

NC Economy Watch

March 2023

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Annual data revisions

“And now you know... *the rest of the story*”

Economic data can be **done fast** or **done well**

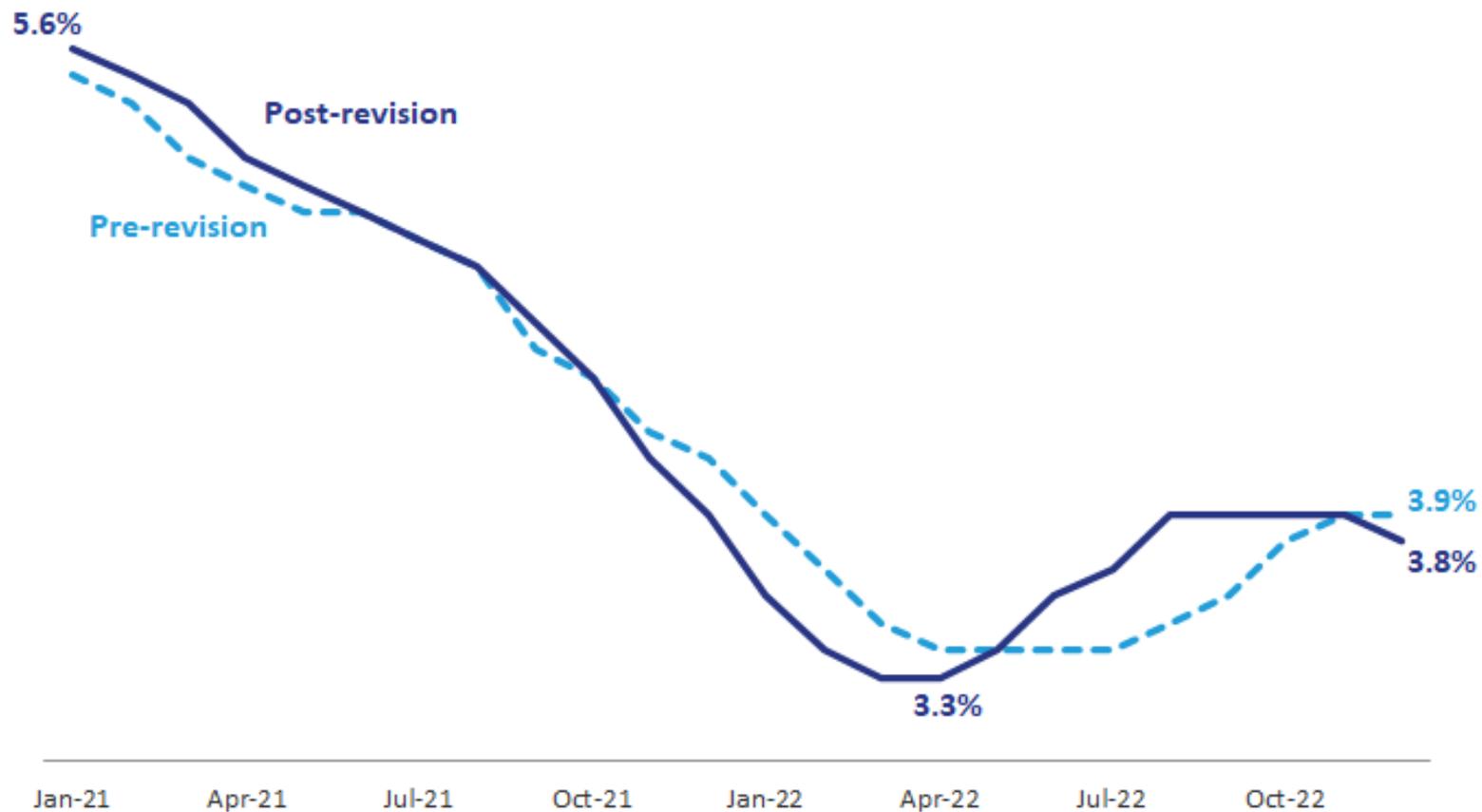
- “**Done fast**” – **preliminary** unemployment rate (LAUS) and jobs (CES) data, released monthly
- “**Done well**” – **revised** data, released annually in March
 - Incorporating information that wasn’t available when preliminary numbers were published

This year’s data revisions for North Carolina had a big impact on **certain sectors**

Overall, the direction of the economy remains relatively **unchanged**...

Data Revisions Had Relatively Little Impact on NC Unemployment Rate

Unemployment rate in North Carolina (Jan 2021 - Dec 2022)

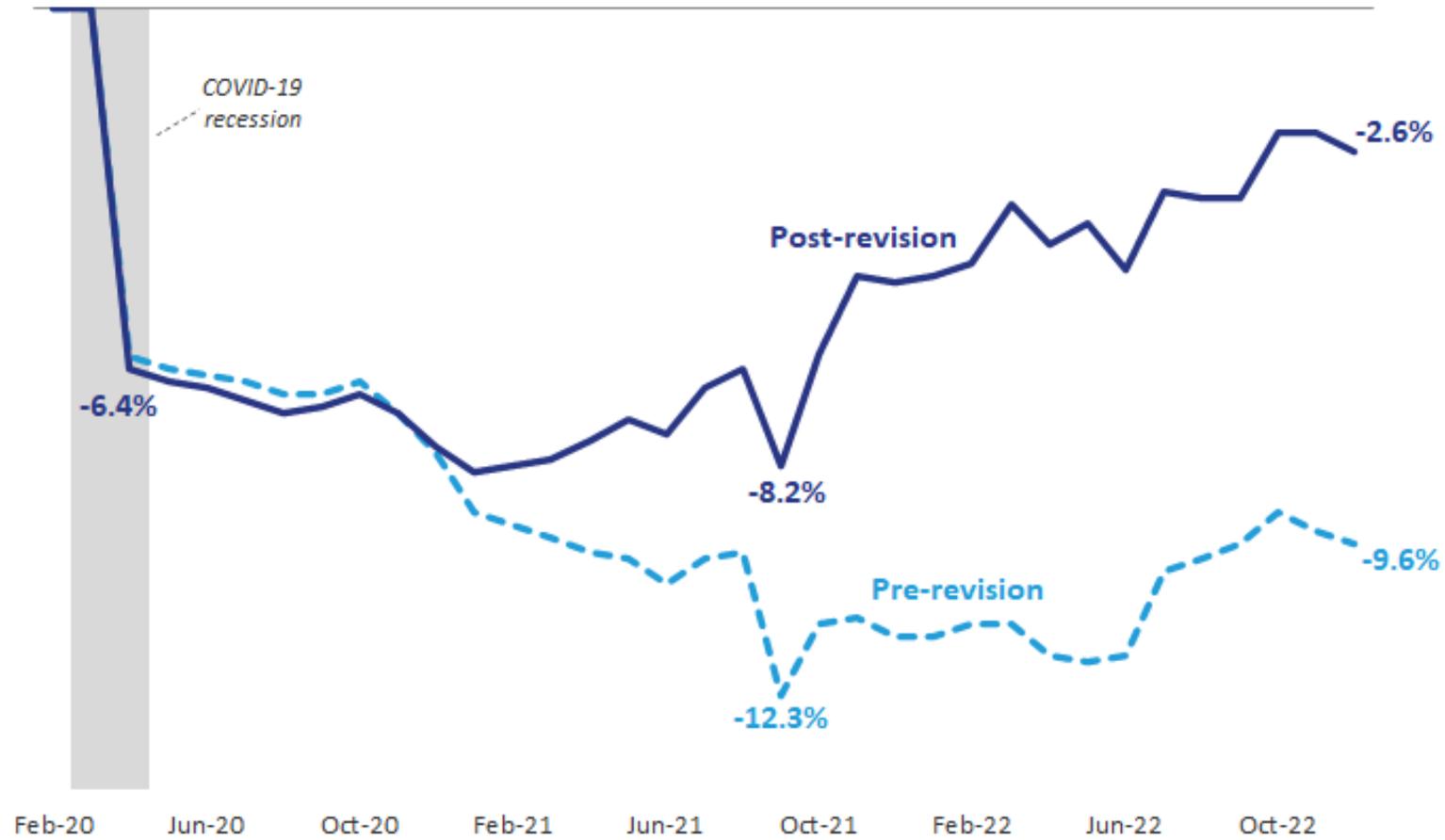


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Source: US Bureau of Labor Statistics (Local Area Unemployment Statistics)

Data Revisions Show Management Sector Recovering From Recession

Management of Companies and Enterprises employment in North Carolina (% change since Feb 2020)

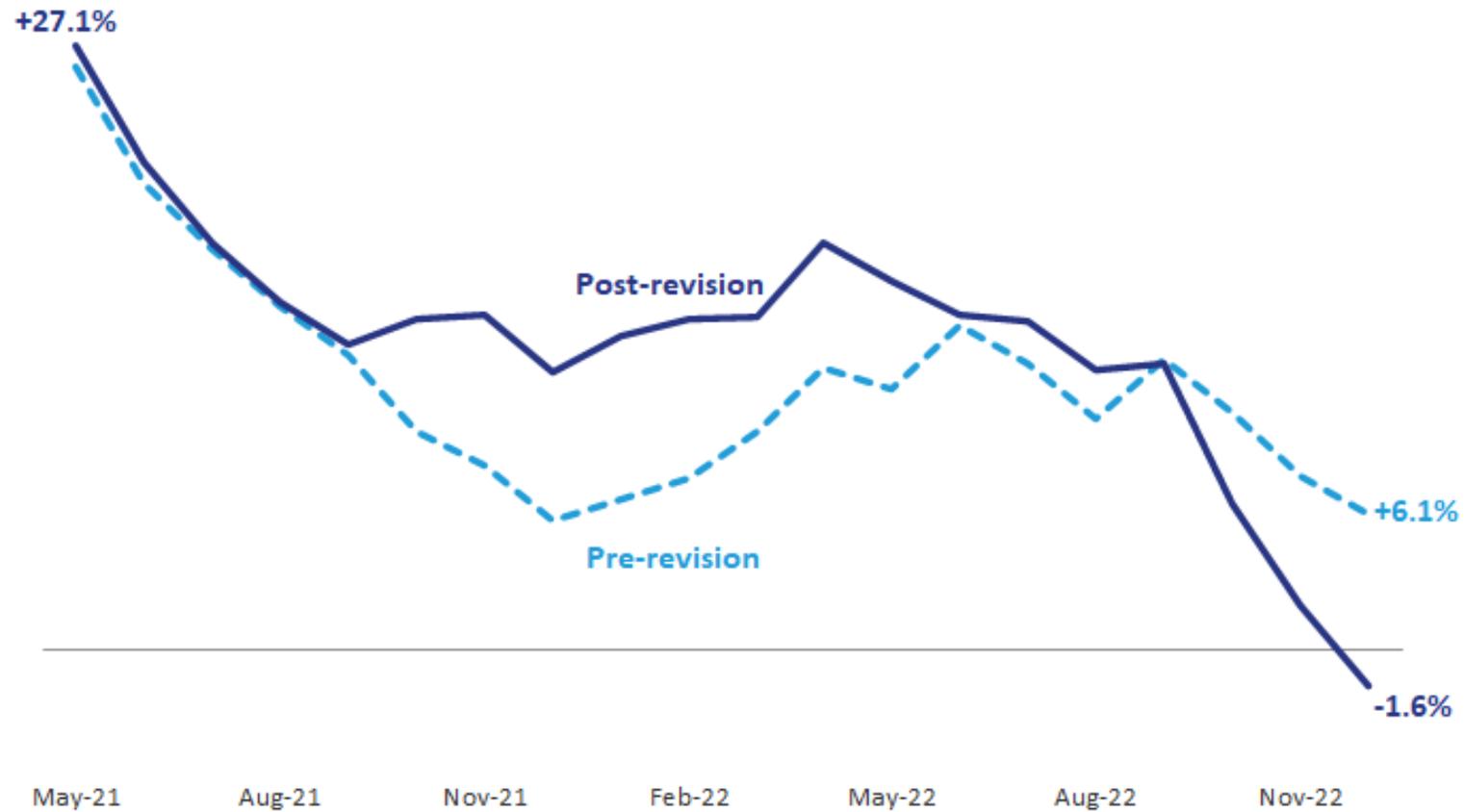


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Source: US Bureau of Labor Statistics (Current Employment Statistics)

Employment at Staffing Firms is Declining, Signaling Potential Downturn

Employment Services employment in North Carolina (% change over-the-year)



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Source: US Bureau of Labor Statistics (Current Employment Statistics)

Note: data are not seasonally adjusted

Economy is slowing, but still growing

It takes a licking, but keeps on ticking

The North Carolina (and U.S.) economy faced **challenges** in 2022

- Persistently high **price inflation**
- Rapidly increasing **interest rates**

Despite recession predictions, the economy has shown remarkable **resilience**

- Strong **labor market**: low unemployment, plenty of job openings, relentless job growth
- Healthy **consumers**: “extra” savings, relatively low debt, continued spending growth

Many Consumers Still Have Money to Spare, but For How Much Longer?

Nationwide personal savings (Feb 2020 - Dec 2022)

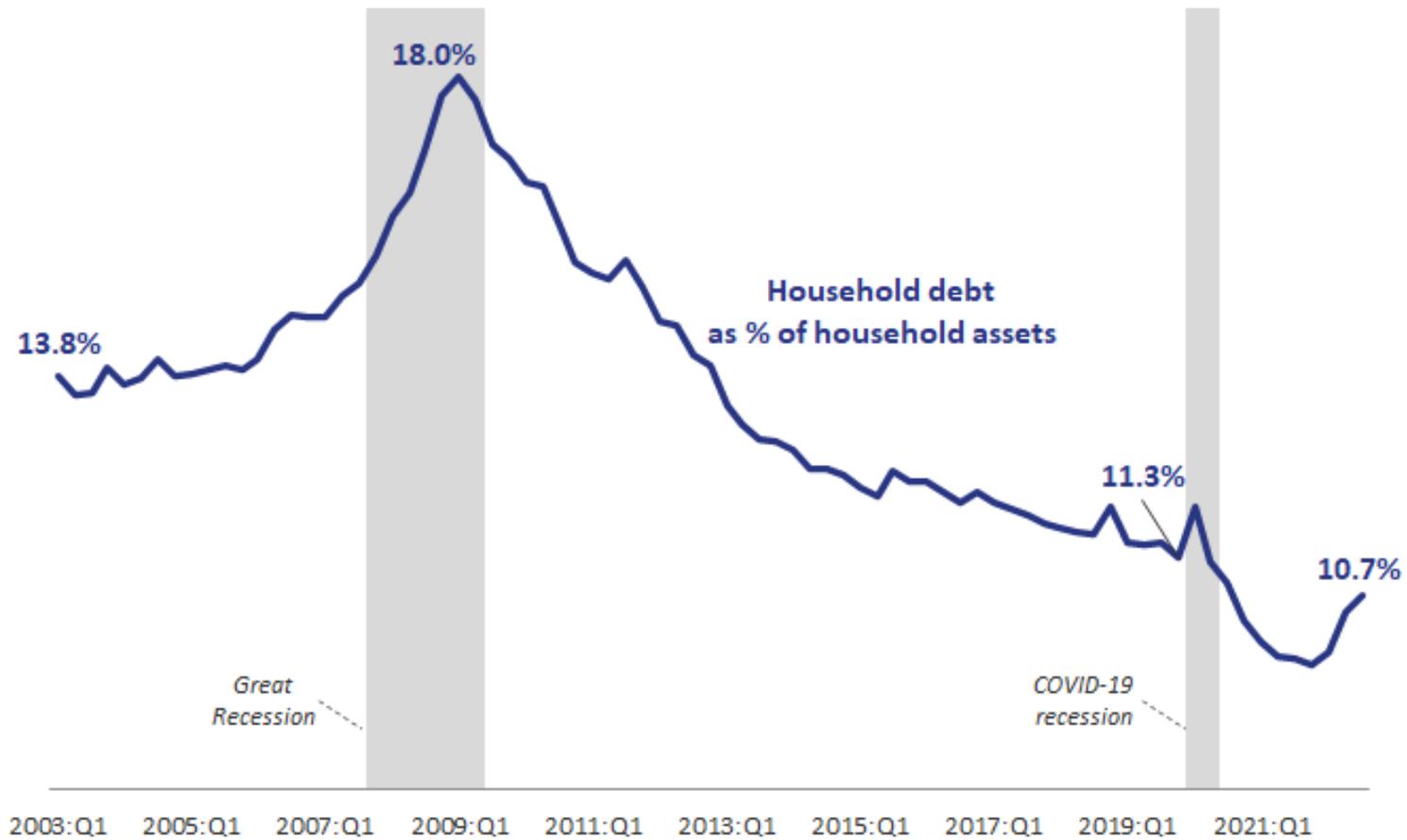


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Source: analysis of data from US Bureau of Economic Analysis

Household Indebtedness Is Rising but Remains Historically Low

Nationwide household debt and assets (2003:Q1 - 2022:Q3)



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Source: Federal Reserve

For Now, North Carolinians Are Still Earning and Still Spending

Quarterly wage earnings and consumer spending in North Carolina



NC Department of Commerce, Labor & Economic Analysis Division (LEAD)

Source: US Bureau of Labor Statistics (Quarterly Census of Employment and Wages); NC Department of Revenue

Note: data are seasonally adjusted and smoothed by LEAD

The outlook

How long will the boom times last?

Consumers are increasingly **under pressure**

- High inflation and interest rates; savings are being drawn down; debt levels are rising
- **Lower-income** consumers are vulnerable; 2/3rds of wealth increase has gone to top 10%
- Labor market is hot, but is showing signs of cooling (e.g., staffing firms)

“**Good news is bad news**” for our economic outlook

- Job growth → strong consumer demand → higher prices → Fed raises interest rates
- Job losses → weak consumer demand → lower prices → Fed lowers interest rates
- Federal Reserve is aiming for “Goldilocks economy”: not too hot; not too cold; “just right”

Indicators to watch: job openings, unemployment; consumer spending; inflation

Resources of interest

February 2023 NC Economy Watch

Many Consumers Still Have Money to Spare, but For How Much Longer?

- <https://www.commerce.nc.gov/blog/2023/02/13/february-2023-nc-economy-watch-many-consumers-still-have-money-spare-how-much-longer>

March 2023 NC Economy Watch

Data Revisions Confirm North Carolina's Economy Is Slowing, but Still Growing

- <https://www.commerce.nc.gov/news/the-lead-feed/march-2023-nc-economy-watch>

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“Thank you!”

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