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**THE SOUTH CAROLINA  
ECONOMIC OUTLOOK**

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October 5, 2023  
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**RESILIENCE...  
READJUSTMENT...  
AND RECESSION??**



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Demand Supply



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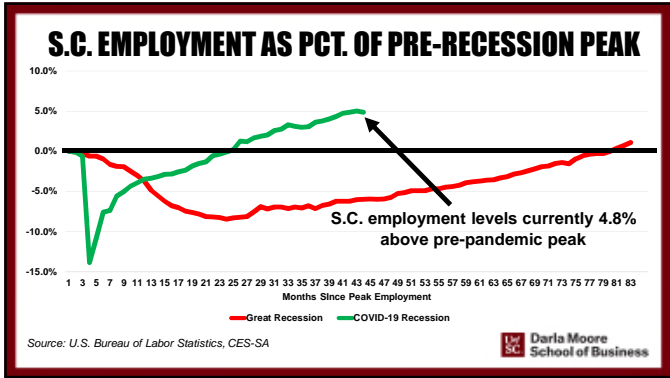
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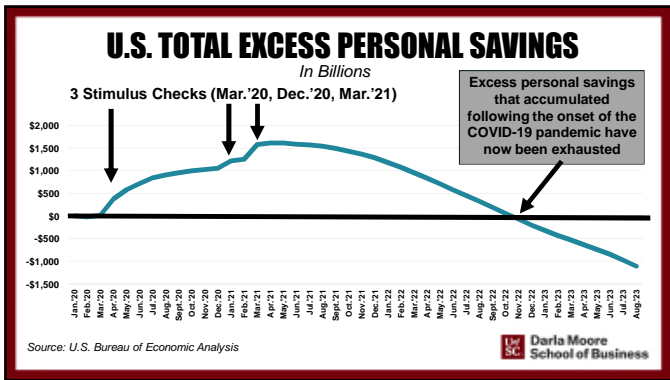
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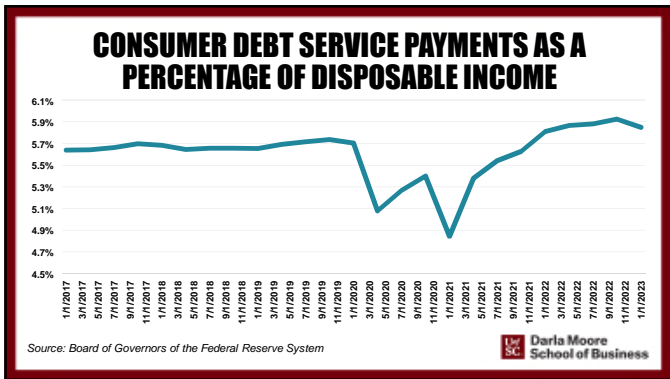
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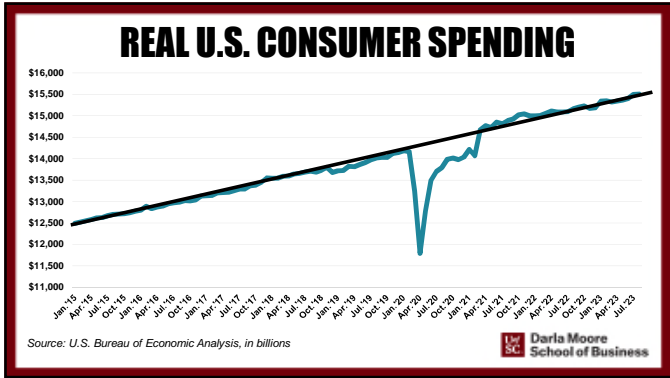
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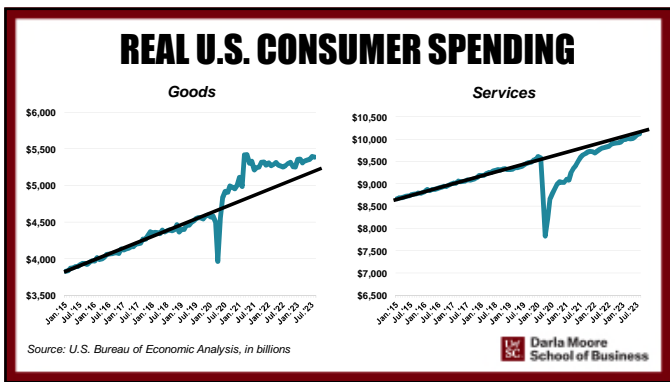
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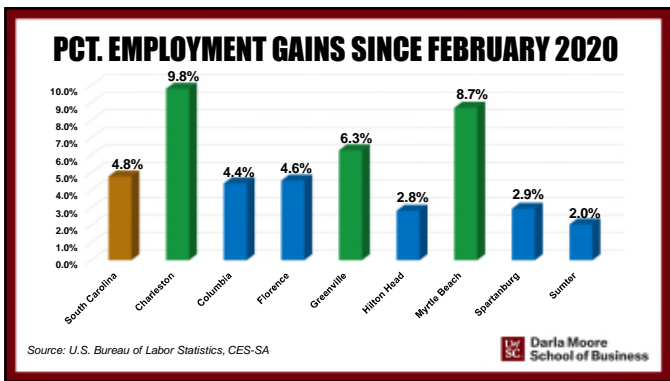
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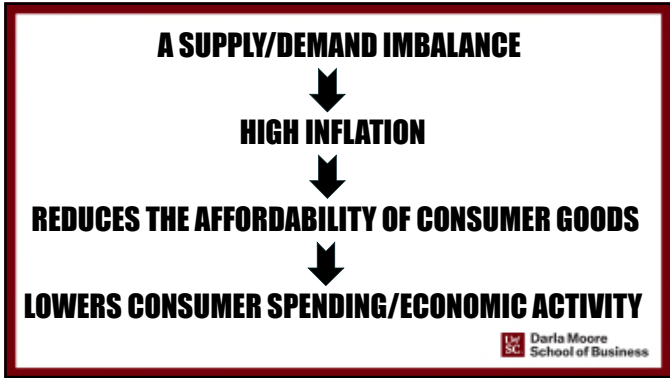
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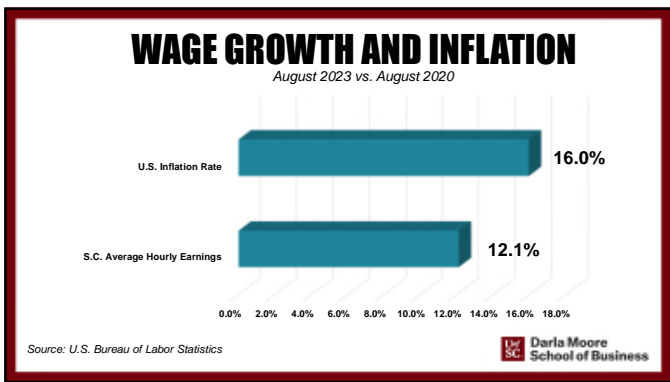
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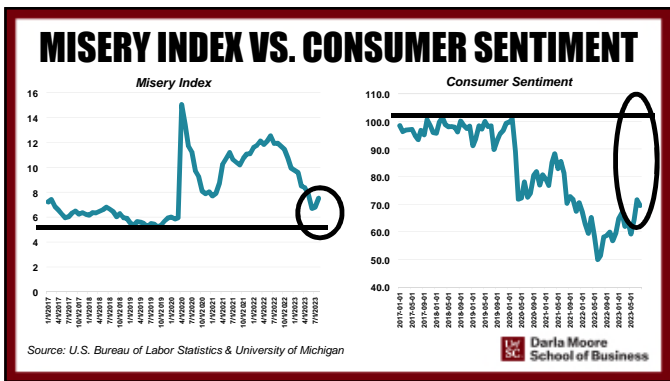
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### GOOD NEWS AND BAD NEWS



**WE'VE SEEN SIGNIFICANT PROGRESS TOWARDS INFLATION REDUCTION!**



**BUT THERE'S STILL A LONG WAY TO GO**

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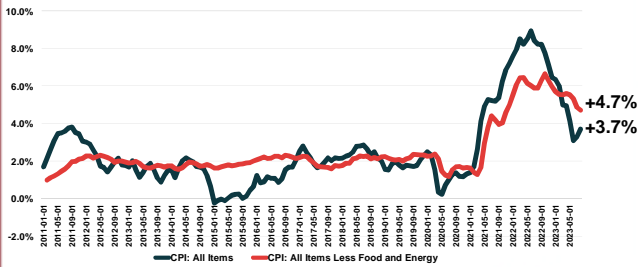
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### U.S. INFLATION RATE (YEAR/YEAR)



Source: U.S. BLS, Consumer Price Index

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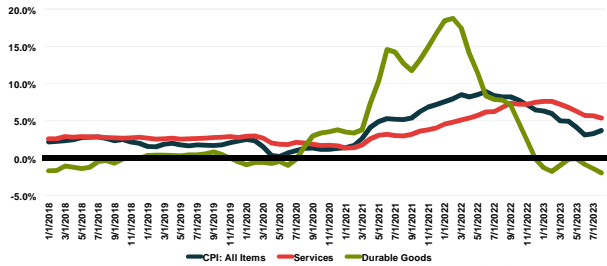
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### U.S. INFLATION RATE (YEAR/YEAR)



Source: U.S. BLS, Consumer Price Index

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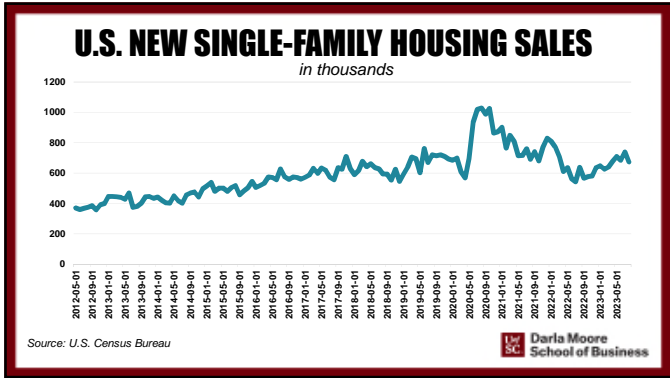
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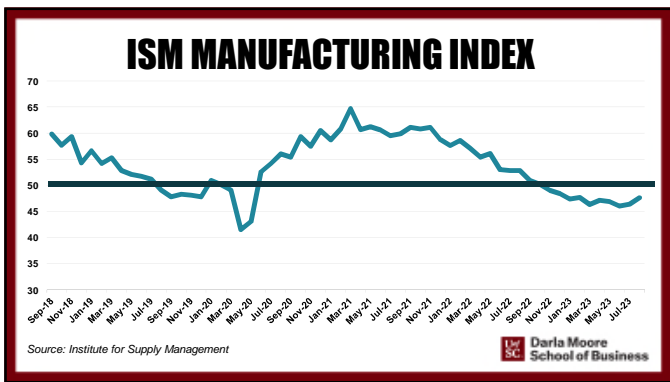
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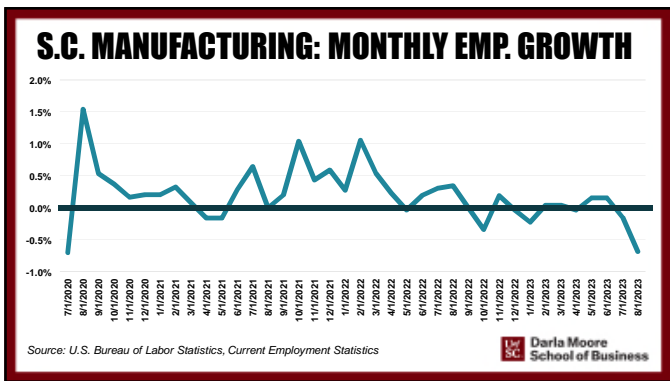
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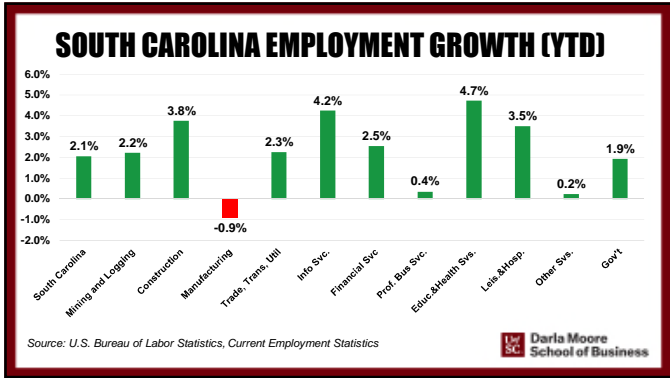
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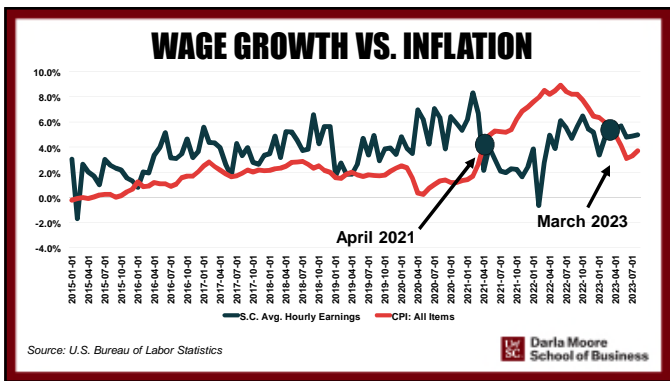
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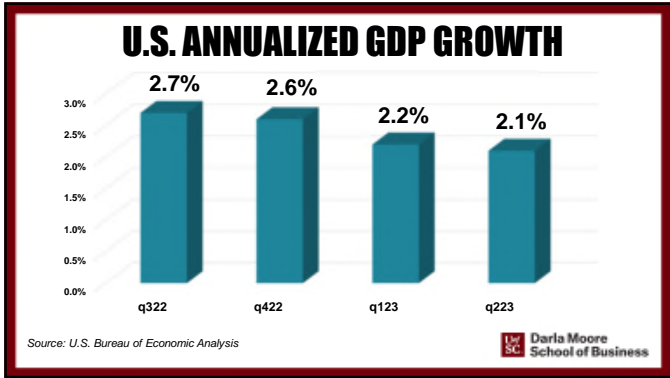
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### CONTRIBUTIONS TO GDP

	2022-Q3	2022-Q4	2023-Q1	2023-Q2
<b>Percent Change at annual rate: GDP</b>	<b>2.7%</b>	<b>2.6%</b>	<b>2.2%</b>	<b>2.1%</b>
<b>Personal Consumption Expenditures</b>	<b>1.05%</b>	<b>0.79%</b>	<b>2.54%</b>	<b>0.55%</b>
Goods	-0.18%	-0.01%	1.14%	0.11%
Services	1.23%	0.80%	1.40%	0.44%
<b>Gross Private Domestic Investment</b>	<b>-1.45%</b>	<b>0.62%</b>	<b>-1.69%</b>	<b>0.90%</b>
Change in Private Inventories	-0.66%	1.61%	-2.22%	0.00%
<b>Net Exports of Goods and Services</b>	<b>2.58%</b>	<b>0.26%</b>	<b>0.58%</b>	<b>0.04%</b>
Government	0.49%	0.90%	0.82%	0.57%

Source: U.S. Bureau of Economic Analysis

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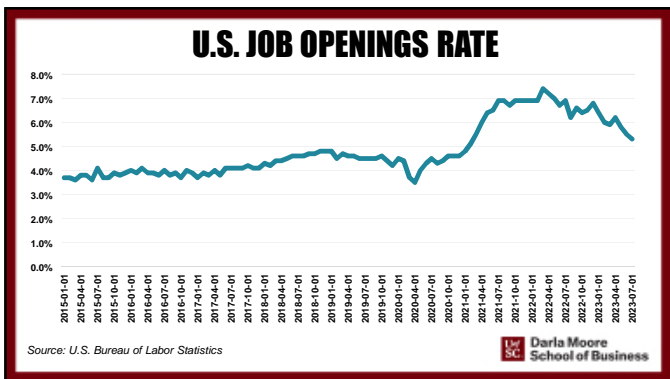
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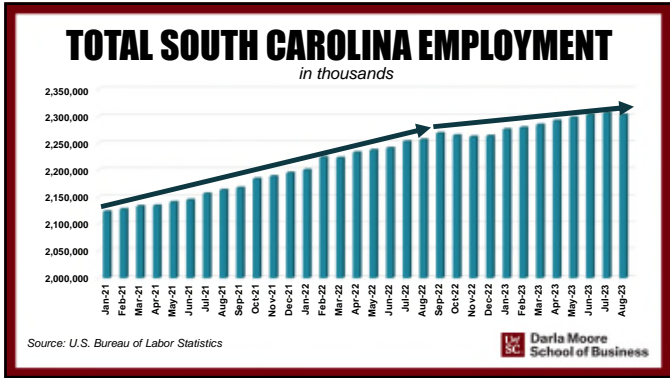
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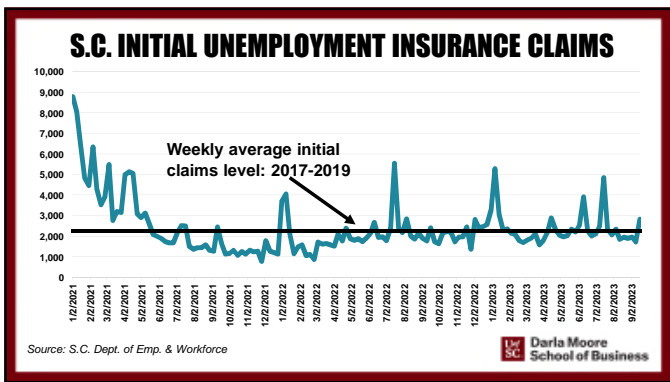
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## POTENTIAL SOURCES OF INFLATIONARY PRESSURE IN 2024

- **HEALTHCARE COSTS**
- **U.S. MOVING AWAY FROM GLOBALIZATION**
- **ONGOING LABOR SHORTAGE**

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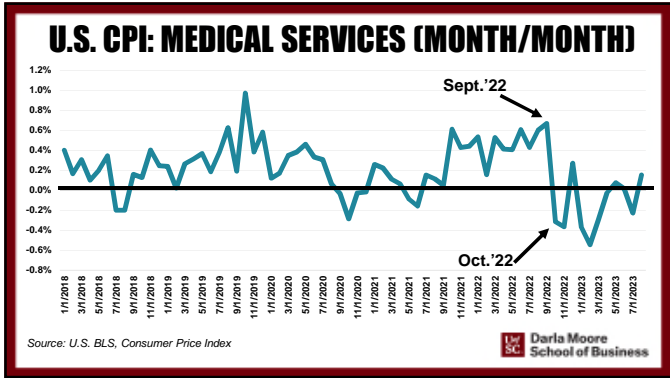
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## TWO MAIN SOURCES OF WAGE GROWTH

- HIGH LABOR DEMAND
- PRODUCTIVITY GAINS

**WAGE GROWTH IS ONLY INFLATIONARY WHEN IT RESULTS FROM HIGH LABOR DEMAND**

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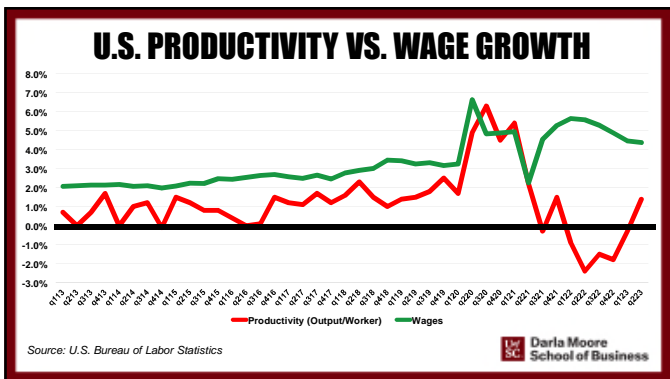
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## THE BOTTOM LINE

- *South Carolina's economy remains resilient as it continues to readjust towards a long-run equilibrium between supply and demand*
- *Inflation remains the biggest short-run economic threat to South Carolina and the U.S., with the Federal Reserve still likely to face inflation headwinds in 2024 that may keep interest rates elevated*
- *The probability of a recession has decreased, but don't get too comfortable yet*
- *The prevalent labor shortage will help limit any negative impacts to the jobs market if a recession does occur next year – a relatively mild, "jobful recession" is what we would likely see*

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# THANK YOU!

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