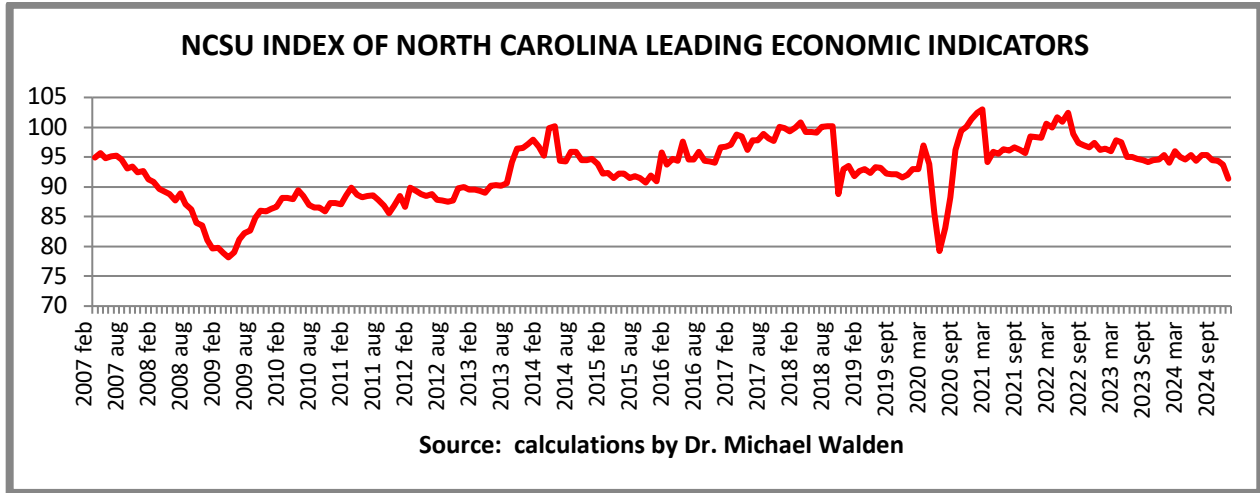


NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS

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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, contracted by 2.5% in October, the latest month with available data. This is a significant drop, but there is a simple



explanation – Hurricane Helene. The three labor market indicators all put downward pressure on the Index. Initial claims for unemployment rose a whopping 127%, and both manufacturing hours and manufacturing earnings fell, but much more modestly. Building permits in the State rose a healthy 6.3%. The message is that the report is an outlier and doesn’t reflect the underlying strength of the North Carolina economy. Ironically, as rebuilding in western North Carolina takes place in coming months, the Index may be given large boosts. The conclusion is it may take some time for Helene’s impact to be removed from indicators reflecting the status of the North Carolina economy.

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

NC Index	-2.5%	-4.1%
US Index	-0.4%	-0.4%
Claims	127.1%	113.5%
Permits	6.3%	-22.2%
Hours	-1.5%	-1.5%
Earnings	-0.5%	0.4%

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.