



# South Carolina Economic Outlook

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October 2024

**Jackie Benson**

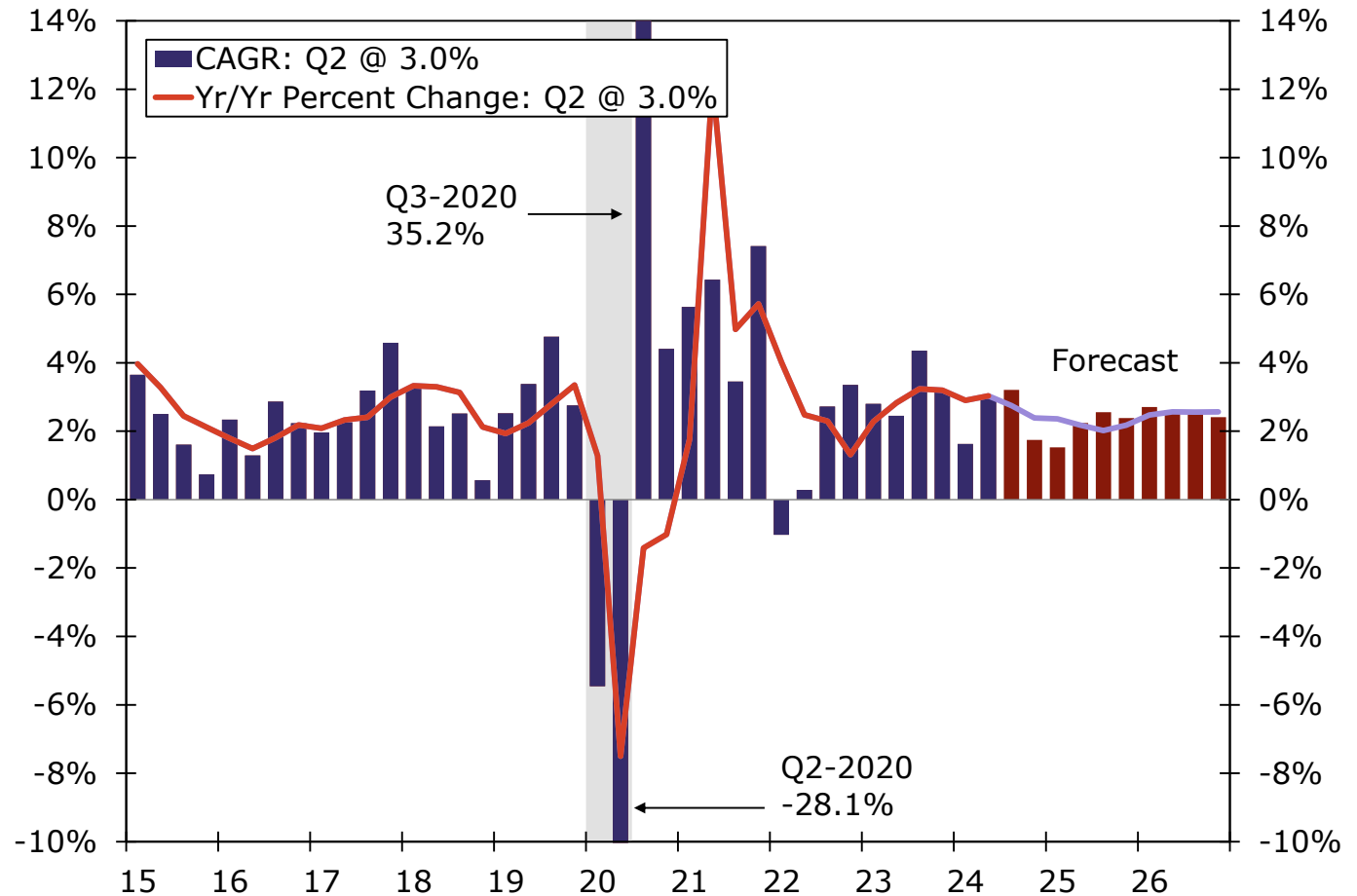
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# Where is the Economy Headed?

The national economy continues to expand, but headwinds are mounting.

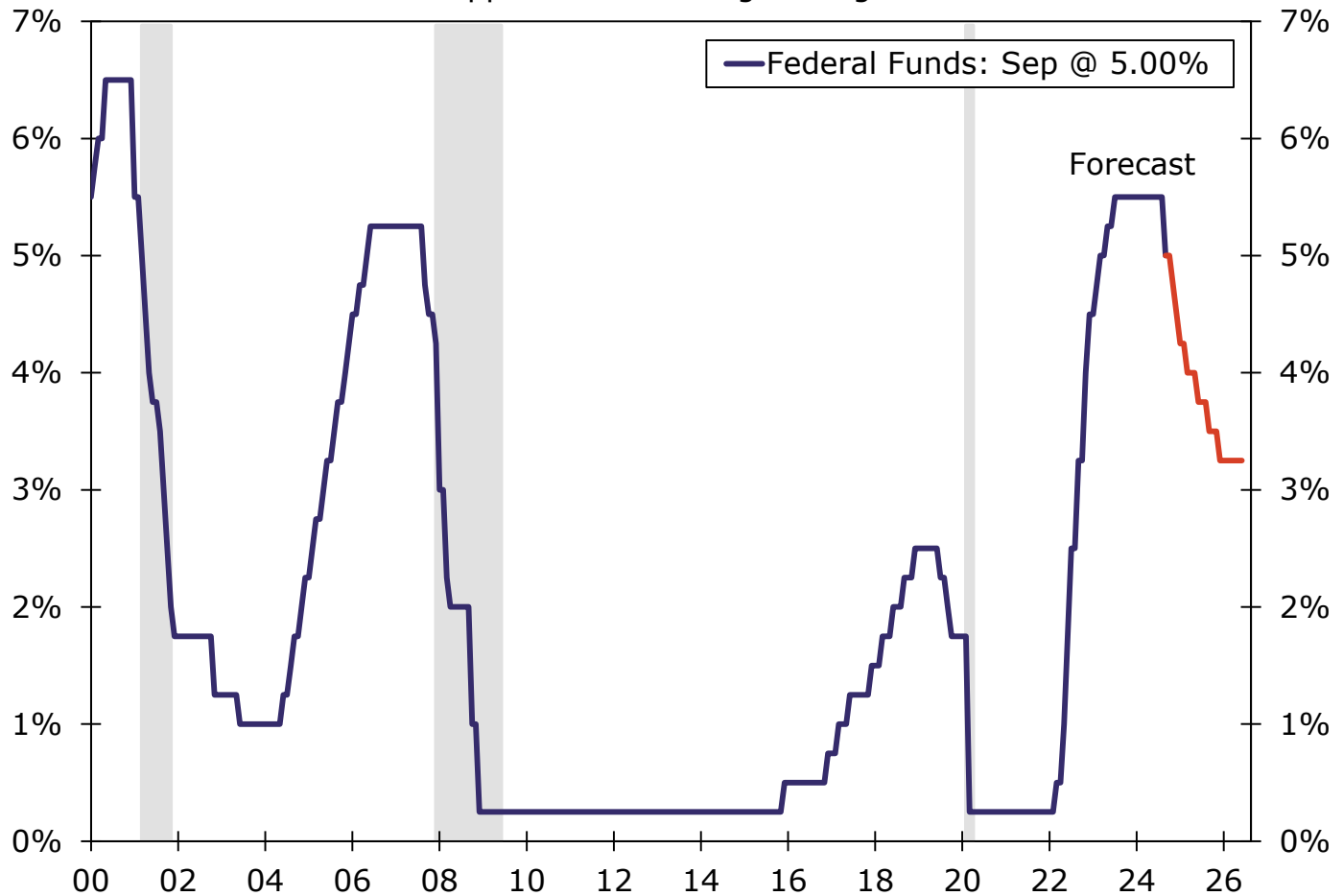
## U.S. Real GDP Growth



We expect a substantial amount of easing will be needed to get interest rates back to neutral.

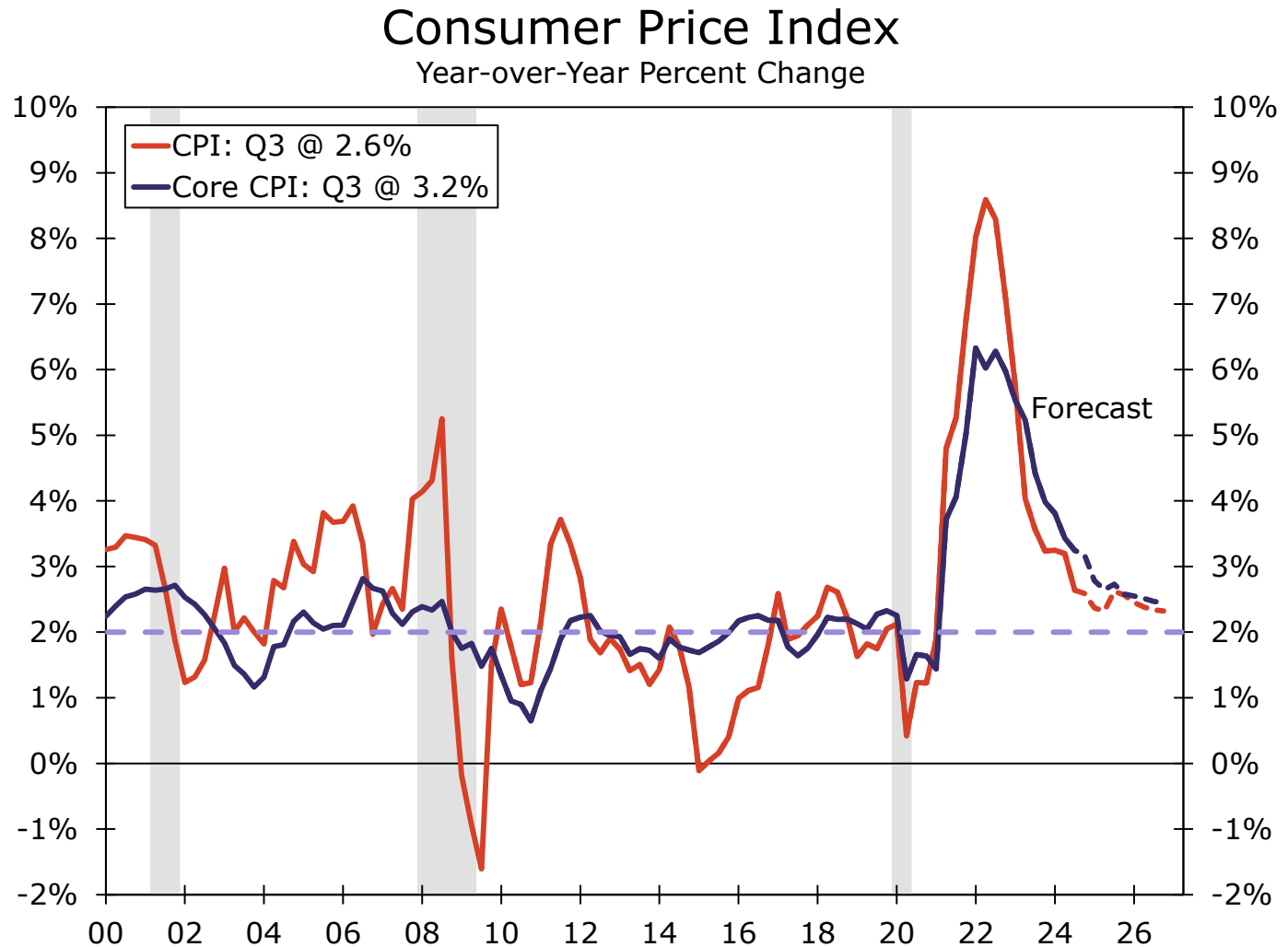
## Federal Funds Target Rate

Upper Bound of Target Range



# Inflation's Bumpy Ride

Inflation is set on a slow downward trajectory.

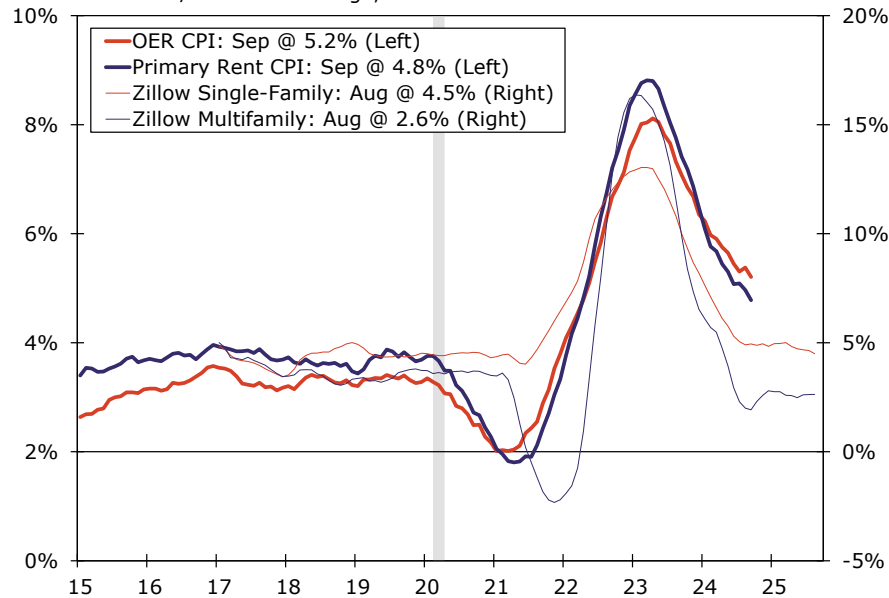


# Lower Rents Foretell Softer Price Growth

Services inflation remains firm but has softened. Shelter, which is responsible for the bulk of remaining inflationary pressures, should ease more meaningfully in the months ahead.

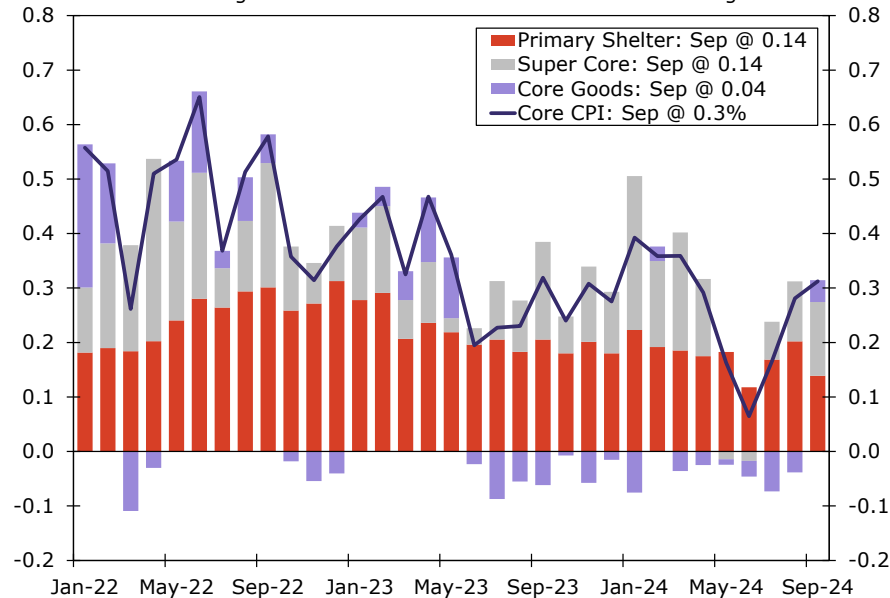
### Market Rents vs. CPI Rents

Yr/Yr Percent Change, Market Rents Advanced 12 Months

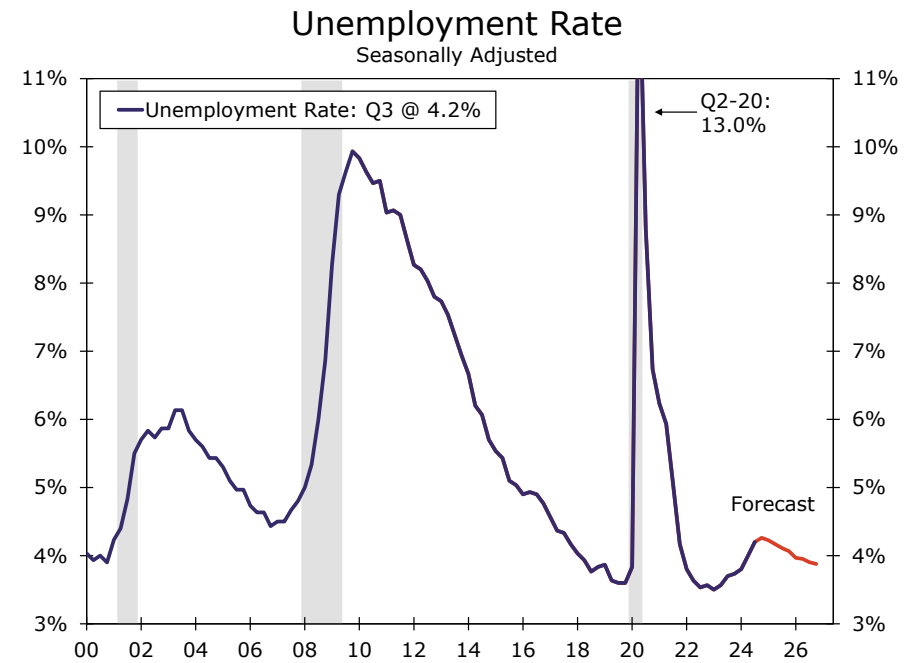
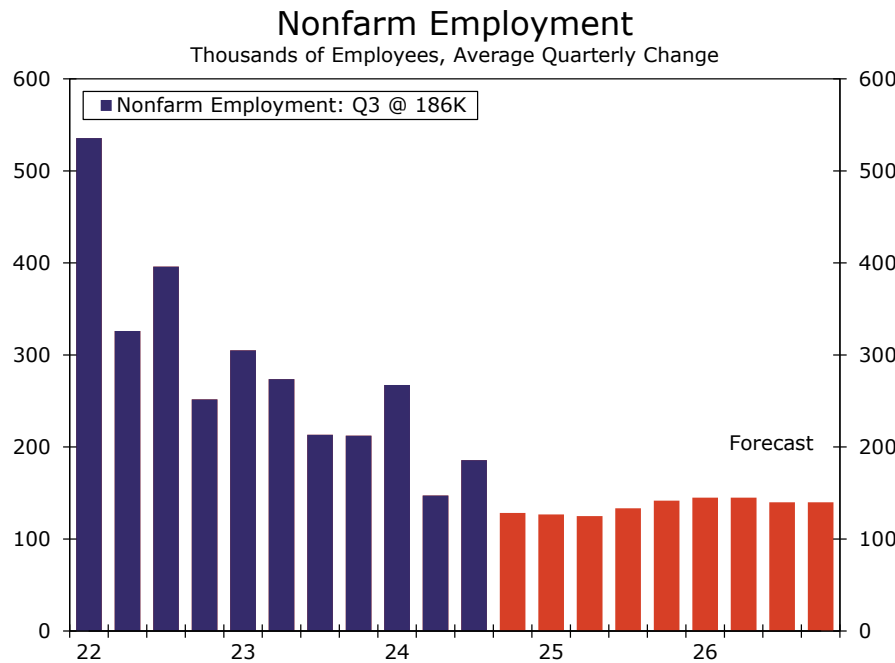


### U.S. Core Consumer Price Index

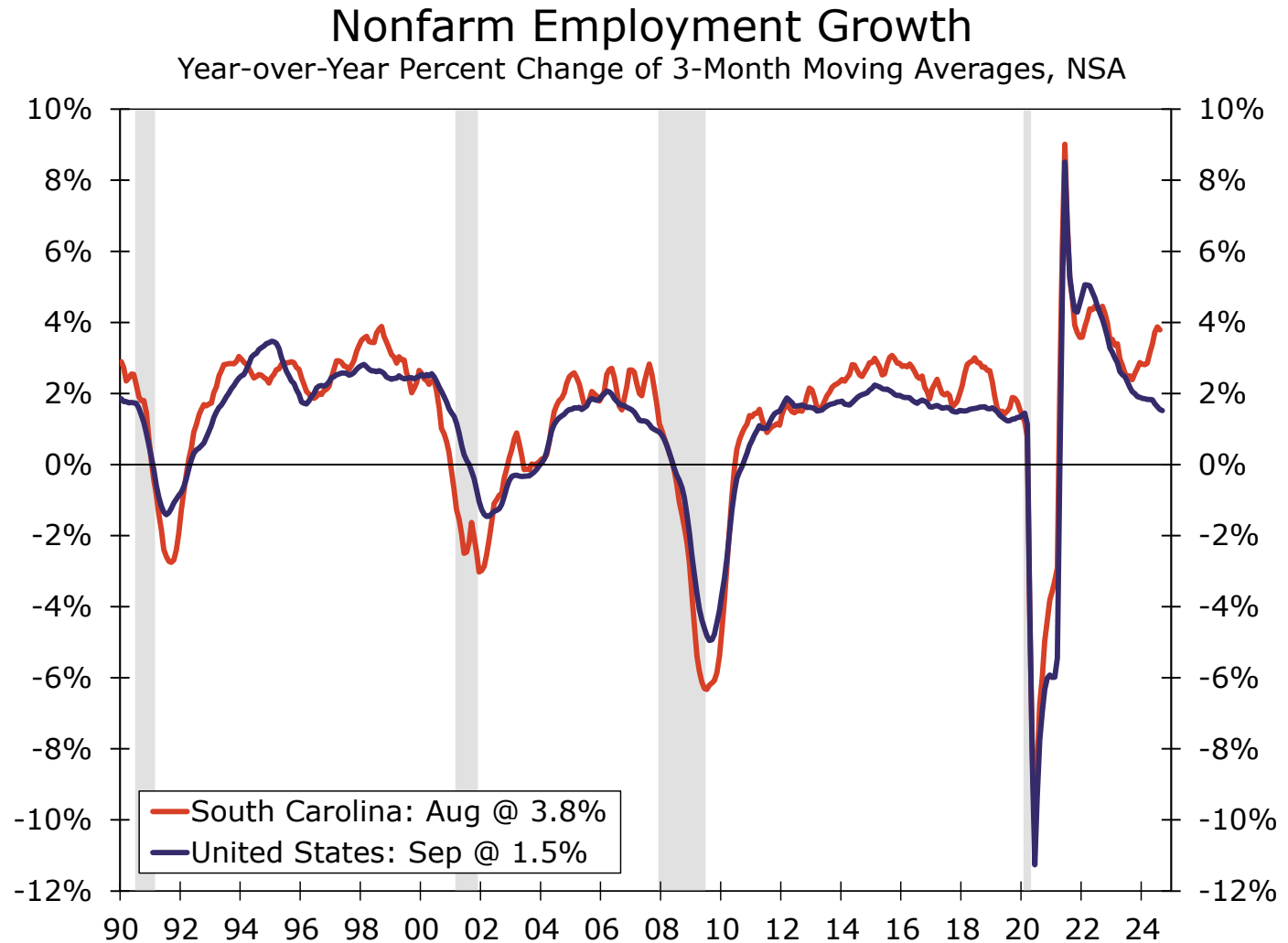
Percentage Point Contribution to Month-over-Month Change



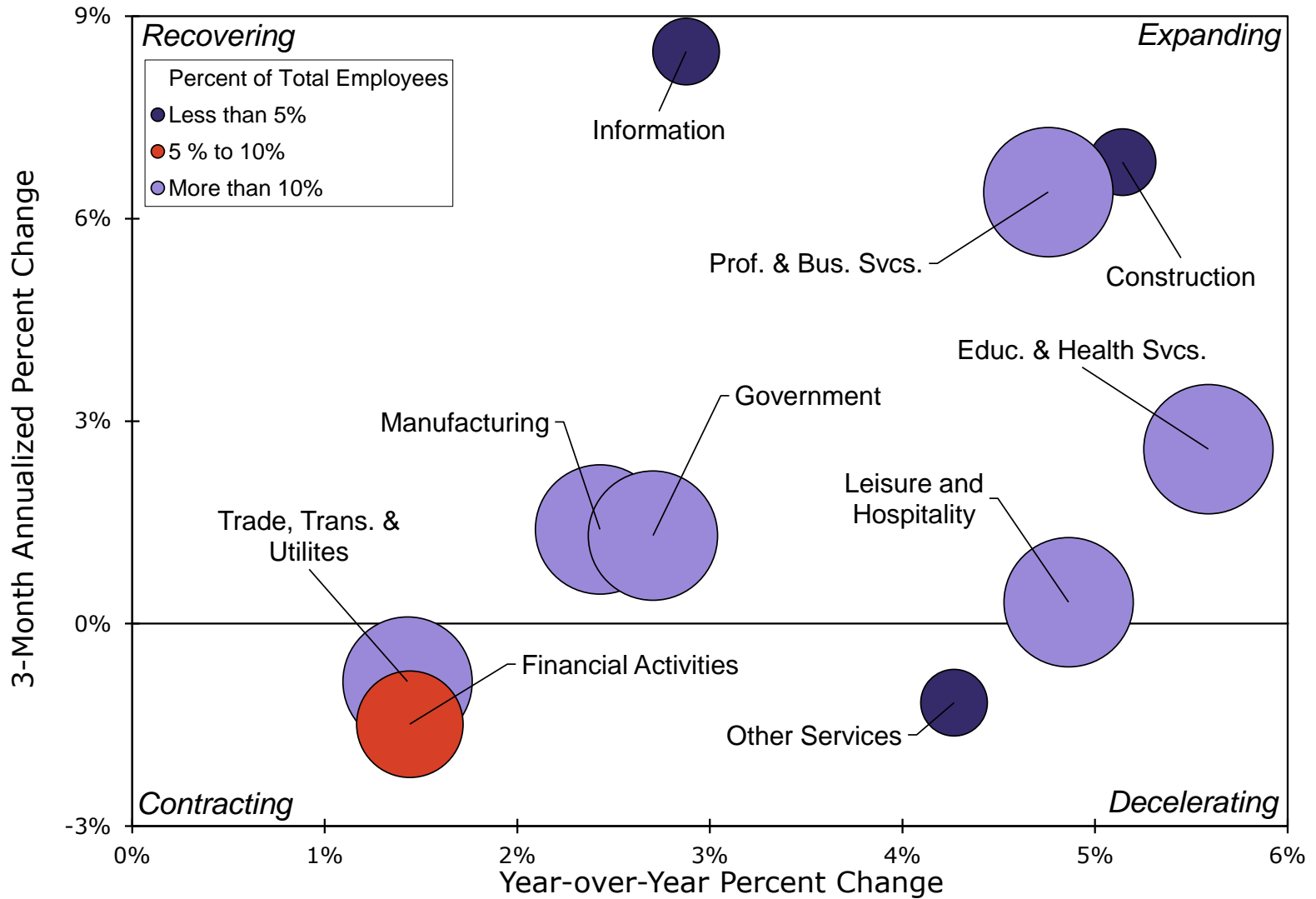
We expect hiring to slow somewhat in the months ahead, but not to a major extent.



Hiring in South Carolina has taken off in recent months, diverging from national trends.



## South Carolina Employment Growth by Industry 3-Month Moving Averages, August 2024



Source: U.S. Department of Labor and Wells Fargo Economics

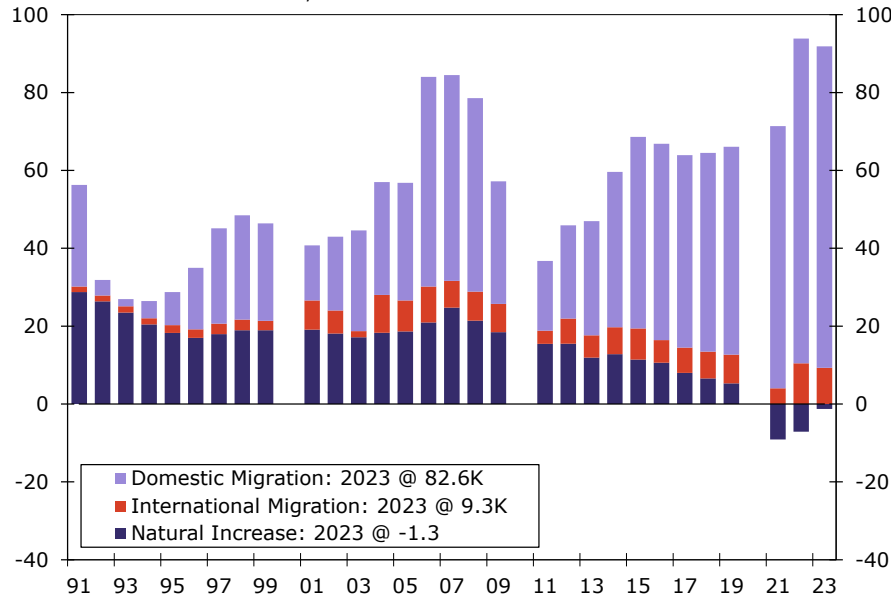


# Population Growth Supports Labor Market Strength

Strong population growth, especially among prime-age workers, is helping to sustain South Carolina's labor market.

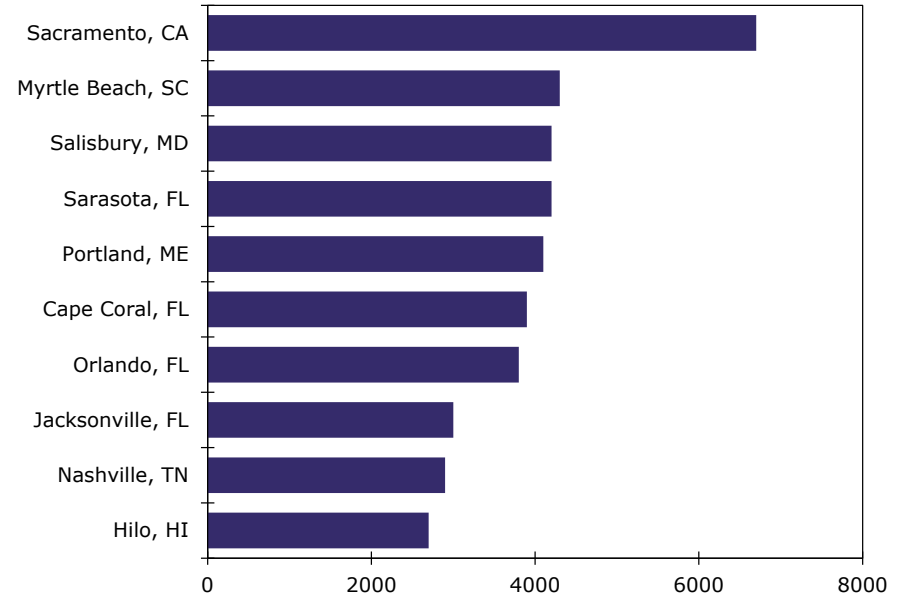
## South Carolina Population Growth

In Thousands, Series Breaks on Decennial Census Years



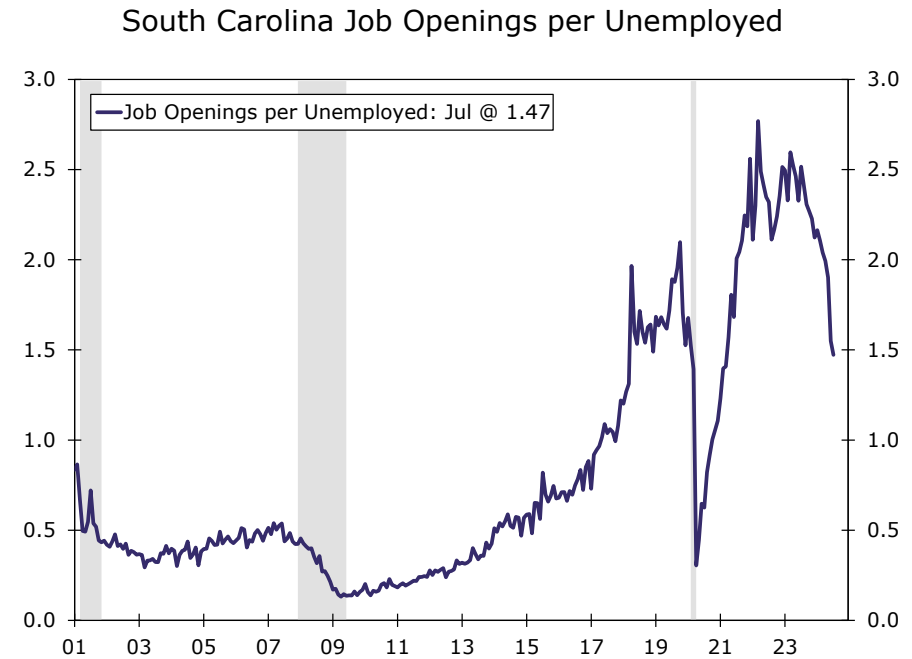
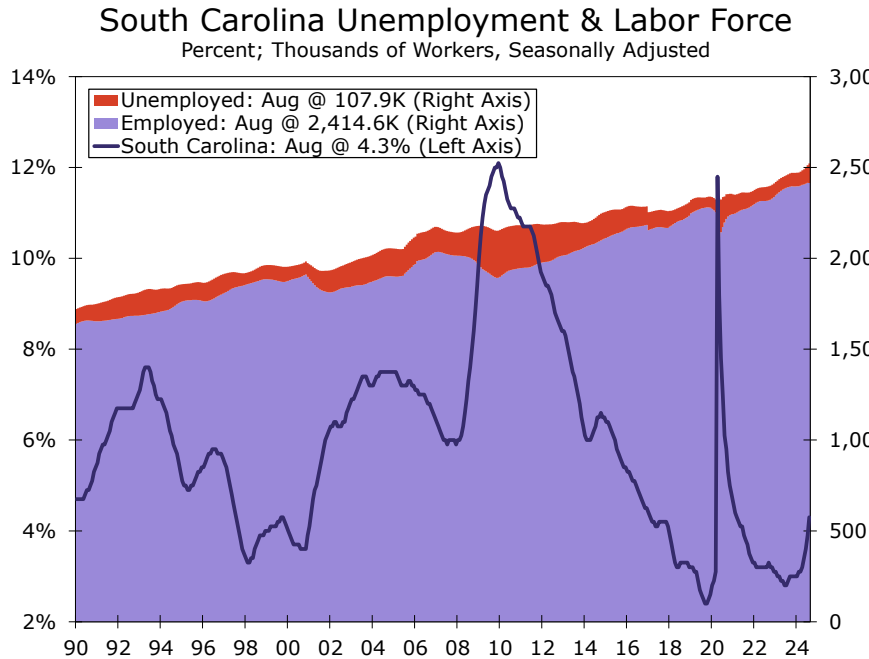
## Top 10 Areas People Are Moving To

Net Inflow Based on Redfin Searches, July to September 2024

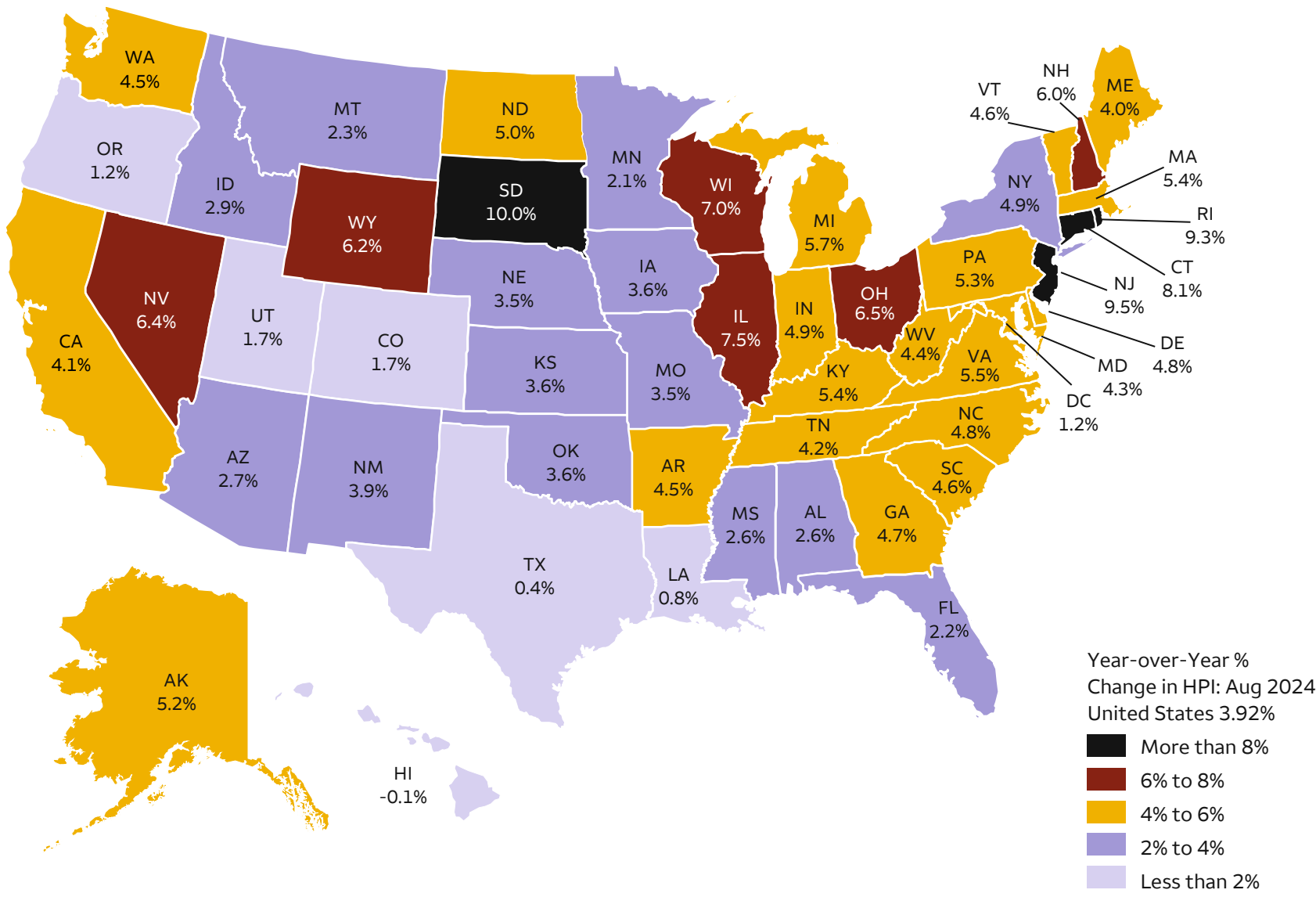


# Softening Labor Market Conditions

Greater labor supply has softened labor market conditions somewhat, but the overall balance remains tight.



# Low Supply Boosting SC Home Prices



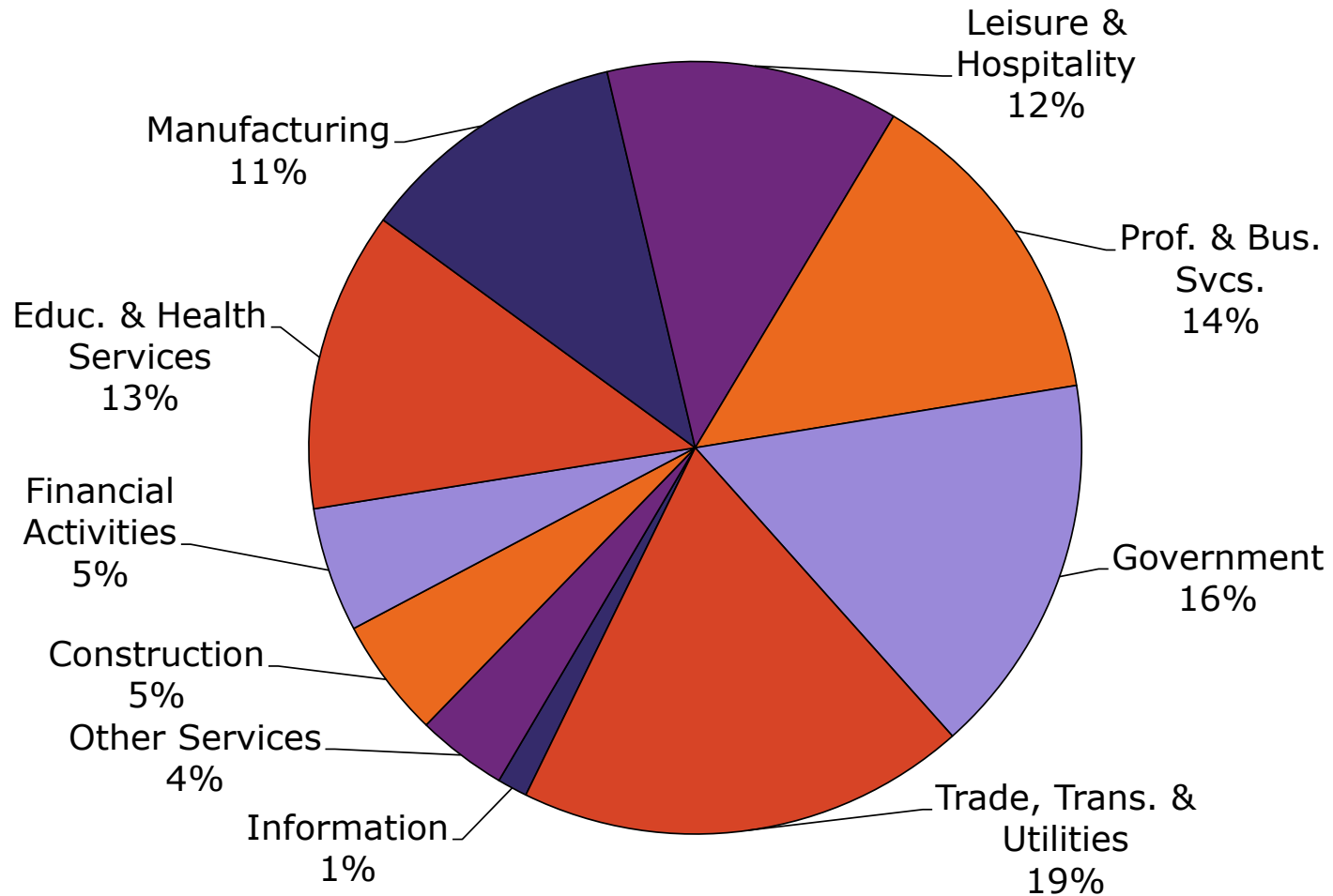
Source: S&P CoreLogic and Wells Fargo Economics

# Appendix

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## South Carolina Employment Composition

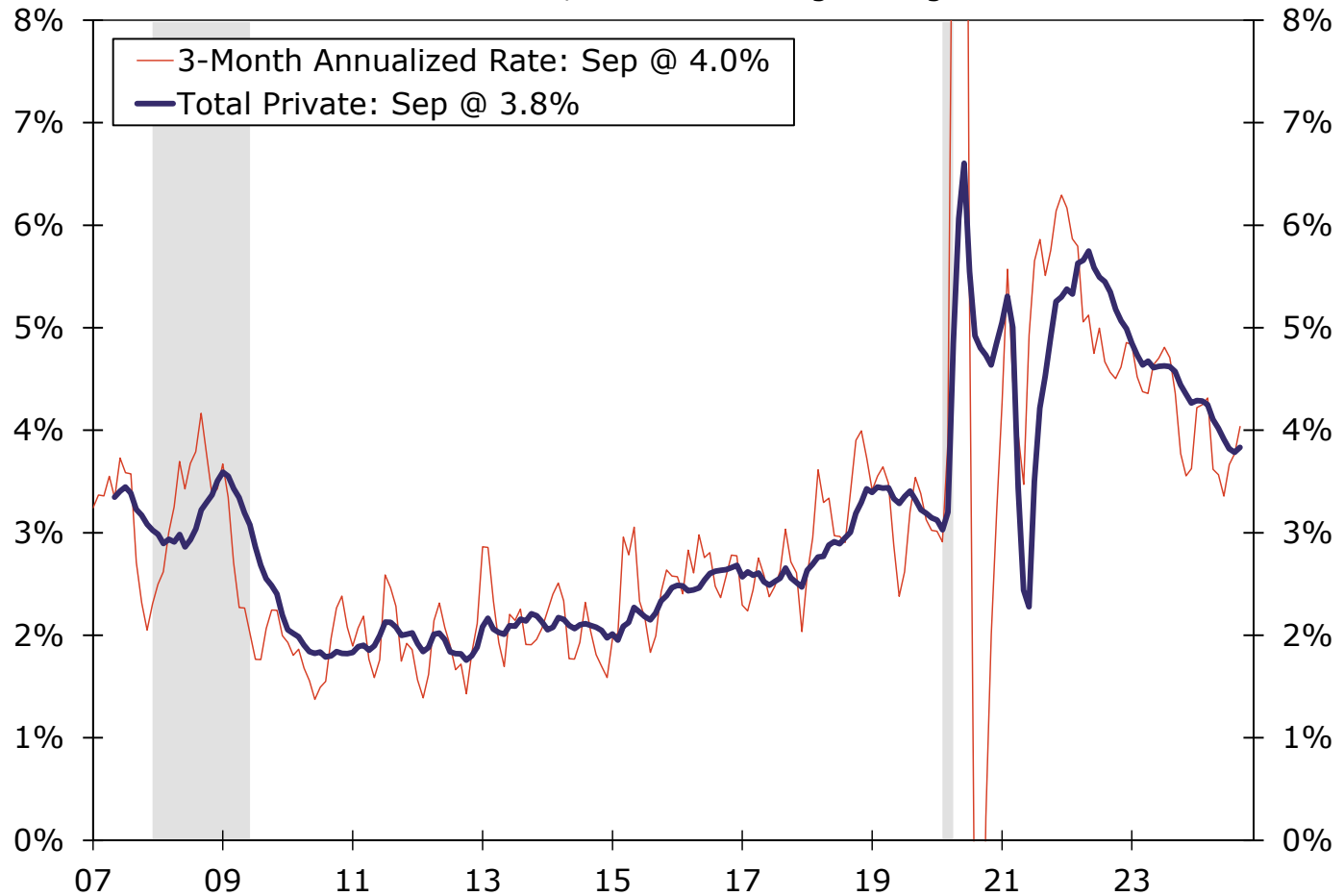
August 2024



U.S. wage growth has softened alongside weaker labor market conditions but remains above pre-pandemic levels.

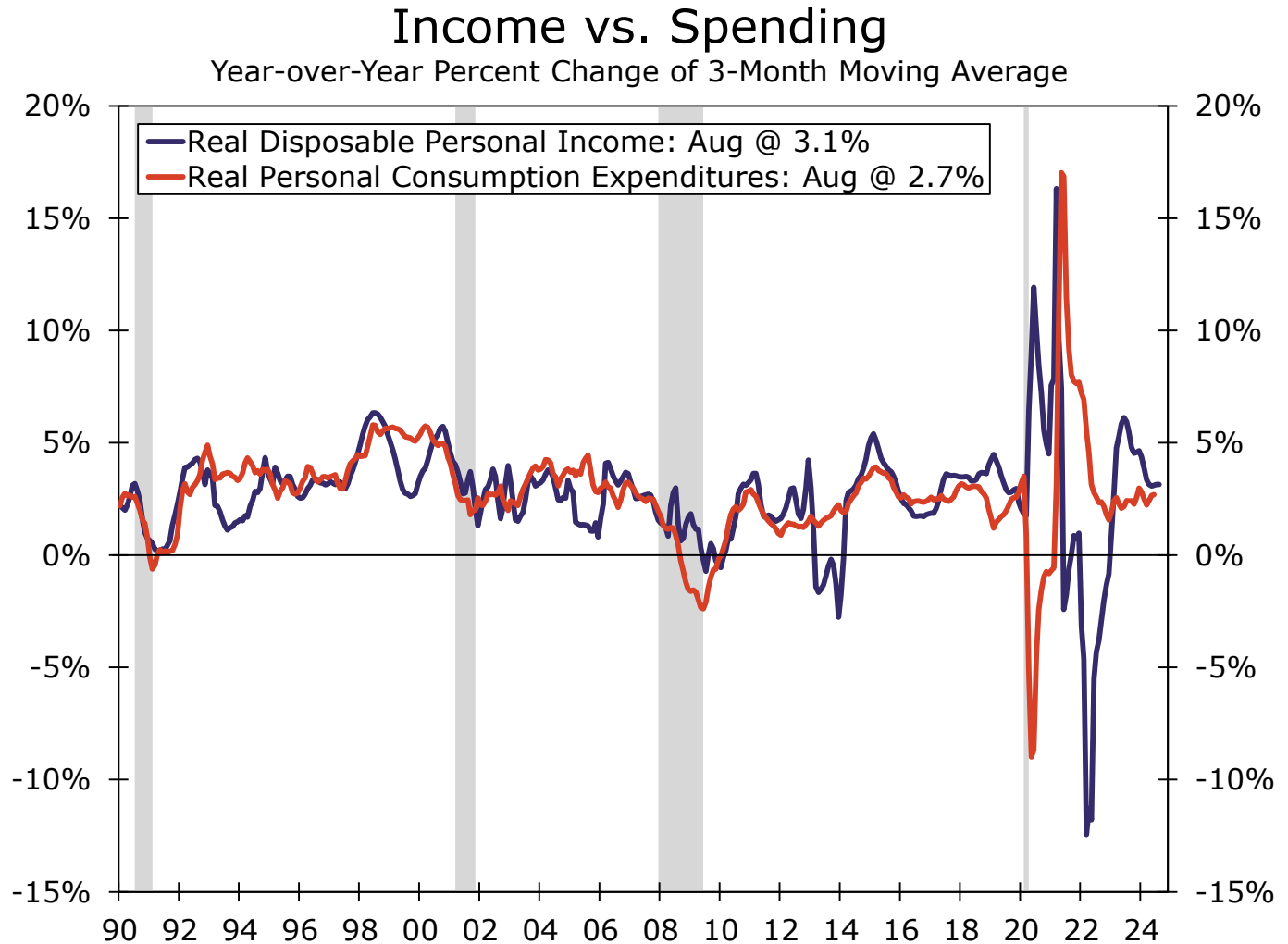
## U.S. Average Hourly Wages

Total Private, 3-Month Moving Average

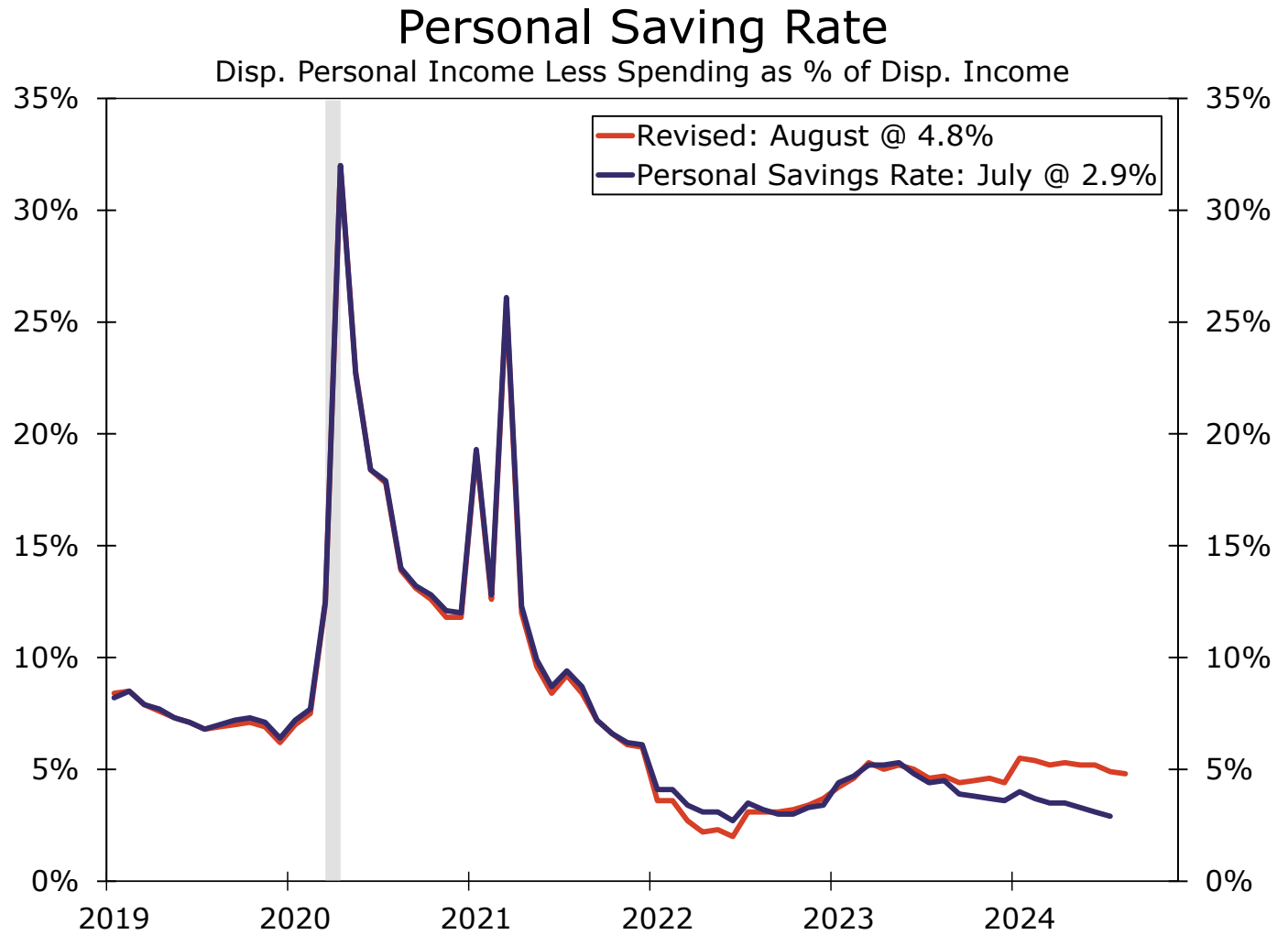


# Income Still Supportive of Spending

Income growth is the main factor supporting consumers.



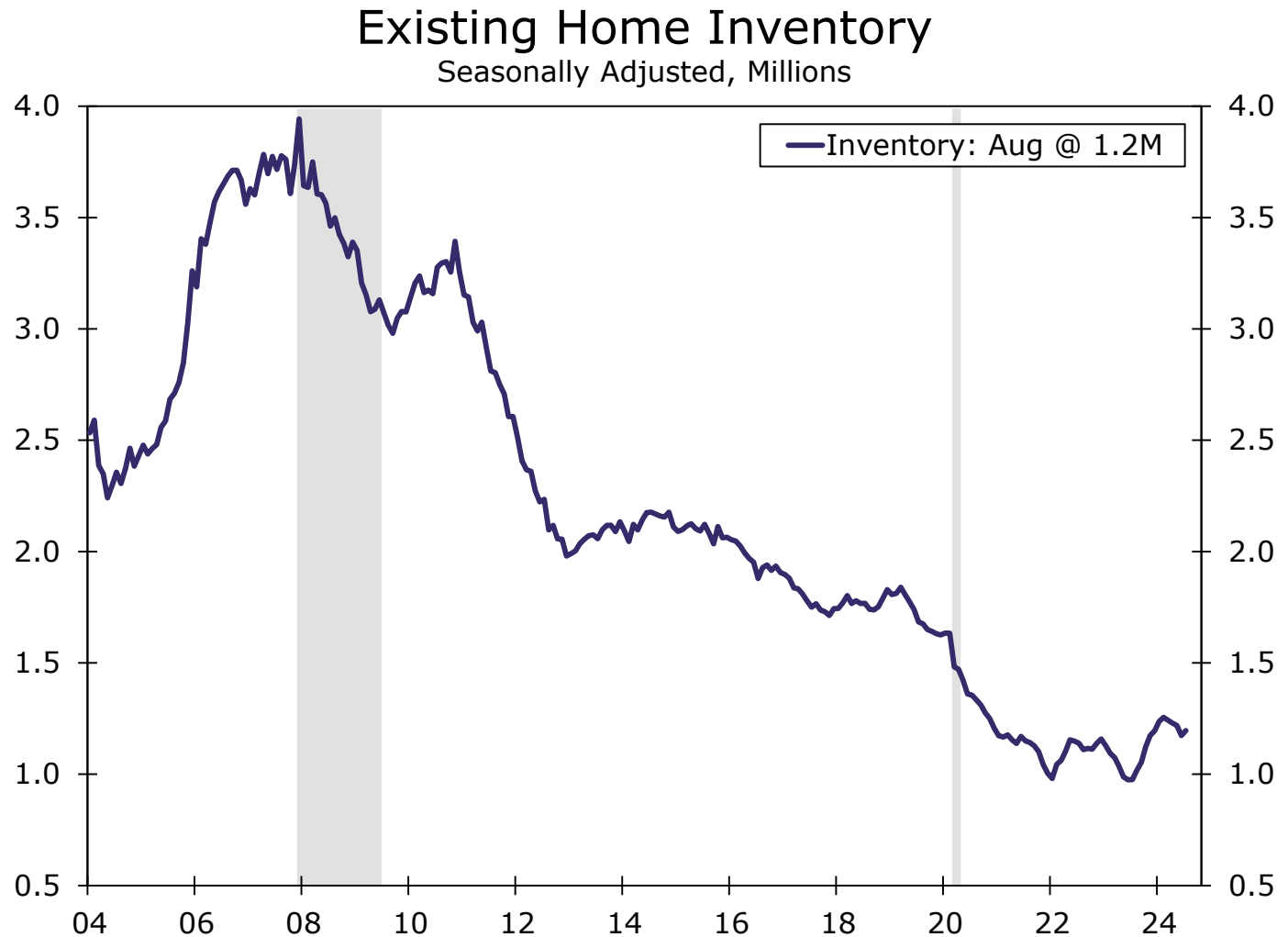
Consumers have a bit more savings in the tank.





# Housing Supply Still Tight

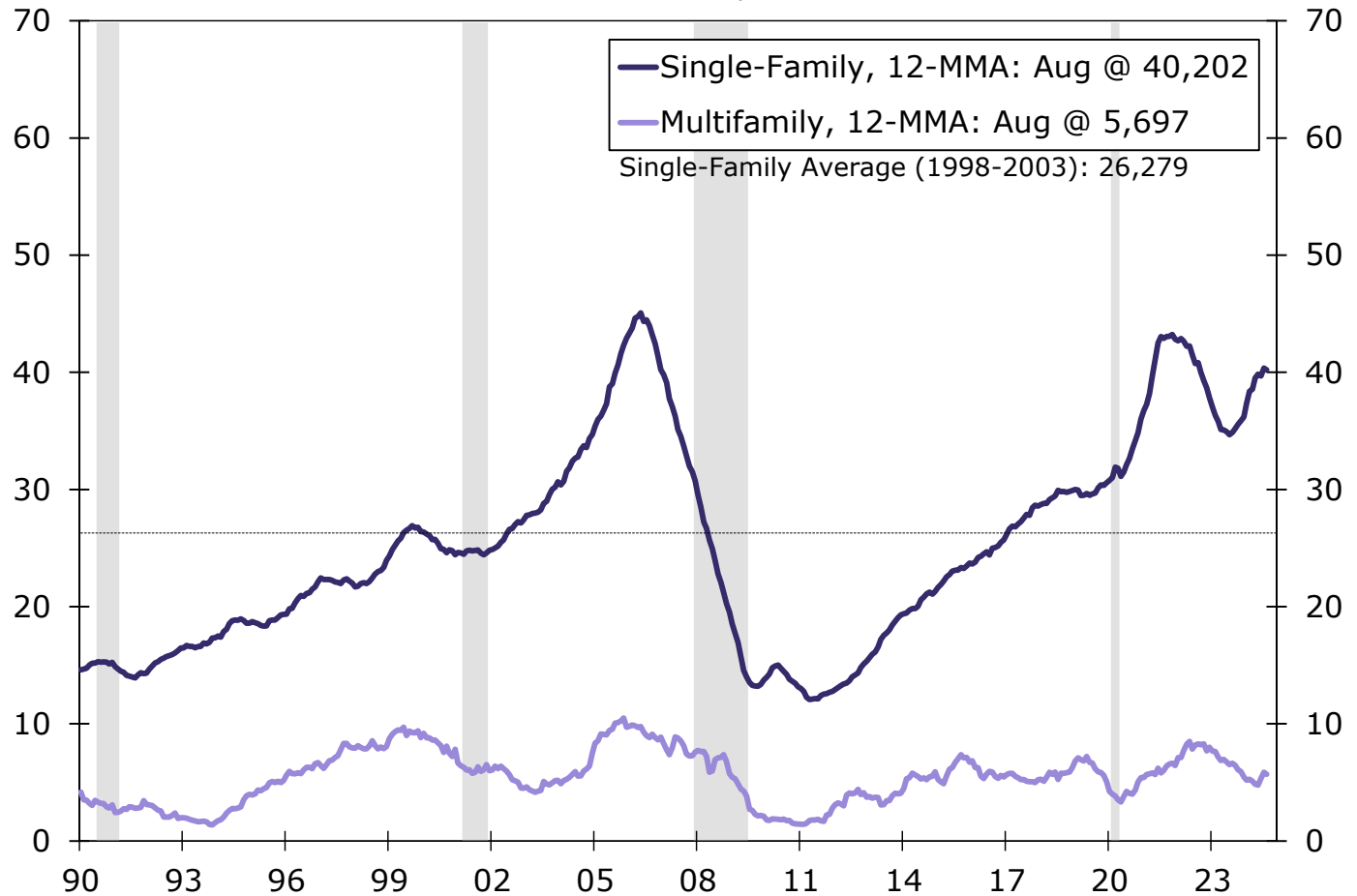
For-sale inventory has improved nationally alongside the slower sales pace but remains below pre-pandemic levels.



Although residential development has waned alongside higher financing costs, builders appear bullish on South Carolina.

## South Carolina Housing Permits

Thousands of Permits, Annual Rate



## Wells Fargo U.S. Economic Forecast

	Actual				Forecast								Actual	Forecast		
	2024				2025				2026				2023	2024	2025	2026
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product <sup>1</sup>	1.6	3.0	3.2	1.7	1.5	2.2	2.6	2.4	2.7	2.6	2.5	2.4	2.9	2.8	2.2	2.5
Personal Consumption	1.9	2.8	3.2	2.0	2.0	2.3	2.3	1.9	2.3	2.3	2.3	2.4	2.5	2.6	2.3	2.2
Business Fixed Investment	4.5	3.9	5.7	1.7	2.4	4.2	7.1	7.0	6.3	6.3	6.3	6.2	6.0	4.1	4.0	6.4
Equipment	0.3	9.8	11.2	3.8	3.5	6.0	9.3	7.2	6.2	6.6	6.7	7.0	3.5	4.2	6.3	6.9
Intellectual Property Products	7.5	0.7	5.0	2.5	4.0	5.6	7.4	8.6	7.5	7.4	7.4	7.5	5.8	4.3	4.6	7.5
Structures	6.3	0.2	-3.2	-4.0	-3.4	-2.3	1.8	2.7	3.8	3.1	2.9	1.5	10.8	3.3	-2.1	2.6
Residential Investment	13.7	-2.8	-7.1	0.8	2.1	2.9	3.6	4.9	3.8	3.4	3.1	2.8	-8.3	3.5	0.9	3.7
Government Purchases	1.8	3.1	2.1	1.7	1.5	1.2	1.2	1.0	1.1	0.9	0.8	0.8	3.9	2.9	1.6	1.0
Net Exports <sup>2</sup>	-0.6	-0.9	0.0	-0.1	-0.2	-0.4	-0.4	-0.3	-0.2	-0.3	-0.3	-0.4	0.5	-0.4	-0.3	-0.3
Inventories <sup>2</sup>	-0.5	1.1	0.0	-0.1	-0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	0.1	0.0	0.0
Nonfarm Payroll Change <sup>3</sup>	267	147	186	128	127	125	133	142	145	145	140	140	251	182	132	143
Unemployment Rate	3.8	4.0	4.2	4.3	4.2	4.2	4.1	4.1	4.0	4.0	3.9	3.9	3.6	4.1	4.1	3.9
Consumer Price Index <sup>4</sup>	3.2	3.2	2.6	2.6	2.4	2.3	2.6	2.6	2.5	2.4	2.3	2.3	4.1	2.9	2.5	2.4
Real Disposable Income <sup>1</sup>	5.6	2.4	1.6	1.8	2.4	2.0	2.3	2.7	3.0	2.5	2.6	2.6	5.1	3.1	2.1	2.6
Quarter-End Interest Rates <sup>5</sup>																
Federal Funds Target Rate <sup>6</sup>	5.50	5.50	5.00	4.50	4.00	3.75	3.50	3.25	3.25	3.25	3.25	3.25	5.23	5.13	3.63	3.25
Conventional Mortgage Rate	6.82	6.92	6.18	6.30	6.05	5.90	5.80	5.70	5.65	5.60	5.65	5.70	6.80	6.55	5.86	5.65
2 Year Note	4.59	4.71	3.66	3.80	3.55	3.40	3.30	3.25	3.25	3.25	3.30	3.40	4.58	4.19	3.38	3.30
10 Year Note	4.20	4.36	3.81	3.80	3.65	3.60	3.55	3.50	3.50	3.50	3.55	3.60	3.96	4.04	3.58	3.54

Forecast as of: October 11, 2024

<sup>1</sup> Compound Annual Growth Rate Quarter-over-Quarter

<sup>2</sup> Percentage Point Contribution to GDP

<sup>3</sup> Average Monthly Change

<sup>4</sup> Year-over-Year Percentage Change

<sup>5</sup> Quarterly Data - Period End; Annual Data - Annual Averages

<sup>6</sup> Upper Bound of the Federal Funds Target Range

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