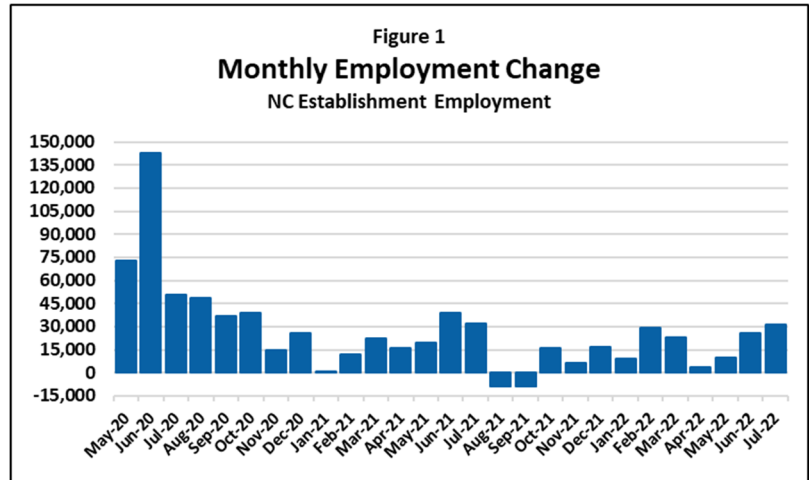


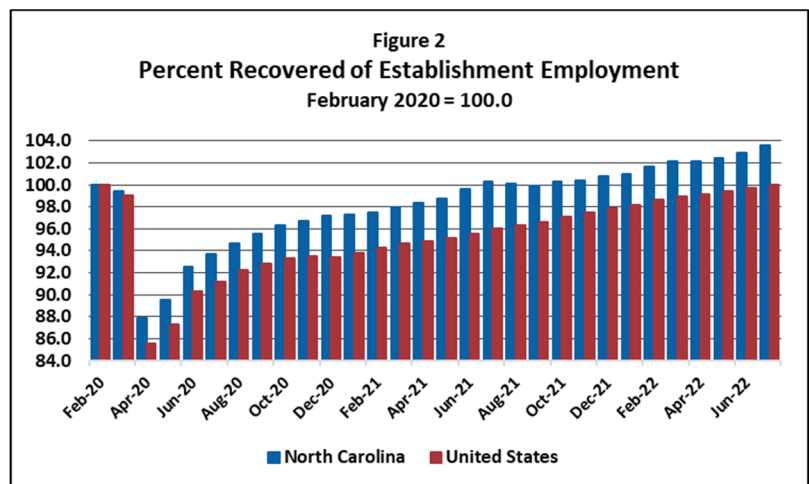
Employment Growth Accelerates in North Carolina

North Carolina’s Total Establishment Employment¹ climbed to 4,788,700 in July 2022. The increase – 31,400 workers over June – was the largest monthly increase since July 2021 (32,100). July’s increase also was the ninth largest increase since the recovery began in May 2020 and the tenth consecutive increase since the state surpassed its February 2020 pre-pandemic high (4,620,400). The monthly recovery and expansion following the March-April 2020 recession is presented in **Figure 1**.



National Establishment Employment growth also was strong in July 2022. The 528,000 increase in employment over June marked the nation’s strongest monthly growth since February 2022 when employment climbed by 714,000. In July the nation’s total employment (152,536,000) finally surpassed its February 2020 pre-pandemic high (152,504,000) – by 32,000 workers or 0.02 percent. As a reminder, North Carolina’s Establishment Employment count first, but temporarily, exceeded its pre-pandemic high in July 2021. It has been continually above this recovery goal since October 2021. In fact, the July 2022 count was 3.64 percent above the pre-Covid (February 2020) benchmark. **Figure 2** provides the monthly recovery and expansion comparison for the state and nation.

The national unemployment rate for July 2022 drifted down by 0.1 percent over the month to 3.5 percent, while the North Carolina rate held steady at 3.4 percent. July is the fourth consecutive month for the state to realize this unemployment rate.



¹ The establishment employment count comes from a 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.

Before this current four-month streak, North Carolina had not seen an unemployment rate this low in over 20 years (3.4 percent in March 2000).

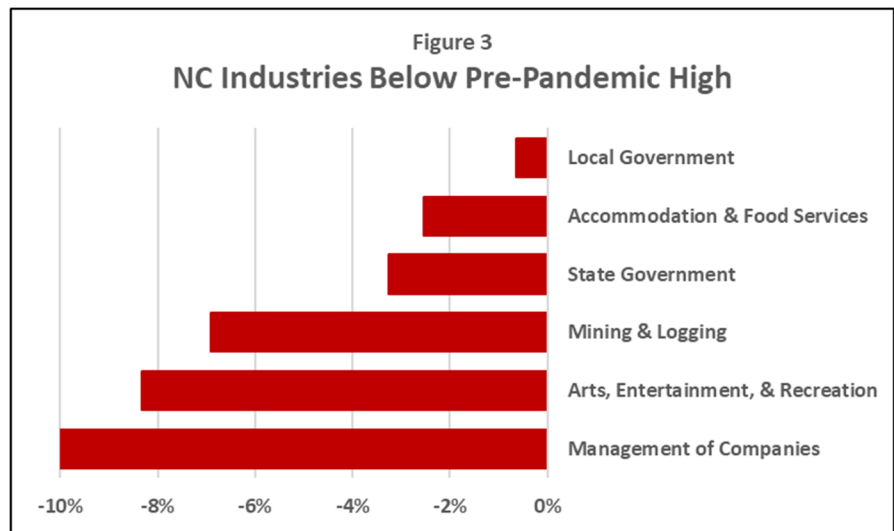
As can be seen in **Table 1**, the state’s labor force² climbed over the month and year. The respective gains were largely fed by new entrants to the employment ranks, or perhaps re-entrants, as the size of the employment gains largely

outweighed the respective drops in the number of unemployed. These changes helped push the labor force participation rate to 60.6 percent, a level well above the recessionary low (56.7 percent in April 2020) but below the 61.3 percent seen in February 2020.

Table 1
North Carolina's Labor Force
July 2022

	Labor Force	Employed	Unemployed	Unemployment Rate(%)	Labor Force Participation Rate(%)
Jul-2022	5,114,988	4,943,277	171,711	3.4%	60.6%
Jun-2022	5,101,330	4,929,061	172,269	3.4%	60.5%
Jul-2021	4,971,983	4,729,562	242,421	4.9%	59.7%
Monthly Change	13,658	14,216	-558	0.0%	0.1%
	0.27%	0.29%	-0.32%		
Annual Change	143,005	213,715	-70,710	-1.5%	0.9%
	2.9%	4.5%	-29.2%		

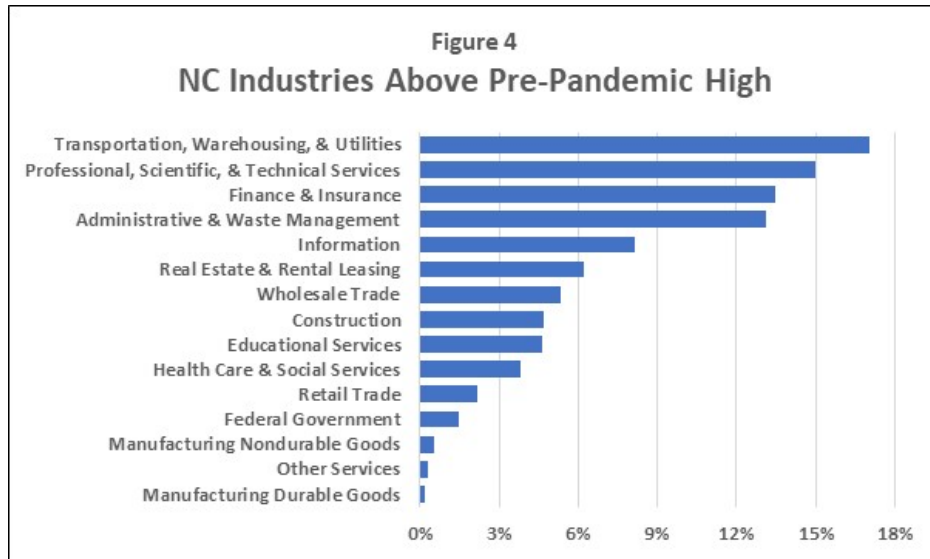
Figure 3 displays the six sectors in North Carolina that have not recovered the employment that was lost during the pandemic. These sectors that remain in the recovery phase of the current business cycle include *Management of Companies* (down 10.1 percent or 8,600 workers); *Arts, Entertainment, & Recreation* (down 8.3 percent or 6,3 workers); *Mining & Logging* (down 6.9 percent or 400 workers); *State Government* (down 3.2 percent or 6,700 workers); *Accommodation & Food Services* (down 2.5 percent or 11,300 workers); and *Local Government* (down 0.6 percent or 2,900 workers). Two industries that were below their respective full recovery goal in June, *Manufacturing Nondurable Goods* and *Other Services*, surpassed this target in July.



Two industries that were below their respective full recovery goal in June, *Manufacturing Nondurable Goods* and *Other Services*, surpassed this target in July.

Figure 4 provides a picture of the fifteen sectors that have expanded their employment over the February 2020 pre-pandemic high. *Transportation, Warehousing, & Utilities* stands at the top (up 17.1 percent), while three industries are less than one percent above their target count. These

² The labor force totals come from a 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.



three industries include *Manufacturing Durable Goods* (up 0.16 percent), *Other Services* (up 0.30 percent), and *Manufacturing Nondurable Goods* (up 0.55 percent).

Regarding absolute growth, five sectors have expanded by over 20,000 employees beyond their February 2020 pre-pandemic high. Collectively these five industries account for 75.6 percent of the post-pandemic expansion. At the lower end of these industry growth leaders is *Health Care & Social Services*. While *Health Care & Social Services* realized only the tenth largest percentage gain (up 3.8 percent), it has added 20,300 workers. At the top sits *Professional, Scientific, & Technical Services* (up 40,400 or 15.0 percent). The other three sectors include *Administrative & Waste Management* (up 39,400 or 13.1 percent); *Transportation, Warehousing, & Utilities* (up 28,300 or 17.1 percent); and *Finance & Insurance* (up 26,300 or 13.5 percent).

On the next page **Table 2** shows how the state’s industrial structure has changed over the past twelve months in relation to establishment employment. Additionally, it shows where each industry stands relative to its pre-pandemic high. This later column provides the numerical details for **Figures 3** and **4**.³

As mentioned earlier, six sectors have yet to see their employment numbers return to their respective February 2020 count. Three of these industries gained employment over the past twelve months, while three lost workers. Gains were realized in *Arts Entertainment, & Recreation* (up 9.5 percent); *Accommodation & Food Services* (up 6.2 percent); and *Local Government* (up 2.8 percent). The sectors that lost employment included *Management of Companies* (down 0.3 percent); *State Government* (down 3.2 percent); and *Mining & Logging* (down 3.6 percent).

Seventeen sectors gained a total of 162,000 jobs over the past year (up 3.7 percent), while four lost workers (down 7,500 or -2.1 percent). In addition to the three industries mentioned in the last

³ 103.6 percent means that the economy is 3.6 percent above the February 2020 goal (103.6 - 100.0 = +3.6), while 93.1 percent means that the sector is below February 2020 by 6.9 percent (93.1 - 100 = -6.9).

Table 2
North Carolina Establishment Employment
Annual Changes and Overall Recovery
 Employment is in Thousands

	Jul-22	Jul-21	Absolute Change	Percent Change	Percent Recovered*
Total Establishment Employment	4,788.7	4,634.2	154.5	3.3%	103.6%
Mining & Logging	5.4	5.6	-0.2	-3.6%	93.1%
Construction	245.3	238.5	6.8	2.9%	104.7%
Manufacturing Durable Goods	257.8	250.6	7.2	2.9%	100.2%
Manufacturing Nondurable Goods	218.1	212.2	5.9	2.8%	100.6%
Wholesale Trade	198.1	190.6	7.5	3.9%	105.3%
Retail Trade	513.1	509.3	3.8	0.7%	102.2%
Transportation, Warehousing, & Utilities	194.1	192.3	1.8	0.9%	117.1%
Information	82.6	77.8	4.8	6.2%	108.1%
Finance & Insurance	221.3	212.0	9.3	4.4%	113.5%
Real Estate & Rental Leasing	66.8	63.1	3.7	5.9%	106.2%
Professional, Scientific, & Technical Services	310.0	292.5	17.5	6.0%	115.0%
Management of Companies	76.6	76.8	-0.2	-0.3%	89.9%
Administrative & Waste Management	339.3	310.1	29.2	9.4%	113.1%
Educational Services	102.2	95.0	7.2	7.6%	104.6%
Health Care & Social Services	551.9	536.5	15.4	2.9%	103.8%
Arts, Entertainment, & Recreation	69.4	63.4	6.0	9.5%	91.7%
Accommodation & Food Services	433.1	407.7	25.4	6.2%	97.5%
Other Services	169.2	161.5	7.7	4.8%	100.3%
Federal Government	76.1	76.6	-0.5	-0.7%	101.5%
State Government	199.5	206.1	-6.6	-3.2%	96.8%
Local Government	458.8	456.0	2.8	0.6%	99.4%

* 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.

paragraph, *Federal government* is the only sector that lost employment (down 6,600) but has a workforce total above the pre-pandemic high.

Nearly 60 percent of the twelve-month employment gain occurred in five sectors: *Administrative & Waste Management* (up 29,200 or 9.4 percent); *Accommodation & Food Services* (up 25,400 or 6.2 percent); *Professional, Scientific, & Technical Services* (up 17,500 or 6.0 percent); *Health Care & Social Services* (up 15,400 or 2.9 percent); and *Finance & Insurance* (up 9,300 or 4.4 percent). One notable point of interest is found in *Transportation, Warehousing, & Utilities*. While this sector leads the state in percent growth since the February 2020 pre-pandemic high (up 17.1 percent), it grew by only 1,800 jobs (up 0.9 percent) over the past year. This total represents the fewest number of jobs added in the seventeen growing sectors during the past year.



Table 3
QCEW Establishment Employment Changes
Select Industry Detail
February 2020 to December 2021

	Feb-20	Dec-21	Change	Percent Change
Total, All Industries	4,512,166	4,646,257	134,091	2.97%
Health Care and Social Services	640,438	630,385	-10,053	-1.57%
Ambulatory Health Care Services	229,509	236,190	6,681	2.91%
Hospitals	223,117	222,631	-486	-0.22%
Nursing and Residential Care Facilities	100,564	86,369	-14,195	-14.12%
Social Assistance	87,248	85,195	-2,053	-2.35%
Arts, Entertainment, & Recreation	72,747	68,492	-4,255	-5.85%
Performing Arts, Spectator Sports, and Related Industries	14,693	13,816	-877	-5.97%
Museums, Historical Sites, and Similar Institutions	4,862	4,814	-48	-0.99%
Amusement, Gambling, and Recreation Industries	53,192	49,862	-3,330	-6.26%
Accommodation & Food Services	433,818	409,743	-24,075	-5.55%
Accommodation	44,018	38,885	-5,133	-11.66%
Food Services and Drinking Places	389,800	370,858	-18,942	-4.86%

In the July 2022 Monthly Economic Update, we used the Quarterly Census of Employment and Wages (QCEW⁴) to provide a county-by-county examination of the Covid employment impact across North Carolina. We also can use these data to produce a more detailed examination of the changes within North Carolina’s industrial structure. **Table 3** provides an overview of this detail for three sectors that we review each month: *Health Care and Social Services*; *Arts, Entertainment, & Recreation*; and *Accommodation & Food Services*. These three sectors were significantly impacted by the pandemic - from caring for the sick and displaced to losing customers as individuals dramatically reduced traveling and out-of-the-house activities.

While *Health Care and Social Services* fell by over 10,000, most of the losses were in *Nursing and Residential Care Facilities* (down 14,200 or -14.1 percent). On the other hand, *Ambulatory Health Care Services* (such as offices of physicians and dentists to home health services) grew their numbers. *Hospitals* and *Social Assistance*⁵ both lost employees, even though each carried a heavy burden during the Covid crisis.

Arts, Entertainment, & Recreation, while being a small employment provider, had most of their losses (3,330 or 78 percent) appear in *Amusement, Gambling, and Recreation Industries* (AGRI). *Performing Arts, Spectator Sports, and Related Industries* realized a percentage loss like AGRI, but

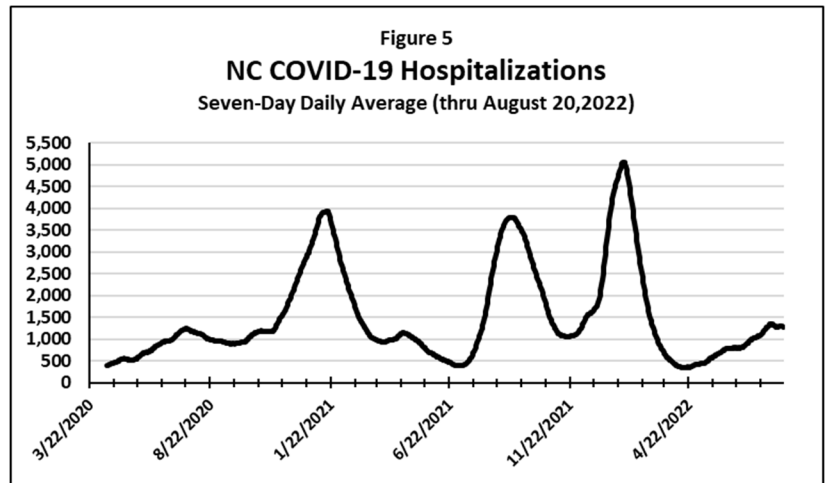
⁴ The QCEW data are extracted from unemployment insurance tax returns that are filed by employers and cover more than 95 percent of the establishment jobs. These data are often considered the most reliable source of employment activity and serve as the benchmark for the monthly establishment employment estimates that we review each month.

⁵ Social Assistance includes Individual and Family Services; Community Food and Housing, and Emergency and Other Relief Services; Vocational Rehabilitation Service; and Child Day Care Services.

losses were below 1,000 persons. *Museums, Historical Sites, and Similar Institutions* lost employment but were close to full recovery in December 2021.

Accommodation & Food Services saw most of its losses in *Food Services and Drinking Places* (18,942 or down 4.9 percent), but the *Accommodation* sub-sector experienced a much larger percentage drop (down 11.7 percent or 5,133 persons). The reduction in employment remains. Although inflation is playing a role in dampening discretionary spending, some consumers remain less inclined to go to crowded places and many former employees are reluctant to return to their old jobs.

Finally, covid hospitalizations peaked most recently (August 2, 2022) when patients across North Carolina numbered 1,393. Since that date, the numbers have been drifting slowly downward. Still, the average number of daily patients for the first three weeks of August average 1,300. This is below the 1,500 per day that the state has averaged since April 6, 2020. Importantly, deaths continue to remain low, suggesting that the vaccines, other medications, and the quality of care for Covid patients continue to have positive effects. Covid-19 hospitalization trends can be seen in **Figure 5**.



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