

# THE SOUTH CAROLINA ECONOMIC OUTLOOK

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# GRADING THE ECONOMY



**B+**

**ECONOMIC GROWTH REMAINS STEADY AND  
UNEMPLOYMENT IS LOW, BUT CONSUMERS HAVE LOST  
SIGNIFICANT PURCHASING POWER...**

**...AND WE ARE STARTING TO LOSE MOMENTUM**

# UNEMPLOYMENT RATES ARE ON THE RISE

JAN.'24

SEP.'24

S.C.

3.0%

4.3%  
(Aug.'24)

U.S.

3.7%

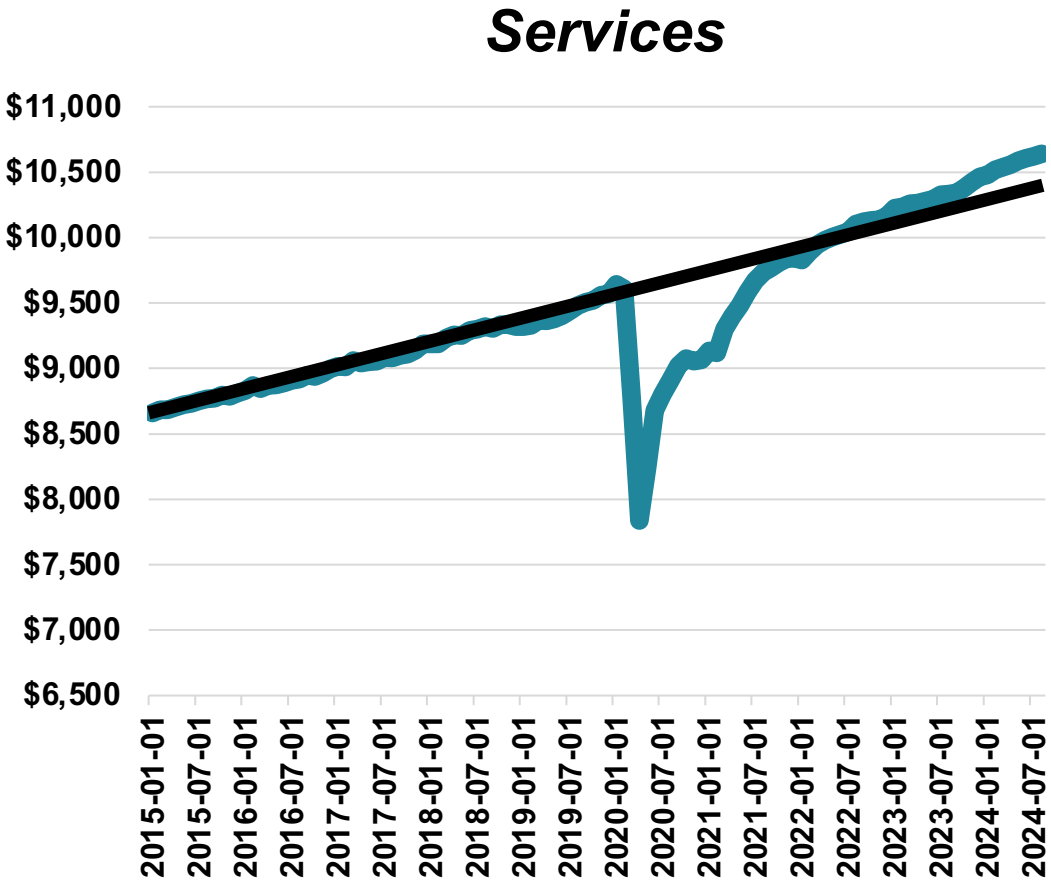
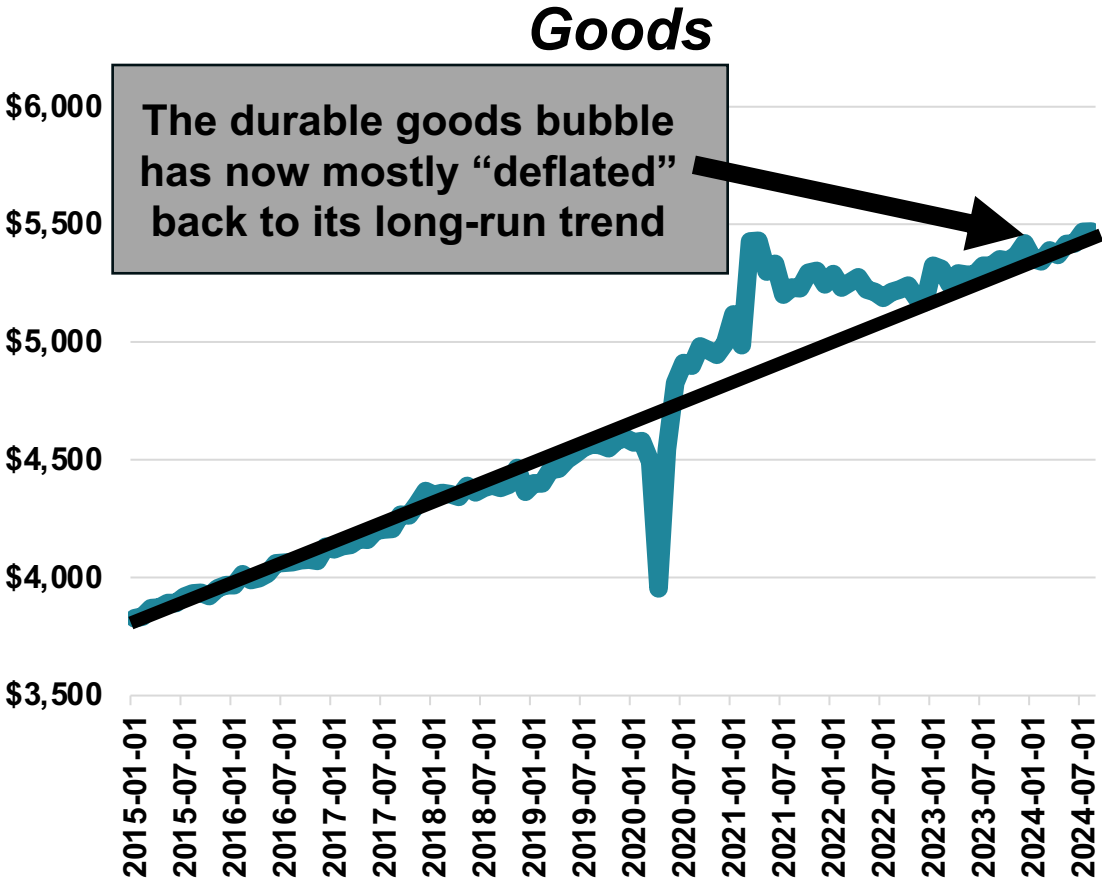
4.1%



## IS A RECESSION LOOMING?

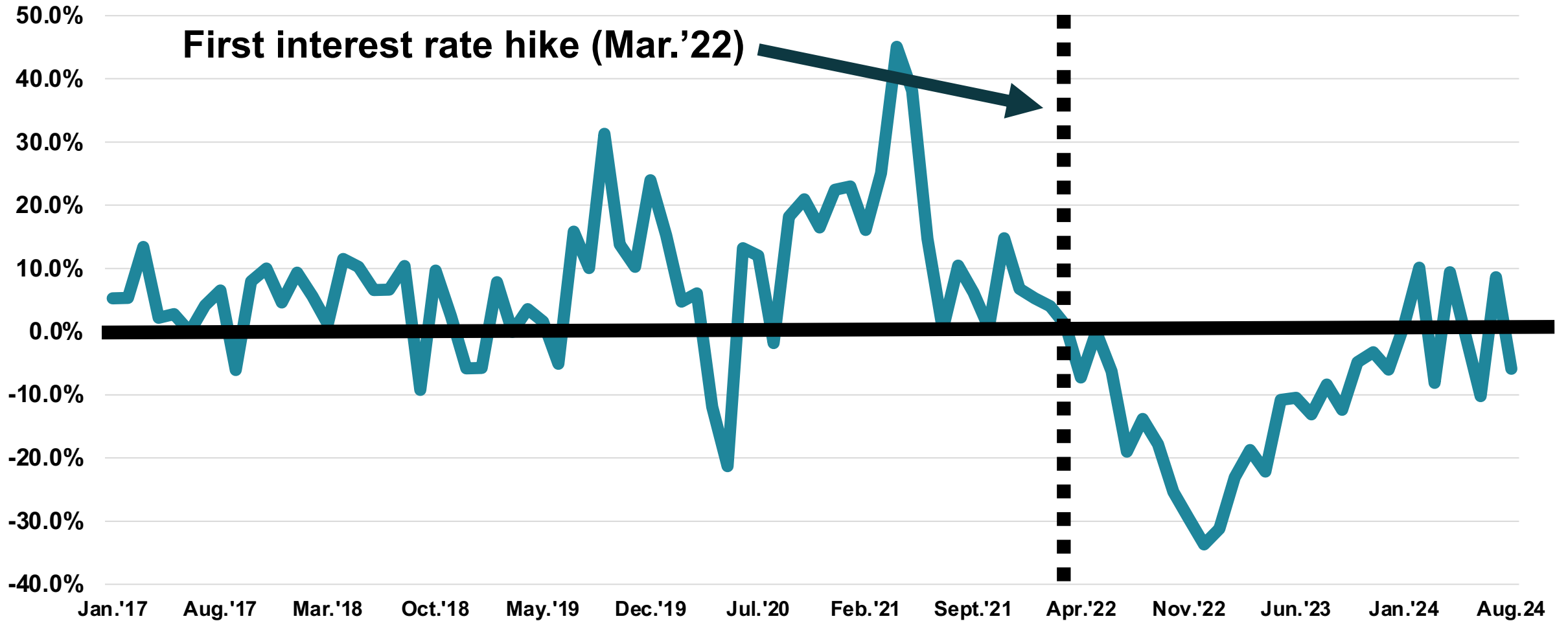
# THE GREAT READJUSTMENT

# REAL U.S. CONSUMER SPENDING



Source: U.S. Bureau of Economic Analysis, in billions

# ANNUAL GROWTH IN SOUTH CAROLINA HOUSING SALES



Source: South Carolina REALTORS

# THE SUMMER DOUBLE WHAMMY!

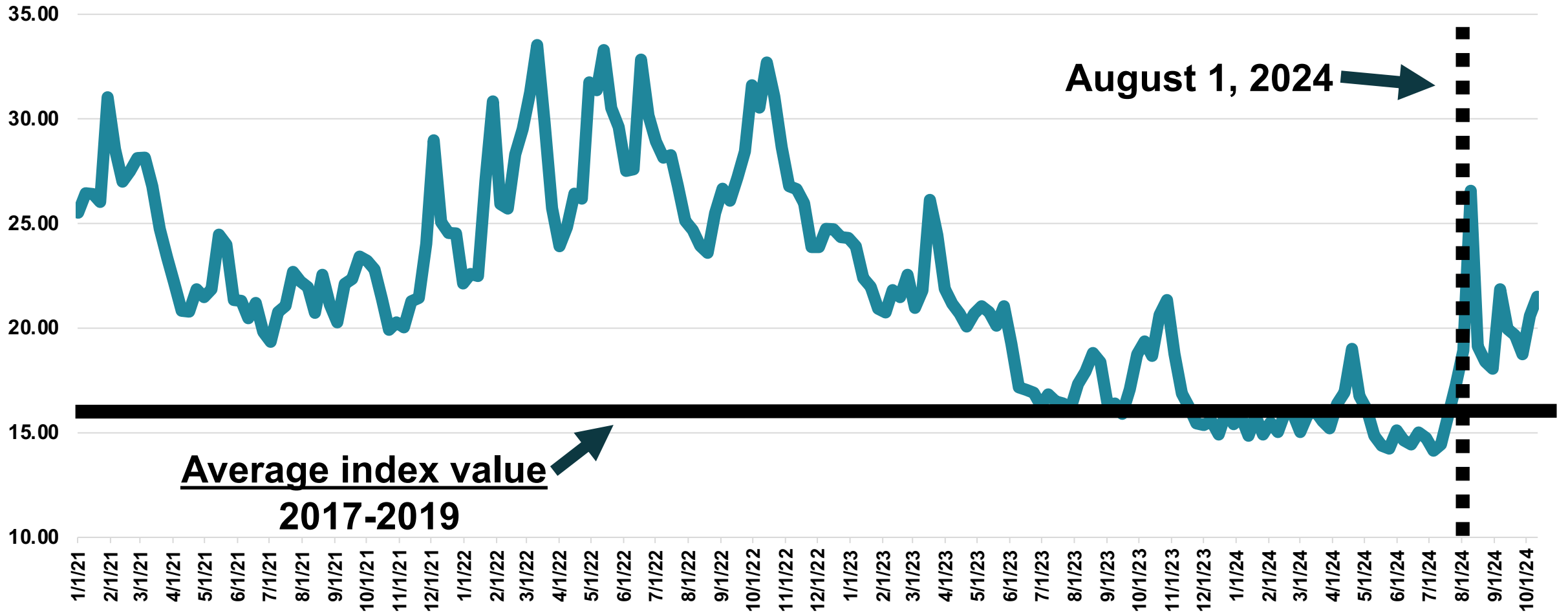
**JULY 31<sup>ST</sup> → FED CHOOSES NOT TO LOWER INTEREST RATES**

**AUGUST 2<sup>ND</sup> → U.S. UNEMPLOYMENT RATE JUMPS TO 4.3%, ITS  
HIGHEST LEVEL SINCE OCT.'21**



**DID THE FED WAIT TOO LONG TO ACT?**

# S&P 500 3-MONTH VOLATILITY INDEX



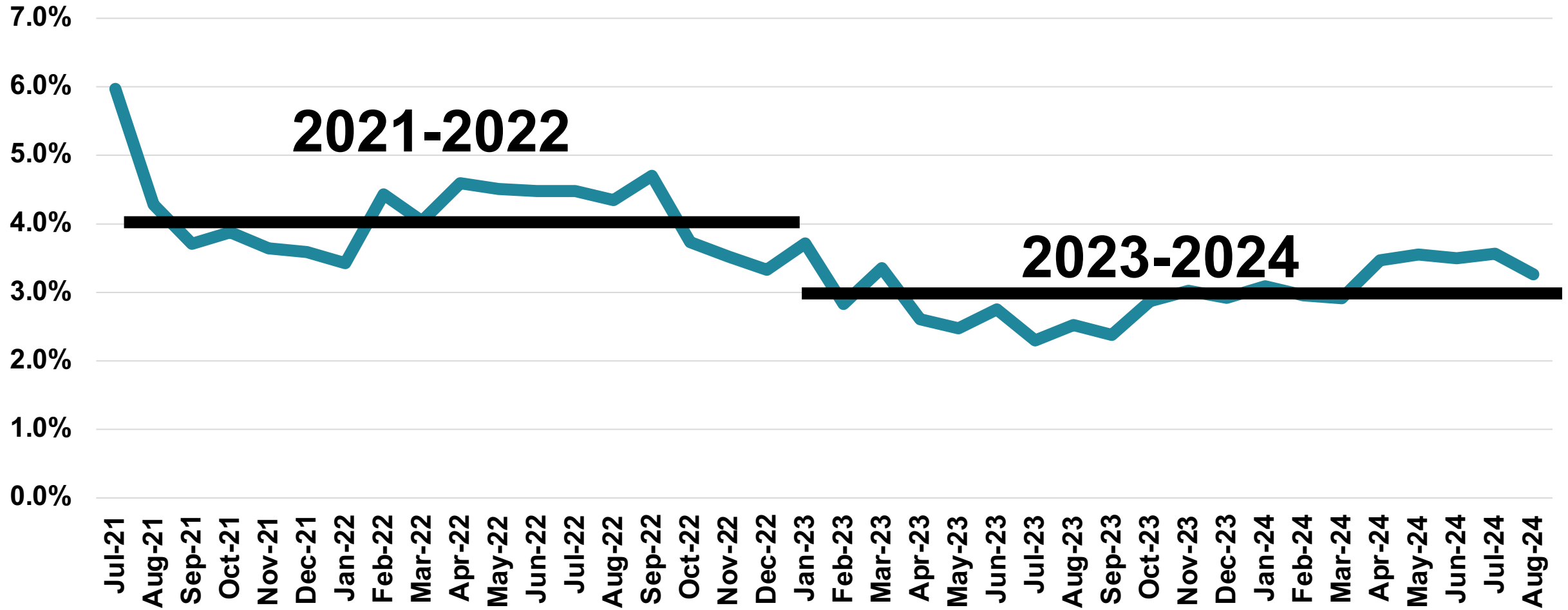
Source: Chicago Board Options Exchange



**UNEMPLOYMENT IS RISING DUE TO  
SLOWER JOB GROWTH...**

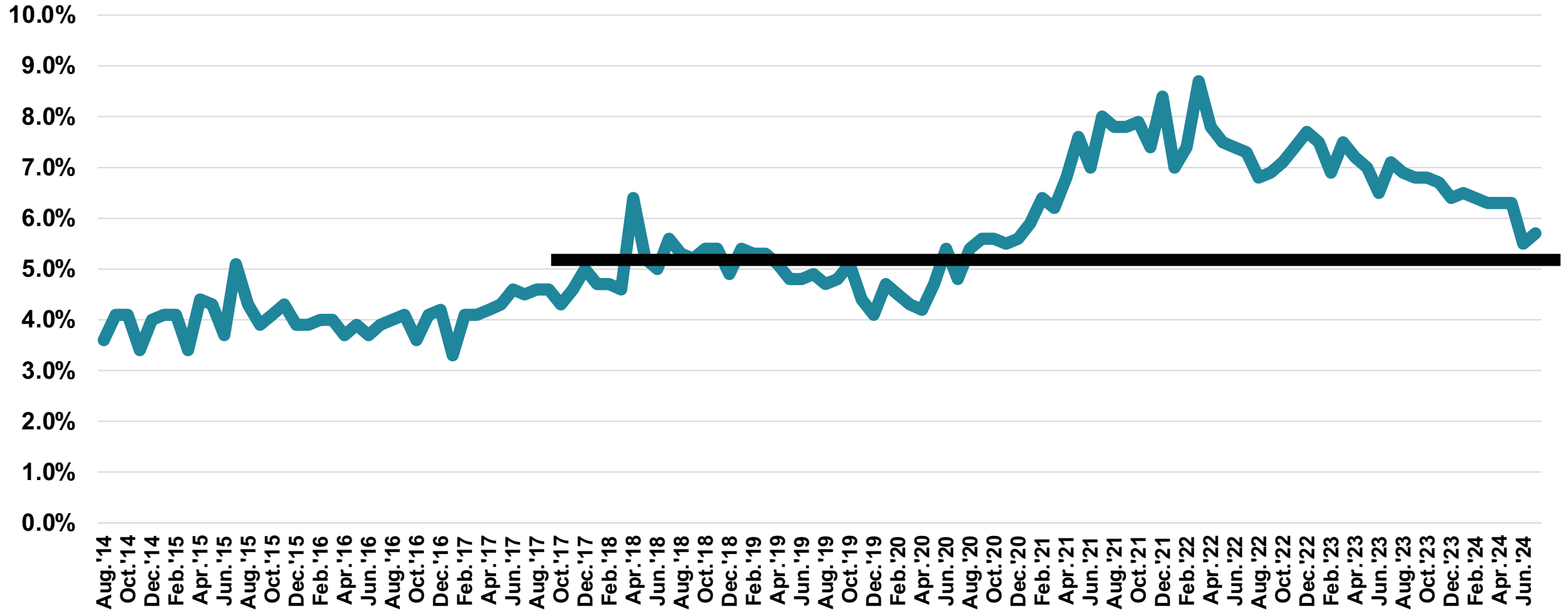
**...NOT DUE TO INCREASED LAYOFF  
ACTIVITY**

# TOTAL S.C. EMPLOYMENT GROWTH



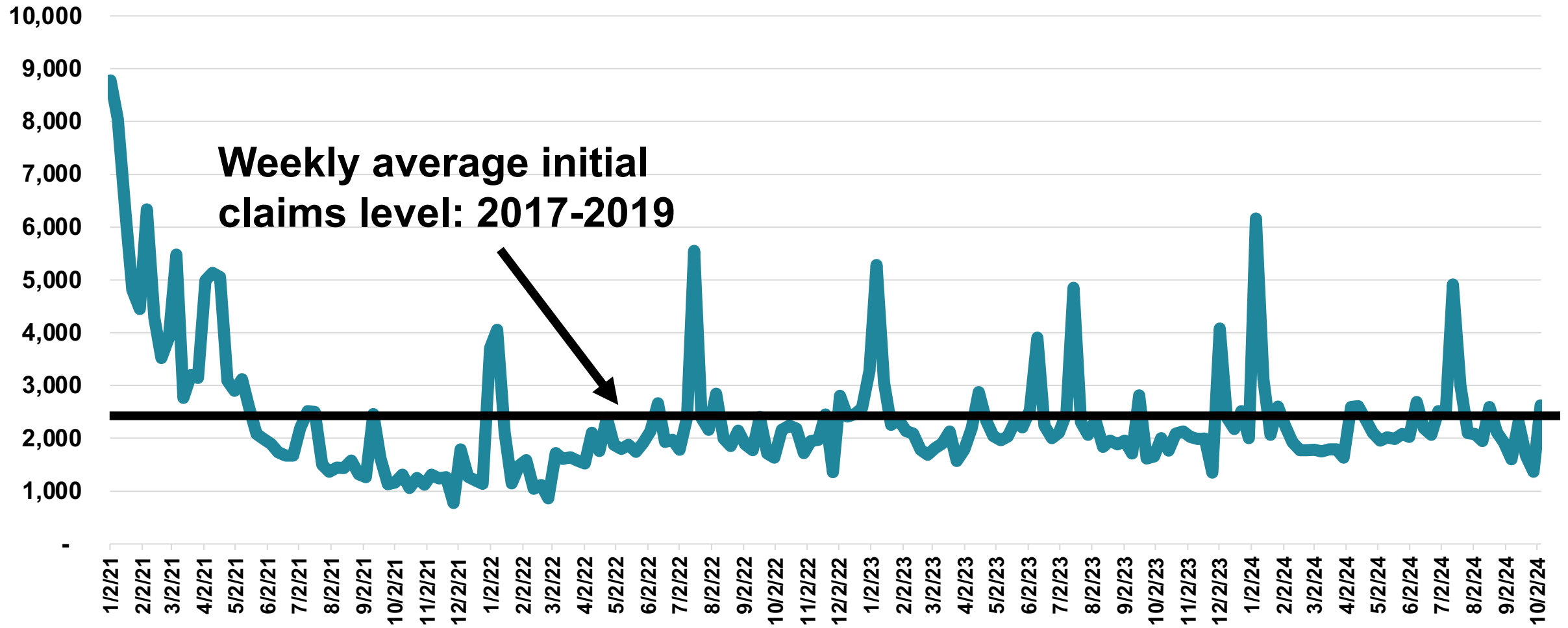
Source: U.S. Bureau of Labor Statistics

# S.C. JOB OPENINGS RATE



Source: U.S. Bureau of Labor Statistics

# S.C. INITIAL UNEMPLOYMENT INSURANCE CLAIMS



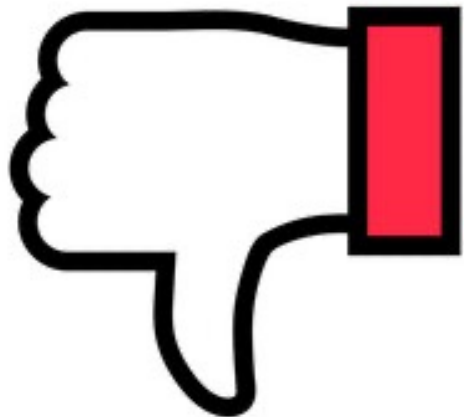
Source: U.S. Department of Labor

# WHAT DOES THIS IMPLY AS WE LOOK AHEAD?





**LOWER RISK FOR RECESSION**



**HIGHER RISK FOR INFLATION  
REBOUNDED**

# **RECESSION CHECKLIST**

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**CONSUMER SPENDING**

**CONSUMER DEBT**

**PERSONAL INCOME (LESS TRANSFERS)**

**CONSUMER  
ACTIVITY**

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**JOB GROWTH**

**INDUSTRIAL PRODUCTION**

**MANUFACTURING & TRADE SALES**

**BUSINESS  
ACTIVITY**

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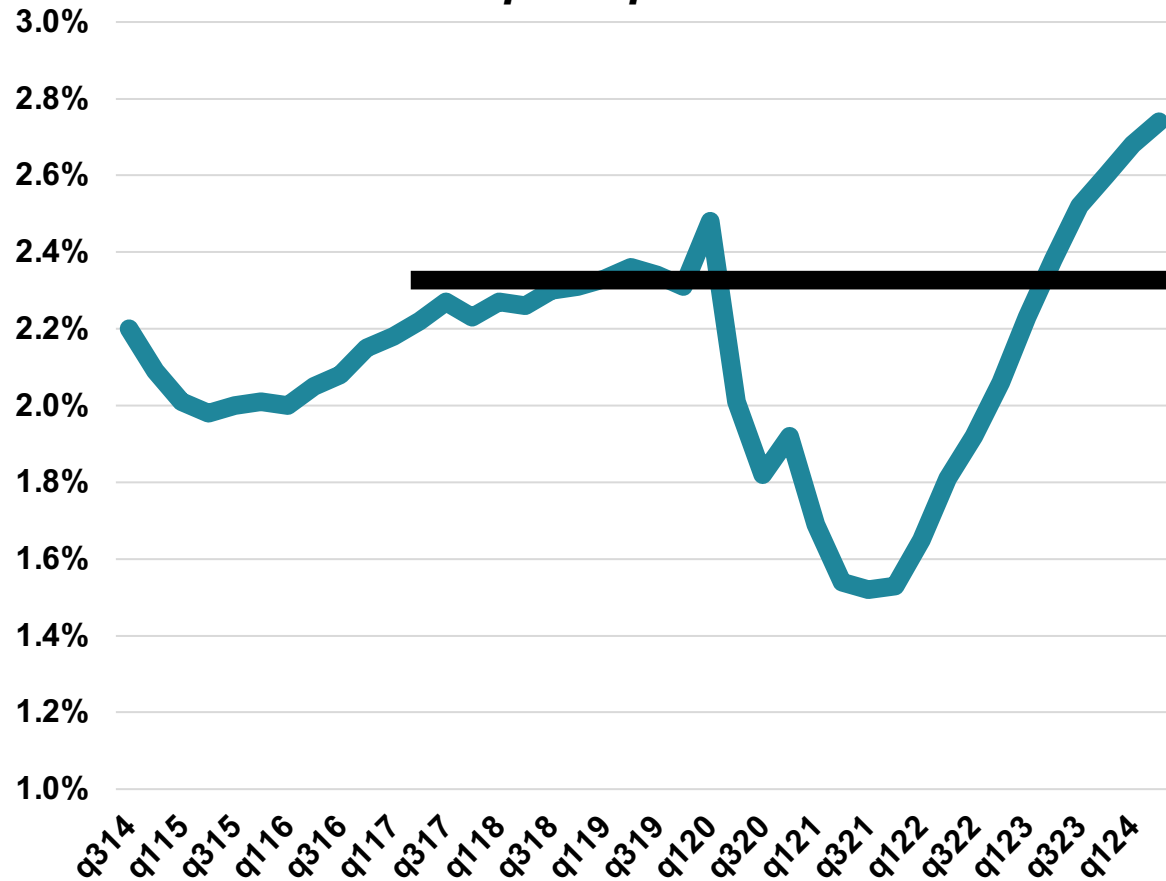
**LOWER INTEREST RATES**

**A DEFLATED GOODS BUBBLE**

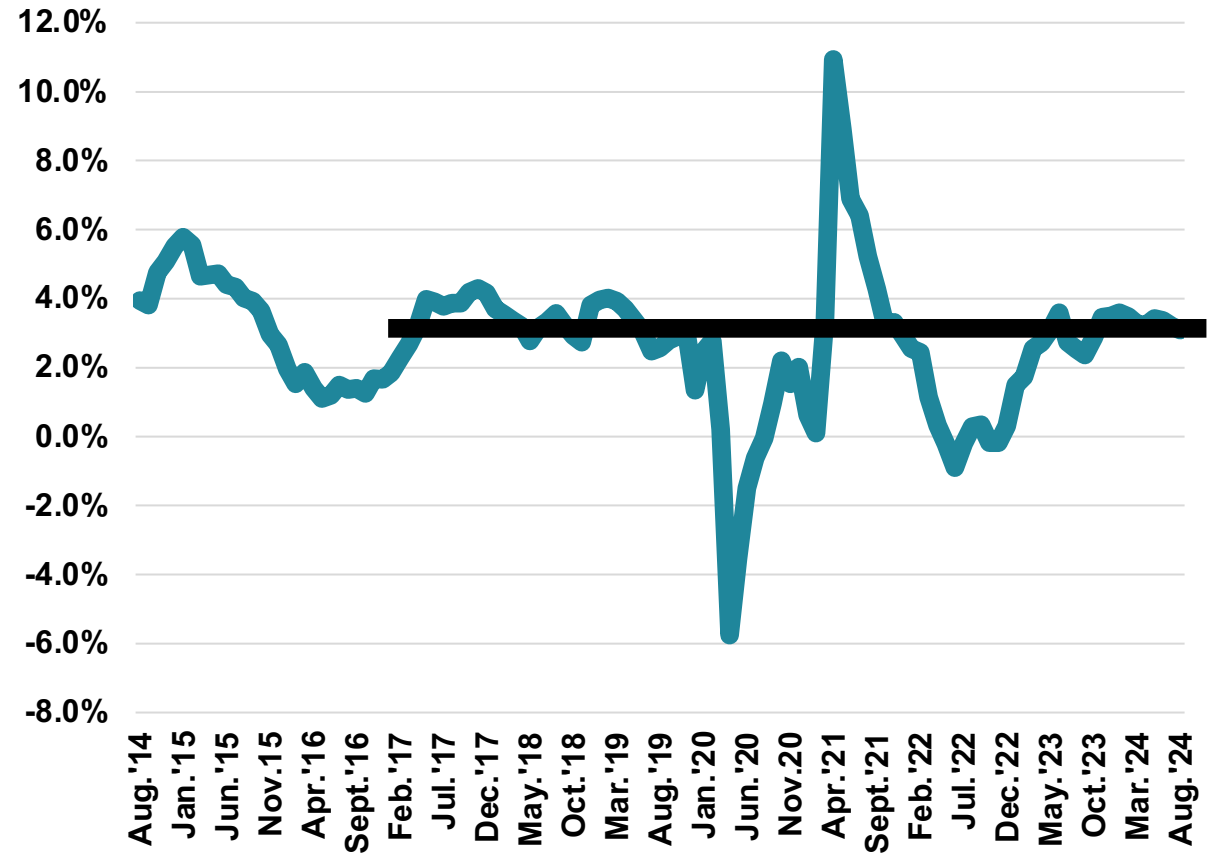
**THE MARKET  
ENVIRONMENT**

# CONSUMER DEBT & PERSONAL INCOME

Delinquency Rate, All U.S. Consumer Loans  
q314-q224



Personal Income Less Transfers  
Aug.'14-Aug.'24

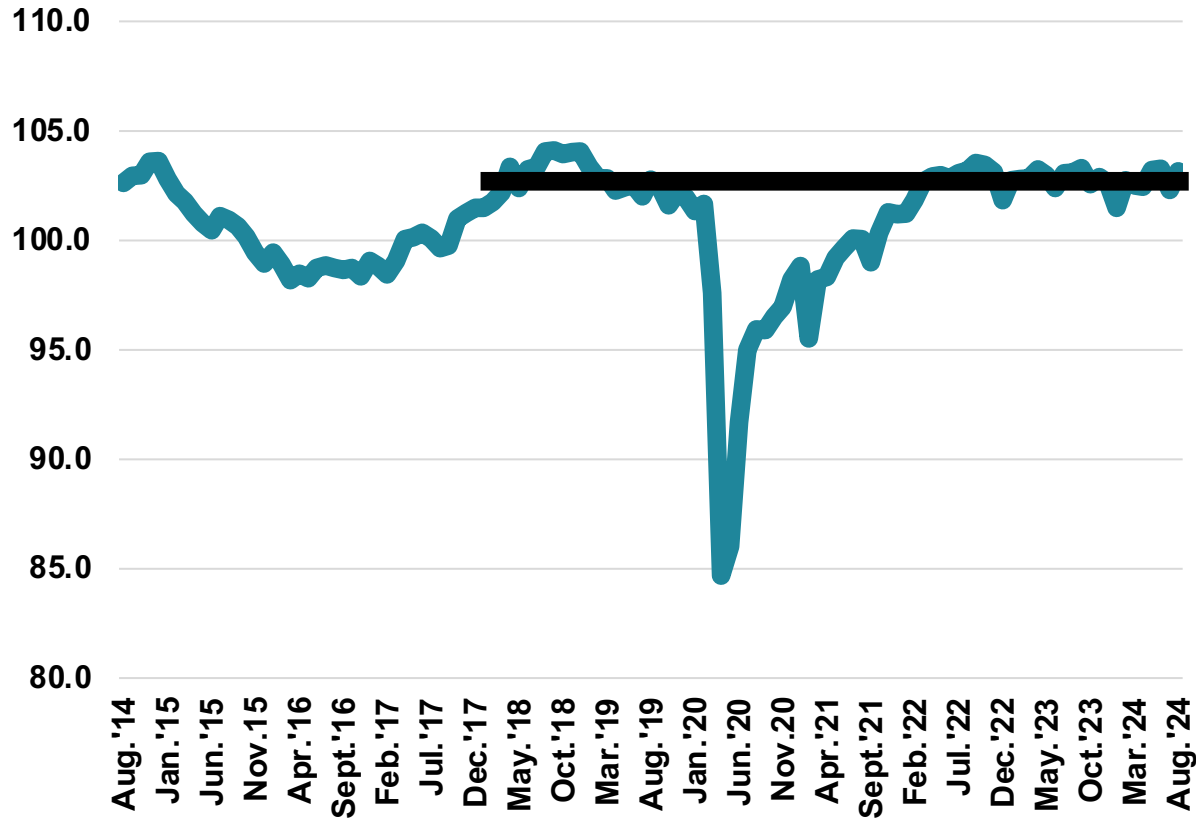


Source: Board of Governors of the Federal Reserve System, U.S. Bureau of Economic Analysis

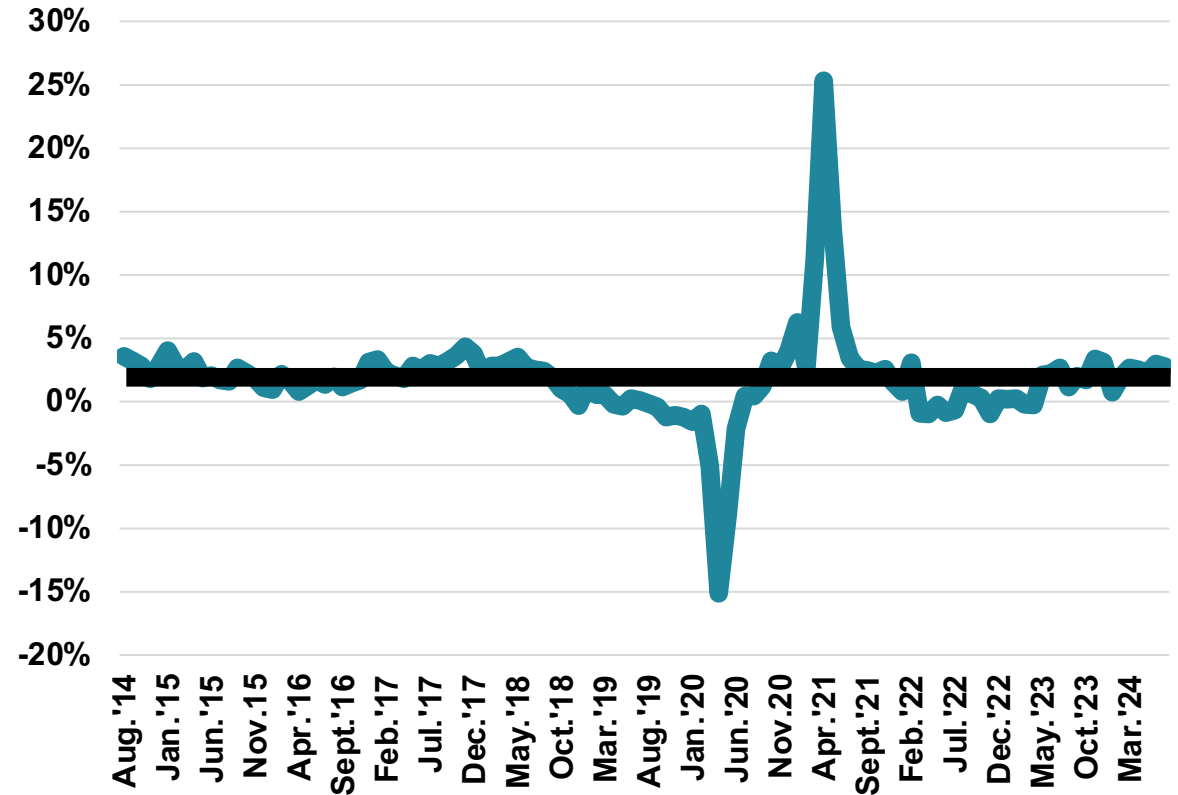


# INDUSTRIAL PROD. & MANUF./TRADE SALES

Industrial Production Index  
Aug.'14-Aug.'24



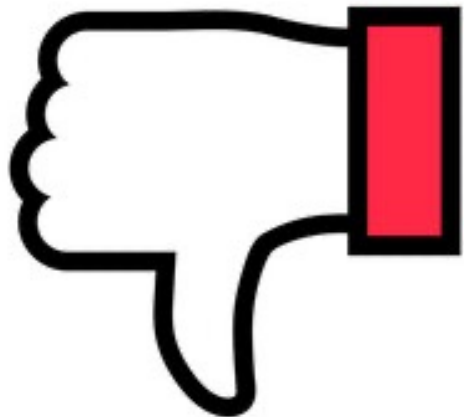
Real Manufacturing & Trade Industries Sales  
Aug.'14-Aug.'24



Source: Board of Governors of the Federal Reserve System



**LOWER RISK FOR RECESSION**



**HIGHER RISK FOR INFLATION  
REBOUNDED**

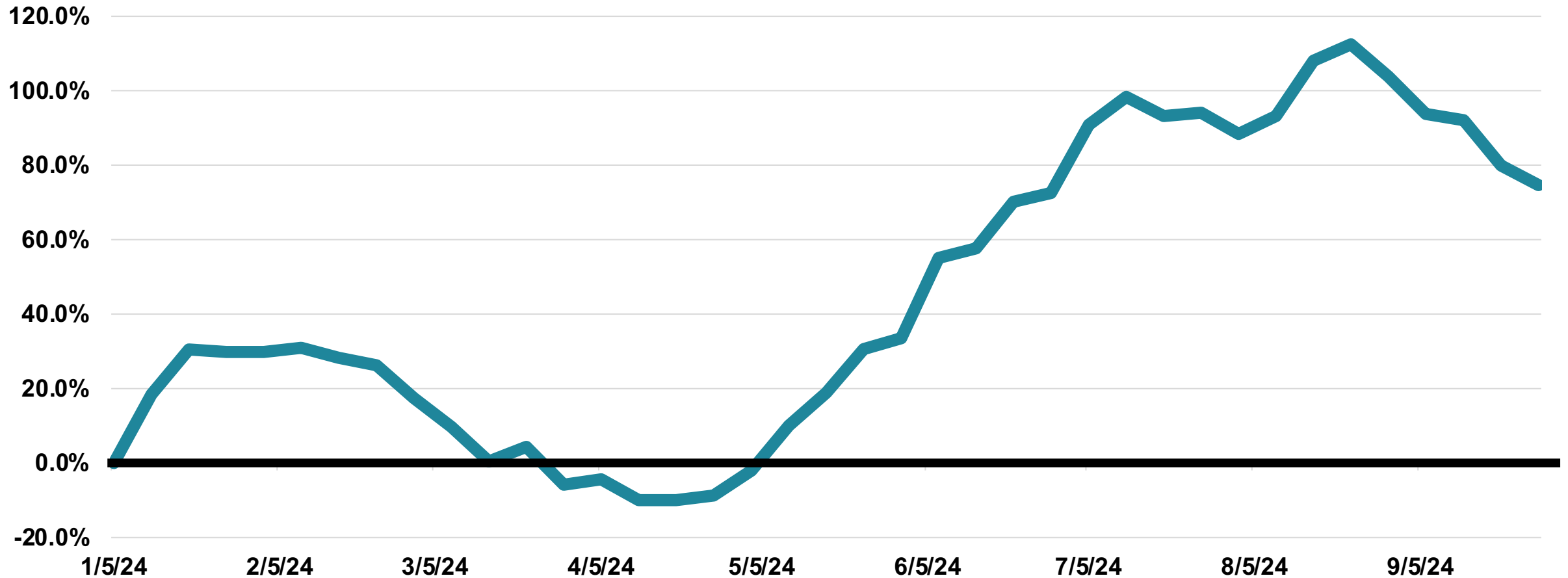
# MANY FACTORS ARE FIGHTING THE FED

- Strong Consumer Spending
- Labor Shortage/Strikes
- High Government Spending
- Elevated Shipping Costs
- Geopolitical Uncertainty
- High Housing Prices



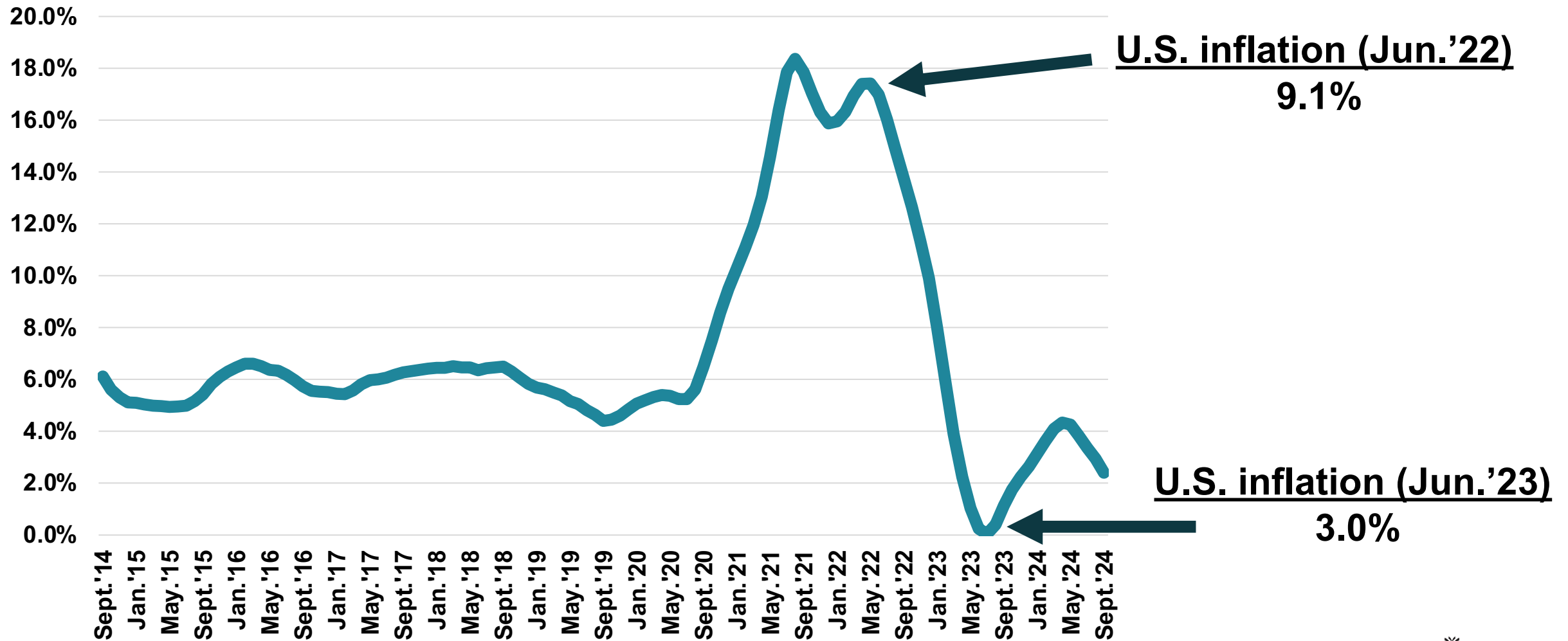
# INCREASE IN GLOBAL CONTAINER SHIPPING COSTS

*Cumulative Increase: Jan.'24-present*



Source: *Freightos Baltic Index*

# GROWTH IN U.S. HOUSING COSTS: 2014-2024



Source: Zillow

# **HOUSING POLICY PROPOSALS IN THE U.S. PRESIDENTIAL ELECTION...**

## **...TO INCREASE SUPPLY**

- **BUILD 3 MILLION NEW HOUSING UNITS**
- **REDUCE REGULATORY HURDLES FOR NEW CONSTRUCTION**
- **MAKE FEDERALLY OWNED LAND AVAILABLE FOR HOUSING DEVELOPMENT**

## **...TO INCREASE DEMAND**

- **\$25K IN DOWN PAYMENT ASSISTANCE**
- **TAX INCENTIVES FOR FIRST-TIME HOMEBUYERS**
- **SUBSIDIES FOR FIRST-TIME HOMEBUYERS**

# THE BOTTOM LINE

- **THE SOUTH CAROLINA ECONOMY REMAINS STRONG IN 2024, BUT THE LABOR MARKET HAS COOLED THIS YEAR DUE TO THE EFFECTS OF HIGHER PRICE LEVELS AND INTEREST RATES.**
- **WITH INFLATION APPROACHING 2.0%, THE FED IS LIKELY TO CONTINUE LOWERING INTEREST RATES IN ORDER TO HELP BOLSTER A COOLING LABOR MARKET. WE MAY SEE UP TO TWO ADDITIONAL RATE CUTS OF 0.25% IN 2024.**
- **NOTE THAT THE FED'S GOAL IS TO STABILIZE, BUT NOT STIMULATE ECONOMIC GROWTH. IT IS UNLIKELY THAT SOUTH CAROLINA'S RATE OF ECONOMIC GROWTH ACCELERATES IN THE COMING MONTHS.**
- **THERE IS A SIGNIFICANT CHANGE (50/50) THAT INFLATION MAY REBOUND IN 2025.**
- **SOUTH CAROLINA WILL LIKELY EXPERIENCE SLOWER EMPLOYMENT AND PERSONAL INCOME GROWTH IN 2025.**

**THANK YOU!**