



NORTH CAROLINA ECONOMIC OVERVIEW: OCTOBER 2011

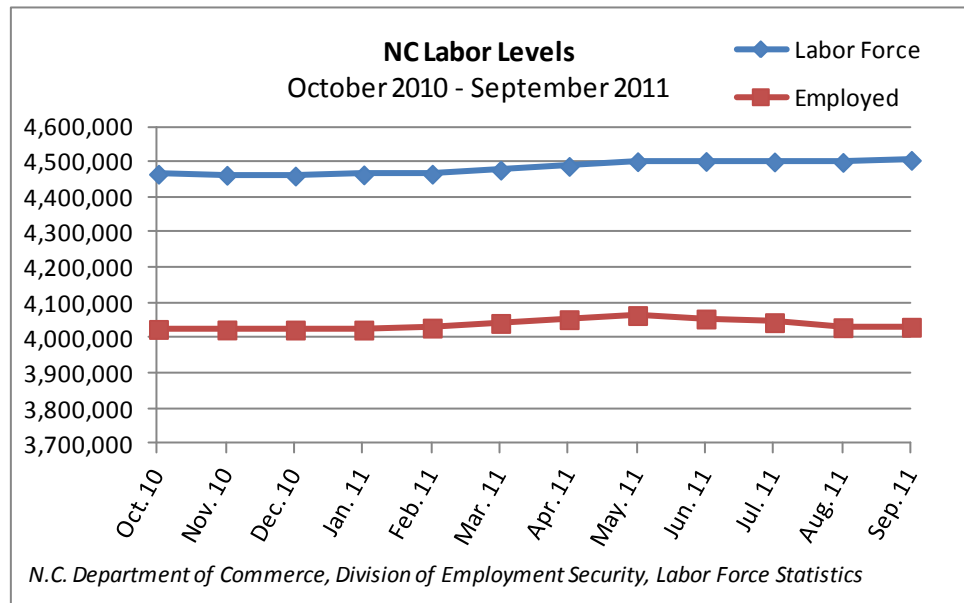
North Carolina's unemployment rate increased again this month, but mainly as a result of unemployed workers starting to look for employment. Nonfarm employment decreased slightly this month, largely due to layoffs in the Government sector. Existing home sales and authorizations were down this month as well compared to last month.

National employment data for September displayed an uptick in employment alongside a small increase in unemployed workers. This allowed the unemployment rate to remain at 9.1 percent for the third consecutive month. US Real GDP grew 2.5 percent according to the "advance" estimate for the third quarter of 2011, an upgrade from the second quarter growth estimate of 1.3 percent.

KEY INDICATORS AT A GLANCE	
	N.C. Unemployment rate increased 0.1% <i>10.5% in September, up from 10.4% in August</i>
	N.C. <u>U-6 Unemployment rate</u> increased 0.4% <i>From 17.5% in the 2nd Quarter to 17.9% in the 3rd Quarter</i>
	N.C. Foreclosure Filings decreased 14% <i>From 2,535 in August to 2,183 in September</i>

Unemployment increases as workers start searching for holiday employment

The number of employed workers in North Carolina this month was mostly unchanged from last month. The small bump in employment was tempered by a larger increase in unemployed workers, however. There were 4,500 more unemployed workers in the labor force in September and 1,300 more employed workers. The increase in unemployed workers is likely a result of people starting to look for seasonal work during the holidays. The number of unemployed workers is 6.3



percent higher than it was in September 2010, suggesting people are more optimistic about their chances of finding holiday employment this year.

North Carolina Seasonally Adjusted Labor Force Statistics									
	Aug-11 <i>(revised)</i>	Sep-11 <i>(preliminary)</i>	Previous Month (9/11 compared to 8/11)		Last Year - Same Month (9/11 compared to 9/10)		Start of Recession (9/11 compared to 12/07)		
			Change	% Change	Change	% Change	Change	% Change	
Labor Force	4,500,491	4,506,313	5,822	0.1%	32,370	0.7%	(54,084)	-1.2%	
Employed	4,031,052	4,032,376	1,324	0.0%	4,247	0.1%	(301,782)	-7.0%	
Unemployed	469,439	473,937	4,498	1.0%	28,123	6.3%	247,698	109.5%	

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

The increase in unemployed workers in the labor force pushed the unemployment rate for the State up again this month, from 10.4 percent in August to 10.5 percent in September on a seasonally adjusted basis. This is a more moderate increase than in previous months. The U.S. unemployment rate did not change from August to September. The current October release of U.S. unemployment shows the rate at 9.0 percent, reflecting a nationwide increase in employment and decrease in unemployment.

Seasonally Adjusted Unemployment Rates								
	Aug-11 (revised)	Sep-11 (preliminary)	Previous Month (9/11 compared to 8/11)		Last Year - Same Month (9/11 compared to 9/10)		Start of Recession (9/11 compared to 12/07)	
			Change	% Change	Change	% Change	Change	% Change
North Carolina	10.4%	10.5%	0.1%		0.6%		5.6%	
United States	9.1%	9.1%	0.0%		-0.5%		4.1%	

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

Initial unemployment benefit claims are a leading indicator of future unemployment rates. New initial claimants totaled 51,249 in September, an increase of 2,533 from August. The top five occupations of those claiming unemployment for the first time are: 1) Laborers and Freight, Stock, and Material Movers (hand); 2) Heavy and Tractor-Trailer Truck Drivers; 3) All Other Production Workers; 4) Cashiers; and 5) Helpers (Production Workers). Sixty-two 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 Food Preparation and Serving Related industries.

Initial Unemployment Benefit Claimants							
	Aug-11	Sep-11	Previous Month (9/11 compared to 8/11)		Last Year - Same Month (9/11 compared to 9/10)		12 Month Average (Beg. of 10/10 - End of 9/11)
			Change	% Change	Change	% Change	
North Carolina	48,716	51,249	2,533	5.2%	4,499	9.6%	58,141

N.C. Department of Commerce, Division of Employment Security; Labor Market Information

North Carolina resumes job loss trend, continues to lose Government Sector jobs

Preliminary data suggest:

- **Since last month** (August 2011) the economy experienced a net gain of 22,200 jobs.
 - The Government sector lost nearly 14,000 jobs.
 - Financial Activities has the second largest employment drop this month with 3,000 lost.
- **Over the past twelve months** employment has risen by nearly 10,000 jobs.
 - Only 2 sectors (Government and Other Services) have experienced declines of over 500 jobs.
 - Professional and Business Services has added over 11,000 jobs.
- **Since the start of the recession**
 - Manufacturing continues to struggle, having lost 100,000 jobs since the start of the recession.

North Carolina Seasonally Adjusted Nonfarm Employment Trends by Supersector								
Sector	Aug-11 (revised)	Sep-11 (preliminary)	Previous Month (9/11 compared to 8/11)		Last Year - Same Month (9/11 compared to 9/10)		Start of Recession (9/11 compared to 12/07)	
			Change	% Change	Change	% Change	Change	% Change
Mining & Logging	5,600	5,700	100	1.8%	100	1.8%	(1,200)	-17.4%
Construction	169,600	172,400	2,800	1.7%	(400)	-0.2%	(79,800)	-31.6%
Manufacturing	433,500	433,000	(500)	-0.1%	2,000	0.5%	(100,000)	-18.8%
Trade, Transportation, & Utilities	718,400	716,300	(2,100)	-0.3%	5,600	0.8%	(64,100)	-8.2%
Information	68,900	68,100	(800)	-1.2%	(400)	-0.6%	(4,100)	-5.7%
Financial Activities	203,200	200,200	(3,000)	-1.5%	900	0.5%	(11,700)	-5.5%
Professional & Business Services	498,600	497,400	(1,200)	-0.2%	11,600	2.4%	(8,600)	-1.7%
Education & Health Services	539,100	537,000	(2,100)	-0.4%	1,700	0.3%	3,500	0.7%
Leisure & Hospitality	405,700	403,800	(1,900)	-0.5%	10,700	2.7%	(1,600)	-0.4%
Other Services	154,800	155,000	200	0.1%	(3,400)	-2.1%	(20,500)	-11.7%
Government	688,000	674,300	(13,700)	-2.0%	(18,700)	-2.7%	(20,500)	-3.0%
Total Nonfarm Employment	3,885,400	3,863,200	(22,200)	-0.6%	9,700	0.3%	(308,600)	-7.4%

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

Foreclosures are nearly 50 percent lower than this month last year

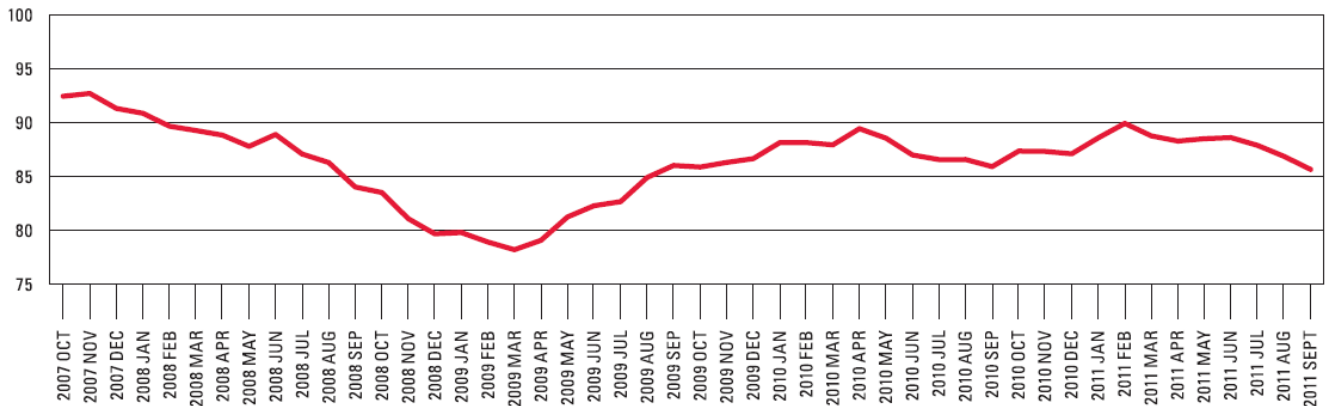
Data from the NC Association of Realtors show a 48 percent decrease in properties with foreclosure filings this month compared to the same month last year. Existing home sales and building permits in September decreased compared to August, but were both higher than their levels in September 2010. On another positive note, the foreclosure filings for September were below the 12 month average and the existing home sales and building permits were above the 12 month average.

North Carolina Housing Market Statistics							
	Aug-11 (revised)	Sep-11 (Preliminary)	Previous Month (9/11 compared to 8/11)		Last Year - Same Month (9/11 compared to 9/10)		12 Month Average (Beg. of 10/10 - End of 9/11)
			Change	% Change	Change	% Change	
Properties with Foreclosure Filings	2,535	2,183	(352)	-13.9%	(2,080)	-48.8%	3,025
Existing Homes - Units Sold	7,878	6,800	(1,078)	-13.7%	581	9.3%	6,593
Housing Units Auth. by Bldg. Permit	2,253	2,060	(193)	-8.6%	133	6.9%	1,958

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, fell for the third straight month in September, and is now at its lowest level in over two years. Still, it is substantially above its recent low point in the spring of 2009. Four of the Index's components worsened, the exception being a strong rise in manufacturing weekly earnings. Also on a positive note, the Index fell almost half as much as the comparable national leading index. Nonetheless, while not necessarily flashing a recessionary warning, the Index does suggest a continued challenging economy with modest improvement – at best – in the outlook.



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 (October 2011, volume 2, number 10) in this publication. The complete online version of the index may be found [here](#).

NATIONAL ECONOMIC UPDATE

Recent data reports continue to suggest safely positive economic growth in the near term. Long term interest rates have been pushed lower thanks to the Federal Reserves' continued efforts to support the economy. The European Debt Crisis continues to be a source of pain for U.S. Stocks as political uncertainty in Italy and Greece remains. The low consumer sentiment is not good news for retailers with the holiday season approaching.

National Gross Domestic Product (GDP)

- In the third quarter of 2011, real GDP increased at an annual rate of 2.5 percent, according to the "advance" estimate released by the Bureau of Economic Analysis.
- The increase in real GDP in the second 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.

Manufacturer's Shipments, Inventories and Orders

- New orders for manufactured durable goods decreased \$1.2 billion or 0.6 percent to \$201.0 billion in September, according to the U.S. Census Bureau.
- Down following four consecutive monthly increases, shipments of manufactured durable goods in September decreased \$1.3 billion or 0.6 percent to \$200.2 billion after rising 0.1 percent in August.

Personal Income & Consumer Spending

- Real disposable income decreased 0.1 percent in September, compared to a 0.4 percent decrease in August, according to the Bureau of Economic Analysis.
- Personal income increased \$17.3 billion, or 0.1 percent, in September.
- Personal consumption expenditures increased \$68.7 billion or 0.6 percent in September, which marked the second increase since July.

Housing

- Sales of new single-family houses in September 2011 were at a seasonally adjusted annual rate of 313,000, with a median sales price of \$204,100, slightly lower than last month's (price or rate?), 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 September which was higher than in August.
- Single-family authorizations (building permits), an indicator of future economic activity, were at a seasonally adjusted rate of 417,000 in September, 0.2 percent below the revised August figure of 418,000.

Consumer Confidence

- National consumer confidence decreased in October by 6.6 points to 39.8 after remaining relatively unchanged in September.

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