

# **Rhode Island Economic Outlook Summary**

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US Regional Economics

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**S&P Global**  
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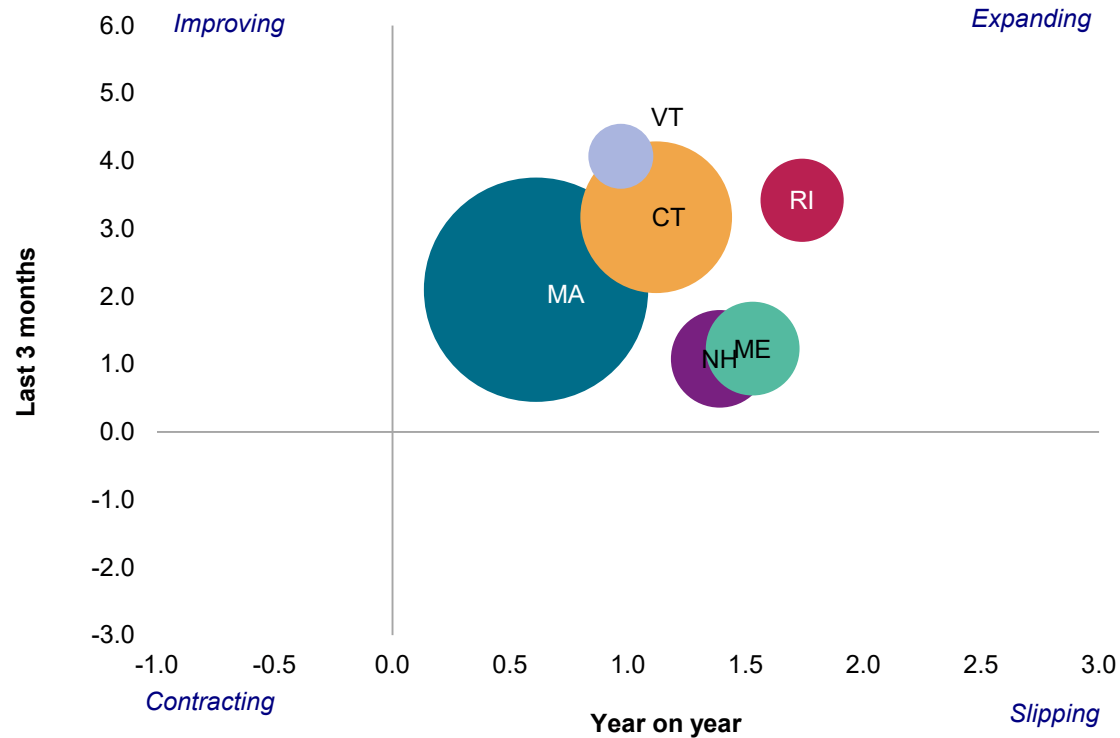
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# New England employment momentum: Region remains in expansion territory though New Hampshire and Maine show signs of weakening

Employment momentum in March 2024, New England  
(Percent change, annual rate)



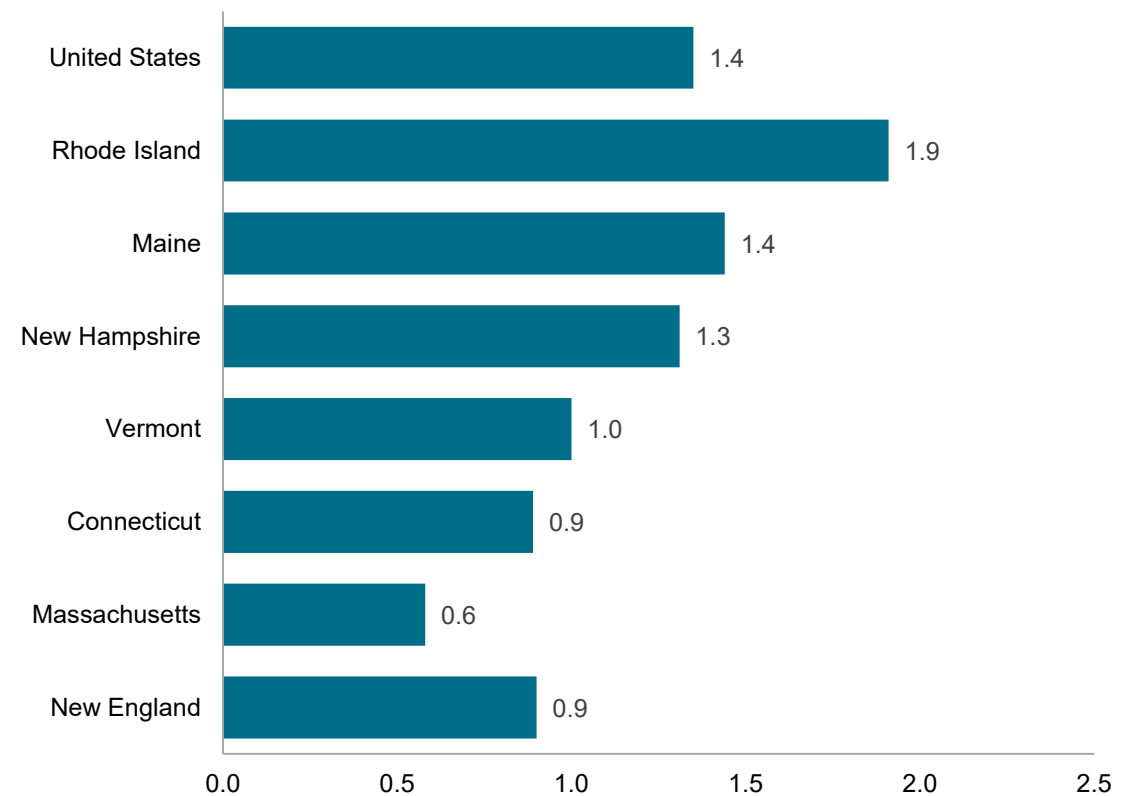
Data compiled April 26, 2024.

Notes: Size of each data point represents state employment level for the most recent month.

Source: Bureau of Labor Statistics, S&P Market Intelligence

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Employment growth in the first quarter of 2024, New England  
(% change vs year earlier)



Data compiled April 26, 2024.

Source: S&P Global Market Intelligence, Bureau of Labor Statistics

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## Focus on Rhode Island employment growth year-to-date in 2024

- Rhode Island's labor market started off 2024 on a positive note, with nonfarm payrolls posting a three-month cumulative gain of 4,300 in March
  - 3.4% average monthly growth outpaced the US (2.0%) and ranked 9th amongst all states, 2<sup>nd</sup> amongst the New England states
- Meanwhile, the state unemployment rate has been on the rise, increasing 0.6 percentage point over the last three months to 4%, pushed higher by gains in the state labor force
  - Cumulative increase in labor force of 7,300 paired with a 3,300 gain in resident employment

Rhode Island Employment Growth by Sector, December 2023 to March 2024			
Sector	Change*	Sector	Change*
Administrative Support Services	2.1	Arts, Entertainment, and Recreation	0.1
Healthcare	1.1	Information Services	0.0
Professional, Scientific, and Technical Services	1.0	Finance and Insurance	-0.1
Nondurables Manufacturing	0.7	Management of Companies	-0.2
Education Services	0.4	Utilities	-0.2
Construction	0.3	Real Estate, Rental, and Leasing	-0.2
Durables Manufacturing	0.3	Other Services	-0.5
Wholesale Trade	0.2	Accommodations and Food Services	-1.3

Data compiled April 26, 2024.

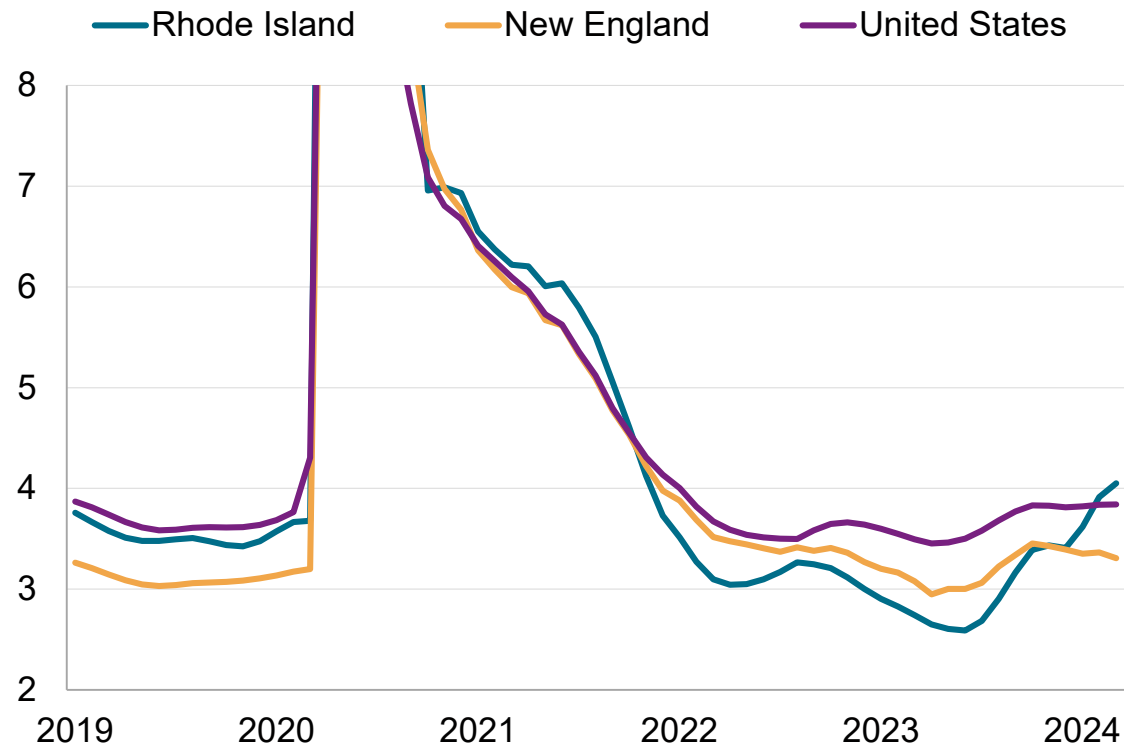
Source: S&P Global Market Intelligence, Bureau of Labor Statistics

\*Level, Thousands

# A look at labor market tightness with the unemployment rate and JOLTS\* data

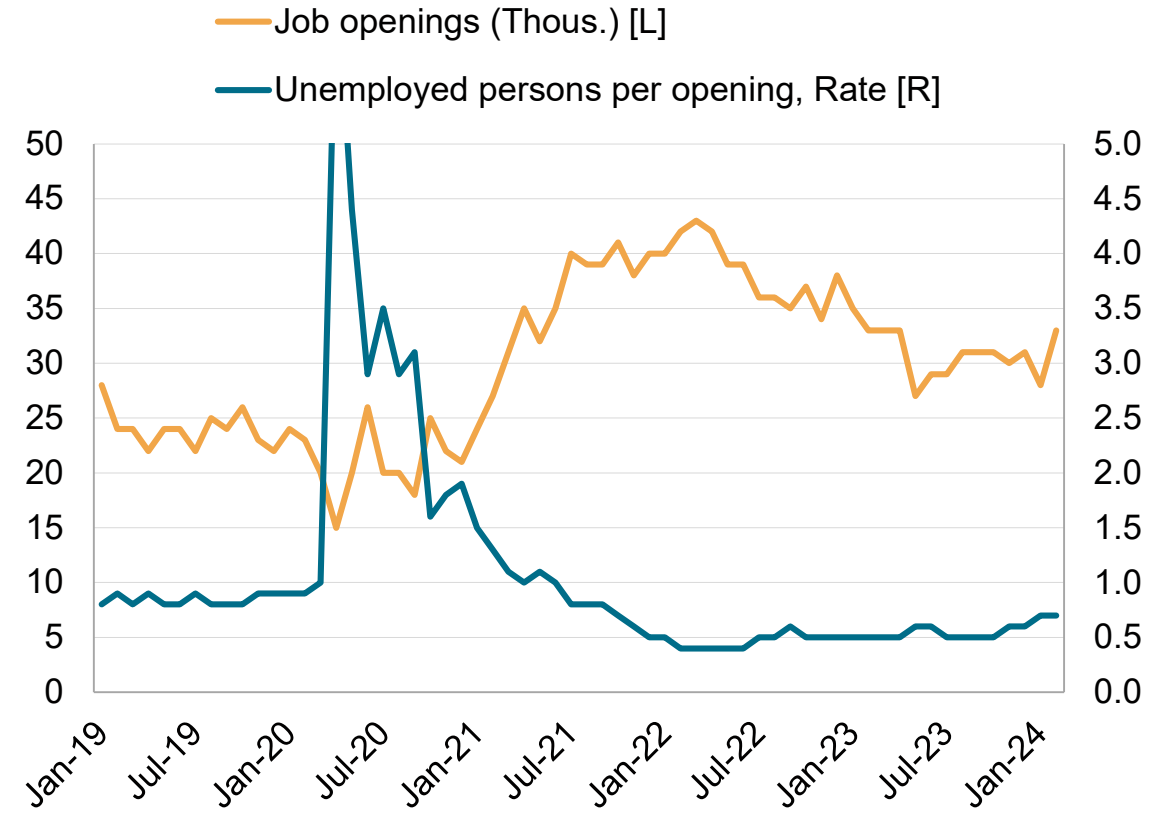
## Unemployment Rate

Percent, seasonally adjusted (data through Mar-24)



Data compiled April 26, 2024.  
 Source: S&P Global Market Intelligence, Bureau of Labor Statistics  
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## Rhode Island JOLTS Data - Job openings



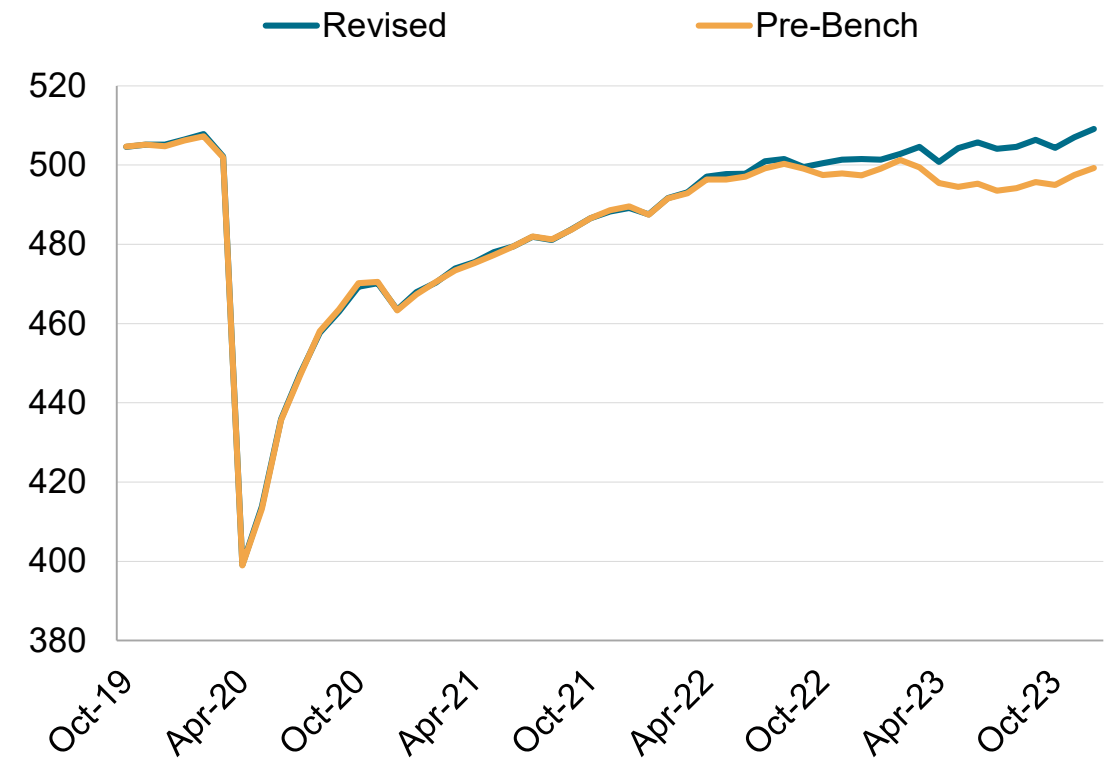
Data compiled April 26, 2024.  
 Source: S&P Global Market Intelligence, Bureau of Labor Statistics  
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\* Job Openings and Labor Turnover Survey

# Benchmark: Overview of revised employment data at year-end 2023

- Nonfarm payrolls in Rhode Island for December 2023 were revised up substantially (+9,800)
  - 509.1 vs. 499.3 (in thousands)
- Revisions boosted Dec-2023 year-over-year growth to a 1.5% year-over-year gain vs. 0.4% in original estimates
- New data reprofiles employment growth trajectory, visible impacts on graph back more than 18 months
  - Notably eliminated the period of weakness that plagued the first half of 2023
  - Major shift in return-to-peak employment date
  - Significant implications for RI forecast paths
- Unemployment rate revised up to 3.4% in December 2023 from ~3.2% in original estimates

## Rhode Island Total Nonfarm Employment (Thousands)



Data compiled April 26, 2024.

Source: S&P Global Market Intelligence, Bureau of Labor Statistics

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## More on the benchmark: A look across sectors

- Largest upward revision seen accommodation and food services, which greatly reduced what had been a sizeable lingering gap vs. pre-pandemic employment as of December 2023
- Largest downward revisions seen in construction, finance and insurance, and nondurables manufacturing
- State labor force count revised up by 1,000 in December 2023, though revisions to earlier periods resulted in lower year-over-year growth in revised data (1.1% vs. 1.5%)

### December 2023 Payrolls By Sector - Revised vs. Original Estimate

Sector	Change*	Sector	Change*
Accommodations and Food Services	3.7	Information	0.1
Administrative Support Services	1.6	State and Local Government	0.1
Durables Manufacturing	1.2	Healthcare	0.1
Education Services	1.1	Federal Government	-0.4
Retail Trade	0.8	Construction	-0.7
Other Services	0.7	Finance and Insurance	-0.7
Professional, Scientific, and Technical Services	0.7	Nondurables Manufacturing	-1.0

Data compiled April 26, 2024.

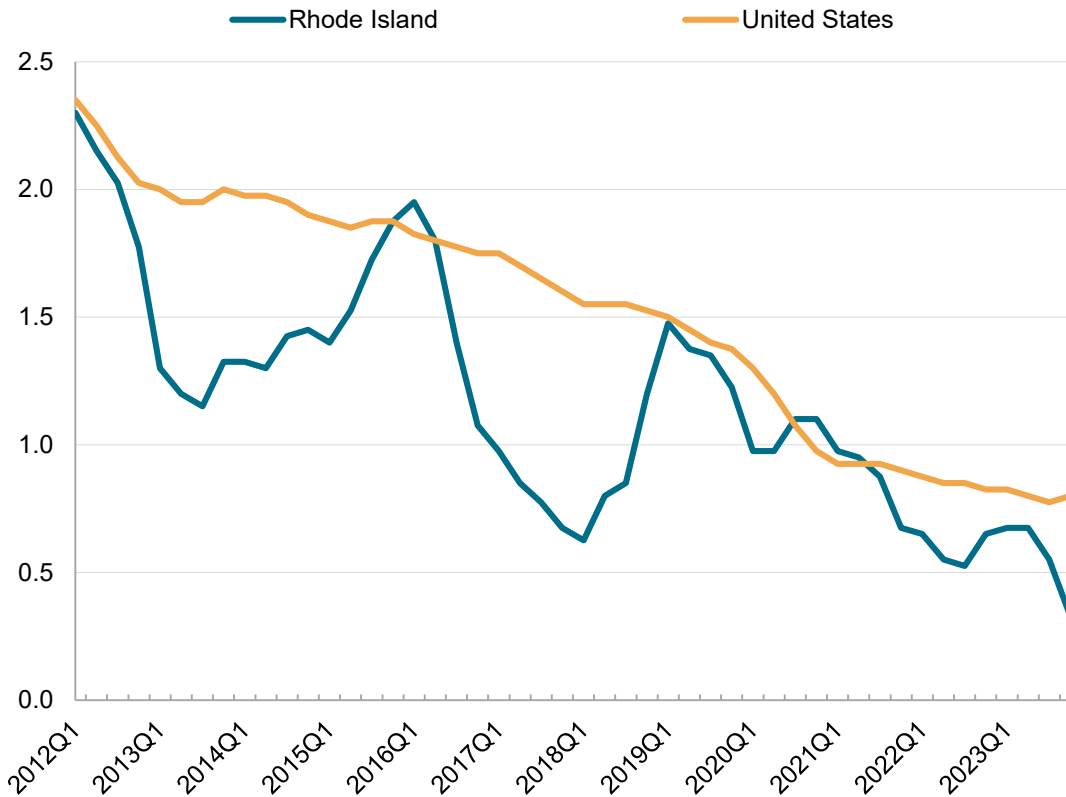
Source: S&P Global Market Intelligence, Bureau of Labor Statistics

\*Level, Thousands

# Tight inventories apply upward pressure to prices and construction

## Homeowner Vacancy Rate, Percent

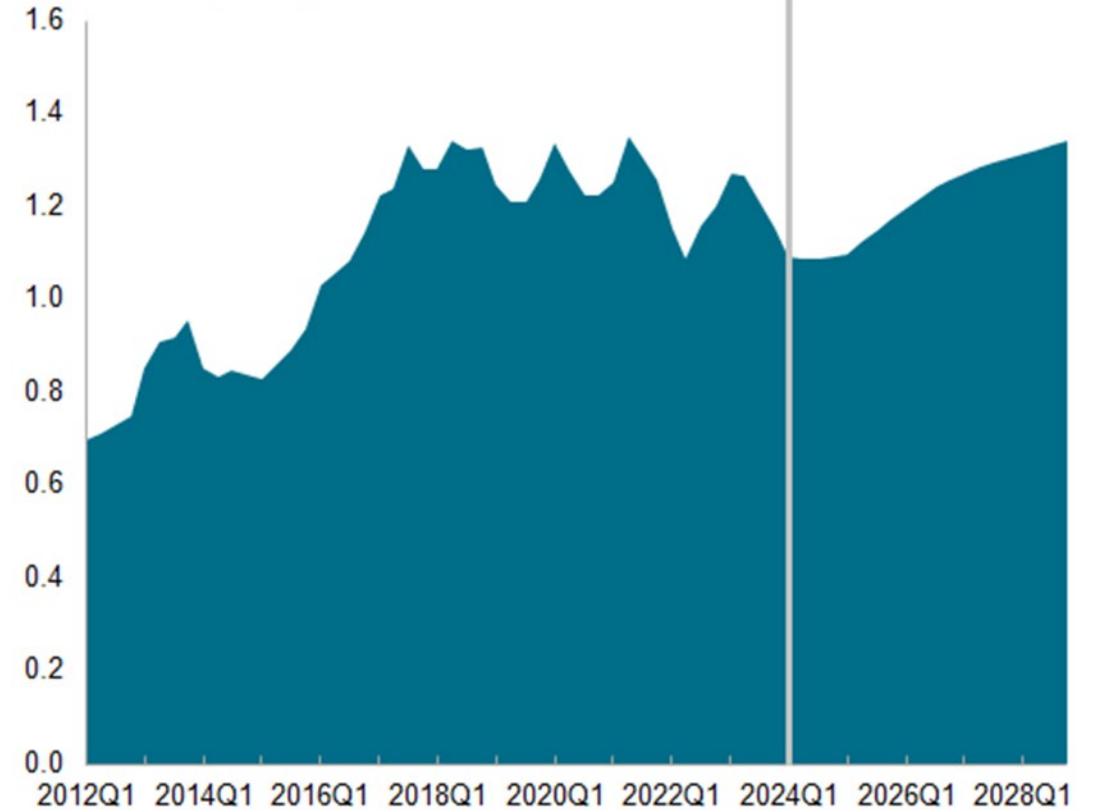
4-quarter moving average



Data compiled April 26, 2024  
 Source: S&P Global Market Intelligence, Census Bureau  
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## Rhode Island housing starts, thousands SAAR

4-quarter moving average

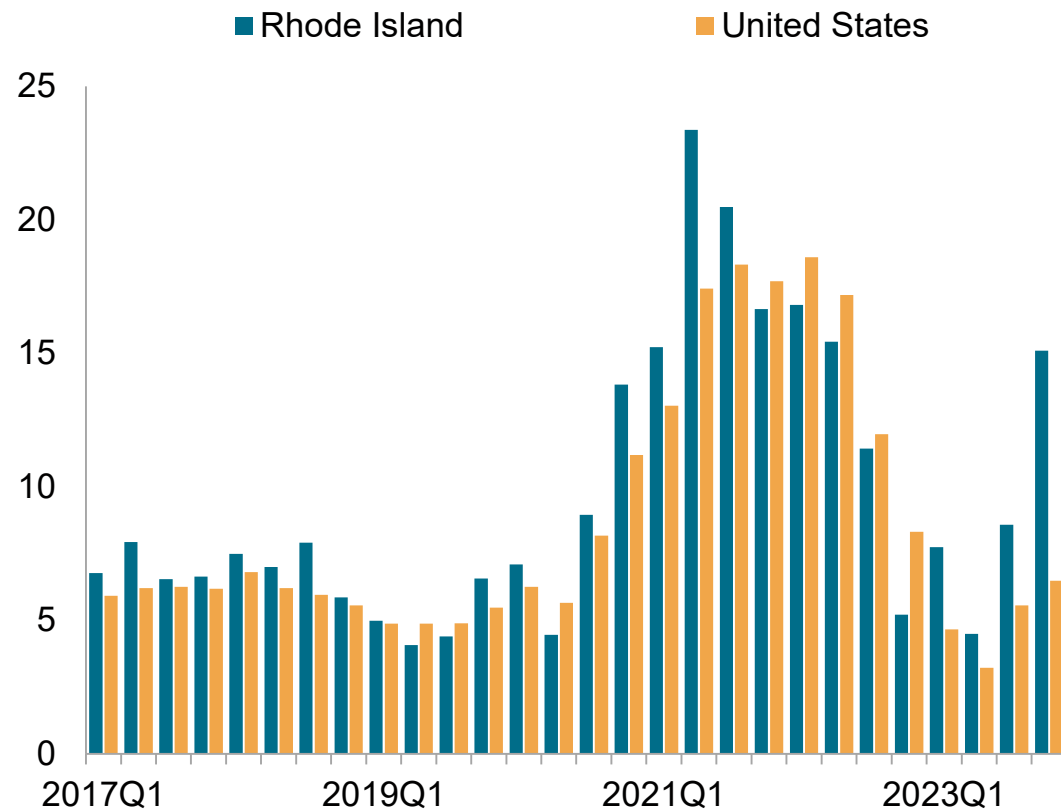


Data compiled April 26, 2024.  
 Source: S&P Global Market Intelligence, Census Bureau  
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# Rhode Island home price growth outpaced the US since the pandemic onset, including an additional burst in 2023H2

## Purchase-only home price index, y/y change (%)



Data compiled April 26, 2024.

Source: S&P Global Market Intelligence, Federal Housing Finance Agency

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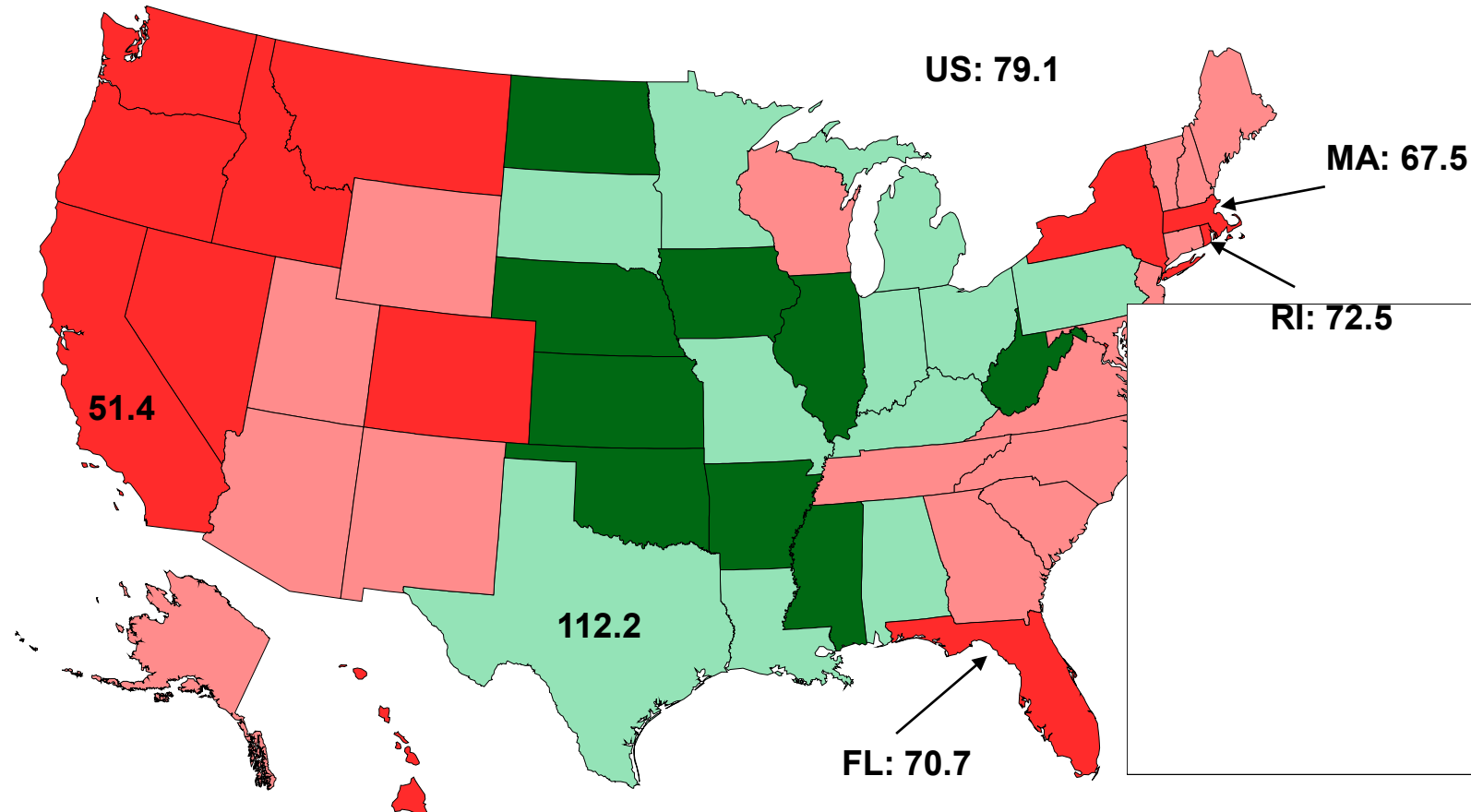
## Change in home prices, 2019q4 to 2023q4 (%)

Rank	State	% change
1	Florida	72
2	Maine	67
3	Montana	67
4	Arizona	65
5	North Carolina	65
6	Tennessee	65
7	South Carolina	65
8	Vermont	64
9	New Hampshire	63
10	Georgia	61
<b>11</b>	<b>Rhode Island</b>	<b>61</b>
12	Idaho	60
13	Connecticut	59
14	New Jersey	57
15	Utah	56
	<b>United States</b>	<b>51</b>

# Affordability pressures mount nationwide

High prices and mortgage rates have sharply reduced affordability in West, Northeast, and Florida

Median home price affordability index, Q4 2023, higher index = more affordable



Data compiled April 26, 2024.

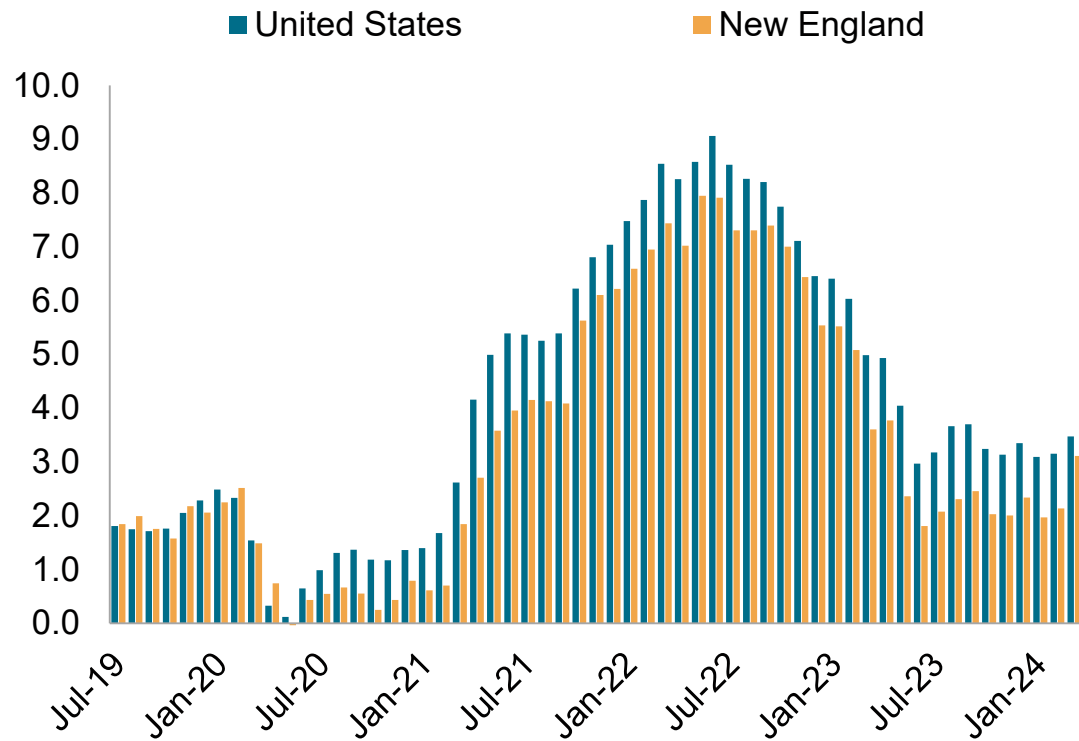
Source: Federal Housing Finance Agency, S&P Global Market Intelligence.

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# Regional differences in Consumer Price Index (CPI) inflation

## Consumer Price Index - all items

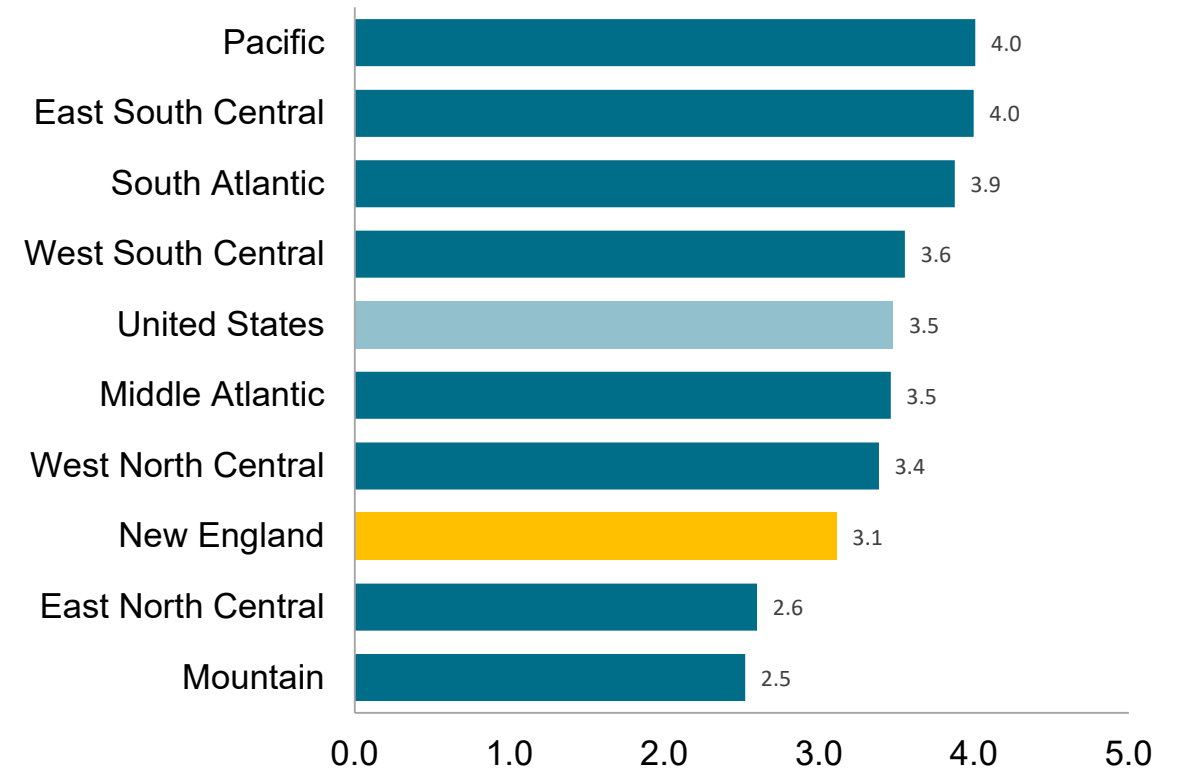
Percent change, year-over-year



Data compiled April 26, 2024.  
 Source: S&P Global Market Intelligence, Bureau of Labor Statistics  
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## Consumer Price Index by region - all items

Percent change, year-over-year - March 2024

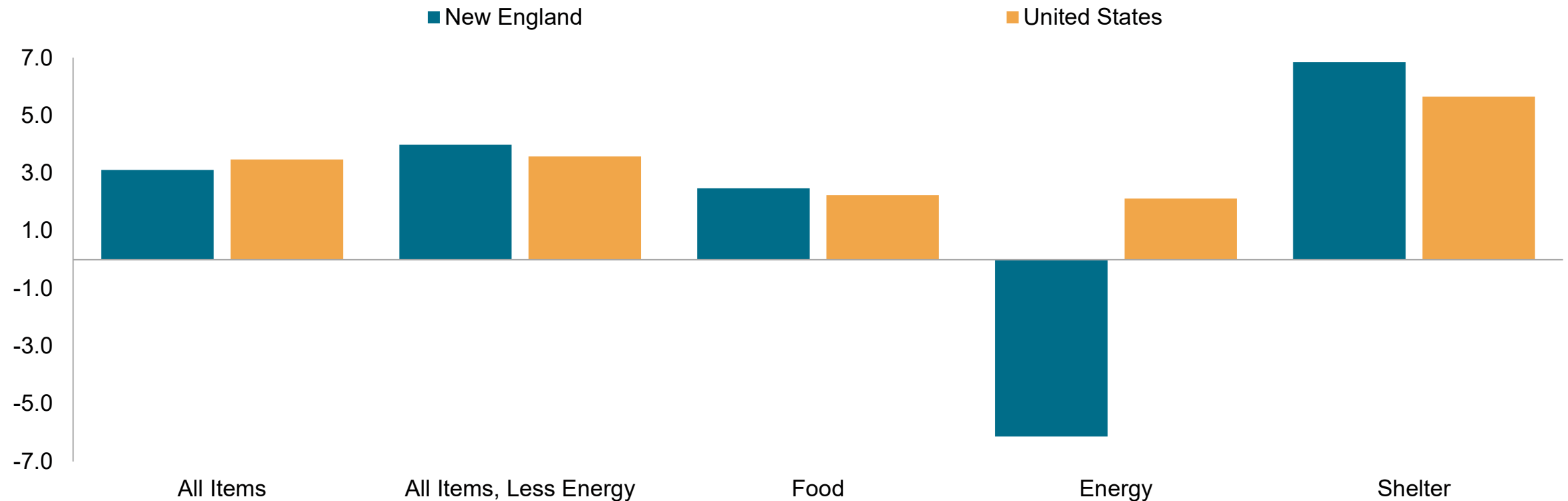


Data compiled April 26, 2024.  
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# Energy prices keep New England CPI inflation below US average

## Consumer price index inflation by component, March 2024

Year-over-year percent change



Data compiled April 26, 2024.

Source: S&P Global Market Intelligence, Bureau of Labor Statistics

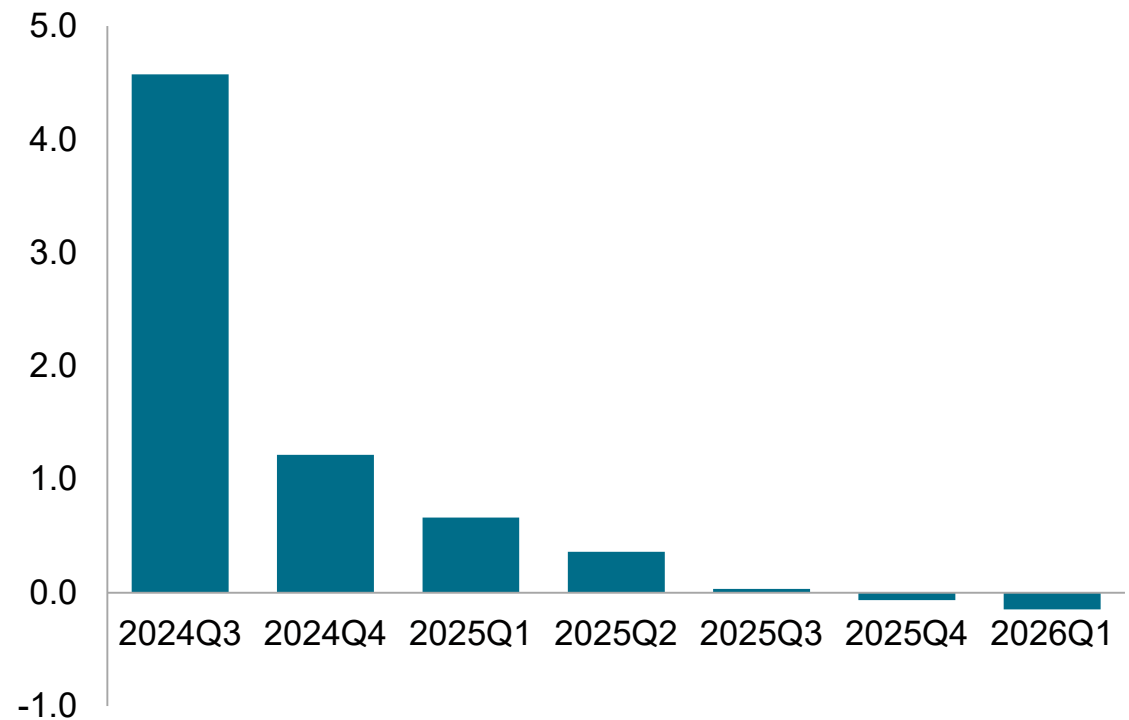
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# Rhode Island labor market: near term outlook over the next six quarters

- Employment growth will decelerate in the near term following its recent surge, with gains steadily slowing yet remaining positive through FY2025q3
- Beyond that, we expect payrolls to slip into a period of modest contraction
- Overall magnitude of the employment decline in the forecast quite small, amounting to only a fraction of a percentage point in total
  - Transition to below-trend growth rather than sharp contraction
- Employment by sector is mixed
  - Private sector to be led by healthcare, professional, scientific, technical services, and construction
  - Contractions in retail trade will present a drag
  - Sizeable positive contribution from S+L government
- Unemployment gradually rises, working toward an eventual peak of slightly more than 4.5%

## Rhode Island total nonfarm employment growth (FY)

Quarterly percent change, annualized



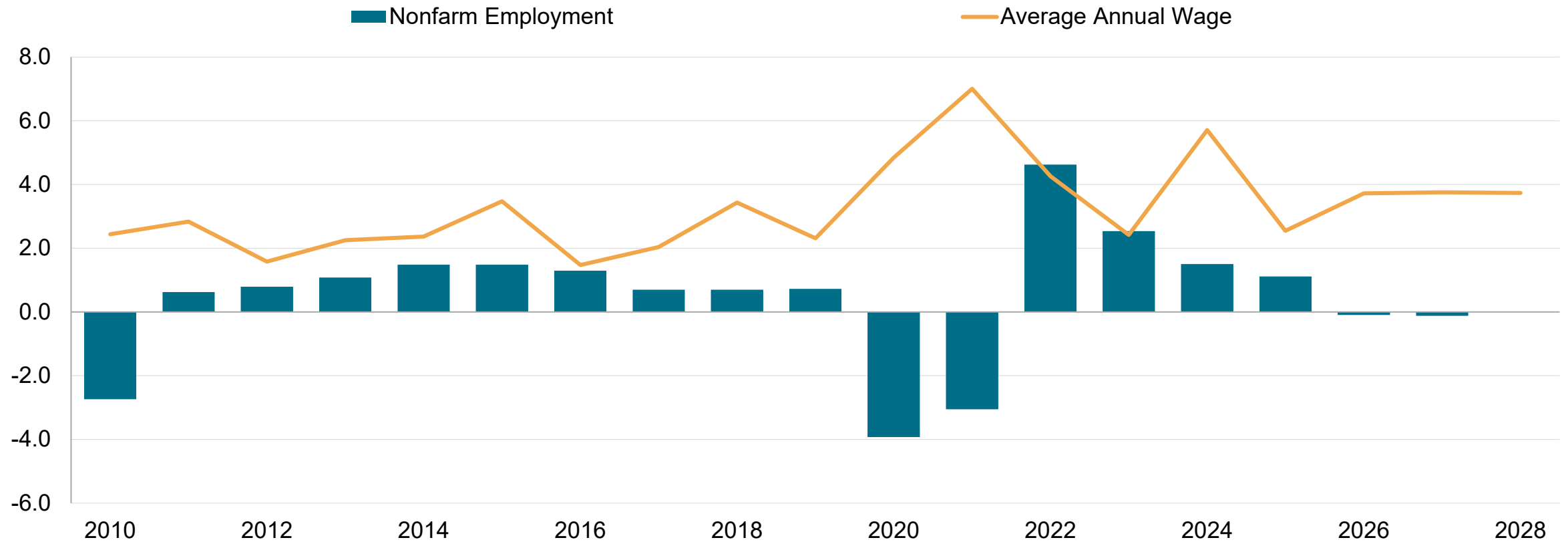
Data compiled April 26, 2024.

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# Wage growth pulls back from 2024 spike, but stabilizes at nearly 4%

## Rhode Island FY employment and wage growth, annual % change



Data compiled April 26, 2024.

Source: S&P Global Market Intelligence.

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# Rhode Island key economic indicators, 2024-2027

April 2024 Forecast – Annual Percent Change						
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Employment, Total Nonfarm	4.6	2.5	1.5	1.1	-0.1	-0.1
Real GSP, (2017\$)	3.5	1.3	2.2	1.6	1.5	1.5
Real Personal Income, (2017\$)	-6.0	-3.8	2.4	2.5	2.7	2.4
Total Personal Income (\$)	1.3	3.3	5.1	4.6	4.7	4.5
Wages and Salaries (\$)	9.0	5.0	7.2	3.7	3.6	3.6
Dividends, Interest, and Rent (\$)	6.4	5.5	4.3	6.1	7.3	6.2
Personal Consumption Exp.	11.0	6.6	4.9	4.1	4.0	4.0
Real PCE, (2017\$)	3.1	-0.6	2.2	2.1	1.9	1.9
Unemployment Rate (% , Level)	4.0	2.9	3.6	4.1	4.3	4.5

Data compiled April 26, 2024

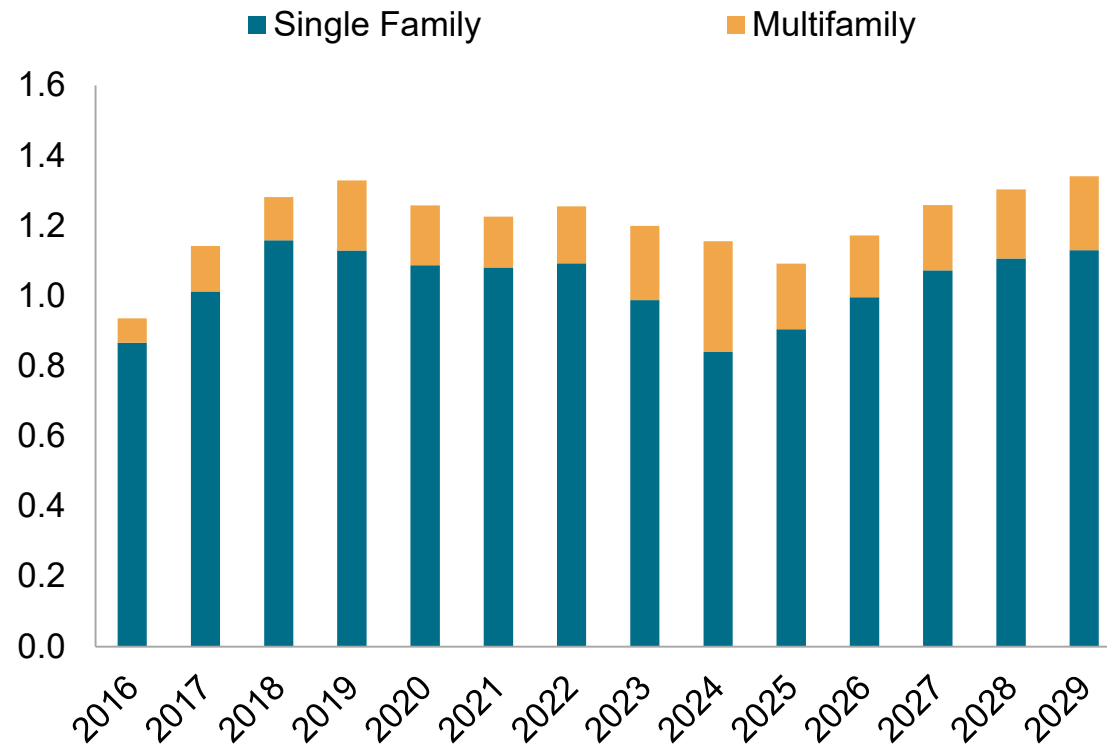
Source: S&P Global Market Intelligence

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# Rhode Island residential real estate outlook

## Rhode Island housing starts

Thousands, FY Annual total



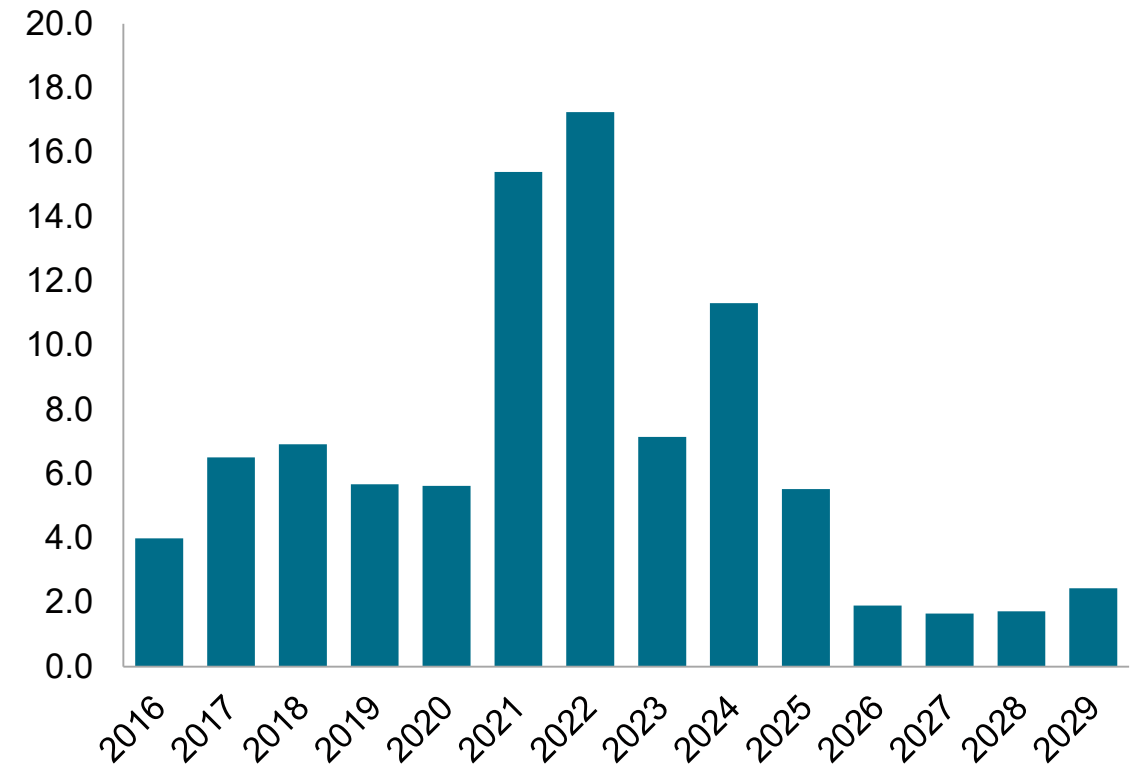
Data compiled April 26, 2024

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## Median price of an existing single-family home

Annual percent change, FY



Data compiled April 26, 2024.

Source: S&P Global Market Intelligence.

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# Forecast changes in selected concepts: 0424 vs. 1023

Nonfarm Employment (Level)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY2029
SPG October 2023	468.0	489.5	498.0	496.9	498.4	498.3	499.8	502.0	504.1
SPG April 2024	468.0	489.7	502.1	509.6	515.3	514.8	514.2	514.2	514.8
<b>Change – Oct to April</b>	<b>0.0</b>	<b>0.2</b>	<b>4.0</b>	<b>12.7</b>	<b>16.9</b>	<b>16.5</b>	<b>14.4</b>	<b>12.2</b>	<b>10.7</b>

Nonfarm Employment Growth	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY2029
SPG October 2023	-3.0	4.6	1.8	-0.2	0.3	0.0	0.3	0.5	0.4
SPG April 2024	-3.1	4.6	2.5	1.5	1.1	-0.1	-0.1	0.0	0.1
<b>Change – Oct to April</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>	<b>1.7</b>	<b>0.8</b>	<b>-0.1</b>	<b>-0.4</b>	<b>-0.4</b>	<b>-0.3</b>

Unemployment Rate (RI)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY2029
SPG October 2023	7.5	4.0	3.2	2.7	3.4	4.1	4.3	4.3	4.2
SPG April 2024	7.5	4.0	2.9	3.6	4.1	4.3	4.5	4.5	4.4
<b>Change – Oct to April</b>	<b>0.1</b>	<b>0.0</b>	<b>-0.2</b>	<b>0.9</b>	<b>0.7</b>	<b>0.2</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>

Data compiled April 26, 2024

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## Forecast changes in selected concepts: 0424 vs. 1023 (Continued)

Wage and Salary Income Growth	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY2029
SPG October 2023	4.2	9.0	5.4	4.5	4.2	3.8	4.0	4.3	4.1
SPG April 2024	4.2	9.0	5.0	7.2	3.7	3.6	3.6	3.7	3.8
<b>Change – Oct to April</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.5</b>	<b>2.8</b>	<b>-0.5</b>	<b>-0.1</b>	<b>-0.4</b>	<b>-0.5</b>	<b>-0.3</b>

Personal Income Growth	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY2029
SPG October 2023	8.7	1.3	3.5	4.0	4.8	4.3	4.2	4.4	4.2
SPG April 2024	8.7	1.3	3.3	5.1	4.6	4.7	4.5	4.4	4.2
<b>Change – Oct to April</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.2</b>	<b>1.1</b>	<b>-0.2</b>	<b>0.5</b>	<b>0.3</b>	<b>0.1</b>	<b>0.0</b>

PCE* Growth	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY2029
SPG October 2023	6.9	11.2	6.4	3.8	3.2	3.5	4.0	4.0	4.0
SPG April 2024	6.9	11.0	6.6	4.9	4.1	4.0	4.0	3.9	3.9
<b>Change – Oct to April</b>	<b>0.1</b>	<b>-0.2</b>	<b>0.3</b>	<b>1.1</b>	<b>0.8</b>	<b>0.5</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.1</b>

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\*Personal Consumption Expenditures

# Risks to the US forecast

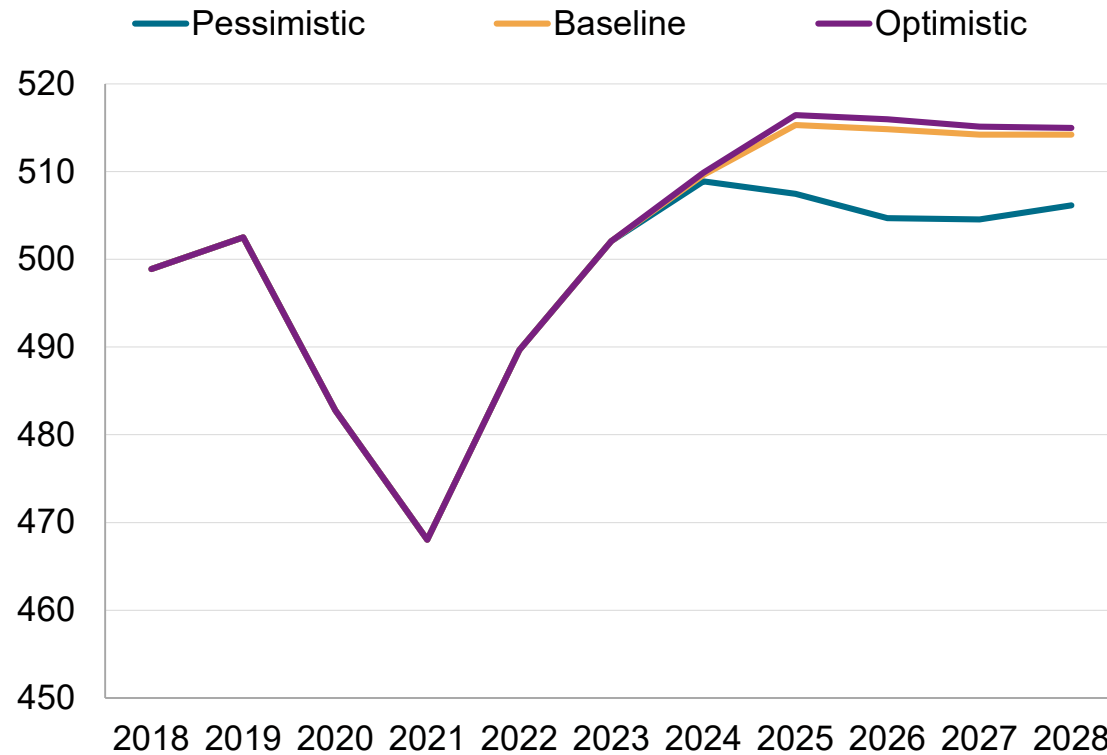
## Risks to the US forecast

	<b>Baseline (55%)</b>	<b>Pessimistic (30%)</b>	<b>Optimistic (15%)</b>
GDP growth	Real GDP rose 2.5% in 2023. Growth continues at 2.5% in 2024 and 1.7% in 2025.	Real GDP growth slows to 1.6% in 2024 and to 0.9% in 2025.	Real GDP growth persists at 2.9% in 2024 and 2.4% in 2025.
Consumer spending	Consumption dropped from 2.5% in 2022 to 2.2% in 2023. Growth continues at 2.6% in 2024 and 2.2% in 2025.	Spending slows to 1.4% in 2024 and 1.2% in 2025.	Spending accelerates to 3.0% in 2024 and 2025.
Housing	Housing starts fell from 1.55 million in 2022 to 1.42 million in 2023 then will tick down to 1.39 million in 2024 and 2025.	Housing starts will tick down further to 1.37 in 2024 and 1.27 in 2025.	Housing starts will tick up to 1.45 million in 2024 and down to 1.42 million in 2025.
Inflation	Core personal consumption (PCE) price inflation rose by 4.1% in 2023 and will moderate to 2.6% in 2024 and 2.3% in 2025.	Core PCE price inflation cools to 2.7% in 2024 and 2.1% in 2025.	Core PCE price inflation moderates to 2.6% in 2024 and 2025.
Business fixed investment	Rose 4.5% in 2023 and rises 2.6% in 2024 and 2025.	Rises 0.2% in 2024 before falling 0.9% in 2025.	Will rise 3.5% in 2024 and 4.2% in 2025.

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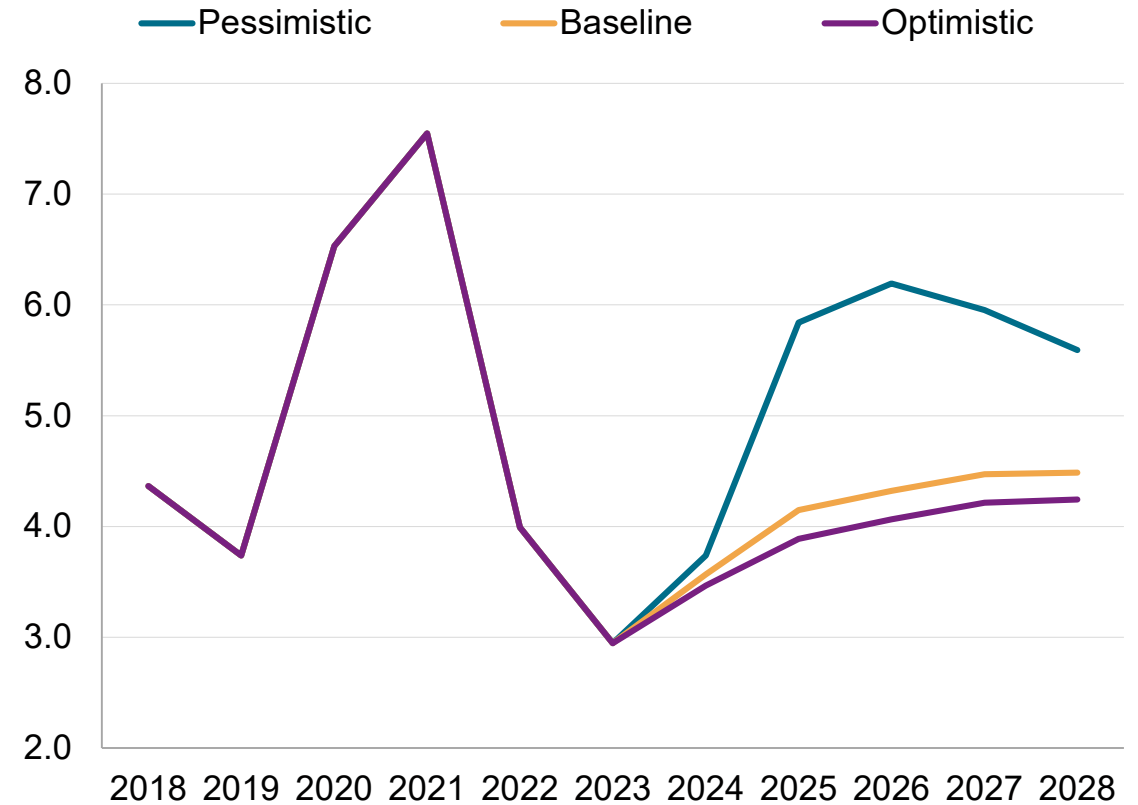
# Rhode Island alternative scenarios: employment and unemployment

## Rhode Island nonfarm employment (FY) - Thousands



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## Rhode Island unemployment rate (FY) - Percent



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