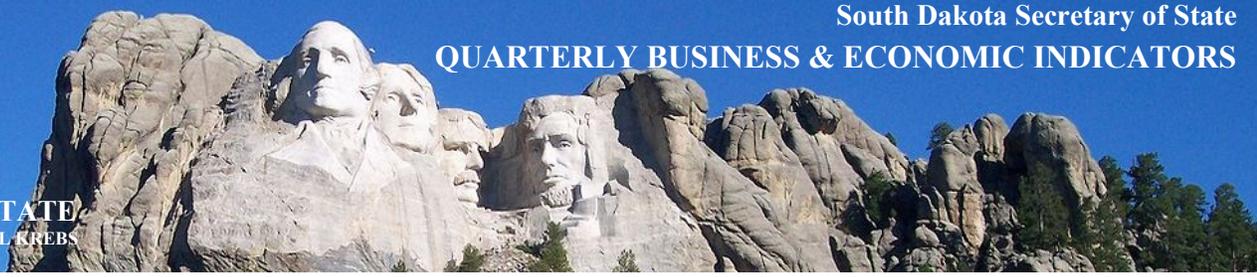




SOUTH DAKOTA
SECRETARY OF STATE
SHANTEL KREBS



First Quarter 2015

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



Q2 2015 vs. Q1 2015



Q2 2015 vs. Q2 2014



Q3 2015 vs. Q3 2014

Shantel Krebs
South Dakota Secretary of State
State Capitol
500 East Capitol Avenue
Pierre, SD 57501-5070

Indicators Pointing North

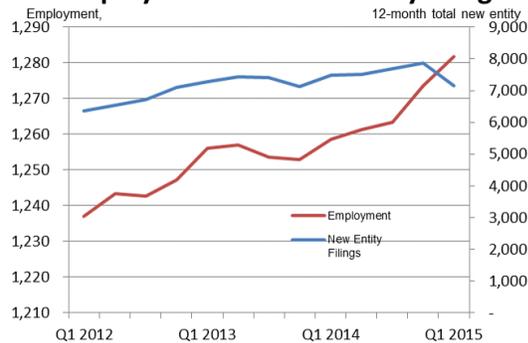
Business Filings Dip, Other Indicators Positive. While not always correlative in every quarter, improved business filings are typically indicative of improving economic conditions. Q1 2015 opened with slight declines in new entity filings in comparison to both the prior quarter and prior year. However, both employment and personal incomes grew during the same comparison periods.

The Fed and Interest Rates Dominate Conversation. While the fed's decision to keep rates at historic lows was welcomed by markets, the language of the meeting hinted that the Fed could be moving rates north in the near term. New Chairwoman Yellen has promised unprecedented transparency and forewarning in advance of any raise of rates so as to not shock markets, and, has promised only smooth upticks. While most economists predicted a rate raise in the first quarter, it now looks to be September at the earliest.

Do Interest Rates matter in South Dakota? While most people consider interest rates to be impactful in their equipment, home and car buying decisions, interest rates also have an impact on crop prices.

Nationally, the Economy is being impacted more by International Events than Domestic Positives. Most indicators nationally are continuing their upward move. Recent international economic events, including the melt down happening in Russia, slowing growth in China, and the continuing lack of resolution of the Greek economic woes in Europe, all have tempered the positive signs in GDP, employment growth and corporate profits in the United States. The continuing problems in Europe have led to negative, as in below zero, interest rates in stable currency markets like Switzerland. At the same time, Russia resorted to junk-bond like rates in an effort to prop its failing currency.

Employment and New Entity Filings



Note: Red line displays actual seasonally adjusted employment numbers. Source: Seasonally adjusted South Dakota total nonfarm employees from the Bureau of Labor Statistics and the Labor Market Information Center, SD Department of Labor.

Secretary's Minute



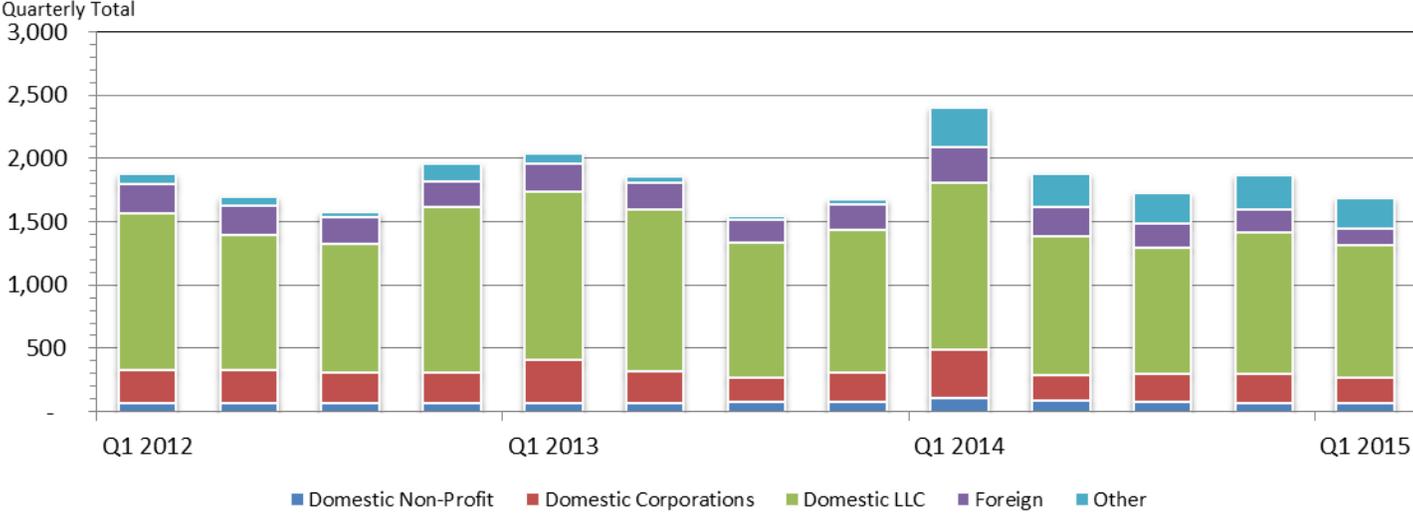
I want to thank Northern State University School of Business for partnering with the Secretary of State's office to create this Economic Indicator Report.

Entrepreneurship was instilled in me at a young age by my parents and family who were agricultural producers and business owners in Kingsbury County. As a former retail business owner in downtown Sioux Falls, I understand the benefit to businesses that these reports serve as a barometer and a way to put the strength of our state's economy in perspective.

The Secretary of State's office files corporate filings and is one of the first government offices an entrepreneur will come in contact with during the business startup phase. We feel it is meaningful for new business entrepreneurs, longstanding business owners and the public to have this information readily available in a practical form.

Shantel Krebs

New Entity Filings



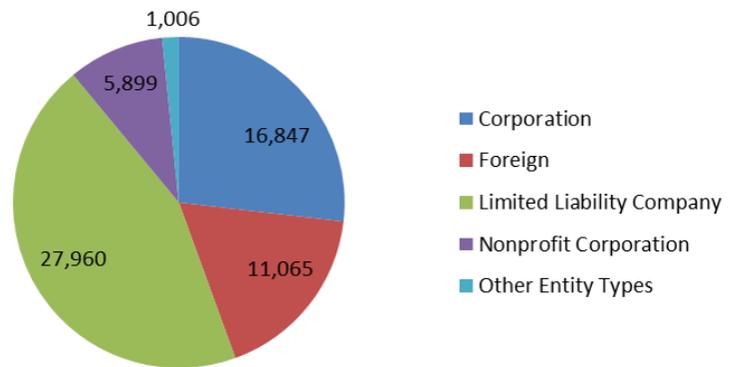
	Q1 2015	Q4 2014	Q1 2014	Percent Change over Prior Year		5 Year CAGR*	
New Entity Filings							
Domestic Limited Liability Company	1,040	1,114	1,323	-21.4%	▼	5.8%	▲
Domestic Nonprofit Corporation	65	67	111	-41.4%	▼	-4.3%	▼
Domestic Business Corporation	205	233	374	-45.2%	▼	-5.5%	▼
Other Entity Types	376	456	595	-36.8%	▼	9.5%	▲
Total New Entity Filings	1,686	1,870	2,403	-29.8%	▼	4.2%	▲
Total New Entity Filings-12 mo. trailing	7,166	7,883	7,486	-4.3%	▼	7.1%	▲
Other Business Filings							
Trademarks	99	77	115	-13.9%	▼	-	-
Trademarks-12 mo. trailing	397	413	433	-8.3%	▼	-	-
Trade Names	981	786	1,037	-5.4%	▼	2.6%	▲
Trade Names-12 mo. trailing	3,692	3,748	3,643	1.3%	▲	4.4%	▲

* Compound Annual Growth Rate

Entities in Good Standing, Trademark & Trade Name Filings

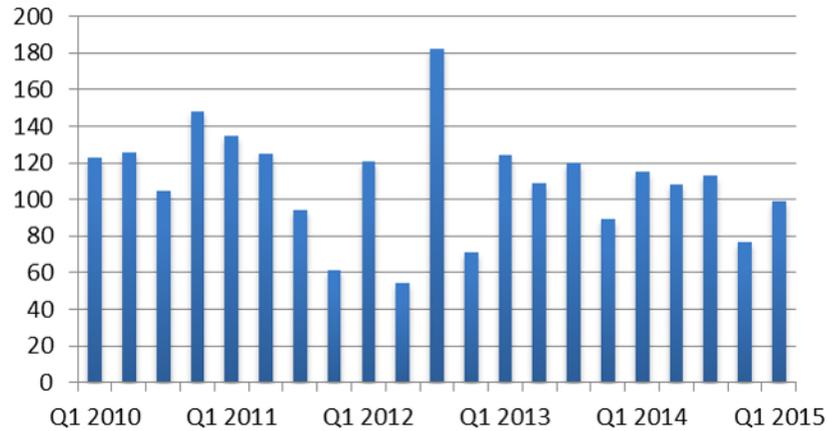
Limited Liability Companies make up 45% of entities in good standing. An entity must file paperwork each year to ensure they remain in good standing. At the end of Q1 2015, 62,777 entities were in good standing with the Secretary of State's office.

Entities in Good Standing



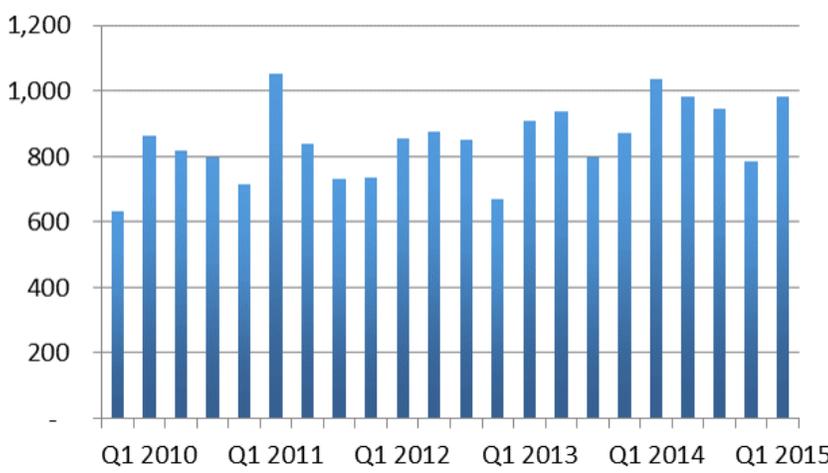
Trademark filings increased in Q1 2015. Safeguarding the symbols and words that an entity employs in commerce, trademark filings numbered 99 in Q1 2015, a 28.6% increase over the prior quarter. Trademark filings for the 12 months ending Q1 2015 totaled 397, which was 8.3% lower than the previous year's number.

Trademark Filings

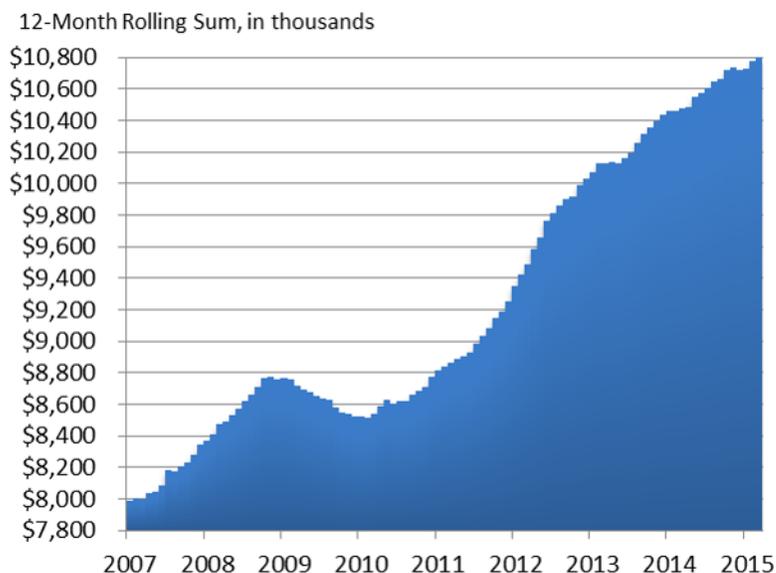


Trade name filings increased in Q1 2015. Entities must file a statement of trade name when operating under any name other than their true name. The South Dakota Secretary of State received 981 trade name filings in Q1 2015, an increase of 24.8% over the prior quarter. Trade name filings for the 12 months ending Q1 2015 totaled 3,692, which was 1.3% higher than the previous year's number.

Trade Name Filings



South Dakota Taxable Sales



Source: South Dakota Department of Revenue

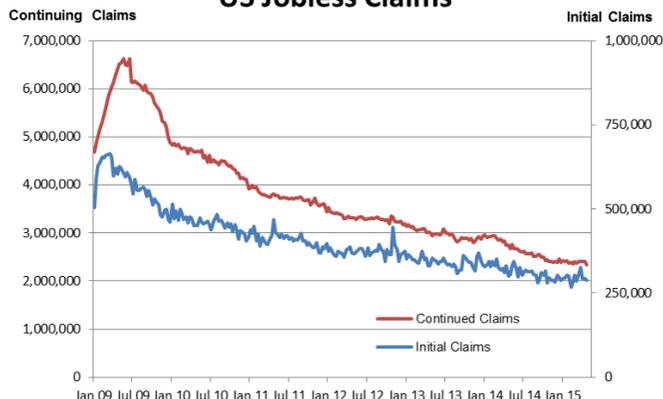
South Dakota Economic Indicators

How do Interest Rates Impact us in South Dakota? The impact of interest rates on South Dakota's economy can be wide. Beyond impairing purchases of durable goods, the impact to crop prices can prove even more burdensome. At least part of the continued lag in crop prices is the result of the strong dollar. In an environment of a strong relative dollar, crops become more expensive to our foreign trading partners, which diminishes demand, and ultimately the crops price. While only roughly 20% of South Dakota's corn is exported, the impact a strong dollar has to the market as a whole is where the pinch is felt. Overall, the state retains its "old reliable" status in most economic categories, still maintaining one of the lowest unemployment rates in the U.S. As crop prices go, so goes the state of South Dakota. Recent headlines to forecasts the state's revenue are indicative of the phenomena.

SOUTH DAKOTA	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5 Year CAGR*	
Wealth								
Personal Income (millions of dollars)	39,948	39,652	0.7%	▲	3.0%	▲	4.6%	▲
Retail Sales, 12 mo. trailing (millions of dollars)	27,687	27,850	-0.6%	▼	8.8%	▲	5.8%	▲
Taxable Sales, 12 mo. trailing (millions of dollars)	10,799	10,716	0.8%	▲	3.1%	▲	4.8%	▲
Business Outlays								
Annual Wages per Employee	9,529	9,256	2.9%	▲	3.7%	▲	3.0%	▲
Retail Gasoline Price (dollars per gallon)	2.38	2.04	16.7%	▲	-34.4%	▼	-3.5%	▼
Economic Overview								
Employment (in thousands)	427,300	424,500	0.7%	▲	1.2%	▲	1.3%	▲
Unemployment Rate	3.5%	3.3%	6.1%	▲	0.0%	-	-7.3%	▼
Initial Jobless Claims	257	601	-57.2%	▼	-7.6%	▼	-13.1%	▼
Continuing Jobless Claims	3,686	2,752	33.9%	▲	-7.1%	▼	-13.9%	▼
Building Permits, Number of Units, 12 mo. trailing	4,942	4,674	5.7%	▲	-4.2%	▼	7.6%	▲
Valuation (thousands of dollars), 12 mo. trailing	735,999	698,446	5.4%	▲	3.8%	▲	10.5%	▲
FHFA Purchase-Only Home Price Index	253	247	2.6%	▲	4.3%	▲	2.6%	▲
Total Business Bankruptcy Filings	13	8	62.5%	▲	-7.1%	▼	-13.6%	▼
Chapter 7	11	7	57.1%	▲	22.2%	▲	-12.9%	▼
Chapter 11	-	-	-	-	-	-	-100.0%	▼
Chapter 13	2	1	100.0%	▲	-33.3%	▼	-	-

Sources: Bureau of Economic Analysis, Quarterly Personal Income (SA)(Q4/14); South Dakota Department of Revenue (NSA) (2/15); South Dakota Department of Labor and Regulation (SA) (Q3/14); US Energy Information Administration, Weekly Retail Gasoline and Diesel Prices, Midwest (4/6/15); Bureau of Labor Statistics, CES (SA) (2/15); US Department of Labor, Employment and Training Administration (NSA) (3/7/15); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (2/15); FHFA Purchase-Only Home Price Index (SA) (Q4/14); Administrative Office of the US Courts (Q4/14). *Compound Annual Growth Rate.

US Jobless Claims



Source: US Department of Labor, Employment and Training Administration (SA)

National Economic Indicators

Currency Wars? The dominant headlines of Q1 2015 were focused around the roles of the central banks in supporting their economies. Switzerland furthered its unbelievable step in reducing its key interest rate below zero. Partially in an effort to encourage domestic lending, partially in an effort to deflate the Swiss Franc, and partially to “unpeg” its currency from the Euro, the move resulted in a dramatic decline in the value of the Franc against most currencies. The European Central Bank has now undertaken an American approach to Quantitative Easing in an effort to spur growth. Russia initiated a midnight move to move their central rates up dramatically, although the result was minimal. Where the role of the central banks has historically been to act as an economic HVAC, cooling and heating where

and when appropriate, they are acting with great awareness of the role they play in deflating their currencies in support of their sensitive economies. Some financial columnists have labelled their efforts as Currency Wars. Indeed, our own Warren Buffet has gone on record to say the U.S. economy cannot afford an interest rate rise because of the resultant impact to an already strong dollar, under the theory that a strong dollar stifles exports. While Buffet’s comments prior to the February Fed meeting may have been self-serving, the reality is that central banks appear to be very conscious of their moves in protecting their economies.

NATIONAL	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5 Year CAGR*	
Wealth								
Personal Income (billions of dollars)	14,958	14,811	1.0%	▲	4.5%	▲	4.3%	▲
Retail Sales, 12 mo. trailing (billions of dollars)	5,291.1	5,249.0	0.8%	▲	4.1%	▲	5.2%	▲
S&P 500	2,100.4	2,022.6	3.8%	▲	12.2%	▲	11.7%	▲
Business Outlays								
Annual Wages per Employee	50,883	50,544	0.7%	▲	2.2%	▲	3.0%	▲
Consumer Price Index	235.2	237.1	-0.8%	▼	-0.1%	▼	1.6%	▲
Energy	200.6	230.9	-13.1%	▼	-18.9%	▼	-0.9%	▼
Transportation Services	288.8	287.0	0.6%	▲	2.2%	▲	2.4%	▲
Retail Gasoline Price (dollars per gallon)	2.50	2.31	8.2%	▲	-31.9%	▼	-2.8%	▼
Economic Overview								
Real Gross Domestic Output (billions of chained 2009 dollars)	16,295	16,206	0.5%	▲	2.4%	▲	2.3%	▲
Employment (in thousands)	141,183	140,592	0.4%	▲	2.3%	▲	1.7%	▲
Unemployment Rate	5.5%	5.6%	-1.8%	▼	-1.1%	▼	-4.4%	▼
Initial Jobless Claims	293,000	289,000	1.4%	▲	-9.3%	▼	-9.1%	▼
Continuing Jobless Claims	2,399,000	2,388,000	0.5%	▲	-15.6%	▼	-12.8%	▼
Building Permits, Number of Units, 12 mo. trailing	1,050,692	1,028,819	2.1%	▲	6.9%	▲	12.8%	▲
Valuation (millions of dollars), 12 mo. trailing	194,172	189,787	2.3%	▲	9.6%	▲	15.0%	▲
FHFA Home Price Index	214.0	211.1	1.4%	▲	4.9%	▲	2.2%	▲
Total Business Bankruptcy Filings	6,219	6,355	-2.1%	▼	-17.7%	▼	-16.2%	▼
Chapter 7	4,381	4,344	0.9%	▲	-16.1%	▼	-16.2%	▼
Chapter 11	1,238	1,363	-9.2%	▼	-24.6%	▼	-17.2%	▼
Chapter 13	510	557	-8.4%	▼	-12.7%	▼	-13.6%	▼

Sources: Bureau of Economic Analysis, Quarterly Personal Income (SA) (Q4/14); US Census Bureau (NSA) (2/15); Yahoo Finance (04/20/15); Bureau of Labor Statistics, QCEW (NSA) (Q3/14); Bureau of Labor Statistics, All Urban Consumers, US City Average (SA) (02/15); US Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (04/06/15); Bureau of Economic Analysis (SA) (Q4/14); Bureau of Labor Statistics, CES (SA) (Q1/15); US Department of Labor, Employment and Training Administration (SA) (3/07/15); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (2/15); FHFA Purchase-Only Home Price Index (SA) (Q4/14); Administrative Office of the US Courts (Q4/14).
*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.