

# ECONOMIC DIGEST

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**IN THIS ISSUE...**

**Connecticut Exports: 2011 in Review** ..... 1-2, 5

**Employment Patterns and Structural Unemployment**....3-4

**Economic Indicators**  
 on the Overall Economy ..... 5  
 Individual Data Items ..... 6-8  
**Comparative Regional Data** ..... 9  
**Economic Indicator Trends** ..... 10-11  
**Business & Economic News** ..... 15  
**Business and Employment Changes Announced in the News Media** ..... 19  
**Labor Market Areas:**  
 Nonfarm Employment ..... 12-17  
 Sea. Adj. Nonfarm Employment ..... 14  
 Labor Force ..... 18  
 Hours and Earnings ..... 19  
**Cities and Towns:**  
 Labor Force ..... 20-21  
 Housing Permits ..... 22  
**Technical Notes** ..... 23  
**At a Glance** ..... 24

**In February...**

**Nonfarm Employment**

Connecticut..... 1,633,800  
 Change over month ..... +0.3%  
 Change over year ..... +0.7%

United States ..... 132,697,000  
 Change over month ..... +0.17%  
 Change over year ..... +1.5%

**Unemployment Rate**

Connecticut ..... 7.8%  
 United States ..... 8.3%

**Consumer Price Index**

United States ..... 227.7  
 Change over year ..... 2.9%

## Connecticut Exports: 2011 in Review

By Laura Jaworski, Office of International and Domestic Affairs, DECD

**E**xports are an engine of growth and an important contributor to gross domestic product. In Connecticut, commodity exports represent approximately 7% of the gross state product (state GDP). Exports sustain and create jobs and also have a multiplier effect on the economy. Given the fact that 95% of the world's consumers live outside the U.S., it makes sense to pursue foreign market opportunities and reach those consumers, generate new business, create jobs and spur economic growth and recovery.

Exports are critical for business and economic success. As such, the U.S. Small Business Administration (SBA) has awarded Connecticut a grant from a new federal initiative designed to increase the value of state exports and the number of small businesses that export. The SBA created the State Trade and Export Promotion (STEP) pilot grant earlier last year to provide grants to state export offices. Connecticut's Department of Economic and Community Development (DECD) will administer the program and

direct funds toward international business development opportunities and technical assistance programs. DECD is working with its partner organizations to roll out programs and lay the groundwork for a productive year for state exporters.

To assess Connecticut's current export status, a review of several key categories follows.

**Annual Export Figures**

In 2011, Connecticut's export commodities (excluding services), increased 0.88%, from \$16.05 billion in 2010 to \$16.19 billion.<sup>1</sup> This increase follows a 14.86% increase between 2009 and 2010, a significant uptick from the state's export recession-driven decline in 2008. It is important to note, however, that the data understates Connecticut's exports as it omits exported services, as the collection of such data is inexact. All U.S. states face this data gap. With a significant concentration of insurance and financial services, Connecticut's commodity exports may significantly underrepresent Connecticut's true overall export value.

U.S. exports experienced a sizeable increase in 2011. U.S.

Rank	Description	2010	2011	%2010- 11
	<b>TOTAL ALL COMMODITIES</b>	16,056,449,947.00	16,198,135,524.00	0.88
1	Aircraft, Spacecraft, And Parts Thereof	6,706,037,936.00	6,543,001,510.00	-2.43
2	Industrial Machinery, Including Computers	1,624,517,745.00	1,905,747,796.00	17.31
3	Electric Machinery Etc; Sound Equip; Tv Equip; Pts	1,217,508,750.00	1,370,348,113.00	12.55
4	Optic, Photo Etc, Medic Or Surgical Instrmnts Etc	1,113,989,039.00	1,334,727,669.00	19.82
5	Cereals	785,658,724.00	771,046,467.00	-1.86
6	Plastics And Articles Thereof	533,916,787.00	595,546,324.00	11.54
7	Special Classification Provisions, Nesoi	559,905,607.00	408,397,143.00	-27.06
8	Iron And Steel	245,217,896.00	345,720,216.00	40.98
9	Copper And Articles Thereof	307,750,755.00	173,980,614.00	-43.47
10	Aluminum And Articles Thereof	110,986,171.00	168,221,938.00	51.57

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commodity exports totaled more than \$1.48 trillion in 2011 representing a 15.83% increase over the \$1.27 trillion recorded in 2010.

Connecticut's commodity exports as a share of total U.S. commodity exports decreased from 1.25% in 2010 to 1.09% in 2011.

Connecticut's export ranking among the states rated at 28<sup>th</sup> in 2011. Connecticut actually ranks 26<sup>th</sup> if Puerto Rico and various export sales attributed to "unknown state" are removed from the rankings. In the state export data series, low-value export estimates are credited to "unknown state" as export statistics are collected only for export commodity shipments over \$2,500. Texas, California, New York, Florida and Washington were the top five exporters in 2011, ranked in terms of export commodity dollars. On a per capita basis, Connecticut ranks 10<sup>th</sup>.<sup>2</sup>

In New England in 2011, only Massachusetts export ranked higher than Connecticut, as has been the case since 2005. As a regional trading block, New England's commodity exports totaled more than \$58.21 billion in 2011, a 3.73% increase.

**Composition of Connecticut's Exports**

Connecticut's top export commodities mirror the state's historic strengths and there is a demonstrated consistency among the state's top export commodities. In 2011, Connecticut's top five export commodity groups were (1) aircraft, spacecraft and parts thereof; (2) industrial machinery, including computers; (3) electric machinery, sound equipment, TV equipment, parts; (4) optic, photo, medical or surgical instruments and (5) cereals. Aircraft, spacecraft and parts thereof and cereals both experienced decreases in 2011. (Please refer to Table A.)

It should be noted that the cereals commodity category does not denote items like boxed breakfast cereal, but rather the wholesale and/or brokerage trade of agricultural commodities associated with corn, maize, wheat, meslin and rye.

Among Connecticut's top ten export commodities, aluminum and

articles thereof experienced the greatest growth in 2011 increasing 51.57% from \$110.98 million in 2010 to \$168.22 million in 2011.

To put these figures in context, the U.S. and New England states' top export commodities were similar to Connecticut's in 2011. The top five U.S. export commodities were (1) industrial machinery, including computers; (2) electric machinery, sound equipment, TV equipment, parts; (3) mineral fuel, oil, bitumin substances, mineral wax; (4) vehicles, except railway or tramway, and parts and (5) aircraft, spacecraft and parts thereof. In 2011, the New England region's top five export commodities were (1) electric machinery, sound equipment, TV equipment, parts; (2) industrial machinery, including computers; (3) optic, photo, medical or surgical instruments; (4) aircraft, spacecraft and parts thereof and (5) natural or cultured pearls, precious stones, precious metal clad materials, imitation jewelry and coins.

**State Export Partners**

In 2011, the top five U.S. export destinations were Canada, Mexico, China, Japan and the United Kingdom, with each market destination experiencing an export increase. The top export markets for the New England region were Canada, China, the United Kingdom, Germany and Mexico. With the exception of China, New England's other top export destinations recorded export increases.

For the third consecutive year, France and Canada were the state's top two export markets, respectively. As a whole, 12.16% of Connecticut's export commodities were destined for France in 2011, with aircraft, spacecraft and parts thereof being the state's top export commodity to France (\$1.74 billion).

Following France and Canada, Connecticut's top trade partners were Germany, Mexico, China, the United Kingdom, Japan, the Netherlands, Belgium and United Arab Emirates (U.A.E.), ranking 3-10, respectively. (Please refer to Table B.) With the exception of France, China and Belgium,

--Continued on page 5--

--Continued from page 2--

Connecticut's remaining top ten export partners recorded growth in 2011. Connecticut exported over \$1 billion to each of its top four trade partners in 2011. In 2011, the state exported to 206 market destinations.

The U.A.E. was a new addition to the state's top ten export markets and experienced the largest percentage growth in this group. Connecticut's exports to the U.A.E. increased 425.90%, from \$103.01 million in 2010 to \$541.76 million in 2011. Aircraft, spacecraft and parts; arms, and ammunition, parts and accessories thereof and industrial machinery, including computers were important

commodity contributors towards this increase.

### Challenges

The cultivation of international markets is important, but there are concerns and circumstances that present challenges to exporters. Chief among them are the state of the global economy and its correlation to reduced consumer spending. Unpredictable international events affect markets and export growth as well. Regulatory barriers present a challenge, as navigating the complex issue of export compliance and licensing requires time, effort and resources. On a positive note regarding such compliance, the

federal government is contemplating changing U.S. export ITAR (International Traffic in Arms Regulations) controls.

### Export Assistance

The Connecticut Department of Economic and Community Development's (DECD) Office of International and Domestic Affairs is committed to assisting local companies compete in the global marketplace, whether it is helping a company reach new market or raising awareness of the many export opportunities that may help a business thrive and grow. For more information about DECD's international programs and services, including the U.S. Small Business Administration's State Trade and Export Promotion (STEP) grant activities, please contact Laura Jaworski at 860-270-8068 or [laura.jaworski@ct.gov](mailto:laura.jaworski@ct.gov). ■

Rank	Description	2010	2011	%2010-11
	TOTAL ALL PARTNER COUNTRIES	16,056,449,947.00	16,198,135,524.00	0.88
1	France	2,225,679,103.00	1,971,224,548.00	-11.43
2	Canada	1,622,498,504.00	1,718,804,603.00	5.94
3	Germany	1,268,191,947.00	1,377,907,880.00	8.65
4	Mexico	989,401,809.00	1,098,000,799.00	10.98
5	China	1,023,758,551.00	982,426,670.00	-4.04
6	United Kingdom	652,790,532.00	684,299,044.00	4.83
7	Japan	477,108,997.00	578,864,102.00	21.33
8	Netherlands	567,726,794.00	551,332,297.00	-2.89
9	Belgium	765,653,443.00	548,026,410.00	-28.42
10	United Arab Emirates	103,015,524.00	541,763,634.00	425.9

<sup>1</sup> Data Source: World Institute for Strategic Economic Research (WISER)

<sup>2</sup> *Connecticut Economic Review 2012*, Northeast Utilities, p. 26.

## GENERAL ECONOMIC INDICATORS

	4Q 2011	4Q 2010	CHANGE NO. %		3Q 2011
<i>(Seasonally adjusted)</i>					
<b>Employment Indexes (1992=100)*</b>					
<b>Leading</b>	118.8	116.4	2.5	2.1	118.2
<b>Coincident</b>	103.6	102.4	1.2	1.2	102.2
<b>General Drift Indicator (1986=100)*</b>					
<b>Leading</b>	104.1	106.4	-2.3	-2.2	106.4
<b>Coincident</b>	107.4	106.5	0.9	0.8	107.6
<b>Farmington Bank Business Barometer (1992=100)**</b>	125.3	124.0	1.2	1.0	124.6
<b>Philadelphia Fed's Coincident Index (July 1992=100)***</b>	<b>JAN</b>	<b>JAN</b>			<b>DEC</b>
<i>(Seasonally adjusted)</i>	<b>2012</b>	<b>2011</b>			<b>2011</b>
<b>Connecticut</b>	159.1	154.4	4.7	3.0	158.6
<b>United States</b>	155.8	150.8	5.0	3.3	155.2

Sources: \*The Connecticut Economy, University of Connecticut \*\*Farmington Bank \*\*\*Federal Reserve Bank of Philadelphia

The Connecticut Economy's **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 four leading (housing permits, manufacturing average weekly hours, Hartford help-wanted advertising, and initial unemployment claims) economic variables, and are indexed so 1986 = 100.

The **Farmington Bank Business Barometer** is a measure of overall economic growth in the state of Connecticut that is derived from non-manufacturing employment, real disposable personal income, and manufacturing production.

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).