THE CONNECTICUT
ECONOMIC DIGEST

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JULY 2004

IN THIS ISSUE...

In May...

Nonfarm Employment
Connecticut 1,646,200
Change over month 0.25%
Change over year 0.1%

United States 131,224,000
Change over month 0.19%
Change over year 1.0%

Unemployment Rate
Connecticut 4.6%
United States 5.6%

Consumer Price Index
United States 189.1
Change over year 3.1%

Outsourcing: implications for employment

By John M. Baker, Ph.D., Resource Associate I, DOL

The use of outsourcing, long a common business practice, has increased as use of computers and broadband communication has made it possible to have many business operations take place at remote locations. Remote now can just as well mean overseas. As low wage countries like India and China with growing numbers of technically educated workers offer more support services of high quality, outsourcing of the offshoring variety becomes a common, often essential, way of doing business. Human resource professionals have counseled those who are entering the labor force and those who have become unemployed to seek advanced training in technical areas, particularly anything having to do with information technology, in order to assure possession of saleable workforce skills. Now those jobs suddenly seem exportable and information technology professionals, including programmers, have lost positions they believed secure to newly trained professionals abroad, particularly in India, but also in other countries whose educated workers speak English.

To many, offshoring now seems the explanation for why this recovery has not generated jobs in the numbers that usually materialize as economic activity returns to normal. Over the past two years of recovery, companies have greatly increased output, earning record profits, but have managed to avoid hiring new employees. Not until March 2004, did new employment numbers show up in the size required just to keep pace with the employment needs of a growing labor force. Nevertheless, hiring activity is still not enough to recoup the lost jobs. In Connecticut, companies waited until this April to begin hiring again, adding some 4,000 jobs. Nationally, some 2 million jobs – around 58,000 in Connecticut - have vanished. How can economic statistics be so positive – the US economy is growing at a rate above 4.5% annually – without new jobs unless hiring and production are occurring elsewhere?

Stories abound of highly skilled persons who have done all the right things in terms of preparation but who have lost jobs to foreign companies, many located in India where information technology companies enjoy rapid growth. The Los Angeles Times relates the story of highly skilled programmer, Craig Cotterill. Cotterill had the dubious pleasure of staying on to work alongside and help train the Indian workers who replaced his colleagues until his job also vanished. "Cotterill, 54, joined the growing ranks of computer professionals who so recently occupied a prized position in the U.S. economy but are now seeing their jobs disappear — many outsourced to foreigners."[1] While the outsourcing company is

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providing jobs in the US (insourcing) as well as in India, its Indian workers here earn much less than their US counterparts, and most work functions now take place in India. There, technical industrial parks, isolated from urban disorder and poverty, and built and staffed with government assistance, attract increasing numbers of companies looking to obtain quality service at bargain prices. Still, the number of service positions lost to offshoring is not large; 300,000 seems a reasonable estimate. A frequently cited estimate by the firm Forrester Research holds that more than ten times that number will be lost over the next decade.[2] These are small numbers in an economy employing 138 million. Offshoring clearly cannot account for the present continued lack of hiring, but should it still be a matter of concern? The Progressive Policy Institute estimates about 12 million information technology jobs could be done at remote locations.

Analyses of outsourcing and offshoring have tended to follow two opposed lines. Most economists take the view that outsourcing and offshoring not only have a very small impact upon jobs overall, but also actually contribute strongly to economic growth. A recent Foreign Affairs magazine article by Michael Drezner, "The Outsourcing Bogeyman," is representative. Drezner argues that hard data do not support the notion that outsourcing has led to the present lack of replacement jobs for those lost in the US. There have obviously been losses in specific kinds of employment, such as the high-level programming work done by Mr. Cotterill and his colleagues, where employers can find a real cost advantage in foreign suppliers. But it would not be wise to attempt to write laws to protect those jobs. Market interference has unintended consequences. Candy manufacturers, for instance, suffer from artificially high prices maintained for US sugar producers and, as "...candy makers have relocated production to countries where sugar is cheaper, between 7,500 and 10,000 workers in the Midwest have lost their jobs." New US steel tariffs, recently eliminated because of World Trade Organization action, created higher price levels for domestic users of steel who then became uncompetitive in the world market and laid off thousands. In the longer view, the present situation is not unique. The recession of the early 90s was also followed by a jobless recovery and for the same reasons: Economic restructuring destroys jobs in old sectors like manufacturing and creates new jobs. "[T]he recent recession and current recovery are a more extreme version of the downturn and 'jobless recovery' of the early 1990s — which eventually produced the longest economic expansion of the post-World War II era. Once the structural adjustments of the current period are complete, job growth is expected to be robust." At the same time, laid-off workers will need assistance. Government will need to expand retraining and other employment programs. Perhaps the time has come to look at insurance for workers to offset costs associated with qualifying for new employment, a measure that would do a great deal to allay job loss fears. Employers seem receptive and the costs would be small.[3]

Paul Craig Roberts, whose credentials include service as an Assistant Treasury Secretary in the Reagan Administration, has become a prominent spokesman of the view that offshoring represents a new and threatening trend. Roberts has come to believe that economists need to rethink competition in international trade. In his view, modern communications and the steady advance of developing low-wage economies whose citizens possess technologically advanced skills, particularly in

India and China, means that high wage nations, like the US and Western European countries, really can have no production advantage for any exportable product or service. Roberts argues that "[f]rom the perspective of trade theory and economic-development theory, it is hard to see the benefit to the country whose firms outsource. With domestic capital and technology reallocated to the employment of foreign labor, there is less to employ domestic labor. Either unemployment results or the remaining capital is spread more thinly with a decline in labor productivity and real incomes. As industries move offshore, suppliers are forced to follow. The domestic economy becomes a less-efficient place to produce as concentrations of skills are diluted by movement offshore...." What Roberts calls the First World – the advanced high wage economies – faces a severe economic challenge "...because all tradable goods production and service jobs can be outsourced." The incentive to outsource work to China or India will continue to grow because those countries have "...enormous excess supplies of labor...." First World countries will experience continuing downward pressure on wages. Roberts suggests that "[t]he resulting declines in employment and/or real wages can bring political instability to First World countries." While it is true that the numbers at present are not alarming – numbers of technical service jobs are still increasing, for instance, although slowly – Roberts argues that the long-range trends are cause for concern. Economists need to look dispassionately at the realities and consider the possibility of developing a trade strategy, should that seem necessary. Analysts who speak of the unalloyed benefits of free trade assume that innovation will create a new structure of opportunity, but the rapid progress of advanced technology and science in developing societies like China and India means that the opportunities may arise just as well abroad – and, again, the high wage society can have no advantage.[4]

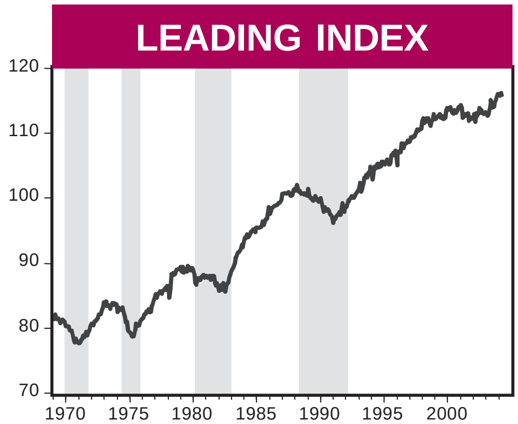
Berkeley economists Brad DeLong, who served as a Deputy Assistant Treasurer in the Clinton Administration, and Stephen S. Cohen, a professor of regional planning, in a draft posted on DeLong's Website, advance a position similar to that of Roberts. The short term, they say, is not a problem. But, down the line, perhaps sooner than later, offshoring will be a very large problem. The advanced economies will simply not provide a service product superior enough to that produced by low wage economies abroad so that the work and the high paying jobs will remain at home. There are, of course, a very large number of jobs that cannot go elsewhere because they require proximity. However, downward wage pressure on exportable high-paying, technologically advanced positions will drag down other well-paying positions that must remain at home. Luckily, say DeLong and Cohen, the US and other advanced economies can prepare for this challenge: "Because this is an economic transformation that is going to hit not in one shot next year but over the course of the next generation, we have plenty of time: time to build the social safety net, the education and retraining programs, the social and economic institutions needed to turn the coming of trade in white-collar services from a win-lose to a win-win affair for America and Americans; time to rebuild confidence that employment will be full and the duration of unemployment spells short. But we will need all this time, because the magnitude of the approaching economic trade shock will be much larger than anything in our historical memory."[5]

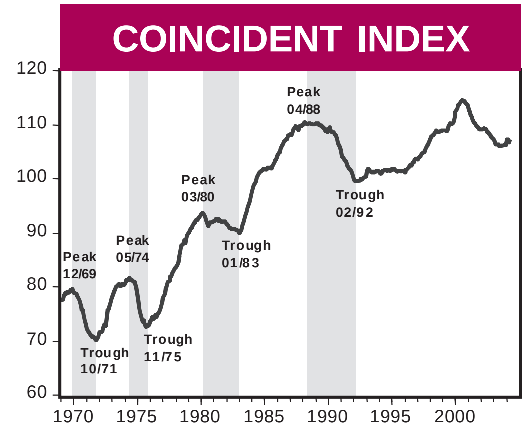
The Progressive Policy Institute study noted earlier draws a similar conclusion: "Hopefully, the rise of service sector offshoring needs will serve as a wake up call to our nation's policymakers to do the right thing. The right response is to enhance our nation's ability to specialize in innovative, high-valued-added work, get tough about practices by other countries that distort free trade, and boost aid to workers and communities hurt by global competition."[6]

But what then has happened to the jobs? The short answer is productivity, which grew at a very high rate through the 1990s and has continued to advance even through the recession and into the recovery. First quarter 2004 productivity in the nonfarm business sector increased at a 3.8 percent annual rate nationally, following a rate of 4.4 percent during 2003.[7] Several factors have contributed to this historically high rate. Businesses invested very heavily in computers and software in the 1990s and the problems expected with the advent of Y2K prompted still more investment. When the downturn came with the crash of the dot coms, the end of computer personnel needs associated with Y2K, and the recession – a "perfect storm" in the employment world of Information Technology, according to Harris Miller, president of the Information Technology Association of America – companies across the board shed IT staff. Those remaining had learned how to use the new tools and could meet increasing demand, when business began to pick up without the need for additional help.[8] Technological advance more generally supports increased productivity. Manufacturing output has continued to expand worldwide even as worldwide manufacturing employment continues to decrease.[9]

While analysts disagree about the impact of offshoring, they share the view that national and state economies need to invest in scientific and technological research to support innovation.

--Continued on page 5--





The distance from peak to trough, indicated by the shaded areas, measures the duration of an employment cycle recession. The vertical scale in both charts is an index with 1992=100.

Some good signs of job creation at the start of the second quarter 2004

The U.S. economy showed signs of healthy and robust growth in the first four months of this year. While labor productivity continues to increase at a healthy pace, jobs are also being created at a brisk pace. The flip side of robust economic growth is the threat of inflation. While market interest rates have already risen, a 25 basis points increase in the Federal funds rate seems a certainty at the next FOMC meeting at the end of June. It is widely expected that the Federal Reserve would increase the Federal funds rate gradually over the next 18 months, with minimal impact on the health of the economy. Alan Greenspan was recently sworn in for a fifth term as Chairman of the Board of Governors of the Federal Reserve System. The most significant point of this is that it eliminated monetary policy uncertainty at a crucial time in the recovery and growth phase of the U.S. economy. Thus, we can expect a continuation of past monetary policy.

This month, the two employment indices provide us with signs of modest progress for the Connecticut economy. The revised CCEA-ECRI Connecticut coincident employment index rose on a year-to-year basis from 106.38 in April 2003 to 107.45 in April 2004. Two components of this index are positive contributors, with a lower insured unemployment rate, and a lower total unemployment rate. Lower total nonfarm employment and lower total employment are the two negative contributors. On a sequential month-to-month basis, the revised CCEA-ECRI Connecticut coincident employment index rose from 106.83 in March 2004 to 107.45 in April 2004. All four components contributed positively to the index.

The revised CCEA-ECRI Connecticut leading employment index provided us with mixed news. It rose from 113.00 in April 2003 to 115.57 in April 2004. Five components of this index are positive contributors, with a lower Moody's Baa corporate bond yield, higher total housing permits, lower initial claims for unemployment insurance, a lower short duration (less than 15 weeks) unemployment rate, and higher average weekly hours worked in manufacturing and construction. A lower Hartford help-wanted advertising index is the only negative contributor. On a sequential month-to-month basis, the CCEA-ECRI Connecticut leading employment index fell from 116.17 in March 2004 to 115.57 in April 2004. Lower initial claims for unemployment insurance, and a lower short duration (less than 15 weeks) unemployment rate are the two positive contributors this index. A higher Moody's Baa corporate bond yield, lower total housing permits, a lower help wanted index, and lower average weekly hours worked in manufacturing and construction are the four negative contributors to this index.

It should be noted that total unemployment rate in Connecticut fell from 4.9 percent in March to 4.5 percent in April, and total nonfarm employment rose by four thousand in the same period. These are all very positive signs for Connecticut's job picture. I cannot be sure that this will continue into the future, but these surely are good signs to start the second quarter with. Finally, I do not expect that the resignation of Governor Rowland would have major impact on the Connecticut economy one way or the other. ■

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Leading and coincident employment indexes were developed by Pami Dua and Stephen M. Miller, in cooperation with Anirvan Banerji at the Economic Cycle Research Institute. Components of the indexes are described in the Technical Notes on page 23.

--Continued from page 3--

That investment requires an investment in scientific and technical education too, both for students and for workers who have lost their jobs and need training. Is it significant in that regard that the Milken Institute comparative ranking of states according to scientific and technological resources finds Connecticut slipping from 8th place to 10th?[10] ■

[1] Warren Vieth, "Outsourcing Ax Falls Hard on Tech Workers; As the slump persists, some train their low-cost replacements before being shown the door," Los Angeles Times, May 30, 2004. p. A.1

[2] Robert D. Atkinson, "Understanding the Offshore Challenge," Progressive Policy Institute, Policy Report, May 2004, www.ppionline.org, p. 1

[3] Daniel W. Drezner, "The Outsourcing Bogeyman," Foreign Affairs, May/June 2004.

[4] Timothy Aeppel, "Offshore Face-Off: Moving jobs overseas can cut a company's costs; But is it bad for the U.S. economy? Two economists debate the issue," Wall Street Journal, May 10, 2004, p. R.6

[5] Stephen S. Cohen and J. Bradford DeLong, "Thinking About Outsourcing," Draft 1.3, http://www.j-bradford-delong.net/ Posted 4/2/4.

[6] Atkinson, PPI, p. 19.

[7] US Bureau of Labor Statistics

[8] "Inside the debate over outsourcing information technology service jobs. (Industry Overview), Manufacturing & Technology News, Oct 17, 2003 v10 i19 p1(3)

[9] Drezner, "Outsourcing." Drezner points out that the worldwide percent of decrease in manufacturing payrolls is nearly the same as that in the US. Commentators tend blame loss of jobs in manufacturing on outsourcing, but since payrolls decline everywhere, it is clear that the ultimate culprit is productivity and technology.

[10] Stacy Wong, "State Slips As Tech Turf," Hartford Courant, April 7, 2004, Milken Institute, www.milkeninstitute.com.

HOUSING UPDATE

Strong showing in May permits

Commissioner James F. Abromaitis of the Connecticut Department of Economic and Community Development (DECD) announced that Connecticut communities authorized 942 new housing units in May 2004, a 2.8 percent increase compared to May of 2003 when 916 units were authorized.

The Department further indicated that the 942 units permitted in May 2004 represent a 10.4 percent decrease from the 1,022 units permitted in April 2004. The year-to-date permits are up 19.8 percent, from 3,455 through May 2003, to 4,140 through May 2004.

The Hartford Labor Market Area showed the largest increase in permits (55) compared to a year ago. Hartford and Oxford led all municipalities with 34 units each, followed by Bloomfield with 31, and Brookfield with 28. From a county perspective, all counties showed year-to-date gains.

See data tables on pages 19 and 22.

GENERAL ECONOMIC INDICATORS

(Seasonally adjusted)	1Q 2004	1Q 2003	CHANGE NO.	CHANGE %	4Q 2003
Employment Indexes (1992=100)*					
Leading	116.0	113.0	3.0	2.7	115.6
Coincident	107.2	106.9	0.3	0.3	106.3
General Drift Indicator (1986=100)*					
Leading	103.5	102.2	1.3	1.3	103.7
Coincident	100.9	102.0	-1.1	-1.1	101.0
Banknorth Business Barometer (1992=100)**	116.7	115.8	0.9	0.8	117.0

*Sources: *The Connecticut Economy, Connecticut Center for Economic Analysis, University of Connecticut*
***Banknorth Bank*

The Connecticut Economy's **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 four leading (housing permits, manufacturing average weekly hours, Hartford help-wanted advertising, and initial unemployment claims) economic variables, and are indexed so 1986 = 100.

The **Banknorth 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.

Total nonfarm employment increased by 1,500 over the year.

EMPLOYMENT BY INDUSTRY SECTOR

(Seasonally adjusted; 000s)	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
TOTAL NONFARM	1,646.2	1,644.7	1.5	0.1	1,642.1
Construction	62.1	61.2	0.9	1.5	61.2
Manufacturing	194.7	200.6	-5.9	-2.9	194.5
Information	39.4	39.7	-0.3	-0.8	39.3
Financial Activities	143.4	143.9	-0.5	-0.3	143.7
Professional and Business Services	194.7	196.5	-1.8	-0.9	194.6
Government*	245.6	247.0	-1.4	-0.6	244.6

Source: Connecticut Department of Labor (see page 12 for other industries, not seasonally adjusted)
** Includes Native American tribal government employment*

Initial claims for unemployment insurance fell from a year ago.

UNEMPLOYMENT

(Seasonally adjusted)	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
Unemployment Rate, resident (%)	4.6	5.4	-0.8	---	4.6
Labor Force, resident (000s)	1,797.8	1,803.0	-5.2	-0.3	1,782.0
Employed (000s)	1,714.3	1,704.8	9.5	0.6	1,700.7
Unemployed (000s)	83.5	98.2	-14.7	-15.0	81.3
Average Weekly Initial Claims	3,938	4,790	-852	-17.8	4,302
Help Wanted Index -- Htfd. (1987=100)	16	12	4	33.3	8
Avg. Insured Unemp. Rate (%)	3.14	3.40	-0.26	---	2.96

Sources: Connecticut Department of Labor; The Conference Board

The production worker weekly earnings rose over the year.

MANUFACTURING ACTIVITY

(Not seasonally adjusted)	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004	MAR 2004
Average Weekly Hours	42.1	41.2	0.9	2.2	41.5	--
Average Hourly Earnings	18.07	17.68	0.39	2.2	18.24	--
Average Weekly Earnings	760.75	728.42	32.33	4.4	756.96	--
CT Mfg. Production Index (1986=100)*	115.6	113.1	2.5	2.2	111.8	112.0
Production Worker Hours (000s)	4,881	5,006	-125	-2.5	4,794	--
Industrial Electricity Sales (mil kWh)**	431	426	5.0	1.2	396	418

Sources: Connecticut Department of Labor; U.S. Department of Energy
**Seasonally adjusted.*
***Latest two months are forecasted.*

Personal income for third quarter 2004 is forecasted to increase 3.4 percent from a year earlier.

INCOME

(Seasonally adjusted) (Annualized; $ Millions)	3Q* 2004	3Q 2003	CHANGE NO.	CHANGE %	2Q* 2004
Personal Income	$156,100	$150,963	$5,137	3.4	$154,795
UI Covered Wages	$82,174	$78,558	$3,616	4.6	$81,649

Source: Bureau of Economic Analysis: April 2004 release
**Forecasted by Connecticut Department of Labor*

BUSINESS ACTIVITY

Year-to-date new housing permits were up 19.8 percent from a year ago.

	MONTH	LEVEL	Y/Y % CHG	YEAR TO DATE CURRENT	YEAR TO DATE PRIOR	% CHG
New Housing Permits	MAY 2004	942	2.8	4,140	3,455	19.8
Electricity Sales (mil kWh)	FEB 2004	2,636	1.4	5,678	5,544	2.4
Retail Sales (Bil. $)	OCT 2003	3.28	-0.6	34.19	34.55	-1.0
Construction Contracts						
Index (1980=100)	MAY 2004	306.6	-10.3	---	---	---
New Auto Registrations	MAY 2004	19,117	-10.3	93,607	98,605	-5.1
Air Cargo Tons	MAY 2004	12,907	10.9	62,342	56,128	11.1
Exports (Bil. $)	1Q 2004	2.16	8.2	2.16	1.99	8.2

Sources: Connecticut Department of Economic and Community Development; U.S. Department of Energy, Energy Information Administration; Connecticut Department of Revenue Services; F.W. Dodge; Connecticut Department of Motor Vehicles; Connecticut Department of Transportation, Bureau of Aviation and Ports

BUSINESS STARTS AND TERMINATIONS

Net business formation, as measured by starts minus stops registered with the Secretary of the State, was up 29.0 percent to 8,749 from the same period last year.

	MO/QTR	LEVEL	Y/Y % CHG	YEAR TO DATE CURRENT	YEAR TO DATE PRIOR	% CHG
STARTS						
Secretary of the State	MAY 2004	2,249	3.2	12,697	11,360	11.8
Department of Labor*	3Q 2003	1,900	-10.0	4,144	4,362	-5.0
TERMINATIONS						
Secretary of the State	MAY 2004	620	-27.2	3,948	4,580	-13.8
Department of Labor*	3Q 2003	1,046	-18.1	2,635	3,873	-32.0

Sources: Connecticut Secretary of the State; Connecticut Department of Labor
** Revised methodology applied back to 1996; 3-months total*

STATE REVENUES

State revenues were up 1.2 percent from May last year.

(Millions of dollars)	MAY 2004	MAY 2003	% CHG	YEAR TO DATE CURRENT	YEAR TO DATE PRIOR	% CHG
TOTAL ALL REVENUES*	625.0	617.4	1.2	4752.4	4223.4	12.5
Corporate Tax	12.5	9.0	38.9	208.9	184.5	13.2
Personal Income Tax	257.8	268.0	-3.8	2486.0	2021.9	23.0
Real Estate Conv. Tax	14.6	9.7	50.5	61.0	44.4	37.4
Sales & Use Tax	244.5	243.3	0.5	1303.2	1258.3	3.6
Indian Gaming Payments**	35.3	36.2	-2.5	166.7	159.7	4.4

Sources: Connecticut Department of Revenue Services; Division of Special Revenue
**Includes all sources of revenue; Only selected sources are displayed; Most July receipts are credited to the prior fiscal year and are not shown. **See page 23 for explanation.*

TOURISM AND TRAVEL

Year-to-date air passenger traffic was up 6.1 percent from a year ago.

	MONTH	LEVEL	Y/Y % CHG	YEAR TO DATE CURRENT	YEAR TO DATE PRIOR	% CHG
Info Center Visitors	MAY 2004	28,822	-1.0	105,194	105,312	-0.1
Major Attraction Visitors	MAY 2004	168,153	-1.5	598,595	588,276	1.8
Air Passenger Count	MAY 2004	578,084	6.4	2,687,290	2,533,777	6.1
Indian Gaming Slots (Mil.$)*	MAY 2004	1,732	-1.4	8,183	7,832	4.5
Travel and Tourism Index**	1Q 2004	---	0.5	---	---	---

Sources: Connecticut Department of Transportation, Bureau of Aviation and Ports; Connecticut Department of Economic and Community Development; Connecticut Lodging & Attractions Association; Division of Special Revenue
**See page 23 for explanation*
***The Connecticut Economy, Connecticut Center for Economic Analysis, University of Connecticut*

Compensation costs for the nation and Northeast rose 3.9 percent over the year.

EMPLOYMENT COST INDEX

Private Industry Workers	Seasonally Adjusted			Not Seasonally Adjusted		
(June 1989=100)	MAR 2004	DEC 2003	3-Mo % Chg	MAR 2004	MAR 2003	12-Mo % Chg
UNITED STATES TOTAL	171.3	169.5	1.1	171.4	165.0	3.9
Wages and Salaries	163.5	162.5	0.6	163.4	159.3	2.6
Benefit Costs	191.2	186.3	2.6	192.2	179.6	7.0
NORTHEAST TOTAL	---	---	---	170.2	163.8	3.9
Wages and Salaries	---	---	---	162.0	157.3	3.0

Source: U.S. Department of Labor, Bureau of Labor Statistics

The May U.S. inflation rate was 3.1 percent. New England consumer confidence decreased 4.6 percent from a year ago, while U.S. consumer confidence rose 11.5 percent.

CONSUMER NEWS

(Not seasonally adjusted)	MO/QTR	LEVEL	% CHANGE Y/Y	P/P*
CONSUMER PRICES				
Connecticut**	1Q 2004	---	NA	---
CPI-U (1982-84=100)				
U.S. City Average	MAY 2004	189.1	3.1	0.6
Purchasing Power of $ (1982-84=$1.00)	MAY 2004	$0.529	-3.0	-0.6
Northeast Region	MAY 2004	199.9	3.7	0.3
NY-Northern NJ-Long Island	MAY 2004	204.4	3.9	0.0
Boston-Brockton-Nashua***	MAY 2004	208.7	3.2	0.0
CPI-W (1982-84=100)				
U.S. City Average	MAY 2004	184.7	3.0	0.7
CONSUMER CONFIDENCE (1985=100)				
Connecticut**	1Q 2004	92.9	14.7	-4.9
New England	MAY 2004	81.2	-4.6	-5.4
U.S.	MAY 2004	93.2	11.5	0.2

Sources: U.S. Department of Labor, Bureau of Labor Statistics; The Conference Board
**Change over prior monthly or quarterly period*
***The Connecticut Economy, Connecticut Center for Economic Analysis, University of Connecticut*
****The Boston CPI can be used as a proxy for New England and is measured every other month.*

May's 30-year conventional mortgage rate rose to 6.27 percent over the year.

INTEREST RATES

(Percent)	MAY 2004	APR 2004	MAY 2003
Prime	4.00	4.00	4.25
Federal Funds	1.00	1.00	1.26
3 Month Treasury Bill	1.02	0.96	1.07
6 Month Treasury Bill	1.31	1.11	1.08
1 Year Treasury Bill	1.78	1.43	1.26
3 Year Treasury Note	3.10	2.57	2.05
5 Year Treasury Note	3.85	3.39	2.84
7 Year Treasury Note	4.31	3.89	3.38
10 Year Treasury Note	4.72	4.35	3.91
20 Year Treasury Note	5.46	5.16	4.81
Conventional Mortgage	6.27	5.83	5.48

Sources: Federal Reserve; Federal Home Loan Mortgage Corp.

NONFARM EMPLOYMENT

(Seasonally adjusted; 000s)	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
Connecticut	1,646.2	1,644.7	1.5	0.1	1,642.1
Maine	609.7	604.5	5.2	0.9	607.6
Massachusetts	3,172.9	3,195.0	-22.1	-0.7	3,163.2
New Hampshire	625.4	614.6	10.8	1.8	620.8
New Jersey	4,035.3	3,969.8	65.5	1.6	4,025.8
New York	8,460.4	8,403.0	57.4	0.7	8,435.0
Pennsylvania	5,620.5	5,615.1	5.4	0.1	5,609.8
Rhode Island	487.5	483.2	4.3	0.9	486.0
Vermont	300.6	298.5	2.1	0.7	300.9
United States	131,224.0	129,873.0	1,351.0	1.0	130,976.0

Source: U.S. Department of Labor, Bureau of Labor Statistics

Eight out of the nine states in the region added jobs over the year.

LABOR FORCE

(Seasonally adjusted; 000s)	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
Connecticut	1,797.8	1,803.0	-5.2	-0.3	1,782.0
Maine	700.9	690.9	10.0	1.4	695.5
Massachusetts	3,408.2	3,422.2	-14.0	-0.4	3,393.4
New Hampshire	726.4	715.8	10.6	1.5	726.0
New Jersey	4,403.2	4,368.1	35.1	0.8	4,421.1
New York	9,266.7	9,313.2	-46.5	-0.5	9,299.0
Pennsylvania	6,252.3	6,172.7	79.6	1.3	6,252.5
Rhode Island	568.7	574.3	-5.6	-1.0	569.8
Vermont	352.3	350.4	1.9	0.5	352.8
United States	146,974.0	146,462.0	512.0	0.3	146,741.0

Source: U.S. Department of Labor, Bureau of Labor Statistics

Five of nine states posted increases in the labor force from last year.

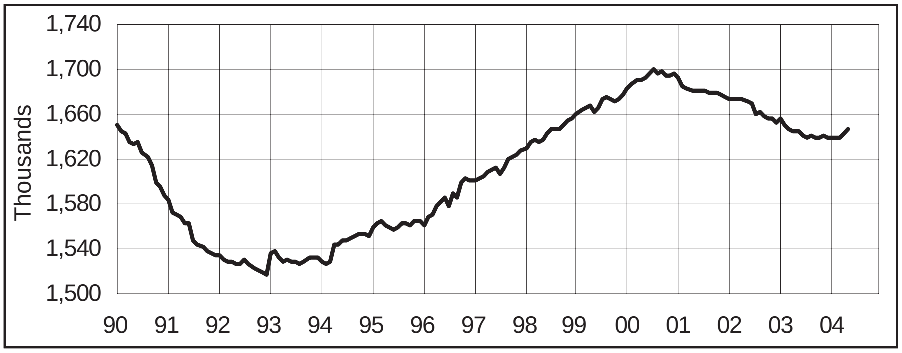
UNEMPLOYMENT RATES

(Seasonally adjusted)	MAY 2004	MAY 2003	CHANGE	APR 2004
Connecticut	4.6	5.4	-0.8	4.6
Maine	4.1	5.0	-0.9	4.2
Massachusetts	5.2	5.8	-0.6	4.8
New Hampshire	4.0	4.2	-0.2	4.0
New Jersey	4.9	5.9	-1.0	5.3
New York	5.8	6.3	-0.5	6.2
Pennsylvania	5.1	5.6	-0.5	5.3
Rhode Island	5.6	5.4	0.2	5.7
Vermont	3.5	4.5	-1.0	3.5
United States	5.6	6.1	-0.5	5.6

Source: U.S. Department of Labor, Bureau of Labor Statistics

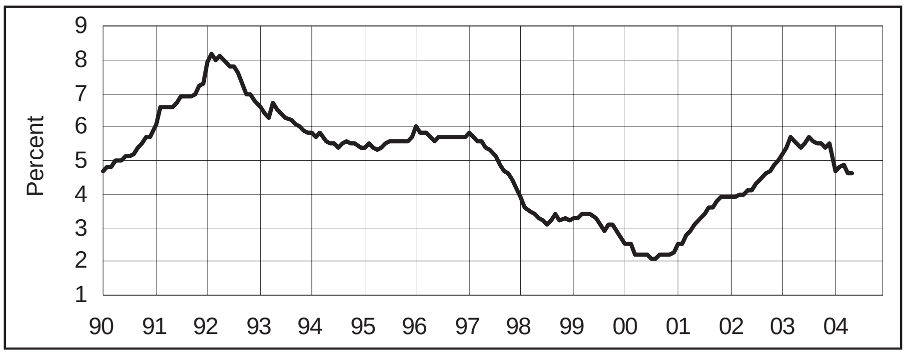
Eight of nine states showed a decrease in its unemployment rate over the year.

NONFARM EMPLOYMENT *(Seasonally adjusted)*



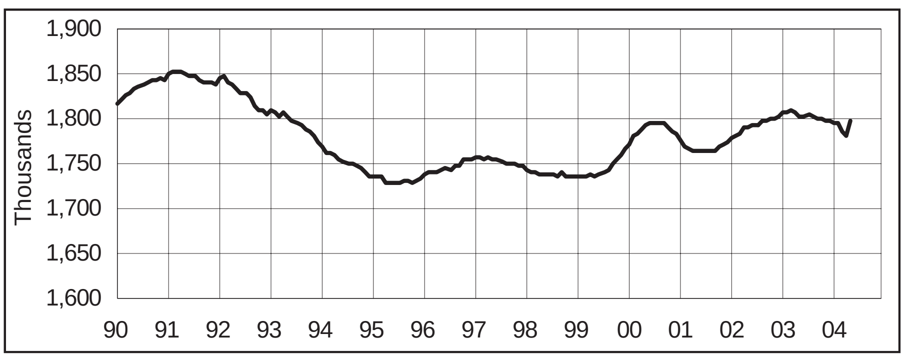
Month	2002	2003	2004
Jan	1,673.8	1,656.0	1,639.3
Feb	1,673.5	1,650.5	1,640.0
Mar	1,673.4	1,646.7	1,638.2
Apr	1,673.8	1,645.5	1,642.1
May	1,670.6	1,644.7	1,646.2
Jun	1,668.7	1,641.7	
Jul	1,660.7	1,639.0	
Aug	1,661.9	1,640.2	
Sep	1,658.5	1,639.1	
Oct	1,656.5	1,638.4	
Nov	1,655.8	1,640.6	
Dec	1,652.2	1,639.7	

UNEMPLOYMENT RATE *(Seasonally adjusted)*



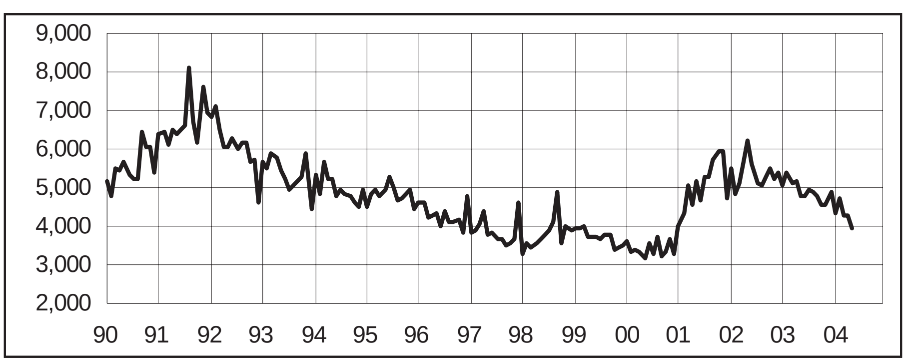
Month	2002	2003	2004
Jan	3.9	5.2	4.7
Feb	3.9	5.4	4.8
Mar	4.0	5.7	4.9
Apr	4.0	5.6	4.6
May	4.1	5.4	4.6
Jun	4.1	5.5	
Jul	4.3	5.7	
Aug	4.4	5.6	
Sep	4.6	5.5	
Oct	4.7	5.5	
Nov	4.9	5.4	
Dec	5.0	5.5	

LABOR FORCE *(Seasonally adjusted)*



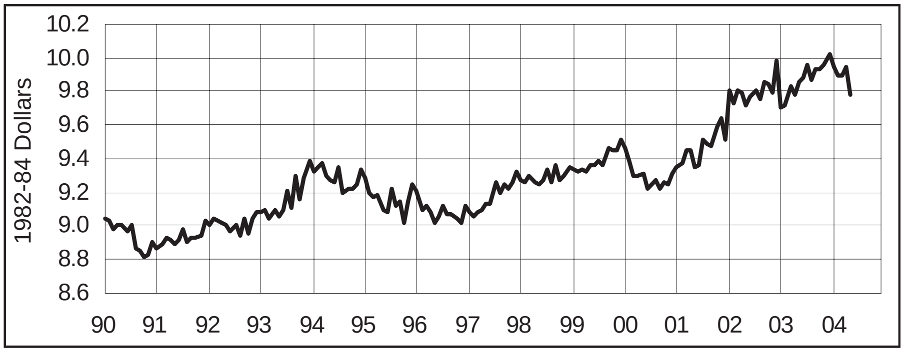
Month	2002	2003	2004
Jan	1,777.9	1,806.3	1,794.1
Feb	1,780.5	1,806.9	1,796.0
Mar	1,784.3	1,809.4	1,786.7
Apr	1,789.3	1,807.0	1,782.0
May	1,790.8	1,803.0	1,797.8
Jun	1,792.2	1,803.1	
Jul	1,793.3	1,804.4	
Aug	1,796.6	1,803.5	
Sep	1,797.7	1,800.4	
Oct	1,799.5	1,799.3	
Nov	1,801.1	1,797.4	
Dec	1,802.3	1,797.4	

AVERAGE WEEKLY INITIAL CLAIMS *(Seasonally adjusted)*



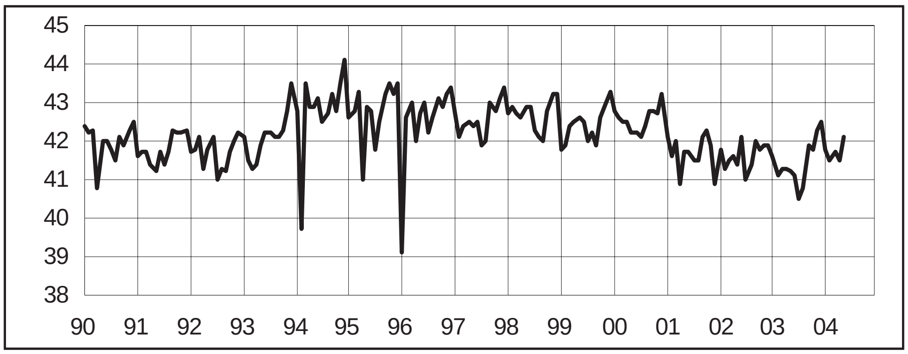
Month	2002	2003	2004
Jan	5,507	5,050	4,351
Feb	4,813	5,372	4,746
Mar	5,109	5,133	4,259
Apr	5,658	5,160	4,302
May	6,245	4,790	3,938
Jun	5,596	4,768	
Jul	5,123	4,962	
Aug	5,072	4,897	
Sep	5,266	4,763	
Oct	5,517	4,544	
Nov	5,197	4,578	
Dec	5,382	4,883	

REAL AVG MANUFACTURING HOURLY EARNINGS *(Not seasonally adjusted)**



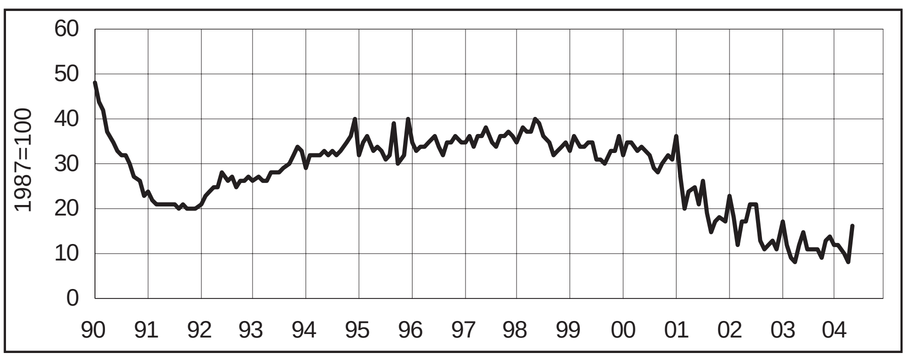
Month	2002	2003	2004
Jan	$9.81	$9.71	$9.94
Feb	$9.74	$9.72	$9.89
Mar	$9.81	$9.83	$9.90
Apr	$9.79	$9.78	$9.94
May	$9.72	$9.86	$9.78
Jun	$9.77	$9.88	
Jul	$9.80	$9.96	
Aug	$9.75	$9.87	
Sep	$9.85	$9.93	
Oct	$9.84	$9.93	
Nov	$9.79	$9.96	
Dec	$9.98	$10.02	

AVG MANUFACTURING WEEKLY HOURS *(Not seasonally adjusted)*



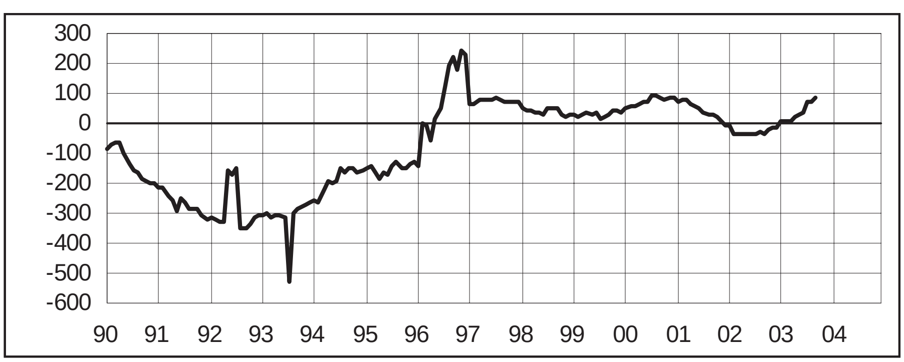
Month	2002	2003	2004
Jan	41.8	41.6	41.8
Feb	41.3	41.1	41.5
Mar	41.5	41.3	41.7
Apr	41.6	41.3	41.5
May	41.4	41.2	42.1
Jun	42.1	41.1	
Jul	41.0	40.5	
Aug	41.4	40.8	
Sep	42.0	41.9	
Oct	41.8	41.8	
Nov	41.9	42.3	
Dec	41.9	42.5	

HARTFORD HELP WANTED INDEX *(Seasonally adjusted)*



Month	2002	2003	2004
Jan	23	17	12
Feb	18	12	12
Mar	12	9	10
Apr	17	8	8
May	17	12	16
Jun	21	15	
Jul	21	11	
Aug	13	11	
Sep	11	11	
Oct	12	9	
Nov	13	13	
Dec	11	14	

DOL NET BUSINESS STARTS *(12-month moving average)***



Month	2002	2003	2004
Jan	-7	10	
Feb	-36	9	
Mar	-33	9	
Apr	-37	22	
May	-36	30	
Jun	-36	38	
Jul	-38	74	
Aug	-31	75	
Sep	-33	88	
Oct	-24		
Nov	-17		
Dec	-11		

*New series began in 2001; prior years are not directly comparable

**New series began in 1996; prior years are not directly comparable

CONNECTICUT

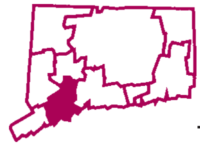
Not Seasonally Adjusted

	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
TOTAL NONFARM EMPLOYMENT	**1,653,600**	**1,654,300**	**-700**	**0.0**	**1,639,500**
GOODS PRODUCING INDUSTRIES	**258,800**	**263,600**	**-4,800**	**-1.8**	**255,100**
CONSTRUCTION, NAT. RES. & MINING	**64,100**	**62,900**	**1,200**	**1.9**	**60,800**
MANUFACTURING	**194,700**	**200,700**	**-6,000**	**-3.0**	**194,300**
Durable Goods	**144,000**	**148,100**	**-4,100**	**-2.8**	**143,900**
Fabricated Metal	32,600	33,600	-1,000	-3.0	32,600
Machinery	17,700	18,800	-1,100	-5.9	17,600
Computer and Electronic Product	15,000	15,900	-900	-5.7	15,000
Electrical Equipment	10,700	10,600	100	0.9	10,600
Transportation Equipment	42,200	43,400	-1,200	-2.8	42,300
Aerospace Product and Parts	29,400	30,300	-900	-3.0	29,500
Non-Durable Goods	**50,700**	**52,600**	**-1,900**	**-3.6**	**50,400**
Printing and Related	7,600	8,000	-400	-5.0	7,500
Chemical	17,500	17,700	-200	-1.1	17,400
Plastics and Rubber Products	8,200	8,300	-100	-1.2	8,100
SERVICE PROVIDING INDUSTRIES	**1,394,800**	**1,390,700**	**4,100**	**0.3**	**1,384,400**
TRADE, TRANSPORTATION, UTILITIES	**305,700**	**304,300**	**1,400**	**0.5**	**303,200**
Wholesale Trade	65,500	65,500	0	0.0	65,300
Retail Trade	190,800	189,900	900	0.5	188,700
Motor Vehicle and Parts Dealers	22,500	22,600	-100	-0.4	22,500
Building Material	17,000	17,100	-100	-0.6	16,100
Food and Beverage Stores	44,200	44,700	-500	-1.1	43,900
General Merchandise Stores	22,700	22,800	-100	-0.4	22,100
Transportation, Warehousing, & Utilities	49,400	48,900	500	1.0	49,200
Utilities	8,600	8,800	-200	-2.3	8,600
Transportation and Warehousing	40,800	40,100	700	1.7	40,600
INFORMATION	**39,300**	**39,600**	**-300**	**-0.8**	**39,200**
Telecommunications	14,000	14,200	-200	-1.4	14,100
FINANCIAL ACTIVITIES	**142,800**	**143,500**	**-700**	**-0.5**	**142,800**
Finance and Insurance	122,300	123,100	-800	-0.6	122,600
Credit Intermediation	32,700	32,900	-200	-0.6	32,800
Securities and Commodity Contracts	17,700	17,100	600	3.5	17,700
Insurance Carriers & Related Activities	67,100	68,100	-1,000	-1.5	67,300
Real Estate and Rental and Leasing	20,500	20,400	100	0.5	20,200
PROFESSIONAL & BUSINESS SERVICES	**194,900**	**197,300**	**-2,400**	**-1.2**	**193,900**
Professional, Scientific	86,100	87,400	-1,300	-1.5	87,100
Legal Services	15,100	14,800	300	2.0	15,100
Computer Systems Design	17,500	18,300	-800	-4.4	17,500
Management of Companies	27,600	27,900	-300	-1.1	27,500
Administrative and Support	81,200	82,000	-800	-1.0	79,300
Employment Services	26,300	26,400	-100	-0.4	25,700
EDUCATIONAL AND HEALTH SERVICES	**266,800**	**264,300**	**2,500**	**0.9**	**267,500**
Educational Services	49,800	49,200	600	1.2	51,100
Health Care and Social Assistance	217,000	215,100	1,900	0.9	216,400
Hospitals	54,000	54,100	-100	-0.2	54,000
Nursing & Residential Care Facilities	57,400	56,700	700	1.2	57,200
Social Assistance	33,800	33,700	100	0.3	33,600
LEISURE AND HOSPITALITY	**133,100**	**128,000**	**5,100**	**4.0**	**125,800**
Arts, Entertainment, and Recreation	26,900	24,900	2,000	8.0	23,300
Accommodation and Food Services	106,200	103,100	3,100	3.0	102,500
Food Serv., Restaurants, Drinking Places	95,000	92,000	3,000	3.3	91,800
OTHER SERVICES	**63,000**	**62,300**	**700**	**1.1**	**62,500**
GOVERNMENT	**249,200**	**251,400**	**-2,200**	**-0.9**	**249,500**
Federal Government	20,200	20,800	-600	-2.9	20,300
State Government	65,600	66,500	-900	-1.4	67,600
**Local Government	163,400	164,100	-700	-0.4	161,600

Current month's data are preliminary. Prior months' data have been revised. All data are benchmarked to March 2003.

**Total excludes workers idled due to labor-management disputes. **Includes Indian tribal government employment.*

BRIDGEPORT LMA

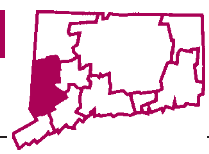


Not Seasonally Adjusted

	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
TOTAL NONFARM EMPLOYMENT	**185,200**	**186,200**	**-1,000**	**-0.5**	**184,100**
GOODS PRODUCING INDUSTRIES	**35,500**	**36,500**	**-1,000**	**-2.7**	**35,400**
CONSTRUCTION, NAT. RES. & MINING	**6,900**	**7,000**	**-100**	**-1.4**	**6,700**
MANUFACTURING	**28,600**	**29,500**	**-900**	**-3.1**	**28,700**
Durable Goods	**23,800**	**24,500**	**-700**	**-2.9**	**23,800**
SERVICE PROVIDING INDUSTRIES	**149,700**	**149,700**	**0**	**0.0**	**148,700**
TRADE, TRANSPORTATION, UTILITIES	**35,800**	**36,100**	**-300**	**-0.8**	**35,500**
Wholesale Trade	6,900	7,000	-100	-1.4	6,900
Retail Trade	23,800	23,500	300	1.3	23,600
Transportation, Warehousing, & Utilities	5,100	5,600	-500	-8.9	5,000
INFORMATION	**4,200**	**4,400**	**-200**	**-4.5**	**4,200**
FINANCIAL ACTIVITIES	**13,700**	**13,300**	**400**	**3.0**	**13,600**
PROFESSIONAL & BUSINESS SERVICES	**19,100**	**20,100**	**-1,000**	**-5.0**	**19,200**
EDUCATIONAL AND HEALTH SERVICES	**32,900**	**32,200**	**700**	**2.2**	**33,100**
LEISURE AND HOSPITALITY	**14,800**	**14,000**	**800**	**5.7**	**14,000**
Accommodation and Food Services	11,200	10,900	300	2.8	10,800
OTHER SERVICES	**6,500**	**6,700**	**-200**	**-3.0**	**6,500**
GOVERNMENT	**22,700**	**22,900**	**-200**	**-0.9**	**22,600**
Federal	1,800	1,900	-100	-5.3	1,800
State & Local	20,900	21,000	-100	-0.5	20,800

For further information on the Bridgeport Labor Market Area contact Arthur Famiglietti at (860) 263-6297.

DANBURY LMA



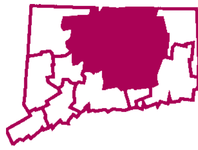
Not Seasonally Adjusted

	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
TOTAL NONFARM EMPLOYMENT	**89,300**	**88,600**	**700**	**0.8**	**88,800**
GOODS PRODUCING INDUSTRIES	**16,000**	**17,100**	**-1,100**	**-6.4**	**16,100**
CONSTRUCTION, NAT. RES. & MINING	**4,200**	**4,200**	**0**	**0.0**	**4,100**
MANUFACTURING	**11,800**	**12,900**	**-1,100**	**-8.5**	**12,000**
SERVICE PROVIDING INDUSTRIES	**73,300**	**71,500**	**1,800**	**2.5**	**72,700**
TRADE, TRANSPORTATION, UTILITIES	**19,200**	**18,500**	**700**	**3.8**	**19,000**
Wholesale Trade	2,900	2,700	200	7.4	2,900
Retail Trade	14,500	14,000	500	3.6	14,300
INFORMATION	**2,600**	**2,800**	**-200**	**-7.1**	**2,600**
FINANCIAL ACTIVITIES	**4,200**	**4,200**	**0**	**0.0**	**4,200**
PROFESSIONAL & BUSINESS SERVICES	**9,800**	**10,300**	**-500**	**-4.9**	**9,700**
EDUCATIONAL AND HEALTH SERVICES	**13,800**	**13,000**	**800**	**6.2**	**13,700**
LEISURE AND HOSPITALITY	**7,200**	**7,000**	**200**	**2.9**	**7,000**
OTHER SERVICES	**4,100**	**3,800**	**300**	**7.9**	**4,000**
GOVERNMENT	**12,400**	**11,900**	**500**	**4.2**	**12,500**
Federal	700	800	-100	-12.5	700
State & Local	11,700	11,100	600	5.4	11,800

For further information on the Danbury Labor Market Area contact Arthur Famiglietti at (860) 263-6297.

Current month's data are preliminary. Prior months' data have been revised. All data are benchmarked to March 2003.
**Total excludes workers idled due to labor-management disputes.*

HARTFORD LMA



Not Seasonally Adjusted

	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
TOTAL NONFARM EMPLOYMENT	**592,900**	**600,400**	**-7,500**	**-1.2**	**589,800**
GOODS PRODUCING INDUSTRIES	**90,300**	**95,600**	**-5,300**	**-5.5**	**89,600**
CONSTRUCTION, NAT. RES. & MINING	**20,400**	**21,600**	**-1,200**	**-5.6**	**19,400**
MANUFACTURING	**69,900**	**74,000**	**-4,100**	**-5.5**	**70,200**
Durable Goods	**57,700**	**61,000**	**-3,300**	**-5.4**	**58,000**
Fabricated Metal	14,400	15,200	-800	-5.3	14,500
Non-Durable Goods	**12,200**	**13,000**	**-800**	**-6.2**	**12,200**
SERVICE PROVIDING INDUSTRIES	**502,600**	**504,800**	**-2,200**	**-0.4**	**500,200**
TRADE, TRANSPORTATION, UTILITIES	**100,900**	**103,100**	**-2,200**	**-2.1**	**100,400**
Wholesale Trade	23,000	22,500	500	2.2	22,700
Retail Trade	58,800	61,000	-2,200	-3.6	58,700
Transportation, Warehousing, & Utilities	19,100	19,600	-500	-2.6	19,000
Transportation and Warehousing	15,400	15,900	-500	-3.1	15,400
INFORMATION	**11,400**	**11,800**	**-400**	**-3.4**	**11,400**
FINANCIAL ACTIVITIES	**70,400**	**72,500**	**-2,100**	**-2.9**	**70,200**
Finance and Insurance	65,100	66,600	-1,500	-2.3	64,900
Insurance Carriers & Related Activities	47,900	48,900	-1,000	-2.0	47,700
PROFESSIONAL & BUSINESS SERVICES	**62,100**	**61,200**	**900**	**1.5**	**62,000**
Professional, Scientific	27,200	27,500	-300	-1.1	27,800
Administrative and Support	26,200	26,800	-600	-2.2	25,600
EDUCATIONAL AND HEALTH SERVICES	**88,800**	**88,600**	**200**	**0.2**	**88,500**
Health Care and Social Assistance	78,400	77,800	600	0.8	78,200
LEISURE AND HOSPITALITY	**44,300**	**43,200**	**1,100**	**2.5**	**41,700**
Accommodation and Food Services	36,700	35,400	1,300	3.7	35,900
Food Serv., Restaurants, Drinking Places	32,400	32,000	400	1.3	31,700
OTHER SERVICES	**24,400**	**23,700**	**700**	**3.0**	**24,300**
GOVERNMENT	**100,300**	**100,700**	**-400**	**-0.4**	**101,700**
Federal	7,100	7,100	0	0.0	7,100
State & Local	93,200	93,600	-400	-0.4	94,600

For further information on the Hartford Labor Market Area contact Arthur Famiglietti at (860) 263-6297.

Current month's data are preliminary. Prior months' data have been revised. All data are benchmarked to March 2003.
**Total excludes workers idled due to labor-management disputes.*

BUSINESS AND ECONOMIC NEWS

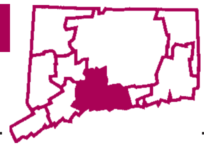
- Gateway Community College and the Long Wharf Theatre will both move downtown in a major New Haven development. This project, which is slated to begin in 2006, will create 485 construction jobs. *(New Haven Register, 6/4/04)*

- Sikorsky Aircraft is closing its Bridgeport facility due to the U.S. Army's decision to scrap the Comanche helicopter program, resulting in 75 layoffs. *(Connecticut Post, 6/5/04)* Indalex Aluminum Solutions Group, an aluminum supplier, will close their Berlin plant on September 30th, forcing 111 out of work. *(New Britain Herald, 6/10/04)*

- **Paid vacation in private industry:** The number of days of paid vacations workers (in U.S.) get each year typically increases the longer workers remain on the job. After one year of service, workers in private industry were eligible for 8.8 days of paid vacations in 2003, on average; after 25 years, this number increased to 19.1. Days of paid vacations available to workers also varied by geographic, establishment, and worker characteristics. For example, at one year of service, union and nonunion workers were eligible for almost the same number of days, whereas, after 25 years of service, union workers enjoyed 6 more paid vacation days than did nonunion workers. Workers in occupations with hourly pay averaging

--Continued on the following page--

NEW HAVEN LMA



Not Seasonally Adjusted

	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
TOTAL NONFARM EMPLOYMENT	**255,300**	**257,500**	**-2,200**	**-0.9**	**254,900**
GOODS PRODUCING INDUSTRIES	**39,500**	**41,100**	**-1,600**	**-3.9**	**38,600**
CONSTRUCTION, NAT. RES. & MINING	**9,100**	**10,200**	**-1,100**	**-10.8**	**8,700**
MANUFACTURING	**30,400**	**30,900**	**-500**	**-1.6**	**29,900**
Durable Goods	**20,200**	**20,400**	**-200**	**-1.0**	**20,000**
Non-Durable Goods	**10,200**	**10,500**	**-300**	**-2.9**	**9,900**
SERVICE PROVIDING INDUSTRIES	**215,800**	**216,400**	**-600**	**-0.3**	**216,300**
TRADE, TRANSPORTATION, UTILITIES	**45,100**	**46,400**	**-1,300**	**-2.8**	**44,600**
Wholesale Trade	10,300	10,400	-100	-1.0	10,200
Retail Trade	27,100	28,300	-1,200	-4.2	26,800
Transportation, Warehousing, & Utilities	7,700	7,700	0	0.0	7,600
INFORMATION	**9,400**	**8,900**	**500**	**5.6**	**9,300**
Telecommunications	6,000	5,800	200	3.4	6,100
FINANCIAL ACTIVITIES	**13,700**	**13,800**	**-100**	**-0.7**	**13,800**
Finance and Insurance	10,000	10,400	-400	-3.8	10,100
PROFESSIONAL & BUSINESS SERVICES	**24,800**	**25,700**	**-900**	**-3.5**	**24,900**
Administrative and Support	9,800	11,500	-1,700	-14.8	9,900
EDUCATIONAL AND HEALTH SERVICES	**59,900**	**59,800**	**100**	**0.2**	**61,500**
Educational Services	21,600	21,800	-200	-0.9	23,100
Health Care and Social Assistance	38,300	38,000	300	0.8	38,400
LEISURE AND HOSPITALITY	**18,400**	**17,700**	**700**	**4.0**	**17,600**
Accommodation and Food Services	15,400	14,700	700	4.8	14,400
OTHER SERVICES	**10,400**	**9,900**	**500**	**5.1**	**10,400**
GOVERNMENT	**34,100**	**34,200**	**-100**	**-0.3**	**34,200**
Federal	5,300	5,600	-300	-5.4	5,300
State & Local	28,800	28,600	200	0.7	28,900

For further information on the New Haven Labor Market Area contact Joseph Slepski at (860) 263-6278.

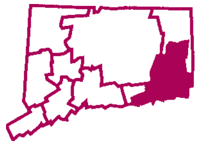
Current month's data are preliminary. Prior months' data have been revised. All data are benchmarked to March 2003.
**Total excludes workers idled due to labor-management disputes. **Value less than 50*

BUSINESS AND ECONOMIC NEWS (Cont.)

under $15 were granted less generous vacation benefits at all levels of service. Workers in service-producing industries, workers in metropolitan areas, and those in medium and large establishments earned more vacation days at all levels of service. *(The Editor's Desk, Bureau of Labor Statistics, http://www.bls.gov/opub/ted/2004/jun/wk1/art03.htm)*

- **Gross job gains and losses in the third quarter of 2003:** From June to September 2003, the number of job gains from opening and expanding establishments (nationally) was 7.4 million, and the number of job losses from closing and contracting establishments was 7.3 million. Gross job losses exceeded gross job gains in goods-producing sectors, while gross job gains surpassed gross job losses in service-providing sectors. In the goods-producing sector, manufacturing job losses exceeded job gains during the third quarter for a net loss of 152,000 jobs. However, gross job losses in manufacturing declined to 701,000 in the third quarter of 2003, the lowest level since the third quarter of 1992. In the service-providing sectors, gross job gains in education and health services have exceeded gross job losses continuously since the beginning of the series on Business Employment Dynamics in September 1992. In the third quarter of 2003, this sector gained 731,000 jobs and lost 670,000 for a net gain of 61,000 jobs. *(The Editor's Desk, Bureau of Labor Statistics, http://www.bls.gov/opub/ted/2004/may/wk4/art01.htm)*

NEW LONDON LMA

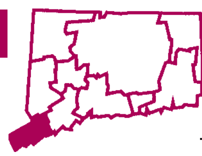


Not Seasonally Adjusted

	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
TOTAL NONFARM EMPLOYMENT	**147,100**	**146,500**	**600**	**0.4**	**144,700**
GOODS PRODUCING INDUSTRIES	**24,300**	**24,000**	**300**	**1.3**	**24,000**
CONSTRUCTION, NAT. RES. & MINING	**4,800**	**4,600**	**200**	**4.3**	**4,600**
MANUFACTURING	**19,500**	**19,400**	**100**	**0.5**	**19,400**
Durable Goods	**12,100**	**11,900**	**200**	**1.7**	**12,000**
Non-Durable Goods	**7,400**	**7,500**	**-100**	**-1.3**	**7,400**
SERVICE PROVIDING INDUSTRIES	**122,800**	**122,500**	**300**	**0.2**	**120,700**
TRADE, TRANSPORTATION, UTILITIES	**24,400**	**24,200**	**200**	**0.8**	**24,200**
Wholesale Trade	2,300	2,300	0	0.0	2,300
Retail Trade	17,900	17,700	200	1.1	17,700
Transportation, Warehousing, & Utilities	4,200	4,200	0	0.0	4,200
INFORMATION	**2,400**	**2,400**	**0**	**0.0**	**2,400**
FINANCIAL ACTIVITIES	**3,700**	**3,600**	**100**	**2.8**	**3,700**
PROFESSIONAL & BUSINESS SERVICES	**11,000**	**11,000**	**0**	**0.0**	**10,900**
EDUCATIONAL AND HEALTH SERVICES	**19,500**	**19,100**	**400**	**2.1**	**19,300**
Health Care and Social Assistance	17,000	16,600	400	2.4	16,900
LEISURE AND HOSPITALITY	**16,000**	**15,500**	**500**	**3.2**	**14,600**
Accommodation and Food Services	13,400	13,100	300	2.3	12,300
Food Serv., Restaurants, Drinking Places	10,400	10,000	400	4.0	9,500
OTHER SERVICES	**4,400**	**4,200**	**200**	**4.8**	**4,300**
GOVERNMENT	**41,400**	**42,500**	**-1,100**	**-2.6**	**41,300**
Federal	2,500	2,900	-400	-13.8	2,500
**State & Local	38,900	39,600	-700	-1.8	38,800

For further information on the New London Labor Market Area contact Lincoln Dyer at (860) 263-6292.

STAMFORD LMA



Not Seasonally Adjusted

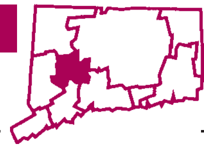
	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
TOTAL NONFARM EMPLOYMENT	**196,200**	**196,600**	**-400**	**-0.2**	**194,000**
GOODS PRODUCING INDUSTRIES	**16,000**	**17,200**	**-1,200**	**-7.0**	**16,000**
CONSTRUCTION, NAT. RES. & MINING	**6,200**	**6,200**	**0**	**0.0**	**6,000**
MANUFACTURING	**9,800**	**11,000**	**-1,200**	**-10.9**	**10,000**
SERVICE PROVIDING INDUSTRIES	**180,200**	**179,400**	**800**	**0.4**	**178,000**
TRADE, TRANSPORTATION, UTILITIES	**34,900**	**34,600**	**300**	**0.9**	**34,300**
Wholesale Trade	7,300	7,400	-100	-1.4	7,300
Retail Trade	23,100	22,800	300	1.3	22,500
Transportation, Warehousing, & Utilities	4,500	4,400	100	2.3	4,500
INFORMATION	**6,500**	**6,500**	**0**	**0.0**	**6,500**
FINANCIAL ACTIVITIES	**27,200**	**26,900**	**300**	**1.1**	**27,100**
Finance and Insurance	23,200	23,000	200	0.9	23,200
PROFESSIONAL & BUSINESS SERVICES	**44,600**	**45,100**	**-500**	**-1.1**	**44,500**
Professional, Scientific	18,400	20,800	-2,400	-11.5	18,800
Management of Companies	9,700	9,800	-100	-1.0	9,500
Administrative and Support	16,500	14,500	2,000	13.8	16,200
EDUCATIONAL AND HEALTH SERVICES	**22,500**	**22,200**	**300**	**1.4**	**22,500**
Health Care and Social Assistance	19,400	19,100	300	1.6	19,400
LEISURE AND HOSPITALITY	**16,800**	**16,200**	**600**	**3.7**	**15,500**
Accommodation and Food Services	11,000	11,000	0	0.0	10,600
OTHER SERVICES	**9,000**	**8,900**	**100**	**1.1**	**8,900**
GOVERNMENT	**18,700**	**19,000**	**-300**	**-1.6**	**18,700**
Federal	1,600	1,700	-100	-5.9	1,600
State & Local	17,100	17,300	-200	-1.2	17,100

For further information on the Stamford Labor Market Area contact Joseph Slepski at (860) 263-6278.

Current month's data are preliminary. Prior months' data have been revised. All data are benchmarked to March 2003.

**Total excludes workers idled due to labor-management disputes. **Includes Indian tribal government employment.*

WATERBURY LMA



Not Seasonally Adjusted

	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
TOTAL NONFARM EMPLOYMENT	**83,900**	**83,700**	**200**	**0.2**	**82,800**
GOODS PRODUCING INDUSTRIES	**16,600**	**16,600**	**0**	**0.0**	**16,200**
CONSTRUCTION, NAT. RES. & MINING	**3,600**	**3,700**	**-100**	**-2.7**	**3,400**
MANUFACTURING	**13,000**	**12,900**	**100**	**0.8**	**12,800**
Durable Goods	**10,600**	**10,800**	**-200**	**-1.9**	**10,500**
SERVICE PROVIDING INDUSTRIES	**67,300**	**67,100**	**200**	**0.3**	**66,600**
TRADE, TRANSPORTATION, UTILITIES	**16,000**	**15,800**	**200**	**1.3**	**15,800**
Wholesale Trade	2,100	2,300	-200	-8.7	2,100
Retail Trade	11,300	10,900	400	3.7	11,100
Transportation, Warehousing, & Utilities	2,600	2,600	0	0.0	2,600
INFORMATION	**1,400**	**1,300**	**100**	**7.7**	**1,400**
FINANCIAL ACTIVITIES	**3,500**	**3,500**	**0**	**0.0**	**3,500**
PROFESSIONAL & BUSINESS SERVICES	**8,900**	**8,700**	**200**	**2.3**	**8,800**
EDUCATIONAL AND HEALTH SERVICES	**15,200**	**15,400**	**-200**	**-1.3**	**15,500**
Health Care and Social Assistance	13,900	14,100	-200	-1.4	14,100
LEISURE AND HOSPITALITY	**6,000**	**5,900**	**100**	**1.7**	**5,500**
OTHER SERVICES	**3,200**	**3,200**	**0**	**0.0**	**3,100**
GOVERNMENT	**13,100**	**13,300**	**-200**	**-1.5**	**13,000**
Federal	700	700	0	0.0	700
State & Local	12,400	12,600	-200	-1.6	12,300

For further information on the Waterbury Labor Market Area contact Joseph Slepski at (860) 263-6278.

SMALLER LMAS

Not Seasonally Adjusted

	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
TOTAL NONFARM EMPLOYMENT					
DANIELSON LMA	**21,600**	**21,700**	**-100**	**-0.5**	**21,400**
LOWER RIVER LMA	**10,300**	**10,100**	**200**	**2.0**	**10,000**
TORRINGTON LMA	**28,500**	**28,700**	**-200**	**-0.7**	**28,300**

Current month's data are preliminary. Prior months' data have been revised. All data are benchmarked to March 2003.

**Total excludes workers idled due to labor-management disputes.*

NOTE: More industry detail data is available for the State and its ten labor market areas at: http://www.ctdol.state.ct.us/lmi/202/covered.htm. The data published there differ from the data in the preceding tables in that they are developed from a near-universe count of Connecticut employment covered by the unemployment insurance (UI) program, while the data here is sample-based. The data drawn from the UI program does not contain estimates of employment not covered by unemployment insurance, and is lagged several months behind the current employment estimates presented here.

(Not seasonally adjusted)	EMPLOYMENT STATUS	MAY 2004	MAY 2003	CHANGE NO.	CHANGE %	APR 2004
CONNECTICUT	Civilian Labor Force	1,797,200	1,802,900	-5,700	-0.3	1,770,100
	Employed	1,710,900	1,701,900	9,000	0.5	1,688,800
	Unemployed	86,300	101,000	-14,700	-14.6	81,300
	Unemployment Rate	4.8	5.6	-0.8	---	4.6
BRIDGEPORT LMA	Civilian Labor Force	229,900	231,400	-1,500	-0.6	226,400
	Employed	216,500	215,300	1,200	0.6	214,000
	Unemployed	13,400	16,100	-2,700	-16.8	12,400
	Unemployment Rate	5.8	6.9	-1.1	---	5.5
DANBURY LMA	Civilian Labor Force	116,900	115,300	1,600	1.4	115,400
	Employed	113,100	110,800	2,300	2.1	111,800
	Unemployed	3,800	4,500	-700	-15.6	3,500
	Unemployment Rate	3.2	3.9	-0.7	---	3.1
DANIELSON LMA	Civilian Labor Force	36,200	36,400	-200	-0.5	35,500
	Employed	34,300	34,200	100	0.3	33,700
	Unemployed	1,900	2,200	-300	-13.6	1,800
	Unemployment Rate	5.1	6.1	-1.0	---	4.9
HARTFORD LMA	Civilian Labor Force	605,100	611,700	-6,600	-1.1	597,300
	Employed	573,800	575,300	-1,500	-0.3	567,600
	Unemployed	31,300	36,400	-5,100	-14.0	29,700
	Unemployment Rate	5.2	5.9	-0.7	---	5.0
LOWER RIVER LMA	Civilian Labor Force	13,700	13,300	400	3.0	13,100
	Employed	13,300	12,700	600	4.7	12,700
	Unemployed	400	500	-100	-20.0	400
	Unemployment Rate	3.0	3.9	-0.9	---	2.9
NEW HAVEN LMA	Civilian Labor Force	289,400	290,700	-1,300	-0.4	286,500
	Employed	275,300	274,600	700	0.3	273,300
	Unemployed	14,100	16,000	-1,900	-11.9	13,200
	Unemployment Rate	4.9	5.5	-0.6	---	4.6
NEW LONDON LMA	Civilian Labor Force	170,900	169,700	1,200	0.7	167,200
	Employed	163,600	161,500	2,100	1.3	160,300
	Unemployed	7,300	8,300	-1,000	-12.0	6,900
	Unemployment Rate	4.3	4.9	-0.6	---	4.1
STAMFORD LMA	Civilian Labor Force	194,000	193,600	400	0.2	190,500
	Employed	188,300	186,400	1,900	1.0	185,000
	Unemployed	5,800	7,200	-1,400	-19.4	5,500
	Unemployment Rate	3.0	3.7	-0.7	---	2.9
TORRINGTON LMA	Civilian Labor Force	39,900	39,600	300	0.8	39,400
	Employed	38,400	37,800	600	1.6	37,800
	Unemployed	1,500	1,800	-300	-16.7	1,600
	Unemployment Rate	3.8	4.4	-0.6	---	4.0
WATERBURY LMA	Civilian Labor Force	119,600	119,800	-200	-0.2	117,400
	Employed	112,100	111,000	1,100	1.0	110,200
	Unemployed	7,600	8,900	-1,300	-14.6	7,200
	Unemployment Rate	6.3	7.4	-1.1	---	6.1
UNITED STATES	Civilian Labor Force	146,659,000	146,067,000	592,000	0.4	146,260,000
	Employed	138,867,000	137,567,000	1,300,000	0.9	138,423,000
	Unemployed	7,792,000	8,500,000	-708,000	-8.3	7,837,000
	Unemployment Rate	5.3	5.8	-0.5	---	5.4

Current month's data are preliminary. Prior months' data have been revised. All data are benchmarked to March 2003.

CONNECTICUT

(Not seasonally adjusted)	AVG WEEKLY EARNINGS MAY 2004	MAY 2003	CHG Y/Y	APR 2004	AVG WEEKLY HOURS MAY 2004	MAY 2003	CHG Y/Y	APR 2004	AVG HOURLY EARNINGS MAY 2004	MAY 2003	CHG Y/Y	APR 2004
MANUFACTURING	**$760.75**	**$728.42**	**$32.33**	**$756.96**	**42.1**	**41.2**	**0.9**	**41.5**	**$18.07**	**$17.68**	**$0.39**	**$18.24**
DURABLE GOODS	**788.47**	**760.03**	**28.44**	**779.79**	**42.3**	**41.6**	**0.7**	**41.5**	**18.64**	**18.27**	**0.37**	**18.79**
Fabricated Metal	701.39	675.71	25.68	711.46	42.1	42.1	0.0	41.9	16.66	16.05	0.61	16.98
Machinery	763.16	762.75	0.40	736.88	40.4	40.4	0.0	39.3	18.89	18.88	0.01	18.75
Computer & Electronic	620.29	572.87	47.42	615.60	40.2	39.7	0.5	40.0	15.43	14.43	1.00	15.39
Transport. Equipment	977.55	920.93	56.62	969.98	42.8	42.4	0.4	42.1	22.84	21.72	1.12	23.04
NON-DUR. GOODS	**690.15**	**650.03**	**40.11**	**698.00**	**41.5**	**40.2**	**1.3**	**41.4**	**16.63**	**16.17**	**0.46**	**16.86**
CONSTRUCTION	**899.60**	**910.38**	**-10.77**	**878.22**	**39.7**	**40.3**	**-0.6**	**38.2**	**22.66**	**22.59**	**0.07**	**22.99**

LMAs

MANUFACTURING	AVG WEEKLY EARNINGS MAY 2004	MAY 2003	CHG Y/Y	APR 2004	AVG WEEKLY HOURS MAY 2004	MAY 2003	CHG Y/Y	APR 2004	AVG HOURLY EARNINGS MAY 2004	MAY 2003	CHG Y/Y	APR 2004
Bridgeport	$817.70	$757.60	$60.10	$819.55	40.4	40.6	-0.2	39.9	$20.24	$18.66	$1.58	$20.54
Danbury	670.71	695.53	-24.82	720.75	39.2	38.9	0.3	42.1	17.11	17.88	-0.77	17.12
Danielson*												
Hartford	853.71	808.40	45.31	850.72	42.9	43.0	-0.1	42.6	19.90	18.80	1.10	19.97
Lower River*												
New Haven	631.40	731.45	-100.05	657.43	41.0	42.8	-1.8	41.4	15.40	17.09	-1.69	15.88
New London	756.71	734.97	21.74	752.94	41.9	41.5	0.4	41.9	18.06	17.71	0.35	17.97
Stamford*												
Torrington*												
Waterbury	771.98	643.06	128.92	688.58	42.3	38.3	4.0	37.1	18.25	16.79	1.46	18.56

Current month's data are preliminary. Prior months' data have been revised. All data are benchmarked to March 2003.

**Due to staff cuts, data for the Danielson, Lower River and Torrington labor market areas are no longer being prepared for publication. Manufacturing hours and earnings estimates for the Stamford labor market area will no longer be published due to their not meeting sample reliability tests.*

NEW HOUSING PERMITS LMA

	MAY 2004	MAY 2003	CHANGE Y/Y UNITS	CHANGE Y/Y %	YTD 2004	YTD 2003	CHANGE YTD UNITS	CHANGE YTD %	APR 2004
Connecticut	942	916	26	2.8	4,140	3,455	685	19.8	1,022
LMAs:									
Bridgeport	94	111	-17	-15.3	472	317	155	48.9	54
Danbury	91	60	31	51.7	359	238	121	50.8	77
Danielson	36	32	4	12.5	153	127	26	20.5	49
Hartford	401	346	55	15.9	1,621	1,416	205	14.5	369
Lower River	5	9	-4	-44.4	34	40	-6	-15.0	11
New Haven	74	68	6	8.8	338	319	19	6.0	110
New London	103	87	16	18.4	467	321	146	45.5	185
Stamford	52	45	7	15.6	385	315	70	22.2	99
Torrington	32	37	-5	-13.5	113	113	0	0.0	27
Waterbury	54	121	-67	-55.4	198	249	-51	-20.5	41

Additional data by town are on page 22.

Town

LABOR FORCE ESTIMATES BY TOWN

(By Place of Residence - Not Seasonally Adjusted)

MAY 2004

LMA/TOWNS	LABOR FORCE	EMPLOYED	UNEMPLOYED	%
BRIDGEPORT	**229,875**	**216,499**	**13,376**	**5.8**
Ansonia	9,144	8,523	621	6.8
Beacon Falls	3,033	2,865	168	5.5
BRIDGEPORT	**63,224**	**57,746**	**5,478**	**8.7**
Derby	6,723	6,255	468	7.0
Easton	3,601	3,497	104	2.9
Fairfield	28,511	27,499	1,012	3.5
Milford	28,264	26,775	1,489	5.3
Monroe	10,280	9,937	343	3.3
Oxford	5,520	5,284	236	4.3
Seymour	8,344	7,929	415	5.0
Shelton	20,544	19,573	971	4.7
Stratford	25,355	23,952	1,403	5.5
Trumbull	17,335	16,665	670	3.9
DANBURY	**116,881**	**113,120**	**3,761**	**3.2**
Bethel	9,725	9,374	351	3.6
Bridgewater	974	954	20	2.1
Brookfield	8,549	8,296	253	3.0
DANBURY	**40,441**	**38,936**	**1,505**	**3.7**
New Fairfield	7,120	6,915	205	2.9
New Milford	14,717	14,282	435	3.0
Newtown	12,956	12,546	410	3.2
Redding	4,501	4,367	134	3.0
Ridgefield	12,838	12,513	325	2.5
Roxbury	1,124	1,102	22	2.0
Sherman	2,122	2,077	45	2.1
Washington	1,813	1,757	56	3.1
DANIELSON	**36,160**	**34,300**	**1,860**	**5.1**
Brooklyn	4,010	3,860	150	3.7
Eastford	957	924	33	3.4
Hampton	1,233	1,176	57	4.6
KILLINGLY	**9,320**	**8,688**	**632**	**6.8**
Pomfret	2,338	2,262	76	3.3
Putnam	4,647	4,341	306	6.6
Scotland	932	913	19	2.0
Sterling	1,753	1,673	80	4.6
Thompson	4,786	4,516	270	5.6
Union	431	421	10	2.3
Voluntown	1,490	1,425	65	4.4
Woodstock	4,265	4,102	163	3.8
HARTFORD	**605,107**	**573,829**	**31,278**	**5.2**
Andover	1,697	1,628	69	4.1
Ashford	2,220	2,131	89	4.0
Avon	8,225	7,972	253	3.1
Barkhamsted	2,054	1,946	108	5.3
Berlin	9,611	9,240	371	3.9
Bloomfield	10,207	9,563	644	6.3
Bolton	2,848	2,752	96	3.4
Bristol	31,653	29,804	1,849	5.8

LMA/TOWNS	LABOR FORCE	EMPLOYED	UNEMPLOYED	%
HARTFORD cont....				
Burlington	4,636	4,453	183	3.9
Canton	4,970	4,773	197	4.0
Chaplin	1,202	1,138	64	5.3
Colchester	7,556	7,193	363	4.8
Columbia	2,742	2,628	114	4.2
Coventry	6,403	6,129	274	4.3
Cromwell	6,944	6,680	264	3.8
Durham	3,573	3,450	123	3.4
East Granby	2,623	2,527	96	3.7
East Haddam	4,512	4,334	178	3.9
East Hampton	7,376	7,119	257	3.5
East Hartford	26,212	24,412	1,800	6.9
East Windsor	5,448	5,175	273	5.0
Ellington	7,612	7,342	270	3.5
Enfield	23,261	22,146	1,115	4.8
Farmington	12,276	11,861	415	3.4
Glastonbury	16,900	16,408	492	2.9
Granby	5,629	5,476	153	2.7
Haddam	4,118	3,971	147	3.6
HARTFORD	**51,012**	**45,702**	**5,310**	**10.4**
Harwinton	2,867	2,739	128	4.5
Hebron	4,622	4,451	171	3.7
Lebanon	3,627	3,489	138	3.8
Manchester	28,857	27,413	1,444	5.0
Mansfield	9,805	9,569	236	2.4
Marlborough	3,059	2,950	109	3.6
Middlefield	2,247	2,169	78	3.5
Middletown	23,461	22,271	1,190	5.1
New Britain	34,060	31,361	2,699	7.9
New Hartford	3,509	3,347	162	4.6
Newington	15,573	14,957	616	4.0
Plainville	9,305	8,845	460	4.9
Plymouth	6,181	5,823	358	5.8
Portland	4,611	4,424	187	4.1
Rocky Hill	10,217	9,796	421	4.1
Simsbury	11,967	11,631	336	2.8
Somers	4,373	4,227	146	3.3
Southington	21,544	20,547	997	4.6
South Windsor	13,967	13,519	448	3.2
Stafford	5,623	5,342	281	5.0
Suffield	6,880	6,632	248	3.6
Tolland	7,608	7,388	220	2.9
Vernon	15,718	14,965	753	4.8
West Hartford	28,653	27,537	1,116	3.9
Wethersfield	12,433	11,843	590	4.7
Willington	3,396	3,300	96	2.8
Winchester	5,534	5,221	313	5.7
Windham	10,624	9,898	726	6.8
Windsor	14,625	13,903	722	4.9
Windsor Locks	6,642	6,320	322	4.8

LABOR FORCE CONCEPTS

The **civilian labor force** comprises all state residents age 16 years and older classified as employed or unemployed in accordance with criteria described below. Excluded are members of the military and persons in institutions (correctional and mental health, for example).

The **employed** are all persons who did any work as paid employees or in their own business during the survey week, or who have worked 15 hours or more as unpaid workers in an enterprise operated by a family member. Persons temporarily absent from a job because of illness, bad weather, strike or for personal reasons are also counted as employed whether they were paid by their employer or were seeking other jobs.

The **unemployed** are all persons who did not work, but were available for work during the survey week (except for temporary illness) and made specific efforts to find a job in the prior four weeks. Persons waiting to be recalled to a job from which they had been laid off need not be looking for work to be classified as unemployed.

LABOR FORCE ESTIMATES BY TOWN

(By Place of Residence - Not Seasonally Adjusted)

MAY 2004

LMA/TOWNS	LABOR FORCE	EMPLOYED	UNEMPLOYED	%
LOWER RIVER	**13,667**	**13,251**	**416**	**3.0**
Chester	2,190	2,129	61	2.8
Deep River	2,781	2,687	94	3.4
Essex	3,719	3,617	102	2.7
Lyme	1,194	1,165	29	2.4
Westbrook	3,782	3,652	130	3.4
NEW HAVEN	**289,386**	**275,270**	**14,116**	**4.9**
Bethany	2,996	2,907	89	3.0
Branford	16,904	16,232	672	4.0
Cheshire	14,787	14,295	492	3.3
Clinton	7,518	7,231	287	3.8
East Haven	15,776	14,855	921	5.8
Guilford	12,270	11,922	348	2.8
Hamden	31,411	30,217	1,194	3.8
Killingworth	3,295	3,218	77	2.3
Madison	9,340	9,090	250	2.7
MERIDEN	**31,243**	**29,284**	**1,959**	**6.3**
NEW HAVEN	**58,262**	**54,163**	**4,099**	**7.0**
North Branford	8,109	7,831	278	3.4
North Haven	12,876	12,459	417	3.2
Orange	6,984	6,777	207	3.0
Wallingford	24,129	23,175	954	4.0
West Haven	28,964	27,240	1,724	6.0
Woodbridge	4,521	4,372	149	3.3
***NEW LONDON**	**152,552**	**145,935**	**6,617**	**4.3**
Bozrah	1,615	1,549	66	4.1
Canterbury	2,975	2,847	128	4.3
East Lyme	11,037	10,736	301	2.7
Franklin	1,230	1,192	38	3.1
Griswold	6,361	6,034	327	5.1
Groton	18,203	17,343	860	4.7
Ledyard	8,742	8,431	311	3.6
Lisbon	2,551	2,449	102	4.0
Montville	12,104	11,635	469	3.9
NEW LONDON	**14,073**	**13,091**	**982**	**7.0**
No. Stonington	3,178	3,058	120	3.8
NORWICH	**20,514**	**19,354**	**1,160**	**5.7**
Old Lyme	4,569	4,471	98	2.1
Old Saybrook	6,505	6,335	170	2.6
Plainfield	8,792	8,232	560	6.4
Preston	2,784	2,701	83	3.0
Salem	2,460	2,393	67	2.7
Sprague	1,832	1,712	120	6.6
Stonington	11,231	10,978	253	2.3
Waterford	11,796	11,394	402	3.4

*Connecticut portion only. For whole MSA, including Rhode Island towns, see below.

NEW LONDON	**170,916**	**163,629**	**7,287**	**4.3**
Hopkinton, RI	4,753	4,558	195	4.1
Westerly, RI	13,611	13,136	475	3.5

LMA/TOWNS	LABOR FORCE	EMPLOYED	UNEMPLOYED	%
STAMFORD	**194,010**	**188,254**	**5,756**	**3.0**
Darien	9,755	9,558	197	2.0
Greenwich	30,998	30,361	637	2.1
New Canaan	9,540	9,392	148	1.6
NORWALK	**48,790**	**46,963**	**1,827**	**3.7**
STAMFORD	**66,468**	**64,165**	**2,303**	**3.5**
Weston	5,164	5,050	114	2.2
Westport	14,269	13,968	301	2.1
Wilton	9,026	8,797	229	2.5
TORRINGTON	**39,902**	**38,367**	**1,535**	**3.8**
Canaan**	726	713	13	1.8
Colebrook	846	829	17	2.0
Cornwall	815	799	16	2.0
Goshen	1,576	1,508	68	4.3
Hartland	1,067	1,023	44	4.1
Kent**	1,984	1,948	36	1.8
Litchfield	4,259	4,113	146	3.4
Morris	1,271	1,225	46	3.6
Norfolk	900	866	34	3.8
North Canaan**	2,175	2,145	30	1.4
Salisbury**	2,388	2,352	36	1.5
Sharon**	2,069	2,052	17	0.8
TORRINGTON	**19,166**	**18,149**	**1,017**	**5.3**
Warren	662	645	17	2.6
WATERBURY	**119,636**	**112,050**	**7,586**	**6.3**
Bethlehem	2,032	1,961	71	3.5
Middlebury	3,574	3,448	126	3.5
Naugatuck	17,115	16,056	1,059	6.2
Prospect	4,959	4,761	198	4.0
Southbury	7,629	7,327	302	4.0
Thomaston	4,282	4,038	244	5.7
WATERBURY	**53,755**	**49,324**	**4,431**	**8.2**
Watertown	12,211	11,603	608	5.0
Wolcott	8,719	8,330	389	4.5
Woodbury	5,359	5,202	157	2.9

Not Seasonally Adjusted				
CONNECTICUT	1,797,200	1,710,900	86,300	4.8
UNITED STATES	146,659,000	138,867,000	7,792,000	5.3
Seasonally Adjusted				
CONNECTICUT	1,797,800	1,714,300	83,500	4.6
UNITED STATES	146,974,000	138,772,000	8,203,000	5.6

**The Bureau of Labor Statistics has identified these five towns as a separate area to report labor force data. For the convenience of our data users, data for these towns are included in the Torrington LMA. For the same purpose, data for the town of Thompson, which is officially part of the Worcester, MA MSA, is included in the Danielson LMA.

LABOR FORCE CONCEPTS (Continued)

The **unemployment rate** represents the number unemployed as a percent of the civilian labor force.

With the exception of those persons temporarily absent from a job or waiting to be recalled to one, persons with no job and who are not actively looking for one are counted as "not in the labor force".

Over the course of a year, the size of the labor force and the levels of employment undergo fluctuations due to such seasonal events as changes in weather, reduced or expanded production, harvests, major holidays and the opening and closing of schools. Because these seasonal events follow a regular pattern each year, their influence on statistical trends can be eliminated by adjusting the monthly statistics. **Seasonal Adjustment** makes it easier to observe cyclical and other nonseasonal developments.

HOUSING PERMIT ACTIVITY BY TOWN

TOWN	MAY 2004	YR TO DATE 2004	YR TO DATE 2003
Andover	1	10	3
Ansonia	1	4	7
Ashford	2	13	8
Avon	7	43	83
Barkhamsted	1	7	6
Beacon Falls	5	14	3
Berlin	8	32	38
Bethany	3	15	10
Bethel	3	16	23
Bethlehem	2	2	6
Bloomfield	31	52	14
Bolton	0	6	0
Bozrah	2	5	3
Branford	4	16	17
Bridgeport	15	35	50
Bridgewater	1	6	1
Bristol	12	37	44
Brookfield	28	45	28
Brooklyn	5	18	11
Burlington	2	16	26
Canaan	0	0	1
Canterbury	4	8	11
Canton	14	57	28
Chaplin	2	9	7
Cheshire	3	15	17
Chester	1	4	4
Clinton	4	17	14
Colchester	5	32	38
Colebrook	2	5	1
Columbia	3	14	11
Cornwall	1	5	5
Coventry	4	18	21
Cromwell	5	19	28
Danbury	24	135	40
Darien	2	36	101
Deep River	1	5	3
Derby	2	6	5
Durham	4	20	20
East Granby	1	4	12
East Haddam	0	24	24
East Hampton	17	66	49
East Hartford	1	6	1
East Haven	2	13	22
East Lyme	7	32	24
East Windsor	11	33	14
Eastford	3	9	3
Easton	1	6	4
Ellington	3	20	64
Enfield	7	21	14
Essex	2	10	13
Fairfield	2	103	29
Farmington	6	58	39
Franklin	0	2	4
Glastonbury	7	37	19
Goshen	5	22	16
Granby	6	30	19
Greenwich	13	57	51
Griswold	5	26	12
Groton	8	113	41
Guilford	7	41	29
Haddam	2	14	18
Hamden	3	23	29
Hampton	3	11	7
Hartford	34	52	129
Hartland	1	5	2
Harwinton	1	13	10
Hebron	3	14	15
Kent	2	7	4
Killingly	8	29	41
Killingworth	2	10	11
Lebanon	9	33	16
Ledyard	9	28	27
Lisbon	1	8	5
Litchfield	2	7	8
Lyme	0	1	3
Madison	0	14	15
Manchester	15	70	39
Mansfield	6	20	15
Marlborough	4	17	19
Meriden	10	32	35
Middlebury	3	13	7
Middlefield	3	3	8
Middletown	21	90	68
Milford	4	91	20
Monroe	3	13	14
Montville	8	24	33
Morris	0	6	2
Naugatuck	6	16	18
New Britain	2	12	11
New Canaan	2	30	21
New Fairfield	4	16	3
New Hartford	7	18	18
New Haven	4	13	8
New London	5	11	1
New Milford	7	40	43
Newington	3	13	8
Newtown	9	56	57
Norfolk	0	1	1
North Branford	8	26	9
North Canaan	0	3	4
North Haven	3	29	28
North Stonington	6	11	10
Norwalk	4	145	39
Norwich	23	72	39
Old Lyme	3	14	11
Old Saybrook	1	13	15
Orange	2	16	13
Oxford	34	89	56
Plainfield	3	26	25
Plainville	5	13	26
Plymouth	7	23	11
Pomfret	1	9	18
Portland	11	99	10
Preston	2	9	9
Prospect	5	17	7
Putnam	6	16	5
Redding	2	5	13
Ridgefield	8	26	13
Rocky Hill	10	37	28
Roxbury	2	3	7
Salem	2	14	5
Salisbury	1	5	6
Scotland	1	7	3
Seymour	6	19	13
Sharon	2	4	3
Shelton	15	47	36
Sherman	3	8	9
Simsbury	2	7	5
Somers	4	18	14
South Windsor	18	37	23
Southbury	14	49	40
Southington	12	53	94
Sprague	1	5	3
Stafford	8	25	15
Stamford	15	52	37
Sterling	3	12	15
Stonington	8	31	21
Stratford	1	19	27
Suffield	4	23	22
Thomaston	2	10	5
Thompson	2	8	6
Tolland	12	45	37
Torrington	14	37	54
Trumbull	5	26	53
Union	0	1	1
Vernon	17	82	62
Voluntown	0	4	6
Wallingford	15	47	50
Warren	2	6	6
Washington	0	3	1
Waterbury	3	33	93
Waterford	5	15	22
Watertown	9	22	15
West Hartford	2	14	7
West Haven	2	8	3
Westbrook	1	14	17
Weston	1	4	6
Westport	10	44	50
Wethersfield	0	4	5
Willington	2	14	9
Wilton	5	17	10
Winchester	3	12	7
Windham	3	9	6
Windsor	6	31	14
Windsor Locks	5	22	17
Wolcott	3	19	39
Woodbridge	2	3	9
Woodbury	7	17	19
Woodstock	4	29	11

For further information on the housing permit data, contact Kolie Sun of DECD at (860) 270-8167.

BUSINESS STARTS AND TERMINATIONS
Registrations and terminations of business entities as recorded with the Secretary of the State and the Connecticut Department of Labor (DOL) are an indication of new business formation and activity. DOL business starts include new employers which have become liable for unemployment insurance taxes during the quarter, as well as new establishments opened by existing employers. DOL business terminations are those accounts discontinued due to inactivity (no employees) or business closure, and accounts for individual business establishments that are closed by still active employers. The Secretary of the State registrations include limited liability companies, limited liability partnerships, and foreign-owned (out-of-state) and domestic-owned (in-state) corporations.

CONSUMER PRICE INDEX
The Consumer Price Index (CPI), computed and published by the U.S. Bureau of Labor Statistics, is a measure of the average change in prices over time in a fixed market basket of goods and services. It is based on prices of food, clothing, shelter, fuels, transportation fares, charges for doctors' and dentists' services, drugs and other goods and services that people buy for their day-to-day living. The Northeast region is comprised of the New England states, New York, New Jersey and Pennsylvania.

EMPLOYMENT COST INDEX
The Employment Cost Index (ECI) covers both wages and salaries and employer costs for employee benefits for all occupations and establishments in both the private nonfarm sector and state and local government. The ECI measures employers' labor costs free from the influences of employment shifts among industries and occupations. The base period for all data is June 1989 when the ECI is 100.

HOURS AND EARNINGS ESTIMATES
Production worker earnings and hours estimates include full- and part-time employees working within manufacturing industries. Hours worked and earnings data are computed based on payroll figures for the week including the 12th of the month. Average hourly earnings are affected by such factors as premium pay for overtime and shift differential as well as changes in basic hourly and incentive rates of pay. Average weekly earnings are the product of weekly hours worked and hourly earnings. These data are developed in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

INDIAN GAMING DATA
Indian Gaming Payments are amounts received by the State as a result of the slot compact with the two Federally recognized tribes in Connecticut, which calls for 25 percent of net slot receipts to be remitted to the State. Indian Gaming Slots are the total net revenues from slot machines only received by the two Federally recognized Indian tribes.

INITIAL CLAIMS
Average weekly initial claims are calculated by dividing the total number of new claims for unemployment insurance received in the month by the number of weeks in the month. A minor change in methodology took effect with data published in the March 1997 issue of the DIGEST. Data have been revised back to January 1980.

INSURED UNEMPLOYMENT RATE
Primarily a measure of unemployment insurance program activity, the insured unemployment rate is the 13-week average of the number of people claiming unemployment benefits divided by the number of workers covered by the unemployment insurance system.

LABOR FORCE ESTIMATES
Labor force estimates are a measure of the work status of people who live in Connecticut. Prepared under the direction of the U.S. Bureau of Labor Statistics, the statewide estimates are the product of a multiple variable coefficient regression model, which uses results from the Current Population Survey (CPS), a monthly survey of Connecticut households, counts of claimants for unemployment benefits, and establishment employment estimates. Due to the small size of the sample taken in Connecticut, the CPS results are subject to significant sampling error and produce considerable month-to-month fluctuations in estimates derived from the sample. In general, the CPS estimates, at the 90 percent confidence level, have an error range of about 1.5 percentage points on a rate of 6.0 percent. An accepted method for calculating the error range for model estimates is currently not available. Labor force data, reflecting persons employed by place of residence, are not directly comparable to the place-of-work industry employment series. In the labor force estimates, workers involved in labor disputes are counted as employed. The labor force data also includes agricultural workers, unpaid family workers, domestics and the self-employed. Because of these conceptual differences, total labor force employment is almost always different from nonfarm wage and salary employment.

LABOR MARKET AREAS
All Labor Market Areas in Connecticut except three are federally designated areas for developing labor statistics. Industry employment data for the Danielson, Lower River and Torrington Labor Market Areas are prepared exclusively by the Connecticut Department of Labor, following the same statistical procedures used to prepare estimates for the other Labor Market Areas, which are developed in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

The Bureau of Labor Statistics has identified the five towns of Canaan, Kent, North Canaan, Salisbury and Sharon as a separate area for reporting labor force data. For the convenience of our data users, data for these towns are included in the Torrington Labor Market Area. For the same purpose, data for the town of Thompson, which is officially part of the Worcester Metropolitan Statistical Area, are included in the Danielson Labor Market Area. Also, data for Hopkinton and Westerly, Rhode Island are included in the New London Labor Market Area.

LEADING AND COINCIDENT EMPLOYMENT INDICES
The leading employment index is a composite of six individual largely employment-related series -- the average workweek of manufacturing production and construction workers, Hartford help-wanted advertising index, short-duration (less than 15 weeks) unemployment rate, initial claims for unemployment insurance, total housing permits, and Moody's BAA corporate bond yield. While not employment-sector variables, housing permits are closely related to construction employment and the corporate bond yield adds important information about the movement in interest rates. The coincident employment index is a composite indicator of four individual employment-related series -- the total unemployment rate, nonfarm employment (employer survey), total employment (state residents employed measured by a household survey), and the insured unemployment rate. All data are seasonally adjusted and come from the Connecticut Labor Department, the Federal Reserve Bank of Boston, and the Board of Governors of the Federal Reserve System.

NONFARM EMPLOYMENT ESTIMATES
Nonfarm employment estimates are derived from a survey of businesses to measure *jobs* by industry. The estimates include all full- and part-time wage and salary employees who worked during or received pay for the pay period which includes the 12th of the month. Excluded from these estimates are proprietors, self-employed workers, private household employees and unpaid family workers. In some cases, due to space constraints, all industry estimates are not shown. Call (860) 263-6275 for a more comprehensive breakout of nonfarm employment estimates. These data are developed in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

UI COVERED WAGES
UI covered wages is the total amount paid to those employees who are covered under the Connecticut's Unemployment Insurance (UI) law for services performed during the quarter. The fluctuations in the 1992-93 period reflect the effect of the changes in the tax law and the massive restructuring in the state's economy.

ECONOMIC INDICATORS AT A GLANCE

(Percent change from prior year; see pages 5-8 for reference months or quarters)

Leading Employment Index	**+2.3**
Coincident Employment Index	**+1.0**
Leading General Drift Indicator	**+1.3**
Coincident General Drift Indicator	**-1.1**
Banknorth Business Barometer	**+0.8**
Total Nonfarm Employment	**+0.1**
Unemployment	**-0.8**
Labor Force	-0.3
Employed	+0.6
Unemployed	-15.0
Average Weekly Initial Claims	**-17.8**
Help Wanted Index -- Hartford	**+33.3**
Average Ins. Unempl. Rate	**-0.26***
Average Weekly Hours, Mfg	**+2.2**
Average Hourly Earnings, Mfg	**+2.2**
Average Weekly Earnings, Mfg	**+4.4**
CT Mfg. Production Index	**+2.2**
Production Worker Hours	-2.5
Industrial Electricity Sales	+1.2
Personal Income	**+3.4**
UI Covered Wages	**+4.6**

Business Activity	
New Housing Permits	+2.8
Electricity Sales	+1.4
Retail Sales	-0.6
Construction Contracts Index	-10.3
New Auto Registrations	-10.3
Air Cargo Tons	+10.9
Exports	+8.2
Business Starts	
Secretary of the State	+3.2
Dept. of Labor	-10.0
Business Terminations	
Secretary of the State	-27.2
Dept. of Labor	-18.1
State Revenues	**+1.2**
Corporate Tax	+38.9
Personal Income Tax	-3.8
Real Estate Conveyance Tax	+50.5
Sales & Use Tax	+0.5
Indian Gaming Payments	-2.5

Tourism and Travel	
Info Center Visitors	-1.0
Attraction Visitors	-1.5
Air Passenger Count	+6.4
Indian Gaming Slots	-1.4
Travel and Tourism Index	+0.5
Employment Cost Index (U.S.)	
Total	+3.9
Wages & Salaries	+2.6
Benefit Costs	+7.0
Consumer Prices	
Connecticut	NA
U.S. City Average	+3.1
Northeast Region	+3.7
NY-NJ-Long Island	+3.9
Boston-Brockton-Nashua	+3.2
Consumer Confidence	
Connecticut	+14.7
New England	-4.6
U.S.	+11.5
Interest Rates	
Prime	-0.25*
Conventional Mortgage	+0.79*

**Percentage point change; **Less than 0.05 percent; NA = Not Available*

THE CONNECTICUT ECONOMIC DIGEST July 2004

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- **What article topics would you like to see covered in future issues?**
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