CURRENT CONDITIONS INDEX

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Rhode Island's recovery, or more properly restoration, continues. As has true for several months now, most of the economic indicators contained in the Current Conditions Index registered strong performances relative to a year ago, but the vast majority of these improvements were predicated on relatively easy "comps." Perhaps the best examples of this pertain to November **Benefit Exhaustions** and **New Claims**, both of which improved sharply but relative to increases of around 500 percent one year ago. How do these indicators not improve under those circumstances? While the other improving indicators this month did not have such dramatic comps, their earlier values were, nonetheless, fairly easily exceeded.

The best news is that the Current Conditions Index registered its eighth consecutive expansion value in November, 83, identical to that of the prior two months and far above the November 2020 value of only 25

	value of only 25.	
CCI Indicators - % Cha		
Government Employment	3.7 Y	This period of strong CCI
US Consumer Sentiment	-12.2	values should
Single-Unit Permits	14.4 Y	last for several
Retail Sales	14.8 Y	more months,
Employment Services Jobs	-4.4	until the "easy" comps end in
Priv. Serv-Prod Employment	3.3 Y	April, when the
Total Manufacturing Hours	13.0 Y	current recovery
Manufacturing Wage	9.7 Y	began. This is
Labor Force	2.8 Y	consistent with the picture
Benefit Exhaustions	-74.2 Y	painted by the
New Claims	-80.9 Y	recent weak
Unemployment Rate (change)	-2.8 Y	performance of
Y = Improved Value		the Monthly CCI, whose values

have been anemic since July.

This is not to imply there is no underlying strength in this recovery, as several indicators have continued to turn in strong performances. The question for now is what the upcoming labor market revisions (rebenchmarking) will show. Expect changes to many of the current labor indicator values, especially those for the Household Survey which contained an explosive rise a few months ago. Historically, the last three months of the year are those most likely to be revised. Expect that this year in light of all the data "noise" and issues with seasonal adjustment.

No matter what the revised data show, I remain confident about the direction of Rhode Island's economy: We are continuing to move forward and will continue to do so, although this recovery will be uneven requiring two to three years before we return to "normal." The big question: When the "sugar high" from all the federal money ends, how will Rhode Island fare since so little has been done to improve this state's structural deficiencies?

For November, the Current Conditions Index remained at 83 as ten of the twelve CCI indicators improved. **Retail Sales** was once again the star CCI performer, rising by 14.8 percent from a year

Jan

′↓

2020

2021

83

Feb

67

 \downarrow

Mar

25↓

Apr

ago, its tenth consecutive double-digit increase. Of the five leading indicators present in the CCI, once again only three improved in November. **Total Manufacturing Hours** increased again at a double-digit rate (+13%), its eighth consecutive double -digit improvement as both the length of the workweek and employment rose. Very large revisions to **New Claims** continue, based on the removal of fraudulent claims. For this "cleaner" data, **New Claims**, which reflect layoffs, fell by 80.9 percent from its massive value last November. **Employment Service Jobs**, a leading indicator of employment, fell by a disappointing 4.4 percent, its second annual decline since April, even with an easy comp. **Single-Unit Permits** rose by 14.4 percent, its second improvement following two declines. **US Consumer Sentiment** fell sharply again, by 12.2 percent, its fourth consecutive decline.

The monthly CCI fell to its neutral value of 50, no longer in the expansion range, continuing a trend of several months of

			weakness. It
CCI Indicators - Monthly%	Chang	je	remains well below
Government Employment	0.2	Y	the regular CCI value and its weak
US Consumer Sentiment	-4.2		values are a
Single-Unit Permits	10.9	Y	harbinger of what
Retail Sales	-1.5		is to come: The
Employment Services Jobs	-3.7		regular CCI will not
Priv. Serv-Prod Employment	-0.4		be able to sustain its recent high
Total Manufacturing Hours	-2.3		values as our
Manufacturing Wage	0.4		momentum begins
Labor Force	0.4		to slow. Behind the
Benefit Exhaustions	24.9		disappointing
New Claims	-30.0	Y	November value
Unemployment Rate (change)	-0.2	Y	was a string of declining indicators
Y = Improved Value	such as US		

Consumer Sentiment, Total Manufacturing Hours, Retail Sales, Employment Service Jobs and **Benefit Exhaustions**. What is disturbing is that three of these will *not* be revised when rebenchmarking occurs.

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ns st	Partic	ipatio	n Rate	64.1%		68.6%				
	Emplo	oymen	t Rate	60	60.8%		65.4%			
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	8	25	17↓	25	17↓	17	25	25		
	83↓	<mark>92</mark> ↑	100	75↑	83	83	83			
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