

CURRENT CONDITIONS INDEX

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Rhode Island's recovery, or more properly restoration, continued in October as a number of economic indicators registered strong performances relative to a year ago, although almost all of this month's results were predicated on relatively easy "comps." The Current Conditions Index registered its seventh consecutive expansion value in October, 83, identical to that of September but far above its October 2020 value of only 17.

In spite of the seemingly strong October performance, there were data anomalies (as far as I can tell) whose effects lingered. Recall that for September, our state's **Labor Force** and Resident Employment both exploded on a monthly basis — the **Labor Force** by +43,300 and Resident Employment by +44,000. Historically changes of these magnitudes occur over the course of about three years! Over that same month, payroll employment, the number of RI jobs, rose by "only" 3,000. Well, what explodes eventually implodes, and that's what we saw in October: Our **Labor Force** fell by 26,300 while Resident Employment dropped 25,700 and payroll employment fell by 2,100. For those

noteworthy performances. **Total Manufacturing Hours**, increased again at a double-digit rate (+15.7%), its seventh 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. Based on this "cleaner" data, **New Claims**, which reflect layoffs, fell by 65.5 percent from their value last October. This sounds impressive but last October it had risen by 370 percent from the prior year — the definition of an easy comp. **Employment Service Jobs**, a leading indicator of employment, fell by 0.3 percent. This was its first annual decline since April, in spite of an easy comp. **Single-Unit Permits** rose by 20.8 following two consecutive declines. **US Consumer Sentiment** fell sharply, by 12.4 percent, its third consecutive decline.

Rhode Island's **Labor Force** imploded compared to last month but was 3 percent higher than last October. Our **Unemployment Rate** rose from 5.2 to 5.4 percent along with the one-month implosions for the **Labor Force** and Resident Employment.

CCI Indicators - % Change	
Government Employment	3.4 Y
US Consumer Sentiment	-12.4
Single-Unit Permits	20.8 Y
Retail Sales	20.0 Y
Employment Services Jobs	-0.3
Priv. Serv-Prod Employment	3.1 Y
Total Manufacturing Hours	15.7 Y
Manufacturing Wage	7.4 Y
Labor Force	3.0 Y
Benefit Exhaustions	-88.5 Y
New Claims	-65.5 Y
Unemployment Rate (change)	-1.9 Y
Y = Improved Value	

interested, I posted a number of tweets about this on 12/9 that highlight how bizarre this is. I expect upcoming data revisions to clear this up, so take these data with a serious grain of salt. Between this and the amazing declines in **New Claims**

related to the filtering out of fraudulent claims, it should be easy to see how difficult it is to navigate through the existing data.

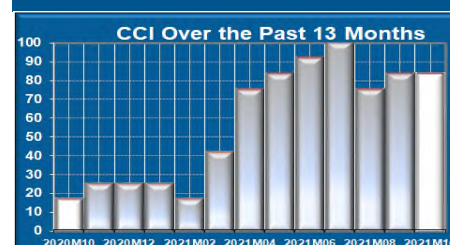
In spite of all of this, I remain confident about the direction of Rhode Island's economy: We are continuing to move forward even though actual magnitudes for key indicators might not be known until the upcoming labor data rebenchmarking in February. What we do know is that changes in economic indicators continue to be a mix of adverse pandemic effects being increasingly offset by the impacts of re-opening much of our state's economy, and, of course, monetary and fiscal policy. This recovery will continue to be uneven and it will be two to three years before we return to "normal," even with the "sugar high" from all the federal money.

For October, the Current Conditions Index remained at 83 as ten of the twelve CCI indicators improved, many the result of easy "comps." **Retail Sales** remained the star CCI performer, rising by 20 percent from a year ago, its ninth consecutive double-digit increase. Of the five leading indicators present in the CCI, once again only three improved in October and two of these tuned in

CCI Indicators - Monthly % Change	
Government Employment	-2.4
US Consumer Sentiment	-3.4
Single-Unit Permits	7.9 Y
Retail Sales	2.6 Y
Employment Services Jobs	1.7 Y
Priv. Serv-Prod Employment	-0.1
Total Manufacturing Hours	0.9 Y
Manufacturing Wage	2.0 Y
Labor Force	-4.6
Benefit Exhaustions	-18.3 Y
New Claims	-10.0 Y
Unemployment Rate (change)	0.2
Y = Improved Value	

The monthly CCI remained stuck at 58, in expansion range, after several months of weakness. It is still well below the regular CCI value. Behind this number was a string of declining indicators such as the **Labor Force** and **Unemployment Rate, US Consumer Sentiment** and **Government Employment**, a sign of possible slowing ahead.

LABOR FORCE:	SEP 2021	Peak (1/2007)
Participation Rate	63.8%	68.6%
Employment Rate	60.4%	65.4%



JOB CHURN	
DLT SEP 2021 (SA,Y/Y)	
Gain	19,400
Loss	2,100
Net Chg	17,300

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		