Agenda

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

- **Above 5%**: A small percentage of respondents anticipated increases above 5% in wages and salaries.
- **4% to 5%**: A modest increase of 4% to 5% was anticipated by a few respondents.
- **2% to 3%**: A significant portion of respondents (around 70%) anticipated increases in the range of 2% to 3%.
- **0% to 1%**: A small fraction of respondents expected negligible increases of 0% to 1%.

The chart compares the 2015 and 2016 outlooks, with 2016 showing a slightly higher percentage of respondents anticipating increases in the 2% to 3% range compared to 2015.
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

*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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