Northwest Minnesota
Economic and Business Conditions Report
Second Quarter 2017

This issue is part of a series for the six planning areas of Minnesota –
The Northwest Minnesota Planning Area consists of 26 counties:
Becker; Beltrami; Cass; Clay; Clearwater; Crow Wing; Douglas; Grant; Hubbard; Kittson;
Lake of the Woods; Mahnomen; Marshall; Morrison; Norman; Otter Tail; Pennington; Polk;
Pope; Red Lake; Roseau; Stevens; Todd; Traverse; Wadena; and Wilkin.

Office of the Minnesota
Secretary of State

School of Public Affairs
Research Institute
St. Cloud State University

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EXECUTIVE SUMMARY

The Northwest Minnesota planning area economy is expected to experience steady growth over the next several months according to the predictions of the St. Cloud State University Northwest Minnesota Index of Leading Economic Indicators (LEI). Three of the five index components increased as the LEI rose 1.78 points in the second quarter. An increase in the Rural Mainstreet Index (which signals an improving macroeconomic environment for rural America), lower initial jobless claims in the region, and an increase in new filings for LLC and incorporation in Northwest Minnesota all contributed favorably to the second quarter outlook. Weaker residential building permits in Fargo/Moorhead and Grand Forks/East Grand Forks and declining consumer sentiment weighed on the second quarter index.

There were 1,215 new business filings with the Office of the Minnesota Secretary of State in Northwest Minnesota in the second quarter of 2017 — representing an 11.7 percent increase from one year ago. Nearly 2 percent more new regional business incorporations were recorded compared to last year's second quarter. New LLC filings in Northwest Minnesota were up 16 percent from one year earlier—rising to 667. New assumed names totaled 381 in the second quarter—10.1 percent more filings than the same period in 2016. There were 46 new filings for Northwest Minnesota non-profit in the second quarter—two fewer filings than one year ago.

Sixty-four percent of new business filers in the Northwest Minnesota planning area completed the voluntary Minnesota Business Snapshot (MBS) survey in this year's second quarter. Results of this voluntary survey indicate that about 2.4 percent of new filers come from communities of color. Approximately 6.6 percent of new filers in Northwest Minnesota are veterans. Fewer than 1.5 percent of new filers come from the disability community and less than 1 percent of new filings in Northwest Minnesota are made by the immigrant community. Thirty-six percent of new business filings in Northwest Minnesota in this year's second quarter were initiated by women. MBS results also show that most new business filers in Northwest Minnesota have between 0 and $10,000 in annual gross revenues (although 72 new filers have revenues in excess of $50,000). The most popular industries for new businesses in Northwest Minnesota are construction, retail trade, real estate/rental/leasing and other services. Employment levels at most new firms are between 0 and 5 workers, and 46 percent of those starting a new business consider this a part-time activity.

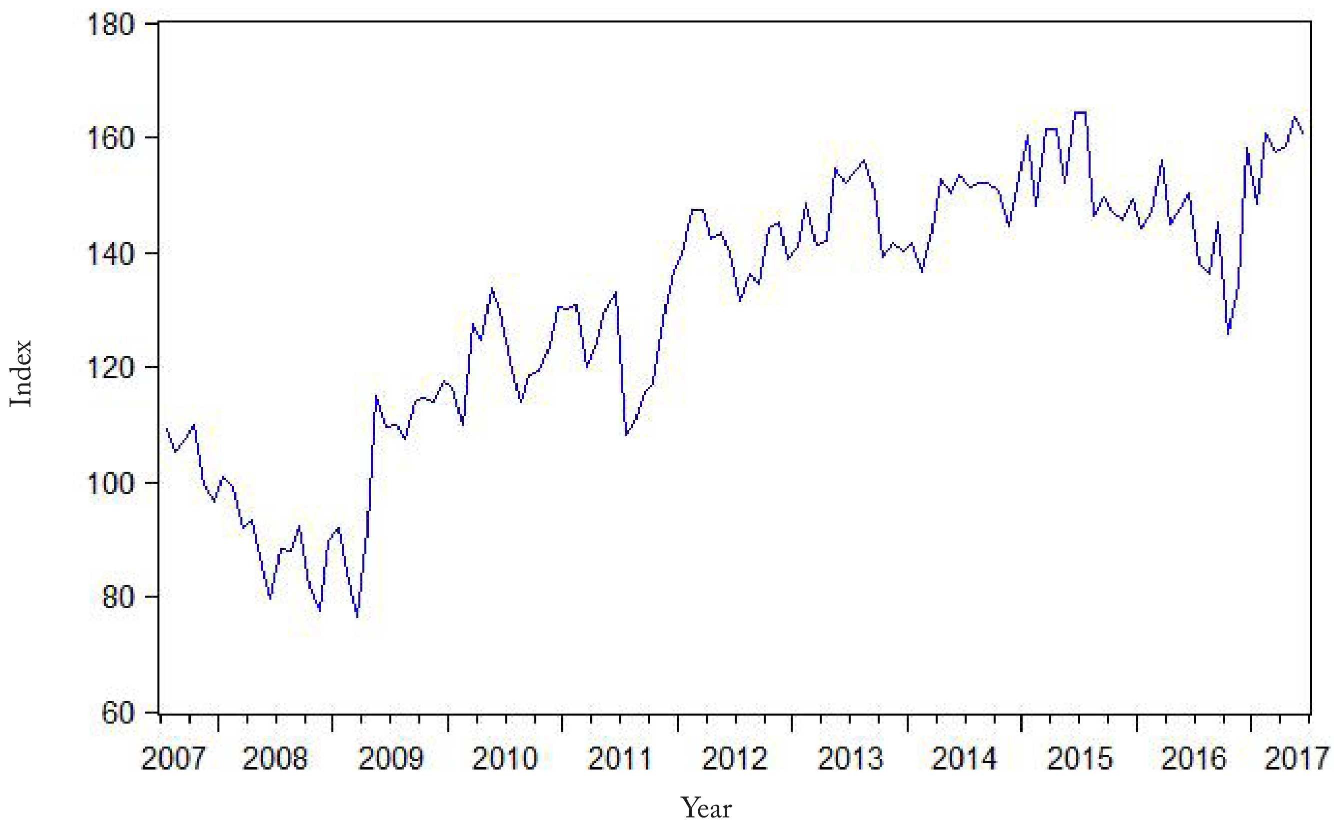
Employment of Northwest Minnesota residents increased by 0.4 percent over the year ending June 2017. The regional unemployment rate was 3.9 percent in June, which was considerably lower than the 4.4 percent rate observed one year ago. The Northwest Minnesota labor force contracted by 0.1 percent over the past twelve months (there are now 269 fewer people in the regional labor force than there was one year ago). Initial claims for unemployment insurance in June 2017 were 19.7 percent lower than one year earlier and the region's average weekly wages flattened out. Northwest Minnesota's total bankruptcies were higher than one year ago.

Economic performance in the Fargo/Moorhead Metropolitan Statistical Area (MSA) was mostly favorable in the past quarter. This MSA tallied gains in overall employment (as well as job gains in the key mining/logging/construction and manufacturing sectors), lower initial jobless claims, a rise in the regional workforce, higher average weekly work hours, increased average hourly earnings, and a lower unemployment rate. The area did experience reduced valuation of residential building permits and a rise in its relative cost of living. **Economic activity in the Grand Forks/East Grand Forks MSA was mixed in the second quarter.** Higher overall employment (including an increase in manufacturing employment), a rising labor force, a lower unemployment rate, and higher average weekly work hours all contributed favorably to regional economic performance. However, the area did see the value of residential building permits contract, initial jobless claims rise, average hourly earnings fall, and employment in the mining/logging/construction sector decline.

NORTHWEST MINNESOTA LEADING ECONOMIC INDICATORS INDEX

The SCSU Northwest Minnesota Leading Economic Indicators (LEI) index is designed to predict performance of the regional economy with a four-to-six month lead time. After declining by a slight 0.44 points in the first three months of the year, the second quarter LEI rose 1.78 points. The index now stands 6.6 percent above its level of the second quarter of 2016. As shown in the accompanying graph, the LEI has been trending upward since the middle part of last year.

SCSU Northwest Minnesota Leading Economic Indicators Index
(December 1999=100)



Components of SCSU Northwest Minnesota Leading Economic Indicators Index

Component of Index	Contribution to LEI, 2nd quarter 2017	Contribution to LEI, 1st quarter 2017
Rural Mainstreet Index	2.93	2.56
Northwest Minnesota initial claims for unemployment insurance	0.88	2.33
Northwest Minnesota new filings of incorporation and LLCs	0.07	-1.01
Fargo-Moorhead + Grand Forks-EGF MSA residential building permits	-1.30	-3.75
Consumer Sentiment, University of Michigan	-0.8	-0.57
TOTAL CHANGE	**1.78**	**-0.44**

The Rural Mainstreet Index from Creighton University uses survey data from rural bankers and business leaders in towns averaging a population of 1,300 in 10 Midwestern states. This series is used as a proxy for economic activity in the rural areas of Northwest Minnesota. As can be seen in the accompanying table, this rural index had a favorable impact on this quarter's index. Reduced initial claims for unemployment insurance also had a positive impact on the LEI this quarter. Because Northwest Minnesota exports many recreational vehicles, consumer sentiment is included as a proxy for demand in that industry. The University of Michigan's Consumer Sentiment Index had a negative impact on the regional outlook in the second quarter. A decrease in residential building permits in Fargo/Moorhead and Grand Forks/East Grand Forks also weighed on the leading index. Higher new filings for incorporation and LLC in Northwest Minnesota helped lift the Northwest LEI.

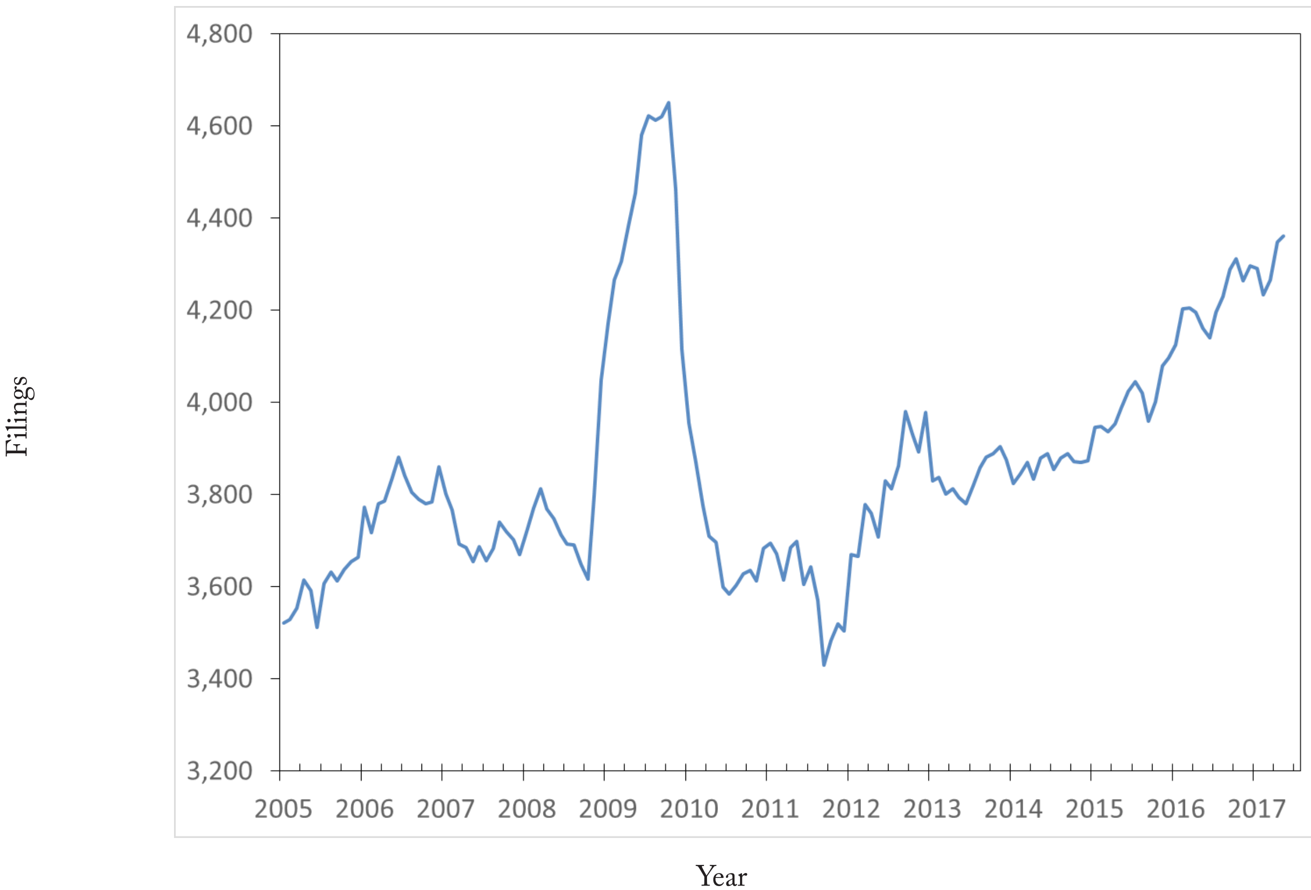
SCSU Northwest Minnesota Leading Economic Indicators Index	2017	2016	Percentage change
Rural Mainstreet Index, Creighton University, June	51.7	44.1	17.2%
Northwest Minnesota initial claims for unemployment insurance, June	1,515	1,705	-11.1%
Northwest Minnesota new filings of incorporation and LLCs, Second Quarter	788	694	13.5%
Fargo-Moorhead and Grand Forks-EGF MSA single-family building permits, June	123	156	-21.2%
Consumer Sentiment, University of Michigan, June	95.1	93.5	1.7%
Northwest Minnesota Leading Economic Indicators Index June (December 1999 = 100)	160.2	150.3	6.6%

NORTHWEST MINNESOTA BUSINESS FILINGS

After flattening out in recent quarters, the 12-month moving total of new business filings in this region resumed its upward trend in the second quarter. Total new filings rose by 11.7% compared to last year's second quarter. 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 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 Northwest Minnesota that are registered with the Office of the Minnesota Secretary of State. This adjustment removes seasonal patterns from the data.

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



Quarter	II: 2016	III: 2016	IV: 2016	I: 2017	II: 2017	2017 Quarter II: Percent change from prior year
Northwest Minnesota Total New Business Filings	1,088	993	958	1,195	1,215	11.7%

New business incorporations trended downward in Northwest Minnesota from 2005 through 2011, but leveled out over the four year period from 2012 through 2015. After rising over the entire year of 2016, this series looks like it has once again begun to flatten out. New business incorporations in this year's second quarter rose by 1.7 percent compared to one year ago.

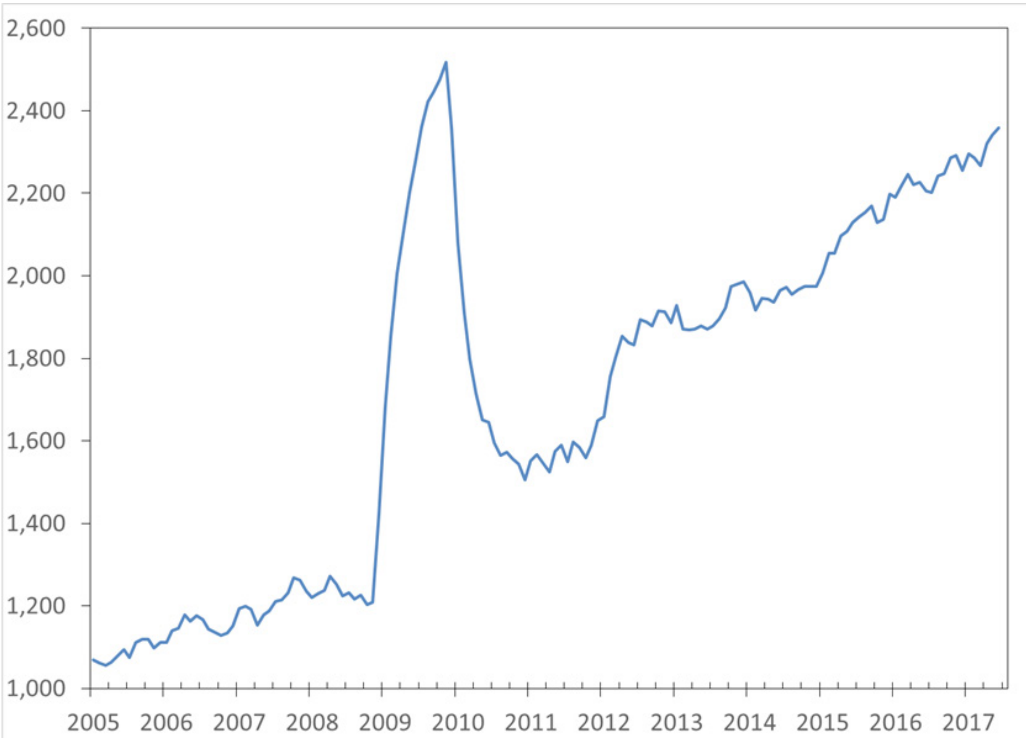
New Incorporations—Northwest Minnesota Planning Area (12-month moving total)

Quarter	II: 2016	III: 2016	IV: 2016	I: 2017	II: 2017	2017 Quarter II: Percent change from prior year
Northwest Minnesota New Business Incorporations	119	121	126	121	121	1.7%

There has been a move in Northwest Minnesota (and the rest 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 Northwest Minnesota, LLCs are increasingly useful in evaluating regional economic performance. As seen below, there has been a considerable upward trend in LLCs in Northwest Minnesota. With the exception of the outlier period in 2008–2009, new LLC formation has shown a fairly steady rate of growth over the last eleven years. This strong trend continued in the second quarter of 2017 as LLC filings surged by 16 percent compared to the same period in 2016.

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

Filings

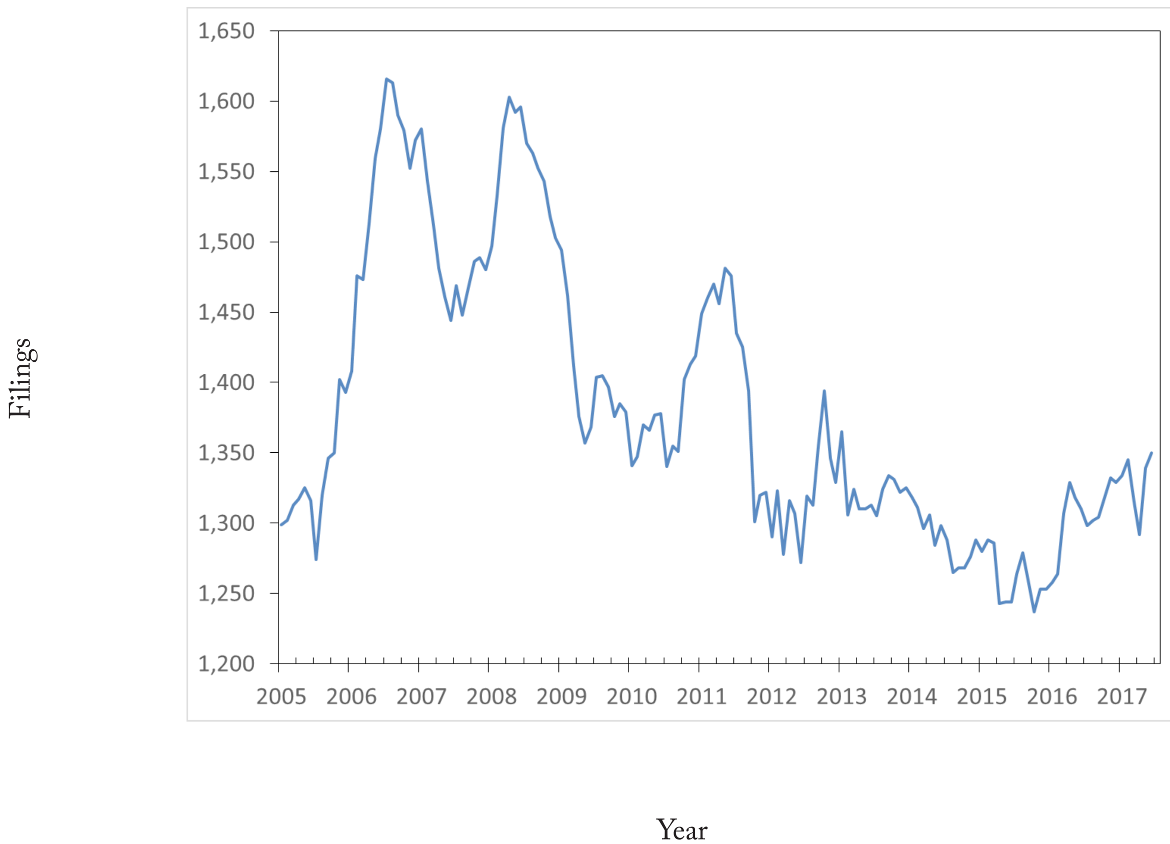


Year

Quarter	II: 2016	III: 2016	IV: 2016	I: 2017	II: 2017	2017 Quarter II: Percent change from prior year
Northwest Minnesota New Limited Liability Companies	575	530	511	651	667	16.0%

Assumed names, which include sole proprietors or organizations that do not have limited liability, rose by 10.1 percent compared to the same period last year. The 12 month moving total suggests this series bottomed out at the end of 2015 and has generally risen since that time.

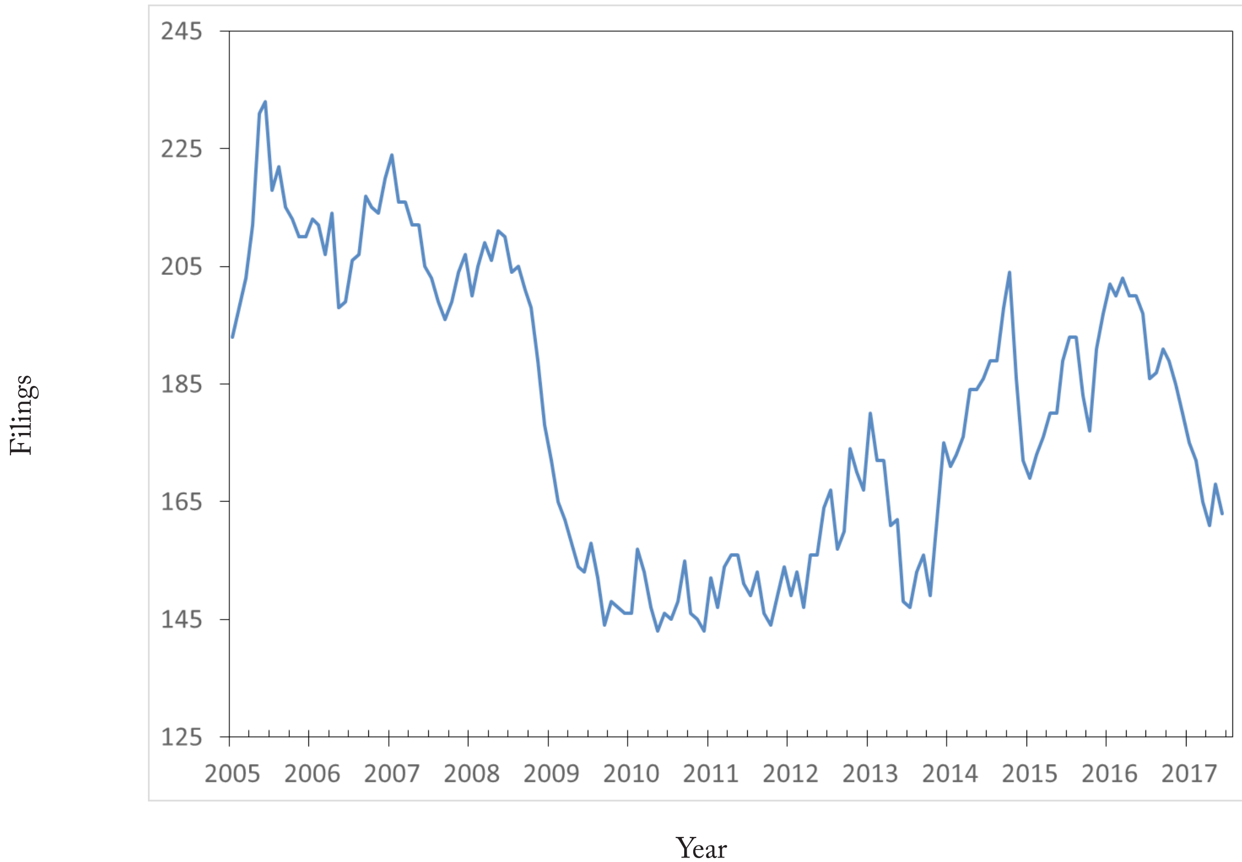
New Assumed Names—Northwest Minnesota Planning Area (12-month moving total)



Quarter	II: 2016	III: 2016	IV: 2016	I: 2017	II: 2017	2017 Quarter II: Percent change from prior year
Northwest Minnesota New Assumed Names	346	302	284	383	381	10.1%

The number of new non-profits in the Northwest Minnesota planning area was 46 in the second quarter. This was two fewer filings (a 4.2 percent decline) than one year earlier.

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



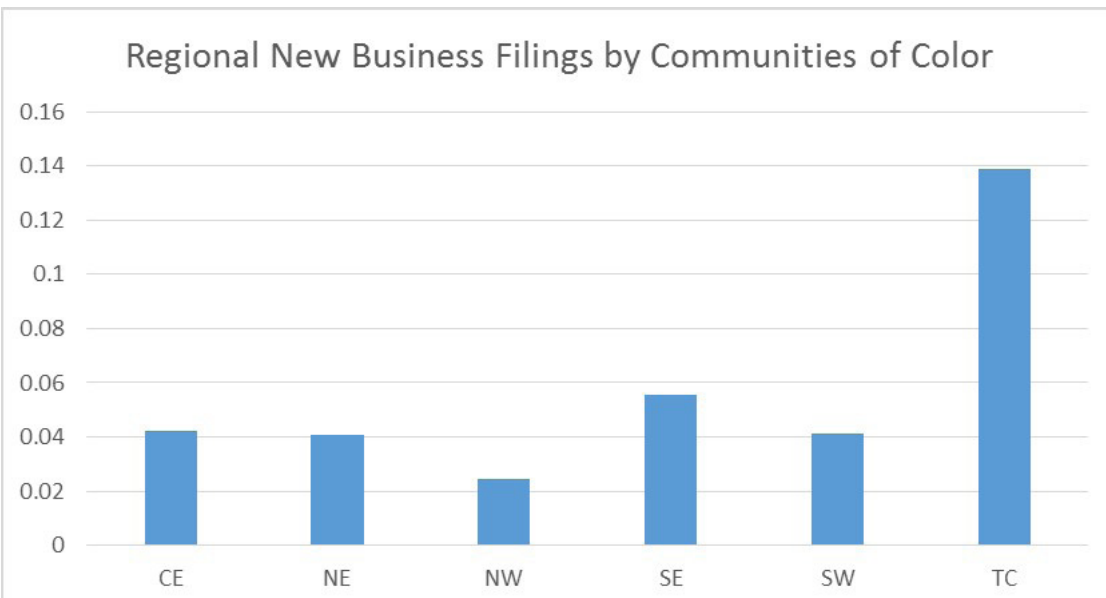
Quarter	II: 2016	III: 2016	IV: 2016	I: 2017	II: 2017	2017 Quarter II: Percent change from prior year
Northwest Minnesota New Non-Profits	48	40	37	40	46	-4.2%

MINNESOTA BUSINESS SNAPSHOT SURVEY RESULTS

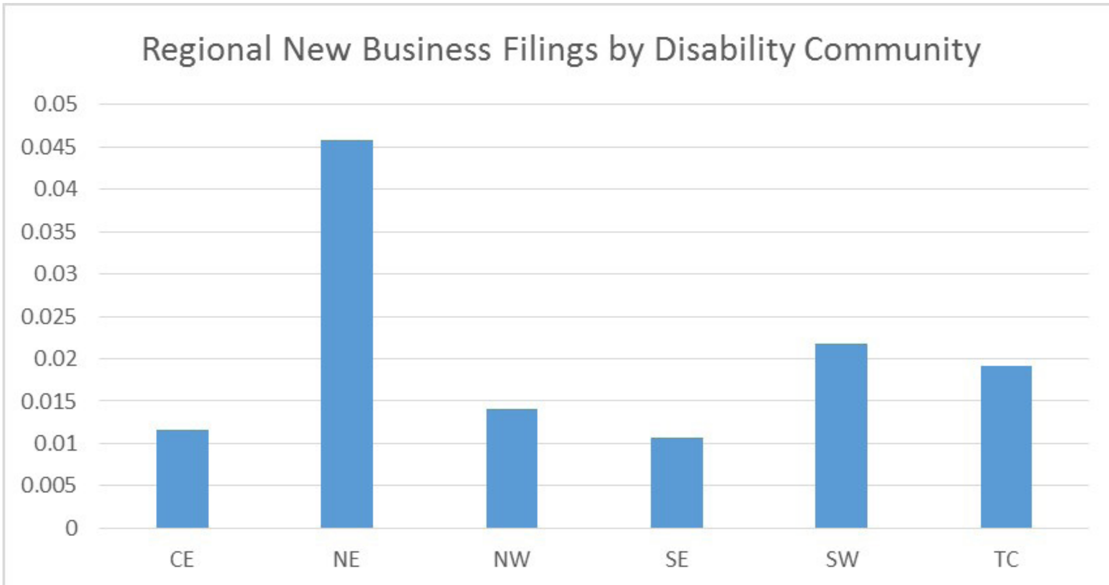
In Fall 2016, the Office of the Minnesota Secretary of State initiated a short voluntary survey (known as Minnesota Business Snapshot) for both new and continuing business filers. Questions found in the survey address basic questions related to the background of business filers, industry classification, 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 the 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 2017 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 Northwest Minnesota, about 64 percent of new business filers completed at least some portion of the MBS survey. The results are reported in this section.

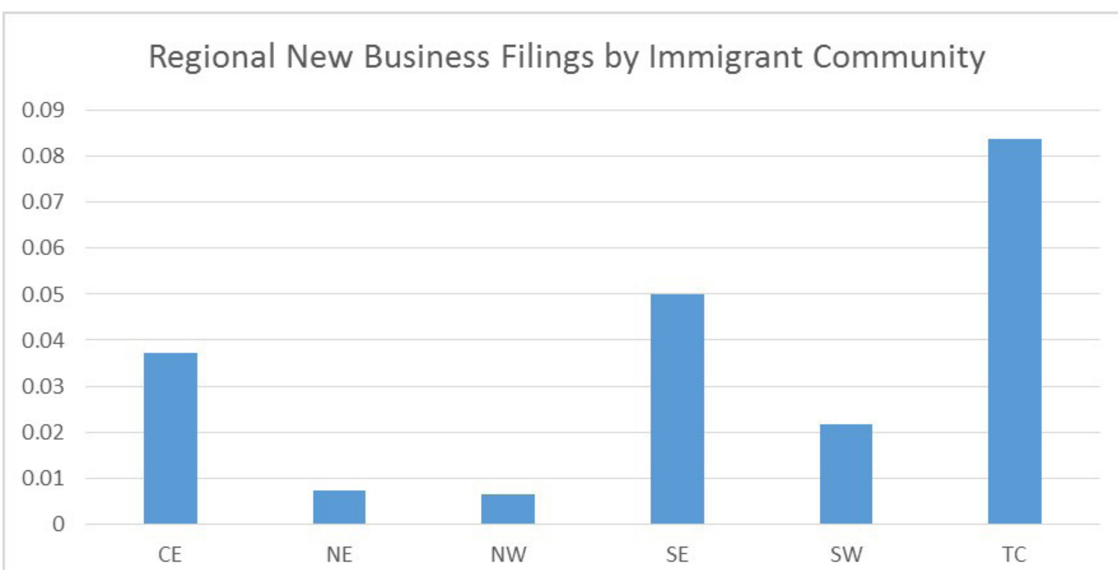
About 2.5 percent of those new filers completing the MBS from the Northwest Minnesota planning area report being from a community of color. This is a considerably lower percentage than in the Twin Cities, and is the lowest of Minnesota's six planning areas.



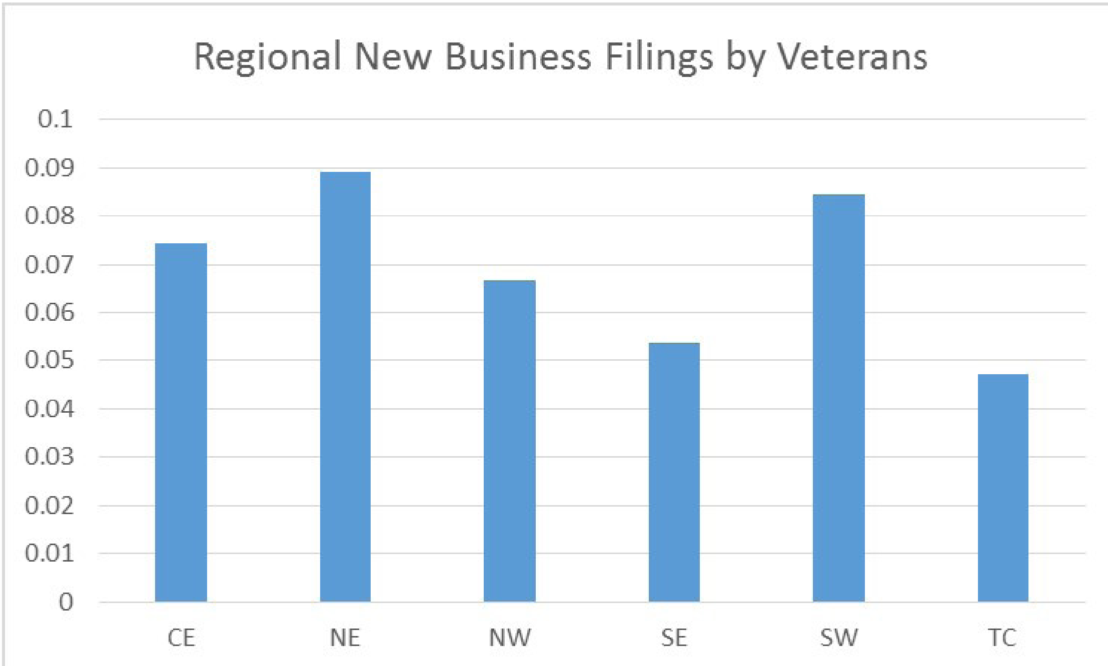
A small percentage of Northwest Minnesota's new filers—approximately 1.4 percent—are from the disability community.



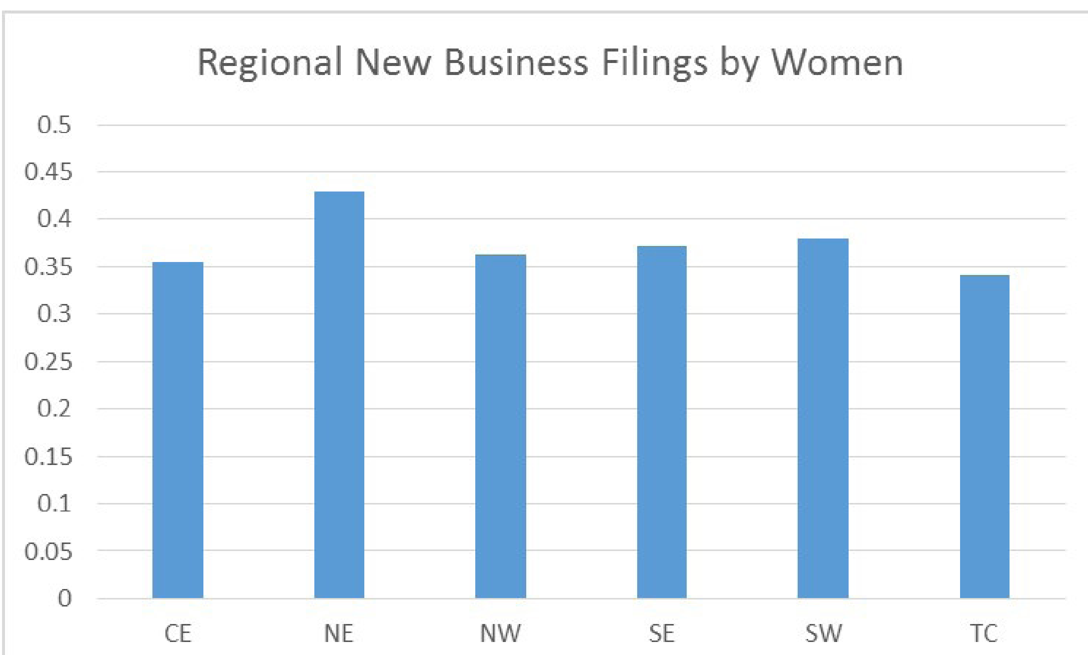
Less than 1 percent of new business filings in Northwest Minnesota come from the immigrant community. This is also the lowest percentage of Minnesota's six planning areas.



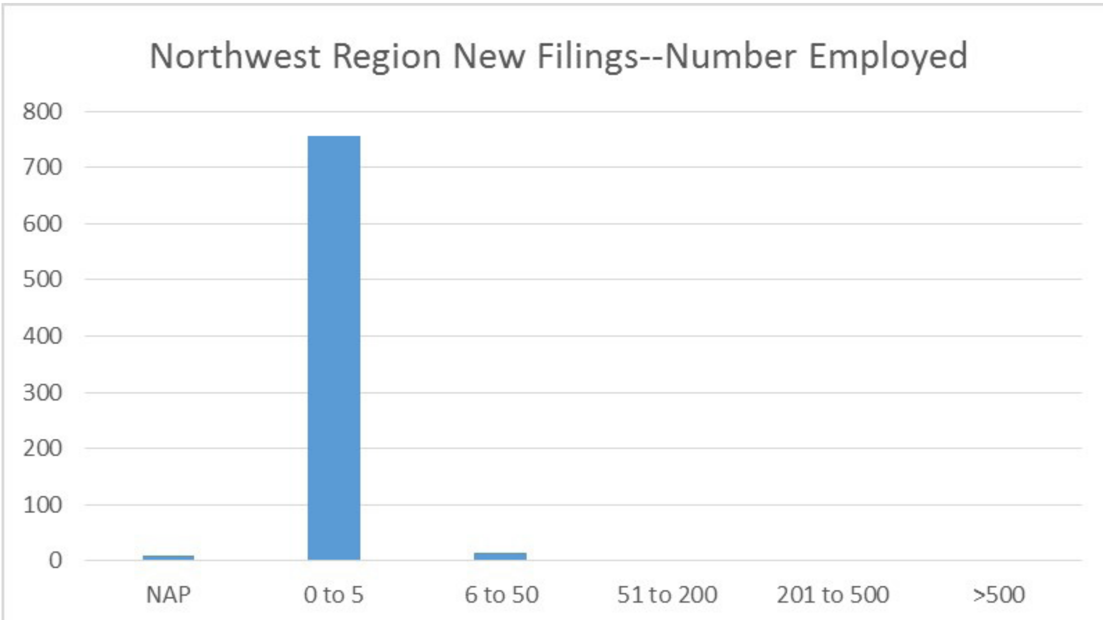
More than 6.5 percent of new filings in Northwest Minnesota come from military veterans.



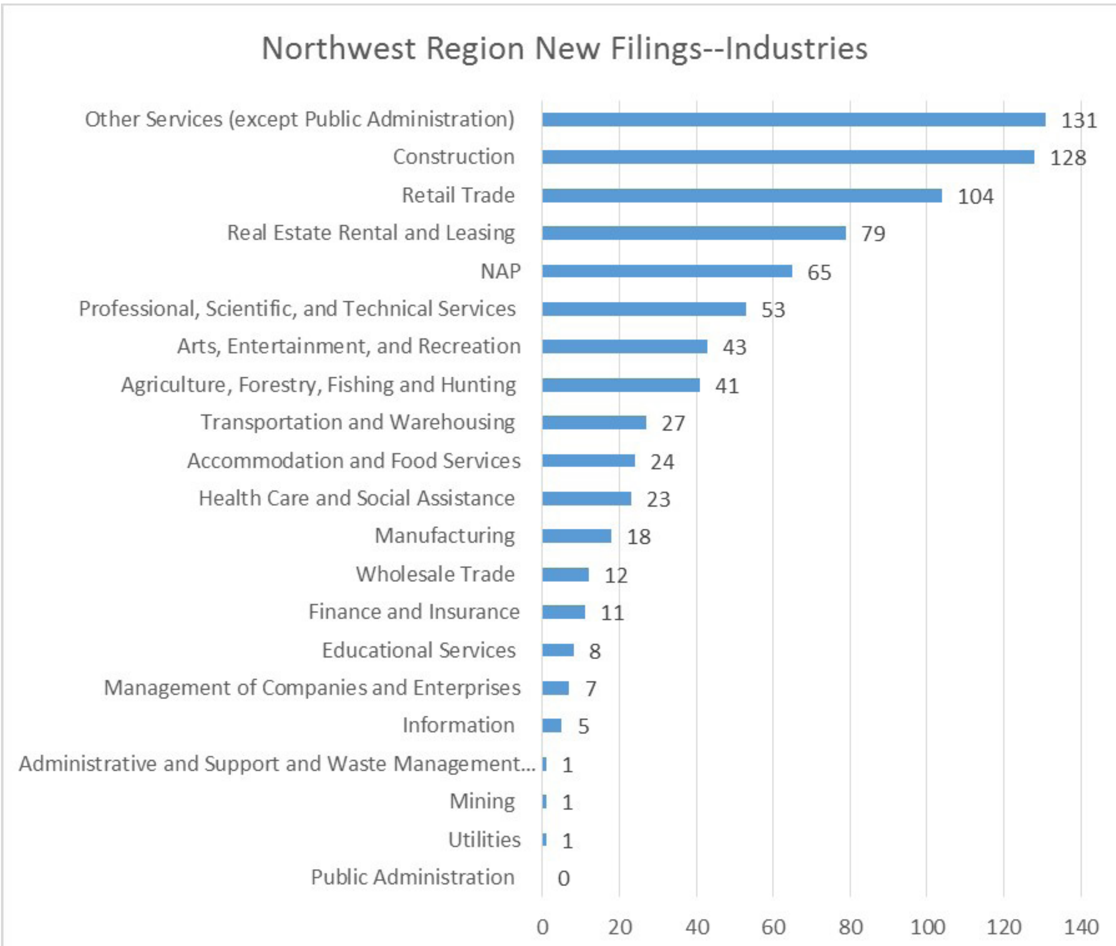
Woman owners represented approximately 36 percent of the new business filings in Northwest Minnesota in the second quarter of 2017.



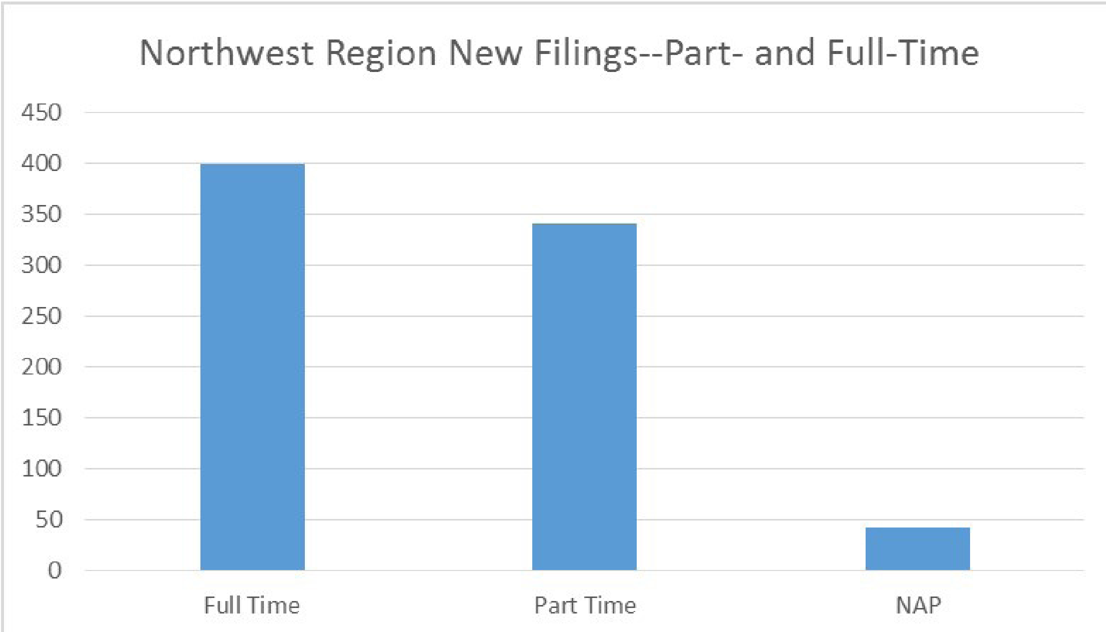
While not all of those participating in the survey completed all portions of the Minnesota Business Snapshot (those not responding to a particular question are represented in this section by "NAP"—no answer provided), 772 responses were tallied to a question asking the new business filer to indicate 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.



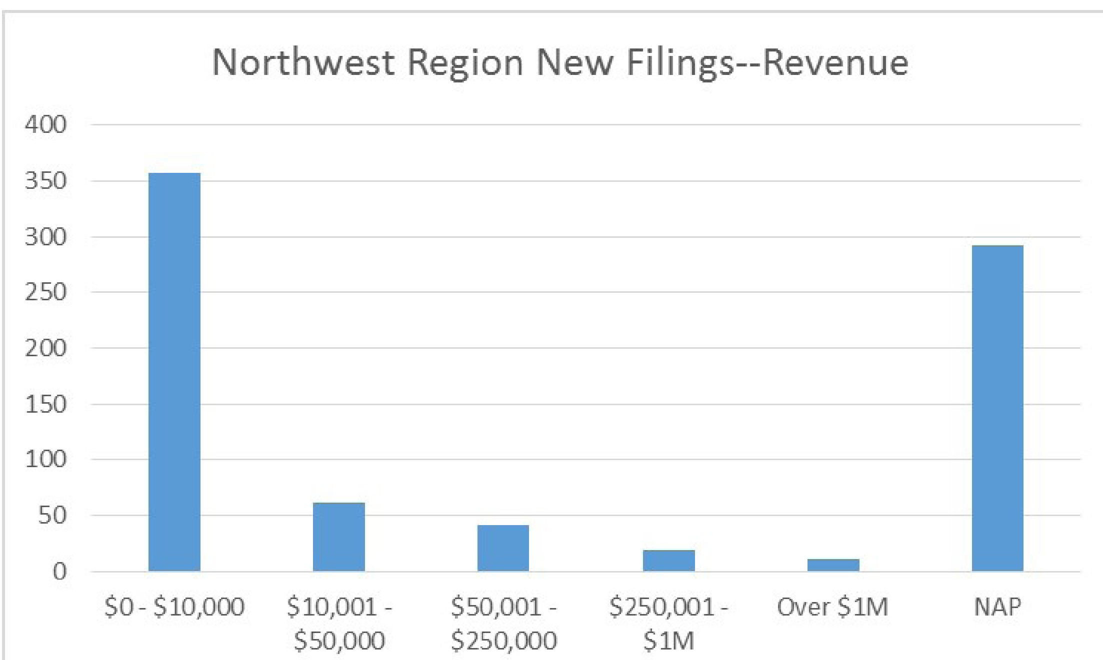
Using the North American Industry Classification System (NAICS), businesses submitting new filings were asked to identify the industry in which their company was operating. While a range of industries were reported, construction, retail trade, real estate/rental/leasing, and "other services" lead the 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. Professional/scientific/technical services, arts/entertainment/recreation, and agriculture/forestry/fishing/hunting industries are also well represented in the sample. Sixty-five new firms did not provide an answer to this survey item (see "NAP")



Forty-six percent of those submitting a new business filing in Northwest Minnesota consider their business a part-time venture.



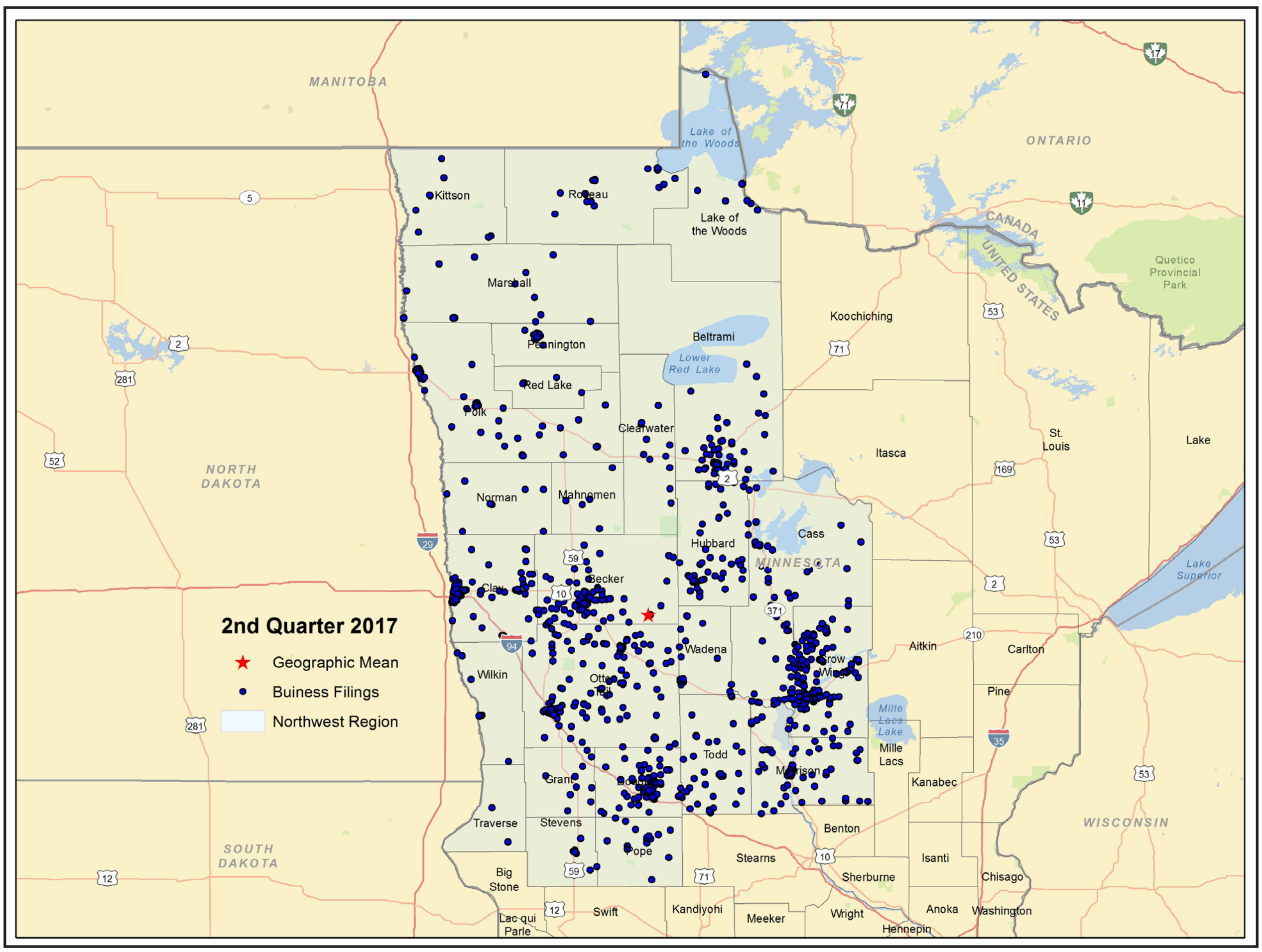
Nearly 300 new business filers in Northwest Minnesota did not provide an answer to the MBS item that asked them to report the company's revenue. Of those businesses that answered the question, the largest share report revenues of less than $10,000. Seventy-two new firms report revenues in excess of $50,000.



MAPS

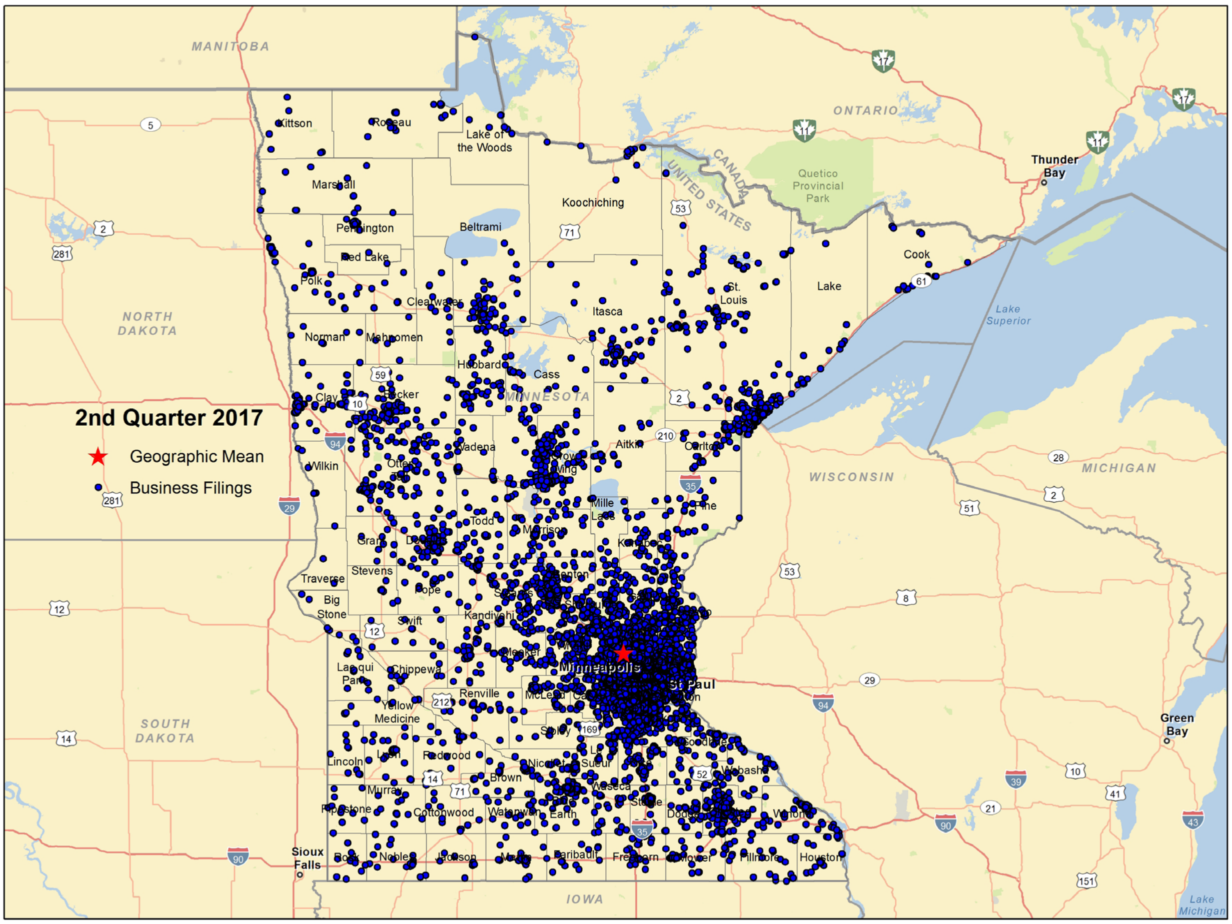
The first map shown below is a visual representation of new business formation around the Northwest Minnesota planning area in the second quarter of 2017. As has typically been the case, the densest areas of new business formation are in the Alexandria, Brainerd, Bemidji, Fergus Falls, and Moorhead areas. The map demonstrates that most of the new business formation in this region occurs in the southern half of the planning area. Well-traveled roadways are also a predictor of new business formation in Northwest Minnesota.

Northwest Minnesota Planning Area--New Business Formation--Quarter 2: 2017



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. The importance of Interstates 90 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: 2017

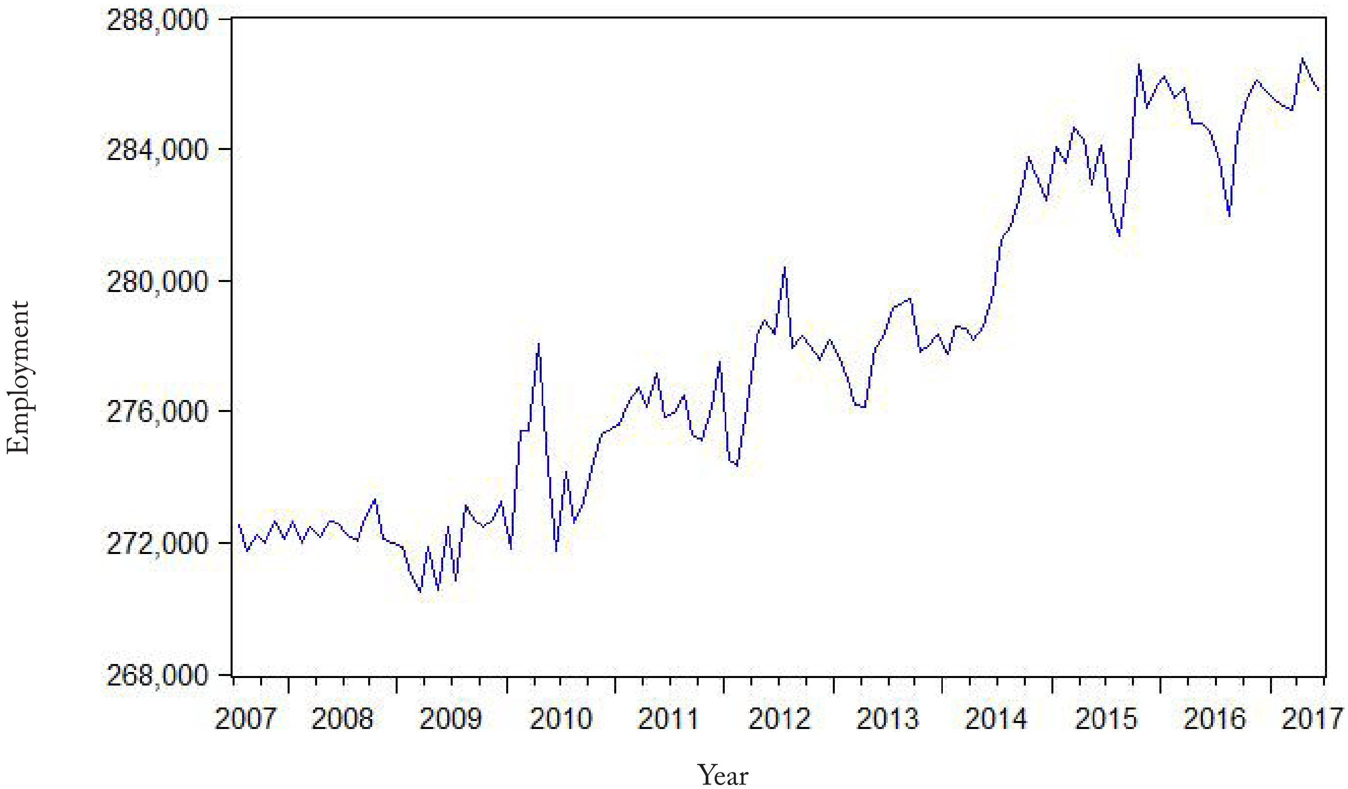


NORTHWEST MINNESOTA LABOR MARKET CONDITIONS

Employment in the Northwest Minnesota planning area rose by 0.4 percent over the year ending June 2017. As can be seen in the accompanying graph, the 12-month moving average of total employment in the Northwest Minnesota planning area has been rising since the end of 2016.

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—Northwest Minnesota Planning Area (12-month moving average)



Month	June 2016	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017
Employment (Not seasonally adjusted)	290,413	279,163	277,866	280,203	284,867	288,640	291,572

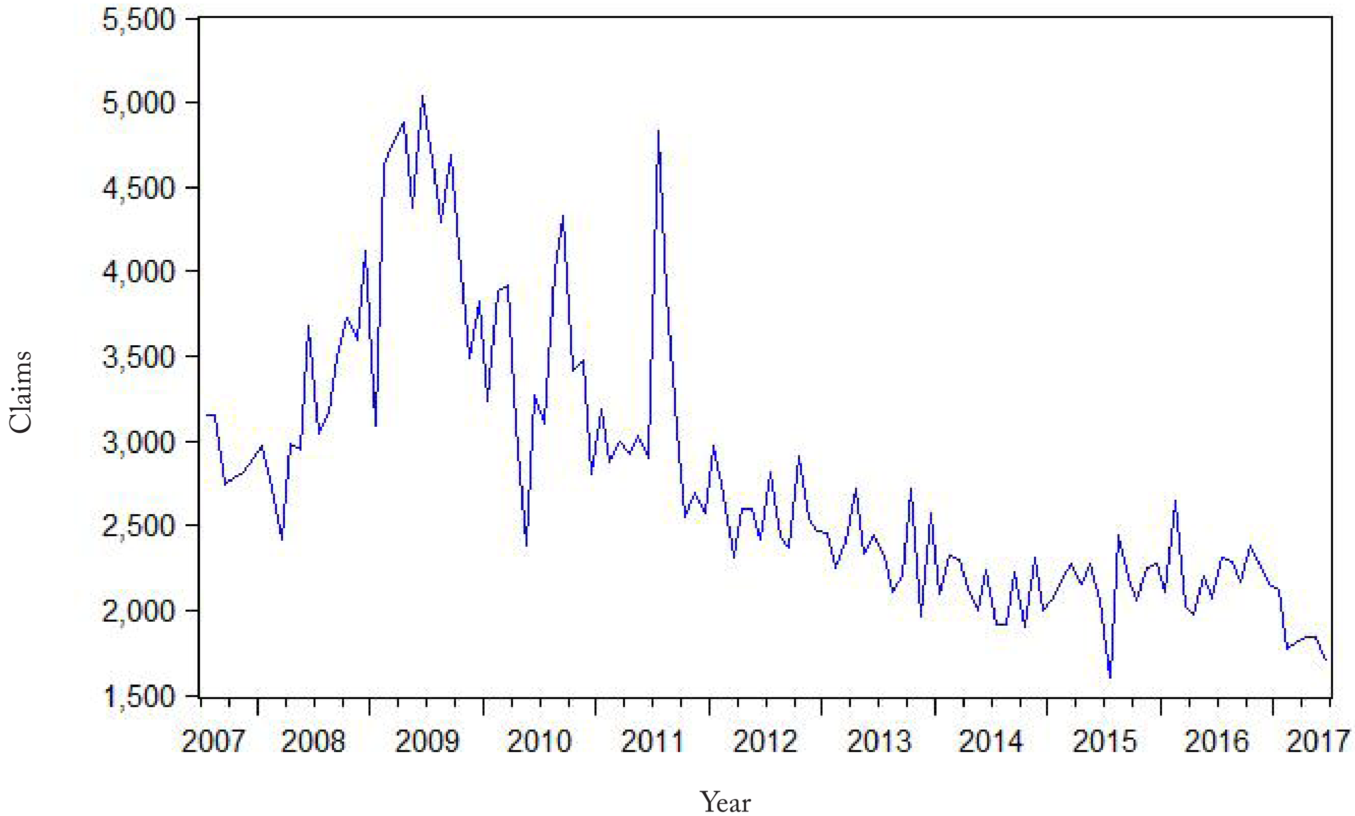
After bottoming out in the third quarter of 2014, the seasonally adjusted unemployment rate in the region had leveled out until rising in 2016. However, the region's seasonally adjusted unemployment rate has been declining in 2017, and the non-seasonally adjusted unemployment rate is now 3.9 percent—considerably lower than the 4.4 percent rate tallied in June 2016.

Unemployment Rate, seasonally adjusted—Northwest Minnesota Planning Area

Month	June 2016	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017
Unemployment Rate (Not seasonally adjusted)	4.4%	7.4%	6.9%	6.3%	4.9%	3.7%	3.9%

New claims for June 2017 unemployment insurance were 19.7 percent lower than one year earlier. Seasonally adjusted jobless claims appear to have declined since the end of 2016.

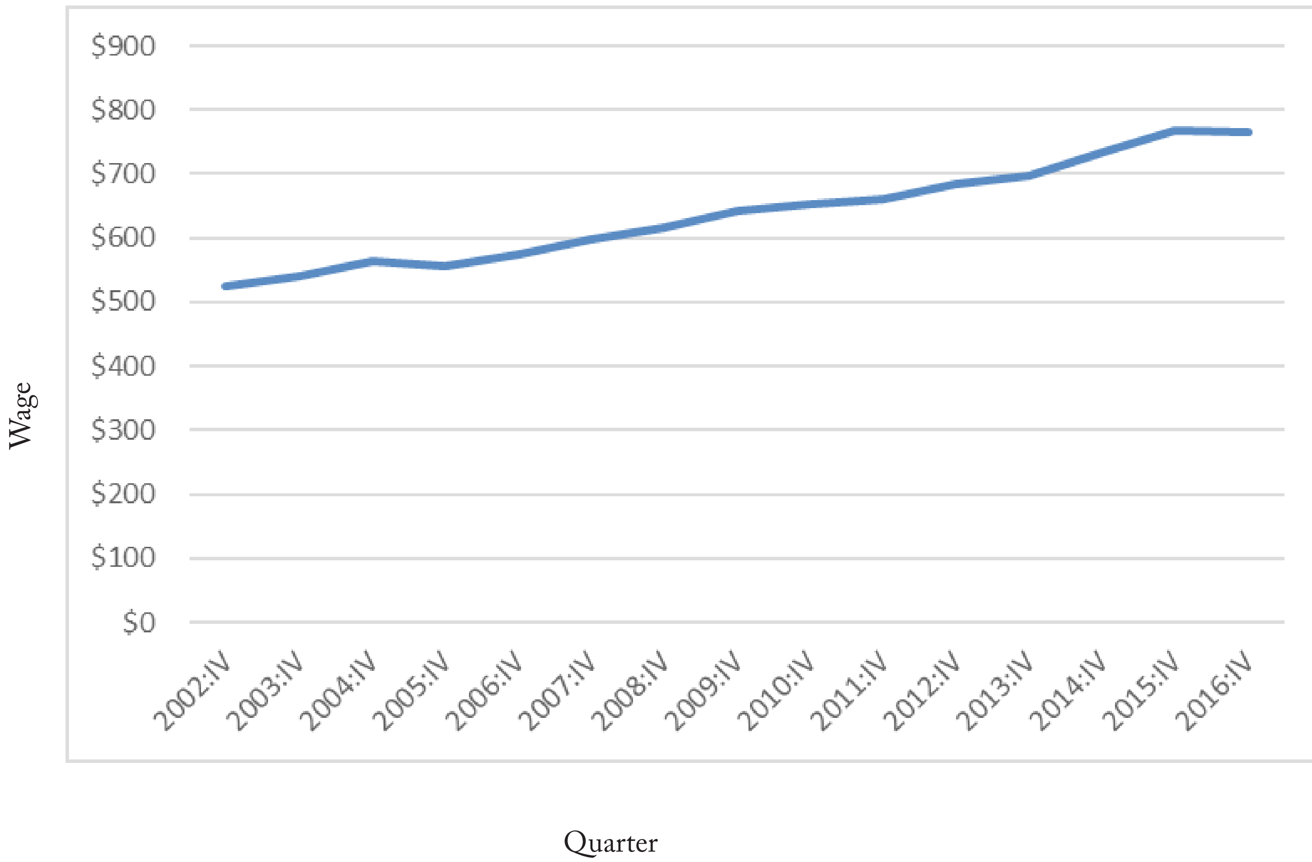
Total Initial Claims for Unemployment Insurance, Seasonally Adjusted—Northwest Minnesota Planning Area



Period	June 2016	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017
Initial claims (Not seasonally adjusted)	1,302	2,492	1,342	1,515	1,218	1,352	1,046

Average weekly wages in Northwest Minnesota were slightly lower in last year's fourth quarter than they were one year earlier. This same pattern is observed in all of Minnesota's other planning areas. Wage pressures resulting from labor shortages around the state would seem to call into question whether declining wages are actually being observed in Minnesota's six planning areas. It seems possible that these figures will be revised as more information becomes available.

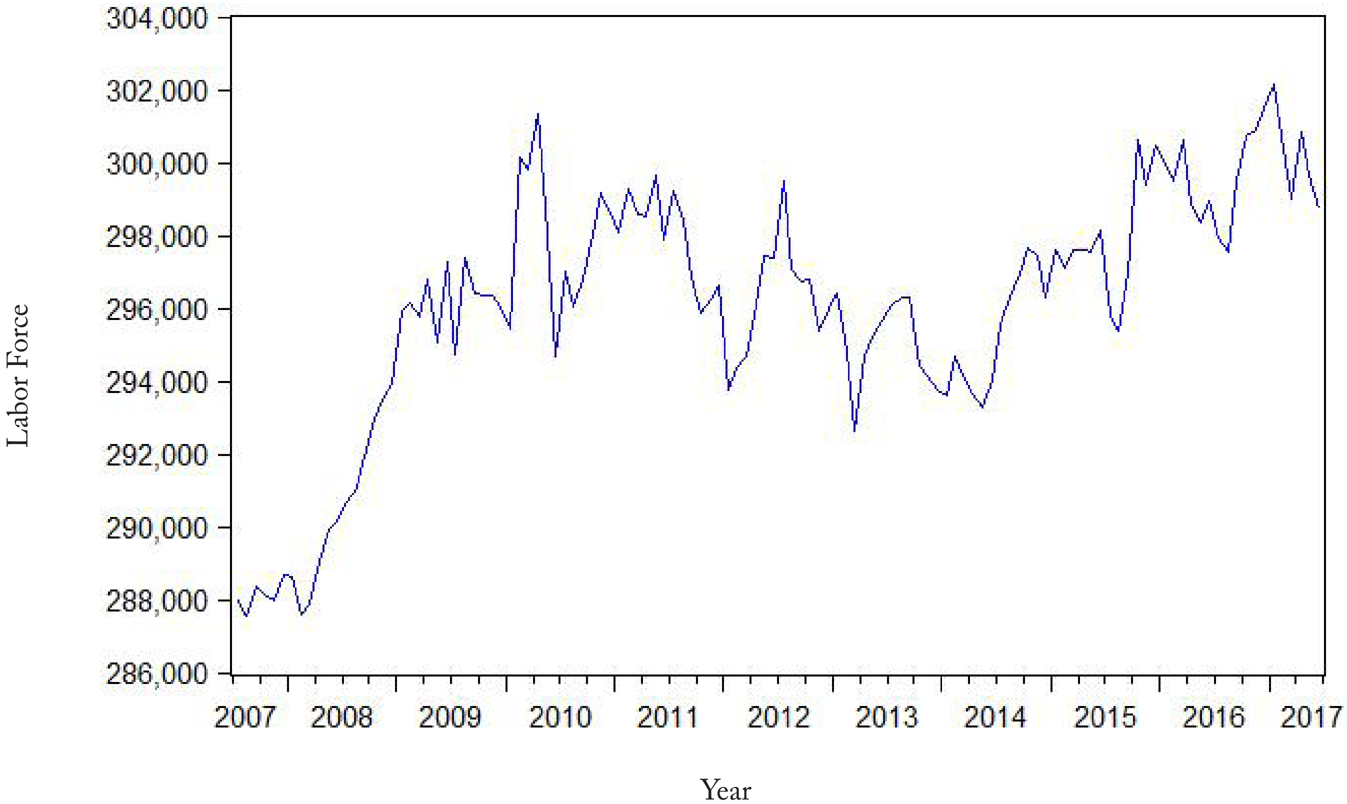
Average Weekly Wages----Northwest Minnesota Planning Area



Quarter	2011:IV	2012:IV	2013:IV	2014:IV	2015:IV	2016:IV
Average Weekly Wage	$661	$685	$698	$734	$768	$766

The Northwest Minnesota labor force contracted over the year ending June 2017. At 303,520 the regional labor force is now 269 smaller (representing a 0.1 percent decrease) than one year earlier. The northwest and southwest planning areas are the only regions to experience a year-over-year decline in their workforce.

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

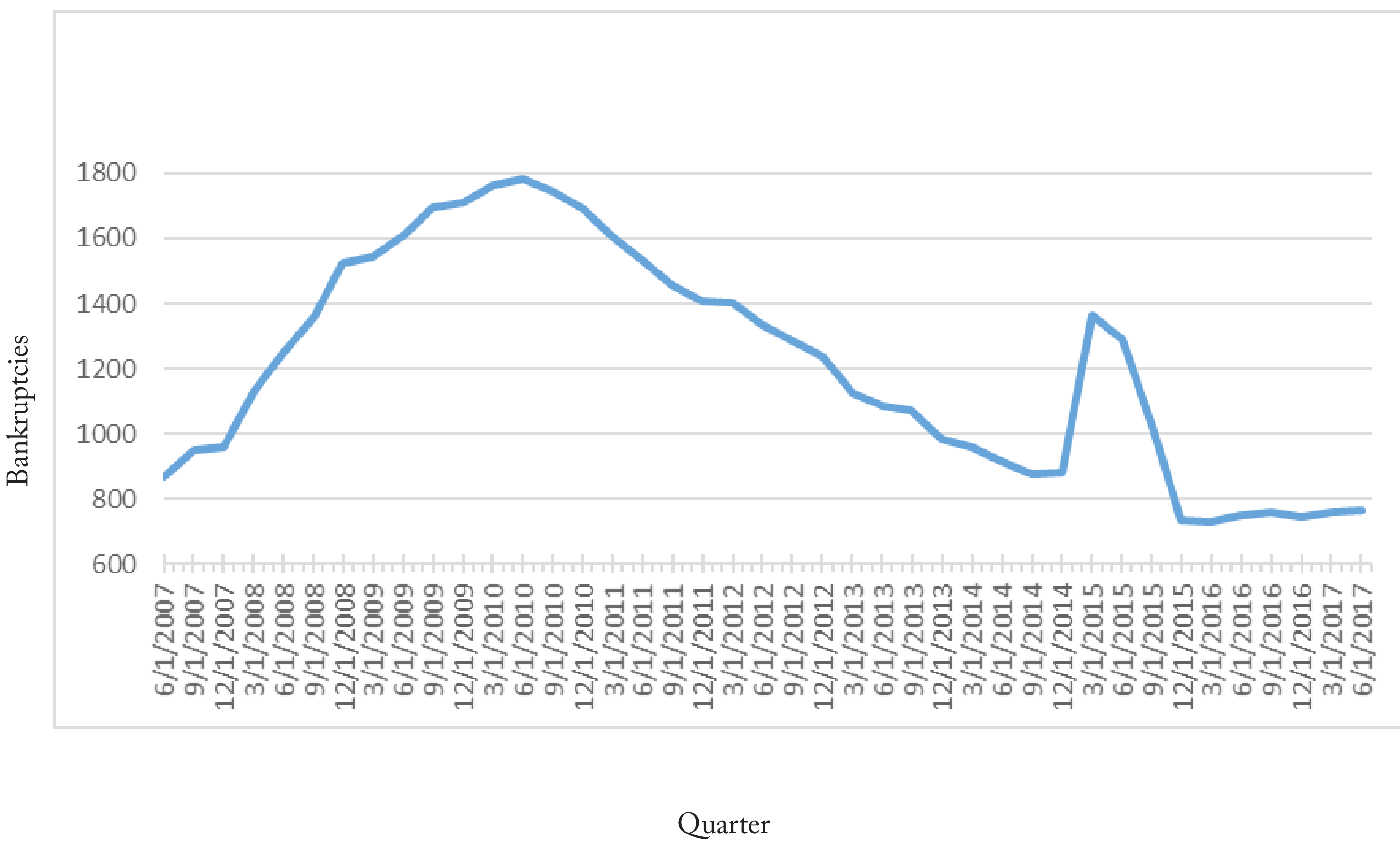


Year (June)	2012	2013	2014	2015	2016	2017
Labor Force (not seasonally adjusted)	303,186	301,173	299,283	303,232	303,789	303,520

NORTHWEST MINNESOTA BANKRUPTCIES

The figure below shows the 12-month moving total for Northwest 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 then declined steadily until the end of 2015. However, the series began to rise in the first quarter of 2015. A closer inspection of the Northwest Minnesota bankuptcy data suggests a disproportionately large number of bankruptcies came from Polk, Becker, and Clay counties at the beginning of 2015. This is the only one of Minnesota's six planning areas to see a rise in this series at that time, so we took a closer look at the bankruptcy data set received from the US Bankruptcy Courts. The jump in bankruptcies in these three counties is in non-business bankruptcy filings (for example, personal bankruptcies). Since these three counties are close to the North Dakota border, one might imagine that an abrupt increase in non-business bankruptcies in the first quarter of 2015 would be seen in North Dakota's Clay and Grand Forks counties, but bankruptcy filings in these counties did not jump like they did in the three Minnesota counties. These data points may simply have been an aberration. This interpretation seems to be confirmed by recent data readings. This series has now been slowly rising in recent quarters.

Northwest Minnesota Bankruptcies (12-month moving total)



Year (Second Quarter)	2012	2013	2014	2015	2016	2017
Annual Bankruptcies (not seasonally adjusted)	1,336	1,084	916	1,292	748	765

Fargo-Moorhead MSA Indicators	Period Covered	Current Period	Prior Year	Annual Percent Change		Long-Term Average (since 1999, unless noted)
Employment	June 2017 (m)	143,100	140,100	2.1%	↑	2.0%
Manufacturing Employment	June 2017 (m)	10,100	9,600	5.2%	↑	1.3%
Mining, Logging, Construction Employment	June 2017 (m)	10,600	10,400	1.9%	↑	2.5%
Average Weekly Work Hours, Private Sector	June 2017 (m)	35.0	34.3	2.0%	↑	33.9 (since 2007)
Average Earnings Per Hour, Private Sector	June 2017 (m)	$24.15	$23.81	1.4%	↑	3.0% (since 2007)
Unemployment Rate	June 2017 (m)	2.3%	2.7%	NA	↓	3.2%
Labor Force	June 2017 (m)	139,351	136,561	2.0%	↑	1.6%
Initial Jobless Claims	June 2017 (m)	302	430	-29.8%	↓	NA
Fargo-Moorhead Residential Building Permit Valuation, in thousands	June 2017 (m)	30,230	42,083	-28.2%	↓	NA
Fargo-Moorhead Cost of Living Index	First Quarter 2017 (q)	100.4	96.9	3.6%	↑	NA

Grand Forks-East Grand Forks MSA Indicators	Period Covered	Current Period	Prior Year	Annual Percent Change		Long-Term Average (since 1999, unless noted)
Employment	June 2017 (m)	57,500	57,300	0.3%	↑	1.0%
Maufacturing Employment	June 2017 (m)	4,300	3,900	10.3%	↑	1.0%
Mining, Logging, Construction Employment	June 2017 (m)	3,700	4,700	-21.3%	↑	0.6%
Average Weekly Work Hours--Private Sector	June 2017 (m)	34.1	33.8	0.9%	↑	33.7 (since 2007)
Average Earnings Per Hour--Private Sector	June 2017 (m)	$22.39	$23.20	-3.5%	↓	1.3%
Unemployment Rate	June 2017 (m)	3.0%	3.4%	NA	↓	4.1%
Labor Force	June 2017 (m)	57,152	57,066	0.2%	↑	0.5%
Initial Jobless Claims	June 2017 (m)	179	153	17.0%	↑	NA
Grand Forks-East Grand Forks Residential Building Permit Valuation	June 2017 (m)	4,377	4,402	-0.6%	↓	NA
Grand Forks-East Grand Forks Cost of Living Index	First Quarter 2017 (q)	98.2	NA	NA		NA

(m) represents a monthly series

The Bureau of Labor Statistics identifies two MSAs in Northwest Minnesota—each of which crosses the North Dakota/Minnesota border. While North Dakota business filing data are not incorporated into this report, a variety of economic measures can be analyzed. The data in the table show employment gains in the Fargo/Moorhead area (including job gains in the mining/logging/construction and manufacturing sectors), lower initial jobless claims, a rising labor force, increased average weekly work hours, higher hourly earnings, and a lower unemployment rate. Falling year-over-year valuations of MSA building permits and a rising relative cost of living in the region were the only negative indicators in Fargo/Moorhead in the second quarter.

Grand Forks/East Grand Forks MSA economic activity was mixed in the second quarter. MSA overall employment rose (as did employment in the manufacturing sector), the labor force expanded, average weekly work hours rose and the unemployment rate was lower. However, the value of residential building permits in the Grand Forks/East Grand Forks area declined, average hourly earnings were down, initial jobless claims rose, and employment in the mining/logging/construction sector fell.

STATE AND NATIONAL INDICATORS

MINNESOTA Indicators	Jun 2017	Mar 2017	Jun 2016	Change from one quarter ago	Annual Change
Nonfarm payroll employment, SA	2,947,200	2,929,300	2,884,600	0.6%	2.2%
Average weekly hours worked, private sector	34.2	33.8	34.3	1.2%	-0.3%
Unemployment rate, seasonally adjusted	3.7%	3.8%	3.9%	NA	NA
Earnings per hour, private sector	$27.91	$28.28	$26.64	-1.3%	4.8%
Philadelphia Fed Coincident Indicator, MN	198.59	196.51	192.04	1.1%	3.4%
Philadelphia Fed Leading Indicator, MN	1.66	2.96	1.10	-43.9 %	50.9%
Minnesota Business Conditions Index	68.0	61.8	51.6	10%	31.8%
Price of milk received by farmers (cwt)	$17.50	$17.50	$15.00	0%	16.7%
Enplanements, MSP airport, thousands	1,735.4	1,731.6	1,726.5	0.2%	0.5%
NATIONAL Indicators	Jun 2017	Mar 2017	Jun 2016	Change from one quarter ago	Annual Change
Nonfarm payroll employment, SA, thousands	146,406	145,823	144,166	0.4%	1.6%
Industrial production, index, SA	105.2	103.8	103.1	1.3%	2.0%
Real retail sales, SA ($)	194,230	194,046	191,965	0.1%	1.2%
Real personal income less transfers ($, bill.)	12,049.7	12,015.4	11,920.9	0.3%	1.1%
Real personal consumption expenditures ($, bill.)	11,849.8	11,816.1	11,575.3	0.3%	2.4%
Unemployment rate, SA	4.4%	4.5%	4.9%	NA	NA
New building permits, SA, thousands	25,160	22,864	22,644	10.0%	11.1%
Standard & Poor’s 500 stock price index	2,434.0	2,366.9	2,083.9	2.8%	16.8%
Oil, price per barrel in Cushing, OK	$45.18	$49.33	$48.76	-8.4%	-7.3%

Across the state, nearly all year-over year categories of economic performance found in the State and National Indicators table are favorable. There was growth in payrolls, higher earnings per hour, and a lower seasonally adjusted unemployment rate over the past twelve months. Coincident and leading indicators from the Federal Reserve Bank of Philadelphia are both higher than one year earlier and the Minnesota Business Conditions index rose nearly 32 percent. Milk prices are higher than one year ago and enplanements at the Minneapolis-St. Paul airport increased by 0.5 percent over the last twelve months. Average weekly work hours in the state’s private sector are reported lower by 0.3% over the past twelve months. This is the only indicator with a negative year-over-year reading in the state portion of the indicators table.

The national economic indicators found in the table reinforce the strong economic outlook found throughout this report. Over the past twelve months, stock prices rose, employment increased, and real income and consumer expenditures expanded. The national unemployment rate fell and retail sales improved. Industrial production picked up. National building permits were also higher. Lower oil prices in the second quarter have favorably impacted the discretionary income of households, but they also have harmed the economic well-being of those employed in the energy sector (which has been struggling in recent years).

The Northwest 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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Sources

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Institute for Supply Management: Manufacturing Business Survey, purchasing managers index.

Metropolitan Airports Commission: MSP Enplanements.

Minnesota Department of Employment and Economic Development (and U.S. Department of Labor Bureau of Labor Statistics): Average Hourly Earnings, Average Weekly Work Hours, Employment, Initial Claims for Unemployment Insurance, Job Vacancies, Labor Force, Manufacturing Employment, Unemployment Rate.

Office of the Minnesota Secretary of State: Assumed Names, Business Incorporations, Limited Liability Companies, Non-Profits.

Standard & Poor's: Standard & Poor's 500 Stock Price Index.

Thomson Reuters and University of Michigan, Index of Consumer Sentiment

U.S. Bankruptcy Courts

U.S. Bureau of Census: Durable Goods Orders, Housing Permits, Residential Building Permits, Retail Sales.

U.S. Department of Agriculture: Milk Prices.

U.S. Department of Commerce Bureau of Economic Analysis: Real Personal Consumption, Real Personal Income, Real Wages and Salaries.

U.S. Energy Information Administration: Oil Prices.