

**Interview with Goss can be seen at:**

<https://youtu.be/IQYCS4AjLZk>

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### **Mid-America Economy in Like a Lion:**

#### **Jobs, Inflation and Exports Soared**

#### **February survey highlights:**

- The Business Conditions Index moved above growth neutral for the 15th straight month, pointing to healthy growth for the next three to six months.
- The employment index advanced to a very healthy level. Over the last 12 months, regional manufacturing has expanded by 2.3 percent compared to a 1.5 percent for U.S.
- Inflation gauge indicated elevated wholesale inflation. Fed rate hikes ahead.
- Approximately 60 percent of firms expect to add workers over the next six months.
- Exports and imports rose sharply.

OMAHA, Neb. (March 1, 2018) – The February Creighton University Mid-America Business Conditions Index, a leading economic indicator for the nine-state region stretching from Arkansas to North Dakota, jumped to a very healthy reading pointing to healthy growth for the next three to six months.

**Overall index:** The Business Conditions Index, which ranges between 0 and 100, expanded to a very healthy 59.7 from January's 57.3. This is the 15th 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 durable, nondurable and nonmanufacturing sectors in the region are experiencing very healthy growth in business activity. At this point in time, according to our surveys, Mid-America manufacturing firms are outperforming their U.S. counterparts. However, government data indicate that U.S. nonmanufacturing activity is exceeding that of Mid-American nonmanufacturing firms," 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 February employment index jumped to 59.4 from 52.3 in January. “Over the past 12 months, regional manufacturing employment has expanded by 2.4 percent compared to U.S. manufacturing growth of a much softer 1.1 percent. Sixty percent of firms in our survey expect to add workers in the next six months,” said Goss.

**Wholesale Prices:** The wholesale inflation gauge continues to point to elevated inflationary pressures at the wholesale level. The regional inflation gauge climbed to 82.0 from January’s very strong 74.5.

“Both our regional wholesale inflation index and the U.S. inflation gauge are elevated. I expect this growth to begin to show up at the consumer level. As a result, I expect the Federal Reserve’s interest rate setting committee to raise short-term interest rates by one-quarter of one percentage point (25 basis points) at its next meeting on March 21,” said Goss.

**Confidence:** Looking ahead six months, economic optimism, as captured by the February Business Confidence dipped to strong 74.5 from January’s 80.5. “Healthy profit growth, still low interest rates, and the recently passed tax reform package pushed business confidence into a range indicating vigorous business confidence,” reported Goss.

**Inventories:** The February inventory index indicated that businesses expanded supplies of raw materials and supplies, and at a faster pace than in January. The regional inventory index for February rose to 56.7 from January’s 55.6.

**Trade:** The regional new export orders index zoomed to 64.6 from 58.1 in January, and the import index climbed to 59.3 from January’s 53.9. “A cheap U.S. dollar making U.S. goods more competitively priced abroad, and growth among U.S. trading partners, boosted regional exports while regional economic growth boosted purchases from abroad,” said Goss.

**Other components:** Components of the February Business Conditions Index were new orders at 61.7, down from 67.4 in January; the production or sales index fell to a strong 64.4 from January’s 68.2; and delivery speed of raw materials and supplies rose to 56.4 from last month’s 43.5.

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 February Business Conditions Index for Arkansas advanced to 55.4 from January’s 50.0. Components of the index from the monthly survey of supply managers were new orders at 53.4, production or sales at 65.4, delivery lead time at 47.9, inventories at 59.1, and employment at 51.2. “Average hourly earnings for Arkansas private-sector workers expanded by a solid 2.9 percent over the

past 12 months. Nondurable manufacturing in the state is growing at a very strong pace while Arkansas durable goods producers continue to expand at a slow rate,” said Goss.

**Iowa:** The February Business Conditions Index for Iowa climbed to a very healthy 59.4 from 58.0 in January. Components of the overall index from the monthly survey of supply managers were new orders at 61.5, production or sales at 63.8, delivery lead time at 56.4, employment at 59.1, and inventories at 56.1. “Average hourly earnings for Iowa private-sector workers expanded by a tepid 1.2 percent over the past 12 months. Nondurable manufacturing in the state is growing at very strong pace and Iowa durable goods producers continue to expand at an equally healthy rate,” said Goss.

**Kansas:** The Kansas Business Conditions Index for February advanced to 62.4 from December’s strong 59.6. Components of the leading economic indicator from the monthly survey of supply managers were new orders at 64.7, production or sales at 66.6, delivery lead time at 59.7, employment at 62.1, and inventories at 59.0. “Average hourly earnings for Kansas private-sector workers expanded by a tepid 1.6 percent over the past 12 months. Both nondurable manufacturing and durable goods producers in the state are expanding at a very slow pace,” said Goss.

**Minnesota:** The February Business Conditions Index for Minnesota expanded to a healthy 57.6 from January’s 55.8. Components of the overall February index from the monthly survey of supply managers were new orders at 62.2, production or sales at 59.8, delivery lead time at 51.8, inventories at 52.1, and employment at 62.2. “Average hourly earnings for Minnesota private-sector workers expanded by a solid 3.2 percent over the past 12 months. Both nondurable and durable goods firms in the state are growing a steady pace,” said Goss.

**Missouri:** The February Business Conditions Index for Missouri climbed to 58.0 from 53.6 in January. Components of the overall index from the survey of supply managers were new orders at 61.9, production or sales at 58.2, delivery lead time at 50.0, inventories at 58.8, and employment at 61.1. “Average hourly earnings for Missouri private sector-workers expanded by a very healthy 4.5 percent over the past 12 months. Durable goods manufacturers are expanding at a very strong rate while nondurable goods producers are growing at a slower, but positive pace,” said Goss.

**Nebraska:** The February Business Conditions Index for Nebraska rose to 58.3 from 53.7 in January. Components of the index from the monthly survey of supply managers were new orders at 58.1, production or sales at 65.5, delivery lead time at 58.8, inventories at 53.1, and employment at 55.8. “Average hourly earnings for Nebraska private-sector workers expanded by a very healthy 5.4 percent over the past 12 months. Nondurable goods manufacturers are expanding at a very healthy rate while durable goods producers are experiencing pullbacks in economic activity,” said Goss.

**North Dakota:** The Business Conditions Index for North Dakota climbed above growth neutral for February. The overall index from a survey of supply managers climbed to 53.3 from 49.6 in January. Components of the overall index were new orders at 54.6, production or sales at 51.7, delivery lead time at 58.3, employment at 57.8, and inventories at 43.9. “Average hourly earnings for North Dakota private-sector workers expanded by a solid 2.7 percent over the past 12 months. Both durable and nondurable goods manufacturers in the state are expanding at a slow, but positive pace,” said Goss.

**Oklahoma:** Boosted by higher oil prices, Oklahoma’s Business Conditions Index has remained above the 50.0 threshold for the last seven months. The overall index from a monthly survey of supply managers improved to 60.5 from January’s 57.8. Components of the overall February index were new orders at

62.7, production or sales at 64.8, delivery lead time at 57.6, inventories at 57.2, and employment at 60.2. “Average hourly earnings for Oklahoma private-sector workers expanded by a solid 3.3 percent over the past 12 months. Durable goods manufacturers in the states are expanding at a brisk pace while nondurable goods producers are experiencing pullbacks in economic activity,” said Goss.

**South Dakota:** The February Business Conditions Index for South Dakota slipped to a solid 56.6 from 56.8 in January. Components of the overall index from the February survey of supply managers in the state were new orders at 59.4, production or sales at 61.9, delivery lead time at 50.2, inventories at 54.2, and employment at 57.1. “Average hourly earnings for South Dakota private-sector workers improved by a tepid 1.3 percent over the past 12 months. Both durable and nondurable goods producers in the state are expanding at a healthy pace,” said Goss.

Survey results for March will be released on April 2, the first business day of the month.

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