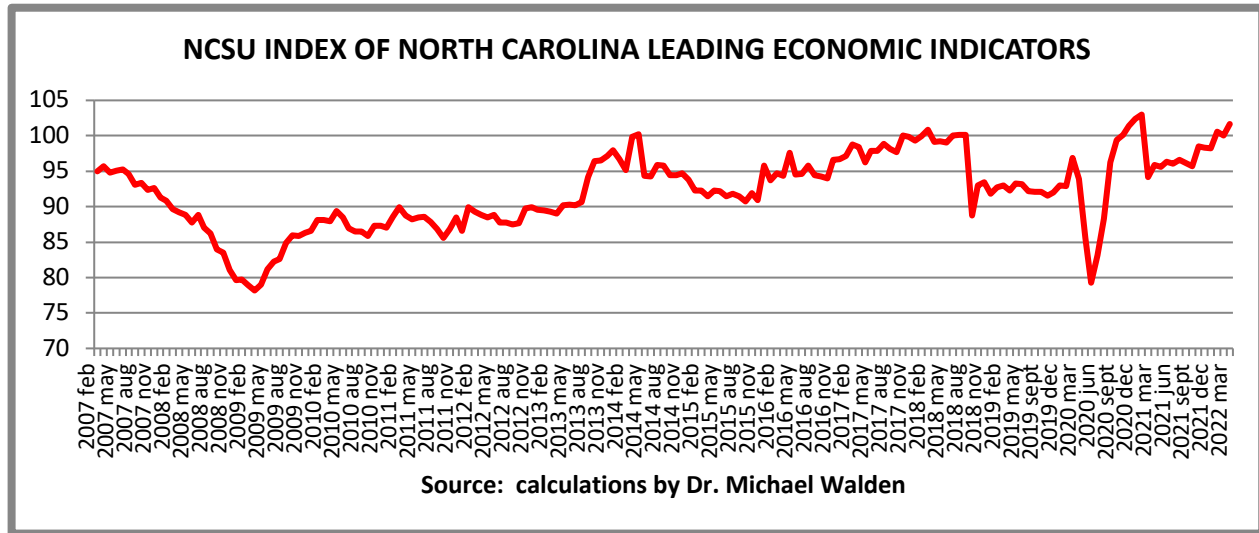


NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS

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The *NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS* (the “Index”), a forecast of the state economy’s direction four to six months ahead, rose a strong 1.7% in February from its level in January. Gains in manufacturing hours, manufacturing earnings, and building



permits more than countered a decline in the national index and a rise in new unemployment claims. The Index is now 7% higher than a year ago and has especially accelerated since last Fall. Three factors will drive the future course of the North Carolina economy. One is Covid, which will be a positive for the economy if cases and severity decline. Second is the Ukraine War. If it escalates and directly involves U.S. forces, fear of what may happen could put the economy in reverse. Conversely, a settlement or even a stalemate would be viewed positively. Third is how fast the Federal Reserve tightens monetary policy and slows the economy to curtail inflation. The worry is if the Fed’s actions push the economy from growing more slowly to not growing at all – meaning a recession.

Chg. from prev. month Chg. from prev. year

INDEX	1.7%	6.0%
ECRI-WLI	-1.5%	2.9%
Claims	4.3%	-69.0%
Permits	3.3%	6.6%
Hours	4.5%	4.0%
Earnings	18.3%	2.9%

About the Index: The Index is composed of five components: the Economic Cycle Research Institute (ECRI)’s Weekly Leading Index (<http://www.businesscycle.com/resources/>), North Carolina initial claims for unemployment benefits, North Carolina building permits, average weekly hours of work of all North Carolina employees in manufacturing, and average weekly earnings of all North Carolina employees in manufacturing. All data are seasonally-adjusted and modified for differences in prices levels where appropriate. Data are from the U.S. Bureau of Labor Statistics, the U.S. Census Bureau, and ECRI, whose permission to use their Weekly Leading Index is greatly appreciated. All calculations are done by Dr. Michael Walden, and comments can be sent to michael_walden@ncsu.edu.