University of Rhode Island

DigitalCommons@URI

The Rhode Island Current Conditions Index

Economics

4-2014

Rhode Island Current Conditions Index – April 2014

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 2014" (2014). *The Rhode Island Current Conditions Index*. Paper 113.

<https://digitalcommons.uri.edu/ricci/113>

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

Available Online: <http://www.lardaro.com/current.htm>
Blog: <http://rieconomy.blogspot.com>

VOL XXI
NUMBER 5
APR 2014

The non-event bounce back from the adverse effects of the harsh February weather we witnessed in March apparently continued into April. What a way to begin the new quarter! The April Current Conditions Index remained stuck at its same value since February, 58. This extends the string of consecutive months where the CCI has failed to improve relative to its year-earlier value to nine. Looking at the CCI for all of 2014, one has to conclude that this year is turning out to be a real disappointment. If I had to summarize Rhode Island's current economic performance with one word, that word would be precarious.

This should not be viewed as indicating that there are no positive forces at work here. Look at how much payroll employment has been rising: for March, Rhode Island added 7,600 jobs while only losing 900, for a net change of 6,700. Clearly, the pace of job growth has accelerated here of late while job loss has diminished to levels far below what we experienced during The Great Recession. Yet in spite of this, and recent healthy declines in our state's **Unemployment Rate**, we remain well below our prior employment peak of December of 2006 and our jobless rate is still the highest in the nation. Worse yet, Rhode Island's image has suffered nationally: we have now come to be known as "the unemployment rate state." Not only can we do better than this, we have to! The clock continues to run. Some promising legislative changes have emerged from the Rhode Island House. Let's hope the Senate follows suit.

For April, only three of the five leading indicators contained within the Current Conditions Index improved, some by healthy rates. The two that failed to improve do not signal any real weakness or

New Claims for Unemployment Insurance, the timeliest measure of layoffs, declined for the second consecutive month and fifth time in the last seven months. In spite of these recent improvements, it is not yet clear whether this indicator has resumed the longer-term downtrend that will be needed if we are to improve activity levels significantly in coming months. **Total Manufacturing Hours**, which measures strength in our manufacturing sector, rose sharply in April (+4.0%), as the workweek rose by a full hour and manufacturing employment increased by 600. It was odd to see that in spite of this manufacturing momentum, the **Manufacturing Wage** actually fell by 1.9 percent in April. Finally, **US Consumer Sentiment** rose by 10 percent in April, its fifth increase following three consecutive months of declines.

Retail Sales, which apparently never experienced the anticipated adverse weather effects, remained strong in April, rising by another 3.1 percent. This indicator has improved for ten of the last twelve months. Its recent performance places it among the strongest CCI indicators. **Benefit Exhaustions**, which reflects longer-term unemployment, improved in April (-24.8%), after failing to improve in March. March was the only time this indicator has failed to improve in over a year. **Private Service-Producing Employment** rose by 1.4 percent in April. Its growth rates have remained above the one-percent level since January. **Government Employment** fell once again, declining by 0.2 percent versus last April. Its level has clearly plateaued around 60,000. Finally, Rhode Island's **Labor Force** declined yet again, this time by 0.5 percent. The last time the **Labor Force** rose was April of 2013. Along with this decline came a significant drop in our **Unemployment Rate** all the way to "only" 8.3 percent, still #1 in the nation!

CCI Indicators - % Change	
Government Employment	-0.2
US Consumer Sentiment	10.0 Y
Single-Unit Permits	-4.5
Retail Sales	3.1 Y
Employment Services Jobs	-1.0
Priv. Serv-Prod Employment	1.4 Y
Total Manufacturing Hours	4.0 Y
Manufacturing Wage	-1.9
Labor Force	-0.5
Benefit Exhaustions	-24.8 Y
New Claims	-1.6 Y
Unemployment Rate (change)	-1.2 Y
Y = Improved Value	

transition to noticeably slower growth. **Single-Unit Permits**, which reflect new home construction, the indicator most adversely impacted by winter weather, stumbled in April, declining by 4.5 percent after bouncing back with a healthy 20.2 percent increase in March. **Employment Service Jobs**, which includes temporary employment, and is a prerequisite to employment growth, fell 1.0 percent in April, its fifth consecutive decline. Let's just say I continue to view changes in this indicator suspiciously.

DLT APR Employment (SA,Y/Y)	
Gain	7,600
Loss	900
Net Chg	6,700

THE BOTTOM LINE

As the CCI's performance through 2014 shows, Rhode Island's current recovery has continued to become less broadly based, as evidenced by the fact that the CCI has now failed to exceed its year-earlier value for nine consecutive months. Unfortunately, our state's cyclical negatives are gaining strength, in spite of the fact Rhode Island is doing better on several fronts, most notably payroll employment. The unfortunate effect is a dissipating our state's overall economic momentum, something we can ill afford given that we remain far below our prior employment peak and our jobless rate remains the highest in the US in spite of its recent improvements.

58		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2013	75	67	83	83↑	75↓	83↑	83	67	75↑	75	83↑	58↓
	2014	67↓	58	58	58								