Welcome to our January report covering results from Creighton's December economic survey. Creighton's monthly survey of supply managers and procurement experts in nine Mid-America states indicates that the economic growth was positive for manufacturing with improving economic conditions and job losses. Follow my comments at: www.twitter.com/erniegoss

Trump Carried 85 Percent of U.S. Counties: Single Mothers, College Graduates, and Foreign Born Supported Clinton

The 2016 U.S. presidential elections shamed pollsters and pundits and once again validated the split in the American electorate. Clinton won the popular vote taking 48% of ballots compared to Trump's 46.0%. However, Trump won a landslide of counties taking 85 percent of the nation's 3,142 counties. Digging beneath the surface, voting behavior provides a distinct profile of the two camps.

For example, single mothers with children, college graduates, welfare recipients, and foreign born were more likely to support Clinton. On the other hand, married voters, high school graduates, and those living in a different state in 2015 were more likely to vote for Trump. The most important factor explaining Clinton vote totals was the share of the county with a bachelor's degree or above. The most significant characteristic explaining Trump county wins was the percentage of the county that was married.

Holmes County, Ohio with $392 per capita welfare benefits, 70% married, 4% unmarried mothers, 1% foreign born and 7.8% college graduates was the county with the population profile least likely to support Clinton. New York County, New York with $1,300 per capita welfare benefits, 26% married, 12% unmarried Mothers, 29% foreign born, and 60% college graduates was the county with the population profile least likely to vote for Trump. American writer, Gore Vidal once said, "Half of the American people have never read a newspaper. Half never voted for President. One hopes it is the same half? Ernie Goss.

Link to video: https://youtu.be/t1AzFB0o730

LAST MONTH’S SURVEY RESULTS

December Mid-America Business Conditions Soars: First Manufacturing Job Gains Since May 2016

SURVEY RESULTS AT A GLANCE:

- Overall index jumps to its highest level since February 2015.
- After six straight months of job losses, the region adds manufacturing jobs.
- Wholesale inflation gauge climbs to its highest level in 2 1/2 years.
- Region is expected to add 70,000 jobs in the first half of 2017 for an annualized employment expansion of 1 percentage point.
- Top of region's 2017 economic wish list: 15 percent increase in grain and livestock prices; Chief 2017 economic risk: Stronger U.S. dollar, U.S. trade restrictions and trade conflicts.

The Creighton University Mid-America Business Conditions Index, a leading economic indicator for a nine-state region stretching from Arkansas to North Dakota, rose for December, according the December survey results.

Overall index: The Business Conditions Index, which ranges between 0 and 100, rose in December to its highest level since February 2015. After five straight months of readings below growth neutral, the overall index rocketed to 53.1 from November's much weaker 46.5.

This is the second straight increase in the overall index and points to an improving regional manufacturing economy. I expect this to generate even healthier growth for both manufacturing and nonmanufacturing for the first half of 2017.

Employment: After six consecutive months of below growth neutral readings, the regional employment gauge for December rose to its highest level since May 2016. The job gauge for December climbed to 50.9 from November's 41.9. The growth gap between regional manufacturing and nonmanufacturing appears to be closing. The key for regional manufacturing will be any changes in sales abroad driven by the value of the U.S. dollar and global economic improvements.

Wholesale Prices: The wholesale inflation gauge remained in a range indicating modest inflationary pressures at the wholesale level, astheprices-paidindexjumpedtos70.4fromNovember's57.5.

This is the highest wholesale inflation gauge that we have recorded in 29 months. As oil prices have risen, so has our inflation gauge. The interest-rate setting committee of the Federal Reserve, the FOMC, expects to raise interest rates three times in 2017.

The Bureau of Labor Statistics' releases its consumer price index on January 18. If the overall reading moves above annualized inflation above 2 percent, the FOMC could increase short-term interest rates as early as at its January 27 meeting.

Confidence: Looking ahead six months, economic optimism, as captured by the December business confidence index, rose to 63.3 from 61.6 in November.

Inventories: In another show of growing confidence, supply managers added to inventories for December. The December inventory index, which tracks the change in the level of raw materials and supplies, advanced to 52.8 from November’s 42.8.

Trade: The much stronger U.S. dollar failed to restrain new export orders index as the index expanded to 54.0 from 45.7 in November, and the import index increased to 53.7 from November’s 46.4. Both selling and buying from abroad remain important to firms that we survey. Almost one-third, or 30 percent, indicated that buying raw materials and supplies from abroad was either essential or very important. Trade restraints, if implemented, would slow regional growth.

Other components: Components of the December Business Conditions Index were new orders at 53.6, up from 53.4 in November; production or sales index was 50.0, up from November's 48.2; and delivery speed of raw materials and supplies rose to 58.4 from last month’s 53.6.

The Creighton Economic Forecasting Group has conducted the monthly survey of supply managers in nine states since 1994 to produce leading economic
“A monthly survey of supply chain managers”

Indicators of the Mid-America economy. States included in the survey are approximately equal to the states’ long-term average. 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, delivery lead time, inventories and employment. It is calculated over a period of 12 months ending the month surveyed, and weights are assigned to each index over the course of that period.

**KANSAS**

Arkansas overall index for December rose to 53.7 from November’s 47.7. Components of the index from the monthly survey of supply managers were new orders at 53.0, production or sales at 49.6, delivery lead time at 58.7, inventories at 56.1, and employment at 51.5. The Arkansas economy will continue to expand for the first half of 2017. However, that growth will be below the regional and national averages. Economic slowdowns among the state’s major trading partners and a strong U.S. dollar have restrained Arkansas exports since 2012. Since peaking at $382 million in 2012, Arkansas food exports have fallen to less than $600 million for 2016 Top of state’s economic wish list: steady mortgage rates and continuing expansion in housing. Chief 2017 economic risk: U.S. trade restrictions and trade conflicts.

**ARKANSAS**

The December Business Conditions Index for Iowa climbed to 51.7 from November’s 48.3. Components of the overall index from the monthly survey of supply managers were new orders at 52.5, production or sales at 48.9, delivery lead time at 55.9, and inventories at 50.0. Iowa’s economy will continue to expand for 2017 with overall job gains of 5,000 for the first half of the year, and 6,000 for the rest of the year. New orders increased 1.5% for the month. Components of the overall index from the monthly survey of supply managers were new orders at 53.4, production or sales at 49.8, delivery lead time at 60.4, inventories at 60.0, and employment at 52.7. Nebraska’s economy expanded in December with positive sentiment. Surveys of supply managers show the state added 5,000 jobs in the first half of 2017 for an annualized job growth of 1 percent, slightly above the state’s long-term average. Top of state’s economic wish list: Over the long-term average.

**MISSOURI**

The December Business Conditions Index for Missouri expanded to 55.3 from 45.0 in November. Components of the index from the monthly survey of supply managers were new orders at 53.4, production or sales at 49.8, delivery lead time at 55.3, employment at 49.5, and inventories at 49.2. Higher oil prices bolstered economic growth for North Dakota in the fourth quarter of 2016. Another 10 percent increase in oil prices would put the state back on a positive growth path for 2017. Top of state’s economic wish list: 10 percent increase in global oil prices; Chief 2017 economic risk: Downturn in global oil prices; Chief 2017 economic risk: Congressional gridlock on banking reform.

**ARKANSAS**

“Top of state’s 2017 economic wish list: Weaker U.S. dollar against our major trading partners and a strong U.S. dollar and/or U.S. trade restrictions, and trade conflicts. Importantly, Kansas international sales declined by more than $2 billion since reaching its peak in 2012. This, along with weak farm prices, will continue to weigh on our survey results, I expect positive, but muted economic growth for the first half of 2017. However, that growth will be below the regional and national averages. Economic slowdowns among the state’s major trading partners and a strong U.S. dollar have restrained Kansas exports since 2012. Since peaking at $382 million in 2012, Kansas food exports have fallen to less than $600 million for 2016 Top of state’s economic wish list: steady mortgage rates and continuing expansion in housing. Chief 2017 economic risk: U.S. trade restrictions and trade conflicts.

**ARIZONA**

After moving above growth neutral for May, Oklahoma’s Business Conditions Index has been below growth neutral 50% for seven consecutive months. The December index fell to 49.7, a regional low, from November’s 51.1, also a regional low. Components of the overall December index from a survey of supply managers in the state were new orders at 49.1, production or sales at 47.0, delivery lead time at 46.7, and inventories at 49.2. Oklahoma has benefited from the fourth quarter oil price gains. In fact the state shed 16,000 jobs in 2016. The state’s economy is recovering from the market downturn in global oil prices; Chief 2017 economic risk: Breakdown in global oil prices; Chief 2017 economic risk: Banking reform.
PRICE DATA
ALL COMMODITIES/FARM PRODUCTS 2007-2014
FUELS & RELATED/METALS & METAL PRODUCTS

Year over year price change, commodities and farm product, 2015-16

Year over year price change, fuels and metal products, 2015-16

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