

# Current Conditions Index

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Also available on my web site: <http://members.home.net/lardaro/current.htm>

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# 42

**NATIONAL RANK:**  
**Job Growth: #30**  
**Labor Force Growth: #33**  
**JI Index: #29**

	2001	2000	1999
JAN	67	83	92
FEB	67	83	83
MAR	42	83	83
APR	42	58	83
MAY		33	75
JUN		50	83
JUL		50	75
AUG		42	83
SEP		67	92
OCT		58	75
NOV		67	83
DEC		67	67

\*Revised

**LABOR MARKET:**  
**Jobs Created: 6,200**  
**Jobs Lost: 1,900**

## Monthly Highlights

The April Current Conditions Index remained unchanged from its March value of 42 — the second consecutive month with a below-50 value, as only 5 of the 12 indicators improved from their levels last April.

The most obvious area that has been impacted by economic weakness is the demand for labor. **New Claims** for Unemployment Insurance, the most timely measure of layoffs, jumped a lofty 19.8 percent relative to its value last April. Actually, this might be considered good news, since the annual increase in March was 32.8 percent. Along with this, **Help Wanted Advertising** dropped sharply below its value a year ago, from 64 (percent of its value in 1987) to only 51, a 13 percentage point decline. **Benefit Exhaustions** also rose, at a 9.1 percent annual rate, possibly indicating a diminished ability to sustain the dramatic reductions in long-term unemployment that have occurred over the past few years. Our **Unemployment Rate** also increased, from 4.2 percent last April to 4.4 percent this April, ending a consecutive streak of ten months at full employment. While this was not that far above our full employment rate (of 4.2 percent), it was still *twice Connecticut's rate*.

Rhode Island's manufacturing sector is also showing the strains of the national recession in manufacturing. **Manufacturing Man-hours** declined at a 3.5 percent annual rate, while **Manufacturing Wages** fell by 0.3 percent, their first decline since September of 1994. As I noted

last month, the *measured* decline in Manufacturing Man-hours may well be understating the actual decline as the result of problems with Rhode Island's CES employment sample. We won't know if my speculation is correct until next February.

The pleasant surprises came, ironically, from the interest-sensitive portion of Rhode Island's economy. **Retail Sales** rose by 2.8 percent in April, resuming their upward trend that had been interrupted only once (based on seasonally adjusted data) in March. **Existing Home Sales** rose at a double-digit rate, 13.7 percent, remaining just above a 9,100 annual units, which is still strong based on historical levels. Actually, this high a level of home sales is remarkable considering that there were fewer than 2,100 home (multiple) listings, only half the number in April of 1999! And, construction employment rose by 2.2 percent, remaining just below a 19,000 level.

*While April's results are further "hard" evidence that the pace of economic activity here has weakened, neither it nor the two-month trend provide a sufficient basis for concluding that Rhode Island is in a recession.* Not yet, that is. Historically, the CCI has led recessions by four to six months. The good news is that the "Cavalry," in the form of the effects of monetary easing earlier this year and legislated tax cuts, is not far off. Hopefully, the effects of these measures will be sufficient to allow Rhode Island to avoid falling into a recession. It should be an interesting summer, though!

CCI Indicators - % Change	
Government	0.2 Y
Existing Home Sales	13.7 Y
Single-Unit Permits	-10.1
Retail Sales	2.8 Y
Help Wanted	-20.3
Misc. Service Employ	2.0 Y
Man-Hours Manuf	-3.5
Manufacturing Wage	-0.3
Labor Force	1.6 Y
Benefit Exhaustions	9.1
New Claims	19.8
Unemployment Rate	4.8

(Y= improvement)

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