

# Economic Conditions

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# Web Slides

- <http://www.csb.uncw.edu/cbes/events/index.htm>

# Population Change

	2000	2010	2012 Estimate	% Change 2000-12	Annual Compound Growth Rate (%)
Brunswick County	73,143	107,431	112,257	53.5	3.7
New Hanover County	160,307	202,667	209,234	30.5	2.3
Wilmington	75,838	106,476	108,297	42.8	3.1
Pender County	41,082	52,217	54,195	31.9	2.4
(Current) Wilmington MSA (Brunswick, New Hanover, & Pender Counties)	274,532	362,315	375,686	36.8	2.7
North Carolina	8,049,313	9,535,483	9,752,073	21.2	1.7
United States	281,421,906	308,745,538	313,914,040	11.5	0.9

Source: Bureau of the Census, US Department of Commerce.



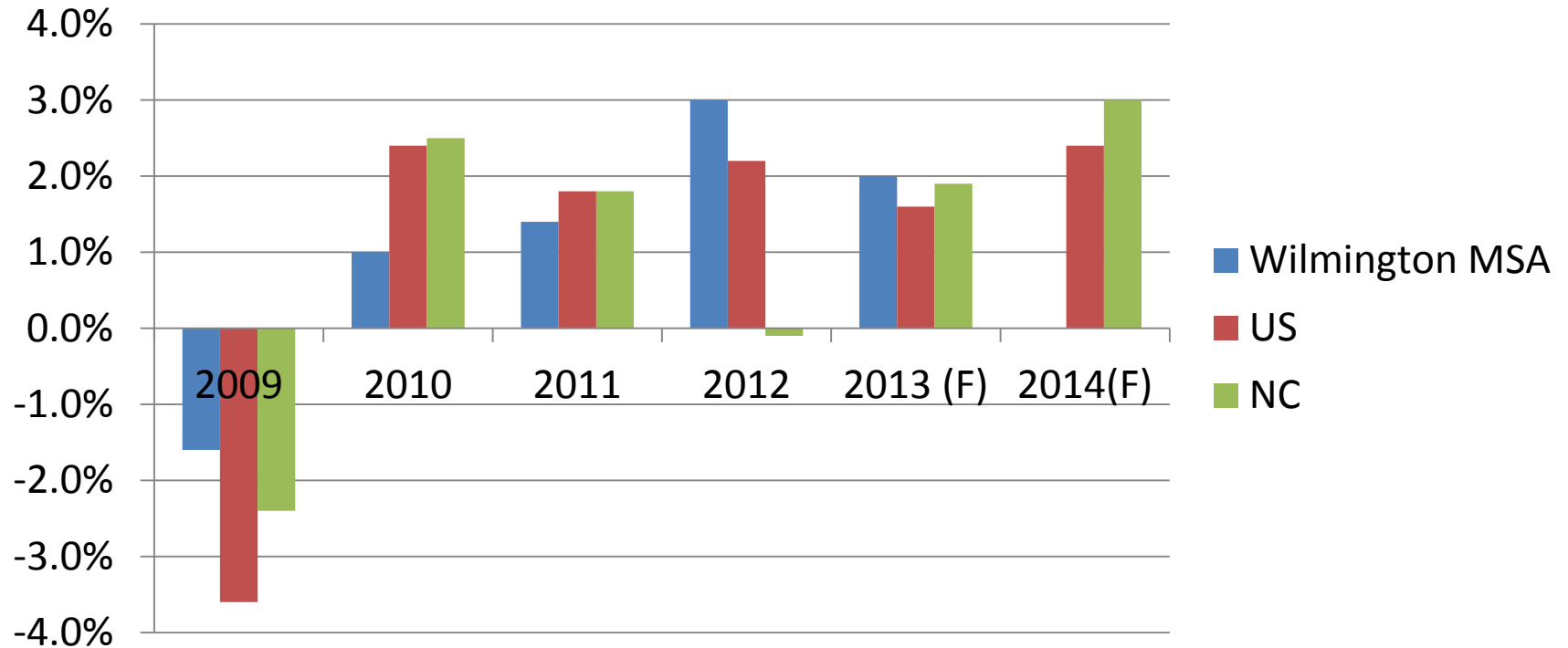
# Population Aged 65 and Older (Percent of Total)

Area	2010	2015	2020	2025	2030
Brunswick County	21.4	21.7	23.8	24.8	26.4
New Hanover County	13.9	15.6	17.4	18.9	20.4
Pender County	15.1	16.5	18.3	19.7	21.5
North Carolina	12.0	13.7	15.0	16.5	17.7
United States	13.0	14.4	16.1	17.9	19.3

Source: Bureau of the Census, US Department of Commerce.



# Real Gross Domestic Product Growth Rates



Source: Bureau of Economic Analysis, U. S. Department of Commerce; Economics Group, Wells Fargo Securities, [Weekly Economic & Financial Commentary](http://www.bea.gov/regional), July 26, 2013; <http://www.bea.gov/regional>; Babson Capital/ UNC Charlotte Economic Forecast, June 4, 2013; Ravija Badarinathi and William W. Hall, Jr., for the H. David and Diane Swain Center for Business and Economic Services, Cameron School of Business, The University of North Carolina Wilmington.

# The US Economic Outlook

- Sustained “modest” growth
- Low inflation

# Sustained Modest Growth

- No acceleration back to trend
- Pickup expected during the second half of 2013
  - Business investment
  - Housing
    - Existing home sales fell 1.2% in June 2013.
    - New home sales in June 2013 rose to their highest level in five years.
    - Inventories of unsold new homes
      - At the current selling rate, it would take only 3.9 months to sell all unsold new homes, the lowest inventory-to-sales ratio since October 2004.
    - Despite their rise over the past two months, mortgage interest rates remain very low by historical standards.
- The factory sector appears to be strengthening.
  - Orders for durable goods rose 4.2% in June 2013.

# Low Inflation

- The PCE (personal consumption expenditure) deflator remains in the 1-1.5% range.
  - Below any sort of trigger for Federal Reserve action
- Interest rates on many “safe” instruments remain low.
  - The yield on the benchmark 10-year US Treasury bond is likely to stay below 2% for at least the next six months.



# Consumers

- Sentiment
  - The University of Michigan index of consumer sentiment has strengthened to the highest level of the current recovery.
- Credit
  - Consumer credit, excluding mortgages, is up almost 6% over last year.
    - Driven by non-revolving credit, particularly educational and auto loans
    - Revolving credit is only up slightly more than 1%.
  - As the economy continues to improve and households and lenders feel more secure in consumers' income prospects (lower default risk), consumer credit should continue to grow.

# US Employment

- The Bureau of Labor Statistics (BLS) July 2013 Employment Situation Summary showed that employment rose by 195,000 in June 2013.
  - Employment rose in leisure and hospitality, professional and business services, retail trade, health care, and financial activities.
- The number of unemployed people (11.8 million) and the national unemployment rate were unchanged from June 2013 (7.6%).
  - Both measures have shown little change since February 2013.
  - The number of long-termed unemployed (unemployed for  $\geq 27$  weeks) was essentially unchanged at 4.3 million.
    - 36.7% of total unemployment
    - The number of long-termed unemployed has declined by 1.0 million over the past twelve months.
- Non-farm payrolls have risen by 200,000 per month over the past three months.
- Initial jobless claims have been flat for the past few months.

# June 2013 US Unemployment Rates

Group	Unemployment Rate (%)	Change from May 2013
Overall	7.6	None
Adult women	6.8	Up
Adult men	7.0	Little or None
Teenagers	24.0	Little or None
Whites	6.6	Little or None
Blacks	13.7	Little or None
Hispanics	9.1	Little or None
Asians(NSA)	4.3	Down from 6.3% in June 2012

# Policy Uncertainty and Sequestration

- Given higher taxes, ongoing policy uncertainty, and \$44 billion of sequestration currently scheduled for FY 2013, growth prospects for the first half of 2013 will likely be at a below-average pace of around 2.5%.
- The US economy should be able to withstand these effects (code for no likely recession) given continued strength in housing and solid motor vehicle sales activity.

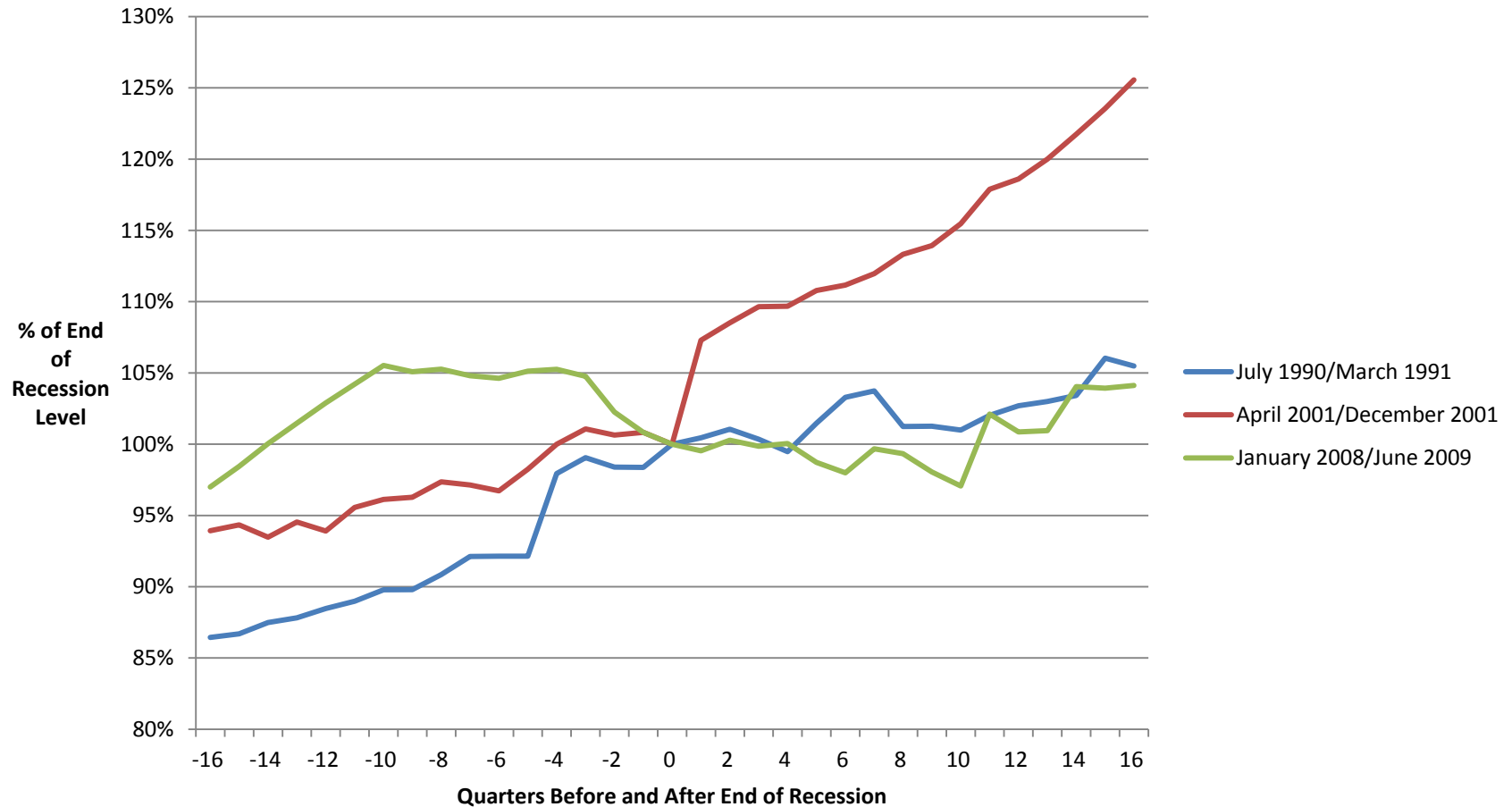
# Wilmington MSA 2012 Employment and Wages

NAICS Sector	% of Total Employment	% Change from 2007	Average Annual Wage		
			Wage	% of MSA All-Sector Average	% of Corresponding State Sector
Health Care & Social Assistance	16.0	12.0	\$41,243	109.9	93.9
Retail Trade	14.5	-5.9	\$24,208	64.5	96.0
Local Government	13.6	1.6	\$41,808	111.4	105.9
Accommodation & Food Services	13.5	1.6	\$14,481	38.6	95.1
Educational Services	8.3	0.1	\$38,530	102.6	95.9
Public Administration	6.1	6.8	\$42,492	113.2	97.3
Professional & Technical Services	5.8	-4.5	\$62,604	166.7	89.9
Manufacturing	5.5	-18.1	\$67,878	180.8	128.2
Construction	5.3	-44.3	\$37,784	100.6	87.7
Administrative & Waste Services	5.1	-6.9	\$29,446	78.4	92.1
All Sectors		-8.1	\$37,544		87.1

Source: Division of Employment Security, NC Department of Commerce.



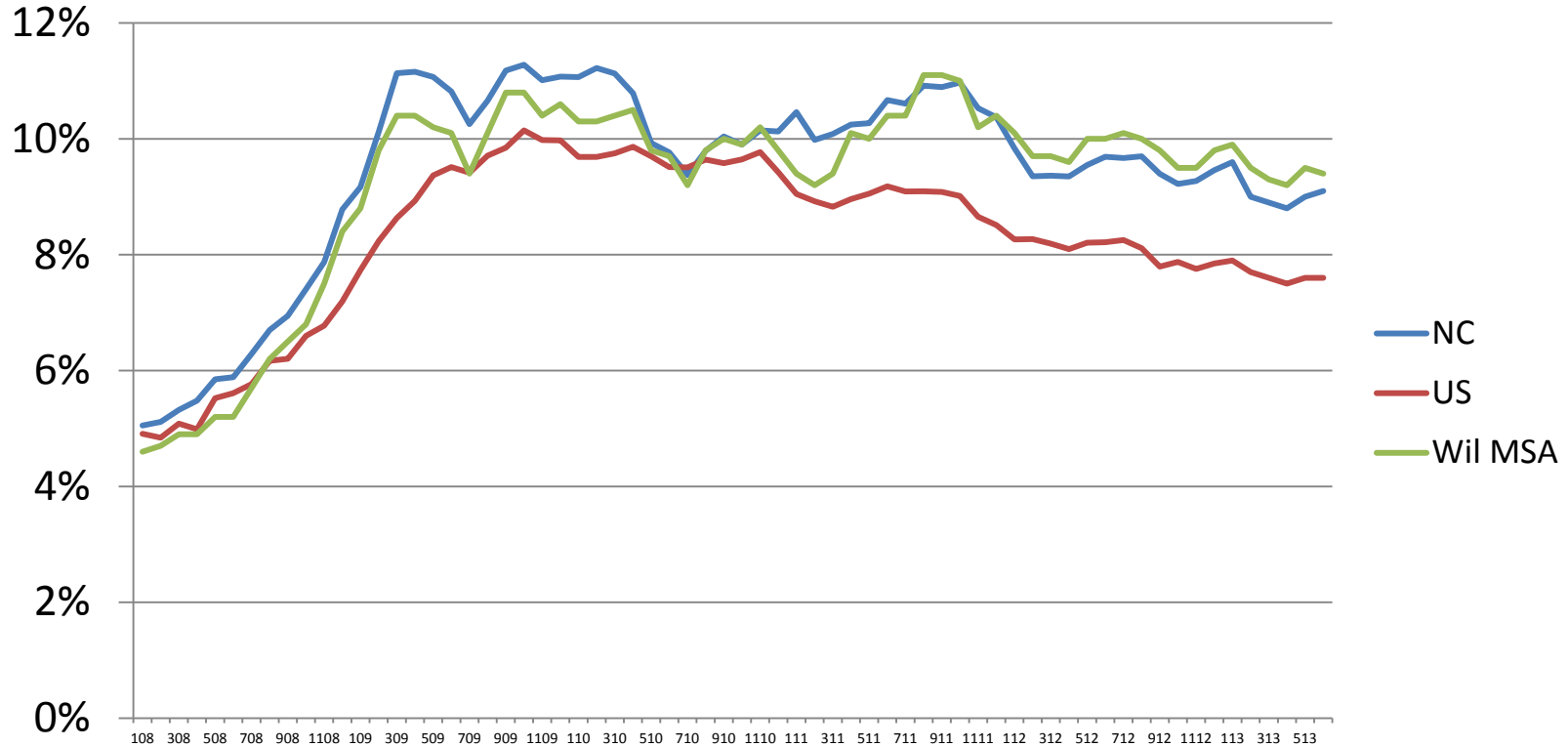
# Wilmington MSA Employment “Spider” Chart



Source: Division of Employment Security, NC Department of Commerce;  
 H. David and Diane Swain Center for Business and Economic Services,  
 Cameron School of Business, UNC Wilmington.



# Unemployment Rates (Seasonally Adjusted)



Source: Bureau of Labor Statistics, US Department of Labor; Division of Employment Security, NC Department of Commerce.



# New Incorporations

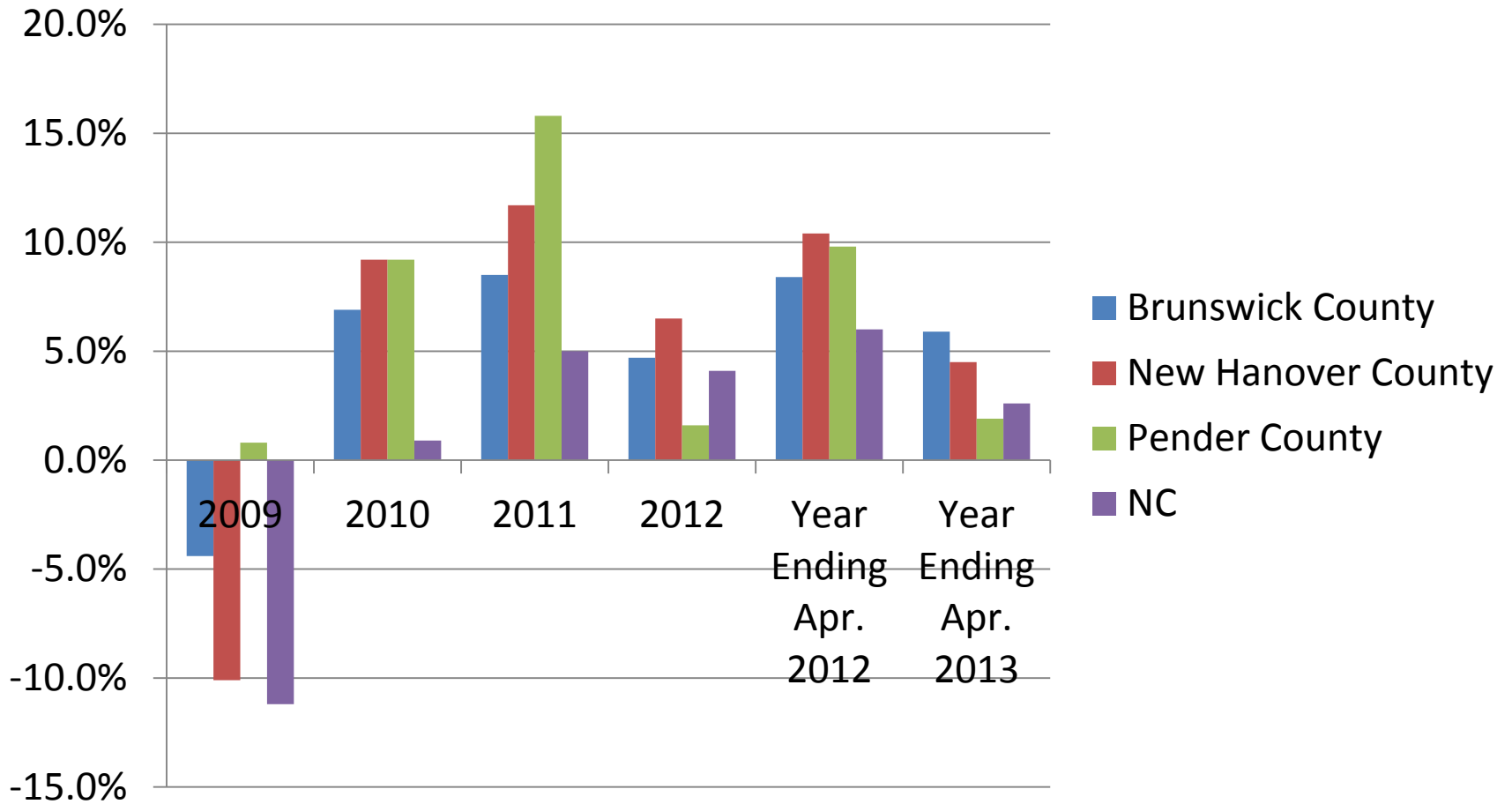
	Brunswick County	New Hanover County	Pender County
2009	515	1,546	236
% Change 2008-09	0.6	15.5	41.3
2010	519	1,609	213
% Change 2009-10	0.8	4.1	-9.7
2011	564	1,603	209
% Change 2010-11	8.7	-0.4	-1.9
2012	1,168	1,058	227
% Change 2011-12	107.1	-34.0	8.6
July 2012-June 2013	1,422	816	220
% Change 2012-13	28.0	-26.6	-3.9

Source: NC Secretary of State's Office.





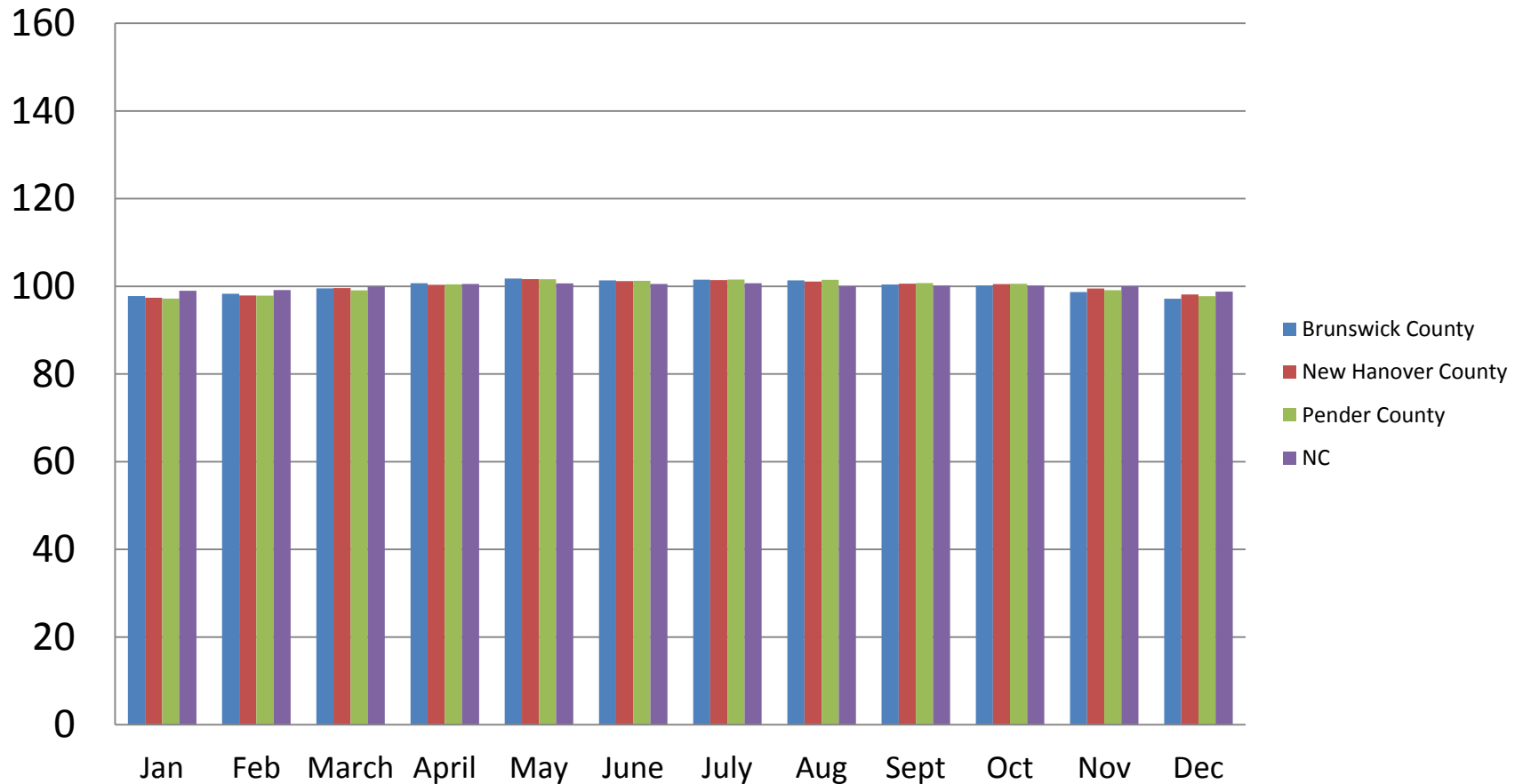
# Retail Sales Growth Rates



Source: NC Department of Revenue.



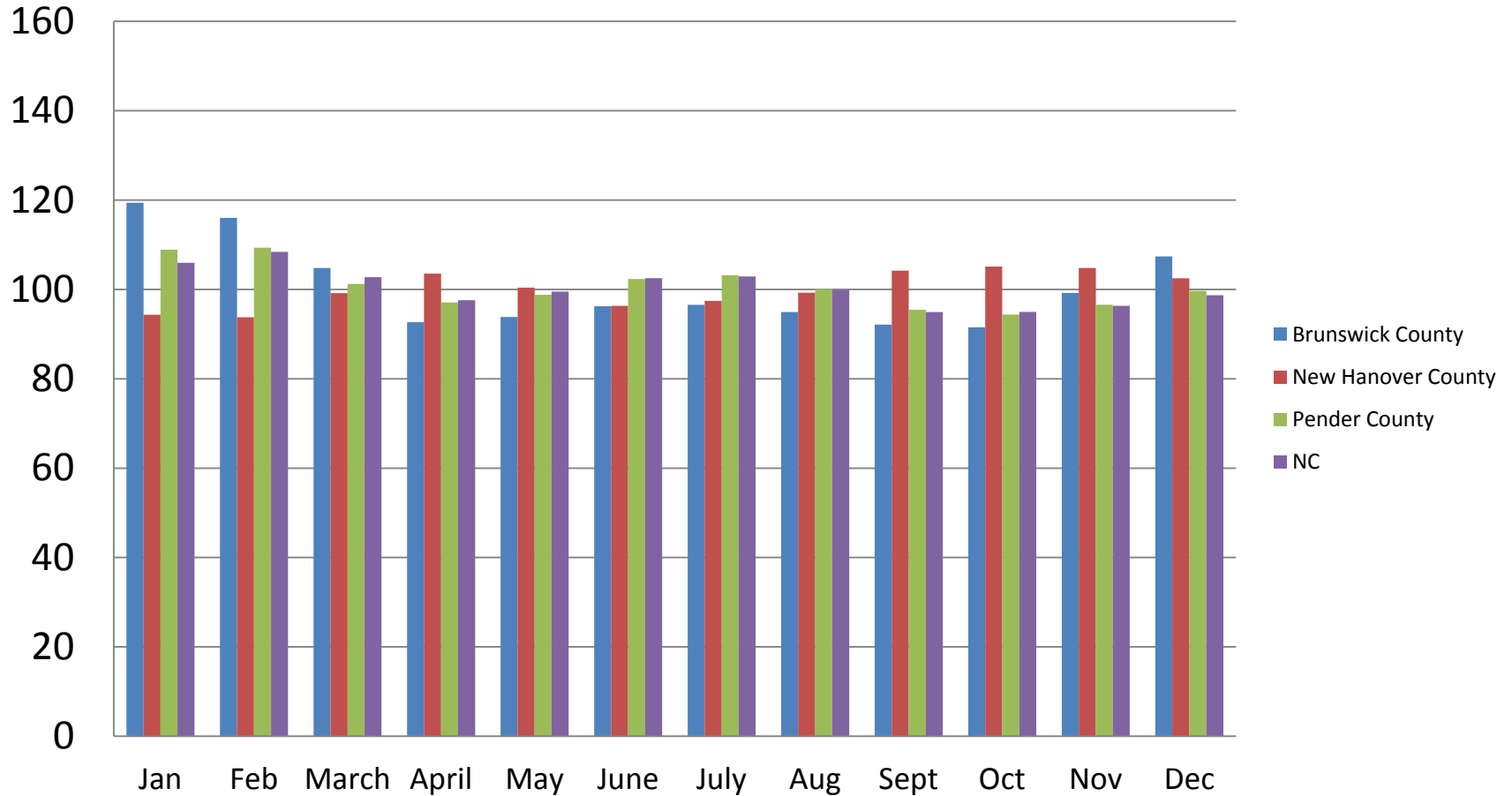
# Employment Seasonal Index



Source: Division of Employment Security, NC Department of Commerce;  
H. David and Diane Swain Center for Business and Economic Services, Cameron School  
of Business, UNC Wilmington.



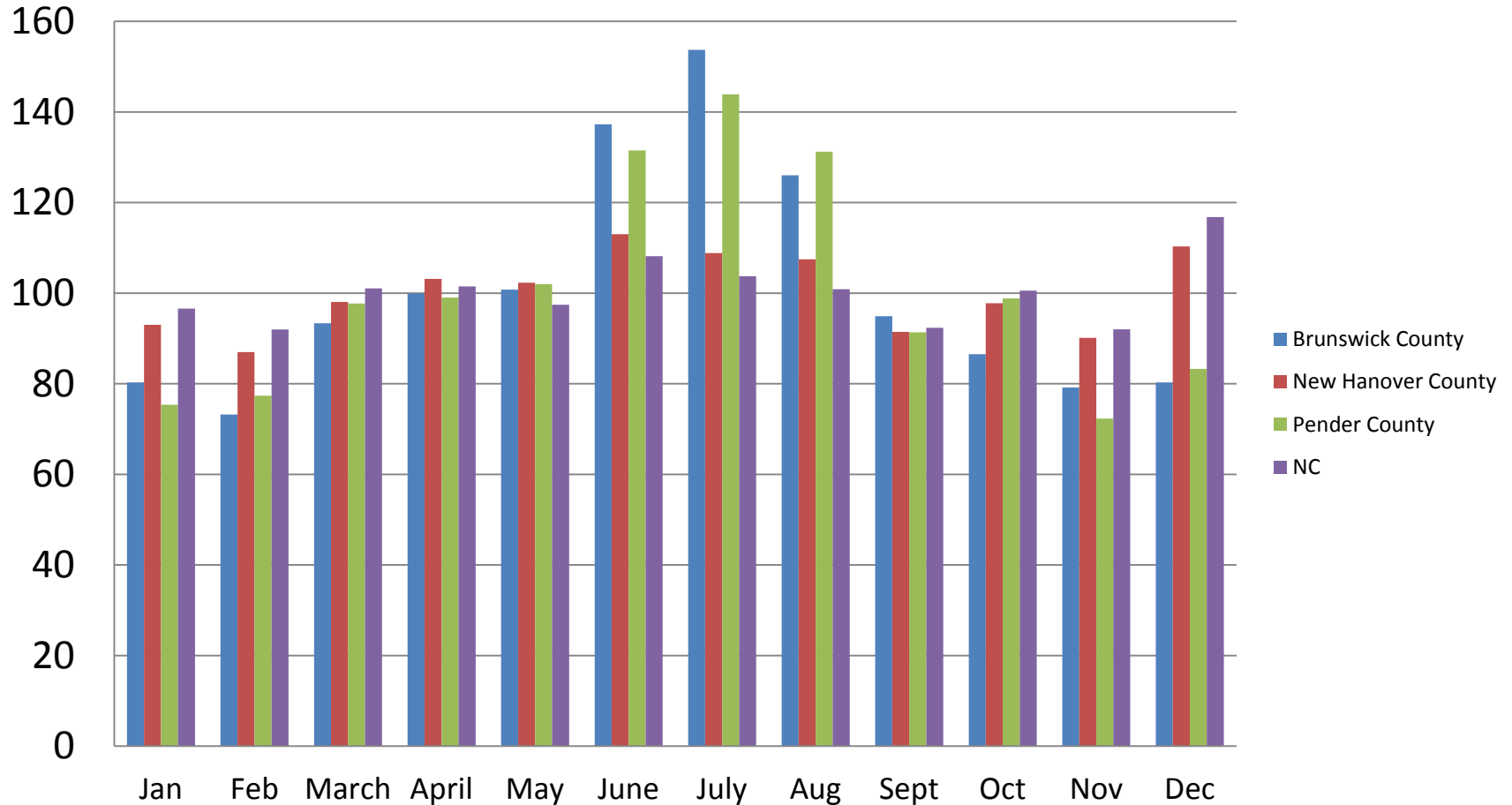
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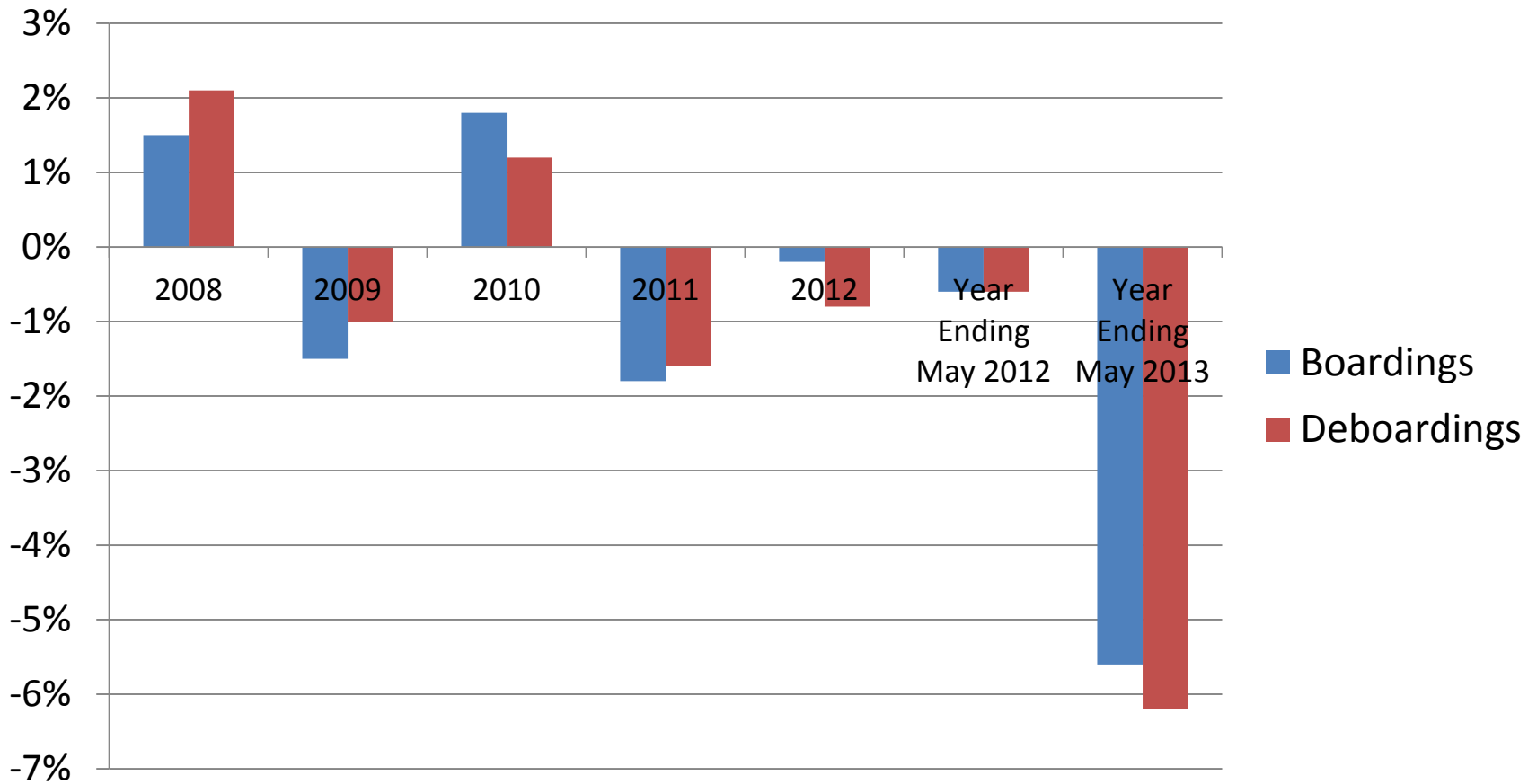
# Retail Sales Seasonal Index



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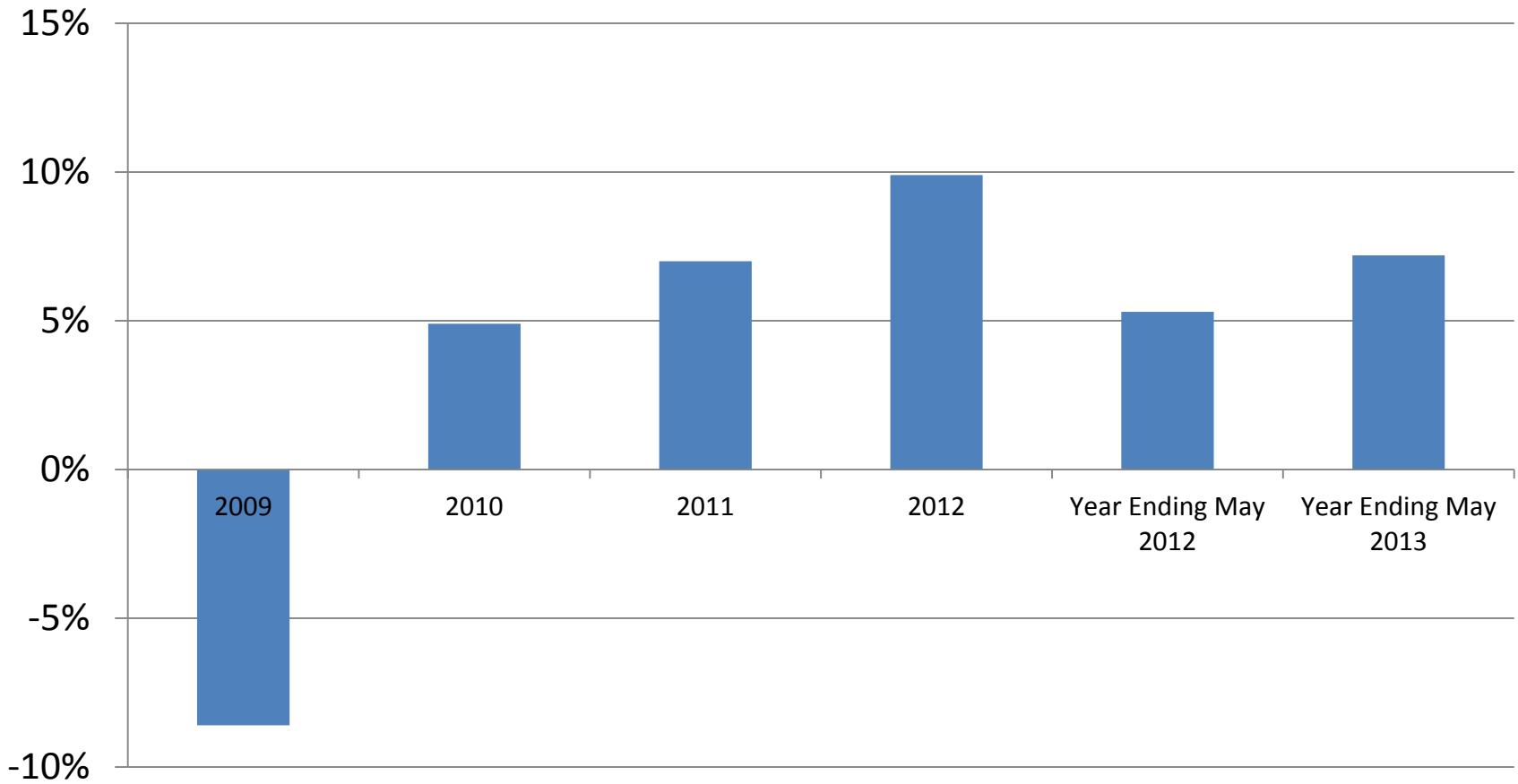
# Wilmington International Airport Air Passenger Traffic Growth Rates



Source: Wilmington International Airport.



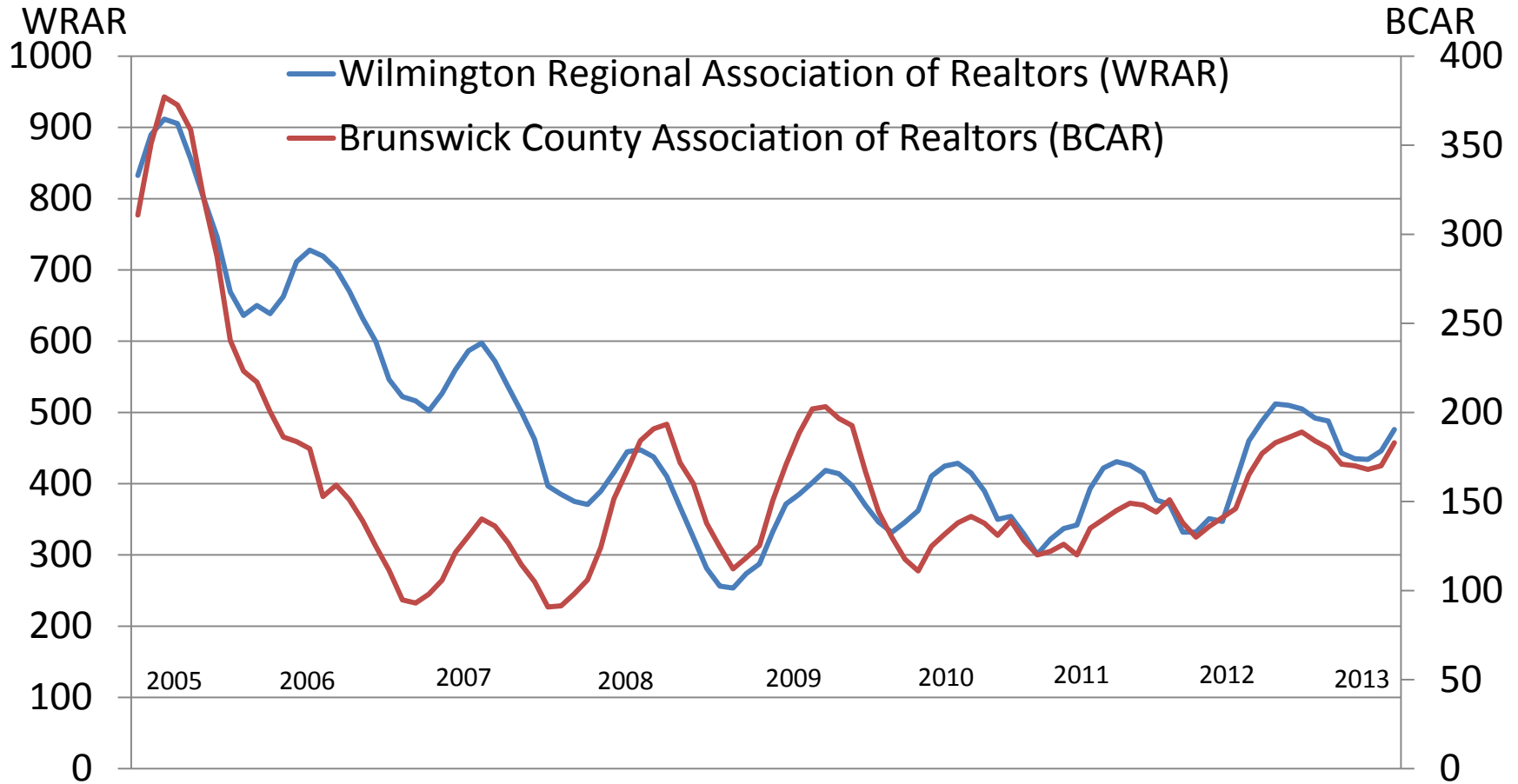
# New Hanover County Room Occupancy Tax Collections Growth Rates



Source: New Hanover County Manager's Office.



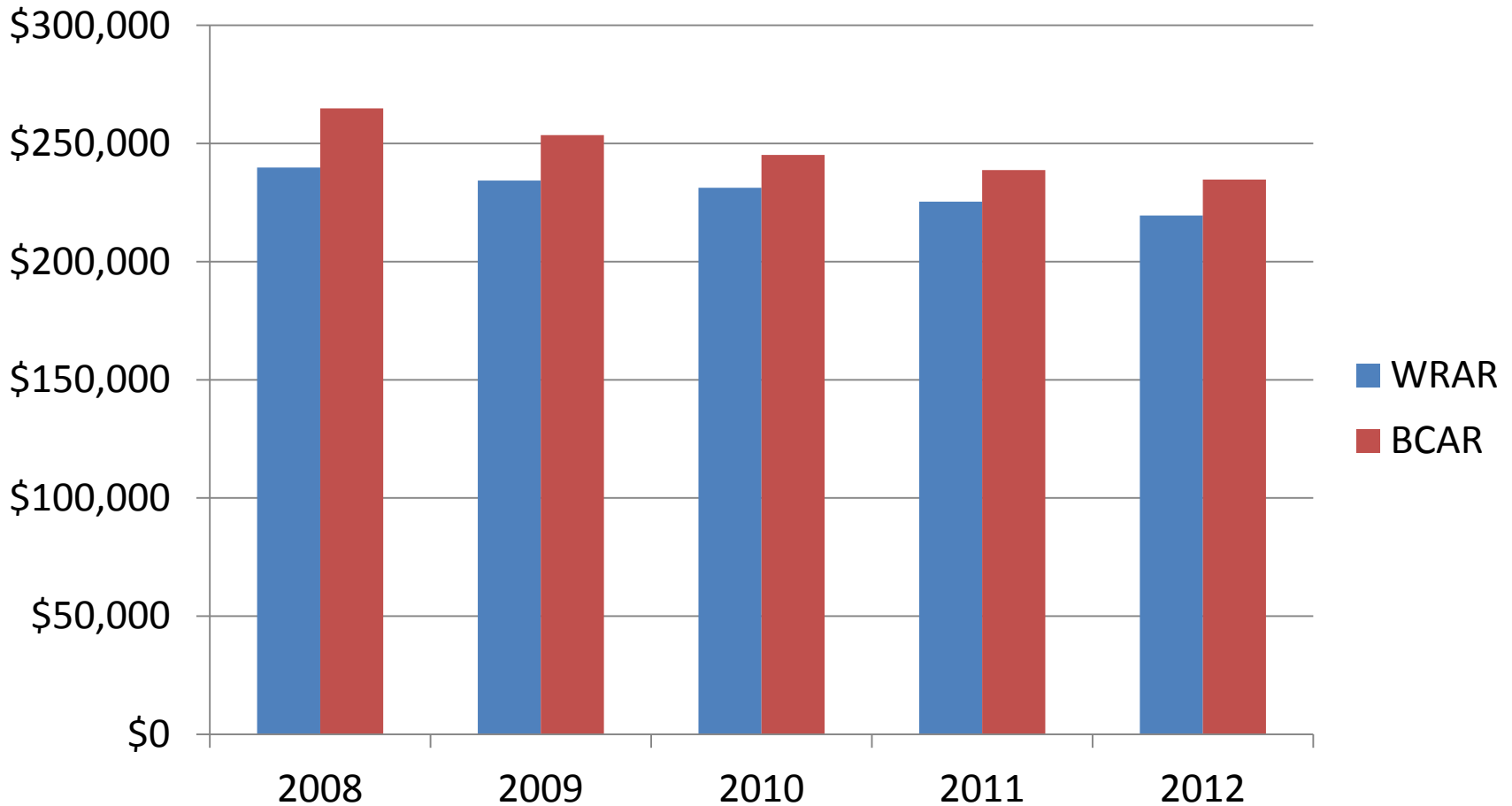
# Sales of Existing Single-Family Homes (5-Month Centered Moving Average)



Source: NC Association of Realtors.



# Annual Average Sales Prices of Existing Single-Family Homes



Source: NC Association of Realtors.





# Annual Quarterly Sales Prices of Existing Single-Family Homes



Source: NC Association of Realtors.




# Special Thanks

**Bank of America**




# Quarterly Barometer

<http://www.csb.uncw.edu/cbes/newsletter/index.htm>



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## Economic Barometer



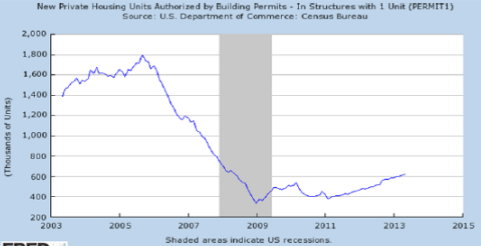
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### Recent Developments on the National Economy

The news at the national level has generally been upbeat of late, leading many commentators to conclude that the long-awaited pickup in the economy has arrived. Getting special attention has been new life in the long-dormant housing sector. As shown in the chart below, permits for single-family homes have been on a steady upward march for more than a year. Meanwhile, prices of existing homes have been

The US Economy	1
Readings on the Labor Market Move Upbeat	1
Consumption Looking Firmer	2
Ditto Residential Construction	3
Halting Advances in Business Investment	3
Stock Prices Could be Higher	5
The Outlook Calls for some Pickup in Growth	6
Unemployment Rates	6
Wilmington MSA Unemployment	7
Employment and Wages	8
New Incorporations	8
Retail Sales Growth Rates	9
Airport Passenger Traffic	9
Port Container Tonnage Growth	10
2011 Travelers' Expenditures	10
Housing	11

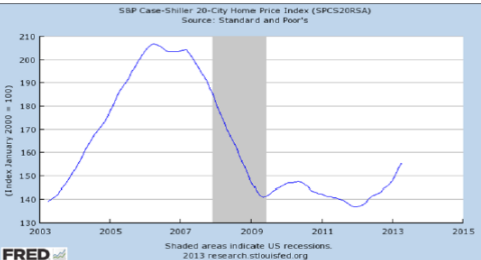
Learn about our benefactors, H. David and Diane Swain at [www.csb.uncw.edu/swaincenter](http://www.csb.uncw.edu/swaincenter)



New Private Housing Units Authorized by Building Permits - In Structures with 1 Unit (PERMIT1)  
Source: U.S. Department of Commerce, Census Bureau

Shaded areas indicate US recessions. 2013 research.stlouisfed.org

rising briskly in recent months, as shown in the next chart. The revival in home prices has been helping to lift equity positions in homes and household net worth,



S&P Case-Shiller 20-City Home Price Index (SPCS20R5A)  
Source: Standard and Poor's

Shaded areas indicate US recessions. 2013 research.stlouisfed.org

# North Carolina's Southeast

- <http://www.ncse.org/>