

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*

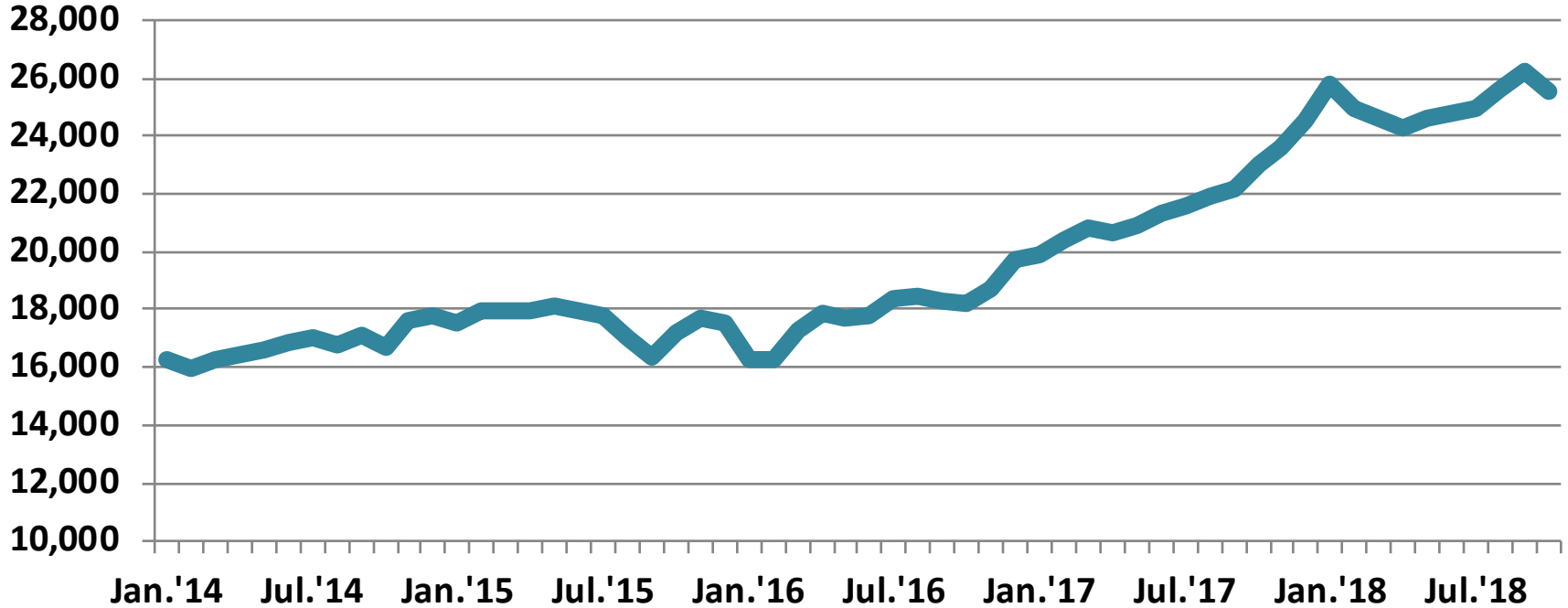


Why is there More Uncertainty?

- New U.S. tariffs
- Interest rates are rising
- Global markets have slowed
- Economic expansion in 10th year



Dow Jones Industrial Average



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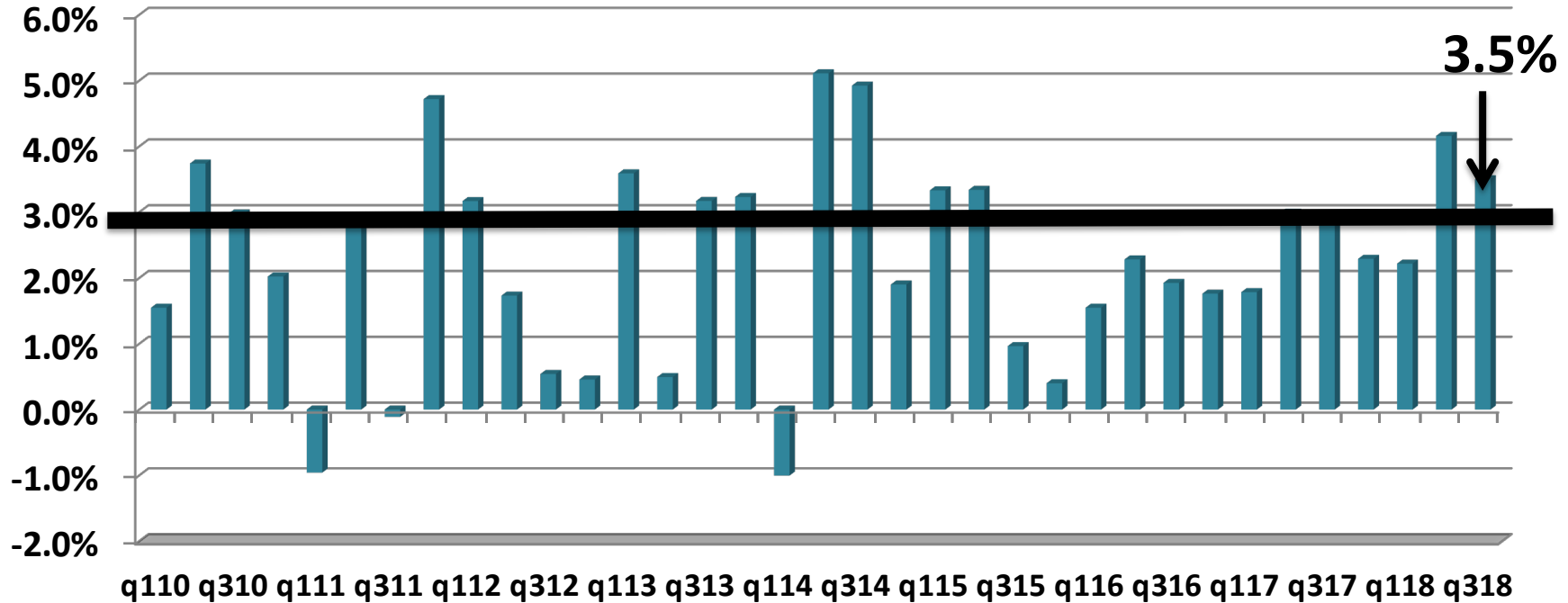
Both the U.S. and S.C. economies
are strong and stable overall



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U.S. GDP Growth (Annualized)



Source: U.S. Bureau of Economic Analysis

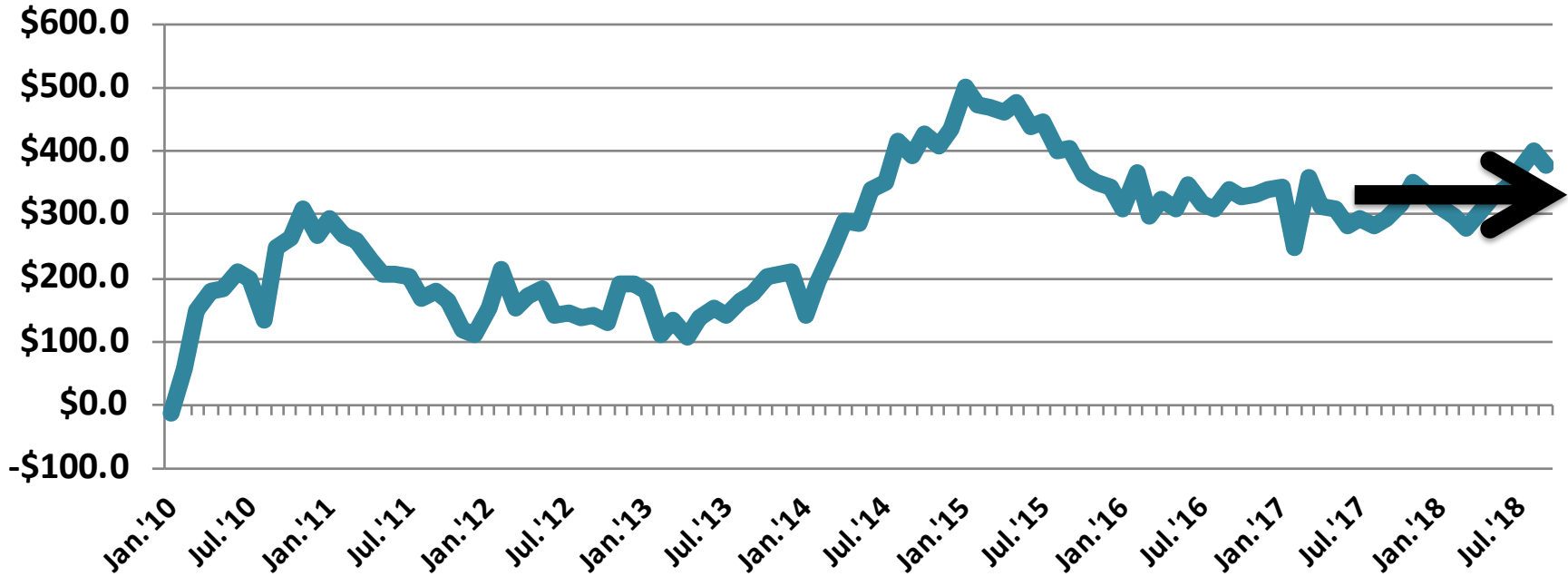


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Real Personal Consumption Expenditures

Year/Year Change, in Billions



Source: U.S. Bureau of Economic Analysis

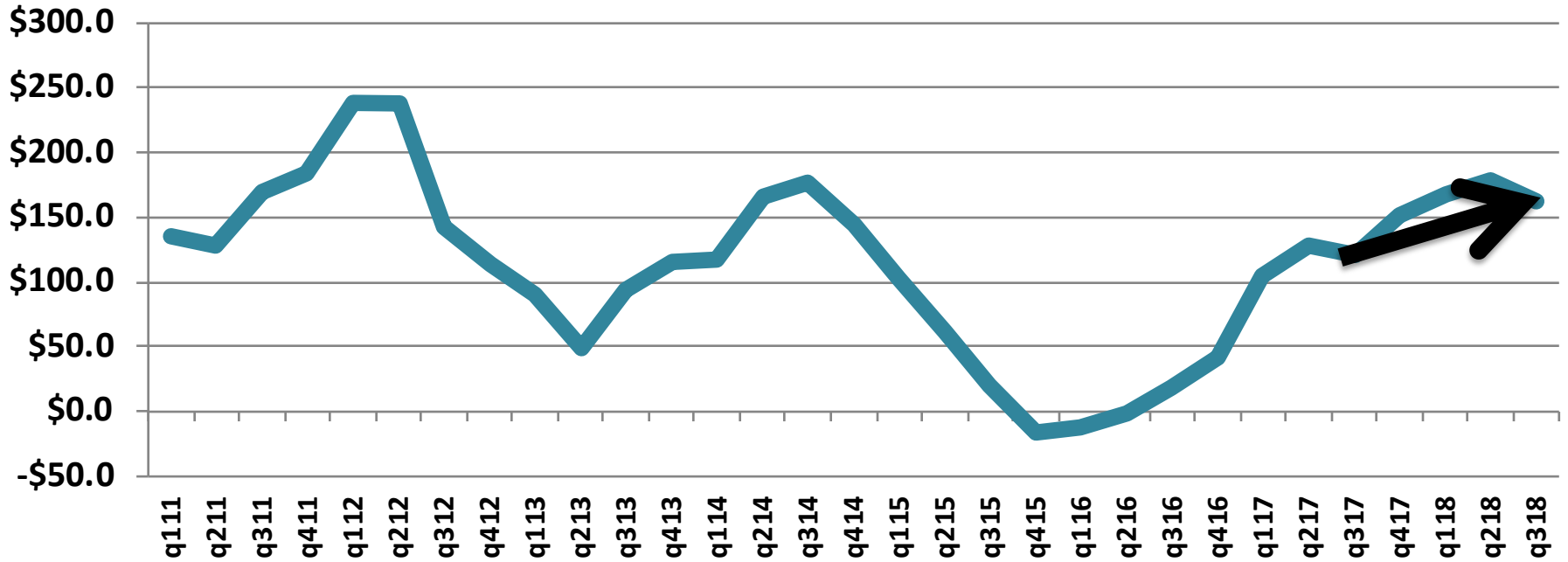


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Real Private Non-Residential Fixed Domestic Investment

Year/Year Change, in Billions



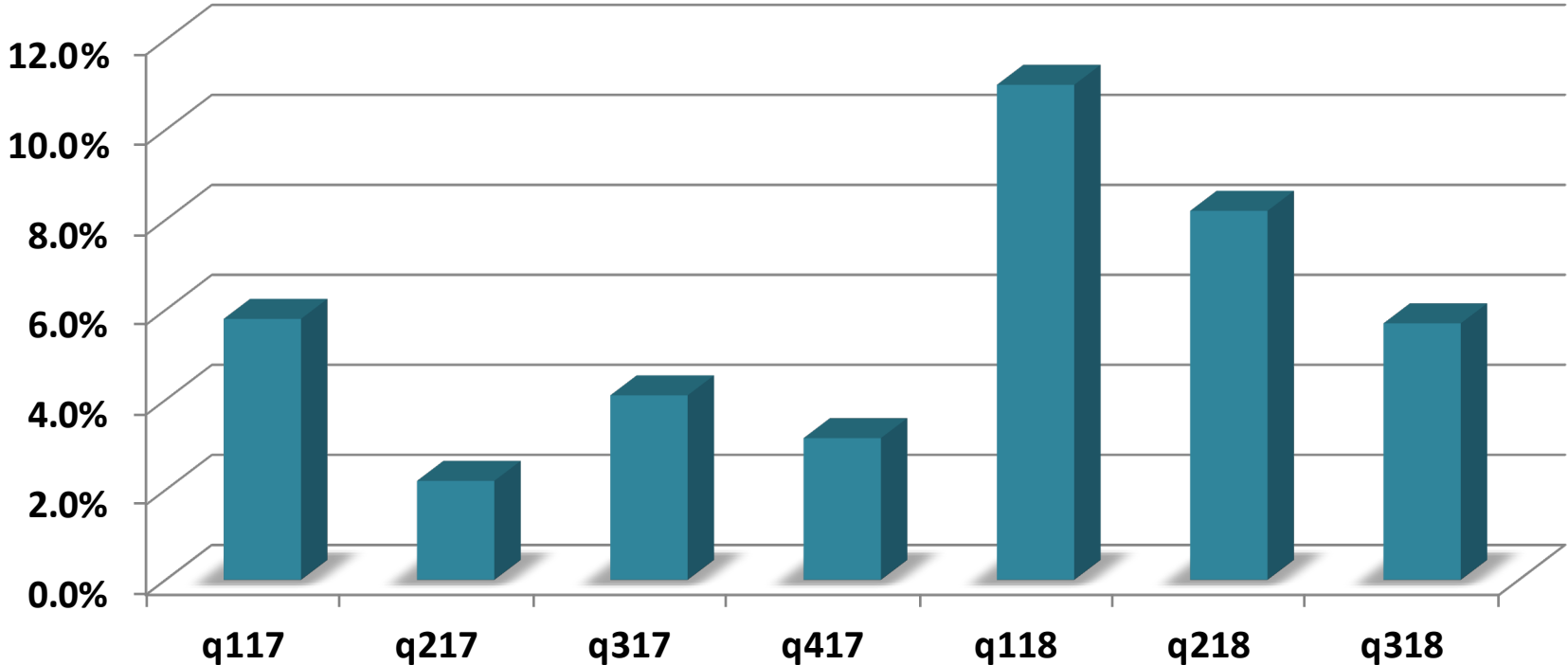
Source: U.S. Bureau of Economic Analysis



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CFO Expected Capital Spending Growth Over Next 12 Months

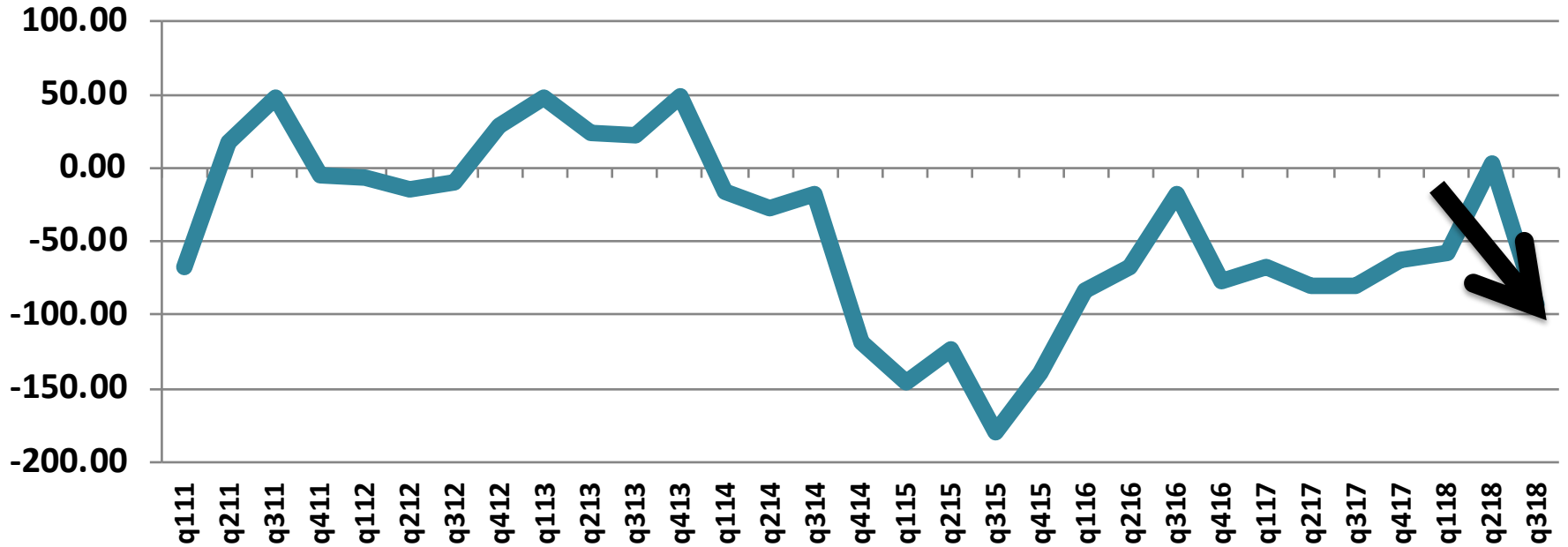


Source: Duke University Fuqua School of Business; November 2018



Real Net Exports

Year/Year Change, in Billions



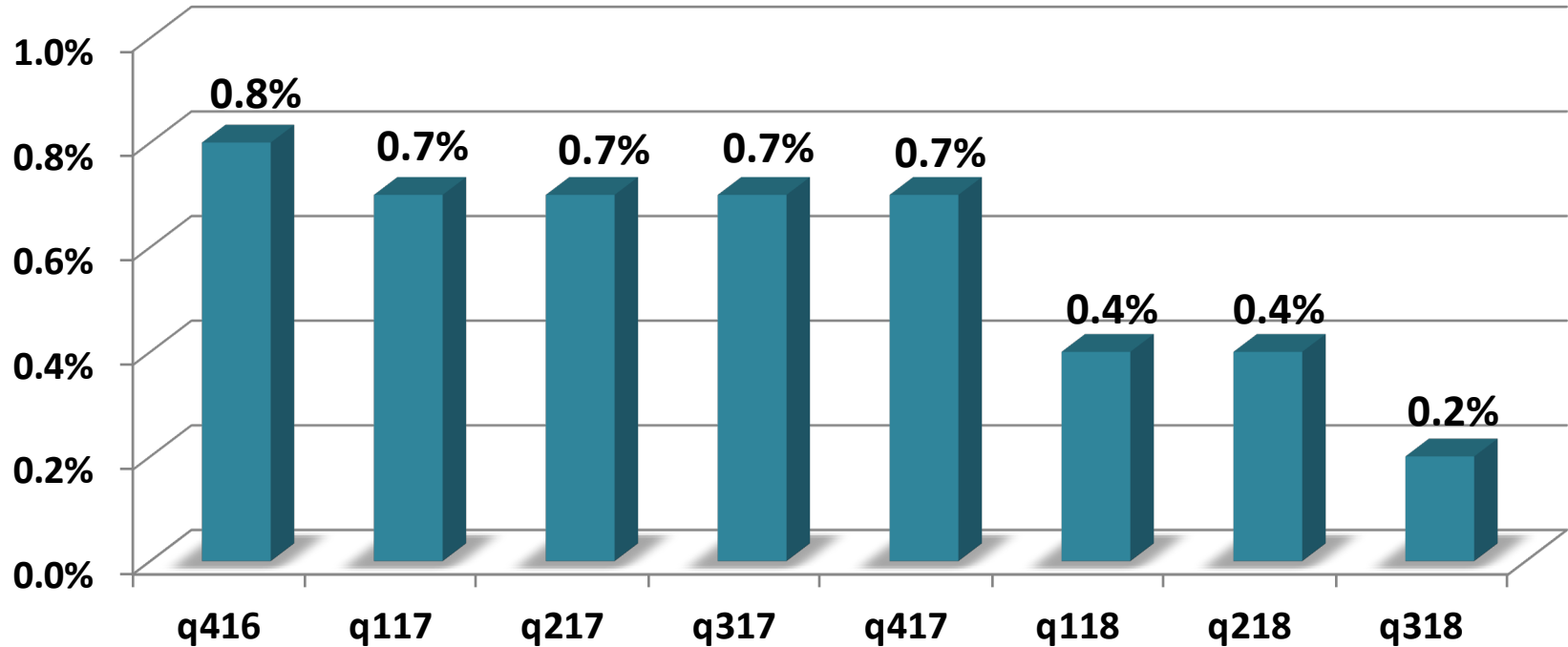
Source: U.S. Bureau of Economic Analysis



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Eurozone GDP Growth (Annualized)



Source: Trading Economics, November 2018



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$$GDP = C + I + G + NX$$

Current Trajectory: Consumer Spending



Current Trajectory: Private Investment



Current Trajectory: Net Exports



Keep an eye on the fundamentals...



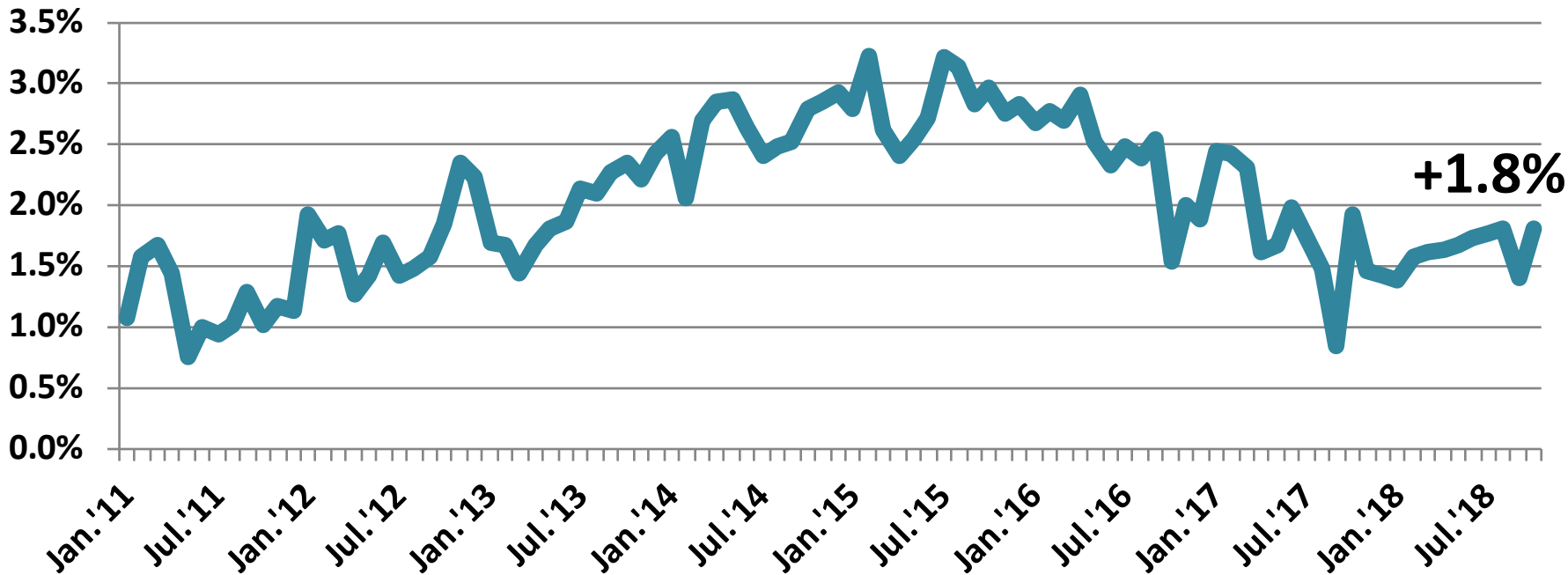
What about South Carolina?



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South Carolina Employment Growth



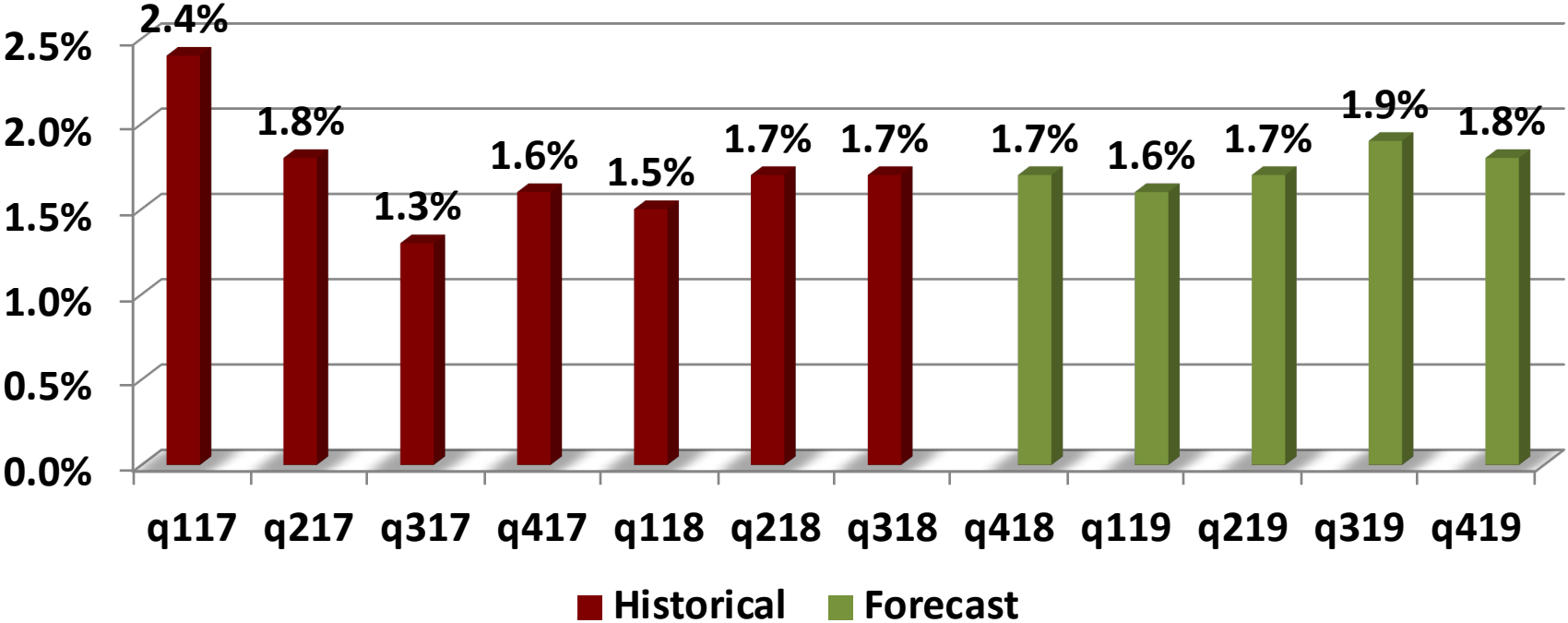
Source: U.S. Bureau of Labor Statistics



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Outlook for 2019: Employment Growth



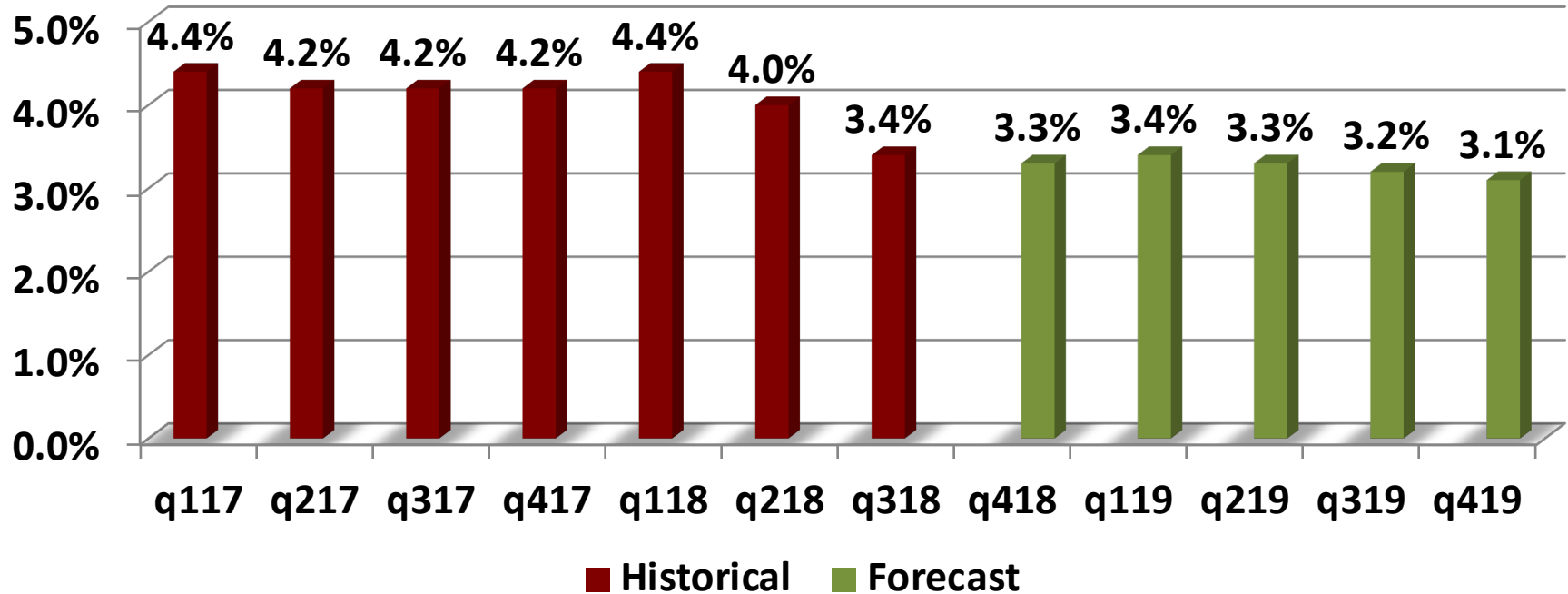
Source: Division of Research, Moore School of Business



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Outlook for 2019: Unemployment Rate



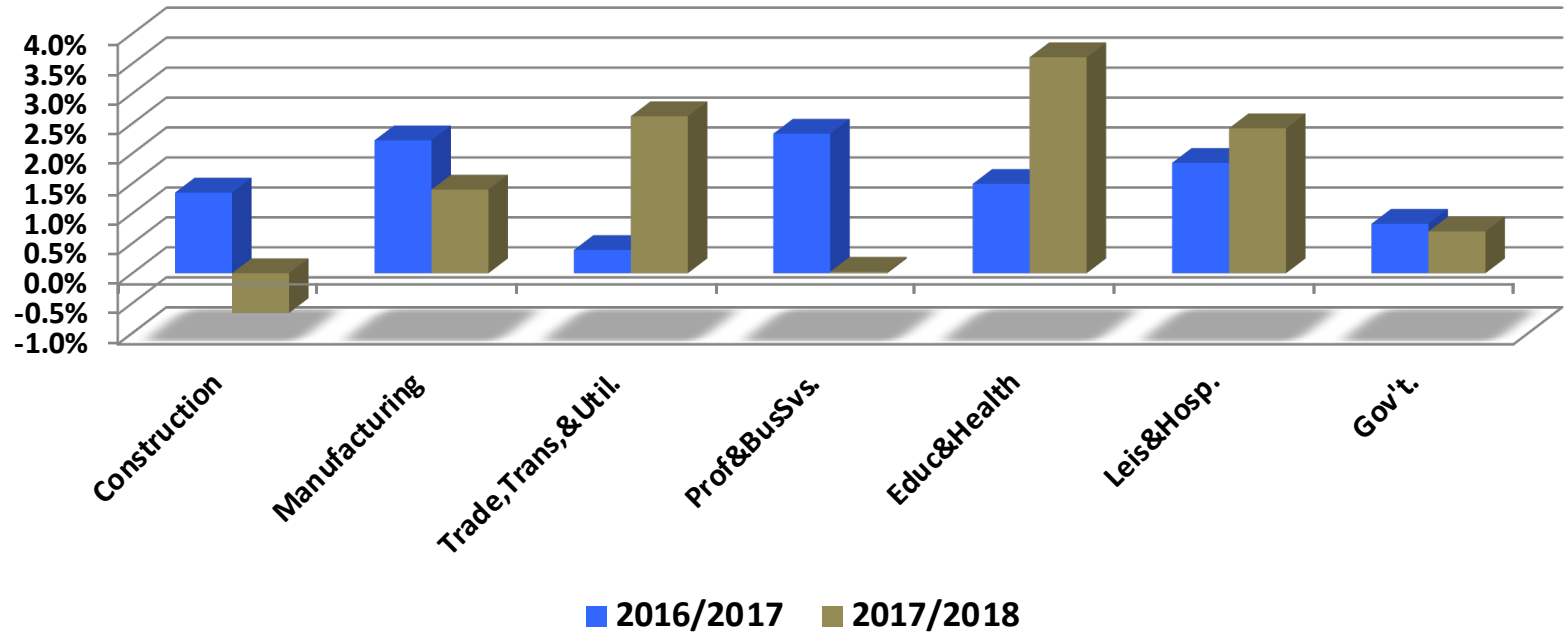
Source: Division of Research, Moore School of Business



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S.C. Employment Growth



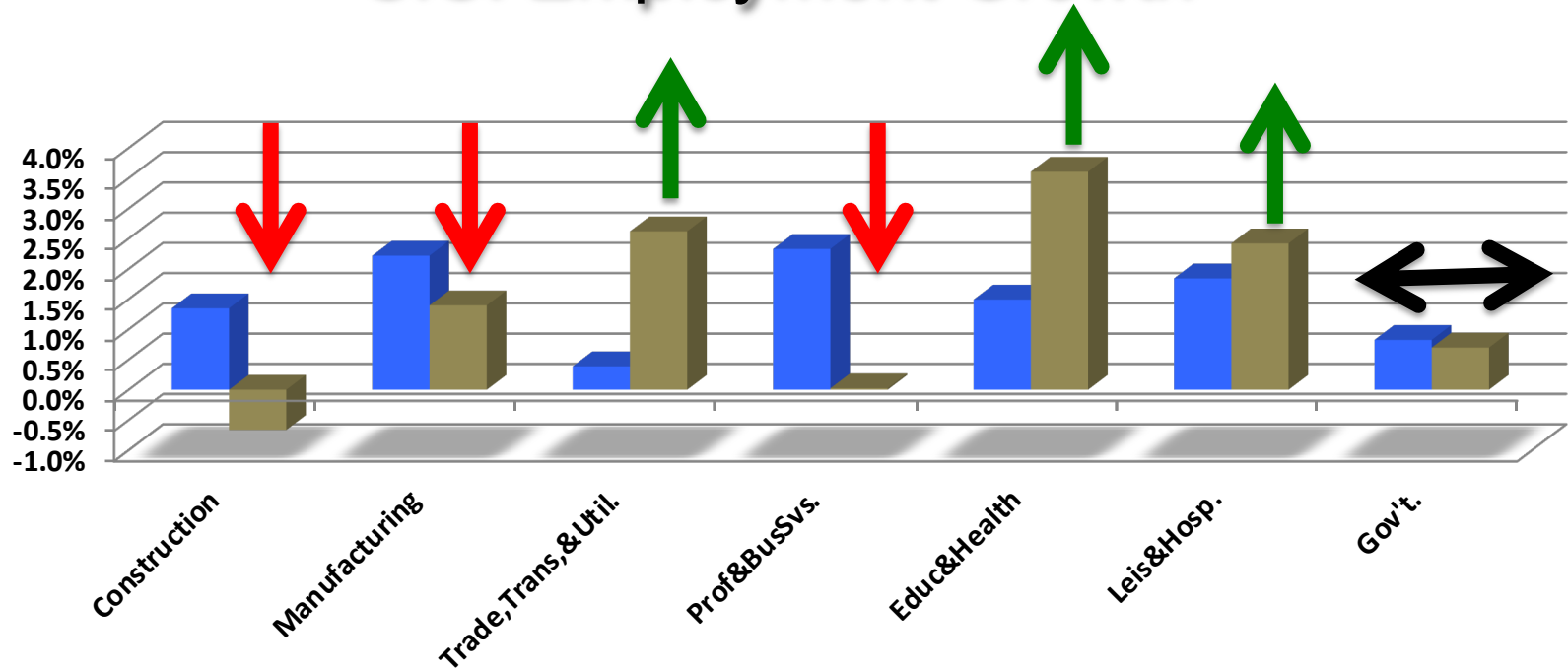
Source: U.S. Bureau of Labor Statistics



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S.C. Employment Growth



Source: U.S. Bureau of Labor Statistics

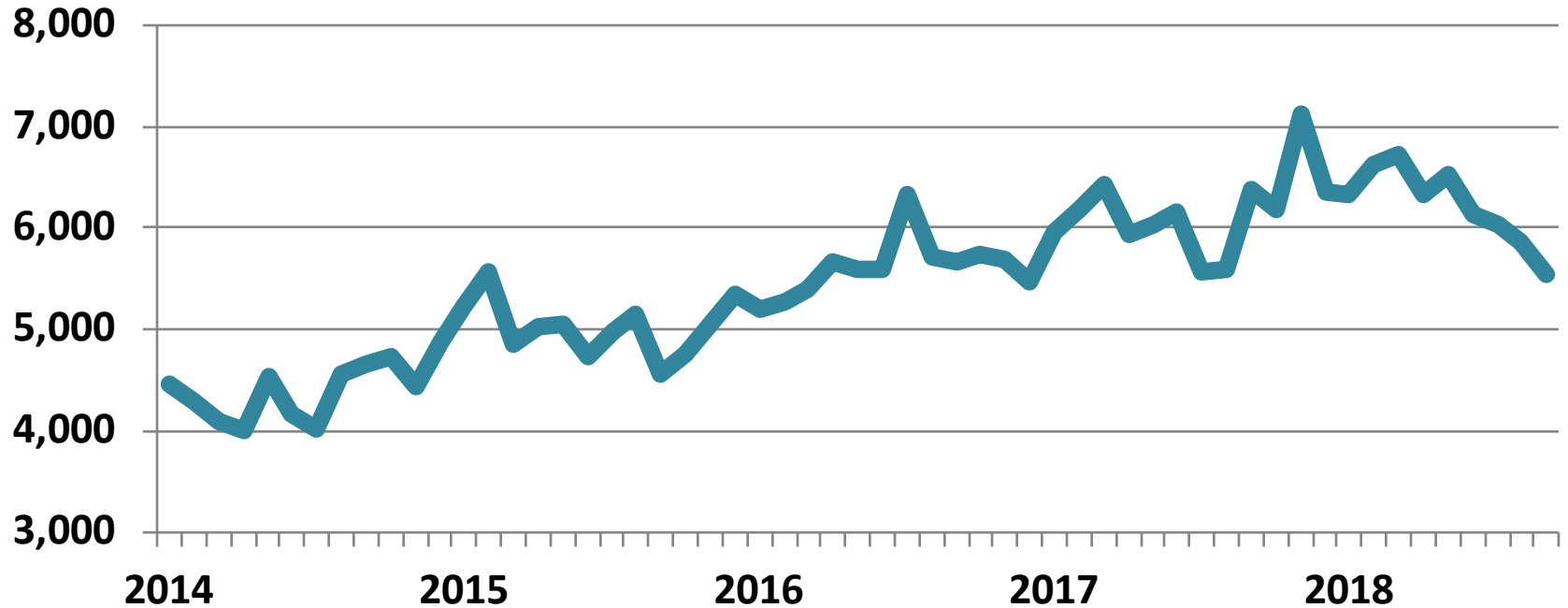
■ 2016/2017 ■ 2017/2018



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U.S. Home Sales: SF New & Resale: 2014-2018 (in millions)



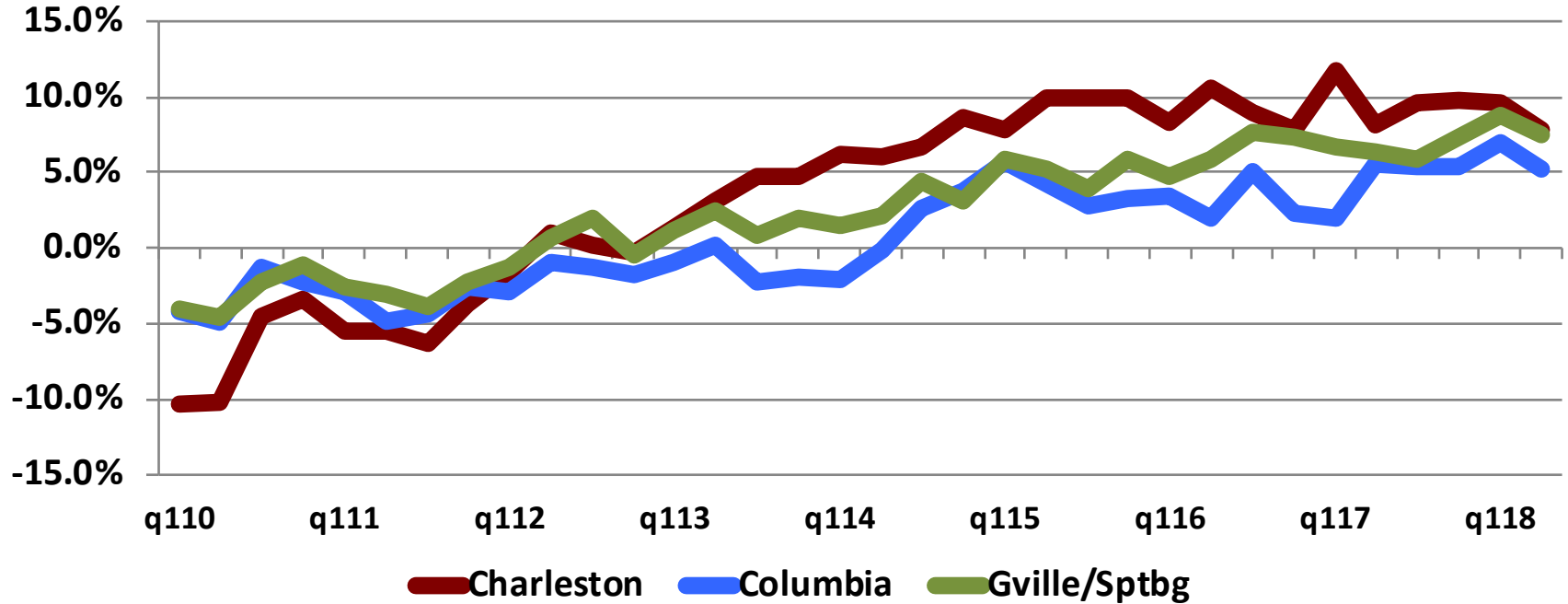
Source: U.S. Census Bureau & National Association of REALTORS



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FHFA House Price Index



Source: Federal Housing Finance Agency



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$$\text{E/P Ratio} = \frac{\text{Employment (D)}}{\text{Permits (S)}}$$

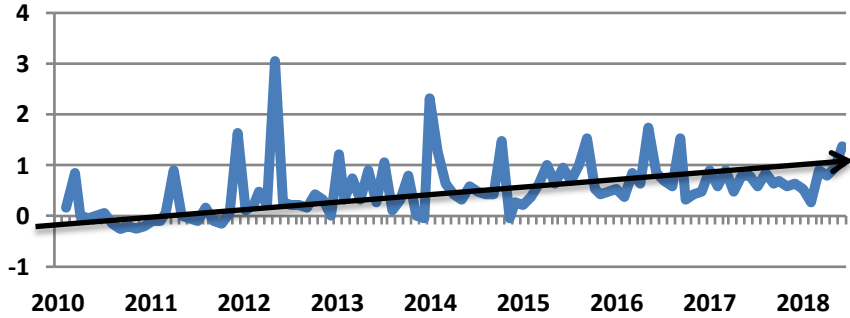
A Demand to Supply Ratio



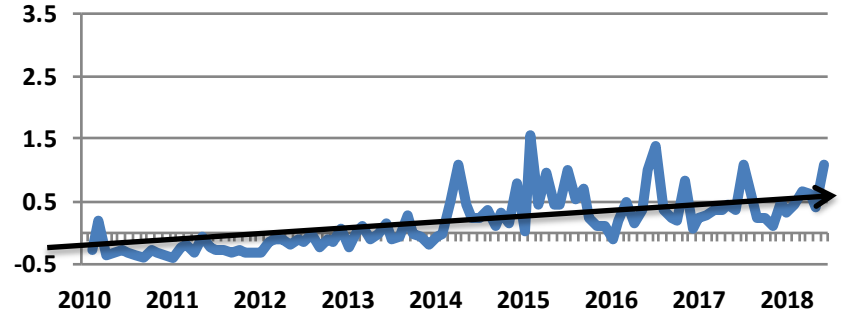
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Charleston

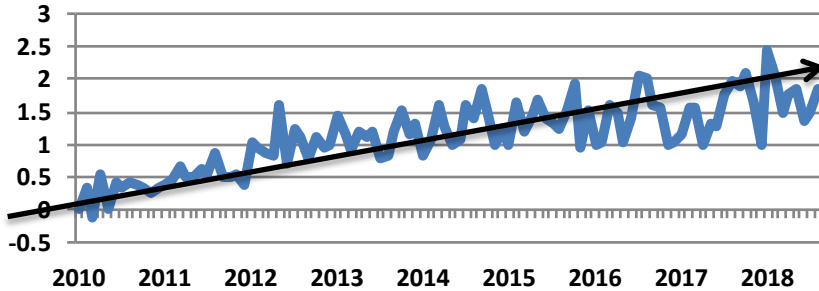


Greenville



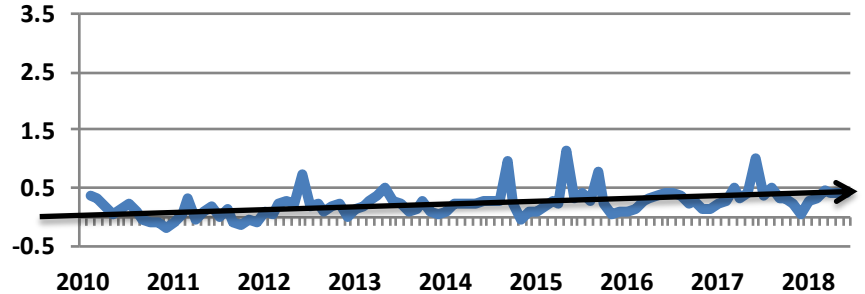
E/P Ratio Increases 2010-2018

Charlotte



Source: U.S. BLS & U.S. Census Bureau

Columbia



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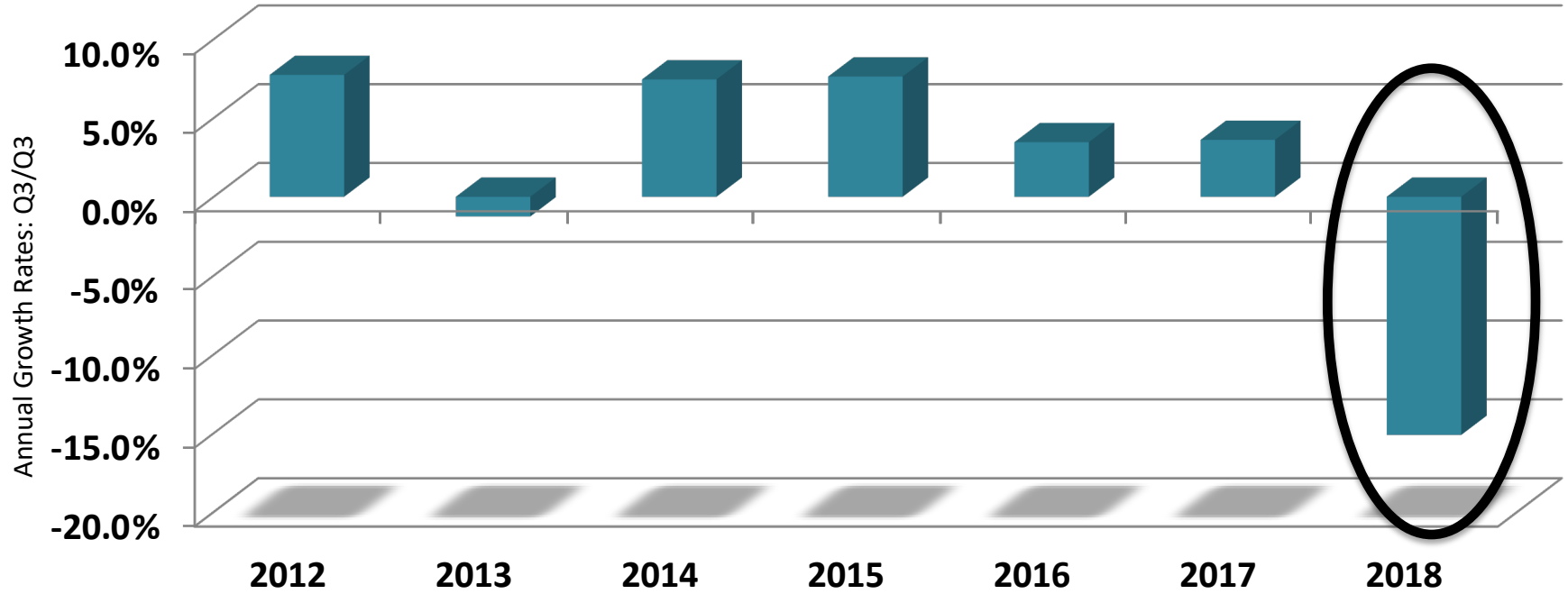
Manufacturing in South Carolina



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South Carolina Export Volume (TEUs)



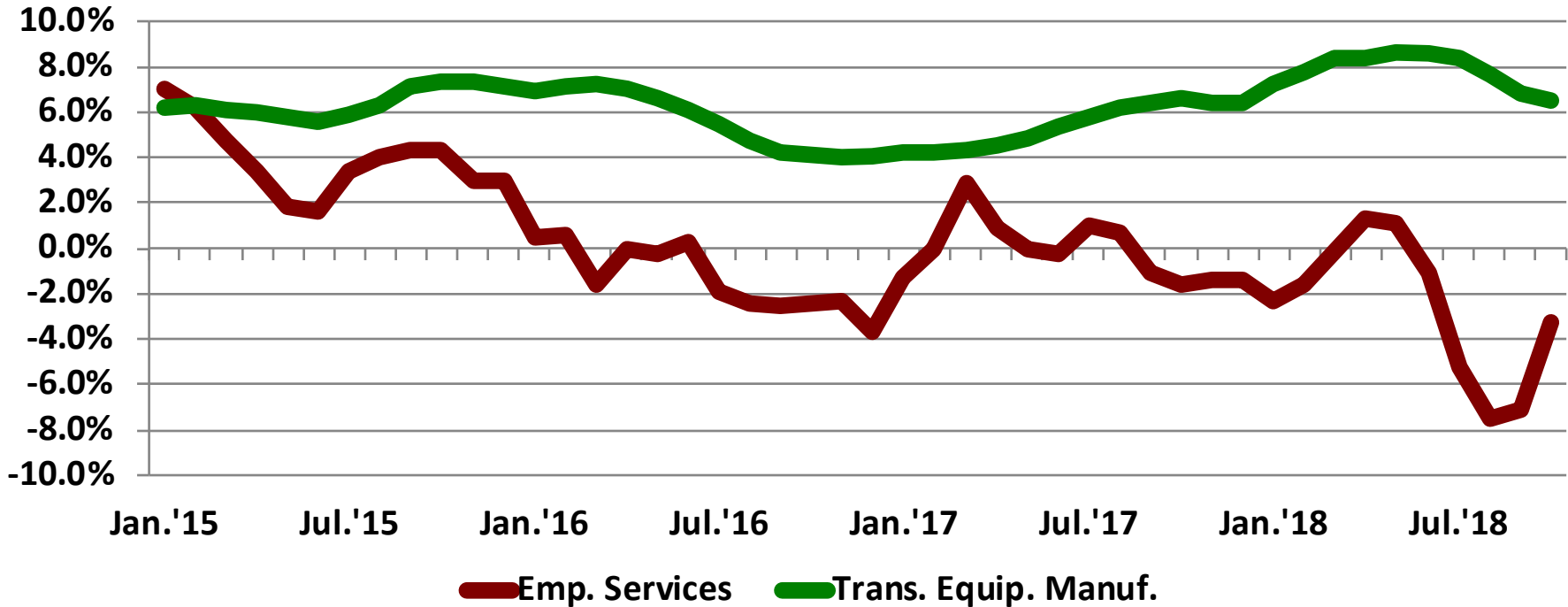
Source: South Carolina Ports Authority; September 2018



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Changes in S.C. Manufacturing Trends



Source: U.S. Bureau of Labor Statistics



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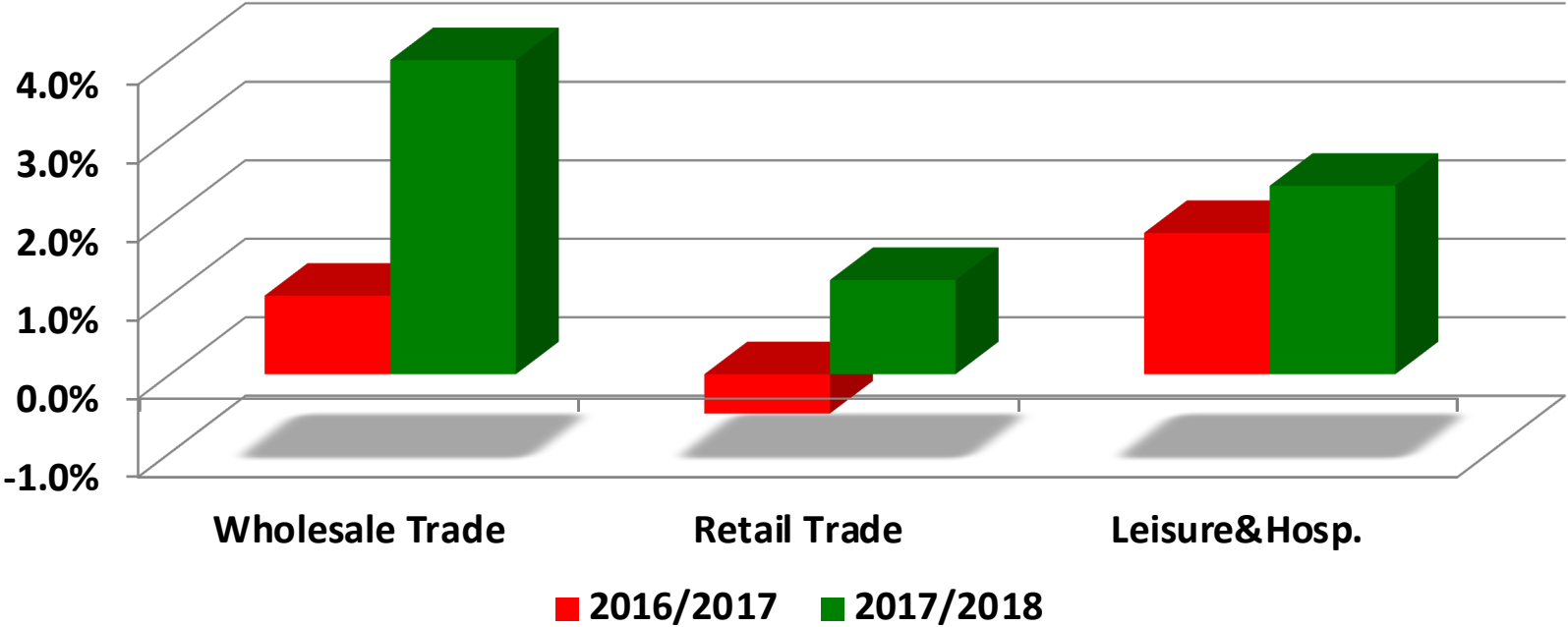
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Growth in Consumer Spending Will Likely Continue

- 80% of households experienced a tax reduction in 2018
- Lower gas prices

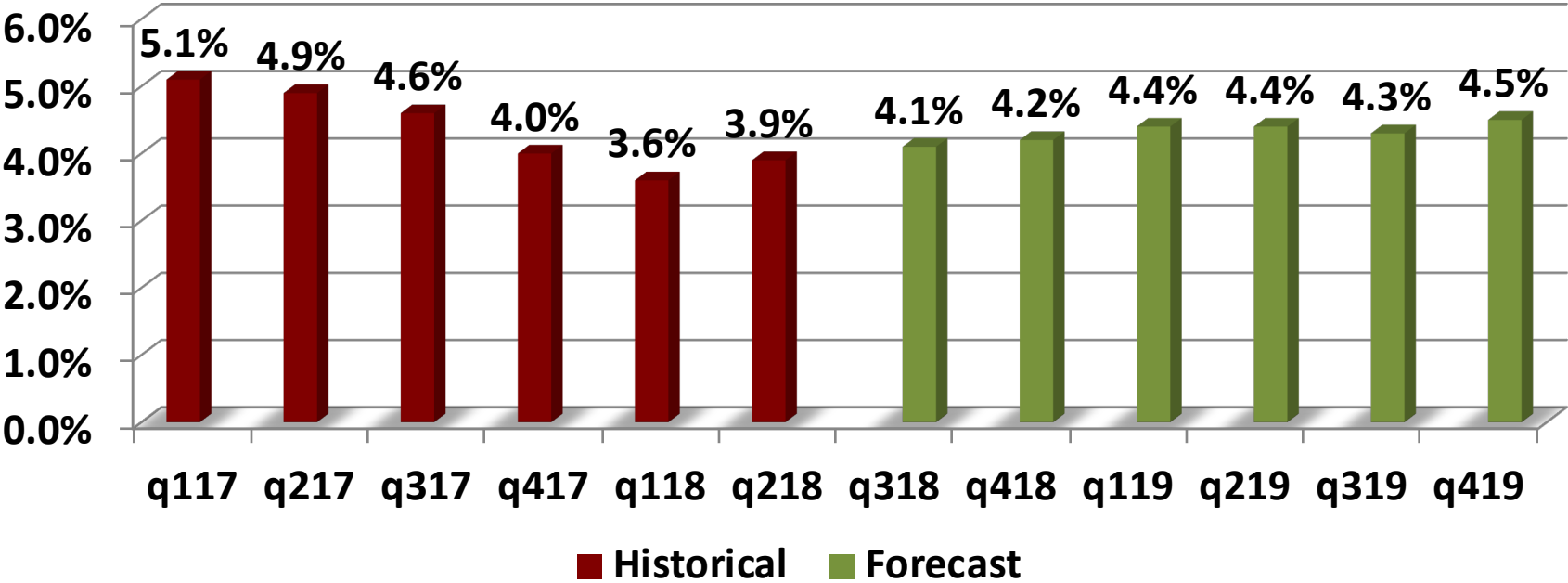


S.C. Sectors Improved Due to Increases in Consumer Spending



Source: U.S. Bureau of Labor Statistics

Outlook for 2019: Total Personal Income Growth



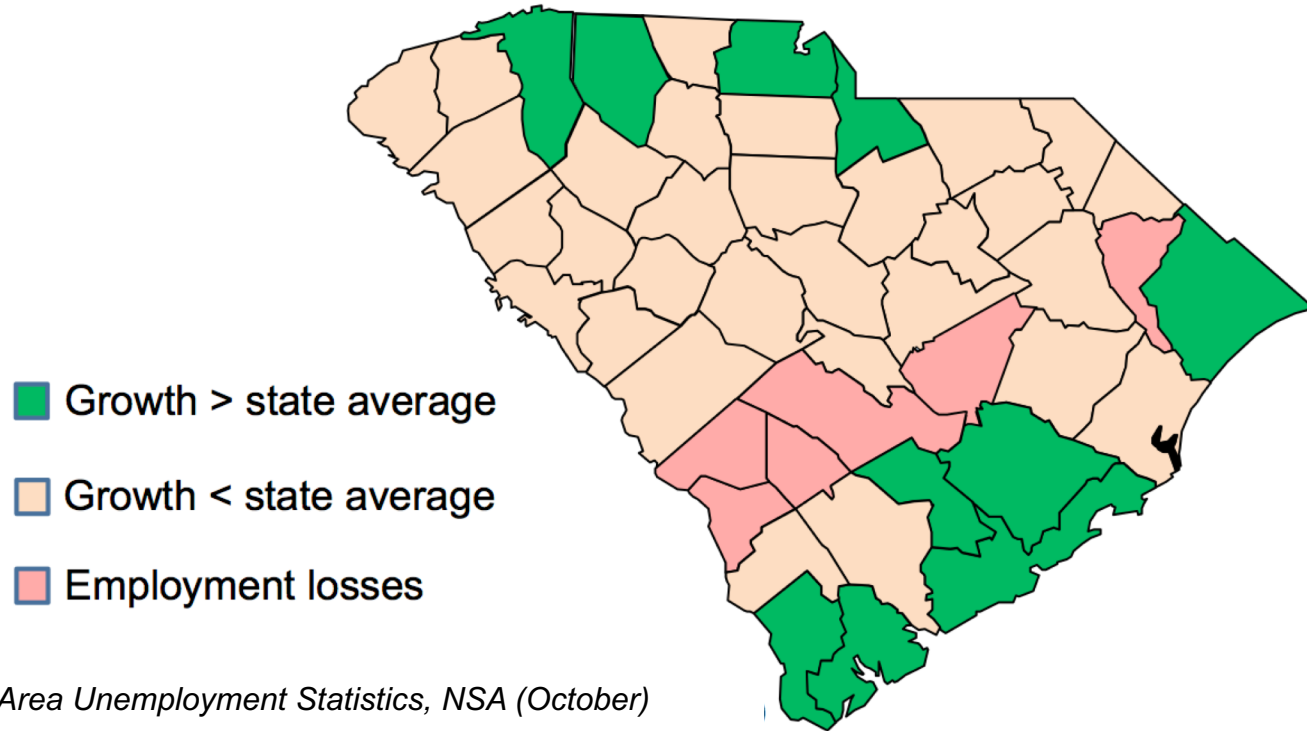
Source: Division of Research, Moore School of Business



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S.C. Avg. Employment Growth: 2010 vs 2018



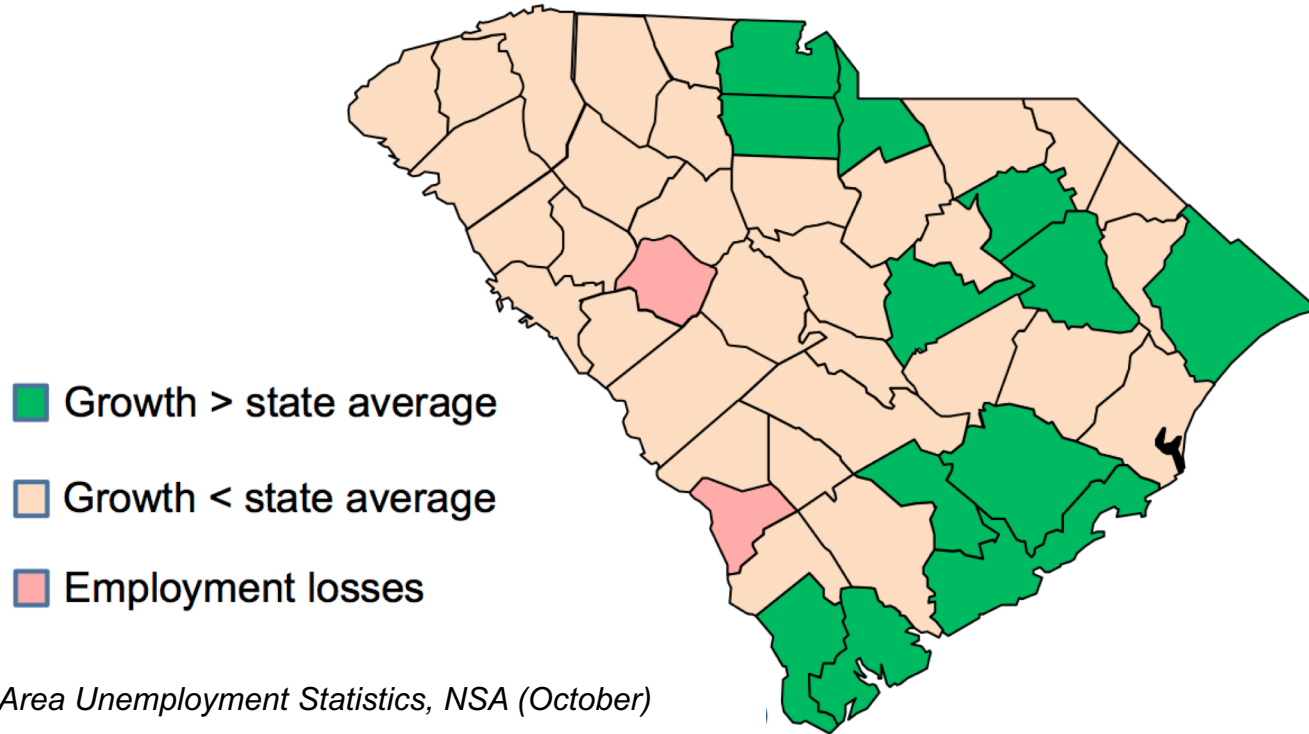
Source: BLS, Local Area Unemployment Statistics, NSA (October)



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S.C. Avg. Employment Growth: 2017 vs 2018



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



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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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