





## Why does everything still feel so expensive?

- Inflation is still top of mind even if the latest reading was very promising.
- How one feels about inflation is a function of their income, industry, age, area of residence, and whether one owns assets.
- The labor market nationally has held up remarkably well, largely due to the strength of the consumers' balance sheet but cracks may be emerging.
- The fundamental question is whether the Federal reserve can manage to bring down inflation to the desired 2% while also keeping the economy on strong footing.

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## What is going on at the state level?

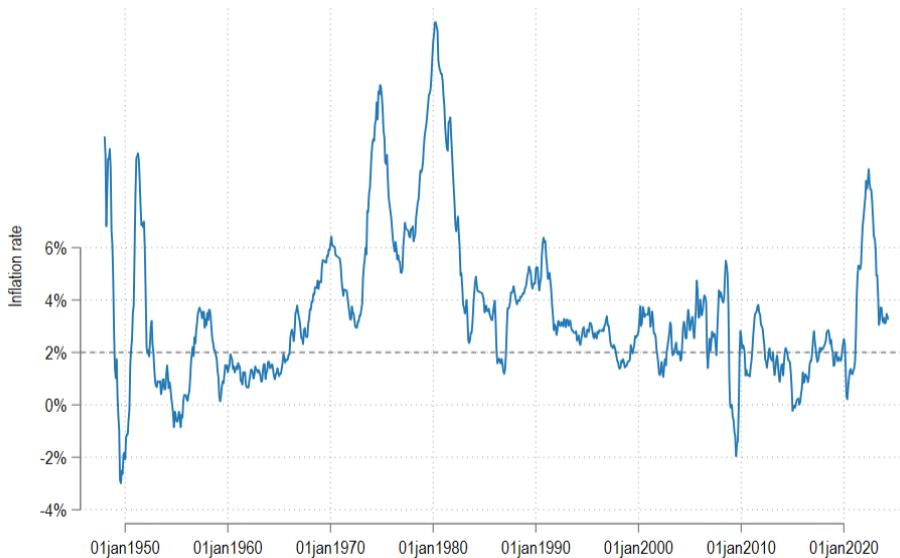
- As of May 2024, the state economy has about 9% more jobs than the same month in 2019 but there is considerable variation across counties.
- Average hourly wages, as of May 2024, are almost 28% higher than the same month in 2019.
- Migration has been an important part of the state's story over the last few years. Most of the state's population growth is a result of relocation and not natural increase.
- The housing market remains a bit of a mystery. While the number of price cuts and homes for sale are increasing, prices remain elevated.



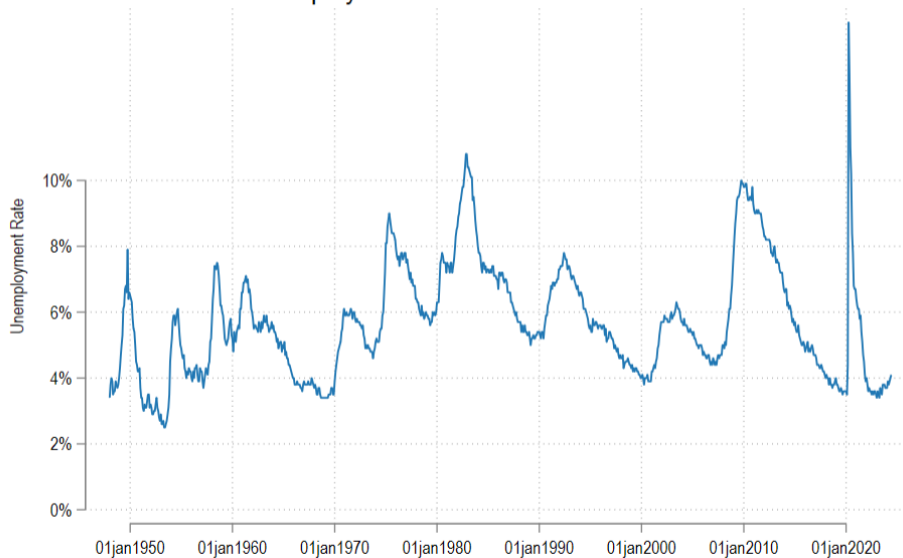




## Inflation rate between 1950 and 2024

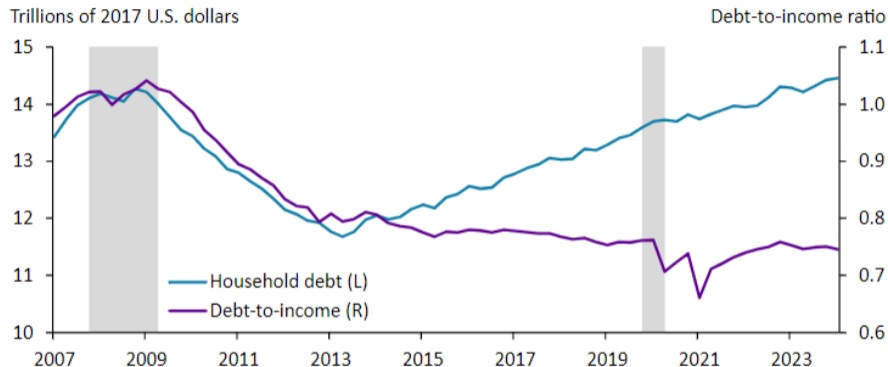


## Unemployment rate between 1950 and 2024



US Federal Reserve Chair Jerome Powell said he needs “more good data” to strengthen the case that [inflation is moving](#) toward the central bank’s 2% target. Recent readings may point to “modest further progress” on prices, he said, but apparently Powell wants more. Speaking to Senate lawmakers Tuesday, he was careful not to offer a timeline for interest-rate cuts, which investors are now betting will begin in September. But he emphasized mounting signs of a cooling job market after government data published July 5 [showed a third straight month](#) of rising unemployment. “Elevated inflation is not the only risk we face,” he said on the first of two days of testimony. “Reducing policy restraint too late or too little could unduly weaken economic activity and employment.” —[Natasha Solo-Lyons](#)

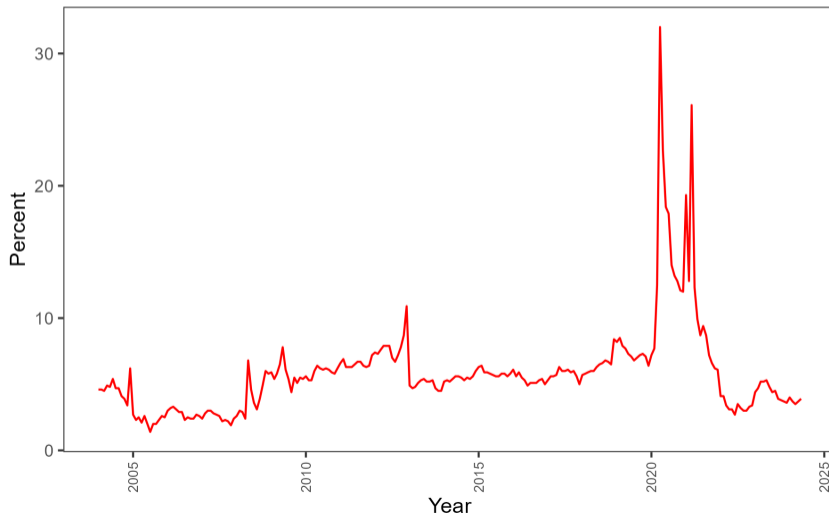




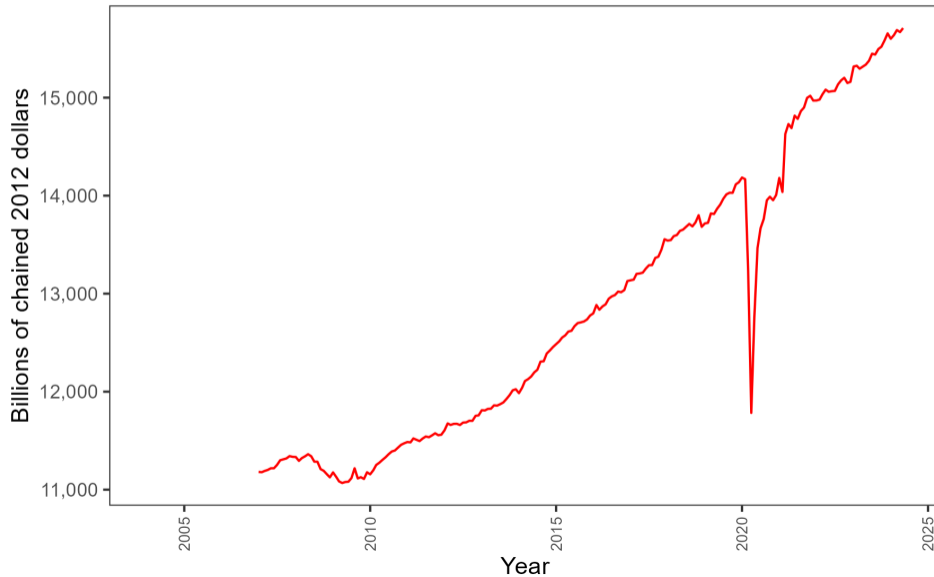
Notes: Shaded areas denote National Bureau of Economic Research (NBER)-defined recessions. Debt-to-income is the ratio of real total consumer debt to real personal income in the economy.

Sources: New York Fed Consumer Credit Panel/Equifax, U.S. Bureau of Economic Analysis, and NBER (Haver Analytics).

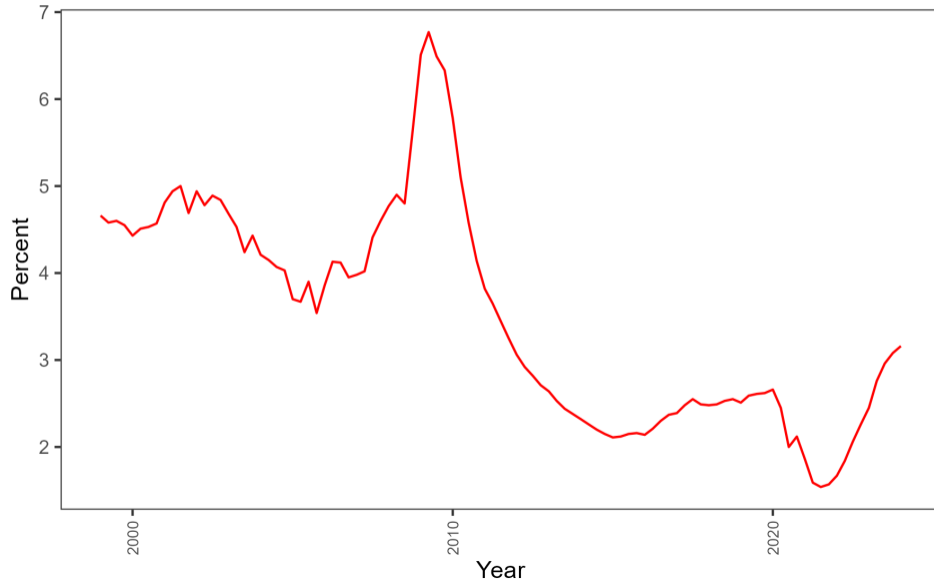
## Savings rate



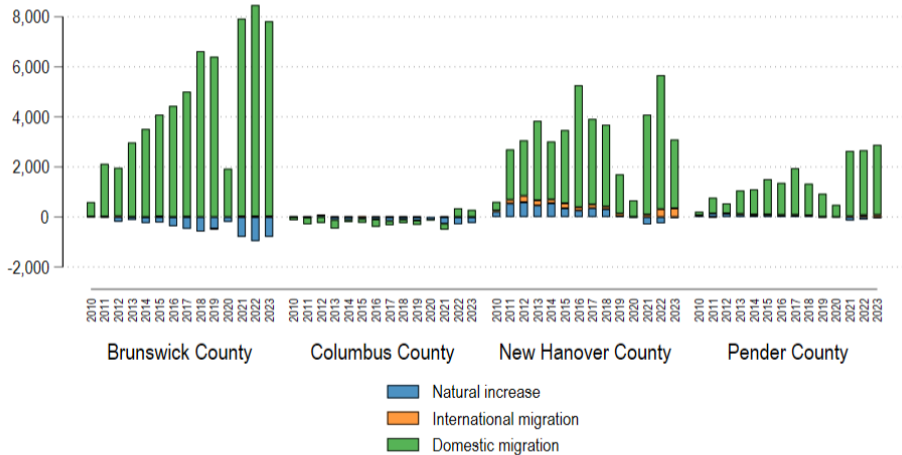
## Real Personal Consumption Expenditures



## Delinquency Rate on Credit Card Loans, All Commercial Banks

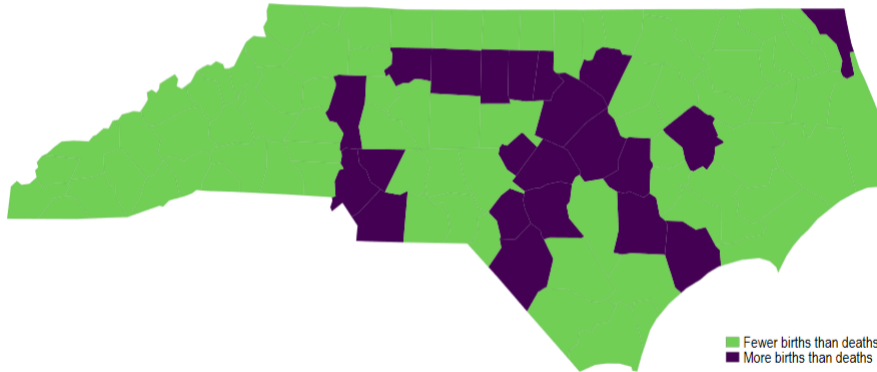


A decomposition of population change in Brunswick, New hanover, Pender, and Columbus between 2010 and 2023

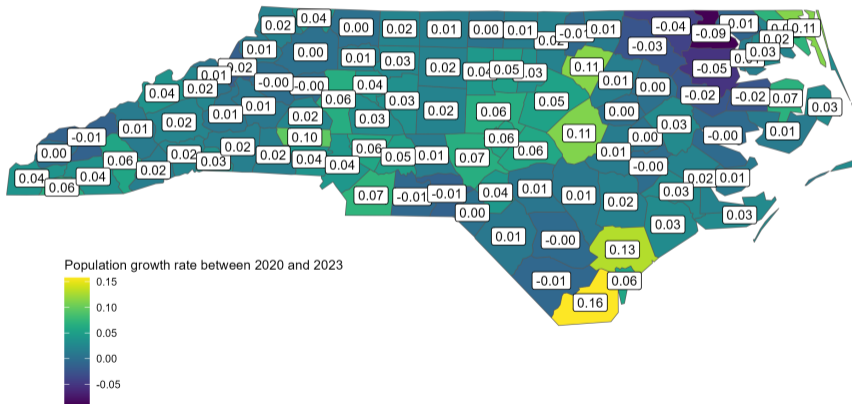


New hanover  
between 2010 and 2019: 2,761  
After 2020: 4,284

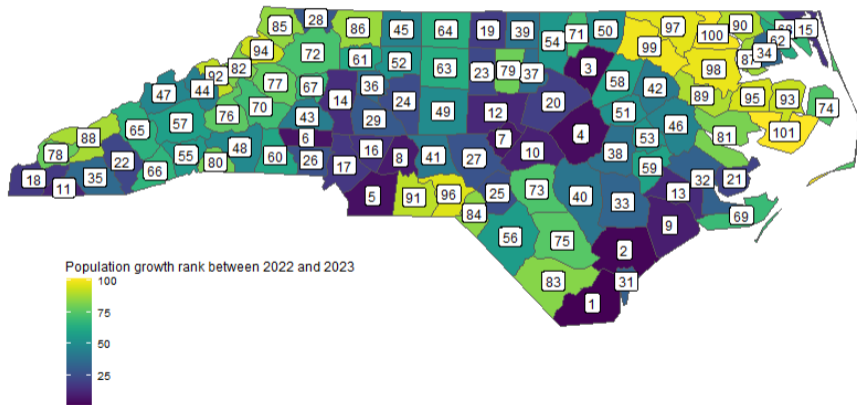
Most counties are experiencing fewer births than deaths



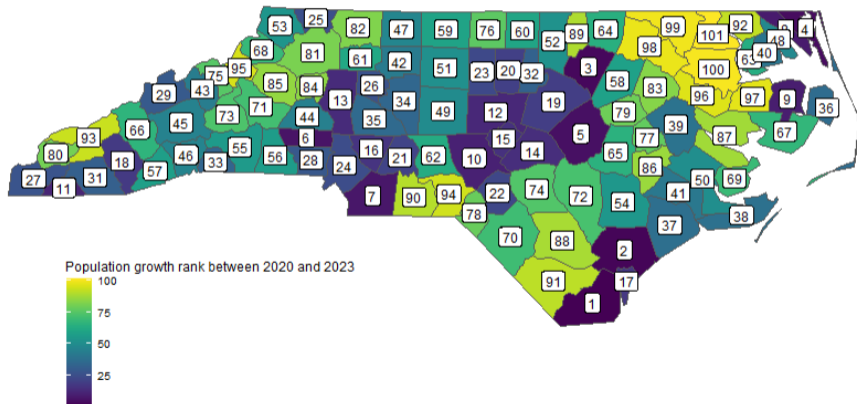
### Population growth between 2020 and 2023



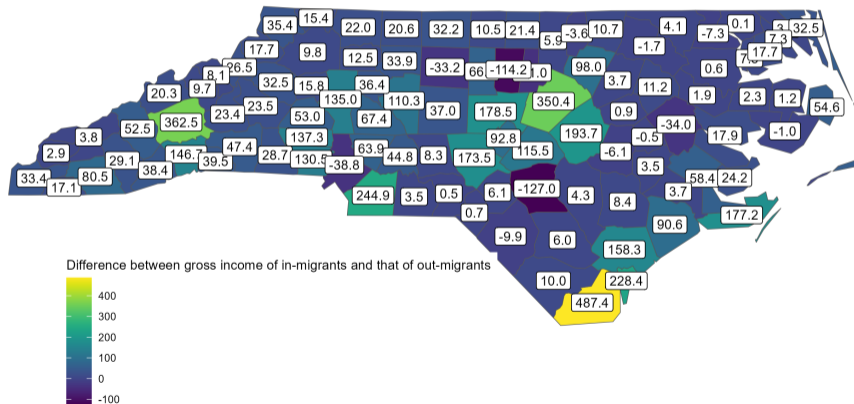
Population growth rank between 2022 and 2023

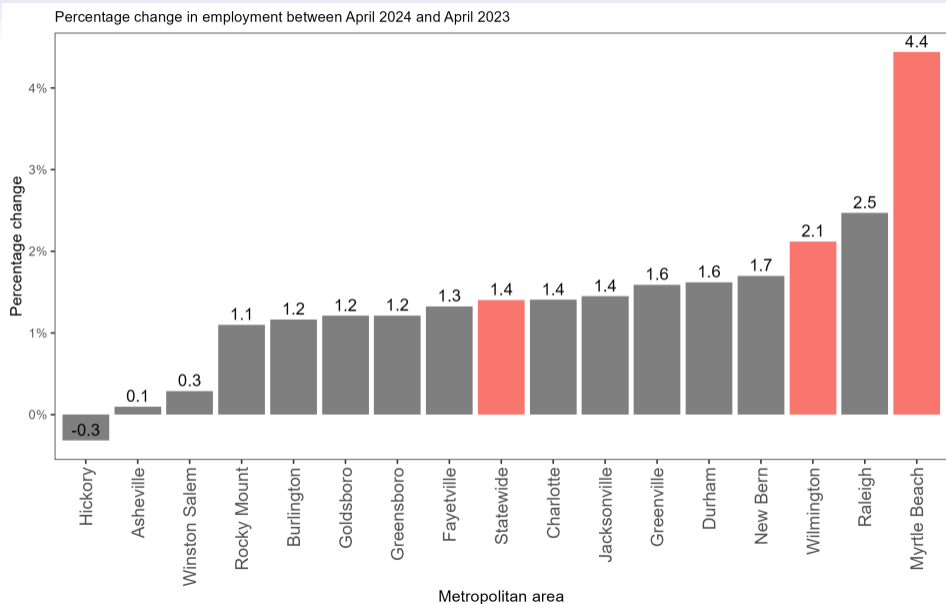


Population growth rank between 2020 and 2023

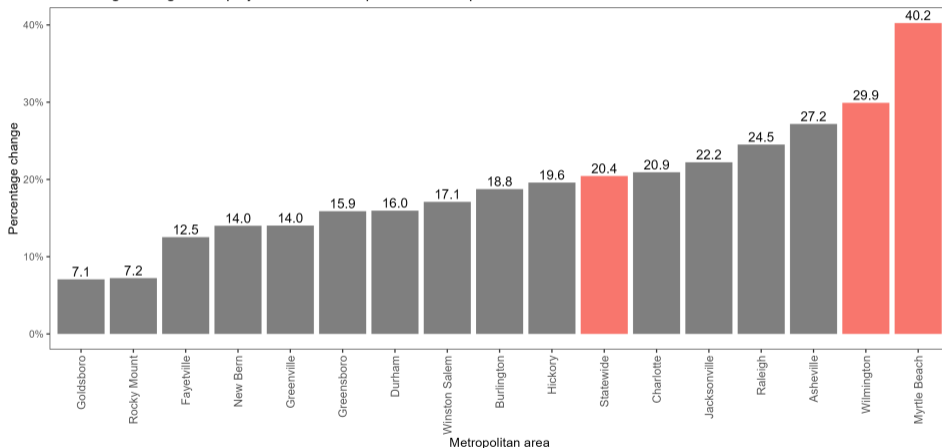


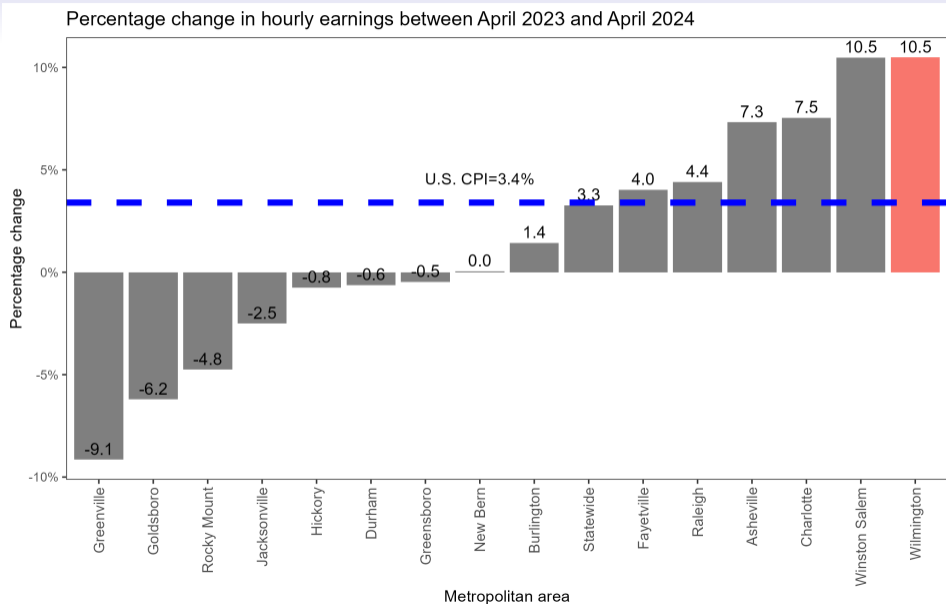
Income shocks from migration using IRS data: Gross income of in-migrants minus gross income of out-migrants



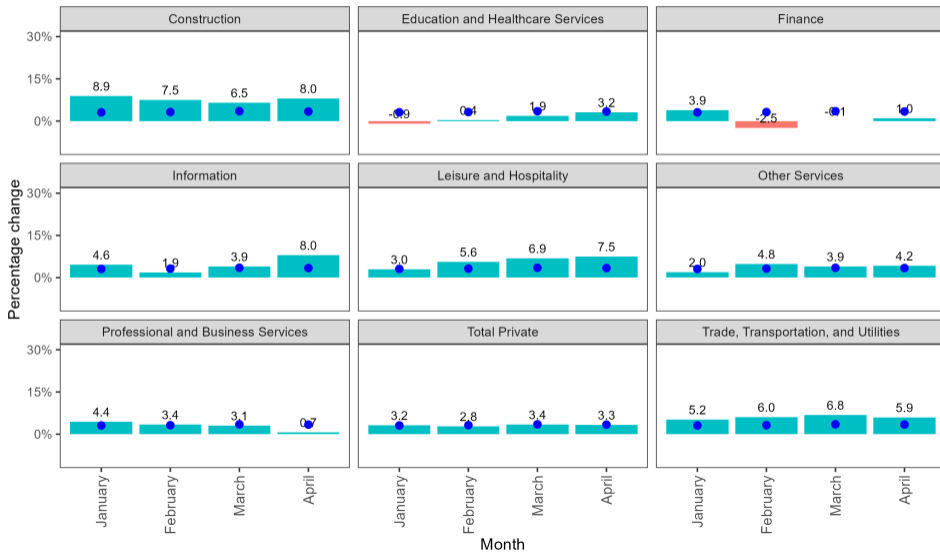


Percentage change in employment between April 2020 and April 2023

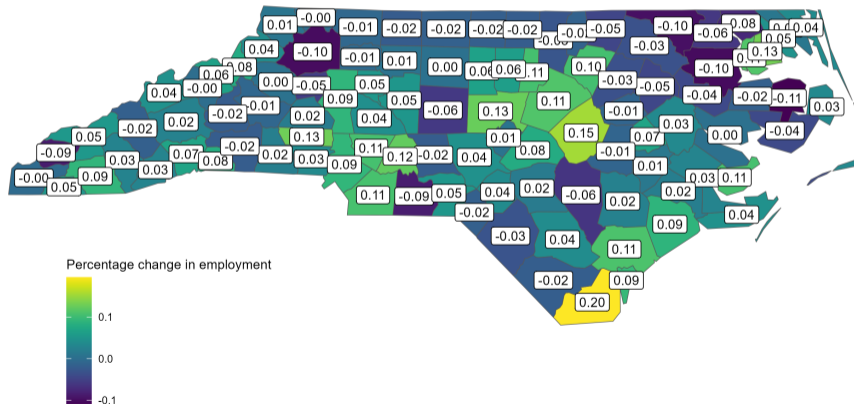




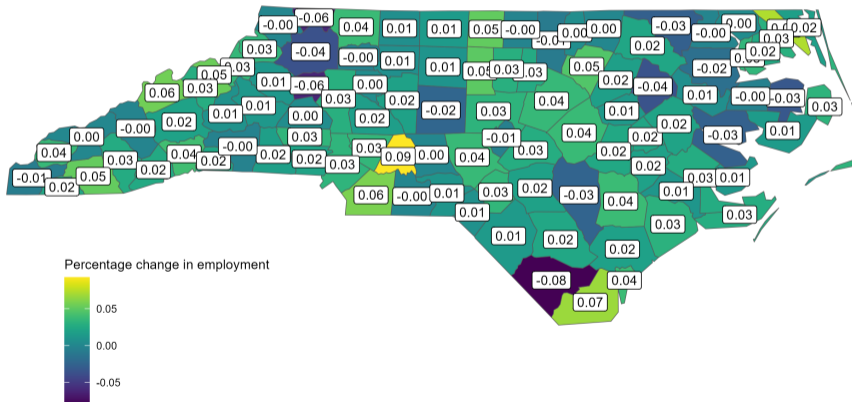
## Percentage change in hourly earnings in 2024 relative to the same month in 2023 and U.S. CPI



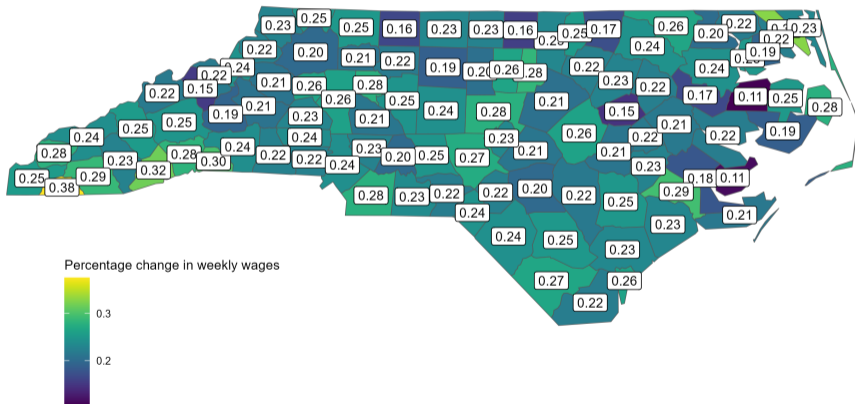
Percentage change in employment between 2019 and 2023.  
39 of the 100 counties had fewer jobs in 2023 than in 2019



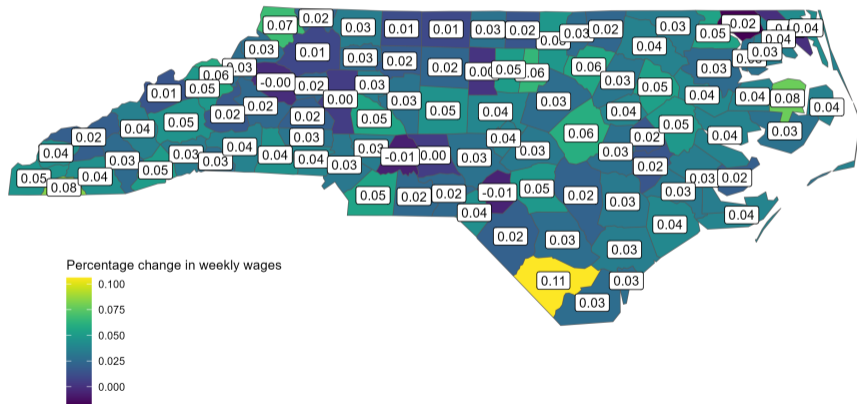
Percentage change in employment between 2022 and 2023.  
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## Percentage change in weekly wages between 2019 and 2023



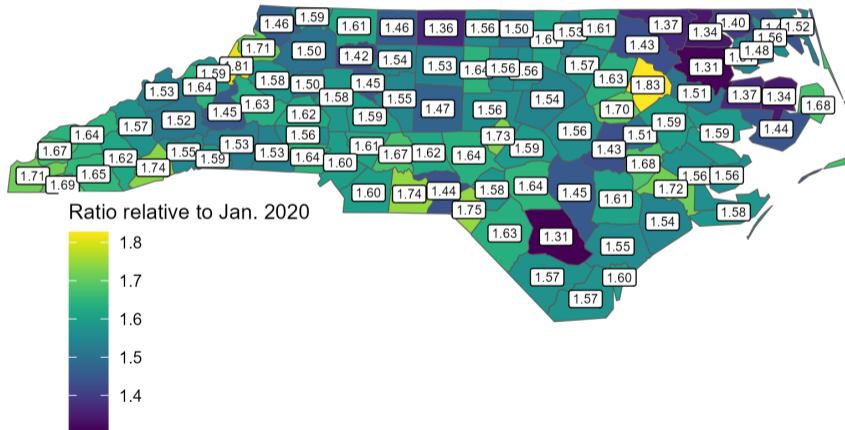
### Percentage change in weekly wages between 2022 and 2023



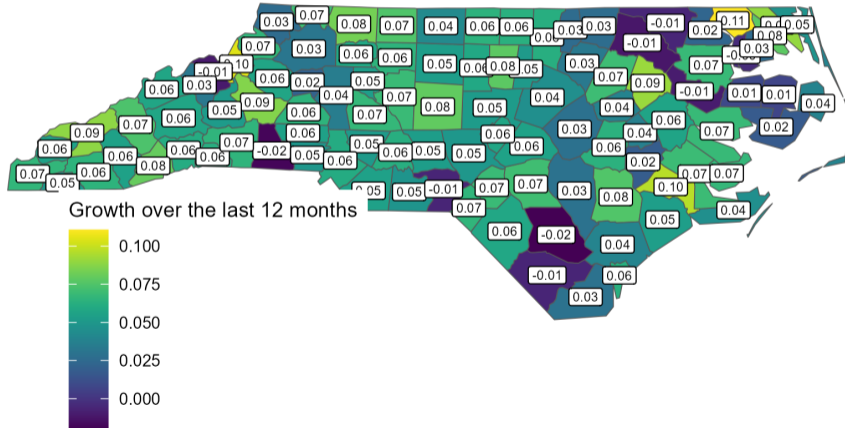
- While the higher interest rates have translated to more price reductions, prices have remained sticky.
- Over the next year, interest rates will be ↓ than in 2023. This means that demand for homes will be ↑ but it also means that supply for homes will be ↑.
- This means there will be ↑ activity (sales) and the direction of prices will be wholly contingent on whether more buyers come back from the sidelines or more sellers decide to put their homes on the market

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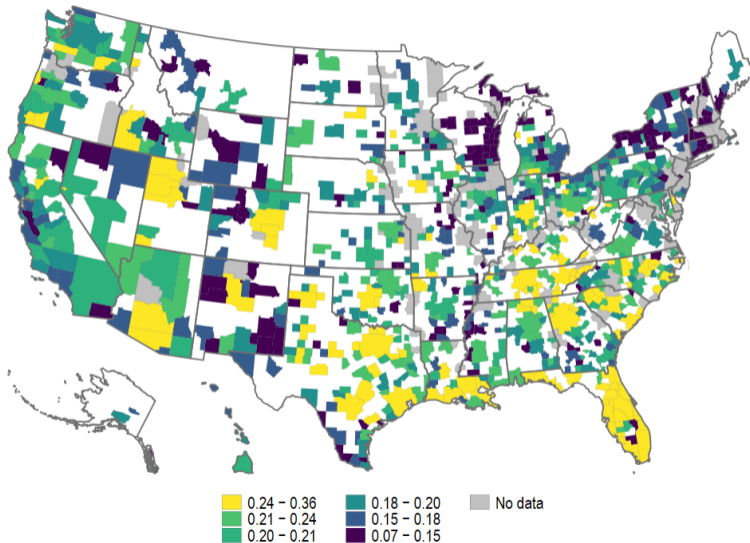
As of may 2024, Zillow single family housing index relative to January 2020.



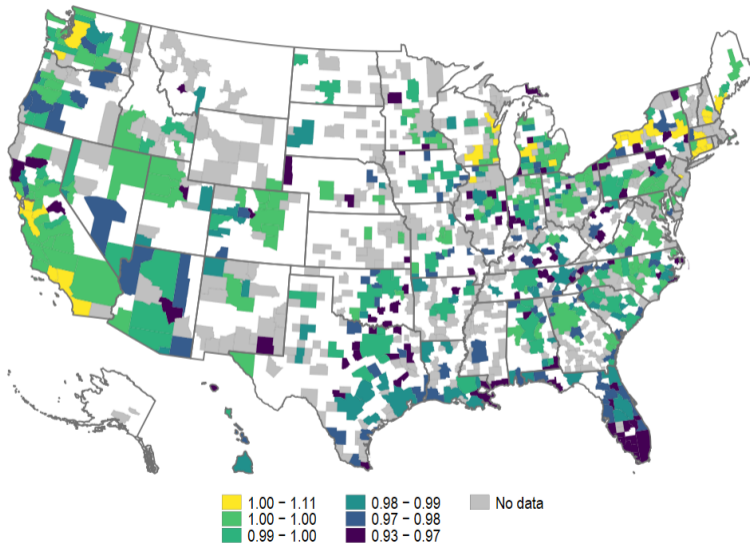
Growth in Zillow single family housing index between May 2023 and May 2024.

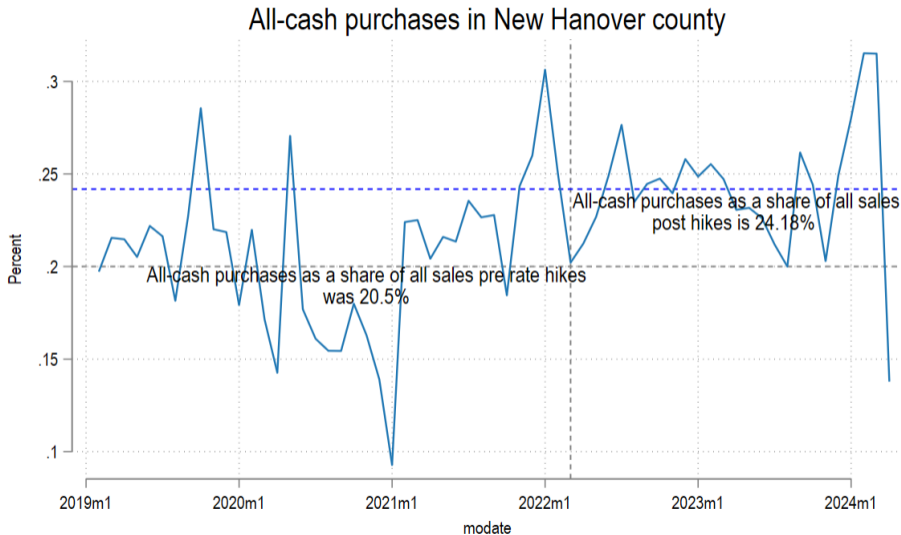


## Share of homes with price cuts in May 2024



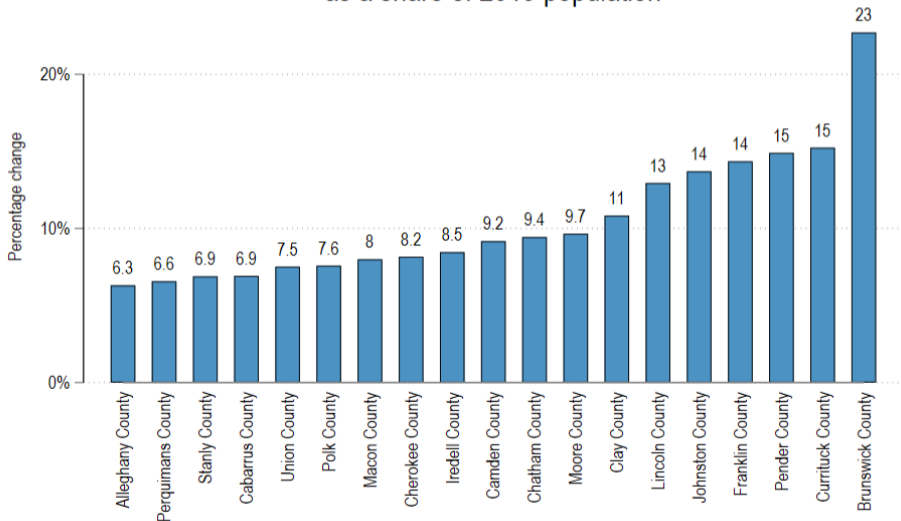
## Ratio of sale to list price as of May 2024

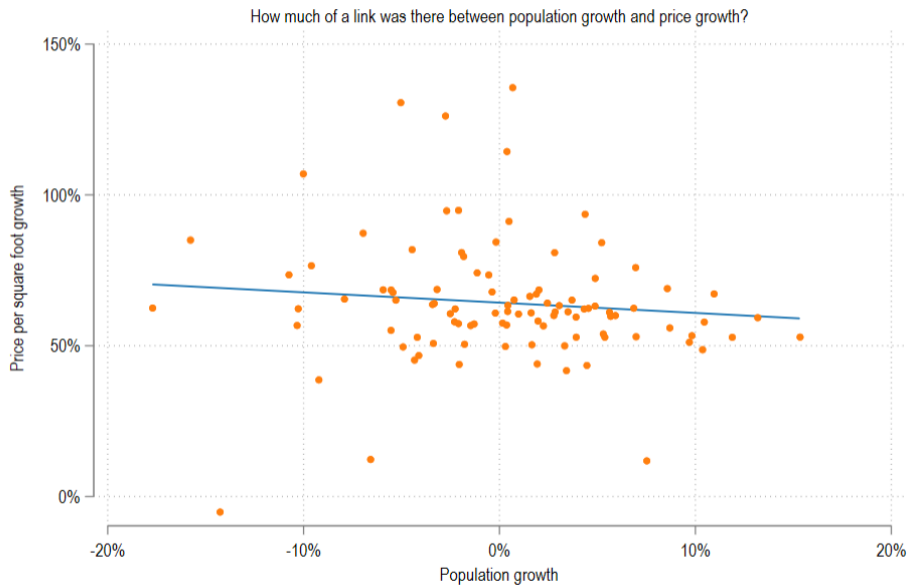




Source:  
Parcl Labs, graph by Mouhcine Guettabi

## Total domestic migration between 2019 and 2023 as a share of 2019 population





## Where does all of this leave us?

- The economic "cooling" has been brewing for more than a year but data continues to surprise to the upside.
- Yes, migration will continue but not at the rate we have seen over the last couple of years.
- It is important to re-calibrate expectations going forward as many of the pandemic tailwinds are fading.
- Employment data no longer tells the whole story of the state's consumption capacity especially given the significant in-migration of the elderly.

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## Thank You

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