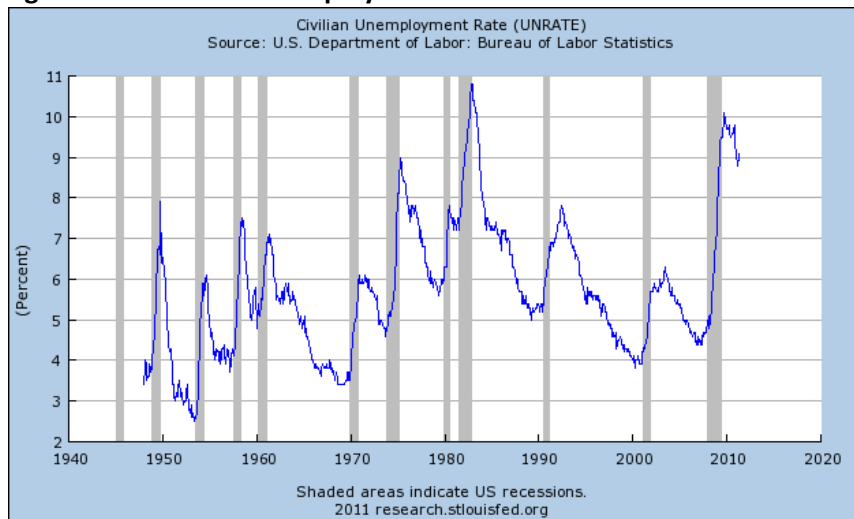


Robeson County: Current Economic Picture

The US Economy

Economic recovery in the US remains anemic. According to the latest estimates released on June 24, 2011, real gross domestic product (GDP), an estimate of a country's output after correcting for inflation, in the US economy grew at an annual rate of 1.9% during the first quarter of 2011 (<http://bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>). During the fourth quarter of 2010 the growth rate of real GDP was 3.1%. Civilian labor force unemployment rate inched up a bit during May 2011. It increased to 9.1% from 8.8% in March 2011 and 9.0% in April 2011 (www.bls.gov). Figure 1 plots civilian unemployment rate data since January 2001.

Figure 1: US Civilian Unemployment Rate

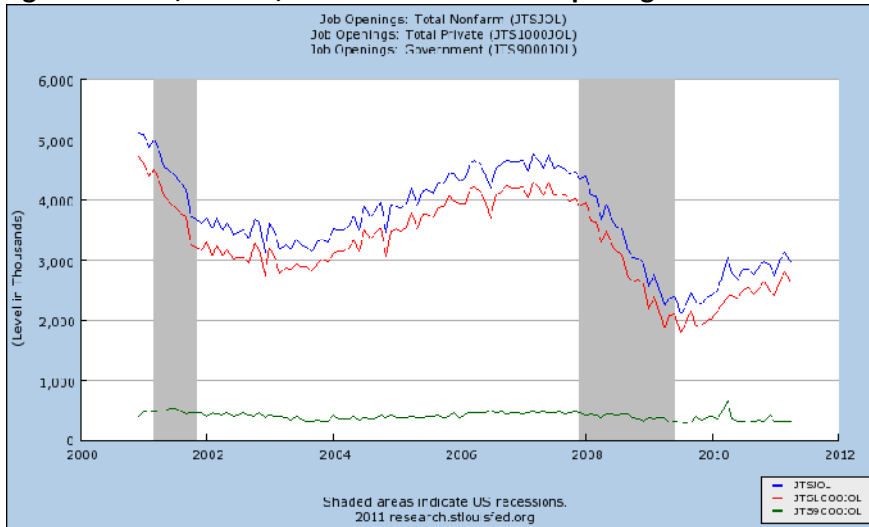


Source: www.bls.gov

The Bureau of Labor Statistics also reported on June 15, 2011 that real average hourly earnings, (i.e. earnings adjusted for inflation) increased by 0.1% from April 2011 to May 2011. However, as compared with May 2010, real average hourly earnings *fell* by 1.6%. (<http://bls.gov/news.release/realer.nr0.htm>).

We find similar trend looking at job openings. Figure 2 plots data for total, private, and government job openings from December 2000 to April 2011.

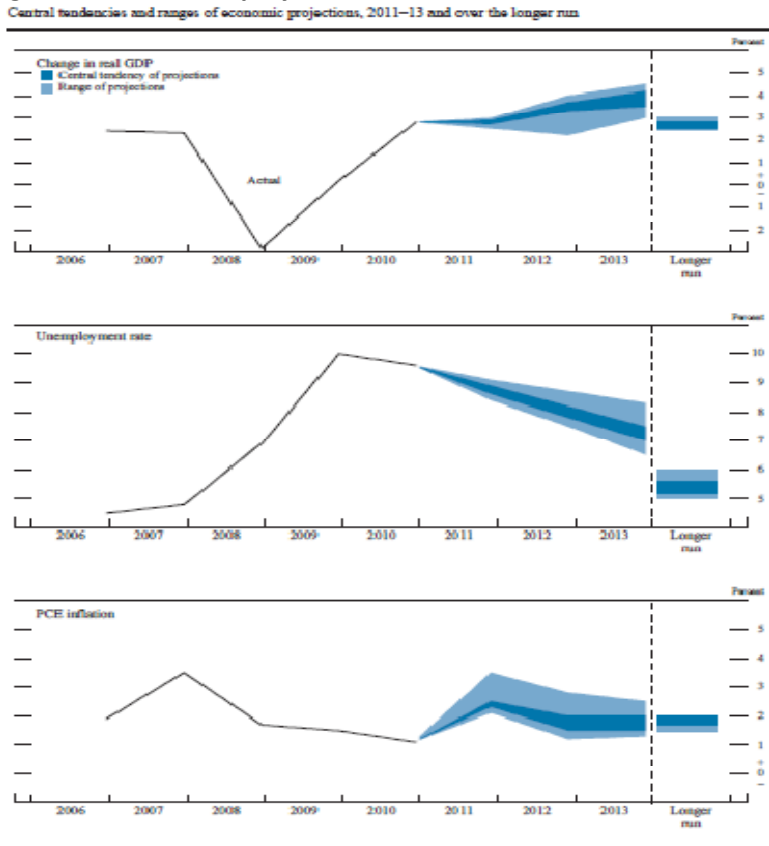
Figure 2: Total, Private, and Government Job Openings



Source: www.bls.gov

Forecasts released by the Federal Reserve System, central bank of the US, indicate that the economy may be in this lackluster state for quite some time. See Figure 3.

Figure 3: GDP, Unemployment Rate, and Inflation Forecasts



Source: <http://federalreserve.gov/newsevents/press/monetary/20110622b.htm>

Variables plotted are defined as:

“Change in Real Gross Domestic Product (GDP)—as measured from the fourth quarter of the previous year to the fourth quarter of the year indicated, with values plotted at the end of each year.

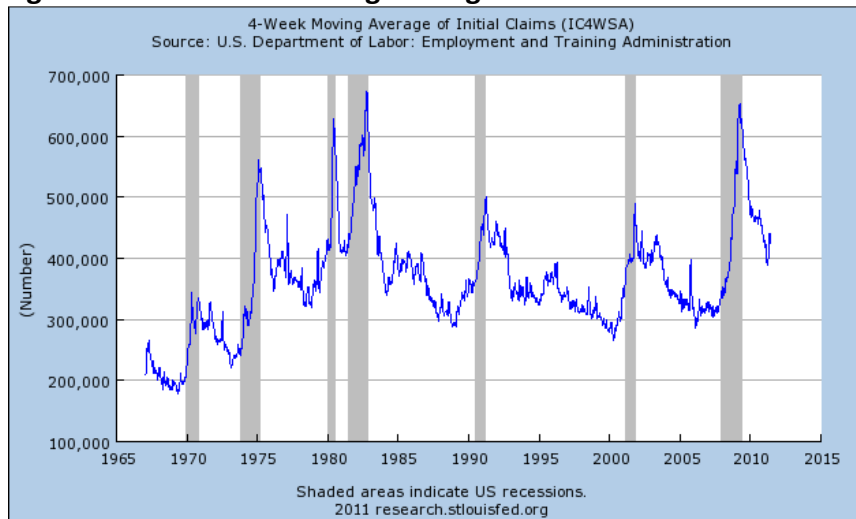
“Unemployment Rate—the average civilian unemployment rate in the fourth quarter of each year, with values plotted at the end of each year.

“PCE Inflation—as measured by the change in the personal consumption expenditures (PCE) price index from the fourth quarter of the previous year to the fourth quarter of the year indicated, with values plotted at the end of each year.”

(<http://federalreserve.gov/newsevents/press/monetary/20110622b.htm>)

Four-week moving average of the initial jobless claims is also showing an upward trend. These data are plotted in Figure 4.

Figure 4: Four-Week Moving Average of Initial Jobless Claims



Source: www.bls.gov

This average, however, did not change from June 11 to June 18, 2011.

Latest Observations of the Four-Week Moving Average of Initial Jobless Claims

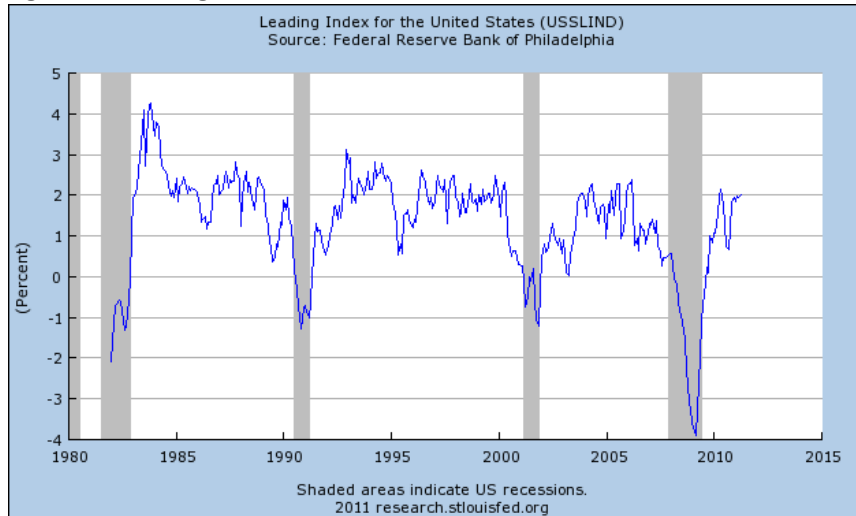
- 2011-06-18: 426250
- 2011-06-11: 426250
- 2011-06-04: 424750
- 2011-05-28: 426750
- 2011-05-21: 439750

An economic indicator, called, *Leading Index for the United States*, produced by the Federal Reserve Bank of Philadelphia shows a slight improvement. According to the source “The leading index for each state predicts the six-month growth rate of the state's coincident index. In addition to the coincident index, the models include other variables that lead the economy: state-level housing permits (1 to 4 units), state initial unemployment insurance claims, delivery times from the Institute for Supply Management (ISM) manufacturing survey, and the interest

rate spread between the 10-year Treasury bond and the 3-month Treasury bill.” (<http://research.stlouisfed.org/fred2/series/USSLIND?cid=32296>).

We plot these data in Figure 5.

Figure 5: Leading Index for the United States



Source: <http://www.philadelphiafed.org/index.cfm>

Latest Observations

- 2011-04: 2.02
- 2011-03: 1.96
- 2011-02: 1.98
- 2011-01: 1.85
- 2010-12: 1.93

North Carolina

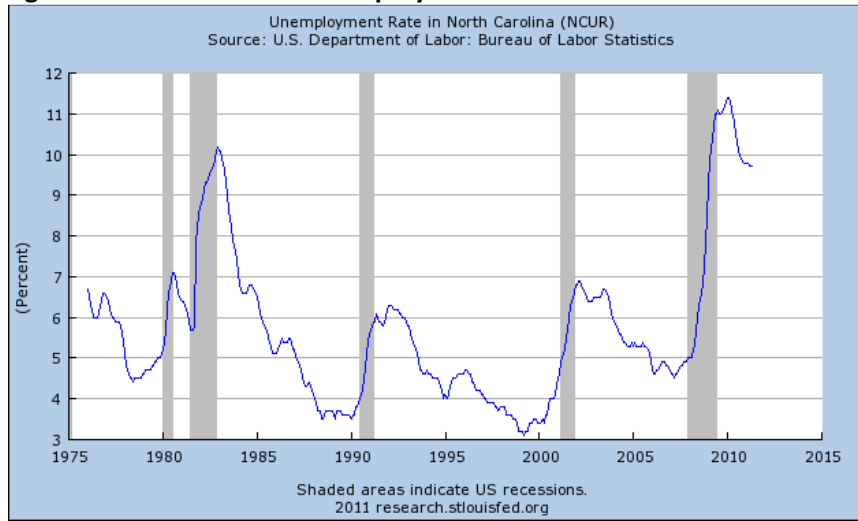
We see similar picture for North Carolina. We start with unemployment rate. Data indicate that during May 2011, North Carolina’s unemployment rate was 9.7%. It has held steady since March 2011. While it declined from 9.8% in February 2011, it is still higher than the national average of 9.1%.

Latest Observations

- 2011-05: 9.7%
- 2011-04: 9.7%
- 2011-03: 9.7%
- 2011-02: 9.8%
- 2011-01: 9.8%

We plot the unemployment rate data starting from January 1976 in Figure 6.

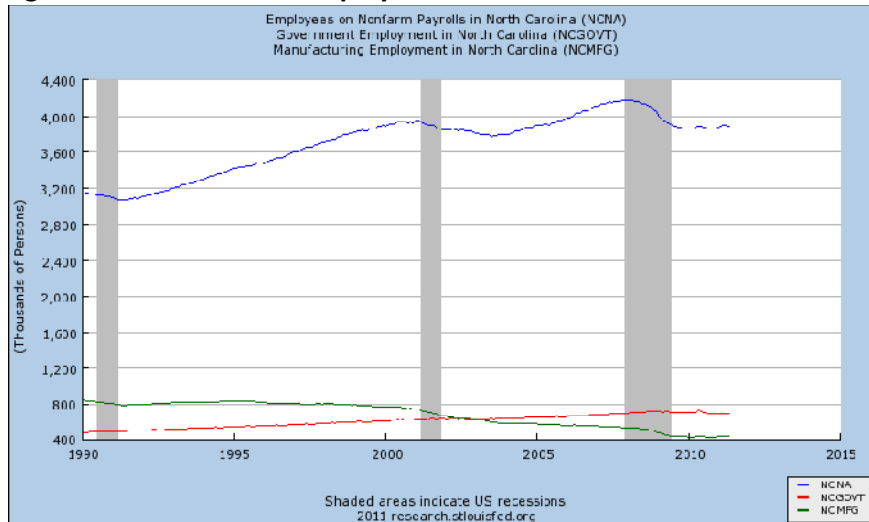
Figure 6: North Carolina Unemployment Rate



Source: www.bls.gov

In Figure 7 we plot total nonfarm employment, government employment and manufacturing employment in North Carolina since January 1990.

Figure 7: North Carolina Employment

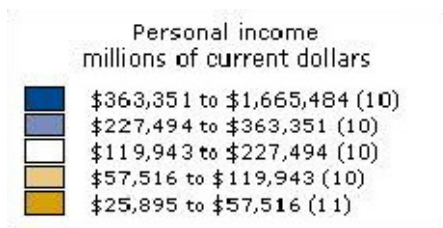
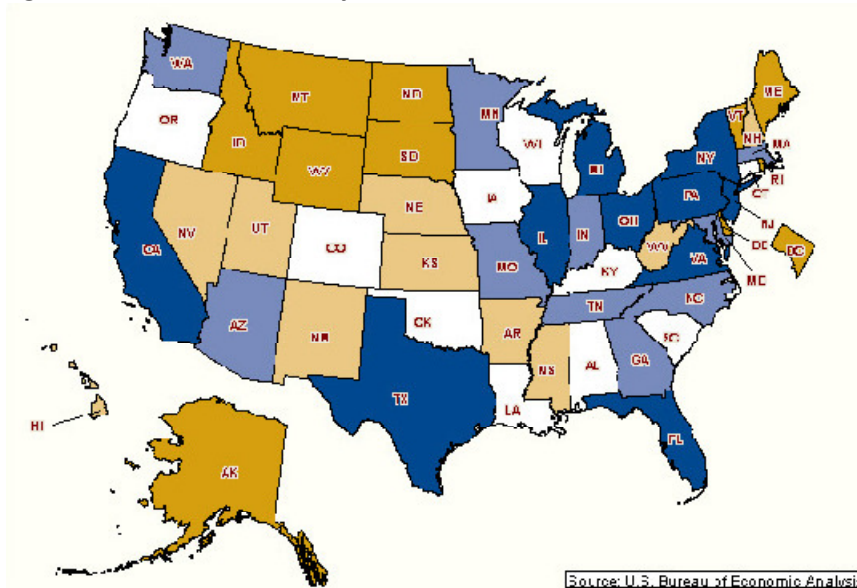


Source: www.bls.gov

Note that total nonfarm employment, represented by the top curve in blue, has been stagnant since the official end of recession. Also worth noting is the declining share of manufacturing employment, represented by the curve in green.

According to the latest state-level figures released by the Bureau of Economic Analysis, North Carolina had an estimated personal income of 348,444 million in the first quarter of 2011. Figure 8 shows North Carolina's standing among states.

Figure 8: Personal Income by State



Source: www.bea.gov

Robeson County

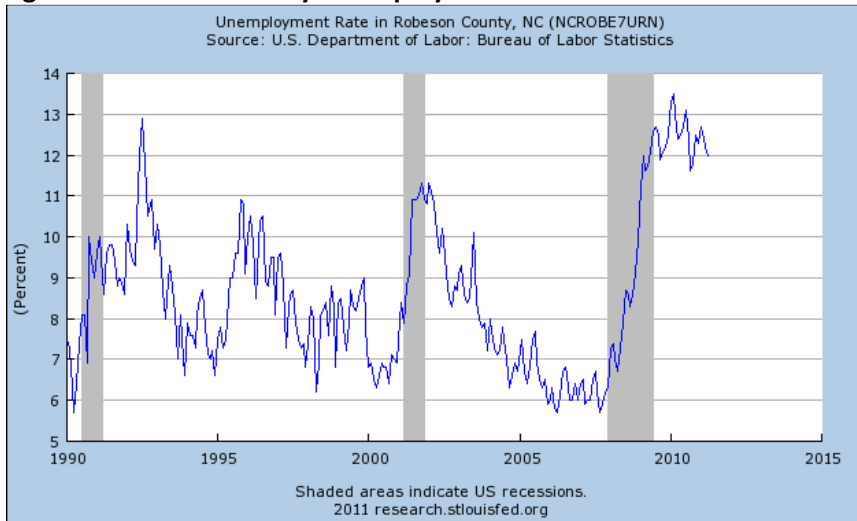
At the time of writing this document the latest estimates point out that the unemployment rate in Robeson County during the month of April 2011 was 12%. While still higher than the national average of 9.1% during May 2011, and the state unemployment rate of 9.7% during May 2011, it has declined a bit since January 2011. The estimated unemployment rate in Robeson County during January 2011 was 12.7%. The five latest observations for Robeson County are:

Latest Observations

- 2011-04: 12.0
- 2011-03: 12.2
- 2011-02: 12.4
- 2011-01: 12.7
- 2010-12: 12.3

Figure 9 plots the unemployment rate for Robeson County since January 1990.

Figure 9: Robeson County Unemployment Rate

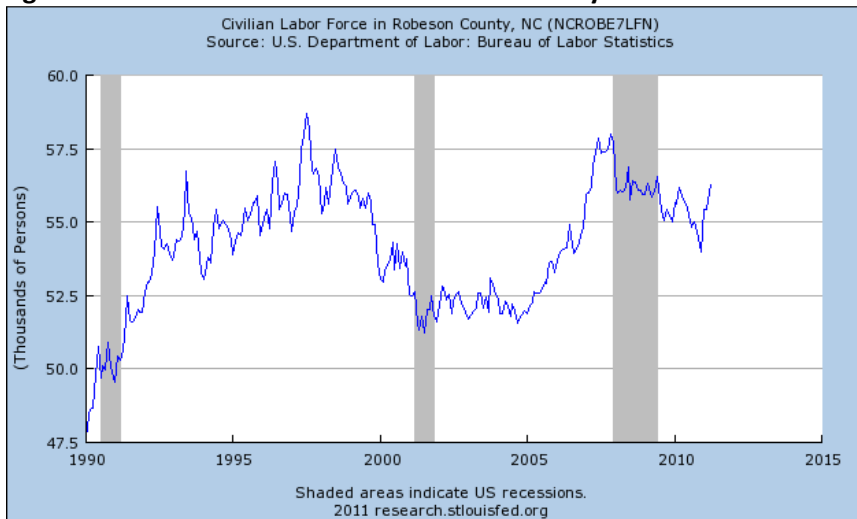


Source: www.bls.gov

Civilian labor force in Robeson County has been increasing steadily. According to the estimates, number of civilians in labor forces in April 2011 was 56,282. Note that "... labor force is the number of people aged 16 or older who are either working or looking for work. The labor force does not include active-duty military personnel or institutionalized workers, such as prison inmates." (<http://www.bls.gov/opub/ooq/2005/winter/art05.pdf>)

Figure 10 plots estimated civilian labor force since January 1990.

Figure 10: Civilian Labor Force in Robeson County



Source: www.bls.gov

This document was prepared by:

Mohammad (Mitu) Ashraf, Ph.D.
Professor of Economics
Department of Economics, Finance, and Decision Sciences
School of Business
The University of North Carolina at Pembroke
Email: ashraf@uncp.edu
Web: www.uncp.edu/home/ashraf
Phone: (910) 521-6464
Fax: (910) 521-6750

**A Publication of the Office of Economic and Business Research
School of Business
The University of North Carolina at Pembroke**