

Overview of North Carolina's Economy

Impacts of the Current Recession

Career-Ready Commission
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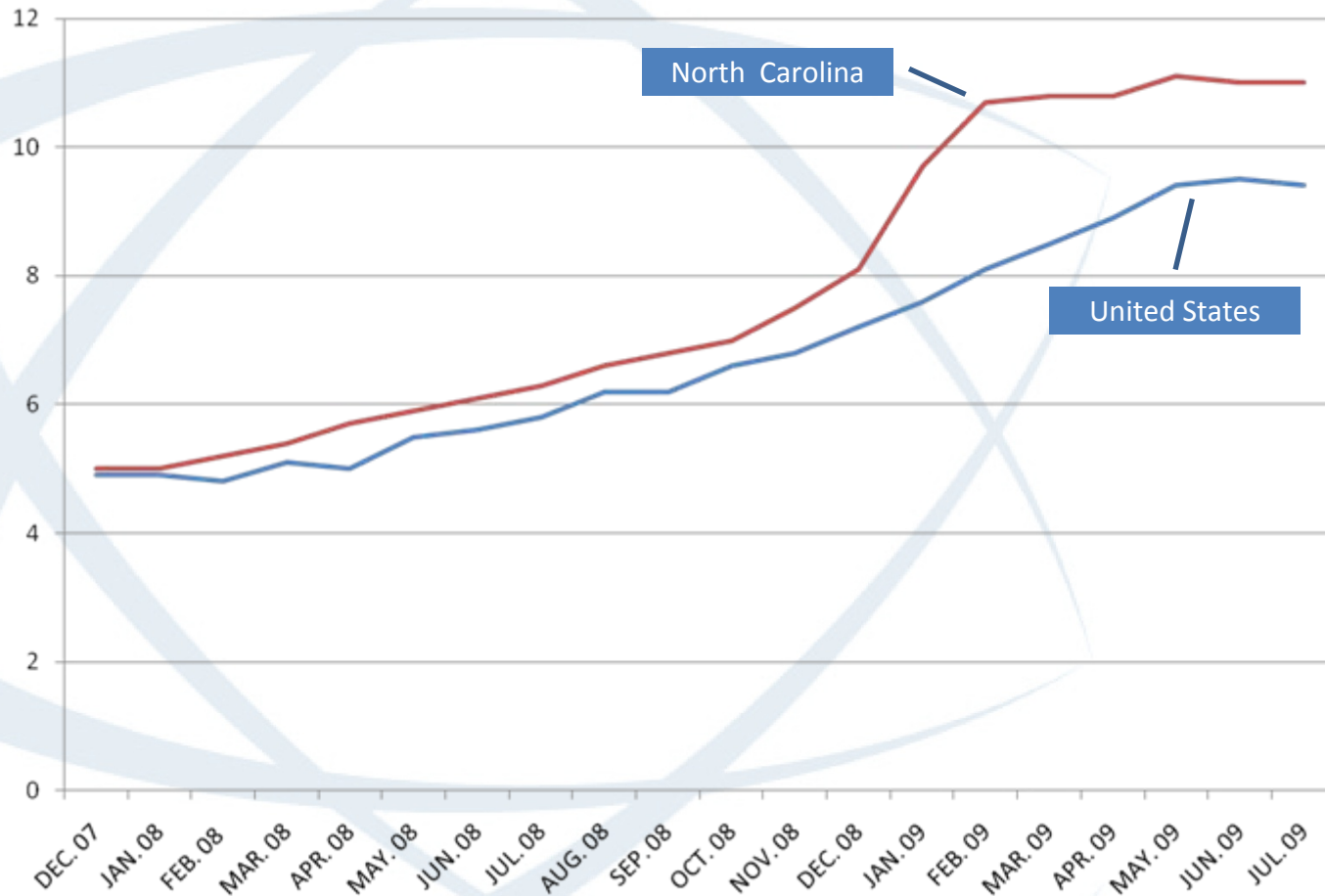


NORTH CAROLINA
THE STATE OF MINDS

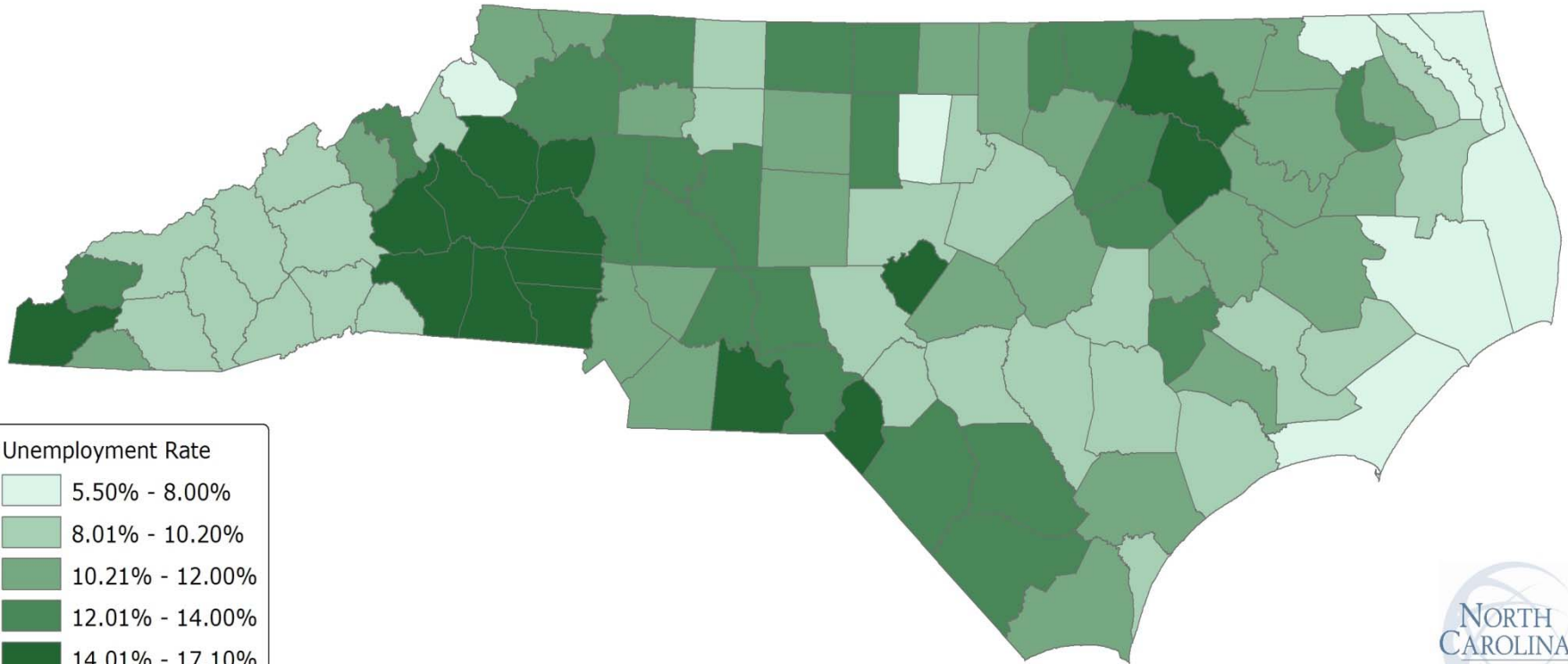
Seasonally Adjusted Unemployment Rate

Dec. 2007 – July 2009

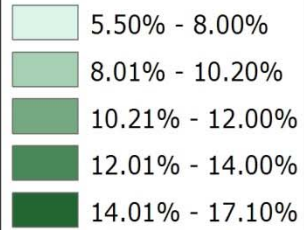
Start of Recession to Present



Unemployment Rate by County July 2009



Unemployment Rate



Map Created August 2009 | Source: NC Employment Security Commission



Why is NC's Unemployment Rate So High?

- Answer: mostly has to do with the state's industry mix
 - NC heavily concentrated in manufacturing
 - Manufacturing is always hit hard during recessions
- Textiles, Apparel, Furniture, Auto Parts, Household Appliances, Electrical Equipment, etc.
 - Susceptible to consumer and business purchasing patterns
 - Many experiencing decline even before the recession
- Recession also impacting other key NC industries such as real estate, construction, F&I, and tourism, etc.

Industry Trends

North Carolina Nonfarm Employment Trends by Supersector

	Jul-09	Start of Recession (07/09 compared to 12/07)	
		Change	% Change
Mining & Logging	6,400	(500)	-7.2%
Construction	192,400	(60,500)	-23.9%
Manufacturing	442,600	(90,500)	-17.0%
Trade, Transportation, & Utilities	729,800	(50,400)	-6.5%
Information	67,000	(5,300)	-7.3%
Financial Activities	199,100	(13,000)	-6.1%
Professional & Business Services	469,300	(37,900)	-7.5%
Education & Health Services	541,200	8,100	1.5%
Leisure & Hospitality	393,100	(6,000)	-1.5%
Other Services	174,700	(5,600)	-3.1%
Government	696,100	1,300	0.2%
Total Nonfarm Employment	3,911,700	(260,300)	-6.2%

US Bureau of Labor Statistics

Taxable Sales and Collections

- FY 08-09 Taxable sales down approximately 8% from FY 07-08
- July Highway Use Tax Collections down 20% from same time last year
 - Expectation that these collections will improve next month due to the Cash-for-Clunkers program

Housing Market

- Relative to most other states NC's Foreclosure rate is competitive
- Home Sales up the last several month, but down from previous year
- New housing units authorized significantly down

North Carolina Housing Market Statistics

	Jul-09	Last Year - Same Month (07/09 compared to 07/08)	
		Change	% Change
Properties with Foreclosure Filings	3,428	(875)	-20.3%
Existing Homes - Units Sold	8,360	(1,218)	-12.7%
Housing Units Auth. by Bldg. Permit	2,660	(4,041)	-60.3%

When Will the Recession End?

- No one knows for sure and it depends!
- Optimism that the economy will grow again by the end of 2009
- Positive signs
 - Job loss is slowing
 - Home sales increased
 - Inventories depleted and new Mfg. orders increased
- Does not mean jobs will return immediately
 - Pre-recession unemployment levels may not return until 2013/2014
 - Some sectors may recover before others
- Uncertainty about what the recovery will look like in 2010 and beyond
 - Robust (V); Sluggish (U); Growth followed by another recession (W); Slight growth and slight decline (~)