

Interview with Goss can be seen at:

https://www.youtube.com/watch?v=jM_vY2M0ewA&feature=youtu.be



Mid-America Business
Conditions Index :: April 2017 ::
Ernie Goss

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Creighton University Economics Professor
Ernie Goss discusses the results of the April
2017 Mid-America Business Conditions Index.

For More Information Contact:
Ernie Goss, Ph.D., (402) 280-4757
ernieg@creighton.edu
Cindy Workman (402) 280-2969
cworkman@creighton.edu

Mid-America Strengthens for April: Skilled Labor Shortage Restrains Growth

April survey highlights:

- Overall index climbs above growth neutral for a fifth straight month.
- Employment gauge soars to highest level in more than 10 years.
- Four of 10 businesses indicate finding and hiring qualified workers is the greatest challenge to their business growth in 2017.
- Inflation gauge indicates rising wholesale inflationary pressures.
- Regarding interest rates, only one in five businesses expect a May or June 2017 Federal Reserve rate hike to have a negative impact on their businesses.
- Healthy trade numbers for the month.

OMAHA, Neb. (May 1, 2017) – The Creighton University [Mid-America Business Conditions Index](#), a leading economic indicator for a nine-state region stretching from Arkansas to North Dakota, expanded to a very healthy level for April, according the latest monthly survey results.

Overall index: The Business Conditions Index, which ranges between 0 and 100, advanced to 61.4 from March's 60.1. This is the fifth straight month the index has climbed above growth neutral.

“The overall index over the past several months indicates a healthy regional manufacturing economy, and points to strong growth for both manufacturing and nonmanufacturing through the third quarter of this year,” said Ernie Goss, Ph.D., director of Creighton University’s Economic Forecasting Group and the Jack A. MacAllister Chair in Regional Economics in the [Heider College of Business](#).

Employment: The April employment index remained above growth neutral, climbing to 62.9 from 62.6 in March. “This is the highest employment gauge recorded since May of 2006. The nonmanufacturing sector of the regional economy continues to outperform the manufacturing sector, but that gap is closing. Even with the recent boost in employment growth, total regional employment growth (year over year) is now only 0.9 percent, or approximately half that of the nation,” said Goss.

This month supply managers were asked to identify the greatest economic challenge facing their company for 2017. Almost four of 10, or 39.7 percent, reported that finding and hiring qualified workers was the greatest economic obstacle to business expansion for the year.

Wholesale Prices: The wholesale inflation gauge remained in a range indicating rising inflationary pressures at the wholesale level as the prices-paid index fell to 71.4 from March’s 77.1, its highest level in six years.

“The interest-rate setting committee of the Federal Reserve, the FOMC, increased rates twice since last December. While inflationary pressures are somewhat modest, I expect the Fed to raise interest rates at the June 14 meeting to cool any budding inflationary pressures as measured in Creighton’s monthly surveys,” said Goss.

Regarding interest rates, only one in five businesses expect a May or June 2017 Federal Reserve rate hike to have a negative impact on their businesses.

Confidence: Looking ahead six months, economic optimism, as captured by the April business confidence index, declined slightly to a strong 69.5 from 70.2 in March. “Strong profit growth and still low interest rates boosted the economic outlook among supply managers in the nine-state region,” reported Goss.

Inventories: The April inventory index, which tracks the change in the level of raw materials and supplies, climbed to 63.1 from March’s 61.9.

Trade: The regional new export orders index fell to a still strong 60.5 from 61.6 in March, and the import index dipped to 60.7 from March’s 62.8. “An expanding regional economy pushed buying from abroad higher for the month. Recent declines in the value of the U.S. dollar and expanding global economic conditions have stimulated new export orders for the month,” said Goss.

Other components: Components of the April Business Conditions Index were new orders at 61.8, down from 63.2 in March; production or sales index was 63.8, up from 58.8 in March; and delivery speed of raw materials and supplies rose to 55.5 from last month’s 54.0.

The Creighton Economic Forecasting Group has conducted the monthly survey of supply managers in nine states since 1994 to produce leading economic indicators of the Mid-America economy. States included in the survey are Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma and South Dakota.

The forecasting group's overall index, referred to as the Business Conditions Index, ranges between 0 and 100. An index greater than 50 indicates an expansionary economy over the course of the next three to six months. The Business Conditions Index is a mathematical average of indices for new orders, production or sales, employment, inventories and delivery lead time. This is the same methodology, used since 1931 by the [Institute for Supply Management](#), formerly the National Association of Purchasing Management.

Arkansas: Arkansas' overall index for April fell to 61.1 from March's 63.2. Components of the index from the monthly survey of supply managers were new orders at 59.8, production or sales at 64.1, delivery lead time at 55.1, inventories at 63.4, and employment at 63.2. "The state's overall nonfarm job growth over the past 12 months was 1.1 percent, which was above the region's 0.9 percent, but below the nation's 1.5 percent. Creighton's survey results over the past several months indicate that Arkansas job and economic growth will climb toward the national average through the third quarter of this year," said Goss.

Iowa: The April Business Conditions Index for Iowa advanced to 64.7 from 60.5 in March. Components of the overall index from the monthly survey of supply managers were new orders at 65.8, production or sales at 64.3, delivery lead time at 58.7, employment at 67.3, and inventories at 67.5. "The state's overall nonfarm job growth over the past 12 months was 0.5 percent which is below the region's 0.9 percent, and the nation's 1.5 percent. Creighton's survey results over the past several months indicate that Iowa job and economic growth will climb toward, but remain below, the national average through the third quarter of this year," said Goss.

Kansas: The Kansas Business Conditions Index for April expanded to 56.4 from March's 52.2. Components of the leading economic indicator from the monthly survey of supply managers were new orders at 57.5, production or sales at 59.7, delivery lead time at 51.3, employment at 54.3, and inventories at 59.0. "The state's overall nonfarm job growth over the past 12 months was 0.3 percent which is below the region's 0.9 percent and the nation's 1.5 percent. Creighton's survey results over the past several months indicate that Kansas job and economic growth will climb toward, but remain below, the national average through the third quarter of this year," said Goss.

Minnesota: The April Business Conditions Index for Minnesota slipped to a still strong 61.2 from March's 61.8. Components of the overall April index from the monthly survey of supply managers were new orders at 61.8, production or sales at 64.1, delivery lead time at 55.1, inventories at 61.7, and employment at 63.2. "Minnesota's overall nonfarm job growth over the past 12 months was 1.5 percent which was above the region's 0.9 percent and equal to the nation's 1.5 percent. Creighton's survey results over the past several months indicate that Minnesota job and economic growth will exceed the national average through the third quarter of this year," said Goss.

Missouri: The April Business Conditions Index for Missouri declined to 62.4 from 66.6 in March. Components of the overall April index from the survey of supply managers were new orders at 62.7, production or sales at 65.0, delivery lead time at 55.9, inventories at 64.3, and employment at 64.1. “The state’s overall nonfarm job growth over the past 12 months was 1.4 percent which was above the region’s 0.9 percent, but slightly below the nation’s 1.5 percent. Creighton’s survey results over the past several months indicate that Missouri job and economic growth will exceed the national average through the third quarter of this year,” said Goss.

Nebraska: The April Business Conditions Index for Nebraska expanded to 61.0 from 59.8 in March. Components of the index from the monthly survey of supply managers were new orders at 60.2, production or sales at 62.4, delivery lead time at 58.9, inventories at 61.7, and employment at 61.5. “Nebraska’s overall nonfarm job growth over the past 12 months was 0.9 percent which is equal to the region’s 0.9 percent, but below the nation’s 1.5 percent. Creighton’s survey results over the past several months indicate that Nebraska job and economic growth will climb toward, but remain below, the national average through the third quarter of this year,” said Goss.

North Dakota: North Dakota’s overall, or Business Conditions Index, advanced above growth neutral for the month. The index for April from a survey of supply managers climbed to 57.3 from 54.3 in March. Components of the overall index were new orders at 57.6, production or sales at 59.8, delivery lead time at 51.4, employment at 58.9, and inventories at 59.1. “Over the past 12 months, the state lost 0.3 percent of its total nonfarm jobs. This loss compares unfavorably to the region’s 0.9 percent growth, and the nation’s 1.5 percent expansion. Creighton’s survey results over the past several months indicate that North Dakota job and economic growth will climb into positive territory through the third quarter of this year,” said Goss.

Oklahoma: Oklahoma’s Business Conditions Index moved above the growth neutral threshold for a fourth straight month. The April index rose to a healthy 61.2 from 58.2 in March. Components of the overall April index from a survey of supply managers in the state were new orders at 61.4, production or sales at 63.7, delivery lead time at 54.8, inventories at 63.0, and employment at 62.8. “Over the past 12 months, the state lost 0.1 percent of its total nonfarm jobs. This loss compares unfavorably to the region’s 0.9 percent gain, and the nation’s 1.5 percent expansion. Creighton’s survey results over the past several months indicate that Oklahoma job and economic growth will climb into positive territory through the third quarter of this year, but remain below the national average,” said Goss.

South Dakota: The Business Conditions Index for South Dakota advanced to a regional high 68.8 from March’s 67.2, also a regional high. Components of the overall index for the April survey of supply managers in the state were new orders at 69.2, production or sales at 71.7, delivery lead time at 61.6, inventories at 70.9, and employment at 70.7. “South Dakota’s overall nonfarm job growth over the past 12 months was 1.6 percent which was above the region’s 0.9 percent and the nation’s 1.5 percent. Creighton’s survey results over the past several months indicate that South Dakota job and economic growth will continue to exceed the regional and national averages through the third quarter of this year,” said Goss.

Survey results for May will be released on June 1.

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<http://business.creighton.edu/organizations-programs/economic-outlook>