



# Monthly Economic Update

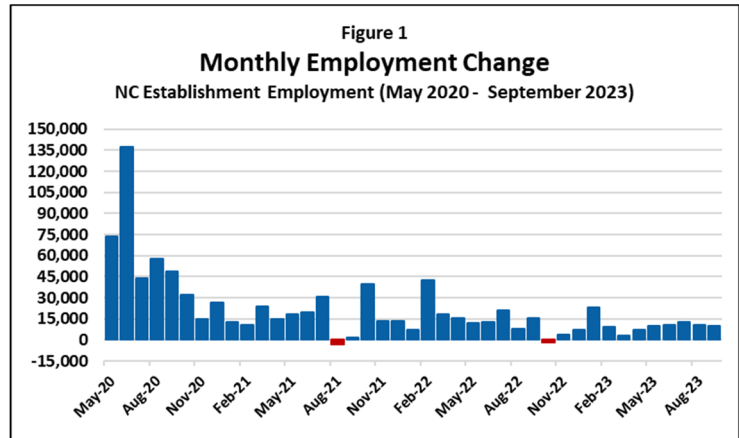
## October 2023

### Steady Economic Growth Continues

#### NC Employment and Labor Force

Establishment Employment<sup>1</sup> in North Carolina climbed by 10,100 workers over the month to 4,948,400 in September 2023. While the August employment was revised downward (from a 17,500 increase to a 10,500 climb), establishment employment climbed in September for the eleventh consecutive month. Growth during this streak has averaged 9,700 per month and 10,700 during the nine months of 2023. **Figure 1** overviews these monthly changes and the monthly changes dating back to May 2020 - when the current employment cycle began following the Covid-induced recession.

The Labor Force<sup>2</sup> data provided mixed results. Resident Employment showed a solid gain of 14,985 over the month and has averaged nearly 14,000 for the nine months of 2023. However, September marked the second month in a row with gains in the unemployment rolls (2,138 in August and 3,119 in September). Consequently, the unemployment rate climbed for the first time in 2023 to 3.4 percent. Still, the higher rate remains below the one found last September (3.9 percent) and lower than the rate found before the Covid-induced recession (3.8 percent in 2020). **Table 1**



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

	Labor Force	Resident Employment	Resident Unemployment	Unemployment Rate(%)	Labor Force Participation Rate(%)
Sep-2023	5,264,462	5,087,812	176,650	3.4%	60.9%
Aug-2023	5,246,358	5,072,827	173,531	3.3%	60.8%
Sep-2022	5,165,820	4,963,098	202,722	3.9%	60.8%
Feb-2020	5,015,309	4,824,639	190,670	3.8%	61.2%

Monthly Change					
Absolute	18,104	14,985	3,119	0.1%	0.1%
Percent*	4.2%	3.6%	23.8%		

Annual Change					
Absolute	98,642	124,714	-26,072	-0.5%	0.1%
Percent	1.9%	2.5%	-12.9%		

Change from February 2020 (prior to Covid-Induced Recession)					
Absolute	249,153	263,173	-14,020	-0.4%	-0.3%
Percent	5.0%	5.5%	-7.4%		

\* Annualized Percent Change

<sup>1</sup> 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.

<sup>2</sup> The labor force data come from a monthly household survey that estimates the number of employed and unemployed workers. An eligible worker is counted once, and the count is based on where they reside. The unemployed worker must also be actively seeking a job to be included in the overall count.

provides a summary of the major labor force measures over the past month, past year, and since the month prior to the 2020 recession.

## NC and the Nation

The September monthly and annual changes in establishment employment were similar for North Carolina and the United States during September, as can be seen in **Table 2**. On the other hand, employment in North Carolina has recovered more quickly than the nation and at a stronger pace. In the state, jobs have climbed by 7.0 percent since February 2020, while the nation has expanded by 3.0 percent.

Table 2  
**Establishment Employment and the Labor Force  
North Carolina and the United States**

	Sep-2023	Monthly Change	Annual Change	Recovery Change
<b>North Carolina</b>				
Establishment Employment	4,948,400	2.5%	2.2%	7.0%
Unemployment Rate	3.4%	0.1%	-0.5%	-0.4%
<b>United States</b>				
Establishment Employment	156,874,000	2.6%	2.1%	3.0%
Unemployment Rate	3.8%	0.0%	0.3%	0.3%

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

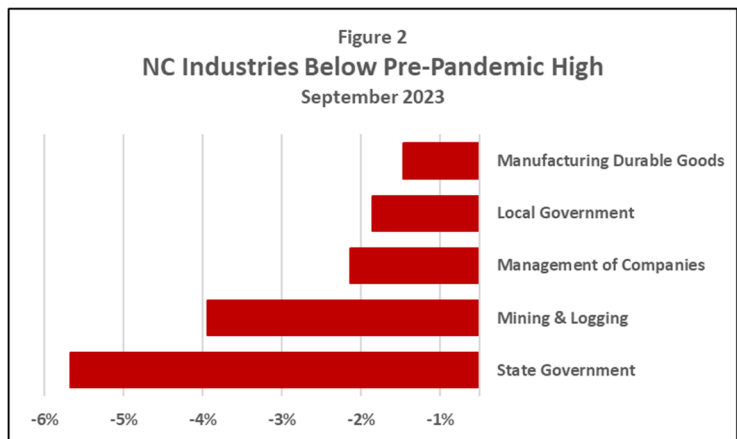
While the North Carolina unemployment rate climbed in September, the national rate was unchanged from August. The 3.4 percent unemployment rate for North Carolina is 0.4 percent lower than the national rate. This marked the eighth consecutive month that the statewide rate matched or was below its national counterpart. Plus, while the state rate is below its year-ago level and below the rate found prior to the 2020 recession, the national rate is higher in both instances.

## NC Establishment Employment by Industry

It was mentioned above that North Carolina’s establishment employment count is 7.0 percent higher than the one found in February 2020 - the month prior to the Covid virus’s major impact upon the economy. Sixteen of the 21 sectors show growth from February 2020.

*Professional, Scientific, & Technical Services* was the leader in both percentage and absolute growth (26.7 percent and 72,200 jobs, respectively).

**Figure 2** shows the five sectors that have declined in employment counts. *State Government*, which is 5.2 percent below its February 2020 total, has also shed the most jobs (10,800). While the percentage is much smaller (down 1.4 percent), *Local Government* has lost 6,300 jobs over the period. Together these North Carolina government sectors account for 81 percent of the jobs losses since the recession.



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

	Sep-23	Sep-22	Absolute Change	Percent Change	Percent Recovered*
Total Establishment Employment	4,948.4	4,843.4	105.0	2.2%	107.0%
Mining & Logging	5.6	5.5	0.1	1.8%	96.6%
Construction	248.0	250.3	-2.3	-0.9%	105.6%
Manufacturing Durable Goods	254.7	255.4	-0.7	-0.3%	99.0%
Manufacturing Nondurable Goods	218.8	219.8	-1.0	-0.5%	100.7%
Wholesale Trade	209.4	206.5	2.9	1.4%	111.4%
Retail Trade	528.6	523.4	5.2	1.0%	105.4%
Transportation, Warehousing, & Utilities	202.0	198.4	3.6	1.8%	121.4%
Information	85.8	83.5	2.3	2.8%	112.3%
Finance & Insurance	227.4	227.2	0.2	0.1%	116.5%
Real Estate & Rental Leasing	69.3	69.3	0.0	0.0%	110.4%
Professional, Scientific, & Technical Services	342.2	325.2	17.0	5.2%	126.7%
Management of Companies	83.9	82.4	1.5	1.8%	98.4%
Administrative & Waste Management	337.3	341.5	-4.2	-1.2%	112.7%
Educational Services	107.0	101.6	5.4	5.3%	109.9%
Health Care & Social Services	584.8	559.2	25.6	4.6%	110.0%
Arts, Entertainment, & Recreation	79.3	72.6	6.7	9.2%	104.8%
Accommodation & Food Services	455.9	434.7	21.2	4.9%	101.9%
Other Services	174.0	169.7	4.3	2.5%	103.7%
Federal Government	80.1	76.1	4.0	5.3%	106.8%
State Government	198.1	198.1	0.0	0.0%	94.8%
Local Government	456.2	443.0	13.2	3.0%	98.6%

\* 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.

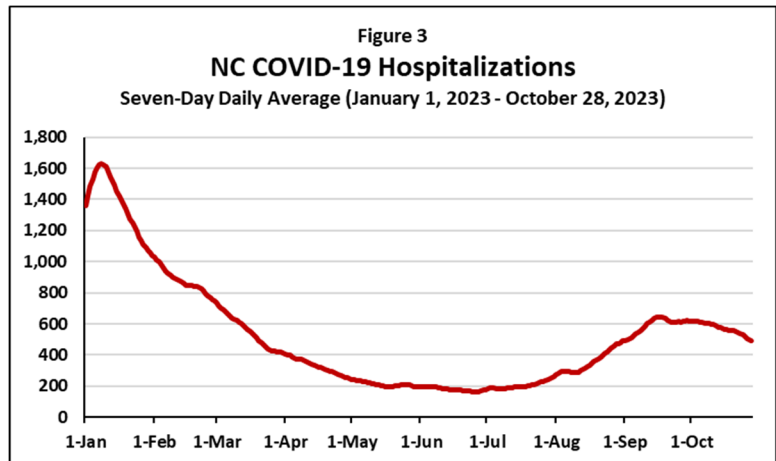
**Table 3** provides the industry detail for the past year and the percentage recovered since February 2020 (that was addressed above).

During the past year, four sectors lost employment, two remained the same, and fifteen gained jobs. The industries that lost employment include *Administrative & Waste Management* (down 4,200 or -1.2 percent); *Construction* (down 2,300 or -0.9 percent); *Manufacturing Nondurable Goods* (down 1,000 or -0.5 percent); and *Manufacturing Durable Goods* (down 700 or -0.3 percent). *State Government* and *Real Estate & Rental Leasing* were the two sectors that remained unchanged. The fifteen growing sectors that expanded over the past year were led by four industries that produced 68 percent of the growth. These four industries include *Local Government* (up 13,200 or 3.0 percent); *Professional,*

*Scientific, & Technical Services* (up 17,000 or 5.2 percent); *Accommodation & Food Services* (up 21,200 or 4.9 percent); and *Health Care & Social Services* (up 25,600 or 4.6 percent).

## COVID and the Economy

The increases in COVID hospitalizations (seven-day average) that have been occurring since late June peaked on September 19. Since then, the trend has flattened with a noticeable downward direction since late October (see **Figure 3**). This is good news, but the risk of increased COVID, influenza, and Respiratory Syncytial Virus (RSV) remains higher during the colder months. Hopefully, cases of all three can remain under control during the fall and coming winter.



## The Economic Outlook

According to the 2023q3 Gross Domestic Product (**Table 4**), the US economy grew at its strongest pace since 2021q4. Consumption, Investment, Net Exports, and Government Spending all contributed to the growth. Importantly, the GDP inflation measures were well below their recent inflationary highs (3.5 percent to 9.1 percent for the GDP Deflator and 2.9 percent to 7.7 percent for the PCE deflator).

The rate of growth found in this most recent quarter is unlikely to continue. In fact, the most recent NABE Economic Outlook<sup>3</sup> (October 9, 2023) expects growth to moderate in 2024, but most participants expect that a recession will be avoided. Inflation is also expected to

**Table 4**  
**Change in Real Gross Domestic Product**  
**2023q3**

Percents are at Annualized Rates  
Inventories are in Billions of Chained (2017) Dollars

	Quarter to Quarter	Year to Year
Real GDP	4.9%	2.9%
Consumption	4.0%	2.4%
Investment	8.4%	1.8%
Fixed	0.8%	0.8%
Nonresidential	-0.1%	3.7%
Residential	3.9%	-7.8%
Change in Inventories (absolute)	80.6	9.9
Net Exports	4.1%	-4.4%
Exports	6.2%	-0.2%
Imports	5.7%	-1.4%
Govt Purchases	4.6%	4.5%
Implicit Price Deflators		
Gross domestic product	3.5%	3.2%
Personal consumption expenditures	2.9%	3.4%

Source: National Income and Product Accounts, US Bureau of Economic Analysis, October 27, 2023

<sup>3</sup> National Association for Business Economics Outlook Survey, October 2023, [https://nabe.com/NABE/Surveys/Outlook\\_Surveys/October\\_2023\\_Outlook\\_Survey\\_Summary.aspx](https://nabe.com/NABE/Surveys/Outlook_Surveys/October_2023_Outlook_Survey_Summary.aspx)

continue to fall; however, it is not anticipated that the Federal Reserve target of 2.0 percent inflation will be realized.

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