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There is some very good news for Rhode island: The second quarter of 2016 has ended! And what a quarter it was. While Rhode Island’s first quarter performance was fair at best, in the second quarter, things here go t decidedly worse. We began the second quarter with a March Current Conditions Index value of 42, indicative of contraction, then managed to pull ourselves up to a neutral value of 50 in June. Hope springs eternal, especially when that’s your state’s motto. Then came the June data: the CCI for June fell back to a contraction value of 42, as only five of the twelve indicators improved relative to June of last year. And while there clearly were positive elements in Rhode Island’s June performance, the negatives clearly stood out, overwhelming the momentum generated by our positives. Consider, for example, that payroll employment saw its largest monthly increase in a while: 1,700 higher than the prior month and 3,600 more than last June. Like the nation, Rhode Island experienced a healthy payroll employment growth pattern. While there are and have been some bright spots elsewhere, it is not clear at this point whether we will ultimately be able to sustain more broadly based momentum. It appears that the national economy has moved away from a solid cyclical momentum. It is not the first time this, but it is the first time we find ourselves stuck at or near neutral. As things nationally appear to be picking up, this might bode well for Rhode Island—hopefully!

Four of the five leading indicators contained in the CCI failed to improve in June, and all of them had difficult comps from a year ago. Employment Service Jobs, which includes temporary employment and is a prerequisite to employment growth, fell by a hefty 3.7 percent in June, its fourth consecutive decline. Along with this, New Claims, a leading labor market indicator that reflects layoffs, rose (+4.1%) in June, although it too had a difficult comp a year ago. Single-Unit Permits fell sharply (-26.6%) following a rise of 17.7 percent a year ago. Its level, however, remained well below 1,000 annual units. Finally, US Consumer Sentiment fell by 6.3 percent in June, failing to beat a difficult 2015 comp, and sustaining its recent downtrend.

The sole improving leading indicator, Total Manufacturing Hours, a proxy for manufacturing output, rose slightly for only a second consecutive time, besting a fairly easy comp last June. Manufacturing employment rose by more than enough (proportionately) to offset the effect of a declining workweek.

Along with this deteriorating performance of several key cyclical indicators I have been highlighting of late, issues remained with most the remaining CCI indicators. Our state’s Labor Force continued to decrease on a year-over-year basis. June’s decrease of 0.5 percent was its twenty-fifth such decline. As a result, although its monthly performance was acceptable, Rhode Island’s Unemployment Rate is still failing for the wrong reasons.

Retail Sales, fell by 0.6 percent in June, its fourth decline in the past five months. The Manufacturing Wage rose again in June, by 5.2 percent (back to fantasy land!!!). Private Service-Producing Employment saw an acceleration in its growth rate for June (+1.1%), resuming its uptrend. Government Employment fell again (-0.7%) in June, while Benefit Exhaustions, which reflects longer-term unemployment, fell by 30.5 percent, its best rate of improvement in quite a while.

The second quarter was not a good one for Rhode Island. Once again our state’s economy remained stuck in neutral, something that has now occurred for four consecutive months. Not only have we failed to exceed year-earlier CCI values for all but one month this year, key cyclical indicators as a group continue to display a very concerning pattern. While there are and have been some bright spots throughout this year, especially June’s payroll employment, it is not clear at this point whether we will ultimately be able to sustain more broadly based momentum. It appears that the national economy has begun to improve. That single factor will largely determine our fate.