

Presents



BREAKFAST October 28, 2014













ECONOMIC AND DEMOGRAPHIC **TRENDS**



Matthew Arthur Eric Grytdahl

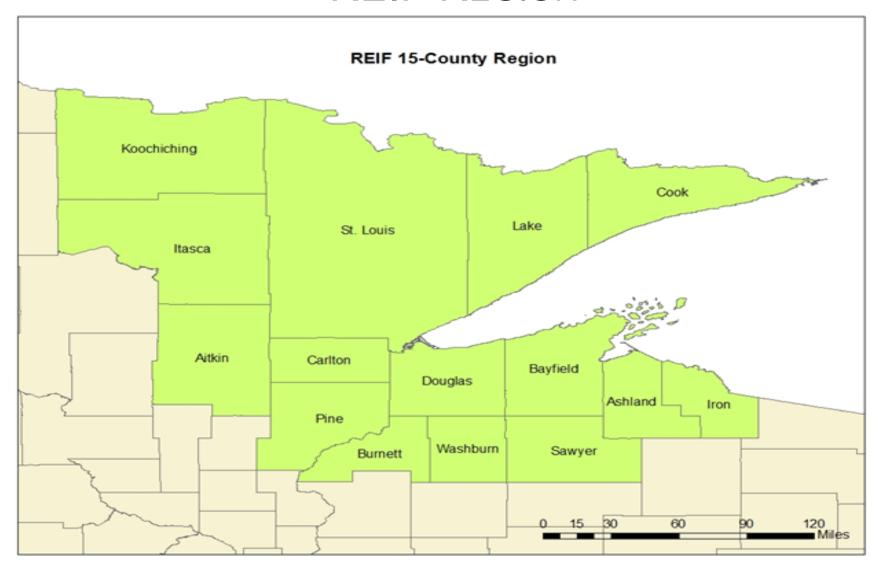
Bureau of Business and Economic Research Labovitz School of Business and Economics, UMD National Bank



Fall 2014

of Commerce

REIF REGION







RECENT POPULATION TRENDS

Region has remained relatively stable since 2007

Minnesota REIF region:

Population 2007: 355,178

Population 2013: 355,693

Wisconsin REIF region:

Population 2007: 129,585

Population 2013: 128,477





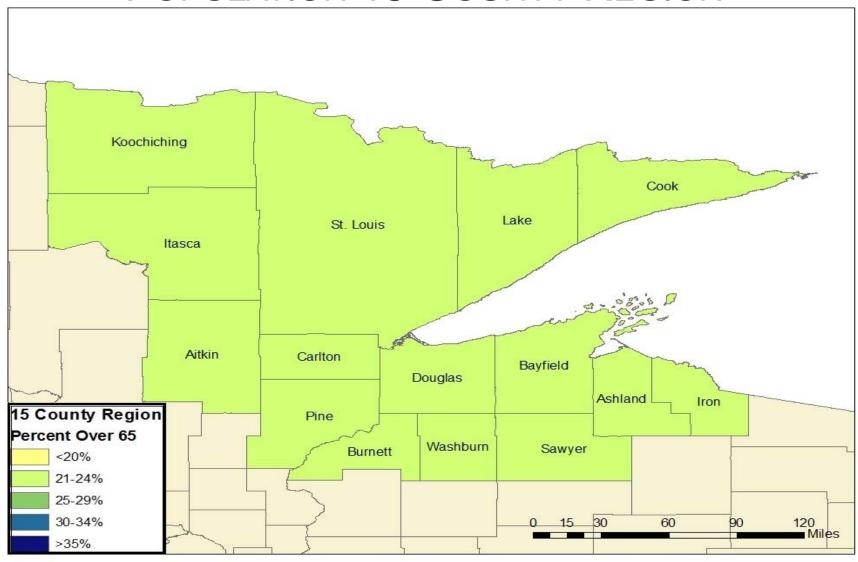
Population - REIF Area (2007-2040)

600,000 500,000 400,000 -300,000 -200,000 -100,000 2007 2010 2013 2015 2025 2030 2035 2020 2040 —Population Total ·····Projected to 2040 ——Population MN ——Population WI



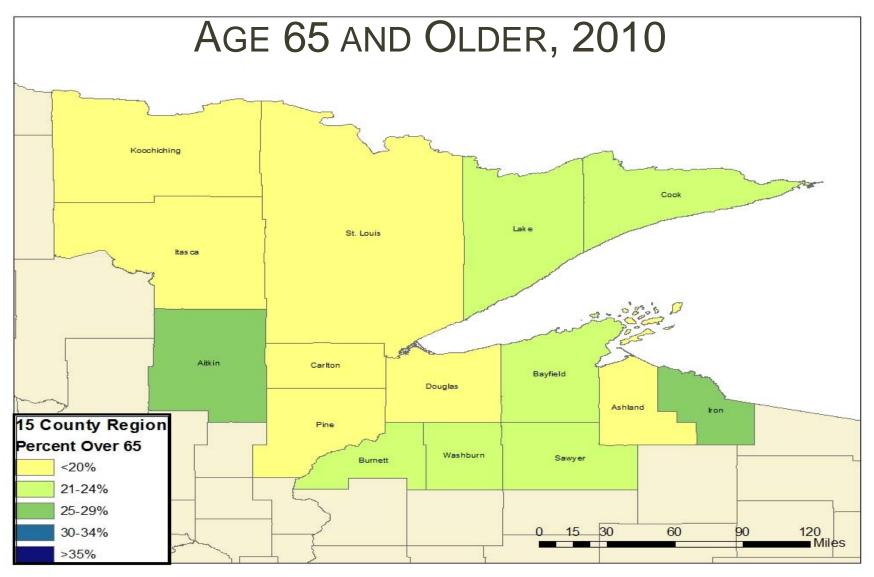


POPULATION 15-COUNTY REGION



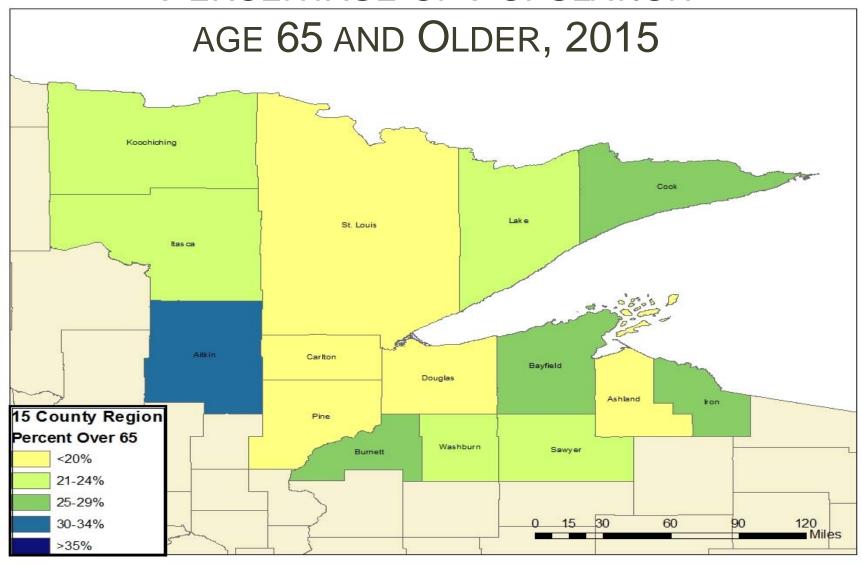






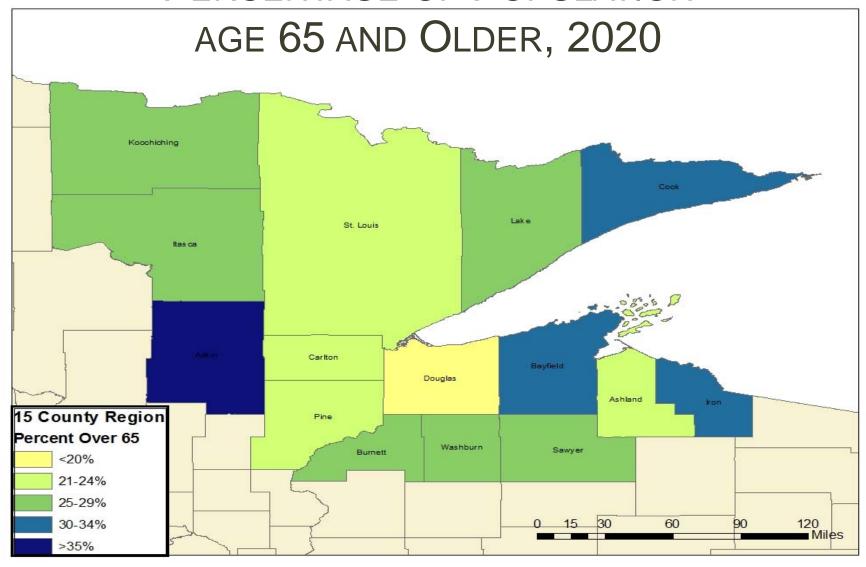






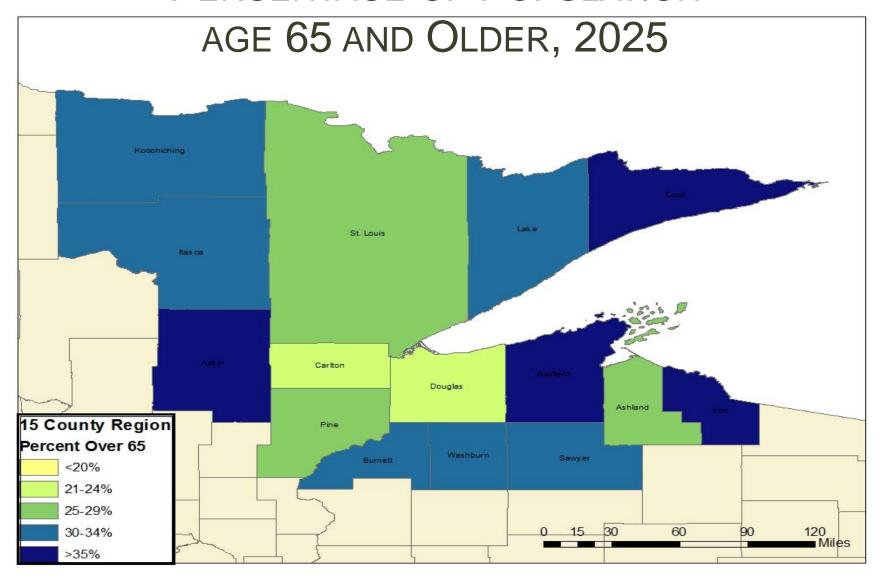






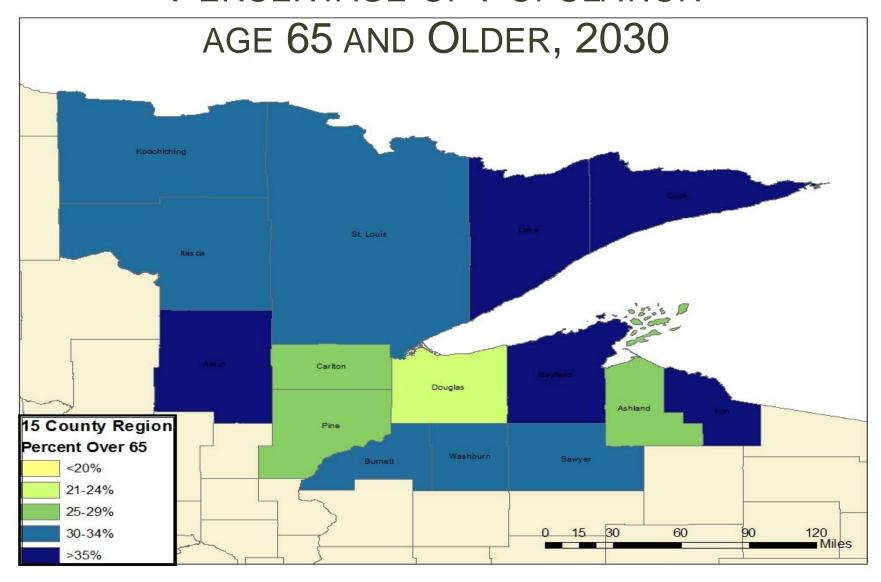






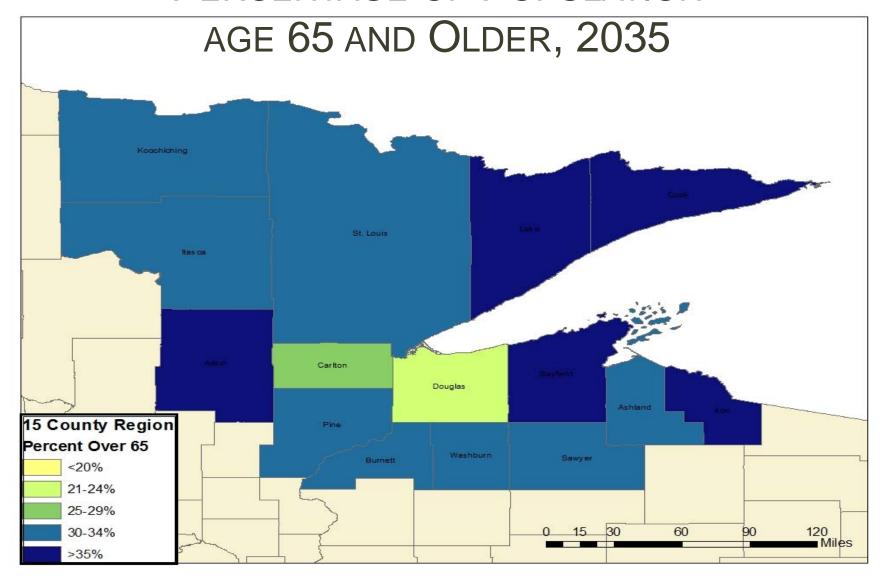






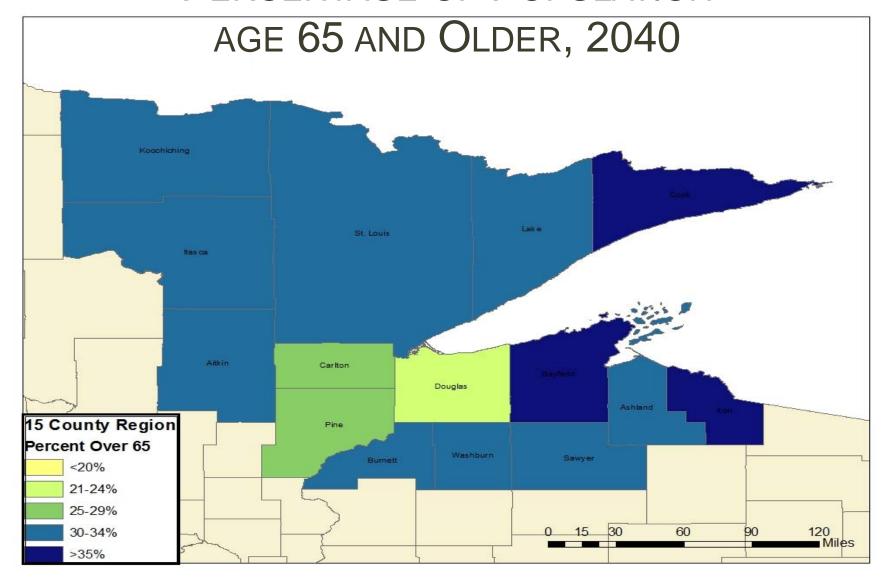
















PROJECTED POPULATION, St. LOUIS COUNTY (2015-2040)

——Labor (25-64) ——65+

99,753 82,893 79,772 55,996

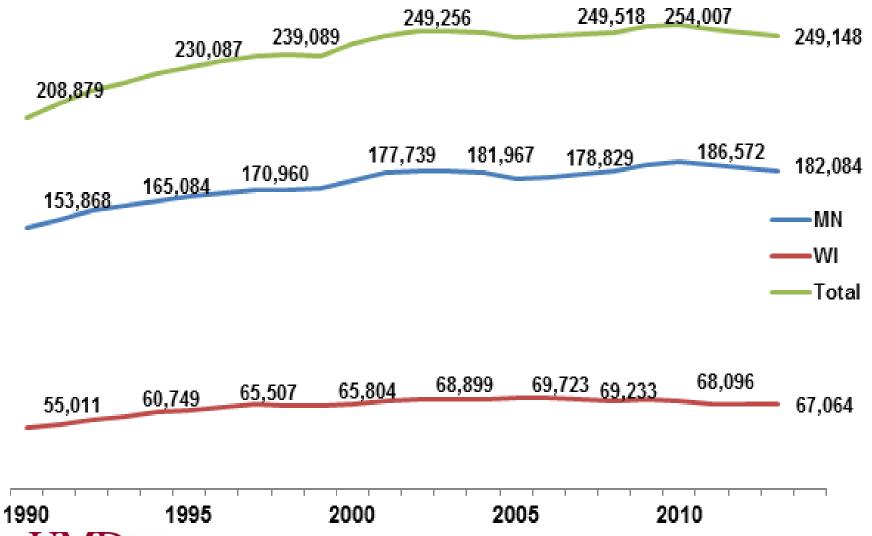
2015 2020 2025 2030 2035 2040 2045



37,889



TOTAL LABOR FORCE PARTICIPATION (1990-2013)







OBSERVATION OF THE LONG TERM EFFECTS

Increasing Aging Population

 As the population ages, retirement will increase and the labor force will shrink

Decreasing Labor Force

 The REIF region is expected to see a decline in its working population, which will further reduce the labor force





CONSUMER CONFIDENCE INDICATORS



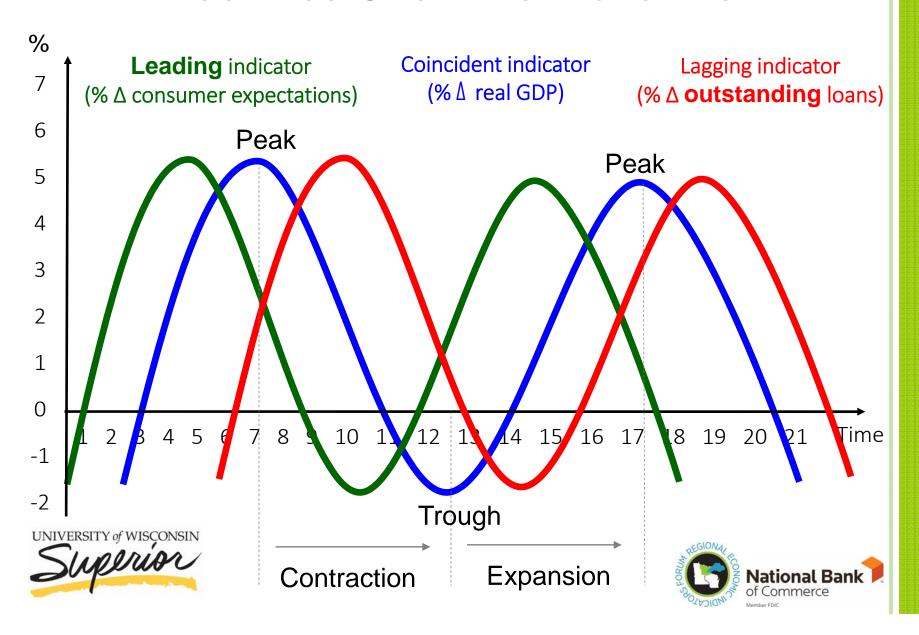
Elliot Charette

University of Wisconsin-Superior Fall 2014





Business Cycle Forecasting



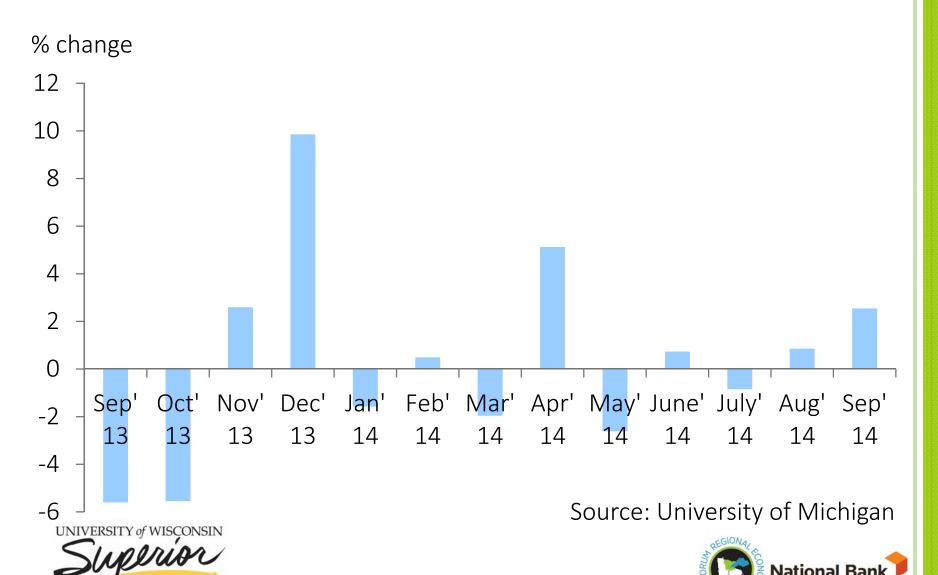
CONSUMER CONFIDENCE INDICATORS

- Index of consumer sentiment (overall)
 - Consumer outlook on personal finances, business conditions and consumption spending
- Index of current conditions (coincident)
 - Gauges current state of the economy
- Index of consumer expectations (leading)
 - Projects future economic and financial conditions

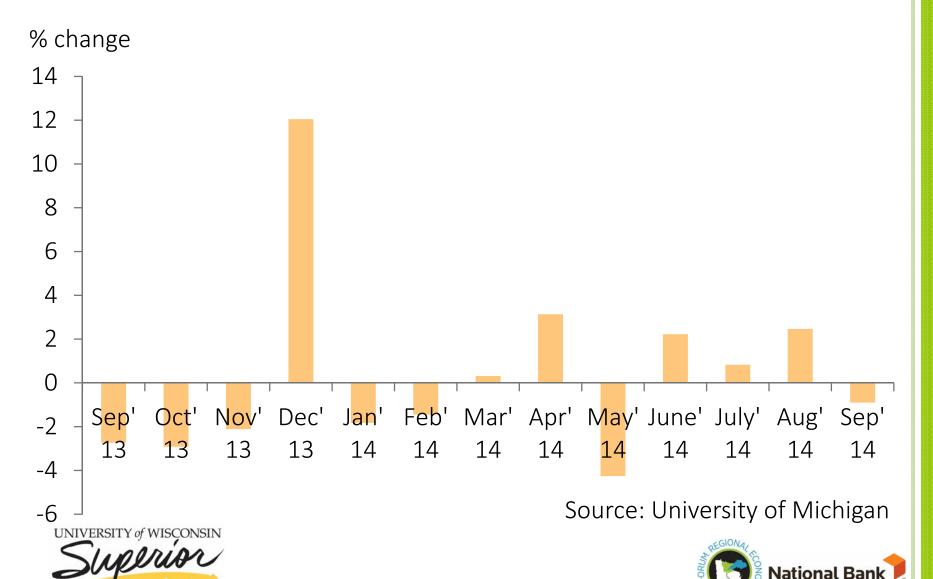




NATIONAL INDEX OF CONSUMER SENTIMENT

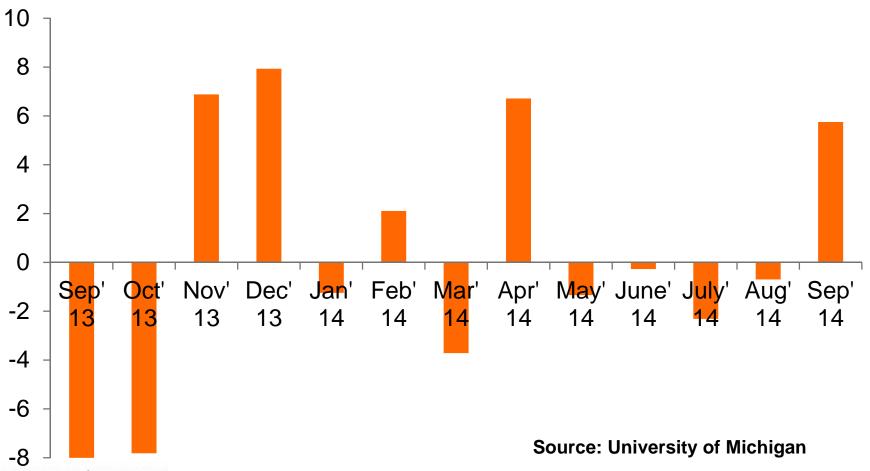


National Index of Current Conditions



NATIONAL INDEX OF CONSUMER EXPECTATIONS

% change







REGIONAL CONSUMER CONFIDENCE INDICATORS

Time	ICS	ICS, % change	ICC	ICC, % change	ICE	ICE, % change
Fall 2013	100.00		100.00		100.00	
Spr. 2014	100.91	0.91%	100.26	0.26%	101.36	1.36%
Fall 2014	103.83	2.89%	102.31	2.05%	104.86	3.46%

 ICS: Rising optimism about the short-term economic outlook

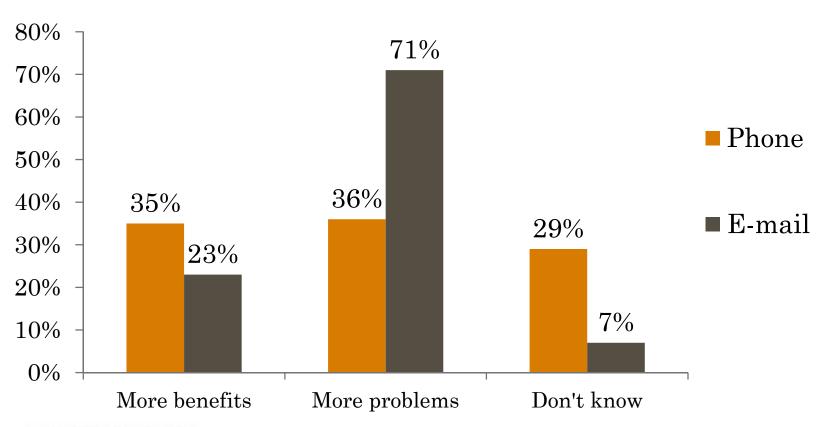
ICC: Strengthening economy

ICE: Expectations of continued economic expansion





Perceived Effects of the Region's Older Population Compared to Nationwide







REGIONAL EQUITY INDEX



Ethan Kessler

University of Wisconsin-Superior Fall 2014





EQUITY PERFORMANCE ANALYSIS OF STOCKS OF LOCAL INTEREST

- Allete
- Ascena Retail Group
- Calumet
- Canadian National Railway
- Cliffs Natural Resources
- Enbridge Energy Partners

- Ikonics
- Louisiana-Pacific
- Polymet
- Sappi Limited
- UnitedHealth Group
- US Steel





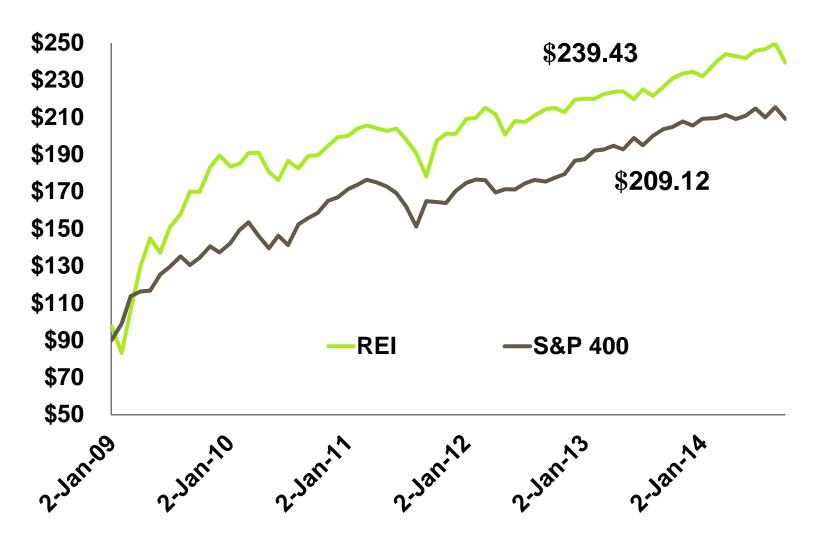
EQUITY PERFORMANCE

REI	2009	2010	2011	2012	2013	2014
Allete (ALE)	6.59%	18.91%	16.45%	15.50%	22.93%	-3.49%
Ascena Retail Group (ASNA)	115.49%	12.52%	12.24%	23.22%	19.82%	-32.03%
Calumet (CLMT)	136.31%	25.41%	2.97%	64.90%	-11.49%	6.26%
Canadian National Railway (CNI)	46.32%	23.34%	18.86%	17.40%	25.59%	27.53%
Cliffs Natural Resources (CLF)	57.62 %	63.28%	-23%	-38.73%	-30.86%	-58.46%
Enbridge Energy Partners (EEP)	113.93%	22.99%	11.99%	-9.36%	11.03%	27.72%
Ikonics (IKNX)	9.78%	14.97%	1.05%	19.44%	77.71%	11.31%
Louisiana-Pacific (LPX)	328.22%	29.95%	-17.23%	134.47%	-6.04%	-25.27%
Polymet (PLM)	286.96%	-26.41%	-55.39%	-16.67%	12.35%	-0.93%
Sappi Limited (SPPJY)	14.70%	6.19%	-44.89%	25.68%	-18.28%	31.00%
UnitedHealth Group (UNH)	10.63%	15.89%	38.28%	6.91%	40.28%	19.83%
US Steel (X)	41.32%	1.30%	-55.84%	-14.66%	15%	40.37%
Median	51.97%	17.40%	2.01%	16.45%	13.68%	8.79%
Average	97.32%	17.36%	-7.88%	18.76%	13.17%	3.65%
Benchmark	39.81%	25.72%	-1.41%	17.09%	35.44%	2.95%





GROWTH OF \$100 OVER HOLDING PERIOD







MEASURES OF FUTURE EXPECTATIONS

REI	Timeliness/ Performance	Safety	Technical	Price Stability	Price Growth Persistence
Allete (ALE)	3	2	3	95	40
Ascena Retail Group (ASNA)	3	3	2	50	75
Calumet (CLMT)	2	3	2	45	30
Canadian National Railway					
(CNI)	3	2	3	90	95
Cliffs Natural Resources (CLF)	3	4	2	5	40
Enbridge Energy Partners					
(EEP)	3	2	2	90	45
Ikonics (IKNX)	2	4	2	10	60
Louisiana-Pacific (LPX)	4	4	2	15	25
Polymet (PLM)	3	4	5	5	5
Sappi Limited (SPPJY)	*	*	*	*	*
UnitedHealth Group (UNH)	3	1	3	75	55
US Steel (X)	1	4	3	15	15
Average	2.7	3.0	2.6	45.0	44.1





PRICE RATIO MEASURES

REI	Price/l Firm	Earnings Industry	Forward Price/Earnings	PEG Ratio	PEG Payback	Short Ratio	Shares Short % Change
Allete (ALE)	17.7	19.3	14.5	2.4	9.7	15.61	-35.84%
Ascena Retail Group (ASNA)	15.3	22	10.43	0.7	6.1	5.32	5.31%
Calumet (CLMT) Canadian National Railway	*	13.5	18.13	1.3	9.3	2.88	-11.49%
(CNI)	23.3	21.4	15.9	1.5	9.2	7.09	25.09%
Cliffs Natural Resources (CLF) Enbridge Energy Partners	28.7	119	6.4	0	*	8.53	12.85%
(EEP)	*	40	*	4.4	15.4	12.57	13.59%
Ikonics (IKNX)	39.5	17.2	*	*	*	1	-50.46%
Louisiana-Pacific (LPX)	294.1	42.9	13.4	9	23.2	7.63	4.64%
Polymet (PLM)	*	119	*	*	*	25.65	-1.73%
Sappi Limited (SPPJY)	*	217.4	26.5	*	*	1.03	-9.21%
UnitedHealth Group (UNH)	15.6	17	11.7	1.6	8.4	6.06	-18.36%
US Steel (X)	*	59.2	32.3	0.3	4.6	5.59	3.07%
Average	62.03	36.97	16.58	2.36	10.74	8.25	-5.21%





ECONOMIC AND DEMOGRAPHIC TRENDS



Samuel Hoffman

The College of St. Scholastica Fall 2014





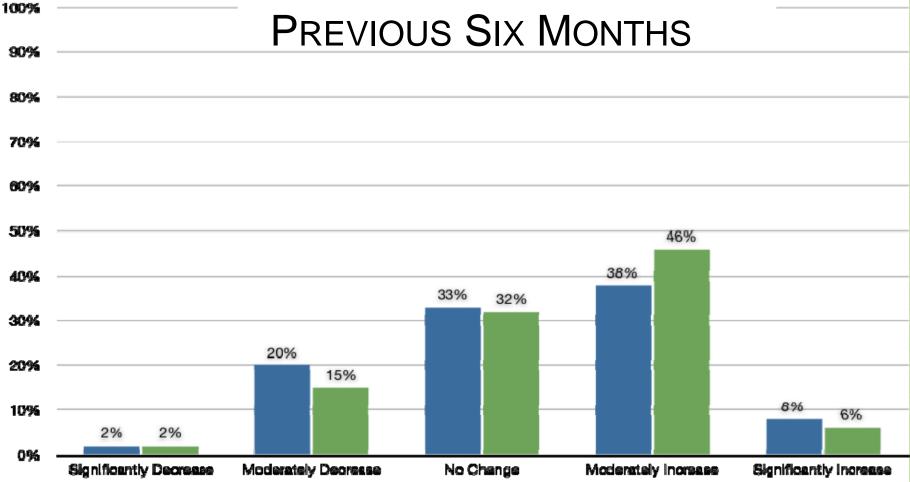
NORTHLAND BUSINESS CONFIDENCE SURVEY

- Business Confidence Index: 110
- 126 respondents
 - 52% with less than 20 employees
 - 77% with less than 100 employees
 - 8% with more than 500 employees
- Over 60% came from 6 sectors
 - Professional Services; Health Services; Financial Services; Non-Profits; Education; Leisure and Hospitality





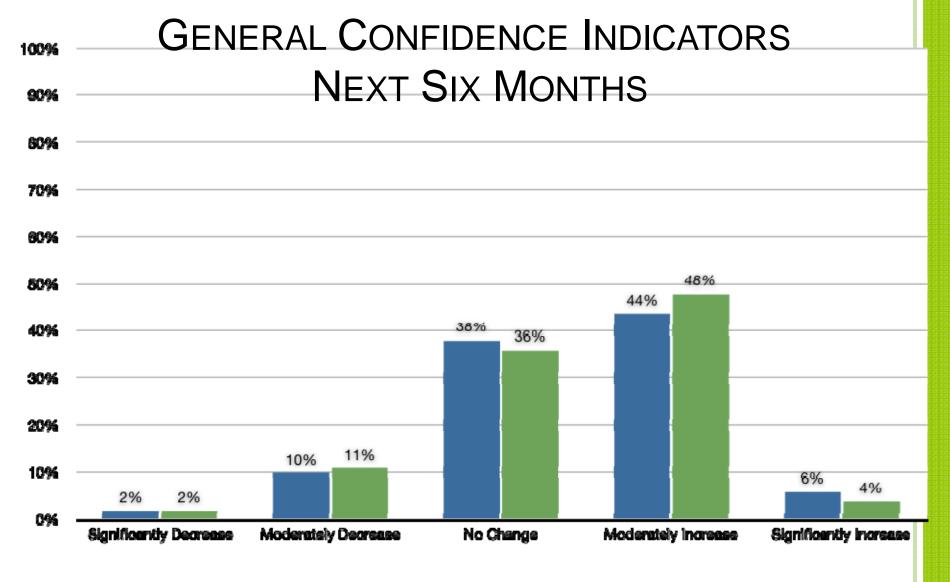
GENERAL CONFIDENCE INDICATORS

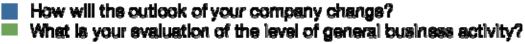


How has the outlook for your company changed?
What is your evaluation of the level of general business activity?





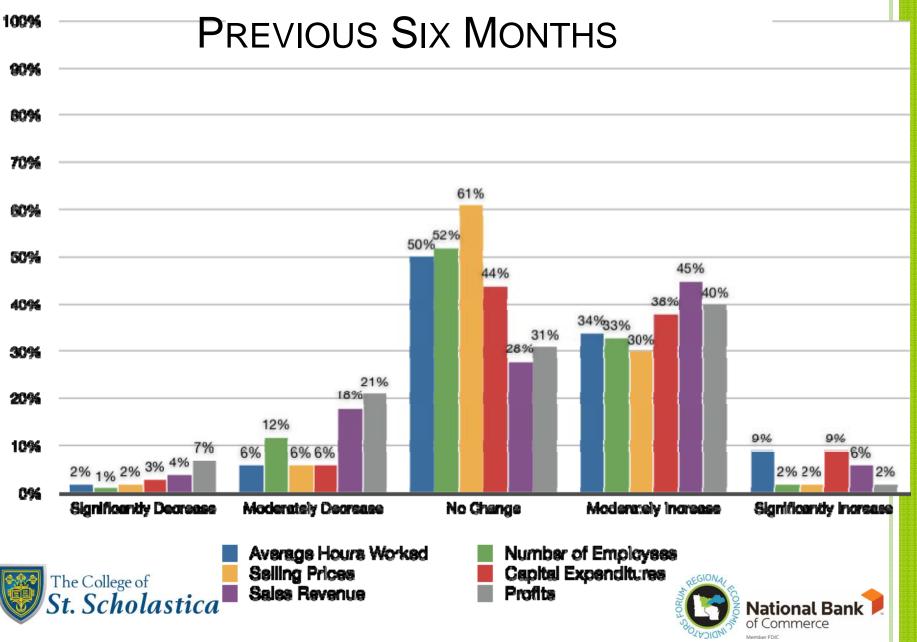




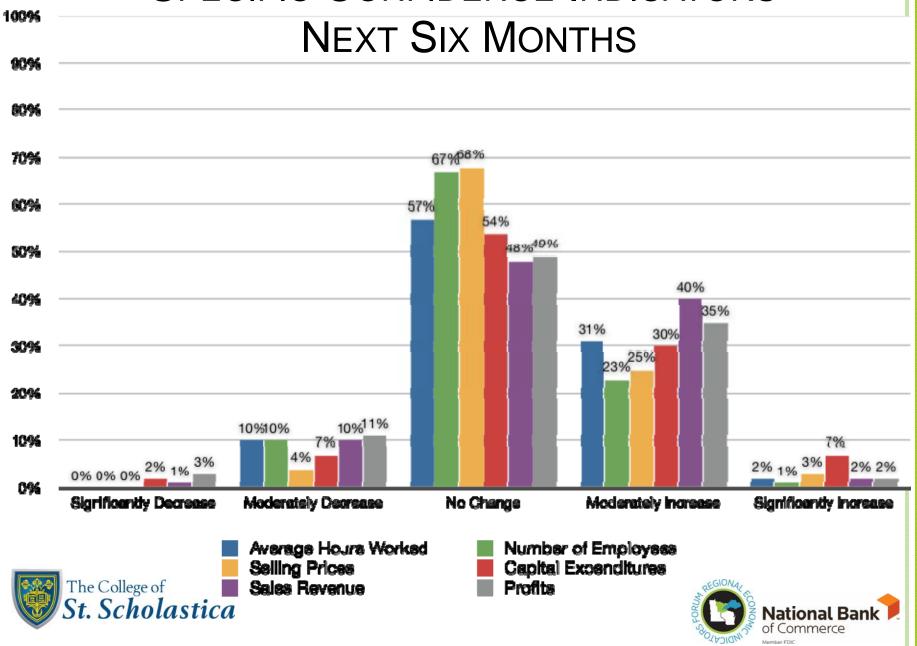




SPECIFIC CONFIDENCE INDICATORS



SPECIFIC CONFIDENCE INDICATORS



FACTORS MOST LIMITING BUSINESS ACTIVITY

 Competition within sector 	33%
 Demand 	33%
 Government policy 	25%
 Shortage of skilled labor 	25%
 Cost of labor 	21%
 Legislation relating to healthcare 	16%
 Weather conditions 	10%





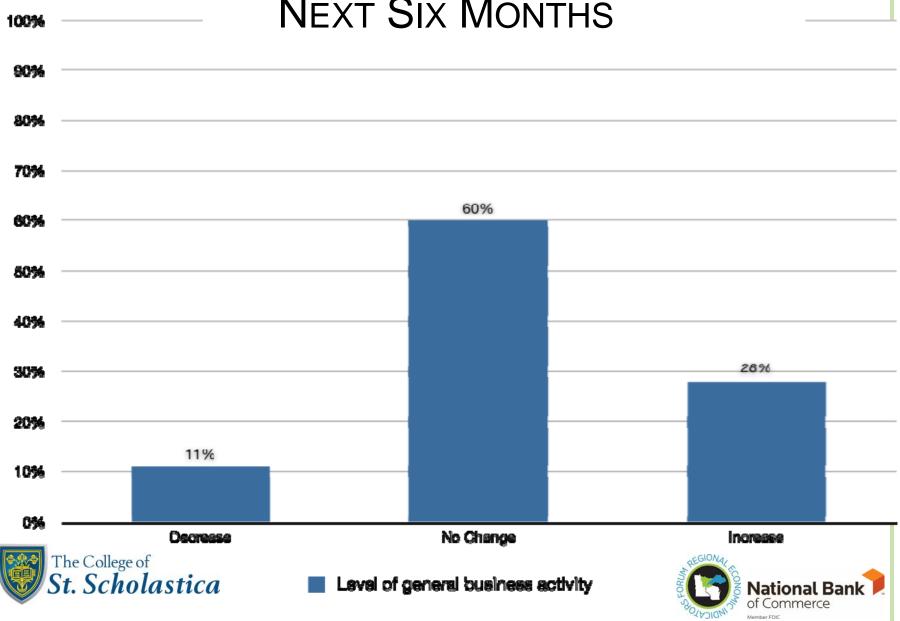
INDUSTRY AND SIZE ANALYSIS

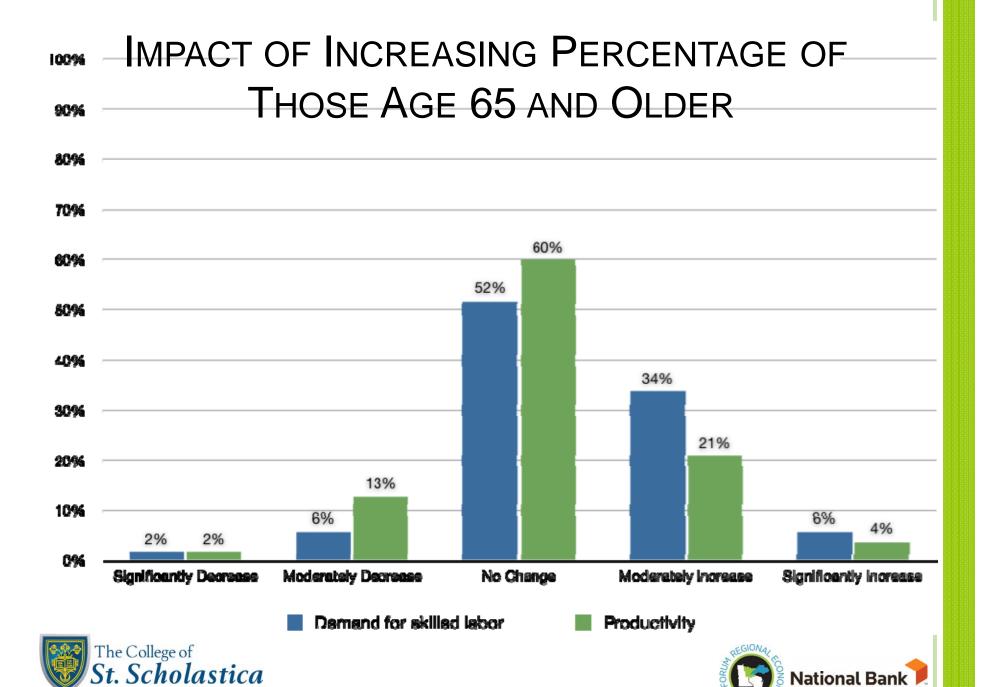
- Most confident: Leisure and Hospitality;
 Financial Services; Professional Services
- Mixed/Neutral: Non-Profits; Health Services
- Least confident: Education
- Mid-size businesses (100-249 employees)
 most optimistic of all the size categories





SPECIFIC CONFIDENCE INDICATORS NEXT SIX MONTHS





TEXT YOUR QUESTIONS at any time during this presentation to

218.721.8318



The Population of Northwestern Wisconsin: Trends and Projections for 7 Counties

David Egan-Robertson

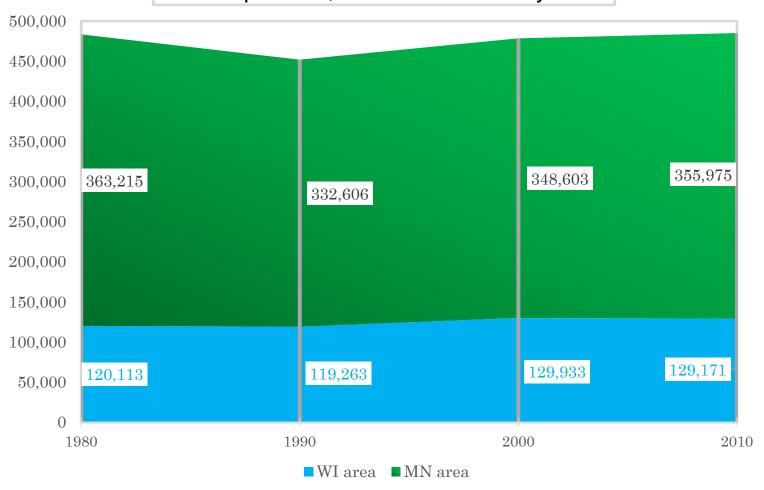
Demographer
Applied Population Laboratory
UW-Madison





Where Have We Been? REIF Areas, Wisconsin & Minnesota, 1980 - 2010

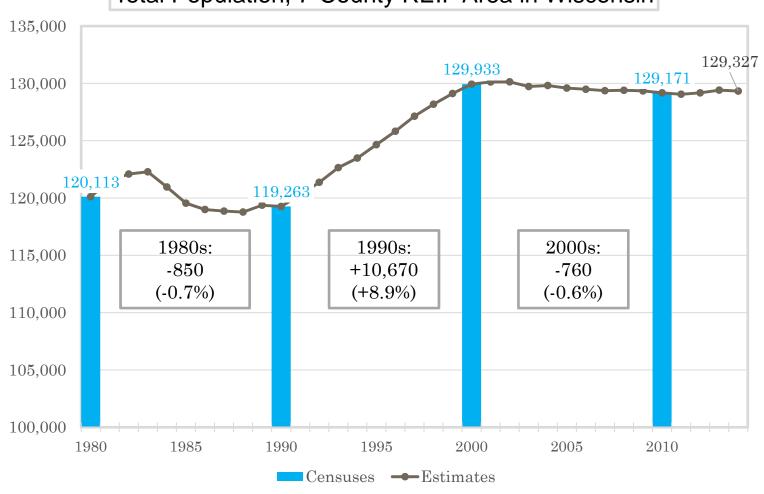
Total Population, REIF Sub-Areas by State





Where Have We Been? REIF Wisconsin Counties, 1980 - 2014

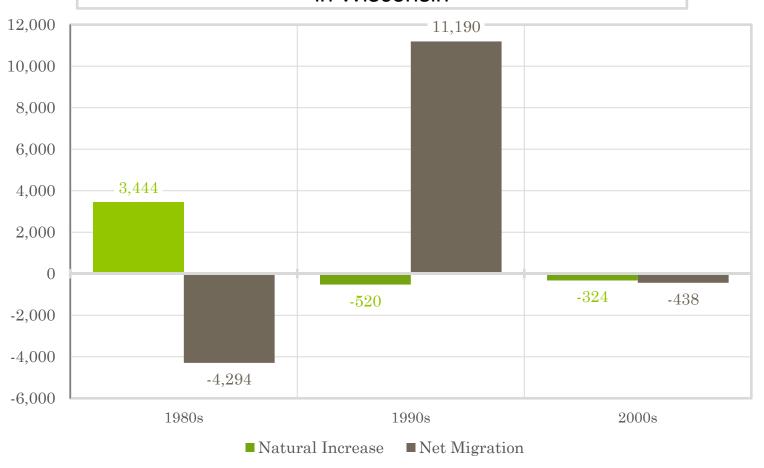
Total Population, 7-County REIF Area in Wisconsin





Where Have We Been? REIF Wisconsin Counties, 1980 - 2010

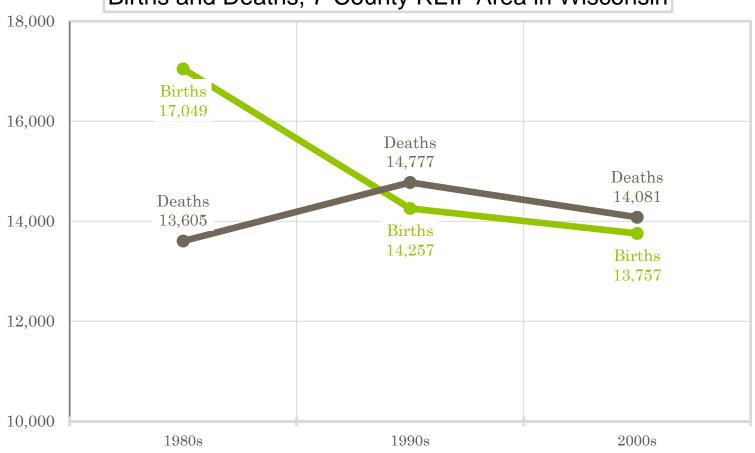
Components of Population Change, 7-County REIF Area in Wisconsin





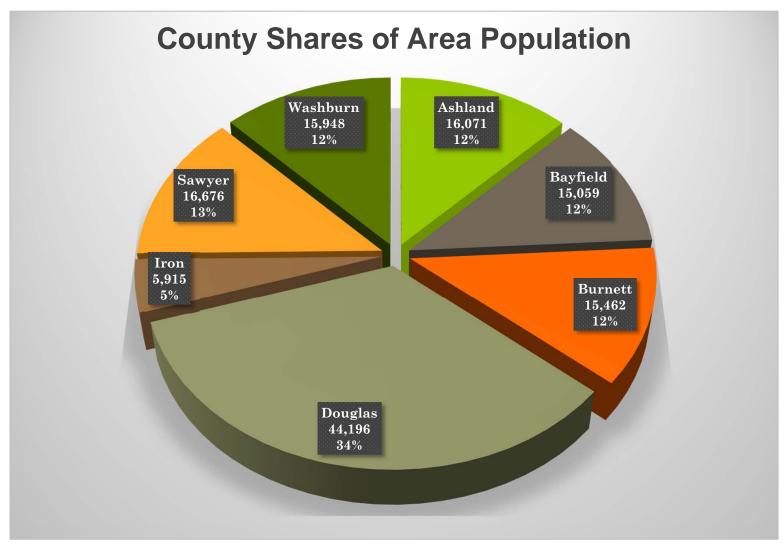
Where Have We Been? REIF Wisconsin Counties, 1980 - 2010





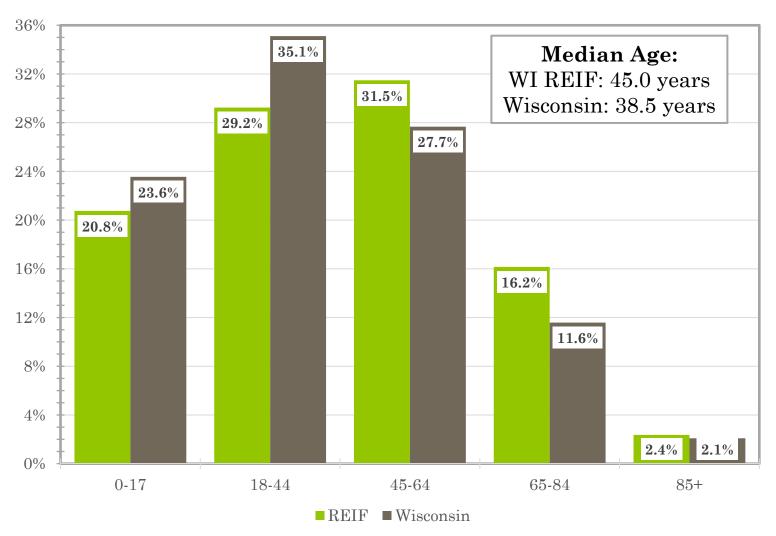


Where Are We Now? REIF WI Area, by County, 2014



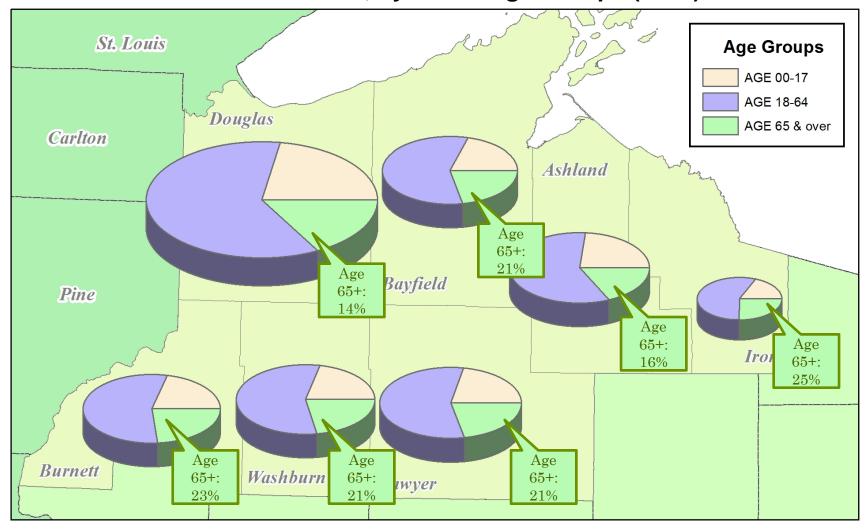


Where Are We Now? REIF WI Area vs. Wisconsin, by Broad Age Groups (2010)



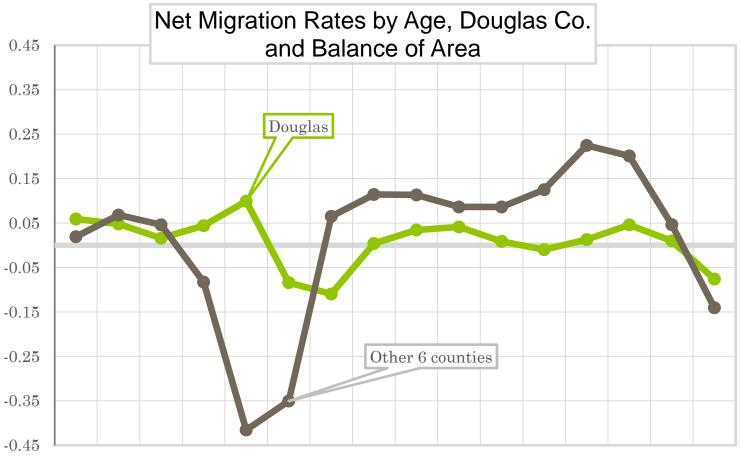


Where Are We Now? REIF WI Counties, by Broad Age Groups (2010)





Where Have We Been? REIF Wisconsin Counties, 2000 - 2010



 $00\text{-}04\ 05\text{-}09\ 10\text{-}14\ 15\text{-}19\ 20\text{-}24\ 25\text{-}29\ 30\text{-}34\ 35\text{-}39\ 40\text{-}44\ 45\text{-}49\ 50\text{-}54\ 55\text{-}59\ 60\text{-}64\ 65\text{-}69\ 70\text{-}74\ 75\ \& \ \text{over}$

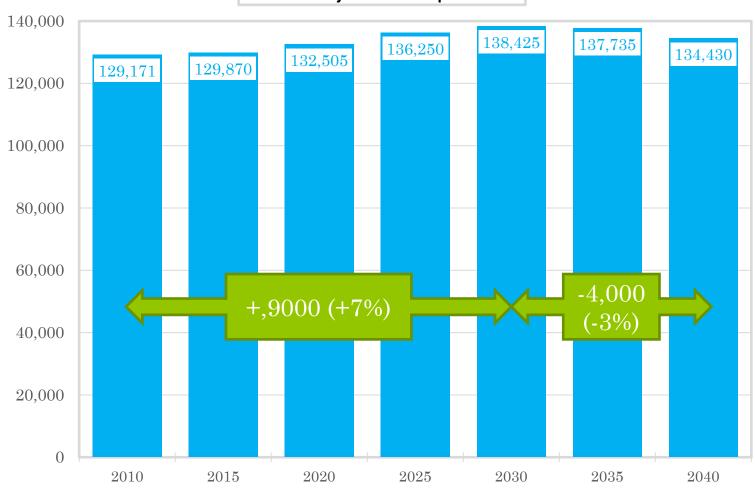
Age at End of Decade





Where Are We Headed? REIF Wisconsin Area, 2010 - 2040

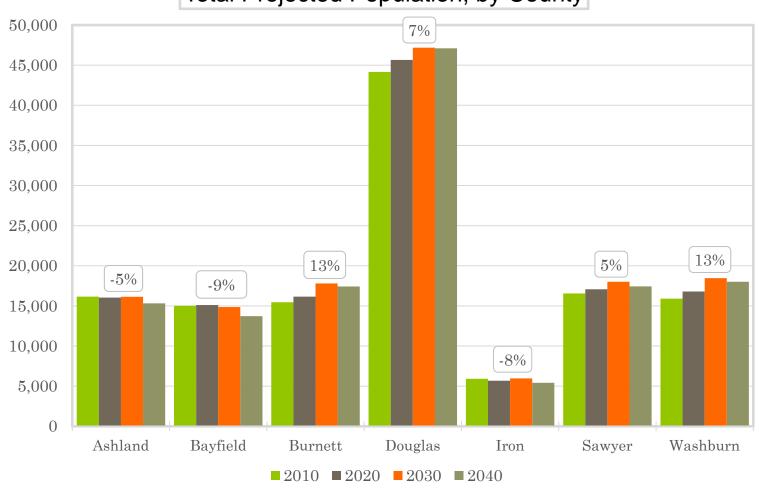
Total Projected Population





Where Are We Headed? REIF Wisconsin Counties, 2010 - 2040

Total Projected Population, by County





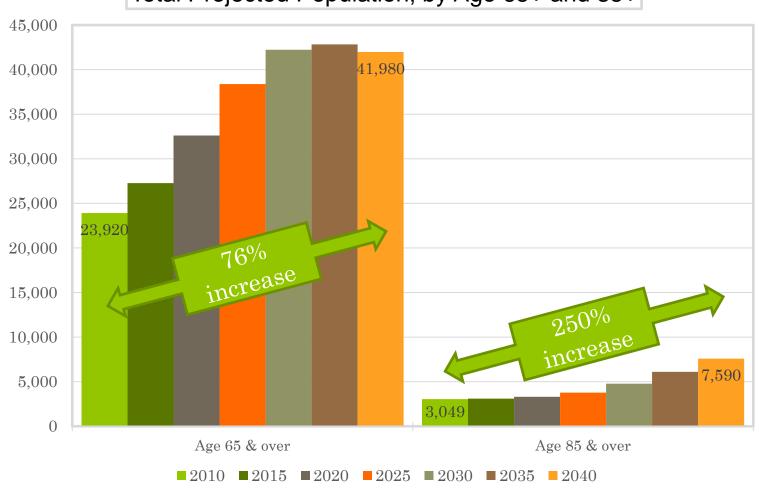
Where Are We Headed? REIF Wisconsin Area, Age Distribution, 2010 & 2040





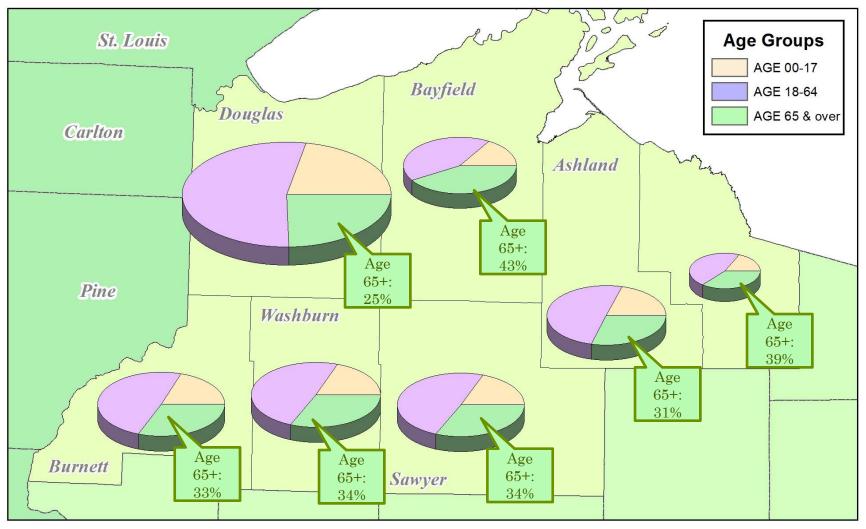
Where Are We Headed? REIF Wisconsin Counties, 2010 - 2040

Total Projected Population, by Age 65+ and 85+





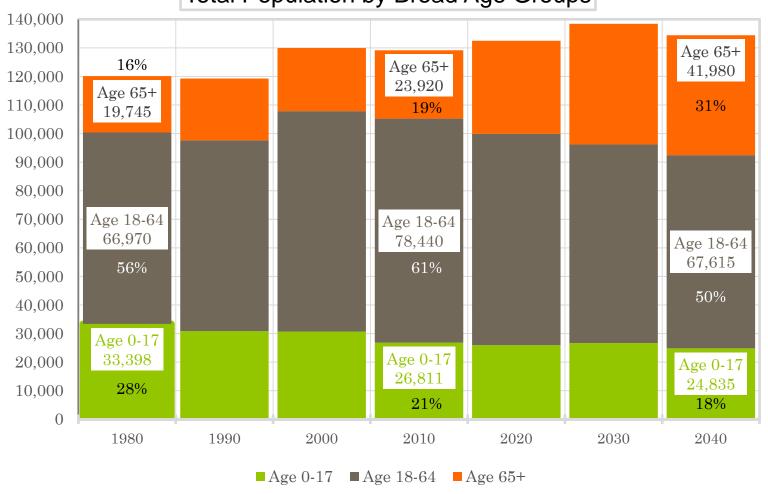
Where Are We Headed? REIF WI Counties, by Broad Age Groups (2040)





The Long View: REIF Wisconsin Counties, 1980 - 2040

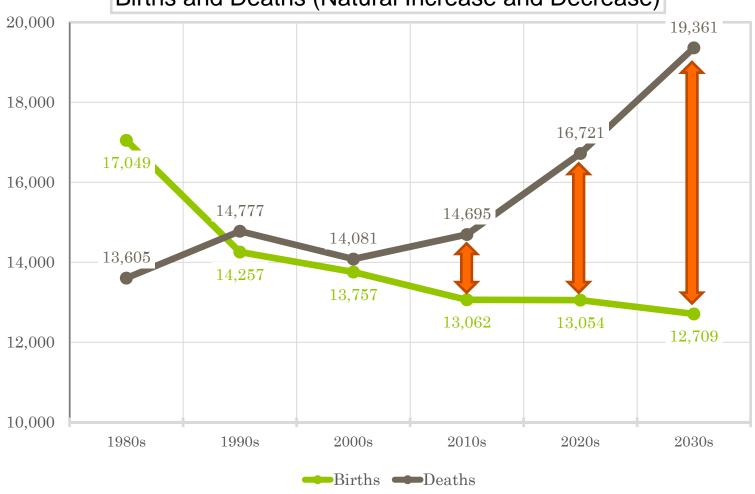
Total Population by Broad Age Groups





The Long View: REIF Wisconsin Counties, 1980 - 2040







The Population of Northeastern Minnesota: Trends and Projections for 8 Counties

Andi Egbert

Minnesota State
Demographic Center





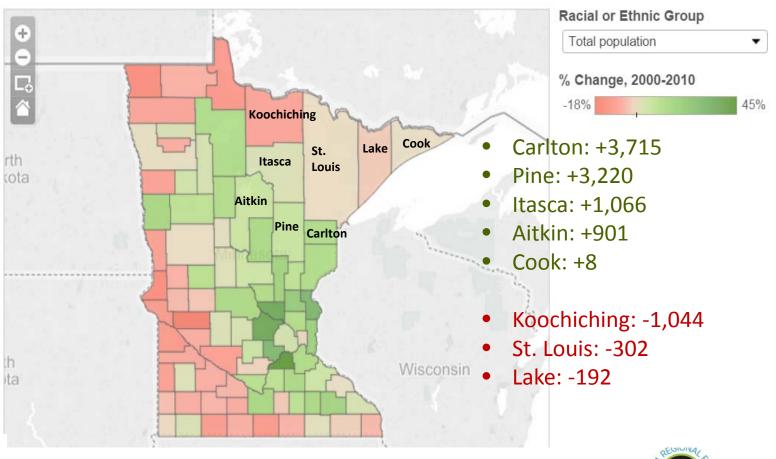
POPULATION OUTLOOK, MINNESOTA







Overall population growth 2000-2010 5 of 8 counties MN REIF region

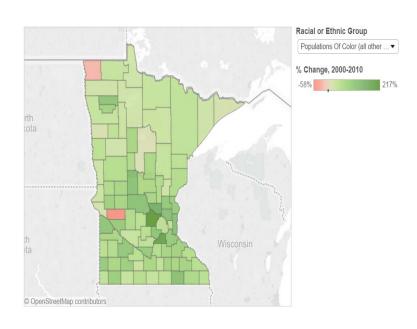


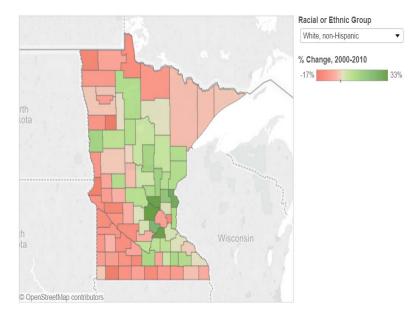




2000-2010 - POPULATIONS OF COLOR GREW IN ALL MN REIF COUNTIES

Population of Color: Growth in all REIF counties, All but 2 counties statewide White, Non-Hispanic Population: Growth in 4 of 8 REIF counties, Only 37 of 87 counties statewide

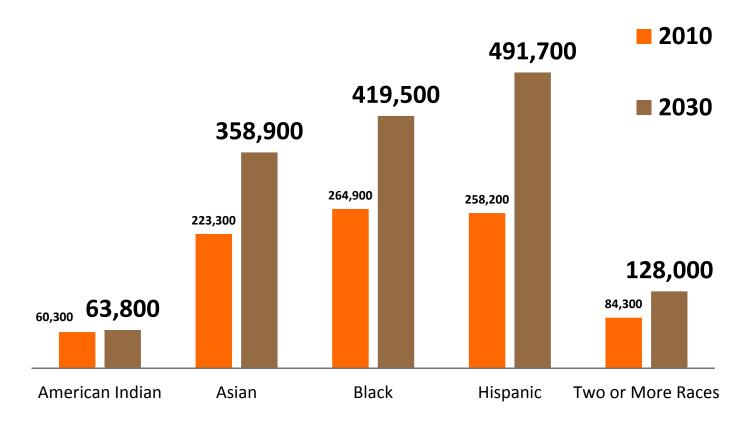






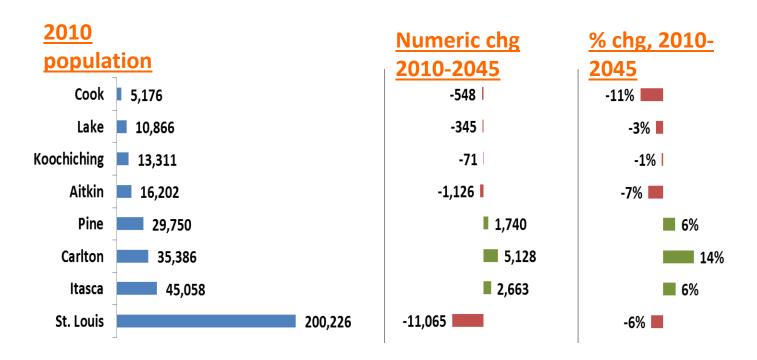


MN: Largest growth among Asian, Black and Hispanic groups by 2030





POPULATION OUTLOOK FOR MN REIF COUNTIES, 2010-2045

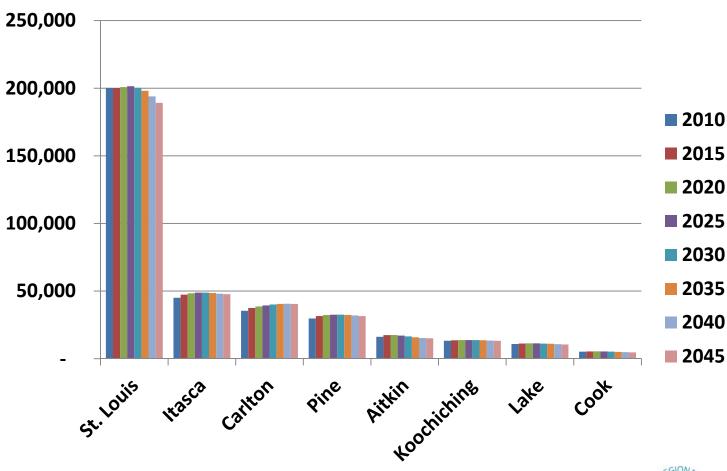


- 3 of 8 counties anticipated to gain population by 2045
 - Pine, Carlton, Itasca
- o In 2010, St. Louis accounted for 56% of region (by 2045, 54%)





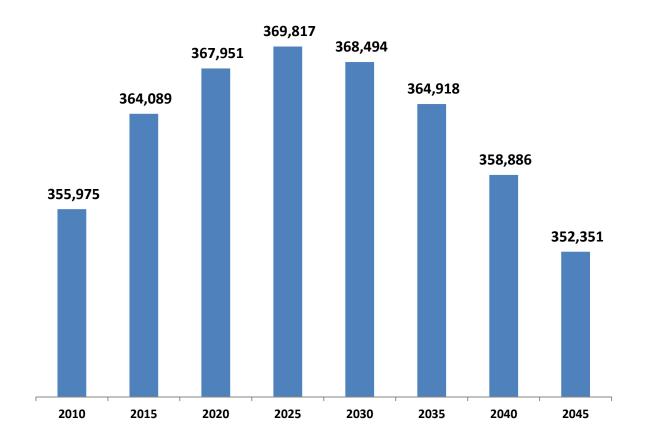
POPULATION OUTLOOK FOR MN REIF COUNTIES, 2010-2045







MN REIF REGION POPULATION ANTICIPATED TO PEAK IN 2025

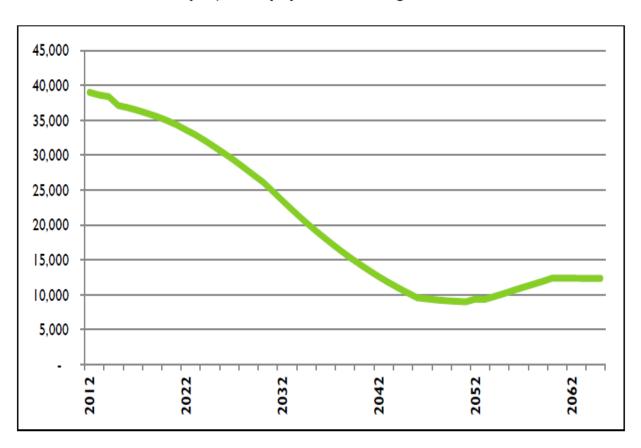






MN's Population Growth to Moderate in Coming Decades

Minnesota's projected population change, 2012-2065

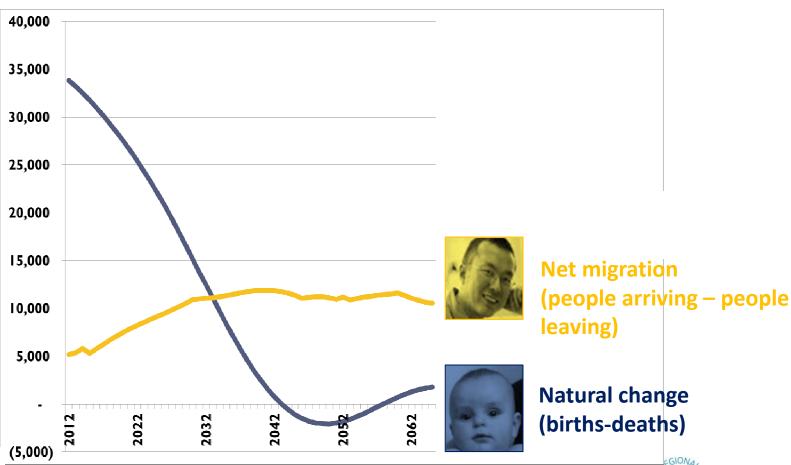








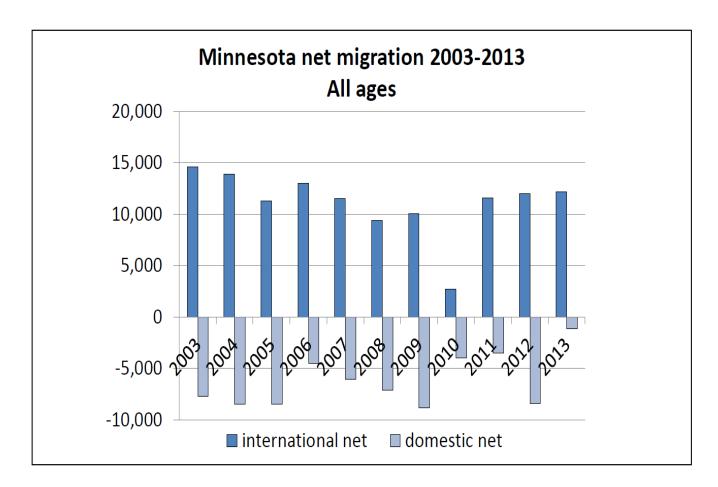
NET MIGRATION - MAJOR DRIVER OF MN'S GROWTH BEYOND 2030







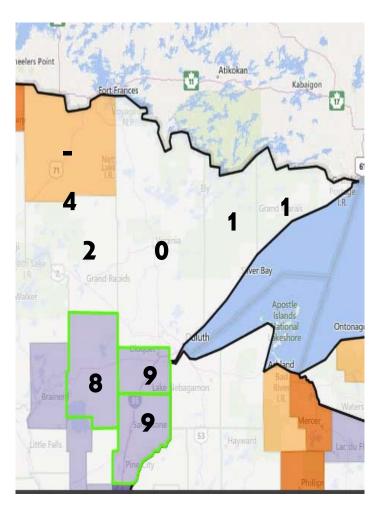
MN DOMESTIC MIGRATION HAS BEEN NEGATIVE EVERY YEAR OF PAST DECADE







NET MIGRANTS PER 100 INDIVIDUALS IN THE REGION, 2000-2010

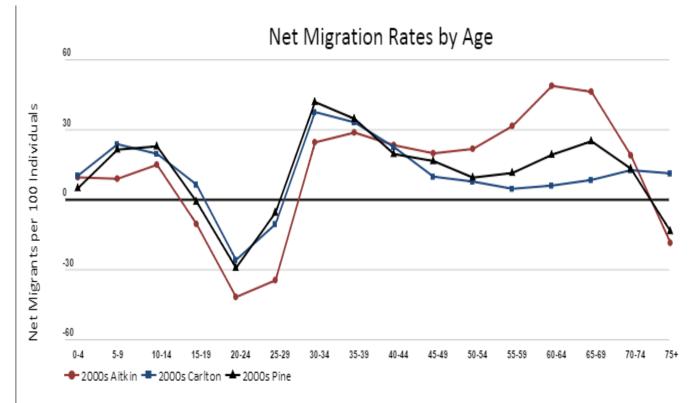


- 3 of 8 MN counties in the region experienced strong positive net migration between 2000 and 2010
 - Aitkin (8 per 100)
 - Carlton (9 per 100)
 - Pine (9 per 100)
- 1 of 8 MN counties in the region experienced negative net migration between 2000 and 2010
 - Koochiching (-4 per 100)





IN 2000s: AITKIN, CARLTON & PINE COUNTIES: ATTRACTIVE FOR 30- TO 74-YEAR-OLDS



Winkler, Richelle, Ken Johnson, Cheng Cheng, Jim Beaudoin, Paul Voss, and Katherine Curtis. Age-Specific Net Migration Estimates for US Counties, 1950-2010. Applied Population Laboratory, University of Wisconsin- Madison, 2013. Web.





AGING OUTLOOK, MINNESOTA



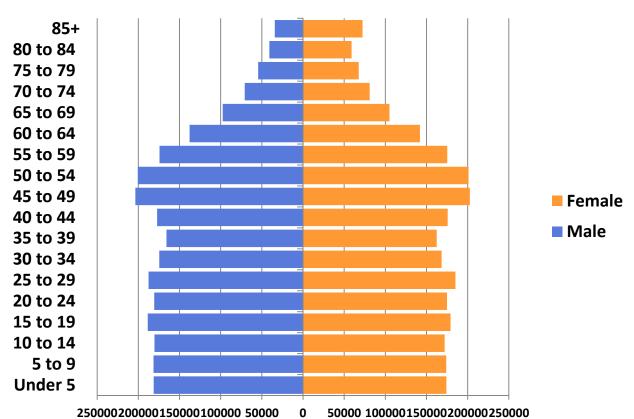




MINNESOTA TOTAL POPULATION IN 5-YEAR BARS, 2010 DECENNIAL CENSUS

Population by age and sex

Minnesota, 2010

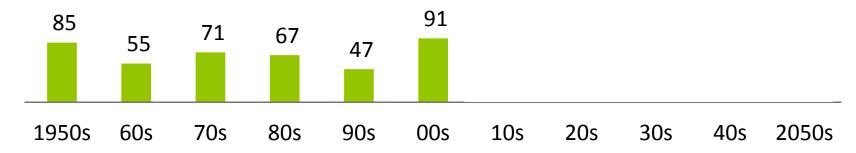






THIS DECADE AND NEXT: UNPRECEDENTED INCREASES IN MN'S 65+ POPULATION

Change in older adults, age 65+ (in thousands)

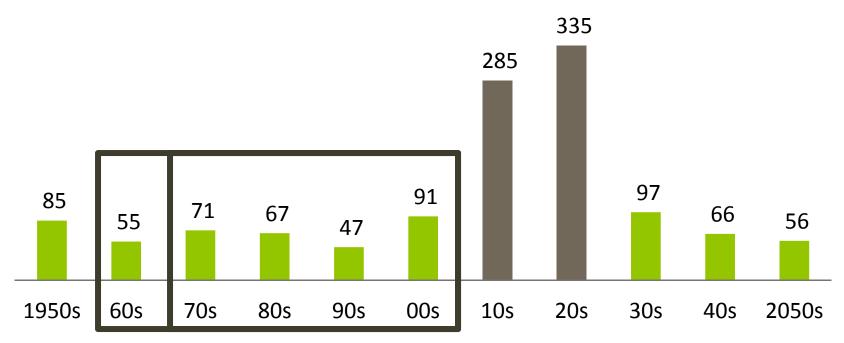






THIS DECADE AND NEXT: UNPRECEDENTED INCREASES IN MN'S 65+ POPULATION

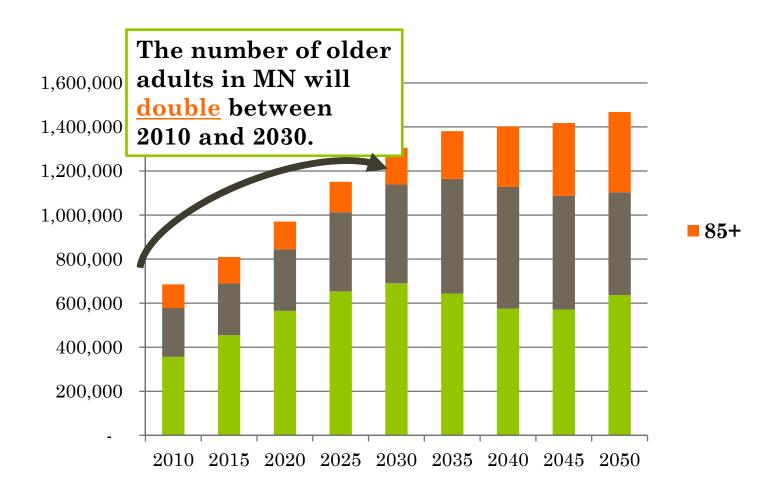
Change in older adults, age 65+ (in thousands)







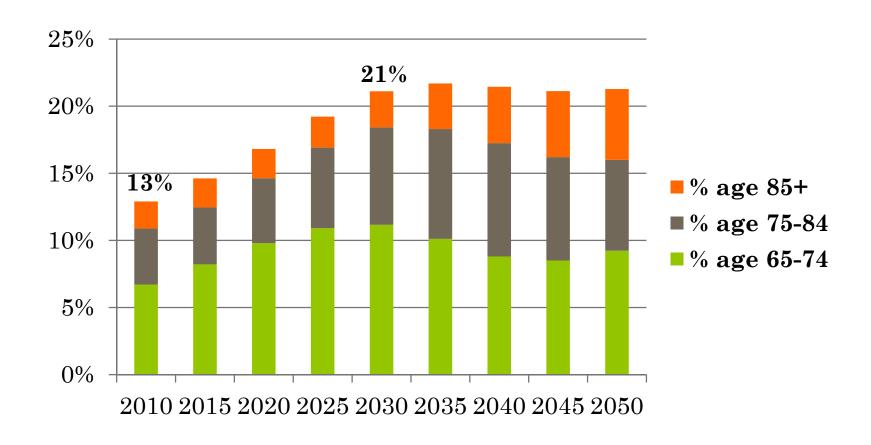
OLDER ADULTS (65+) IN MINNESOTA BY AGE COHORT, 2010-2050







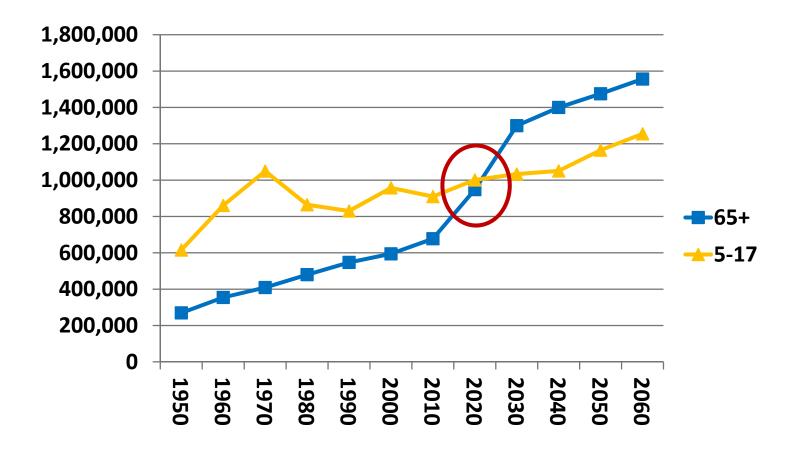
By 2030, More Than 1 in 5 Minnesotans Will Be 65+, Including All Baby Boomers







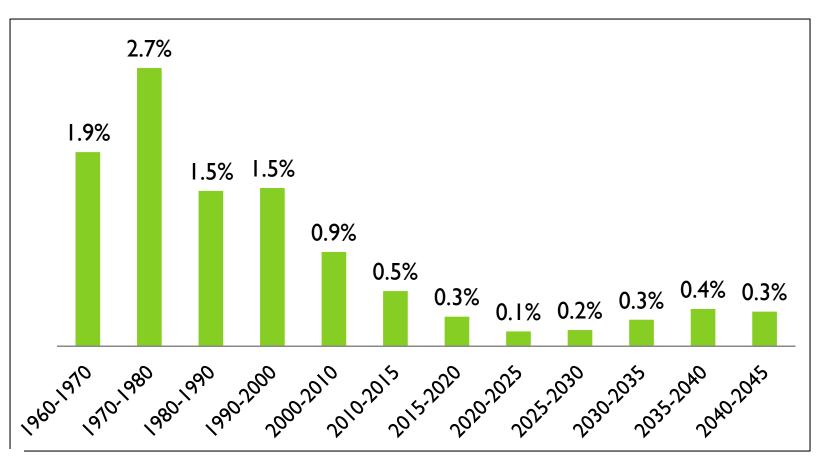
FOR THE FIRST TIME IN MINNESOTA HISTORY: MORE 65+ THAN SCHOOL-AGE BY 2020







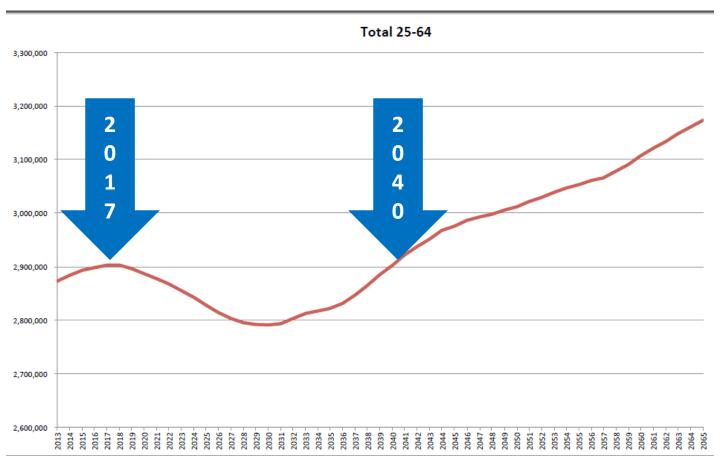
LABOR FORCE GROWTH WILL CONTINUE TO SLOW AND REMAIN MODEST







TOTAL 25- TO 64-YEAR-OLDS IN MN WILL DIP BY ABOUT 100,000 INDIVIDUALS

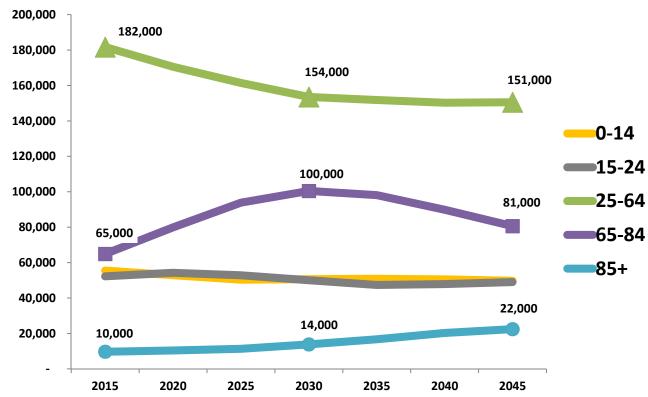






MN REIF REGION: WORKING-AGE POPULATION TO DECLINE SHARPLY, 65+ TO GROW

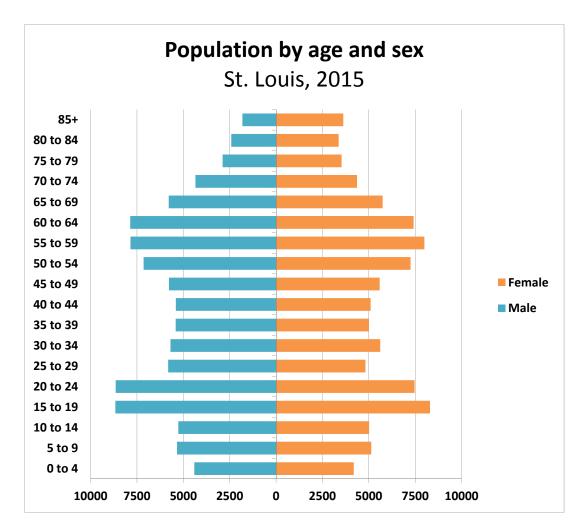
Population Projection by Age Cohort, 8 REIF Counties in Minnesota, Through 2045







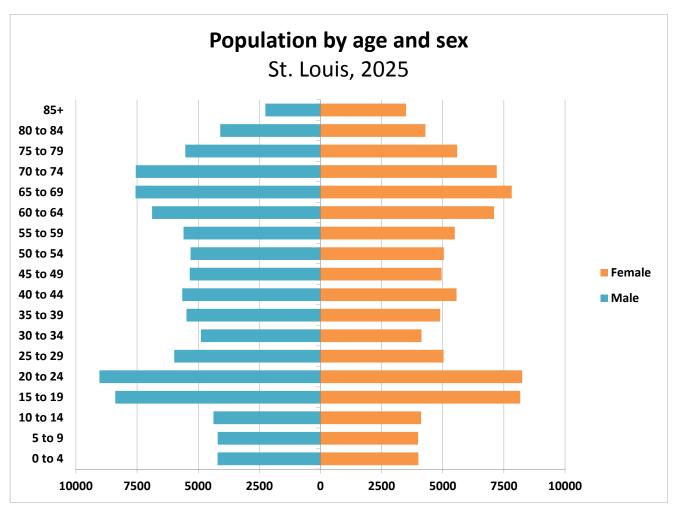
WHAT ST. LOUIS COUNTY WILL LOOK LIKE... NEXT YEAR







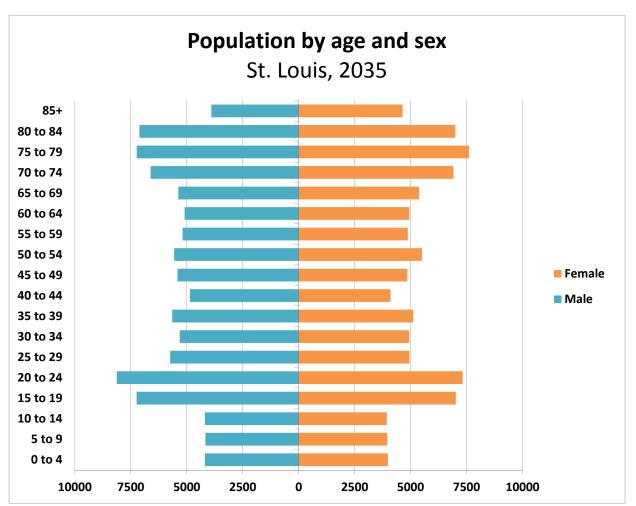
WHAT ST. LOUIS COUNTY WILL LOOK LIKE... IN 11 YEARS







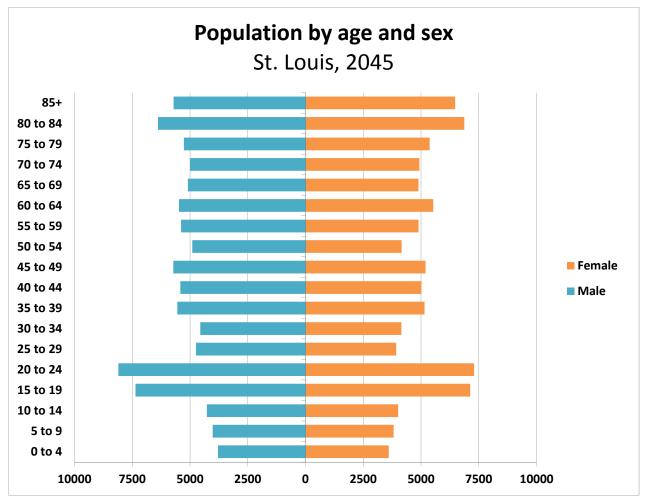
WHAT ST. LOUIS COUNTY WILL LOOK LIKE... IN 21 YEARS







WHAT ST. LOUIS COUNTY WILL LOOK LIKE... IN 31 YEARS







AGING: NOT WHAT IT USED TO BE...

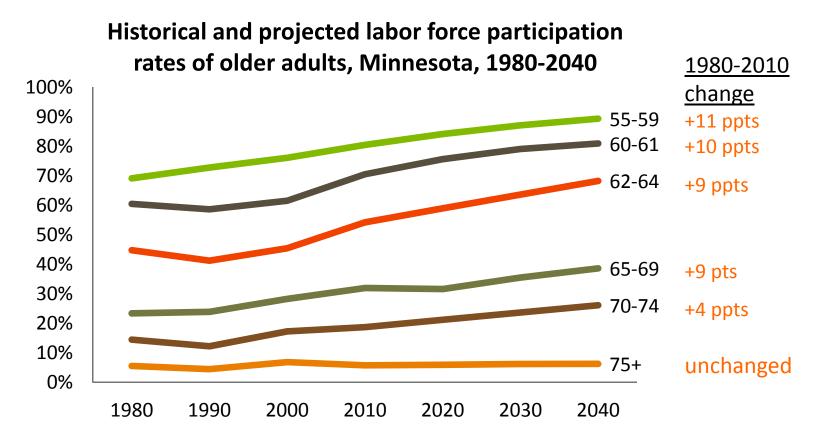
- Minnesota's older adults are healthier, living longer, and working longer than prior generations
 - Life expectancy for Minnesotans age 65 now is 20 more years
 - 16 years in good health
 - Minnesota's Boomers and older adults volunteer in record shares
 - Lengthening participation in the workforce







55- TO 74-YEAR-OLDS PROJECTED TO REMAIN IN THE LABOR FORCE LONGER THAN BEFORE, CONTINUING TREND



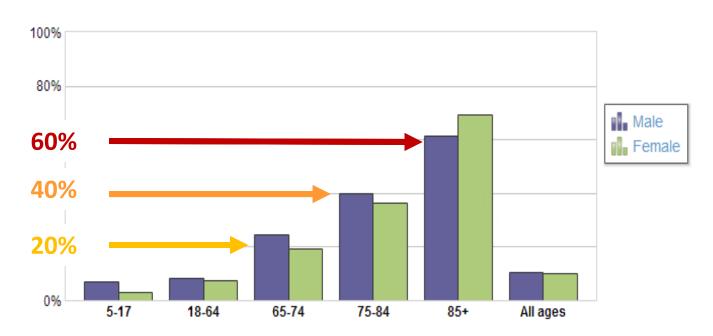




AGING BRINGS RISING RATES OF DISABILITY AMONG THOSE LIVING IN THE COMMUNITY

Percent with a disability by gender and age

Minnesota, 2011



Sources: U.S. Census Bureau, American Community Survey, via MNCompass.org.

Note: Relates only to the civilian, non-institutionalized population with a serious difficulty in one or more of four basic areas of functioning: vision, hearing, ambulation, and cognition.





CONSIDERATIONS OF AGING

Older Adults In Their 60s

- Most transition out of the labor force, impacting:
 - Daily activities, transportation patterns, spending habits
 - Surplus of "free" time volunteerism, family assistance
 - Population and housing shifts
 - Changes in labor force growth and dampened economic growth

In 70s and 80s+

- Prevalence of disability and dementias, and need for long-term care will grow dramatically
 - Work to curb growth in health care spending will have to redouble
- Outliving one's resources of great concern
- Gender imbalance much more prominent
 - In early 80s, there are 69 men for every 100 women. In 90s plus, it falls to 35 men.





IMPLICATIONS & OUTLOOK

- Less savings and investment, greater consumption among the older adult population
- Slowing labor force growth likely to dampen economic growth, barring significant productivity gains
- The aging of our state will create fierce debates about where to spend scarce public dollars
- We need to prepare "infrastructure" of all types -- for growing transportation, caregiving, health care, and social support needs, as health challenges and disabilities increase (especially when children live far away)
- Significant growth likely in public and private costs associated with health care, long-term care – how will we finance this?
- Fewer workers relative to older adults puts a premium on developing, retaining, and attracting skilled workers — to fuel continued economic growth, tax revenues for needed public services, and maintaining a high quality of life
- The past will not necessarily be our guide. Creativity and innovation will be essential.





MN STATE DEMOGRAPHIC CENTER ONLINE RESOURCES

 We recently launched our new website at mn.gov/demography

- Locate more data, more efficiently
- New interactive maps and data visualizations
- Featuring a new blog, guidance for data users, and more
- Find state, county projections
 to 2045, by age and gender at
 mn.gov/demography/projections
- Follow us on Twitter at@MN_StateData







Resources

National Bank of Commerce

nbcbanking.com

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SAVE THE DATE

for the next Regional Economic Indicators Forum

March 31, 2015 DECC – Harborside Ballroom

Topic - Housing

