

FOR IMMEDIATE RELEASE
May 1, 2024

COMPTROLLER SEAN SCANLON PROJECTS \$256.7 MILLION SURPLUS

Consensus Revenue Forecast Signals Economic Confidence

(HARTFORD, CT) – Comptroller Sean Scanlon today, in his monthly financial and economic update, projected a Fiscal Year 2024 General Fund surplus of \$256.7 million and a Special Transportation Fund surplus of \$280.6 million, both in general agreement with the Office of Policy and Management’s (OPM) projections.

The [April 2024 consensus revenue forecast](#) issued yesterday by OPM and the Office of Fiscal Analysis increased General Fund revenues by a net \$170.3 million from the previous month’s estimate. These adjustments were made to reflect higher-than-anticipated trends in collections and are likely the result of positive stock market performance and increased consumer spending.

“The April consensus revenue forecast further demonstrates our state remains in strong fiscal shape,” **said Comptroller Sean Scanlon**. “It’s always a good thing when we can make upward revisions to our revenue projections, and the fact that we’re having conversations about how much we should be saving and how much debt we should be paying down shows how far Connecticut has come since the permanent fiscal crisis of the 2010s. We’ve made great progress, and this month’s positive outlook confirms we’re still going in the right direction.”

In his letter to Governor Ned Lamont, Comptroller Scanlon noted that Connecticut continued to add jobs in key employment sectors last month. Of the 4,900 jobs added in March, approximately 2,000 were in the leisure and hospitality industry, and 1,000 jobs were in education and health services.

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Economic Outlook

As we move further into 2024, the U.S. economy has remained resilient, fueled by a robust labor market, real wage growth, and consumers' ability and ongoing willingness to spend. However, rising consumer debt and elevated interest rates continue to weigh on economic growth. These factors coupled with continued uncertainty about the US economy are likely drivers in the recent decline in consumer confidence.

The national labor market continues to show strength, adding 303,000 jobs in March, above the average monthly gain of 243,917 over the past 12 months and better than economist had expected. In Connecticut, nonfarm payroll was up 4,900 jobs in March, for a total increase of 13,300 jobs in the first three months of 2024.

The Federal Reserve left rates unchanged at the March Federal Open Market Committee meeting, holding rates steady at a target of 5.3 percent to 5.5 percent. Year-on-year headline inflation rose from 3.2 percent in February to 3.5 percent in March, which remains above the Fed's target rate of 2.0 percent. With inflation remaining higher than the Fed's target rate, uncertainty has been growing as to when the Fed will begin to lower interest rates. In recent weeks, policy makers have indicated increased hesitation to easing monetary policy anytime soon.

High interest rates, creating a high cost of carrying debt, and elevated home prices continue to create a drag on the housing market. Mortgage rates linger at the highest levels in more than two decades, and sales of existing homes have dropped while prices remain elevated.

Consumer confidence declined slightly in March, which was likely a reflection of the continued uncertainty about the US economy. Moreover, events such as the ongoing war between Israel and Hamas, rising prices in general, and high interest rates continue to have many Americans feeling concerned.

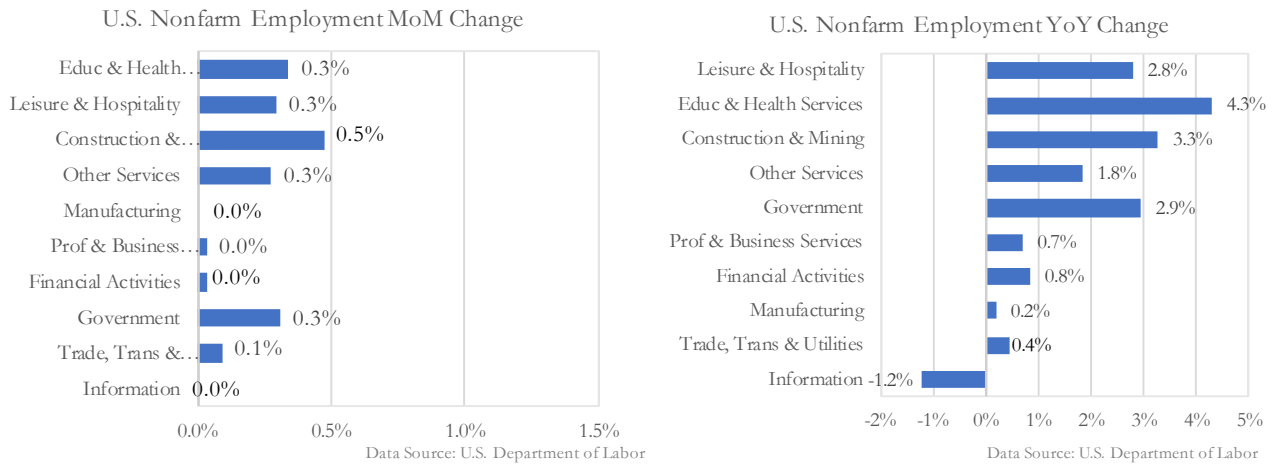
Labor Market Statistical Summary

United States	Mar-24	Feb-24	Mar-23
Unemployment Rate	3.8%	3.9%	3.7%
Total Unemployed	6,429,000	6,458,000	5,866,000
Total Nonfarm Employment	158,133,000	157,830,000	155,206,000
Job Growth	+303,000	+275,000	+146,000
Job Openings to Unemployed Ratio	-	1.4	0.6
Quit Rate	-	2.2	2.4
Average Monthly Initial Unemployment Claims	213,600	211,000	210,000
Labor Force Participation Rate	62.7%	62.5%	62.6%
Average Hourly Wage	\$34.69	\$34.57	\$33.32

Connecticut	Mar-24	Feb-24	Mar-23
Unemployment Rate	4.5%	4.5%	3.4%
Total Unemployed	85,400	86,100	64,200
Total Nonfarm Employment	1,709,100	1,704,200	1,690,200
Job Growth	+4,900	+900	+6,000
Job Openings to Unemployed Ratio	-	0.7	0.7
Quit Rate	-	1.5	1.5
Average Monthly Initial Unemployment Claims	2,525	2,847	2,898
Labor Force Participation Rate	64.6%	64.5%	64.1%
Average Hourly Wage	\$37.39	\$37.49	\$35.75

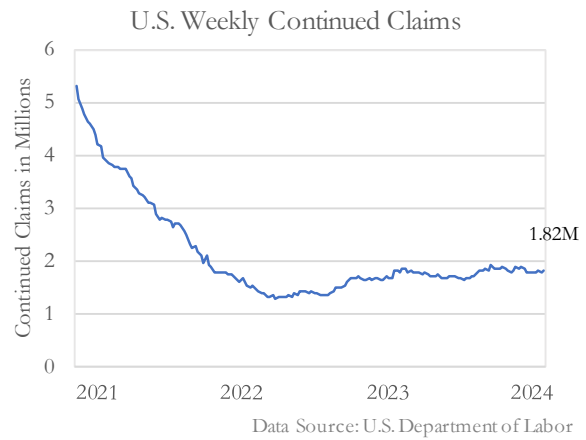
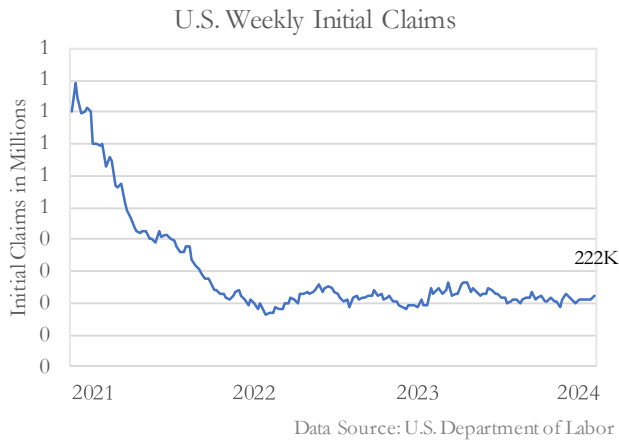
National Job Growth

The Bureau of Labor Statistics reported the U.S. added 303,000 jobs in March, above the average monthly gain of 243,917 over the prior 12 months and better than economist had expected. The largest increase in Education and Health Services. Year-over-year the U.S. added 2,927,000 jobs, and the two sectors with the largest growth were Education and Health Services (+1,071,000) and Government (+664,000). 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.



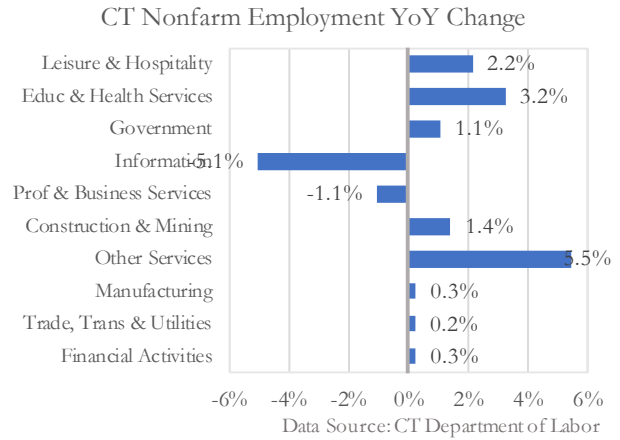
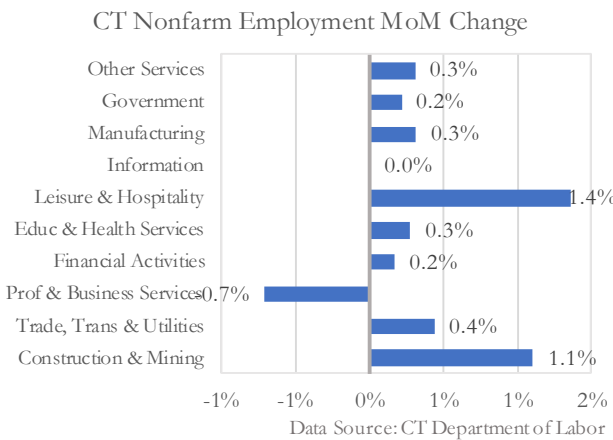
National Unemployment

The Bureau of Labor Statistics reported the U.S. unemployment rate was 3.8 percent in March, down from 3.9 percent in February. The total number of unemployed people in March fell 29,000 compared to the prior month to 6,429,000. For the week ending March 30, seasonally adjusted initial claims totaled 222,000 and seasonally adjusted continued claims totaled 1,817,000.



Connecticut Job Growth

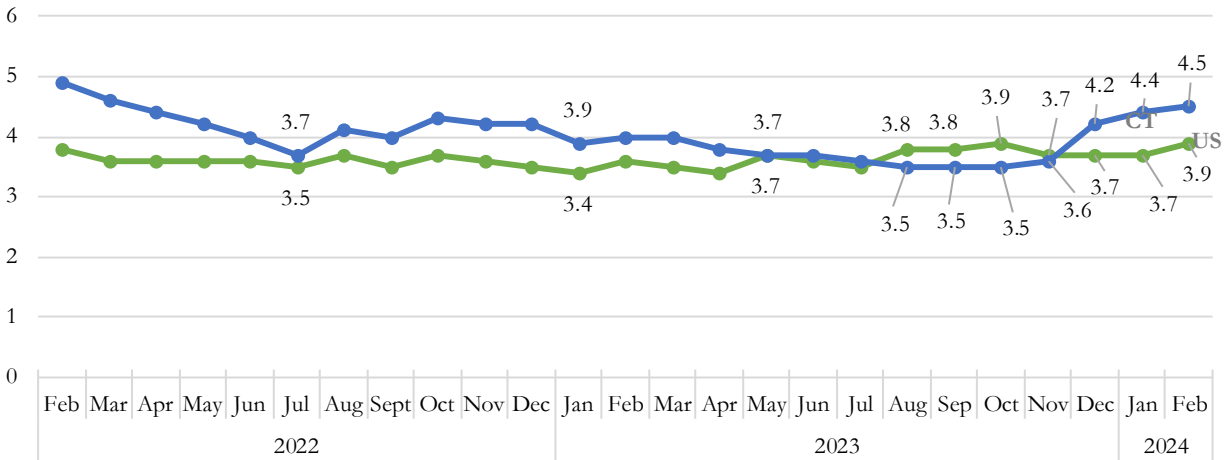
Connecticut nonfarm payroll was up 4,900 jobs in March. Connecticut nonfarm employment is 1.1 percent higher than it was a year ago. According to the Department of Labor, private sector employment increased by 4,400 for the month, and is 16,400 jobs higher than this time last year. Moreover, the private sector has more than fully recovered (105.3 percent) from the April 2020 COVID pandemic level lows. Eight out of the ten major industry sectors added jobs in March while one declined, and one remained unchanged. 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 was 4.5 percent for March 2024, above the national level of 3.9 percent. The total number of unemployed people in March decreased by 700 to 85,400.

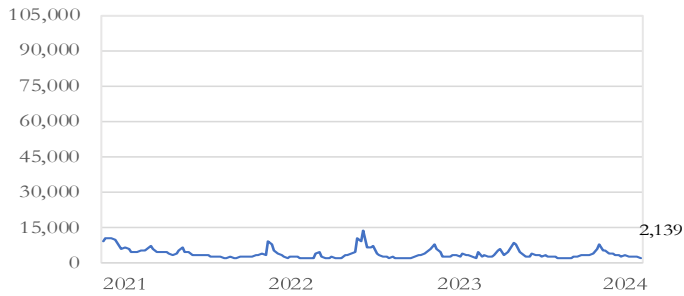
U.S. vs CT Unemployment Rate



Data Source: CT Department of Labor

For the week ending March 30, seasonally adjusted initial claims totaled 2,139 and seasonally adjusted continued claims totaled 29,933.

Connecticut Weekly Initial Claims



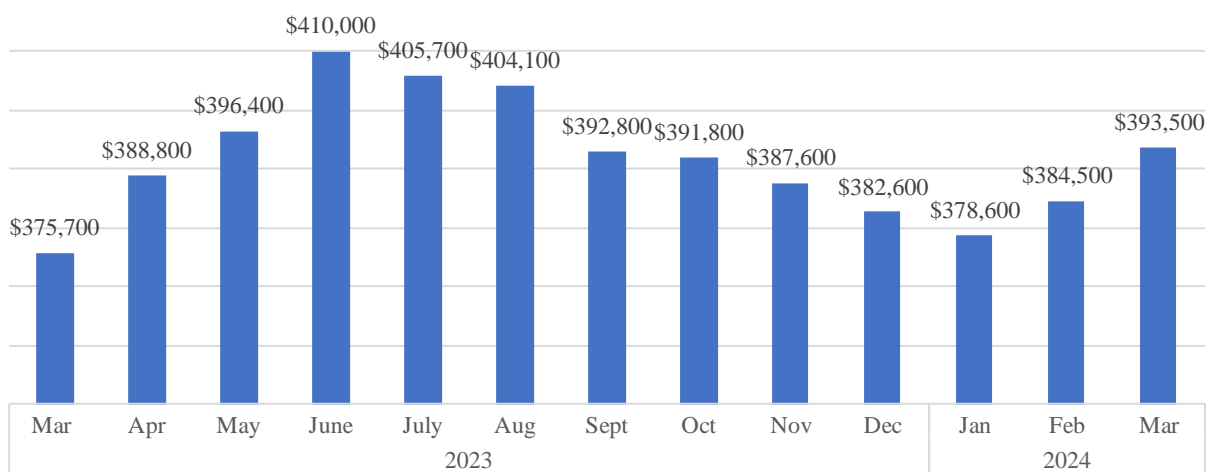
Connecticut Weekly Continued Claims



National Housing & Rental Market

The National Association of Realtors (NAR) reported existing-home sales decreased 4.3 percent in March, and were down 3.7 percent year-over-year. The median existing-home sales price was \$393,500 in March, rising 4.8 percent from a year ago, marking the ninth consecutive month of year-over-year price increases. The inventory of unsold existing homes increased 4.7 percent from the previous month to 1.11 million at the end of March, or the equivalent of 3.2 months' supply at the current monthly sales price.

Median Existing Homes Sales Price



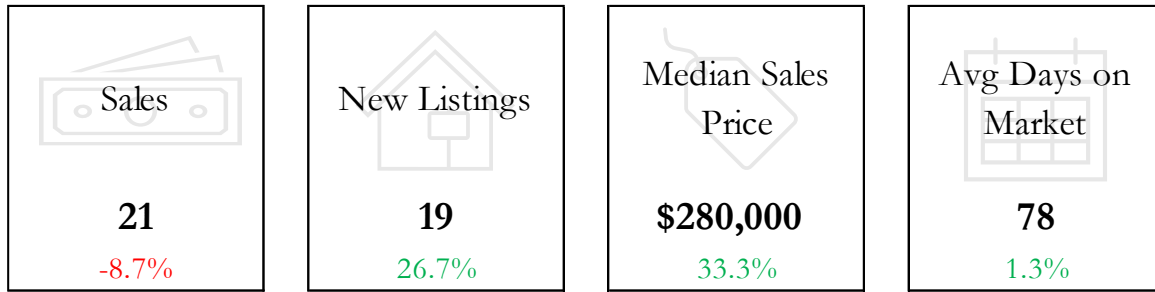
Data Source: National Association of Realtors

The rental market continued to pull out of a slow season in March, with nationwide rent prices increasing slightly by 0.6 percent to \$1,388. This is the second straight month of increases after six consecutive months of negative rent growth. This change is in line with the rental market’s typical seasonal pattern, as we transition into the time of year when moving activity starts to pick back up. Year-over-year, rent growth remains in negative territory at -0.8 percent. Year-over-year rent growth dipped below zero last June for the first time since early 2021, and has been negative for ten consecutive months. This means that on average apartments across the country are slightly cheaper today than one year ago. The reduction in rent was driven in large part to the increase in supply of available apartments, with the national vacancy index now at 6.7 percent. Building permits issued in March decreased 4.3 percent over the prior month, but the number of multifamily units under construction remains high. 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 8.7 percent while new listings were up 26.7 percent in March. Median sales price increased by 33.3 percent and median list price increased by 25.6 percent. The average number of days on the market was 78 days, one day more than last year at this time. On average, sales prices came in at 101.2 percent of list prices. See Appendix 3 for detailed Connecticut Housing Market data.

March 2024 Connecticut Housing Market



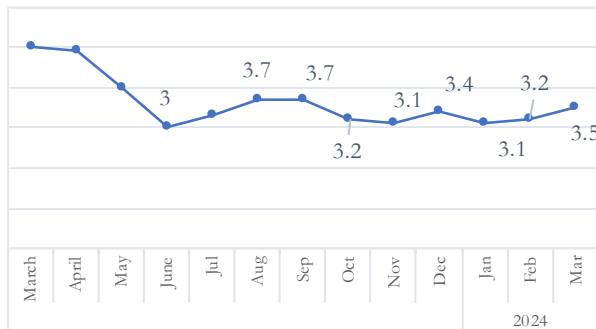
Data Source: Berkshire Hathaway HomeServices

The median rent for all bedroom and all property types in Connecticut is \$1,925, according to Zillow Rental Data. This is 8.0 percent lower than the national median of \$2,100. Despite being lower than the national median, 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

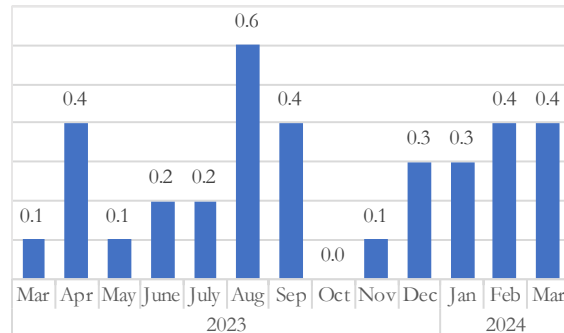
The Bureau of Labor Statistics reported the Consumer Price Index (CPI) rose 0.4 percent in March on a seasonally adjusted basis, unchanged from February. Over the last 12 months, the “all items” expenditure category dropped 1.5 percent to 3.5 percent in March.

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 hold rates steady. March’s Consumer Price Index rose 3.5 percent, compared to February’s 3.2 percent, which is still above the Fed’s goal of 2.0 percent. Many believe that central banks are likely to wait until there is undeniable evidence of inflation sustainability moving towards their targets before any rate cuts.

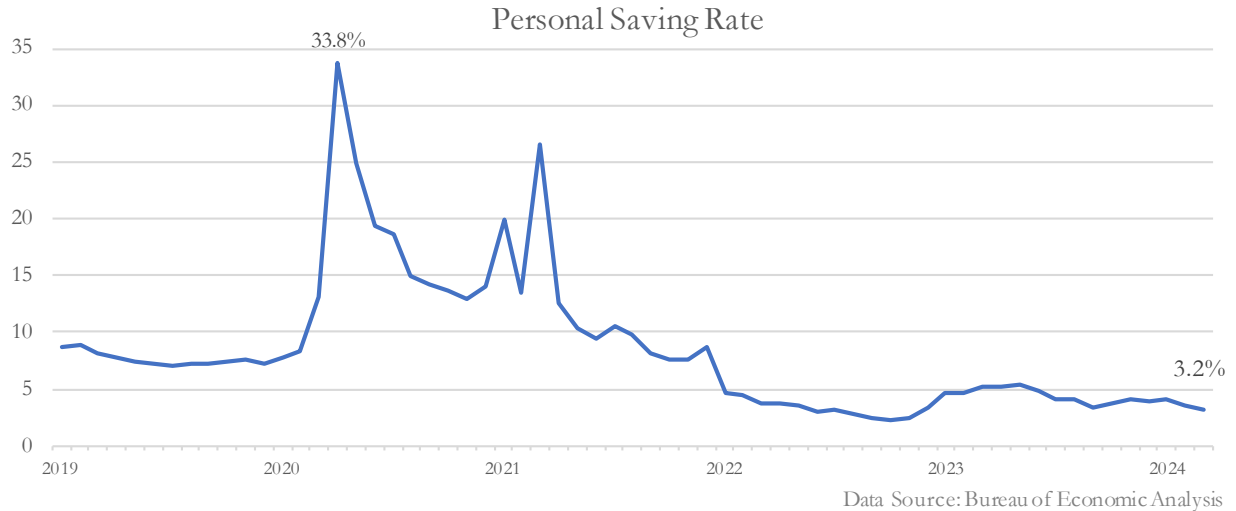
Consumer Spending, Saving & Debt

The Bureau of Economic Analysis reported Personal Income increased \$122.0 billion (0.5 percent at a monthly rate) in March. This was primarily due to increases in compensation.

Personal Consumption Expenditures (PCE) increased \$160.9 billion (0.8 percent), reflecting an increase of \$80.6 billion in spending for services and \$80.3 billion increase in spending for goods. Within services, the largest contributors to the increase were health care, and housing and

utilities. Within goods, the largest contributors to the increase were gasoline and other energy, other nondurable goods, and food and beverages.

The personal-saving rate was 3.2% in March, compared with 3.6% in February.

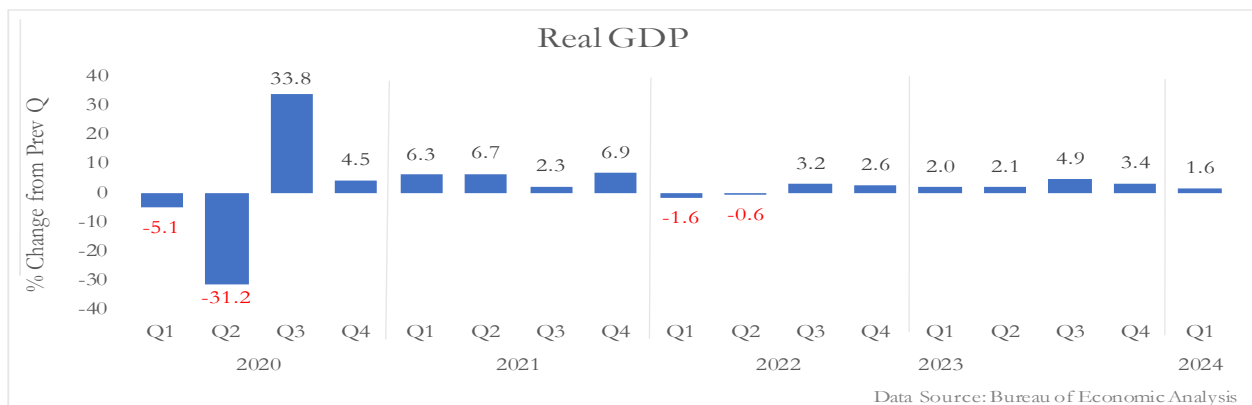


National Gross Domestic Product (GDP)

The Bureau of Economic Analysis released the “advance” estimate of U.S. real Gross Domestic Product, which increased at an annual rate of 1.6 percent in the first quarter of 2024. In the fourth quarter of 2023, real GDP increased 3.4 percent.

The increase in real GDP primarily reflected increases in consumer spending, residential fixed investment, nonresidential fixed investment, and state and local government spending that were partly offset by a decrease in private inventory investment. Imports, which are a subtraction in the calculation of GDP, also increased.

Compared to the fourth quarter, the deceleration in real GDP in the first quarter primarily reflected decelerations in consumer spending, exports, and state and local government spending as well as a downturn in spending by the federal government. These movements were partly offset by an acceleration in residential fixed investment. Imports accelerated as well.



Stock Market and State Revenue

As of April 29, the NASDAQ, S&P 500, and Dow Jones Industrial Averages were down 2.4 percent, 2.6 percent, and 3.6 percent, respectively, for the month. Year-to-date, the NASDAQ, S&P 500, and Dow Jones Industrial Averages were up 30.7 percent, 22.7 percent, and 12.6 percent, respectively. With inflation rising slightly compared to the prior month, GDP growing slower than expected, and increasing uncertainty as to when interest rate cuts will occur, the stock market dipped slightly during the month.

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 projections of estimated and final payments indicate that they will be down a combined 29.1% compared with the same period from FY 2023.

Consumer Confidence

The Conference Board reported the U.S. consumer confidence index fell slightly in March to 104.7, from a downward revised 104.8 in February (1985=100). The Present Situation Index, which is based on consumers' assessment of current business and labor market conditions, rose to 151.0 (1985=100) from 147.6 last month. The Expectations Index, which is based on consumers' short-term outlook for income, business, and the job market, fell to 73.8 (1985=100) in March, down from 76.3 in February.

March's decline in consumer confidence was likely a reflection of the continued uncertainty about the US economy. Although consumers' assessment of the present situation improved, they became more pessimistic about the future.

According to Dana Peterson, Chief Economist at the Conference Board, confidence increased for consumers aged 55 and above, but fell for those aged under 55. Furthermore, consumers in the \$50 to \$100 thousand income group reported lower confidence for the month, while confidence slightly improved in all other income groups.

Appendix 1: National Employment Data by Sector

U.S. Nonfarm Employment by Sector							
Sector	March	February	March	MoM		YoY	
	2024	2024	2023	Change	Rate	Change	Rate
Information	3,017,000	3,017,000	3,054,000	0	0.0%	-37,000	-1.2%
Trade, Trans & Utilities	28,947,000	28,920,000	28,819,000	27,000	0.1%	128,000	0.4%
Government	23,270,000	23,199,000	22,606,000	71,000	0.3%	664,000	2.9%
Financial Activities	9,226,000	9,223,000	9,150,000	3,000	0.0%	76,000	0.8%
Prof & Business Services	22,954,000	22,947,000	22,797,000	7,000	0.0%	157,000	0.7%
Manufacturing	12,956,000	12,956,000	12,932,000	0	0.0%	24,000	0.2%
Other Services	5,901,000	5,885,000	5,795,000	16,000	0.3%	106,000	1.8%
Construction & Mining	8,856,000	8,814,000	8,576,000	42,000	0.5%	280,000	3.3%
Leisure & Hospitality	16,905,000	16,856,000	16,447,000	49,000	0.3%	458,000	2.8%
Educ & Health Services	26,101,000	26,013,000	25,030,000	88,000	0.3%	1,071,000	4.3%

Data Source: US Department of Labor

Appendix 2: Connecticut Employment Data by Sector

CT Nonfarm Employment by Sector							
Sector	March	February	March	MoM		YoY	
	2024	2024	2023	Change	Rate	Change	Rate
Other Services	65,700	65,500	62,300	200	0.3%	3,400	5.5%
Leisure & Hospitality	156,700	154,600	153,400	2,100	1.4%	3,300	2.2%
Financial Activities	118,700	118,500	118,400	200	0.2%	300	0.3%
Government	233,500	233,000	231,000	500	0.2%	2,500	1.1%
Trade, Trans & Utilities	298,500	297,200	297,800	1,300	0.4%	700	0.2%
Educ & Health Services	362,200	361,200	350,800	1,000	0.3%	11,400	3.2%
Manufacturing	159,100	158,600	158,700	500	0.3%	400	0.3%
Prof & Business Services	220,800	222,400	223,200	-1,600	-0.7%	-2,400	-1.1%
Information	30,000	30,000	31,600	0	0.0%	-1,600	-5.1%
Construction & Mining	63,900	63,200	63,000	700	1.1%	900	1.4%

Data Source: CT Department of Labor

Appendix 3: Connecticut Housing Market Statistics

Connecticut Market Summary						
	March-24	March-23	% Change	YTD 2024	YTD 2023	% Change
New Listings	19	15	26.7%	61	61	0.0%
Sold Listings	21	23	-8.7%	46	55	-16.4%
Median List Price	\$269,900	\$214,925	25.6%	\$254,950	\$210,000	21.4%
Median Selling Price	\$280,000	\$210,000	33.3%	\$262,450	\$210,000	25.0%
Median Days on the Market	54	30	80.0%	53	32	65.6%
Average Listing Price	\$410,338	\$236,806	73.3%	\$339,288	\$243,200	39.5%
Average Selling Price	\$394,795	\$232,147	70.1%	\$333,656	\$242,588	37.5%
Average Days on the Market	78	77	1.3%	68	63	7.9%
List/Sell Price Ratio	101.2%	100.0%	1.2%	102.7%	100.4%	2.3%

Data Source: Berkshire Hathaway HomeServices