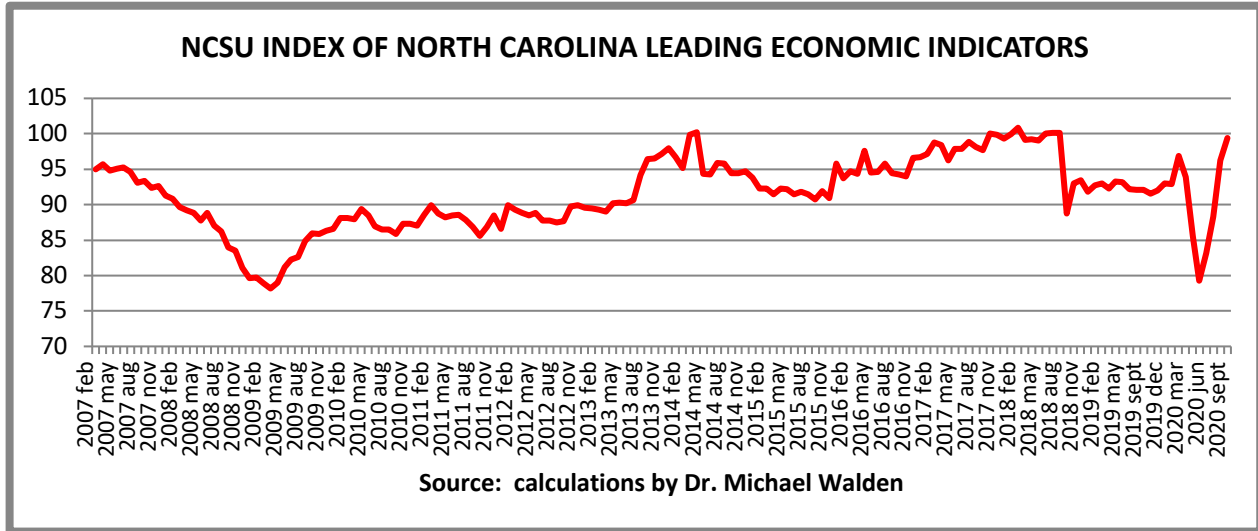


NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS

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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 3.3% in August from its level in July. The gain continues the rebound that began in April, which most economists now see



as the low point of the Covid-19 recession. All components of the Index improved, led by a 37% drop in initial jobless claims. Although the Index now exceeds its pre-Covid-19 level, this does *not* imply the aggregate economy has totally recovered. Indeed, initial jobless claims in August were still 377% higher than in August 2019. Instead, the Index suggests good improvement in the state economy is ahead. However, this forecast does not account for unknown turns the virus can take. For example, if there is a substantial second wave of infections, the economic forecast could turn negative. So again, for now the virus is in control.

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

INDEX	3.3%	8.5%
ECRI-WLI	2.8%	-5.0%
Claims	-37.0%	377.3%
Permits	10.0%	10.0%
Hours	1.5%	1.7%
Earnings	1.8%	1.5%

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.