University of Rhode Island

DigitalCommons@URI

The Rhode Island Current Conditions Index

Economics

6-2019

Rhode Island Current Conditions Index – June 2019

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 – June 2019" (2019). *The Rhode Island Current Conditions Index*. Paper 187.

<https://digitalcommons.uri.edu/ricci/187>

This Newsletter 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

Available Online: <http://www.llardaro.com/current.htm>
Twitter: @ladardo

VOL XXVI
NUMBER 7
JUN 2019

Rhode Island closed out the second quarter on a somewhat upbeat note, which comes as welcome news given how unsatisfactory things here were during the first quarter, most notably our #46 national ranking for economic growth. The Current Conditions Index for June rose to 75, tied for its highest value in 2019, as nine of twelve indicators improved, including four of its five leading indicators. While several indicator performances this month were improvements over what they had been earlier this year, an almost equal number turned in weaker performances, continuing the trend where our negatives are substantially offsetting our positives, which adversely affects growth and our overall economic performance. As I noted last month, Rhode Island's economy has downshifted into first gear with diminished overall momentum, a very disturbing fact since our state's economy has largely been flat since 2015. Consistent with this, the CCI failed to exceed its year-earlier value for the thirteenth consecutive month in June. Perhaps the June improvements are signaling an uptick in the pace of growth here.

Several trends continue to be worrisome. As of June, both our state's **Labor Force** and Resident Employment remain below their values at the end of 2018. Worse yet, *our state's Labor Force has failed to improve on either a monthly or yearly basis*

CCI Indicators - % Change	
Government Employment	0.7 Y
US Consumer Sentiment	0.2 Y
Single-Unit Permits	16.3 Y
Retail Sales	3.7 Y
Employment Services Jobs	1.9 Y
Priv. Serv-Prod Employment	1.7 Y
Total Manufacturing Hours	-8.3
Manufacturing Wage	2.5 Y
Labor Force	-0.6
Benefit Exhaustions	10.7
New Claims	-11.5 Y
Unemployment Rate (change)	-0.4 Y
Y = Improved Value	

since January. It appears that its long-term trend, which I refer to as a "train wreck," remains in tact. In terms of unemployment, long-term unemployment, as reflected by **Benefit Exhaustions**, has increased for five of the last seven months indicating that this element of unemployment may now be trending higher, which would not be all that surprising given our slow pace of growth and declining resident employment. **New Claims** for Unemployment Insurance, the most timely measure of layoffs, has risen for six of the past twelve months, reflecting the possibility that layoffs may well be in the early stages of trending higher. If that comes to pass, it would only be reversed if and when our state's economic performance improves noticeably.

As noted earlier, June saw yet another monthly decline in the number of employed Rhode Island residents, a continuation of its trend this year, keeping it well below its late 2006 peak. Ditto for our state's **Labor Force**. Because of these trends, recent declines in our state's **Unemployment Rate**, should be viewed as largely "noise," sadly touted as the sole indicator of our state's economy by state government as they continue to insist on misleading with statistics.

Retail Sales, which has been our "star" indicator of late, improved again in June, but its rate of growth slowed to 3.7 percent. The **Manufacturing Wage** rose (+2.5%), its sixth consecutive increase. **US Consumer Sentiment** improved this month, albeit barely, for only the third time in the last nine months. The two highly cyclical leading economic indicators contained in the Current Conditions Index, **Single-Unit Permits** and **Total Manufacturing Hours**, turned in mixed performances in June. **Total Manufacturing Hours**, a proxy for manufacturing output, fell by an accelerated 8.3 percent, its ninth consecutive decline, as both employment and the workweek contracted again this month. A particularly disturbing statistic is the fact that the manufacturing workweek has now fallen on a yearly basis every month but one since last October. While part of this is likely related to the trade war with China, expect this weakness to persist for a while. Don't make the mistake of dismissing the marked deterioration in this indicator as purely "noise." **Single-Unit Permits**, a measure of new home construction, rose in June (+16.3%) its second consecutive increase. Don't expect declining interest rates to have a significant impact on this indicator, given our static population and declining resident employment.

Employment Service Jobs, a leading indicator that includes temps, increased more rapidly than it has of late in June (+1.9%), one of the bright spots this month. The other bright spot was **Private Service-Producing Employment**, which rose for a third consecutive month. Its June rate of growth is the highest it has been in over a year. Finally, **Government Employment** increased again, for the ninth time in the last ten months, remaining well over 61,000.

75		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2018	75	100↑	83↑	83↑	100↑	92↑	75	67↓	75↑	58↑	83↑	58↑
	2019	75	33↓	58↑	58	58	75						