

Economic Outlook

The U.S. Economy continues to show remarkable resilience with continued job growth, increased wages, a steady unemployment rate, and increased consumer spending in the third quarter of 2023 driving GDP growth to an estimated annual rate of 5.2%. The personal savings rate increased slightly, breaking the trend of a previous four-month decline.

Consumer confidence increased slightly in November, following three consecutive months of decline. This increase was the result of improved confidence about future business conditions, job availability, and income. Additionally, based on available data and current economic trends, it is unlikely that the Federal Reserve will raise interest rates again this calendar year. Moreover, there is optimism that future rate cuts may be coming in calendar year 2024. However, current events such as the war between Israel and Hamas, the restart of student loan payments, rising prices in general, and high interest rates continue to have many Americans concerned.

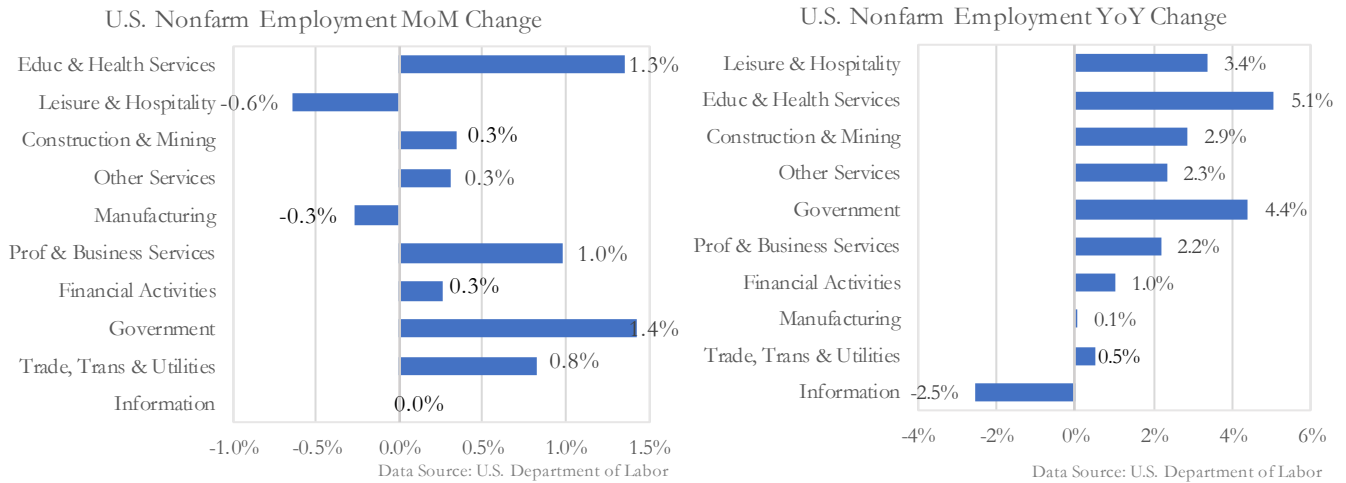
Labor Market Statistical Summary

United States	Oct-23	Sep-23	Oct-22
Unemployment Rate	3.9%	3.8%	3.7%
Total Unemployed	6,506,000	6,360,000	6,053,000
Total Nonfarm Employment	156,923,000	156,773,000	154,006,000
Job Growth	+150,000	+297,000	+324,000
Job Openings to Unemployed Ratio	-	1.3	1.4
Quit Rate	-	2.3%	2.6%
Average Monthly Initial Unemployment Claims	210,750	209,250	202,250
Labor Force Participation Rate	62.7%	62.8%	62.2%
Average Hourly Wage	\$34.00	\$33.93	\$32.66
Connecticut	Oct-23	Sep-23	Oct-22
Unemployment Rate	3.5%	3.5%	4.0%
Total Unemployed	65,700	65,500	76,800
Total Nonfarm Employment	1,698,700	1,695,000	1,669,400
Job Growth	+3,700	+3,700	-4,000
Job Openings to Unemployed Ratio	-	1.57	1.25
Quit Rate	-	1.8%	3.1%
Average Monthly Initial Unemployment Claims	2,253	2,387	2,389
Labor Force Participation Rate	64.1%	64.1%	64.9%
Average Hourly Wage	\$36.88	\$36.00	\$35.33

National Job Growth

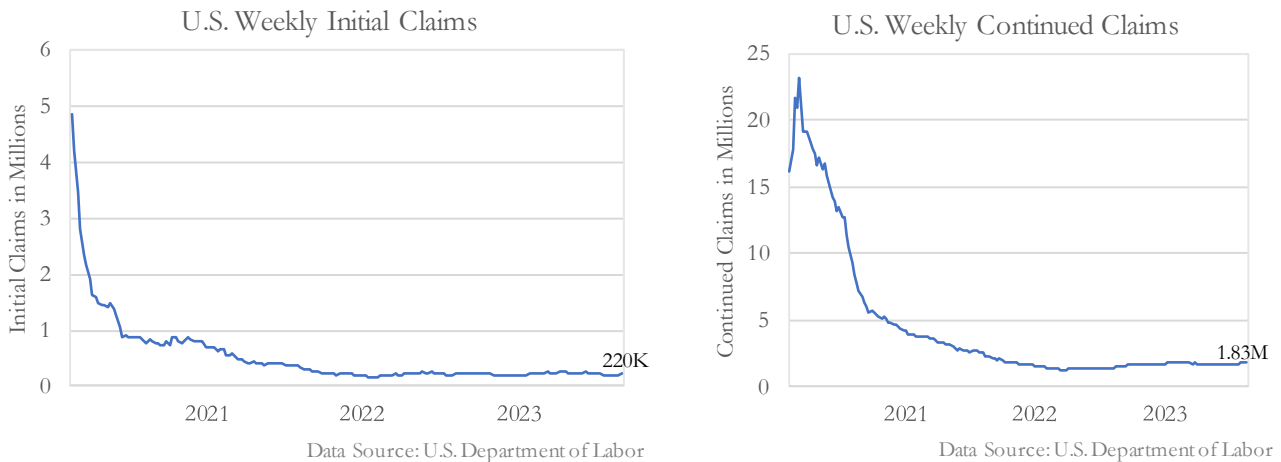
The Bureau of Labor Statistics reported the U.S. added 150,000 jobs in October, below the average monthly gain of 258,000 over the prior 12 months, with the largest increase in Education and Health Services. Employment in manufacturing declined due to strike activity. Year-over-year the U.S. added 3,810,000 jobs, and the two sectors with the largest growth were Education and Health Services (+1,248,000) and Government (+981,000). 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

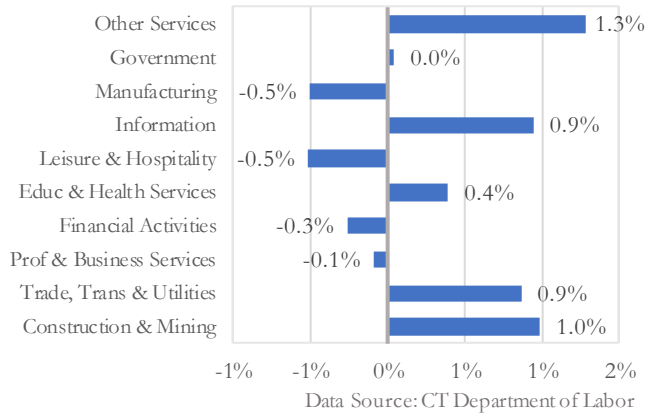
The Bureau of Labor Statistics reported the U.S. unemployment rate was 3.9% in October, up 0.1% from 3.8% in September. The total number of unemployed people in October increased by 146,000 to 6,506,000. For the week ending October 21, seasonally adjusted initial claims totaled 220,000. For the week ending October 14, seasonally adjusted continued claims totaled 1,830,000.



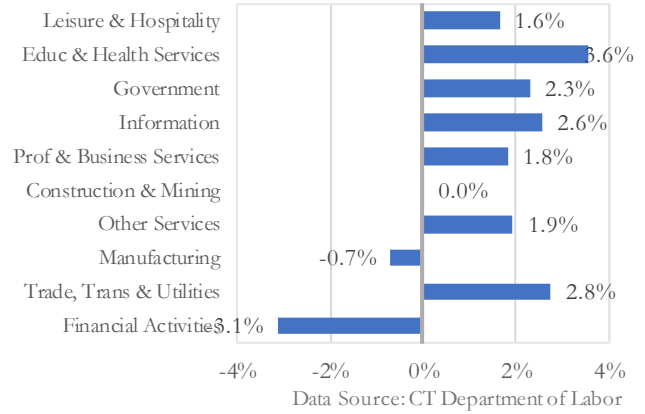
Connecticut Job Growth

Connecticut nonfarm payroll was up 3,700 jobs in October. Connecticut nonfarm employment is 1.8% higher than it was a year ago. According to the Department of Labor, private sector employment is now at an all-time high. The Health Care & Social Assistance sector is now more than fully recovered from levels during the pandemic. Six out of the ten major industry sectors added jobs in October while four 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.

CT Nonfarm Employment MoM Change



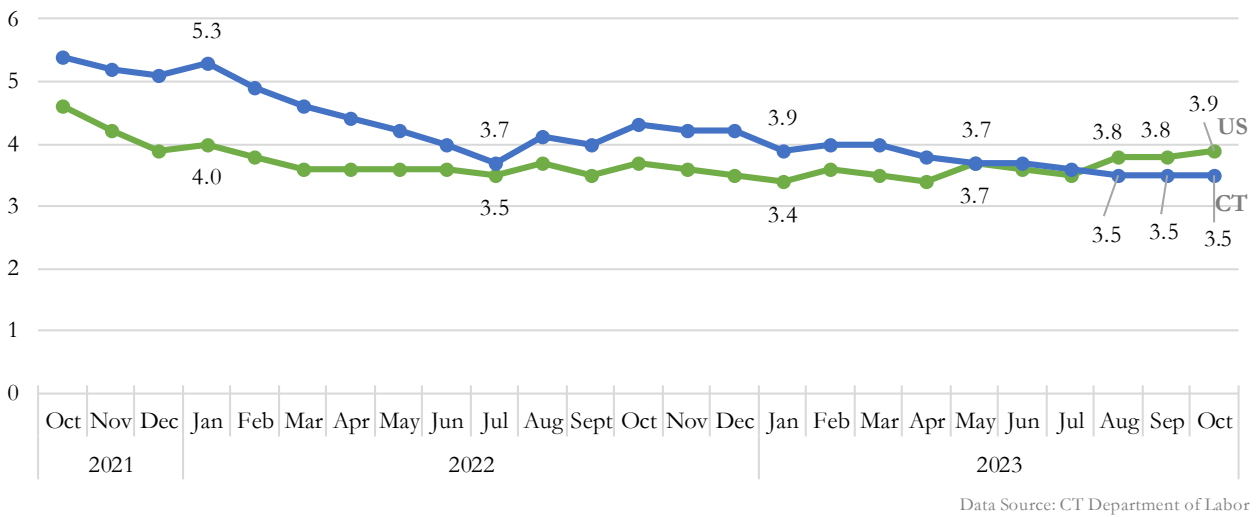
CT Nonfarm Employment YoY Change



Connecticut Unemployment

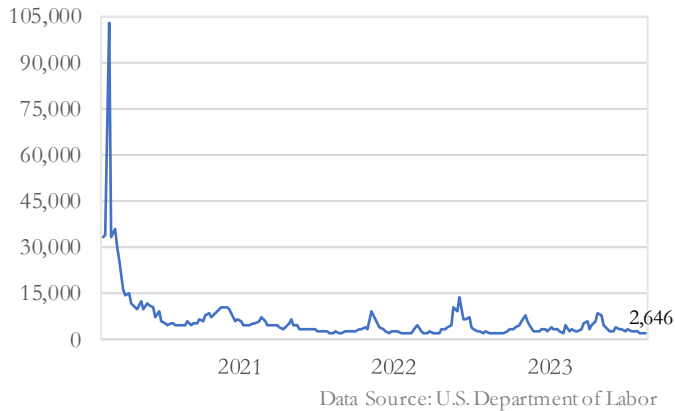
The Connecticut unemployment rate was 3.5% for October 2023, below the national level of 3.9%. The total number of unemployed people in October decreased by 200 to 65,700.

U.S. vs CT Unemployment Rate

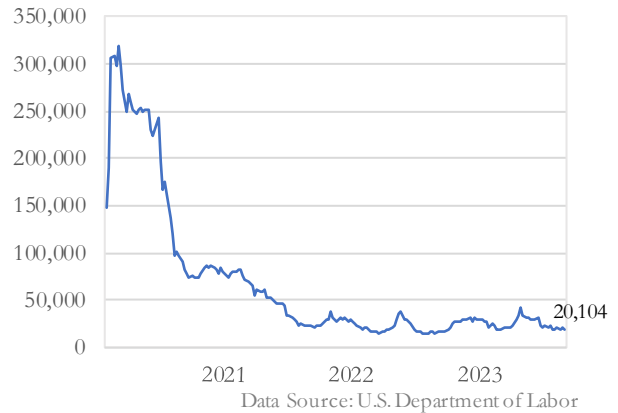


For the week ending November 11, seasonally adjusted initial claims totaled 2,646 and seasonally adjusted continued claims totaled 20,104.

Connecticut Weekly Initial Claims



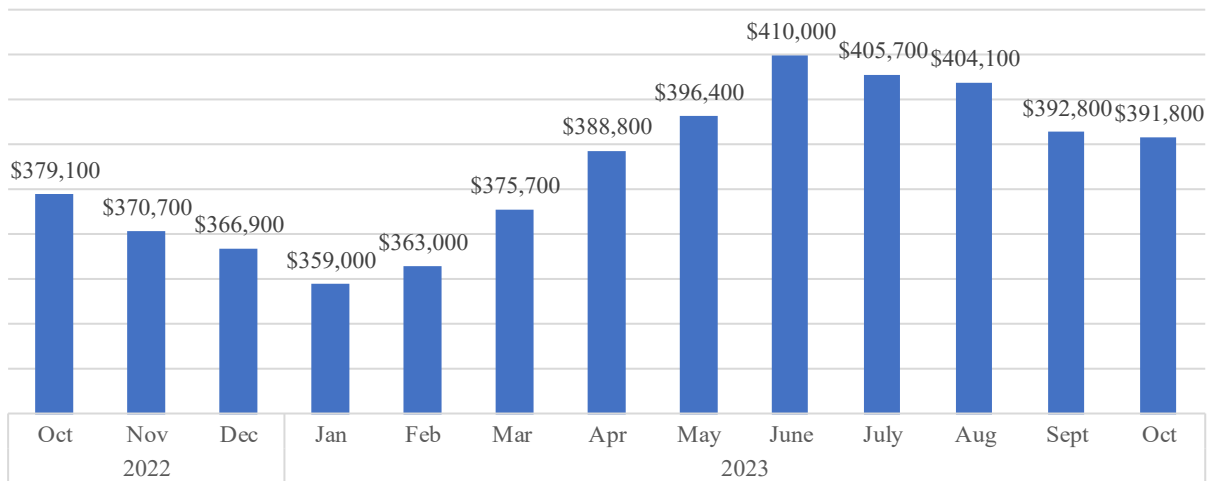
Connecticut Weekly Continued Claims



National Housing & Rental Market

The National Association of Realtors (NAR) reported existing-home sales dropped 4.1% in October and were down 14.6% year-over-year. The median existing-home sales price was \$391,800 in October, rising 3.4% from a year ago, marking the fourth consecutive month of year-over-year price increases. The inventory of unsold existing homes grew 1.8% from the previous month to 1.15 million at the end of October, or the equivalent of 3.6 months' supply at the current monthly sales price.

Median Existing Homes Sales Price



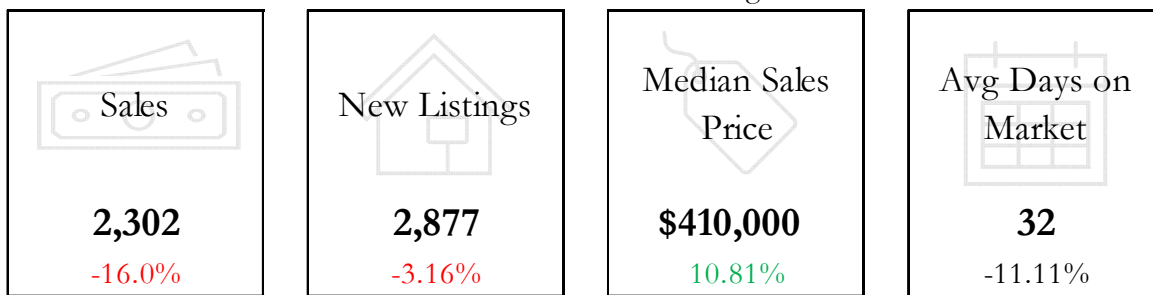
According to Apartment List's December 2023 Rent Report, the rental market slowdown has continued with median rent falling for the fourth consecutive month by 0.9% to \$1,340. On average apartments across the country are 1.1% cheaper than they were one year ago. Despite the cooldown, the national median rent is still nearly \$250 per month more expensive than it was just three years ago. Rents fell in October in 89 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 be abundant in the year ahead.

Connecticut Housing & Rental Market

Berkshire Hathaway HomeServices reported year-over-year sales of single-family homes decreased 16.0% and new listings were down 3.16% in October. Median sales price increased by 10.81% and median list price increased by 8.1%. Average days on the market decreased 4 days compared to a year ago from 36 days in October 2022 to 32 days in October 2023. On average, sales prices came in at 103.2% of list prices. See Appendix 3 for detailed Connecticut Housing Market data.

October 2023 Connecticut Housing Market



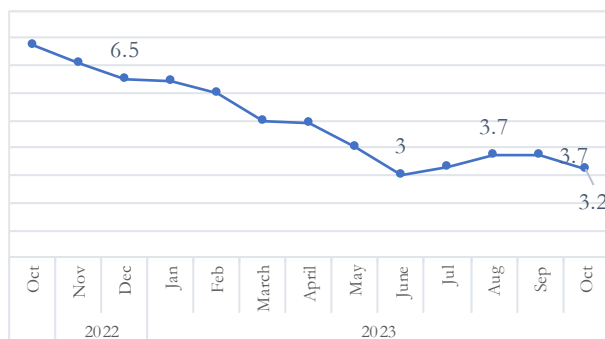
Data Source: Berkshire Hathaway HomeServices

The median rent for all bedroom and all property types in Connecticut is \$1,850, according to Zillow Rental Data. This is 7% lower than the national median and down month-over-month and year-over-year. Despite the decline, the National Low-Income Housing Coalition reports that there is a shortage of 89,013 rental homes that would be affordable and available to extremely low-income renters in Connecticut.

Inflation

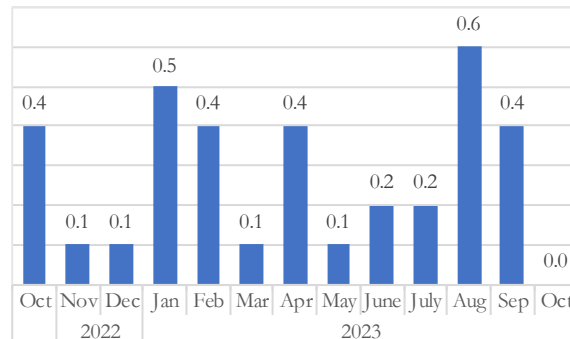
The Bureau of Labor Statistics reported the Consumer Price Index (CPI) remained consistent at 0.0% in October on a seasonally adjusted basis, after being 0.4% in September. Over the last 12 months, the all items expenditure category dropped 0.5% to 3.2% in October.

12-Month Percent Change in CPI



Data Source: U.S. Department of Labor

One-Month Percent Change in CPI



Data Source: U.S. Department of Labor

The Federal Reserve continues to unanimously hold rates steady, with some officials noting rates might be cut under certain circumstances. While October's Consumer price index rose 3.2%, compared to September's 3.7%, it has been noted that the Fed's goal has been 2% causing some to believe that rates will be reduced as early as the first quarter, while most believe a cut later in 2024 will occur. The speculation of a rate cut is also reflected as the U.S. Dollar is on pace for its largest monthly drop in over a year.

Consumer Spending, Saving & Debt

The Bureau of Economic Analysis reported Personal Income increased \$57.1 billion (0.2%) in October, continued increases in compensation and personal income receipts on assets, were partly offset by a decrease in personal current transfer receipts.

Personal Consumption Expenditures (PCE) increased \$41.2 billion, reflecting an increase of \$53.1 billion in spending for services that was partly offset by a \$11.9 billion decrease in spending for goods. Within services, the largest contributors to the increase were health care (led by hospital and nursing home services), housing and utilities (led by housing), and other services (led by international travel). Within goods, the largest contributors to the decrease were motor vehicles and parts (led by new motor vehicles) and gasoline and other energy goods.

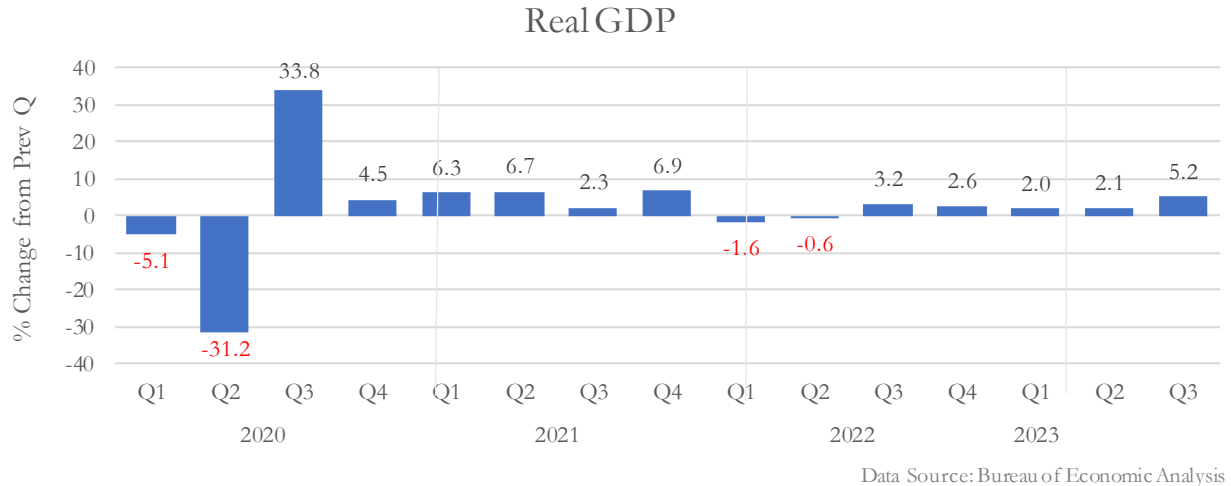
The personal-saving rate was 3.8% in October, compared with 3.4% in September. This represents an end to the 4-month decline beginning in June, but still is below all other monthly rates (except for September) in 2023.



National GDP

The Bureau of Economic Analysis released the second estimate of U.S. real Gross Domestic Product (GDP), which increased at an annual rate of 5.2% in the third quarter of 2023. The update primarily reflected increases in consumer spending and inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

Compared to the second quarter, the acceleration in real GDP in the third quarter primarily reflected accelerations in consumer spending and private inventory investment and an upturn in exports that were partly offset by a deceleration in nonresidential fixed investment. Imports turned up.



Stock Market and State Revenue

As of November 28, the NASDAQ, S&P 500, and Dow Jones Industrial Averages were down 11.3%, 9.2%, and 7.3% respectively for the month. The NASDAQ, S&P 500 and The Dow Jones Industrial Averages are up 36.06%, 18.52%, & 7.33% year-to-date.

Stocks have been increasing since the ten-year Treasury yield retreated from the 5% mark after a sixteen year high in October. News that the Federal Reserve is not planning another interest rate hike in December has also pushed the market. Stocks did decrease slightly after the Thanksgiving Holiday and signs of a weakening dollar and slowing global economy may halt the large gains reflected in November.

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 17.7% compared with the same period from FY 2023.

Consumer Confidence

The Conference Board reported the U.S. consumer confidence index increased in November to 102.0 (1985=100), up from the revised 99.1 in October. The Present Situation Index, which is based on consumers' assessment of current business and labor market conditions, declined to 138.2 (1985=100) from 138.6 last month. The Expectations Index, which is based on consumers' short-term outlook for income, business, and the job market, rose to 77.8 (1985=100) in November, up from 72.7 in October. 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 foresee a recession at some point over the next six to 12 months according to Dana Peterson, Chief Economist at The Conference Board. Plans to purchase automobiles and homes have slowed and plans to travel domestically have slowed. Despite the fear of a recession the survey noted roughly 30% of respondents expect their family's financial situation to be better in the next six months, with 14% expecting it to be worse.

Appendix 1: National Employment Data by Sector

U.S. Nonfarm Employment by Sector							
Sector	October	September	October	MoM		YoY	
	2023	2023	2022	Change	Rate	Change	Rate
Information	3,037,000	3,037,000	3,116,000	0	0.0%	-79,000	-2.5%
Trade, Trans & Utilities	28,958,000	28,721,000	28,815,000	237,000	0.8%	143,000	0.5%
Government	23,243,000	22,916,000	22,262,000	327,000	1.4%	981,000	4.4%
Financial Activities	9,178,000	9,154,000	9,086,000	24,000	0.3%	92,000	1.0%
Prof & Business Services	23,287,000	23,060,000	22,791,000	227,000	1.0%	496,000	2.2%
Manufacturing	12,961,000	12,996,000	12,954,000	-35,000	-0.3%	7,000	0.1%
Other Services	5,890,000	5,872,000	5,756,000	18,000	0.3%	134,000	2.3%
Construction & Mining	8,844,000	8,814,000	8,598,000	30,000	0.3%	246,000	2.9%
Leisure & Hospitality	16,677,000	16,784,000	16,135,000	-107,000	-0.6%	542,000	3.4%
Educ & Health Services	25,909,000	25,564,000	24,661,000	345,000	1.3%	1,248,000	5.1%

Data Source: US Department of Labor

Appendix 2: Connecticut Employment Data by Sector

CT Nonfarm Employment by Sector							
Sector	October	September	October	MoM		YoY	
	2023	2023	2022	Change	Rate	Change	Rate
Other Services	63,100	62,300	61,900	800	1.3%	1,200	1.9%
Leisure & Hospitality	154,300	155,100	151,800	-800	-0.5%	2,500	1.6%
Financial Activities	114,400	114,700	118,100	-300	-0.3%	-3,700	-3.1%
Government	231,700	231,600	226,500	100	0.0%	5,200	2.3%
Trade, Trans & Utilities	302,600	300,000	294,500	2,600	0.9%	8,100	2.8%
Educ & Health Services	357,500	356,100	345,200	1,400	0.4%	12,300	3.6%
Manufacturing	158,000	158,800	159,100	-800	-0.5%	-1,100	-0.7%
Prof & Business Services	223,400	223,600	219,400	-200	-0.1%	4,000	1.8%
Information	32,000	31,700	31,200	300	0.9%	800	2.6%
Construction & Mining	61,200	60,600	61,200	600	1.0%	0	0.0%

Data Source: CT Department of Labor

Appendix 3: Connecticut Housing Market Statistics

Connecticut Market Summary						
	October-23	October-22	% Change	YTD 2023	YTD 2022	% Change
New Listings	2,877	2,971	-3.2%	29,187	37,464	-22.1%
Sold Listings	2,302	2,740	-16.0%	23,191	30,328	-23.5%
Median List Price	\$399,900	\$369,900	8.1%	\$389,900	\$369,900	5.4%
Median Selling Price	\$410,000	\$370,000	10.8%	\$400,000	\$380,000	5.3%
Median Days on the Market	15	21	-28.6%	15	17	-11.8%
Average Listing Price	\$611,660	\$545,501	12.1%	\$628,370	\$580,481	8.3%
Average Selling Price	\$621,210	\$545,702	13.8%	\$636,291	\$591,940	7.5%
Average Days on the Market	32	36	-11.1%	35	36	-2.8%
List/Sell Price Ratio	103.2%	100.9%	2.2%	103.0%	102.8%	18.0%

Data Source: Berkshire Hathaway HomeServices