

## Connecticut's GDI Stuck in Neutral For Another Quarter



The General Drift Indicator (GDI) slipped out of gear in 2022-Q2 and has remained stuck in neutral since then. The 2022-Q4 index value of 95.6 is unchanged from its 2022-Q3 level.

The nonfarm job count increased by 0.2%, providing an important backstop for the GDI. And despite rising prices, forecasted real

income (less transfers) showed a slight 0.1% increase.

But the Connecticut Manufacturing Production Index (CMPI), dropped 0.5%, offsetting the positive contributions of the other index components.

Overall, the GDI has risen 0.6% 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.

## Connecticut Outlook Improves, Threat of Job Losses Remains

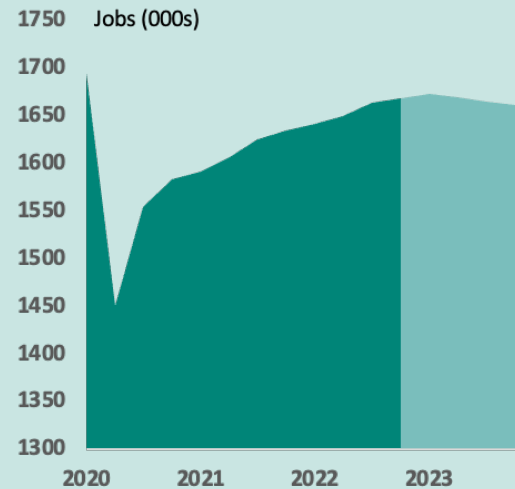
As expected, the pace of Connecticut job growth slowed to 4,000 in 2022-Q4, but with the U.S. economy showing surprising resilience, the outlook for Connecticut appears a bit better now than it did one quarter ago.

Connecticut's employment outlook is

based on the internal dynamics of the state's labor market and on trends in the U.S. economy. With firms eager for workers, the state's internal dynamics look good, conducive to job gains of 2,700 quarterly. But faster-than-expected U.S. GDP growth in 2022-Q4 ahead of surging

January payrolls means Connecticut jobs could grow by twice that number in 2023-Q1.

After that, Connecticut should still expect to see some shrinking job totals. U.S. prospects may have brightened, but compared to last year they remain relatively dim.



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Quarter	GDI (2007 = 100)	Actual Job Changes	Prior Job Change Forecast	New Job Change Forecast
2022-Q1	96.2	6,700		
2022-Q2	96.0	8,300		
2022-Q3	95.6	14,500		
2022-Q4	95.6	4,000	4,000	
2023-Q1			-3,200	5,400
2023-Q2			-3,200	-4,500
2023-Q3			-4,300	-4,200
2023-Q4				-3,400