Economic Outlook for the State of South Carolina

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Welcome and Outline

- REMI models
- Big Picture: REMI Regional Growth Matrix
- Economic outlook
  - Short-term forecast
  - Long-term forecast
- Model demonstration

*what does **REMI** say?* sm

Model

Regional Economic Models, Inc. (REMI) was founded in 1980 on a transformative idea: *government decision-makers should test the economic effects of their policies before they're implemented.* We are the nation's leader in dynamic local, state and national policy modeling. Our clients use REMI models to perform rigorous economic analysis that critically influences local, state and national policies.

OUR CLIENTS:

Business Roundtable • Sandia National Laboratories • Ernst & Young • Texas Comptroller
University of Michigan • Tennessee Valley Authority • National Education Association
South Coast Air Quality Management District • Florida Legislature
North Carolina Department of Commerce • Wyoming Department of Administration & Information
California Environmental Protection Agency • U.S. Army Corps of Engineers

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# South Carolina State Economy

- Declining agriculture sector; top crops include **soybeans**, **cotton**, **tobacco**, & **peaches**. Markets in animal products (**cattle**, **chicken**, & **seafood**) are growing.

- Logging is a large industry. Manufacturing includes **chemicals**, **cars**, and **plastics** & **rubbers**.

- SC has attracted high levels of **foreign investment**.

- Medical care is significantly worse in rural areas, due to a **lack of doctors**.

- Half of the state's electrical consumption is powered by **nuclear energy**.

what does REMI say? sm

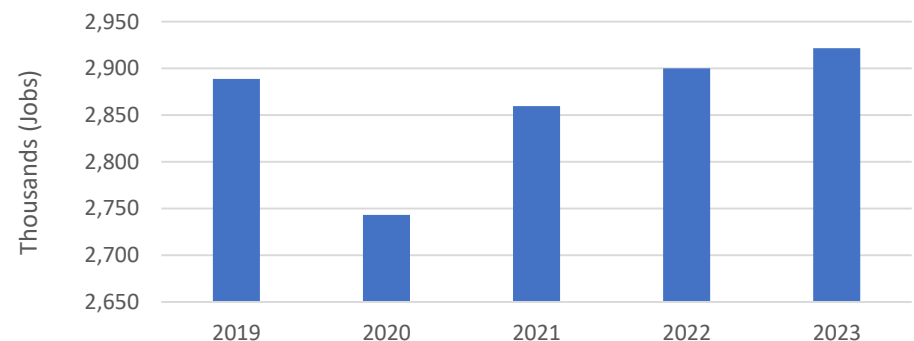# Short-Term Outlook: South Carolina

- Years 2019-2023

- Growth 2020-2021
  - Personal income : 3.7%
  - GDP: 4.9%
  - Output: 5.0%
  - Employment: 116 thousand jobs

- Uncertainty

Personal Income, GDP and Output Outlook

Total Employment

what does REMI say? sm
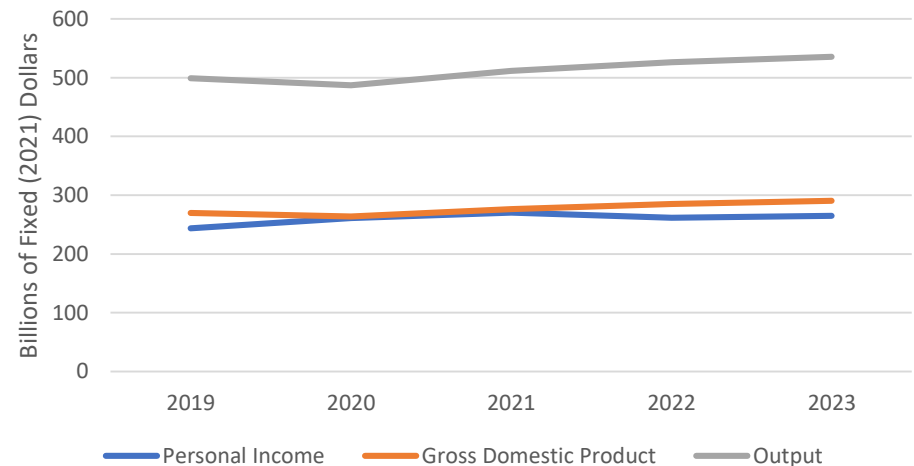
Data Sources

- Baseline (Standard National Control)
  - BLS Forecast Data
- Economic Forecast Update March 2021
  - 2019-2020 historical data from BEA
  - The U.S. Economic Outlook for 2020-2022 from the University of Michigan's Research Seminar in Quantitative Economics (RSQE)
  - An update to the Economics Outlook from CBO
  - Includes $1.6 trillion stimulus, additional vaccination, and additional consumer spending[1]

REMI Regional Growth Matrix: Economic & Demographic Factors
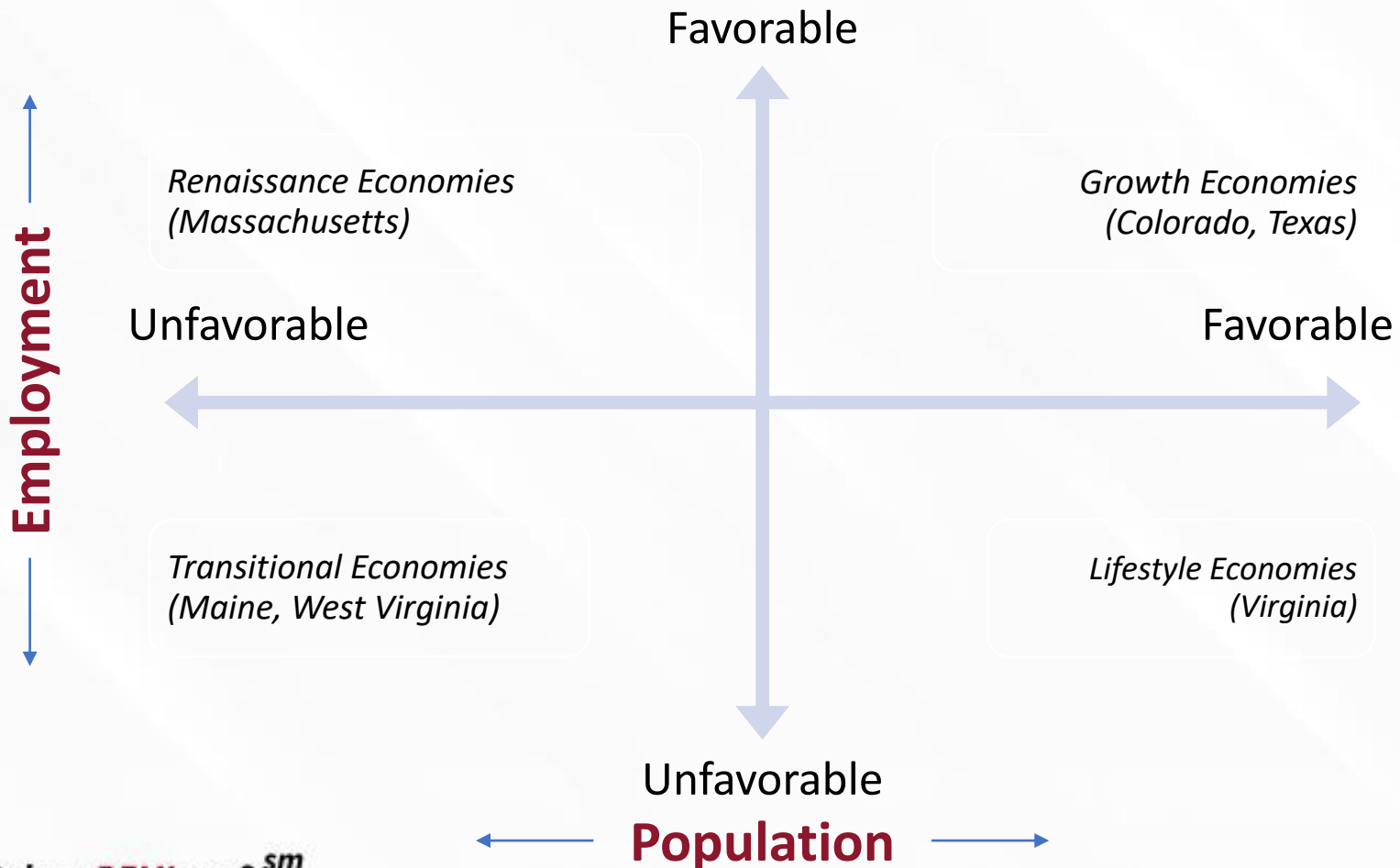
Economic Factors

	Industry Growth	Industry Clusters	Pay	Productivity	Business Cost
Favorable	Growing	Strong	High-paid industries	High	Low
Unfavorable	Declining	Weak	Low-paid industries	Low	High

Demographic Factors

	Population Age	Retirees	Immigration	Amenities	Housing Cost
Favorable	Younger	Gains retirees	Immigration gateway	High	Low
Unfavorable	Older	Loses retirees	Low internat'l immigration	Low	High

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Regional Growth Matrix

Favorable

Employment

Renaissance Economies
(Massachusetts)

Growth Economies
(Colorado, Texas)

Unfavorable

Favorable

Transitional Economies
(Maine, West Virginia)

Lifestyle Economies
(Virginia)

Unfavorable

Population

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Growth Matrix

Difference in Growth from US Average (2021-2022)
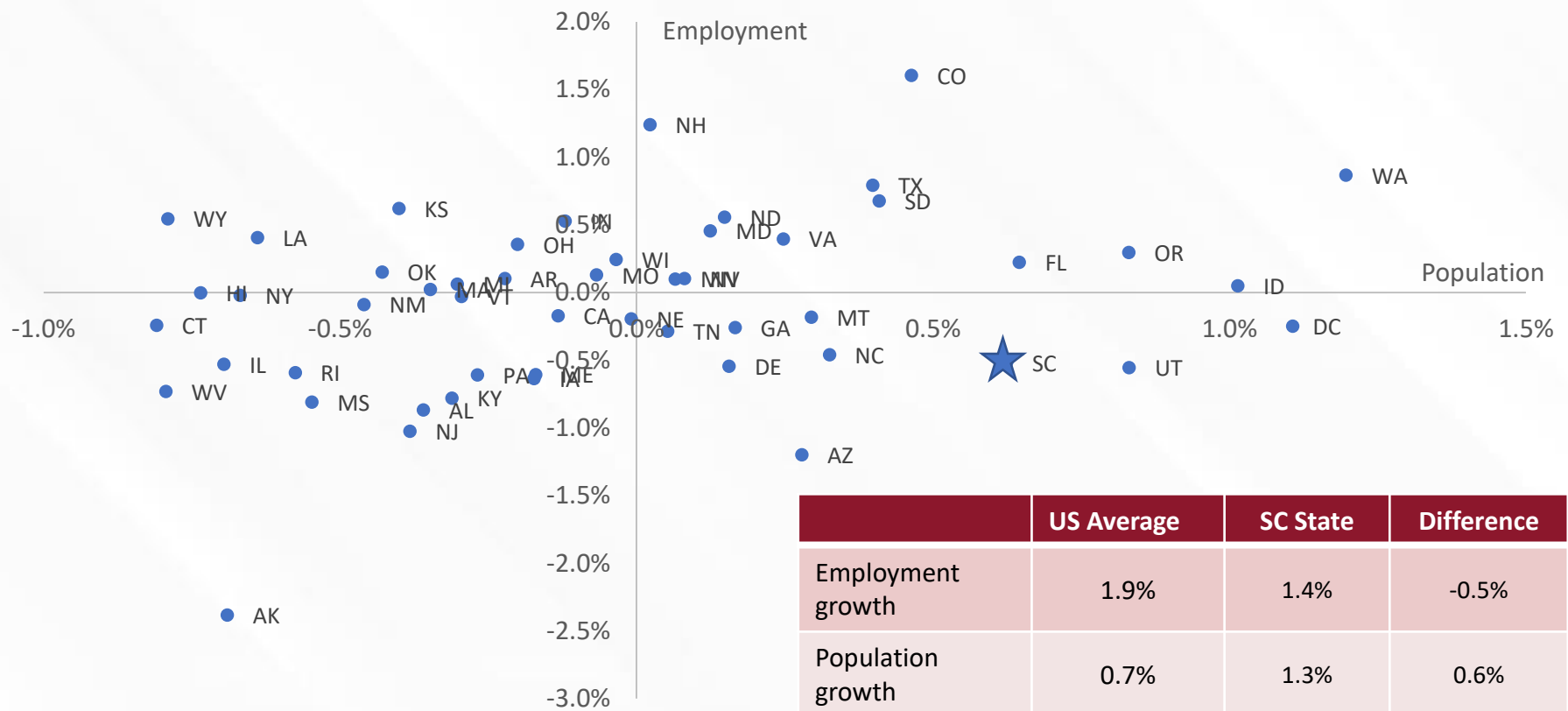
	US Average	SC State	Difference
Employment growth	1.9%	1.4%	-0.5%
Population growth	0.7%	1.3%	0.6%

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National Outlook

Short-Term Outlook: the U.S.

- Years 2019-2023

- Growth 2020-2021
    - Personal income: 2.9%
    - GDP: 4.4%
    - Output: 4.4%
    - Employment: +7 million jobs

Personal Income, GDP and Output Outlook

Total Employment

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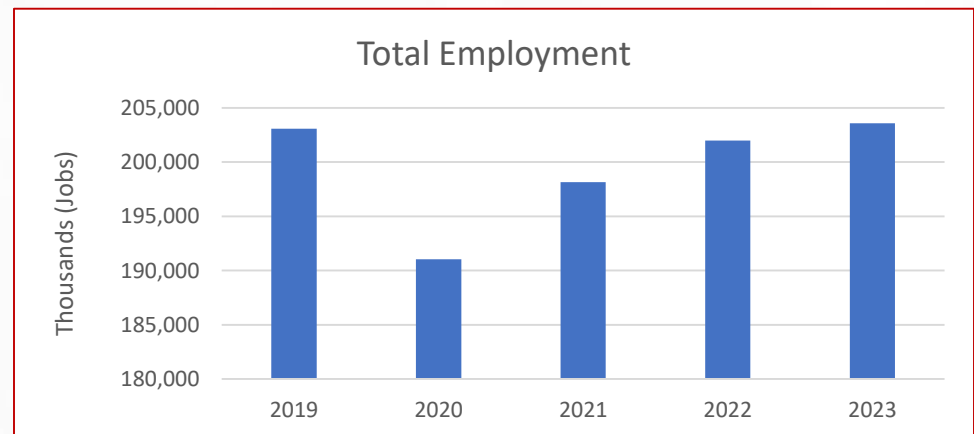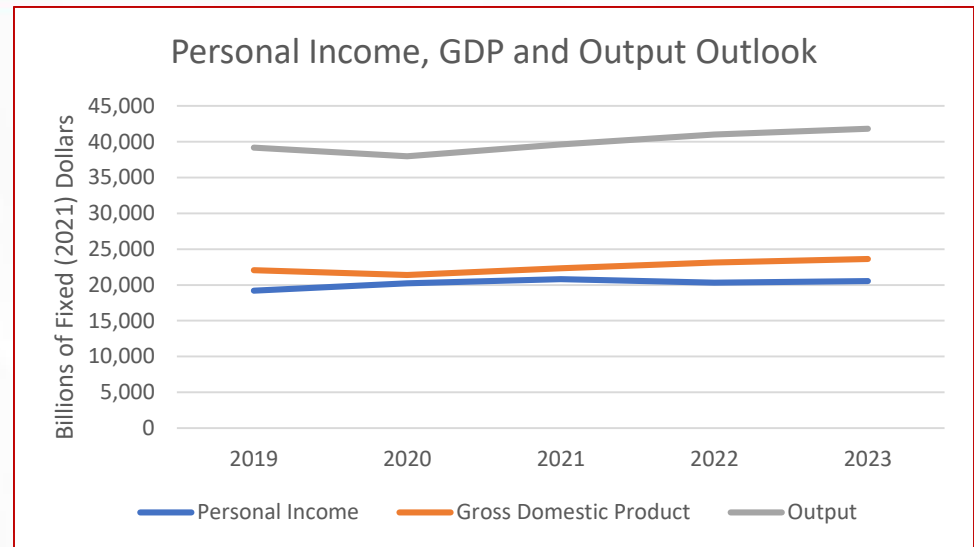
Long-Term Outlook: The U.S.

- Years 2021-2060

- Average growth / year
  - Personal income: 1.9%
  - GDP: 1.8%
  - Output: 1.9%
  - Total employment: +1,038 thousand jobs

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Personal Income, GDP and Output Outlook
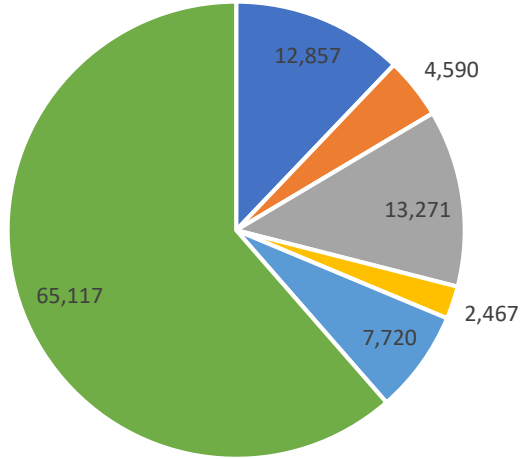

Total Employment
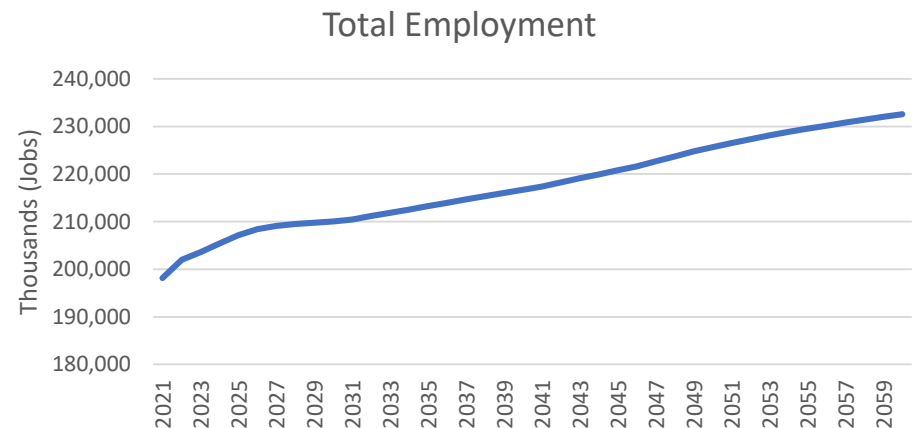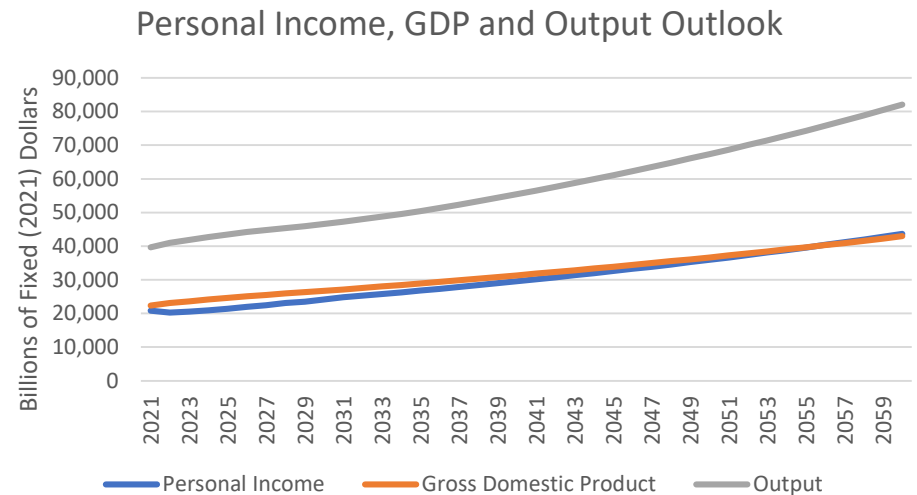
Regional Outlook: South Carolina

Short-Term Outlook: Employment by Industry

- Industries with largest employment growth rates in 2021

- 2020 - 2021: 40,905 jobs increasing in the top 5 fast growing industries

Job Increase in The Fastest Growing Industries in 2021
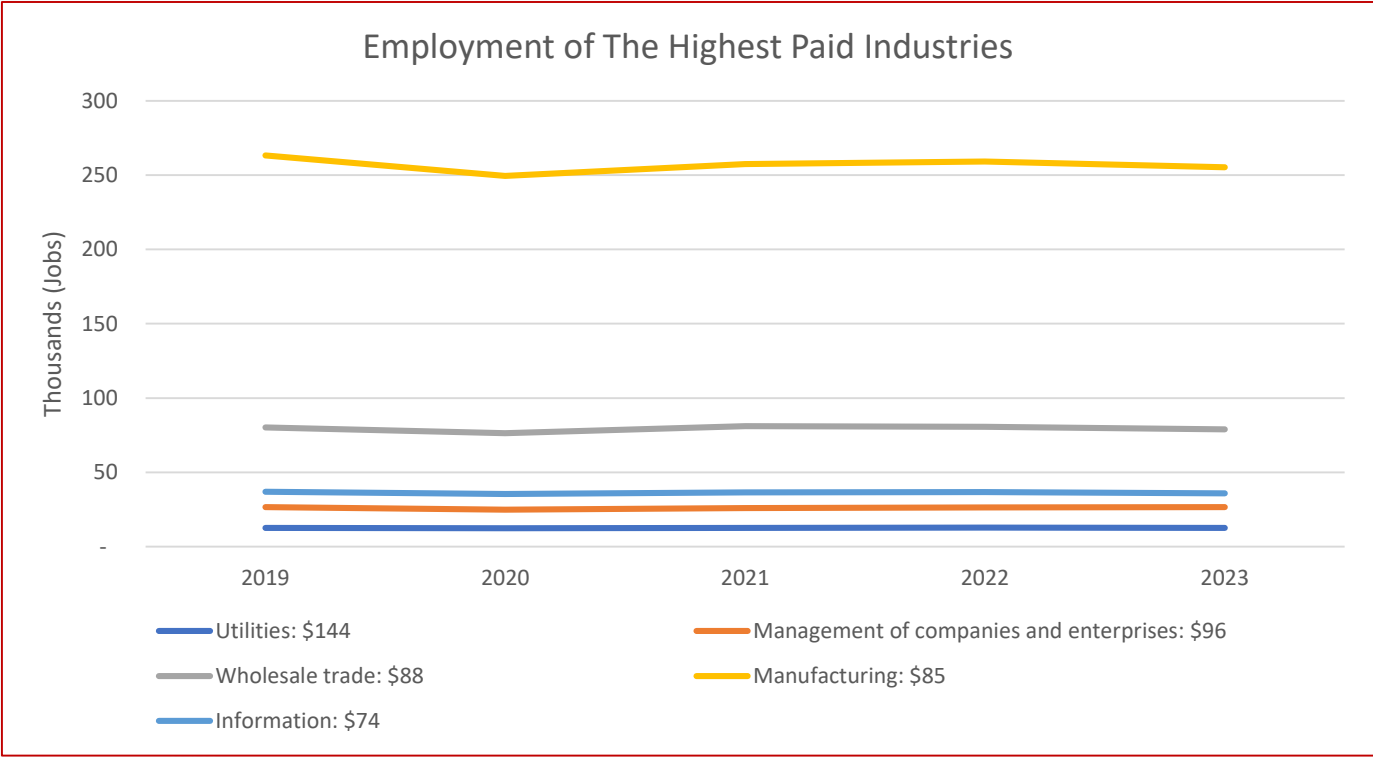
12,857
4,590
13,271
2,467
7,720
65,117

- Construction: 7.68%
- Wholesale trade: 6.01%
- Health care and social assistance: 5.83%
- Educational services; private: 5.75%
- Other services (except public administration): 5.19%
- All other industries

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Short-Term Outlook: Employment by Industry

- Industries with highest average annual compensation rates in 2021

Employment of The Highest Paid Industries

Y-axis: Thousands (Jobs) — 300, 250, 200, 150, 100, 50, -

X-axis: 2019, 2020, 2021, 2022, 2023

Legend:
- Utilities: $144
- Management of companies and enterprises: $96
- Wholesale trade: $88
- Manufacturing: $85
- Information: $74

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Short-Term Outlook: Population Pyramid (2021)

- Year 2021

- Near stationary
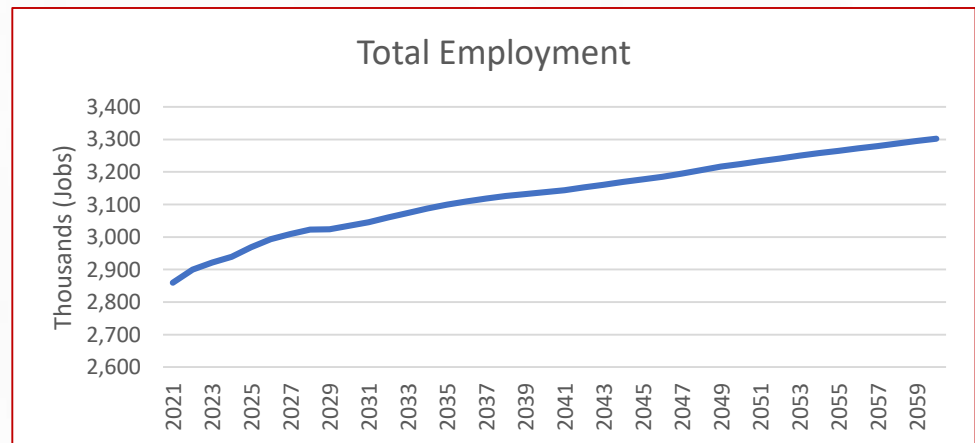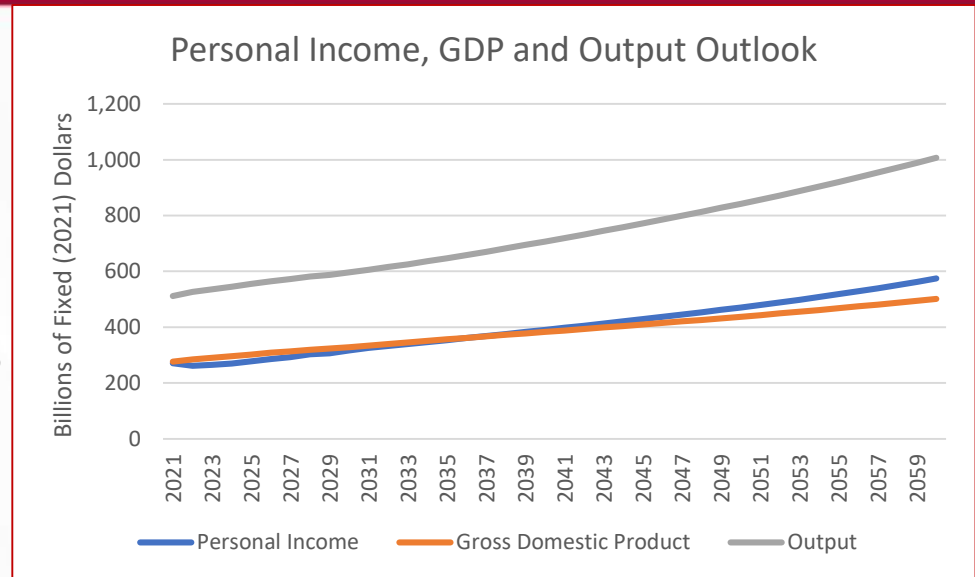
Short-Term Outlook: Population Components

SC State Population Components (2020 → 2021)
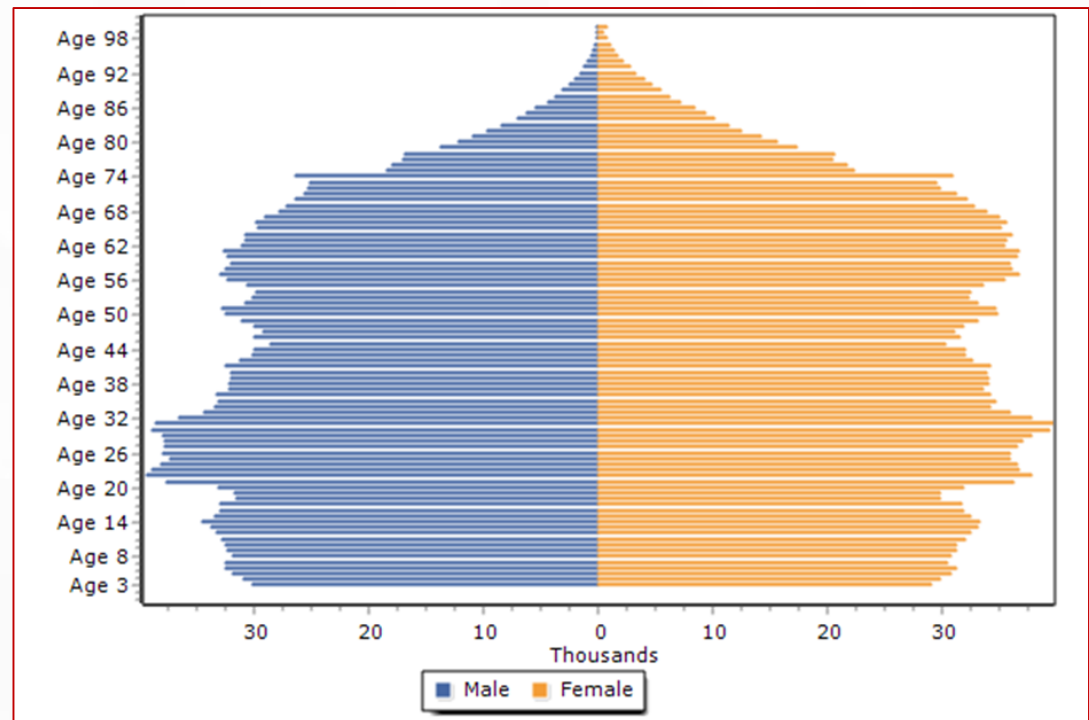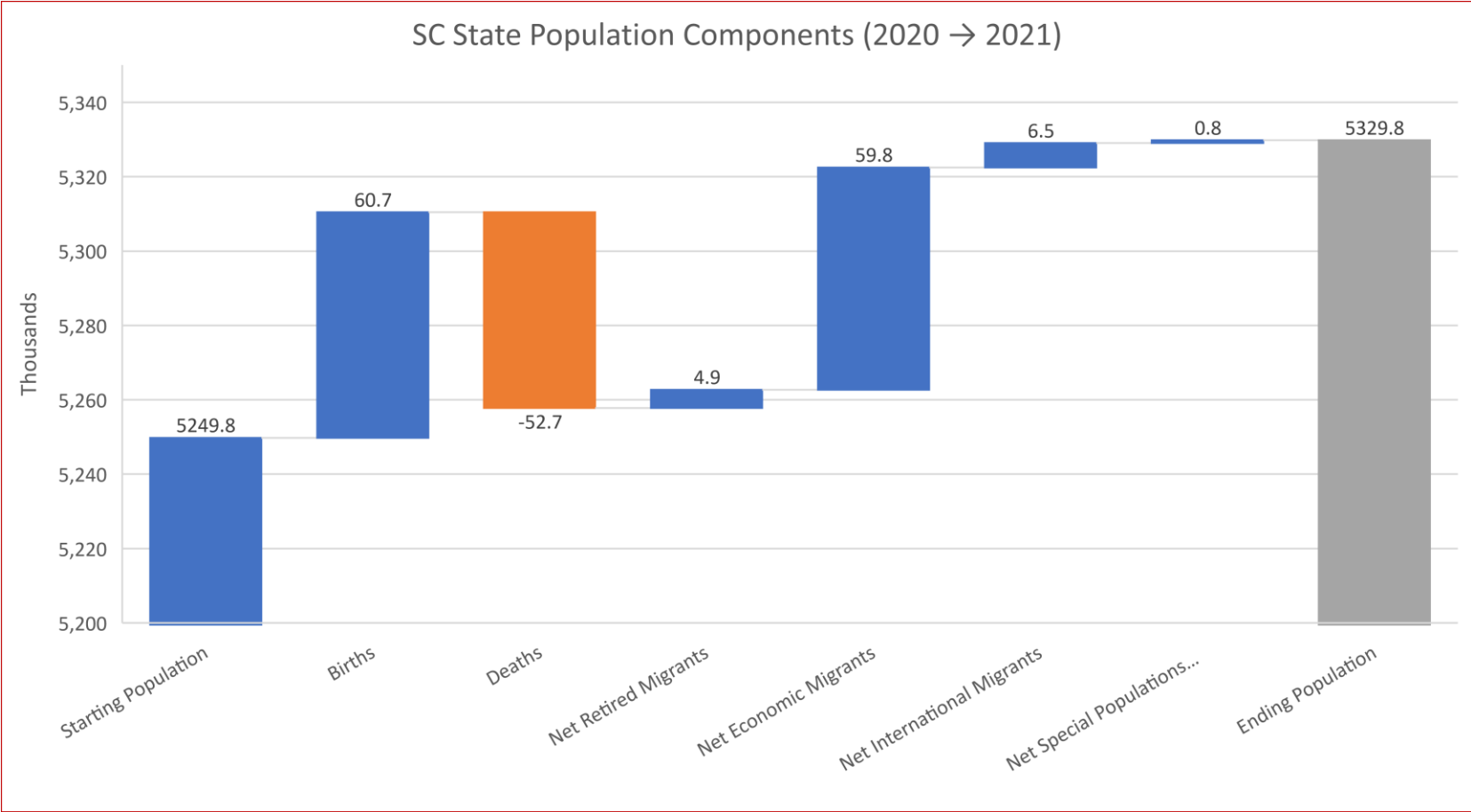
Long-Term Outlook: South Carolina

- Years 2021-2060

- Average growth / year
  - Personal income: 2.0%
  - GDP: 1.6%
  - Output: 1.8%
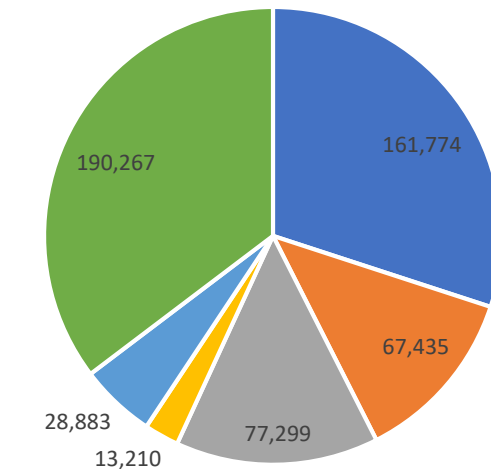 - Total employment: 14 thousand jobs

Long-Term Outlook: Employment by Industry

- Industries with fastest employment increasing

- 2020 - 2060: 348,601 jobs increasing in the top 5 fast growing industries

### Job Increase in The Fastest Growing Industries (2020 → 2060)

- **Health care and social assistance: 1.35%**
- **Professional, scientific, and technical services: 0.90%**
- **Accommodation and food services: 0.78%**
- **Arts, entertainment, and recreation: 0.67%**
- **Transportation and warehousing: 0.63%**
- **All other industries**

Values on pie chart: 161,774 / 67,435 / 77,299 / 13,210 / 28,883 / 190,267

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Long-Term Outlook: Employment by Industry

- Employment of industries with highest average annual compensation rates in 2060
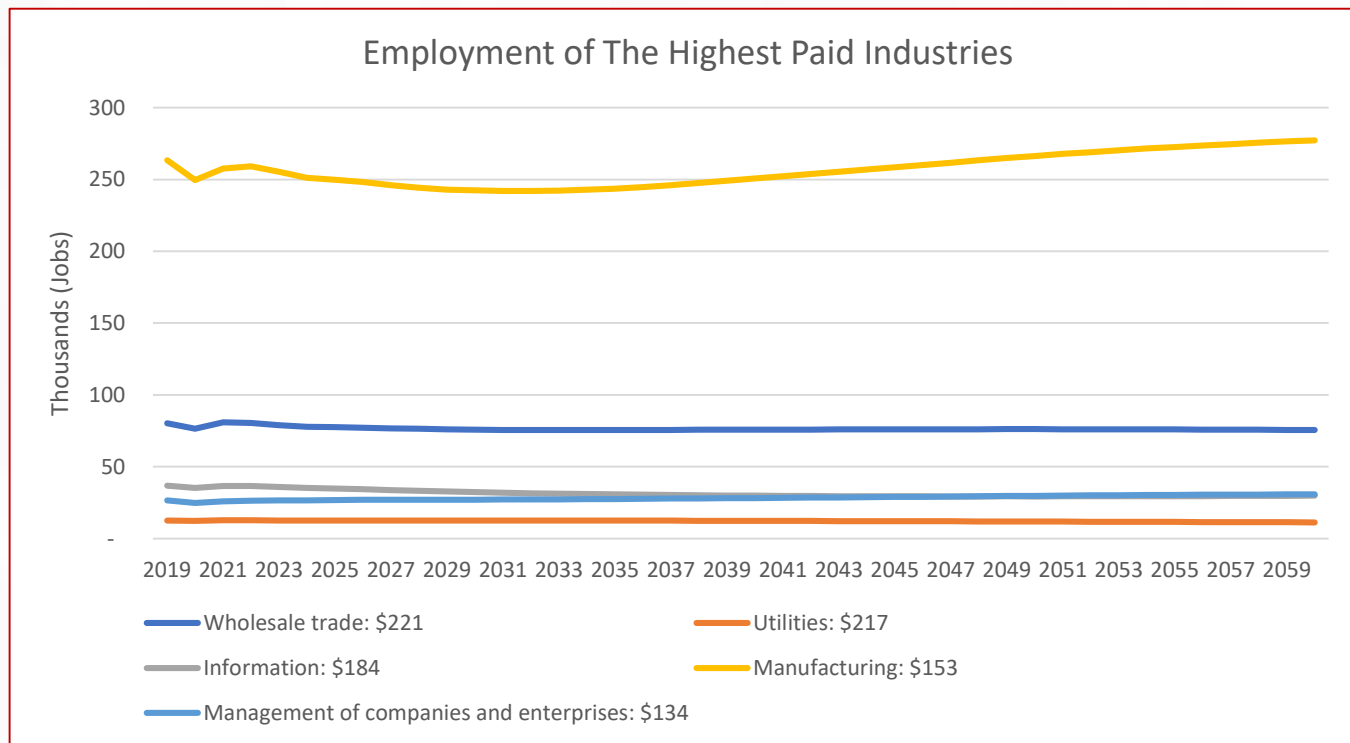
Employment of The Highest Paid Industries

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Long-Term Outlook: Population Pyramid
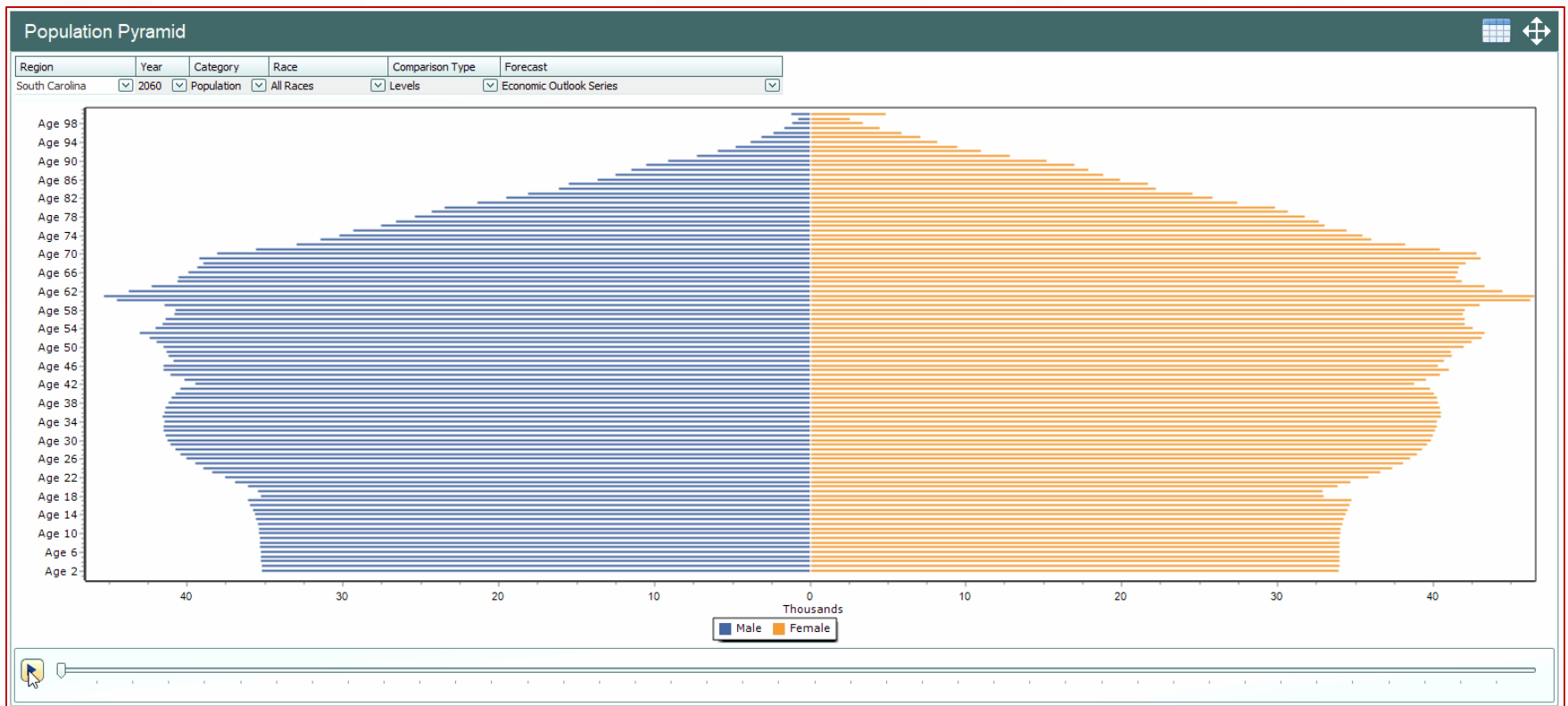
- Year 2060

Long-Term Outlook: Population Pyramid

- Year 2060
- Constrictive

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Population Components

SC Population Components (2020 → 2060)

Thousands

Component	Value
Starting Population	5249.8
Births	2671.5
Deaths	-2696.8
Net Retired Migrants	249.2
Net Economic Migrants	904.6
Net International Migrants	266.0
Net Special Populations...	-5.2
Ending Population	6639.1

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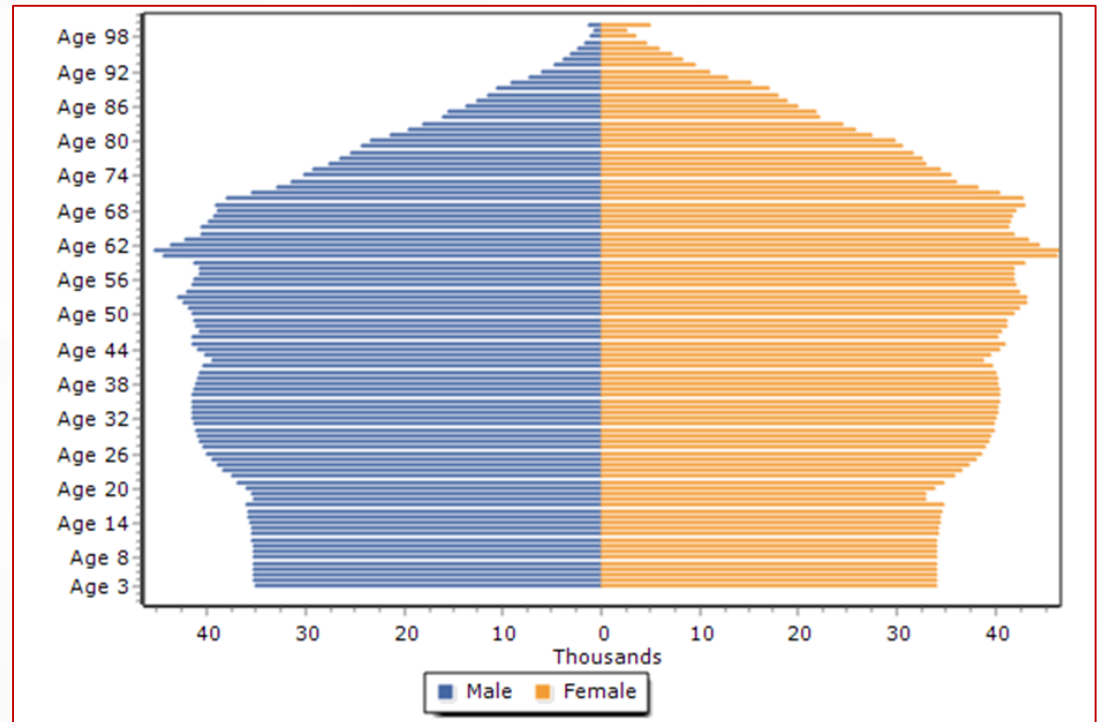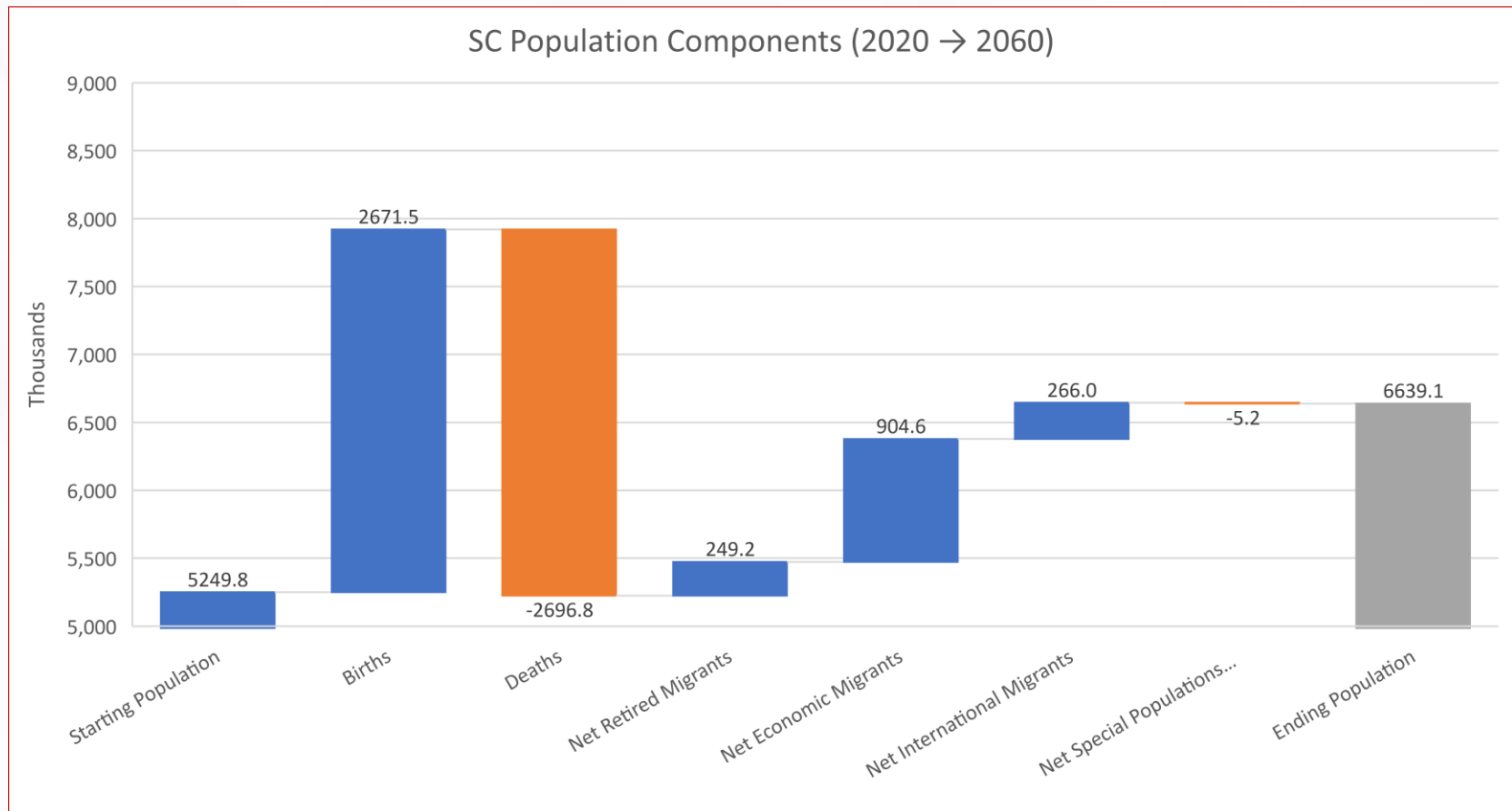
Model Demonstration

The Scenario

- Optimistic Outlook
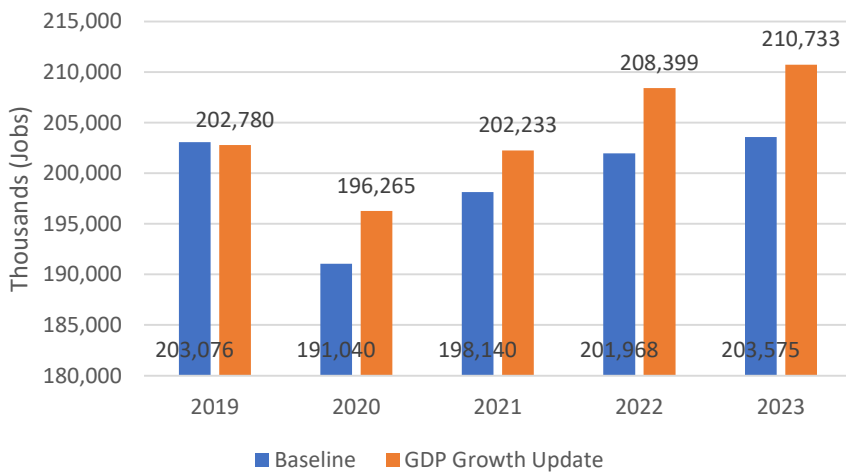 - Baseline – Total employment slowly comes back accompanied by steady growth
  - Uncertainty
    - large pent-up consumer demand
    - supports of vaccine
    - stimulus checks
- Macroeconomic update
  - Increase GDP growth rate by 2%
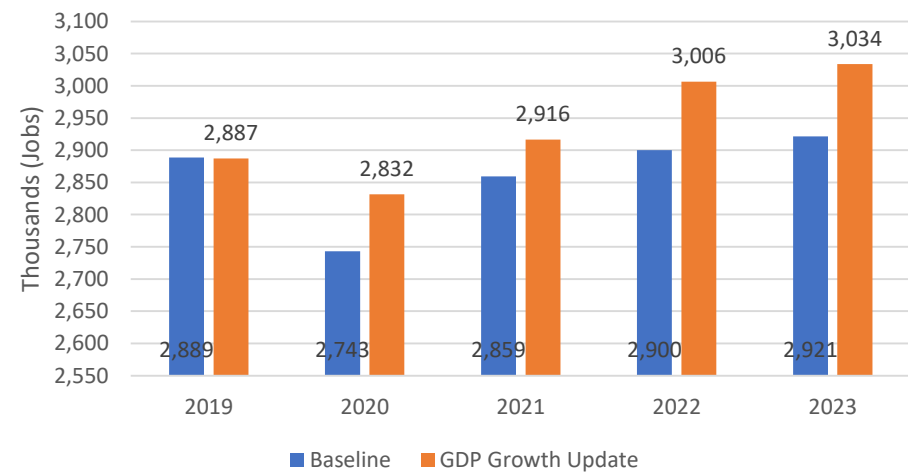- Total Employment
  - The US vs South Carolina

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Optimistic Outlook

- Year 2019-2023

Total Employment of the US

	2019	2020	2021	2022	2023
GDP Growth Update	202,780	196,265	202,233	208,399	210,733
Baseline	203,076	191,040	198,140	201,968	203,575

■ Baseline ■ GDP Growth Update

Total Employment of South Carolina

	2019	2020	2021	2022	2023
GDP Growth Update	2,887	2,832	2,916	3,006	3,034
Baseline	2,889	2,743	2,859	2,900	2,921

■ Baseline ■ GDP Growth Update

Conclusion

- Economic forecasts can be difficult
  - The outbreak of COVID-19
  - The election of a new president
  - General uncertainty about the economy
- REMI can help
  - Forecasts: Macroeconomic modeling used to **c**larify, **c**alculate, and **c**ommunicate
  - Simulations: *"what-if?"* scenarios
  - Dynamic results

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Q & A

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