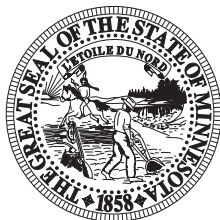




# Southeast Minnesota Economic and Business Conditions Report Second Quarter 2018

This issue is part of a series for the six planning areas of Minnesota – Central, Northeast, Northwest, Southeast, Southwest, and Twin Cities.

The Southeast Minnesota Planning Area consists of 11 counties: Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona.



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## EXECUTIVE SUMMARY

**Steady economic growth over the next several months is expected in the Southeast Minnesota planning area according to the prediction of the Southeast Minnesota Index of Leading Economic Indicators (LEI).** After a quarter in which the LEI rose 1.87 points, the leading index rose by 0.77 points in the second quarter as two index components recorded positive values. An increase in the number of Rochester area residential building permits and fewer initial jobless claims helped drive the LEI higher in the second quarter. A decrease in the Minnesota Business Conditions Index and a weakening in consumer sentiment were two components that negatively impacted the leading index.

**There were 970 new business filings with the Office of the Minnesota Secretary of State in Southeast Minnesota in the second quarter of 2018 — representing a 9.5 percent increase from one year ago.** 53 new regional business incorporations were filed in the second quarter, 12.8 percent more filings than prior year levels. At a level of 594, second quarter new limited liability company (LLC) filings in Southeast Minnesota were 7 percent higher than in the second quarter of 2017. With 283 filings, new assumed name activity was 15.5 percent above what was seen in the same quarter last year. There was one more new filing for Southeast Minnesota non-profit over the last three months compared to one year earlier.

**Sixty-three percent of new business filers in the Southeast Minnesota planning area completed the voluntary Minnesota Business Snapshot (MBS) survey in this year's second quarter.** Results of this voluntary survey indicate that 6.2 percent of new filers come from communities of color and 7.4 percent are veterans. Only 2.1 percent of new filers come from the disability community and 4.9 percent of new filings are made by the immigrant community. Thirty-seven percent of new business filings in Southeast Minnesota in this year's second quarter were initiated by women. MBS results also show that most new business filers in Southeast Minnesota have between 0 and \$10,000 in annual gross revenues (although 68 new filers have revenues in excess of \$50,000). The most popular industries for new businesses in Southeast Minnesota are retail trade, real estate/rental/leasing, construction and other services. Employment levels at most new firms are between 0 and 5 workers, and 46.6 percent of those starting a new business consider this a part-time activity.

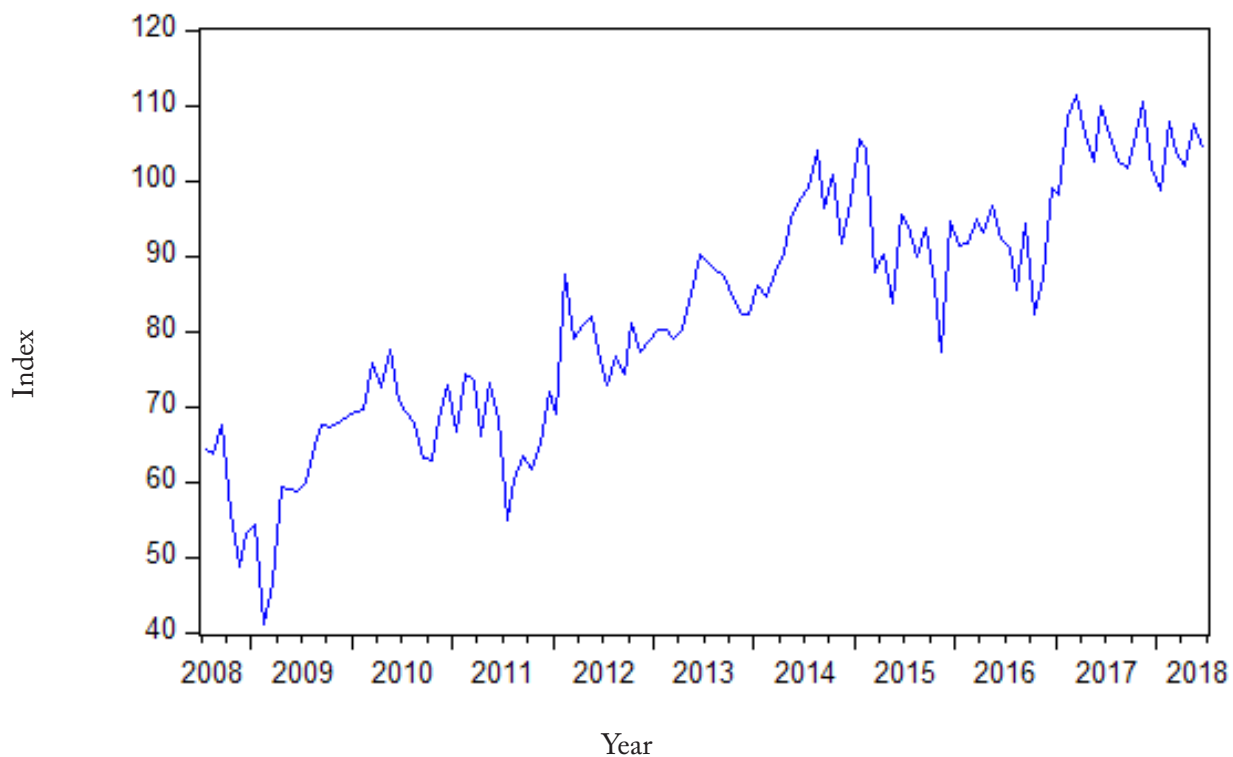
**Employment of Southeast Minnesota residents rose by 1.8 percent over the year ending June 2018.** The regional unemployment rate was 2.7 percent in June, well below the 3.4 percent level recorded one year earlier. Initial claims for unemployment insurance in June 2018 fell by 10.6 percent from one year earlier and the Southeast Minnesota labor force increased by 1.2 percent. The average weekly wage in Southeast Minnesota was at \$969 during the most recent reporting period, 3.2 percent higher than one year earlier. The planning area's annual bankruptcies continue to rise.

**Data from the Rochester area—the largest market in Southeast Minnesota—were mixed.** A small increase in overall employment, increased average hourly earnings, a lower unemployment rate, a larger labor force, higher overall new business filings, and declining initial jobless claims favorably impacted the city's outlook. On the negative side was a year-over-year decline in education/health and manufacturing sector employment, a lower valuation of residential building permits, and lower average weekly work hours.

## SOUTHEAST MINNESOTA LEADING ECONOMIC INDICATORS INDEX

The SCSU Southeast Minnesota Leading Economic Indicators (LEI) index is designed to predict performance of the regional economy with a four-to-six month lead time. The LEI finished 0.72 points higher in the second quarter, but is now 5.1 percent below its level of one year earlier. As can be seen in the accompanying figure, the LEI has flattened out in recent quarters. While Rochester MSA education/health sector employment has declined in recent months (and initial jobless claims increased earlier in the year), overall fundamentals in the Southeast economy appear to remain strong, so the recent levelling out of the LEI should not cause major concerns about longer-term economic performance in this region.

### SCSU Southeast Minnesota Index of Leading Economic Indicators (December 1999 = 100)



### Components of SCSU Southeast Minnesota Leading Economic Indicators Index

| Component of Index  | Contribution to LEI, 2nd quarter 2018 | Contribution to LEI, 1st quarter 2018 |
|---|---------------------------------------|---------------------------------------|
| Minnesota Business Conditions Index                           | -1.32                                 | 2.57                                  |
| Southeast Minnesota initial claims for unemployment insurance | 4.79                                  | -1.77                                 |
| Southeast Minnesota new filings of incorporation and LLCs     | -1.80                                 | 0.43                                  |
| Rochester MSA residential building permits                    | 0.95                                  | -2.66                                 |
| Consumer Sentiment, University of Michigan                    | -1.90                                 | 3.30                                  |
| <b>TOTAL CHANGE</b>   | <b>0.72</b>                           | <b>1.87</b>                           |

Two components of the LEI had a positive reading in the second quarter. A rise in Rochester area residential building permits and a reduction in regional initial jobless claims helped lift the leading index. The Minnesota Business Conditions Index (compiled by Creighton University), which serves as a general measure of statewide business conditions, was one of the indicators with a negative value in this quarter's index. A weakening of consumer sentiment also weighed on this quarter's LEI.

### SCSU Southeast Minnesota

#### Leading Economic Indicators Index

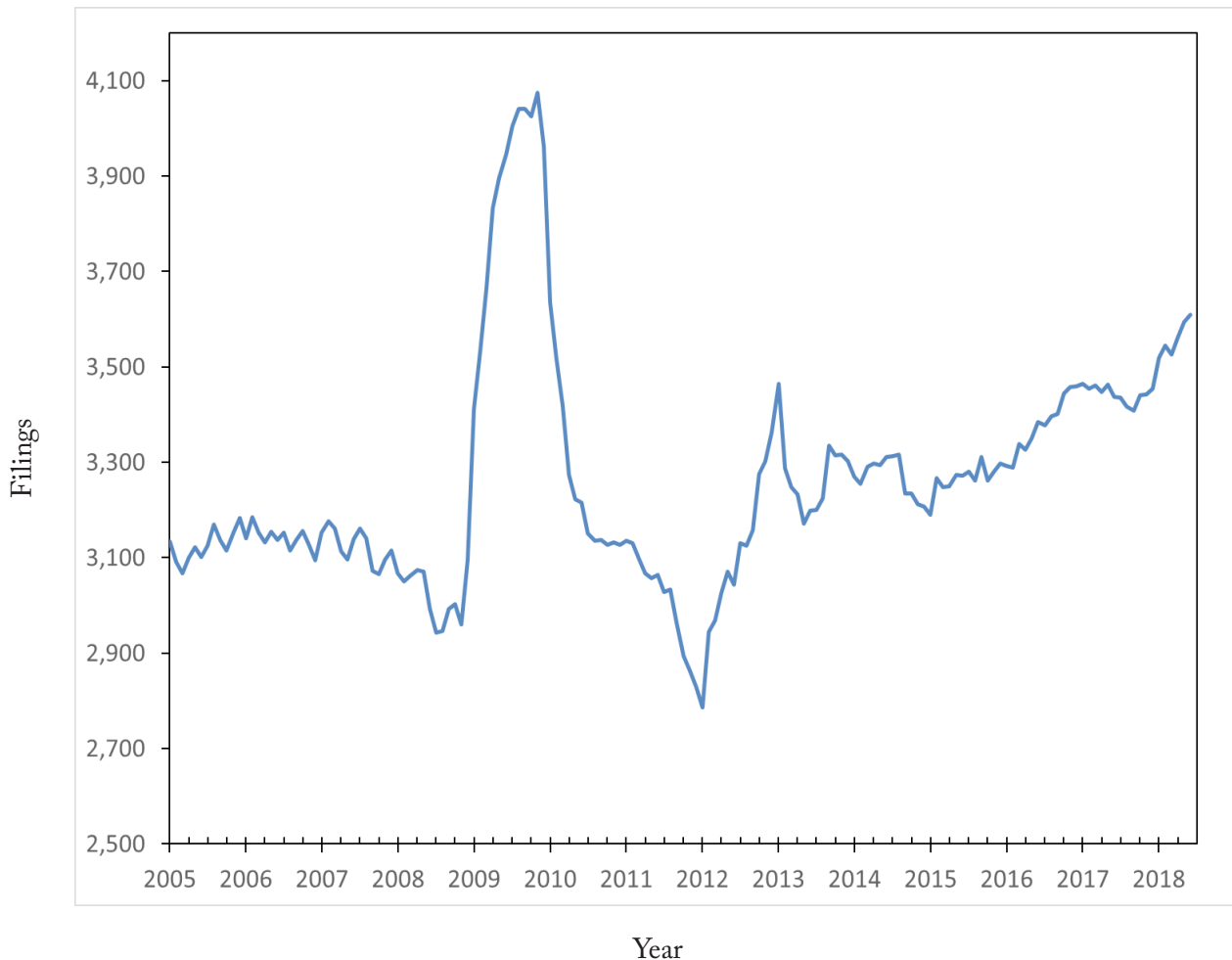
|   | 2018  | 2017  | Percentage change |
|---|-------|-------|-------------------|
| Minnesota Business Conditions Index<br>June   | 58.8  | 68.0  | -13.5%            |
| Southeast Minnesota initial claims for unemployment insurance<br>June               | 1,162 | 1,086 | 7.0%              |
| Southeast Minnesota new filings of incorporation and LLCs<br>Second Quarter         | 707   | 655   | 7.9%              |
| Rochester MSA single-family building permits<br>June                                | 26    | 52    | -50.0%            |
| Consumer Sentiment, University of Michigan<br>June                                  | 98.2  | 95.1  | 3.3%              |
| Southeast Minnesota Leading Economic Indicators Index<br>June (December 1999 = 100) | 104.4 | 109.9 | -5.1%             |

## SOUTHEAST MINNESOTA BUSINESS FILINGS

Second quarter new business filings rose 9.5 percent to a level of 970. As can be seen in the accompanying graph, the 12-month moving total of new business filings in Southeast Minnesota has generally trended upward since the beginning of 2012. The abrupt increase in new filings in the middle of 2008 is largely a result of increased new LLC filings. This outlier (resembling a shark fin) is related to considerably higher filings in the construction industry due to legal and regulatory issues and appears to be a one-time only transitory event seen in the data in all regions of Minnesota.

Note: The graphs in this section show the 12-month moving total for the various new business filings in Southeast Minnesota that are registered with the Office of the Minnesota Secretary of State. Doing so removes seasonal patterns in the data.

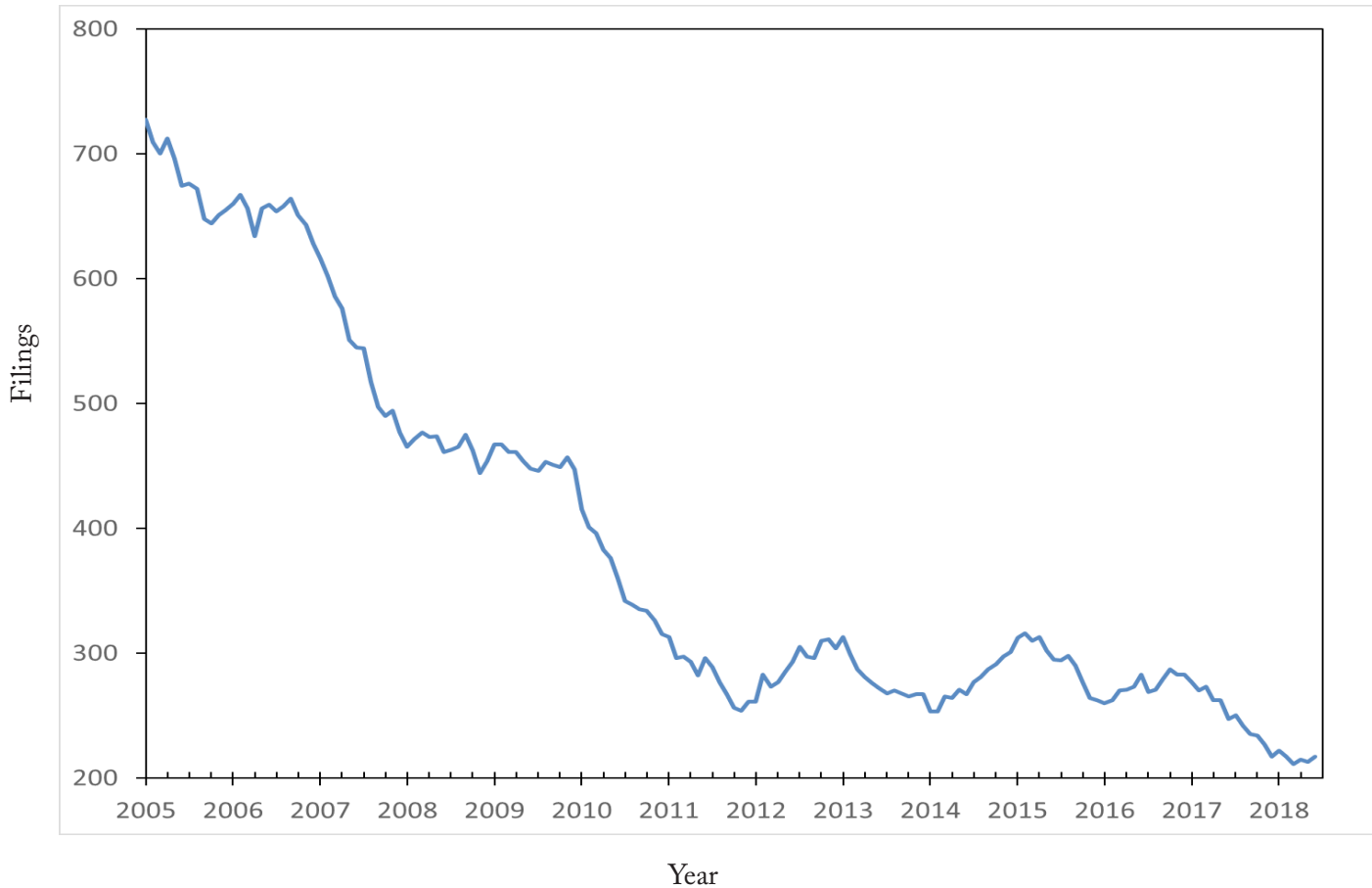
Total New Business Filings—Southeast Minnesota Planning Area  
(12-month moving total)



| Quarter   | II:<br>2017 | III:<br>2017 | IV:<br>2017 | I:<br>2018 | II:<br>2018 | 2018 Quarter II: Percent<br>change from prior year |
|---|-------------|--------------|-------------|------------|-------------|--|
| Southeast Minnesota Total<br>New Business Filings | 886         | 792          | 844         | 1,004      | 970         | 9.5%   |

After levelling off for nearly five years, the moving total of new business incorporations once again began to slowly trend downward in Southeast Minnesota at the end of 2016. However, new incorporations picked up in the most recent quarter—rising by 12.8 percent to a level of 53.

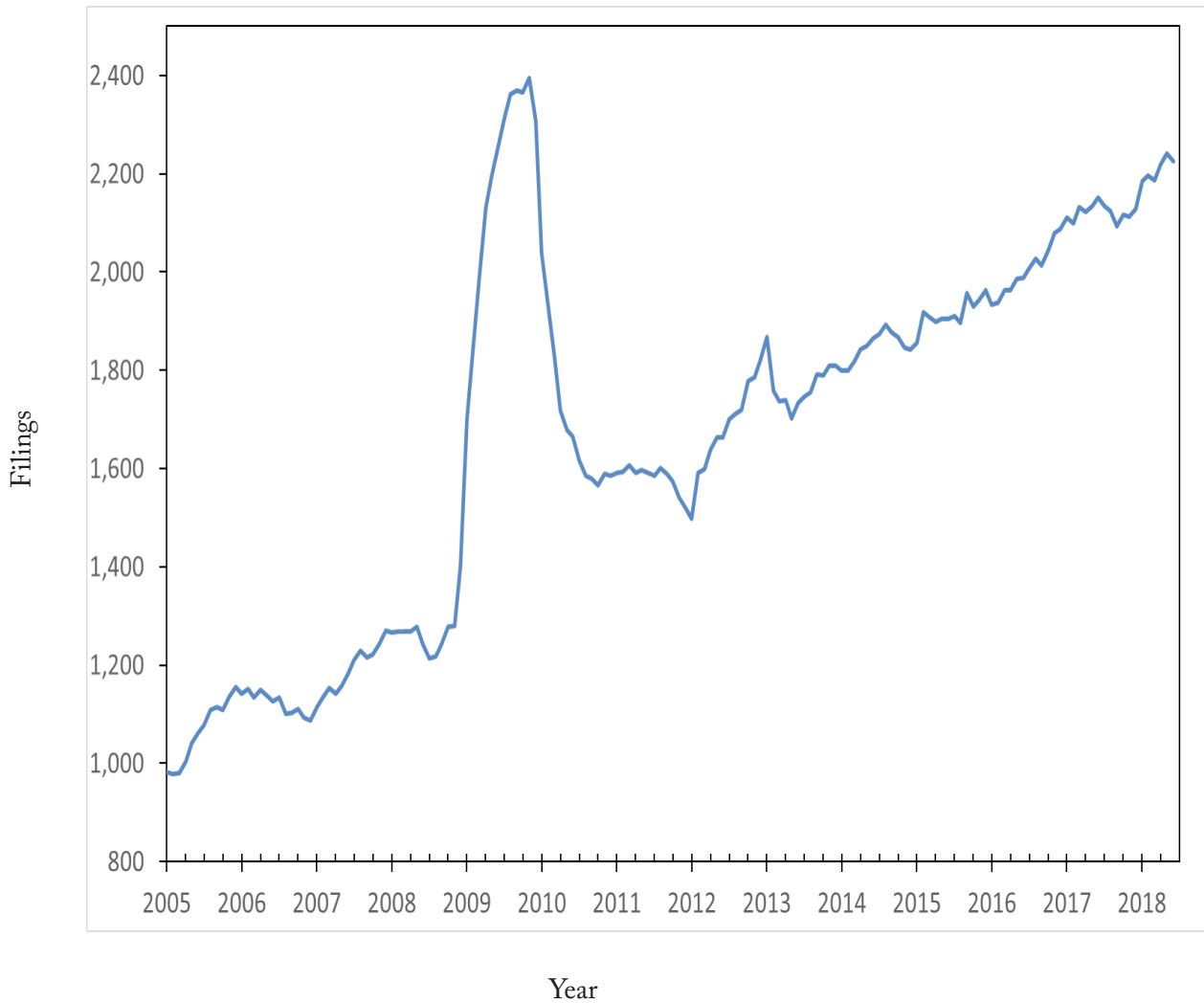
### New Incorporations—Southeast Minnesota Planning Area (12-month moving total)



| Quarter  | II:<br>2017 | III:<br>2017 | IV:<br>2017 | I:<br>2018 | II:<br>2018 | 2018 Quarter II: Percent<br>change from prior year |
|--|-------------|--------------|-------------|------------|-------------|--|
| Southeast Minnesota New<br>Business Incorporations | 47          | 53           | 47          | 64         | 53          | 12.8%  |

There has been a move in Southeast Minnesota, as in all of the state, away from the traditional incorporation form of business organization towards the LLC. While new business incorporations remain an important indicator of new business formation in Southeast Minnesota, LLCs are increasingly useful in evaluating regional economic performance. As seen below, there is a considerable upward trend in LLCs in Southeast Minnesota. With the exception of the outlier period in 2008-2009, new LLC formation has shown a fairly steady rate of growth since 2005. Second quarter LLC filings rose 7 percent over their year earlier level as the 12-month moving total of this series continued to trend upward.

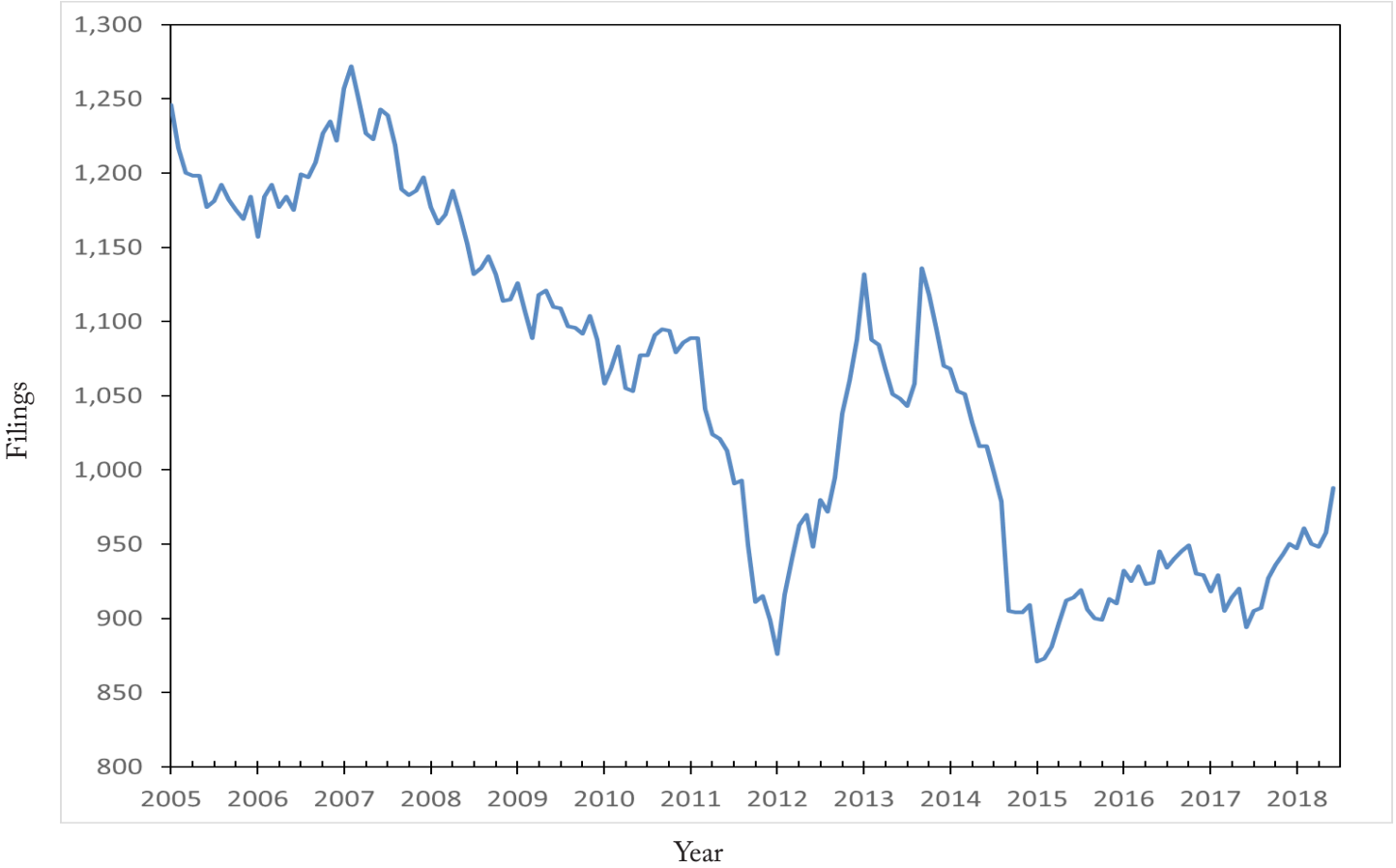
### New Limited Liability Companies—Southeast Minnesota Planning Area (12-month moving total)



| Quarter   | II:<br>2017 | III:<br>2017 | IV:<br>2017 | I:<br>2018 | II:<br>2018 | 2018 Quarter II: Percent<br>change from prior year |
|---|-------------|--------------|-------------|------------|-------------|--|
| Southeast Minnesota New<br>Limited Liability<br>Companies | 555         | 461          | 528         | 643        | 594         | 7.0%   |

On a year over year basis, assumed names, which include sole proprietors or organizations that do not have limited liability, rose by 15.5 percent in Southeast Minnesota in the second quarter. As can be seen in the accompanying graph, after increasing in 2012, this series moved downward until the beginning of 2015, at which time it started to slowly increase. The 12-month moving total of assumed names turned down through much of 2017, but has now increased over the past year. The series still remains well below the level observed 10 years ago.

**New Assumed Names—Southeast Minnesota Planning Area  
(12-month moving total)**

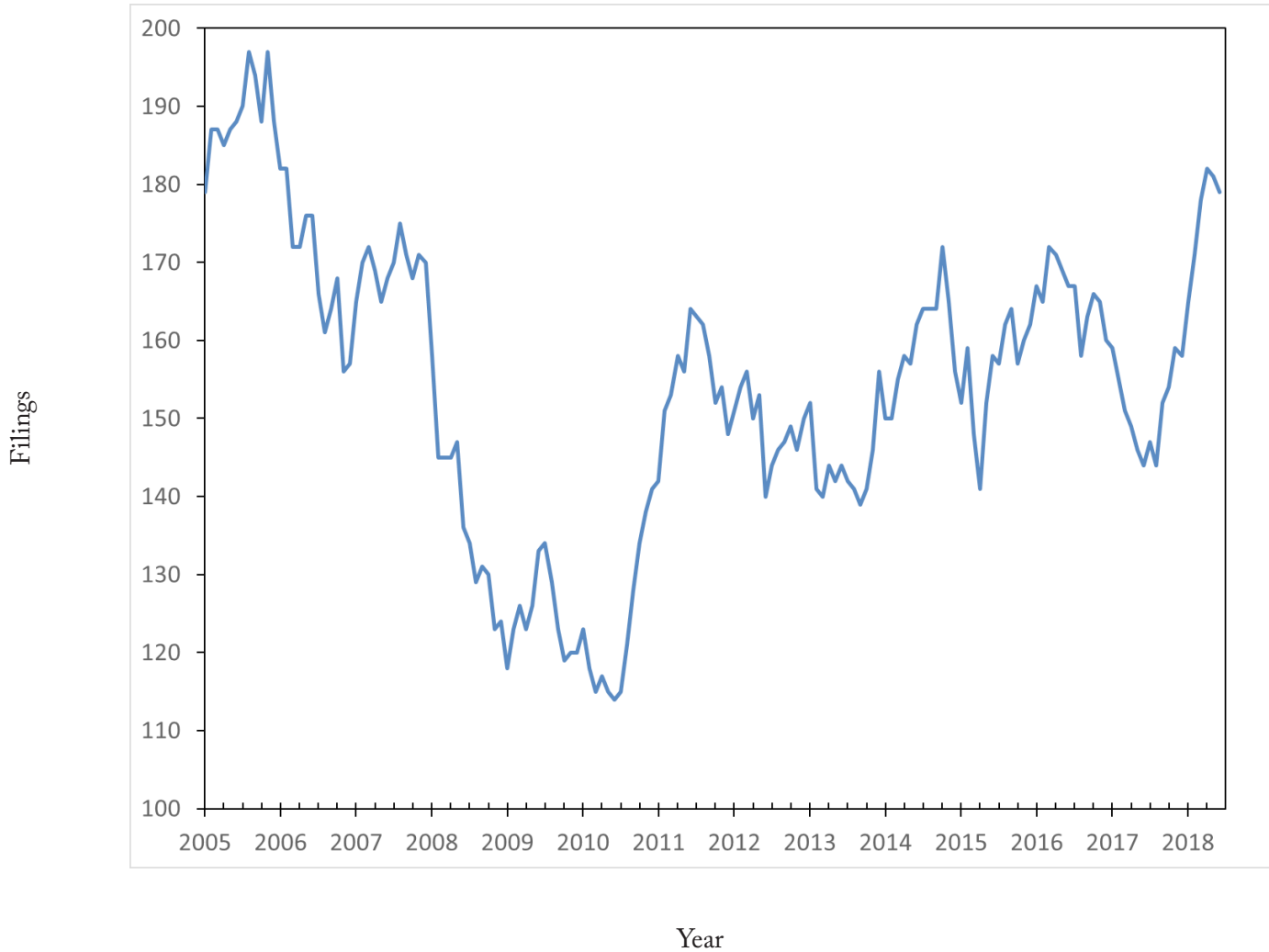


| Quarter                                  | II:<br>2017 | III:<br>2017 | IV:<br>2017 | I:<br>2018 | II:<br>2018 | 2018 Quarter II: Percent<br>change from prior year |
|--|-------------|--------------|-------------|------------|-------------|--|
| Southeast Minnesota<br>New Assumed Names | 245         | 231          | 228         | 246        | 283         | 15.5%  |



The moving total of new Southeast Minnesota non-profits registered with the Office of the Minnesota Secretary of State has been volatile over the past several years. As can be seen in the accompanying graph, this series had turned downward since the beginning of 2016, but has now moved upward over the last four quarters. The number of newly formed non-profits totaled 40 in the recent quarter (a small increase over the second quarter of 2017).

### New Non-Profits—Southeast Minnesota Planning Area (12-month moving total)



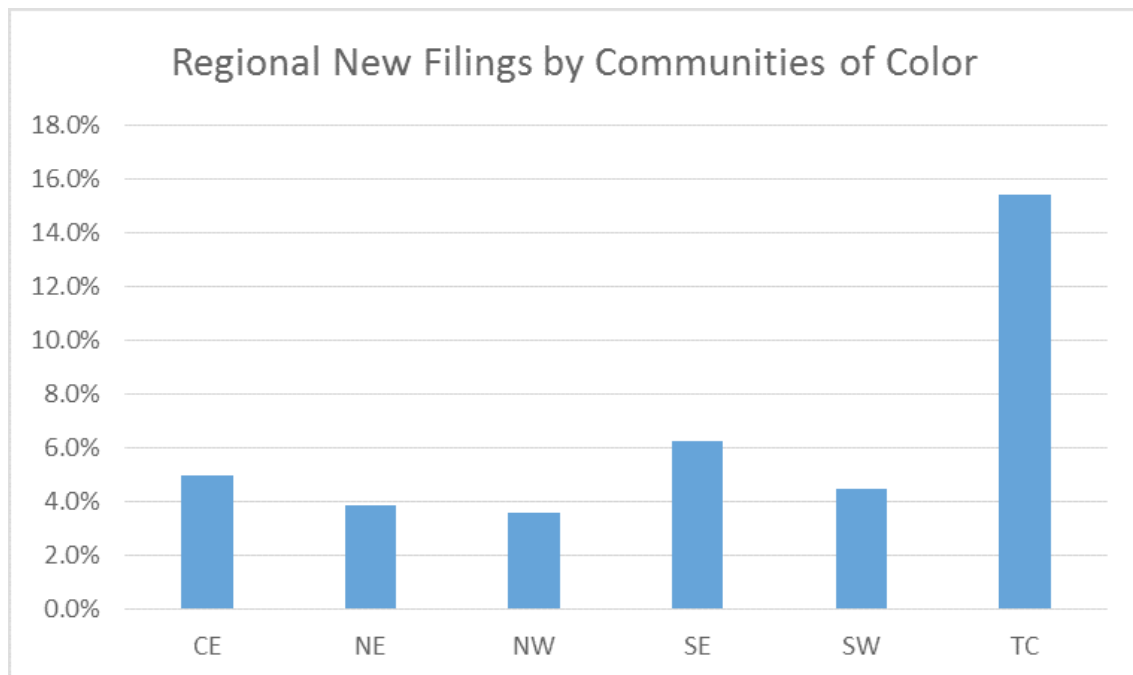
| Quarter                                | II:<br>2017 | III:<br>2017 | IV:<br>2017 | I:<br>2018 | II:<br>2018 | 2018 Quarter II: Percent<br>change from prior year |
|--|-------------|--------------|-------------|------------|-------------|--|
| Southeast Minnesota<br>New Non-Profits | 39          | 47           | 41          | 51         | 40          | 2.6%   |

## MINNESOTA BUSINESS SNAPSHOT SURVEY RESULTS

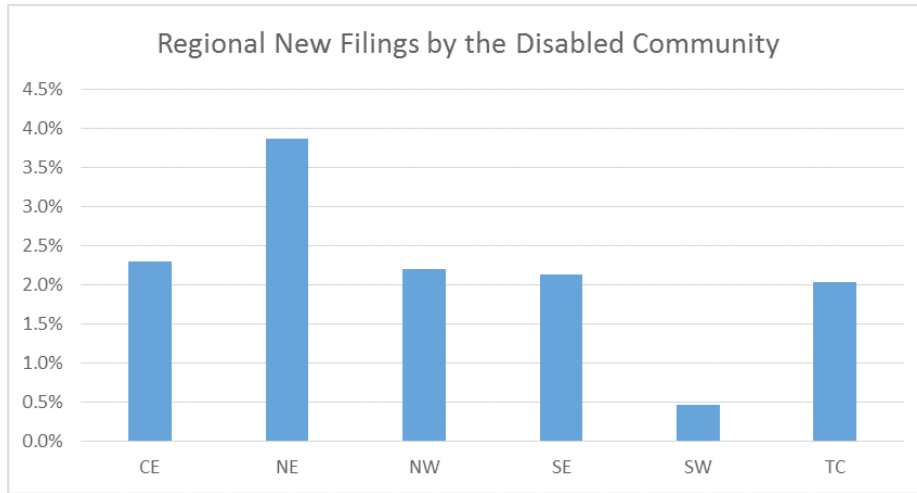
In Fall 2016, the Office of the Minnesota Secretary of State initiated a short voluntary survey (known as Minnesota Business Snapshot) for both new and continuing business filers. Questions found in the survey address basic questions related to the background of business filers, industry classification, employment levels and annual revenue of the filer, and whether the business is a full- or part-time activity for the filing entity. While a comprehensive analysis of this promising new data set is beyond the scope of this regional economic and business conditions report, the survey results do provide useful additional background information to complement the business filing data.

To match up the Minnesota Business Snapshot (MBS) information with the data analyzed in this report, only surveys accompanying new filings in the second quarter of 2018 are analyzed. For the entire State of Minnesota, the overall response rate for this voluntary survey is approximately 61 percent. This yields thousands of self-reported records in this emerging data set. For Southeast Minnesota, nearly 63 percent of new business filers completed at least some portion of the MBS survey. The results are reported in this section

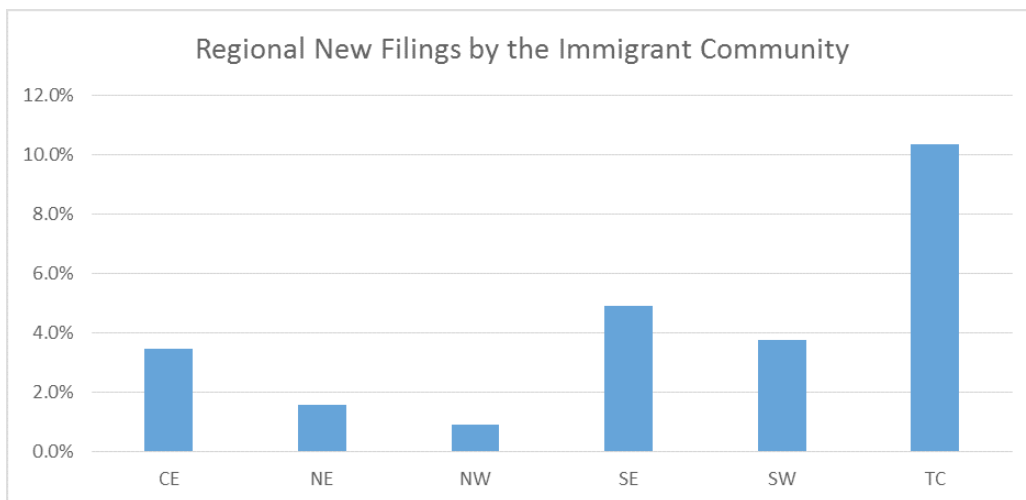
About 6.2 percent of those new filers completing the MBS from the Southeast Minnesota planning area report being from a community of color. This is a considerably lower percentage than in the Twin Cities, but is higher than all other outstate regions of Minnesota.



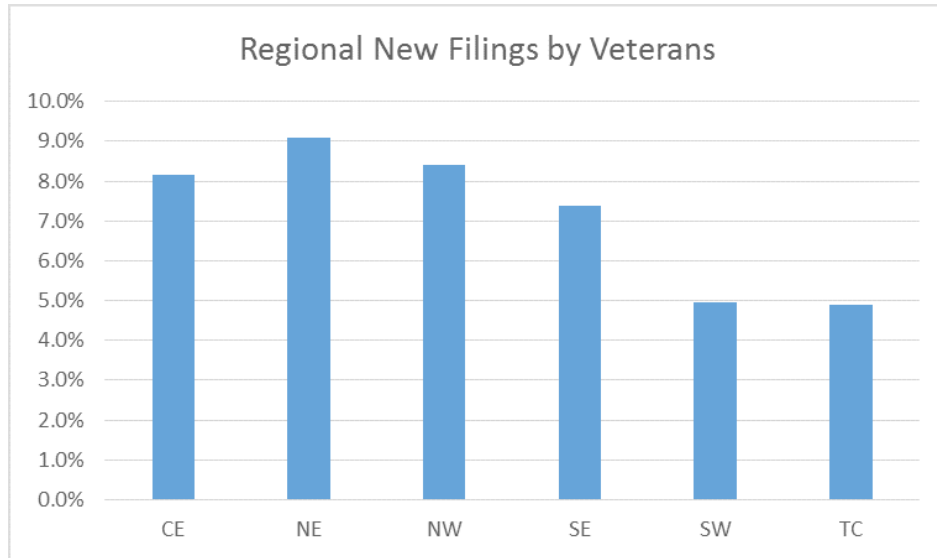
Only 2.1 percent of Southeast Minnesota’s new filers are from the disability community.



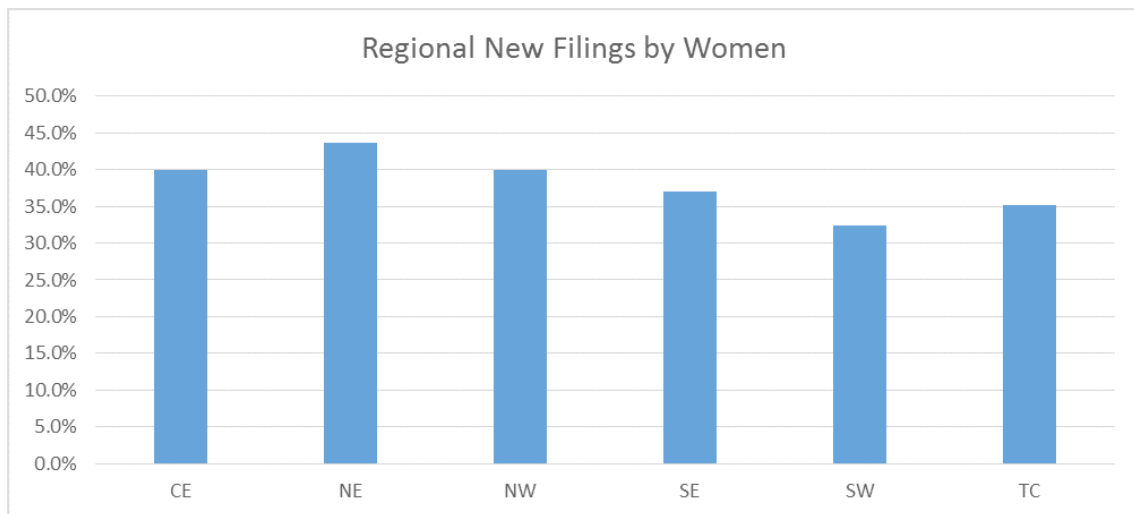
Almost 5 percent of new business filings in Southeast Minnesota come from the immigrant community. This is a larger percentage than is found in most other portions of the state.



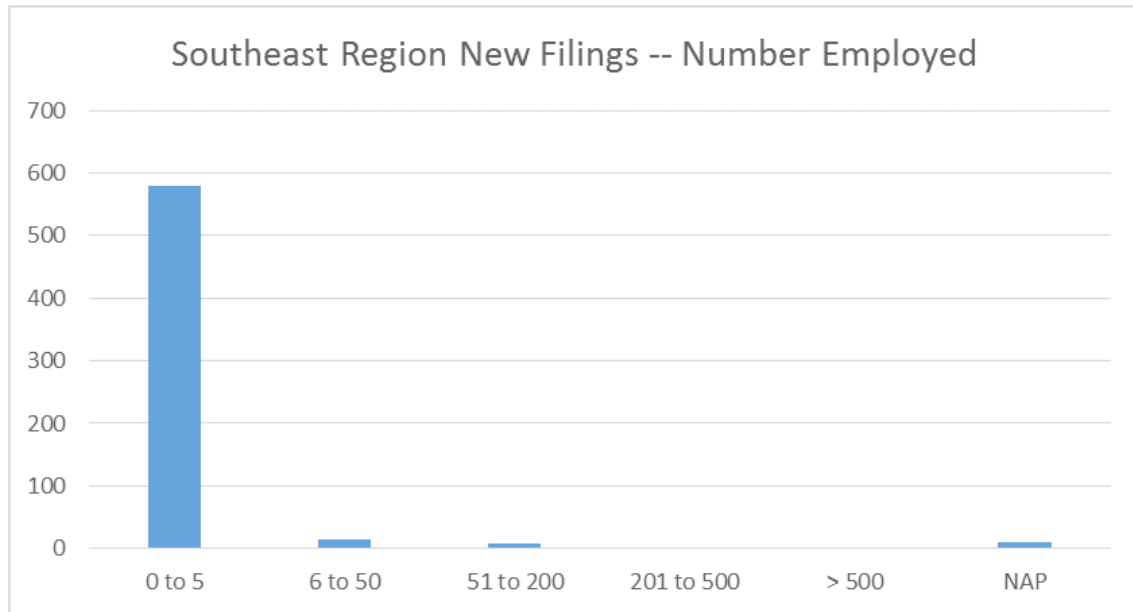
7.4 percent of new filings in Southeast Minnesota come from military veterans.



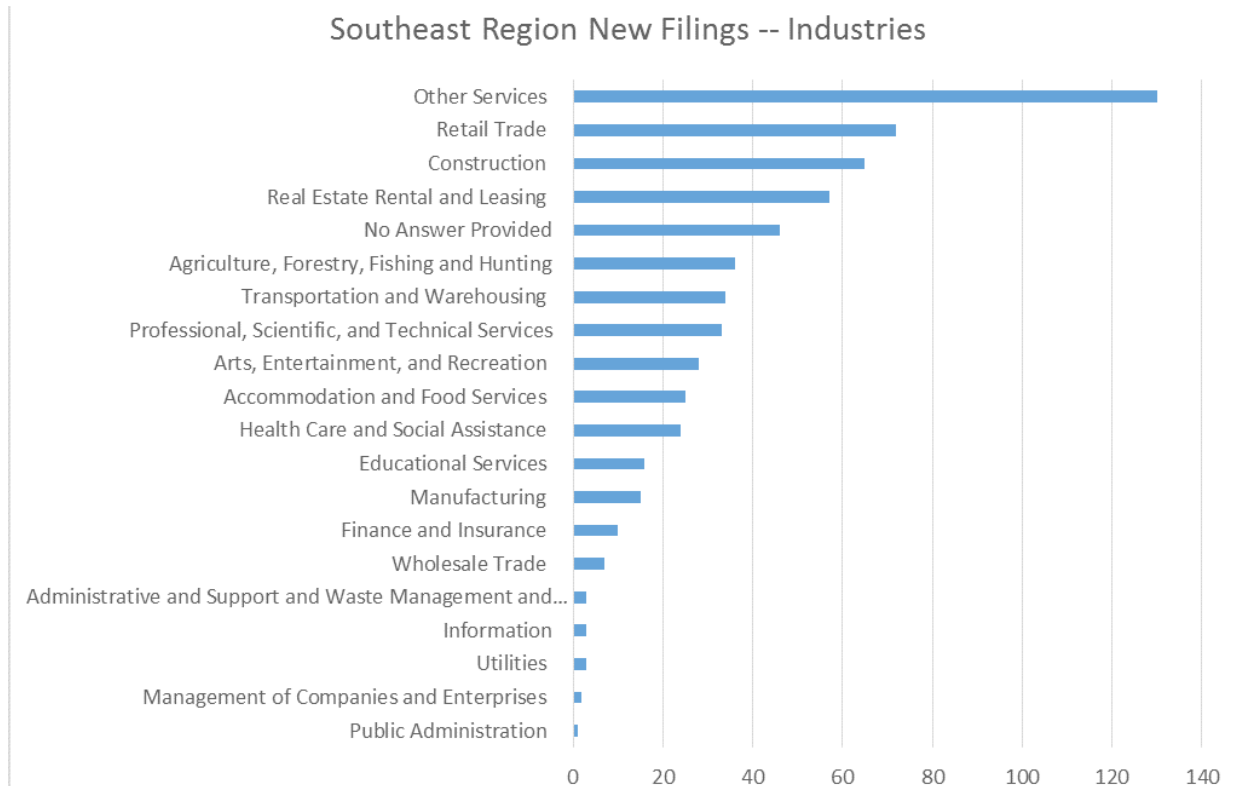
Woman owners represented 37 percent of the new business filings in Southeast Minnesota in the second quarter of 2018.



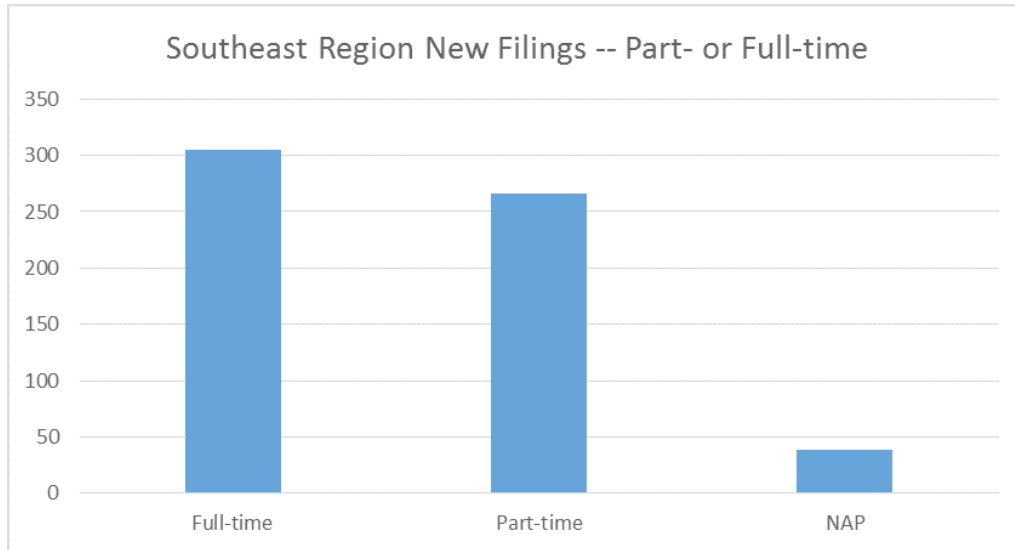
While not all of those participating in the survey completed all portions of the Minnesota Business Snapshot (those not responding to a particular question are represented in this section by “NAP”—no answer provided), 601 responses were tallied to a question asking the new business filer to indicate the range of employment at the business. As expected, most new businesses start small—employment at most companies submitting a new filing ranges from 0-5 employees.



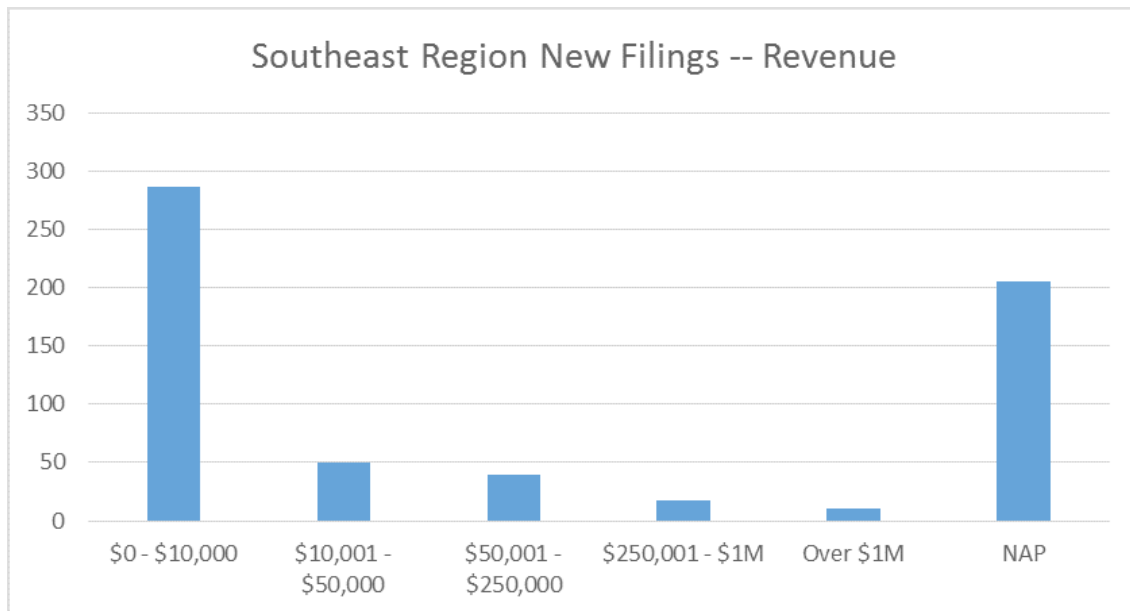
Using the North American Industry Classification System (NAICS), businesses submitting new filings were asked to identify the industry in which their company was operating. While a range of industries were reported, retail trade, construction, real estate/rental/leasing and “other services” lead the way. Since businesses are often unsure of their industrial classification, the “other services” category is likely to represent a “catch-all” category for service-related businesses who were unable to specify their industry. Forty-six new firms did not provide an answer to this survey item.



46.6 percent of those new business filers who filled out a response on the MBS survey on full- and part-time business ownership status report they are part-time business owners.

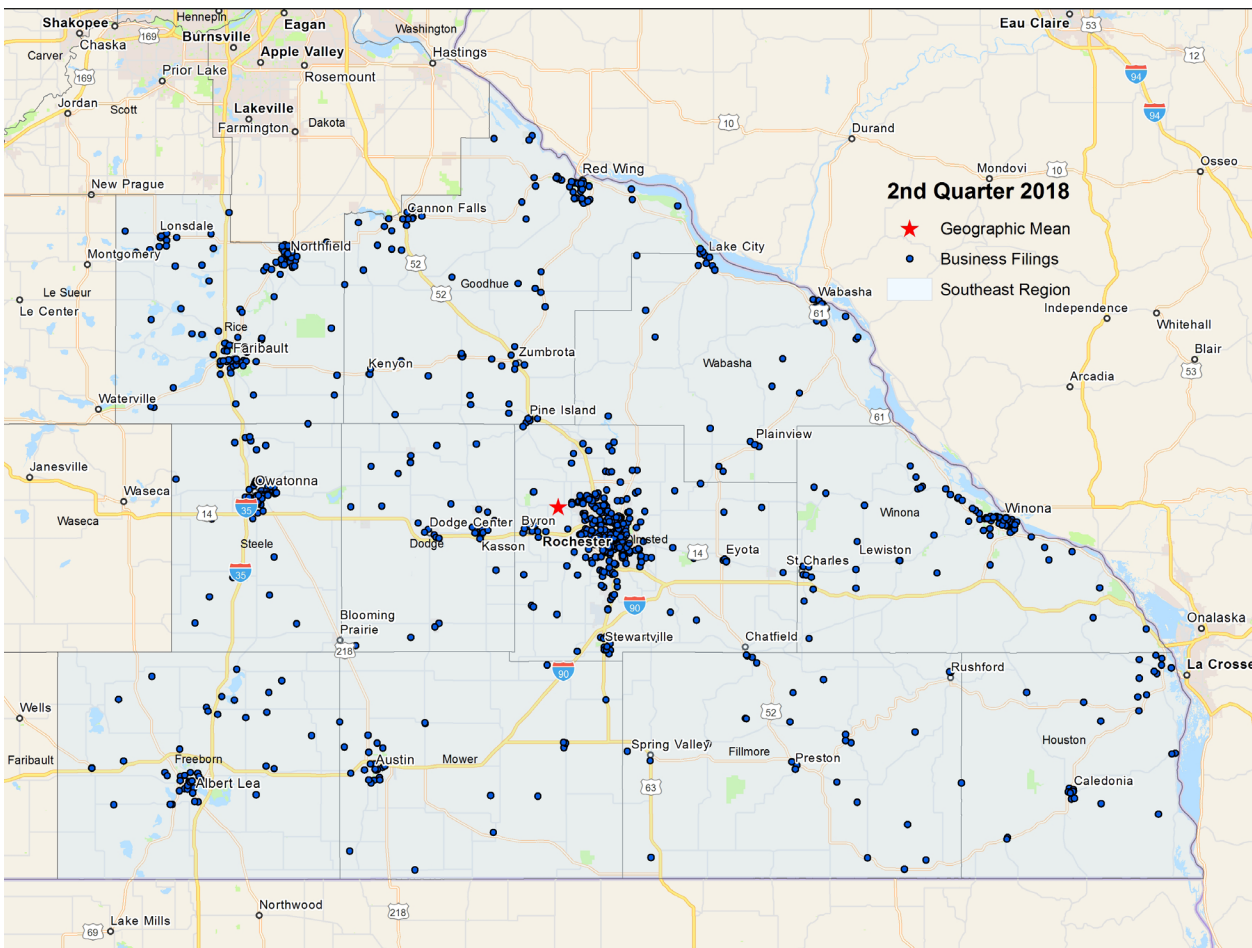


205 new filers in Southeast Minnesota did not provide an answer to the MBS item that asked them to report the company's revenue. Of those businesses that answered the question, the largest share report revenues less than \$10,000. Sixty-eight firms report annual revenues in excess of \$50,000.



The first map shown below is a visual representation of new business filings around the Southeast Minnesota planning area in the second quarter of 2018. The densest areas of new business formation are in the Rochester metro. Owatonna, Faribault, Northfield, Albert Lea, Austin, Winona, and Red Wing also generated multiple new business filings. Well-traveled roadways are also a predictor of new business formation in Southeast Minnesota.

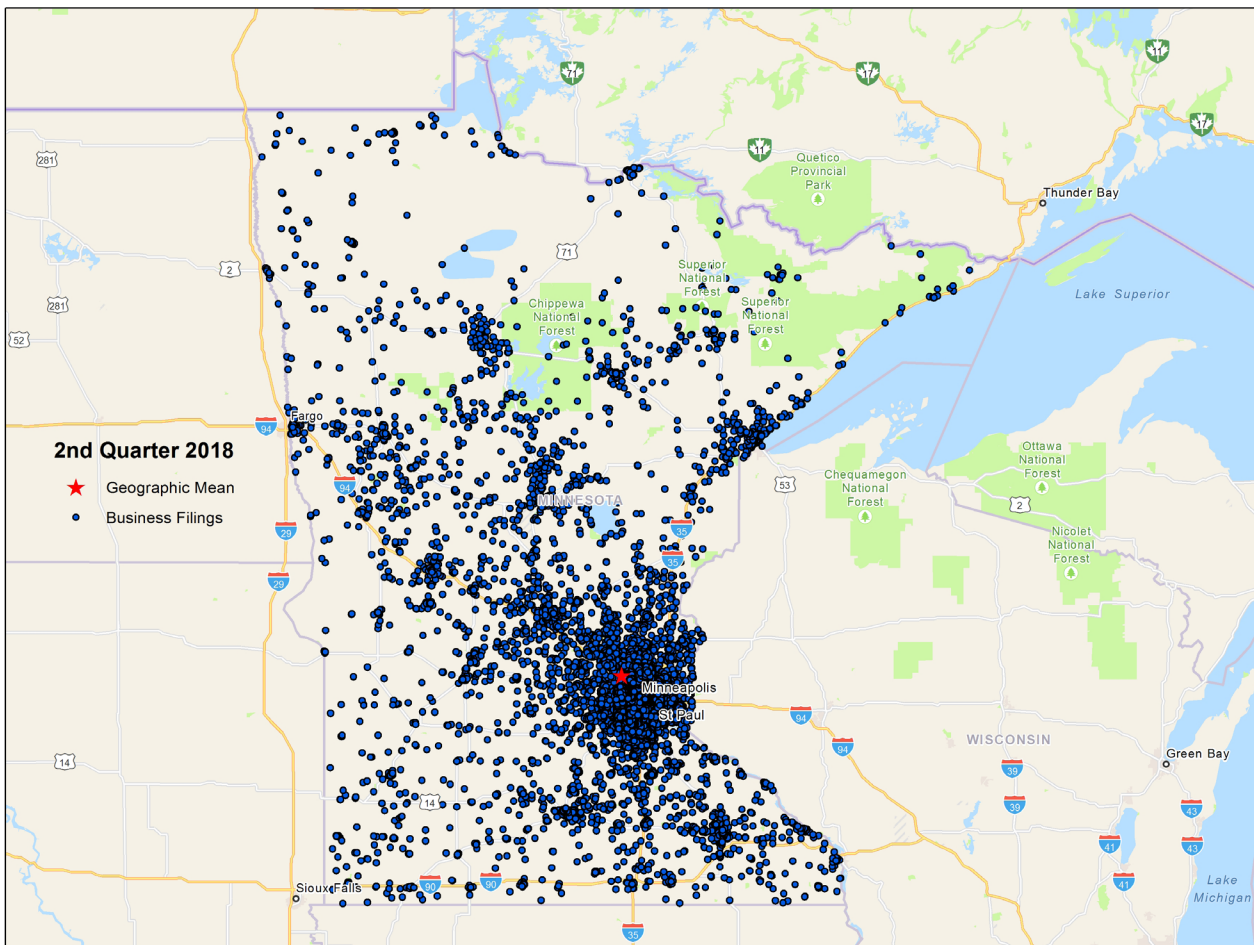
### Southeast Minnesota Planning Area--New Business Formation--Quarter 2: 2018





The second map shows new business filings for the state as a whole. This visual aid demonstrates the considerable extent to which the Twin Cities metro area dominates new business formation in the state. The map shows how the Twin Cities metro stretches along roadways into the Southeast, Southwest and Central planning areas. The map demonstrates the importance of cities and roadways in encouraging economic development. St. Cloud now appears to be integrated into the Twin Cities metro as the I-94/US-10 corridor continues to be a magnet for new business formation. There is also considerable new business formation in the southern part of the state, particularly in Rochester and between the Twin Cities and Mankato. The importance of Interstates 90, 94, and 35 as well as US-10 and MN 61 (along the North Shore) in new business filings is also easily seen in this map.

## Minnesota--New Business Formation--Quarter 2: 2018

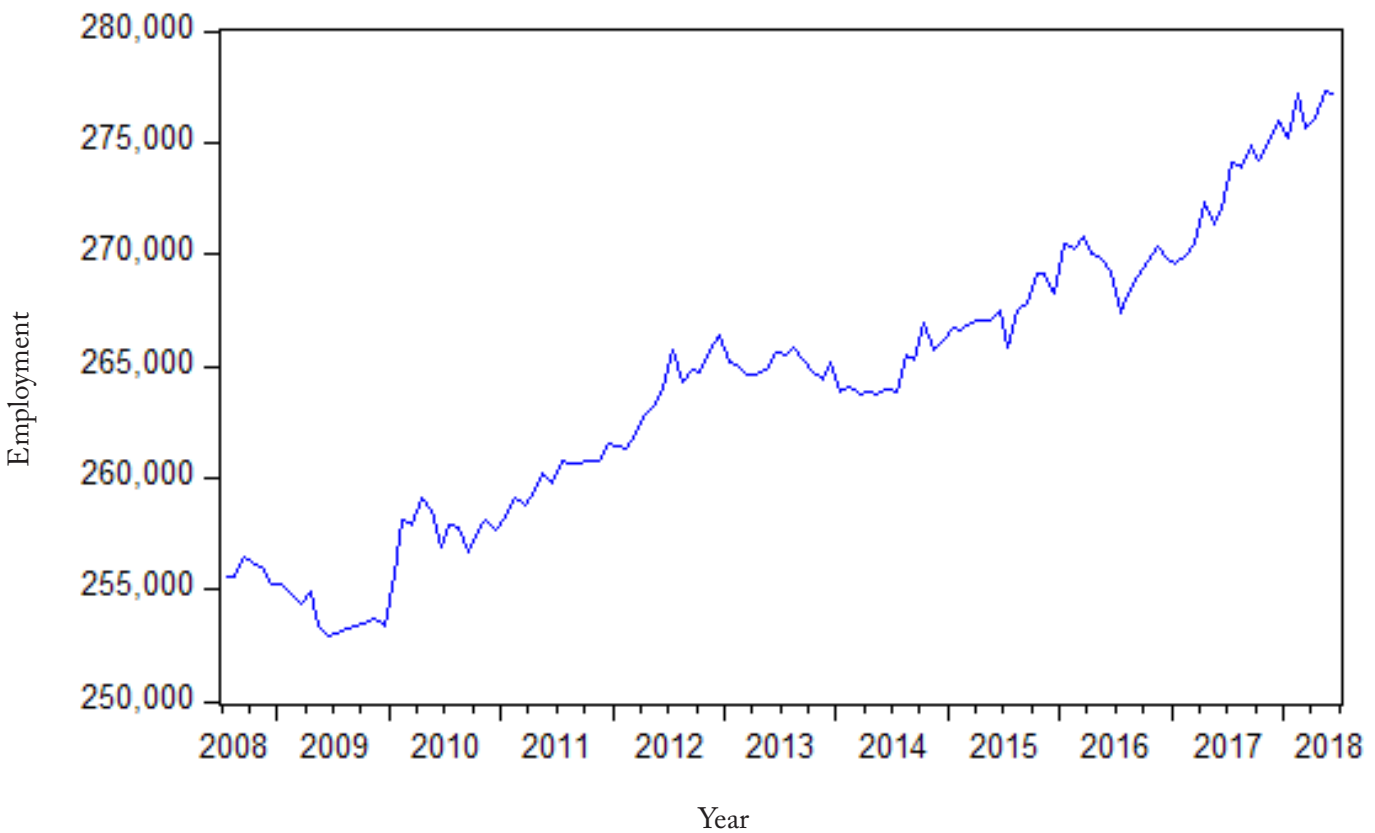


## SOUTHEAST MINNESOTA LABOR MARKET CONDITIONS

Employment of those living in the Southeast Minnesota planning area rose by 1.8 percent over the past year. As shown in the accompanying graph, the 12-month moving average of total employment has been trending upward (with some brief interruptions) since the end of the Great Recession.

Note: seasonally adjusted labor market data are typically not available to evaluate regional economic performance so some series have been created to illustrate seasonal patterns of the regional labor market. Graphs of these indicators are found in this section of the report. Tabular data are not seasonally adjusted.

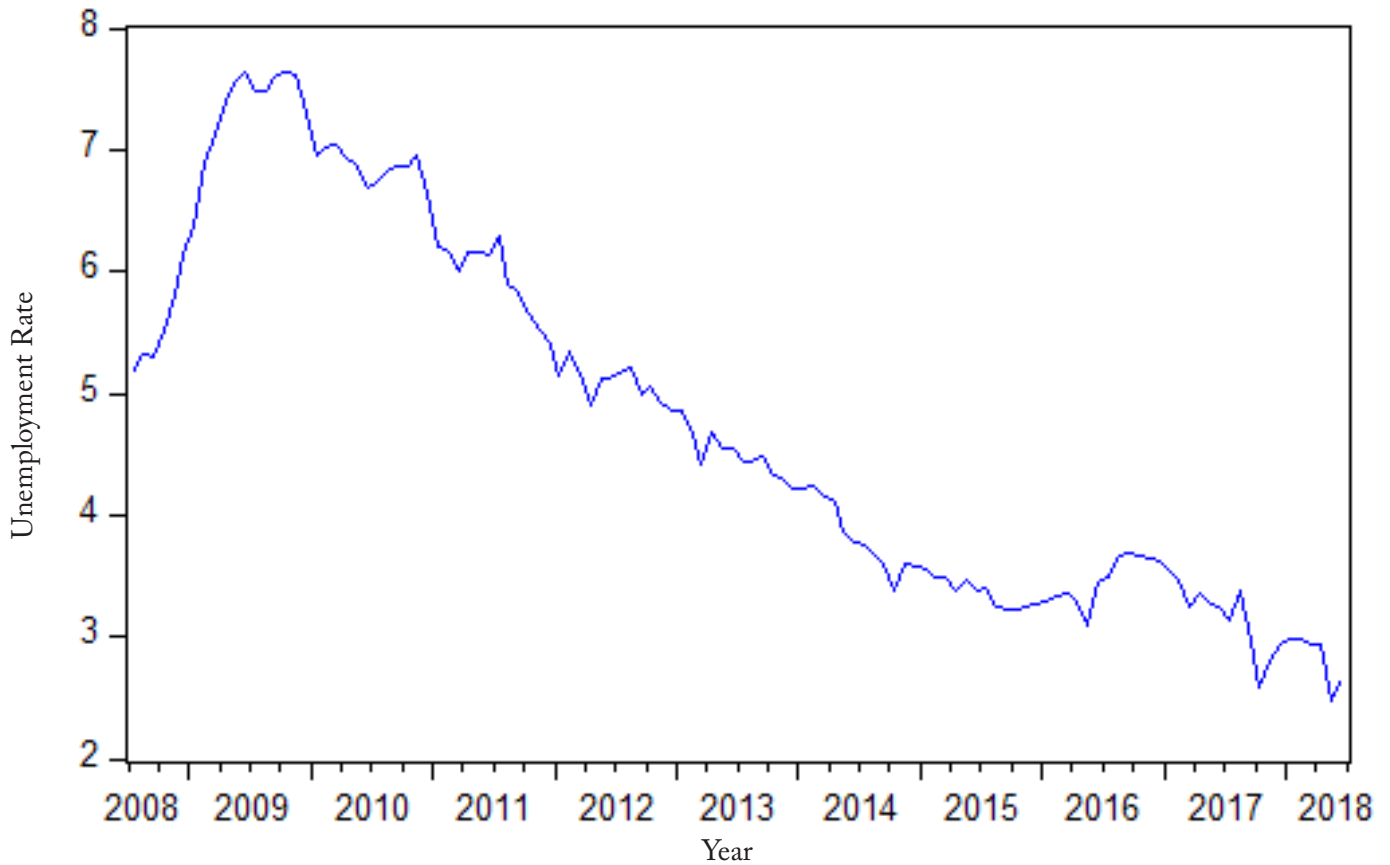
Employment—Southeast Minnesota Planning Area (12-month moving average)



| Month                                | June 2017 | January 2018 | February 2018 | March 2018 | April 2018 | May 2018 | June 2018 |
|--------------------------------------|-----------|--------------|---------------|------------|------------|----------|-----------|
| Employment (Not seasonally adjusted) | 273,567   | 272,069      | 273,450       | 273,828    | 275,109    | 277,588  | 278,568   |

After rising slightly in this year’s first quarter, the seasonally adjusted unemployment rate in Southeast Minnesota once again continued its long-term decline in the second quarter. The non-seasonally adjusted unemployment rate stands at 2.7 percent, well below the 3.4 percent rate observed one year ago.

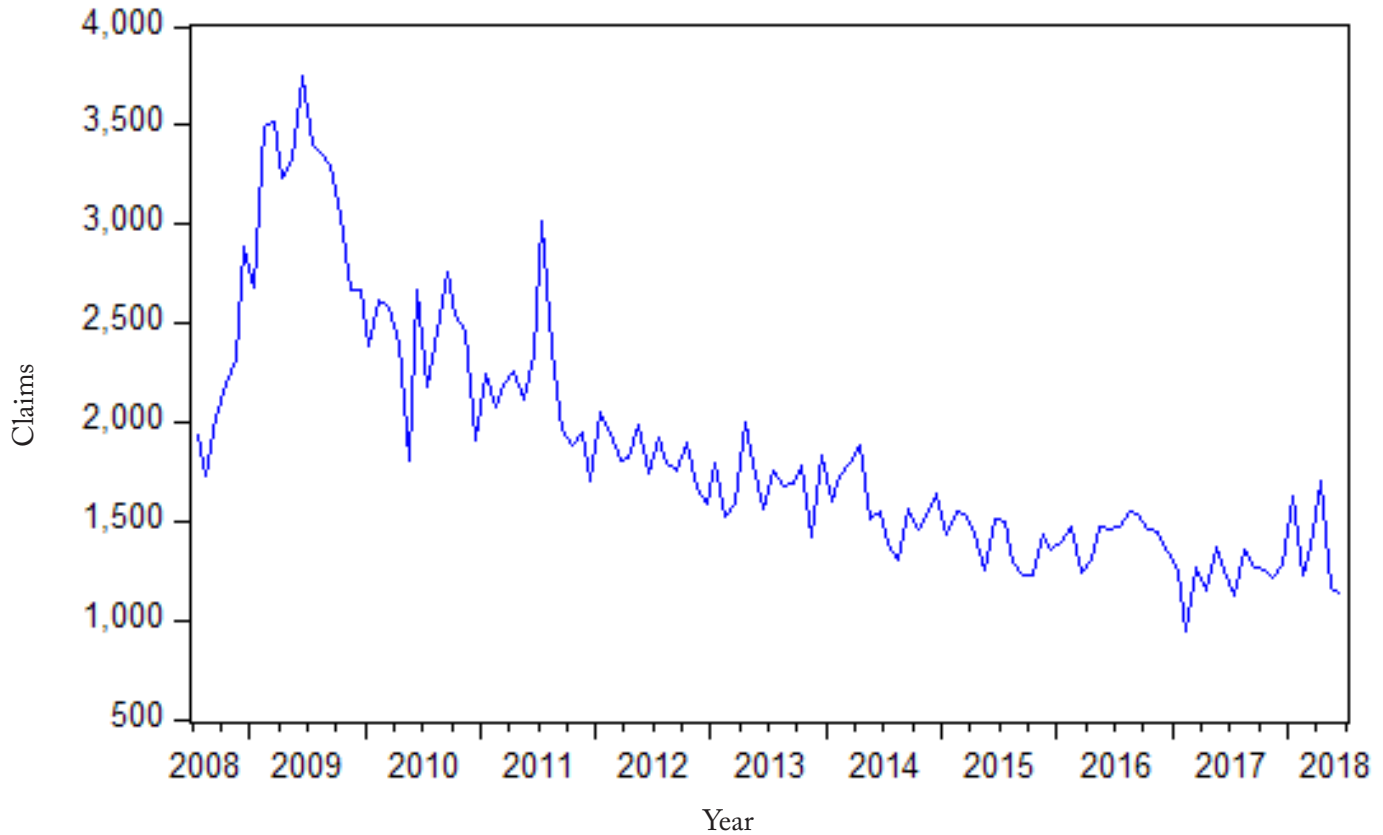
### Unemployment Rate, seasonally adjusted—Southeast Minnesota Planning Area



| Month                                       | June 2017 | January 2018 | February 2018 | March 2018 | April 2018 | May 2018 | June 2018 |
|---|-----------|--------------|---------------|------------|------------|----------|-----------|
| Unemployment Rate (Not seasonally adjusted) | 3.4%      | 3.8%         | 3.7%          | 3.5%       | 2.8%       | 2.3%     | 2.7%      |

New claims for unemployment insurance in June 2018 were 10.6 percent lower than one year earlier. On a seasonally adjusted basis, these claims have leveled out for the last several quarters.

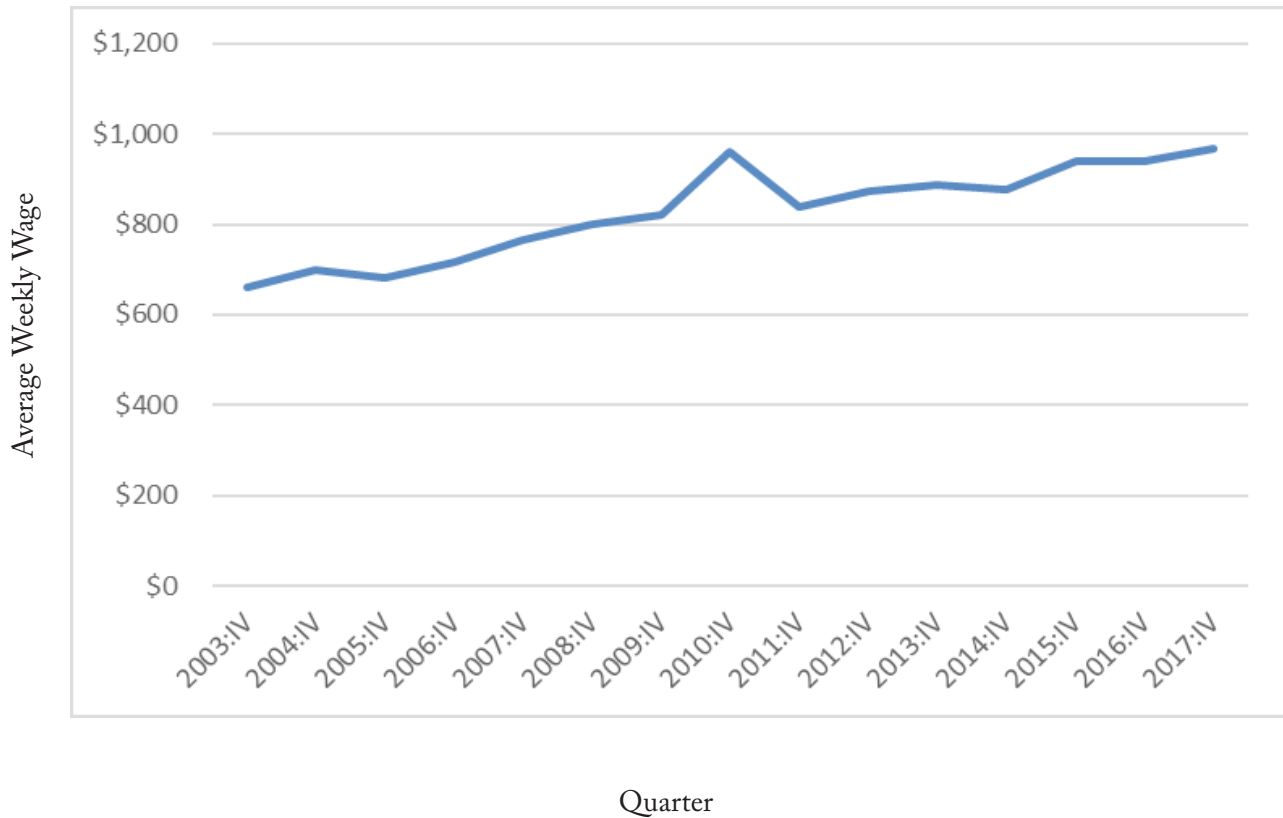
### Total Initial Claims for Unemployment Insurance, seasonally adjusted— Southeast Minnesota Planning Area



| Period                                      | June 2017 | January 2018 | February 2018 | March 2018 | April 2018 | May 2018 | June 2018 |
|---|-----------|--------------|---------------|------------|------------|----------|-----------|
| Initial claims<br>(Not seasonally adjusted) | 1,120     | 2,201        | 1,150         | 1,162      | 1,132      | 930      | 1,001     |

Employers report labor shortages all across the state, which is helping to push up employee compensation. One measure of employee compensation is average weekly wages. In the most recent reporting period, the average weekly wage in the Southeast Minnesota planning area was \$969. This was 3.2 percent higher than one year earlier. Southeast Minnesota has the second highest average weekly wages in the state. Only the Twin Cities has higher average wages.

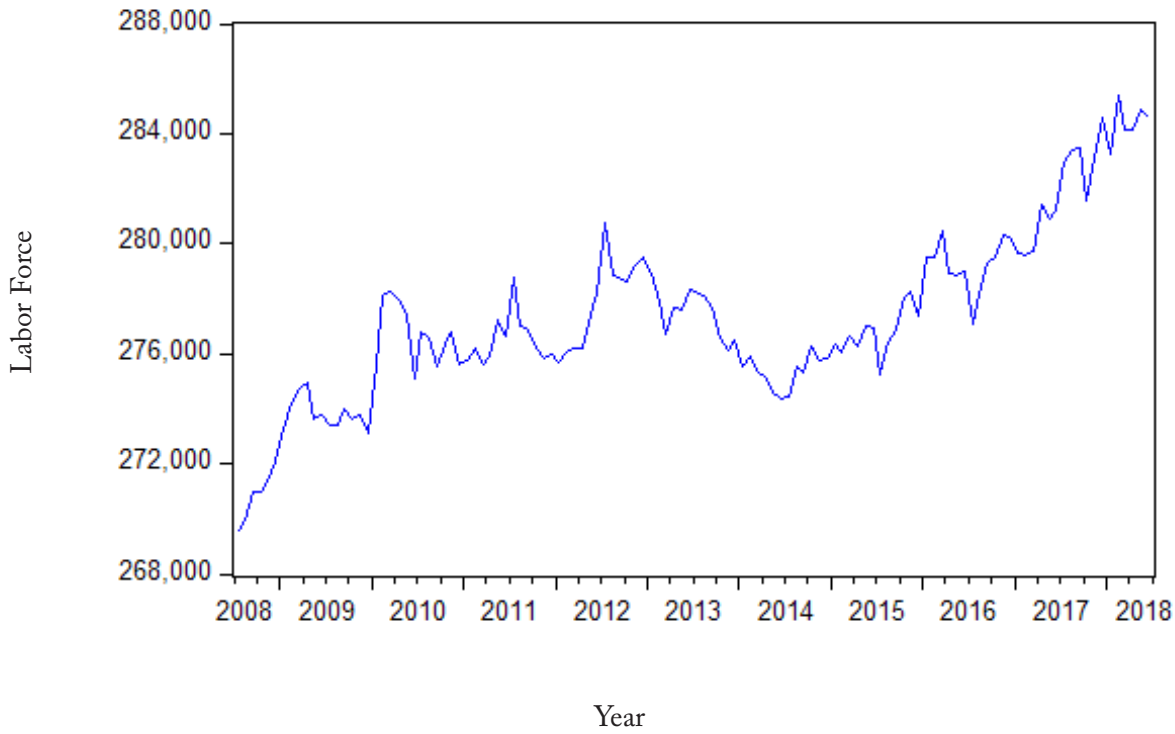
### Average Weekly Wages---Southeast Minnesota Planning Area



| Quarter             | 2012:IV | 2013:IV | 2014:IV | 2015:IV | 2016:IV | 2017:IV |
|---------------------|---------|---------|---------|---------|---------|---------|
| Average Weekly Wage | \$873   | \$887   | \$877   | \$939   | \$939   | \$969   |

The Southeast Minnesota labor force increased by 1.2 percent over the past year. The 12-month moving average of the regional labor force has steadily increased since the beginning of 2014 and is now at its highest level of the past decade.

**Labor Force—Southeast Minnesota Planning Area  
(12-month moving average)**

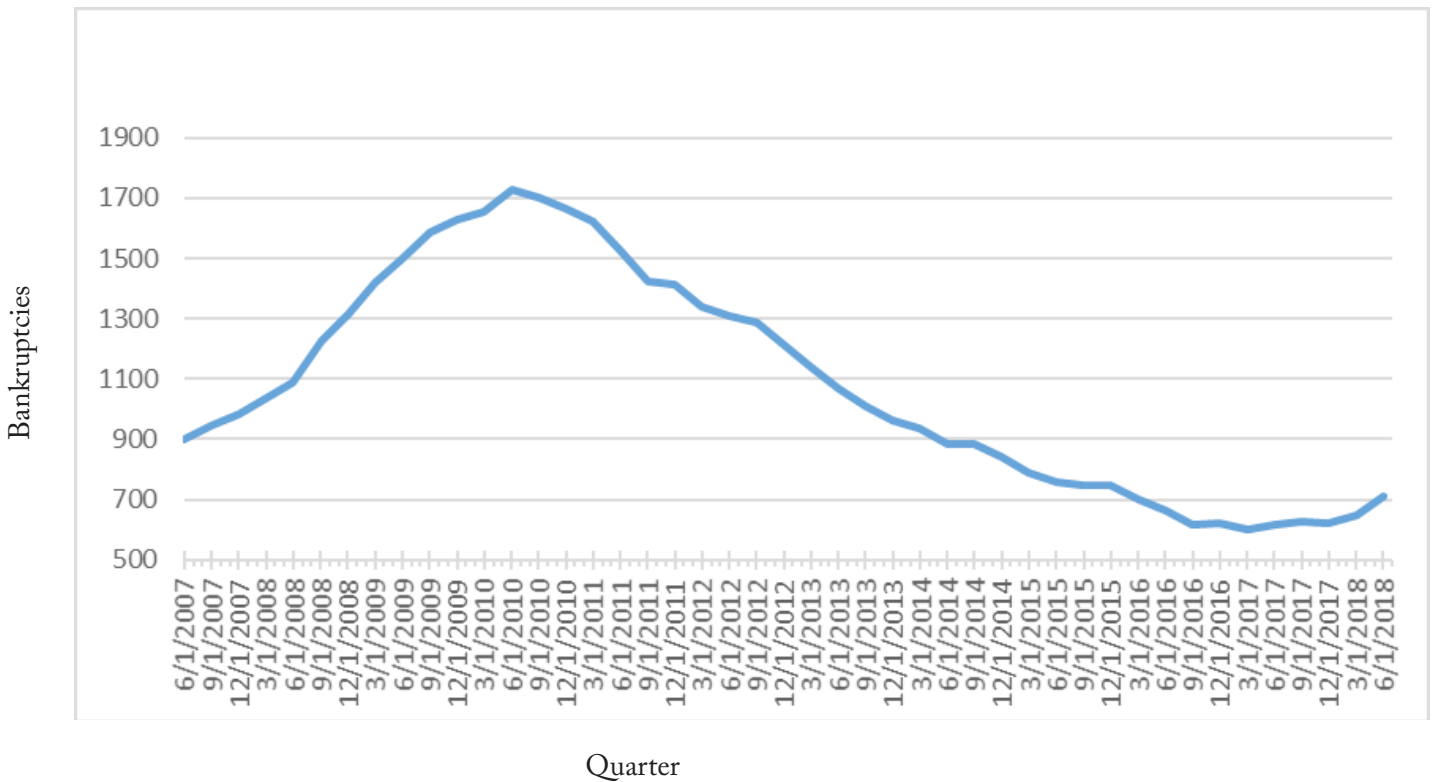


| Year (June)                              | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    |
|--|---------|---------|---------|---------|---------|---------|
| Labor Force<br>(Not seasonally adjusted) | 281,202 | 276,943 | 279,224 | 281,013 | 283,062 | 286,412 |

## SOUTHEAST MINNESOTA BANKRUPTCIES

The figure below shows the 12-month moving total for Southeast Minnesota bankruptcies since the second quarter of 2007 (shortly before the beginning of the Great Recession). As can be seen in the figure, this moving total increased through the second quarter of 2010, and steadily declined until the end of 2016. Annual bankruptcies in this region bottomed out in 2017 and have now started to slowly rise. With 709 bankruptcies over the past twelve months, annual bankruptcies in Southeast Minnesota are now almost 15 percent above their level of one year ago.

Southeast Minnesota Bankruptcies (12-month moving total)



| Year (Second Quarter)                         | 2013  | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------|------|------|------|------|------|
| Annual Bankruptcies (not seasonally adjusted) | 1,068 | 883  | 760  | 662  | 617  | 709  |

## ECONOMIC INDICATORS

| Rochester MSA Indicators                        | Period Covered          | Current Period | Prior Year | Annual Percent Change | Long-Term Average (since 1999, unless noted) |
|---|-------------------------|----------------|------------|-----------------------|--|
| <b>Labor Market</b>                             |                         |                |            |                       |  |
| Employment                                      | June 2018 (m)           | 122,957        | 122,662    | 0.2% ↑                | 1.0%   |
| Manufacturing Employment                        | June 2018 (m)           | 10,870         | 10,930     | -0.5% ↓               | -2.5%  |
| Educational and Health Employment               | June 2018 (m)           | 48,705         | 49,647     | -1.9% ↓               | 2.6%   |
| Average Weekly Work Hours-- Private Sector      | June 2018 (m)           | 33.6           | 34.2       | -1.8% ↓               | 33.1 (since 2007)                            |
| Average Earnings Per Hour-- Private Sector      | June 2018 (m)           | \$36.66        | \$35.28    | 3.9% ↑                | 3.5% (since 2007)                            |
| Unemployment Rate                               | June 2018 (m)           | 2.6%           | 3.1%       | NA ↓                  | 4.1%   |
| Labor Force                                     | June 2018 (m)           | 123,810        | 121,977    | 1.5% ↑                | 0.7%   |
| Initial Jobless Claims                          | June 2018 (m)           | 361            | 452        | -20.1% ↓              | NA   |
| <b>Business Formation</b>                       |                         |                |            |                       |  |
| Total New Business Filings                      | Second Quarter 2018 (q) | 478            | 443        | 7.9% ↑                | 384 (since 2000)                             |
| New Business Incorporations                     | Second Quarter 2018 (q) | 21             | 27         | -22.2% ↓              | 52 (since 2000)                              |
| New Limited Liability Companies                 | Second Quarter 2018 (q) | 302            | 277        | 9.0% ↑                | 185 (since 2000)                             |
| New Assumed Names                               | Second Quarter 2018 (q) | 133            | 119        | 11.8% ↑               | 129 (since 2000)                             |
| New Non-Profits                                 | Second Quarter 2018 (q) | 22             | 20         | 10.0% ↑               | 18 (since 2000)                              |
| Rochester Residential Building Permit Valuation | June 2018 (m)           | 11,820         | 37,555     | -68.5% ↓              | NA   |

(m) represents a monthly series

(q) represents a quarterly series

Southeast Minnesota contains the Rochester MSA, an area that derives much of its employment from the educational and health sector. This sector continues to be a pillar of economic vitality for Rochester (and for Southeast Minnesota). However, year-over-year overall employment in the Rochester area increased by only 0.2 percent in June 2018 and employment in the key education/health sector contracted by 1.9 percent (the long-term average employment growth in this sector is 2.6 percent). Note that the share of employment in Rochester's educational and health sector has increased from 29.1 percent in June 1999 to 39.9 percent today, so this sector is vital to economic growth in the Rochester MSA. The overall number of new business filings rose 7.9 percent as new LLCs increased by 9 percent. The value of residential building permits fell by 68.5% compared to one year ago in the Rochester area and average weekly work hours contracted by 1.8 percent. On the plus side, average hourly earnings were higher, the unemployment rate was lower, the labor force grew, and initial jobless claims fell.



## STATE AND NATIONAL INDICATORS

| MINNESOTA Indicators                          | Jun 2018  | Mar 2018  | Jun 2017  | Change from one quarter ago | Annual Change |
|---|-----------|-----------|-----------|-----------------------------|---------------|
| Nonfarm payroll employment, SA                | 2,962,300 | 2,948,800 | 2,929,000 | 0.5%                        | 1.1%          |
| Average weekly hours worked, private sector   | 34.1      | 33.7      | 34.1      | 1.2%                        | 0%            |
| Unemployment rate, seasonally adjusted        | 3.1%      | 3.2%      | 3.4%      | NA                          | NA            |
| Earnings per hour, private sector             | \$28.78   | \$28.88   | \$27.94   | -0.3%                       | 3.0%          |
| Philadelphia Fed Coincident Indicator, MN     | 135.96    | 134.58    | 131.42    | 1.0%                        | 3.5%          |
| Philadelphia Fed Leading Indicator, MN        | 2.30      | 1.57      | 1.88      | 46.5 %                      | 22.3%         |
| Minnesota Business Conditions Index           | 58.8      | 61.0      | 68.0      | -3.6%                       | -13.5%        |
| Price of milk received by farmers (cwt)       | \$16.20   | \$16.10   | \$17.50   | 0.6%                        | -7.4%         |
| Enplanements, MSP airport, thousands          | 1,753.0   | 1,716.4   | 1,738.8   | 2.1%                        | 0.8%          |
| NATIONAL Indicators                           | Jun 2018  | Mar 2018  | Jun 2017  | Change from one quarter ago | Annual Change |
| Nonfarm payroll employment, SA, thousands     | 148,971   | 148,280   | 146,538   | 0.5%                        | 1.7%          |
| Industrial production, index, SA              | 107.7     | 106.4     | 103.8     | 1.2%                        | 3.8%          |
| Real retail sales, SA (\$)                    | 202,022   | 198,859   | 194,817   | 1.6%                        | 3.7%          |
| Real personal income less transfers, billions | 13,500.6  | 13,418.0  | 13,139.8  | 0.6%                        | 2.7%          |
| Real personal consumption expenditures, bill. | 12,886.2  | 12,759.8  | 12,539.3  | 1.0%                        | 2.8%          |
| Unemployment rate, SA                         | 4.0%      | 4.1%      | 4.3%      | NA                          | NA            |
| New building permits, SA, thousands           | 25,637    | 24,168    | 25,160.4  | 6.1%                        | 1.9%          |
| Standard & Poor's 500 stock price index       | 2,754.4   | 2,702.8   | 2,434.0   | 1.9%                        | 13.2%         |
| Oil, price per barrel in Cushing, OK          | \$67.87   | \$62.73   | \$45.18   | 8.2%                        | 50.2%         |

Most categories of economic performance found in the State and National Indicators table are favorable. For the state as a whole, there was growth in employment, a lower seasonally adjusted unemployment rate, and increased enplanements at the Minneapolis-St. Paul airport. Two of the three indicators series reported in the table are higher. Year-over-year, average hourly earnings rose but weekly work hours were flat. Milk prices continue to fall.

The national economic indicators found in the table are also highly favorable. Stock prices have now rebounded and employment has increased. Real income and consumer expenditures have expanded and the national unemployment rate continues to fall. Industrial production rose and the number of new building permits rose. Oil prices are now 50 percent higher than they were one year ago. The adverse impact of rising oil prices on household budgets is at least partially offset by the benefits of higher crude prices enjoyed in the domestic energy sector.

The Southeast Minnesota Quarterly Economic and Business Conditions Report is a collaboration between the Office of the Minnesota Secretary of State and the School of Public Affairs Research Institute (SOPARI) of St. Cloud State University. All calculations and text are the result of work by SOPARI, which is solely responsible for errors and omissions herein.

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