

# CURRENT CONDITIONS INDEX

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Statistically, February was a horrific month for Rhode Island's economy. The CCI value fell to 17, as only two of its twelve indicators improved relative to February of last year, and only one of those, **Retail Sales**, was a cause of optimism.

There is good news coming, based on a statistical quirk relating to the periods we will be comparing to, good news concerning the widespread vaccination success here and the reopening of parts of our state's economy that have largely been shut down.

As for the statistical quirk, February is the last pre-pandemic month the CCI will be comparing to. *Statistically*, the combination of weaker comparison periods and improvements occurring as we return toward where we once were will generate higher CCI values. At first glance, it might appear that we have returned to where we once were. Sadly, this same phenomenon occurs in the early stages of recoveries, where indicator improvements occur largely because things literally couldn't get much worse than they were.

I created and have been tracking a monthly CCI since annual CCI values continue to be so depressing. Since May of last year, the monthly CCI has registered expansion (above 50) values for all but four months, confirming the recent improvements that have been occurring, albeit at varying paces. For February, the monthly CCI value was 58.

The question to be concerned with now is how long and serious will our transition to the **LO** of **FILO** be? Returns to "normal" generally take a very long time and where we were pre-pandemic wasn't all that good, as we were largely stuck at our state's 2015

small business state, this emphasis is very long overdue.

Our state's ability to thrive in the post-pandemic period will be determined to a great extent by whether we are able to cast off our image as **Rhode Island 5-0**. We can begin by setting as our primary goal returning *resident* employment to its prior peak of almost a decade and a half ago. I would also welcome the emphasis by our state's elected officials and media to shift from the **Unemployment Rate** to measures of employment and their changes. Of course, my greatest wish is to see Rhode Island adopt in-house due diligence, so we can transition to far more enlightened decision making than heavy reliance on the work "should." Together, these changes would constitute a meaningful first step toward shedding our structural baggage and redefining our modus operandi from **Endogenous Mediocrity**.

Finally, the monthly CCI for February (see below) reached 58, you can see the seven indicators that improved relative to January. While none of the monthly growth rates were particularly impressive, at least they are continuing to move us in the right direction over the short term.

CCI Indicators - % Change	
Government Employment	-5.5
US Consumer Sentiment	-23.9
Single-Unit Permits	-7.4
Retail Sales	13.6 Y
Employment Services Jobs	-8.3
Priv. Serv-Prod Employment	-10.7
Total Manufacturing Hours	-6.4
Manufacturing Wage	7.3 Y
Labor Force	-4.1
Benefit Exhaustions	308.1
New Claims	206.5
Unemployment Rate (change)	3.3
Y = Improved Value	

CCI Indicators - Monthly% Change	
Government Employment	0.3 Y
US Consumer Sentiment	-1.9
Single-Unit Permits	-8.8
Retail Sales	3.7 Y
Employment Services Jobs	1.9 Y
Priv. Serv-Prod Employment	0.5 Y
Total Manufacturing Hours	0.9 Y
Manufacturing Wage	0.4 Y
Labor Force	-0.2
Benefit Exhaustions	-7.6 Y
New Claims	7.6
Unemployment Rate (change)	0.1
Y = Improved Value	

level of real GDP. From what I can see, Rhode Island has done painfully little to improve its business climate, opting instead to once again hide behind misleading **Unemployment Rate** figures as if that were a substitute for reinventing our economy. I am encouraged by Governor McKee's stated his intention to emphasize small business, and better yet to have the Commerce Corporation adopt more of that emphasis. As Rhode Island is a

LABOR FORCE:	FEB 2021	Peak (1/2007)
Participation Rate	62.4%	68.6%
Employment Rate	57.8%	65.4%

  

JOB CHURN	
DLT FEB 2021 (SA,Y/Y)	
Gain	0
Loss	44,300
Net Chg (44,300)	

17		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2020	67↓	67↓	25↓	8	8	25	17↓	25	17↓	17	25	25
	2021	25	17										