

3-2011

## Rhode Island Current Conditions Index – March 2011

Leonard Lardaro  
*University of Rhode Island, lardaro@uri.edu*

Follow this and additional works at: <https://digitalcommons.uri.edu/ricci>



Part of the [Econometrics Commons](#)

[Terms of Use](#)

All rights reserved under copyright.

---

### Recommended Citation

Lardaro, Leonard, "Rhode Island Current Conditions Index – March 2011" (2011). *The Rhode Island Current Conditions Index*. Paper 4.  
<https://digitalcommons.uri.edu/ricci/4>

This Article is brought to you by the University of Rhode Island. It has been accepted for inclusion in The Rhode Island Current Conditions Index by an authorized administrator of DigitalCommons@URI. For more information, please contact [digitalcommons-group@uri.edu](mailto:digitalcommons-group@uri.edu). For permission to reuse copyrighted content, contact the author directly.

# CURRENT CONDITIONS INDEX

VOL XVIII  
NUMBER 4  
MAR 2011

LEONARD LARDARO, URI

Available Online: <http://members.cox.net/lardaro/current.htm>

Rhode Island ended the first quarter on a down note. Actually, the entire first quarter qualifies as somewhat of a disappointment, based on the economic momentum we witnessed during the second half of 2010. The Current Conditions Index for March fell to 58, as only seven of twelve indicators improved. While this qualifies as the lowest CCI value for this entire recovery (based on the new labor market data), ironically, it would have tied for the highest value with the pre-revision data. While the March value might seem to indicate overall weakness, it actually does not, as six indicators had exceptionally strong "comps" to beat a year ago, and even in spite of that, two of those improved. Actually, this is a fairly common occurrences during recoveries, as easy-to-beat values in the early stages of a recession soon disappear, giving way to more difficult "comps." Further momentum then becomes predicated on beating these ever-stronger "comps."

There is some basis for disappointment in March, though: it is clear from the CCI's values that the pace of Rhode Island's economic momentum has decelerated since the middle of 2010. Part of this has been driven by the adverse effects of higher food and energy prices. Also, our ongoing budget "balancing act" has continued to mitigate some of our state's underlying cyclical momentum. Fortunately, though, we had a margin for error in the first quarter, derived from the fact that our recovery is now thirteen months old.

Particularly noteworthy this month was the performance of the six indicators with very strong "comps" from last year. Four of

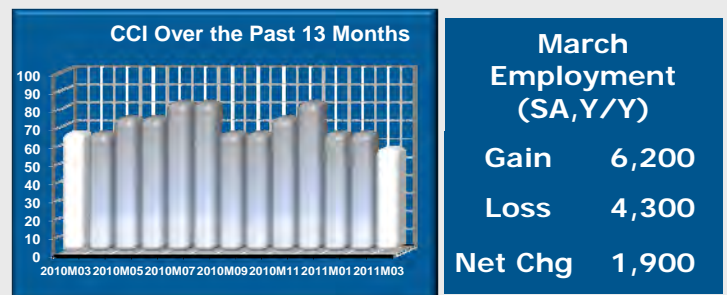
CCI Indicators - % Change	
Government Employment	-1.8
US Consumer Sentiment	-8.0
Single-Unit Permits	-17.2
Retail Sales	1.1 Y
Employment Services Jobs	-3.8
Priv. Serv-Prod Employment	0.7 Y
Total Manufacturing Hours	3.2 Y
Manufacturing Wage	3.7 Y
Labor Force	-0.6
Benefit Exhaustions	-18.1 Y
New Claims	-14.3 Y
Unemployment Rate (change)	-0.8 Y
Y = Improved Value	

these failed to improve. **Single-Unit Permits**, which reflects new home construction, fell by 17.2 percent compared to last March. But a year ago, this indicator's annual growth was

almost 58 percent. Clearly, the roller coaster behavior of new home construction here continues. **US Consumer Sentiment** fell by 8 percent versus last March, but its value last year had risen by just under 30 percent from 2009. There's a similar story for **Employment Service Jobs**, which has been our "star" performer throughout this recovery. A year ago, this indicator had risen by 15 percent. Compared to that value, **Employment Service Jobs** this year was 3.8 percent lower, registering only its first decline in the last sixteen months. And, our **Labor Force** which had risen by 1.9 percent last March, fell by 0.6 percent this month.

Two indicators with difficult "comps" did manage to improve this month. **Retail Sales** rose by 1.1 percent this March, in spite of having risen by 3.8 percent one year ago. And **New Claims**, a leading labor market indicator, fell by 14.3 percent this month on top of a decline of 56.5 percent one year ago.

**Private Service-Producing Employment** increased by 0.7 percent in March, its twelfth consecutive improvement. Manufacturing was also impressive, as **Total Manufacturing Hours** rose by 3.2 percent, its tenth improvement in the last eleven months, and the **Manufacturing Wage** increased by 3.7 percent. Our **Unemployment Rate** fell again, from 11.8 percent last year to 11 percent, as did **Benefit Exhaustions** (-18.1%). **Government Employment** also declined (-1.8%).



March Employment (SA,Y/Y)	
Gain	6,200
Loss	4,300
Net Chg	1,900

## THE BOTTOM LINE

Rhode Island's recovery, now thirteen months old, appears to be losing some of its momentum. CCI values in the first quarter of 2011 were clearly lower than they were in either of the prior two quarters, especially the third quarter of 2010. Headwinds exist, most notably the adverse effects of food and energy prices and balancing our state's budget. The question for now shifts to how Rhode Island deals with the possibility of a slowing economy.

58		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2010	42	58	67	67	75	75	83	83	67	67	75	83
	2011	67	67	58									