

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: #35
Labor Force Growth: #46
JI Index: #12

	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	58	75	83
NOV		75	83
DEC		58*	58

* Revised

LABOR MARKET:
Jobs Created: 5,700
Jobs Lost: 1,000

Monthly Highlights

The fourth quarter began with one highly visible and seemingly impressive statistic — Rhode Island's seasonally adjusted **Unemployment Rate** dropped to its lowest level in this entire recovery, 3.3 percent. Whether viewed in terms of the 0.5 percentage point decline from the prior month or the drop of 0.7 from last October, which ranked #8 nationally, this was a dramatic improvement, implying a noticeable strengthening in Rhode Island's economy. Indeed, this combination of a low rate and substantial decline gave Rhode Island a **Jobless Improvement Index** ranking of #12 nationally in October, its best showing in a while.

Unfortunately, this particular indicator, which is embraced by so many as being a highly accurate measure of the current state of Rhode Island's economy, gave a more optimistic "signal" than is justified by a more complete overview of Rhode Island's performance. In fact, this is a major reason why I formulated the Current Conditions Index, a broadly based indicator of Rhode Island's economic performance, several years ago.

Before I elaborate on October's performance, let me set the stage by stating that Rhode Island continues to do well relative to its historical performance. The sky is not falling, either now or in the immediate future. Instead, Rhode Island's economy continues to reflect the slowing in its rate of growth that began in April.

Consider the overall performance of our

labor market. At the same time Rhode Island has witnessed large declines in its **Unemployment Rate**, from 4.5 percent in August to 3.3 percent in October, **Benefit Exhaustions** have risen, indicating more long-term unemployment, and **New Claims** have increased, reflecting greater numbers of layoffs. Wage pressures appeared to moderate as well, as **Hourly Manufacturing Wage** growth fell to only 1 percent.

Miscellaneous Service Employment growth fell below one-percent in October, the continuation of a string of below 2 percent annual rates since June. And, disturbingly, we appear to be witnessing déjà vu all over again as our **Labor Force** has fallen in each of these months, indicating some persons dropping out of the labor force, either as the result of discouragement or (hopefully not) persons moving from this state. The good news is that we have remained at full employment.

Housing sector weakness continued in October. **Existing Home Sales** fell at a 5.3 percent annual rate, while **Single-Unit Permits**, which reflect new home construction, declined at a 22.4 percent annual rate, returning to recession levels. The lone bright spots in the interest-sensitive portion of our economy were **Retail Sales**, which rose at a 5.6 percent annual rate, continuing a stellar performance this year, and **Manufacturing Man-hours** which *rose* in October, a rare occurrence here.

Expect slower growth here to continue until after the FED eases interest rates early next year.

	Unemp Rate	Job Growth
CT	2.0	1.42
MA	2.4	1.58
NH	2.5	0.84
VT	2.7	1.92
RI	3.3	0.98
ME	3.4	1.03

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