Economic Development Data and Applications

Nebraska Department of Economic Development

Nebraska Data Users Conference: Aug 19, 2015
Introduction

• Explore important economic indicators and measures needed to make decisions or forecast the economy
• Provide sources of data
• Discuss basic applications of data
Outline of Presentation

• Key economic indicators and measures and where to find these data
• Application examples
• Links to data sources
Motivation for Indicators

• Economic growth is not a steady phenomena
  – Periods of above average growth
  – Periods of negative growth
• Business cycles are measured in terms of economic output, Gross Domestic Product
  – But all economic data is affected by business cycles
Business Cycles

• Phases of a Business Cycle
  – Peak: high point before drop
  – Recession: start of drop to trough
  – Trough: low point
  – Recovery: start of increase to previous peak
  – Expansion: previous peak to new peak
The Current Business Cycle

- Recovery 2009:Qt3—2011:Qt2
- Expansion 2011:Qt3—?
- Months from Trough: 74
- Average Months Trough to Peak: 58

Source: BEA, NBER Business Cycle Dating Committee
Economic Indicators and Data

• GDP: total value of all goods & services made in the US
  – Spending on personal consumption (≈67%)
  – Spending on Investments (≈17%)
  – Exports (≈11%)
  – Imports (≈-15%)
  – Government spending (≈20%)
Uses of GDP Data

• Best overall indicator of economy’s direction

• Businesses use GDP to
  – Develop business plans
  – Make hiring decisions
  – Forecast sales growth

• Investors use GDP to
  – Refine investment strategies
Economic Indicators and Data

• Gross State Product
• GDP is also reported by BEA for each state on an annual basis
• Federal Reserve Bank of Philadelphia calculates monthly index based on GDP to give early indication of each state’s GDP growth.
Coincident Index

Source: Federal Reserve Bank of Philadelphia
Personal Income & Spending

• Personal income is the money received by households before taxes
  – Employee compensation (57.2%)
  – Proprietor’s income (8.9%)
  – Rental income (2.8%)
  – Dividend and interest income (15.5%)
  – Transfer payments (15.6%)
Personal Income & Spending

• Disposable personal income
• Personal spending on goods and services
• Personal savings
• Per capita personal income
• Real personal income
Personal Income

Source: BEA, National Economic Accounts
Uses of Personal Income Data

• Indicator of consumers ability to spend
• Businesses uses
  – Indicator of future demand for goods & services
  – Indicator financial stress
  – Indicator of increasing or decreasing inflation
Labor Force Indicators

• Employment Situation
  – Household survey
    • Civilian labor force
    • Unemployment rate
    • Labor force participation rate
    • Employment-population ratio
    • Duration of unemployment

Source: BLS, Dept. of Labor
Unemployment Rate

Source: BLS
Employment-Population Ratio

Source: BLS
Labor Force Participation Rate

Source: BLS
Unemployment Benefits: Duration

Source: BLS
Labor Force Indicators

• Employment Situation
  – Establishment survey
    • Total nonfarm employment
    • Employment by industry
    • Average weekly hours
    • Average hourly earnings
Average Weekly Hours

Source: BLS
Average Hourly Earnings: All Employees

Source: BLS
Labor Force Indicators

• Weekly claims for unemployment insurance
  – Number of new filers for unemployment insurance
  – Overall number of workers receiving state unemployment benefits

• Job Openings and Labor Turnover Survey
  – Number of new hires and separations
Job Openings and Labor Turnover

Source: BLS
Weekly Initial Claims

Source: US Dept of Labor, Employment & Training Administration
Sources of Data

• Nebraska Department of Labor, Labor Market Information
  – State level data for Nebraska
    • Employment
    • Unemployment
    • Wages
    • Hours
Sales Indicators

• Retail sales
  – Sales by kind of retail business
  – Change in sales by kind of retail business
• Nebraska net taxable sales
  – Total sales of all goods subject to Nebraska sales tax
  – Motor vehicle and nonmotor vehicle sales
Retail Sales

- **Recession**
- **Retail & Food Services Sales**
- **Retail Sales**
- **Retail Sales Ex Motor Vehicles**

Source: US Census
### Net Taxable Sales

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Source: Nebraska Department of Revenue
Motor Vehicle Net Taxable Sales

Source: Nebraska Department of Revenue
Sales Indicators

• Housing starts and building permits
  – Number of new homes being built and permits for future construction
• New home sales
  – Number of new single-family homes sold
  – Median and average prices of new homes
Housing Starts

Source: US Census
Price Indicators

• Consumer price index (CPI)
  – Measures changes in prices of consumer goods

• Producer price index (PPI)
  – Measures changes in prices paid by businesses
CPI & PPI Price Indexes

Source: BLS
Links

• Nebraska Department of Economic Development—Research Division:
  – http://www.neded.org/business/data-a-research

• GDP data:
  – http://www.bea.gov/index.htm

• NBER Business Cycle Data:
Links

• State level GDP:

• State Coincident Indexes:
  – https://www.phil.frb.org/

• BLS Employment Situation release:
Links

• Job Openings and Labor Turnover
  – http://www.bls.gov/jlt/

• Initial Claims data:
Links

• Retail sales data:
  – http://www.census.gov/retail/index.html

• Nebraska taxable sales data:
  – http://www.revenue.nebraska.gov/

• Housing starts:
Links

• Consumer and Producer Price Indexes
  – http://www.bls.gov/cpi/
  – http://www.bls.gov/ppi/
Conclusion