



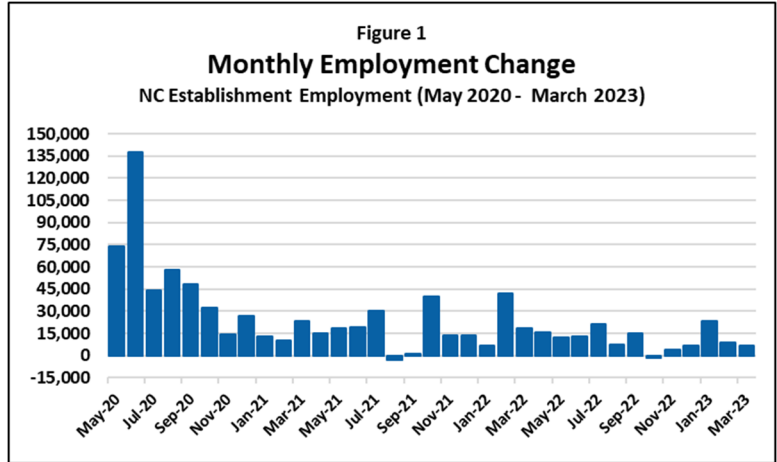
Monthly Economic Update

April 2023

Steady Growth in North Carolina and the Nation

NC Employment and Labor Force

North Carolina’s Establishment Employment¹ totaled 4,891,600 in March 2023. This count represented an increase of 7,000 workers over the month and 132,900 over the past year. The annualized monthly rate increase was 1.7 percent, while the change over the past year was a climb of 2.8 percent. The March count is 265,700 workers (up 5.7 percent) above the recovery target of 4,625,900, which was the employment count in February 2020. **Figure 1** provides a review of the post-recession monthly changes.



The North Carolina unemployment rate in March 2023, at 3.5 percent, is down by 0.1 percent over the month but is 0.2 percent higher than the comparable year-ago rate. Still, this is the lowest unemployment rate since the 3.4 percent recorded in May 2022 and is below the 3.8 percent rate found pre-Covid (Feb 2022). **Table 1** provides an overview of the unemployment rate and other

Table 1
North Carolina's Labor Force
March 2023

	Labor Force	Resident Employment	Resident Unemployment	Unemployment Rate(%)	Labor Force Participation Rate(%)
Mar-2023	5,179,566	4,996,448	183,118	3.5%	60.4%
Feb-2023	5,168,863	4,980,762	188,101	3.6%	60.4%
Mar-2022	5,153,298	4,981,094	172,204	3.3%	61.2%
Monthly Change					
Absolute	10,703	15,686	-4,983	-0.1%	0.0%
Percent	0.21%	0.31%	-2.65%		
Annual Change					
Absolute	26,268	15,354	10,914	0.2%	-0.8%
Percent	0.51%	0.31%	6.34%		

¹ The establishment employment count comes from a monthly survey of businesses and estimates the number of employees based on where they work. If a person has two jobs, each job would be included in the total.

measurements of the Labor Force². Note that the Labor Force Participation Rate³ remains 0.8 percent below the year-ago rate of 61.2 percent. 61.2 percent was also the pre-Covid February 2022 LFPR. The current difference suggests that there remain individuals that have not permanently returned to the labor force.

North Carolina and the Nation

Table 2 provides a view of how North Carolina’s economy is growing in relation to the nation. The recent measures of employment growth show that the state and nation are expanding in a similar fashion and that the respective unemployment rates are the same.

The nation grew slightly more over the past month (1.8 percent to 1.7 percent in North Carolina) while the state grew slightly more over the past year (2.8 percent to 2.7 percent to the nation). However, following the March-April 2020 recession, North Carolina’s employment has expanded more rapidly (5.7 percent to 2.1 percent for the entire country).

The unemployment rate for the state and for the nation stands at 3.5 percent in March 2020 and fell by 0.1 percent over the month. This is where the similarities stop. The national rate is below its year-ago level of 3.6 percent, while it matches the pre-Covid rate found in February 2020. The North Carolina rate is higher than the rate found in March 2022 (3.3 percent) but is 0.3 percent below its pre-Covid rate of 3.8 percent.

Table 2
Establishment Employment and the Unemployment Rate
North Carolina and the United States

	Mar-2023	Monthly Change	Annual Change	Recovery Change
North Carolina				
Establishment Employment	4,891,600	1.7%	2.8%	5.7%
Unemployment Rate	3.5%	-0.1%	0.2%	-0.3%
United States				
Establishment Employment	155,569,000	1.8%	2.7%	2.1%
Unemployment Rate	3.5%	-0.1%	-0.1%	0.0%

Note: The employment monthly change is annualized. The Recovery Change is the change since February 2020

² The labor force totals come from a monthly household survey that estimates the number of employed and unemployed workers. A person is counted once, and the count is based upon where they reside. The unemployed worker must be actively seeking a job to be included in the overall count.

³ The labor force participation rate (LFPR) is an estimate the percent of the eligible workforce who are employed or actively looking for work.



Establishment Employment Detail

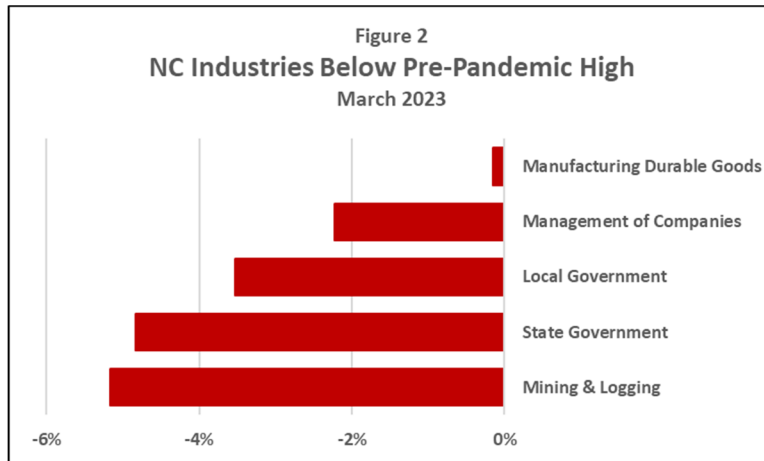
Table 3 provides the industry detail of the 132,900 gain in North Carolina’s establishment employment. It also shows the status of recovery for the 21 sectors presented in the table. Over the past year three sectors lost employment, one sector was unchanged, and eighteen industries gained employment. Five sectors are currently below their respective pre-Covid count of February 2020.

The 18 growing industries over the past year gained a collective 139,600 workers. Nearly half of the gain (49.3 percent) was found in three sectors: *Accommodation & Food Services* (up 30,800 or 7.3%); *Health Care & Social Services* (up 19,400 or 3.6%); and *Professional, Scientific, & Technical Services* (up 18,600 or 6.0%). The three industries that collectively lost 6,700 employees over the past year

Table 3
North Carolina Establishment Employment
Annual Changes and Overall Recovery
Employment is in Thousands

	Mar-23	Mar-22	Absolute Change	Percent Change	Percent Recovered*
Total Establishment Employment	4,891.6	4,758.7	132.9	2.8%	105.7%
Mining & Logging	5.5	5.5	0.0	0.0%	94.8%
Construction	253.5	244.9	8.6	3.5%	108.0%
Manufacturing Durable Goods	256.8	254.6	2.2	0.9%	99.8%
Manufacturing Nondurable Goods	221.4	217.8	3.6	1.7%	101.9%
Wholesale Trade	206.8	198.7	8.1	4.1%	110.0%
Retail Trade	520.3	520.6	-0.3	-0.1%	103.7%
Transportation, Warehousing, & Utilities	196.9	201.5	-4.6	-2.3%	118.3%
Information	84.2	79.6	4.6	5.8%	110.2%
Finance & Insurance	227.7	221.3	6.4	2.9%	116.6%
Real Estate & Rental Leasing	68.3	67.2	1.1	1.6%	108.8%
Professional, Scientific, & Technical Services	329.8	311.2	18.6	6.0%	122.1%
Management of Companies	83.4	82.3	1.1	1.3%	97.8%
Administrative & Waste Management	336.2	331.2	5.0	1.5%	112.4%
Educational Services	107.7	99.4	8.3	8.4%	110.6%
Health Care & Social Services	564.8	545.4	19.4	3.6%	106.3%
Arts, Entertainment, & Recreation	76.5	70.4	6.1	8.7%	101.1%
Accommodation & Food Services	453.1	422.3	30.8	7.3%	101.3%
Other Services	175.5	166.1	9.4	5.7%	104.6%
Federal Government	78.2	75.9	2.3	3.0%	104.3%
State Government	198.8	200.6	-1.8	-0.9%	95.2%
Local Government	446.2	442.2	4.0	0.9%	96.5%

* Percent Recovered in relation to February 2020. This month was the peak of the recent business cycle and the month before the March 2020-April 2020 pandemic recession began.

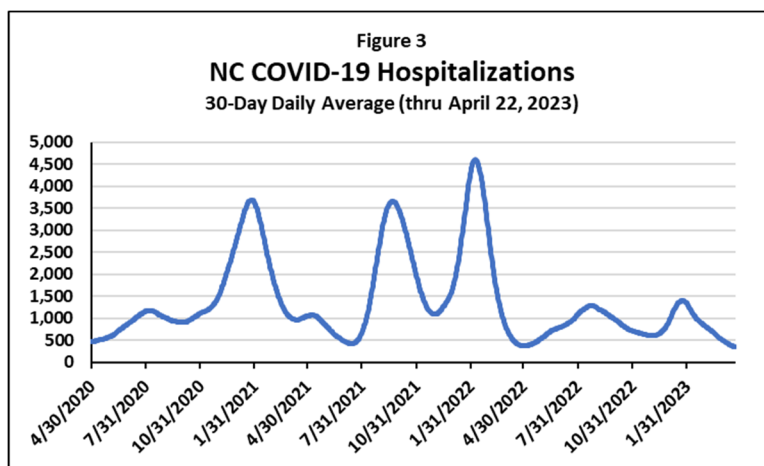


include: *Transportation, Warehousing, & Utilities* (down -4,600 or -2.3%); *State Government* (down -1,800 or -0.9 percent); and *Retail Trade* (down -300 or -0.1 percent).

Figure 2 complements **Table 3** by showing the five industries that are currently below their respective pre-Covid (February 2020) job count. While mining shows the greatest percentage loss at 5.2 percent, it is only 300 employees below the pre-recession count. The two industries showing the largest absolute losses are *Local Government* (down 16,300 or 3.5 percent) and *State Government* (down 10,100 or 4.8 percent). *Management of Companies* is down by 1,900 (-2.2 percent) and *Manufacturing Durable Goods* is down by 400 (-0.2 percent).

Covid and the Economy

The Covid virus continues to have a diminishing impact upon the economy. The 30-day average of new cases, at 282 per day, is the lowest rate recorded in both 2022 and 2023. Further, the average number of daily recorded deaths over a 30-day period is the lowest since the state began recording the statistic in early 2020. Hospitalizations, as pictured in **Figure 3**, match a two-year low. Hopefully, the downward momentum of the negative impacts of the virus that started early this year



will carry forward and continue to lighten the economic costs and burdens associated with a Covid-impacted economy.

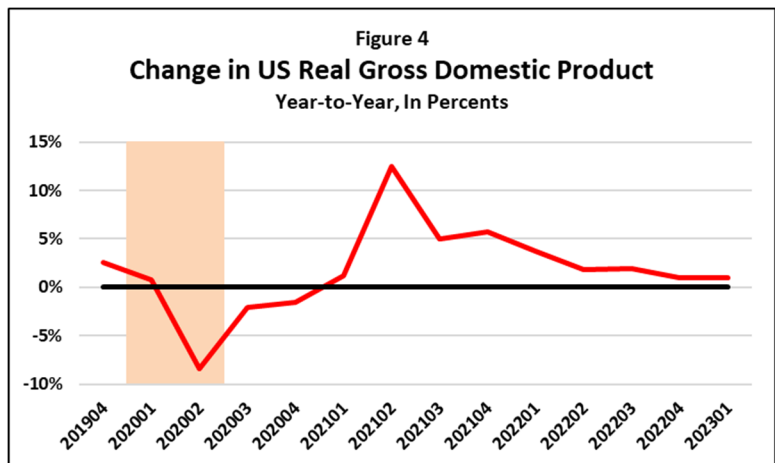
The Economic Outlook

The April 2023 NABE Business Conditions Survey⁴ suggested “an environment of rising sales and declining profits as rising materials costs and wages continue to bite. The U.S. economy is slowing down as fewer panelists report rising employment and capital spending.” These suggestions were confirmed in the 2023q1 real Gross Domestic Product (GDP) that was released on April 27. **Table 4** provides the component detail of the quarter growth while **Figure 4**⁵ shows the downward trend in GDP growth since the 12.5 percent peak level in 2021q2. The data show that consumption and government spending remained robust, but business investment and net exports provided a drag to the total. While these latest numbers along with monthly data suggest that the economy is slowing, there remains no guarantee that the nation will fall into recession - in spite of high inflation and possible Federal Government default remaining on the horizon.

James W. Kleckley, PhD
 Senior Economic Advisor
 April 28, 2023

Table 4
Change in Real Gross Domestic Product
2023q1
 Percents are at Annualized Rates
 Inventories are in Billions of Chained (2012) Dollars

	Quarter to Quarter	Year to Year
Real GDP	1.1%	1.0%
Consumption	3.7%	1.9%
Investment	-12.5%	-4.6%
Fixed	-0.4%	-2.7%
Nonresidential	0.7%	3.7%
Residential	-4.2%	-19.3%
Change in Inventories (absolute)	-1.6	-67.7
Net Exports	-11.0%	-5.0%
Exports	-1.3%	5.3%
Imports	-4.6%	1.7%
Govt Purchases	3.7%	0.9%
Implicit Price Deflators		
Gross domestic product	3.51%	6.30%
Personal consumption expenditures	3.16%	5.54%



⁴ Business Conditions Survey, April 2023, National Association for Business Economics (NABE).

⁵ The vertical shading in **Figure 4** is the March-April recession that overlapped two quarters.