The longest economic expansion on record will continue, but the pace will slow as hiring hits the brakes in coming months, according to a quarterly report Wednesday from the Georgia State Forecasting Center.

America's ongoing trade battle with China has combined with a global slowdown to hamper growth here, said Rajeev Dhawan, the center's director.

"The next couple quarters will be really below potential," he said.

The Georgia economy will add roughly 72,200 jobs this year, but only about 49,700 jobs next year, according to the center's projections.

One solid predictor of economic growth is business investment, which has been trending downward for months, Dhawan said. And, he added, "investment today is job growth tomorrow."

Still, it's not just about the number of jobs, he cautioned. "Look at the quality."

The slowdown will dampen the "catalyst" sectors that lead the Georgia economy, so a lower share of new positions will be high-paying, "quality jobs," he said.

Those key sectors -- corporate, tech and manufacturing--account for one-quarter of all jobs, he said. They pay well above the median wage and spur demand for products and services, which prompts hiring in other areas.

Looking ahead to 2021, about 45,900 will be added to the state's economy, Dhawan said. But less than 20% of those jobs will be "premium," that is, paying more than about $60,000 a year, he predicted.

That means that amount of money flowing to households -- and then into the economy -- will be less than it was just a few years ago, Dhawan said.

Americans are still spending, so imports are strong. But there are signs that exports are falling.

Just 3% of containers arriving at the Port of Savannah are empty, compared to 35% of those leaving, Dhawan said. "That is going to have an effect on manufacturing."

He predicts a decline in Georgia factory jobs.

This past year has seen uneven growth -- some apparently strong months followed by unexpectedly weak ones. The ride will continue to be bumpy as the economy ratchets down to a slower pace, he said.

"This is what I call 'transition dynamics," Dhawan said. "Be ready for fluctuations in monthly numbers that will shock you a little bit."
Another reason for the uneven performance is the state's reliance on hospitality and temporary jobs that can appear and vanish quickly. Hiring was vigorous last winter as Atlanta hosted a Super Bowl, a soccer championship and college bowl game.

Those events were followed by job loss in those sectors.

The economic expansion began haltingly in mid-2009 amidst the aftermath of the deepest and most painful recession since World War II. It has continued longer than any previous stretch of economic growth.

However, since the peak of the expansion, there's been a slowing in both the pace of hiring and the share of it that went to higher-paying positions. For example, in 2014, the state added about 128,100 jobs and 40 percent were in those high-paying catalyst sectors, Dhawan said.

According to a recent study by the Brookings Institution, about 921,000 of metro Atlanta workers -- roughly 40% -- are in lower-paying jobs paying less than $15.40 an hour.

Nationally, economic growth has likewise decelerated. The Federal Reserve's latest estimate puts the economy during current quarter growing just 0.4%.

The Fed's rate-setting committee has cut short-term interest rates three times in the past year in an effort to juice business lending and consumer spending.

With rates already relatively low, that campaign has been only modestly successful. More rate cuts will come next year, Dhawan predicted.

However, with the budget deficit running at roughly $1 trillion a year, the long-term prognosis is for higher rates, he said. "Ultimately, the pressure to finance the debt will show up."

(More)

MORE DETAILS

JOB ADDITIONS PROJECTED FOR GEORGIA

2019 72,200
2020 49,700
2021 45,900

*PROJECTIONS BY GEORGIA STATE UNIVERSITY ECONOMIC FORECASTING CENTER

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