Rhode Island Current Conditions Index – September 2015

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The third quarter ended on a very positive note, as the Current Conditions Index for September recorded a value of 83, its second highest level for 2015 thus far, and ironically, the CCI average for the third quarter. Not only did ten of the twelve CCI indicators improve, more importantly, September marked the seventh month for which the CCI has either matched or exceeded its year-earlier value. At this point, it is clear that the pace of Rhode Island’s current recovery that began to accelerate in the second quarter gained further momentum throughout the third quarter. As this recovery continues to become more broadly based, last year’s tepid 1.2 percent growth rate appears to be well behind us.

Although technically, the present recovery for Rhode Island began in early 2010, I view our state’s “real” recovery as beginning at the end of last year, based on simultaneous increases in the labor force participation rate and employment rates, which at long last allowed our state’s Unemployment Rate to begin declining for the “right” reasons, and not as the statistical byproduct of the Labor Force. Sadly, this has become a rarity for this state.

As things here have truly begun to improve, it is critical that we keep all of this in perspective. As of September, Rhode Island had recovered well below three-fourths of the jobs lost during the last recession. In fact, recent payroll numbers suggest we may be sliding a bit, although my simulations indicate the recent declines are likely to be revised away in February. At any rate, in spite of the fact that our labor force participation and employment rates have been rising, both remain well below pre-recession levels.

Rhode Island’s September economic performance, although not as impressive as that of August, was the second best we have seen in some time. Ten indicators improved overall, including all five of the CCI’s leading indicators. What was impressive about this is the fact that three of the leading indicators improved despite very difficult “comps” from last year.