University of Rhode Island

DigitalCommons@URI

The Rhode Island Current Conditions Index

Economics

4-2009

Rhode Island Current Conditions Index — April 2009

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 — April 2009" (2009). *The Rhode Island Current Conditions Index*. Paper 40.

<https://digitalcommons.uri.edu/ricci/40>

This Article is brought to you for free and open access by the Economics at DigitalCommons@URI. 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.

CURRENT CONDITIONS Index

Vol. XVI
Number 5
Apr 2009

Leonard Lardaro URI

Also available online: <http://members.cox.net/lardaro/current.htm>

Rhode Island's economy began the second quarter on a somewhat less negative note than the first quarter ended on. The good news, if you want to call it that, is that the Current Conditions Index for April was not 0 — it returned to 8, the value it appears to be stuck on. Sadly, this was *not* the result of exceedingly difficult "comps" a year ago. In fact, for all but one of the CCI indicators, the opposite was the case in April.

As bad as this sounds, upon digging more deeply into the data evidence continues to mount that Rhode Island is in the early stages of the **process of recovery**. As I have noted in the past few reports, the critical prerequisite for Rhode Island to eventually emerge from this recession is consistent improvement in *month-to-month* indicator changes. Over the last few months we have begun to see this, as more indicators have either improved relative to their values the prior month or have come very close to showing such improvement than

CCI Indicators - % Change	
Government Employment	-2.2
US Consumer Sentiment	4.1 Y
Single-Unit Permits	-61.3
Retail Sales	-6.5
Employment Services Jobs	-23.2
Priv. Serv-Prod Employment	-3.3
Total Manufacturing Hours	-12.0
Manufacturing Wage	-0.7
Labor Force	-0.9
Benefit Exhaustions	82.7
New Claims	26.2
Unemployment Rate	56.3
Y = Improved Value	

was true for the yearly changes reflected in the CCI indicators. For April, that number *rose to eight*. Even more encouraging is the fact that the single CCI indicator that improved in April was not the **Manufacturing Wage**, our sole improving indicator for quite some time. Instead, the improving indicator was **US Consumer Sentiment**, which rose by 4.1 percent, its first improvement since August of 2008!

There were mixed signs from the CCI's leading indicators. **Single-Unit Permits** dropped by 61.3 percent compared to a year ago, as new home construction remained virtually non-existent here. **Employment Service Jobs** fell sharply relative to last April (-23.2%) but only slightly compared to March. **Total Manufacturing Hours** registered another significant decline, this time by 12 percent compared to last April, but was virtually unchanged compared to March. **New Claims**,

which tracks layoffs, jumped in April (+26.2%), but didn't explode higher as we had seen in the prior two months. Its value was significantly lower than last month, although the role of phone backlogs makes assessing the actual magnitude of change difficult. Finally, as noted earlier, **US Consumer Sentiment** improved, compared to both March and last April.

In spite of this mixed performance by the leading indicators, economic weakness continued to be readily apparent in our state's labor market. **Private Service-Producing Employment** fell by another 3.3 percent, although it posted only a small monthly decrease. The lack of job opportunities here has pushed this indicator to annual rates of decline of around 3 percent since the end of last year. **Government Employment** fell by 2.2 percent in April, as ongoing budget woes continued, but this was actually an improvement over its level in March. For only the second time in a while, our **Manufacturing Wage** declined, remaining below the \$14 hourly level. Finally, our state's discouraging employment picture once again caused **Benefit Exhaustions**, which reflects long-term unemployment, to surge, this time by 82.7 percent compared to a year ago (we want this to decline). **Benefit Exhaustions** has now risen at 40 percent or higher annual rates since August of 2008!

Retail Sales continued to deteriorate sharply, falling by 6.5 percent in April, its sharpest rate of decline since November of last year.

THE BOTTOM LINE

Rhode Island's economy continues to decline, but at slower rates. We are now several months into the **process of recovery**, which is important to keep in mind since so many performance measures, most notably labor market indicators, continue to be dismal. These will eventually turn. Ultimately, though, the extent of their improvement will be largely determined by budget decisions now being made (or not made).

8

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	8	8	8	8	8	0	8	0	8	0↓	8	8
2009	17	8	0	8								