National and Regional Economic Update

South Carolina Board of Economic Advisors
October 14, 2025

Bethany Greene
Regional Economist
Research Department
Federal Reserve Bank of Richmond

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Where are we now?

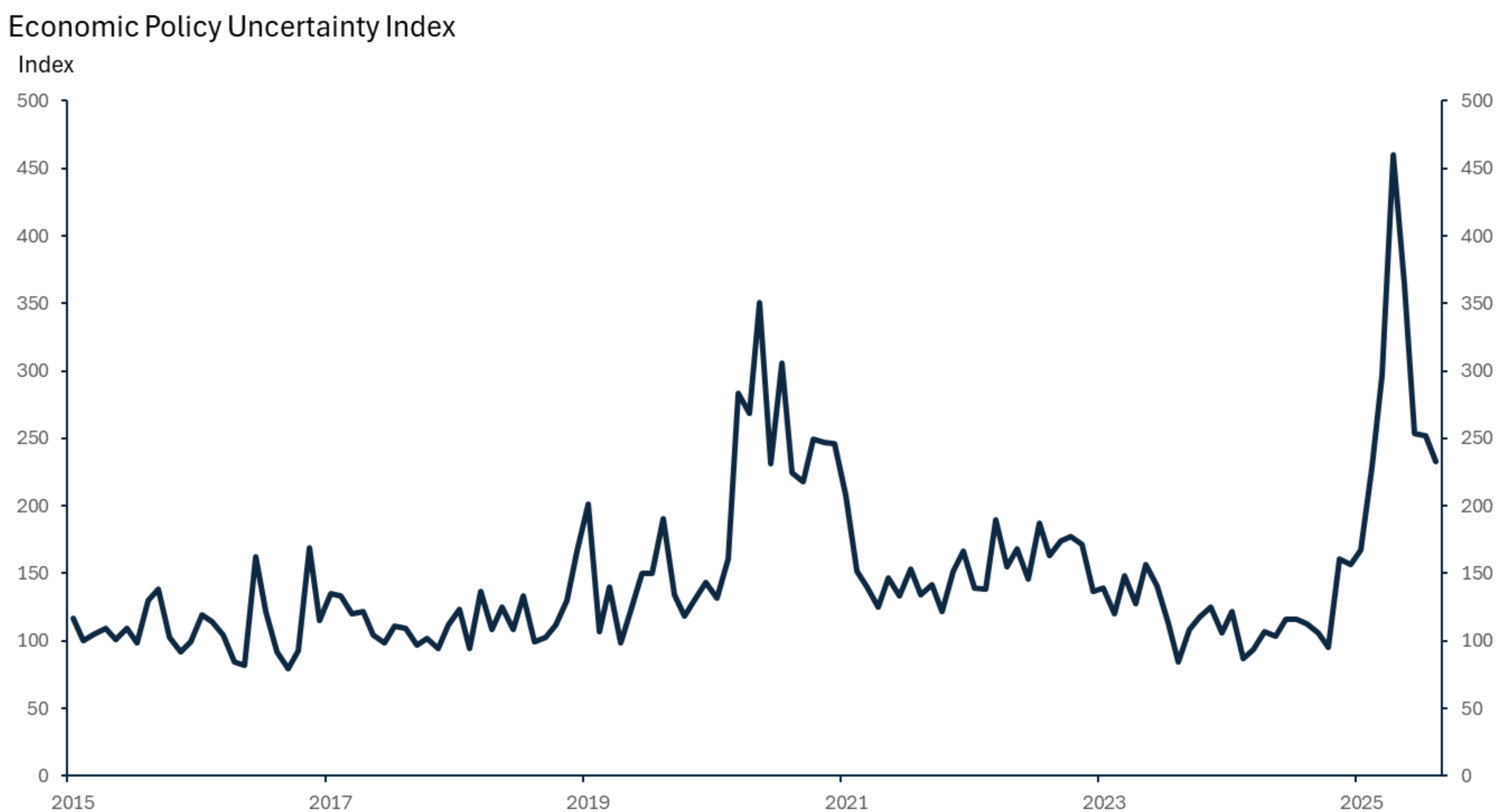
What we know

- GDP growth continues at a solid pace, although the underlying dynamics through the second quarter indicate flattening activity
- Consumer spending has also held up, amidst an historically low unemployment rate
- We have seen a slowdown in labor market indicators, including payroll employment growth. However, South Carolina has exhibited stronger labor market conditions this year compared to the rest of the U.S.
- Inflation is coming down, but remains stubbornly above the FOMC's 2% target
- Business outlook remains steady, although investment overall is somewhat flat and businesses report holding off on investment amidst "a fog" (that is starting to lift)

What we don't know

- Economic data is lagged—and it is imperfect
- How tariffs will move through the economy and what aggregate price increases might do to inflation expectations.
- What does a softer labor supply growth mean for "breakeven" jobs growth?

Economic policy uncertainty has diminished but still remains elevated



Source: PolicyUncertainty.com/ Haver Analytics

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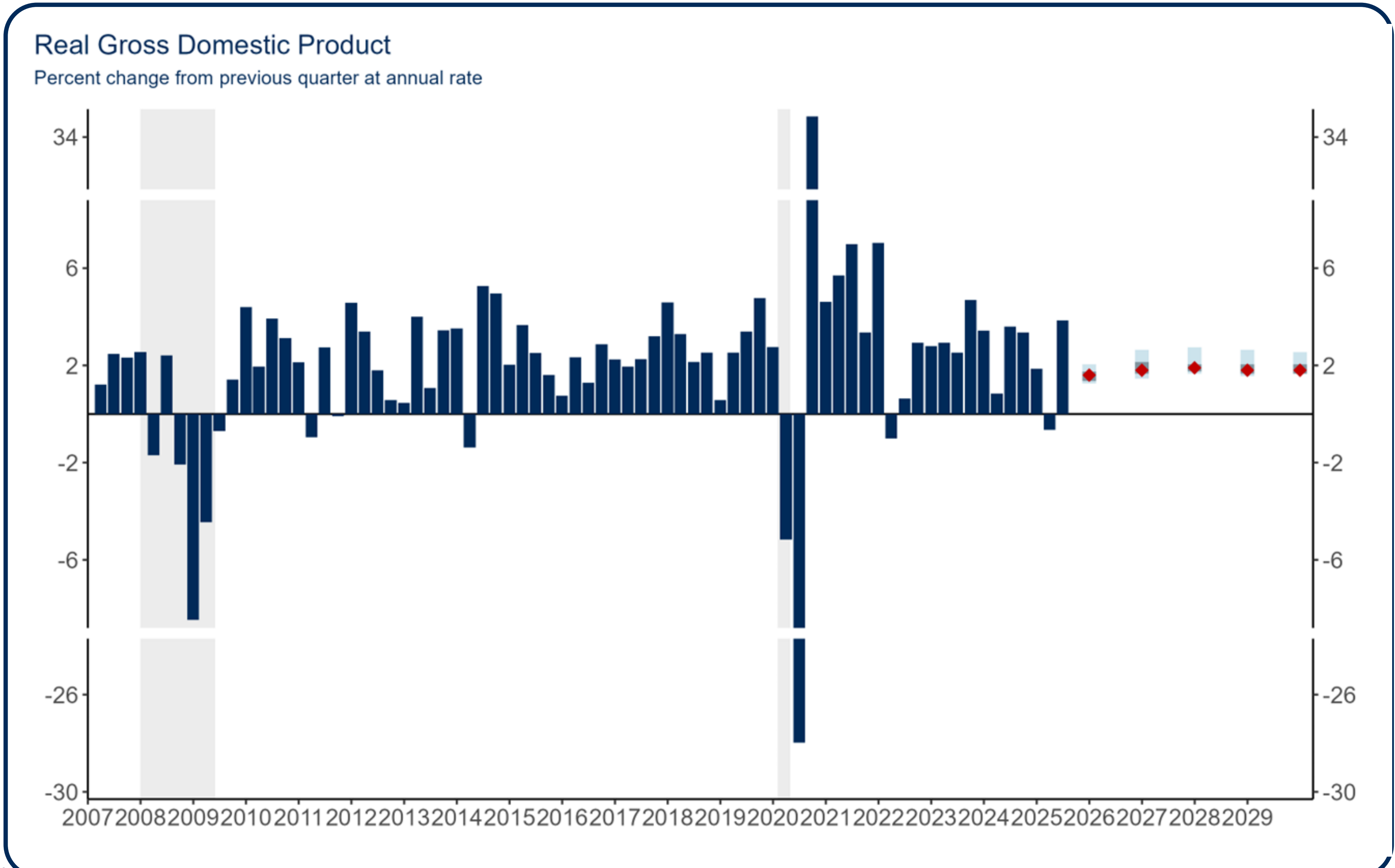
Q1 GDP growth was negative, primarily due to net exports and softening consumption. Growth rebounded in Q2



Source: Bureau of Economic Analysis, SEP/Haver Analytics

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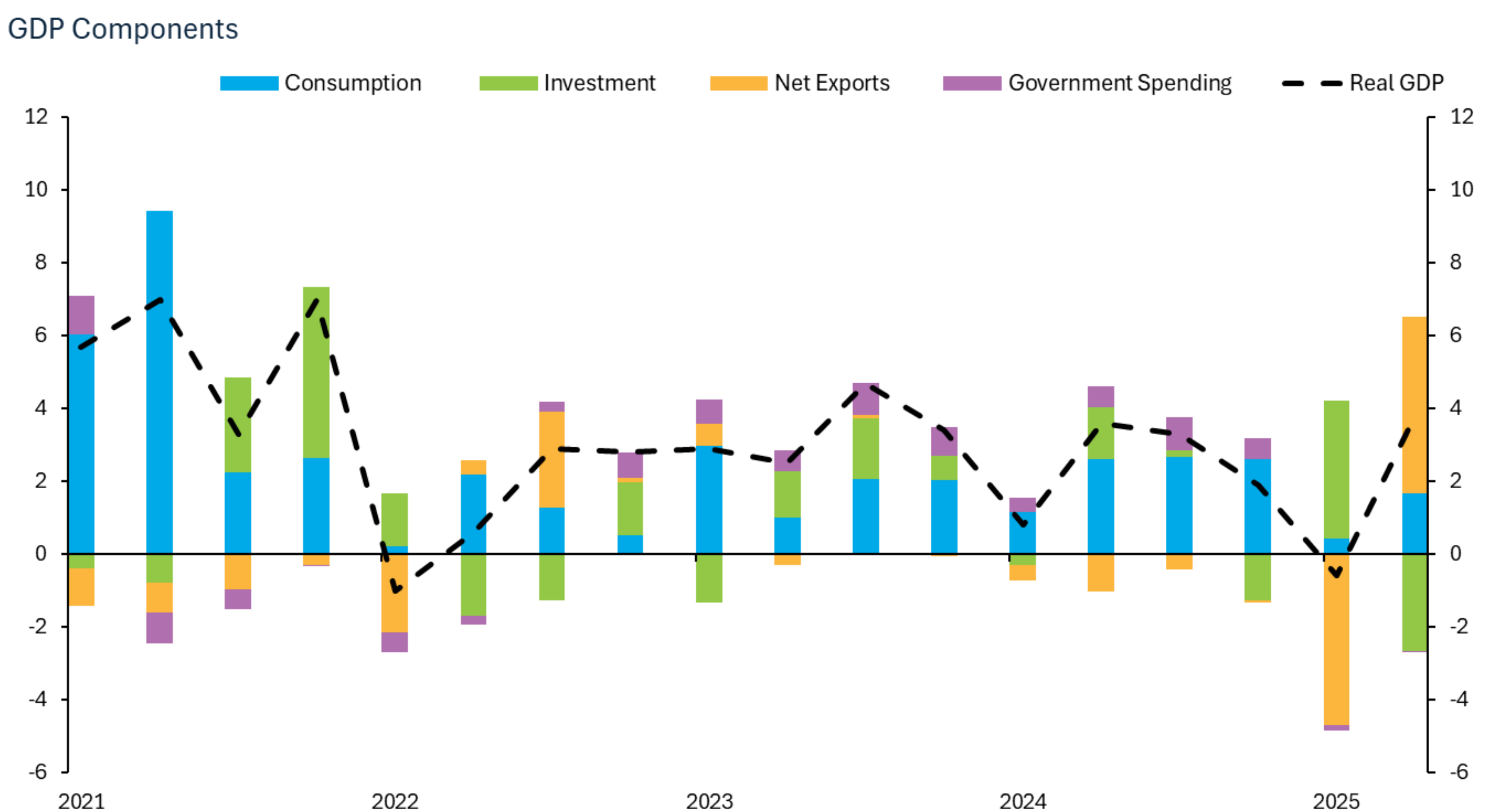

Source: Bureau of Economic Analysis/Haver Analytics

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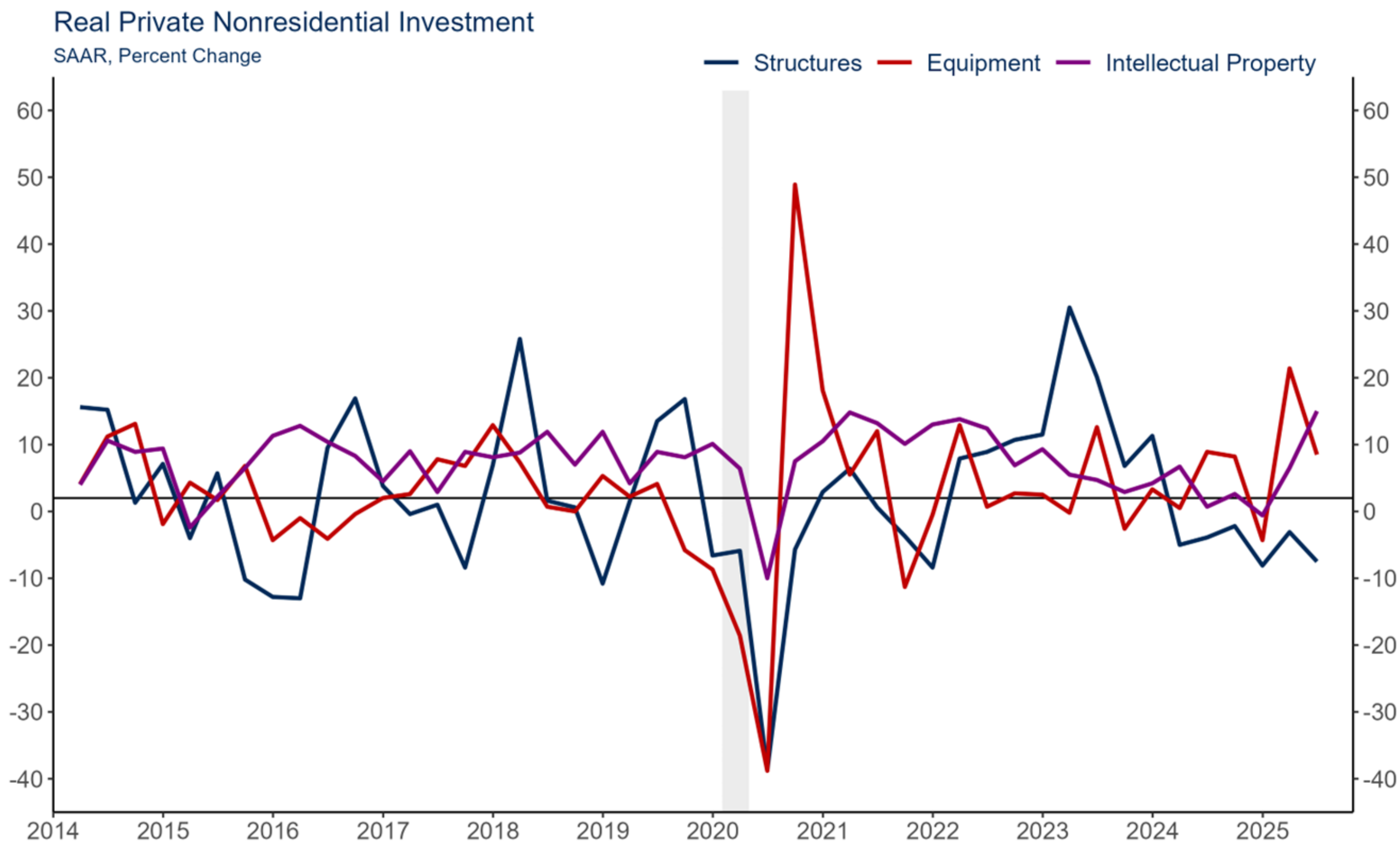
Capital spending has been soft, but other investment picked up in Q2



Source: Bureau of Economic Analysis

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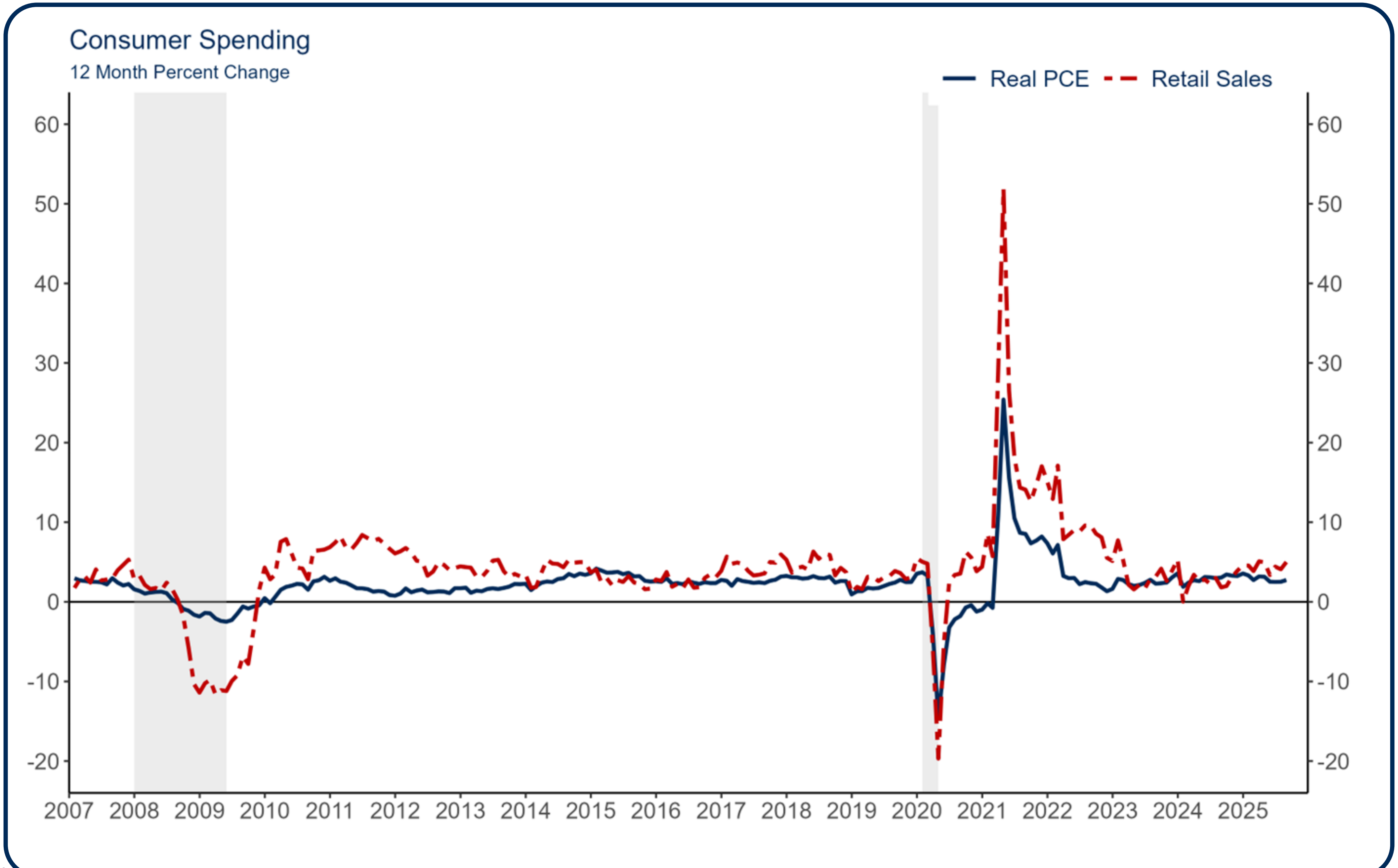
Consumer spending has not grown notably, but has held up



Source: Bureau of Economic Analysis/ Haver

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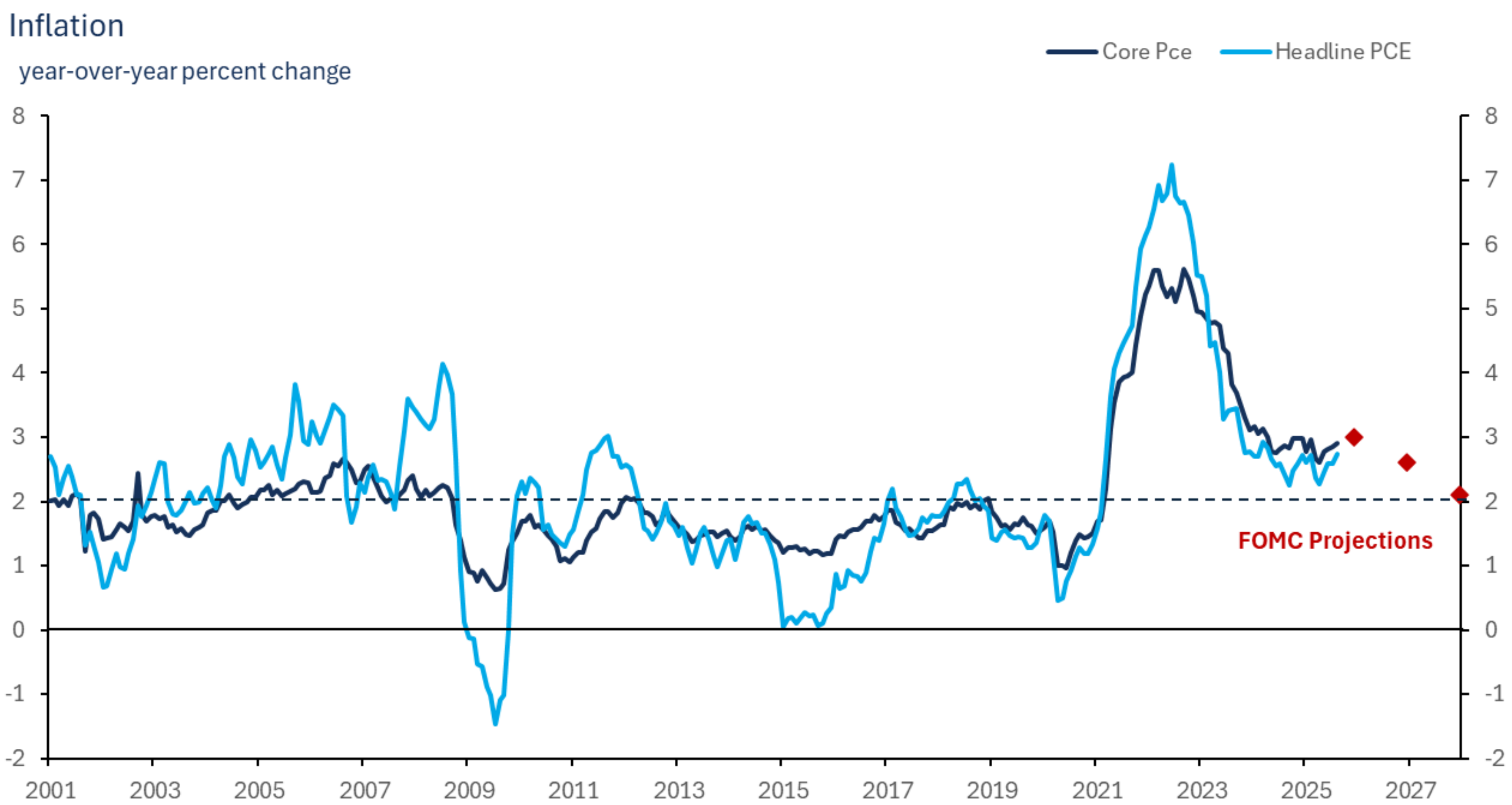
There has been a lot of progress on inflation, but it remains stubbornly above the Fed's 2 percent target



Source: Bureau of Economic Analysis/Haver Analytics

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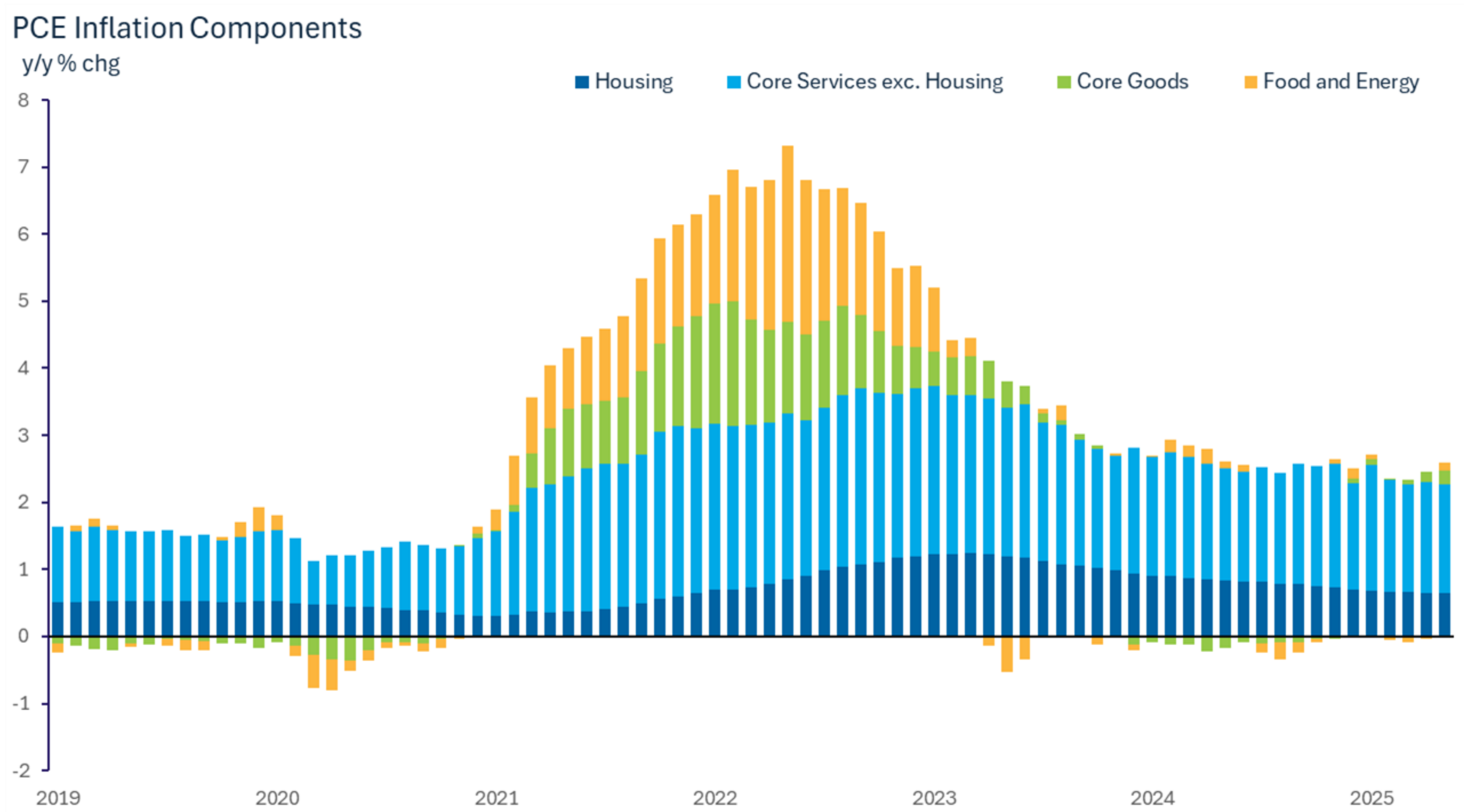
Core goods are now contributing to inflation, but tariff impacts are limited in the data



Source: Bureau of Economic Analysis, San Francisco Fed

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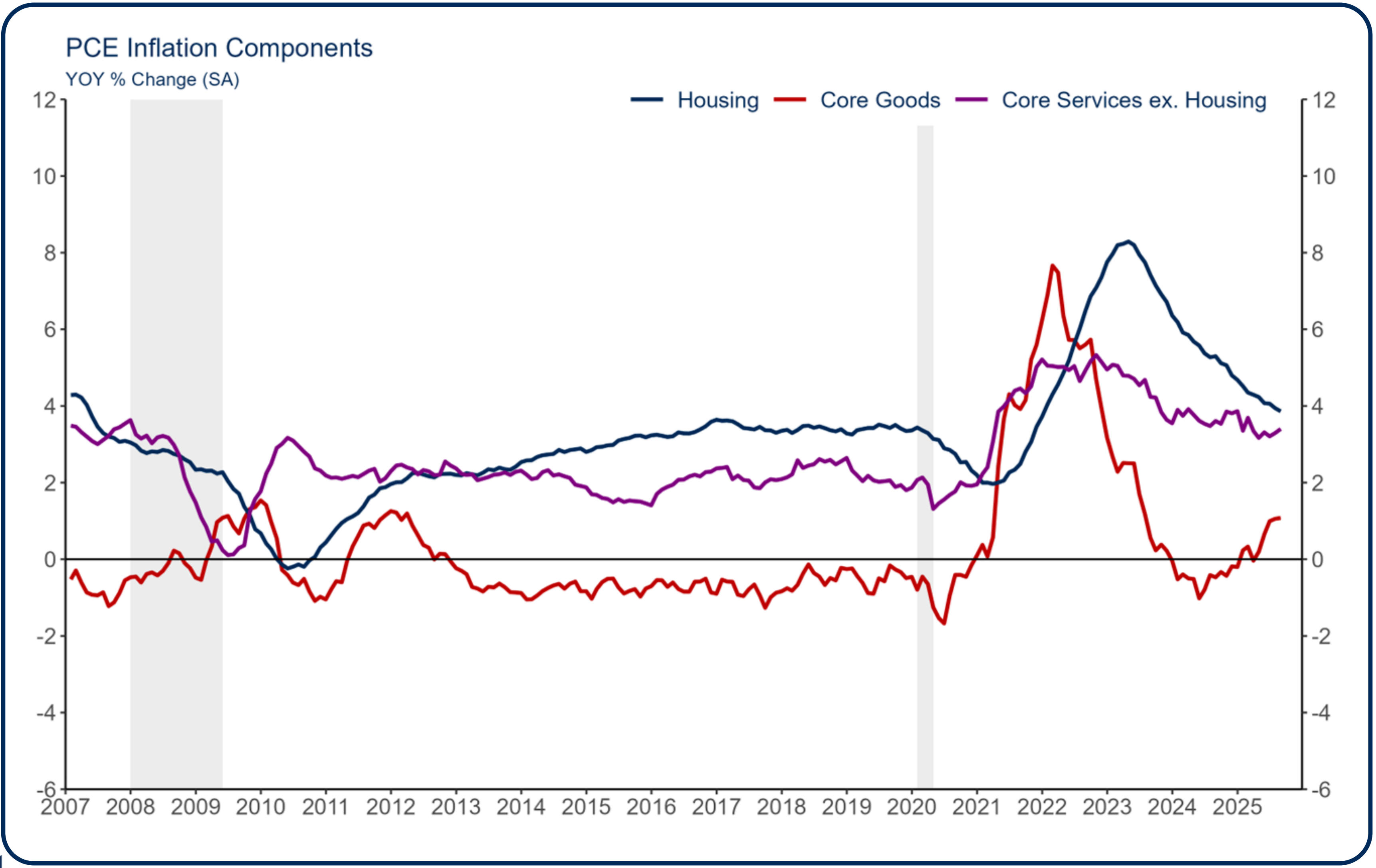

Source: Bureau of Economic Analysis, Haver Analytics

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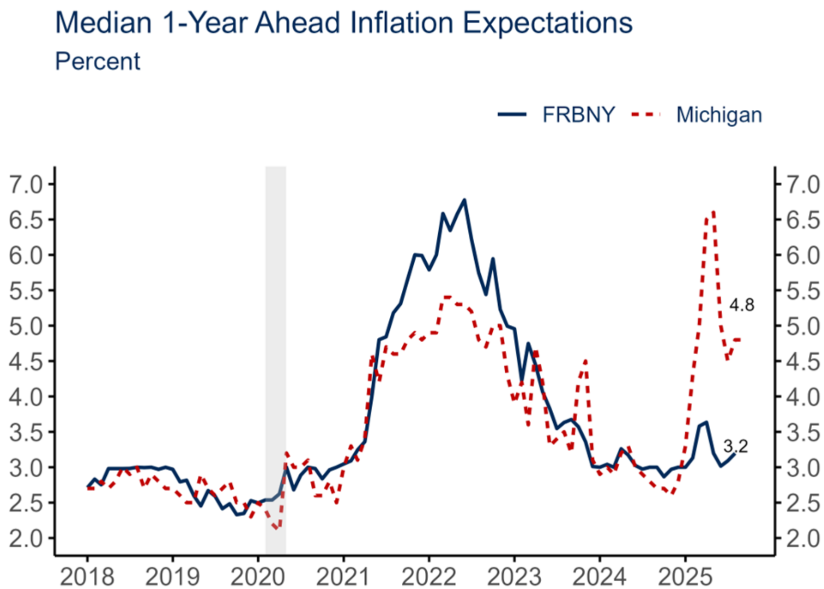
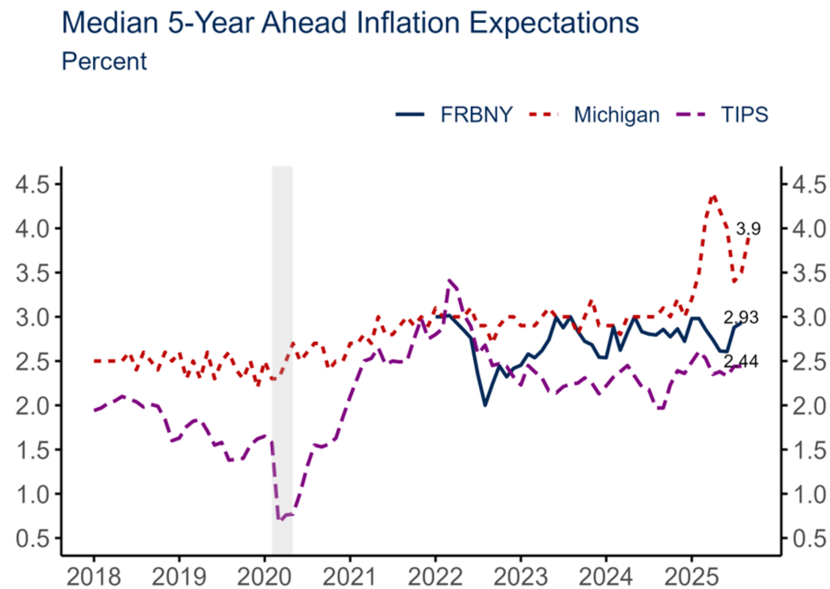
How firmly are inflation expectations anchored?





Source: U. Mich, FRBNY/Haver Analytics

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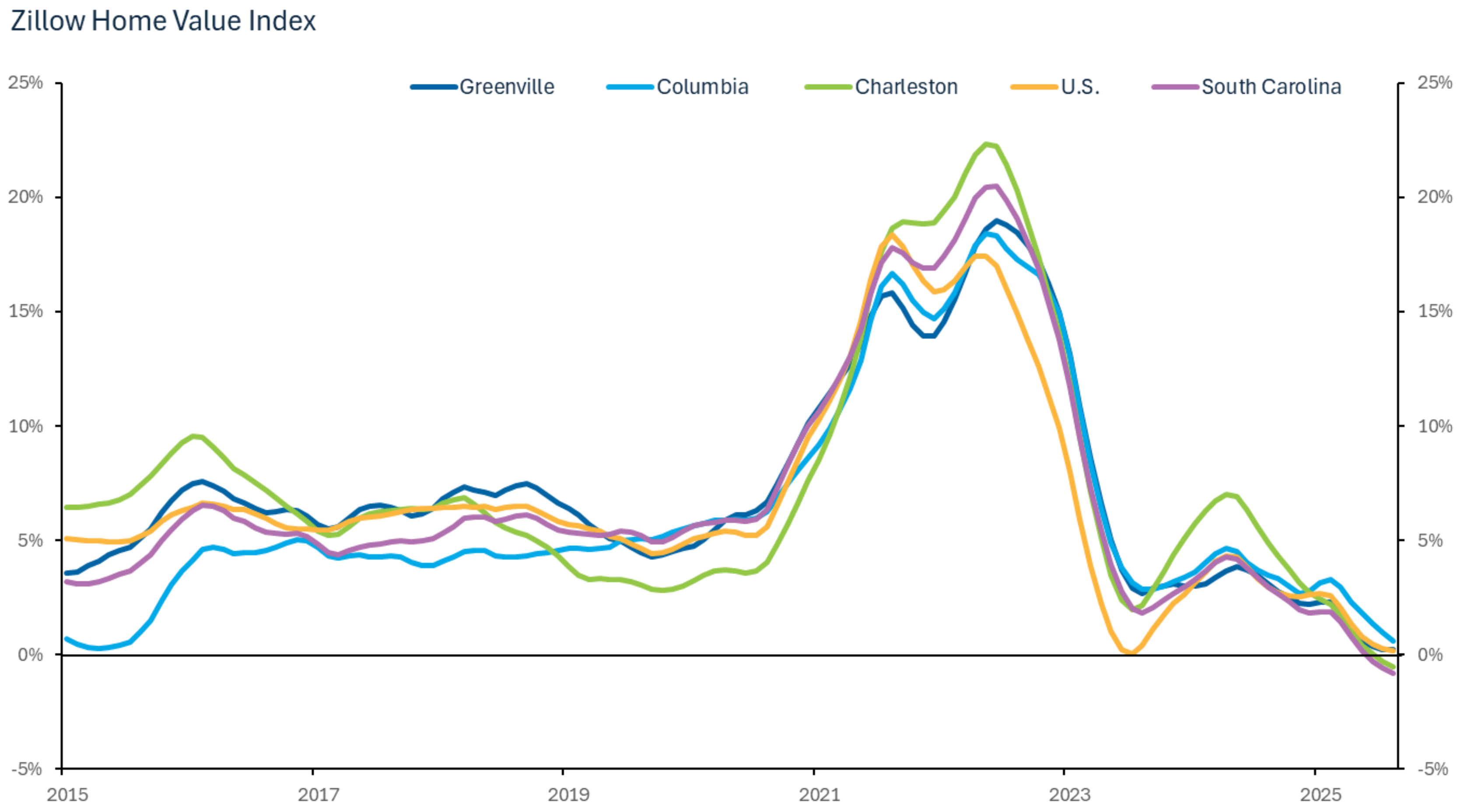
Home price growth is softening, though affordability challenges remain



Source: Zillow, Haver Analytics

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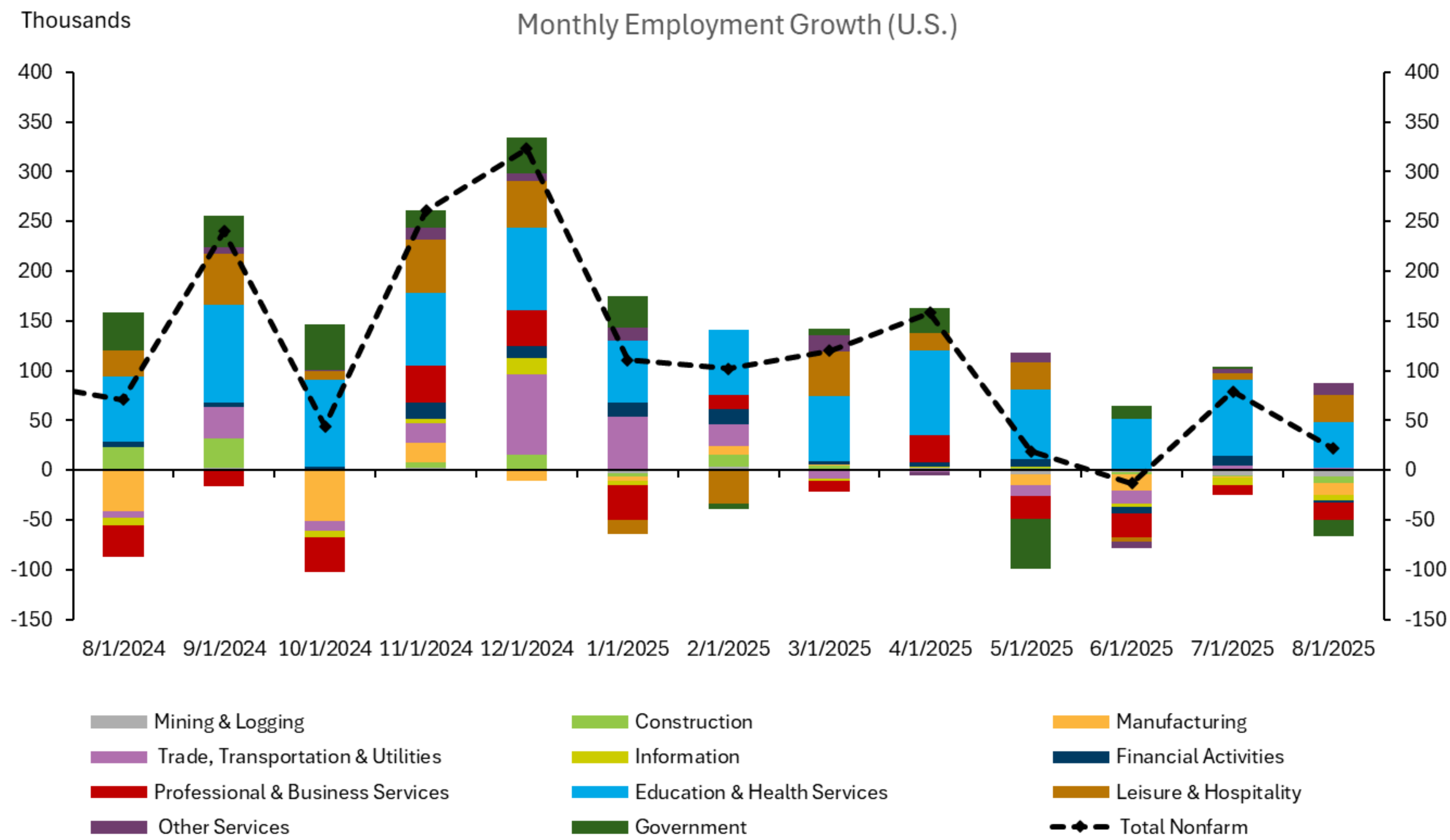
Recent job gains are dominated by a few industries



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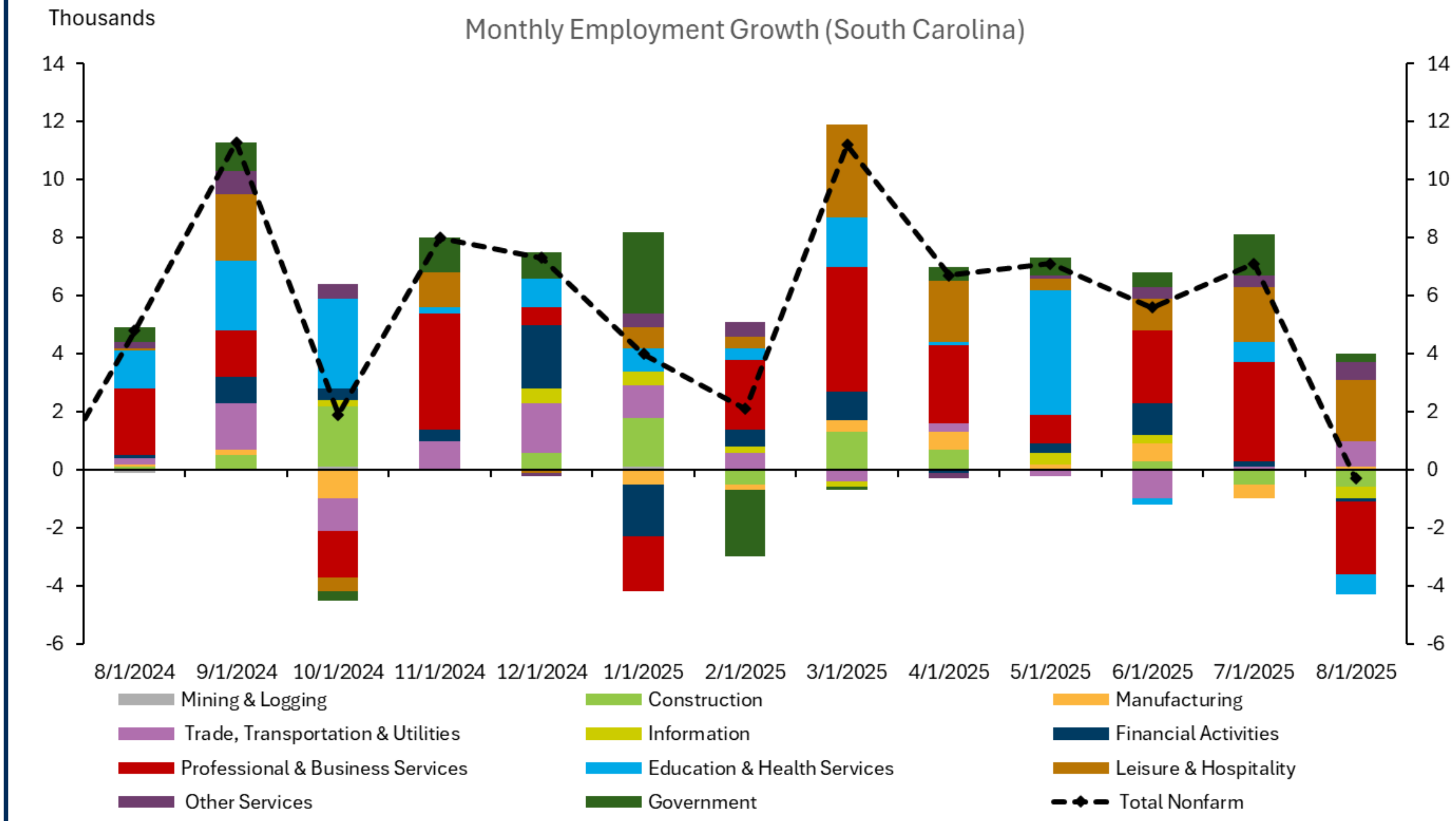
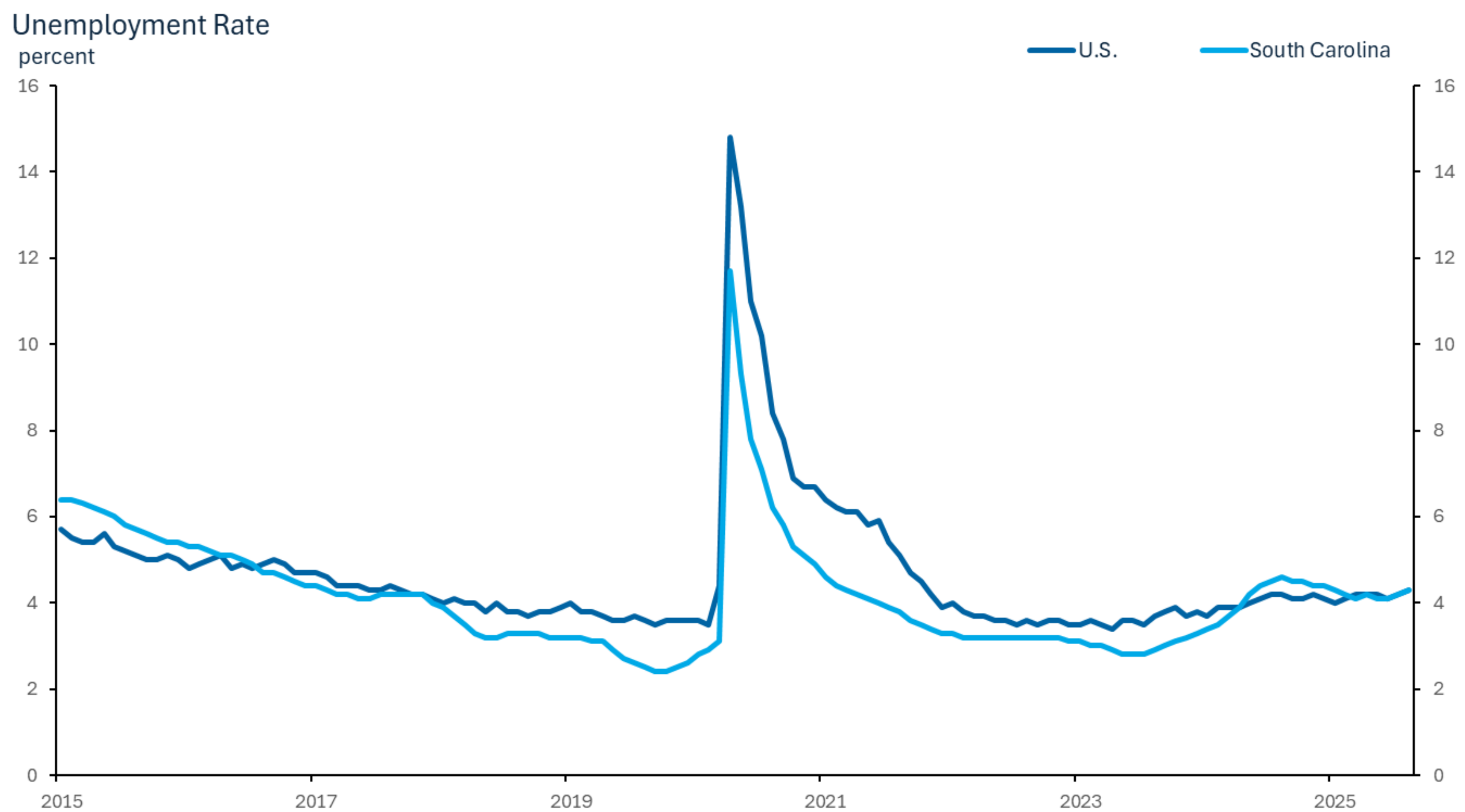
Source: Bureau of Labor Statistics/Haver Analytics

South Carolina exhibited strong job growth this year, but has seen recent declines in employment



Source: Bureau of Labor Statistics/Haver Analytics

However, the unemployment rate is still at historic lows



Source: Bureau of Labor Statistics/Haver Analytics

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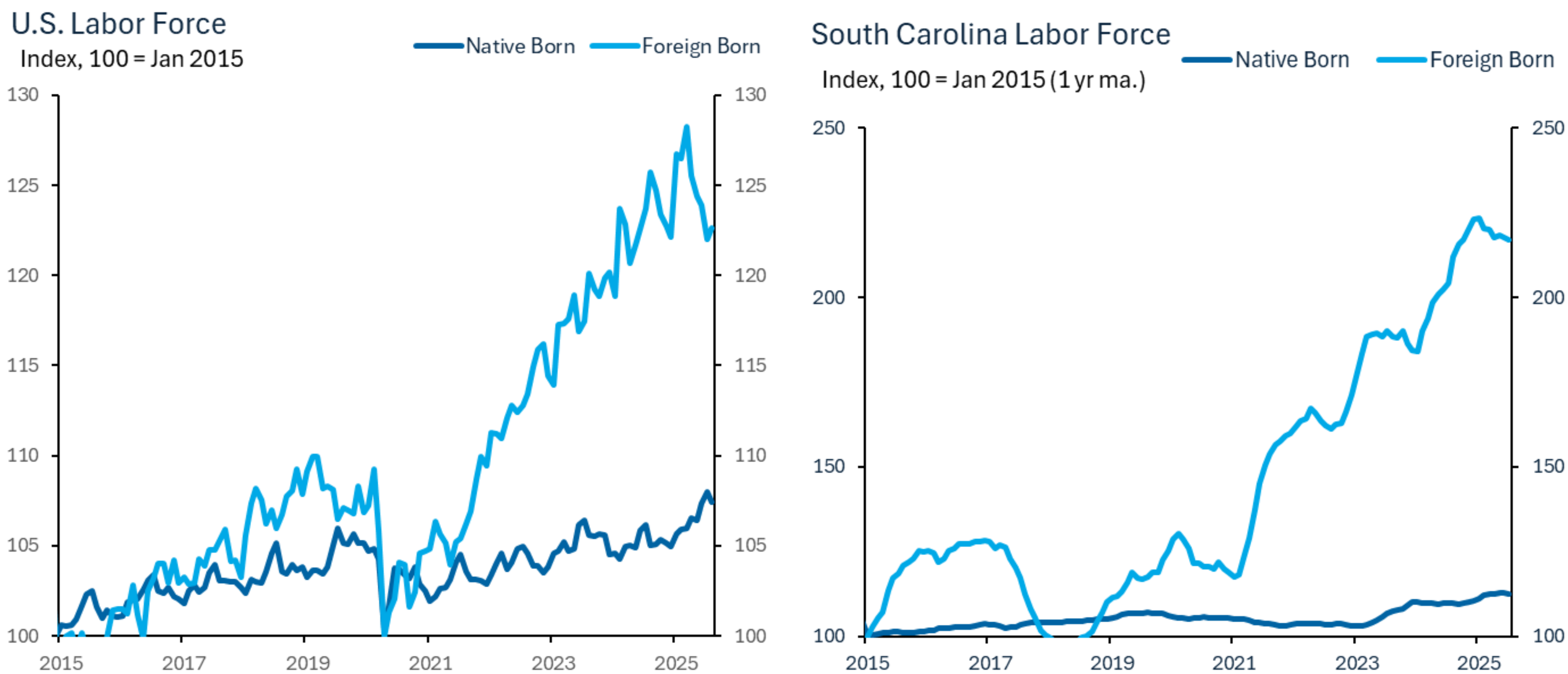
Most labor force growth over the past decade has been due to foreign-born workers



Source: Current Population Survey, FRED

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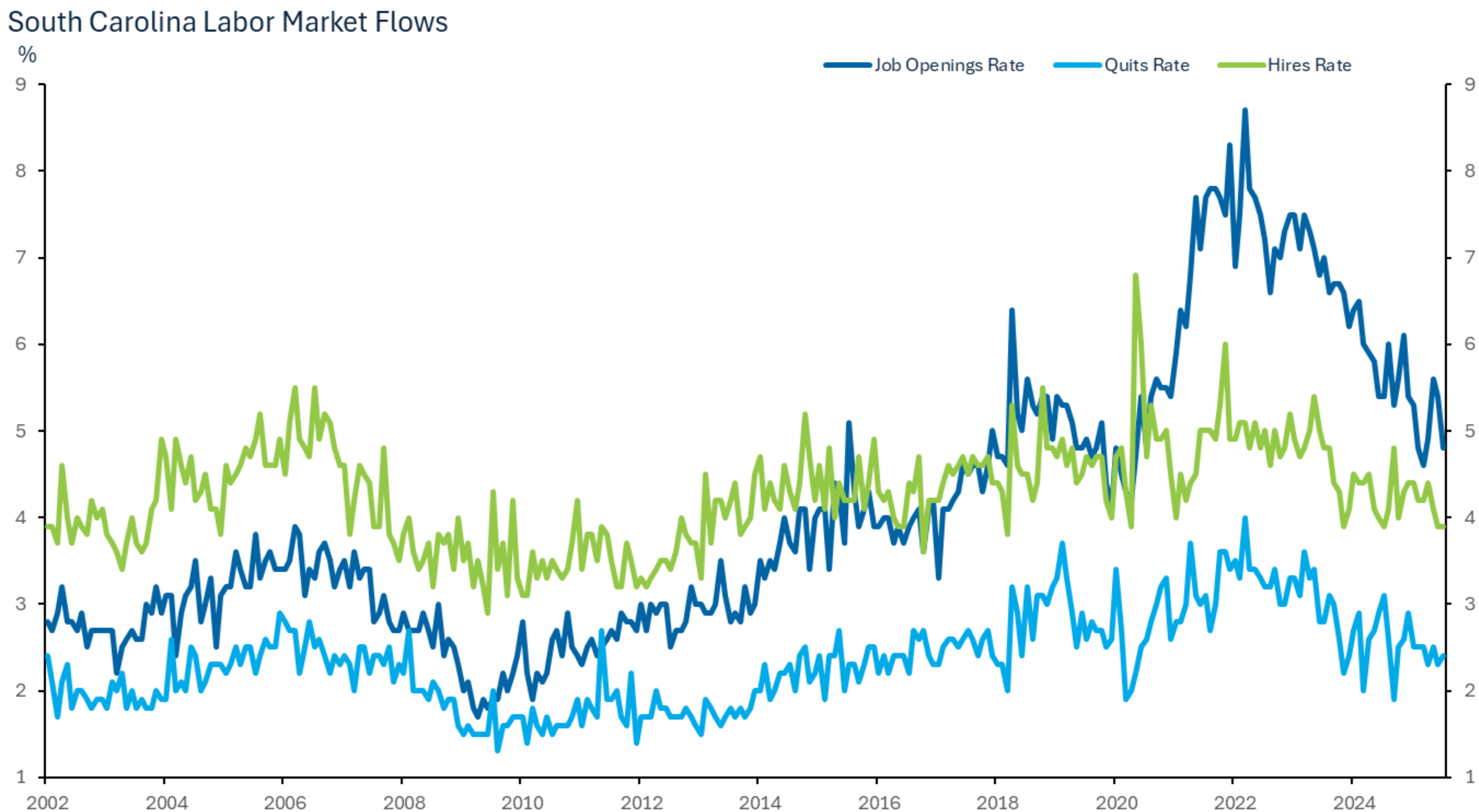
Labor markets are normalizing; we are in a low hire, low fire environment



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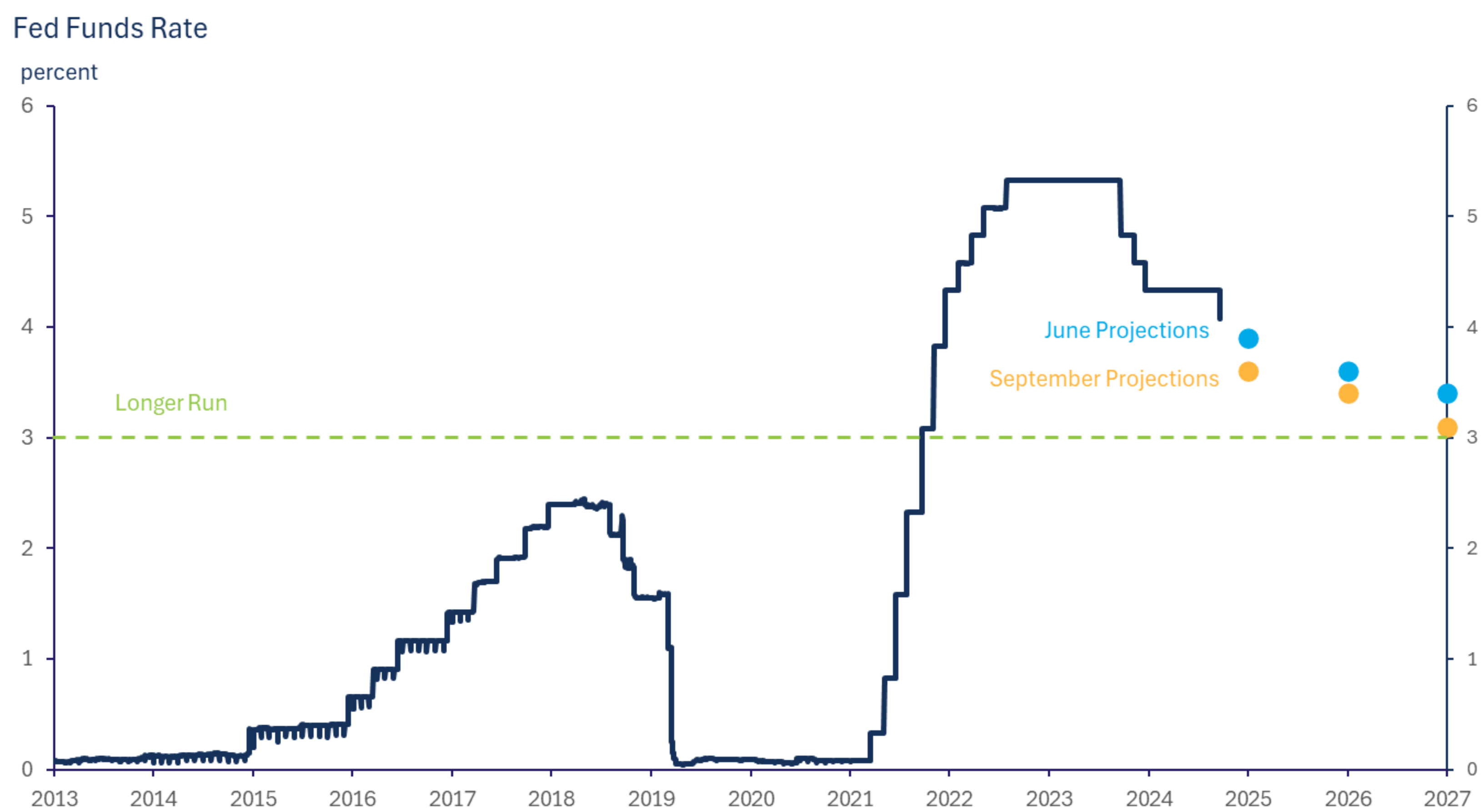
Source: Bureau of Labor Statistics/JOLTS/Haver Analytics

The FOMC lowered interest rates for the first time this year



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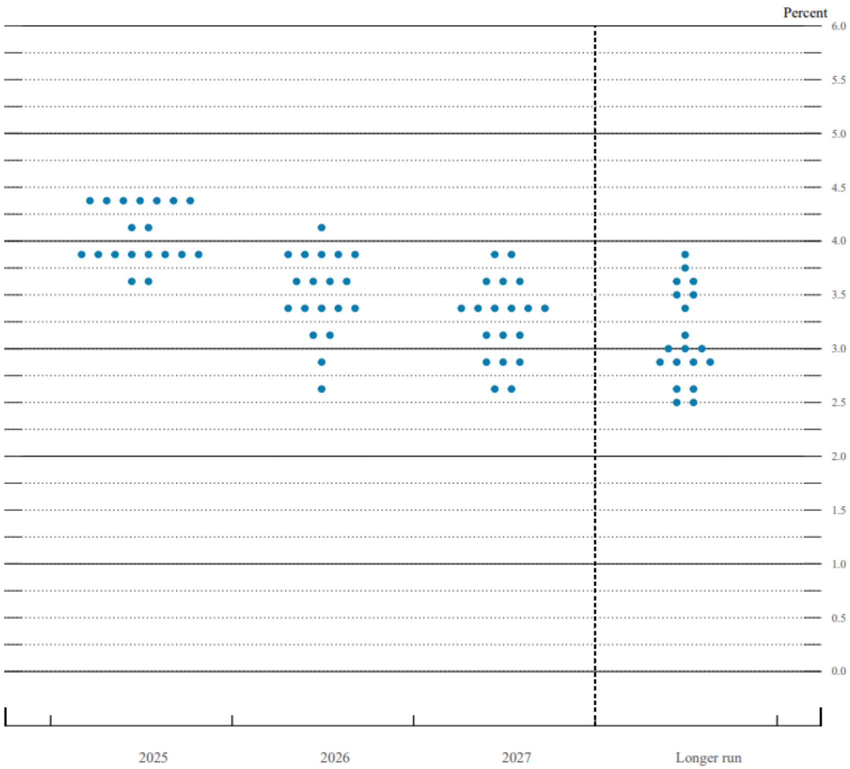
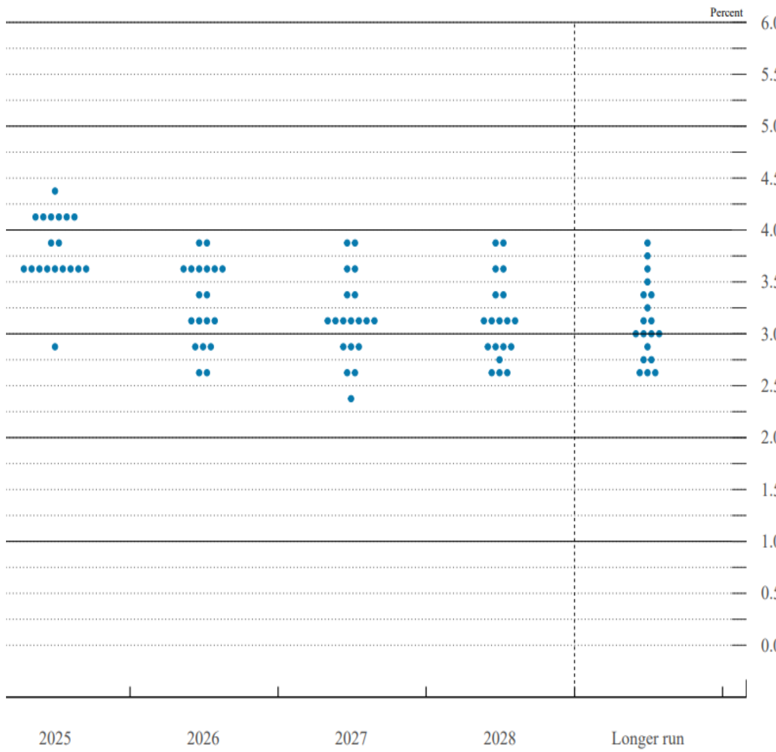
Source: Board of Governors/ Summary of Economic Projections

How have policymaker expectations changed?



June 2025



September 2025

Source: Board of Governors/ Summary of Economic Projections

Questions/Comments?

Bethany.Greene@rich.frb.org