THE CONNECTICUT
ECONOMIC DIGEST

Vol.28 No.9 A joint publication of Connecticut Department of Labor & Connecticut Department of Economic and Community Development

SEPTEMBER 2023

IN THIS ISSUE...

In July...

Nonfarm Employment
Connecticut 1,692,200
Change over month ..... +0.17%
Change over year ..... +1.28%

United States 156,342,000
Change over month ..... +0.12%
Change over year ..... +2.20%

Unemployment Rate
Connecticut 3.6%
United States 3.5%

Consumer Price Index
United States 305.691
Change over year ..... +3.2%

All of Connecticut Town Economic Indexes Recover in 2022

By Jungmin Charles Joo and Dana Placzek, Department of Labor

Connecticut's overall economy bounced back last year, as all municipalities' indexes rose in 2022, a recovery for all 169 cities and towns that fell in 2020 from the effects of the COVID-19 pandemic. The indexes on page 3 give a broad measure of business and resident economic well-being of each town, allowing comparisons among them.

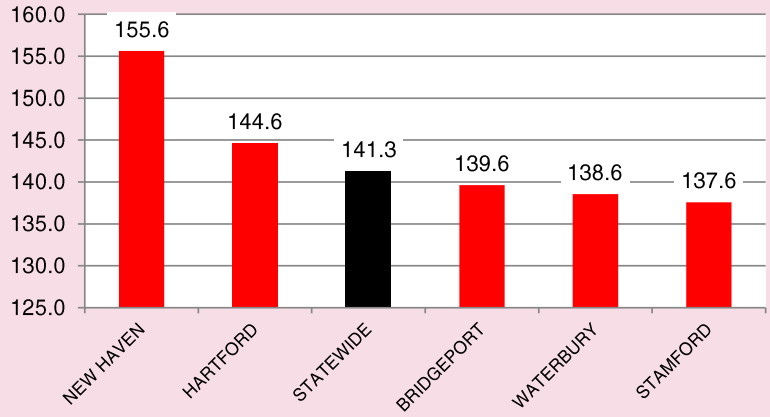
The CTEI Methodology

The Connecticut Town Economic Indexes (CTEI) were introduced in 2015 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. The four annual average town economic indicators used as components 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 payroll employees in 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 payroll employees in each town.

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 inversed to reflect the right economic direction. By combining these four major

Chart 1. 2022 CTEI of Largest Cities (2010=100)



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economic indicators, the index allows comparisons among towns.

CTEI: 2021 to 2022

All of the cities and towns saw business and labor market conditions improve. 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 (2021) 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, Colebrook and Andover's overall economy expanded the fastest from 2021 to 2022. Norwich and New London had the two fastest increases 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 Bridgeport fared the best last year.

CTEI: 2010 to 2022

When compared with 2010, when the employment recovery began in Connecticut after the great recession, all cities and towns' indexes showed increases in 2022. Among the small towns with residents fewer than 25,000, Hampton and Canterbury experienced the fastest economic increase between 2010 and 2022. Southington and South Windsor index figures grew the fastest 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 Hartford's economy grew the most since 2010. The map on page 4 also shows the different ranges of economic recovery rate of each municipality in the state.

LMA Indexes: 2010-2022

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 2022. The Danielson-Northeast LMA's overall economy continued to grow the fastest, followed by the Torrington-Northwest and Waterbury areas.

The Components of CTEI:

Establishments

The total number of business establishments in Connecticut rose by 6.6% to 142,773 in 2022, a little slower growth than the 6.9% from the year before. Stamford continued to dominate, with the largest number of businesses (6,965) of the 169 cities and towns. Since 2010, Connecticut's overall number of businesses increased 28.3%. Overall, 90% of the total municipalities added new establishments over the year, and 97% since 2010.

Employment

Last year's average statewide employment grew further by 3.2% in 2022, after having risen 3.0% in 2021. In fact, 92% of the cities and towns in the state experienced job recovery over the year, up from 87% 2021. All in all, 63% of the municipalities in the state have added jobs since 2010.

Real Wages

In 2022, 91% of all cities and towns in the state posted inflation-adjusted wage gains over the year, significantly up from 18% in 2021. The statewide real annual average wage was $61,525 per worker, a 4.4% increase over 2021 and a 3.5% growth from 2010. The highest real average wages were in businesses located in Greenwich at $139,820 last year.

Unemployment Rate

Hartford posted the highest unemployment rate (6.5%) last year, dipping from 11.0% in 2021. Overall, the statewide rate fell from 6.3% in 2021 to 4.2% in 2022. For a detailed analysis and the complete table of unemployment rates for all 169 municipalities, see "The Unemployment Rate of All Towns Fell in 2022" in the June 2023 issue of the Connecticut Economic Digest.

CTEI Diffusion Index: 2006-2022

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

-continued on page 5-

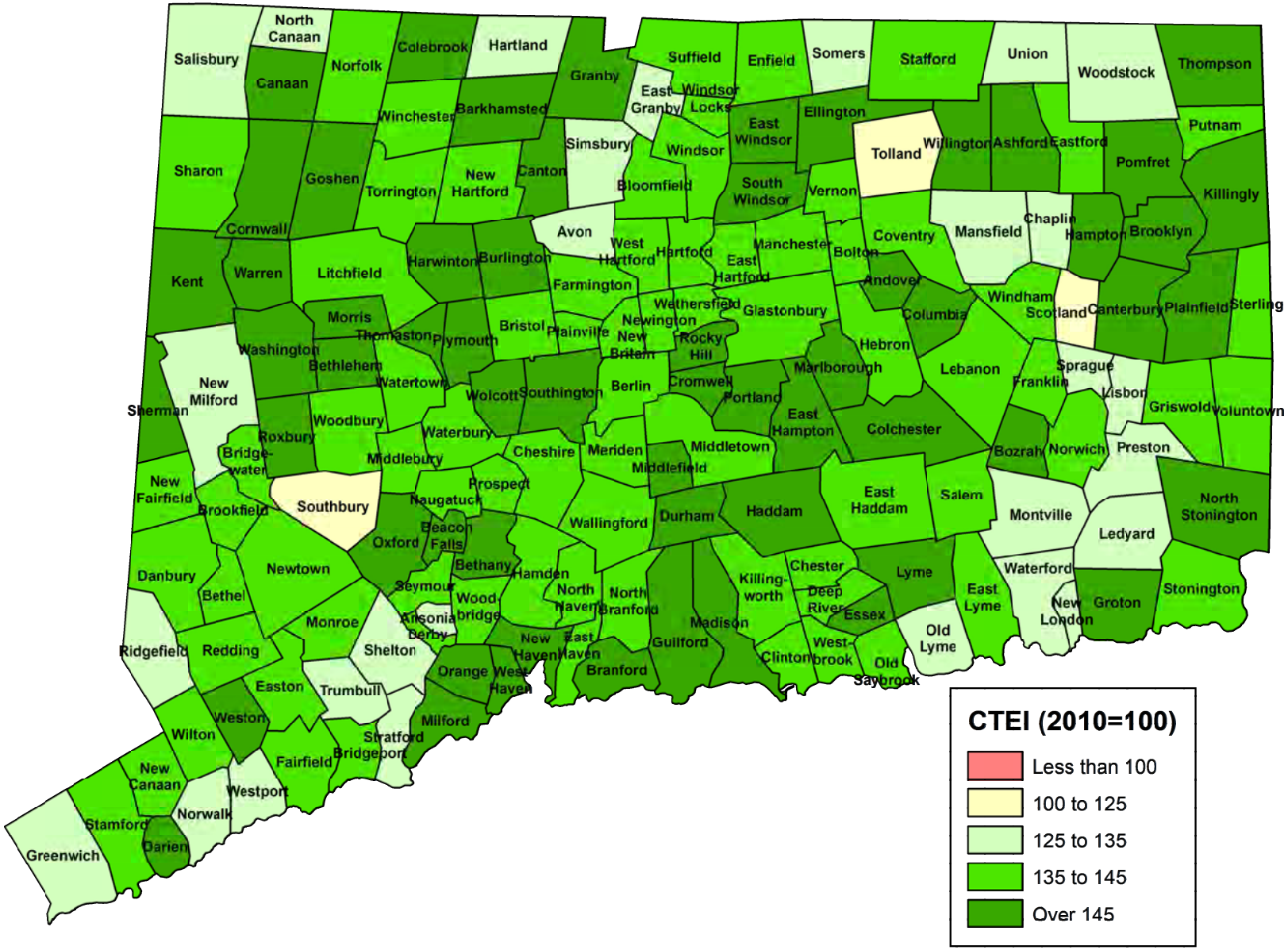
CONNECTICUT TOWN ECONOMIC INDEXES (2010=100), 2019-2022*

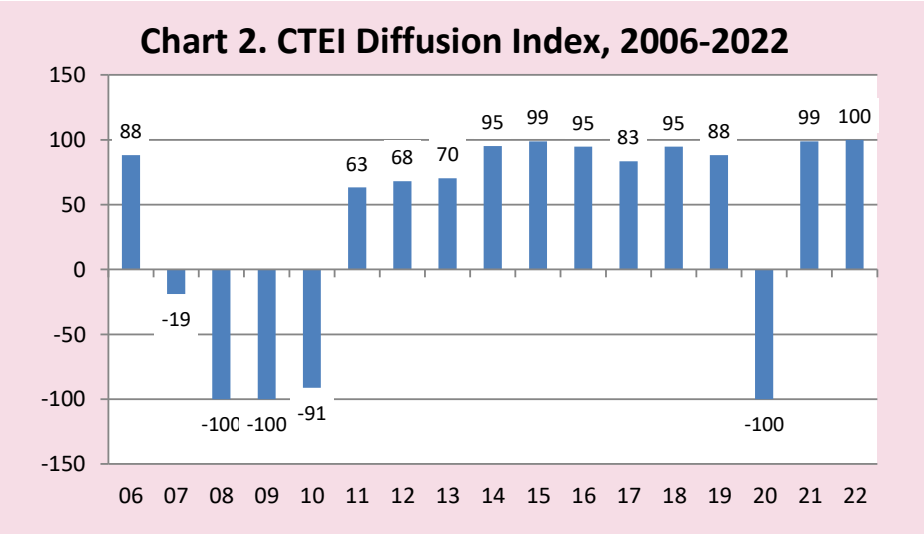
Town/City	2019	2020	2021	2022	Town/City	2019	2020	2021	2022	Town/City	2019	2020	2021	2022
Andover	131.8	101.7	115.0	151.1	Griswold	147.6	106.1	117.2	143.0	Prospect	148.4	115.6	125.8	142.9
Ansonia	133.4	102.7	108.6	129.1	Groton	153.9	108.2	118.9	145.8	Putnam	149.0	108.9	119.4	138.4
Ashford	160.6	125.2	136.5	158.4	Guilford	158.5	120.7	138.2	154.8	Redding	142.5	112.4	129.8	139.3
Avon	146.7	109.0	117.3	133.3	Haddam	150.4	111.2	123.5	145.8	Ridgefield	135.4	108.5	116.7	133.7
Barkhamsted	146.7	109.0	119.1	150.6	Hamden	141.9	107.8	117.0	138.2	Rocky Hill	157.2	117.4	126.8	145.7
Beacon Falls	155.7	121.4	137.7	156.4	Hampton	187.5	156.6	172.9	202.5	Roxbury	152.9	115.0	125.9	159.7
Bethlehem	143.6	110.6	117.4	137.4	Hartford	141.4	110.3	116.7	144.6	Salem	145.1	103.0	117.7	137.1
Berlin	158.1	123.1	138.9	152.9	Hartland	129.9	104.8	111.4	126.5	Salisbury	141.2	110.0	117.1	131.7
Bethany	149.8	109.2	120.9	137.8	Harwinton	151.1	118.7	134.5	145.7	Scotland	127.8	104.0	105.6	125.0
Bethel	149.4	126.6	136.6	152.3	Hebron	145.2	110.6	117.5	139.9	Seymour	145.9	113.0	123.8	140.0
Bloomfield	147.0	112.1	118.9	135.7	Kent	154.9	120.8	136.7	145.7	Sharon	148.6	114.3	121.4	140.7
Bolton	150.2	117.6	118.3	138.6	Killingly	157.4	117.7	126.5	152.8	Shelton	139.4	106.1	114.6	133.2
Bozrah	159.7	117.5	125.0	154.5	Killingworth	152.4	113.3	121.0	142.8	Sherman	150.4	111.8	127.8	146.2
Branford	147.7	109.9	120.4	145.4	Lebanon	151.1	116.5	121.1	145.0	Simsbury	136.3	102.7	111.4	129.0
Bridgeport	140.4	106.1	113.2	139.6	Ledyard	149.5	96.1	110.3	129.7	Somers	138.1	106.2	114.5	127.9
Bridgewater	143.5	111.7	123.1	141.5	Lisbon	138.4	102.9	110.5	125.2	South Windsor	148.3	112.7	126.1	146.6
Bristol	149.3	113.7	120.1	141.8	Litchfield	143.3	112.0	118.6	139.1	Southbury	133.5	97.1	107.6	122.7
Brookfield	141.4	106.8	120.5	141.6	Lyme	143.9	108.7	123.2	146.4	Southington	155.0	119.5	130.5	150.5
Brooklyn	156.2	117.5	131.3	164.1	Madison	154.5	118.5	131.3	148.0	Sprague	134.9	95.1	100.9	127.6
Burlington	153.9	118.8	125.8	154.7	Manchester	142.4	104.8	114.9	138.1	Stafford	144.2	110.0	115.1	137.5
Canaan	176.1	120.7	130.8	155.6	Mansfield	140.5	125.7	124.2	132.5	Stamford	144.8	106.2	118.3	137.6
Canterbury	162.9	119.8	140.2	164.6	Marlborough	150.2	118.9	128.9	154.7	Sterling	137.8	104.7	114.8	140.5
Canton	152.8	115.2	125.0	146.8	Meriden	145.9	110.9	116.6	143.4	Stonington	144.4	105.8	118.7	137.4
Chaplin	135.2	102.3	106.4	131.8	Middlebury	151.3	108.8	119.8	137.5	Stratford	137.9	104.8	113.6	133.9
Cheshire	150.0	111.7	118.9	138.0	Middlefield	142.1	113.7	125.8	145.4	Suffield	142.7	111.6	122.0	138.9
Chester	140.3	106.6	117.2	138.9	Middletown	144.7	110.6	116.1	136.4	Thomaston	151.7	117.1	127.0	145.6
Clinton	146.4	108.2	122.3	144.4	Milford	150.3	108.6	118.5	146.4	Thompson	156.3	119.1	128.7	152.0
Colchester	154.7	118.8	129.2	148.9	Monroe	139.4	108.2	119.1	138.1	Tolland	137.7	103.9	108.9	122.2
Colebrook	121.7	102.7	118.4	160.6	Montville	141.4	94.1	109.7	131.3	Torrington	145.0	109.5	117.0	141.5
Columbia	139.0	110.6	121.2	145.7	Morris	161.3	129.8	140.8	151.8	Trumbull	129.8	98.1	107.8	126.5
Cornwall	156.2	114.4	132.2	147.5	Naugatuck	147.7	108.8	119.0	142.6	Union	146.5	113.9	118.5	131.5
Coventry	153.5	117.4	125.3	141.7	New Britain	144.3	110.6	115.5	142.0	Vernon	143.2	105.3	115.3	138.9
Cromwell	157.3	117.1	129.5	147.2	New Canaan	139.6	112.7	128.0	141.7	Voluntown	144.9	111.0	117.9	144.9
Danbury	146.0	108.3	118.7	137.1	New Fairfield	144.5	105.4	119.0	135.8	Wallingford	151.5	111.2	120.4	138.6
Darien	139.3	116.8	126.9	145.1	New Hartford	149.0	110.4	117.6	144.0	Warren	142.4	110.9	118.8	150.5
Deep River	149.1	107.0	117.4	136.0	New Haven	157.4	120.6	126.7	155.6	Washington	150.8	111.8	118.5	150.8
Derby	143.2	107.8	116.8	140.8	New London	133.9	91.8	99.2	125.1	Waterbury	142.3	109.0	114.1	138.6
Durham	152.2	122.1	135.1	153.1	New Milford	138.4	101.4	110.5	132.1	Waterford	141.5	103.7	112.1	131.3
East Granby	141.0	104.2	111.7	133.7	Newington	143.8	107.5	118.0	140.4	Watertown	144.8	112.0	122.7	144.4
East Haddam	142.6	107.8	120.9	140.7	Newtown	146.0	113.1	122.1	141.9	West Hartford	149.4	112.6	122.4	142.4
East Hampton	155.3	120.7	129.4	150.7	Norfolk	135.3	106.6	121.1	141.5	West Haven	150.4	111.8	123.2	146.3
East Hartford	150.7	113.0	118.6	144.4	North Branford	150.5	115.9	123.7	138.5	Westbrook	149.0	112.1	119.2	141.3
East Haven	147.6	112.2	120.8	144.5	North Canaan	135.6	100.8	109.2	132.3	Weston	138.8	111.9	129.3	155.4
East Lyme	137.5	105.0	114.6	135.4	North Haven	145.2	110.9	124.1	142.7	Westport	133.4	102.7	113.1	129.0
East Windsor	148.0	110.6	119.5	149.6	North Stonington	174.7	135.4	146.2	163.6	Wethersfield	148.0	108.4	115.8	137.9
Eastford	151.9	113.1	124.5	139.4	Norwalk	139.8	100.0	111.9	131.3	Willington	153.4	119.8	126.5	145.3
Easton	143.2	109.0	121.3	142.2	Norwich	148.0	97.3	109.0	137.8	Wilton	137.9	112.2	119.9	136.7
Ellington	157.7	126.0	133.0	152.7	Old Lyme	141.1	107.9	115.9	133.8	Winchester	149.4	113.3	120.8	143.0
Enfield	145.9	109.5	119.5	139.8	Old Saybrook	151.1	110.3	118.9	139.1	Windham	141.4	111.5	116.0	137.3
Essex	146.9	110.1	124.0	145.3	Orange	152.0	118.8	134.2	153.7	Windsor	141.0	108.6	114.3	135.5
Fairfield	138.7	107.3	120.3	138.7	Oxford	154.7	120.8	129.5	154.2	Windsor Locks	143.1	106.8	114.4	139.1
Farmington	151.8	116.5	123.9	140.8	Plainfield	151.3	119.9	132.8	161.8	Wolcott	156.2	115.9	126.3	149.5
Franklin	142.5	109.6	117.9	138.3	Plainville	154.2	111.5	119.4	141.5	Woodbridge	143.0	110.3	121.0	137.0
Glastonbury	152.5	114.4	127.6	144.3	Plymouth	147.7	115.8	128.1	148.6	Woodbury	148.3	115.4	124.3	142.3
Goshen	154.2	122.4	138.6	160.8	Pomfret	162.2	122.2	131.1	157.9	Woodstock	138.4	105.2	117.8	133.6
Granby	156.8	120.5	130.1	152.3	Portland	149.3	116.3	126.1	145.8					
Greenwich	136.1	103.1	115.8	131.0	Preston	138.8	96.6	110.1	133.0	CONNECTICUT	144.5	108.3	117.9	141.3

* 2010 = 100 for all 169 cities and towns 2005-2022 CTEI is available upon request

Source: Connecticut Department of Labor, Office of Research

Connecticut Town Economic Indexes, 2022





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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 decreases 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 -91, 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 (+99). After slowing down during 2016 and 2017, the index picked up in 2018 (+95), but then slowed to +88 in 2019, before falling to -100 in 2020, when all 169 cities and towns' economies were inexorably affected by the pandemic. Then after the index almost fully turning around with +99 in 2021, it finally completely recovered last year (+100).

The indexes are presented this year using the same methodology as in the past so they can be compared for historical purposes using data through 2022. Note that an annual average does not fully capture growth that happened during year. Going forward, there are uncertainties with the future economy so we don't know what the 2023 diffusion index will show. However, we know that so far this year the state has continued to add jobs and the statewide unemployment rate is down to a pre-pandemic level. ■

GENERAL ECONOMIC INDICATORS

(Seasonally adjusted)	2Q 2023	2Q 2022	YoY CHG NO.	YoY CHG %	1Q 2023	QoQ CHG NO.	QoQ CHG %
General Drift Indicator (2007=100)*							
Leading	111.5	115.4	-3.9	-3.4	117.5	-6.1	-5.2
Coincident	96.0	96.4	-0.4	-0.5	96.0	-0.1	-0.1
Real Gross Domestic Product**	**1Q**	**1Q**	**YoY CHG**		**4Q**	**QoQ CHG**	
(Millions of chained 2012 dollars)	**2023**	**2022**	**NO.**	**%**	**2022**	**NO.**	**%**
Connecticut	252,809	254,011	-1,202	-0.5	252,611	198	0.1
United States	20,282,760	19,924,088	358,672	1.8	20,182,491	100,269	0.5
New England	1,040,673	1,031,578	9,096	0.9	1,036,456	4,218	0.4
Per Capita Personal Income**	**1Q**	**1Q**	**YoY CHG**		**4Q**	**QoQ CHG**	
(Current $, SAAR)	**2023**	**2022**	**NO.**	**%**	**2022**	**NO.**	**%**
Connecticut	87,318	84,295	3,023	3.6	86,175	1,143	1.3
United States	67,324	64,070	3,254	5.1	66,564	760	1.1
New England	81,942	78,057	3,885	5.0	81,407	535	0.7
Philadelphia Fed's Coincident Index (2007=100)***	**Jul**	**Jul**	**YoY CHG**		**Jun**	**MoM CHG**	
	2023	**2022**	**NO.**	**%**	**2023**	**NO.**	**%**
Connecticut			0.00	####		0.00	####
United States			0.00	####		0.00	####

*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).