

ECONOMIC CONDITIONS in New Hampshire



September 2006

Volume 106, Number 09

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Published by the Economic and
Labor Market Information Bureau

New Hampshire
ELM
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New Hampshire Personal Income Growth 1st Quarter 2006

New Hampshire's personal income grew by 1.7 percent from 4th quarter 2005 to 1st quarter 2006. This rate was tied with Massachusetts for second fastest in New England, right behind the 1.8 percent rate produced by Rhode Island. Only two states in New England, Maine and Vermont, were below the national increase of 1.4 percent over-the-quarter.

Components of change over-the-quarter (2005 Q IV to 2006 Q I)
The largest portion of New Hampshire's personal income change over-the-quarter was the additional \$646 million, a 1.7 percent increase, in the *net earnings* component. *Net earnings* include all earnings by place of work (wages and salaries), plus supplements to wages and salaries, such as employer contributions for employee pension and insurance funds, and exclude contributions to government social insurance. Because

people don't always work in the same place that they live, these earnings are adjusted to place of residence.

Although the 1.7 percent increase in *net earnings* matched the total rate of change for the state, the change from *transfer receipts*, of \$186 million, was almost double that rate, at 3.1 percent. That change was above the national average of 2.4 percent. All but the hurricane ravaged states of Louisiana, Mississippi, and Florida had higher percentage increases from their *transfer receipts*¹ than their *net earnings*.

Over-the-year change (2005 Q I to 2006 Q I)
Comparing just the change over the most recent quarter, New Hampshire looks fairly strong with the state's increase ranking 13th highest² over-the-quarter from 4th quarter 2005 to 1st quarter 2006. However, the difference from 1st quarter 2005 isn't quite as favorable. The national average

Personal Income, by State and Region	2005	2006	% change over the quarter
	IVr	Iq	
United States	10,444,012	10,588,304	1.4
New England			
Connecticut	169,308	171,867	1.5
Maine	41,698	42,080	0.9
Massachusetts	287,722	292,511	1.7
New Hampshire	50,715	51,562	1.7
Rhode Island	39,488	40,210	1.8
Vermont	20,912	21,107	0.9

Source: U.S. Bureau of Economic Analysis

rate of change over-the-year (from 1st quarter to 1st quarter) was 5.1 percent; New Hampshire had a 4.5 percent increase. In this time frame, the state's position fell to 33rd place. Only two New England states fared better than the national average in over-the-year comparisons, Rhode Island (5.3 percent) and Massachusetts (5.2 percent). Those percentages ranked them 19th and 22nd respectively. The remaining New England states ranked Connecticut 38th with 4.0 percent, and Maine and Vermont in 46th and 47th places, respectively with 3.4 and 3.3 percent. Iowa had the smallest over-the-year gain of 2.1 percent.

The New England region came in lower than the national average as well. Among the eight regions,³ New England's 4.6 percent change was third lowest nationally, surpassing only the Plains and the Great Lakes regions.

Contribution by Change in Earnings by Place of Work (2005 Q IV-2006 Q I)

Finance and insurance industries contributed the largest share of the state's total increase in *earnings by place of work*⁴, 14.7 percent. This was higher than the national share of 12.0 percent for that industry sector but was below all other New England states, except Vermont.

Earnings from Construction was New Hampshire's second largest contributor to the increase, 14.2 percent. This share topped that of the nation as well as all other New England states, the closest being Massachusetts with 13.9 percent. *Health care and social assistance* and *Retail trade* were the only other industries adding over ten percent of the state's total earnings. The state does demonstrate diversity among the industries that contribute to its growth. New Hampshire is not dominated by any one industry's earnings

Earnings by Place of Work - 1st Quarter 2006

	United States	Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont
Finance and insurance	12.0%	31.3%	26.0%	16.1%	14.7%	17.2%	8.6%
Construction	8.7%	2.7%	2.0%	13.9%	14.2%	13.3%	-5.7%
Health care and social assistance	10.0%	4.7%	30.0%	9.4%	11.1%	11.7%	20.0%
Retail trade	6.0%	4.0%	8.0%	2.2%	10.5%	2.8%	15.7%
State and local	7.3%	0.0%	24.0%	4.4%	8.9%	6.7%	28.6%
Professional and technical services	14.0%	15.3%	28.0%	16.1%	7.9%	11.1%	17.1%
Administrative and waste services	8.7%	8.7%	10.0%	5.6%	7.4%	6.7%	11.4%
Educational services	2.7%	6.0%	4.0%	5.0%	7.4%	4.4%	8.6%
Management of companies and enterprises	6.0%	8.7%	12.0%	6.1%	5.3%	7.8%	1.4%
Accommodation and food services	4.0%	2.7%	8.0%	2.2%	3.7%	2.8%	2.9%
Wholesale trade	7.3%	8.0%	20.0%	4.4%	3.2%	3.3%	8.6%
Information	2.7%	4.7%	2.0%	3.3%	2.6%	1.7%	7.1%
Military	1.3%	1.3%	2.0%	0.0%	2.6%	1.7%	-5.7%
Transportation and warehousing	2.7%	2.7%	10.0%	0.0%	2.1%	1.1%	4.3%
Federal, civilian	4.7%	2.0%	16.0%	3.3%	1.6%	2.8%	8.6%
Arts, entertainment, and recreation	1.3%	1.3%	0.0%	0.0%	1.1%	1.1%	1.4%
Other services, except public administration	2.0%	1.3%	0.0%	1.1%	0.5%	1.1%	4.3%
Forestry, fishing, related activities, and other/*	0.0%	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%
Mining	2.7%	0.7%	0.0%	0.6%	0.0%	0.0%	0.0%
Utilities	0.0%	-0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Durable goods	3.3%	-2.0%	-44.0%	3.9%	0.0%	na	7.1%
Farm	-10.7%	-1.3%	-60.0%	-1.1%	-1.6%	-0.6%	-38.6%
Nondurable goods	2.0%	2.7%	12.0%	2.2%	-2.6%	na	0.0%
Real estate and rental and leasing	-2.0%	-2.0%	-8.0%	-1.1%	-2.6%	-1.7%	-4.3%

no adjustments for place or residence made, and contributions to government social insurance not subtracted

*. "Other" consists of the wage and salary disbursements to U.S. residents employed by international organizations and foreign embassies and consulates in the U.S.

contributions. Where New Hampshire's top two industries combined to account for 28.9 percent of earnings, Connecticut has 31.3 percent of its earnings from *Finance and insurance*, and Maine has 30.0 percent from its *Health care and social assistance* and another 28.0 percent from *Professional, scientific, and technical services*.

Additionally, there is no single industry holds responsibility for large-scale losses in earnings in the state. Maine is battling a 60.0 percent decline in *Farm* as well as a 44.0 percent drop from *Durable goods manufacturing*, and Vermont had to compensate for a 38.6 percent loss in earnings from its *Farm* industries. These unbalanced earnings leave the states vulnerable to

economic swings from those specific industries.

Anita Josten

¹ Transfer receipts are income payments to individuals for which no services are performed. Examples include unemployment compensation payments, workers compensation, and Social Security disability.

² Not including District of Columbia

³ Regions established by the Bureau of Economic Analysis. BEA groups all 50 states and the District of Columbia into eight distinct regions for purposes of data collecting and analyses: New England (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont); Mideast (Delaware, District of Columbia, Maryland, New Jersey, New York, and Pennsylvania); Great Lakes (Illinois, Indiana, Michigan, Ohio, and Wisconsin); Plains (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota); Southeast (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia); Southwest (Arizona, New Mexico, Oklahoma, and Texas); Rocky Mountain (Colorado, Idaho, Montana, Utah, and Wyoming); and Far West (Alaska, California, Hawaii, Nevada, Oregon, and Washington).

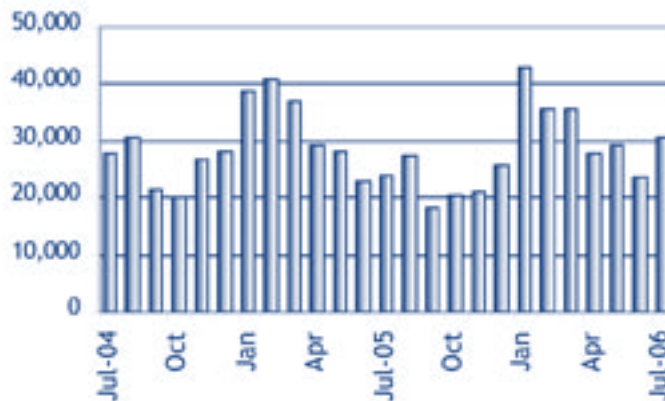
⁴ Contributions of earnings by place of work are calculated prior to subtracting contributions to government social insurance and before adjustments for place of residence are made.

Unemployment Compensation Claims Activity

Total Regular Unemployment Compensation Programs:				Change from Previous			
				Month		Year	
	July-06	June-06	July-05	Net	Percent	Net	Percent
Initial Claims	4,172	4,347	3,781	-175	-4.0%	391	10.3%
Continued Weeks	30,609	23,448	24,057	7,161	30.5%	6,552	27.2%

Unemployment Compensation Fund

Unemployment compensation fund balance at the end of July	\$268,497,585.90
Average payment for a week of total unemployment:	\$246.05
Net benefits paid:	\$7,022,131.83
Net contributions received during the month:	\$5,247,007.84
Interest Received:	\$0.00
Reed Act Distribution:	\$0.00
Reed Act Withdrawal for Administrative Costs:	\$19,618.08



Claims Activity

Trust Fund

Continued Weeks Claimed

Jul 2004 - Jul 2006

July continued weeks claimed were on the rise, both over-the-month and over-the-year, 27 and 30 percent respectively.

			Change from Previous	
Jul-06	Jun-06	Jul-05	Month	Year
203.5	202.9	195.4	0.3%	4.1%

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

Consumer Price Index