

Interview with Goss can be seen at:

<https://youtu.be/fi134cvBZ-s>

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**Mid-America Business Conditions Index Rises to Healthy Level:
Inflation Gauge Soars to Highest Level in More than Six Years**

September survey highlights:

- Overall index moved above growth neutral for a 10th straight month, pointing to solid growth ahead.
- Inflation gauge soared to its highest level since April 2011.
- Supply managers expect the prices of raw materials and supplies purchased by their firm to increase by 3.5 percent over the next six months.
- Approximately 16 percent expect another 2017 rate hike to negatively impact their company's business activity.
- Employment gauge remained in a healthy range.

OMAHA, Neb. (Oct. 2, 2017) – The October Creighton University Mid-America Business Conditions Index, a leading economic indicator for the nine-state region stretching from Arkansas to North Dakota, climbed to a healthy reading, according to the latest monthly survey results.

Overall index: The Business Conditions Index, which ranges between 0 and 100, rose to 58.2 from August's 57.5. This is the 10th straight month the index has remained above growth neutral, continuing to point to positive growth for the region over the next three to six months.

“The overall index over the past several months indicates a healthy regional manufacturing economy, and points to solid growth for both manufacturing and nonmanufacturing for the rest of 2017,” said Ernie Goss, PhD, 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 September employment index remained above growth neutral with a reading of 52.0, and down from August's much stronger 59.2. “The durable, nondurable and nonmanufacturing sectors are adding jobs at a solid pace. Energy firms and manufacturers tied to

energy are expanding at a strong pace across the region. With the recent boost in employment growth, total regional employment growth (year over year) is now 1.3 percent, and slightly below the nation's 1.4 percent gain over the same time period," said Goss.

Wholesale Prices: After falling for two straight months, the regional wholesale inflation gauge rose to a level indicating rising inflationary pressures. The wholesale price index jumped to 79.6, its highest level since April 2011, and up from 65.5 in August.

"Given advancing inflationary readings from our surveys and government surveys over the past several months, I expect the Federal Reserve to raise short-term interest rates one more time before the end of 2017. Only 16 percent of the businesses in our survey expect such a rate hike to negatively impact affect their company's business activity," said Goss.

However, as reported by one supply manager, "At some point the feds are going to have to stop manipulating the market and let the chips fall where they may. If that means increasing rates, then so be it."

Supply managers were asked to project their expected change in prices for inputs they purchase. On average, supply managers estimated that prices would expand by 3.5 percent over the six months, and well above the 2.1 percent recorded in September 2016 when the same question was asked.

On the other hand price increases were not uniformly higher. One supply manager reported, "We see (only) a slight uptick in average prices we pay for steel in 2018, over prices paid in 2017."

Confidence: Looking ahead six months, economic optimism, as captured by the September business confidence index, jumped to a strong 63.6 from 62.5 in August. "Strong profit growth, still low interest rates, and international sales, boosted the economic outlook among supply managers in the nine-state region," reported Goss.

Inventories: The September inventory index, which tracks the change in the level of raw materials and supplies fell to 53.0 from August's 56.5.

Trade: The regional new export orders index climbed to 54.3 from 52.8 in August, and the import index advanced to 53.8 from August's 50.0. "Expanding regional growth spurred purchases of inputs from abroad, while growth among important trading partners pushed export orders higher for the month," said Goss.

Other components: Components of the September Business Conditions Index were new orders at 62.5 from 53.8 in August; production or sales index was 67.4, up from August's 62.5; and delivery speed of raw materials and supplies expanded slightly to 56.0 from last month's 55.7.

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: The September overall index for Arkansas advanced to 67.3 from August's 65.9. Components of the index from the monthly survey of supply managers were new orders at 72.9, production or sales at 76.7, delivery lead time at 66.6, inventories at 60.9, and employment at 59.6. "Over the past 12 months, Arkansas increased manufacturing employment by 2.1 percent or approximately 3,300 manufacturing jobs. Losses for durable goods producers were more than offset by gains for nondurable goods manufacturers," said Goss.

Iowa: The September Business Conditions Index for Iowa expanded to 60.7 from 57.7 in August. Components of the overall index from the monthly survey of supply managers were new orders at 63.2, production or sales at 70.6, delivery lead time at 60.0, employment at 54.3, and inventories at 55.4. "Over the past 12 months, Iowa increased manufacturing employment by only 0.7 percent, or approximately 1,400 manufacturing jobs. Gains were experienced almost equally by durable goods producers and nondurable goods manufacturers," said Goss.

Kansas: The Kansas Business Conditions Index for September increased to 43.6, a regional low, from 42.8 in August. Components of the leading economic indicator from the monthly survey of supply managers were new orders at 47.1, production or sales at 52.7, delivery lead time at 40.5, employment at 38.5, and inventories at 39.3. "Over the past 12 months, Kansas experienced a decline in manufacturing employment of 2.1, or approximately 3,300 manufacturing jobs. Almost all of the loss was recorded by the state's durable goods manufacturing sector," said Goss.

Minnesota: The September Business Conditions Index for Minnesota declined to a still healthy 59.4 from August's 61.8. Components of the overall September index from the monthly survey of supply managers were new orders at 64.3, production or sales at 68.6, delivery lead time at 57.9, inventories at 53.7, and employment at 52.5. "Over the past 12 months, Minnesota increased manufacturing employment by 1.0 percent, or approximately 3,100 manufacturing jobs. Most of the gains were recorded by nondurable goods producers," said Goss.

Missouri: The September Business Conditions Index for Missouri climbed to 63.9 from 61.1 in August. Components of the overall September index from the survey of supply managers were new orders at 69.3, production or sales at 69.2, delivery lead time at 66.2, inventories at 60.5, and employment at 54.3. "Over the past 12 months, Missouri increased manufacturing employment by 3.1 percent or approximately 8,100 manufacturing jobs. Gains were recorded by both durable and nondurable goods producers," said Goss.

Nebraska: The September Business Conditions Index for Nebraska rose to 59.3 from 57.9 in August. Components of the index from the monthly survey of supply managers were new orders at 65.4, production or sales at 64.2, delivery lead time at 59.0, inventories at 54.6, and employment at 53.4. "Over the past 12 months, Nebraska increased manufacturing employment

by only 0.8 percent, or approximately 800 jobs manufacturing jobs. Losses for durable goods producers were more than offset by gains for nondurable goods manufacturers,” said Goss.

North Dakota: North Dakota’s overall, or Business Conditions Index, remained above growth neutral for the month, though the index for September from a survey of supply managers declined to 63.9 from August’s 69.1. Components of the overall index were new orders at 70.4, production or sales at 74.3, delivery lead time at 58.5, employment at 57.5, and inventories at 58.8. “Over the past 12 months, North Dakota experienced a 2.8 percent decline in manufacturing employment, or approximately 700 manufacturing jobs. However, additions by the state’s large energy sector more than offset manufacturing losses,” said Goss.

Oklahoma: After falling below growth neutral for July, Oklahoma’s Business Conditions Index rose above the 50.0 threshold for August and September. The overall index from a monthly survey of supply managers climbed to a healthy 62.7 from 56.2 in August. Components of the overall September index from a survey of supply managers in the state were new orders at 67.8, production or sales at 71.9, delivery lead time at 61.5, inventories at 56.6, and employment at 55.4. “Over the past 12 months, Oklahoma increased manufacturing employment by 2.8 percent, or approximately 3,600 manufacturing jobs. Contrary to the other eight states, Oklahoma’s gains were driven by the state’s durable goods manufacturers,” said Goss.

South Dakota: The Business Conditions Index for South Dakota improved slightly to a weak 46.6 from August’s 45.5. Components of the overall index from the September survey of supply managers in the state were new orders at 50.4, production or sales at 55.7, delivery lead time at 43.8, inventories at 42.1, and employment at 41.2. “Over the past 12 months, South Dakota experienced a decline in manufacturing employment of 1 percent, or approximately 400 manufacturing jobs. Almost all of the loss was recorded by the state’s durable goods manufacturing sector,” said Goss.

Survey results for October will be released on Nov. 1, the first business day of the month.

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