

THE SOUTH CAROLINA ECONOMIC OUTLOOK

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South Carolina

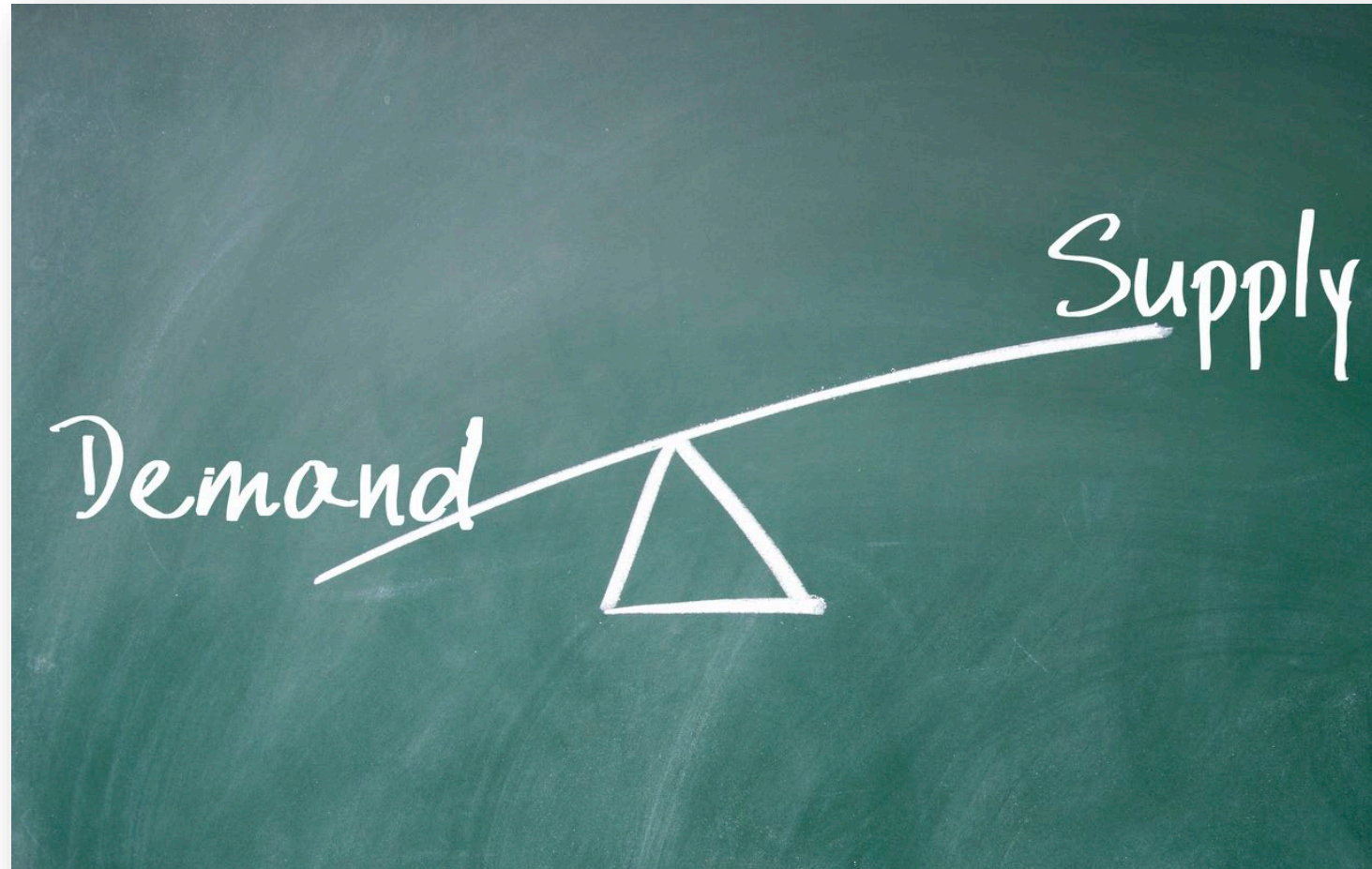
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THE BOTTOM LINE

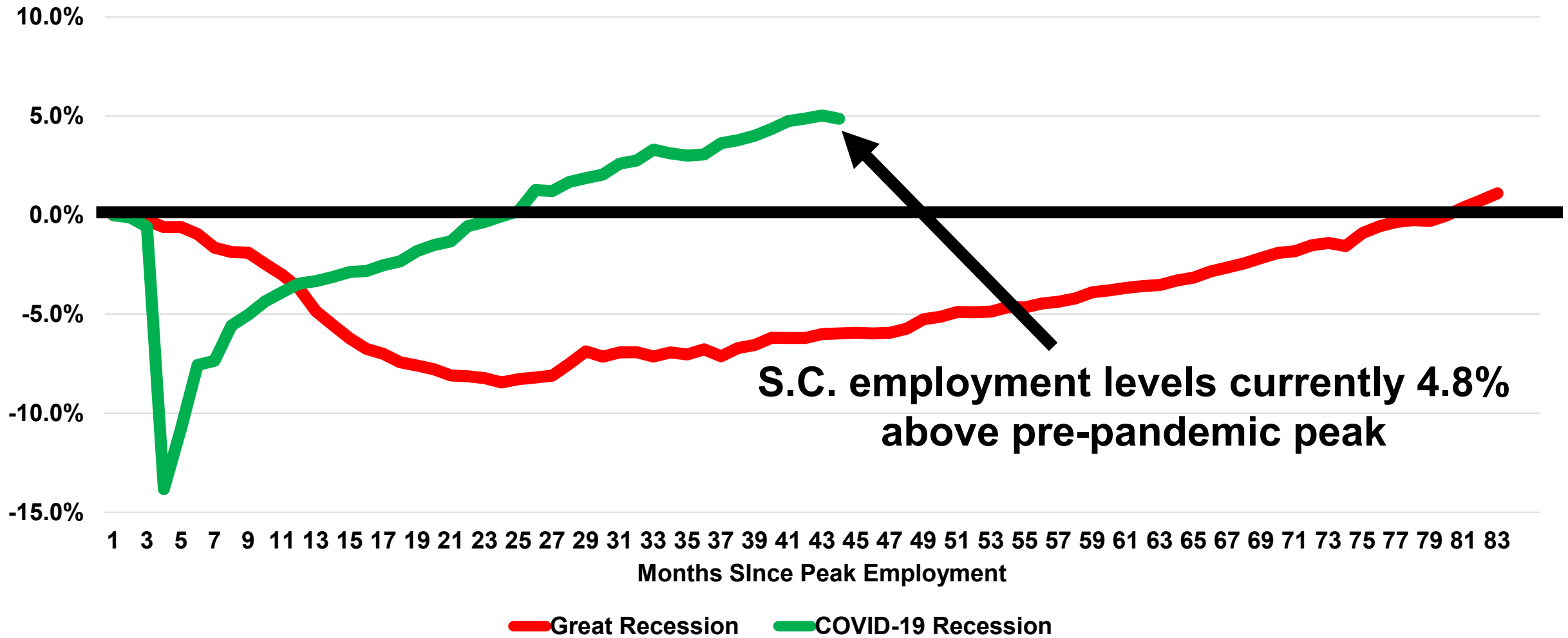
THE GOOD, THE BAD, AND THE UGLY!

- **THE SOUTH CAROLINA ECONOMY HAS BEEN RESILIENT IN 2023 BUT IS STILL READJUSTING**
- **THERE ARE SIGNIFICANT HEADWINDS FIGHTING THE FEDERAL RESERVE ON INFLATION THAT WILL PERSIST INTO 2024**
- **THE LIKELIHOOD OF RECESSION HAS DECREASED, BUT DON'T GET TOO COMFORTABLE YET**

READJUSTING TOWARDS EQUILIBRIUM



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



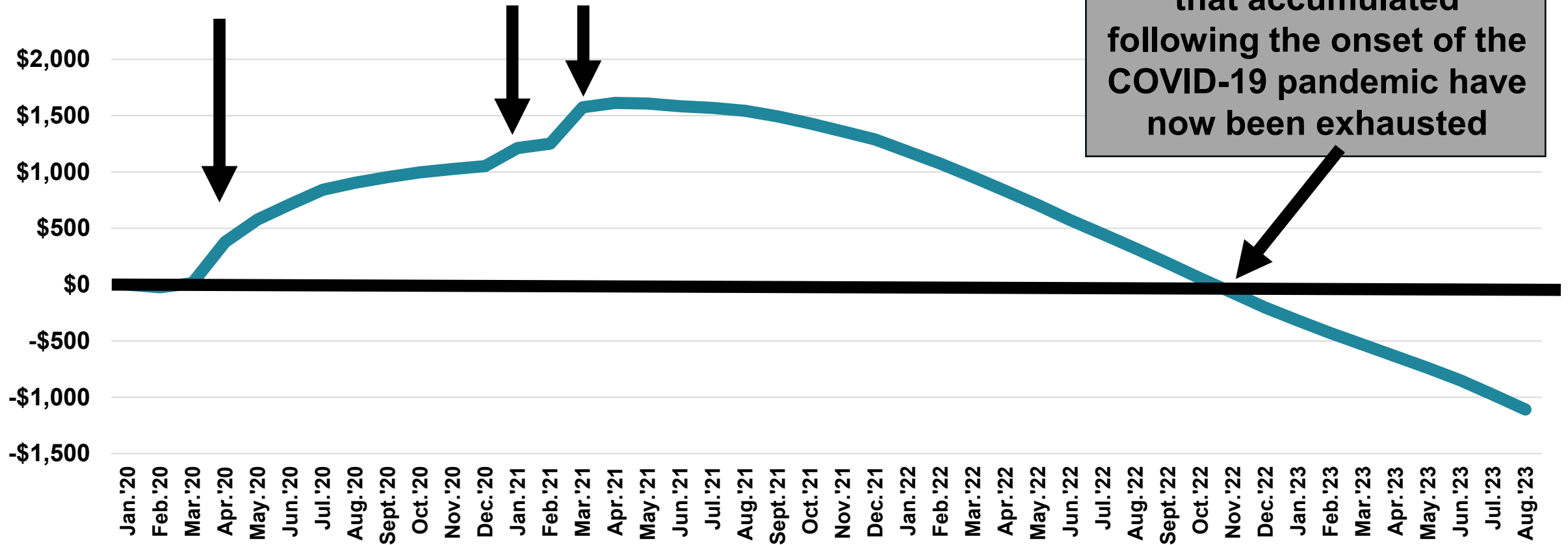
S.C. employment levels currently 4.8% above pre-pandemic peak

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

U.S. TOTAL EXCESS PERSONAL SAVINGS

In Billions

3 Stimulus Checks (Mar.'20, Dec.'20, Mar.'21)



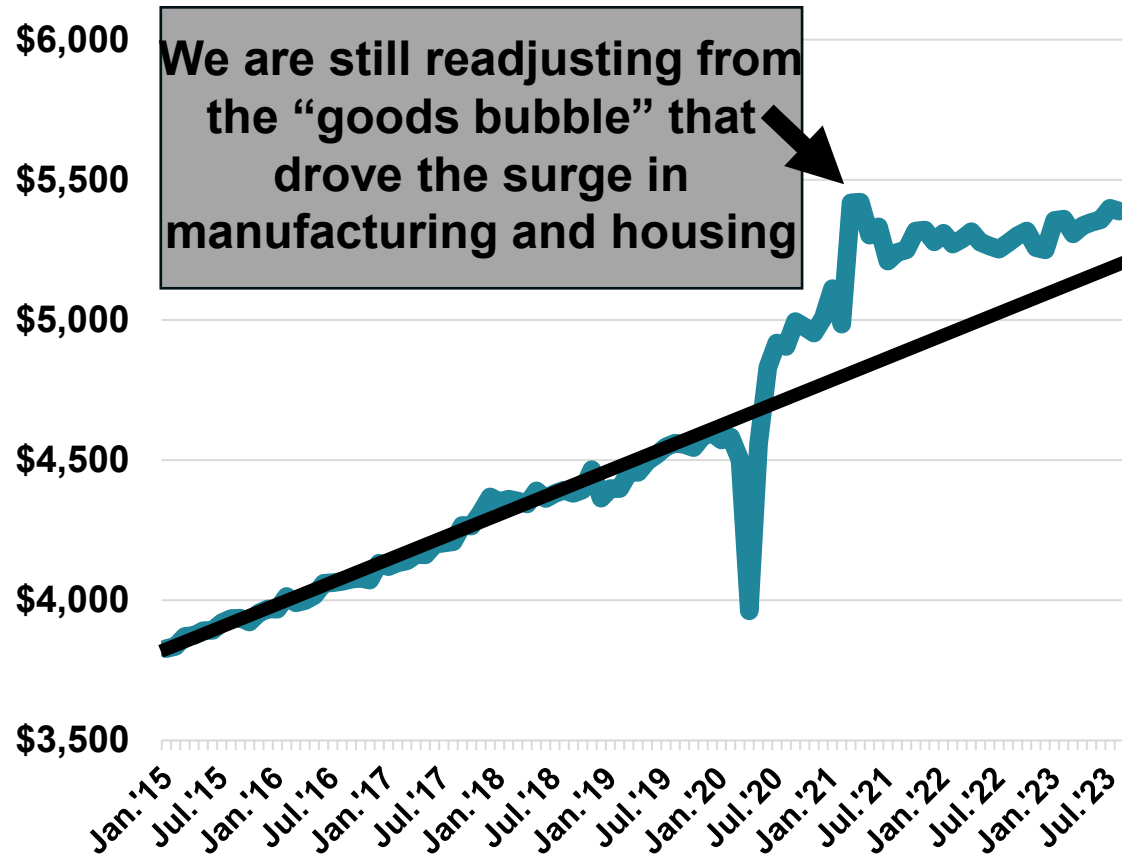
Source: U.S. Bureau of Economic Analysis



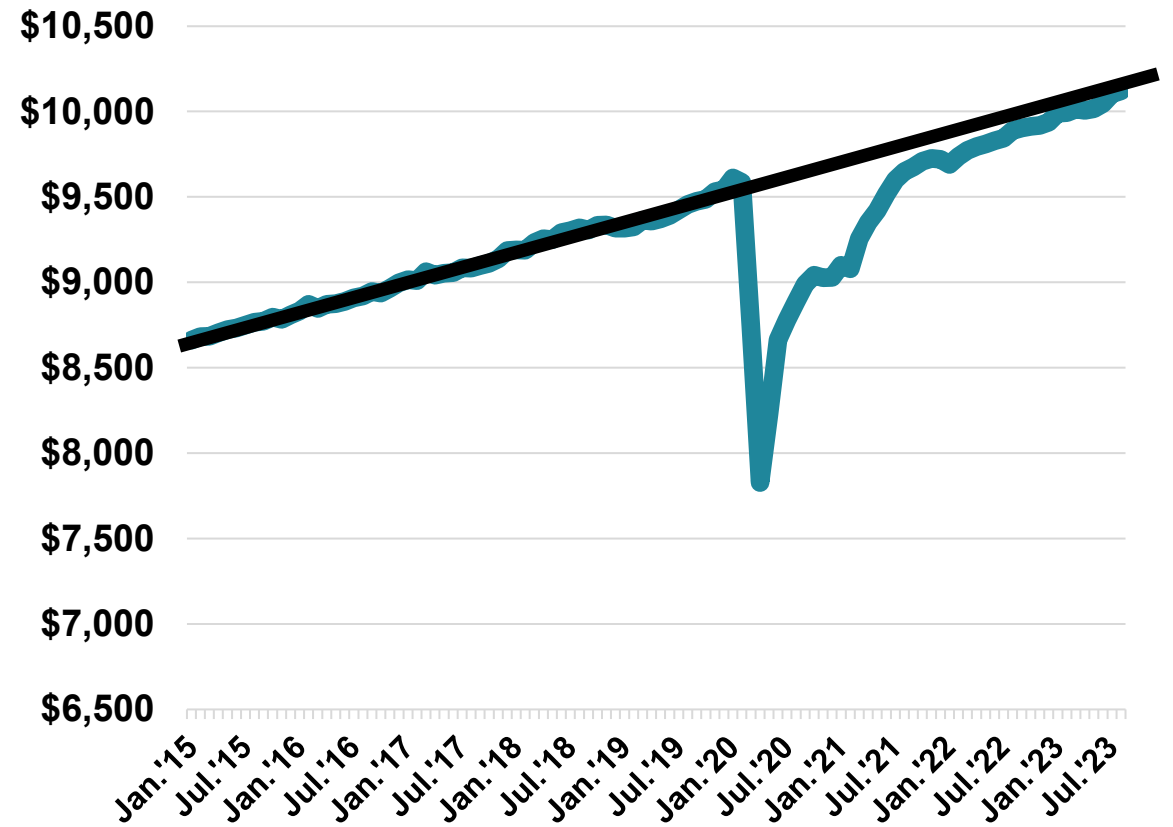
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REAL U.S. CONSUMER SPENDING

Goods



Services



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



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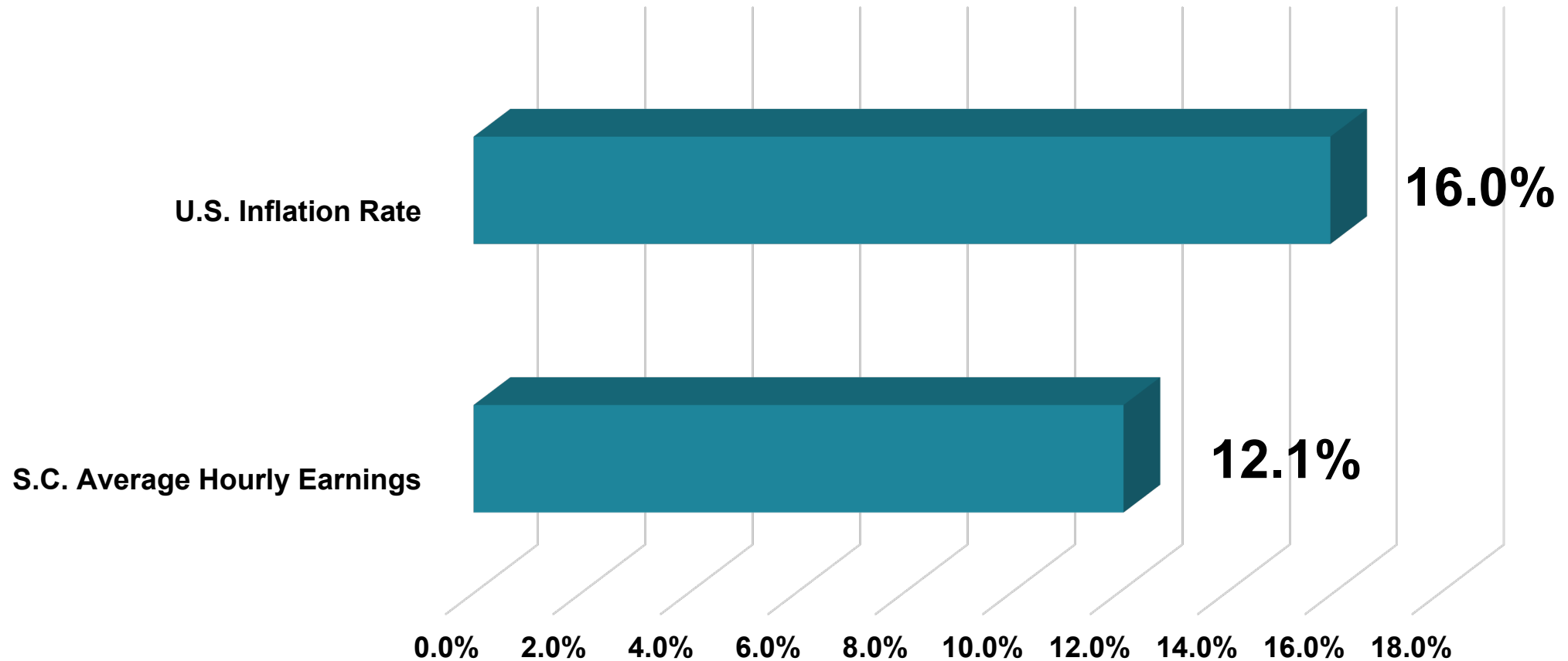
**EVEN THOUGH INFLATION HAS COME DOWN
SUBSTANTIALLY IN 2023, CONSUMER CONFIDENCE
REMAINS LOW. WHY?**

**THE CUMULATIVE EFFECTS OF INFLATION HAVE
LOWERED PURCHASING POWER.**



WAGE GROWTH AND INFLATION

August 2023 vs. August 2020



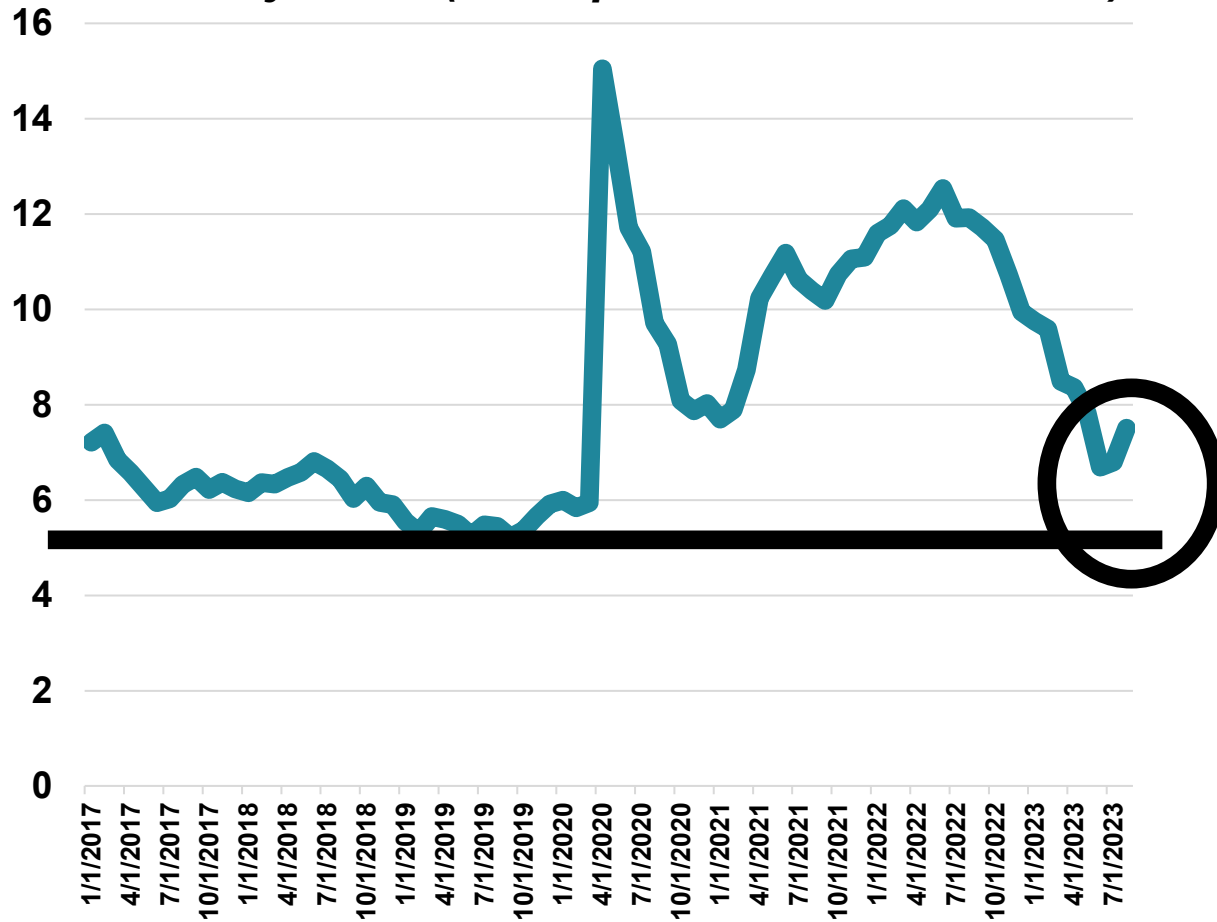
Source: U.S. Bureau of Labor Statistics



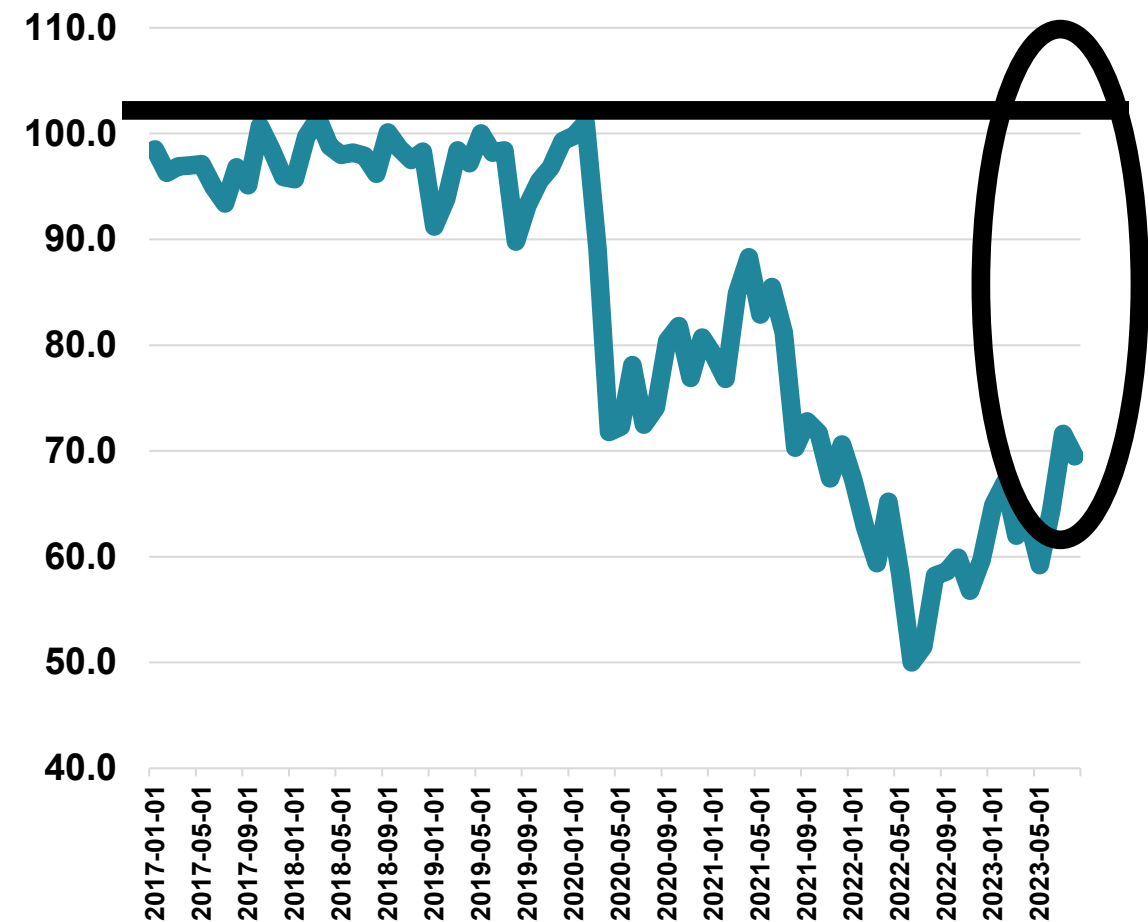
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MISERY INDEX VS. CONSUMER SENTIMENT

Misery Index (Unemp. Rate + Inflation Rate)



Consumer Sentiment



Source: U.S. Bureau of Labor Statistics & University of Michigan



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GOOD NEWS AND BAD NEWS

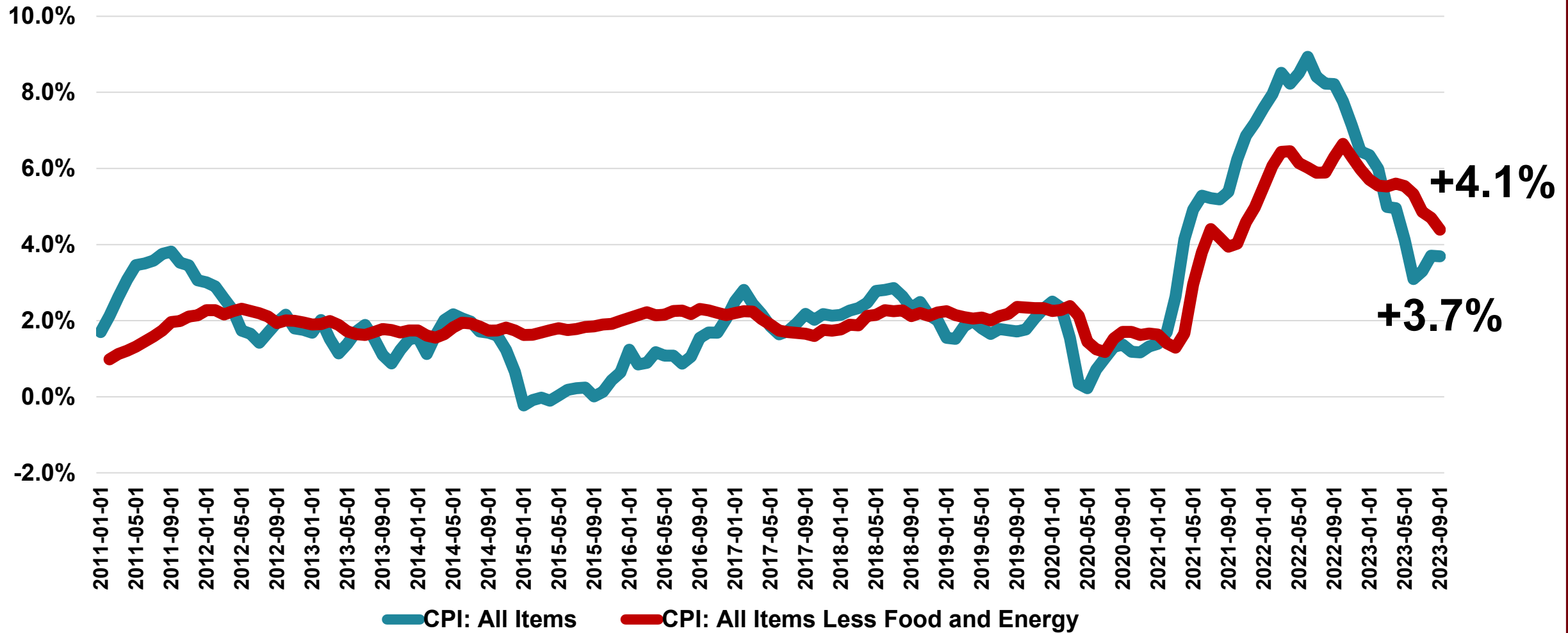


**WE'VE SEEN SIGNIFICANT PROGRESS
TOWARDS INFLATION REDUCTION!**



**BUT THERE'S STILL A LONG
WAY TO GO**

U.S. INFLATION RATE (YEAR/YEAR)

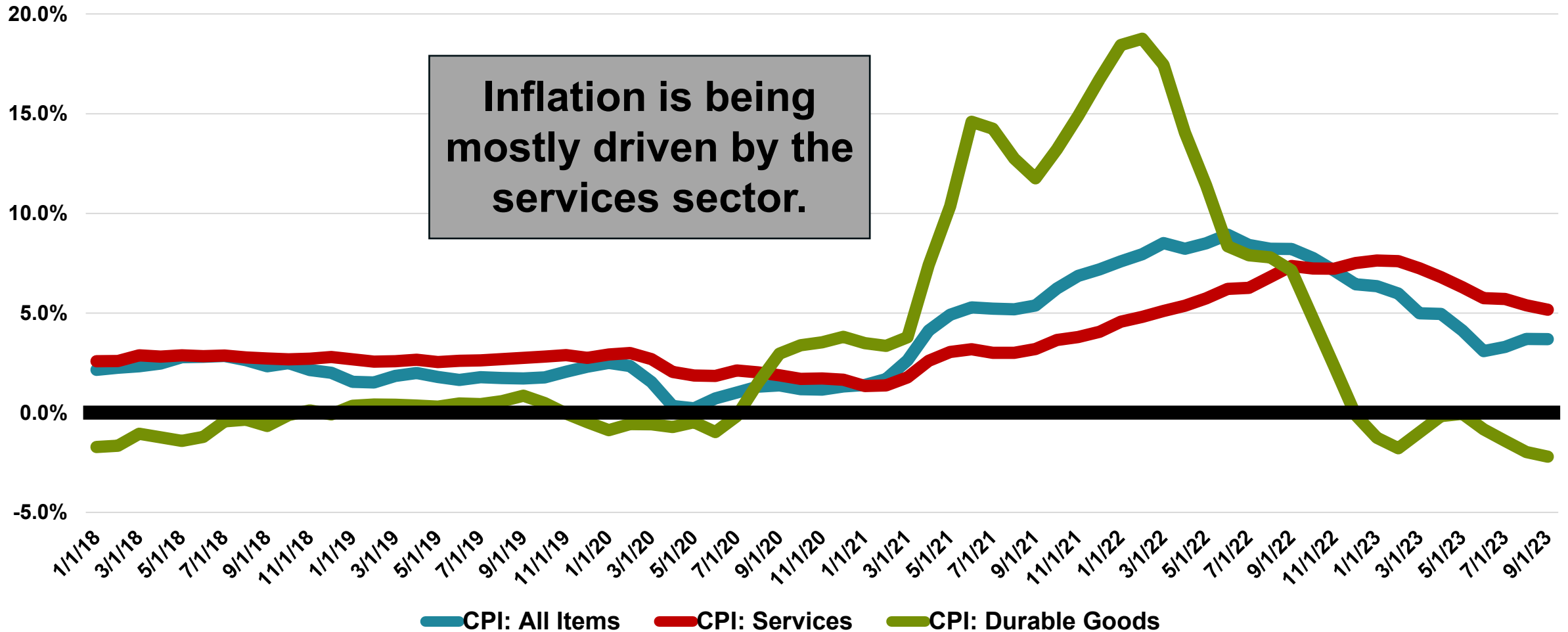


Source: U.S. BLS, Consumer Price Index



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U.S. INFLATION RATE (YEAR/YEAR)



Source: U.S. BLS, Consumer Price Index

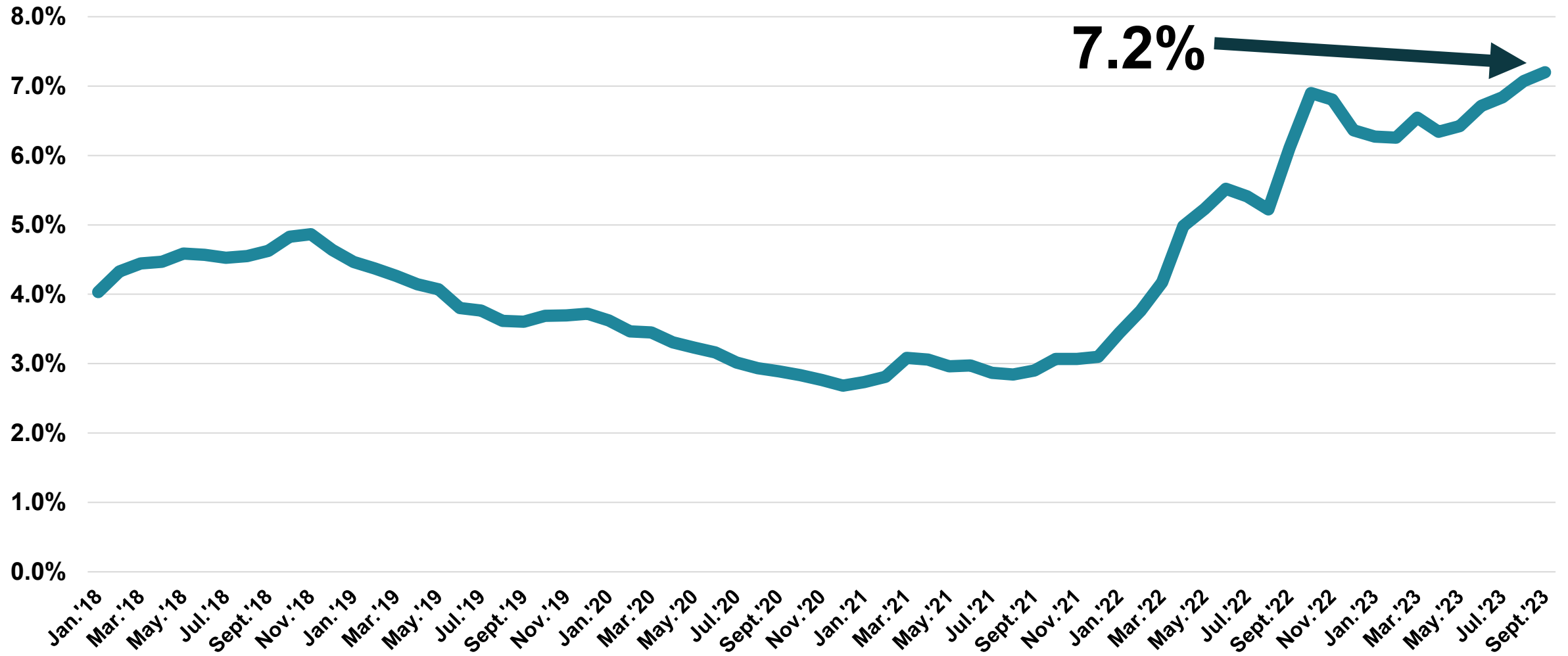
**WHERE ARE INTEREST RATE HIKE
HAVING THE LARGEST IMPACTS?**

THE HOUSING MARKET!



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U.S. MORTGAGE INTEREST RATES



Source: 30-Year Fixed Rate Average, Freddie Mac



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DIRECT EFFECTS (2022 & 2023)

**ANY REDUCTION IN HOUSING SALES DUE TO
DECREASES IN HOUSING AFFORDABILITY**

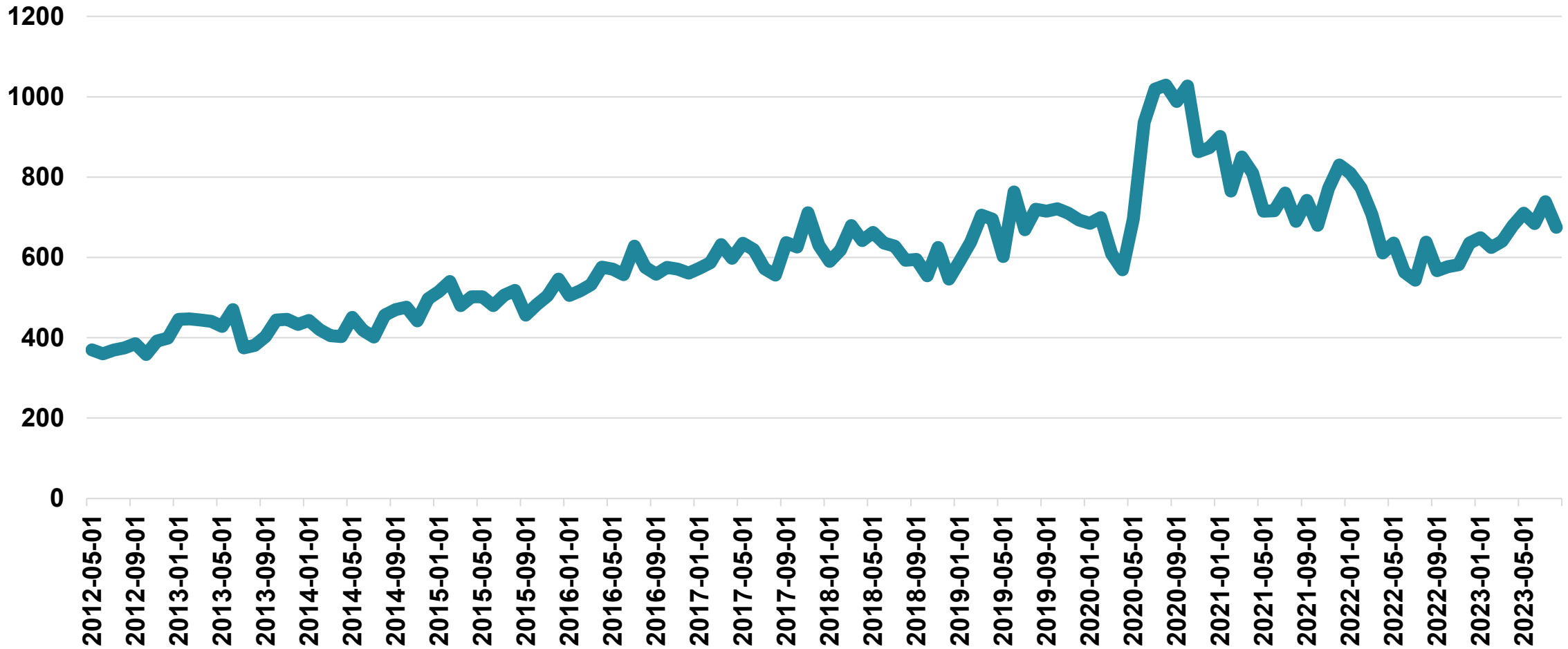
INDIRECT EFFECTS IN 2024?

**ANY FURTHER REDUCTION IN HOUSING SALES
DUE TO INCREASES IN UNEMPLOYMENT**



U.S. NEW SINGLE-FAMILY HOUSING SALES

in thousands

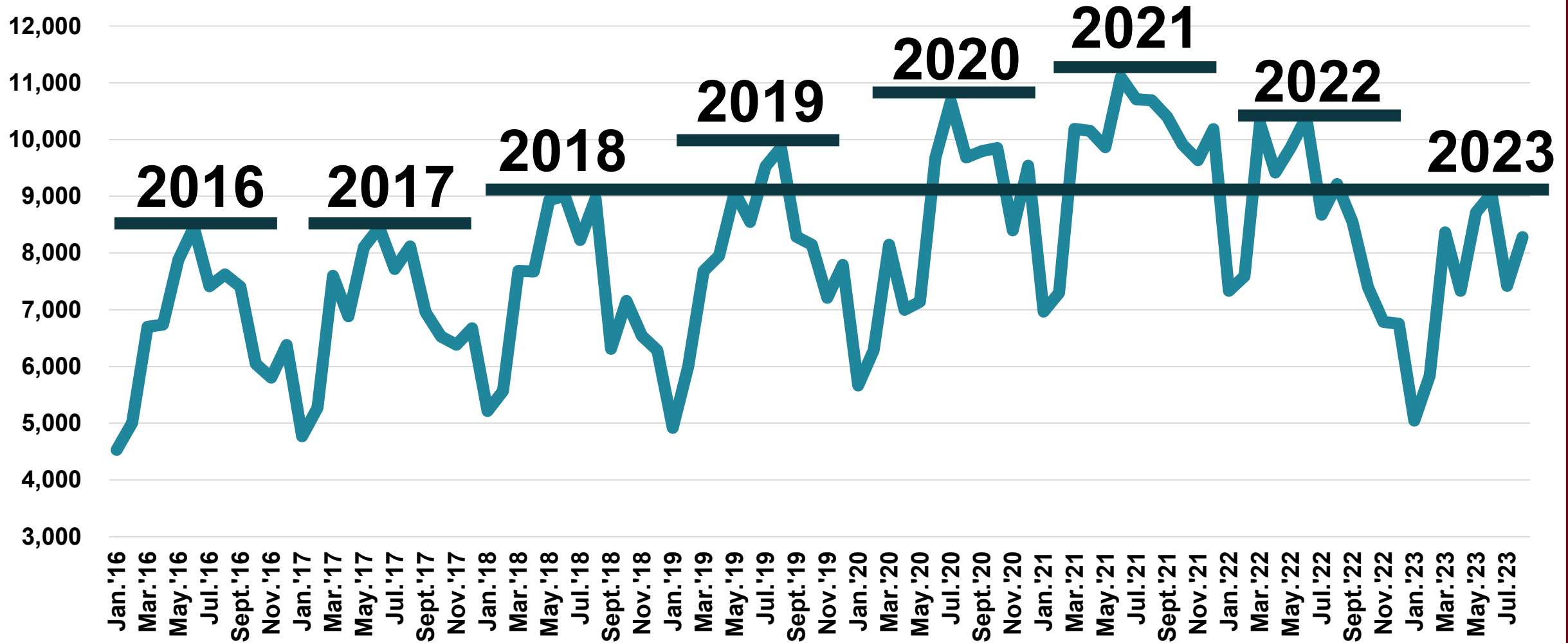


Source: U.S. Census Bureau



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SOUTH CAROLINA HOUSING SALES

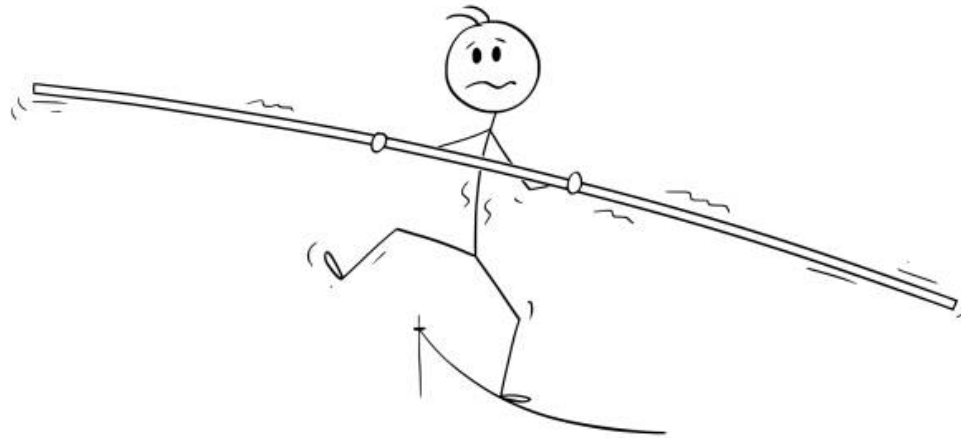


Source: South Carolina REALTORS



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**FED IS CONTINUING TO WALK A
TIGHTROPE!**

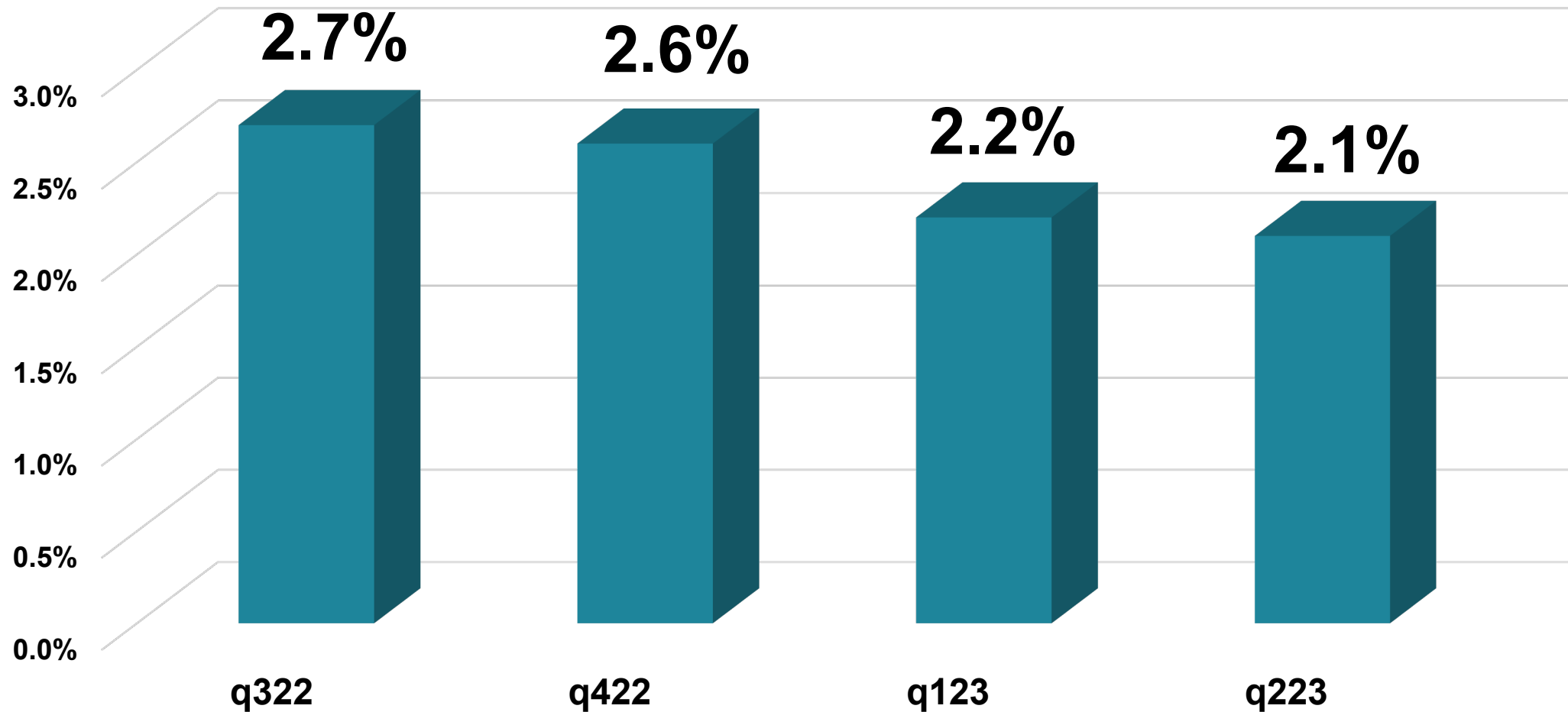


SO FAR, A SOFT LANDING IS ON TRACK...



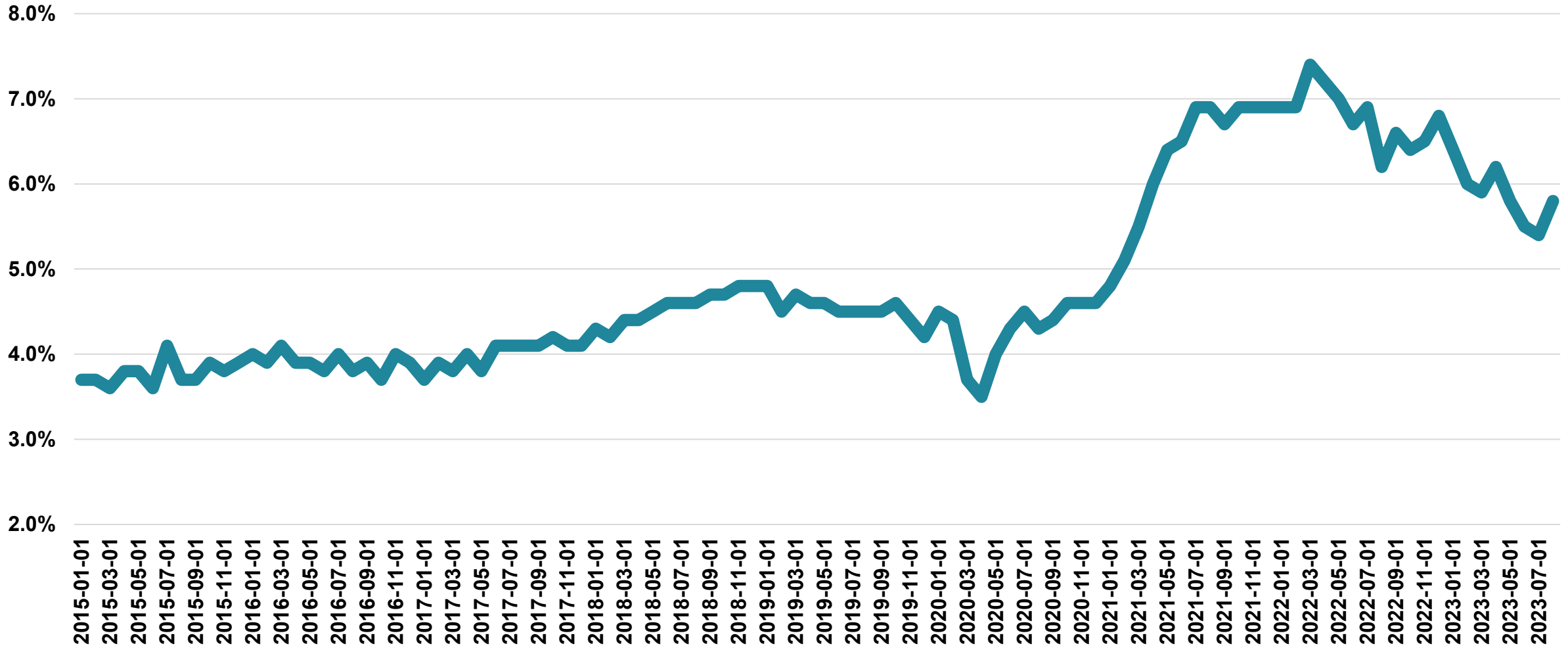
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U.S. ANNUALIZED GDP GROWTH



Source: U.S. Bureau of Economic Analysis

U.S. JOB OPENINGS RATE



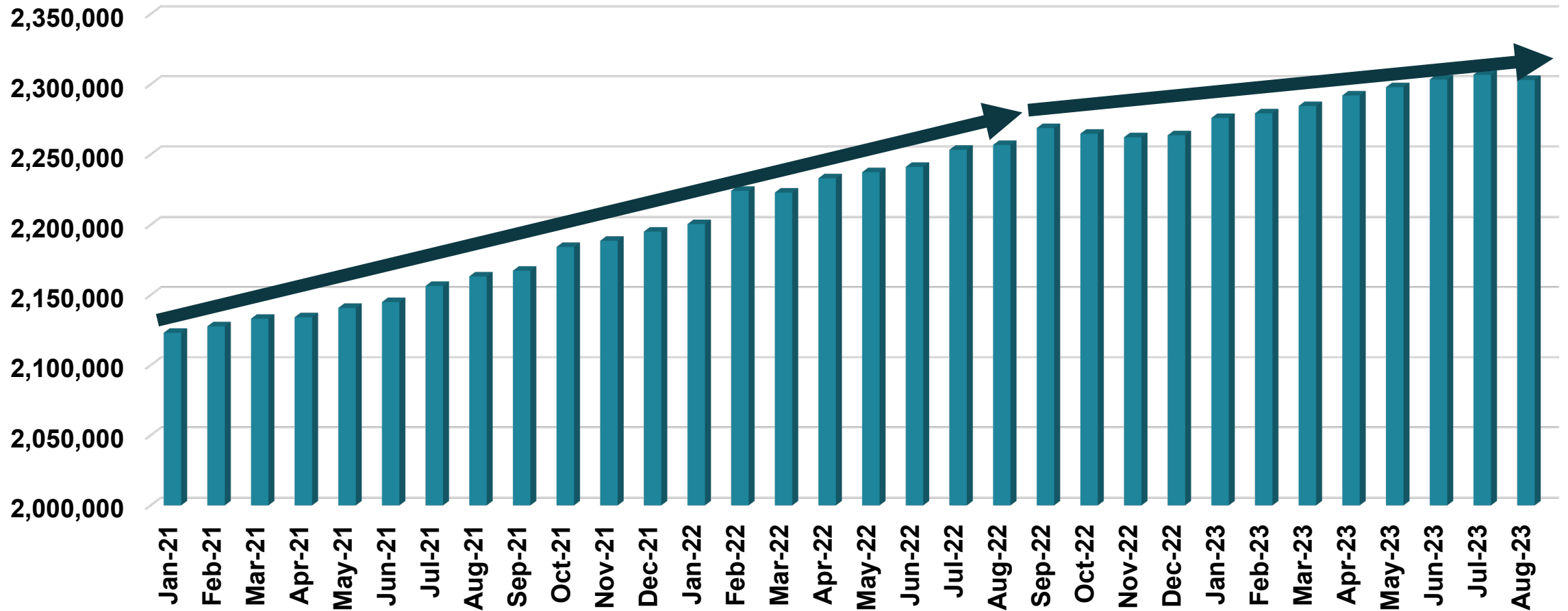
Source: U.S. Bureau of Labor Statistics



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TOTAL SOUTH CAROLINA EMPLOYMENT

in thousands

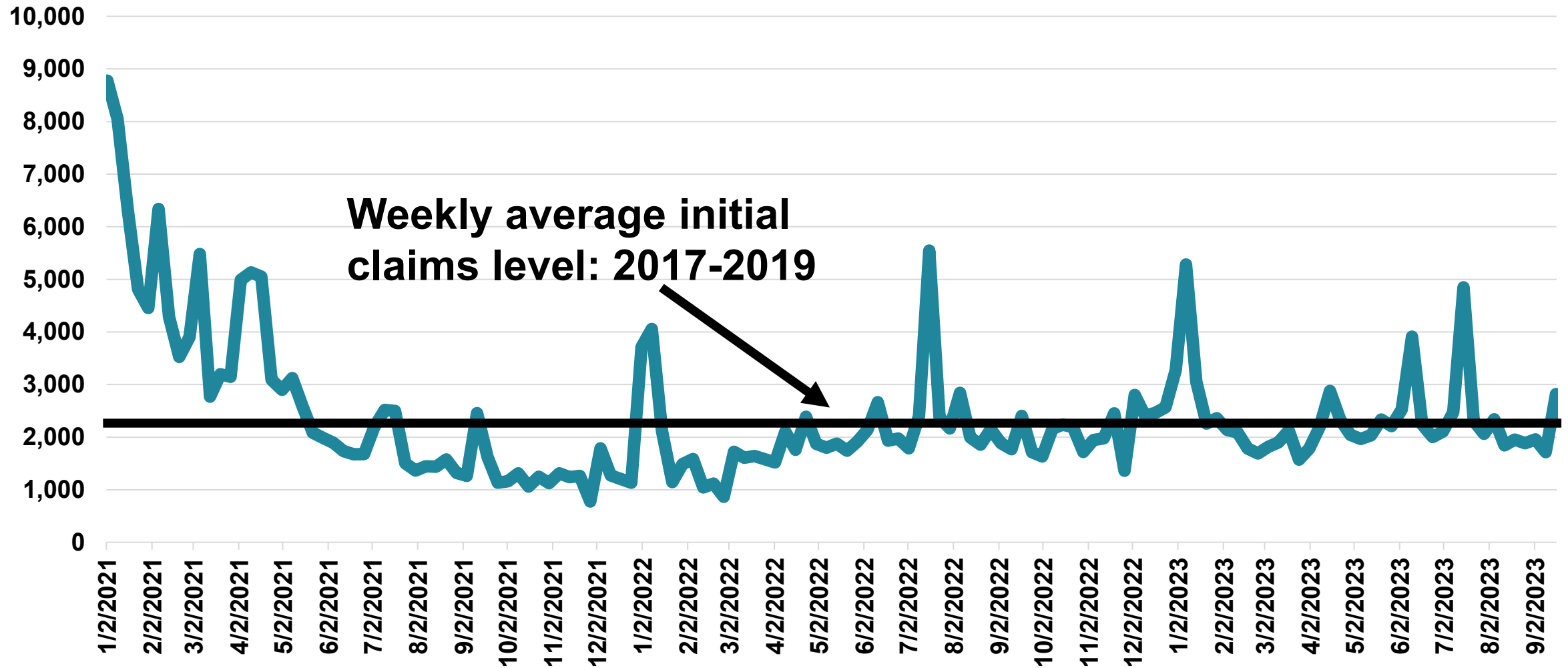


Source: U.S. Bureau of Labor Statistics



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S.C. INITIAL UNEMPLOYMENT INSURANCE CLAIMS



Source: S.C. Dept. of Emp. & Workforce



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POTENTIAL SOURCES OF INFLATIONARY PRESSURE IN 2024

- **RISING HEALTHCARE COSTS**
- **U.S. MOVING AWAY FROM GLOBALIZATION**
- **ONGOING LABOR SHORTAGE**

**THESE FACTORS COULD LEAD THE
FED TO LEAVE INTEREST RATES
HIGHER FOR LONGER...**

**...MEANING THAT WE ARE NOT OUT
OF THE WOODS**



THE BOTTOM LINE

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THANK YOU!



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