CURRENT CONDITIONS INDEX

LEONARD LARDARO, URI

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Available Online: http://www.llardaro.com/current.htm
Twitter: @ladardo

Rhode Island's recovery, or more properly restoration, continues. As has true for several months now, most of the economic indicators contained in the Current Conditions Index registered strong performances relative to a year ago, but the vast majority of these improvements were predicated on relatively easy "comps." Perhaps the best examples of this pertain to November **Benefit Exhaustions** and **New Claims**, both of which improved sharply but relative to increases of around 500 percent one year ago. How do these indicators not improve under those circumstances? While the other improving indicators this month did not have such dramatic comps, their earlier values were, nonetheless, fairly easily exceeded.

The best news is that the Current Conditions Index registered its eighth consecutive expansion value in November, 83, identical to that of the prior two months and far above the November 2020 value of only 25.

CCI Indicators - % Change		
Government Employment	3.7	Y
US Consumer Sentiment	-12.2	
Single-Unit Permits	14.4	Y
Retail Sales	14.8	Y
Employment Services Jobs	-4.4	
Priv. Serv-Prod Employment	3.3	Y
Total Manufacturing Hours	13.0	Y
Manufacturing Wage	9.7	Y
Labor Force	2.8	Y
Benefit Exhaustions	-74.2	Y
New Claims	-80.9	Y
Unemployment Rate (change)	-2.8	Y
Y = Improved Value		

This period of strong CCI values should last for several more months, until the "easy" comps end in April, when the current recovery began. This is consistent with the picture painted by the recent weak performance of the Monthly CCI, whose values have been anemic since July.

This is not to imply there is no underlying strength in this recovery, as several indicators have continued to turn in strong performances. The question for now is what the upcoming labor market revisions (rebenchmarking) will show. Expect changes to many of the current labor indicator values, especially those for the Household Survey which contained an explosive rise a few months ago. Historically, the last three months of the year are those most likely to be revised. Expect that this year in light of all the data "noise" and issues with seasonal adjustment.

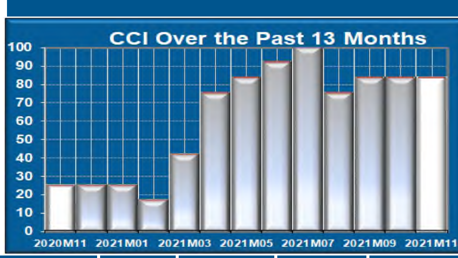
No matter what the revised data show, I remain confident about the direction of Rhode Island's economy: We are continuing to move forward and will continue to do so, although this recovery will be uneven requiring two to three years before we return to "normal." The big question: When the "sugar high" from all the federal money ends, how will Rhode Island fare since so little has been done to improve this state's structural deficiencies?

For November, the Current Conditions Index remained at 83 as ten of the twelve CCI indicators improved. **Retail Sales** was once again the star CCI performer, rising by 14.8 percent from a year ago, its tenth consecutive double-digit increase. Of the five leading indicators present in the CCI, once again only three improved in November. **Total Manufacturing Hours** increased again at a double-digit rate (+13%), its eighth consecutive double-digit improvement as both the length of the workweek and employment rose. Very large revisions to **New Claims** continue, based on the removal of fraudulent claims. For this "cleaner" data, **New Claims**, which reflect layoffs, fell by 80.9 percent from its massive value last November. **Employment Service Jobs**, a leading indicator of employment, fell by a disappointing 4.4 percent, its second annual decline since April, even with an easy comp. **Single-Unit Permits** rose by 14.4 percent, its second improvement following two declines. **US Consumer Sentiment** fell sharply again, by 12.2 percent, its fourth consecutive decline.

The monthly CCI fell to its neutral value of 50, no longer in the expansion range, continuing a trend of several months of weakness. It remains well below the regular CCI value and its weak values are a harbinger of what is to come: The regular CCI will not be able to sustain its recent high values as our momentum begins to slow. Behind the disappointing November value was a string of declining indicators such as **US Consumer Sentiment, Total Manufacturing Hours**, **Retail Sales**, **Employment Service Jobs** and **Benefit Exhaustions**. What is disturbing is that three of these will *not* be revised when rebenchmarking occurs.

CCI Indicators - Monthly% Change		
Government Employment	0.2	Y
US Consumer Sentiment	-4.2	
Single-Unit Permits	10.9	Y
Retail Sales	-1.5	
Employment Services Jobs	-3.7	
Priv. Serv-Prod Employment	-0.4	
Total Manufacturing Hours	-2.3	
Manufacturing Wage	0.4	Y
Labor Force	0.4	Y
Benefit Exhaustions	24.9	
New Claims	-30.0	Y
Unemployment Rate (change)	-0.2	Y
Y = Improved Value		

LABOR FORCE:	NOV 2021	Peak (1/2007)
Participation Rate	64.1%	68.6%
Employment Rate	60.8%	65.4%



JOB CHURN
DLT NOV 2021 (SA,Y/Y)

Gain	19,800
Loss	1,300
Net Chg	18,500

83

	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	75	83↓	92↑	100	75↑	83	83	83	