**New Hampshire Economy Heading into the Primary**

*New Hampshire’s economy has expanded modestly this cycle, defying formidable demographic challenges. Similar to Iowa, it is one of the oldest and least diverse states, but it has a strong sense of culture and place.*

**New Hampshire is a Bit of an Outlier**

National attention shifts to New Hampshire on Tuesday, February 11 for the second nominating contest of the 2020 Democratic presidential primary. New Hampshire has fought to maintain its position at the front of the primary calendar, and the disproportionate national attention that comes with it—Governor John Sununu stated in 1988 that “the people of Iowa pick corn, the people of New Hampshire pick presidents.” The results of the Iowa caucus last night have been delayed, but Bernie Sanders currently leads in the latest New Hampshire polling. Like Iowa, New Hampshire is not particularly representative of the United States. Ninety-three percent of its 1.36 million residents are white, vastly exceeding the 76.5% national share, while its median age of 43 is the second oldest in the nation, after Maine.

An aging population and sluggish labor force growth are two defining features of New Hampshire’s economy. Its 2.6% unemployment rate is the sixth lowest in the nation, but this is largely a function of the stagnant labor force, rather than strong employment growth. New Hampshire was one of only four states that had more deaths than births in 2019, which means its population would be contracting if not for the 6,400 people who chose to move there from other states and countries. New Hampshire does have a few notable strengths: its population is highly educated (36.5% with a bachelor’s degree vs 31.5% nationwide), and it has the nation’s highest median household income ($81,300 vs $63,200 nationwide). Proximity to Boston is another major plus, as is the state’s historic individualist character, personified by its motto, ‘Live Free or Die.’

With this demographic backdrop, New Hampshire’s labor market has plodded ahead. Employers have added 6,400 jobs this past year, with a disproportionate share in the southeastern corner of the state, which is closely tied to Boston, located about 40 miles from the state line. Relatively rural and sparsely populated, New Hampshire has just one major metropolitan area, Manchester-Nashua, which is home to around 31% of the state’s population and is contained within the Greater Boston Combined Statistical Area.

New Hampshire’s manufacturing sector accounts for around 10% of payrolls (compared to 8% nationwide) and has shed 1,200 jobs this past year. Health care & social assistance, not surprisingly, is a major bright spot, adding 2,300 jobs over the past year, a 2.3% gain. Healthcare policy is therefore of particular interest to many New Hampshire voters. One major challenge for the industry is overcoming significant labor force shortages and luring younger workers. Other major sectors include tourism, which has been supported by Boston’s recent run of strong growth, and finance & insurance, which is another industry many of the Democratic candidates are keenly interested in. Heading into the primary, New Hampshire residents probably feel pretty good about overall economic conditions, as Consumer Confidence in New England is currently the highest it has been in 20 years.

*Source: U.S. Department of Labor, U.S. Department of Commerce and Wells Fargo Securities*