

# CURRENT CONDITIONS INDEX

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Welcome to a year of very rapid growth rates! Starting this month, the Current Conditions Index will be comparing indicator values each month with those from a year ago, where *both* are pandemic values. As a result, since the base (last year) was so depressed, values this year, which are moving towards where we were, will tend to look very impressive.

This always happens as we begin to emerge from deep recessions: Values of various indicators have fallen so far, it is almost impossible for them to deteriorate further. Comparing to those values often shows dramatic improvement, making it appear that we have moved to or beyond where we were pre-recession. Sadly, it takes quite some time for us to return to the prior environment.

To some extent, this time really will be different, as we don't need financial sector healing and the gradual return of jobs. With all the recent monetary and fiscal stimulus, our path back to the pre-pandemic economy will almost certainly be more rapid than has been the case in the past, particularly good news to a state that avoided the **FI** of **FILO** and will likely see a somewhat abbreviated **LO**. But unlike "typical" recoveries, there are many structural changes that will cause the *composition* of economic activity to be different as we return *statistically* to where we were. Aggregate numbers tend to conceal important compositional changes. For Rhode Island, a very different group of restaurants and other small businesses will exist post-pandemic, as many of

toward overall expansion and with that the end (statistically at least) of the pandemic-induced recession.

Looking at some of the dramatic percent changes caused by the comparison to March 2020 pandemic values, we see that **Single-Unit Permits** rose 30.5 percent relative to a year ago. Better yet, **Retail Sales**, our state's star performing indicator, increased by 52.8 percent! And **New Claims**, a reflection of layoffs, fell by 65.7 percent. Manufacturing turned in an admirable performance in March, as **Total Manufacturing Hours** rose by 3.6 percent and the **Manufacturing Wage** rose 7.4 percent. As this shows, Rhode Island's economy is clearly at a much better place than it was earlier in the pandemic and it is continuing to sustain its forward momentum. As for *levels* of key indicators, make no mistake: These remain well below where they once were and it will take some time for us statistically at least to return to pre-pandemic levels. Where do we go then? That will largely be determined by spending choices concerning the one billion plus dollars we receive from the federal government. I hope the consumption-investment distinction has taken hold with our elected officials, although I am not terribly confident of that.

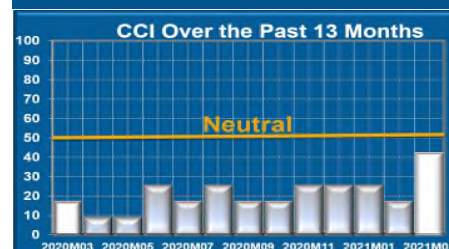
CCI Indicators - % Change	
Government Employment	-5.4
US Consumer Sentiment	-4.9
Single-Unit Permits	30.5 Y
Retail Sales	52.8 Y
Employment Services Jobs	-2.1
Priv. Serv-Prod Employment	-8.5
Total Manufacturing Hours	3.6 Y
Manufacturing Wage	7.4 Y
Labor Force	-3.7
Benefit Exhaustions	163.1
New Claims	-65.7 Y
Unemployment Rate (change)	3.1
Y = Improved Value	

CCI Indicators - Monthly% Change	
Government Employment	-0.6
US Consumer Sentiment	6.1 Y
Single-Unit Permits	13.1 Y
Retail Sales	9.9 Y
Employment Services Jobs	2.7 Y
Priv. Serv-Prod Employment	1.8 Y
Total Manufacturing Hours	5.0 Y
Manufacturing Wage	-0.0
Labor Force	0.5 Y
Benefit Exhaustions	-1.9 Y
New Claims	130.6
Unemployment Rate (change)	-0.2 Y
Y = Improved Value	

the small businesses that are gone won't return. They were key elements of the character and personal nature of our state.

The March Current Conditions Index rose all the way to 42, as five of twelve indicators improved relative to last March. This is its highest level since the pandemic began, but its thirteenth consecutive contraction value. Better yet, the *Monthly* CCI was 75 in March as nine of its twelve indicators improved relative to February. All of this is consistent with the glimmers of momentum that were displayed by the Monthly CCI in earlier months, and it signals that Rhode Island's economy is indeed continuing to move

LABOR FORCE:	MAR 2021	Peak (1/2007)
Participation Rate	62.7%	68.6%
Employment Rate	58.3%	65.4%



JOB CHURN DLT MAR 2021 (SA,Y/Y)	
Gain	200
Loss	35,300
Net Chg	(35,100)

42		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	42									