

# ECONOMIC DIGEST

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**In January...**

**Nonfarm Employment**

Connecticut ..... 1,635,100  
 Change over month ..... -0.04%  
 Change over year ..... +3.22%

United States ..... 149,629,000  
 Change over month ..... +0.31%  
 Change over year ..... +4.62%

**Unemployment Rate**

Connecticut ..... 5.3%  
 United States ..... 4.0%

**Consumer Price Index**

United States ..... 281.148  
 Change over year ..... +7.5%

## Connecticut's Economy Rebounds in 2021

*By Jungmin Charles Joo, Department of Labor*

**T**hough not completely recovered, Connecticut employment turned around last year following the severely COVID-19 pandemic-impacted 2020. The revised annual average total nonfarm employment rose 2.7% to a level of 1,613,000. Correspondingly, last year's unemployment rate dropped to 6.3% from 7.8% in 2020. Overall, 2021 economy recovered to a similar strength of 2018, as per annual diffusion index.

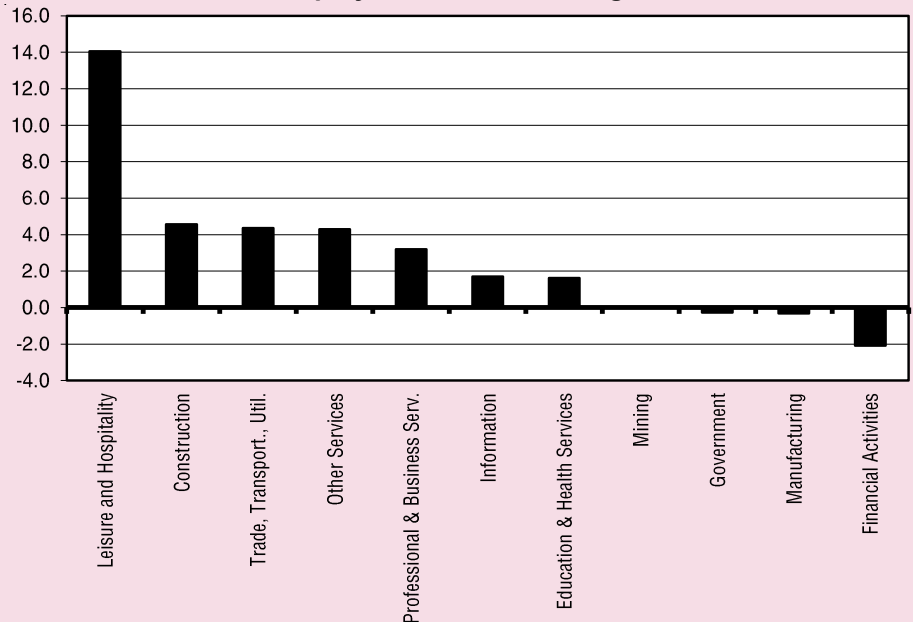
**Nonfarm Employment**

After the latest annual revision (based on annual average, not seasonally adjusted

data), in 2021 Connecticut regained 42,300 jobs (2.7%), after having lost 125,400 jobs, or -7.4% in 2020. Meanwhile in the nation employment rose 2.8% in 2021, after having shed 5.8% in 2020.

As shown in Chart 1, most of Connecticut's industry sectors partially bounced back last year. In fact, seven of eleven major industry sectors have added jobs back over the year. The biggest recovery occurred in leisure and hospitality (14.1%), construction (4.6%), and trade, transportation and utilities (4.4%). Leisure and hospitality was also the biggest job gainer (16,500), followed by trade, transportation, and utilities (12,100). On the other

**CHART 1. CT Employment Percent Changes, 2020 to 2021**



# ECONOMIC DIGEST

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hand, manufacturing (-0.3%) and government (-0.3%) lost jobs over the year. The biggest job loss was in financial activities (-2,500, -2.1%).

### Unemployment

As the economy gradually recovered from the impact of the pandemic, unemployment indicators also pointed to an ameliorated labor market situation. The annual average unemployment rate fell from 7.8% to 6.3% over the year. By comparison, the nation's rate decreased from 8.1% in 2020 to 5.4% in 2021.

In addition, 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, dipped from 14.1% in 2020 to 10.7% in 2021 for Connecticut. Correspondingly, the number of average weekly initial claims for unemployment fell sharply in 2021 (5,267) from 2020 (12,728). The insured unemployment rate also declined from 9.06% to 3.33% over the year.

### Employment by LMA

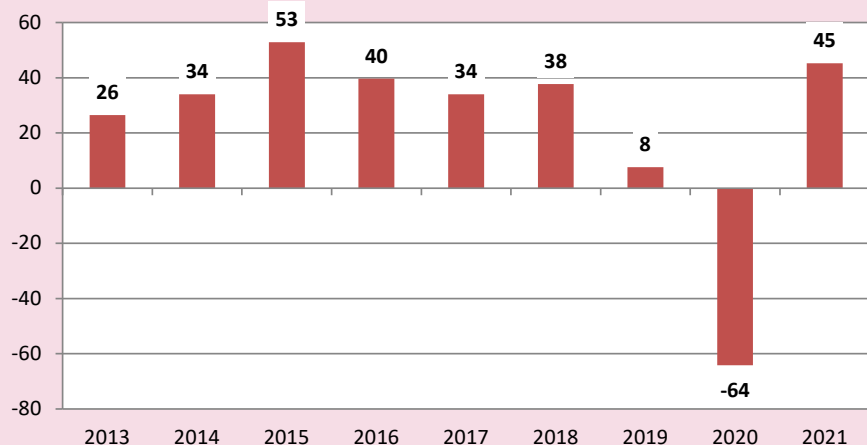
In 2021, nine labor market areas (LMAs) in Connecticut all added jobs, a complete reversal

from 2020. The biggest job gains occurred in the Bridgeport-Stamford (3.6%) and Danbury (3.2%) regions. Even the Norwich-New London-Westerly LMA finally turned the corner last year (3.2%), after having experienced three consecutive years of employment decline. The charts on page 4 also show long-term seasonally adjusted total nonfarm employment trends of Connecticut and all its nine LMAs from 2008 to January 2022.

### Other Economic Indicators

In addition to employment and unemployment data, most other economic indicators reflected the gradual return to a pre-pandemic level in Connecticut's economy. As the table on page 3 shows, both inflation-adjusted total personal income and real Unemployment Insurance covered wages of state residents (3-quarter averages) rose over the year. Newly updated and rebased Connecticut Manufacturing Production Index (2012=100) also increased from 2020. New auto registrations, exports, S & P 500, gaming payments, occupancy rate, and gaming slots all rose over the year. Real total private sector average weekly earnings, new housing permits, and

CHART 2. CT Annual Diffusion Index (ADI) of 53 Economic Indicators, 2013-2021



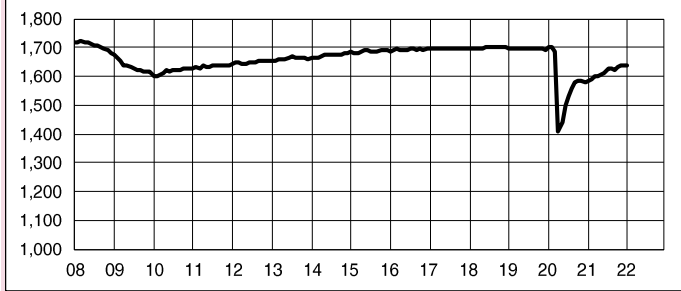
## Connecticut Economic Indicators, 2012-2021 (Annual Averages/Totals)

STATEWIDE	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>NONFARM EMPLOYMENT (000s)</b>										
TOTAL NONFARM.....	1,648.2	1,661.2	1,673.2	1,686.9	1,692.5	1,696.6	1,699.5	1,696.1	1,570.7	1,613.0
TOTAL PRIVATE.....	1,402.6	1,415.9	1,428.4	1,443.2	1,451.7	1,458.1	1,463.2	1,460.1	1,346.1	1,388.9
GOODS PRODUCING.....	213.9	214.2	213.4	215.5	216.3	217.7	220.0	222.1	211.4	213.4
SERVICE PROVIDING.....	1,188.7	1,201.7	1,215.1	1,227.7	1,235.4	1,240.4	1,243.1	1,237.9	1,134.7	1,175.6
MINING.....	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5
CONSTRUCTION.....	51.4	53.4	55.6	58.0	59.2	58.4	58.8	59.7	56.9	59.5
MANUFACTURING.....	161.9	160.3	157.3	157.0	156.5	158.7	160.7	161.9	153.9	153.4
Durable Goods.....	128.4	127.1	124.1	123.6	122.8	124.3	126.3	127.3	121.6	120.1
Non-Durable Goods.....	33.5	33.1	33.2	33.3	33.7	34.4	34.4	34.6	32.3	33.2
TRADE, TRANSPORT., UTILITIES.....	290.5	293.2	295.0	296.3	297.3	297.1	296.7	292.6	277.5	289.6
Wholesale Trade.....	62.2	62.1	61.8	61.6	61.5	61.5	61.3	59.6	55.9	57.3
Retail Trade.....	181.8	183.1	184.3	184.7	184.7	183.5	180.7	175.7	160.6	166.8
Transport., Warehousing, & Utilities.....	46.6	47.9	48.8	50.1	51.1	52.1	54.7	57.4	61.0	65.5
INFORMATION.....	31.4	32.1	32.1	32.5	32.4	31.6	31.7	31.6	29.3	29.8
FINANCIAL ACTIVITIES.....	133.1	130.6	128.7	130.1	129.5	127.9	125.5	123.7	120.1	117.6
PROFESSIONAL & BUSINESS SERV.....	207.0	210.2	215.1	219.2	219.1	219.6	221.0	218.9	206.6	213.2
EDUCATIONAL & HEALTH SERV.....	323.0	326.8	331.3	334.6	338.5	342.5	344.7	348.1	328.1	333.4
LEISURE AND HOSPITALITY.....	142.2	146.8	149.9	151.2	154.0	156.6	157.8	157.6	117.4	133.9
OTHER SERVICES.....	61.5	61.9	62.9	63.9	64.7	65.1	65.6	65.4	55.8	58.2
GOVERNMENT.....	245.6	245.2	244.8	243.7	240.9	238.5	236.4	236.0	224.7	224.1
<b>TOTAL NONFARM EMPLOYMENT IN LABOR MARKET AREAS</b>										
Bridgeport-Stamford.....	400.0	404.5	407.9	411.4	412.1	409.3	409.6	406.9	371.8	385.0
Danbury.....	75.3	76.4	77.5	78.4	78.4	78.0	78.1	77.7	71.5	73.8
Hartford.....	560.6	565.4	571.1	576.7	578.4	581.2	585.1	587.0	548.5	558.3
New Haven.....	274.3	277.4	280.5	283.3	285.8	288.3	290.1	292.1	278.3	286.4
Norwich-New London-Westerly.....	128.8	128.7	127.7	128.1	129.1	130.9	130.6	129.8	114.0	117.6
Waterbury.....	67.2	67.8	68.0	68.1	68.4	68.6	69.6	69.0	63.0	64.5
Enfield.....	45.1	44.5	44.9	45.5	44.9	44.9	44.9	44.6	41.5	41.5
Torrington-Northwest.....	32.7	32.9	33.0	33.1	33.0	32.5	32.8	33.0	30.6	31.4
Danielson-Northeast.....	26.1	26.8	27.2	27.0	27.0	26.9	26.9	27.2	25.4	26.2
<b>L EMPLOYEES HOURS &amp; EARNINGS</b>										
Total Private Average Weekly Hours.....	34.0	33.6	33.6	33.5	33.6	33.7	33.9	33.8	34.1	34.1
Real Tot Priv Avg Hrlly Earn (82-84\$).....	\$12.26	\$12.01	\$11.90	\$12.29	\$12.68	\$12.71	\$12.76	\$12.91	\$13.16	\$12.49
Real Tot Priv Avg Wkly Earn (82-84\$).....	\$416.72	\$403.37	\$399.72	\$411.87	\$425.95	\$428.49	\$432.50	\$436.47	\$448.63	\$425.95
<b>UNEMPLOYMENT</b>										
Labor Force (000s).....	1,887.5	1,867.4	1,889.1	1,892.1	1,893.2	1,923.7	1,931.5	1,950.3	1,897.8	1,855.9
Employed (000s).....	1,729.7	1,718.8	1,764.1	1,785.8	1,801.4	1,838.8	1,856.0	1,881.7	1,750.0	1,739.8
Unemployed (000s).....	157.9	148.5	125.0	106.3	91.8	84.9	75.5	68.7	147.8	116.1
Unemployment Rate.....	8.4%	8.0%	6.6%	5.6%	4.9%	4.4%	3.9%	3.5%	7.8%	6.3%
Average Weekly Initial Claims.....	5,081	4,792	4,290	3,910	3,879	3,716	3,515	3,443	12,728	5,267
Insured Unemployment Rate.....	3.57%	3.34%	3.02%	2.61%	2.50%	2.36%	2.18%	2.02%	9.06%	3.33%
U-6 Rate.....	14.7%	13.9%	12.6%	10.9%	10.8%	10.1%	8.9%	7.9%	14.1%	10.7%
<b>MANUFACTURING ACTIVITY</b>										
Average Weekly Hours.....	40.5	41.1	40.8	40.5	42.6	41.6	41.5	42.3	40.6	39.2
Real Average Hourly Earnings (82-84\$).....	\$10.58	\$9.50	\$9.62	\$11.07	\$11.41	\$10.46	\$10.94	\$10.92	\$11.50	\$10.57
Real Average Weekly Earnings (82-84\$).....	\$428.68	\$390.51	\$392.44	\$448.38	\$486.13	\$435.21	\$453.90	\$461.72	\$466.84	\$414.48
CT Mfg. Production Index (2012=100).....	100.0	101.3	99.9	100.3	95.7	98.2	102.4	104.4	95.3	98.0
<b>INCOME (mil.\$)</b>										
Real Personal Income, SA (1982-84 \$).....	\$100,684	\$97,089	\$100,009	\$102,594	\$103,238	\$103,264	\$105,239	\$105,721	\$108,037	\$110,027
Real UI Covered Wages, SA (1982-84 \$).....	\$45,398	\$45,267	\$46,043	\$47,416	\$47,229	\$46,826	\$46,580	\$47,036	\$46,416	\$47,237
<b>OTHER ECONOMIC INDICATORS</b>										
New Housing Permits.....	5,240	5,762	5,297	5,883	5,341	4,606	4,570	6,481	5,767	4,784
Construction Contracts (1980=100).....	269.2	389.2	320.6	412.6	322.1	451.3	372.8	366.5	368.7	340.2
New Auto Registrations.....	186,452	195,819	197,779	168,269	267,284	223,577	222,223	211,264	171,479	209,154
Exports (bil.\$).....	\$15.87	\$16.43	\$15.96	\$15.24	\$14.39	\$14.78	\$17.40	\$16.24	\$13.83	\$14.57
S&P 500: Monthly Close (December).....	1,426.19	1,848.36	2,058.90	2,043.94	2,238.83	2,673.61	2,506.85	3,230.78	3,756.07	4,766.18
Gaming Payments (mil.\$).....	\$318.7	\$289.3	\$273.0	\$266.0	\$266.5	\$273.7	\$266.1	\$247.8	\$165.5	\$215.8
Occupancy Rate.....	58.3%	58.8%	59.6%	60.2%	60.6%	61.6%	62.1%	62.6%	40.4%	56.1%
Gaming Slots (mil.\$).....	\$14,772.0	\$13,778.1	\$13,066.4	\$12,837.9	\$13,032.0	\$13,348.8	\$13,051.2	\$12,047.3	\$7,807.7	\$10,301.3

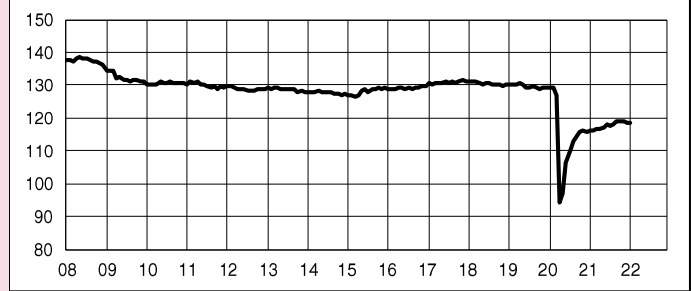
\* 2020: three-quarter average

# Seasonally Adjusted Nonfarm Employment Trends by Labor Market Area, 2008 - Jan. 2022

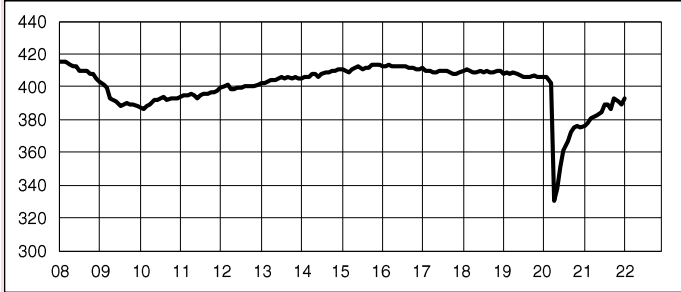
**TOTAL NONFARM EMPLOYMENT, SA, 000s**



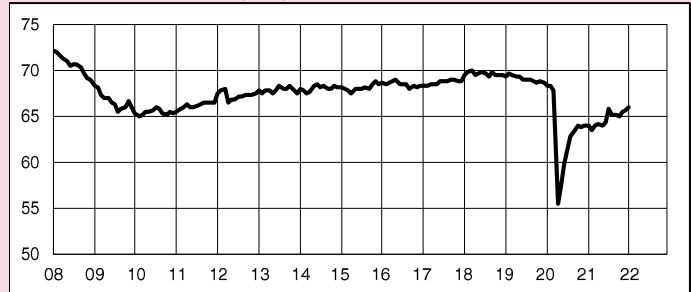
**NORWICH-NEW LONDON LMA EMP., SA, 000s**



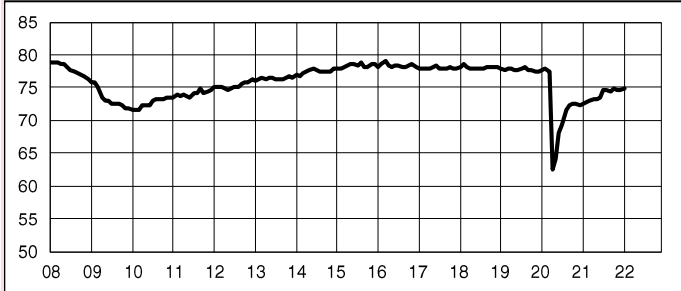
**BRIDGEPORT-STAMFORD LMA EMP., SA, 000s**



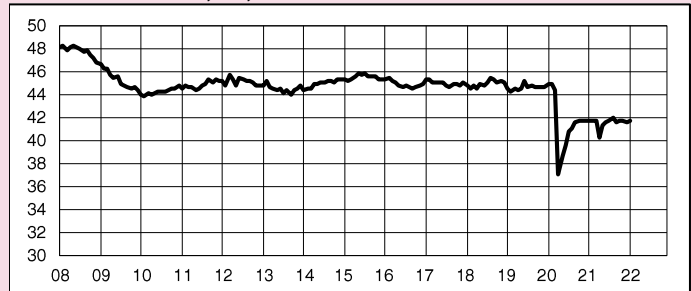
**WATERBURY LMA EMP., SA, 000s**



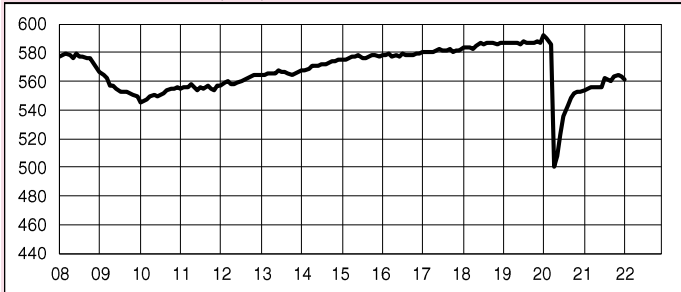
**DANBURY LMA EMP., SA, 000s**



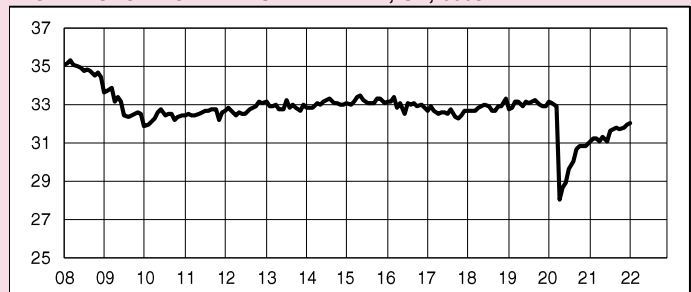
**\*ENFIELD LMA EMP., SA, 000s**



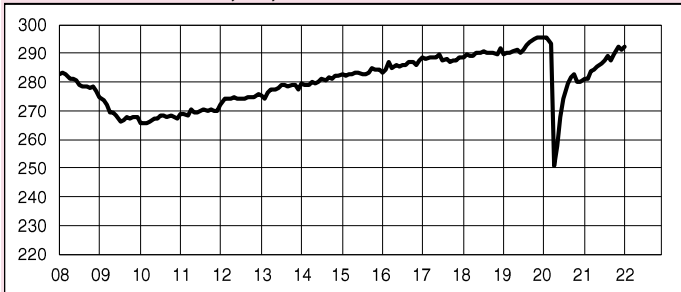
**HARTFORD LMA EMP., SA, 000s**



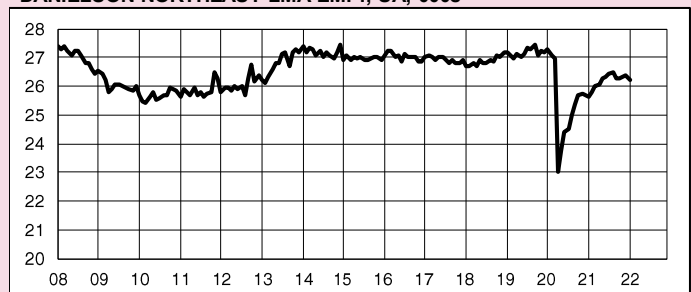
**\*TORRINGTON-NORTHWEST LMA EMP., SA, 000s**



**NEW HAVEN LMA EMP., SA, 000s**



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



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

construction contracts, however, fell last year.

### Annual Diffusion Index

An Annual Diffusion Index (ADI) is one way to measure overall economic activity by summarizing all 53 economic indicators on page 3. For each economic indicator, the movement is up, down, or unchanged over the year. Results are reported as a diffusion index that is calculated by subtracting the share of indicators with negative economic movement from the share that moved in a positive economic direction.

For example, out of 53 indicators, 33 (62%) went up and 19 (36%) went down, and one were unchanged in 2013. The

ADI is then calculated by subtracting 36 from 62, resulting in an indicator of 26. If an ADI is positive, then that is generally interpreted as an expansion in economic activity (because more indicators are improving), while negative values are interpreted as a contraction (because more indicators are deteriorating) for that year. As Chart 2 shows, the revised ADI showed a recovery with an index number of +45 in 2021, after having dropped precipitously to -64 in 2020 when the impact of the COVID pandemic was most pronounced.

### Looking Ahead

This year is off to a slow start with a slight decline in jobs and a

higher unemployment rate in January as the Omicron variant spread. However, as the pandemic comes to an end, most of the jobs lost in 2020 have already been recovered across the industry sectors. The 2021 annual average for manufacturing, for example, was below 2020. However, manufacturing ended 2021 with four consecutive months of job growth and it continued to grow in January 2022. While the current inflation, gas prices, and the war in Ukraine is creating a lot of uncertainties, it is hoped that they are temporary, and that our economy will be back to its pre-pandemic level by the end of this year. ■

## GENERAL ECONOMIC INDICATORS

<i>(Seasonally adjusted)</i>	4Q	4Q	YoY CHG		3Q	QoQ CHG	
	2021	2020	NO.	%	2021	NO.	%
<b>General Drift Indicator (2007=100)*</b>							
<b>Leading</b>	108.8	106.6	2.2	2.1	106.5	2.3	2.14
<b>Coincident</b>	92.3	91.7	0.6	0.7	92.1	0.2	0.19
<b>Real Gross Domestic Product**</b> (Millions of chained 2012 dollars)			YoY CHG			QoQ CHG	
	3Q	3Q	YoY CHG		2Q	QoQ CHG	
	2021	2020	NO.	%	2021	NO.	%
<b>Connecticut</b>	247,415.7	237,296.8	10,118.9	4.3	245,803.0	1,612.7	0.7
<b>United States</b>	19,478,893	18,560,774	918,119	4.9	19,368,310	110,583	0.6
<b>New England</b>	999,386.6	959,017.2	40,369.4	4.2	993,019.3	6,367.3	0.6
<b>Per Capita Personal Income**</b> (Current \$, SAAR)			YoY CHG			QoQ CHG	
	3Q	3Q	YoY CHG		2Q	QoQ CHG	
	2021	2020	NO.	%	2021	NO.	%
<b>Connecticut</b>	83,038	78,928	4,110	5.2	82,555	483	0.6
<b>United States</b>	62,866	59,928	2,938	4.9	62,514	352	0.6
<b>New England</b>	77,094	73,296	3,798	5.2	76,828	266	0.3
<b>Philadelphia Fed's Coincident Index (2007=100)***</b>			YoY CHG			MoM CHG	
	Jan	Jan	YoY CHG		Dec	MoM CHG	
	2022	2021	NO.	%	2021	NO.	%
<b>Connecticut</b>	NA	NA	NA	NA	NA	NA	NA
<b>United States</b>	NA	NA	NA	NA	NA	NA	NA

Sources: \*Dr. Steven P. Lanza, University of Connecticut, <https://steven-lanza.uconn.edu/the-connecticut-green-sheet/>  
 \*\*U.S. Bureau of Economic Analysis \*\*\*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 2007 = 100.

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).