Connecticut Recovery Began in January 2010

By Jungmin Charles Joo, Research Analyst, jungmin.joo@ct.gov

The Great Recession II that began in March 2008 has ended in January 2010 for Connecticut, as measured by the total nonfarm employment. The newly revised seasonally adjusted employment data showed January 2010 to be the bottom of this awful economic downturn, one month later than originally anticipated. Over the 22 months of the recession, 119,200 jobs were lost, about 20,000 more than originally estimated last March (see “Connecticut Recession to End in December 2009?” Connecticut Economic Digest, March 2010).

Though this downturn lasted far less than the 38 months in the July 2000-September 2003 recession and the 46 months in 1989-1992’s Great Recession, the severity of employment drop is astounding. The 7.0% job loss in the March 2008-January 2010 recession was more drastic than 2000-2003’s 3.7%, though not as severe as the 9.3% decrease in the February 1989-December 1992 downturn, which lasted the longest at 46 months, and cost 157,000 jobs. Moreover, when the employment losses through 22 months into recession were compared, the latest recession was even deeper than the 1989-1992 one (-7.0% vs. –5.3%). In fact, this recession experienced the worst job loss since the 1943-1945 downturn (-9.5%).

Nationally, employment peaked in January 2008 and bottomed out in February 2010. During its 25-month employment recession, the U.S. has lost 8,750,000 jobs (~6.3%). Thus, Connecticut’s employment lagged by two months going into recession but came out of it one month earlier than the nation’s. Nevertheless, during that period, Connecticut underwent a worse employment decline than the nation.
The Connecticut Economic Digest is published monthly by the Connecticut Department of Labor, Office of Research, and the Connecticut Department of Economic and Community Development. Its purpose is to regularly provide users with a comprehensive source for the most current, up-to-date data available on the workforce and economy of the state, within perspectives of the region and nation.

The annual subscription is $50. Send subscription requests to: The Connecticut Economic Digest, Connecticut Department of Labor, Office of Research, 200 Folly Brook Boulevard, Wethersfield, CT 06109-1114. Make checks payable to the Connecticut Department of Labor. Back issues are $4 per copy. The Digest can be accessed free of charge from the DOL Web site. Articles from The Connecticut Economic Digest may be reprinted if the source is credited. Please send copies of the reprinted material to the Managing Editor. The views expressed by the authors are theirs alone and may not reflect those of the DOL or DECD.

Managing Editor: Jungmin Charles Joo
Associate Editor: Sarah C. York

We would like to acknowledge the contributions of many DOL Research and DECD staff and Rob Damroth (CCT) to the publication of the Digest.

---Continued on page 5---
### Connecticut Economic Indicators, 2001-2010 (Annual Averages)

#### STATEWIDE

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>NONFARM EMPLOYMENT (000s)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL NONFARM</td>
<td>1,681.1</td>
<td>1,664.9</td>
<td>1,644.5</td>
<td>1,649.8</td>
<td>1,662.0</td>
<td>1,680.6</td>
<td>1,698.2</td>
<td>1,699.0</td>
<td>1,626.6</td>
<td>1,660.3</td>
</tr>
<tr>
<td>TOTAL PRIVATE</td>
<td>1,436.7</td>
<td>1,415.6</td>
<td>1,398.5</td>
<td>1,407.0</td>
<td>1,418.3</td>
<td>1,434.7</td>
<td>1,449.0</td>
<td>1,446.5</td>
<td>1,378.4</td>
<td>1,363.3</td>
</tr>
<tr>
<td>GOODS PRODUCING</td>
<td>298.2</td>
<td>275.4</td>
<td>262.6</td>
<td>263.6</td>
<td>261.9</td>
<td>261.4</td>
<td>260.1</td>
<td>253.3</td>
<td>226.4</td>
<td>216.2</td>
</tr>
<tr>
<td>SERVICE PROVIDING</td>
<td>1,388.3</td>
<td>1,385.9</td>
<td>1,381.9</td>
<td>1,386.2</td>
<td>1,400.2</td>
<td>1,419.2</td>
<td>1,438.1</td>
<td>1,445.7</td>
<td>1,400.2</td>
<td>1,391.8</td>
</tr>
<tr>
<td>CONST., NAT. RES. &amp; MIN.</td>
<td>66.1</td>
<td>64.2</td>
<td>62.6</td>
<td>64.6</td>
<td>66.6</td>
<td>67.9</td>
<td>69.3</td>
<td>66.1</td>
<td>55.2</td>
<td>50.2</td>
</tr>
<tr>
<td>MANUFACTURING</td>
<td>226.7</td>
<td>211.2</td>
<td>200.0</td>
<td>197.2</td>
<td>193.2</td>
<td>193.5</td>
<td>190.0</td>
<td>187.3</td>
<td>171.2</td>
<td>166.0</td>
</tr>
<tr>
<td>Durable Goods</td>
<td>168.5</td>
<td>156.3</td>
<td>147.7</td>
<td>146.3</td>
<td>145.5</td>
<td>145.2</td>
<td>144.4</td>
<td>143.5</td>
<td>131.8</td>
<td>127.6</td>
</tr>
<tr>
<td>Non-Durable Goods</td>
<td>58.2</td>
<td>54.8</td>
<td>52.4</td>
<td>50.8</td>
<td>49.7</td>
<td>48.2</td>
<td>46.4</td>
<td>43.8</td>
<td>39.4</td>
<td>38.4</td>
</tr>
<tr>
<td>TRADE, TRANSPORT., UTILITIES</td>
<td>312.2</td>
<td>309.2</td>
<td>305.5</td>
<td>307.9</td>
<td>310.5</td>
<td>310.9</td>
<td>311.8</td>
<td>309.9</td>
<td>293.3</td>
<td>289.1</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>67.4</td>
<td>66.0</td>
<td>65.5</td>
<td>65.8</td>
<td>66.5</td>
<td>67.5</td>
<td>68.3</td>
<td>69.2</td>
<td>64.9</td>
<td>62.6</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>194.5</td>
<td>194.2</td>
<td>193.1</td>
<td>192.0</td>
<td>192.0</td>
<td>191.3</td>
<td>191.1</td>
<td>188.1</td>
<td>178.4</td>
<td>177.6</td>
</tr>
<tr>
<td>Transport., Warehousing, &amp; Utilities</td>
<td>50.3</td>
<td>49.0</td>
<td>48.0</td>
<td>50.1</td>
<td>52.1</td>
<td>52.2</td>
<td>52.7</td>
<td>50.0</td>
<td>48.9</td>
<td>48.9</td>
</tr>
<tr>
<td>INFORMATION</td>
<td>44.7</td>
<td>41.0</td>
<td>39.6</td>
<td>39.0</td>
<td>38.1</td>
<td>37.6</td>
<td>38.4</td>
<td>37.8</td>
<td>34.3</td>
<td>31.7</td>
</tr>
<tr>
<td>FINANCIAL ACTIVITIES</td>
<td>142.9</td>
<td>142.6</td>
<td>142.7</td>
<td>140.7</td>
<td>142.3</td>
<td>144.4</td>
<td>146.4</td>
<td>143.7</td>
<td>136.0</td>
<td>135.0</td>
</tr>
<tr>
<td>PROFESSIONAL &amp; BUSINESS SERV.</td>
<td>209.9</td>
<td>202.0</td>
<td>196.8</td>
<td>197.1</td>
<td>199.9</td>
<td>204.3</td>
<td>206.4</td>
<td>204.9</td>
<td>189.4</td>
<td>189.9</td>
</tr>
<tr>
<td>EDUCATIONAL &amp; HEALTH SERV.</td>
<td>252.7</td>
<td>259.7</td>
<td>264.0</td>
<td>268.7</td>
<td>273.3</td>
<td>279.6</td>
<td>287.8</td>
<td>296.7</td>
<td>302.4</td>
<td>307.1</td>
</tr>
<tr>
<td>LEISURE AND HOSPITALITY</td>
<td>119.5</td>
<td>122.8</td>
<td>125.1</td>
<td>127.6</td>
<td>129.5</td>
<td>132.6</td>
<td>135.7</td>
<td>137.3</td>
<td>133.7</td>
<td>133.8</td>
</tr>
<tr>
<td>OTHER SERVICES</td>
<td>62.1</td>
<td>62.2</td>
<td>62.2</td>
<td>62.6</td>
<td>62.8</td>
<td>62.7</td>
<td>63.7</td>
<td>64.1</td>
<td>63.1</td>
<td>61.3</td>
</tr>
<tr>
<td>GOVERNMENT</td>
<td>244.4</td>
<td>249.3</td>
<td>246.0</td>
<td>242.8</td>
<td>243.8</td>
<td>249.2</td>
<td>252.5</td>
<td>248.2</td>
<td>244.7</td>
<td>244.7</td>
</tr>
</tbody>
</table>

#### TOTAL NONFARM EMPLOYMENT IN LABOR MARKET AREAS

- **Bridgeport-Stamford**: 422.2
- **Danbury**: 69.2
- **Hartford**: 552.6
- **New Haven**: 273.5
- **Norwich-Norwich**: 130.8
- **Waterbury**: 69.7
- **Enfield**: NA
- **Torrington**: NA
- **Willimantic-Danielson**: NA

#### ALL EMPLOYEES HOURS & EARNINGS

- **Total Private Average Weekly Hours**: NA
- **Real Tot Priv Avg Hrly Earn (82-84)**: NA
- **Real Tot Priv Avg Wky Earn (82-84)**: NA

#### UNEMPLOYMENT

- **Labor Force (000s)**: 1,754.8
- **Employed (000s)**: 1,700.0
- **Unemployed (000s)**: 54.8
- **Unemployment Rate**: 3.1%
- **Average Weekly Initial Claims**: 4,928
- **Insured Unemployment Rate**: 2.35%
- **U-6 Unemployment Rate**: NA

#### MANUFACTURING ACTIVITY

- **Average Weekly Hours**: 41.7
- **Real Average Hourly Earnings (82-84)**: $9.46
- **Real Average Weekly Earnings (82-84)**: $394.63
- **CT Mfg. Production Index (2005=100)**: 94.8

#### INCOME (mil.$)

- **Real Personal Income (1982-84)**: $84,436
- **Real UI Covered Wages (1982-84)**: $44,252

#### OTHER INDICATORS

- **New Housing Permits**: 9,254
- **Construction Contracts (1980-100)**: 297.9
- **New Auto Registrations**: 237,905
- **Air Cargo Tons**: 143,006
- **Exports (b Ill.)**: $8.61
- **S&P 500: Monthly Close (December)**: 1,148.08
- **Net Business Starts (SOS)**: 16,642
- **Total All Taxes**: $9,883.2
- **Corporate Tax**: $474.7
- **Indian Gaming Payments**: $380.0
- **Info Center Visitors**: 659,729
- **Major Attraction Visitors (000s)**: 1,845.4
- **Air Passenger Count (000s)**: 6,525.2
- **Indian Gaming Slots (mil.$)**: $18,832

---

**March 2011**

**THE CONNECTICUT ECONOMIC DIGEST**
After declining two years in a row, average weekly hours for all employees on private nonfarm payrolls rose to 33.3. Inflation-adjusted hourly earnings, however, fell after two years of increase. Overall, real weekly earnings went up over the year.

The unemployment rate increased further to 9.1% in 2010 from 8.3% in prior year. The last time it was this high was in 1976. A broader measure of labor underutilization, U-6 unemployment rate, which also include those who are marginally attached workers and part-timers that want full-time work, rose for four consecutive years to 15.7% in 2010. This is the highest U-6 rate in the last eight years.

In 2010, initial claims for unemployment insurance finally fell after three consecutive years of increase. After two years of decline, real personal income of state residents rose last year. Overall state revenue grew by 5.5%. In fact, revenues from taxes, and sales and use taxes all increased. However, revenue from corporate taxes still dropped over the year. Receipts from Indian gaming payments also continued to decline for the fourth year.

Other economic indicators suggest that Connecticut is on a slow but sure path of recovery. For example, the number of new automobile registrations, after two years of decrease, rose by 3.5 percent in 2010. New housing permits data also finally broke a four-year declining trend. The construction contracts index showed the smallest decline in the last four years. Both air cargo tons and air passenger count data were up over the year. Moreover, Connecticut’s export number quickly bounced back last year to an all time high of $16 billion since 1988. The stock market continued to improve for the second year after a huge loss in 2008. And net business starts turned the corner after three years of decline. The numbers of info center and major attraction visitors, however, dropped further in 2010.

Looking Ahead
While it is clear that Connecticut’s economy is recovering, it remains to be seen how much better 2011 will be. With January employment down by 2,700, the Nutmeg state is not off to a good start, although this may be weather related. The trend of employers doing more with less will continue until the economy shifts into more robust growth. Pfizer has announced it will be eliminating 1,100 jobs in Groton and New London over the next two years. Because Pfizer’s jobs have a high economic multiplier effect, this will undoubtedly have a significantly negative impact on not only that region but for the state as a whole. Additionally, Foxwoods and Mohegan Sun Casinos have downsized and are continuing to trend down. State and local governments are currently facing extreme financial challenges, which may have a potential impact on overall employment levels. While Connecticut employers have begun to rehire as the economic condition improves, there are no major projects or businesses coming or expanding to help pick up the speed of job growth this year and beyond.

The present economic recovery, though not the slowest by historical standards, still has a long way to go. Budget shortfalls, persistent weak demand, and long-term unemployment all portend a continuing trend of a “jobless” recovery. Nevertheless, the worst is behind us and Connecticut, as in the past, will do whatever it takes to move on and move forward to a better future.