

Current Conditions Index

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NATIONAL RANK:
Job Growth: #23
Labor Force Growth: #37
JI Index: #29

	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		92	67
SEP		92	67
OCT		75	83
NOV		75	83
DEC		67	58

* Revised

LABOR MARKET:
Jobs Created: 7,200
Jobs Lost: 200

Monthly Highlights

Rhode Island's economy began the third quarter in much the same way as it ended the second quarter: sustaining a more moderate pace of economic growth than what we witnessed in the beginning of this year. Slower economic growth is still growth, so this is not really bad news. Rhode Island, like the nation, finds itself moving into a period of more moderate and sustainable economic activity.

The most apparent examples of slowing continue to be the interest sensitive parts of our economy: retail trade and housing. **Retail Sales** growth "slowed" to an annual rate of 5.2 percent in July. Providence Place Mall and other retail facilities that have come on line of late have kept retail sales from slowing by as much as they would have had these expansions not occurred. Yet in spite of this "slowing," retail sales this year through July (year-to-date) are up by an impressive 10.8 percent over their level during the same period last year — hardly reflective of FED tightening efforts. **Existing Home Sales** fell at a double-digit rate in July (by 11.1%). But, the level of sales remains relatively high by historical standards, comparable to sales in 1998. Year-to-date, home sales are only 3.8 percent below their record-breaking level of last year. And, it is important to keep in mind that decining home sales are far more the result of a continually shrinking supply of available homes than a reflection of FED tightening. Finally, **Single-Unit Permits**, the "weak link" in our housing market,

fell at a substantial 23.1 percent annual rate in July to just over 2,000 annual units. Year-to-date, permits have declined by 11.1 percent relative to the first seven months of 1999.

The performance of the CCI indicators that reflect the supply of labor was mixed in July. **New Claims** for Unemployment Insurance, the most timely measure of layoffs, declined at a 7.1 percent annual rate, its tenth improvement in the last twelve months. But **Benefit Exhaustions**, which reflect long-term unemployment, rose at a 24.8 percent annual rate in July, as the number of exhaustions continues to flirt with a numerical bottom (note: we prefer exhaustions to fall, so a *decline* is an improvement for this indicator). Happily, the July **Unemployment Rate** was 3.9 percent, marking the eighteenth consecutive month for which Rhode Island was at full employment. The "bad" news for this indicator continues to be that it continues to be the highest jobless rate of any New England state.

The other bright spot this month was the seasonal adjustment applied by the Bureau of Labor Statistics to payroll employment. With this adjustment, Rhode Island had a respectable 1.8 percent rate of job growth, giving it a national rank of #23 in July.

The third quarter should be interesting for Rhode Island, as the impact of slowing national economic activity will continue to be felt here, making it harder for us to sustain our string of consecutive months at full employment.

	Unemp Rate	Job Growth
Connecticut	2.4	1.25
Vermont	2.7	1.93
Massachusetts	2.9	1.72
New Hampshire	3.1	0.81
Maine	3.4	2.39
Rhode Island	3.9	1.78

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