

# NC Economy Watch

July 2024

**Andrew Berger-Gross**

Senior Economist

**Jonathan Guarine**

Economist

NC Department of Commerce

Labor & Economic Analysis Division (LEAD)

**July 16, 2024**

# Labor force participation

## “Where are the workers?”

Most key economic indicators have recovered from the COVID recession, with one notable exception: **labor force participation**, which remains below its pre-COVID level

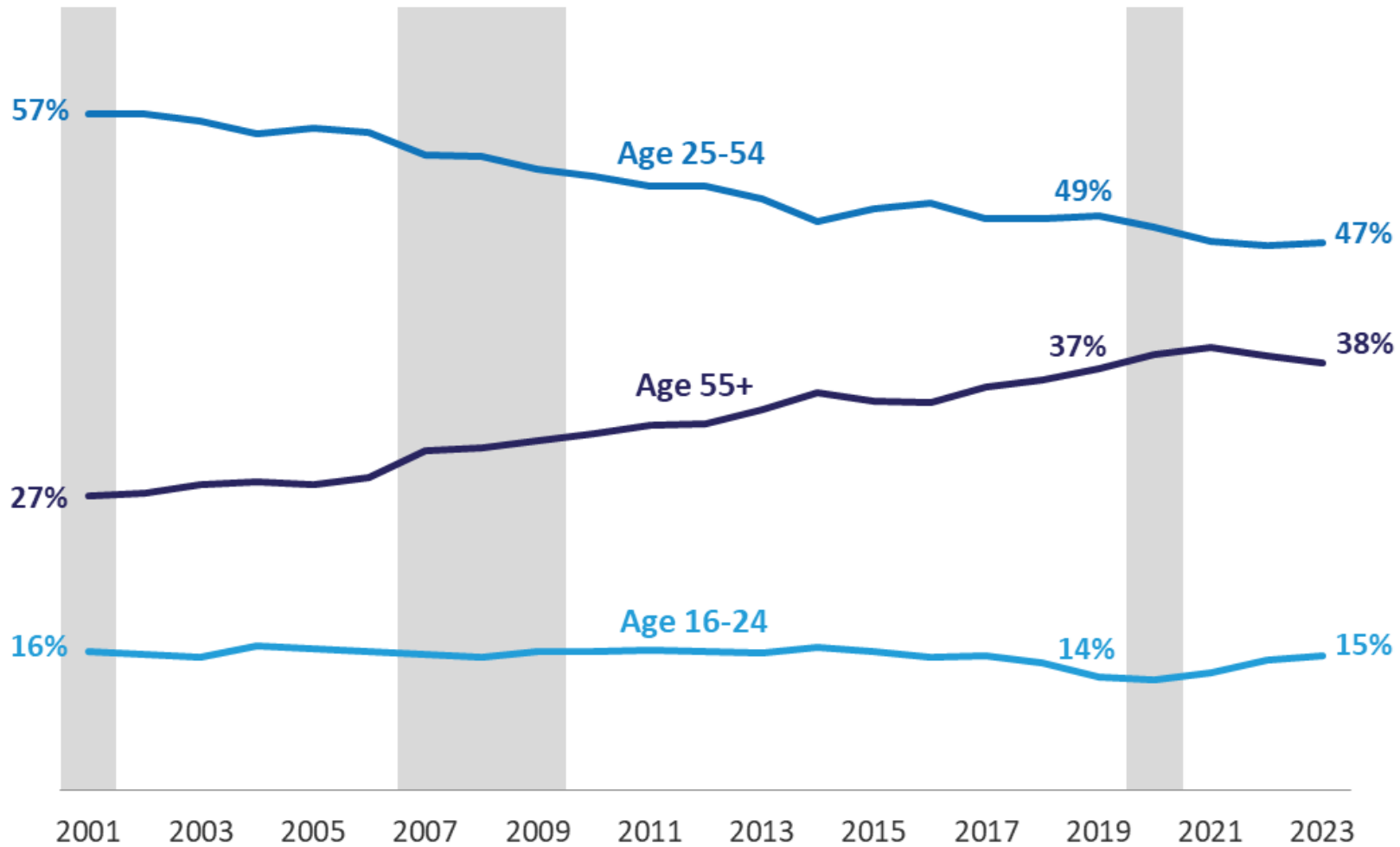
But low participation **isn't new**: participation has been declining for the past 20+ years

What's driving the decline in labor force participation?

- Labor force participation rate calculation includes **all** adults, including retirement-aged
- Participation trends are driven primarily by **demographics** (e.g., the **aging** of the population), not the ups-and-downs of the economy

## North Carolina's Retirement-Age Population Has Grown Over Time

% share of civilian noninstitutional population in North Carolina, by age group



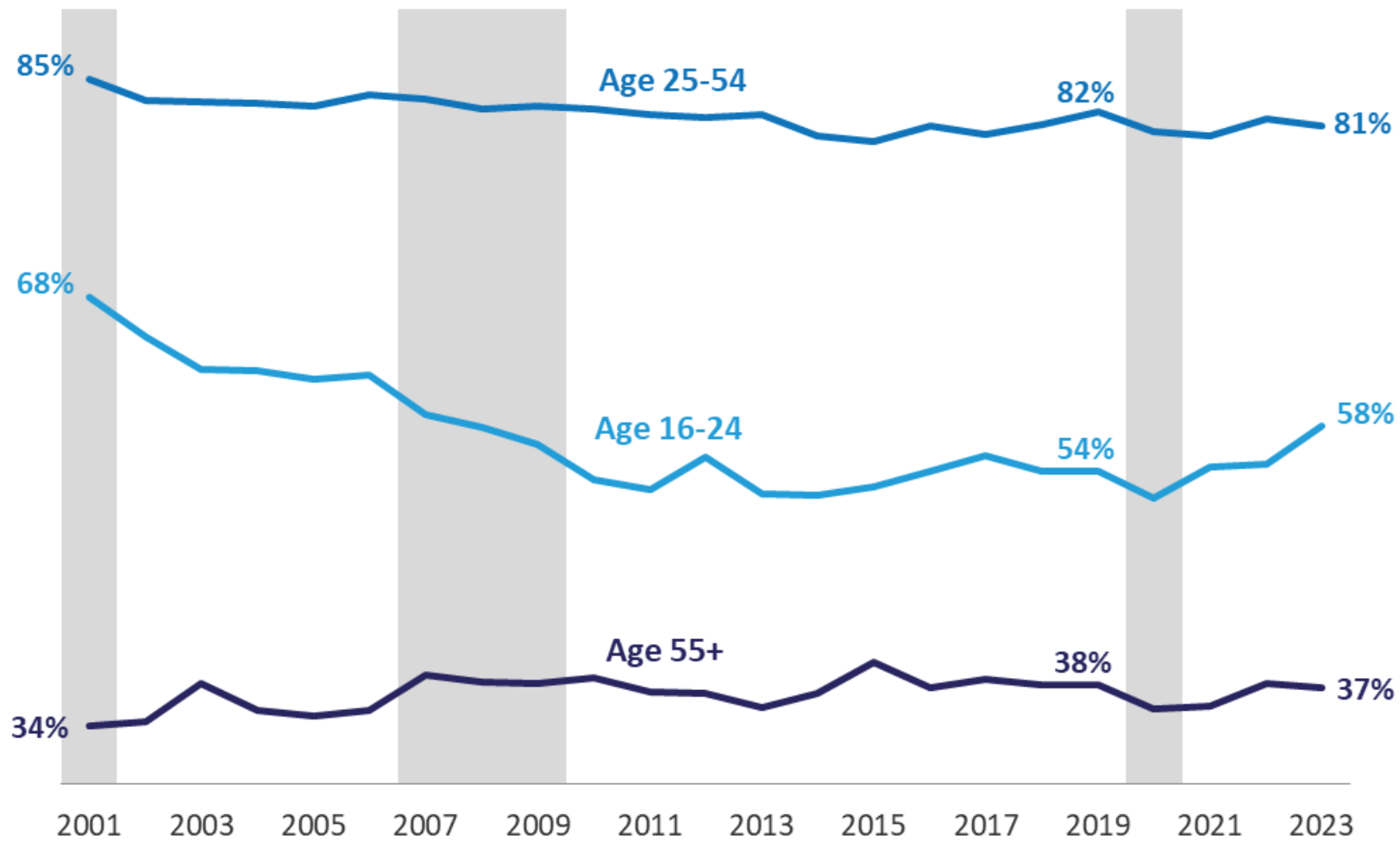
NC Department of Commerce, Labor & Economic Analysis Division (LEAD)

Source: analysis of data from US Census Bureau (Current Population Survey)

Note: shaded bars denote periods of recession

## Younger Individuals Have Seen Long-Term Decline in Participation

Labor force participation rate in North Carolina, by age group



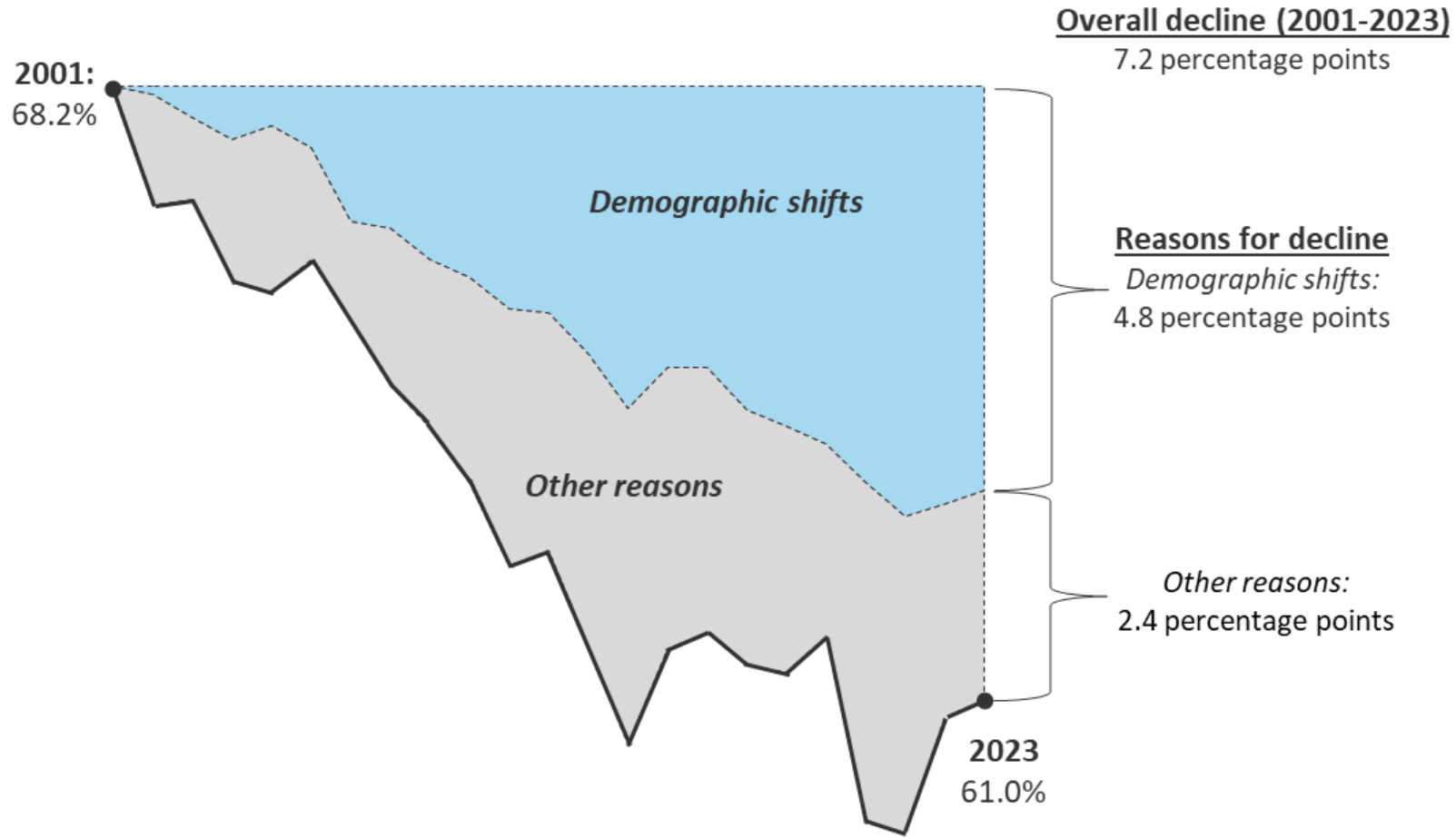
NC Department of Commerce, Labor & Economic Analysis Division (LEAD)

Source: analysis of data from US Census Bureau (Current Population Survey)

Note: shaded bars denote periods of recession

## Demographic Shifts Lead To Lower Labor Force Participation

Labor force participation rate in North Carolina (2001-2023, annual average)



NC Department of Commerce, Labor & Economic Analysis Division (LEAD)  
Source: analysis of data from the US Census Bureau (Current Population Survey)

# Hot off the presses

## New data sheds light on the labor market

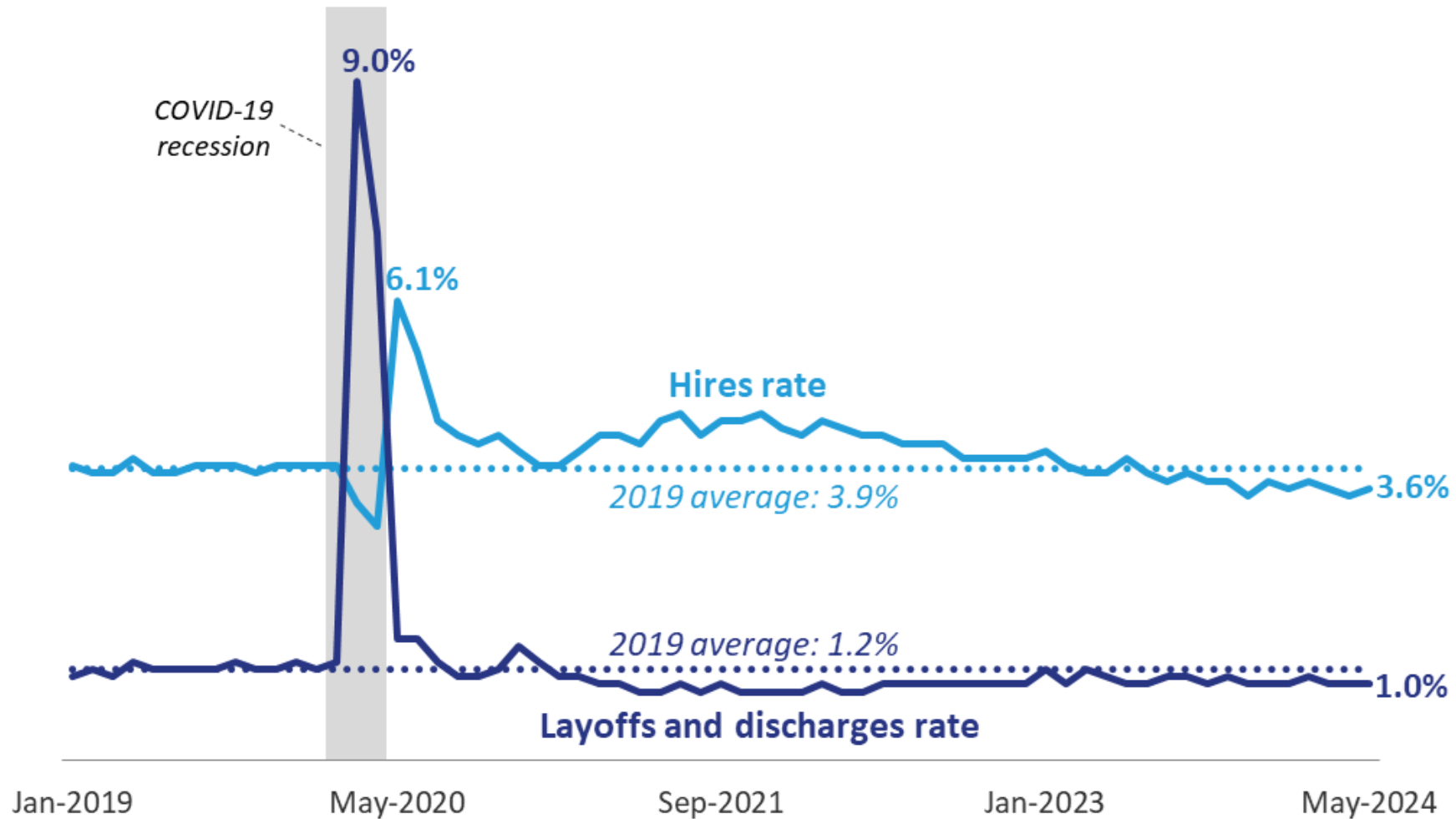
Three recent data releases reveal **emerging trends** in the U.S. labor market:

- A declining rate of **labor turnover** (few hires and few layoffs)
- A persistently elevated rate of **working from home**
- A record-high rate of **job satisfaction** (although with signs of trouble emerging)

(While these data show trends at the national level, other evidence suggests we're seeing similar trends unfold right here in North Carolina)

# The Labor Market Is Stuck in Neutral: Few Hires and Few Layoffs

Nationwide hiring and firing as a share of total nonfarm employment

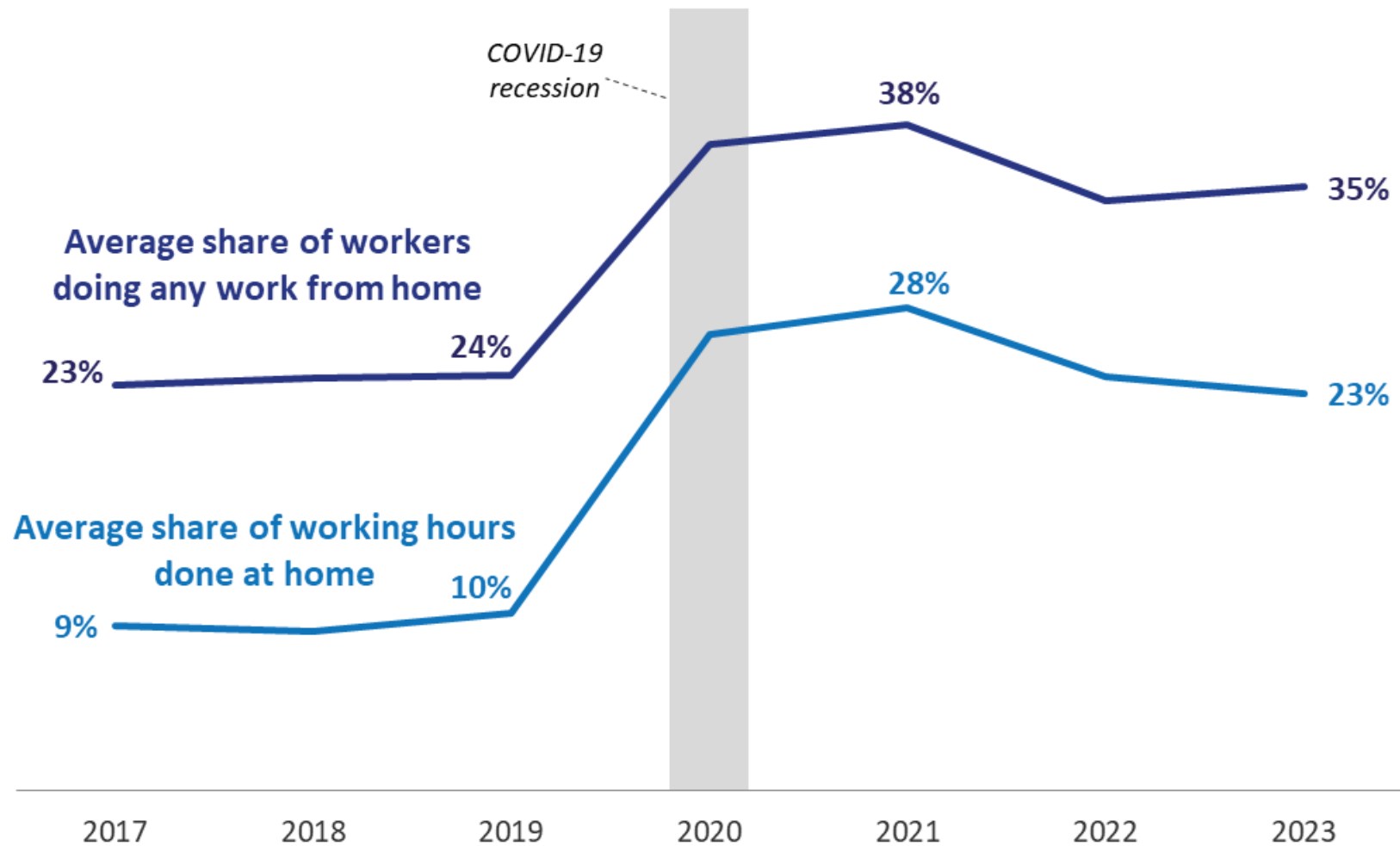


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Source: US Bureau of Labor Statistics (Job Openings and Labor Turnover Survey)

## For Many Workers, Higher Rates of Remote Work Are Here to Stay

Nationwide work-from-home trends



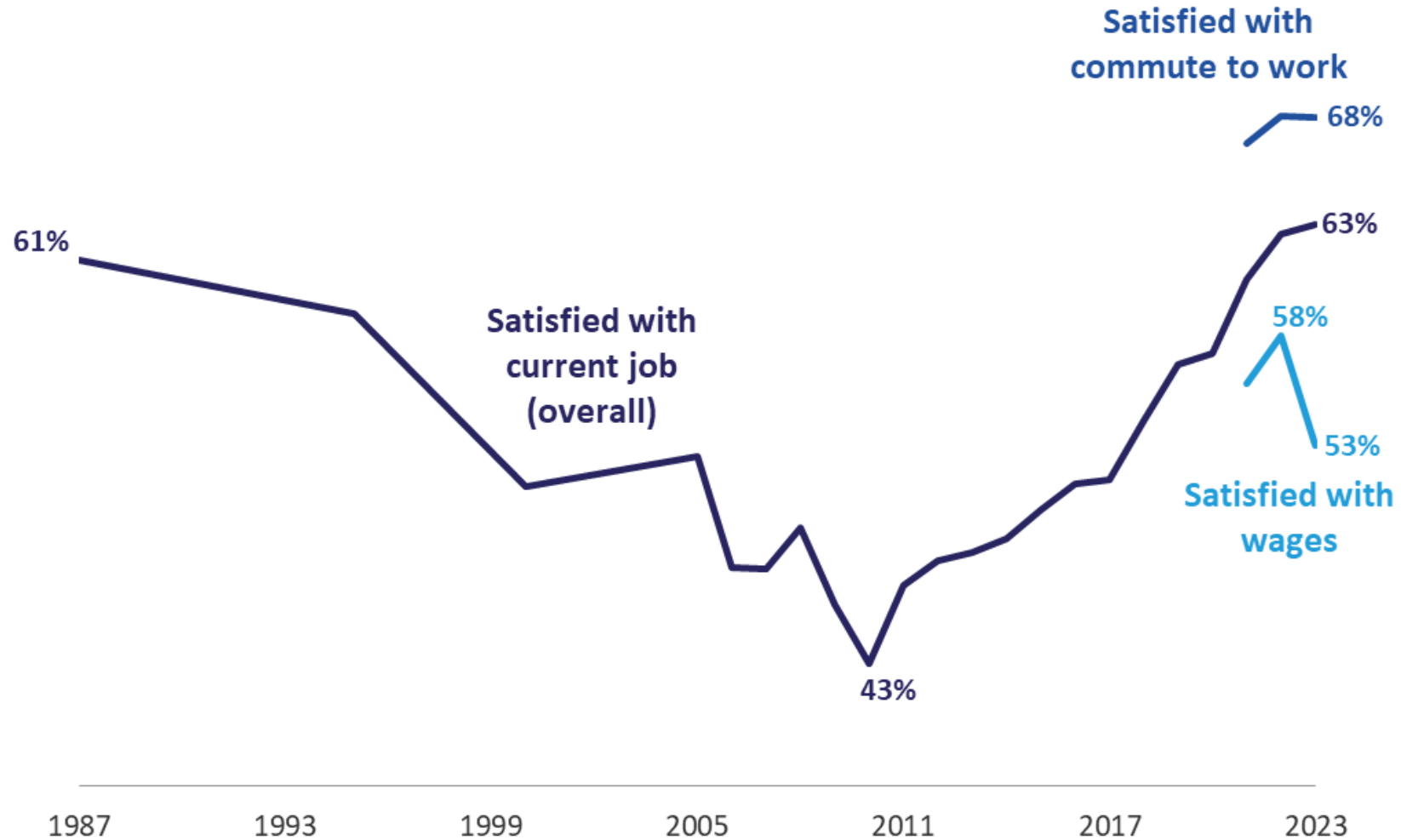
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Source: US Bureau of Labor Statistics (American Time Use Survey)



# Job Satisfaction Is at a Record High, but Signs of Trouble Are Emerging

Share of workers nationwide reporting they are satisfied with their current job



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

Source: Conference Board (Consumer Confidence survey / Job Satisfaction report)

# The outlook

## What's next for our labor market?

Most forecasters expect **slow hiring** to continue in the months ahead.

- Will **young people** continue to enter the labor force? Or will they go back to “sheltering” in school as job opportunities dry up?
- Will the labor market remain “stuck in neutral”? Or will we start to see a more significant deterioration in economic conditions, leading to **business failures** and **mass layoffs**?
- Will elevated rates of **remote work** survive a prolonged labor market slowdown? Or will more employers start to enforce “return-to-office” mandates?
- Will slower wage growth and fewer opportunities for advancement affect **employee morale**?

**Stay tuned!** We'll let you know what happens as the rest of the year unfolds

# Resources of interest

## June 2024 NC Economy Watch

*Understanding North Carolina's Labor Force Participation Rate*

<https://www.commerce.nc.gov/news/the-lead-feed/june-2024-nc-economy-watch-understanding-north-carolinas-labor-force-participation-rate>

## July 2024 NC Economy Watch

*Three Things You Should Know About Today's Labor Market*

<https://www.commerce.nc.gov/news/the-lead-feed/july-2024-nc-economy-watch>

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# “Thank you!”

**Andrew Berger-Gross**

**Senior Economist**

[andrewbg@commerce.nc.gov](mailto:andrewbg@commerce.nc.gov)

**Jonathan Guarine**

**Economist**

[jonathan.guarine@commerce.nc.gov](mailto:jonathan.guarine@commerce.nc.gov)