University of Rhode Island

DigitalCommons@URI

The Rhode Island Current Conditions Index

Economics

6-2015

Rhode Island Current Conditions Index – June 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 – June 2015" (2015). *The Rhode Island Current Conditions Index*. Paper 129.

<https://digitalcommons.uri.edu/ricci/129>

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 7
 JUN 2015

Rhode Island's economy showed more strength in June than we have become accustomed to. More importantly, this month's data provided further evidence that Rhode Island's rate of economic growth is continuing to move farther above its disappointing value of only 1.2 percent last year. The Current Conditions Index for June attained a respectable value of 75, its highest yet this year, as nine of the CCI indicators improved relative to their values last June. Better yet, the CCI has now matched or exceeded its year-earlier value for the last four months!

Underlying this was yet another strong month for labor market data. As was true for May, virtually all of the key labor market numbers in June moved in the direction we want them to move and for the right reasons. This was especially true for our **Unemployment Rate** which was once again accompanied by an improving **Labor Force** (both on a monthly and yearly basis). For Rhode Island, as strange as this might sound, that's a big deal, since our state's **Labor Force** had until recently been declining for two consecutive years (on a year-over-year basis). Ironically, this meant that the dramatic declines in our state's **Unemployment**

indicators contained within the CCI improved in June. **US Consumer Sentiment** rose at a double-digit rate (+16.6%) for the ninth consecutive month. **Employment Service Jobs**, which includes temporary employment and is a prerequisite to employment growth, improved at its most rapid rate since last August (+5.5%). This was its fourth consecutive improvement, and it occurred in spite of a very difficult comp from last June. Finally, **New Claims**, a leading labor market indicator that reflects layoffs, fell by 16.7 percent in June, sustaining its well-defined downtrend.

Retail Sales turned in another strong performance in June (+6.1%), following a double-digit rise in April and a 9.7 percent gain in May. This indicator has now improved for fourteen consecutive months. **Private Service-Producing Employment** increased by 2 percent in June, its most rapid growth rate since last August. Its rate of improvement has been accelerating for the past three months. **Government Employment** again failed to improve, declining by 1.3 percent for June, its worst performance in over a year. **Benefit Exhaustions**, which reflects longer-term unemployment, fell by 22.8 percent relative to last year. For those into fiction, Rhode Island's **Manufacturing Wage** declined for the sixteenth consecutive time in June (-5.3%). Rhode Island's **Labor Force** sustained the end of its two-year string of year-over-year declines, rising by a hefty (for us) 0.6 percent in June. And, for only the second time in a very long time, Rhode Island's **Unemployment Rate** declined, this month to 5.9 percent (from an upwardly revised 6 percent in May), accompanied by large jumps in both resident employment (+13,500 or 2.6% year-over-year) and payroll employment (5,700 or 1.2%), along with a substantial decline in the number of unemployed (9,900 or 23.1%). Let's hope our state's **Labor Force** has now begun to increase on a sustained basis.

CCI Indicators - % Change	
Government Employment	-1.3
US Consumer Sentiment	16.6 Y
Single-Unit Permits	16.5 Y
Retail Sales	6.1 Y
Employment Services Jobs	5.5 Y
Priv. Serv-Prod Employment	2.0 Y
Total Manufacturing Hours	-1.8
Manufacturing Wage	-5.3
Labor Force	0.6 Y
Benefit Exhaustions	-22.8 Y
New Claims	-16.7 Y
Unemployment Rate (change)	-1.8 Y
Y = Improved Value	

Rate were largely spurious, since they were generally occurring in spite of improving employment, driven primarily by a **Labor Force** that continued to trend lower. While we have still only recovered about 70 percent of the jobs lost during the last recession, the pace at which these lost jobs are being recovered now appears to be accelerating.

Rhode Island's June economic performance really was quite good. Nine indicators improved overall, which included four of the five leading indicators contained in the Current Conditions Index. New home construction, in terms of **Single-Unit Permits**, improved for the first time since the harsh winter weather ended, moving above 1,000 annual units (seasonally adjusted), its highest value since February of 2013. Even better, it finally exceeded its twelve-month average. **Total Manufacturing Hours**, a measure of manufacturing sector strength, also declined in June (-1.8%), its third consecutive decline, but it did have a very difficult comp to beat from last June (+4.4%). All of the remaining leading

DLT JUN
 Employment
 (SA,Y/Y)

Gain 8,600

Loss 2,900

Net Chg 5,700

THE BOTTOM LINE

Rhode Island's economy appears to be transitioning to a more rapid rate of economic growth based not only on two solid months of labor market data, but the fact that the CCI has now matched or exceeded its year-earlier value for the most recent four months. Most importantly, *this is occurring in spite of the fact that our state literally did nothing for several years. What we are witnessing now are the combined forces of our state's economy continuing to heal and the benefits we are deriving from national and neighboring state momentum.* The good news is that the recently enacted legislation should prolong this once its effects begin to be felt later this year.

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