

ECONOMIC DIGEST

Vol.21 No.4 A joint publication of the Connecticut Department of Labor & the Connecticut Department of Economic and Community Development

APRIL 2016

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In February...

Nonfarm Employment

Connecticut 1,685,400
 Change over month +0.25%
 Change over year +0.9%

United States 143,560,000
 Change over month +0.17%
 Change over year +1.9%

Unemployment Rate

Connecticut 5.5%
 United States 4.9%

Consumer Price Index

United States 237.111
 Change over year +1.0%

Connecticut Exports: 2015 in Review

By Laura Jaworski, Office of International and Domestic Business Development, DECD

For the first time since 2009, U.S. exports decreased. The weak global economy and strong U.S. dollar, which made U.S. exports more expensive to foreign buyers, brought challenges to the export community and resulted in export declines across the board.¹ To assess Connecticut's export status, a review of several key categories follows.

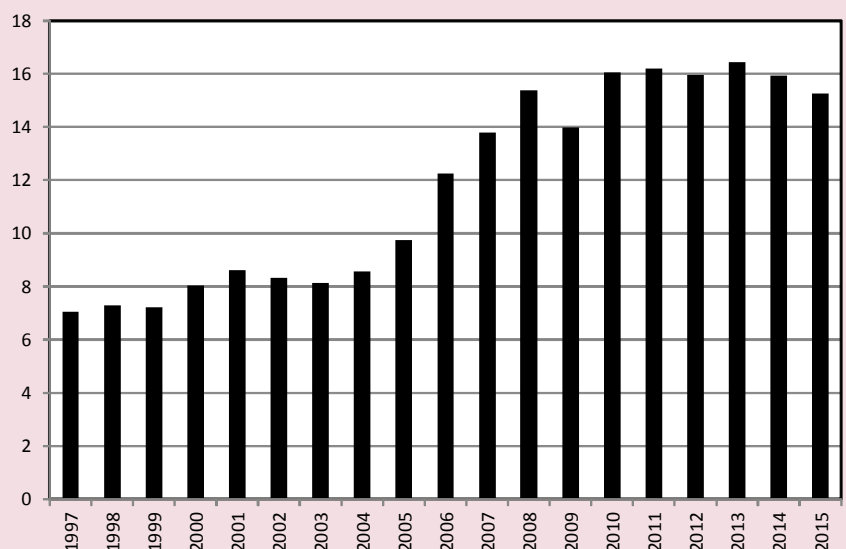
Annual Export Figures

In 2015, Connecticut's commodity exports totaled

\$15.25 billion, a 4.24% decrease from the \$15.93 billion registered in 2014.² Please refer to Chart 1. It is important to note that, as significant as commodity exports are, they omit service exports, for which the collection of data is inexact and unavailable at the state level. All U.S. states face this data gap. This means that export figures for a state like Connecticut- with a large concentration of insurance, financial and other services- understate the true magnitude of its overall export value.

Data indicates that of the

CHART 1: Connecticut's Exports, 1997-2015 (\$ in billions)



The Connecticut Economic Digest is published monthly by the Connecticut Department of Labor, Office of Research, and the Connecticut Department of Economic and Community Development. Its purpose is to regularly provide users with a comprehensive source for the most current, up-to-date data available on the workforce and economy of the state, within perspectives of the region and nation.

The annual subscription is \$50. Send subscription requests to: *The Connecticut Economic Digest*, Connecticut Department of Labor, Office of Research, 200 Folly Brook Boulevard, Wethersfield, CT 06109-1114. Make checks payable to the Connecticut Department of Labor. Back issues are \$4 per copy. The Digest can be accessed free of charge from the DOL Web site. Articles from *The Connecticut Economic Digest* may be reprinted if the source is credited. Please send copies of the reprinted material to the Managing Editor. The views expressed by the authors are theirs alone and may not reflect those of the DOL or DECD.

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We would like to acknowledge the contributions of many DOL Research and DECD staff and Rob Damroth to the publication of the Digest.

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5,728 companies who exported from Connecticut in 2013, 89% were small and medium-sized enterprises with fewer than 500 employees.³

Connecticut's ranking among the states held steady at 27th in 2015.⁴ Texas, California, Washington, New York and Illinois were the top five export states in 2015, ranked in terms of export commodity dollars. The only states that experienced marginal increases in 2015 were South Carolina, Kentucky, Arizona, Utah, Nevada, Delaware, Maine and the District of Columbia.

U.S. commodity exports totaled more than \$1.50 trillion in 2015, representing a 7.15% decrease over the \$1.62 trillion recorded in 2014.

In New England in 2015, only Massachusetts' exports value ranked higher than Connecticut's, as has been the case since 2005. As a regional trading block, New England's commodity exports totaled more than \$52.49 billion in 2015, a 6.78% decrease from 2014.

Connecticut Export Composition

Connecticut's top export commodities mirror the state's historic strengths and there is a demonstrated consistency among the state's top exports. 2015 was no exception to such. In 2015 at the two-digit Harmonized System (HS) commodity code level, Connecticut's top five export commodities were (1) aircraft, spacecraft and parts thereof; (2) industrial machinery, including computers; (3) electric machinery, sound equipment, TV equipment, parts; (4) optic, photo, medical or surgical instruments and (5) copper and articles thereof.

Please refer to Table A.

Drilling down an additional layer into the HS commodity codes reveals the transportation sector's dominance of Connecticut exports. At the four-digit HS level, the state's top exports included civilian aircraft, engines and parts and turbojets, turbopropellers and other gas turbines.

To put these figures into national and regional context, the U.S. and New England states' top export commodities were similar to Connecticut's. In 2015, the top five U.S. export commodities were (1) industrial machinery, including computers; (2) electric machinery, sound equipment, TV equipment, parts; (3) aircraft, spacecraft and parts thereof; (4) vehicles, except railway or tramway, and parts and (5) mineral fuel, oil, bituminous substances, mineral wax. In 2015, the New England region's top five export commodities were (1) electric machinery, sound equipment, TV equipment, parts; (2) industrial machinery, including computers; (3) aircraft, spacecraft, and parts thereof; (4) optic, photo, medical or surgical instruments and (5) natural or cultured pearls, precious stones, precious metal clad materials, imitation jewelry and coins.

State Export Partners

The state's top five commodity export destinations were France, Germany, Canada, the United Arab Emirates (UAE) and Mexico. Please refer to Table B. Despite a 12.60% decrease in 2015, France remained the #1 destination for Connecticut commodity exports, with \$1.93 billion in state exports recorded in 2015. Connecticut exported over \$1

Table A: 2015 Connecticut Exports by Commodity

Rank	Description	ANNUAL 2014	ANNUAL 2015	%2014- 2015
	TOTAL ALL COMMODITIES	15,930,667,663	15,255,894,729	-4.24
1	Aircraft, Spacecraft, And Parts Thereof	6,946,448,340	6,733,094,175	-3.07
2	Industrial Machinery, Including Computers	2,251,943,035	2,011,170,369	-10.69
3	Electric Machinery Etc; Sound Equip; Tv Equip; Pts	1,623,143,166	1,328,232,986	-18.17
4	Optic, Photo Etc, Medic Or Surgical Instrmnts Etc	1,202,104,356	1,189,597,966	-1.04
5	Copper And Articles Thereof	373,489,759	383,553,678	2.69
6	Plastics And Articles Thereof	484,307,691	383,495,243	-20.82
7	Special Classification Provisions, Nesoi	292,788,755	355,883,190	21.55
8	Organic Chemicals	97,807,882	282,670,380	189.01
9	Inorg Chem; Prec & Rare-Earth Met & Radioact Compd	232,622,763	221,496,421	-4.78
10	Vehicles, Except Railway Or Tramway, And Parts Etc	174,503,403	170,726,630	-2.16

Table B: Connecticut Exports by Partner Country

Rank	Description	ANNUAL 2014	ANNUAL 2015	%2014- 2015
	TOTAL ALL PARTNER COUNTRIES	15,930,667,663	15,255,894,729	-4.24
1	France	2,210,749,225	1,932,116,604	-12.60
2	Germany	1,711,873,865	1,652,983,205	-3.44
3	Canada	1,913,691,439	1,622,647,340	-15.21
4	United Arab Emirates	1,141,955,865	1,592,052,102	39.41
5	Mexico	1,280,694,019	1,319,616,765	3.04
6	China	907,301,045	1,029,900,955	13.51
7	United Kingdom	718,910,583	884,397,153	23.02
8	Japan	539,841,415	525,481,258	-2.66
9	Netherlands	489,495,358	475,750,498	-2.81
10	Korea, Republic Of	658,046,268	456,357,012	-30.65

billion to each of its remaining top five trade partners in 2015. Among the state's top ten partners, the U.A.E. experienced the greatest growth in Connecticut commodity exports at 39.41%. Connecticut exports to the U.A.E., a market that has been a significant destination for state exports the past few years, were dominated by aircraft, spacecraft and parts thereof; industrial machinery, including, computers; electric machinery, sound equipment, TV equipment, with the greatest percentage

growth coming in pharmaceutical products. Rounding out the state's top ten trade partners in 2015 were China, the United Kingdom, Japan, the Netherlands and South Korea, ranking six through ten, respectively.

In 2015, the top five destinations for U.S. commodity exports were Canada, Mexico, China, Japan and the United Kingdom, while the top five destinations for the New England states were Canada, Mexico,

Germany, China and France.

Challenges

The cultivation of international markets is important, but there are concerns and circumstances that present challenges to exporters. Chief among them are the state of the global economy and its correlation to demand and consumer spending.

-continued on page 5-

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Unpredictable international events affect markets and export growth as well. Economic and geo-political circumstances that may impact trade include falling oil prices, the Eurozone market and China's economic slowdown. Regulatory barriers present a challenge as well, as navigating the complex issue of export compliance and licensing requires time, effort and resources.

State Trade Expansion Promotion (STEP) Grant

The state and federal government continue to work to develop export opportunities. To that end, the Connecticut Department of Economic and Community Development (DECD) administers a State Trade

Expansion Promotion (STEP) grant award from the U.S. Small Business Administration (SBA). The STEP program goal is to increase the value of exports for small businesses currently exporting and grow the number of exporters. Working in conjunction with partners such as the Connecticut Center for Advanced Technology (CCAT), U.S. Department of Commerce (USDOC), Small Business Development Center (SBDC), and others, DECD directs STEP funds towards company participation in various export activities.

For more information about DECD's international programs and services, including STEP grant activities, eligibility standards, program guidelines and application procedures, please contact Laura Jaworski at

860-270-8068 or
laura.jaworski@ct.gov. ■

¹ "U.S. exports drop for first time since Great Recession," CNN Money, February 5, 2016.

² Data Source: World Institute for Strategic Economic Research (WISER), <http://www.wisertrade.org>.

³ "Connecticut: Exports, Jobs, and Foreign Investment," U.S. Department of Commerce International Trade Administration, July 2015.

⁴ Omitting Puerto Rico and various export sales attributed to "unknown state," Connecticut actually ranked 25th. In the state export data series, low-value export estimates are credited to "unknown state," as export statistics are collected only for export commodity shipments over \$2,500.

GENERAL ECONOMIC INDICATORS

	4Q	4Q	CHANGE		3Q
	2015	2014	NO.	%	2015
<i>(Seasonally adjusted)</i>					
General Drift Indicator (1996=100)*					
Leading	120.7	114.9	5.8	5.0	116.5
Coincident	117.8	115.3	2.5	2.2	117.3
Farmington Bank Business Barometer (1992=100)**	136.0	132.8	3.2	2.4	134.3
Philadelphia Fed's Coincident Index (July 1992=100)***	Jan	Jan			Dec
<i>(Seasonally adjusted)</i>	2016	2015			2015
Connecticut	169.84	164.32	5.52	3.4	169.43
United States	177.45	171.96	5.49	3.2	176.99

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

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

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

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