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# The Rhode Island Outlook

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**Michael Lynch**, US Economics  
+1 781 301 9129, [michael.lynch@ihsmarkit.com](mailto:michael.lynch@ihsmarkit.com)

## Summary of labor market impacts in early 2020

- Due to the onset of the COVID-19 pandemic and policy measures implemented to contain the disease, nonfarm payrolls in Rhode Island plummeted by 98,100 between February and April 2020
  - > 19.3% decline in the overall payroll count
- Meanwhile, the state unemployment rate rose sharply during this two-month period, jumping from 3.4% in February to 18.1% in April.
- 7<sup>th</sup>-largest decline in nonfarm payrolls and 4<sup>th</sup>-highest April unemployment rate

**Change in Monthly Payroll Employment Count – February 2020 to April 2020**

Sector	Change*	Sector	Change*
Accommodations and Food Svcs.	-34.2	Finance and Insurance	-1.9
Healthcare and Social Assistance	-15.8	State and Local Government	-1.7
Retail Trade	-9.4	Wholesale Trade	-0.7
Administrative Support Svcs.	-7.7	Management of Companies	-0.4
Other Services	-6.2	Real Estate, Rental, and Leasing	-0.1
Arts, Entertainment, Recreation	-4.9	Utilities	0.0
Educational Services	-4.2	Information	0.0
Professional, Scientific, Technical	-3.0	Federal Government	0.0

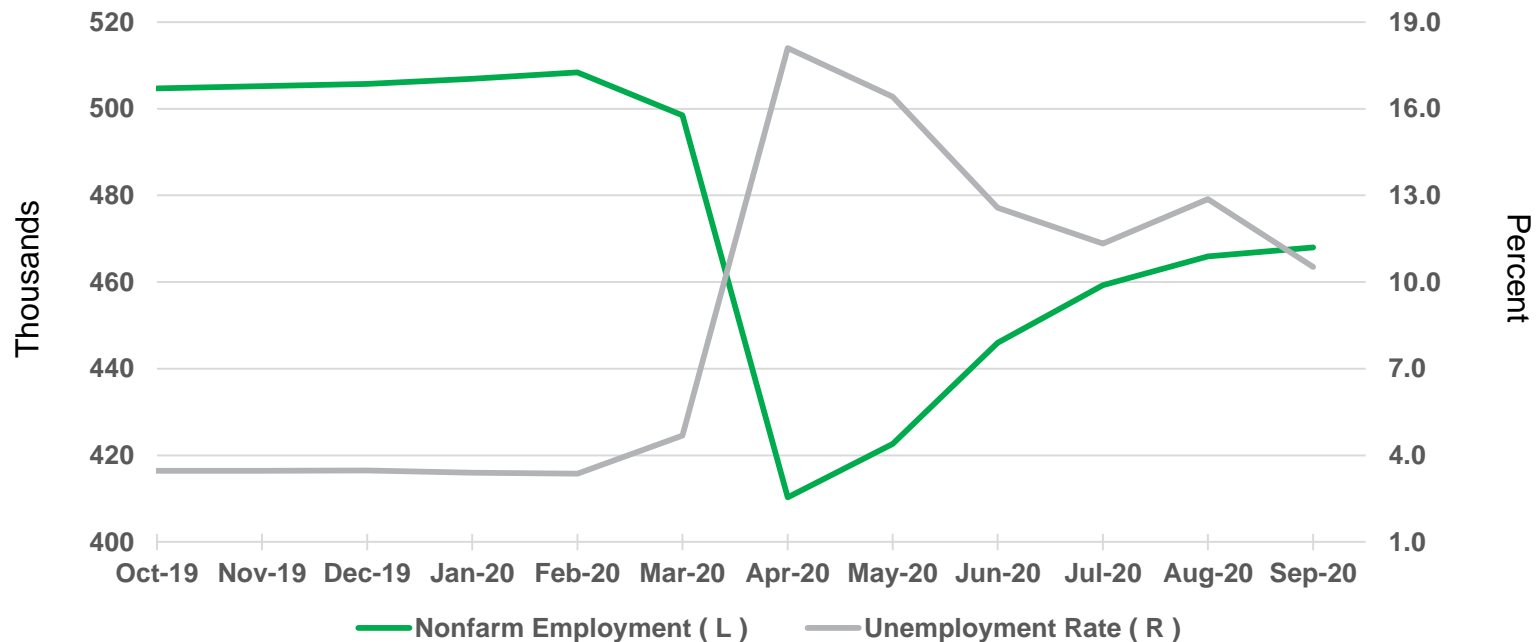
\*Level, Thousands

## Tracking the recovery – RI labor market since April

- As COVID-19 infection rates and deaths eased and the state began its phased reopening plan, Rhode Island employment growth resumed in May.

Monthly Total Nonfarm Employment Growth (%chg, SAAR)								
Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
3	4	-21	-90	43	91	42	19	6

### Monthly Total Nonfarm Employment and Unemployment



## Tracking the recovery – RI labor market since April (Cont'd)

- Between April and September, Rhode Island nonfarm payrolls increased by 57,700
  - > Nearly 60% of the total loss observed between February and April
- Unemployment rate down to 10.5% in September vs. 18.1% in April
- Largest gains over the past five months concentrated in the sectors hardest-hit during the downturn:
  - > Accommodations/Food Services, Healthcare, Retail Trade

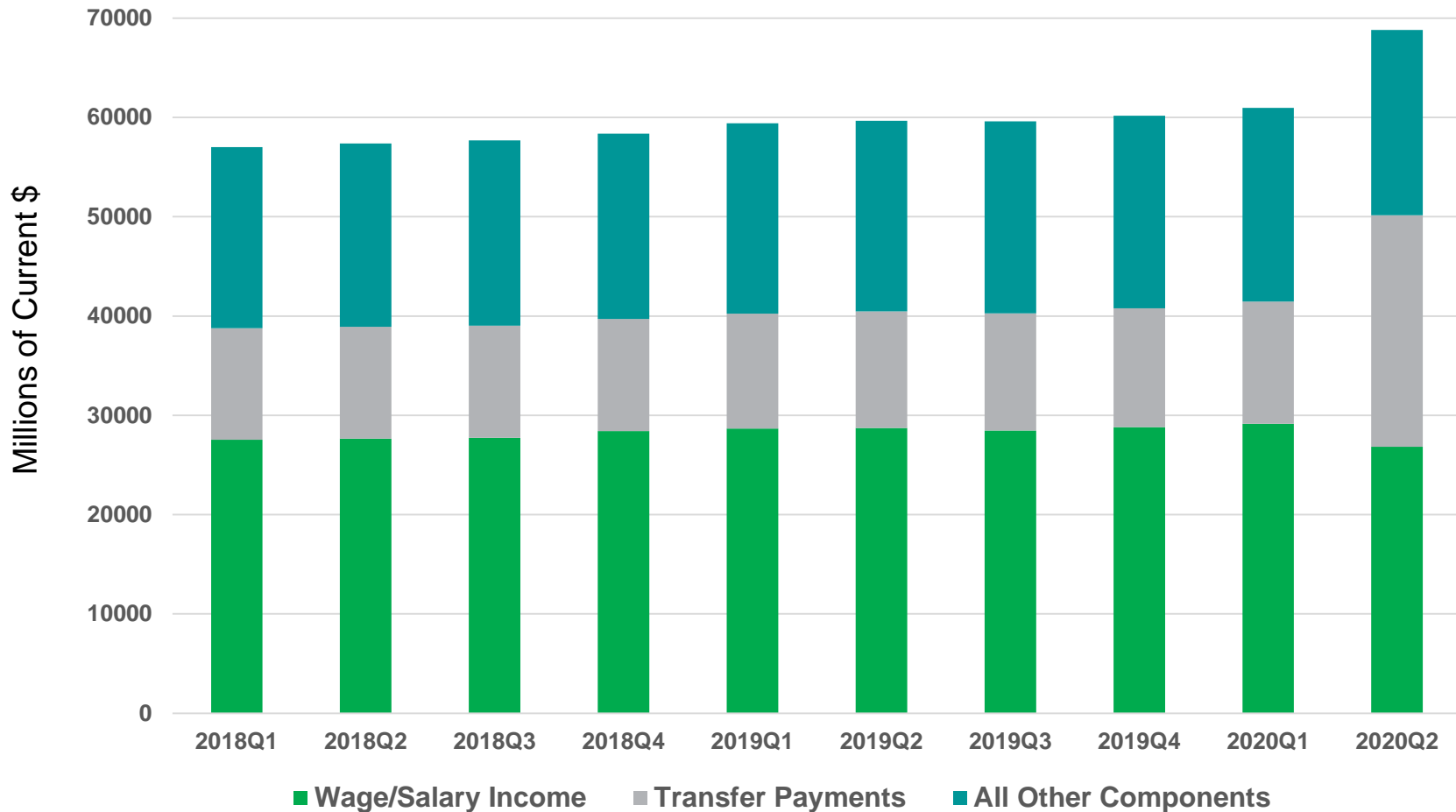
**Change in Monthly Payroll Employment Count – April 2020 to September 2020**

<b>Sector</b>	<b>Change*</b>	<b>Sector</b>	<b>Change*</b>
Accommodations and Food Svcs.	<b>22.1</b>	Construction	<b>0.9</b>
Healthcare and Social Assistance	<b>10.6</b>	Management of Companies	<b>0.5</b>
Retail Trade	<b>6.5</b>	Real Estate, Rental, and Leasing	<b>0.3</b>
Educational Services	<b>3.5</b>	Wholesale Trade	<b>0.0</b>
Administrative Support	<b>3.4</b>	Utilities	<b>0.0</b>
Other Services	<b>3.1</b>	Transportation and Warehousing	<b>-0.1</b>
Arts, Entertainment, Recreation	<b>2.6</b>	Information	<b>-0.1</b>
Professional, Scientific, Technical	<b>1.7</b>	State and Local Government	<b>-1.6</b>

\*Level, Thousands

# The pandemic and personal income composition

## Rhode Island Total Personal Income by Key Components

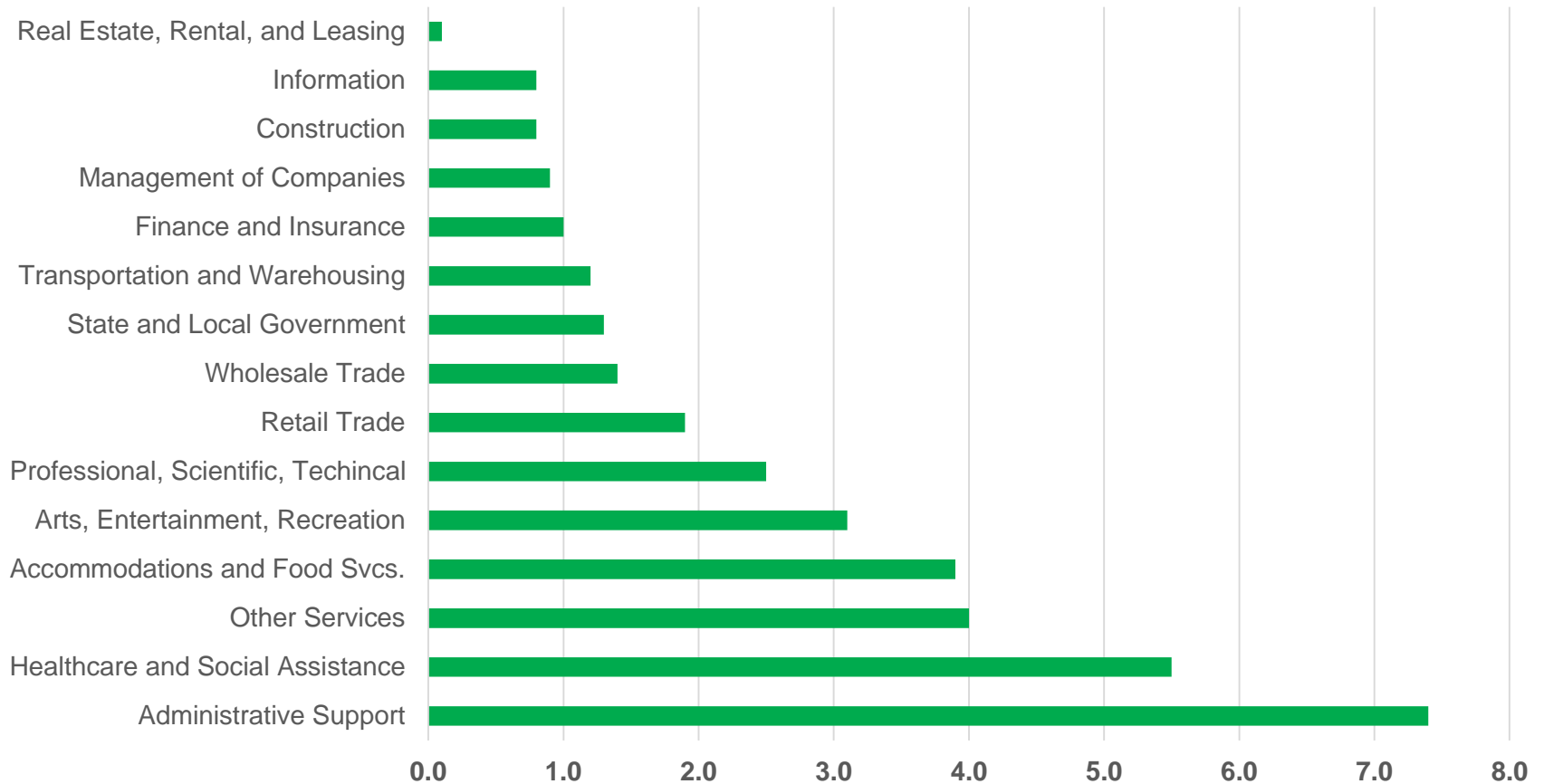


## Rhode Island labor market: next 7 quarters (FY21q1-22q4)

- Employment growth continues at a steady, yet decelerating pace over time as the recovery continues
  - > Overall, quarterly annualized gains average ~4% over that period, for an overall net gain of 33,000 jobs by FY22Q4
- At the sectoral level, the largest projected employment gains are generally concentrated in the categories most heavily impacted in Spring 2020:
  - Administrative Support Services (+7,400)
  - Healthcare and Social Assistance (+5,500)
  - Other Services (+4,000)
  - Accommodations and Food Services (+3,900)
  - Arts, Entertainment, and Recreation (+3,100)
  - Retail Trade Activities (+1,900)
- Unemployment rate falls from 11.6% in FY21Q1 to 5.5% by FY22Q4

# Projected employment growth by sector (FY21q1-22q4)

Thousands



## Rhode Island key economic indicators, 2020-2023

<b>November 2020 Forecast</b>					
<b>Percent change</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Employment, Total Nonfarm	0.7	-3.5	-1.9	3.5	2.2
Real GSP, (2012\$)	0.9	-2.9	0.2	2.4	2.7
Total Personal Income (\$)	3.4	6.1	2.6	-0.9	4.0
Wages and Salaries (\$)	2.9	-0.3	2.5	5.3	4.9
Transfer Payments (\$)	2.2	29.6	8.4	-14.5	3.0
Personal Consumption Exp.	3.6	-0.7	2.2	5.3	4.3
Unemployment Rate (% , Level)	3.7	6.6	8.9	6.2	4.9

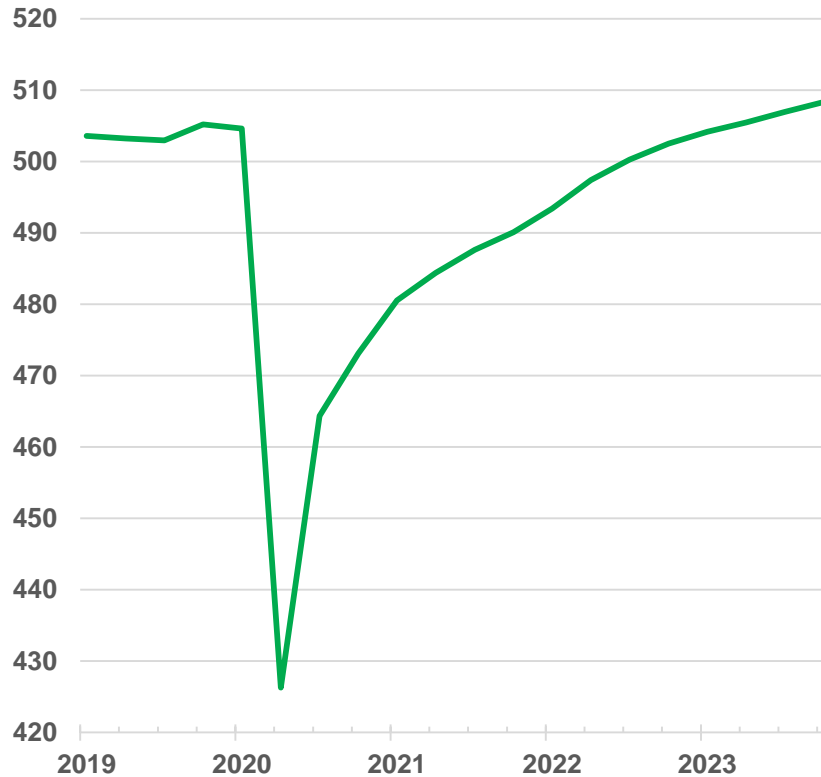
### Key Takeaways:

- Nonfarm employment returns to pre-COVID peak in second half of FY23
- Real gross state product returns to pre-COVID peak in late FY22
- State unemployment rate remains above 6% until final quarter of FY22

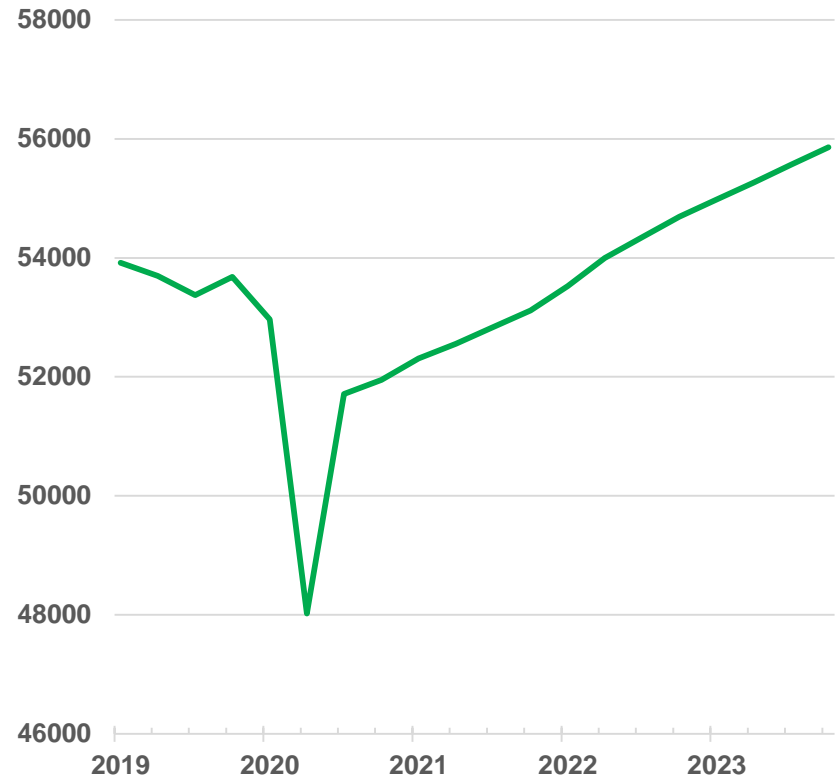


# Picturing the shape of recession and recovery in R.I.

**Employment, Total Nonfarm  
(Thousands)**



**Real Gross State Product  
(Millions of 2012\$)**



\*Graph Time Scales show Quarterly Frequency in Fiscal Year Terms

## Forecast changes in selected concepts: 1120 vs. 0520

Nonfarm Employment (Level)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
IHS May 2020	492.1	495.1	498.8	502.5	480.3	421.6	475.8	503.6	506.0
IHS November 2020	492.1	495.1	498.8	502.5	484.8	475.6	492.1	503.1	508.9
<b>Change – May to Nov</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4.5</b>	<b>54.0</b>	<b>16.4</b>	<b>-0.5</b>	<b>3.0</b>

Nonfarm Employment Growth	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
IHS May 2020	1.3	0.6	0.7	0.7	-4.4	-12.2	12.8	5.9	0.5
IHS November 2020	1.3	0.6	0.7	0.7	-3.5	-1.9	3.5	2.2	1.2
<b>Change – May to Nov</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.9</b>	<b>10.3</b>	<b>-9.4</b>	<b>-3.6</b>	<b>0.7</b>

Unemployment Rate (Level)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
IHS May 2020	5.5	4.7	4.3	3.7	7.4	15.9	7.5	4.2	4.3
IHS November 2020	5.5	4.7	4.3	3.7	6.6	8.9	6.2	4.9	4.3
<b>Change – May to Nov</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.8</b>	<b>-7.0</b>	<b>-1.3</b>	<b>0.7</b>	<b>0.0</b>

## Forecast changes in selected concepts: 1120 vs. 0520 (2)

Wage/Salary Disbursement Growth	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
IHS May 2020	2.7	2.7	4.0	2.6	-3.7	-7.2	16.2	8.6	3.6
IHS November 2020	2.8	2.7	4.1	2.9	-0.3	2.5	5.3	4.9	4.2
<b>Change – May to Nov</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.3</b>	<b>3.4</b>	<b>9.7</b>	<b>-10.8</b>	<b>-3.6</b>	<b>0.6</b>

Total Personal Income Growth	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
IHS May 2020	2.2	1.9	5.0	3.9	0.5	-0.7	7.2	4.4	3.3
IHS November 2020	2.2	2.3	4.6	3.4	6.1	2.6	-0.9	4.0	3.8
<b>Change – May to Nov</b>	<b>0.0</b>	<b>0.5</b>	<b>-0.4</b>	<b>-0.5</b>	<b>5.6</b>	<b>3.2</b>	<b>-8.1</b>	<b>-0.3</b>	<b>0.5</b>

Pers. Consumption Expenditure Growth	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
IHS May 2020	2.8	2.8	3.8	4.2	-0.6	-2.4	11.2	4.2	3.0
IHS November 2020	3.1	3.1	4.0	3.6	-0.7	2.2	5.3	4.3	3.8
<b>Change – May to Nov</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>-0.6</b>	<b>-0.1</b>	<b>4.6</b>	<b>-5.8</b>	<b>0.0</b>	<b>0.8</b>

## Downside risks to the outlook: Pessimistic Scenario

Nonfarm Employment, Annual Percent Change (FY)							
	2018	2019	2020	2021	2022	2023	2024
<b>Baseline</b>	0.7	0.7	-3.5	-1.9	3.5	2.2	1.2
<b>Pessimistic</b>	0.7	0.7	-3.5	-3.5	3.3	3.5	2.7
<b>Pessimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-1.6</b>	<b>-0.2</b>	<b>1.2</b>	<b>1.6</b>
Unemployment Rate, Annual Level (FY)							
	2018	2019	2020	2021	2022	2023	2024
<b>Baseline</b>	4.3	3.7	6.6	8.9	6.2	4.9	4.3
<b>Pessimistic</b>	4.3	3.7	6.6	9.9	7.7	6.3	5.3
<b>Pessimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>1.4</b>	<b>1.4</b>	<b>1.0</b>
Real Gross State Product, Annual Percent Change (FY)							
	2018	2019	2020	2021	2022	2023	2024
<b>Baseline</b>	0.5	0.9	-2.9	0.2	2.4	2.7	2.1
<b>Pessimistic</b>	0.5	0.9	-2.9	-1.9	2.7	3.2	2.6
<b>Pessimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-2.1</b>	<b>0.3</b>	<b>0.5</b>	<b>0.5</b>

## Downside risks to the outlook: Pessimistic Scenario (Cont'd)

Wage and Salary Disbursements, Annual Percent Change (FY)							
	2018	2019	2020	2021	2022	2023	2024
<b>Baseline</b>	4.1	2.9	-0.3	2.5	5.3	4.9	4.2
<b>Pessimistic</b>	4.1	2.9	-0.3	0.5	3.4	4.1	3.7
<b>Pessimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-2.0</b>	<b>-1.9</b>	<b>-0.8</b>	<b>-0.5</b>
Total Personal Income, Annual Percent Change (FY)							
	2018	2019	2020	2021	2022	2023	2024
<b>Baseline</b>	4.6	3.4	6.1	2.6	-0.9	4.0	3.8
<b>Pessimistic</b>	4.6	3.4	6.1	1.3	-1.9	3.2	3.1
<b>Pessimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-1.3</b>	<b>-1.0</b>	<b>-0.9</b>	<b>-0.7</b>
Personal Consumption Expenditures, Annual Percent Change (FY)							
	2018	2019	2020	2021	2022	2023	2024
<b>Baseline</b>	4.0	3.6	-0.7	2.2	5.3	4.3	3.8
<b>Pessimistic</b>	4.0	3.6	-0.7	-0.5	4.8	4.3	3.3
<b>Pessimistic vs. Baseline</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-2.7</b>	<b>-0.6</b>	<b>0.0</b>	<b>-0.5</b>



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# Thank You!

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**Michael Lynch**, US Economics  
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