The 2019 South Carolina Economic Outlook

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Recapping the 2018 Economic Outlook

- *Economic fundamentals are strong*

- *Greatest risks will come from changes in monetary and/or fiscal policy*
Why is there More Uncertainty?

- New U.S. tariffs
- Interest rates are rising
- Global markets have slowed
- Economic expansion in 10th year
Both the U.S. and S.C. economies are strong and stable overall.
U.S. GDP Growth (Annualized)

Source: U.S. Bureau of Economic Analysis
Real Personal Consumption Expenditures
Year/Year Change, in Billions

Source: U.S. Bureau of Economic Analysis
Real Private Non-Residential Fixed Domestic Investment

Year/Year Change, in Billions

Source: U.S. Bureau of Economic Analysis
CFO Expected Capital Spending Growth Over Next 12 Months

Source: Duke University Fuqua School of Business; November 2018
Real Net Exports
Year/Year Change, in Billions

Source: U.S. Bureau of Economic Analysis
Eurozone GDP Growth (Annualized)

Source: Trading Economics, November 2018
GDP = C + I + G + NX

Current Trajectory: Consumer Spending

2017 2019

Current Trajectory: Private Investment

2017 2019

Current Trajectory: Net Exports

2017 2019

Keep an eye on the fundamentals...
What about South Carolina?
South Carolina Employment Growth

Source: U.S. Bureau of Labor Statistics
Outlook for 2019: Employment Growth

Source: Division of Research, Moore School of Business
Outlook for 2019: Unemployment Rate

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<th>Forecast</th>
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Source: Division of Research, Moore School of Business
S.C. Employment Growth

Source: U.S. Bureau of Labor Statistics
S.C. Employment Growth

Source: U.S. Bureau of Labor Statistics

- Construction
- Manufacturing
- Trade, Trans., & Util.
- Prof & Bus Svcs.
- Educ & Health
- Leis & Hosp.
- Gov't.

2016/2017
2017/2018
Source: U.S. Census Bureau & National Association of REALTORS
FHFA House Price Index

Source: Federal Housing Finance Agency
E/P Ratio = \frac{Employment \ (D)}{Permits \ (S)}

A Demand to Supply Ratio
E/P Ratio Increases 2010-2018

Source: U.S. BLS & U.S. Census Bureau
Manufacturing in South Carolina
South Carolina Export Volume (TEUs)

Source: South Carolina Ports Authority; September 2018
Changes in S.C. Manufacturing Trends

Source: U.S. Bureau of Labor Statistics

Emp. Services
Trans. Equip. Manuf.
Growth in Consumer Spending Will Likely Continue

- 80% of households experienced a tax reduction in 2018
- Lower gas prices
S.C. Sectors Improved Due to Increases in Consumer Spending

![Graph showing improvements in Wholesale Trade, Retail Trade, and Leisure and Hospitality sectors from 2016/2017 to 2017/2018.]

Source: U.S. Bureau of Labor Statistics
Outlook for 2019: Total Personal Income Growth

Historical Forecast

Source: Division of Research, Moore School of Business
S.C. Avg. Employment Growth: 2010 vs 2018

Source: BLS, Local Area Unemployment Statistics, NSA (October)
S.C. Avg. Employment Growth: 2017 vs 2018

Source: BLS, Local Area Unemployment Statistics, NSA (October)
The Bottom Line

- Strong and stable broad-based growth at both the U.S. and S.C. level

- A higher degree of uncertainty going into 2019 due primarily to new tariffs and rising interest rates

- South Carolina’s economic growth is not currently likely to increase beyond its existing rate

- March 1, 2019 could be a turning point for trade policy
Thank You

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