



BELK COLLEGE *of* BUSINESS
UNC CHARLOTTE

FOR IMMEDIATE RELEASE

North Carolina’s Economic Forecast: ‘Sluggish growth’ for remainder of 2020

CHARLOTTE, N.C. (March 11, 2020) – Dr. John Connaughton, Barings professor of financial economics at UNC Charlotte’s Belk College of Business, is forecasting an extended period of “sluggish growth” for the state’s economy in 2020.

“The bump up to a 3% annual GSP [Gross State Product] growth rate that was promised as part of the 2018 tax cut appears to be over,” Connaughton said. “The benefit that the January 2018 tax cuts provided are substantially offset by the ongoing trade dispute with China. At this time, there does not seem to be a resolution to this dispute in the foreseeable future, and the forecast for the remainder of 2019 and all of 2020 reflects this fact. In addition, the recent outbreak of coronavirus in China and other nations is beginning to have a real impact on U.S. growth prospects during the first half of 2020.”

Connaughton forecasts 13 of the state’s 14 non-agricultural economic sectors are expected to experience employment increases in 2020. Sectors with the strongest growth include:

- **Construction:** 6.4%
- **Utilities:** 5%
- **Durable goods manufacturing:** 4.3%

The North Carolina unemployment rate is expected to decline slightly throughout 2020 to 3.5% by December, he said. GSP for 2020 is expected to reach \$612,844.5 million in 2020.

Connaughton presented his quarterly economic forecast report to members of the Charlotte business community and the media Wednesday, March 11, at UNC Charlotte Center City. The event is sponsored by Barings.

State’s Annual Growth Rate Trails National Average

On paper, North Carolina’s 10 consecutive years of economic growth is impressive, Connaughton said. However, taking a closer look, the size of that economic growth – averaging less than 2% per year – trails the U.S. 10-year average annual growth rate of 2.3%.

“While the U.S. productivity growth has been slow by historical standards, North Carolina’s productivity growth has been even more sluggish over this expansion,” he said.

For 2019 the forecast found:

- The state added 93,900 net jobs.
- Twelve of the state’s 14 nonagricultural sectors of the economy experienced employment increases.
- The sectors with the strongest employment increases were hospitality and leisure services at 5.9%, and information at 5%.

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The full report is available at belkcollege.uncc.edu/forecast. A new forecast video will be posted by Friday, March 13. Connaughton will release the next Barings/UNC Charlotte Economic Forecast report on May 28.

Dr. Connaughton is considered one of the top economists in North Carolina. He joined the UNC Charlotte faculty in 1978 and has served as director of the quarterly Barings/UNC Charlotte Economic Forecast since 1981.

About Barings

Barings is a global financial services firm with more than \$335 billion in assets under management and over 2,000 associates who are dedicated to meeting the evolving investment and capital needs of the firm's clients and customers. Through active asset management and direct origination, Barings provides innovative solutions and access to differentiated opportunities across public and private capital markets. The firm's global headquarters is located at 300 South Tryon, and it maintains a strong international presence with business and investment professionals in offices throughout North America, Europe and Asia Pacific.

About the Belk College of Business

Accredited by AACSB International, the Belk College of Business at UNC Charlotte offers outstanding business education programs at the undergraduate, master's, doctoral and executive levels. The Belk College is committed to building strong partnerships in the greater Charlotte region and beyond as a vital part of our mission as North Carolina's urban research business school. Find the Belk College of Business online at belkcollege.uncc.edu.

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UNC Charlotte Media Contacts:

Buffie Stephens, External Media Relations Director, UNC Charlotte
704-687-5830 | 980-355-3110 | buffiestephens@uncc.edu

Jay Davis, Executive Director of External Relations, Belk College of Business
704-687-7601 | jay.davis@uncc.edu