

Current Conditions Index

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67

NATIONAL RANK:
Job Growth: #32
Labor Force Growth: #22
JI Index: #35

	2000	1999	1998
JAN	83	83	75
FEB	92	75	75
MAR	100*	83	83
APR	67	92	75
MAY		75	75
JUN		83	75
JUL		75	83
AUG		92	67
SEP		92	67
OCT		75	83
NOV		75	83
DEC		67	58

* Revised

LABOR MARKET:
Jobs Created: 9,000
Jobs Lost: 1,500

Monthly Highlights

April brings good news and bad news. The good news is that the March CCI was revised upward to 100 — a perfect score, indicating that all twelve indicators improved. The bad news: the April CCI was only 67. Quite a one-month drop!

Only eight of the twelve indicators improved in April, and a very clear pattern emerged: Rhode Island's housing market is beginning to slow. While new home construction, in terms of **Single-Unit Permits**, has been sluggish for some time, only breaking the 2,500 annual unit plateau about a year ago, **Existing Home Sales** have been very strong, setting record after record. *In April, both of these indicators declined at double-digit annual rates: Single-Unit Permits fell by 16%, while Existing Home Sales declined by 14.3%.*

Certainly, a lack of available supply is one of the forces constraining home sales. But, this large a drop likely signals the beginning of a period where both gains and declines will coexist. This is precisely what the Federal Reserve (FED) is hoping to accomplish. Expect this trend to persist for some time since the FED has not yet finished raising interest rates.

Perhaps the greatest irony for April is that while housing, an interest-sensitive sector, slowed, **Retail Sales**, the other key interest-sensitive indicator, continued its blistering pace, growing at an 11.1% annual rate! So, while Rhode Island's economy has remained largely immune to the effects of FED tightening until now, expect to see more of the after-effects of monetary policy in

the coming months.

The labor market remained strong in April, although the picture was somewhat mixed. Employment growth was a very respectable 1.7 percent, led by job gains in retail trade, business services, construction, and local government. **Benefit Exhaustions** fell by a dramatic 12.7%, the third consecutive double-digit decline. But, **New Claims**, a measure of layoffs, *rose* by 7.4%, their first increase in over a year. **Help Wanted**, a measure of the strength of labor demand, attained its highest level in this entire recovery (64% of its 1987 value). Was this jump in **Help Wanted** the result of firms advertising more than they normally would in an attempt to generate any applicant interest in this labor shortage environment? There is no way to know at this time.

Finally, Rhode Island's **Unemployment Rate** fell to a recovery low of 3.7 percent, marking the *fifteenth consecutive month of full employment*. April's combination of a 3.7% unemployment rate and a 0.3 percentage point decline from last April's value gave Rhode Island a **Jobless Improvement Index** rank of #35.

April's performance is a preview of the slower *rates* of economic growth we can expect to see in coming months. This isn't the end of the world. But it won't be as kind and forgiving as the pace we have become accustomed to.

	Unemp Rate	Job Growth
CT	2.3	1.4
VT	2.4	1.7
NH	2.5	1.5
MA	2.8	2.1
ME	3.3	3.1
RI	3.7	1.7

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