

# Current Conditions Index

LEONARD LARDARO URI

Also available on my web site: <http://members.home.net/lardaro/current.htm>

Volume VI, Number 10

August 2000

# 50

**NATIONAL RANK:**  
**Job Growth: #39**  
**Labor Force Growth: #40**  
**JI Index: #43**

	2000	1999	1998
JAN	83	83	75
FEB	92	75	75
MAR	100	83	83
APR	58	92	75
MAY	50	75	75
JUN	67	83	75
JUL	67	83*	83
AUG	50	92	67
SEP		92	67
OCT		75	83
NOV		75	83
DEC		58*	58

\* Revised

**LABOR MARKET:**  
**Jobs Created: 6,500**  
**Jobs Lost: 2,400**

## Monthly Highlights

August was not a very good month for Rhode Island. Our **Unemployment Rate** rose from 4.0 percent in July (revised upward) to 4.5 percent, ending our eighteen month streak of consecutive months at full employment. Along with this, the Current Conditions Index fell back to its neutral value of 50, continuing the pattern of a more sluggish pace of overall economic activity that began in April. The CCI has now failed to exceed its year-earlier value for five consecutive months. In fact, we have not bettered either year-earlier or two-year-earlier values for five months. What we are witnessing is a definite slowing in our rate of economic growth. This does not presage a recession, since the CCI has remained at or above 50 throughout this entire period. Fasten your seat belts, though, this could prove to be a very interesting winter!

While most of our current weakness is in interest sensitive parts of our economy, other areas have also begun to slow. Happily, there is no compelling evidence of widespread problems.

Neither of the CCI's housing indicators improved in August. **Existing Home Sales** fell at double-digit rates for both July and August, although sales overall remain high. **Single-Unit Permits**, which reflect new home construction, continues to be the weak link in our housing sector, as its seasonally adjusted value in August fell below 2,000 annual units for the first time in quite a while. Permits have now declined at double-digit year-over-year rates for every month

since April. **Manufacturing Man-hours** continue to fall, but that is hardly anything new. The August changes in labor demand were mixed. **Help Wanted Advertising** decreased in August, a somewhat rare occurrence of late, while **New Claims** for Unemployment Insurance, the most timely indicator of layoffs, rose. Yet **Benefit Exhaustions**, a measure of long-term unemployment, fell at a 12.2 percent annual rate. Both New Claims and Benefit Exhaustions appear to be moving ever closer to bottoms. The "weakness" we are observing from them is thus a by-product of their ongoing successes in past months — hardly a cause for alarm.

There was only one stellar performer in August: **Retail Sales**. Its growth was an impressive 11.4 percent. Clearly, the addition of Providence Place Mall and other retail facilities has kept retail sales from slowing by as much as they might have, nullifying the adverse effects of a diminished wealth effect (the stock market has been moving sideways) and higher interest rates.

As we move to the end of the third quarter, the potential negatives seem to outweigh the positives. It is important to keep in mind that this does not necessarily indicate that we are doomed to sub-par performance in the coming months. I expect the national economy to quicken its pace in the fourth quarter which should help Rhode Island. The "wild card" remains the severity of the winter and the threat of "supply shocks."

	Aug-00	
	Unemp Rate	Job Growth
CT	2.5	1.21
MA	2.6	1.19
VT	2.7	1.75
NH	2.9	0.53
ME	3.2	2.03
RI	4.5	0.84

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