

# New Hampshire ECONOMIC CONDITIONS

Samuel Morey Memorial Bridge PHOTO CREDIT

Small Falls on the Flume PHOTO CREDIT

Pepperpass PHOTO CREDIT

Forest Lake PHOTO CREDIT

August 2023

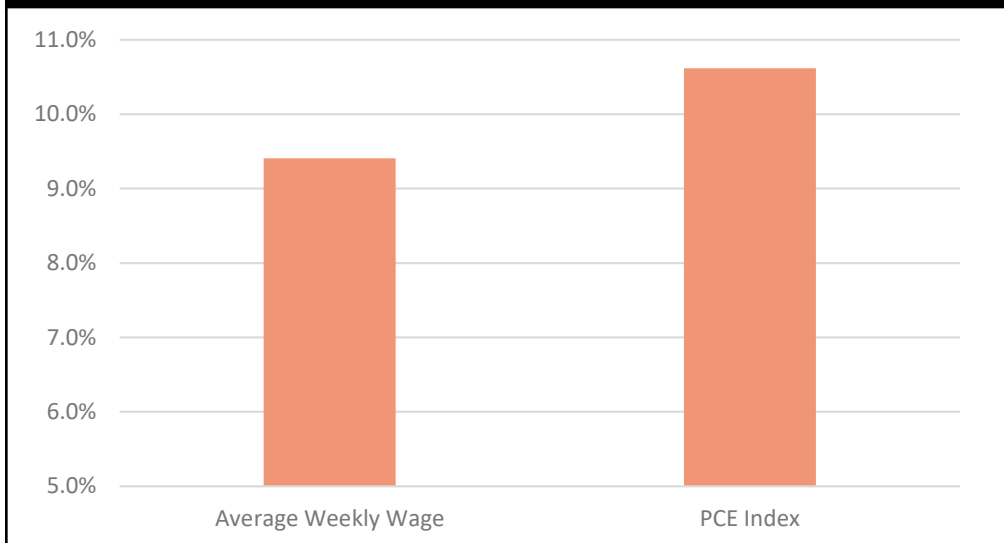
## Hours and Wages for New Hampshire Workers

Privately employed New Hampshire workers received an average hourly wage of \$33.74 per hour in June 2023, a 4.8 percent increase over June 2022. On average, privately employed workers worked 33.9 hours per week, little changed from the previous year, and similar to pre-pandemic averages. Average weekly wages increased 4.2 percent over-the-year, from \$1,098 per week in June 2022<sup>1</sup> to \$1,144 per week in June 2023. Wage growth has been relatively high since the start of the pandemic, although since early 2021, elevated inflation has diluted real wage gains.

According to the U.S. Bureau of Economic Analysis' Personal Consumption Expenditures (PCE) Index, prices of goods and services purchased by American consumers increased 10.6 percent over the two-year period between June 2021 and June 2023. Wages for privately employed workers increased 9.4 percent over that two-year period suggesting that (on average) workers had less buying power than they did in June 2021.

Average wage growth for all privately-employed workers does not necessarily represent wage growth trends for all workers or in all industries. Changes in the composition of the workforce, such as excess retirements,<sup>2</sup> likely lowered the rate of wage increase as well. With years of experience, older workers generally earn high wages relative to others in the same occupation. An unusually large number of older workers left the workforce during the pandemic, likely decreasing the overall increase in average wage.

### Wage and Inflation Increases, June 2021 to June 2023



Source: New Hampshire Employment Security, Current Employment Statistics, U.S. Bureau of Economic Analysis, Personal Consumption Expenditures Index

### Hours and Wage Growth by Industry

Changes in average wages and hours worked per week varied substantially by industry. For workers in goods-producing industries, average weekly wages increased 12.3 percent between June 2021 and June 2023, while for workers in service-providing industries, average wages increased 8.5 percent.

Increased weekly wages for workers in goods-producing industries were the result of increased average hourly wages as well as an increase in average hours worked per week. Average hourly wages for workers in goods-producing industries increased 10.0 percent, from \$31.20 in June 2021 to \$34.33 in June 2023, while hours worked per week from 39.4 hours per week to 40.2 hours per week. Among workers in service-providing industries, weekly wage

gains were the result of increased hourly wages, with hours worked per week essentially unchanged between June 2021 and June 2023.

In the manufacturing sector, which accounts for approximately 70 percent of goods-producing workers, average weekly wages increased 10.9 percent between June 2021 and June 2023. However, among manufacturing

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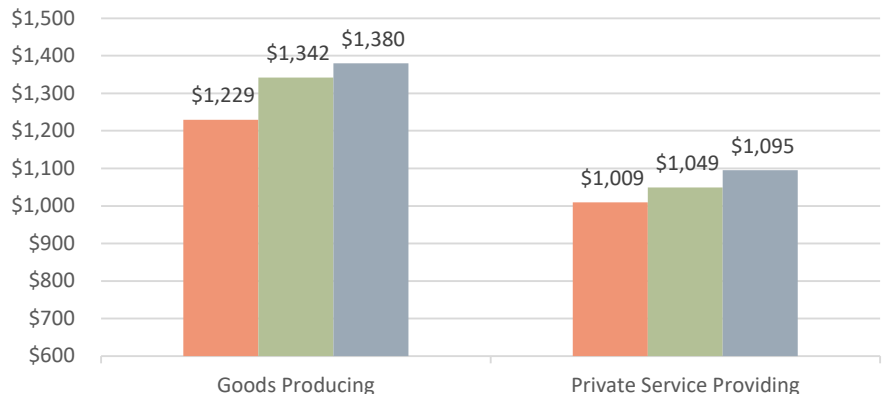
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<sup>1</sup> Data are not seasonally adjusted and should be compared year-over-year.

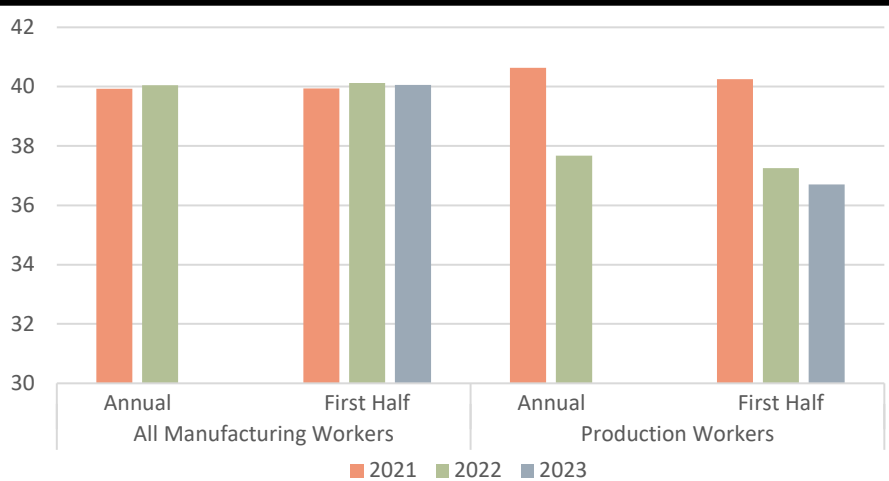
<sup>2</sup> Joshua Montes, Christopher Smith, and Juliana Dajon, "The Great Retirement Boom: The Pandemic-Era Surge in Retirements and Implications for Future Labor Force Participation," Finance and Economics Discussion Series, Board of Governors of the Federal Reserve System. <https://www.federalreserve.gov/econres/feds/files/2022081pap.pdf>

## Average Weekly Wages for Privately Employed Workers



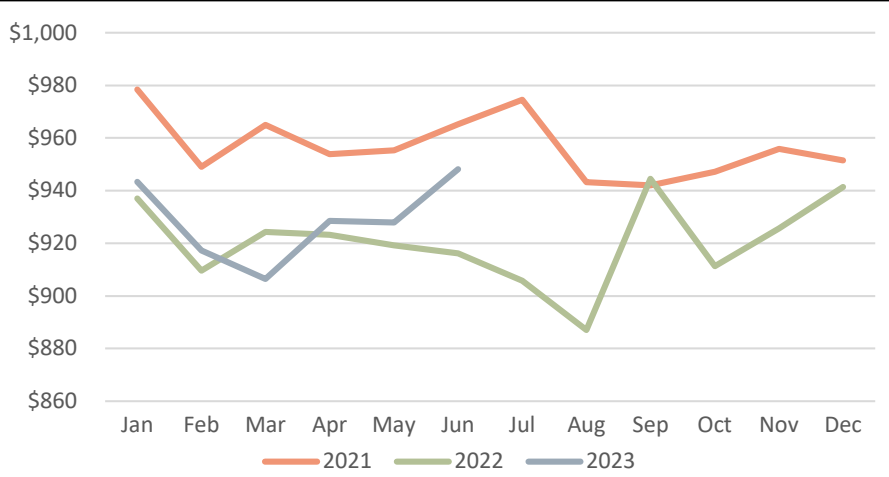
Source: New Hampshire Employment Security, Current Employment Statistics

## Average Hours Worked Per Week



Source: New Hampshire Employment Security, Current Employment Statistics

## Average Weekly Wages for Production Workers



Source: New Hampshire Employment Security, Current Employment Statistics

workers in production occupations – those who create the goods sold by manufacturers – average weekly wages declined 1.8 percent.

This decline in weekly wages was largely due to fewer hours worked per week by production workers. After averaging 40.3 hours per week in 2021, hours per week declined to 37.3 in 2022, and averaged just 36.8 over the first half of 2023.

While average hours worked per week by production workers declined, the average for all manufacturing workers has been essentially unchanged.

In addition to fewer hours worked, production workers also received smaller hourly wage increases than non-production workers. Hourly wages for production workers increased 5.8 percent between June 2021 and June 2023, compared to 9.0 percent for all manufacturing workers.

Even as hours declined, employment of production workers in the manufacturing sector increased steadily, adding 3,400 jobs (7.3 percent) between June 2021 and June 2023. This suggests that the decrease in hours has not been related to low demand for manufactured goods, but may instead be associated with an increase in part-time work. Part-time work is relatively uncommon in manufacturing, but may become more prevalent; the Manufacturing Institute, the non-profit workforce development and education partner of the National Association of Manufacturers, recommends offering part-time and other more flexible working arrangements as a strategy to retain workers approaching retirement age.<sup>3</sup>

In the trade, transportation and utilities supersector,<sup>4</sup> hours worked per week declined from 33.3 hours in June 2021 to 31.4 hours in June 2023. Average hourly wages increased 6.5 percent over that time, just enough to offset the decline in hours; weekly wages in June 2023 were just 0.4 percent higher than weekly wages in June 2021.

While other sectors within trade, transportation, and utilities continued to grow, employment in the transportation and warehousing sector declined by an estimated 800 jobs (4.8 percent) between June 2022

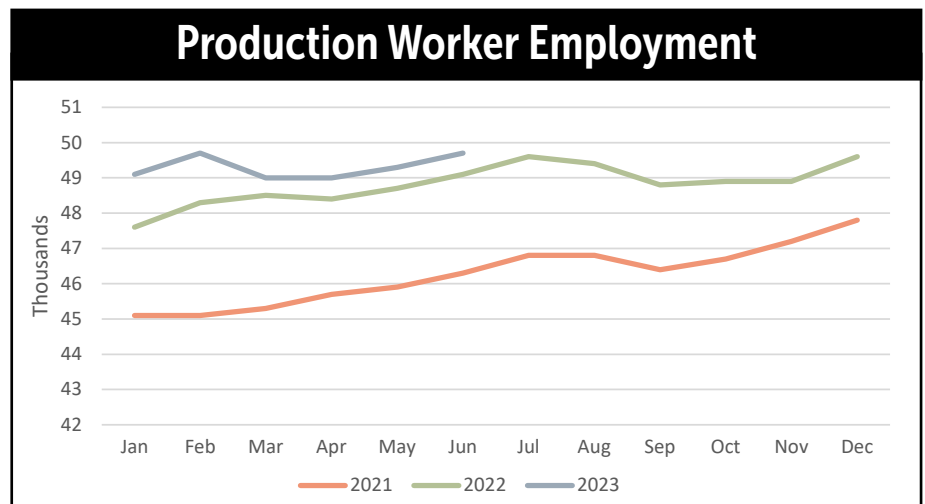
3 The Manufacturing Institute, "The Aging of the Manufacturing Workforce," July 2019. <https://www.themanufacturinginstitute.org/wp-content/uploads/2020/03/MI-Sloan-Aging-in-the-MFG-Workforce-Report.pdf>  
 4 Trade, transportation and utilities includes retail trade, wholesale trade, utilities, and transportation and warehousing. Retail trade accounts for approximately 65 percent of trade, transportation and utilities employment.

and June 2023. While transportation and warehousing accounts for just over ten percent of employment in the trade, transportation, and utilities, this likely had some impact on wage growth and hours worked for the supersector overall.

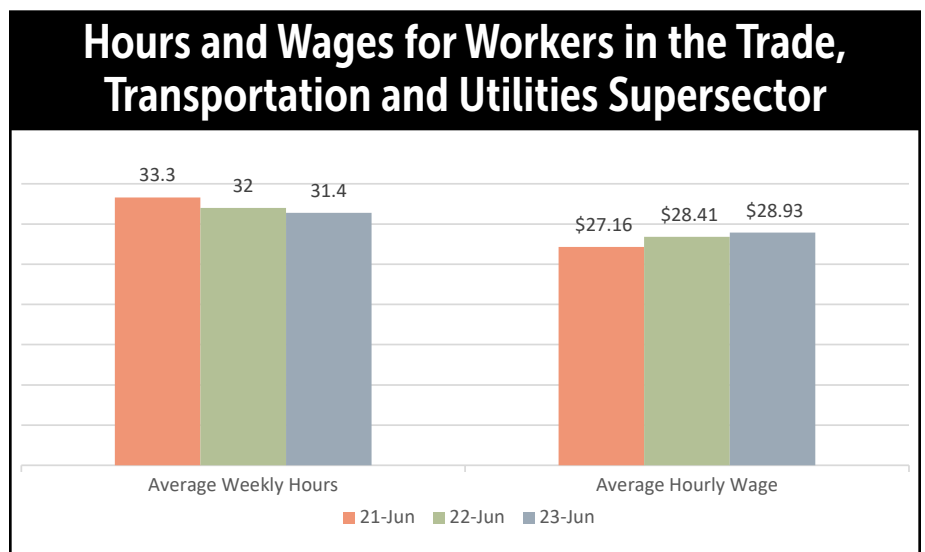
Between June 2021 and June 2023, both wages and hours increased steadily for workers in the professional and business services supersector.<sup>5</sup> Average weekly hours increased from 36.7 hours per week in June 2021 to 37.6 hours in June 2023, while average hourly wages increased from \$35.67 per hour in June 2021 to \$42.45 per hour in June 2023, a gain of 19.0 percent. With both hours and hourly wages increasing, average weekly wages increased 21.9 percent, from \$1,309 per week in June 2021 to \$1,596 per week in June 2023. These increases are averages, and do not necessarily reflect the wage increases of all workers. Wage increases in this sector were likely affected by changes in the composition of occupations as well as individual wage increases. The professional, scientific, and technical services subsector has been among the fastest growing industries in recent years and has among the highest paying occupations, especially in comparison to many business services subsector industries.

Average hourly wages for workers in the leisure and hospitality supersector<sup>6</sup> increased 19.7 percent over the last two years, from \$17.95 per hour in June 2021 to \$21.48 per hour in June 2023, as the industry struggled to keep and attract workers in the face of increasing competition from higher-wage industries and perceptions that working conditions are less favorable in the industry. Average hours per week declined slightly, from 26.0 hours per week in June 2021 to 25.5 hours per week in June 2021.

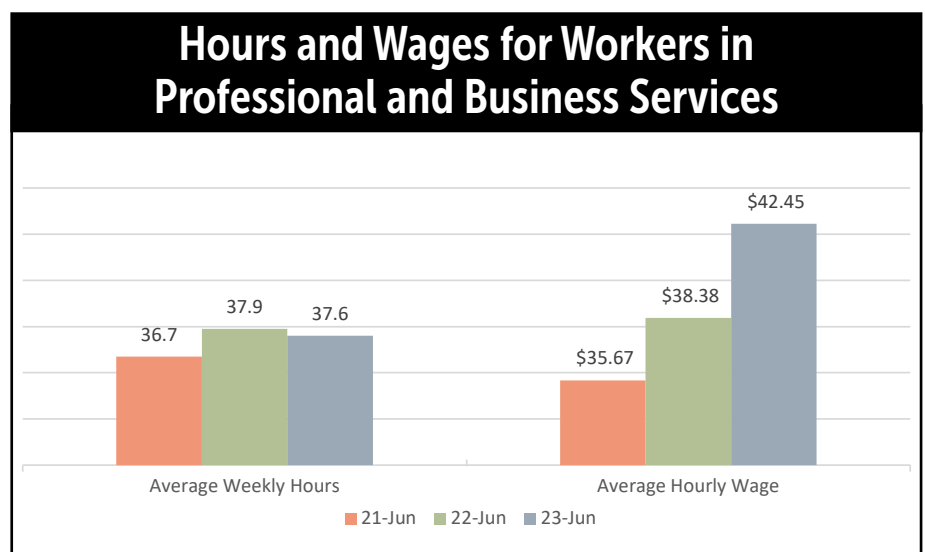
In the education and hospitality supersector,<sup>7</sup> average hours per week increased from 33.0 hours per week in June 2021 to 33.5 hours per week in June 2023. Average hourly wages increased 12.4 percent over that time, although there was essentially no over-the-year wage growth in the first half of 2023. Experienced workers leaving the education<sup>8</sup> and health care<sup>9</sup> sectors, either retiring or changing careers, may have contributed to slowing wage growth.



Source: New Hampshire Employment Security, Current Employment Statistics



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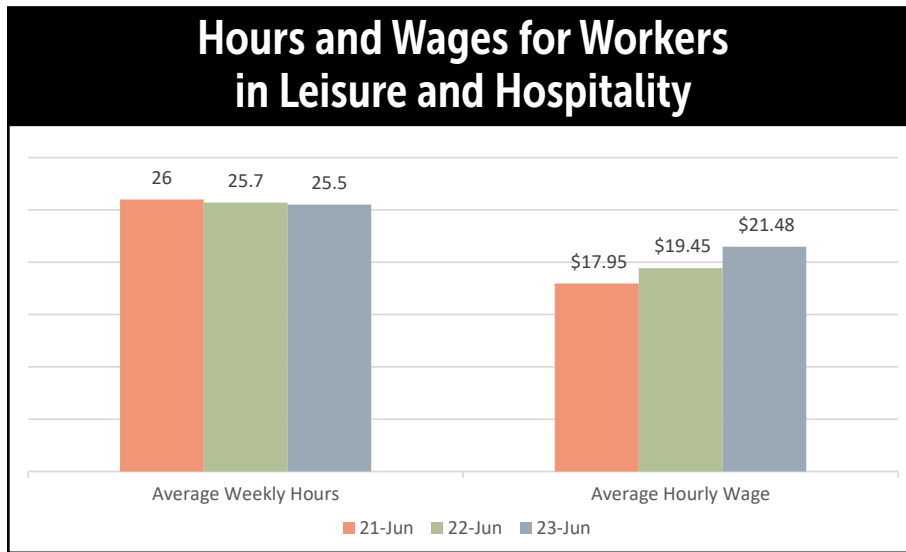
<sup>5</sup> Professional and business services includes professional, scientific, and technical services, management of companies and enterprises, and administrative and support and waste management and remediation services.  
<sup>6</sup> Leisure and hospitality includes accommodation and food services and arts, entertainment, and leisure.  
<sup>7</sup> Education and hospitality includes private educational services and health care and social services.  
<sup>8</sup> Matt Barnum, "I just found myself struggling to keep up: Number of teachers quitting hits new high," USA Today, March 6, 2023. <https://www.usatoday.com/story/news/education/2023/03/06/more-teachers-quitting-than-usual-driven-stress-politics-data-shows/11390639002/>.  
<sup>9</sup> Hailey Mensik, "Over 200,000 healthcare workers quit jobs last year", HealthCareDive, October 26, 2022. <https://www.healthcaredive.com/news/covid-pandemic-healthcare-burnout-providers-quit-jobs/634946/>.

**Summary**

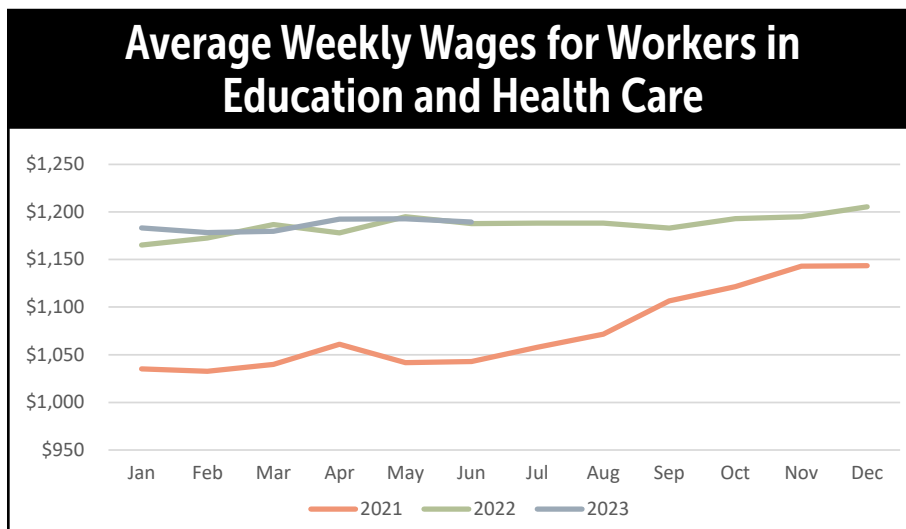
New Hampshire has had a tight labor market since early 2021, with high demand for labor and relatively few workers to meet that demand. Trends in wages and hours worked per week suggest that demand for labor remains strong overall, although it has slowed in some sectors. Workers in professional and business services and leisure and hospitality received wage gains well above the rate of inflation, suggesting demand for labor remains high in these sectors of the workforce. Below average wage growth in trade, transportation, and utilities, education and health

services, and manufacturing, while possibly affected by retirements and career changes, suggest that demand for workers in these sectors is easing. Declining hours worked per week in trade, transportation, and utilities and (to a lesser extent) leisure and hospitality suggest that the tight labor market may be starting to ease in those supersectors as well. Still, most sectors of New Hampshire workforce continue to add jobs, and demand for labor remains relatively strong.

– Greg David, Economist



Source: New Hampshire Employment Security, Current Employment Statistics



Source: New Hampshire Employment Security, Current Employment Statistics