

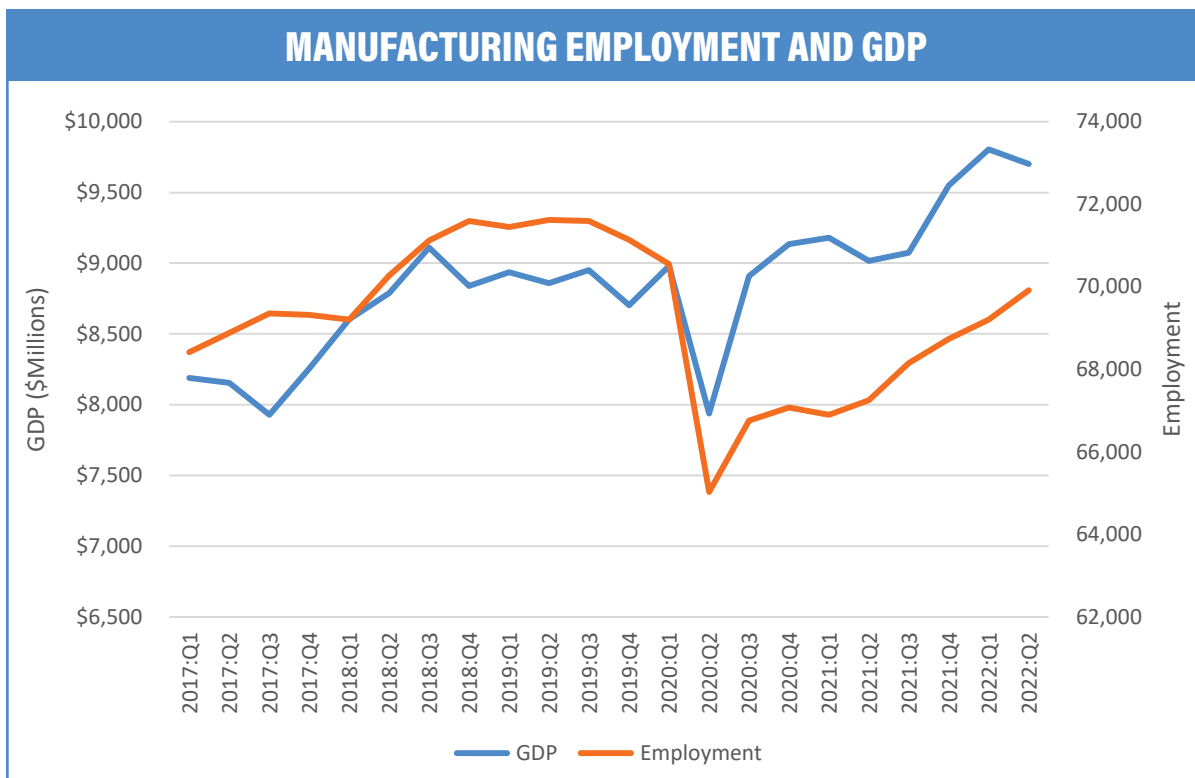
# PRODUCTION

Manufacturing is the third largest industry sector in New Hampshire, accounting for 12.0 percent of private employment (67,850 workers) in 2021. Manufacturing employment grew steadily between 2014 and 2018, at an average rate of 1.3 percent per year, similar to the growth rate for total private employment. While average annual manufacturing employment increased 1.2 percent in 2019, employment fell slightly in the second half of 2019, declining by 500 jobs (1.2 percent) in the third and fourth quarters.

Manufacturing value added, the industry’s contribution to New Hampshire’s Gross Domestic Product (GDP), followed a similar trajectory. Manufacturing value added increased 0.3 percent in 2019, but declined 2.8 percent during the fourth quarter. Employment and GDP both declined in the second quarter of 2020, as the coronavirus pandemic began to affect New Hampshire. While GDP recovered quickly, returning to pre-pandemic levels one quarter later, employment recovery was much more gradual.

After adding 1,700 jobs (2.7 percent of manufacturing employment) in the third quarter of 2020, manufacturing employment remained flat, adding just 500 jobs (0.7 percent) over the next three quarters, and remained approximately 3,900 jobs (5.5 percent) below pre-pandemic employment. In contrast, GDP grew 13.6 percent over that period, and exceeded pre-pandemic value added by 3.6 percent (\$313 million). Manufacturing employment increased at a faster rate starting in the third quarter of 2021, adding 2,700 jobs by the second quarter of 2022. Still, manufacturing employment remained 1,200 jobs (1.7 percent) below pre-pandemic levels, while manufacturing GDP exceeded fourth quarter of 2019 levels by 11.5 percent (\$1 billion).

Manufacturing’s GDP growth in 2021 and 2022 is likely partially the result of inflation. Although GDP is adjusted to account for inflation, the prices of domestic manufactured goods have outpaced overall inflation since the beginning of 2021. The U.S. Bureau of Labor Statistics’



Source: New Hampshire Employment Security, Quarterly Census of Employment and Wages, U.S. Bureau of Economic Analysis, Gross Domestic Product

Producer Price Index (PPI), which measures the average change over time in prices received by domestic producers of goods and services, showed that prices for goods produced by the manufacturing industry increased 31.5 percent between January 2021 and June 2022. This was nearly twice the increase seen among all domestically produced goods and services (final demand), which increased 16.5 percent over that time.

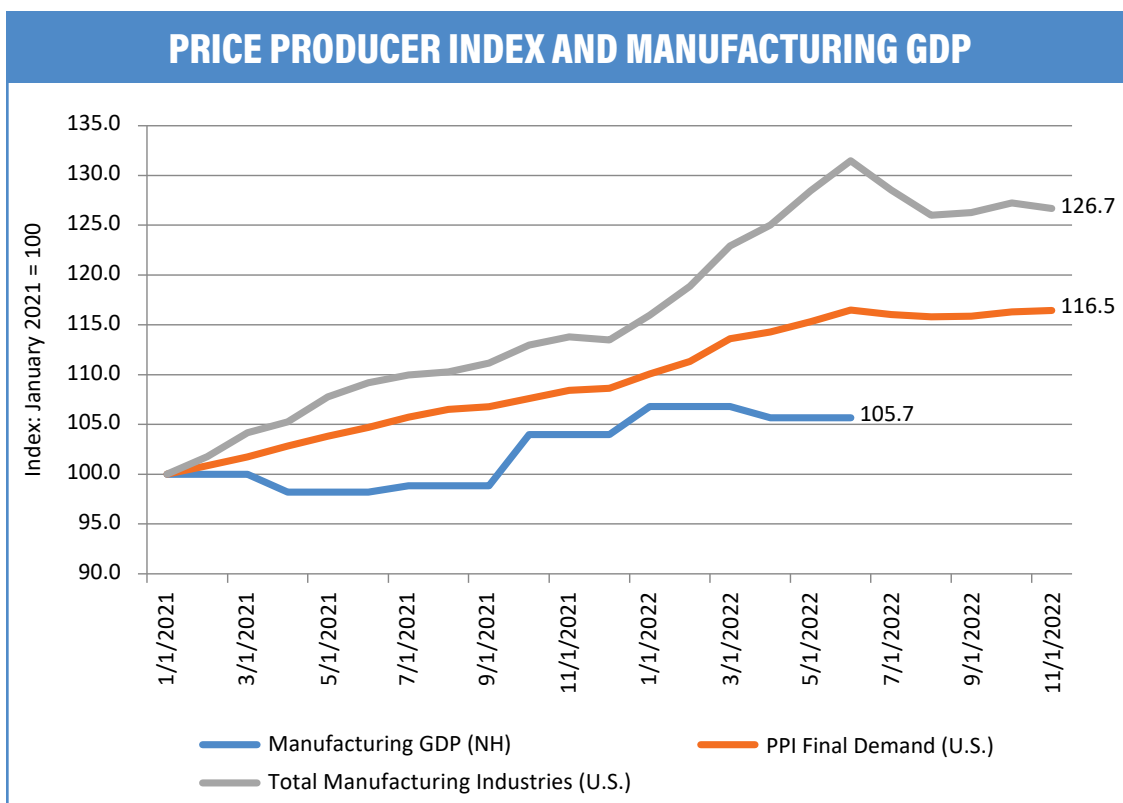
Supply chain issues, which have been widespread since the pandemic began, resulted in long delays, limited quantities and higher prices for some components and raw materials, slowing production and raising costs for many U.S. manufacturers. Increased fuel prices also increased transportation costs for shipping raw materials and finished products. These issues have contributed to increased manufacturing costs since the beginning of the pandemic.

In addition to supply constraints, U.S. consumers shifted their spending habits during the pandemic. With many in-person activities

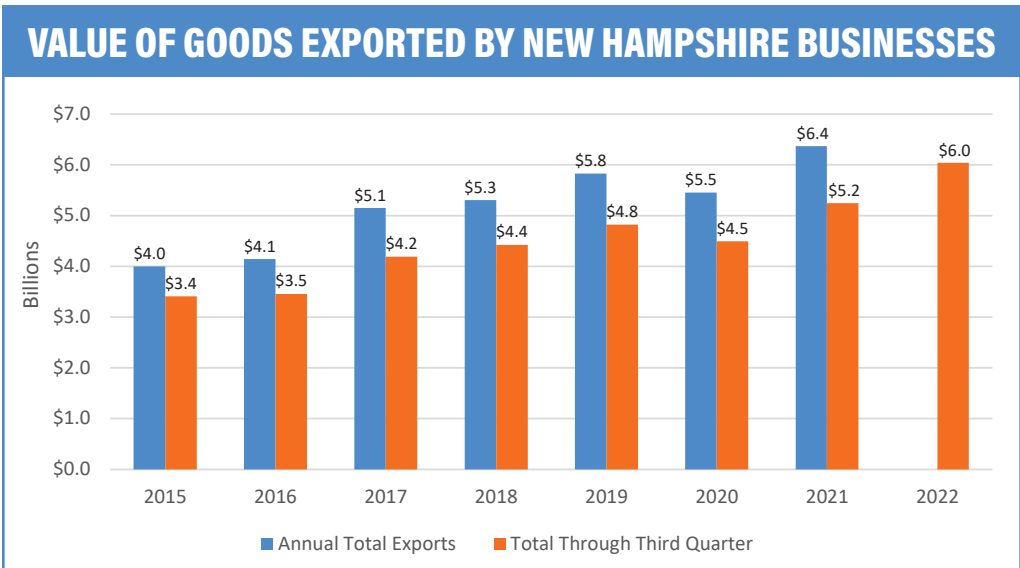
limited during the early months of the pandemic, demand for services fell, while demand for goods increased. Low supply of goods, along with high demand, put upward pressure on prices. This pressure has allowed manufacturers to increase profit margins; corporate profit estimates from the U.S. Bureau of Economic Analysis indicate that manufacturers' profits increased 70 percent from the first half of 2019 to the first half of 2022.

### Exports

The coronavirus pandemic caused exports from New Hampshire-based businesses to decline from \$5.8 billion in 2019 to \$5.4 billion in 2020, before increasing to 6.4 billion in 2021. Apart from 2020's pandemic-related decline, exports from New Hampshire-based businesses have grown rapidly in recent years, increasing from \$4.1 billion in 2016 to \$6.4 billion in 2021, a 54 percent increase. Exports are likely to increase again in 2022; through the third quarter, New Hampshire-based businesses exported goods worth \$6.0 billion, a 15 percent increase over the \$5.2 billion exported through the first three quarters of 2021.



Source: U.S. Bureau of Labor Statistics, Producer Price Index, U.S. Bureau of Economic Analysis, Gross Domestic Product



Source: U.S. Department of Commerce, International Trade Administration

of transportation equipment during the first three quarters of 2022 totaled \$1.4 billion, more than the value of transportation equipment exports from all of 2021.

While a relatively small category of exports, beverages and tobacco products experienced rapid growth in 2021 and 2022. In 2020,

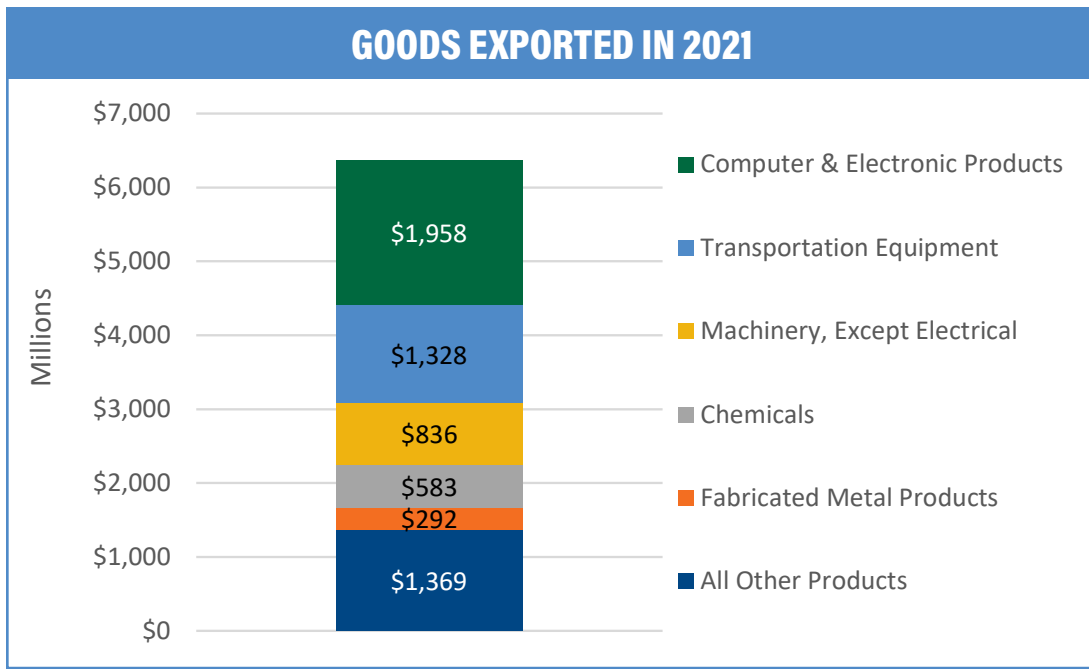
Computer and electronic products was the largest category of goods exported from New Hampshire, accounting for \$2.0 billion, nearly one-third of goods exported in 2021. Computer and electronic products have been the largest category of exported goods in each of the last ten years, with the exception of 2019, when transportation equipment was the largest category of exported goods.

Transportation equipment exports have been one of the largest factors contributing to New Hampshire’s overall growth in exported goods. As recently as 2015, New Hampshire-based businesses exported less than \$200 million worth of transportation equipment. Transportation equipment exports have increased substantially since then, and exports have exceeded one billion dollars in every year since 2019. Exports

New Hampshire-based businesses exported \$1.3 million worth of beverages and tobacco products. This increased to \$16 million in 2021, and \$18 million over the first three quarters of 2022. Beverage and tobacco were primarily exported to two countries: Canada, which received goods worth \$9 million through the first nine months of 2022, and Chile, which received goods worth \$15 million in 2021 and \$9 million through the first nine months of 2022. In early 2022, the Chilean Ministry of Agriculture removed a regulation requiring testing for alcoholic beverages imported from the U.S.; removal of this regulation is likely the reason for the increase in beverage exports to Chile.<sup>1</sup>

– Greg David

<sup>1</sup> U.S. Department of Agriculture, Chile Facilitates Imports of US Beer. [https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Chile Facilitates Imports of US Beer\\_Santiago\\_Chile\\_CI2022-0007.pdf](https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Chile Facilitates Imports of US Beer_Santiago_Chile_CI2022-0007.pdf)



Source: U.S. Department of Commerce, International Trade Administration



GROSS DOMESTIC PRODUCT BY STATE - NEW HAMPSHIRE	2017	2018	2019	2020	2021
Current Dollars (\$ millions)	\$80,598	\$83,870	\$87,338	\$88,338	\$99,673
Annual percent change	1.9%	4.1%	4.1%	1.1%	12.8%
Real chained 2012 dollars (\$ millions)	\$73,973	\$75,433	\$76,819	\$75,928	\$82,986
Annual percent change	0.5%	2.0%	1.8%	-1.2%	9.3%

Gross Domestic Product by State - United States					
Current Dollars (\$ millions)	\$19,477,337	\$20,533,058	\$21,380,976	\$21,060,474	\$23,315,081
Annual percent change	4.2%	5.4%	4.1%	-1.5%	10.7%
Real chained 2012 dollars (\$ millions)	\$18,076,651	\$18,609,078	\$19,036,052	\$18,509,143	\$19,609,812
Annual percent change	2.2%	2.9%	2.3%	-2.8%	5.9%

Source: Bureau of Economic Analysis, ELMI Analysis. Last Update 10/26/2022

TOTAL CAPITAL EXPENDITURES (new and used)	2017	2018	2019	2020	2021
Total (\$ millions)	\$565	\$570	\$564	\$636	\$703
As a Percent of Payroll					
United States	25.1%	25.9%	25.2%	24.0%	23.9%
New Hampshire	14.6%	14.0%	13.8%	15.8%	16.1%
Connecticut	14.2%	12.4%	13.2%	15.8%	14.8%
Maine	20.5%	24.7%	40.0%	19.5%	18.4%
Massachusetts	13.6%	14.6%	14.5%	14.6%	15.6%
Rhode Island	14.2%	19.7%	15.6%	17.7%	17.2%
Vermont	14.8%	17.9%	12.6%	13.8%	12.4%

Source: Annual Survey of Manufactures & Economic Census, US Census Bureau. ELMI Analysis. Last Update 12/20/2022

Value Added	2017	2018	2019	2020	2021
Value Added by Manufacture					
Total (\$ millions)	\$10,046.0	\$10,683.0	\$10,830.4	\$10,582.4	\$11,803.1

Value Added per Payroll Dollar					
United States	\$3.67	\$3.76	\$3.64	\$3.39	\$3.83
New Hampshire	\$2.59	\$2.63	\$2.64	\$2.63	\$2.70
United States rank <sup>a</sup>	49	50	48	49	49
Connecticut	\$2.82	\$3.16	\$3.26	\$2.83	\$3.18
United States rank <sup>a</sup>	47	42	36	46	40
Maine	\$3.10	\$3.14	\$3.08	\$3.13	\$3.24
United States rank <sup>a</sup>	43	44	40	36	37
Massachusetts	\$2.88	\$2.97	\$2.85	\$2.70	\$2.94
United States rank <sup>a</sup>	46	47	44	47	47
Rhode Island	\$2.72	\$2.85	\$2.83	\$2.80	\$2.85
United States rank <sup>a</sup>	48	49	45	46	48
Vermont	\$2.55	\$3.12	\$2.81	\$2.60	\$2.61
United States rank <sup>a</sup>	50	45	46	50	50

<sup>a</sup> Including D.C.

Source: Annual Survey of Manufactures & Economic Census, US Census Bureau. ELMI Analysis. Last Update 12/20/2022

EXPORT SALES TO THE WORLD	2017	2018	2019	2020	2021
Total (\$ millions)	\$5,148	\$5,306	\$5,827	\$5,456	\$6,366
Annual percent change	24.2%	3.1%	9.8%	-6.4%	16.7%

Industry Share of Total Exports <sup>b</sup>					
Computer and Electronic Products	31.7%	26.4%	23.2%	27.6%	30.8%
Transportation Equipment	11.9%	18.5%	25.6%	20.2%	20.9%
Machinery, Except Electrical	13.0%	15.2%	13.9%	13.4%	13.0%
Chemicals	8.7%	10.1%	10.6%	11.4%	9.2%
Fabricated Metal Products, NESOI	5.0%	6.5%	4.6%	6.6%	4.6%
Electrical Equipment, Appliances & Components	11.5%	5.4%	6.1%	4.5%	4.5%
Miscellaneous Manufactured Commodities	3.1%	3.2%	3.0%	3.2%	3.3%
Plastics & Rubber Products	2.4%	2.5%	2.2%	2.5%	2.7%
Waste and Scrap	1.8%	1.9%	1.8%	2.3%	1.8%
Food Manufactures	1.5%	1.4%	1.0%	1.1%	1.4%
Printed Matter and Related Products, NESOI	2.0%	1.4%	1.3%	1.1%	1.4%
Nonmetallic Mineral Products	1.0%	0.9%	0.8%	0.9%	0.8%

<sup>b</sup> International Trade Administration, U.S. Department of Commerce, Trade Stats Express™ Home, National Trade Data Home

Source: International Trade Administration, U.S. Department of Commerce, ELMI Analysis. Last Update 10/26/2022

Prepared by: New Hampshire Employment Security, Economic and Labor Market Information Bureau

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