

New Hampshire

Economic Conditions



August 2007

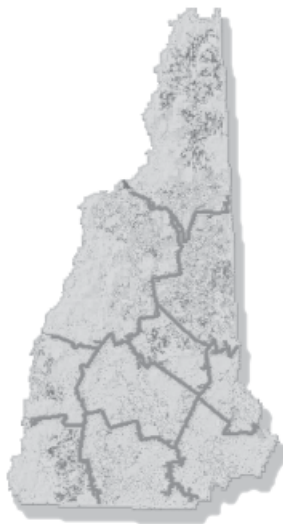
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Venture Capital in New Hampshire

Money raised in first quarter of 2007 nearly matches all of 2006

New Hampshire firms received \$71 million dollars in venture capital funding in the first quarter of 2007, nearly equaling the amount received during the all of 2006 when \$76 million went to companies located in the state.

In eight separate transactions, investors pumped money into a diverse range of industries; Industrial and Energy (\$27 million), Telecommunications (\$18 million), Medical equipment (\$18 million), and Software (\$8 million) sectors received most of the funding.

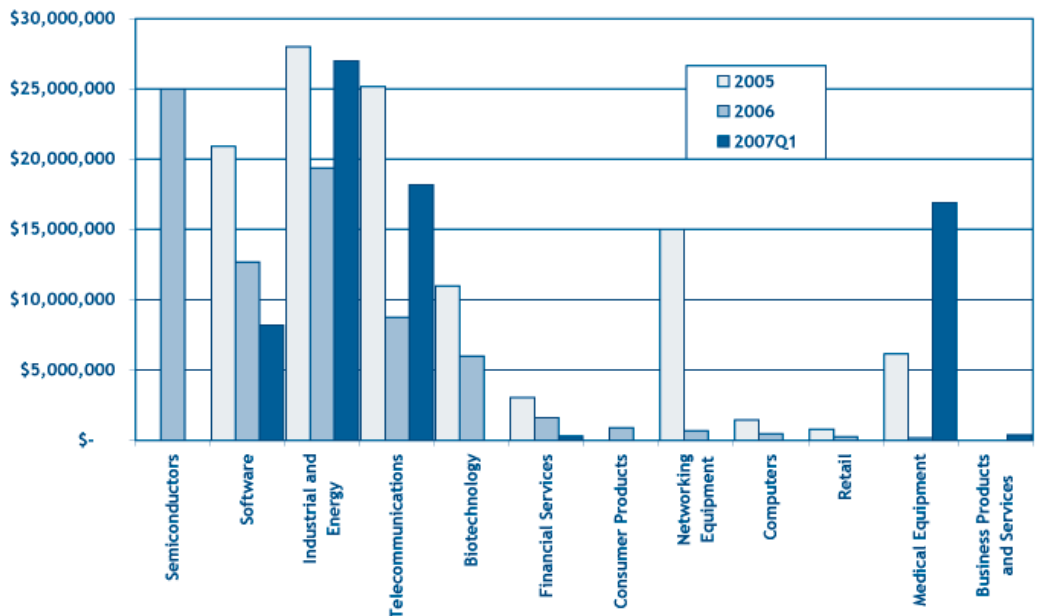
While it is too early to call it a trend, it is, nonetheless, a positive devel-

opment given the relatively low levels of venture capital receipts during the last few years. Venture capital dollars invested in the state peaked in 2000 at nearly \$750 million. A year later, the national economy went into a downturn, and investors pulled back for a few years. Total investments dropped to \$225 million in 2001 and continued to decline, reaching a nine-year low in 2006.

High-tech industries were among the industries hardest hit. At the 2000 peak, Networking equipment alone accounted for \$225 million in venture capital funding.

It is encouraging to see that the leading venture capital recipients in 2006 were

Venture capital dollars received by Industries can vary significantly from year to year



companies in the Semiconductor and Software industries. More than \$25 million went to Semiconductors and nearly \$13 million to Software, suggesting that the slowdown in those industries may be turning around.

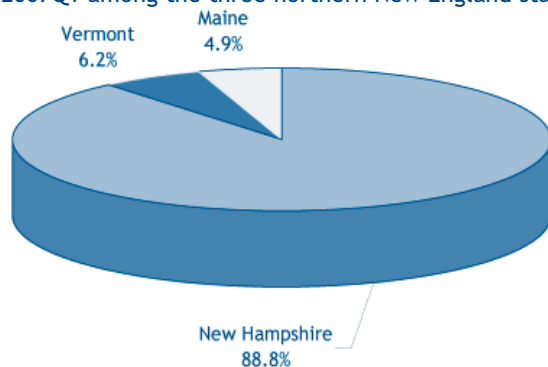
Growing companies need money. An entrepreneur with a great idea or a new product may need to raise cash to expand the business and get the product to market. One of the ways to get cash is to borrow it, but lenders may not be willing to fund projects where there is a high risk of default on a loan.

Venture capital firms are willing to assume the risk in return for the possibility of a large payoff. Venture capital is equity funding provided to fast-growing companies by professional investors who hope to get a good return on investment. In other words, the investors get a piece of the company. Funding can be by a direct cash investment or a private placement of securities.

Venture capital investors are often involved in the management of the company, especially in the start-up phase. Investors can have a seat on the board of directors, lending their expertise to major management decisions. The ultimate goal of the venture capitalist is to take a profit in the long term, either through a merger, acquisition, or an initial public offering (IPO) where the public can buy stock in the company.

So far, 2007 shows some encouraging signs, but it is difficult to predict when and how much venture capital will be invested and what industry sectors will take in the most funds. The first quarter 2007 report is promising, but there is no guarantee that receipts in the future will follow the same trend.

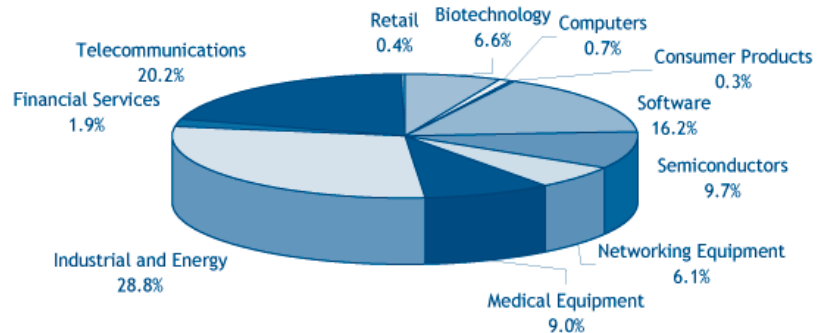
New Hampshire had the largest share of venture capital received in 2006-2007Q1 among the three northern New England states



Venture Capital in New England and the U.S.

In the four quarters of 2006 and the first quarter of 2007, U.S. firms received a total of \$33.1 billion. Firms in California’s Silicon Valley, home of many high-tech companies, received \$11.6 billion, more than a third of the total.

Industrial and Energy companies attracted the largest share of venture capital in New Hampshire 2005-2007Q1



Closer to home, New England was the next highest region with \$4.1 billion dollars, just over 12 percent of national totals. Most of the venture capital dollars were concentrated in Massachusetts, which pulled in \$3.8 billion. New Hampshire had the largest share in northern New England, accounting for nearly 89 percent of total funding in the tri-state area, while Vermont accounted for 6.2 percent and Maine received 4.9 percent.

Industries in the Biotechnology sector received the largest amount of venture capital financing in New England during that period, with over \$1.1 billion dedicating firms in that specialty. Software industries also attracted a considerable share of funds, with \$844 million. A rising star in the region, Medical devices and equipment, attracted \$427 million of investors’ money.

Venture capital can come at different stages of a company’s life cycle. In New Hampshire, most of the financing from 2005 to 2007 was in the later stage—a point where the firm is generating revenue. At that point, venture capital may be in anticipation of a public offering or other buyout. Later stage financing in New Hampshire took in \$127 million, or nearly half the total, and another 38 percent went to companies in the expansion phase. Only ten percent went to firms in the early stage, while firms in the start-up stage accounted for almost three percent.

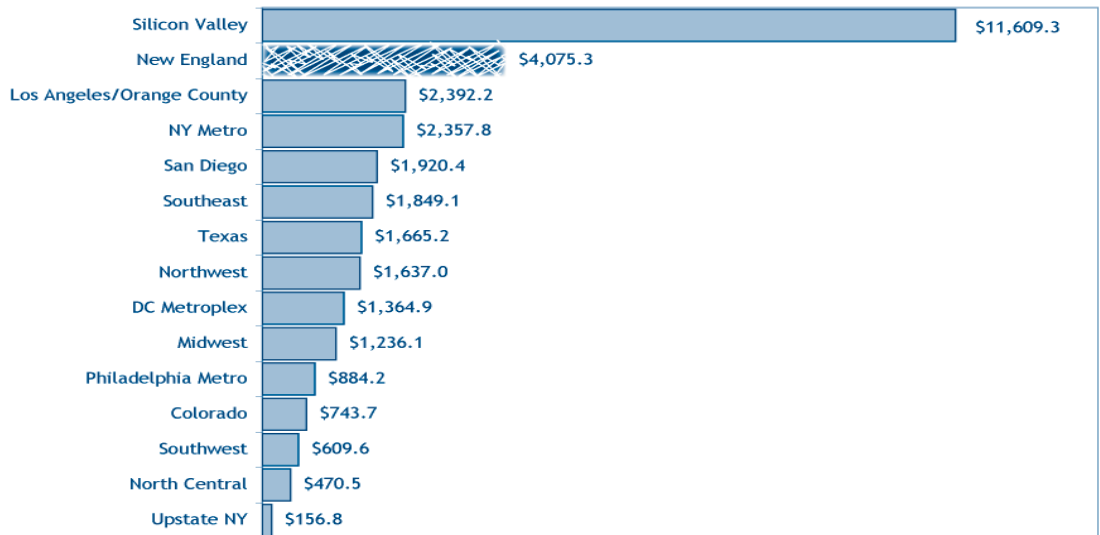
Venture Capital and the Future

Amounts of venture capital received can be an indicator of the strength of the economy and can point

to industries that have the potential to expand facilities and increase employment. The flow of venture capital can be tracked to help predict in which industries new products, services, and jobs will be in the future.

Venture capital can vary dramatically by industry from one time period to another. All at once, a company can receive millions of dollars. In a small state, where large sums of money are magnified, an industry (most likely a single company) can receive an infusion of

Venture capital by Region 2006-2007Q1 (millions) for areas receiving at least \$100M



Continued on page 8

Unemployment Compensation Claims Activities

Claims Activity

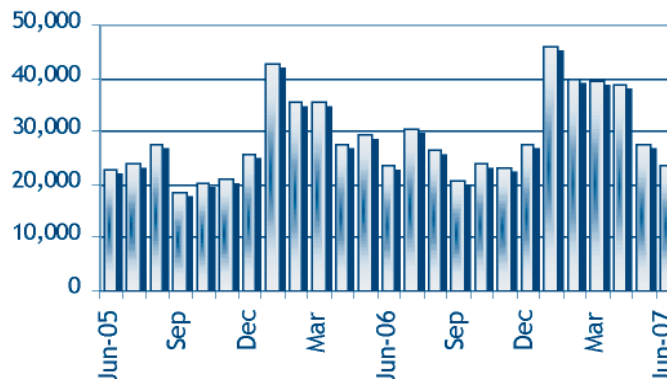
Total Regular Unemployment Compensation Programs:				Change from Previous			
	June-07	May-07	June-06	Month		Year	
				Net	Percent	Net	Percent
Initial Claims	4,041	3,140	4,347	901	28.7%	-306	-7.0%
Continued Weeks	23,690	27,651	23,448	-3,961	-14.3%	242	1.0%

Unemployment Compensation Fund

Trust Fund

Unemployment compensation fund balance at the end of June	\$259,100,027.07
Average payment for a week of total unemployment:	\$260.39
Net benefits paid:	\$4,947,608.69
Net contributions received during the month:	\$232,371.90
Interest Received:	\$3,055,758.28
Reed Act Distribution:	\$0.00
Reed Act Withdrawn for Administrative Costs:	\$90,523.95

Continued Weeks Claimed



Jun 2005 - Jun 2007
Although continued weeks claimed experienced the seasonal drop over the month, the total accumulation for the calendar year is more than 21,000 claims ahead of this time last year.

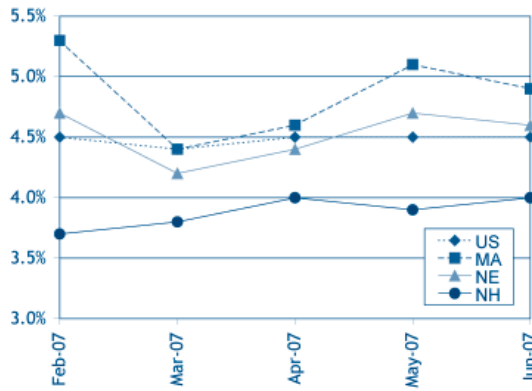
			Change from Previous	
Jun-07	May-07	Jun-06	Month	Year
208.4	208.0	202.9	0.2%	2.7%

United States
All Urban Areas (CPI-U)
(1982-1984=100)

Consumer Price Index

N.H and U.S. Seasonally Adjusted Unemployment Rates

New Hampshire's seasonally adjusted unemployment rate crept up to 4.0 percent in June.



Unemployment Rates by Region

Seasonally Adjusted	Jun-07	May-07	Jun-06
United States	4.5%	4.5%	4.6%
Northeast	4.5%	4.4%	4.6%
New England	4.6%	4.7%	4.5%
Connecticut	4.3%	4.5%	4.2%
Maine	4.4%	4.5%	4.6%
Massachusetts	4.9%	5.1%	4.9%
New Hampshire	4.0%	3.9%	3.4%
Rhode Island	4.7%	4.8%	5.2%
Vermont	3.8%	3.8%	3.5%
Mid Atlantic	4.4%	4.3%	4.6%
New Jersey	4.3%	4.3%	4.7%
New York	4.7%	4.4%	4.5%
Pennsylvania	4.1%	4.2%	4.8%

Feb-07 Mar-07 Apr-07 May-07 Jun-07

Seasonally Adjusted Labor Force Estimates

By Place of Residence

	Feb-07	Mar-07	Apr-07	May-07	Jun-07
New Hampshire					
Unemployment Rate	3.7%	3.8%	4.0%	3.9%	4.0%
Civilian Labor Force	743,880	745,338	741,328	744,315	746,788
Number Employed	716,210	716,815	711,697	715,251	717,012
Number Unemployed	27,670	28,523	29,631	29,064	29,776
United States (in thousands)					
Unemployment Rate	4.5%	4.4%	4.5%	4.5%	4.5%
Civilian Labor Force	152,784	152,979	152,587	152,762	153,072
Number Employed	145,919	146,254	145,786	145,943	146,140
Number Unemployed	6,865	6,724	6,801	6,819	6,933

Supersector

Feb-07 Mar-07 Apr-07 May-07 Jun-07

Seasonally Adjusted Nonfarm Employment Estimates

By Place of Establishment

	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Total Nonfarm	641,800	642,400	644,900	644,000	647,100
Construction	28,500	28,600	28,800	28,900	28,900
Manufacturing	75,100	75,100	75,600	75,700	75,500
Durable Goods	57,400	57,500	57,800	57,900	58,000
Non-Durable Goods	17,700	17,600	17,800	17,800	17,500
Trade, Transportation, and Utilities	142,700	143,300	144,000	144,000	144,300
Wholesale Trade	28,000	28,200	28,600	28,700	28,700
Retail Trade	98,900	98,900	99,400	99,300	99,600
Transportation and Utilities	15,800	16,200	16,000	16,000	16,000
Information	12,900	12,800	12,800	12,800	12,900
Financial Activities	39,600	39,700	39,600	39,600	39,700
Professional and Business Services	63,000	62,600	63,100	63,000	63,400
Administrative and Support	27,000	26,800	27,000	26,700	27,300
Education and health services	101,900	102,400	102,300	102,600	102,800
Educational Services	23,400	23,400	23,400	23,500	23,600
Health Care and Social Assistance	78,500	79,000	78,900	79,100	79,200
Leisure and Hospitality	63,800	64,000	63,800	63,200	64,500
Arts, Entertainment, and Recreation	11,000	11,000	10,600	10,500	10,900
Accommodation and Food Services	52,800	53,000	53,200	52,700	53,600
Other Services	21,500	21,600	21,900	21,900	21,700
Government	91,900	91,300	92,000	91,300	92,300
Federal Government	7,800	7,800	7,900	7,700	7,800
State Government	23,900	23,200	23,200	22,400	21,700
Local Government	60,200	60,300	60,900	61,200	62,800

Please note that not all supersectors meet the statistical criteria for publication in this category. We seasonally adjust the total nonfarm data series and all the published supersectors independently. Therefore, the sum of the published parts will not equal the total.

Labor Force Estimates

New Hampshire	Jun-07	May-07	Jun-06
Number of workers			
Total Civilian Labor Force	753,960	740,270	742,400
Employed	724,040	712,500	717,100
Unemployed	29,920	27,770	25,300
Unemployment Rate (percent of labor force)	4.0%	3.8%	3.4%

Unemployment Rates by Area

Not Seasonally Adjusted	Jun-07	May-07	Jun-06
U.S and Regional States			
United States	4.7%	4.3%	4.8%
Northeast	4.5%	4.2%	4.7%
New England	4.7%	4.5%	4.6%
Connecticut	4.6%	4.4%	4.5%
Maine	4.2%	4.3%	4.4%
Massachusetts	5.0%	4.9%	5.0%
New Hampshire	4.0%	3.8%	3.4%
Rhode Island	4.7%	4.5%	5.2%
Vermont	3.8%	3.5%	3.5%
Mid Atlantic	4.4%	4.1%	4.7%
New Jersey	4.3%	4.1%	4.7%
New York	4.5%	4.1%	4.4%
Pennsylvania	4.3%	4.1%	5.0%

Map	Jun-07	May-07	Jun-06
Key Labor Market Areas			
1 Colebrook NH-VT LMA, NH Portion	4.7%	6.4%	3.8%
2 Berlin NH MicroNECTA	5.3%	5.6%	4.0%
3 Littleton NH-VT LMA, NH Portion	3.8%	4.0%	3.2%
4 Haverhill NH LMA	4.2%	4.0%	4.0%
5 Conway NH-ME LMA, NH Portion	3.7%	4.3%	3.3%
6 Plymouth NH LMA	3.5%	3.6%	2.9%
7 Moultonborough NH LMA	3.0%	3.1%	2.5%
8 Lebanon NH-VT MicroNECTA, NH Portion	3.1%	2.6%	2.7%
9 Laconia NH MicroNECTA	3.7%	3.6%	3.0%
10 Wolfeboro NH LMA	3.4%	3.5%	2.9%
11 Franklin NH MicroNECTA	3.8%	3.9%	3.1%
12 Claremont NH MicroNECTA	3.6%	3.2%	3.0%
13 Newport NH LMA	3.7%	3.2%	3.2%
14 New London NH LMA	3.3%	3.1%	2.9%
15 Concord NH MicroNECTA	3.8%	3.4%	3.0%
16 Rochester-Dover NH-ME MetroNECTA, NH Portion	3.7%	3.3%	3.2%
17 Charlestown NH LMA	4.0%	3.7%	3.2%
18 Hillsborough NH LMA	4.4%	4.0%	3.6%
19 Manchester NH MetroNECTA	4.0%	3.7%	3.4%
20 Keene NH MicroNECTA	3.8%	3.4%	3.1%
21 Peterborough NH LMA	4.0%	3.7%	3.6%
22 Nashua NH-MA NECTA Division, NH Portion	4.0%	3.7%	3.5%
23 Exeter Area, NH Portion, Haverhill-N. Andover-Amesbury MA-NH NECTA Division	4.9%	4.9%	4.5%
24 Portsmouth NH-ME MetroNECTA, NH Portion	3.4%	3.3%	3.2%
25 Hinsdale Town, NH Portion, Brattleboro VT-NH LMA	3.9%	3.7%	2.9%
26 Pelham Town, NH Portion, Lowell-Billerica-Chelmsford MA-NH NECTA Division	5.9%	5.8%	5.2%
27 Salem Town, NH Portion, Lawrence-Methuen-Salem MA-NH NECTA Division	6.0%	5.7%	5.1%

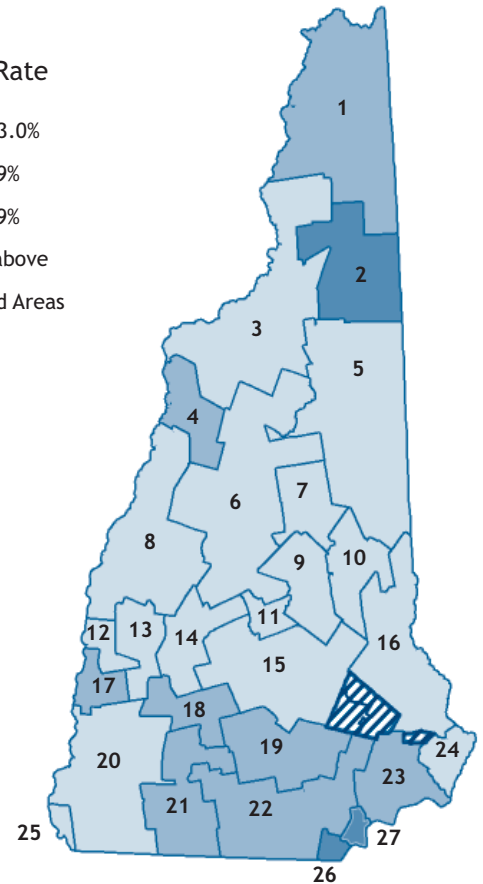
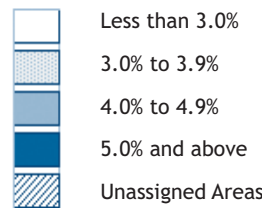
Local Area Unemployment Statistics (LAUS)

Not Seasonally Adjusted

By Place of Residence

Counties	Jun-07	May-07	Jun-06
Belknap	3.5%	3.5%	3.0%
Carroll	3.6%	3.9%	3.1%
Cheshire	3.9%	3.6%	3.2%
Coos	4.9%	5.5%	3.7%
Grafton	3.4%	3.2%	2.9%
Hillsborough	4.1%	3.8%	3.5%
Merrimack	3.7%	3.4%	3.0%
Rockingham	4.4%	4.2%	3.9%
Strafford	3.7%	3.3%	3.2%
Sullivan	3.5%	3.2%	3.0%

June 2007 Unemployment Rate



New Hampshire unemployment and labor force estimates are calculated using a regression model which depends on Current Population Survey (CPS) estimates. Labor Market Area estimates are calculated using the Bureau of Labor Statistics "Handbook Method" and then adjusted to the State levels.

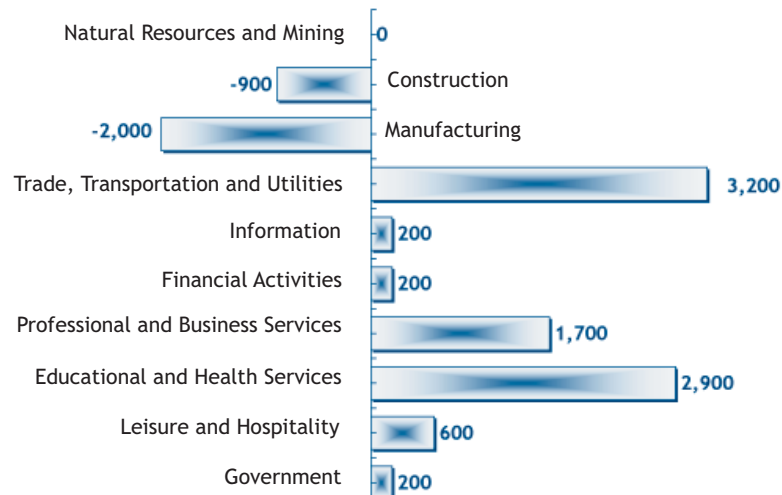
Monthly Not Seasonally Adjusted New Hampshire Nonfarm Wage and Salary Employment

The typical boost from summer employment added 6,600 jobs in Leisure and hospitality, making up over half of the gains in Private employment for the month.

Current Employment Statistics Employment by Supersector by place of establishment	Number of Jobs			Change from previous:	
	Jun-07 preliminary	May-07 revised	Jun-06	Month	Year
	Total All Supersectors	655,300	647,100	646,900	8,200
Private Employment Total	564,500	552,600	558,400	11,900	6,100
Natural Resources and Mining	1,100	1,000	1,100	100	0
Construction	30,300	29,400	31,200	900	-900
Manufacturing	75,600	75,300	77,600	300	-2,000
Durable Goods	58,000	57,600	59,200	400	-1,200
Non-Durable Goods	17,600	17,700	18,400	-100	-800
Trade, Transportation and Utilities	145,400	143,200	142,200	2,200	3,200
Wholesale Trade	28,900	28,700	28,100	200	800
Retail Trade	100,100	98,300	98,100	1,800	2,000
Transportation and Utilities	16,400	16,200	16,000	200	400
Information	12,900	12,800	12,700	100	200
Financial Activities	40,100	39,600	39,900	500	200
Professional and Business	64,300	63,200	62,600	1,100	1,700
Educational and Health	102,700	102,900	99,800	-200	2,900
Leisure and Hospitality	69,900	63,300	69,300	6,600	600
Other Services	22,200	21,900	22,000	300	200
Government Total	90,800	94,500	88,500	-3,700	200

Change in Nonfarm Employment

Jun 2006 to Jun 2007



Monthly Analysis of Current Employment Statistics (CES) Data

For further analysis please read the *Detailed Monthly Analysis of Industry Employment Data* on our Web site at <www.nhes.state.nh.us/elmi/nonfarm.htm>

Seasonally Adjusted: Preliminary seasonally adjusted estimates for June showed that New Hampshire employers expanded the total number of employed persons by 3,100. Leisure and hospitality (supersector 70) contributed 1,300 jobs to June's total, while government (supersector 90) added 1,000 jobs.

Adding to the total at a lesser rate, professional and business services (supersector 60) put 400 additional positions on the books. Then, trade, transportation, and utilities (supersector 40) increased its personnel strength by 300, and education and health services (supersector 65) bumped up its employment total by 200.

Information (supersector 50) and financial activities (supersector 55) closed out the plus side of the ledger with each adding 100 jobs to their rosters during June.

The June employment totals for construction (supersector 20) held at the May level.

Manufacturing (supersector 30) and other services (supersector 80) each had 200 fewer workers on the job in June.

Unadjusted: June marked the beginning of the vacation season, and the 8,200-job increase in the preliminary unadjusted estimates reflected that.

Monthly Unadjusted Nonfarm Wage and Salary Employment by Metropolitan Statistical Areas

Employment by Sector number of jobs by place of establishment	Manchester NH MetroNECTA			Nashua NH-MA NECTA Division, NH Portion			Portsmouth NH-ME MetroNECTA, NH Portion			Rochester-Dover NH-ME MetroNECTA, NH Portion		
	preliminary Jun-07	Change from previous:		preliminary Jun-07	Change from previous:		preliminary Jun-07	Change from previous:		preliminary Jun-07	Change from previous:	
		Month	Year		Month	Year		Month	Year		Month	Year
Total All Sectors	100,600	1,100	700	135,800	600	2,100	59,400	2,400	1,900	55,700	-1,700	900
Private Employment Total	89,100	1,000	500	122,000	1,400	2,200	49,600	2,300	1,500	44,100	400	800
Natural Resources and Construction	5,600	100	200	6,200	200	200	1,600	100	-100	2,100	100	0
Manufacturing	9,600	100	300	25,400	300	-100	3,800	0	0	6,700	0	300
Trade, Transportation and Utilities	20,300	300	-300	31,900	200	600	11,500	100	200	11,500	100	500
Wholesale Trade	4,900	0	100	6,100	0	100	2,000	0	0	1,300	0	0
Retail Trade	12,800	200	0	21,500	200	600	8,200	100	200	9,100	100	400
Transportation, Warehousing and Utilities	Data not available			4,300	0	-100	1,300	0	0	1,100	0	100
Information	3,100	0	-200	2,200	0	0	1,700	0	0	1,400	0	0
Financial Activities	8,200	200	-300	9,800	0	100	5,000	100	100	2,900	0	-100
Professional and Business	13,100	200	700	13,900	300	500	9,500	0	200	4,400	0	200
Educational and Health	16,500	0	200	16,700	-200	600	5,900	0	300	7,700	0	0
Leisure and Hospitality	8,700	100	0	11,500	500	400	9,000	2,000	700	5,600	200	-100
Services	4,000	0	-100	4,400	100	-100	1,600	0	100	1,800	0	0
Government Total	11,500	100	200	13,800	-800	-100	9,800	100	400	11,600	-2,100	100

Average Earnings and Hours of Production Workers in Manufacturing

Sector	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Jun-07 preliminary	May-07 revised	Jun-06	Jun-07 preliminary	May-07 revised	Jun-06	Jun-07 preliminary	May-07 revised	Jun-06
New Hampshire									
All Manufacturing	\$695.16	\$678.22	\$700.83	40.7	39.5	42.5	\$17.08	\$17.17	\$16.49
Durable Goods	\$712.01	\$710.84	\$722.54	41.3	40.9	43.5	\$17.24	\$17.38	\$16.61
Nondurable Goods	\$640.49	\$573.65	\$632.73	38.7	38.7	39.3	\$16.55	\$16.39	\$16.10
Manchester NH MetroNECTA									
All Manufacturing	\$856.44	\$843.65	\$793.48	41.9	41.6	41.5	\$20.44	\$20.28	\$19.12
Nashua NH-MA NECTA Division, NH Portion									
All Manufacturing	\$751.94	\$752.27	\$771.73	41.0	41.7	44.2	\$18.34	\$18.04	\$17.46

Note: Production workers and information for Portsmouth and Rochester are not currently available.

Leisure and hospitality (supersector 70) led things off with a 6,600-job addition. Following that, trade, transportation, and utilities (supersector 40) employed 2,200 more people, as professional and business services (supersector 60) increased its manpower totals by 1,100.

Construction (supersector 20) added 900 workers to its crew, and financial activities (supersector 55) chipped in 500 jobs to June's total. Next, manufacturing (supersector 30) and other services (supersector 80) each augmented their respective labor pool with 300 additions workers.

Concluding the list of those industries adding to their work force, natural resources and mining (supersector 10) and information (supersector 50) each brought 100 more workers on board during June.

Vacation season also arrived in June for educational services in government (supersector 90), as government employed 3,700 fewer persons. Finally, education and health services (supersector 65) dropped 200 from the rolls during the month.

B. G. McKay

cash in one quarter, then receive nothing the rest of the year.

Money received today may not translate to immediate increases in employment. Sometimes it may take years for a product or service to make it to full-scale production and market. Some of today's largest companies—Microsoft, Home Depot, and Intel—received venture capital funding in their early days. That is why venture capitalists take a risk, because sometimes, they can really hit it big.¹

Michael Argiropolis

Data on venture capital in New Hampshire and throughout the U.S. is published quarterly in The MoneyTree Report™ by PriceWaterhouseCoopers, and the National Venture Capital Association based on data from Thomson Financial and is available online.

¹ Venture Impact. The Economic Importance of Venture Capital Based Companies to the U.S. Economy. Third Edition. National Venture Capital Association, Global Insight. Accessed July 17, 2007. <http://www.nvca.org/pdf/NVCA_VentureCapital07.pdf>



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