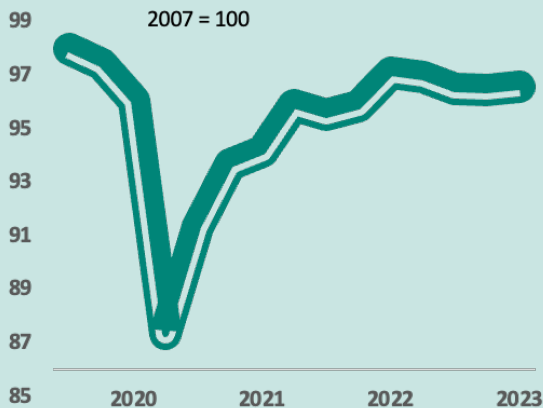


## Connecticut's General Drift Indicator is Still Drifting Along



The General Drift Indicator (GDI) has made little headway since 2022-Q2 as it drifts between an index value of 96.0 and 97.0. While jobs have grown, output and income have lost ground, hindering the GDI's progress.

At 96.6 in 2023-Q1 the GDI was up barely 0.1% from 2022-Q4. Nonfarm jobs in-

creased 0.8%, but with prices outpacing earnings, real income (less transfers) is forecasted to have dipped 0.1%. What's more, manufacturing activity, measured by the CMPI, slipped 0.7%, nearly erasing all the GDI's remaining momentum.

The GDI has dropped 0.5% 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.

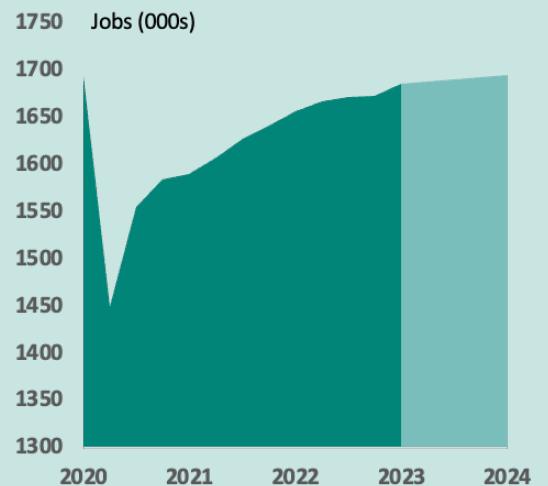
## Expect Connecticut Jobs to Continue to Defy Expectations

Real earnings may be lagging and manufacturing output may be flagging but state employers are hiring far faster than anticipated. The job count grew by 13,300 in 2023-Q1, more than double the projected number. Going forward, expect Connecticut jobs to continue to defy earlier expectations.

The *Green Sheet* jobs forecast is the product of the internal dynamics of the state's labor market and the outlook for the national economy. One reason Connecticut has (mostly) beat the odds: previous forecasts were built on the unrealized assumption of a precipitous drop in U.S. job gains advanced by profes-

sional forecasters at the Philly Fed.

This time the forecast simply assumes that the gradual slowing trend in U.S. activity will continue, which should result not in jobs losses, but in modest job gains of about 2,400 in each of the next several quarters.



### GREEN SHEET SCORECARD

Quarter	GDI (2007 = 100)	Actual Job Changes	Prior Job Change Forecast	New Job Change Forecast
2022-Q2	96.9	10,000		
2022-Q3	96.5	5,000		
2022-Q4	96.5	300		
2023-Q1	96.6	13,300	5,400	
2023-Q2			-4,500	2,300
2023-Q3			-4,200	2,300
2023-Q4			-3,400	2,400
2024-Q1				2,500