

8-2004

## Rhode Island Current Conditions Index – August 2004

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 – August 2004" (2004). *The Rhode Island Current Conditions Index*. Paper 139.

<https://digitalcommons.uri.edu/ricci/139>

This Article is brought to you by the University of Rhode Island. 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](mailto:digitalcommons-group@uri.edu). For permission to reuse copyrighted content, contact the author directly.

# Current Conditions Index

LEONARD LARDARO URI

Also available online: <http://members.cox.net/lardaro/current.htm>

Volume X, Number 11

August 2004

## Monthly Highlights

Rhode Island's economic performance in August was disappointing, as the Current Conditions Index returned to its neutral value of 50. In fact, the average CCI value for the past three months is also 50, hardly a sign of economic momentum, reflecting how Rhode Island, like the nation, continues to be mired in the "soft patch" that began in June. Six of the CCI's indicators showed improvement in August, with two turning in very strong performances. One troubling trend continued: the CCI failed to exceed its year-earlier value for the third consecutive month. Get used to it — it will be very difficult for Rhode Island to match the upsurge in economic activity it experienced at the end of 2003. More moderate growth (at best) is in our future.

Rhode Island's payroll employment growth continues to hover around one percent on a year-over-year basis. Year to date, employment is 1.1 percent higher than it was up to this point in 2003. If history is any guide, Rhode Island typically experiences job growth at or near this value. This is ironic since our state's **Unemployment Rate** has now matched or exceeded the national rate for the last five months, following

### CCI Indicators - % Change

<b>Government Employment</b>	-0.3
<b>US Consumer Sentiment</b>	7.5 Y
<b>Single-Unit Permits</b>	14.2 Y
<b>Retail Sales</b>	4.8 Y
<b>Help Wanted Advertising</b>	-3.2
<b>Priv. Serv-Prod Employment</b>	1.0 Y
<b>Man-Hours Manufacturing</b>	-0.6
<b>Manufacturing Wage</b>	1.1 Y
<b>Labor Force</b>	-1.0
<b>Benefit Exhaustions</b>	1.3
<b>New Claims</b>	-8.1 Y
<b>Unemployment Rate</b>	5.8

Y = Improved Value

more than two years with below-national-average rates. More troubling is the fact that our **Labor Force** continues to decline, as unemployed workers drop out of the labor force. Rhode Island's **Labor Force** fell by 1.0 percent in August (compared to August 2003), its *eighth* consecutive decline. Ironically, one of the strongest performances by any CCI indicator in August concerned layoffs: **New Claims** improved by 8.1 percent compared to last August, hinting that the recent declining trend in this indicator, which was broken in June and July, may well resume. This is somewhat surprising in light of the fact that **Help Wanted Advertising** fell again in August, this time

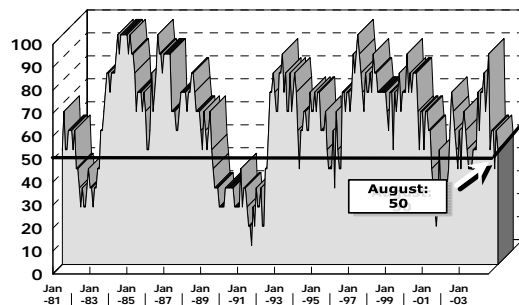
by 3.2 percent. Consistent with weaker labor demand, long-term unemployment, as measured by the number of **Benefit Exhaustions**, rose in August for the first time in five months.

**Private Service-Producing Employment** continued to experience moderate growth, as August's growth rate of 1.0 percent was an improvement over the rates in the second quarter. As budget pressures mount, a macroeconomic effect, declining **Government Employment**, continued as well, falling for the second time in the last three months (-0.3%). Rhode Island's manufacturing sector performance in August was weak, as the decline in **Manufacturing Man-hours** accelerated to a 0.6 percent rate, while Rhode Island's **Manufacturing Wage** grew at its slowest rate in nine months, leaving our **Manufacturing Wage** at only \$13.05.

Rhode Island's housing sector gained momentum in August, fueled by lower interest rates. **Single-Unit Permits** surged by 14.2 percent, its sixth double-digit gain in the past eight months. Existing home sales were also very strong in August. **Retail Sales** grew by 4.8 percent in August, its third consecutive month with an accelerating growth rate. **US Consumer Sentiment** rose again, by 7.5 percent in August (compared to the same month last year), which no doubt has helped to fuel strength in retail sales and housing.

The "slippery" period I spoke of last month will continue, as a host of uncertainties remain. Some will be resolved, most notably the presidential election and Rhode Island's political system progressing beyond the 17th Century. What Rhode Island needs most, however, is a viable "engine" of job growth.

### Current Conditions Index



50

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	42	42	42	50	50	50	75	58	75	75	83	67
2004	75	92	50	58	58	42	58	50				