The US and South Dakota Economies

Presented to Joint Appropriations Committee
March 8, 2010
Key Variables used in forecasting and tracking the economy

- Nonfarm Employment
- Unemployment Rate
- Nonfarm Income
- Real GDP
Monthly Y/Y Percent change in Nonfarm Employment SD vs US

Source: Bureau of Labor Statistics
Unemployment Rates have stabilized
SD’s rate is still well below the US’s

Source: BLS
March ‘09 vs. Nov. ‘09 vs Feb. ‘10
Forecast for SD Nonfarm Employment

Thousands of Jobs – Seasonally Adjusted

Forecast

Source: IHS Global Insight & SD Econometric Model
March ‘09 vs. Nov. ‘09 vs Feb. ‘10
Forecast for SD Nonfarm Income

Billions of Dollars Seasonally Adj. annual rate


Source: IHS Global Insight & SD Econometric Model
SD Nonfarm Income Growth forecast to be below average levels

Avg. Growth 2000-2008 = 5.4%

Source: IHS Global Insight & SD Econometric Model
Global Insight’s Forecast for US GDP Growth indicates uncertainty in ’10 and ‘11

Source: IHS Global Insight
The worst should be behind us, but economic recovery is expected to be slow

- Consumer spending will be weak as debt burdens are high, wealth has been depleted, credit remains tight, and job creation will be slow.
- Uncertainty remains on how the economy will perform when the economic stimulus funds begin to fade in late 2010 and early 2011.
- According to IHS Global Insight’s February forecast, the probability of a “V” shaped recovery is 20% and the probability of a “double-dip” recession is 15%.

Source: IHS Global Insight