



North Country Economic Index

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What is NCEI?

- Periodic economic report
- To track the current state of the local economy in North Country
- Designed to serve the local communities
- Made available to the public



What is NCEI for?

- State government
 - To facilitate a deeper understanding of economic issues specific to North Country
- Charitable organizations
 - To help assess the impact of their programs
- Local businesses
 - To help with capacity planning
- Individual citizens
 - To help with various financial decisions such as home purchase/sale, career changing, relocation...



Why PSU?

- PSU's track record of service to the region
 - Tourism research, Center for the Environment, Center for Rural Partnerships, Small Business Institute, North Country Teachers Certification programs, Business Liaison Program...
- PSU's commitment to serve the local communities
- Ready access to local experts



How NCEI complements existing initiatives

- Carsey Institute
 - Socioeconomic Indicators of the North Country
- New Hampshire Center for Public Policy Studies
 - Monthly newsletter
- New Hampshire Employment Security
 - NH Economic Conditions
- Federal Reserve Bank of Boston
 - Economic Indicators for the six states in New England
- Public Service of New Hampshire
 - New Hampshire Fact Book



Continued

- NCEI can complement the above existing initiatives by providing the information that is:
 - specific to the North Country
 - of the status of the overall economy
 - current
 - monthly



Methodology

- NCEI will be modeled after the Conference Board's Coincident Index.
 - Leading Indicators
 - Consumer Confidence Index

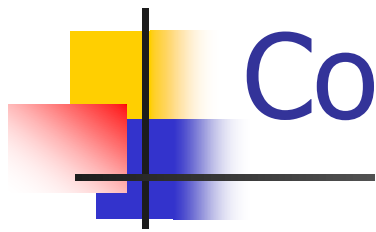


Variables included in the coincident index

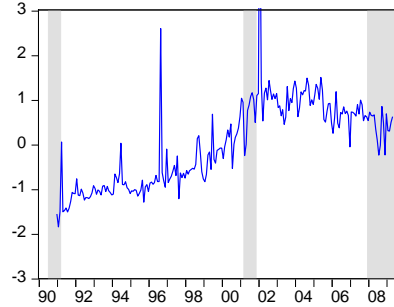
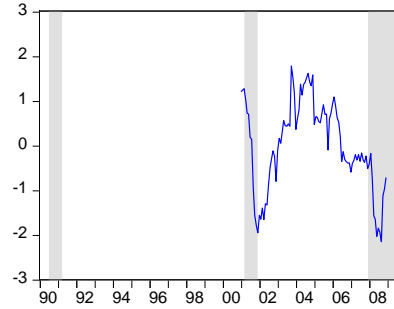
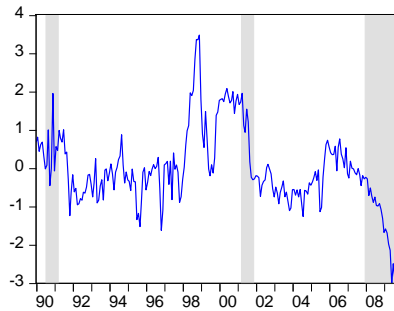
	Conference Board	NCEI
Sales	manufacturing and trade sales	rooms and meals* home sales
Production	industrial production	industrial electricity sales
Employment	non-farm payroll	<u>household employment</u>
Income	personal income minus transfer payments	<u>wages*</u>

*The current values of the variables with asterisk are to be forecast.

Coincident indicators of Coos and New Hampshire

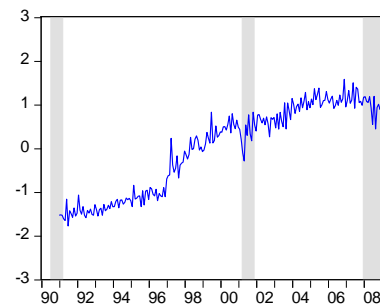
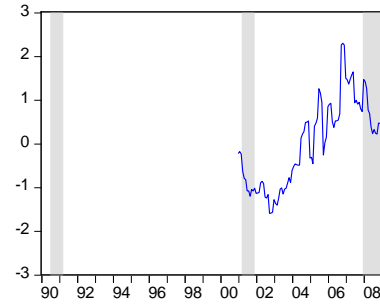
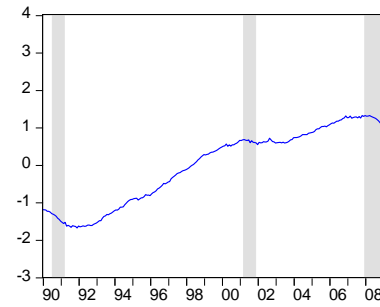


Coos Coincident Indicators
seasonally adjusted



The shaded areas represent the U.S. recessions.

New Hampshire Coincident Indicators
seasonally adjusted



number of the employed

total wages

rooms and meals



Findings

- The Coos economy is in decline,
 - including the hospitality industry.
- Its hospitality industry may not be cyclical.
- The current overall decline does not appear to be cyclical.
- The Coos economy is more volatile.

Variables to be tested as leading indicators

Sector	Variable	Data Source
Labor Market	initial unemployment claims	ELMI
	help wanted ads	Jobcentral.com
Real Estate	unemployment rate	ELMI
	initial unemployment claims	ELMI
	time on the market	NNEREN
	foreclosure	Realtytrac.com
	mortgage rates	Federal Reserve
	10-yr Treasury yield	Federal Reserve
	spread between Treasury and TIPS	Federal Reserve
	building permits	Dept. of Safety



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Sector	Variable	Data Source
Manufacturing	average work hours	Survey
	new order	Survey
Hospitality	gas price	Energy Information Administration
	air fair	Bureau of Transportation Statistics
	exchange rate	Federal Reserve
	advertising expenditure	Travel and Tourism Dept.
Overall	interest rate spread	Federal Reserve
	new business formation	Secretary of State's Office
	consumer expectations	Conference Board



What is needed?

- Historical data
 - To establish economic cycle chronology
 - To test how each leading indicator behaves relative to turning points of economic cycle



List of government data

Gov. Agency	Data Series
Department of Resources and Economic Development	<ul style="list-style-type: none">■ park and recreation revenue■ advertising expenditure (Travel and Tourism Dept)
Lottery Commission	sweepstakes sales
Liquor Commission	liquor sales
Dept of Revenue Administration	rooms and meals revenue for the pre-1991 period



Continued

Gov. Agency	Data series
Employment Security	<ul style="list-style-type: none">■ employment data for the pre-1990 period■ initial unemployment claims for the pre-2000 period
Dept of Safety	building permits
Secretary of the State's Office	number of new businesses

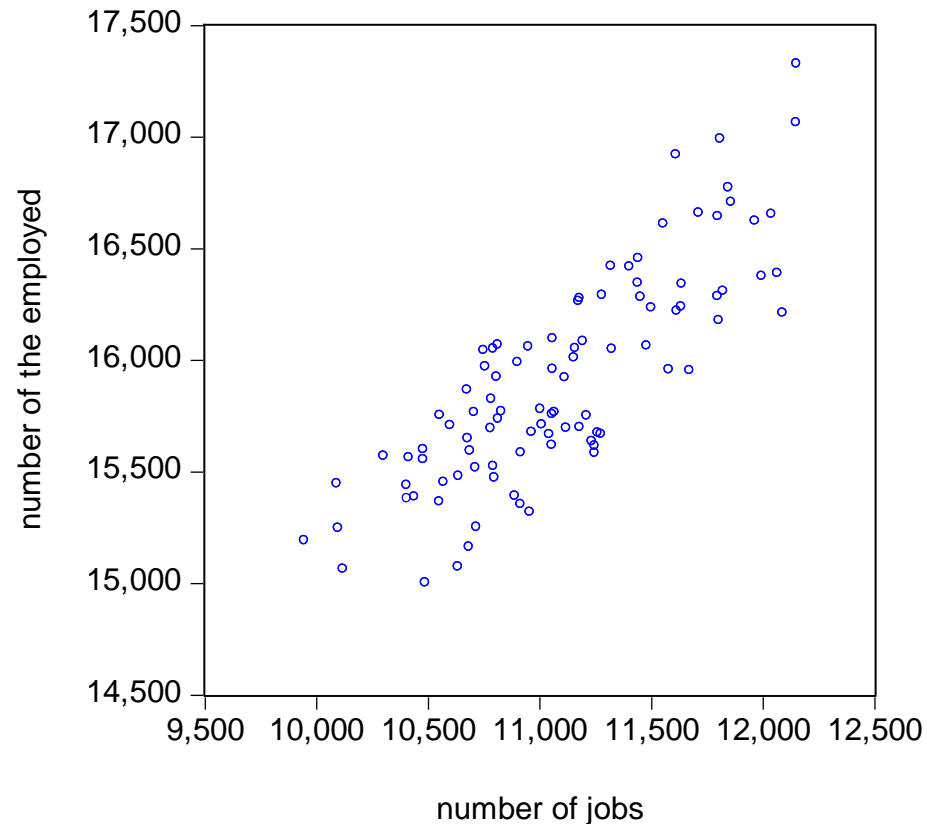


What the product will look like

- Humboldt Economic Index

number of the employed vs. number of jobs

number of the employed vs. number of jobs in Coos



Data are not seasonally adjusted.

Correlations among coincident indicators

	total wages*	employment	rooms and meals*
employment	0.32 (0.001) 96		
rooms and meals*	0.35 (0.000) 96	0.60 (0.000) 221	
electricity sales	0.55 (0.006) 24	0.39 (0.031) 31	0.34 (0.070) 29

- *Variables with asterisk are adjusted for inflation.
- Data are not seasonally adjusted.
- The values within the parentheses are p-values.
- The numbers of observations used in calculation of the correlations are reported below the p-values.

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