41st Annual Economic Outlook Conference

In-person and Virtual

Tuesday, Dec. 7 | 12 – 4 p.m.
THE NEXT PHASE
FOR COVID ECONOMY

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OVERVIEW

• Pandemonics
  • Unprecedented stimulus
  • Covid consensus: easy money

• Jobs and Wealth (Assets)

• Fed policy shifting

• Will the asset price boom abate in 2022?
  • Stocks, Crypto and Housing
  • Wealth inequality

• Implications for South Carolina’s 2022 economic outlook
“Pay attention to that man behind the curtain!”
THE WIZARD

• “Do whatever it takes”

• Lower unemployment

• Pump more liquidity  
  • even if inflationary
MAGIC MONETARY POLICY

Expand the money supply to stimulate growth.

• Tools
  • OMO (Open Market Operations)
    • NY Fed buying and selling US Treasuries
    • Reach target
      • Fed funds rate (benchmark rate for interest rates)
  • Quantitative Easing (QE)
    • large purchases of assets
    • Pay by opening new reserves
COVID CONSENSUS: LOW RATES (ZIRP)
MAGIC MONEY: QE
MONEY RELATIVE TO GDP

![Graph showing the ratio of M2 to Gross Domestic Product over time. The graph indicates a general upward trend starting around 2010, with a significant spike in recent years.]
MORE MONEY = MORE JOBS
JOBS, JOBS, JOBS

• Recovery
  • Close to full employment
  • Lowest new jobless claims in 50 years

• So why keep easy money?
MORE MONEY FUELING INFLATION

- Goods and services
  - highest rate in 40 years
    - energy, cars, rents

- Consumer demand
- Supply-chain bottlenecks
MORE MONEY, MORE INFLATION

- Assets appreciating
  - Equities
  - Crypto
  - Housing
• Stocks

• Crypto

ROARING TWENTIES
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U.S. HOUSING PRICE APPRECIATION
Supply and demand
  - High demand
    - Historically low mortgage rates
    - Need for more space: WFH
  - Low supply
    - Low inventory
## South Carolina Metros: Housing Price Appreciation

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<thead>
<tr>
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<tbody>
<tr>
<td>Augusta-Richmond County, GA-SC</td>
<td>18.2%</td>
<td>33.6%</td>
</tr>
<tr>
<td><strong>Charleston-North Charleston, SC</strong></td>
<td><strong>17.4%</strong></td>
<td><strong>76.6%</strong></td>
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<tr>
<td><strong>Columbia, SC</strong></td>
<td><strong>16.2%</strong></td>
<td><strong>33.1%</strong></td>
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<tr>
<td>Florence, SC</td>
<td>13.4%</td>
<td>20.9%</td>
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<tr>
<td>Greenville-Anderson, SC</td>
<td>16.4%</td>
<td>58.5%</td>
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<tr>
<td>Hilton Head Island-Bluffton, SC</td>
<td>18.4%</td>
<td>42.8%</td>
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<tr>
<td>Myrtle Beach-Conway-North Myrtle Beach, SC-NC</td>
<td>17.6%</td>
<td>40.5%</td>
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<tr>
<td>Spartanburg, SC</td>
<td>16.9%</td>
<td>49.9%</td>
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<tr>
<td>Sumter, SC</td>
<td>11.6%</td>
<td>24.1%</td>
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WHO BENEFITS FROM WEALTH APPRECIATION

Change in wealth since 2008 recession

Top 1%
Bottom 50%

Pandemic
RICH GET RICHER

Source: Board of Governors of the Federal Reserve System (US)
SOUTH CAROLINA INFRASTRUCTURE IMPROVEMENTS

- $4.9 billion — roads and bridges
- $366 million — public transportation
- $161 million — airports
- $70 million — electric vehicle charging stations
- $100 million — broadband
- $18.3 million — cybersecurity
- $510 million — drinking water quality
WILL THE BUBBLE BURST?

- Panic of 1797
- Depression of 1807
- Panic of 1819
- Panic of 1837
- Panic of 1857
- Panic of 1873
- Long Depression
- Panic of 1893
- Panic of 1907
- Recession 1918-1921
- Great Depression 1930s
- 12 recessions since World War 2
- Great Recession of 2008-10

2022?
SOUTH CAROLINA 2022: KEEP ROARING

• New phase in the Covid economy
  • Assets
  • Jobs
  • Wages and incomes
  • Real productive investment
  • Infrastructure improvements