

Current Conditions Index

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

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NATIONAL RANK:
Job Growth: #27
Labor Force Growth: #45
JI Index: #22

	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	67	92	67
OCT	50*↓	75	83
NOV	58	75	83
DEC	58	58	58

* Revised

LABOR MARKET:
Jobs Created: 8,000
Jobs Lost: 800

Monthly Highlights

Rhode Island ended 2000 on a mixed note. The slower rate of economic growth that began in April continued through the end of the year. As evidence of this, the CCI failed to improve over its year-earlier value for every month after March, and monthly values of the CCI never exceeded 67 during that time interval. On a more positive note, *as of the end of 2000, Rhode Island was not in a recession*. Based on historical behavior of the CCI, it tends to lead recessions by about four months (when sub-50 values occur in sequence). The CCI never fell below its neutral value of 50 in 2000, although with the upcoming labor market data revisions, a few of the 50s could end up as lower values. This will be particularly critical in two areas. The **Unemployment Rate**, which ended the year at 3.7 percent, might be revised lower, making it a smaller multiple of the rates for all of the other New England states. The other likely area for revision is manufacturing. While the year 2000 ended with a manufacturing recession at the national level, data for Rhode Island did not indicate this. While the decline in **Manufacturing Man-hours** accelerated somewhat by year-end (to a -2.7% annual rate), it remained stronger than the magnitude one would expect to observe with a national recession in that sector. Note that the CCI uses total hours worked in manufacturing, not employment, since weakness in that sector usually manifests itself initially as a decline in hours worked. Overall, the indicator the CCI uses is preferable to

employment as an indicator of changes in "manufacturing output."

Retail Sales in Rhode Island rose by a healthy 9.2 percent for the year, with December showing a 5.9 percent rise. *On average*, retail trade closed out the year on a strong positive note here. Try telling that to Apex and Ann and Hope! Construction employment also performed well in 2000, rising 3.8 percent in December and a full 4.3 percent for all of 2000. Both **New Claims** for Unemployment Insurance and **Benefit Exhaustions** ended the year on a more positive note, reversing the upward trend that they displayed earlier in the year (note: improvement for both of these is a *decline*).

The housing market here continued to display weakness, as both **Single-Unit Permits** and **Existing Home Sales** fell again. While declines in Existing Home Sales are more a reflection of lack of supply and not underlying housing weakness, the same is unfortunately not true for Single-Unit Permits, which *declined at double-digit annual rates every month since April*. So, the performance of the "interest-sensitive" portion of Rhode Island's economy was mixed at the end of 2000.

Now the not so happy news. *With a national recession probability for 2001 of around 40 percent, the probability of Rhode Island experiencing a recession is now greater than 50 percent*. While I'm not convinced we will have a recession in 2001, the odds are now against us.

CCI Indicators - % Change	
Government	0.0
Existing Home Sales	-3.8
Single-Unit Permits	-17.0
Retail Sales	5.9 Y
Help Wanted	4.3 Y
Misc. Service Employ	1.6 Y
Man-Hours Manuf	-2.7
Manufacturing Wage	0.7 Y
Labor Force	-0.3
Benefit Exhaustions	-12.7 Y
New Claims	-6.3 Y
Unemployment Rate	-2.6 Y

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