

New Hampshire ECONOMIC CONDITIONS

November 2020

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New Hampshire's Manufacturing Sector

Manufacturing was the 3rd largest industry sector in New Hampshire in 2019, employing an average of 71,500 workers. While *total nonfarm* employment in New Hampshire increased in 2019, *manufacturing* employment decreased during the second half of the year. *Manufacturing* employment fell by 1,400 jobs between June 2019 and November 2019, a decline of two percent. This was part of a nationwide trend, as *manufacturing* employment throughout the U.S. fell 1.4 percent over that period.

Manufacturing employment in New Hampshire increased slightly from December 2019 through February 2020 but efforts to contain the coronavirus derailed the industry's recovery. Between February and April, *manufacturing* employment in

New Hampshire declined by 5,800 jobs, roughly eight percent of the pre-pandemic workforce. This decline was not as severe as the decrease in New Hampshire's *total nonfarm* workforce, which decreased 16.7 percent. However, *total nonfarm* employment increased by 11.3 percent from May through October, while *manufacturing* employment was flat, increasing by less than one percent.

Earnings and Hours Worked

Manufacturing sector workers worked longer hours on average than private sector workers as a whole. Workers in the private sector (including part-time workers) worked an average of 33.4 hours per week in 2019, while *manufacturing* workers averaged 41.7 hours per week. Hours worked by *manufacturing* workers decreased

during the pandemic; the average worker worked only 40.1 hours per week between April and October.

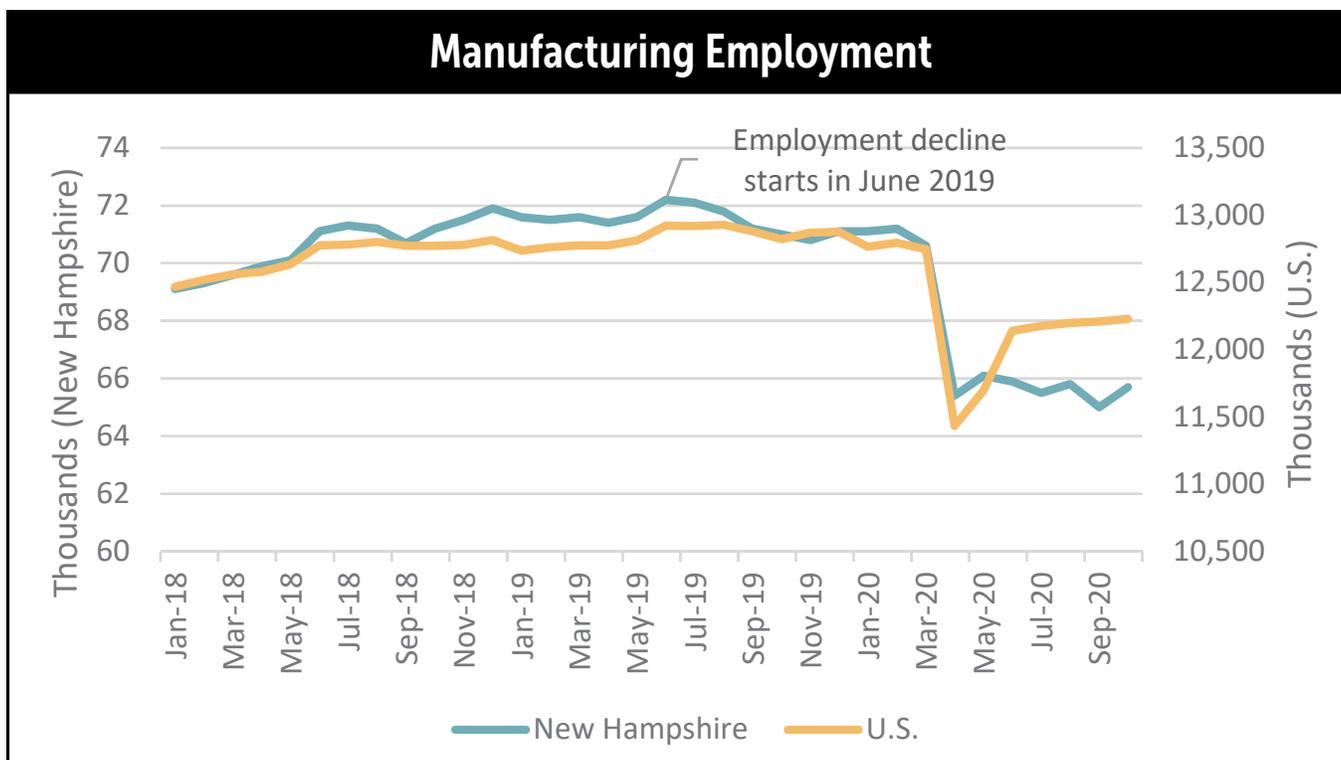
Average hourly wages for *manufacturing* workers increased over the same time period, from \$28.22 in April 2020 to \$28.75 in October 2020, meaning the average weekly wage remained roughly the same. The increase in average wages

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is likely a result of layoffs – typically, businesses lay off new hires before they lay off more experienced staff. The increase in average hourly wages likely reflects the layoff of lower-paid, newly-hired workers, and not an increase in the wages of individual workers in *manufacturing* during the time period.

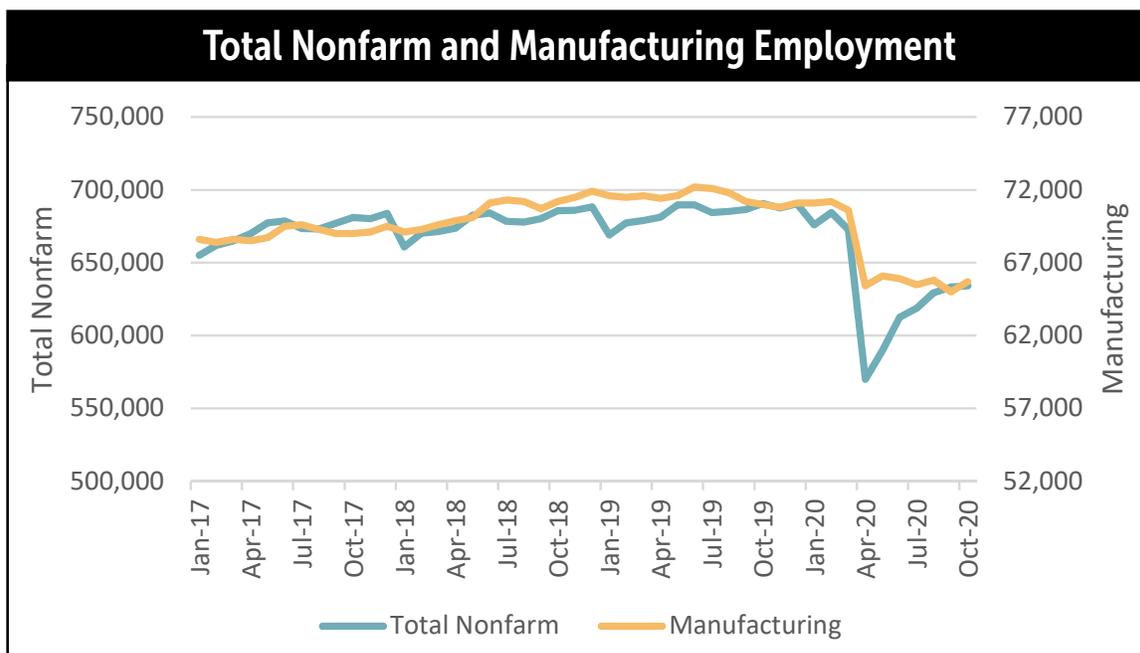
Half of workers in the *manufacturing* sector are employed in production occupations – occupations that are responsible for producing the goods sold by New Hampshire’s *manufacturing* sector. Production workers worked slightly longer hours than *manufacturing* sector workers overall, working 42.5 hours per week in 2019, compared to 41.7 hours for all workers in the sector, but were paid roughly four dollars per hour less, \$22.48, compared to \$26.65 for all *manufacturing* workers. During the Covid-19 pandemic, since April 2020, production workers have worked an average of just 40.9 hours per week, similar to the decline in hours for all *manufacturing* workers. Hourly wages for production workers decreased in April, May and June 2020, before increasing again in July, surpassing the average pre-pandemic wage. Increased wages were not enough to offset the decrease in hours, however, and production worker earnings were slightly less than before the pandemic.

older¹ who were in stable employment (workers who were employed at the same firm for a full quarter) and had not attained a high school diploma earned average annual wages of \$57,120 in 2019, just below the statewide average for all workers in stable employment, \$59,352.² Average earnings for *manufacturing* workers with either a high school diploma or postsecondary education were greater than the statewide average.

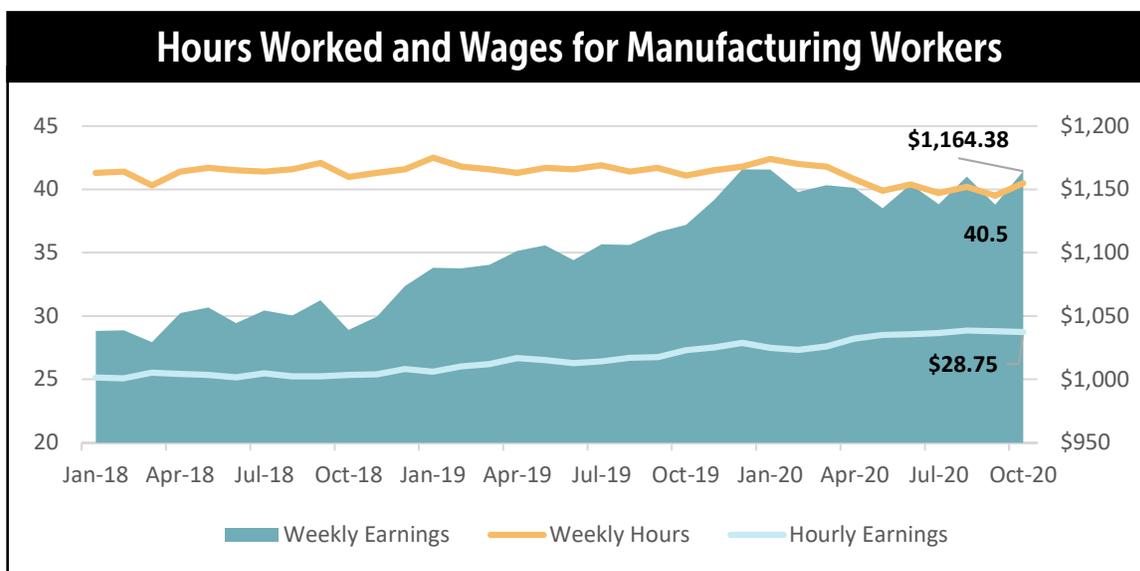
Characteristics of Manufacturing Workers

The *manufacturing* industry sector offers opportunities to workers of all education levels to earn a wage near or above the statewide average. *Manufacturing* workers age 25 or

Among *manufacturing* workers age 25 or older, 32 percent had attained either some college education or an associate’s



Source: New Hampshire Employment Security, Current Employment Statistics



Source: New Hampshire Employment Security, Current Employment Statistics

¹ Workers age 24 or younger are excluded from this count, since many of them have not yet completed their education.

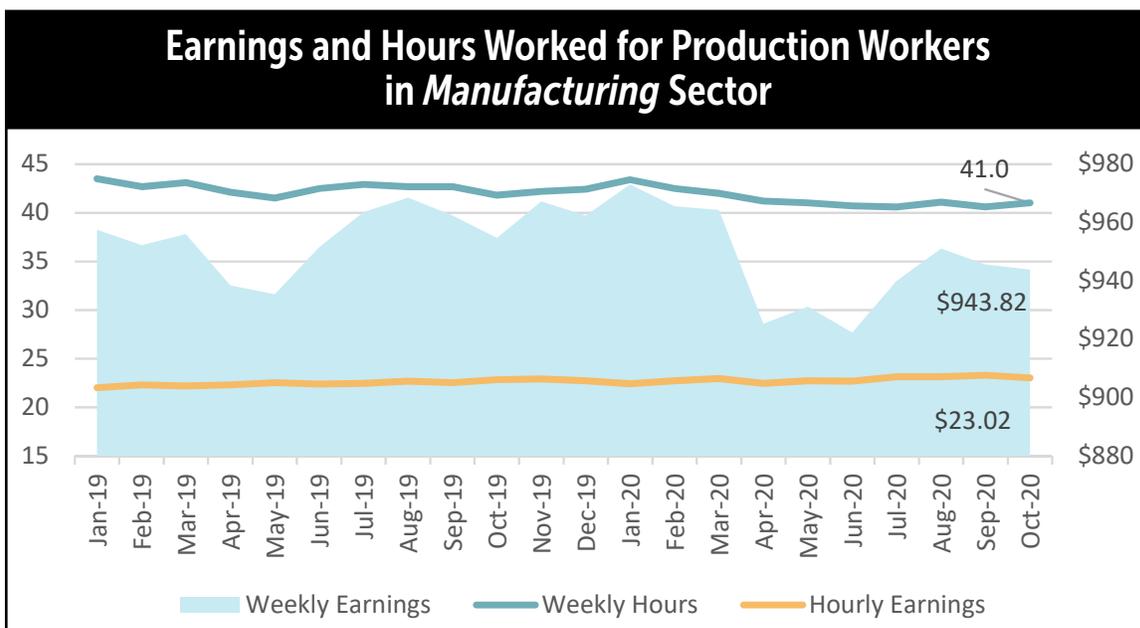
² High-earning individuals significantly increase the average wage. A median wage – the value “in the middle” that separates the higher half from the lower half of the data values – would be lower than the average wage, and be more representative of what a typical worker earns. This data set also excludes workers age 24 or younger, who typically earn less than their more experienced colleagues.

degree, a larger share of the workforce than any other level of educational attainment. This cohort surpassed workers with a high school diploma in 2012, as *manufacturing* employers increasingly look to hire skilled labor.

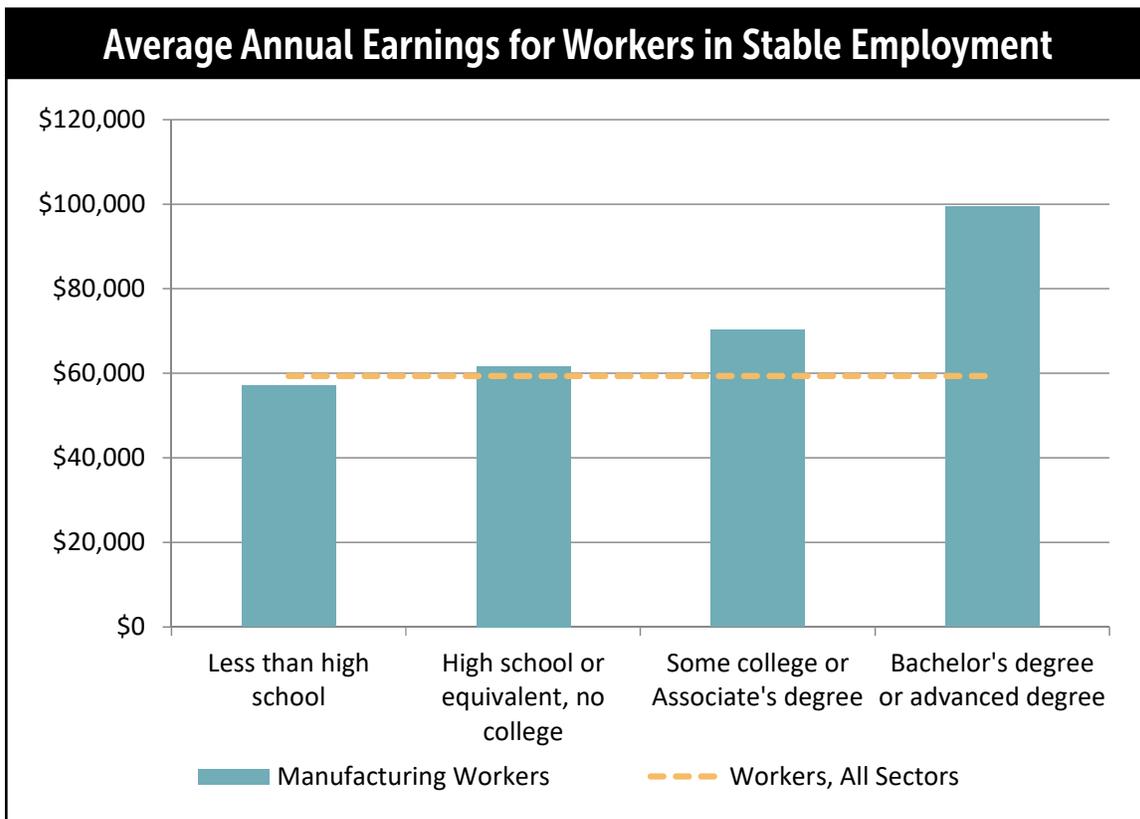
There are still many opportunities in *manufacturing* for workers with lower levels of educational attainment. Workers with a high school diploma account for 31 percent of the *manufacturing* workforce in 2019. Workers with less than a high school diploma represented the smallest share among *manufacturing* workers, accounting for 11 percent of workers. While there are still opportunities for workers with lower levels of educational attainment, increasingly those opportunities require some training or education beyond high school.

One third of *manufacturing* workers are age 55 or older. As these workers reach retirement age and leave the labor force, employers will need to hire to replace them. New Hampshire Employment Security's long-term employment projections estimated a 3.8 percent decline for *manufacturing* employment from 2018 to 2028.³ Although the total number of jobs in this industry is likely to decrease, replacement of retiring workers will still result in many opportunities for workers to find employment in the *manufacturing* sector.

- Greg David, Economist



Source: New Hampshire Employment Security, Current Employment Statistics



Source: U.S. Census Bureau, Longitudinal-Employer Household Dynamics Program

³ Employment projections make no assumptions about business cycle fluctuations, natural disasters, or other catastrophic events. 2018 - 2028 projections were developed before the pandemic, and do not account for any impacts the pandemic will have on employment trends.