

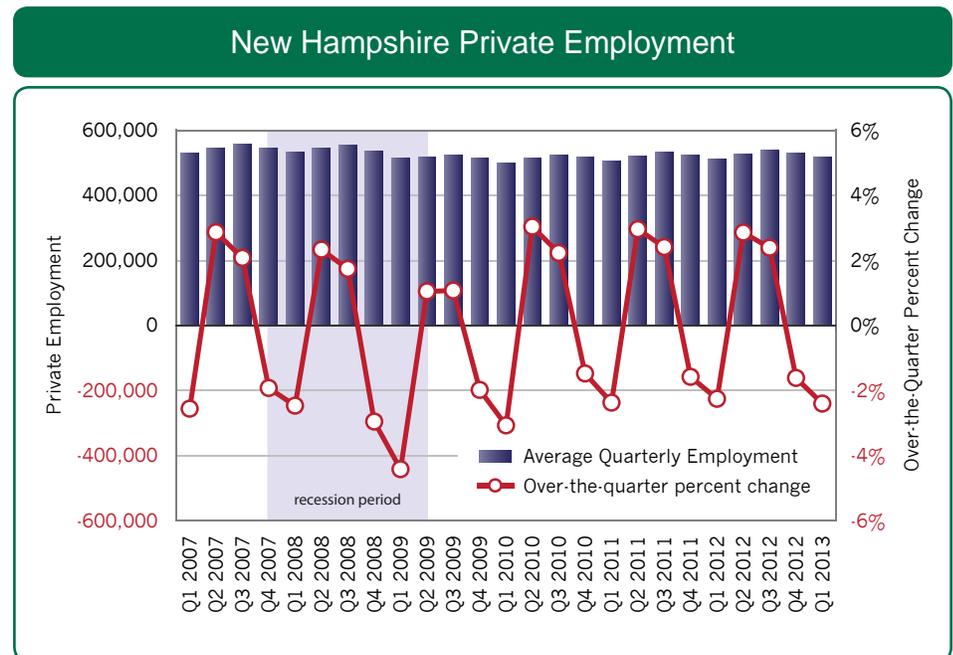
New Hampshire Economic Conditions

January 2014

Gross Job Gains and Gross Job Losses in New Hampshire by Industry

Quarterly employment data in New Hampshire, for workers covered by unemployment insurance, follow seasonal patterns similar to the ebb and flow of the tide at the seacoast. Statewide, employment swells in the warm seasons and recedes with colder temperatures. These seasonal patterns were disrupted during the two years of the Great Recession, with seasonal downturns declining further than usual and seasonal upswings failing to return to normal levels. Typical seasonal trends returned in 2010 and have remained consistent from first quarter 2011 through first quarter 2013 (the most recent data available).

Usually, employment reports highlight the *net* change of total employment from one time period to another. This type of analysis, however, does not address the dynamics of the gross job change. The Business Employment Dynamics (BED) data series examines employment change at the establishment level, and includes gross job gains and gross job losses by industry. These data illustrate that though net employment change



may not be remarkable, new and expanding firms add jobs at the same time that contracting and closing firms lose jobs.

Gross Job Gains and Gross Job Losses by Industry*

Data on gross job gains in new or expanding firms and gross job losses from closing or contracting businesses by industry show the aspects of business dynamics that

underlie net employment change. Gross job gain and losses occur even in industries with overall employment still below pre-recession levels. For most industries in New Hampshire, the largest positive net employment change occurs from first to second quarter each year. *Educational services* is one exception, with first to second quarter usually experiencing the largest negative net employment change, as schools close for summer vacation.

*Concepts and Methodology

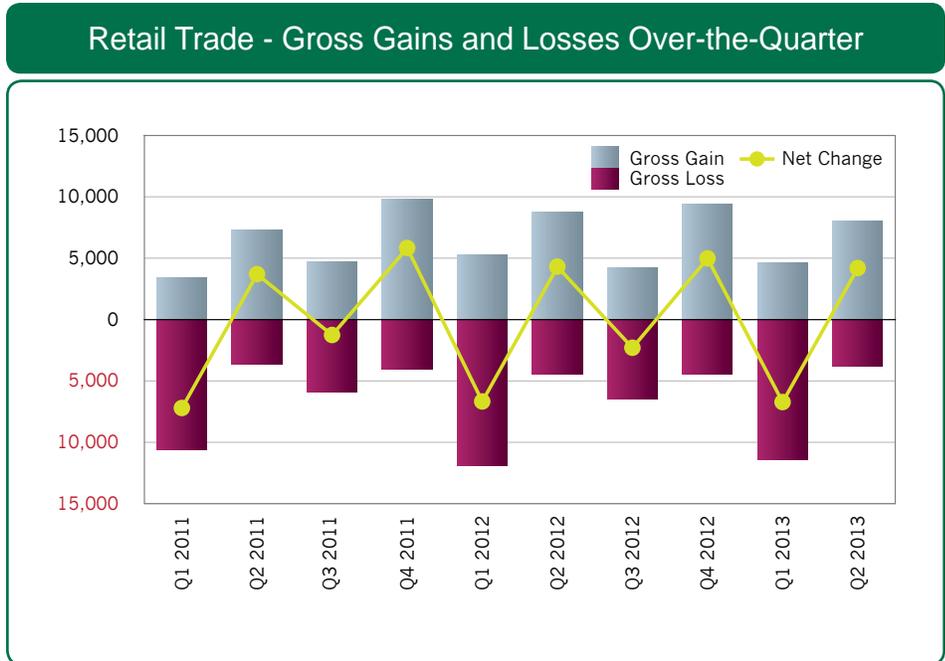
The Business Employment Dynamics data measure the net change in employment at the establishment or firm level. Gross job gains include the sum of all jobs added at either opening or expanding units. Gross job losses include the sum of all jobs lost in either closing or contracting units. The net change in employment is the difference between gross job gains and gross job losses.

All employment changes are measured from the third month of the previous quarter to the third month of the current quarter. Not all establishments and firms change their employment levels. Units with no change in employment count towards estimates of total employment, but not for levels of gross job gains and gross job losses.

Source: Bureau of Labor Statistics, Economic News Release, 12/10/2013. Business Employment Dynamics Technical Note. For additional information go to: <http://www.bls.gov/news.release/cewbd.tn.htm>

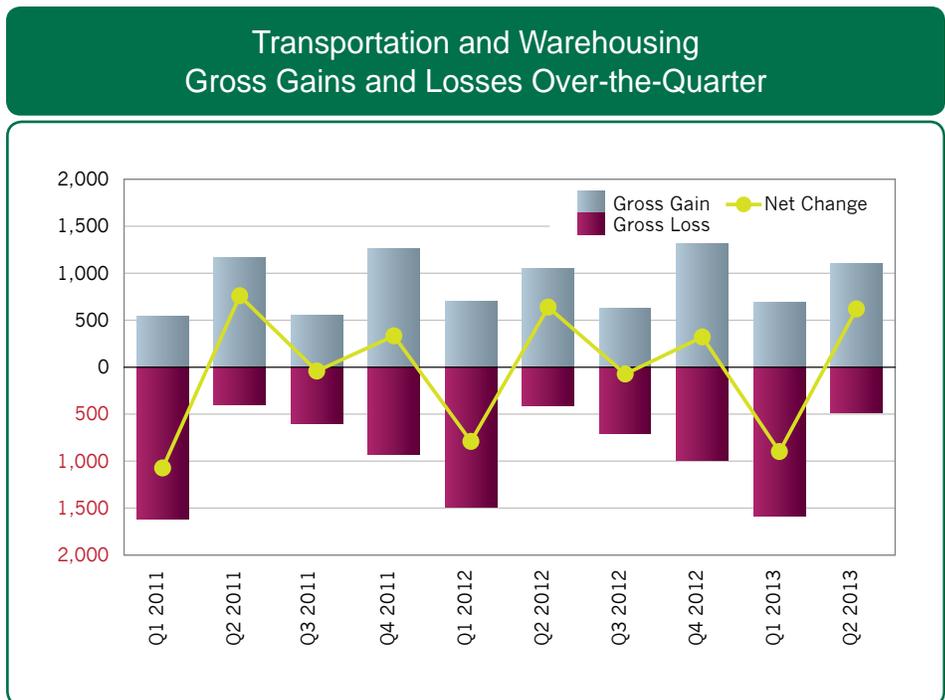
Retail Trade

Over-the-quarter gross job gains and gross job losses in *Retail trade* are driven by New Hampshire’s seasonal demands. From fourth quarter to first quarter, gross job losses outnumber gross job gains, as businesses release seasonal workers hired to accommodate holiday shoppers and fewer firms are new or growing. From first to second quarter, as seasonal businesses open and hire in preparation for summer tourism, gross job gains usually surpass gross job losses. From second to third quarter, seasonal retailers start to close or reduce the number of workers, pushing gross job losses past gross job gains. From third to fourth quarter, gross job gains are generated by businesses opening or expanding employment to handle seasonal shopping demands. The cycle in *Retail trade* repeats on an annual basis.



Transportation and Warehousing

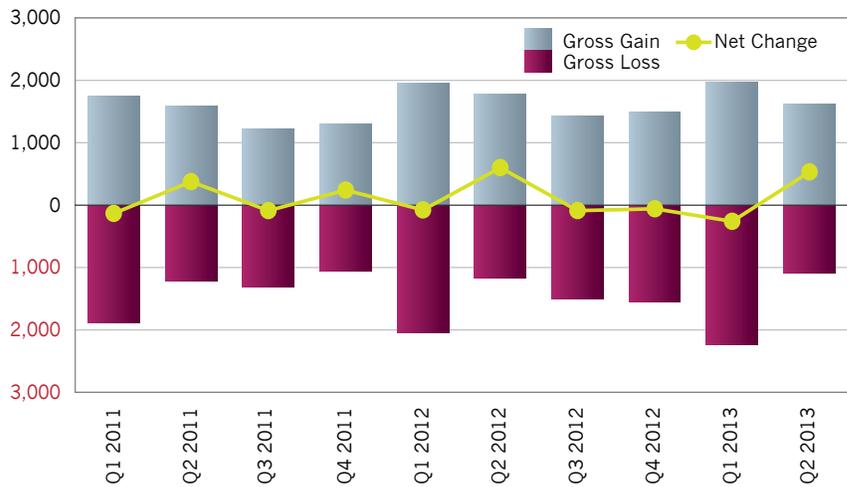
Establishments in *Transportation and warehousing* are influenced by seasonal factors similar to *Retail trade*. Gross job gains in new or expanding firms outnumber gross job losses in second and fourth quarters and gross job losses from closing or contracting firms outnumber gross job gains in the first and third quarters. Like firms in *Retail trade*, expansions occur before the summer tourism season, between first and second quarter, and before the holiday shipping season, between third and fourth quarter. Gross job losses in this industry have a slightly different pattern. Instead of rising and declining in alternate quarters, the lowest losses are between first and second quarter; losses increase over each quarter, with the highest losses between the fourth and first quarter annually.



Wholesale Trade

The level of gross job gains and gross job losses also highlight company mergers. As one company is merged into another, it technically closes, and the new parent company may or may not absorb all workers from the closing company. This type of event occurred between third quarter and fourth quarter of 2012 in *Wholesale trade*, causing an anomaly in the seasonal pattern. Gross job losses surpassed gross job gains, interrupting the usual trend of higher job gains for that over-the-quarter period.

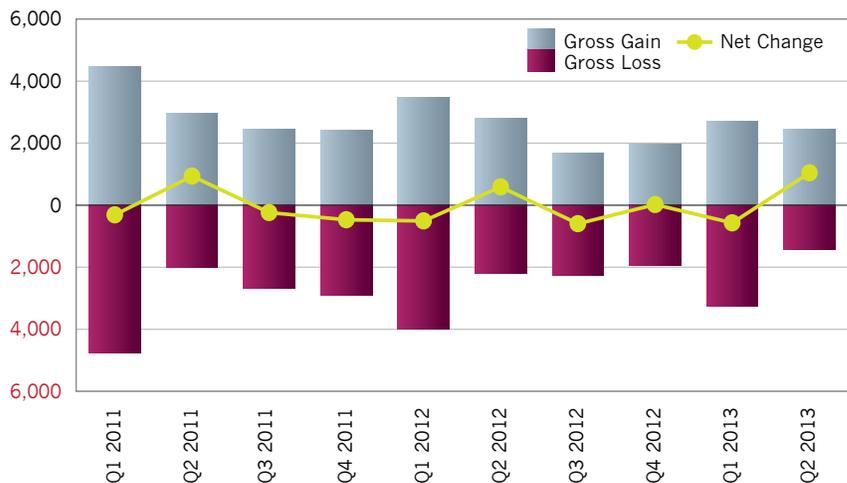
Wholesale Trade - Gross Gains and Losses Over-the-Quarter



Manufacturing

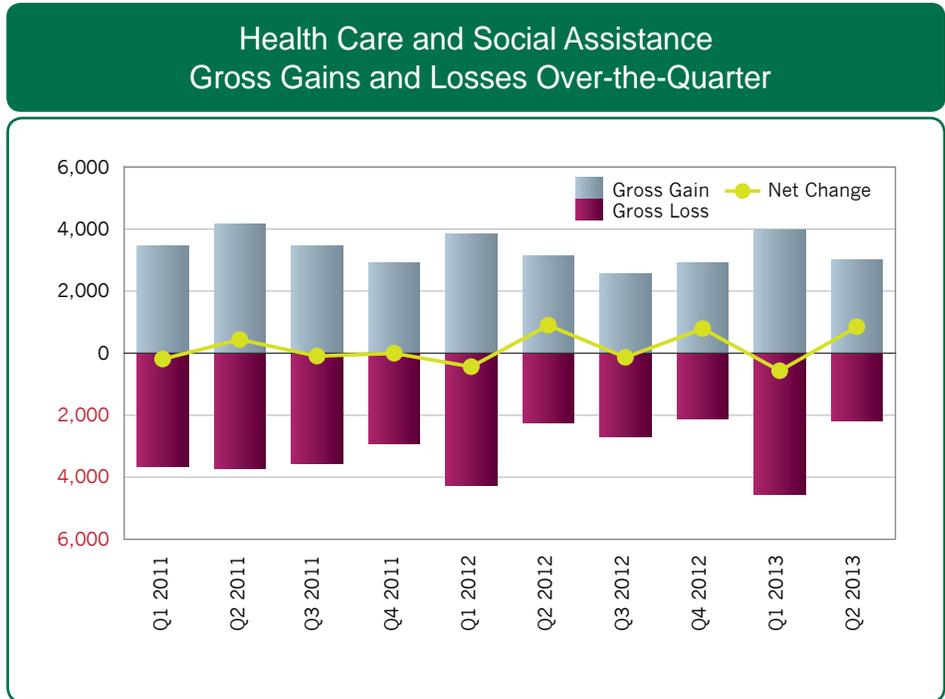
The largest share of employment in New Hampshire has shifted from goods-producing industries to service-providing industries. Total employment in *Manufacturing* industries has dropped over the last 12 years. But net declines in *Manufacturing* employment mask the fact that new or expanding firms in the industry are still experiencing gross job gains, even while contracting or closing firms have gross job losses each quarter. The largest number of both gross job gains and gross job losses in *Manufacturing* occur between the fourth and first quarters. Starting in 2012, *Manufacturing* seems to be regaining a regular pattern in net change, and from first quarter to second quarter 2013, *Manufacturing* had the lowest number of gross job losses in the most recent ten quarters.

Manufacturing - Gross Gains and Losses Over-the-Quarter



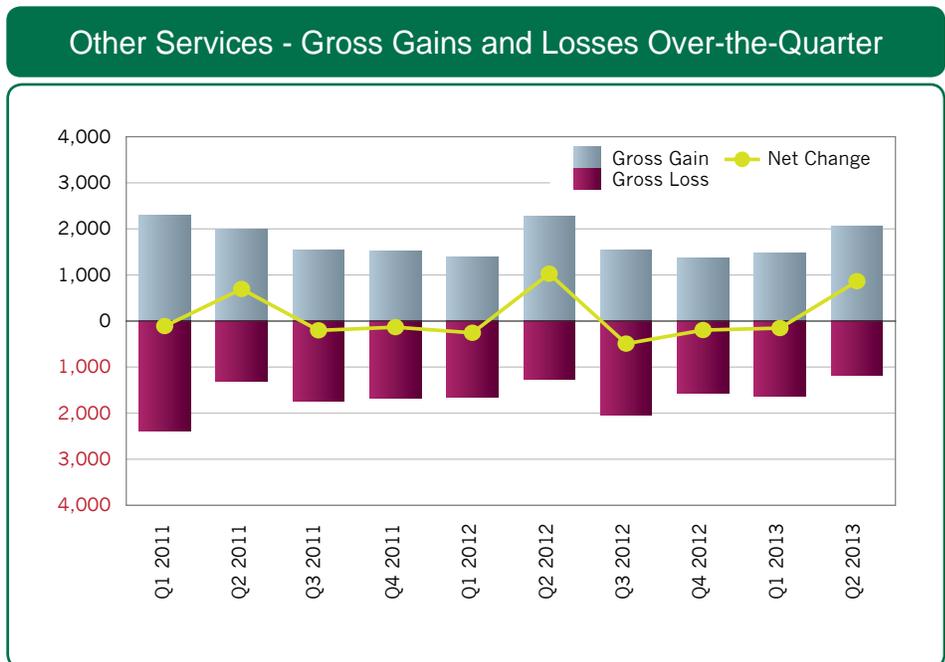
Health Care and Social Assistance

Health care and social assistance is the only industry in New Hampshire where total employment continued to grow during the Great Recession. Yet, similar to *Manufacturing*, the pattern of net change was disrupted in the last half of 2011. Over-the-quarter, gross job gains were offset by about the same number of gross job losses, resulting in negligible net change. In 2012, *Health care and social assistance* returned to a regular pattern of net change, with higher gross job gains than losses from first to second quarter, and third to fourth quarter. Job flows in this industry have been most active between fourth quarter and first quarter, with both gross job gains and losses increasing each year.



Other Services

Firms in *Other services* include those providing repair and maintenance services, personal and laundry services, employment at membership organizations, and workers employed at private households. New and expanding firms in *Other services* had the largest gross job gains from first to second quarter, while gross job losses from contracting and closing firms consistently outnumbered job gains over-the-quarter in the other three quarterly periods of the year.



Educational Services

Educational services include firms offering a variety of instruction, including private primary and secondary schools, colleges and universities, technical and trade schools, and self-enrichment education, such as ski schools or driver training. (Public schools are not included.) Higher gross job losses between the first and second quarter each year are caused by educational institutions closing for summer break. Unlike most industries, *Educational services* usually have higher gross job gains than losses for all other over-the-quarter periods each year.

Summary

Total private employment in New Hampshire has still not reached pre-recession levels in most industries. Regardless of overall job growth or decline, Business Employment Dynamics show that firms continue to open or expand, and contract or close, resulting in gross job gains and losses. As business recovers from the latest recession, however, over-the-quarter net employment change has started to regain usual seasonal patterns as gross job gains from new and expanding firms and gross job losses at contracting or closing firms are returning to more regular activity.

Anita Josten

