

The General Drift Indicator Notches Another Gain



Based on the latest data for jobs and manufacturing output, and on projections for personal income, Connecticut's General Drift Indicator (GDI) notched another gain in 2023-Q4.

In spite of a slowdown in manufacturing activity, the GDI inched up 0.1%, to 96.2 in 2023-Q4. Nonfarm jobs, long a backstop

against the erosion of the GDI, grew 0.3% between 2023-Q3 and 2023-Q4. And real income (less government transfer payments) is forecasted to have grown 0.3% too. Together, these indicators offset the 0.4% decline in factory output by enough to move the GDI up a bit.

Year over year, the GDI has advanced 0.7%.

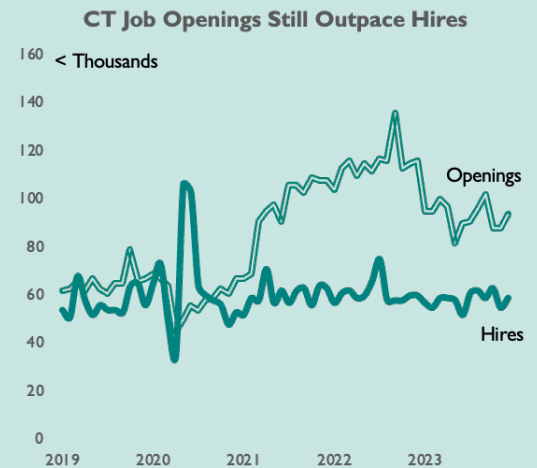
The General Drift Indicator (GDI) is a composite index of three coincident indicators of Connecticut economic activity: nonfarm jobs, real personal income less transfer payments, and the Connecticut Manufacturing Production Index (CMPI). It is constructed by averaging the movement of the individual components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

Offering Promise for 2024, Jobs End 2023 on a High Note

In an auspicious ending for the year, Connecticut employers capped off 2023 by adding 5,000 jobs in the fourth quarter, significantly exceeding expectations. What's more, job openings are running ahead of hires by a 3 to 2 ratio, signaling that firms are still struggling to fill open positions (chart).

And despite a slew of interest rate hikes executed by the Fed to rein in inflation, the national economy has shown surprising resilience. Forecasters with the Philly Fed have upwardly revised their outlook for the U.S. labor market in each of the last three quarterly surveys.

Given state trends and the brightening U.S. outlook, the *Green Sheet* forecast anticipates a strong start to 2024 as employers add a projected 3,500 new jobs to their payrolls. Job gains are on track to total 12,000 over the four-quarter forecast horizon, compared to 11,000 in the previous forecast.



GREEN SHEET SCORECARD

Quarter	GDI (2007 = 100)	Actual Job Changes	Prior Green Sheet Job Change Forecast	New Green Sheet Job Change Forecast
2023-Q1	95.5	12,400		
2023-Q2	95.6	4,500		
2023-Q3	95.8	3,300		
2023-Q4	96.3	5,000	2,800	
2024-Q1			2,800	3,500
2024-Q2			2,800	2,900
2024-Q3			2,800	2,800
2024-Q4			2,800	2,800