

Hiring Increased in South Carolina During January, and Unemployment Was Down

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Job growth accelerated in South Carolina during January and unemployment fell. Moreover, our Carolinas Business Activity Index improved in February for the fourth straight month and respondents to the survey suggested that hiring had picked up.

Employment in South Carolina was up by 6,000 in January (seasonally adjusted), marking the fourth monthly increase in a row. Professional and business services added nearly 3,000 net new jobs, the most of any industry. This gain was encouraging in that this industry, which has been a major contributor to job growth in most states, had not been a factor in South Carolina for the prior nine months. Leisure and hospitality employment increased again and, at nearly 215,000 jobs, stood at its highest level since October 2008. Employment in financial activities remained very weak in the state. In fact, the 1,200 jobs lost during the month left employment in this sector at its lowest level of the cycle. Health and education services employment fell in January as well. This sector has now seen three straight monthly declines, following a more or less steady rise in employment through October 2011. However, a major factor in January's increase in total payroll employment was a lack of decline in the public sector. Government employment actually increased by 600 during January, as state and local governments added back about 900 workers. Across the state, job gains were reported for the Florence, Columbia, and Charleston areas, while the Upstate and Myrtle Beach saw the most significant declines.

Since January 2011, South Carolina payrolls increased by an estimated 26,700, leaving the state about 118,000 shy of its pre-recession level. The 1.5 percent gain matched the nationwide average. For the January release, employment estimates were revised (or benchmarked) going back several years. However, the revisions to South Carolina's numbers were less significant than many other states. The revised data show a slightly larger drop in employment during the contraction (168,500 jobs lost versus the 167,300 previously reported), and a modestly larger increase since (50,200 versus 43,500). The state's manufacturing sector added back more workers than any other industry over the past year (11,200), and its 5.3 percent growth rate outpaced the national average of 2.0 percent. Strong gains were also evident in trade, transportation, and utilities; leisure and hospitality; and professional and business services. In contrast, government and construction employment declined over the year.

South Carolina's unemployment rate fell for the sixth month in a row and, at 9.3 percent, was at its lowest level since December 2008. Looking forward, our Carolinas Business Activity Index has increased four months in a row, suggesting that economic activity picked up in the region. In February, the index reached its highest reading since April 2011. Moreover, hiring among responding firms (which had not been increasing along with general business conditions) appeared to strengthen. The labor demand indicator swung from negative to positive last month, indicating that the number of respondents who reported adding to their payrolls outnumbered those who said they were cutting – the first time that has happened in five months. While one month does not make a trend, it is an encouraging reading nonetheless.

