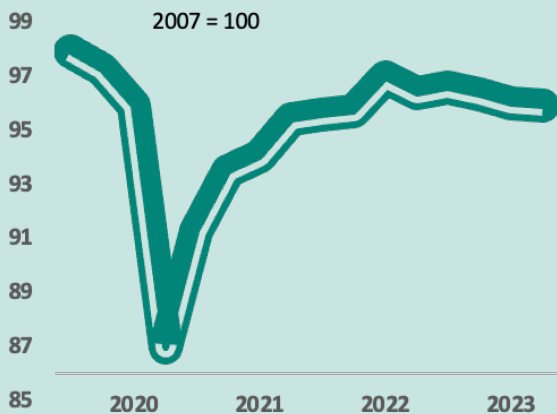


General Drift Indicator Stalls for Another Quarter



Adrift for fully two years, Connecticut's General Drift Indicator (GDI) remained stalled in 2023-Q2. Jobs were up, and income was too, but the drag from manufacturing output negated those increases.

The GDI clocked in at 96.0 in 2023-Q2, unchanged from its revised reading in 2023-Q1. Nonfarm jobs

rose 0.2%, and with price increases dropping below the growth in earnings, real income (less transfers) is also forecasted to have advanced 0.2%. Manufacturing activity, however, slipped by 1.2%, canceling out the positive effects of jobs and income.

Over the past year the GDI is down 0.5%.

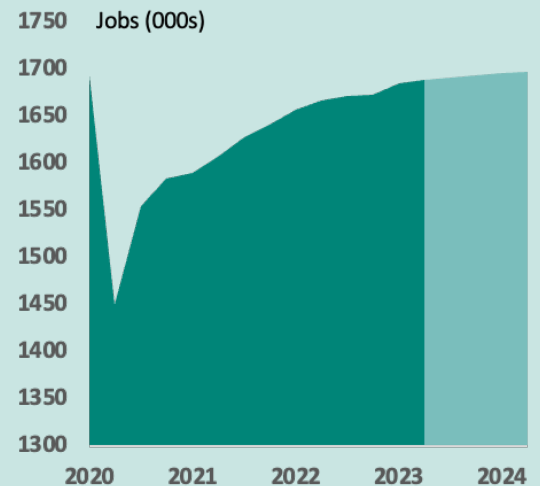
The General Drift Indicator (GDI) is a composite index of three coincident indicators of Connecticut economic activity: nonfarm jobs, real personal income less transfer payments, and the Connecticut Manufacturing Production Index (CMPI). It is constructed by averaging the movement of the individual components 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.

CT Jobs Again Beat Expectations; More Surprises Ahead?

As projected, Connecticut job growth slowed in 2023-Q2, but the gains still exceeded expectations. Employers added 3,800 jobs in the quarter, 1,500 more than anticipated. So even as the national and state economies cool, Connecticut's labor market is showing surprising resilience.

The *Green Sheet* forecast depends in part on the momentum in the state's labor market, which alone could fuel quarterly job gains of 3,000. The forecast accounts for U.S. developments, too, which professional forecasters at the Philly Fed think will lead to an abrupt slowdown in U.S. job gains in the

current tight money environment, and by implication, job losses in Connecticut. But the Philly forecasters have missed the mark of late, so the current forecast envisions a continued gradual U.S. slowdown, suggesting state job gains of between 1,500 and 2,900 in each of the upcoming quarters.



GREEN SHEET SCORECARD

Quarter	GDI (2007 = 100)	Actual Job Changes	Prior Job Change Forecast	New Job Change Forecast
2022-Q3	96.6	5,000		
2022-Q4	96.4	300		
2023-Q1	96.0	12,400		
2023-Q2	96.0	3,800	2,300	
2023-Q3			2,300	2,800
2023-Q4			2,400	2,900
2024-Q1			2,500	2,000
2024-Q2				1,500