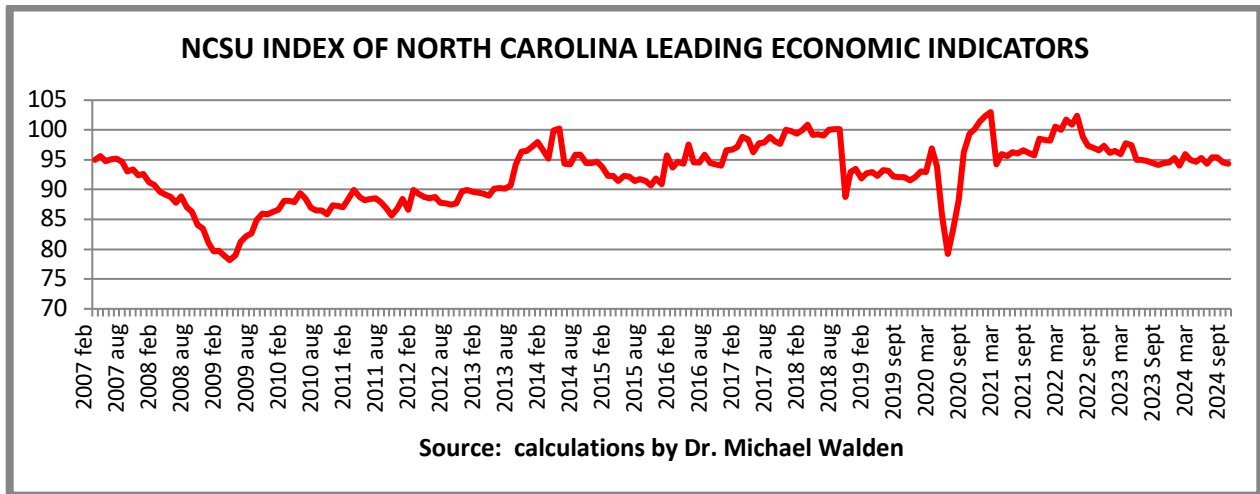


NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS

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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, dropped a modest 0.1% in August, the latest month with available data. However, this was half the 0.2% reduction in the comparable national leading index. A 15.5% rise in initial unemployment claims and a 1.2% reduction



in manufacturing hours helped lower the State index, while a 5.7% increase in building permits and a 1.7% rise in manufacturing earnings helped cushion the drop. One consistent trend in the Index’s components is continuing increases in building permits, which in August were up almost 29% from the previous year. The sideways movement in the Index is actually good news in today’s uncertain economy, because it suggests no recession in North Carolina in the near future. The biggest current concern is a weakening labor market. The Federal Reserve appears to have the same worry for the national economy, which is likely the reason for their recent interest rate cut, with more to come. Still, if there are economic challenges ahead, North Carolina’s strong economy is an advantage for dealing with any adversity.

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

NC Index	-0.1%	0.0%
US Index	-0.2%	-4.9%
Claims	15.6%	5.9%
Permits	5.7%	28.5%
Hours	-1.2%	0.3%
Earnings	2.7%	1.9%

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.