

ECONOMIC TRENDS IMPACTING THE 15-COUNTY REGION

UMD

UNIVERSITY OF MINNESOTA DULUTH

Driven to Discover

Haakan Thorsgard

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

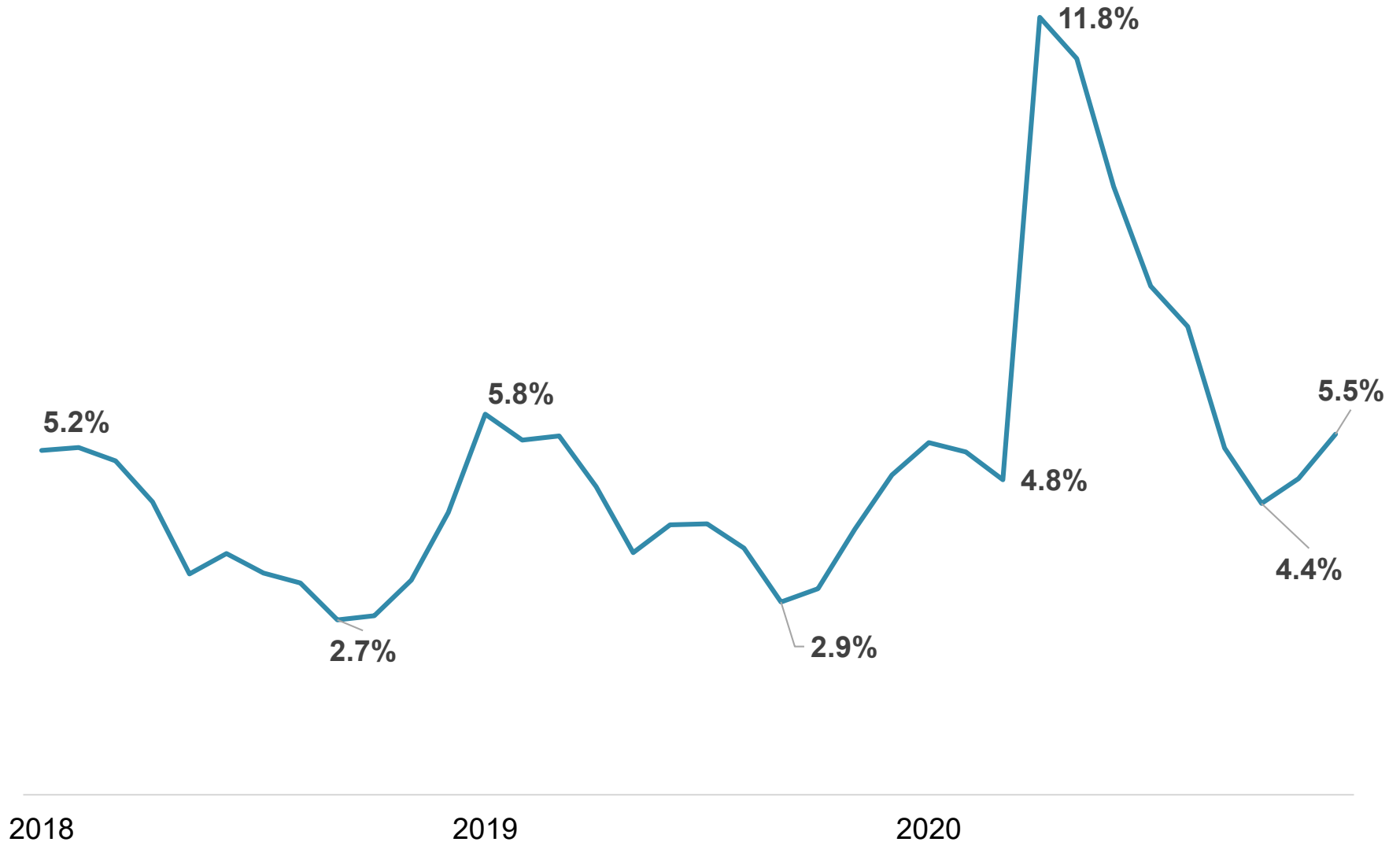


OBJECTIVES

- Unemployment Rate
- Employment, Wages, Establishments
- Self-Employment
- PPP Loans

UNEMPLOYMENT RATE

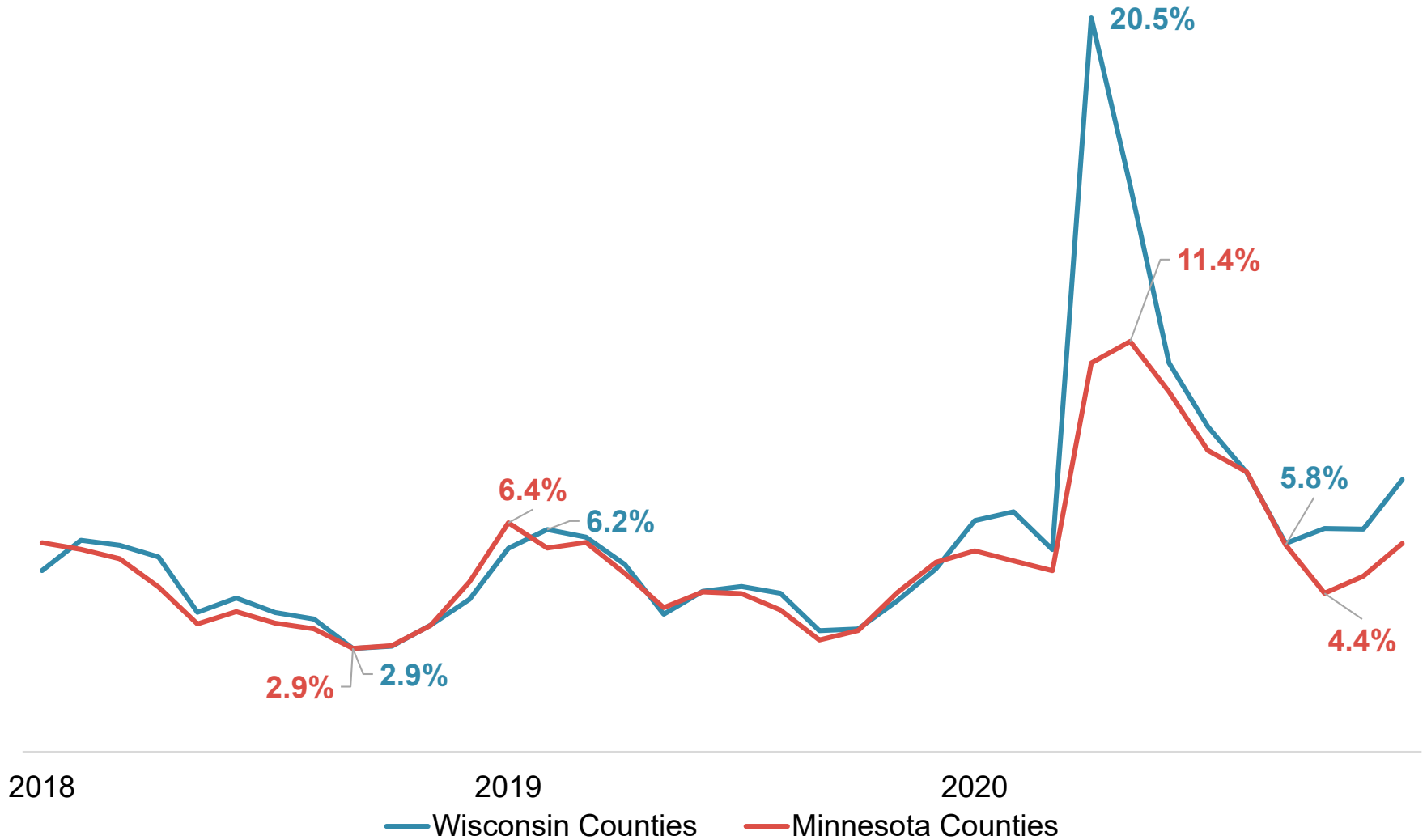
15-County Region



Source: MNDEED & WI DWD, 2021

UNEMPLOYMENT RATE

15-County Region



EMPLOYMENT & WAGES

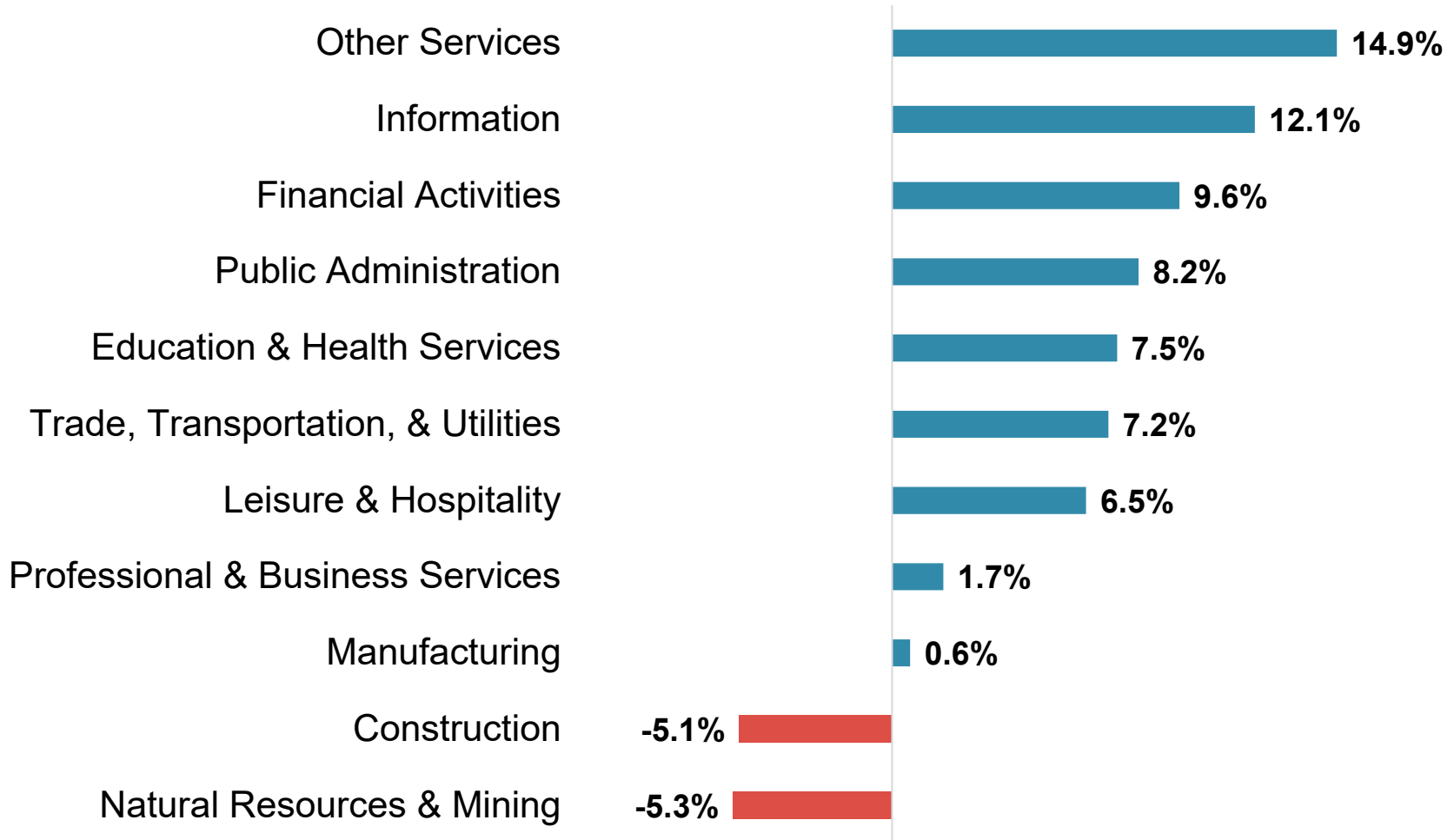
2019-Q2 to 2020-Q2

Industry	2020 Average Wages	2020 Employment	2019-2020 % Change
Leisure & Hospitality	\$17,903	16,808	-74%
Other Services	\$28,895	4,636	-49%
Information	\$47,233	1,592	-21%
Construction	\$46,843	10,159	-20%
Natural Resource & Mining	\$38,731	4,318	-14%
Trade, Transportation, Utilities	\$34,008	33,300	-11%
Professional & Business Services	\$42,499	9,966	-11%
Education & Health Services	\$45,136	54,756	-10%
Financial Activities	\$45,240	6,681	-10%
Manufacturing	\$45,649	13,321	-9%
Public Administration	\$39,453	16,385	-4%

Source: MNDEED & WI DWD, 2021

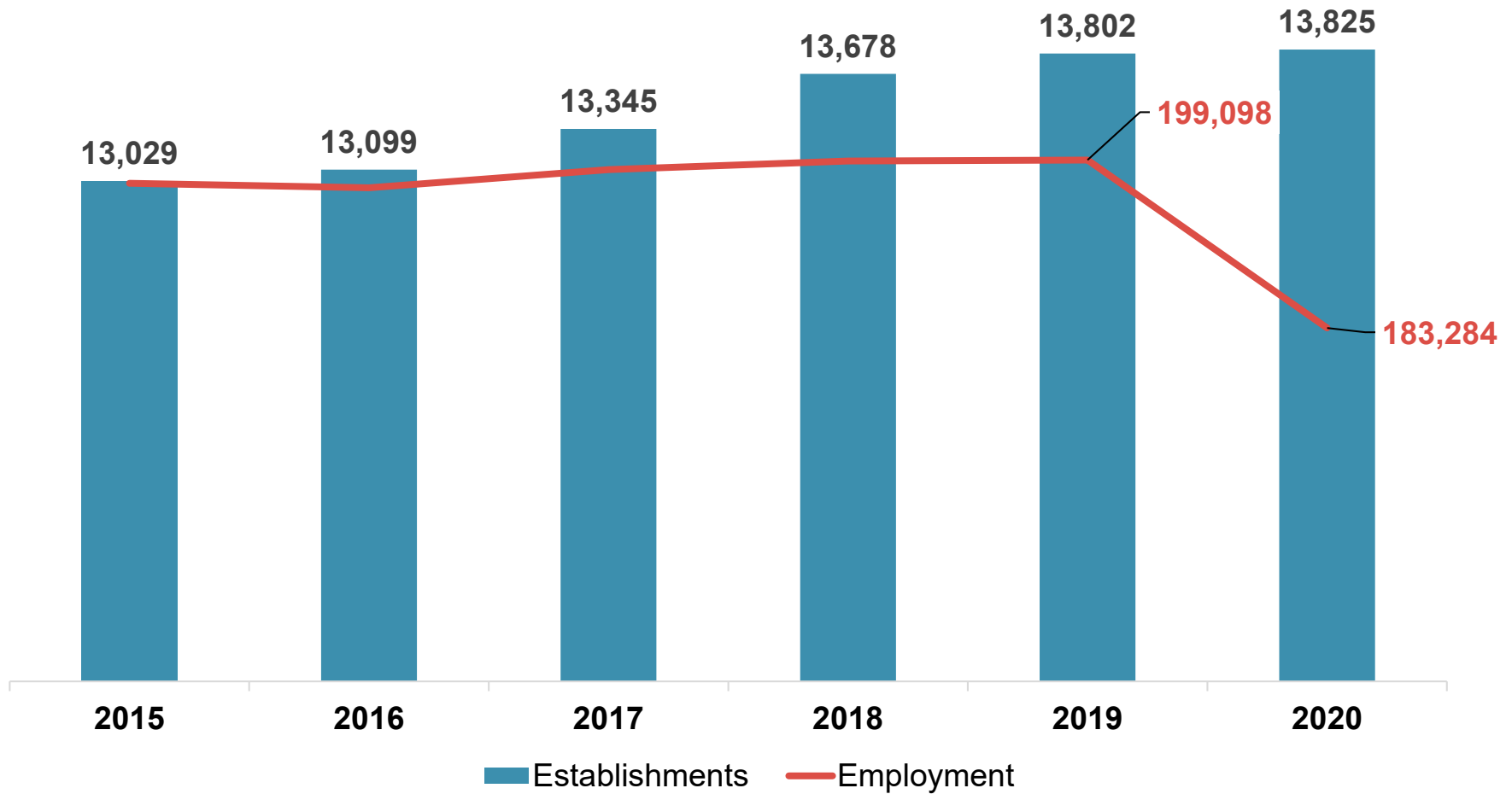
COVID-19 EFFECTS ON WAGES

Percentage Change in Wages 2019-Q2 to 2020-Q2



Source: MNDEED & WI DWD, 2021

EMPLOYMENT & ESTABLISHMENTS



Source: MNDEED & WI DWD, 2021

SELF-EMPLOYMENT BY INDUSTRY



Source: EMSI, 2021

PPP LOANS

- Nearly 10,000 PPP loans were distributed in the 15-county region as of March 2021.
- Overall, PPP funding totaled nearly \$900 million.
- 88% of loans granted were valued at less than \$150,000.
- Combined, PPP loans supported more than 128,000 jobs in the 15-county region.

Source: SBA, 2021

Summary

- Unemployment rate spiked to 11.8% due to the COVID-19
- Has fallen to 4.4%
- Decreased employment in all 11 industries; all but two saw increased average annual wages
- Employment declined, but the number of establishments increased slightly
- Nearly 10,000 PPP loans were distributed at nearly \$900 million
- Assisted over 128,000 local businesses

Source: SBA, 2021

CONSUMER CONFIDENCE INDICATORS



Grant Garding

University of Wisconsin-Superior



STUDENT TEAM & DATA COLLECTION TIME

Spring 2021: 10 UW-Superior Student Researchers

Majors: Business Administration, Economics, Finance, Information Technology, International Business, Mathematics, Transportation & Logistics Management

Data Collection Time: January-March 2021

CONSUMER CONFIDENCE INDICATORS

Index of Consumer Sentiments (ICS)

Consumer outlook on personal finances, business conditions and consumption spending

Index of Current Conditions (ICC)

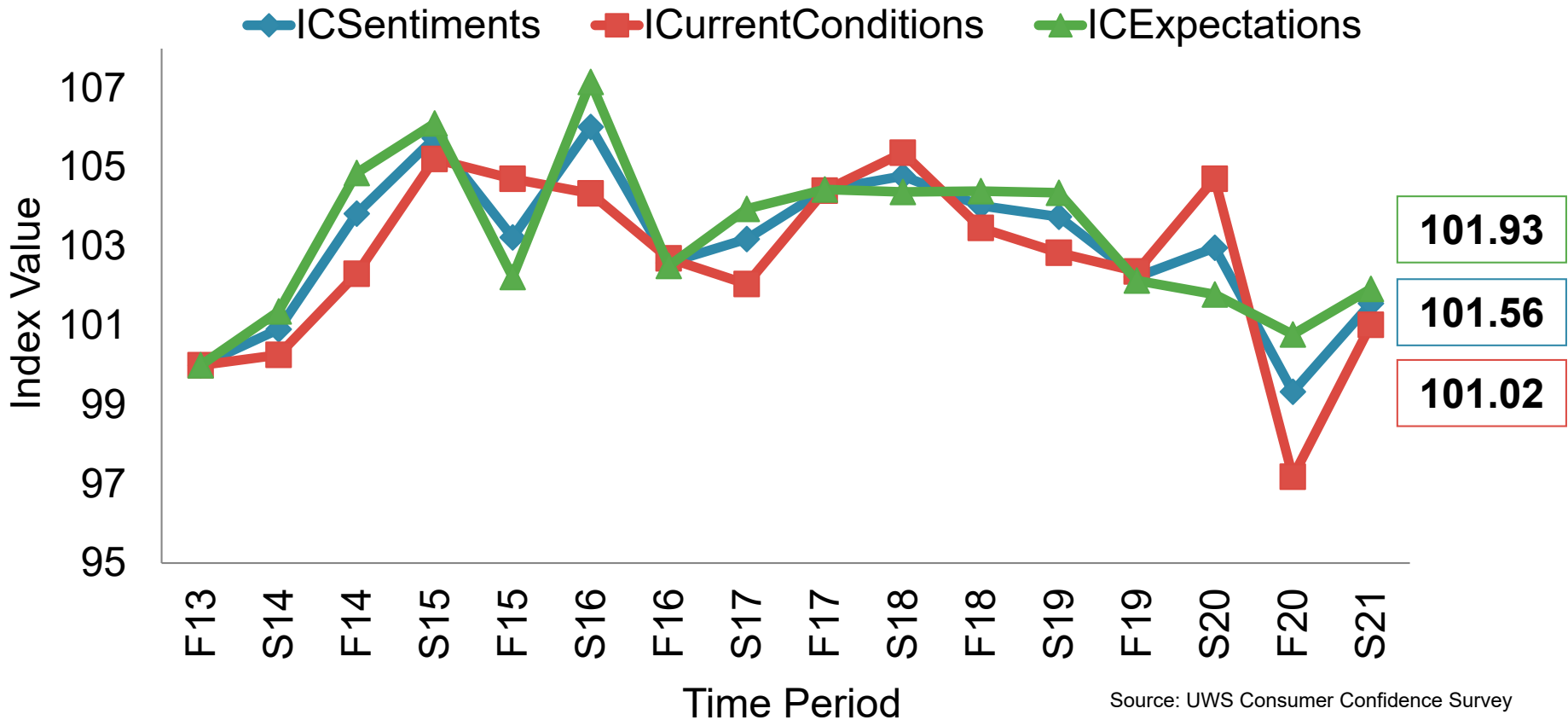
Gauges current state of the economy

Index of Consumer Expectations (ICE)

Projects future economic and financial conditions

CONSUMER CONFIDENCE INDICATORS

SAMPLE SIZE: 169



Source: UWS Consumer Confidence Survey

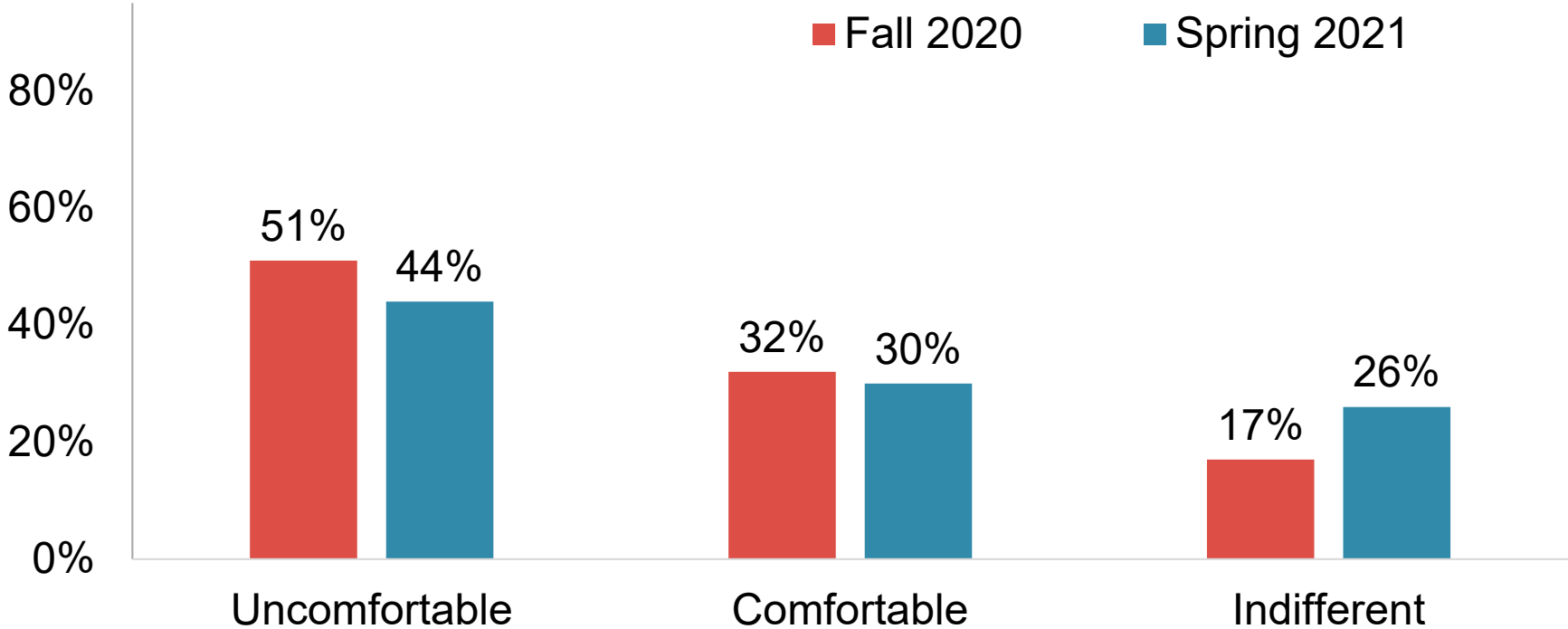
REIF REGION CONSUMER SENTIMENT CHANGE

Indices	Spring 2020 to Spring 2021 (percentage change)	Fall 2020 to Spring 2021 (percentage change)
Index of Consumer Sentiments (ICS)	-1.37	2.25
Index of Current Conditions (ICC)	-3.52	3.95
Index of Consumer Expectations (ICE)	0.14	1.14

Source: UWS Consumer Confidence Survey

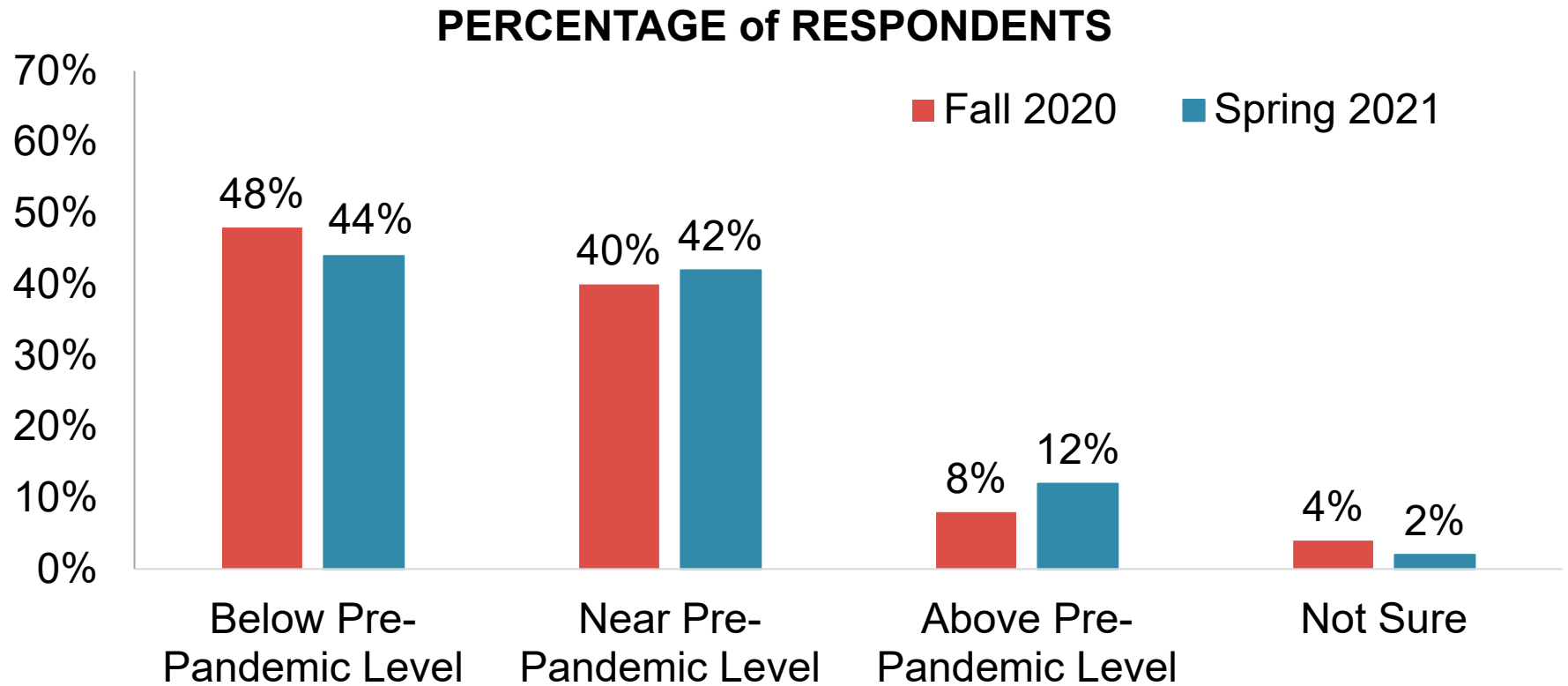
REIF REGION: CURRENT COMFORT LEVEL VISITING RESTAURANTS, BARS, RETAIL STORES

PERCENTAGE of RESPONDENTS



Source: UWS Consumer Confidence Survey

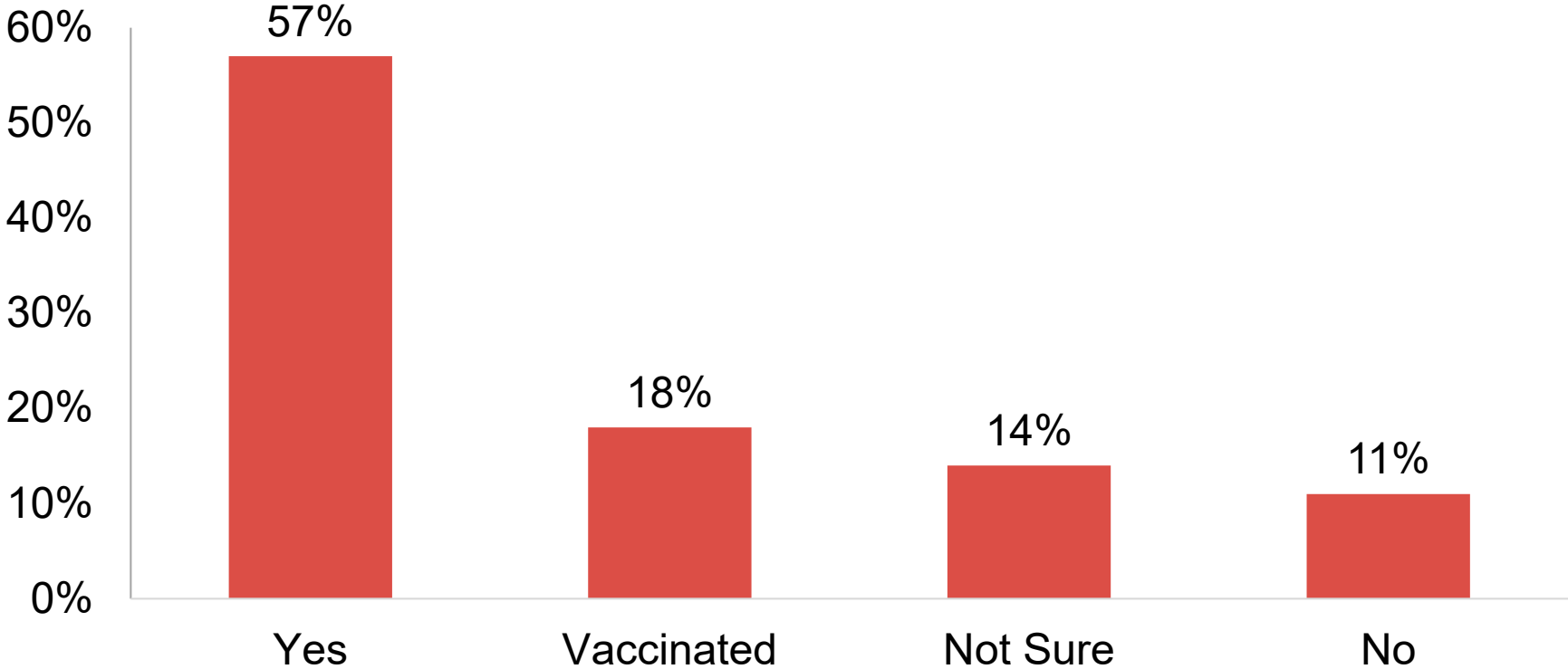
REIF REGION: CURRENT HOUSEHOLD SPENDING COMPARED TO PRE-PANDEMIC LEVEL



Source: UWS Consumer Confidence Survey

REIF REGION: PLAN FOR COVID-19 VACCINATION

PERCENTAGE of RESPONDENTS



Source: UWS Consumer Confidence Survey

SUMMARY OF CONSUMER SURVEY

Consumer Confidence Indicators

- Robust improvement regarding outlook of the current state of the regional economy
- Positive sentiment and optimistic expectations about future economic conditions

REIF Region Comfort Level and Spending

- Increased indifference about in-person commerce
- Continued household spending recovery to pre-pandemic levels

COVID-19 Vaccination

- Households are mostly in favor of getting vaccinated

REGIONAL EQUITY INDEX



Pontus Tavemark

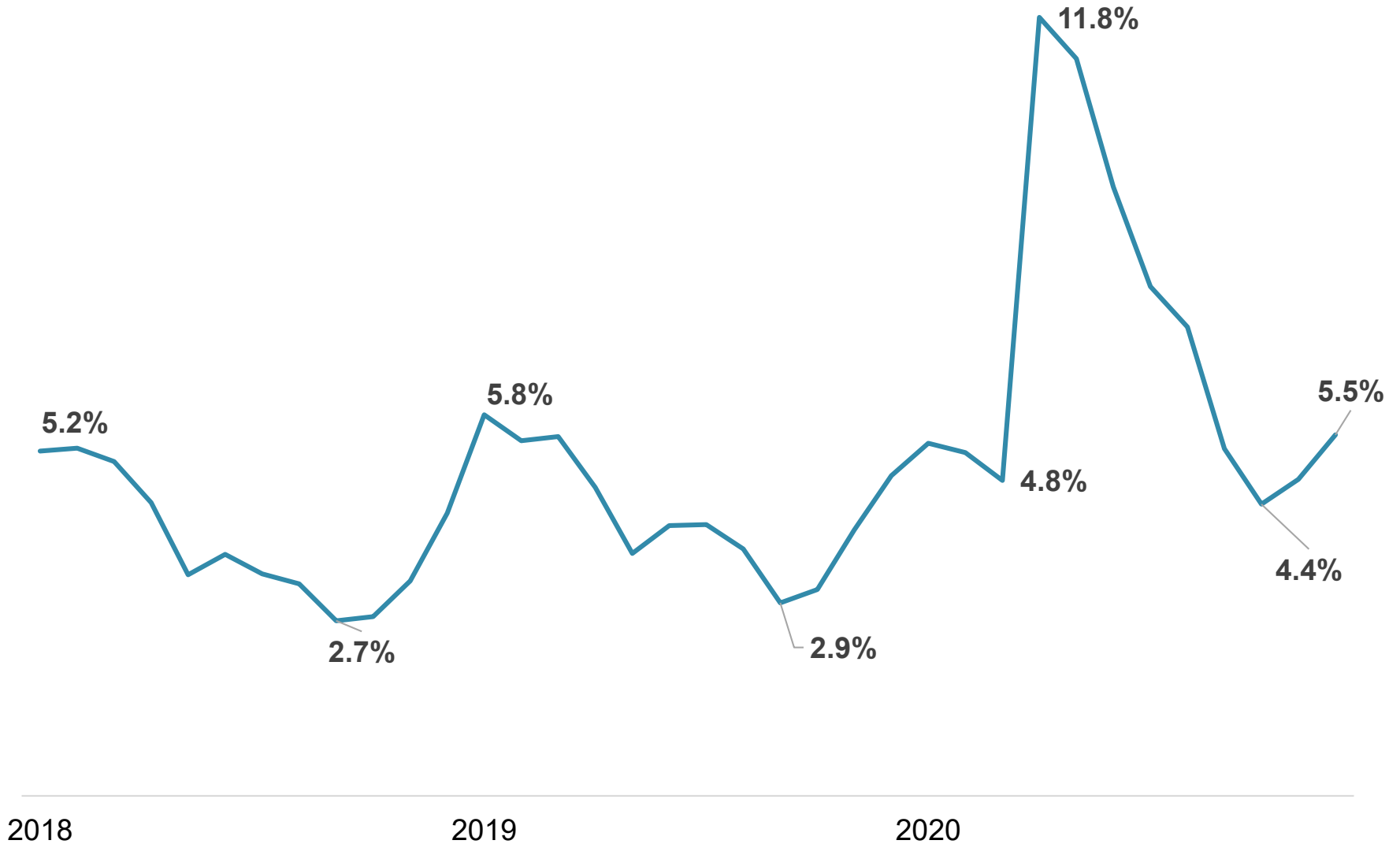
University of Wisconsin-Superior



OBJECTIVES

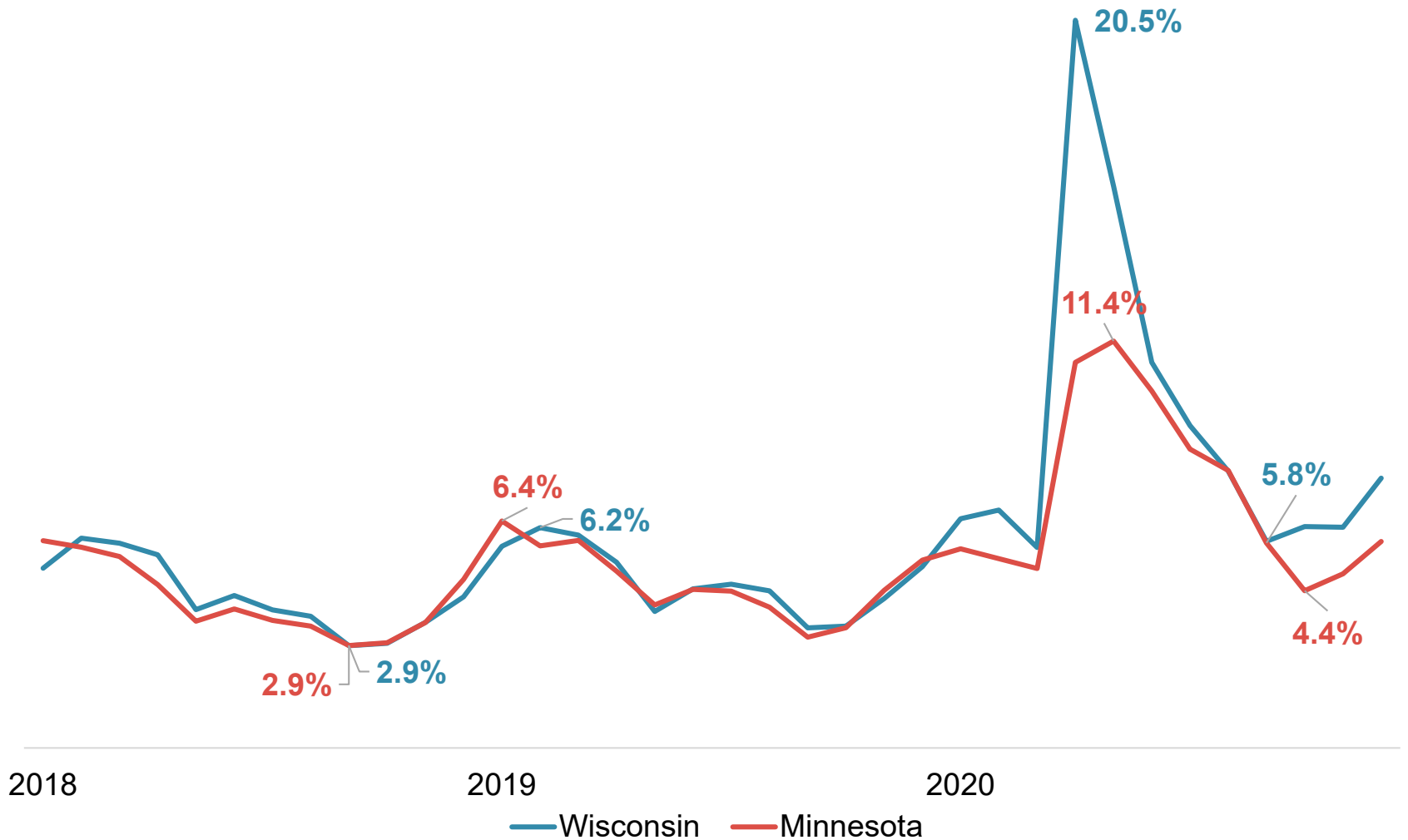
- Unemployment Rate
- Employment, Wages, Establishments
- Self-Employment
- PPP Loans

UNEMPLOYMENT RATE



Source: MNDEED & WI DWD, 2021

UNEMPLOYMENT RATE



Source: MNDEED & WI DWD, 2021

EMPLOYMENT & WAGES

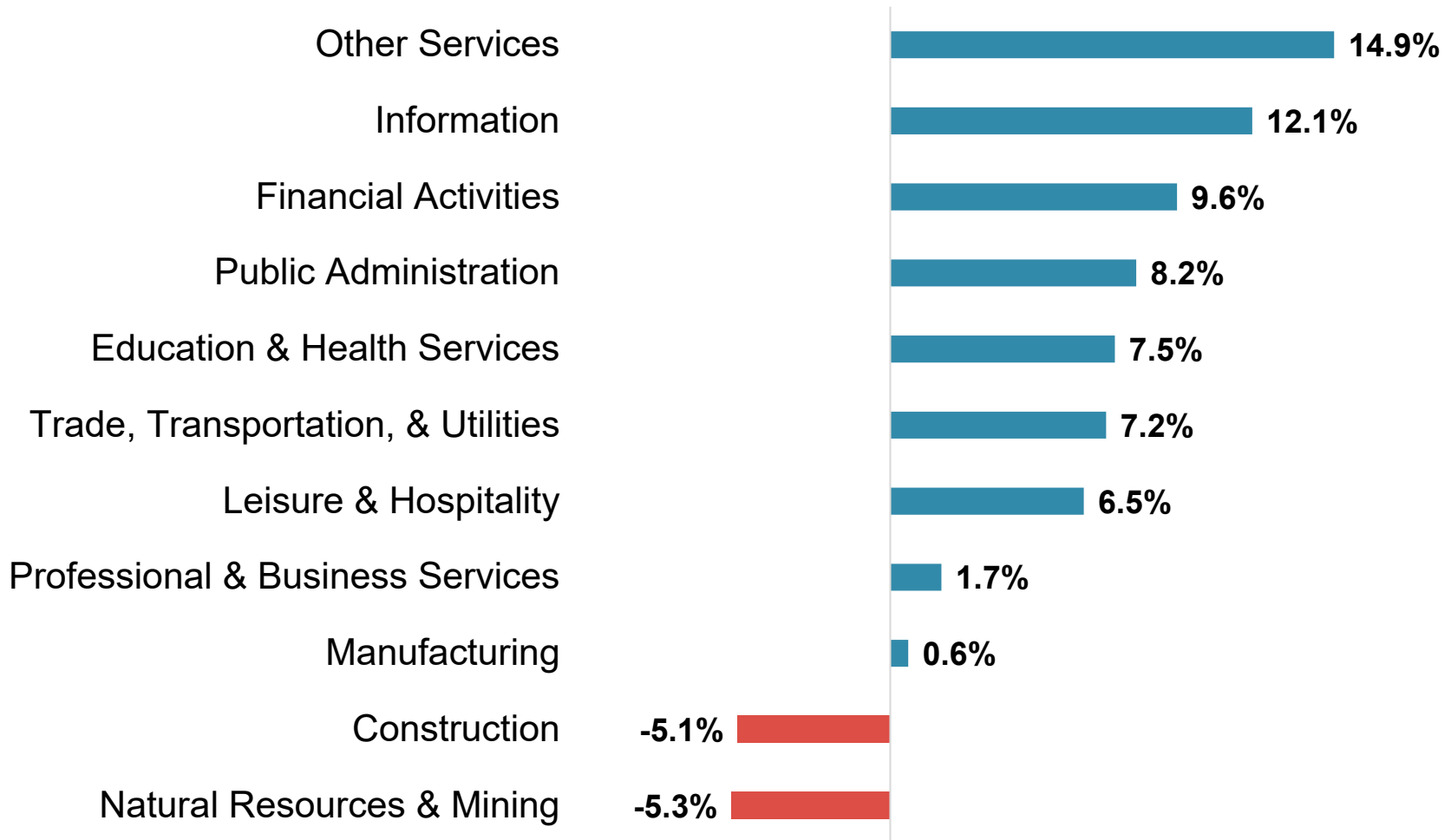
2019 to 2020

Industry	2020 Annual Average Wages	2020 Employment	2019-2020 % Change
Leisure & Hospitality	\$17,903	16,808	-74%
Other Services	\$28,895	4,636	-49%
Information	\$47,233	1,592	-21%
Construction	\$46,843	10,159	-20%
Natural Resource & Mining	\$38,731	4,318	-14%
Trade, Transportation, Utilities	\$34,008	33,300	-11%
Professional & Business Services	\$42,499	9,966	-11%
Education & Health Services	\$45,136	54,756	-10%
Financial Activities	\$45,240	6,681	-10%
Manufacturing	\$45,649	13,321	-9%
Public Administration	\$39,453	16,385	-4%

Source: MNDEED & WI DWD, 2021

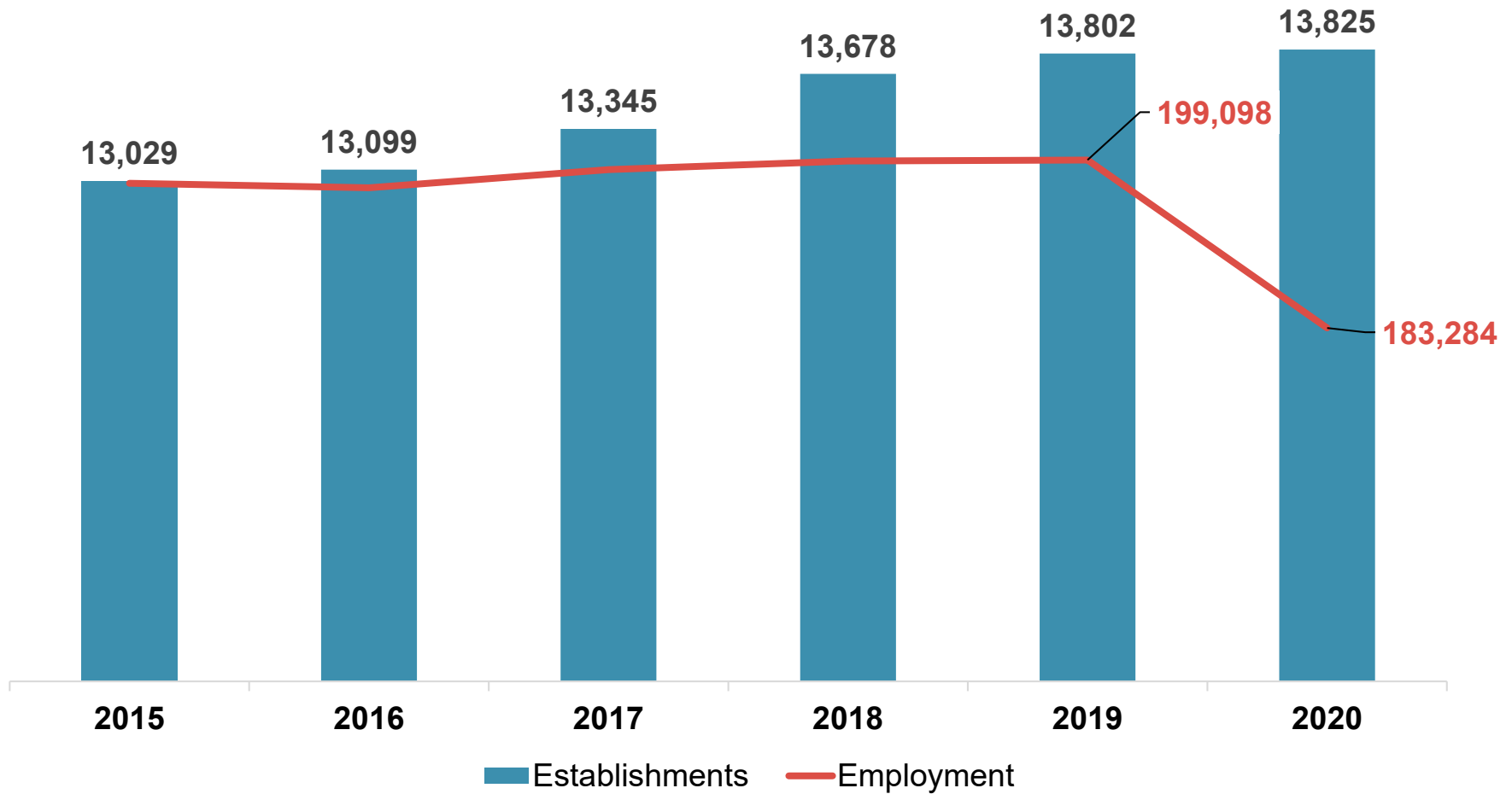
COVID-19 EFFECTS ON WAGES

Percentage Change in Wages 2019-2020



Source: MNDEED & WI DWD, 2021

EMPLOYMENT & ESTABLISHMENTS



Source: MNDEED & WI DWD, 2021

SELF-EMPLOYMENT BY INDUSTRY



Source: EMSI, 2021

PPP LOANS

- Nearly 10,000 PPP loans were distributed in the 15-county region as of March 2021.
- Overall, PPP funding totaled nearly \$900 million.
- 88% of loans granted were valued at less than \$150,000.
- Combined, PPP loans supported more than 128,000 jobs in the 15-county region.

Source: SBA, 2021

Summary

- Unemployment rate spiked to 11.8% due to the COVID-19
- Has fallen to 4.4%
- Decreased employment in all 11 industries; all but two saw increased average annual wages
- Employment declined, but the number of establishments increased slightly
- Nearly 10,000 PPP loans were distributed at nearly \$900 million
- Assisted over 128,000 local businesses

Source: SBA, 2021

BUSINESS CONFIDENCE INDICATORS



College

Isabel Becker and Nicholas Anderson

Accounting, Finance and Economics Department
The College of St. Scholastica



OVERVIEW

Business Sectors Represented

Trade, Transportation and Utilities	31
Leisure and Hospitality	19
Professional and Business Services	14
Education and Health Services	11
Other Sectors	32

Number of Employees

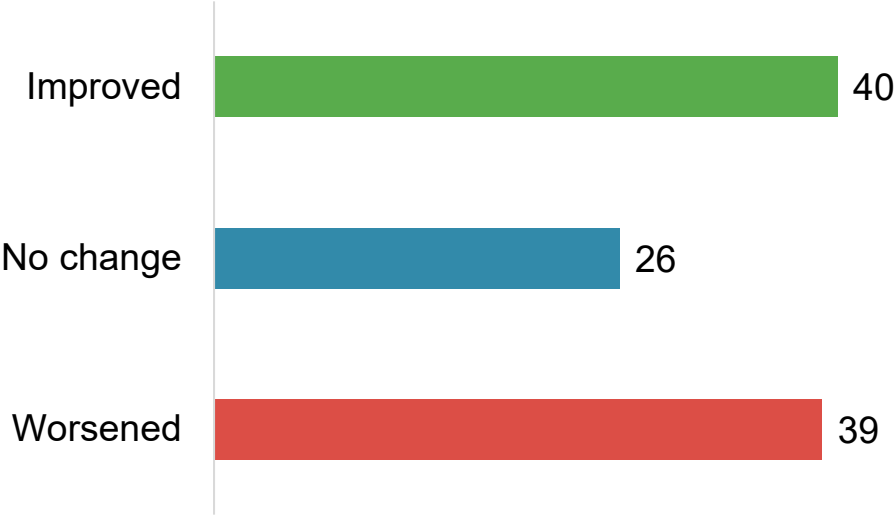
1 to 19	63
20 to 99	25
100 or more	19

N=107

GENERAL BUSINESS CONDITIONS

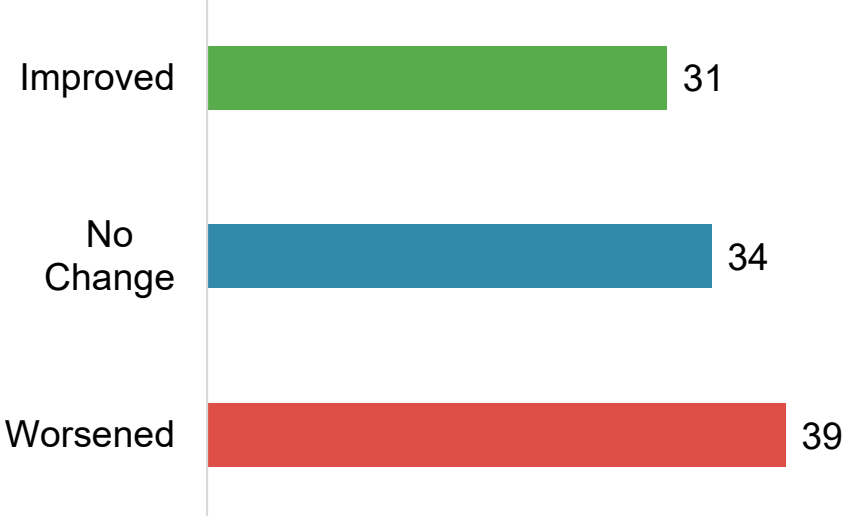
Previous Six Months

What is your evaluation of the level of your business's activity?



N=105

How has your business environment changed?



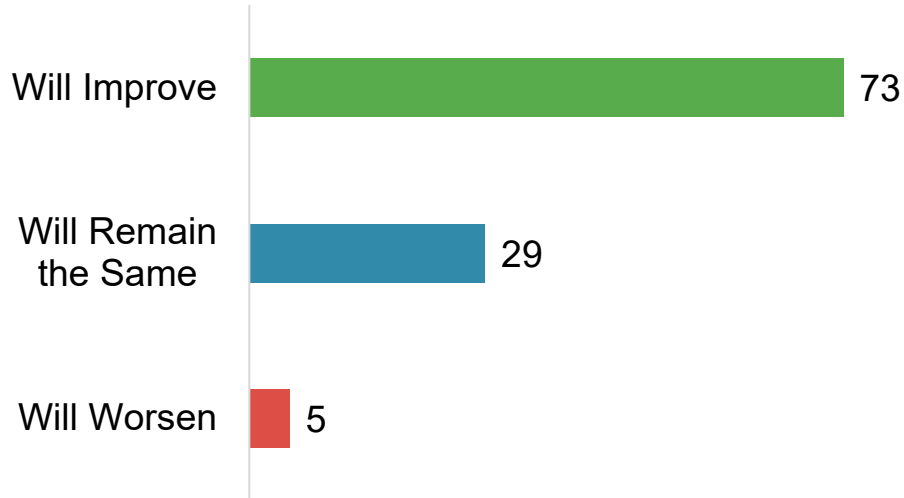
N=104

Source: CSS 2021 Business Confidence Survey

GENERAL BUSINESS CONDITIONS

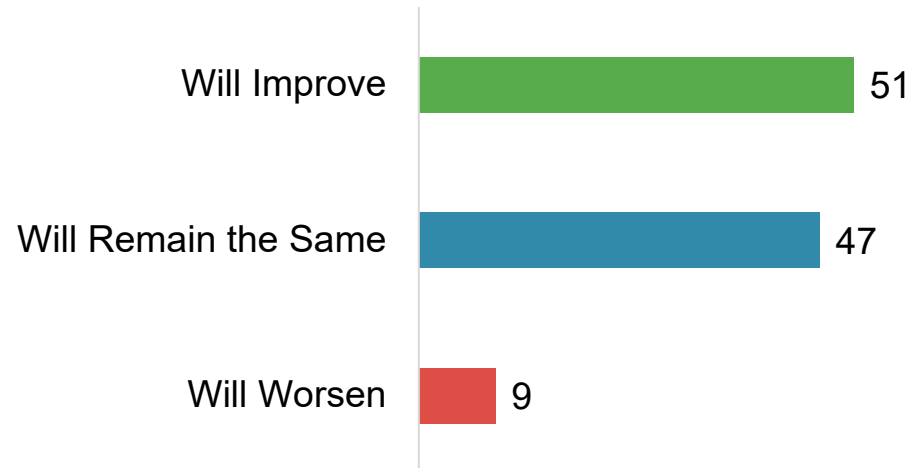
Next Six Months

What is your outlook for your business's activity?



N=107

How will your business environment change?

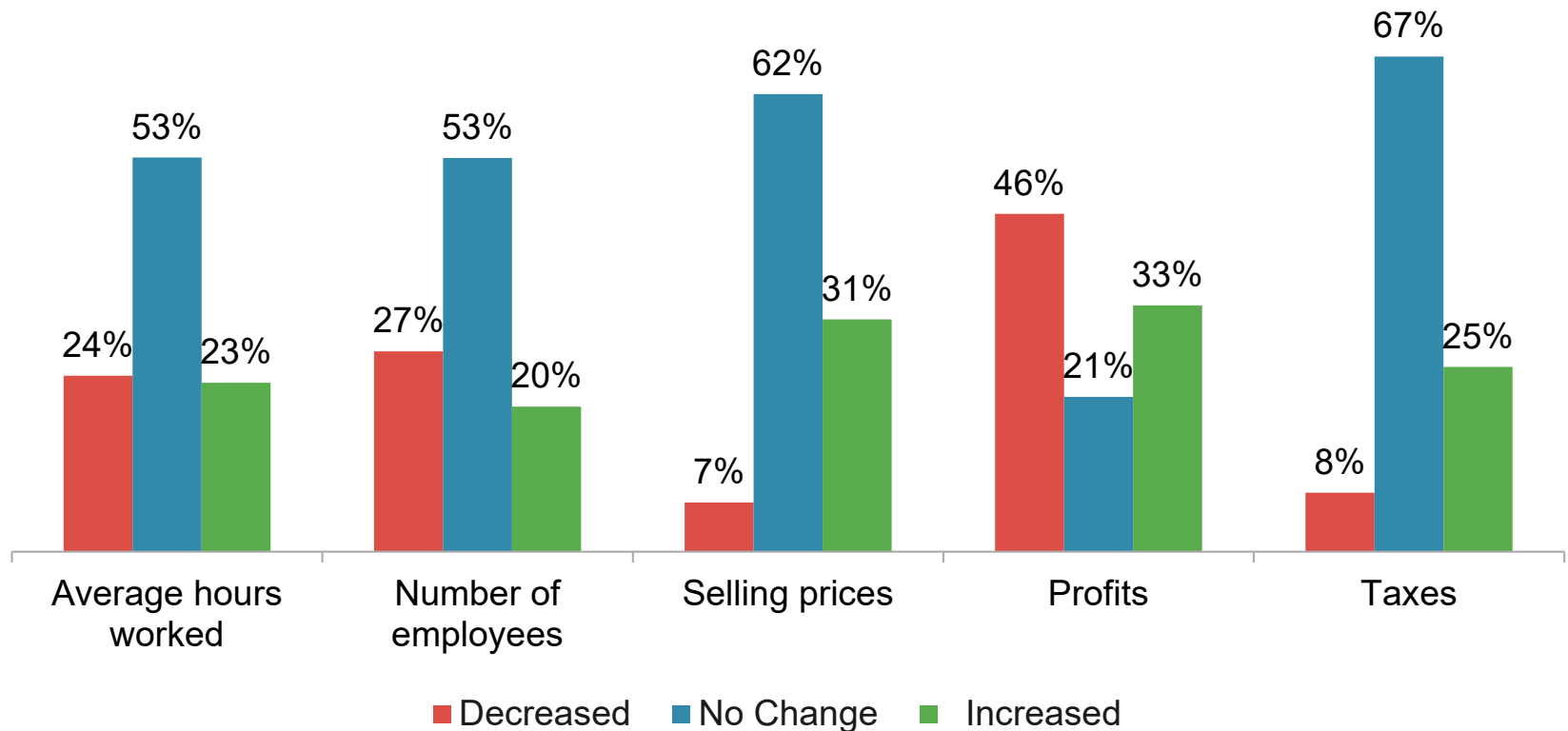


Source: CSS 2021 Business Confidence Survey

SPECIFIC CONFIDENCE INDICATORS

Previous Six Months

By Percentage of Respondents



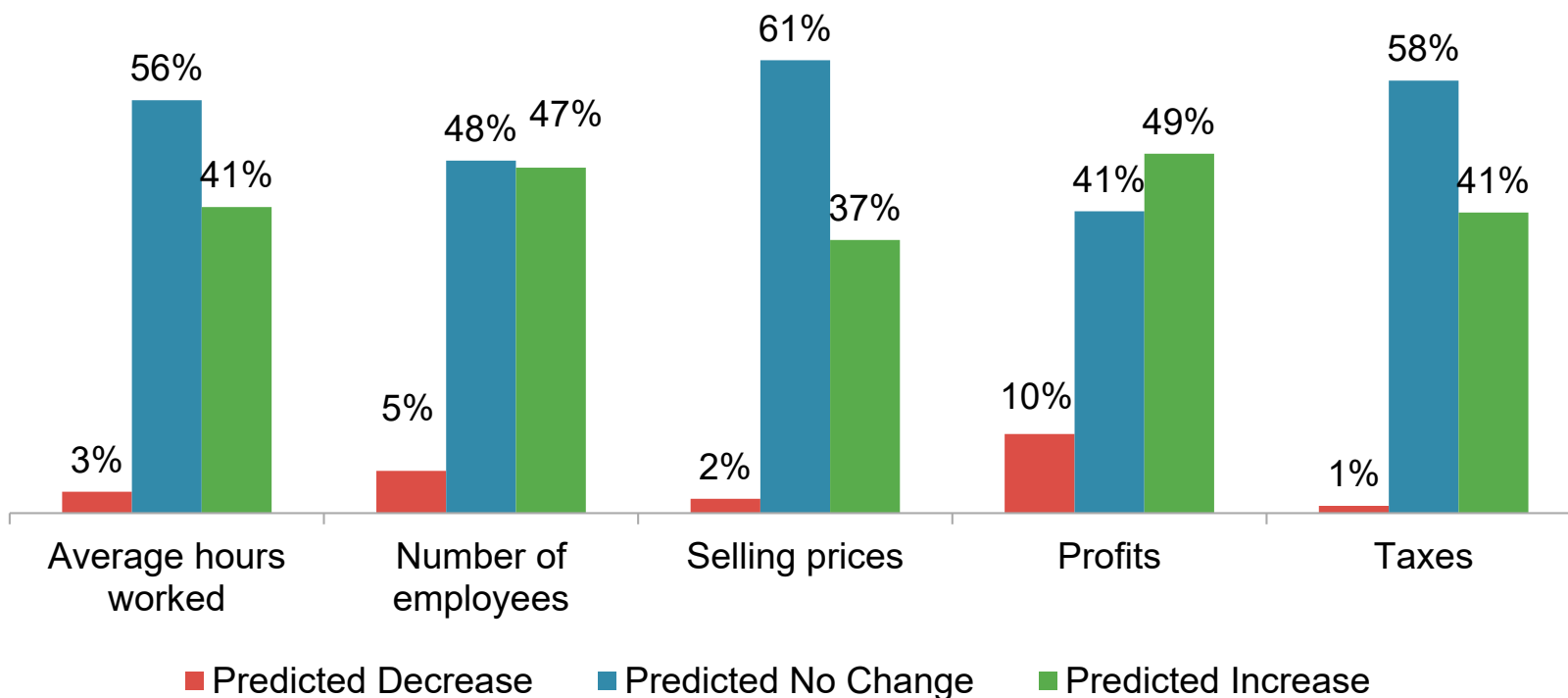
N=107

Source: CSS Spring 2021 Business Confidence Survey

SPECIFIC CONFIDENCE INDICATORS

Next Six Months

By Percentage of Respondents

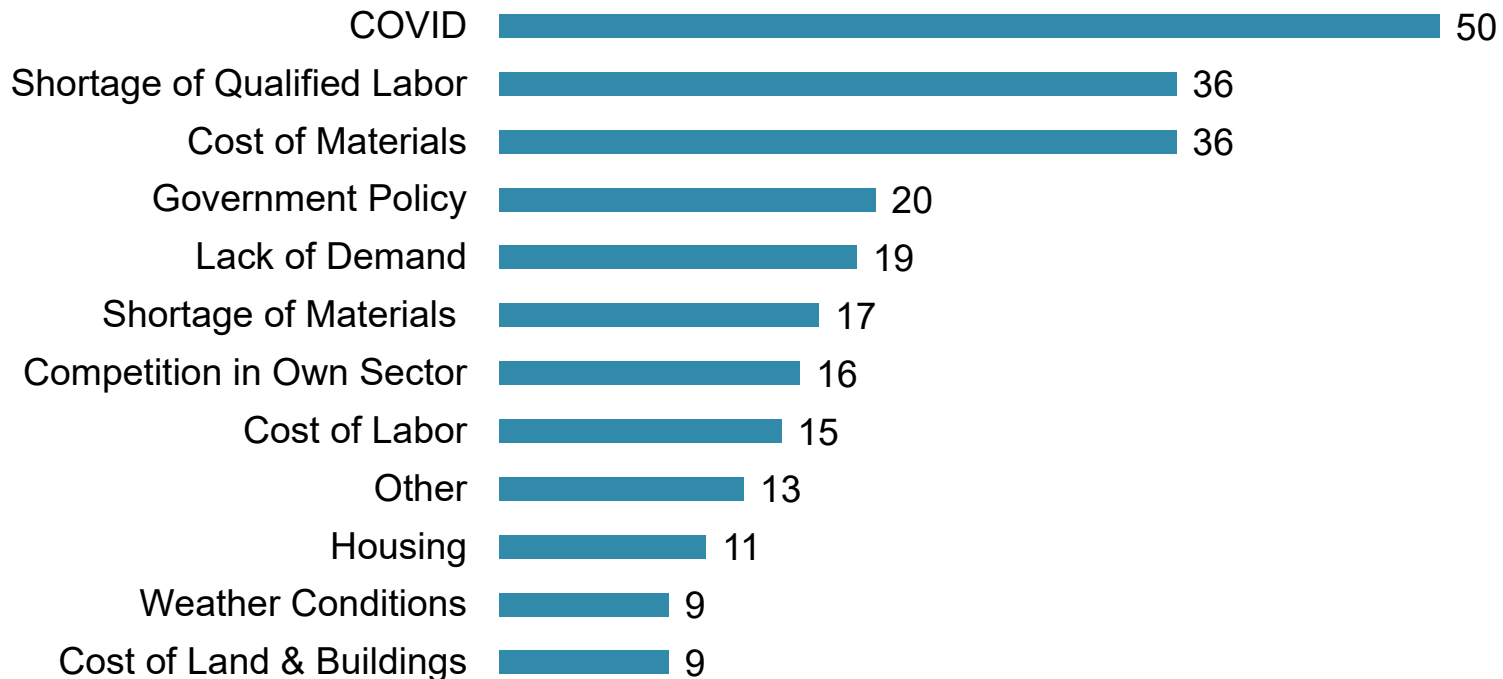


N=107

Source: CSS Spring 2021 Business Confidence Survey

FACTORS LIMITING INCREASED BUSINESS ACTIVITY

By number of respondents

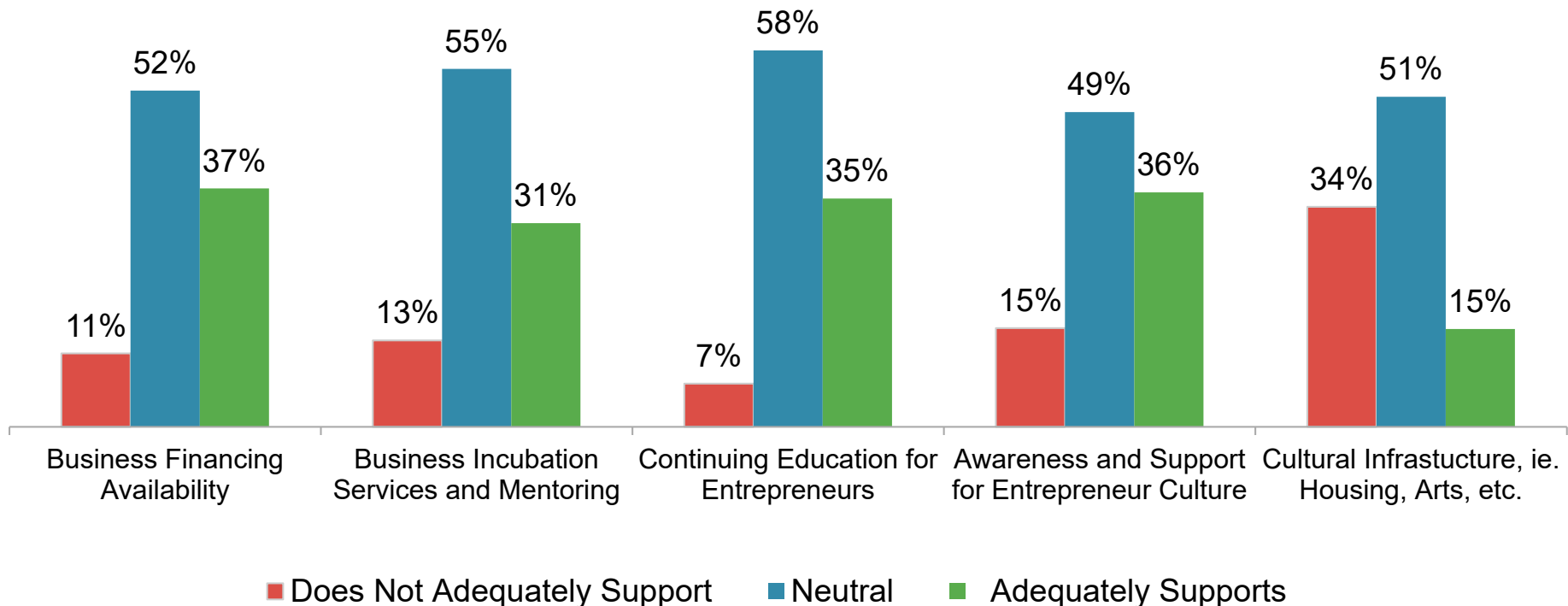


n = 107; up to 3 per respondent

Source: CSS 2021 Business Confidence Survey

HOW WELL ARE WE SUPPORTING ENTREPRENEURSHIP IN OUR REGION?

By Percentage of Respondents



N=107

Source: CSS Spring 2021 Business Confidence Survey

SUMMARY OF FINDINGS

Business Confidence Survey

Business Conditions

- Last Six Months – Activity and Environment
 - Mixed signals: relatively equal increases and decreases
 - Decreases in profits
 - Increases in taxes paid and selling prices
 - Relatively neutral on hours worked and number of employees
- Next Six Months – Outlook
 - Significant increase in optimism in comparison to last 6 months

Limiting Factors and Hiring

- COVID once again was the primary limiting factor
- Adequate support for entrepreneurs in most areas, but concern regarding adequate cultural, arts and housing availability

RESOURCES

National Bank of Commerce

nbcbanking.com

The College of St. Scholastica

Rick Revoir, Ed.D.
Dean, Stender School of
Business and Technology
rrevoir@css.edu

Erica Henkel, CPA, MAcc
Assistant Professor of Finance
and Economics
ehenkel@css.edu

University of Minnesota Duluth

Monica Haynes
Director of the Bureau of Business
and Economic Research
mrhaynes@d.umn.edu

University of Wisconsin Superior

Rubana Mahjabeen, Ph.D.
Associate Professor of Economics
rmahjabe@uwsuper.edu

Sakib Mahmud, Ph.D.
Associate Professor in Sustainable
Management and Economics
smahmud@uwsuper.edu

David Koslowsky, Ph.D.
Assistant Professor of Finance
dkoslow@uwsuper.edu

SAVE THE DATE FOR THE NEXT REIF

Tuesday, October 26, 2021

Harbor Side Ballroom, DECC

Look for an email to provide feedback on today's event
or go online at

<http://bit.ly/2021SpringREIF>

