

ECONOMIC DIGEST

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In July...

Nonfarm Employment

Connecticut 1,692,200
 Change over month -0.04%
 Change over year +0.7%

United States 146,615,000
 Change over month +0.14%
 Change over year +1.5%

Unemployment Rate

Connecticut 5.0%
 United States 4.3%

Consumer Price Index

United States 244.786
 Change over year +1.7%

Connecticut Town Economic Index (CTEI): 2013-2016

By Jungmin Charles Joo and Dana Placzek, DOL

The Connecticut Town Economic Index (CTEI) showed the state’s cities and towns experienced further economic improvement in 2016, though at a slower pace than in 2015.

CTEI: Methodology

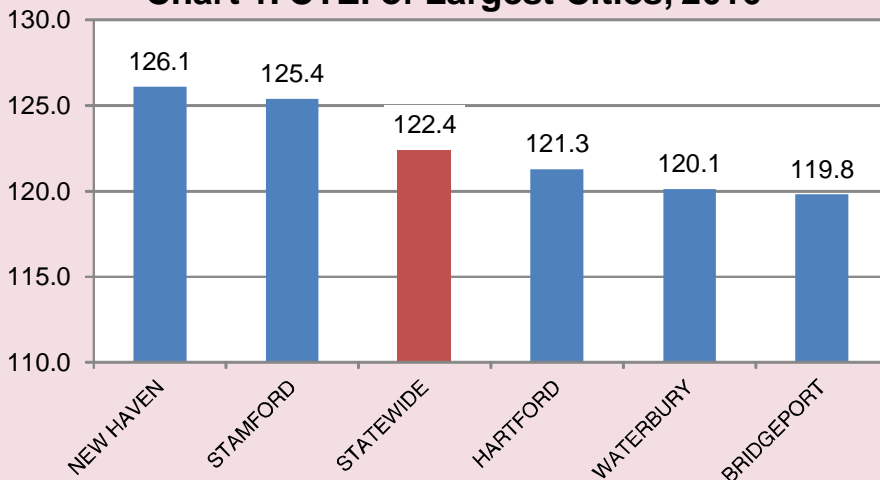
The CTEI was introduced two years ago and is being released annually. The Connecticut Department of Labor’s Office of Research developed the Connecticut Town Economic Index (CTEI), an annual composite index of all 169 cities and towns in the state. This index measures each town or city’s overall economic health, which can be ranked and compared to others to gain perspective of its performance each year. Four annual average town economic

indicators were used as components, which are total covered business establishments, total covered employment, inflation-adjusted covered 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.

Establishments, employment and wages are proxy for each

Chart 1. CTEI of Largest Cities, 2016



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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. 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 economic indicators, the index gives a broad measure of business and resident economic well-being of each town, allowing comparisons among them.

CTEI: 2015 to 2016

Reflecting an ongoing economic recovery, business and labor conditions of all but two municipalities in Connecticut continued to improve from 2015 to 2016 (Table on page 3). Simsbury and Newington experienced negative overall economic growth over the year, while North Branford remained the same.

Of the five largest cities, with a 2010 Census population of 100,000 or more, Waterbury and New Haven had the fastest overall economic recovery in 2016. Hartford, however, experienced the slowest growth over the year.

CTEI: 2010 to 2016

When compared with 2010, when the employment recovery began in Connecticut, all 169 cities and towns' indexes finally showed increases in 2016. The map on page 4 shows the different ranges of economic recovery rate of each municipality. Among the largest cities, as Chart 1 shows, New Haven and Stamford grew above the statewide economic recovery rate over the last six years.

Index by Labor Market Area: 2010-2016

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 2016. The Danielson-Northeast LMA's overall economy grew the fastest, followed by Waterbury and New Haven areas. Norwich-New London, Bridgeport-Stamford and Enfield LMAs' index, however, increased at a slower pace than the statewide's.

The Components of CTEI:

Establishments

The total number of business establishments in Connecticut rose by 1.2% to 117,658 over the year, a slower growth than the 1.4% from 2014 to 2015. Stamford continued to dominate with the largest number of businesses out of 169 cities and towns, followed by Greenwich, Hartford, Norwalk, and New Haven. Since 2010, Connecticut's overall number of businesses increased 5.7%.

Employment

Last year's average statewide employment rose 0.2% from 2015 and 4.4% from 2010. Almost 58% of the cities and towns in the state experienced job recovery over the year, slightly higher than 53% from 2014 to 2015. Overall, 75% of the municipalities in the state have added jobs since the employment recovery began in 2010.

Real Wages

In 2016, 69% of all cities and towns in the state posted inflation-adjusted wage gains over the year, and 64% from 2010. The statewide real annual average wage was \$60,147 per worker, a 0.5% increase over 2015 and a 1.2% increase from 2010. The highest real average pays were in businesses located in Greenwich, Stamford, Wilton, Westport, and Norwalk.

Unemployment Rate

Hartford continued to post the highest unemployment rate

-continued on page 5-

CONNECTICUT TOWN ECONOMIC INDEX (2010=100), 2013-2016*

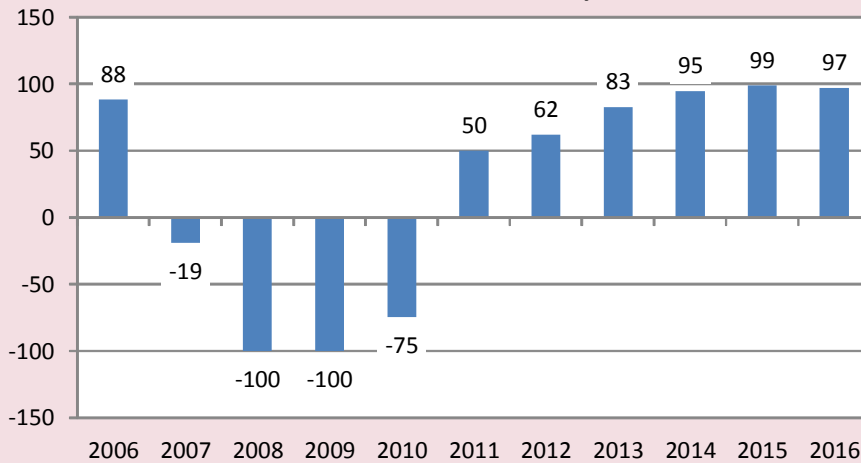
Town/City	2013	2014	2015	2016	Town/City	2013	2014	2015	2016	Town/City	2013	2014	2015	2016
Andover	93.7	102.4	108.2	110.3	Griswold	97.8	102.9	110.7	116.0	Prospect	111.2	117.3	120.9	130.1
Ansonia	97.7	102.7	109.5	115.3	Groton	106.4	113.0	118.0	125.6	Putnam	102.8	109.5	113.3	120.8
Ashford	110.0	118.4	128.7	130.7	Guilford	108.9	114.7	123.4	132.5	Redding	105.6	113.9	121.8	126.4
Avon	103.9	108.1	115.3	120.9	Haddam	108.7	116.5	124.5	131.9	Ridgefield	104.9	109.9	117.3	120.5
Barkhamsted	104.2	113.7	122.8	123.8	Hamden	105.4	110.0	115.7	120.6	Rocky Hill	108.0	121.2	129.4	134.3
Beacon Falls	108.3	113.6	125.4	131.9	Hampton	107.7	122.4	128.0	129.7	Roxbury	101.0	113.7	122.4	126.2
Bethlehem	109.6	111.7	117.9	120.8	Hartford	103.8	109.9	116.3	121.3	Salem	96.9	102.9	110.6	118.8
Berlin	109.4	117.0	124.4	133.2	Hartland	105.8	109.1	112.8	125.7	Salisbury	104.7	113.1	119.7	126.0
Bethany	110.3	113.0	121.4	127.2	Harwinton	104.3	109.1	116.5	123.1	Scotland	105.9	101.1	102.7	104.2
Bethel	105.8	111.6	121.0	126.4	Hebron	107.9	111.9	119.5	126.7	Seymour	106.0	110.9	118.8	124.6
Bloomfield	107.2	113.1	118.9	124.4	Kent	115.8	125.8	129.9	131.5	Sharon	102.2	107.8	115.3	119.4
Bolton	106.9	113.0	119.7	124.8	Killingly	104.7	112.9	119.1	125.8	Shelton	106.3	110.3	115.2	121.8
Bozrah	102.1	108.8	115.3	121.0	Killingworth	99.5	105.5	112.5	119.7	Sherman	106.8	113.2	121.0	125.1
Branford	105.6	112.6	117.1	122.2	Lebanon	106.8	113.8	121.2	127.7	Simsbury	105.6	111.3	117.6	114.1
Bridgeport	102.2	107.8	114.2	119.8	Ledyard	99.8	103.7	113.9	123.1	Somers	105.2	108.4	115.0	117.9
Bridgewater	97.2	100.6	111.0	125.7	Lisbon	104.5	105.9	109.4	114.5	South Windsor	108.2	112.9	119.5	125.8
Bristol	109.9	116.8	121.7	128.2	Litchfield	106.1	111.1	119.7	122.4	Southbury	103.0	107.3	110.8	112.1
Brookfield	107.1	113.3	122.1	125.4	Lyme	116.7	121.6	128.5	133.8	Southington	106.2	113.0	121.1	127.3
Brooklyn	106.4	111.5	120.8	129.5	Madison	105.8	113.3	121.8	128.1	Sprague	97.4	102.2	101.6	109.4
Burlington	108.8	116.9	120.4	123.2	Manchester	104.0	109.1	115.2	120.8	Stafford	102.5	108.4	113.4	119.5
Canaan	97.7	113.9	129.1	143.6	Mansfield	101.4	109.4	117.0	121.6	Stamford	107.5	113.2	119.9	125.4
Canterbury	106.9	113.9	121.2	127.4	Marlborough	111.0	115.9	122.4	137.3	Sterling	104.2	102.0	108.2	114.8
Canton	115.4	119.6	128.4	134.3	Meriden	103.7	108.0	115.2	122.3	Stonington	104.6	105.7	112.2	123.8
Chaplin	108.5	107.9	110.4	111.8	Middlebury	110.5	113.8	119.6	126.0	Stratford	103.0	108.1	115.1	119.0
Cheshire	108.3	114.7	121.6	126.5	Middlefield	109.6	116.2	119.0	121.0	Suffield	103.9	109.9	117.8	121.9
Chester	109.0	115.0	121.5	125.0	Middletown	104.1	108.9	115.1	120.9	Thomaston	108.7	115.0	122.6	130.3
Clinton	104.8	109.7	117.5	125.6	Milford	109.7	114.9	121.8	127.8	Thompson	109.0	120.4	128.9	130.6
Colchester	107.7	117.6	125.5	131.8	Monroe	108.7	113.7	120.5	124.0	Tolland	102.4	108.5	114.6	120.5
Colebrook	92.1	92.1	98.8	101.9	Montville	100.9	107.4	111.4	120.4	Torrington	107.3	112.8	119.2	121.7
Columbia	104.2	107.8	112.4	118.0	Morris	114.2	116.4	125.7	137.7	Trumbull	102.1	104.3	110.4	116.0
Cornwall	99.5	115.3	122.3	126.9	Naugatuck	107.0	111.7	116.7	122.2	Union	94.1	97.6	102.0	105.7
Coventry	106.8	111.6	118.2	125.4	New Britain	104.5	110.5	117.0	122.7	Vernon	103.6	109.0	116.0	121.4
Cromwell	111.2	116.9	124.6	130.7	New Canaan	104.8	111.2	118.3	123.8	Voluntown	101.7	108.2	114.3	124.1
Danbury	108.8	115.3	121.2	125.3	New Fairfield	102.8	111.3	117.0	121.4	Wallingford	109.1	114.9	122.3	128.2
Darien	103.2	111.1	118.7	121.9	New Hartford	105.1	109.1	116.9	121.2	Warren	98.2	97.7	98.5	102.1
Deep River	105.2	112.5	116.1	124.7	New Haven	104.6	111.5	118.6	126.1	Washington	103.9	107.6	116.1	124.8
Derby	103.7	108.1	115.1	119.7	New London	93.5	98.7	104.4	111.0	Waterbury	102.7	107.0	112.8	120.1
Durham	109.7	112.0	122.4	129.0	New Milford	101.7	107.3	113.6	118.7	Waterford	101.2	109.0	114.1	119.7
East Granby	106.6	110.8	120.5	122.4	Newington	108.3	117.8	125.7	124.7	Watertown	106.5	111.7	117.7	122.4
East Haddam	103.6	107.9	116.5	121.0	Newtown	109.7	117.0	124.1	128.5	West Hartford	107.9	114.0	120.8	126.7
East Hampton	106.2	114.8	122.8	127.6	Norfolk	99.3	106.4	114.4	114.7	West Haven	103.6	109.7	116.8	124.5
East Hartford	106.1	111.0	116.4	122.5	North Branford	110.5	115.4	122.1	122.1	Westbrook	109.0	114.9	122.3	124.8
East Haven	104.9	110.7	117.8	122.3	North Canaan	103.6	108.1	114.1	116.9	Weston	102.4	109.0	116.9	118.5
East Lyme	101.2	106.7	113.0	118.0	North Haven	97.7	101.7	110.5	119.3	Westport	98.2	102.9	110.5	115.2
East Windsor	105.0	112.1	119.0	122.8	North Stonington	119.3	125.4	136.0	142.8	Wethersfield	105.5	110.0	117.8	124.8
Eastford	113.0	118.2	132.5	138.0	Norwalk	107.7	112.3	118.4	123.6	Willington	109.5	114.9	125.9	132.8
Easton	102.7	110.0	117.5	120.5	Norwich	102.4	107.5	112.6	120.9	Wilton	103.9	112.8	119.2	122.5
Ellington	110.9	118.5	122.0	130.4	Old Lyme	103.5	109.7	118.6	128.2	Winchester	107.5	114.1	123.2	130.2
Enfield	106.5	113.8	119.8	121.9	Old Saybrook	105.9	113.6	120.3	123.7	Windham	103.5	108.5	115.6	123.5
Essex	105.9	112.2	116.3	124.8	Orange	112.7	117.8	125.5	129.6	Windsor	104.3	110.3	117.7	121.8
Fairfield	108.0	113.8	121.3	127.0	Oxford	111.3	117.3	126.2	128.6	Windsor Locks	104.5	110.1	115.9	116.9
Farmington	107.7	112.3	121.4	127.5	Plainfield	106.8	110.8	117.3	126.4	Wolcott	110.4	118.5	126.0	131.1
Franklin	104.7	104.8	116.3	126.6	Plainville	108.9	115.3	124.9	130.4	Woodbridge	107.7	113.2	116.2	121.3
Glastonbury	109.1	112.9	120.5	125.6	Plymouth	108.3	112.9	118.4	125.5	Woodbury	104.3	110.6	118.3	123.2
Goshen	109.3	112.1	115.7	128.4	Pomfret	108.9	115.6	122.5	134.1	Woodstock	106.3	114.2	120.7	124.7
Granby	106.7	111.5	119.4	125.7	Portland	109.3	113.6	121.8	124.0					
Greenwich	100.4	107.1	113.1	116.3	Preston	103.1	105.9	113.7	119.2	CONNECTICUT	104.8	110.7	117.2	122.4

* 2010 = 100 for all 169 cities and towns

2005-2012 CTEI is available upon request

Source: Connecticut Department of Labor, Office of Research

Chart 2. CTEI Diffusion Index, 2006-2016



-continued from page 2-

(9.4%) last year, a drop from 10.6% in 2015. The residents of Waterbury, Bridgeport, New Britain, and New London rounded out the top five highest unemployment rates in the state. Overall, the statewide rate fell from 5.7% in 2015 to 5.1% in 2016. For a detailed analysis and the complete table of unemployment rates for all 169 municipalities for 2012 through 2016, see “Annual Unemployment Rate by Town, 2012-2016” in the June 2017 issue of the Connecticut Economic Digest.

CTEI Diffusion Index: 2006-2016

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

For example, index figures in 21 municipalities went up (12%), 147 (87%) went down, and 1

stayed the same in 2010. The diffusion index is then calculated by subtracting 87 from 12, equaling -75. Therefore, if all 169 indexes rise from a prior year, then the diffusion index becomes 100, and if all fall, then -100. If CTEI diffusion index is positive, then that is interpreted as an economic recovery or expansion, while negative values would mean an economic recession or contraction.

As expected, during the 2008-2010, the index values were -100, -100 and -75, respectively, when Connecticut was in an employment recession. The state economy gradually recovered since 2011, as the diffusion index numbers indicate on Chart 2.

Conclusion

The CTEI shows that almost all cities and towns in Connecticut have been recovering steadily from 2011. However, last year’s index number was the first to dip, though slightly, after having risen higher for four consecutive years. It remains to be seen whether 2017’s economic condition will get better or worse. ■

GENERAL ECONOMIC INDICATORS

	1Q 2017	1Q 2016	CHANGE NO. %	4Q 2016
<i>(Seasonally adjusted)</i>				
General Drift Indicator (1996=100)*				
Leading	117.5	119.0	-1.5 -1.3	118.2
Coincident	117.2	117.3	-0.1 -0.1	117.5
Farmington Bank Business Barometer (1992=100)**	135.8	134.9	0.9 0.6	136.5
Philadelphia Fed's Coincident Index (July 1992=100)***	Jul	Jul		Jun
<i>(Seasonally adjusted)</i>	2017	2016		2017
Connecticut	180.78	176.53	4.25 2.4	180.46
United States	182.28	177.31	4.97 2.8	181.77

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).