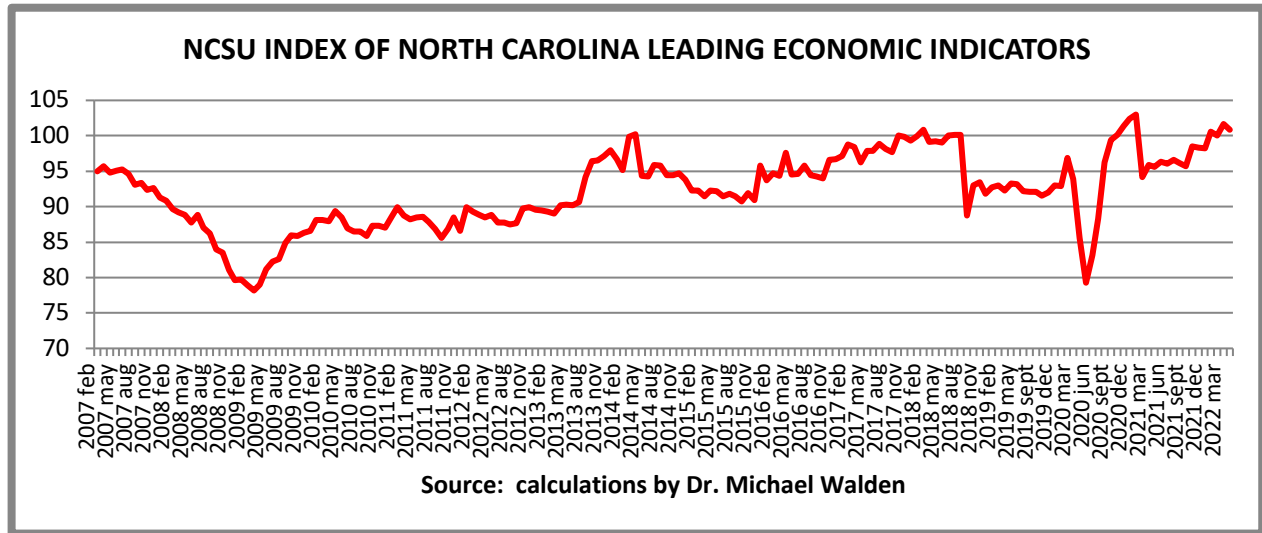


NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS

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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, retreated in March. While the decline was modest, at -0.8%, it was broad-based. Only two of the five indicators improved,



with a rise in the national index and a decline in initial unemployment claims. Building permits, manufacturing hours, and manufacturing earnings all dropped. March’s slight drop continues a “one step forward, one step back” pattern of recent months in which the Index has alternated between rising and falling. Nevertheless, the trend has been upward, with March’s Index value 5.5% higher than a year earlier. The lack of consistent gains may reflect uncertainty over how impactful the Federal Reserve’s monetary tightening policy will be on the direction of the economy. Increased talk of a recession later this year has increased this uncertainty. Add the Ukraine War and you get a world of many potential pitfalls.

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

INDEX	-0.8%	5.5%
ECRI-WLI	1.8%	2.9%
Claims	-23.3%	-70.5%
Permits	-2.6%	-6.1%
Hours	-2.9%	2.2%
Earnings	-1.7%	4.4%

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.