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In August...

Nonfarm Employment

Connecticut 1,697,200
 Change over month +0.17%
 Change over year +0.45%

United States 151,541,000
 Change over month +0.09%
 Change over year +1.39%

Unemployment Rate

Connecticut 3.6%
 United States 3.7%

Consumer Price Index

United States 256.558
 Change over year +1.7%

Connecticut Town Economic Indexes Rose Higher in 2018

By Jungmin Charles Joo and Dana Placzek, Department of Labor

Connecticut’s overall economy bounced back strongly in 2018 after having slowed down in 2016 and 2017, based on the index performances of cities and towns. The indexes on page 3 give a broad measure of business and resident economic well-being of each town, allowing comparisons among them.

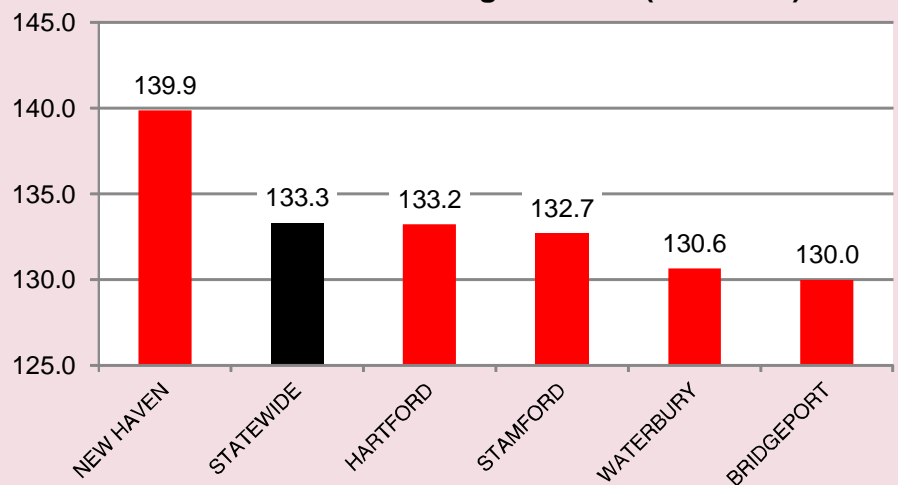
The CTEI Methodology

The Connecticut Town Economic Indexes (CTEI) were introduced four years ago and are released annually. The Connecticut Department of Labor’s Office of Research developed the composite indexes of all 169 municipalities in the state to measure each town or city’s overall economic health, which then can be ranked and

compared to others to gain perspective. Four annual average town economic indicators were used as components, which are total covered business establishments, total covered employment, inflation-adjusted covered annual average wages, and the unemployment rate.

Establishments are the physical work units located in the municipality. Employment is the number of employees on payroll in the establishments that are located in the town. Wages are the aggregate payroll pay divided by the total average employment. These three measures come from the Quarterly Census of Employment and Wages (QCEW) program and include all those who are covered under the unemployment insurance law, thus capturing nearly 100

Chart 1. 2018 CTEI of Largest Cities (2010=100)



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

CTEI: 2017 to 2018

Reflecting an ongoing economic recovery, 166 cities and/or towns saw business and labor market conditions improve, while three worsened. 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 (2018) 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, Union and Kent's overall economy grew the fastest from 2017 to 2018. East Haven and Wethersfield were the two fastest over the year among the towns or cities with a population between 25,000 and 100,000. Of the five largest cities with a population of 100,000 or more, New Haven and Hartford had the fastest overall economic recovery last year.

CTEI: 2010 to 2018

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

cities and towns' indexes showed increases in 2018. Among the small towns with residents fewer than 25,000, North Stonington and Hampton experienced the fastest economic growth between 2010 and 2018. Groton and Southington were the two fastest growing towns among those with a population between 25,000 and 100,000.

Among the largest cities (population over 100,000), as Chart 1 shows, New Haven and Hartford's economy grew the most in the last eight years. The map on page 4 also shows the different ranges of economic recovery rate of each municipality in the state.

LMA Indexes: 2010-2018

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 2018. The Danielson-Northeast LMA's overall economy grew the fastest, followed by the Waterbury and New Haven areas. The Bridgeport-Stamford and Enfield LMA indexes, however, increased at a slower pace than the statewide index.

The Components of CTEI:

Establishments

The total number of business establishments in Connecticut rose by 2.0% to 122,073 from 2017 to 2018, the same growth as the 2.0% from the year before. Stamford continued to dominate, with the largest number of businesses (6,045) of the 169 cities and towns. Since 2010, Connecticut's overall number of businesses increased 9.7%. Overall, 82% of the total municipalities added new establishments over the year, and 91% since 2010.

-continued on page 5-

CONNECTICUT TOWN ECONOMIC INDEXES (2010=100), 2015-2018*

Town/City	2015	2016	2017	2018	Town/City	2015	2016	2017	2018	Town/City	2015	2016	2017	2018
Andover	107.2	108.7	118.3	123.0	Griswold	110.2	114.6	123.5	134.2	Prospect	118.5	128.5	132.5	136.8
Ansonia	110.6	115.8	117.0	125.7	Groton	116.5	123.1	133.0	141.8	Putnam	115.3	122.3	125.7	131.6
Ashford	125.9	126.1	131.7	138.8	Guilford	123.0	129.9	138.8	142.1	Redding	122.1	125.1	129.1	137.9
Avon	115.3	118.9	121.8	128.6	Haddam	122.6	128.9	127.5	131.4	Ridgefield	117.5	119.1	120.0	127.2
Barkhamsted	121.4	122.7	123.8	127.7	Hamden	114.7	119.7	124.4	130.3	Rocky Hill	129.6	134.1	140.7	148.3
Beacon Falls	124.7	128.0	136.7	144.5	Hampton	129.3	133.0	139.1	153.8	Roxbury	124.5	126.2	120.4	124.7
Bethlehem	116.7	123.1	126.6	131.7	Hartford	116.4	119.7	124.9	133.2	Salem	109.9	115.4	115.5	125.9
Berlin	124.5	132.1	136.5	145.3	Hartland	111.1	123.8	123.2	125.5	Salisbury	116.4	121.5	118.1	127.3
Bethany	123.4	126.4	131.3	137.4	Harwinton	116.1	121.5	133.4	136.4	Scotland	104.2	106.3	110.1	117.9
Bethel	119.3	120.2	123.6	140.1	Hebron	118.5	122.3	123.1	135.0	Seymour	118.8	125.0	129.5	135.5
Bloomfield	120.2	124.7	124.2	135.5	Kent	129.3	132.6	127.9	148.4	Sharon	113.4	117.9	119.6	129.9
Bolton	117.3	122.6	129.6	141.7	Killingly	118.6	124.9	133.9	139.3	Shelton	115.7	120.8	120.2	127.4
Bozrah	116.3	121.5	127.0	135.3	Killingworth	113.1	118.6	127.1	135.4	Sherman	121.2	125.2	132.5	140.8
Branford	116.5	121.9	127.0	135.3	Lebanon	119.4	123.1	128.1	141.9	Simsbury	118.2	111.9	117.7	126.9
Bridgeport	114.3	118.6	122.3	130.0	Ledyard	112.9	122.1	128.1	137.9	Somers	116.3	117.3	119.0	129.4
Bridgewater	116.2	127.0	130.1	143.4	Lisbon	109.0	113.2	118.5	131.0	South Windsor	119.2	123.7	129.8	136.7
Bristol	121.9	127.3	131.1	137.8	Litchfield	118.1	121.5	123.6	135.3	Southbury	109.6	111.1	115.6	121.7
Brookfield	123.6	125.5	127.8	132.9	Lyme	126.9	128.5	128.7	127.8	Southington	120.7	126.3	131.8	140.4
Brooklyn	122.2	128.5	132.8	143.2	Madison	123.0	127.6	132.2	142.1	Sprague	102.1	113.0	112.4	124.8
Burlington	119.1	122.3	132.4	139.9	Manchester	115.9	120.5	124.6	130.8	Stafford	111.8	117.0	125.4	131.5
Canaan	143.3	149.8	146.8	149.9	Mansfield	116.3	120.1	130.5	136.0	Stamford	118.8	123.4	125.6	132.7
Canterbury	122.9	126.4	132.1	142.4	Marlborough	122.1	133.8	138.2	139.6	Sterling	111.9	116.8	118.9	129.0
Canton	125.9	129.9	136.3	140.8	Meriden	115.1	121.1	126.9	135.6	Stonington	112.0	123.9	127.6	133.8
Chaplin	109.4	108.9	115.3	117.9	Middlebury	119.0	122.5	127.4	137.2	Stratford	116.3	118.6	120.7	128.8
Cheshire	121.2	124.2	129.9	134.1	Middlefield	118.6	118.2	129.8	139.8	Suffield	118.0	121.6	125.2	133.0
Chester	122.8	123.2	123.1	136.1	Middletown	115.1	120.3	124.1	132.2	Thomaston	121.6	128.8	133.8	138.5
Clinton	117.5	125.1	127.0	136.1	Milford	122.3	126.8	130.1	137.0	Thompson	126.7	128.4	137.0	148.3
Colchester	126.0	129.6	135.8	144.4	Monroe	120.3	123.2	122.4	133.2	Tolland	114.2	118.4	122.7	128.9
Colebrook	100.1	101.6	105.9	114.7	Montville	112.8	120.8	125.4	131.6	Torrington	119.2	121.2	123.9	132.3
Columbia	112.1	116.1	120.7	127.4	Morris	126.5	136.6	137.7	140.2	Trumbull	109.4	115.3	117.4	120.7
Cornwall	127.4	139.4	134.5	141.8	Naugatuck	115.9	121.5	124.7	133.0	Union	106.6	110.1	122.2	150.3
Coventry	117.0	123.4	128.9	135.5	New Britain	117.5	122.9	128.0	135.3	Vernon	117.2	122.4	126.1	132.0
Cromwell	125.1	129.9	134.3	144.2	New Canaan	119.5	123.6	123.8	132.6	Voluntown	113.0	122.7	127.9	143.4
Danbury	120.3	124.8	129.0	136.3	New Fairfield	117.6	121.5	124.6	134.7	Wallingford	120.2	125.2	131.1	138.1
Darien	119.9	121.8	130.2	133.0	New Hartford	116.0	120.8	125.7	132.0	Warren	101.6	107.6	109.9	123.8
Deep River	116.4	123.7	128.3	128.4	New Haven	119.2	125.2	130.0	139.9	Washington	118.7	123.7	123.2	140.6
Derby	115.9	119.5	121.9	128.3	New London	105.3	110.7	116.2	122.5	Waterbury	112.7	119.6	123.9	130.6
Durham	121.4	128.4	133.4	135.8	New Milford	113.6	117.2	119.5	126.4	Waterford	112.4	117.9	125.7	133.6
East Granby	119.4	117.8	127.5	127.9	Newington	125.7	123.1	126.8	133.7	Watertown	114.7	120.0	126.6	135.0
East Haddam	115.6	120.3	122.1	132.8	Newtown	125.3	129.2	126.0	131.4	West Hartford	120.4	125.7	131.4	136.7
East Hampton	120.9	125.9	133.2	141.4	Norfolk	111.9	108.3	121.6	123.2	West Haven	118.0	125.5	127.4	136.4
East Hartford	117.3	121.9	130.1	137.5	North Branford	115.6	121.3	129.1	135.1	Westbrook	123.7	126.0	132.2	139.3
East Haven	118.4	121.7	125.1	136.6	North Canaan	118.2	114.8	127.8	129.4	Weston	117.8	117.8	120.4	129.1
East Lyme	112.1	116.3	122.6	126.0	North Haven	111.9	117.0	121.3	130.1	Westport	113.6	114.9	116.0	124.7
East Windsor	121.8	123.7	124.8	132.9	North Stonington	138.9	146.1	158.9	161.0	Wethersfield	119.2	124.0	125.4	136.7
Eastford	131.2	132.0	130.4	130.2	Norwalk	117.4	122.7	124.8	130.0	Willington	125.0	129.6	133.1	136.5
Easton	118.7	120.1	118.4	125.8	Norwich	112.9	120.3	128.7	135.3	Wilton	119.5	121.3	124.5	133.2
Ellington	120.9	128.6	134.6	142.0	Old Lyme	117.9	125.0	126.7	131.1	Winchester	124.4	128.4	130.4	137.4
Enfield	120.6	121.5	126.5	134.2	Old Saybrook	120.8	122.9	127.6	137.4	Windham	115.6	122.3	125.2	131.8
Essex	116.0	126.3	128.4	137.2	Orange	123.5	127.7	139.0	140.7	Windsor	118.4	120.5	123.6	132.1
Fairfield	120.2	126.1	121.7	129.8	Oxford	125.7	127.3	134.4	146.0	Windsor Locks	114.5	116.6	123.9	127.5
Farmington	119.9	125.1	128.0	136.1	Plainfield	117.7	125.1	130.4	139.9	Wolcott	124.2	128.3	135.0	143.8
Franklin	114.9	119.7	139.5	143.6	Plainville	124.9	127.7	127.9	136.4	Woodbridge	116.3	121.9	129.3	131.9
Glastonbury	120.0	124.6	130.8	139.5	Plymouth	120.9	126.6	131.5	140.7	Woodbury	119.8	124.1	133.8	139.0
Goshen	115.2	127.3	131.6	144.7	Pomfret	122.5	133.5	140.0	139.9	Woodstock	120.1	122.3	125.8	126.9
Granby	116.2	123.5	129.8	138.6	Portland	120.2	121.0	129.2	134.2					
Greenwich	113.3	116.1	118.4	128.0	Preston	116.5	118.3	122.6	135.0	CONNECTICUT	117.2	122.0	126.0	133.3

* 2010 = 100 for all 169 cities and towns

2005-2014 CTEI is available upon request

Source: Connecticut Department of Labor, Office of Research

Connecticut Town Economic Indexes, 2018

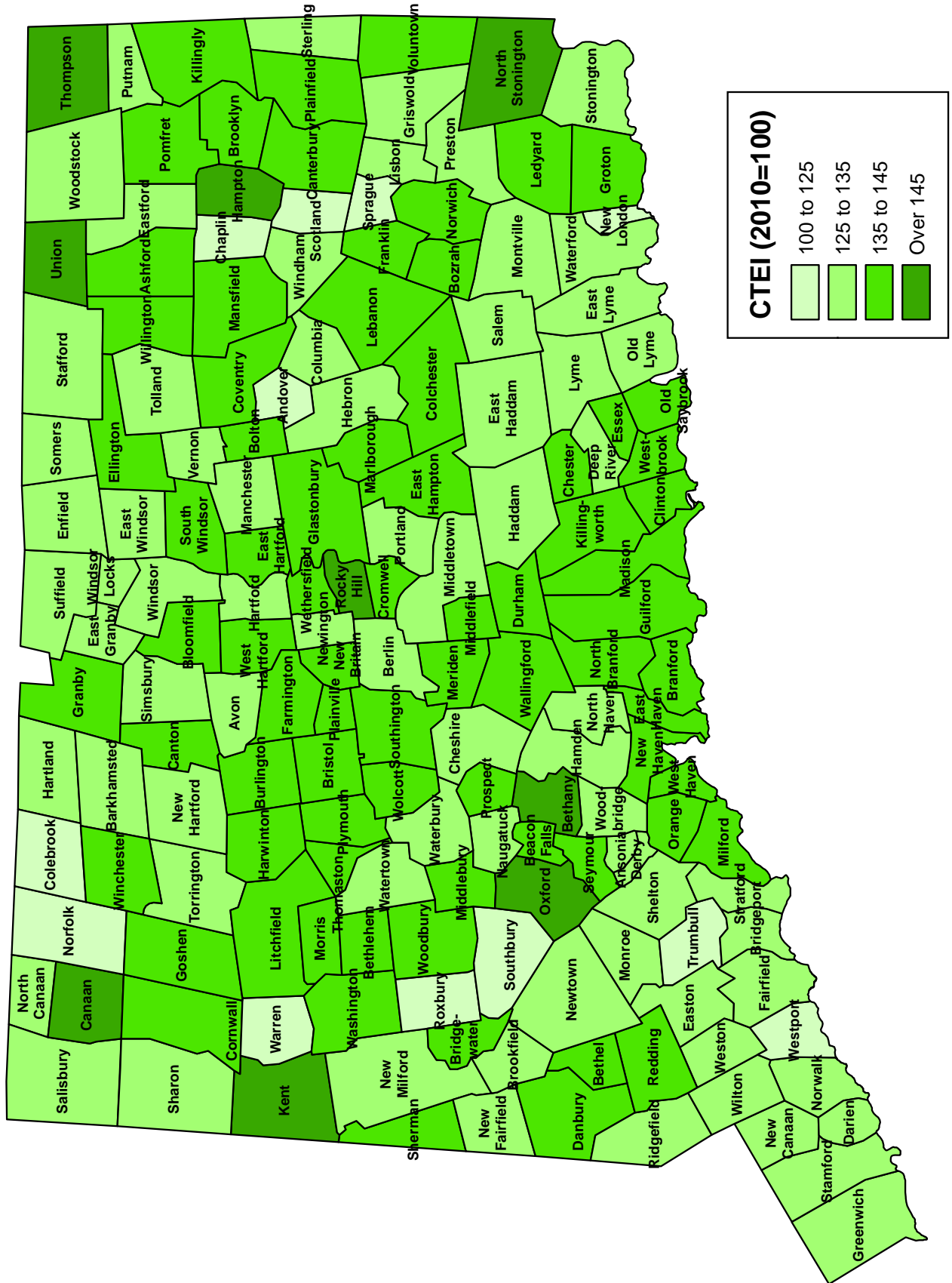
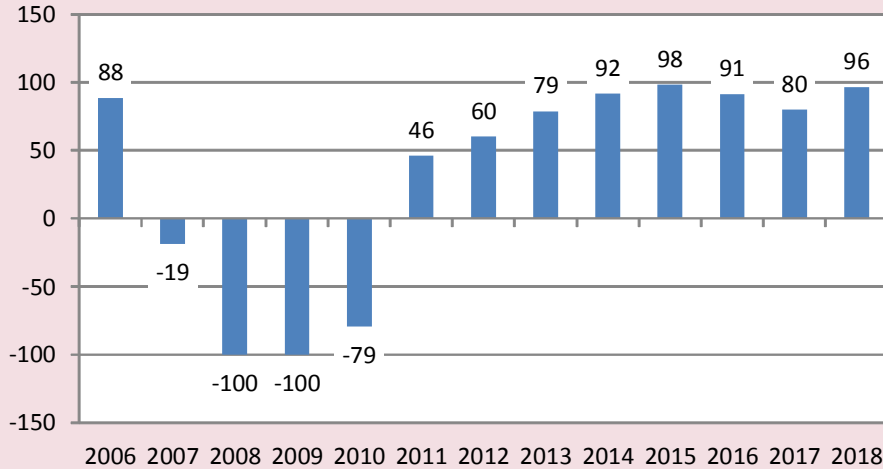


Chart 2. CTEI Diffusion Index, 2006-2018



-continued from page 2-

Employment

Last year’s average statewide employment rose 0.2% from 2017 and 4.9% from 2010. About 60% of the cities and towns in the state experienced job recovery over the year, higher than 51% from 2016 to 2017. Overall, 72% of the municipalities in the state have added jobs since the employment recovery began in 2010.

Real Wages

In 2018, only 30% of all cities and towns in the state posted inflation-adjusted wage gains over the year, down from 37% in

2017. The statewide real annual average wage was \$57,474 per worker, a 1.5% decline over 2017 and a 3.3% decrease from 2010. The highest real average pays were in businesses located in Greenwich at \$117,379 last year.

Unemployment Rate

Hartford continued to post the highest unemployment rate (7.0%) last year, a drop from 8.2% in 2017. Overall, the statewide rate fell from 4.7% in 2017 to 4.1% in 2018. For a detailed analysis and the complete table of unemployment rates for all 169 municipalities, see “2018

Unemployment Rate by Town” in the June 2019 issue of the Connecticut Economic Digest.

CTEI Diffusion Index: 2006-2018

One way to measure aggregate performance of the CTEI of 169 cities and towns in Connecticut is to use a diffusion index. For each town, the index figure is up, down, or unchanged over the year. The diffusion index is calculated by subtracting the share of towns that experienced 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 -79, respectively, when Connecticut was in an employment downturn. The state economy gradually recovered from 2011, as the diffusion index numbers indicate on Chart 2, and by 2015 nearly all towns were gaining (+98). After slowing down during 2016 and 2017, the index then picked up in 2018 (+96), where 166 towns moved up and only three moved down, making it the second best performance since 2011. ■

GENERAL ECONOMIC INDICATORS

	2Q 2019	2Q 2018	CHANGE NO. %	1Q 2019
<i>(Seasonally adjusted)</i>				
General Drift Indicator (1996=100)*				
Leading	118.9	113.7	5.2 4.5	119.8
Coincident	116.2	115.5	0.7 0.6	116.6
Liberty Bank Business Barometer (1992=100)**	138.3	137.6	0.7 0.5	138.9
Philadelphia Fed's Coincident Index (2007=100)***				
<i>(Seasonally adjusted)</i>				
Connecticut	Aug 2019 128.86	Aug 2018 124.87	4.0 3.2	Jul 2019 128.59
United States	128.88	125.31	3.6 2.8	128.62

Sources: *Dr. Steven P. Lanza, University of Connecticut **Liberty Bank ***Federal Reserve Bank of Philadelphia

General Drift Indicators are composite measures of the four-quarter change in three coincident (Connecticut Manufacturing Production Index, nonfarm employment, and real personal income) and three leading (housing permits, manufacturing average weekly hours, and initial unemployment claims) economic variables, and are indexed so 1996 = 100.

The **Liberty Bank Business Barometer** is a measure of overall economic growth in the state of Connecticut that is derived from non-manufacturing employment, real disposable personal income, and manufacturing production.

The **Philadelphia Fed's Coincident Index** summarizes current economic condition by using four coincident variables: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements deflated by the consumer price index (U.S. city average).