Economic Outlook: Where are we, and where are we going?

Jeremy Jackson, Ph.D.
Director, Center for the Study of Public Choice and Private Enterprise
Professor of Economics
North Dakota State University
Acknowledgements

• Thank you all for joining us today.

• Thank you to my colleagues in extension for hosting this event and inviting me to speak.

• Thank you to our undergraduate research fellows that assisted with writing the Economic Outlook Reports

The views in this presentation belong to the presenters and do not reflect the views of North Dakota State University.
Outline

• Where are we?
  – National Economy
  – State Economy

• Where are we going?
  – National Economy
  – State Economy
  – Metro Areas

• Summary Points
• Questions
WHERE ARE WE?
National Economy

- Gross Domestic Product
- Unemployment Rate
- Consumption
- Net Investment
- Corporate Profits
- Crude Oil
National GDP

U.S. recessions are shaded; the most recent end date is undecided.

Source: U.S. Bureau of Economic Analysis

fred.stlouisfed.org
National UR

U.S. recessions are shaded; the most recent end date is undecided.

Source: U.S. Bureau of Labor Statistics

federalreserve.gov/fred2
Net Investment

Source: U.S. Bureau of Economic Analysis

frcd.stlouisfed.org

U.S. recessions are shaded; the most recent end date is undecided.
WTI Crude Futures

Source: U.S. Energy Information Administration

fred.stlouisfed.org
State Economy

- ND Total Wages and Salaries
- ND Labor Force
- ND Unemployment Rate
- ND Gross State Product
- ND Total Tax Revenue
ND Total Wages and Salaries

Total Wages and Salaries in North Dakota

U.S. recessions are shaded; the most recent end date is undecided.

Source: Federal Reserve Bank of St. Louis

federalreserve.org/

NDSU PUBLIC CHOICE PRIVATE ENTERPRISE
ND Labor Force

Civilian Labor Force in North Dakota

U.S. recessions are shaded; the most recent end date is undecided.

Source: U.S. Bureau of Labor Statistics

fred.stlouisfed.org

NDSU PUBLIC CHOICE PRIVATE ENTERPRISE
ND Unemployment Rate

Source: U.S. Bureau of Labor Statistics

U.S. recessions are shaded; the most recent end date is undecided.
ND Gross State Product

Total Real Gross Domestic Product by Industry for North Dakota

U.S. recessions are shaded; the most recent end date is undecided.

Source: U.S. Bureau of Economic Analysis

fred.stlouisfed.org
ND GSP and GPD (% Change)

U.S. recessions are shaded; the most recent end date is undecided.

Source: U.S. Bureau of Economic Analysis

fred.stlouisfed.org
Where are we going?
ND Forecast Model

• We are publishing an Economic Outlook Quarterly Report using the North Dakota Forecast Model.
  – https://www.ndsu.edu/centers/pcpe/research/economic_outlook/

• The model requires regularly updated and accessible data.
  – Currently, all data used in the model is available from the Federal Reserve Economic Database (FRED) hosted by the St. Louis Federal Reserve Bank.
    – https://fred.stlouisfed.org/

• Methodology is Vector Auto Regression (VAR)
A word of caution...
Why Forecast?

• Even though wrong, forecasts give us useful information that can help us plan for the future.

• Forecasts can reveal trends and patterns that aren’t readily evident in casual observance of the data.

• Forecast methods allow us to calculate what “may” happen in hypothetical scenarios.

• Forecasts, done properly, can reveal information about risk and the range of possible outcomes.
The Forecast – latest run 11/2/2020
National Economy

- Gross Domestic Product
- Unemployment Rate
- Consumption
- Net Investment
- Corporate Profits
- Commodities
Commodity Quarterly Outlook

Wheat

Corn

Soy

Crude (WTI)

- Orange line: Forecast
- Blue line: Actual
State Economy

- ND Total Wages and Salaries
- ND Labor Force
- ND Unemployment Rate
- ND Gross State Product
- ND Total Tax Revenue
Metropolitan Areas

• Bismarck
• Fargo
• Grand Forks
Bismarck Quarterly Outlook

Total Wages (in 100M)

Labor Force (in 10,000s)

Unemployment Rate

Housing Price Index (in 100s)
Summary Points

• North Dakota is continuing to struggle amidst the COVID-19 economy.
  – The unemployment rate does appear to be coming back down.
  – Trends are less alarming than in previous forecast results.

• Metro areas are also facing difficulties ahead.

• Much uncertainty remains as the national and state responses to the pandemic remain fluid.
Center for the Study of Public Choice and Private Enterprise

Our Mission

• We engage in research and educational programs to explore the institutions and policies that promote human flourishing.

Current and Future Projects

• Economic Outlook quarterly report
• COVID-19 economic research

www.ndsu.edu/centers/pcpe
Questions

Questions and comments are welcome

Email: jeremy.jackson@ndsu.edu

Social media: @NDSUpcpe
North Dakota Quarterly Outlook - Alternate Scenarios

- Total Wages and Salaries (in 100M)
- Labor Force (in 10,000s)
- Unemployment Rate
- Gross State Product (in 100M)
- Total Tax Collections (in millions)
- Crude (WTI)