Rhode Island Current Conditions Index – August 2015

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August arrived with a bang for Rhode Island. The Current Conditions Index for August surged all the way to 92, its highest value since December of 2012, as eleven of the twelve CCI indicators improved. As if that wasn’t enough, August was the sixth month for which the CCI has matched or exceeded its year-earlier value, indicating that this recovery continues to become more broadly based. Clearly, Rhode Island’s rate of growth is continuing to accelerate above last year’s tepid 1.2 percent rate.

While Rhode Island has technically been in a recovery since early 2010, I would date the “real” recovery here as beginning in December of 2014, when both our labor force participation rate and employment rates finally began to rise simultaneously. So, in a rarity for this state, we are at long last witnessing a sustained period where Rhode Island’s Unemployment Rate has been declining for the reasons we want it to, and not as the statistical byproduct of unemployed persons dropping out of the Labor Force. For Rhode Island, that’s a big deal.

Before popping the champagne corks, we need to keep all of this in perspective. As of August, Rhode Island has still recovered less than three-fourths of the jobs it lost during the last recession. And while our labor force participation and employment rates are rising, both remain well below the levels they attained during the last recovery. As I noted last month, better late than never applies to government here as well.

The third quarter is proving to be a very positive one for Rhode Island, as increasing economic momentum is moving us beyond last year’s paltry rate of growth. Most importantly, as I have noted several times of late, this has been occurring in spite of the fact that our state literally did nothing for several years, so we continue to benefit almost entirely on national and neighboring-state momentum. Imagine how well we would be doing by now had our elected officials actually been leading all along. Fortunately, recent legislation will soon provide internally generated momentum. As is true for our economy, better late than never applies to government here as well.