New Hampshire Economic Conditions

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How is this economic downturn affecting job gains and losses in New Hampshire industries?

(*This is the second of a three-part series discussing the economic situation in New Hampshire*)

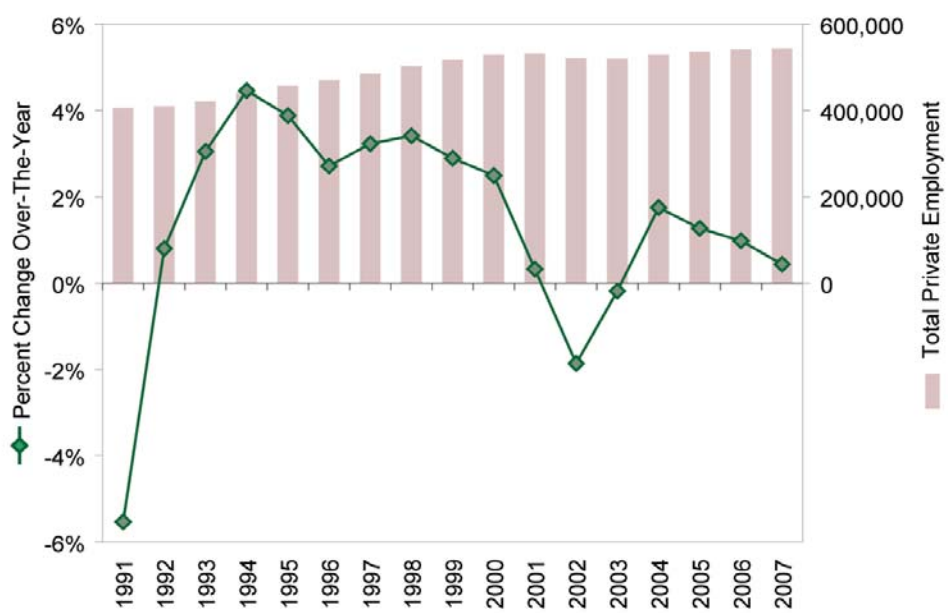
Gross Change vs. Net Change

The average annual rate of employment growth in New Hampshire has tapered off significantly compared to the solid increases following the recession in the 1990s. Total private employment shrank over-the-year following the 2001 recession, and continued to slide through 2003. Average annual employment showed a net gain of over 9,000 jobs in 2004, but was still shy of the pre-recession average of 531,225 workers. Average annual employment growth continued to increase through 2007, but at a much slower rate.

Availability of micro level employment detail provides a closer view of the total (gross) number of job gains and job losses. These are part of a data series called Business Employment Dynamics. On a national level, these data are accumulated and seasonally adjusted, and New Hampshire provides quarterly analysis with this information.[1] While the seasonally adjusted information includes data on business expansions and contractions, as well as openings and closings, it lacks industry specific information.

This second installment of the series about the New Hampshire economy examines in more detail quarterly employment change in New Hampshire. Graphing the data on a quarterly basis provides a picture of

Private Employment Trend

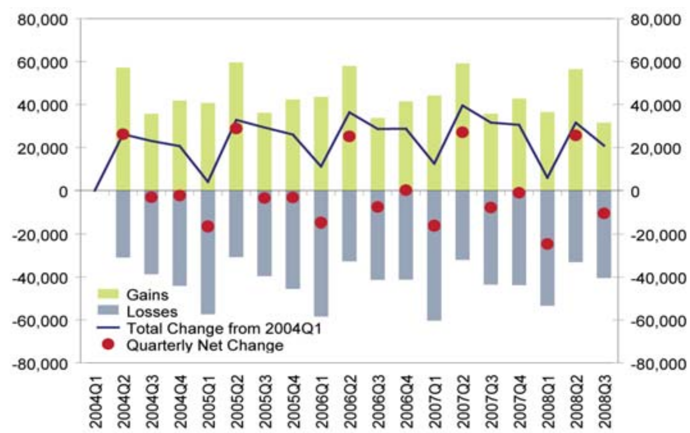


[1] New Hampshire Employment Security, Economic and Labor Market Information Bureau, Business Employment Dynamics. www.nh.gov/nhes/elmi/nhbed.htm.

the number of job gains and job losses by industry. It is important to keep in mind that data by individual industry are not seasonally adjusted.

Employment in New Hampshire follows a distinct seasonal pattern, typically increasing in the spring and summer and receding in the fall. The quarterly net change of private employment from first quarter to second quarter usually shows an increase. From 2004 through 2007 the pattern of employment change from one quarter to the next was fairly regular. For quarters in 2008, job losses were larger than the corresponding quarter the previous year and job gains were smaller.

Private Employment



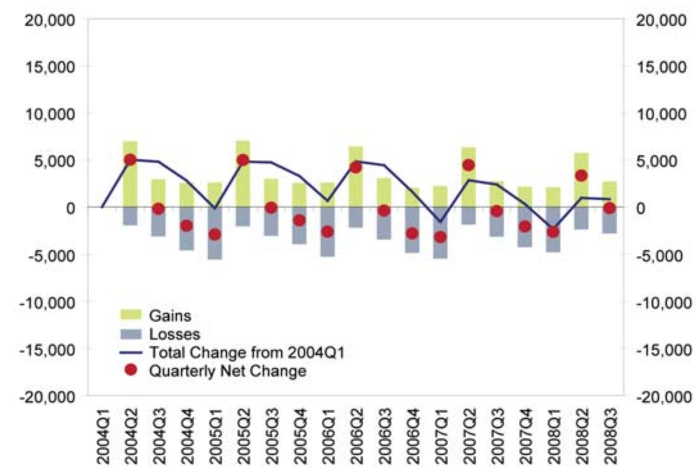
For this analysis, total change is measured from 2004, since that was the first year of positive employment growth in the state after the 2001 recession. The total change from 2004 indicates that peak employment periods (generally in the second quarter each year) continued to grow during 2005, 2006 and 2007. In 2008, while peak employment was still in the second quarter, that peak was at a lower employment level.

It is interesting to examine total private employment by industry to determine which industries are driving the quarterly job number change. Additionally, gross job gains and gross job losses add dimension to what would otherwise be considered stagnant employment change.

Construction

Part of New Hampshire's character is defined by cold winters and snow. Those same elements play an important role in the timing of seasonal hiring in the *Construction* sector. That is why job gains usually outnumber job losses during the second quarter in this industry. The overall employment level in *Construction* didn't show any significant change until job gains started to slow in fourth quarter 2006, while job losses continued to follow similar seasonal levels as prior years.

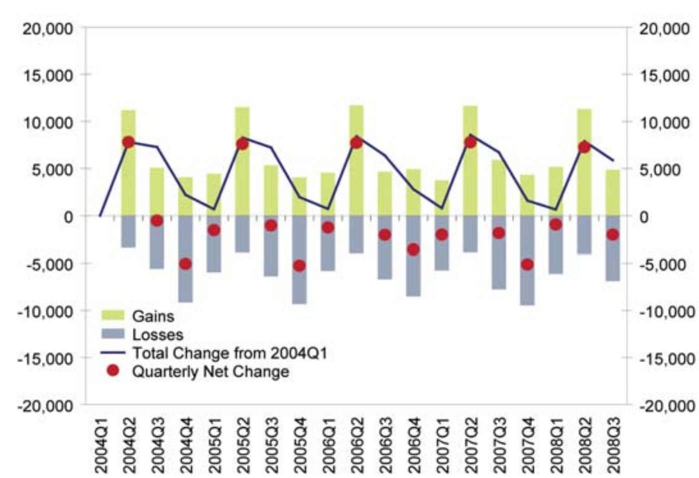
Construction



Accommodation and Food Services

Another industry that relies on New Hampshire's seasonal character is the *Accommodation and food services* sector. Similar to job patterns in the *Construction* sector, seasonal hiring usually peaks in the second quarter of each year as summer resorts open for the season. The *Accommodation and food services* sector is different from *Construction* in that

Accommodation and Food Services

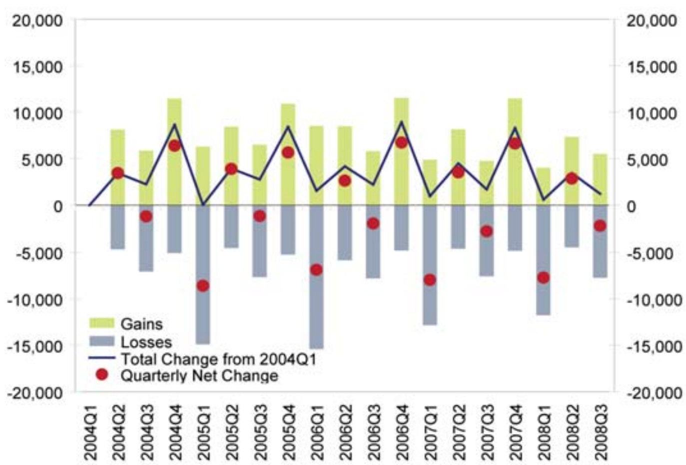


job losses in fourth quarter are usually the largest for this sector. This is related to a hiring slow down between the summer vacation season and the winter recreation season.

Retail Trade

Retail trade employment is very important to New Hampshire, making up 17 percent of the state's private employment in the third quarter of 2008. Seasonal peaks for job gains in the industry revolve around the summer tourist season, during second quarter, and the end-of-year holidays, during fourth quarter. Typically job losses are largest in the first quarter each year as employers who had added temporary holiday staff then release those workers.

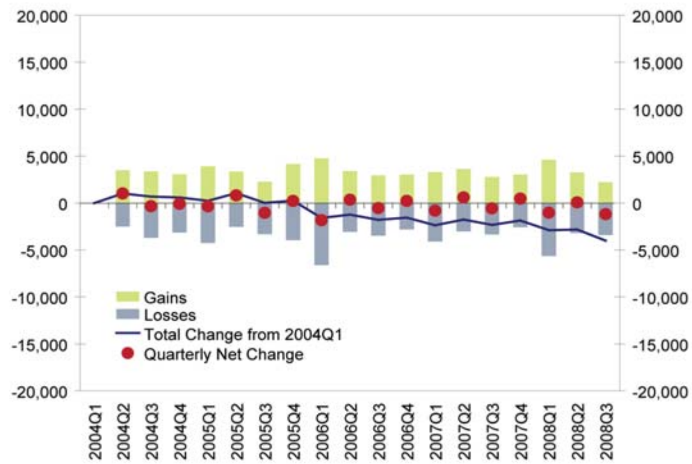
Retail Trade



Manufacturing

Manufacturing had historically been the largest employing industry in New Hampshire. That changed in 2002 when employment gains in *Retail trade* outpaced those of *Manufacturing*. Between 2006 and 2007, employment in *Health care and social services* also edged past that of *Manufacturing*. At present *Manufacturing* has the third largest employment level among all industries in the state. New Hampshire experienced modest growth in *Manufacturing* during 2004 and 2005, the first years of post-2001-recession growth. Beginning in the first quarter of 2006, although there were still some job gains, the job losses from companies started to outweigh the gains. This resulted in a downward trend through the third quarter 2008.

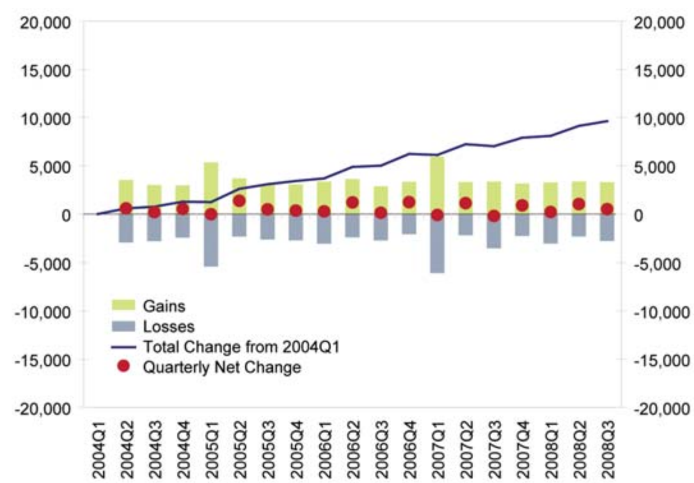
Manufacturing



Health Care and Social Assistance

Since 2004, employment change within the *Health care and social assistance* sector has been very balanced, with about the same number of job gains and losses each quarter. If anything, quarterly job gains for 2004 to 2007 had been growing as total employment in the industry has shown steady growth since first quarter 2004. However, net changes from quarter to quarter in 2008 indicate smaller job gains.

Health Care and Social Assistance

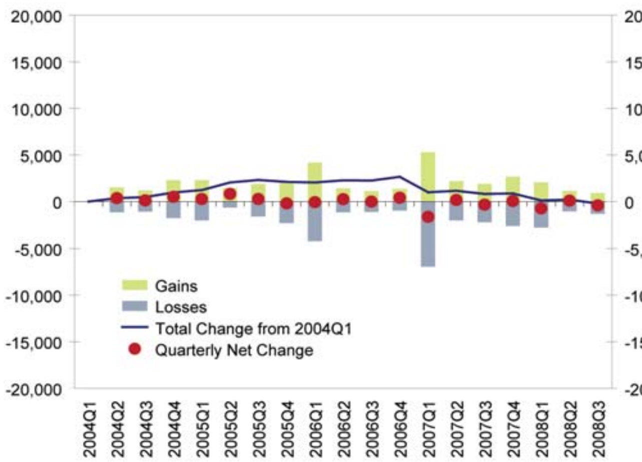


Finance and Insurance

New Hampshire's average annual employment in the *Finance and insurance* industry sector is over 28,000 workers. This is slightly more than the *Construction* sector, but for the most part, *Finance and insurance* doesn't experience the seasonal swings.

The jobs gained outpaced the jobs lost through fourth quarter 2006, before receding. By third quarter 2008, the cumulative net change was virtually zero and total *Finance and insurance* employment was about were it stood in first quarter 2004.

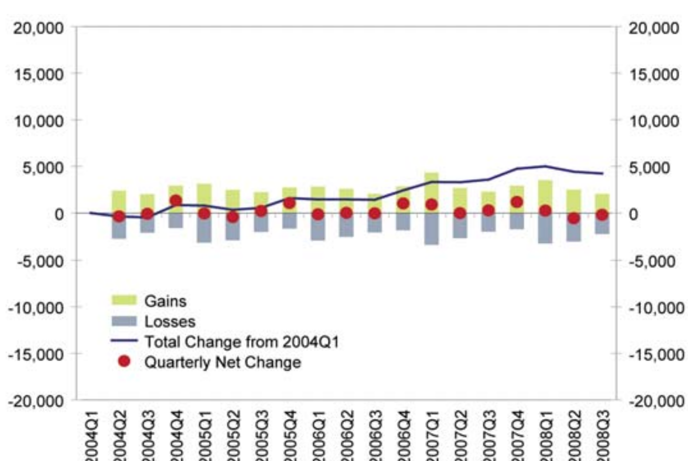
Finance and Insurance



Professional, Scientific, and Technical Services

Gross job gains and job losses among the companies in this industry were fairly even coming out of the 2001 recession, showing little to no net employment growth through the end of 2004. From first quarter 2005 forward, gross job gains in this industry started to grow, while job losses stayed level. Although not the largest employing industry in the state, growth in this industry is significant in that workers in *Professional, scientific and technical services* are generally well compensated, with the fifth highest average weekly wage among the industry sectors. As of third quarter 2008, the average weekly wage was $1,328.

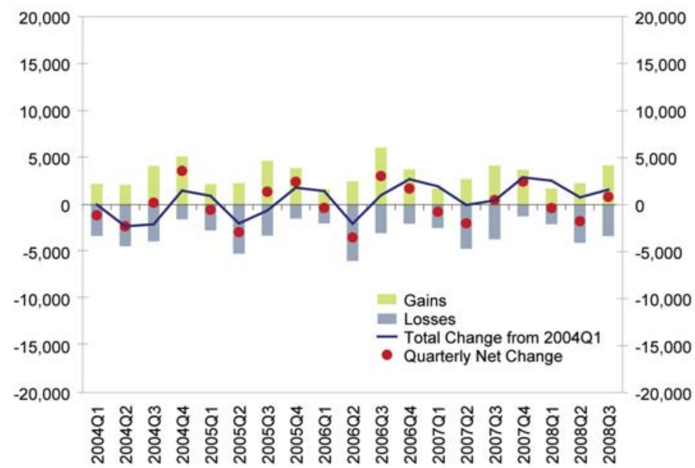
Professional, Scientific, and Technical Services



Local Government

Quarterly job changes in *Local government* are primarily driven by the academic calendar. Other employment changes come from *Public administration*, including the municipal offices, court systems, police and fire services. Through fourth quarter 2005 job losses outpaced job gains in *Local government* entities. From 2005 forward there were gradual increases in the job gains as compared to job losses.

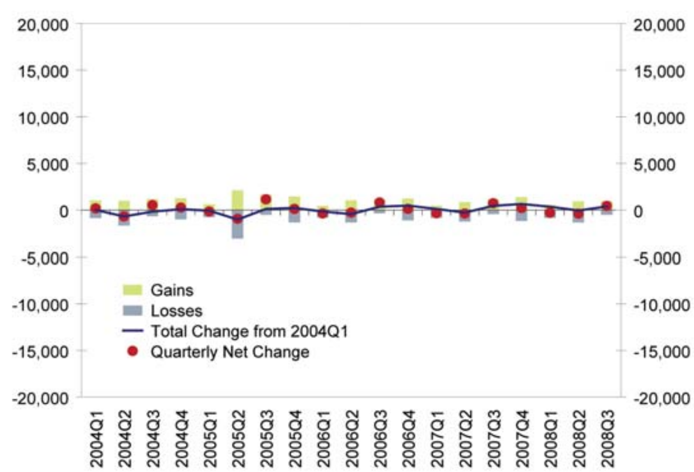
Local Government



State Government

State government has far less fluidity in job changes than private business. Similar to *Local government*, the primary catalyst for quarterly job gains and job losses is from *Educational services*, which includes the state university and community college systems. There is a balance between quarterly job gains and job losses in *State government* employment, resulting in a nearly flat trend line for net change.

State Government



There are still job gains at the micro level in every industry, but there is evidence that those gains are shrinking while job losses are on the rise, an apparent result of the national economic downturn. Even while considering seasonal shifts in employment, examining job gains versus job losses helps identify both when and how severely the current economic downturn has affected industry employment in New Hampshire.

Anita Josten

(Next month the series will conclude with a review of the occupational groups and the effects of the economic downturn.)

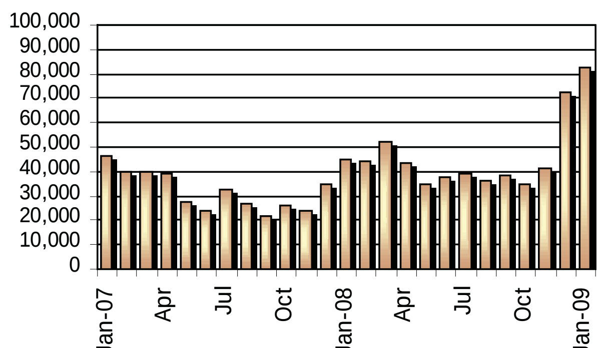
Claims Activity

Unemployment Compensation Claims Activity

Total Regular Unemployment Compensation Programs:				Change from Previous			
				Month		Year	
	Jan-09	Dec-08	Jan-08	Net	Percent	Net	Percent
Initial Claims	11,534	13,189	6,680	-1,655	-12.5%	4,854	72.7%
Continued Weeks	82,696	72,661	44,650	10,035	13.8%	38,046	85.2%

Continued Weeks Claimed

January 07 to January 09



Trust Fund

Unemployment Compensation Fund

Unemployment compensation fund balance at the end of January	$158,399,510.43
Average payment for a week of total unemployment:	$273.00
Net benefits paid:	$18,397,416.57
Net contributions received during the month:	$1,502,336.27
Interest Received:	$0.00
Reed Act Distribution:	$0.00
Reed Act Withdrawn for Administrative Costs:	$0.00

Consumer Price Index

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

			Change from Previous	
Jan-09	Dec-08	Jan-08	Month	Year
211.143	210.228	211.080	0.4%	0.0%