

Current Conditions Index

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67

NATIONAL RANK:
Job Growth: #24
Labor Force Growth: #40
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		75	83
AUG		92	67
SEP		92	67
OCT		75	83
NOV		75	83
DEC		67	58

* Revised

LABOR MARKET:
Jobs Created: 8,200
Jobs Lost: 1,600

Monthly Highlights

Rhode Island's economy rebounded a bit in June, as the CCI rose from its neutral value of 50 in May back to 67. While Rhode Island's *rate* of economic growth slowed in second quarter, several critical indicators continued to improve at impressive rates. But, while a few of the indicators that failed to improve in June remained at or near recovery highs, others reflect the present slower growth climate.

Both **Retail Sales** and **Existing Home Sales** should be slowing as the result of FED tightening. But, while interest rates matter for both indicators, other factors have dominated of late. **Retail Sales** grew at an annual rate of 6.1 percent in June. Ironically, this was a *slowing* in its rate of growth from 11.1 percent in April and 14.3 percent in May. Low unemployment, job creation, the "wealth effect," and the addition of Providence Place Mall are clearly offsetting the effects of higher interest rates. While **Existing Home Sales** fell at a 5 percent annual rate in June, this was far more the result of restricted supply than higher interest rates affecting home affordability. And, in spite of recent declines, home sales remain at almost a 9,500 annual unit rate, a historically high level.

Two other examples of strength reflect the supply of labor. **Benefit Exhaustions**, which reflects long-term unemployment, fell at a 25.6 percent annual rate in June, while **New Claims** for Unemployment Insurance, the most timely measure of layoffs, declined at a 10.4 percent

annual rate. Recent increases in these indicators have reflected labor market improvement moving ever-closer to "bottoming out." And, the June **Unemployment Rate** was 3.9 percent, marking the seventeenth consecutive month for which Rhode Island was at full employment. The "bad" news for this indicator is that it was once again the highest rate of unemployment in New England. Only one other New England state had a rate above 3 percent in June (Maine with 3.4%) .

Manufacturing Man-hours fell once again, as it has for ten of the last twelve months, and **Single-Unit Permits**, a measure of new home construction, fell at an annual rate of 17 percent, its eighth decline in the last twelve months. **Help Wanted Advertising**, one measure of labor demand, also failed to improve in June.

Once again, the seasonal adjustment applied by the BLS to payroll employment raised our rate of job growth from 1.4 percent without seasonal adjustment to 1.9 percent with adjustment, giving Rhode Island a June rank of #24.

The good news is that the second quarter has already ended, and the CCI for the last month of that quarter sprang back from its earlier doldrums. As we move into the third quarter, it will become increasingly difficult for Rhode Island to remain at full employment. But, even if our string of consecutive months at full employment ends soon, a number of economic indicators will continue to move in the right direction.

	Unemp Rate	Job Growth
Connecticut	2.3	1.54
Massachusetts	2.6	1.84
Vermont	2.6	1.76
New Hampshire	2.8	0.76
Maine	3.4	1.98
Rhode Island	3.9	1.94

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