

# Employment Up Sharply in North Carolina in January; Unemployment Continued to Decline

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Job growth in North Carolina picked up notably during January and the unemployment rate dropped to its lowest reading since April 2009. Moreover, historical data were revised to show much more job growth in the state during the recovery than was previously reported. Continuing on a positive note, our Carolinas Business Activity Index improved for the fourth straight month in February and more survey respondents suggested that hiring was picking up.

On a seasonally adjusted basis, total payroll employment in North Carolina jumped 17,000 during January, representing the largest month-to-month gain in more than a year. The increase from December was driven by strong advances in the private sector as well as a rare positive contribution from the public sector. For example, professional and business services, and trade, transportation and utilities led the way in January, while manufacturing firms added 3,100 net new workers to their payrolls as well. The increase in factory jobs was a welcome respite to the state's battered industry. Government employment increased 1,600 from December and appeared to have stabilized somewhat. Leisure and hospitality, a top performing sector over the last year, gave up some ground in January as the sector shed 1,200 jobs. Construction was the only other private sector to show big losses over the month (down 1,100 jobs). Overall job growth was evident in most metro areas, with the Asheville, Raleigh, Greensboro, and Charlotte MSAs showing the largest gains. By contrast, employment in the Winston-Salem area, which had seen relatively steady advances from June to November, declined for the second straight month.

Compared to January of last year, employment in North Carolina was up nearly 48,000 jobs. The large year-over-year increase was partly the result of an upward revision to employment estimates going back several years. Revised estimates from the Bureau of Labor Statistics (BLS) showed that the jobs recession was a little deeper than previously thought (by about 5,000 jobs), while the recovery from the trough was much more robust. BLS now estimates that payroll employment in North Carolina increased by roughly 82,000 between February 2010 (the trough) and December 2011. Pre-benchmark data showed just 28,000 net new jobs during the period. Despite the more than 50,000 additional jobs, North Carolina ended 2011 about 235,000 jobs shy of its pre-recession peak.

The state's seasonally adjusted unemployment rate dipped two-tenths in January to 10.2 percent, its lowest reading since April 2009. There were about 11,000 fewer unemployed workers in North Carolina than there were a year earlier. Looking forward, our Carolinas Business Activity Index increased for the fourth month in a row, suggesting that economic activity picked up in the region. In February, the index settled on its highest reading since April 2011. Moreover, hiring among responding firms (which had not been increasing along with general business conditions) appeared to strengthen. The labor demand indicator swung from negative to positive last month, indicating that the number of respondents who reported adding to their payrolls outnumbered those who said they were cutting – the first time that has happened in five months. While one month does not make a trend, it is an encouraging reading nonetheless.

