

5-2004

Rhode Island Current Conditions Index – May 2004

Leonard Lardaro
University of Rhode Island, llardaro@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 – May 2004" (2004). *The Rhode Island Current Conditions Index*. Paper 136.

<https://digitalcommons.uri.edu/ricci/136><https://digitalcommons.uri.edu/ricci/136>

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@etal.uri.edu.

Current Conditions Index

LEONARD LARDARO URI

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

Volume X, Number 8

May 2004

Monthly Highlights

The second quarter's whimper continued in May. After starting 2004 on a very high note (literally), the Current Conditions Index has pulled back significantly in the last three months. The first quarter ended with a neutral value of 50. Both months this quarter have registered values of 58, as only seven of twelve indicators have improved each month. It is clear from these CCI readings that Rhode Island's economy has slowed from its pace at the beginning of this year, mirroring the national economy. Except, that is, in terms of three key labor market indicators. Rhode Island's seasonally adjusted payroll employment in May was virtually identical to its value in January, indicating that our early-year job gains have disappeared. This is a rather stark contrast with national employment, which has risen significantly over this period. Perhaps more notably, Rhode Island's **Unemployment Rate** has now moved from a long period with rates below the

improvement. Along with these, **Help Wanted Advertising** improved the most it has in three months in May.

The uneven pace of new home construction continued, as **Single-Unit Permits** fell by 5.6 percent in May, as the number of Permits declined to fewer than 1,900 units at an annual rate. As I noted last month, recent relatively small increases in our housing supply suggest very strongly that current home price *levels* will very likely be sustainable in the future. Demand will be the determining factor. **Retail Sales** rose in May, resuming its upward trend, while **US Consumer Sentiment** slipped a bit (it fell by 2.3%). **Private Service-Producing Employment** growth continued to decelerate, growing at only 0.6 percent in May, its slowest rate since February of 2002. Surprisingly, despite ongoing budget difficulties, **Government Employment** managed to grow at its fastest rate since last June, 0.9%.

Rhode Island's manufacturing sector turned in a mixed performance in May. **Manufacturing Man-hours** fell by 2.2 percent, its largest fall since last October. Rhode Island's **Manufacturing Wage** grew by 1.4 percent, consistent with more rapid wage growth rates during the past year, finally pushing the average Manufacturing Wage above \$13!

While Rhode Island's economy has slowed along with the national economy, our brief period of outperforming the nation in several key areas has apparently ended, restoring our long-run equilibrium status of a lagging economy.

CCI Indicators - % Change

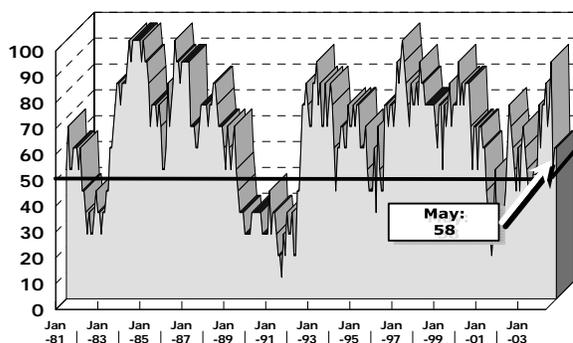
Government Employment	0.9 Y
US Consumer Sentiment	-2.3
Single-Unit Permits	-5.6
Retail Sales	13.7 Y
Help Wanted Advertising	3.2 Y
Priv. Serv-Prod Employment	0.6 Y
Man-Hours Manufacturing	-2.2
Manufacturing Wage	1.4 Y
Labor Force	-1.0
Benefit Exhaustions	-11.1 Y
New Claims	-7.9 Y
Unemployment Rate	3.7

Y = Improved Value

national average to values at or above the US rate. Since September of 2003, Rhode Island's **Unemployment Rate** has clearly trended up, rising from 4.9% to 5.6%. What is even more discouraging is the fact that Rhode Island's **Labor Force** has now decreased on a year-over-year basis for the past five months. Perhaps this should not be surprising in light of our evaporated job gains and falling **Labor Force**.

Ironically, the best news about this month's performance concerns three other labor market indicators. Layoffs, as measured by **New Claims**, fell by 7.9 percent from its value last May, its fourth improvement since January. Layoffs continue to remain at a sub-50,000 level on an annual basis. Long-term unemployment, in terms of **Benefit Exhaustions**, fell at a 11.1 percent rate, its second consecutive double-digit

Current Conditions Index



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