North Carolina Adds 67,100 Jobs, Unemployment Rate Flat

North Carolina, which re-opened more cautiously than many of its neighbors, added back 12% of the 571,500 jobs lost in April. The unemployment rate did not change from its upwardly revised level of 12.9%.

Only a Modest Recovery in May

North Carolina employers added 67,100 jobs in May, or 12% of the nearly 572,000 jobs that were lost in April. Even after the bounce, employment is still only back to its 2013 level. In other words, COVID-19 wiped out more than seven years of job creation. These data, however, reflect the status of the labor market back in the week of May 12, when the survey was conducted. North Carolina did not enter its Phase 2 ‘Safer at Home’ status until May 22. Phase 2 allowed restaurants to open for dine-in at 50% capacity, barbershops and salons to open at 50% capacity and pools, camps and child care to open much more fully. Phase 3 was originally planned to kick off 4-6 weeks after Phase 2.

The largest employment gain in May, not surprisingly, was in leisure & hospitality, which added 44,800 jobs after losing around 250,000 in April. Trade, transportation & utilities added 17,200 jobs, while education & health added 16,700. Similar to the trend seen nationwide, North Carolina government employment fell by 35,600. Private payrolls, which exclude government employees, rose by 102,700, a 3.1% gain. Other super sectors reporting losses in May include information (-2,100), construction (-400) and mining & logging (-100).

The unemployment rate did not budge from last month, which was upwardly revised from 12.2% to 12.9%. The national rate, meanwhile, fell from 14.7% to 13.3%. The measure of household employment in North Carolina rose by 118,000 to 4.2 million, while the number of unemployed rose by 16,000 to 622,000. The number of North Carolinians receiving unemployment insurance for the week ended June 6 was lower, at 518,000. This could suggest employers have called back employees since the May nonfarm survey—which we think is likely. The two series are not directly comparable, however, due to different eligibility requirements. The number of new unemployment claims has continued to fall, but remains above 31,000, which is relatively high.

Relative to its neighbors, North Carolina has re-opened more cautiously, an approach which is evident in high frequency seated restaurant diner data. The contrast in the lifting of restrictions is also evident in the decision by the Republican National Committee to move the bulk of its Convention, scheduled for August, from Charlotte to Jacksonville, Florida. Much of the South, which re-opened earlier than North Carolina, is currently grappling with a renewed uptrend in cases. Even though North Carolina was more cautious about re-opening, the uptrend in new cases has actually been worse than many neighboring states. Raleigh recently required the use of face masks, while Charlotte’s leadership and Governor Roy Cooper are facing growing pressure to do the same for the city and the state.

While the June employment data will likely see more improvement, we expect the pace of recovery to moderate after that until we see more progress containing the spread of the coronavirus.

Source: U.S. Department of Labor, OpenTable and Wells Fargo Securities