

From: Bryan Kost <kostbr@scdhhs.gov>
To: Soura, ChristianChristianSoura@gov.sc.gov
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Subject: Fwd: my notes - BEA meeting

Bryan Kost, SCDHHS.
Phone: 803-898-2865.
Mobile: 803-429-3201.
Email: kostbr@scdhhs.gov

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Cc: Office of Communications <communications@scdhhs.gov>, josh baker <joshbaker@gov.sc.gov>, ted pitts <tedpitts@gov.sc.gov>, ANA LOPEZ-DEFEDE <ADEFEDE@mailbox.sc.edu>
Subject: my notes - BEA meeting

The Board of Economic Advisors met. Public servants, all of them.

First they reviewed economic indicators. July total employment is up 2.2 percent (41K jobs) over last year. 1.5 percent growth YTD 2013 (right on forecast). Job gains were in construction, hospitality, finance. Manufacturing is weak. Transportation and warehousing (tied to manufacturing) also weak. State gov't jobs are down. Overall, SC has the same number of jobs as we did in 2000. "The lost decade," they said. But June's jobs growth was the highest month in five years.

Personal income is weak. Under the 3 percent forecast. Avg workweek hours in manufacturing is down. This will affect purchases (sales tax).

SC's unemployment rate is going down. Still, there are about 175K looking for work. But some relatively good news is that our unemployment rate is now 8.1 percent - 14th highest in nation, and GA and NC are much worse. In the mid 1990s when we had 3 percent unemployment rate we only had 50K citizens unemployed, for perspective.

Building permits are encouraging - sustained, exciting activity in the housing market. Up 17 percent but historically we are still at 30-year lows in this indicator.

Home sales up 20 percent over last year. Great progress. Median prices are up 5 percent (state avg: \$165K). But 30 year fixed mtg rate is climbing fast. Delinquency rates improving, though 30 percent of these folks will fall into foreclosure. Foreclosure rate for SC is 8th highest in the country - last year we were in the middle of the pack.

As more cars are getting sold, SC benefits as we have lots of auto parts suppliers in our state. Avg age of cars on the road nationwide is 11 years old - oldest avg age ever recorded. People are holding on to their clunkers.

Credit card debt is going down, though the avg US person spends 20 cents on the dollar earned toward revolving credit debt.

Manufacturers nationwide are purchasing more, and that shows optimism.

Then they talked about the dollar vs the Yen (Japan), the Euro, the Yuan (China). Regarding China, they have been boosting the value of the dollar to shore up our US system (their biggest customer and debtor).

Then they switched gears to revenue.

Regarding the 2013-2014 revenue plan, SC is slightly under the latest estimate. Some legislative adjustments have thrown them off a bit. Sales tax: it is flat, and we need some growth there to ensure meeting the estimate. Income tax will need to pick up a bit too. Need 3 percent growth in both these categories to meet estimates. No need for any action (adjustments) at this time.

In other news, the CG said he is about to close the books on 2013. He said all reserve funds are maxed (funded). So all rainy day accounts are strong. SC should continue its conservative stance regarding forecast revenue, he said. Need to prepare for any future downturns.

They talked a bit about SC's poor ranking in gov't transparency, but that the work of the CG was at least respectable. They are going to focus on making revenue forecasting and economic incentive processes more transparent in the future.

Bryan Kost, SCDHHS.

Phone: 803-898-2865.

Mobile: 803-429-3201.

Email: kostbr@scdhhs.gov

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