

# Rhode Island Outlook

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April 30, 2021

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## Summary of revised employment data at year-end 2020

- Nonfarm payrolls in Rhode Island for December 2020 were revised down (-4,100) relative to original estimates
  - 457.8 vs. 461.9 (in thousands)
- Downward revisions to employment count also changed year-over-year growth path
  - -9.3% year-over-year growth vs. -8.7% in original estimates
- Unemployment rate revised down slightly to 7.9% from 8.1% in initial estimates

December 2020 Payrolls By Sector - Revised vs. Original Estimate

Sector	Change*	Sector	Change*
Health Care and Social Assistance	-2.2	Transportation and Warehousing	0.3
Education Services	-1.3	Construction	0.5
Retail Trade	-1.3	Arts, Entertainment, and Recreation	0.5
Real Estate, Rental, and Leasing	-1.2	Other Services	0.6
State/Local Government	-1.1	Professional, Scientific, Technical Services	0.6
Manufacturing	-1.1	Utilities	0.6
Wholesale Trade	-0.9	Accommodations and Food Services	1.0
Management of Companies	-0.5	Administrative Support Services	1.8

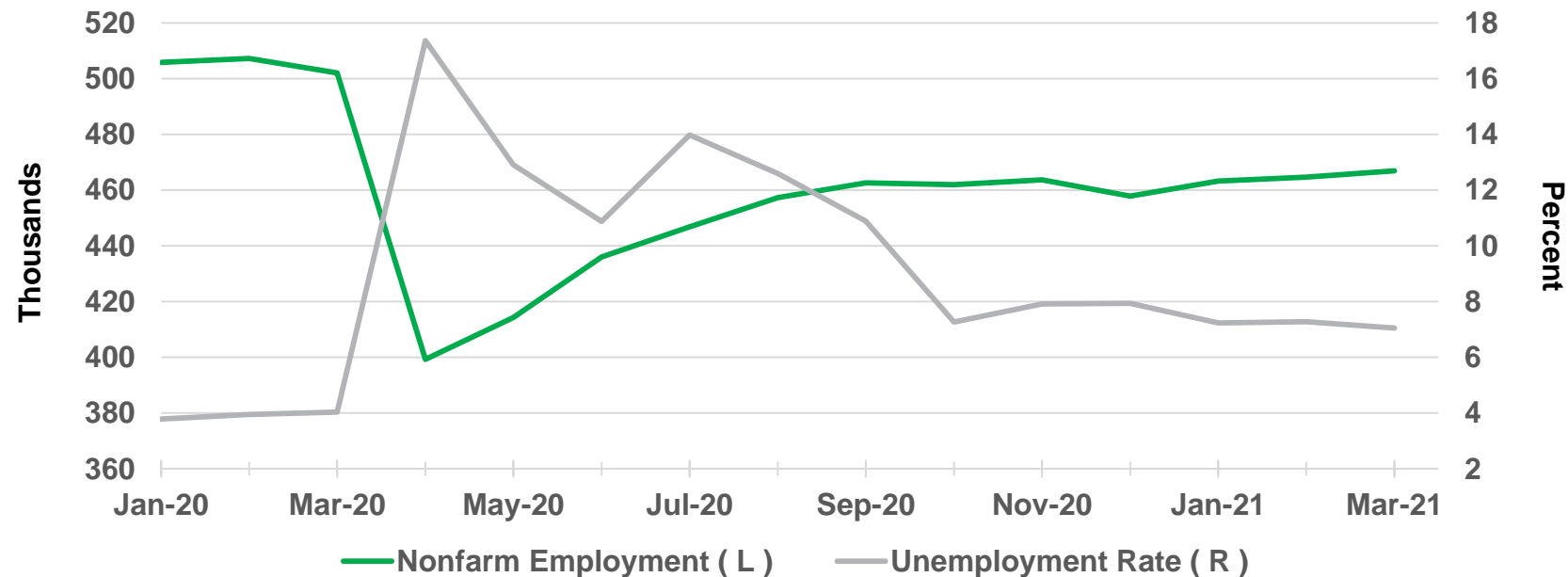
\*Level, Thousands

## Tracking the recovery – RI labor market since April 2020

- As the state began its phased reopening, Rhode Island employment growth resumed in May 2020
- Growth initially surged, but faltered during the fourth quarter as another coronavirus infection surge swept the state (and much of the nation)

Monthly Total Nonfarm Employment Growth (%chg, SAAR)

Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
-93.6	56.1	84.5	34.1	32.1	14.8	-1.8	4.5	-14.0	15.1	3.7	6.1



## Tracking the recovery – RI labor market since April 2020 (Continued)

- Between April 2020 and March 2021, Rhode Island nonfarm payrolls increased by 67,700
  - Accounts for nearly 63% of the total net loss observed between February and April (108,000 jobs)
- Unemployment rate down to 7.1% in March 2021 from a peak of 17.4% last April
  - Still well above pre-recession level of 4% (February 2020)
- Largest gains over the past 11 months concentrated in the sectors hardest-hit during Mar/Apr:
  - Accommodations/Food Services, Healthcare, Retail Trade

Changes in Monthly Payroll Employment (Level, Thousands) – Apr-20 to Mar-21 vs Feb-20 to Apr-20					
Sector	Apr20 - Mar21	Feb20 - Apr20	Sector	Apr20 - Mar21	Feb20 - Apr20
Accommodations and Food Svcs.	21.3	-32.6	Arts, Entertainment, Recreation	2.0	-4.8
Healthcare Services	10.8	-17.4	Wholesale Trade	1.8	-2.2
Retail Trade	9.7	-11.2	Finance and Insurance	0.4	-0.4
Other Services	5.2	-7.7	Real Estate, Rental, Leasing	0.4	-1.5
Manufacturing	5.1	-6.6	Professional, Scientific, Technical Svcs.	0.4	-2.6
Administrative Support Svcs.	4.8	-6.3	Utilities	0.3	0.0
Construction	4.3	-4.2	Management of Companies	0.1	-0.5
Transportation and Warehousing	2.6	-3.6	Education Services	0.1	-3.2

# An alternative measurement of the Rhode Island labor market recovery

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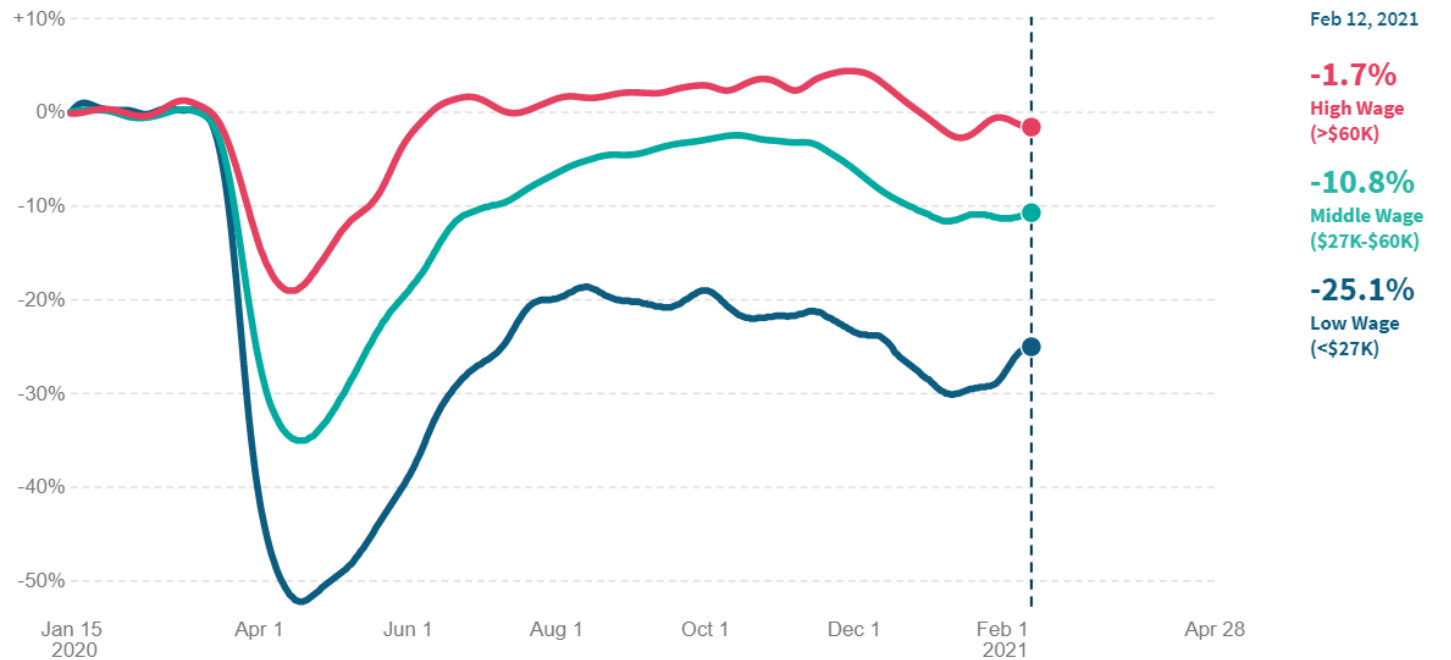
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## Percent Change in Employment\*

In **Rhode Island**, as of **February 12 2021**, employment rates among workers in the bottom wage quartile **decreased** by **25.1%** compared to January 2020 (not seasonally adjusted).



data source: **Earnin, Intuit, Kronos, Paychex**

\*Change in employment rates (not seasonally adjusted), indexed to January 4-31, 2020. This series is based on payroll data from Paychex and Intuit, worker-level data on employment and earnings from Earnin, and timesheet data from Kronos. The dotted line is a prediction of employment rates based on Kronos and Paychex data.

last updated: **April 12, 2021** next update expected: **April 30, 2021**

visit [tracktherecovery.org](http://tracktherecovery.org) to explore

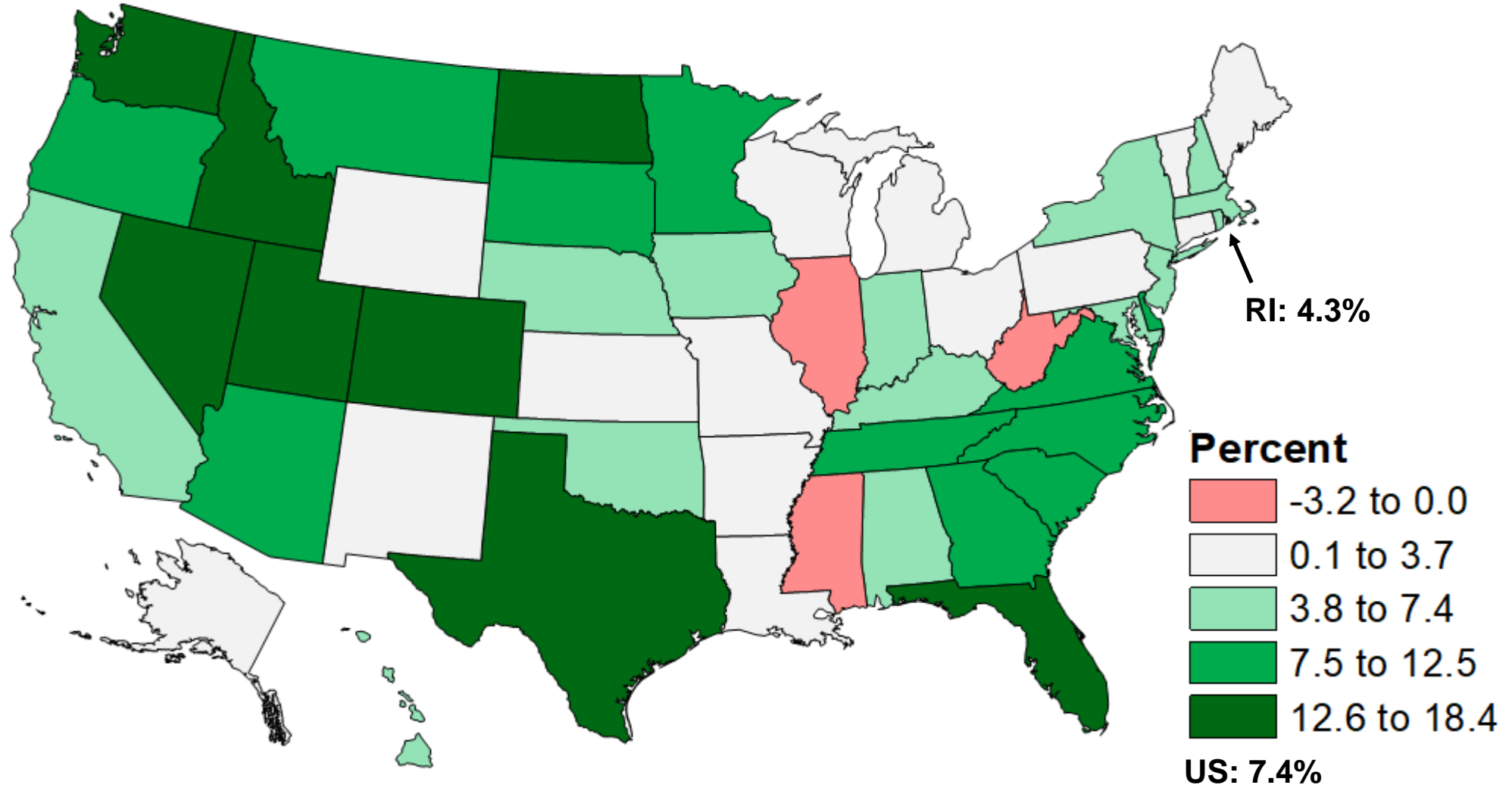
## First batches of data released from Census 2020

- Per the recently released 2020 Census apportionment population counts, Rhode Island will hold on to its two seats in the US House of Representatives
- The “apportionment” population includes the resident population for a given state (ascertained by the Census itself), as well as counts of U.S. military and federal civilian employees living overseas (and their dependents living with them overseas) allocated to their home state
- This result came as a surprise to many, as the previously published Census Bureau July 1<sup>st</sup>, 2020 population estimates (resident population) hinted at a much lower Census population count

Rhode Island State Population Counts , 2020			
Measure	Census Apportionment	Census Resident	Population Estimate
Reference Period	April 1, 2020	April 1, 2020	July 1, 2020
Level	1,098,163	1,097,379	1,057,125

- Though the reference periods for the Decennial Census count and the population estimates differ, the gap between the two is nevertheless quite large
  - Census count is more than 40,000 persons (3.8%) higher than the July 1, 2020 population estimate

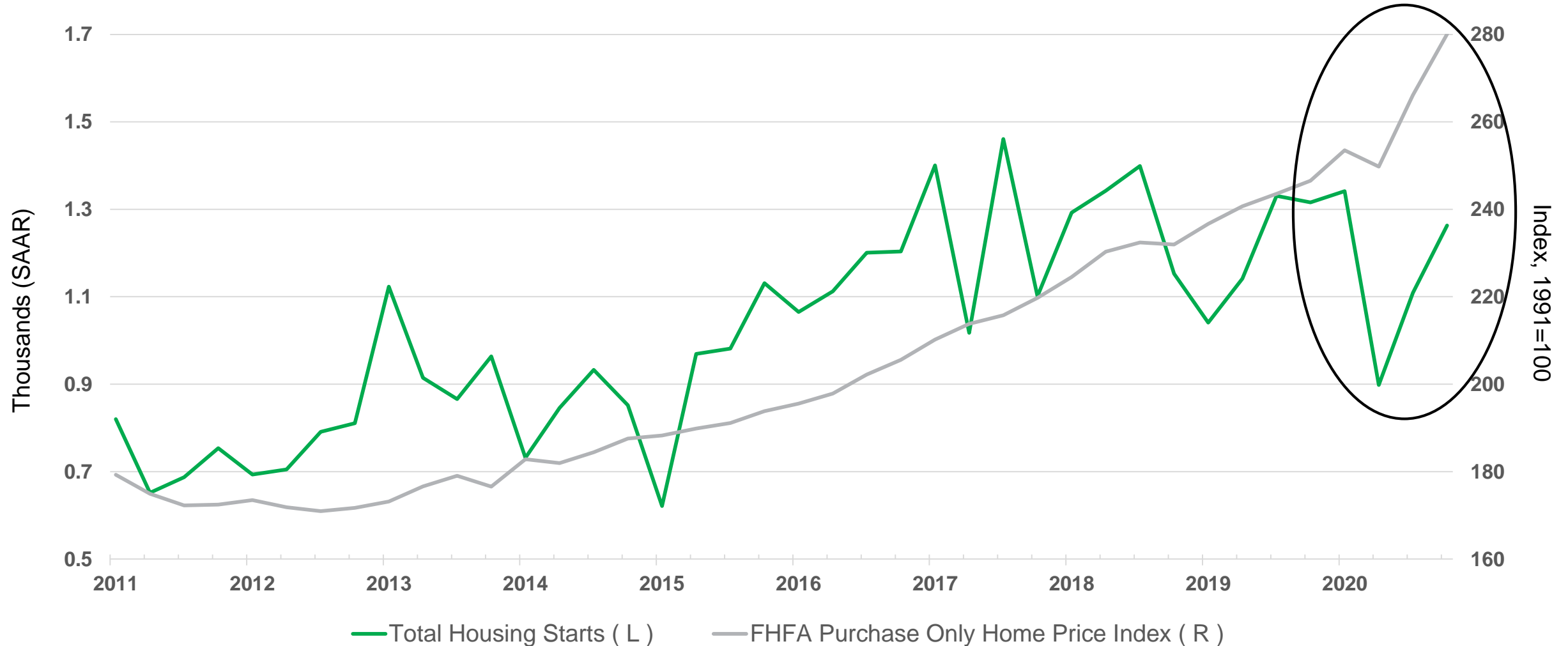
# Map: Percent Change in Resident Population By State, 2010 to 2020\*



\*Decennial Census Counts

# Residential real estate ends 2020 on a strong note

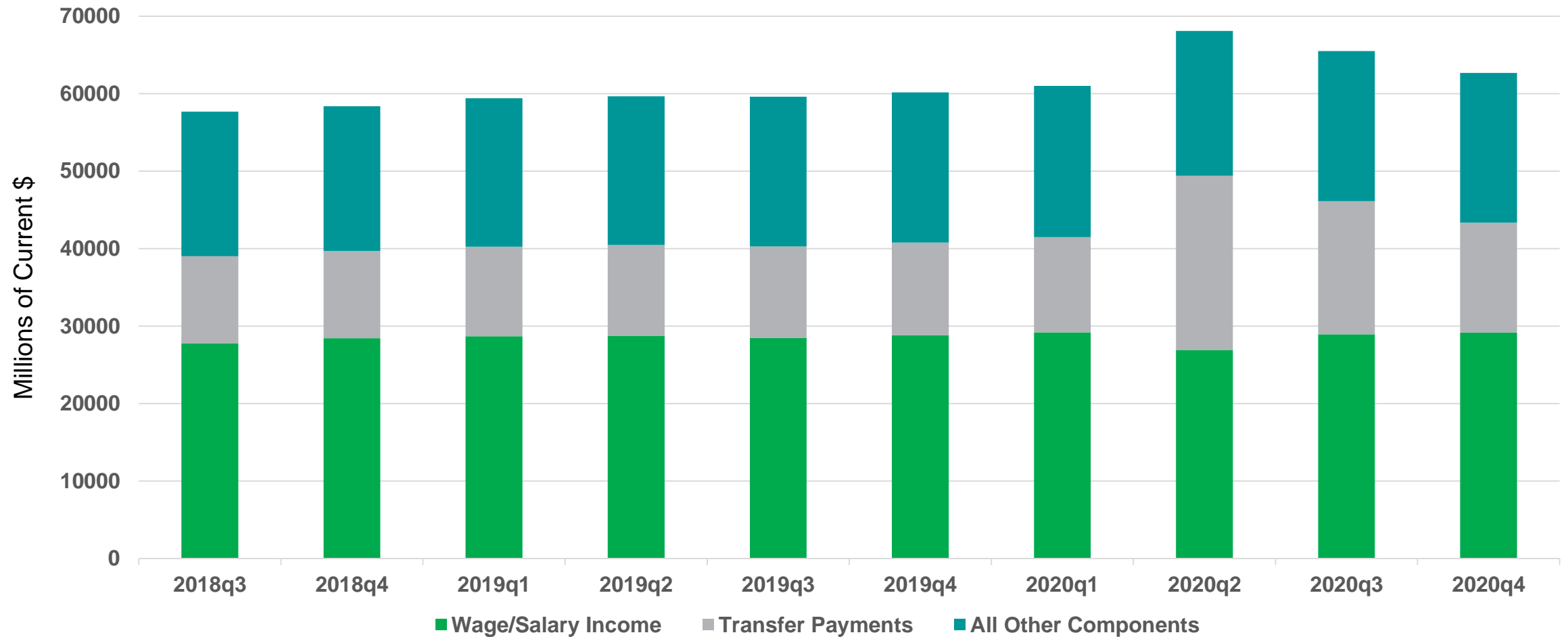
## Housing Starts and Home Prices





# The pandemic and personal income composition in Rhode Island

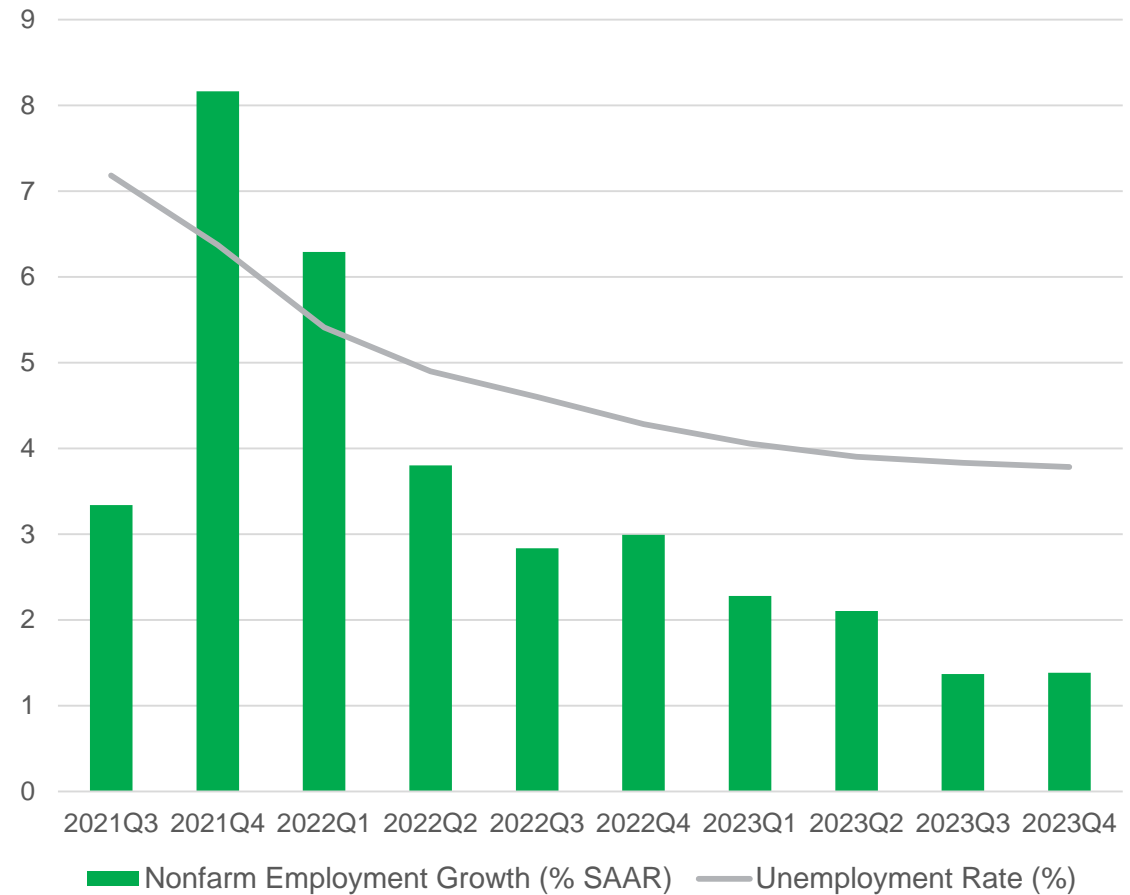
## Rhode Island Total Personal Income by Key Components



## Rhode Island labor market: next 9 quarters (FY21q3-23q4)

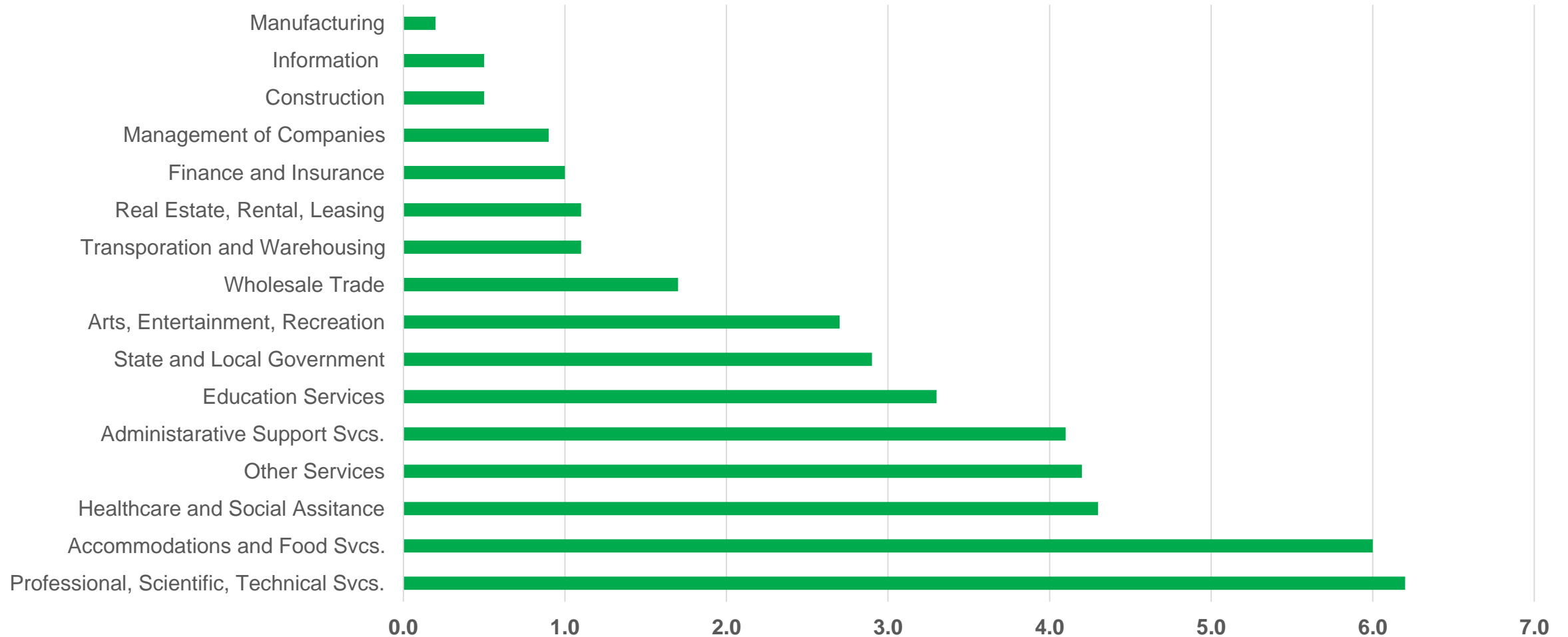
- Employment growth will proceed at a steady, yet decelerating pace over time as the recovery continues
  - Growth heavily front-loaded to near term as recovery takes off
- Overall, quarterly annualized gains average 3.5% over that period, for an overall net gain of ~37,000 jobs by FY23Q4
- At the sectoral level, most of the largest projected employment gains are concentrated in the categories most heavily impacted in Spring 2020...
  - Professional, Scientific, Technical Svcs (+6,200)
  - Accommodations and Food Services (+6,000)
  - Healthcare and Social Assistance (+4,300)
  - Other Services (+4,200)
  - Administrative Support Services (+4,100)
- Unemployment rate falls from 7.2% in FY21Q3 to 3.8% by FY23Q4

Payroll Growth and Unemployment Rate (Fiscal Year)



# Projected employment growth by sector (FY21q3-23q4)

Thousands



# Rhode Island key economic indicators, 2021-2024

May 2021 Forecast – Annual Percent Change						
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Employment, Total Nonfarm	0.7	-3.9	-3.9	5.1	2.4	1.2
Real GSP, (2012\$)	0.9	-2.9	1.0	5.3	2.3	1.9
Total Personal Income (\$)	3.4	5.8	7.1	-1.8	3.6	4.0
Wages and Salaries (\$)	2.9	-0.2	3.7	5.8	4.5	4.7
Transfer Payments (\$)	2.2	27.7	21.6	-20.2	0.0	2.6
Personal Consumption Exp.	3.6	-0.8	2.6	7.9	5.1	4.5
Unemployment Rate (% , Level)	3.8	6.2	8.4	4.8	3.9	3.7

## Key Takeaways:

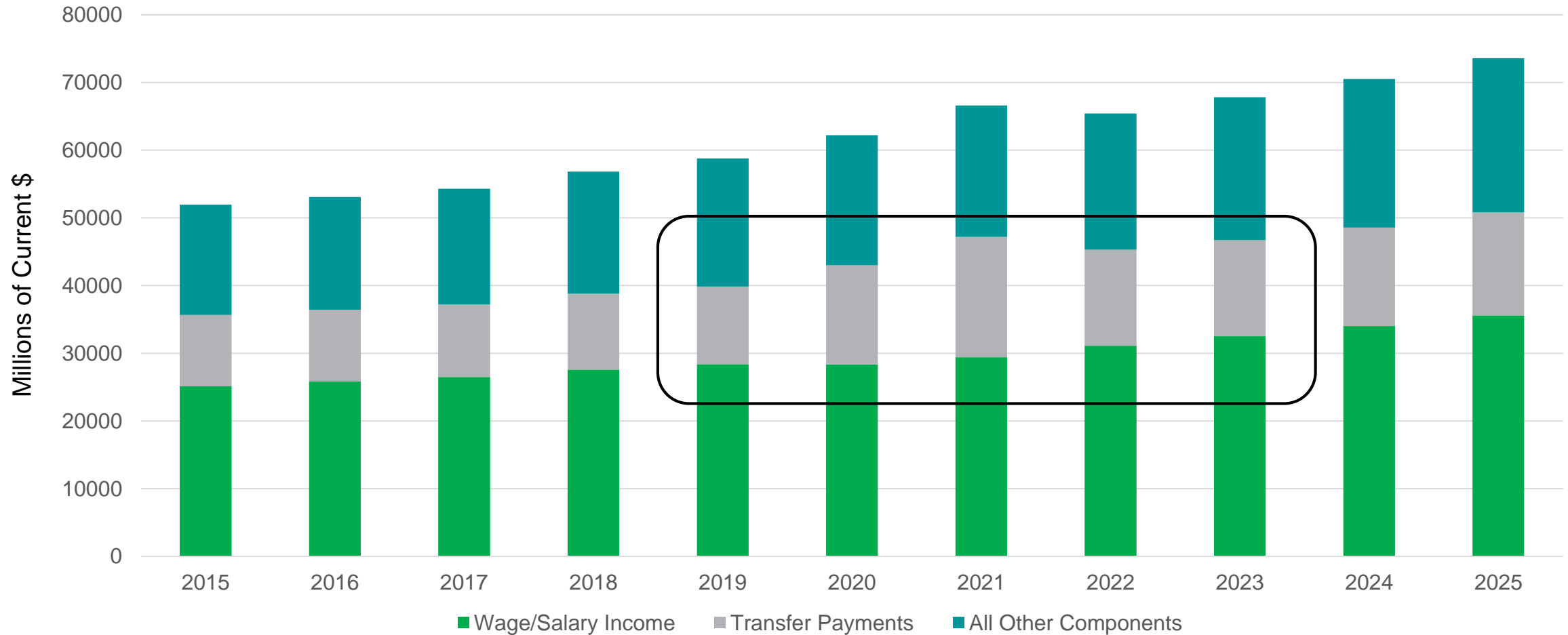
- Nonfarm employment surpasses pre-COVID peak in FY2024
- Real gross state product surpasses pre-COVID peak in early FY2022
- State unemployment rate remains above 5% until mid-FY2022

## Rhode Island key economic indicators, 2021-2024 (Continued)

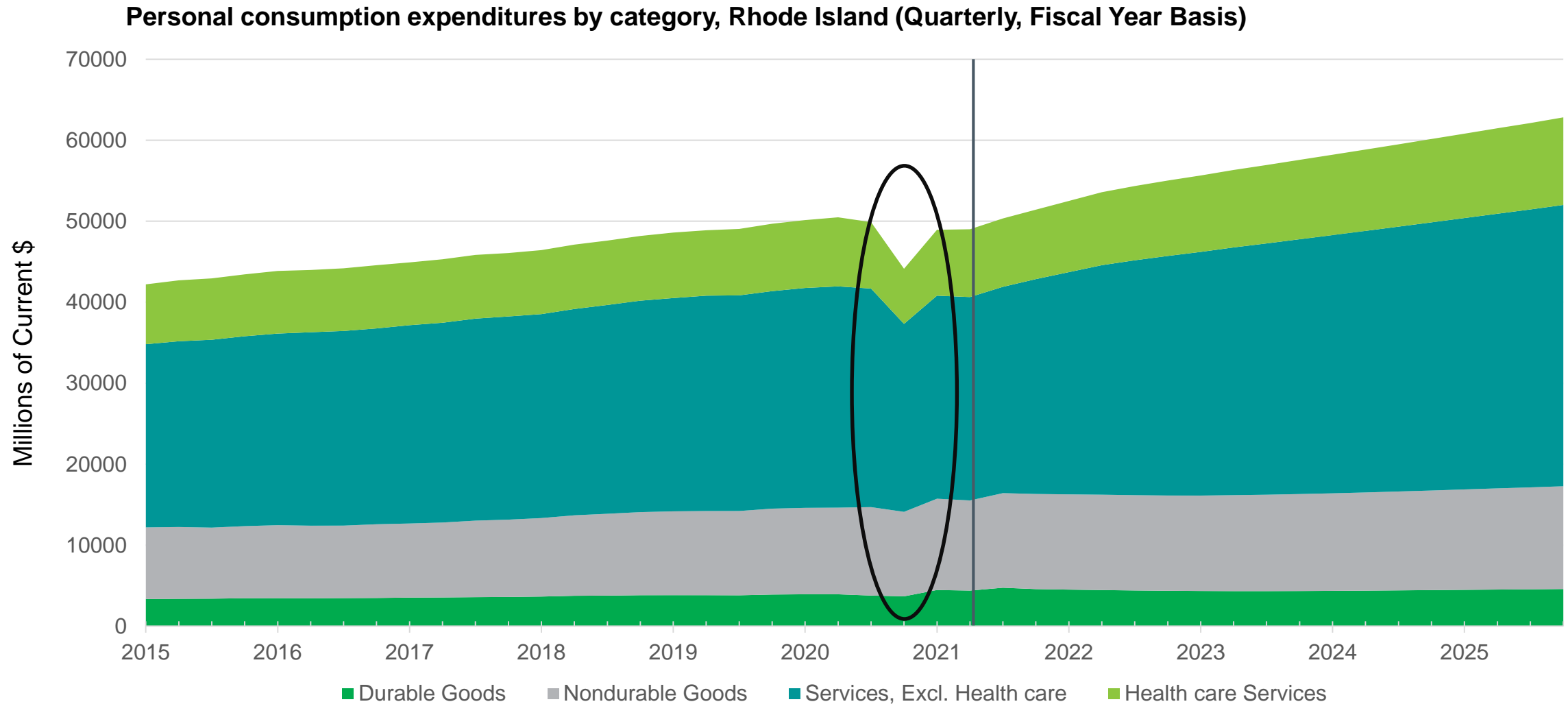
May 2021 Forecast – Percent Change Q4/Q4						
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Employment, Total Nonfarm	0.6	-17.3	13.8	4.0	1.8	0.9
Real GSP, (2012\$)	1.0	-10.6	11.5	4.5	1.9	1.9
Total Personal Income (\$)	4.0	14.1	-2.9	0.2	3.6	4.4
Wages and Salaries (\$)	3.9	-6.2	11.8	5.0	4.6	4.6
Transfer Payments (\$)	4.2	91.3	-27.4	-13.5	0.8	4.3
Personal Consumption Exp.	3.1	-11.2	16.5	7.0	4.6	4.5
Unemployment Rate (% , Level)	3.5	13.7	6.4	4.3	3.8	3.7

# Personal income composition in the near-term forecast

Rhode Island Total Personal Income by Key Components (Annual, Fiscal Year Terms)



# Consumer spending composition in the forecast



## Forecast changes in selected concepts: 0521 vs. 1120

Nonfarm Employment (Level)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
IHS November 2020	495.1	498.8	502.5	484.8	475.6	492.1	503.1	508.9	512.5
IHS May 2021	495.3	498.9	502.6	482.8	463.9	487.4	498.9	504.8	508.0
<b>Change – Nov to May</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>	<b>-2.0</b>	<b>-11.7</b>	<b>-4.8</b>	<b>-4.2</b>	<b>-4.2</b>	<b>-4.5</b>

Nonfarm Employment Growth	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
IHS November 2020	0.6	0.7	0.7	-3.5	-1.9	3.5	2.2	1.2	0.7
IHS May 2021	0.7	0.7	0.7	-3.9	-3.9	5.1	2.4	1.2	0.6
<b>Change – Nov to May</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.4</b>	<b>-2.0</b>	<b>1.6</b>	<b>0.1</b>	<b>0.0</b>	<b>-0.1</b>

Unemployment Rate (Level)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
IHS November 2020	4.7	4.3	3.7	6.6	8.9	6.2	4.9	4.3	3.9
IHS May 2021	4.8	4.4	3.8	6.2	8.4	4.8	3.9	3.7	3.7
<b>Change – Nov to May</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>-0.4</b>	<b>-0.5</b>	<b>-1.4</b>	<b>-1.0</b>	<b>-0.6</b>	<b>-0.2</b>



## Forecast changes in selected concepts: 0521 vs. 1120 (Continued)

Total Personal Income Growth	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
IHS November 2020	2.3	4.6	3.4	6.1	2.6	-0.9	4.0	3.8	4.0
IHS May 2021	2.3	4.6	3.4	5.8	7.1	-1.8	3.6	4.0	4.4
<b>Change – Nov to May</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.3</b>	<b>4.5</b>	<b>-0.9</b>	<b>-0.4</b>	<b>0.1</b>	<b>0.4</b>

Wage/Salary Disbursement Growth	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
IHS November 2020	2.7	4.1	2.9	-0.3	2.5	5.3	4.9	4.2	4.3
IHS May 2021	2.7	4.1	2.9	-0.2	3.7	5.8	4.5	4.7	4.6
<b>Change – Nov to May</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>1.2</b>	<b>0.5</b>	<b>-0.5</b>	<b>0.4</b>	<b>0.3</b>

Personal Consumption Expenditure Growth	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
IHS November 2020	3.1	4.0	3.6	-0.7	2.2	5.3	4.3	3.8	4.0
IHS May 2021	3.1	4.0	3.6	-0.8	2.6	7.9	5.1	4.5	4.4
<b>Change – Nov to May</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.2</b>	<b>0.4</b>	<b>2.5</b>	<b>0.9</b>	<b>0.7</b>	<b>0.5</b>

## Alternative Scenarios: Risks to the US forecast

Scenario	Characteristics
<p><b>Pessimistic: Recovery stumbles as consumers hunker down amid fourth wave</b> (Probability = 25%)</p>	<ul style="list-style-type: none"> <li>• Amid a fourth wave of COVID-19 infections, including more contagious strains of the virus, consumers turn cautious until the vaccines are more widely available in the summer. Re-introduced containment measures accompany this caution.</li> <li>• The unemployment rate declines at a gradual pace, not falling below 5.0% until mid-2022. The previous peak in GDP is passed in the fourth quarter this year, two quarters later than in the baseline.</li> <li>• Same fiscal assumptions as the baseline, but we assume that consumers are more reluctant to spend their stimulus checks and instead save most of the additional income.</li> </ul>
<p><b>Optimistic: Easing containment measures, accelerating vaccinations and still more stimulus drive faster recovery</b> (Probability = 25%)</p>	<ul style="list-style-type: none"> <li>• The daily number of new cases dwindles quickly, allowing business restrictions to relax and consumer spending to approach pre-pandemic patterns earlier than assumed in the baseline.</li> <li>• The vaccination timeline continues to accelerate, resulting in the population effectively reaching herd immunity by late spring rather than summer.</li> <li>• The previous peak in GDP is passed in the second quarter of 2021, the same as in the baseline. The unemployment rate falls below 4.0% by the end of this year.</li> <li>• The Fed begins to raise the federal funds rate in mid-2022, two years earlier than in the baseline forecast.</li> <li>• Same fiscal assumptions as the baseline, but we assume the aid is more front-loaded and the consumer response more robust than in the baseline.</li> </ul>
<p><b>Baseline forecast</b> (Probability = 50%)</p>	<ul style="list-style-type: none"> <li>• COVID-19 cases plateau around their current level, while the vaccination campaign continues apace and results in moderately looser containment measures and a gradual recovery in consumer spending.</li> <li>• Real GDP crosses its previous peak in the second quarter of 2021. The federal funds rate is held near zero until mid-2024 as the Fed encourages a slight inflation overshoot.</li> <li>• Fiscal stimulus totaling \$1.9 trillion, including another round of stimulus checks, extensions to unemployment programs, COVID-19 mitigation, and aid to state and local governments.</li> </ul>

## Rhode Island Alternative Scenarios: Key Indicators

Nonfarm Employment, Annual Percent Change (FY)								
	2019	2020	2021	2022	2023	2024	2025	2026
<b>Optimistic</b>	0.7	-3.9	-3.8	5.5	2.3	1.3	0.6	0.2
<b>Baseline</b>	0.7	-3.9	-3.9	5.1	2.4	1.2	0.6	0.3
<b>Pessimistic</b>	0.7	-3.9	-4.1	4.1	2.1	1.4	0.9	0.5
<b>Optimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.5</b>	<b>-0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>-0.1</b>
<b>Pessimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.2</b>	<b>-1.0</b>	<b>-0.3</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>

Unemployment Rate, Annual Level (FY)								
	2019	2020	2021	2022	2023	2024	2025	2026
<b>Optimistic</b>	3.8	6.2	8.4	4.5	3.6	3.5	3.5	3.6
<b>Baseline</b>	3.8	6.2	8.4	4.8	3.9	3.7	3.7	3.8
<b>Pessimistic</b>	3.8	6.2	8.5	5.5	4.7	4.3	4.1	4.2
<b>Optimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.2</b>
<b>Pessimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.7</b>	<b>0.8</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>

## Rhode Island Alternative Scenarios: Key Indicators (Continued)

Real Gross State Product (2012\$), Annual Percent Change (FY)								
	2019	2020	2021	2022	2023	2024	2025	2026
<b>Optimistic</b>	0.9	-2.9	1.1	6.0	2.5	2.0	1.7	1.3
<b>Baseline</b>	0.9	-2.9	1.0	5.3	2.3	1.9	1.9	1.7
<b>Pessimistic</b>	0.9	-2.9	0.6	3.8	3.6	2.4	2.2	1.8
<b>Optimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.8</b>	<b>0.2</b>	<b>0.1</b>	<b>-0.2</b>	<b>-0.4</b>
<b>Pessimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.4</b>	<b>-1.5</b>	<b>1.2</b>	<b>0.6</b>	<b>0.3</b>	<b>0.1</b>

Personal Consumption Expenditures, Annual Percent Change (FY)								
	2019	2020	2021	2022	2023	2024	2025	2026
<b>Optimistic</b>	3.6	-0.8	2.7	8.4	5.9	5.0	4.5	4.4
<b>Baseline</b>	3.6	-0.8	2.6	7.9	5.1	4.5	4.4	4.6
<b>Pessimistic</b>	3.6	-0.8	2.1	5.8	5.4	4.0	4.0	4.4
<b>Optimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.5</b>	<b>0.7</b>	<b>0.4</b>	<b>0.0</b>	<b>-0.2</b>
<b>Pessimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.5</b>	<b>-2.0</b>	<b>0.3</b>	<b>-0.5</b>	<b>-0.4</b>	<b>-0.2</b>

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