



## NORTH CAROLINA ECONOMIC OVERVIEW: DECEMBER 2011

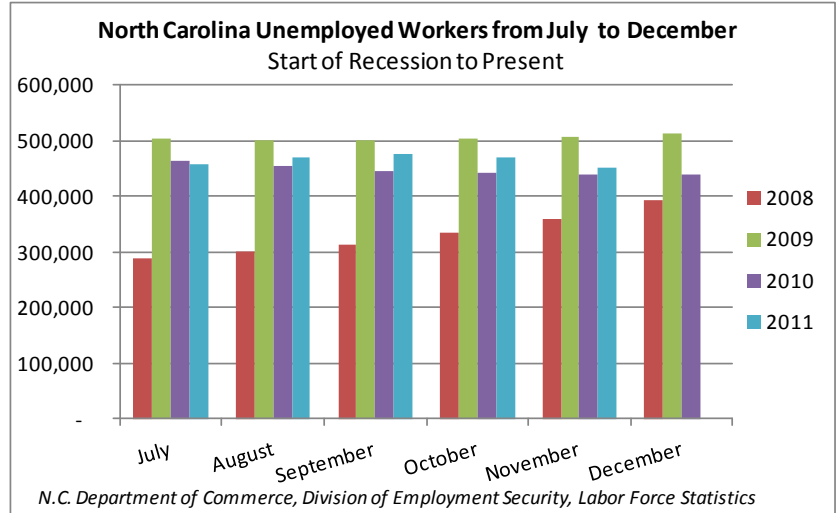
North Carolina's unemployment rate decreased again this month behind holiday employment gains. Nonfarm employment also saw a slight increase this month behind gains in the Trade, Transportation, & Utilities sector. Existing home sales and authorizations were up this month compared to last month and this time last year last year. Hotel occupancy, which reflects tourism activity in the State, increased in November compared to November of last year.

National employment data for October displayed an uptick alongside a decrease in unemployed workers allowing the unemployment rate to fall to 8.6 percent. Total nonfarm employment increased in October compared to November as well. US Real GDP grew 1.8 percent according to the third estimate for the 3<sup>rd</sup> quarter of 2011, a downgrade from the second 3<sup>rd</sup> quarter growth estimate of 2.0 percent.

KEY INDICATORS AT A GLANCE	
↓	<b>N.C. Unemployment rate decreased</b> <b>0.4%</b> <i>10.0% in November from 10.4% in October</i>
↑	<b>Consumer Confidence Index increased</b> <b>9.3 pts</b> <i>From 55.2 in November to 64.5 in December</i>
↑	<b>NC Hotel occupancy increased</b> <b>2.6%</b> <i>From November 2010 to November 2011</i>

### Employment levels continue to rise despite declines in the labor force

The number of employed workers in North Carolina this month was higher than last month. The increase in employment is the third consecutive month of growth for the State. The growth comes after having experienced 3 months of decline from June through August of this year. The small bump in employment combined with a larger drop in unemployment to decrease the size of the labor force compared to October. Compared to the same month last year the State has more employed and unemployed workers. Looking specifically at employment, the number of workers has increased, year over year, in 7 of the last 8 months. Unemployment, which had experienced year over year declines for the first 7 months of the year, has seen year over year growth for the last 4 months. The year over year increases can be seen in the graph above.



North Carolina Seasonally Adjusted Labor Force Statistics								
	Oct-11 <i>(revised)</i>	Nov-11 <i>(preliminary)</i>	Previous Month (11/11 compared to 10/11)		Last Year - Same Month (11/11 compared to 11/10)		Start of Recession (11/11 compared to 12/07)	
			Change	% Change	Change	% Change	Change	% Change
Labor Force	4,506,202	4,502,639	(3,563)	-0.1%	38,724	0.9%	(57,758)	-1.3%
Employed	4,038,404	4,051,226	12,822	0.3%	26,509	0.7%	(282,932)	-6.5%
Unemployed	467,798	451,413	(16,385)	-3.5%	12,215	2.8%	225,174	99.5%

N.C. Department of Commerce, Division of Employment Security, Labor Force Statistics

The decrease in unemployed workers in the labor force pushed the unemployment rate for the State down this month, from 10.4 percent in October to 10.0 percent in November on a seasonally adjusted basis. The decline marks the first consecutive monthly decline in the unemployment rate since January of this year. The U.S. unemployment rate fell from October to November following an increase in employment and decrease in unemployment. The recently released December unemployment rate for the U.S. is 8.5 percent, the third consecutive month of decline.

Seasonally Adjusted Unemployment Rates								
	Oct-11 (revised)	Nov-11 (preliminary)	Previous Month (11/11 compared to 10/11)		Last Year - Same Month (11/11 compared to 11/10)		Start of Recession (11/11 compared to 12/07)	
			% Point Change		% Point Change		% Point Change	
North Carolina	10.4%	10.0%	-0.4%		0.2%		5.1%	
United States	9.0%	8.6%	-0.4%		-1.1%		3.7%	

N.C. Department of Commerce, Division of Employment Security, Labor Force Statistics

Regular Initial Claims for Unemployment Insurance increased in November compared to October. Claims in November totaled 64,622. The November count was 6,212 higher than October's total of 58,410. For more information on UI claims for North Carolina and its localities see the December edition of the NC Today<sup>1</sup>, which can be found [here](#).

### North Carolina Nonfarm Employment growth remains flat

Preliminary data<sup>2</sup> suggest:

- **Since last month** (October 2011) the economy experienced a net gain of 3,800 jobs.
  - The current month job increase is the 5<sup>th</sup> consecutive month of employment growth.
  - The Trade, Transportation, & Utilities sector saw the largest growth over the period.
- **Over the past twelve months** employment has risen by over 19,000 jobs.
  - Only the Government sector has experienced a decline of over 5,000 jobs.
  - 2 sectors (Trade, Transportation, & Utilities and Leisure & Hospitality) have seen growth of over 10,000 jobs over this period.
- **Since the start of the recession**
  - Only Education & Health Services has seen growth.
  - Despite 11 consecutive months of year-over-year employment gains the Manufacturing sector has lost over 100,000 workers.

North Carolina Seasonally Adjusted Nonfarm Employment Trends by Supersector								
Sector	Oct-11 (revised)	Nov-11 (preliminary)	Previous Month (11/11 compared to 10/11)		Last Year - Same Month (11/11 compared to 11/10)		Start of Recession (11/11 compared to 12/07)	
			Change	% Change	Change	% Change	Change	% Change
Mining & Logging	5,700	5,600	(100)	-1.8%	(100)	-1.8%	(1,300)	-18.8%
Construction	170,900	171,200	300	0.2%	(2,700)	-1.6%	(81,000)	-32.1%
Manufacturing	431,800	432,300	500	0.1%	1,500	0.3%	(100,700)	-18.9%
Trade, Transportation, & Utilities	714,800	720,200	5,400	0.8%	12,100	1.7%	(60,200)	-7.7%
Information	68,000	67,600	(400)	-0.6%	(900)	-1.3%	(4,600)	-6.4%
Financial Activities	201,300	200,300	(1,000)	-0.5%	(300)	-0.1%	(11,600)	-5.5%
Professional & Business Services	498,900	495,200	(3,700)	-0.7%	5,600	1.1%	(10,800)	-2.1%
Education & Health Services	540,800	543,000	2,200	0.4%	6,000	1.1%	9,500	1.8%
Leisure & Hospitality	402,400	402,600	200	0.0%	10,400	2.7%	(2,800)	-0.7%
Other Services	156,100	157,300	1,200	0.8%	(800)	-0.5%	(18,200)	-10.4%
Government	682,300	681,500	(800)	-0.1%	(11,200)	-1.6%	(13,300)	-1.9%
<b>Total Nonfarm Employment</b>	<b>3,873,000</b>	<b>3,876,800</b>	<b>3,800</b>	<b>0.1%</b>	<b>19,600</b>	<b>0.5%</b>	<b>(295,000)</b>	<b>-7.1%</b>

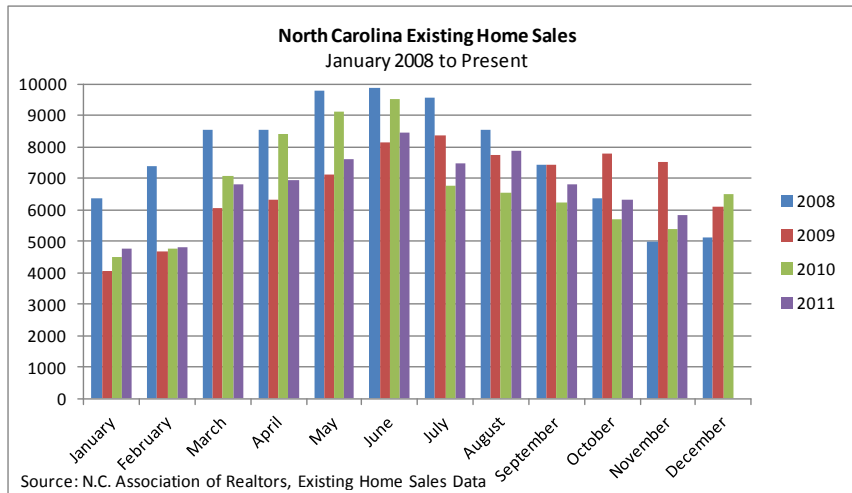
U.S. Bureau of Labor Statistics, Economy at a Glance Data, Nonfarm Wage and Salary Employment

<sup>1</sup> See page 20 of the NC Today for more detailed information on UI Claims information in North Carolina; Division of Employment Services, NC Commerce.

<sup>2</sup> The Bureau of Labor Statistics releases a preliminary estimate of sector employment on a monthly basis. These values are revised with a rolling 3 month lag.

## Existing home sales and Housing Authorizations improve compared to October 2010

Data from the NC Association of Realtors show existing home sales and building permits in November decreased compared to October, but were both higher than their levels in November 2010. On another positive note, the foreclosure filings for November were below their October level and their November 2010 level as well. As the chart to the right indicates, year-over-year comparisons are a more important indicator of vitality for housing numbers due to heavy seasonal variations. Housing activity tends to peak in the summer and decline towards the end of the year. Housing sales continue to be lower than 2008 but have improved compared to sales in 2010 after the housing tax credit expired.



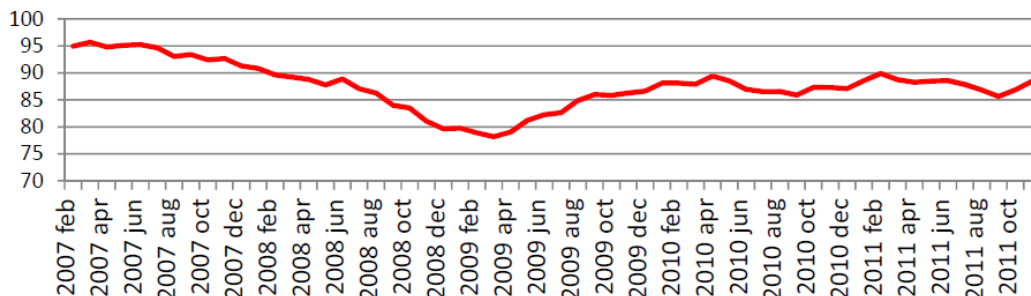
North Carolina Housing Market Statistics							
	Oct-11 <i>(revised)</i>	Nov-11 <i>(Preliminary)</i>	Previous Month (11/11 compared to 10/11)		Last Year - Same Month (11/11 compared to 11/10)		12 Month Average (Beg. of 12/10 - End of 11/11)
			Change	% Change	Change	% Change	
Properties with Foreclosure Filings	2,939	2,710	(229)	-7.8%	(1,373)	-33.6%	2,754
Existing Homes - Units Sold	6,298	5,834	(464)	-7.4%	447	8.3%	6,679
Housing Units Auth. by Bldg. Permit	1,873	1,821	(52)	-2.8%	237	15.0%	1,992

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

## Index falls to lowest level of 2011 behind declines in building permits and manufacturing hours and earnings

**The NC State University Index of North Carolina Leading Economic Indicators** (the "Index"), a forecast of the economy's direction four to six month ahead, rose a robust 1.9% in November, its second straight monthly gain. All of the Index's five components moved in a positive direction, with the national index, building permits, manufacturing hours, and manufacturing earnings rising and new unemployment claims dropping. The largest gain was for building permits, which were up over 25% for the month and almost 40% compared to November 2010. The direction of the Index at the end of 2011 suggests the State's economic growth will accelerate at the beginning of 2012.

### NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS



Source: calculations by Dr. Michael Walden

The index was developed by Dr. Michael Walden ([michael\\_walden@ncsu.edu](mailto: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 (December 2011, volume 2, number 12) in this publication. The complete online version of the index may be found [here](#).

## NATIONAL ECONOMIC UPDATE

As we start the New Year, the National outlook appears mixed, but generally positive. Total nonfarm payrolls have risen and we've seen several weeks of improvement in UI claims. Meanwhile, there is reassuring news coming from Europe, which calmed the markets in the latter days of 2011. However, Europe remains a significant risk to the U.S. economy and markets are suggesting that there's not a lot of time left for policymakers to fix the situation.

### National Gross Domestic Product (GDP)

- In the third quarter of 2011, real GDP increased at an annual rate of 1.8 percent, according to the "third" estimate released by the Bureau of Economic Analysis.
- The increase in real GDP in the third quarter primarily reflected positive contributions in personal consumption expenditures, nonresidential fixed investment, exports and federal government spending that were partly offset by negative contributions for private inventory investment and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased.

### Manufacturer's Shipments, Inventories and Orders

- New orders for manufactured durable goods increased \$7.4 billion or 3.7 percent to \$207.1 billion in November, according to the U.S. Census Bureau.
- Shipments of manufactured durable goods in November, down two of the last three months, decreased \$0.7 billion or 0.3 percent to \$202.9 billion after increasing 1.5 percent in October.

### Personal Income & Consumer Spending

- Real disposable income decreased less than 0.1 percent in November, in contrast to a 0.3 percent increase in October, according to the Bureau of Economic Analysis.
- Personal income increased \$8.5 billion, or 0.1 percent, in November.
- Personal consumption expenditures increased \$13.1 billion or 0.1 percent in November.

### Housing

- Sales of new single-family houses in November 2011 were at a seasonally adjusted annual rate of 315,000, with a median sales price of \$214,100 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 447,000 in November.
- Single-family authorizations (building permits), an indicator of future economic activity, were at a seasonally adjusted rate of 435,000 in November.

### Consumer Confidence Index

- National consumer confidence increased in December by 9.3 points to 64.5, a notable increase over the October (39.8) and November (55.2) readings.

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

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