

ECONOMIC CONDITIONS in New Hampshire



January 2004
Volume 104, Number 01

Recovery hampered by continued job losses, primarily Manufacturing

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Some economists have labeled the most recent national recovery as a jobless recovery. The state has resembled the nation in the respect that job numbers have been slow in improving. Is this because companies are just not hiring or is it a result of structural change within the economy? Maybe both. Many of the companies adversely affected by the economy actually closed their doors or totally moved their shops out of state. New employment has to be found in different industries. This type of realignment could be a strong explanation why the employment levels in the nation and state have not really increased but have shifted from one sector to another. Employment growth was also hampered by the rapid drop in Manufacturing employment, and the inability of the other sectors to absorb the excess employment. There is a higher level of caution among businesses so it will take more time to create new jobs than it typically did in prior recessions to rehire within the recovering companies.

The recent national recession has some similarities to that of the 1991-92 recession. The course of recovery in both of these recessions saw increased productivity levels with a delay in adding employment to the payroll. The 1991-92 recession had relatively slow job market increases for an additional 18 months into the recovery. That led the way for the strongest employment growth and the longest lasting period of expansion since the post-war period. Prior recoveries also had a lag in the rebuilding of the job market, but typically that lag time didn't extend beyond one quarter. The major difference with the recent recession is that there continue to be job losses into the recovery period. So how can we expect our state to respond to the current conditions?

Nonfarm employment struggled to reach the seasonal high of the June level. Eight of the first ten months seasonally adjusted total nonfarm figures in 2003 were below those of the same months in 2002. Even with that the year-to-date average was down only 0.1 percent from 2002.

New England's wavering consumer confidence levels exhibited an increase four months

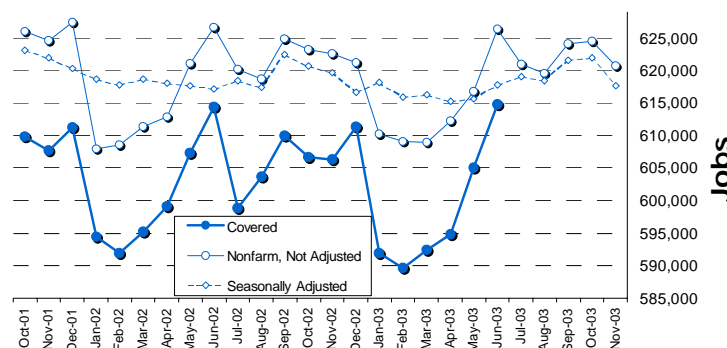
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Published by the Economic and Labor Market Information Bureau



Total Employment



Employing units increased by 148 from 2nd quarter 2002 to 2nd quarter 2003

The main question is *still* – has employment started to pick up in the aftermath of the recession of 2001? Not really, but the decline in total covered employment in the Granite State has started to slow down. There was a minor drop of 0.5 percent from second quarter 2002 to second quarter 2003 and this was a small improvement over the 0.6 percent decline from first quarter over-the-year comparisons.

Even though total employment was down 2,741 jobs from second quarter 2002 to second quarter 2003, the number of employing units increased by 148. In comparison, 300 units were lost from second quarter 2001 to second quarter 2002. The different units or work-sites a company control/owns in the state are counted separately. In other words the different locations a fast food or retail chain or franchisee controls/owns each counts as an individual unit. The increase in the number of units can therefore be caused by either new businesses being established or by existing businesses expanding and opening new

operating sites.

An increase in employing units could be a sign of increased confidence that the economy is improving therefore expanding business. In this case, however, the industries with large employment losses, such as Manufacturing, Retail trade, and Information, decreased in number of employing units with -73, -83, and -43, respectively.

The sector with the largest increase in employing units is Construction with an increase of 160 units and an employment increase of 577 jobs. *Specialty trade contractors* was the subsector increasing the most with 112 units, however, the employment only increased by 46 jobs. Another subsector under Construction, *Construction of buildings*, increased by only 36 units but added 292 jobs. The Finance and insurance sector increased by 78 units. This increase was mainly based on the subsector *Credit intermediation and related services*, which added 58 units and 425 new jobs. Unit and employment increases in Construction and Finance and insurance was due to a thriving housing market and historic low

interest rates, encouraging new construction and encouraging home owners to refinance and/or remodel. Other subsectors gaining from a robust housing market and from homeowners' option to refinance were *Real estate* and *Furniture and home furnishing stores* adding about half a dozen units each and 232 and 426 jobs, respectively.

Other subsectors with large increases in employing units from second quarter 2002 to second quarter 2003 are *Food services and drinking places*

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Employment and Wages 2nd Qtr. 2002 to 2nd Qtr. 2003

Industry	2nd Quarter 2003		2nd Quarter 2002		Net Change	
	Units	Average Employment	Units	Average Employment	Units	Average Employment
Total, Private plus Government	42,487	604,775	42,339	607,516	148	-2,741
Total Private	40,672	518,854	40,523	523,607	149	-4,753
Agriculture, Forestry, Fishing and Hunting	286	1,988	286	2,084	0	-96
Mining	55	502	51	487	4	15
Utilities	106	2,849	106	2,993	0	-144
Construction	4,290	29,035	4,130	28,458	160	577
Manufacturing	2,316	80,641	2,389	85,777	-73	-5,136
Wholesale Trade	4,657	26,643	4,598	26,879	59	-236
Retail Trade	6,185	94,739	6,268	95,095	-83	-356
Transportation and Warehousing	888	12,859	891	12,892	-3	-33
Information	753	12,169	796	12,961	-43	-792
Finance and Insurance	1,876	27,580	1,798	26,997	78	583
Real Estate and Rental and Leasing	1,424	7,799	1,432	7,661	-8	138
Professional and Technical Services	4,421	24,588	4,421	25,194	0	-606
Management of Companies and Enterprises	243	6,410	237	6,368	6	42
Administrative and Waste Services	2,223	23,480	2,222	22,948	1	532
Educational Services	487	15,941	470	15,666	17	275
Health Care and Social Assistance	3,231	71,184	3,198	69,720	33	1,464
Arts, Entertainment, and Recreation	632	11,305	597	11,030	35	275
Accommodation and Food Services	3,021	49,725	2,932	50,127	89	-402
Other Services Except Public Admin	3,432	19,079	3,448	19,419	-16	-340
Total Government	1,815	85,921	1,816	83,908	-1	2,013

(89 units), *Electronic Markets and Agents and brokers* (73 units) and *Gambling, recreation, amusement industries* (39 units). Among these subsectors with large increases in employing units, only *Food services and drinking places* lost jobs (-30 jobs).

Hospitals and Social Assistance were the two subsectors gaining the most jobs from second quarter 2002 to second quarter 2003 with 644 and 531 jobs, respectively. In third place was *Gambling, recreation, amusement industries* gaining 490 jobs. It is interesting that *Administrative and support services*, while losing eight units, still was able to rank fourth in most jobs added with 478 additional jobs.

Manufacturing lost 5,136 jobs from second quarter 2002 to second quarter 2003, the largest loss of any sector. Close to two thirds of lost jobs in Manufacturing were in *Computer and electronic product manufacturing* (-1,893 jobs) and *Electrical equipment and appliances manufacturing* (-904 jobs). About another thousand were lost between *Fabricated metal products* (-579 jobs) and *Machinery manufacturing* (-557 jobs). Although *Computer and electronic product manufacturing* and *Electrical equipment and appliances manufacturing* had huge job losses, these two subsectors combined only lost one unit, whereas *Fabricated metal products* and *Machinery manufacturing* declined by 21 and 9 units, respectively.

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Annette Nielsen

Unemployment Compensation Claims Activity

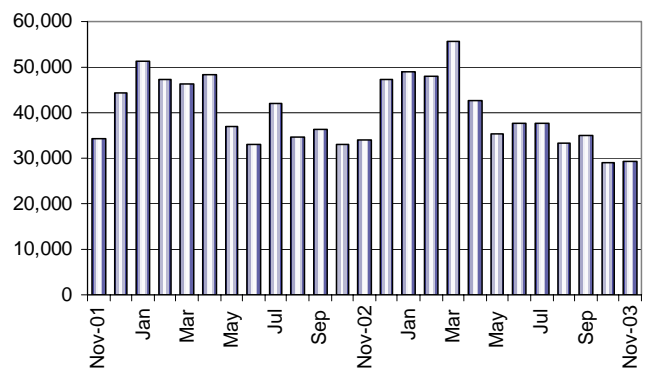
Total Regular Unemployment Compensation Programs:	Change from Previous								
	Nov-03 Oct-03 Nov-02			Month		Year			
				Net	Percent	Net	Percent		
Initial Claims	4,196	4,184	4,584	12	0.3%	-388	-8.5%		
Continued Weeks	29,242	29,113	33,917	129	0.4%	-4,675	-13.8%		

Claims Activity

Unemployment Compensation Fund

Unemployment compensation fund balance at the end of November	\$234,378,689.93
Average payment for a week of total unemployment:	\$257.16
Net benefits paid:	\$9,369,305.02
Net contributions received during the month:	\$3,551,797.20
Interest Received:	\$0.00
Reed Act Distribution:	\$0.00
Reed Act Withdrawal for Administrative Costs:	\$130,000.00

Trust Fund



Continued Weeks Claimed

Nov. 2001 - Nov. 2003

Continued weeks claimed in November 2003 were down nearly 14 percent from the previous year.

Nov-03	Oct-03	Nov-02	Change from Previous	
			Month	Year
184.5	185	181.3	-0.3%	1.8%

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

Consumer Price Index