



Monthly Economic Update

January 2022

A Big Bounce In 2021, But Not Fully Recovered

North Carolina's December 2021 establishment employment climbed by 23,700 over the month to a total of 4,579,300 employees¹. This was the second month out of the last three when employment climbed over 23,000. Still, the state remains short of its pre-pandemic high of 4,626,600. North Carolina is 47,300, or 1.0 percent, below this February 2020 total.

The nation remains 2.3 percent (3.5 million persons) short of its February 2020 pre-pandemic high, meaning that North Carolina is relatively closer to its initial recovery goal. This progress is despite the two months in 2021 when the state lost employment: April (down 5,300) and August (down 12,300).

Even though the nation is farther from its pre-pandemic recovery goal (down 2.4 percent in the nation to 1.0 percent in North Carolina), its 2021 annual growth in establishment employment exceeded the pace found in North Carolina (4.5 percent in the United States versus 3.2 percent in North Carolina). This was only the third time in the past 10 years when the nation's annual employment grew at or above the state's pace. In 2011 the nation outpaced the state by (0.3 percent) and in 2017 both entities grew by 1.5 percent. The annual 2020 COVID induced drop in employment, as one can see in Figure 1, was not nearly as severe in North Carolina (3.8 percent down in the state and 4.5 percent down in the nation). Since the nation had a steeper drop in jobs, its bigger bounce in the pace of employment growth in 2021 was not unexpected.

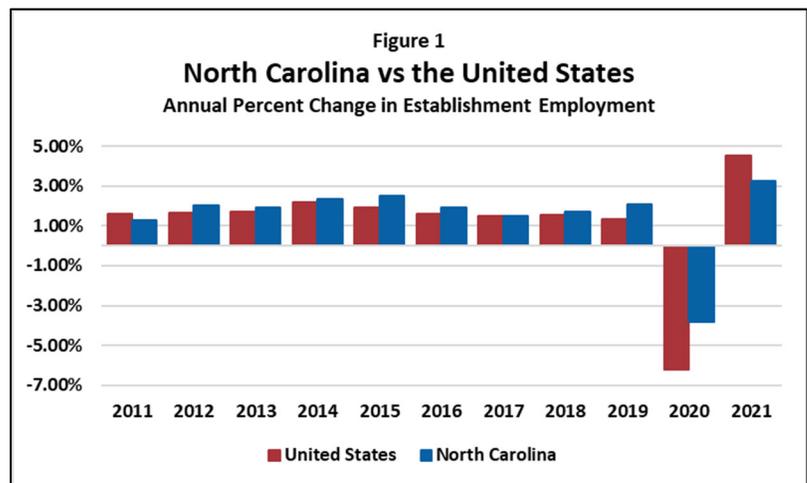


Table 1 provides a window into the components of North Carolina's recovery. Nine sectors in the table have gained employment in the past 22 months, while twelve remain below the February 2020 employment peak.

Transportation, Warehousing, & Utilities has gained the largest percentage of jobs (12.2 percent) over the recovery period. When one counts employees, which are collectively 71,900 jobs above the pre-pandemic peak, the sectors are led by *Professional, Scientific, & Technical Services* (up 22,100) and *Transportation, Warehousing, & Utilities* (up 20,200). Three sectors have gained between 5,000

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

and 9,000 jobs: *Administrative & Waste Management* (up 8,400); *Construction* (up 7,900); and *Retail Trade* (up 5,500). Two industries, *Finance & Insurance* (up 3,200) and *Information* (up 3,100) have each gained just over 3,000 employees. *Federal Government* (up 1,100) and *Manufacturing Nondurable Goods* (up 400) are at the bottom of the gainers, but have gained jobs, nonetheless.

In total, the 12 industries in North Carolina that lag their respective February 2020 job count have lost a collective total of 119,200 jobs. The largest percentage loss is in *State Government* employment, which is down 11.7 percent (24,100 jobs). The largest absolute loss has been in *Accommodation & Food Services* (down 33,600 jobs and 7.5 percent). Two other sectors have also lost over 7 percent of their

jobs: *Educational Services* (down 7.9 percent and 7,800 jobs) and *Arts, Entertainment, & Recreation* (down 7.5 percent and 5,800 jobs). Two sectors that have realized large losses are *Health Care and Social Services* (down 19,900 or 3.7 percent) and *Local Government* (down 11,400 or 2.5 percent). The former is particularly troubling given the urgent and increased demands on healthcare providers throughout the pandemic.

Even though *Health Care & Social Services* has lost employment during the pandemic, it still commands the largest share of employment in the 21 sectors presented in Table 2. However, its share (11.2 percent) has declined since February 2020 and is now only slightly above that of *Retail Trade* (11.1 percent)². The largest changes in rankings were in *State Government* and *Transportation, Warehousing, and Utilities*. A decline in employment in *State Government* moved this sector from the 10th largest in February 2020 to the 13th largest in December 2021. On the

Table 1
North Carolina Establishment Employment
Employment is in Thousands

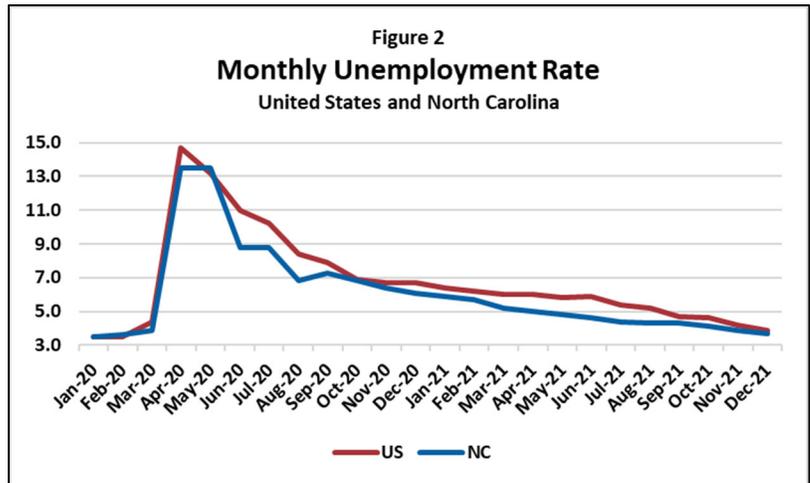
	Nov-21	Feb-20	Change since February 2020	Percent Recovered*
Total Establishment Employment	4,579.3	4,626.6	-47.3	99.0%
Mining & Logging	5.7	5.8	-0.1	98.3%
Construction	243.7	235.8	7.9	103.4%
Manufacturing Durable Goods	256.4	257.4	-1.0	99.6%
Manufacturing Nondurable Goods	217.9	217.5	0.4	100.2%
Wholesale Trade	185.8	188.2	-2.4	98.7%
Retail Trade	507.8	502.3	5.5	101.1%
Transportation, Warehousing, & Utilities	186.1	165.9	20.2	112.2%
Information	79.3	76.2	3.1	104.1%
Finance & Insurance	198.5	195.3	3.2	101.6%
Real Estate & Rental Leasing	60.4	62.6	-2.2	96.5%
Professional, Scientific, & Technical Services	291.1	269.0	22.1	108.2%
Management of Companies	82.4	85.2	-2.8	96.7%
Administrative & Waste Management	311.5	303.1	8.4	102.8%
Educational Services	91.1	98.9	-7.8	92.1%
Health Care & Social Services	513.4	533.3	-19.9	96.3%
Arts, Entertainment, & Recreation	71.4	77.2	-5.8	92.5%
Accommodation & Food Services	411.6	445.2	-33.6	92.5%
Other Services	161.4	169.5	-8.1	95.2%
Federal Government	76.1	75.0	1.1	101.5%
State Government	182.2	206.3	-24.1	88.3%
Local Government	445.5	456.9	-11.4	97.5%

* 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.

² Although manufacturing once had the highest share of statewide employment activity, through offshoring jobs and technological advances its dominance as an employer has declined. If you add durable and nondurable manufacturing, the total share (10.4 percent) would now make manufacturing the states' third largest sector.

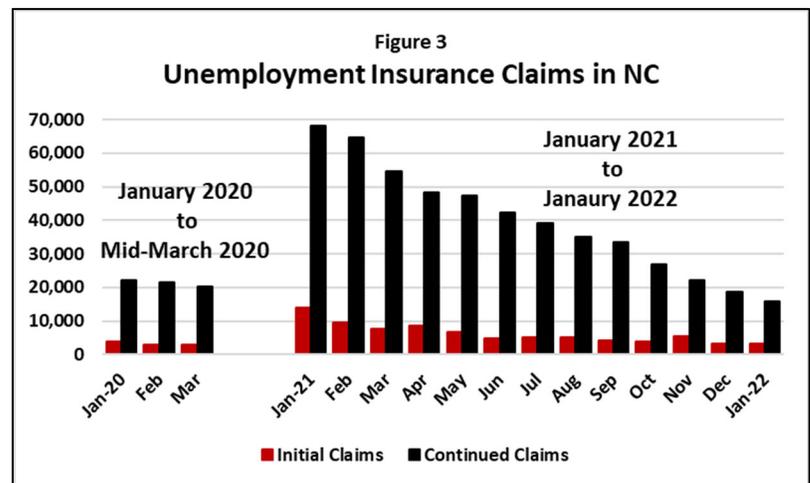
positive side, the employment gains in *Transportation, Warehousing, and Utilities* moved this industry from North Carolina’s 14th largest to the 11th.

The unemployment rate fell for the nation and for North Carolina from November 2021 to December 2021. The United States rate fell below 4.0 percent for the first time since February 2020 to a December rate of 3.9 percent. The North Carolina rate fell to 3.7 percent over the same period and was below 4.0 percent for the second month in a row. Figure 2 shows the trend in both rates. From its high of 14.7 percent in April 2020, the US rate increased in only one month (June 2021). Likewise, the North Carolina rate climbed only once (September 2020) since its maximum (13.5 percent in April and May of 2020).



The labor force in North Carolina climbed by 16,000 over the month³. The mix of the employed and unemployed help trigger the fall in the rate. There was a nearly 25,900 increase in employment and a 9,900 drop in the number of unemployed. Hopefully, most of the unemployment decrease was because people found jobs and not because people dropped from the unemployment roll by discontinuing their job search.

Unemployment Claims, a subcomponent of the total number of unemployed, are currently lower than their respective pre-pandemic levels. Figure 3 provides totals for the first of 2020, prior to the pandemic’s negative influence. The right side of the graph shows the monthly totals since January 2021⁴. A big takeaway from this graph is that the steady decline in continuing claims over the past year. Initial claims, while fluctuating, have also



³ The labor force totals come from a household survey which estimates the number of employed and unemployed workers. A person is only counted once and is based upon where they reside. The unemployed worker must be actively seeking a job to be included in the overall count.

⁴ We left out the months in-between to make the comparisons readable. If all continuing claims were included in the chart, the scale would have climbed to 620,000 – numbers that would have dominated the included totals and would have made the comparison nearly impossible.

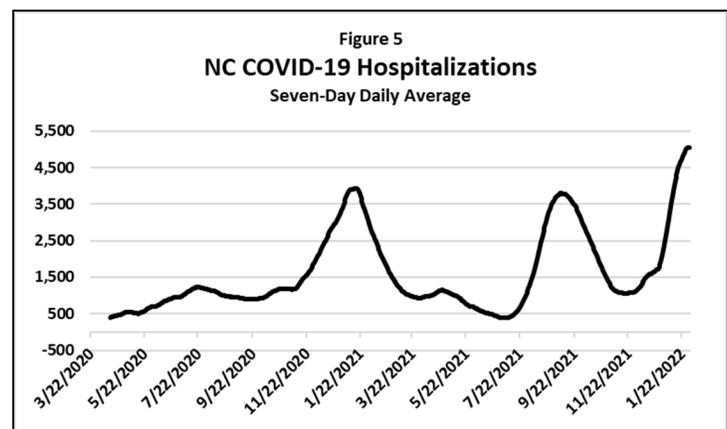
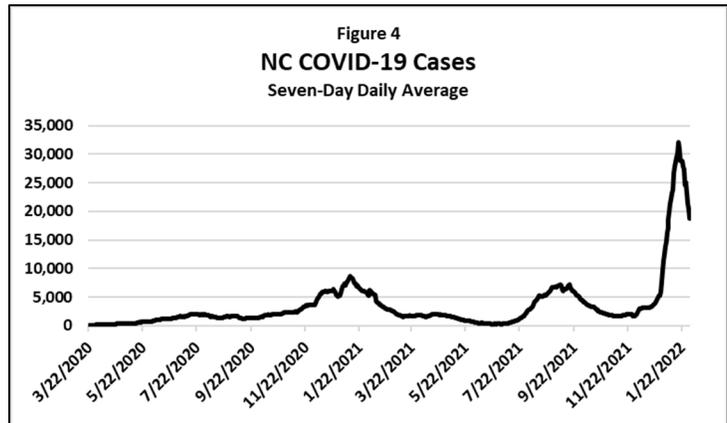
decreased. In fact, continuing claims in North Carolina were below the early 2020⁵ average for the past two months.

It must be emphasized that the COVID pandemic is not over, and its impact on the economy continues. Figure 4 shows that new cases in North Carolina, which hit record levels in January 2022, have begun to drop. Still, current cases are well above the totals seen in the other peaks. The omicron variant is said to generally be less severe than the previous mutations, and we have more robust vaccine and treatment systems today that we had one year ago. However, there are record hospitalizations associated with this new variant, as one can see in Figure 5.

Recently a team from Texas A&M University studied 2020 hospitalization costs in the United States⁶. It found that the median cost per day for COVID patients was \$1,772. For ICU COVID patients the median cost per day was \$2,902. A cumulative total of the daily hospitalization counts in North Carolina suggest that we have already recorded over 1,073,000 patient days. When one applies the median daily costs to this cumulative hospitalization count, we get a COVID total hospitalization cost in North Carolina of between \$1.9 billion and \$3.1 billion. Moreover, there are also costs for the displacement of other healthcare services resulting from the increased resources devoted to COVID patients and for the loss of productivity from healthcare workers missing days due to their own COVID infections.

Most of the hospitalizations today are the unvaccinated. Hopefully, more and more people will become vaccinated in the coming weeks and months to avoid hospitalizations - and to help stop the spread of the virus so that lives can be saved, the economic recovery can continue, and we all can resume more normal activities.

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January 31, 2022



⁵ Beginning of January 2020 through mid-March 2020

⁶ Study: COVID-19 Hospitalization Costs, Outcomes In 2020 Improved Over Time, Texas A&M news Release, Kelly Tucker, Texas A&M University School of Public Health, January 3, 2022.