



# South Carolina BEA Discussion

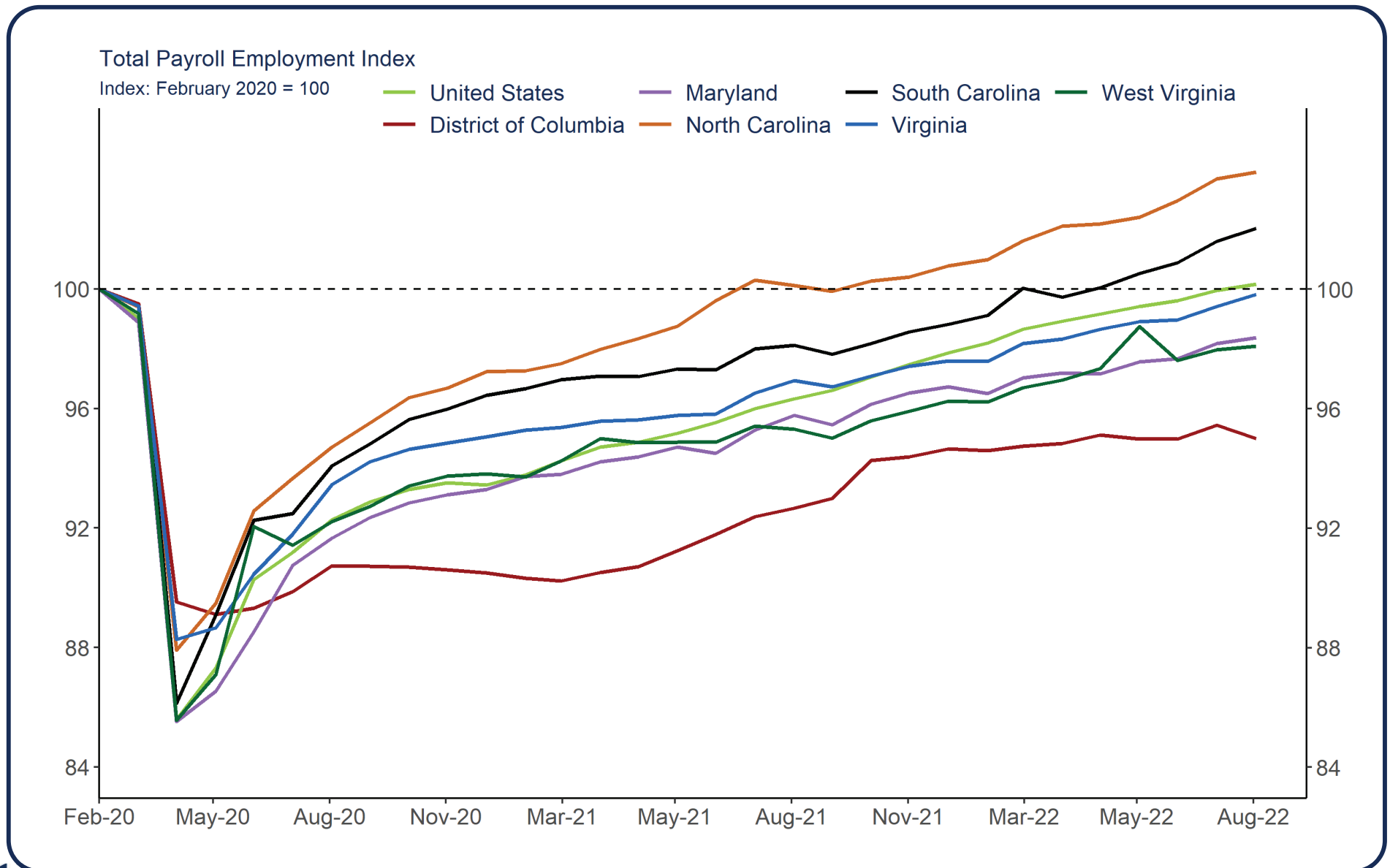
October 18, 2022



*Laura Dawson Ullrich, PhD*  
*Senior Regional Economist*  
*Research Department*  
*Federal Reserve Bank of Richmond*

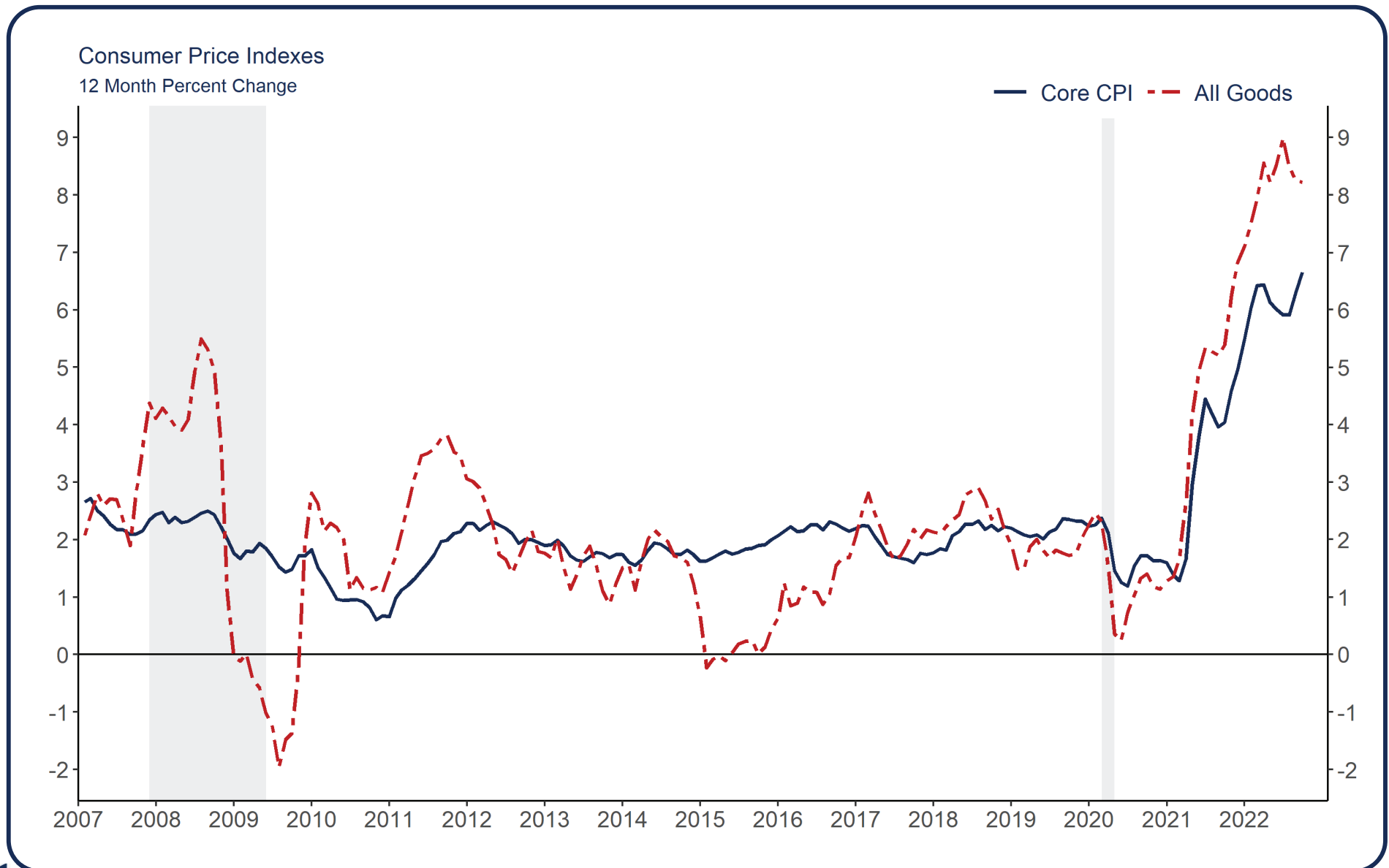


# On the positive side, South Carolina has been very strong from an employment perspective



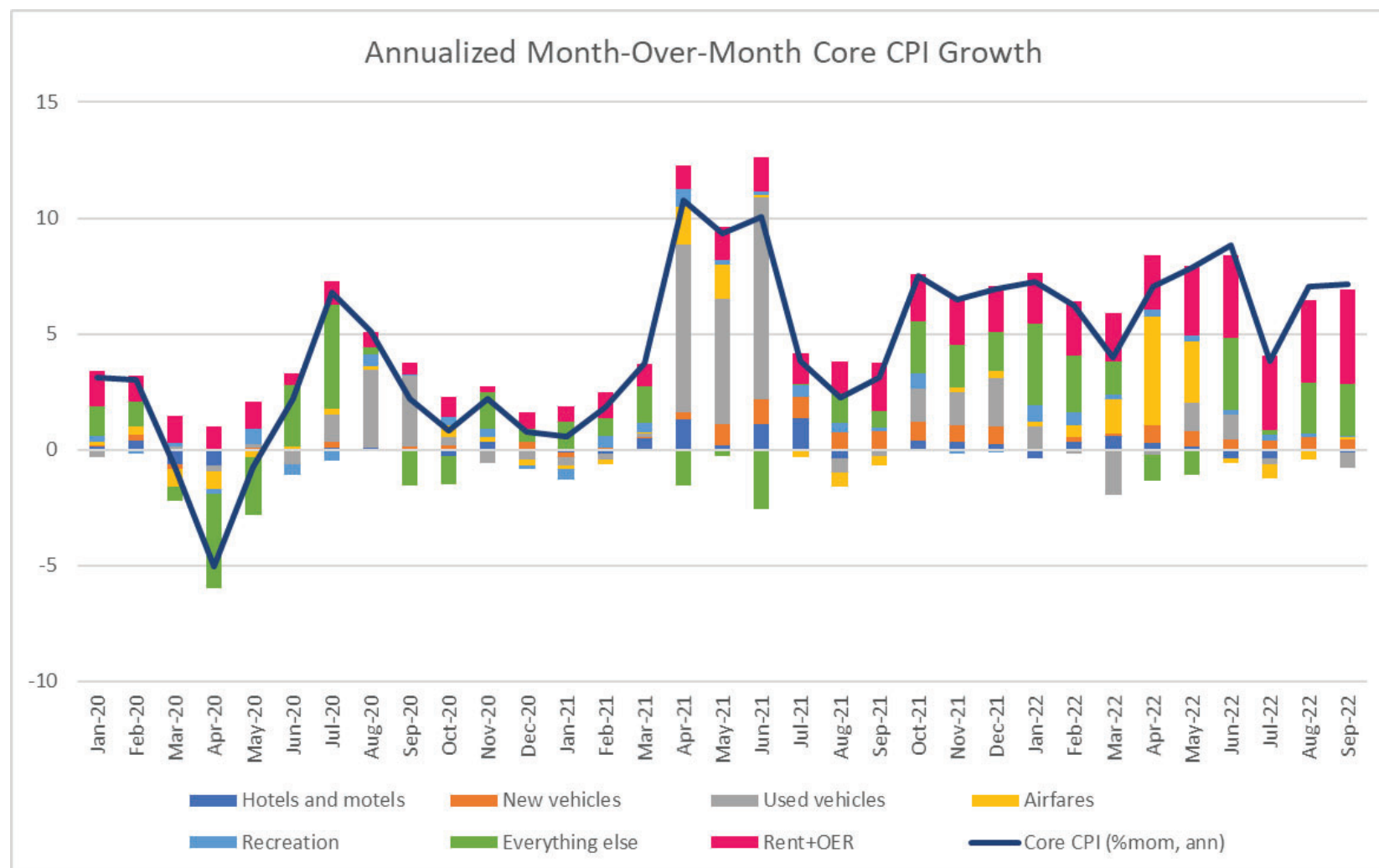
Source: Bureau of Labor Statistics/Haver Analytics

However, consumer inflation remains well-above the Fed target and the September report slightly outpaced expectations



Source: Bureau of Labor Statistics via Haver Analytics

# Inflation remains broad-based and rents are playing a more significant role in recent months



Source: Bureau of Labor Statistics via Haver Analytics

# Headlines from the FOMC meeting last week

**The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. In support of these goals, the Committee decided to raise the target range for the federal funds rate to 3 to 3-1/4 percent and anticipates that ongoing increases in the target range will be appropriate. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in the Plans for Reducing the Size of the Federal Reserve's Balance Sheet that were issued in May. The Committee is strongly committed to returning inflation to its 2 percent objective.**

In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. **The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals.** The Committee's assessments will take into account a wide range of information, including readings on public health, labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

*Source: Board of Governors*

# Headlines from Powell's Press Conference

Over coming months, we will be looking for compelling evidence that inflation is moving down, consistent with inflation returning to 2 percent. **We anticipate that ongoing increases in the target range for the federal funds rate will be appropriate; the pace of those increases will continue to depend on the incoming data and the evolving outlook for the economy...**At some point, as the stance of monetary policy tightens further, it will become appropriate to slow the pace of increases, while we assess how our cumulative policy adjustments are affecting the economy and inflation...

**Reducing inflation is likely to require a sustained period of below-trend growth, and there will very likely be some softening of labor market conditions. Restoring price stability is essential to set the stage for achieving maximum employment and stable prices over the longer run. We will keep at it until we are confident the job is done...**

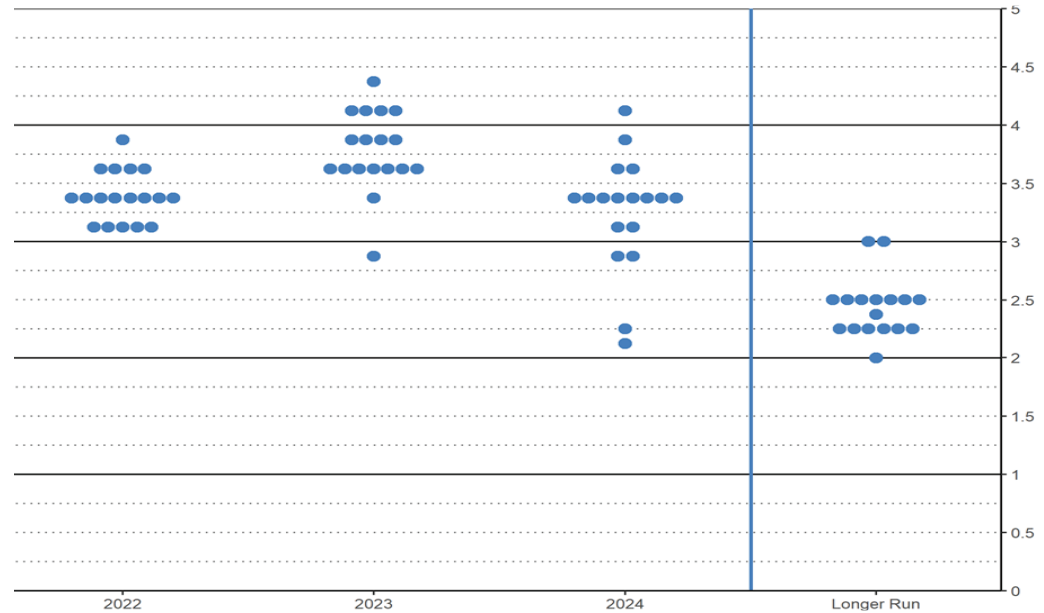
**So we'll be looking at a few things. First we'll want to see growth continuing to run below trend, we'll want to see movements in the labor market showing a return to a better balance between supply and demand, and ultimately we'll want to see clear evidence that inflation is moving back down to 2 percent.**

*Source: Board of Governors*

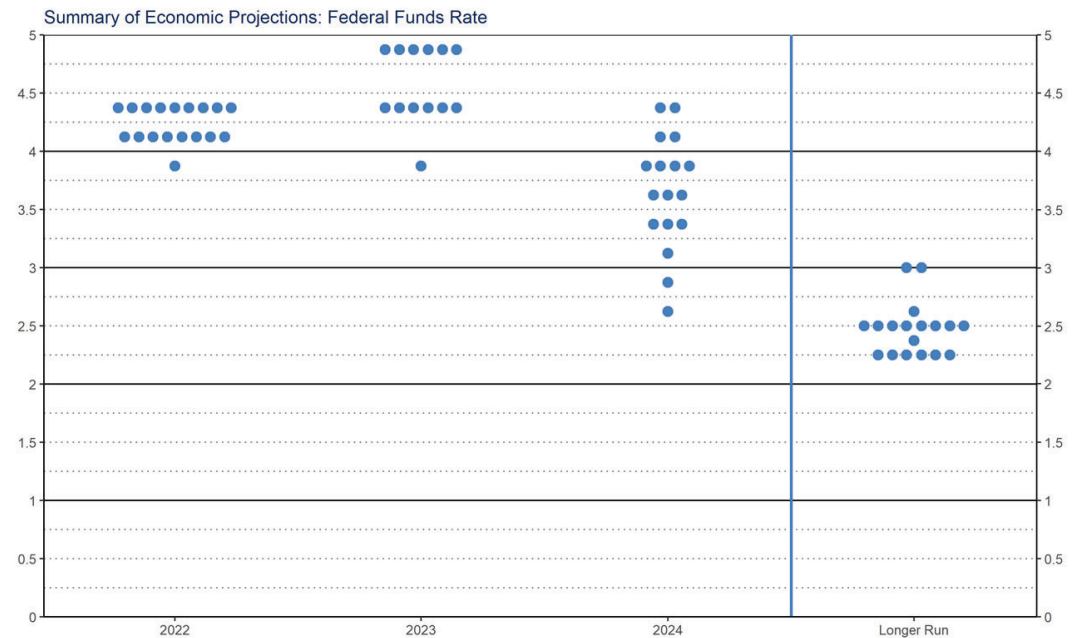


# Changes in FOMC near term interest rate projections: June 2022 vs September 2022

June 2022



September 2022



# **SOUTH CAROLINA'S ECONOMY IN 2022**

## **WHERE WE ARE AND WHERE WE'RE HEADED**

*Joseph Von Nessen, Ph.D.*

*Research Economist*

*October 18, 2022*

[joey.vonnessen@moore.sc.edu](mailto:joey.vonnessen@moore.sc.edu)

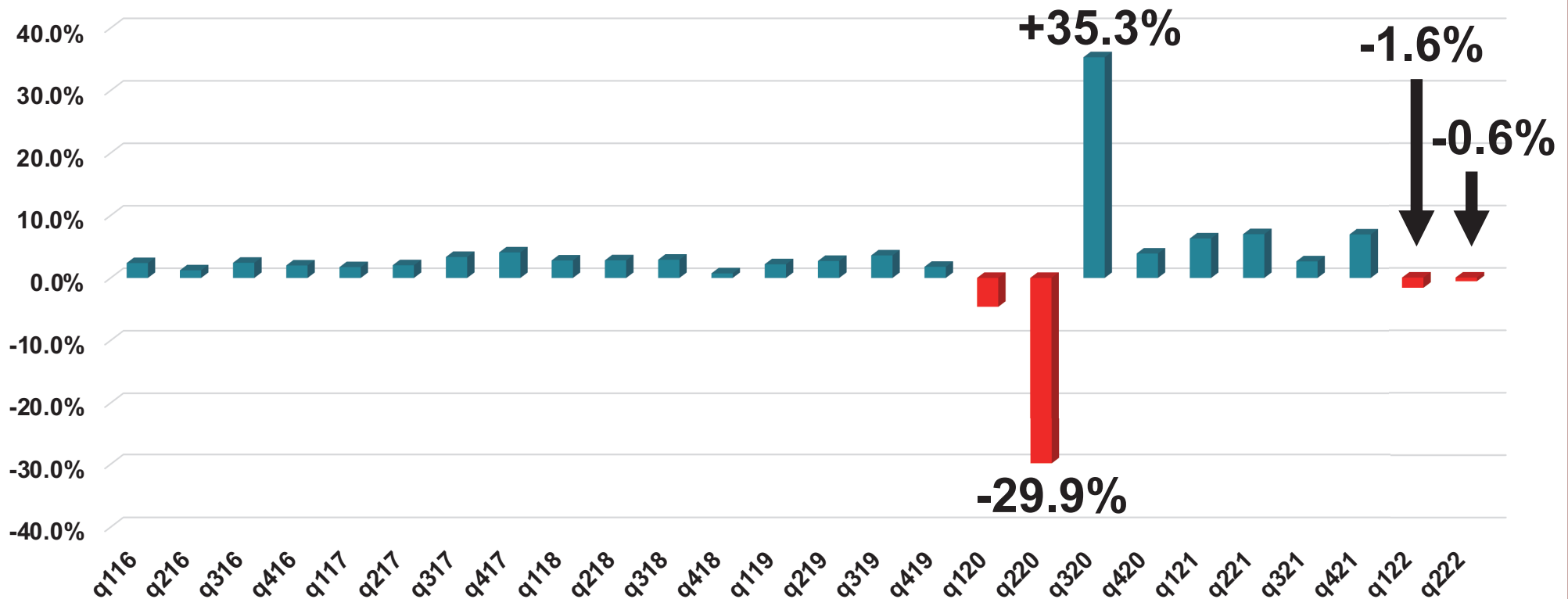




# **ARE WE IN A RECESSION?**



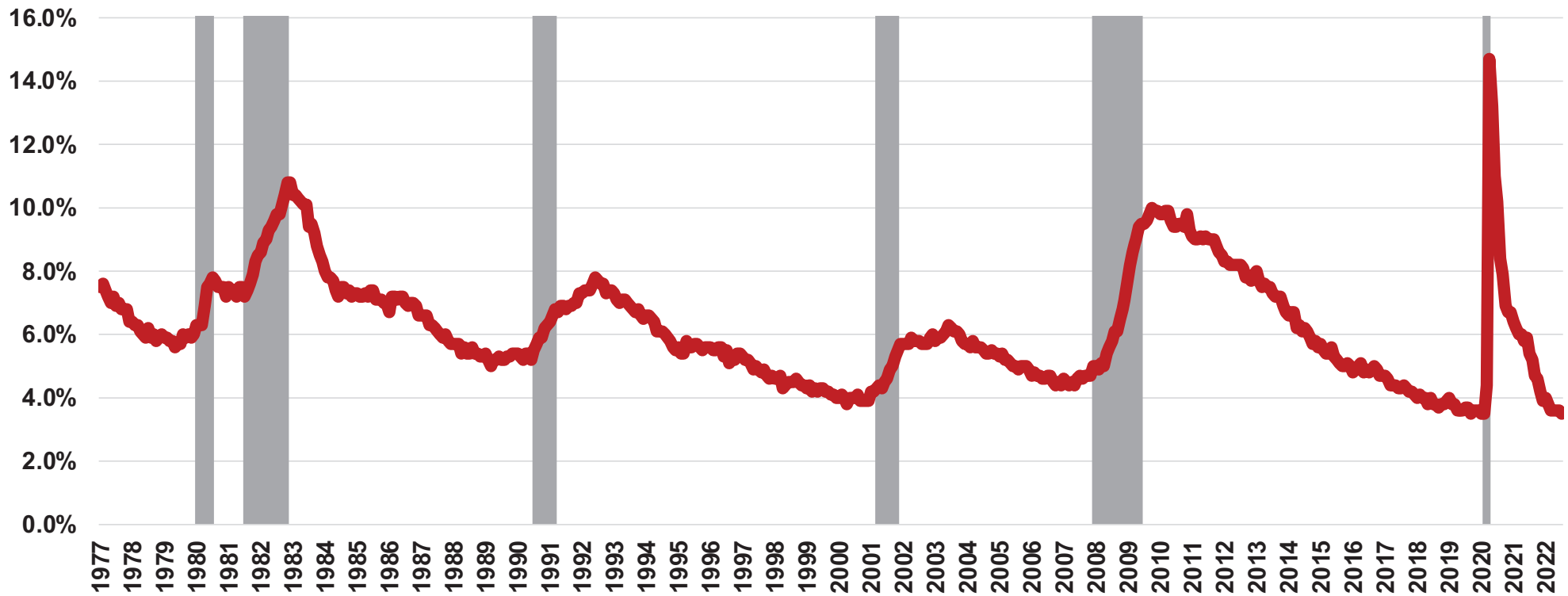
# U.S. ANNUALIZED GDP GROWTH



Source: U.S. Bureau of Economic Analysis

# U.S. UNEMPLOYMENT RATE

*Note: Official recessions denoted by grey bars*



*Source: U.S. Bureau of Labor Statistics*

# COMPONENTS OF GDP GROWTH

	q121	q221	q321	q421	q122	q222
<b>Total GDP</b>	<b>+6.3%</b>	<b>+7.0%</b>	<b>+2.7%</b>	<b>+7.0%</b>	<b>-1.6%</b>	<b>-0.6%</b>
<b>Personal consumption expenditures</b>	<b>+7.0%</b>	<b>+7.8%</b>	<b>+2.0%</b>	<b>+2.1%</b>	<b>+0.9%</b>	<b>+1.4%</b>
Goods	+5.3%	+2.7%	-2.0%	+0.6%	0.0%	-0.6%
Services	+1.7%	+5.2%	+3.9%	+1.6%	+0.9%	+2.0%
<b>Gross private domestic investment</b>	<b>-0.8%</b>	<b>+0.3%</b>	<b>+1.8%</b>	<b>+5.1%</b>	<b>+1.0%</b>	<b>-2.8%</b>
Change in private inventories	-2.5%	-0.8%	+2.0%	+5.0%	+0.2%	-2.0%
<b>Net exports of goods and services</b>	<b>-1.0%</b>	<b>-0.6%</b>	<b>-1.1%</b>	<b>-0.2%</b>	<b>-3.1%</b>	<b>+1.2%</b>
Exports	0.0%	+0.5%	-0.1%	+2.4%	-0.5%	+1.5%
Goods	-0.1%	+0.3%	-0.3%	+1.6%	-0.6%	+1.2%
Services	+0.1%	+0.3%	+0.2%	+0.7%	+0.1%	+0.3%
Imports	-1.1%	-1.1%	-1.0%	-2.5%	-2.6%	-0.4%
Goods	-1.3%	-0.5%	-0.1%	-2.2%	-2.4%	+0.1%
Services	+0.2%	-0.6%	-0.9%	-0.3%	-0.2%	-0.4%
<b>Government</b>	<b>+1.2%</b>	<b>-0.5%</b>	<b>0.0%</b>	<b>-0.2%</b>	<b>-0.4%</b>	<b>-0.3%</b>

Source: U.S. Bureau of Economic Analysis  
 Note that rounding error prevents some categories from summing correctly

# IS A RECESSION INEVITABLE?



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School of Business**

# **TWO POSSIBLE PATHS TO RECESSION**

**HIGH INFLATION**



**MAKES GOODS AND  
SERVICES LESS AFFORDABLE**



**REDUCES ECONOMIC ACTIVITY**

**HIGH INTEREST RATES**



**RAISES THE COST OF  
BORROWING MONEY**



**REDUCES ECONOMIC ACTIVITY**



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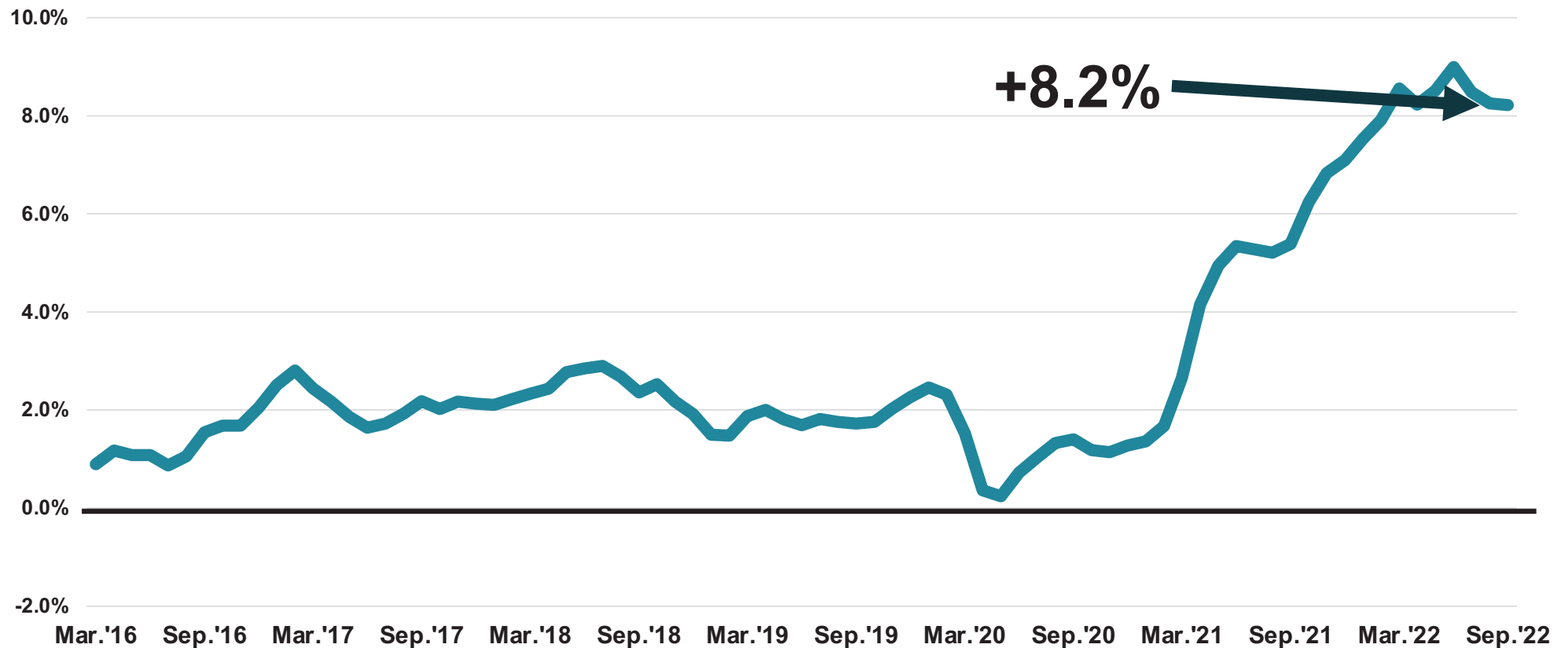


**THE FEDERAL RESERVE IS  
THROWING COLD WATER ON A  
RED HOT ECONOMY**



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# U.S. INFLATION RATE (YEAR/YEAR)

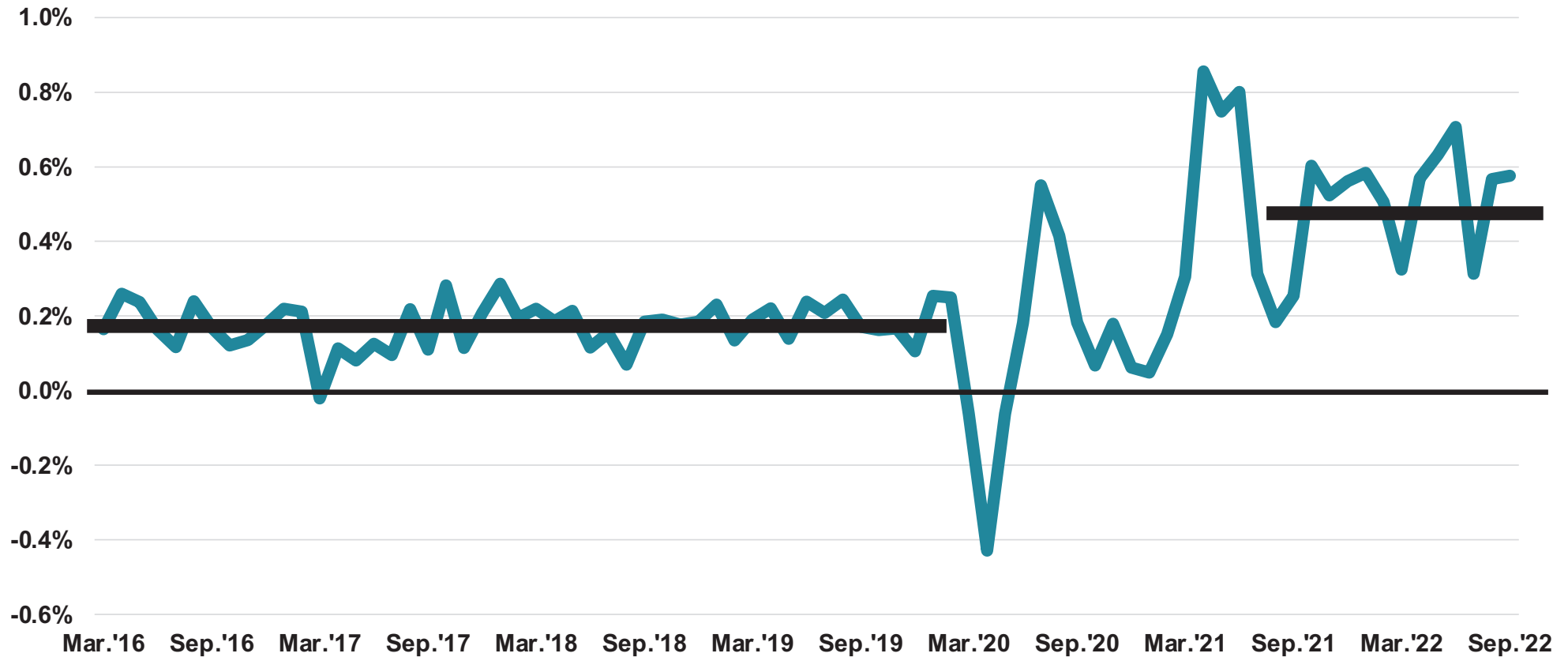


Source: Consumer Price Index, SA



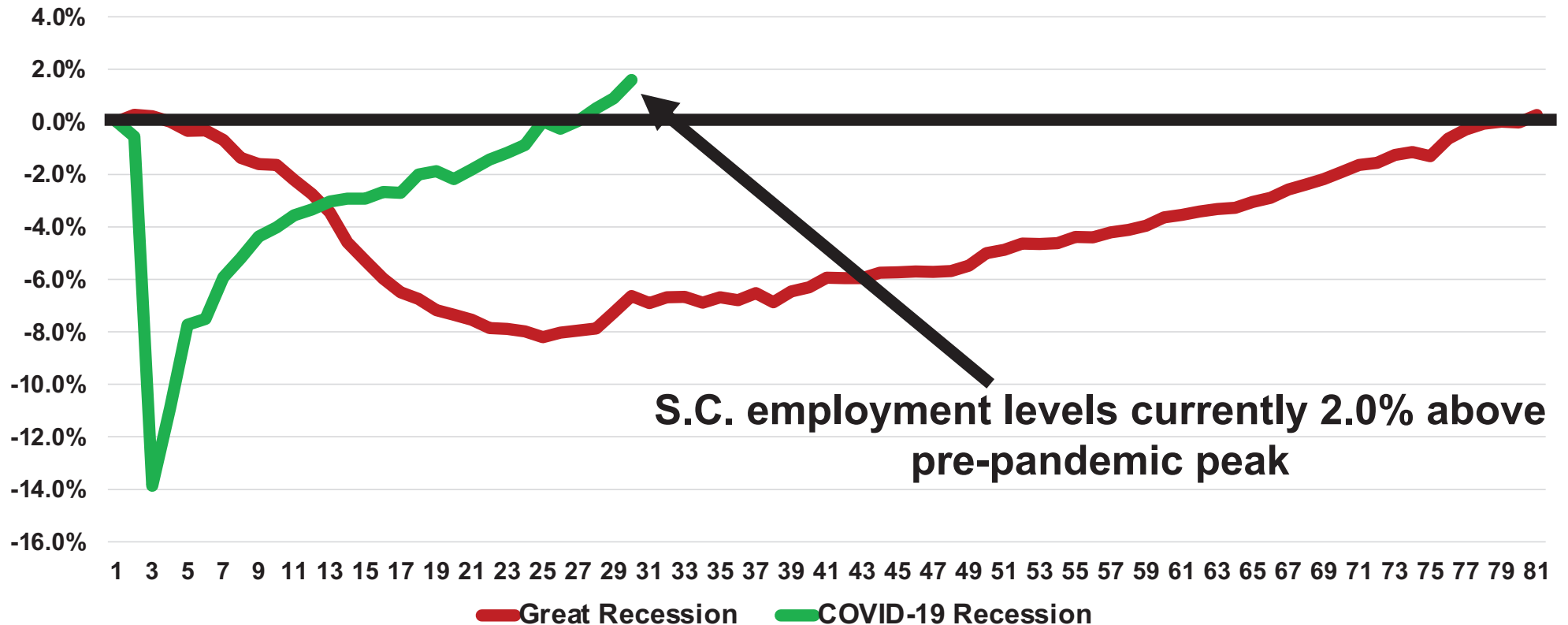
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# U.S. CORE INFLATION (MONTH/MONTH)



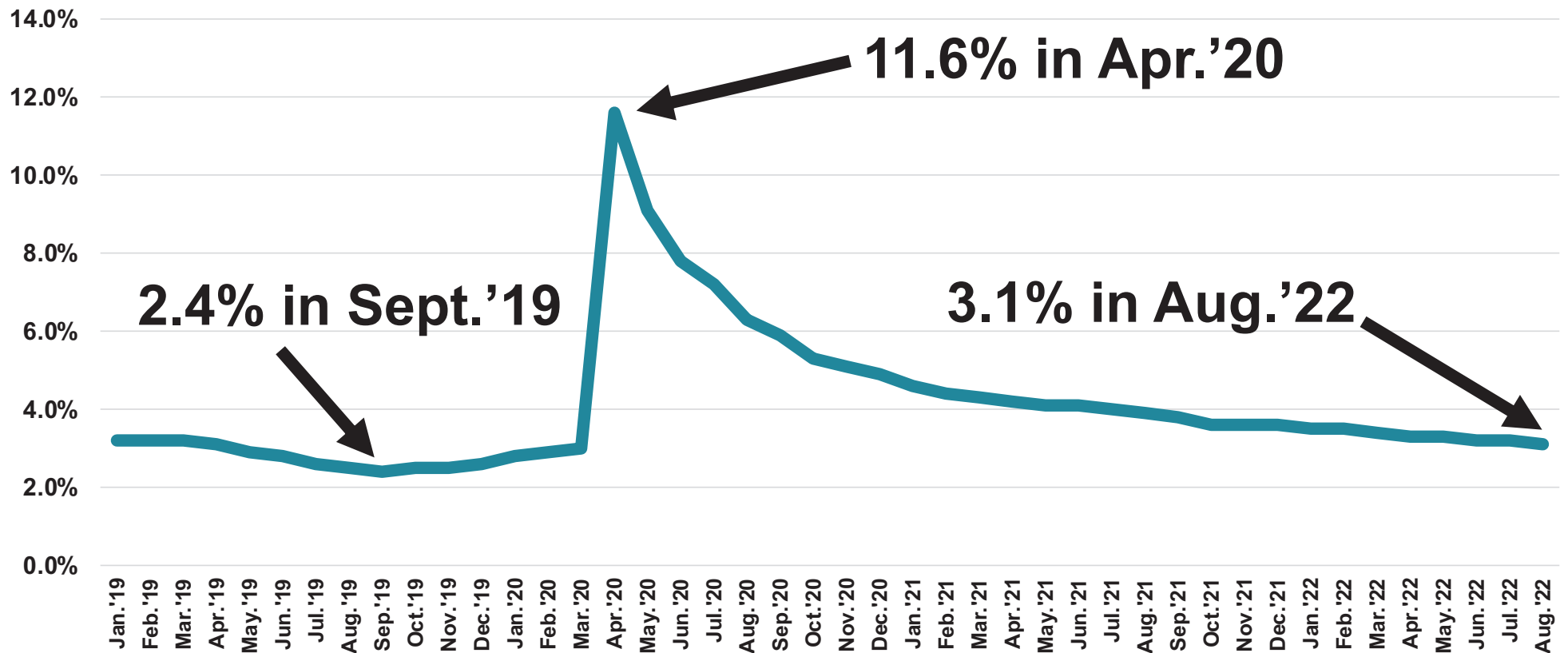
Source: Consumer Price Index, SA

# S.C. EMPLOYMENT AS PCT. OF PRE-RECESSION PEAK



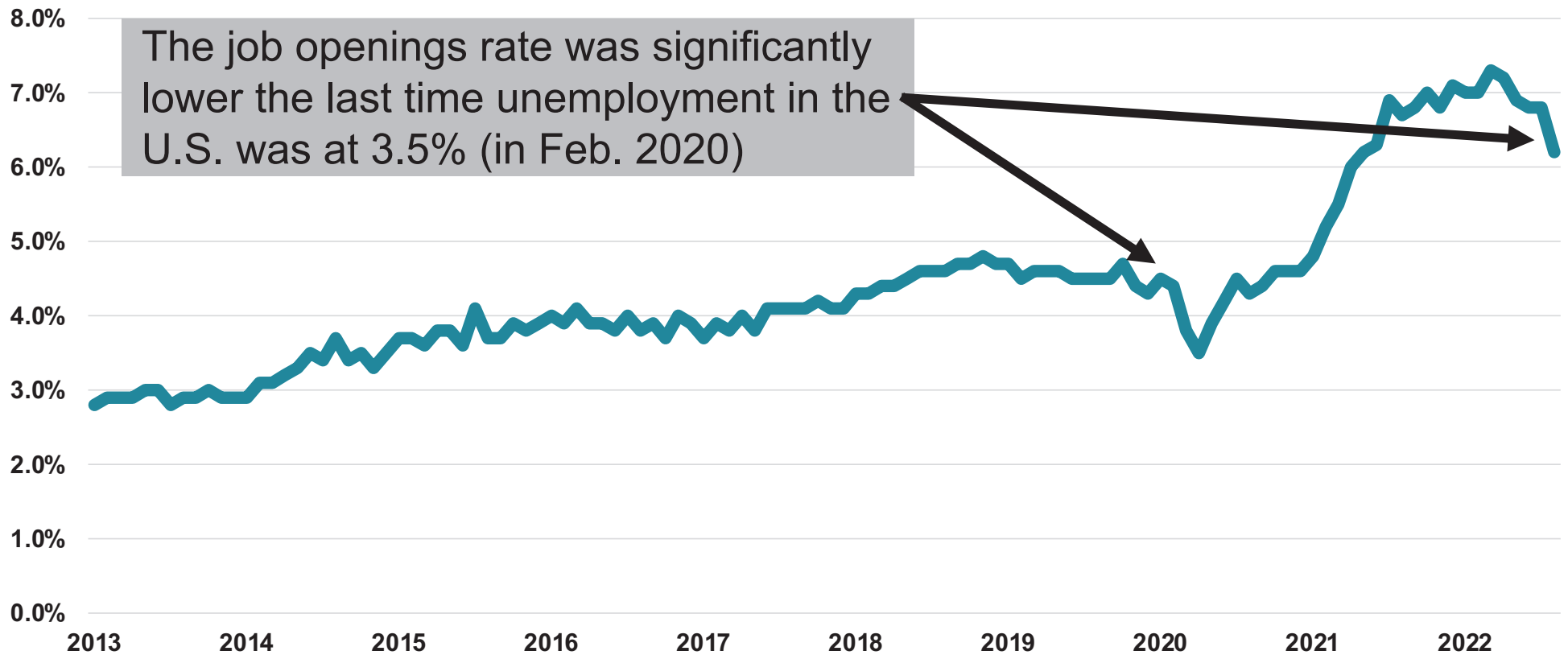
Source: U.S. Bureau of Labor Statistics, CES-SA

# SOUTH CAROLINA UNEMPLOYMENT RATE



Source: Local Area Unemployment Statistics, SA

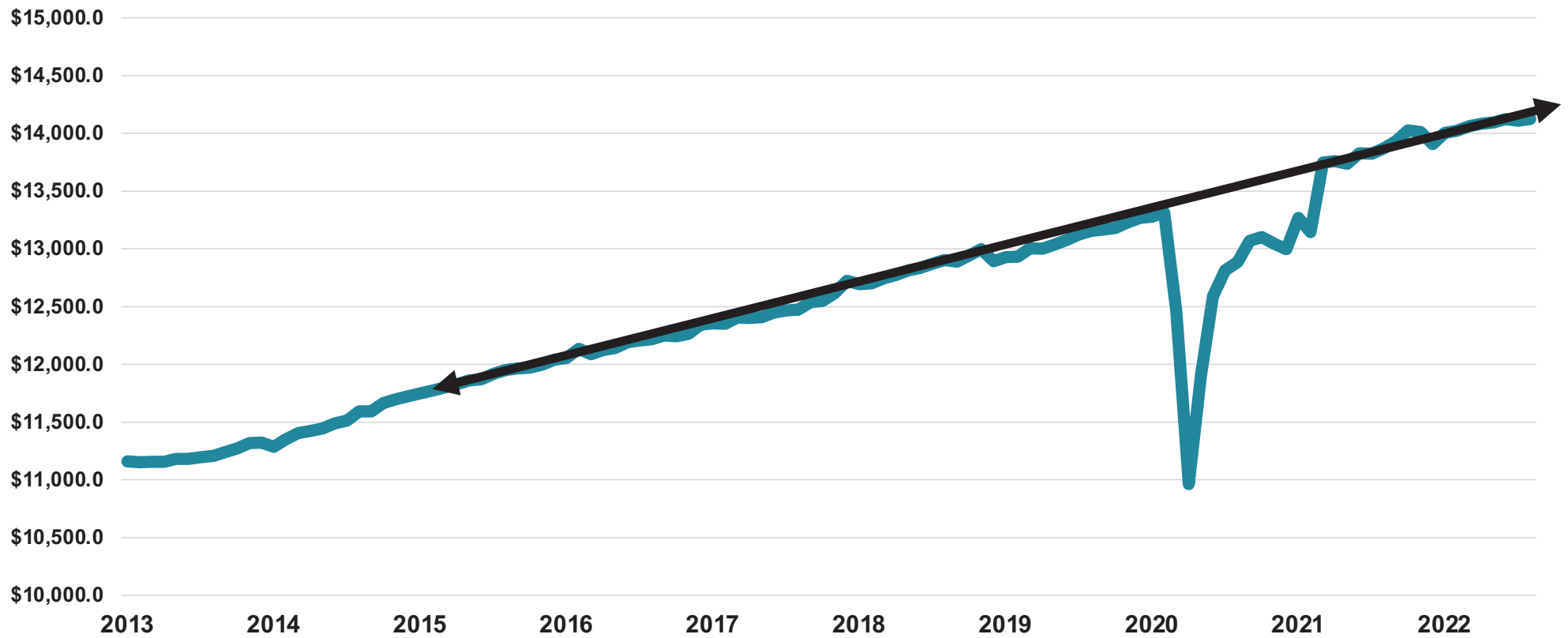
# U.S. JOB OPENINGS RATE



Source: U.S. Bureau of Labor Statistics



# REAL TOTAL U.S. CONSUMER SPENDING



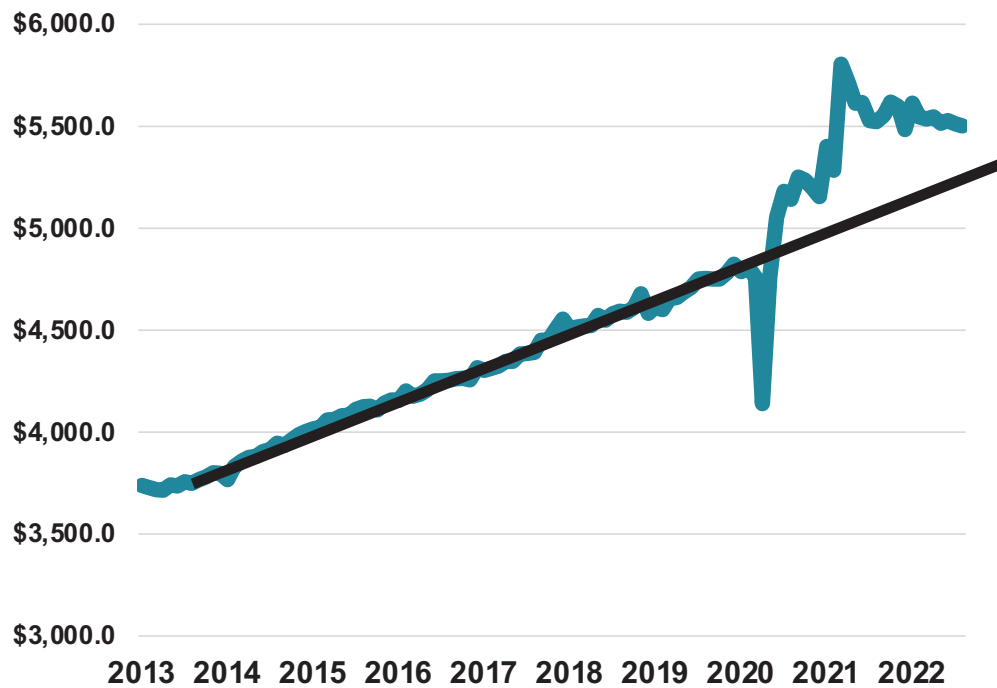
Source: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis



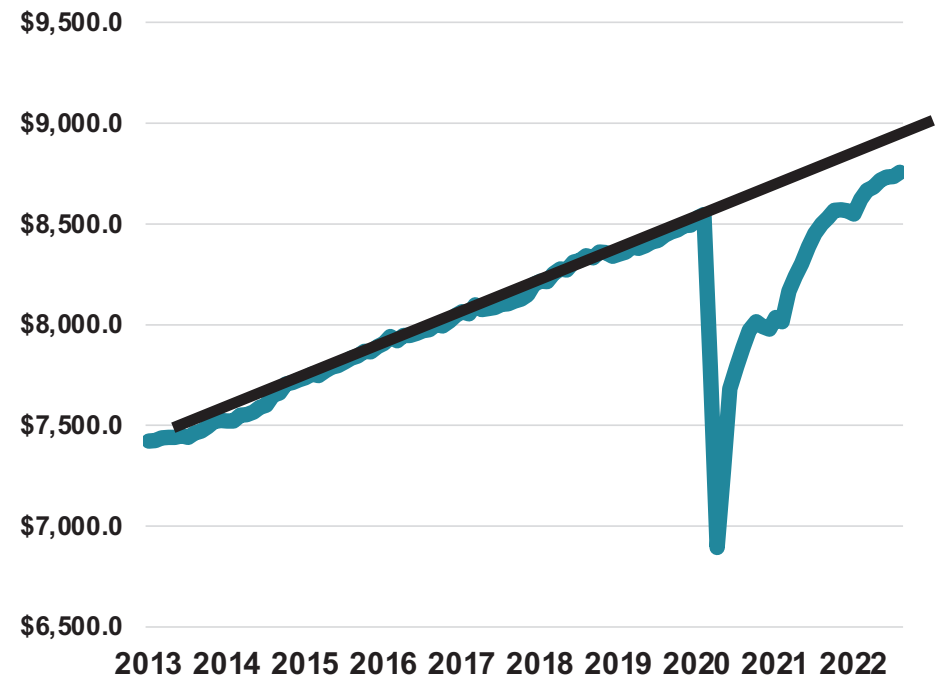
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# REAL U.S. CONSUMER SPENDING

## Goods



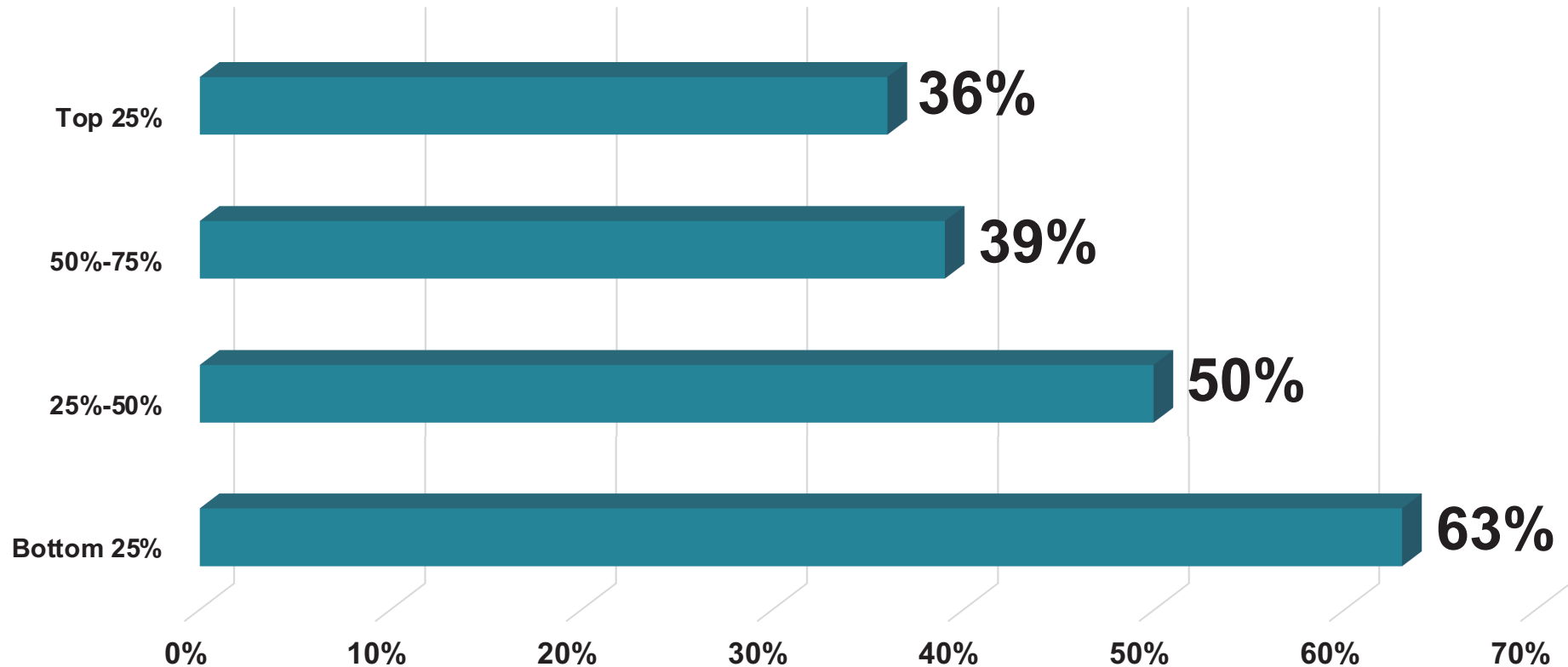
## Services



Source: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis

# U.S. CHECKING ACCOUNT BALANCES AS PCT. OF 2019 VALUE

*Note: Categorized by Household Quartiles*



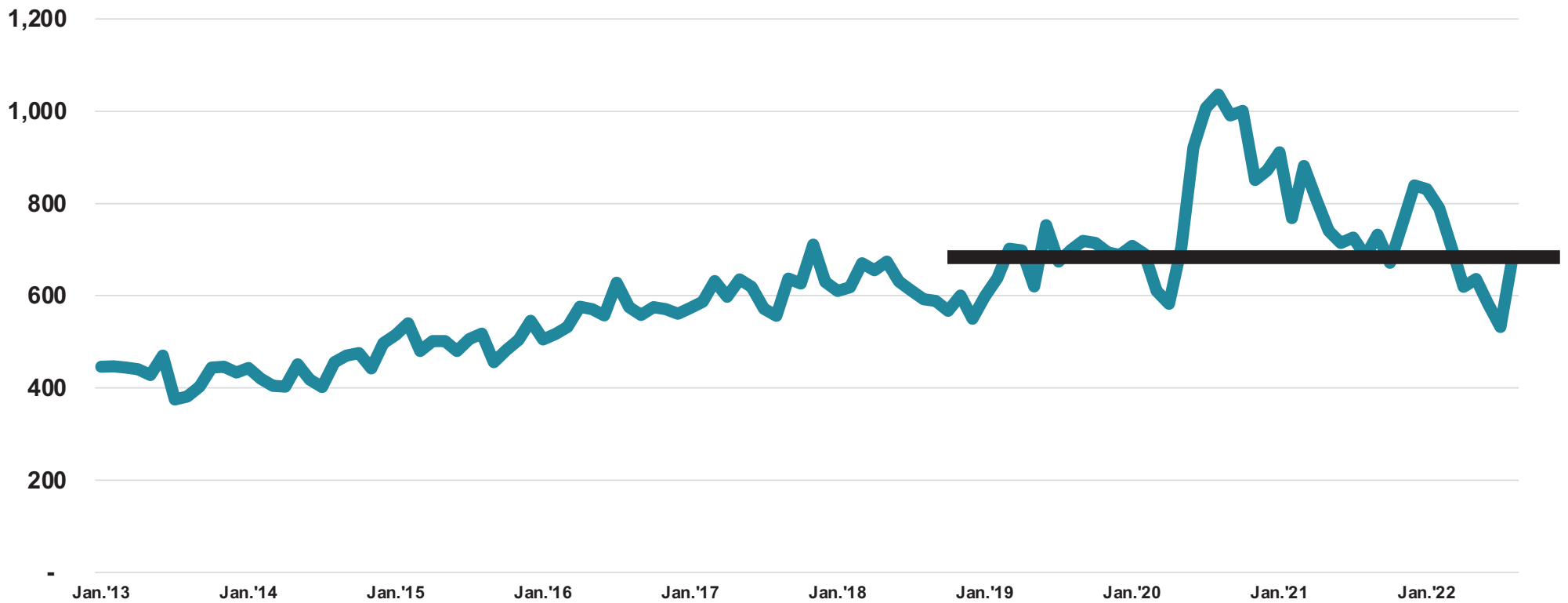
Source: Moody's Analytics, June 2022



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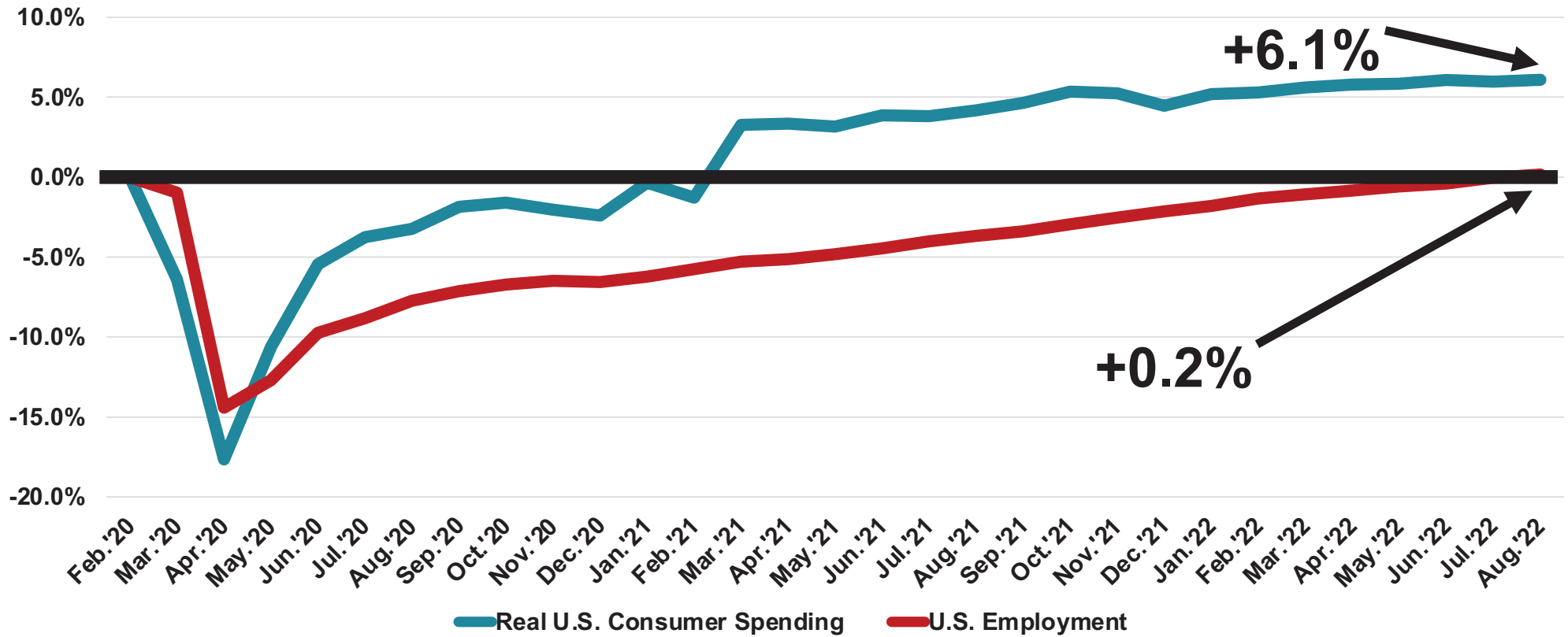
# TOTAL U.S. SINGLE-FAMILY HOUSING SALES

*in thousands*



Source: U.S. Census Bureau, US HUD

# U.S. CUMULATIVE GROWTH SINCE FEB.'20



Source: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis

# LOOKING AHEAD!



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# **WHAT DO WE KNOW ABOUT FED POLICY?**

- **GETTING INFLATION UNDER CONTROL IS THE FED'S HIGHEST STATED PRIORITY**
- **TO DATE, WE'VE SEEN 5 RATE INCREASES IN 2022**
- **RATES ARE LIKELY TO BE INCREASED BY ANOTHER 100 BASIS POINTS BEFORE THE END OF 2022**

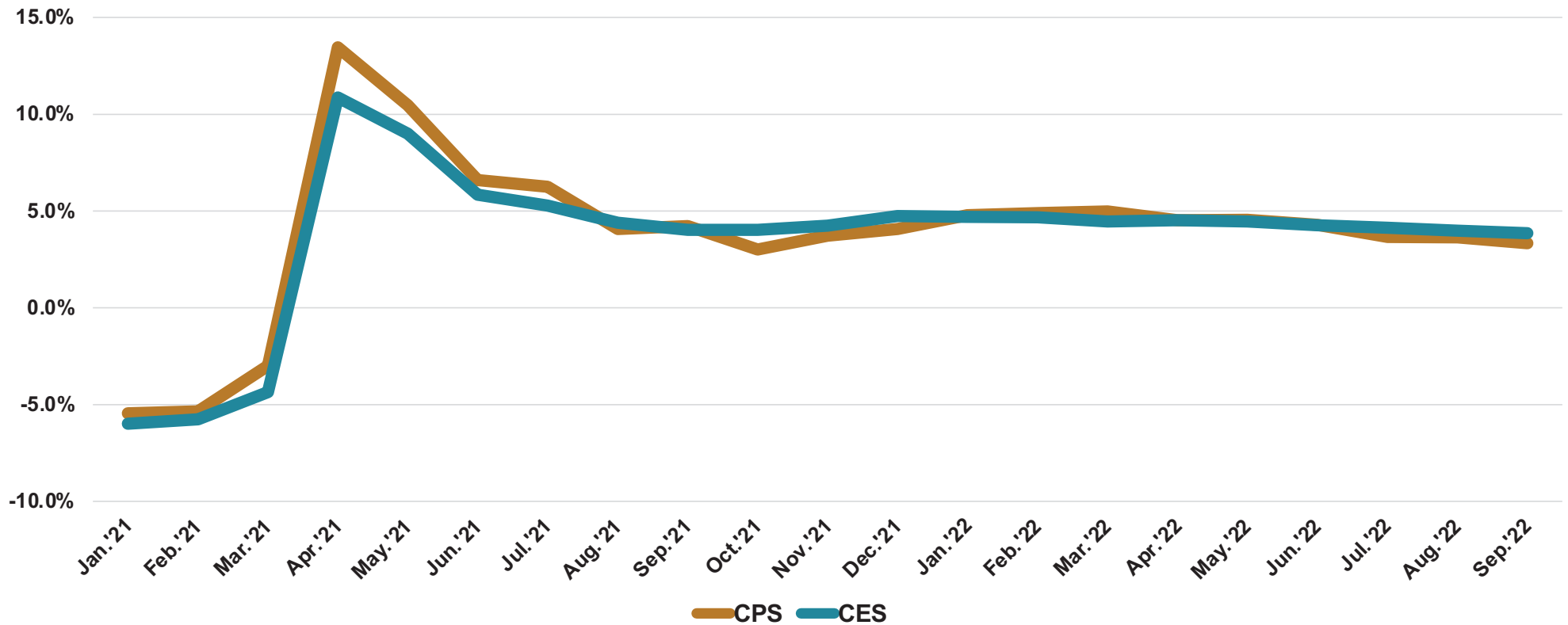


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# **ASSESSING STATE-LEVEL EMPLOYMENT GROWTH TRENDS**

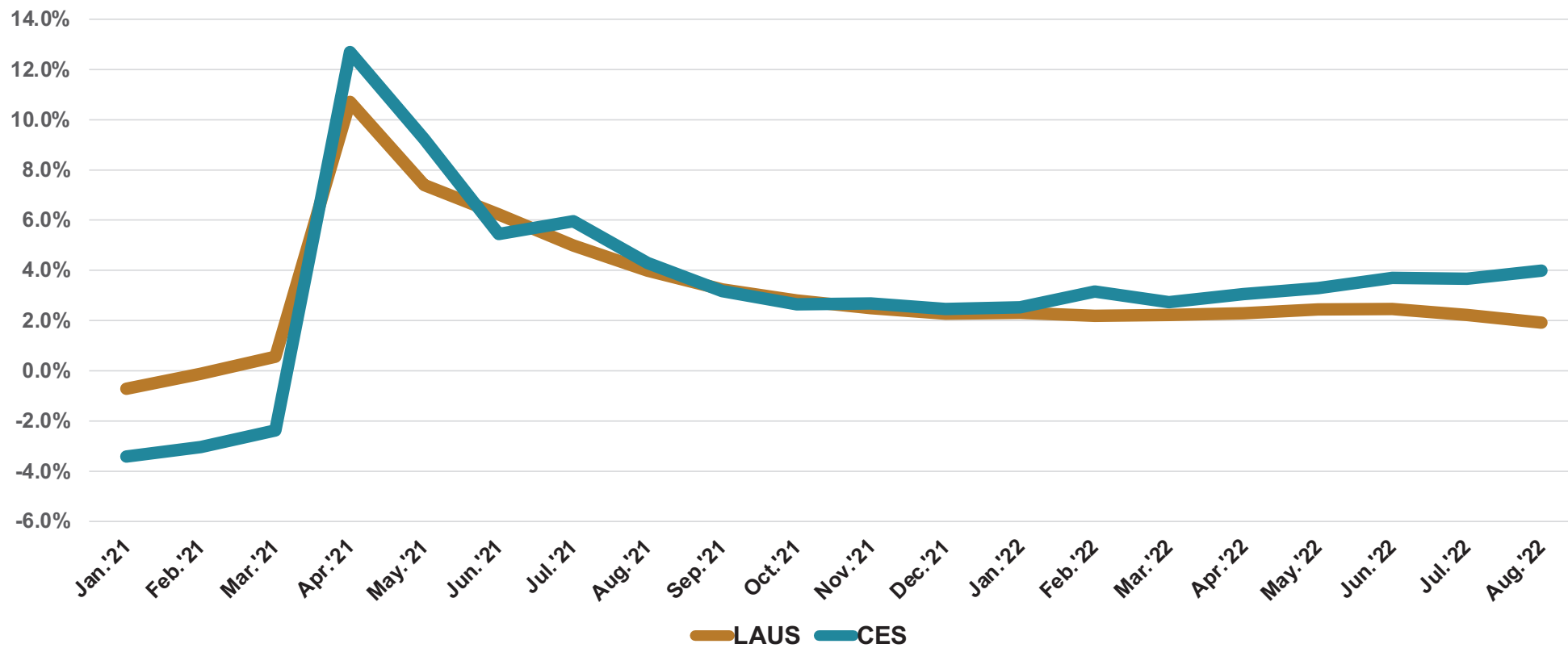
**CURRENT EMPLOYMENT STATISTICS (CES)  
VS.  
LOCAL AREA UNEMPLOYMENT STATISTICS (LAUS)**

# U.S. EMPLOYMENT GROWTH



Source: U.S. Bureau of Labor Statistics

# S.C. EMPLOYMENT GROWTH



Source: U.S. Bureau of Labor Statistics

# THANK YOU!



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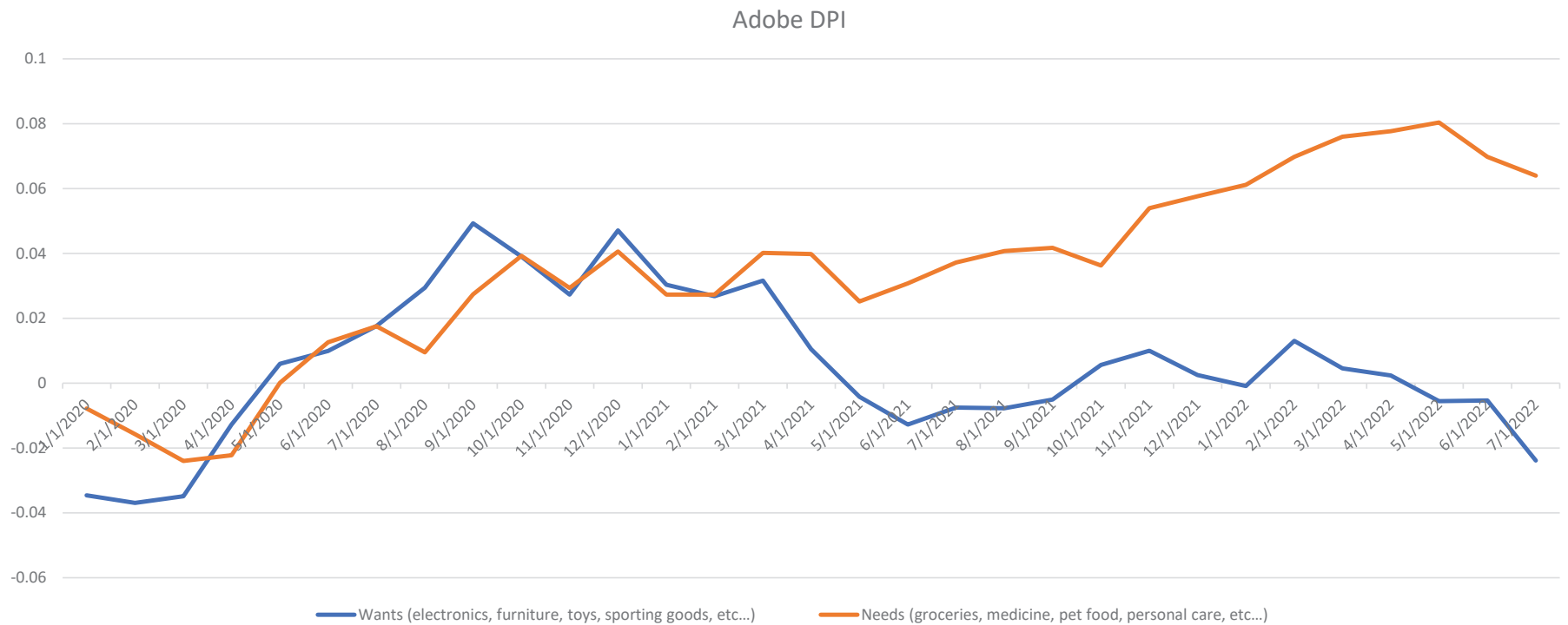
A few slides...  
in 10 gloomy minutes

Mark Witte

College of Charleston



# Inflation rates – Digital Price Index



# Headlines

BUSINESS NEWS MAY 1, 2008 / 12:52 PM / UPDATED 14 YEARS AGO

## FedEx, UPS eye U.S. slowdown, global growth

By Nick Carey

5 MIN READ

CHICAGO (Reuters) - Package shipping giants FedEx Corp [FDX.N](#) and United Parcel Service Inc [UPS.N](#) are walking a narrow path between expanding their businesses overseas and scaling back in the United States, where the economy has slumped.

REUTERS

## FedEx warns of worsening economy and pulls forecast; shares drop 16%



Nathan Gomes and Lisa Baertlein

September 15, 2022 · 3 min read



FedEx workers sort packages in Manhattan, New York City

BUSINESS NEWS

## CSX 1Q profit down 30 pct. as freight volume drops

CSX Corp. on Tuesday shined some light on the state of the nation's economy, as the railroad operator reported first-quarter profit down 30 percent from a year earlier.



SAVE

July 15, 2008, 6:50 PM EDT / Source: The Associated Press

The New York Times

<https://www.nytimes.com/2022/07/28/business/amazon-revenue-slow-growth-rate.html>

## Amazon posts 7.2 percent increase in revenue, the slowest growth rate in two decades.

Growth has slowed from its pandemic highs as people return to shopping in-person and pull back on spending in an uncertain economy.

This article is part of our Daily Business Briefing



By Karen Weise

HOME > TECH

## 'A slap in the face': Leaked documents show Amazon warehouse workers are upset over the company's new raises

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Jordan Parker Erb Oct 7, 2022, 6:35 AM

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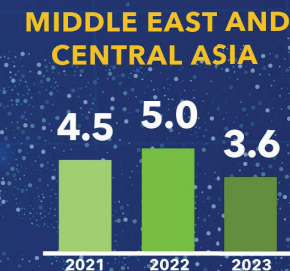
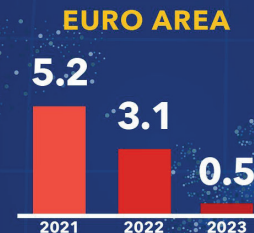
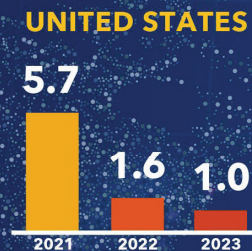
UN vote on Ukraine an



## WORLD ECONOMIC OUTLOOK OCTOBER 2022

# GROWTH PROJECTIONS BY REGION

(PERCENT CHANGE)



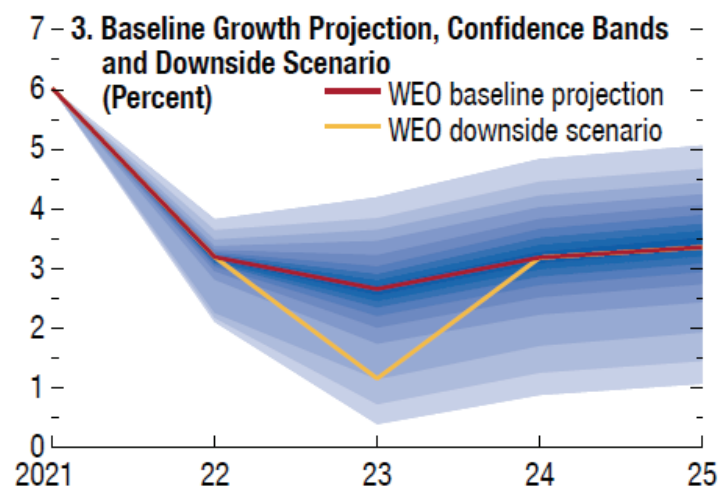
### Assumptions:

1. Oil prices fall
2. Chinese real estate investment is stable
3. Return to pre-covid labor force participation and employment growth
4. No financial market disruptions (UK???, Credit Suisse)
5. No appreciating US Dollar

Source: IMF, *World Economic Outlook*, October 2022.

Note: Order of bars for each group indicates (left to right): 2021, 2022 projections, and 2023 projections.

# If the IMF is wrong? We're going to need Ohio.



Source: IMF staff calculations.

