

Robeson County: Current Economic Picture

The US Economy

The health of the US economy is now strong. The Federal Reserve said that the economic activity has been expanding moderately after having changed little during the first quarter of this year. The pace of job gains picked up while the unemployment rate remained steady. On balance, a range of labor market indicators suggests that underutilization of labor resources diminished somewhat and the present unemployment rate fell down to 5.3%. Federal Reserve reports that household spending and business fixed investment are increased, and the housing sector has been strengthened, but mortgage rates have risen slightly.

According to the news release, real gross domestic product (GDP), a measure of the total output of the economy after adjusting for inflation, grew at an annual rate of real GDP increased 2.2 percent in the fourth quarter of 2014. Real gross domestic product (GDP) increased 2.3 percent in the second quarter of 2015, according to the “advance” estimate released by the Bureau of Economic Analysis. Figure 1 plots these data.



Real GDP growth is measured at seasonally adjusted annual rates.

U.S. Bureau of Economic Analysis

Figure 1: Growth Rate of Real GDP

Real disposable personal income (after tax real personal income) increased from the third to fourth quarter, 2014 and the first quarter of 2015. (www.bea.gov).

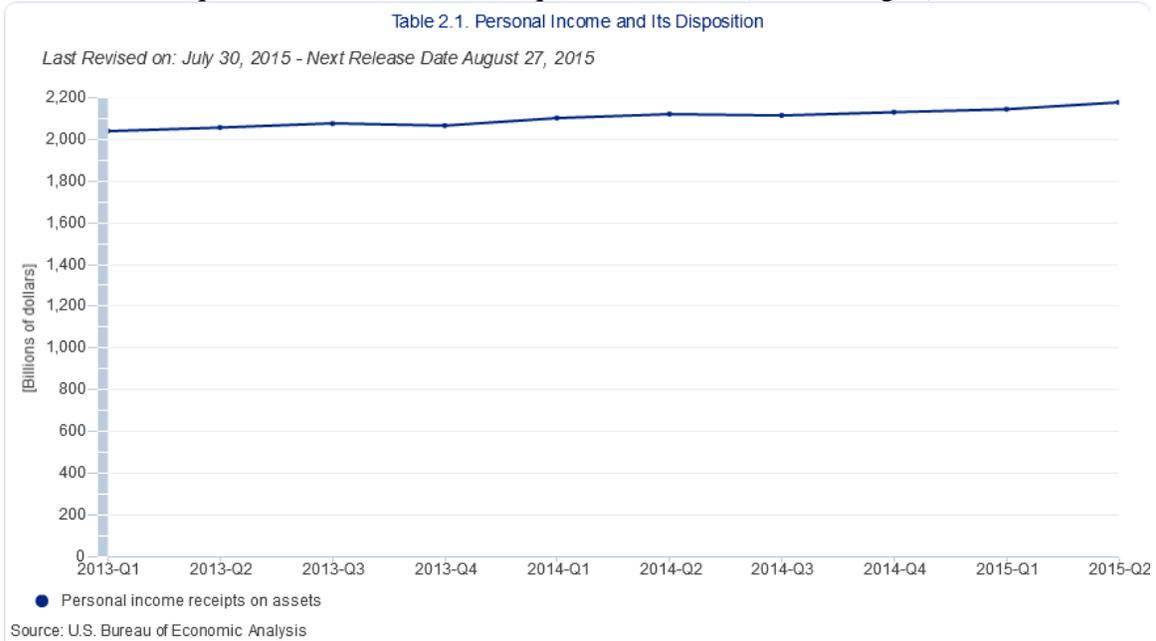


Figure 2. Personal Income and Its Disposition

A similar picture is in the labor market. National unemployment rate decreased to 5.3%, which is record low of this year. Figure 3 plots the unemployment rate data.

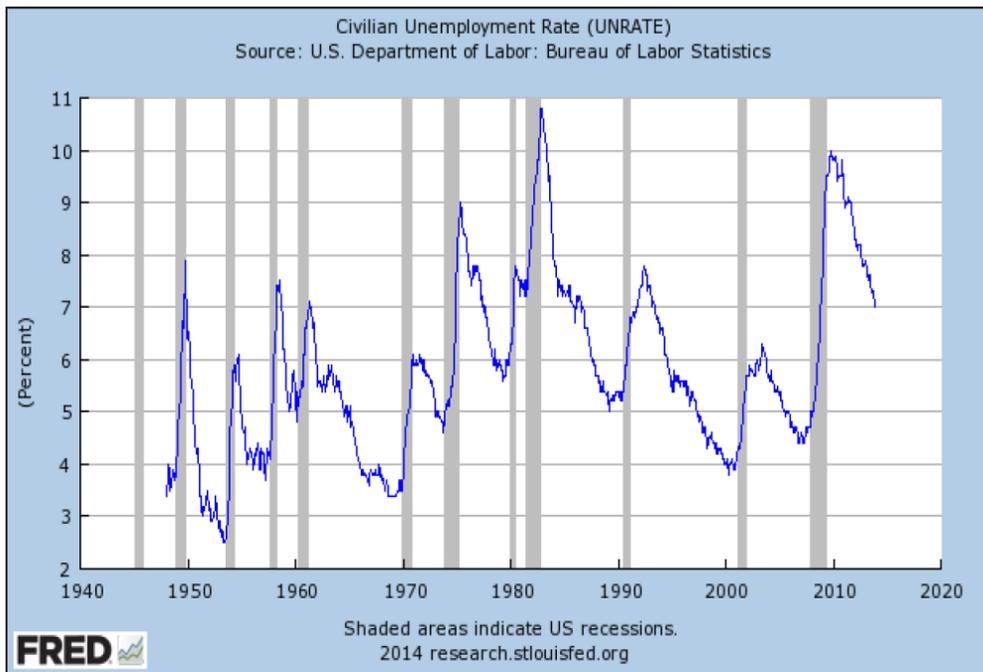


Figure 3: National Unemployment Rate

Another measure of economic indicator, which represents the percentage of buildings and equipment being utilized for productive purposes is “Capacity Utilization Rate.” Again, while improving, the use of equipment and buildings remains low at 78.1%. Figure 4 plots these data.

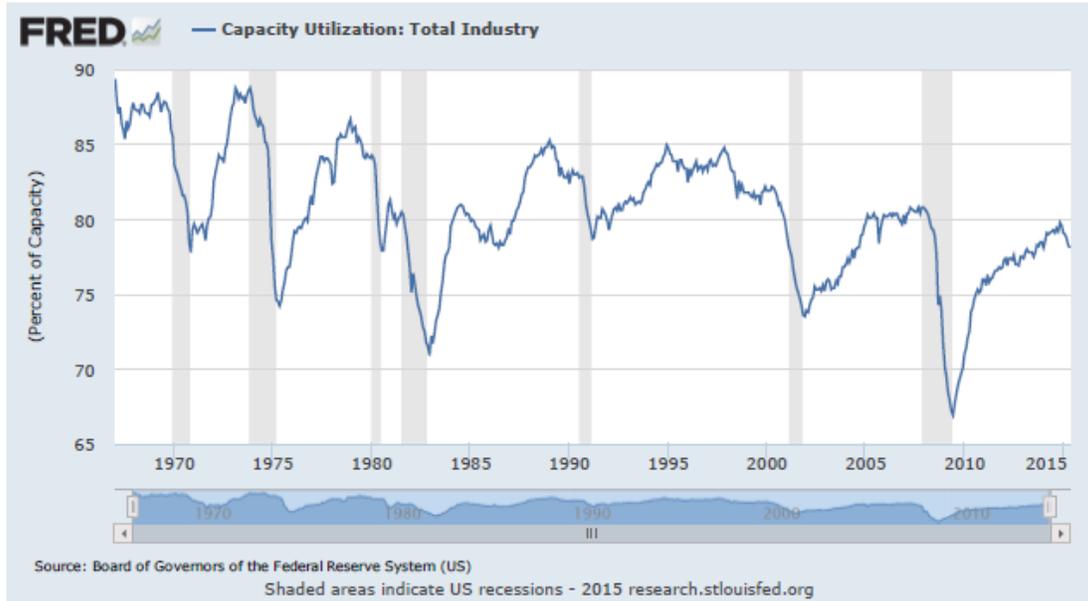


Figure 4: Capacity Utilization

The data also show that while a large proportion of buildings and equipment remain unused, the employers are not hiring many workers. Figure 5 plots data for total private hires. However, the hiring number is increasing.



Figure 5: Total Private Hires

This is in spite of the fact that unit labor costs, which represent the cost of labor, remain low, but it is in the upward trend. Figure 6 plots these data.

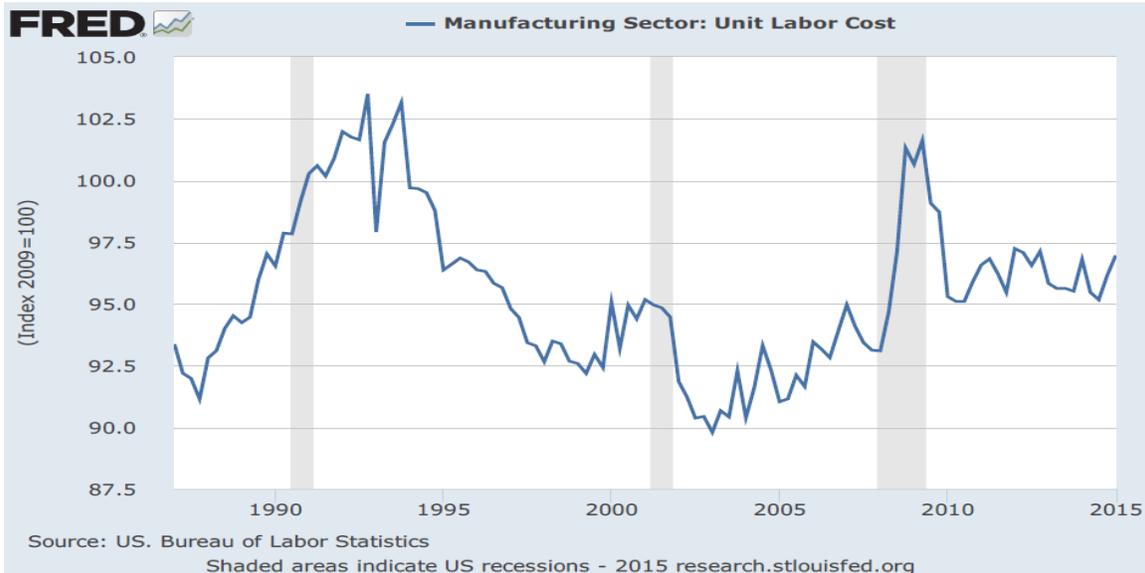


Figure 6: Manufacturing Sector Unit Labor Costs

Government hiring also remains low by historical standards but it is gradually increasing after 2011. See Figure 7. In Figure 7, a spike around 2010 represents the hiring of temporary workers for the 2010 census.

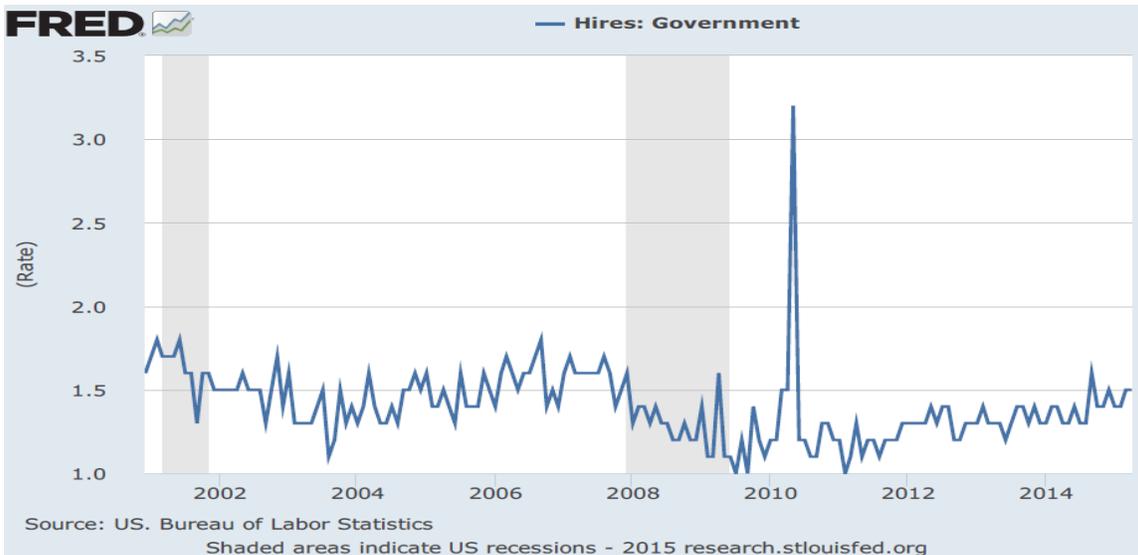


Figure 7: Government Hires

Perhaps one bright spot is the construction sector. Data show an increased hiring in the construction sector. See Figure 8.

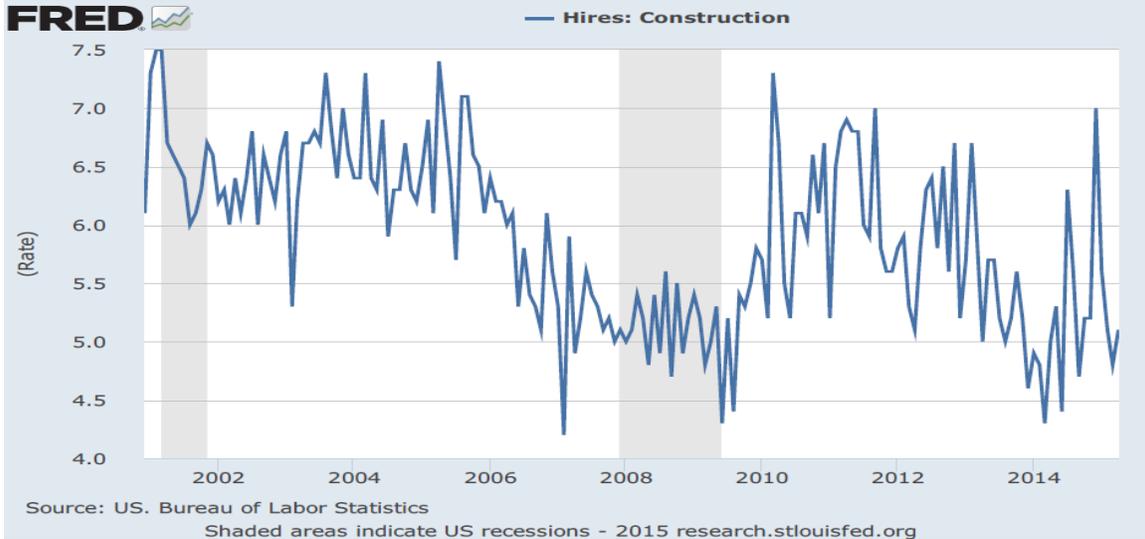


Figure 8: Hires in the Construcion Sector

Interestingly the numbers of layoff have been declining. This means that while the employers may not be hiring a lot of new workers, at least they are not firing workers either. This is a good thing for not only for the workers, but also for the economy as a whole. See Figure 9.

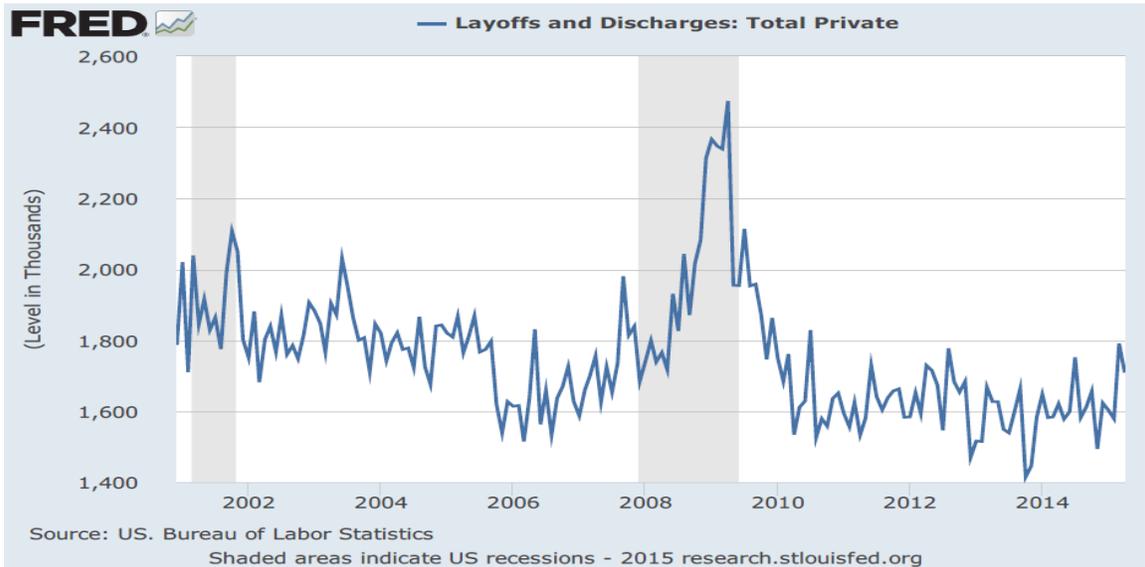


Figure 9: Total Privat Layoffs and Discharges

North Carolina

North Carolina state has a similar economic scenario that of the national. While the state output, as measured by state real GDP, i.e. after correcting for inflation, has been increasing, the increase is below what the residents would like it to be. In 2014, North Carolina’s GDP was \$483.1 billion. And its real GDP grew 1.4 percent from 2013. Figure 10 plots North Carolina real GDP data.

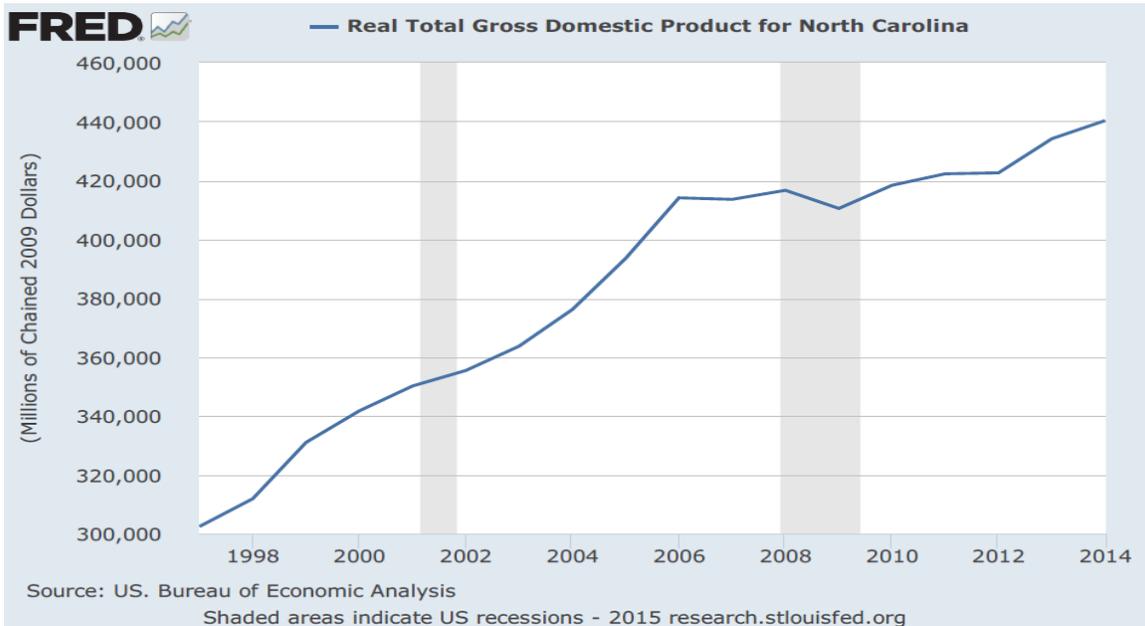


Figure 10: North Carolina Real GDP

The unemployment rate in North Carolina is 6.1%, while declining, remains higher than the national unemployment rate. It was 9.7% during August, 2012. See Figure 11.



Figure 11: North Carolina Unemployment Rate

As in the case of the US, in North Carolina, the economy, while improving, the improvement rate is rather slow. North Carolina had a per capita personal income (PCPI) of \$39,646 in 2014. As Figure 12 shows, the PCPI has recovered beyond the pre-recession levels. However, the recovery is lackluster.

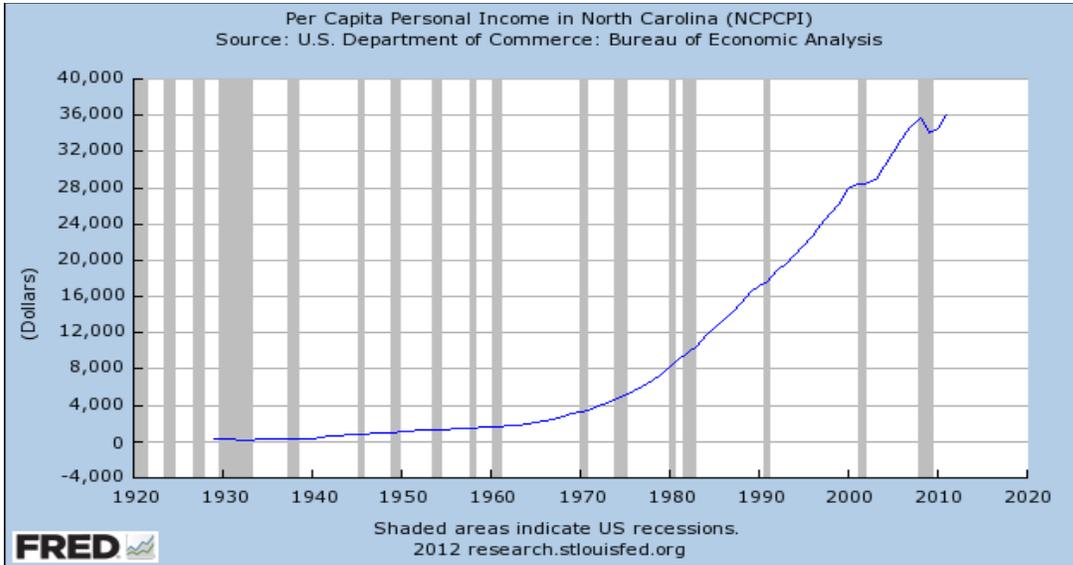


Figure 12: North Carolina per Capita Income

We find similar picture with regard to construction wage—they are recovering but not as well as one would have hoped for. As of 2015 first quarter a total of 9,331,906 Thousands of Dollars were spent on construction wage and salaries in North Carolina. See Figure 13.

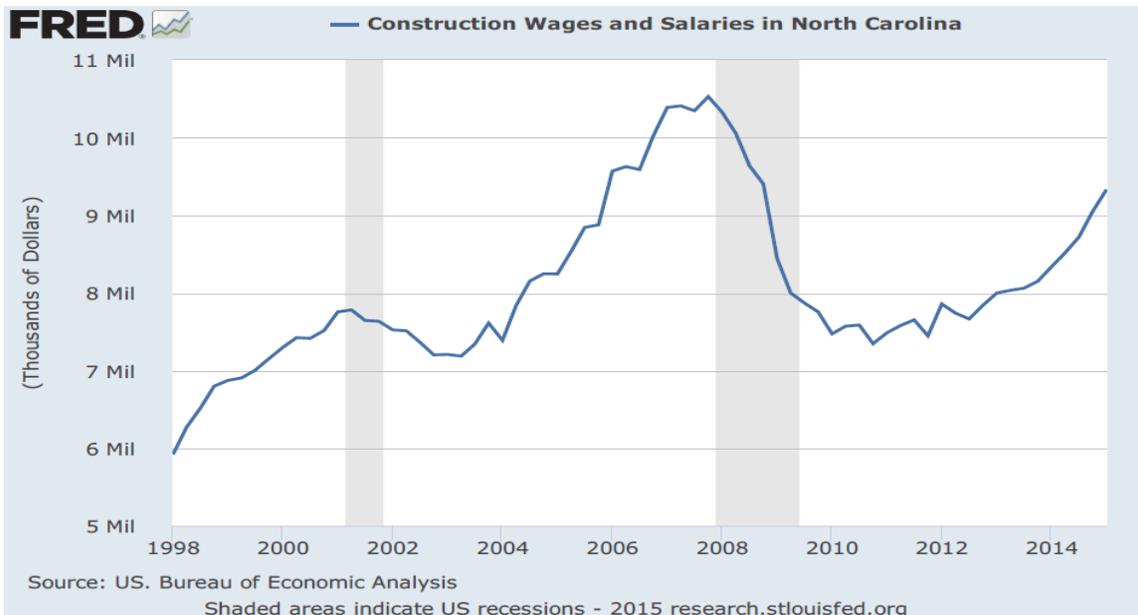


Figure 13: North Carolina Construction Wages and Salaries

Manufacturing employment in North Carolina remains sluggish. This state had employed about 449.1 Thousands of Persons in 2014. It has not recovered to pre-recession levels. However, a positive indication can be seen. See Figure 14.

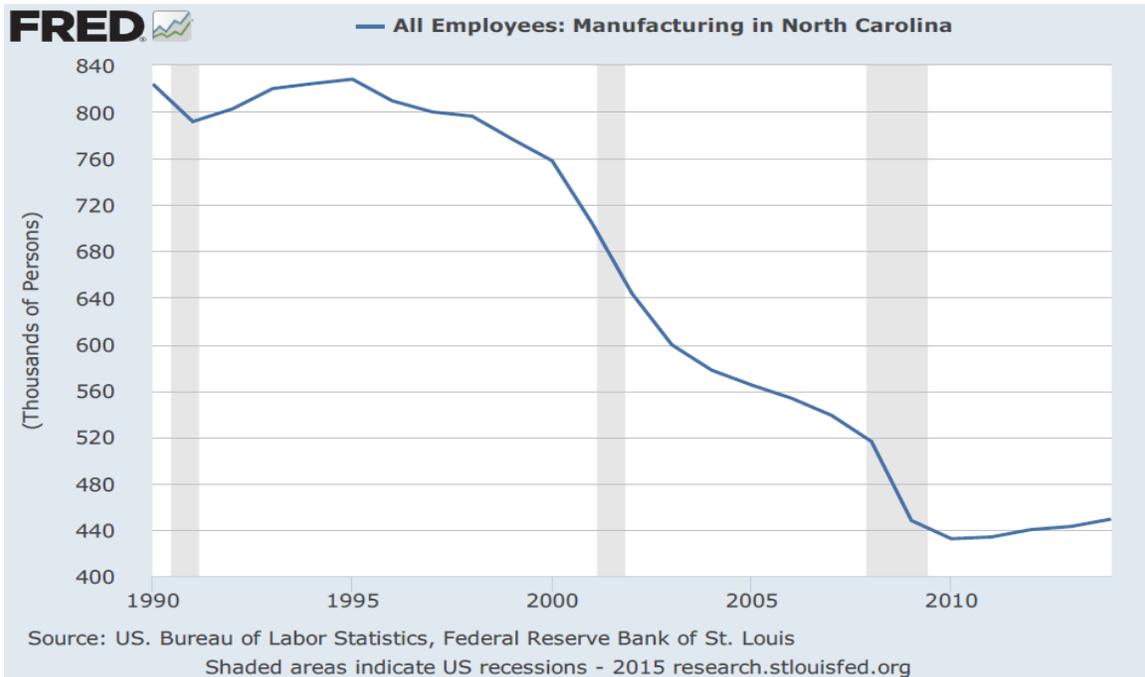


Figure 14: North Carolina Manufacturing Employment

Robeson County

Robeson County’s economic suffering continues. Per capita personal income (PCPI) in Robeson County seems to have stagnated; however it’s PCPI in 2014 is about \$26,899 as reported by Economics Research of Federal Reserve Bank of Saint Louis. Figure 15 plots these data.

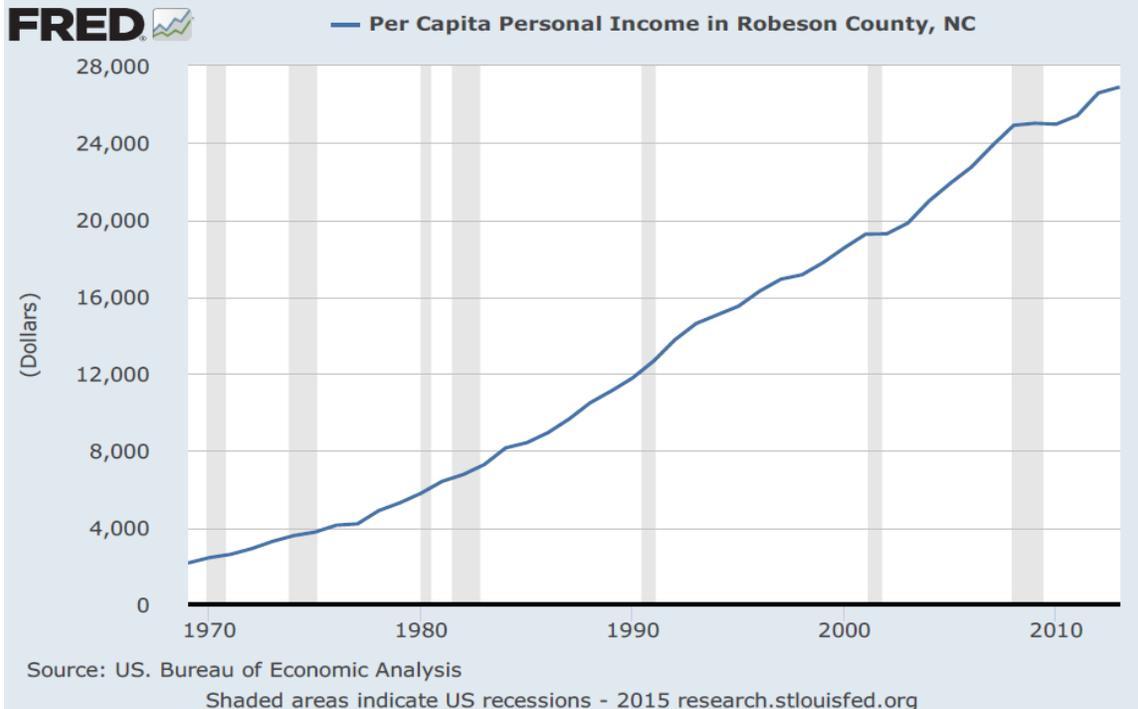
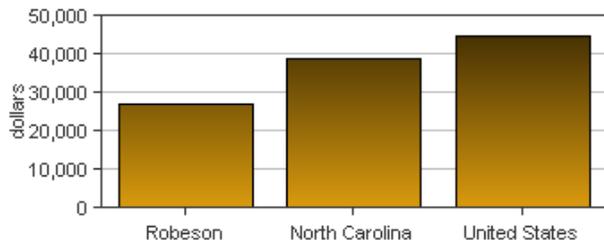


Figure 15 Robeson County per Capita Income

Compared to the NC State and the National average, a bar chart below indicates that the Robeson County still lags behind the state and the national average. For detail information on the county profile as a whole please visit <http://www.bea.gov/regional/bearfacts/action.cfm>.



Per Capita Income as a Percent of the United States

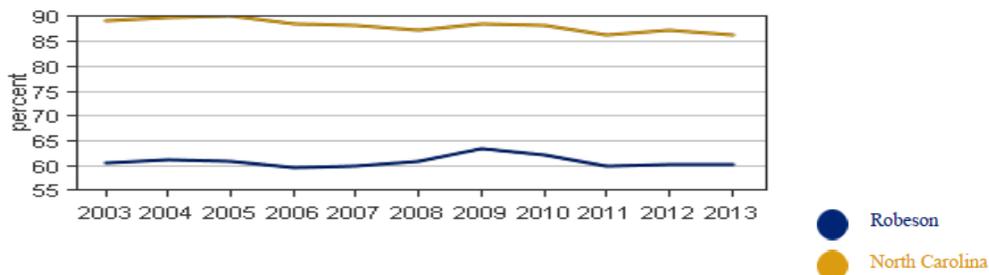


Figure 16: Robeson County and North Carolina per Capita Income

Robeson had a per capita personal income (PCPI) of \$26,899 during the year 2013 and ranked 98th in the state and was 70 percent of the state average, \$38,683, and 60 percent of the national average, \$44,765. The 2013 PCPI reflected an increase of 1.2 percent from 2012 while the North Carolina state change was 0.4 percent.

Although, the median household income of Robeson County is \$29,667 and has grown by 5.19% since 2000 which is also lower than the state's income growth rate of 10.57%.

The unemployment rate stays far higher than the national and state unemployment rates, which is about 9.1%. Current national average unemployment is 5.3% whereas the NC state has about 6.1%. See Figure 17.

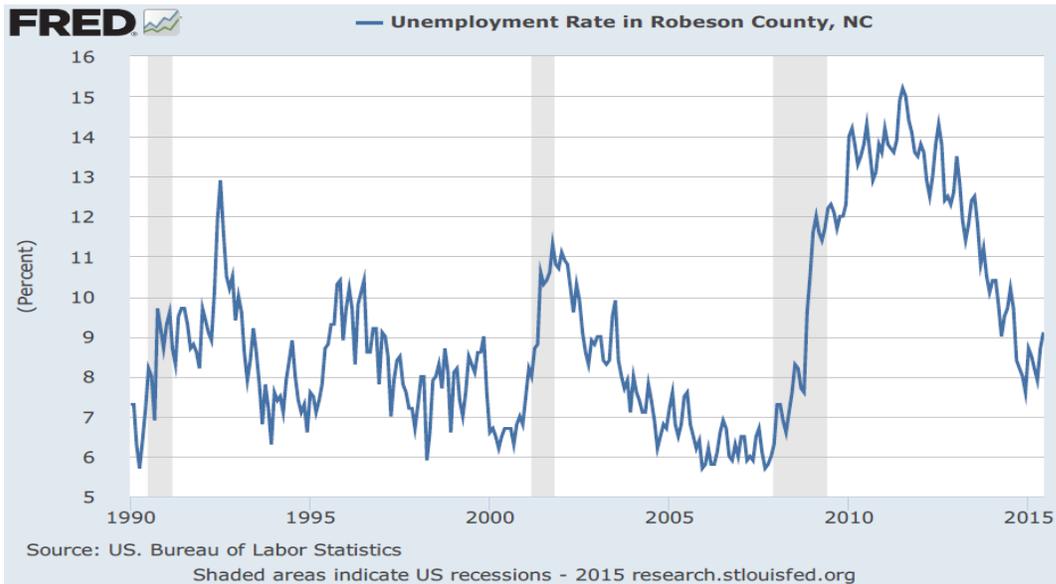


Figure 17: Robeson County Unemployment Rate

This document was prepared by:

Bishwa S Koirala, Ph.D.
Assistant Professor
School of Business
The University of North Carolina at Pembroke
Email: koiralabs@uncp.edu
Phone: (910) 521-6467
Fax: (910) 521-6750

**A Publication of the Office of Economic and Business Research
School of Business
The University of North Carolina at Pembroke**