BEA Regional Advisory Committee
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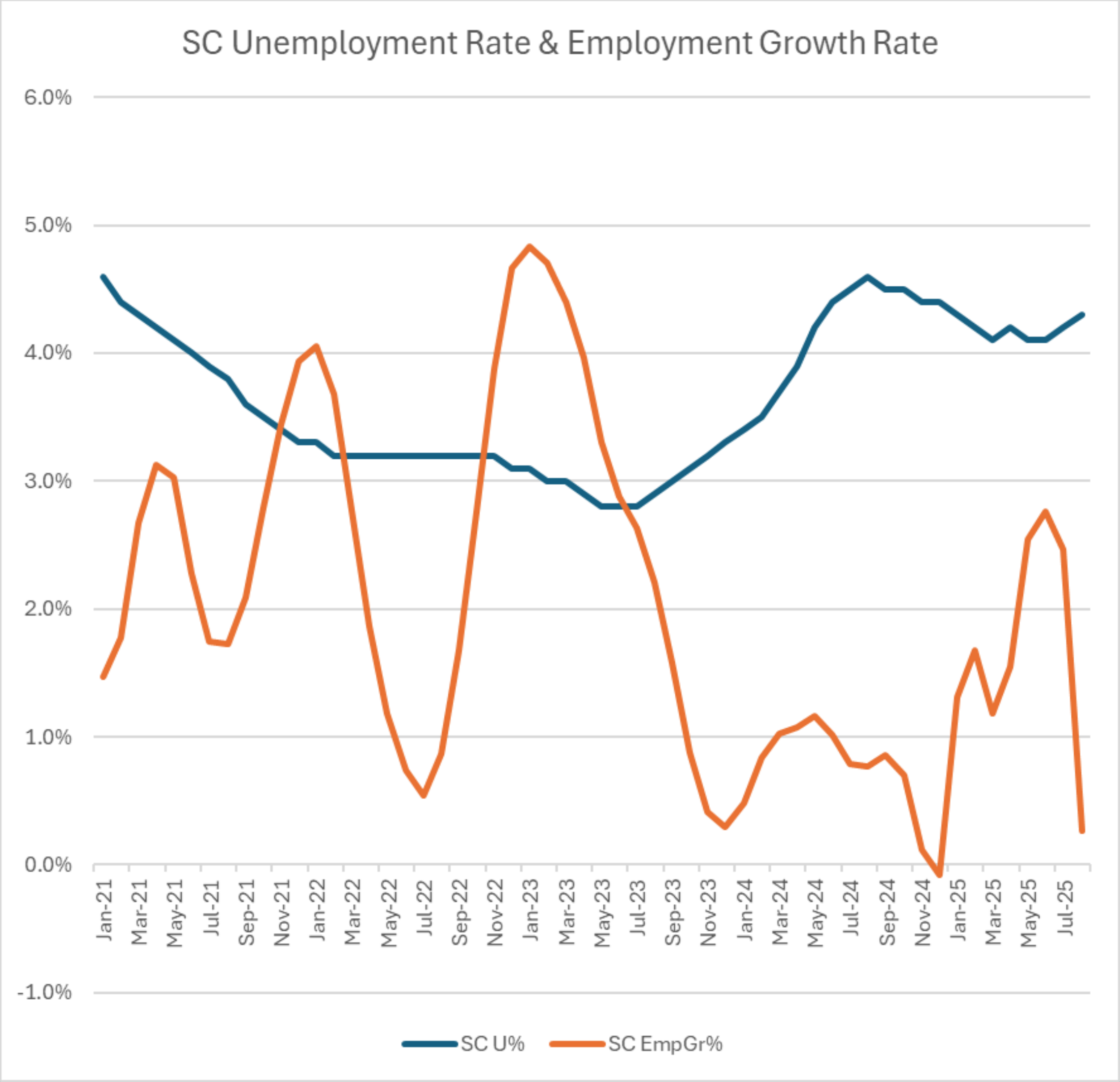
Labor Markets



Recent Trends (July-Sept)

- **SC unemployment rate starting to rise**
- **Employment growth falling**

Recent U.S. U% Data:

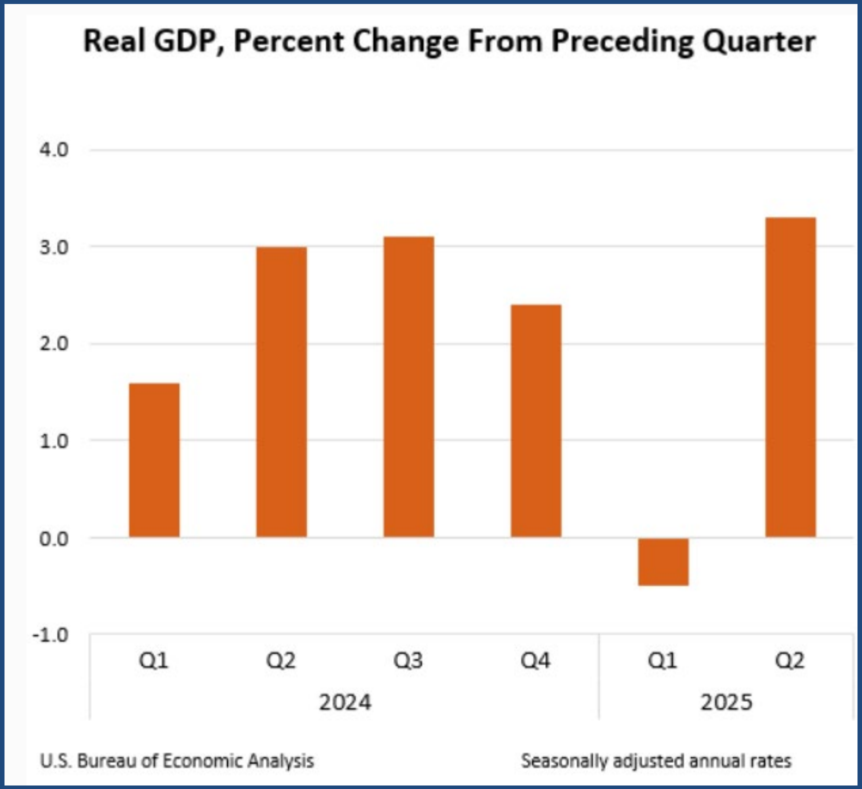
4.2% July 2025
4.3% Aug. 2025
4.?% Sept. 2025 – not out yet

Recent S.C. U% Data:

4.2% July 2025
4.3% Aug. 2025

Median U.S. Unemployment Forecasts:	
2025: Q4	4.4%
2026: Q1	4.4%
2026: Q2	4.5%
2026: Q3	4.5%
2027 Annual	4.4%
2028 Annual	4.3%

Real Economic (GDP) Growth



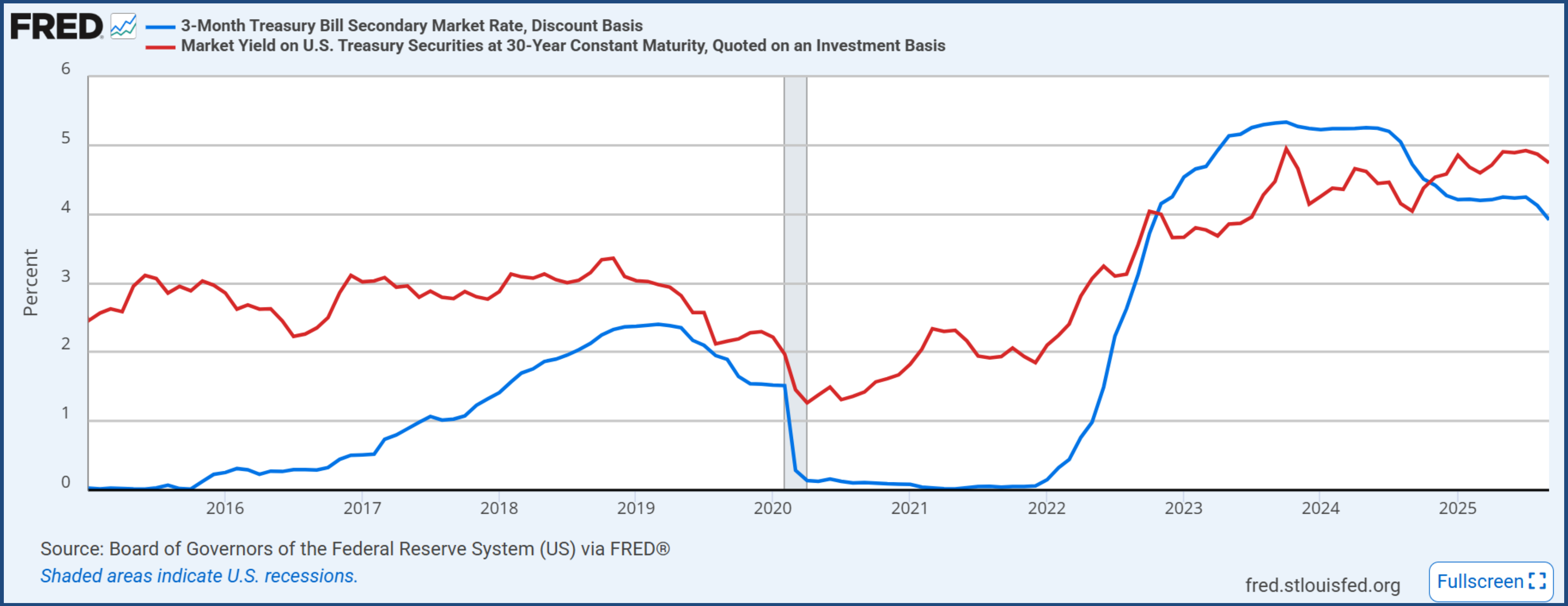
Median Forecasts:	
2025: Q3	1.3%
2025: Q4	1.3%
2026: Q1	1.9%
2026: Q2	1.3%
2026: Q3	1.6%
2027 Annual	2.1%

Recent Data:
-0.5% 2024: Q1
+3.3% 2024: Q2

- **Growth expected to slow a bit through end of 2026**
- **Average (pre-Covid) was around 2.2%, so below average growth is the forecast**

Interest Rates

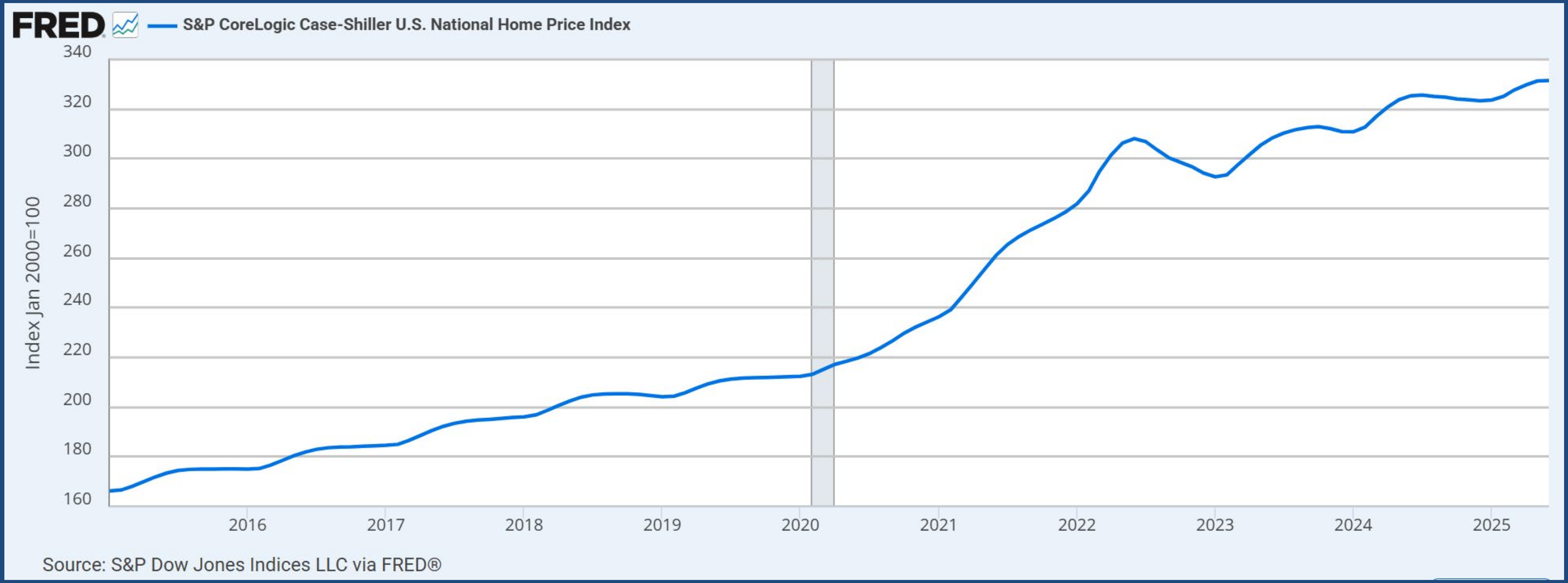
- Interest rates high (but falling), yield curve no longer inverted



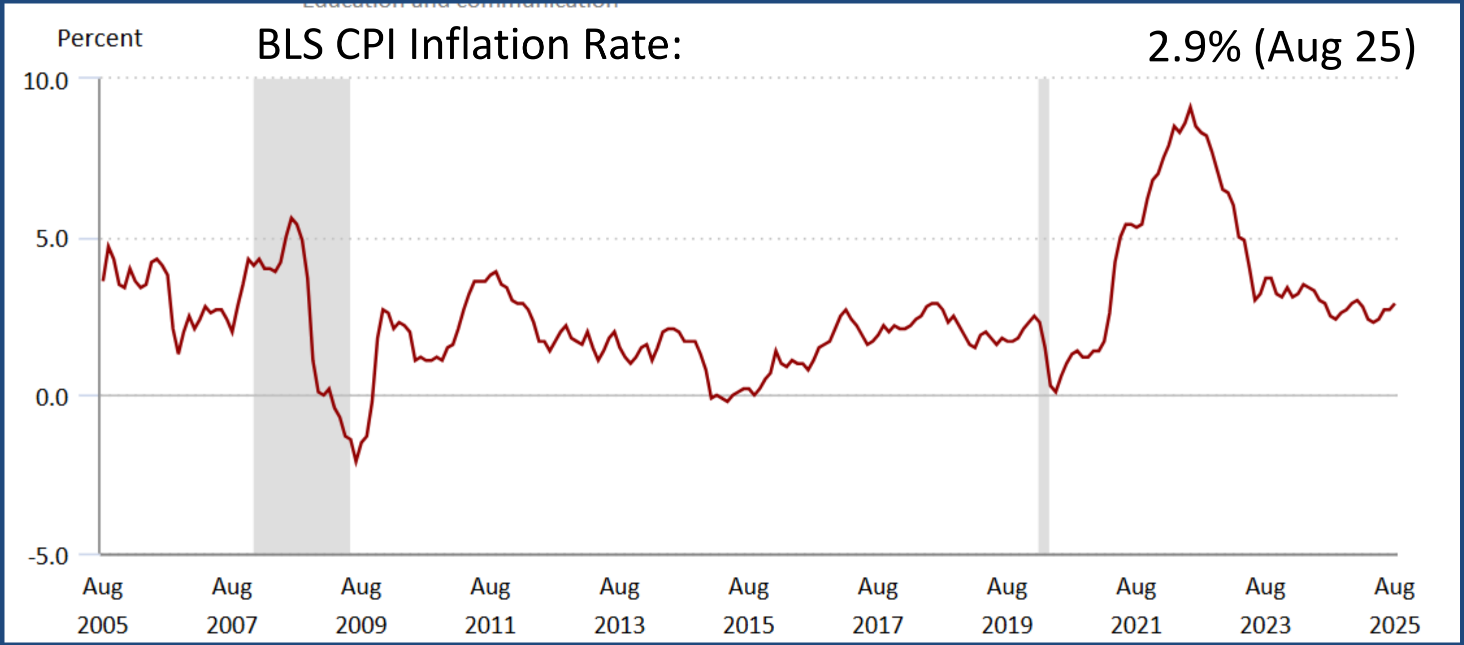
Red = long-term rates / blue = short-term rates

Housing Prices

- Housing prices continue to rise, but at a slower rate (but similar to the pre-2020 growth rate):



Inflation



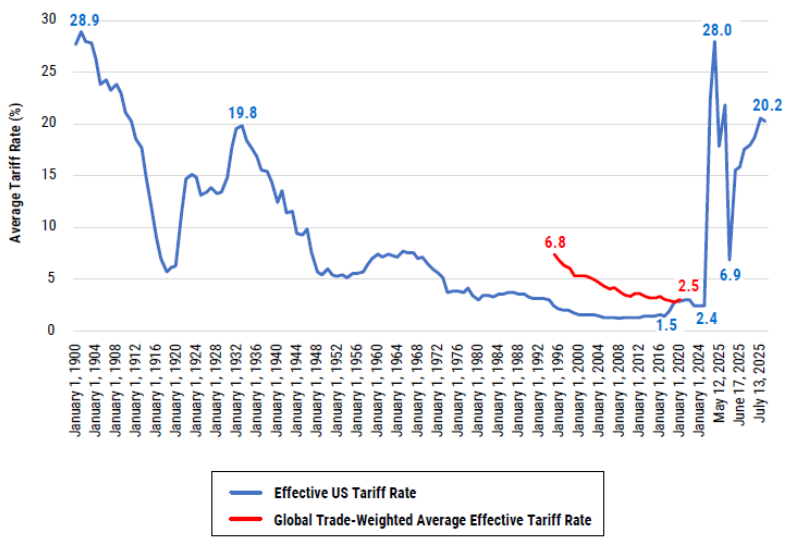
- Inflation is running around 3% range, which is slightly above average relative to 2010-2020

Median Forecasts:	
2025: Q4	**3.0%**
2026: Q1	**2.6%**
2026: Q2	**2.6%**
2026: Q3	**2.5%**
2027 Annual	**2.3%**

Looming Issues

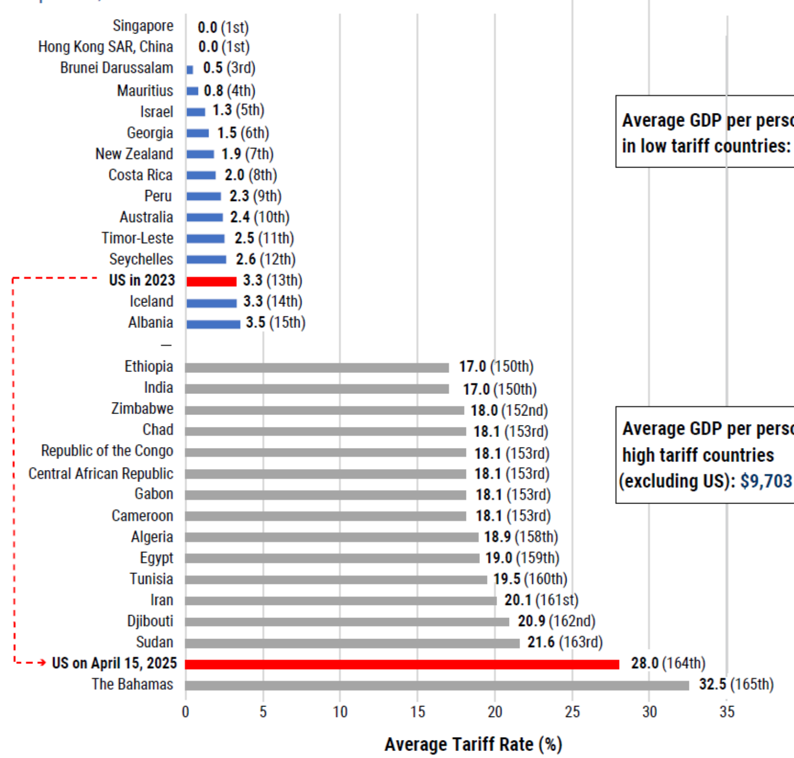
- Effects of Rising Tariffs & Reduced Economic Freedom

Figure 2.5: Effective US and Global Tariff Rates (1900–2025)



Sources: US effective tariff rate: Budget Lab, 2025a–2025l; Global effective tariff rate: Snoussi-Mimouni and Drevinskas, 2023.

Figure 2.6: 15 Highest and 15 Lowest Average Tariff Rates in 2023 and Average US Tariff Rate on April 15, 2025

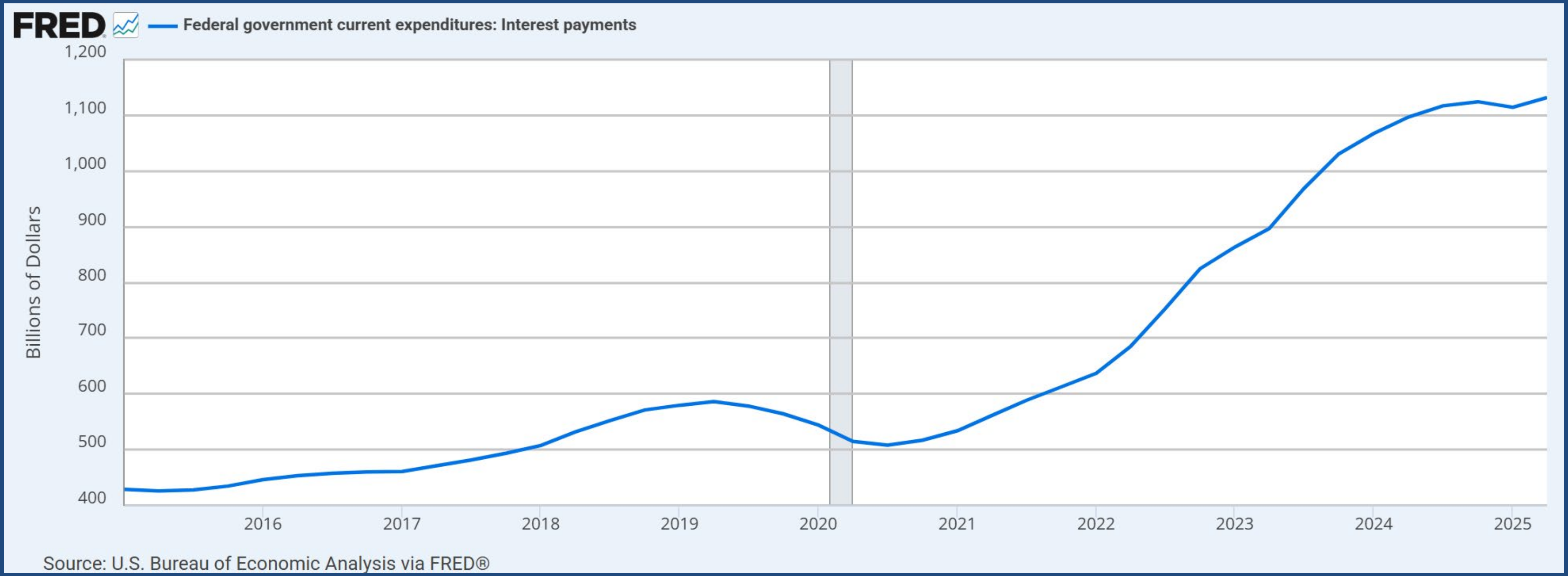


Sources: US 2025 tariff rate: Budget Lab, 2025b. All other tariffs: Gwartney, Lawson, and Murphy, forthcoming. GDP per capita: World Bank, 2025.

- Moved from 13th lowest to 2nd highest average tariffs

Looming Issues

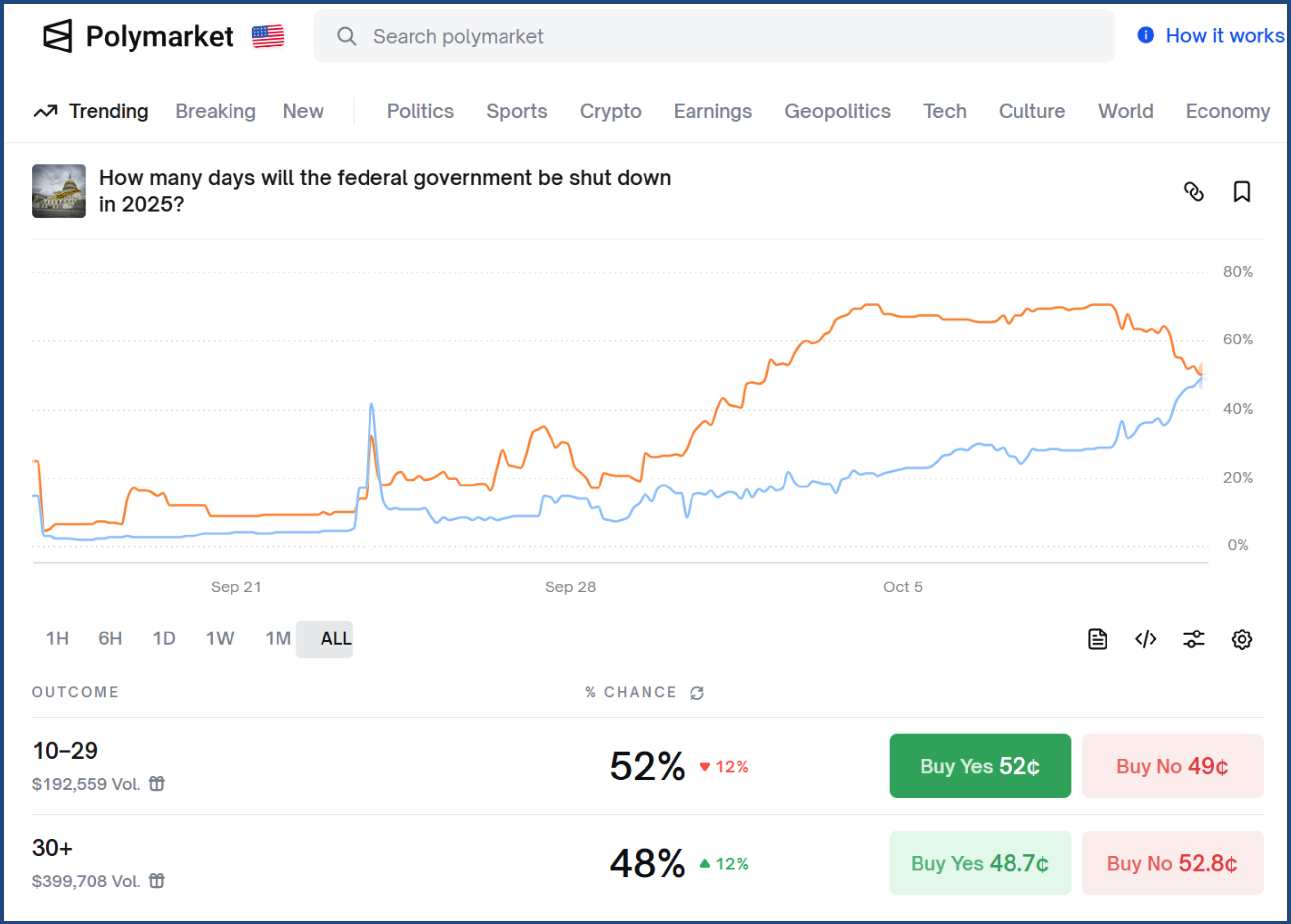
- Interest Payments on the National Debt
  - Continue to be high after doubling over past few years
  - Rate of growth has, however, slowed a bit



Looming Issues

- Government Shutdown

Almost 50% chance it extends past 10/30 (started 10/1)



The Economic Situation

<u>My Summary:</u>

- Unemployment rate maybe increasing by 0.1 or 0.2 percentage points / Employment growth below average
- Real GDP growth slowing to 0.5% to 1.0% below its long-run average
- Continued slightly higher than average inflation
- Significant possible ramifications of higher tariffs
- Significant risks from Federal Govt. budget issues

My Thoughts on the Forecasts

These are the BEA estimates you sent us

FISCAL YEAR GROWTH RATES			
Fiscal Year	Personal Income	Employment	Inflation
FY 2024-25 Actual	6.5%	2.2%	2.6%
FY 2025-26	~~4.6%~~ 4.8%	~~1.7%~~ 1.8%	~~2.5%~~ 2.8%
FY 2026-27	4.3%	1.5%	2.5%

		These Are My Forecasts		
	SC PI%	SC Empl %	Inflation %	
FY 25-26	4.2%	1.7%	2.8%	(or higher)
FY 26-27	4.3%	1.9%	2.5%	(or higher)

Personal Income: I have lower for FY25-26 (4.2% vs 4.8%) / but the same for FY26-27
Employment: I have lower for FY25-26 (1.7% vs 1.8%) / higher for FY26-27 (1.9% vs 1.5%)
Inflation: I have basically the exact same estimates as lower bounds for both years

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QUESTIONS?

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