

South Carolina Lost Jobs in August as Economic Activity in the Region Remained Soft

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Labor market conditions deteriorated in South Carolina during August. Payroll employment fell and the prior month's gain was revised away. At the same time, the state's seasonally adjusted unemployment rate rose again (the fourth monthly increase in a row), leaving it largely unchanged from 12 months earlier. The weakening in the jobs picture coincides with a decline in our own Carolinas Business Activity Index, which continued to trend down notably from earlier in the year.

South Carolina's payrolls contracted by roughly 3,200 in August (seasonally adjusted) and July's estimate was revised down to show a net loss of 1,500 jobs. (Initial estimates showed a net gain of nearly 1,400 jobs.) As has been the case for several months, job losses in the public sector weighed heavily on total employment. The government sector shed another 4,500 jobs in August, nearly all of them at the local level. State and federal employment was largely unchanged over the month. Private sector employment increased by 1,300 from July to August, but the improvements were scattered. Goods-producing industry employment expanded, largely on the strength of manufacturing, where jobs increased for the eleventh straight month. The fact that manufacturing continued to add jobs while total payrolls decreased is quite a change for the state. Professional and business services firms created the most jobs in August as payrolls expanded by 1,300 net new jobs. Other service-providing industries, such as trade, transportation, and utilities; education and health services; information; and financial activities led the losses. Despite escaping the wrath of Hurricane Irene in August, South Carolina's leisure and hospitality firms shed about 100 workers.

Over the past 12 months, South Carolina's economy has generated about 16,500 net new jobs. Private sector firms in the state added a respectable 32,200 net new jobs over that timeframe, but government shed 15,700, or nearly 5 percent. Surprisingly, the largest year-over-year percentage increase was seen in manufacturing, where factory payrolls swelled by more than 5 percent (or 11,000 net new jobs). Other increases were fairly widespread across service-providing sectors – leisure and hospitality firms added 7,500 net new positions; professional and business services added 6,200 jobs; trade transportation and utilities added 5,600 jobs; and education and health services added 4,300 jobs. Outside of government job losses (most of which occurred at the local level), only construction (-1,300) and financial activities (-1,200) saw payrolls shrink over the year.

South Carolina's seasonally adjusted unemployment rate increased to 11.1 percent in August (the highest since May 2010) from 10.9 percent in July. The unemployment rate has increased in each of the last four months, a span in which the gap between the state's rate and the national average widened from 0.8 percent to 2.0 percent. Our Carolinas Business Activity Index was soft in July and fell into negative territory in August for the first time since October 2010. The employment demand indicators remained positive, however, suggesting more (albeit modest) hiring ahead.

