

North Carolina's Employment Increased and Unemployment Fell During February

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North Carolina's labor market continued to firm in February as employment increased and unemployment fell, even as more workers entered the labor force. In addition, our Carolinas business activity index continued to rise, suggesting stronger economic conditions, and the survey's labor demand indicators pointed to more hiring among responding firms in the region.

According to the North Carolina Division of Employment Security, total employment increased another 8,300 on a seasonally adjusted basis in February, and January's gain (initially reported to be 17,000) was revised up to nearly 22,000 jobs. This left employment in the state approximately 42,100 higher than a year earlier – its highest level since February 2009. Recent gains in the private sector have been augmented by hiring in the public sector, which is the primary reason that top-line growth looked so strong. After shedding jobs relentlessly in recent years, the state government added back another 5,400 workers in February. Increases in recent months left government employment up compared to a year earlier (by nearly 4,400 jobs), which was the first time that has happened in more than a year. Local government hiring remained weak while the federal government shed a few jobs in recent months.

Private sector employment was up 2,700 during the month, after surging by nearly 20,000 in January. Specific industries that contributed to the gains in February were education and health services; professional and business services; and leisure and hospitality. These three segments also accounted for nearly 60 percent of net job growth over the last year. Trade, transportation and utilities, which had been a major engine of job creation, slowed a bit in February. The goods producing industries (manufacturing and construction) cut about 1,000 jobs during the month, but were up a combined 3,300 over the year. After shedding workers for much of the last year, financial firms added back about 2,600 over the last two months, leaving industry employment about 400 jobs shy of last February's levels.

Charlotte area employment, which has been growing in fits and starts, led the state with 3,700 net new jobs in February. The increase left the Charlotte MSA with the most payroll jobs it had seen since January 2009. In a contrast of patterns, employment in the Asheville area has been up for nine straight months, netting the area about 4,300 jobs over the period. Over the last 12 months, the Triangle region (Raleigh-Durham) added 16,700 net new jobs, accounting for 40 percent of the state's net job growth. Meanwhile, the Wilmington MSA and several of the smaller metro areas have struggled to create jobs over the year.

North Carolina's seasonally adjusted unemployment rate fell three-tenths to 9.9 percent in February – its first single-digit reading in three years. The number of unemployed workers fell during the month as employment increased faster than labor force participation. Compared to last February, North Carolina had about 55,000 more workers participating in the labor force and nearly 28,000 fewer unemployed. Our Carolinas business activity index increased in March for the fifth month in a row and stood at its highest level since April 2011. Moreover, the labor demand indicators suggested that employment and hours continued to rise in the region.

