



NORTH CAROLINA ECONOMIC OVERVIEW: JANUARY 2011

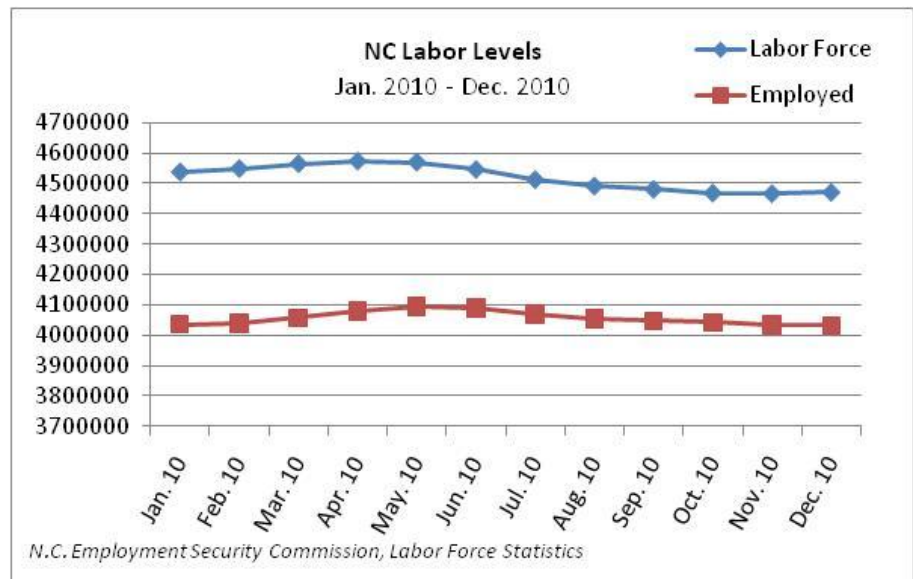
National and state indicators are mixed this month. The number of people in North Carolina either employed or actively seeking work has increased, but the unemployment rate has risen slightly as well. A majority of North Carolina industries have added jobs this month with Professional and Business Services being the largest contributor.

The nation as a whole saw a decrease in the unemployment rate. The nation also experienced an increase in retail sales last month, a sign people are spending more and have more confidence in the economy.

KEY N.C. INDICATORS AT A GLANCE	
	Unemployment rate 9.8% <i>Rate increased slightly(0.1%) from November</i>
	Total non-farm employment increased 0.1% <i>2,300 jobs gained since November</i>
	Properties with foreclosure filings decreased 26.4% <i>3,005 new filings in December; 4,083 in November</i>

Increase in the number of people unemployed and the size of the labor force from November to December

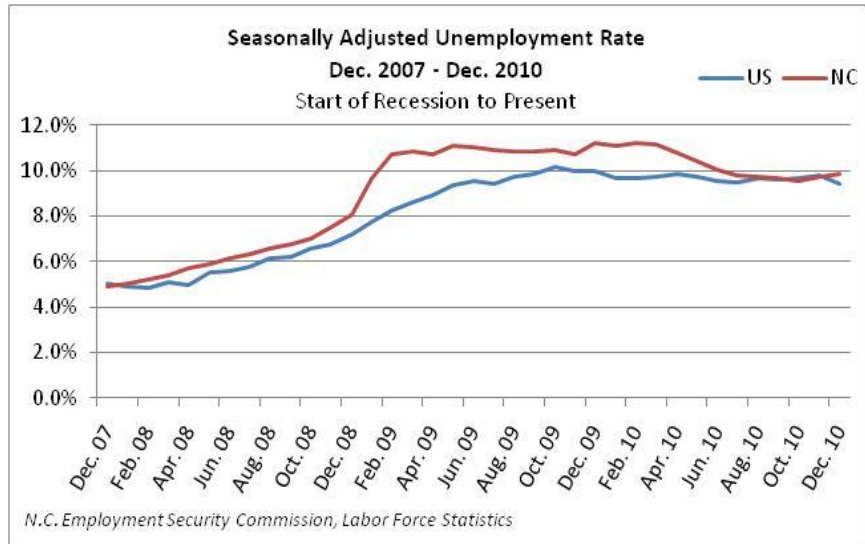
The change in the labor force was small, but the shifting of workers from employed to unemployed was the main factor in the unemployment rate increase of 0.1 percentage points. The number of employed workers decreased by 1,631 between November and December while the number of unemployed workers increased by 5,927.



	North Carolina Seasonally Adjusted Labor Force Statistics							
	Nov-10 <i>(revised)</i>	Dec-10 <i>(preliminary)</i>	Previous Month (12/10 compared to 11/10)		Last Year - Same Month (12/10 compared to 12/09)		Start of Recession (12/10 compared to 12/07)	
			Change	% Change	Change	% Change	Change	% Change
Labor Force	4,466,361	4,470,657	4,296	0.1%	(51,664)	-1.1%	(81,243)	-1.8%
Employed	4,033,121	4,031,490	(1,631)	0.0%	15,108	0.4%	(296,908)	-6.9%
Unemployed	433,240	439,167	5,927	1.4%	(66,772)	-13.2%	215,665	96.5%

N.C. Employment Security Commission, Labor Force Statistics

Despite the recent increase in the unemployment rate, from 9.7 percent to 9.8 percent, North Carolina has fewer unemployed workers and more employed workers than it did in December of 2009. The state's unemployment rate is 1.4 percentage points lower than it was in December 2009, but twice as high as it was at the start of the recession. Revised U.S. data has the national unemployment rate for December at 9.4 percent, 0.4 percentage points lower than North Carolina's rate.



A leading indicator of future unemployment rates are initial unemployment benefit claims. New initial claimants totaled 72,418 in December an increase of 14,475 from November. The top five occupations of those claiming unemployment for the first time are: 1) Laborers and Freight, Stock, and Material Movers (hand); 2) Truck Drivers, Heavy and Tractor-Trailer; 3) Production Workers, All Other; 4) Helpers of Production Workers 5) Cashiers. Two-thirds (67%) of the workers in the top twenty occupations fall into three major occupational categories: Construction and Extraction, Production and Transportation & Material Moving.

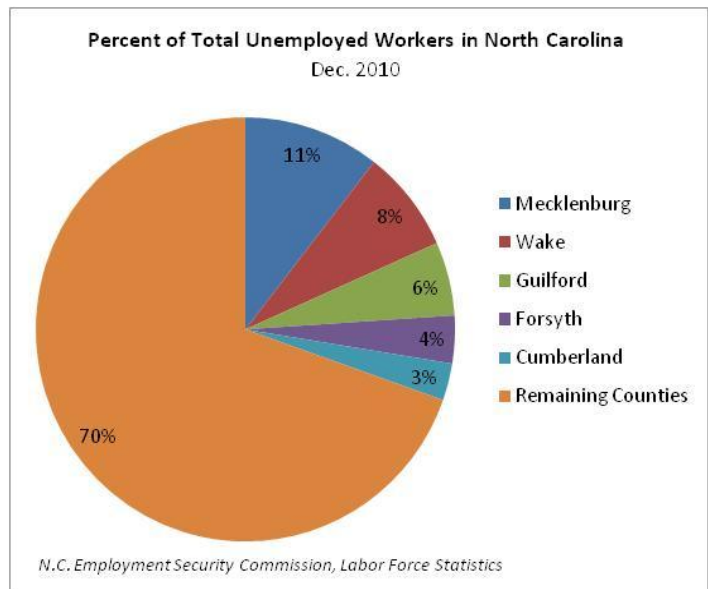
Initial Unemployment Benefit Claimants							
	Nov-10	Dec-10	Previous Month (12/10 compared to 11/10)		Last Year - Same Month (12/10 compared to 12/09)		12 Month Average (Beg. of 1/10 - End of 12/10)
			Change	% Change	Change	% Change	
North Carolina	57,943	72,418	14,475	25.0%	21,509	-22.9%	60,946

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

The monthly unemployment rate remained unchanged or decreased in 67 counties

Seasonally unadjusted unemployment rates resumed a downward trend this month after an across the board increase last month. In November 99 counties had an increase in their unemployment rate. This month there were only 27 counties with an increase. Of the 27 counties experiencing an unemployment rate increase from November to December, the average increase in unemployment rate was 0.84 percentage points. Graham, Scotland, Swain, Edgecombe, and Dare counties had the highest unemployment rates in December with each county recording above 14 percent unemployment. Graham has the highest unemployment rate at 15.8 percent.

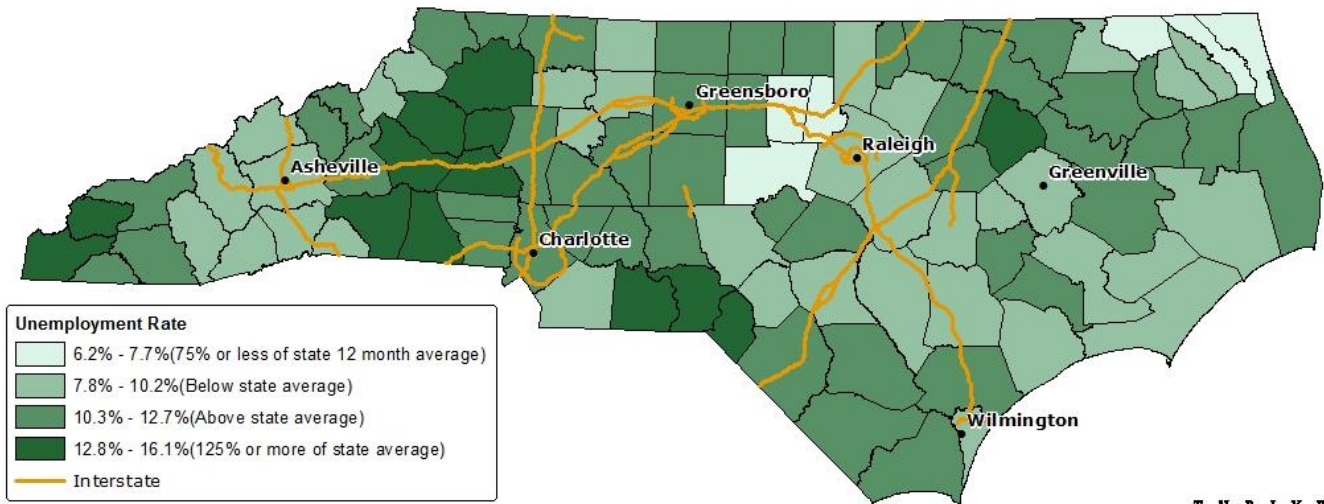
The chart on the right shows the percent each county makes up of the total unemployed workers in the state. Mecklenburg, Wake, Guilford, Forsyth, and Cumberland counties account for 30 percent of the total unemployed persons in the state. For comparison,



Mecklenburg County has an unemployment rate of 10 percent, which is the 57th highest in the state, but with over 45 thousand people unemployed, Mecklenburg County has the most unemployed workers. Graham County, with the highest unemployment rate in the state, has around 600 unemployed workers, which amounts to 1.3% of the number of unemployed people in Mecklenburg County.

When seasonal fluctuations are controlled for by examining a twelve month average unemployment rate Orange County (6.23%) has the lowest rate. In addition to Orange County, Currituck (6.48%), Chatham (7.09%), and Gates (7.35%) are the only counties with rates below 7.5 percent. Scotland County has the highest 12 month unemployment rate average at 16.07 percent, followed by Graham (15.3%), Rutherford (15.1%), Edgecombe (15.06%), and Caldwell (14.2%) counties.

Twelve Month Unemployment Rate by County (January 2010 – December 2010)



State's current seasonally adjusted monthly unemployment rate is 9.8%

Map Created February 2011 | Source: NC Employment Security Commission. County data is not seasonally adjusted. Data at the state level used for purposes of comparison is over the same time period as county data, and has been seasonally adjusted.



Total non-farm employment increased; professional and business services had the largest gains

Preliminary data suggest:

- **Since last month** (November 2010) North Carolina has gained 2,300 nonfarm payroll jobs.
 - Professional and Business Services accounted for nearly half of the gross job growth..
 - Construction, and Leisure and Hospitality were the only sectors to lose jobs.
- **Over the past twelve months** the state has gained 10,400 nonfarm payroll jobs.
 - Professional and Business Services was the largest contributor to growth, accounting for over 60 percent of jobs added.
- **Since the start of the recession** the state has lost 272,800 non-farm jobs.
 - Government and Education and Health Services are the only two sectors to have positive job growth.

North Carolina Nonfarm Employment Trends by Supersector								
Sector	Nov-10 (revised)	Dec-10 (preliminary)	Previous Month (12/10 compared to 11/10)		Last Year - Same Month (12/10 compared to 12/09)		Start of Recession (12/10 compared to 12/07)	
			Change	% Change	Change	% Change	Change	% Change
Mining & Logging	6,000	6,100	100	1.7%	100	1.7%	(800)	-11.6%
Construction	170,300	166,400	(3,900)	-2.3%	(11,500)	-6.5%	(85,300)	-33.9%
Manufacturing	433,000	434,400	1,400	0.3%	2,600	0.6%	(98,000)	-18.4%
Trade, Transportation, & Utilities	709,200	710,500	1,300	0.2%	2,700	0.4%	(69,600)	-8.9%
Information	71,100	71,400	300	0.4%	2,800	4.1%	(800)	-1.1%
Financial Activities	199,500	200,000	500	0.3%	500	0.3%	(12,200)	-5.7%
Professional & Business Services	481,600	485,200	3,600	0.7%	20,800	4.5%	(21,400)	-4.2%
Education & Health Services	550,600	551,200	600	0.1%	3,400	0.6%	18,400	3.5%
Leisure & Hospitality	386,700	384,400	(2,300)	-0.6%	(8,000)	-2.0%	(20,700)	-5.1%
Other Services	159,100	159,200	100	0.1%	(2,600)	-1.6%	(16,300)	-9.3%
Government	727,300	727,900	600	0.1%	(400)	-0.1%	33,900	4.9%
Total Nonfarm Employment	3,894,400	3,896,700	2,300	0.1%	10,400	0.3%	(272,800)	-6.5%

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

Closings and Layoffs increased from November to December, and workers affected more than doubled

The number of workers affected by announced closings and layoffs¹ as well as the number of announcements increased between November and December. Monthly levels of announced closings and layoffs for November and December were below the 4-month average, but above the 12-month average. The preliminary December number for approximate number of workers affected is above the 4 and 12 month averages.

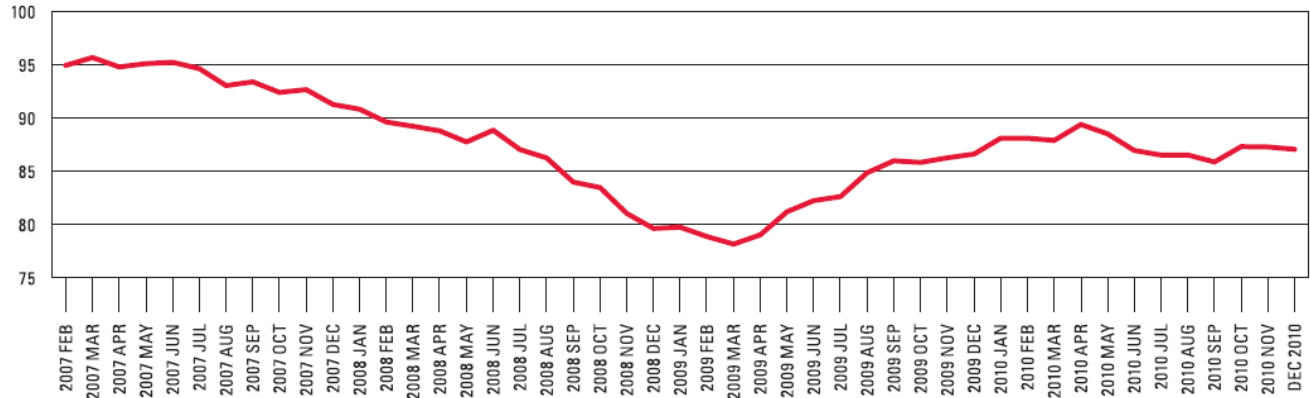
Announced Business Closings and Layoffs in North Carolina				
	Nov-10 (revised)	Dec-10 (Preliminary)	4 Month Average (Beg. of 9/10 - End of 12/10)	12 Month Average (Beg. of 1/10 - End of 12/10)
Announced Closings & Layoffs	61	101	106	103
Approximate # of Workers Affected	1,206	2,800	2,083	2,050

N.C. Employment Security Commission, Announced Business Closings and Permanent Layoffs Data

¹These data are derived from a statewide survey of newspaper accounts of closings and layoffs and from information supplied to the Employment Security Commission of North Carolina by the employing units experiencing the closings/layoffs. These data are not all inclusive and do not meet the Labor market Information Division standard for accuracy.

Leading index shows little change since the spring of 2010

The NC State University Index of North Carolina Leading Economic Indicators (the "Index") is a forecast of the economy's direction four to six months in the future. The index declined slightly in December from its level in November. Since last spring, the Index has moved in a narrow band, which suggests little change in the future pace of economic activity. The significant drop in building permits, both in the current month as well as over the last year, indicates the housing market continues to be the major headwind to faster economic growth.



About the index and the author:

Language used in describing the index was taken directly from Dr. Walden's publication. The publication and archived additions can be found at www.ag-econ.ncsu.edu/faculty/walden/walden.htm.

The Index is comprised of five components: a national level leading Index (www.businesscycle.com/resources), initial claims for unemployment benefits in NC, building permits in NC, average weekly hours of work of all NC employees in manufacturing, and average weekly earnings of all NC employees in manufacturing. All data are seasonally-adjusted and modified for differences in prices levels where appropriate. Data are from the U.S. Bureau of Labor Statistics, the U.S. Census Bureau, and ECRI.

The index was developed by Dr. Michael Walden (michael_walden@ncsu.edu) at NC State. Dr. Walden has a PhD in economics and over thirty years of experience studying the North Carolina economy. Special thanks to Dr. Walden for allowing the reproduction of the index (January 2011, volume 2, number 1) in this publication.

Foreclosures and housing authorizations are down from last month while existing sales increased

Data from the NC Association of Realtors reveal a 26 percent decrease in foreclosures between November and December and a 15 percent decrease from December 2009. Existing home sales increased from last month and last year by 20 and 10 percent respectively. New housing units authorized by building permits, an indicator of future construction, were down 31 percent from last month and 34 percent from December 2009.

North Carolina Housing Market Statistics							
	Nov-10 <i>(revised)</i>	Dec-10 <i>(preliminary)</i>	Previous Month (12/10 compared to 11/10)		Last Year - Same Month (12/10 compared to 12/09)		12 Month Average (Beg. of 12/09 - End of 12/10)
			Change	% Change	Change	% Change	
Properties with Foreclosure Filings	4,083	3,005	(1,078)	-26.4%	(564)	-15.8%	4,038
Existing Homes - Units Sold	5,387	6,507	1,120	20.8%	604	10.2%	6,690
Housing Units Auth. by Bldg. Permit	2,262	1,561	(701)	-31.0%	(803)	-34.0%	2,787

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

NATIONAL ECONOMIC UPDATE

Several sectors of the economy have begun to show positive momentum. The underlying pace of consumer spending was healthy at the end of 2010. Although the credit market, housing market, and labor market trends remain concerns, the near future outlook has improved.

Revised 3rd Quarter Gross Domestic Product estimate higher than originally reported

- Real Gross Domestic Product increased 2.6 percent after increasing 1.7 percent in the second quarter.
- Advance estimates indicate a fourth quarter growth rate of 3.2 percent.

Manufacturer's Shipments, Inventories and Orders

- New orders for manufactured durable goods in December decreased \$5.0 billion or 2.5 percent to \$191.0 billion according to the U.S. Census Bureau.
- Shipments of manufactured durable goods in December increased \$2.8 billion or 1.4 percent to \$100.4 billion. These shipments have increased three of the last four months.
- Inventories of manufactured durable goods in December increased \$2.1 billion or 0.7 percent to \$322.0 billion. Inventories have increased month-over-month for the last twelve months.

Personal Income & Consumer Spending

- Real disposable income increased 0.1 percent in December, compared with an increase of 0.2 percent in November, according to the Bureau of Economic Analysis
- Personal income increased \$54.5 billion, or 0.4 percent.
- Real Personal consumption Expenditures increased 0.4 percent, compared with an increase of 0.2 percent in November.

Housing

- Single-family housing starts in December were at a rate of 417,000; this is 9.0 percent below the revised November figure of 458,000. Single-family building permits in December were at a rate of 440,000; this is 5.5 percent above the revised November figure of 417,000.
- Sales of new single-family houses in December 2010 were at a seasonally adjusted annual rate of 329,000, according to estimates released jointly by the U.S. Census Bureau and the Department of Housing and Urban Development. This is 17.5 percent above the revised November rate of 280,000.

Retail Sales

- U.S. retail and food services sales for December 2010 were \$380.9 billion, an increase of 0.6 percent from the previous month, and 7.9 percent above December 2009 according to the U.S. Census Bureau advance estimate. Total sales for the 12 months of 2010 were up 6.6 percent from 2009.

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

Jared Wiener, Director of Economic Analysis, PRSP (jwiener@ncommerce.com, 715-4199)

Michael Haley, Policy Director, PRSP (mhaley@ncommerce.com, 715-6373)

Report Author: Derek Ramirez – Economist

Additional Report Contributors: Kristin Bunn – Economist, Anna Lea – Market Research Analyst

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