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N.C. growth forecast at 2.2%

Charlotte Business Journal

North Carolina's economic growth will likely continue this year, according to UNC Charlotte economist John Connaughton's quarterly forecast.

Connaughton forecasts the state's economy will grow 2.2 percent in 2008, marking the state's seventh consecutive year of expansion. His forecast for this year, though, is lower than the state's 2.4 percent expansion in 2007 and 4.3 percent growth in 2006.

According to the forecast, the N.C. economy is expected to gain 34,700 net jobs this year, a 0.8 percent increase over the 2007 level.

The nonagricultural sectors slated to experience the strongest employment growth this year are retail trade, wholesale trade and services.

Connaughton is optimistic for the state overall, in spite of several areas of concern. "Both rising energy prices and subprime credit problems have affected consumer behavior," he said.

"Rising gasoline prices are taking income out of consumer's pockets and slowing purchases in other sectors, and the subprime credit scare is negatively affecting consumer's confidence to purchase big-ticket items," he added. "These two factors together slowed the North Carolina economy during 2007 and are likely to continue to be a problem into 2008."

Connaughton expects eight of the state's 11 economic sectors to experience growth during 2008. The sectors with the strongest expected growth forecasts are:

- Agriculture, with a projected real growth rate of 7.7 percent.
- Mining, 5 percent.
- Services, 4.8 percent.
- Wholesale trade, 4.3 percent.
- Government, 4.1 percent.
- Transportation, warehousing, utilities, and information, 2.7 percent.
- Retail trade, 2.6 percent.

Three sectors -- durable goods manufacturing, nondurable goods manufacturing, and

construction -- are expected to experience an output decline during 2008.

The UNC Charlotte Carolina Economic Forecast is published quarterly by UNC Charlotte. The full report is available at www.belkcollege.uncc.edu/forecast.

Connaughton will release his next report in September.

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