



41st Annual

ECONOMIC OUTLOOK CONFERENCE



Darla Moore
School of Business

IN-PERSON AND VIRTUAL

Tuesday, Dec. 7 | 12 – 4 p.m.

THE NEXT PHASE FOR COVID ECONOMY

Doug Woodward
Director, Division of Research
Professor of Economics



Darla Moore School of Business

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

THE COVID CONSENSUS: MORE MONEY



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“Pay attention
to that man
behind the curtain!”



THE WIZARD

- “Do whatever it takes”
- Lower unemployment
- Pump more liquidity
 - even if inflationary



Before Covid



After Covid

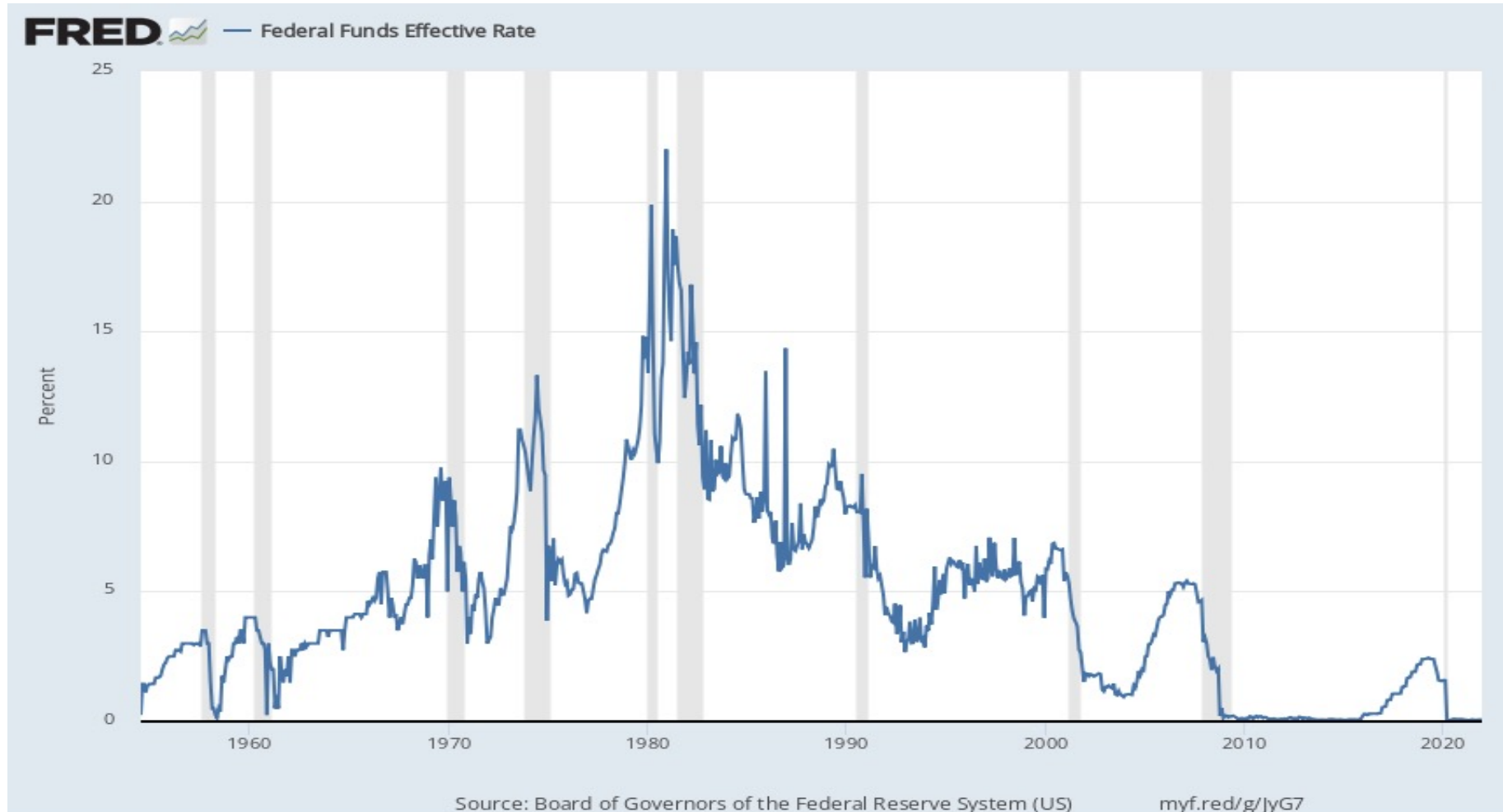


MAGIC MONETARY POLICY

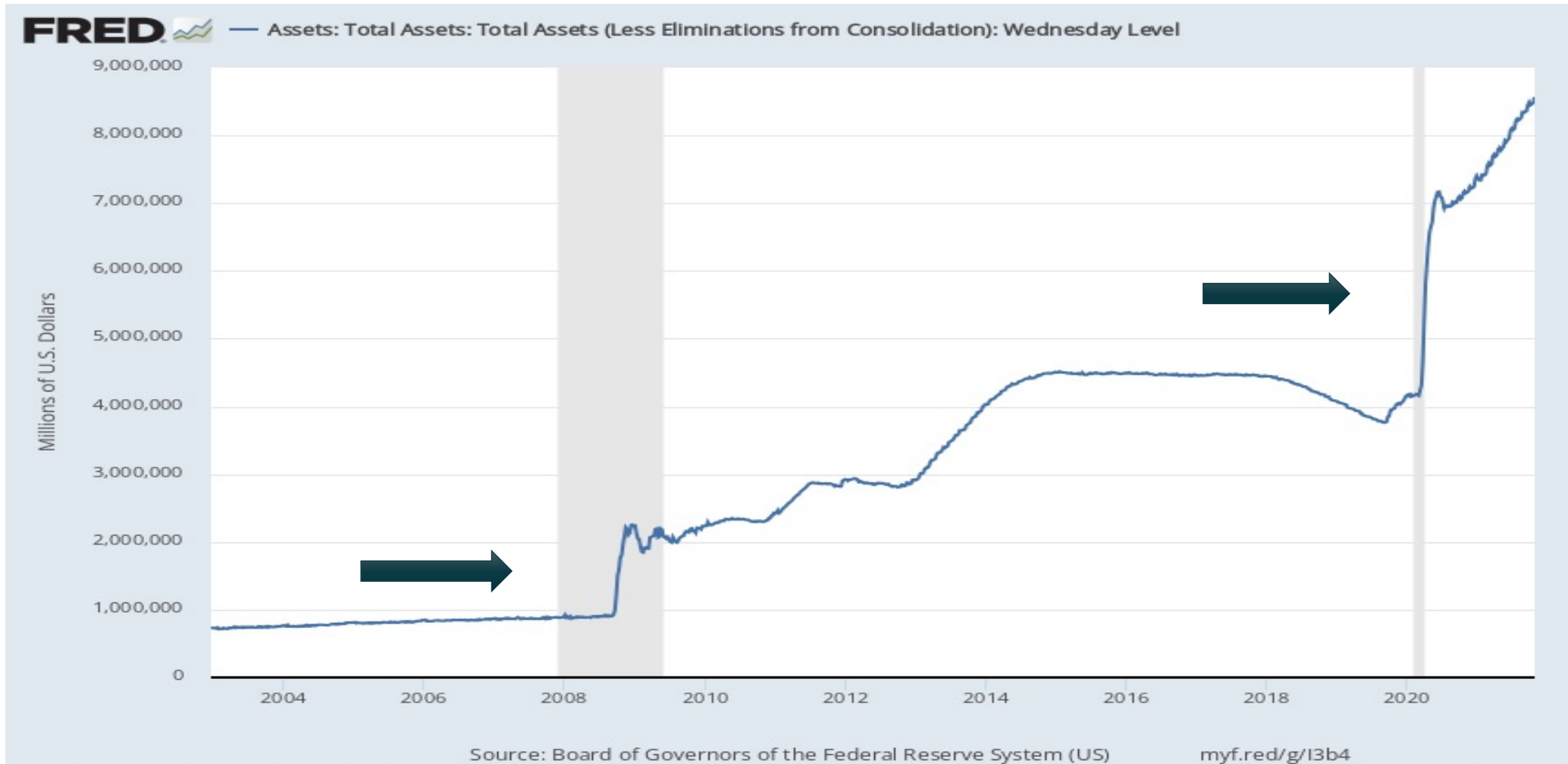
Expand the money supply to stimulate growth.

- 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*

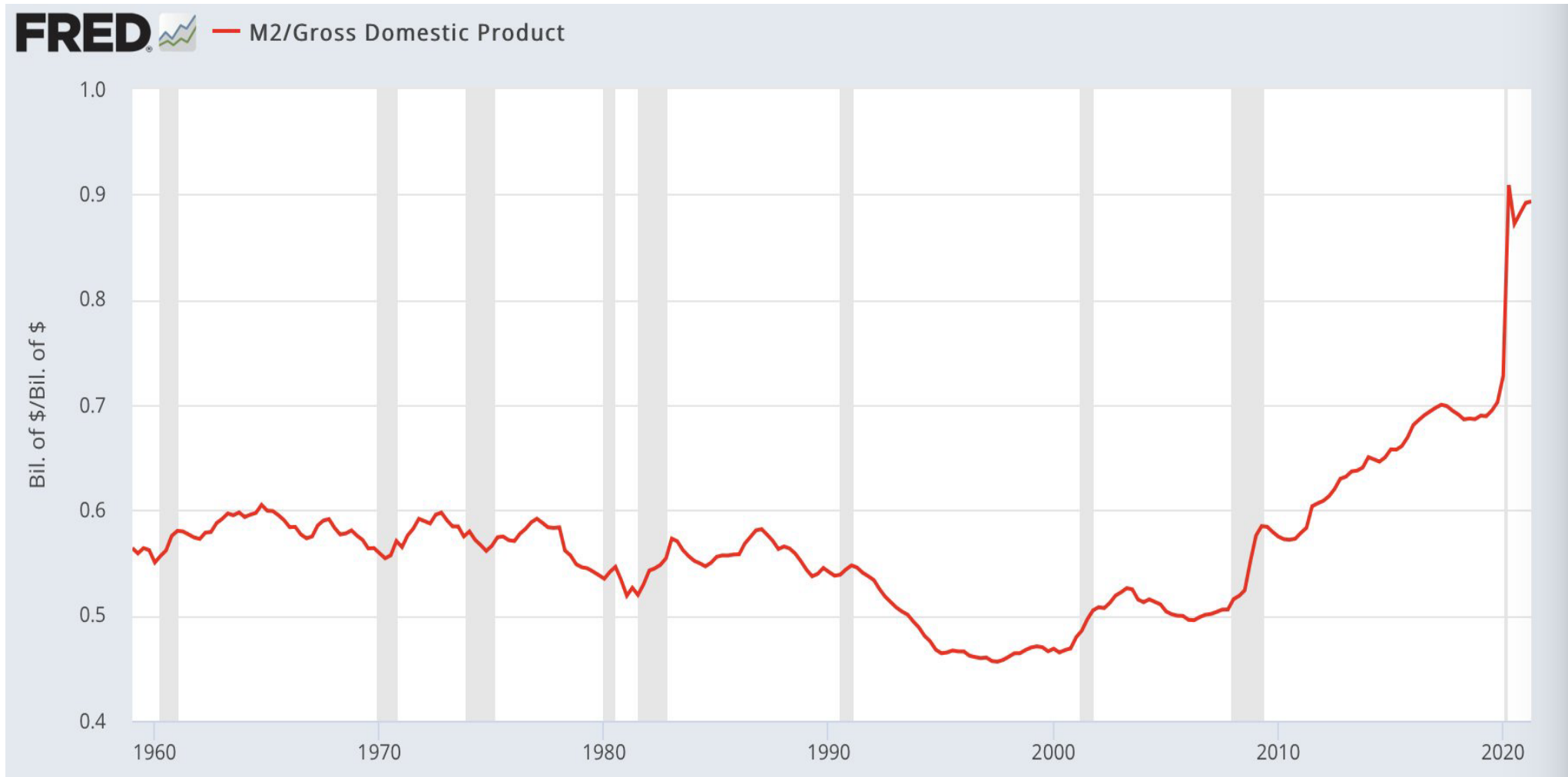
COVID CONSENSUS: LOW RATES (ZIRP)



MAGIC MONEY: QE



MONEY RELATIVE TO GDP



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

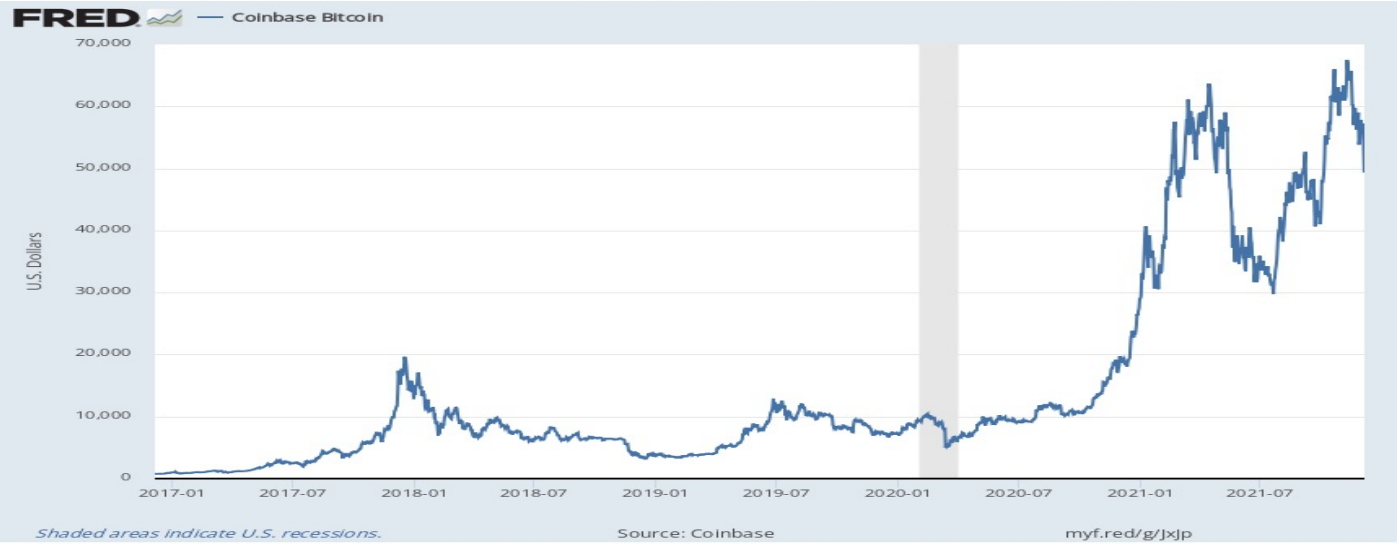


ROARING TWENTIES

- Stocks



- Crypto



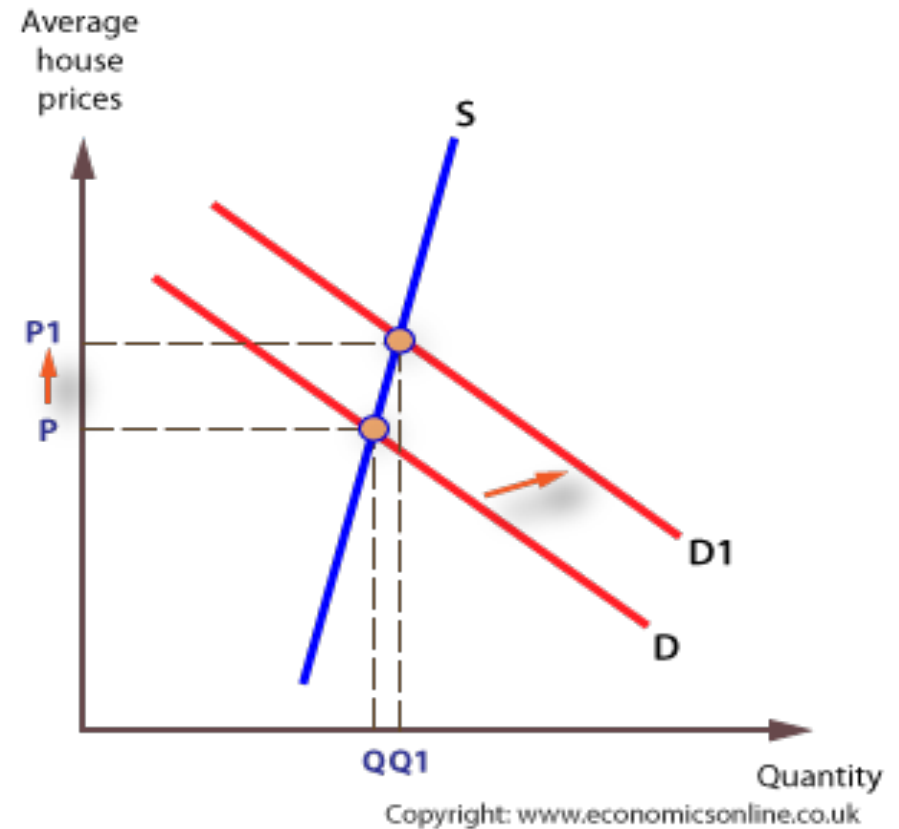
ROARING TWENTIES

U.S. HOUSING PRICE APPRECIATION



HOUSING APPRECIATION

- Supply and demand
 - *High demand*
 - Historically low mortgage rates
 - Need for more space: WFH
 - *Low supply*
 - Low inventory



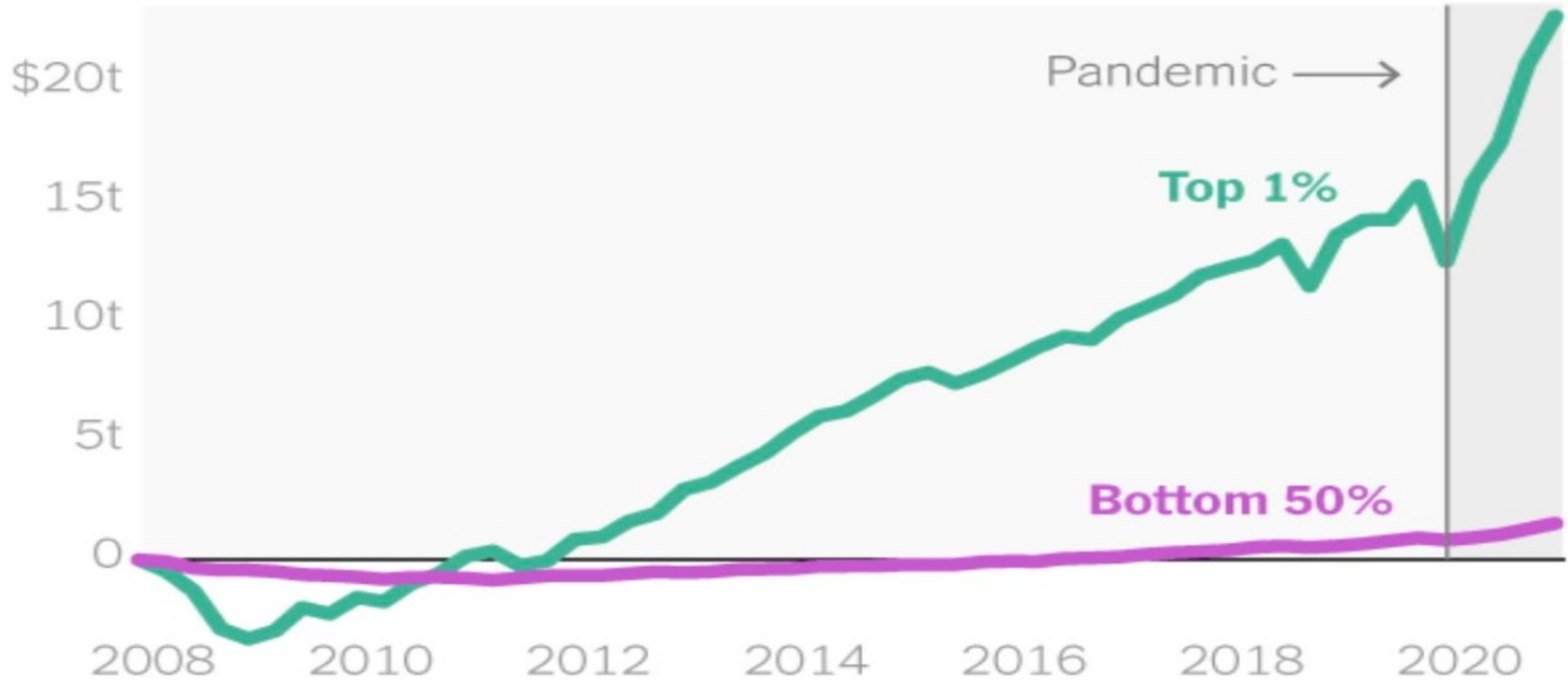
SOUTH CAROLINA METROS: HOUSING PRICE APPRECIATION

South Carolina Metro Area	Short-term Growth: 2019-2021	Long-term Growth: 2010-2021
Augusta-Richmond County, GA-SC	18.2%	33.6%
Charleston-North Charleston, SC	17.4%	76.6%
Columbia, SC	16.2%	33.1%
Florence, SC	13.4%	20.9%
Greenville-Anderson, SC	16.4%	58.5%
Hilton Head Island-Bluffton, SC	18.4%	42.8%
Myrtle Beach-Conway-North Myrtle Beach, SC-NC	17.6%	40.5%
Spartanburg, SC	16.9%	49.9%
Sumter, SC	11.6%	24.1%



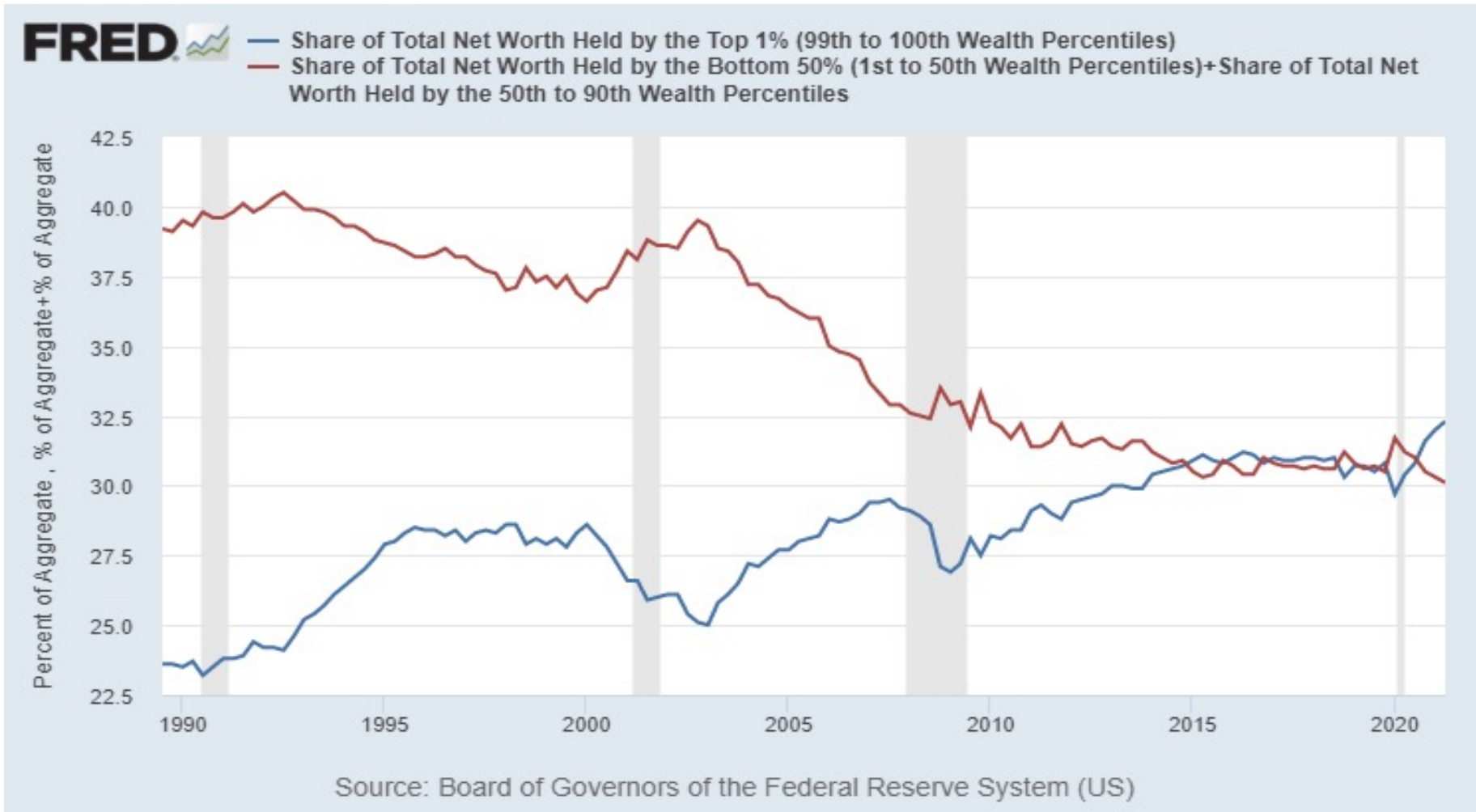
WHO BENEFITS FROM WEALTH APPRECIATION

Change in wealth since 2008 recession

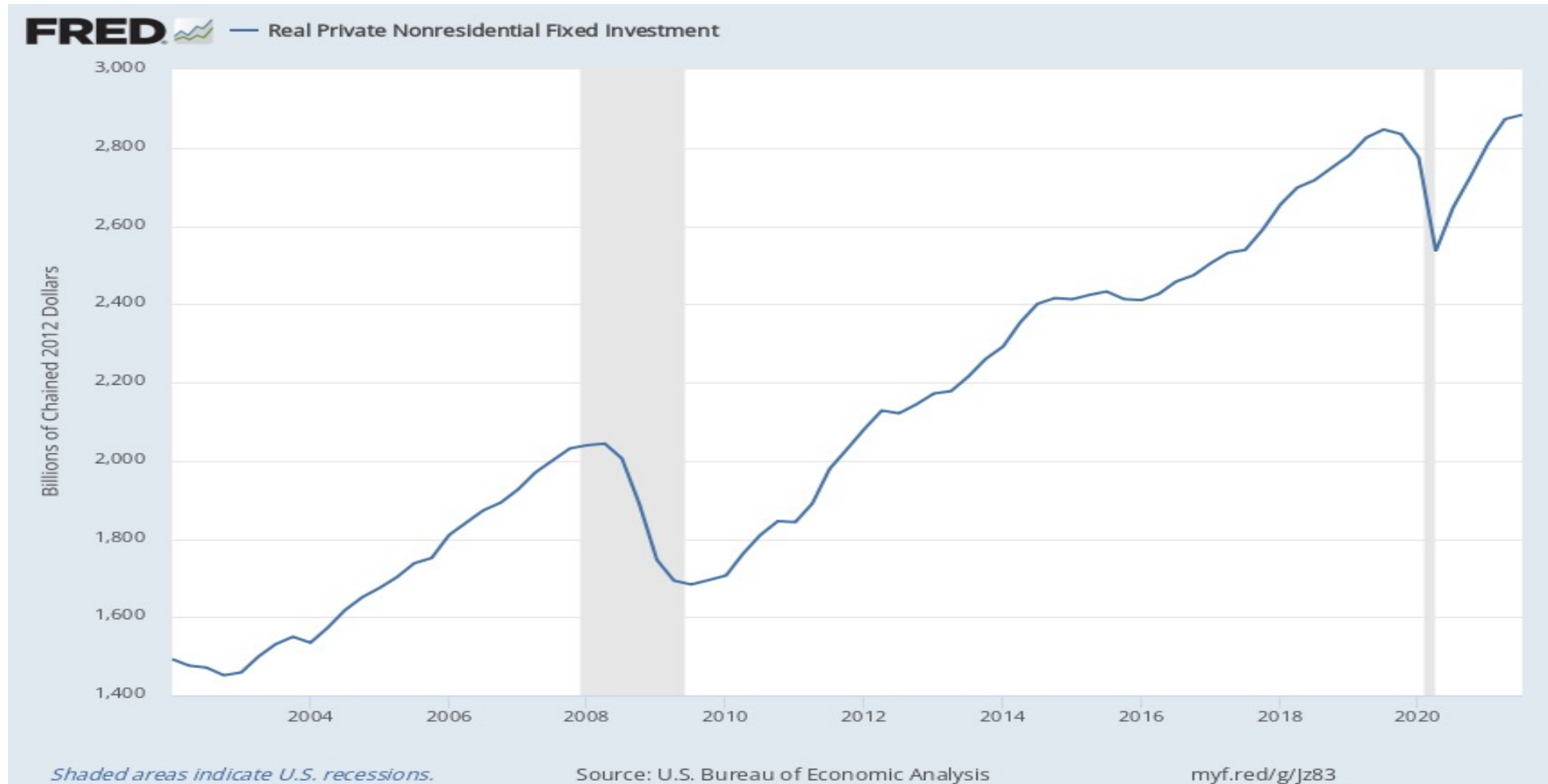


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RICH GET RICHER



REAL INVESTMENT



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?



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SOUTH CAROLINA 2022: KEEP ROARING

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



HAPPY HOLIDAYS!

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