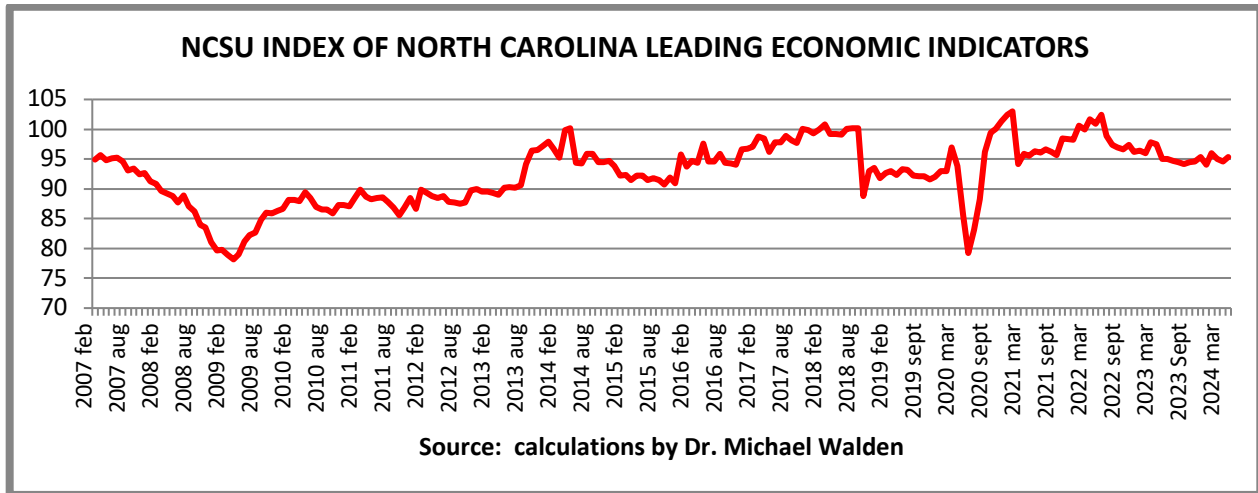


NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS

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The *NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS* (the “Index”), an indicator of the direction of the State economy in the upcoming months, rose 0.7% in March using the latest available data. This was in contrast to a 0.3% decline in the comparable national index.



Accounting for the Index’s positive performance was a 1.9% reduction in initial jobless claims, a 2.3% increase in manufacturing hours, and a 2.6% gain in manufacturing earnings. In contrast, working to weaken the Index was a 1.9% drop in building permits.

Although the new report is good news, the Index has yet to establish a clear direction since last August, with a pattern of minor gains for some months as well as minor losses for other months. This reflects the large degree of uncertainty hanging over the economy. There are four components to this uncertainty: what will happen to inflation, when will the Fed lower interest rates, will consumers continue to spend despite the increase in their debts, and the unknown outcome to this year’s national elections? Until more certainty comes to these questions, the Index will likely continue its volatile pattern.

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

Component	Chg. from prev. month	Chg. from prev. year
NC Index	0.7%	0.3%
US Index	-0.3%	-5.5%
Claims	-1.9%	-17.3%
Permits	-4.0%	-10.0%
Hours	2.3%	3.3%
Earnings	2.6%	1.6%

About the Index: The Index is composed of five components: the national leading index from the Conference Board, 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.