



The Economic Outlook

October 2025

Jackie Benson

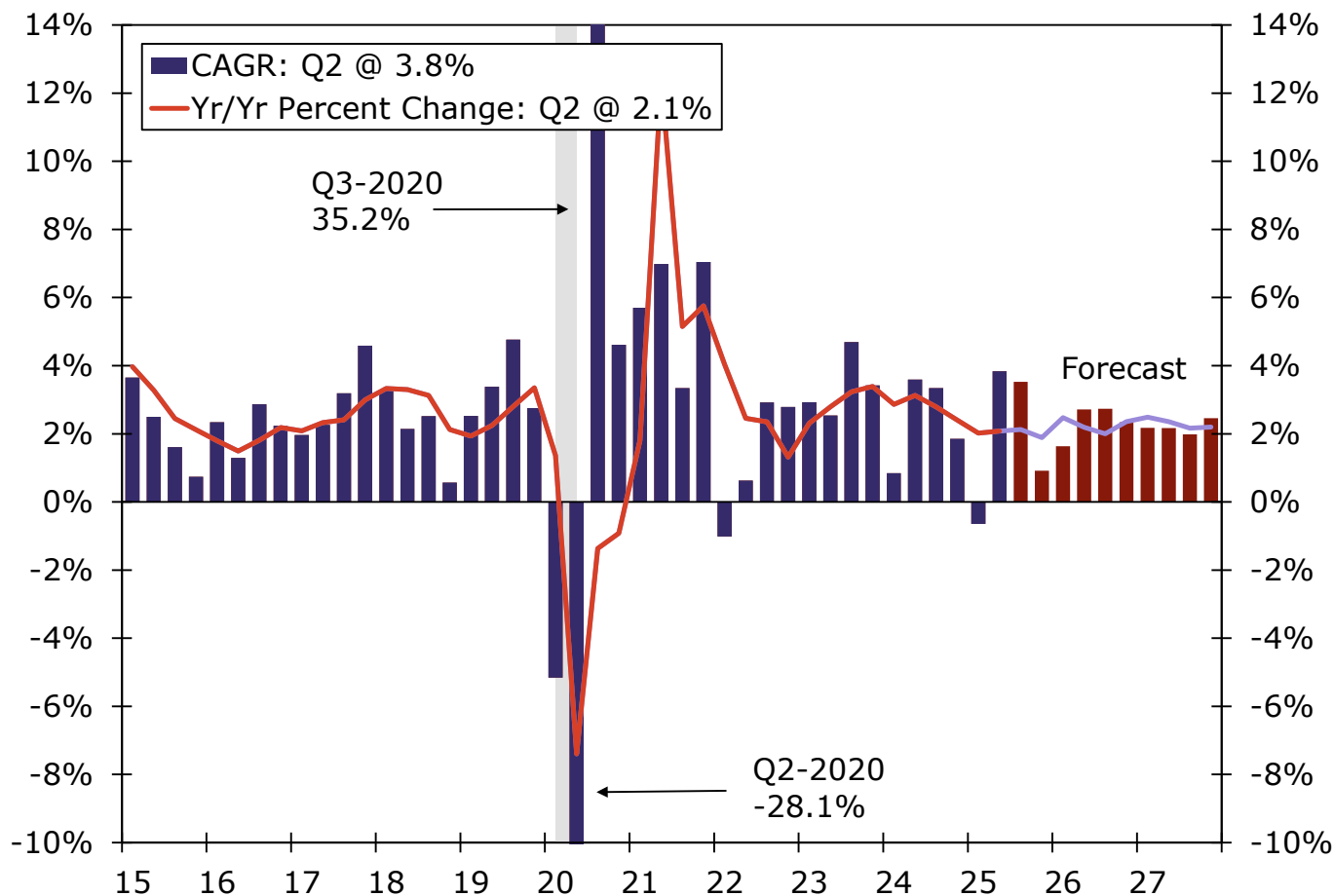
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The U.S. economy has shouldered the tariff burden fairly well thus far.

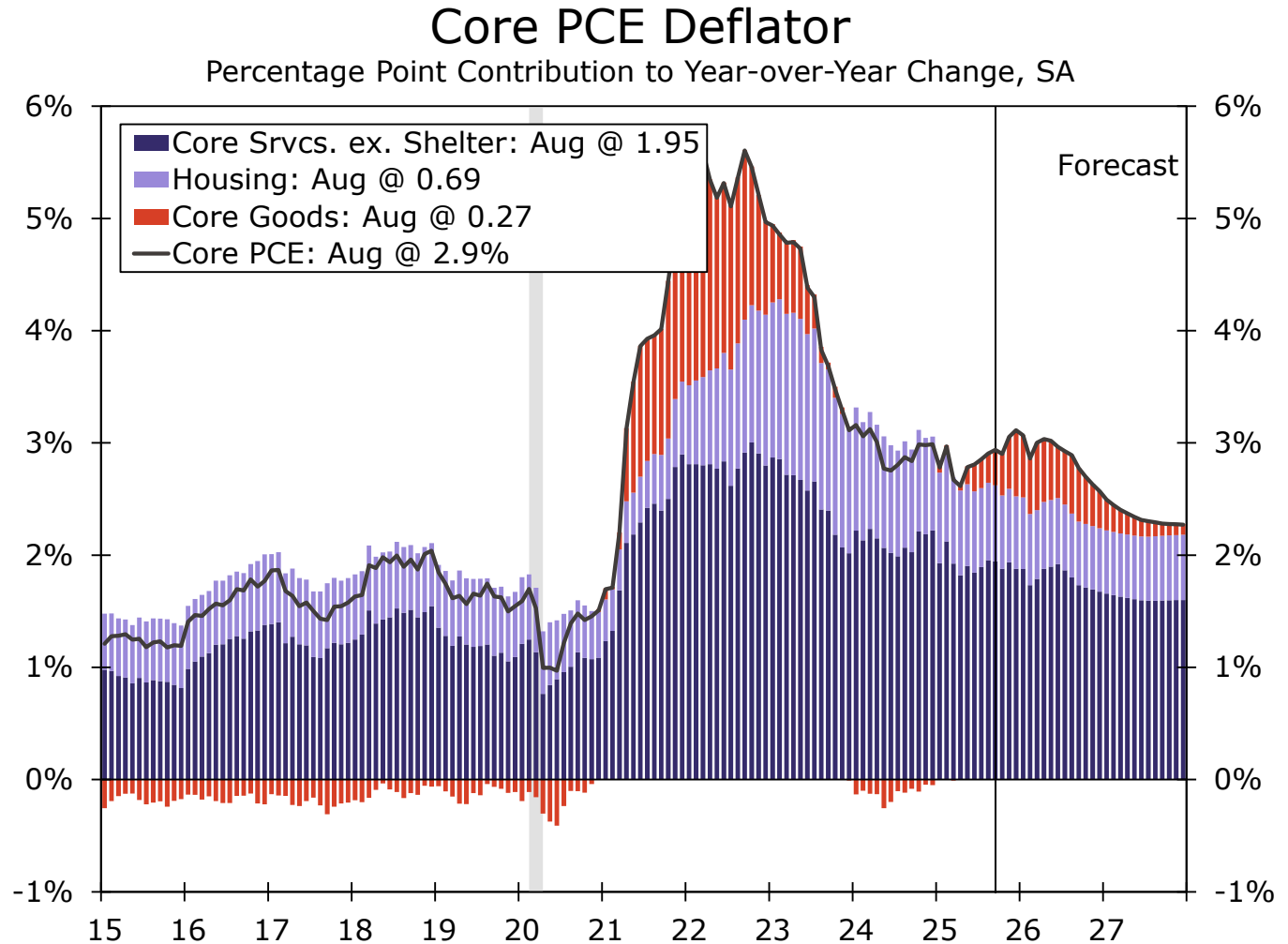
We expect higher costs to reduce economic momentum somewhat in the second half of the year, but look for fiscal stimulus to be supportive of GDP growth in 2026.

U.S Real GDP Growth



Inflation Pressures Mounting

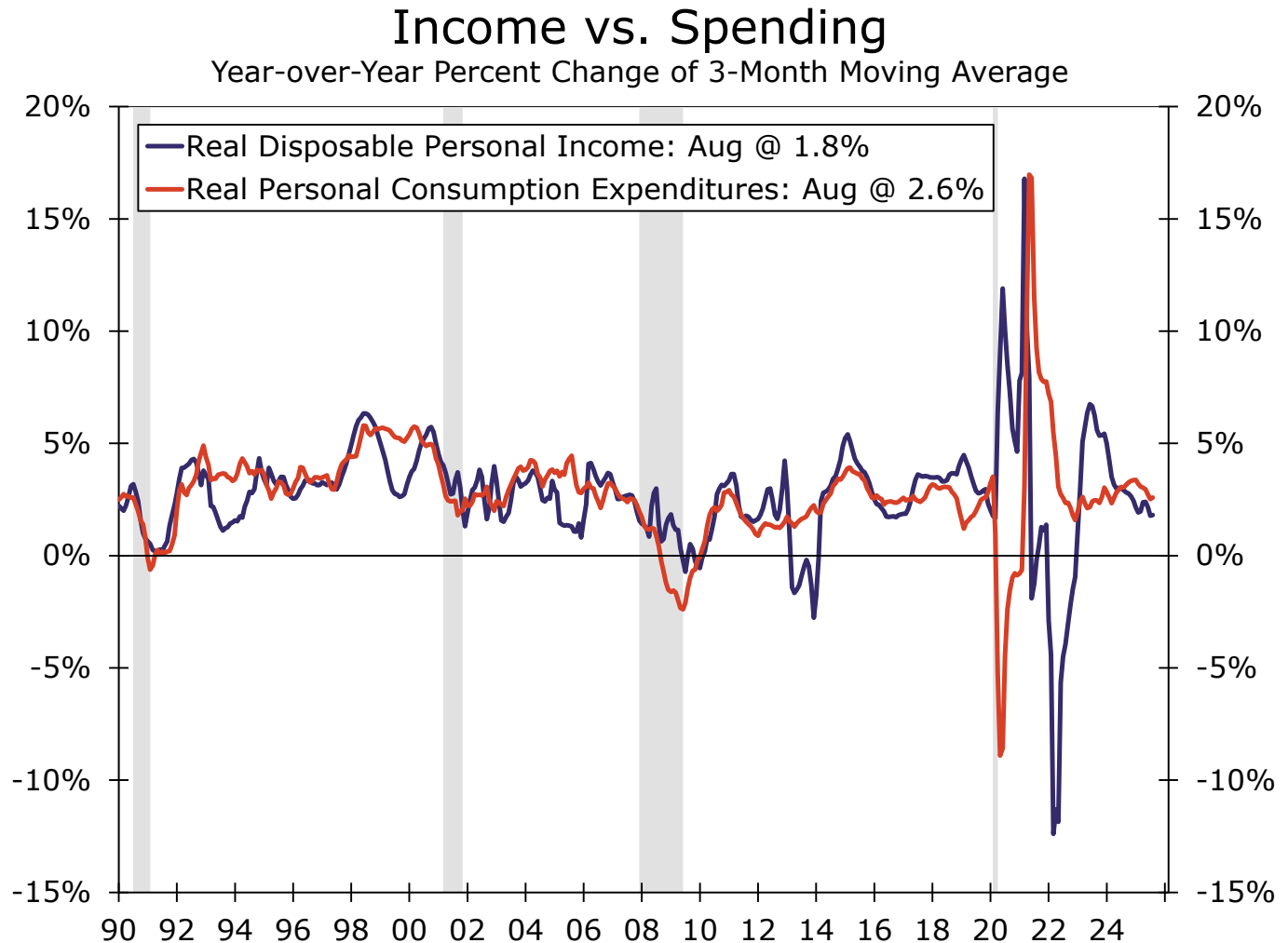
Inflation is likely to pick up further by year end.



Spending Realigning with Incomes

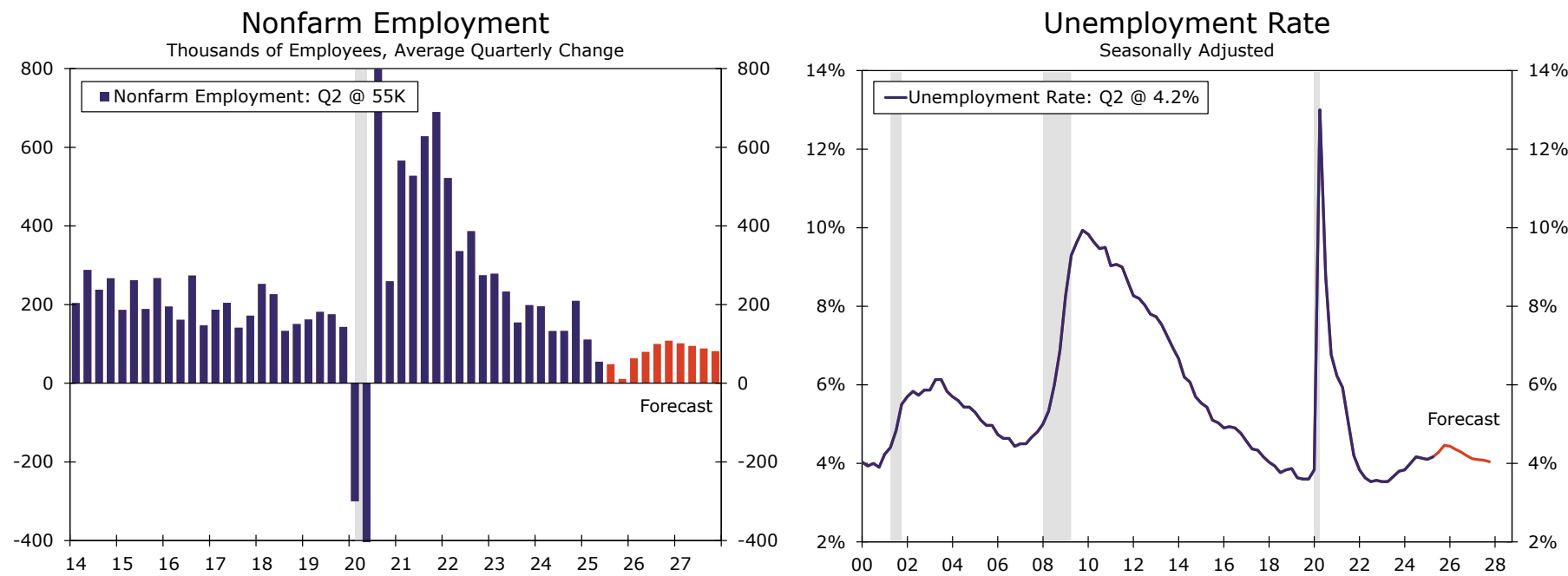
Income growth remains supportive of spending.

That said, consumers are no longer spending far outside of their means.



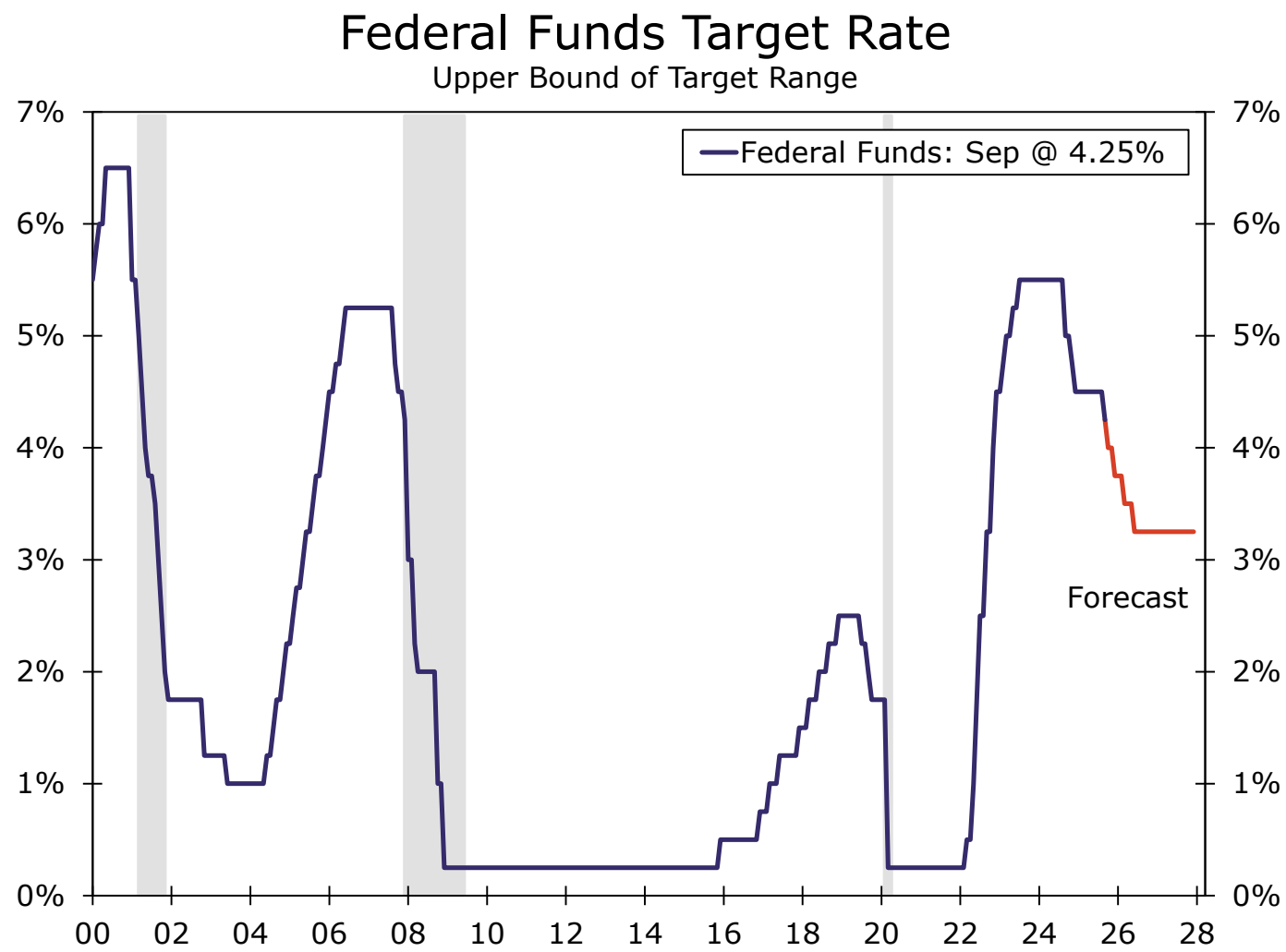
Labor Market Outlook

The pace of hiring seems likely to slow through year-end. The unemployment rate has some scope for increase, but weak labor force growth will prevent a substantial uptick.



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

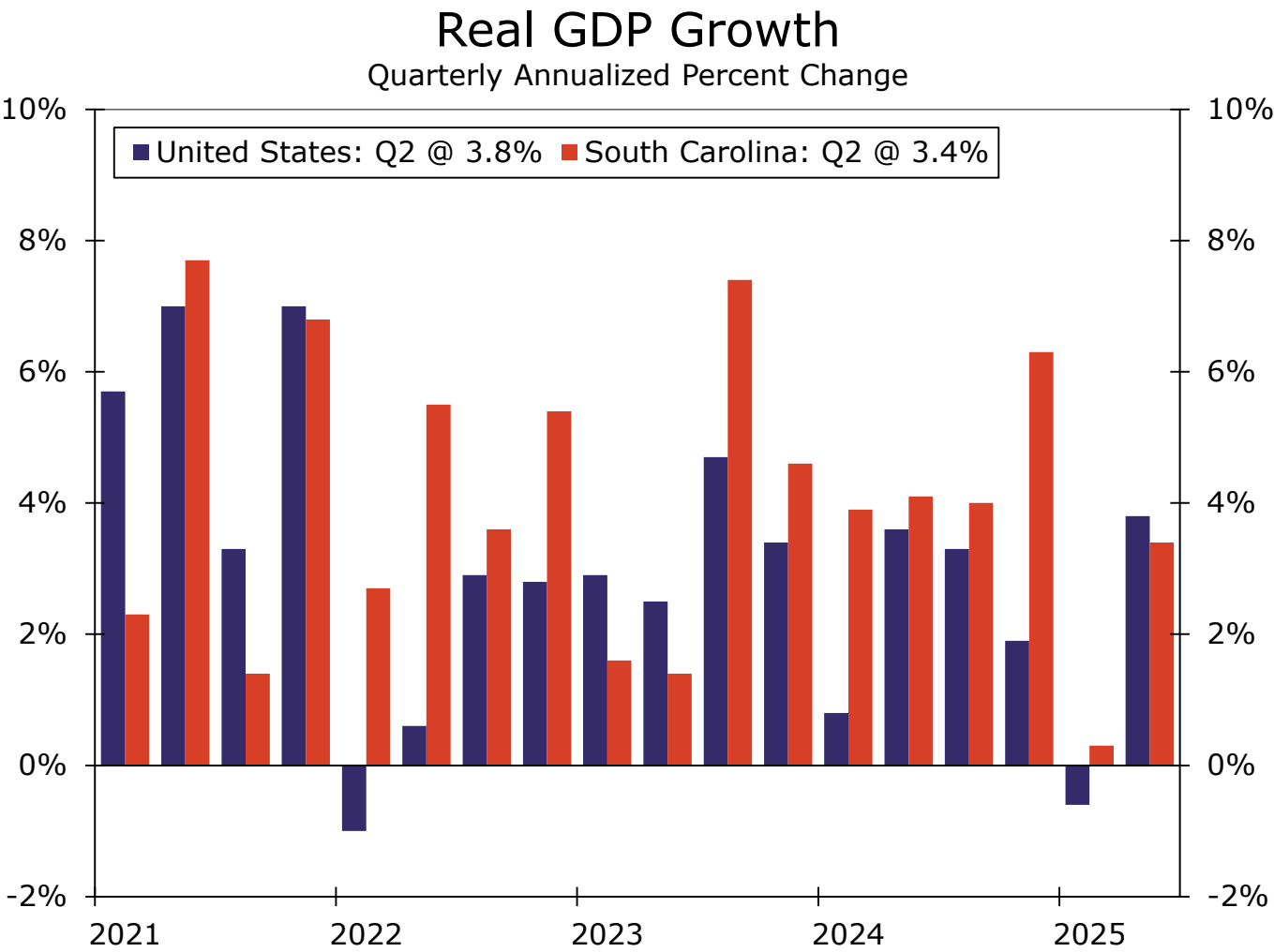
We expect the Fed will “look through” the inflationary effects of the tariffs and cut interest rates in response to labor market deterioration.



Source: Federal Reserve Board and Wells Fargo Economics

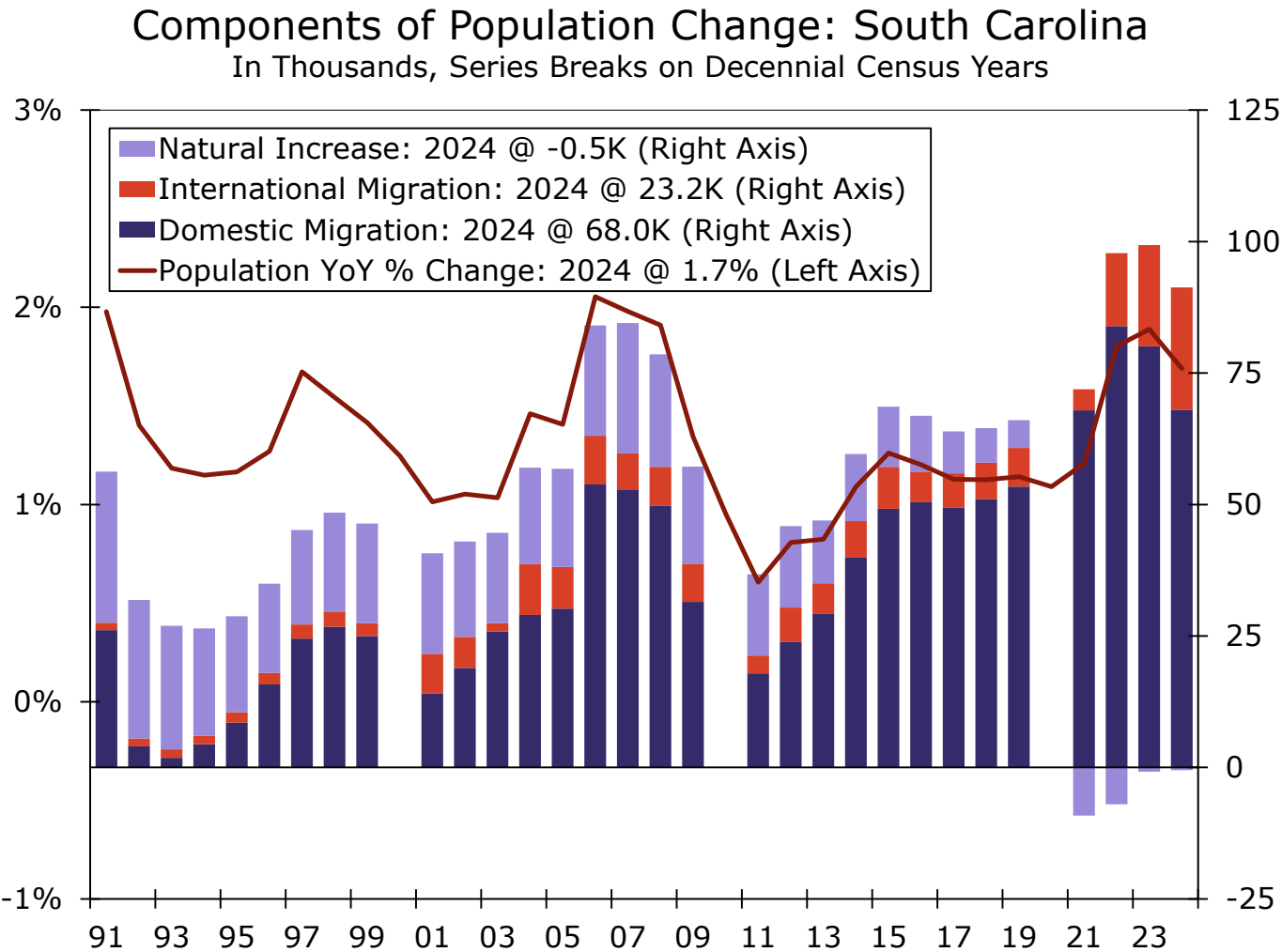
South Carolina Economy

South Carolina's economy tends to expand at a faster rate than the nation.



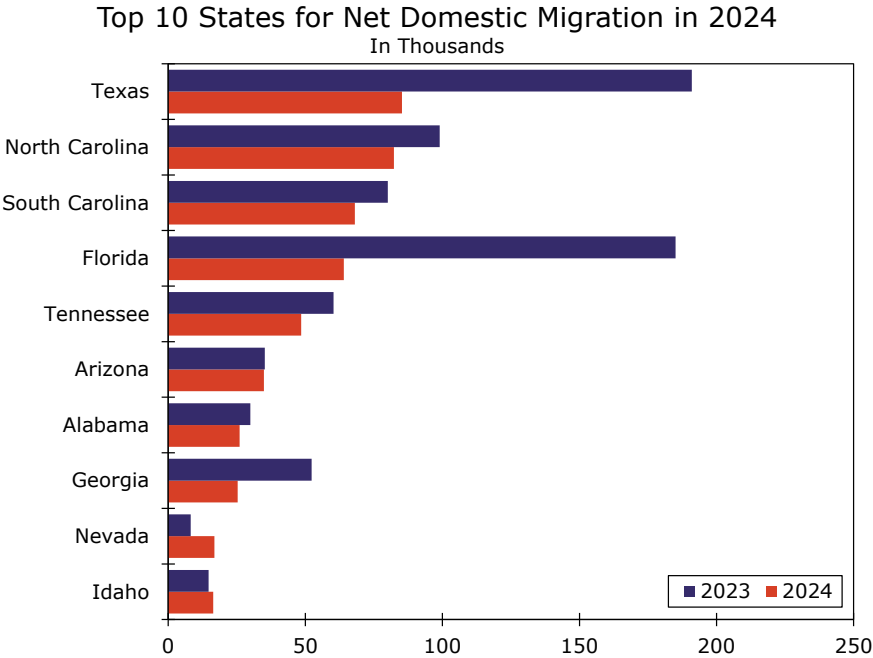
Population Growth a Tailwind

Rapid population growth is one of South Carolina's greatest strengths.



Population Growth in Context

South Carolina ranks third in the nation for net domestic migration. The state is home to two of the top ten fastest growing metros in the country.



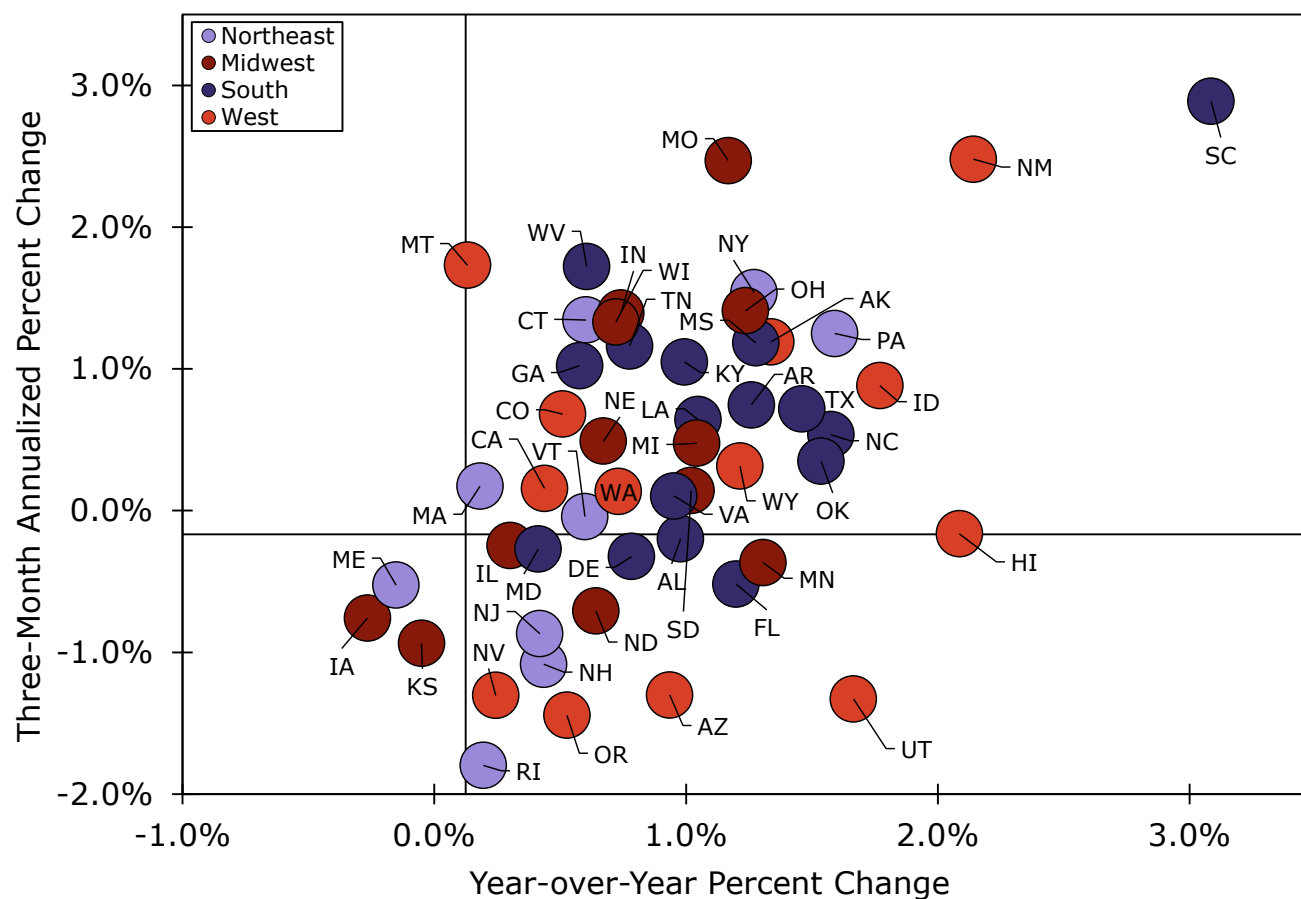
Top 10 Fastest Growing Metros	
Metro	2024 Population Growth
Ocala, FL	4.0%
Panama City-Panama City Beach, FL	3.8%
Myrtle Beach-Conway-North Myrtle Beach, SC	3.8%
Lakeland-Winter Haven, FL	3.5%
Provo-Orem-Lehi, UT	3.0%
Daphne-Fairhope-Foley, AL	3.0%
Port St. Lucie, FL	2.9%
Midland, TX	2.8%
Odessa, TX	2.8%
Spartanburg, SC	2.7%

State Labor Markets

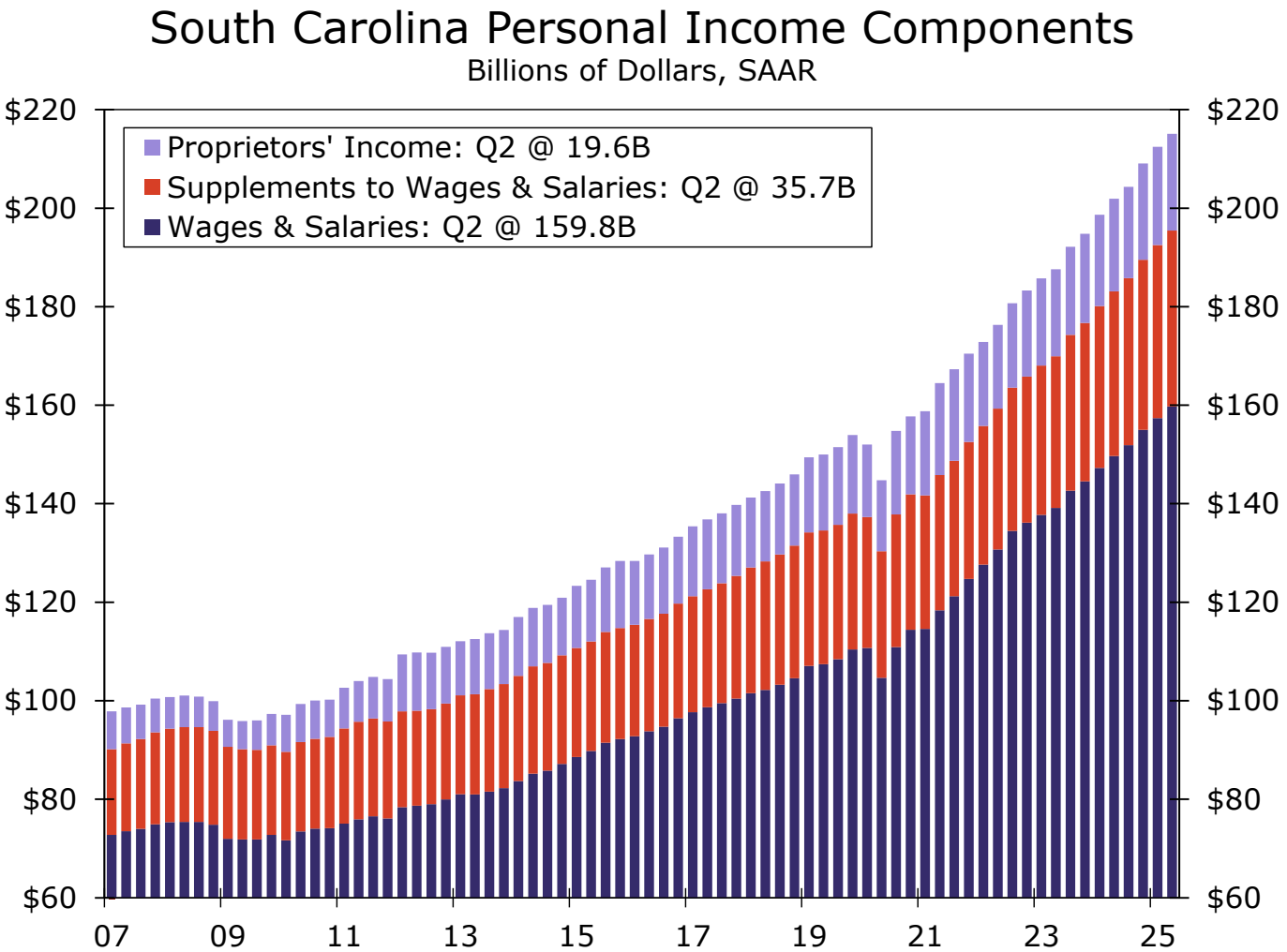
The strength of South Carolina's labor market far exceeds that of other states.

State Employment Growth: August 2025

Year-over-Year Percent Change, Three-Month Annualized Percent Change



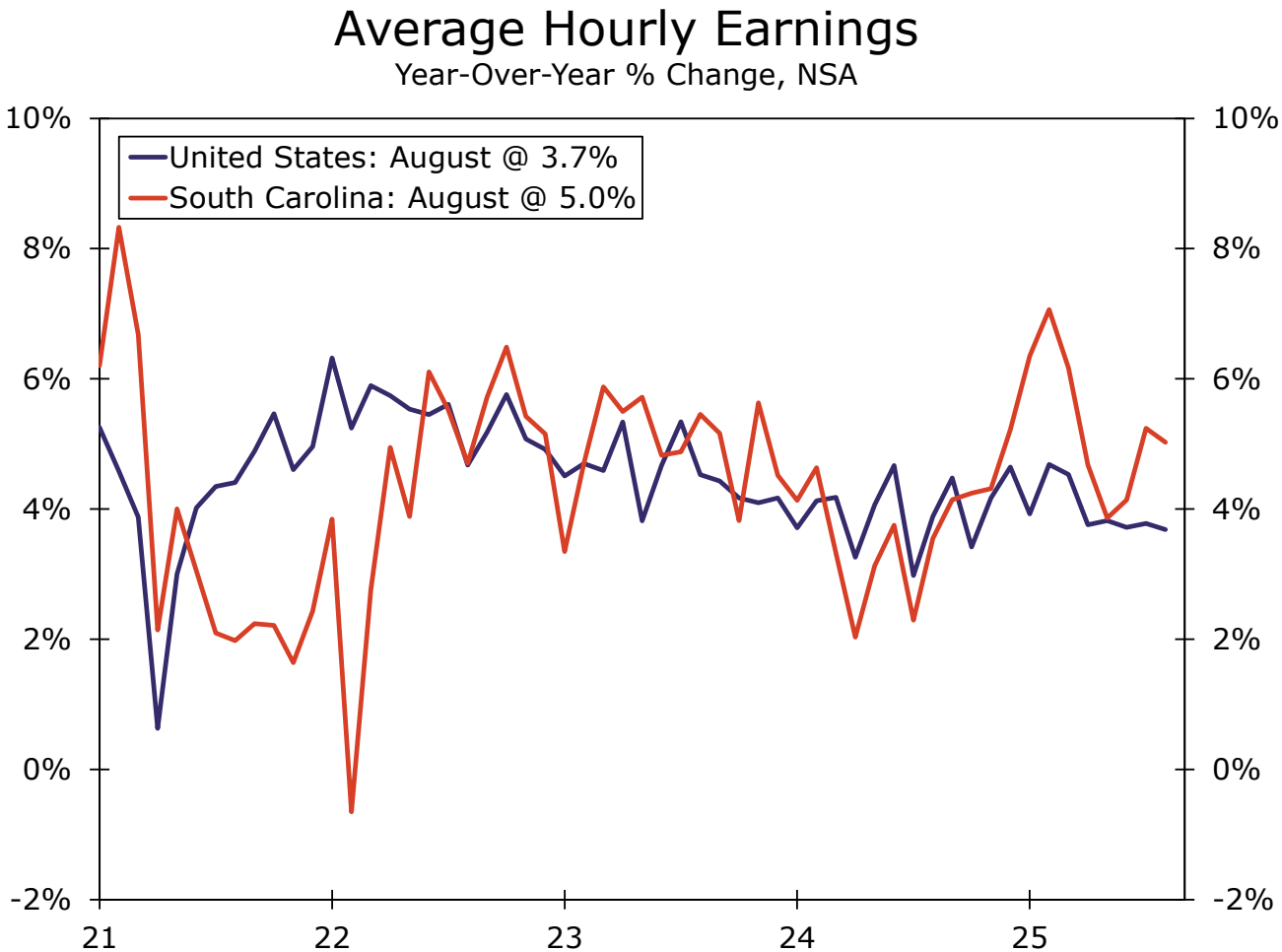
Wages and salaries are a major driver of personal income growth.



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

Earnings Growth Elevated

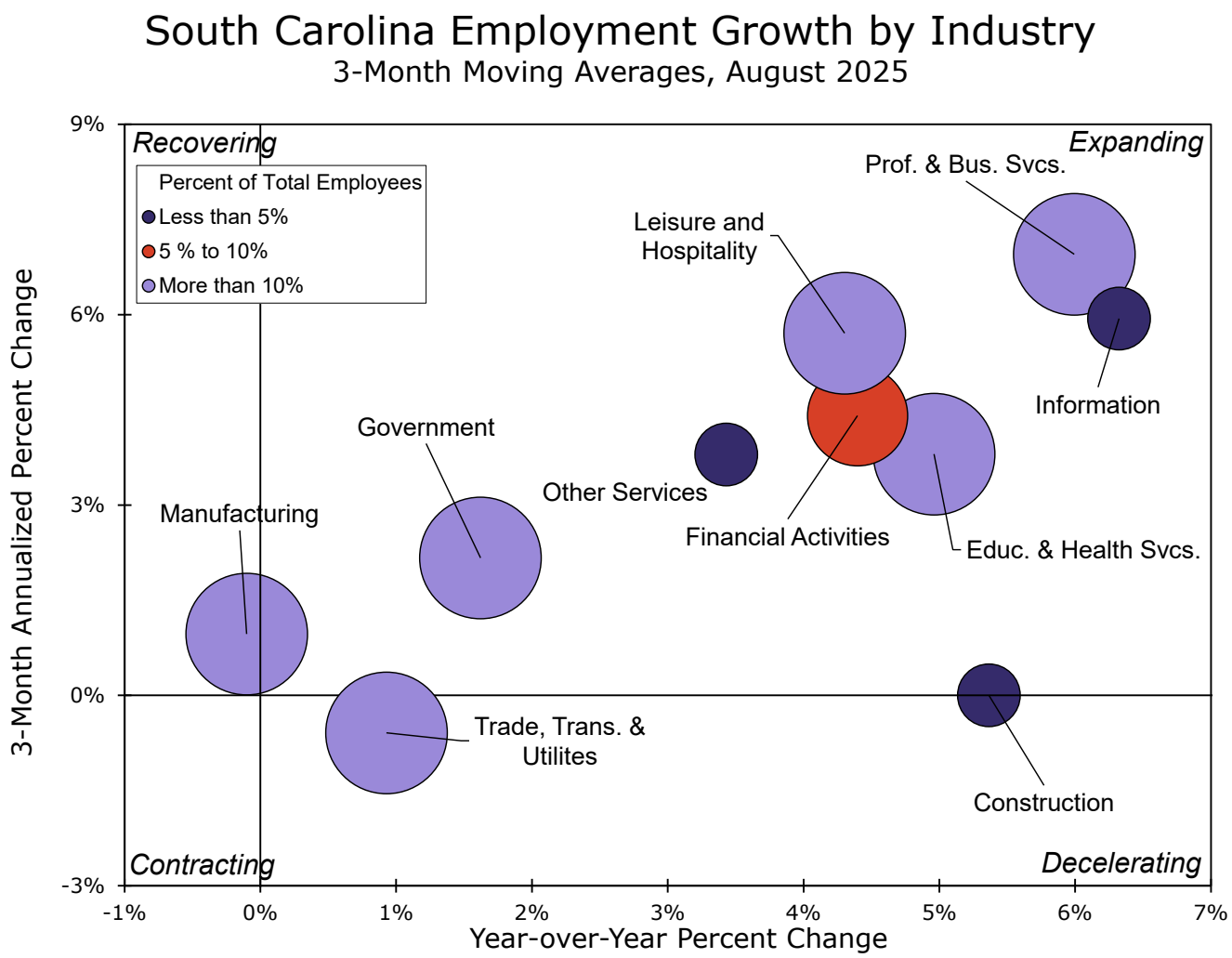
Workers in South Carolina enjoy faster wage growth than the national average.



Industry Drivers

High-tech sectors have propelled much of South Carolina's recent payroll growth.

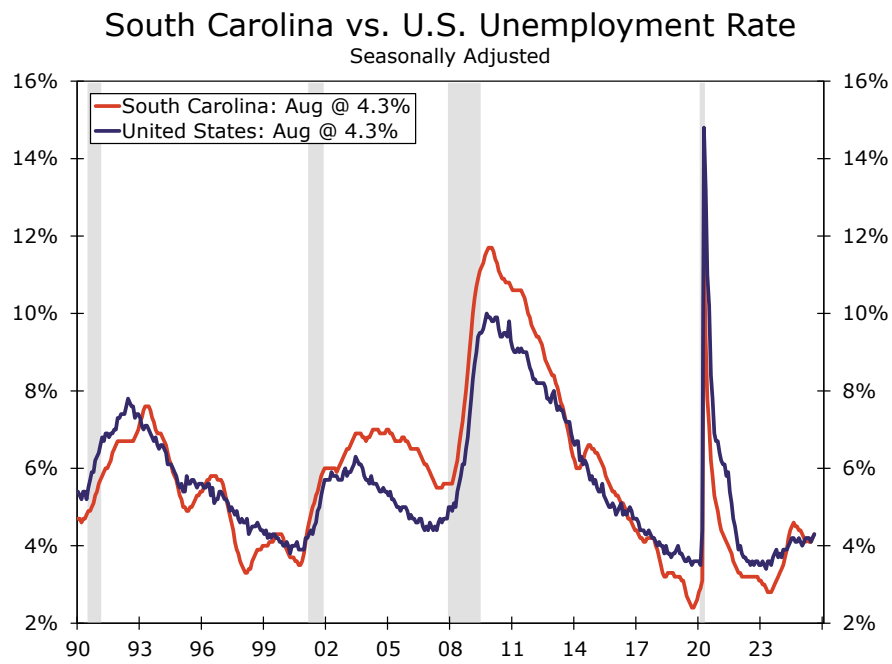
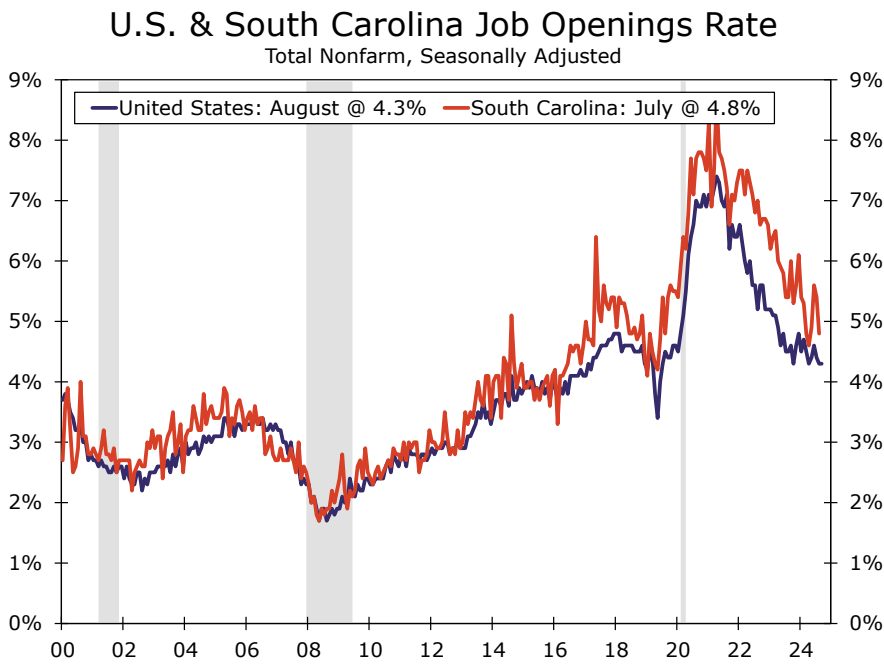
Interest rate sensitive industries still lag, however Fed cuts should help to bolster activity.



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

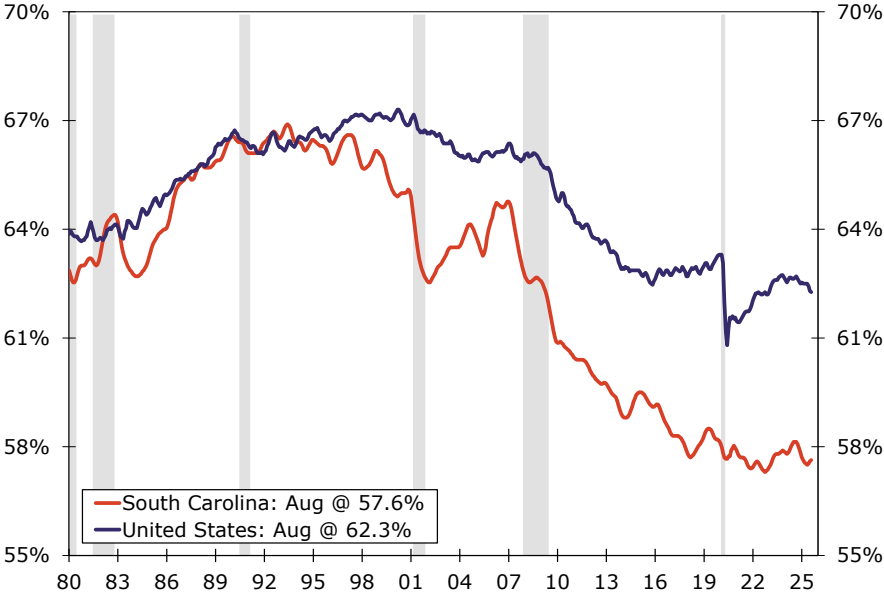
Labor Market Loosening

Although job growth is still strong, South Carolina is not immune to national labor market headwinds.

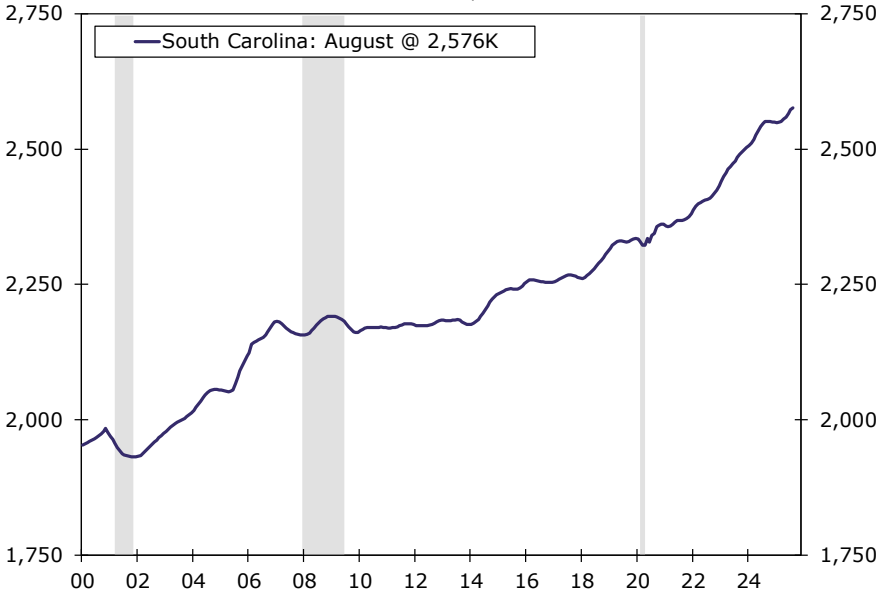


South Carolina's aging population may be a longer-term economic drag.

Labor Force Participation Rate
3-Month Moving Averages, Seasonally Adjusted



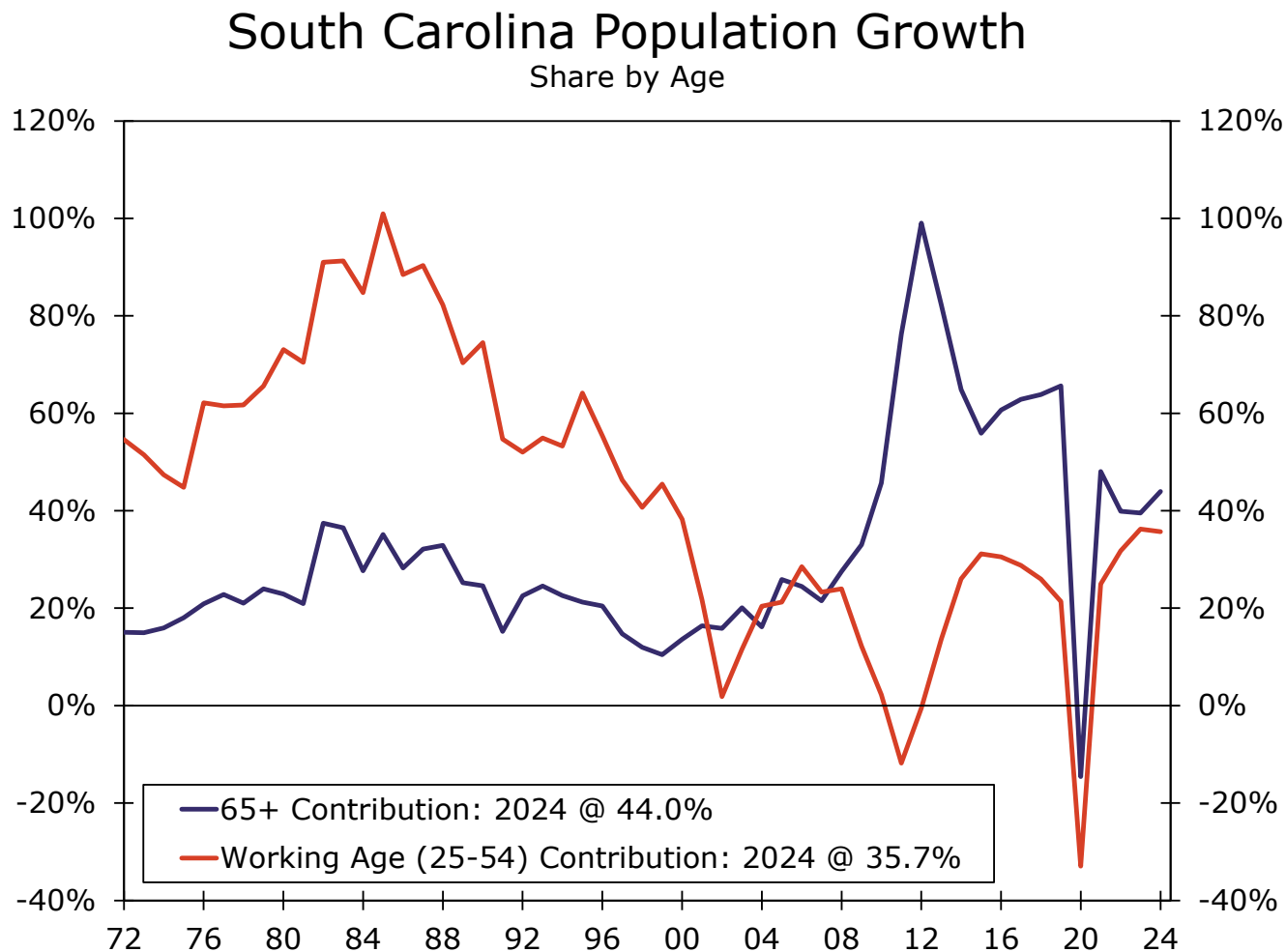
South Carolina Labor Force
Thousands, SA



Population Break Down

Retirees comprise the bulk of South Carolina's population growth.

That said, working-age individuals make up a higher share than before the pandemic.



Wells Fargo U.S. Economic Forecast

	Actual				Forecast											
													Actual		Forecast	
	2025				2026				2027				2024	2025	2026	2027
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product (a)	-0.6	3.8	3.5	0.9	1.6	2.7	2.7	2.3	2.2	2.2	2.0	2.5	2.8	2.0	2.3	2.3
Personal Consumption	0.6	2.5	3.0	1.1	1.9	2.6	2.4	2.2	2.1	2.4	2.1	2.4	2.9	2.5	2.1	2.3
Business Fixed Investment	9.5	7.3	3.3	-2.0	2.5	5.1	3.8	3.4	3.1	3.0	3.0	3.7	2.9	3.8	2.7	3.4
Residential Investment	-1.0	-5.1	-5.2	-3.5	-2.3	1.8	2.4	2.9	3.8	3.9	4.3	4.5	3.2	-2.0	-1.4	3.5
Government Purchases	-1.0	-0.1	1.5	-1.4	2.6	1.3	1.3	1.3	1.2	1.2	1.1	1.1	3.8	1.3	1.0	1.2
Net Exports (b)	-4.7	4.8	0.4	0.8	-0.1	-0.2	0.0	-0.1	-0.2	-0.3	-0.4	-0.3	-0.5	-0.4	0.5	-0.2
Inventories (b)	2.6	-3.4	0.5	0.0	-0.3	0.1	0.2	0.1	0.1	0.0	0.1	0.1	0.0	0.0	-0.2	0.1
Nonfarm Payroll Change (c)	111	55	49	11	63	80	100	108	102	95	88	82	168	56	88	92
Unemployment Rate	4.1	4.2	4.3	4.5	4.4	4.4	4.3	4.2	4.1	4.1	4.1	4.0	4.0	4.3	4.3	4.1
Consumer Price Index (d)	2.7	2.5	2.9	2.9	2.7	3.0	2.9	2.7	2.6	2.5	2.4	2.4	3.0	2.8	2.8	2.5
PCE Deflator	2.6	2.4	2.7	2.9	2.7	2.9	2.8	2.6	2.4	2.3	2.2	2.2	2.6	2.7	2.7	2.3
"Core" PCE Deflator	2.8	2.7	2.9	3.0	3.0	3.0	2.9	2.6	2.4	2.3	2.3	2.3	2.9	2.9	2.9	2.3
Employment Cost Index	3.6	3.6	3.6	3.5	3.5	3.4	3.5	3.5	3.6	3.6	3.6	3.7	4.0	3.6	3.5	3.6
Real Disposable Income (a)	2.3	3.1	-0.1	0.0	4.8	1.5	2.1	2.2	2.3	2.0	2.2	2.2	2.9	1.8	2.1	2.1
Quarter-End Interest Rates (e)																
Federal Funds Target Rate (f)	4.50	4.50	4.25	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	5.27	4.25	3.31	3.25
Conventional Mortgage Rate	6.65	6.82	6.35	6.30	6.20	6.20	6.25	6.25	6.25	6.30	6.30	6.35	6.72	6.53	6.23	6.30
2 Year Note	3.89	3.72	3.60	3.45	3.40	3.35	3.35	3.35	3.35	3.40	3.45	3.50	4.37	3.67	3.36	3.43
10 Year Note	4.23	4.24	4.16	4.00	3.95	4.00	4.10	4.15	4.15	4.20	4.20	4.25	4.21	4.16	4.05	4.20

Forecast as of: October 8, 2025

Notes: (a) Compound Annual Growth Rate Quarter-over-Quarter

(d) Year-over-Year Percentage Change

(b) Percentage Point Contribution to GDP

(e) Quarterly Data - Period End; Annual Data - Annual Averages

(c) Average Monthly Change

(f) Upper Bound of the Federal Funds Target Range

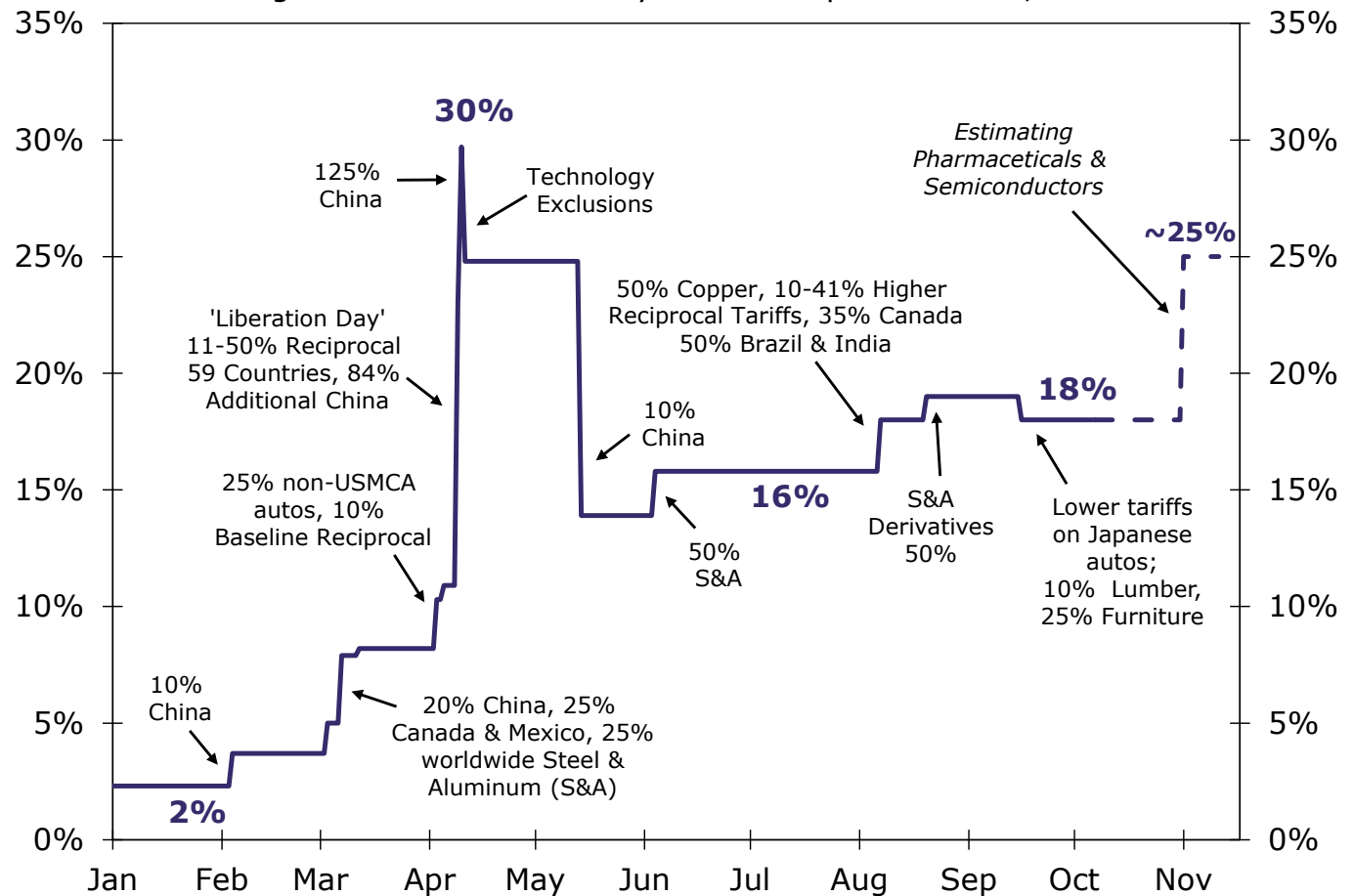
Appendix

Tariffs in Historical Context

U.S. tariff policy is in flux. That said, tariffs remain elevated above recent norms.

Estimated U.S. Average Effective Tariff Rate

Change since Start of 2025 by Date of Implementation; Percent



Wells Fargo Corporate & Investment Banking Economics Group

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