



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.

Recession Clouds Gathering Over Connecticut?

The National Outlook

The unemployment rate of 5.0% in April 2008, higher than April 2007 (4.5%), improved slightly from the previous month, decreasing from 5.1% in March. Total employment (from the household survey) increased by 362,000 jobs in March, an improvement over the loss of 24,000 jobs in the previous month. The federal tax rebate checks (part of the federal "stimulus package") are reaching consumers and we should look for an effect in the coming months. Although food and energy prices have increased, the most recent data on consumer spending, (the March inflation-adjusted personal consumption expenditures), show a scant increase of 0.13% from the previous month and 2% from March a year ago. These positive signs offer hope that consumer spending will moderate the U.S. recession. Helping too is the declining dollar's effect on our exports.

Connecticut Employment Indexes

The DECD-ECRI Connecticut coincident employment index is a measure of contemporaneous activity and decreased on a year-to-year basis from 111.5 in March 2007 to 111.3 in March 2008. Total employment (from the household survey) decreased 0.6% (10,980 persons) and nonfarm employment (from the employer survey) decreased 0.55% from March 2007; both variables contribute negatively to the annual change in this index. The insured unemployment rate (2.46% vs. 2.41% a year ago) and the total unemployment rate (5.3% vs. 4.4% a year ago) also contribute

negatively to the annual change in this index. In contrast to recent months, employment and unemployment are now both trending downward.

On a month-to-month basis, the March 2008 coincident employment index decreased to 111.3 from 112.0 a month earlier. This index's 12-month moving average growth rate (1.1%) declined from last month into negative territory. Total employment decreased by 6,800 persons. Nonfarm employment that decreased by 3,400 jobs from the revised, previous month's level, and the total insured unemployment rate that increased from 2.45% last month to 2.46% in March contribute negatively to the monthly change in this index. Connecticut's total unemployment rate increased from 5.0% to 5.3% from last month.

The DECD-ECRI Connecticut leading employment index that estimates future activity increased from 120.4 in March 2007 to 121.2 in March 2008. Manufacturing employment decreased by 2,200 jobs from 191,800 jobs a year ago to 189,600 jobs in March 2008, and is a negative contributor to the annual change in this index. Construction employment increased by 200 jobs over the year, the Hartford help-wanted index increased from a year ago, and, average weekly hours increased in manufacturing and construction from a year ago; all four are positive contributors to the annual change in this index. Housing permits decreased from 577 units in March 2007 to 500 in March 2008 and contribute negatively, as does Moody's Baa bond yield that increased from 6.82% to

6.89%, and the short duration unemployment rate that increased from 1.52% to 1.56% over the year. However, initial claims that decreased 0.2% from 16,296 a year ago is a positive contributor.

On a month-to-month basis, the leading employment index increased from 120.1 to 121.2 in March 2008. Manufacturing employment decreased by 100 jobs over the month (a negative contributor); however, construction employment increased by 1,500 jobs from 61,100 the prior month, contributing positively to the monthly change in this index. In addition, housing permits increased by 67 units or 15.5% (seasonally adjusted) and construction average weekly hours increased from 38.1 to 39.1, contributing positively to the monthly change in this index. Manufacturing average weekly hours edged up from 42.2 to 42.6, contributing positively to the monthly change in this index. The Hartford help-wanted index was unchanged over the month and initial claims decreased by 3,430. The short duration unemployment rate that increased slightly from 1.52 to 1.56 is a negative component of this index on a month-to-month basis.

The decline of the March coincident index from one year ago and one month ago confirms a current downturn in the Connecticut economy; however, the increase in the leading indicator on both a year-to-year and month-to-month basis, is a glimmer of hope that Connecticut may be faring better than the national economy in the stormy times ahead.

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