THE CONNECTICUT
ECONOMIC DIGEST

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OCTOBER 2022

IN THIS ISSUE...

In August...

Nonfarm Employment
Connecticut 1,663,900
Change over month ..... +0.17%
Change over year ..... +2.41%

United States 152,744,000
Change over month ..... +0.21%
Change over year ..... +3.98%

Unemployment Rate
Connecticut 4.1%
United States 3.7%

Consumer Price Index
United States 296.171
Change over year ..... +8.3%

Nearly All of Connecticut Town Economic Indexes Recover in 2021

By Jungmin Charles Joo and Dana Placzek, Department of Labor

Connecticut's overall economy bounced back last year, as 99% of municipalities' indexes rose in 2021, after all of 169 cities and towns having fallen in 2020 from the effects of the COVID-19 pandemic. The indexes on page 3 give a broad measure of business and resident economic well-being of each town, allowing comparisons among them.

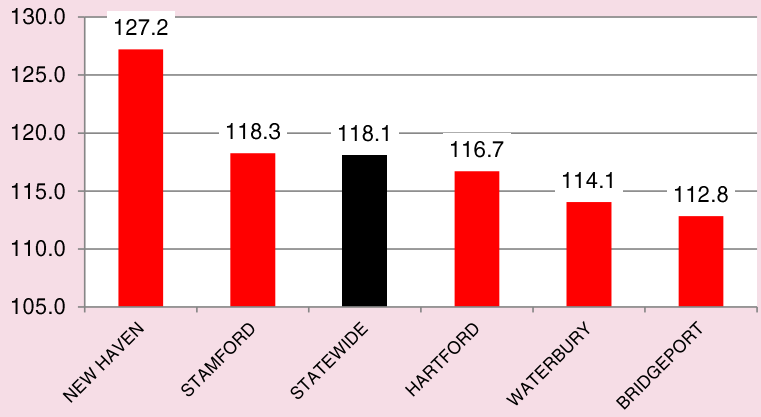
The CTEI Methodology

The Connecticut Town Economic Indexes (CTEI) were introduced in 2015 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 dollars and unemployment rate changes were inversed to reflect the right economic direction. By combining these four major

Chart 1. 2021 CTEI of Largest Cities (2010=100)



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Managing Editor: Jungmin Charles Joo

Associate Editor: Erin C. Wilkins

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Connecticut Department of Labor

Danté Bartolomeo, Commissioner
Daryle Dudzinski, Deputy Commissioner
Mark Polzella, Deputy Commissioner

Patrick J. Flaherty, Director
Office of Research
200 Folly Brook Boulevard
Wethersfield, CT 06109-1114
Phone: (860) 263-6255
Fax: (860) 263-6263
E-Mail: dol.econdigest@ct.gov
Website: http://www.ctdol.state.ct.us/lmi

Connecticut Department of Economic and Community Development

David Lehman, Commissioner
Alexandra Daum, Deputy Commissioner
Paul O. Robertson, Deputy Commissioner

450 Columbus Boulevard
Suite 5
Hartford, CT 06103
Phone: (860) 500-2300
Fax: (860) 500-2440
E-Mail: decd@ct.gov
Website: http://www.decd.org

economic indicators, the index allows comparisons among towns.

CTEI: 2020 to 2021

Nearly all of the cities and towns saw business and labor market conditions improve. 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 (2020) 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, Weston and Canterbury's overall economy expanded the fastest from 2020 to 2021. Greenwich and Fairfield had the two fastest increases 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, Stamford and Bridgeport fared the best last year.

CTEI: 2010 to 2021

When compared with 2010, when the employment recovery began in Connecticut, all but two cities and towns' indexes showed increases in 2021. Among the small towns with residents fewer than 25,000, Hampton and North Stonington experienced the fastest economic increase between 2010 and 2021. Southington and Glastonbury index figures grew the fastest among those with a population between 25,000 and 100,000. New London was the only one to fall from 2010 to 2021.

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

LMA Indexes: 2010-2021

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 2021. The Danielson-Northeast LMA's overall economy continued to grow the fastest, followed by the Waterbury and New Haven areas.

The Components of CTEI:

Establishments

The total number of business establishments in Connecticut rose by 6.9% to 133,921 in 2021, a faster growth than the 1.9% from the year before. Stamford continued to dominate, with the largest number of businesses (6,650) of the 169 cities and towns. Since 2010, Connecticut's overall number of businesses increased 20.3%. Overall, 86% of the total municipalities added new establishments over the year, and 95% since 2010.

Employment

Last year's average statewide employment bounced back 3.0% in 2021, after having dropped 7.5% in 2020. In fact, 87% of the cities and towns in the state experienced job recovery over the year, compared to just 5% from 2019 to 2020. All in all, 56% of the municipalities in the state have added jobs since 2010.

Real Wages

In 2021, only 18% of all cities and towns in the state posted inflation-adjusted wage gains over the year, significantly down from 97% in 2020. The statewide real annual average wage was $58,950 per worker, a 3.9% decrease over 2020 and a 0.9% decline from 2010. The highest real average wages were in businesses located in Greenwich at $129,828 last year.

Unemployment Rate

Hartford posted the highest unemployment rate (11.0%) last year, dipping from 13.1% in 2020. Overall, the statewide rate fell from 7.8% in 2020 to 6.3% in 2021. For a detailed analysis and the complete table of unemployment rates for all 169 municipalities, see "2021 Unemployment Rate by Town" in the June 2022 issue of the Connecticut Economic Digest.

CTEI Diffusion Index: 2006-2021

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

-continued on page 5-

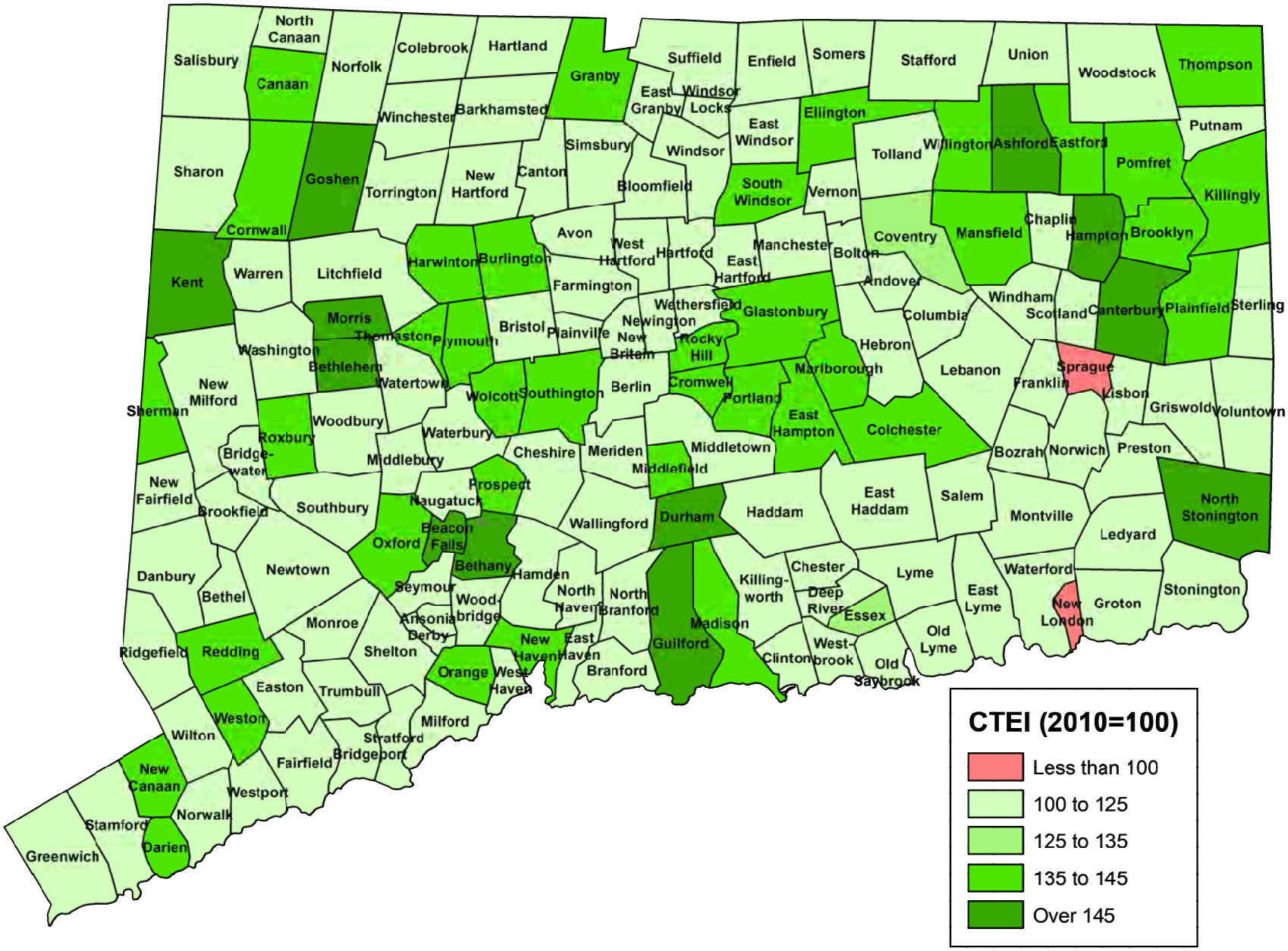
CONNECTICUT TOWN ECONOMIC INDEXES (2010=100), 2018-2021*

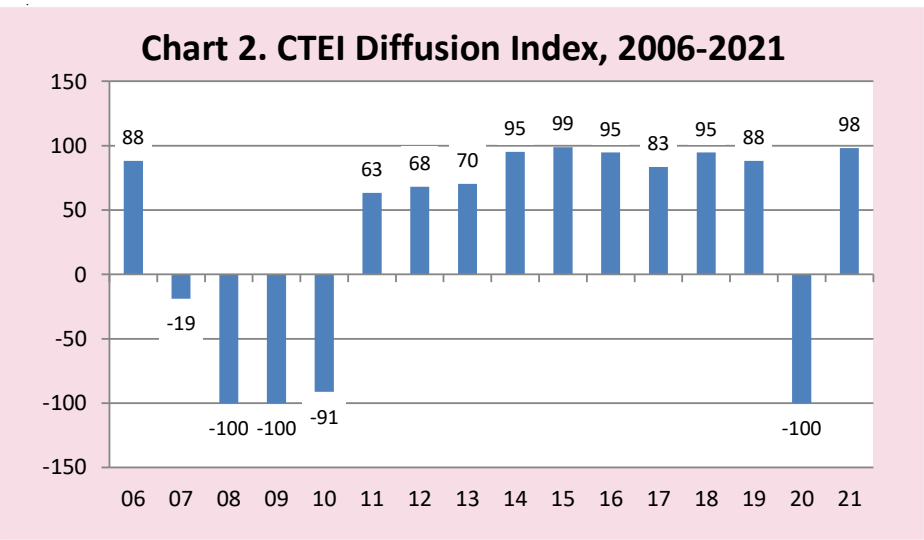
Town/City	2018	2019	2020	2021	Town/City	2018	2019	2020	2021	Town/City	2018	2019	2020	2021
Andover	127.7	133.9	102.6	115.9	Griswold	140.4	149.3	106.6	116.7	Prospect	143.3	150.7	116.2	126.8
Ansonia	130.9	134.6	103.2	108.3	Groton	149.2	156.4	108.5	118.3	Putnam	136.8	150.9	109.7	119.4
Ashford	146.3	162.9	125.8	136.5	Guilford	150.0	158.5	121.4	139.4	Redding	144.1	144.6	112.9	129.6
Avon	133.8	149.7	109.6	118.3	Haddam	136.6	150.4	111.7	124.4	Ridgefield	133.0	135.4	109.0	117.4
Barkhamsted	133.9	146.7	109.6	119.7	Hamden	136.0	143.9	108.7	117.0	Rocky Hill	155.8	159.9	118.5	127.7
Beacon Falls	151.5	157.9	122.0	137.7	Hampton	159.9	190.5	158.6	170.2	Roxbury	128.9	152.9	115.0	126.5
Bethlehem	138.2	145.8	111.1	117.4	Hartford	138.2	143.4	110.9	116.7	Salem	132.8	145.1	103.3	117.7
Berlin	151.4	160.7	123.7	138.3	Hartland	131.6	129.9	106.1	112.2	Salisbury	134.9	144.2	110.8	118.2
Bethany	144.0	149.8	110.0	121.7	Harwinton	142.2	153.2	119.4	134.5	Scotland	123.4	129.1	104.3	104.5
Bethel	146.0	151.3	127.2	137.4	Hebron	140.2	147.6	111.1	117.5	Seymour	141.3	147.6	113.8	123.2
Bloomfield	141.2	148.7	112.8	119.0	Kent	154.2	157.5	121.5	138.1	Sharon	135.6	148.6	115.2	121.0
Bolton	146.8	152.9	118.3	118.3	Killingly	145.3	157.4	118.1	126.5	Shelton	131.2	141.2	106.8	114.6
Bozrah	140.9	159.7	117.9	124.0	Killingworth	143.1	152.4	113.9	121.9	Sherman	148.3	150.4	112.2	127.7
Branford	141.7	147.7	110.4	120.4	Lebanon	148.5	153.1	117.0	120.1	Simsbury	131.8	139.1	103.3	112.3
Bridgeport	134.4	141.6	106.6	112.8	Ledyard	142.9	152.0	96.6	109.8	Somers	134.7	140.1	106.6	114.9
Bridgewater	146.5	147.4	112.6	123.9	Lisbon	136.4	140.2	103.2	109.7	South Windsor	143.3	150.6	113.7	127.0
Bristol	143.7	151.0	114.0	120.0	Litchfield	140.5	143.3	112.6	118.4	Southbury	127.3	135.6	97.9	107.6
Brookfield	137.4	143.4	107.6	121.1	Lyme	134.7	146.9	108.7	123.2	Southington	145.1	157.5	120.0	131.3
Brooklyn	148.6	156.2	117.9	132.1	Madison	146.7	154.5	119.1	131.3	Sprague	131.3	136.7	95.7	100.0
Burlington	147.0	156.4	119.5	125.8	Manchester	136.8	144.2	105.5	114.9	Stafford	137.5	146.1	110.5	115.1
Canaan	152.4	176.1	121.2	130.8	Mansfield	142.4	142.2	126.5	126.0	Stamford	138.6	146.9	106.8	118.3
Canterbury	148.3	162.9	120.7	139.6	Marlborough	144.7	152.6	119.6	128.9	Sterling	134.0	139.3	105.1	115.5
Canton	148.1	155.5	115.9	124.8	Meriden	142.2	147.5	111.7	116.4	Stonington	137.8	146.6	106.2	118.5
Chaplin	124.1	135.2	103.5	104.9	Middlebury	143.0	151.3	109.8	119.8	Stratford	133.8	139.3	105.4	113.1
Cheshire	140.6	150.0	112.4	118.9	Middlefield	146.7	143.9	114.7	125.8	Suffield	137.7	144.8	112.6	122.8
Chester	141.8	142.5	107.1	118.0	Middletown	138.4	146.6	111.0	116.1	Thomaston	145.2	153.9	117.6	126.9
Clinton	143.0	148.7	109.1	122.3	Milford	143.8	152.7	109.0	118.4	Thompson	155.8	156.3	119.7	128.7
Colchester	151.2	157.1	119.4	129.1	Monroe	139.1	141.2	108.6	119.8	Tolland	134.1	137.7	104.5	109.8
Colebrook	117.4	121.7	103.0	117.3	Montville	135.6	143.3	94.6	109.1	Torrington	138.2	146.7	110.4	117.0
Columbia	132.1	141.1	111.8	121.1	Morris	146.5	163.9	130.4	142.1	Trumbull	126.1	131.6	98.9	107.8
Cornwall	145.3	156.2	115.6	132.2	Naugatuck	138.3	147.7	109.6	119.0	Union	158.3	152.0	113.9	120.3
Coventry	142.1	153.5	118.6	125.2	New Britain	141.3	145.5	111.2	115.2	Vernon	137.5	143.2	106.1	115.6
Cromwell	148.8	157.3	117.6	130.4	New Canaan	139.5	141.7	113.3	129.0	Voluntown	149.7	146.7	111.7	117.4
Danbury	142.9	148.2	108.7	118.7	New Fairfield	141.6	146.8	105.8	119.7	Wallingford	144.8	154.1	111.7	120.4
Darien	137.6	141.1	117.5	127.8	New Hartford	139.4	149.0	111.0	118.5	Warren	127.9	142.4	112.1	118.8
Deep River	135.0	149.1	108.1	118.3	New Haven	146.6	159.2	121.5	127.2	Washington	147.7	154.3	113.1	119.4
Derby	134.5	144.8	108.4	116.3	New London	128.5	135.3	92.1	98.9	Waterbury	136.0	143.5	109.5	114.1
Durham	141.1	154.9	122.8	136.2	New Milford	132.5	138.4	102.1	111.1	Waterford	140.5	141.5	104.4	112.1
East Granby	133.3	143.4	104.7	112.4	Newington	140.7	145.8	108.3	118.7	Watertown	141.1	144.8	112.5	122.7
East Haddam	137.4	144.6	108.8	120.1	Newtown	137.5	148.2	113.6	122.1	West Hartford	143.9	149.4	113.1	123.2
East Hampton	148.1	157.8	121.8	130.2	Norfolk	129.3	137.5	107.8	121.0	West Haven	141.7	150.4	112.5	123.2
East Hartford	142.1	152.2	113.5	118.2	North Branford	141.7	150.5	116.5	123.3	Westbrook	145.6	151.1	112.6	119.6
East Haven	143.0	149.4	112.6	120.5	North Canaan	134.1	137.7	101.4	109.0	Weston	132.5	140.6	112.3	130.0
East Lyme	131.4	139.3	105.7	114.6	North Haven	136.4	147.4	111.3	124.1	Westport	130.9	133.4	103.3	114.0
East Windsor	138.6	150.1	111.1	119.3	North Stonington	167.4	176.9	136.2	146.2	Wethersfield	143.1	150.4	109.3	116.4
Eastford	135.0	151.9	113.7	126.5	Norwalk	135.8	141.8	100.6	111.9	Willington	142.6	153.4	120.8	126.5
Easton	131.1	143.2	109.5	122.0	Norwich	140.8	148.0	97.5	108.7	Wilton	138.2	139.7	112.7	120.7
Ellington	148.0	160.0	126.6	133.9	Old Lyme	137.1	141.1	108.3	116.5	Winchester	143.9	149.4	113.8	120.8
Enfield	140.4	148.0	110.3	120.3	Old Saybrook	144.1	153.5	111.3	119.7	Windham	138.0	142.8	112.3	116.0
Essex	144.5	146.9	111.2	125.1	Orange	144.8	154.3	119.3	135.2	Windsor	137.4	142.7	109.0	114.3
Fairfield	134.2	140.7	107.7	121.0	Oxford	152.7	157.0	121.3	129.6	Windsor Locks	134.3	144.9	107.2	114.1
Farmington	143.0	154.3	117.1	123.9	Plainfield	145.3	153.0	120.7	133.5	Wolcott	150.9	158.6	116.4	126.3
Franklin	149.2	144.2	110.8	115.7	Plainville	142.6	156.4	112.3	119.3	Woodbridge	137.8	145.4	110.9	121.4
Glastonbury	145.4	152.5	115.0	128.6	Plymouth	146.9	149.4	116.8	128.1	Woodbury	145.9	150.6	116.0	124.3
Goshen	150.2	156.6	123.1	139.4	Pomfret	147.9	162.2	123.1	131.6	Woodstock	132.8	140.2	105.6	117.7
Granby	145.6	156.8	121.2	130.1	Portland	140.7	149.3	117.3	126.9					
Greenwich	134.4	136.1	103.6	116.7	Preston	141.5	140.7	97.1	110.1	CONNECTICUT	139.0	146.1	108.9	118.1

* 2010 = 100 for all 169 cities and towns 2005-2021 CTEI is available upon request

Source: Connecticut Department of Labor, Office of Research

Connecticut Town Economic Indexes, 2021





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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 -91, 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 (+99). After slowing down during 2016 and 2017, the index picked up in 2018 (+95), but then slowed to +88 in 2019, before falling to -100 last year, when all 169 cities and towns' economies were inexorably affected by the pandemic. Then last year, the index almost fully turned around with +98.

The indexes are presented this year using the same methodology as in the past so they can be compared for historical purposes. Note that an annual average does not fully capture growth that happened during year. Connecticut's economy was in much better shape at the end of 2021 than at the beginning. The annual average includes the early part of the year when many effects of the pandemic shutdown were still acute as well as the later months. We also note that job growth has continued in 2022 to date and will be reflected in the indexes we publish next year. ■

GENERAL ECONOMIC INDICATORS

(Seasonally adjusted)	2Q 2022	2Q 2021	YoY CHG NO.	YoY CHG %	1Q 2022	QoQ CHG NO.	QoQ CHG %
General Drift Indicator (2007=100)*							
Leading	112.9	105.0	7.8	7.5	111.5	1.4	1.26
Coincident	96.2	94.7	1.5	1.6	95.3	0.9	0.97
Real Gross Domestic Product**	**1Q**	**1Q**	**YoY CHG**		**4Q**	**QoQ CHG**	
(Millions of chained 2012 dollars)	**2022**	**2021**	**NO.**	**%**	**2021**	**NO.**	**%**
Connecticut	250,201	240,712	9,489	3.9	251,071	-870	-0.3
United States	19,727,918	19,055,655	672,263	3.5	19,806,290	-78,372	-0.4
New England	1,025,942	979,373	46,570	4.8	1,026,499	-557	-0.1
Per Capita Personal Income**	**2Q**	**2Q**	**YoY CHG**		**1Q**	**QoQ CHG**	
(Current $, SAAR)	**2022**	**2021**	**NO.**	**%**	**2022**	**NO.**	**%**
Connecticut	84,963	82,387	2,576	3.1	84,550	413	0.5
United States	64,993	63,018	1,975	3.1	64,113	880	1.4
New England	78,751	77,160	1,591	2.1	78,144	607	0.8
Philadelphia Fed's Coincident Index (2007=100)***	**Aug**	**Aug**	**YoY CHG**		**Jul**	**MoM CHG**	
	2022	**2021**	**NO.**	**%**	**2022**	**NO.**	**%**
Connecticut	120.99	113.76	7.23	6.4	121.85	-0.85	-0.7
United States	135.16	128.54	6.61	5.1	134.94	0.22	0.2

*Sources: *Dr. Steven P. Lanza, University of Connecticut, https://steven-lanza.uconn.edu/the-connecticut-green-sheet/*
***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 2007 = 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).