



THE FEDERAL RESERVE BANK *of* MINNEAPOLIS

2012 Regional Economic Outlook

December 20, 2011





minneapolisfed.org





Agenda

- **Ninth District Economy**
 - **Outlook**
 - **Surveys**
 - **Models**
 - **Sector Analysis**
 - **Agriculture**
 - **Manufacturing**
 - **Home building**



The Federal Reserve Districts



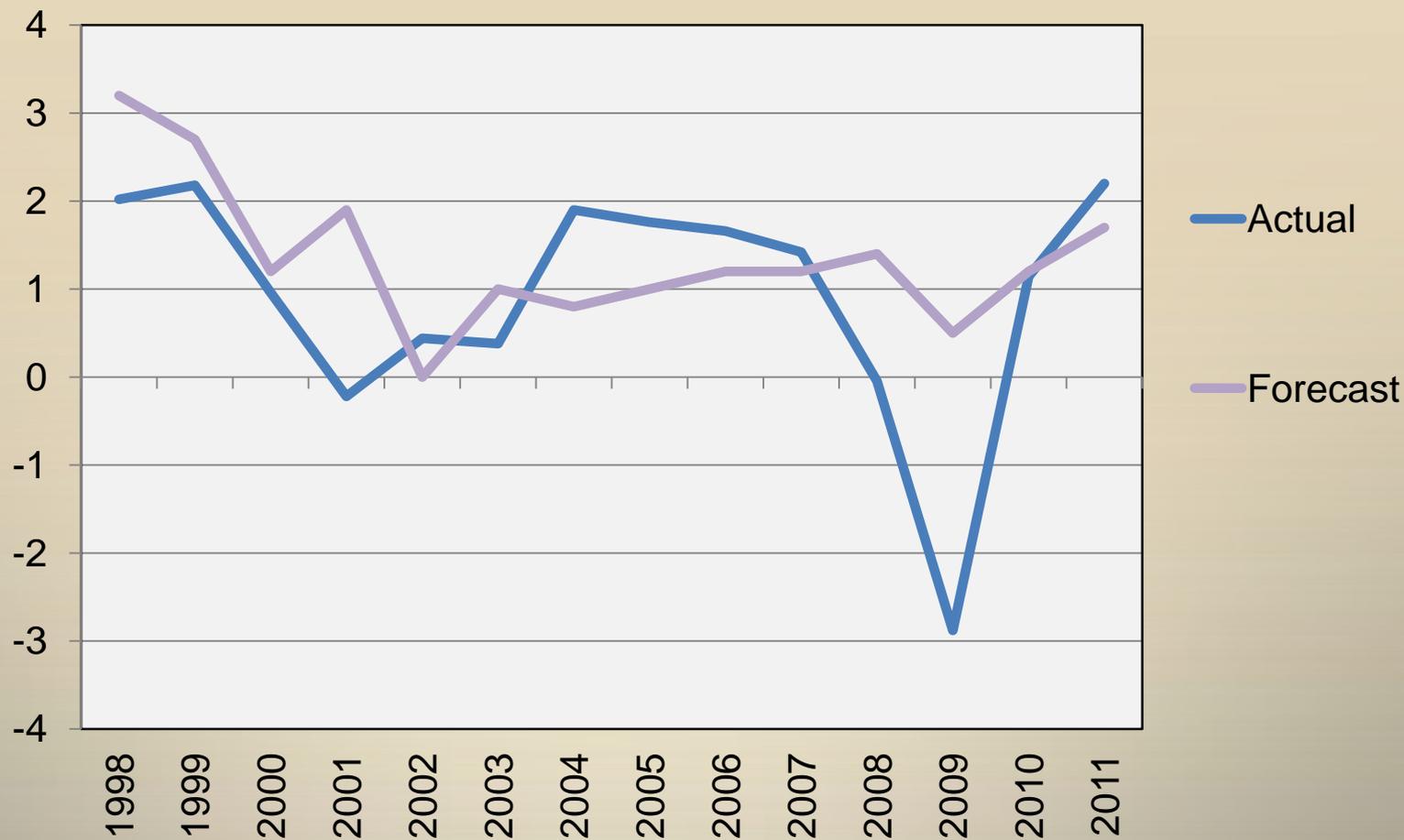


Comparing 2011 with last year's forecast

- Employment growth stronger than forecast
- Unemployment rates close to forecast
- Personal income growth stronger than forecast
- Home building better than forecast



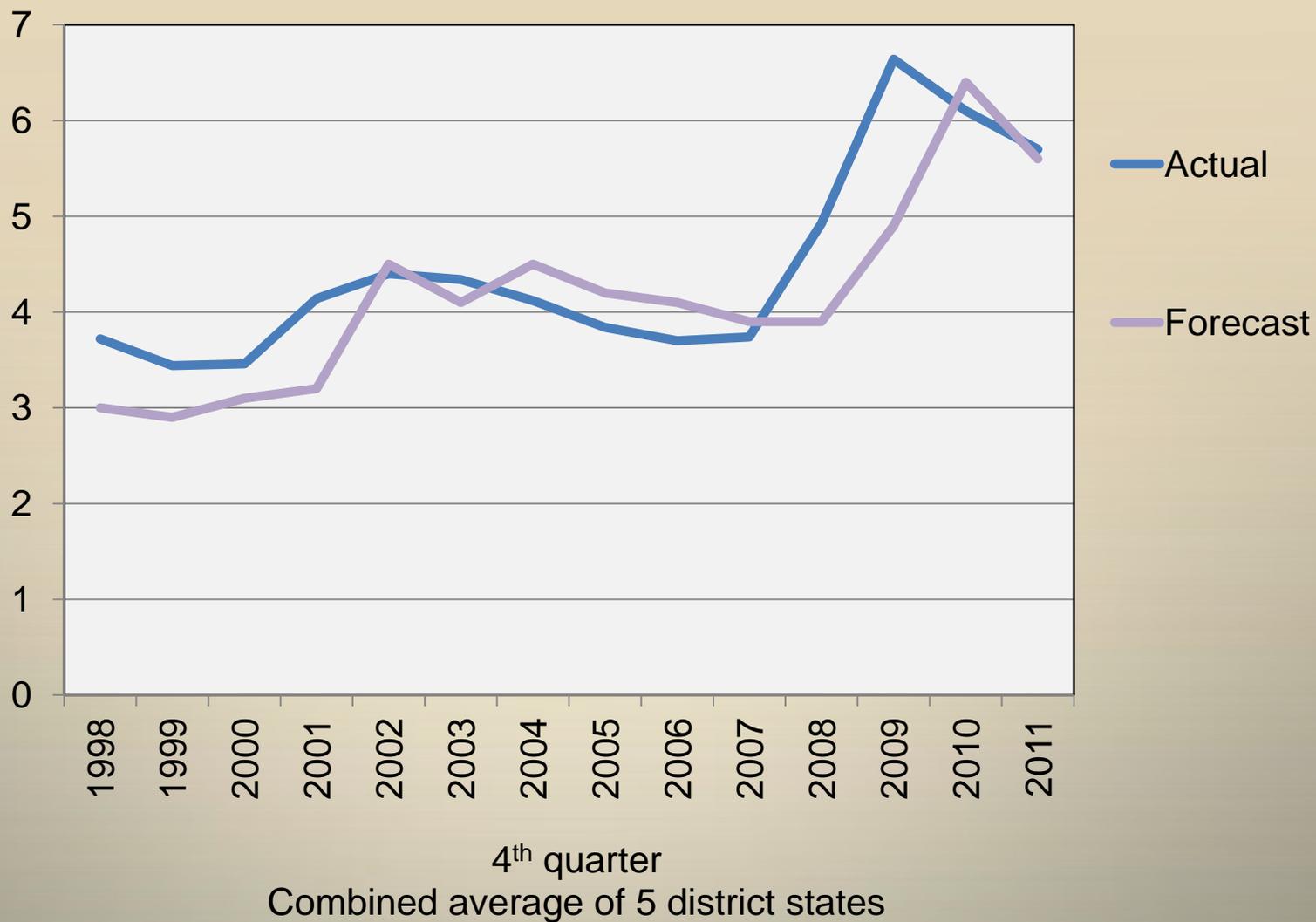
Stronger 2011 nonfarm employment than forecast



Percent change from a year earlier – 4th quarter
Combined average of 5 district states



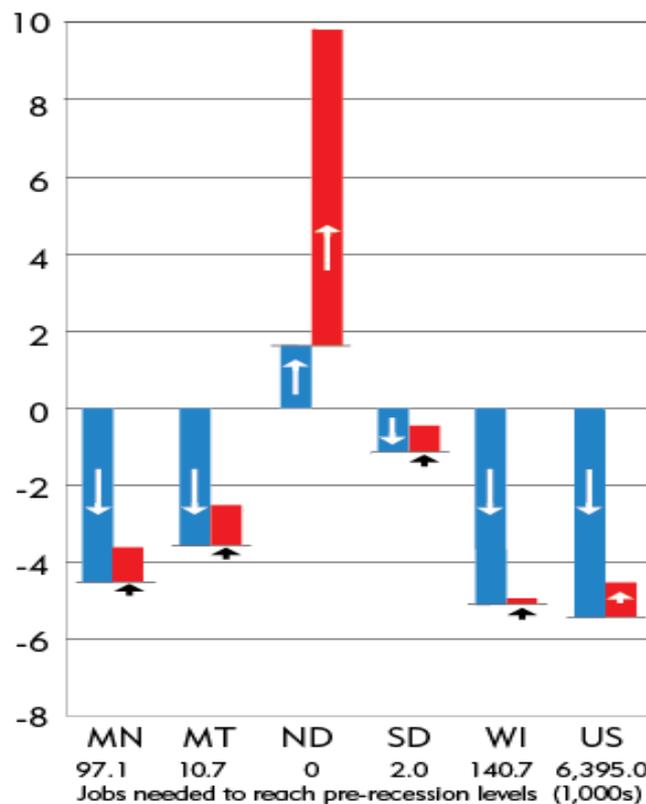
2011 unemployment rate close to forecast





District employment change better than U.S

Percent change in nonfarm employment



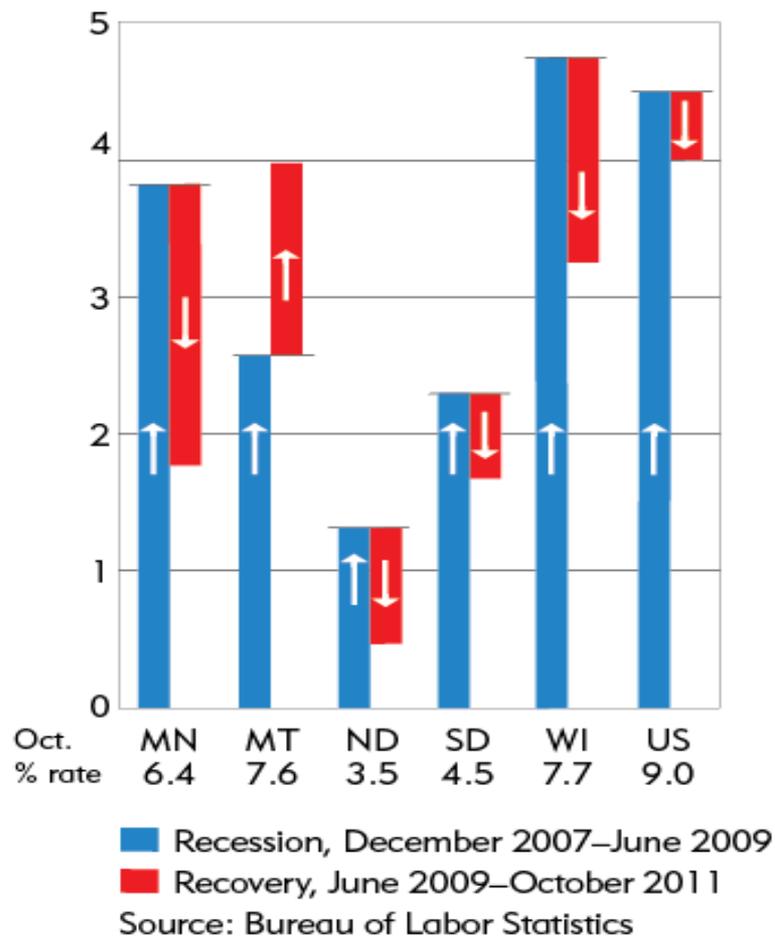
■ Recession, December 2007–June 2009
■ Recovery, June 2009–October 2011

Source: Bureau of Labor Statistics



District unemployment rate change also beat U.S.

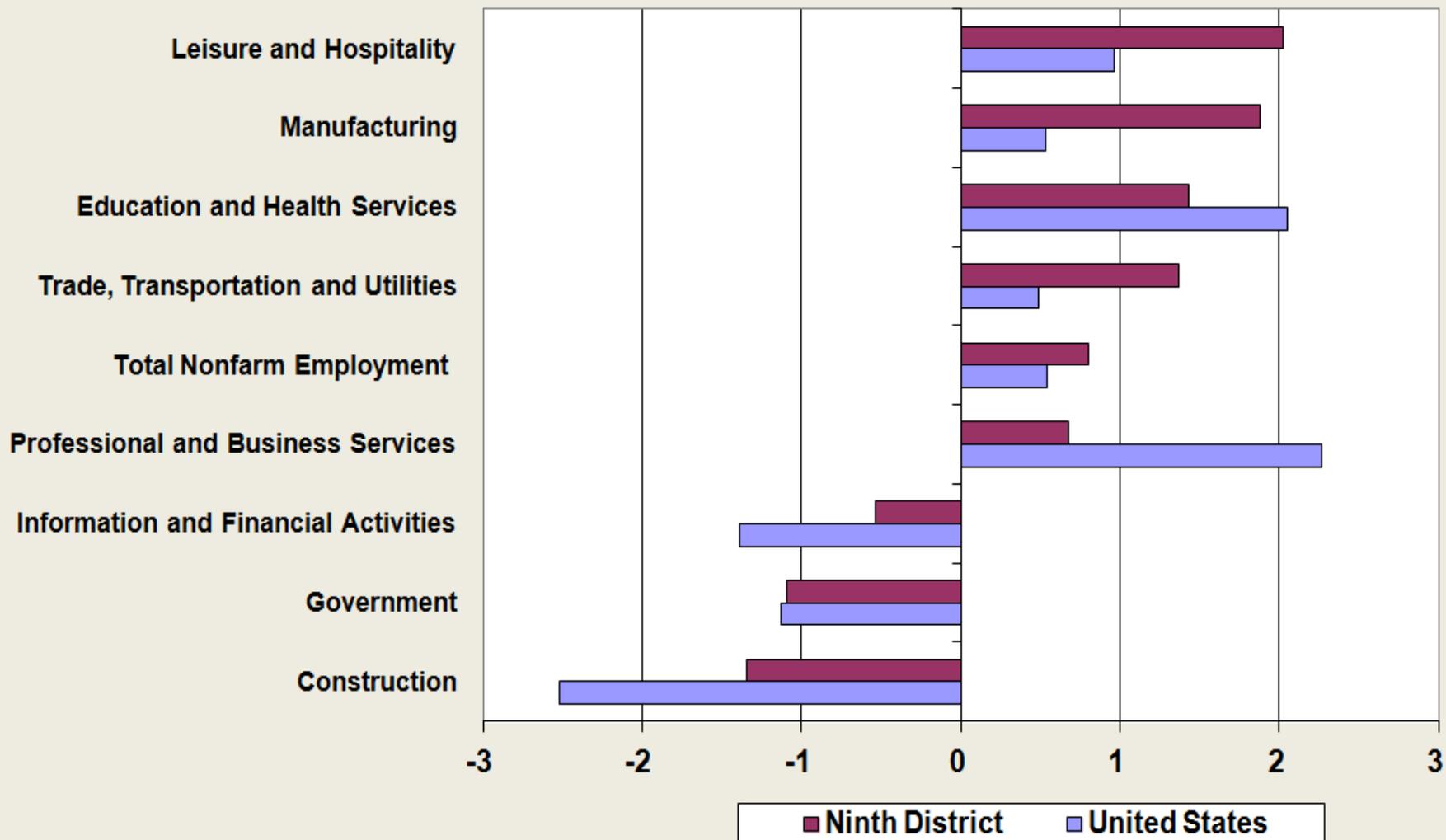
Percentage point change in unemployment rates





Employment increased in some industries . . .

Nonfarm employment, percent change from a year earlier, October 2011

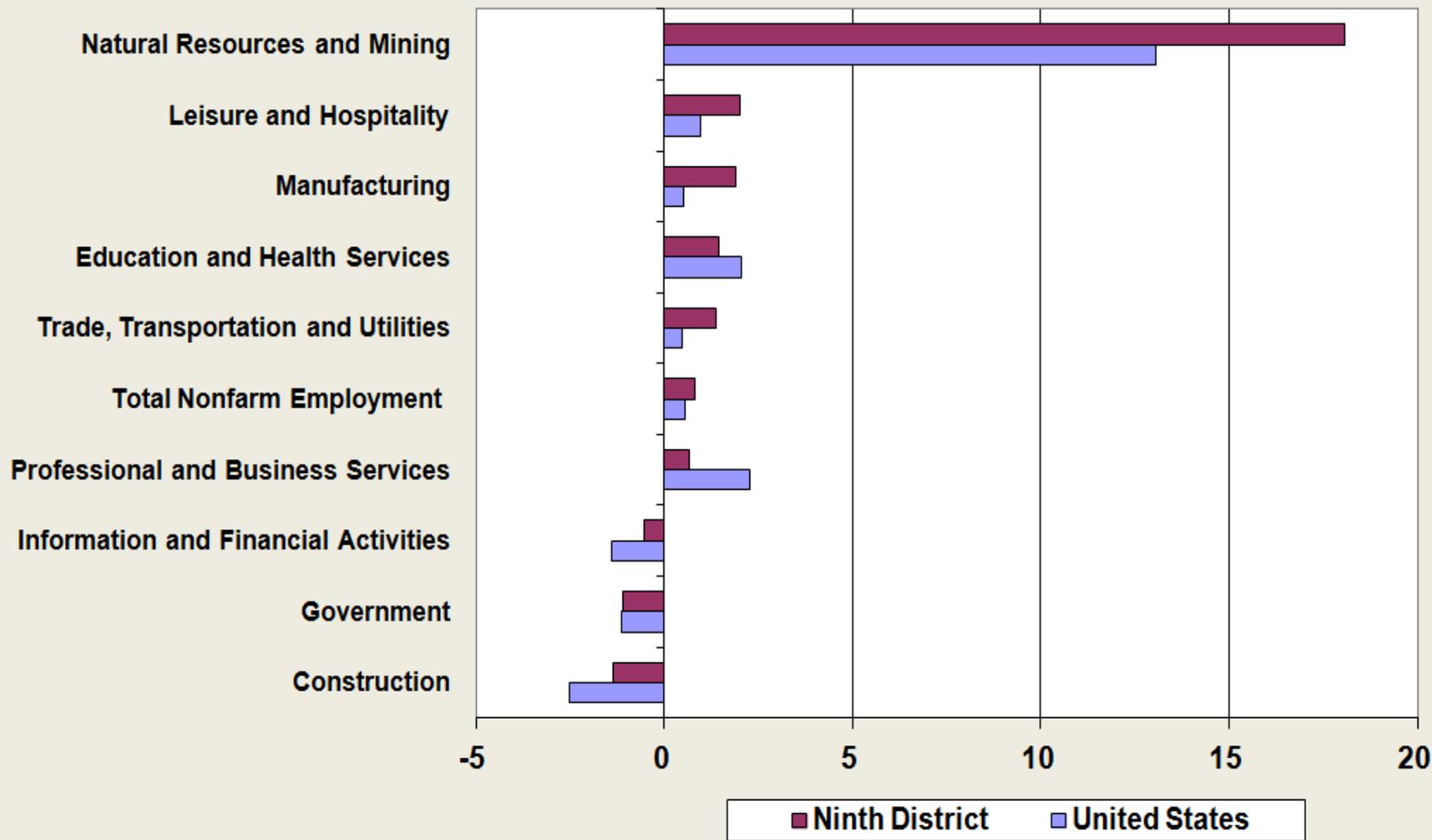


Source: Bureau of Labor Statistics



... particularly in natural resources and mining

Nonfarm employment, percent change from a year earlier, October 2011



Source: Bureau of Labor Statistics

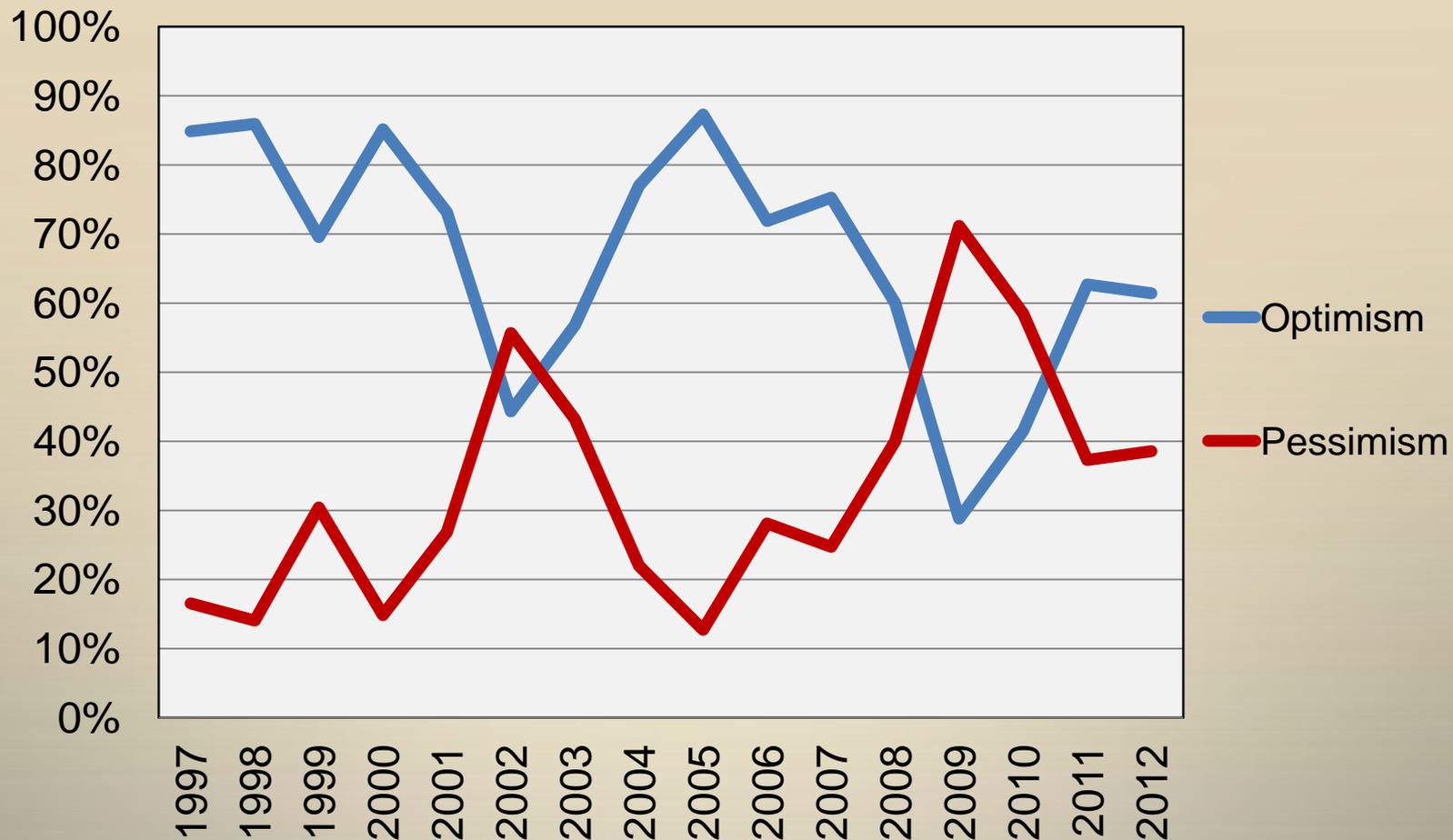


Ninth District Economy: Growth in 2012

- Business leaders remain optimistic
- Employment up, modest unemployment rate reductions
- Agriculture sector strong & manufacturing upbeat
- Slow home building sector

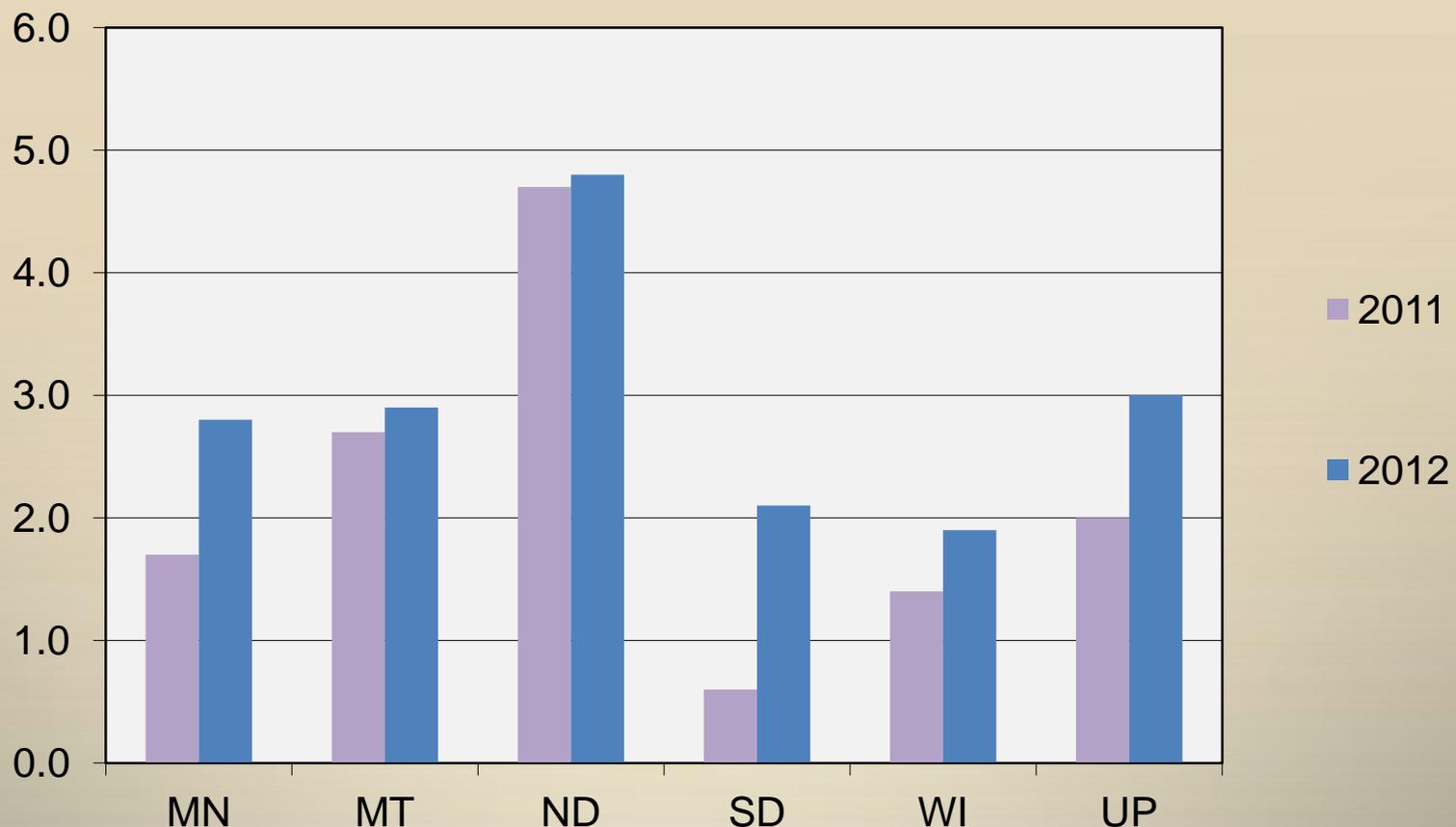


Business leaders remain optimistic





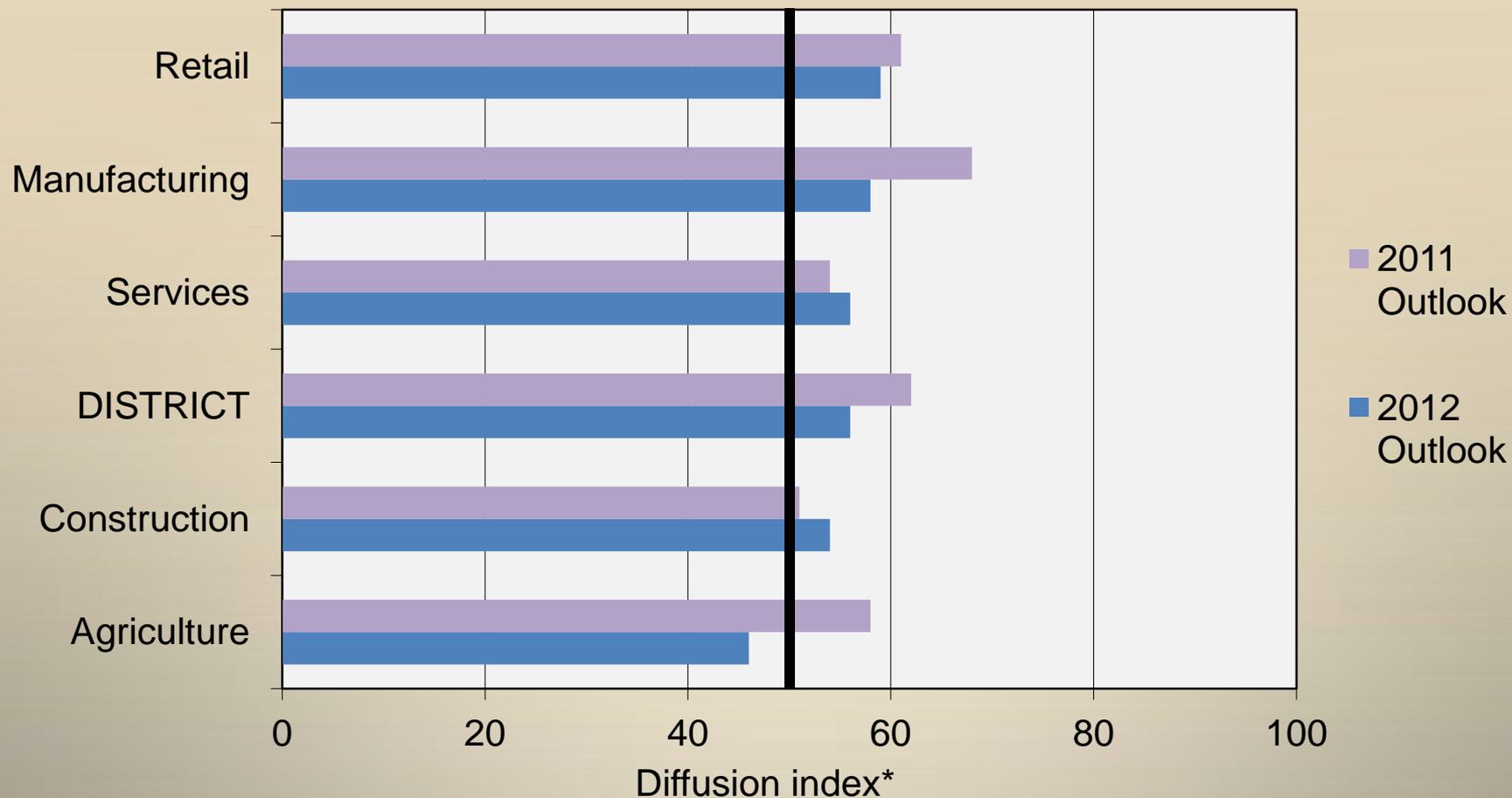
Employment expected to expand across the district



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



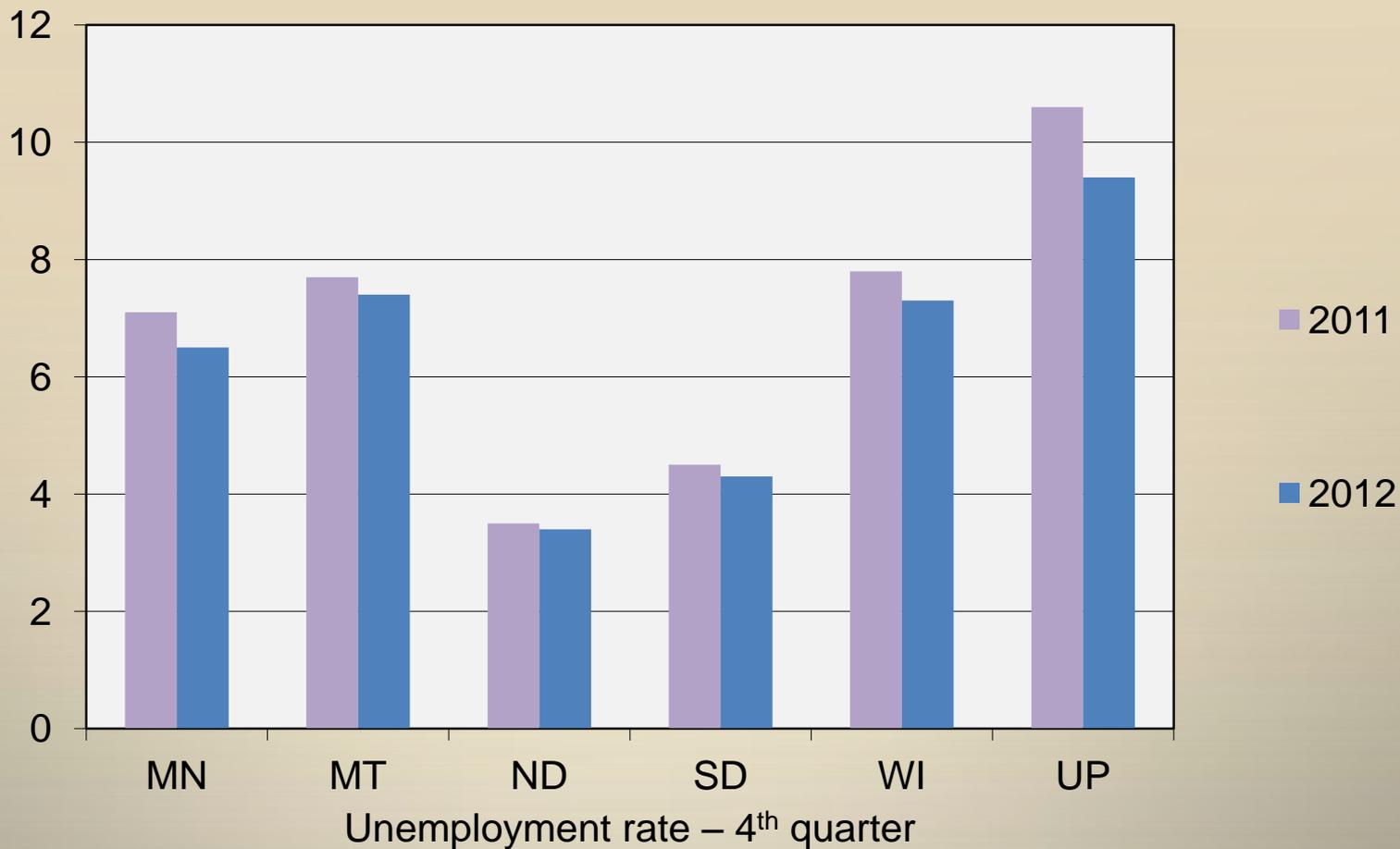
Business leaders expect increased employment at their companies



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

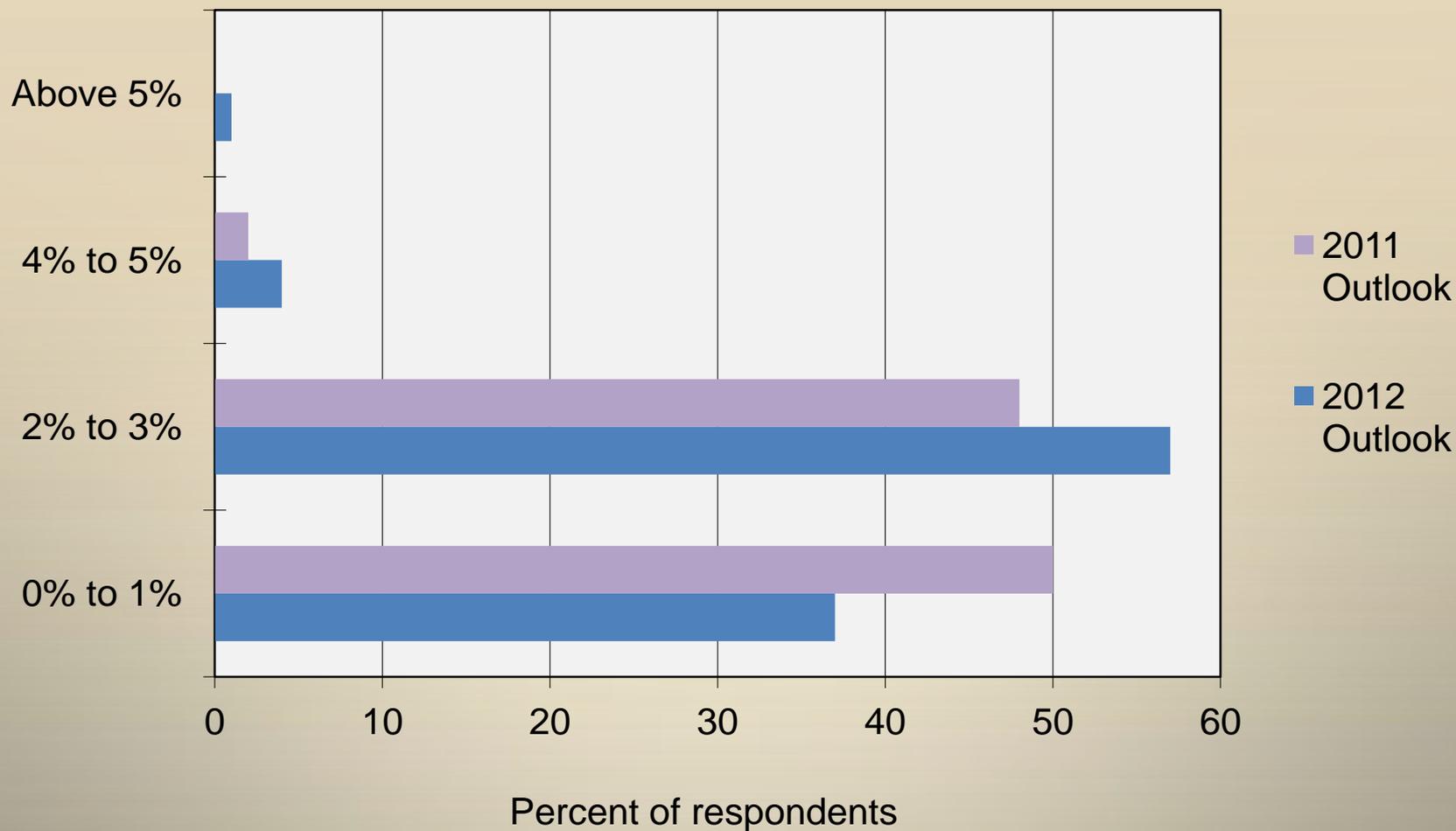


Unemployment rates will decrease modestly



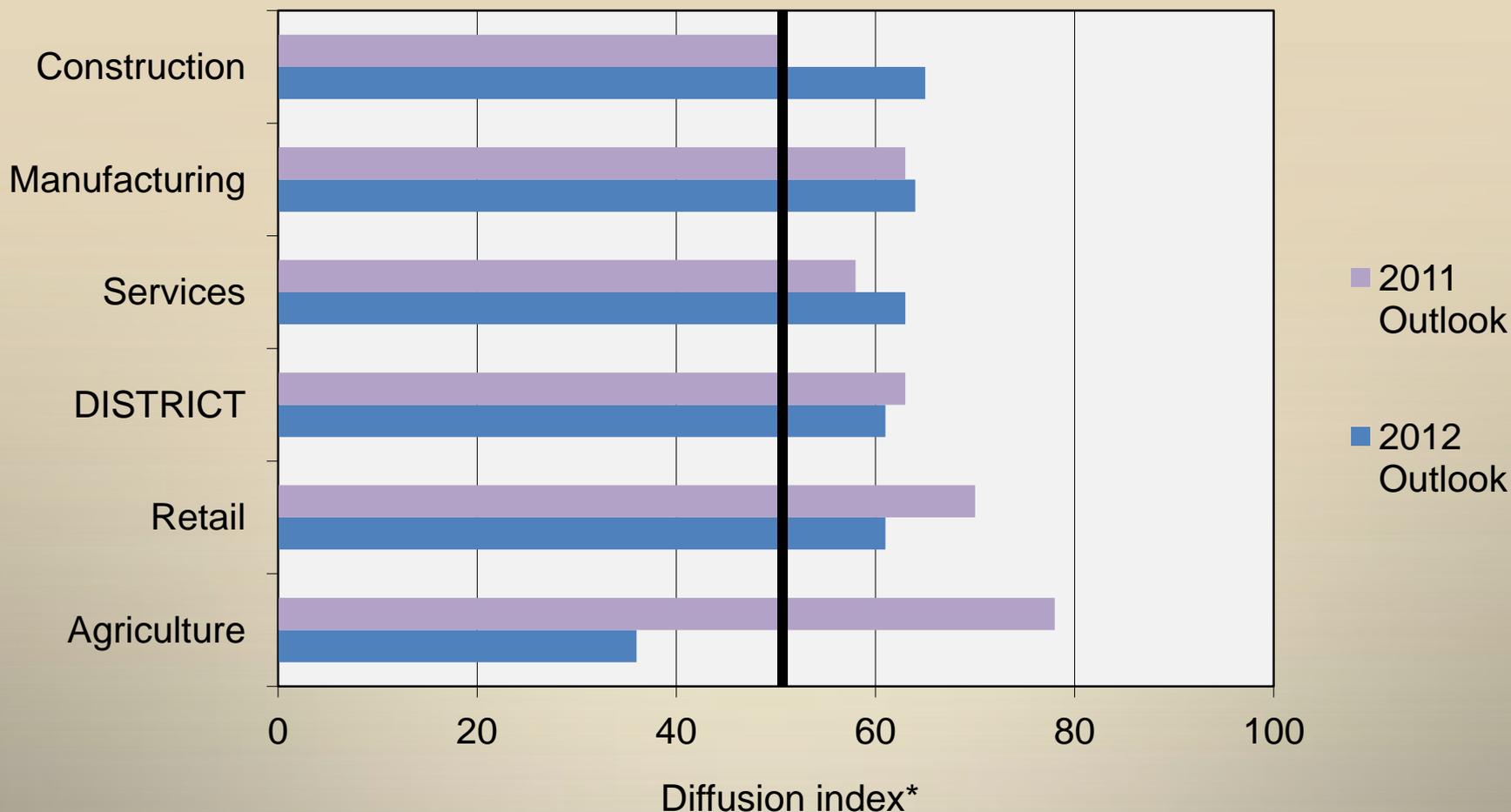


Business leaders anticipate small wage increases





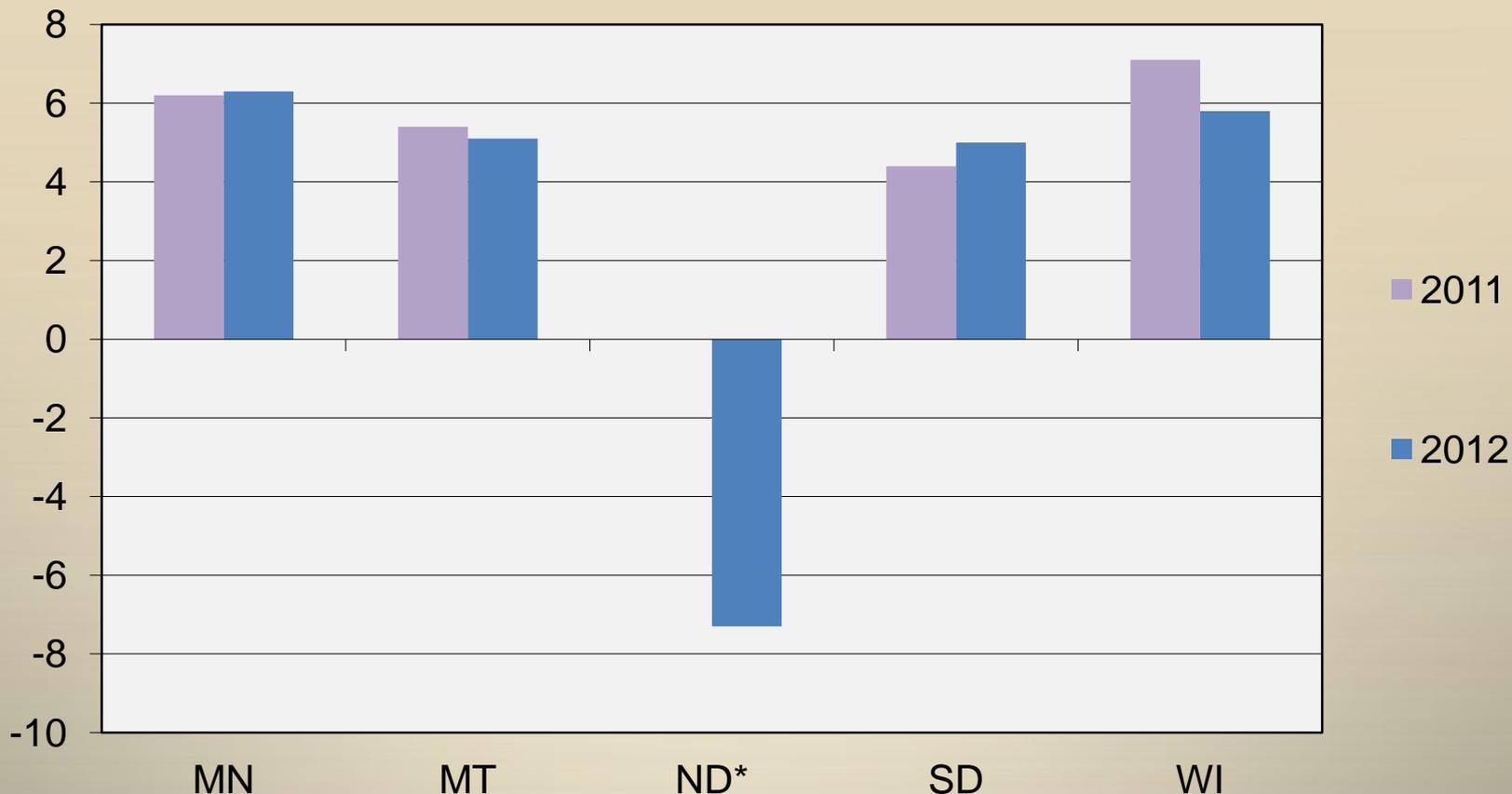
Business leaders foresee some price increases



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



Personal income growth expected to increase



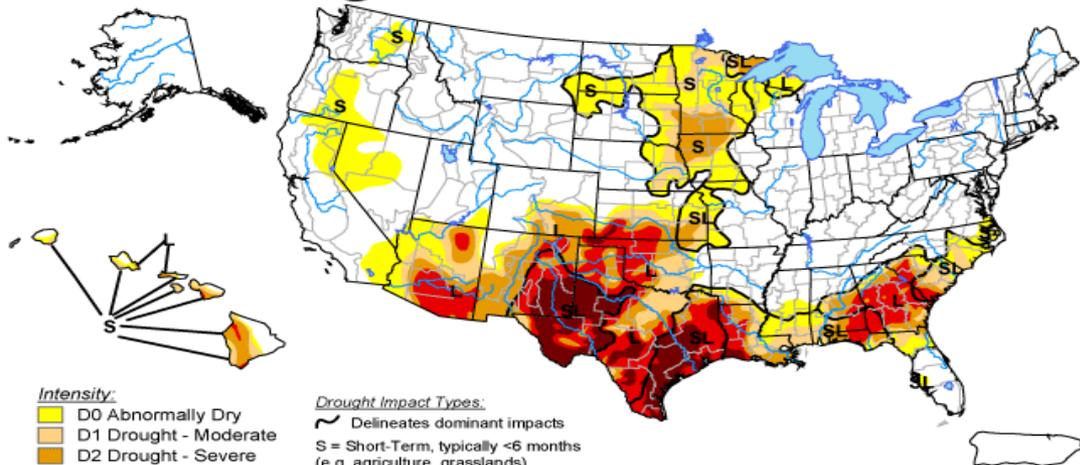
Percent change from a year earlier – 4th quarter

*Forecast for North Dakota has a wide 70 percent confidence interval.

U.S. Drought Monitor

December 13, 2011

Valid 7 a.m. EST



Intensity:

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

Drought Impact Types:

- Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>



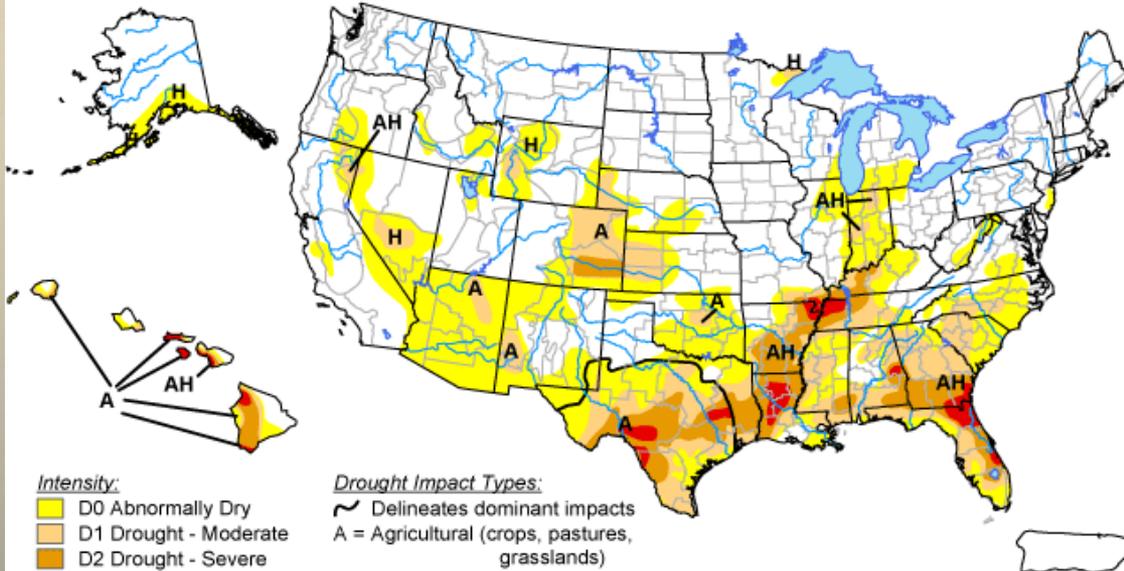
Released Thursday, December 15, 2011

Author: Matthew Rosencrans, NOAA/NWS/NCEP/CPC

U.S. Drought Monitor

December 7, 2010

Valid 7 a.m. EST



Intensity:

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

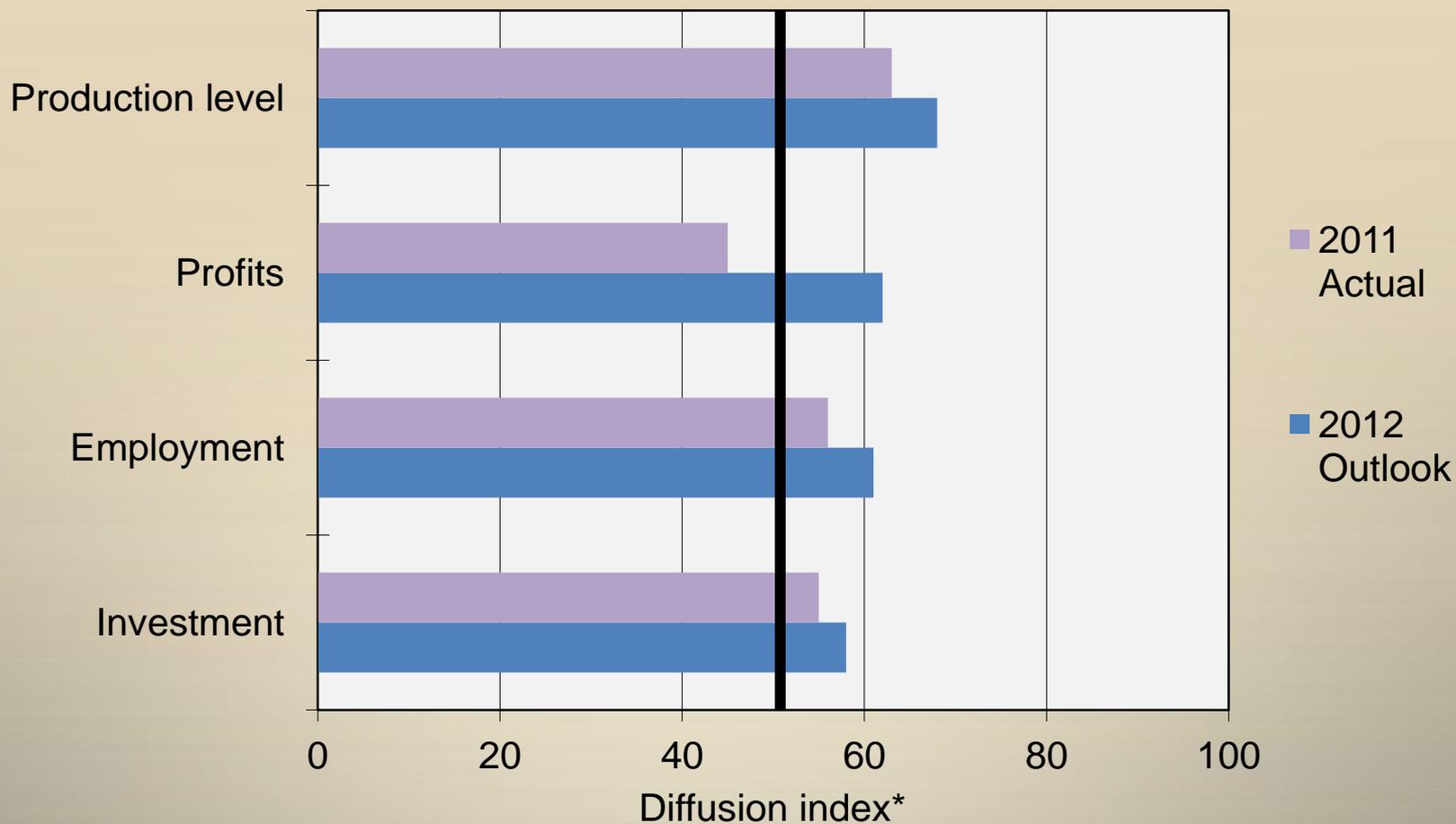
Drought Impact Types:

- Delineates dominant impacts
- A = Agricultural (crops, pastures, grasslands)
- H = Hydrological (water)





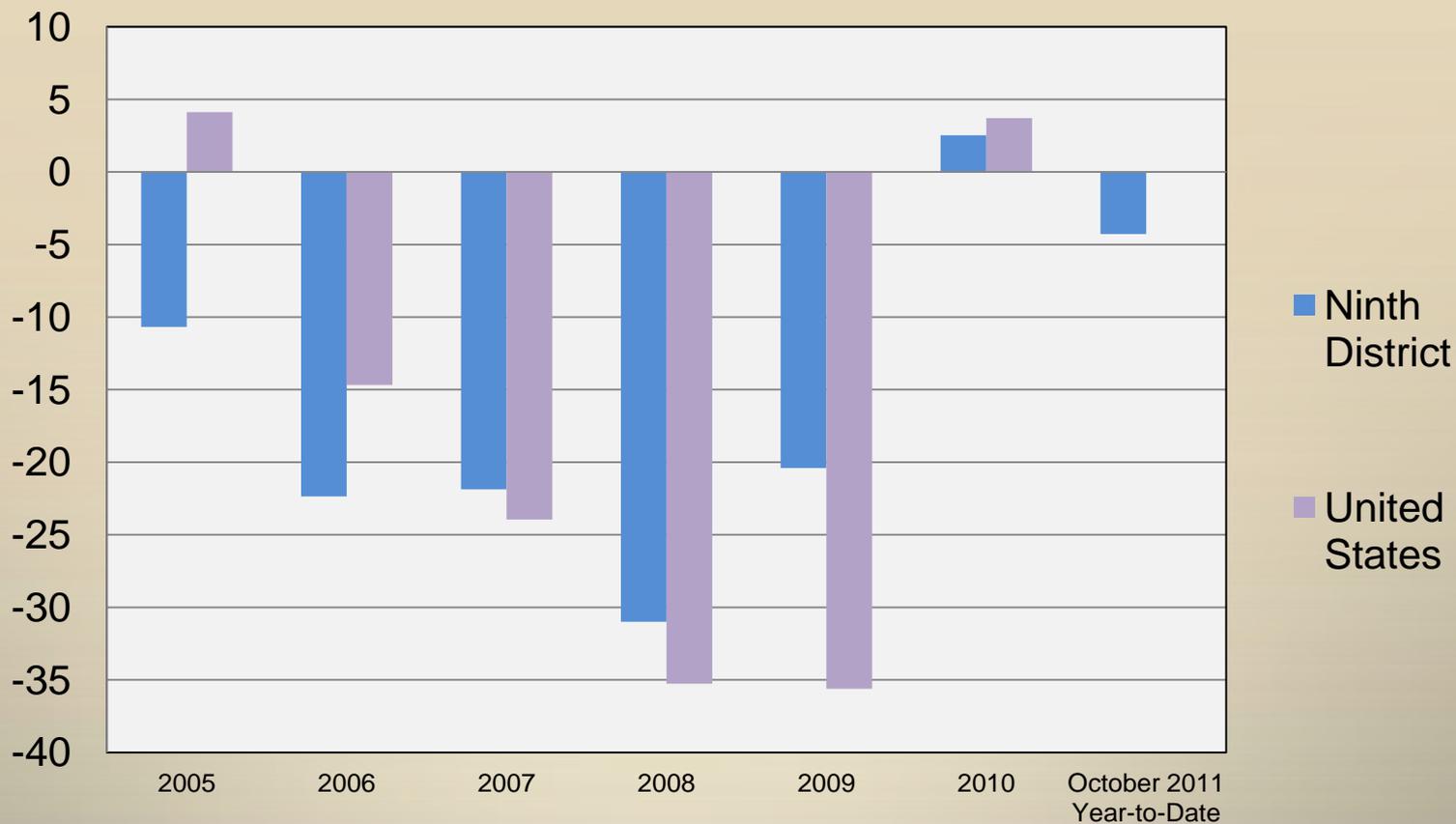
Manufacturing survey indicates faster growth expected in 2012



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



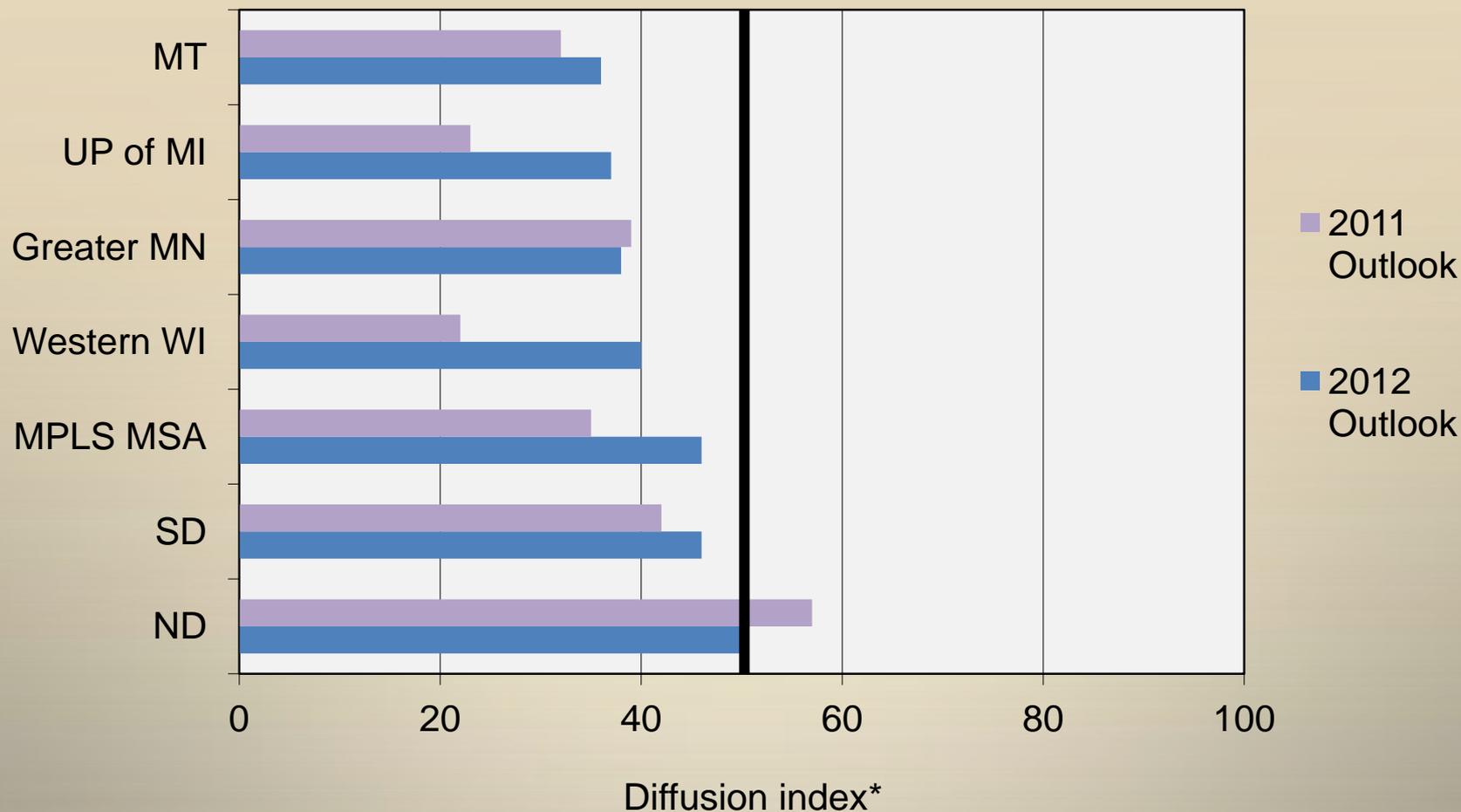
Home building remains weak



Housing units authorized
percent change from a year earlier



Business leaders expect slower home building



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



Ninth District Economy: Growth in 2012

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Questions?