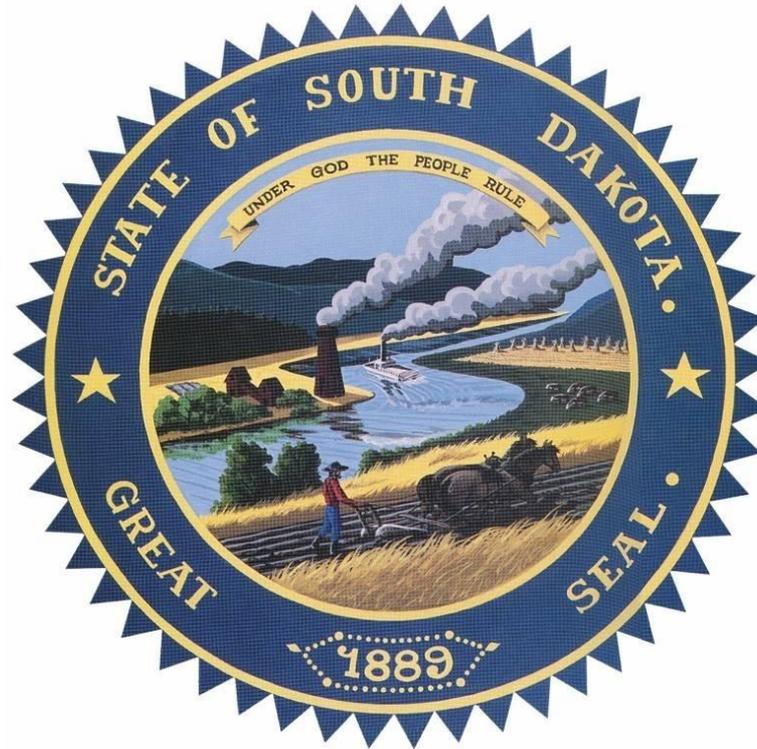


# South Dakota and US Economic Overview



Presented to Joint Appropriations Committee  
March 3, 2011

# Key Variables used in tracking and forecasting the economy

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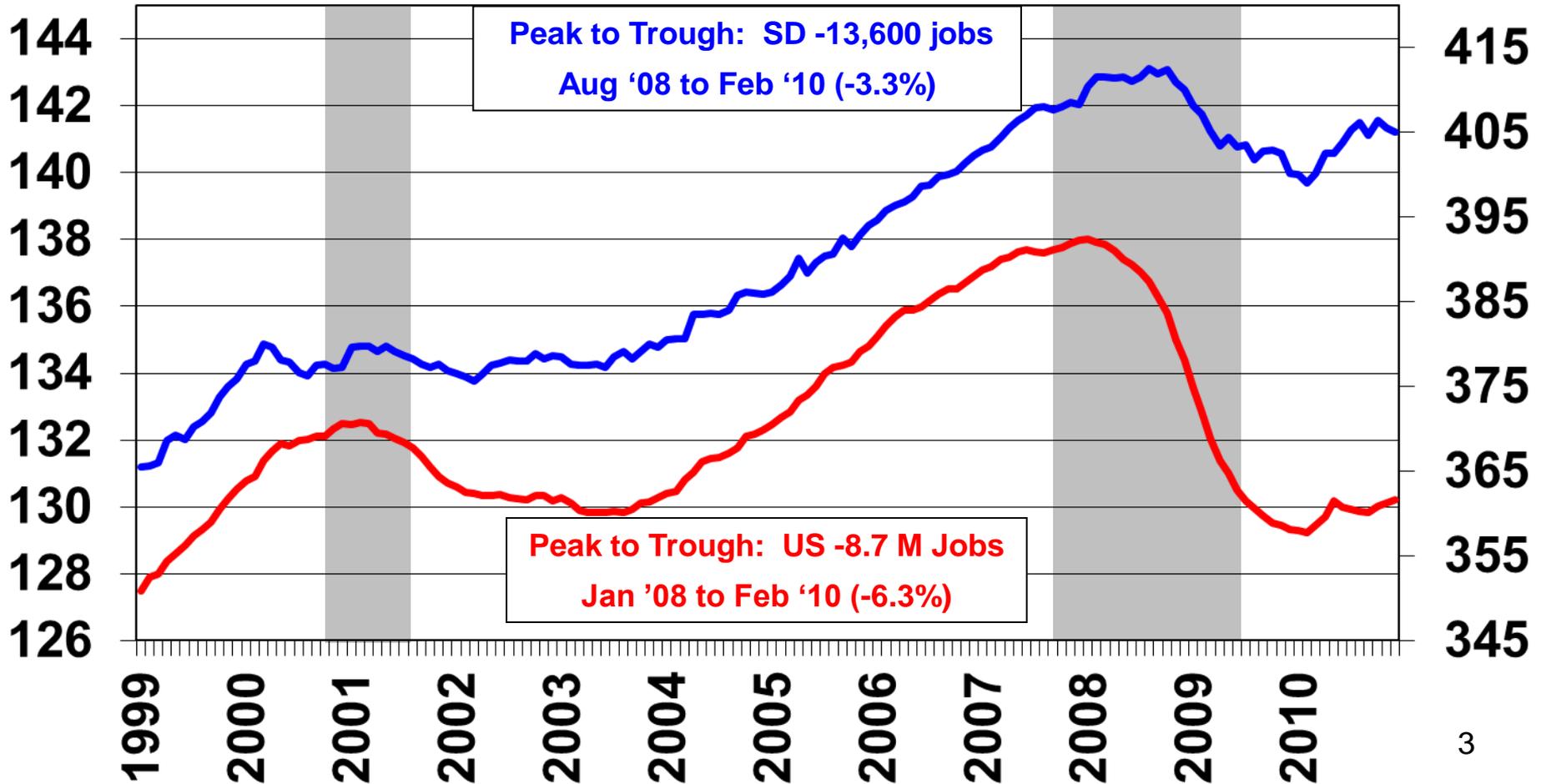
- Nonfarm Employment
- Unemployment Rate
- Nonfarm Income
- Real GDP

# Monthly Nonfarm Employment Levels

Recovering...but has been flat in recent months

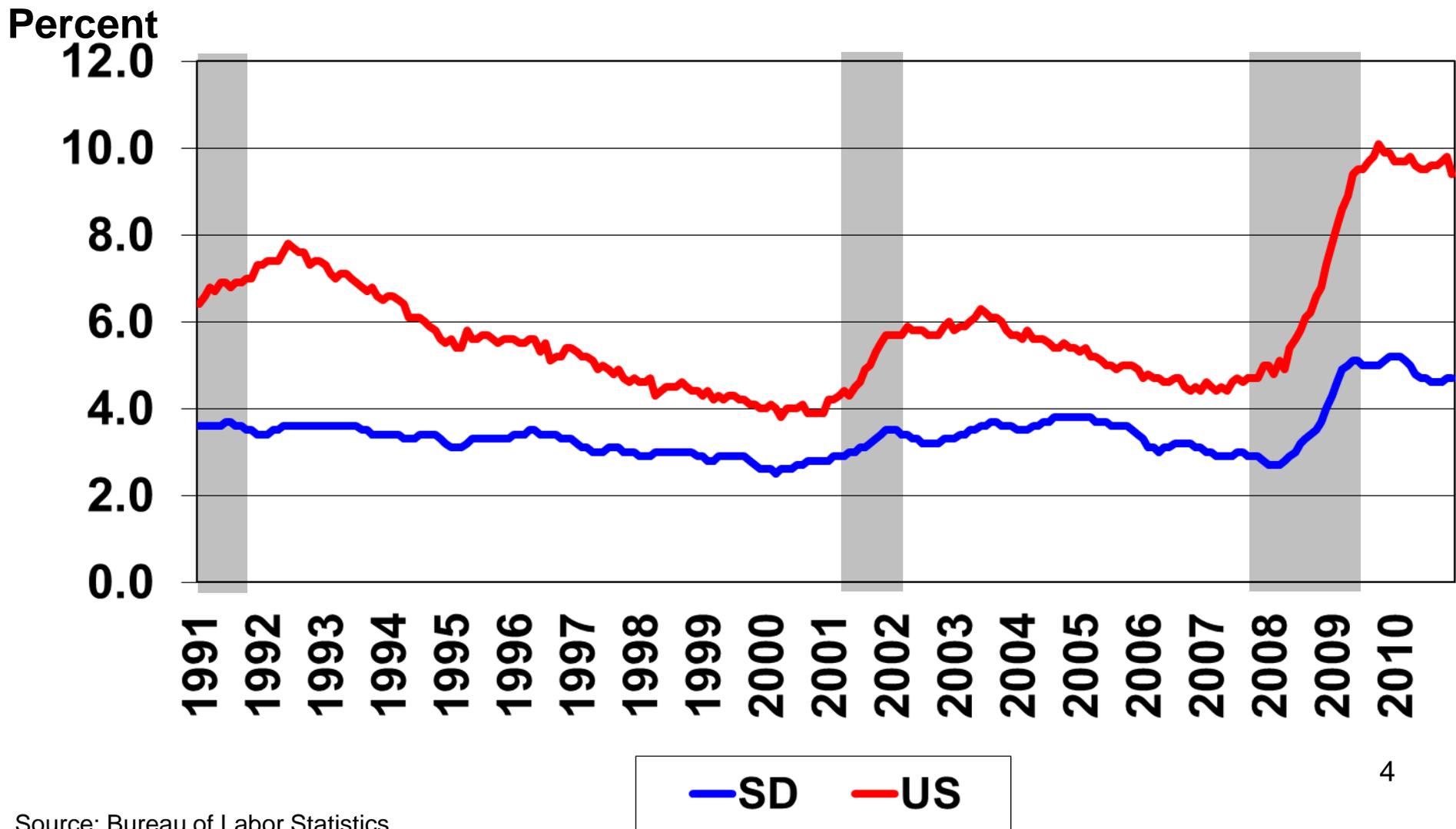
Millions (US)

Thousands (SD)



# Unemployment Rates still elevated

**SD's** rate continues to be below the **US's**



# Steady Increase anticipated for SD Nonfarm Employment

Thousands of Jobs – Seasonally Adjusted

414

409

404

399

Forecast

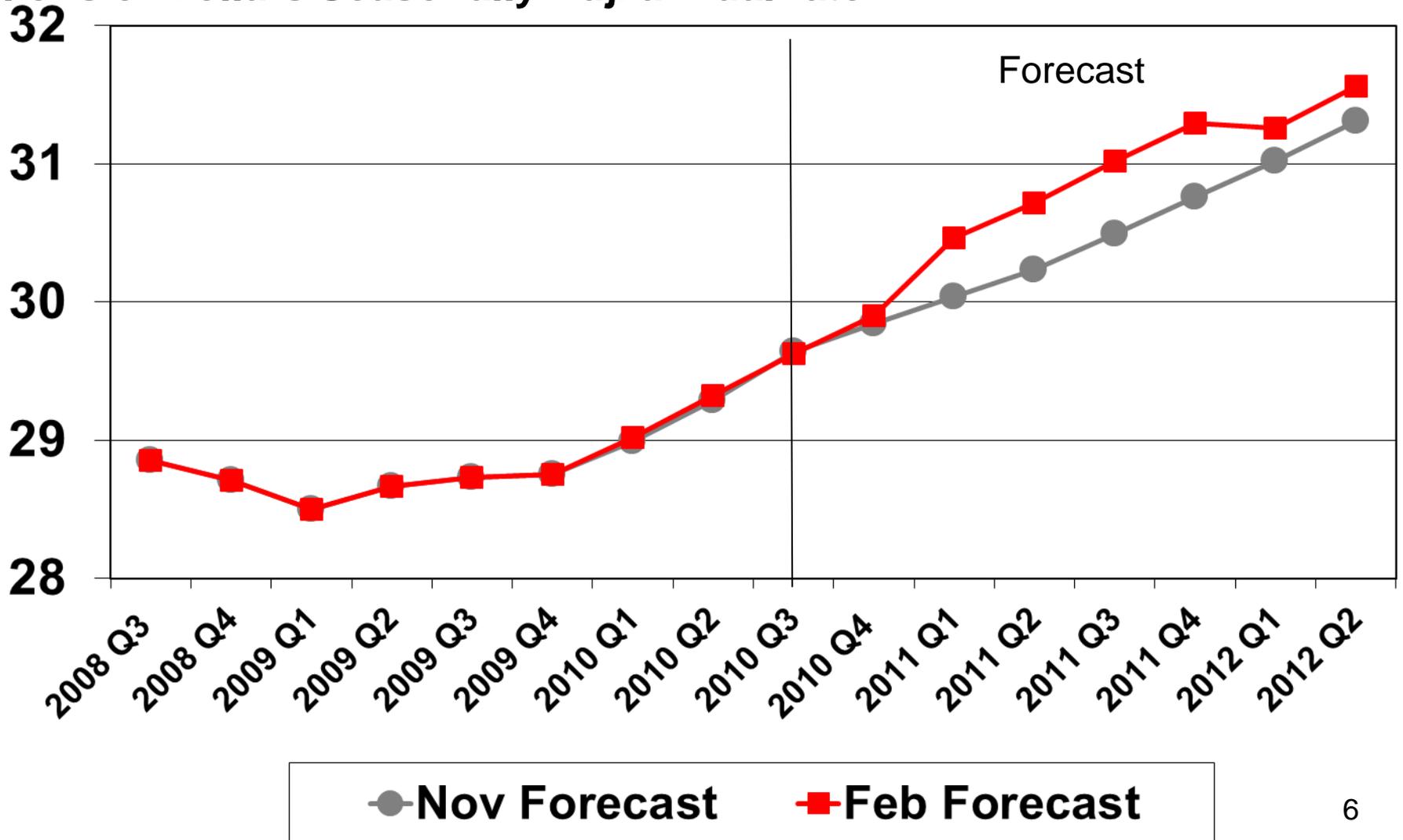
Jan 2011 preliminary

2008 Q3 2008 Q4 2009 Q1 2009 Q2 2009 Q3 2009 Q4 2010 Q1 2010 Q2 2010 Q3 2010 Q4 2011 Q1 2011 Q2 2011 Q3 2011 Q4 2012 Q1 2012 Q2



# SD Nonfarm Income forecast has improved

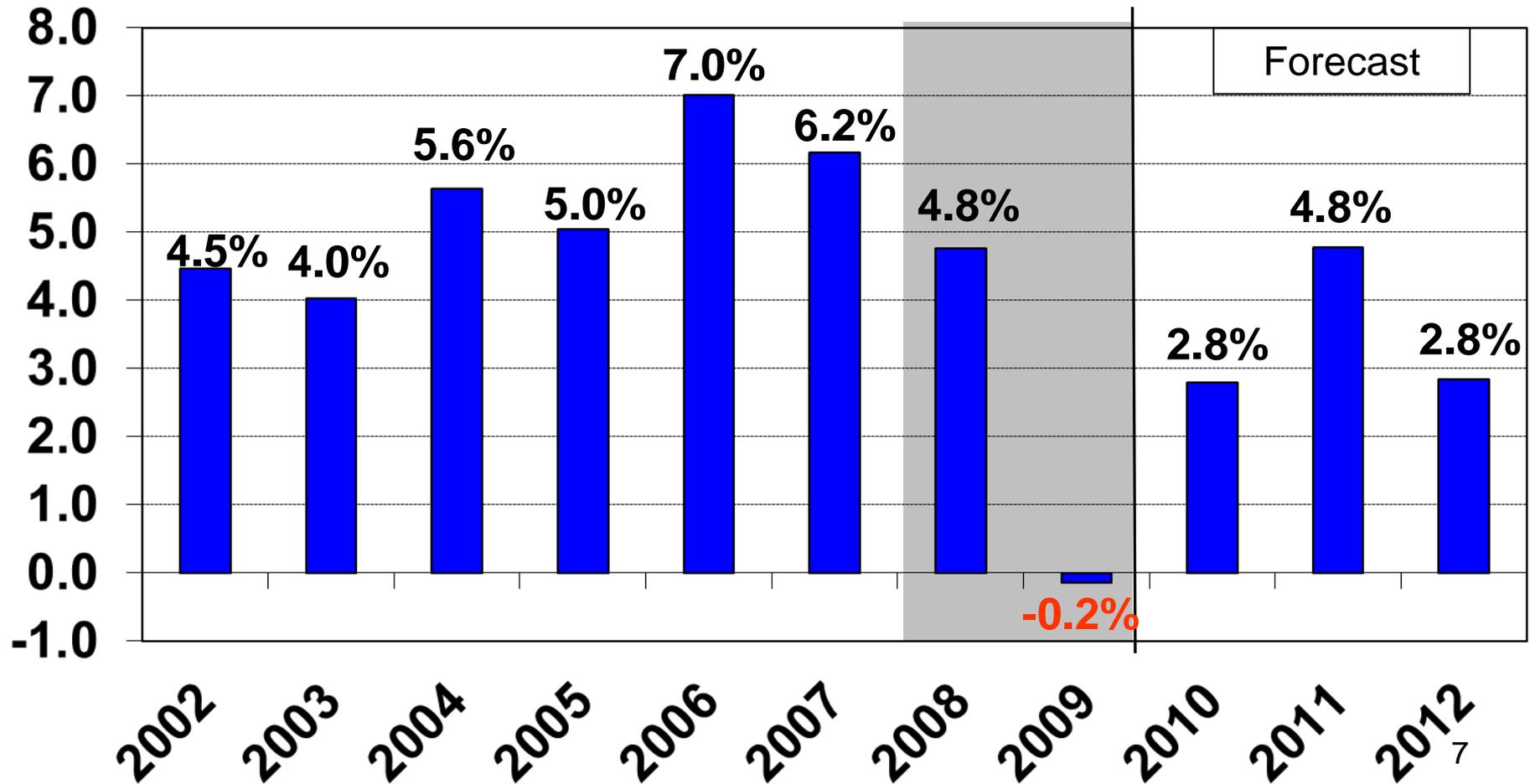
Billions of Dollars Seasonally Adj. annual rate



# SD Nonfarm Income Growth higher for 2011, but softer in 2012

Avg. Growth 2001-2009 = 4.6%

Percent



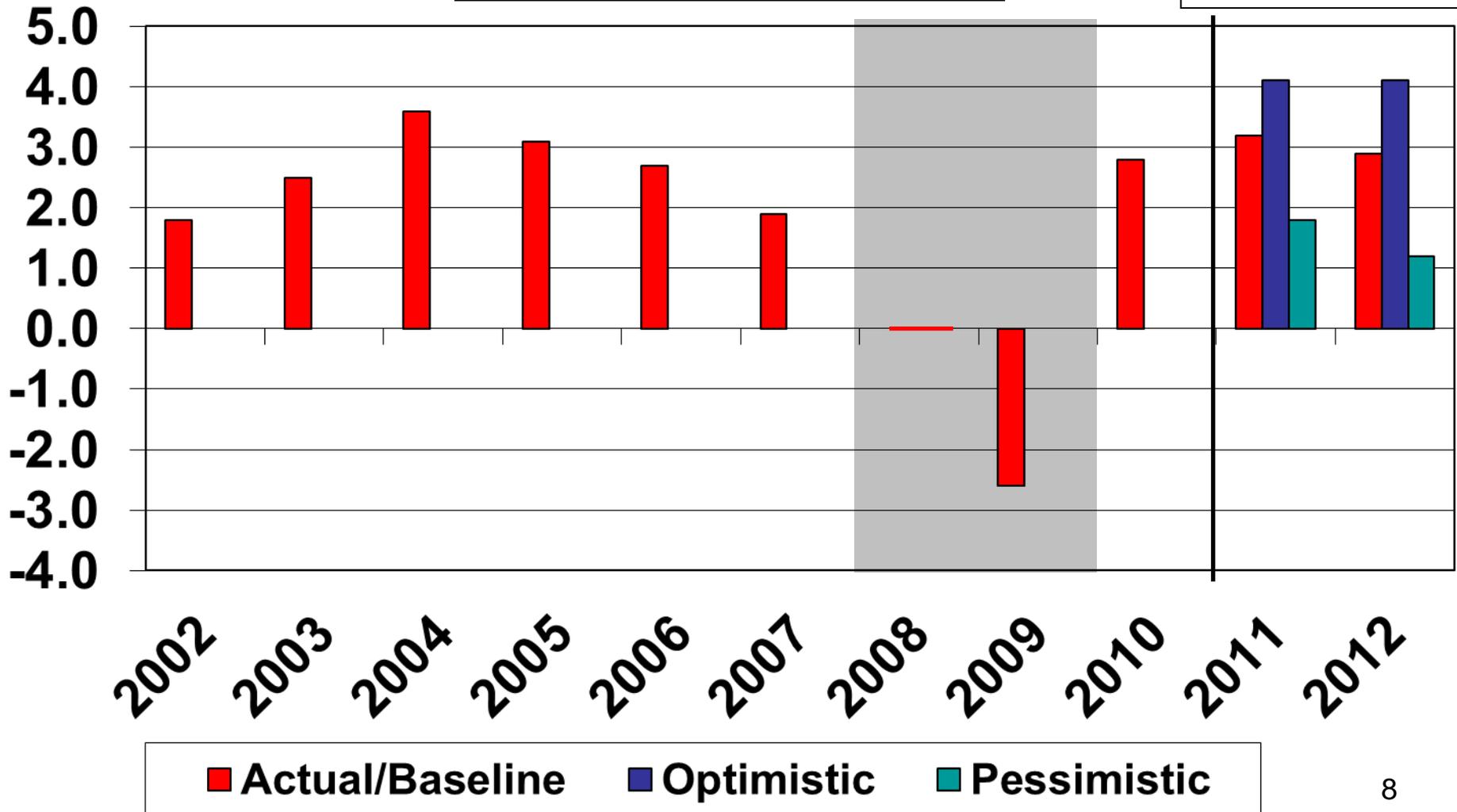
Source: IHS Global Insight & SD Econometric Model

# IHS Global Insight's Forecast for US GDP Growth for 2011 and 2012

Percent

Real GDP Growth

Feb. Forecast



# Summary

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- The economic recovery is expected to continue as positive and negative risks are roughly balanced.
- Consumer spending was good for the holiday season, but growth will remain subdued as debt burdens remain high, credit remains tight, and job creation continues to be slow.
- The economy is still vulnerable to external shocks such as increases in oil prices.
- Inflation is expected to remain relatively low over the forecast period as there continues to be excess capacity in the economy.