

Robeson County: Current Economic Picture

The US Economy

As previous year, the health of the US economy is robust and getting stronger. The Federal Reserve said that the economic activity has been expanding reasonably as compared to the last year. This favorable position is particularly evident in the labor market. The pace of job gains picked up while the unemployment rate gradually falling down. On balance, a range of labor market indicators suggest that underutilization of labor resources diminished somewhat and the present unemployment rate fell down to 3.9%, a complete 1% less than previous year. Federal Reserve reports that household spending and business fixed investments are increased, and the housing sector has been strengthened and mortgage rates have also fallen a little.

According to the news released by Bureau of Economic Analysis, the real gross domestic product "advance" estimate in the first quarter a measure of the total output of the economy after adjusting for inflation, grew at an annual rate of real GDP increased by 4.2 percent. The second quarter of 2018 came up strongly, it grew at an annual rate of real GDP increased 4.1 percent

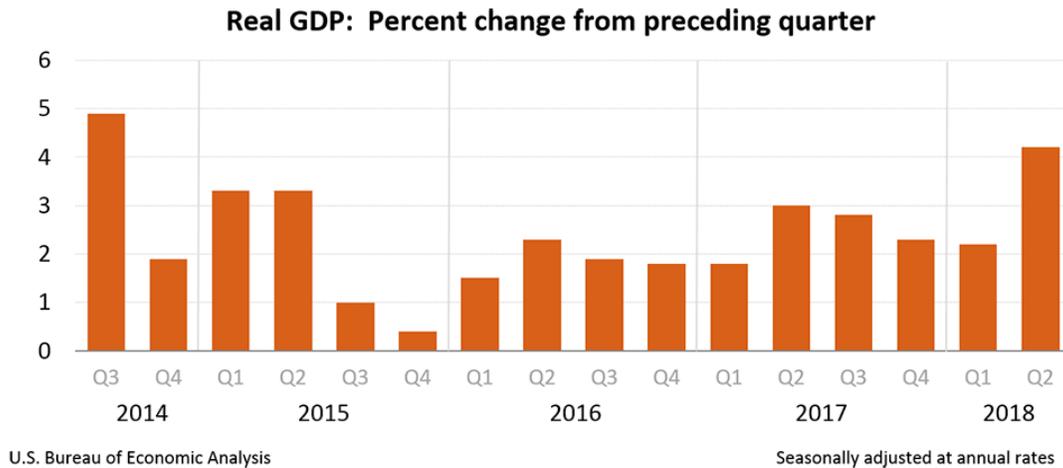


Figure 1: Growth Rate of Real GDP

Bureau of Economic Analysis reports that the personal income increased by \$59 billion (a 0.3 percent) in July according to estimates. Similarly, the disposable personal income (DPI) and **personal consumption expenditures** (PCE) also increased by \$52.5 billion (0.3 percent) and \$49.3 billion (0.4 percent), respectively.

Since the economy is doing good, the Real DPI increased by 0.2 percent in July and Real PCE increased by 0.3 percent. The growing economy also affected the PCE price index excluding food and energy, is increased by 0.1 percent. (www.bea.gov).

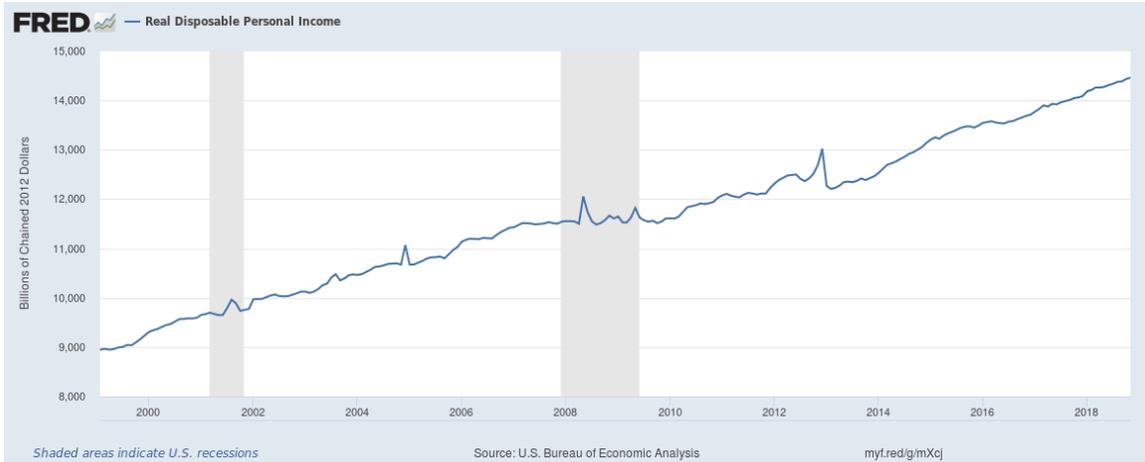


Figure 2. Personal Income and Its Disposition

A similar picture is in the labor market. National unemployment rate decreased to 3.9%, which is a record low in recent years. Figure 3 plots the unemployment rate data for different groups.



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 78.07 but was increased from 75.4%, which is better than the last year. 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 compared to previous year and it seems increasing.

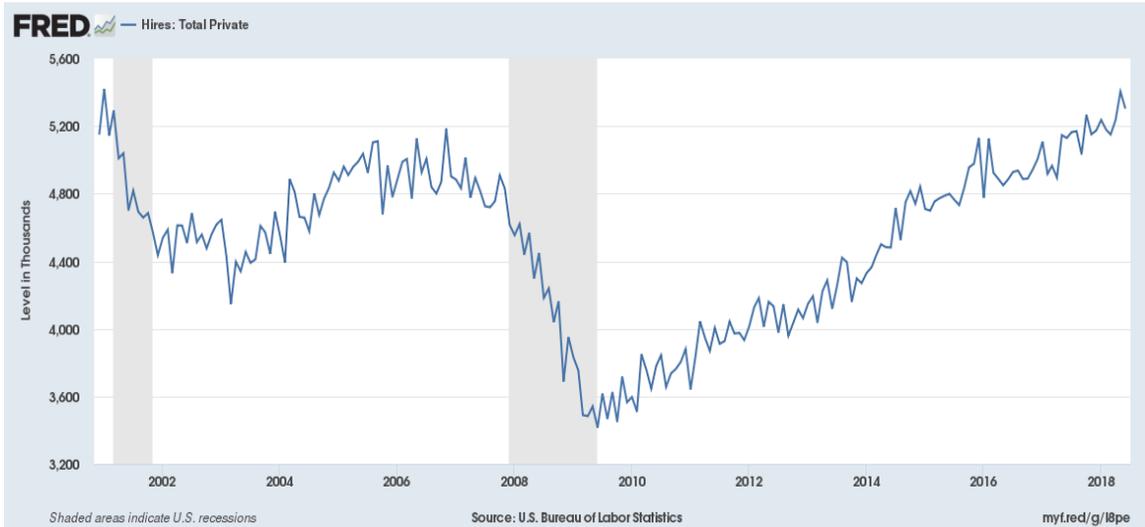


Figure 5: Total Private Hires

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 and about to reach 2002 value. Figure 6 plots these data.



Figure 6: Manufacturing Sector Unit Labor Costs

Government hiring increased compared to last year; however, it 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.

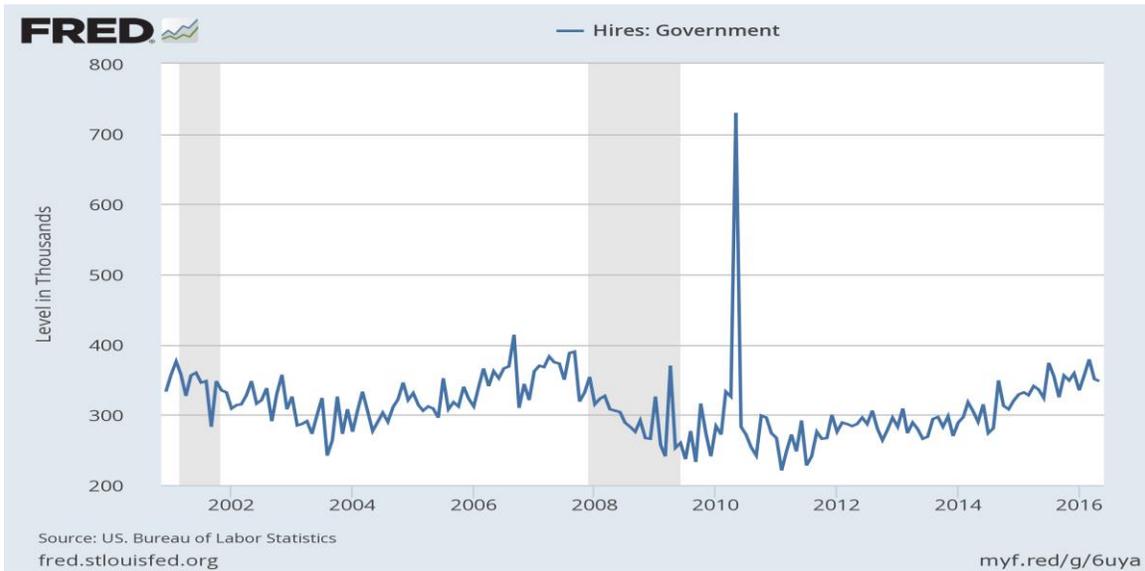


Figure 7: Government Hires

Data on the construction sector hiring shows an increased hiring. However, there is a longstanding trend in the construction industry—while demand for construction continues to grow, the pool of skilled construction labor hasn't grown to keep pace, resulting in labor shortages. See Figure 8.

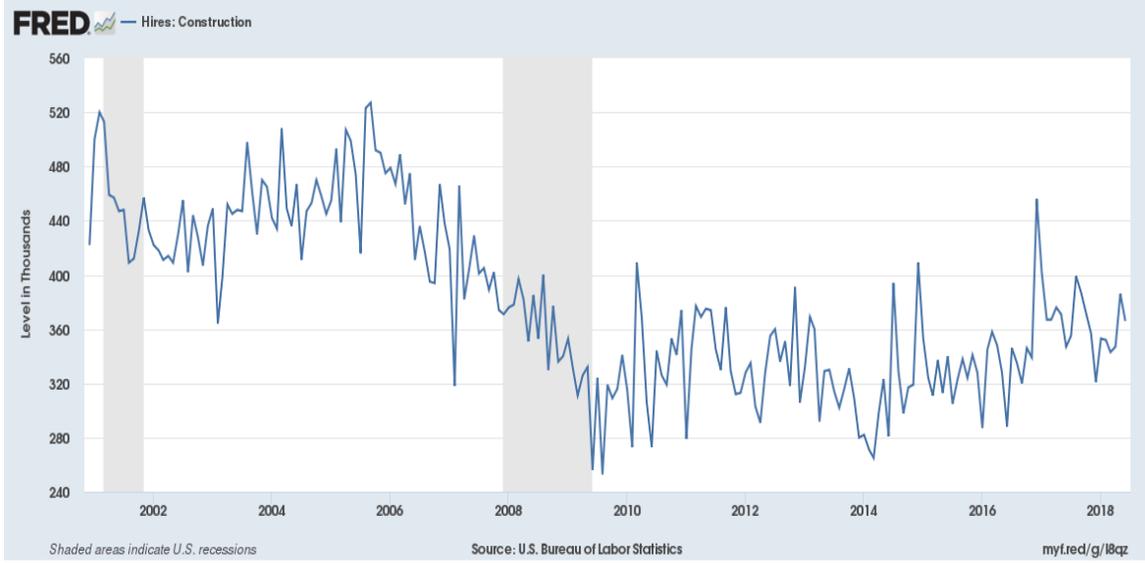


Figure 8: Hires in thousand in the Construction Sector

Since the economy is growing, the numbers of layoff have been declining this year too. 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.

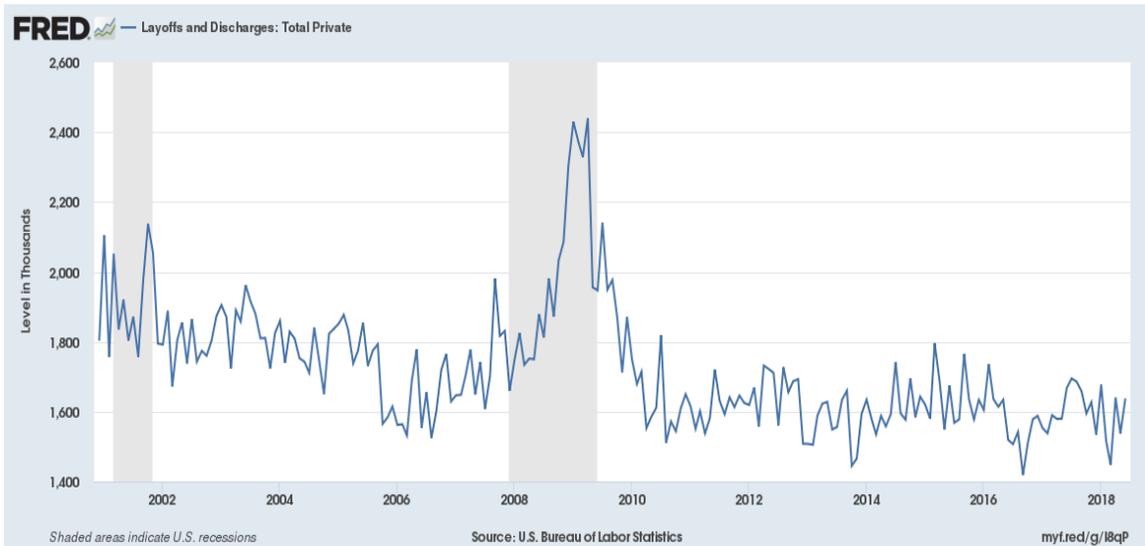


Figure 9: Total Privat Layoffs and Discharges

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 2017 NC has 459.287 billion real GDP, which is increased from 449.754 billion in 2016. It is projected that the economy of North Carolina will expand by 2.8% in the next quarter. (US Bureau of Economic Analysis: <https://fred.stlouisfed.org/series/NCRGSP>). Figure 10 plots North Carolina real GDP data.

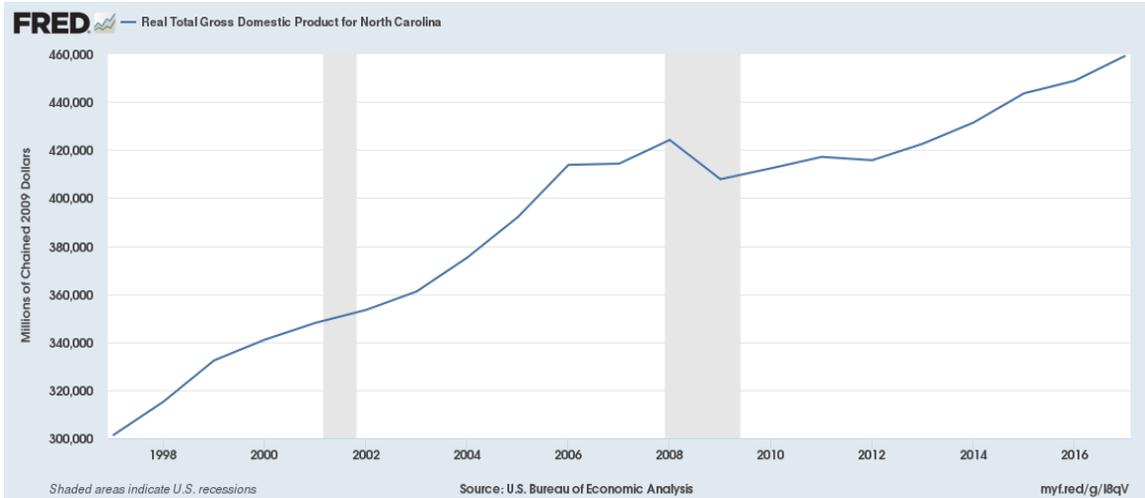


Figure 10: North Carolina Real GDP

As reported by the BLS current population survey (CPS), the unemployment rate for North Carolina will fall by 3.6%, and currently its unemployment rate is 4.5%, which is little higher than the national average. 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 picking up unlike before. North Carolina had a per capita personal income (PCPI) of \$44, 222 in 2017, which shows an increment of 3.5% from 2016. As Figure 12 shows, the PCPI has recovered beyond the pre-recession levels, and it shows a promising improvements ahead.

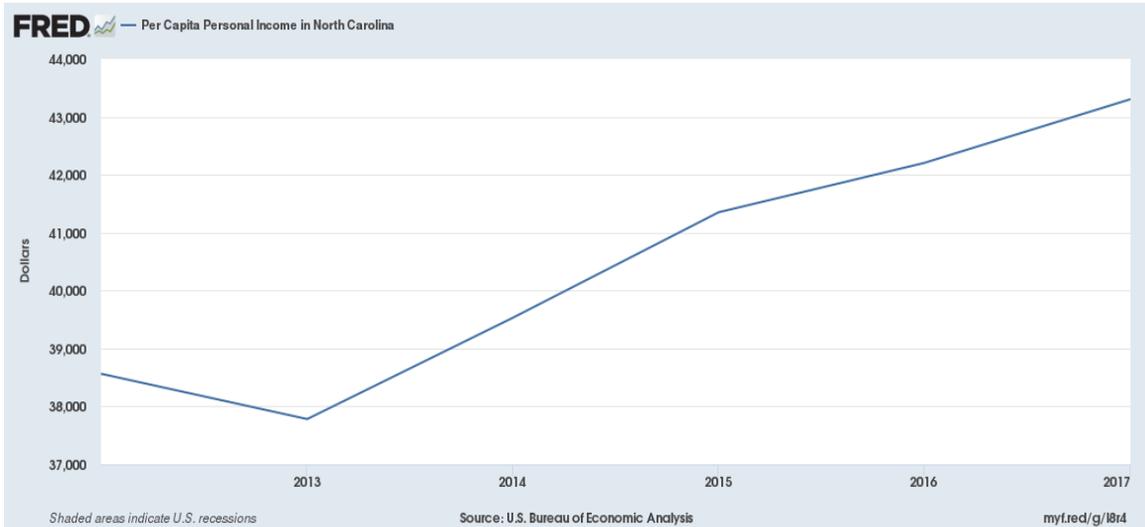


Figure 12: North Carolina per Capita Income

We find similar picture with regard to construction wage—they are recovering but not as well as one would have hoped for. As of 2016 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. 10,136,890

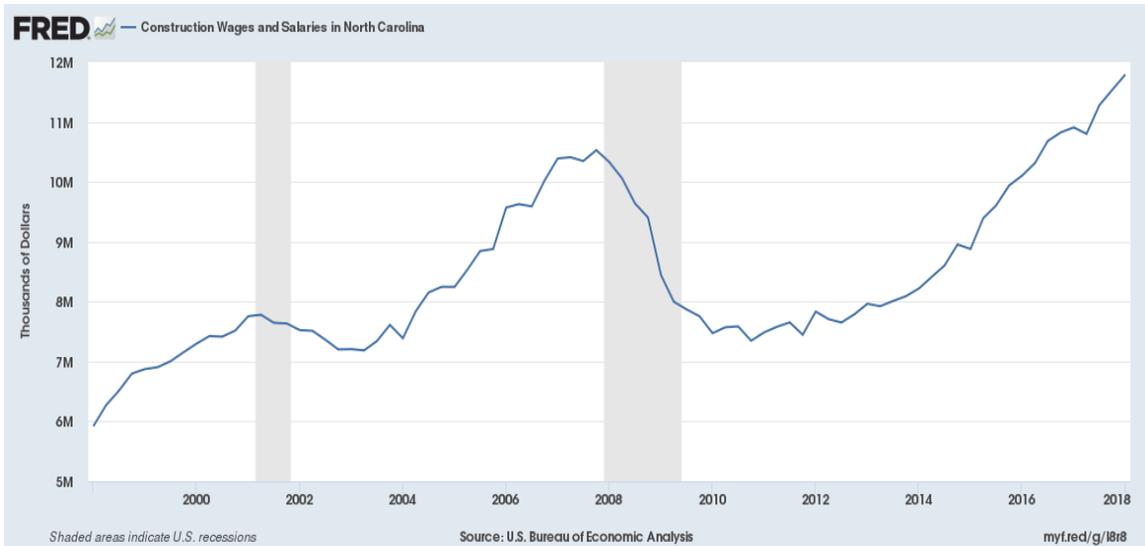


Figure 13: North Carolina Construction Wages and Salaries

Manufacturing employment in North Carolina remains sluggish. However, it has shown a slight increment or a positive change. This state had employed about 208.6 Thousands in the second quarter of 2018 as compared to 200.5 Thousands of Persons in 2016. It has not recovered to pre-recession levels. However, a positive indication can be seen. See Figure 14.

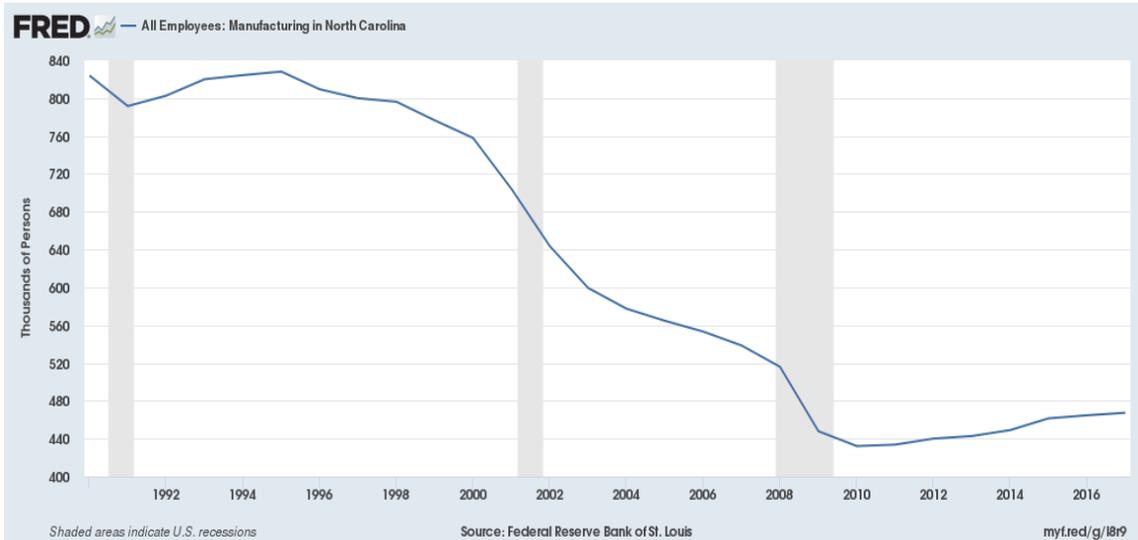


Figure 14: North Carolina Manufacturing Employment

Robeson County

Robeson County’s economic suffering continues; however it is growing slowly. Per capita personal income (PCPI)¹ in Robeson County has increased, the amount remained to be small—it’s PCPI in 2016 is \$27,717 whereas this values was about \$26,639 in 2014 as reported by Economics Research of Federal Reserve Bank of Saint Louis. Figure 15 plots these data. The report shows some changes from 2016. Person in poverty remains very high, about 30.8%, which is more than the double of national level; however this figure is smaller than measured in 2015. As reported by Census Bureau 45 million people, or 14.5% of total population is under the poverty line in the US. The PCPI of Robeson County ranked 100th in the state and was 68 percent of the state average, \$27,717, and 58 percent of the national average. The change in PCPI reflected an increase of about \$500 or about 1.7% from 2015 (<http://www.bea.gov/regional/bearfacts/action.cfm>). However, during the year 2015,

¹ Personal income is the income that is received by persons from all sources. It is calculated as the sum of wages and salaries, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance. This measure of income is calculated as the personal income of the residents of a given area divided by the resident population of the area. In computing per capita personal income, BEA uses the Census Bureau's annual midyear population estimates. <https://alfred.stlouisfed.org/series?seid=PCPI37155>

Robeson County had a per capita personal income of \$27,715 and ranked 98th in the state and was 70 percent of the state average, \$38,683, and 60 percent of the national average.

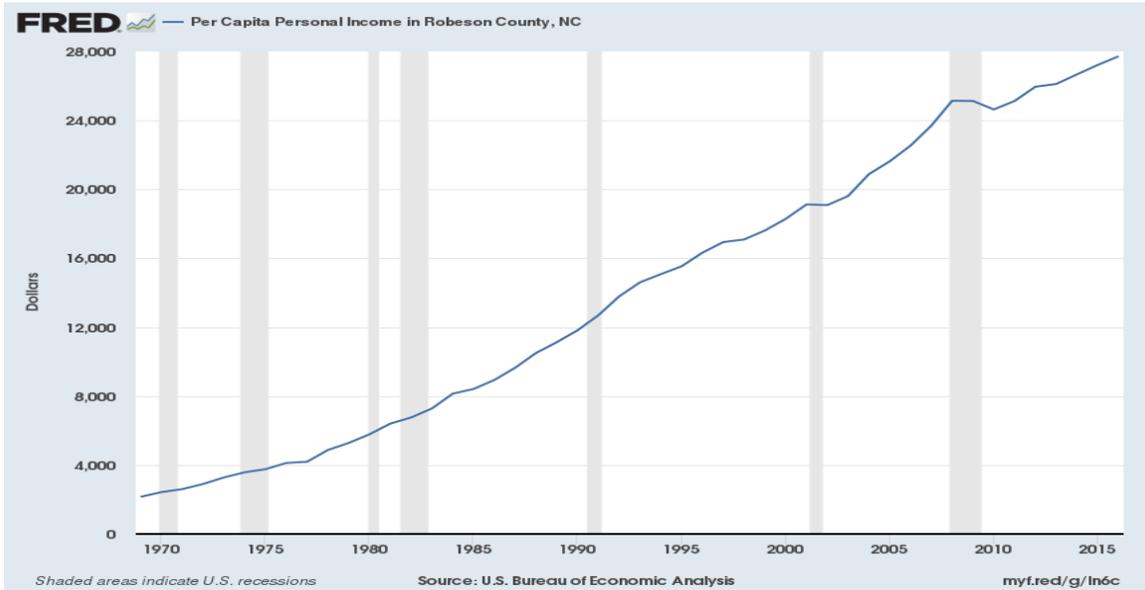
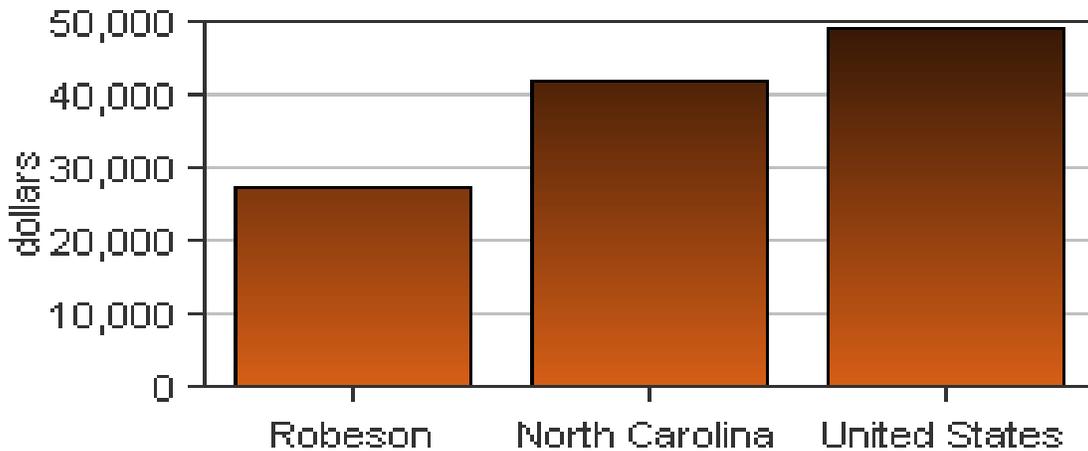


Figure 15 Robeson County per Capita Income

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 of Robeson County as a Percent of the United States

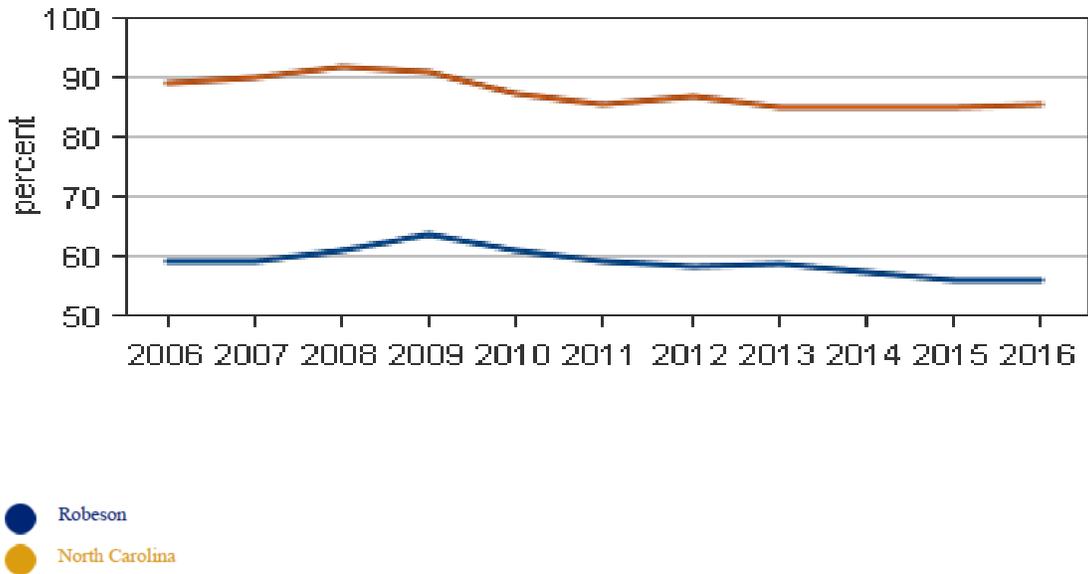


Figure 16: Robeson County and North Carolina per Capita Income

The estimated median household income in the Robeson County is \$34, 439 as of 2016, which is about \$4,000 higher than the values of 2014 (\$30,414). This increment shows that Robeson County is making some progress in its economy.

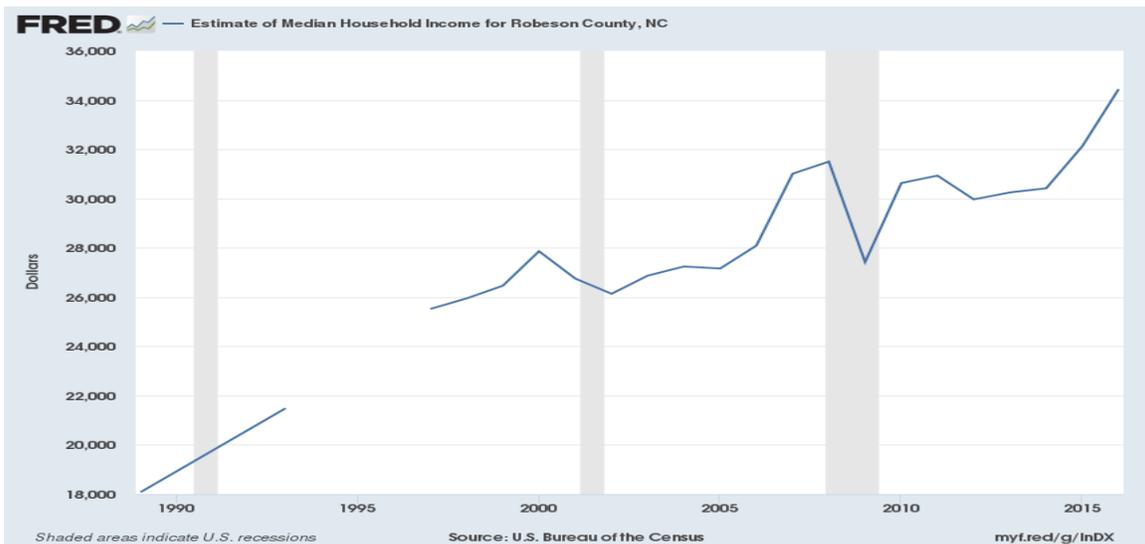


Figure 16: Robeson County Median Household Income in the Robeson County

The unemployment rate has fallen from 7.6% (2017) to 6.2 % (2018). However, it stays far higher than the national and state unemployment rates. Current national average unemployment is 4.9% and the NC state also has about the same. See Figure 17.

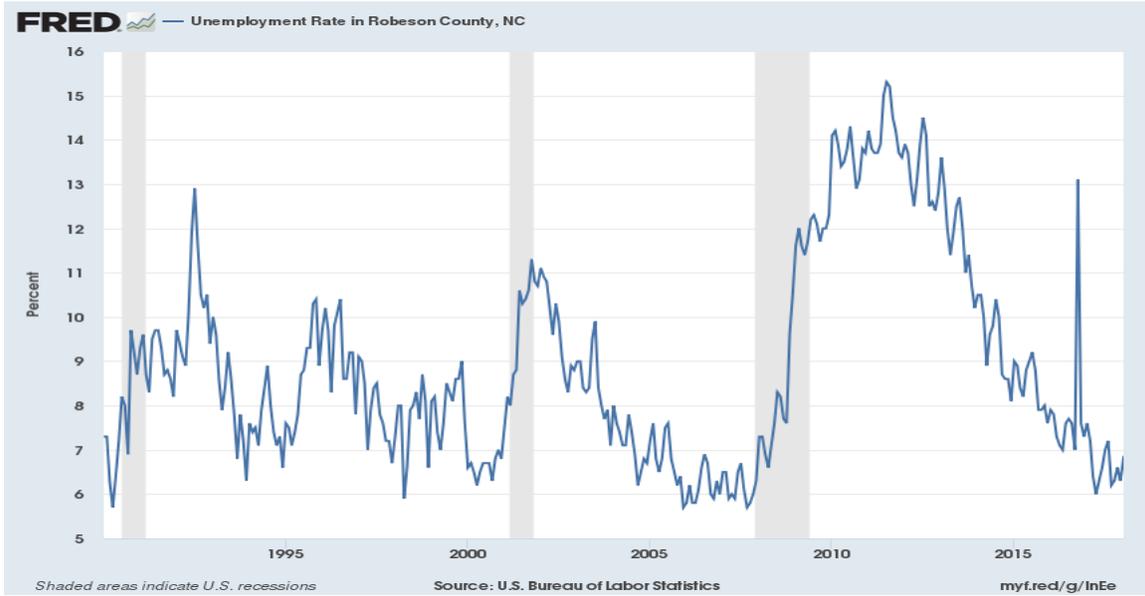


Figure 17: Robeson County Unemployment Rate

This document was prepared by:

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

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