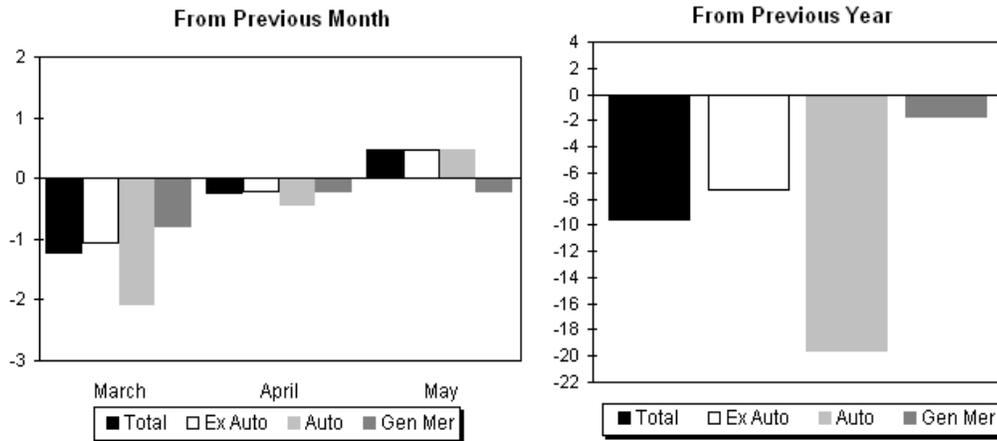


Robeson County: Current Economic Picture

The data indicate that the US economy might have at least slowed down its downward slide. According to a report released on June 11, 2009 by the US Bureau of the Census, the trend in percentage change in retail and food services sales, as compared with the past couple of months, seems to be positive. Figure 1 plots the percentage changes in retail and food services sales.

Figure 1: Percentage Change in Retail and Food Services Sales



Source: <http://www.census.gov/marts/www/retail.html>

There are also signs of a slowdown in the economic downward slide in the housing and the durable goods orders data which were released on June 24, 2009 by the US Census Bureau, Department of Commerce. According to the releases "... May 2009 data for new residential sales this morning showing that single-family home sales edged down 0.6 percent from their April level. New home sales increased considerably in the Northeast (28.6%) and Midwest (18.6%), and more modestly in the West (1.3%), but fell in the South (-8.5%). Notably, sales in the South and West are above their January 2009 level." Source: US Department of Commerce, Economics and Statistics Administration. <http://www.esa.doc.gov>.

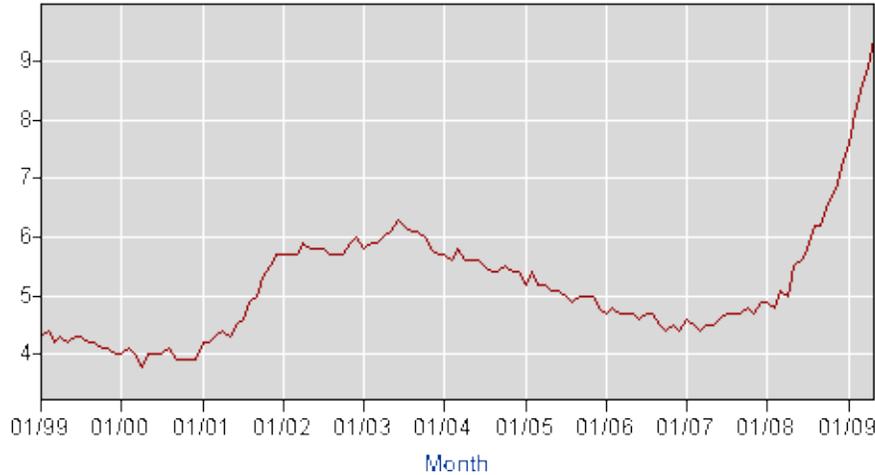
The news release also pointed out that "New orders for manufactured durable goods in May increased \$2.8 billion or 1.8 percent to \$163.9 billion, the U.S. Census Bureau announced today. This was the third increase in the last four months and followed a 1.8 percent April increase. Excluding transportation, new orders increased 1.1 percent. Excluding defense, new orders also increased 1.4 percent." Source: US Department of Commerce, Economics and Statistics Administration. <http://www.esa.doc.gov>.

Another bright spot was found in the inventory data. On June 24, 2009, the US Census Bureau announced that "Inventories of manufactured durable goods in May, down five consecutive months, decreased \$2.5 billion or 0.8 percent to \$323.3 billion. This followed a 1.1 percent April decrease." Source: <http://www.census.gov/indicator/www/m3/index.htm>

A decrease in inventories indicates that producers are selling more than they are producing. This in turn may lead to increase in employment as producers try to maintain their inventory levels.

On June 19, 2009 the unemployment data for May were released. However, the unemployment picture was rather gloomy. The overall unemployment rate for the US reached 9.4%. Just as a matter of comparison the US unemployment rate for the month of May in 2008 was 5.5%. Figure 2 presents a graph of US unemployment rate from January 1999 to May 2009.

Figure 2: US Unemployment Rate



Source: www.bls.gov

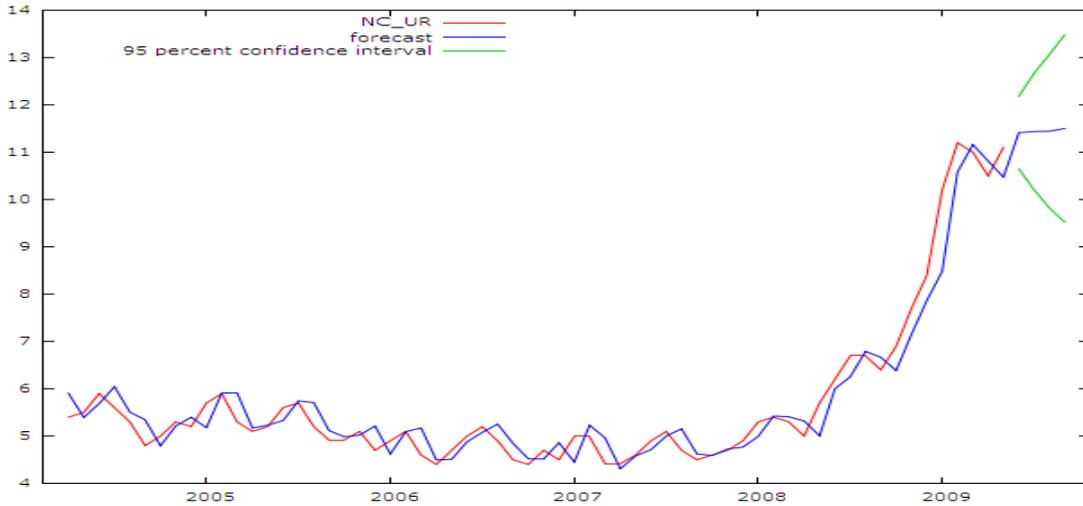
North Carolina and Robeson County

The Bureau of Labor statistics released preliminary estimates of May 2009 unemployment rate for North Carolina on June 19, 2009. The estimates indicate an unemployment rate in North Carolina of 11.1% (seasonally adjusted). According to the data this is the all time high (seasonally adjusted) unemployment rate for North Carolina. Looking at the “not seasonally adjusted” unemployment rate, North Carolina peaked in February 2009. In February 2009 the not seasonally adjusted unemployment rate was 11.2%.

Figure 3 presents a graph of North Carolina unemployment rate and forecasts for the third quarter. According to our estimates¹ the unemployment rate in North Carolina in the third quarter will be around 11.4%. However, the standard errors of the estimates are rather large, adding a degree of uncertainty.

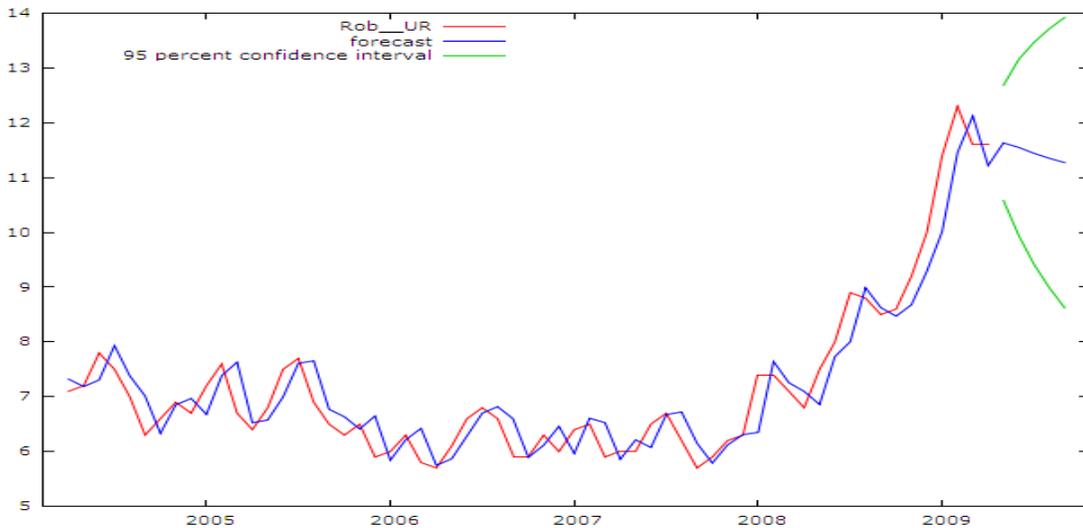
¹ To produce forecasts for North Carolina and Robeson County we use the method outlined in (Ramanathan, 2002: 392-395 and 449-450). We used Gretl (<http://gretl.sourceforge.net>) to perform econometric analysis.

Figure 3: North Carolina Unemployment Rate and its Forecasts



In Robeson county the unemployment rate (not seasonally adjusted) in April 2009 was estimated to be 11.6%. These are the latest data available at the time of writing this document. Figure 4 plots the unemployment rate and the forecast for the third quarter. Our estimates indicate that the unemployment rate in Robeson County during the third quarter will be around 11.5%. As in the case of the North Carolina estimates, the standard errors of the estimate are rather large which make the estimate less precise.

Figure 4: Robeson County Unemployment Rate



If the past recessions are any guide, unemployment rates drop with a lag. That is, unemployment rates usually decrease only after the economy has started a recovery. This is because producers try to increase the number of hours of the previously “under-employed” workers before they increase the number of workers.

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