North Carolina Continues to Gradually Recover

Employers added 48,100 jobs in September, as restaurants, retailers and many other small businesses continued to gradually re-open. The unemployment rate rose 0.8 of a percentage point to 7.3%.

Just Over Half of the Pandemic Jobs Losses Have Been Recovered

North Carolina’s economy took another big step toward recovery in September. The latest monthly employment data show employers added 48,100 jobs during the month, which is more than were added in the past two months combined. The larger employment increase is due to more progress at re-opening the state’s economy, with more businesses allowed to open on a limited basis with strict safety protocols. The September employment data reflect the period from mid-August to mid-September. That period captured the implementation of executive order 163 that moved the state into Phase 2.5 of the re-opening process. Those changes allowed for slightly larger gathering limits, re-opened playgrounds, museums and fitness centers with strict capacity limits.

The leisure & hospitality sector has accounted for the largest share of job losses in North Carolina and much of the country. Employment tumbled from a pre-pandemic peak of 535,800 jobs in February to just 266,800 jobs in April, marking the loss of more than 50% of the sector’s employment base. Most of that job loss was at restaurants, bars, hotels and entertainment venues. Many businesses within this sector were ordered to remain closed and those that could open could only do so at dramatically reduced capacity limits and with strict social-distancing protocols. Initially this limited many restaurants to pick-up and deliveries. Limited outdoor seating and even more limited indoor seating were later added. The re-openings have enabled close to half of the 269,000 jobs lost between February and April to be recovered by September. North Carolina moved into Phase 3 in early October, which allowed for more re-openings in the leisure & hospitality sector, including music venues, certain types of outdoor theme parks and live sports venues. We should see some additional gains in leisure & hospitality payrolls when the October data are reported next month.

Unfortunately, North Carolina has also seen another resurgence in COVID infections, which will likely curb consumer interactions during the second half of October and November. The number of new infections has actually hit new highs, although hospitalizations and deaths have not risen anywhere near as dramatically as they have earlier in the year. The resurgence of COVID and uncertainty about how viable business will be later this fall and winter have led to an uptick in permanent restaurant and bar closures, particularly among independently-owned establishments.

Employment growth was also bolstered by a 13,100 seasonally-adjusted rise in government payrolls. Government employment is volatile this time of year, reflecting timing of the re-opening of schools. Census workers have further complicated this year’s data. Employment rose in most parts of the private sector, however. Construction and manufacturing each added 2,000 jobs during the month and the professional & business services sector added 4,700 jobs. Trade, transportation & utilities added 8,500 jobs in September, with most of that gain coming from retail trade.

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