CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller
MAY 2025 EDITION

KEY DATES THIS MONTH

5/2 – April U.S. jobs report
5/13 – April CPI inflation report
5/21 –April CT jobs report
5/29 – U.S. GDP 2025 Q1 2nd Estimate

In this month's edition

Outlook: U.S. economic growth has slowed, with real GDP growth at -0.3% in the first quarter of 2025 (annual rate), down from 2.4% in Q4 2024. Connecticut's economy is expected to follow national trends, as heightened policy uncertainty weighs on investment and slows growth going forward. U.S. consumer spending grew 0.7% for the month in March, reflecting a rush to purchase vehicles ahead of steep new tariffs. Spending could fall off in the months ahead if panic-buying before tariffs means lower future purchasing. Consumer sentiment has declined for four straight months, while future inflation expectations have surged. U.S.-China trade has dropped sharply under 145% and 125% tariffs, disrupting supply chains and hitting small businesses hardest. President Trump is reorienting U.S. foreign policy away from traditional allies (e.g., the European Union, Canada) while imposing the highest tariffs in a century. These actions are expected to raise inflation and slow growth in the quarters ahead, complicating the Federal Reserve's efforts to lower interest rates.

Connecticut's hard-hit Leisure & Hospitality Sector has recovered 98% of jobs lost in the pandemic. In this month's feature, we look at the industry's recovery, current trends, and future outlook under tariffs and the President's border crackdown.

Tour of the Indicators: the "soft" data shows a deteriorating outlook that could signal recession even though most "hard" economic data still looks okay.

CT labor market update: Payroll employment fell by 4,500 jobs (-0.3%) in March, and the unemployment rate ticked up to 3.6%, continuing negative trends from February. The number of unemployed workers in Connecticut rose 8.9% from January to March, as organizations decrease hiring in response to high uncertainty.

Housing market: Connecticut saw an 8.3% increase in new listings YoY in March, but inventory is still down 77% compared to March 2019, the largest gap in the country according to Realtor.com. Mortgage rates rose slightly due to volatility in bond markets and continued price increases contribute to affordability challenges.

Safe haven no more? A simultaneous selloff of U.S. Treasuries and the U.S. dollar in April showed recent events may be hurting America's reputation as the safest place to park your money in crisis. It could raise your borrowing costs and make imports more expensive.

The stock market's wild ride: The major U.S. indices saw dramatic declines in March and April. State tax revenues tied to Wall Street earnings could suffer in fiscal year 2026 if trends continue.

Did you know?

The State wants to hear about how recent federal actions are impacting you. Businesses, nonprofits, and municipalities are encouraged to submit reports through the Federal Impact Reporting portal identifying items such as pauses, cancelations, and reductions in federal funding; reductions in employment caused by federal actions; and impacts from tariffs. The dataset of reported impacts is available to view or download on the Connecticut Open Data portal, data.ct.gov.

About OSC

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SPOTLIGHT ON THE LEISURE & HOSPITALITY INDUSTRY

If you've been out to dinner in Connecticut lately, stayed at a hotel, or visited a casino, you've interacted with the state's *leisure and hospitality* industry—one of the hardest-hit sectors during the COVID-19 pandemic. As of March 2025, it accounts for **9.1% of all payroll jobs** in the state, and **3.9% of the State's gross domestic product (GDP)** as of 2024. The sector also directly generates significant state revenues from sales tax, room occupancy tax and the State's 25% share of tribal casino slot machine gambling.

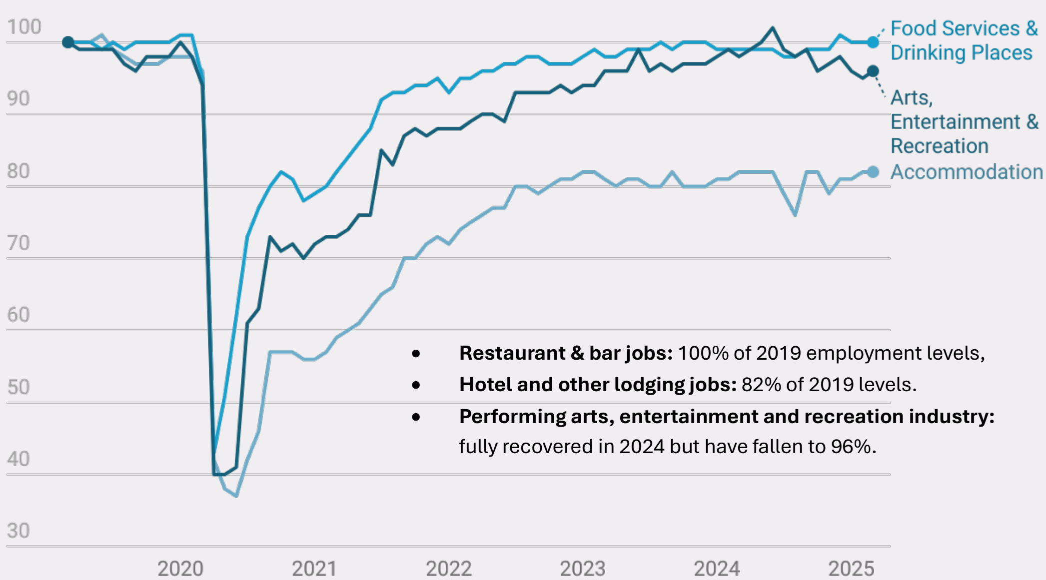
When the pandemic shut down travel, indoor dining, and large gatherings, **the industry lost tens of thousands of jobs almost overnight.** Connecticut's restaurants, museums, hotels, and arts and entertainment places that make up the leisure and hospitality sector saw jobs fall by 26% in 2020 (annual data). Real industry earnings (GDP) fell by more than 50% in Q2 of 2020. Tourism plummeted. Connecticut visitor spending dropped from $9.8 billion in 2019 to $6.5 billion in 2020, down 34.4%.

The industry has nearly recovered all its lost jobs, running at a seasonally adjusted level of 155,700 jobs in March, **98% of its 2019 employment level.** But rising costs and shifts in consumer habits, labor availability, and regional demand mean those jobs are spread out a bit differently these days.

The outlook for 2025 was cautiously optimistic coming into the year. However, uncertainty over the industry's outlook has increased following President Trump's major policy changes.

Leisure & Hospitality Jobs Compared to Pre-Pandemic

Connecticut Private Subsector Payroll Employment Indexed to March 2019



Data is seasonally adjusted and does not include jobs at Mohegan Sun or Foxwoods Resort Casino

Source: Bureau of Labor Statistics • Created with Datawrapper

Sector Basics

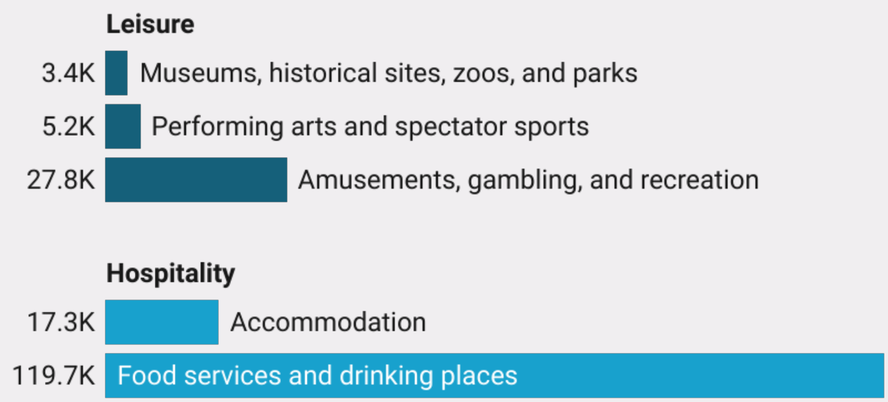
The leisure and hospitality sector is comprised of two main industries. The hospitality side includes **accommodation and food services** (hotels, restaurants, bars, etc.). The leisure industry, referred to as "**arts, entertainment and recreation,"** includes museums, theaters, casinos, amusement parks, and live sports, among others. Average sector pay is relatively low—just $31,518 annually in 2023.

Jobs fluctuate considerably based on the season, as amusement parks, museums, and seasonal dining ramp up in the summer months. Based on the Labor Department's Quarterly Census of Employment and Wages for **May 2024**, the largest share of leisure and hospitality's 173,500 jobs that month are in restaurants, bars, and other food services businesses (119,700 jobs, 69%). Another 27,800 jobs (16%) are in amusements, gambling and recreation. That includes amusement parks, bowling, golf courses, fitness centers and casinos. Hotels and other lodging places, including Foxwoods Resort and Mohegan Sun hotels, employ 17,300 people statewide (10% of the industry). The remainder of the jobs are in performing arts, like theatre or dance companies, and spectator sports (for 5,200 jobs or 3% combined), as well as museums, historical sites, zoos and parks (2,900 jobs, 2% of the industry).

The Department of Economic and Community Development's (DECD) tourism impact report estimates that Connecticut's tourism industry served 67.9 million people in 2023, with direct spending of $11 billion (2023 is the most recent year available). 2023 visitor volume (which includes Connecticut residents traveling at least 50 miles within the state) was 102.7% of 2019 levels and visitor spending was 12% above 2019 levels.

Connecticut Leisure & Hospitality Jobs

May 2024 Employment by NAICS Industry



Data is not seasonally adjusted and totals 173.4K jobs overall.

Source: Quarterly Census of Employment & Wages, Bureau of Labor Statistics • Created with Datawrapper

Recovery Challenges & Successes

The industry's recovery from pandemic job losses has been shaped by **rising labor costs**. During the pandemic, wages had to go up—fast. Employers raised pay to attract workers in a tight labor market, where many former hospitality workers had moved into other industries like healthcare, retail, or logistics.

In Connecticut, average weekly wages in leisure and hospitality jumped 36% from March 2019 to March 2025, compared to 18% across all private industry, as business owners tried to lure workers back to the industry. Connecticut's minimum wage has also climbed steadily from $10.10 in 2019 to $16.35 as of January 1, 2025. (Tipped workers have a lower base wage, but many restaurants have increased pay for those roles as well.)

Some parts of the state have recovered all the industry jobs lost in 2020, while others have not

Annual Average Leisure & Hospitality Employment by Region
Thousands of employees

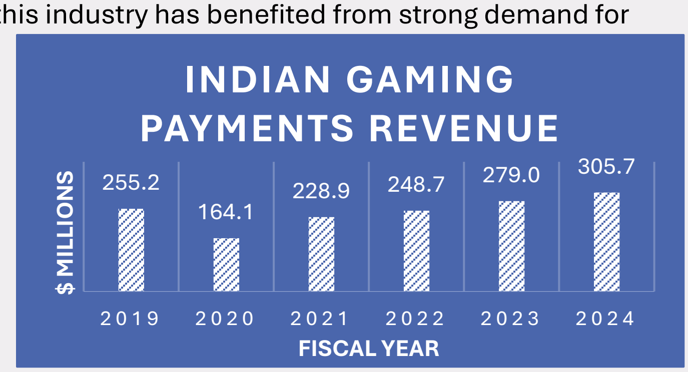
	2019	2020	2024	2020 drop	2024 vs. 2019
Waterbury-Shelton	13.6	10.5	13.8	-23%	101%
Bridgeport-Stamford-Danbury	43.0	32.6	43.4	-24%	101%
Hartford-West Hartford-East Hartford	51.7	38.2	50.8	-26%	98%
New Haven	25.5	18.8	24.2	-26%	95%
Norwich-New London-Willimantic	15.6	11.2	14.5	-28%	93%
Statewide	**157.6**	**117.4**	**154.5**	**-26%**	**98%**

Overall, the recovery of jobs has been uneven by region, with Southeastern Connecticut having the longest way still to go. As of 2024, the Waterbury-Shelton and Bridgeport-Stamford-Danbury regions had exceeded 2019 job levels, while other major regions of the State still lagged.

Despite challenges, food services and drinking places jobs have recently recovered to 100% of March 2019 levels. Full-service (i.e., sit down) restaurants account for nearly half of that employment, but their job recovery peaked at 98% in June 2024, and has been trending lower since then. Restaurant chains like TGI Fridays and Red Robin have been closing locations around the country, as changing diner preferences have favored fast casual and take out dining (or fine-dining for higher-income groups). Illustrating that shift, Connecticut employment at limited-service restaurants and other eating places has grown 5.7% since 2019. Nationally, the Census Bureau's advance retail sales estimate shows restaurant and bar sales up 4.0% in the first three months of 2025 compared to 2024, not adjusted for inflation. Rising food and insurance costs continue to pressure restaurant margins.

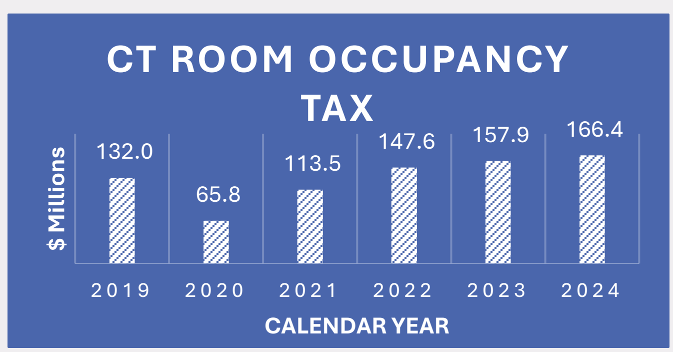
The accommodation sector appears to have permanently shifted to fewer post-pandemic jobs, as the industry moves away from older, large hotels geared at business travelers towards more boutique locations for leisure. Excluding Foxwoods Resort Casino and Mohegan Sun, where jobs which are officially classed as "government", accommodation jobs are still below 2019 levels by 2,100 positions (-18%). The casinos, major employers in Southeastern Connecticut, along with other government accommodation providers (e.g., universities) appear to have shed around 4,000 hotel and other accommodation jobs (-35%) in the government sector based on May 2019 and 2024 data. Connecticut hotel occupancy rates have risen over the recovery, with 2024 averaging 61.3%. Obsolete hotels are now being converted into apartments or other uses, and new offerings are being built. For example, Great Wolf Lodge, a popular family destination, just opened at Foxwoods. Short-term rentals (e.g., Airbnb or VRBO) now account for a larger share of the market.

Finally, the arts, entertainment and recreation sector recovered all of its lost jobs in May last year, based on seasonally adjusted data, but has since seen a small decline. After a surge of purchasing goods in the early days of the pandemic when people were stuck at home, this industry has benefited from strong demand for spending on experiences. The arts, entertainment, and recreation sector has actually seen the highest growth in inflation-adjusted gross output among all Connecticut industries since 2019 at 39% from 2019Q4 to 2024Q4.



State Revenues and Investment

State revenues generated by the industry have been rising since the pandemic, exceeding 2019 levels. In fiscal year 2024, which ended June 30th, 2024, Indian gaming payments (25% of casino slot revenues), totaled $305.7 million, room occupancy tax (15% on hotel rooms, 11% on B&Bs) totaled $166.4 million, and sales tax owed on industry receipts totaled $666 million (mostly from the 7.35% tax on prepared meals and certain beverages).



State dollars to support tourism are fairly low, relative to neighboring states. The State budgets about $4.5 million per year for statewide marketing, which is part of the $16 million Tourism Fund that provides state funding to a wide variety of arts and tourism institutions across the state each year. Federal pandemic-relief funding has supplemented that amount significantly in recent years. The state's Tourism Fund is supported by 10% of room occupancy tax collections. Massachusetts, Rhode Island, and Maine all spend a larger proportion of their state budgets on marketing to support the tourism industry, according to statistics compiled by the Connecticut Restaurant Association.

Outlook Getting Less Certain

Connecticut's leisure and hospitality sector has fought its way back from the pandemic's depths, but **2025 is shaping up to be a more uncertain year.** While the sector has benefited from strong real disposable income growth and pent-up consumer demand, the Trump administration's tariff and immigration enforcement policies are putting continued growth at risk.

Much of the industry's recent strength has relied on steady gains in real disposable incomes, which gave families more flexibility to spend on dining out, hotel stays, and entertainment. After-tax personal income grew 5.2% in Connecticut in 2024. **But with recession fears rising—sparked by the highest import taxes in a hundred years—there's increasing doubt about whether consumers will keep spending at the same pace.** If real incomes stall—or worse, fall—the first spending cuts typically hit discretionary sectors like restaurants, hotels, and entertainment venues. For an industry still regaining its footing, that would be a tough setback.

When it comes to international tourists, demand there is also under threat. President Trump's aggressive immigration policies, including the highly publicized detention of tourists at the border, and escalating tensions with Canada are already souring international sentiment toward U.S. travel. The Federal Reserve Bank of Boston reported in the Beige Book that overall tourism sector revenues rose slightly in the New England region in March and April, but tourism from Canada slowed considerably. **Fortunately for Connecticut, international visitors account for less than 1% of the state's tourist base,** according to DECD's tourism report for 2023. Most of Connecticut's visitors come from within the state itself or nearby markets like New York and Massachusetts.

However, that small international slice punches above its weight. Foreign visitors typically stay longer and spend more per trip (an estimated $1,360 per visitor in 2023, and 4.7% of overall visitor spending)—supporting hotels, casinos, and cultural attractions. A sharp pullback in international travel, even if it affects only a narrow slice of Connecticut's market, could ripple through the sector. Lower spending by domestic visitors is a bigger threat, if the labor market weakens and tariffs reduce consumers' ability to spend. Lower immigration could also hurt business owners as an estimated one in five workers is an immigrant in the accommodation and food services industry.

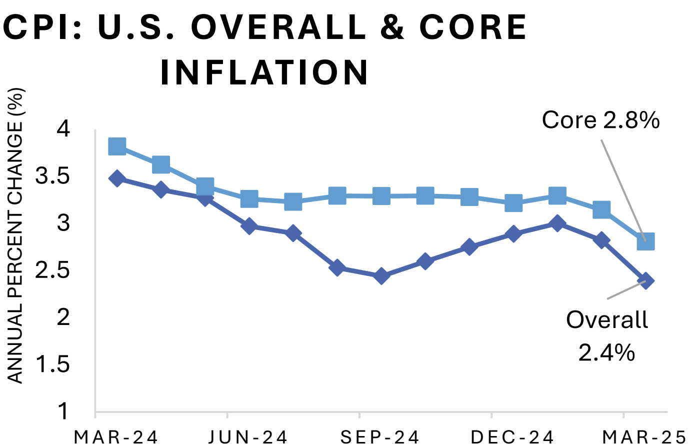
Like many parts of the economy, there is now increased uncertainty about how 2025 will play out for the leisure and hospitality industry. The latest state revenue estimates for fiscal year 2025 anticipate Indian Gaming Payments increasing $22.9 million (or 7.5%) over fiscal year 2024 levels and Sales and Use Tax (which includes the 1% surcharge on prepared meals and drinks, as well as Room Occupancy Tax) to rise $100.4 million (or 2.0%).

HOW BAD IS IT? HARD AND SOFT DATA TELL DIFFERENT TALES

In April 2025, "hard" measurable economic data and "soft" survey-based data paint a mixed picture. While hard economic data indicates an economy still doing alright, recent soft data warns that solid foundation could fall apart in the year ahead, especially without de-escalation in the trade war soon.

Inflation

Inflation indices are part of the hard data. The Trump Administration has raised the U.S. average tariff rate to around 25% as of April 22nd according to EY Parthenon, the highest rate of import taxes since 1909. That's expected to raise prices for consumers, but it isn't really showing up in the official data yet.



The CPI surprisingly fell 0.1% in March, to a 12-month change of 2.4% overall (down from 2.8% in February). This is the first actual fall in prices since May 2020, since bringing down inflation usually just means slower growth rather than outright declines. Price drops for oil and travel-related expenditures such as hotel rooms and airfares contributed to the decline, as increased recession fears led to lower expected demand in those areas. The impact of tariffs on consumer prices has been limited so far, suggesting that companies may absorb some higher costs or that the tariffs will just take longer to show up in the statistics.

The New England CPI also showed inflation moderating in the region, though still higher than the national level at 3.7% for the year.

Employment

Labor market indicators are another type of hard data. Though unemployment has started to rise, the labor market is still relatively strong. The U.S. added a surprisingly strong 228,000 jobs in March, beating economist expectations and the average job gain of 158,000 of the prior 12 months. U.S. unemployment rose slightly to 4.2%, but the increase was largely driven by more young people looking for work. April job figures, released on May 2nd, may paint a different picture.

Connecticut has seen net job losses in February and March, but private sector nonfarm payroll employment hit an all-time high in January. The State gained 13,600 (0.8%) net jobs in 2024. This year, the unemployment rate has risen from 3.2% in December to 3.6% in March, but initial claims for unemployment remain low through mid-April.

Durable Goods Orders

Preliminary numbers for new orders of durable goods (manufactured products expected to last over 3 years) surged 9.2% in March according to the Census Bureau, following smaller gains in January and February. It likely reflects a surge in Boeing aircraft contracts and companies stocking up before new tariffs kick in. Future orders could be lower in the face of high import taxes raising costs for manufacturers.

Personal Income & Personal Consumption Expenditures

Personal income increased at a healthy 0.5% monthly rate in March, and March consumer spending jumped a large 0.7% from February as motor vehicles and parts purchases surged by $56.6 billion to beat the start of new tariffs. Real disposable personal income grew 0.5% in March. Growth in consumers' after-tax inflation-adjusted incomes has been rising since September and has supported robust economic growth in the past two years.

GDP

Real Gross Domestic Product (GDP), which is an inflation-adjusted measure of the value of all goods and services produced in the economy in a year, is one hard data point that does point to an economy slowing down, though the topline numbers obscure more stable underlying demand.

The Commerce Department's preliminary estimate of real GDP growth for the U.S. is -0.3% for 2025 Q1, down from 2.4% in 2024 Q4 (at seasonally adjusted annual rates). The large drop in GDP growth is mostly due to consumers and businesses trying to front-run new tariffs, as a surge of imports drove growth down by 5 percentage points for the quarter (imports are a subtraction in the calculation of GDP) partly offset by businesses investing more in information processing equipment and building up inventories. Consumer spending, which accounts for about two-thirds of U.S. GDP, grew 1.8% in Q1, a slowdown from 4.0% in Q4 but still positive.

> "**Consumer confidence declined for a fifth consecutive month in April**, falling to levels not seen since the onset of the COVID pandemic," said Stephanie Guichard, Senior Economist, Global Indicators at The Conference Board.

An indicator that usually sends a clearer signal of underlying demand in the economy according to the Federal Reserve is real private domestic final purchases. That measure, which excludes inventory investment, government spending, and net exports, grew at 3.0% in the first quarter, up from 2.9% in Q4. That suggests the economy was doing okay through March, though that was before the "Liberation Day" tariff announcements and further financial market volatility.

"Soft" Economic Data Shows Big Concerns

Surveys that ask consumers and other market participants about their expectations are "soft" economic data. Significant deterioration in soft data could mean that declines in the hard data will follow, though consumer sentiment has not been a good predictor of future spending over the past several years.

Consumer Sentiment & Inflation Expectations

The University of Michigan reported their Index of Consumer Sentiment plunged 8% from March to April and is down 32.4% year-over-year. The future expectations index has fallen 32% since January, as the President's government layoffs and tariffs have been rolled out, which is the steepest three-month drop since the 1990 recession. The Conference Board's Consumer Confidence Index also fell, with future-looking expectations dropping to a 13-year low.

Consumers' year-ahead inflation expectations surged to 6.5% in April, marking the University of Michigan survey's highest reading since 1981. The New York Fed's Survey of Consumer Expectations showed that the share of households expecting a worse financial situation next year rose to 30%, the highest since October 2023, and people now expect unemployment to be higher in a year. This is of concern for the economy because people typically spend less when worried about losing their job.

Purchasing Managers' Indices

Purchasing Managers' Indices for services and manufacturing reflect the health of the manufacturing and service sectors through surveys of business decision-makers. The S&P Global Flash U.S. PMI for April indicated that U.S. business activity slowed to a 16-month low in April, with business expectations about the year ahead dropping to one of the lowest levels since the pandemic. While activity slowed, the indices are still at 51.4 for the service sector and 50.7 for manufacturing. Any reading above 50 signifies expansion, so purchasing managers still expect mild growth on average based on current readings.

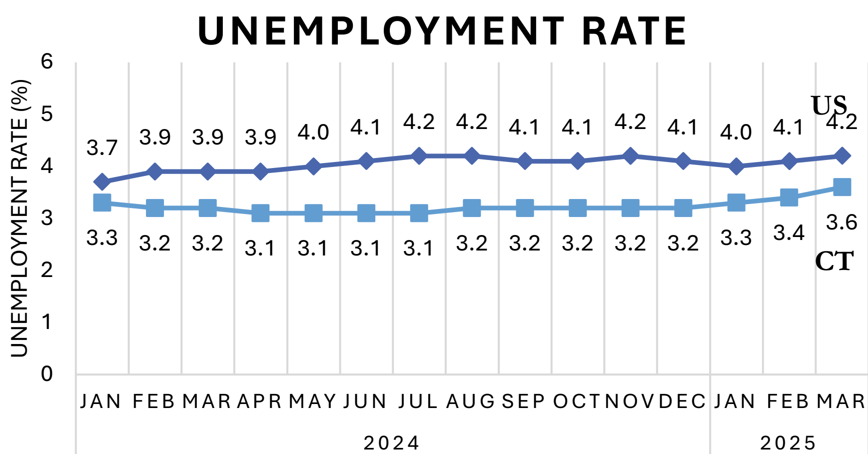
Small Business Optimism

Small business optimism, particularly high at the start of the year, has faded. The net percentage of small business owners expecting better business conditions fell 16 points from February to a net 21% in March (seasonally adjusted). This is the third consecutive monthly decline and the largest monthly decline since December 2020.

CONNECTICUT LABOR MARKET UPDATE

The labor market looks to be softening in CT as businesses and organizations scale back hiring. Connecticut's payroll employment fell by 4,500 jobs (-0.3%) in March to 1,711,400, and the unemployment rate ticked up to 3.6%. The U.S. added a healthy 228,000 jobs but has a higher unemployment rate of 4.2%.

While **unemployment is still at a historically low level**, the number of unemployed workers in Connecticut (69,500) rose 8.9% from January to March, and the unemployment rate has been trending up for the past three months (from 3.2% in December).



Source: CT Department of Labor

Connecticut net job losses, on a seasonally adjusted basis, were highest in Private Educational Services (i.e., private colleges and schools, -2,000 jobs or -2.7%) **and Administrative and Support and Waste Management** (i.e., businesses that provide services to other businesses like personnel placement, clerical services, cleaning, and security, -1,700 or -1.9%). April data should help clarify if educational job losses reflect the timing of spring break for student workers or show the impact of federal funding cuts. Manufacturing jobs were also down by 500 (-0.3%) for the month and 1,900 (-1.2%) for the year.

Finance and Insurance job growth is a bright spot. That high-paying industry has grown by 1,600 jobs (1.6%) since last year.

Data from the Connecticut JOLTS report show there were 82,000 job openings in February (preliminary), down from 91,000 in January when Connecticut hit a new record high for payroll jobs. Hiring slowed from 60,000 in January to 50,000 in February. *See the appendix for more labor market data.*

The Stock Market's Wild Ride

As of April 30, the Dow Jones Industrial Average, NASDAQ Composite Index and S&P 500 were down 9.4%, 13.0%, and 9.4%, respectively, from their recent highs this year. Stocks dropped dramatically, with the NASDAQ closing in a bear market (down over 20% from its recent high) following the President's early April tariff announcements, which have ushered in the highest tariff rates (taxes on U.S. imports) since at least the 1930s.

Markets have swung wildly in response to hints from the administration that either relief (in the form of trade deals) or more pain is up next (such as increasing China's rate, now at 145%). The S&P 500 saw its largest single-day gain (+9.5%) since 2008 on April 9th when the President announced a 90-day pause on "reciprocal" tariffs.

Because Connecticut has a large financial services sector, including a concentration of hedge funds, the performance of the stock market has a significant impact on Connecticut's economy and income tax revenue.

In a typical year, estimated and final personal income Tax payments account for approximately 25-30 percent of total state income tax receipts, but can be an extremely volatile revenue source. Recently released estimates project that fiscal year 2025 estimated and final payments tax revenue will be up 15.5% compared to FY 2024.

Connecticut Housing Market Trends
March 2025

-3.2%
Homes Sold YoY
Redfin

+8.5%
Active Listings YoY
Realtor.com

$422,600
+8.9%
Median Sales Price, YoY
Redfin

-4
Days on Market YoY
Realtor.com

+2.6%
884
CT Housing Permits YTD, YoY
U.S. Census Bureau

6.81%
Freddie Mac 30-Year Fixed Rate Mortgage Average for the week ending 4/24

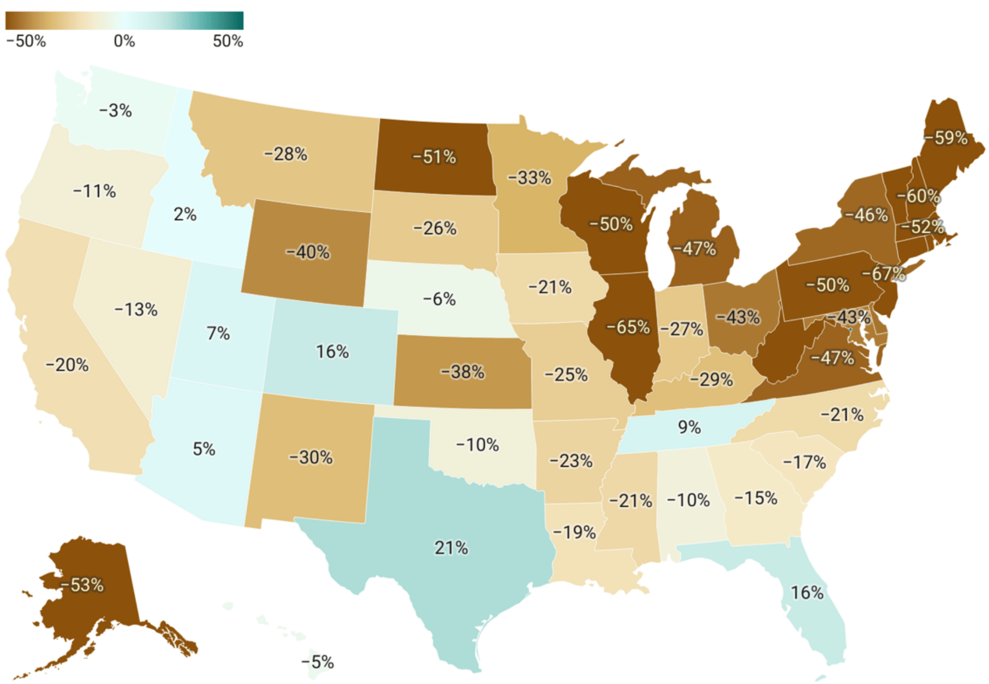
$1,686
+5.0%
Statewide Median Rent, YoY
Apartment List

CONNECTICUT HOUSING MARKET

Connecticut home sales slowed by 3.2% in March, according to Redfin, though the number of pending listings rose. Affordablility remains poor with the median home price of $422,600 rising 8.9% year-over-year and mortgage rates around 6.8% for a 30-year fixed rate, as of April 24th.

The map below shows how states' levels of homes currently for sale (i.e., active inventory) compare to 2019 levels. **Connecticut has 11,410 fewer (-77%) homes on the market in March 2025 as in March 2019, the biggest percentage decrease in inventory in the country.** The lack of inventory is pushing up prices across the Northeast and Midwest, while states like Texas and Florida have seen declines.

Active housing inventory for sale compared to pre-pandemic levels: Shift between March 2019 and March 2025



Map: Lance Lambert • Source: ResiClub analysis of listing data from Realtor.com • Created with Datawrapper
ResiClub

In Connecticut, new listings are up by 8.3% over last year according to Realtor.com. After years of shrinking listings in a market frozen by the mortgage rate "lock-in effect" (where owners don't want to lose their low interest rates by selling), the State is now seeing slow but steady growth in active listings available to buy. Homes are staying on the market 4 days fewer than this time last year, and selling for 102.1% of their list price on average according to Redfin.

Residential rents are up an estimated 5.0% year-over-year on average in the state according to Apartment List. While that rate is higher than most places in the country, it's down from a high of 5.8% in January. Year-over-year growth is higher (+6.8%) in the Bridgeport-Stamford-Norwalk metro.

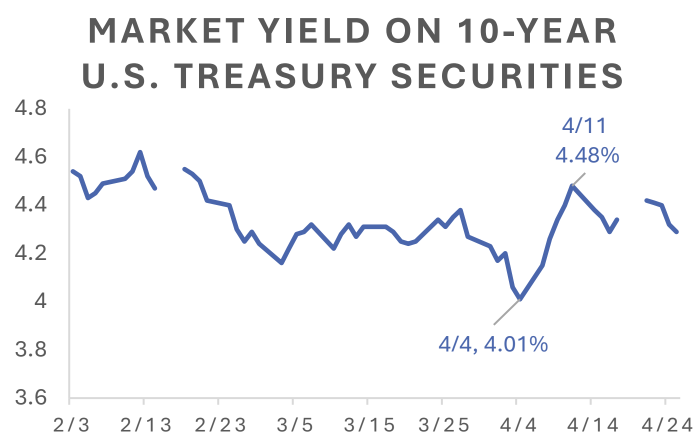
WHAT DOES A SELL OFF OF U.S. TREASURY BONDS AND U.S. DOLLARS MEAN FOR YOU?

During times of market stress, investors usually flee to safety—and that often means piling into U.S. Treasury bonds and the U.S. dollar, with yields falling and the dollar strengthening. But when both are sold off sharply at the same time, as happened for a few days in April, it might signal something far more unsettling: a loss of confidence in the U.S. as a financial safe haven.

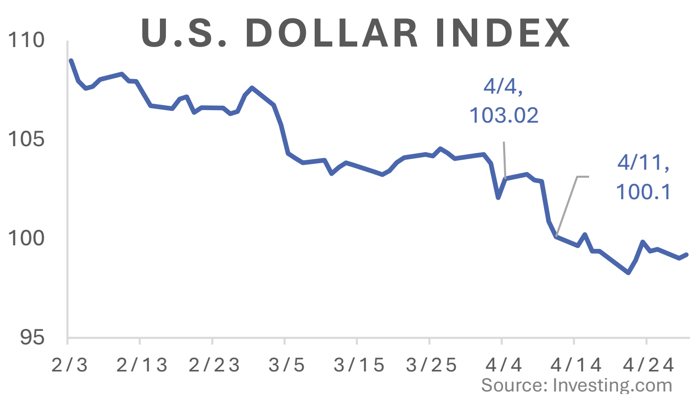
Treasury bonds, considered the world's most reliable "risk-free" asset, typically rise in value during uncertainty, which sends yields lower. If instead their yields are spiking as happened between April 4th and April 11th when yields rose from 4.01% to 4.48%, it suggests inflation concerns, unease about federal debt levels, a need to turn assets into cash (which likely contributed this time) or more problematically, fading trust in the U.S. as a guardian of the financial system.

The U.S. dollar, likewise, usually strengthens during global turmoil. A weakening dollar at same time might reflect expectations of Fed rate cuts, declining foreign investment, or a pivot toward alternative safe havens like gold. Indeed, poor U.S. stock market performance this year compared to many foreign equity markets suggests that some foreign money is flowing out of U.S. assets, in the face of President Trump's chaotic trade policy rollout and questions about the independence of the Federal Reserve. Similarly, gold has hit new record highs.

For Connecticut businesses and households, a loss of faith in the U.S. government could lead to higher borrowing costs, volatility in retirement portfolios, and rising import prices. Since the cost of mortgages, car loans and business loans often move with treasuries, borrowing costs are likely to rise when demand for those bonds goes down. We have already seen the average 30-year fixed mortgage rate rise sharply from 6.62% to 6.83% for the week ending April 17th, adding about $50 to the monthly mortgage payment for the median Connecticut house. The federal debt also becomes more expensive to finance amid rising yields, which can make debt payments crowd out more productive federal spending.



Constant Maturity, Source: FRED, Federal Reserve Bank of St. Louis



When the dollar loses value against other currencies, it takes more dollars to pay for imported goods. The U.S. Dollar Index is down about 9% for the year when measured against a basket of other currencies, including the euro, Japanese yen, Canadian dollar, and Swiss franc. That translates to higher prices for shoppers and higher costs for Connecticut businesses that use foreign components as inputs, on top of the impact of tariffs. A weaker dollar can be a good thing for manufacturers that export, as it makes their products cheaper for foreign buyers, but a weaker dollar might not make up for tariffs and other higher costs.

APPENDIX

Connecticut Housing Market	Mar-25	Mar-24	% Change or Change
Home Sales (Redfin)	2,411	2,491	-3.2%
Median Sales Price (Redfin)	422,600	388,100	8.9%
Active Listing Count (Realtor.com)	3,426	3,158	8.5%
New Listing Count (Realtor.com)	3,292	3,040	8.3%
Freddie Mac U.S. 30-Year Fixed Rate Mortgage Average (%) (Week ending 4/24/25 and 4/25/24)	6.81	7.17	-0.36
Median Days on Market (from listing to close, Realtor.com)	35	39	-4.0
Average Sale-to-List Price Ratio (Redfin)	102.1%	102.5%	-0.4%
Median Rent for New Leases (Apartment List)	1,686	1,606	5.0%
Single-family Housing Permits YTD-January (U.S. Census Bureau)	439	454	-3.3%
2+ Unit Structures Housing Permits YTD- Jan. (U.S. Census Bureau)	445	408	9.1%

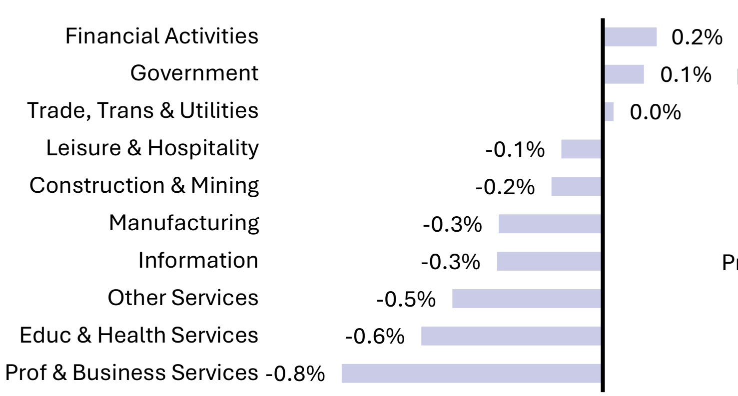
Some Data Retrieved from FRED, Federal Reserve Bank of St. Louis

Connecticut Labor Market	Mar-25	Feb-25	Mar-24
Unemployment Rate	3.6%	3.4%	3.2%
Total Unemployed	69,500	66,400	61,400
Total Nonfarm Employment	1,711,400	1,715,900	1,705,400
Job Growth	-4,500	-1,700	1,900
Job Openings to Unemployed Ratio	-	1.2	1.4
Quit Rate	-	1.7	2.0
Average Monthly Initial Unemployment Claims	2,763	3,167	2,695
Labor Force Participation Rate	64.9%	65.0%	64.6%
Average Hourly Wage	$39.08	$39.29	$37.44

Data Source: Bureau of Labor Statistics & CT Department of Labor

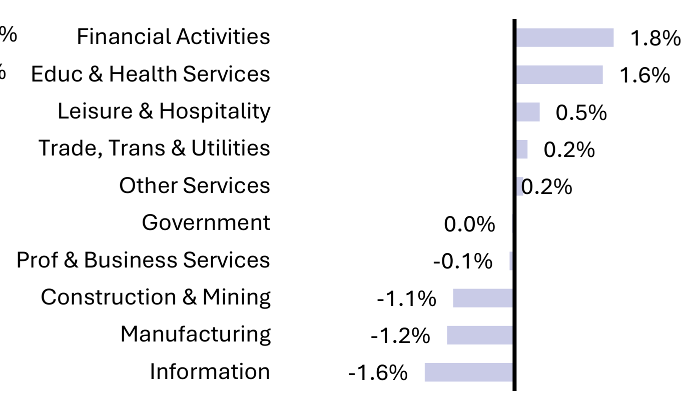
Connecticut Industry Sector Nonfarm Payroll Employment – March Changes

Month-over-Month Percent Change



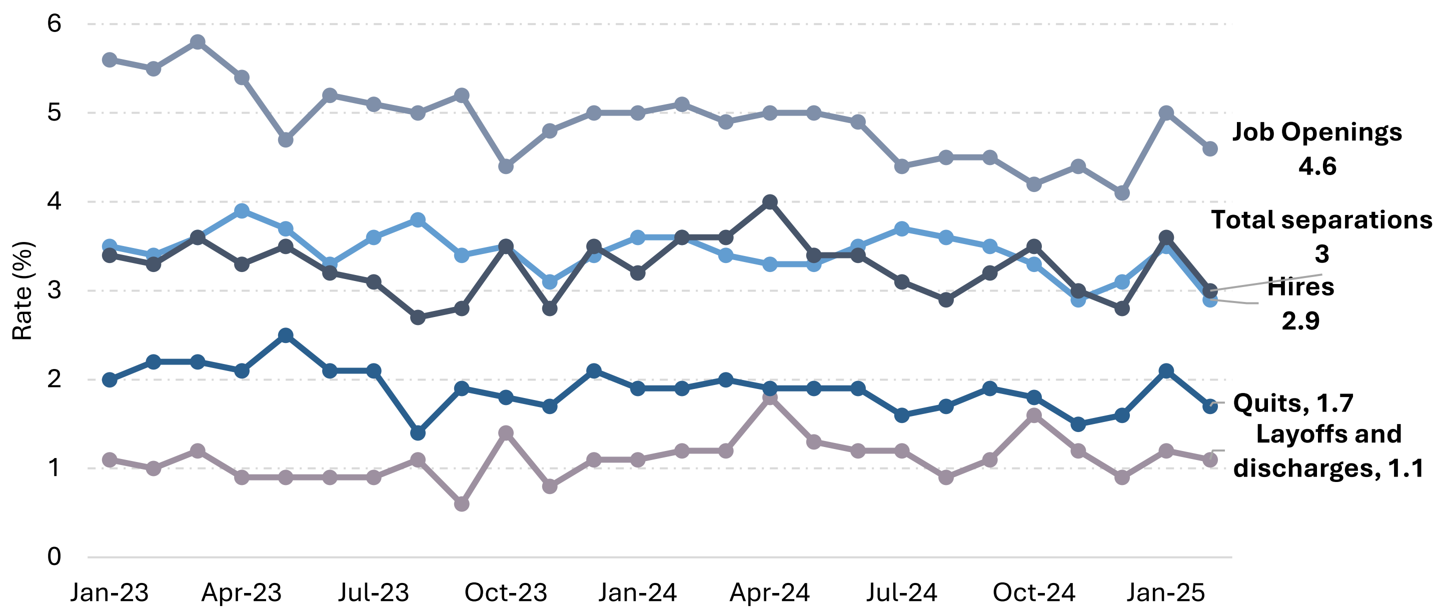
Data Source: CT Department of Labor

Year-over-Year Percent Change



Data Source: CT Department of Labor

Connecticut Job Openings, Hires, & Separation Rates Through February 2025



Source: Bureau of Labor Statistics, JOLTS