

Current Conditions Index

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Volume IX, Number 3

January 2003

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Monthly Highlights

2003 2002

JAN	42	58
FEB		75
MAR		67
APR		58
MAY		42
JUN		33
JUL		50
AUG		50
SEP		58
OCT		67
NOV		58
DEC		50

Release of January's CCI was delayed by the major shift in the employment classifications that will now be used by the US Bureau of Labor Statistics. Formerly, employment was listed as being in one of several Standard Industrial Classification (SIC) codes, a very old system that heavily emphasized the dominant job provider of its day — manufacturing. The new system, the North American Industrial Classification System (NAICS), is a very welcome change. It provides far greater emphasis on the service sector which provides the vast majority of jobs both for Rhode Island and the nation. Unfortunately, the enormity of making the transition to NAICS, for both the US Bureau of Labor Statistics and the RI Department of Labor and Training, has resulted in the unavailability of some key historical data classified according to the NAICS as of the time this report is being written. Several labor market indicators used by the CCI were not available in seasonally adjusted values. The table summarizing indicator performance denotes the variables for which this pertains. Also, starting this month, the CCI will shift from using Miscellaneous Service Employment to Private Service Producing Employment (which excludes Government) as a result of the new NAICS categories. With this said, how well did Rhode Island do in January?

While there is a great deal of "noise" in the available data at this time, the CCI fell below its neutral value of 50 (last month) to 42 in January. Only five CCI indicators improved. None of these registered very spectacular performances. The **Labor Force** rose by 4.2 percent year-over-year, although with model modifications and changes in population controls for the 2003 number, there is likely *not* as much positive growth as the number itself implies. Because the most recent Census data is used to derive the **Labor Force**, both its *level* and changes are significantly higher in the previously released data. **Retail Sales** growth slowed to 1.5 percent in January. This is not unexpected in light of the continuing weakness in **US Consumer Sentiment** (-11.3%) and the previous large growth rates for this indicator. **Service**

Producing Employment grew by 1.8 percent, while **Government Employment** rose by 0.3 percent.

By contrast, there were several notable areas of weakness in January. Because of a very cold January, new home construction, in terms of **Single-Unit Permits**, fell by 48.1 percent from its value last January (when the ground wasn't frozen). The labor market continues to remain weak. Labor demand in terms of **Help Wanted Advertising** fell by 13.5 percent year-over-year, the continuation of a long string of double-digit declines. **Benefit Exhaustions** changed very little (+0.3%), but layoffs rose sharply as **New Claims** for Unemployment Insurance increased by 57.5

CCI Indicators - % Change		
Government*	0.3	Y
US Consumer Sentiment	-11.3	
Single-Unit Permits	-48.1	
Retail Sales	1.5	Y
Help Wanted	-13.5	
Service Prod. Employ*	1.8	Y
Man-Hours Manuf*	-5.0	
Manufacturing Wage*	1.2	Y
Labor Force	4.2	Y
Benefit Exhaustions	0.3	
New Claims	57.5	
Unemployment Rate	4.1	
Y = Improved Value		
* Based on non-seas adj data		

percent compared to last January. While the NAICS changes what is included in the manufacturing sector somewhat, it appears that Manufacturing performance was mixed in January. The **Manufacturing Wage** rose by 1.2 percent (at a now significantly higher level) while **Manufacturing Man-hours** fell by 5 percent

As far as I am able to tell at present, given problems with currently available data and global uncertainties, Rhode Island has once again lost momentum as it enters 2003 — the CCI has now fallen every month since October. While our *relative* performance remains very good, it is not sustainable going forward. Fortunately, we were given the outline of how to return to this performance in the future — Governor Carcieri's State of the State message, which I view as best such message I have seen since coming to RI.

