

GDI Signals That Connecticut Is On An Economic Plateau



Signaling a stall in Connecticut's aggregate economic activity, the General Drift Indicator (GDI), slipped 0.1% between 2022-Q2 and 2022-Q3, from 96.3 to 96.2.

The nonfarm job count, which increased by 0.9%, provided the sole positive contribution to the index.

The Connecticut Manufacturing Production Index (CMPI), a big leader of the GDI's recent climb, abruptly lost its footing.

Facing headwinds from rising prices, income (less transfers) decreased slightly.

Overall, the GDI has risen 2.4% over the past year.

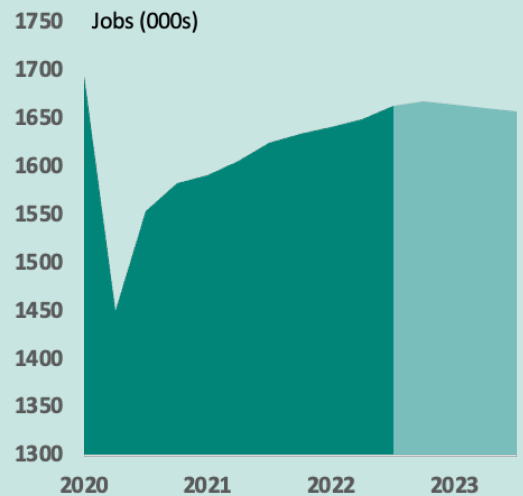
The General Drift Indicator (GDI) is a composite index of three coincident indicators of Connecticut economic activity: nonfarm jobs, real personal income less transfer payments, and the Connecticut Manufacturing Production Index (CMPI). It is constructed by averaging the movement of the individual components to smooth out the volatility of the individual series. The GDI is designed to provide a gauge of aggregate state economic activity and is indexed so that 2007 = 100.

2023 Could Prove Challenging for Connecticut Jobs

Connecticut employers beefed up their payrolls by 14,600 workers in 2022-Q3 in a flurry of hiring that was nearly three times brisker than anticipated. That momentum should carry forward into 2022-Q4 with the state potentially adding another 4,000 jobs.

But Connecticut's employment outlook is based both on recent trends in the state's labor market and on prospects for U.S. growth. And challenges to growth abound: rising interest rates to tame inflation, residual Covid supply kinks, new commodity dislocations from Russia's war on Ukraine.

If, as expected, the nation's economy slows further in the new year, Connecticut's jobs engine could shift into reverse. The likely in-state fallout of several thousand fewer jobs each quarter appears modest for now, but an outright U.S. recession could multiply the losses severalfold.



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Quarter	GDI (2007 = 100)	Actual Job Changes	Prior Job Change Forecast	New Job Change Forecast
2021-Q4	95.1	9,800		
2022-Q1	96.2	6,700		
2022-Q2	96.3	8,300		
2022-Q3	96.2	14,600	5,100	
2022-Q4			-900	4,000
2023-Q1			-3,900	-3,200
2023-Q2			-3,000	-3,200
2023-Q3				-4,300