



## BOARD OF FINANCE

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### UPDATE OF KEY ECONOMIC INDICATORS

Below are selected indicators originally prepared for the April 13, 2020 joint meeting of the Board of Finance & Board of Representatives liaisons to assist in setting initial revenue estimates for the 2020-21 Fiscal Year. The indicators are noted as they were prior to the April 13 meeting and as they stand currently in underline.

1. The total labor force in Connecticut in February, 2020 was 1,917,700 persons. (Source: Connecticut Department of Labor website)
2. For the April 13 meeting: Since March 13, the Connecticut Department of Labor has received 302,000 unemployment claims, meaning that 15.8% of the Connecticut workforce has filed for unemployment. (DOL news release, April 8)

Present: From March 13 to June 1, CT DOL has received 380,000 unemployment claims.

3. For the April 13 meeting: The Congressional Budget Office is forecasting 9% unemployment at the end of 2021. (CBO Economic Forecast, April 2)

Present: The CBO is forecasting 8.6% unemployment in the fourth quarter of 2021 (CBO Interim Economic Projections for 2020 and 2021, June 3).

4. For the April 13 meeting: The 10-year T-bill yield is a critical, forward-looking indicator of economic prospects. The 10-year T-bill yield is currently .73%, effectively an all-time low. This phenomenon is a sign of extreme economic distress as investors flock to T-bills, considered the world's safest investment, driving up demand and lowering yields. The yield also affects the City's investments earnings on its cash reserves. (Graph of 10-year T-bill yields)

Present: The yield on the 10-year T-bill is .74% (June 3).

5. For the April 13 meeting: 1 in 4 Americans have either lost their job or had their pay cut from coronavirus shutdowns. (CNBC poll, April 8)

Present: 46% of adults, or someone in their household, had lost employment income since March 13 (Census Bureau survey conducted 4/23 – 5/5)

6. For the April 13 meeting: The State of Connecticut is expecting a budget deficit of \$500 million for the fiscal year ending June 30. Revenues losses in fiscal year 2020-21 could be \$1.4 billion. (Hartford Business Journal, April 3)

Present: The State is projecting a \$582 million deficit for this fiscal year and a \$2.2 billion deficit for the 2020-21 fiscal year.

7. For the April 13 meeting: The National Multifamily Housing Council (NMHC) found a 12-percentage point decrease in the share of apartment households that paid rent through April 5, in the first review of the effect of the COVID-19 outbreak on rent payments. The Tracker found 69 percent of households had paid their rent by April 5; this compares to 81 percent that had paid by March 5, 2020, and 82 percent that had paid by the same time last year. (NMHC, April 6)

Present: 21% of households had slight or no confidence in their ability to pay next month's rent or mortgage on time (Census Bureau Survey, 4/23 – 5/5).

8. For the April 13 meeting: A survey by the Mortgage Bankers Association shows the total number of loans in forbearance grew from 0.25% to 2.66% from March 2 to April 1, 2020. (MBA press release, April 7)

Present: The forbearance rate is currently 8.46%. (MBA press release, June 1).