

South Carolina's Unemployment Rate Declined in December, but Job Creation Slowed

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South Carolina's employment growth slowed in December even as its unemployment rate declined sharply. The slower pace of job gains was consistent with responses to our Carolinas Survey of Business Activity, which continued to suggest cautious hiring attitudes.

Total payroll employment in South Carolina advanced by just 300 on a seasonally adjusted basis in December. In addition, November's increase, initially reported to be 16,500, was revised down to 9,100 net new jobs. Private sector employment growth was a little more robust in December, with 2,600 net new jobs added, but government employment fell. The slowdown in South Carolina's job growth was very broadly based during the month. While manufacturing and leisure and hospitality firms (among the state's most prolific job creators during the recovery) continued to add substantial new jobs during the month, and construction pitched in a few, most other private sector industries saw slight to modest employment declines. The important professional and business services segment shed 600 jobs in December, which continued a trend started three months earlier. The government sector lost 2,300 employees last month and, unlike previous months, most the losses were concentrated in state rather than local government. The impact of state government jobs was evident in the Columbia MSA, where total employment declined by 2,800 jobs. The Myrtle Beach and Florence MSAs saw slight job losses in December, while Greenville, Sumter, and Charleston experienced modest gains. Employment in the Spartanburg MSA was flat.

Over the year, employers in South Carolina added 17,800 net new workers to their payrolls, a noticeable slowdown from November. The private sector continued to do the heavy lifting as those firms had to offset the approximately 6,300 jobs that were lost in the government sector. Despite recent declines at the state level, the bulk of government job losses over the past 12 months were still felt at the local level. In the private sector, employers created 24,100 new positions compared to a year earlier. Manufacturing continued to lead the pack of job creators, as factories augmented their payrolls with more than 10,500 new workers. Leisure and hospitality; trade, transportation, and utilities; and education and health services also added significant numbers of new workers. While other sectors also added jobs, the trend in professional and business services has been somewhat discouraging, as three straight months of declines left employment in this sector down by 1,300 compared to a year earlier.

South Carolina's seasonally adjusted unemployment rate decreased to 9.5 percent in December—its lowest rate in more than four years. The drop was due to an increase in the ranks of the employed and a reduction in the active labor force. While the decline in the number of the unemployed is a welcome development, much work remains to be done. Moreover, the results from our Carolinas Survey of Business Activity in January suggest that any improvement in the region's labor market was marginal at best. The current labor demand indicators continued to point to very cautious hiring on the part of respondents, even as they reported an increase in general business activity.

