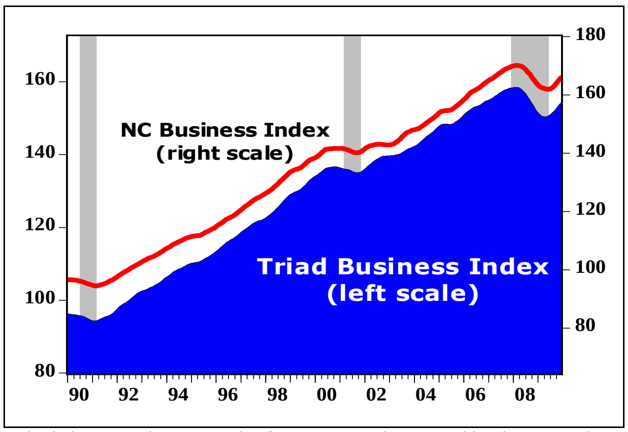
Bryan School of Business & Economics – The University of North Carolina at Greensboro
Index produced by Dr. G. Donald Jud

The level of economic activity in the Piedmont Triad[1], as measured by the Dixon Hughes Triad Business Index (1992 = 100), rose 0.5% in December, recording its 7th monthly increase since June. Over the past year the index has risen 1.4%. In comparison, business activity in NC also was up 0.5% this month and has gained 1.2% over the past year. Nationally, real GDP grew at a 5.7% annualized rate in the 4th quarter.

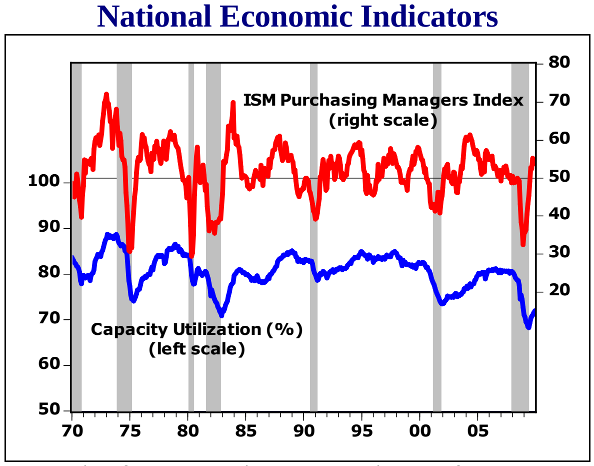
Triad Business Index



Shaded areas indicate periods of recession as determined by the National Bureau of Economic Research.

The Federal Reserve's index of capacity utilization was up 0.7% in December, recording a 6th consecutive monthly gain and signaling that the national economy is in recovery. The ISM Purchasing Managers Index was 55.9, indicating a growing national manufacturing sector and suggesting that the overall economy expanded at a 4.6% annualized rate in December (or 0.4% for the month).

National Economic Indicators

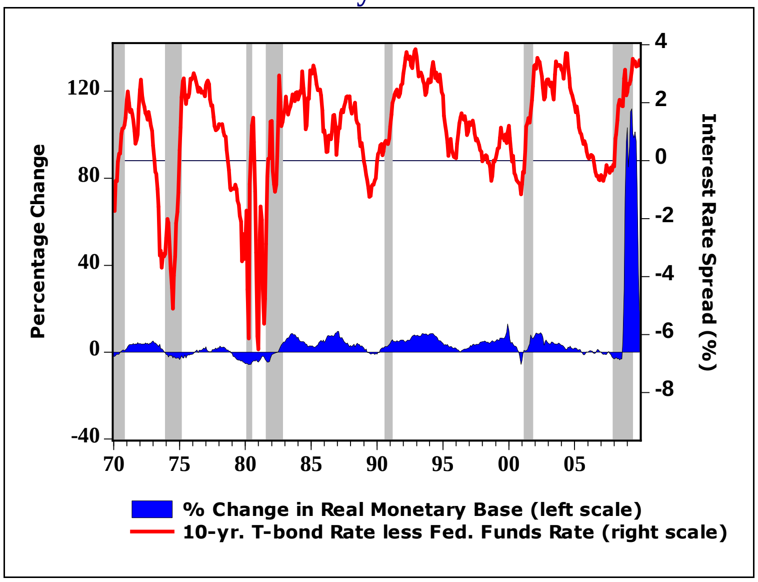


A PMI value of 50 or more indicates an expanding manufacturing sector.

[1] The Triad is defined as an eight-county area that is composed of Alamance, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, and Yadkin.

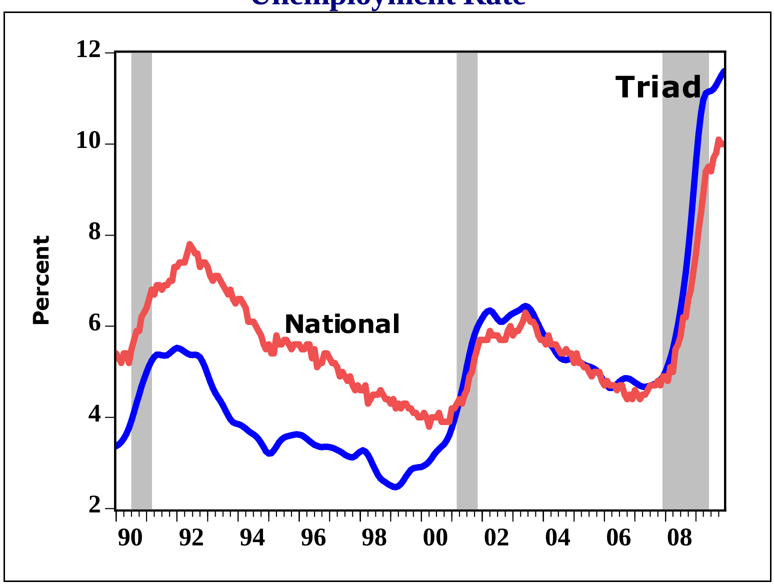
Two monetary indicators which normally lead any upturn in the national economy remained in positive territory. The real monetary base moved upward by 17.6% over the past 12 months, but in December, the base declined as the Federal Reserve began to reign in its balance sheet. The spread between the 10-year T-bond and the federal funds rate (or the slope of the Treasury Yield Curve) was 3.5%, reflecting continued monetary ease.

Monetary Indicators



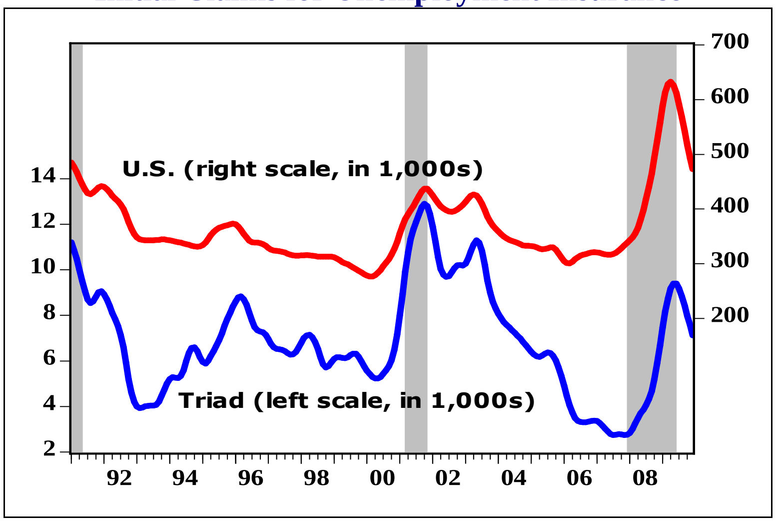
The seasonally adjusted rate of unemployment in the Triad was 11.6% in December, up 0.1 percentage point this month, and up 2.7 percentage points over the past 12 months. The national unemployment rate was 10.0%, unchanged this month but up 2.8 percentage points over the past year.

Unemployment Rate



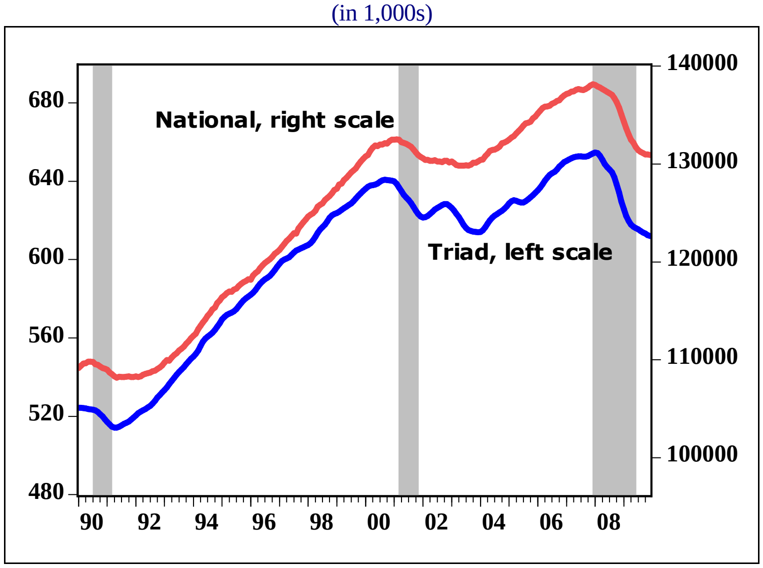
Initial claims for unemployment insurance are a leading indicator of the unemployment rate. Claims in the Triad were down 6.0% in December but have risen 6.5% over the past 12 months. In December, there were 7,116 new unemployment claims, or 1.2% of those employed in the Triad. Nationally, claims declined 4.1% in December, providing further evidence of a national economic recovery.

Initial Claims for Unemployment Insurance



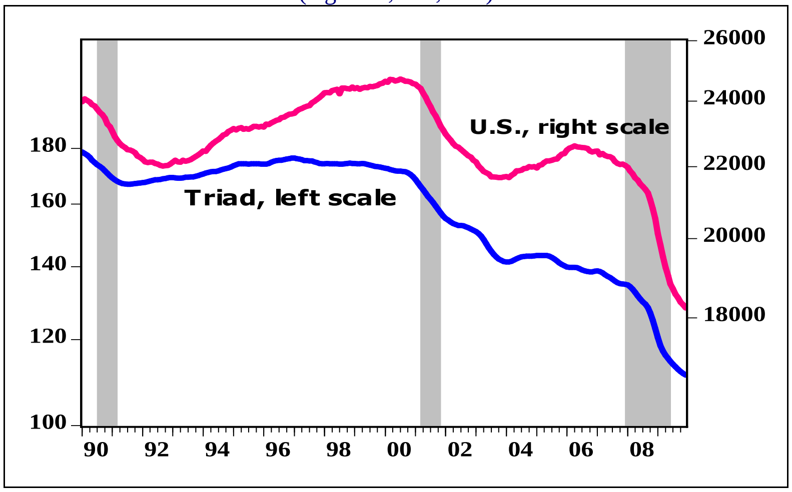
Total nonagricultural wage and salary employment (from the employer survey) in the Piedmont Triad was down 0.1% in December. Over the past 12 months, employment has fallen 2.8%. For the nation as a whole, employment also was down 0.1% in December. Over the past 12 months, national employment has declined 3.1%.

Total Employment
(in 1,000s)



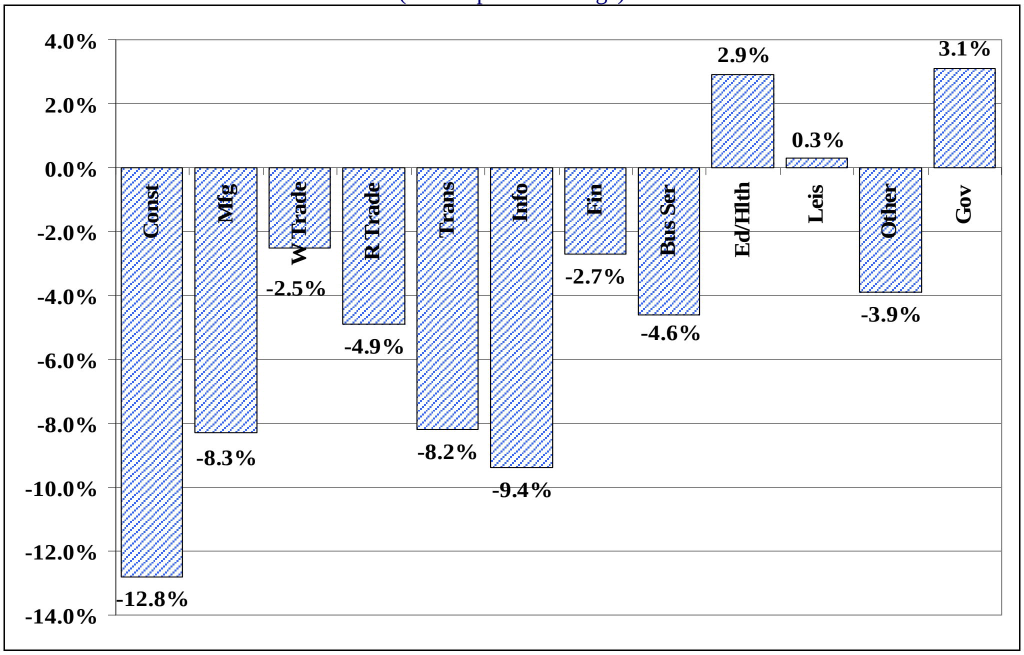
Goods-producing employment in the Triad was down 0.4% in December. At the national level, goods-producing employment also was off 0.4%. Over the past 12 months, the number of goods-producing jobs in the Triad has fallen 9.4%, while goods-producing employment nationally has declined 11.2%.

Goods-Producing Employment
(log scale, in 1,000s)



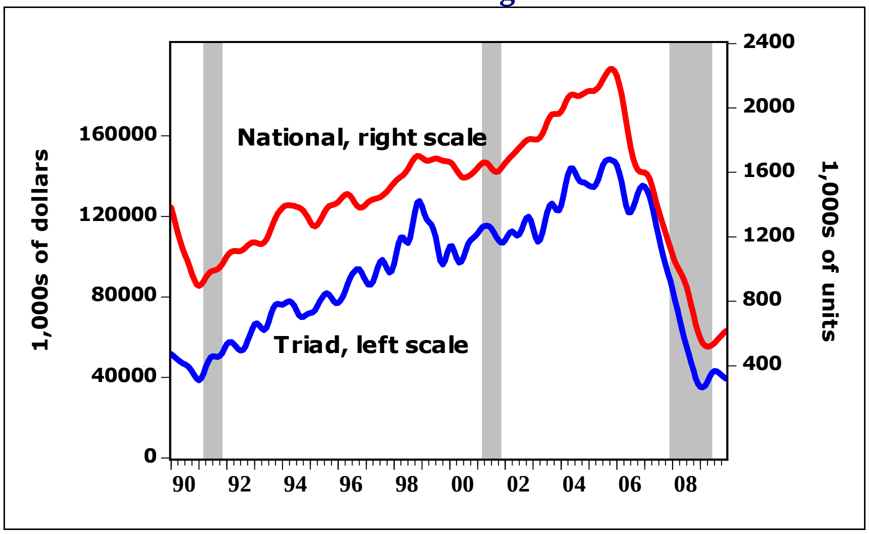
The number of persons in the Triad employed in the service-providing sector was down 0.1% in December, but higher employment was recorded this month in wholesale trade, finance, education & healthcare, and government. Over the past 12 months, the number of jobs in the service-providing sector has fallen 1.3%, while service-providing employment nationally has lost 1.6%. Over the past year in the Triad, service-providing employment has grown in education & healthcare services (up 2.9%), leisure services (up 0.3%), and government (up 3.1%). Employment has declined in the other sectors of the service economy. The largest declines were in information services and transportation, where employment fell 9.4% and 8.2% respectively.

Service-Providing Employment
(12 mo. percent change)



Residential building permits in the Triad, which reflect planned construction, were off 2.2% this month, reversing an earlier uptrend. Over the past 12 months, the pace of planned residential building has risen 7.1%. Construction employment has dropped 12.8% over the past year but was essentially unchanged this month.

Residential Building Permits

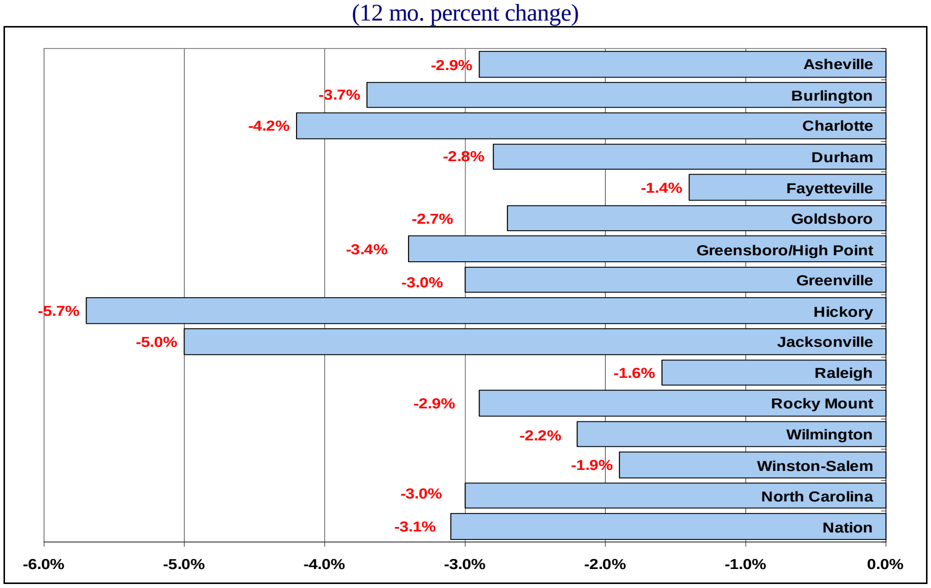


Retail sales totaled $967.5 million in December. Corrected for inflation and seasonal variation, retail spending was up 0.3% from November and was up 1.5% from December of last year.

Total employment across the state has declined 3.0% during the past 12 months. Among major metropolitan areas, employment has fallen in every area of the state. Employment recorded the largest declines in Hickory and Jacksonville, where employment was down 5.7% and 5.0% respectively. The smallest losses were in Fayetteville and Raleigh, where employment declined 1.4% and 1.6% respectively.

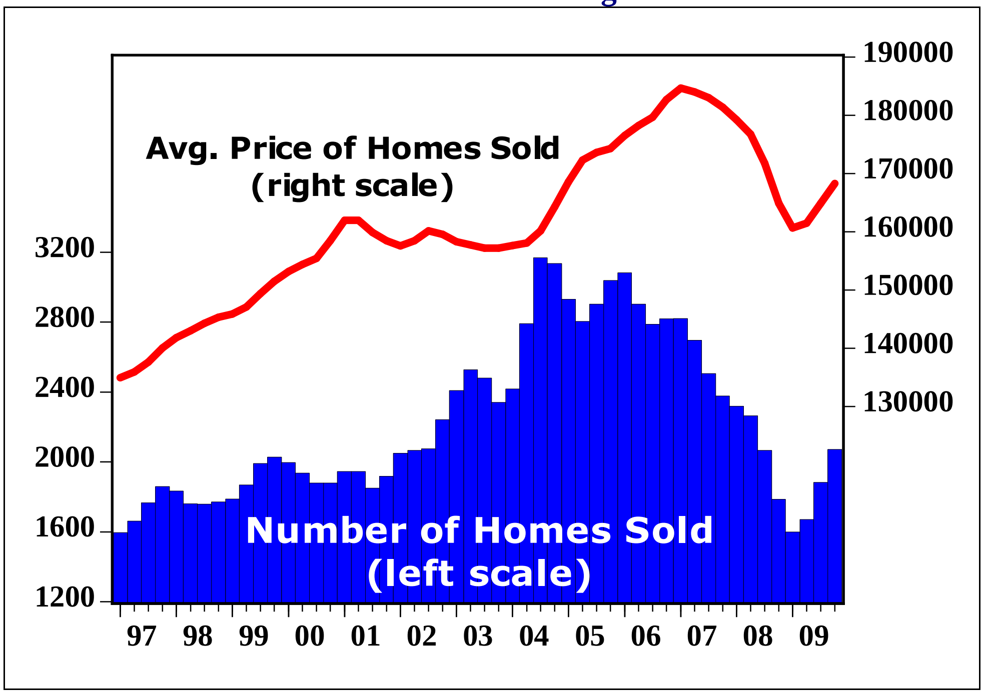
The unemployment rate in North Carolina was 11.2%, up 0.5 percentage points from last month and up 3.1 percentage points over the past 12 months.

MSA Employment Growth
(12 mo. percent change)



The number of existing, single-family homes sold in the Triad totaled 2,073 in the 4th quarter of 2009, after adjustment for seasonal variation. The number sold was up 10.0% compared to the level of sales recorded in the 3rd quarter, and it was 16.1% above the number sold during the 4th quarter one year ago.

Number and Prices of Existing Homes Sold



At the end of the 4th quarter of 2009, the inventory of homes on the market was 7,810, or 4.6 times the number of homes sold in the 4th quarter. At the current sales pace, it will take 13.8 months to exhaust the existing inventory. The number of existing homes offered for sale was down 3.1% from what it was at the end of the 3rd quarter, and it was only 0.1% higher than at the end of the 4th quarter one year ago.

The price of the average home sold in the 4th quarter was up 2.1% from the previous quarter. The average quality-adjusted price of an existing home in the Triad was $168,288. The average this quarter was up 2.1% from the average recorded in the 4th quarter of last year. By comparison, over the past year, consumer prices nationally have risen 2.7%.

Nationally, the pace of existing home sales has risen 12.7% over the past 12 months.[2] Average home prices are up 3.6% across the nation and 1.7% in the South. The national inventory of unsold homes is down 11.3% over the past 12 months and will take 6.9 months to sell at the existing pace of sales.

The number of real estate foreclosures in the Triad was down 0.5% in December but has risen 41.9% over the past 12 months. Nationally, foreclosures were 14% higher in December and have increased 15% over the past 12 months. There were 9,284 reported foreclosures in the Triad over the past year.

[2] This percentage is calculated from December 2008 to December 2009 using National Assn. of Realtors® data.

Table 1: Triad Economic Indicators

Triad Indicators	Dec. 2009	Nov. 2009	Oct. 2009	Dec. 2008	% Chg. Month Ago	% Chg. Year Ago
Dixon Hughes Triad Bus. Index	**154.3**	**153.6**	**152.8**	**152.2**	**0.5%**	**1.4%**
NC Business Index	**165.9**	**165.1**	**164.3**	**164.0**	**0.5%**	**1.2%**
Unemployment Rate (%)	11.6	11.5	11.4	8.9	0.1	2.7
Initial Claims for Unemployment Ins.	7,116	7,571	7,980	6,681	-6.0%	6.5%
Total Employment (1,000s)	611.9	612.6	613.2	629.8	-0.1%	-2.8%
Goods-producing	111.3	111.7	112.2	122.8	-0.4%	-9.4%
Construction	25.2	25.2	25.4	28.9	0.0%	-12.8%
Manufacturing	86.1	86.5	86.8	93.9	-0.5%	-8.3%
Service-producing	500.6	500.9	501.0	507.0	-0.1%	-1.3%
Wholesale Trade	27.7	27.6	27.6	28.4	0.4%	-2.5%
Retail Trade	63.9	64.4	64.9	67.2	-0.8%	-4.9%
Transportation	23.4	23.4	23.5	25.5	0.0%	-8.2%
Information	7.7	7.7	7.8	8.5	0.0%	-9.4%
Financial	36.1	36.0	35.9	37.1	0.3%	-2.7%
Prof. & Business	74.1	74.2	74.3	77.7	-0.1%	-4.6%
Education & Health	105.1	104.9	104.6	102.1	0.2%	2.9%
Leisure	57.5	57.7	57.8	57.3	-0.3%	0.3%
Other	24.9	25.1	25.3	25.9	-0.8%	-3.9%
Government	79.8	79.6	79.3	77.4	0.3%	3.1%
Retail Sales ($ millions)	$967.5	$964.7	$961.5	$953.6	0.3%	1.5%
Residential Building Permits ($1,000s)	$39,401	$40,285	$41,254	$36,785	-2.2%	7.1%
Real Estate Foreclosures	838	842	842	590	-0.5%	41.9%
NATIONAL INDICATORS:						
Unemployment Rate	10.0	10.0	10.1	7.2	0.0	2.8
Total Employment (1,000s)	130,910	130,995	130,991	135,074	-0.1%	-3.1%
Goods-producing	18,240	18,321	18,379	20,532	-0.4%	-11.2%
Service-producing	112,670	112,674	112,612	114,542	0.0%	-1.6%
Retail Sales ($ millions)	$352,985	$353,328	$347,274	$344,133	-0.1%	2.6%
Res. Bldg. Permits (units in 1,000s)	616	603	588	608	2.2%	1.3%
Consumer Price Index (CPI-U,sa)	215.9	216.3	216.2	210.2	-0.2%	2.7%
Total Capacity Utilization (%)	72.0	71.5	71.0	72.7	0.7%	-1.0%
Initial Claims for Unemployment Ins.	472,700	492,900	517,200	557,500	-4.1%	-15.2%
ISM Purchasing Managers Index	55.9	53.6	55.7	32.9	4.3%	69.9%

All data are statistically adjusted to eliminate statistical aberrations unrelated to trend and cycle. Monetary figures are deflated by the CPI-U to reflect inflation-adjusted 2009 dollars.

Figures are compiled by Dr. G. Donald Jud, Bryan School of Business & Economics, UNCG, E-mail: Juddon@uncg.edu.

Table 2: North Carolina Metro Indicators

(December 2009)

Metro Indicators:	Current Month	Last Month	Current Month	Percent Change Current Month	Current Month
Asheville					
Total Employment (1,000s)	167.2	167.0	172.2	0.1%	-2.9%
Unemployment Rate (%)	9.5	9.5	7.3	0.0%	2.2%
Burlington					
Total Employment (1,000s)	57.1	57.2	59.3	-0.2%	-3.7%
Unemployment Rate (%)	12.6	12.5	9.8	0.1%	2.8%
Charlotte					
Total Employment (1,000s)	802.2	803.8	837.6	-0.2%	-4.2%
Unemployment Rate (%)	12.5	12.5	9.3	0.0%	3.2%
Durham					
Total Employment (1,000s)	282.5	282.4	290.6	0.0%	-2.8%
Unemployment Rate (%)	8.2	8.1	6.6	0.1%	1.6%
Fayetteville					
Total Employment (1,000s)	126.8	126.9	128.6	-0.1%	-1.4%
Unemployment Rate (%)	9.5	9.4	8.1	0.1%	1.4%
Goldsboro					
Total Employment (1,000s)	43.1	43.2	44.3	-0.2%	-2.7%
Unemployment Rate (%)	9.4	9.3	8.2	0.1%	1.2%
Greensboro/High Point					
Total Employment (1,000s)	344.7	344.6	356.9	0.0%	-3.4%
Unemployment Rate (%)	12.1	12.0	9.2	0.1%	2.9%
Greenville					
Total Employment (1,000s)	74.3	74.5	76.6	-0.3%	-3.0%
Unemployment Rate (%)	10.8	10.7	9.0	0.1%	1.8%
Hickory					
Total Employment (1,000s)	145.0	145.4	153.8	-0.3%	-5.7%
Unemployment Rate (%)	15.1	15.1	11.7	0.0%	3.4%
Jacksonville					
Total Employment (1,000s)	45.2	45.2	47.6	0.0%	-5.0%
Unemployment Rate (%)	8.6	8.6	7.3	0.0%	1.3%
Raleigh					
Total Employment (1,000s)	504.2	504.2	512.5	0.0%	-1.6%
Unemployment Rate (%)	9.2	9.2	7.0	0.0%	2.2%
Rocky Mount					
Total Employment (1,000s)	61.2	61.4	63.0	-0.3%	-2.9%
Unemployment Rate (%)	14.4	14.3	12.1	0.1%	2.3%
Wilmington					
Total Employment (1,000s)	140.7	140.5	143.9	0.1%	-2.2%
Unemployment Rate (%)	10.6	10.6	8.3	0.0%	2.3%
Winston-Salem					
Total Employment (1,000s)	209.9	210.5	214.0	-0.3%	-1.9%
Unemployment Rate (%)	10.5	10.4	8.2	0.1%	2.3%
North Carolina					
Total Employment (1,000s)	3,915.5	3,916.2	4,038.4	0.0%	-3.0%
Unemployment Rate (%)	11.2	10.7	8.1	0.5%	3.1%

Table 3: Triad Business Index Historical Values

Year	Mo.	Index	% Chg.	Total Employment	Goods Producing	Unemp. Rate
2009	12	154.3	0.5%	611.9	111.3	11.6
2009	11	153.6	0.5%	612.6	111.7	11.5
2009	10	152.8	0.5%	613.2	112.2	11.4
2009	9	152.1	0.4%	613.9	112.7	11.3
2009	8	151.5	0.3%	614.7	113.2	11.2
2009	7	151.0	0.2%	615.5	113.9	11.2
2009	6	150.7	0.2%	616.1	114.5	11.2
2009	5	150.4	0.0%	616.8	115.3	11.1
2009	4	150.4	-0.1%	617.9	116.0	11.0
2009	3	150.5	-0.3%	619.7	117.1	10.7
2009	2	150.9	-0.4%	622.3	118.5	10.2
2009	1	151.5	-0.5%	625.7	120.4	9.6
2008	12	152.2	-0.7%	629.8	122.8	8.9
2008	11	153.2	-0.6%	634.2	125.1	8.3
2008	10	154.1	-0.6%	638.5	127.0	7.7
2008	9	155.0	-0.6%	642.2	128.4	7.2
2008	8	155.9	-0.5%	644.6	129.3	6.7
2008	7	156.7	-0.4%	646.0	130.0	6.4
2008	6	157.4	-0.3%	647.3	130.8	6.0
2008	5	157.9	-0.3%	648.9	131.7	5.8
2008	4	158.3	-0.1%	651.0	132.7	5.5
2008	3	158.5	0.0%	653.0	133.6	5.3
2008	2	158.5	0.1%	654.4	134.3	5.1
2008	1	158.4	0.1%	654.8	134.7	5.0
2007	12	158.3	0.1%	654.3	134.9	4.9
2007	11	158.2	0.1%	653.5	135.0	4.8
2007	10	158.0	0.1%	652.9	135.1	4.8
2007	9	157.8	0.2%	652.6	135.4	4.7
2007	8	157.5	0.2%	652.7	135.8	4.7
2007	7	157.2	0.3%	652.8	136.3	4.7
2007	6	156.8	0.3%	652.8	136.8	4.7
2007	5	156.4	0.3%	652.6	137.3	4.7
2007	4	156.0	0.3%	652.3	137.7	4.7
2007	3	155.6	0.2%	651.7	138.2	4.7
2007	2	155.3	0.2%	651.1	138.6	4.7
2007	1	155.0	0.1%	650.5	138.7	4.8