University of Rhode Island

DigitalCommons@URI

The Rhode Island Current Conditions Index

Economics

7-2015

Rhode Island Current Conditions Index – July 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 – July 2015" (2015). *The Rhode Island Current Conditions Index*. Paper 128.

<https://digitalcommons.uri.edu/ricci/128>

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 8
 JUL 2015

The magic number is now up to five - for five consecutive months, the Current Conditions Index has either matched or exceeded its year-earlier value. July was yet another very good month for Rhode Island, as its overall economic performance continued to improve and its labor market appears to be sustaining the kind of momentum we haven't seen for a while now. The CCI for July was 75, tied for its highest value this year, as nine of the twelve CCI indicators improved. Clearly, Rhode Island's rate of growth is continuing to accelerate above last year's tepid 1.2 percent rate as the present recovery becomes more broadly based.

As of the beginning of 2015, Rhode Island's labor market had at long last begun a meaningful recovery from the Great Recession, as both the labor force participation rate and the employment rate began to rise *simultaneously*. This indicates that we are finally witnessing a period where Rhode Island's **Unemployment Rate** is declining in the way we want it to, and not as the statistical byproduct of unemployed persons dropping out of the **Labor Force**. For Rhode Island, as strange as this might sound, that's a big deal.

Let's not overstate all of this, however. Rhode Island has still recovered less than three-fourths of the jobs it lost during the last recession. At least we can say that the pace at which these lost jobs are being recovered appears to now be accelerating. Better late to "the party," I guess, than never getting there at all. This is true to form for Rhode Island's historical performance - among the first into recession and among the last states to truly recover.

Rhode Island's July economic performance was quite good. Nine indicators improved overall. While only three of the five leading

to improve this month. **Total Manufacturing Hours**, a measure of manufacturing sector strength, also declined in July (-1.4%), its fourth consecutive decline, but it too had a very difficult comp to beat from last July (+3.9%). All of the remaining leading indicators contained within the CCI improved in July. **US Consumer Sentiment** rose at a double-digit rate (+13.2%) for the tenth consecutive month. **Employment Service Jobs**, which includes temporary employment and is a prerequisite to employment growth, improved at a double-digit rate (+10.2%), its most rapid rate since January of 2013. This was its fifth consecutive improvement. Finally, **New Claims**, a leading labor market indicator that reflects layoffs, fell by 7.8 percent in July, sustaining its well-defined downtrend.

Retail Sales turned in another strong performance in July (+6.9%), following close to double-digit increases in April and May. This indicator has now improved for fifteen consecutive months. **Private Service-Producing Employment** increased by 2.1 percent in July, its most rapid growth in over a year. Its rate of improvement has now accelerated for the past three months. **Government Employment** actually rose slightly in July (+0.3%), its first increase since last June. **Benefit Exhaustions**, which reflects longer-term unemployment, fell by 26.4 percent relative to last year. For those into fiction, Rhode Island's **Manufacturing Wage** declined for the seventeenth consecutive time in July (-1.9%). Rhode Island's **Labor Force** sustained the end of its two-year string of year-over-year declines, rising by a hefty (for us) 1.0 percent in July. And, for only the third time in a very long time, Rhode Island's **Unemployment Rate** declined, this month to 5.8 percent, accompanied by large jumps in both resident and payroll employment, along with a substantial decline in the number unemployed.

CCI Indicators - % Change	
Government Employment	0.3 Y
US Consumer Sentiment	13.2 Y
Single-Unit Permits	-19.4
Retail Sales	6.9 Y
Employment Services Jobs	10.2 Y
Priv. Serv-Prod Employment	2.1 Y
Total Manufacturing Hours	-1.4
Manufacturing Wage	-1.9
Labor Force	1.0 Y
Benefit Exhaustions	-26.4 Y
New Claims	-7.8 Y
Unemployment Rate (change)	-1.8 Y
Y = Improved Value	

indicators contained in the Current Conditions Index improved, the two that failed to improve both had very difficult comps to beat from last July. New home construction, in terms of **Single-Unit Permits**, fell very sharply this month (-19.4%) compared to last July, after an apparently (at the time) encouraging jump last month. But last July, **Single-Unit Permits** had surged by over 26 percent, so it is not entirely surprising that this indicator failed

DLT JUL Employment (SA,Y/Y)	
Gain	8,700
Loss	2,500
Net Chg	6,200

THE BOTTOM LINE

Rhode Island's economy continued to strengthen in July accompanied once again by fairly strong labor market data. The CCI has now matched or exceeded its year-earlier value for the most recent five months, which, as I cited last month, is occurring in spite of the fact that our state literally did nothing for several years. We continue to witness our state's economy improving based almost entirely on national and neighboring-state momentum. Fortunately for us, the recently enacted legislation should prolong this momentum once its effects begin to be felt later this year. At last we will begin to benefit increasingly from internally generated momentum!

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	75					