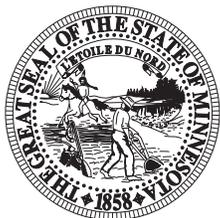




# Northwest Minnesota Economic and Business Conditions Report First Quarter 2017

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

**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).** Two of the five index components increased as the LEI was essentially unchanged in the first quarter. An increase in the Rural Mainstreet Index (which signals an improving macroeconomic environment for rural America) and lower initial jobless claims contributed favorably to the first quarter outlook. Weaker residential building permits in Fargo/Moorhead and Grand Forks/East Grand Forks, and slower new filings for LLC and incorporation in the Northwest Minnesota planning area weighed on the first quarter index. Consumer sentiment declined slightly.

**There were 1,195 new business filings with the Office of the Minnesota Secretary of State in Northwest Minnesota in the first quarter of 2017 — representing a 2.4 percent decrease from one year ago.** Nearly 10 percent fewer new regional business incorporations were recorded compared to last year’s first quarter. In the first quarter, new LLC filings in Northwest Minnesota were up 1.9 percent from one year earlier—rising to 651. New assumed names totaled 383 in the first quarter—3.5 percent fewer filings than the same period in 2016. There were 40 new filings for Northwest Minnesota non-profits in the first quarter—fifteen fewer filings than one year ago.

**Sixty-two percent of new business filers in the Northwest Minnesota planning area completed the voluntary Minnesota Business Snapshot (MBS) survey in this year’s first quarter.** Results of this voluntary survey indicate that about 3 percent of new filers come from communities of color. Nearly 9 percent of new filers in Northwest Minnesota are veterans. More than 2 percent of new filers come from the disability community and less than 1 percent of new filings are made by the immigrant community. Thirty-nine percent of new business filings in Northwest Minnesota in this year’s first 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 100 new filers have revenues in excess of \$50,000). The most popular industries for new businesses in Northwest Minnesota are construction, retail trade, and other services. Employment levels at most new firms are between 0 and 5 workers, and 42 percent of those starting a new business consider this a part-time activity.

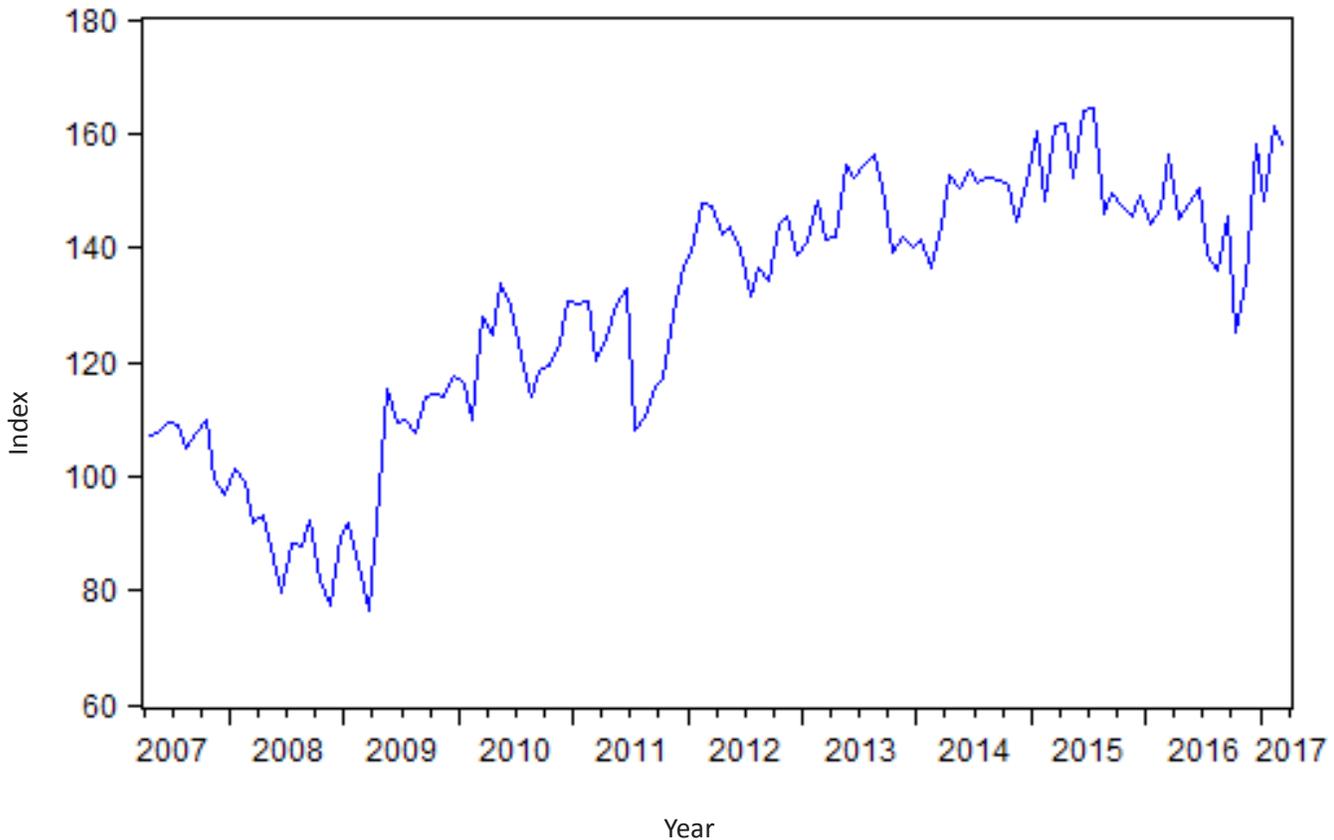
**Employment of Northwest Minnesota residents declined by 0.2 percent over the year ending March 2017.** The regional unemployment rate was 6.3 percent in March, which was lower than the 6.6 percent rate observed one year ago. The Northwest Minnesota labor force contracted by 0.6 percent over the past twelve months (there are now 1,705 fewer people in the regional labor force than there was one year ago). Initial claims for unemployment insurance in March 2017 were 11.1 percent lower than one year earlier and the region’s job vacancies remain elevated. 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, a lower relative cost of living, higher average weekly work hours and average hourly earnings, and a lower unemployment rate. The area did experience reduced valuation of residential building permits. **Economic activity in the Grand Forks/East Grand Forks MSA was also largely favorable in the first quarter.** Higher overall employment (including an increase in manufacturing and mining/logging/construction employment), a rising labor force, a lower unemployment rate, higher average weekly work hours, and lower initial jobless claims all contributed favorably to regional economic performance. However, the area did see the value of residential building permits contract and average hourly earnings fall.

## 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. The LEI was basically unchanged in the first quarter after rising by 7.84 points in the fourth quarter of 2016. The index now stands 1 percent above its level of the first 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, 1st quarter 2017	Contribution to LEI, 4th quarter 2016
Rural Mainstreet Index	2.56	0.41
Northwest Minnesota initial claims for unemployment insurance	2.65	0.41
Northwest Minnesota new filings of incorporation and LLCs	-1.14	-0.44
Fargo-Moorhead + Grand Forks-EGF MSA residential building permits	-3.63	4.32
Consumer Sentiment, University of Michigan	-0.57	3.14
<b>TOTAL CHANGE</b>	<b>-0.13</b>	<b>7.84</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 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 first quarter. A decrease in residential building permits in Fargo/Moorhead and Grand Forks/East Grand Forks and lower new filings for incorporation and LLC in Northwest Minnesota also moved the leading index lower.

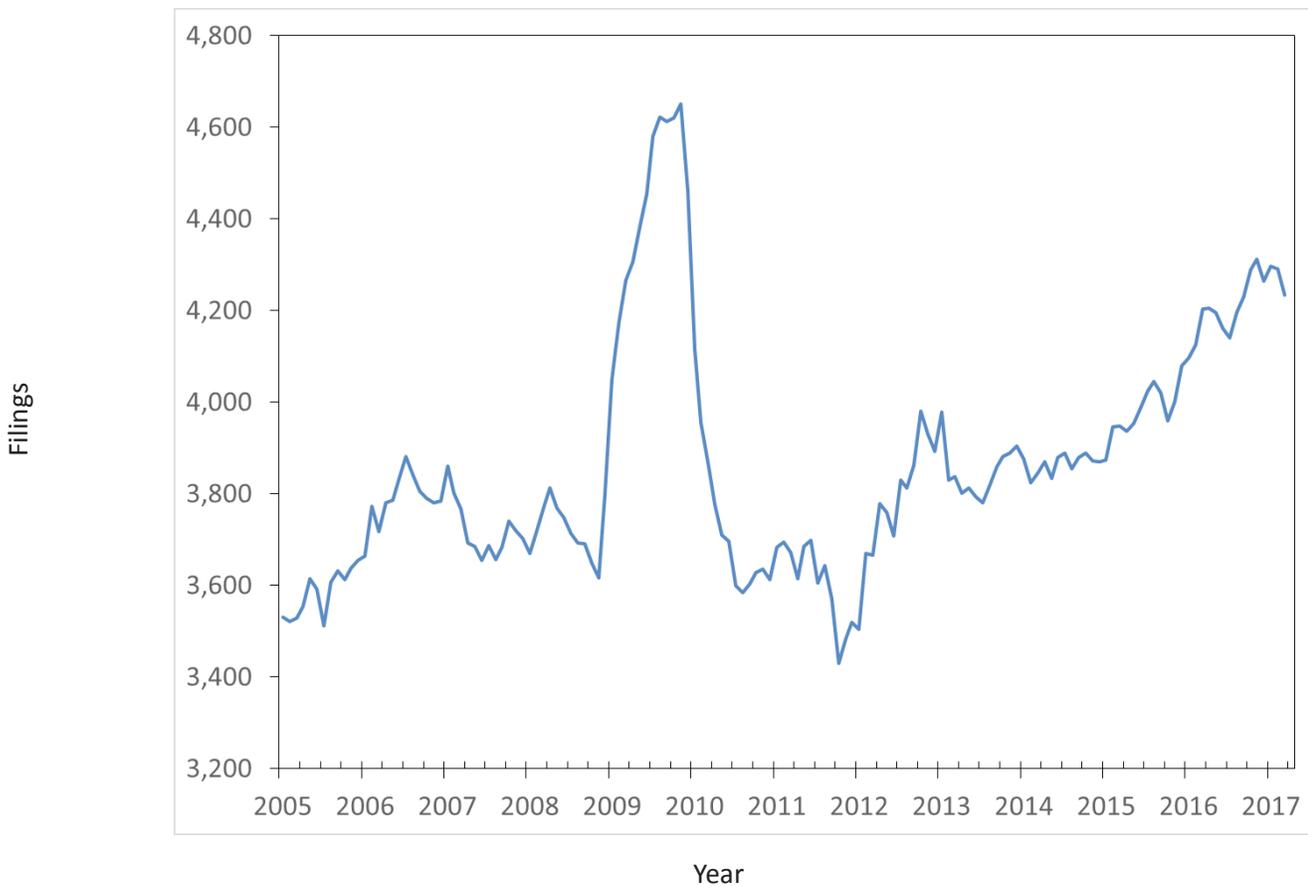
SCSU Northwest Minnesota Leading Economic Indicators Index	2017	2016	Percentage change
Rural Mainstreet Index, Creighton University, December	46.1	44.7	3.1%
Northwest Minnesota initial claims for unemployment insurance, March	1,515	1,705	-11.1%
Northwest Minnesota new filings of incorporation and LLCs, First Quarter	772	773	-0.1%
Fargo-Moorhead and Grand Forks-EGF MSA single-family building permits, December	70	105	-33.3%
Consumer Sentiment, University of Michigan, March	96.9	91.0	6.5%
Northwest Minnesota Leading Economic Indicators Index March (December 1999 = 100)	157.7	156.1	1.0%

## Northwest Minnesota Business Filings

Until very recently, the 12-month moving total of new business filings in this region had trended upward since the end of 2011. Total new filings fell by 2.4% compared to last year’s first 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	I: 2016	II: 2016	III: 2016	IV: 2016	I: 2017	2017 Quarter I: Percent change from prior year
Northwest Minnesota Total New Business Filings	1,225	1,088	993	958	1,195	-2.4%

New business incorporations trended downward in Northwest Minnesota from 2005 through 2011, but have since leveled out. New business incorporations in this year’s first quarter fell by 9.7 percent compared to one year ago.

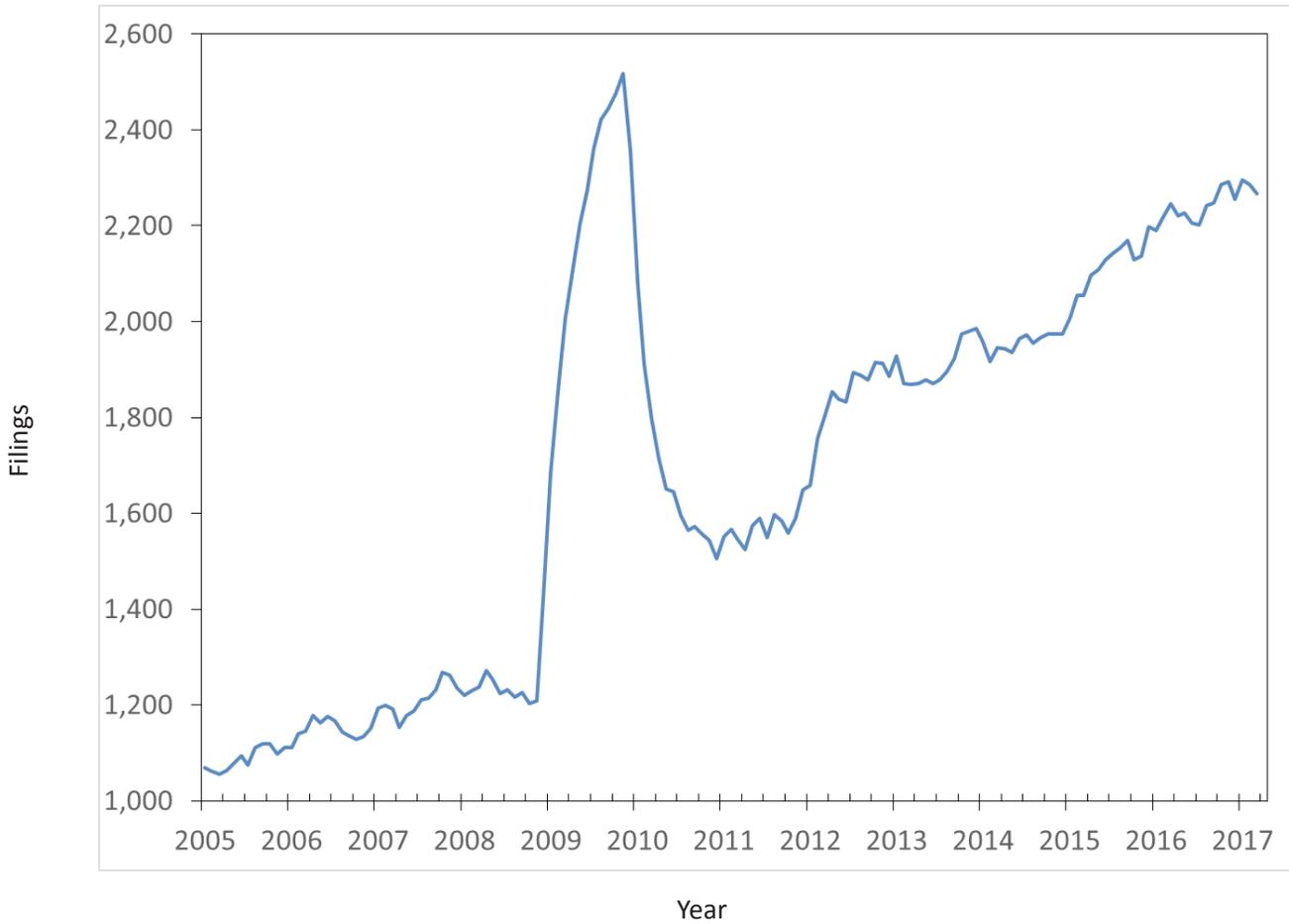
**New Incorporations—Northwest Minnesota Planning Area (12-month moving total)**



Quarter	I: 2016	II: 2016	III: 2016	IV: 2016	I: 2017	2017 Quarter I: Percent change from prior year
Northwest Minnesota New Business Incorporations	134	119	121	126	121	-9.7%

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 trend continued in the first quarter of 2017 as LLC filings rose by 1.9 percent compared to the same period in 2016.

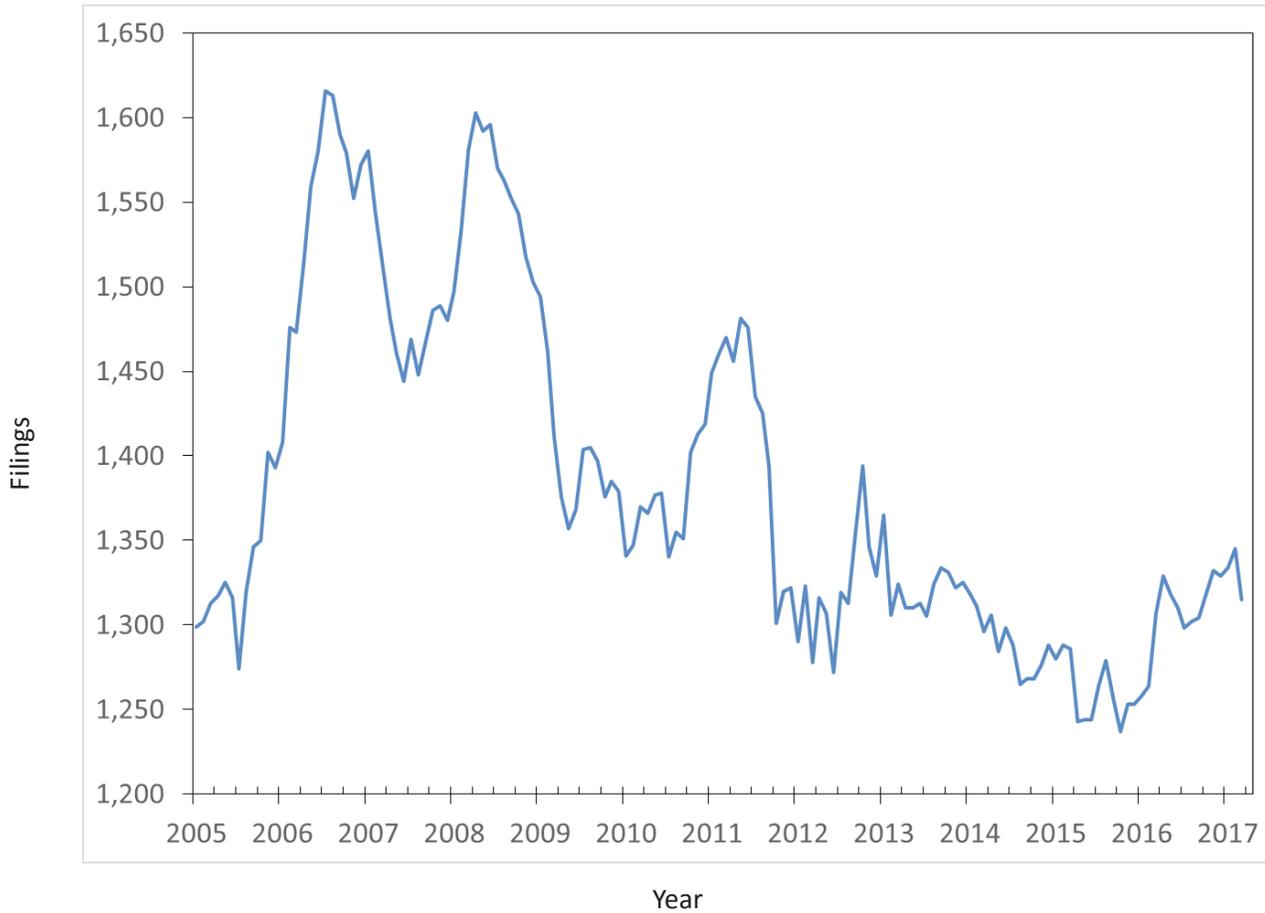
**New Limited Liability Companies—Northwest Minnesota Planning Area  
(12-month moving total)**



Quarter	I: 2016	II: 2016	III: 2016	IV: 2016	I: 2017	2017 Quarter I: Percent change from prior year
Northwest Minnesota New Limited Liability Companies	639	575	530	511	651	1.9%

Assumed names, which include sole proprietors or organizations that do not have limited liability, fell by 3.5 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.

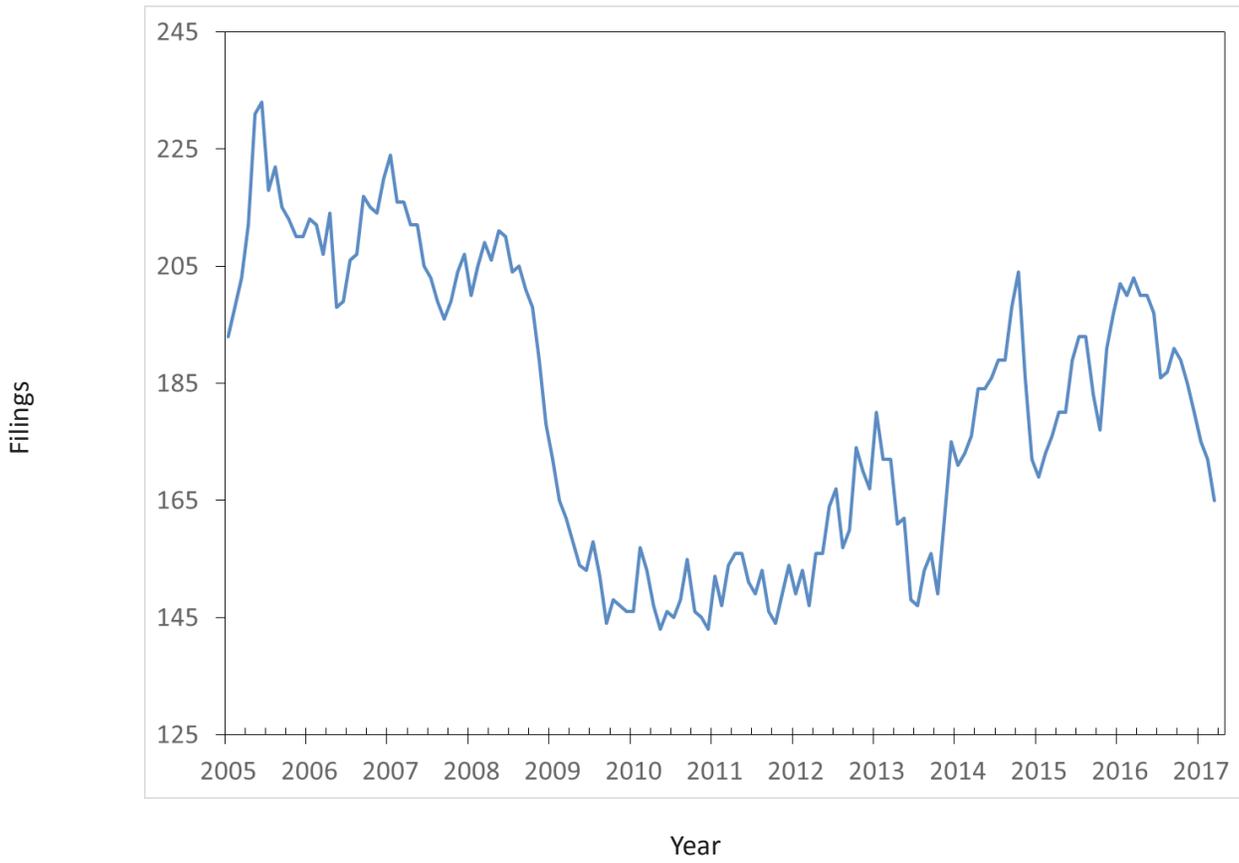
**New Assumed Names—Northwest Minnesota Planning Area (12-month moving total)**



Quarter	I: 2016	II: 2016	III: 2016	IV: 2016	I: 2017	2017 Quarter I: Percent change from prior year
Northwest Minnesota New Assumed Names	397	346	302	284	383	-3.5%

There were 40 new non-profits in the Northwest Minnesota planning area in the first quarter. This was fifteen fewer filings (a 27.3 percent decline) than one year earlier.

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



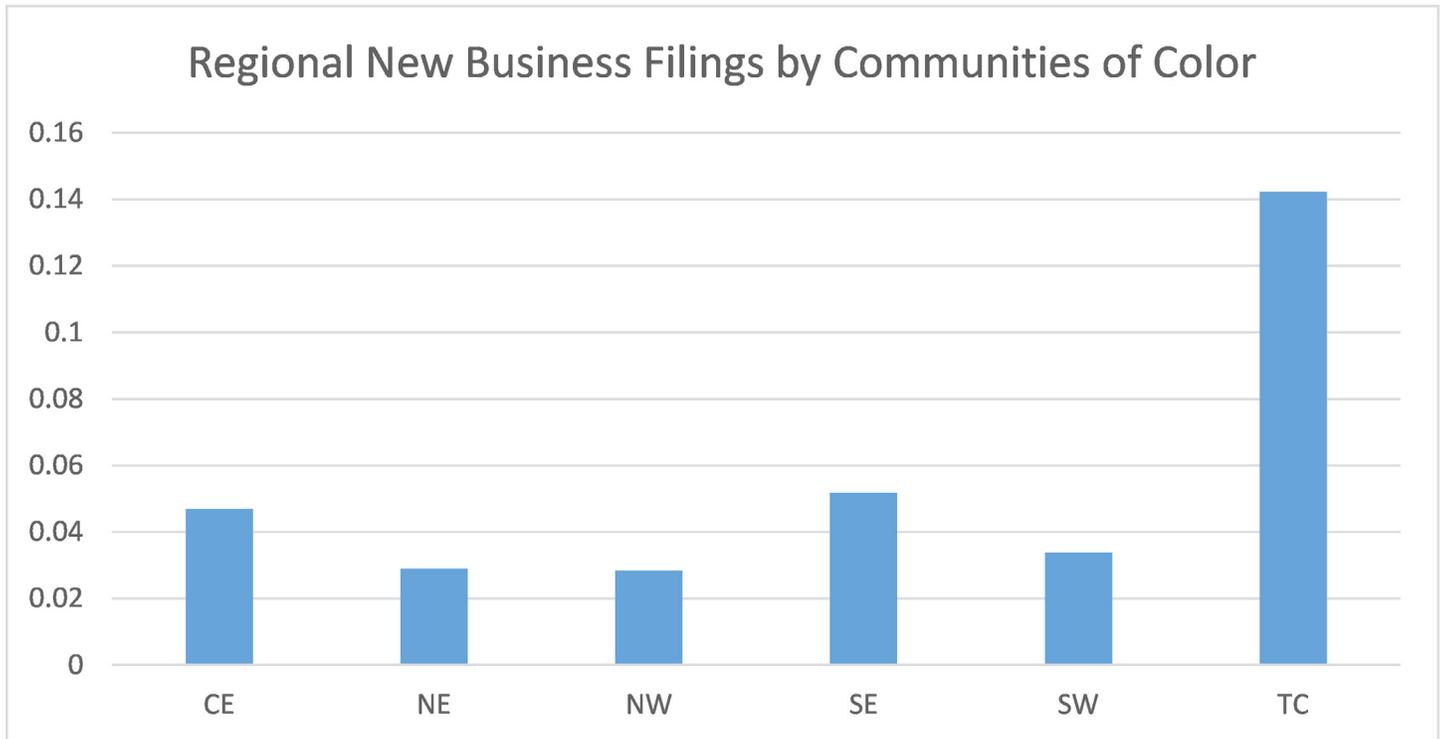
Quarter	I: 2016	II: 2016	III: 2016	IV: 2016	I: 2017	2017 Quarter I: Percent change from prior year
Northwest Minnesota New Non-Profits	55	48	40	37	40	-27.3%

## Minnesota Business Snapshot Survey Results

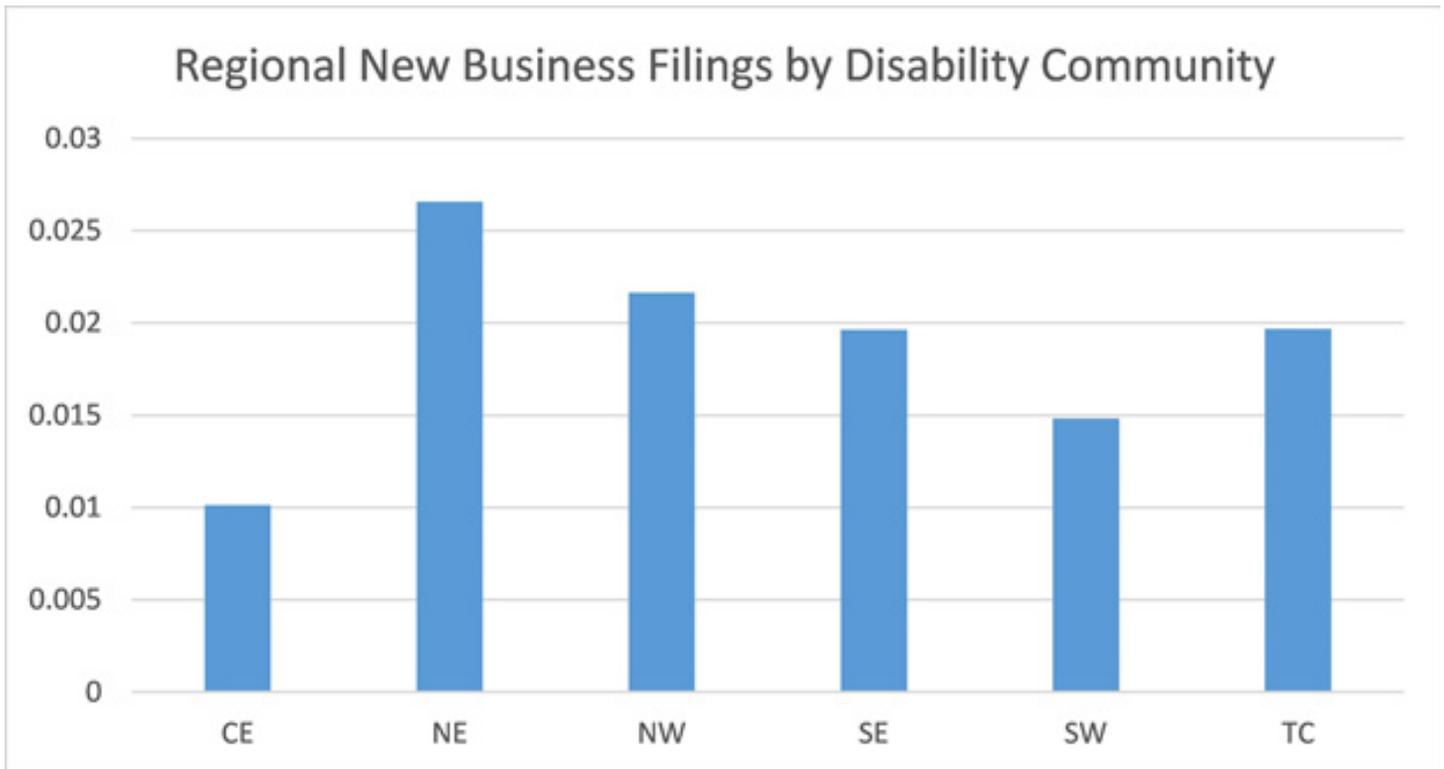
In Fall 2016, the Office of the Minnesota Secretary of State initiated a short voluntary survey, known as the Minnesota Business Snapshot or MBS, for both new and continuing business filers. Questions found in the survey address basic questions related to the background of business filers, industry classification, 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 MBS information with the data analyzed in this report, only surveys accompanying new filings in the first quarter of 2017 are analyzed. For the entire State of Minnesota, the overall response rate for this voluntary survey is approximately 60 percent. This yields thousands of self-reported records in this emerging data set. For Northwest Minnesota, nearly 62 percent of new business filers completed at least some portion of the MBS survey. The results are reported in this section.

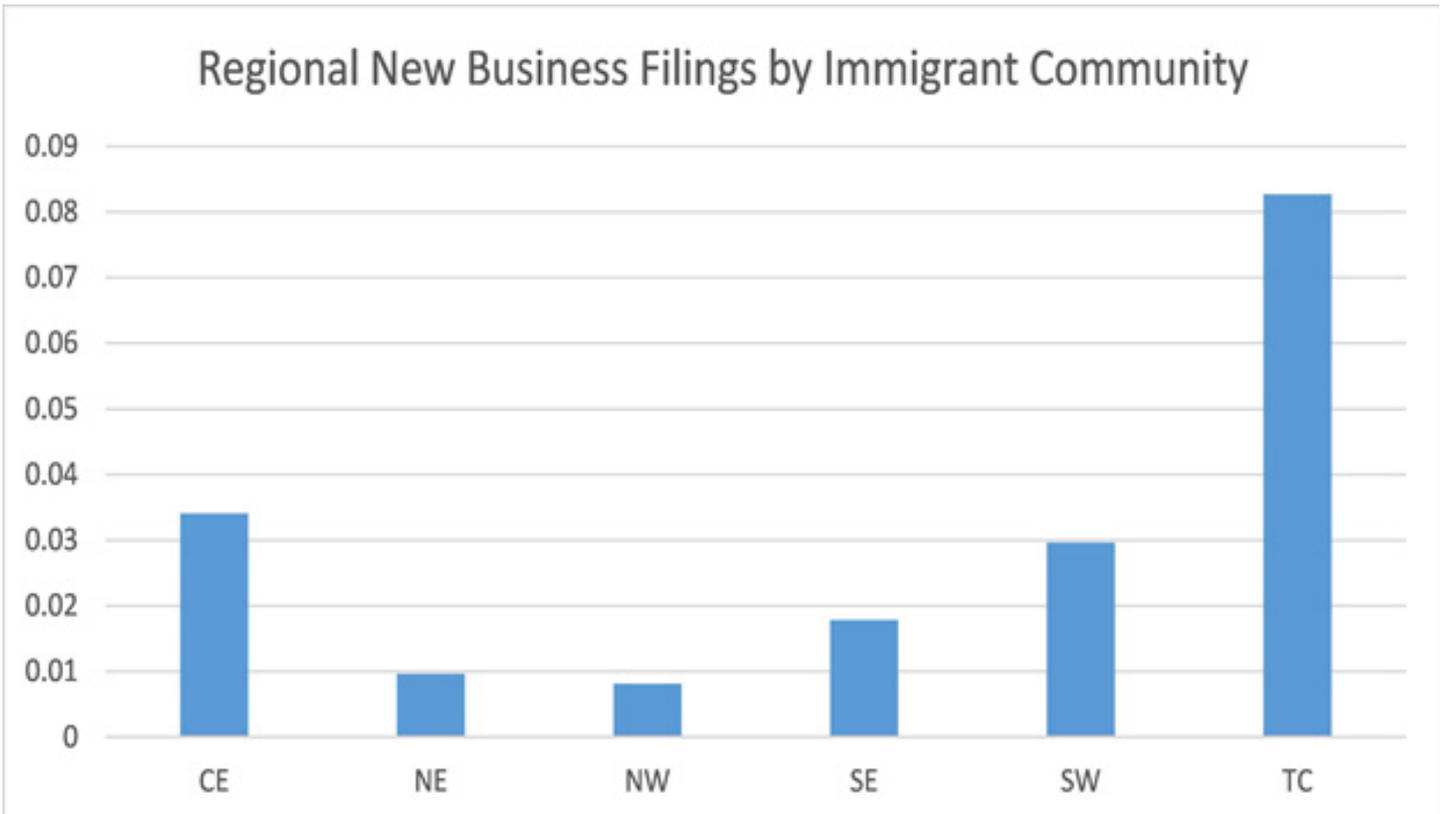
Nearly 3 percent of those new filers completing the MBS from the Northwest Minnesota planning area report being from a community of color. This is a considerably lower percentage than in the Twin Cities, and is one of the lowest of Minnesota's six planning areas.



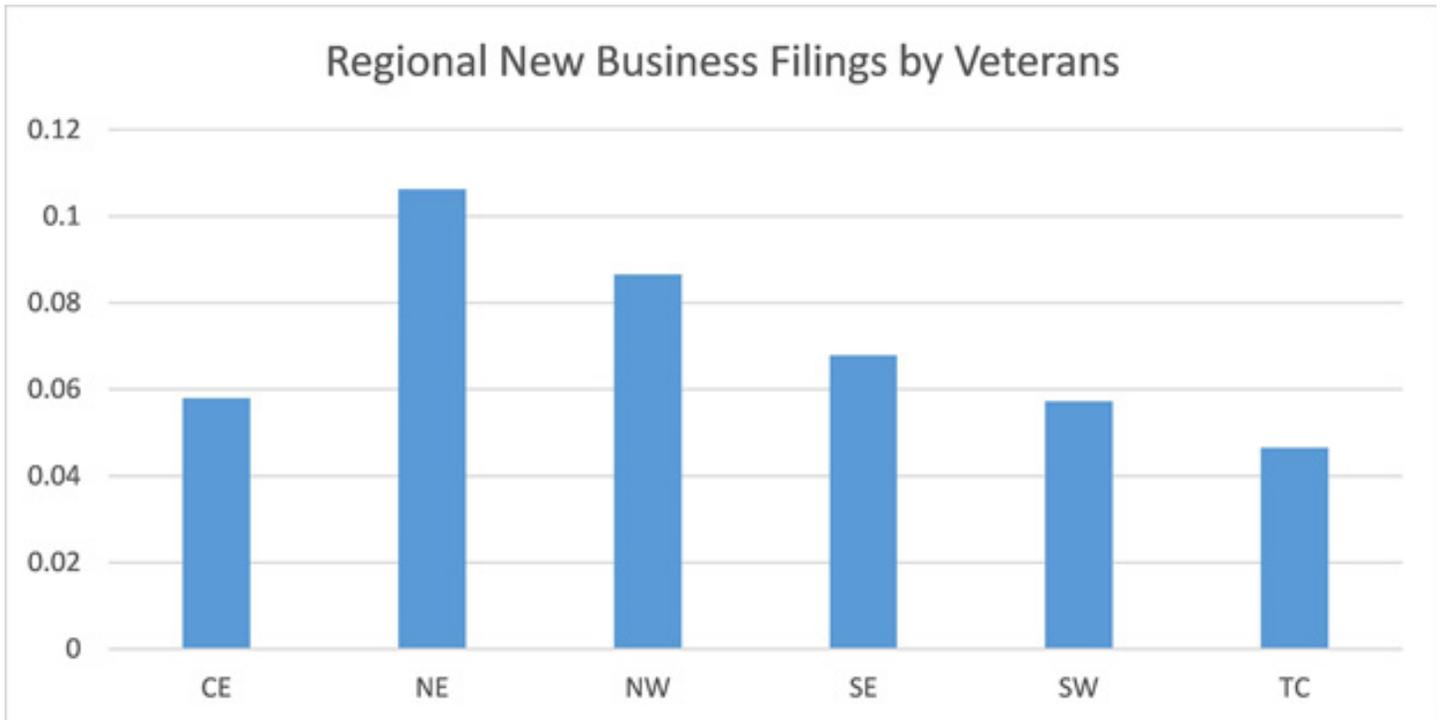
A small percentage of Northwest Minnesota’s new filers—a little over 2 percent—are from the disability community.



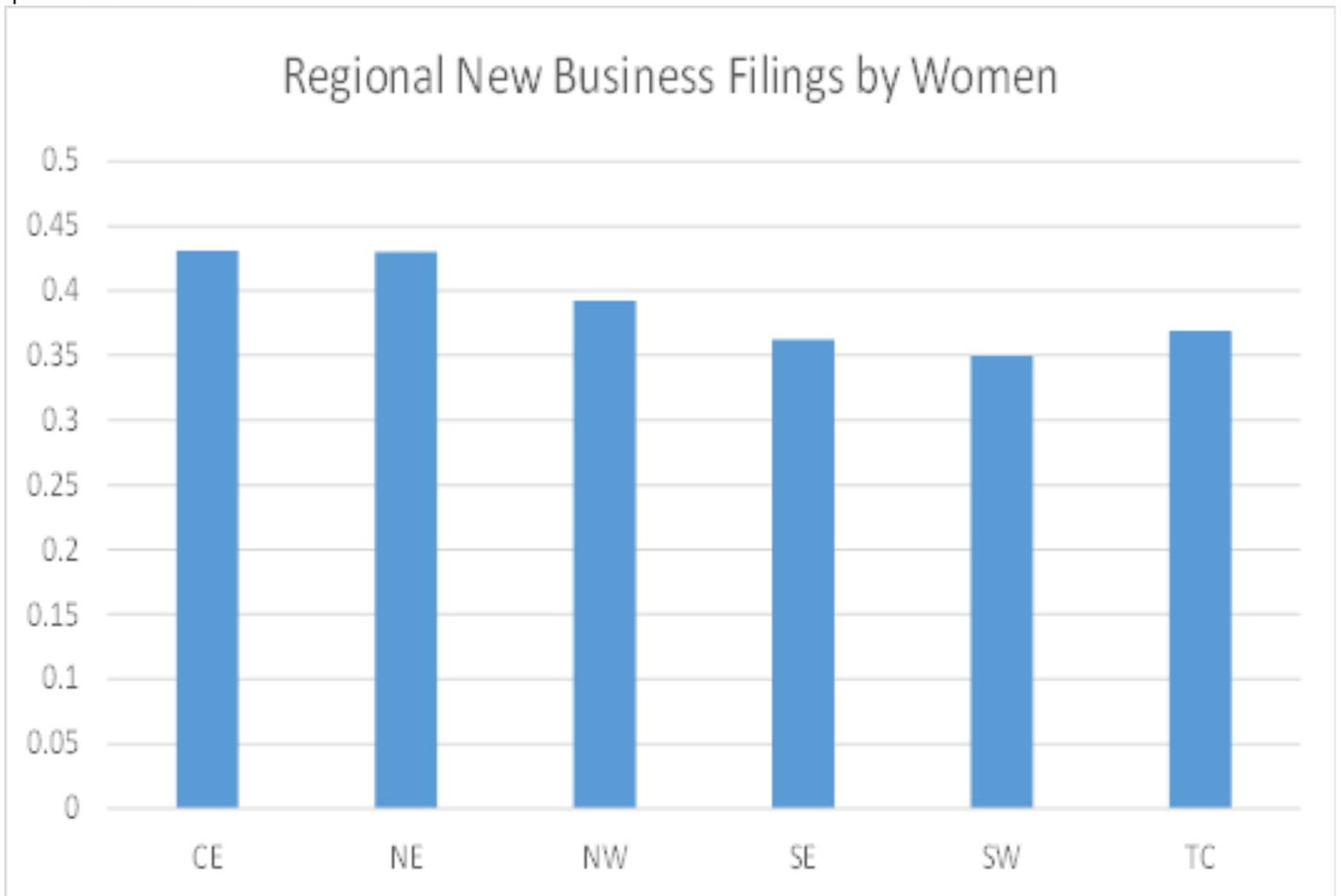
Less than 1 percent of new business filings in Northwest Minnesota come from the immigrant community. This is the lowest percentage of Minnesota’s six planning areas.



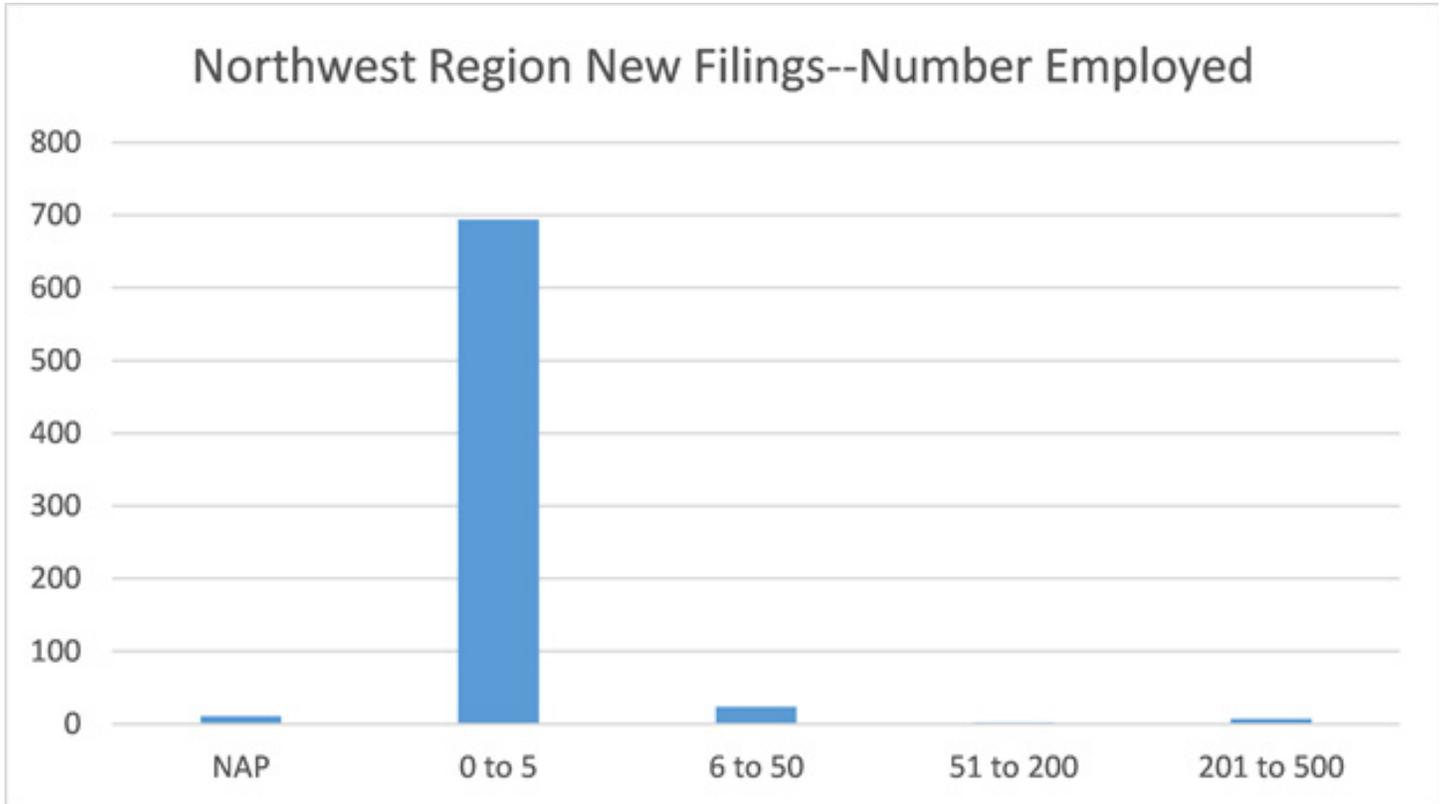
Nearly nine percent of new filings in Northwest Minnesota come from military veterans. Only Northeast Minnesota has a higher percentage of veteran filers.



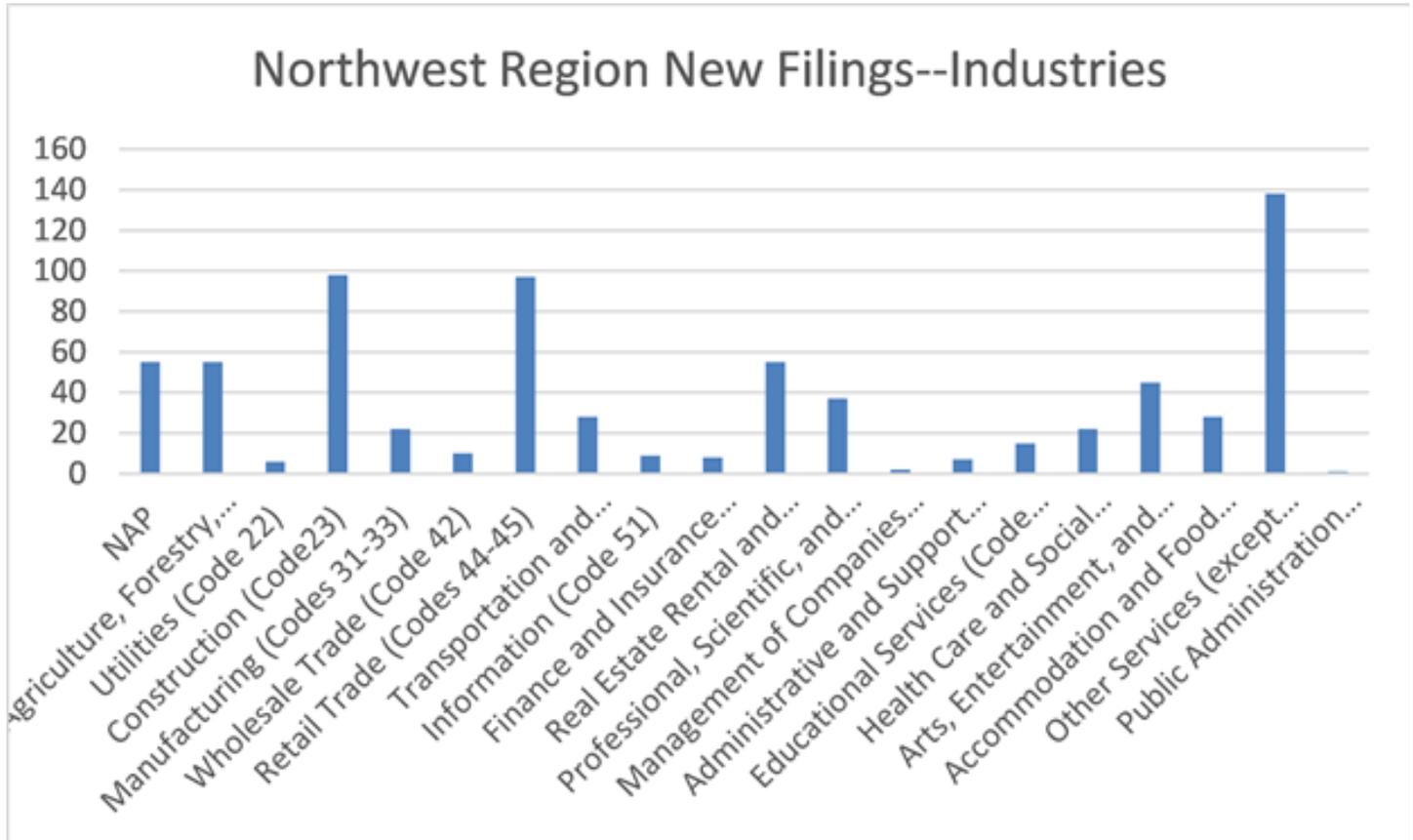
Woman owners represented approximately 39 percent of the new business filings in Northwest Minnesota in the first quarter of 2017.



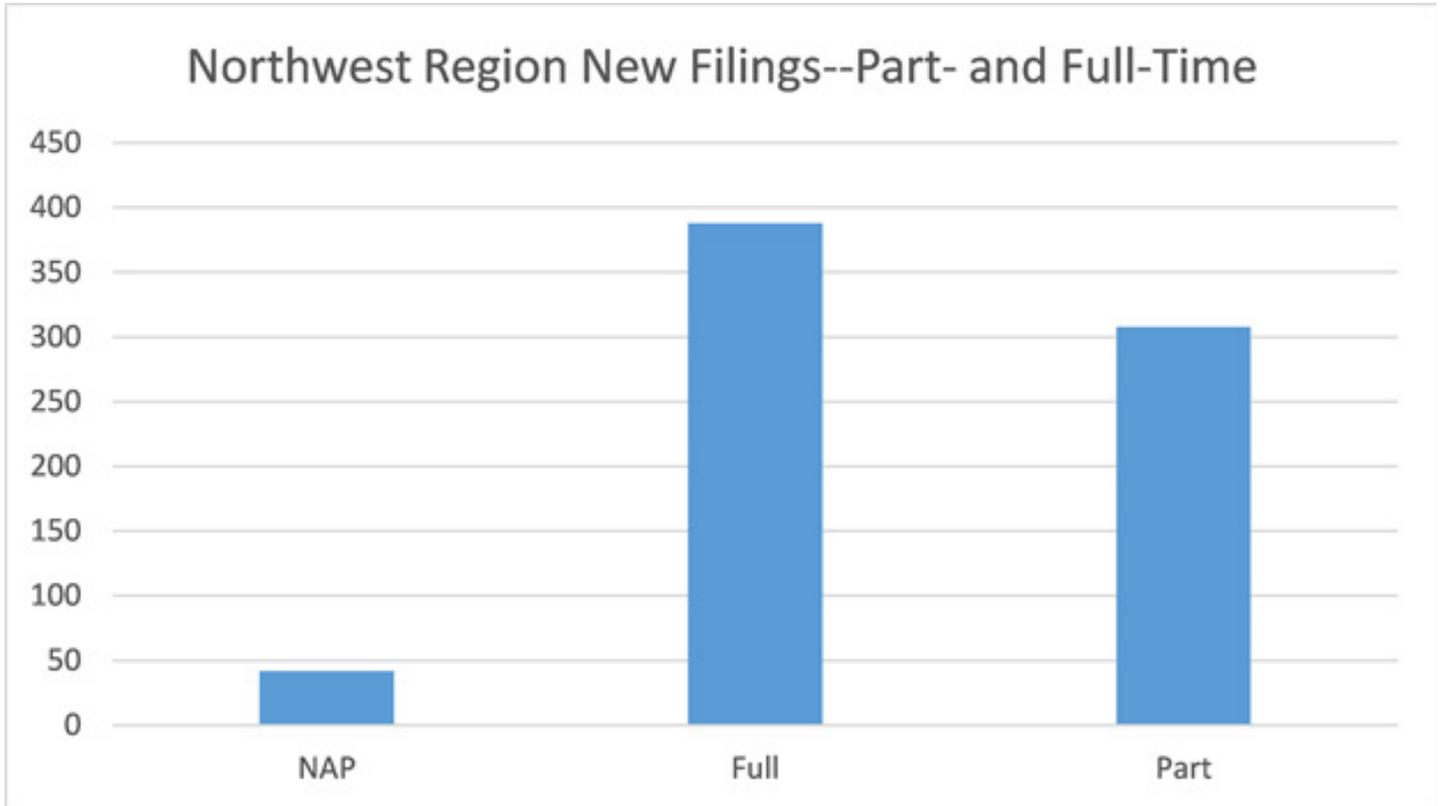
While not all of those participating in the survey completed all portions of the Minnesota Business Snapshot (those not responding to a particular question are represented in this section by “NAP”—no answer provided), more than 1,000 responses were tallied to a question asking the new business filer 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.



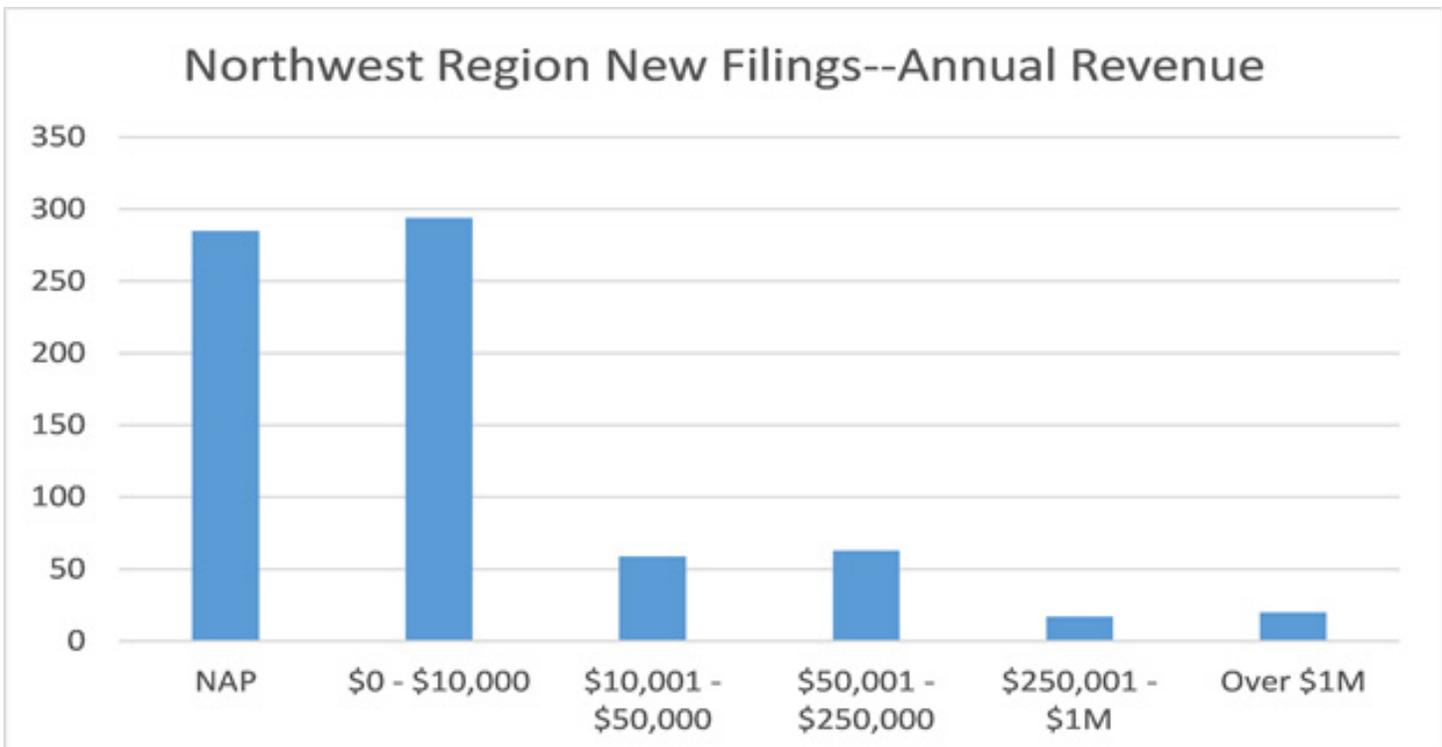
Using the North American Industry Classification System (NAICS), businesses submitting new filings were asked to identify the industry in which their company was operating. While a range of industries were reported, construction, retail trade, and “other services” lead the way. Agriculture, real estate/rental/leasing, professional/scientific/technical, and arts/entertainment/recreation are also well represented in the sample. Relatively few new businesses in Northwest Minnesota are entering the high employment sectors of health care and education.



Approximately 42 percent of those submitting a new business filing in Northwest Minnesota are part-time ventures

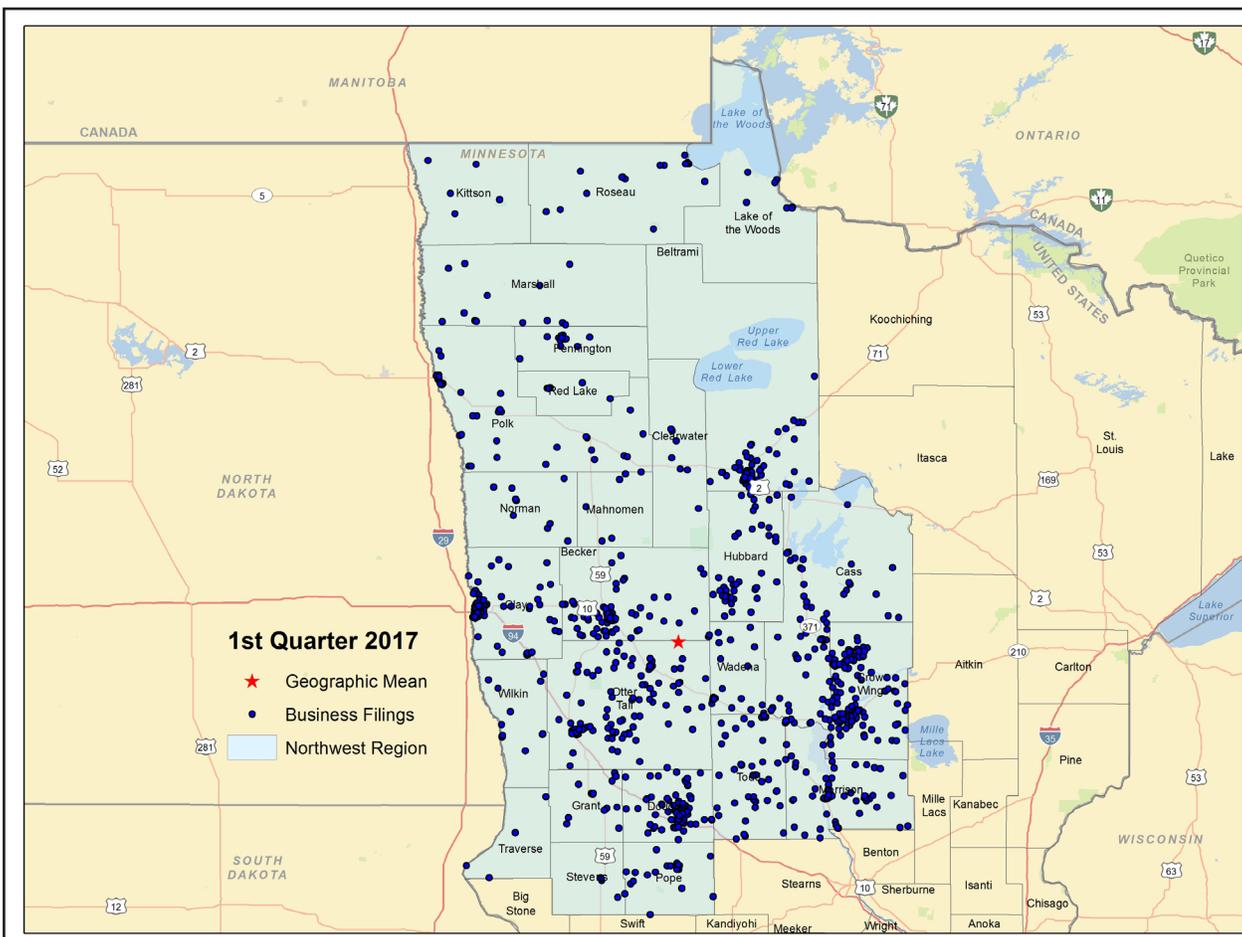


Nearly 300 new business filers in Northwest Minnesota did not provide an answer to the MBS item that asked them to report the company's revenue. Of those businesses that answered the question, the largest share report revenues of less than \$10,000. One hundred firms report revenues in excess of \$50,000.



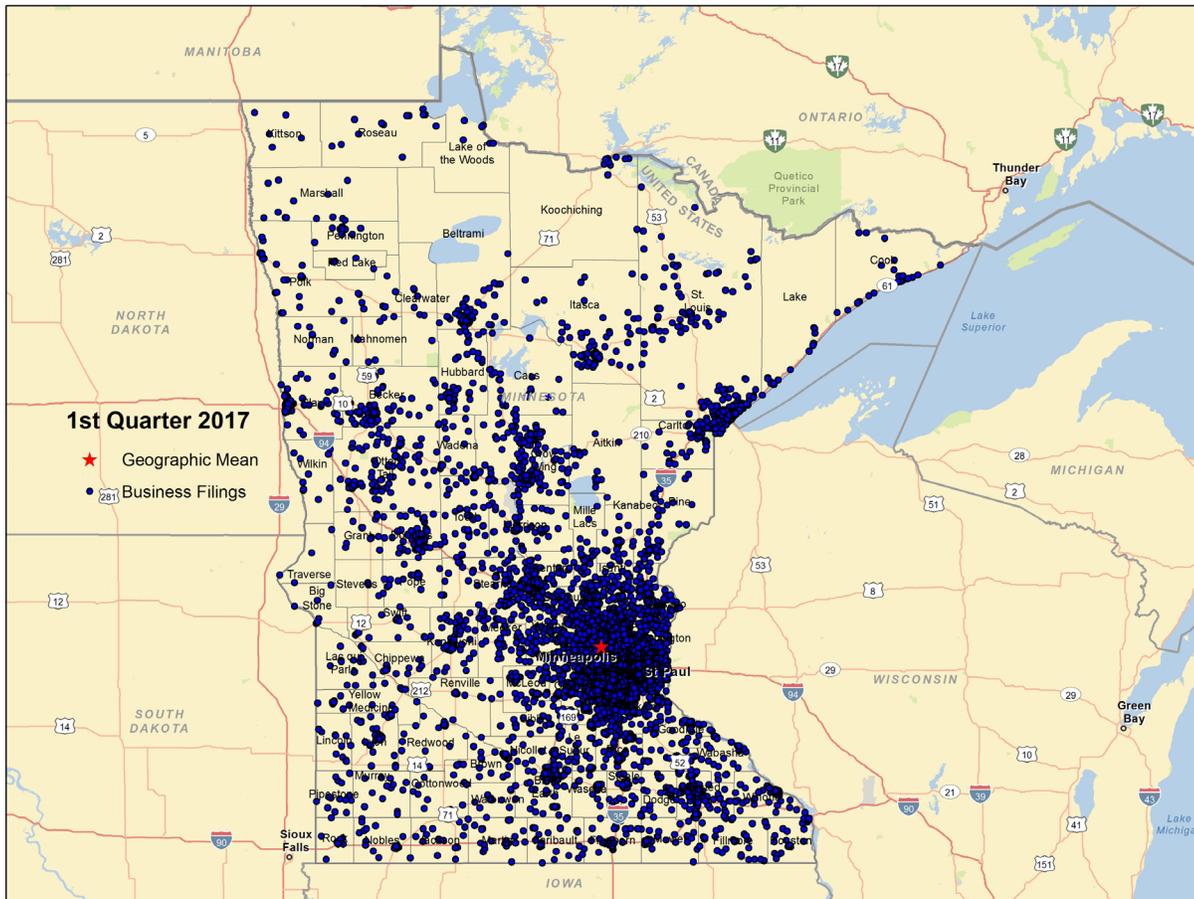
The first map shown below is a visual representation of new business formation around the Northwest Minnesota planning area in the first quarter of 2017. The densest areas of new business formation are in the Alexandria, Brainerd, Bemidji, Fergus Falls, and Moorhead areas. The map demonstrates that most 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 1: 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 1: 2017

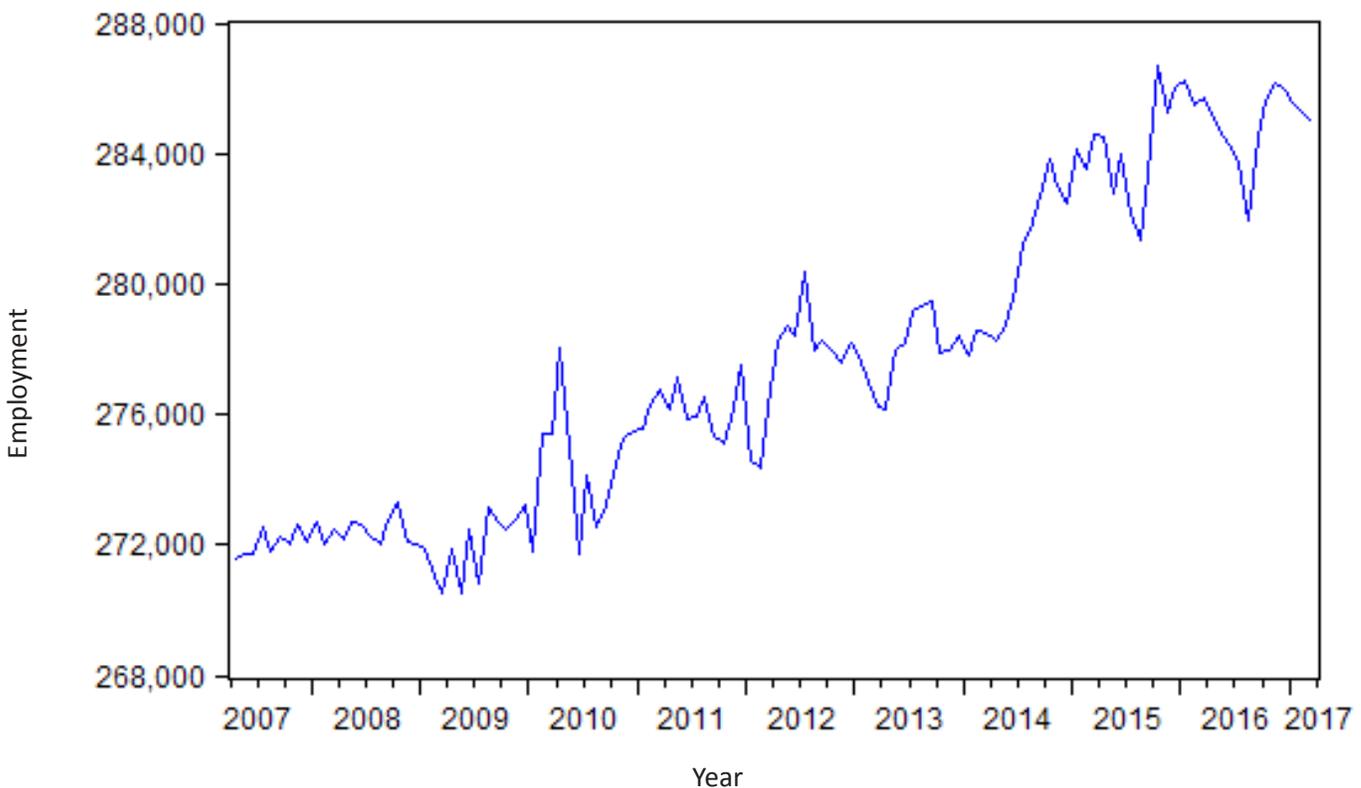


## Northwest Minnesota Labor Market Conditions

Employment in the Northwest Minnesota planning area fell by 0.2 percent over the year ending March 2017. As can be seen in the accompanying graph, after rising for several years, the 12-month moving average of total employment in the Northwest Minnesota planning area seems to have peaked at the end of 2015.

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.

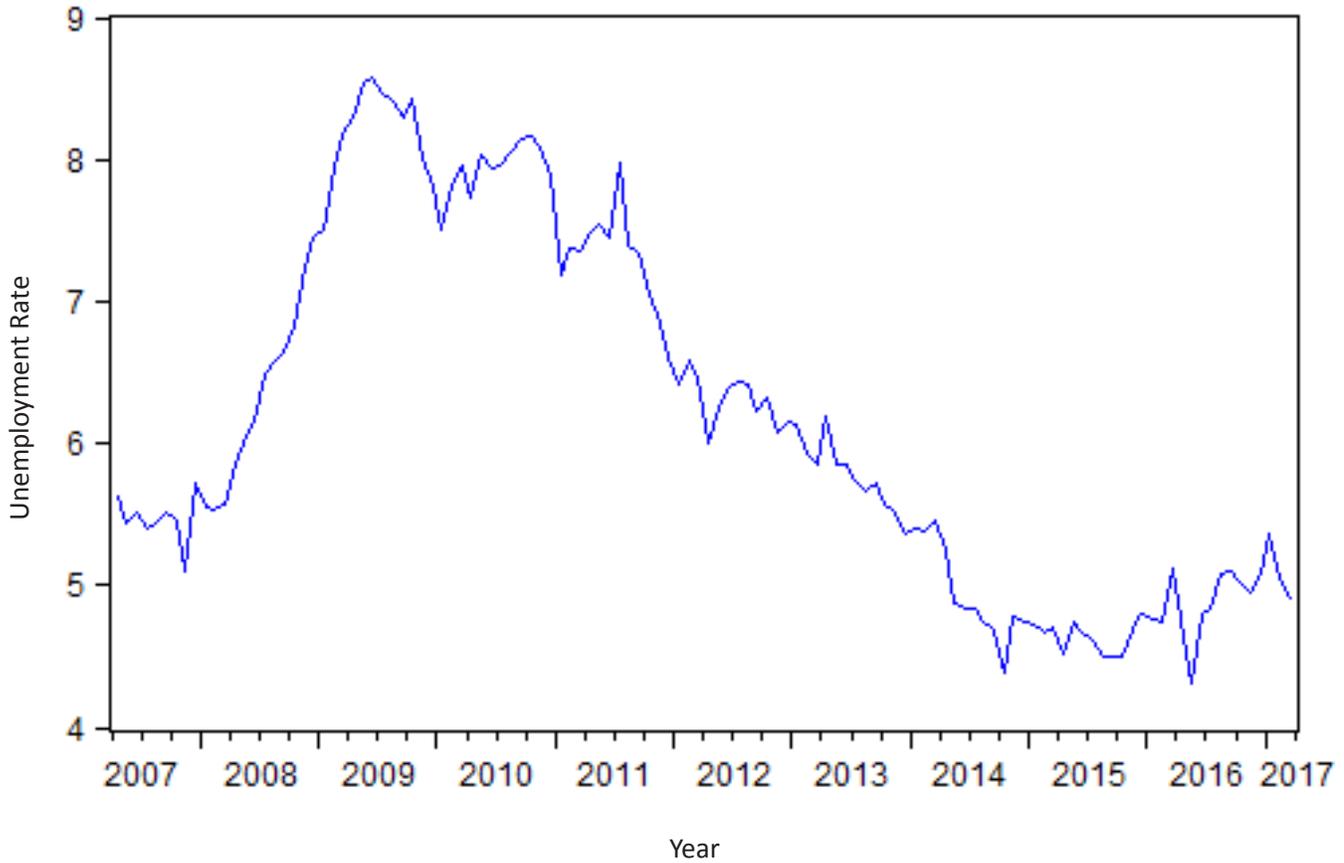
Employment—Northwest Minnesota Planning Area (12-month moving average)



Month	March 2016	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017
Employment (Not seasonally adjusted)	280,715	288,488	286,374	283,226	279,163	277,866	280,133

After bottoming out in the third quarter of 2014, the seasonally adjusted unemployment rate in the region had risen slightly in recent quarters. However, at 6.3 percent, the non-seasonally adjusted unemployment rate is lower than it was in March 2016.

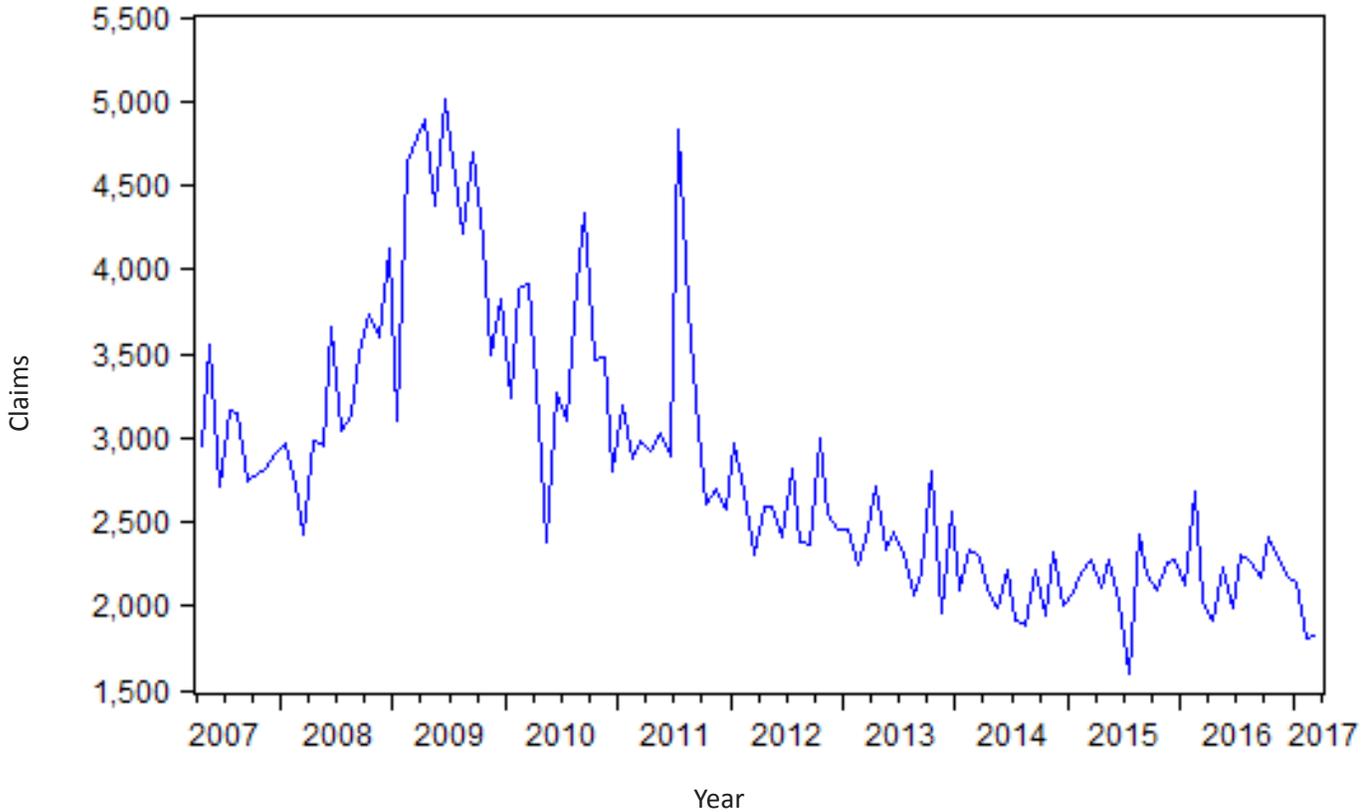
Unemployment Rate, seasonally adjusted—Northwest Minnesota Planning Area



Month	March 2016	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017
Unemployment Rate (Not seasonally adjusted)	6.6%	3.6%	4.3%	5.8%	7.4%	6.9%	6.3%

New claims for March 2017 unemployment insurance were 11.1 percent lower than one year earlier. Seasonally adjusted jobless claims appear to have leveled out over the past couple of years.

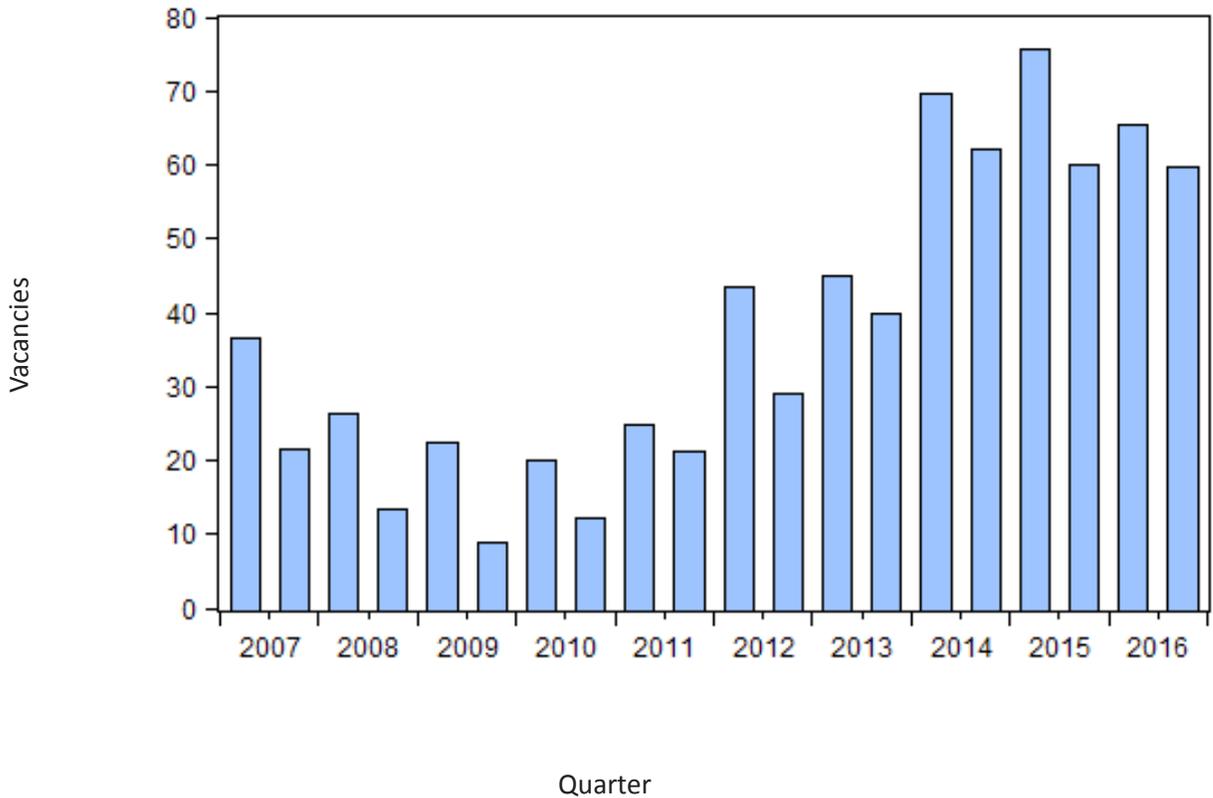
**Total Initial Claims for Unemployment Insurance, Seasonally Adjusted—  
Northwest Minnesota Planning Area**



Period	March 2016	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017
Initial claims (Not seasonally adjusted)	1,705	1,983	5,124	5,273	2,492	1,342	1,515

The ratio of job vacancies per 100 unemployed remains elevated in Northwest Minnesota. With 65.50 job vacancies per 100 unemployed, the shortage of qualified workers continues to plague this region. Fortunately, this job vacancy ratio has been trending downward since its peak in the second quarter of 2015. While Northwest Minnesota’s job vacancy ratio is about the same as observed in the Northeast and Central planning areas, the rate of job vacancies is considerably higher in the Twin Cities, Southeast and Southwest portions of the state. The ratio of job vacancies per 100 unemployed in the Twin Cities now stands at 106.83, representing more job vacancies than unemployed people available to fill these vacancies.

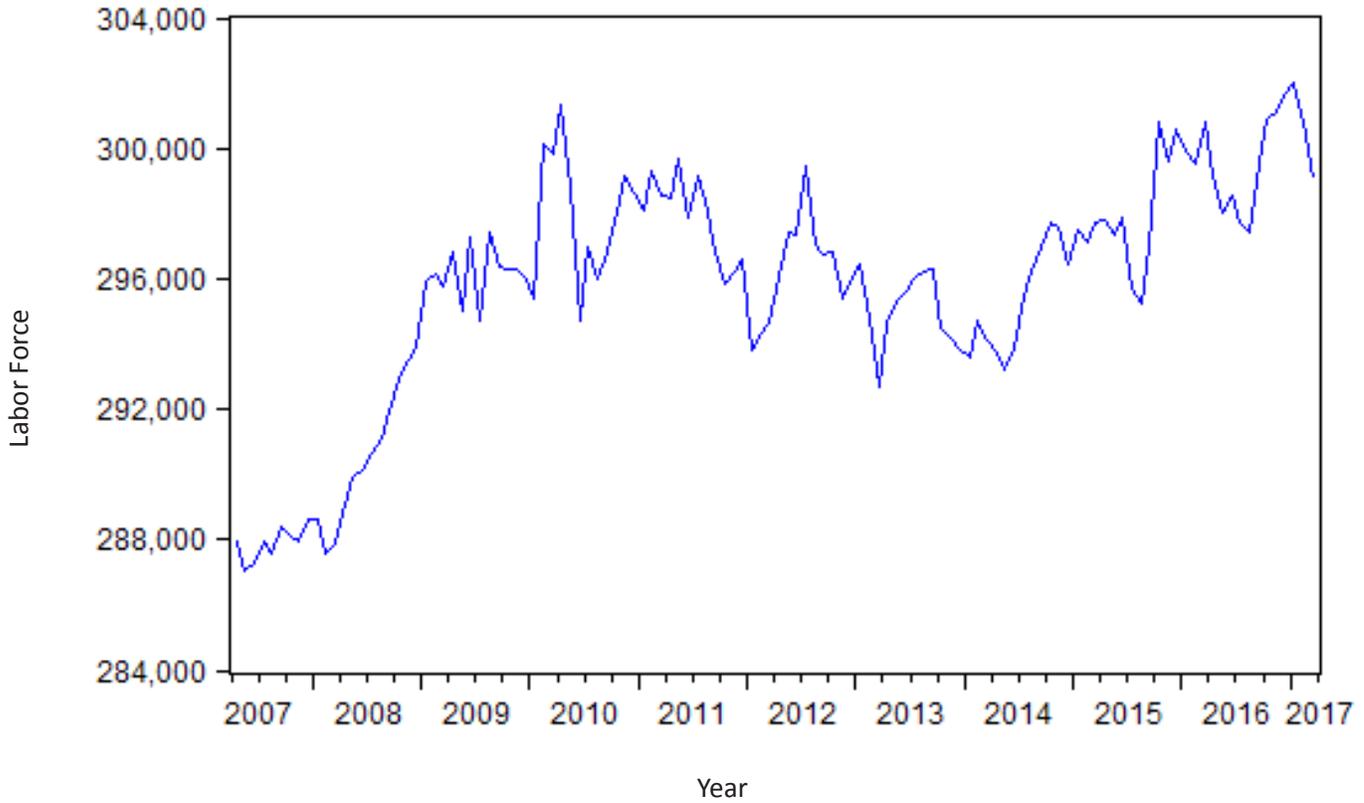
Job Vacancies per 100 Unemployed---Northwest Minnesota Planning Area



Quarter	2014:II	2014:IV	2015:II	2015:IV	2016:II	2016:IV
Job Vacancies per 100 Unemployed	76.1	70.05	80.52	65.01	74.03	65.50

The Northwest Minnesota labor force contracted over the year ending March 2017. At 298,905 the regional labor force is now 1,705 smaller (representing a 0.6 percent decrease) than one year earlier. Only the Central Minnesota and Twin Cities planning areas have experienced labor force growth over the past year. The four other planning areas have all seen a year-over-year decline in their workforce.

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

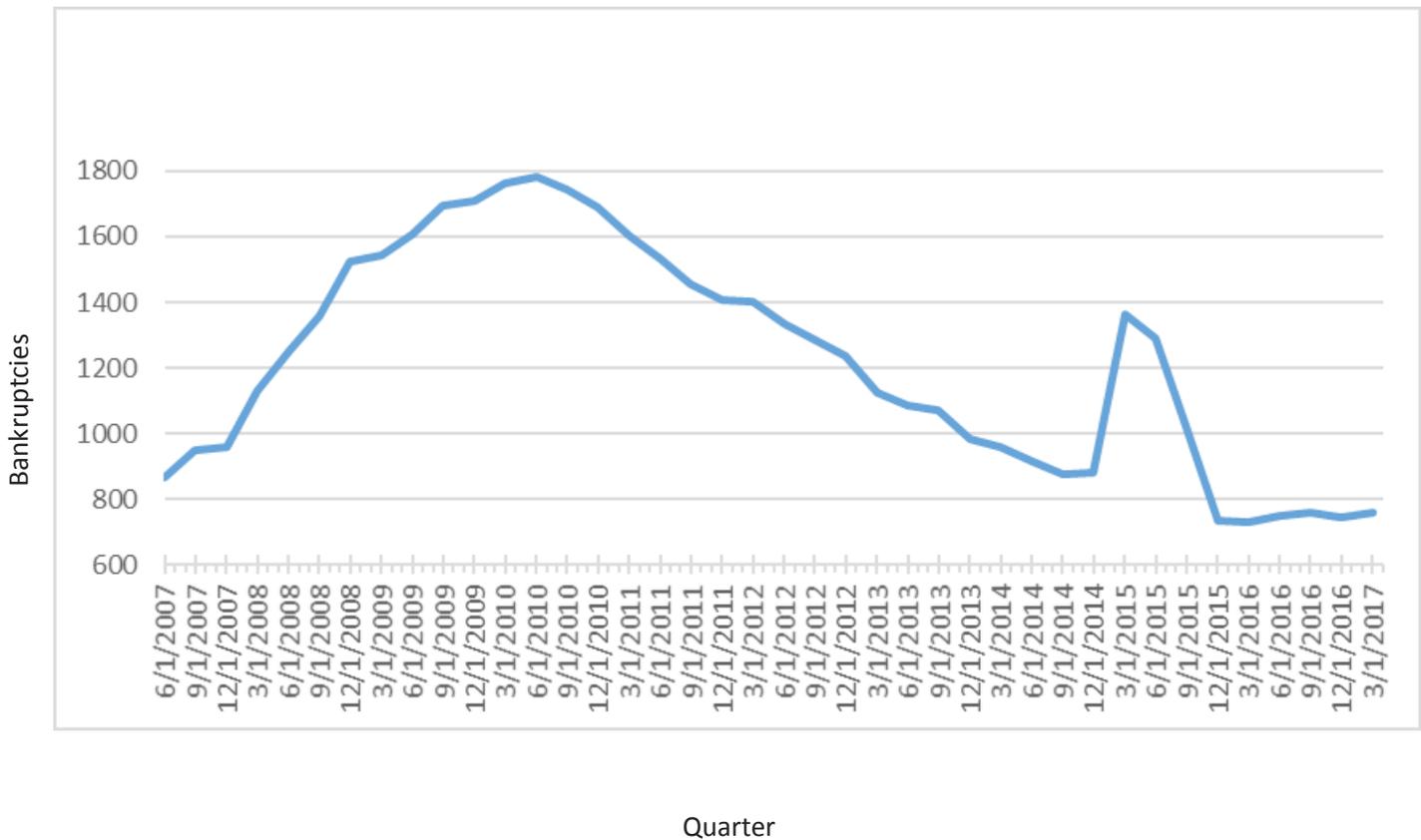


Year (March)	2012	2013	2014	2015	2016	2017
Labor Force (not seasonally adjusted)	294,024	292,230	293,744	297,524	300,610	298,905

## 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 2014. 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. After leveling out over the past several quarters, this series is now starting to slowly rise.

Northwest Minnesota Bankruptcies (12-month moving total)



Year (First Quarter)	2012	2013	2014	2015	2016	2017
Annual Bankruptcies (not seasonally adjusted)	1,403	1,127	959	1,363	731	758

## Economic Indicators

Fargo-Moorhead MSA Indicators	Period Covered	Current Period	Prior Year	Annual Percent Change	Long-Term Average (since 1999, unless noted)
Employment	March 2017 (m)	140,600	138,000	1.9% ↑	2.0%
Manufacturing Employment	March 2017 (m)	10,000	9,600	4.2% ↑	1.5%
Mining, Logging, Construction Employment	March 2017 (m)	8,100	7,900	2.5% ↑	3.1%
Average Weekly Work Hours, Private Sector	March 2017 (m)	33.3	33.1	0.6% ↑	NA
Average Earnings Per Hour, Private Sector	March 2017 (m)	\$24.03	\$23.93	0.4% ↑	NA
Unemployment Rate	March 2017 (m)	3.1%	3.3%	NA ↓	NA
Labor Force	March 2017 (m)	139,682	134,815	3.6% ↑	1.7%
Initial Jobless Claims	March 2017 (m)	401	498	-19.5% ↓	NA
Fargo-Moorhead Residential Building Permit Valuation, in thousands	March 2017 (m)	17,275	21,681	-20.3% ↓	NA
Fargo-Moorhead Cost of Living Index	Annual 2016	98.9	99.1	-0.2% ↓	NA

## Grand Forks-East Grand Forks MSA Indicators

Grand Forks-East Grand Forks MSA Indicators	Period Covered	Current Period	Prior Year	Annual Percent Change	Long-Term Average (since 1999, unless noted)
Employment	March 2017 (m)	56,900	56,700	0.4% ↑	1.0%
Manufacturing Employment	March 2017 (m)	4,200	4,100	2.4% ↑	1.0%
Mining, Logging, Construction Employment	March 2017 (m)	3,000	2,700	11.1% ↑	1.7%
Average Weekly Work Hours, Private Sector	March 2017 (m)	32.2	31.3	2.9% ↑	NA
Average Earnings Per Hour, Private Sector	March 2017 (m)	\$22.09	\$22.81	-3.2% ↓	NA
Unemployment Rate	March 2017 (m)	3.4%	3.7%	NA ↓	NA
Labor Force	March 2017 (m)	57,554	56,542	1.8% ↑	0.5%
Initial Jobless Claims	March 2017 (m)	145	164	-11.6% ↓	NA
Grand Forks-East Grand Forks Residential Building Permit Valuation, in thousands	March 2017 (m)	625	3,099	-79.8% ↓	NA

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 and higher hourly earnings, a lower unemployment rate, and a declining relative cost of living in the region. Falling year-over-year valuations of MSA building permits were the only negative indicator in Fargo/Moorhead in the first quarter.

Grand Forks/East Grand Forks MSA economic activity was also generally favorable in the first quarter. MSA overall employment rose (as did employment in the mining/logging/construction and manufacturing sectors), the labor force expanded, initial jobless claims fell, 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 and average hourly earnings were down.

## State and National Indicators

MINNESOTA Indicators	Mar 2017	Dec 2016	Mar 2016	Change from one quarter ago	Annual Change
Nonfarm payroll employment, SA	2,879,836	2,915,048	2,831,674	-1.2%	1.7%
Average weekly hours worked, private sector	33.7	33.9	33.5	-0.6%	0.6%
Unemployment rate, seasonally adjusted	3.8%	4.0%	3.9%	NA	NA
Earnings per hour, private sector	\$28.21	\$27.85	\$27.05	1.3%	4.3%
Philadelphia Fed Coincident Indicator, MN	198.50	196.42	192.93	1.1%	2.9%
Philadelphia Fed Leading Indicator, MN	2.88	1.47	1.47	95.9 %	95.9%
Minnesota Business Conditions Index	61.8	52.3	50.7	18.2%	21.9%
Price of milk received by farmers (cwt)	\$17.50	\$19.60	\$15.80	-10.7%	10.8%
Enplanements, MSP airport, thousands	1,731.6	1,456.8	1,662.9	18.9%	4.1%
NATIONAL Indicators	Mar 2017	Dec 2016	Mar 2016	Change from one quarter ago	Annual Change
Nonfarm payroll employment, SA, thousands	145,858	145,325	143,673	0.4%	1.5%
Industrial production, index, SA	104.1	103.8	102.5	0.3%	1.6%
Real retail sales, SA (\$)	193,165	193,812	188,072	-0.3%	2.7%
Real personal income less transfers (\$, bill.)	12,154.6	12,088.4	11,825.3	0.5%	2.8%
Real personal consumption expenditures (\$, bill.)	11,695.6	11,709.4	11,374.4	-0.1%	2.8%
Unemployment rate, SA	4.5%	4.7%	5.0%	NA	NA
New building permits, SA, thousands	22,864	17,581	19,300	30.0%	18.5%
Standard & Poor's 500 stock price index	2,366.8	2,246.6	2,022.0	5.4%	17.1%
Oil, price per barrel in Cushing, OK	\$49.33	\$51.97	\$37.55	-5.1%	31.4%

Across the state, 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, more average weekly hours worked in the private sector, and a lower seasonally adjusted unemployment rate over the past twelve months. Current 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 22 percent. Milk prices are higher than one year ago (although they declined over the three months ending March 2017) and enplanements at the Minneapolis-St. Paul airport increased by 4.1 percent over the last twelve months.

While three national economic indicators shown in the table were weaker over the past three months, most of the measures in this part of 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. As noted last quarter, oil prices have firmed up to \$50 per barrel compared to under \$40 a year ago. While rising oil prices adversely impact the discretionary income of households, they also improve the economic well-being of those employed in the energy sector (which has been struggling in recent years).

## Sources

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