Outlook and Metrics for the Midwest

SOPHIA KOROPECKYJ, MANAGING DIRECTOR

December 1, 2011
Payroll Employment—Midwest States

1-yr vs. 3-mo performance (3-mo. MA)

Improving

- West North Central
- East North Central

Expanding

- Illinois
- Michigan
- Wisconsin
- Nebraska
- North Dakota

Contracting

- Iowa
- Missouri
- Indiana
- Minnesota
- Kansas
- South Dakota

Slipping

- U.S.

Note: Size reflects relative total employment
Payroll Employment—Midwest States
1-yr vs. 3-mo performance (3-mo. MA)

Improving
- West North Central
- East North Central

Expanding
- North Dakota

Contracting
- Missouri
- South Dakota
- Wisconsin

Slipping
- Minnesota
- Kansas
- Nebraska
- Michigan
- Illinois
- Ohio
- Iowa
- U.S.

Note: Size reflects relative total employment
Capital Goods and Autos Fuel Modest Growth…

Manufacturing employment, change from national trough

Sources: BLS, Moody’s Analytics
Income Growth Reflects Commodities/Goods…

Wage and salary income growth, % change yr ago, 2011Q2

Source: BEA
Recovery Does Not Keep Up With Population

Employment to population ratio, %, October 2011

Sources: BLS, Moody’s Analytics
Employment Outlook for 2012
Total employment, 2012Q4, % change yr ago

Source: Moody’s Analytics
European Recession Would Dampen Recovery

Exports from Great Lakes States, $ bil

- **NAFTA**: 25
- **Asia**: 10
- **Europe**: 10
- **Latin America**: 3

**Sources**: Census Bureau, Moody’s Analytics
Exporting Metro Areas Are Nearly Everywhere

Exports share of GMP, %, 2008

Greater than 10.9%
Near average
Less than 3.5%

Sources: International Trade Administration, BEA, BLS, Moody's Analytics
Many Midwestern Metro Areas Now at Risk
Status as of September 2011 data

Source: Moody’s Analytics
State Finances Are Recovering…
State tax collection forecast, fiscal 2012, % change yr ago

Sources: Census Bureau, Moody’s Analytics
Great Recession Will Drag on Property Taxes...

2-yr % change in property taxes, 2011-2012

Sources: Census Bureau, Moody’s Analytics
…Bringing Public Sector Jobs With Them
Local government employment, % change yr ago, 2012Q4

Source: Moody's Analytics
Competitiveness of Midwest Improving
Indexes, U.S.=100, 2001 compared to most recent

<table>
<thead>
<tr>
<th>State</th>
<th>Business Costs</th>
<th>Industrial Diversity</th>
<th>Vitality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iowa</td>
<td>90</td>
<td>85</td>
<td>66</td>
</tr>
<tr>
<td>Illinois</td>
<td>103</td>
<td>101</td>
<td>89</td>
</tr>
<tr>
<td>Indiana</td>
<td>91</td>
<td>87</td>
<td>70</td>
</tr>
<tr>
<td>Michigan</td>
<td>107</td>
<td>104</td>
<td>62</td>
</tr>
<tr>
<td>Ohio</td>
<td>100</td>
<td>98</td>
<td>84</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>96</td>
<td>100</td>
<td>56</td>
</tr>
</tbody>
</table>

Source: Moody’s Analytics
Manufacturing Slack Creates Opportunities

Slack index components: (1) % adults with some college or more, (2) % mfg emp., (3) mfg emp. losses since 2000, (4) unemployment rate

Sources: BLS, Census Bureau, Moody’s Analytics