

# ECONOMIC DIGEST

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**In August...**

**Nonfarm Employment**

Connecticut ..... 1,699,600  
 Change over month ..... +0.06%  
 Change over year ..... +1.12%

United States ..... 149,279,000  
 Change over month ..... +0.13%  
 Change over year ..... +1.59%

**Unemployment Rate**

Connecticut ..... 4.3%  
 United States ..... 3.9%

**Consumer Price Index**

United States ..... 252.146  
 Change over year ..... +2.7%

## 2017 Connecticut Town Economic Indexes

By Jungmin Charles Joo and Dana Placzek, DOL

**C**onnecticut experienced continued overall economic improvement in 2017, 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.

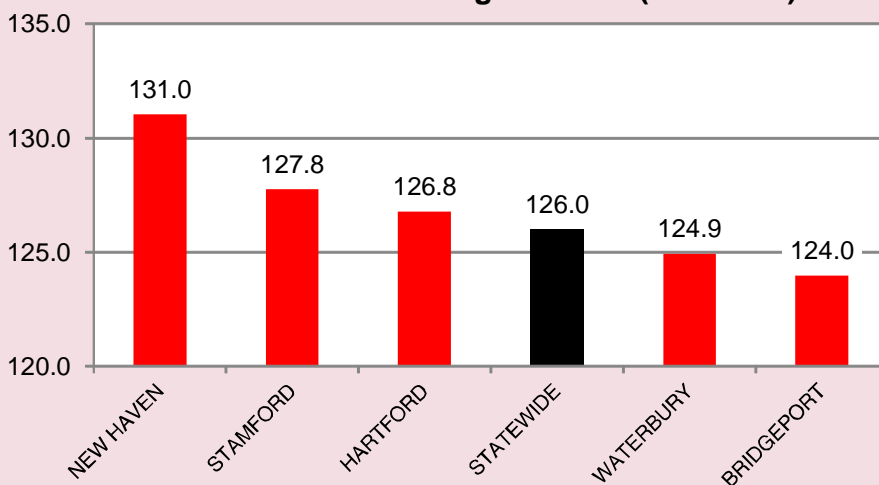
**The CTEI Methodology**

The Connecticut Town Economic Indexes (CTEI) were introduced three 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. Four annual average

town economic indicators were used as components, which 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 of employees on payroll in the 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 the unemployment insurance law, thus capturing nearly 100 percent of all the employees in each town.

**Chart 1. 2017 CTEI of Largest Cities (2010=100)**



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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 inverted to reflect the right economic direction. By combining these four major economic indicators, the index allows comparisons among towns.

**CTEI: 2016 to 2017**

Reflecting an ongoing economic recovery, 159 cities and/or towns saw business and labor market conditions improve, while nine worsened. One was unchanged over the year.

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 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, Franklin and Norfolk's overall economy grew the fastest from 2016 to 2017. Mansfield and Norwich 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, Hartford and New Haven had the fastest overall economic recovery last year.

**CTEI: 2010 to 2017**

When compared with 2010, when the employment recovery began in Connecticut, all 169

cities and towns' indexes showed increases in 2017. Among the small towns with residents fewer than 25,000, North Stonington and Canaan experienced the fastest economic growth between 2010 and 2017. Glastonbury 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 seven years. The map on page 4 also shows the different ranges of economic recovery rate of each municipality in the state.

**LMA Indexes: 2010-2017**

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 2017. The Danielson-Northeast LMA's overall economy grew the fastest, followed by the New Haven and Waterbury areas. The 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 2.0% to 119,669 from 2016 to 2017, a faster growth than the 0.9% from the year before. Stamford continued to dominate, with the largest number of businesses of the 169 cities and towns. Since 2010, Connecticut's overall number of businesses increased 7.5%. Overall, 80% of the total municipalities added new establishments over the year, and 84% since 2010.

-continued on page 5-

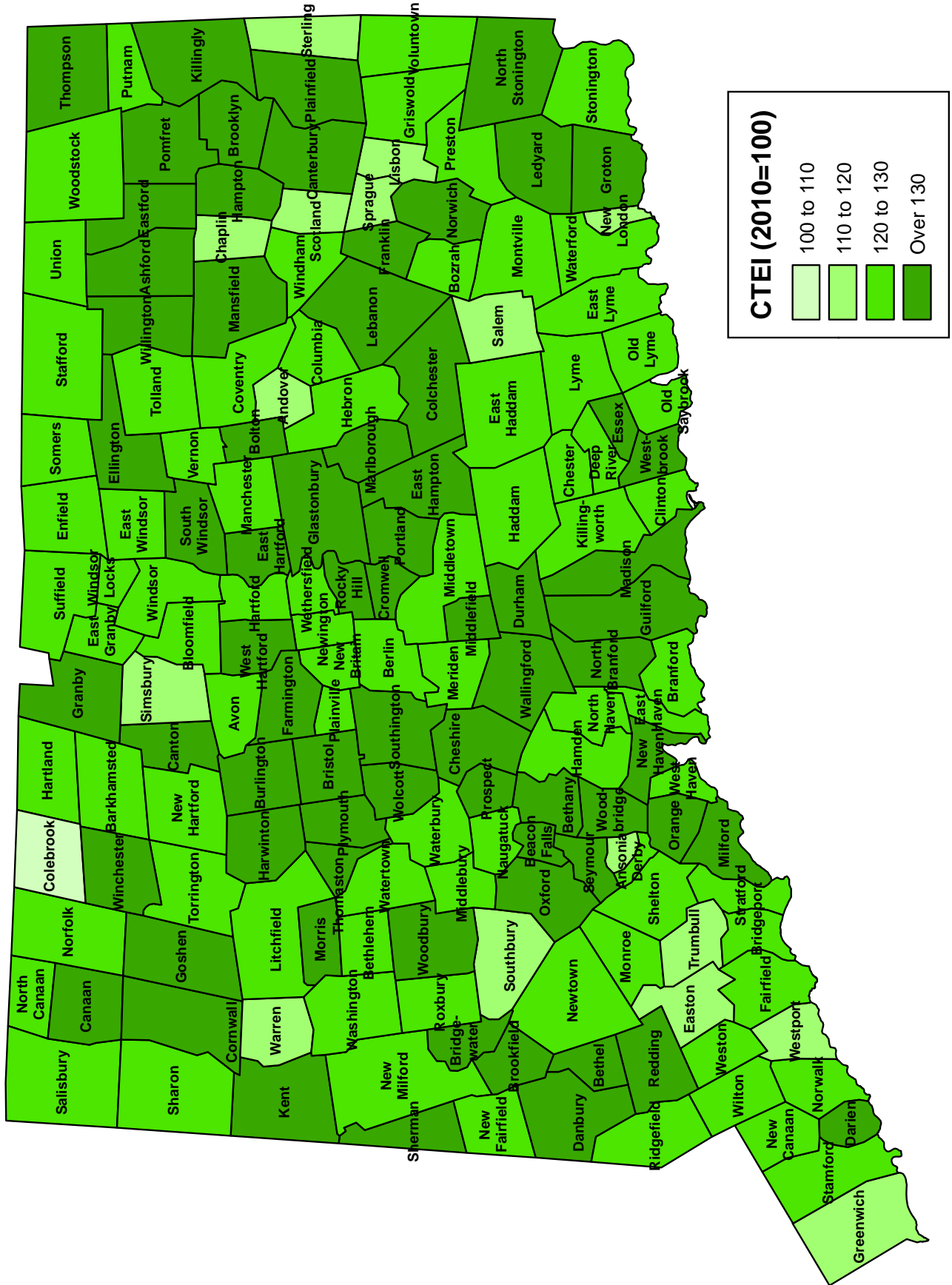
## CONNECTICUT TOWN ECONOMIC INDEXES (2010=100), 2014-2017\*

Town/City	2014	2015	2016	2017	Town/City	2014	2015	2016	2017	Town/City	2014	2015	2016	2017
Andover	103.0	107.7	108.6	119.9	Griswold	103.7	110.2	115.0	125.5	Prospect	113.4	118.5	128.9	133.6
Ansonia	103.9	110.3	115.8	118.4	Groton	112.4	116.5	124.5	134.1	Putnam	111.7	115.3	122.7	127.7
Ashford	118.2	126.4	127.1	133.4	Guilford	113.7	123.0	130.4	139.9	Redding	115.7	122.1	125.5	131.4
Avon	107.0	116.0	119.9	123.5	Haddam	115.6	123.2	130.0	129.3	Ridgefield	111.0	118.5	119.5	121.0
Barkhamsted	113.4	120.4	123.3	125.3	Hamden	108.7	114.7	120.1	125.4	Rocky Hill	121.5	129.6	134.5	141.9
Beacon Falls	109.8	124.7	128.5	138.0	Hampton	127.7	130.3	133.4	138.8	Roxbury	114.3	124.5	128.0	121.4
Bethlehem	112.0	117.2	124.0	128.2	Hartford	110.5	116.6	120.4	126.8	Salem	104.1	110.6	116.6	117.6
Berlin	111.4	124.9	131.9	138.2	Hartland	105.9	110.4	123.3	124.4	Salisbury	110.5	117.6	121.9	120.4
Bethany	115.5	123.4	126.8	132.3	Harwinton	109.4	116.7	122.5	135.2	Scotland	102.2	104.2	106.7	112.5
Bethel	107.7	119.3	120.7	124.8	Hebron	110.3	119.1	123.4	126.2	Seymour	110.9	118.8	125.4	130.6
Bloomfield	114.1	119.5	124.3	124.4	Kent	125.3	129.3	133.0	130.3	Sharon	107.2	113.4	116.9	122.2
Bolton	113.6	117.3	123.1	130.7	Killingly	113.3	118.6	125.3	136.0	Shelton	110.1	115.7	122.1	122.1
Bozrah	110.0	116.3	121.8	129.2	Killingworth	107.0	112.5	118.2	127.3	Sherman	113.7	120.6	123.9	134.3
Branford	111.2	116.0	121.7	127.4	Lebanon	113.0	119.9	124.1	130.8	Simsbury	110.2	117.1	112.2	118.5
Bridgeport	108.4	114.8	119.5	124.0	Ledyard	103.6	112.9	122.4	130.5	Somers	107.1	116.3	117.6	121.1
Bridgewater	102.2	117.2	128.7	132.2	Lisbon	104.1	109.1	113.8	119.9	South Windsor	111.4	119.2	124.0	130.9
Bristol	116.8	122.3	128.1	132.7	Litchfield	109.9	118.1	121.8	124.6	Southbury	107.1	109.2	110.9	117.0
Brookfield	113.8	123.6	125.8	130.1	Lyme	117.5	127.9	130.3	128.7	Southington	112.1	119.8	126.7	132.8
Brooklyn	110.1	122.2	129.7	133.7	Madison	111.8	122.4	127.3	132.7	Sprague	104.0	102.1	113.4	114.3
Burlington	114.9	119.1	122.7	133.6	Manchester	109.1	115.9	120.0	126.6	Stafford	107.4	111.6	117.8	126.9
Canaan	123.5	143.3	148.4	151.9	Mansfield	109.3	116.8	121.0	133.3	Stamford	113.0	119.6	123.8	127.8
Canterbury	112.1	122.5	126.3	132.6	Marlborough	113.8	121.2	133.2	139.5	Sterling	103.5	112.1	116.8	119.5
Canton	118.4	126.6	130.9	138.1	Meriden	108.2	115.1	121.4	128.0	Stonington	104.7	112.2	123.7	128.0
Chaplin	106.1	109.2	109.7	116.8	Middlebury	114.1	119.0	122.8	128.4	Stratford	108.6	115.9	119.3	121.3
Cheshire	113.0	121.2	124.7	131.0	Middlefield	115.5	118.6	119.5	132.1	Suffield	110.2	118.0	122.0	126.2
Chester	115.3	122.8	123.6	125.5	Middletown	108.8	114.9	121.2	125.7	Thomaston	113.5	121.6	129.2	134.8
Clinton	110.4	118.5	125.4	127.9	Milford	114.0	122.3	127.1	132.4	Thompson	120.2	126.7	129.8	139.4
Colchester	116.0	125.1	130.0	136.9	Monroe	111.9	120.3	123.6	124.3	Tolland	107.5	114.2	118.8	125.2
Colebrook	92.8	100.1	101.9	107.1	Montville	107.8	113.1	120.7	127.0	Torrington	112.3	119.2	121.6	125.9
Columbia	105.7	112.1	116.4	121.7	Morris	112.8	125.9	136.4	139.8	Trumbull	103.5	109.4	115.6	118.4
Cornwall	121.4	127.4	139.8	135.6	Naugatuck	111.1	115.9	121.9	125.8	Union	101.3	107.1	111.0	125.3
Coventry	109.5	117.0	122.7	130.0	New Britain	111.5	117.5	122.6	129.1	Vernon	108.9	116.4	122.8	127.2
Cromwell	116.1	124.2	130.3	135.4	New Canaan	112.2	120.4	124.0	124.8	Voluntown	111.8	112.4	123.1	129.1
Danbury	114.6	120.3	125.2	130.1	New Fairfield	111.3	117.0	121.3	124.9	Wallingford	113.5	120.2	125.6	132.2
Darien	112.7	119.9	122.1	132.6	New Hartford	109.5	116.5	121.8	127.3	Warren	101.0	101.6	108.0	112.0
Deep River	111.4	116.4	125.3	129.3	New Haven	112.6	119.2	125.6	131.0	Washington	109.3	118.7	124.1	124.2
Derby	108.6	116.5	120.6	123.9	New London	100.1	105.0	111.2	116.7	Waterbury	106.8	112.7	119.9	124.9
Durham	111.3	121.4	128.8	134.6	New Milford	107.9	113.6	117.6	121.6	Waterford	108.9	112.4	118.3	126.8
East Granby	109.5	119.4	118.2	128.6	Newington	117.6	125.3	124.0	128.4	Watertown	109.4	114.7	120.4	127.6
East Haddam	106.7	114.9	120.7	123.2	Newtown	117.3	125.3	129.7	128.2	West Hartford	113.8	120.4	124.9	132.5
East Hampton	112.6	120.9	125.3	134.4	Norfolk	99.5	111.9	109.6	124.1	West Haven	110.5	118.0	125.9	129.3
East Hartford	111.6	116.8	122.3	131.1	North Branford	111.5	115.6	121.7	130.1	Westbrook	113.6	123.2	125.8	134.0
East Haven	111.7	119.1	122.1	127.1	North Canaan	109.0	117.7	114.7	128.2	Weston	111.9	117.8	119.1	121.6
East Lyme	106.0	112.1	116.7	123.6	North Haven	106.5	111.9	117.4	123.5	Westport	104.5	113.6	116.4	116.9
East Windsor	112.1	121.3	123.6	125.3	North Stonington	126.6	138.9	147.7	160.3	Wethersfield	109.1	118.3	124.4	126.5
Eastford	116.1	131.2	132.4	132.8	Norwalk	111.1	116.9	122.5	125.3	Willington	112.4	125.5	130.6	134.9
Easton	110.3	118.7	120.5	119.4	Norwich	107.7	113.1	120.3	130.2	Wilton	113.9	119.5	121.7	126.7
Ellington	116.2	120.9	129.0	135.7	Old Lyme	108.8	117.9	126.6	127.9	Winchester	116.7	124.4	128.8	132.6
Enfield	114.4	120.6	121.9	127.6	Old Saybrook	113.6	120.3	123.7	129.2	Windham	108.8	115.9	122.3	126.7
Essex	112.0	116.8	126.7	130.8	Orange	117.0	124.3	128.1	140.2	Windsor	110.3	118.4	120.8	124.6
Fairfield	113.6	120.2	126.5	123.7	Oxford	116.3	125.7	127.7	135.5	Windsor Locks	110.1	114.5	116.9	125.0
Farmington	111.8	120.5	126.2	131.2	Plainfield	110.7	117.4	125.0	131.9	Wolcott	116.5	124.2	128.7	136.1
Franklin	100.0	114.9	120.9	140.5	Plainville	115.3	124.9	128.1	129.0	Woodbridge	114.2	116.3	122.3	132.0
Glastonbury	113.2	120.7	125.7	134.2	Plymouth	113.4	120.2	126.1	133.5	Woodbury	112.3	119.8	124.5	134.9
Goshen	111.6	114.3	127.7	132.8	Pomfret	113.4	122.5	133.9	141.1	Woodstock	114.0	120.1	122.7	128.1
Granby	109.8	116.2	123.9	130.9	Portland	111.6	120.7	121.9	131.0					
Greenwich	108.2	113.3	116.4	119.3	Preston	106.5	116.5	118.7	123.7	CONNECTICUT	110.7	117.2	122.0	126.0

\* 2010 = 100 for all 169 cities and towns      2005-2013 CTEI is available upon request

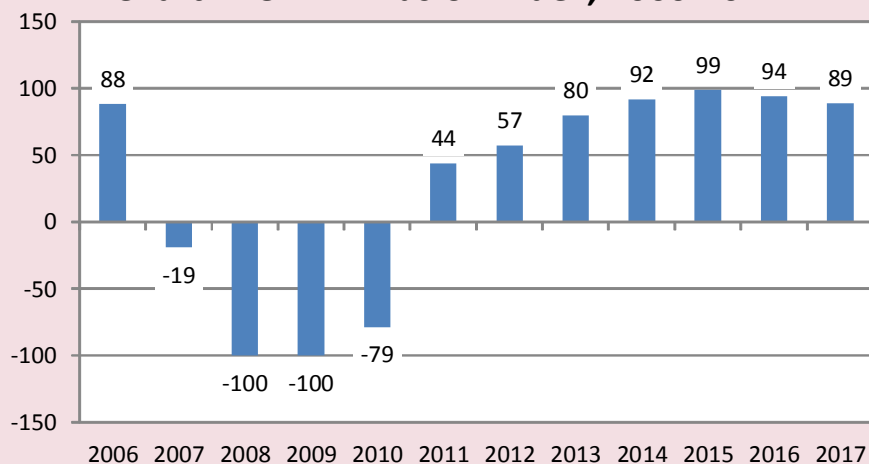
Source: Connecticut Department of Labor, Office of Research

# Connecticut Town Economic Indexes, 2017





**Chart 2. CTEI Diffusion Index, 2006-2017**



-continued from page 2-

**Employment**

Last year’s average statewide employment rose 0.2% from 2016 and 4.6% from 2010. Half of the cities and towns in the state experienced job recovery over the year, lower than 58% from 2015 to 2016. Overall, 72% of the municipalities in the state have added jobs since the employment recovery began in 2010.

**Real Wages**

In 2017, 75% of all cities and towns in the state posted inflation-adjusted wage gains over the year, up from 70% in 2016. The statewide real annual average wage was \$58,376 per

worker, a 1.5% decline over 2016 and a 1.8% decrease from 2010. The highest real average pays were in businesses located in Greenwich at \$120,642 last year.

**Unemployment Rate**

Hartford continued to post the highest unemployment rate (8.1%) last year, a drop from 9.2% in 2016. Overall, the statewide rate fell from 5.1% in 2016 to 4.7% in 2017. For a detailed analysis and the complete table of unemployment rates for all 169 municipalities, see “2017 Unemployment Rate by Town” in the June 2018 issue

of the Connecticut Economic Digest.

**CTEI Diffusion Index: 2006-2017**

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 decrease 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.

**Conclusion**

The CTEI show that almost all cities and towns in Connecticut have been recovering steadily since 2011, with some municipalities, such as New Haven, showing particular strength. ■

**GENERAL ECONOMIC INDICATORS**

	2Q 2018	2Q 2017	CHANGE		1Q 2018
			NO.	%	
<i>(Seasonally adjusted)</i>					
<b>General Drift Indicator (1996=100)*</b>					
<b>Leading</b>	116.6	115.5	1.1	1.0	117.0
<b>Coincident</b>	115.8	115.0	0.8	0.7	115.3
<b>Farmington Bank Business Barometer (1992=100)**</b>	135.3	135.5	-0.2	-0.1	136.6
<b>Philadelphia Fed's Coincident Index (2007=100)***</b>					
<i>(Seasonally adjusted)</i>					
<b>Connecticut</b>	Aug 2018 124.16	Aug 2017 121.01	3.1	2.6	Jul 2018 123.63
<b>United States</b>	123.89	120.45	3.4	2.9	123.62

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).