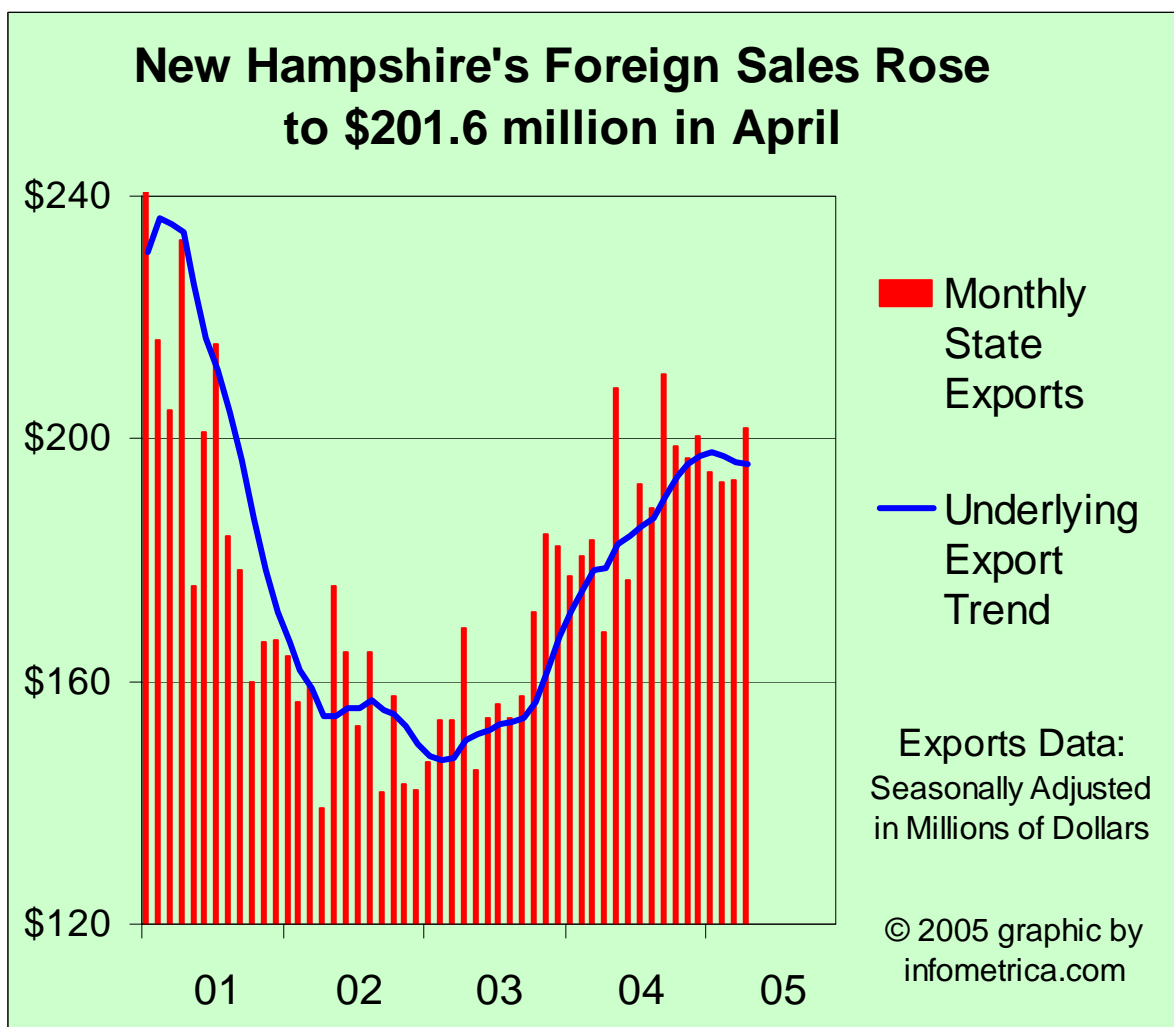


Gains in Local Jobs from Export Growth in April

By EVANGELOS OTTO SIMOS

Sluggish economic conditions in continental Europe, Japan and Canada have not been enough to derail the expansion of foreign sales from New Hampshire's companies. Vigorous growth in the rest of the world - particularly in Asia and Latin America – combined with a weak dollar have sustained a strong global appetite for goods made in New Hampshire which fuels company sales and generates export-related jobs.

In April, exports of goods from the Granite State rose \$8.3 million, or 4.3 percent, to \$201.6 million, adjusted for seasonal variation – a statistical process that smoothes monthly performance for factors such as the number of days in a month and holidays. It was the third highest level in the last 45 months.



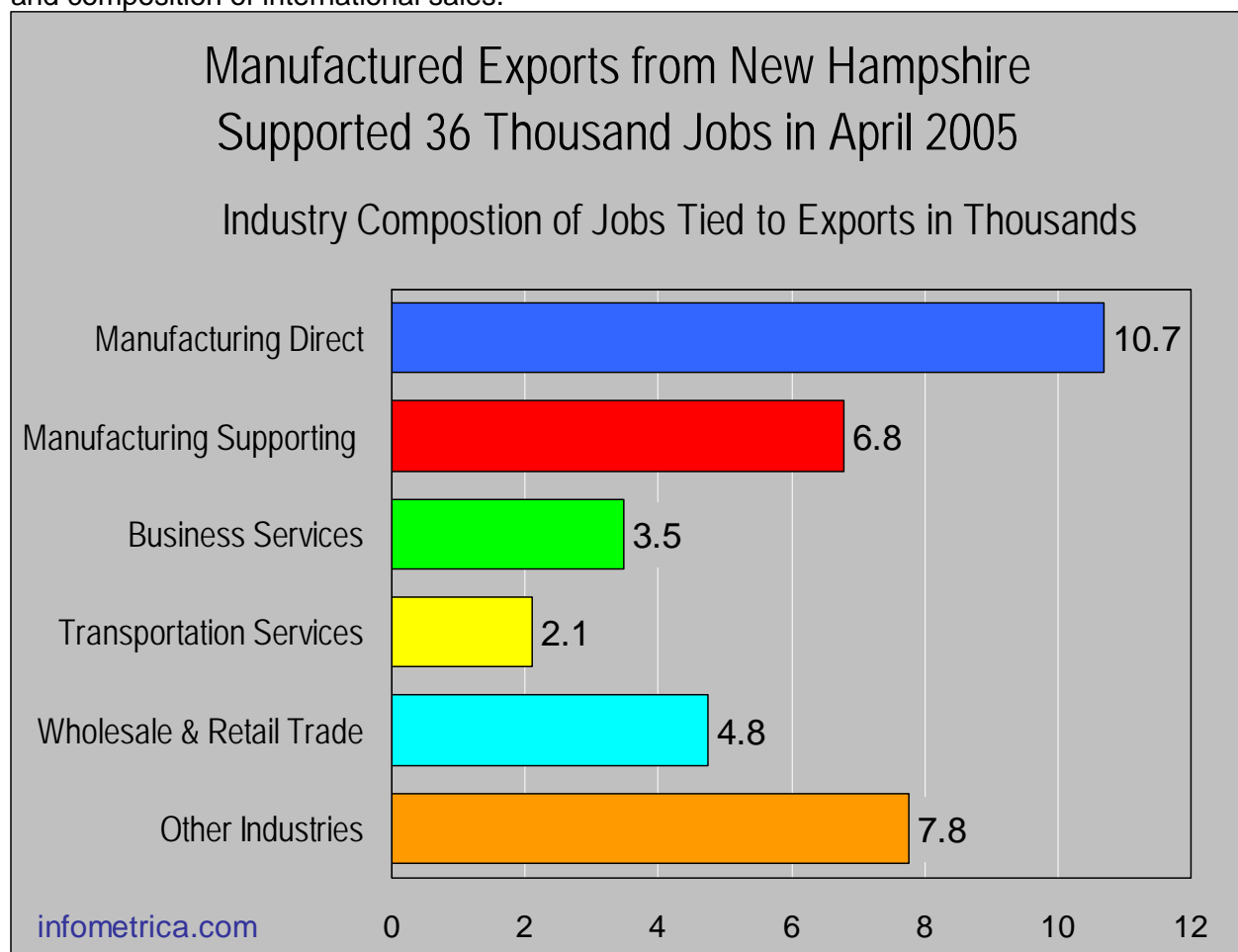
On an annual basis, the latest appraisal of international sales shows that New Hampshire's companies surpassed their performance in comparison to a year ago. In April of this year, state exporters shipped abroad \$33.4 million, or 19.9 percent, more goods than in April of 2004.

Foreign sales of manufactured goods played a key role in April's trade performance by contributing 81 percent to all state exports. Shipments abroad from New Hampshire factories

increased in April by 0.2 percent from the previous month to \$163.3 million, adjusted for seasonal variation.

There are significant benefits that the economy of New Hampshire receives from exports of manufactured goods. Companies that participate in international markets use advanced technologies, engage in research and development and invest in worker training so that their production process delivers world-first or U.S.-first products in global competition.

Manufacturing companies that become exporters not only increase their sales from the addition of new markets, but also generate new jobs tied to the production of foreign sales. There is a significant link between state exports of manufactured goods and export-related jobs in the Granite State. Infometrica, Inc. gauges monthly the relation between state exports, jobs and economic activity by tracking the historical links of incomes, production, jobs, industrial mix, productivity, competitiveness as well as trends in and composition of international sales.



Exports of goods from plants in New Hampshire supported a total of 17.5 thousand manufacturing jobs in April. A year ago, there were 17.3 thousand manufacturing jobs tied to exports. Consequently, export activity of state manufactures generated a gain of 200 manufacturing jobs from last year in New Hampshire despite the improvements in labor productivity that call for fewer workers in making the same volume of goods.

Expanding to overseas markets is an important factor for manufacturing jobs. The state's correlation of sales to employment implies that one in every five factory jobs in the Granite State depends on the volume of foreign sales of manufactured goods.

Manufacturing jobs tied to exports in April came from two levels of production activities. They were in plants from where the products were shipped directly to the international markets and in plants where their products were not sold abroad but they were needed in making the exported goods.

In April, 10.7 thousand factory workers in New Hampshire were directly supported by exports of manufactured goods making the final products sold overseas. There were also 6.8 thousand additional factory jobs tied indirectly to New Hampshire exports of manufactured goods in April. Those workers made parts or machinery for the manufacturing of exported goods.

Manufacturing activity triggers ripple effects in a wide range of other industries. As a result, manufacturing exports sustain jobs in other industries too. For instance, a foreign sale requires transportation of goods to a port of exit such as a seaport or airport and the involvement of a bank for the completion of an international foreign exchange transaction.

Accordingly, April's exports of manufactured goods generated another 18.1 thousand jobs in non-manufacturing companies in New Hampshire. The businesses and their workers that benefited from overseas sales of manufactured goods were mainly in wholesale and retail trade, transportation, business services and to a lesser degree in utilities, mining and agriculture.

Foreign sales of non-manufactured goods went up 26.5 percent in April to \$38.3 million, adjusted for seasonal variation. This group of shipments abroad consists of agricultural goods, mining products, and re-exports which are foreign goods that entered the state as imports and are exported in substantially the same condition as when imported.

For the country as a whole, US exports of goods, seasonally adjusted, rose to a record \$74.5 billion, a 4.2 percent jump from March's volume which had been the previous record. The latest solid gains in national exports were driven by sales of industrial supplies as well as exports of foods, feeds and beverages, which hit an all-time high; exports of capital goods – machinery and equipment used by businesses – also climbed in April to their highest level since February 2001.

The April record performance in national exports was a major contributor to economic growth and jobs. So far this year – January to April - US exports registered \$288 billion, an 11 percent surge from the same period in 2004.

How did exporting companies from New Hampshire fare in foreign sales growth in the first four months of 2005 which in turn impacts jobs and overall economic activity in the state? New Hampshire ranked thirty second in export growth among the fifty states so far this year. In comparison to the first four months of 2004, foreign sales from New Hampshire's companies, seasonally adjusted, increased by an annual rate of 10.2 percent.

Will export companies see improved sales in the international markets over the summer months? Forward-looking indicators point to an improving outlook for exports.

According to a recent monthly foreign trade survey conducted by the New York based Economic Research Department of the Bank of Tokyo-Mitsubishi the prospects for shipments abroad are favorable. Thirty three percent of the surveyed experts – executives from air freight carriers, seaports and trucking firms in trade centers around the country - expect exports to be higher over the next three months in comparison to April levels when national exports hit a record.

No change in export shipments over the next three months is expected by fifty seven percent of the trade executives surveyed in April. Only ten percent of the survey participants expect a decline in exports over the next three months in the latest survey.

The overall assessment of the survey indicates that “export activity is expected to remain healthy over the next three months,” concluded Ellen Beeson, US Macro Economist at the Bank of Tokyo-Mitsubishi. Their index of future export conditions registered 57.1, signaling a continuation in exports growth for a third month in a row. A reading above 50 in the index indicates an increase in exports over the next three months.

-- -- -- --
Evangelos Simos, chief economist of the consulting and research firm Infometrica, Inc., is editor for International Affairs in the Journal of Business Forecasting, and professor/department chair at the University of New Hampshire. Distributed by Infometrica, Inc. Dr. Simos may be reached at eosimos@infometrica.com.

Copyright Evangelos Otto Simos 2005

New Hampshire's Exports @ a Glance					
April 2005					
International Trade Stats	Exports in Millions of Dollars Seasonally Adjusted			Exports Growth Percent Change in	
	Recent Apr 05	Month Ago Mar 05	Year Ago Apr 04	Apr 05 Exports from	
Exports of Goods				Month Ago	Year Ago
New Hampshire	\$ 201.6	\$ 193.3	\$ 168.2	4.3%	19.9%
> Manufacturing	\$ 163.3	\$ 163.1	\$ 138.8	0.1%	17.7%
> Farming & Mining ¹	\$ 38.3	\$ 30.2	\$ 29.4	26.8%	30.3%
United States	\$ 74,531	\$ 71,531	\$ 66,115	4.2%	12.7%

¹Includes re-exports, which are foreign merchandise that entered the state as imports and now are exported in substantially the same condition as when imported.

Source: Original state data and national exports from the Census Bureau.
 State seasonally adjusted data and illustration by infometrica.com