October 2011 Economic Dashboard Released

The October 2011 edition of the St. Croix Valley Economic Dashboard has been released by the Center for Economic Research (CER) at UW-River Falls and St. Croix Economic Development Corporation (SCEDC) has released the October 2011 edition of the St. Croix Valley Economic Dashboard. The dashboard is a snapshot of the economic condition of the labor, consumer and housing markets in the three county St. Croix Valley (Pierce, Polk and St. Croix counties). It presents the latest available data in one convenient package (note most regional data is available with a one or two month delay). The dashboard can be viewed on the CER's website at *http://www2.uwrf.edu/cerdocs/pub/scdb/scdb.pdf*.

Dr. Logan Kelly, director of the CER, conducts research for the Dashboard and offered his observations:

State and National Indicators:
"Nationally the economy grew at a seasonally adjusted annually rate of one percent during the second quarter of 2011, and the unemployment rate in September was unchanged at 9.1 percent. Extremely low growth nationally provides some explanation as to why unemployment remains stubbornly high. In order to reduce the unemployment rate, most economists agree the economy needs to grow a pace of 3 percent or more."

"Wisconsin's unemployment rate was up slightly, 0.1 percent, in August. This increase was the result of a decrease in total employment and a decrease in the labor force, providing further evidence that the economic recovery may be stalling. The state grew at a seasonally adjusted annual rate of 1.13 percent as measured by the Philadelphia Fed's Coincident Index of economic activity; the Leading Index is predicting less than one percent growth over the next six months. As with the national economy, this rate of growth is too slow to affect meaningful recovery in labor markets. Indeed, if the state economy continues to perform this sluggishly, we would expect to see the unemployment rate increase in the coming months."

Labor Market
"While the national jobs report could have been better, there was some encouraging news. First, the change in total nonfarm payroll employment for July was revised up from an increase of 85,000 jobs to an increase of 127,000 jobs, and the change for August was revised up from zero jobs to an increase of 57,000 jobs. Total nonfarm payroll employment rose 103,000 in September; though the increase in employment partially reflected the return to payrolls of about 45,000 telecommunications workers who had been on strike in August. The economy created slightly more jobs than needed to keep pace with new entrants to the labor force, but the unemployment rate was little changed at 9.1 percent last month. The fiscal condition of the public sector continues to weigh on the economy. The public sector lost 34,000 jobs in September. Moreover, concerns over low economic growth are growing."

"The Wisconsin economy lost 2,300 jobs "net" in August, and has gained only 24,700 jobs over the last year. The lost jobs were in several key areas in August. The public sector lost an additional 1,500 jobs; Professional and Business Services lost 1,500 jobs; and Construction lost 3,000 jobs. One the other hand, the largest increase came from the Leisure and Hospitality sector where 2,000 jobs were created. The Leisure and Hospitality sector tends to be composed of lower paying jobs than the public sector, which highlights the importance of looking beyond net jobs created when evaluating economic growth. One a more positive note, Health and Education Services and Manufacturing both saw increases in employment totaling about 2,000 jobs that may be higher paying."

"The state unemployment rate increased slightly to 7.9 percent in August, which is 0.1 percentage points lower than one year previous. Conditions in the regional labor market are still slightly better than the state average. The regional unemployment rate decreased in August by 0.55 percentage points to 6.3 percent. This change was driven by a 0.7 year-over-year percentage increase in total employment and a 0.1 year-over-year percentage increase in the labor force. The region's unemployment rate is lower than the state average of 7.9 percent and comparable to the Minneapolis-St. Paul-Bloomington MN-WI Metropolitan Statistical Area (MSA) unemployment rate of 6.7 percent."

"One explanation on the economic performance of the St. Croix Valley relative to the rest of the state of Wisconsin is its proximity to Minnesota and the Twin Cities. Minnesota is exhibiting considerably faster growth than its upper Midwest neighbors."

Housing Market:
The Case-Shiller Home Price Index for Minneapolis and Chicago, as well as nationally, have shown slight increases in May, June and July, but the index still shows home values are considerably below one year ago. The median home price in the Valley is also below one year ago, but the number of homes sold increased."

Wisconsin's St. Croix Valley is comprised of St. Croix, Polk, and Pierce counties. All three counties are located along the Wisconsin-Minnesota border. Two of the three counties, St. Croix and Pierce, are included in the Minneapolis-St. Paul-Bloomington MN-WI metropolitan area, a 13-county region with of population of 3.25 million residents.

For additional information on the October edition of the St. Croix Valley Economic Dashboard, contact Dr. Logan Kelly at *cer@uwrf.edu* or (715) 425-4993 or William Rubin at *bill@stcroixedc.com* or (715) 381-4383.

Coincident and Leading Indicators

Indicators	Release Date	National Level	National Change	Wisconsin Level	Wisconsin Change	Iowa Level	Iowa Change
Leading Indicator[1]	Aug '11	1.45%	0.88 ↑	0.95%	-0.22 ↓	0.70%	0.15 ↑
Coincident Indicator[1]	Aug '11	0.79%	0.01 ↑	1.13%	-0.01 ↓	1.00%	0.00 ⇨
Average Weekly Mang. Hours[2]	Aug '11	41.4	0.10 ↑	41.7	1.10 ↑	40.9	0.00 ⇨

Indicators	Release Date	Illinois Level	Illinois Change	Michigan Level	Michigan Change	Minnesota Level	Minnesota Change
Leading Indicator[1]	Aug '11	-1.75%	-2.96 ↓	-1.39%	-3.25 ↓	2.73%	1.66 ↑
Coincident Indicator[1]	Aug '11	-2.72%	-0.05 ↓	-6.80%	-0.11 ↓	4.98%	0.05 ↑
Average Weekly Mang. Hours[2]	Aug '11	40.40	0.70 ↑	44.70	0.00 ⇨	40.90	0.20 ↑

Note: *Real GDP data is released quarterly. Inflation, Real GDP, Leading Indicator and Coincident indicator are presented as a seasonally adjusted annual rate. Simple change is reported. Average weekly manufacturing hours is not seasonally adjusted.*

Source: *(1) Federal Reserve Bank of Philadelphia. (2) U.S. Bureau of Labor Statistics. (3) U.S. Bureau of Economic Analysis*