

Economic Outlook

The U.S. economy continues to remain strong with a hot labor market, continued job growth, increased wages, and a steady unemployment rate. The summer saw increases in travel and an increase in leisure and hospitality employment. Despite job growth and continued increases in personal income, personal consumption expenditures continue to increase. The personal savings rate continued to decrease for the fourth straight month.

Consumer confidence continued to drop in October. Current events such as the war between Israel and Hamas, a stalled selection of a new congressional leader, continued auto workers strike, restart of student loan payments, and increase in long-term interest rates has many Americans concerned. The Federal Reserve has expressed that another interest rate increase is likely before the calendar year ends and there are fears of a government shutdown in November.

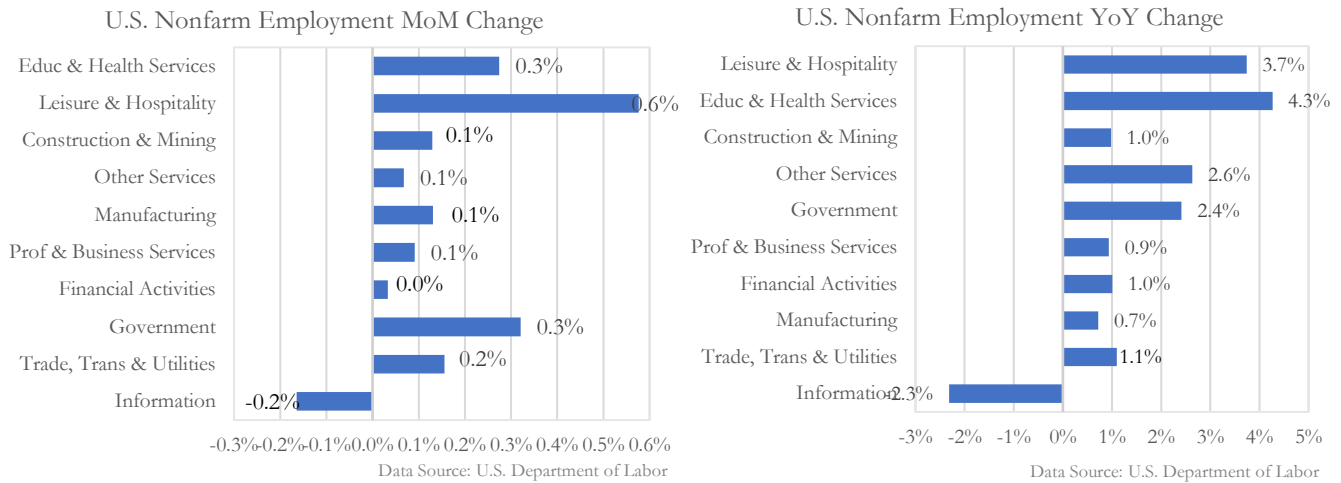
Labor Market Statistical Summary

United States	Sep-23	Aug-23	Sep-22
Unemployment Rate	3.8%	3.8%	3.5%
Total Unemployed	6,360,000	6,355,000	5,770,000
Total Nonfarm Employment	161,570,000	156,232,000	153,332,000
Job Growth	+336,000	+227,000	+350,000
Job Openings to Unemployed Ratio	-	1.51	1.39
Quit Rate	-	2.3%	3.4%
Average Monthly Initial Unemployment Claims	209,250	237,250	190,500
Labor Force Participation Rate	62.8%	62.8%	62.3%
Average Hourly Wage	\$33.88	\$33.81	\$32.53
Connecticut	Sep-23	Aug-23	Sep-22
Unemployment Rate	3.5%	3.5%	4.0%
Total Unemployed	65,600	67,300	75,900
Total Nonfarm Employment	1,694,500	1,691,300	1,673,400
Job Growth	+3,200	+100	+1,300
Job Openings to Unemployed Ratio	-	1.3	1.4
Quit Rate	-	1.4%	3.1%
Average Monthly Initial Unemployment Claims	2,659	3,350	2,583
Labor Force Participation Rate	64.0%	64.1%	65.0%
Average Hourly Wage	\$36.04	\$35.67	\$35.06

National Job Growth

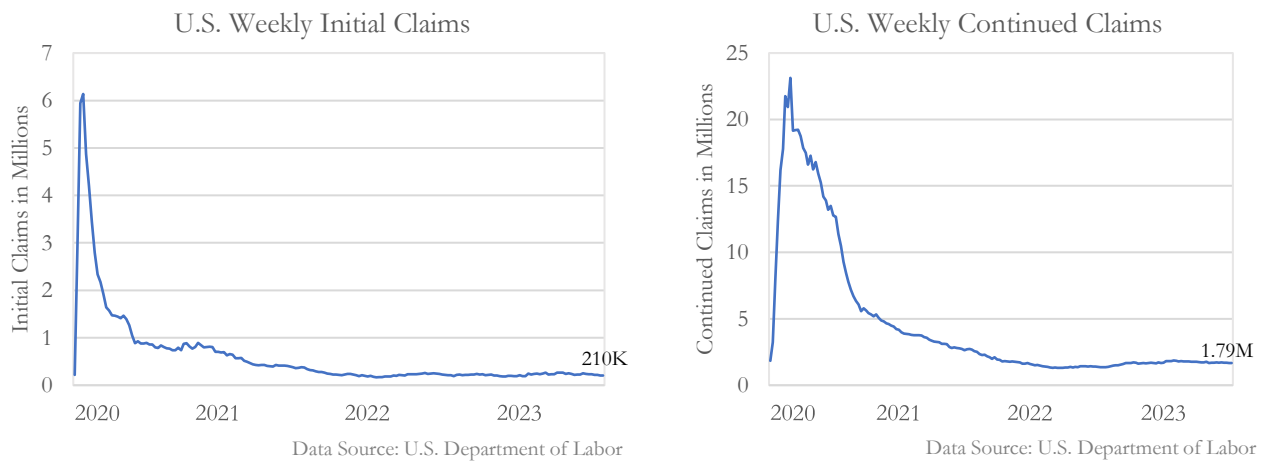
The Bureau of Labor Statistics reported the U.S. added 336,000 jobs in September, with the largest increase in Leisure & Hospitality (+96,000). Year-over-year the U.S. added 3,065,000 jobs, and the two sectors with the largest growth were Education and Health Services (+1,048,000) and Leisure and Hospitality (+604,000). The following graphs display the month-over-month and year-

over-year net change in nonfarm employment by sector. See Appendix 1 for detailed industry sector data.



National Unemployment

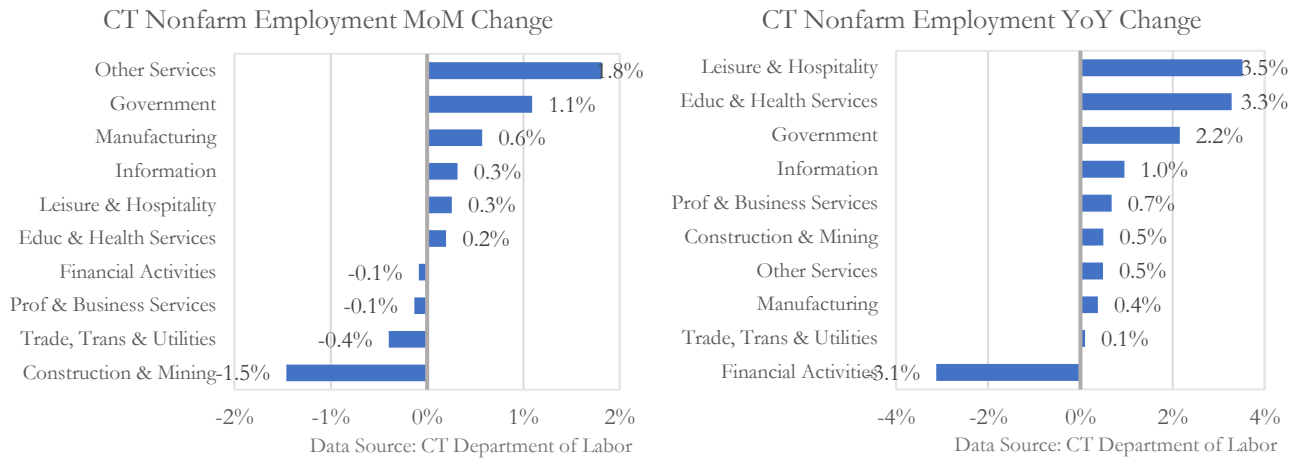
The Bureau of Labor Statistics reported the U.S. unemployment rate was 3.8% in September, unchanged from 3.8% in August. The total number of unemployed people in September was essentially unchanged at 6.4 million. For the week ending October 21, seasonally adjusted initial claims totaled 210,000. For the week ending October 14, seasonally adjusted continued claims totaled 1,790,000.



Connecticut Job Growth

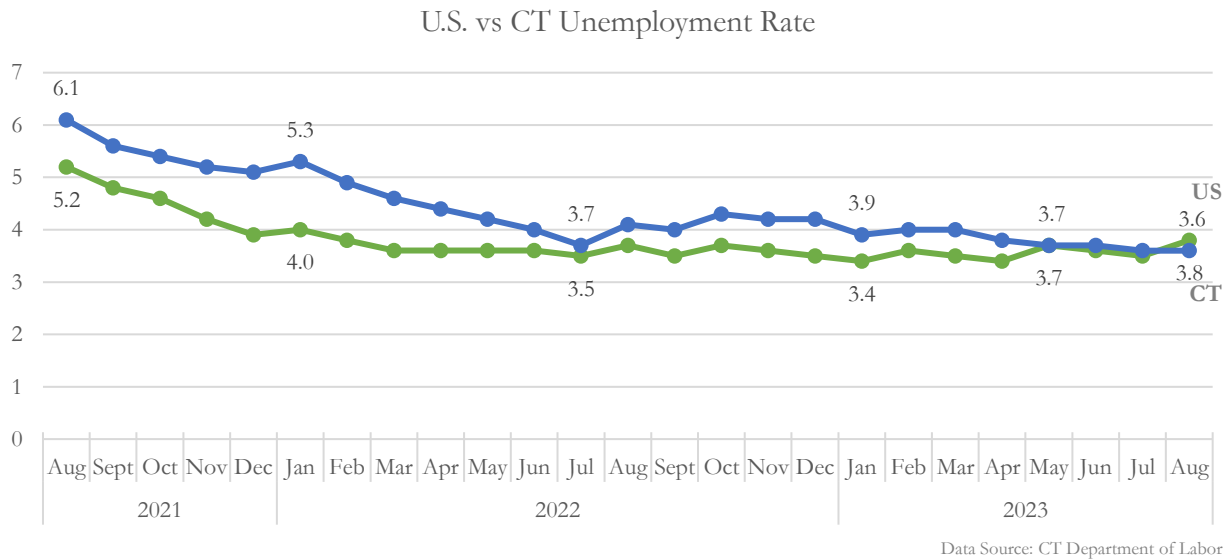
Connecticut payroll was up 3,200 jobs in September, while August job increases were significantly revised to 100 jobs. The revision is primarily due to the timing of school employment data, with job gains modeled in the initial August report actually occurring in September. According to the Department of Labor, healthcare is now close to fully recovered from the pandemic shutdown and businesses across the State are still looking to fill tens of thousands of jobs across industry sectors and at all skill levels. Six out of the 10 major industry sectors added jobs in September while 4

declined. The following graphs display the month-over-month and year-over-year net change in nonfarm employment by sector. See Appendix 2 for detailed industry sector data.



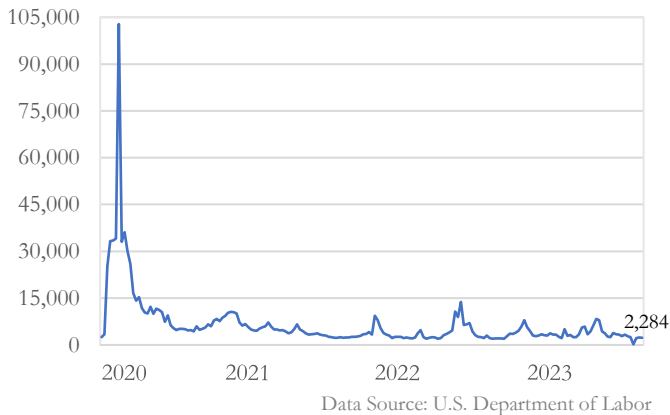
Connecticut Unemployment

The Connecticut unemployment rate remained at 3.5% for September 2023, below the national level of 3.8%. The total number of unemployed people in August decreased by 1,700 to 65,600.

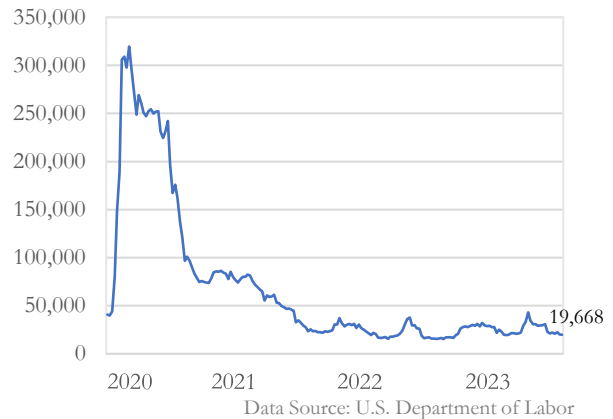


For the week ending October 14, seasonally adjusted initial claims totaled 2,284 and seasonally adjusted continued claims totaled 19,668.

Connecticut Weekly Initial Claims



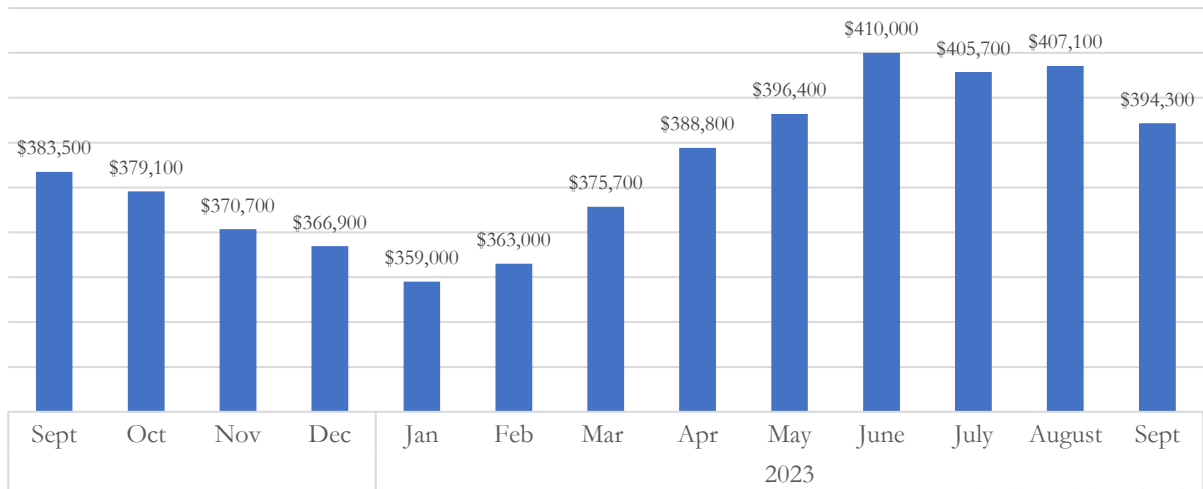
Connecticut Weekly Continued Claims



National Housing & Rental Market

The National Association of Realtors (NAR) reported existing-home sales dropped 2.0% in September and were down 15.4% year-over-year. The median existing-home sales price was \$394,300 in August, rising 2.8% from a year ago, marking the third consecutive month of year-over-year price increases. The inventory of unsold existing homes climbed 2.7% from the previous month to 1.13 million at the end of September, or the equivalent of 3.4 months’ supply at the current monthly sales price.

Median Existing Homes Sales Price



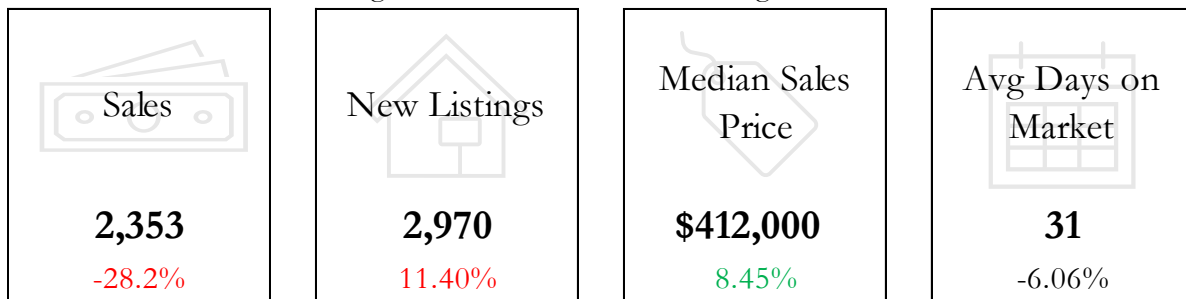
According to Apartment List’s November 2023 Rent Report, the rental market has slow season has continued with median rent falling for the third month in a row by 0.7% to \$1,364. On average apartments across the country are 1.2% cheaper than they were one year ago. Despite the cooldown, the national median rent is still nearly \$250 per month more expensive than it was just three years ago. Rents fell month over month in September in 81 of the country’s 100 largest cities.

Despite a recent slowdown in new building permits being issued, the number of multifamily units under construction remains near record levels. The vacancy index stands at 6.4%, representing a return to pre-pandemic levels. As developers continue to build the supply of new apartment inventory should remain strong in the year ahead.

Connecticut Housing & Rental Market

Berkshire Hathaway HomeServices reported year-over-year sales of single-family homes decreased 28.17% and new listings were down 11.40% in September. Median sales price increased by 8.45% and median list price increased by 6.66%. Average days on the market decreased 2 days compared to a year ago from 33 days in September 2022 to 31 days in September 2023. On average, sales prices came in at 103.2% of list prices. See Appendix 3 for detailed Connecticut Housing Market data.

August 2023 Connecticut Housing Market



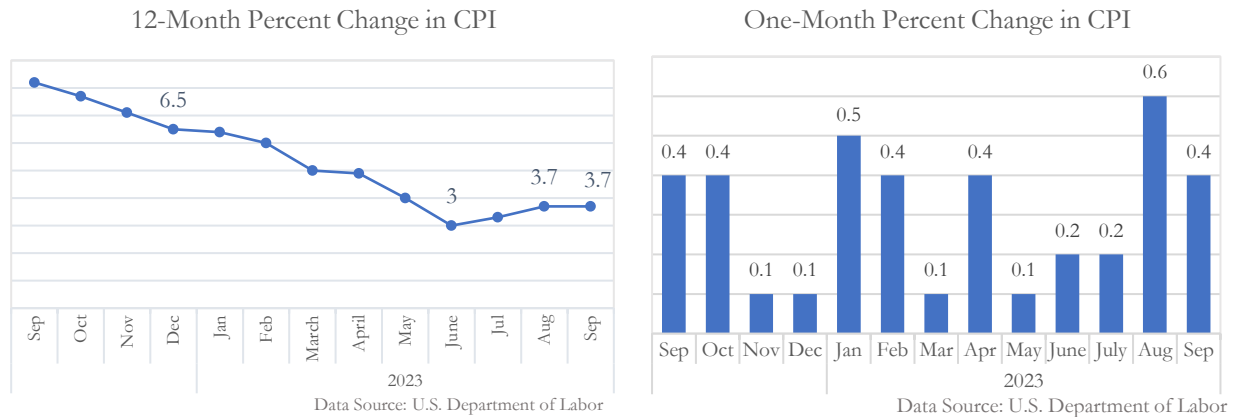
Data Source: Berkshire Hathaway HomeServices

The median rent for all bedroom and all property types in Connecticut is \$1,8950, according to Zillow Rental Data. This is 6% lower than the national median and down month over month and year over year. A report from the National Low-Income Housing Coalition analyzing the affordability of each state found that a minimum wage worker in Connecticut would have to work 69 hours a week, at \$15 per hour just to afford a modest one-bedroom apartment.

Inflation

The Bureau of Labor Statistics reported the Consumer Price Index (CPI) decreased to 0.4% in September on a seasonally adjusted basis, after increasing to 0.6% in August. Over the last 12

months, the all items expenditure category maintained at 3.7%, matching the August figure.



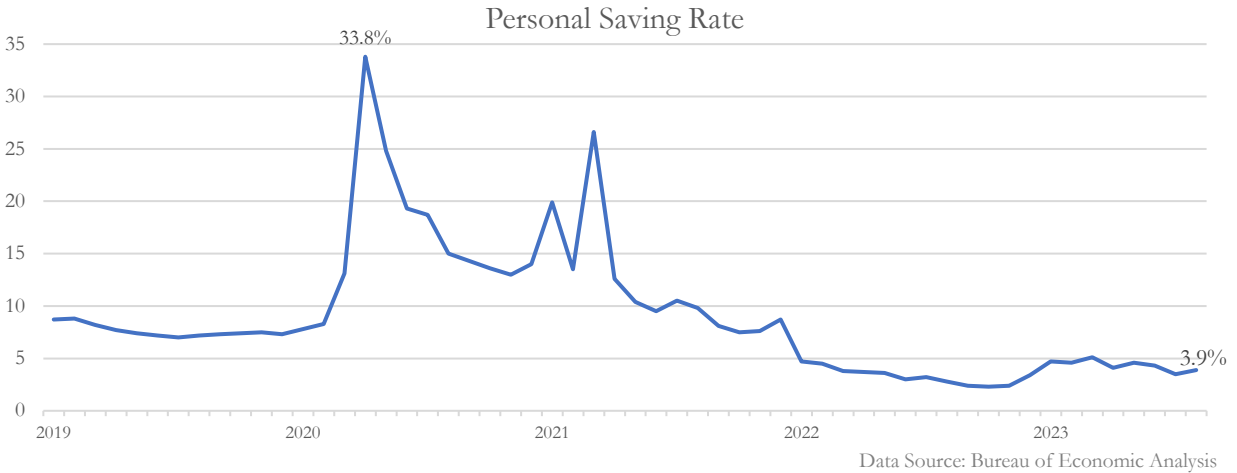
The Federal Reserve held interest rates steady in September but warned that another increase may be needed if underlying inflationary data doesn't improve. However, economic projections have changed since the beginning of this year with the Fed expecting strong growth, low unemployment, and slowed inflation, without the pain of a recession. The central bank has already raised its benchmark interest rate from near zero in early 2022 to over 5.5% in the most aggressive series of rate hikes since the early 1980's. The next Federal Reserve meeting is scheduled for November 1, 2023.

Consumer Spending, Saving & Debt

The Bureau of Economic Analysis reported Personal Income increased \$77.8 billion (0.3%) in September, continued increases in compensation, personal income receipts on assets, rental income of persons, and proprietors' income were partly offset by a decrease in personal current transfer receipts.

Personal Consumption Expenditures (PCE) increased \$138.7 billion, reflecting a \$96.2 billion increase in spending for services and a \$42.5 billion increase in spending for goods. Within services, the largest contributors to the increase were other services (led by international travel), housing and utilities, health care, and transportation services (led by air travel). Within goods, other nondurable goods and motor vehicles and parts were the leading contributors to the increase.

The personal-saving rate was 3.4% in September, compared with 4.0% in August. This represents a 4 month decline from a peak in May of 5.3%.

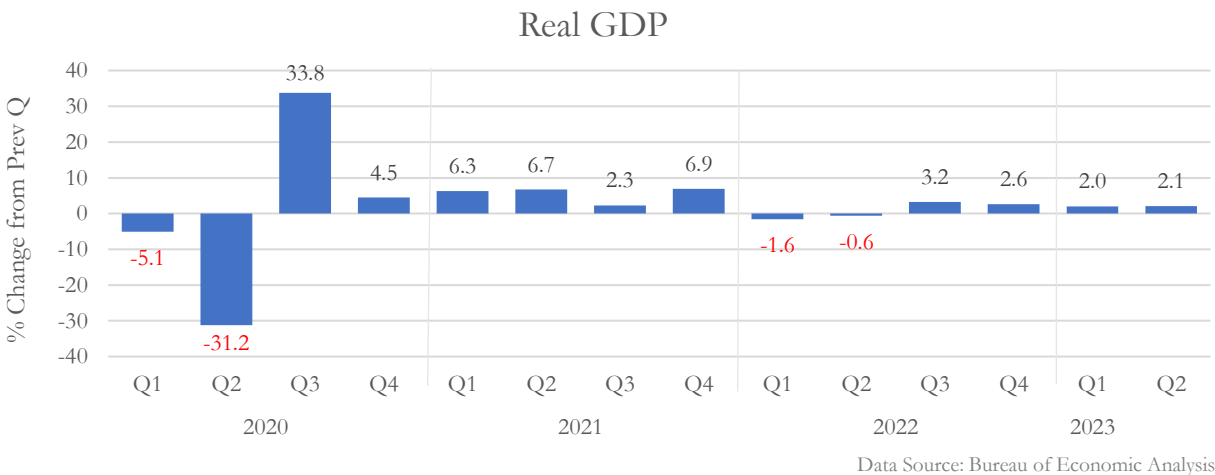


After 3 years of student loan forbearance, borrowers are required to start making payments again beginning October 2023. Many borrowers had hoped for Biden’s loan forgiveness plan to take effect, however the Supreme Court struck down the program in June.

National GDP

The Bureau of Economic Analysis released the third estimate of U.S. real Gross Domestic Product (GDP), which increased at an annual rate of 2.1% in the second quarter of 2023. The update primarily reflected a downward revision to consumer spending that was partly offset by upward revisions to nonresidential fixed investment, exports, and inventory investment. Imports, which are a subtraction in the calculation of GDP, were revised down.

Compared to the first quarter, the deceleration in real GDP in the second quarter primarily reflected a deceleration in consumer spending, a downturn in exports, and a deceleration in federal government spending that were partly offset by an upturn in private inventory investment, an acceleration in nonresidential fixed investment, and a smaller decrease in residential investment. Imports turned down.



Stock Market and State Revenue

As of October 30, the NASDAQ, S&P 500, and Dow Jones Industrial Averages were down 3.3%, 2.8%, and 1.7% respectively for the month. The NASDAQ and S&P 500 were up 22.19%, 8.53% year-to-date. The Dow Jones Industrial Averages was down 0.66% year-to-date.

The performance of the stock market and overall economy has a significant impact on Connecticut tax revenue. In a typical year, estimated and final income tax payments account for approximately 25-30% of total state income tax receipts, but can be an extremely volatile revenue source. FY 2024 results show estimated and final payments are down a combined 19.2% compared with the same period from FY 2023, though it is still very early in the fiscal year.

Consumer Confidence

The Conference Board reported the U.S. consumer confidence index declined again in October, and now stands at 102.6 (1985=100), down from the revised 104.3 in September. The Present Situation Index, which is based on consumers' assessment of current business and labor market conditions, declined to 143.1 (1985=100) from 146.2 last month. The Expectations Index, which is based on consumers' short-term outlook for income, business, and the job market, declined to 75.6 (1985=100) from 76.4 in September. The Expectations index is still below 80 which is the level that historically signals a recession within the next year.

The survey showed that consumers continued to be preoccupied with rising prices in general, and for groceries and gasoline in particular. Consumers also expressed concerns about the political situation and higher interest rates. Worries around war and conflicts also rose, amid the recent turmoil in the Middle East.

Appendix 1: National Employment Data by Sector

U.S. Nonfarm Employment by Sector							
Sector	September	August	September	MoM		YoY	
	2023	2023	2022	Change	Rate	Change	Rate
Information	3,036,000	3,041,000	3,108,000	-5,000	-0.2%	-72,000	-2.3%
Trade, Trans & Utilities	28,898,000	28,853,000	28,584,000	45,000	0.2%	314,000	1.1%
Government	22,862,000	22,789,000	22,323,000	73,000	0.3%	539,000	2.4%
Financial Activities	9,157,000	9,154,000	9,066,000	3,000	0.0%	91,000	1.0%
Prof & Business Services	23,019,000	22,998,000	22,806,000	21,000	0.1%	213,000	0.9%
Manufacturing	13,011,000	12,994,000	12,918,000	17,000	0.1%	93,000	0.7%
Other Services	5,884,000	5,880,000	5,733,000	4,000	0.1%	151,000	2.6%
Construction & Mining	8,611,400	8,600,300	8,528,100	11,100	0.1%	83,300	1.0%
Leisure & Hospitality	16,761,000	16,665,000	16,157,000	96,000	0.6%	604,000	3.7%
Educ & Health Services	25,587,000	25,517,000	24,539,000	70,000	0.3%	1,048,000	4.3%

Data Source: US Department of Labor

Appendix 2: Connecticut Employment Data by Sector

CT Nonfarm Employment by Sector

Sector	September	August	September	MoM		YoY	
	2023	2023	2022	Change	Rate	Change	Rate
Other Services	61,900	60,800	61,600	1,100	1.8%	300	0.5%
Leisure & Hospitality	155,900	155,500	150,600	400	0.3%	5,300	3.5%
Financial Activities	114,600	114,700	118,300	-100	-0.1%	-3,700	-3.1%
Government	232,100	229,600	227,200	2,500	1.1%	4,900	2.2%
Trade, Trans & Utilities	298,900	300,100	298,600	-1,200	-0.4%	300	0.1%
Educ & Health Services	356,000	355,300	344,700	700	0.2%	11,300	3.3%
Manufacturing	158,700	157,800	158,100	900	0.6%	600	0.4%
Prof & Business Services	223,500	223,800	222,000	-300	-0.1%	1,500	0.7%
Information	31,700	31,600	31,400	100	0.3%	300	1.0%
Construction & Mining	60,700	61,600	60,400	-900	-1.5%	300	0.5%

Data Source: CT Department of Labor

Appendix 3: Connecticut Housing Market Statistics

Connecticut Market Summary						
	September-23	September-22	% Change	YTD 2023	YTD 2022	% Change
New Listings	2,970	3,352	11.4%	26,268	34,492	-23.8%
Sold Listings	2,353	3,276	-28.2%	20,745	27,588	-24.8%
Median List Price	\$399,900	\$374,925	6.7%	\$389,900	\$369,900	5.4%
Median Selling Price	\$412,000	\$379,900	8.5%	\$400,000	\$380,000	5.3%
Median Days on the Market	13	20	-35.0%	15	16	-6.3%
Average Listing Price	\$627,696	\$559,145	12.3%	\$631,720	\$583,955	8.2%
Average Selling Price	\$636,115	\$561,629	13.3%	\$639,449	\$596,532	7.2%
Average Days on the Market	31	33	-6.1%	35	36	-2.8%
List/Sell Price Ratio	103.2%	101.3%	1.9%	103.0%	103.0%	0.0%

Data Source: Berkshire Hathaway HomeServices