University of Rhode Island

DigitalCommons@URI

The Rhode Island Current Conditions Index

Economics

3-2008

Rhode Island Current Conditions Index — March 2008

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 2008" (2008). *The Rhode Island Current Conditions Index*. Paper 58.

<https://digitalcommons.uri.edu/ricci/58>

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. XV
Number 4
Mar 2008

Leonard Lardaro URI

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

The year 2008 continues to be a nightmare for Rhode Island's economy. Its economic climate, based on values for the Current Conditions Index, would make a far better poker hand than a report card on its economic performance. Three 8's! While that might be a very good poker hand, in terms of economic performance this has to be viewed as a "bad hand." But, unlike a poker game, where the cards we are dealt are random and determined by the luck of the draw, Rhode Island's economic woes are largely the result of two decades of ineffective *collective* economic leadership.

As I do each month, I looked feverishly at indicator performances during the "comp" period (March 2007). Once again, I was unable to find atypical values, so, there are no "excuses" for so many indicators failing to improve this March. Remember, most of the CCI values for last year were adjusted lower based on revised labor market data.

So, once again, this time for March, only one of the CCI's twelve indicators improved. The **Manufacturing Wage** grew by 3 percent (compared to last March) reflecting some combination of skill shortages in that sector and a contraction of "low end" of manufacturing in this state.

CCI Indicators - % Change	
Government Employment	-0.5
US Consumer Sentiment	-21.3
Single-Unit Permits	-60.6
Retail Sales	-3.6
Employment Services Jobs	-16.9
Priv. Serv-Prod Employment	-1.2
Total Manufacturing Hours	-6.9
Manufacturing Wage	3.0 Y
Labor Force	-0.7
Benefit Exhaustions	36.0
New Claims	11.9
Unemployment Rate	24.5
Y = Improved Value	

The picture painted by the CCI's labor market indicators has changed from that last month. Then, I stated that Rhode Island's labor market was coming unhinged. *In March, our labor market clearly became unhinged.* Payroll employment fell by 10,100 compared to a year earlier, a decline of 2 percent. Our **Unemployment Rate** rose to 6.1 percent, a full percentage point above the national rate. This occurred as our state's **Labor Force** continued its decline (-0.7%), as some unemployed stopped looking for work. Had those persons not dropped out of the labor force, my educated guess is that

Rhode Island's **Unemployment Rate** would have been much closer to 6.5 percent than its current level. Taken in context, this shouldn't come as much of a surprise, since **Private Service Producing Employment** fell by 1.2 percent from a year ago, and for manufacturing, both the workweek and overall employment fell, producing a decline of 6.9 percent for **Total Manufacturing Hours**.

The disappointing performances don't end there. In total, half of the CCI indicators failed to improve at *double-digit rates*. **US Consumer Sentiment** fell by 21.3 percent, **Employment Service Jobs**, a leading labor market indicator, dropped by an accelerated 16.9 percent, **New Claims**, which reflects layoffs, rose by 11.9 percent, and **Benefit Exhaustions**, a measure of long-term unemployment, jumped 36 percent. **Single-Unit Permits** fell by 60.6 percent from a year ago (55 permits for the entire state!). While this might sound disastrous, so little new home construction will help us reduce our state's inventory of unsold homes which can be expected to rise as the result of upcoming foreclosures. Finally, **Retail Sales** continued its recent slide, falling another 3.6 percent in March.

Once again, I encourage everyone to look carefully at these numbers. Sadly, once again in March, the numbers speak far louder than words!

THE BOTTOM LINE

Forgive me for stating what should now be obvious, but anyone who denies that Rhode Island is in a recession is clearly delusional. More importantly, based on our state's 2008 economic performance, we have entered a *second* and deeper recession phase, where prior economic activity levels will continue to become ever-more unattainable. Having to eliminate large budget deficits amid all this weakness will prove to be far more difficult than almost anyone here has imagined.

8

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