

THE 2022 SOUTH CAROLINA ECONOMIC OUTLOOK

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South Carolina

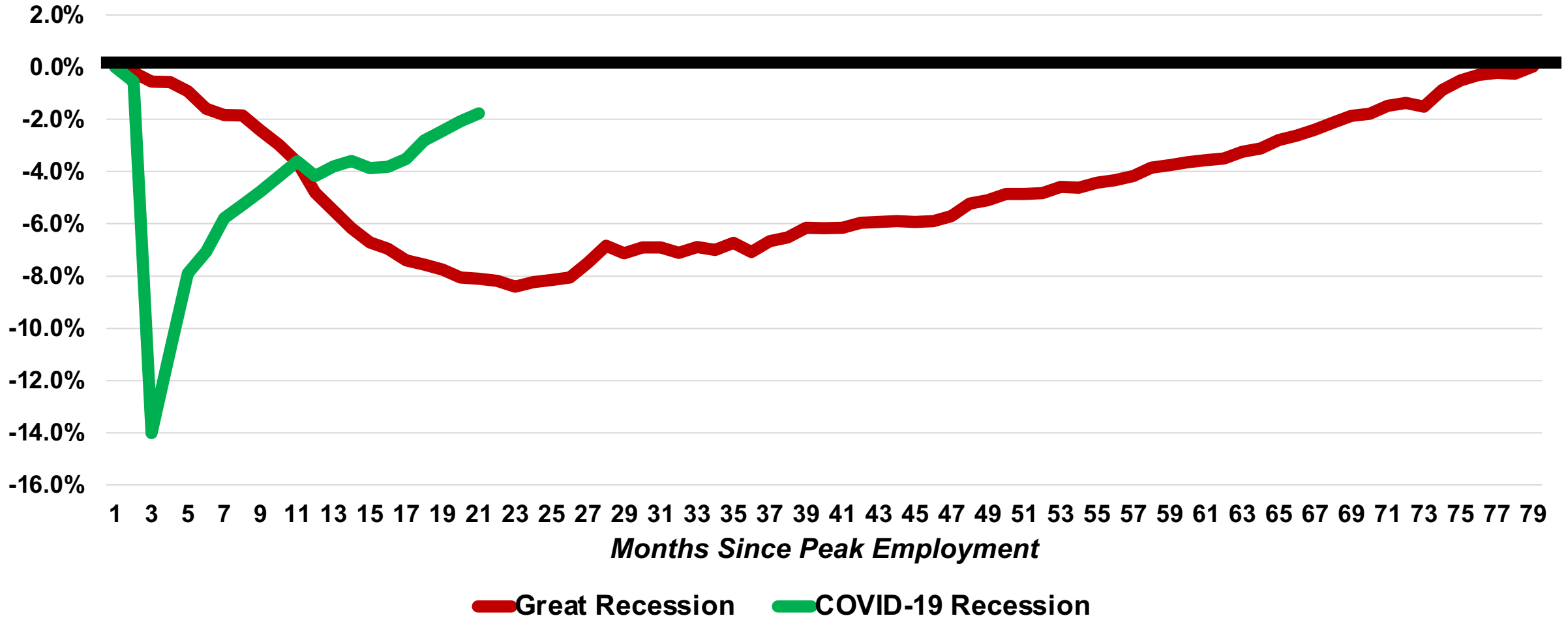
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COVID-19 WAS A PAUSE BUTTON ON THE GREAT EXPANSION



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



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

PUSHING PLAY AGAIN IN 2022?



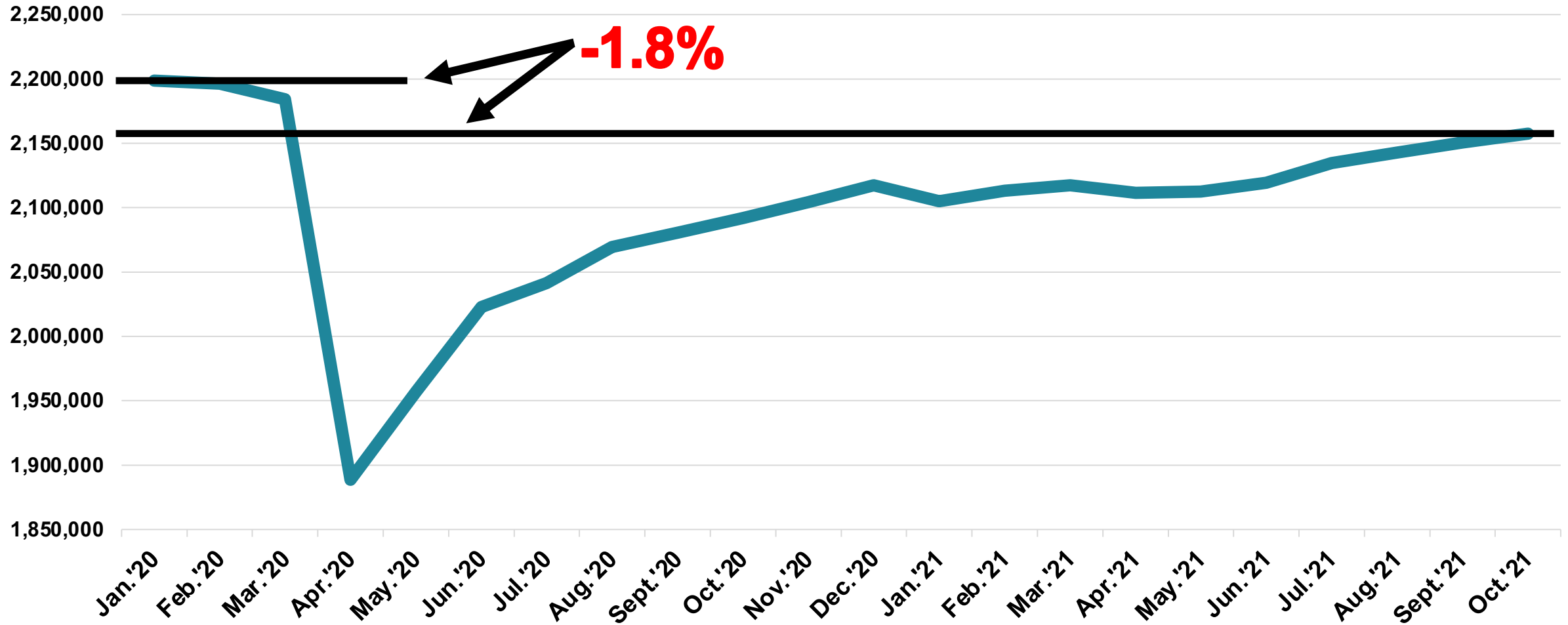
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SUPPLY AND DEMAND



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SOUTH CAROLINA EMPLOYMENT LEVELS



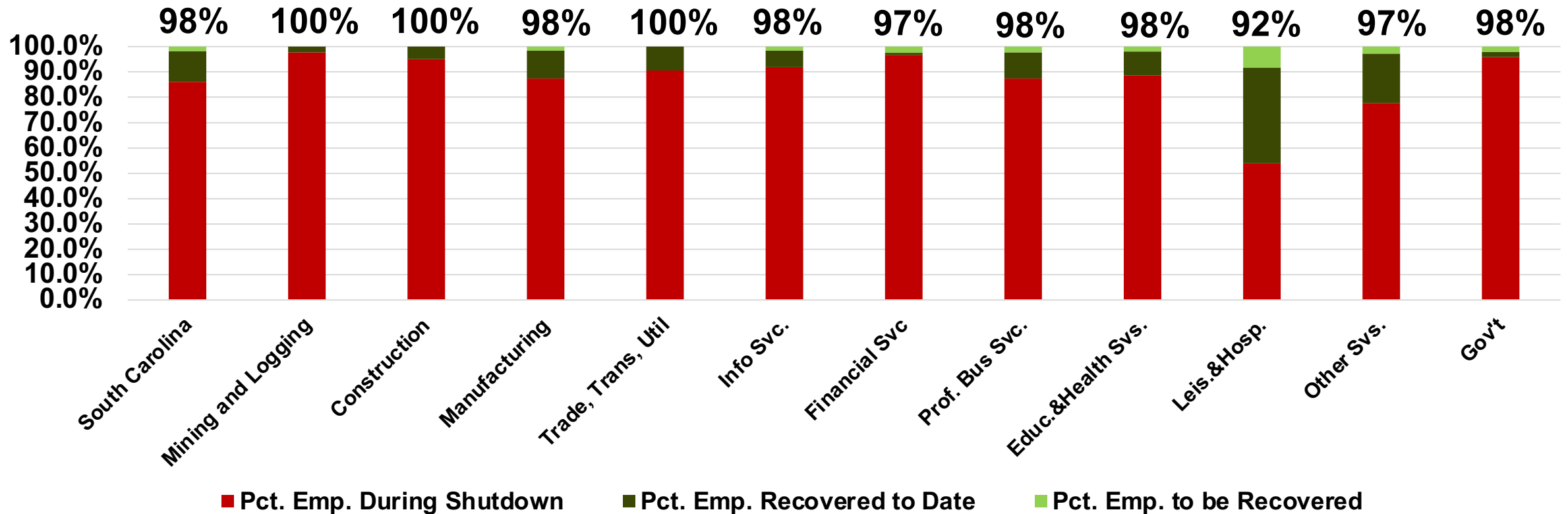
Source: U.S. Bureau of Labor Statistics, CES, SA



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SOUTH CAROLINA EMPLOYMENT RECOVERY

Gains and Losses by Industry Sector

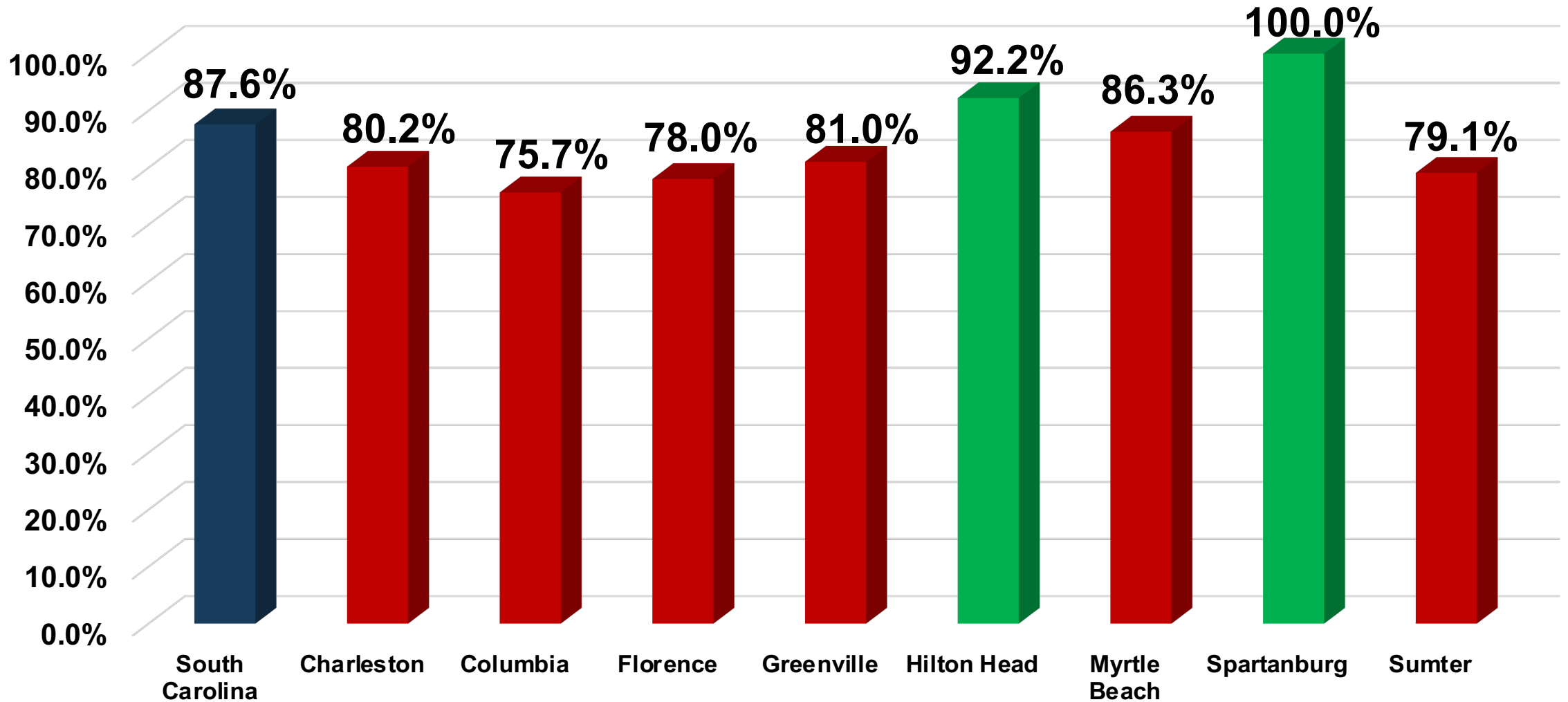


Source: U.S. Bureau of Labor Statistics, CES-SA



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PCT. LOST JOBS RECOVERED SINCE FEB.'20

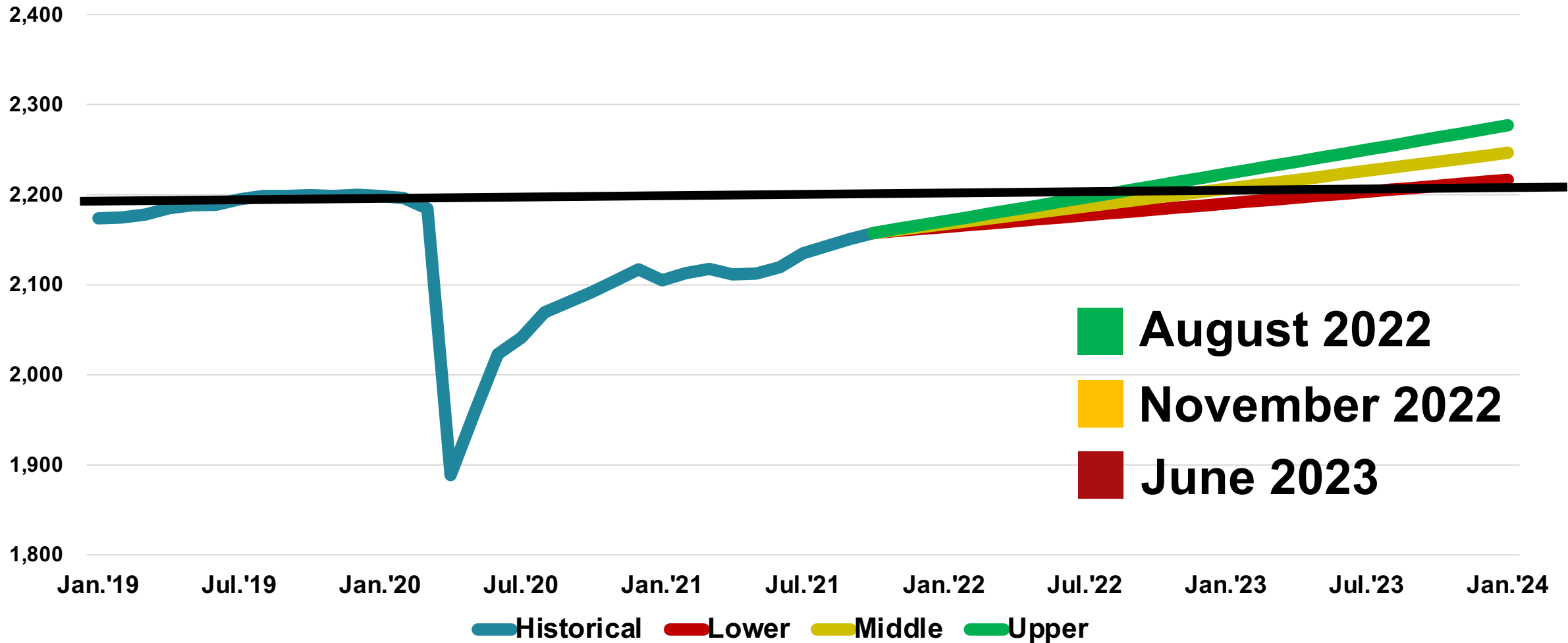


Source: U.S. Bureau of Labor Statistics, CES, SA



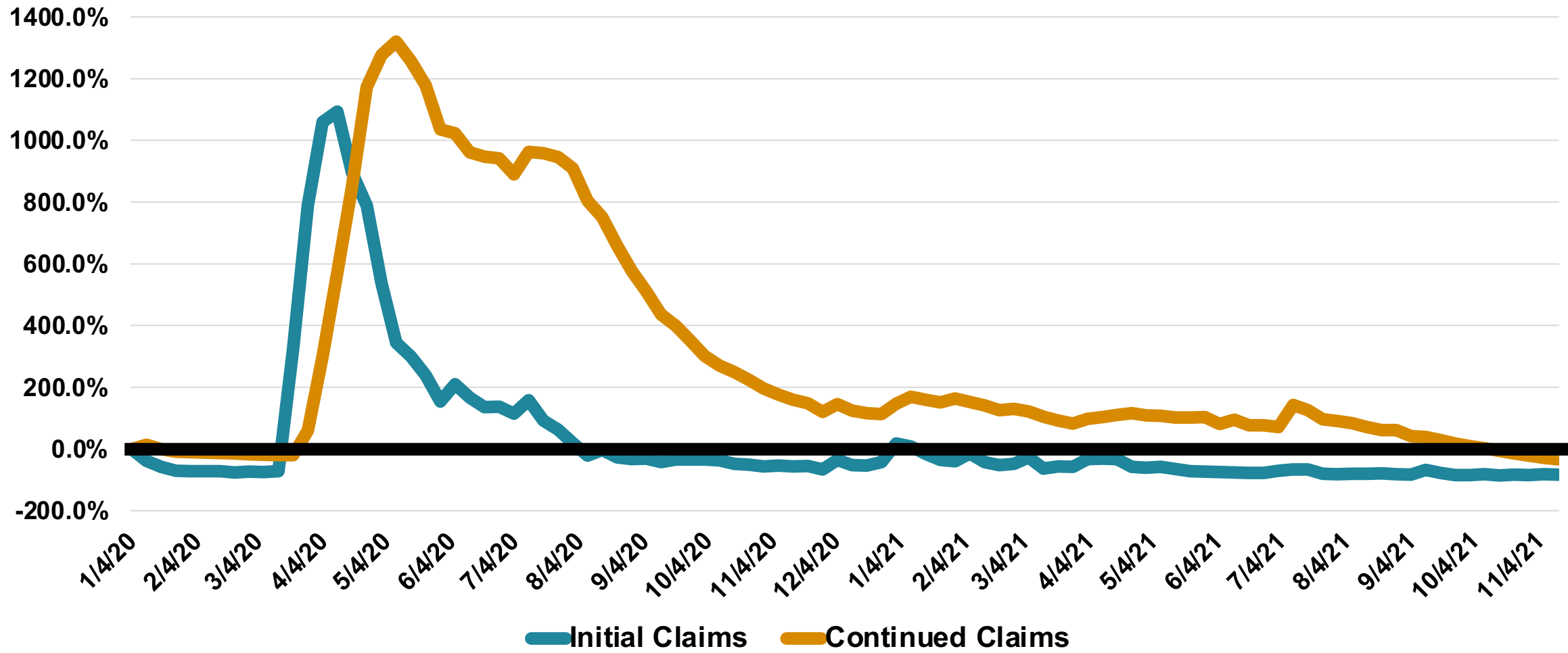
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S.C. POSSIBLE EMPLOYMENT RECOVERY SCENARIOS



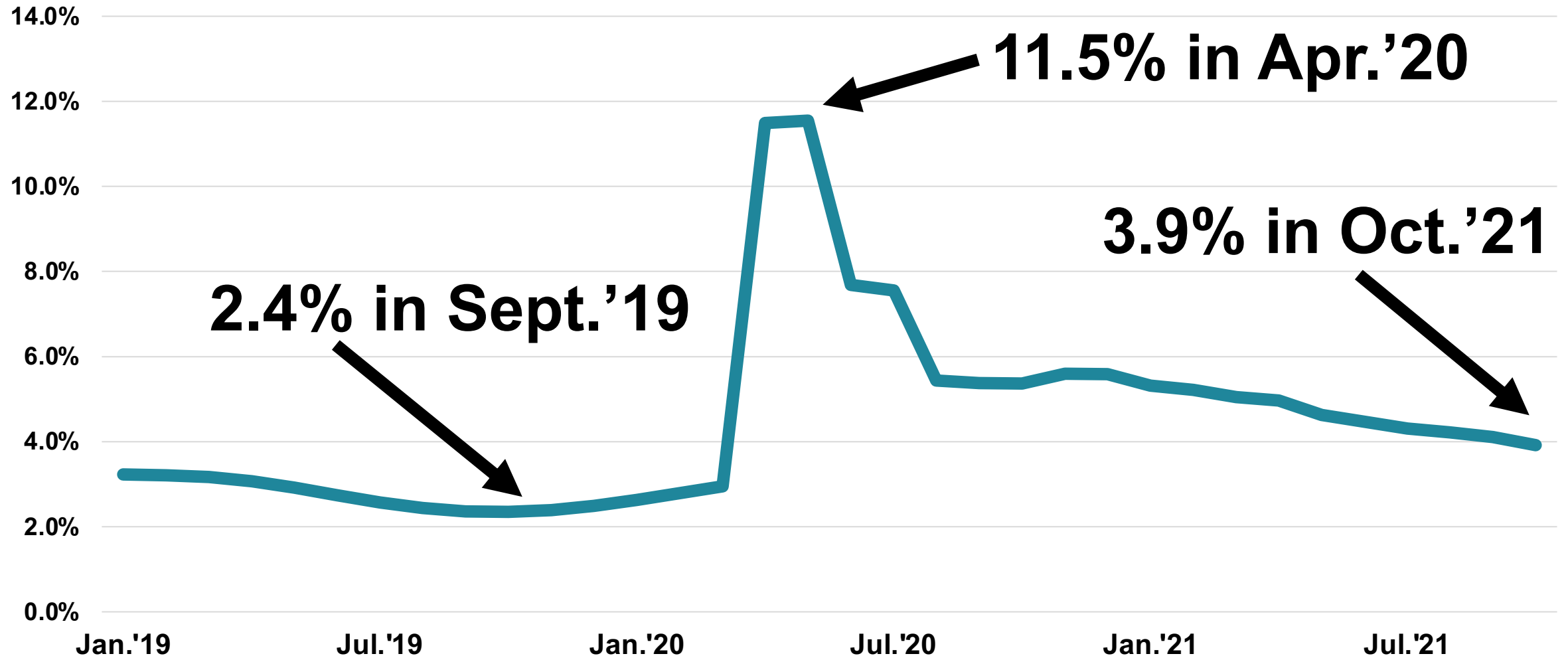
Source: U.S. Bureau of Labor Statistics, CES, SA & Division of Research

SOUTH CAROLINA UI CLAIMS AS PCT. OF CLAIMS IN JAN.'20



Source: U.S. Department of Labor

SOUTH CAROLINA UNEMPLOYMENT RATE

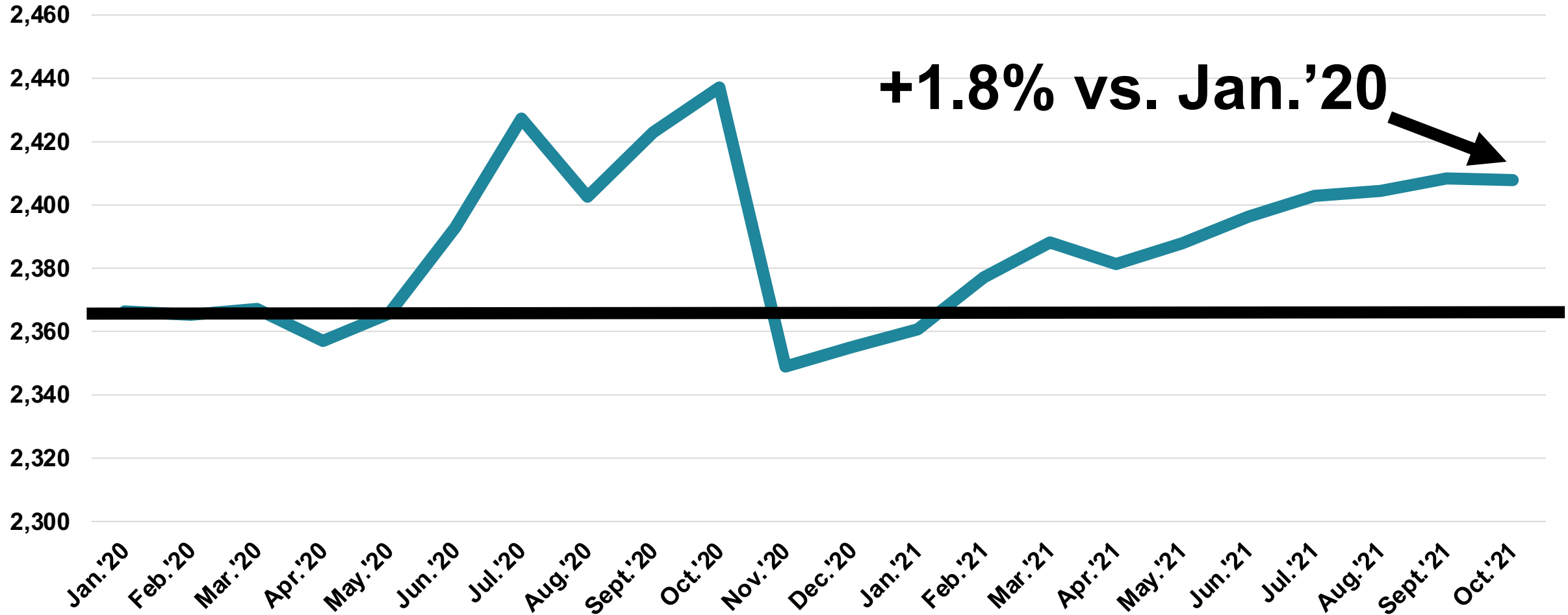


Source: U.S. Bureau of Labor Statistics



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SOUTH CAROLINA LABOR FORCE

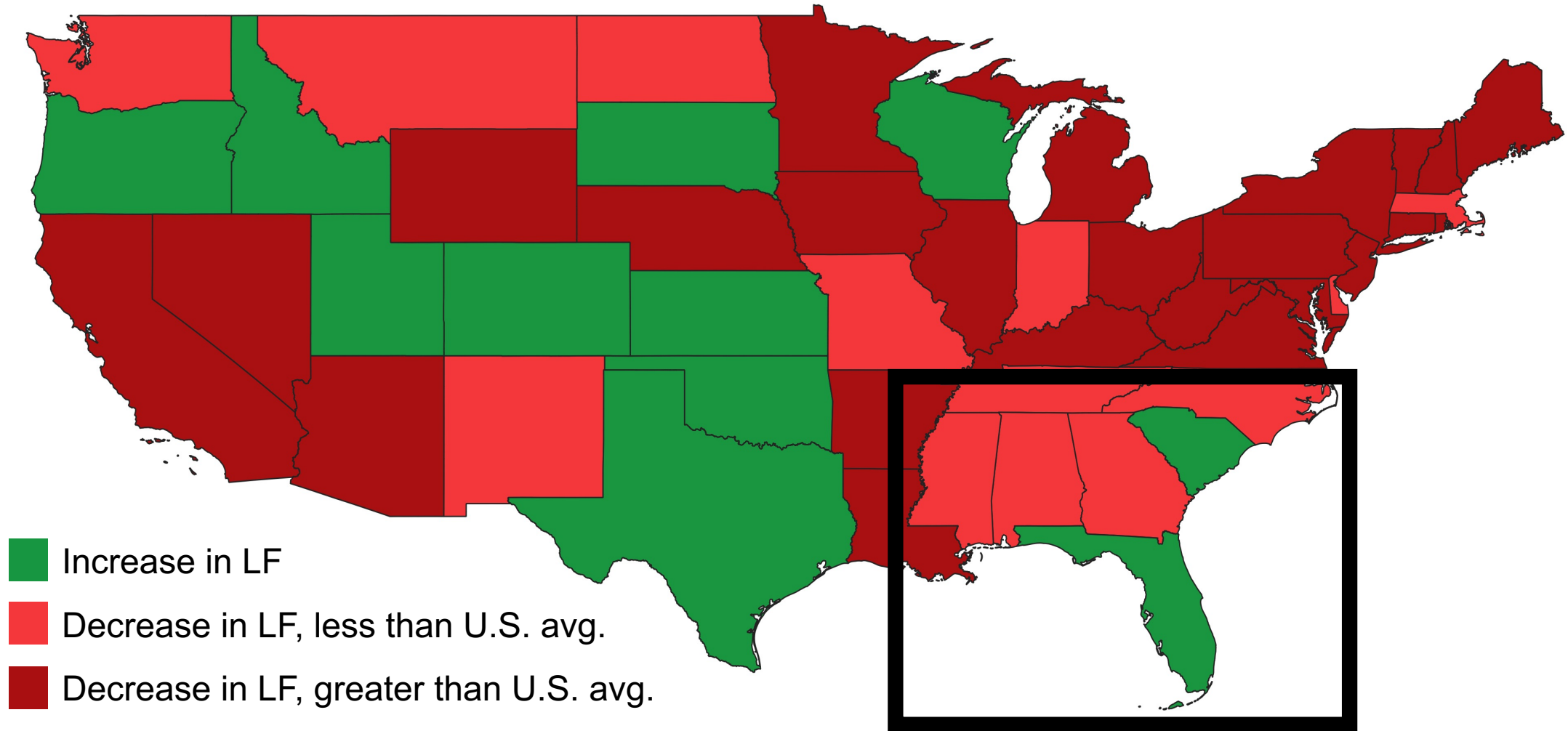


Source: U.S. Bureau of Labor Statistics



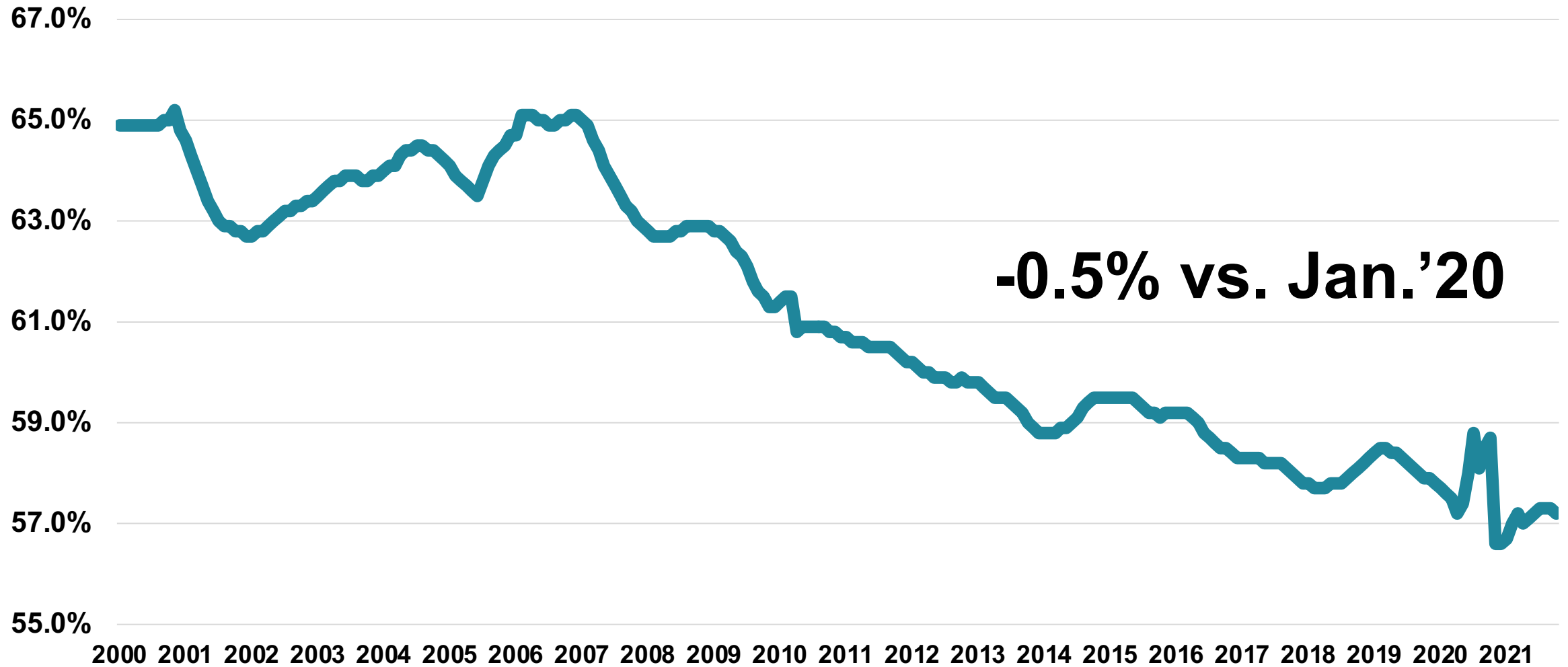
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CURRENT SIZE OF LABOR FORCE RELATIVE TO FEB.'20



Source: U.S. Bureau of Labor Statistics, LAUS, Oct.'21

S.C. LABOR FORCE PARTICIPATION RATE



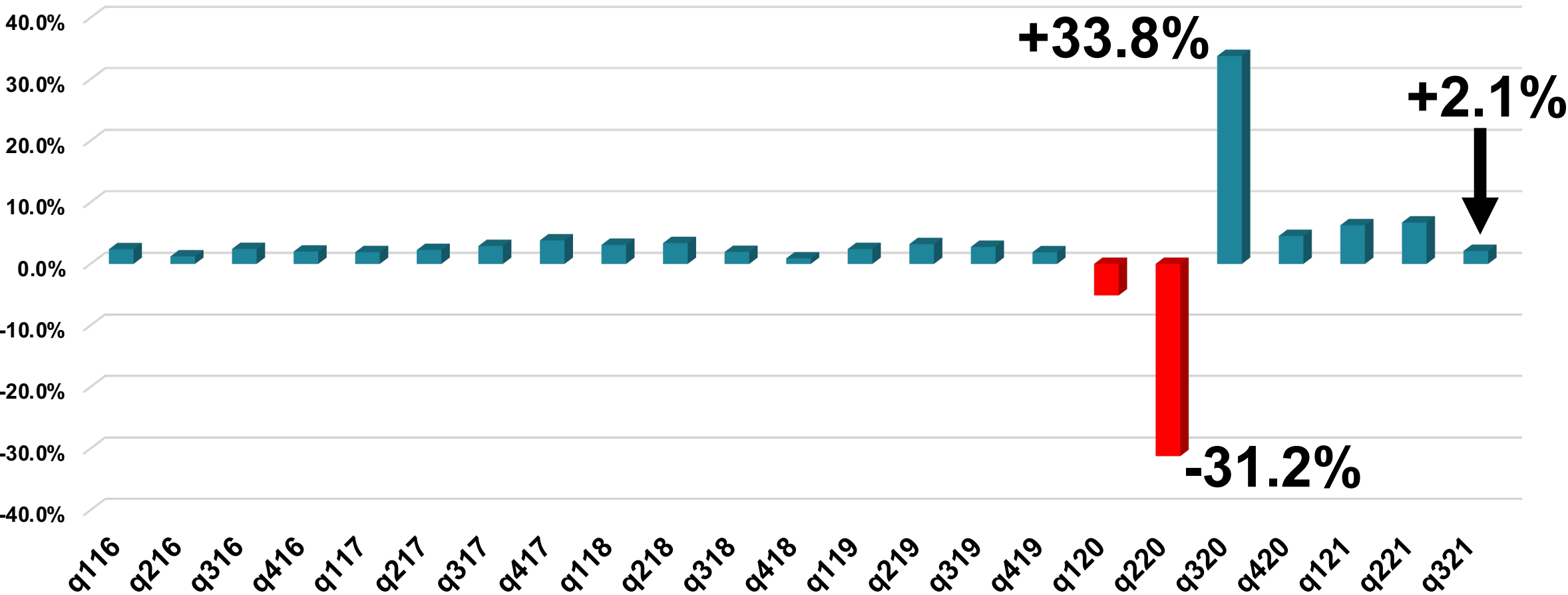
Source: U.S. Bureau of Labor Statistics

SUPPLY AND DEMAND



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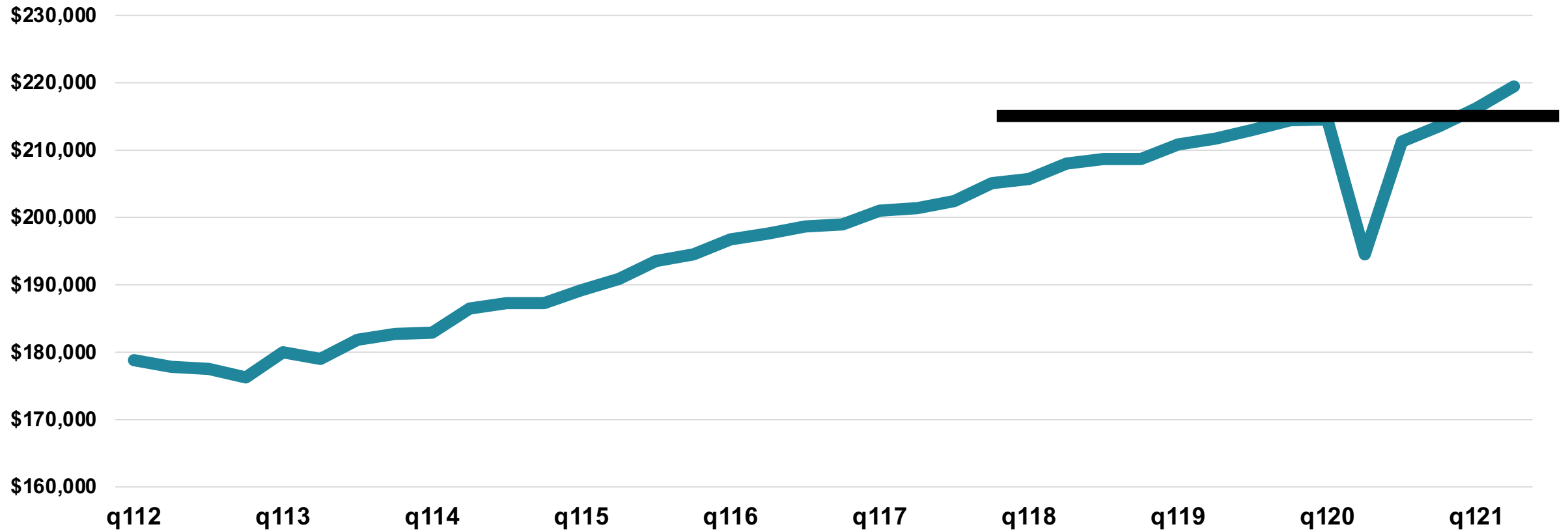
U.S. ANNUALIZED GDP GROWTH



Source: U.S. Bureau of Economic Analysis

SOUTH CAROLINA GDP LEVELS

Real GDP Levels, Millions of Dollars, Seasonally Adjusted



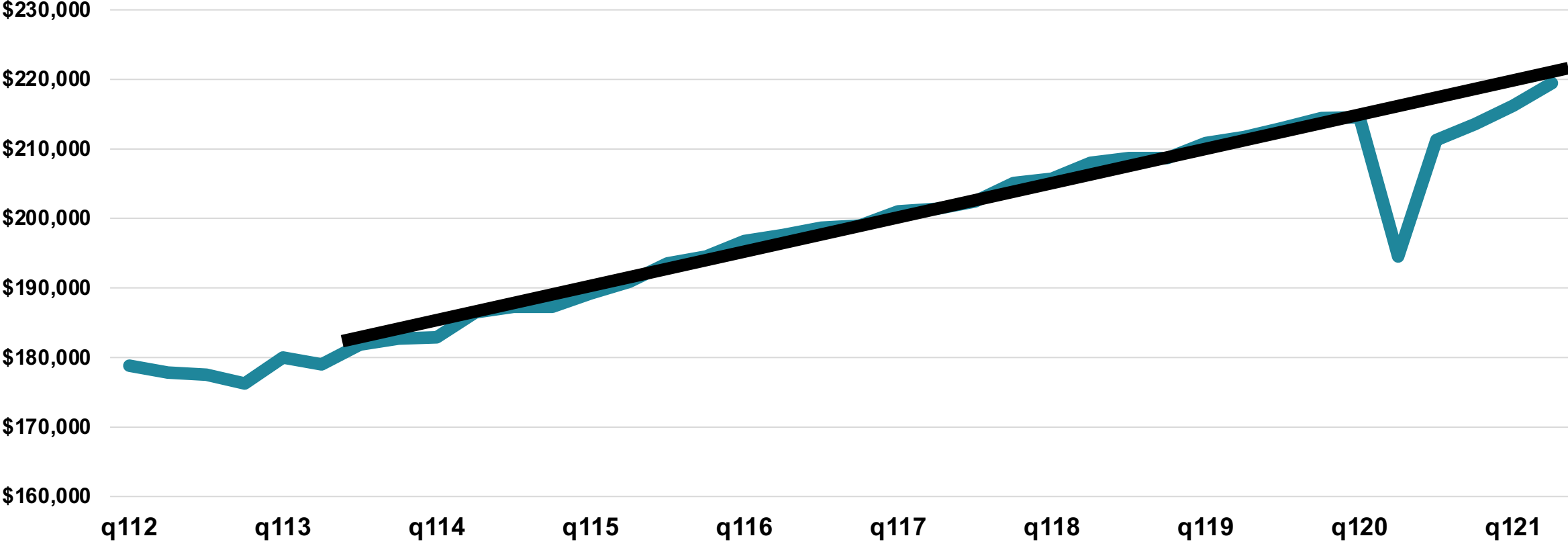
Source: U.S. Bureau of Economic Analysis



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SOUTH CAROLINA GDP LEVELS

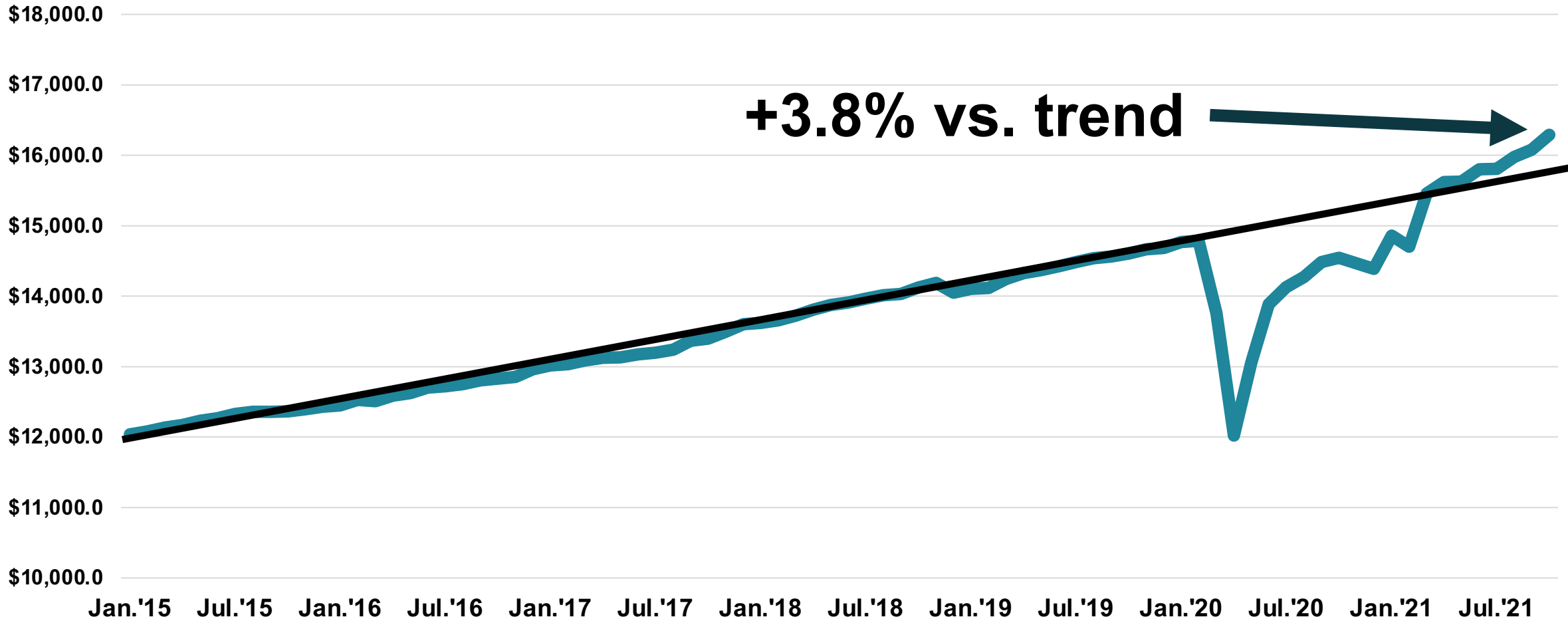
Real GDP Levels, Millions of Dollars, Seasonally Adjusted



Source: U.S. Bureau of Economic Analysis

TOTAL U.S. CONSUMER SPENDING

Note: Values Represent Annualized Totals, in billions



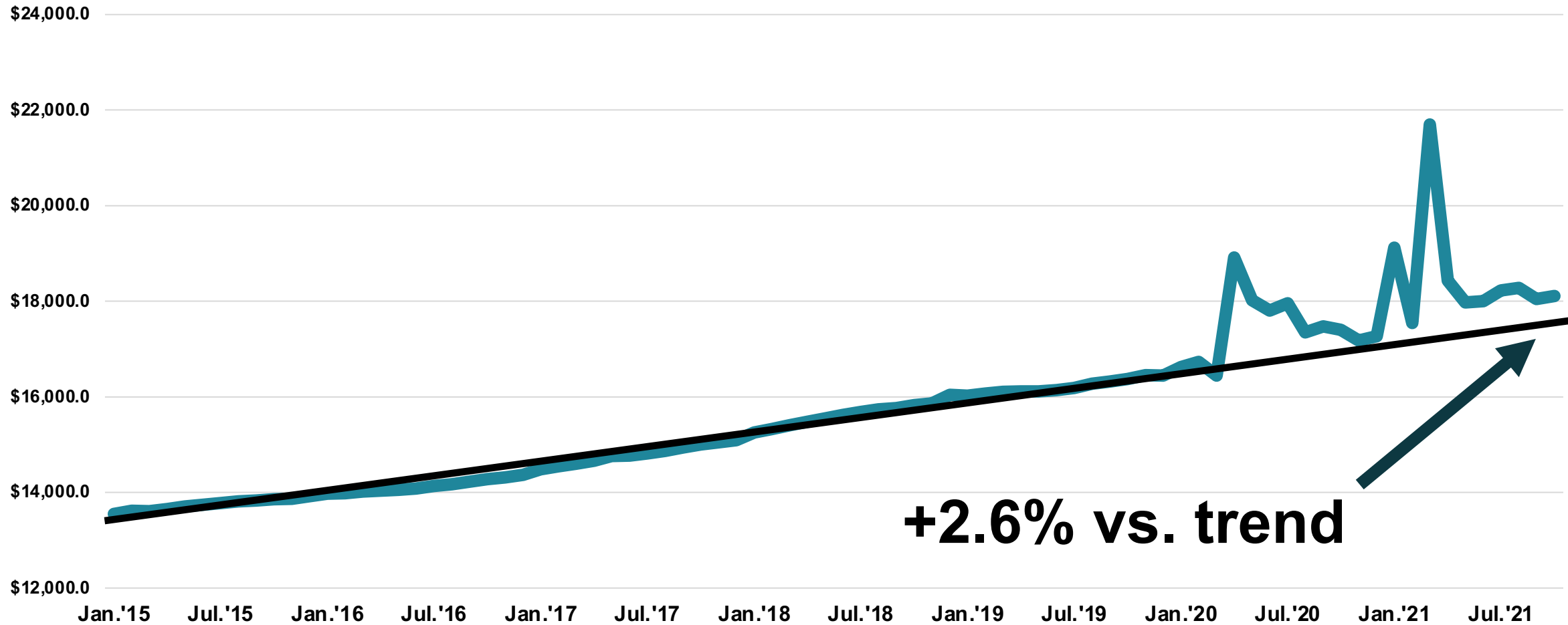
Source: U.S. Bureau of Economic Analysis



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U.S. DISPOSABLE PERSONAL INCOME

Note: Values Represent Annualized Totals, in billions

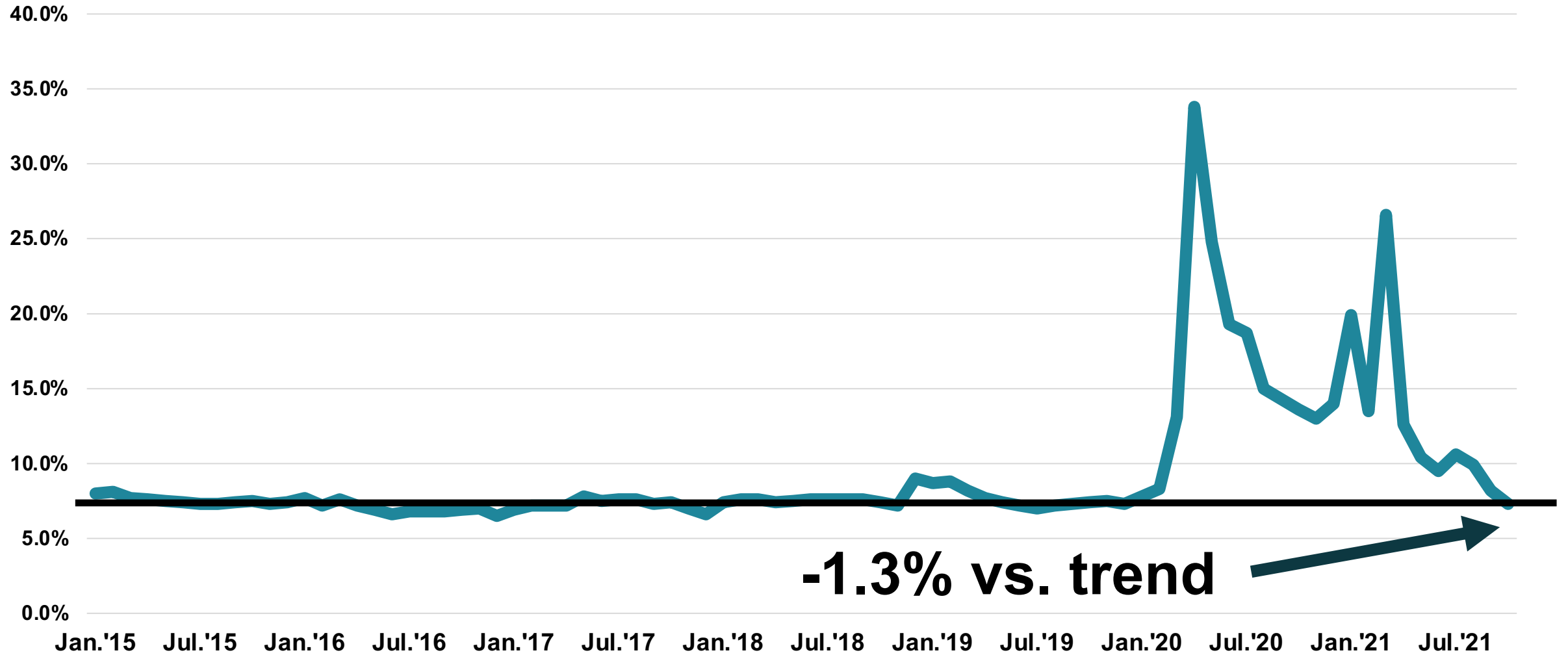


Source: U.S. Bureau of Economic Analysis



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U.S. PERSONAL SAVINGS RATE



-1.3% vs. trend

Source: U.S. Bureau of Economic Analysis



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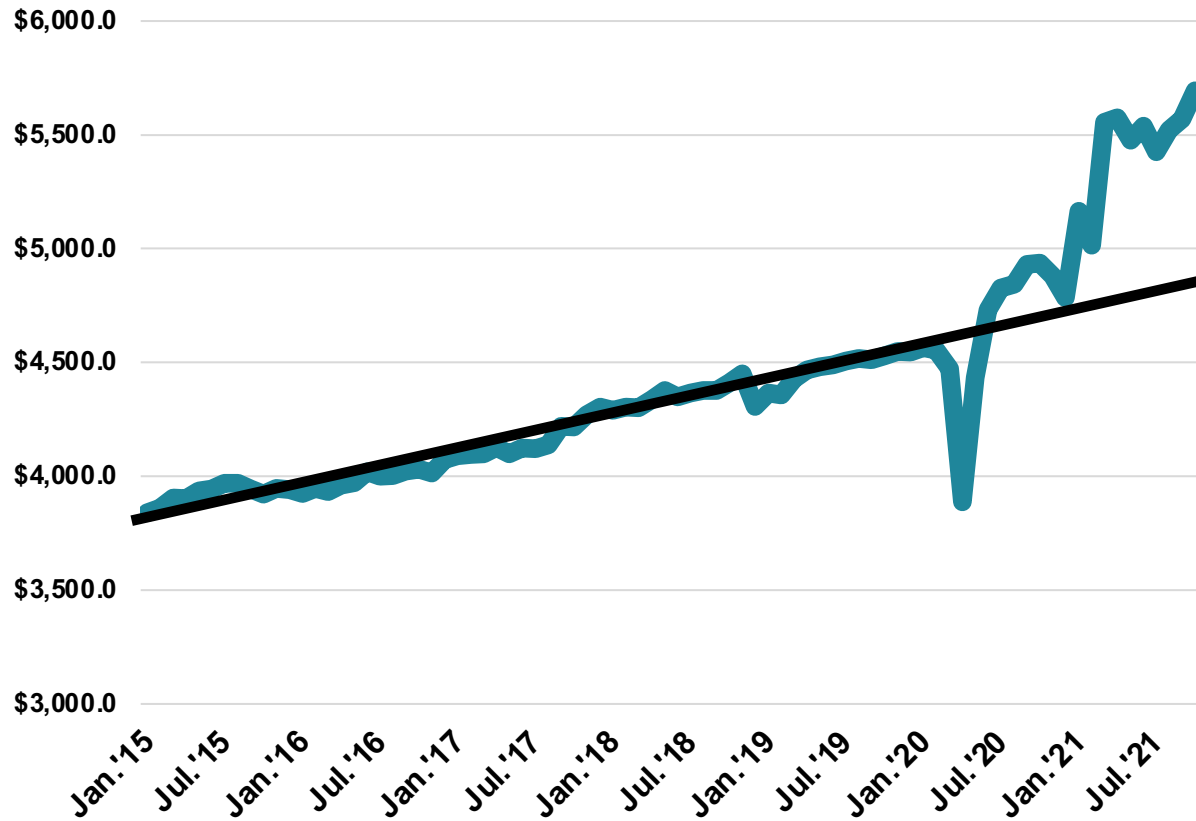
THE GROWTH RATE IN CONSUMER SPENDING MAY TAPER IN 2022



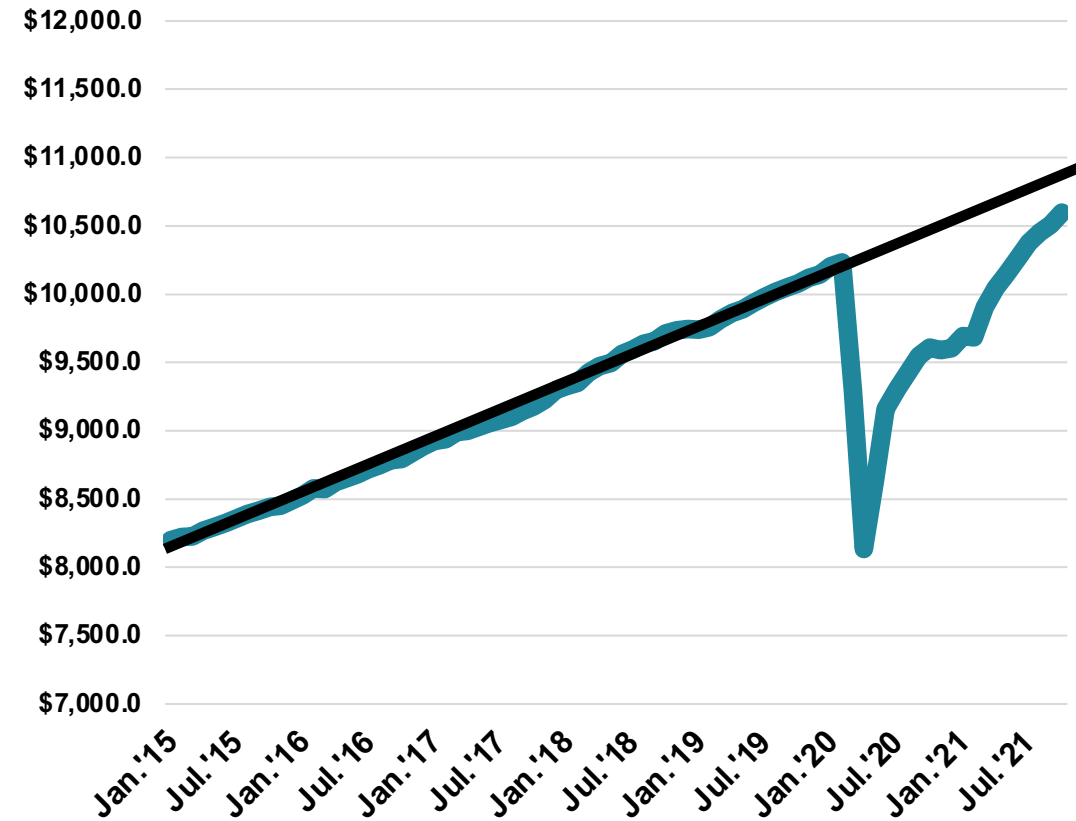
TOTAL U.S. CONSUMER SPENDING

Note: Values Represent Annualized Totals, in billions

Goods



Services



Source: U.S. Bureau of Economic Analysis



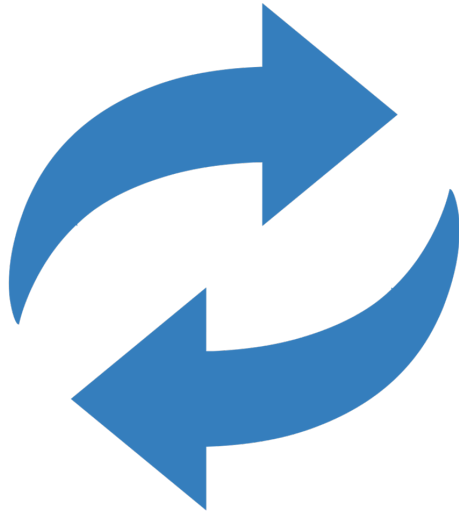
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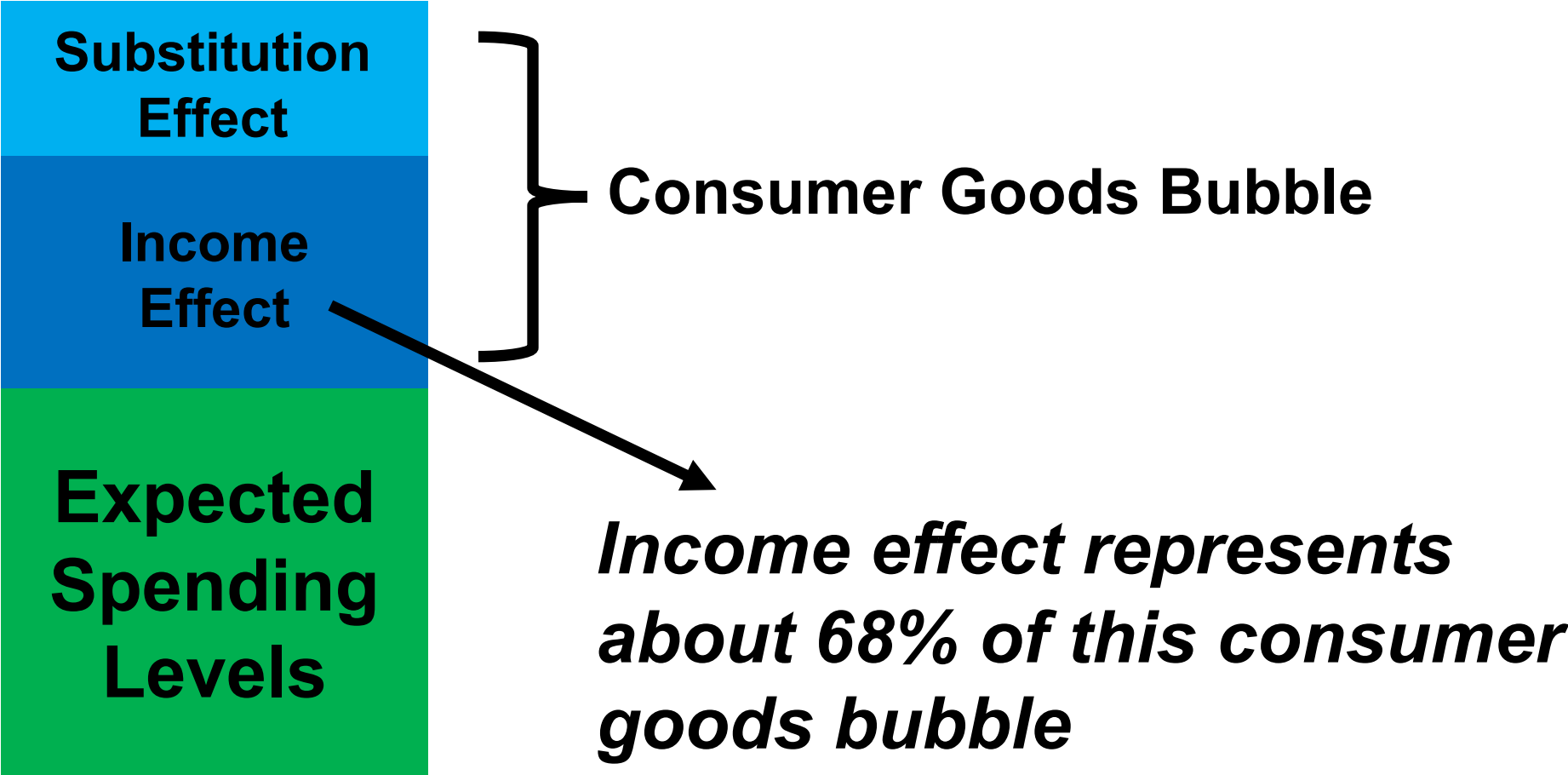
INCOME EFFECT

VS.

SUBSTITUTION EFFECT

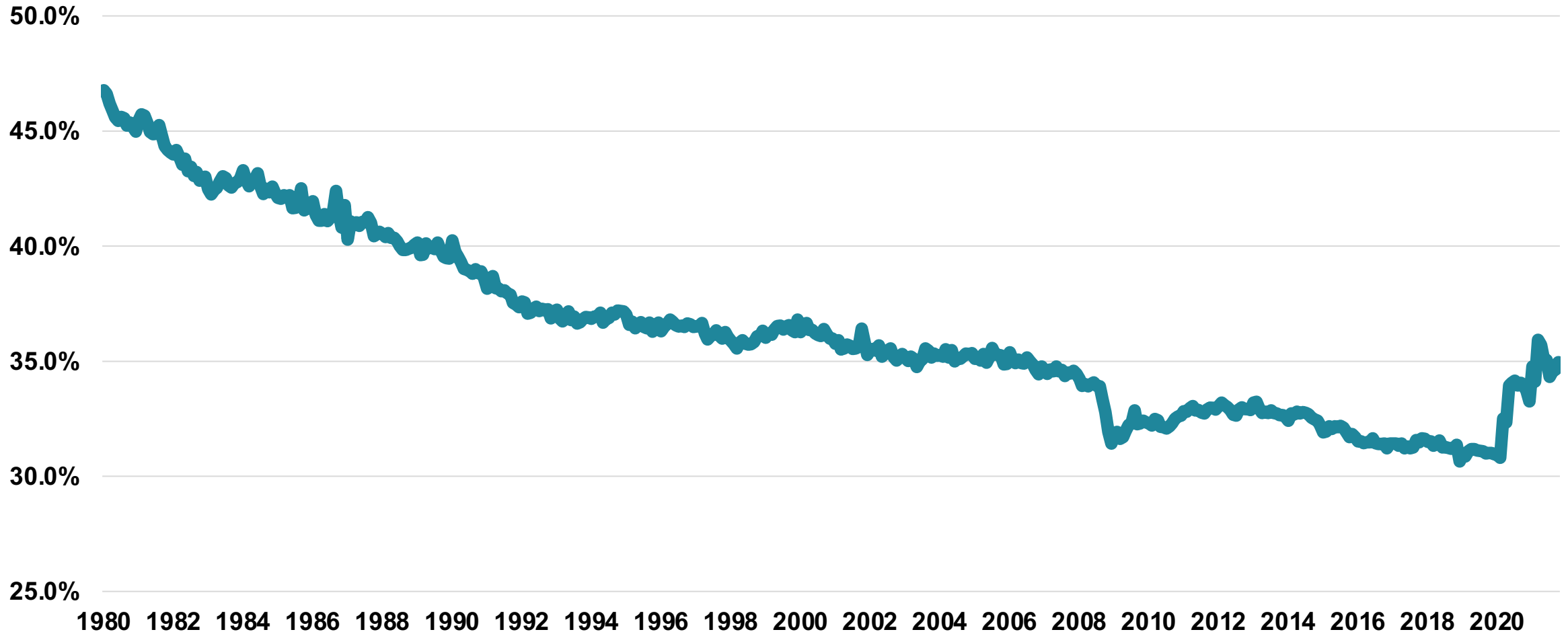


TOTAL U.S. CONSUMER SPENDING: ALL GOODS



Source: U.S. Bureau of Economic Analysis

GOODS AS PCT. OF TOTAL U.S. CONSUMER SPENDING



Source: U.S. Bureau of Economic Analysis



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THREATS IN 2022 AND BEYOND



S.C.'S BIGGEST SHORT-RUN ECONOMIC THREAT

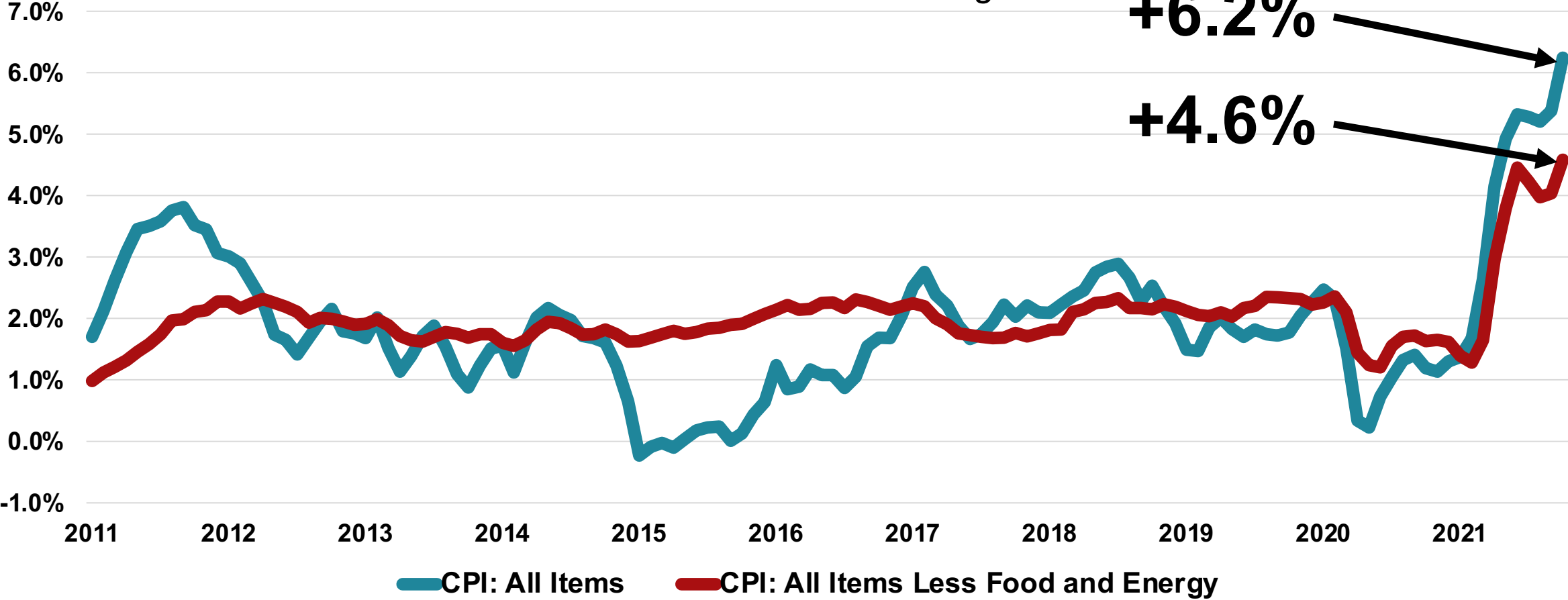
- **HIGH INFLATION**

S.C.'S BIGGEST LONG-RUN ECONOMIC THREAT

- **ONGOING LABOR SHORTAGES**

U.S. INFLATION MEASURES

Year/Year Pct. Change



Source: U.S. Bureau of Labor Statistics

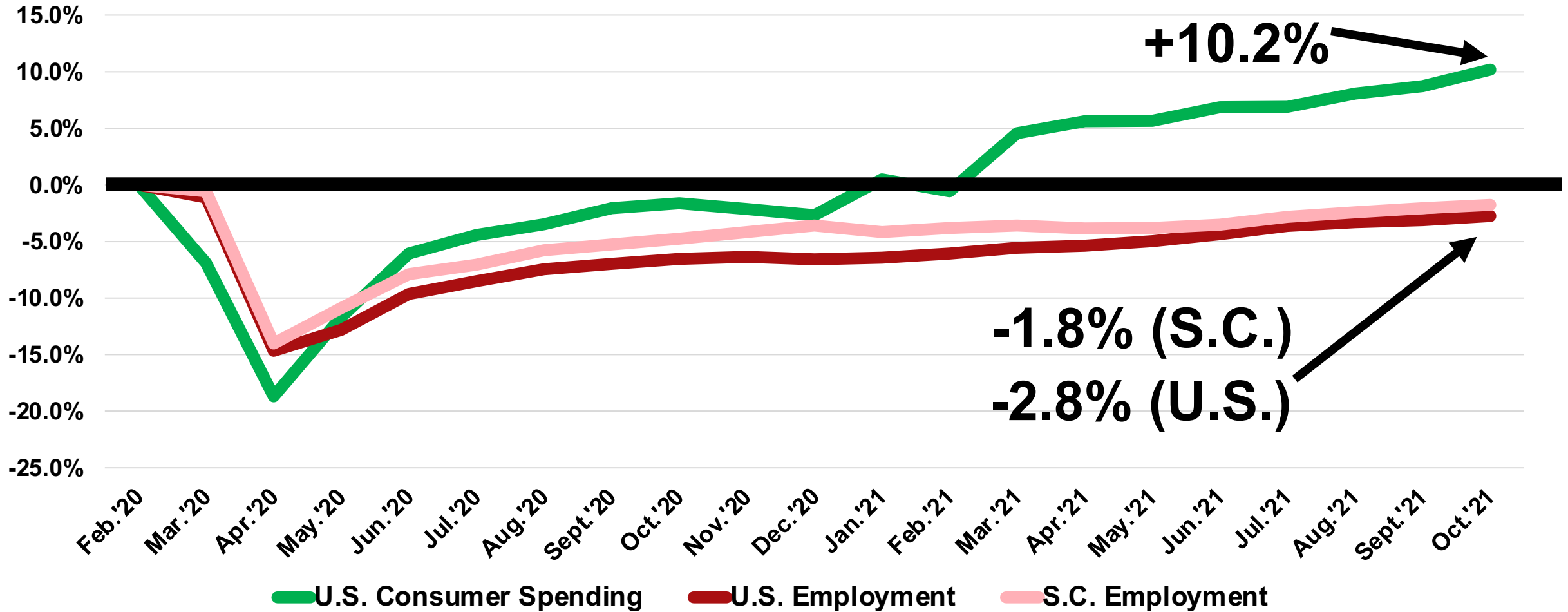
WHY?

**A MISMATCH OF SUPPLY AND
DEMAND**



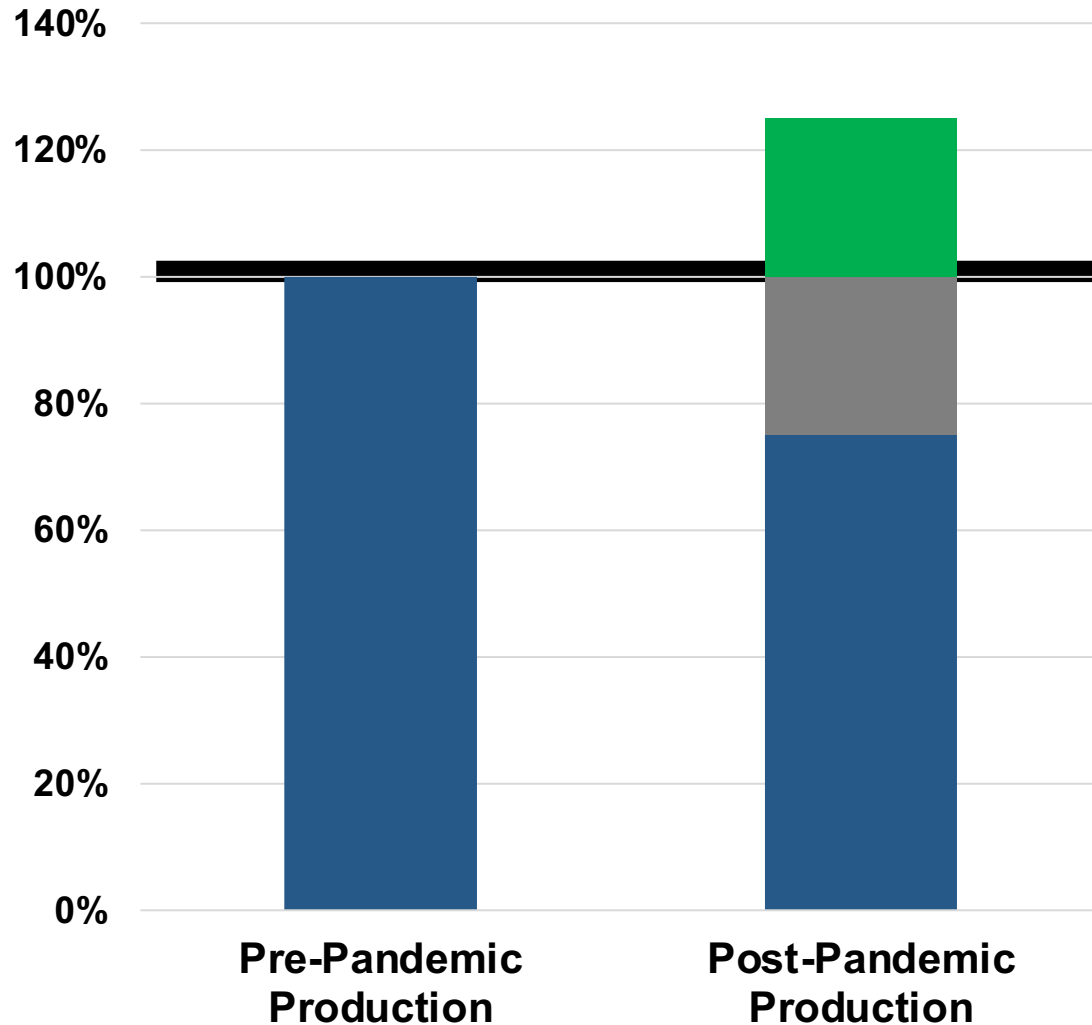
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CUMULATIVE GROWTH SINCE FEB.'20



Source: U.S. Bureau of Labor Statistics

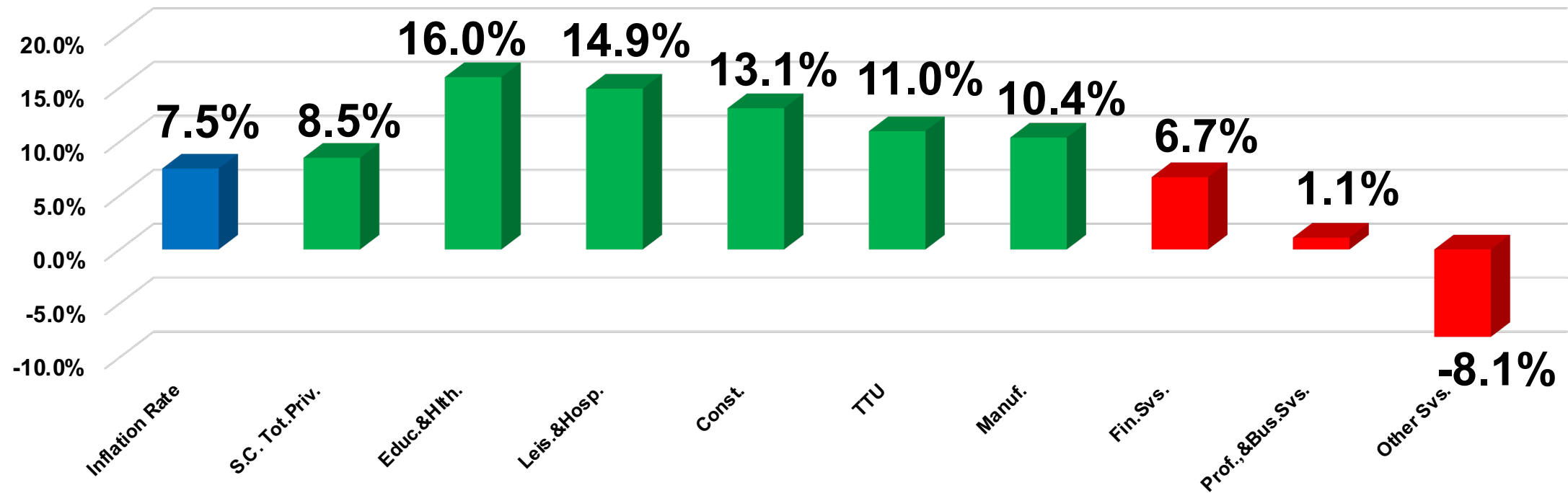
SUPPLY SHORTAGES RESULT FROM MULTIPLE FACTORS



While labor shortages may limit a business' ability to resume pre-pandemic production levels (in grey) ...

...expanding to even higher production levels (in green) may require a higher volume of labor and capital than was being utilized before the pandemic.

S.C. WAGE GROWTH BY SECTOR & S.C. INFLATION RATE OCT.'21 VS. OCT.'19



Roughly 40.3% of the state's workforce has seen a loss in purchasing power since 2019 due to inflation

Source: U.S. Bureau of Labor Statistics



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RAISING INTEREST RATES CAN IMPACT RECOVERY MOMENTUM



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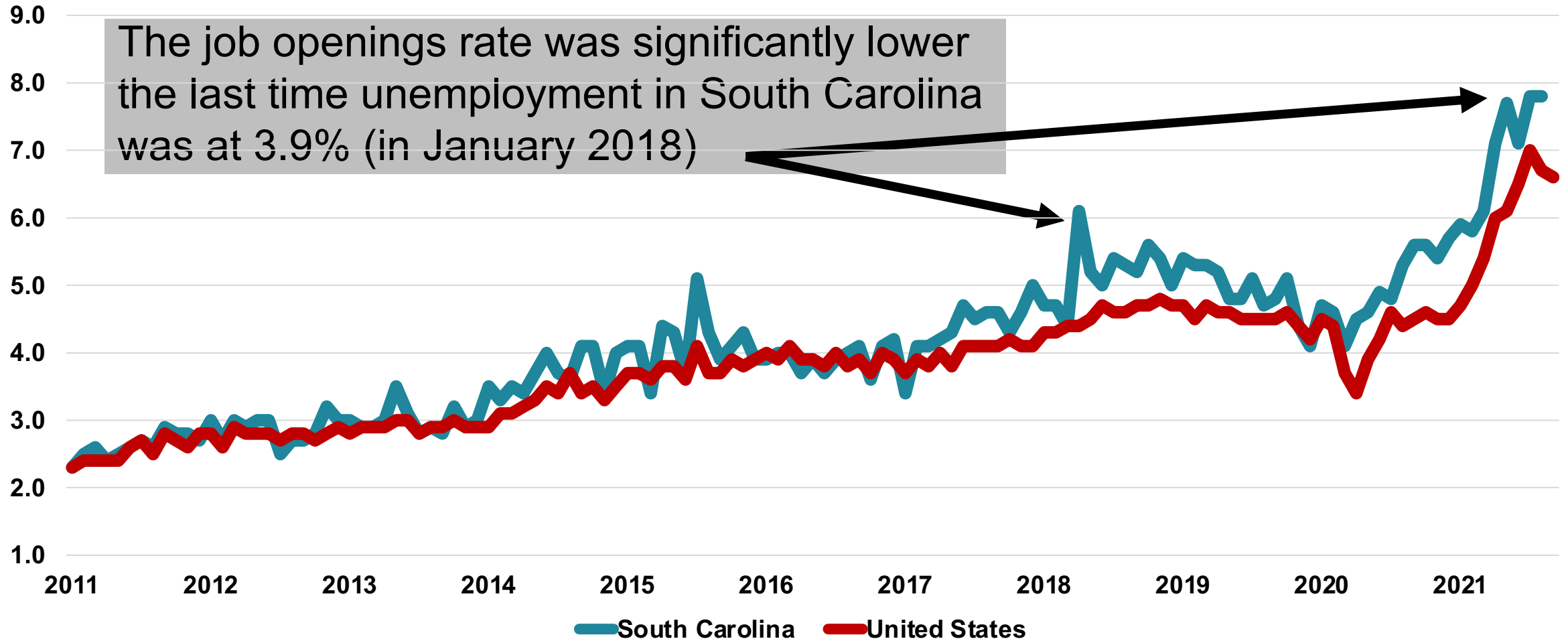
THE ONGOING LABOR SHORTAGE

IS THIS THE NEW NORMAL?



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JOB OPENINGS RATE



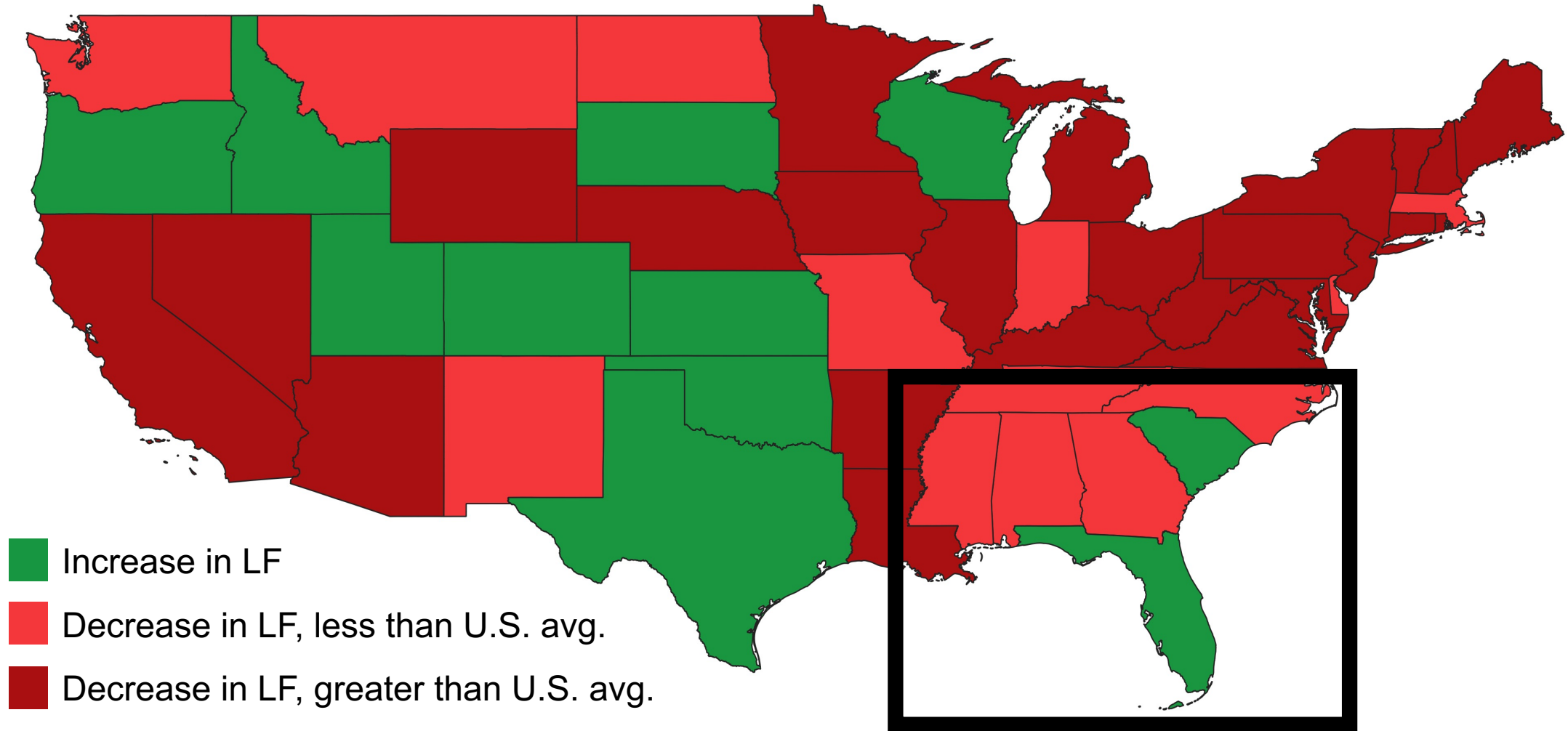
Source: U.S. Bureau of Labor Statistics

**THE GREAT RESIGNATION IS NOT THE
CAUSE OF THE LABOR SHORTAGE...**

**...IT IS THE RESULT OF THE LABOR
SHORTAGE**



CURRENT SIZE OF LABOR FORCE RELATIVE TO FEB.'20



Source: U.S. Bureau of Labor Statistics, LAUS, Oct.'21

SOUTHEAST NET MIGRATION RANKINGS: 2010-2019

State	Net Migration Percentage	Net Migration Ranking
Florida	+12.6%	2 nd
South Carolina	+10.3%	3 rd
North Carolina	+7.6%	10 th
Tennessee	+5.9%	13 th
Georgia	+5.3%	16 th
Alabama	+1.1%	25 th
Kentucky	+0.8%	28 th

Source: U.S. Bureau of Labor Statistics, LAUS, Oct.'21

"Net migration" is defined as the percentage of a population's increase resulting from in-migration



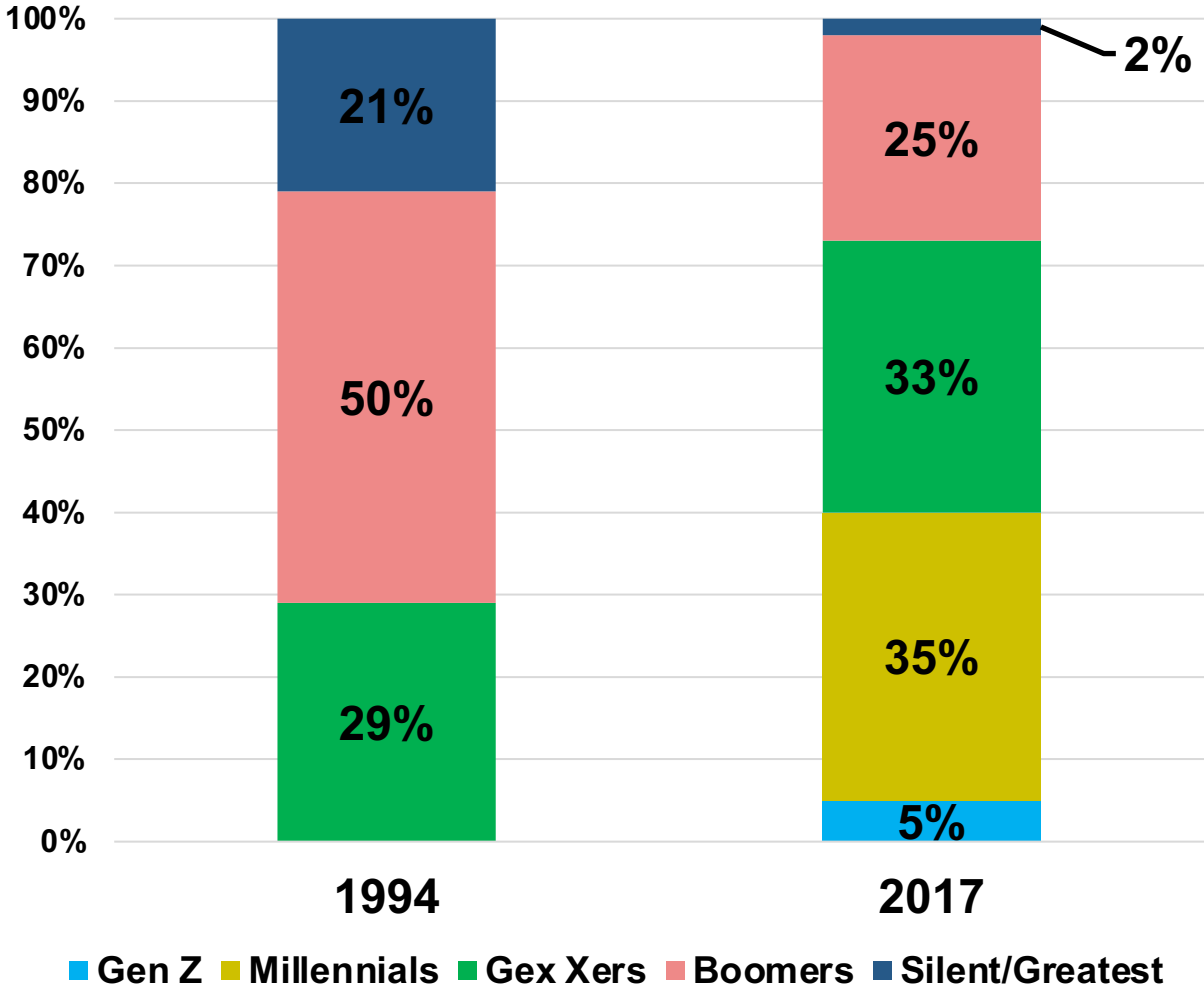
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AN INCREASING WORKER DEFICIT

- **APPROXIMATELY 68.8% OF IN-MIGRANTS TO SOUTH CAROLINA ARE OVER AGE 55, IMPLYING A 2:1 RATIO OF NEW “CONSUMERS” TO NEW “WORKERS”**
- **FOR EVERY INDIVIDUAL WHO MOVES TO SOUTH CAROLINA WHO IS OF PRIME WORKING AGE, TWO ADDITIONAL INDIVIDUALS ARE MOVING TO SOUTH CAROLINA WHO ARE OUTSIDE OF PRIME WORKING AGE**



GENERATIONAL CHANGE



- Millennials became the largest generation in the labor force in 2016.
- Baby Boomer Generation went from 50% of the labor force in 1994 to 25% by 2017.
- The Census Bureau projects that the Millennial Population will peak at 75 million, which would require a labor force participation rate of 88% to reach the size of the peak Boomers.

Source: Pew Research Center

THE BOTTOM LINE

- *South Carolina's economy has rebounded and is in a relatively strong position headed into 2022, barring any major disruptions from additional COVID-19 variants*
- *The income and substitution effects in consumer spending will continue to be leading indicators that will help reveal the evolving path of South Carolina's ongoing recovery and economic growth in the new year*
- *Inflation remains the biggest short-run economic threat to South Carolina, while the current labor shortage is more likely to be a long-run phenomenon that will be a defining challenge for South Carolina in the coming decade*
- *In order to experience rates of economic growth in the 2020's comparable to what was seen in the previous decade, South Carolina will likely need to focus on the high-growth potential tied to changes in the advanced manufacturing and transportation/distribution industry sectors*



THANK YOU!



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