



OFFICE of the STATE COMPTROLLER

CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller

July 1, 2026

In this month's edition

Outlook: The U.S. economy is expanding at a moderate pace despite serious inflation pressures. Connecticut's real gross domestic product (GDP) grew at a 1.8% annual rate in Q1 2026—below the 2.1% national rate but still ranking 17th fastest among states. State personal income (e.g., wages, investment income, social security payments) grew 2.2%, versus 3.4% nationally in Q1, in annualized current dollars. Connecticut's labor market signals are mixed: the unemployment rate rose to 5.1% in May at the same time payroll jobs hit another record high. U.S. households increased their spending by 0.7% in May, which may not continue to be sustainable. The personal savings rate remained low at 3.0% as people rely on credit and draw down savings. Brent crude oil prices fell to pre-Iran War levels faster than many expected in late June, signaling future gas price relief at the pump.

The Federal Reserve held its first rate-setting meeting under **Kevin Warsh**, the new chair, and held the federal funds rate steady at 3.5-3.75% as widely expected. With annual PCE inflation at 3.4% excluding food and energy prices (vs. a 2% target), an interest rate hike later in 2026 is possible. Chair Warsh established task forces on Fed operations and set an expectation for much less communication from the Fed.

We're marking 250 years since the American Declaration of Independence with a special look at Connecticut's role as the "Provisions State" in the American Revolution. Additionally, the state's economy looks much different now from the farm-centric one in 1776, yet issues like young people being priced out by rising real estate prices and towns with diverse economic focuses would be familiar.

May U.S. retail and food services sales were up a strong 0.9% over April and 6.9% from May 2025, with gas station sales way up due to higher gas prices. However, estimated bar and restaurant sales were down 0.1% compared to April and rose just 2.7% year-over-year, not adjusted for inflation, suggesting consumers are pulling back on some discretionary spending amid higher prices.

Connecticut has added 7,400 jobs (0.4%) so far in 2026, with May gains strongest in Private Education, Local Government, and Arts, Entertainment & Recreation. Looking back at 2025, the Southeastern Connecticut Planning Region, which includes Electric Boat, saw the fastest job growth of the six largest regions.

Inflation continues. The New England CPI Index in May was up 4.6% for the year (with Core CPI up 3.1%), showing that inflation in the region is again running hotter than for the nation. Connecticut's average hourly wage rose just 2.5% from last year, meaning workers' paychecks don't stretch as far as they did before.

Housing: The U.S. Congress passed major housing legislation in June aimed at increasing housing supply, and state tax revenue tied to real estate sales is forecasted to be up 15.7% from last year. Connecticut home sales were down 7.5% year-to-date through May but an uptick in accepted offers suggests sales will pick up in June and July. Connecticut home prices continue to rise.

Fewer passengers have been travelling through Connecticut's airports in 2026, with 2.7% fewer domestic passengers through Bradley and international traffic down a dramatic 50.8% year-over-year for the January-to-April period.

Connecticut's labor productivity rose 3.0% in 2025, ranking 11th among states and reflecting a significant improvement over the long-term trend.

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KEY DATES THIS MONTH

7/2 – June U.S. jobs report
7/14 – June CPI inflation report
7/20 – June CT jobs report
7/28 – 7/29 Federal Reserve FOMC interest rate-setting meeting
7/30 – Q2 2026 U.S. GDP 1st estimate: June U.S. personal income & outlays

Did you know?

Together with the Connecticut Conference of Municipalities, Yale University and UConn, we're convening the **Connecticut Citizens' Assembly** to tackle property tax reform. The Connecticut Citizens' Assembly is a groundbreaking democratic initiative designed to give residents a direct voice in state policy. A representative group of 100 everyday citizens will meet to learn about the issues, discuss them, and make recommendations for state policymakers for how best to fund local services from education to public safety. Learn more at the website: <https://ct-citizens-assembly.org/>

About OSC

Sean Scanlon, State Comptroller
Tara Downes, Deputy State Comptroller

The mission of OSC is to provide accounting and financial services, to administer employee and retiree benefits, to develop accounting policy and exercise accounting oversight, and to prepare financial reports for state, federal and municipal governments and the public.

Questions about this report?

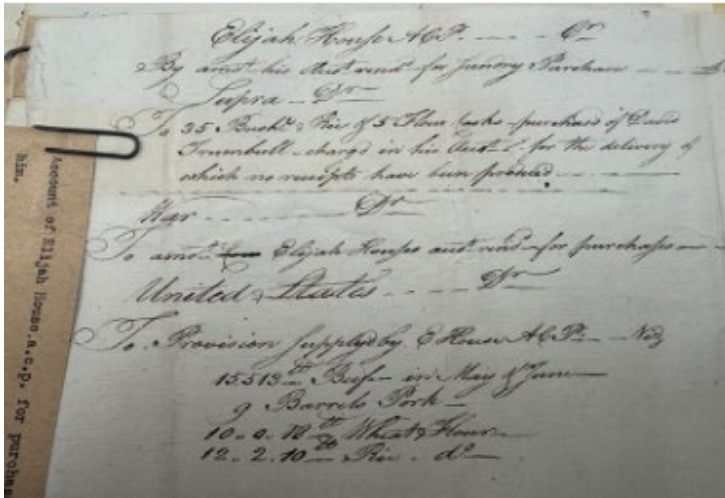
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An account of purchases of rice, beef, pork, and wheat by Elijah House. These purchases may have directly led to his severe financial loss.
Source: Connecticut State Library Archives

Connecticut Financiers of the Revolution

Behind the food, weapons and clothing that kept the Continental Army in the field stood a network of merchants, politicians and citizens who extended credit and often took hard personal financial risks. Their stories show how the war's financial burden often fell on ordinary Connecticut residents.

Elijah House of Andover is an example of the private cost of public war. Account records show House procuring rice, beef, pork and wheat for government use. He was an essential financier of the effort. He lent money to the French troops who were staying in Lebanon in 1781. The debts went unpaid for a long time causing damaging financial losses. He recovered and built a new home in 1784. He operated a merchant shop, a slaughterhouse, a soap-making operation and a paper mill. His story shows the gamble that many Connecticut merchants took, which eventually paid off.

John Lawrence, Connecticut's state treasurer from 1769-1789, sat at the front of the state's wartime financial machinery. His twenty-year tenure lasted the entire Revolution, and he managed state revenues, public officials and handled wartime spending through the conflict. Treasury certificates were issued to soldiers serving in the war. He also loaned funds from the state to support recruiting efforts, clothing and transportation for soldiers. In return the state received loans from private individuals to keep the state afloat. His main focus was funding recruitment for the Continental Army and controlling the state treasury. The sheer volume of payment orders reflects how improvised wartime finance was.

James Hillhouse moved between the military and public financier. He served as a captain in the 2nd Company of the Connecticut Governors Guard from 1775 to 1780, then transitioned directly to the Connecticut House of Representatives starting in May 1780. Before his political service even began, he was lending money to the state by January 1780. He blurred the line between soldier, creditor, and lawmaker in a way that was not unusual for Connecticut residents of his class.

Continued on page 6.

CONNECTICUT'S CRUCIAL ROLE IN THE FIGHT FOR AMERICAN INDEPENDENCE

Connecticut earned the nickname, "the Provision State" from the Revolutionary War period, when the state played an outsized role in providing for the war effort: supplying food, arms, cannon, and other provisions to the Continental Army, as well as [tens of thousands](#) of troops.

One of the 13 original colonies, Connecticut in 1776 was prosperous, producing enough surplus goods to support lucrative trade with the West Indies (the islands lying between Florida and coast of South America). When the Revolutionary War began and Great Britain cut off that trade, Connecticut's farmers, artisans, and merchants quickly shifted to supplying food and other war necessities for the independent nation.

The new American army needed to be outfitted, fed, and armed, but the fledgling federal government had no taxing powers. The troops were often ill-equipped and underfed. Supporting the war effort, some of Connecticut's wealthy citizens loaned large amounts of money to help keep soldiers stable. The [Connecticut government also provided supplies](#) for the war effort, later raising taxes as a result. This mobilization was possible partly because Connecticut enjoyed greater self-government than the other colonies under a charter issued by Charles II in 1662. This provided government continuity as the fight for independence began.

Governor Jonathan Trumbull was the only colonial governor to support the patriots. He oversaw the state's cannon and iron production, and its distribution of supplies and food to soldiers across the region, most notably to Valley Forge upon George



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Washington’s request. Trumbull’s generosity earned him the [title](#) “Brother Jonathan” with George Washington.

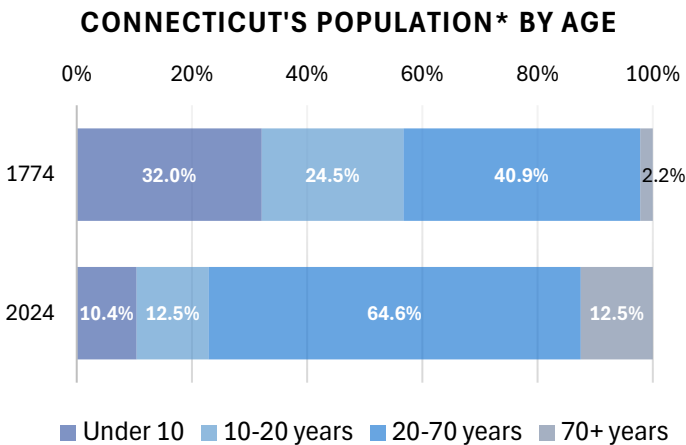
CONNECTICUT’S ECONOMY: 1776 VS. 2026

Next, we look at Connecticut’s economy on the eve of the revolution. What were economic conditions like then? Surprisingly, some things haven’t changed in 250 years. Guided by an authoritative account from historian Jackson Turner Main, we look back at Connecticut as our founding generation knew it and draw a few parallels to the present.

Main’s account focuses on men, but women’s roles were equally vital. They produced many of the necessities of daily living and could own property (though married women’s property was generally controlled by husbands).

A Smaller, Younger Population

At the time of the Revolution, Connecticut’s population was roughly 200,000 people, which is slightly less than the combined current populations of Stamford and Greenwich. (As of July 1, 2025, Connecticut’s population is 3.69 million, 18.6 times larger than in 1774).



*1774 figures reflect the white population only, ~96% of the total.
Sources: Sutherland (1975), Series Z 24-132 - *Bicentennial Edition: Historical Statistics of the United States, Colonial Times to 1970, Part 2.*, U.S. Census Bureau, 2024 5-year American Community Survey, S0101

The population was younger on average, with those up to age 20 accounting for roughly 56% of the population versus only 23% today.

Major Occupations

The bedrock of colonial economies, including Connecticut, was agriculture. But unlike colonies further south, which got wealthy exporting single staple crops like tobacco from Virginia, New England farms were less specialized and



practiced diversified farming. They tended to produce most farm products for self-consumption or the local market, with dairy and livestock being more frequently exported.

The largest occupational group was farmers, accounting for about 32-35% of men (that does not include farm laborers, who worked on the farms of others). Today people who identify farming as their primary occupation make up less than 1% of the prime working age population (4,212 in [2022](#)). For a man in his early thirties, likely a husband and father to young children, a farmer needed 40-acres to provide for his family’s basic needs. While some were larger, Connecticut farms in 1776 did not usually exceed 200 acres, contributing to relative equality.

Nearly another third of men were laborers, who lacked the land, equipment or enough artisanal expertise to generate income from other means. Aside from the enslaved people in this category, being a laborer was usually a temporary occupation for young single men. This isn’t unlike jobs today that attract a high proportion of teenagers and other people just starting out, like in retail and food services.

The next largest group was craftsmen, who accounted for nearly 25%. These men typically owned small farms as well, but their primary income came from producing products like barrels, carts, cloth, saddles and ships for their communities, and sometimes for export to the West Indies. Young men learned these trades from their fathers or came under a local master artisan as an apprentice.

Shoemakers, tailors and weavers were common, typically poorer artisans that required little capital to operate. Middle-class craftsmen like blacksmiths, coopers (who made barrels), joiners and other skilled carpenters, typically owned land and farmed on the side. The highest tier of craftsmen can be referred to as “manufacturers”. This included millers (who ground grain to make flour), tanners (who made leather), and owners of ironworks and shipyards,



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which required significant capital investment. This group frequently attained a higher standard of living.

While not directly comparable, 9% of Connecticut’s non-farm payroll employment today is employed in the manufacturing sector.

Another roughly 10% of men were in a profession (like ministers, teachers, doctors and lawyers) or trade. Aside from teaching, which was low paying except for those teaching at Yale, professionals generally had a high standard of living and lived ten years longer than others on average. Traders were involved in transporting, buying or selling goods, and made up around 7% of the men over age 40. This included local shopkeepers and ships’ captains that carried goods overseas, with merchants often attaining the highest level of wealth at this time.

Wealth and Standard of Living

Real estate in colonial Connecticut formed about two-thirds of the total wealth, and acquisition of land was the principal way by which parents could provide for their children and their own old age. Property qualifications restricted voting and holding political office, and generally everyone tried to acquire a farm.

Much like today, **wealth and standard of living were often tied to age and life stage.** According to Main, men “began with little property or prestige, gained both upon marriage, and advanced with age until, as grandfathers, they might begin to dispose of their worldly estates while still retaining their standard of living and reputations.”

Marriage was a more important economic event, as fathers typically “settled” their sons on marriage with a little

land to farm on their own or build a house, even if the son wouldn’t technically inherit that land until years later. Wives brought with them an inheritance, often of household goods like crockery and linens, that increased a young family’s wealth and comfort. Like those who benefit today from parents paying for college or providing free childcare, family support for those getting started on their own made a big difference.

Unlike in England, Connecticut practiced **partible inheritance**, where the widow and all children inherited some of their father’s wealth on death, though the oldest son received a double portion. Since the largest estates being divided up were not particularly large to begin with, **this forced a level of equality between young men just starting out.** Men typically increased their land holdings over their lifetimes, which would then be fully divided up again at their death or shortly before.

Near the time of the revolution, as **land became scarcer and more expensive**, younger sons often sold their modest share of the inherited land and emigrated west where they could set up a much larger farm on cheaper land. Scarce and expensive are terms we can still use today to describe Connecticut land.

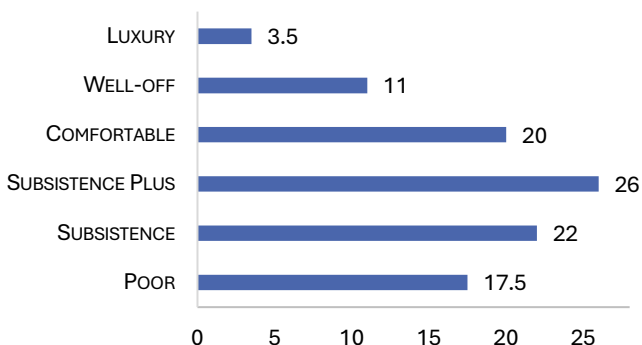
Just under 18% of men living around the time of the Revolution were estimated to be too poor to provide for their own subsistence, but 71% of that group was made up of single men, many of them young and living as dependents in someone else’s home. As they aged, they could reasonably expect to reach subsistence or better, with only 11% of men with teenage or young adult children estimated to be living at or below subsistence level.

About 3.5% of men (and their families as a result) lived in “luxury”, with another 31% combined living either a comfortable middle-class life or considered “well off”.

While not directly comparable to those metrics of standard of living, 11% of Connecticut households were living below the federal poverty line in 2023 and an additional 29% were [ALICE](#) households—above poverty but still below the basic cost-of-living threshold that takes into account the location-specific cost of housing, child care, food, transportation, health care, and technology.

Like in 1774, younger households today are most likely to be poorer, with 68% of households headed by someone under age 25 living below the ALICE Threshold. That share declines

CONNECTICUT MEN IN 1770-1774 BY STANDARD OF LIVING (%)



Source: Jackson Turner Main (1985), *Society and Economy in Colonial Connecticut*



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with age, as 33% of Connecticut households headed by those age 45-64 were living below the ALICE threshold in 2023. For a gauge of those living in luxury, 4.1% of Connecticut [income tax filers](#) had incomes of \$500,000 or greater in 2024.

Not unlike today, young people starting out around this time had to contend with the fact that **buying or expanding a farm (the usual means to respectability and wealth) was now more expensive** than it had been for earlier generations. This meant young men began to wait longer to begin farming, working longer as laborers or beginner artisans. One could draw parallels to today to with the increasing age for first time homeownership, on account of rapidly rising home prices.

Slavery

Slavery existed in Connecticut in 1776. Main estimates that enslaved people accounted for 2.8% of the population statewide and 5% in the urban centers on the eve of the Revolution. While the proportion of enslaved people was lower in Connecticut than in Southern colonies or the nearby cities of Newport and New York City, historian Lorenzo Greene [finds](#) that Connecticut had the largest number of enslaved people of all the New England colonies at this time. He attributes that to Connecticut’s wide and fairly equal prosperity.

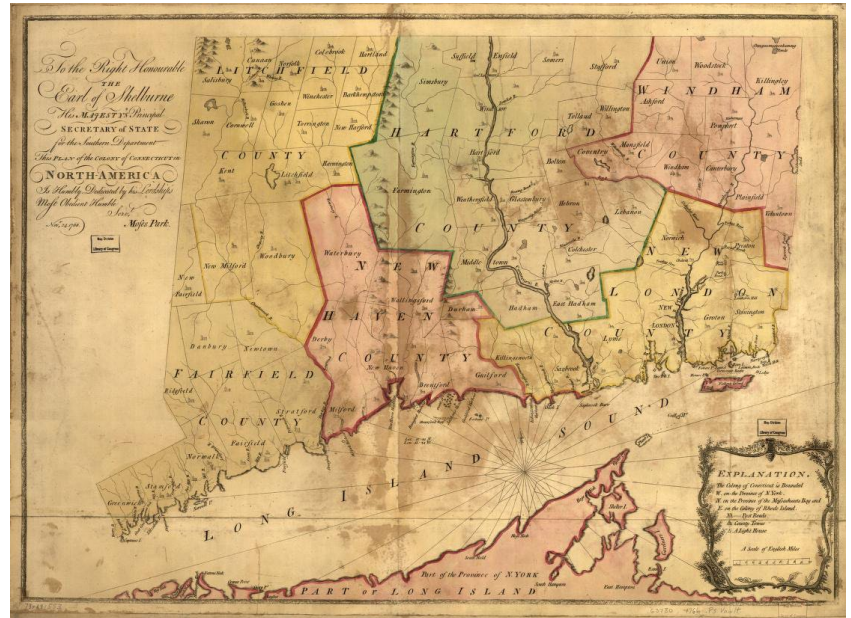
Familiar Aspects of Economic Life

The colonists were familiar with economic depressions and inflation; there was a boom that increased land prices after 1750, as well as a recent depression in the 1760’s following the French and Indian War. When the economy provided fewer opportunities for young men, they emigrated elsewhere, leaving the average Connecticut colonist’s standard of living remarkably stable. However, like today, the outmigration of young people was viewed with concern.

The society relied to a large extent on credit, with “debts receivable” (amounts owed to a person and often payable at death) constituting roughly 25% of personal property inventories.

Towns that Continued as they Began

According to Main, Connecticut’s towns showed a variety of economic focuses (i.e., specialization in trade, in manufacturing, or just rural agriculture) almost from the start, so that the towns that started as major hubs generally



continued to hold that function. Except for a few exceptions like Middletown which evolved into a manufacturing hub, “most of Connecticut’s towns joined their species from birth. The likes of Hartford, New London, and New Haven originated in trade at the same time the others were being founded as frontier farming villages, so that the colony’s economy and society displayed instantly its distinctive features.”

Connecticut produced all the food it needed and sold the rest. Trade with the West Indies (the islands lying between Florida and coast of South America) was crucial for colonial Connecticut exports of agricultural and artisan surplus, and imports of hard currency, sugar, molasses, coffee and fruit. It also involved the exchange of enslaved people. Trade with England provided fine English cloth, iron, glass, tea, spices, and crockery. A productive surplus made Connecticut pivotal in supplying the military in the American Revolution.

Main describes Connecticut’s towns as “predominantly agricultural and middle class, with few large property holders. Only in Hartford did the wealthiest 10% own half of the wealth.” Unlike in Massachusetts, which had the major port city of Boston, or Virginia with its large tobacco plantations, Connecticut’s lack of those things made its economy and society more egalitarian. This aspect stands in contrast to today, when Connecticut’s income inequality is among the highest in the [nation](#).

Quotations and most historical information in this article come from Jackson Turner Main’s 1985 book, *Society and Economy in Colonial Connecticut*.



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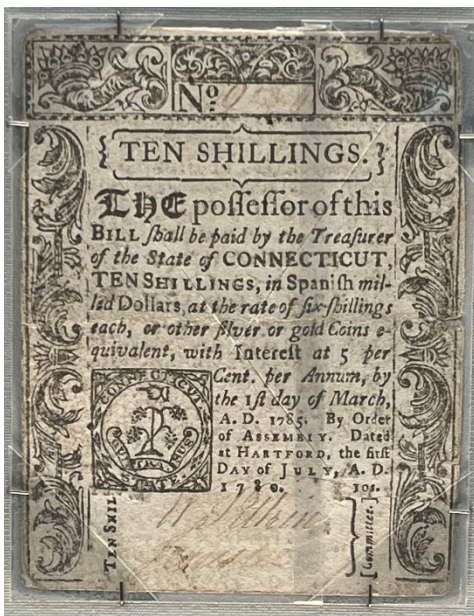
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CONNECTICUT IN THE REVOLUTIONARY PERIOD

Prior to independence, Connecticut's currency was based on British Sterling, but foreign coins were widely accepted. Congress issued Continental Currency, colloquially named "The First American Dollar," beginning in 1775 with the goal to [fund wartime efforts](#). However, the bills depreciated and hyper-inflation ensued starting in late 1778; issuance ended in 1779. Connecticut and the other states issued their own paper, such as the ten shillings note shown below.

Early in the Revolutionary War the average soldier was paid around [\\$6-7 per month](#) (equivalent to roughly \$231 to \$515 today, depending on inflation assumptions used). Currency shortages were common due to the combination of the war's high expenses, the British choking off the precious metals supply, and rampant inflation that persistently eroded the Continental Dollar's value. As such, reliably paying soldiers was a problem—one that Connecticut's private citizens and the government frequently stepped in to address.



Connecticut Ten Shillings Note, 1780
On display at the Federal Reserve Bank of Boston

Although the Continental Congress attempted to take more control in coordinating the war effort, it did not have the authority to levy taxes directly.

Since Connecticut was one of the more prosperous colonies in the new nation, it was expected to contribute significantly to the continental military. To raise the necessary funds, the Connecticut General Assembly [levied taxes](#) multiple times during the war on "polls

and rateable estates"—that is, on taxable individuals (i.e., a head tax) and the taxable value of their property as recorded in town grand lists. Town governments were responsible for determining assets and collecting tax revenue. Some taxes could be paid in the form of cattle, clothing and other supplies for the military.

After the end of the Revolutionary War in 1783, Connecticut's main challenges were to [pay off the debt](#) from the war while also supporting

More Connecticut Leaders in the Revolution

Samuel Huntington was a signer of the Declaration of Independence, a president of the Continental Congress, and later Governor of Connecticut. He backed the unpopular decision to devalue Continental currency. By the late 1770s, Continental dollars became nearly worthless due to increasing inflation. The Congress under Huntington decided that taking the painful road of devaluation was the only way to stabilize the economy and rebuild trust in the dollar.

David Trumbull was essentially the state's logistics coordinator. He worked out of Connecticut's War Office in Lebanon beside his father, Governor Jonathan Trumbull. As Assistant Commissary General, he was responsible for supplying food, clothing and weapons to Connecticut regiments and many more in the North. He was often connected with Elijah House, showing a supply chain throughout the war. Both Trumbull and House helped give the Continental Army an edge in supplies.

What brought all these men together was a financial emergency and how Connecticut responded. Connecticut relied on a web of personal credit, trust and people willing to risk financial failure. Many of them waited a significant amount of time to get their money back.

the new state and federal governments. After independence, the state needed revenue to repay creditors, veterans, and suppliers. **Special wartime taxes continued into the 1780s.** The state's economy also continued shifting more towards industry and early manufacturing—much of it water-powered. The General Assembly encouraged this diversification, in some cases providing property tax exemptions (e.g., a five-year [exemption](#) for the Hartford Woolen Manufactory, the first wool factory in the nation) or temporary monopolies.

Throughout the post-war period, Connecticut citizens [felt pressure](#) from taxes imposed to pay public debts. Although Connecticut did not experience an uprising on the scale of Shays'



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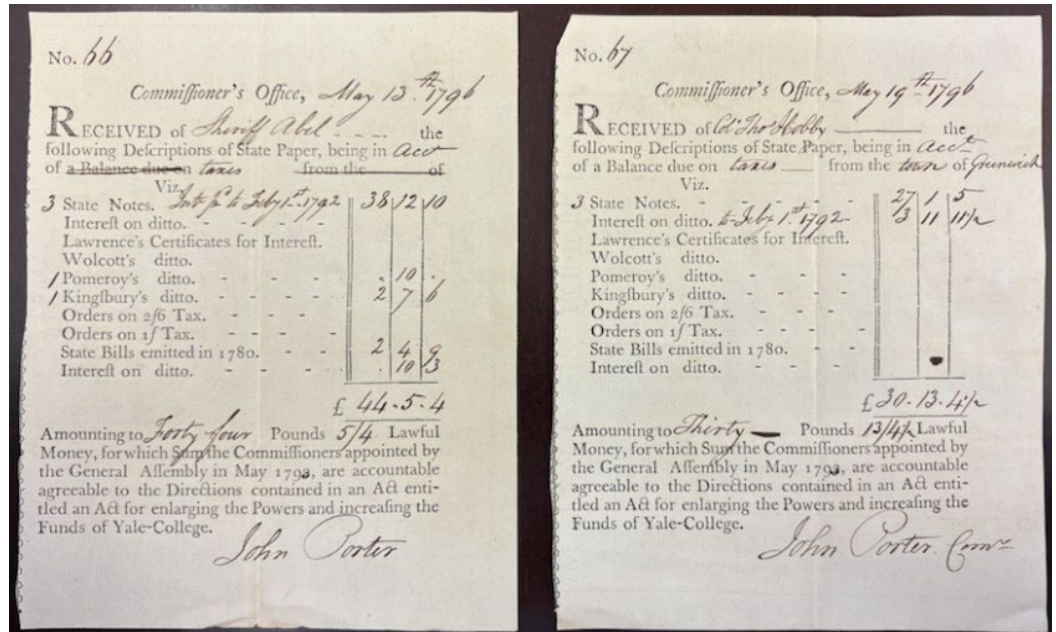
Rebellion in neighboring Massachusetts, concerns about debt collection and taxation were common throughout New England. High taxes became part of the broader debate throughout America's early history over how governments should finance themselves after the Revolutionary War.

Examining archives from the Connecticut State Library reveals that most debts and large purchases around this time were made in Connecticut pounds, shillings, and pence ([British System](#)).

However, the [Coinage Act](#) of 1792 introduced the U.S. Dollar Coin, a tangible silver metal coin that held its value and helped to mitigate the severe inflation of the Continental.

Around this time, historians have observed more local purchases and debts being recorded in U.S. dollars as opposed to British Pounds. But **international and interstate transactions were still made in pounds**. This posed an issue, since the newly independent nation would eventually want its own unified monetary system, but the British norms being so deeply engrained in the country's history was an obstacle.

Connecticut's **early adoption of the U.S. currency** showed a strong confidence in the United States' economy and a firm political shift to the new federal government. The new currency facilitated Connecticut's **strengthening trade relationships with neighboring**



Two receipts dated May 13-14, 1792, documenting payments in Connecticut State Paper. Source: Connecticut State Library Archives

states like Massachusetts, Rhode Island, and New York, making [interstate trade easier](#). Additionally, the [expansion of banks](#) provided Connecticut businesses with **additional access to credit**, and this increased availability of capital helped to stimulate more economic growth throughout the state around the turn of the century. This effect only grew during the [Industrial Revolution](#).

Perhaps the most important effect of the dollar was that it ultimately integrated Connecticut into the national economy. Before the war, the colonies had acted in many ways like separate countries, each with their own local practices. Together with the expansion of manufacturing industries across the state, Connecticut's economy evolved to [capitalize](#) on the opportunity presented by the newly born nation.

A Symbiotic Relationship

Historian Bruce Daniels sums up Connecticut's war-economy this way:

"The state and national governments needed **Connecticut's provisions** to keep armies in the field, and Connecticut needed the army [as a market for] its produce. **Privateering became a favorite activity for merchants**; about 380 Connecticut ships with letters of marque from the [General Assembly] preyed on enemy shipping and seized over 400 prizes. Prominent merchants in coastal towns, deprived of normal trading activities because of their exposed locations, often survived as businessmen by owning or outfitting privateers. The use of printed money in commercial transactions increased greatly during the Revolution, and this development gave rise **to brokers and speculators** who traded widely in French notes, Continental notes, soldiers' bounties, and Connecticut state bills."

Bruce Daniels (1980) "Economic Development in Colonial and Revolutionary Connecticut: An Overview," *The William and Mary Quarterly*, pg. 438.



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RISKS AND EVENTS WE'RE WATCHING

President Trump announced a “framework for peace” with Iran, and oil prices dropped sharply back down around pre-war levels by late June. Uncertainty remains about a long-term deal but tanker traffic through the Strait of Hormuz has picked up, at one point [approaching](#) 80% of the pre-war level.

Health insurers are [seeking](#) an average Connecticut premium rate increase of 16.2% over 2026 rates for individual market coverage (e.g., on the ACA exchange), and 17.8% in the small group market. The Connecticut Insurance Department will adjust those rates in September if they are not justified by actual claims and cost trends.

[SpaceX](#) completed the largest ever initial public offering (IPO) in June, raising [\\$85.7 billion](#), and AI-leaders OpenAI (ChatGPT) and Anthropic (Claude) are exploring public offerings as well. The S&P 500 rose 14.9% in Q2, its **best quarter since 2020**, and is up 9.6% for the first half of 2026. Semiconductor stocks have risen sharply, and the Russell 2000 Index of smaller public companies is up over 20% YTD. State tax revenues are strongly tied to market performance.

The Supreme Court ruled that the President can end **Temporary Protected Status (TPS)** for those immigrants in the U.S. legally. There are likely to be negative economic consequences if thousands of Haitians and others with TPS, who contribute to our economy by working hard-to-fill jobs, paying taxes, and creating local demand are forced to depart.

The Trump Administration’s current 10% global tariff is scheduled to expire on July 24th. It could be replaced by new tariffs under Section 301 of the Trade Act of 1974, for which investigations are ongoing. U.S. Customs & Border Protection [announced](#) that Phase 2 of their refund process for the President’s [IEEPA tariffs](#) (struck down by the Supreme Court) began June 29th, with more entries now eligible for refund processing. A total of \$166 billion was illegally collected.

The State of Connecticut will provide \$300 grocery store gift cards this summer to an estimated 25,000 residents who have lost federal food assistance through SNAP (formerly known as food stamps). The [initiative](#) is being funded with \$8.5 million in funds from the Federal Cuts Response Fund.

Inflation Update

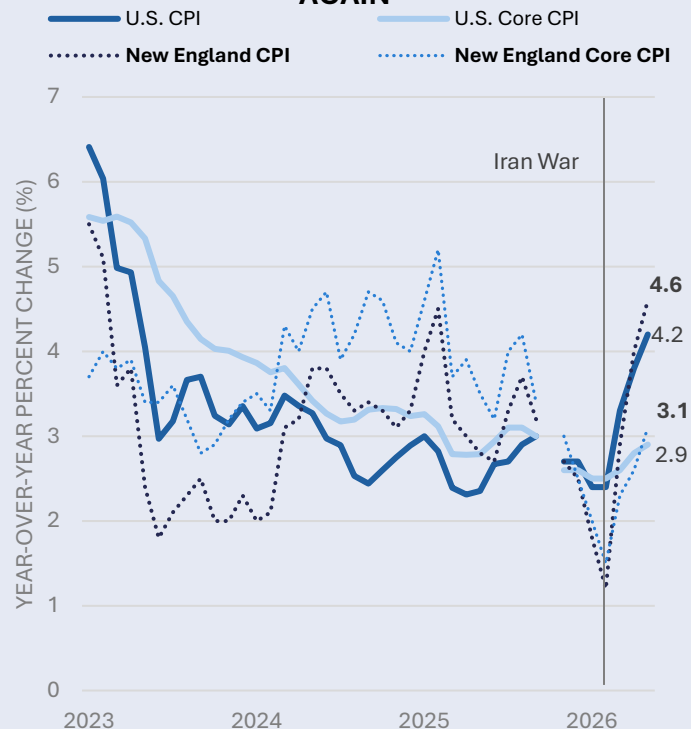
The U.S. Consumer Price Index (CPI) for all urban consumers **rose a large 0.5% for the month in May**, following a monthly rise of 0.6% in April, both on a seasonally adjusted basis. Compared to a year ago, U.S. consumer prices are up 4.2% in May, versus 3.8% in April. Higher energy prices accounted for over 60% of the monthly increase, largely tied to continued disruption from the Iran War.

Core CPI, which strips out volatile food and energy prices, rose 0.2% for the month of May, (after 0.4% in April), with prices up 2.9% from a year ago (vs. 2.8% in April). Tariffs, the bidding up of IT equipment for AI, and some sticky inflation for services all appear to be contributing to higher Core CPI, but the slower 0.2% monthly rise in May was encouraging.

The **New England CPI Index in May was up 4.6%** for the year (with Core up 3.1%), showing that inflation in the region is again running hotter than for the nation as a whole. Over the past year, New England prices have risen more for gasoline (+48.2%), groceries (+4.5%), apparel (+5.1%), and housing (+4%). Nationally, airline fares are up 26.7%.

Very high inflation readings from the May [Producer Price Index](#) have economists expecting more consumer inflation in the months to come, especially for goods.

NEW ENGLAND ANNUAL CPI INFLATION OUTPACING NATION'S AGAIN



Source: Bureau of Labor Statistics, Consumer Price Index



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LABOR MARKET UPDATE

In May, Connecticut's labor market continued the 2026 trends of both rising payroll employment and a rising unemployment rate, with nonfarm payrolls reaching another new all-time high and up by 7,400 jobs (0.4%) so far in 2026.

Connecticut added 500 positions in May and a revised 4,300 positions in April, both on a seasonally adjusted basis, while the unemployment rate ticked up to 5.1% (from 5.0% in April). The data show that Connecticut employers have been adding net new positions at a **faster rate than the national average**, but it is also taking longer for Connecticut residents to find a job than in the recent past. This leaves an increasing number of job-seekers unemployed at a given point in time.

Low levels of claims for unemployment insurance, which we would expect to rise in response to accelerating layoffs, gives reassurance that the rising unemployment rate isn't a sign of seriously deteriorating conditions.

However, rising unemployment allows hiring organizations to be more selective and **reduces wage pressures**. The Department of Labor reported that Connecticut average hourly wages rose by just 2.5% year-over-year in May—far below the 12-month rate of current inflation (4.6% for the New England CPI).

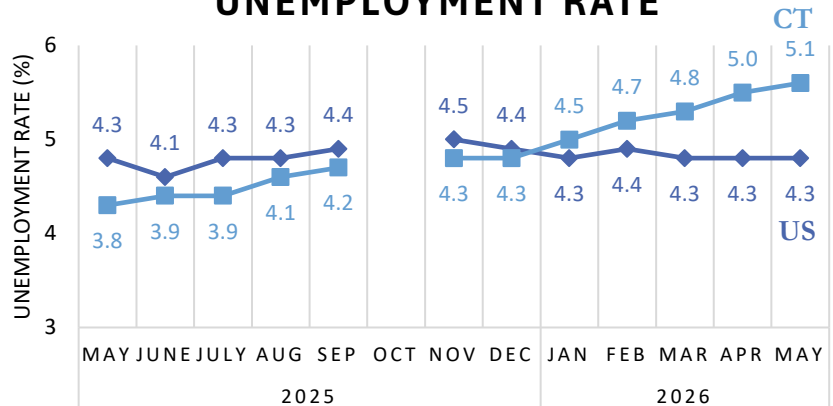
Average Employment and Wages for Connecticut's 6 Largest Planning Regions (4th Quarter 2025)

	Employment (thousands)	Employment % Change from 2024 Q4	Average Annual Wage (thousands)	Average Wage % Change from 2024 Q4
Capitol	537.4	0.4	86.0	3.8
Western Connecticut	292.4	0.3	137.0	5.6
South Central Connecticut	280.7	-0.1	84.6	8.0
Naugatuck Valley	160.5	-1.0	76.5	2.4
Southeastern Connecticut	128.9	0.9	78.8	8.0
Greater Bridgeport	116.9	-0.4	83.4	6.7

Data are preliminary. Reflects covered employment and wages, which includes only workers covered by Unemployment Insurance (UI) and Unemployment Compensation for Federal Employees (UCFE) programs.

Source: Bureau of Labor Statistics • Created with Datawrapper

UNEMPLOYMENT RATE



Source: CT Department of Labor

That means the average worker's paycheck now buys less than it did last year, forcing families to use credit, savings or cut back. See the appendix for further labor market details.

Regional Patterns in 2025

The graph below compares employment and wages in Connecticut's six largest [planning regions](#) (which are now used for tracking rather than counties), in the last quarter of 2025.

Southeastern Connecticut saw the fastest employment growth over the prior year (0.9%) as well as the fastest average wage growth (8.0%). The South Central Connecticut region slightly lost jobs but also had fast wage growth (8.0%). Such high wage growth suggests a shift towards higher paying roles. The data show weakness in the Naugatuck Valley region last year, which lost 1% of its employment and saw the average wage increase only 2.4%.



OFFICE of the STATE COMPTROLLER CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller

July 1, 2026

LOCAL AIRPORT TRAFFIC TRENDS

It's summer, when air travel traffic typically peaks in Connecticut. Based on passenger data for early 2026, this year is shaping up to be slightly slower than 2025. Bradley International Airport passenger traffic was running 3.5% below 2025 levels for the first four months of 2026 (January through April), based on Bradley's [traffic statistics](#). The passenger count for domestic flights was down 2.7%, while the much smaller count of international passengers was down a striking 50.8% compared to that period in 2025.

Bradley International Airport Passenger Statistics

January through April

Segment	2026	2025	Change	% Change
Enplanements				
Domestic	994,340	1,020,860	-26,520	-2.6%
International	8,103	17,099	-8,996	-52.6%
Total	1,002,443	1,037,959	-35,516	-3.4%
Deplanements				
Domestic	999,433	1,028,641	-29,208	-2.8%
International	8,778	17,246	-8,468	-49.1%
Total	1,008,211	1,045,887	-37,676	-3.6%
Total				
Domestic	1,993,773	2,049,501	-55,728	-2.7%
International	16,881	34,345	-17,464	-50.8%
Total	2,010,654	2,083,846	-73,192	-3.5%

Source: Bradley International Airport Traffic Stats (which briefly offered a route to Bermuda in 2025). Partially offsetting passenger declines from those airlines, Breeze Airways had a 17.9% jump in passenger traffic in 2026 year-to-date through April.

Avelo has concentrated flights at Connecticut's second commercial airport: Tweed New Haven Airport. Tweed has grown dramatically in recent years and now accounts for 18.7% of Connecticut air passenger traffic, based on our analysis of Q1 2026 U.S. Department of Transportation [statistics](#). While the airport's growth has been pronounced, federal data for 2025 and 2026 through March indicate that Tweed has also seen lower passenger numbers in 2026 and therefore does not account for the fewer passengers traveling through Bradley. Combined, Connecticut passenger traffic is down 3.7% YoY in Q1 2026 across all airports.

There can be many reasons for changes to passenger flows, and Iran War-related ticket price increases may be dragging down bookings since March, as airlines contend with skyrocketing fuel costs. Airlines also change service levels.

Sometimes passenger trends point to changes in local economic activity, such as tourism or local consumers' willingness to spend on discretionary things like travel. For example, fewer **international passengers** in 2026 may be indicating fewer foreign tourists coming to the state (if they aren't just flying into other states' airports), which matters for the leisure and hospitality industry. International tourists tend to [spend more](#) than domestic travelers.

The table compares the most recent data available to the same four months in 2025. Changes impacting Bradley in 2026 include the end of flights from three carriers: Avelo Airlines, Spirit (which ended Bradley flights last year before suddenly ceasing operations in May), and BermudAir

Strong Topline U.S. Retail Sales

The U.S. Census Bureau reported the advance estimate of **monthly U.S. retail and food services sales rose 0.9%** in May and April's growth was revised up to 0.4% (not adjusted for inflation). Excluding gas stations, sales were still up 0.7% over April and 5.4% year-over-year (YoY), suggesting consumer spending remains resilient.

However, May sales at bars and restaurants, a more discretionary category where inflation-weary consumers are more likely to pull back, dipped 0.1% from April and are up only 2.7% YoY. If adjusted for U.S. CPI inflation running at 4.2%, sales are down YoY, a potential warning sign for the broader economy.



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Connecticut Housing Market Trends

May 2026

+7.7%

3,470

Pending Sales YoY
SmartMLS

-8.7%

2,714

Home Sales YoY
SmartMLS

+8.2%

\$425,000

Median Sales Price YoY
SmartMLS

-4 days

28

Median Days on Market YoY
Realtor.com

-0.34 ppts

6.47%

Freddie Mac 30-Year Fixed Rate
Mortgage Average for the week
ending 5/21

-0.1%

1,708

Median New Lease Rent YoY
Apartment List

-9.2%

2,083

Connecticut Building Permits,
Units of Housing YTD, YoY
U.S. Census Bureau

CONNECTICUT HOUSING MARKET

Homebuying activity has been slower than usual this spring, but the market showed some signs of life in May, with pending home sales rising 18.4% from April and running 7.7% above the level of May 2025, according to the state's primary multiple listing service, SmartMLS. Price growth also picked up in May, with the statewide median sales price of a single-family home reaching \$510,000 (+9.3% YoY). The inventory of homes for sale and new listings are both up slightly from May 2025 but remain far below 2019 levels. Connecticut's housing market, especially in the Hartford area, remains much hotter (favoring sellers) than the national average due to such low supply.

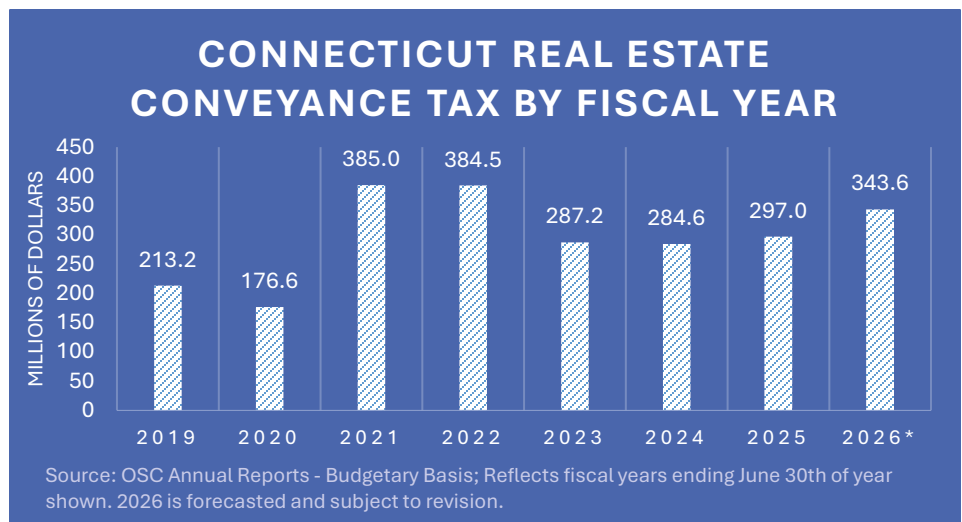
The statewide **median cost of rent for a new rental unit in May was \$1,708**, according to [Apartment List](#), down from \$1,709 in May 2025 as rental vacancies have risen. April marked the first month where year-over-year new lease rent growth turned negative (-0.1%), which has been happening for the nation since June 2023.

Congress Passes Housing Law to Support Construction of New Housing

While still awaiting the President's signature as of June 30th, in June in rare bipartisan fashion, Congress passed the **21st Century ROAD to Housing Act**. The [National Association of Home Builders](#) applauded the move; with Chairman Bill Owens saying the law "will help increase the nation's housing supply by reducing regulatory barriers and encouraging local governments to reform zoning and land-use policies that have limited home building. By expanding homeownership and rental housing opportunities nationwide, this legislation will help ease the housing affordability crisis." While significant, many of the law's changes will take years to make a difference and other factors—like high construction costs and mortgage rates—remain major constraints. Read more about what's in the act [here](#).

Fiscal Year 2026 to See Higher Revenue from the Real Estate Conveyance Tax

As of May 20th, state tax analysts project that collections of the state real estate and conveyance tax will rise by approximately \$46.6 million (15.7%) over last year for the fiscal year ending June 30, 2026—the most growth since 2021. Continued price growth and a higher tax rate on expensive homes likely contributed to the increase.



*SmartMLS is the primary multiple listing service for Connecticut but does not include all listings in Greenwich, CT. YoY means "year-over-year."



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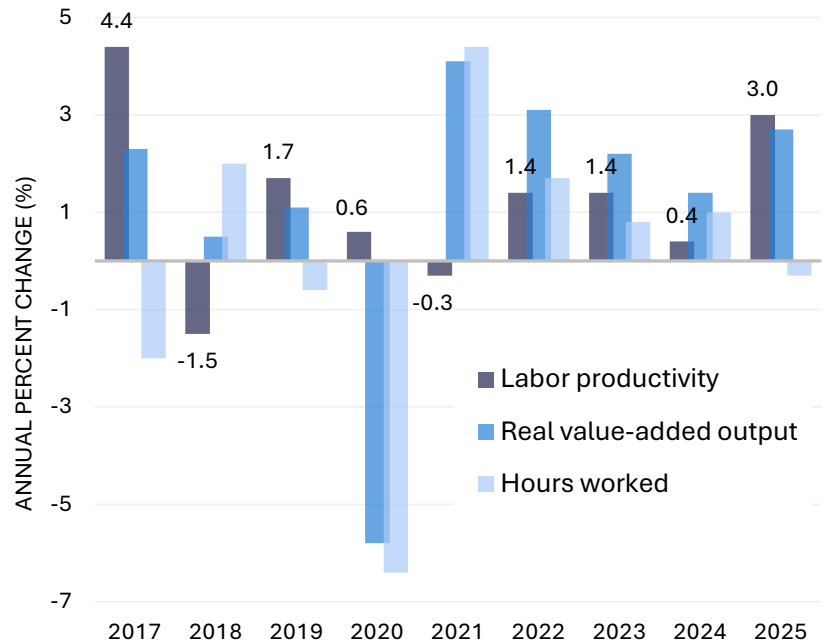
STRONG PRODUCTIVITY GROWTH IN 2025

Last year, Connecticut's private sector saw its fastest labor productivity growth since 2017, as strong real gross domestic product (GDP) growth occurred despite fewer total hours worked. **Labor productivity** is a measure of real output (i.e., goods and services) produced per hour worked.

Nobel Prize-winning economist Paul Krugman famously wrote in 1990 that "productivity isn't everything, but in the long run it is almost everything." When output per hour rises, the economy can support some combination of higher wages, stronger profits, lower inflation pressure, more public revenue, or shorter work hours without simply shifting resources from one group to another. That is why productivity is widely viewed as a key ingredient to **rising living standards**.

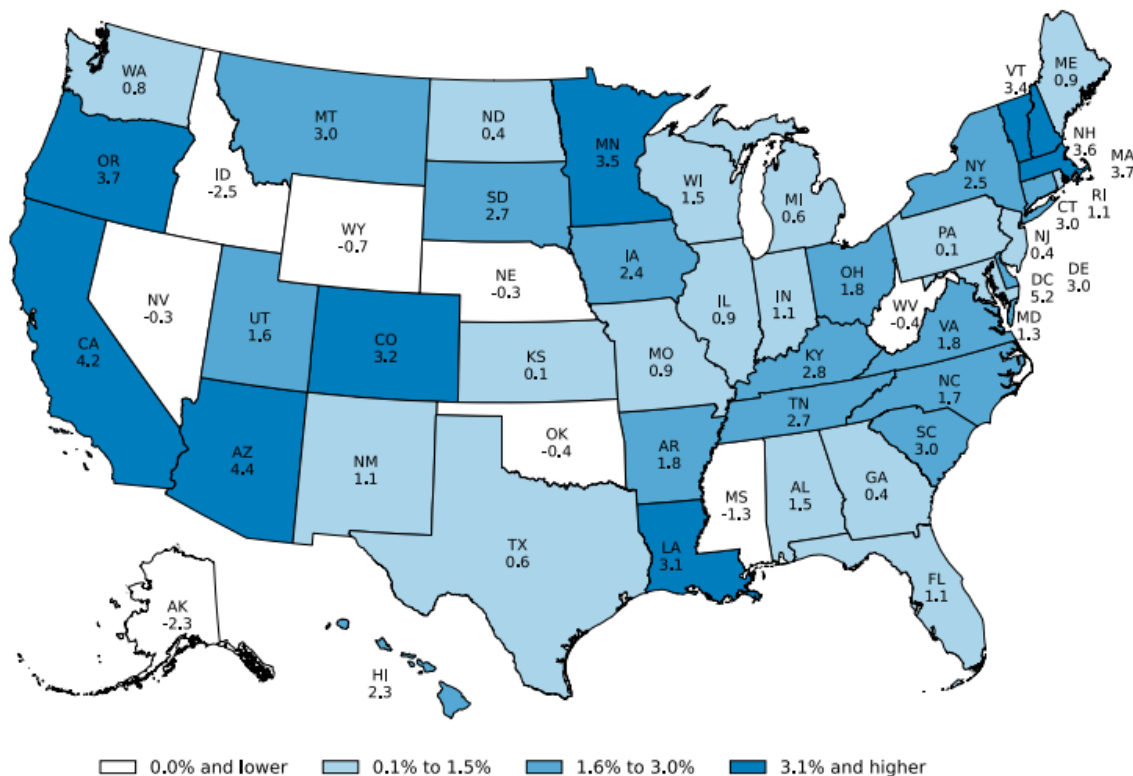
In 2025, Connecticut's labor productivity increased by 3.0% in the nonfarm private sector, reflecting a 2.7% increase in real, inflation-adjusted output and a 0.3% decline in hours worked from the prior year. That productivity growth ranked 11th among U.S. states and the District of Columbia according to [data](#) from the Bureau of Labor Statistics (BLS). D.C., Arizona, and California had the highest 2025 growth rates, at 5.2%, 4.4%, and 4.2%, respectively.

CONNECTICUT ANNUAL PERCENT CHANGE IN LABOR PRODUCTIVITY & ITS COMPONENTS



Source: Bureau of Labor Statistics

Labor Productivity, 2025 Percent Change (%)



Graph and data source: Bureau of Labor Statistics



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As described in the [May Economic Update](#), much of Connecticut’s real GDP growth in 2025 came from high-productivity sectors such as **Information**, which includes media, telecoms, and technology; **Durable Goods Manufacturing**; and **Professional, Scientific, and Technical Services**. These sectors had a strong performance with little or no employment added, likely boosting productivity for the year.

More broadly, economists view investments in new tools and facilities, innovation, technology adoption, improved worker skills, better business practices, and more efficient capital and labor allocation as the means to increase productivity in an economy. For states, changes in industry mix can also matter. For example, the loss of high-output-per-worker financial services jobs, combined with growth in lower-output-per-worker positions such as home health aides or restaurant workers, can slow productivity growth simply because of changing industry composition.

Connecticut’s recent productivity growth stands in contrast to its longer-run record. From 2007 to 2019, Connecticut tied for 47th among states in labor productivity growth, with productivity rising at a compound annual rate of just 0.2% per year, compared with 1.5% nationally. In many ways, Connecticut experienced a “lost decade” in the aftermath of

the 2007–2009 Great Recession, as real GDP growth stagnated and productivity growth lagged the nation.

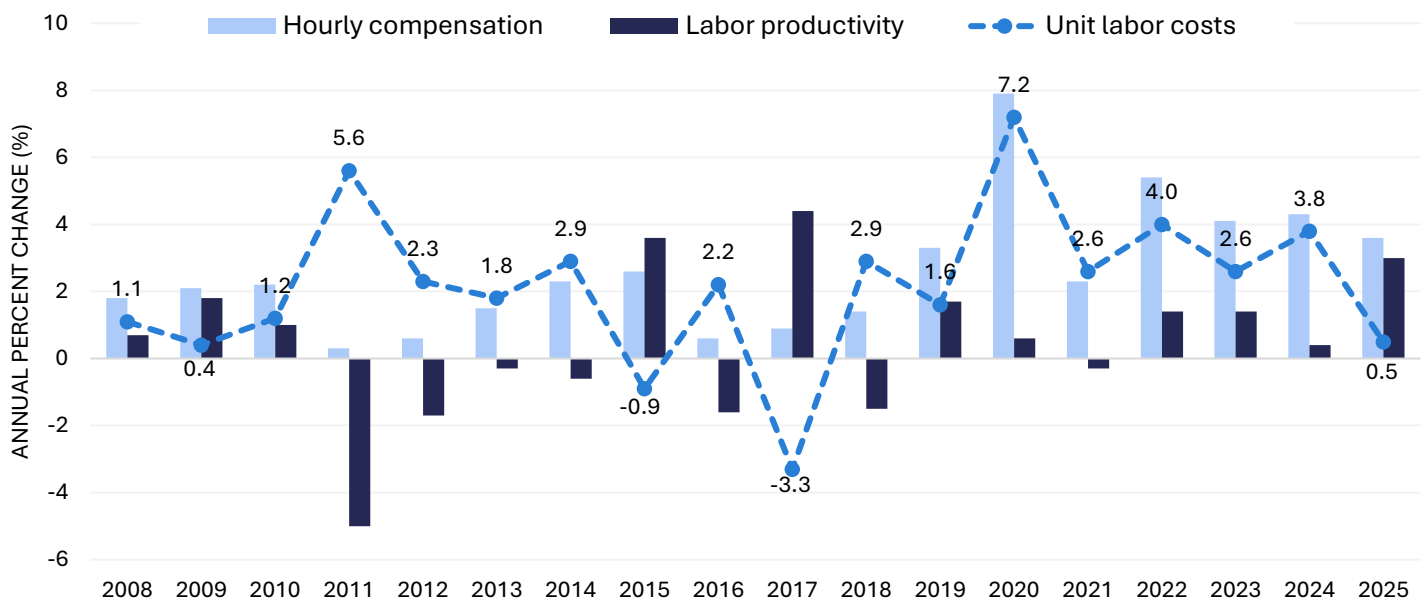
Connecticut’s private sector, excluding farming, worked an estimated 2,700,235,000 hours in 2025. For BLS productivity, “hours worked” is a measure of the annual hours worked by all workers (including the self-employed) in the private nonfarm sector of the state.

Weak productivity growth matters because it can put upward pressure on unit labor costs—the cost of labor required to produce one unit of output. When firms cannot offset higher labor costs through productivity gains or price increases, margins get squeezed. Ideally, higher compensation costs are supported by rising productivity, allowing workers’ real wages to grow without a corresponding increase in unit labor costs or broader price pressures.

From 2019 to 2024 large annual increases in hourly compensation costs were barely offset by rising productivity, creating significant labor cost pressures on Connecticut firms and organizations. In 2025, however, productivity growth of 3.0% nearly offset the 3.6% increase in hourly compensation, holding unit labor cost growth to 0.5%, the lowest in eight years.

Connecticut’s productivity growth improved to a 1.1% annual rate from 2019 to 2025 but still lagged the national rate of 2.0%, and ranked 43rd among states. Even so, the state’s economy appears to have shifted into a higher gear since the pandemic and last year’s strong productivity growth could be a sign of stronger productivity growth to come.

CONNECTICUT UNIT LABOR COSTS & COMPONENTS, % CHANGE



Source: Bureau of Labor Statistics



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APPENDIX

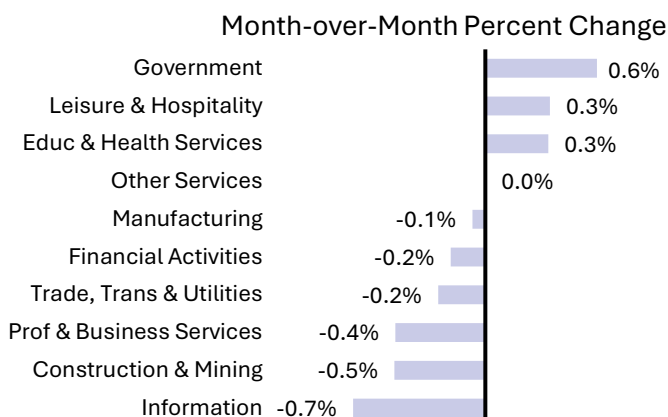
Connecticut Housing Market	May-26	May-25	% Change or Change
Home Sales (SmartMLS)	2,714	2,974	-8.7%
Median Sales Price (SmartMLS)	\$460,000	\$425,000	8.2%
Inventory of Homes for Sale (SmartMLS)	7,125	7,032	1.3%
New Listings (SmartMLS)	4,766	4,694	1.5%
Freddie Mac U.S. 30-Year Fixed Rate Mortgage Average (%) (Week ending 6/18/26 and 6/18/25)	6.47	6.81	-0.34
Median Days on Market (from listing to close, Realtor.com)	28	32	-4.0
Percent of List Price Received (SmartMLS)	103.7%	103.6%	0.1%
Median Rent for New Leases (Apartment List)	\$1,708	\$1,709	-0.1%
Single-family Housing Permits YTD (U.S. Census Bureau)	826	824	0.2%
2+ Unit Structures Housing Permits YTD (U.S. Census Bureau)	1,257	1,471	-14.5%

Realtor.com & Freddie Mac data Retrieved from FRED; Data derived from SmartMLS for the period of May 1 –May 30, 2026. Information is deemed reliable but not guaranteed. Statistics are provided for informational purposes only, may not reflect all real estate activity, and are subject to change.

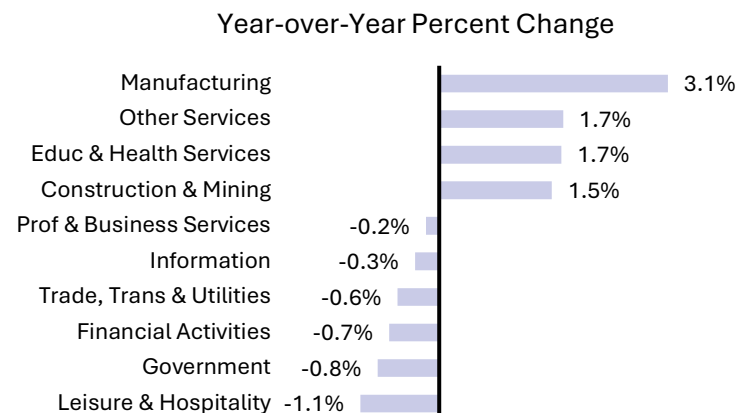
Connecticut Labor Market	May-26	Apr-26	May-25
Unemployment Rate	5.1%	5.0%	3.8%
Total Unemployed	97,400	96,500	74,200
Total Nonfarm Employment	1,724,400	1,723,900	1,718,000
Job Growth	500	4,300	-2,100
Average Monthly Initial Unemployment Claims	2,436	3,704	2,617
Labor Force Participation Rate	62.8%	63.2%	64.2%
Average Hourly Wage (Total Private Employees)	\$39.87	\$40.11	\$38.89
Average Hourly Wage, 3-month average, Year-over-Year Percent Change	2.8%	2.8%	3.8%

Note that BLS is no longer publishing monthly state-level JOLTs data; Data Source: Bureau of Labor Statistics & CT Department of Labor

Connecticut Industry Sector Nonfarm Payroll Employment – May 2026



Source: CT Department of Labor



Source: CT Department of Labor