

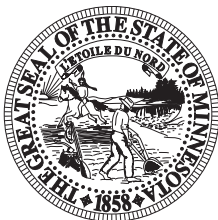


Southeast Minnesota Economic and Business Conditions Report First Quarter 2019

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

The Southeast Minnesota Planning Area consists of 11 counties:

Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona.



OFFICE OF THE MINNESOTA
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EXECUTIVE SUMMARY

Continued slower economic growth over the next several months is expected in the Southeast Minnesota planning area according to the prediction of the Southeast Minnesota Index of Leading Economic Indicators (LEI). The leading index fell by 2.84 points in the first quarter as three of five index components recorded negative values. A decrease in the number of Rochester area residential building permits, a decline in the Minnesota Business Conditions Index, and an increase in initial jobless claims helped drive the index lower in this year's first quarter. Improved consumer sentiment and a recent increase in new filings of incorporation and LLC made a favorable contribution to the leading index. The LEI is now 6 percent lower than one year ago.

There were 927 new business filings with the Office of the Minnesota Secretary of State in Southeast Minnesota in the first quarter of 2019 — representing a 7.7 percent reduction from one year ago. 53 new regional business incorporations were filed in the first quarter, 17.2 percent fewer filings than prior year levels. At a level of 593, first quarter new limited liability company (LLC) filings in Southeast Minnesota were 7.8 percent lower than in the first quarter of 2018. With 244 filings, new assumed name activity was 0.8 percent below what was seen in the same quarter last year. There were fourteen fewer new filings for Southeast Minnesota non-profit over the last three months compared to one year earlier.

Nearly sixty-three percent of new business filers in the Southeast Minnesota planning area completed the voluntary Minnesota Business Snapshot (MBS) survey in this year's first quarter. Results of this voluntary survey indicate that 6.7 percent of new filers come from communities of color and 7.2 percent are veterans. Only 2.4 percent of new filers come from the disability community and 3.8 percent of new filings are made by the immigrant community. Nearly forty percent of new business filings in Southeast Minnesota in this year's first quarter were initiated by women. MBS results also show that most new business filers in Southeast Minnesota have between 0 and \$10,000 in annual gross revenues (although 69 new filers have revenues in excess of \$50,000). The most popular industries for new businesses in Southeast Minnesota are retail trade, real estate/rental/leasing, construction, arts/entertainment/recreation, professional/technical/scientific, and other services. Employment levels at most new firms are between 0 and 5 workers, and 51.2 percent of those starting a new business consider this a part-time activity.

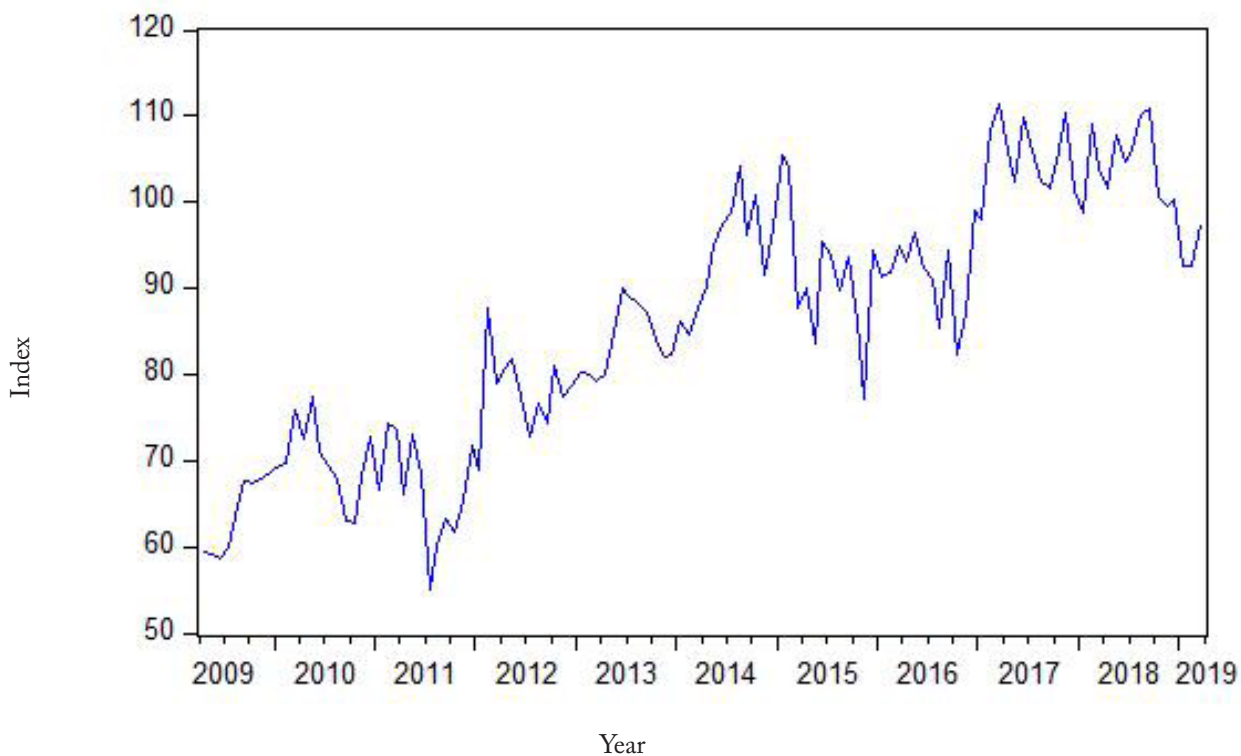
Employment of Southeast Minnesota residents rose by 0.6 percent over the year ending March 2019. The regional unemployment rate was 3.9 percent in March, considerably higher than was recorded one year earlier (when the planning area's unemployment rate was 3.4%). Initial claims for unemployment insurance in March 2019 fell by 7 percent from one year earlier and the Southeast Minnesota labor force increased by 1.1 percent. The regional job vacancy rate has increased to historic levels. There are now 283 job vacancies for every 100 unemployed persons in the southeast region. The planning area's annual bankruptcies were 5.1 percent higher than one year ago.

Data from the Rochester area—the largest market in Southeast Minnesota—were mixed. An increase in overall employment (and job gains in the area's manufacturing and health/education sectors), a larger labor force, and a higher valuation of residential building permits contributed to a favorable outlook for the MSA. Fewer new business filings, lower average hourly earnings, a reduction in average weekly work hours, higher initial jobless claims, and a higher unemployment rate were negative indicators in Rochester.

SOUTHEAST MINNESOTA LEADING ECONOMIC INDICATORS INDEX

The SCSU Southeast Minnesota Leading Economic Indicators (LEI) index is designed to predict performance of the regional economy with a four-to-six month lead time. The LEI finished 2.84 points lower in the first quarter, and is now six percent lower than its level of one year earlier. As can be seen in the accompanying figure, the LEI has plummeted since the end of 2018 as continued growth in the regional economy has been constrained by a shortage of qualified workers to fill an historic level of job vacancies. While the long-term fundamentals remain solid in this region, this region can expect weaker future economic growth as it adjusts to finding new sources of labor to fill its job vacancies.

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



Components of SCSU Southeast Minnesota Leading Economic Indicators Index

| Component of Index | Contribution to LEI, 1st quarter 2019 | Contribution to LEI, 4th quarter 2018 |
|---|---------------------------------------|---------------------------------------|
| Minnesota Business Conditions Index | -1.66 | -2.81 |
| Southeast Minnesota initial claims for unemployment insurance | -1.93 | -0.12 |
| Southeast Minnesota new filings of incorporation and LLCs | 1.03 | -2.45 |
| Rochester MSA residential building permits | -0.34 | -3.49 |
| Consumer Sentiment, University of Michigan | 0.06 | -1.07 |
| TOTAL CHANGE | -2.84 | -9.94 |

Three of five components of the LEI had a negative reading in the first quarter. A decline in Rochester area residential building permits, higher initial jobless claims, and weakness in the Minnesota Business Conditions Index (compiled by Creighton University)—which serves as a general measure of statewide business conditions—contributed negatively to this quarter’s index. An improvement in consumer sentiment and a recent increase in new filings of incorporation and LLC helped lift the regional economic outlook.

**SCSU Southeast Minnesota
Leading Economic Indicators Index**

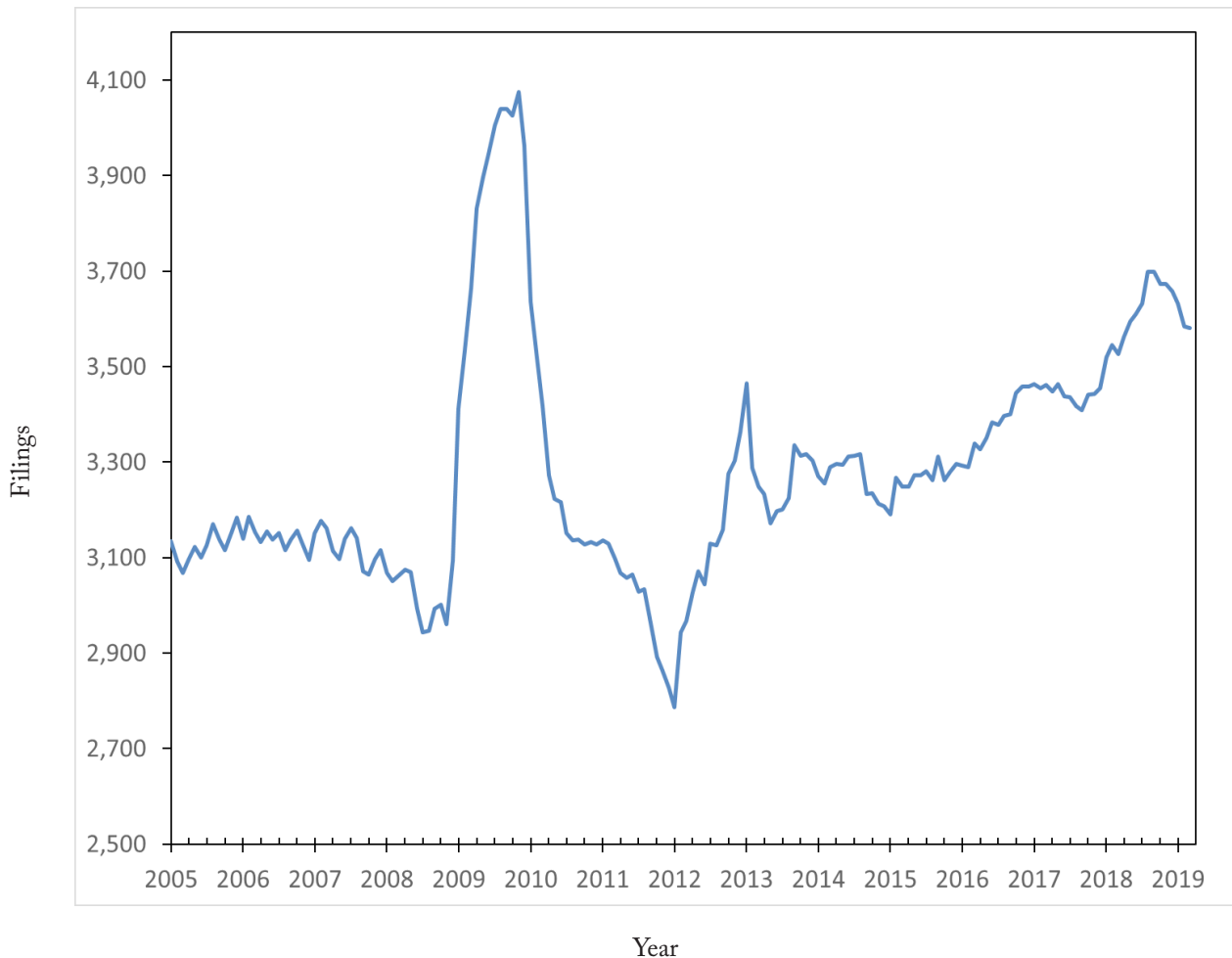
| | 2018 | 2017 | Percentage change |
|--|-------|-------|-------------------|
| Minnesota Business Conditions Index March | 53.0 | 61.0 | -13.1% |
| Southeast Minnesota initial claims for unemployment insurance March | 1,081 | 1,162 | -7.0% |
| Southeast Minnesota new filings of incorporation and LLCs First Quarter | 646 | 707 | -8.6% |
| Rochester MSA single-family building permits March | 26 | 26 | 0.0% |
| Consumer Sentiment, University of Michigan March | 98.4 | 101.4 | -3.0% |
| Southeast Minnesota Leading Economic Indicators Index March (December 1999 = 100) | 97.6 | 103.8 | -6.0% |

SOUTHEAST MINNESOTA BUSINESS FILINGS

First quarter new business filings fell 7.7 percent to a level of 927. As can be seen in the accompanying graph, the 12-month moving total of new business filings in Southeast Minnesota has generally trended upward since the beginning of 2012, but has declined over the past two quarters. The abrupt increase in new filings in the middle of 2008 is largely a result of increased new LLC filings. This outlier (resembling a shark fin) is related to considerably higher filings in the construction industry due to legal and regulatory issues and appears to be a one-time only transitory event seen in the data in all regions of Minnesota.

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

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



| Quarter | I: 2018 | II: 2018 | III: 2018 | IV: 2018 | I: 2019 | 2019 Quarter I: Percent change from prior year |
|---|------------|-------------|--------------|-------------|------------|---|
| Southeast Minnesota Total New Business Filings | 1,044 | 970 | 880 | 804 | 927 | -7.7% |

After leveling off for nearly five years, the moving total of new business incorporations once again began to slowly trend downward in Southeast Minnesota at the end of 2016. However, the moving total of new incorporations leveled out in the first three quarters of 2018. The fourth quarter of 2018 saw a surge of new filings for incorporation in the region as the series jumped by 48.9 percent compared to one year earlier, but this was partially offset by a 17.2 percent year-over-year decline in the first quarter of this year.

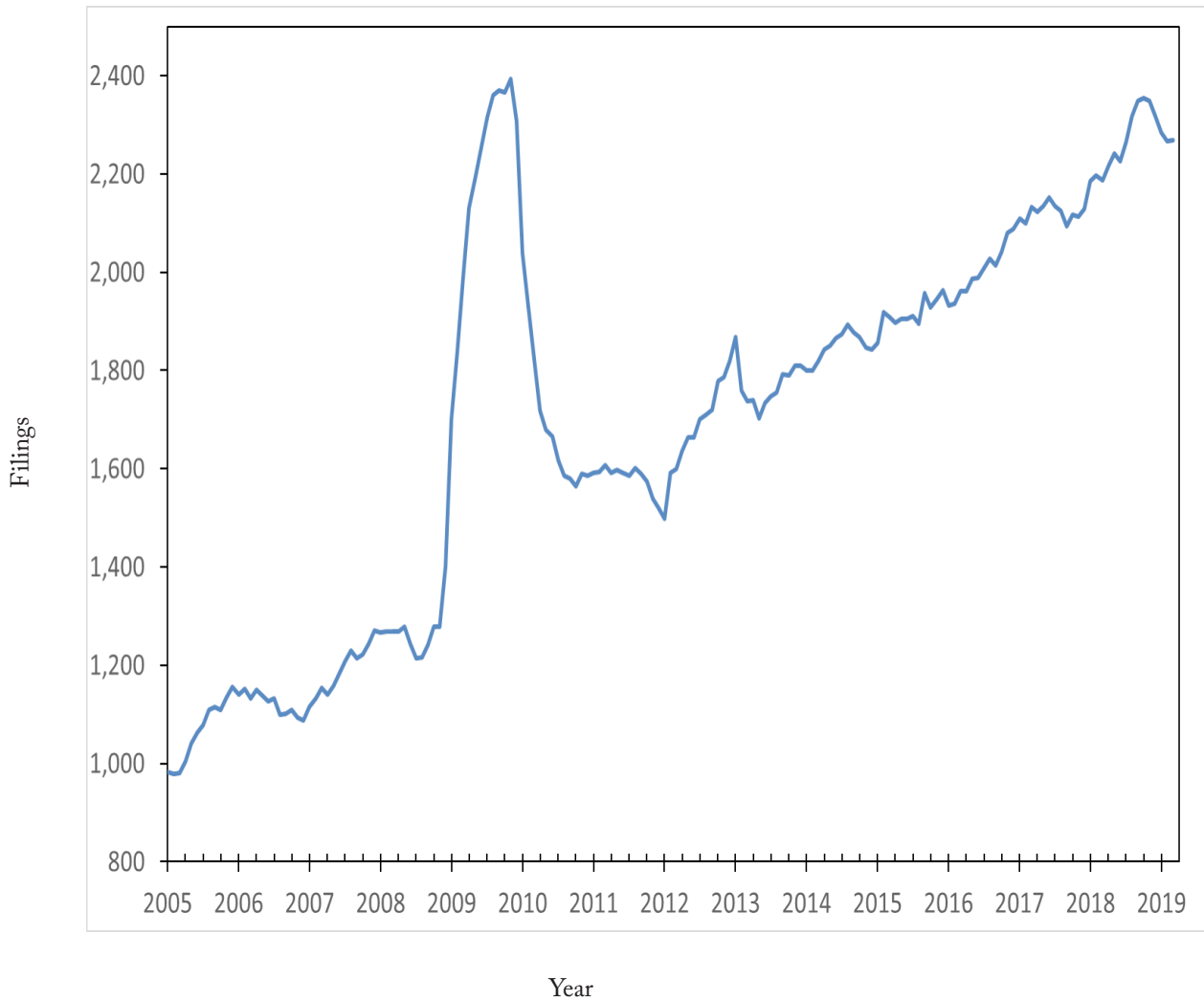
New Incorporations—Southeast Minnesota Planning Area (12-month moving total)



| Quarter | I: 2018 | II: 2018 | III: 2018 | IV: 2018 | I: 2019 | 2019 Quarter I: Percent change from prior year |
|--|------------|-------------|--------------|-------------|------------|---|
| Southeast Minnesota New Business Incorporations | 64 | 53 | 49 | 70 | 53 | -17.2% |

There has been a move in Southeast Minnesota, as in all of the state, away from the traditional incorporation form of business organization towards the LLC. While new business incorporations remain an important indicator of new business formation in Southeast Minnesota, LLCs are increasingly useful in evaluating regional economic performance. As seen below, there is a considerable upward trend in LLCs in Southeast Minnesota. With the exception of the outlier period in 2008-2009, new LLC formation has shown a fairly steady rate of growth since 2005. However, this series may have started to decline over the last couple of quarters. First quarter LLC filings fell by 7.8 percent over their year earlier level as the 12-month moving total of this series continued to move downward.

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



| Quarter | I: 2018 | II: 2018 | III: 2018 | IV: 2018 | I: 2019 | 2019 Quarter I: Percent change from prior year |
|---|------------|-------------|--------------|-------------|------------|---|
| Southeast Minnesota New Limited Liability Companies | 643 | 594 | 583 | 498 | 593 | -7.8% |

On a year over year basis, assumed names, which include sole proprietors or organizations that do not have limited liability, fell by 0.8 percent in Southeast Minnesota in the first quarter. As can be seen in the accompanying graph, other than a period of decline in 2016-17, this series had been trending upward since the beginning of 2015. However, the moving total of assumed names has now declined over the past three quarters in this region. The series remains well below the level observed 10 years ago.

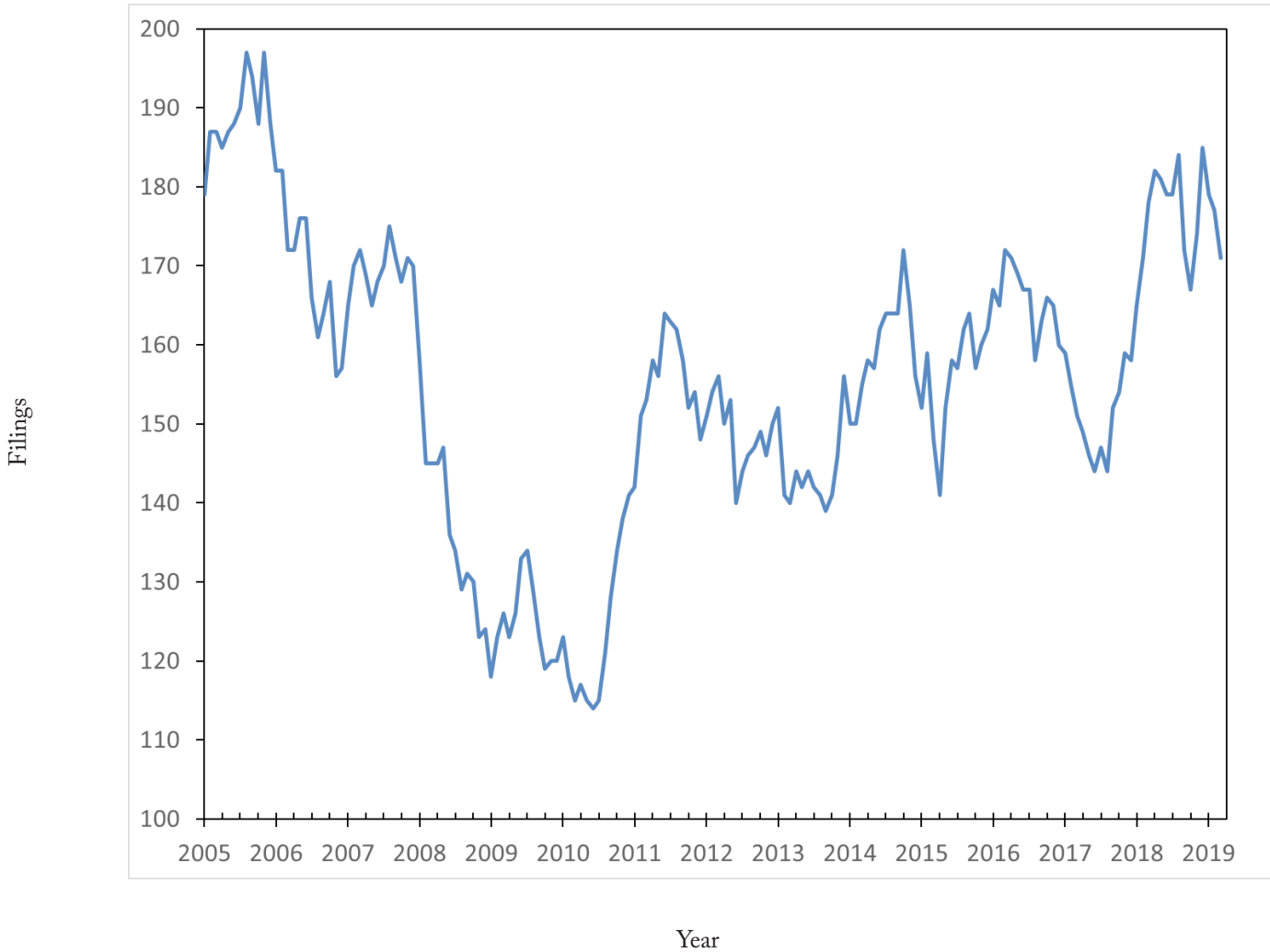
New Assumed Names—Southeast Minnesota Planning Area (12-month moving total)



| Quarter | I: 2018 | II: 2018 | III: 2018 | IV: 2018 | I: 2019 | 2019 Quarter I: Percent change from prior year |
|--|------------|-------------|--------------|-------------|------------|---|
| Southeast Minnesota New Assumed Names | 246 | 283 | 208 | 182 | 244 | -0.8% |

The moving total of new Southeast Minnesota non-profits registered with the Office of the Minnesota Secretary of State has been volatile over the past several years. As can be seen in the accompanying graph, this series had turned downward since the beginning of 2016, but has recently moved upward. The variability of this series over the past few quarters is clear from the graph below. The number of newly formed non-profits totaled 37 in the recent quarter (a 27.5 percent decrease over the first quarter of 2018).

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



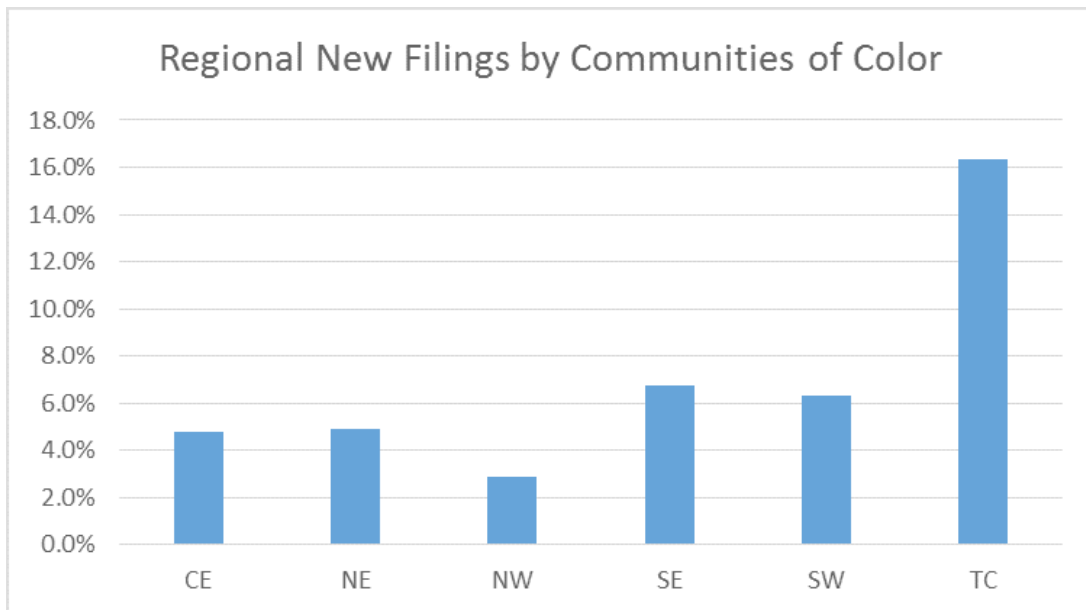
| Quarter | I: 2018 | II: 2018 | III: 2018 | IV: 2018 | I: 2019 | 2019 Quarter I: Percent change from prior year |
|--|------------|-------------|--------------|-------------|------------|---|
| Southeast Minnesota New Non-Profits | 51 | 40 | 40 | 54 | 37 | -27.5% |

MINNESOTA BUSINESS SNAPSHOT SURVEY RESULTS

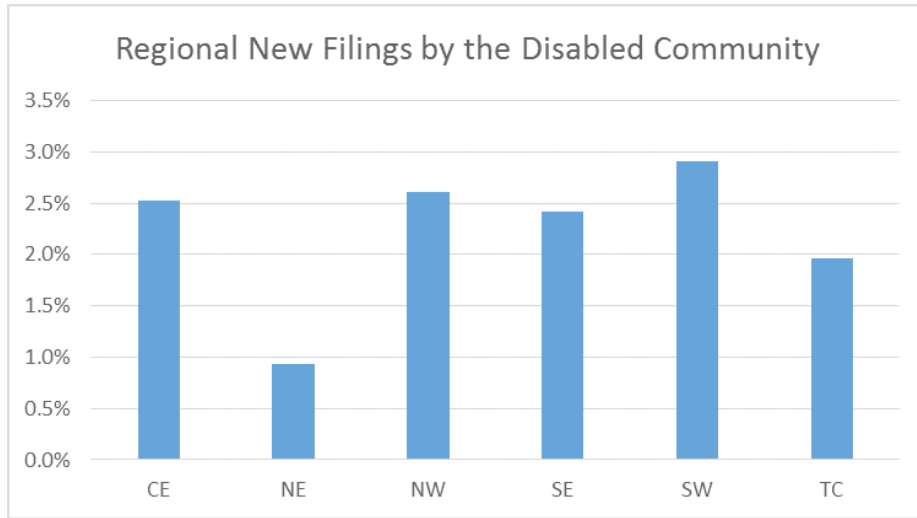
In Fall 2016, the Office of the Minnesota Secretary of State initiated a short voluntary survey (known as Minnesota Business Snapshot) for both new and continuing business filers. Questions found in the survey address basic questions related to the background of business filers, industry classification, 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 (an annual report of the Minnesota Business Snapshot is available from the Office of the Minnesota Secretary of State), 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 first quarter of 2019 are analyzed. For the entire State of Minnesota, the overall response rate for this voluntary survey is approximately 61 percent. This yields thousands of self-reported records in this emerging data set. For Southeast Minnesota, approximately 63 percent of new business filers also completed at least some portion of the MBS survey. The results are reported in this section.

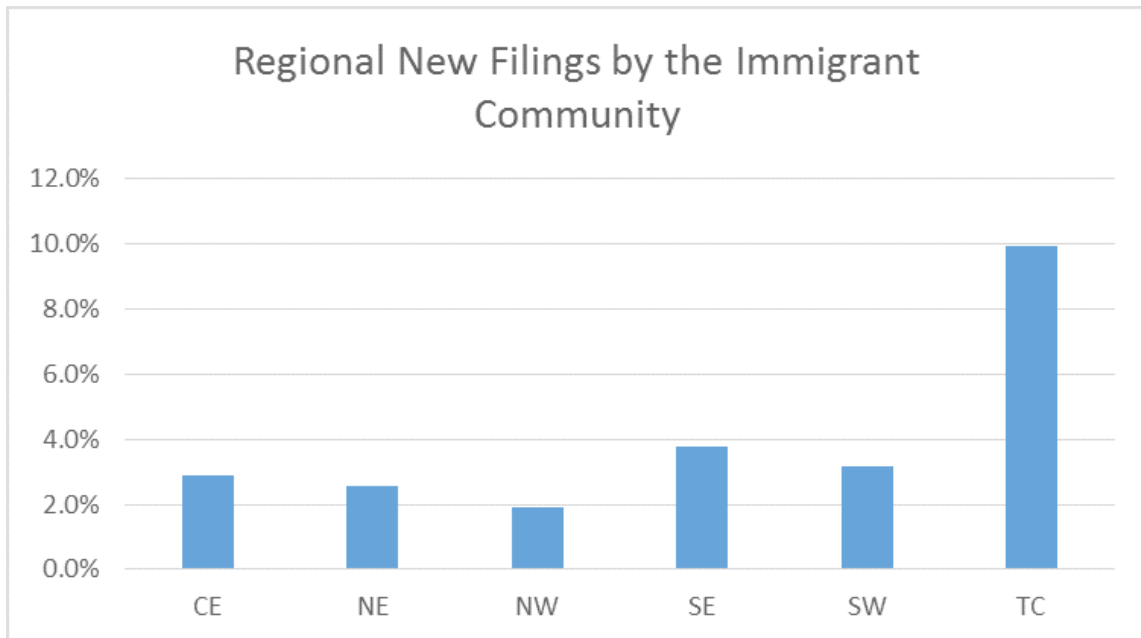
About 6.7 percent of those new filers completing the MBS from the Southeast Minnesota planning area report being from a community of color. This is a considerably lower percentage than in the Twin Cities, but is higher than all other outstate regions of Minnesota.



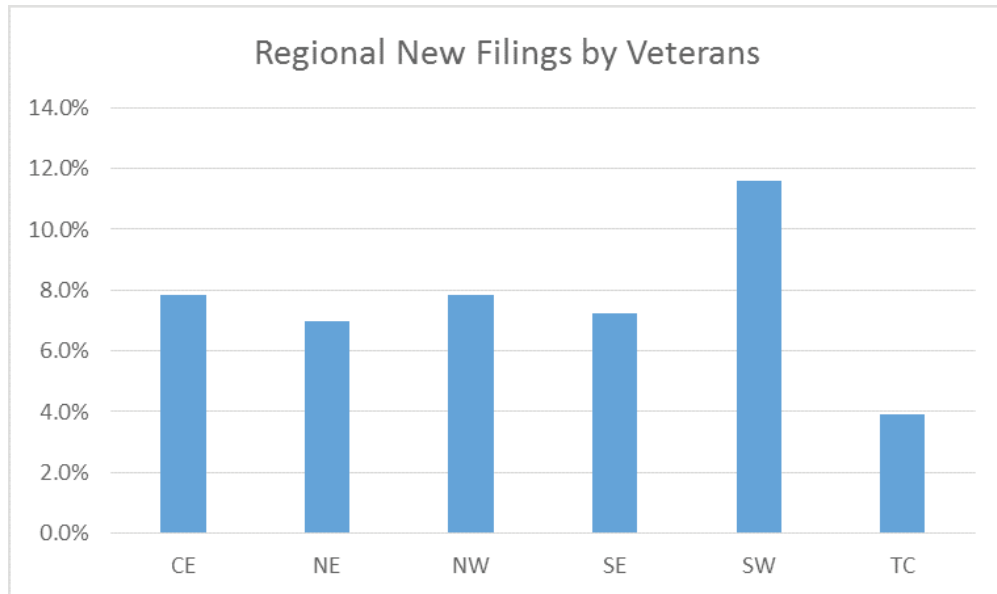
Only 2.4 percent of Southeast Minnesota’s new filers are from the disability community.



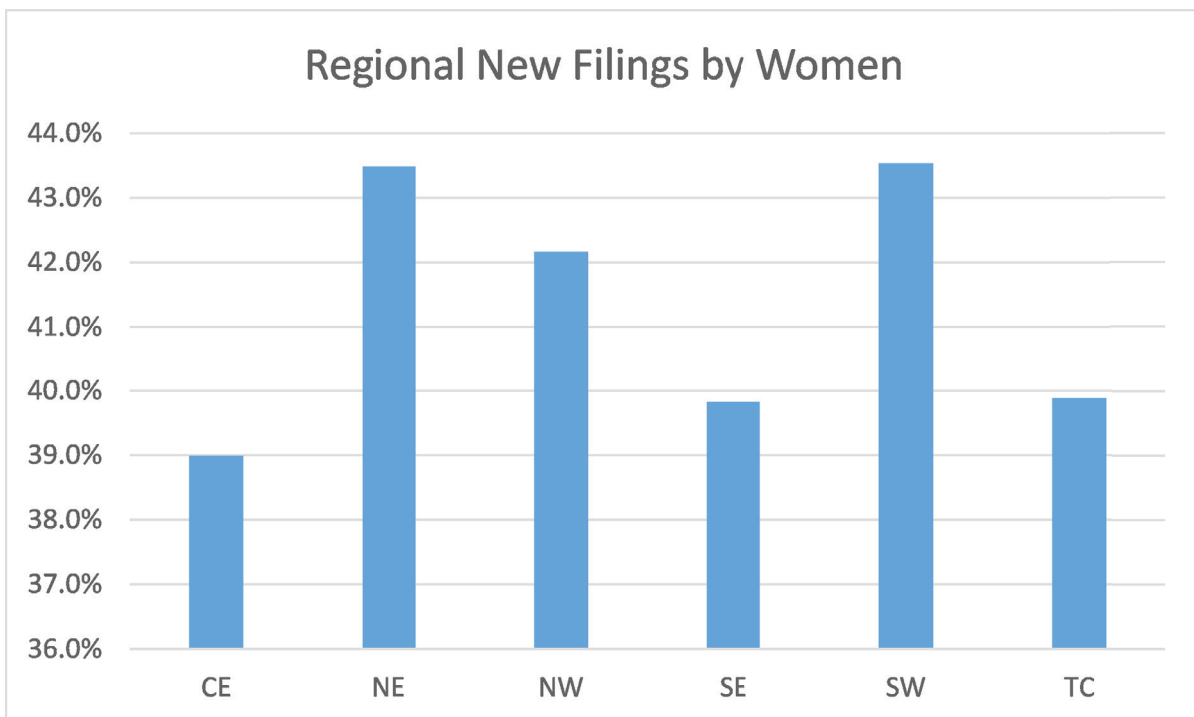
3.8 percent of new business filings in Southeast Minnesota come from the immigrant community. This is a larger percentage than is found in most other portions of the state.



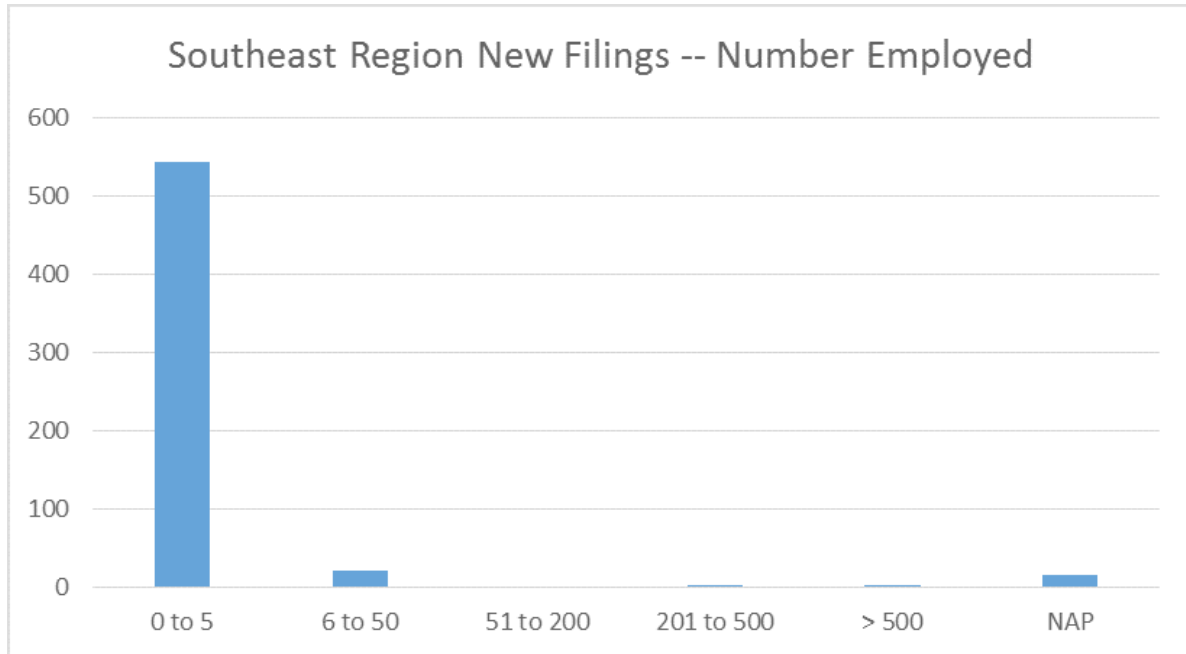
7.2 percent of new filings in Southeast Minnesota come from military veterans.



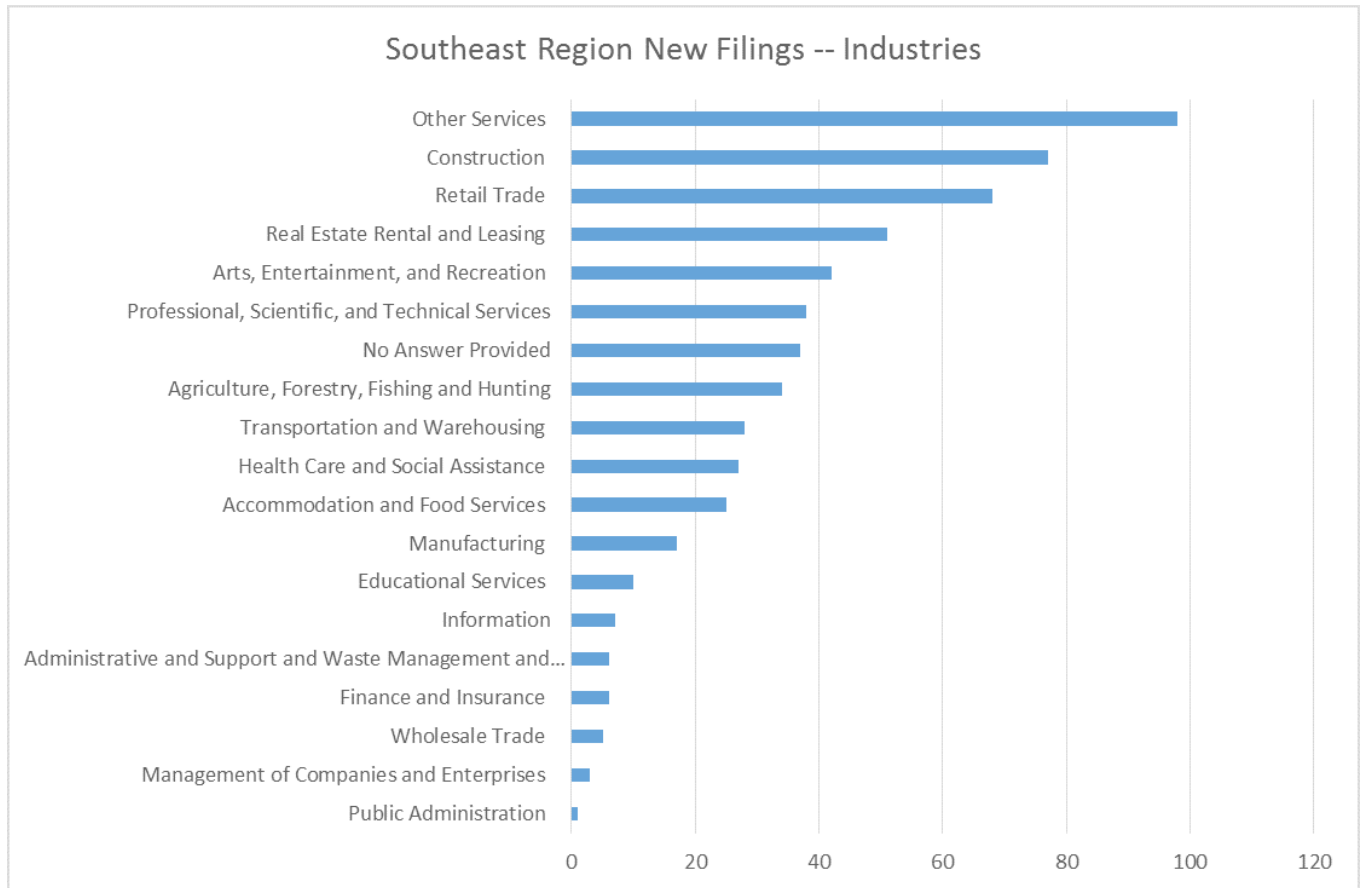
Woman owners represented 39.8 percent of the new business filings in Southeast Minnesota in the first quarter of 2019.



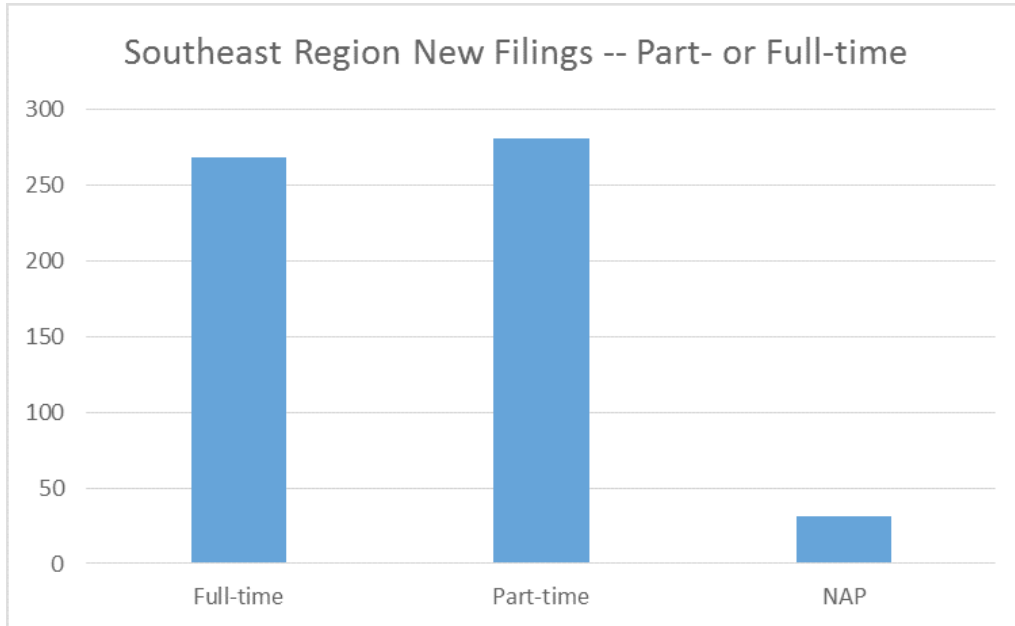
While not all of those participating in the survey completed all portions of the Minnesota Business Snapshot (those not responding to a particular question are represented in this section by “NAP”—no answer provided), 565 responses were tallied to a question asking the new business filer to indicate 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.



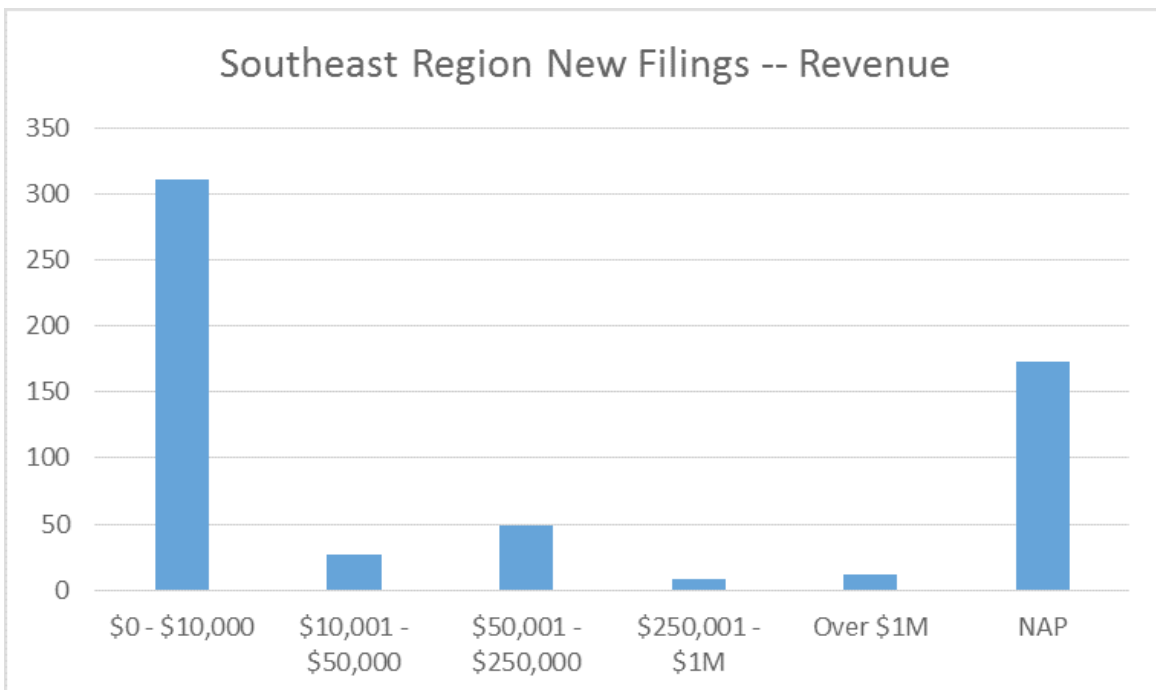
Using the North American Industry Classification System (NAICS), businesses submitting new filings were asked to identify the industry in which their company was operating. While a range of industries were reported, retail trade, construction, real estate/rental/leasing, arts/entertainment/recreation,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



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



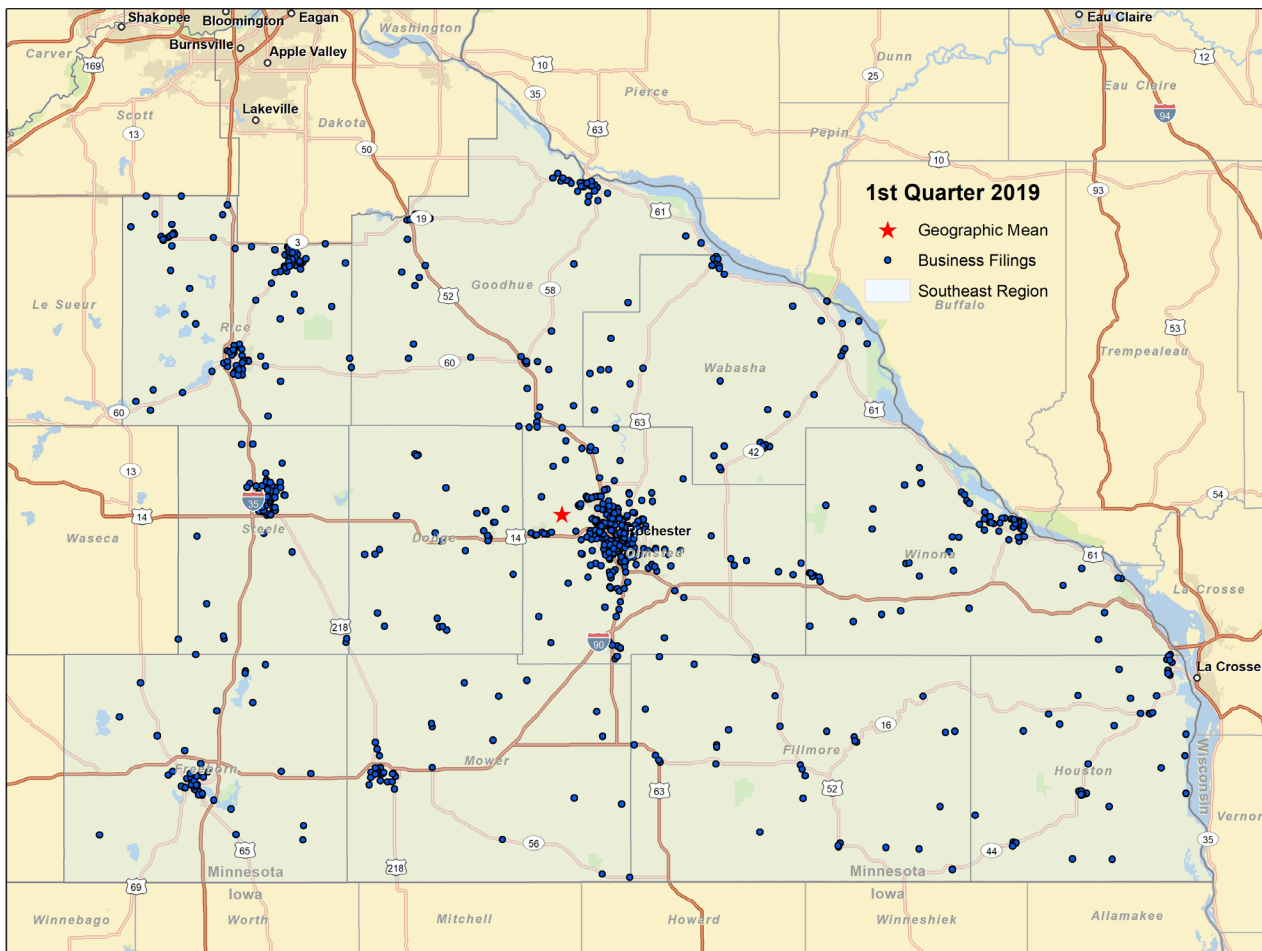
173 new filers in Southeast Minnesota did not provide an answer to the MBS item that asked them to report the company's revenue. Of those businesses that answered the question, the largest share report revenues less than \$10,000. Sixty-nine new firms report annual revenues in excess of \$50,000.



MAPS

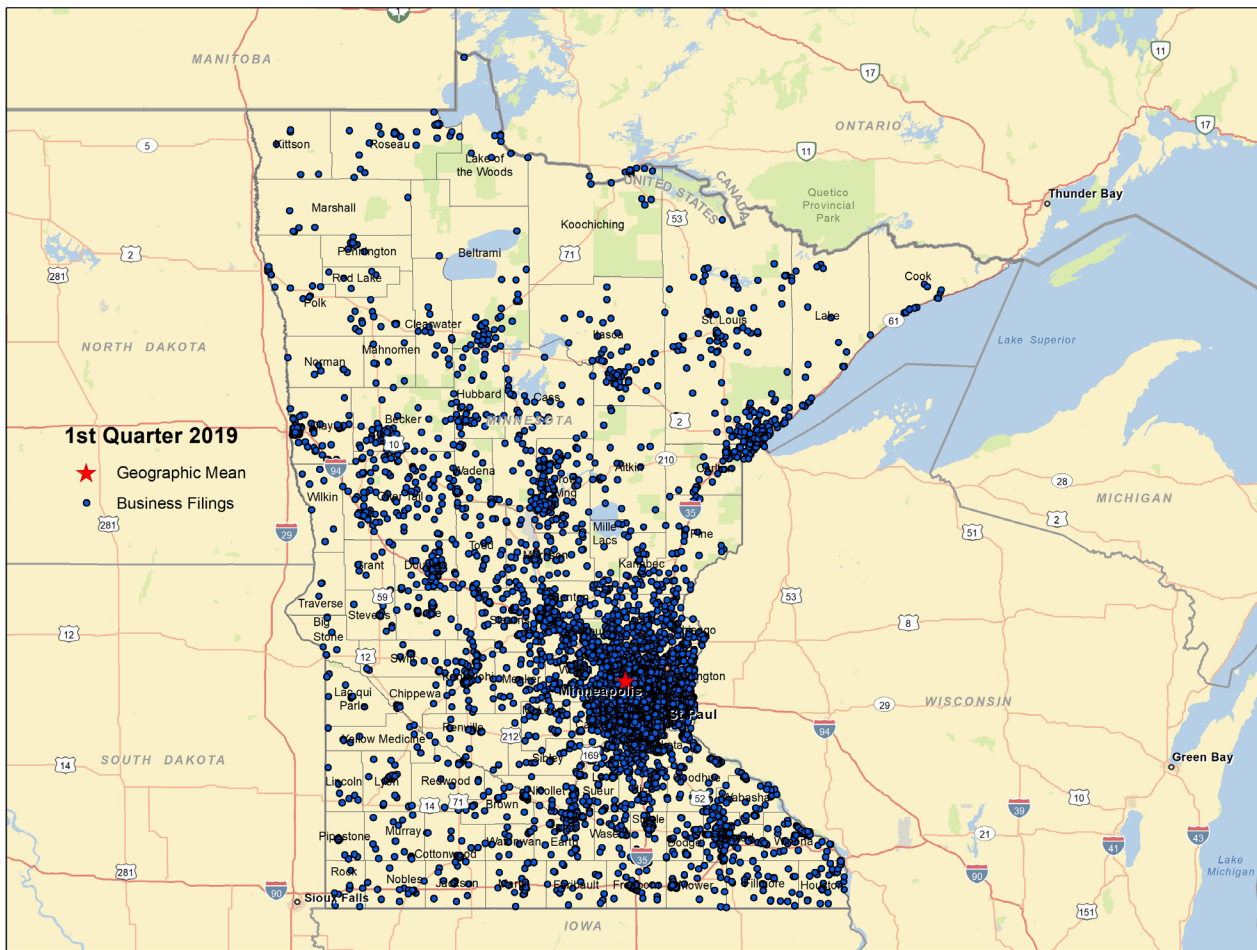
The first map shown below is a visual representation of new business filings around the Southeast Minnesota planning area in the first quarter of 2019. The densest areas of new business formation are in the Rochester metro. Owatonna, Faribault, Northfield, Albert Lea, Austin, Winona, and Red Wing also generated multiple new business filings. Well-traveled roadways are also a predictor of new business formation in Southeast Minnesota.

Southeast Minnesota Planning Area--New Business Formation--Quarter 1: 2019



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

Minnesota--New Business Formation--Quarter 1: 2019



SOUTHEAST MINNESOTA LABOR MARKET CONDITIONS

Employment of those living in the Southeast Minnesota planning area expanded by 0.6 percent over the past year. As shown in the accompanying graph, the 12-month moving average of total employment has been trending upward (with some brief interruptions) since the end of the Great Recession.

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

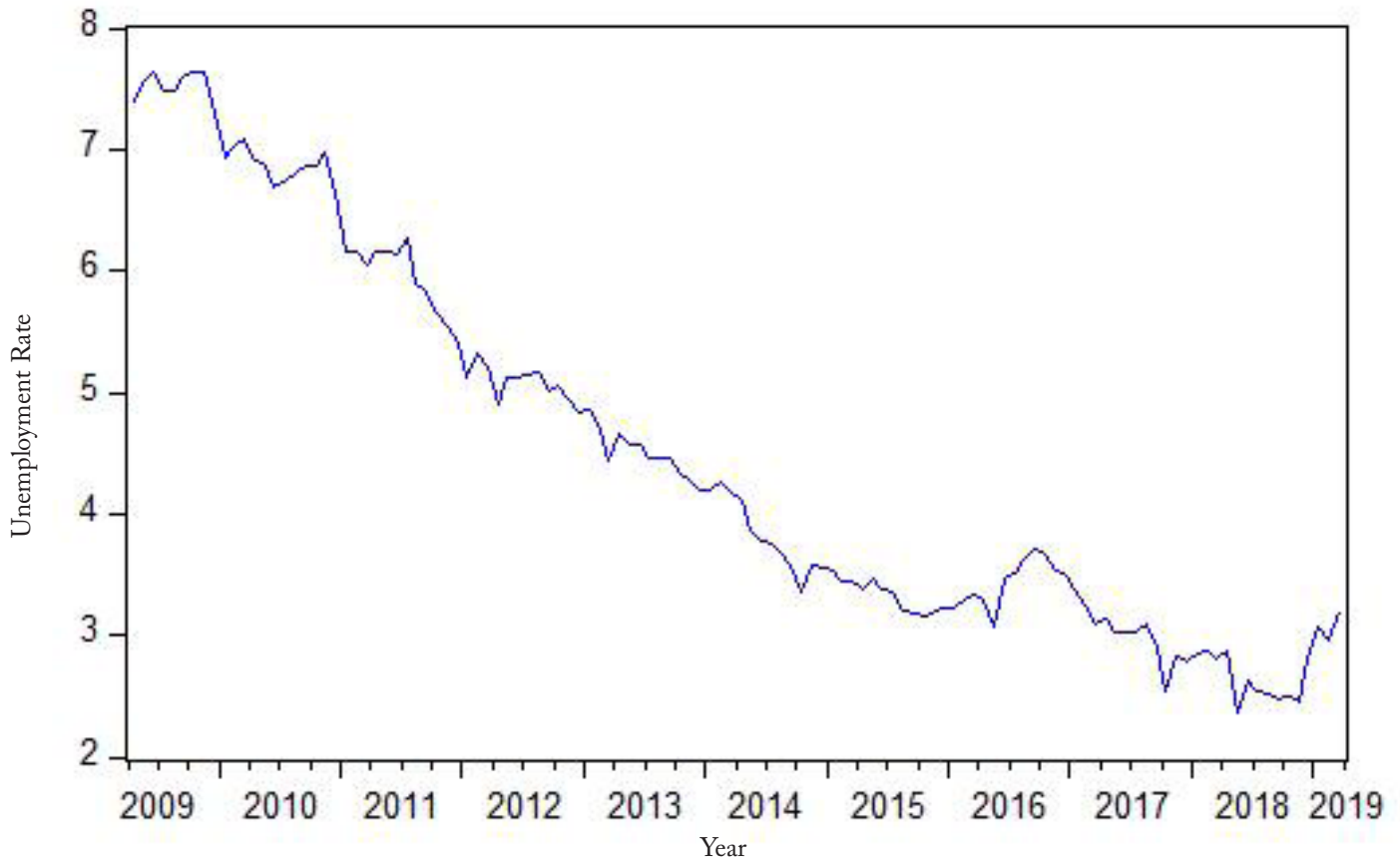
Employment—Southeast Minnesota Planning Area (12-month moving average)



| Month | March 2018 | October 2018 | November 2018 | December 2018 | January 2019 | February 2019 | March 2019 |
|--------------------------------------|------------|--------------|---------------|---------------|--------------|---------------|------------|
| Employment (Not seasonally adjusted) | 273,557 | 278,718 | 277,441 | 276,856 | 272,749 | 274,078 | 275,086 |

After a long-term decline, the seasonally adjusted unemployment rate in Southeast Minnesota started to rise in the fourth quarter of 2018. It continued to rise in this year's first quarter. The non-seasonally adjusted unemployment rate rose to 3.9 percent in the first quarter. This is considerably higher than the 3.4 percent value recorded one year ago.

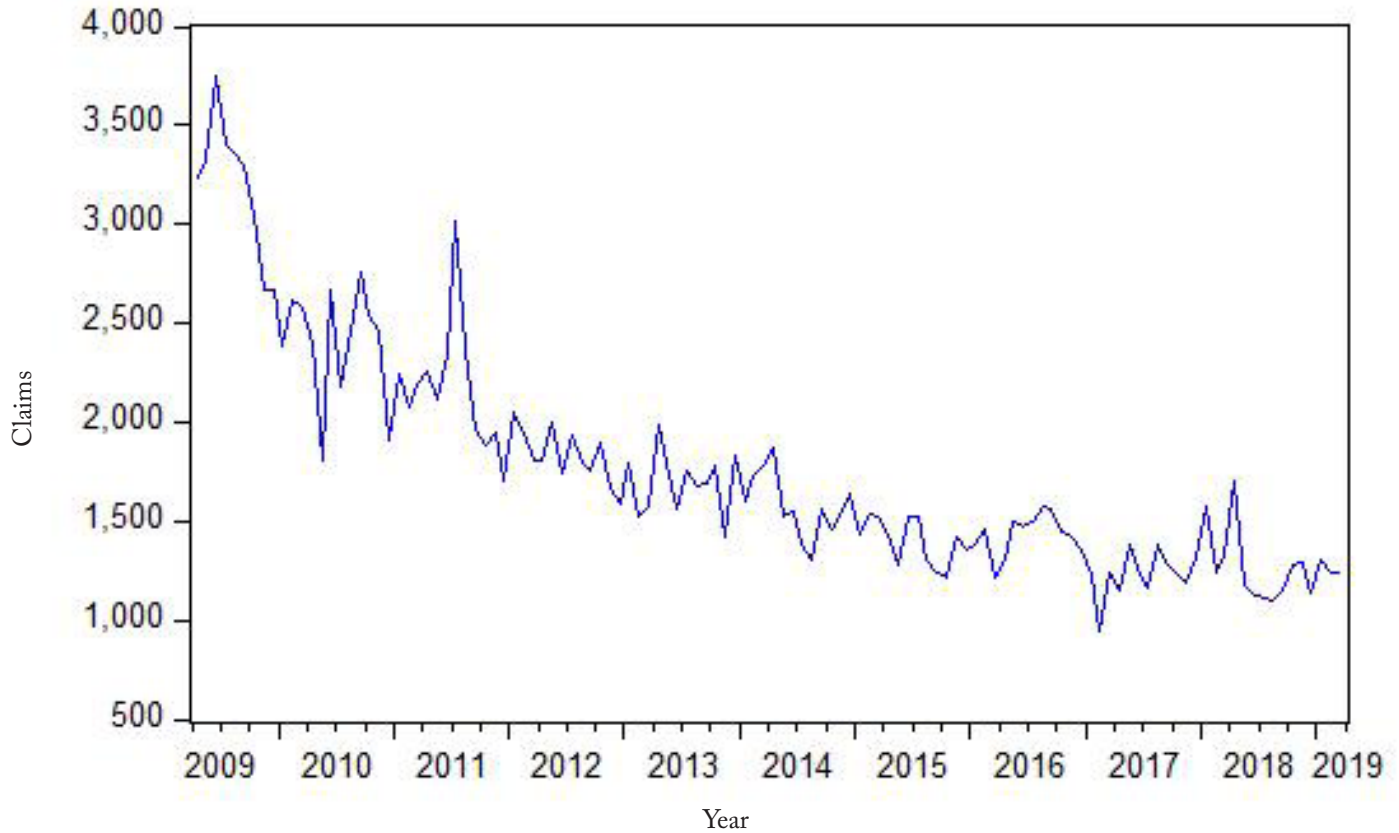
Unemployment Rate, seasonally adjusted—Southeast Minnesota Planning Area



| Month | March 2018 | October 2018 | November 2018 | December 2018 | January 2019 | February 2019 | March 2019 |
|---|------------|--------------|---------------|---------------|--------------|---------------|------------|
| Unemployment Rate (Not seasonally adjusted) | 3.4% | 2.0% | 2.0% | 2.9% | 3.9% | 3.7% | 3.9% |

New claims for unemployment insurance in March 2019 were 7 percent lower than one year earlier. On a seasonally adjusted basis, these claims have leveled out for the last several quarters.

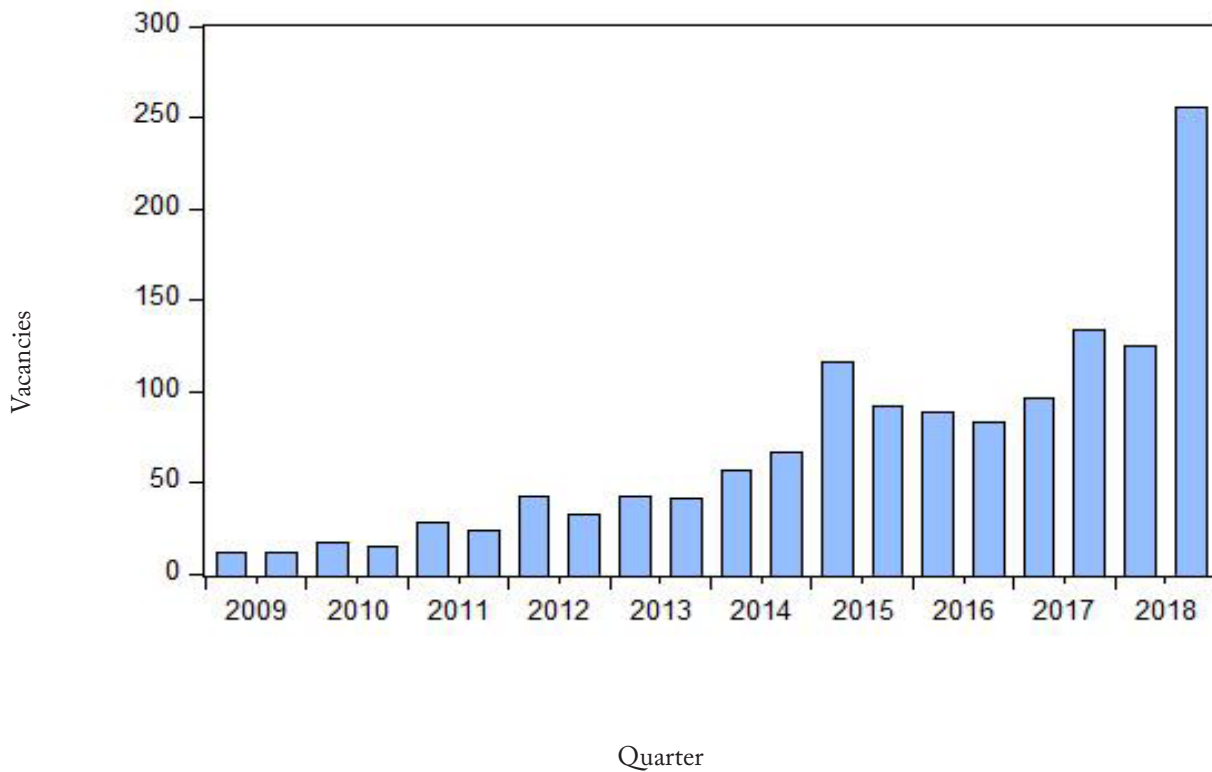
Total Initial Claims for Unemployment Insurance, seasonally adjusted— Southeast Minnesota Planning Area



| Period | March 2018 | October 2018 | November 2018 | December 2018 | January 2019 | February 2019 | March 2019 |
|---|------------|--------------|---------------|---------------|--------------|---------------|------------|
| Initial claims (Not seasonally adjusted) | 1,162 | 990 | 2,203 | 2,249 | 1,832 | 1,149 | 1,081 |

The job vacancy rate in Southeast Minnesota is the highest of Minnesota’s six planning areas. With 283.1 job vacancies for every 100 unemployed persons, the labor shortage experienced throughout the state is no more evident than it is in this region. This historically high job vacancy rate highlights the difficulty regional employers are having in finding qualified workers in this part of the state.

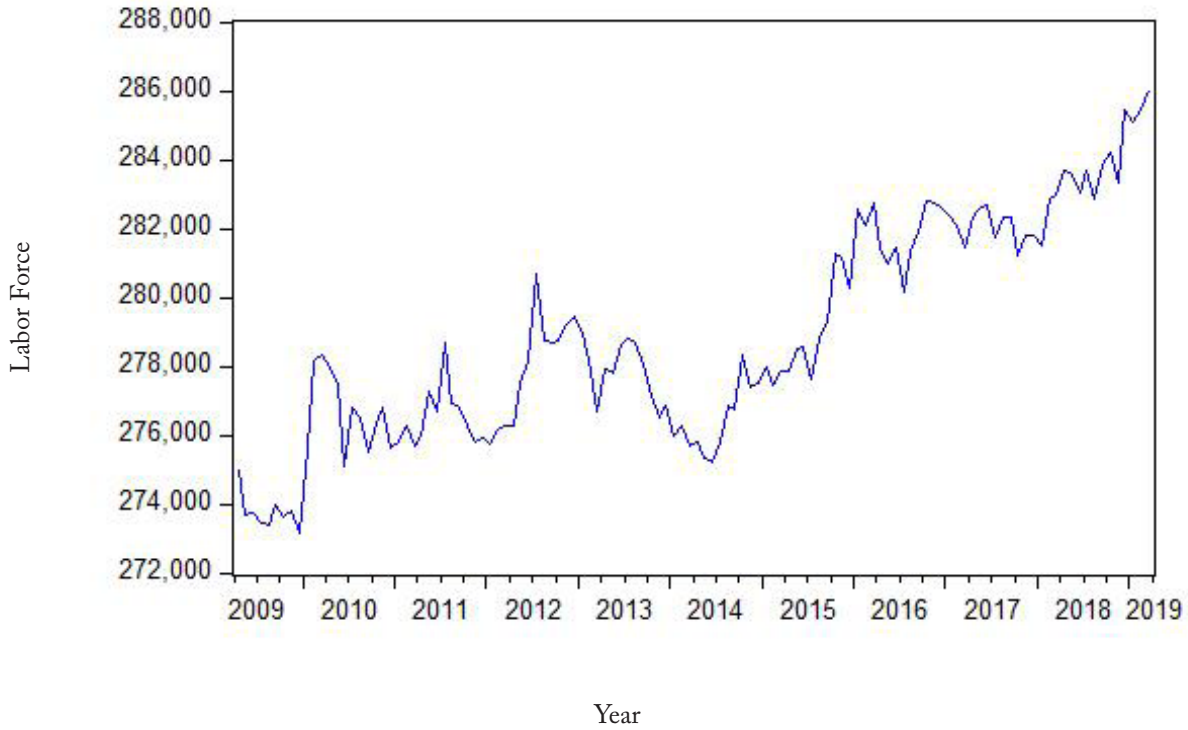
Job Vacancies per 100 Unemployed---Southeast Minnesota Planning Area



| Quarter | 2016:II | 2016:IV | 2017:II | 2017:IV | 2018:II | 2018:IV |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| Job Vacancies per 100 Unemployed | 91.5 | 94.77 | 102.62 | 160.45 | 134.86 | 283.1 |

The Southeast Minnesota labor force increased by 1.1 percent over the past year. As can be seen in the accompanying graph, the 12-month moving average of the regional labor force has steadily increased since the beginning of 2014. Recent data revisions have reversed the apparent decline in the region’s labor force that was reported in data releases of 2018.

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

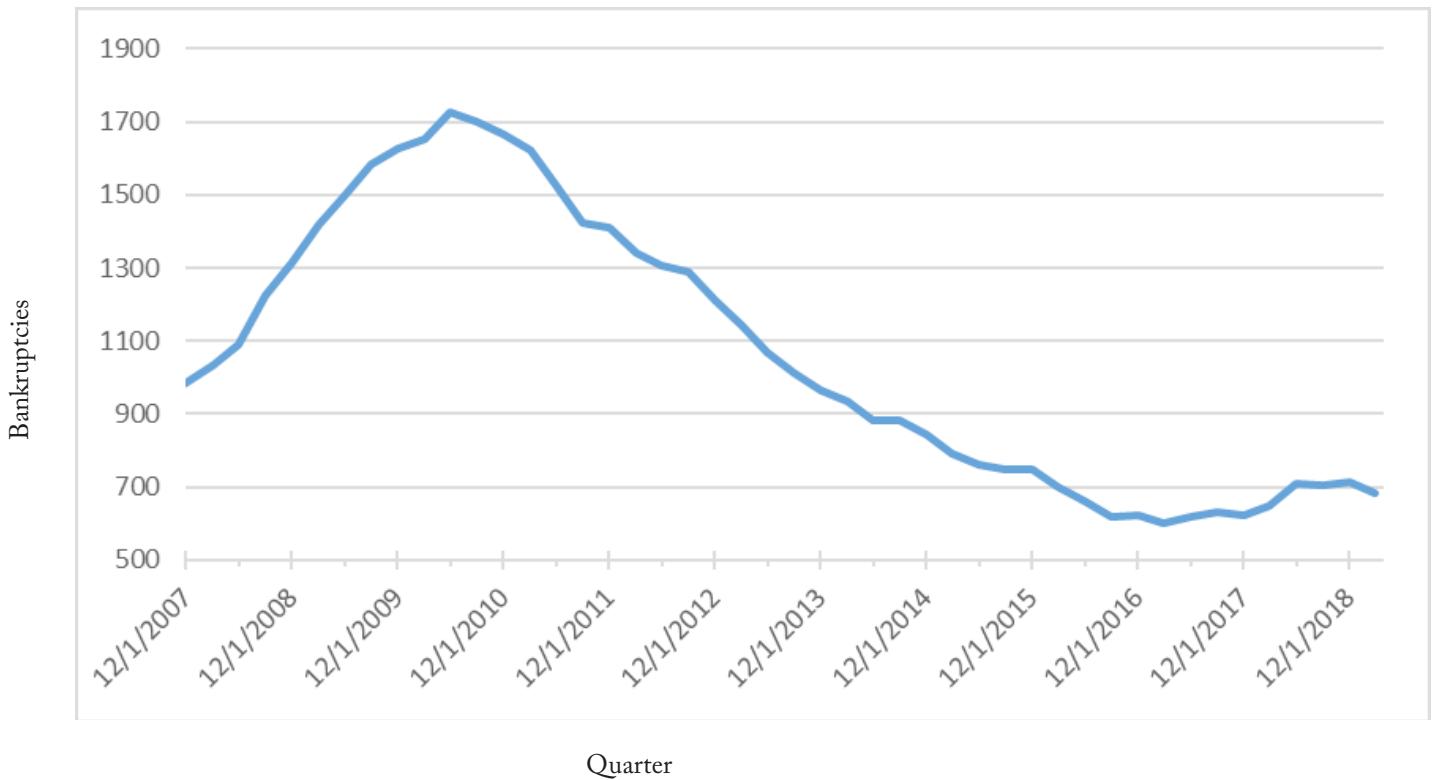


| Year (March) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---------|---------|---------|---------|---------|---------|
| Labor Force (Not seasonally adjusted) | 275,429 | 277,751 | 282,747 | 281,547 | 283,059 | 286,111 |

SOUTHEAST MINNESOTA BANKRUPTCIES

The figure below shows the 12-month moving total for Southeast Minnesota bankruptcies since the second quarter of 2007 (shortly before the beginning of the Great Recession). As can be seen in the figure, this moving total increased through the second quarter of 2010, and steadily declined until the end of 2016. Annual bankruptcies in this region bottomed out in 2017 and have now started to rise. With 681 bankruptcies over the past twelve months, annual bankruptcies in Southeast Minnesota are now 5.1 percent above their level of one year ago.

Southeast Minnesota Bankruptcies (12-month moving total)



| Year (First Quarter) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------|------|------|------|------|------|
| Annual Bankruptcies (not seasonally adjusted) | 934 | 791 | 700 | 599 | 648 | 681 |

ECONOMIC INDICATORS

| Rochester MSA Indicators | Period Covered | Current Period | Prior Year | Annual Percent Change | Long-Term Average (since 1999, unless noted) |
|---|------------------------|----------------|------------|-----------------------|--|
| Labor Market | | | | | |
| Employment | March 2019 (m) | 122,089 | 120,514 | 1.3% ↑ | 1.1% |
| Manufacturing Employment | March 2019 (m) | 10,840 | 10,365 | 4.6% ↑ | -2.3% |
| Educational and Health Employment | March 2019 (m) | 51,190 | 50,428 | 1.5% ↑ | 2.9% |
| Average Weekly Work Hours-- Private Sector | March 2019 (m) | 31.7 | 33.8 | -6.2% ↓ | 33.2 (since 2007) |
| Average Earnings Per Hour-- Private Sector | March 2019 (m) | \$32.45 | \$37.43 | -13.3% ↓ | 2.2% (since 2007) |
| Unemployment Rate | March 2019 (m) | 3.6% | 3.4% | NA ↑ | 4.7% |
| Labor Force | March 2019 (m) | 125,236 | 122,235 | 2.5% ↑ | 0.9% |
| Initial Jobless Claims | March 2019 (m) | 448 | 390 | 14.9% ↑ | NA |
| Business Formation | | | | | |
| Total New Business Filings | First Quarter 2019 (q) | 434 | 500 | -13.2% ↓ | 409 (since 2000) |
| New Business Incorporations | First Quarter 2019 (q) | 24 | 28 | -14.3% ↓ | 55 (since 2000) |
| New Limited Liability Companies | First Quarter 2019 (q) | 286 | 326 | -12.3% ↓ | 205 (since 2000) |
| New Assumed Names | First Quarter 2019 (q) | 105 | 123 | -14.6% ↓ | 129 (since 2000) |
| New Non-Profits | First Quarter 2019 (q) | 19 | 23 | -17.4% ↓ | 20 (since 2000) |
| Rochester Residential Building Permit Valuation | March 2019 (m) | 6,935 | 5,976 | 16.0% ↑ | NA |

(m) represents a monthly series

(q) represents a quarterly series

Southeast Minnesota contains the Rochester MSA, an area that derives much of its employment from the educational and health sector. This sector continues to be a pillar of economic vitality for Rochester (and for Southeast Minnesota) as employment in the educational/health sector grew 1.5 percent over the twelve-month period ending in March 2019. Note that the share of employment in Rochester's educational and health sector has increased from 29.7 percent in December 1999 to over 40 percent today, so this sector is vital to economic growth in the Rochester MSA. The overall number of new business filings contracted by 13.2 percent as new LLC filings fell 12.3 percent over the year ending in the first quarter of 2019. The value of residential building permits rose in the Rochester area but average weekly work hours and hourly earnings contracted. The MSA unemployment rate increased and the labor force grew. Initial jobless claims rose.

STATE AND NATIONAL INDICATORS

| MINNESOTA Indicators | Mar 2019 | Dec 2018 | Mar 2018 | Change from one quarter ago | Annual Change |
|---|-----------|-----------|-----------|-----------------------------|---------------|
| Nonfarm payroll employment, SA | 2,958,200 | 2,961,100 | 2,950,100 | -0.1% | 0.3% |
| Average weekly hours worked, private sector | 33.4 | 34.1 | 33.7 | -2.1% | -0.9% |
| Unemployment rate, seasonally adjusted | 3.2% | 2.9% | 3.0% | NA | NA |
| Earnings per hour, private sector | \$29.85 | \$29.82 | \$28.88 | 0.1% | 3.4% |
| Philadelphia Fed Coincident Indicator, MN | 138.08 | 138.45 | 135.56 | -0.3% | 1.9% |
| Philadelphia Fed Leading Indicator, MN | -0.39 | 0.49 | 1.67 | NA | NA |
| Minnesota Business Conditions Index | 53.0 | 55.5 | 61.0 | -4.5% | -13.1% |
| Price of milk received by farmers (cwt) | \$17.80 | \$16.30 | \$16.30 | 9.2% | 9.2% |
| Enplanements, MSP airport, thousands | 1,778.3 | 1,456.4 | 1,716.4 | 22.1% | 3.6% |
| NATIONAL Indicators | Mar 2019 | Dec 2018 | Mar 2018 | Change from one quarter ago | Annual Change |
| Nonfarm payroll employment, SA, thousands | 150,832 | 150,275 | 148,279 | 0.4% | 1.7% |
| Industrial production, index, SA | 109.7 | 110.6 | 107.3 | -0.8% | 2.2% |
| Real retail sales, SA, millions (\$) | 202,374 | 199,162 | 198,666 | 1.6% | 1.9% |
| Real personal income less transfers, billions | 13,653.5 | 13,759.1 | 13,418.4 | -0.8% | 1.8% |
| Real personal consumption expenditures, bill. | 13,128.3 | 12,996.3 | 12,759.8 | 1.0% | 2.9% |
| Unemployment rate, SA | 3.8% | 3.9% | 4.0% | NA | NA |
| New building permits, thousands of units | 105.7 | 95.4 | 117.6 | 10.8% | -10.1% |
| Standard and Poor's 500 stock price index | 2,804.0 | 2,567.3 | 2,702.8 | 9.2% | 3.7% |
| Oil, price per barrel in Cushing, OK | \$58.15 | \$49.52 | \$62.72 | 17.4% | -7.3% |

Economic performance found in the State and National Indicators table are mixed. For the state as a whole, there was growth in employment and improved earnings over the past year, but the quarterly numbers for the two seasonally adjusted variables (employment and the unemployment rate) were weaker. In addition, hours worked fell and the Federal Reserve Bank of Philadelphia Leading Economic Indicators Index turned negative in March (and their coincident indicators series is giving mixed signals). The Minnesota Business Conditions Index is also lower. On the plus side, milk prices rose and enplanements at the Minneapolis-St. Paul airport were higher than one year ago.

The national economic indicators found in the table are largely favorable. Employment, income, industrial production, retail sales and consumer spending are all improved over the past twelve months (although two of these measures experienced a quarterly decline), and the unemployment rate is lower. Stock prices have rebounded from their low point at the end of 2018 (although the market has struggled in the second quarter). However, new building permits are lower than they were in last year's first quarter. Oil prices rose in the first quarter, but are still lower than one year ago.

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

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