## CURRENT CONDITIONS INDEX

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Rhode Island's recovery (restoration) continued in August, but its economic momentum slipped a bit. From April through July, the Current Conditions Index continued to rise, moving from 75 to its highest possible value of 100 in July. Not surprisingly, such rapidly improving momentum could not be sustained for terribly long. That was reflected in the recent performance of the *monthly* CCI which was signaling slower forward momentum.

Rhode Island's economy is still experiencing adverse pandemic effects, but a great deal of of this is being offset by re-opening parts of our state's economy and the highly stimulative effects of monetary and fiscal policy. Keep in mind, that a recovery does NOT mean returning to "normal" levels of economic activity, as so many presume. Instead, it is a period where economic activity continually expands, although there is no stipulation as to *rates* of improvement. I estimate that Rhode Island is still *at least* two years away from returning to pre-pandemic levels of economic activity since throughout this entire crisis, Rhode Island has done painfully little to improve its longer-term competitiveness, which has relegated our fate largely to the pace of national economic momentum. Worse yet, I expect that in spite of the "sugar high" from all the federal money Rhode Island received, and the intentions of **RI 2030**, we will not make enough of the structural improvements our state needs absent in-house due diligence.

For August, the Current Conditions Index fell from its highest possible value of 100 in July to 67 in August, as only eight of the twelve CCI indicators improved. Part of this decline is attributable to the fact that the "comps" from last August were not as easily

	beaten as had	
CCI Indicators - % Change		been the case in
Government Employment	-0.6	the previous
US Consumer Sentiment	-4.6	months. In spite
Single-Unit Permits	-9.1	of this, the CCI has remained in
Retail Sales	16.8 Y	expansion
Employment Services Jobs	-0.2	territory since
Priv. Serv-Prod Employment	6.3 Y	April, so activity
Total Manufacturing Hours	14.1 Y	is still improving but at a slower
Manufacturing Wage	10.1 Y	pace, this is not
Labor Force	0.9 Y	<u>a decline in</u>
Benefit Exhaustions	-76.1 Y	activity. I fully
New Claims	-72.1 Y	expect this expansion to
Unemployment Rate (change)	-6.8 Y	continue for the
Y = Improved Value		foreseeable
		future. But it

will be a bumpy ride, as this month's change indicates.

2020

2021

67

Looking at individual indicator performances for August, **Retail Sales** remained the star CCI performer, rising by 16.8 percent from a year ago, which was its seventh consecutive double-digit increase. Of the five leading indicators present in the CCI, only two improved in August and both had relatively easy "comps." The most impressive of these is **Total Manufacturing Hours**, which increased again at a double-digit rate (+14.1%), its fifth consecutive double-digit improvement. There have been very

Jan

67

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Feb

67

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Mar

25↓

Apr

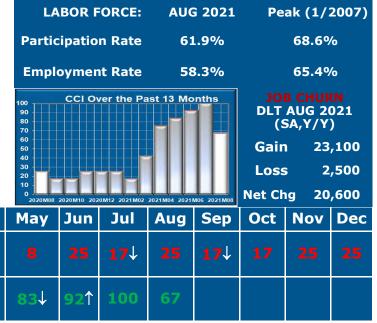
large revisions to **New Claims**, as claims determined to be fraudulent have been removed from the totals. Based on this "cleaner" data, **New Claims**, which reflect layoffs, fell by 72.1 percent from their value last August which is not all that impressive since its "comp" was a 566 percent rise!

**Employment Service Jobs** barely declined (-0.2%) after improving each month since April. The same pattern was true for **Single-Unit Permits**, which fell by 9.1 percent this month following a series of increases and a difficult comp. **US Consumer Sentiment** also declined in August, which could signal less future momentum, especially as it pertains to housing and **Retail Sales**.

Rhode Island's **Unemployment Rate** fell in August to about half its level last August at the same time its **Labor Force** declined significantly from a year ago — Rhode Island's "secret sauce" for reducing its **Unemployment Rate**. Finally, the **Manufacturing Wage** rose by 10.1 percent this month, continuing more than a

Manufacturing Wage1.6 YMonthly CCILabor Force-0.3fell below itsBenefit Exhaustions51.1of 50 to 25, asNew Claims14.6only three ofUnemployment Rate (change)0.1twelve			year or
Government Employment0.0US Consumer Sentiment-10.9Single-Unit Permits4.2 YRetail Sales1.8 YEmployment Services Jobs-3.0Priv. Serv-Prod Employment-0.0Total Manufacturing Hours-1.2For August, theManufacturing Wage1.6 YLabor Force-0.3Benefit Exhaustions51.1New Claims14.6Unemployment Rate (change)0.1	CCI Indicators - Monthly%	Change	consecutive
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Single-Unit Permits4.2 Yto the theRetail Sales1.8 YWonthly CCI,Employment Services Jobs-3.0which reflectsPriv. Serv-Prod Employment-0.0momentum.Total Manufacturing Hours-1.2For August, theManufacturing Wage1.6 YMonthly CCILabor Force-0.3neutral valueBenefit Exhaustions51.1of 50 to 25, asNew Claims14.60.1	US Consumer Sentiment	-10.9	This brings us
Employment Services Jobs-3.0Priv. Serv-Prod Employment-0.0Total Manufacturing Hours-1.2For August, theManufacturing Wage1.6Labor Force-0.3Benefit Exhaustions51.1New Claims14.6Unemployment Rate (change)0.1	Single-Unit Permits	4.2 Y	to the the Monthly CCI, which reflects short-term momentum. For August, the Monthly CCI fell below its neutral value of 50 to 25, as only three of twelve indicators
Employment Services Jobs-3.0short-term momentum.Priv. Serv-Prod Employment-0.0short-term momentum.Total Manufacturing Hours-1.2For August, the Monthly CCI fell below its neutral valueLabor Force-0.3Benefit Exhaustions51.1of 50 to 25, as only three of twelveUnemployment Rate (change)0.1	Retail Sales	1.8 Y	
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Unemployment Rate (change) 0.1 twelve	Benefit Exhaustions	51.1	
onemployment kate (change) 0.1 indicators	New Claims	14.6	
	Unemployment Rate (change)	0.1	
Y = Improved Value improved	Y = Improved Value		

relative to July. This was a continuation of a weakening pattern in this index since May of this year.



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