

# 2016 Minnesota Economic Outlook

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January 13, 2016



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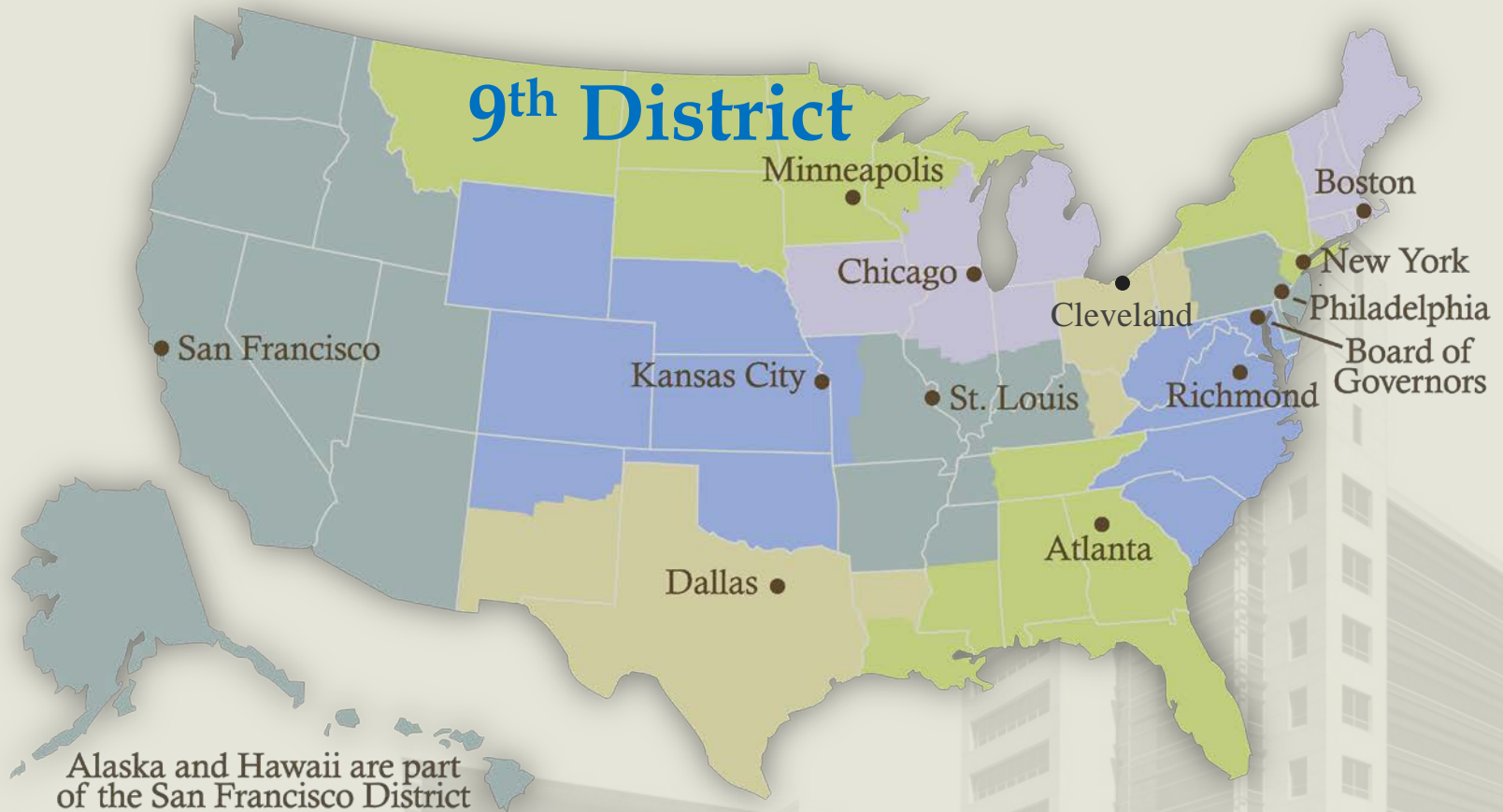
# Agenda

- Minnesota Economy
  - Outlook
    - Surveys
    - Models
  - Sector Analysis
    - Manufacturing





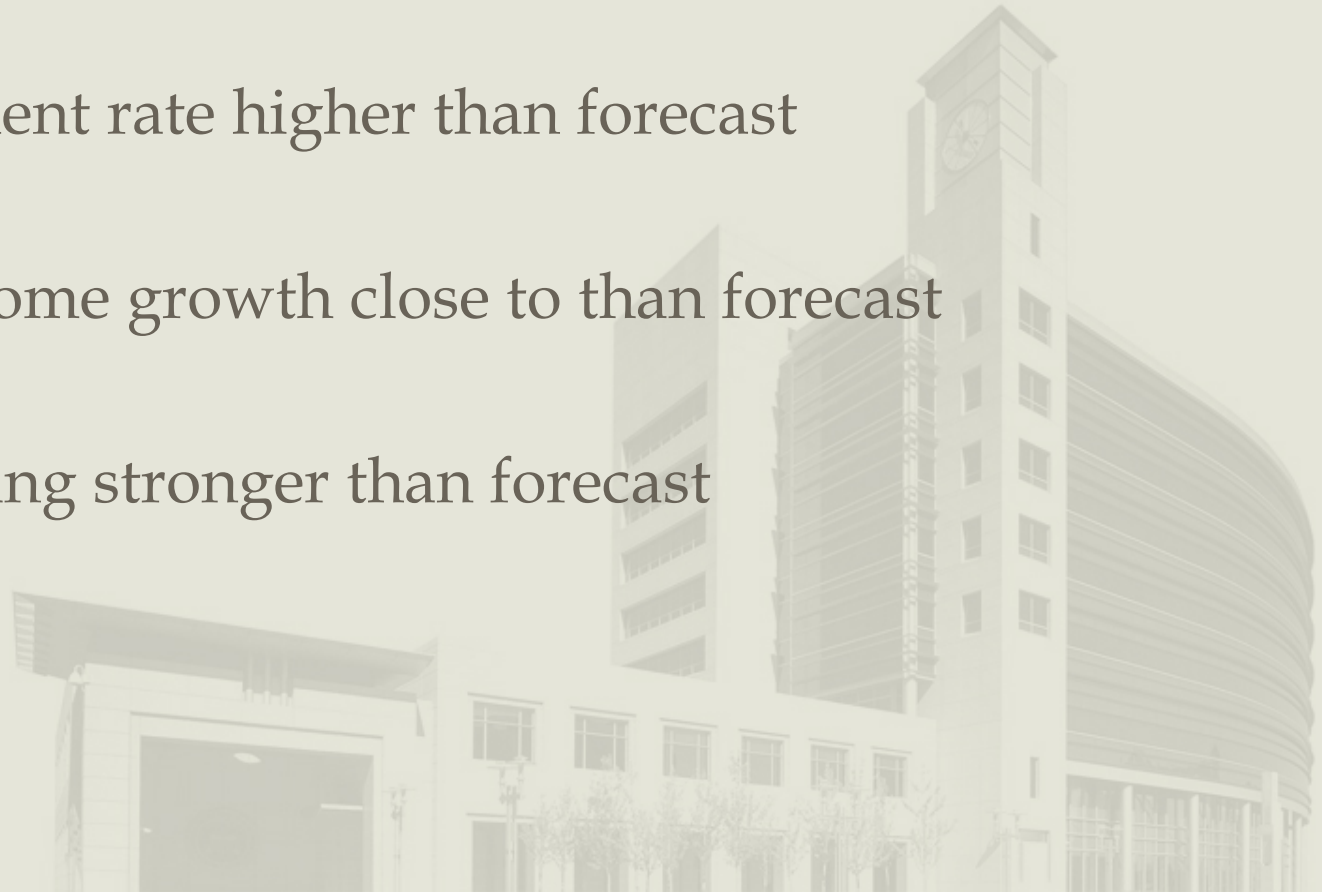
## The Federal Reserve Districts





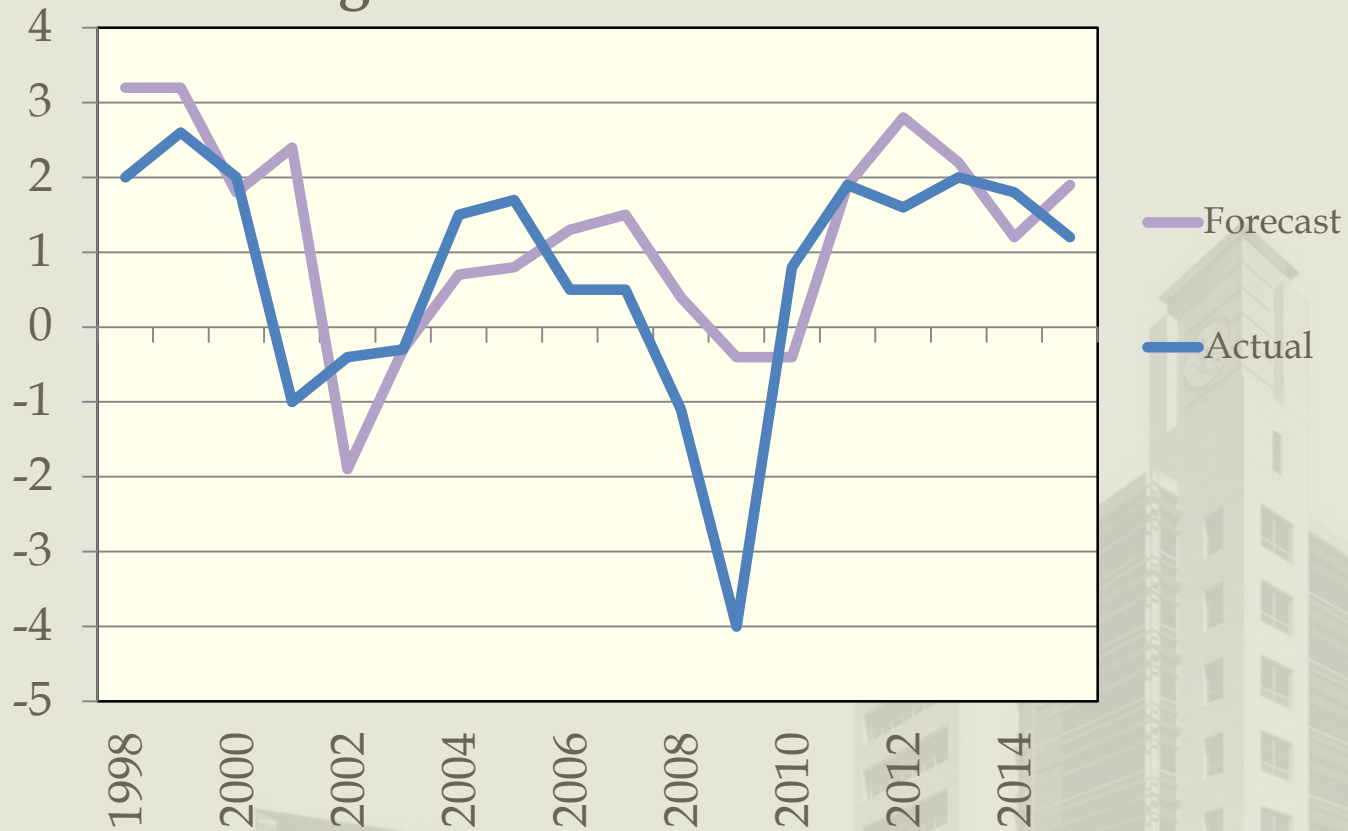
# Comparing 2015 with last year's forecast

- Employment growth slower than forecast
- Unemployment rate higher than forecast
- Personal income growth close to than forecast
- Home building stronger than forecast





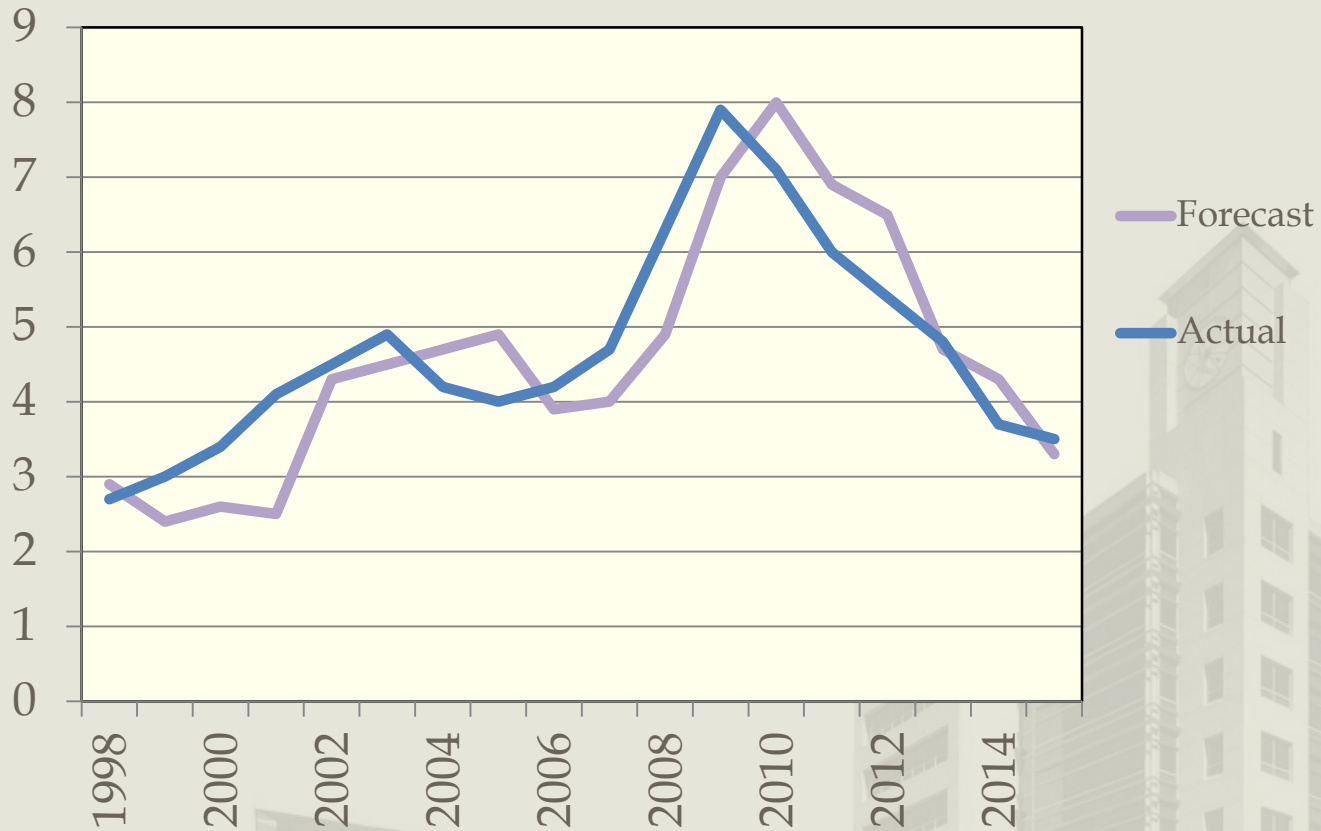
## 2015 nonfarm employment growth less than forecast



Percent change from a year earlier - 4th quarter  
Minnesota



## 2015 unemployment rate close to forecast

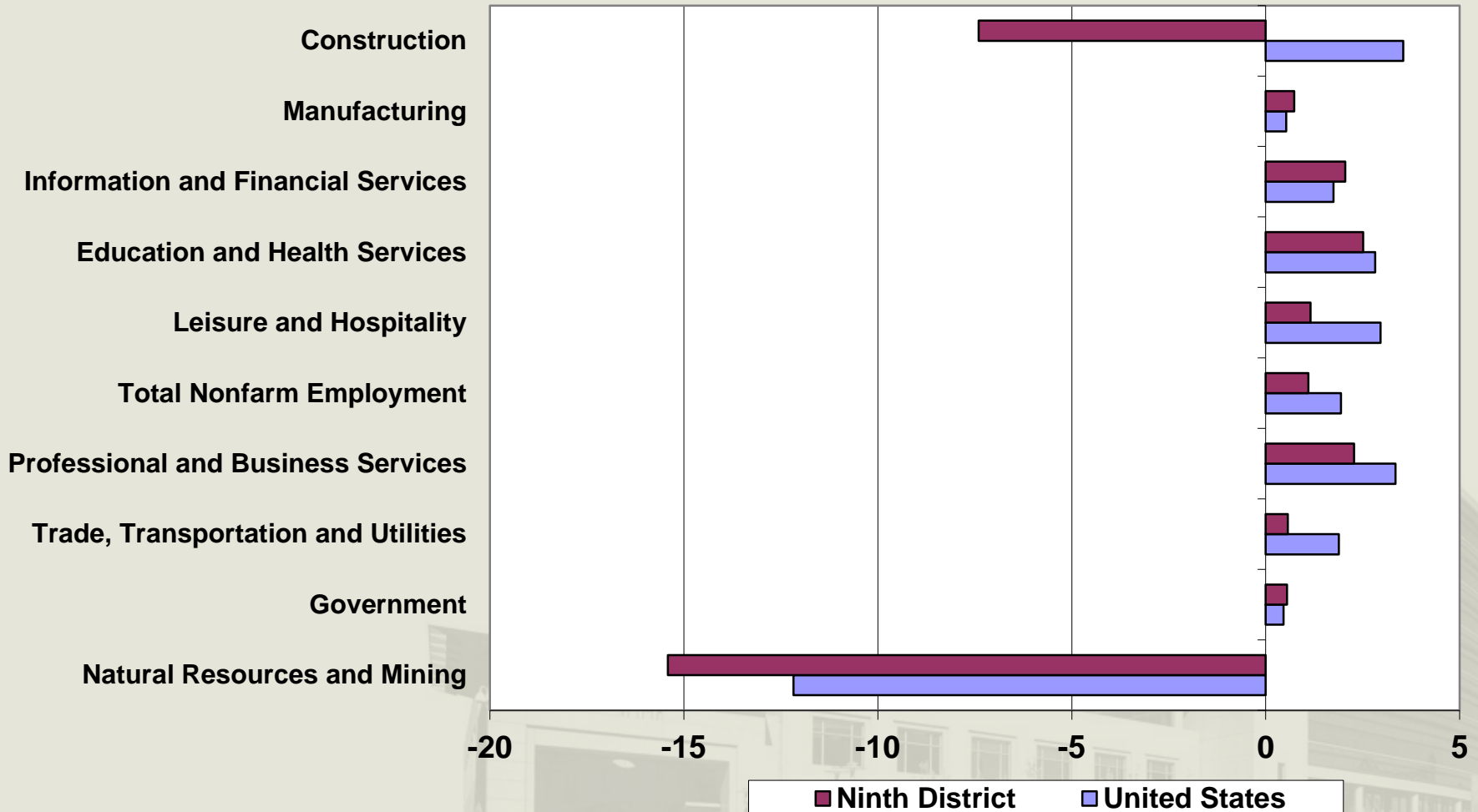


4th quarter  
Minnesota



# District employment gains in most sectors, but slower than U.S.

Nonfarm employment, percent change from a year earlier, October 2015

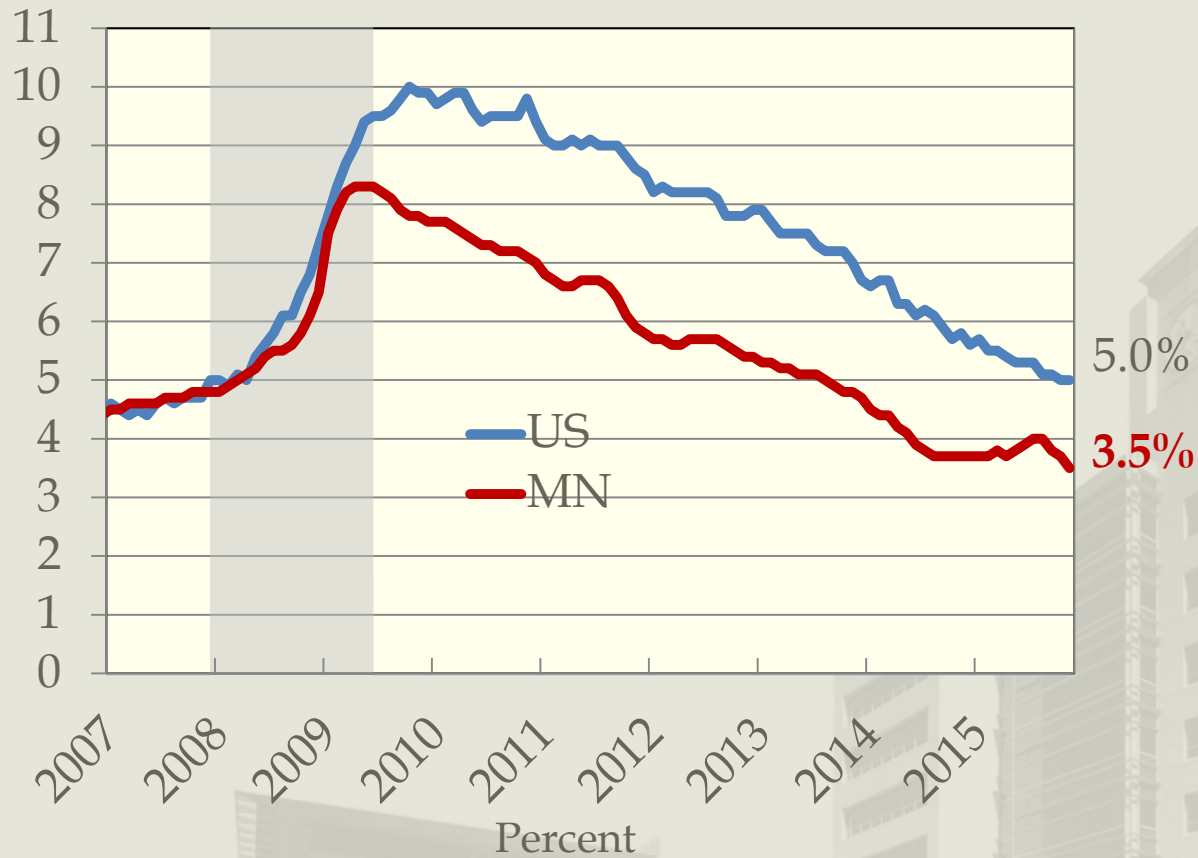


Source: Bureau of Labor Statistics





## Minnesota's unemployment rate below prerecession levels



Source: Bureau of Labor Statistics



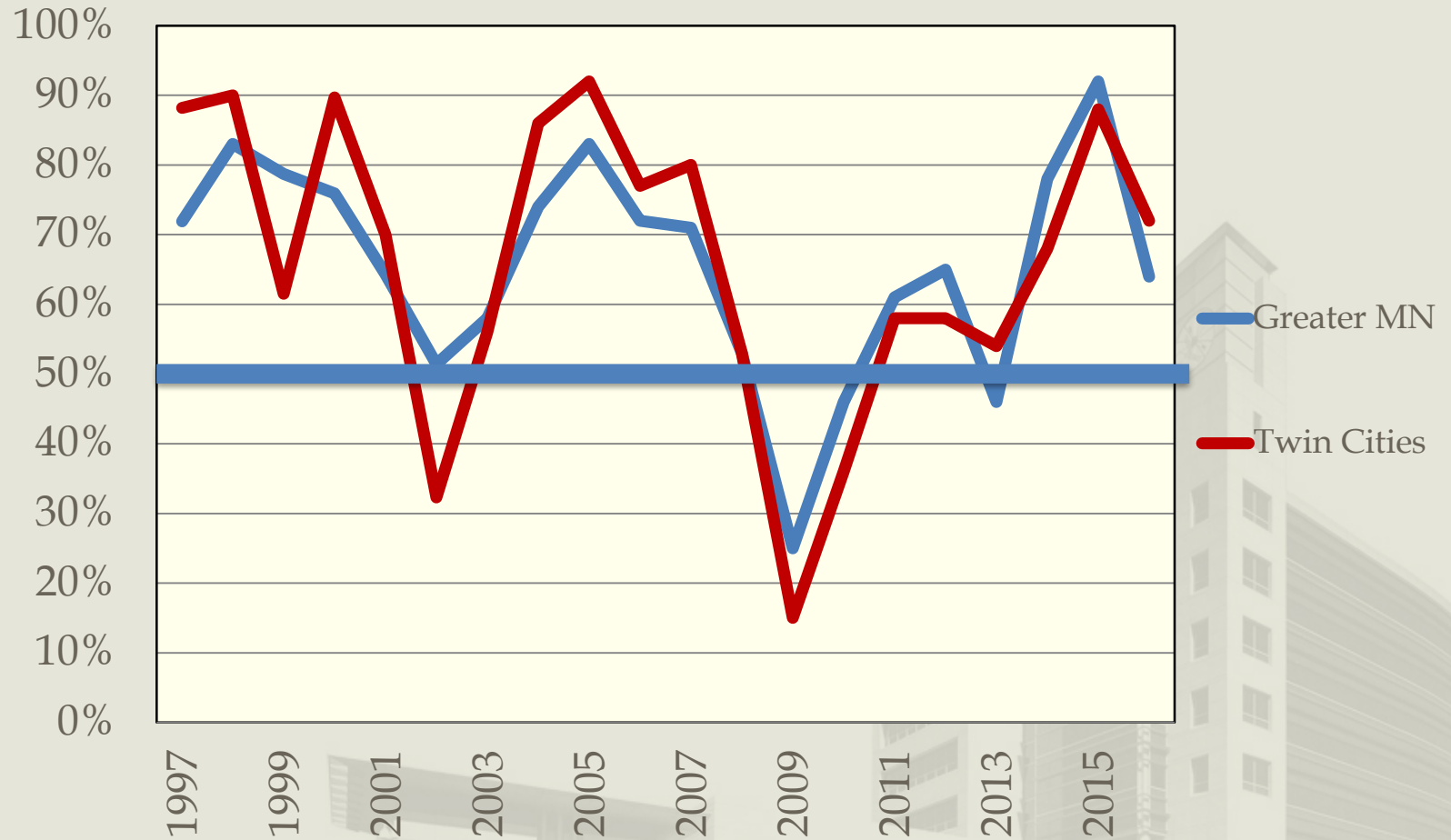
# Minnesota economy: Moderation in 2016

- Forecast models: Solid employment growth and reduction in the unemployment rate
- Businesses slightly less optimistic
- Manufacturing firms expect growth
- Home building up





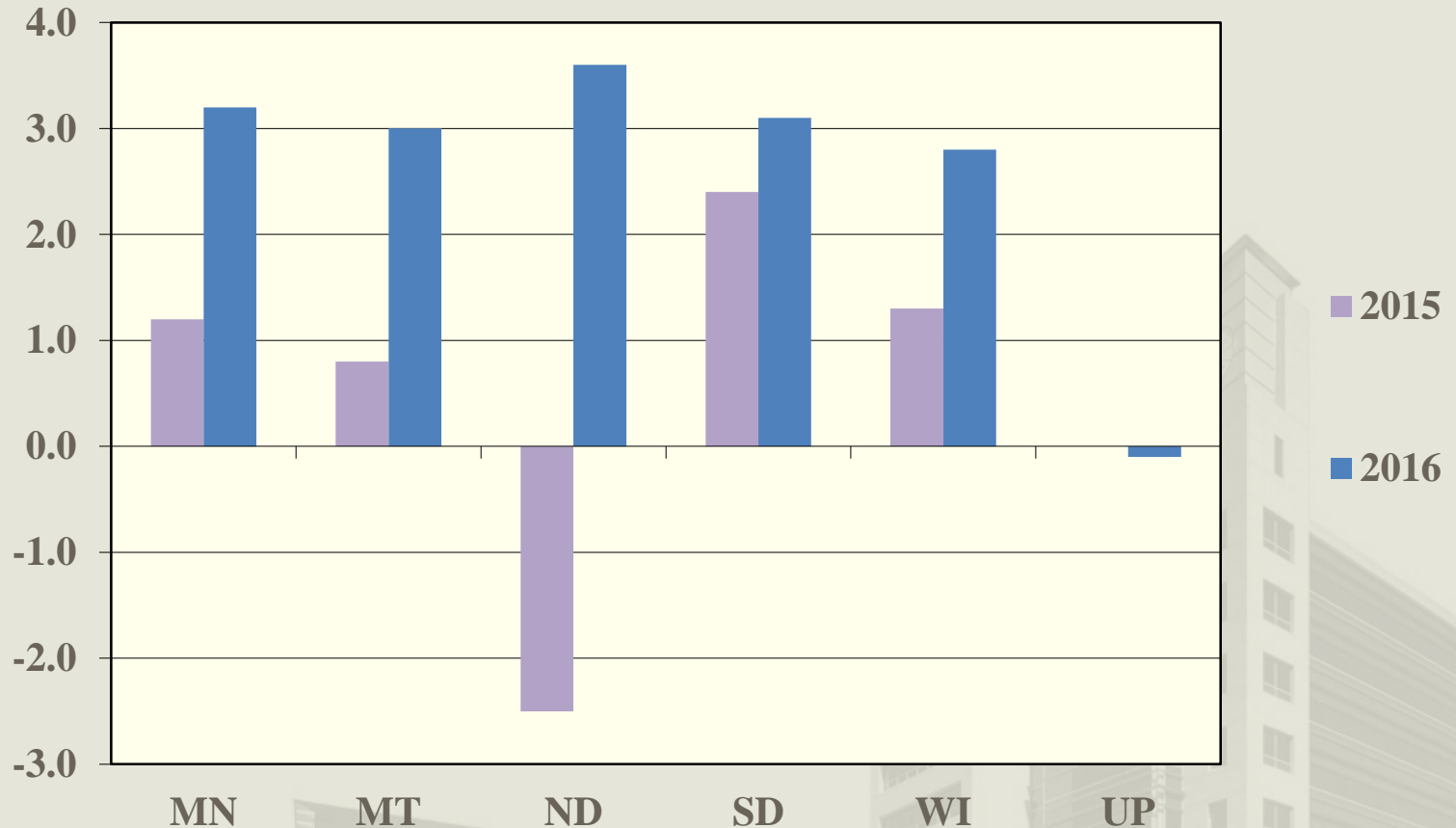
## Business leaders less optimistic



Percent of respondents selecting somewhat optimistic or very optimistic



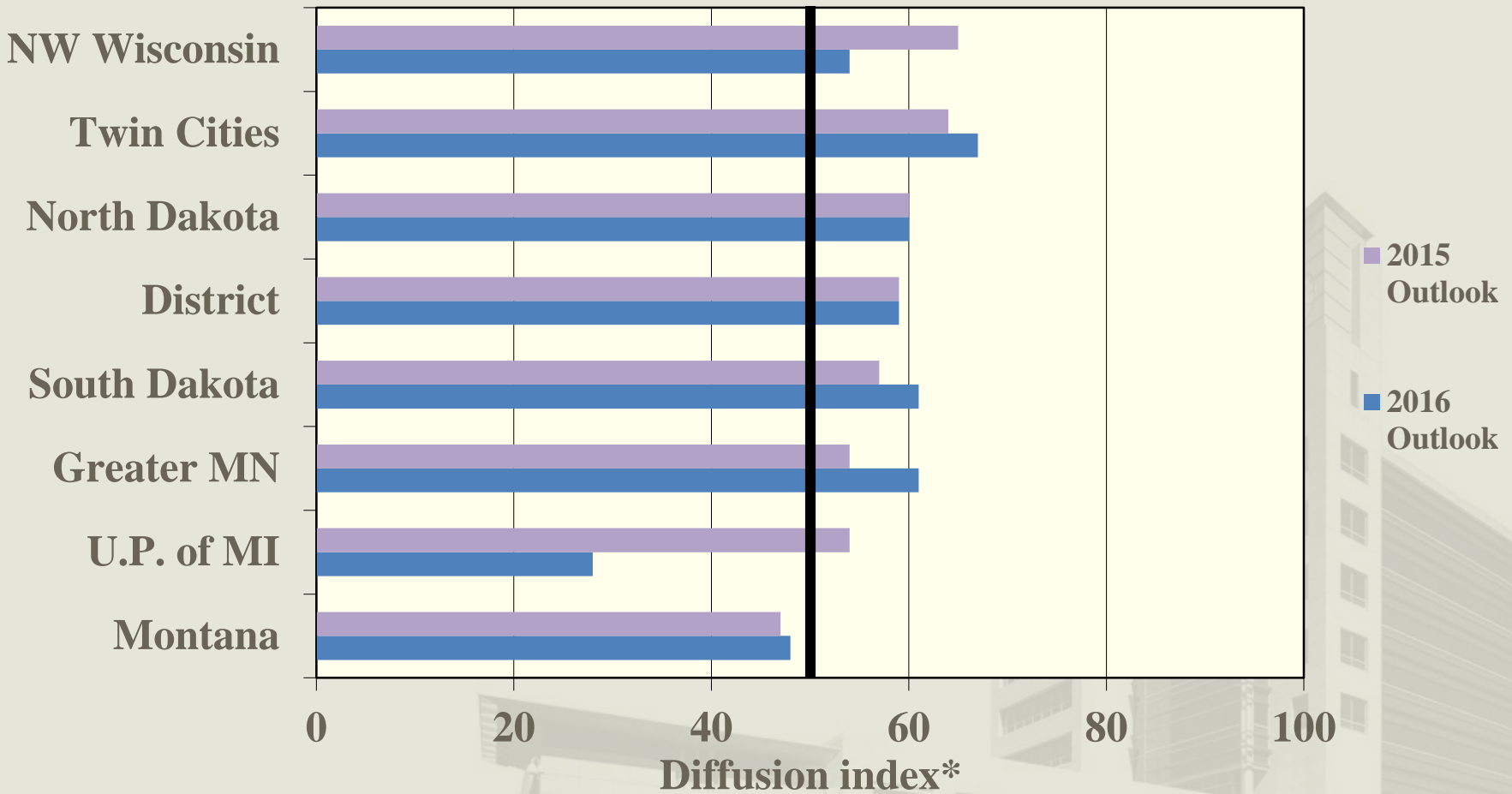
## Minnesota employment forecast to grow by 3.2 percent



Nonfarm employment forecast  
Percent change from a year earlier – 4th quarter



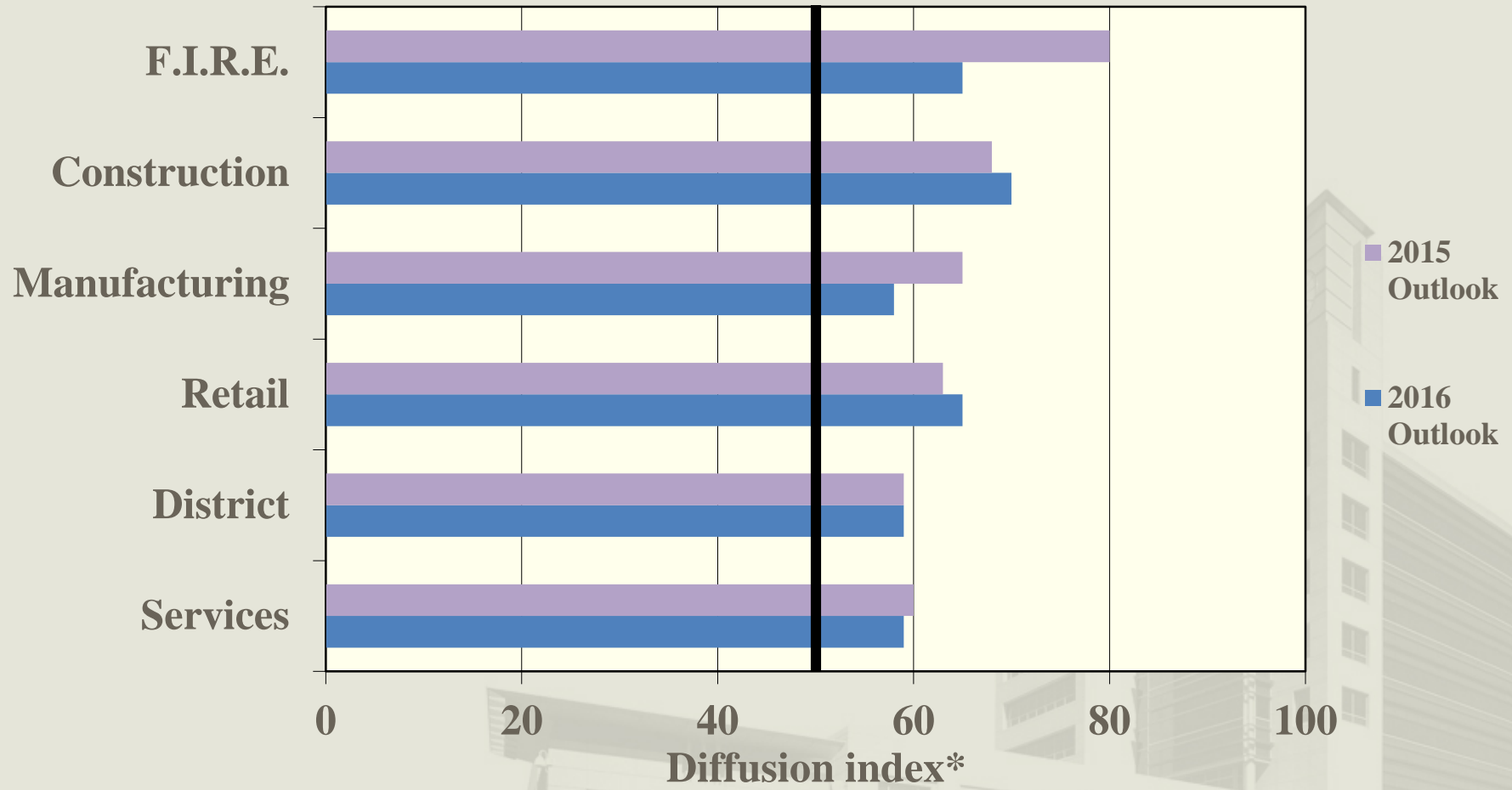
## Minnesota business leaders expect increased employment at their companies



\*Index number above 50 indicates expansion.  
Index number below 50 indicates contraction.



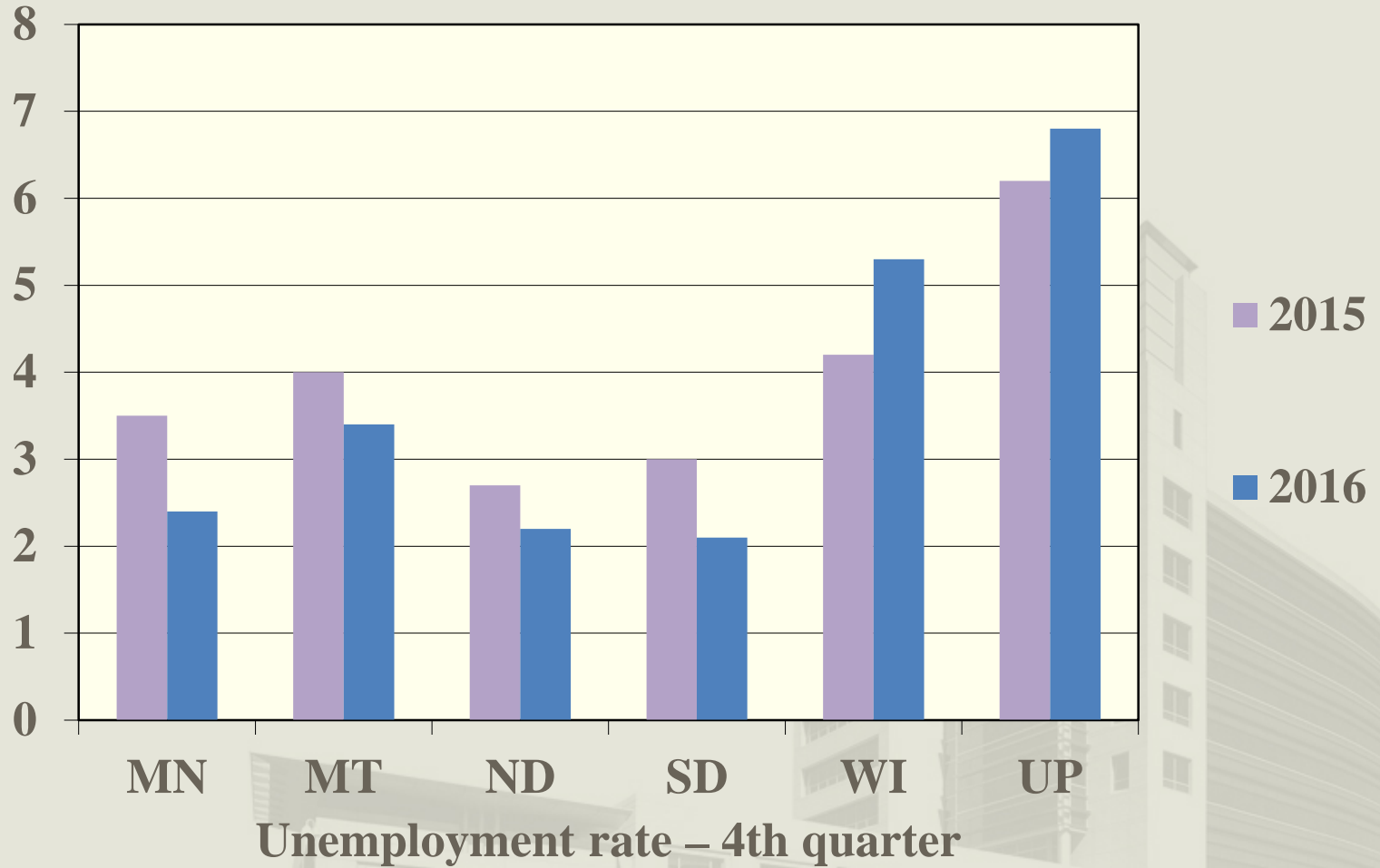
## Employment outlook positive across industries



\*Index number above 50 indicates expansion.  
Index number below 50 indicates contraction.

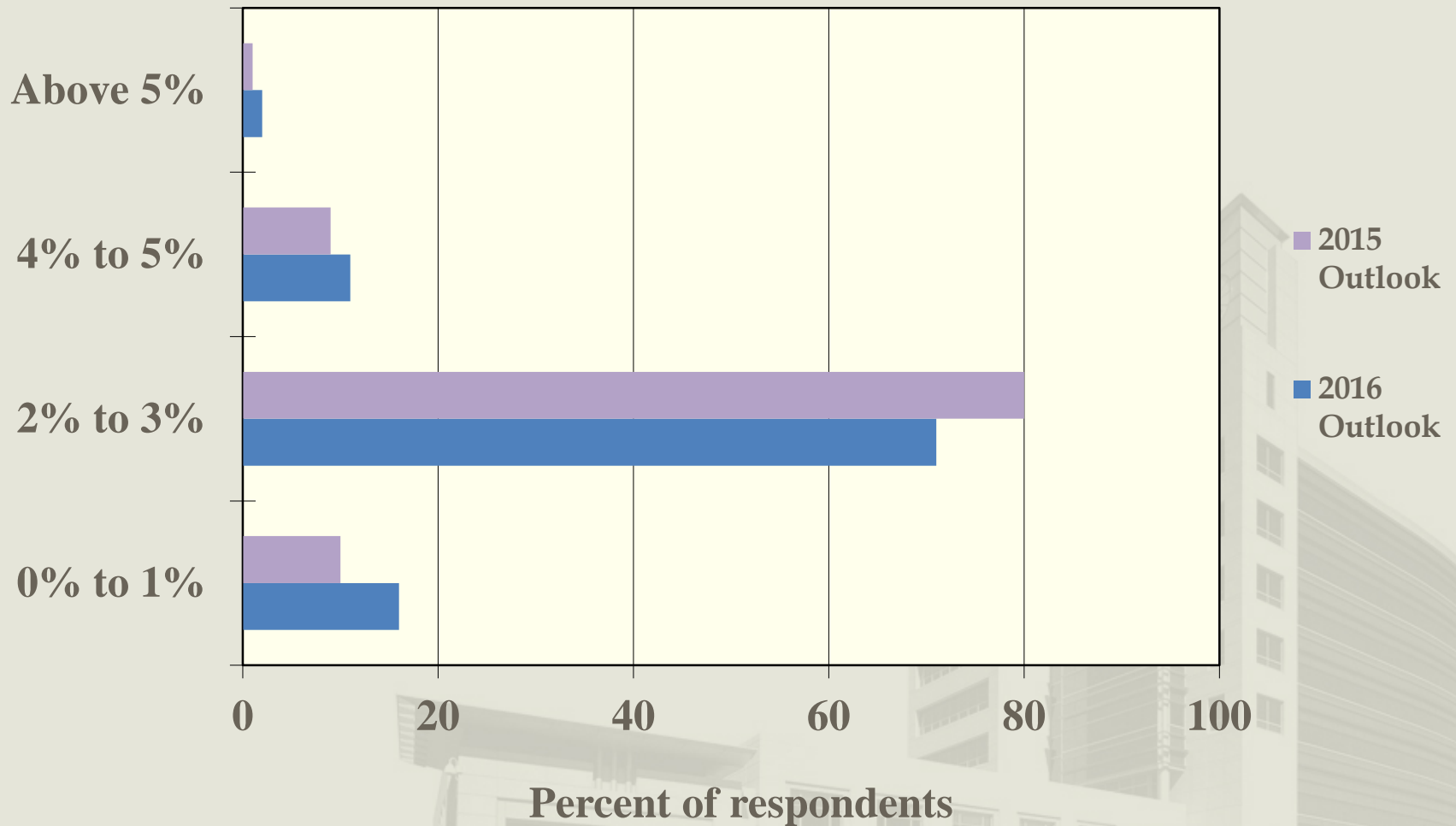


## Minnesota unemployment rate forecast at 2.5 percent by end of 2015





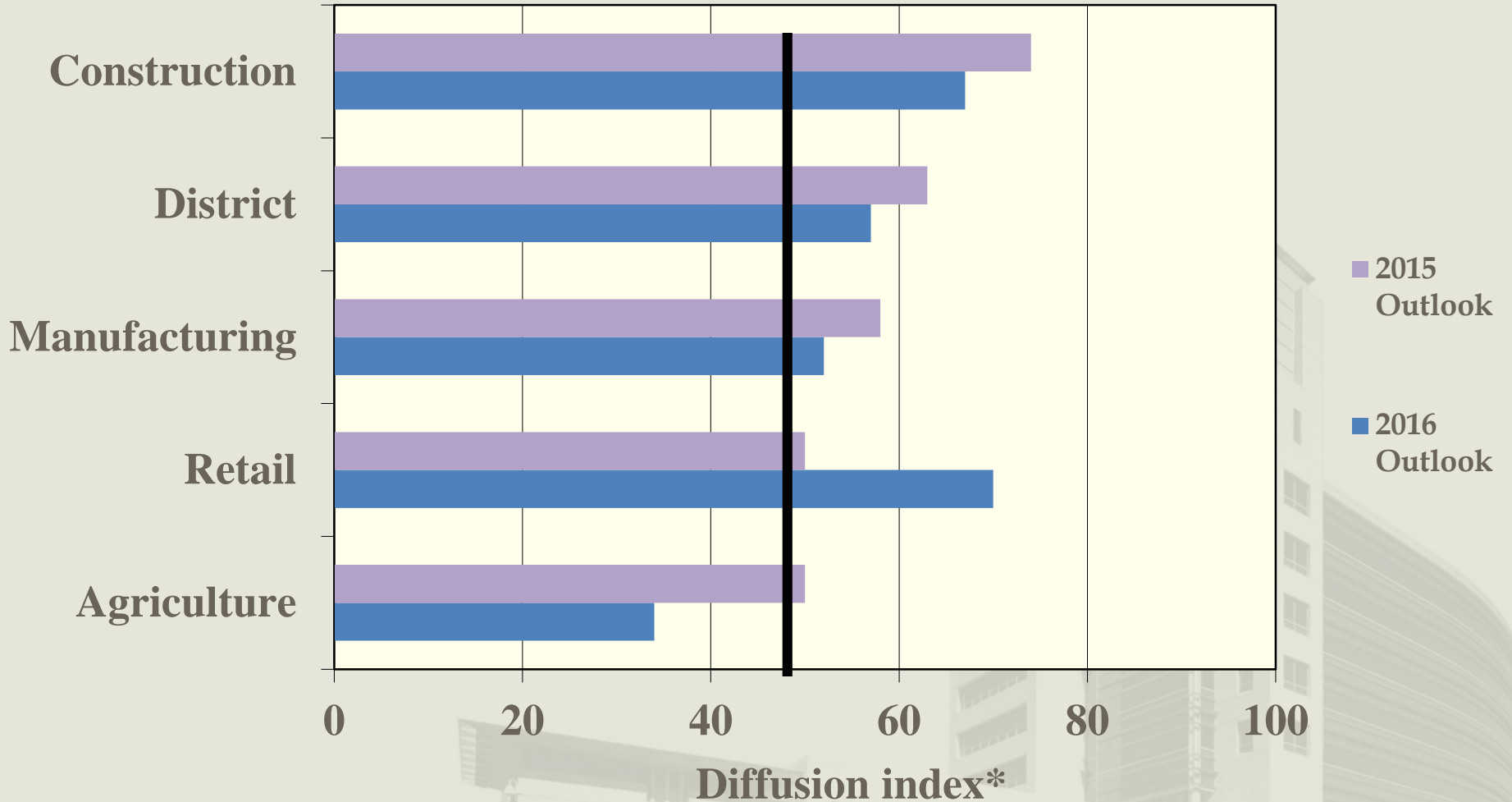
## Overall business leaders anticipate moderate increases in wages and salaries







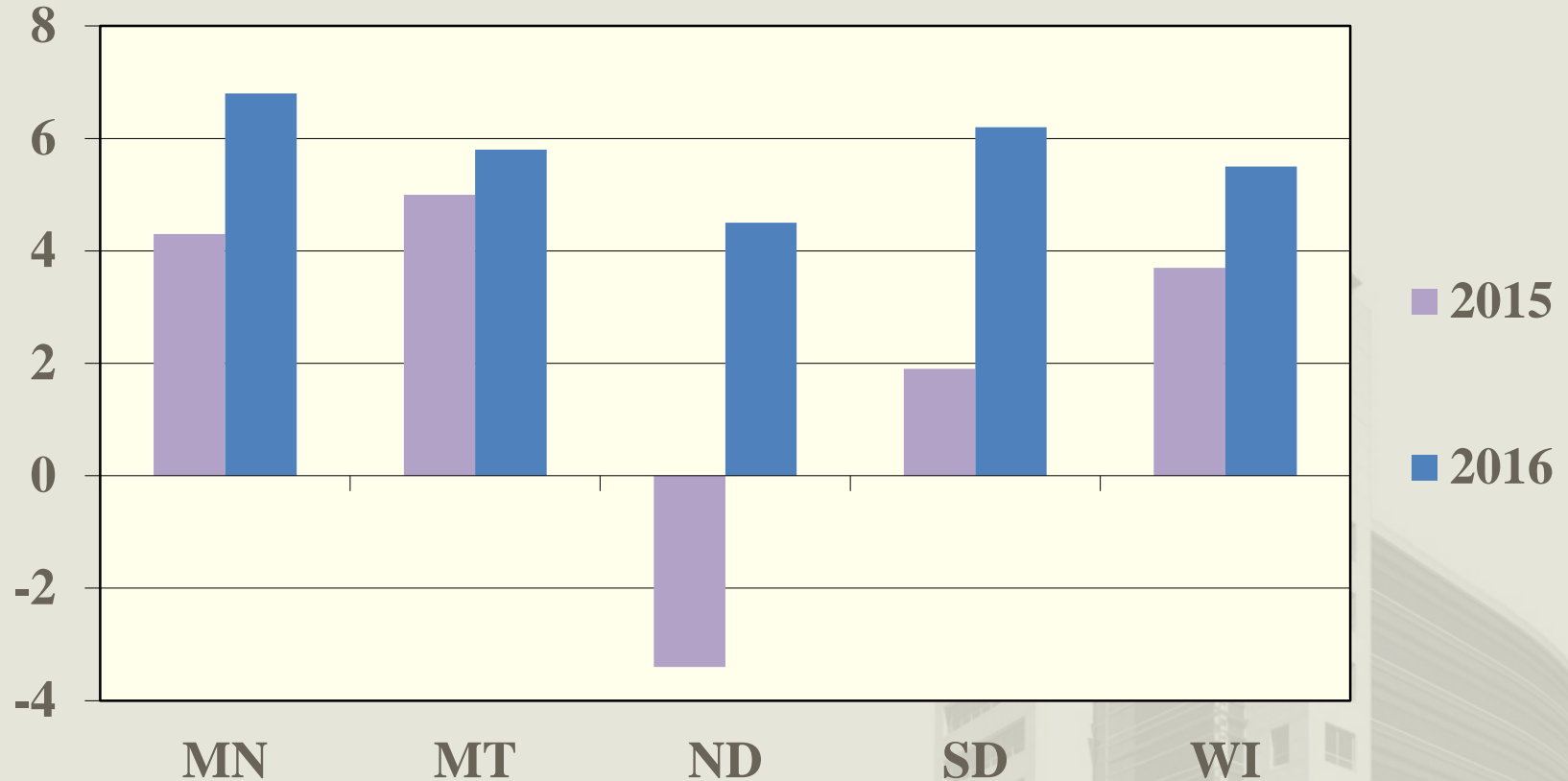
## Business leaders foresee overall moderate price increases



\*Index number above 50 indicates expansion.  
Index number below 50 indicates contraction.



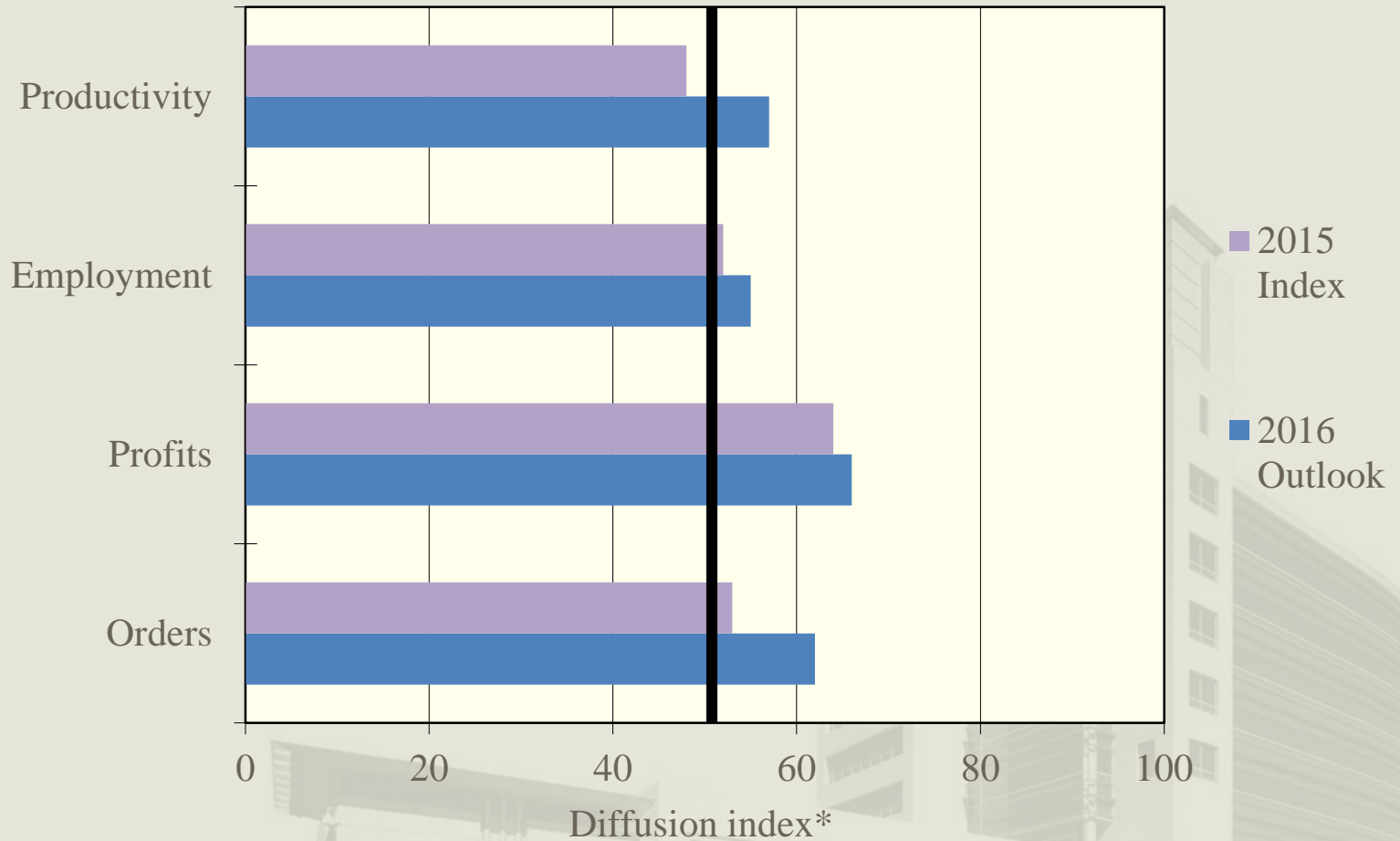
## Minnesota personal income expected to increase by 6.8 percent



Percent change from a year earlier – 4th quarter  
Not adjusted for inflation



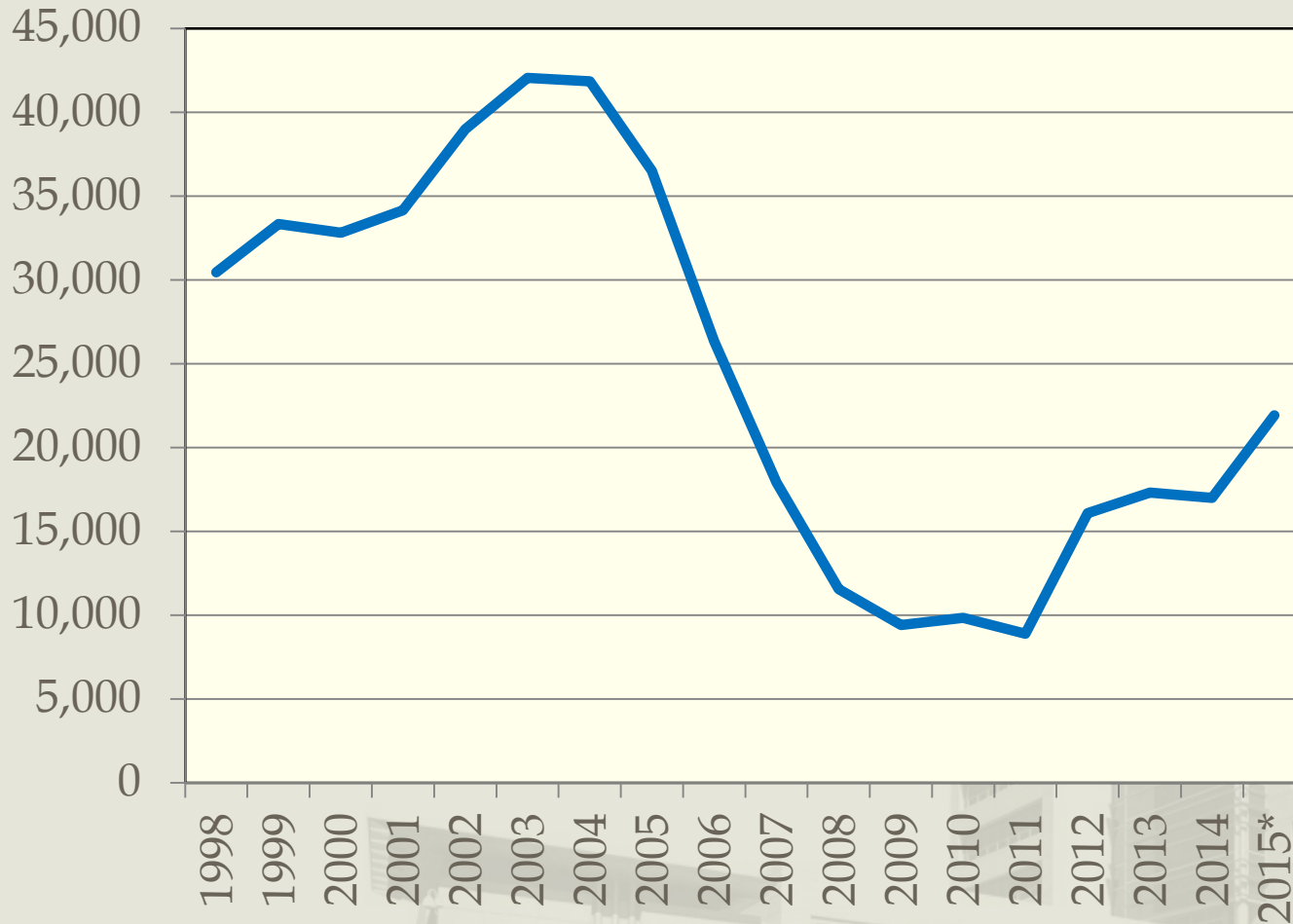
## Manufacturing survey indicates faster growth expected in 2016



\*Index number above 50 indicates expansion.  
Index number below 50 indicates contraction.



## Home building recovery continues in Minnesota

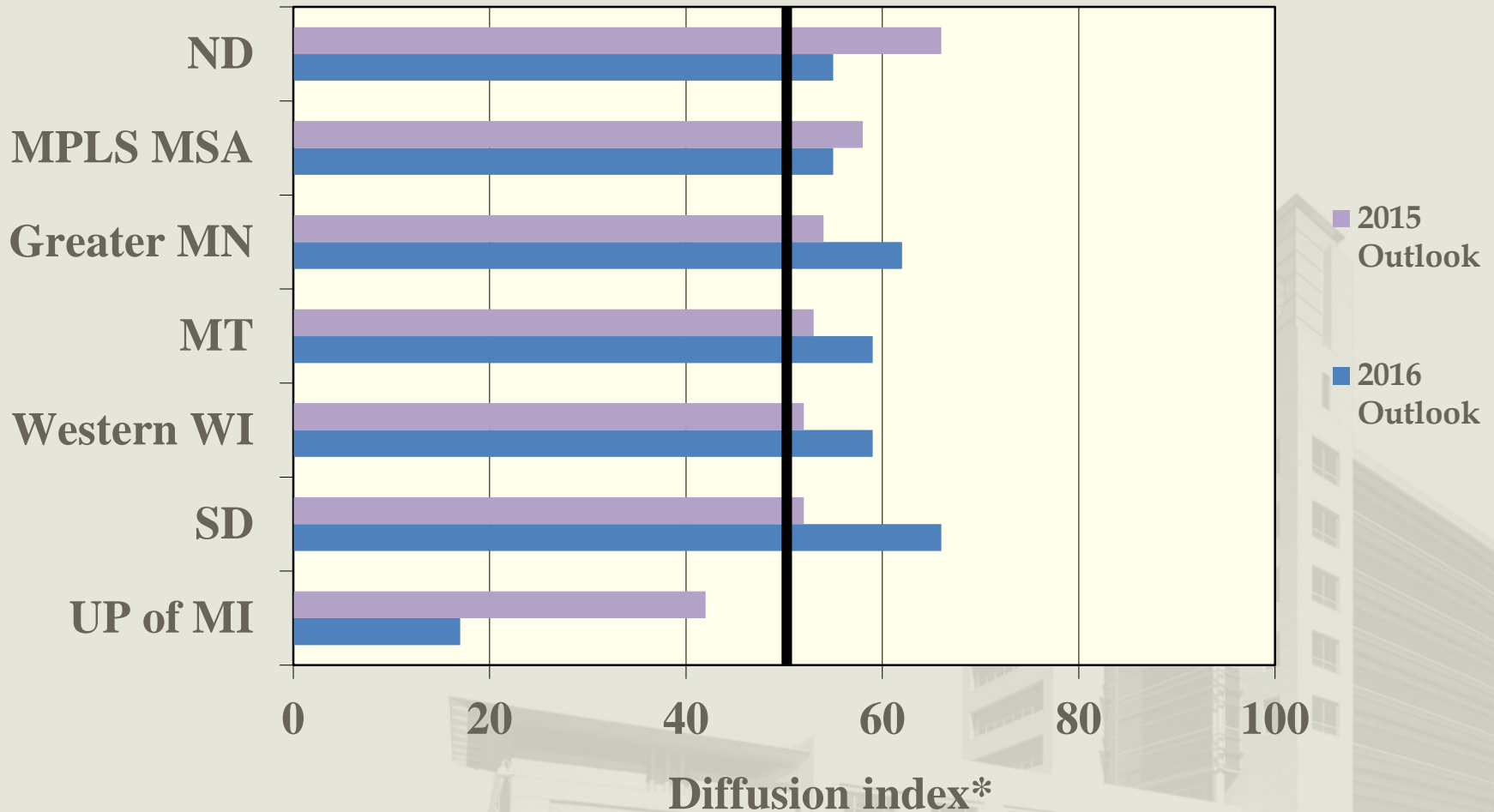


### Housing Units Authorized

\*Estimate based on year-to-date change from 2014 to 2015



## Minnesota business leaders expect growth in home building



\*Index number above 50 indicates expansion.  
Index number below 50 indicates contraction.



# Minnesota economy: Moderation in 2016

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# Questions?

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