

Current Conditions Index

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NATIONAL RANK:
Job Growth: #29
Labor Force Growth: #28
JI Index: #11

	2001	2000	1999
JAN	67* ↑	83	92* ↑
FEB	58	83* ↓	83* ↑
MAR		83* ↓	83
APR		58	83* ↓
MAY		33* ↓	75
JUN		50* ↓	83
JUL		50* ↓	75* ↓
AUG		42* ↓	83* ↓
SEP		67	92
OCT		58* ↑	75
NOV		67* ↑	83* ↑
DEC		67* ↑	67* ↑

*Revised

LABOR MARKET:
Jobs Created: 9,100
Jobs Lost: 1,600

Monthly Highlights

Unusual but happy times continued for Rhode Island in February. Payroll employment growth, which outpaced national growth last year, has continued to match or exceed US job growth through February. Along with this, we find ourselves with a rate of unemployment that remains below the national rate, consistent with full employment now for *nine* consecutive months. While national weakness is certainly affecting this state at present, Rhode Island is one of many states that are a testimonial to the stark dichotomy between Wall Street and Main Street that has confounded a number of forecasters.

The most significant statistic of the month was the performance of **Retail Sales** — our star indicator for years now. For the first time since February of 1996, Retail Sales declined, at a 1.8 percent year-over-year rate, ending the longest improvement streak of any CCI indicator. Indeed, Retail Sales have been stuck in a range since August of last year.

The performance of housing sector indicators was mixed. **Single-Unit Permits** again declined at a double-digit rate (-13.1%), marking its eleventh consecutive decrease. **Existing Home Sales** rose by 3.3 percent, in spite of a continued low supply of available homes for sale.

Rhode Island's manufacturing sector did not fully mirror the current recession in US manufacturing. **Manufacturing Man-hours** for Rhode Island declined at their most rapid rate in quite a while (-4.8%), which was the result of a

diminished workweek (-1.1 hours compared to last February) and lower employment (-1.9%). Ironically, the recent percentage declines in Rhode Island's manufacturing employment are well below those in the first half of 2000, when declines were running at or above 3% year-over-year rates. As the deceleration in Manufacturing Man-Hours has worsened, **Manufacturing Wage** growth has slowed. In February, the average Manufacturing Wage in Rhode Island was only 0.2% higher than last February. In fact, wage growth has remained below a one percent since November of last year. As a result of this slower growth, Rhode Island's average manufacturing wage has yet to break through the \$12.25 threshold.

Signs of a weaker labor market are not difficult to find. **New Claims** for Unemployment Insurance, which reflect layoffs, rose at a 17.1 percent rate. Labor demand, measured by **Help Wanted Advertising**, declined at a 14.8% rate. The number of Additional Claims, an important measure of the severity of unemployment, also rose. Fortunately, **Benefit Exhaustions** decreased, preventing labor market weakness from "completing the circuit" all the way from short-term to long-term joblessness.

While Rhode Island is not in a recession, don't judge its economy by the **Unemployment Rate**. In spite of February's recovery-low 3.5 percent rate, this is a *lagging* indicator whose performance will soon come to reflect more of the weakness we are now witnessing.

CCI Indicators - % Change	
Government	0.6 Y
Existing Home Sales	3.3 Y
Single-Unit Permits	-13.1
Retail Sales	-1.8
Help Wanted	-14.8
Misc. Service Employ	1.5 Y
Man-Hours Manuf	-4.8
Manufacturing Wage	0.2 Y
Labor Force	2.0 Y
Benefit Exhaustions	-4.8 Y
New Claims	17.8
Unemployment Rate	-20.5 Y

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