

Bright Spots in the South Carolina the Economy 2012



Doug Woodward
Professor of Economics



DARLA MOORE SCHOOL OF BUSINESS
UNIVERSITY OF SOUTH CAROLINA

Overview

- Why we should worry.
 - Global economy and financial contagion.
 - U.S. economy and political uncertainty.
- Why we should be happy.
 - South Carolina economy healing.
 - Robust Sectors
 - Hot Areas
 - One of the world's best places for business.

The Financial and Economic Crisis

... began four years ago



Stabilizing the U.S. Economy in 2011:

- **Healing private sector**
- **Government fiscal stimulus**
 - Spending
 - Tax cuts
- **Monetary stimulus**
 - Low interest rates
 - Quantitative easing

Off the Crutches

Can the *fragile* private sector really get moving in 2012?



Why we should still worry ...

The Unsteady U.S. Economy

2012 problems facing private sector activity:

- Financial contagion
- Sluggish consumer demand
- Regulatory, political uncertainty



A stylized globe showing the continents in light blue and the oceans in a darker blue. The United States is highlighted in a darker shade of blue. The text is centered over the globe.

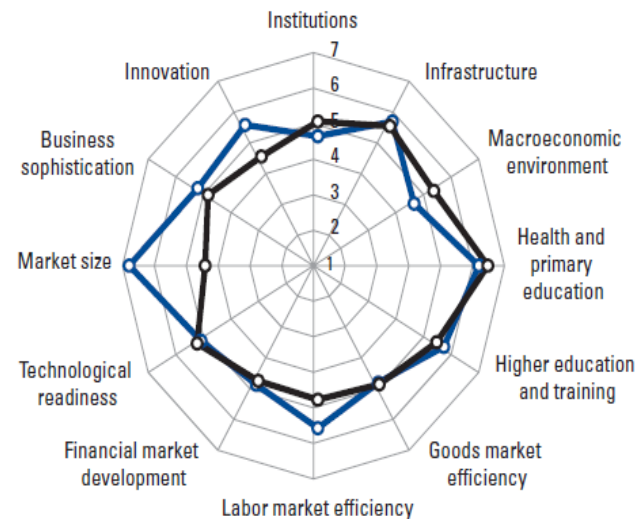
Don't Panic: The U.S. is globally competitive.

U.S. Competitiveness Ranks Fifth out of 142 Countries

Global Competitiveness Index

	Rank (out of 142)	Score (1–7)
GCI 2011–2012	5	5.4
GCI 2010–2011 (out of 139).....	4	5.4
GCI 2009–2010 (out of 133).....	2	5.6
Basic requirements (20.0%)	36	5.2
Institutions.....	39	4.6
Infrastructure.....	16	5.7
Macroeconomic environment.....	90	4.5
Health and primary education.....	42	6.1
Efficiency enhancers (50.0%)	3	5.5
Higher education and training.....	13	5.6
Goods market efficiency.....	24	4.8
Labor market efficiency.....	4	5.6
Financial market development.....	22	4.9
Technological readiness.....	20	5.2
Market size.....	1	6.9
Innovation and sophistication factors (30.0%)	6	5.5
Business sophistication.....	10	5.4
Innovation.....	5	5.6

Stage of development

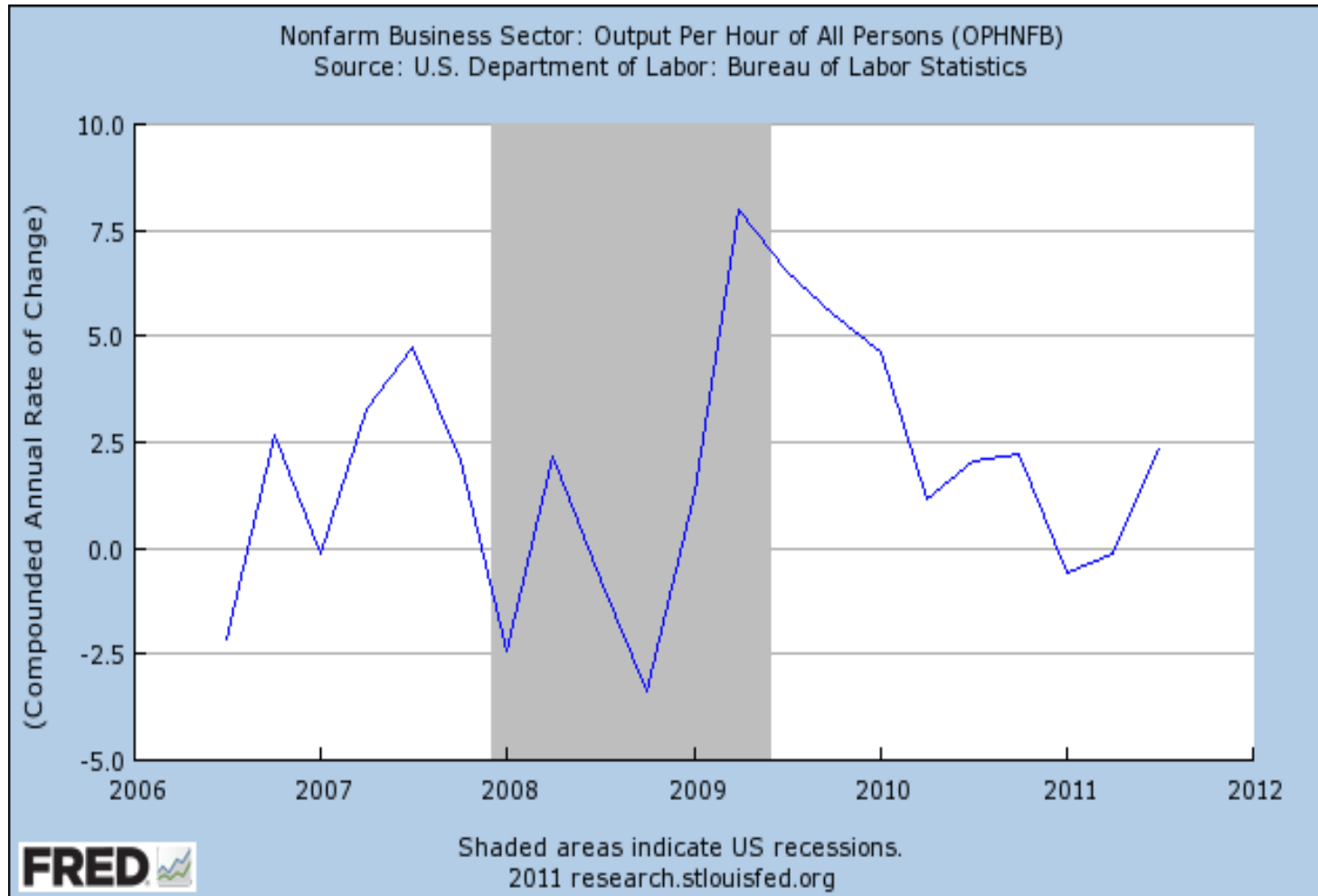


United States Innovation-driven economies

Ease of Doing Business: U.S. ranks fourth out of 183 Countries

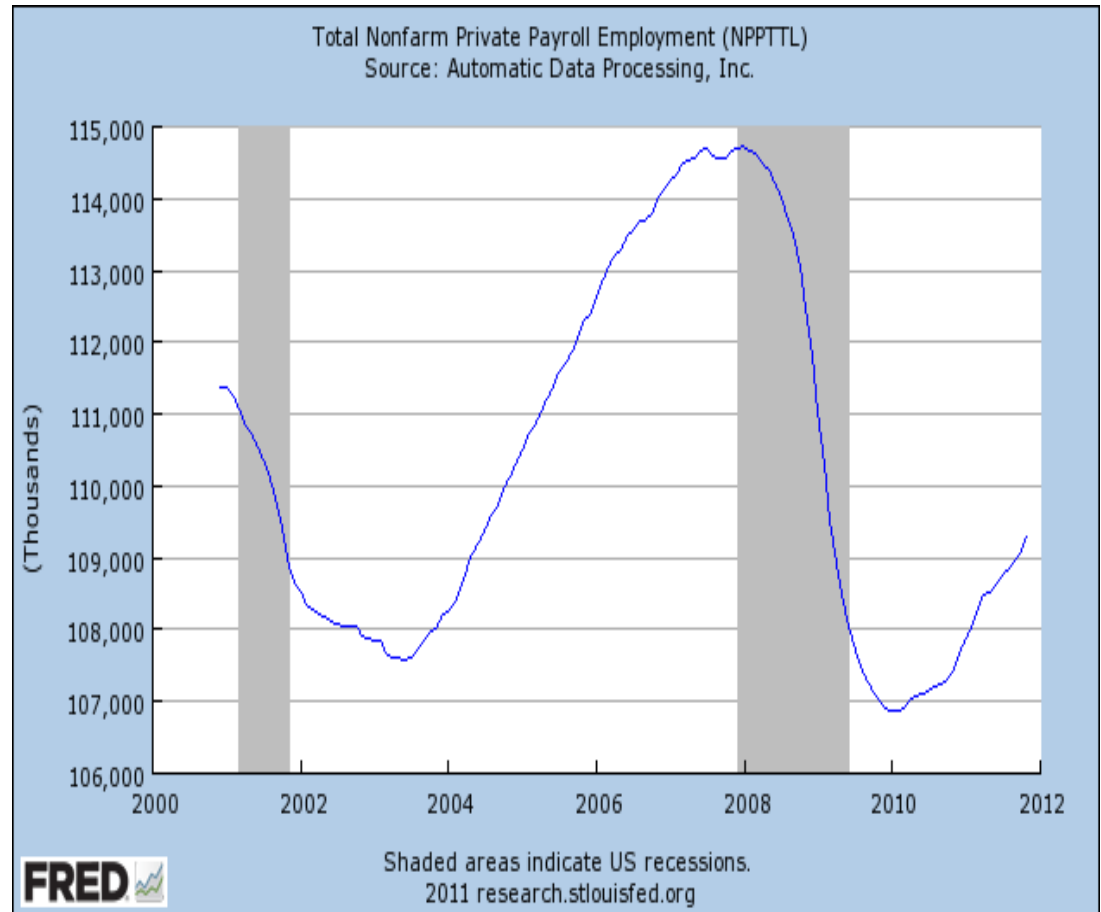
<u>Economy</u>	<u>Ease of Doing Business Rank ▲</u>	<u>Starting a Business</u>	<u>Dealing with Construction Permits</u>	<u>Getting Electricity</u>	<u>Registering Property</u>	<u>Getting Credit</u>	<u>Protecting Investors</u>	<u>Paying Taxes</u>	<u>Trading Across Borders</u>	<u>Enforcing Contracts</u>	<u>Resolving Insolvency</u>
<u>Singapore</u>	1	4	3	5	14	8	2	4	1	12	2
<u>Hong Kong SAR, China</u>	2	5	1	4	57	4	3	3	2	5	16
<u>New Zealand</u>	3	1	2	31	3	4	1	36	27	10	18
<u>United States</u>	4	13	17	17	16	4	5	72	20	7	15
<u>Denmark</u>	5	31	10	13	11	24	29	14	7	32	9

U.S. Productivity Positive!

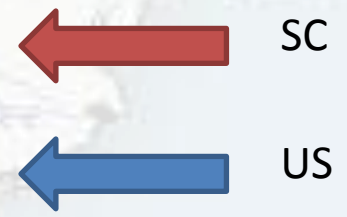
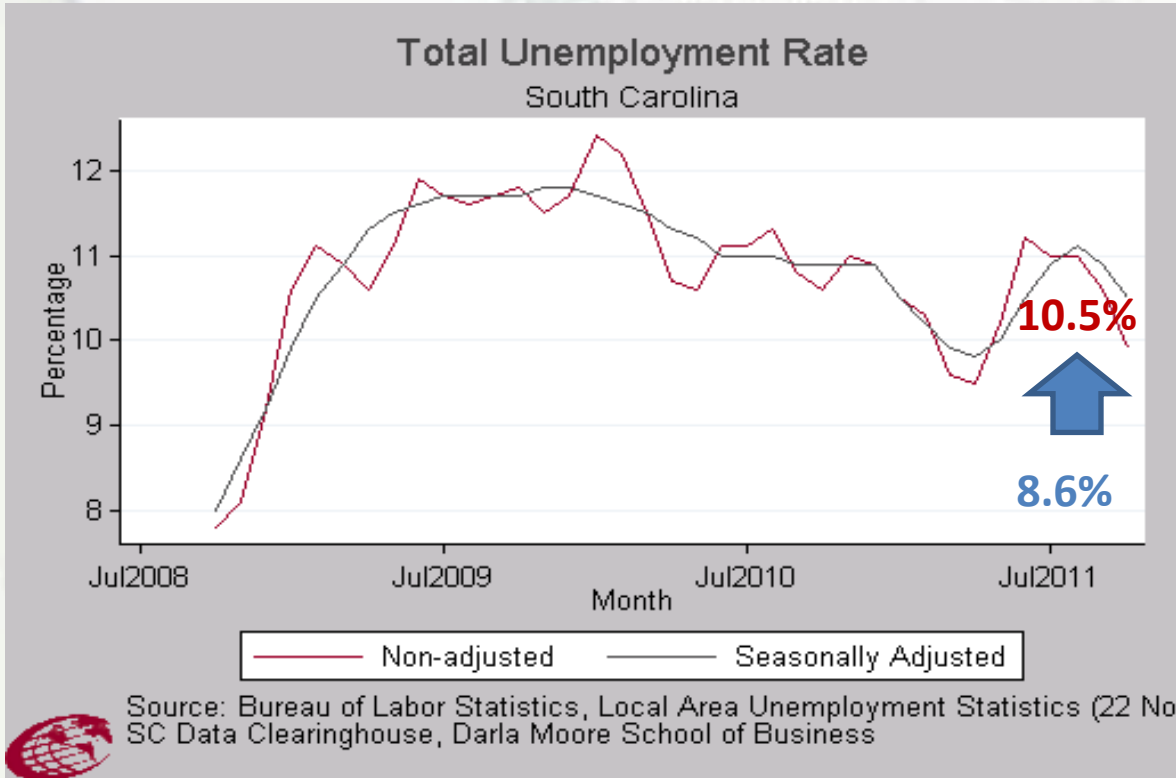
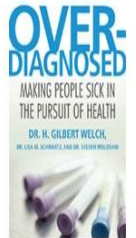


Jobs Up (Jobless Rate Down)

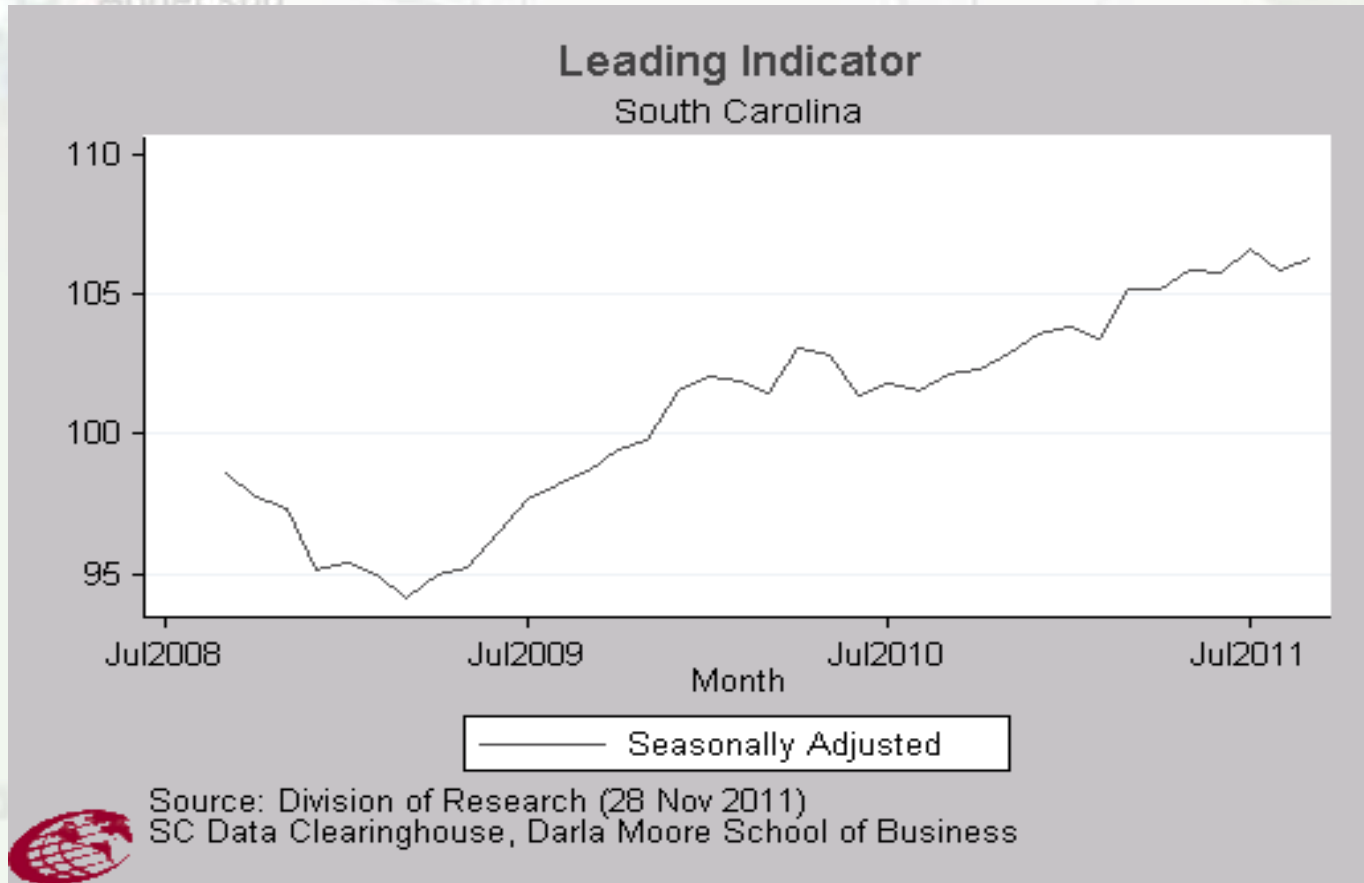
- Private employers
 - added 140,000 jobs in November 2011.
- Government
 - cut 20,000 jobs, mostly local and state.
 - trimmed a half-million jobs in the past year.
- U.S. *jobless rate fell* from 9.4 percent in Dec. 2010 to 8.6 percent Dec. 2011.



What about South Carolina? What about the double digit unemployment rate?!

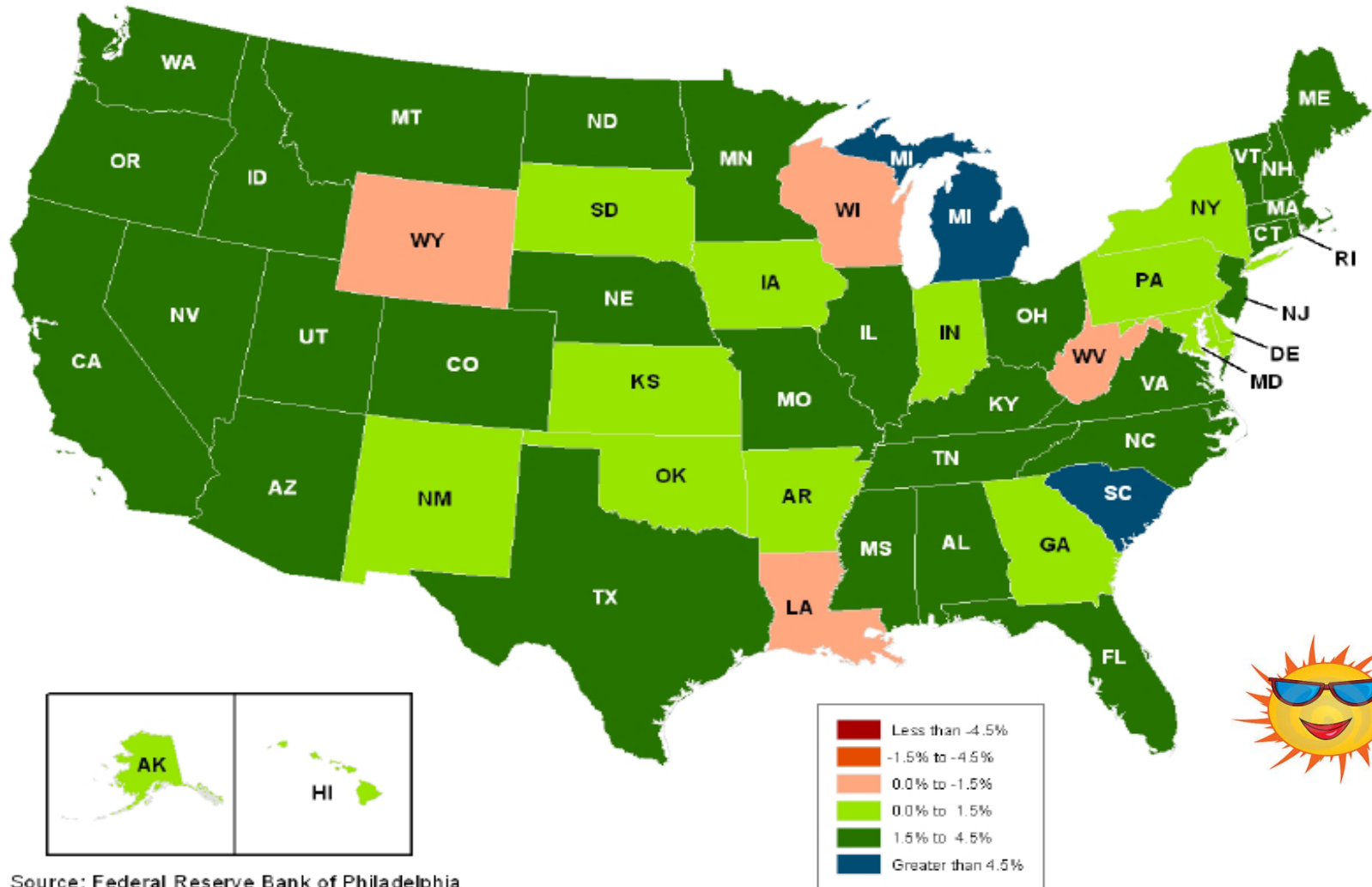


Our Prognosis



State Leading Indicator **Bright Spots**

October State Leading Indexes: 6-Month Forecast



Source: Federal Reserve Bank of Philadelphia

Historical data for the Third District leading indexes are available in Excel format. Click [here](#) to download file.

Release Date: December 1, 2011

Next Release Date: December 29, 2011

Site Selection's 2011 Top State Business Climate Rankings

Overall Ranking	Executive Survey Rank	2010 New Plant Rank	New Plant Rank per Million Pop.	Competitiveness Rank	2011 New Plant Rank (Jan. - Aug.)	Tax Climate Rank	Final Total Points
1 Texas	1	1	17	3	8	13	463
2 Georgia	3	5	7	7	4	25	446.5
3 North Carolina	2	6	11	4	1	41	437
4 Virginia	5	10	10	2	16	12	432
5 South Carolina	7	11	2	5	4	24	428.5
6 Indiana	9	9	5	8	7	10	426
7 Louisiana	11	3	1	1	3	36	408.5
8 Tennessee	5	14	13	11	19	27	398.5
9 Ohio	8	2	4	10	13	46	395
10 Florida	4	18	43	34	11	5	379
11 Pennsylvania	14	4	6	9	23	26	363.5
12 Alabama	10	17	18	20	18	28	359
13 Oklahoma	13	24	21	17	14	30	339
14 Utah	14	29	23	13	27	9	330.5
15 Michigan	21	7	12	16	20	17	325.5
16 Kansas	20	19	9	6	21	35	319.5
17 Mississippi	18	27	22	18	21	21	308
18 Colorado	14	31	36	25	23	15	301.5
19 Kentucky	31	13	3	12	6	19	299.5
20 California	11	15	47	37	9	49	295.5
21 Illinois	25	8	19	27	2	23	293.5
22 New York	18	12	32	28	10	50	285.5
23 Iowa	14	28	25	29	27	45	277.5
24 Maryland	21	20	27	22	26	44	258.5
25 Nevada	21	35	35	41	31	4	251.5



Source: Conway Data New Plant Database



4th Best State in the Nation to Do Business

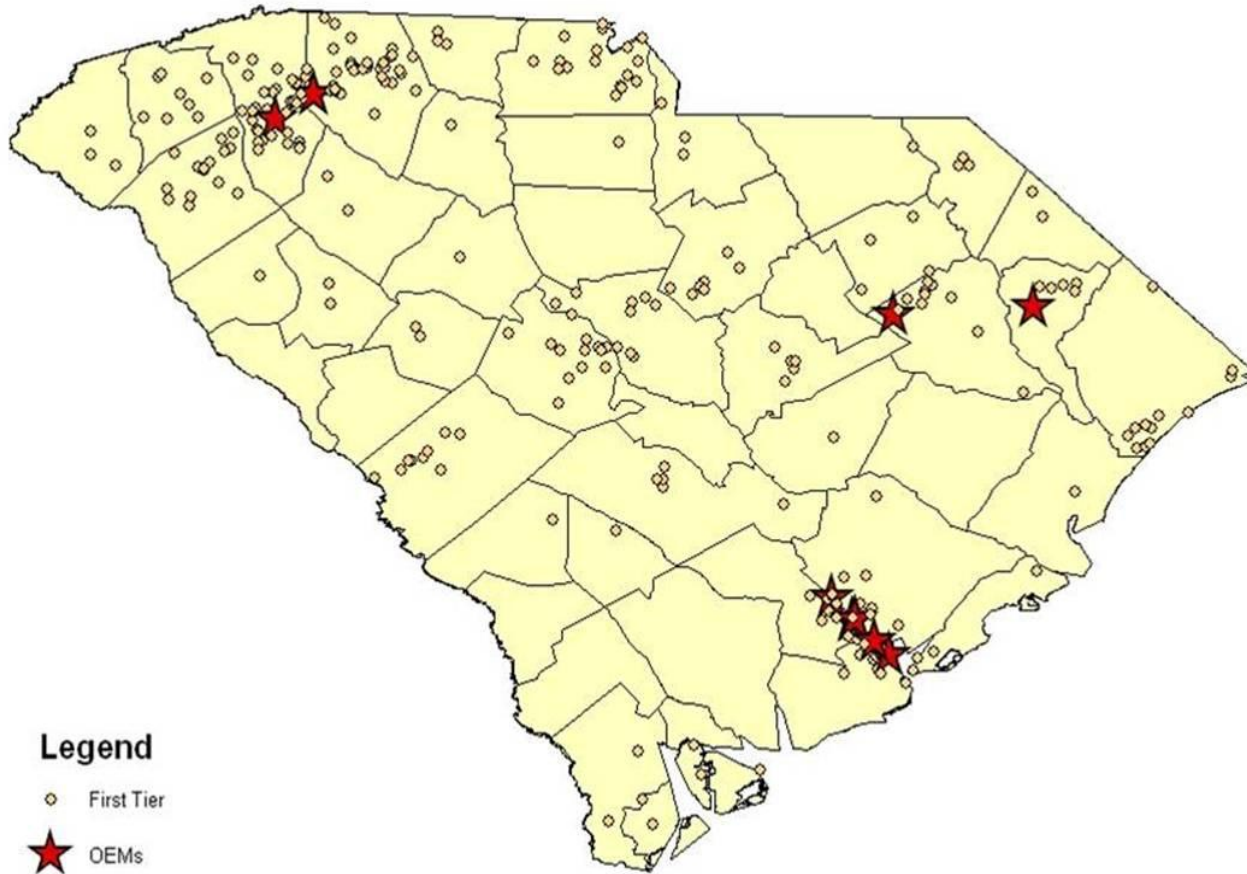
Based on *business environment,*
infrastructure, and labor climate.

Area Development Magazine

Hot Sectors: Employment

Industry	Difference	% Change
Government	-5,100	-1.5%
Manufacturing	+21,600	+5.2%
Retail Trade	-2,100	+0.9%
Professional & Business Services	+3,900	+1.8%
Leisure & Hospitality Services	+2,300	+1.1%
Education and Health Services	+4,000	+1.9%
Construction	-4,700	-5.8%
Financial Activities	+1,700	+1.7%

Establishments in Core Auto Manufacturing Cluster



2008

U.S. Demand for Autos

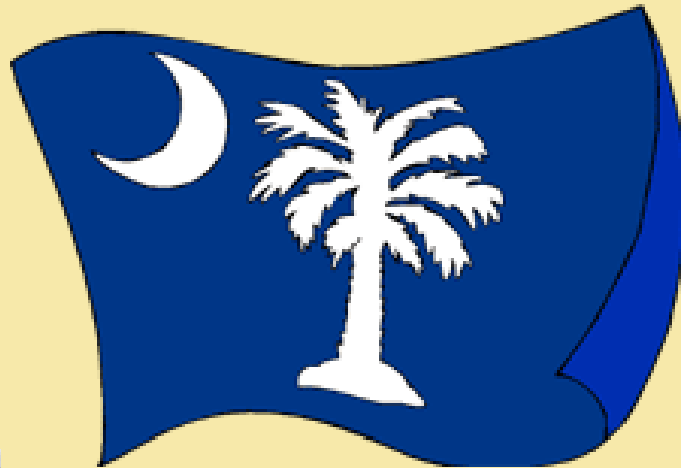
- **16 million+ cars and light trucks sold in 2006.**
 - **Fell to 10 million in 2009.**
- **Rebound to 13 million in 2011.**

Agribusiness: The Other Economy

- Agriculture's 50/20 Initiative
 - Exports
 - Local food
- Forestry's 20/15 Initiative
- Gaining traction
- Creating value for rural regions



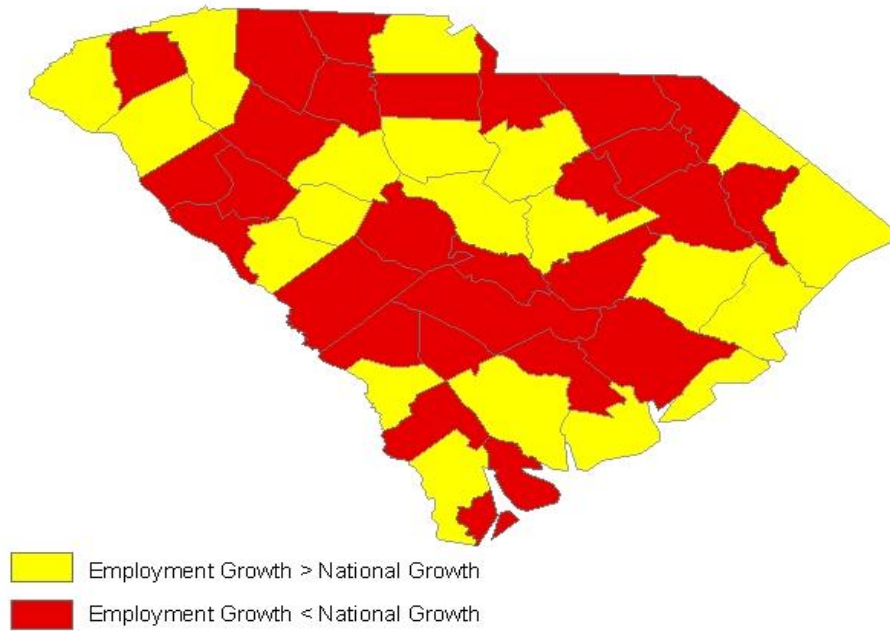
South Carolina



Where are
the
Hot
Spots
?

County Employment Growth

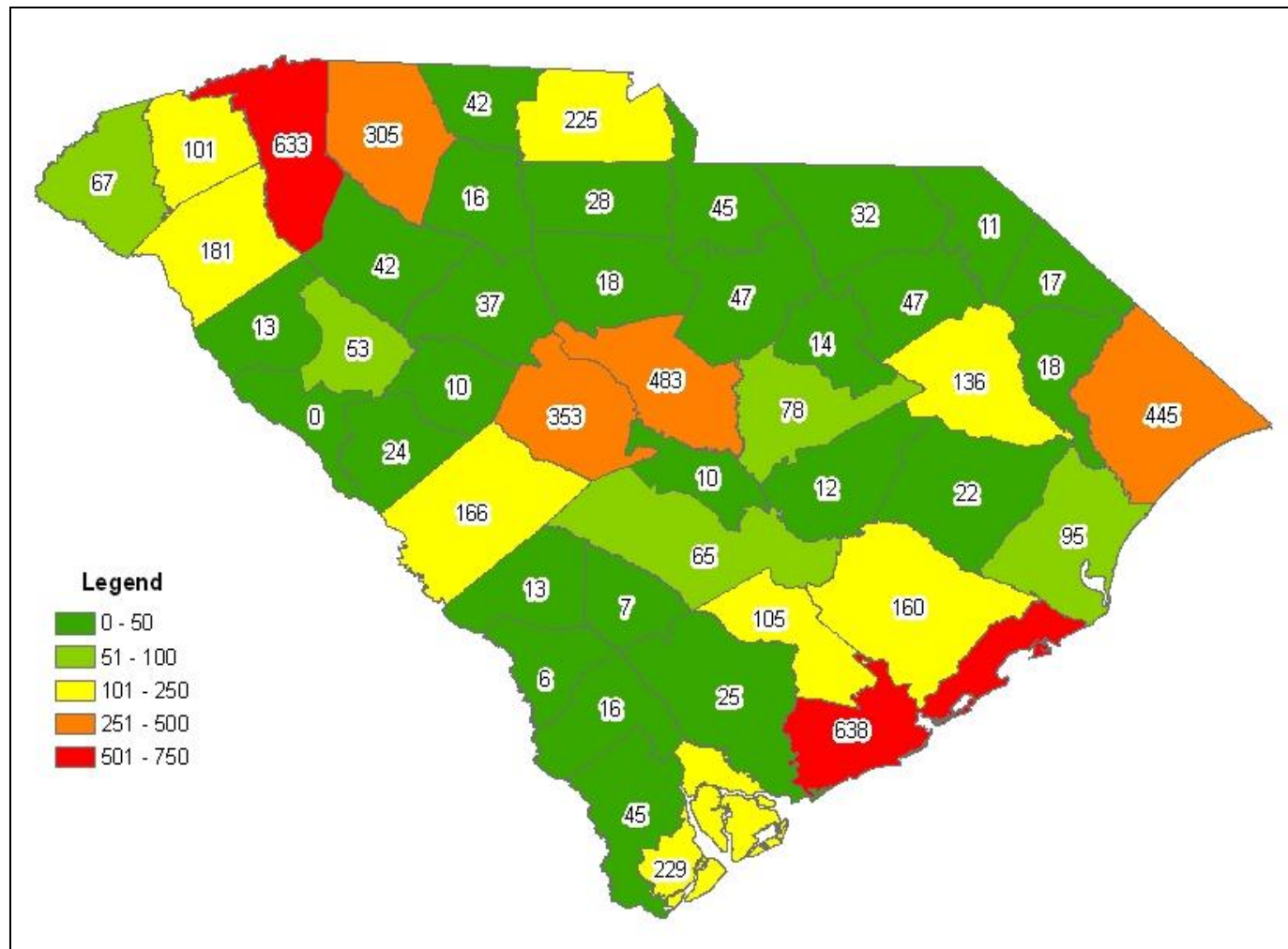
September 2007 to September 2011



Charleston Leads SC Creative Class

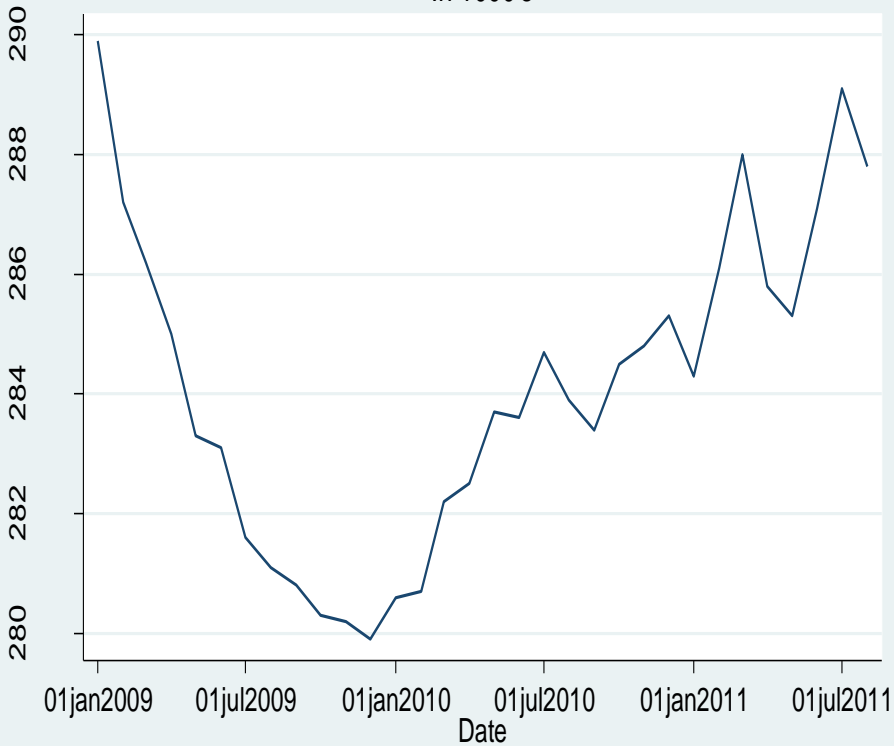
- *Largest increase in the share of adult population with four-year degree*
 - Over recent ten years in all US.
 - Charleston has 32 percent share vs. US 28 percent
- Columbia (30 percent share)
 - also higher than nation
 - off its peak share of educated population
- Below US higher education attainment...
 - Greenville (27 percent)
 - Myrtle Beach (23 percent)
 - Spartanburg (21 percent)
 - Florence (18 percent)
 - Sumter (16 percent)

HIGH-IMPACT FIRMS IN S.C. COUNTIES (2004-2008)



Tale of Two Cities

Charleston MSA Employment In 1000's



Source: Bureau of Labor Statistics

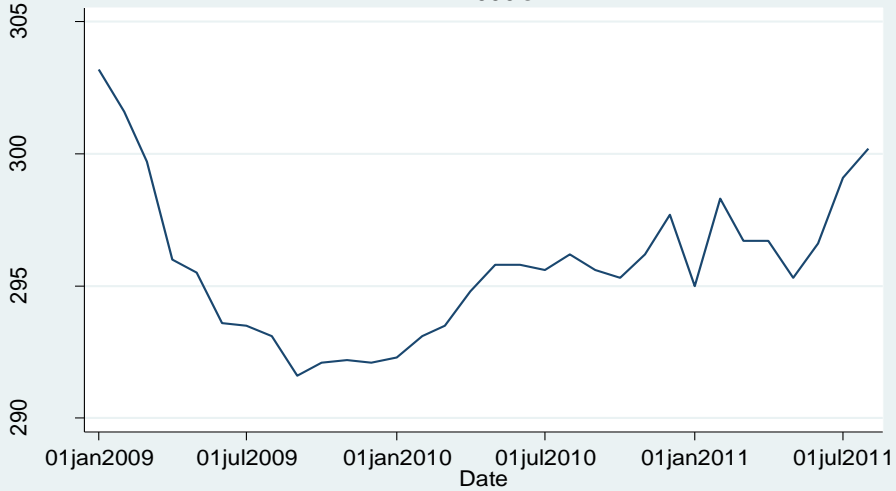
Columbia MSA Employment In 1000's



Source: Bureau of Labor Statistics

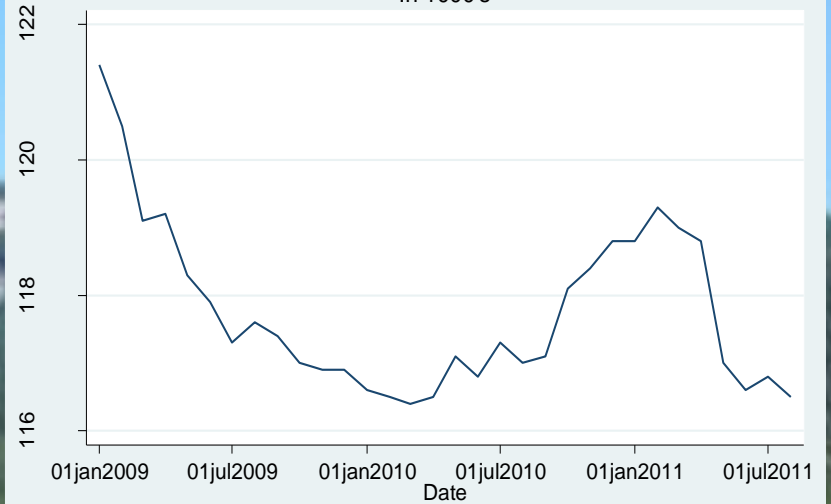
Upstate Metro Areas

Greenville MSA Employment
In 1000's



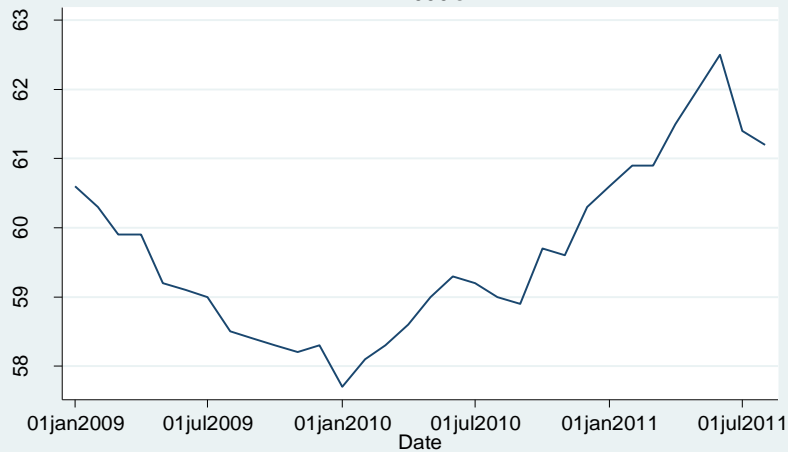
Source:Bureau of Labor Statistics

Spartanburg MSA Employment
In 1000's



Source:Bureau of Labor Statistics

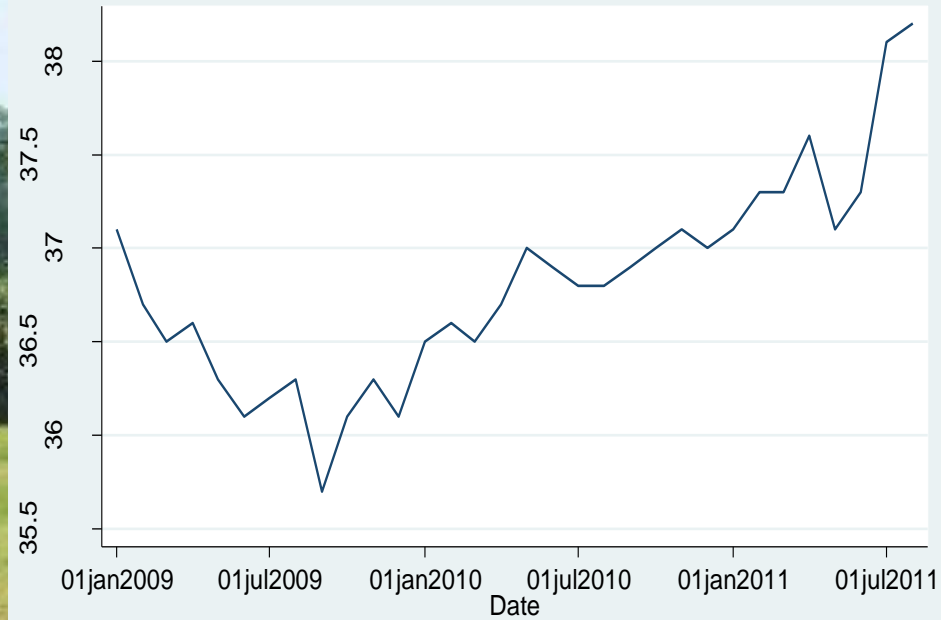
Anderson MSA Employment
In 1000's



Source:Bureau of Labor Statistics

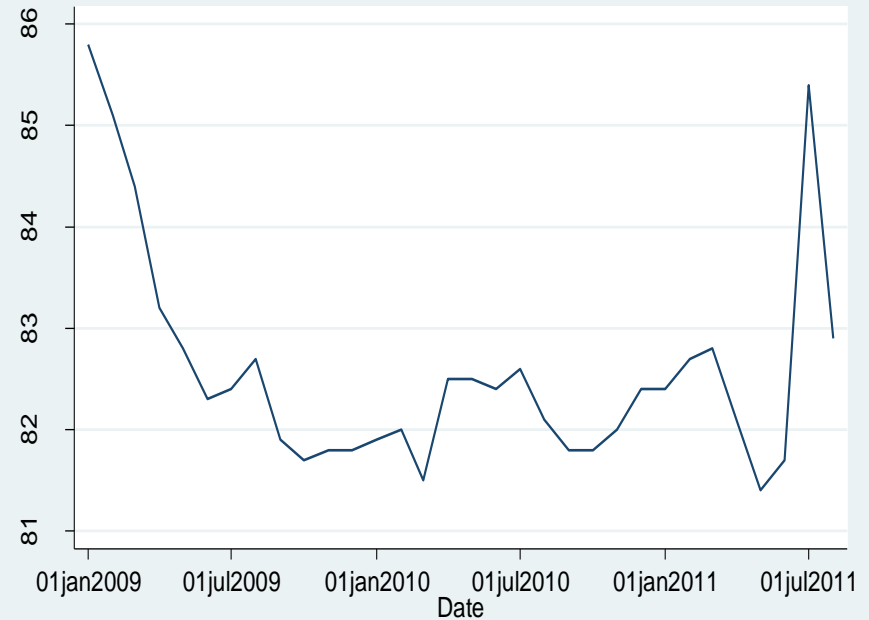
Smaller SC Metro Areas

Sumter MSA Employment
In 1000's



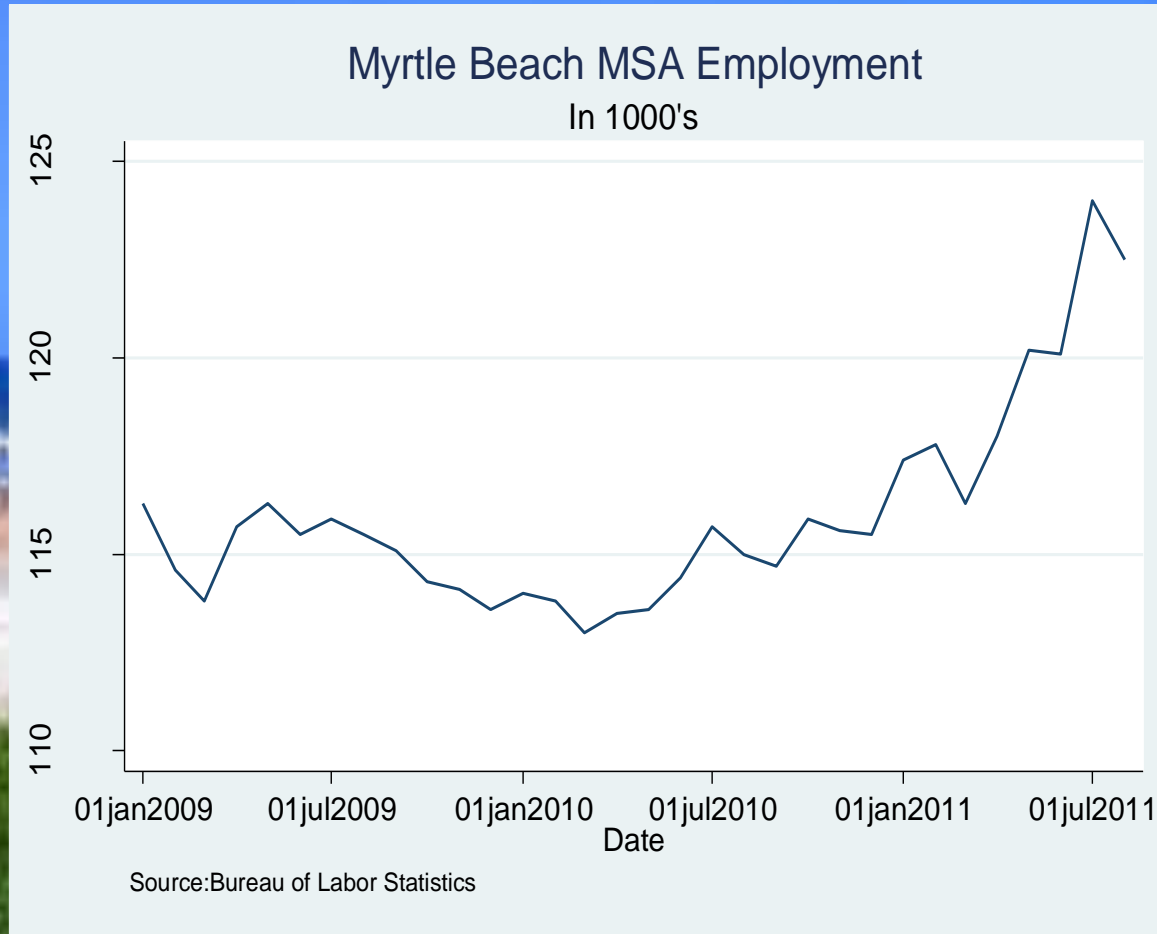
Source: Bureau of Labor Statistics

Florence MSA Employment
In 1000's

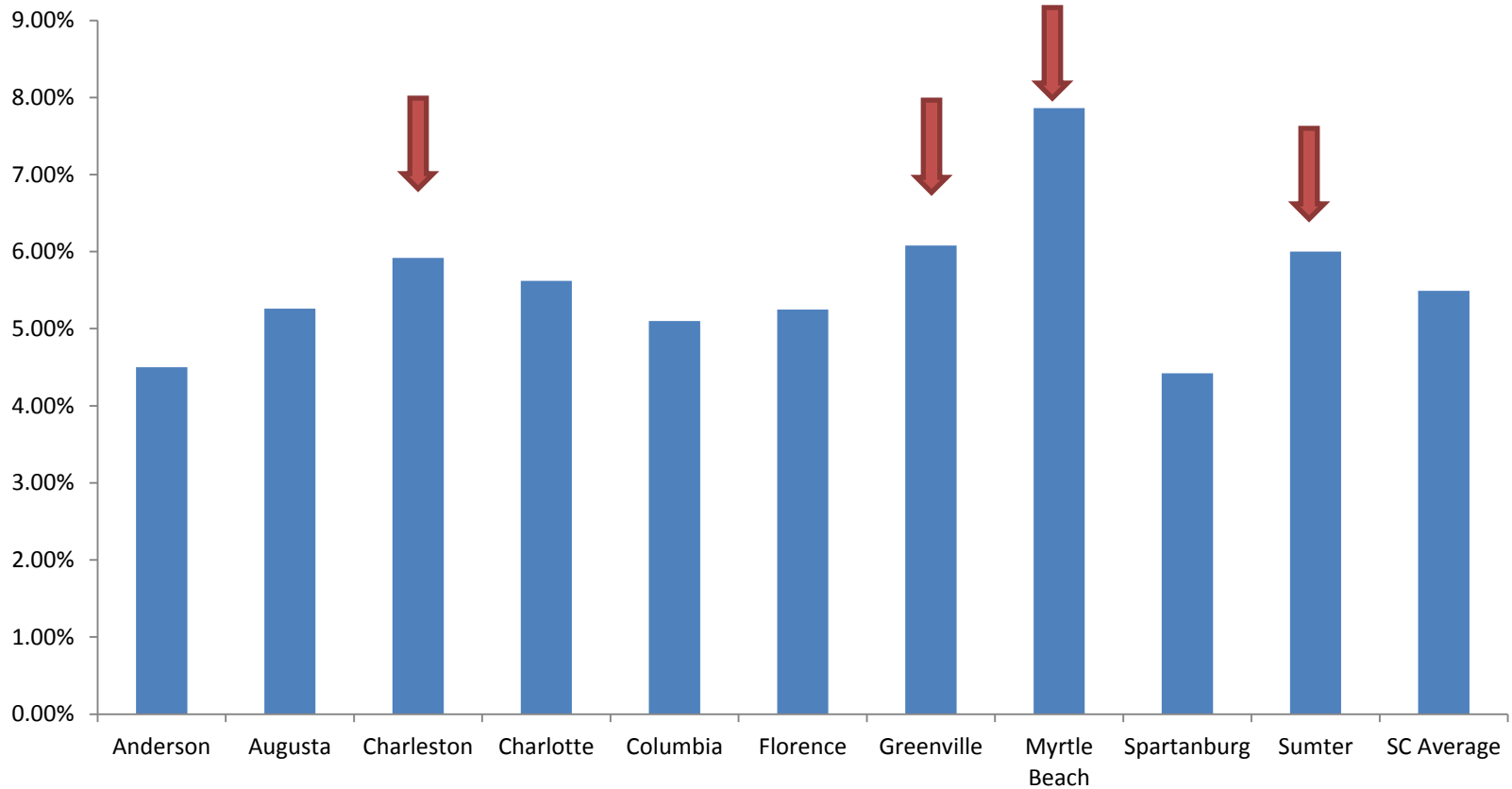


Source: Bureau of Labor Statistics

The Grand Strand is **Hot**?



Job Creation Rate: Charleston, Greenville, Sumter, and Myrtle Beach





South Carolina in 2012

- **Fourth best state for business**
 - In the fourth best country.
- **Resilient and hot sectors**
- **Recovering and hot regions**

Unseen Circumstances





Thank You!



**For more information:
A wealth of data Moore School web site**

**Google:
“Moore School Economic Data”
“SC Dash”**

[Division of Research, Moore School of Business](#)