

Connecticut's GDI Resumes Its Upward Trajectory



Elevated by renewed strength in its manufacturing sector, Connecticut's General Drift Indicator (GDI) resumed its upward trajectory in 2024-Q3. The GDI advanced 0.4% between 2024-Q2 and 2024-Q3 thanks largely to a 1.5% jump in the CMPI, an index of manufacturing activity. Meanwhile, growth in nonfarm jobs and in

real personal income slowed to a crawl, with each gaining just 0.1% between the quarters. The uptick in factory activity marked the best showing for the industrial sector in over two years. The CMPI is, however, notoriously volatile and subject to revision. Compared with the same period last year, the GDI is up 1.3%.

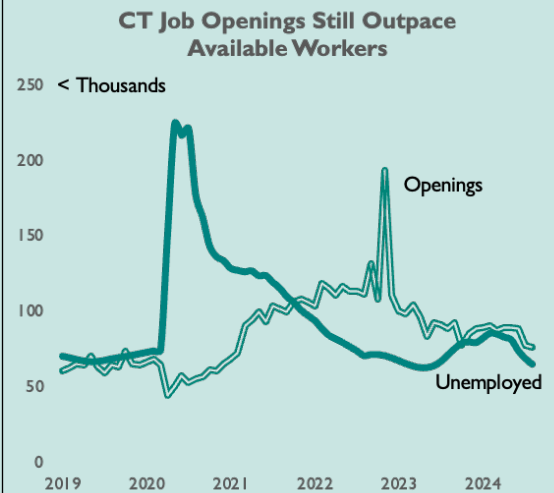
The General Drift Indicator (GDI) is a composite index of three coincident indicators of Connecticut economic activity: nonfarm jobs, real personal income less transfer payments, and the Connecticut Manufacturing Production Index (CMPI). It is constructed by averaging the movement of the individual components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

Connecticut employment growth slowed abruptly in 2024-Q3 as employers added scarcely 800 new posts, a figure far short of expectations. Job openings dropped to the lowest level since the end of the pandemic, though they still exceeded the number of adult residents looking for work,

which at about 3% of the labor force, is near historic lows (chart). The labor market cooldown is not unique to Connecticut: job growth nationally has slowed to half its pace of last year and to a quarter of the year before. Given the latest trends in Connecticut hiring as well as analysts' projections of

additional slowing in job growth nationally, Connecticut will struggle to add 1,000 new jobs in each of the next several quarters. Continued monetary easing could brighten the outlook for Connecticut, but the prospect of widespread tariffs and an ensuing trade war could darken it even more.



GREEN SHEET SCORECARD

| Quarter | GDI (2007 = 100) | Actual Job Changes | Prior Green Sheet Job Change Forecast | New Green Sheet Job Change Forecast |
|---------|------------------|--------------------|---------------------------------------|-------------------------------------|
| 2023-Q4 | 97.3 | 1,100 | | |
| 2024-Q1 | 97.9 | 4,800 | | |
| 2024-Q2 | 98.0 | 6,600 | | |
| 2024-Q3 | 98.4 | 800 | 3,400 | |
| 2024-Q4 | | | 3,000 | 1,200 |
| 2025-Q1 | | | 3,100 | 1,000 |
| 2025-Q2 | | | 2,800 | 900 |
| 2025-Q3 | | | | 800 |