

The GDI Hits a Roadblock on the Route to Recovery



Connecticut's General Drift Indicator (GDI) hit a roadblock on the route to recovery despite healthy increases in both non-farm jobs and real personal income. The GDI slipped 0.4% between 2024-Q1 and 2024-Q2, owing to weakness in the state's manufacturing sector. The CMPI, an index of manufacturing activity, dropped by 3% in the

quarter. This measure of factory activity, however, is the most volatile component of the GDI. The better news is that nonfarm jobs grew by 0.4%, and personal income gains are projected to have outpaced inflation, allowing for a 0.2% increase in real income. Compared with the same period last year, the GDI is down 0.2%.

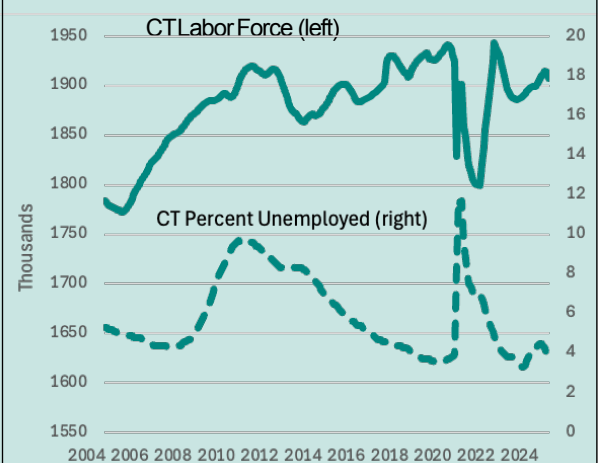
The General Drift Indicator (GDI) is a composite index of three coincident indicators of Connecticut economic activity: nonfarm jobs, real personal income less transfer payments, and the Connecticut Manufacturing Production Index (CMPI). It is constructed by averaging the movement of the individual components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

Connecticut employers added a remarkable 6,600 jobs in the second quarter of 2024, far exceeding expectations. Job openings, which had been trending downward as firms have replenished their workforces over the last several years, rebounded a bit in the first half of the year. But available workers

remain in short supply. The size of the state's labor force has yet to return to pre-pandemic levels while the number unemployed is near record lows (chart). Given the recent dynamics in the state's labor market as well as the prospects for continued job growth nationally, particularly if the Fed be-

gins to ease up on interest rates, Connecticut could add about 3,000 new jobs in each of the next several quarters. While the potential for continued healthy job gains exists, the vexing challenge for employers remains finding a sufficient number of workers willing to fill all the new openings.



GREEN SHEET SCORECARD

Quarter	GDI (2007 = 100)	Actual Job Changes	Prior Green Sheet Job Change Forecast	New Green Sheet Job Change Forecast
2023-Q3	95.9	4,700		
2023-Q4	95.8	1,100		
2024-Q1	96.0	4,800		
2024-Q2	95.6	6,600	2,700	
2024-Q3			1,000	3,400
2024-Q4			1,000	3,000
2025-Q1			1,000	3,100
2025-Q2				2,800