medicine is experiencing the same trend as many other mass producing industries - either it will go overseas or its workers will be replaced by automation. It is hence

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Net Losers in Manufacturing over-the-year 2003 to 2004



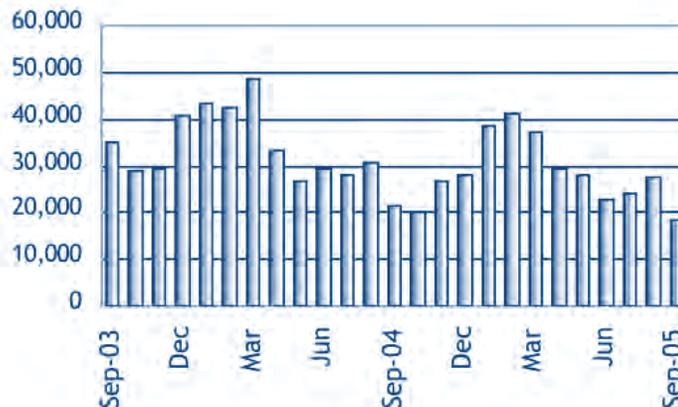
Note: Four-digit NAICS codes are in ()

Unemployment Compensation Claims Activity

Total Regular Unemployment Compensation Programs:	Sep-05		Aug-05		Sep-04		Change from Previous				
							Month		Year		
	Net	Percent	Net	Percent	Net	Percent	Net	Percent	Net	Percent	
Initial Claims	2,781	2,963	2,853	-182	-6.1%	-72	-2.5%				
Continued Weeks	18,438	27,458	21,405	-9,020	-32.9%	-2,967	-13.9%				

Unemployment Compensation Fund

Unemployment compensation fund balance at the end of September	\$265,391,617.43
Average payment for a week of total unemployment:	\$261.68
Net benefits paid:	\$3,505,931.97
Net contributions received during the month:	\$174,230.30
Interest Received:	\$3,119,930.01
Reed Act Distribution:	\$0.00
Reed Act Withdrawal for Administrative Costs:	\$3,194.40



Claims Activity

Trust Fund

Continued Weeks Claimed

Sep 2003 - Sep 2005

For the first time since April 2001 (the beginning of the recession), September's continued weeks claimed were below 19,000.

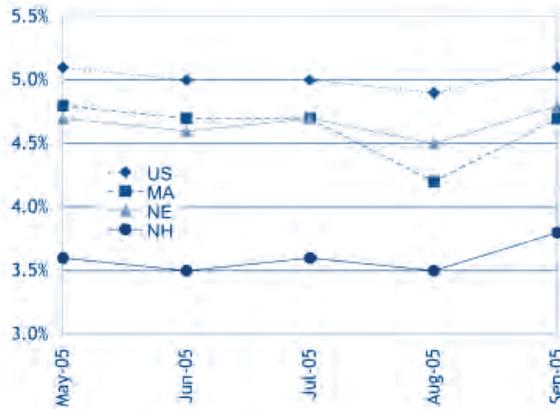
			Change from Previous	
Sep-05	Aug-05	Sep-04	Month	Year
198.8	196.4	189.9	1.2%	4.7%

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

Consumer Price Index

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

Although both New Hampshire's and Vermont's unemployment rates increased over-the-month, Vermont's increase was smaller to rank New Hampshire's rate as second lowest in September.



Unemployment Rates by Region

	preliminary Sep-05	revised Aug-05	preliminary Sep-04
United States	5.1%	4.9%	5.4%
Northeast	4.9%	4.7%	5.2%
New England	4.8%	4.5%	4.6%
Connecticut	5.2%	5.4%	4.7%
Maine	5.3%	5.0%	4.7%
Massachusetts	4.7%	4.2%	4.9%
New Hampshire	3.8%	3.5%	3.5%
Rhode Island	5.6%	5.1%	5.0%
Vermont	3.7%	3.5%	3.5%
Mid Atlantic	4.9%	4.7%	5.4%
New Jersey	4.3%	4.2%	4.6%
New York	5.2%	4.7%	5.6%
Pennsylvania	4.8%	5.0%	5.6%

Seasonally Adjusted Labor Force Estimates

By Place of Residence

	May-05	Jun-05	Jul-05	revised Aug-05	preliminary Sep-05
New Hampshire					
Unemployment Rate	3.6%	3.5%	3.6%	3.5%	3.8%
Civilian Labor Force	734,690	733,710	734,809	740,559	742,047
Number Employed	708,316	707,681	708,515	714,492	713,601
Number Unemployed	26,374	26,029	26,294	26,067	28,446
United States (in thousands)					
Unemployment Rate	5.1%	5.0%	5.0%	5.0%	5.0%
Civilian Labor Force	149,122	149,123	149,573	149,573	149,573
Number Employed	141,475	141,638	142,076	142,076	142,076
Number Unemployed	7,647	7,486	7,497	7,497	7,497

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	May-05	Jun-05	Jul-05	revised Aug-05	preliminary Sep-05
Total Nonfarm	639,800	637,600	640,700	644,700	643,200
Construction	30,800	30,700	31,000	31,300	31,100
Manufacturing	80,500	80,800	81,900	82,200	81,700
Trade, Transportation, and Utilities	143,000	142,900	144,000	144,400	144,700
Financial Activities	38,400	38,500	38,400	38,300	38,200
Professional and Business Services	56,500	57,000	57,000	56,800	57,000
Leisure and Hospitality	67,600	66,700	67,100	67,100	67,500
Other Services	20,000	19,800	20,000	20,100	20,700
Government	91,300	90,300	90,300	91,900	90,400

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	Sep-05	Aug-05	Sep-04
Number of workers	preliminary	revised	
Total Civilian Labor Force	737,830	750,750	718,190
Employed	711,110	724,940	694,800
Unemployed	26,720	25,810	23,390
Unemployment Rate (percent of labor force)	3.6%	3.4%	3.3%

Unemployment Rates by Area

	preliminary Sep-05	revised Aug-05	Sep-04
U.S and Regional States			
United States	4.8%	4.9%	5.1%
Northeast	4.6%	4.5%	4.8%
New England	4.6%	4.4%	4.3%
Connecticut	4.9%	5.3%	4.4%
Maine	4.7%	4.2%	3.9%
Massachusetts	4.7%	4.1%	4.8%
New Hampshire	3.6%	3.4%	3.3%
Rhode Island	5.4%	5.1%	4.4%
Vermont	3.3%	2.8%	3.0%
Mid Atlantic	4.6%	4.5%	5.0%
New Jersey	4.1%	4.0%	4.3%
New York	5.1%	4.6%	5.3%
Pennsylvania	4.4%	4.8%	5.1%

Map	preliminary Sep-05	revised Aug-05	Sep-04
Key Labor Market Areas			
1 Colebrook NH-VT LMA, NH Portion	3.9%	3.6%	3.0%
2 Berlin NH MicroNECTA	3.9%	3.7%	3.1%
3 Littleton NH-VT LMA, NH Portion	3.4%	2.9%	2.6%
4 Haverhill NH LMA	3.6%	3.4%	2.7%
5 Conway NH-ME LMA, NH Portion	3.2%	2.7%	2.9%
6 Plymouth NH LMA	3.0%	2.9%	2.4%
7 Moultonborough NH LMA	3.0%	2.7%	2.6%
8 Lebanon NH-VT MicroNECTA, NH Portion	2.7%	2.2%	2.0%
9 Laconia NH MicroNECTA	3.3%	3.0%	2.7%
10 Wolfeboro NH LMA	3.0%	2.6%	2.5%
11 Franklin NH MicroNECTA	3.3%	3.2%	2.8%
12 Claremont NH MicroNECTA	3.6%	3.3%	2.6%
13 Newport NH LMA	3.2%	3.2%	2.7%
14 New London NH LMA	3.1%	2.8%	2.3%
15 Concord NH MicroNECTA	3.3%	3.1%	2.7%
16 Rochester-Dover NH-ME MetroNECTA, NH Portion	3.5%	3.3%	3.1%
17 Charlestown NH LMA	3.3%	3.3%	3.3%
18 Hillsborough NH LMA	3.6%	3.6%	2.9%
19 Manchester NH MetroNECTA	3.5%	3.3%	3.2%
20 Keene NH MicroNECTA	3.2%	3.1%	2.6%
21 Peterborough NH LMA	3.7%	3.8%	3.3%
22 Nashua NH-MA NECTA Division, NH Portion	4.0%	3.9%	3.8%
23 Exeter Area, NH Portion, Haverhill-N. Andover-Amesbury MA-NH NECTA Division	4.1%	4.1%	4.5%
24 Portsmouth NH-ME MetroNECTA, NH Portion	3.5%	3.2%	3.2%
25 Hinsdale Town, NH Portion, Brattleboro VT-NH LMA	2.4%	2.5%	3.4%
26 Pelham Town, NH Portion, Lowell-Billerica-Chelmsford MA-NH NECTA Division	4.1%	4.9%	4.5%
27 Salem Town, NH Portion, Lawrence-Methuen-Salem MA-NH NECTA Division	5.5%	5.1%	5.7%

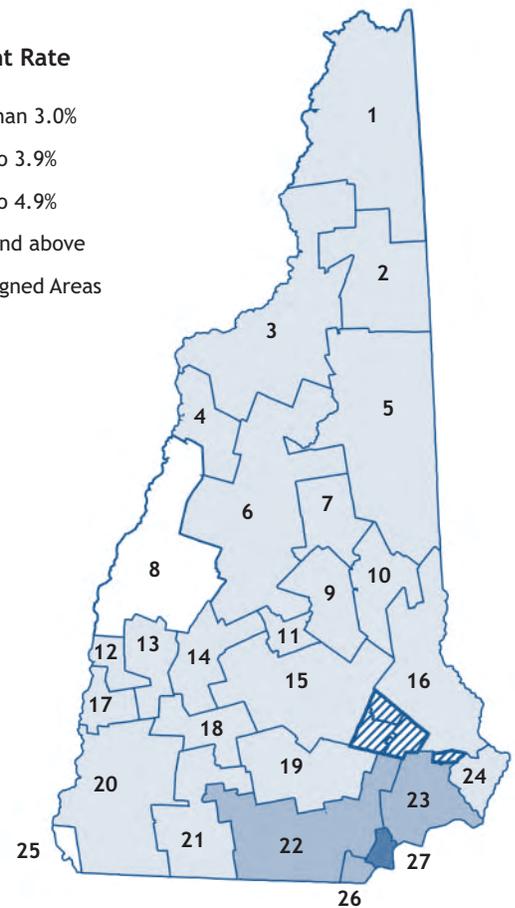
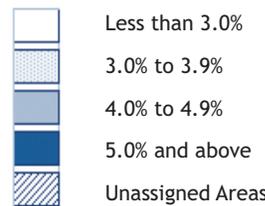
Local Area Unemployment Statistics (LAUS)

Not Seasonally Adjusted

By Place of Residence

Counties	preliminary Sep-05	revised Aug-05	Sep-04
Belknap	3.3%	2.9%	2.7%
Carroll	3.1%	2.7%	2.7%
Cheshire	3.2%	3.2%	2.8%
Coos	3.9%	3.6%	3.0%
Grafton	2.9%	2.6%	2.3%
Hillsborough	3.7%	3.6%	3.4%
Merrimack	3.3%	3.0%	2.6%
Rockingham	4.1%	4.0%	4.0%
Strafford	3.5%	3.3%	3.1%
Sullivan	3.2%	3.0%	2.7%

September Unemployment Rate



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 calculated using the Bureau of Labor Statistics "Handbook Method" and then adjusted to the State levels.

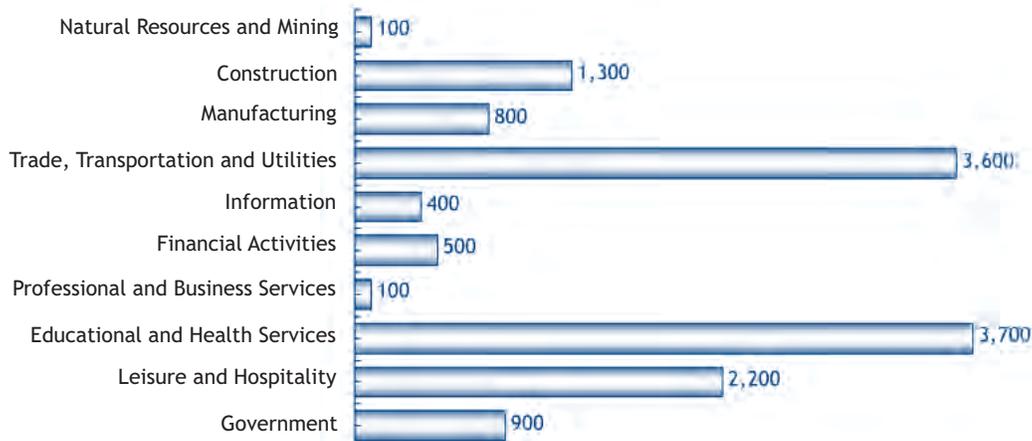
Monthly Not Seasonally Adjusted New Hampshire Nonfarm Wage and Salary Employment

Only three supersectors plus Government gained employment over-the-month. The reopening of schools helped to boost Government and Educational and health services to outweigh the losses of the other groups.

Current Employment Statistics Employment by Super Sector by place of establishment	Number of Jobs			Change from previous:	
	Sep-05 preliminary	Aug-05 revised	Sep-04	Month	Year
	Total All Super Sectors	647,800	646,600	634,100	1,200
Private Employment Total	557,200	565,200	544,400	-8,000	12,800
Natural Resources and Mining	1,100	1,100	1,000	0	100
Construction	32,500	33,300	31,200	-800	1,300
Manufacturing	81,600	82,200	80,800	-600	800
Durable Goods	62,300	62,800	61,200	-500	1,100
Non-Durable Goods	19,300	19,400	19,600	-100	-300
Trade, Transportation and Utilities	144,100	144,800	140,500	-700	3,600
Wholesale Trade	28,000	28,300	27,700	-300	300
Retail Trade	99,700	100,500	97,300	-800	2,400
Transportation and Utilities	16,400	16,000	15,500	400	900
Information	13,000	12,900	12,600	100	400
Financial Activities	38,200	38,800	37,700	-600	500
Professional and Business	57,400	57,700	57,300	-300	100
Educational and Health	98,000	96,800	94,300	1,200	3,700
Leisure and Hospitality	70,600	77,100	68,400	-6,500	2,200
Other Services	20,700	20,500	20,600	200	100
Government Total	90,600	81,400	89,700	9,200	900

Change in Nonfarm Employment

Sep 2004 to Sep 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: September's preliminary seasonally adjusted estimates showed that New Hampshire's employers reduced their work force by 1,500 jobs overall. Government (supersector 90) led the way by trimming 1,500 jobs, and manufacturing (supersector 30) scaled back its cadre by 500 jobs. As the summer season approached its end, construction (supersector 20) wrapped up projects and required 200 fewer workers. Financial activities (supersector 55) pared 100 jobs from its roster to complete the list of those industries decreasing their labor pool.

On the plus side of the ledger, other services (supersector 80) expanded its ranks by 600 jobs. Leisure and hospitality (supersector 70) also worked to offset September's job loss by adding 400 employees to the payroll. Trade, transportation, and utilities (supersector 40) bumped up its staffing by 300 jobs, as professional and business services (supersector 60) concluded September's employment activities when it increased crew size by 200.

Unadjusted: The change of seasons figured prominently in the 1,200-increase in New Hampshire's total nonfarm employment during September.

Monthly Unadjusted Nonfarm Wage and Salary Employment by Metropolitan Statistical 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 Sep-05	Change from previous:		preliminary Sep-05	Change from previous:		preliminary Sep-05	Change from previous:		preliminary Sep-05	Change from previous:	
		Month	Year		Month	Year		Month	Year		Month	Year
Total All Sectors	102,000	900	2,400	132,700	4,300	1,800	57,500	700	2,000	55,400	2,200	200
Private Employment Total	90,100	0	1,600	118,900	700	2,500	47,300	-900	1,400	42,700	0	300
Natural Resources and Construction	5,600	-100	200	6,300	-100	100	1,900	0	100	2,300	0	100
Manufacturing	9,700	0	200	26,400	300	300	4,000	0	0	6,500	0	100
Trade, Transportation and Utilities	21,600	100	800	31,000	-400	600	11,500	-300	0	11,100	-100	-300
Wholesale Trade	5,200	-100	0	5,600	-100	0	1,900	0	-100	1,400	0	-100
Retail Trade	13,000	-100	300	20,900	-300	300	8,200	-200	0	8,700	-100	-200
Transportation, Warehousing and Utilities	Information will be made available in January 2006			4,500	0	300	1,400	-100	100	1,000	0	0
Information	3,300	0	100	2,000	0	0	1,800	0	100	1,400	0	100
Financial Activities	8,700	-200	-100	8,200	-100	100	4,900	0	100	2,800	0	200
Professional and Business	11,500	0	-700	13,500	100	400	8,100	0	100	3,800	0	0
Educational and Health	16,500	300	500	16,100	1,000	700	5,600	100	100	7,500	100	300
Leisure and Hospitality	8,900	-100	400	10,900	-100	300	7,800	-700	800	5,400	0	-200
Services	4,300	0	200	4,500	0	0	1,700	0	100	1,900	0	0
Government Total	11,900	900	800	13,800	3,600	-700	10,200	1,600	600	12,700	2,200	-100

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		
	Sep-05 preliminary	Aug-05 revised	Sep-04	Sep-05 preliminary	Aug-05 revised	Sep-04	Sep-05 preliminary	Aug-05 revised	Sep-04
New Hampshire									
All Manufacturing	\$645.57	\$641.99	\$625.46	40.5	40.2	40.3	\$15.94	\$15.97	\$15.52
Durable Goods	\$663.69	\$657.23	\$632.63	41.3	41.0	41.0	\$16.07	\$16.03	\$15.43
Non-durable Goods	\$591.31	\$599.26	\$608.69	38.1	38.1	38.5	\$15.52	\$15.77	\$15.81
Manchester NH MetroNECTA									
All Manufacturing	\$682.86	\$668.85	\$681.86	39.2	39.0	39.3	\$17.42	\$17.15	\$17.35
Nashua NH-MA NECTA Division, NH Portion									
All Manufacturing	\$718.19	\$725.03	\$682.66	43.5	42.8	42.8	\$16.51	\$16.94	\$15.95

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

With the arrival of another academic year, government (supersector 90) added 9,200 positions, and educational and health services (supersector 65) boosted its employment level by 1,200 jobs. Other services (supersector 80) augmented its force by hiring an additional 200. The growth activity for September's unadjusted estimates finished with information (supersector 50) enlarging personnel totals by 100.

Natural resources and mining (supersector 10), a small but stable industrial group, did not alter employment totals during September.

Leisure and hospitality (supersector 70) observed the passing of the vacation season with a 6,500-job reduction, while construction (supersector 20) marked the occasion with an 800-job reduction. As students left their summer jobs to return to school, employment in trade, transportation, and utilities (supersector 40) fell by 700 jobs. Manufacturing (supersector 30) and financial activities (supersector 55) each rolled back their total number of jobs by 600 positions. Finally, professional and business services (supersector 60) dropped 300 jobs from its rolls.

B. G. McKay

Continued from page 3

no surprise that a similar type of mass producing industry, Motor vehicle part manufacturing, also saw a decline of close to 300 jobs over-the-year.

One area within biotech that is experiencing growth is the research and development part of the industry. From 2003 to 2004, Scientific research and development services (NAICS 5417), nationwide, grew by 1.8 percent, somewhat faster than the 1.3 percent growth rate for total U.S. private employment. In comparison, Scientific research and development services in New Hampshire grew by 11.2 percent from 2003 to 2004, after a decline from 2002 to 2003 of close to 20 percent. Both nationwide and in New Hampshire, Scientific research and development services (NAICS 5417) has an employment base twice the size of that employed in Pharmaceutical and medicine manufacturing (NAICS 3254).

This more detailed analysis of the Manufacturing sector gives a different perspective of an industry that has suffered recent job losses. This sector is as vibrant as other sectors in the New Hampshire economy. Instead of despairing the "doom" of New Hampshire Manufacturing, attention should be focussed on the growing manufacturing industries while accepting that other manufacturing industries are on the decline.

Annette Nielsen

¹ At the four-digit level some of the industry groups are not disclosable. Hence, in the following ranking of the industry groups gaining and losing the most employment, only disclosable data is included.

² Rebecca Kaufman, Manchester Has Less Than Two Months to Prepare, New Hampshire Public Radio, December 24, 2003 <www.nhpr.org/node/5534>

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