



Economics Group

Mark Vitner, Senior Economist
mark.vitner@wellsfargo.com • (704) 410-3277
Charlie Dougherty, Economist
charles.dougherty@wellsfargo.com • (704) 410-6542
Matthew Honnold, Economic Analyst
matthew.honnold@wellsfargo.com • (704) 410-3059

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.

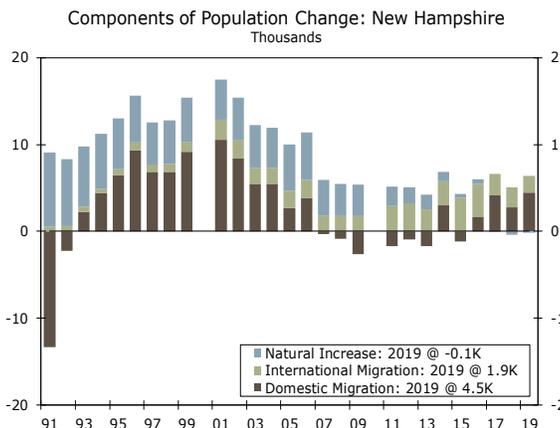
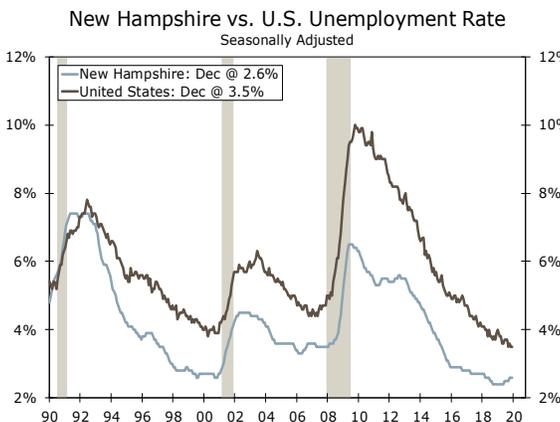
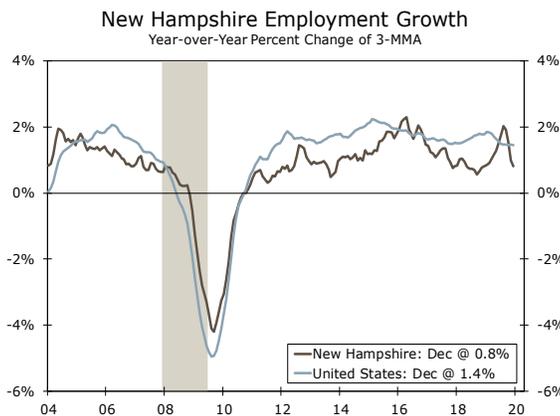
New Hampshire is a Bit of an Outlier

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.



Wells Fargo Securities Economics Group

Jay H. Bryson, Ph.D.	Acting Chief Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Macro Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Azhar Iqbal	Econometrician	(212) 214-2029	azhar.iqbal@wellsfargo.com
Sarah House	Senior Economist	(704) 410-3282	sarah.house@wellsfargo.com
Charlie Dougherty	Economist	(704) 410-6542	charles.dougherty@wellsfargo.com
Erik Nelson	Macro Strategist	(212) 214-5652	erik.f.nelson@wellsfargo.com
Michael Pugliese	Economist	(212) 214-5058	michael.d.pugliese@wellsfargo.com
Brendan McKenna	Macro Strategist	(212) 214-5637	brendan.mckenna@wellsfargo.com
Shannon Seery	Economic Analyst	(704) 410-1681	shannon.seery@wellsfargo.com
Matthew Honnold	Economic Analyst	(704) 410-3059	matthew.honnold@wellsfargo.com
Jen Licis	Economic Analyst	(704) 410-1309	jennifer.licis@wellsfargo.com
Hop Mathews	Economic Analyst	(704) 383-5312	hop.mathews@wellsfargo.com
Coren Burton	Administrative Assistant	(704) 410-6010	coren.burton@wellsfargo.com

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wells Fargo Bank N.A., Wells Fargo Clearing Services, LLC, Wells Fargo Securities International Limited, Wells Fargo Securities Canada, Ltd., Wells Fargo Securities Asia Limited and Wells Fargo Securities (Japan) Co. Limited. Wells Fargo Securities, LLC is registered with the Commodities Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. Wells Fargo Bank, N.A. is registered with the Commodities Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC and Wells Fargo Bank, N.A. are generally engaged in the trading of futures and derivative products, any of which may be discussed within this publication. Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm which includes, but is not limited to investment banking revenue. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2020 Wells Fargo Securities, LLC.

Important Information for Non-U.S. Recipients

For recipients in the EEA, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 ("the Act"), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE