

Current Conditions Index

LEONARD LARDARO URI

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

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67

NATIONAL RANK:
Job Growth: #40
Labor Force Growth: #48
JI Index: #21

	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		75	83
NOV		75	83
DEC		58*	58

* Revised

LABOR MARKET:
Jobs Created: 5,800
Jobs Lost: 1,300

Monthly Highlights

September's economic performance was clearly an improvement over that for August, as the CCI moved from its neutral value of 50 back to 67. While we are clearly in a slower growth period based on our current performance, it is important to keep in mind that up to now, our momentum has been sufficient to permit us to spring back from neutral CCI values whenever they have occurred (in May and August). The most important questions we now face are how frequently we will fall to neutral or possibly lower CCI values, and whether we will spring back to above-50 values as quickly as we have up to this point.

September's data contained more than ample evidence of continued slower growth. Payroll employment growth has fallen from a 2.1 percent rate in May to 1.0 percent in September. There was a healthy amount of déjà vu as well — our **Labor Force** fell in September, a development that was partly responsible for a seemingly dramatic monthly decline in our **Unemployment Rate** from 4.5 percent rate in August (which I believe was too high) all the way to 3.7 percent this month, a return to full employment. Based on this fact, the good news for September is that Rhode Island has re-initiated its string of months at full employment: one month in a row!

As has been true for months now, neither of the CCI's housing indicators improved in September. **Existing Home Sales** fell at a 6.5 percent annual rate, its sixth consecutive year-

over-year decline, while **Single-Unit Permits**, which reflect new home construction, fell at a 16.1 percent annual rate, their sixth consecutive double-digit decline. While Home Sales continue to remain high by historical standards, the precipitous decline in Permits is perplexing. Neither mortgage rates nor growth restrictions in several towns can explain this large a decline in Permits.

The current slowing job growth will likely be with us for some time, as layoffs continue to rise while the improvement in joblessness among persons already unemployed continues to slow. **New Claims** for Unemployment Insurance, the most timely indicator of layoffs, rose again in September as its has for four of the past six months. It is quite possible that this indicator has already surpassed its low for this recovery. On the other end of the spectrum, **Benefit Exhaustions**, which measure long-term unemployment, fell again in September, but barely (by 0.5 percent). If **New Claims** trends upward in the coming months, as I expect it will, **Benefit Exhaustions** will begin to rise consistently as well.

Rhode Island moves into the fourth quarter with less momentum than it has enjoyed in a while. An uptick in the strength of national economic activity, which I anticipate in the fourth quarter, will be welcome here. As has been true for a while now, the "wild card" in the short-term is the severity of this winter and the threat of possible "supply shocks."

	Sep-00	
	Unemp Rate	Job Growth
Massachusetts	2.4	1.44
Connecticut	2.4	1.37
New Hampshire	2.4	1.04
Vermont	2.8	2.28
Maine	3.4	1.09
Rhode Island	3.7	1.01

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