

CURRENT CONDITIONS Index

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After sputtering last month, Rhode Island's recovery appears to be sustaining itself, although not by very much. In October, the Current Conditions Index fell to 42, a contraction value, as only five of the twelve CCI indicators improved. For November, while there wasn't great news, there was reassuring news, nonetheless. The November CCI rose to 50, its neutral value, as six of twelve indicators improved. As November is a month where substantial labor market data revisions often occur with data rebenchmarking (we will see this in February), perhaps the last few months of CCI values will be revised higher with the new data. We will have to wait and see. But for November, at least, several CCI indicators had very easy "comps" a year ago, so the index's rise from October to November might not indicate that we are "out of the woods" yet, in terms of sustaining this recovery.

Retail Sales, one of the foundations upon which Rhode Island's recovery has been built, improved again in November.

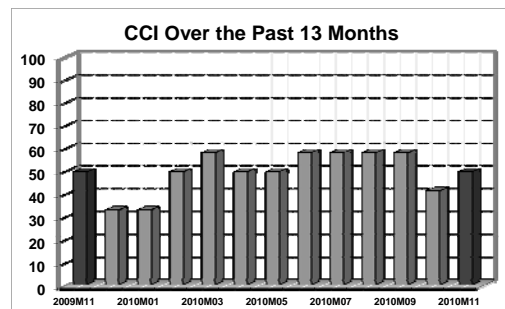
CCI Indicators - % Change	
Government Employment	-0.2
US Consumer Sentiment	6.8 Y
Single-Unit Permits	-45.7
Retail Sales	1.2 Y
Employment Services Jobs	-12.5
Priv. Serv-Prod Employment	-0.5
Total Manufacturing Hours	1.1 Y
Manufacturing Wage	3.7 Y
Labor Force	-0.1
Benefit Exhaustions	-24.8 Y
New Claims	15.7
Unemployment Rate (change)	-0.9 Y

Y = Improved Value

It has now increased for nine of the past ten months, reflecting a strong uptrend. Another part of our foundation, **US Consumer Sentiment**, rose after two consecutive decreases. For November, **US Consumer Sentiment** rose by 6.8 percent. It too remains in an uptrend, having risen for all but one month over the last year. For November, we again witnessed strength in our state's manufacturing sector. **Total Manufacturing Hours** rose by 1.1 percent, powered by yet another sharp increase in the length of the workweek. November was the fifth consecutive improvement in this indicator, an anomaly for Rhode Island. Along with this, the **Manufacturing Wage** rose again, by 3.7 percent.

Two other indicators improved in November. **Benefit Exhaustions**, which reflects long-term unemployment, fell sharply, dropping by 24.8 percent, its ninth consecutive improvement. Finally, our state's **Unemployment Rate** declined again, from 12.5 percent last November to "only" 11.6 percent this November, partly the result of declines in our **Labor Force**, which fell by 0.1 percent compared to a year ago. Over the month, our **Unemployment Rate** rose (by 0.2), related in part to a monthly increase in the **Labor Force**.

The remaining indicators failed to improve. **Single-Unit Permits**, which reflects new home construction, fell sharply again in November, by 45.7 percent, to an annualized level of only 610 units. **New Claims**, a leading indicator that measures layoffs, rose at a double-digit rate (by 15.7 percent). It is not clear whether this indicator has begun a prolonged period of increase (non-improvement). Let's hope it hasn't. **Employment Service Jobs**, another leading labor market indicator, fell by 12.5 percent compared to a year ago. Its value has fallen below its recent plateau, another disturbing development. **Private Service-Producing Employment** fell again (-0.5%). Its rate of decline continues to moderate. Finally, **Government Employment** declined by 0.2 percent in November, fueled largely by a decrease in local non-education employment. The absence of any future assistance from the federal government should cause its future deterioration.



THE BOTTOM LINE

Rhode Island's economic recovery remains slow and somewhat tenuous based on existing data. Soon we will see the revisions to the existing labor market data. Hopefully, these will indicate less depressing employment picture. They might even produce some upward CCI revisions. The good news, though, is that things really can't be worse here than they have been. Maybe this recovery isn't as tenuous as existing data seem to indicate.

50	2009	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
		17	8	0	8	17	33	17	42	33	42	50	33
2010	33	50	58	50	50	58	58	58	58	42	50		