University of Rhode Island

DigitalCommons@URI

The Rhode Island Current Conditions Index

Economics

4-2015

Rhode Island Current Conditions Index – April 2015

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 2015" (2015). *The Rhode Island Current Conditions Index*. Paper 125.

<https://digitalcommons.uri.edu/ricci/125>

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.llardaro.com/current.htm>
 Blog: <http://rieconomy.blogspot.com>
 Twitter: @ladardo

VOL XXII
 NUMBER 5
 APR 2015

Here we go again! Rhode Island began the second quarter in much the same way it had progressed throughout the first quarter - mediocre economic performance. For April, the Current Conditions Index fell from its March value of 67, which had actually beat its year-earlier value, a rare event indeed, back to 58, its value for the other months of 2014 thus far. Clearly, no weather-related distortions were at work in April. To put things here into a rather depressing perspective, Rhode Island's economy has failed to demonstrate the ability to consistently exceed its performance in the prior year. According to recently released data, we find ourselves unable to match or exceed a year for which the Rhode Island economy grew at a 1.2 percent rate, which was itself a noticeable decline from our 2013 growth rate of 1.9 percent. Will the upcoming months be more of the same, even without any excuses for weather, or will the pace of economic activity here finally begin to accelerate along with that of the national economy? Stay tuned. There is some reason for optimism: Governor Raimondo has accomplished more meaningful change with her first budget (assuming this largely passes) than this state has undertaken since before The Great Recession.

Rhode Island's April economic performance was worse than it was in March, as only seven of the twelve CCI indicators improved relative to their values last April. Of the five leading indicators in the Current Conditions Index, three improved in April. And two of

of the workweek, causing **Total Manufacturing Hours** to fall. Suffice it to say that April was not a very good month for Rhode Island's goods-producing sector.

Each of the remaining leading indicators contained within the CCI improved in April. **US Consumer Sentiment** rose at a double-digit rate (+14%) for the seventh consecutive month. **Employment Service Jobs**, which includes temporary employment and is a prerequisite to employment growth, improved by a hefty 3.6 percent, its second consecutive improvement. However, this number was somewhat inflated based on an extremely weak comp (-3.3%). Finally, **New Claims**, a leading labor market indicator, fell by 13.1 percent in April, sustaining its well-defined downtrend following a distorted December value.

Retail Sales turned in an exceptional performance in April (+10.7%), helped greatly by a weak comp last April (-4%). Still, **Retail Sales** here remain very strong. This indicator has risen for fifteen of the last sixteen months. **Private Service-Producing Employment** increased by 1.2 percent in April, weaker than its March growth, and only its second greater than one percent rate since October. **Government Employment** again failed to improve, declining by 0.2 percent for April. **Benefit Exhaustions**, which reflects longer-term unemployment, fell by 32.8 percent relative to last year. For those into fiction, Rhode Island's **Manufacturing Wage** declined for the fourteenth consecutive time in April (-4.2%). Rhode Island's **Labor Force** continued its well-defined downtrend that began in late 2012 and intensified after June of 2014. April was the twenty-fourth consecutive year-over-year decline in our **Labor Force**. This downtrend continued to be fundamental in helping our state's **Unemployment Rate** fall to 6.1 percent in April.

CCI Indicators - % Change	
Government Employment	-0.2
US Consumer Sentiment	14.0 Y
Single-Unit Permits	-5.8
Retail Sales	10.7 Y
Employment Services Jobs	3.6 Y
Priv. Serv-Prod Employment	1.2 Y
Total Manufacturing Hours	-0.8
Manufacturing Wage	-4.2
Labor Force	-0.3
Benefit Exhaustions	-32.8 Y
New Claims	-13.1 Y
Unemployment Rate (change)	-2.0 Y
Y = Improved Value	

them were assisted by easy comps from last April. The results for the two leading indicators that failed to improve stand out. Even without weather-related distortions, new home construction failed to improve, as **Single-Unit Permits** fell by 5.8 percent from last April. While this is admittedly a volatile indicator, the 745 permits (at an annual rate) in April was well below its twelve-month average. The recent upturn in mortgage rates could pose head winds for this indicator. **Total Manufacturing Hours**, a measure of manufacturing sector strength, also declined in April (-0.8%) following two months of improvement, as a sharp decline in the workweek more than offset the positive effects of a small employment gain. Unlike the last two months, the change in manufacturing employment was proportionately smaller than that

DLT APR Employment (SA,Y/Y)	
Gain	7,000
Loss	2,700
Net Chg	4,300

THE BOTTOM LINE

Rhode Island's economic performance thus far in 2015 has been disappointing, although weather did distort first quarter statistics. We begin the second quarter with what seems like more of the same, but with a major difference: Governor Raimondo has put forth more measures to move Rhode Island out of its longer-term doldrums than had been put forth *in total* since the last recession. More importantly, many of these measures involve investment-oriented spending, the key element so lacking over the years here. These programs, when passed, will entail lags until their major effects are felt, so look for relief to appear toward the end of this year.

58		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2014	67	67↑	58	58	67↑	50	67↓	67↓	75	67↑	58	67↓
	2015	58	58	67	58								