

New Hampshire ECONOMIC CONDITIONS

Echo Lake (from Cathedral Ledge)
PHOTO CREDIT

Diana's Bath
PHOTO CREDIT

Dragonfly
PHOTO CREDIT

July 2023

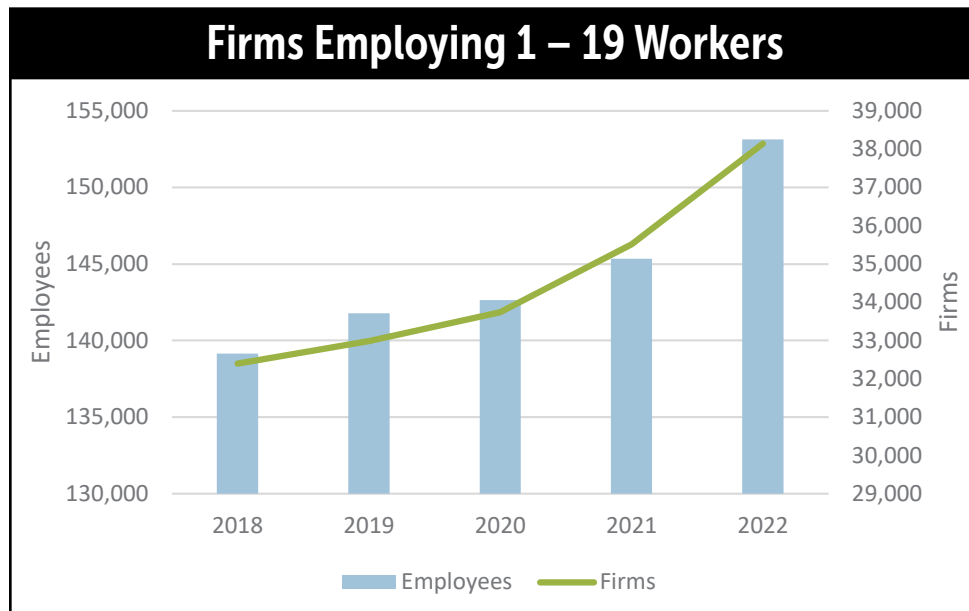
Bridal Veil Falls
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Small Firms in New Hampshire

Firms by Size data from New Hampshire Employment Security stated that in March 2022, just under 90 percent of private employers in New Hampshire had between one and 19 employees. These firms employed 153,000 workers, 27 percent of all workers employed that month. The total number of firms in New Hampshire, particularly firms with between one and 19 employees, increased substantially since the start of the coronavirus pandemic. Not all of these businesses were recently established, but an increase in firms in this size category suggests higher levels of entrepreneurial activity.

Data from the U.S. Census Bureau's Business Formation Statistics program also indicated an increase in entrepreneurial activity. This program measures applications for an Employer Identification Number (EIN), a unique ID number assigned to business entities by the IRS. Starting in the second half of 2020 business applications increased more than 20 percent compared to pre-pandemic levels. The number of "High Propensity Business Applications," applications that have a high propensity of turning into a business with a payroll, increased by a similar percentage.¹

Increased business formation often follows negative economic events; while these events cause job losses and business closures, they also create opportunities for new businesses.² The pandemic accelerated several existing trends, including online retail,



Source: New Hampshire Employment Security, Firms by Size

restaurant delivery, and the prevalence of teleworking; systemic changes like these typically increase the rate of innovation and business creation.

Small business loans were available throughout the pandemic (unlike the Great Recession), making creating or expanding a business easier, particularly for individuals with limited financial capital. Evidence also suggests that safety net programs such as the Paycheck Protection Program, while intended to support existing businesses and workers, indirectly supported new business formation as well.³

Small Firms by Industry

The U.S. Census Bureau's Quarterly Workforce Indicators (QWI), which calculates firm size based on national (instead of statewide) employee total,

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found 20.3 percent workers were employed by firms with between zero and 19 employees in the second quarter of 2022.⁴ This share varied widely by industry. In the second quarter of 2022, 58.1 percent of workers in the other services sector were employed by firms with between zero and 19 employees, closely

1 High-propensity applications include applications: (a) from a corporate entity, (b) that indicate they are hiring employees, purchasing a business or changing organizational type, (c) that provide a first wages-paid date (planned wages); or (d) that have a NAICS industry code in manufacturing (31-33), retail stores (44), health care (62), or restaurants/food service (72).

2 Haltiwanger, John C., "Entrepreneurship During the COVID-19 Pandemic: Evidence From the Business Formation Statistics," National Bureau of Economic Research, https://www.nber.org/system/files/working_papers/w28912/w28912.pdf.

3 Catherine E. Fazio et al., "How is COVID Changing the Geography of Entrepreneurship? Evidence from the Startup Cartography Project," National Bureau of Economic Research, https://www.nber.org/system/files/working_papers/w28787/w28787.pdf.

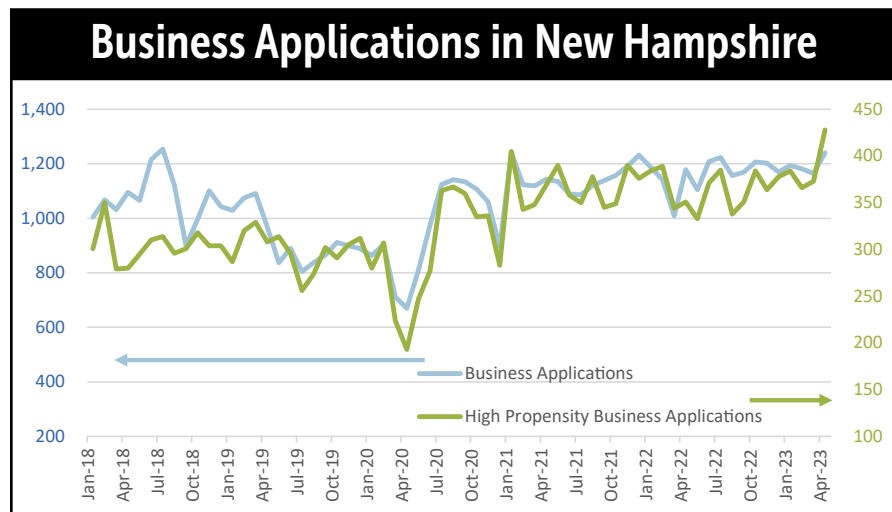
4 Quarterly Workforce Indicators determines firm size based on the firm's nationwide employee count in March of the previous year. For new firms, the number of employees is from March of the current year, or the first month of positive employment, if after March.

followed by construction, real estate and rental and leasing and agriculture, forestry, fishing and hunting. On the other end of the spectrum, fewer than ten percent of workers in management of companies and enterprises, utilities, and finance and insurance were employed at firms with between zero and 19 employees.

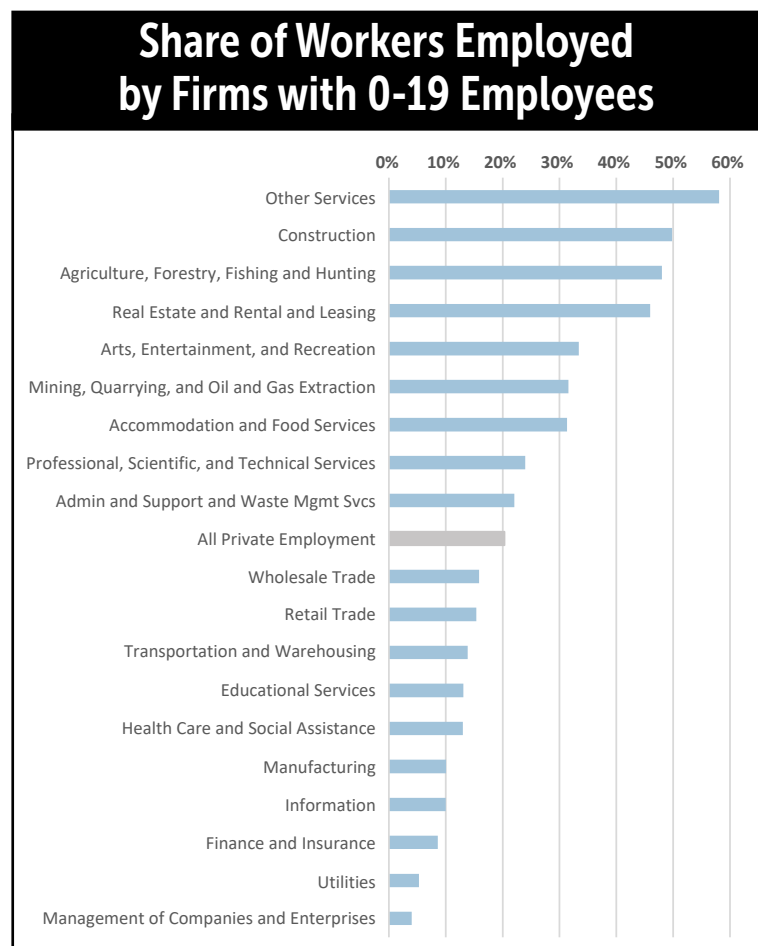
The share of workers employed by firms with between zero and 19 employees increased slightly during the pandemic, from 19.3 percent in the second quarter of 2019 to

20.3 percent in the second quarter of 2022. Several industries experienced larger increases, including the other services sector, where the share of workers employed by a firm with between zero and 19 workers increased from 52.5 percent to 58.1 percent. In arts, entertainment and recreation, the share of workers employed by firms with between zero and 19 employees increased seven percentage points, from 26.4 percent in the second quarter of 2019 to 33.4 percent in the second quarter of 2022, while in accommodation and food services, the share increased from 26.0 percent to 31.3 percent.

In other industries, the share of workers employed by firms with between zero and 19 employees declined during the pandemic. In professional, scientific, and technical services, the share of workers employed by firms with between zero and 19 employees fell from 27.9 percent in the second quarter of 2019 to 24.0 percent in the second quarter of 2022, while in transportation and warehousing, the share fell from 16.9 percent to 13.9 percent. The share of workers employed by firms with between zero and 19 employees also declined in wholesale trade, falling from 16.4 percent in the second quarter of 2019 to 15.9 percent in the second quarter of 2022.



Source: U.S. Census Bureau, Business Formation Statistics



Source: U.S. Census Bureau, Quarterly Workforce Indicators

In these industries, the declining share of employment by firms with between zero and 19 employees was part of a longer-term trend. The share of professional, scientific, and technical services and wholesale trade workers employed by firms with between zero and 19 employees has declined steadily since at least 2003, while in transportation and warehousing, the share has declined since 2016.

Characteristics of Employees of Small Firms

Demographic characteristics of workers employed by firms with between zero and 19 employees differed from those of all privately employed workers in New Hampshire. Workers at firms with between zero and 19 employees were less likely to be of prime working age (age 25 to 54) and were more likely to be under age 25 or age 65 and older. This age difference did not appear to be the result of industry mix.

Workers employed by firms with between zero and 19 employees were also more likely to be male. In the second quarter of 2022 51.6 percent of workers at firms with between zero and 19 employees were male, compared to 50.5 percent among all private employment. The share of male workers, both for all private employers and for firms with between zero and 19 employees, increased during the pandemic, as women faced more barriers to employment

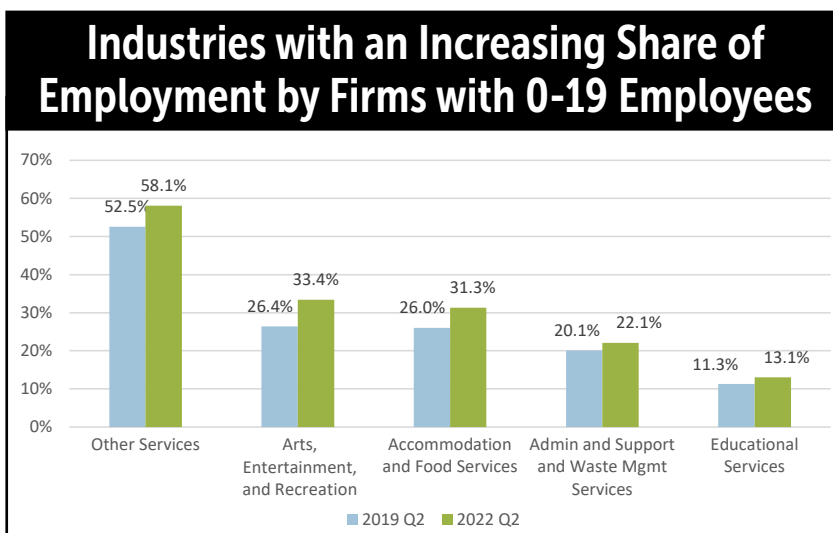
than men. However, among firms with between zero and 19 employees, the share of male and female workers returned to pre-pandemic levels by the second quarter of 2022, while among all private employers, the share of male workers remained slightly elevated, 0.6 percentage points higher than in the second quarter of 2019.

On average, workers at firms with between zero and 19 employees had lower levels of educational attainment than all privately employed workers. In the second quarter of 2022, 31.7 percent of privately employed workers age 25 or older⁵ had attained a bachelor's degree, compared to 28.9 percent of workers at firms with between zero and 19 employees. Workers employed by firms with between zero and 19 employees were more likely to have either a high school diploma (or equivalent) or not complete high school.

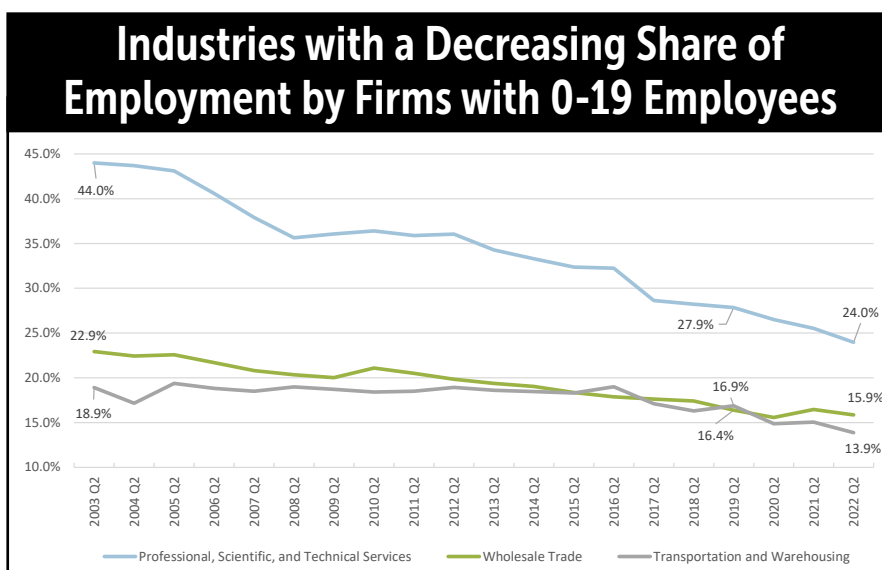
Workers employed by firms with between zero and 19 employees had lower average earnings than all privately employed workers; workers in stable employment⁶ earned an average of \$4,259 per month (\$51,000 per year) in the second quarter of 2022, compared to \$5,944 per month (\$71,000 per year) for all privately employed workers. This earnings gap was consistent across industry, worker age, gender, and education level. Workers at larger firms are more likely to specialize in specific tasks; this specialization typically attracts higher wages than the broader but less-developed skillset more typical among workers at smaller firms.⁷

The need for specialized or generalized workers may explain some of the other differences between workers employed by firms with between zero and 19 employees and all privately employed workers. In general, higher educational attainment suggests higher levels of specialization (although there are many jobs that require specialized skills that do not require high levels of formal education), which may explain higher levels of educational attainment among all privately employed workers relative to workers at firms with between zero and 19 employees. The high share of workers under age 25 at firms with between zero and 19 employees may be because these younger workers have not (yet) developed the specialized skills desired by larger firms.

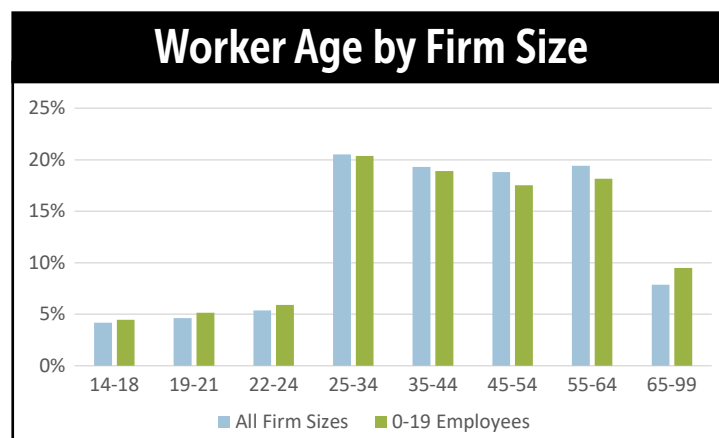
– Greg David, Economist



Source: U.S. Census Bureau, Quarterly Workforce Indicators



Source: U.S. Census Bureau, Quarterly Workforce Indicators

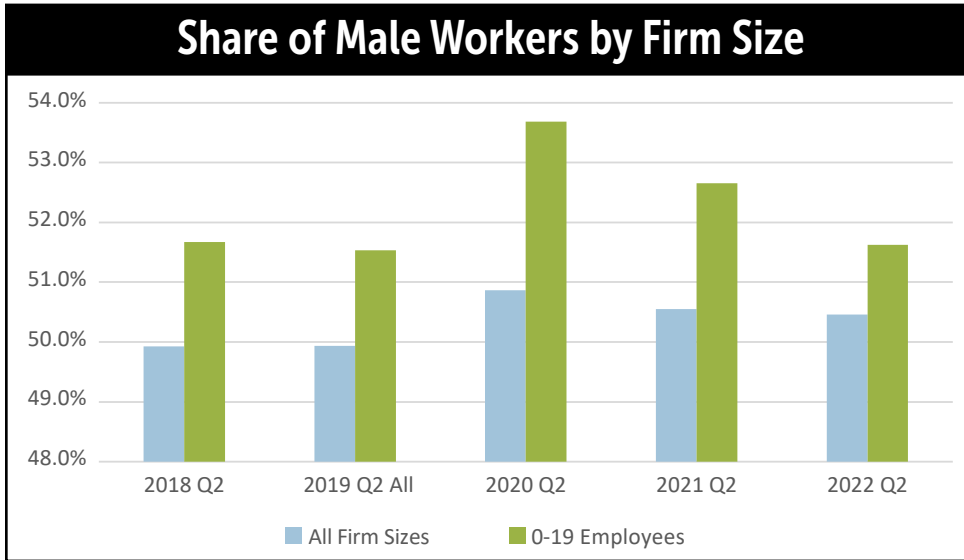


Source: U.S. Census Bureau, Quarterly Workforce Indicators

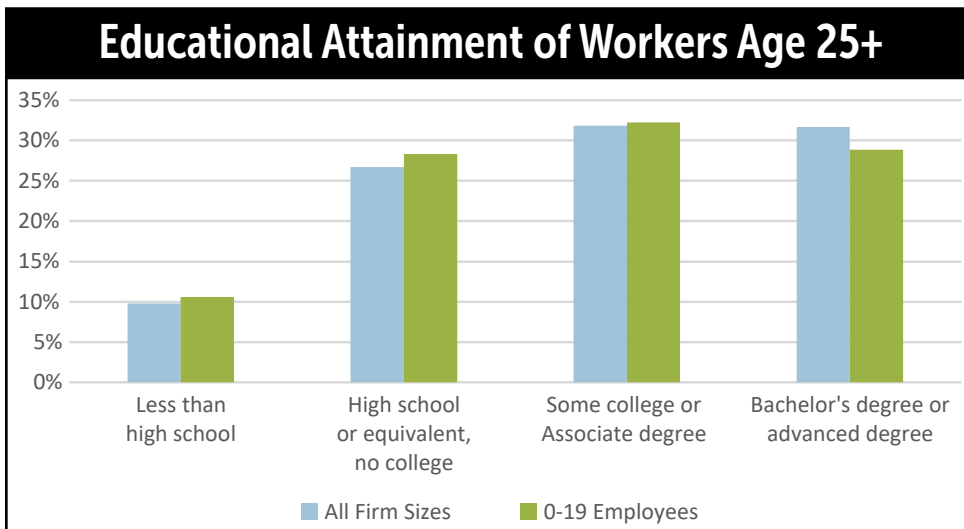
⁵ Workers under age 25 are excluded from educational attainment statistics, as these workers are less likely to have attained their desired level of educational attainment.

⁶ Stable employment refers to workers who were employed by the same firm for the entire reference quarter.

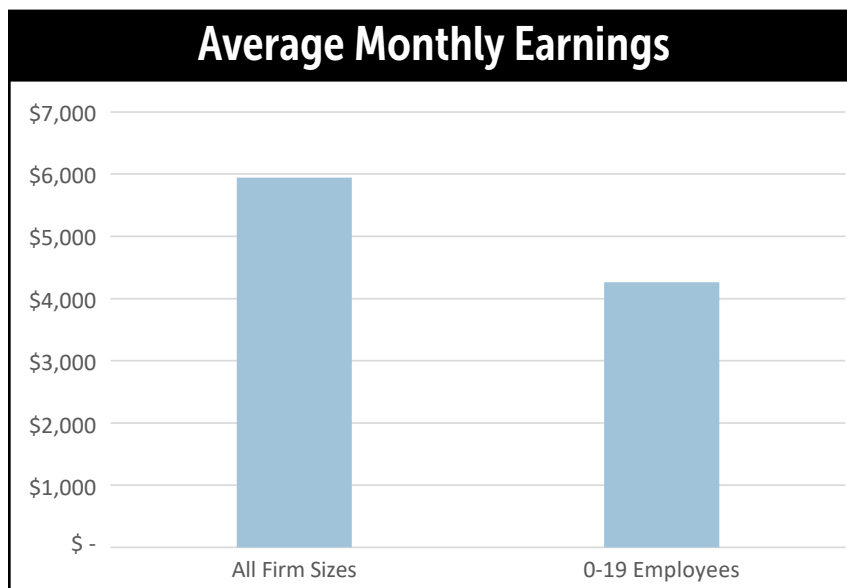
⁷ Maria Molina-Domene, "Why do large companies pay higher salaries?" LSE Business Review, July 16, 2018. <https://blogs.lse.ac.uk/businessreview/2018/07/16/why-do-large-companies-pay-higher-salaries/>.



Source: U.S. Census Bureau, Quarterly Workforce Indicators



Source: U.S. Bureau of Labor Statistics, unpublished Current Population Survey data



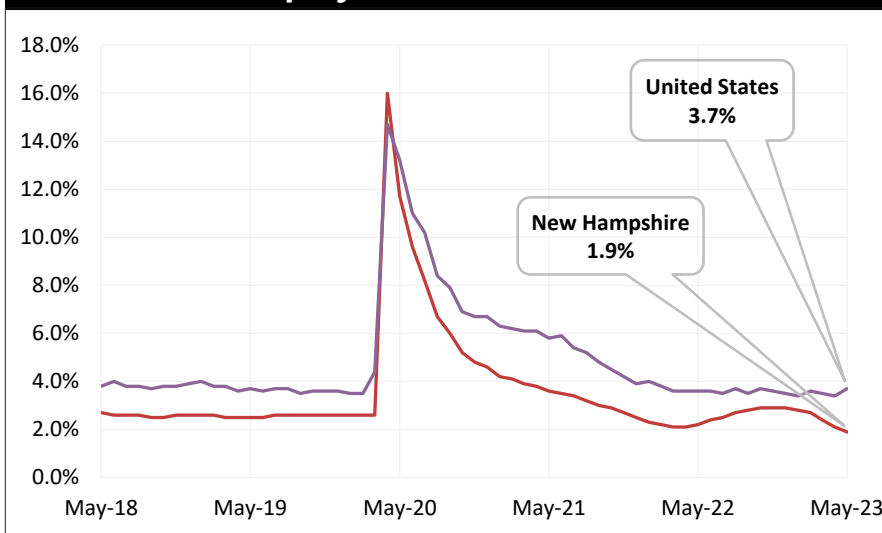
Source: U.S. Bureau of Labor Statistics, unpublished Current Population Survey data

SEASONALLY ADJUSTED ESTIMATES

Unemployment Estimates by Region

Seasonally Adjusted	May-23	Apr-23	May-22
United States	3.7%	3.4%	3.6%
Northeast	3.6%	3.7%	3.9%
New England	3.0%	3.2%	3.5%
Connecticut	3.7%	3.8%	4.1%
Maine	2.4%	2.4%	2.6%
Massachusetts	2.8%	3.1%	3.7%
New Hampshire	1.9%	2.1%	2.2%
Rhode Island	3.0%	3.0%	3.0%
Vermont	2.1%	2.4%	2.2%
Mid Atlantic	3.9%	3.9%	4.1%
New Jersey	3.6%	3.5%	3.6%
New York	3.9%	4.0%	4.1%
Pennsylvania	4.0%	4.1%	4.3%

**Local Area Unemployment Statistics (LAUS)
Unemployment Rate, NH and US**



Current Employment Statistics (CES) by Place of Establishment

	Number of Jobs			Change From Previous	
	May-23	Apr-23	May-22	Month	Year
Total Nonfarm	701,500	699,300	684,000	2,200	17,500
Total Private	614,700	612,600	598,000	2,100	16,700
Mining and Logging	900	900	1,000	0	-100
Construction	31,000	30,700	30,000	300	1,000
Manufacturing	71,300	71,300	70,400	0	900
Durable Goods	53,700	53,600	52,500	100	1,200
Non-Durable Goods	17,600	17,700	17,900	-100	-300
Trade, Transportation, and Utilities	140,400	139,400	138,800	1,000	1,600
Wholesale Trade	32,700	32,300	31,300	400	1,400
Retail Trade	89,600	89,300	88,700	300	900
Transportation, Warehousing, and Utilities	18,100	17,800	18,800	300	-700
Information	11,700	11,700	12,000	0	-300
Financial Activities	34,900	34,600	34,500	300	400
Financial and Insurance	27,400	27,300	27,500	100	-100
Real Estate and Rental and Leasing	7,500	7,300	7,000	200	500
Professional and Business Services	103,500	103,200	95,300	300	8,200
Professional, Scientific, and Technical Services	51,500	50,800	46,700	700	4,800
Management of Companies and Enterprises	10,700	10,700	10,500	0	200
Administrative and Support and Waste Management and Remediation Services	41,300	41,700	38,100	-400	3,200
Education and Health Services	125,400	124,200	121,400	1,200	4,000
Educational Services	32,300	31,800	29,000	500	3,300
Health Care and Social Assistance	93,100	92,400	92,400	700	700
Leisure and Hospitality	71,400	72,200	70,500	-800	900
Arts, Entertainment, and Recreation	11,600	11,600	12,700	0	-1,100
Accommodation and Food Services	59,800	60,600	57,800	-800	2,000
Other Services	24,200	24,400	24,100	-200	100
Government	86,800	86,700	86,000	100	800
Federal Government	8,700	8,700	8,400	0	300
State Government	21,800	21,700	22,000	100	-200
Local Government	56,300	56,300	55,600	0	700

Current month is preliminary; past months are revised

Prior data and area data are available on our website at: www.nhes.nh.gov/elmi/statistics/ces-htm

NOT SEASONALLY ADJUSTED ESTIMATES BY PLACE OF RESIDENCE

Labor Force Estimates

New Hampshire	May-23	Apr-23	May-22
Total Civilian Labor Force	752,110	752,670	760,640
Employed	740,660	743,590	744,670
Unemployed	11,450	9,080	15,970
Unemployment Rate	1.5%	1.2%	2.1%

United States (# in thousands)	May-23	Apr-23	May-22
Total Civilian Labor Force	166,702	166,221	164,157
Employed	161,002	161,075	158,609
Unemployed	5,700	5,146	5,548
Unemployment Rate	3.4%	3.1%	3.4%

Unemployment Rates by Area

Counties	May-23	Apr-23	May-22
Belknap	1.5%	1.2%	2.1%
Carroll	1.6%	1.2%	2.2%
Cheshire	1.6%	1.2%	2.2%
Coös	2.0%	1.9%	2.6%
Grafton	1.4%	1.0%	2.0%
Hillsborough	1.6%	1.3%	2.1%
Merrimack	1.3%	0.9%	1.9%
Rockingham	1.6%	1.3%	2.1%
Strafford	1.4%	1.0%	1.9%
Sullivan	1.3%	1.0%	2.0%

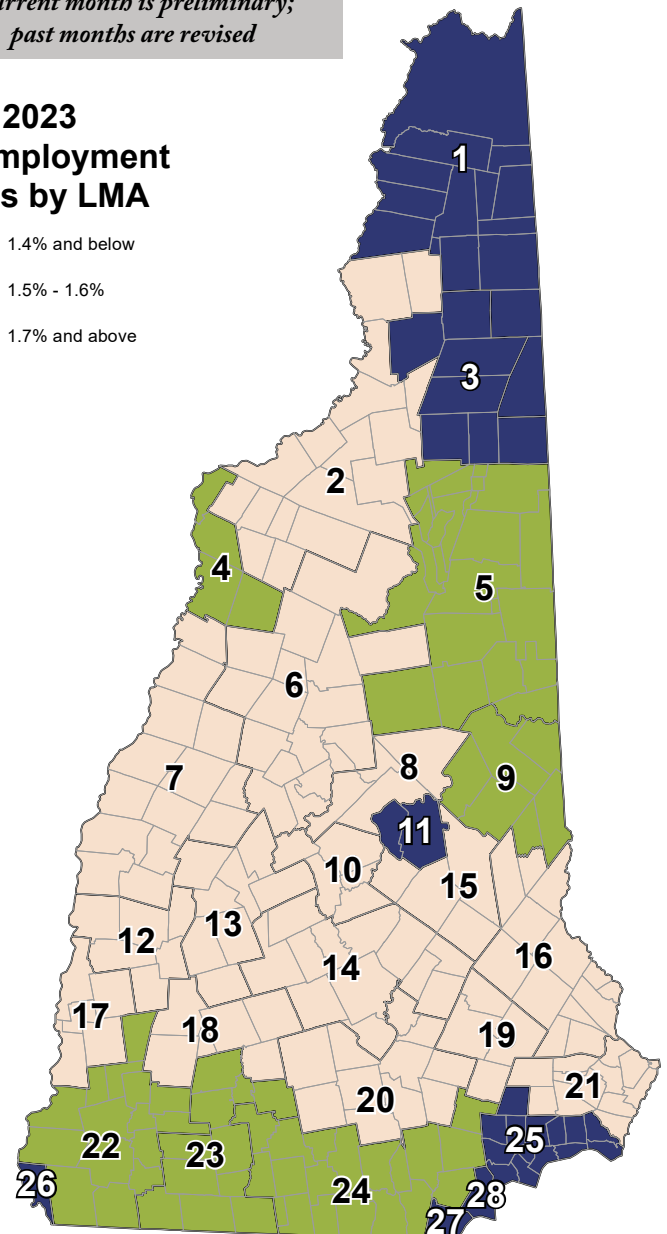
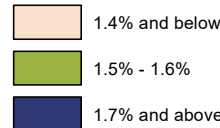
Map Key	Labor Market Areas	May-23	Apr-23	May-22
1	Colebrook, NH-VT LMA, NH Portion	2.7%	3.2%	2.7%
2	Littleton, NH-VT LMA, NH Portion	1.4%	1.1%	2.1%
3	Berlin NH Micropolitan NECTA	2.2%	1.8%	2.8%
4	Haverhill, NH LMA	1.5%	1.2%	2.5%
5	Conway, NH-ME LMA, NH Portion	1.6%	1.2%	2.1%
6	Plymouth, NH LMA	1.4%	1.0%	2.0%
7	Lebanon, NH-VT Micropolitan NECTA, NH Portion	1.3%	0.9%	2.0%
8	Meredith, NH LMA	1.4%	1.0%	2.0%
9	Wolfeboro, NH LMA	1.6%	1.3%	2.4%
10	Franklin, NH LMA	1.4%	1.1%	2.1%
11	Laconia, NH Micropolitan NECTA	1.7%	1.3%	2.2%
12	Expanded Claremont, NH estimating area	1.4%	1.1%	2.0%
13	New London, NH LMA	1.4%	1.0%	2.1%
14	Concord, NH Micropolitan NECTA	1.3%	0.9%	1.9%
15	Belmont, NH LMA	1.4%	1.1%	2.1%
16	Dover-Durham, NH-ME Metropolitan NECTA, NH Portion	1.4%	1.0%	1.9%
17	Charlestown, NH LMA	1.4%	1.0%	2.2%
18	Hillsborough, NH LMA	1.4%	1.0%	2.2%
19	Raymond, NH LMA	1.4%	1.2%	1.9%
20	Manchester, NH Metropolitan NECTA	1.4%	1.1%	2.0%
21	Portsmouth, NH-ME Metropolitan NECTA, NH Portion	1.4%	1.1%	1.9%
22	Keene, NH Micropolitan NECTA	1.6%	1.1%	2.2%
23	Peterborough, NH LMA	1.6%	1.3%	2.2%
24	Nashua, NH-MA NECTA Division, NH Portion	1.6%	1.3%	2.2%
25	Seabrook-Hampstead Area, NH Portion, Haverhill-Newburyport-Amesbury MA-NH NECTA Division	1.8%	1.5%	2.4%
26	Hinsdale Town, NH Portion, Brattleboro, VT-NH LMA	1.9%	1.8%	3.1%
27	Pelham Town, NH Portion, Lowell-Billerica-Chelmsford, MA-NH NECTA Division	2.3%	2.0%	2.8%
28	Salem Town, NH Portion, Lawrence-Methuen-Salem, MA-NH NECTA Division	2.0%	1.7%	2.5%

Unemployment Rates by Region

Not Seasonally Adjusted	May-23	Apr-23	May-22
United States	3.4%	3.1%	3.4%
Northeast	3.4%	3.1%	3.8%
New England	2.6%	2.4%	3.4%
Connecticut	3.7%	3.0%	4.2%
Maine	2.6%	2.4%	2.8%
Massachusetts	2.3%	2.4%	3.6%
New Hampshire	1.5%	1.2%	2.1%
Rhode Island	2.8%	2.5%	2.8%
Vermont	1.7%	1.9%	2.2%
Mid Atlantic	3.7%	3.4%	3.9%
New Jersey	3.9%	3.1%	3.5%
New York	3.8%	3.7%	4.0%
Pennsylvania	3.5%	3.2%	4.1%

*Current month is preliminary;
past months are revised*

May 2023 Unemployment Rates by LMA



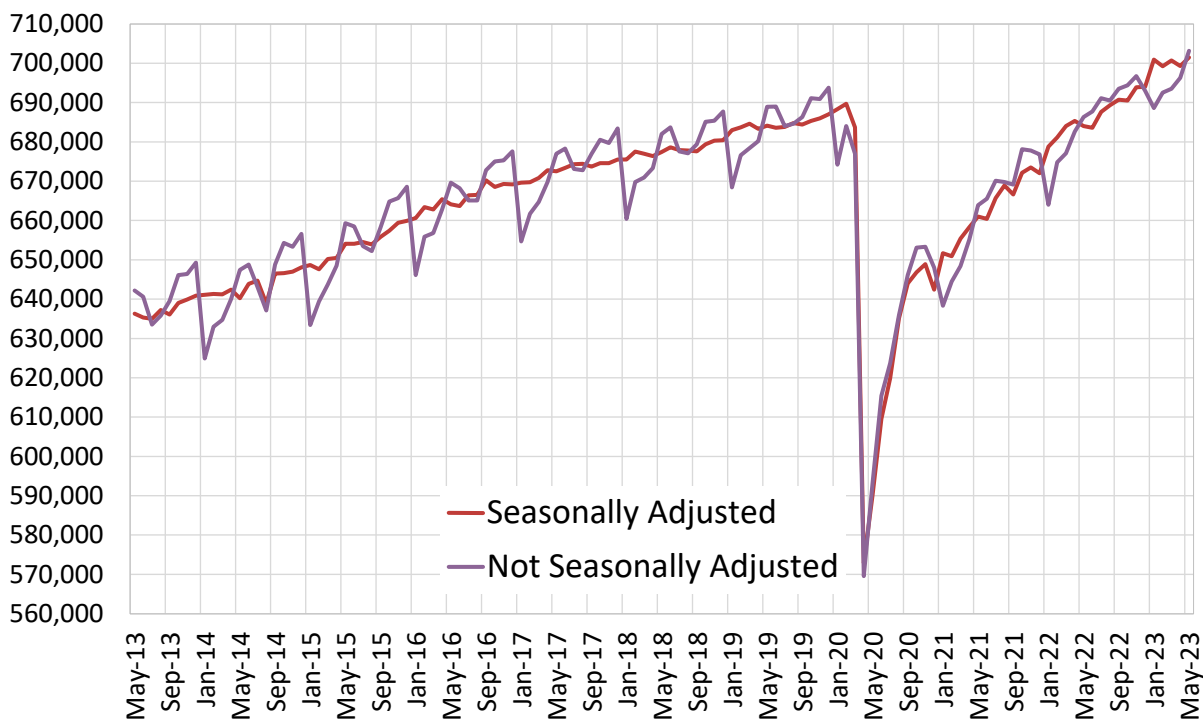
MONTHLY ESTIMATES BY PLACE OF ESTABLISHMENT

**New Hampshire Nonfarm Employment Statewide
Not Seasonally Adjusted**

*Current month
is preliminary;
past months
are revised*

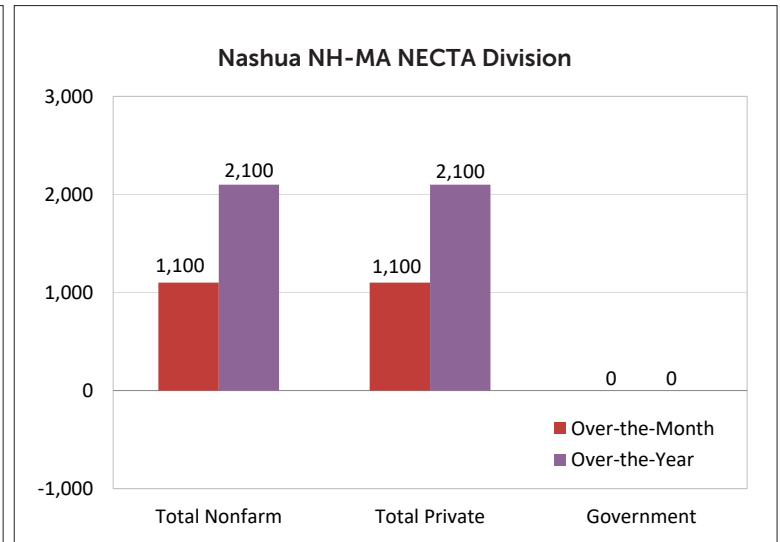
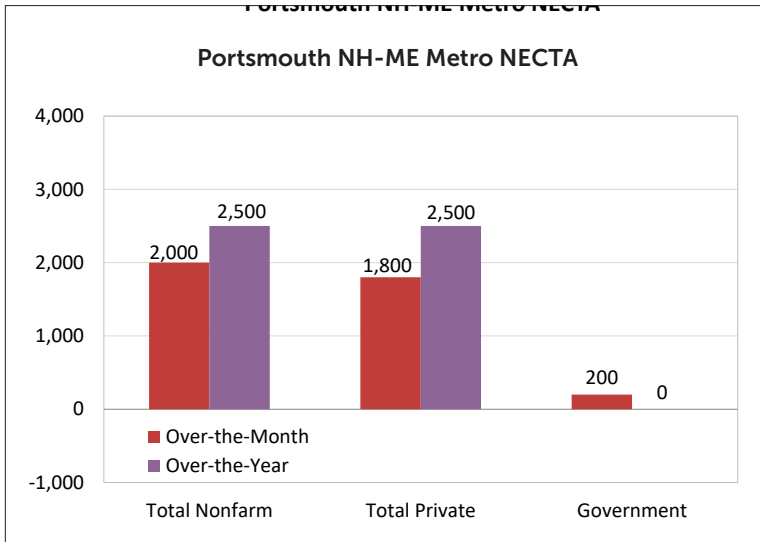
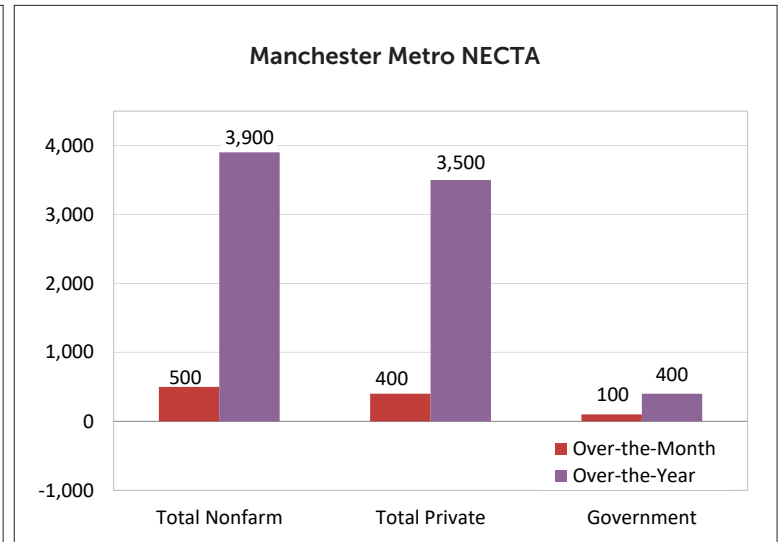
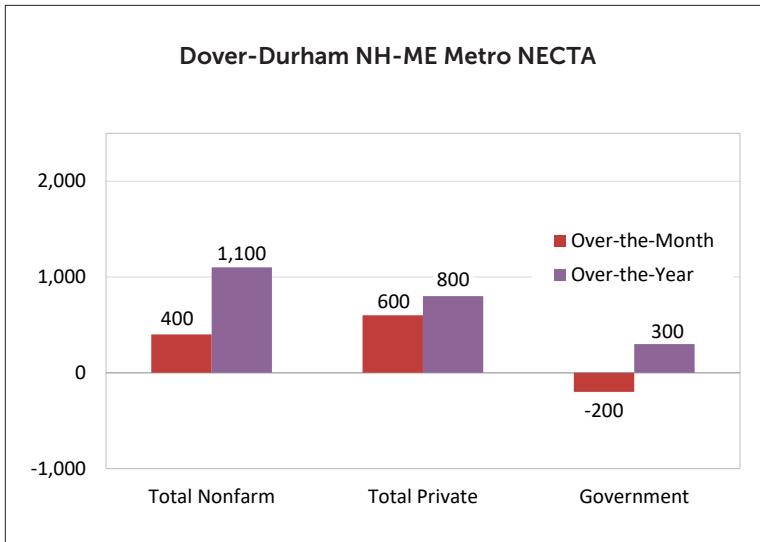
	Number of Jobs			Change From Previous	
	May-23	Apr-23	May-22	Month	Year
Total Nonfarm	703,200	696,300	686,300	6,900	16,900
Total Private	614,400	606,700	598,600	7,700	15,800
Mining and Logging	900	900	1,000	0	-100
Construction	31,500	30,200	30,500	1,300	1,000
Manufacturing	71,500	71,000	70,200	500	1,300
Durable Goods	53,800	53,300	52,300	500	1,500
Non-Durable Goods	17,700	17,700	17,900	0	-200
Trade, Transportation, and Utilities	140,300	138,000	137,900	2,300	2,400
Wholesale Trade	32,700	32,300	31,300	400	1,400
Retail Trade	90,000	88,400	88,100	1,600	1,900
Transportation, Warehousing, and Utilities	17,600	17,300	18,500	300	-900
Information	11,800	11,700	12,000	100	-200
Financial Activities	34,600	34,200	34,500	400	100
Professional and Business Services	103,200	103,800	95,400	-600	7,800
Education and Health Services	126,000	125,400	123,100	600	2,900
Leisure and Hospitality	70,300	67,400	69,900	2,900	400
Other Services	24,300	24,100	24,100	200	200
Government	88,800	89,600	87,700	-800	1,100
Federal Government	8,700	8,700	8,400	0	300
State Government	22,500	23,200	22,400	-700	100
Local Government	57,600	57,700	56,900	-100	700

Total Nonfarm Employment Trend Through May 2023

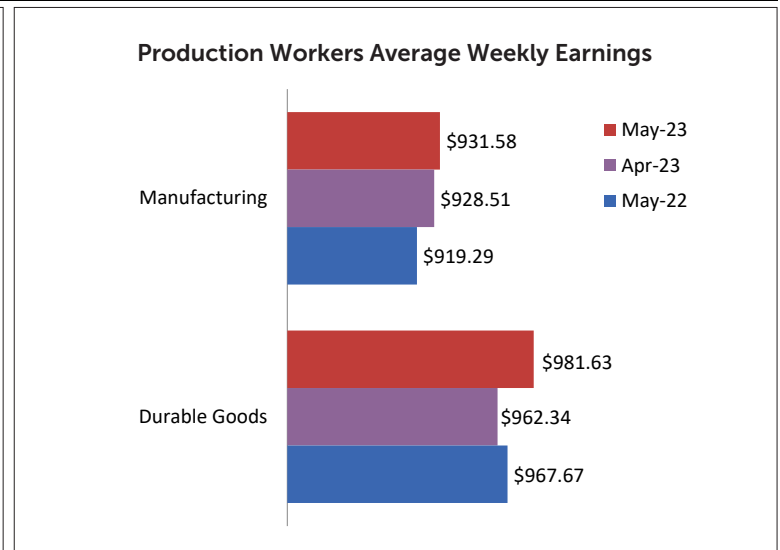
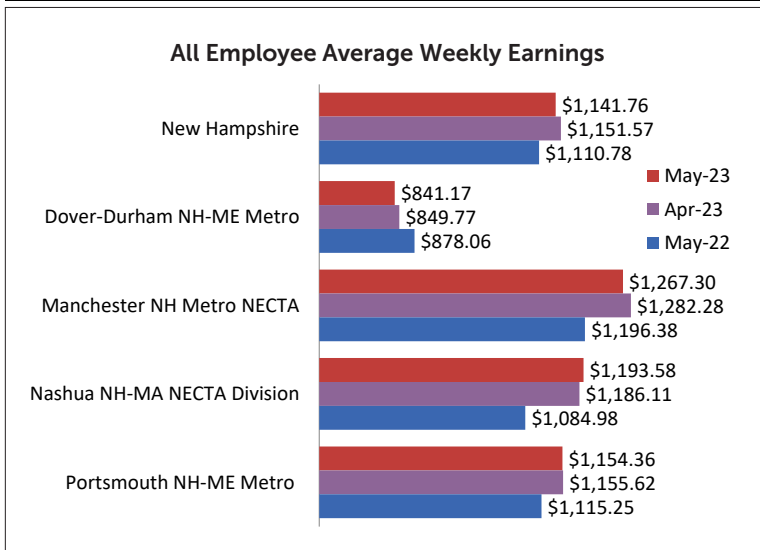


MONTHLY ESTIMATES BY PLACE OF ESTABLISHMENT

Nonfarm Employment by Metropolitan Statistical Areas - May 2023



Total Private Average Weekly Earnings Data



Sector data for the four areas and hours earnings data are available on our website: www.nhes.nh.gov/elmi/statistics/ces-data.htm

MONTHLY ANALYSIS OF CURRENT EMPLOYMENT STATISTICS (CES)

Seasonally Adjusted

Total nonfarm employment increased to 701,500 jobs in May, based on preliminary seasonally adjusted estimates. This was an increase of 2,200 non-farm jobs over the month, as private industry employment increased by 2,100 and government employment increased by 100 after the seasonal adjustment. Five private industry supersectors experienced over-the-month employment gains, two supersectors experienced losses, and three were unchanged from April to May. Seasonally adjusted over-the-month changes reflect the number of jobs that are not attributable to a regular seasonal pattern of employment variability.

Private education and health services expanded payrolls by 1,200 positions, while trade, transportation, and utilities employment increased by 1,000 over the month. The construction, financial activities, and professional and business services supersectors each added 300 jobs in May. Leisure and hospitality employment contracted by 800 jobs after the seasonal adjustment, and the other services supersector cut payrolls by 200 positions. The manufacturing, mining and logging, and information supersectors were unchanged over the month.

Total nonfarm employment in May 2023 was 11,800 jobs above the pre-pandemic level in February 2020. Employment in the private education and health services, leisure and hospitality, other services, information, mining and logging, and government supersectors remained below the February 2020 level.

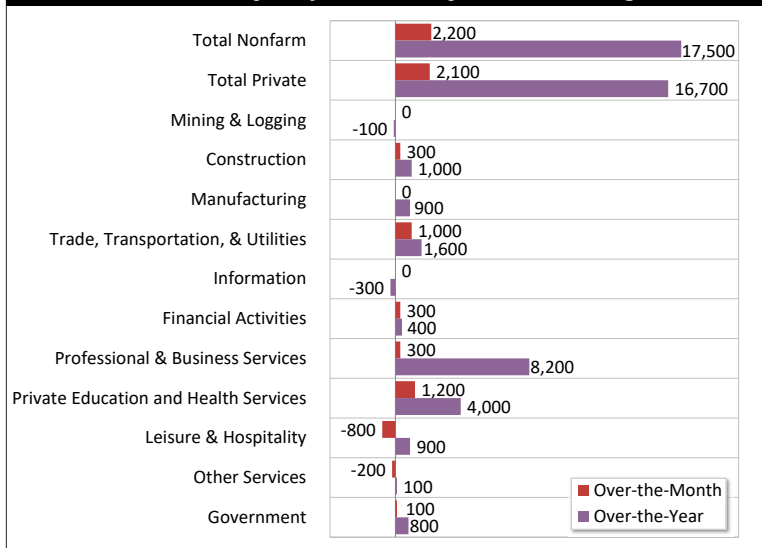
Not Seasonally Adjusted

Preliminary unadjusted estimates for May 2023 indicate that total nonfarm employment increased by 16,900 jobs since May 2022. Eight private industry supersectors experienced over the year employment gains and two experienced over-the-year losses. Government employment increased by 1,100 over the year.

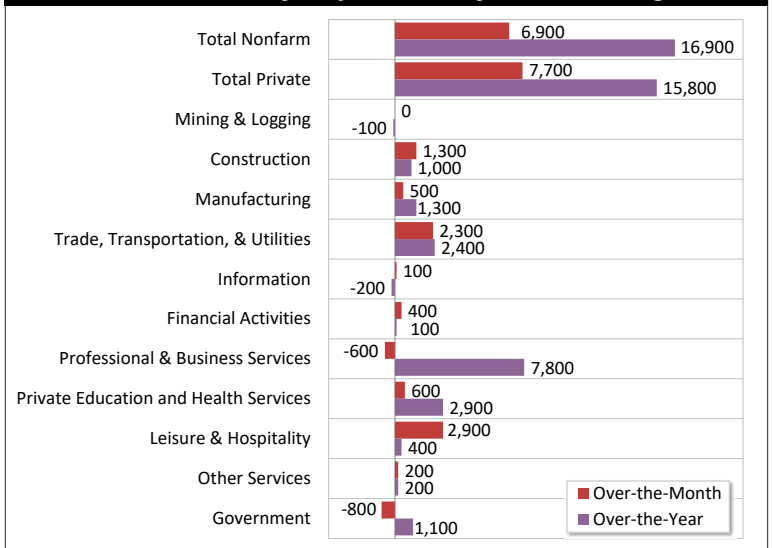
Professional and business services experienced the largest increase, with 7,800 more jobs than in May 2022. Private education and health services expanded payrolls by 2,900 over the year, while trade, transportation, and utilities added 2,400 positions. The manufacturing supersector added 1,300 jobs and construction employment increased by 1,000. Leisure and hospitality added 400 jobs, while the other services supersector expanded by 200 positions and financial activities added 100 jobs. Employment in the information supersector was 200 fewer than a year earlier and mining and logging employment declined by 100 jobs

– Robert Cote, Research Analyst

Seasonally Adjusted May 2023 Change



Not Seasonally Adjusted May 2023 Change



Consumer Price Index

United States, All Urban Consumers

Not Seasonally Adjusted (CPI-U) (1982-1984=100)

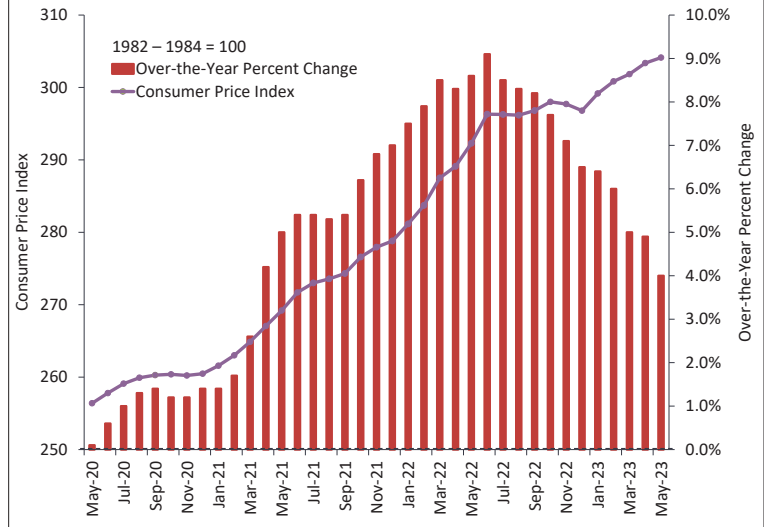
			Change From Previous	
May-23	Apr-23	May-22	Month	Year
304.127	303.363	292.296	0.3%	4.0%

Northeast, All Urban Consumers

Not Seasonally Adjusted (CPI-U) (1982-1984=100)

			Change From Previous	
May-23	Apr-23	May-22	Month	Year
312.241	311.848	302.939	0.1%	3.1%

Consumer Price Index United States, All Urban Consumers



Unemployment Compensation Claims Activity

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
Initial Claims	2,331	2,165	1,977	1,814	1,974	1,623
Continued Weeks Claimed	8,707	13,105	11,490	12,383	9,869	10,014
Average payment for a week of unemployment	\$356.19	\$353.19	\$361.18	\$356.86	\$363.49	\$362.04

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