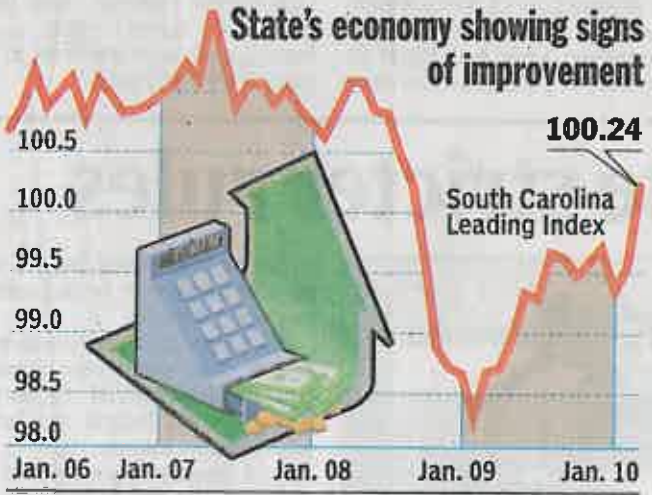
# State's economy shows signs of renewed life



PATRICK COLLARD / Staff

Glen Calder says three rounds of layoffs at Calder Brothers in Taylors make him reluctant to add workers.

## Indicators point to slow growth; jobs face long, slow recovery




Source: South Carolina Department of Commerce SUZIE RIDDLE / Staff

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Glen Calder has handed out pink slips three times since the economic crisis hit, so he's understandably reluctant to hire more workers at his small manufacturing business in Taylors until he knows he can keep them on the payroll.

"I don't want to go anywhere near making that commitment to anybody," said Calder, who employs 42 people making specialty paving equipment as one of the owners of Calder Brothers Corp.

But with orders trickling in from dealers who have depleted their inventories, Calder got a little behind on production and was planning to pay overtime this past week for the first time since the fall of 2008.

Calder said his business is not even close to what it was before the recession, "but it's better than last year. That's for sure."

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He's not the only South Carolinian seeing signs of hope in the economy.

The South Carolina Leading Index, designed to project where the state economy is headed over the next three to six months, saw its sharpest monthly uptick in March since 2000.

The index is compiled by the state Commerce Department and modeled on The Conference Board's national Index of Leading Economic Indicators.

All of its underlying components, such as building permits and weekly work hours in manufacturing, gained steam in March, the latest month for which data were available.

Rebecca M. Gunnlaugsson, a Commerce Department economist who prepares the state index, said she expects South Carolina's 12.2 percent unemployment rate to continue dropping after ticking down in March for the second month in a row.

Still, she doesn't expect South Carolina to recover all of the jobs it lost in the recession anytime soon.

"We do have a lengthy road ahead of slow building, but I think we're going to see a lot of sustainable, permanent job growth in the months and years ahead," Gunnlaugsson said.

Don Schunk, a research economist at Coastal Carolina University in Conway, said the index results square with what he's seeing.

Schunk said he's growing increasingly confident that South Carolina's retail sales and total employment hit bottom sometime in the fall of 2009. He said the state has added jobs in each of the past five months, but the gains are slightly less than those made in the first five months of economic recoveries during the early 1990s and 2000s.

"The patient is no longer getting sicker, but it isn't healthy yet either," Schunk said.

Bruce Yandle, who writes a quarterly newsletter on the economy for the Strom Thurmond Institute at Clemson University, said the index results show a recovery is under way, "but the employment effect of all this is yet to be seen."

In another sign of economic improvement, the occupancy rate at Greenville County hotels and motels surged in the first quarter, from 45 percent in January to 59 percent in March, according to data collected by Smith Travel Research for the Greenville Convention & Visitors Bureau.

Diane Wilson, director of information services at the CVB, said the numbers suggest business travel has come back, in addition to leisure travel, because 45 percent of Greenville's travel market is business related.

The hotel business has been growing in the middle of the week as well as on weekends, she said.

"We're very encouraged."

In Columbia, however, John Rainey, chairman of the state's Board of Economic Advisors, is still waiting for an upswing in the state's general fund tax collections. They plunged 12.4 percent during the last fiscal year, triggering a budget crisis, and are on track to drop another seven percent this fiscal year.

"Our view at the BEA is we're still tracking along the bottom," Rainey said. "The trajectory is no longer down from the data we can sort. The trajectory is flat to a little tilt up. But we just don't have enough information from our universe of data to point to any sharp move on the upside."

"We're just not quite there yet."