

# Employment Jumped in South Carolina During November; Unemployment Fell

By Rick Kaglic, Regional Economist ([richard.kaglic@rich.frb.org](mailto:richard.kaglic@rich.frb.org))

Employment growth picked up significantly in South Carolina as the year was nearing its end, and unemployment improved considerably. However, while general economic conditions firmed in December, according to our Carolinas Survey of Business Activity, demand for labor was tepid.

After declining in three of the prior four months, employment in South Carolina increased by more than 16,500 in November as a surge in private sector hiring more than offset a persistent drag from public sector furloughs. On a seasonally adjusted basis, private sector payrolls jumped by 17,200 last month, a welcome reversal following a few months of broad-based weakness in business hiring. Moreover, the gains were fairly widespread among both service-providing and goods-producing industries. The biggest month-to-month gains were realized in trade, transportation, and utilities, where a stronger-than-seasonal hiring surge in retail pushed the sector's jobs count up by more than 5,500 jobs. Professional and business services employment increased materially for the first time since February, while leisure and hospitality saw substantial job gains in November as well. More modest increases were observed in education and health services and financial services. On the goods producing side, both manufacturing and construction saw modest job gains off persistently weak levels. Public sector employment continued to decline as governments shed 600 workers in November. Looking across the state, employment increased in most Metropolitan Statistical Areas (MSAs), with the exceptions of Myrtle Beach, Sumter, and Anderson, all of which were effectively flat.

Over the last 12 months, South Carolina's private sector created an additional 35,300 net new jobs, more than offsetting a loss of roughly 4,500 jobs in the government sector. Despite recent softening in factory hiring, manufacturing continued to lead the state's year-over-year job gains. By contrast, the recent strength in retail trade pushed its November employment level up for the first time in three years. In what may be another sign that household spending was firmer, leisure and hospitality employment increased over the year and surpassed November 2008 levels. Outside of persistent weakness in government, job growth was also soft in the still moribund construction industry. With the exception of Sumter, each of South Carolina's MSAs saw an increase in employment over the year.

The unemployment rate in South Carolina dropped to 9.9 percent in November from 10.5 percent in October. It was the first single-digit unemployment rate the state had seen since a brief spell in March and April, and left it one percentage point lower than a year earlier. The improvement in the state's unemployment picture over the year is a function of employment gains outpacing an increase in labor force participation. With employment, labor force participation and unemployment moving in the right direction, November's employment report was the most encouraging in some time. Results from our Carolinas Survey of Business Activity were positive again in December, signaling increasing business activity. However, the labor demand indicators (number of workers and average hours) showed that employers continued to exercise quite a bit of caution when it came to hiring.

