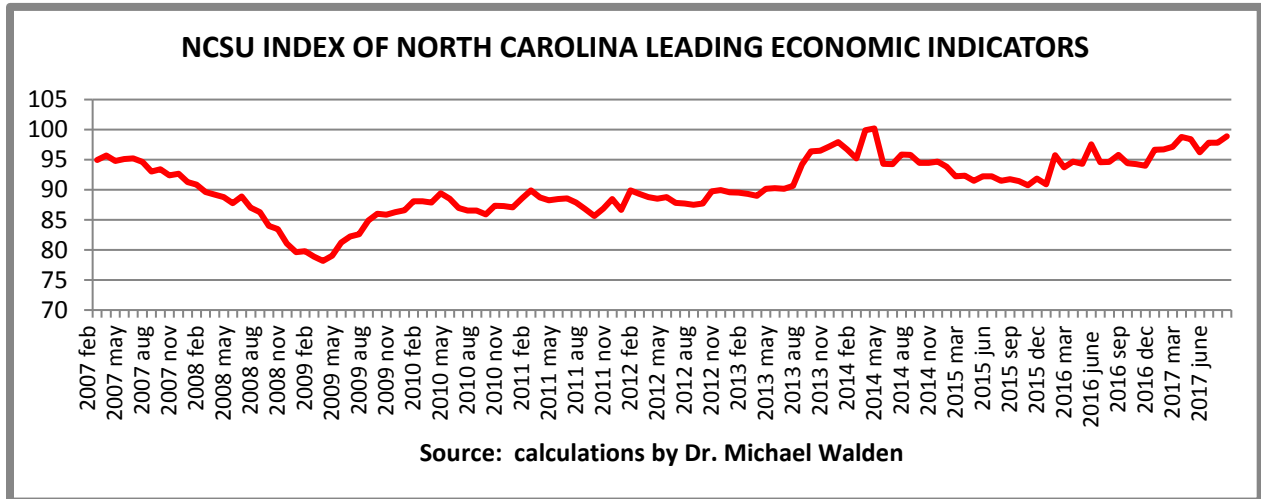


## NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS

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The *NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS* (the “Index”), a forecast of the state economy’s direction four to six months ahead, surged in July from its June reading, rising 1%. The improvement in the state economy’s leading index was 2.5 times greater than the national economy’s leading index gain (ECRI-WLI). All components of the Index improved,



except for manufacturing hours, which was stable. There was a double-digit gain in building permits and a drop in initial unemployment claims. The upward movement in the Index is consistent with some forecasts of an acceleration in national growth in the third quarter. If the Index’s reading is accurate, it almost insures that 2017 will be a growth year for the North Carolina economy. The biggest threat to this forecast is an outbreak of military hostilities on the Korean peninsula.

### Chg. from prev. month    Chg. from prev. year

<b>INDEX</b>	1.0%	3.2%
<b>ECRI-WLI</b>	0.4%	4.9%
<b>Claims</b>	-3.5%	-15.8%
<b>Permits</b>	22.7%	1.6%
<b>Hours</b>	0.0%	0.7%
<b>Earnings</b>	0.7%	2.9%

**About the Index:** The Index is composed of five components: the Economic Cycle Research Institute (ECRI)’s Weekly Leading Index (<http://www.businesscycle.com/resources/>), North Carolina initial claims for unemployment benefits, North Carolina building permits, average weekly hours of work of all North Carolina employees in manufacturing, and average weekly earnings of all North Carolina employees in manufacturing. All data are seasonally-adjusted and modified for differences in prices levels where appropriate. Data are from the U.S. Bureau of Labor Statistics, the U.S. Census Bureau, and ECRI, whose permission to use their Weekly Leading Index is greatly appreciated. All calculations are done by Dr. Michael Walden.

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