

# New Hampshire & New England— Economic Challenges & Opportunities

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Disclaimer: The views expressed here are those of the speaker and do not necessarily represent the views of the Federal Reserve Bank of Boston or the Federal Reserve System.

# About the Boston Federal Reserve Bank

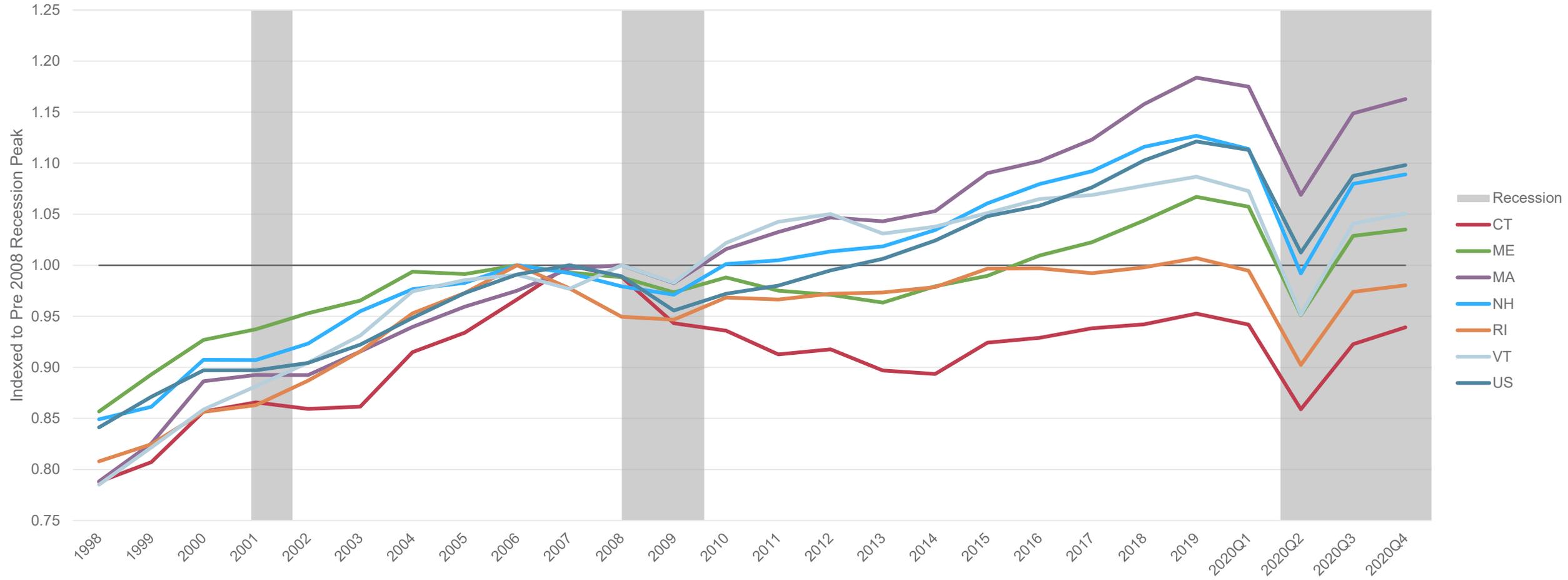
## Federal Reserve System

- ▶ Board of Governors (Washington., DC)
- ▶ Regional Fed banks (12, including Boston)
- ▶ Conducts monetary policy, bank supervision

## NEPPC

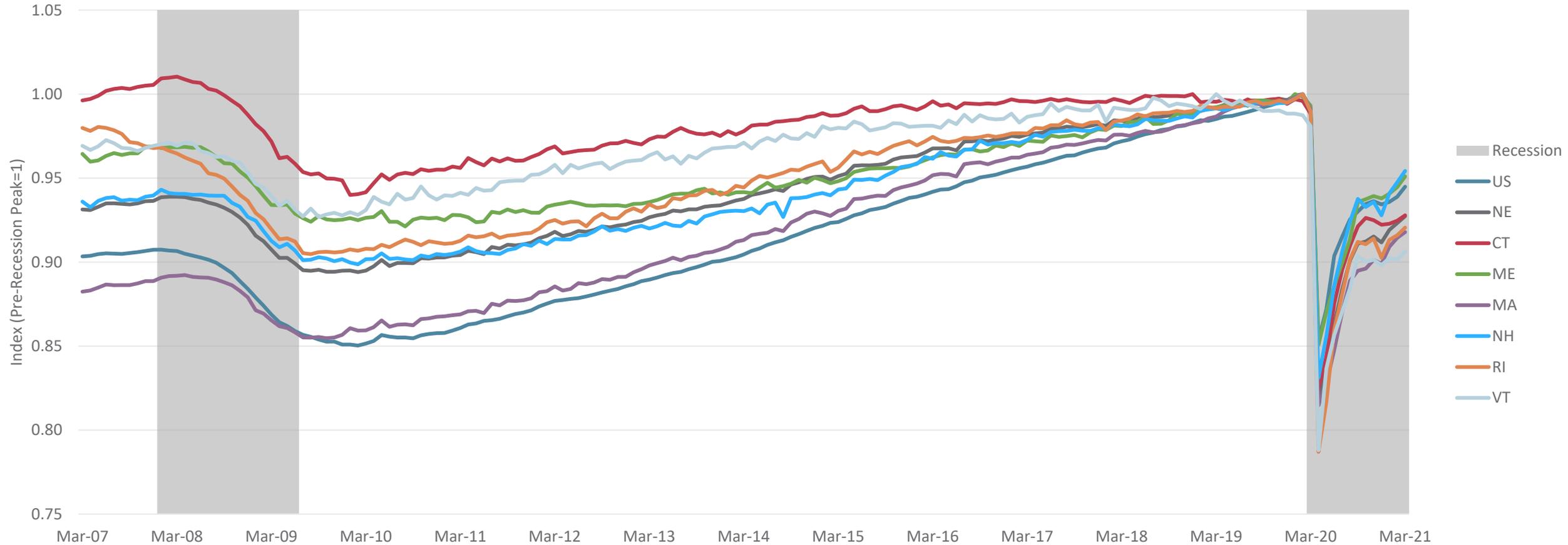
- ▶ Produces research that informs public policy in New England
- ▶ Recent issues: opioid epidemic, affordable housing, criminal records reform, education finance

# Real GDP per Capita



Source: Bureau of Economic Analysis and Haver Analytics

# Non-Agricultural Employment



Source: Bureau of Labor Statistics, NBER, Haver Analytics

Note: Peak values are determined after the recession of 2008-2009; they may differ for each region.

Values for New England 0.82 (Apr-20) and 0.93 (Mar-21), and the US 0.86 (Apr-20) and 0.94 (Mar-21)

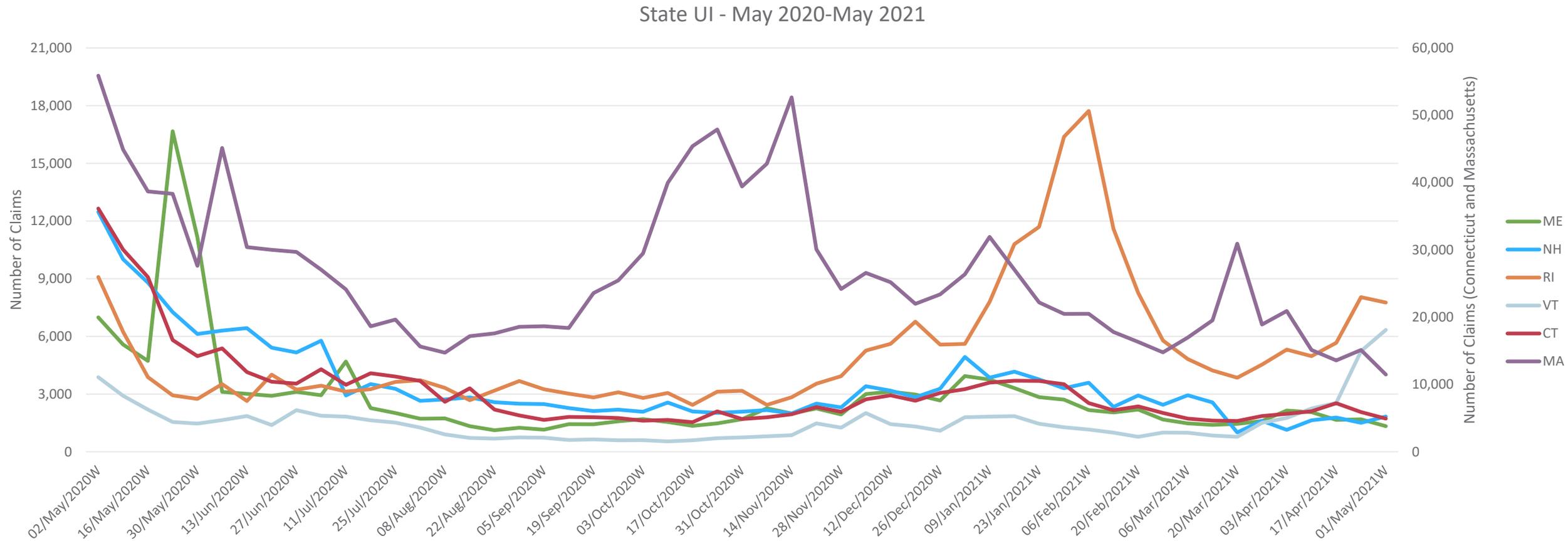
# Employment Changes in the Pandemic Period

	Jobs Lost Feb 2020-Apr 2020		Jobs Gained Apr 2020-Mar 2021	
	Number (thous)	Percent	Number (thous)	Percent
United States	-22,362	-15%	13,959	11%
New England	-1,367	-18%	816	13%
Connecticut	-292	-17%	176	13%
Maine	-95	-15%	64	12%
Massachusetts	-692	-19%	385	13%
New Hampshire	-116	-17%	85	15%
Rhode Island	-108	-21%	68	17%
Vermont	-64	-20%	38	15%

*Denominator for Percent Jobs Lost Feb-Apr is February Employment, denominator for Jobs Gained Apr-Mar is April Employment*

*Source: Bureau of Labor Statistics, Haver Analytics*

# UI Spikes in 'recovery' period signs of slow and uneven pace

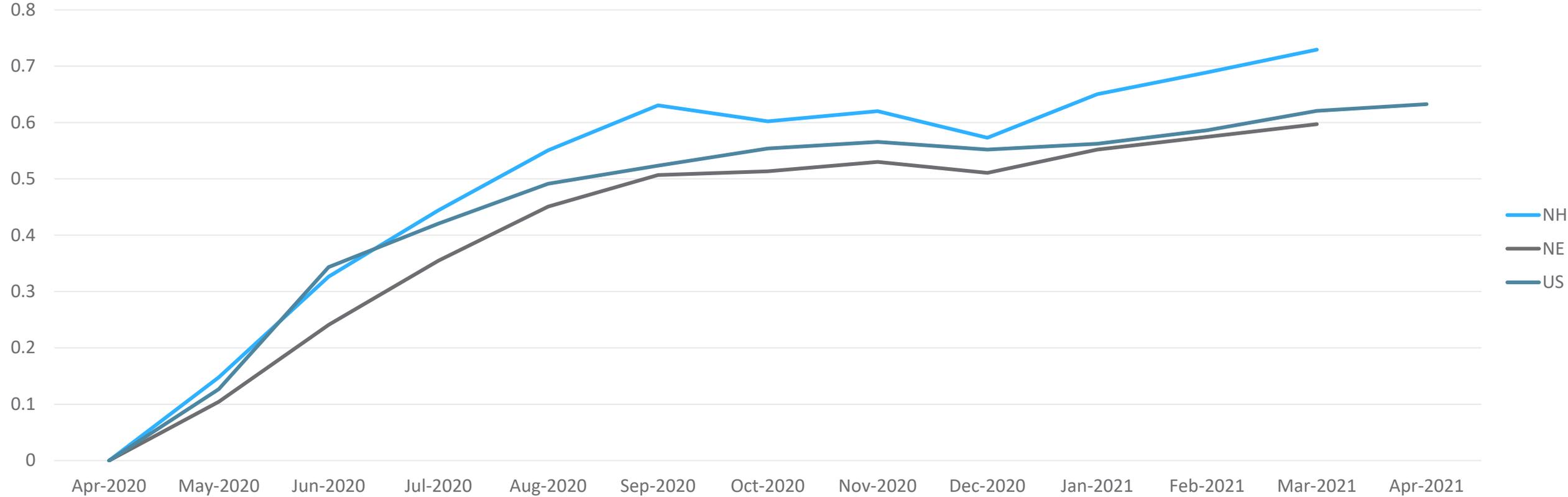


There have been high levels of fraudulent claims during the past year. From March 2020 to February 2021 Rhode Island found that 43% of submitted claims were suspected to be fraudulent. In that same time period, 8.8% of RI's total value of disbursements (approximately \$247.2 million) were to confirmed or suspected fraudulent claims. In Massachusetts from April 2020 to January 2021 approximately 4% of the total value of disbursements (approximately \$687 million) were to confirmed or suspected fraudulent claims.

Source: US Department of Labor and Haver Analytics

# Rate of Recovery is Picking Up Again

Share of Cumulative Net Jobs Replaced Since April



Source: Bureau of Labor Statistics and Haver Analytics

# Changes in Employment by Sector

	Change Feb 2020-Apr 2020						Change Apr 2020-Mar 2021					
	New Hampshire		New England		United States		New Hampshire		New England		United States	
	Levels (thous)	Percent	Levels (thous)	Percent	Levels (thous)	Percent	Levels (thous)	Percent	Levels (thous)	Percent	Levels (thous)	Percent
Leisure & Hospitality	-57	-57	-422	-58	-7,644	-47	27	90	228	75	4,825	56
Other Services	-38	-38	-99	-35	-1,363	-23	6	37	58	32	987	22
Construction	-6	-6	-56	-19	-826	-11	1	3	52	22	765	12
Trade, Transportation, and Utilities	-15	-15	-233	-19	-3,193	-12	19	16	193	19	2,596	11
Education & Health	-15	-15	-225	-14	-2,788	-11	10	9	107	8	1,635	7
Manufacturing	-9	-9	-65	-11	-1,358	-11	3	5	37	7	885	8
Professional & Business Services	-8	-8	-78	-7	-2,081	-10	9	12	45	5	1,482	8
Government	-9	-9	-70	-7	-875	-4	4	2	4	-1	-251	1
Information	-7	-7	-11	-7	-264	-9	0	4	-1	0	39	-1
Finance	-3	-3	-16	-3	-265	-3	1	3	6	1	193	2
Total	-116	-17	-1,371	-18	-22,362	-15	85	15	816	12	13,959	10

Source: Bureau of Labor Statistics and authors' calculations.

Note: Denominator for Percent Change Feb-Apr is February Employment, denominator for Percent Change Apr-Mar is April Employment.

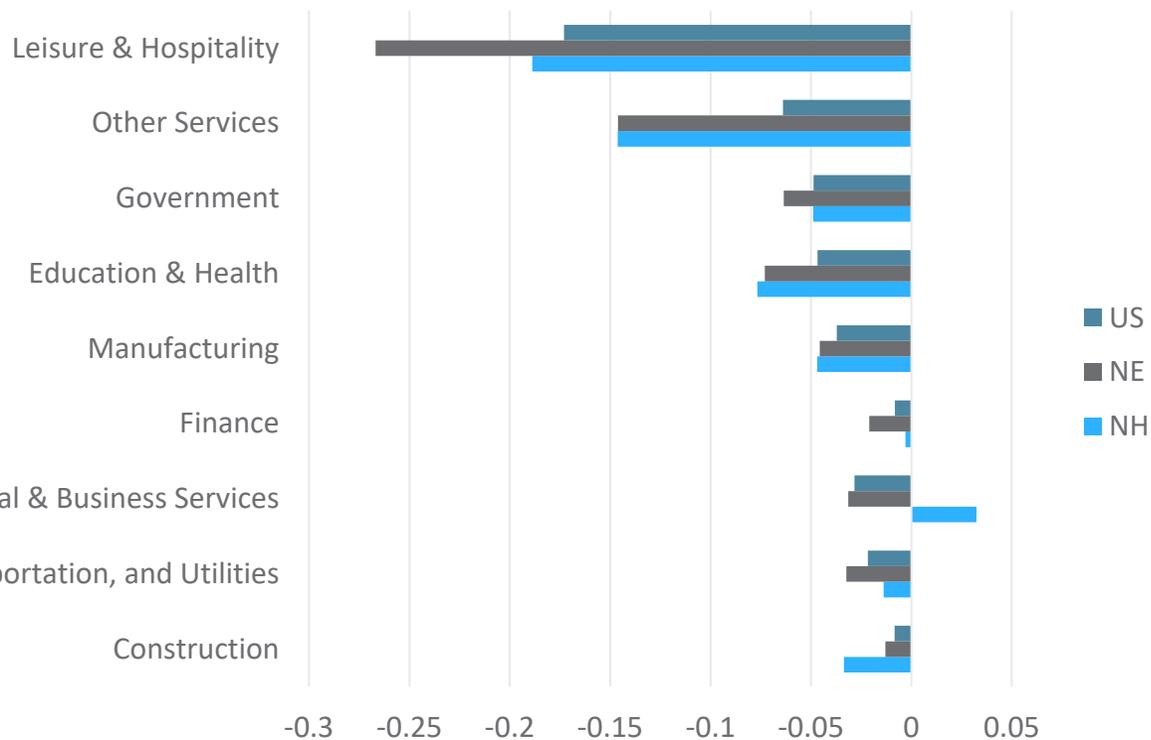
## March 2021 Employment by Sector – Indexed to Feb 2020

	New Hampshire	New England	United States
Leisure & Hospitality	0.81	0.73	0.83
Other Services	0.85	0.85	0.94
Construction	0.97	0.99	0.99
Trade, Transportation, and Utilities	0.99	0.97	0.98
Education & Health	0.92	0.93	0.95
Manufacturing	0.95	0.95	0.96
Professional & Business Services	1.03	0.97	0.97
Government	0.95	0.94	0.95
Information	0.94	0.92	0.92
Finance	1.00	0.98	0.99
Total	0.95	0.93	0.94

Source: Bureau of Labor Statistics and authors' calculations.

# Employment Declines by Sector February 2020 to March 2021 and Wages

Employment Declines since Feb 2020



Average Weekly Wage			
	NH	NE	US
Leisure and Hospitality	\$ 477	\$ 528	\$ 482
Other Services	\$ 803	\$ 834	\$ 836
Government	\$ 1,056	\$ 1,247	\$ 1,189
Educational and Health Services	\$ 1,234	\$ 1,181	\$ 1,056
Manufacturing	\$ 1,382	\$ 1,527	\$ 1,321
Financial Services	\$ 1,733	\$ 2,115	\$ 1,735
Professional and Business Services	\$ 1,530	\$ 1,885	\$ 1,520
Transportation, Warehousing, and Utilities	\$ 1,005	\$ 1,045	\$ 970
Construction	\$ 1,232	\$ 1,417	\$ 1,269

Source: Bureau of Labor Statistics and Quarterly Census of Employment and Wages

# Consumer Spending in Key Sectors, Select Months Relative to January Benchmark

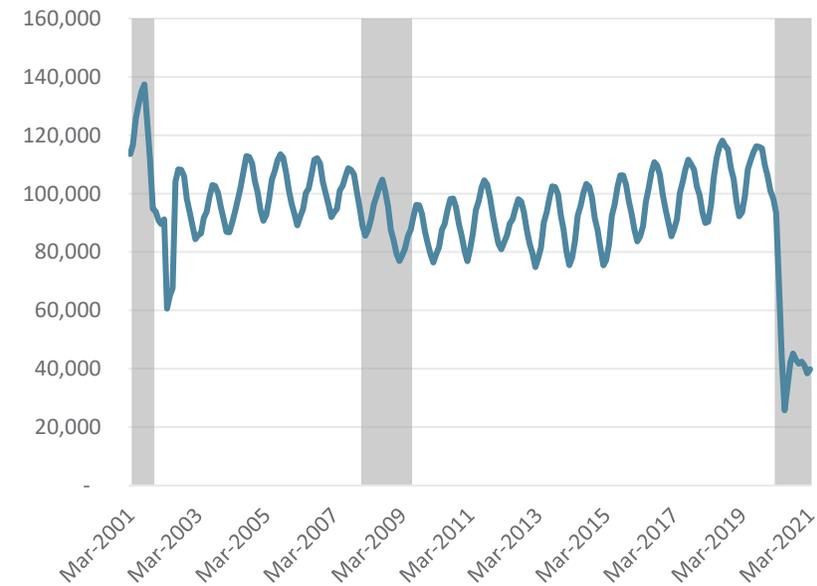
Panel A: All Spending Monthly Average							
	CT	ME	MA	NH	RI	VT	US
April (2020)	-0.33	-0.15	-0.30	-0.19	-0.37	-0.15	-0.26
July (2020)	-0.10	0.00	-0.06	0.00	-0.10	0.04	-0.08
April (2021)	0.08	0.20	0.18	0.19	0.07	0.24	0.10
Panel B: All Grocery Spending Monthly Average							
	CT	ME	MA	NH	RI	VT	US
April (2020)	0.21	0.10	0.17	0.14	0.04	0.06	0.13
July (2020)	0.19	0.01	0.10	0.07	-0.01	0.09	0.09
April (2021)	0.57	0.14	0.46	0.36	0.31	0.31	0.28
Panel C: All Food/Accommodation Spending Monthly Average							
	CT	ME	MA	NH	RI	VT	US
April (2020)	-0.72	-0.61	-0.65	-0.59	-0.74	-0.54	-0.62
July (2020)	-0.45	-0.24	-0.31	-0.22	-0.44	-0.27	-0.35
April (2021)	-0.21	-0.06	-0.12	0.02	-0.15	-0.08	-0.05

Source: Opportunity Insights, Track the Recovery Project, underlying data is from Affinity

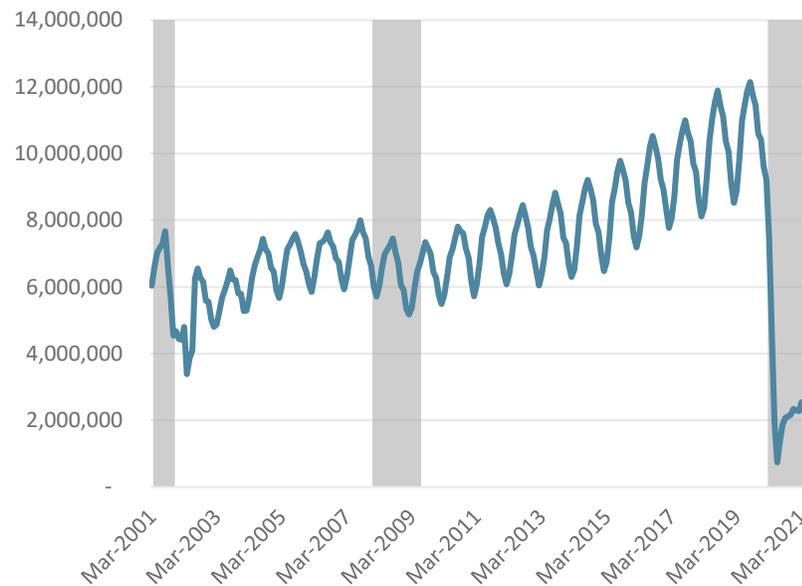
Note: Values relative to January 4-31 median benchmark.

# Boston Logan Airport Traffic

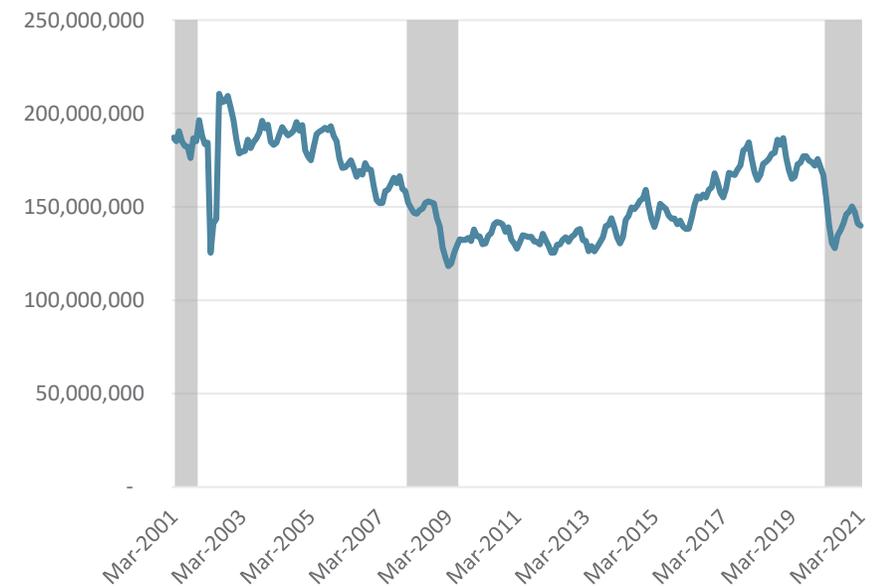
## Flights



## Passengers



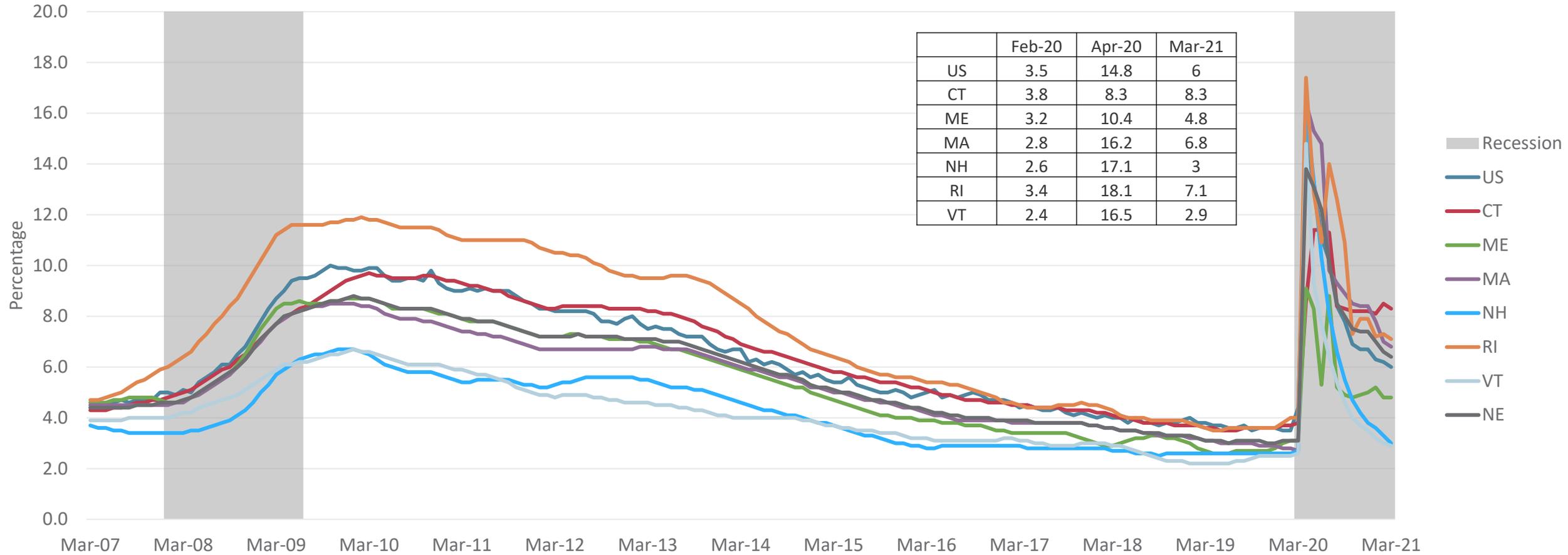
## Cargo and Mail



Rolling 3 Month Sums

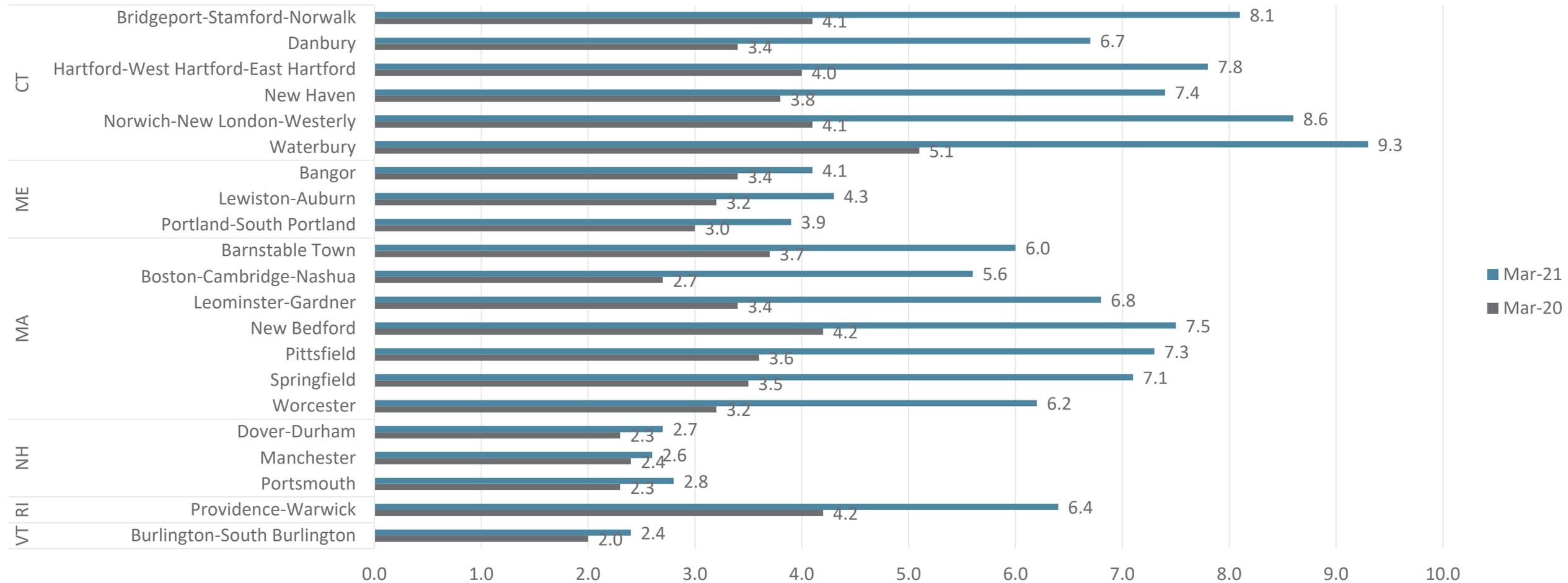
Source: MassPort

# Unemployment Rates



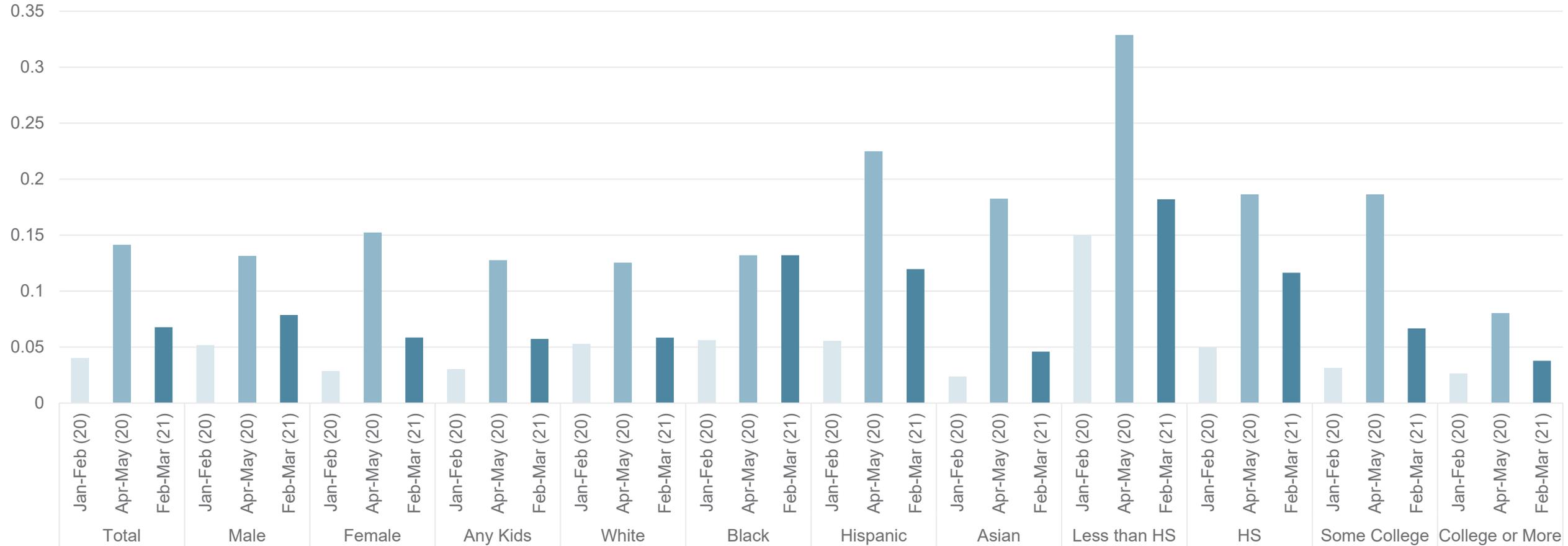
Source: Bureau of Labor Statistics, NBER, Haver Analytics

# Unemployment Rates in New England by Metropolitan Areas



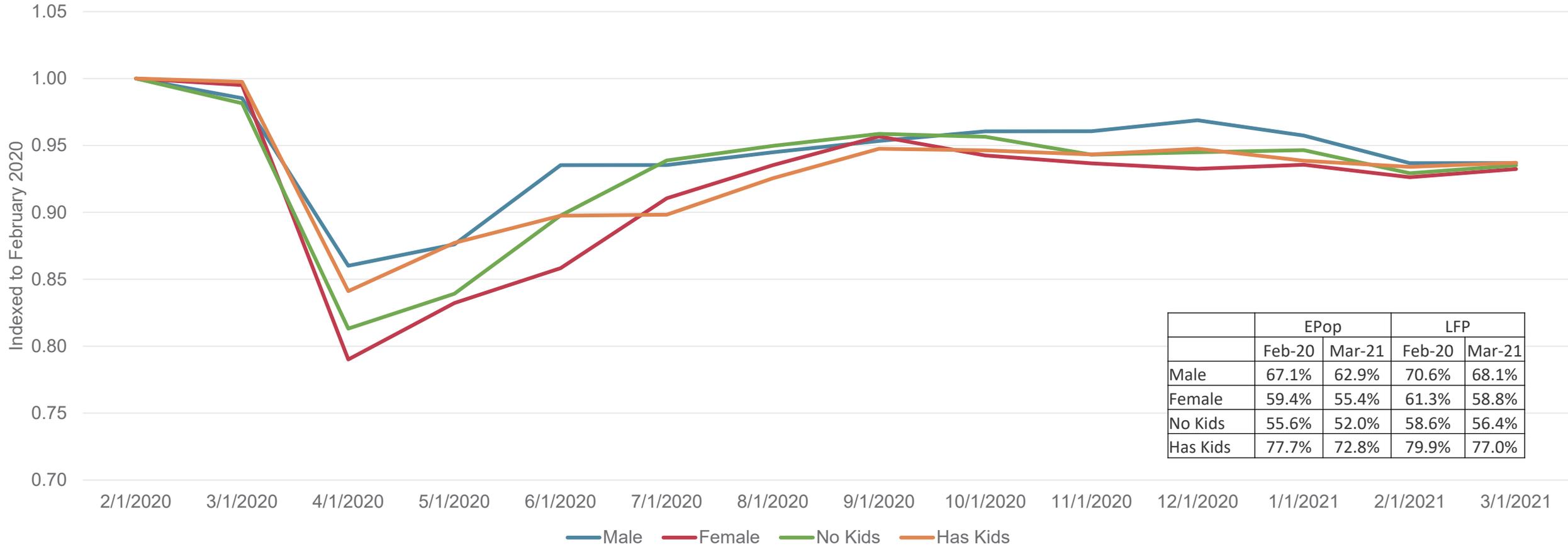
Source: Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Boston

# New England Unemployment Rates by Demographic Group



Source: Current Population Survey and Authors' Calculations

# New England Employment to Population Ratio by Gender and Presence of Kids

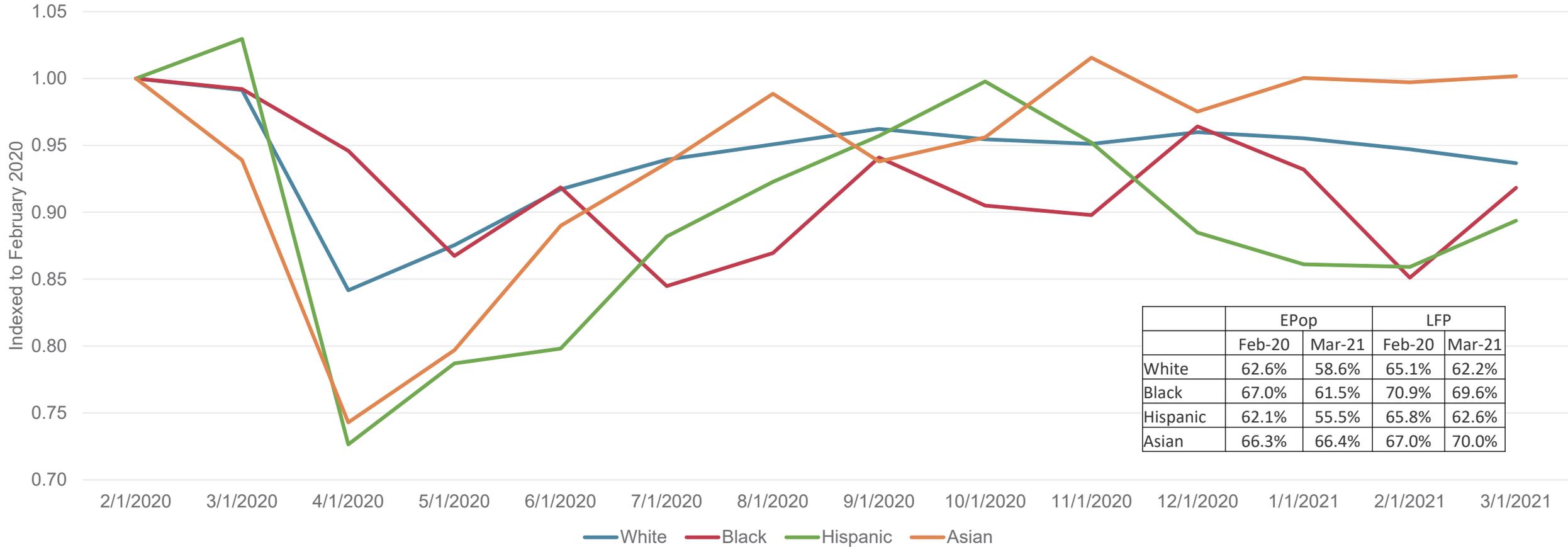


	EPop		LFP	
	Feb-20	Mar-21	Feb-20	Mar-21
Male	67.1%	62.9%	70.6%	68.1%
Female	59.4%	55.4%	61.3%	58.8%
No Kids	55.6%	52.0%	58.6%	56.4%
Has Kids	77.7%	72.8%	79.9%	77.0%

EPop refers to the employment to population ratio, LFP refers to Labor Force Participation

Source: CPS IPUMS

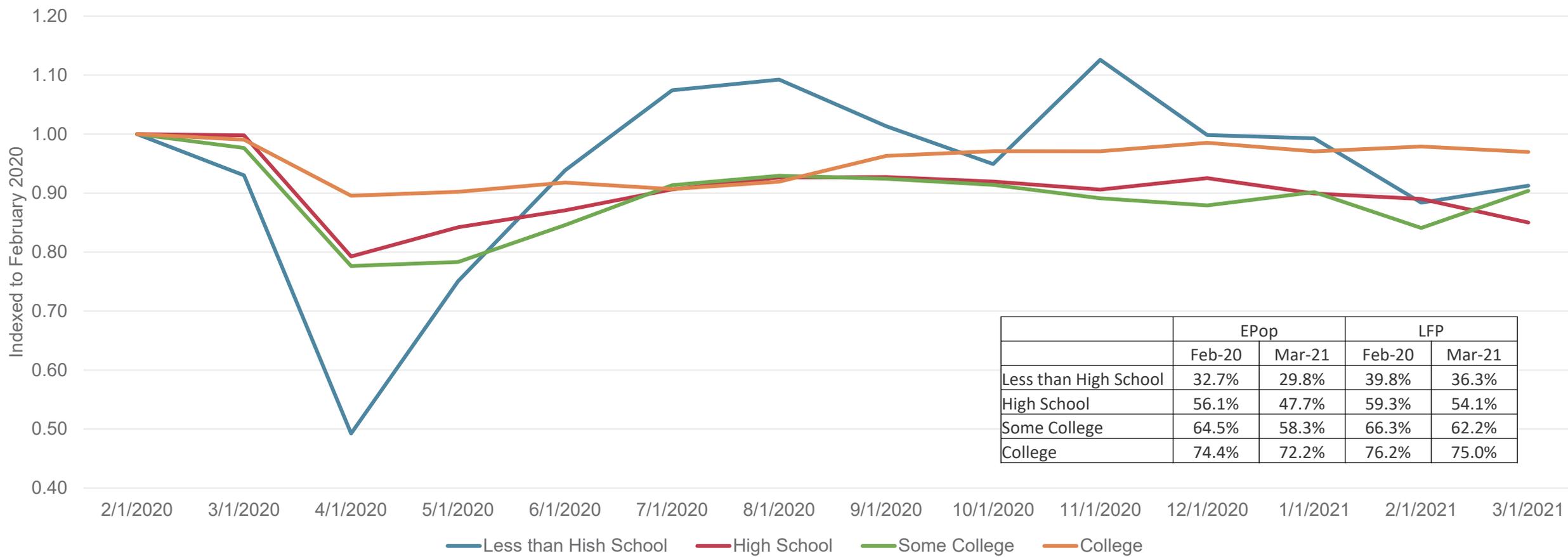
# New England Employment to Population Ratio by Race and Ethnicity



EPop refers to the employment to population ratio, LFP refers to Labor Force Participation

Source: CPS IPUMS

# New England Employment to Population Ratio by Educational Attainment

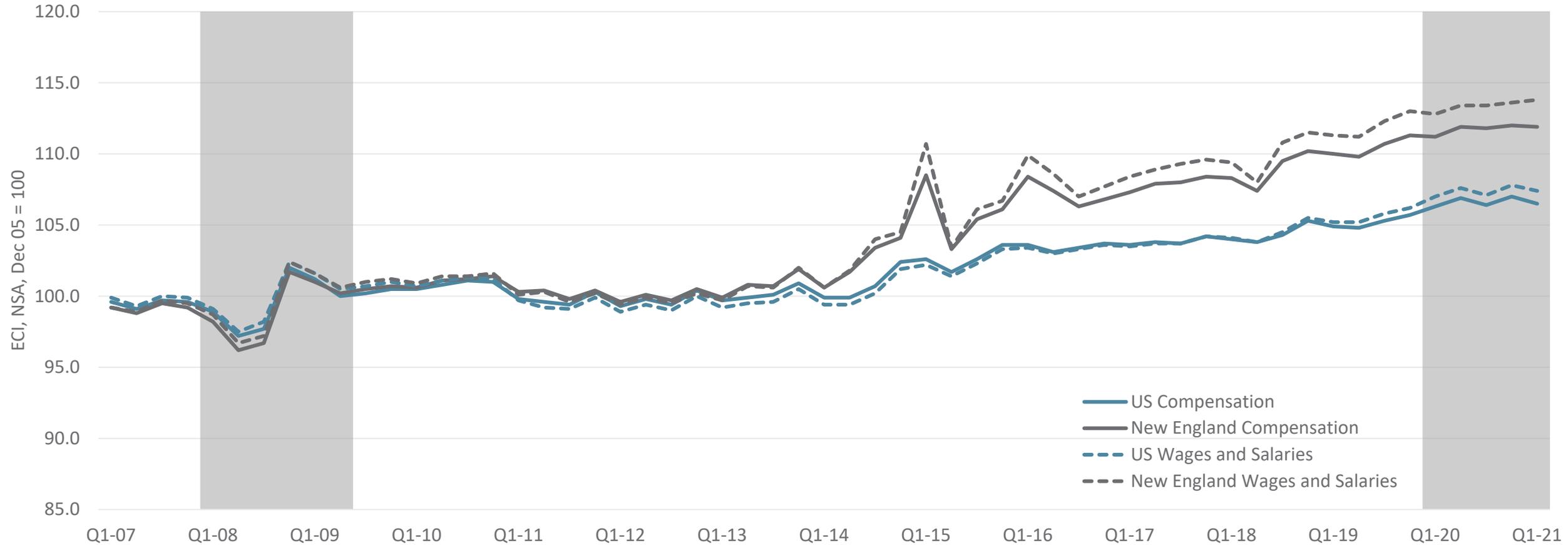


	EPop		LFP	
	Feb-20	Mar-21	Feb-20	Mar-21
Less than High School	32.7%	29.8%	39.8%	36.3%
High School	56.1%	47.7%	59.3%	54.1%
Some College	64.5%	58.3%	66.3%	62.2%
College	74.4%	72.2%	76.2%	75.0%

EPop refers to the employment to population ratio, LFP refers to Labor Force Participation

Source: CPS IPUMS

# Compensation: Private Industry Workers



Source: Bureau of Economic Analysis, Haver Analytics

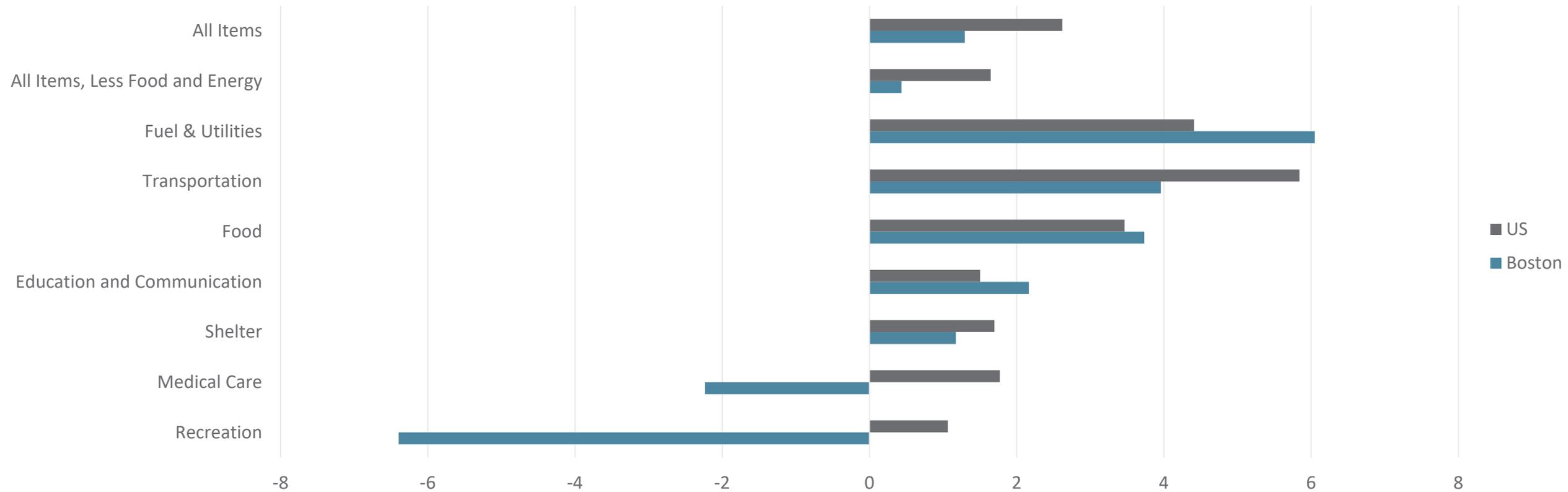
# Consumer Price Index



Source: Bureau of Labor Statistics, NBER, Haver Analytics

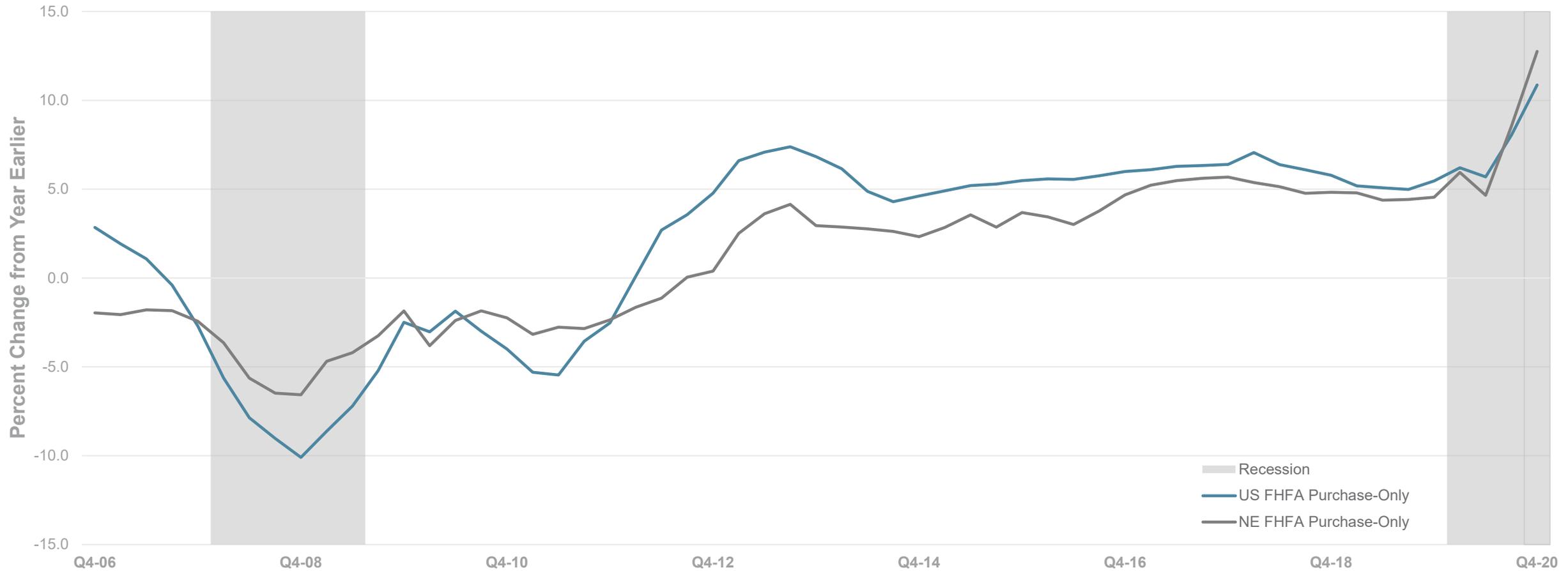
# Components of the Consumer Price Index

Percent Change, March 2020 - March 2021



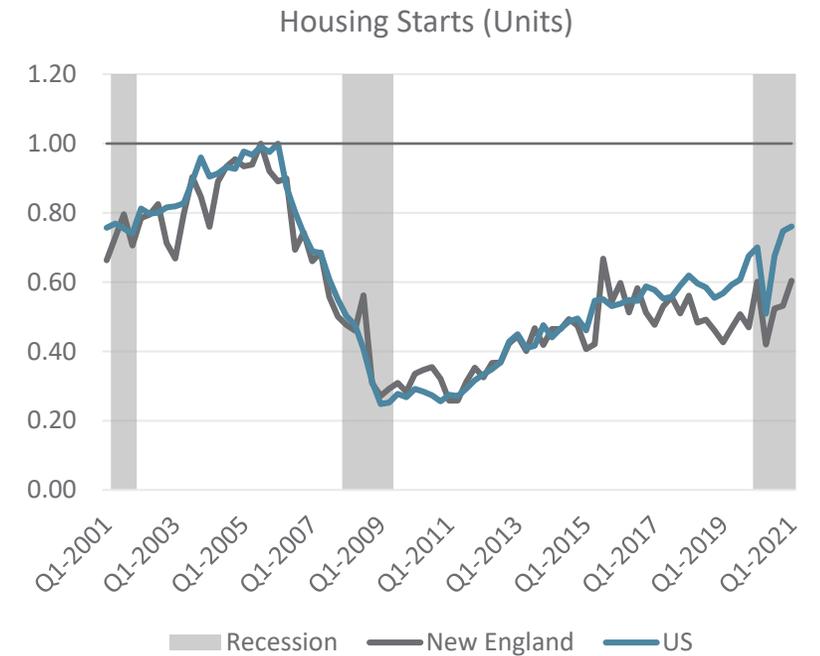
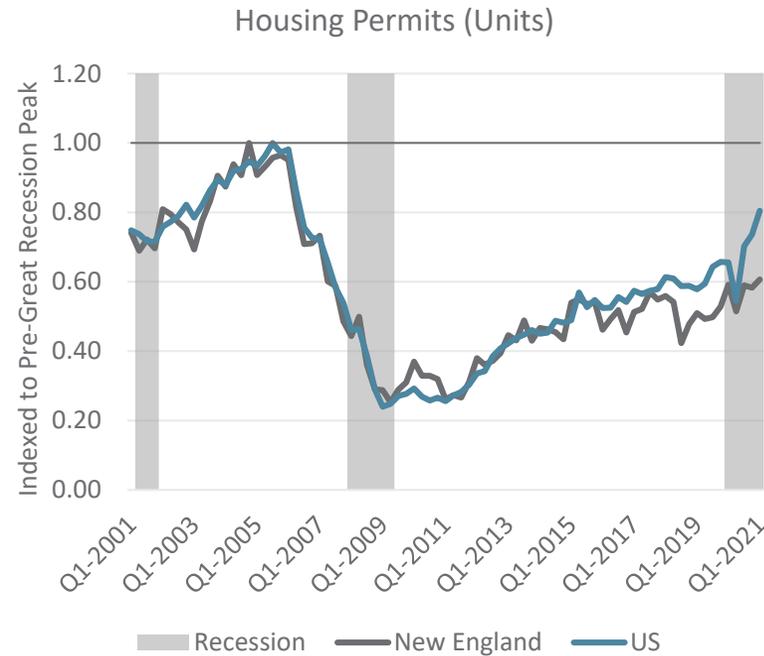
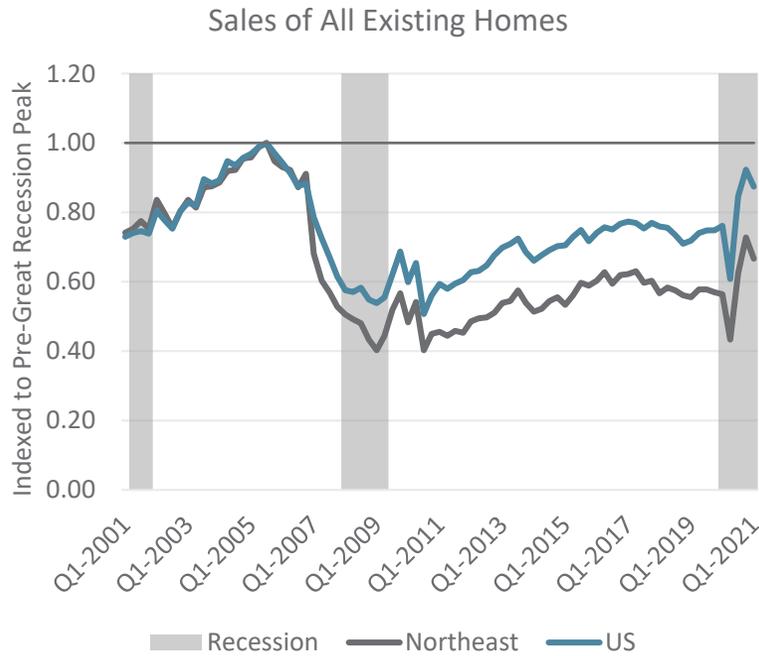
Source: Bureau of Labor Statistics, Haver Analytics

# Repeat-Sales Home Price Index



Source: FHFA, NBER, Haver Analytics

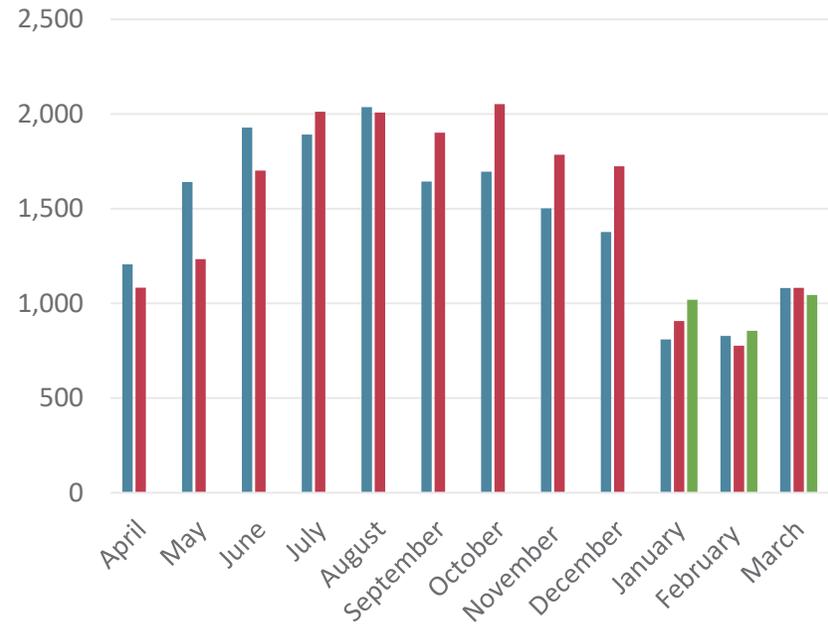
# Housing Sales, Permits, and Starts



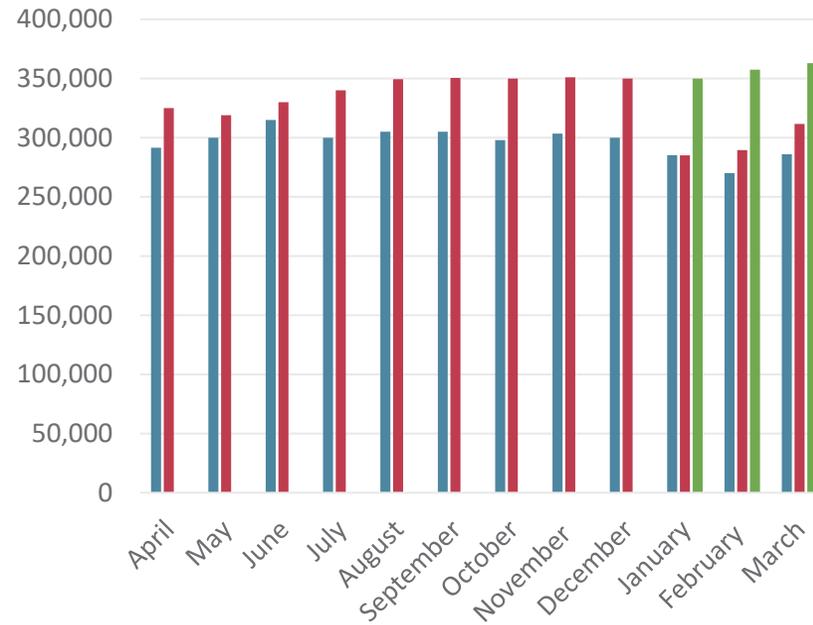
Source: Census Bureau, Bank of Tokyo-Mitsubishi UFJ, and Haver Analytics

# New Hampshire Single Family Housing Market

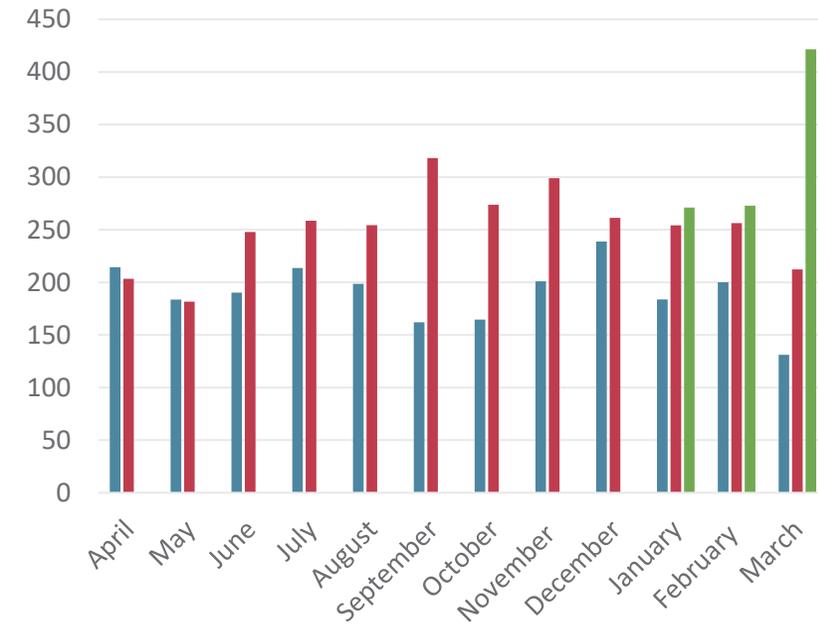
Closed Sales



Median Prices



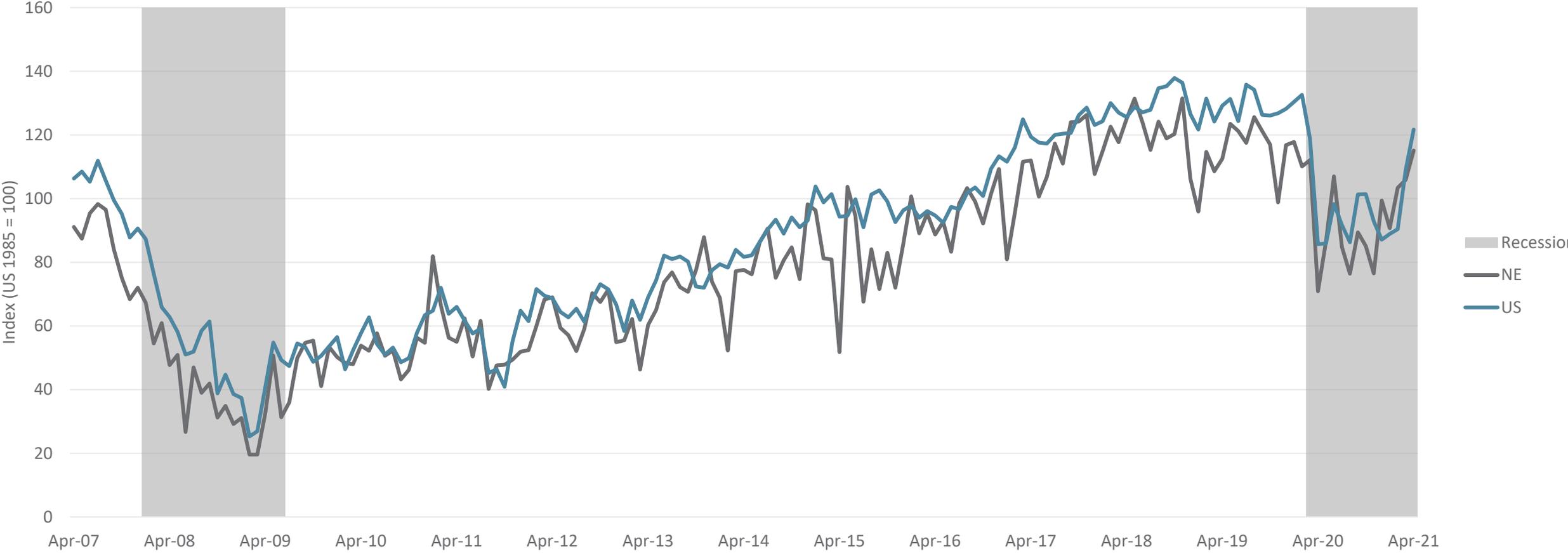
Permits



■ 2019 ■ 2020 ■ 2021

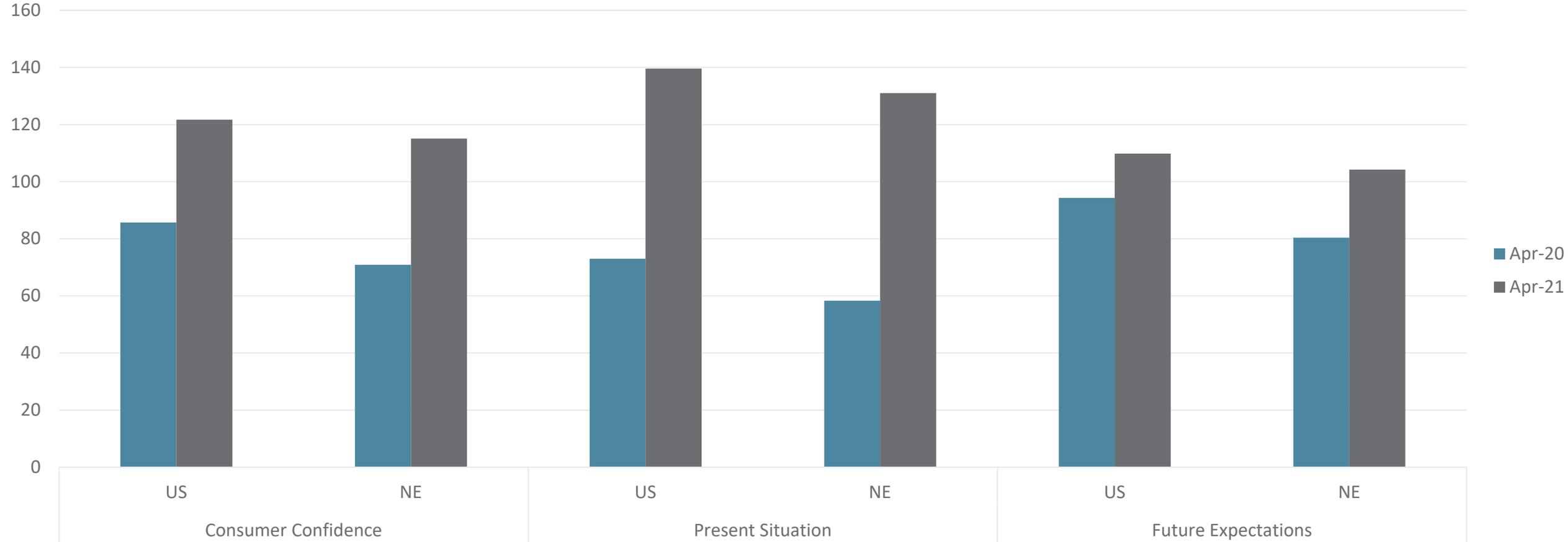
Source: New Hampshire Realtor's Association and Census Bureau

# Consumer Confidence



Source: The Conference Board, Haver Analytics

# Consumer Confidence



Source: The Conference Board, Haver Analytics

# Business Confidence

Assoc. Industries of MA



Cass Freight



ISM

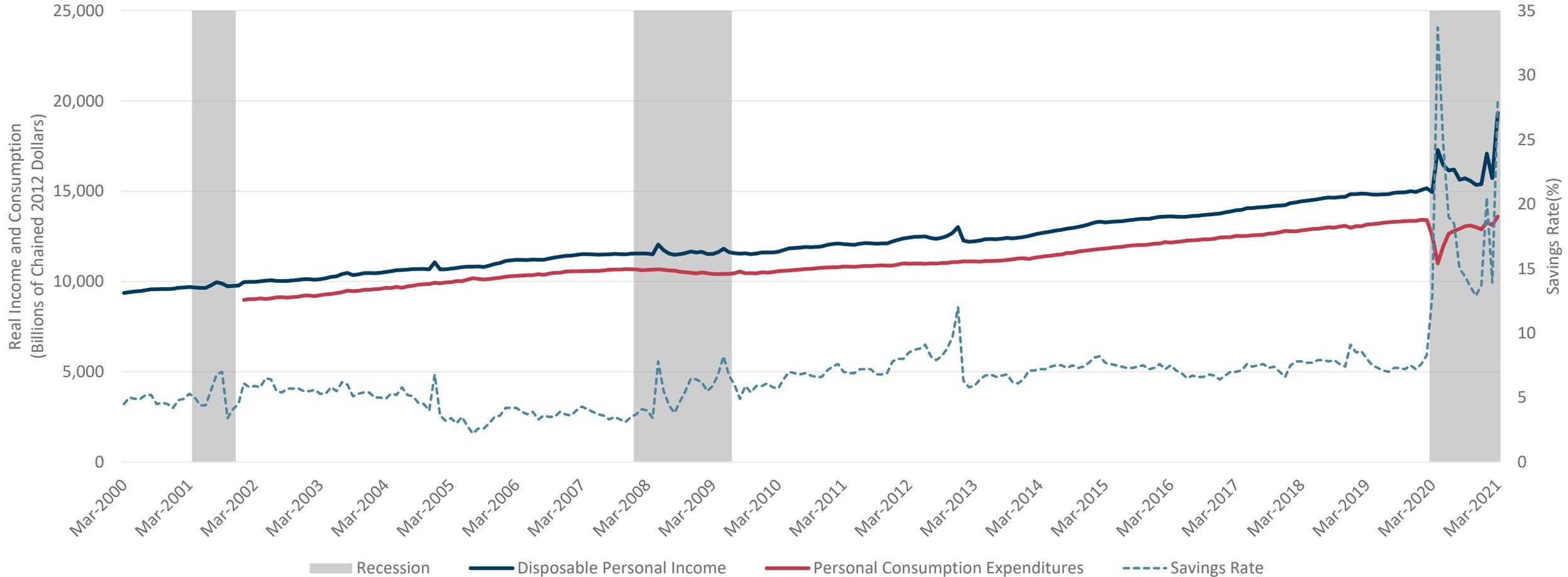


Source: Associated Industries of Massachusetts, Cass Freight and Institute for Supply Management

# Concluding Observations

- ▶ The pace of recovery is picking up, but economic activity remains well below levels seen prior to the onset of the COVID-19 pandemic.
- ▶ The continued path of the recovery depends in great part on two factors:
  - ▶ the ongoing success of public health efforts to distribute the vaccine, and
  - ▶ the effectiveness of policy actions taken to sustain households and businesses during a prolonged recovery and minimize long-term damage.

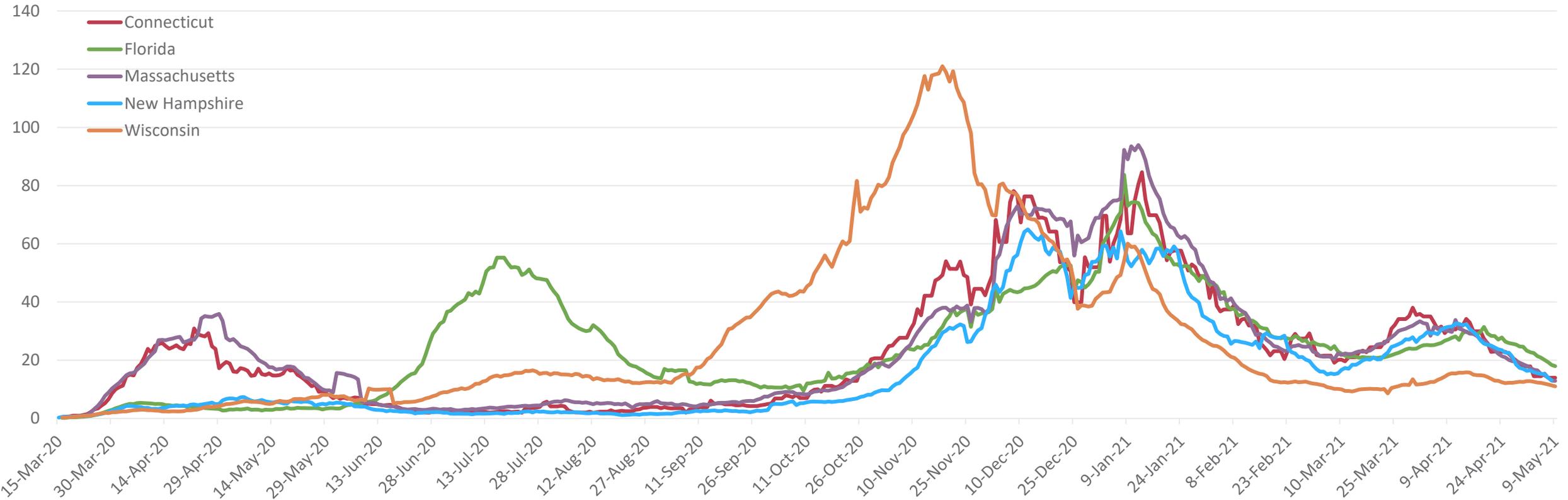
# Income, Consumption, and Savings



Source: BEA NIPA Table 2.1

# COVID-19 Cases per 100,000 Population

New Cases per 100,000

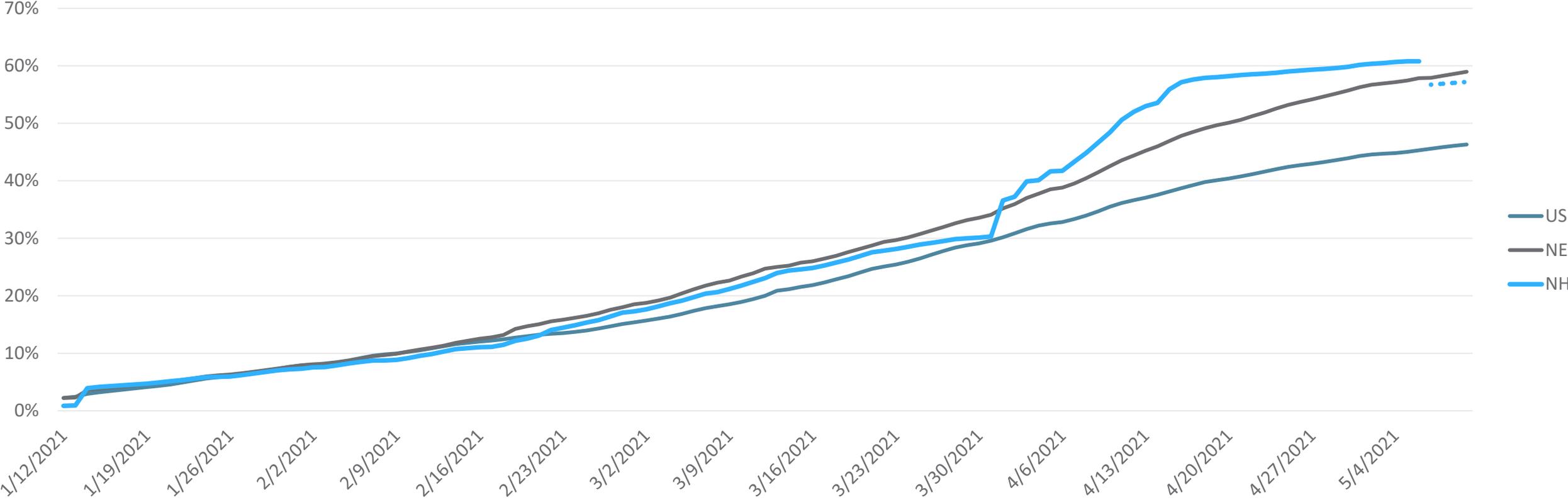


Note: New Cases are seven-day moving averages. Final day in figure is May 9<sup>th</sup>

Source: NYT COVID Repository

# Vaccine Distribution

Percent of Population with at Least 1 Vaccine Dose



Source: Our World in Data and Center for Disease Control

Note: Final Date in Series is May 9<sup>th</sup>

On May 7, 2021, the New Hampshire “total doses administered” value was lower than that reported on the two prior days (May 5 and 6, 2021). This downward correction is accurate and is due to New Hampshire and CDC collaboratively correcting data transmission errors

Thank you.

# Stock Market

Dow Jones US Total Market Index  
(avg 12/31/91 = 100)



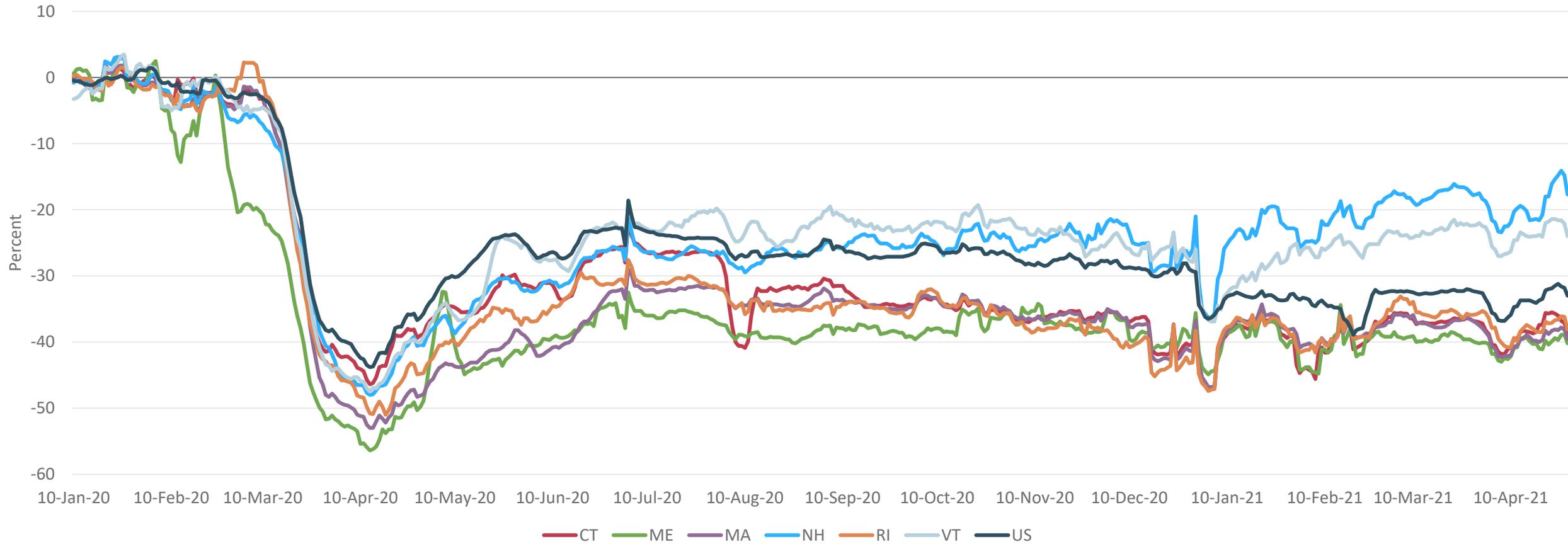
Source: Wall Street Journal and Haver Analytics

# Economic Forecasts for New England

	Employment Percent change in nonagricultural employment					GDP Percent change in real GDP				
	Actual		Forecast			Actual		Forecast		
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Connecticut	1.10	-6.73	-3.68	2.38	1.43	0.92	-4.09	6.80	5.44	1.89
Maine	-0.22	-5.53	0.95	1.94	0.93	2.60	-4.13	5.27	5.16	1.87
Massachusetts	1.30	-9.09	4.61	2.63	1.94	2.39	-3.79	6.47	5.78	2.31
New Hampshire	1.44	-5.61	4.87	1.56	0.65	1.41	-4.71	6.54	5.89	2.22
Rhode Island	0.57	-8.83	3.82	2.15	0.75	1.00	-4.53	7.81	5.84	2.14
Vermont	-0.72	-7.34	-1.74	0.96	0.39	0.81	-5.40	5.96	5.30	2.14
New England	1.00	-7.79	2.00	2.30	1.46	1.83	-4.05	6.54	5.65	2.16

Source: Actual Employment from BLS, forecast from Moody's April 2021 Baseline Forecast,  
Actual State GDP from BEA, forecast from Moody's April 2021 Baseline Forecast

# Small Businesses Open



Source: Opportunity Insights, Track the Recovery Project

Note: Data are benchmarked to January 4–31, 2020 and reflect percentage changes relative to the benchmark. Final date in series is April 28, 2021.