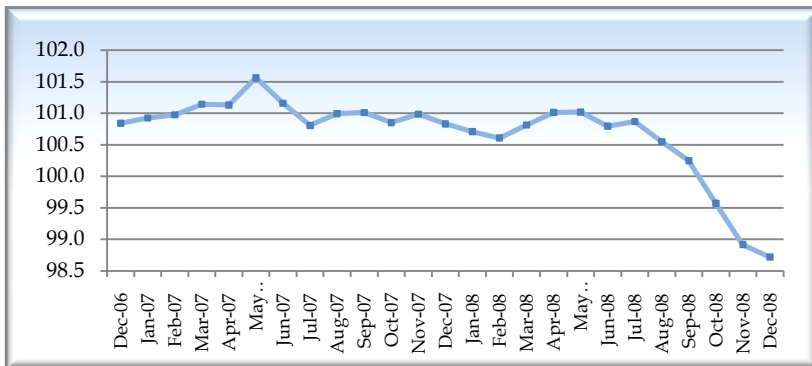


## S.C. Leading Index Shows Decline

While not at the rate displayed in previous months, the South Carolina Index of Leading Economic Indicators continued to decline in December 2008, falling to 98.7. This sixth-consecutive month of declines has led to the lowest level in the Index's history.

December's drop can be primarily attributed to a decrease in the state's reported Manufacturing Weekly Hours. At 40.6 hours per week, manufacturing hours now sit at their lowest level since June 2006. Previous reports, which had shown a surprising increase in November, have also been revised to show a slight decrease. Other factors, including a continuing rise in initial Unemployment Insurance claimants, also contributed to the index's decline. The drop of 0.2 points is the smallest single-month decline since the indicator began its downward trend in August 2008.

-Rebecca M. Gunnlaugsson, Ph.D.



Source: South Carolina Department of Commerce

## National GDP Falls, Unemployment Rises

Gross Domestic Product dropped 3.8 percent during the final quarter of 2008, the worst quarterly drop reported in more than 26 years. The drastic decline lowered the annual GDP growth for 2008 to only 1.3 percent, the lowest increase for the nation since 2001.

Both the state and national unemployment rates continued their upward trends in December. South Carolina's unemployment rate continued to be one of the highest in

the United States, rising to 9.5 percent. Nationally, the unemployment rate climbed to 7.2 percent.

South Carolina's December increase was fueled both by a decrease in the number of people reported employed, as well as a dramatic increase of more than 14,200 people to the state's labor force. Should this preliminary labor force increase withstand revisions, it will be the largest single-month increase the Palmetto State has seen in nearly a quarter-century.

The South Carolina Department of Commerce's Research Division is a highly-skilled, multidisciplinary group of professionals dedicated to the collection, analysis and dissemination of precise, timely data. The team of 13 individuals—including two Ph.D.s and seven Master's degrees—has experience ranging from economics and business to statistics, information technology, and more. The group integrates workforce and economic development research through the incorporation of federally-funded Labor Market Information directives and state-funded workforce and economic development initiatives. If you would like to receive Commerce's monthly Economic Outlook, e-mail [EconomicOutlook@SCcommerce.com](mailto:EconomicOutlook@SCcommerce.com).

## KEY S.C. INDICATORS

### Income

-0.4%

#### State Personal Income

fell \$635 million in the 3rd quarter, a 0.4% decrease over 2nd quarter and a 3.9% increase over 3rd quarter 2007.

Bureau of Economic Analysis

-27.7%

#### Retail Sales

fell \$3.44 billion in November over October, and were down \$849 million over Nov. '07.

South Carolina Department of Revenue

### Employment

-1.1%

#### Nonfarm Employment

fell 26,000 in December.

Bureau of Labor Statistics

0.7%

#### Labor Force Participation

increased a seasonally adjusted 14,284 in December over the previous month.

Bureau of Labor Statistics

1.1%

#### Unemployment Rate

rose a seasonally adjusted 1.1 points in December to a rate of 9.5%.

Bureau of Labor Statistics

-1.5%

#### Manufacturing Weekly Hours

decreased 0.6 hours, or 1.5%, in December over the previous month.

Bureau of Labor Statistics

-10.8%

#### Available Online Job Postings

decreased statewide in December by 6,200 jobs to 51,100 online job postings.

The Conference Board Help Wanted Online Index

### Real Estate

-4.8%

#### Median Home Sales Price

declined in December to \$139,500 statewide, a \$7,000 decline over November.

South Carolina Association of Realtors

-8.0%

#### Building Permits

declined by 8.0% in December over the previous month.

U.S. Census



# South Carolina Employment

*Non-Seasonally Adjusted Wage and Salary Employment*

Non-seasonally adjusted total non-farm employment fell by 22,000 jobs in December, fueled by declines across the private industry sectors. Professional and Business Services employment fell by 8,500, led primarily by administrative jobs, which fell by 7,200. At the same time, the Leisure and Hospitality sector fell by an additional 6,300, with most of these job losses being in Accommodations and Food Services. Manufacturing continued downward trends, losing 2,100 jobs, while Construction fell by 1,400.

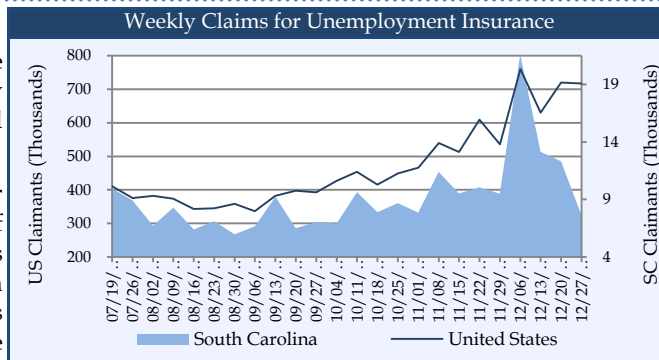
Industry Sector	December 2008	Previous Month	Previous Year	% Change Month Ago	% Change Year Ago
<b>Goods Producing</b>	<b>346,200</b>	<b>349,800</b>	<b>380,400</b>	<b>-1.03</b>	<b>-8.99</b>
Natural Resources and Mining	4,200	4,300	4,600	-2.33	-8.70
Construction	105,900	107,300	126,900	-1.30	-16.55
Construction of Buildings	28,400	28,300	33,200	0.35	-14.46
Heavy and Civil Engineering Construction	13,900	15,100	17,700	-7.95	-21.47
Specialty Trade Contractors	63,600	63,900	76,000	-0.47	-16.32
Manufacturing	236,100	238,200	248,900	-0.88	-5.14
Durable Goods	129,400	130,800	137,800	-1.07	-6.10
Nondurable Goods	106,700	107,400	111,100	-0.65	-3.96
<b>Service Providing</b>	<b>1,560,700</b>	<b>1,579,100</b>	<b>1,580,600</b>	<b>-1.17</b>	<b>-1.26</b>
Trade, Transportation, and Utilities	371,700	373,600	385,700	-0.51	-3.63
Wholesale Trade	70,700	71,400	73,300	-0.98	-3.55
Retail Trade	234,300	234,700	244,700	-0.17	-4.25
Transportation Warehousing and Utilities	66,700	67,500	67,700	-1.19	-1.48
Information	27,500	27,400	27,700	0.36	-0.72
Finance	107,200	107,300	107,200	-0.09	0.00
Finance and Insurance	76,000	76,100	76,800	-0.13	-1.04
Real Estate and Rental and Leasing	31,200	31,200	30,400	0.00	2.63
Professional and Business Services	213,100	221,600	227,000	-3.84	-6.12
Professional, Scientific, and Technical	73,600	74,700	75,600	-1.47	-2.65
Management of Companies and Enterprises	15,400	15,600	15,500	-1.28	-0.65
Admin and Support and Waste Management	124,100	131,300	135,900	-5.48	-8.68
Educational and Health Services	209,500	209,400	205,300	0.05	2.05
Leisure and Hospitality	202,600	208,900	208,200	-3.02	-2.69
Arts, Entertainment, and Recreation	26,000	26,800	25,100	-2.99	3.59
Accommodation and Food Services	176,600	182,100	183,100	-3.02	-3.55
Other Services	73,200	75,000	73,000	-2.40	0.27
<b>Total Private</b>	<b>1,551,000</b>	<b>1,573,000</b>	<b>1,614,500</b>	<b>-1.40</b>	<b>-3.93</b>
Government	355,900	355,900	346,500	0.00	2.71
Federal Government	30,000	29,900	30,200	0.33	-0.66
State Government	100,900	101,600	100,400	-0.69	0.50
Local Government	225,000	224,400	215,900	0.27	4.21
<b>Total Nonfarm</b>	<b>1,906,900</b>	<b>1,928,900</b>	<b>1,961,000</b>	<b>-1.14</b>	<b>-2.76</b>

Source: U.S. Department of Labor, Bureau of Labor Statistics

## Initial Unemployment Claims

December witnessed an expected rise in initial unemployment insurance claimants both nationally and statewide. On average, South Carolina saw 13,668 weekly initial claimants, while the nation experienced around 706,500 weekly initial claimants.

South Carolina spiked to 21,571 claimants for the first week of December before receding the remaining weeks of the month. While the number of claimants have risen above 10,000 at this time every year since 2000, this was the highest level for first week of December since South Carolina claimants reached 22,542 people in 2001. With the recent time extensions for benefits, continued claims are predicted to remain high for the foreseeable future.



Source: U.S. Department of Labor



## South Carolina Real Estate

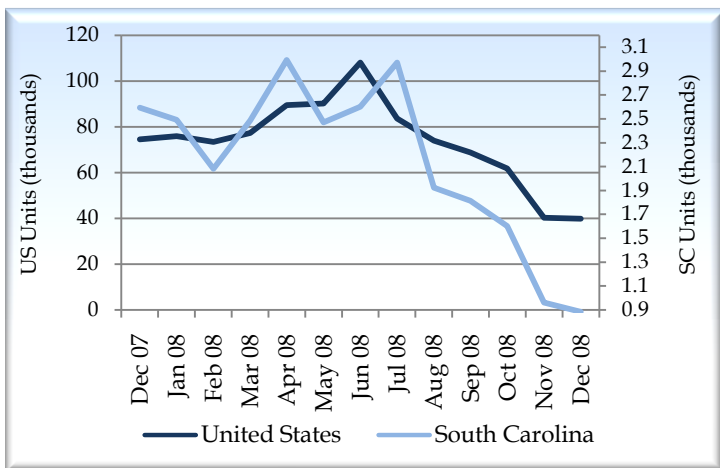
The median sales price for a home in South Carolina fell by \$7,000 in December alone, a drop of 4.8 percent in a single month. For the year, 2008 saw an average median sales price of \$154,000, a 3.8-percent drop--or a \$6,000 decrease--from 2007's average price.

Residential building permits also continued to fall statewide in December, resulting in an annual decline in 2008 of 34.0 percent. The 882 permits issued in the final month of 2008 was only about one-third of the permits issued in December 2007.

	Month	Current	Previous Year	% Change Year Ago	2008 YTD	2007 YTD	% Change Year Ago
Closings	December	3,010	3,790	-20.6%	46,914	61,741	-24.0%
Median Sales Price*	December	139.5	151.4	-7.9%	154	160	-3.8%
Foreclosures	December	1,813	515	252.0%	16,136	5,038	220.3%
Residential Building Permits-Total	December	882	2,592	-66.0%	25,273	38,305	-34.0%
Residential Building Permits-Valuation*	December	147,958	365,636	-59.5%	4,077,458	5,770,056	-29.3%

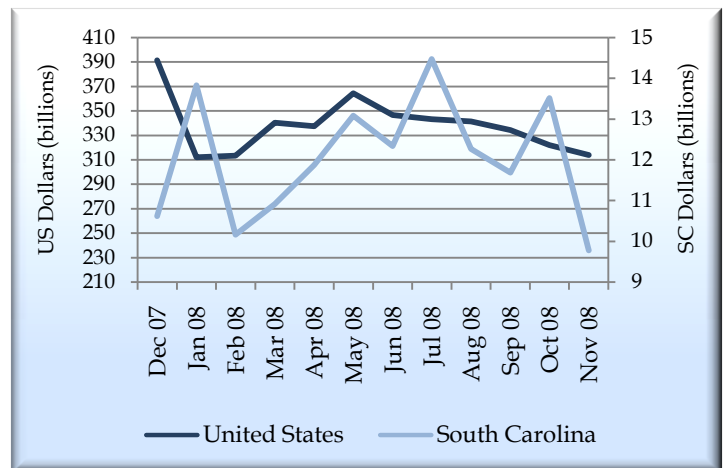
\*Thousands of US dollars. Source: S.C. Realtors Association, RealtyTrac, U.S. Census

### Residential Building Permits



Source: U.S. Census

### Retail Sales



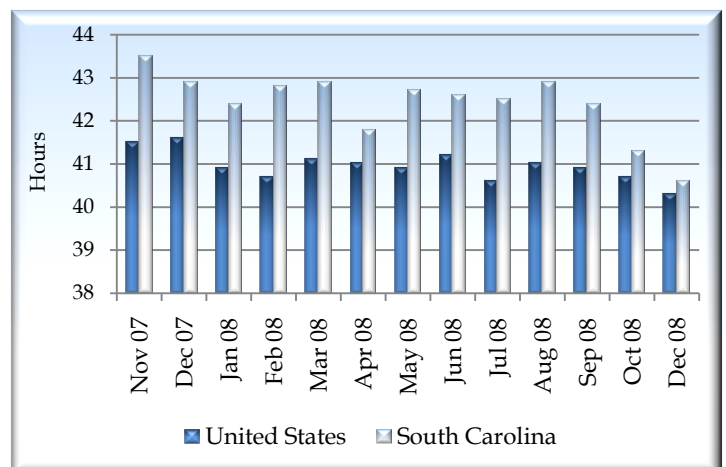
Source: S.C. Department of Revenue

### Port of Charleston



\*Twenty-Foot Equivalent Units. Source: S.C. Ports Authority

### Average Weekly Hours Worked\*



\*For manufacturing sector. Source: U.S. Department of Labor