Rhode Island Current Conditions Index — January 2010

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The recently released labor market revisions for 2009 were consistent with the conjectures I made in the past few CCI reports. Payroll employment was indeed revised down, and Rhode Island’s Unemployment Rate never reached 13 percent, as the mid-2009 jump in our Labor Force was revised away. These data revisions did impact two of the CCI values released along the way: both June and July of 2009 were revised down, as the Labor Force actually fell in those months compared to a year ago, reversing the increases stated in the original data.

Rhode Island begins 2010 with a Current Conditions Index value of 33, as only four of the twelve indicators improved in January. But as values of 33 go, this was a fairly strong result. First, the CCI is derived from year-over-year changes, so compared to a year ago, most indicators are still at somewhat depressed levels. So it is also necessary to focus on monthly changes. For January, eight of the twelve CCI indicators either improved or were very close to improving. Second, January marked the ninth consecutive month for which the CCI beat its year-earlier value. Finally, while January’s CCI value of 33 may seem disappointing, one year ago, it was only 17!

So, at the two and a half year mark for Rhode Island’s current recession, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse, its economy continues to have a pulse. But as values of 33 go, this was a fairly strong result.

Looking at the January CCI performance, US Consumer Sentiment continued to be our “star” performer, rising by 21.9 percent in January, its tenth consecutive year-over-year improvement. Our state’s Labor Force rose again, increasing by a surprising 2.2 percent compared to a year ago. Growth in the Manufacturing Wage remained rapid in January, a 2.3 percent rate, sustaining a string of growth rates above 2 percent since last September. The other improving indicator, Single-Unit Permits, has been extremely volatile of late. In spite of the fact that there continues to be virtually no new home construction in Rhode Island, Single-Unit Permits rose by 123.6 percent compared to last January, when there were only 26 permits for the entire state.

It wasn’t difficult to find negatives in January’s performance. Retail Sales fell by 2.8 percent in January, no doubt partly related to weather conditions. Future job prospects based on Employment Service Jobs, a leading indicator, remained discouraging, as these fell 7.4 percent compared to a year ago. In spite of this decline, this indicator has stabilized on a monthly basis since last March. Total Manufacturing Hours fell again, but by a less than double-digit rate (8.5 percent) compared to last year. The good news is that it actually rose on a monthly basis for only the fourth time since 2007. Private Service-Producing Employment declined again, by 2.1 percent, reflecting the grim job prospects here, and a repeat of our 12.7 percent Unemployment Rate. Government Employment, driven largely by budget woes, declined by 1.9 percent in January. Finally, Benefit Exhaustions, which reflects long-term unemployment, rose by “only" 9 percent, while New Claims, a leading indicator that measures layoffs, rose by 17.3 percent, breaking a string of six improvements in the last seven months.

Rhode Island has now been in a recession for two and a half years. While the worst of the cyclical problems appear to be behind us, we should be taking specific steps that will determine the velocity of our post-recession economic performance. Some say that “a crisis is a terrible thing to waste.” Sadly, Rhode Island has apparently wasted this crisis by its continued lack of action.

The table below shows the CCI data for January 2009 and January 2010.