

South Carolina's Labor Markets Softened in April, Despite a Dip in Unemployment

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Labor market data from South Carolina were mostly disappointing in April. The state's unemployment rate continued to decline as unemployed workers left the labor force, and payroll employment fell for the second straight month. By contrast, the responses from our Carolinas Survey of Business Activity suggested that business activity picked up in April and more firms were adding to their payrolls compared to those who were subtracting from them.

The state reported that total payroll employment declined on a seasonally adjusted basis for the second month in a row in April, after increasing in each of the prior five months. Nonfarm jobs fell by 1,800 in April, after falling by 3,400 in March. Much of April's decline can be attributed to the professional and business services sector, where employers shed roughly 3,200 jobs. This sector has been a much smaller contributor to South Carolina's jobs recovery than it has been to the most of the rest of the nation. Manufacturing employment, which had been the driving force behind the state's recovery since it got under way, declined again in April for the second month in a row. Still, the factory sector's employment growth rate over the year outpaced the state's overall growth by a large margin (3.7 percent compared to a little less than 1.0 percent). Similarly, employers in leisure and hospitality industries have been shedding workers over the past few months after bolstering their payrolls for much of the preceding year. Also in April, the government sector gave back about 500 of the roughly 3,600 net new jobs that were added to its payrolls during the prior four months, while the information services and financial services industries experienced similar declines. Partly offsetting the job losses in these industries during the month were notable gains in trade, transportation, and utilities, and education and health services. Other industry segments showed little change.

Of the state's metropolitan statistical areas (MSAs), the Greenville and Myrtle Beach areas lost most of the jobs in April (1,500 and 1,700, respectively). The decline in Myrtle Beach was not entirely surprising, given its reliance on leisure and hospitality jobs. Meanwhile the Columbia, Florence, Charleston, and Anderson MSAs added jobs. Of the roughly 16,400 net new jobs that were generated in South Carolina over the last year, more than half were created in the Columbia and Charleston markets. However, Florence, Spartanburg, and Myrtle Beach also showed material increases, helping to offset losses in Anderson, Greenville, and Sumter.

South Carolina's seasonally adjusted unemployment rate edged down to 8.8 percent in April, leaving it 3.2 percentage points below its recession peak of 12 percent. The ranks of the unemployed fell by roughly 2,800 in April, but there were also nearly 6,000 fewer workers. In other words, the improvement in the unemployment rate was a function of a decline in labor force participation in April, rather than job growth. The recent declines in employment are somewhat disappointing when compared to our Carolinas Survey of Business Activity. The current conditions index increased in each of the last six months and, by April, had reached its highest level since May 2010. In addition, the current labor demand indicators suggested that hiring continued among responding firms, in spite of the decline reflected in government data.

