

Labor Markets Improved Materially in South Carolina During February

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Labor market conditions in South Carolina continued to improve in February, as new hiring was evident in the private and public sectors, and unemployment remained on a solid downward trajectory. In addition, our Carolinas business activity index continued to rise, suggesting stronger economic conditions, and the labor demand indicators pointed to more hiring among responding firms in the region.

On a seasonally adjusted basis, employment in South Carolina jumped by 8,300 in February after increasing by 5,400 the prior month. Employers have added jobs for five straight months following the soft patch that emerged in the state's hiring during the late summer of 2011. Similar to trends that have emerged nationally, South Carolina's labor market has steadied in recent months as the public sector is no longer offsetting some of the strength in the private sector. Rather, state and local governments added back workers in February, following a period of roughly three years in which they were trimming staff.

The contribution from the public sector augmented gains in the private sector, leading to the stronger job increases of late. However, February's private sector job growth was largely concentrated in three industries – health and education services; professional and business services; and manufacturing. Following a brief (and rare) period of weakness, employment in health and education services bounced up by nearly 5,000 in February, more than recovering all of the jobs lost during the prior three months. Employment in professional and business services, an industry that added very few jobs during the last 10 months of 2011, increased by 3,500 in February. Meanwhile, factory employment rose by 1,300 jobs – its 23rd increase in the last 25 months, which was a rather remarkable record given the tepid pace of industrial job growth nationwide. Firms engaged in financial activities; trade, transportation, and utilities; and leisure and hospitality shed significant numbers of jobs last month. Over the last year, total payroll employment in South Carolina expanded by about 1.6 percent, slightly above the nationwide average. During that period, manufacturing firms created the most jobs in terms of both numbers and percentage as employment in this sector jumped by 9,500 or 4.5 percent. Construction and financial activities were the only industries to see payrolls decline over the last 12 months.

Most of the metropolitan statistical areas (MSAs) in South Carolina saw job creation in February, including Sumter, which has been struggling mightily from the loss of manufacturing jobs. One notable exception was the Anderson MSA, which lost 1,600 jobs during February, continuing a pattern of weakness that emerged in the second quarter of 2011. Over the year, employment was up in each of the state's MSAs with the exceptions of Anderson and Sumter.

South Carolina's seasonally adjusted unemployment rate has declined by about 1 percent over the last five months. Settling in at 9.1 percent in February, the state's unemployment rate was at its lowest level since November 2008. Our Carolinas business activity index increased in March for the fifth month in a row and stood at its highest since April 2011. Moreover, the labor demand indicators suggested that employment and hours continued to rise in the region.

