



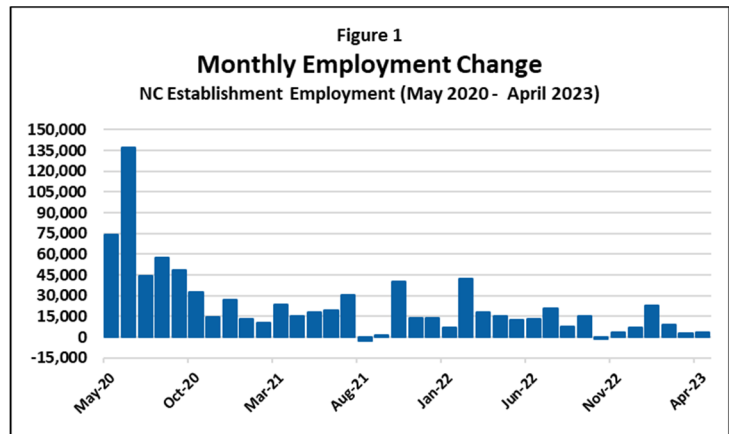
# Monthly Economic Update

May 2023

## North Carolina's Growth Continues

### NC Employment and Labor Force

Estimated statewide establishment employment for April 2023 was 4,891,300 workers. This amount is 117,100 more than the April 2022 count and is up 3,600 over the course of the month. While the state experienced strong monthly growth in January 2023 to start the year (up 23,200), growth during February, March, and April has continued, but at a much slower pace (8,900 in February, 3,100 in March, and 3,600 in April).



According to the establishment employment data following the Covid-induced recession of March 2020-April 2020, there have been three distinct periods of growth (see **Figure 1**). The initial period spanned May 2020 through July 2021. This 15-month cycle made up an extensive portion of the recovery phase, during which time job creation averaged 37,700 per month and the state restored nearly all the 565,600 jobs lost during the recession. Statewide establishment employment fell by 3,000 workers in August 2021, and a 13-month cycle started in September with a gain of 1,400 jobs. From September 2021 to September 2022, there was an average growth of 18,300 per month. Employment then fell by 1,600 in October 2022 and the third mini cycle started in November 2022. During this third span, which has now lasted six months, employment has increased by 8,250 per month.

While the establishment employment data paints a picture of a growing economy, albeit at a relatively slower pace in the past three months, the labor force data<sup>1</sup> suggests that the economy has recently been growing more rapidly. The changes over the past year in the major components of the labor force, resident employment and unemployment, are illustrated in **Figure 2**.

May 2022 saw an increase in resident employment of 1,945 workers and a rise in unemployment of 5,155. Unemployment kept climbing through September while employment reversed course and continued to fall through October. In November 2022 resident employment once again increased

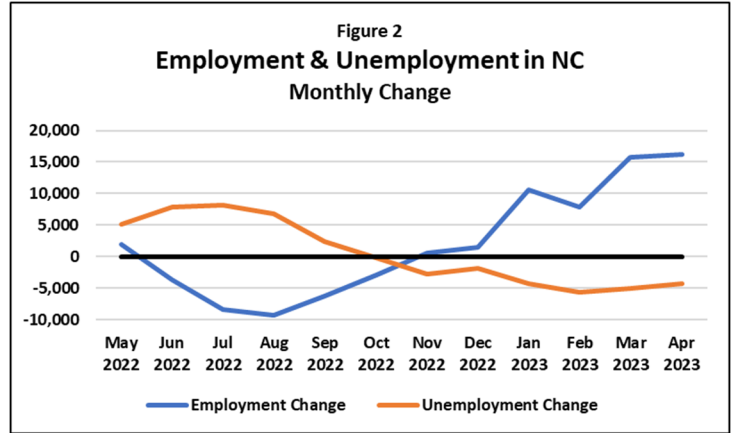
<sup>1</sup> The labor force totals come from a monthly household survey that estimates the number of employed and unemployed workers. A person is counted once, and the count is based upon where they reside. The unemployed worker must be actively seeking a job to be included in the overall count.

while unemployment fell. According to the April 2023 data, employment has now risen for six consecutive months (to a high of 16,200). From October 2022 to April 2023 there was an average monthly decline in unemployment of 3,400 persons.

The labor force profile for North Carolina as of April 2023 in **Table 1** supports the optimistic assessment of the labor market where employment climbs and unemployment falls. Resident employment increased by 16,200 people in April while the number of unemployed decreased by 4,213. The unemployment rate fell to 3.4 percent because of these developments. The unemployment rate has also decreased for the fourth time in the previous five months. Moreover, April 2023 marked the first increase in the Labor Force Participation Rate<sup>2</sup> since March 2022 - suggesting that more individuals are willing and able to return to the workforce.

### The Nation and North Carolina

**Table 2** compares the establishment employment and unemployment rates for the nation and the state. During the previous month, the US establishment employment grew more swiftly than North Carolina (0.9 percent in NC versus 2.0 percent for the country), but year-over-year growth was roughly equal (2.5 percent for the state and 2.6 percent for the US). In contrast, the employment data suggest that North Carolina has experienced a much stronger recovery and expansion since the recession. While the nation's expansion over its pre-Covid



**Table 1**  
**North Carolina's Labor Force**  
April 2023

	Labor Force	Resident Employment	Resident Unemployment	Unemployment Rate(%)	Labor Force Participation Rate(%)
<b>Apr-2023</b>	5,191,541	5,012,688	178,853	3.4%	60.5%
<b>Mar-2023</b>	5,179,562	4,996,488	183,074	3.5%	60.4%
<b>Apr-2022</b>	5,160,841	4,988,505	172,336	3.3%	61.2%

Monthly Change					
Absolute	11,979	16,200	-4,221	-0.1%	0.1%
Percent*	2.8%	4.0%	-24.4%		

Annual Change					
Absolute	30,700	24,183	6,517	0.1%	-0.7%
Percent	0.6%	0.5%	3.8%		

\* Annualized Percent Change

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

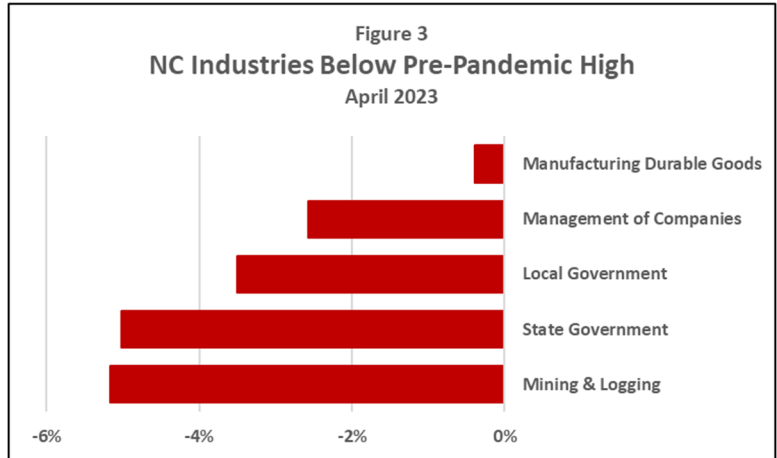
	Apr-2023	Monthly Change	Annual Change	Recovery Change
<b>North Carolina</b>				
Establishment Employment	4,891,300	0.9%	2.5%	5.7%
Unemployment Rate	3.4%	-0.1%	0.1%	-0.4%
<b>United States</b>				
Establishment Employment	155,673,000	2.0%	2.6%	2.1%
Unemployment Rate	3.4%	-0.1%	-0.2%	-0.1%

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

<sup>2</sup> The Labor Force Participation Rate (LFPR) is an estimate the percent of the eligible workforce who are employed or actively looking for work.

count is 2.1 percent, it is less than half that of North Carolina, where the state's establishment employment count has risen 5.7 percent above its February 2020 levels.

For the third consecutive month, the unemployment rates in North Carolina and the US in April 2023 are the same. Both rates decreased by 0.1 percent over the course of the month, but the US rate is lower (by 0.2 percent) than it was a year earlier while the rate in North Carolina is higher (by 0.1 percent). Both the state and national unemployment rates have fallen below their pre-Covid recession levels, however the rate in North Carolina has fallen more precipitously (down 0.4 percent compared to a reduction of 0.1 percent nationally). This proportional decline is in line with the stronger employment growth previously mentioned.



### Establishment Employment Detail

April 2023 finds five industries in North Carolina that are below their respective pre-Covid establishment employment count. These industries include Mining & Logging (down 5.2 percent or 300 jobs); State Government (down 5.0 percent or 10,500 jobs); Local Government (down 3.5 percent or 16,200 jobs); Management of Companies (down 2.6 percent or 2,200 jobs); and Manufacturing Durable Goods (down 0.4 percent or 1,000 jobs). These five industries lost 30,200 jobs overall. Most

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

	Apr-23	Apr-22	Absolute Change	Percent Change	Percent Recovered*
Total Establishment Employment	4,891.3	4,774.2	117.1	2.5%	105.7%
Mining & Logging	5.5	5.6	-0.1	-1.8%	94.8%
Construction	253.5	245.5	8.0	3.3%	108.0%
Manufacturing Durable Goods	256.2	255.0	1.2	0.5%	99.6%
Manufacturing Nondurable Goods	220.4	218.2	2.2	1.0%	101.4%
Wholesale Trade	207.4	200.0	7.4	3.7%	110.3%
Retail Trade	522.2	521.1	1.1	0.2%	104.1%
Transportation, Warehousing, & Utilities	197.5	199.3	-1.8	-0.9%	118.7%
Information	83.3	80.2	3.1	3.9%	109.0%
Finance & Insurance	227.4	222.9	4.5	2.0%	116.5%
Real Estate & Rental Leasing	69.3	67.7	1.6	2.4%	110.4%
Professional, Scientific, & Technical Services	332.0	315.0	17.0	5.4%	123.0%
Management of Companies	83.1	81.7	1.4	1.7%	97.4%
Administrative & Waste Management	332.8	334.1	-1.3	-0.4%	111.2%
Educational Services	107.5	100.2	7.3	7.3%	110.4%
Health Care & Social Services	567.9	547.5	20.4	3.7%	106.8%
Arts, Entertainment, & Recreation	76.4	71.6	4.8	6.7%	100.9%
Accommodation & Food Services	449.8	425.4	24.4	5.7%	100.6%
Other Services	176.1	166.7	9.4	5.6%	104.9%
Federal Government	78.3	75.9	2.4	3.2%	104.4%
State Government	198.4	198.8	-0.4	-0.2%	95.0%
Local Government	446.3	441.8	4.5	1.0%	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.

of the total (26,700 positions) are, however, found in *State Government* and *Local Government*.

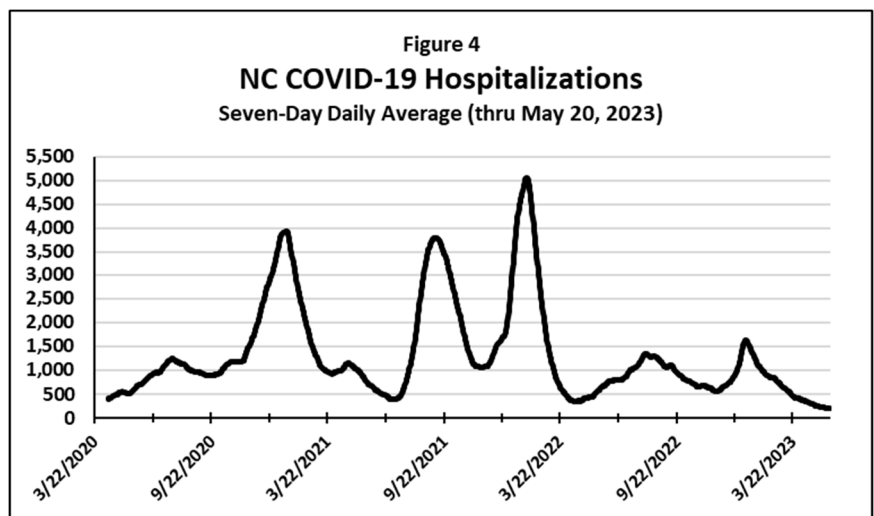
Since February 2020, the remaining 21 sectors have added a total of 295,600 additional employees. *Accommodation & Food Services* are at the low end of the scale (up 700 jobs), while *Professional, Scientific, & Technical Services* are at the high end (up 62,000 workers). *Professional, Scientific, & Technical Services*, along with three other sectors that have added over 30,000 workers, account for more than half of the state's growth since the Covid-induced crisis. These three other industries that are leaders in statewide growth are *Transportation, Warehousing & Utilities* (up 31,100), *Finance & Insurance* (up 32,200), and *Administrative & Waste Management* (up 33,600).

The relative increase since the recession for the major sectors in North Carolina since February 2020 is summarized in **Table 3**. The table also provides detail relating to sector growth over the past year.

Since last April, four industries have lost a combined 3,600 employees, while seventeen have gained a collective 120,700 workers. The sectors that lost jobs include *Transportation, Warehousing, & Utilities* (down 1,800), *Administrative & Waste Management* (down 1,300), *State Government* (down 400), and *Mining & Logging* (down 100). Over half of the increase in employment during the past 12 months is attributed to three industries. These include *Accommodation & Food Services* (up 24,400), *Health Care & Social Services* (up 20,400), and *Professional, Scientific, & Technical Services* (up 17,000).

### The Economy and Covid

The diminishing effect of the Covid virus on the economy has been emphasized during the last few months within the NCPRO Monthly Economic Update. For instance, Covid related hospitalizations, while averaging approximately 200 persons per day, has consistently fallen since early January (1,628 peak on January 8). The state is releasing fewer Covid-Impact measures because of this decline in Covid activity. Daily cases and deaths, for instance, are no longer regularly provided. Hospitalizations do, nevertheless, provide for an assessment of the virus's severity - which fortunately is waning.



## The Economic Outlook

The economic outlook remains uncertain regarding the nation falling into recession. For instance, the five lowest estimates in the recently released NABE May 2023 Outlook<sup>3</sup> predict a recession this year, while the highest five predict growth to exceed two percent. However, the Outlook's consensus forecast anticipates a steadily expanding economy in 2023 and a more encouraging situation in 2024. As seen in **Table 4**, the country's GDP growth is anticipated to remain below 1.0 percent for a second consecutive year before modestly accelerating in 2024. The Consumer Price Index, which measures inflation, should decline in 2023 compared to 2022, but it is still predicted to end the year at an unacceptably high level. The Federal Reserve's target inflation rate of 2.0 percent should be significantly closer by the end of 2024. Unfortunately, but consistent with the basic Phillips Curve philosophy showing the tradeoff between inflation and unemployment, the experts are predicting that while inflation is being eliminated from the economy, the jobless rate will be increasing.

	Actual	Forecast	
	2022	2023	2024
Real Gross Domestic Product, % Change, Q4/Q4	0.9	0.4	1.7
Consumer Price Index, % Change, Q4/Q4	8.0	4.2	2.5
Unemployment Rate, % Annual Average	3.6	3.7	4.3

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May 26, 2023

<sup>3</sup> National Association for Business Economics, NABE Outlook Survey May 2023, [https://nabe.com/NABE/Surveys/Outlook\\_Surveys/May\\_2023\\_Outlook\\_Survey\\_Summary.aspx](https://nabe.com/NABE/Surveys/Outlook_Surveys/May_2023_Outlook_Survey_Summary.aspx)