

ECONOMIC DIGEST

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In August...

Nonfarm Employment

Connecticut 1,566,600
 Change over month +1.32%
 Change over year -7.04%

United States 140,914,000
 Change over month +0.98%
 Change over year -6.78%

Unemployment Rate

Connecticut 8.1%
 United States 8.4%

Consumer Price Index

United States 259.918
 Change over year +1.3%

Connecticut Town Economic Indexes Fell Slightly in 2019

By Jungmin Charles Joo and Dana Placzek, Department of Labor

Connecticut's overall economy continued its moderate growth last year, based on the index performances of cities and towns. The indexes on page 3 give a broad measure of business and resident economic well-being of each town, allowing comparisons among them.

The CTEI Methodology

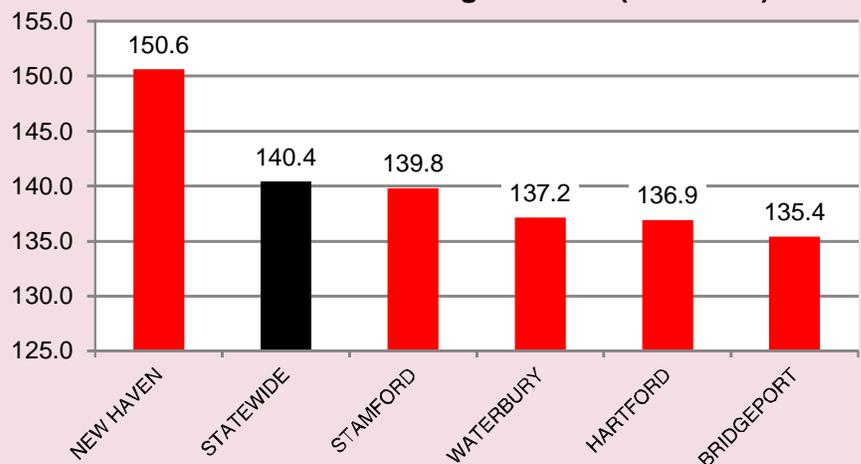
The Connecticut Town Economic Indexes (CTEI) were introduced five years ago and are released annually. The Connecticut Department of Labor's Office of Research developed the composite indexes of all 169 municipalities in the state to measure each town or city's overall economic health, which then can be ranked and compared to others to gain perspective. The four annual average town economic indicators used as components are total covered business establishments, total covered employment, inflation-adjusted covered annual

average wages, and the unemployment rate.

Establishments are the physical work units located in the municipality. Employment is the number payroll employees in establishments that are located in the town. Wages are the aggregate payroll pay divided by the total average employment. These three measures come from the Quarterly Census of Employment and Wages (QCEW) program and include all those who are covered under unemployment insurance law, thus capturing nearly 100 percent of all payroll employees in each town.

Establishments, employment and wages are proxy for each municipality's business activities and its overall economic strength, while the unemployment rate measures the overall economic health of its residents. Each of the four components was given a 25 percent weight. The CTEI's base year is 2010, which equals 100. The wage component was adjusted to 2010

Chart 1. 2019 CTEI of Largest Cities (2010=100)



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dollars and unemployment rate changes were inversed to reflect the right economic direction. By combining these four major economic indicators, the index allows comparisons among towns.

CTEI: 2018 to 2019

Reflecting an ongoing economic recovery, 161 cities and/or towns saw business and labor market conditions improve, while eight worsened. Because the town sizes can vary greatly, a same change in one index value of a small town would not necessarily mean the same degree of economic growth as a large city. Therefore, the comparisons were grouped in three categories: towns with a population (2019) under 25,000, towns or cities with a population between 25,000 and 100,000, and cities with over 100,000.

Among the towns with a population under 25,000, Hampton and Roxbury's overall economy grew the fastest from 2018 to 2019. Southington and Cheshire were the two fastest over the year among the towns or cities with a population between 25,000 and 100,000. Of the five largest cities with a population of 100,000 or more, New Haven and Stamford had the fastest overall economic recovery last year.

CTEI: 2010 to 2019

When compared with 2010, when the employment recovery began in Connecticut, all 169 cities and towns' indexes showed increases in 2019. Among the small towns with residents fewer than 25,000, Hampton and North Stonington experienced the fastest economic growth between 2010 and 2019. Southington and Groton were the two fastest growing towns among those with a population between 25,000 and 100,000.

Among the largest cities (population over 100,000), as Chart 1 shows, New Haven and Stamford's economy grew the most in the last nine years. The map on page 4 also shows the different ranges of economic recovery rate of each municipality in the state.

LMA Indexes: 2010-2019

The index by Labor Market Area (LMA) is the average of all town indexes that make up that labor

market area. The index in all nine regions in Connecticut grew from 2010 to 2019. The Danielson-Northeast LMA's overall economy grew the fastest, followed by the New Haven and Waterbury areas. The Danbury, Norwich-New London, Enfield, and Bridgeport-Stamford LMA indexes, however, increased at a slower pace than the statewide index.

The Components of CTEI:

Establishments

The total number of business establishments in Connecticut rose by 1.4% to 123,767 in 2019, a slower growth than the 2.0% from the year before. Stamford continued to dominate, with the largest number of businesses (6,149) of the 169 cities and towns. Since 2010, Connecticut's overall number of businesses increased 11.2%. Overall, 69% of the total municipalities added new establishments over the year, and 92% since 2010.

Employment

Last year's average statewide employment fell 0.2% from 2018, the first decline in ten years. About 44% of the cities and towns in the state experienced job recovery over the year, lower than 59% from 2017 to 2018. Overall, 70% of the municipalities in the state have added jobs since the employment recovery began in 2010, dropping slightly from 72% during the 2010-2018 period.

Real Wages

In 2019, 61% of all cities and towns in the state posted inflation-adjusted wage gains over the year, significantly up from 30% in 2018. The statewide real annual average wage was \$59,239 per worker, a 3.1% increase over 2018 but still a 0.4% decrease from 2010. The highest real average wages were in businesses located in Greenwich at \$116,476 last year.

Unemployment Rate

Hartford continued to post the highest unemployment rate (6.6%) last year, a drop from 7.0% in 2018. Overall, the statewide rate fell from 4.1% in 2018 to 3.7% in 2019. For a

-continued on page 5-

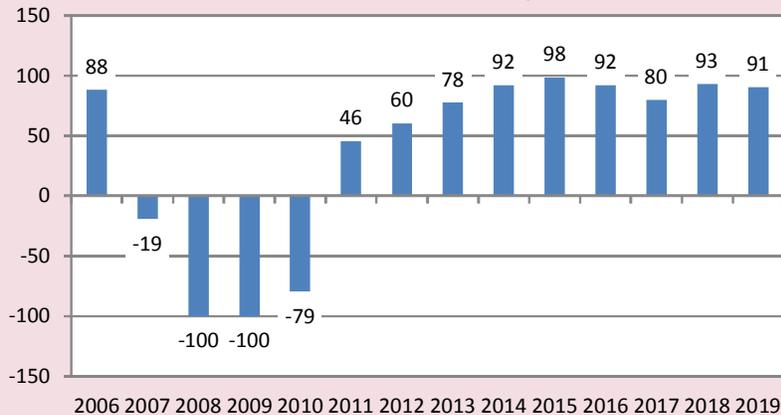
CONNECTICUT TOWN ECONOMIC INDEXES (2010=100), 2016-2019*

Town/City	2016	2017	2018	2019	Town/City	2016	2017	2018	2019	Town/City	2016	2017	2018	2019
Andover	108.7	118.3	123.0	126.7	Griswold	114.6	124.4	133.0	140.8	Prospect	128.5	132.5	136.8	143.2
Ansonia	115.8	117.0	125.7	128.8	Groton	124.1	133.0	141.8	147.8	Putnam	122.3	125.7	130.5	144.0
Ashford	126.1	131.7	138.8	154.5	Guilford	129.9	138.8	142.1	151.6	Redding	125.1	129.1	137.9	138.0
Avon	118.9	121.8	128.6	139.9	Haddam	129.6	128.2	132.2	144.7	Ridgefield	119.1	120.0	127.2	131.0
Barkhamsted	122.7	123.8	127.7	140.4	Hamden	119.7	124.4	130.3	137.1	Rocky Hill	134.1	140.7	148.3	151.1
Beacon Falls	128.0	137.9	144.5	148.2	Hampton	133.0	139.1	149.9	180.3	Roxbury	126.2	120.4	123.1	145.8
Bethlehem	123.1	126.6	131.7	138.4	Hartford	119.7	124.9	132.5	136.9	Salem	115.4	115.5	125.9	136.9
Berlin	131.5	137.1	142.9	152.3	Hartland	123.8	123.2	125.5	125.1	Salisbury	121.5	118.1	127.3	137.2
Bethany	126.4	131.3	137.4	144.5	Harwinton	121.5	133.4	136.4	145.9	Scotland	106.3	110.1	117.9	122.5
Bethel	120.2	123.6	140.1	144.9	Hebron	123.6	123.1	135.0	139.5	Seymour	125.0	129.5	135.5	140.9
Bloomfield	124.7	124.2	135.5	142.1	Kent	132.6	127.9	146.3	151.3	Sharon	116.5	119.6	129.9	141.0
Bolton	122.6	129.6	141.7	147.3	Killingly	124.9	133.9	138.0	150.2	Shelton	120.8	120.2	126.1	135.0
Bozrah	121.5	127.0	135.3	150.2	Killingworth	117.8	126.2	134.5	145.2	Sherman	125.2	132.5	140.8	144.5
Branford	121.4	126.4	134.6	139.9	Lebanon	123.1	128.1	140.4	145.6	Simsbury	111.9	119.2	125.0	130.9
Bridgeport	118.6	122.3	129.1	135.4	Ledyard	122.1	128.1	136.2	143.9	Somers	117.8	119.6	128.6	133.2
Bridgewater	127.0	130.1	141.7	140.4	Lisbon	113.2	119.3	129.7	132.5	South Windsor	123.7	129.8	136.7	142.9
Bristol	127.3	131.1	137.8	144.2	Litchfield	121.5	123.6	135.3	137.8	Southbury	111.1	115.6	120.4	128.7
Brookfield	125.5	127.8	131.4	138.2	Lyme	128.5	128.7	127.8	137.2	Southington	126.3	131.8	138.8	149.5
Brooklyn	129.9	133.3	142.4	148.9	Madison	126.9	131.5	139.5	148.3	Sprague	112.1	112.4	123.4	129.5
Burlington	122.3	132.4	139.9	148.1	Manchester	120.5	124.6	130.8	137.3	Stafford	117.0	125.4	131.5	138.9
Canaan	149.8	146.8	149.9	168.9	Mansfield	120.1	131.6	136.0	135.6	Stamford	123.4	125.6	132.7	139.8
Canterbury	126.4	132.1	142.4	155.1	Marlborough	133.8	138.2	137.8	146.8	Sterling	116.8	118.9	129.0	133.7
Canton	129.9	136.3	140.8	146.9	Meriden	121.1	126.9	135.6	141.5	Stonington	123.9	127.6	132.2	139.8
Chaplin	108.9	115.3	117.9	130.2	Middlebury	122.5	127.4	137.2	144.2	Stratford	118.6	120.7	128.8	132.3
Cheshire	124.2	129.9	134.1	144.1	Middlefield	119.1	131.1	141.5	137.6	Suffield	121.6	125.2	131.4	137.6
Chester	123.2	123.1	136.1	134.9	Middletown	120.8	124.6	132.8	140.1	Thomaston	128.8	133.8	137.0	145.9
Clinton	125.1	127.0	136.1	141.1	Milford	126.8	130.1	137.0	144.5	Thompson	128.4	137.0	148.3	150.3
Colchester	129.6	135.8	144.4	149.2	Monroe	123.2	122.4	133.2	135.0	Tolland	118.4	122.7	127.1	131.9
Colebrook	101.6	105.9	114.7	118.7	Montville	120.8	125.4	130.3	136.8	Torrington	121.2	124.8	131.1	139.8
Columbia	116.1	120.7	125.8	134.1	Morris	136.6	137.7	140.2	155.4	Trumbull	115.3	117.4	120.7	125.1
Cornwall	139.4	136.4	141.8	146.3	Naugatuck	121.5	124.7	133.0	141.3	Union	110.1	122.2	150.3	139.9
Coventry	123.4	128.9	135.5	147.6	New Britain	122.9	128.0	134.4	139.0	Vernon	122.4	126.1	132.0	136.7
Cromwell	129.9	134.3	142.6	151.8	New Canaan	123.6	123.8	132.6	134.4	Voluntown	122.7	127.9	141.5	139.4
Danbury	124.8	129.0	136.3	140.9	New Fairfield	121.5	124.6	134.7	139.2	Wallingford	126.2	131.1	138.1	145.9
Darien	121.8	130.2	133.0	136.1	New Hartford	121.4	126.3	132.7	143.0	Warren	108.6	109.9	123.8	137.3
Deep River	123.7	128.3	128.4	142.8	New Haven	125.2	130.0	139.9	150.6	Washington	123.7	123.2	140.6	143.3
Derby	119.5	121.9	128.3	138.3	New London	110.7	116.2	122.5	128.3	Waterbury	119.6	123.9	130.6	137.2
Durham	128.4	133.4	135.8	146.1	New Milford	117.2	119.5	126.4	133.2	Waterford	117.9	125.7	133.6	134.2
East Granby	117.8	127.5	126.4	136.3	Newington	123.1	126.8	132.2	138.2	Watertown	121.0	126.6	135.0	139.9
East Haddam	120.3	122.1	131.3	137.6	Newtown	129.2	126.0	131.4	140.5	West Hartford	125.7	131.4	136.7	143.4
East Hampton	125.9	133.2	141.4	149.6	Norfolk	108.3	121.6	123.2	130.2	West Haven	125.5	128.3	135.2	143.9
East Hartford	121.9	130.1	136.5	145.3	North Branford	121.3	129.1	135.1	143.0	Westbrook	125.4	131.5	138.6	143.1
East Haven	121.7	126.0	136.6	142.3	North Canaan	114.8	127.8	127.7	130.6	Weston	117.8	120.4	127.8	134.7
East Lyme	116.3	122.6	126.0	132.9	North Haven	117.0	121.3	130.1	139.9	Westport	114.9	116.0	124.7	128.6
East Windsor	123.7	124.8	132.9	140.9	North Stonington	147.2	158.9	161.0	169.5	Wethersfield	124.0	125.4	136.7	142.7
Eastford	133.3	130.4	128.9	145.3	Norwalk	122.7	124.8	130.0	135.1	Willington	129.6	133.1	135.2	147.4
Easton	120.1	118.4	125.8	138.3	Norwich	120.3	128.7	135.3	141.6	Wilton	121.3	124.5	131.6	133.0
Ellington	128.6	135.8	142.0	152.3	Old Lyme	125.0	126.7	131.1	136.1	Winchester	128.4	130.4	137.4	142.3
Enfield	121.5	126.5	134.2	140.6	Old Saybrook	122.3	128.2	136.6	144.9	Windham	122.3	125.2	131.8	137.0
Essex	126.3	129.8	137.2	141.2	Orange	127.7	139.0	140.7	147.3	Windsor	120.5	123.6	132.1	136.8
Fairfield	126.1	121.7	128.4	134.0	Oxford	127.3	134.4	146.0	149.3	Windsor Locks	116.6	123.9	127.5	136.3
Farmington	125.1	129.3	136.1	145.8	Plainfield	125.1	130.4	138.7	146.8	Wolcott	128.3	135.0	143.8	150.1
Franklin	120.2	140.3	144.3	136.7	Plainville	127.7	127.9	136.4	148.5	Woodbridge	121.9	129.3	131.9	137.9
Glastonbury	124.6	132.3	139.5	146.0	Plymouth	126.6	132.5	140.7	141.3	Woodbury	124.1	133.8	139.0	143.0
Goshen	127.3	131.6	144.7	148.8	Pomfret	133.5	140.0	139.9	154.5	Woodstock	122.3	125.8	126.9	133.3
Granby	123.5	129.8	138.6	150.9	Portland	121.5	129.8	134.9	144.1					
Greenwich	116.1	118.4	128.0	131.3	Preston	118.3	122.6	133.5	133.6	CONNECTICUT	122.0	126.0	133.3	140.4

* 2010 = 100 for all 169 cities and towns 2005-2019 CTEI is available upon request

Source: Connecticut Department of Labor, Office of Research

Chart 2. CTEI Diffusion Index, 2006-2019



-continued from page 2-

detailed analysis and the complete table of unemployment rates for all 169 municipalities, see “2019 Unemployment Rate by Town” in the June 2020 issue of the Connecticut Economic Digest.

CTEI Diffusion Index: 2006-2019

One way to measure aggregate performance of the CTEI of 169 cities and towns in Connecticut is to use a diffusion index. For each

town, the index figure is up, down, or unchanged over the year. The diffusion index is calculated by subtracting the share of towns that experienced decreases in their indexes from the share that had increases over the year.

As expected, during the 2008-2010 period, the index values were -100, -100, and -79, respectively, when Connecticut was in an employment downturn. The state economy gradually recovered from 2011, as the diffusion index numbers indicate on Chart 2, and by 2015 nearly all towns were gaining (+98). After slowing down during 2016 and 2017, the index picked up in 2018 (+93), but then slowed to 91 last year. And given the pandemic, 2020’s index is expected to be much worse. ■

GENERAL ECONOMIC INDICATORS

<i>(Seasonally adjusted)</i>	1Q	1Q	YoY CHG		4Q	QoQ CHG	
	2020	2019	NO.	%	2019	NO.	%
General Drift Indicator (1996=100)*							
Leading	116.7	125.0	-8.3	-6.7	125.6	-8.9	-7.1
Coincident	117.3	117.5	-0.2	-0.1	116.7	0.7	0.58
Real Gross Domestic Product** (2012 Chained \$, SAAR)							
Connecticut (\$ in millions)	247,129.1	247,584.7	-455.6	-0.2	250,045.1	-2,916.0	-1.2
United States (\$ in millions)	18,977,363	18,927,281	50,082	0.3	19,221,970	-244,607	-1.3
New England (\$ in millions)	982,957.3	983,349.4	-392.1	0.0	996,132.2	-13,174.9	-1.3
Per Capita Personal Income** (Current \$, SAAR)							
Connecticut	80,146	78,715	1,431	1.8	79,635	511	0.6
United States	57,557	56,002	1,555	2.8	57,288	269	0.5
New England	71,575	70,252	1,323	1.9	71,165	410	0.6
Philadelphia Fed's Coincident Index (2007=100)***							
Connecticut	Aug 2020	Aug 2019	0.0	####	Jul 2020	0.0	####
United States			0.0	####		0.0	####

Sources: *Dr. Steven P. Lanza, University of Connecticut **U.S. Bureau of Economic Analysis ***Federal Reserve Bank of Philadelphia

General Drift Indicators are composite measures of the four-quarter change in three coincident (Connecticut Manufacturing Production Index, nonfarm employment, and real personal income) and three leading (housing permits, manufacturing average weekly hours, and initial unemployment claims) economic variables, and are indexed so 1996 = 100.

The **Philadelphia Fed's Coincident Index** summarizes current economic condition by using four coincident variables: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements deflated by the consumer price index (U.S. city average).