

University of Rhode Island

DigitalCommons@URI

---

The Rhode Island Current Conditions Index

Economics

---

8-2008

## Rhode Island Current Conditions Index – August 2008

Leonard Lardaro

University of Rhode Island, [lardaro@uri.edu](mailto: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 – August 2008" (2008). *The Rhode Island Current Conditions Index*. Paper 53.

<https://digitalcommons.uri.edu/ricci/53>

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. XV  
Number 9  
Aug 2008

Leonard Lardaro URI

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

This year continues to be a record setting one for Rhode Island's economy. I have no doubt that 2008 will ultimately come to be labeled "Rhode Island's year from hell," as we continue to set new records for all-time worst performances. Prior to 2008, the Current Conditions Index had only registered a value of 8 a few times, and never for more than a single month. *This year, 8 has become the norm.* And, what I had viewed as the unthinkable happened this year — the CCI fell all the way to 0! Never before (I have calculated the CCI as far as 1980) had this occurred prior to June of this year. Clearly, though, as we would be comparing to recession values for every month after July of this year, I had anticipated that we would not observe a 0 value again.

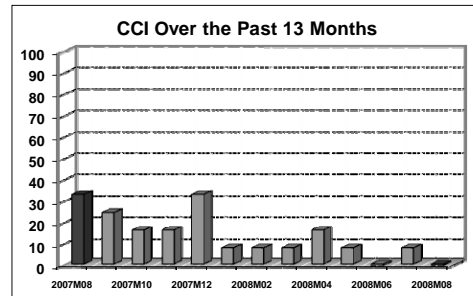
Welcome to Rhode Island's nightmare! For August, the CCI returned to 0 — not one indicator improved. And, most disturbingly, this occurred in spite of very weak "comps" last August. Stating that weakness across the board will continue may well be an understatement, since both the national and global economies weakened significantly in September and have deteriorated further in October.

Where do I begin in describing the August results? As negative fiscal pressures continue unabated, **Government Employment** fell by 2.8 percent compared to last August, its second consecutive fall of more than 2 percent. Balancing the

**Unit Permits**, which reflects new home construction, fell by 43.3 percent compared to last August, as there were only 66 permits statewide. The "good news" for our manufacturing sector was that the **Manufacturing Wage** fell by only 0.2 percent, although it still remains below \$14 per hour. **Total Manufacturing Hours** declined by 8.4 percent compared to last August, as both employment and the length of the workweek dropped. Since May, the rate of decrease in **Total Manufacturing Hours** has intensified dramatically.

August's labor market data were very disappointing even if we look past our soaring jobless rate. Obviously, we can't overlook joblessness. Rhode Island's **Unemployment Rate** jumped all the way to 8.5 percent in August, from 5.1 percent a year ago. And, it isn't finished rising. I see a "green light" to 9 percent by year's end. Our **Labor Force** failed to improve for the ninth consecutive month (-0.7%). Payroll employment continued its long decline that began in January of 2007, giving us the distinction as worst in the US for August. **Private Service-Producing Employment** fell by 1.9 percent, as **Employment Service Jobs**, a leading labor market indicator, registered its seventh consecutive double-digit decline (a fall of 15.1%). **New Claims**, which measures layoffs, rose sharply (+30.7%), and **Benefit Exhaustions**, which reflects long-term unemployment, surged by 44 percent compared to one year ago, though this was partly related to presence of extended benefits.

CCI Indicators - % Change	
Government Employment	-2.8
US Consumer Sentiment	-24.3
Single-Unit Permits	-43.3
Retail Sales	-1.4
Employment Services Jobs	-15.1
Priv. Serv-Prod Employment	-1.9
Total Manufacturing Hours	-8.4
Manufacturing Wage	-0.19
Labor Force	-0.7
Benefit Exhaustions	44.5
New Claims	30.7
Unemployment Rate	66.7
Y = Improved Value	



budget does have negative economic consequences. **Retail Sales** fell by 1.4 percent in August, ironically, its "best" decline since April. **US Consumer Sentiment** also fell sharply, declining by 24.3 percent, its "best" decline since April as well.

Rhode Island's goods-producing sector remained in a tailspin, as both housing and manufacturing weakened further. **Single-**

## THE BOTTOM LINE

I find it very disturbing, but not unsurprising, that many of our state's leaders are now trying to blame all of Rhode Island's economic woes on the weakness in national and global activity. While those forces did intensify our *existing* weakness, they conveniently forget that *we were one of the first states to go into recession, and our employment peaked almost a year before US employment peaked.* Let them try explaining that!

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>O</b> 2007	50↓	50↓	42↓	42	67	50↓	58↑	33	25↓	17↓	17↓	33↓
2008	8	8	8	17	8	0	8↓	0				