

# New Hampshire Economic Conditions

December 2017

## Personal Consumption Expenditures in New Hampshire, 2016

In 2016, *personal consumption expenditures* (PCE) by New Hampshire households totaled \$65,151 million, an increase of 3.5 percent from \$62,943 million in 2015. Personal consumption expenditures for each state are a measure of the goods and services purchased by or on behalf of households by state of residence.<sup>1</sup>

Overall, the largest portion of personal consumption expenditures by New Hampshire households was on *Services* - specifically, 18 percent on *Housing and utilities* and over 16 percent on *Health care*. These shares have remained consistent over the last five years. Because

of declines in the costs of fuels, personal consumption expenditures on *Gasoline and other energy goods* had significant reductions over the last five years, dropping from 4.4 percent in 2012 to 2.5 percent of total personal expenditures in 2016.

Personal consumption expenditures are calculated in current dollars. To facilitate comparisons over time, values were chained to 2016 values using the inflation calculator from the Bureau of Labor Statistics. Using values adjusted for inflation, personal consumption expenditures by New Hampshire households increased 8.3 percent from 2012 to 2016. The largest over-the-year

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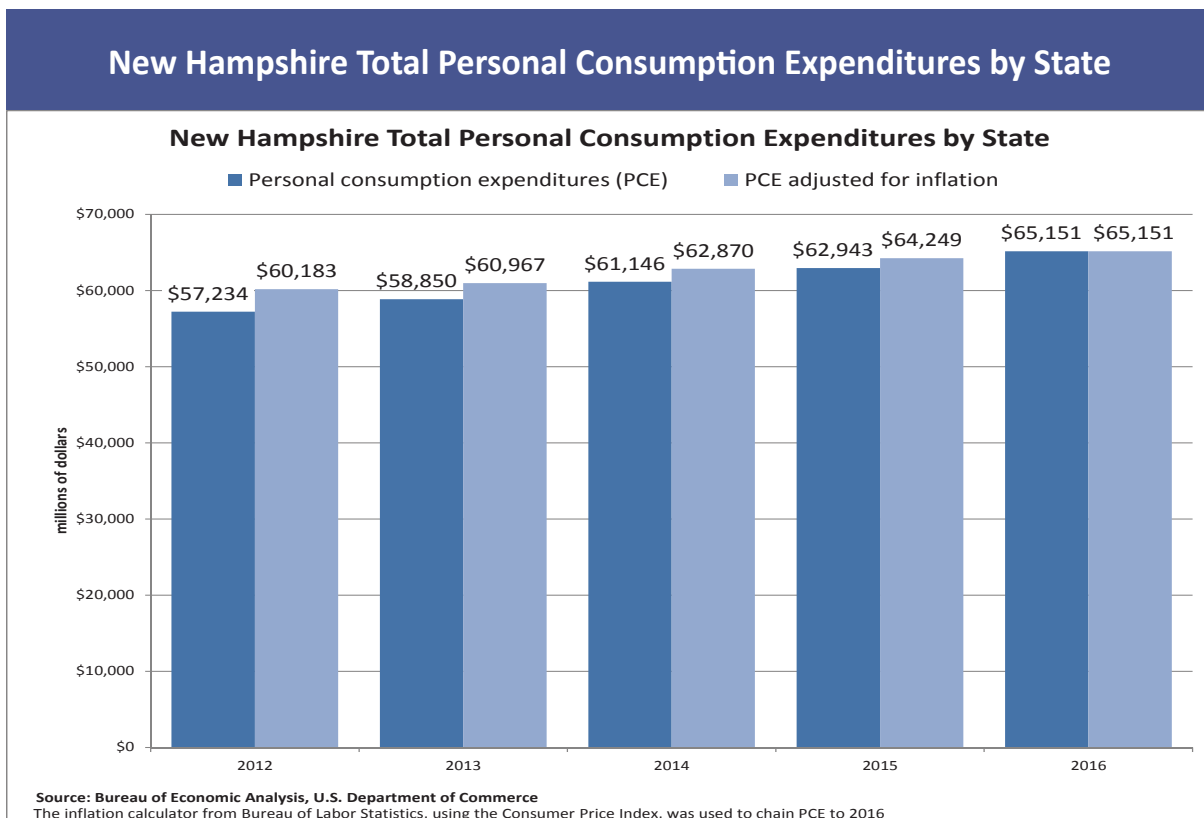
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<sup>1</sup> Bureau of Economic Analysis: News Release: Personal Consumption Expenditures by State, 2016. [https://www.bea.gov/newsreleases/regional/pce/pce\\_newsrelease.htm](https://www.bea.gov/newsreleases/regional/pce/pce_newsrelease.htm)

increase was between 2013 and 2014, when personal consumption expenditures increased 3.1 percent, compared to the most recent increase of 1.4 percent from 2015 to 2016.

Personal consumption expenditures are categorized as either *Goods* or *Services*. *Goods* are tangible products that can be stored or inventoried. *Services* are products that cannot be stored or inventoried and are usually consumed at the place and time of purchase. In 2016, of total personal consumption expenditures by New Hampshire households, 68.9 percent were for services, while 31.1 percent were for goods.

**Personal Consumption Expenditures on Services**

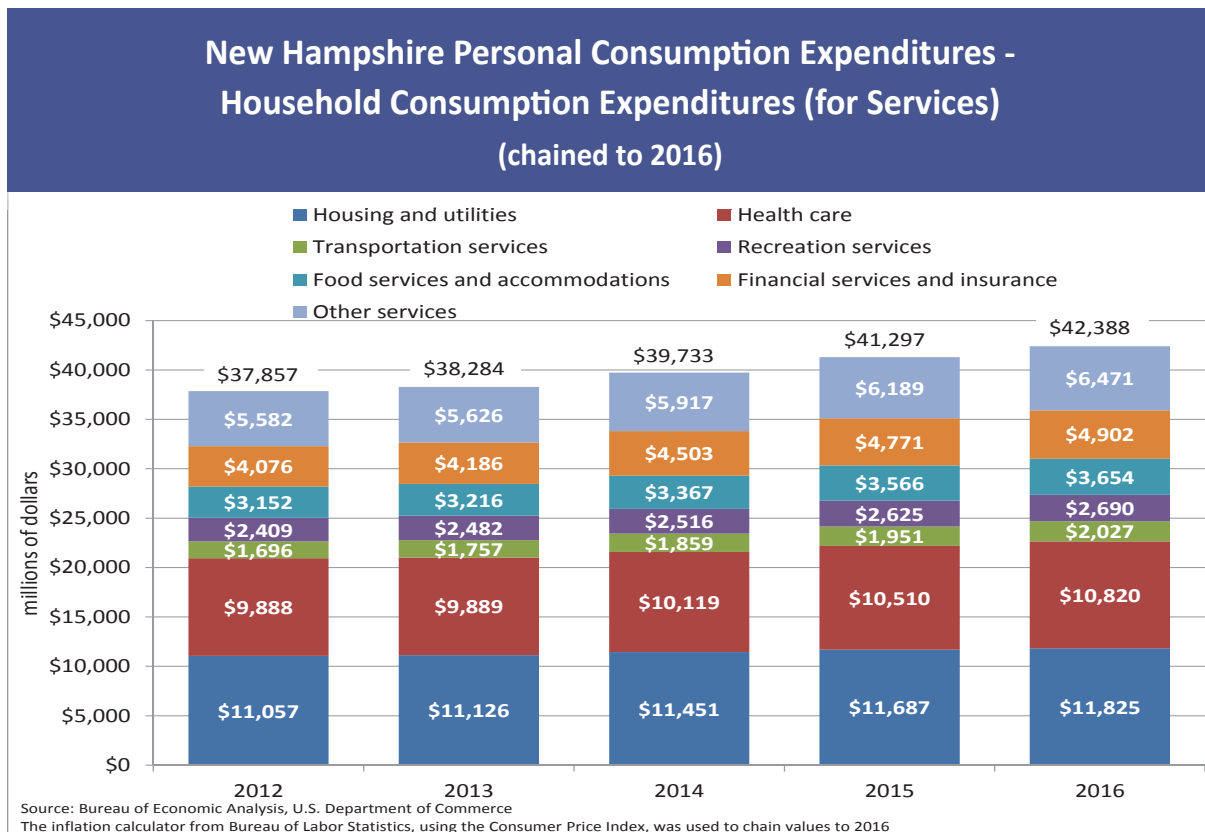
*Services* accounted for \$44,898 million in personal consumption expenditures by

New Hampshire households in 2016, over two-thirds of total expenditures. *Household consumption expenditures (for services)* were \$42,388 million for New Hampshire households, nearly 95 percent of all expenditures on services. *Household consumption expenditures* are divided into seven categories; among them, \$11,825 million in expenditures was for *Housing and utilities* and \$10,820 million was for *Health care*. These two categories accounted for over half of all New Hampshire personal consumption expenditures for services.

New Hampshire households expended \$6,471 million on *Other services*, including communication, education services, and other personal services; \$4,902 million on *Financial services and insurance*; and \$3,654 million on *Food services and accommodations*, which consist

of expenditures on purchased meals and beverages and food furnished to employees (including military), as well as lodging or short-term accommodations for travelers, vacationers, and others. Personal consumption expenditures by New Hampshire households for *Recreation services* and *Transportation services* were \$2,690 million and \$2,027 million, respectively.

Personal expenditures by New Hampshire households for *Services*, adjusted for inflation, increased 11.9 percent over the five-year period from 2012 to 2016. Of the *Services* categories, personal expenditures on *Financial services and insurance* had the largest increase, 20.3 percent for the period, and *Transportation services* increased 19.5 percent. Personal expenditures for both *Other services* and *Food services*



and accommodations increased by 15.9 percent, and expenditures on Recreation services increased by 11.7 percent. Even though Health care and Housing and utilities accounted for the largest shares of total personal expenditures, those categories had the smallest increases, 9.4 percent and 6.9 percent, respectively.

## Personal Consumption Expenditures on Goods

### Nondurable Goods

Nondurable goods are defined as products that have an average life of less than three years. Nondurable goods accounted for \$13,613 million in personal consumption expenditures by New Hampshire households in 2016. Nondurable goods are divided into

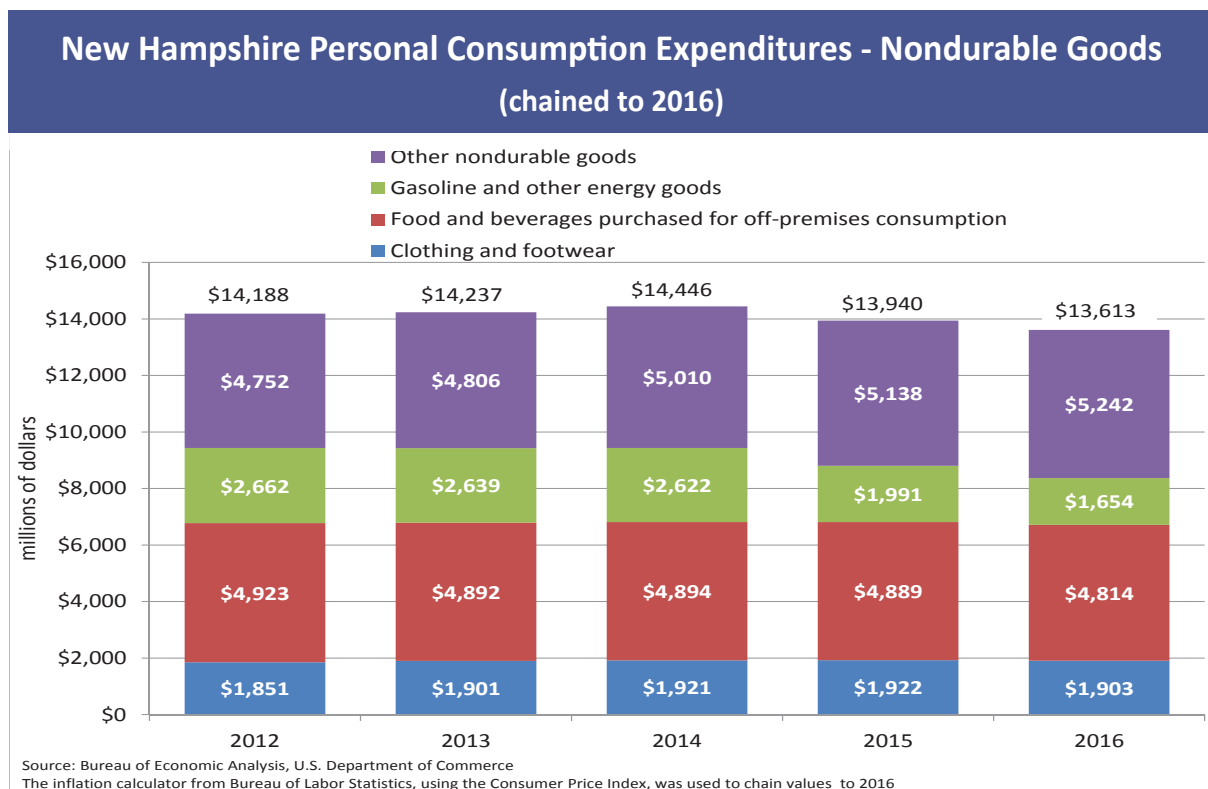
four categories. The largest category was *Other nondurable goods* which accounted for \$5,242 million in expenditures; this category includes purchases of pharmaceutical and other medical products, recreational items, household supplies, personal care products, tobacco, magazines, newspapers, and stationery.

New Hampshire households expended \$4,814 million in *Food and beverages purchased for off-premises consumption*, including purchases of food and nonalcoholic or alcoholic beverages purchased for off-premises consumption, and food produced and consumed on farms.<sup>2</sup> Personal consumption expenditures were \$1,903 million for *Clothing and footwear* and \$1,654 million for *Gasoline and other energy goods*, which include purchases of motor vehicle fuels, lubricants, and fluids, and fuel oils and other fuels.

Personal consumption expenditures by New Hampshire households for *Nondurable goods*, adjusted for inflation, declined 4.1 percent from 2012 to 2016. This was driven primarily by a decrease of 37.9 percent on *Gasoline and other energy goods*, and a 2.2 percent drop on *Food and beverages purchased for off-premises consumption* during the period. At the same time, personal expenditures on *Other nondurable goods* increased 10.3 percent, and expenditures on *Clothing and footwear* increased 2.8 percent.

### Durable Goods

Durable goods are products with an average life of at least three years. Personal expenditures on *Durable goods* by New Hampshire households totaled \$6,640 million



<sup>2</sup> Bureau of Economic Analysis, U.S. Department of Commerce. Regional Economic Accounts: Regional Definitions. <https://www.bea.gov/regional/definitions/>

in 2016. There are four categories of *Durable goods*. *Motor vehicles and parts* accounted for the largest portion with \$2,299 million in expenditures; this category includes purchases of new and used motor vehicles, and purchases of motor vehicle parts and accessories.

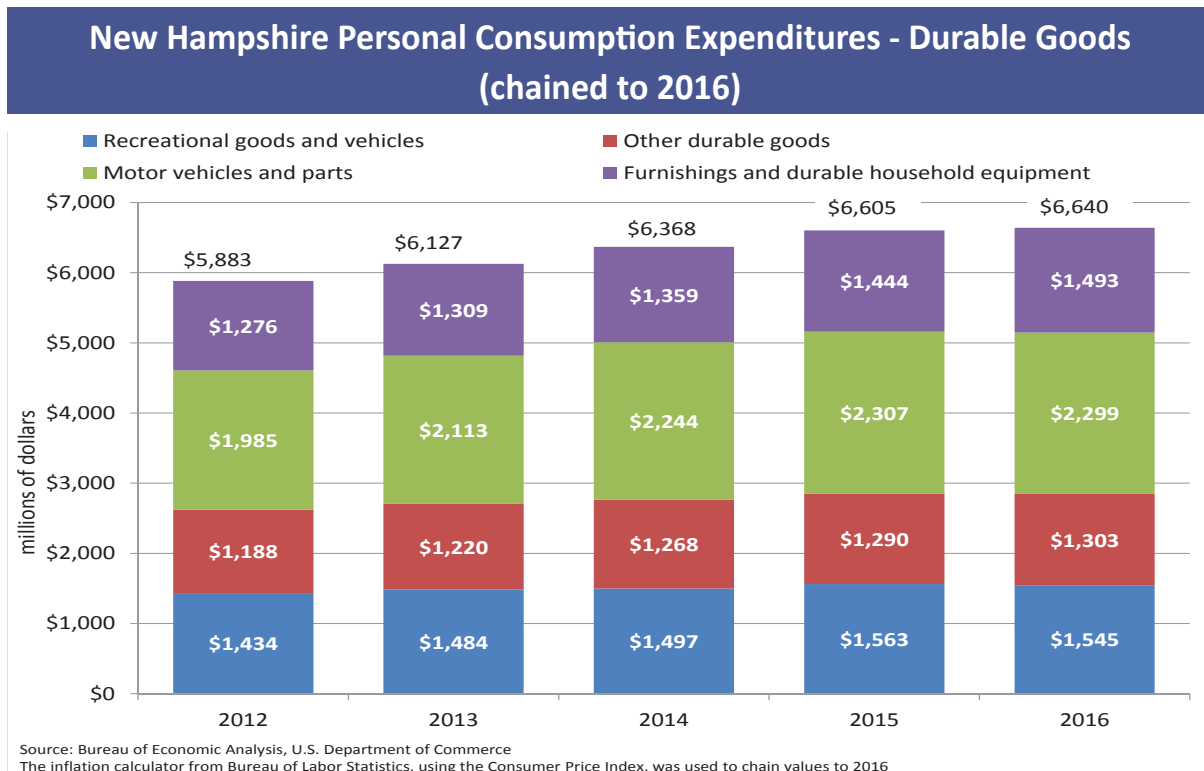
Other categories of *durable goods* include *Recreational goods and vehicles*, with \$1,545 million in expenditures, and *Furnishings and durable household equipment*, with \$1,493 million in expenditures. *Recreational goods and vehicles* includes video, audio, and photography equipment; computers, server farms and transmission towers; sporting equipment supplies, guns, and ammunition, sports and recreational vehicles, recreational books, and musical instruments.<sup>3</sup> *Furnishings and durable household equipment*

includes furniture and furnishings, household appliances, glassware, tableware, and household utensils, and tools and equipment for house and garden. Personal consumption expenditures by New Hampshire households on *Other durable goods* totaled \$1,303 million, and includes purchases of jewelry and watches, therapeutic appliances and equipment, educational books, luggage and similar personal items, and telephone and facsimile equipment, personal consumption expenditures.

Personal expenditures by New Hampshire households for *Durable goods*, adjusted for inflation, increased 12.9 percent from 2012 to 2016. All categories within *Durable goods* contributed to the increase in spending. The largest increases came from expenditures on *Furnishings and durable household*

*equipment*, which increased 17.1 percent, and from spending on *Motor vehicles and parts*, up 15.8 percent during the period. Personal expenditures on *Other durable goods* by New Hampshire households increased 9.7 percent, and spending on *Recreational goods and vehicles* was up 7.7 percent from 2012 to 2016.

Anita Josten, Economist



<sup>3</sup> Ibid.