



Third Quarter 2016

PUBLISHED BY NORTHERN STATE UNIVERSITY SCHOOL OF BUSINESS

INDICATORS

Employment (SA)



vs. prior qtr.



vs. prior year

New Entity Filings



vs. prior qtr.



vs. prior year

Personal Income



vs. prior qtr.



vs. prior year

Unemployment



vs. prior qtr.



vs. prior year

EMPLOYMENT FORECASTS



Q4 2016 vs. Q3 2016



Q4 2016 vs. Q4 2015



Q1 2017 vs. Q4 2016

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South Dakota continues to show strength

South Dakota's economy continued its positive trends in the 3rd quarter of 2016.

However, state economists report that its most recent measure of farm income fell from \$2.6 billion in 2014 to \$1.1 billion in 2015, a decrease of \$1.5 billion. This seems to track in direct line with the continuing decline in prices of corn and flat prices of soybeans. New Entity filings are tracking in line with what appears to be a slowing growth of the South Dakota economy, falling for the second straight quarter.

The Story of the Quarter was the selection of Donald Trump and Hillary Clinton to represent their respective parties in the upcoming presidential election. Movement in stock indexes could be measured after debates reflecting traders perceptions of the pros and cons of each of the candidates being elected into office. Despite achieving its stated targets for inflation and unemployment and its suggestion of three rate increases in 2016, the Federal Reserve chose not to raise rates in Q3, opting to push the potential decision until December. This has left investors to wonder if the economy isn't truly strong enough to support even a mild rate increase.

But for Brexit, the world's economies seem to have found ways to deal with what were knee-jerk reactions to news. Within the past two years, markets were reacting negatively almost daily on news of Greek debt, the slowing Chinese economic engine, and the massive drops in the price of crude oil. The current news of China's continuing growth pull back, South American Country's hitting troubled times, OPEC (The Organization of the Petroleum Exporting Countries) threatening to push the price of oil up among many have been not met with panic. The world's markets seem less concerned and less prone to violent reaction.

China GDP Annual Growth Rate



Source: National Bureau of Statistics of China

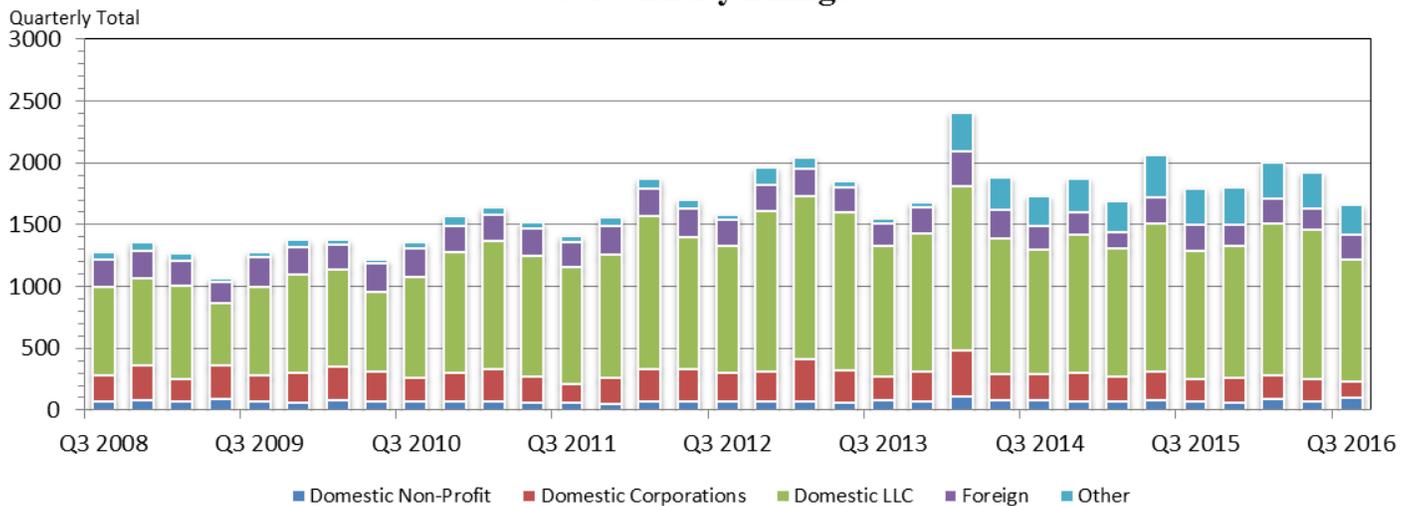
Secretary's Minute



The South Dakota Secretary of State's office is excited to announce that starting Monday, November 14th you will be able to file your business entity filings online with our new system. The functions available right away for online processing are LLC Formations, Filing of Annual Reports, Statements of Change of Registered Agent or Registered Office, Certificates of Good Standing/Existence, Business Searches, and Name Availability Searches. We are working towards the online processing for other areas such as Corporation Formations, Nonprofit Formations, Reinstatements and online certified copies. Please check out our new online system through which you will be able to file your documents in less than five minutes at www.SDSOS.gov.

Shantel Krebs

New Entity Filings



	Current Period	3 months Prior	Prior Year	Percent Change over Prior Year	5 Year CAGR*
New Entity Filings					
Domestic Limited Liability Company	991	1,202	1,031	-3.9%	1.1%
Domestic Nonprofit Corporation	95	69	71	33.8%	11.1%
Domestic Business Corporation	136	185	183	-25.7%	-3.1%
Other Entity Types	443	465	504	-12.1%	11.9%
Total New Entity Filings	1,665	1,921	1,789	-6.9%	3.5%
Total New Entity Filings-12 mo. trailing	7,387	7,511	7,410	-0.3%	3.8%
Other Business Filings					
Trademarks	105	78	79	32.9%	2.2%
Trademarks-12 mo. trailing	429	403	379	13.2%	-3.1%
Fictitious Business Names (DBA)	932	984	859	8.5%	5.0%
Fictitious Business Names (DBA)-12 mo. trailing	3,891	3,818	3,652	6.5%	3.1%

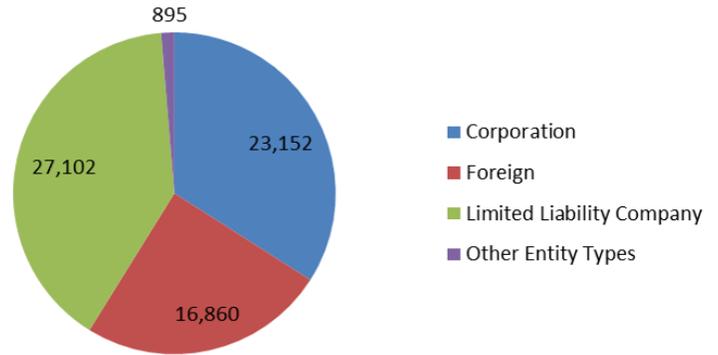
* Compound Annual Growth Rate

Entities in Good Standing, Trademark & Fictitious Business Name (DBA) Filings

Limited Liability Companies make up 40% of entities in Good Standing.

An entity must file paperwork each year to ensure they remain in Good Standing. At the end of Q3 2016, 68,009 entities were in Good Standing with the Secretary of State's office.

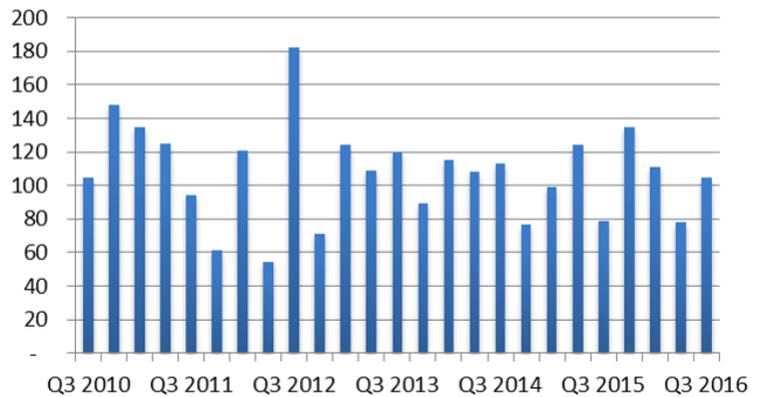
Entities in Good Standing



Trademark filings increased in Q3 2016.

Safeguarding the symbols and words that an entity utilizes in commerce, trademark filings numbered 105 in Q3 2016, a 34.6% increase over the prior quarter. Trademark filings for the 12 months ending Q3 2016 totaled 429, which was an increase of 13.2% from the previous year's number.

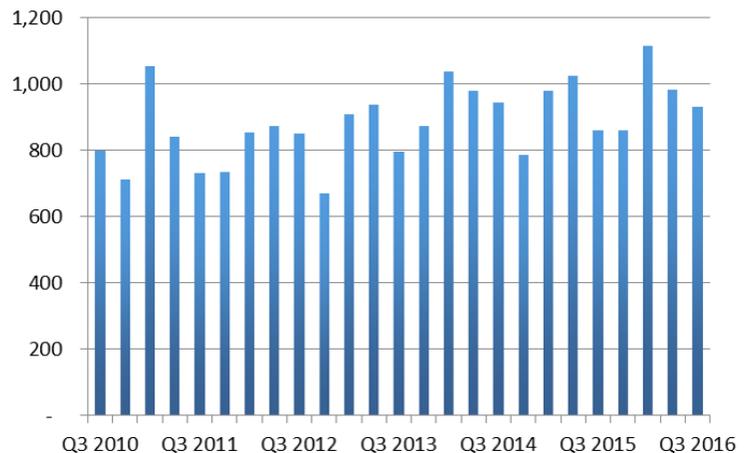
Trademark Filings



Fictitious Business Name (DBA) filings decreased in Q3 2016.

Entities must file a fictitious name statement when operating under any name other than their true name. The South Dakota Secretary of State received 932 fictitious business name filings in Q3 2016, a decrease of 5.3% over the prior quarter. Fictitious business name filings for the 12 months ending Q3 2016 totaled 3,891 which was 6.5% higher than the previous year's number.

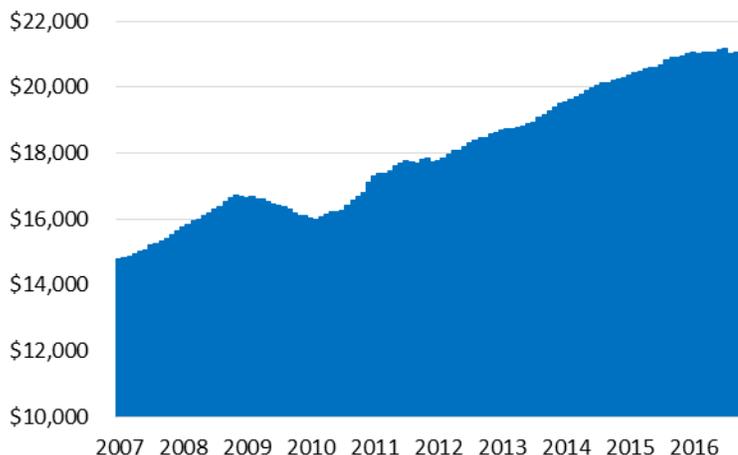
Fictitious Business Name (DBA) Filings



South Dakota Economic Indicators

South Dakota Taxable Sales

12-Month Rolling Sum, in millions



Source: South Dakota Department of Revenue

For the 3rd quarter in a row, South Dakota claimed the nation's best unemployment rate at 2.9%, however, it shared the best rate with the state of New Hampshire. Our neighbor states to the north and south came in second and third, respectively. Personal income grew slightly over the prior year, with total sales falling slightly over the same time period. The unemployment rate fell by 6.5% versus the prior year while initial and continuing claims both rose by double digits over the same period. Total employment grew by 2.5% versus prior year. These seeming contradictory statistics are likely rooted in the very complex method unemployment is calculated; as a whole, because employment is growing, it can be reasonably concluded that more people are entering or reentering the workforce, resulting in small increases in continuing or initial claims.

Overall, the economy in South Dakota appears stable, although as previously mentioned, there are small indications that the continuing lag in crop prices may be putting pressure on the economy.

SOUTH DAKOTA	Current Period	3 Months Prior	Percent Change over Prior Period	Annual Percent Change	5 Year CAGR*
Wealth					
Personal Income (millions of dollars)	41,082	39,254	4.7%	0.3%	2.4%
Total Sales, 12 mo. trailing (millions of dollars)	68,128	67,703	0.63%	-0.1%	2.6%
Taxable Sales, 12 mo. trailing (millions of dollars)	21,045	21,148	-0.5%	0.7%	3.5%
Business Outlays					
Average Weekly Wage per Employee	771	832	-7.3%	1.2%	3.2%
Retail Gasoline Price (dollars per gallon)	2.24	2.38	-5.9%	-7.1%	-8.4%
Economic Overview					
Employment	438,800	433,900	1.1%	2.5%	1.4%
Unemployment Rate	2.9%	2.5%	16.0%	-6.5%	-8.8%
Initial Jobless Claims	239	220	8.6%	24.5%	-3.9%
Continuing Jobless Claims	1,046	1,445	-27.6%	11.5%	-11.4%
Building Permits, Number of Units, 12 mo. trailing	5,206	5,049	3.1%	15.4%	13.3%
Valuation (thousands of dollars), 12 mo. trailing	800,202	765,474	4.5%	19.8%	13.5%
FHFA Purchase-Only Home Price Index	265	264	0.4%	4.7%	4.1%
Total Business Bankruptcy Filings	10	4	150.0%	0.0%	-19.7%
Chapter 7	5	2	150.0%	-28.6%	-26.3%
Chapter 11	-	-	-	-	-
Chapter 13	4	-	-	100.0%	-4.4%

Sources: Bureau of Economic Analysis, Quarterly Personal Income (SA) (Q2/16); South Dakota Department of Revenue (NSA) (9/16); South Dakota Department of Labor and Regulation (SA) (Q1/16); US Energy Information Administration, Weekly Retail Gasoline and Diesel Prices, Midwest (9/26/16); Bureau of Labor Statistics, CES (SA) (9/16); US Department of Labor, Employment and Training Administration (NSA) (10/1/16); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (8/16); FHFA Purchase-Only Home Price Index (SA) (Q2/16); Administrative Office of the US Courts (Q2/16). *Compound Annual Growth Rate.

US GDP Growth Rate



Source: US Bureau of Economic Analysis

National Economic Indicators

Nationally, despite the national GDP growth continuing to be in a stall, the majority of national indicators show positive signs.

Personal Income and Retail Sales showed positive increases both in comparison to the prior year and prior quarter, although Average Weekly Wage per Employee decreased. The employment outlook continues to be positive, posting mostly favorable results in most categories. As with the State of South Dakota, it is difficult to truly gauge conflicting results; most economists attribute the gains in employment with decreasing continuing and initial claim results and increasing labor participation rates. In short, when the economy and employment were bad, individuals that gave up looking for work are no longer counted in the unemployment figures. As they reenter the

labor force, they will tend to temporarily displace other workers, while real employment rates are increasing. As the election has overtaken much of the business and economic commentary these days, it has created some uncertainty in the market place. The primary concerns of employers are the potential for increasing taxes (through the Affordable Care Act or directly), regulation, and the overall health of the world economy.

NATIONAL	Current Period	3 Months Prior	Percent Change over Prior Period	Annual Percent Change	5 Year CAGR*
Wealth					
Personal Income (billions of dollars)	15,901	15,733	1.1%	3.2%	3.8%
Retail Sales, 12 mo. trailing (billions of dollars)	5,430.8	5,397.7	0.6%	2.4%	3.7%
S&P 500	2,168.3	2,098.9	3.3%	12.9%	13.9%
Business Outlays					
Average Weekly Wage per Employee	1,043	1,082	-3.6%	-0.5%	2.2%
Consumer Price Index	241.0	239.9	0.5%	1.5%	1.2%
Energy	192.2	189.8	1.3%	-2.9%	-5.0%
Transportation Services	300.3	300.8	-0.2%	2.9%	2.1%
Retail Gasoline Price (dollars per gallon)	2.33	2.43	-4.1%	-3.7%	-8.2%
Economic Overview					
Real Gross Domestic Output (billions of chained 2009 dollars)	16,525	16,515	0.1%	0.9%	-
Employment (in thousands)	144,747	144,175	0.4%	1.7%	1.8%
Unemployment Rate	5.0%	4.9%	2.0%	-2.0%	-11.1%
Initial Jobless Claims	254,000	258,000	-1.6%	-8.3%	-9.0%
Continuing Jobless Claims	2,062,000	2,167,000	-4.8%	-6.9%	-11.1%
Building Permits, Number of Units, 12 mo. trailing	1,168,500	1,187,000	-1.6%	2.0%	14.4%
Valuation (millions of dollars), 12 mo. trailing	226,117	224,940	0.5%	7.5%	17.6%
FHFA Home Price Index	231.0	228.2	1.2%	5.6%	5.4%
Total Business Bankruptcy Filings	6,537	6,227	5.0%	6.0%	-11.9%
Chapter 7	3,760	3,885	-3.2%	-7.3%	-15.4%
Chapter 11	1,996	1,596	25.1%	35.4%	-4.9%
Chapter 13	591	578	2.2%	17.3%	-7.7%

Sources: Bureau of Economic Analysis, Quarterly Personal Income (SA) (Q2/16); US Census Bureau (NSA) (Q3/16); Yahoo Finance (9/30/16); Bureau of Labor Statistics, QCEW (NSA) (Q1/16); Bureau of Labor Statistics, All Urban Consumers, US City Average (SA) (Q3/16); US Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (9/26/16); Bureau of Economic Analysis (SA) (Q2/16); Bureau of Labor Statistics, CES (SA) (9/16); US Department of Labor, Employment and Training Administration (SA) (9/24/16); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (8/16); FHFA Purchase-Only Home Price Index (SA) (Q2/16); Administrative Office of the US Courts (Q2/16). *Compound Annual Growth Rate.



The *Quarterly Business & Economic Indicators*, produced by Northern State University on behalf of the South Dakota Secretary of State, in conjunction with MacKenzie Madison Analytics, reports on the correlations between various business filing data and economic metrics. The Labor Market Information Center of the South Dakota Department of Labor and Regulation is a contributing partner of the *Quarterly Business & Economic Indicators* report.