

Economic news not all bad

Yandle sees bright spots in latest financial market data

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Although the nation's economy is officially in recession, not all economic data is bad, said Bruce Yandle, dean emeritus of Clemson University's College of Business and Behavioral Science.

World credit markets are beginning to unlock, "fundamentally good news," he said. That's occurring because of — or in spite of — steps taken by Washington to power up the economy, Yandle

added. Among the evidence, according to Yandle:

■ The overnight rate between banks is falling, signaling a recovery of trust among the major banks. The Federal Reserve's actions to purchase mortgage-backed securities led to a sharp drop in mortgage rates, and mortgage refinancing has begun, leading to lower monthly mort-



Yandle

"The average consumer is getting a large tax cut and getting it immediately," he said.

Historically, 20 barrels of oil could be bought for an ounce of gold, he said. But in recent years, wars and hurricanes have raised the price of oil in relation to gold. Since 2001, an ounce of gold has bought about 10 barrels. On Dec. 4, the ratio is again almost exactly 20 barrels of oil for an ounce of gold.

But the overall economic picture is still bleak, and Yandle predicts more pain to come.

Although the national

economy tipped into recession last December, South Carolina "sort of kept its head above water for a while because of exports driven by the weak dollar," said Donald Schunk, research economist with Coastal Carolina University.

Yandle predicted the national unemployment rate could peak at 8.8 percent in mid-2009 — up from 6.7 percent now. He also looked at an employment diffusion index. When as many industries are expanding as contracting,

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is 27.6, which is remarkably weak," he said.

South Carolina's unemployment rate, at 8 percent, is considerably higher than the national rate.

Schunk said jobless numbers fluctuate a great deal but statewide unemployment could easily climb to

9.5 percent to 10 percent or even higher. Yandle predicted the rate could even reach 11 percent.

U.S. officials are "caught up in a frantic political process that seeks to repair an impaired economy," Yandle said. But the average American, who works hard

and pays his bills and taxes, believes it isn't right to take his money and his grandchildren's money to bail out investors whose companies have fallen on hard times.

Public works projects often seem a better deal to this American because at

least he gains something concrete from it, Yandle said.

"Ultimately, the key to sparking consumer confidence is households being able to pay off debt and households building up savings," which hasn't happened in the United States

in 20 years or more, Schunk said.

Yandle said that is happening.

"People are paying off debt rather substantially. Even in bad times, people are beginning to get wealthier," he said.

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index is at 50. A reading of less than 50 indicates contraction.

"The November reading