

CURRENT CONDITIONS Index

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Rhode Island's "year from hell" continued in September, as our state's economic performance was once again abysmal. In spite of weak "comps" last year (this month's indicators are compared to values last September, a recession month), September's Current Conditions Index value of 8 was determined by improvement in a single indicator, the **Manufacturing Wage**. As substantial as the rate of decrease in economic activity here is at present, it will worsen based on further weakening of both the national and global economies. Think about that for a moment: as bad as Rhode Island's economic performance has been thus far in 2008, September very likely marks yet another inflection point, where growth begins to decline at an even faster pace. Perhaps the only good news for September was that the CCI wasn't 0, which had pertained for both June and August!

Rhode Island's horrific economic performance has not gone unnoticed nationally. Our state's **Unemployment Rate**, 8.8

CCI Indicators - % Change	
Government Employment	-2.0
US Consumer Sentiment	-15.8
Single-Unit Permits	-39.5
Retail Sales	-0.4
Employment Services Jobs	-15.5
Priv. Serv-Prod Employment	-2.1
Total Manufacturing Hours	-7.3
Manufacturing Wage	0.5 Y
Labor Force	-0.8
Benefit Exhaustions	50.0
New Claims	27.7
Unemployment Rate	72.5

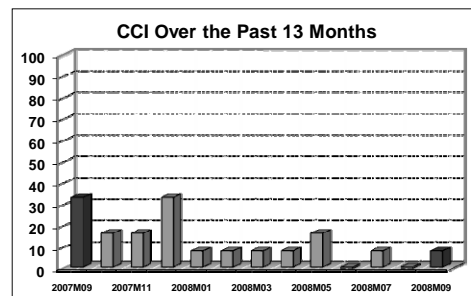
Y = Improved Value

percent in September, led the nation, beating even Michigan! Our goods-producing sector remains hobbled, as both housing and manufacturing continue to contract. And a broadly based assessment of the performance of our state's labor market is less than encouraging.

Extreme fiscal pressure continues to take its toll on **Government Employment**, which fell by 2 percent compared to last September, its third consecutive decline of 2 or more percent. **Retail Sales** fell by 0.4 percent in September, ironically, its "best" rate of decline since April. **US Consumer**

Sentiment also fell sharply, dropping by 15.8 percent, its "best" performance since last October. **Single-Unit Permits**, which reflects new home construction, declined by 39.5 percent compared to last September, as there were only 70 permits statewide. The only "good news" for the CCI, that our **Manufacturing Wage** rose by 0.5 percent, was easily eclipsed by a 7.3 percent decline in **Total Manufacturing Hours**, the result of declines in both employment and the length of the workweek.

As bad as September's **Unemployment Rate** was, it isn't finished rising. Don't be surprised if we see Rhode Island's jobless rate rise all the way to 9.5 percent in the next six to nine months. Our **Labor Force** fell again in September, by 0.8 percent. Payroll employment continued its long decline that began in January of 2007, causing **Private Service-Producing Employment** to fall by 2.1 percent, as **Employment Service Jobs**, a leading labor market indicator, registered its eighth consecutive double-digit decline (a fall of 15.5%). **New Claims**, which measures layoffs, rose sharply (+27.7%), and **Benefit Exhaustions**, which reflects long-term unemployment, surged by 50 percent compared to a year ago, although this was partly related to presence of extended benefits.



THE BOTTOM LINE

September continued what is becoming the weakest annual economic performance for this state since I began charting it. We appear to be reliving 1991 — something I never thought I would see. Sadly, the national economy fell faster in October than September, leading me to dread next month's report. The apparent indifference of our leaders to the economic plight of our state is a vivid reminder of how we got into this situation.

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	50↓	50↓	42↓	42	67	50↓	58↑	33	25↓	17↓	17↓	33↓
2008	8	8	8	8↓	8	0	8↓	0	8			