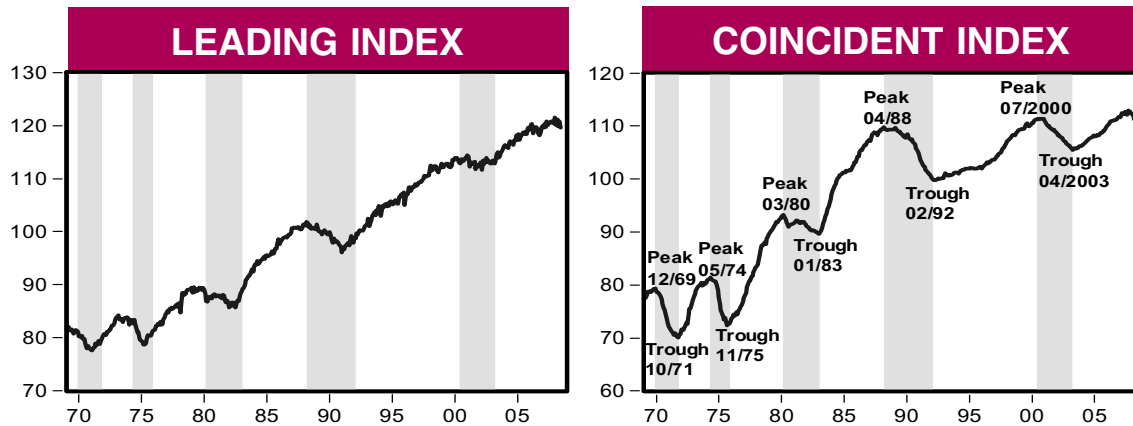


# EMPLOYMENT INDICATORS



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.

## Connecticut Skirting U.S. Recession?

### The National Outlook

Ken Goldstein, Labor Economist at The Conference Board, remarks, "There's no sign that improvement is just around the corner. The number of jobs fell in each of the first five months of the year. A prolonged period of slow economic growth and small employment declines is feeding a sense of frustration. Little wonder why consumer expectations are at an all-time low. Expect more of the same right through the summer and fall months."<sup>1</sup> The U.S. unemployment rate rose to 5.5 percent in June from 4.6 percent in June a year ago, and rose further to 5.7 percent in July. Housing units authorized by building permits in June were 23.9 percent ( $\pm 1.3\%$ ) below the revised number of June 2007 permits. A rising inflation rate of 5.0% in June may be the largest seen in a generation. The transitory fiscal stimulus and the Fed's actions have had little, if any, impact.

### 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 112.0 in June 2007 to 111.3 in June 2008. Total employment (from the household survey) increased 0.2% (4,676 persons in a labor force of 1.7 million) and nonfarm employment (from the employer survey) increased 0.3% from June 2007; both variables have a small positive influence on the annual change in this index. Connecticut's insured unemployment rate (2.64% vs. 2.40% a year ago) and total unemployment rate (5.4% vs. 4.4%

a year ago) contribute negatively to the annual change in this index.

On a month-to-month basis, the June 2008 coincident employment index at 111.3 was unchanged. This index's 12-month moving average growth rate (-1.1%) declined further into negative territory as it did in three of the last four months. Total employment that decreased by 600 persons and the total insured unemployment rate that increased from 2.53% last month to 2.64% in June contribute negatively to the monthly change in this index. Connecticut's total unemployment rate of 5.4% in June 2008 was unchanged. Only nonfarm employment (jobs) that increased by 3,600 jobs from the previous month's level is a positive contributor.

The DECD-ECRI Connecticut leading employment index that estimates future activity rose from 120.2 in June 2007 to 120.4 in June 2008. Manufacturing employment decreased by 2,700 jobs, from 192,900 jobs a year ago to 190,500 jobs in June 2008, contributing negatively to the annual change in this index. The Hartford help-wanted index declined from 10 in June a year ago to 7 in June 2008. Average weekly hours increased slightly in manufacturing and decreased in construction from a year ago acting as offsetting contributors. Moody's Baa bond yield increased from 6.70% to 7.07% in June 2008, short duration unemployment increased from 1.44% to 1.68% over the year, and initial claims increased 17.6% from 17,219 a year ago. Each contributes negatively to the annual change in this index. Housing

permits that increased by 25 units from 742 units in June 2007 to 767 units in June 2008 was the only positive contributor.

On a month-to-month basis, the leading employment index decreased from 120.8 to 120.4 in June 2008. Manufacturing employment increased by 1,300 jobs over the month (a positive contributor), and construction employment increased by 2,100 jobs from 69,200 the prior month to 71,300 (most likely in non-residential construction), both contributing positively to the monthly change in this index. Although housing permits increased by 25 units (3.4% seasonally adjusted or SA), construction average weekly hours edged down from 38.5 to 38.3, contributing negatively to the monthly change in this index. Manufacturing average weekly hours at 42.6 were unchanged from the previous month. The Hartford help-wanted index decreased over the month, initial claims increased by 82 (SA), the short duration unemployment rate increased from 1.64 to 1.68 (SA), and Moody's corporate bond yield increased from 6.93% to 7.07% with each being a negative contributor to this index on a month-to-month basis.

The leading index looks to be turning down portending rough weather ahead. Stay tuned.

### (Footnotes)

<sup>1</sup> Goldstein, Ken (2008). The Conference Board News Release. "The Conference Board Help-Wanted Advertising Index Dips Again." June 26, 2008.

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