Rhode Island Current Conditions Index -- January 2014

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July of 2013 may be ending. It will be necessary to observe the improvement since last August. The downtrend in this indicator since the end of 2012 and into January of 2013. It should be noted though, that there were several ties (like this month).

For January, two of the CCI’s five leading indicators failed to improve. The first of these, Employment Service Jobs, includes temporary employment, which is a prerequisite to employment growth. It fell by 2.4 percent in January, which was its second consecutive decline. Continuation of its recent uptrend is now questionable as its values have apparently plateaued around 9,000 for the better part of a year. The other indicator, New Claims for Unemployment Insurance, the timeliest measure of layoffs, rose by 1.3 percent in January, its first failure to improve since last August. The downturn in this indicator since July of 2013 may be ending. It will be necessary to observe its behavior over the next several months before any confirmation is possible, however.

Single-Unit Permits, managed to improve by 5.5 percent in January relative to its value one year ago, although weather-related factors make interpreting changes in this indicator very difficult. In spite of this, it is safe to conclude that Rhode Island is continuing to move beyond its cyclical trough in new home construction. US Consumer Sentiment rose at a double-digit rate in January (+10.1%), its second increase following three consecutive months of declines. Expect its uptrend to continue as long as the stock market improves. The final leading indicator, Total Manufacturing Hours, which measures strength in our manufacturing sector, barely rose in January (+0.2%), as a decline in the workweek almost offset the job gains that occurred. At least part of the decline in hours may be weather related.

Retail Sales have remained relatively strong overall although its rate of growth compared to a year ago has recently been declining. As was true for several of the other CCI indicators, weather has likely played some role this slowing rate of growth. Private Service-Producing Employment was revised higher in the recent rebenchmarking. Its rate of growth, which had appeared to be slipping below 1%, remained above that level for all but one month during the last year. The performance of our state’s Labor Force must be described as ugly - its rates of decline went from bad to worse. It fell for the ninth consecutive month. What could be worse? For the past four months, rates of decrease have exceeded 1.5%! And in spite of this, Rhode Island once again claimed the #1 jobless slot in January. Our rate never fell below a value of 9%, contradicting the prior data. Finally, Government Employment rose slightly (by 0.2%).

The news concerning the revisions to Rhode Island’s labor market data was mixed. While payroll employment was higher than we had thought, our unemployment rate was revised even higher than its prior levels. What is worse, Rhode Island’s jobless rate never fell below 9%. The present recovery continues to be less broadly based than it was a year ago, based on the fact that the CCI has now failed to exceed its year-earlier value for six consecutive months. Happy New Year, Rhode Island style!