

ECONOMIC DIGEST

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In January...

Nonfarm Employment

Connecticut 1,680,900
 Change over month +0.05%
 Change over year +0.6%

United States 143,288,000
 Change over month +0.11%
 Change over year +1.9%

Unemployment Rate

Connecticut 5.5%
 United States 4.9%

Consumer Price Index

United States 236.916
 Change over year +1.4%

Employment Grew for the Fifth Year

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

Although not yet completely recovered from the latest employment recession, 2015 was a year of continued moderate economic growth for Connecticut. For the fifth year in a row, our State’s total nonfarm employment grew. The unemployment rate fell for five straight years. Real personal income rose for the second year. The majority of the other economic indicators also showed that our overall economy performed well.

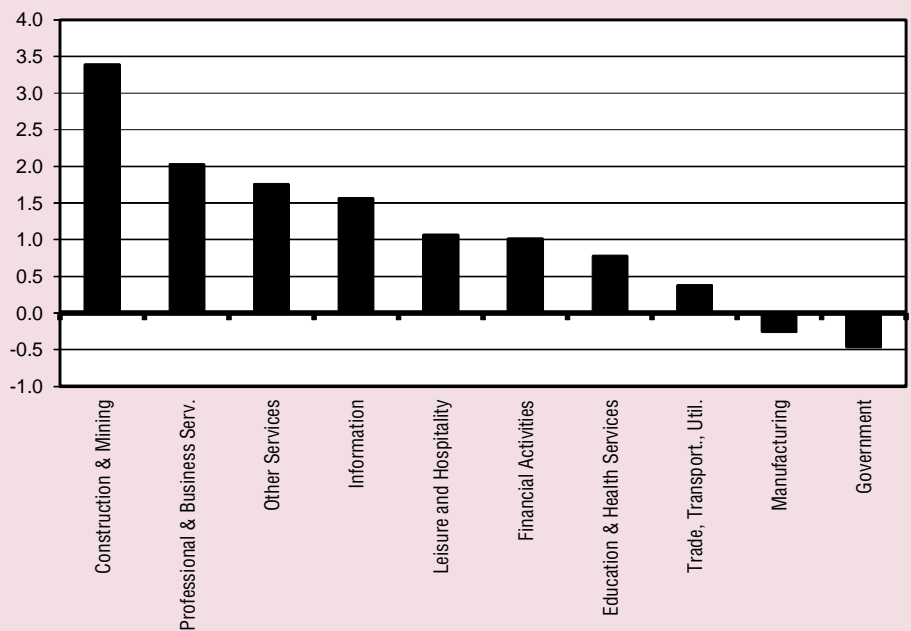
Nonfarm Employment

After our annual revision, Connecticut gained (based on annual average, not seasonally

adjusted data) 12,500 jobs (+0.75%) in 2015, which was slightly more than the 11,400 jobs (+0.69%) in 2014. Nationally, employment grew faster at 1.9% in 2014 and 2.1% in 2015.

Connecticut has now recovered 73% (+86,700) of the total nonfarm jobs lost during the March 2008-February 2010 employment recession (-119,100), while the total private sector regained 86% of its job loss. By contrast, the nation has not only fully regained all of the jobs lost during its January 2008-February 2010 employment downturn, but has also added 56% more jobs by January of this year.

CHART 1: Job Percent Changes by Industry, 2014 to 2015



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Unemployment

This year, Local Area Unemployment Statistics (LAUS) were revised back to 2010. However, most of the changes in the unemployment rate occurred in 2015. Earlier months were revised downward and the later months of 2015 were revised upward. All in all, the annual average rates of 2014 and 2015 did not change from the original estimates, at 6.6% and 5.6%, respectively. Last year's rate was the lowest since 2007 when it was 4.5%. Meanwhile, the nation's rate fell from 6.2% in 2014 to 5.3% in 2015.

The U-6 rate, a broader measure of labor underutilization which also includes those who are marginally attached workers and part-timers that want full-time work, also fell from 12.6% in 2014 to 10.9% in 2015. Moreover, the number of average weekly initial claims of unemployment dropped in 2015 (3,910) for the fourth straight year to the lowest level since 2000 (3,426), as the insured unemployment rate also fell to 2.61%.

Nonfarm Employment by Industry

As shown in the table on page 3, Connecticut has added jobs five years in a row: 15,900 (+0.99%) in 2011, 13,600 (+0.84%) in 2012, 12,600 (+0.77%) in 2013, 11,400 (+0.69%) in 2014 and 12,500 (+0.75%) in 2015.

Eight of the ten major industry sectors gained jobs over the year (Chart 1). Construction and mining (+3.4%), professional and business services (+2.0%), other services (+1.7%), information (+1.6%), leisure and hospitality (+1.1%), financial activities (+1.0%), educational and health services (+0.8%), and trade, transportation, and utilities (+0.4%) all added jobs in 2015, and have been on a growth trend in recent years.

Manufacturing, however, has been shedding jobs in the last four years. However, last year's 0.3% job loss was the smallest in four years. Also encouraging is that the

real average weekly earnings of manufacturing workers rose in the past two years (+14.2% in 2015). The Manufacturing Production Index has also increased slightly (+0.3%), after having fallen in 2014. The government sector was the biggest job loser (-0.5%), which has been cutting jobs every year since 2009.

Nonfarm Employment by Labor Market Area

Last year, seven of nine labor market areas (LMAs) added jobs. Enfield LMA experienced the biggest job growth (+1.3%). The Norwich-New London LMA finally turned the corner with a 0.2% employment gain from 2014. The opening of Tanger Outlet at Foxwoods Casino in May 2015 helped in initiating the regional turnaround. Waterbury and Danielson-Northeast areas, however, did not fare well over the year with 0.6% and 0.7% job declines, respectively. The charts on page 4 also show all LMAs' long-term employment trends from 2002 to January 2016.

Other Economic Indicators

In addition to employment and unemployment data, the majority of other economic indicators pointed to a continuation of Connecticut's economic recovery last year. Real total personal income of State residents rose 2.7% in 2014 and 3.5% in 2015. A major component of total personal income, unemployment insurance covered wages, has also risen 1.8% and 2.1%, respectively. The number of new housing permits bounced back strong last year (+11.1%) after having declined in 2014 (-8.1%). The construction contracts index also rose by nearly 30%, reversing the decrease of 18.4% in 2014.

Moreover, total all taxes collected last year rose by 4.7% after having fallen in 2014. Revenues from major components such as corporate, personal income, real estate conveyance,

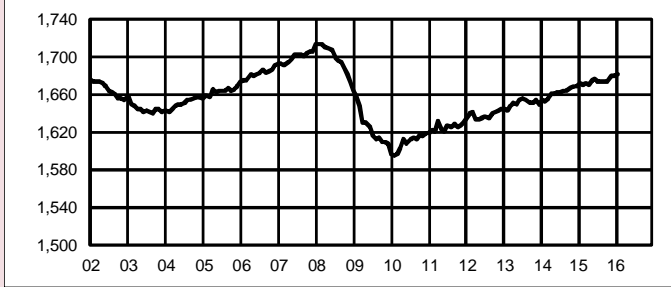
Connecticut Economic Indicators, 2006-2015 (Annual Averages)

STATEWIDE	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
NONFARM EMPLOYMENT (000s)										
TOTAL NONFARM.....	1,680.6	1,698.2	1,699.0	1,626.6	1,608.0	1,623.9	1,637.5	1,650.1	1,661.5	1,674.0
TOTAL PRIVATE.....	1,434.7	1,449.0	1,446.5	1,378.4	1,361.4	1,381.3	1,396.6	1,409.5	1,421.3	1,434.9
GOODS PRODUCING.....	260.9	259.6	252.7	225.7	215.4	217.4	215.9	216.4	215.5	217.0
SERVICE PROVIDING.....	1,419.7	1,438.6	1,446.3	1,400.9	1,392.6	1,406.5	1,421.6	1,433.7	1,446.0	1,457.1
MINING.....	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6
CONSTRUCTION.....	67.9	69.3	66.1	55.2	50.0	51.4	51.4	53.4	55.5	57.4
MANUFACTURING.....	193.0	190.2	186.7	170.5	164.8	165.4	164.0	162.4	159.4	159.0
Durable Goods.....	145.2	144.4	143.5	131.8	127.3	128.5	128.4	127.1	124.1	123.6
Non-Durable Goods.....	47.8	45.9	43.2	38.7	37.5	36.9	35.6	35.3	35.4	35.4
TRADE, TRANSPORT., UTILITIES.....	310.9	311.8	309.9	293.3	285.8	288.7	291.3	293.9	295.8	296.9
Wholesale Trade.....	67.5	68.3	69.2	64.9	62.7	63.0	63.0	62.9	62.7	62.6
Retail Trade.....	191.3	191.1	188.1	178.4	178.2	180.0	181.7	183.1	184.3	184.3
Transport., Warehousing, & Utilities.....	52.2	52.3	52.7	50.0	45.0	45.8	46.6	47.9	48.8	49.9
INFORMATION.....	37.9	38.4	37.8	34.3	31.7	31.3	31.3	32.0	32.0	32.5
FINANCIAL ACTIVITIES.....	144.3	144.6	143.4	137.6	135.2	135.0	133.1	130.5	128.7	130.0
PROFESSIONAL & BUSINESS SERV.....	204.8	207.0	205.5	190.1	192.3	198.4	204.3	207.5	212.2	216.5
EDUCATIONAL & HEALTH SERV.....	279.6	287.8	296.7	302.4	306.9	313.0	317.1	320.4	324.1	326.6
LEISURE AND HOSPITALITY.....	132.6	135.7	137.3	133.7	133.6	137.1	142.2	146.8	149.9	151.5
OTHER SERVICES.....	63.7	64.1	63.1	61.3	60.5	60.3	61.5	61.9	62.9	64.0
GOVERNMENT.....	245.9	249.2	252.5	248.2	246.5	242.6	240.9	240.6	240.2	239.1
TOTAL NONFARM EMPLOYMENT IN LABOR MARKET AREAS										
Bridgeport-Stamford.....	408.9	412.0	409.4	391.2	389.1	393.1	397.8	402.1	405.0	409.2
Danbury.....	76.7	77.8	77.5	73.2	72.7	74.1	75.3	76.5	77.7	78.3
Hartford.....	560.3	566.3	568.7	550.2	543.5	548.2	552.8	557.9	563.5	568.4
New Haven.....	278.2	279.7	278.9	267.8	265.5	267.6	272.3	275.3	278.0	279.9
Norwich-New London-Westerly.....	137.1	137.5	138.1	132.8	130.9	130.1	128.9	128.6	127.5	127.8
Waterbury.....	71.8	71.4	69.7	65.7	64.4	65.1	66.1	66.7	66.8	66.4
Enfield.....	49.1	48.4	47.8	45.3	44.2	44.8	45.1	44.5	44.9	45.5
Torrington-Northwest.....	34.6	34.5	35.0	33.2	32.6	32.9	33.1	33.4	33.5	33.8
Danielson-Northeast.....	27.1	27.4	27.1	26.1	25.7	25.9	26.1	26.8	27.2	27.0
ALL EMPLOYEES HOURS & EARNINGS										
Total Private Average Weekly Hours.....	NA	34.3	34.0	33.0	33.3	33.9	34.0	33.6	33.7	33.5
Real Tot Priv Avg Hrlly Earn (82-84\$).....	NA	\$12.82	\$12.87	\$12.96	\$12.88	\$12.56	\$12.26	\$12.01	\$11.90	\$12.30
Real Tot Priv Avg Wkly Earn (82-84\$).....	NA	\$439.84	\$437.65	\$427.84	\$428.84	\$425.63	\$416.72	\$403.37	\$400.32	\$412.41
UNEMPLOYMENT										
Labor Force (000s).....	1,828.7	1,856.2	1,881.5	1,891.1	1,911.7	1,914.8	1,888.3	1,872.0	1,886.4	1,888.0
Employed (000s).....	1,749.2	1,773.2	1,774.7	1,741.0	1,737.4	1,746.0	1,730.7	1,726.9	1,761.6	1,781.5
Unemployed (000s).....	79.5	83.0	106.8	150.1	174.3	168.8	157.6	145.2	124.8	106.5
Unemployment Rate.....	4.3%	4.5%	5.7%	7.9%	9.1%	8.8%	8.3%	7.8%	6.6%	5.6%
Average Weekly Initial Claims.....	4,045	4,123	4,945	6,414	5,414	5,450	5,081	4,792	4,290	3,910
Insured Unemployment Rate.....	2.58%	2.44%	2.93%	5.14%	4.32%	3.79%	3.57%	3.34%	3.02%	2.61%
U-6 Rate.....	7.8%	8.2%	10.3%	14.4%	15.7%	15.4%	14.7%	13.9%	12.6%	10.9%
MANUFACTURING ACTIVITY										
Average Weekly Hours.....	42.2	42.3	42.4	40.8	41.2	40.6	40.4	41.1	40.8	40.5
Real Average Hourly Earnings (82-84\$).....	\$10.04	\$10.18	\$10.15	\$11.00	\$11.07	\$11.19	\$10.58	\$9.50	\$9.62	\$11.06
Real Average Weekly Earnings (82-84\$).....	\$423.55	\$430.46	\$430.55	\$448.81	\$456.24	\$454.26	\$427.62	\$390.51	\$392.28	\$448.00
CT Mfg. Production Index (2009=100).....	126.4	139.0	128.0	100.0	105.2	105.7	109.8	110.7	108.4	108.7
INCOME (mil.\$)										
Real Personal Income (1982-84 \$).....	\$93,106	\$96,515	\$95,146	\$92,166	\$94,115	\$95,606	\$98,216	\$95,967	\$98,546	\$101,971
Real UI Covered Wages (1982-84 \$).....	\$45,427	\$47,159	\$45,684	\$43,464	\$43,545	\$43,897	\$43,993	\$43,881	\$44,651	\$45,592
OTHER ECONOMIC INDICATORS										
New Housing Permits.....	9,236	7,746	5,220	3,343	3,765	3,113	5,240	5,762	5,297	5,883
Construction Contracts (1980=100).....	503.3	414.8	355.5	284.5	280.7	283.4	269.2	389.2	317.7	412.8
New Auto Registrations.....	213,363	213,992	189,955	146,994	152,079	178,571	186,452	195,819	197,779	168,269
Exports (bil.\$).....	\$12.25	\$13.80	\$15.38	\$13.98	\$16.03	\$16.21	\$15.96	\$16.43	\$15.93	\$15.26
S&P 500: Monthly Close (December).....	1,418.30	1,468.36	903.25	1,115.10	1,257.64	1,257.60	1,426.19	1,848.36	2,058.90	2,043.94
Total All Taxes (mil.\$).....	\$12,605.9	\$13,639.5	\$13,874.5	\$12,188.1	\$12,862.7	\$14,337.7	\$15,825.5	\$16,892.6	\$16,379.1	\$17,146.8
Corporate Tax (mil.\$).....	\$850.1	\$799.6	\$702.5	\$646.3	\$645.1	\$801.0	\$717.5	\$852.5	\$691.3	\$815.0
Personal Income Tax (mil.\$).....	\$6,252.5	\$7,039.2	\$7,368.9	\$6,324.7	\$6,766.0	\$7,672.3	\$8,300.6	\$8,819.3	\$8,790.7	\$9,283.9
Real Estate Conveyance Tax (mil.\$).....	\$191.3	\$211.3	\$123.3	\$87.6	\$94.8	\$112.1	\$140.4	\$168.7	\$182.8	\$185.8
Sales & Use Tax (mil.\$).....	\$3,350.1	\$3,628.8	\$3,531.8	\$3,214.8	\$3,233.3	\$3,532.1	\$3,958.4	\$4,079.0	\$4,134.8	\$4,293.9
Gaming Payments (mil.\$).....	\$433.6	\$421.2	\$394.8	\$364.9	\$360.7	\$354.6	\$318.7	\$289.3	\$273.0	\$266.0
Info Center Visitors.....	417,177	400,163	400,804	360,260	316,082	265,334	261,639	279,960	315,773	217,829
*Major Attraction Visitors (000s).....	1,712.2	1,716.5	1,676.0	1,675.5	1,540.4	1,601.8	1,691.8	1,621.2	6,782.9	6,806.1
Air Passenger Count (000s).....	6,907.0	6,519.2	6,113.0	5,317.4	5,381.0	5,607.8	5,381.9	5,422.0	5,875.8	5,934.3
Gaming Slots (mil.\$).....	\$19,943.0	\$19,710.1	\$18,621.1	\$17,161.0	\$17,062.0	\$16,306.0	\$14,772.0	\$13,778.1	\$13,066.4	\$12,837.9

*Attraction participants expanded from 6 to 23 beginning with July 2014 data

Nonfarm Employment Trends by Labor Market Area, 2002 - Jan. 2016

TOTAL NONFARM EMPLOYMENT, SA, 000s



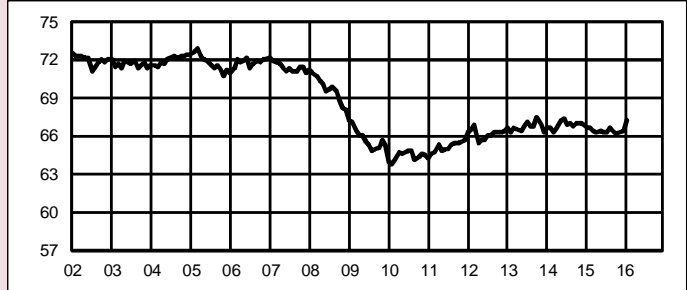
NORWICH-NEW LONDON LMA EMP., SA, 000s



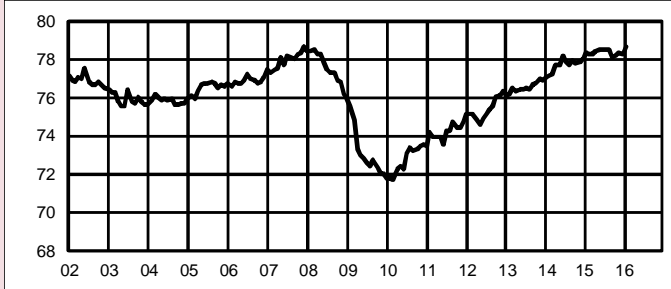
BRIDGEPORT-STAMFORD LMA EMP., SA, 000s



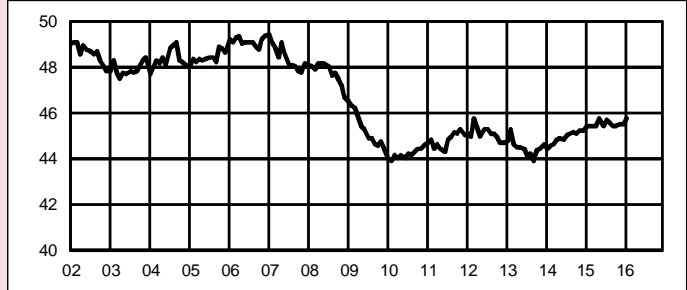
***WATERBURY LMA EMP., SA, 000s**



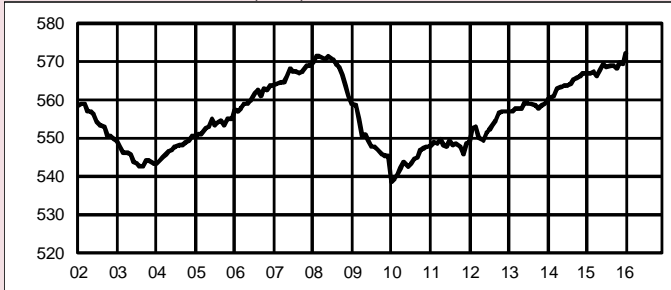
***DANBURY LMA EMP., SA, 000s**



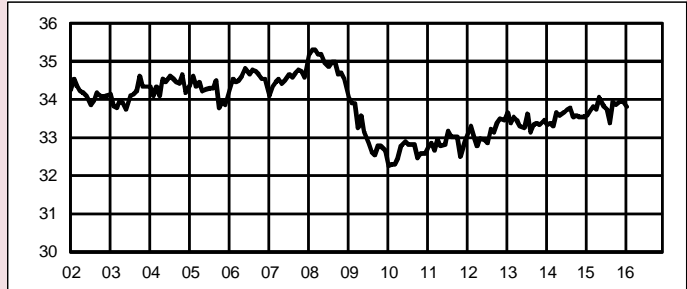
***ENFIELD LMA EMP., SA, 000s**



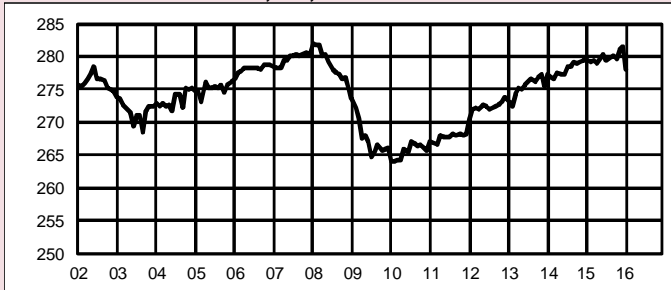
HARTFORD LMA EMP., SA, 000s



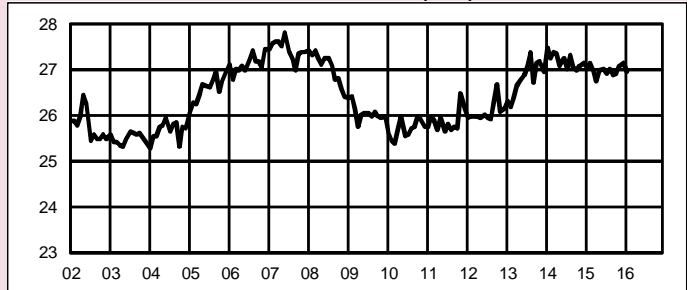
***TORRINGTON-NORTHWEST LMA EMP., SA, 000s**



NEW HAVEN LMA EMP., SA, 000s



***DANIELSON-NORTHEAST LMA EMP., SA, 000s**



* Unofficial seasonally adjusted estimates produced by the Connecticut Department of Labor

and sales and use taxes all increased over the year. The number of air passenger count rose for three straight years as well.

On the other hand, exports fell for the second year in a row. Revenues from both gaming payments and slots have been declining continuously since 2007. The number of info center visitors dipped significantly last year (-31%), reversing the two years of increase. Finally, the S&P 500's long streak of bull market since 2009 ended last year.

Looking Ahead

This year begins with more uncertainty than the previous years. Connecticut added a mere 900 jobs in January, while the unemployment rate rose from 5.4% to 5.5%.

Connecticut will undoubtedly add more jobs in the coming years. It was announced in the media that **The Hartford Yard Goats**, a new baseball team in Hartford, will be hiring 300 workers this spring. **Mohegan Sun** will be building a new hotel tower in fall this year, creating 1,000 jobs. **ShopRite** announced it will be opening a new store in Orange this year, adding 200 jobs. **Edward Jones** plans to add 100 jobs. **Electric Boat** plans to add

840 positions. **Comcast** said it will expand by 200 jobs throughout the State. **Indeed**, an online job board in Stamford, plans to hire 250 employees this year. **Serta Simmons Bedding** will bring 200 jobs to the State when it moves from Massachusetts next fall. **Deutsch Family Wine & Spirits** will bring 100 jobs to Stamford when it moves from New York next year. **Walmart** will add 300 positions in Monroe when it opens a new store in 2017. **The Outlet Shoppes at Rentschler Field** in East Hartford announced the creation of 1,628 jobs in November 2017 when the new mall is set to open. Over the next three years, **Polamer Precision**, an aerospace manufacturer in New Britain, will expand by 200 positions, and **Yale** plans to expand by 500 jobs. **Pietro Rosa TBM**, an aerospace company, will add 100 jobs in Farmington over the next 5 years. Also, the following companies will be expanding over the next two to six years with help from state loans: **Leipold Inc.** of Windsor (+20); **HABCO Industries** of Glastonbury (+37); **Novitex Enterprise** of Windsor (+200); **Icahn School of Medicine at Mount Sinai** in Branford (+145); **Praxair Corp.** of Danbury (+120); **R&D Dynamics Corp.** of

Bloomfield (+38); **Windsor Marketing Group** of Suffield (+27); **GKN Aerospace Service Structure Corp.** of Cromwell (+100) and **S&S Worldwide** of Colchester (+40).

Unfortunately, these anticipated new jobs will not appreciably offset the anticipated layoffs over the next several years. **Hallmark**, for example, announced it will close its Enfield location later this year - putting 570 workers out of a job. **Macy's** of Enfield said it will close, affecting 104 workers. **Hartford Healthcare** plans to reduce its workforce by 418 workers by 2017. The Great Atlantic and Pacific Tea Company, more commonly known as **A&P**, will close stores statewide and lay off 444 workers over the next year as it files for bankruptcy. Finally, **General Electric** announced it will move its headquarters with 800 workers from Fairfield to Boston, MA over the next three years.

Connecticut is also faced with a growing budget deficit. Total all revenues were down 7.6% in January. We will not know until this time next year, but hopefully 2016 will turn out to be another year of continued employment growth. ■

GENERAL ECONOMIC INDICATORS

	4Q 2015	4Q 2014	CHANGE NO. %		3Q 2015
<i>(Seasonally adjusted)</i>					
General Drift Indicator (1996=100)*					
Leading	120.7	114.9	5.8	5.0	116.5
Coincident	117.8	115.3	2.5	2.2	117.3
Farmington Bank Business Barometer (1992=100)**	136.0	132.8	3.2	2.4	134.3
Philadelphia Fed's Coincident Index (July 1992=100)***	Jan	Jan			Dec
<i>(Seasonally adjusted)</i>	2016	2015			2015
Connecticut	NA	NA	NA	NA	NA
United States	NA	NA	NA	NA	NA

Sources: *Dr. Steven P. Lanza, University of Connecticut **Farmington Bank ***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 **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).