

NC Economy Watch

March 2024

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Year in review

Data revisions

Why are we waiting until **March 2024** to talk about what happened in **2023**?

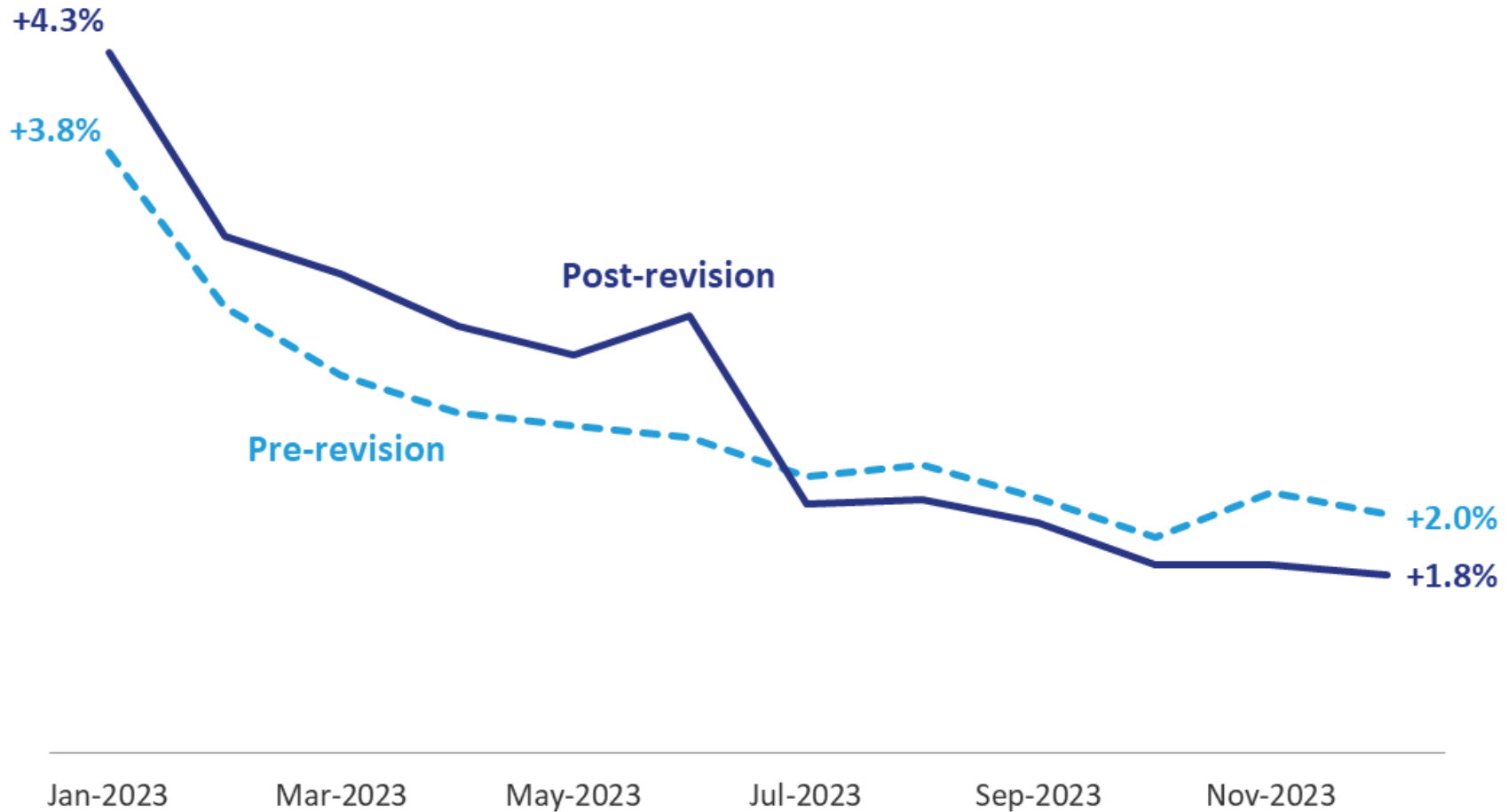
- Economic data is published at a **lag**
 - December 2023 data weren't published until early 2024
- Economic data can be subject to large **revisions**
 - Revisions are needed to incorporate information that wasn't available when the preliminary data were initially published

Employment data revisions for North Carolina were released last week

Some of these revisions meaningfully impact what we thought we knew about job growth in North Carolina...

Data Revisions Point to a Steeper Employment Slowdown in 2023

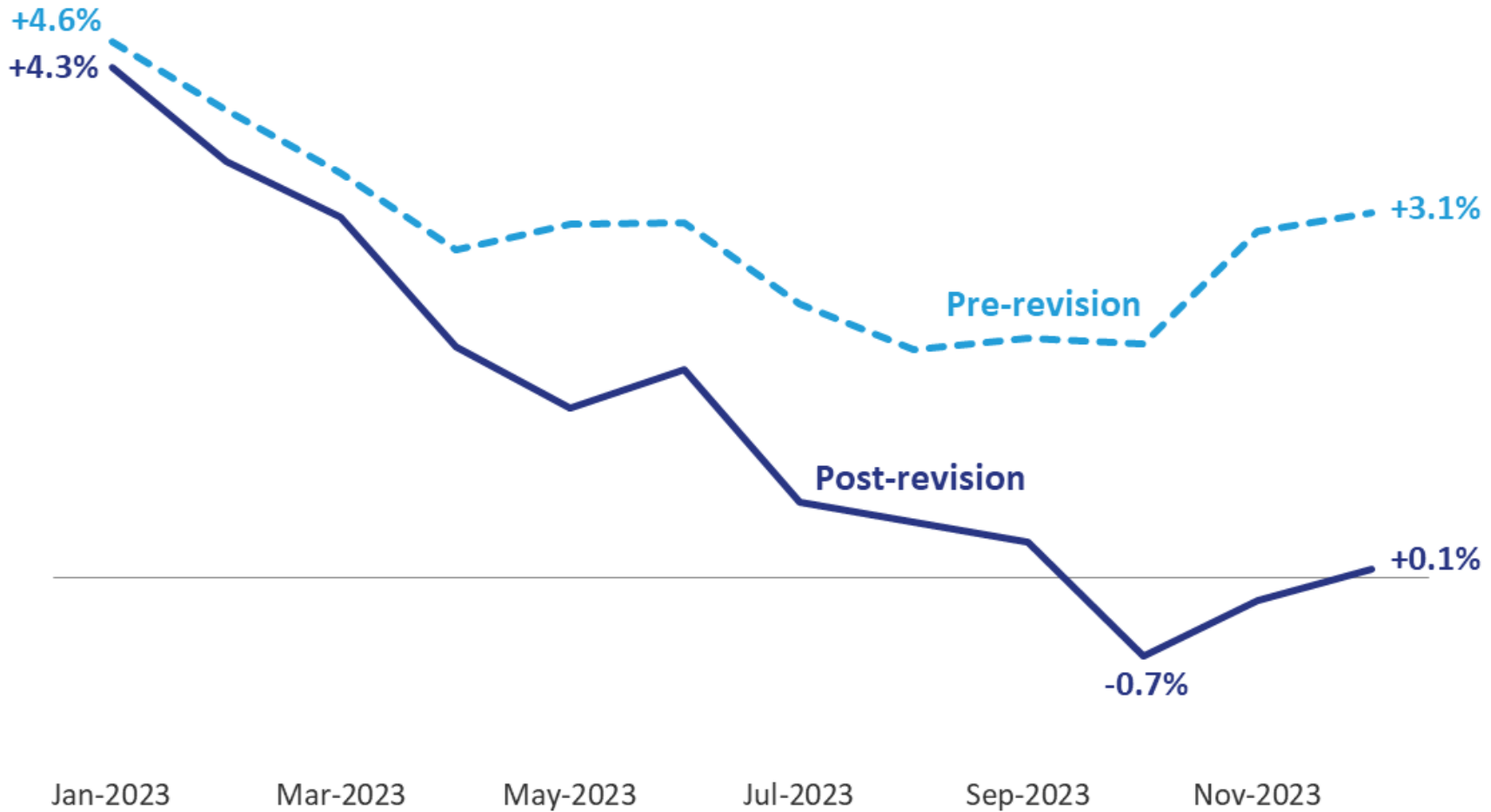
Total Nonfarm employment in North Carolina (% change over-the-year, Jan 2023 - Dec 2023)



NC Department of Commerce, Labor & Economic Analysis Division (LEAD)
Source: US Bureau of Labor Statistics (Current Employment Statistics)

Downward Revisions Were Driven in Part by Professional Services

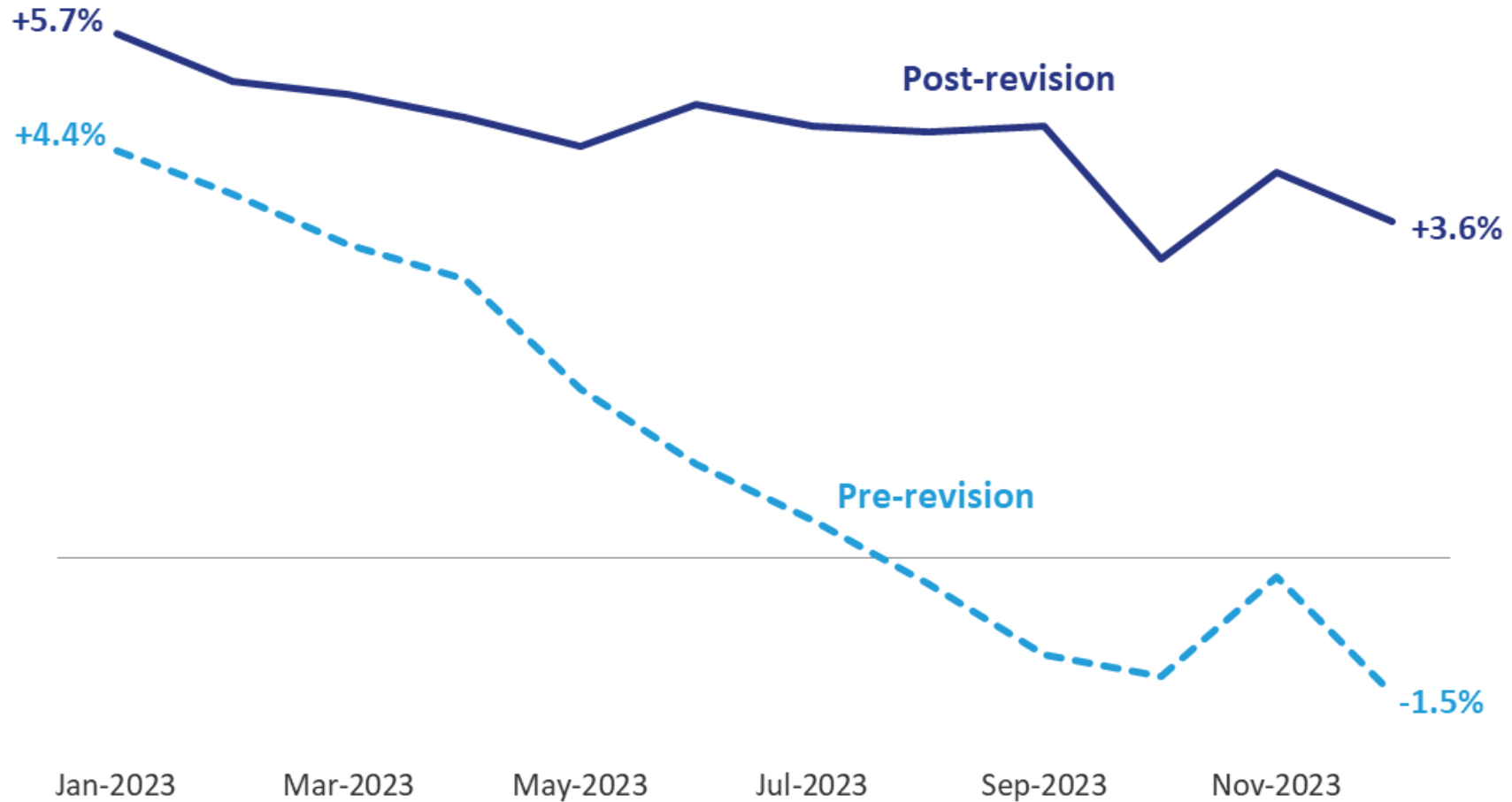
Professional & Business Services employment in NC (% change over-the-year, Jan 2023 - Dec 2023)



NC Department of Commerce, Labor & Economic Analysis Division (LEAD)
Source: US Bureau of Labor Statistics (Current Employment Statistics)

Data Revisions Reveal Construction Sector Growing at Healthy Pace

Construction employment in North Carolina (% change over-the-year, Jan 2023 - Dec 2023)



NC Department of Commerce, Labor & Economic Analysis Division (LEAD)
Source: US Bureau of Labor Statistics (Current Employment Statistics)

Year in review

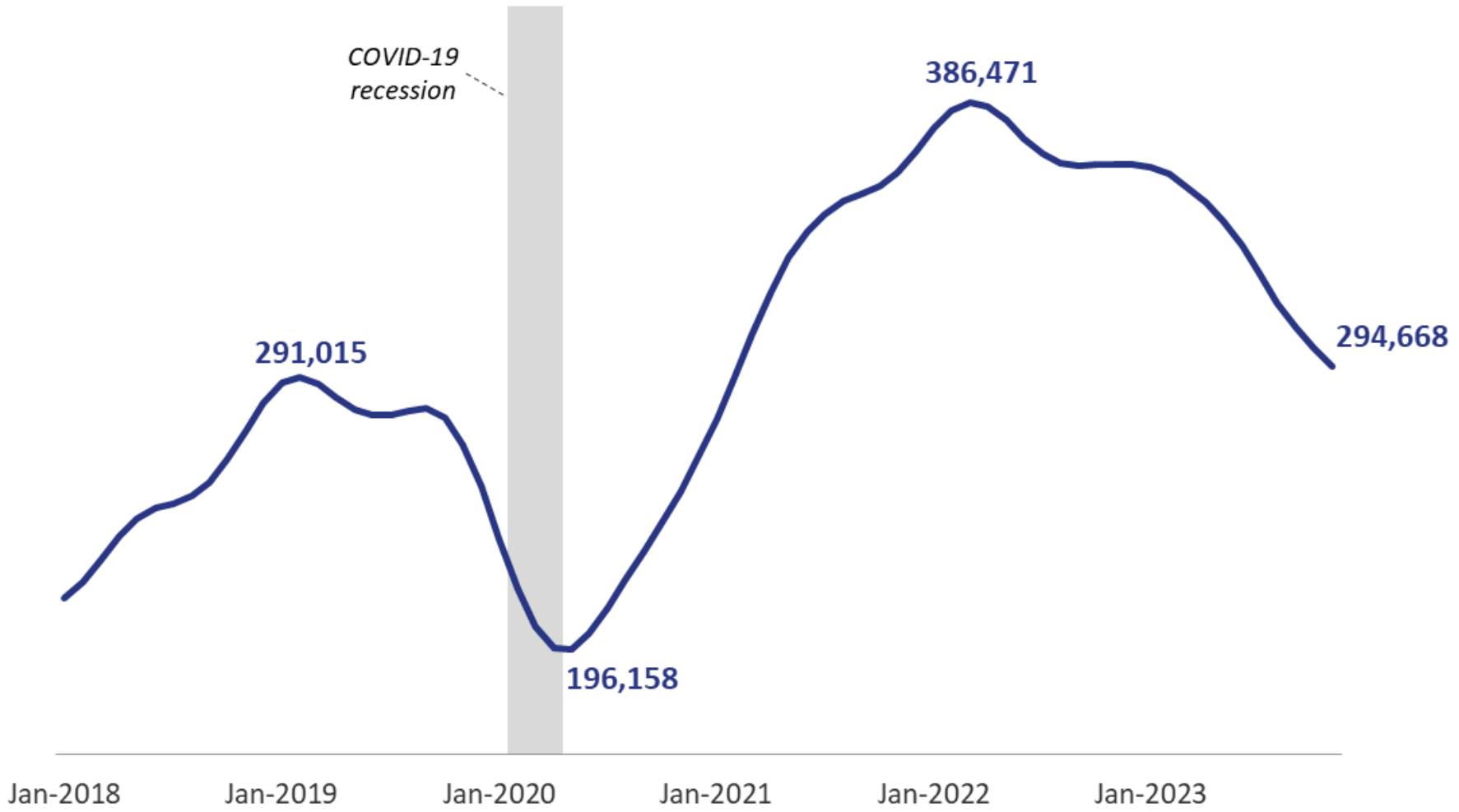
Key economic trends of 2023

In 2023, our primary questions about the economy focused on the **labor market**, **price inflation**, and the risk of an **economic recession**:

- Will the labor market **cool off** and approach a more **sustainable balance** between employers and jobseekers?
- Will price growth slow to the Federal Reserve's **2% target**?
- Will the economy ease into a **soft landing** (lower inflation and low unemployment) or will it crash into a **hard landing** (recession)?

Job Openings Are Approaching Pre-Pandemic Level

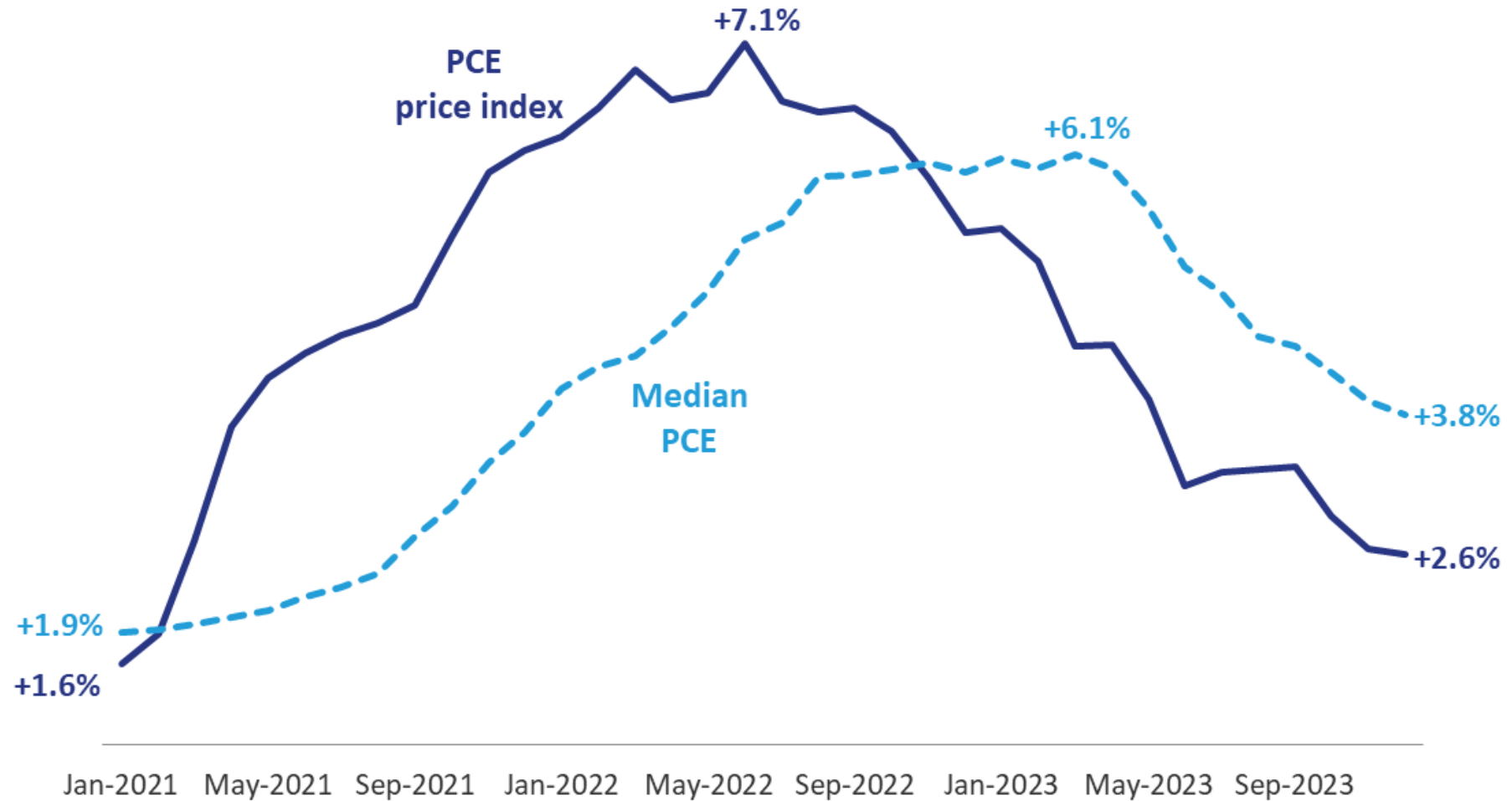
Number of job openings in North Carolina (Jan 2018 - Nov 2023)



NC Department of Commerce, Labor & Economic Analysis Division (LEAD)
Source: analysis of data from US Bureau of Labor Statistics

Price Inflation Is Down. Is a Soft Landing Within Sight?

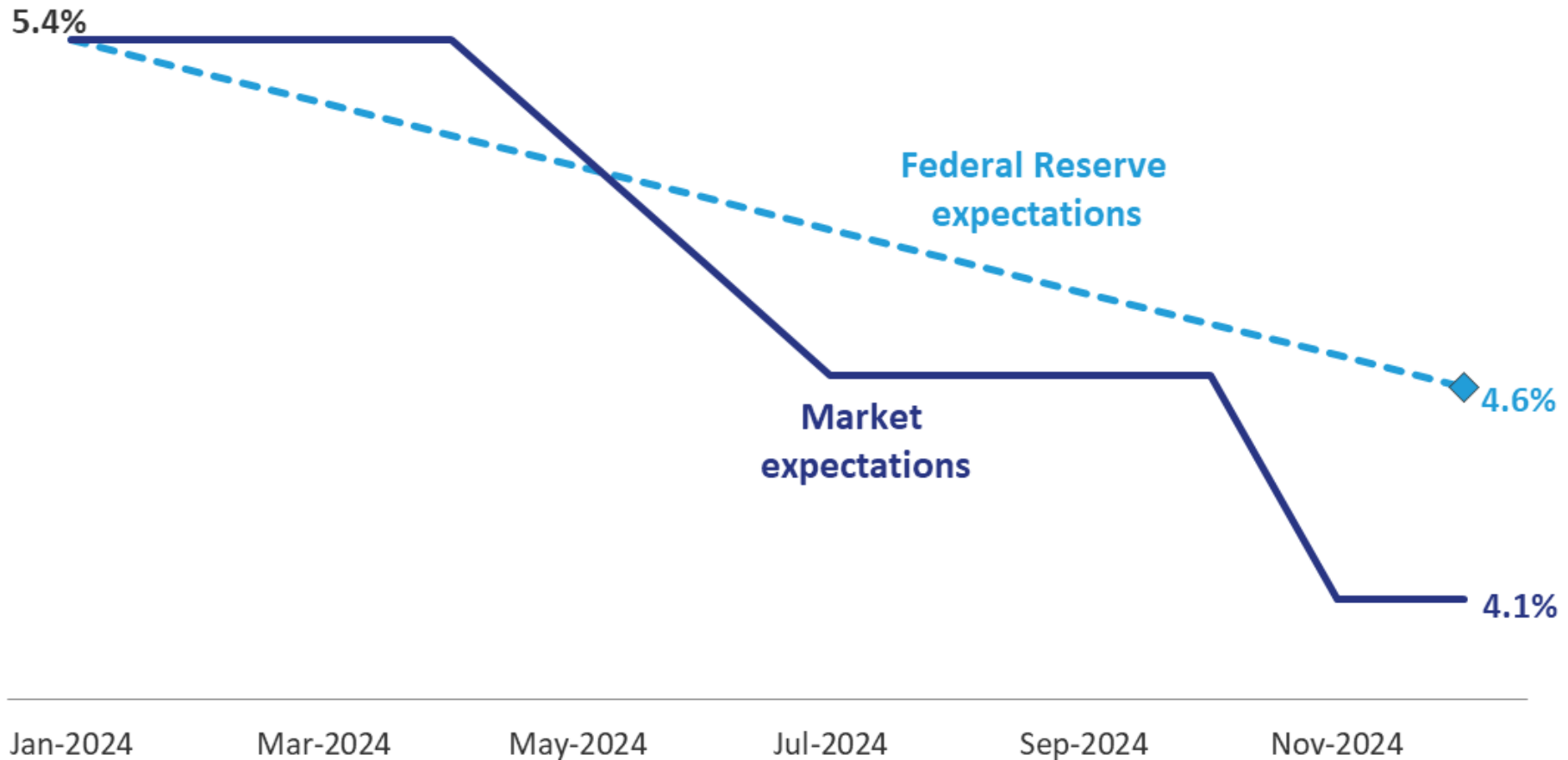
U.S. personal consumption expenditures price index (over-the-year change, Jan 2021 - Dec 2023)



NC Department of Commerce, Labor & Economic Analysis Division (LEAD)
Source: US Bureau of Economic Analysis; Federal Reserve Bank of Cleveland

Interest Rates: How Low Will They Go?

Median federal funds rate expectations (midpoint of target range, Jan 2024 - Dec 2024)



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

Source: Federal Reserve (Summary of Economic Projections, December 2023); CME FedWatch Tool (accessed February 5, 2024)

Trends to watch in 2024

Will the **labor market** settle into a “**normal**” balance between employers and jobseekers? Or will conditions **deteriorate**?

- Might we start to see more widespread layoffs and more joblessness?

Will **price inflation** continue to **decline**? Or will it remain **stuck** above 2%?

When will the **Federal Reserve** start to **lower interest rates**?

- In the meantime, how will higher interest rates impact households and businesses?

Resources of interest

February 2024 NC Economy Watch

How Will the Economy Land in 2024?

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

March 2024 NC Economy Watch

Data Revisions Point to a Steeper Employment Slowdown in 2023

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

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“Thank you!”

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