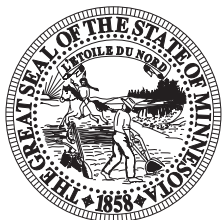




# Northwest Minnesota Economic and Business Conditions Report Fourth Quarter 2017

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; Mahnomon; Marshall; Morrison; Norman; Otter Tail; Pennington; Polk;  
Pope; Red Lake; Roseau; Stevens; Todd; Traverse; Wadena; and Wilkin.



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## EXECUTIVE SUMMARY

Steady economic growth is expected in the Northwest Minnesota planning area 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 five index components increased in the most recent quarter as the LEI rose 3.03 points. A decrease in the Rural Mainstreet Index (which signals a more challenging macroeconomic environment for rural America) and a lower number of residential building permits in Fargo/Moorhead and Grand Forks/East Grand Forks were the only negative components in this quarter's leading index. A rise in the number of new filings for LLC and incorporation in Northwest Minnesota, lower initial jobless claims throughout the region, and improved consumer sentiment all helped lift the LEI in the fourth quarter.

There were 1,033 new business filings with the Office of the Minnesota Secretary of State in Northwest Minnesota in the fourth quarter of 2017 — representing a 7.8 percent increase from one year ago. More than 21 percent fewer new regional business incorporations were recorded compared to last year's fourth quarter. New LLC filings in Northwest Minnesota were up 7 percent from one year earlier—rising to 547. New assumed names totaled 328 in the fourth quarter—15.5 percent more filings than the same period in 2016. There were 59 new filings for Northwest Minnesota non-profit in the fourth quarter—twenty-two more filings than one year ago.

Sixty percent of new business filers in the Northwest Minnesota planning area completed the voluntary Minnesota Business Snapshot (MBS) survey in this year's fourth quarter. Results of this voluntary survey indicate that about 4.3 percent of new filers come from communities of color. Approximately 7.6 percent of new filers in Northwest Minnesota are veterans. About 1.6 percent of new filers come from the disability community and 2.3 percent of new filings in Northwest Minnesota are made by the immigrant community. Forty-two percent of new business filings in Northwest Minnesota in this year's fourth 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 61 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, professional/scientific/technical and other services. Employment levels at most new firms are between 0 and 5 workers, and 45 percent of those starting a new business consider this a part-time activity.

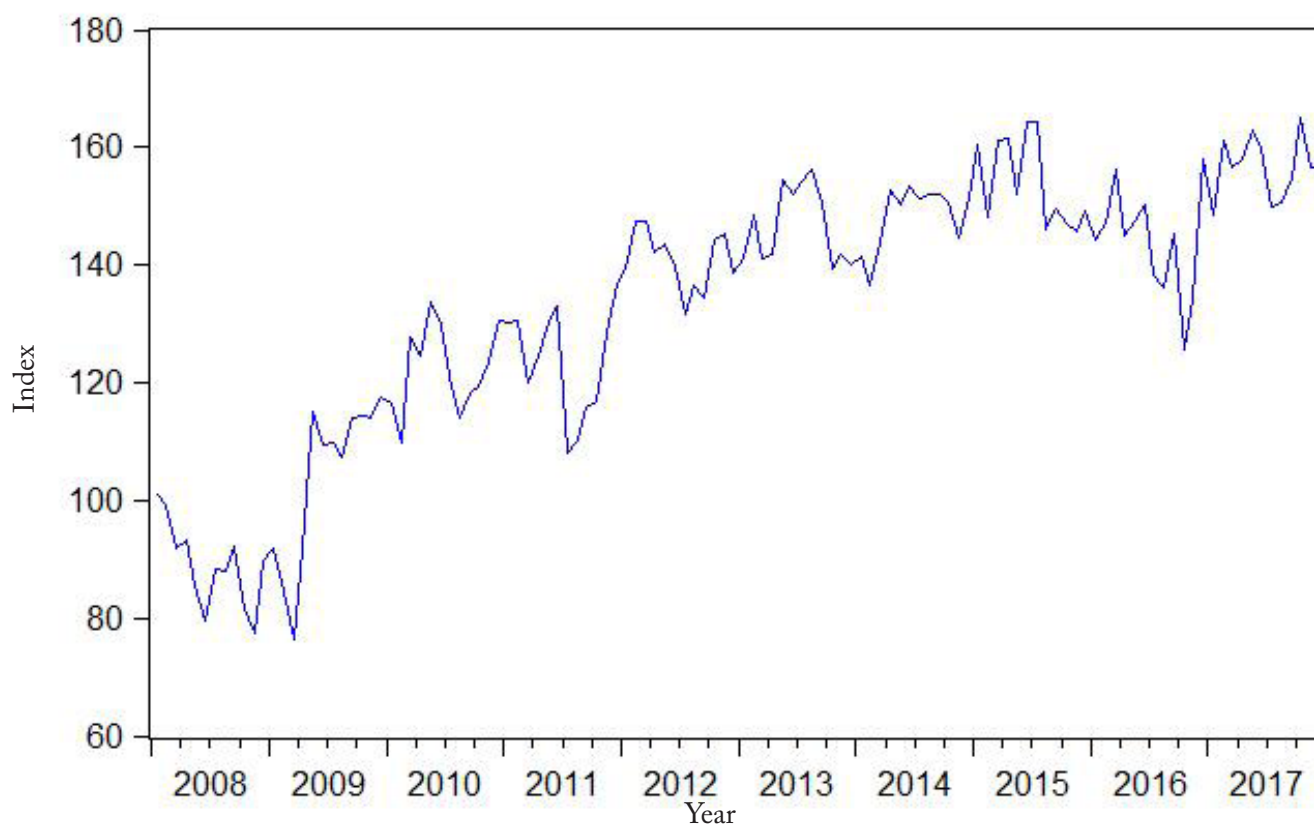
Employment of Northwest Minnesota residents increased by 2.2 percent over the year ending December 2017. The regional unemployment rate was 5.0 percent in December, which was considerably lower than the 5.8 percent rate observed one year ago. Initial claims for unemployment insurance in December 2017 were 28.3 percent lower than one year earlier and the Northwest Minnesota labor force increased by 1.3 percent. Due to a statistical anomaly, the region's average weekly wages fell in the third quarter of 2017 compared to one year earlier. 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, increased average hourly earnings, and a lower unemployment rate. The area did experience reduced valuation of residential building permits, a decrease in average weekly work hours, and a higher relative cost of living. Economic activity in the Grand Forks/East Grand Forks MSA was mixed in the fourth quarter. Lower overall employment (including a decrease in mining/logging/construction employment), a falling labor force, lower weekly work hours, an increase in the relative cost of living, and declining average hourly earnings had a negative impact on the region's economic outlook. A lower unemployment rate, declining initial jobless claims, and rising manufacturing employment contributed favorably to the area's economic performance.

## 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 falling by 1.31 points in the third quarter, the LEI closed out 2017 with a positive reading of 3.03. The index now stands 0.8 percent below its level of the fourth quarter of 2016. As shown in the accompanying graph, the LEI flattened out in 2017.

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, 4th quarter 2017	Contribution to LEI, 3rd quarter 2017
Rural Mainstreet Index	-0.86	-0.75
Northwest Minnesota initial claims for unemployment insurance	2.24	1.03
Northwest Minnesota new filings of incorporation and LLCs	1.94	-0.69
Fargo-Moorhead + Grand Forks-EGF MSA residential building permits	-0.65	-0.90
Consumer Sentiment, University of Michigan	0.36	0
<b>TOTAL CHANGE</b>	<b>3.03</b>	<b>-1.31</b>

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 negative impact on this quarter's index. A decrease in residential building permits in Fargo/Moorhead and Grand Forks/East Grand Forks also weighed on the leading index. Increased new filings for incorporation and LLC in Northwest Minnesota helped drive the index higher in the fourth 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 small favorable impact on the regional outlook in the fourth quarter. Reduced initial claims for unemployment insurance also had a positive impact on the LEI this quarter.

**SCSU Northwest Minnesota  
Leading Economic Indicators Index**

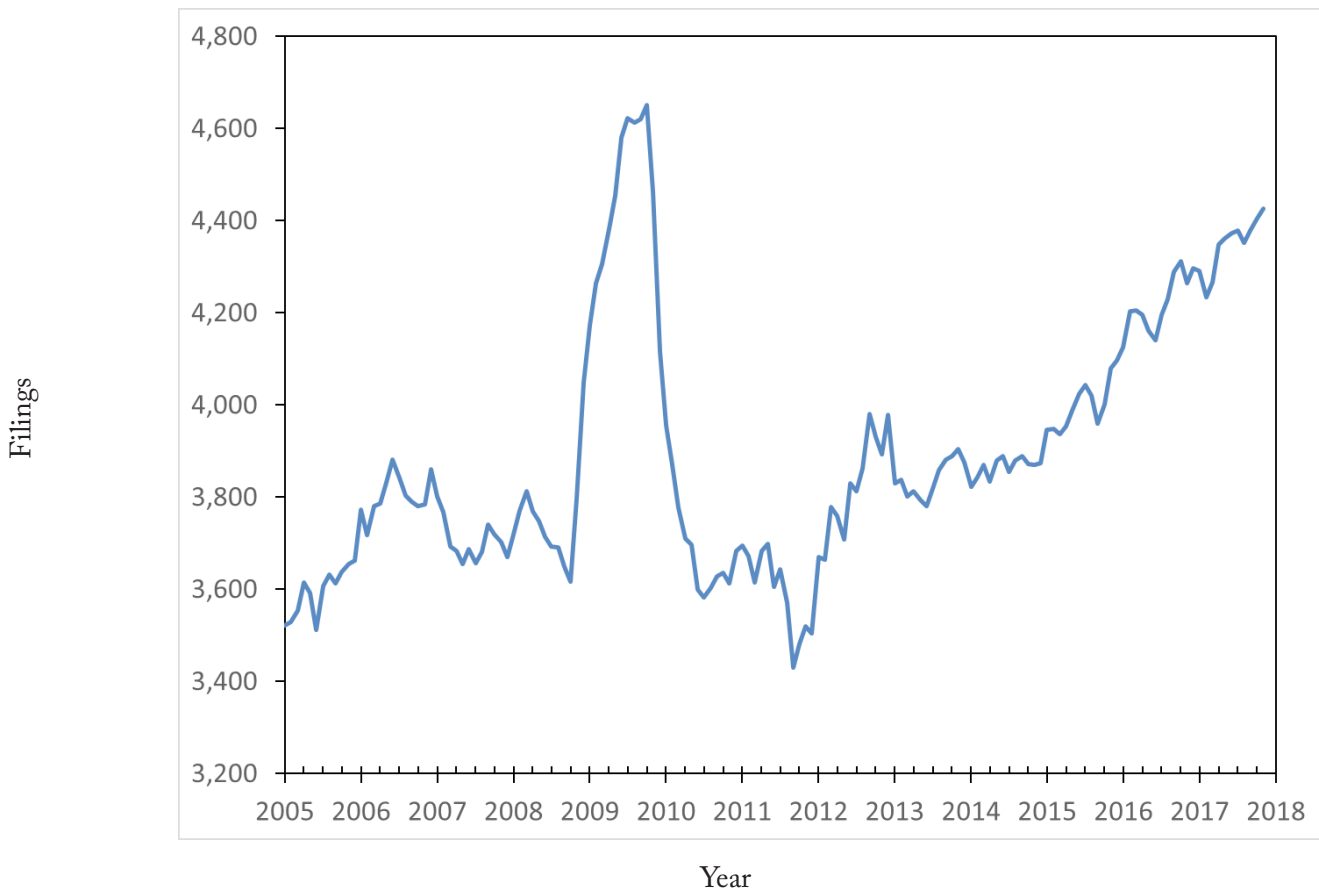
	2017	2016	Percentage change
Rural Mainstreet Index, Creighton University, December	45.4	41.7	8.9%
Northwest Minnesota initial claims for unemployment insurance, December	3,781	5,273	-28.3%
Northwest Minnesota new filings of incorporation and LLCs, Fourth Quarter	646	637	1.4%
Fargo-Moorhead and Grand Forks-EGF MSA single-family building permits, December	14	52	-73.1%
Consumer Sentiment, University of Michigan, December	95.9	98.2	-2.3%
Northwest Minnesota Leading Economic Indicators Index December (December 1999 = 100)	156.8	158.1	-0.8%

## NORTHWEST MINNESOTA BUSINESS FILINGS

The 12-month moving total of new business filings in this region increased in the fourth quarter as total new filings rose by 7.8% compared to the same period last year. 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.

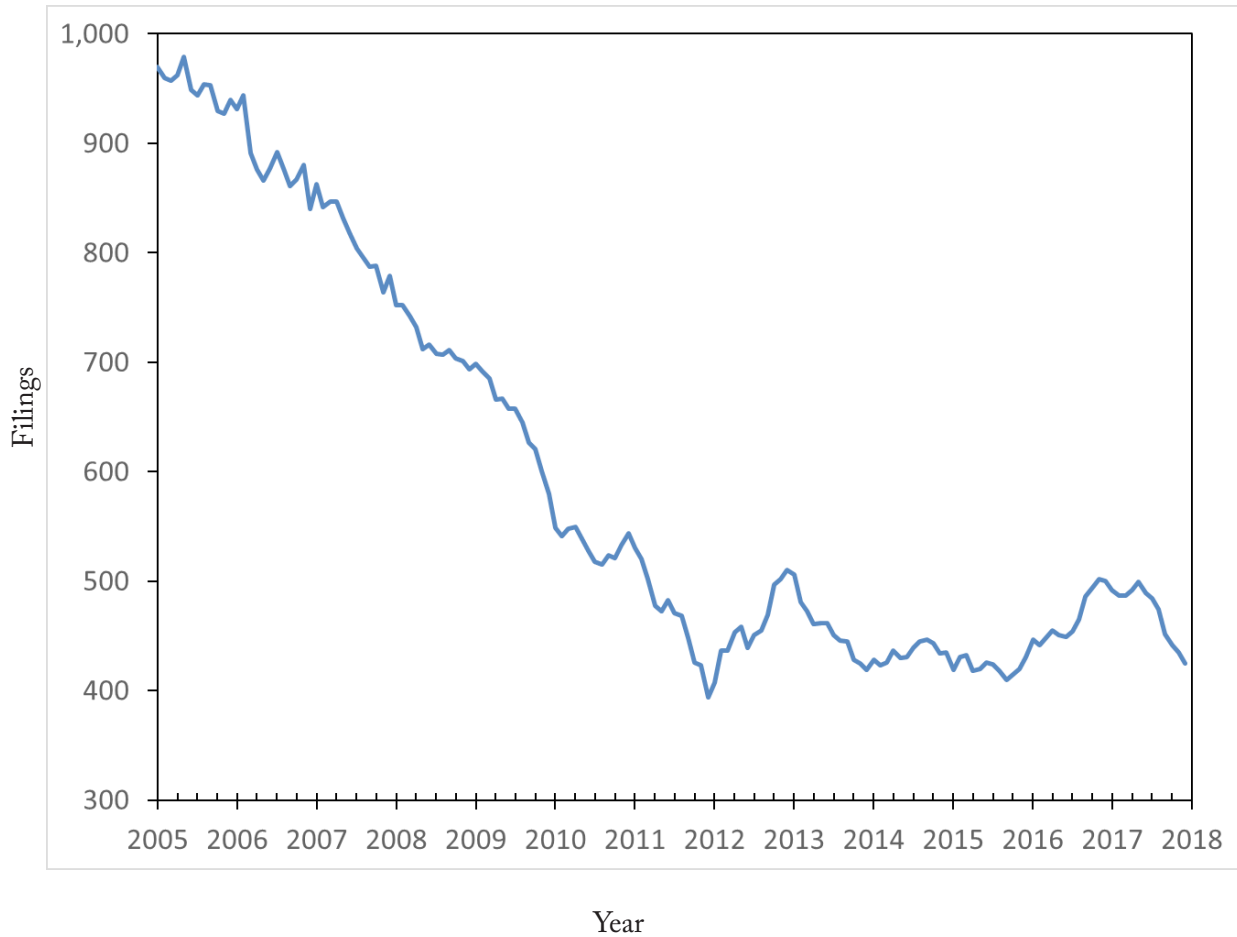
Total New Business Filings—Northwest Minnesota Planning Area  
(12-month moving total)



Quarter	IV: 2016	I: 2017	II: 2017	III: 2017	IV: 2017	2017 Quarter IV: Percent change from prior year
Northwest Minnesota Total New Business Filings	958	1,195	1,215	983	1,033	7.8%

New business incorporations trended downward in Northwest Minnesota from 2005 through 2011, but have leveled out since that time. After rising over the entire year of 2016, this series flattened out in the first half of this year, but has been dragged down by two consecutive year-over-year declines in new incorporations in the final two quarters of 2017. As can be seen in the accompanying table, fourth quarter 2017 new incorporations were 21.4 percent below their level of the same period in 2016.

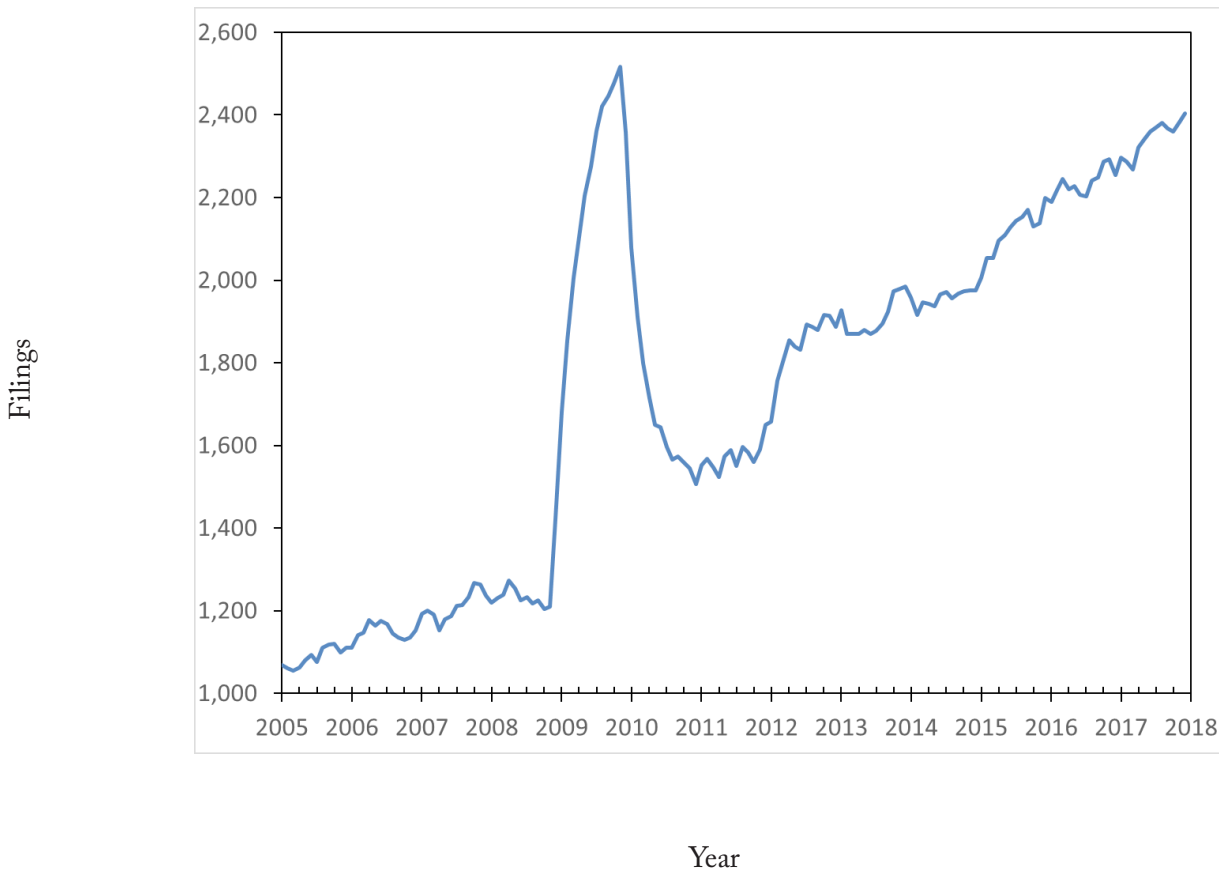
### New Incorporations—Northwest Minnesota Planning Area (12-month moving total)



Quarter	IV: 2016	I: 2017	II: 2017	III: 2017	IV: 2017	2017 Quarter IV: Percent change from prior year
Northwest Minnesota New Business Incorporations	126	121	121	84	99	-21.4%

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 fourth quarter of 2017 as LLC filings rose 7 percent compared to the same period in 2016.

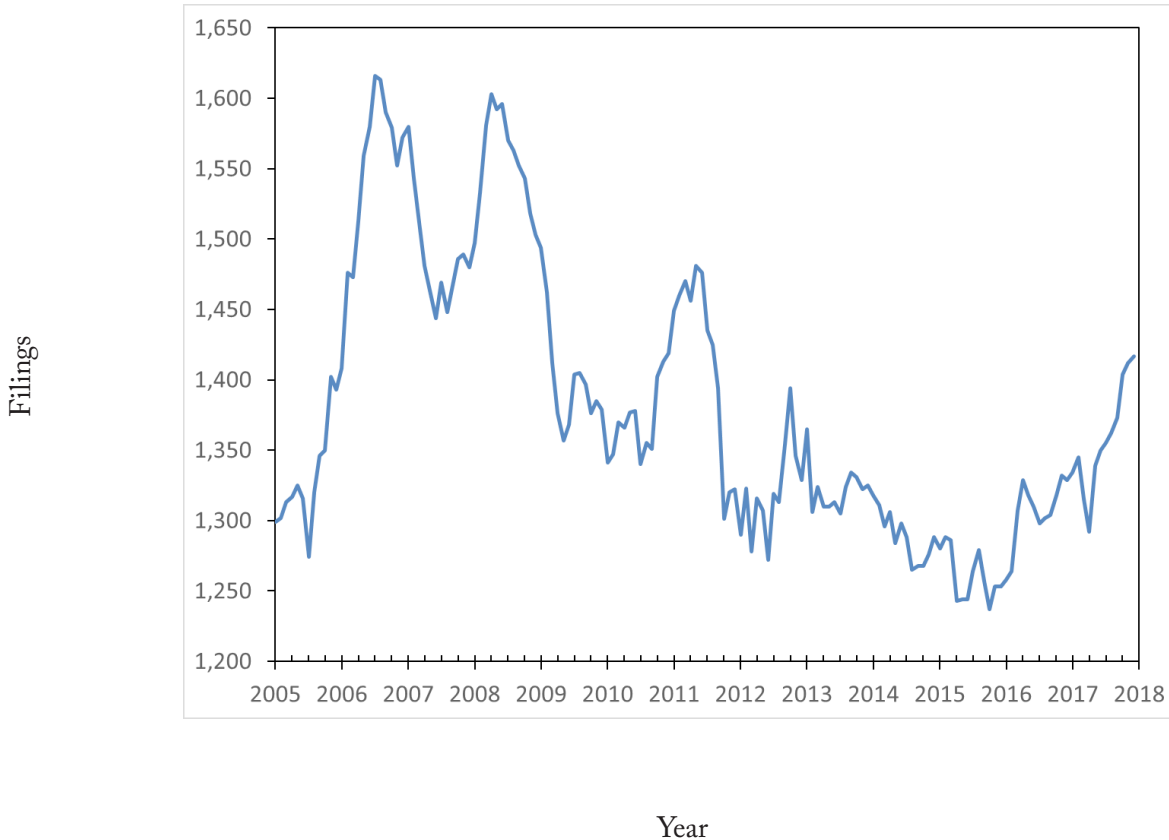
### New Limited Liability Companies—Northwest Minnesota Planning Area (12-month moving total)



Quarter	IV: 2016	I: 2017	II: 2017	III: 2017	IV: 2017	2017 Quarter IV: Percent change from prior year
Northwest Minnesota New Limited Liability Companies	511	651	667	538	547	7.0%

Assumed names, which include sole proprietors or organizations that do not have limited liability, rose by 15.5 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)

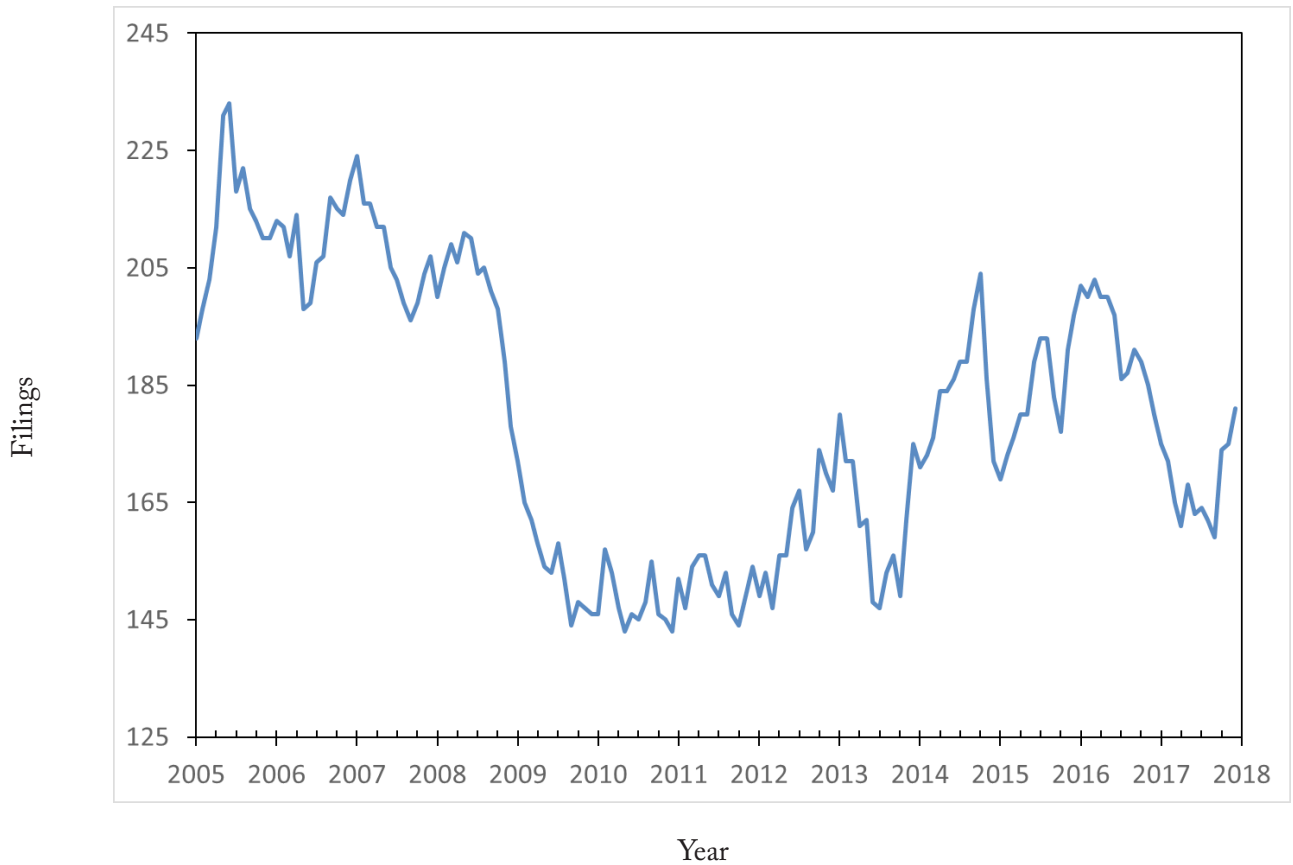


Quarter	IV: 2016	I: 2017	II: 2017	III: 2017	IV: 2017	2017 Quarter IV: Percent change from prior year
Northwest Minnesota New Assumed Names	284	383	381	325	328	15.5%



The number of new non-profits in the Northwest Minnesota planning area totaled 59 in the fourth quarter. This was 22 more filings (a 59.5 percent surge) than one year earlier.

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



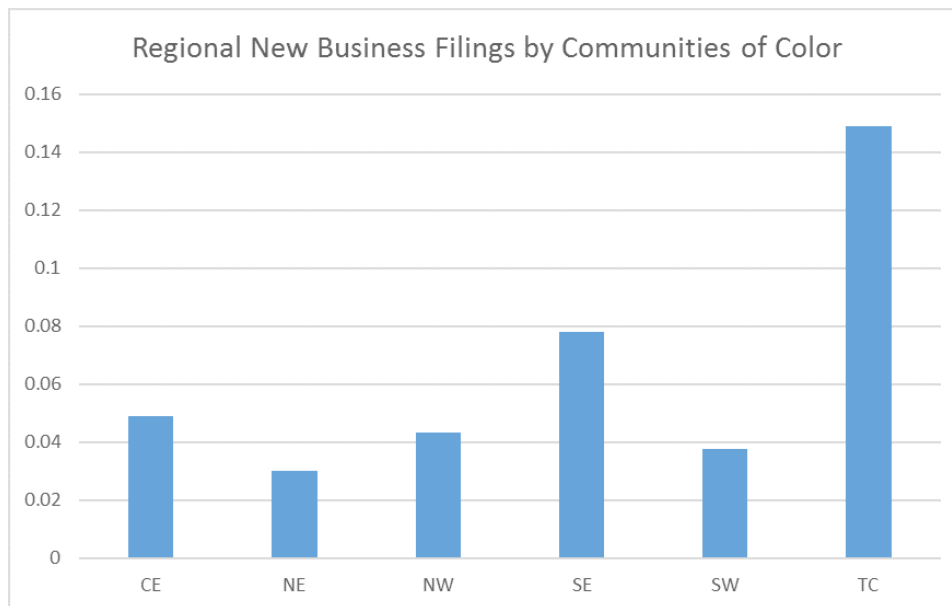
Quarter	IV: 2016	I: 2017	II: 2017	III: 2017	IV: 2017	2017 Quarter IV: Percent change from prior year
Northwest Minnesota New Non-Profits	37	40	46	36	59	59.5%

## MINNESOTA BUSINESS SNAPSHOT SURVEY RESULTS

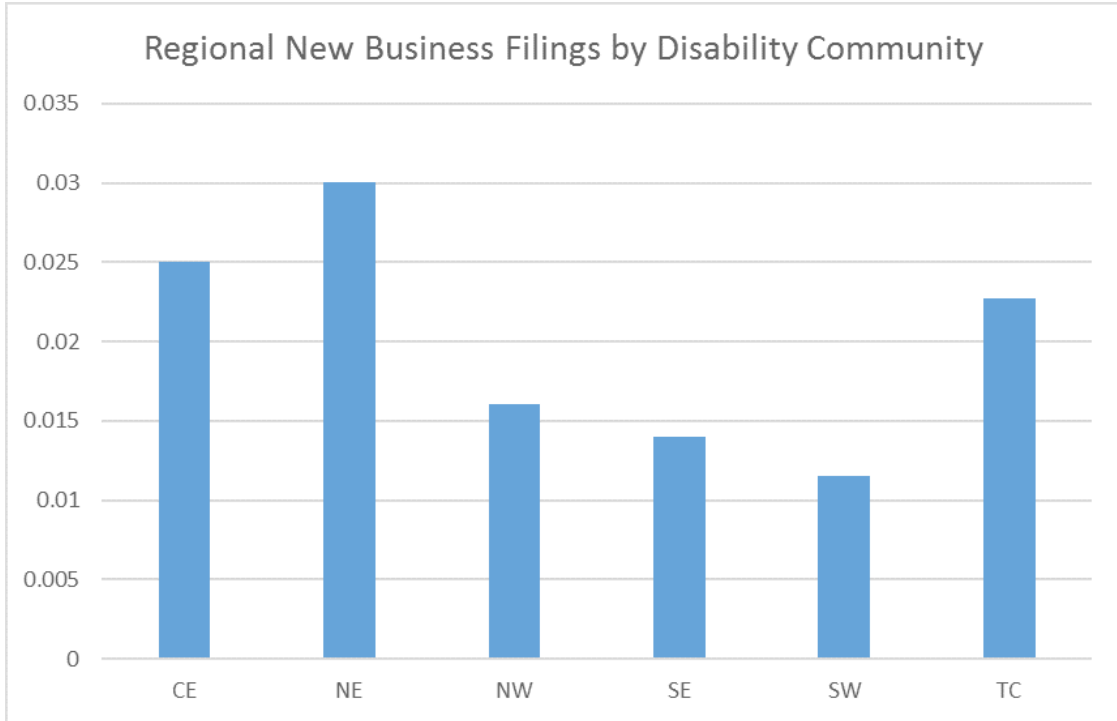
In Fall 2016, the Office of the Minnesota Secretary of State initiated a short voluntary survey (known as Minnesota Business Snapshot) for both new and continuing business filers. Questions found in the survey address basic questions related to the background of business filers, industry classification, 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 fourth quarter of 2017 are analyzed. For the entire State of Minnesota, the overall response rate for this voluntary survey is approximately 59 percent. This yields thousands of self-reported records in this emerging data set. For Northwest Minnesota, about 60 percent of new business filers completed at least some portion of the MBS survey. The results are reported in this section.

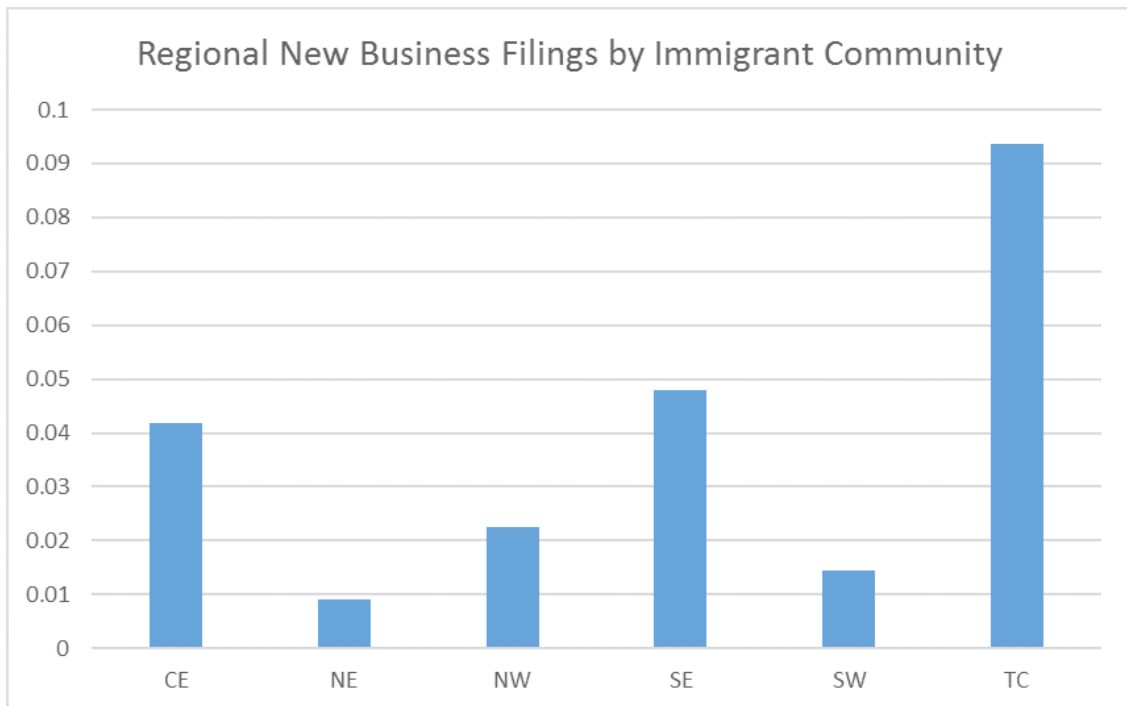
About 4.3 percent of those new filers completing the MBS from the Northwest Minnesota planning area report being from a community of color.



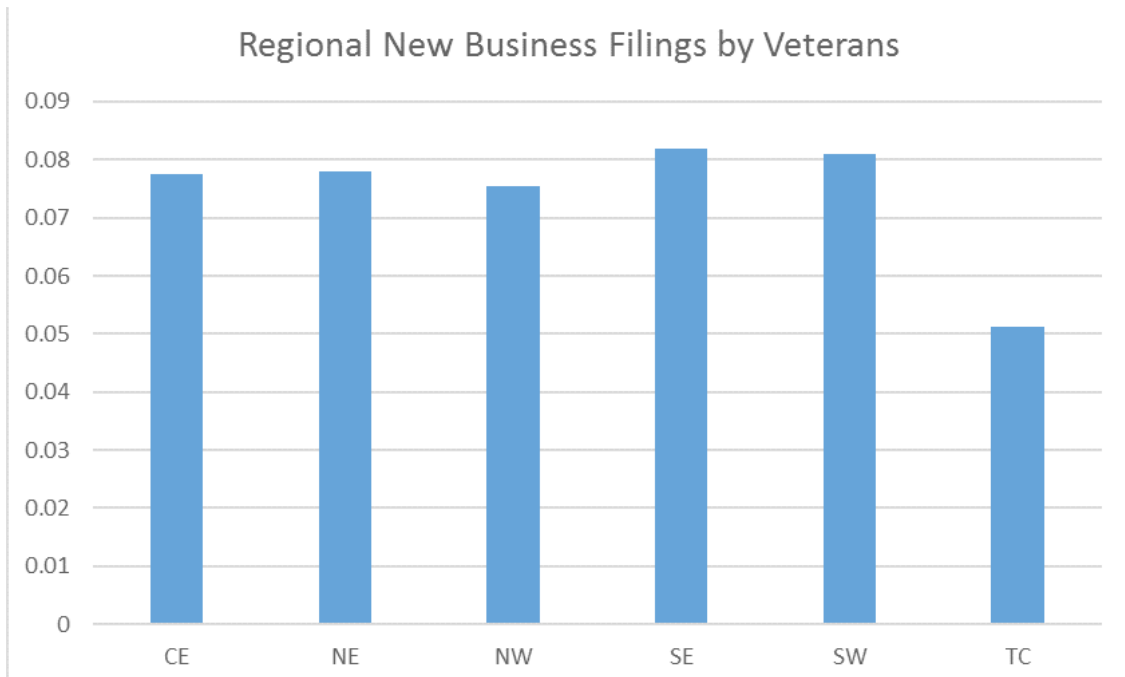
A small percentage of Northwest Minnesota’s new filers—approximately 1.6 percent—are from the disability community.



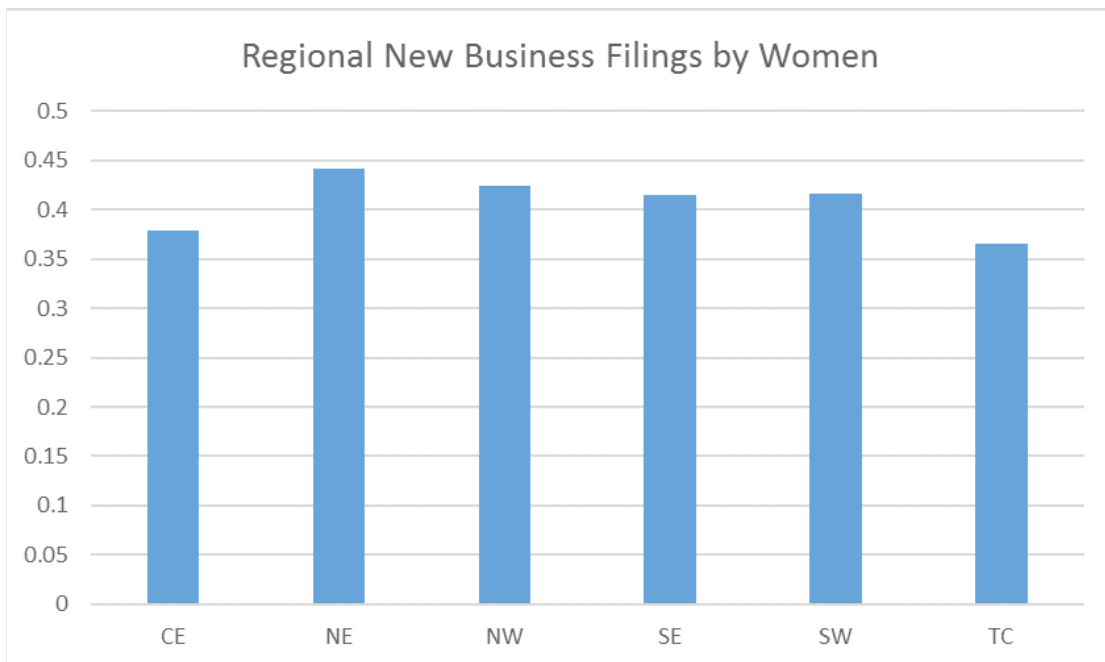
About 2.3 percent of new business filings in Northwest Minnesota come from the immigrant community.



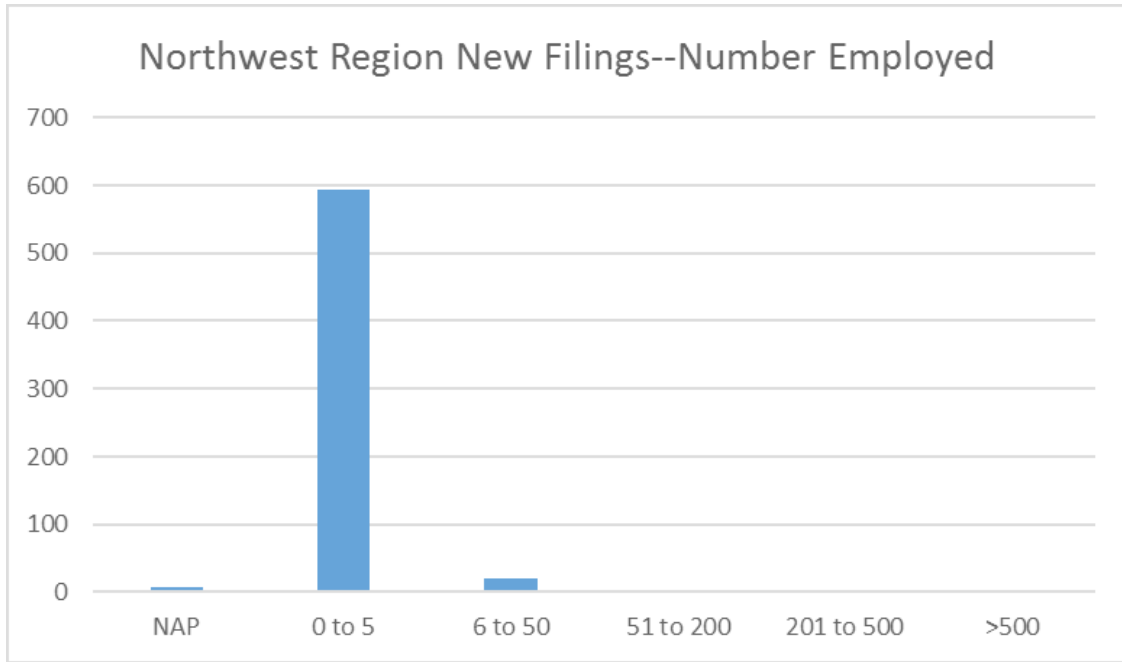
More than 7.5 percent of new filings in Northwest Minnesota come from military veterans.



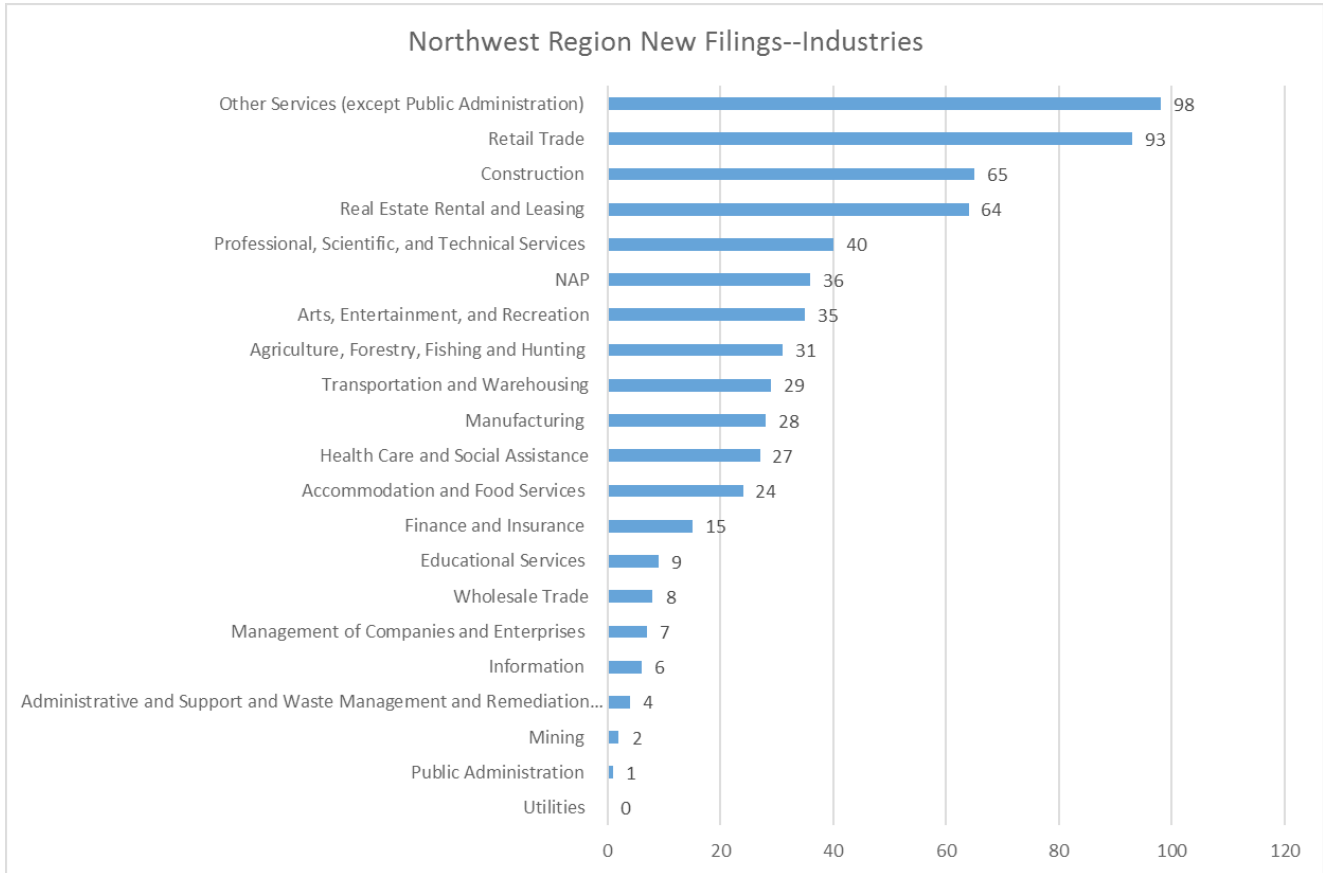
Woman owners represented approximately 42 percent of the new business filings in Northwest Minnesota in the fourth quarter of 2017.



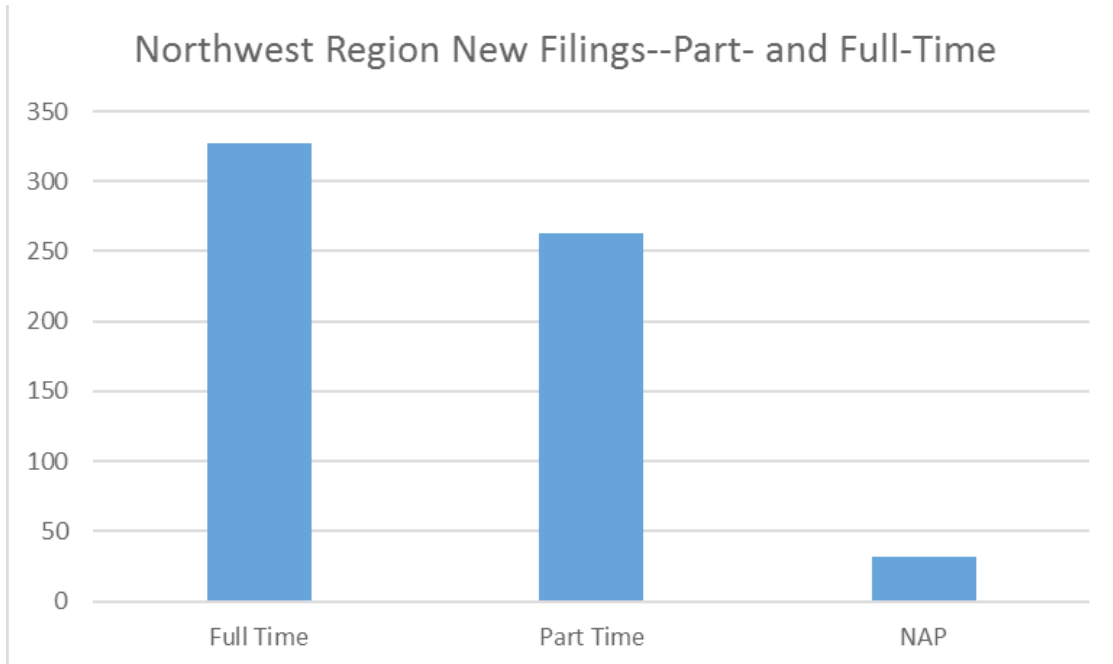
While not all of those participating in the survey completed all portions of the Minnesota Business Snapshot (those not responding to a particular question are represented in this section by “NAP”—no answer provided), 615 responses were tallied to a question asking the new business filer to indicate 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.



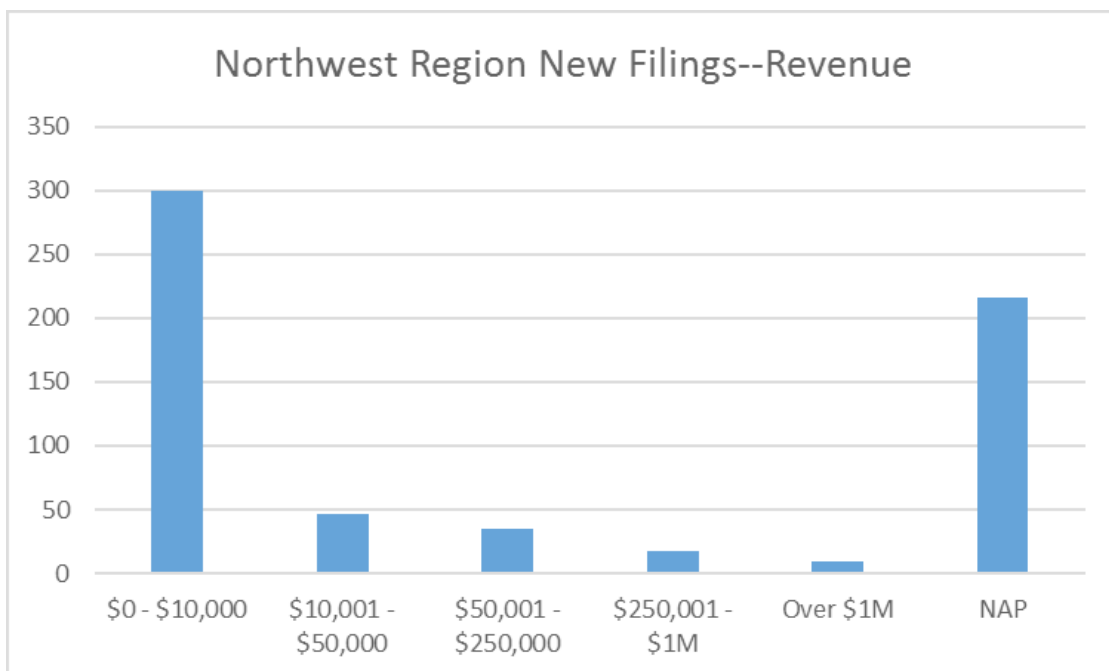
Using the North American Industry Classification System (NAICS), businesses submitting new filings were asked to identify the industry in which their company was operating. While a range of industries were reported, retail trade, construction, real estate/rental/leasing, professional/scientific/technical, 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. Thirty-six new firms did not provide an answer to this survey item (see “NAP”)



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



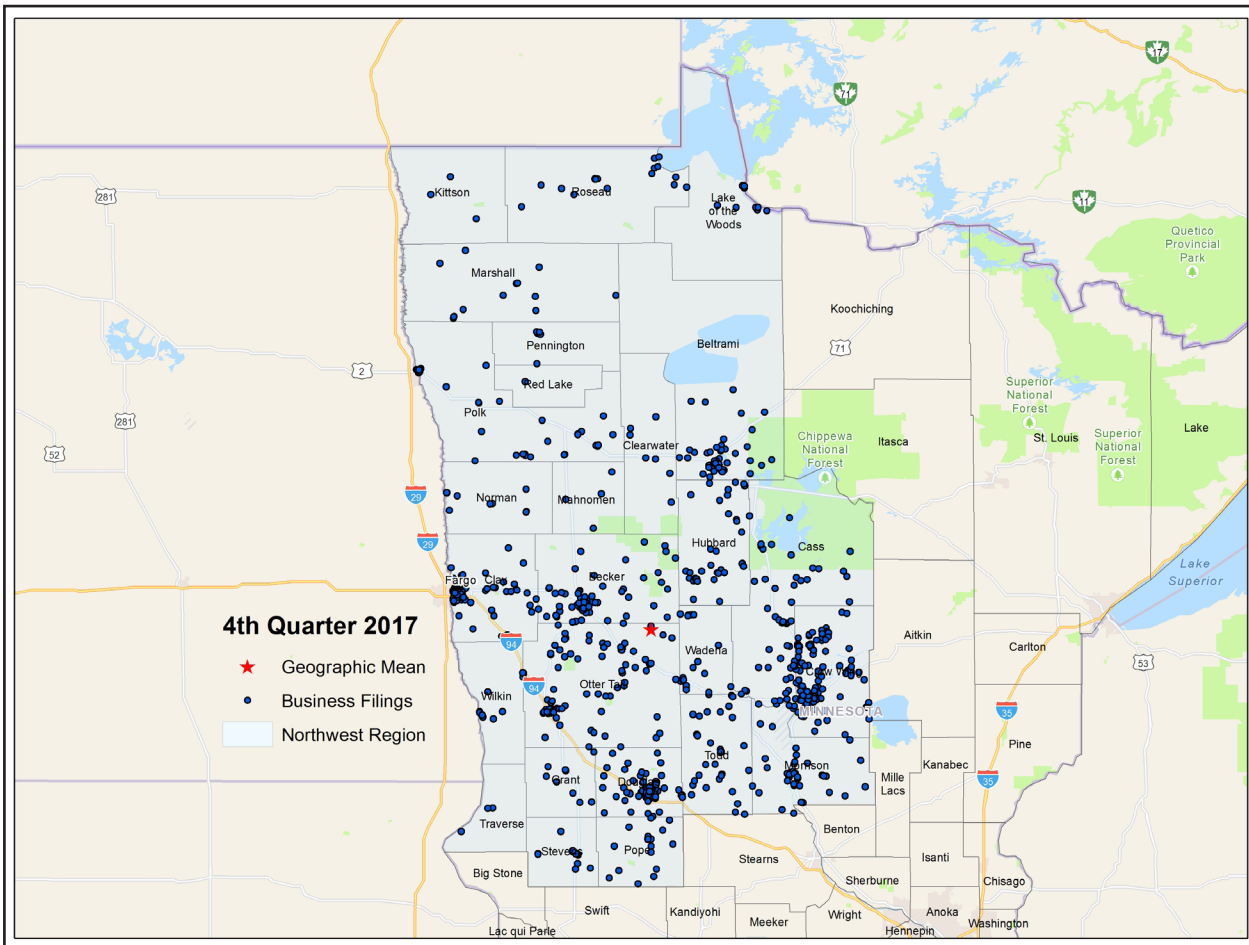
More than 200 new business filers in Northwest Minnesota did not provide an answer to the MBS item that asked them to report the company's revenue. Of those businesses that answered the question, the largest share report revenues of less than \$10,000. Sixty-one new firms report revenues in excess of \$50,000.



# MAPS

The first map shown below is a visual representation of new business formation around the Northwest Minnesota planning area in the fourth 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. Little Falls and Detroit Lakes also showed considerable new business filing activity in the fourth quarter. 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.

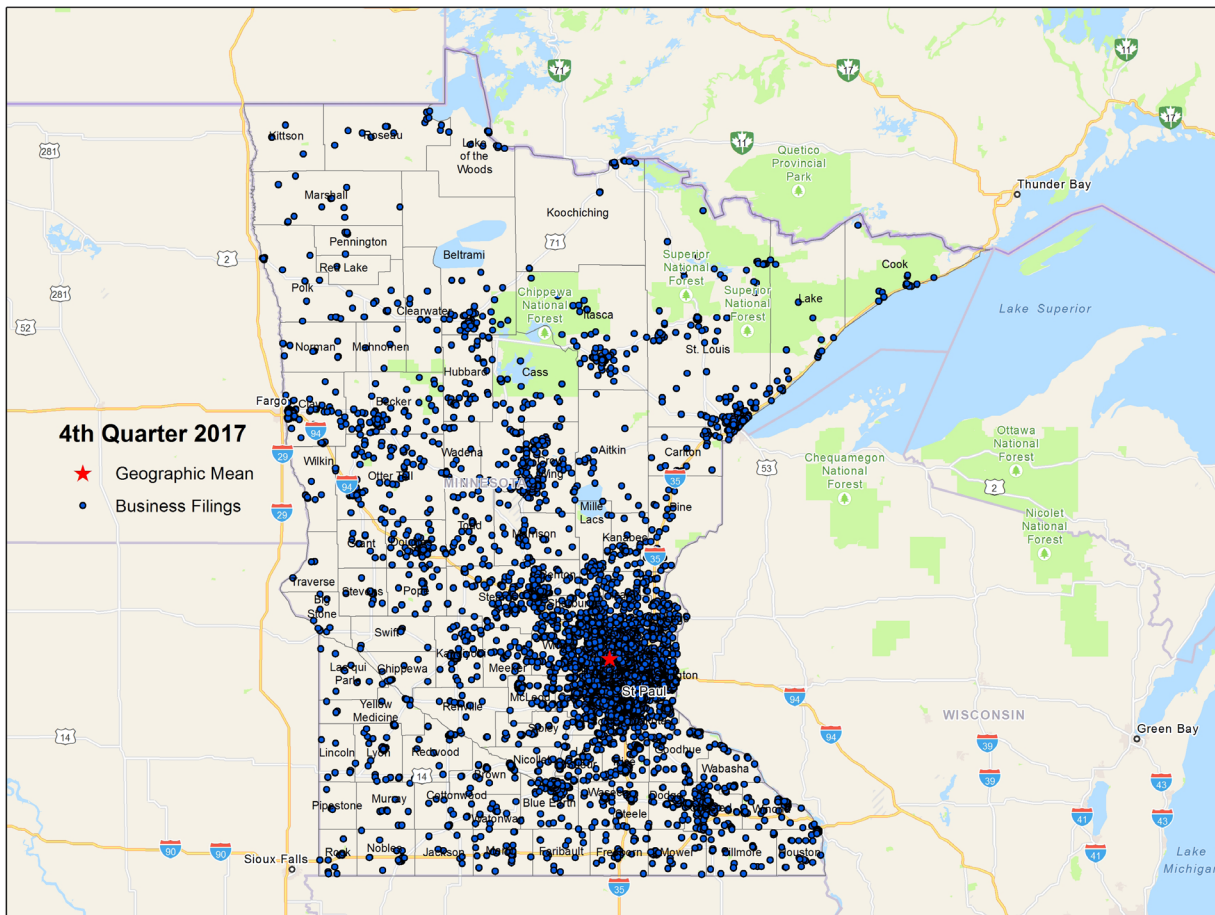
## Northwest Minnesota Planning Area--New Business Formation--Quarter 4: 2017





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. 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 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 4: 2017

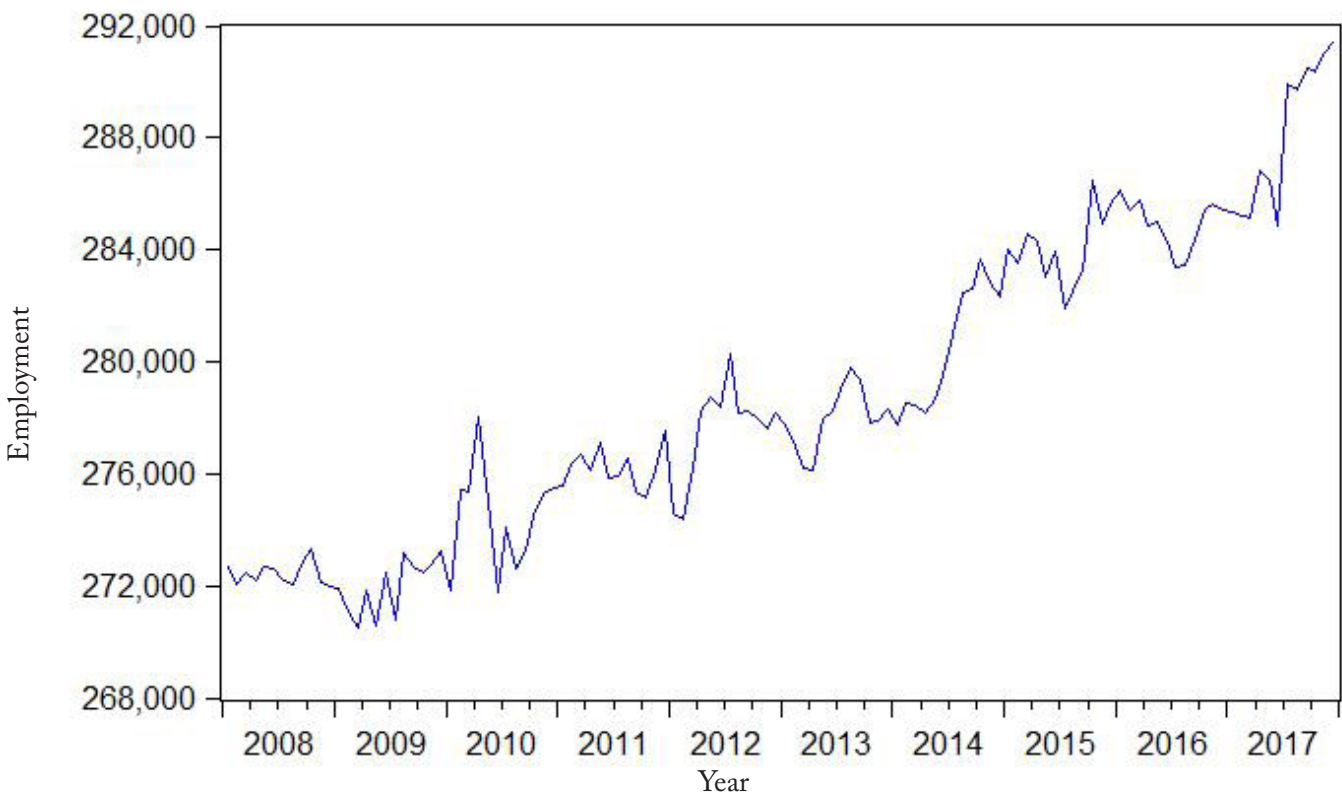


## NORTHWEST MINNESOTA LABOR MARKET CONDITIONS

Employment in the Northwest Minnesota planning area rose by 2.2 percent over the year ending December 2017. As can be seen in the accompanying graph, the 12-month moving average of total employment in the Northwest Minnesota planning area rose sharply over the last half of 2017.

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	December 2016	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017
Employment (Not seasonally adjusted)	283,226	295,531	293,310	291,701	293,555	291,994	289,391

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 declined throughout the first three quarters of 2017, until rising at the end of the year. The non-seasonally adjusted unemployment rate is now 5 percent—considerably lower than the 5.8 percent rate tallied in December 2016.

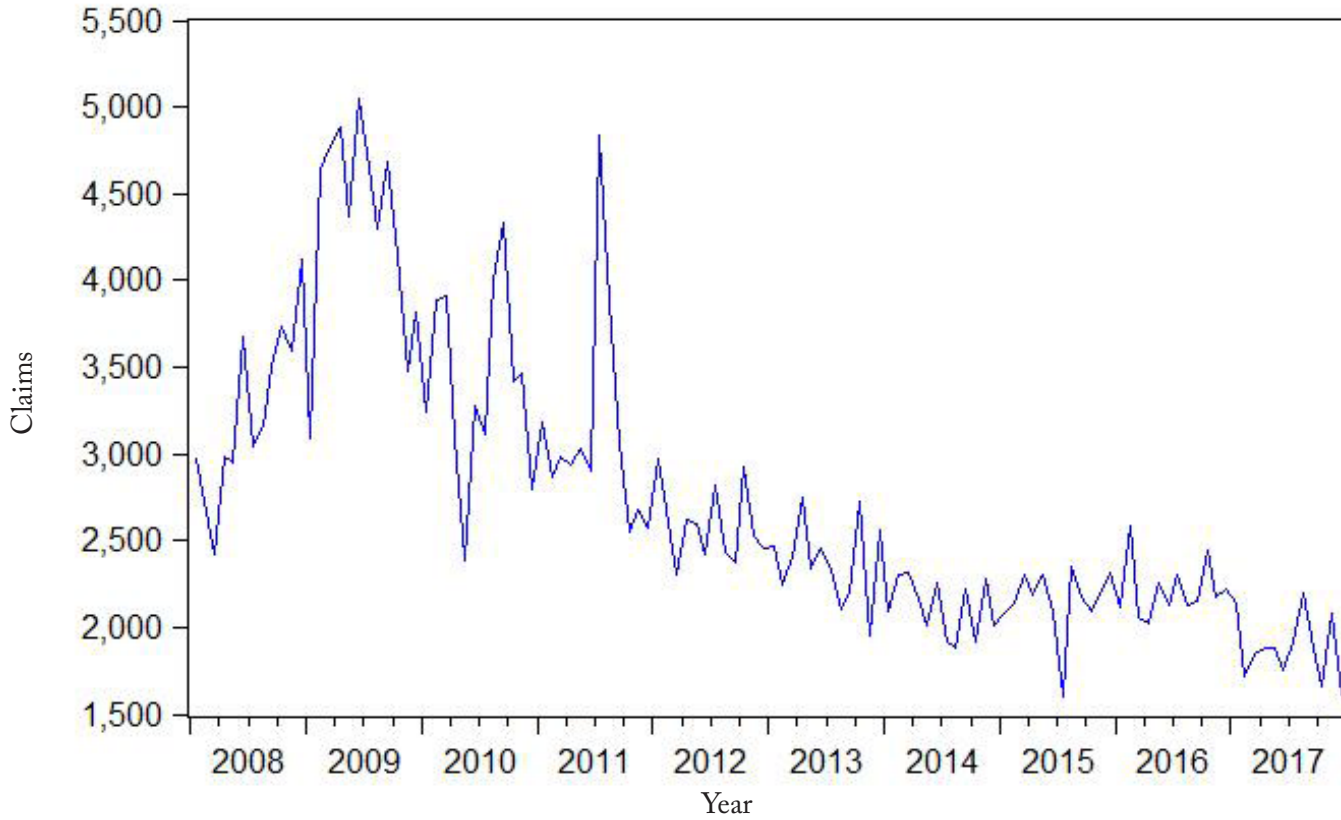
### Unemployment Rate, seasonally adjusted—Northwest Minnesota Planning Area



Month	December 2016	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017
Unemployment Rate (Not seasonally adjusted)	5.8%	3.7%	3.8%	3.0%	2.5%	3.7%	5.0%

New claims for December 2017 unemployment insurance were 28.3 percent lower than one year earlier. Seasonally adjusted jobless claims appear to have drifted downward in the last half of 2017.

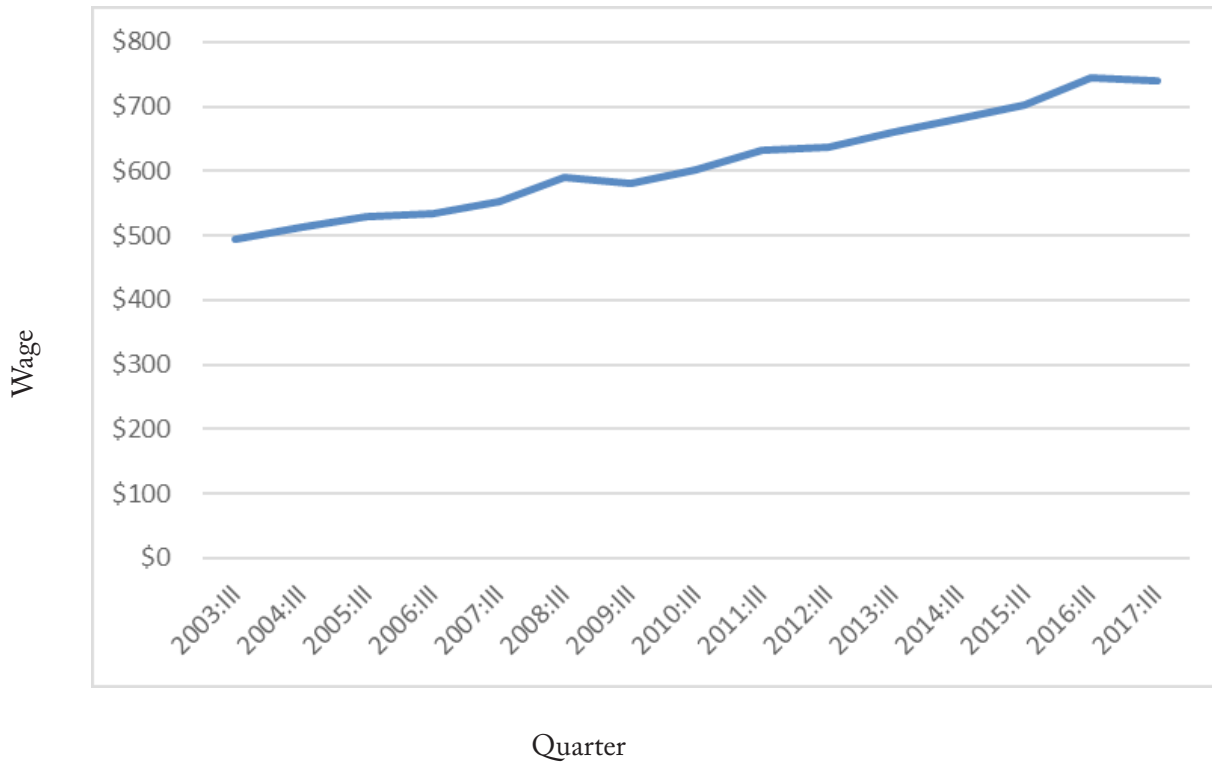
**Total Initial Claims for Unemployment Insurance, Seasonally Adjusted—  
Northwest Minnesota Planning Area**



Period	December 2016	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017
Initial claims (Not seasonally adjusted)	5,273	1,392	1,083	922	1,332	4,977	3,781

Average weekly wages in Northwest Minnesota were lower in the third quarter of 2017 than they were one year earlier. This same data pattern is observed in all of Minnesota’s other regions, except the Southeast Minnesota planning area. This reported decline in average weekly wages across the state appears to be related to a different pattern of data collection in 2016 (when there were 14 payment periods in the third quarter) compared to 2017 (when there were only thirteen payment periods). This statistical anomaly runs counter to what is seen in most other regional wage data in Minnesota—earnings appear to be rising across the state.

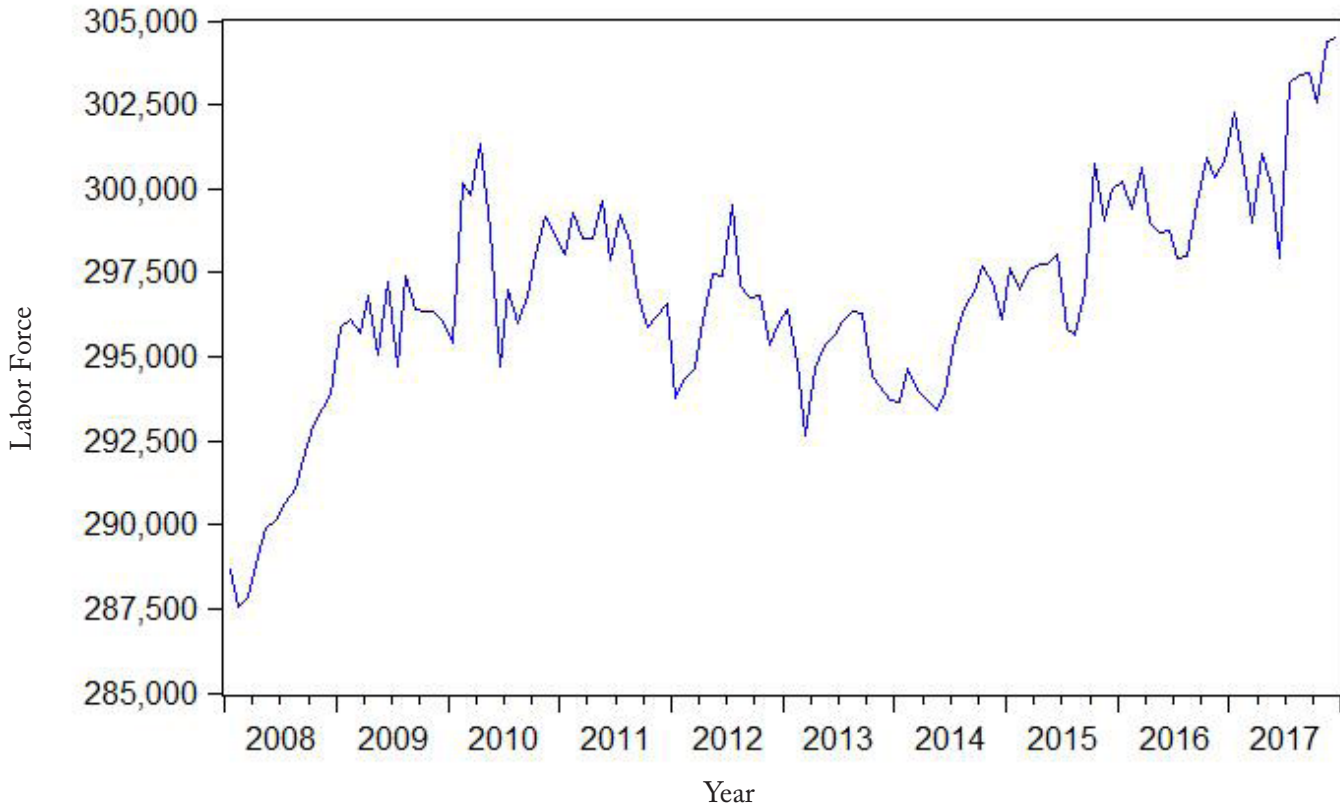
### Average Weekly Wage----Northwest Minnesota Planning Area



Quarter	2012:III	2013:III	2014:III	2015:III	2016:III	2017:III
Average Weekly Wage	\$636	\$661	\$682	\$703	\$744	\$741

The Northwest Minnesota labor force rose by 1.3 percent over the year ending December 2017. At 304,758 the regional labor force is now approximately 4,000 larger than one year earlier. The seasonally adjusted labor force (shown in the figure below) rose sharply in the last half of 2017.

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

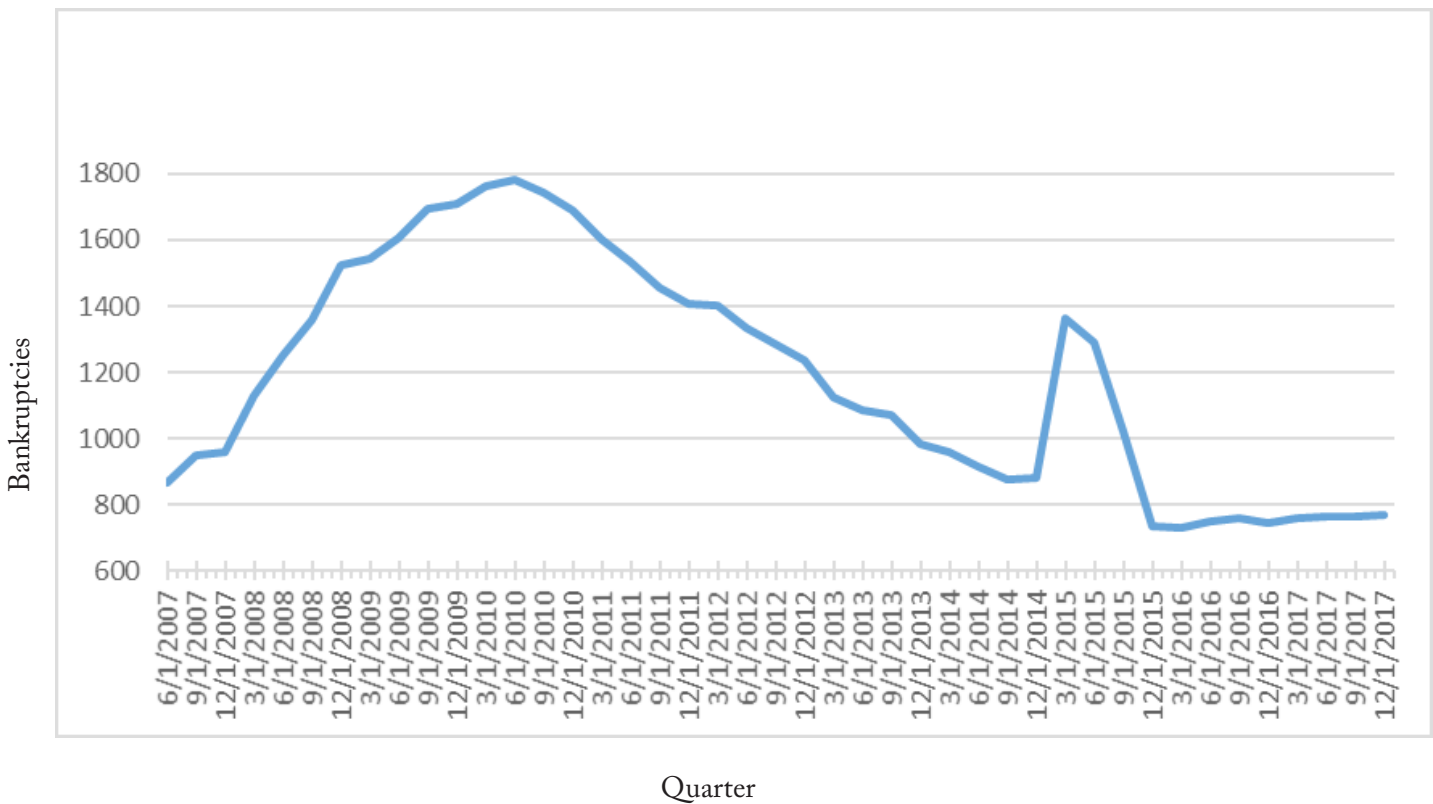


Year (December)	2012	2013	2014	2015	2016	2017
Labor Force (not seasonally adjusted)	294,032	292,272	295,191	299,544	300,767	304,758

## 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 bankruptcy 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 (Fourth Quarter)	2012	2013	2014	2015	2016	2017
Annual Bankruptcies (not seasonally adjusted)	1,239	982	880	734	747	771

## ECONOMIC INDICATORS

Fargo-Moorhead MSA Indicators	Period Covered	Current Period	Prior Year	Annual Percent Change	Long-Term Average (since 1999, unless noted)
Employment	December 2017 (m)	144,500	143,400	0.8% ↑	1.9%
Manufacturing Employment	December 2017 (m)	10,600	10,000	6.0% ↑	1.7%
Mining, Logging, Construction Employment	December 2017 (m)	9,200	8,700	5.7% ↑	2.8%
Average Weekly Work Hours, Private Sector	December 2017 (m)	33.7	33.8	-0.3% ↓	32.9 (since 2007)
Average Earnings Per Hour, Private Sector	December 2017 (m)	\$25.28	\$24.23	4.3% ↑	2.9% (since 2007)
Unemployment Rate	December 2017 (m)	2.4%	2.7%	NA ↓	2.9%
Labor Force	December 2017 (m)	139,151	137,685	1.1% ↑	1.7%
Initial Jobless Claims	December 2017 (m)	1,117	1,220	-8.4% ↓	NA
Fargo-Moorhead Residential Building Permit Valuation, in thousands	December 2017 (m)	3,559	6,249	-43.0% ↓	NA
Fargo-Moorhead Cost of Living Index	Third Quarter 2017 (q)	100.6	98.4	2.2% ↑	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	December 2017 (m)	57,300	59,200	-3.2% ↓	0.7%
Manufacturing Employment	December 2017 (m)	4,400	4,200	4.8% ↑	1.0%
Mining, Logging, Construction Employment	December 2017 (m)	3,100	4,100	-24.4% ↓	0.6%
Average Weekly Work Hours--Private Sector	December 2017 (m)	32.2	32.3	-0.3% ↓	31.9 (since 2007)
Average Earnings Per Hour--Private Sector	December 2017 (m)	\$22.29	\$23.58	-5.5% ↓	2.0% (since 2007)
Unemployment Rate	December 2017 (m)	2.7%	2.9%	NA ↓	3.5%
Labor Force	December 2017 (m)	56,310	57,749	-2.5% ↓	0.3%
Initial Jobless Claims	December 2017 (m)	396	462	-14.3% ↓	NA
Grand Forks-East Grand Forks Residential Building Permit Valuation	December 2017 (m)	373	0	NA ↑	NA
Grand Forks-East Grand Forks Cost of Living Index	Third Quarter 2017 (q)	97.7	96	1.8% ↑	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, higher average hourly earnings, and a lower unemployment rate. Falling year-over-year valuations of MSA building permits, lower average weekly work hours, and a rising relative cost of living were the only negative indicators in Fargo/Moorhead in the fourth quarter.

Grand Forks/East Grand Forks MSA economic activity was mixed in the fourth quarter. MSA overall employment fell (as did employment in the mining/logging/construction sector), the labor force contracted, average hourly earnings and average weekly work hours were down, and the relative cost of living was higher. Offsetting this were a lower unemployment rate, greater manufacturing employment, and lower initial jobless claims in the Grand Forks/East Grand Forks area.

## STATE AND NATIONAL INDICATORS

MINNESOTA Indicators	Dec 2017	Sep 2017	Dec 2016	Change from one quarter ago	Annual Change
Nonfarm payroll employment, SA	2,958,700	2,955,500	2,921,400	0.1%	1.3%
Average weekly hours worked, private sector	33.9	34.1	33.9	-0.6%	0.0%
Unemployment rate, seasonally adjusted	3.1%	3.7%	4.0%	NA	NA
Earnings per hour, private sector	\$28.59	\$28.58	\$27.85	0%	2.7%
Philadelphia Fed Coincident Indicator, MN	203.74	199.43	194.23	2.2%	4.9%
Philadelphia Fed Leading Indicator, MN	2.68	1.91	1.44	40.3 %	86.1%
Minnesota Business Conditions Index	56.8	59.4	52.3	-4.4%	8.6%
Price of milk received by farmers (cwt)	\$17.10	\$17.90	\$19.60	-4.5%	-12.8%
Enplanements, MSP airport, thousands	1,471.6	1,522.7	1,456.8	-3.4%	1.0%
NATIONAL Indicators	Dec 2017	Sep 2017	Dec 2016	Change from one quarter ago	Annual Change
Nonfarm payroll employment, SA, thousands	147,610	146,963	145,437	0.4%	1.5%
Industrial production, index, SA	107.5	104.8	103.8	2.6%	3.6%
Real retail sales, SA (\$)	199,780	197,348	193,475	1.2%	3.3%
Real personal income less transfers, billions	12,153.6	12,066.3	11,840.1	0.7%	2.6%
Real personal consumption expenditures, bill.	12,071.4	11,962.1	11,740.1	0.9%	2.8%
Unemployment rate, SA	4.1%	4.2%	4.7%	NA	NA
New building permits, SA, thousands	18,355	20,470	17,581	-10.3%	4.4%
Standard & Poor's 500 stock price index	2,664.3	2,492.8	2,246.6	6.9%	18.6%
Oil, price per barrel in Cushing, OK	\$57.88	\$49.82	\$51.97	16.2%	11.4%

For the state as a whole, most 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 compared to last quarter as well as one year ago. Coincident and leading Indicators from the Federal Reserve Bank of Philadelphia are each higher than last quarter and last year, and the Minnesota Business Conditions index is higher than one year ago. Enplanements at the Minneapolis-St. Paul airport increased over the past year. However, average weekly work hours were unchanged from December 2016 and milk prices continue to fall.

The national economic indicators found in the table are also highly favorable. Over the past quarter as well as the past year, stock prices rose (recent declines in the stock market are not reflected in this table), employment increased, real income and consumer expenditures expanded, and retail sales picked up. The national unemployment rate also fell. Industrial production also rose. National building permits were lower than in September 2017 but were higher than one year earlier. Consumers also saw higher oil prices last quarter. Oil prices are now 11.4 percent higher than they were one year ago.

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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