



## NORTH CAROLINA ECONOMIC OVERVIEW: AUGUST 2011

North Carolina's unemployment increased again this month as more workers lost their jobs and unemployed workers stopped looking for positions. Nonfarm employment also declined this month, again mainly because of job losses in the Government sector. Overall, housing activity decreased compared to last month.

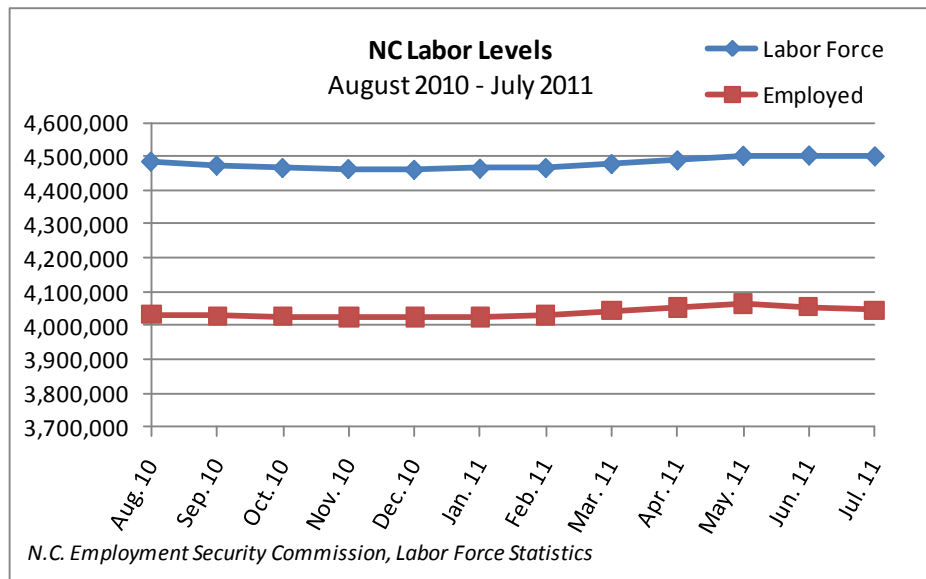
National data show all variables that make up the U.S. labor force are shrinking. The unemployment rate decreased, but so did the number of people employed and the number of people unemployed but seeking a job. Real GDP grew 1.0 percent according to the "second" estimate for the second

quarter of 2011, a downgrade from the previous estimate of 1.3 percent. The Consumer Confidence Index fell sharply in August to its lowest level since April of 2009. Finally, the Federal Reserve Bank of Philadelphia's coincident index, a measure of short term economic outlook and activity, declined slightly last month.

KEY INDICATORS AT A GLANCE	
↑	<b>N.C. Unemployment rate increased</b> <b>0.2%</b> <i>10.1% in July, up from 9.9% in June</i>
↓	<b>Philadelphia Federal Coincident Index for North Carolina decreased 0.2 pts</b> <i>From 153.5 in June to 153.3 in July</i>
↓	<b>Consumer Confidence Index decreased 14.7 pts</b> <i>Index decreased to 44.5 in August, down from 59.2 in July</i>

### Employment declined by 10 thousand workers, the largest month to month decline since July 2009.

The number of employed workers in North Carolina declined for the second consecutive month this year. July's 10 thousand worker decline is only slightly larger than June's drop of 9,700. The number of unemployed workers increased by 7,600 in July, meaning approximately 2,500 workers left the labor force altogether this month. While employment is 0.3 percent lower than it was last month, it's 0.2 percent higher than it was in July 2010. The number of unemployed workers is 1.7



percent lower than it was in July 2010. The labor force is nearly unchanged compared to July of last year.

North Carolina Seasonally Adjusted Labor Force Statistics									
	Jun-11 <i>(revised)</i>	Jul-11 <i>(preliminary)</i>	Previous Month (7/11 compared to 6/11)		Last Year - Same Month (7/11 compared to 7/10)		Start of Recession (7/11 compared to 12/07)		
			Change	% Change	Change	% Change	Change	% Change	
Labor Force	4,503,162	4,500,623	(2,539)	-0.1%	(570)	0.0%	(59,774)	-1.3%	
Employed	4,055,793	4,045,634	(10,159)	-0.3%	7,511	0.2%	(288,524)	-6.7%	
Unemployed	447,369	454,989	7,620	1.7%	(8,081)	-1.7%	228,750	101.1%	

N.C. Employment Security Commission, Labor Force Statistics

The combination of decreased employment and increased unemployment pushed the unemployment rate for the State up again this month, from 9.9 percent in June to 10.1 percent in July on a seasonally adjusted basis. While the North Carolina unemployment rate is higher than last month, it's lower than it was in July 2010. The U.S. unemployment rate dropped over the same period, from 9.2 percent in June to 9.1 percent in July. The U.S. unemployment rate held steady at 9.1 percent for the month on August.

Seasonally Adjusted Unemployment Rates								
	Jun-11 (revised)	Jul-11 (preliminary)	Previous Month (7/11 compared to 6/11)		Last Year - Same Month (7/11 compared to 7/10)		Start of Recession (7/11 compared to 12/07)	
			Change	% Change	Change	% Change	Change	% Change
North Carolina	9.9%	10.1%	0.2%		-0.2%		5.1%	
United States	9.2%	9.1%	-0.1%		-0.4%		4.1%	

N.C. Employment Security Commission, Labor Force Statistics

Initial unemployment benefit claims are a leading indicator of future unemployment rates. New initial claimants totaled 56,904 in July, an increase of 4,656 from June. The top five occupations of those claiming unemployment for the first time are: 1) Laborers and Freight, Stock, and Material Movers (hand); 2) All other production workers; 3) Cashiers; 4) Production Worker Helpers; and 5) Packers and Packagers (Hand). Sixty-seven percent of the workers in the top twenty occupations claiming unemployment insurance for the first time fall into three major occupational categories: Transportation & Material Moving, Production, and Sales & Related Occupations.

Initial Unemployment Benefit Claimants							
	Jun-11	Jul-11	Previous Month (7/11 compared to 6/11)		Last Year - Same Month (7/11 compared to 7/10)		12 Month Average (Beg. of 8/10 - End of 7/11)
			Change	% Change	Change	% Change	
North Carolina	52,248	56,904	4,656	8.9%	(48)	-0.1%	58,109

N.C. Employment Security Commission; Labor Market Information Division

### Private sector gains jobs, public sector makes North Carolina net job loss over 4 thousand

Preliminary data suggest:

- **Since last month** (June 2011) the economy experienced a net loss of 4,100 jobs.
  - The Government sector lost over 9 thousand jobs, for the second consecutive month.
  - Financial Services was the only other sector to lose more than 1,000 jobs in the last month.
- **Over the past twelve months** employment has been relatively unchanged (0.1 percentage point increase).
  - Three sectors have gained over 10 thousand jobs since last year: Trade, Transportation, & Utilities, Professional & Business Services, and Leisure & Hospitality.
  - The North Carolina private sector has gained nearly 35 thousand jobs in the last year.
- **Since the start of the recession**
  - Only the Education & Health Services sector has gained jobs since the start of the recession, adding 4,100 positions.
  - Employment is down over 300,000 since the start of the recession in December 2007.

North Carolina Nonfarm Employment Trends by Supersector								
Sector	Jun-11 (revised)	Jul-11 (preliminary)	Previous Month (7/11 compared to 6/11)		Last Year - Same Month (7/11 compared to 7/10)		Start of Recession (7/11 compared to 12/07)	
			Change	% Change	Change	% Change	Change	% Change
Mining & Logging	5,700	5,700	0	0.0%	0	0.0%	(1,200)	-17.4%
Construction	169,200	169,400	200	0.1%	(6,300)	-3.6%	(82,800)	-32.8%
Manufacturing	433,600	434,900	1,300	0.3%	2,300	0.5%	(98,100)	-18.4%
Trade, Transportation, & Utilities	720,400	722,300	1,900	0.3%	10,300	1.4%	(58,100)	-7.4%
Information	68,300	68,600	300	0.4%	300	0.4%	(3,600)	-5.0%
Financial Activities	204,900	203,400	(1,500)	-0.7%	4,800	2.4%	(8,500)	-4.0%
Professional & Business Services	493,100	496,700	3,600	0.7%	12,900	2.7%	(9,300)	-1.8%
Education & Health Services	537,000	537,600	600	0.1%	(200)	0.0%	4,100	0.8%
Leisure & Hospitality	403,900	404,600	700	0.2%	13,200	3.4%	(800)	-0.2%
Other Services	154,200	154,000	(200)	-0.1%	(2,600)	-1.7%	(21,500)	-12.3%
Government	681,900	670,900	(11,000)	-1.6%	(30,300)	-4.3%	(23,900)	-3.4%
<b>Total Nonfarm Employment</b>	<b>3,872,200</b>	<b>3,868,100</b>	<b>(4,100)</b>	<b>-0.1%</b>	<b>4,400</b>	<b>0.1%</b>	<b>(303,700)</b>	<b>-7.3%</b>

U.S. Bureau of Labor Statistics, Economy at a Glance Data, Nonfarm Wage and Salary Employment

## A Mixed Bag: Building authorizations, existing home sales and foreclosures slower than last month

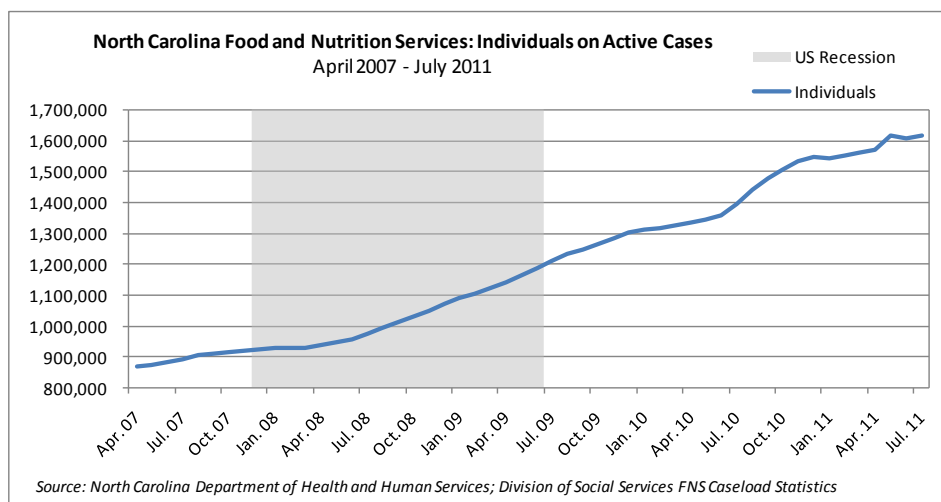
Data from the NC Association of Realtors show an 11 percent decrease in existing home sales this month. Building permits decreased as well, from 2,463 in June to 1,940 in July. A positive for the economy, foreclosure filings decreased compared to last month and were 47.5 percent lower than the same month last year.

North Carolina Housing Market Statistics							
	Jun-11 (revised)	Jul-11 (Preliminary)	Previous Month (7/11 compared to 6/11)		Last Year - Same Month (7/11 compared to 7/10)		12 Month Average (Beg. of 8/10 - End of 7/11)
			Change	% Change	Change	% Change	
Properties with Foreclosure Filings	3,073	2,567	(506)	-16.5%	(2,322)	-47.5%	3,391
Existing Homes - Units Sold	8,435	7,487	(948)	-11.2%	715	10.6%	6,433
Housing Units Auth. by Bldg. Permit	2,463	1,940	(523)	-21.2%	(198)	-9.3%	1,944

RealtyTrac; N.C. Assoc. of Realtors, Existing Homes Sales Data; U.S. Census, Table 2-New Privately Owned Housing Units Authorized

## Number of individuals receiving food and nutritional services continues post-recessionary growth

Each month the Division of Social Services (DSS), a part of the Department of Health and Human Services (DHHS) in North Carolina, releases data for each county detailing the number of individuals receiving aid from the federally funded Food and Nutrition Services (FNS) program<sup>1</sup>. FNS benefits are oftentimes referred to as Food Stamps, although benefits are now issued via Electronic Benefit Transfer



cards (EBT cards). The FNS program in North Carolina is part of the larger federal Supplemental Nutrition Assistance Program (SNAP). The published data for the program goes back to April of 2007 and shows the number of people in the State using federal benefits to purchase food for themselves and their household. The recent recession's official start date was December 2007, but North Carolina started feeling the recession's effects a few months later. Despite the delay, the effects were significant. From April 2007 to April 2008 an average of 5,700 additional individuals utilized FNS benefits each month in North Carolina. After April 2008 and continuing through July of this year, 17 thousand additional individuals, on average, were receiving FNS benefits each month. The difference between the two figures means the recession, directly or indirectly, added 450 thousand people to the FNS program from April 2008 to July 2011 that may otherwise not have entered the program. The table to the right shows FNS recipients as a percent of the population<sup>2</sup> (FNS Recipients are the number of people covered by SNAP and may include more than one person per household). The proportion using benefits has increased nearly 7 percentage points since July 2007. A special thanks to Jenni Albright from DHHS and Paula Brown of DSS for helping compile and interpret this data.

Date	FNS Recipients	North Carolina Population	% using FNS Benefits
July 2007	892,615	9,082,723	9.8%
July 2008	973,999	9,269,633	10.5%
July 2009	1,209,776	9,424,782	12.8%
July 2010	1,393,165	9,572,454	14.6%
July 2011	1,614,848	9,721,198(P)	16.6%

<sup>1</sup> FNS program data can be found on the [North Carolina DSS website](#).

<sup>2</sup> The North Carolina Office of State Budget and Management produces state population estimates for July of each year. Current population estimates can be found [here](#). The July 2011 population figure is a projected total.

## NATIONAL ECONOMIC UPDATE

Recent economic data point to subpar growth in the near term. Growth in the second half of 2011 could pick up, but there's a risk of continued slow growth. Difficulties with raising the debt ceiling have made investors and consumers anxious, but the completed budget deal may help alleviate worries.

### National Gross Domestic Product (GDP)

- In the second quarter of 2011, real GDP increased at an annual rate of 1.0 percent, according to the "second" estimate released by the Bureau of Economic Analysis.
- The increase in real GDP in the second quarter primarily reflected positive contributions from exports; nonresidential fixed investment, personal consumption expenditures, and federal government spending that were partly offset by a negative contribution from state and local government spending and private inventory investment.

### Manufacturer's Shipments, Inventories and Orders

- New orders for manufactured durable goods, up two of the last three months, increased \$8.0 billion or 4.1 percent to \$201.9 billion in July, according to the U.S. Census Bureau.
- Shipments of manufactured durable goods in July, up seven of the last eight months, increased \$4.7 billion or 2.4 percent to \$201.9 billion. This followed a 1.1 percent June increase.

### Personal Income & Consumer Spending

- Real disposable income increased 0.1 percent in July, in contrast to an increase of 0.3 percent in June, according to the Bureau of Economic Analysis.
- Personal income increased \$42.4 billion, or 0.2 percent, in July.
- Real personal consumption expenditures increased 0.5 percent in July, compared with a decrease of less than 0.1 percent in June.

### Housing

- Sales of new single-family houses in July 2011 were at a seasonally adjusted annual rate of 298,000, with a median sales price of \$222,000 according to estimates released jointly by the U.S. Census Bureau and the Department of Housing and Urban Development.
- Single-family housing starts, an indicator of current economic activity, were at a seasonally adjusted rate of 425,000 in July; this is 4.9 percent below the revised June figure of 447,000.
- Single-family authorizations (building permits), an indicator of future economic activity, were at a seasonally adjusted rate of 404,000 in July, 0.5 percent above the revised June figure of 402,000.

### Consumer Confidence

- National consumer confidence plummeted in August by 14.7 points to 44.5, down from 59.2 in July, according to The Conference Board's Consumer Confidence Index. This is the lowest level since April 2009 when the Index was 40.8.

#### If you would like to be added to the distribution list please contact:

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