

Economic Outlook

New England and New Hampshire

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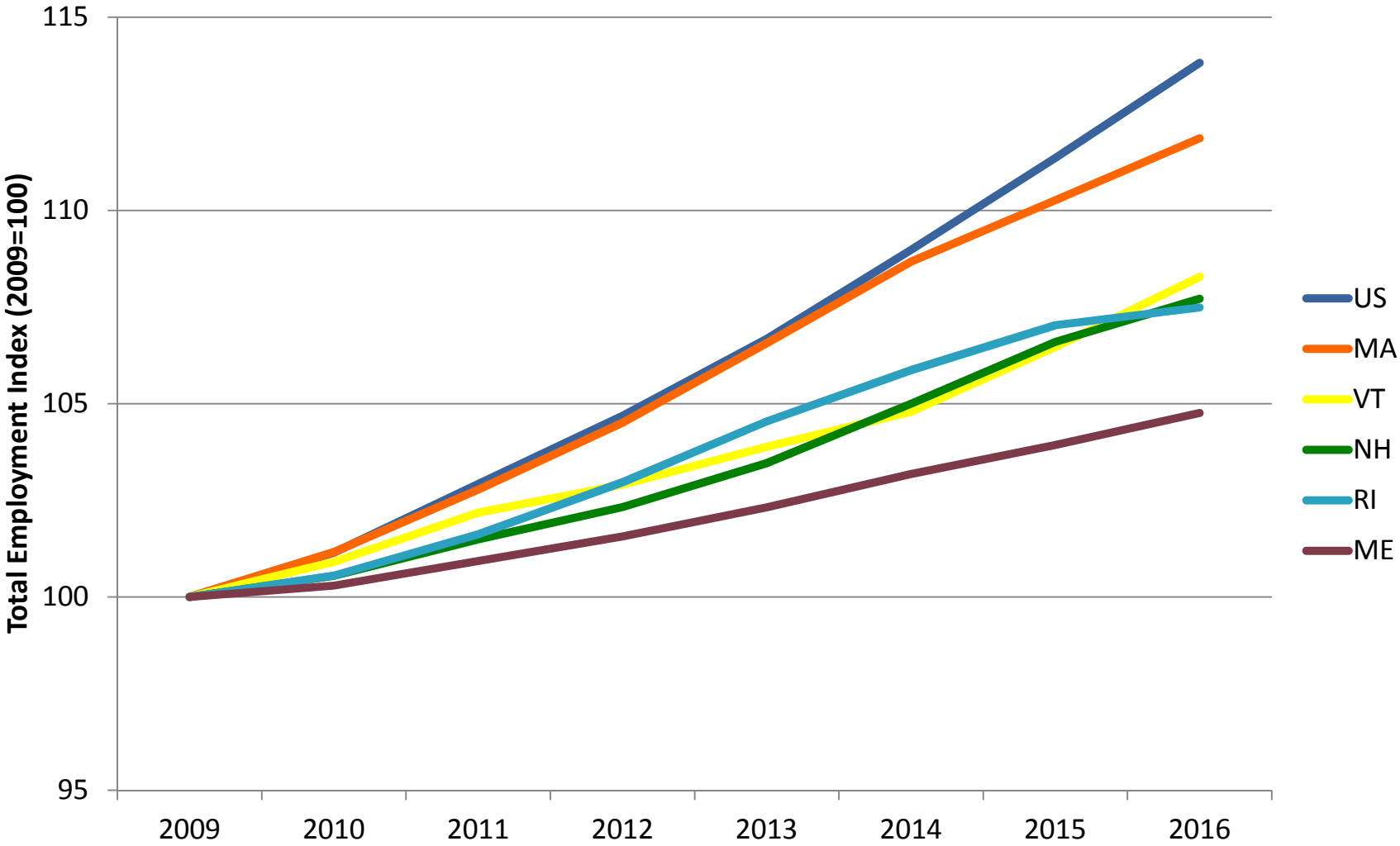


Recent US and NH Macro Performance (2016).

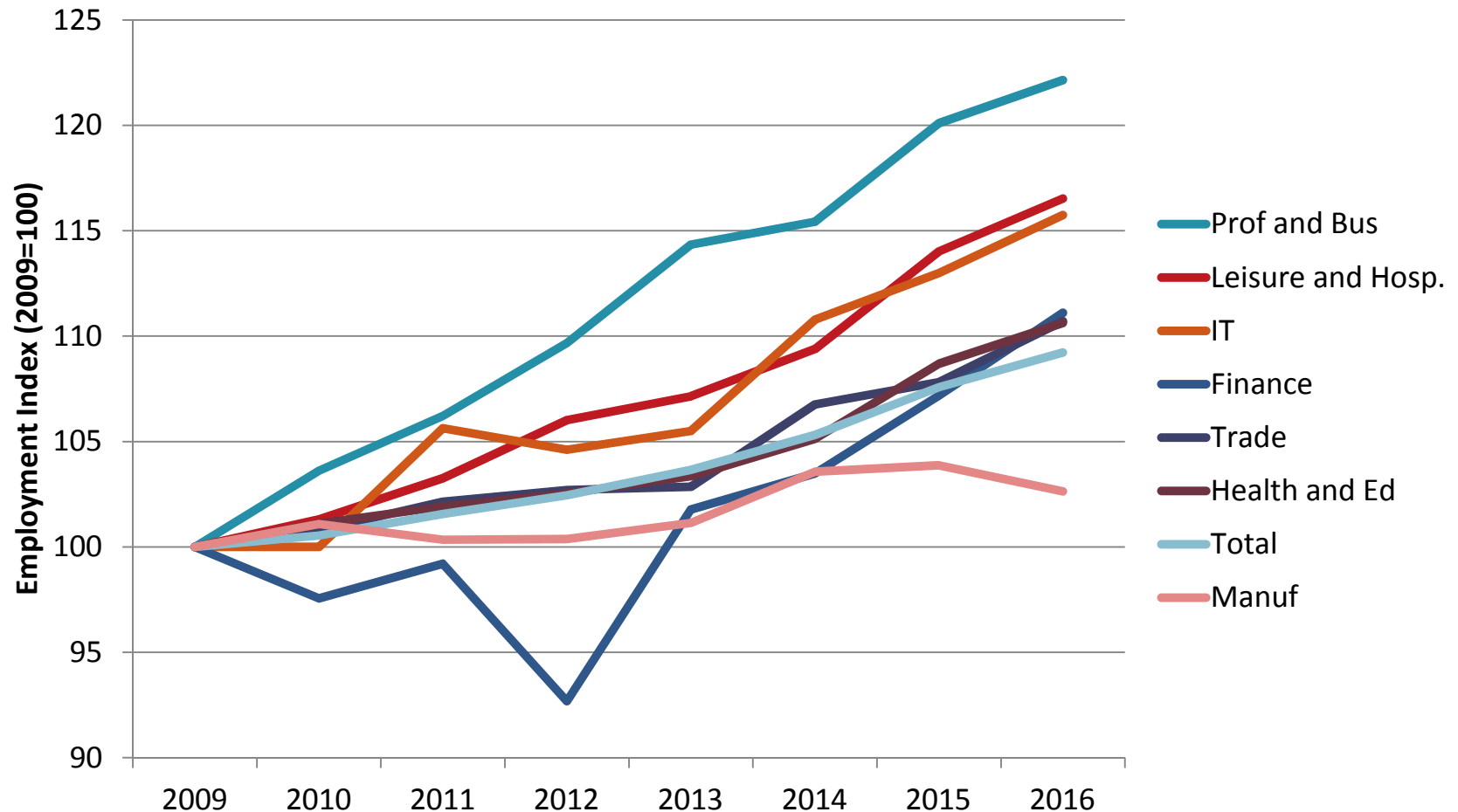
NH tracking US

- GDP annualized growth: US 1.6%, NH 1.5%
- Employment growth: US 1.7%, NH 1.5
 - US -- Fastest growth sectors: information, professional services, health & education and construction
 - NH – Fastest growth sectors: information, finance and construction
 - US -- Low growth: manufacturing and government
 - NH – Low growth: manufacturing and government

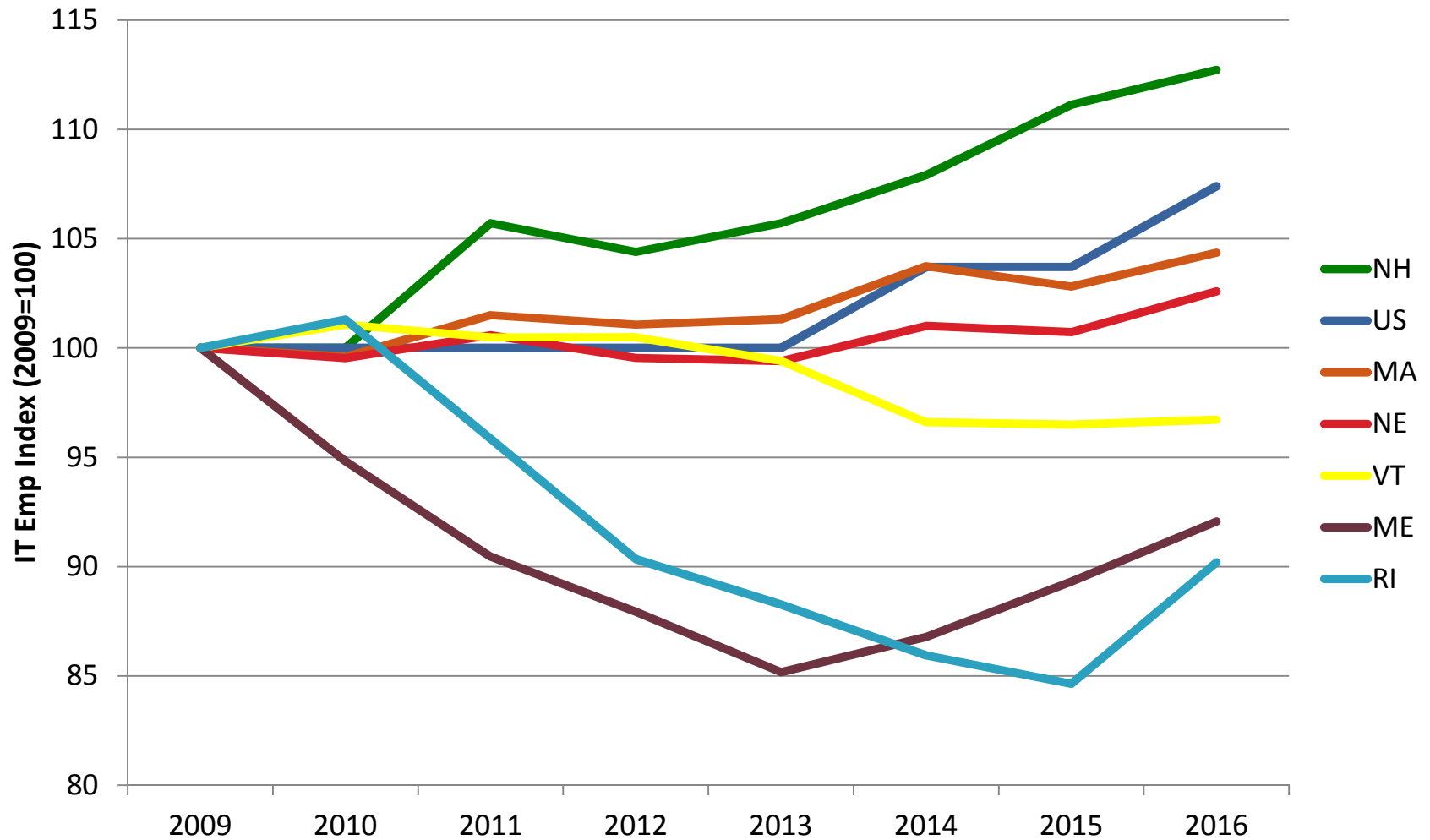
Total Employment Index (2009=100). NH employment recovery has lagged US and MA.. Now matching US but hard to sustain



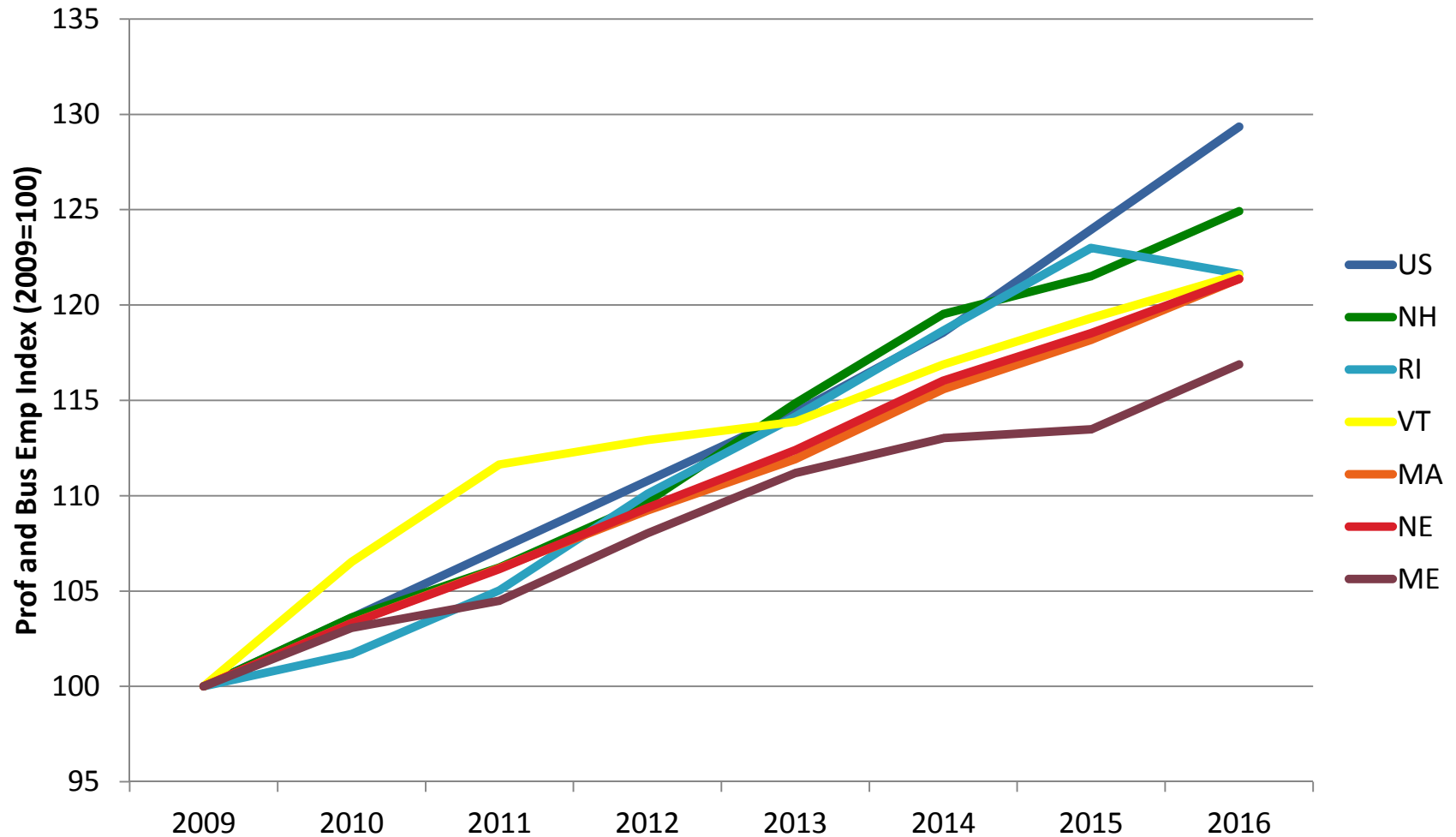
New Hampshire Employment Index (2009=100) by major industry sector. Professional and Business Services, Leisure & Hospitality, and IT lead NH growth post-recession



NH's IT Employment growth (Index, 2009=100). IT growth strong in NH compared to US and other NE states



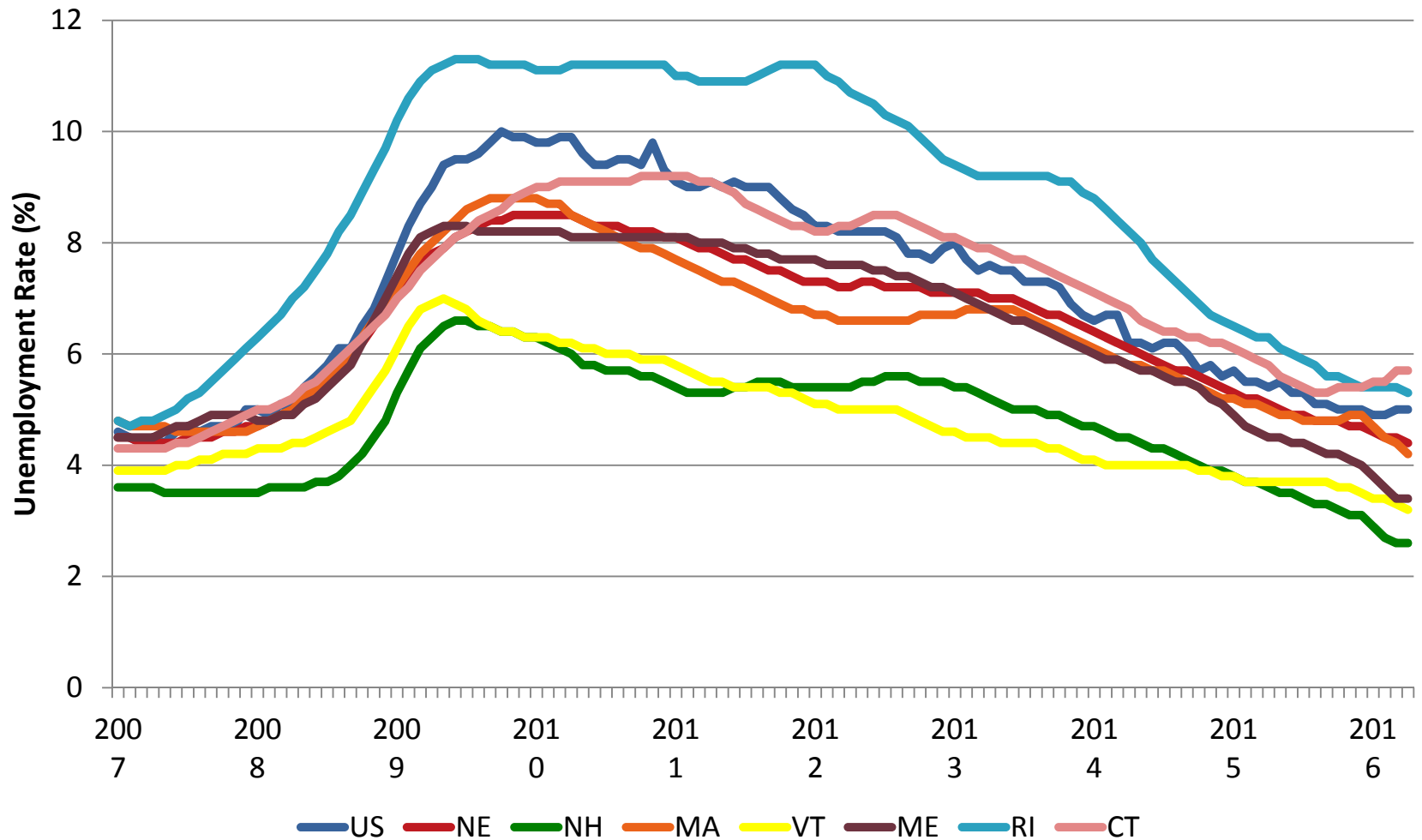
Professional & Business Employment growth in NH, similar to New England Region and close to US average (Index, 2009=100)



Unemployment rate low in NH: *Good news and not so good news*

- Labor shortages particularly in some skilled areas constraining NH economic growth

Unemployment Rates. NH lowest in region, lowest in US

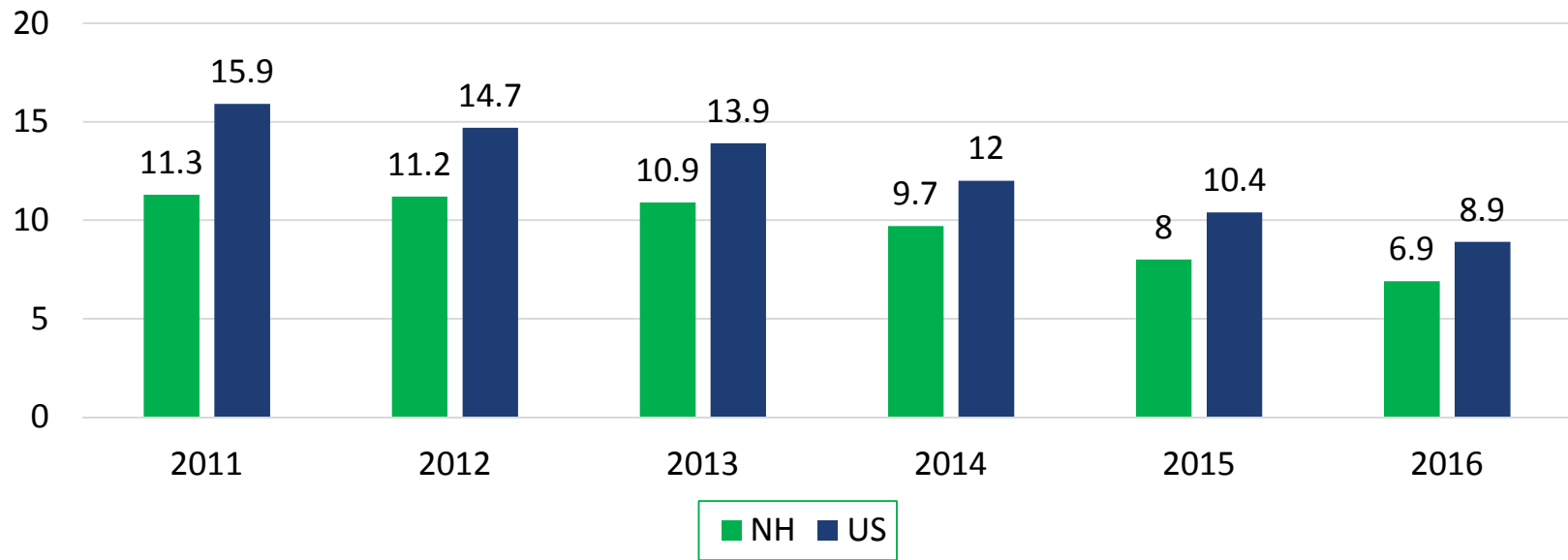


Unemployment Rates (Lowest 5 and US) November 2016

Top 5 States (and US) with lowest unemployment rate	Unemployment Rate
(1) New Hampshire	2.7%
(1) South Dakota	2.7%
(3) North Dakota	2.9%
(3) Massachusetts	2.9%
(5) Hawaii	3.0%
US	4.7

Part-time and marginally attached to labor force decline in NH ranking 4th lowest.. Only SD, ND and Nebraska lower, MA and Maine at 8.8%

U-6 Unemployment, includes PT for Econ Reasons



Job Postings 2015-16. Top industries, ranked ordered by total employment currently and then growth rate over last year - *source Burning Glass job postings*

<u>Industry Sector</u>	<u>Job Postings - 2016</u>	<u>Job Postings - 2015</u>	<u>Growth Rate</u>
Health Care and Social Assistance	24,110	18,378	31% *
Retail Trade	13,944	11,744	19%
Finance and Insurance	9,962	8,229	21%
Manufacturing	9,960	7,380	35% *
Professional, Scientific, and Technical Services	6,615	6,409	3%
Transportation and Warehousing	6,129	5,261	16%
Accommodation and Food Services	5,402	3,750	44% *
Administrative and Support and Waste Management and Remediation Services	4,245	3,263	30%
Educational Services	4,195	3,915	7%
Information	2,759	2,522	9%
Real Estate and Rental and Leasing	1,312	1,028	28%
Construction	1,217	791	54% *
Wholesale Trade	1,214	1,128	8%

Top Job Categories of Postings of Jobs in NH 2016

<u>Industry</u>	<u>Job Category</u>	<u>Postings, per category within industry</u>
Health Care and Social Assistance	Registered Nurses	7,209
Retail Trade	Retail Salespersons	4,055
Transportation and Warehousing	Heavy and Tractor-Trailer Truck Drivers	4,029
Retail Trade	First-Line Supervisors of Retail Sales Workers	1,924
Health Care and Social Assistance	Physical Therapists	1,125
Health Care and Social Assistance	Speech-Language Pathologists	1,095
Administrative and Support and Waste Management and Remediation Services	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	1,065
Health Care and Social Assistance	Licensed Practical and Licensed Vocational Nurses	1,040
Health Care and Social Assistance	Nursing Assistants	900
Administrative and Support and Waste Management and Remediation Services	Customer Service Representatives	873

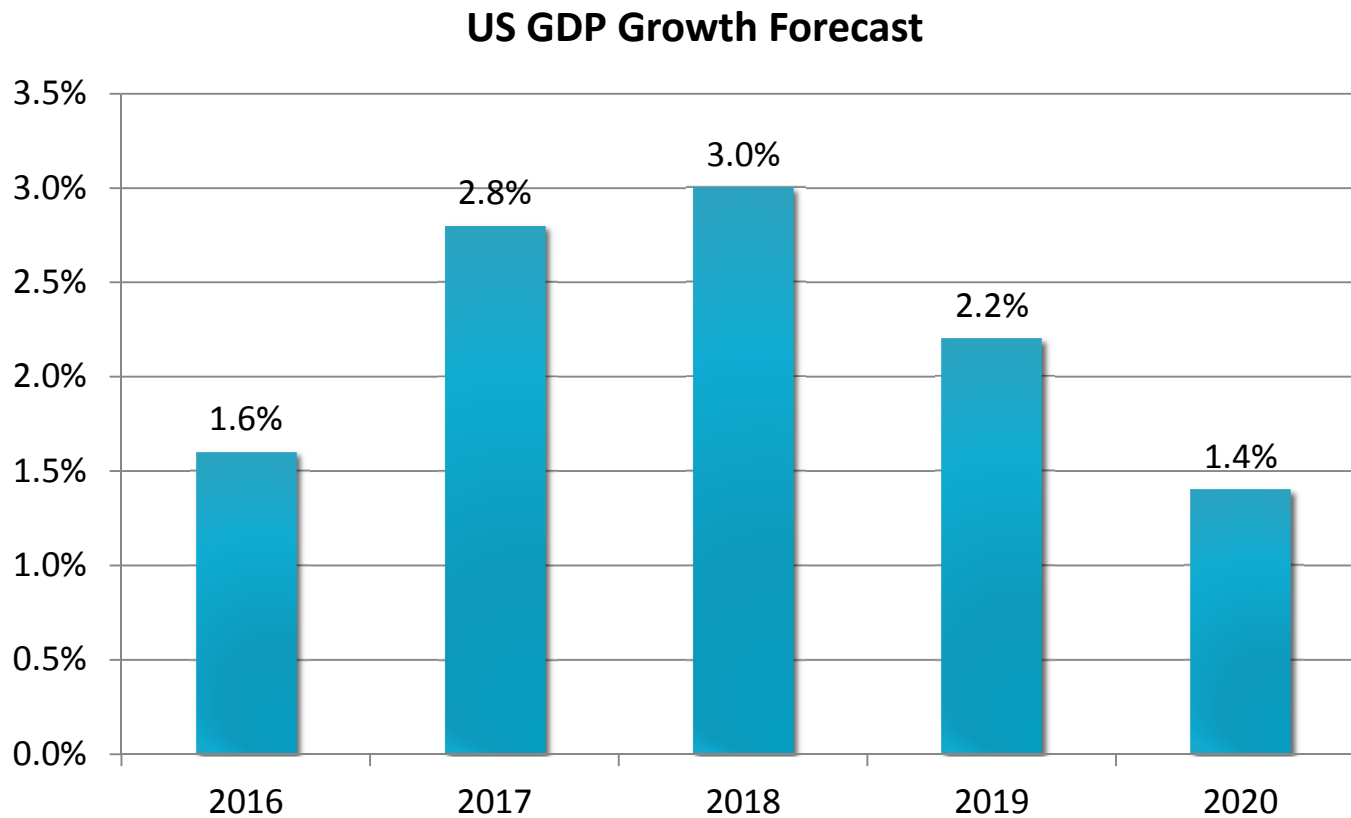
Who is hiring in New Hampshire?

<u>Industry</u>	<u>Company</u>	<u>Postings, per company within industry</u>
Health Care and Social Assistance	Genesis Healthcare Corporation	1,717
Finance and Insurance	Berkshire Hathaway	1,510
Retail Trade	Lowe's Companies	1,047
Health Care and Social Assistance	Dartmouth-Hitchcock Medical Center	984
Finance and Insurance	Liberty Mutual	848
Retail Trade	Sears	827
Retail Trade	Macy's	789
Retail Trade	The Home Depot Incorporated	734
Educational Services	Dartmouth College	714
Health Care and Social Assistance	Hospital Corporation of America	691
Finance and Insurance	Anthem Blue Cross	662
Accommodation and Food Services	Compass Group	631
Information	Oracle	626
Professional, Scientific, and Technical Services	Advantage Sales & Marketing	534
Accommodation and Food Services	McDonald's	522
Finance and Insurance	Fidelity Brokerage Services	495
Health Care and Social Assistance	Saint Joseph Hospital	453
Accommodation and Food Services	Omni Hotel Corporation	428
Transportation and Warehousing	CRST International	418
Finance and Insurance	TD Bank	377

New England and NH Economic Outlook

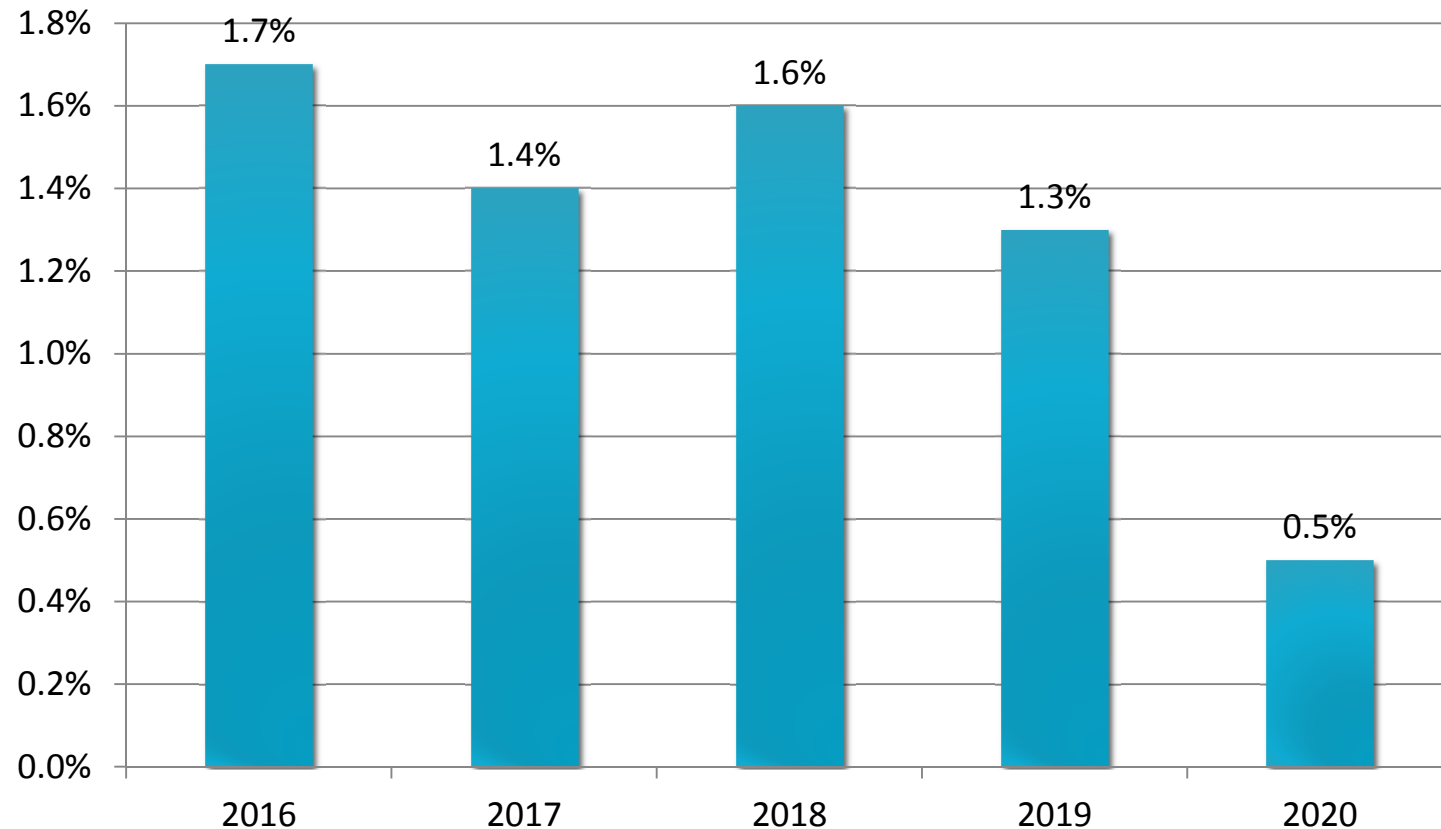
- Improved economic and employment conditions across the region
- Variance in state performance
 - NH and MA strongest economies in region, 1st and 3rd lowest unemployment rates in US
 - Maine and Vermont challenged by demographics and rural area decline (both these factors in NH, but counteracted by strong southeastern NH economy tied to Boston/Cambridge economic vitality)
 - RI and CT lag region in economic vitality
 - RI showing some signs of “recovery” with tech industry growth.. But still with high unemployment (39th lowest)
- Labor force constrains growth across the region, keeps overall growth and employment growth below US and below potential especially in NH and Massachusetts

US GDP growth forecast, Moody's Analytics, Dec 2016. Improving economy to 2018 and then decline



US Employment growth forecast, Moody's Analytics, Dec 2016

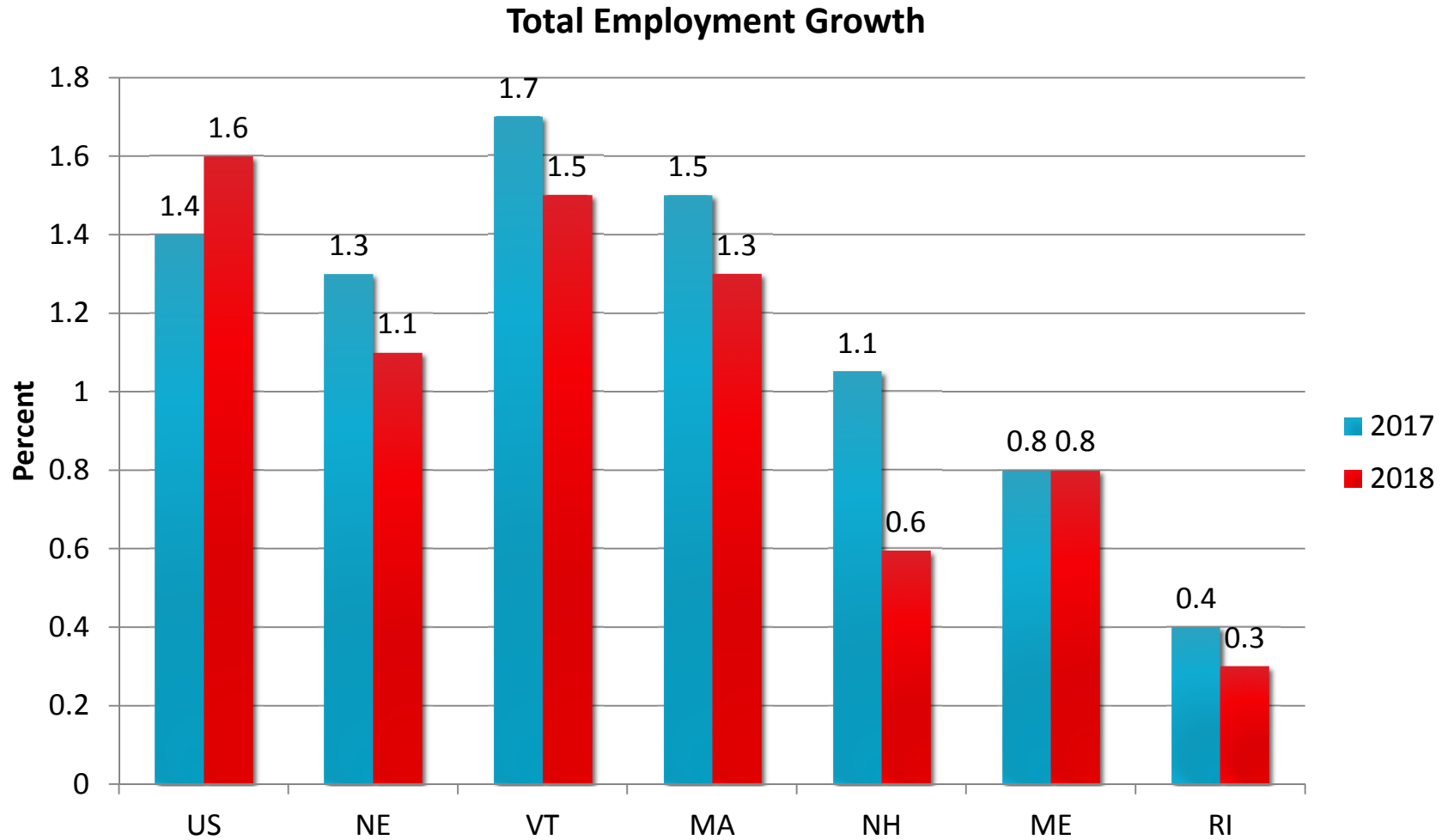
US Employment Growth Forecast



Regional Average Annual Employment Growth (2016-2020), Moody's Analytics. NH in slowest growth region of US

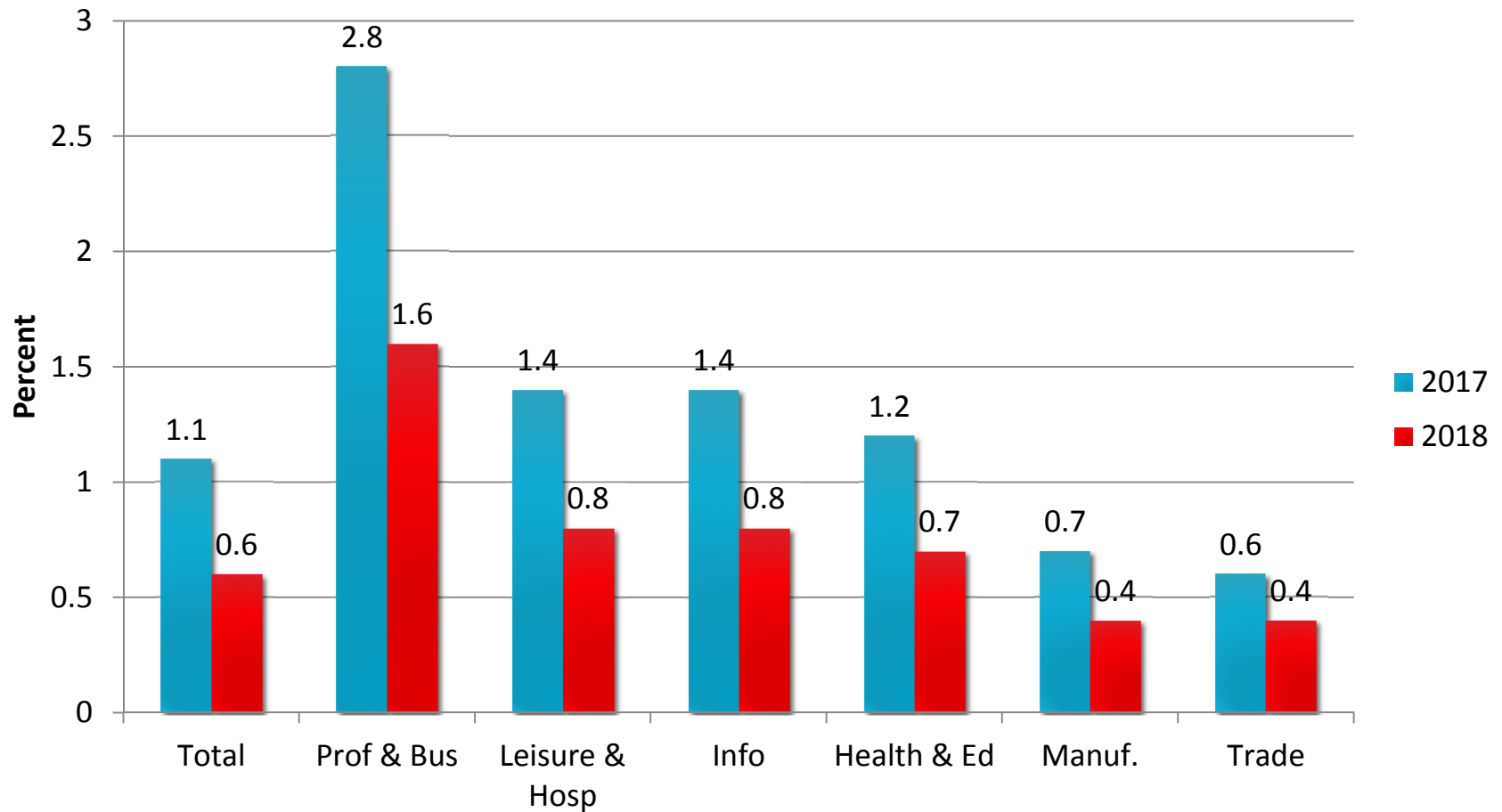
Regional Employment Growth Forecast					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Northeast	1.3%	1.1%	1.0%	1.0%	0.7%
Midwest	1.2%	1.2%	1.2%	1.2%	0.8%
South	1.9%	1.7%	1.6%	1.6%	1.2%
West	2.5%	1.8%	1.7%	1.7%	1.2%

Total Employment Growth Forecasts 2017 and 2018. NH growth constrained by labor shortages and skills gaps



NH employment growth 2017 & 2018: Major sectors of the economy. Prof & Business services lead growth

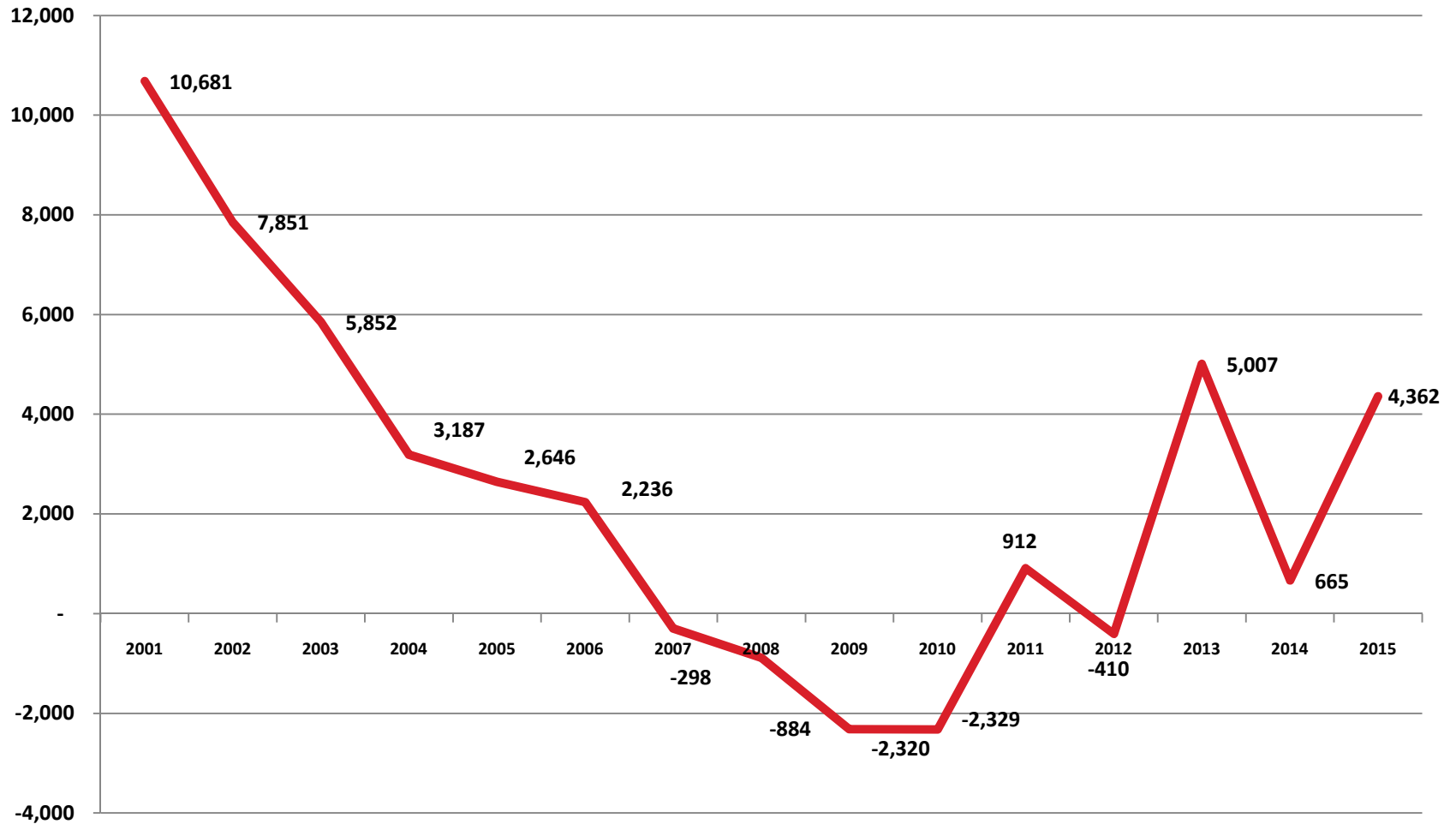
NH Employment Annual Growth



Looking Forward: Factors influencing outlook

- Future prospects for in-migration
- Efforts to fill skills gap and overcome labor shortages
- The impact changes in US Federal programs and policy will have on New England region

NH Net Migration, Sharpe decline at turn of the century and just recently some turnaround.. But will it be sustained??



While NH enjoys low unemployment, there is still a significant skills gap leading to jobs going unfilled at NH businesses. Addressing this gap in partnership with employers via CCSNH pathways effort is priority. Some examples, including ***Up-Skilling current employees***



Customized program in **aviation technology**, with some semesters on-site at the company, some at NCC



Accelerated **Medical Assistant** program at GBCC, where students receive tuition assistance and pay while attending college in bootcamp six-week full-time program.



Internships at LRCC as part of college **culinary programs** in partnership with the Common Man family of restaurants



Training incumbent employees so company can incorporate new more productive equipment at its NH facility and “upskill” its workforce with LRCC’s **advanced manufacturing** curriculum.



Co-op programs in **automotive technology**. Scholarships for students, curriculum infused by industry representatives and job placements for graduates

Prospective Changes in Federal Policy and Impact on New England Economy, *NEEP*

- Positive +’s

- Reduction in top tax bracket, in high per capital income region
- Reduction in corp tax rate, and increased business spending
- Increased Federal Spending on defense and infrastructure

- Negative –’s

- Restrictions on trade, can harm exporters in export intensive region
- Federal grant dependent research & development
- Reduction in Medicaid Fed \$’s
 - Strongest negative impact on rural hospitals with high dependence on Medicaid \$’s