University of Rhode Island

DigitalCommons@URI

The Rhode Island Current Conditions Index

Economics

12-2004

Rhode Island Current Conditions Index – December 2004

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 – December 2004" (2004). *The Rhode Island Current Conditions Index*. Paper 107.

<https://digitalcommons.uri.edu/ricci/107>

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

LEONARD LARDARO URI

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

Volume XI, Number 3

December 2004

Monthly Highlights

For Rhode Island's economy, 2004 began with a bang but ended with a whimper, as the fourth quarter Current Conditions Index average was barely above its neutral value of 50 (the average was 56). The good news, though, is that we managed to finish the fourth quarter on somewhat of a high note, as we moved from a downwardly revised value of 42 for November to 67 in December. The December CCI value was encouraging not only because eight of the twelve indicators improved, but, unlike the past few months, several indicators turned in impressive performances. Labor demand growth accelerated in December as did **Retail Sales**, while long-term unemployment fell sharply once again.

Labor demand, in terms of **Help Wanted Advertising**, rose by 6.2 percent on a year-over-year basis, its strongest growth since October. Job prospects also improved in December, as **Private Service-Producing Employment** grew by 1.5 percent, its fastest rate since February. Both of these were instrumental in reducing long-term unemployment, as **Benefit Exhaustions** declined by 21.1 percent, its highest rate of

According to the currently available data, Rhode Island's **Labor Force** fell sharply in December, by 9,800, a year-over-year decline of 1.7 percent. In light of such a rapidly declining **Labor Force**, the fairly low **Unemployment Rate** for December, 4.6 percent, is neither a cause for celebration nor a sign of strength in our underlying economy. As I stated last month, I strongly suspect that Rhode Island's **Labor Force** is either not declining at present, or that it is falling much more slowly than what the data indicate. Similarly, while I believe our **Unemployment Rate** is improving, published rates appear to be too low. We will "officially" see if these conjectures are correct with the upcoming data revisions.

Rhode Island's manufacturing sector turned in a mixed performance in December, as **Manufacturing Man-hours** fell by 2 percent compared to last December, almost as rapid a decline as in November, and among the most rapid rates of decrease in over a year. Along with declining **Manufacturing Man-hours**, **Manufacturing Wage** growth accelerated in December, to a 1.1 percent rate. On a seasonally adjusted basis, the average hourly **Manufacturing Wage** in Rhode Island is barely above the \$13 mark, at \$13.09. Finally, the string of recent declines in new home construction continued in December, as **Single-Unit Permits** fell by 0.5 percent compared to last December. The good news is that this was the smallest rate of decline in four months.

Rhode Island's economy gained momentum in December along with the national economy. At long last, a number of CCI indicators have begun to turn in strong performances. This bodes well for the economy in 2005. Let's remember our state's motto: HOPE.

CCI Indicators - % Change	
Government Employment	-0.9
US Consumer Sentiment	4.8 Y
Single-Unit Permits	-0.5
Retail Sales	9.9 Y
Help Wanted Advertising	6.2 Y
Priv. Serv-Prod Employment	1.5 Y
Man-Hours Manufacturing	-2.0
Manufacturing Wage	1.1 Y
Labor Force	-1.7
Benefit Exhaustions	-21.1 Y
New Claims	-1.2 Y
Unemployment Rate	-9.8 Y
Y = Improved Value	

decrease in four months. While the fall in layoffs, as measured by **New Claims** (-1.2%), was less dramatic in percentage terms than the improved long-term employment, December was the first month that layoffs have declined in three months, hopefully reversing its prior upward trend.

The last month of the "official" Christmas shopping season was very strong for Rhode Island, as **Retail Sales** grew by 9.9 percent compared to last December. *This capped a holiday season where the average growth rate for Retail Sales was 6.6%!* Part of this sales momentum was the result of strong improvement in **US Consumer Sentiment**, which went from a decline in November to an almost 5 percent rise in December.

Current Conditions Index

67

2003

2004

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

50	50	50	58	58	58	83	67	83	75	92	67
83	92	67	67	58	50	67	58	58	58	42	67