

4-2007

Rhode Island Current Conditions Index – April 2007

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 2007" (2007). *The Rhode Island Current Conditions Index*. Paper 67.

<https://digitalcommons.uri.edu/ricci/67>

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. For permission to reuse copyrighted content, contact the author directly.

CURRENT CONDITIONS Index

Vol. XIV
Number 6
Apr 2007

Leonard Lardaro URI

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

While the national economy slowed during the first quarter, Rhode Island was able to sustain its heightened pace from the four quarter of 2006. Based on the Current Conditions Index for April, however, Rhode Island too is slowing. For April, economic momentum here clearly diminished, as the Current Conditions Index fell from its neutral value of 50 in March to 42 in April. Only five of the twelve CCI indicators improved. And, unlike March, which can be classified as a mixed performance, April was a very weak month. There were only three bright spots: **Employment Service Jobs**; **Single-Unit Permits**; and the **Unemployment Rate**. Each had qualifications that diminish apparent April strength. For **Employment Service Jobs**, even though April's rate of growth was very good historically (+4.9%), it was well below the double-digit rates of growth we have witnessed since October of 2006. As this is a leading economic indicator, its April performance may be pointing to weaker job growth ahead. **Single-Unit Permits** grew by 15.1 percent compared to last April. However, last April was an extremely weak month for **Permits**, so April's large growth rate was largely the result of a week "comp" one year ago. And, while the **Unemployment Rate** dropped from 5.2 percent last April to 4.5 percent this April, this significant decline was tainted by a declining **Labor Force**. For April, Rhode Island's resident **Labor Force** fell by 0.4 percent compared to a year ago, its

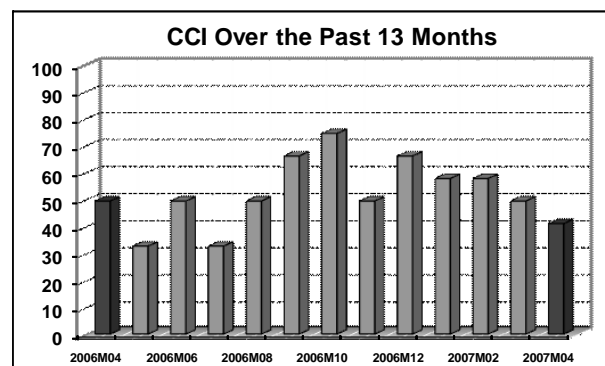
is consistent with a slowing of overall employment growth. While the number of jobs lost has remained flat of late, jobs gained fell significantly in April. Rhode Island's manufacturing sector performed better in April than March, as **Total Manufacturing Hours** fell by 1.0 percent, its "best" decline since October of last year, and **Manufacturing Wage** growth moved from essentially zero last month to 1.2 percent in April, back to its trend since January. **Government Employment** fell again in April, by 0.6 percent, its seventh consecutive decline. And finally, a critical labor market pair failed to jointly improve for the sixth consecutive month. **New Claims** for Unemployment Insurance, which measures layoffs, rose by 8.7 percent in April, while at the other end of the layoff spectrum, **Benefit Exhaustions**, which reflects long-term unemployment, rose by 6.7 percent, its worst performance since last July.

Retail Sales fell sharply in April, by 6.7 percent, its fourth decrease in the last six months. April's decline, like that for the nation, can be partly explained by a "calendar effect," based on when Easter shopping occurred. And **US Consumer Sentiment** fell slightly in April, by 0.1 percent, only its second decline since last August. Rising gasoline prices were clearly part of the reason for April's decline.

CCI Indicators - % Change

Government Employment	-0.6
US Consumer Sentiment	-0.1
Single-Unit Permits	15.1 Y
Retail Sales	-6.7
Employment Services Jobs	4.9 Y
Priv. Serv-Prod Employment	1.3 Y
Total Manufacturing Hours	-1.0
Manufacturing Wage	1.2 Y
Labor Force	-0.4
Benefit Exhaustions	6.7
New Claims	8.7
Unemployment Rate	-13.5 Y

Y = Improved Value



THE BOTTOM LINE

first year-over-year decline since December of 2004. But, as monthly declines have become the dominant trend of late, expect the year-over-year growth rate to continue its decline.

Looking at the other labor market indicators, **Private Service Producing Employment** grew by 1.3 percent in April, which

Rhode Island's economic performance over the past two months is not very encouraging. Our slowing rate of growth is understandable in light of the diminished pace of national economic activity. But, unlike the nation, Rhode Island does not have as much of a "margin for error," as our upcoming deficits will negatively impact whatever momentum we can attain.

42

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	58	58	58	42	33	50	33	50	67	75	50	67
2007	58	58	50	42								