CURRENT CONDITIONS INDEX

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VOL XXVI
NUMBER 4
MAR 2022

Rhode Island's expansion (restoration) moved further along in March, which is especially noteworthy since the "comps" from a year ago have now become more difficult. While the Current Conditions Index for March was 75, the same as it has been all this year as nine of twelve indicators improved, many of this month's advancing indicators displayed very healthy growth rates— without the assistance of favorable "base effects," or weak levels from a year ago. That's not to say all indicators showed strong growth. The **Labor Force** barely managed to register a gain again this month (+0.01%) while the other indicators that failed to improve had disturbingly large negative growth rates.

For March, only two of the five leading indicators contained in the CCI improved, but both managed to exceed difficult comps. Even the ongoing weakness in the *Monthly CCI* eased a bit, as it moved into expansion territory for the first time in months. In the coming months, Rhode Island will continue to move closer to what is our normal, or longer-term performance. The most pressing question for now is whether Rhode Island will resume its **FILO** status as the national economy weakens, possibly moving into recession toward the end of 2023. In other words, will Rhode Island's economy begin to weaken even before the US does late 2023? While we managed to dodge the **FI** during the pandemic as all states fell simultaneously, I suspect that this state's lack of effort in re-inventing its business climate will prove to be costly and problematic when all the federal funds are gone along with their multiplier effects. I will venture to say that what we will see is when the "tide" goes out, our state's elected officials will be seen to have been swimming at Moonstone Beach (to be kind!).

CCI Indicators - % Change		
Government Employment	1.8	Y
US Consumer Sentiment	-30.0	
Single-Unit Permits	-21.0	
Retail Sales	1.0	Y
Employment Services Jobs	-10.3	
Priv. Serv-Prod Employment	3.5	Y
Total Manufacturing Hours	11.1	Y
Manufacturing Wage	13.0	Y
Labor Force	0.0	Y
Benefit Exhaustions	-70.9	Y
New Claims	-88.7	Y
Unemployment Rate (change)	-2.6	Y
Y = Improved Value		

To summarize, as we continue to move beyond the pandemic, *we will see a more accurate picture of our economy's true momentum that will quite possibly be hindered by national weakness, removing some or much of our post-pandemic gains*.

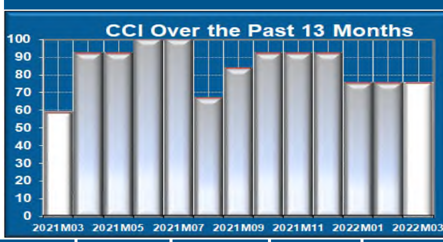
Looking at our state's **Unemployment Rate**, it fell significantly, from 6.0 percent last March to 3.4 percent this March. However, changes in our state's **Labor Force**, which barely increased this month (+0.01%), and a labor force participation rate that remains far below its prior high (63.2% vs 68.5%), mean a more accurate gauge of unemployment, the Participation Adjusted Unemployment Rate, was actually 5.8 percent in March (see table on right). I will be publishing this number every month from this point forward to give a more accurate gauge of joblessness in Rhode Island. **Retail Sales**, what has been the star performer in the CCI, increased by only 1.0 percent in March, only its second non-double-digit increase since January of 2021.

Among the leading indicators contained in the CCI, an ongoing concern is **Employment Service Jobs**, a leading indicator that includes temps, which declined for its third consecutive month (-10.3%). There was also weakness with both **Single-Unit Permits** (new home construction), which fell by 21 percent, its third consecutive decline and **US Consumer Sentiment**, registering a decline of 30 percent, its eighth consecutive move lower. Fortunately, the other two leading indicators showed significant strength in March. **New Claims**, the most timely measure of layoffs, fell by 88.7 percent and is now very far below pandemic levels. Sustained momentum in our state's manufacturing sector continued, as **Total Manufacturing Hours**, a proxy for total manufacturing output, rose at a double-digit level (+11.1%), its thirteenth consecutive increase, as both the workweek and employment rose.

CCI Indicators - Monthly% Change		
Government Employment	-0.3	
US Consumer Sentiment	-9.6	
Single-Unit Permits	-0.5	
Retail Sales	2.2	Y
Employment Services Jobs	-2.1	
Priv. Serv-Prod Employment	1.1	Y
Total Manufacturing Hours	1.0	Y
Manufacturing Wage	0.3	Y
Labor Force	0.1	Y
Benefit Exhaustions	-13.1	Y
New Claims	-47.2	Y
Unemployment Rate (change)	-0.5	Y
Y = Improved Value		

The March Monthly CCI rose to expansion range, 67, for the first time in a while. The non-performing indicators largely coincided with those of the regular CCI. Expect to see the Monthly CCI fluctuate often throught this year.

LABOR FORCE:	MAR 2022	Peak (1/2007)
Participation Rate	63.2%	68.5%
Part Adj Unem %	5.8%	
Employment Rate	61.0%	65.1%



JOB CHURN
DLT MAR 2022
(SA,Y/Y)

Gain	17,400
Loss	300
Net Chg	17,100

75

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	17↓	17	58↑	92↑	92↑	100	100	67↑	83	92↑	92↑	92
2022	75	75	75									