

Employment Fell in South Carolina as the Region's Economy Remained Soft

By Rick Kaglic, Regional Economist (richard.kaglic@rich.frb.org)

South Carolina lost jobs in September, according to the state's Department of Workforce and Employment, for the third straight month. Unlike prior months, the job losses in September fell squarely on the private sector. Meanwhile, South Carolina's unemployment rate remained well above the national average and improved little in recent months. Our Carolinas Survey of Business Activity suggested that economic activity was weak in the region during September and that hiring waned from earlier in the year.

After adjusting for normal seasonal variations, South Carolina lost 1,000 net jobs in September. That marked the third straight monthly decline in payrolls. Unlike recent months, it was not losses in the government sector that accounted for the overall weakness. Government employment in South Carolina actually rose by 3,500 in September, but the increase resulted mostly from local education jobs and is unlikely to be replicated in coming months. On the whole, private sector firms shed 4,500 positions during the month and the declines were relatively widespread. The most notable losses were in leisure and hospitality; trade, transportation and utilities; and construction. Manufacturing employment fell by 1,800 during the month, a setback for an industry that had seen increases in each of the prior 12 months. By contrast, professional and business services continued its upswing, adding 4,400 net new jobs in September, while financial services employment increased for the first time in five months. Regionally, the upstate region saw modest job gains, while most other areas (Myrtle Beach in particular) experienced job losses.

Over the past 12 months, South Carolina's economy generated about 11,900 net new jobs, an increase of roughly 0.7 percent. The private sector added 19,400 positions, more than offsetting the 7,500 jobs that were lost in the government sector. Manufacturing continued to lead the year-to-year gains (with 9,500 net new jobs) followed by professional and business services; and trade, transportation, and utilities. With the exception of construction and financial services, most other private sector industries added jobs over the past 12 months. The Greenville MSA saw the biggest gains since last September, with broad-based contributions pushing employment up by nearly 6,000 jobs. Myrtle Beach, Charleston, and Columbia also saw notable gains. Sumter was the only MSA to lose jobs over the year (-100).

The seasonally adjusted unemployment rate in South Carolina edged down to 11.0 percent from 11.1 percent in August, leaving it slightly above last September's level. Even though employment increased over the year, that gain was outpaced by growth in the number of workers in the labor force. Greenville was the only major metropolitan area to see significant improvement in its unemployment rate over the year. Our Carolinas Survey of Business Activity continued to suggest weak economic growth in the August-October timeframe. In fact, the current conditions index has been in negative territory (the demarcation between expansion and contraction) for two of the past three months. Moreover, the labor demand components of the index suggested less hiring among responding firms.

