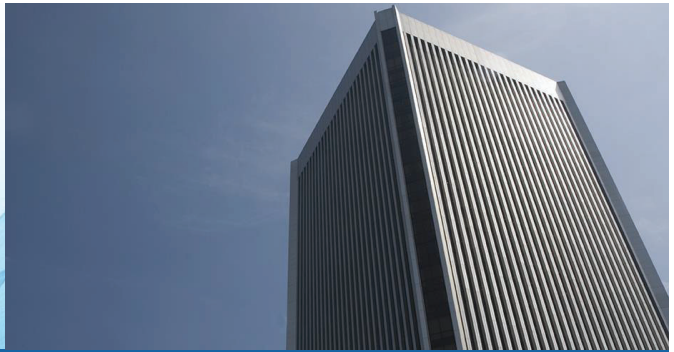


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# National and Regional Economic Update

Municipal Association of SC  
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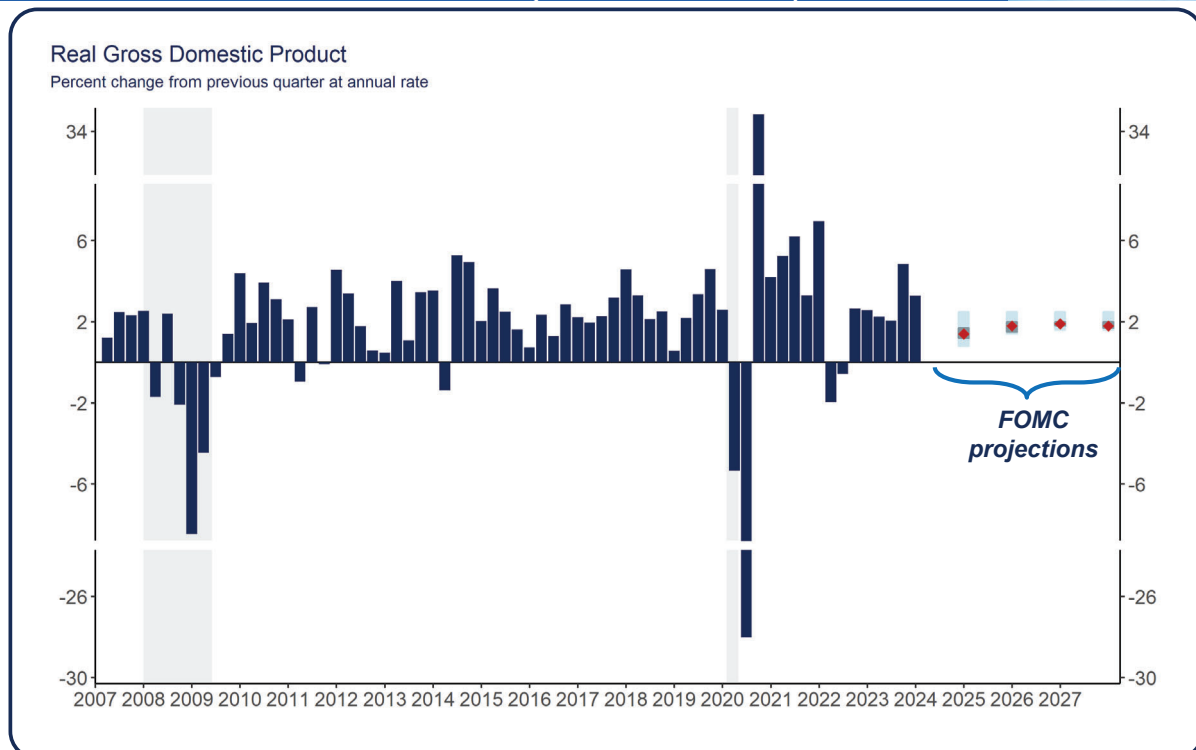
**The views and opinions expressed herein are those of the author. They do not represent an official position of the Federal Reserve Bank of Richmond or the Federal Reserve System.**



## Where are we now?

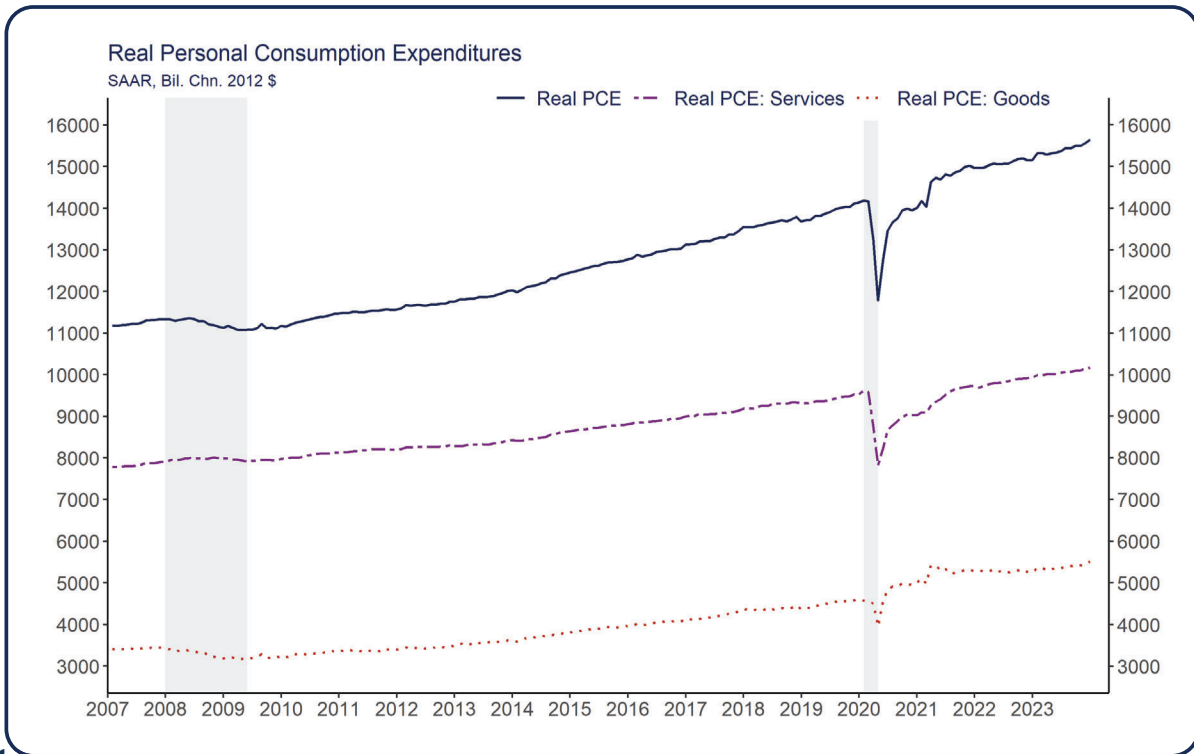
- Economic growth in 2023 far exceeded all expectations; growth in 2024 looks promising, but uncertainties exist.
  - Some sectors have seen significant pullback while others continue to see strong demand
- Economic indicators show slowing in some cases but continued growth in others
  - Fears of recession seem to have lessened
  - Consumer spending (even in real terms) has remained robust
  - The pace of job growth has been impressive nationally, but some states are faring better than others
- Some metro areas, including Charlotte and Raleigh are outperforming larger metros and more rural spaces
  - Much of this is industry and geography based
- Inflation remains above the 2 percent average target
  - Inflation reports are moving in the right direction, especially at the end of 2023
  - The FOMC has been clear that they are committed to reducing inflation to the Fed's stated target

GDP growth estimate for Q4 2023 came in at 3.3 percent.  
Growth for 2023 as a whole likely exceeded 3.0 percent.



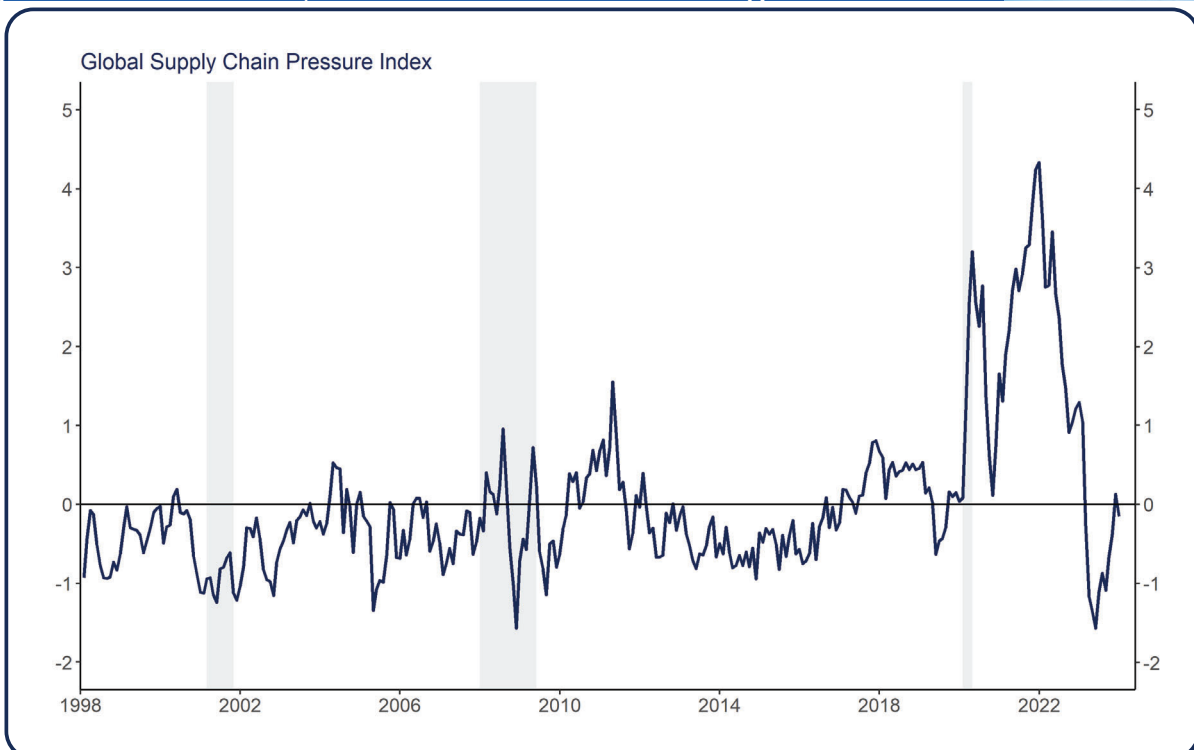
Source: Bureau of Economic Analysis/Haver Analytics, Federal Reserve Board

## Real consumption spending has remained strong, even in the midst of considerable inflation



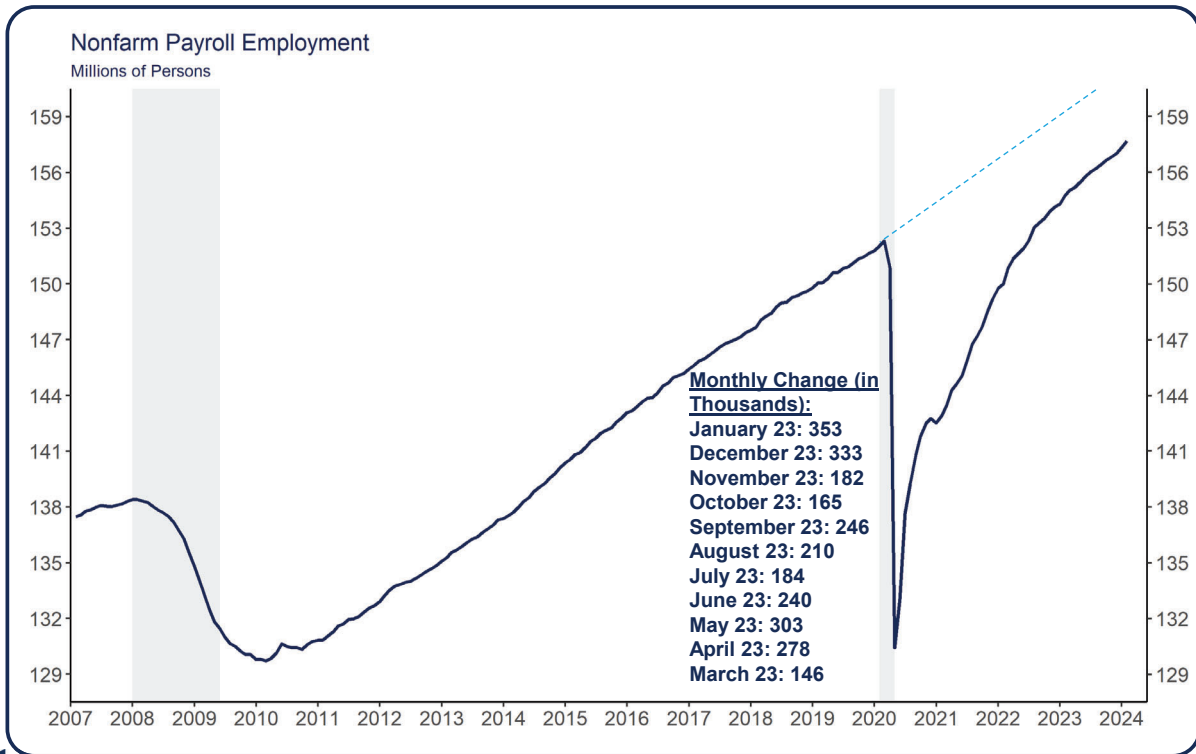
Source: Bureau of Economic Analysis

## Global supply chain issues have calmed back to below pre-COVID levels, but some isolated shortages remain



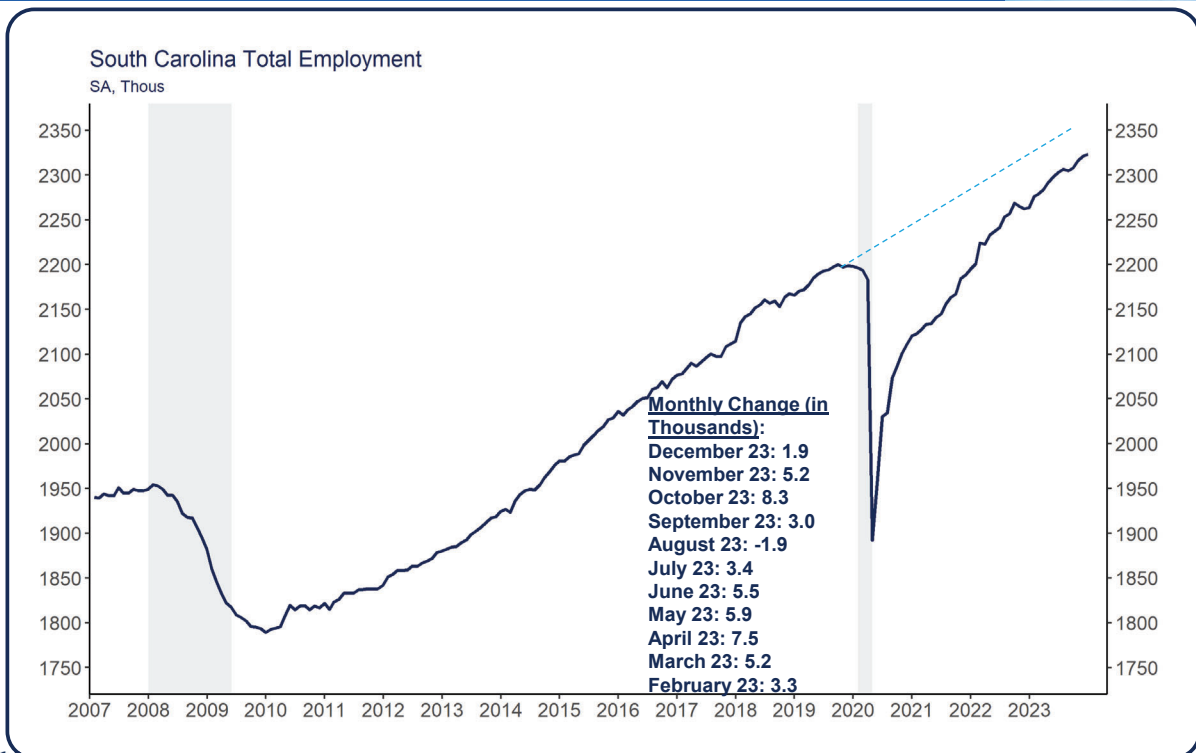
Source: Federal Reserve Bank of New York

We are well above pre-COVID levels of employment nationally. The December and January reports were both quite strong.



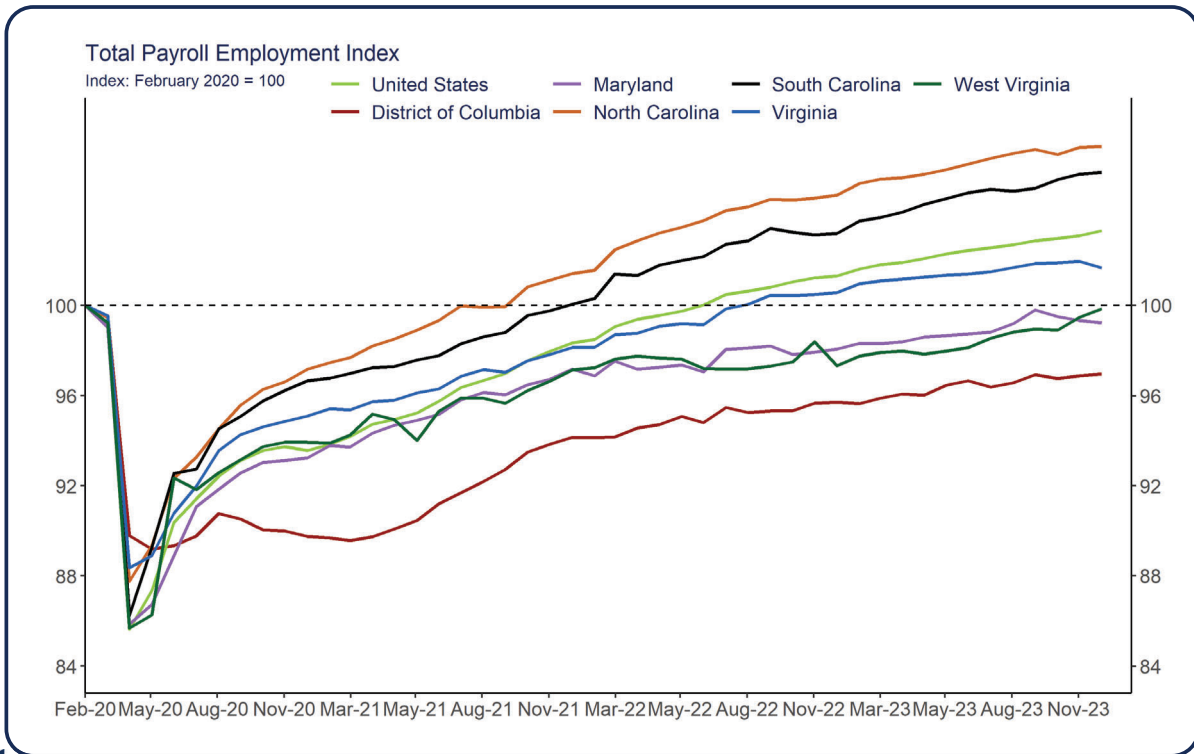
Source: Bureau of Labor Statistics/Haver Analytics

South Carolina has not returned to pre-COVID employment trend

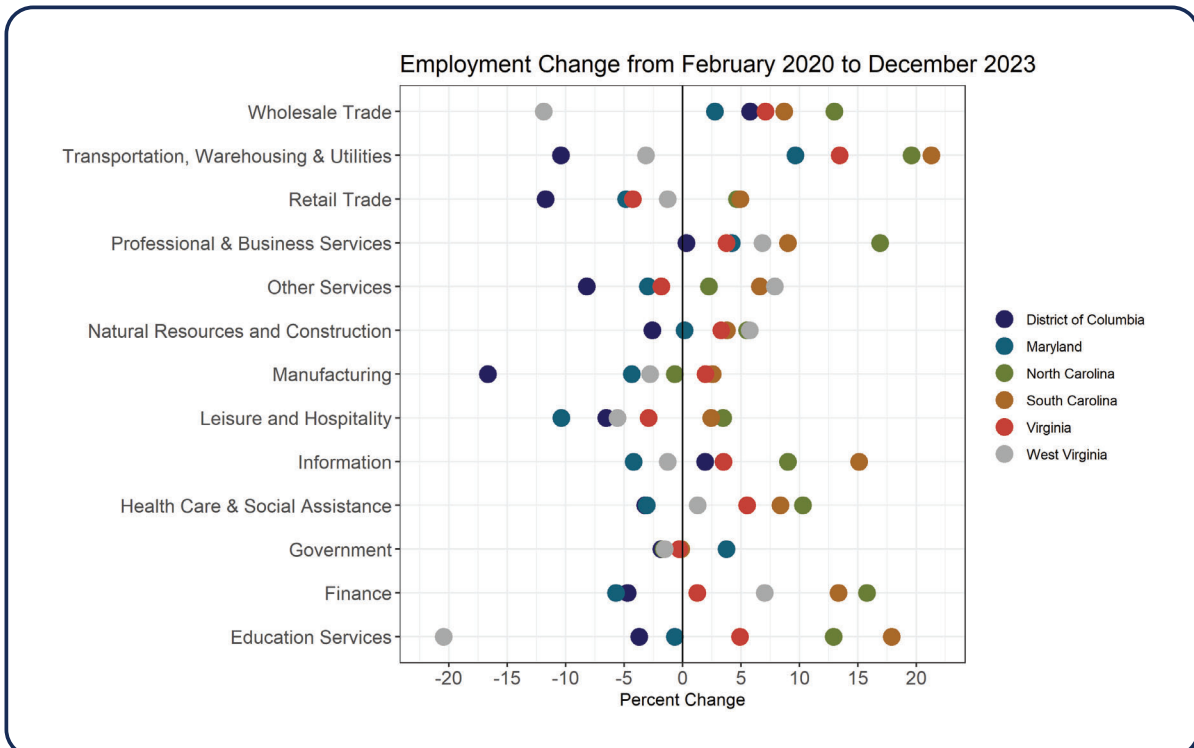


Source: Bureau of Labor Statistics via Haver Analytics

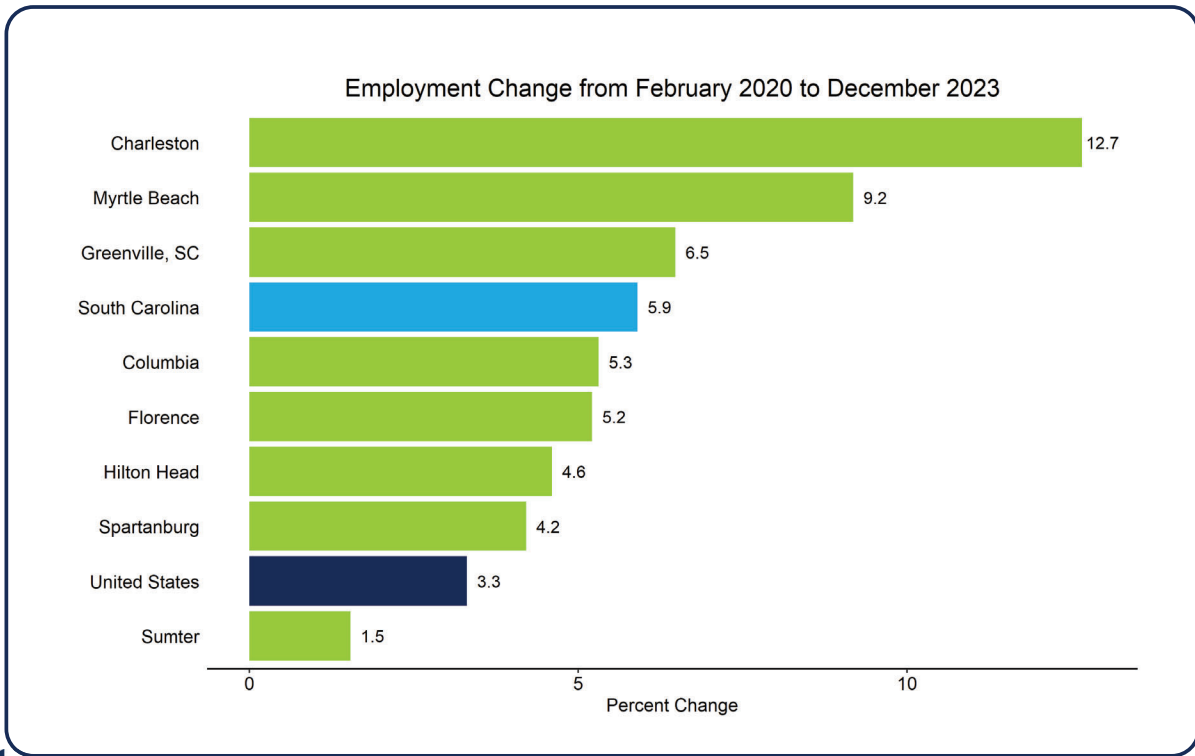
## The Carolinas are clearly leading the employment recovery in the Fifth District



## Looking at the Fifth District shows the range in employment outcomes across industries and geographies

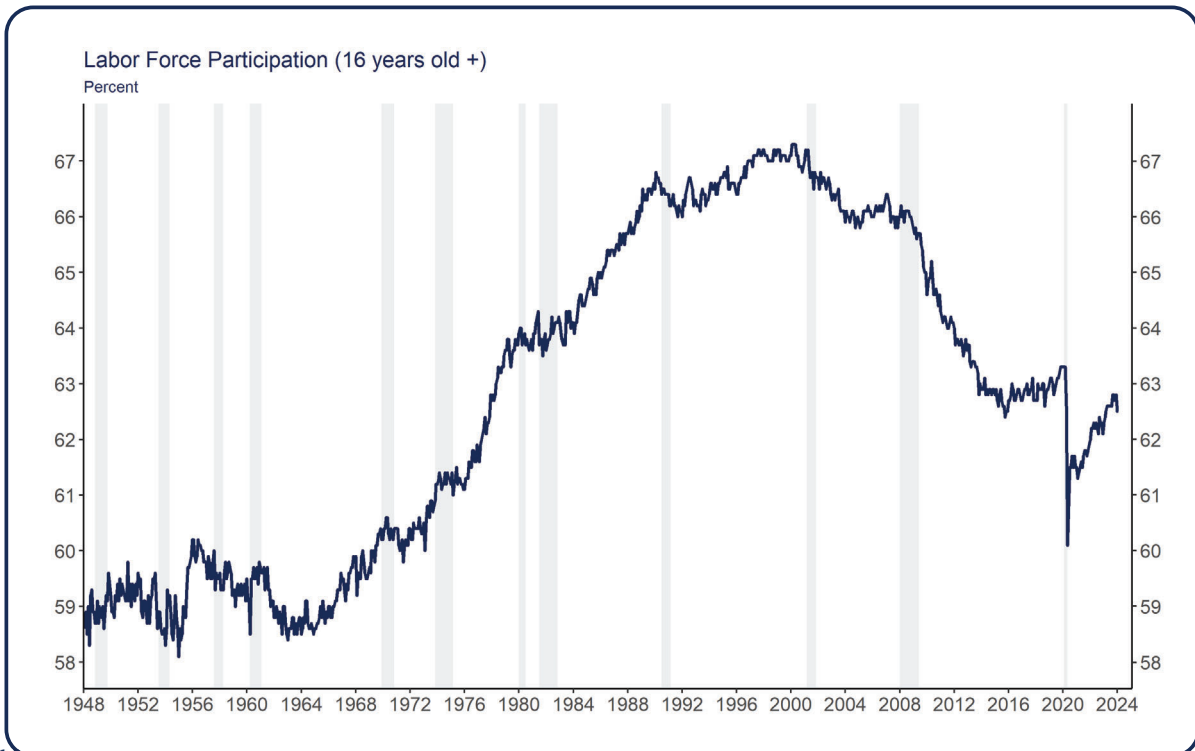


All SC MSAs have employment levels above pre-COVID, with Charleston and Myrtle Beach outperforming the rest



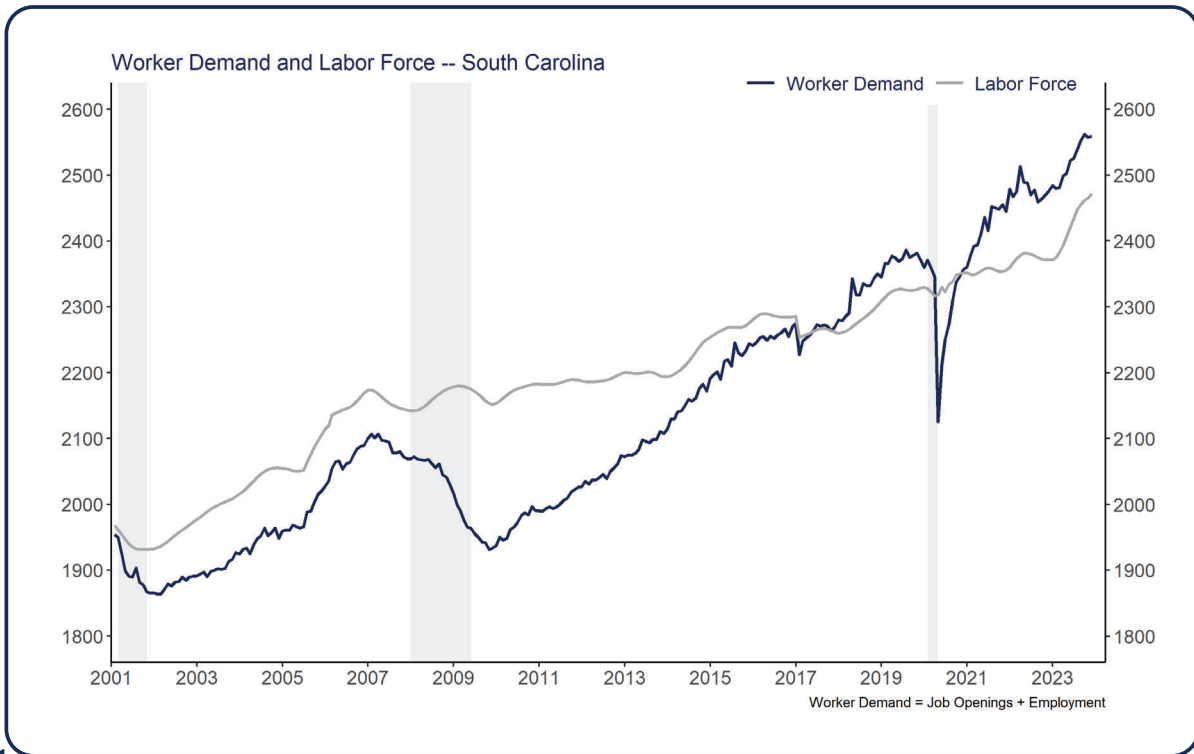
Source: Bureau of Labor Statistics/Haver Analytics

Labor force participation has not fully recovered, and new BLS projections foresee additional declines to 60.4% in 2032



Source: Bureau of Labor Statistics/Haver Analytics

## The short story...labor is tight and is likely to get tighter



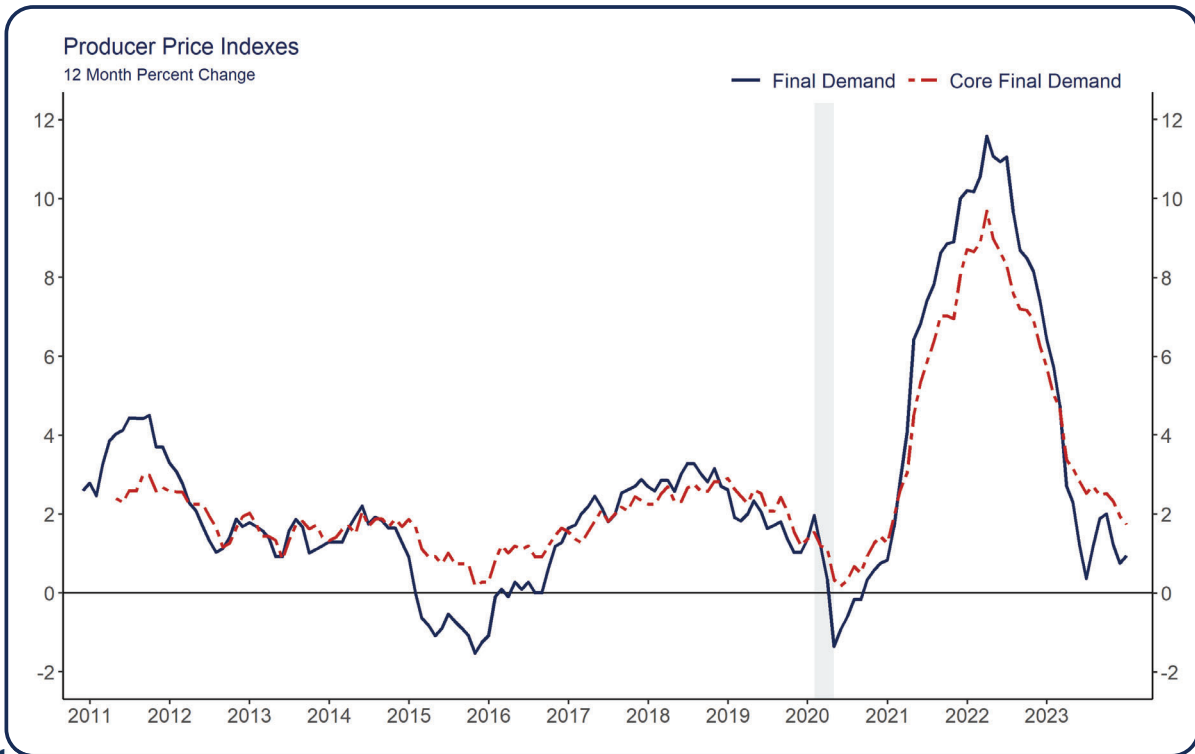
Source: Bureau of Labor Statistics, JOLTS, CES, LAUS / Haver Analytics

## Job openings have fallen quite a bit from the peak, while quits and hires have normalized



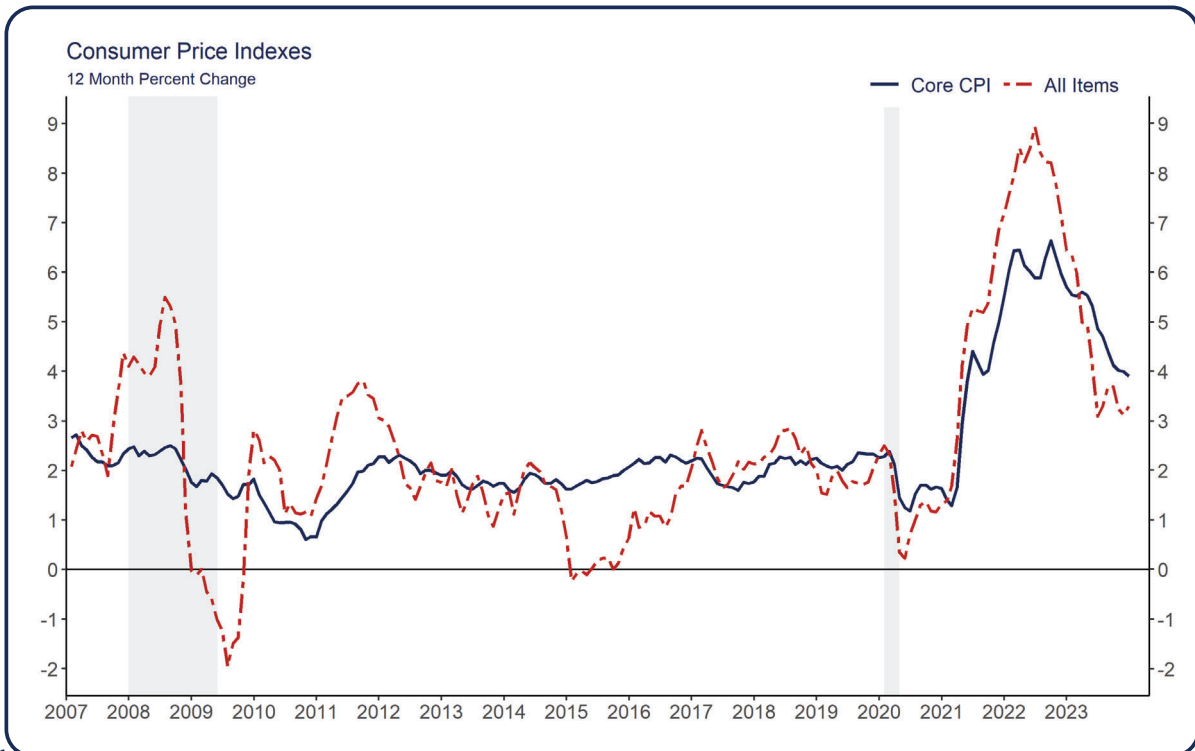
Source: Bureau of Labor Statistics/Haver Analytics

## Producer prices have returned to pre-COVID norms



Source: Bureau of Labor Statistics via Haver Analytics

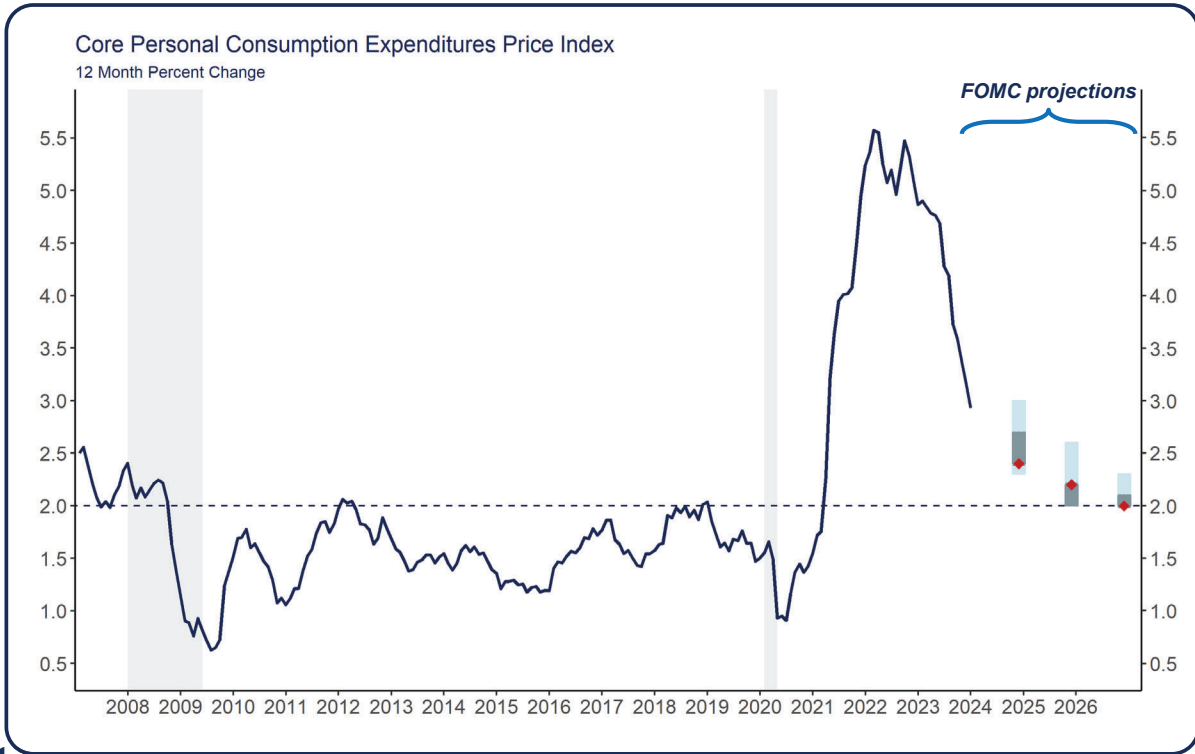
## CPI increased slightly in the most recent data release, but overall, core prices are moving in the right direction



Source: Bureau of Labor Statistics via Haver Analytics

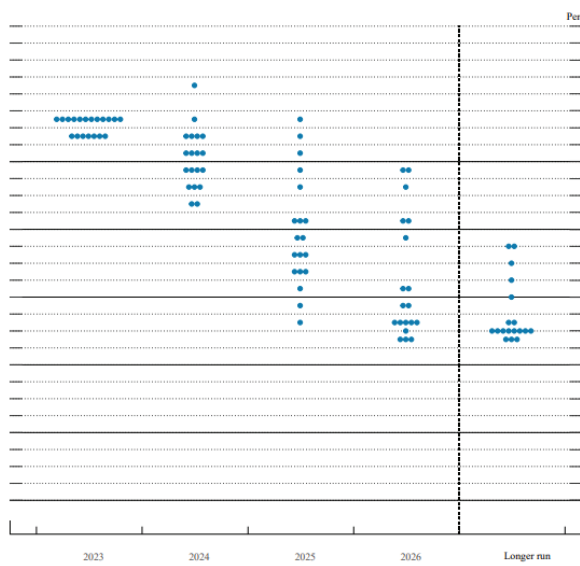


Core PCE, the Fed's primary measure of inflation, remains elevated well above the 2 percent target

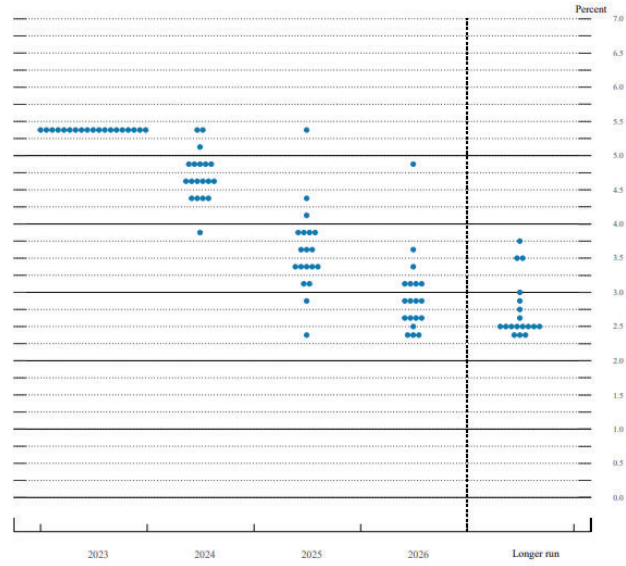


Source: Bureau of Labor Statistics via Haver Analytics

Changes in FOMC near term interest rate projections: September 2023 vs December 2023



September 2023



December 2023

## Where does the economy go from here?

- Growth for 2023 outpaced expectations. It is hard to know exactly what to expect in 2024, but we are off to a relatively strong start based on holiday spending figures and the January jobs report. There are significant potential speedbumps ahead
  - Potential government shutdown
  - Geo-political issues
  - Inflation that significantly exceeds current policymakers' expectations
  - The election
  - Expiration of pandemic-era benefits
- The FOMC raised rates considerably and some industries are being impacted directly. What about broader economic impacts? Consumption?
  - Are rates now high enough to bring inflation back to the 2 percent target?
  - Is the 'soft landing' really possible?
- There will continue to be winners and losers as we move forward
  - The Carolinas as a whole are very well poised to be 'winners'; rural parts of the states will face continued challenges

*Questions/Comments?*

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