



ANNUAL BUSINESS & ECONOMIC DATA ANALYSIS SUMMARY

SOUTH DAKOTA
SECRETARY OF STATE
STEVE BARNETT

In partnership with



2019

PUBLISHED BY NORTHERN STATE UNIVERSITY SCHOOL OF BUSINESS

INDICATORS

Employment (SA)



vs. prior year

New Entity Filings



vs. prior year

Personal Income



vs. prior year

Unemployment



vs. prior year

EMPLOYMENT FORECAST



2019 vs. 2020

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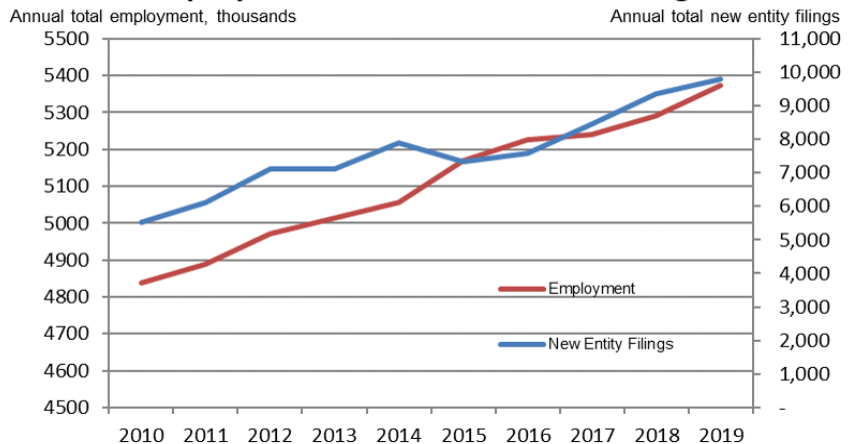
2019 will go down as a historically solid economic year

The beginning of the year was marked by volatility in the markets largely due to the unknown effects of ongoing trade negotiations, while the year-end was marked by historic moves in most stock averages, decreases in unemployment, and increases in personal income.

Most notable in South Dakota, taxable sales, new entity filings, and personal income hit all time highs in 2019. As you can see from the graph below, employment is catching up with the new entity filings. It will be interesting to continue to watch the employment numbers, as the unemployment rate in SD did increase to 3.2% from 2.9% at the end of 2018.

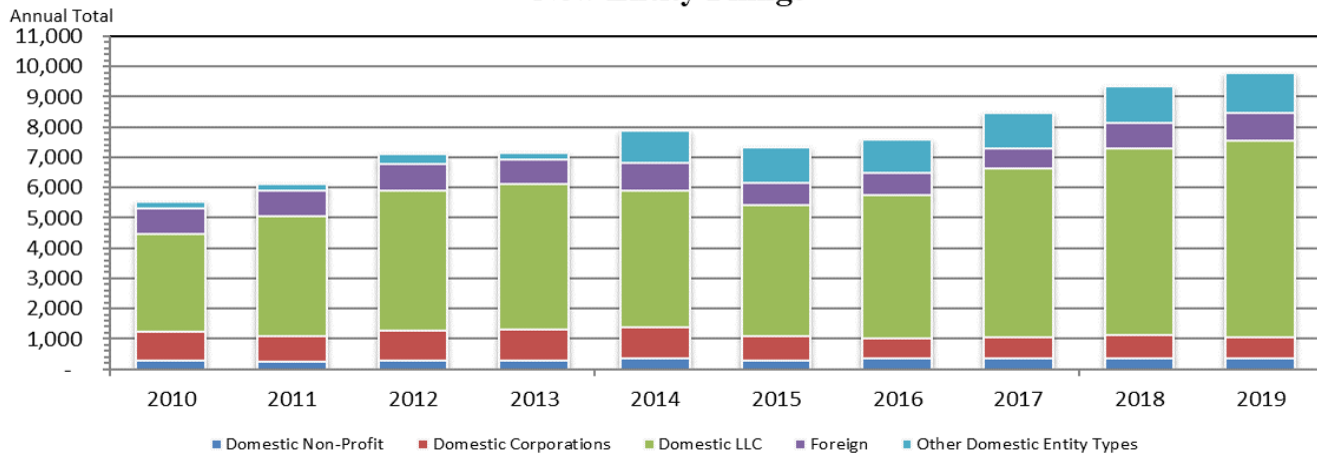
Nationally, one of the question marks is the federal budget deficit. The federal budget deficit hit an all-time high at 984 billion dollars on September 30, 2019, as reported by the US Department of Treasury. While the federal budget deficit has historically been a hot button topic for politicians, as of late, it hasn't gained as much attention. Conventional wisdom is that deficits (and therefore financing them with debt) are bad, and one need only review historical data to find that periods of high deficits lead to poor economic conditions, as was the case in 1945, 1982, 1999, and 2009. Looking forward into 2020, one of the potential bigger issues the economy could face is inflation. Many economists predicted that 2019 would start showing wage-led inflation as the economy reached near full-employment. Contrary to those predictions, the economy not only experienced the lowest unemployment rates since the post-war eras, but wage rates only grew on average by just over 2%. As we head into 2020, we will need to continue to watch inflation and the effects on wage rates.

Employment and New Business Filings



Note: Red line displays actual seasonally adjusted employment numbers. Source: Seasonally adjusted South Dakota total nonfarm employees from the Bureau of Labor Statistics and the Labor Market Information Center, SD Department of Labor.

New Entity Filings



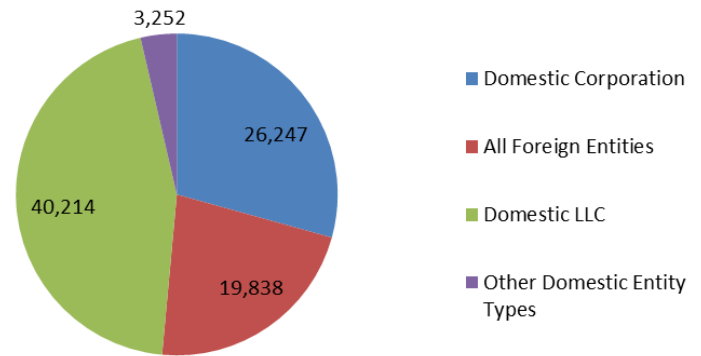
	Current Year	Prior Year	Annual Percent Change	5 Year CAGR*
New Entity Filings				
Domestic Limited Liability Company	6,493	6,164	5.3%	-3.5%
Domestic Nonprofit Corporation	351	339	3.5%	-9.0%
Domestic Business Corporation	684	779	-12.2%	-16.5%
Foreign Entity Types	939	836	12.3%	-8.8%
Other Domestic Entity Types	1,334	1,240	7.6%	-6.5%
Total New Entity Filings	9,801	9,358	4.7%	-6.0%
Other Business Filings				
New Trademarks	169	114	48.2%	3.1%
Renewal Trademarks	237	228	3.9%	-2.4%
Total Trademarks	406	342	18.7%	-0.3%
Fictitious Business Names (DBA)	4,084	4,307	-5.2%	1.7%
* Compound Annual Growth Rate				

Entities in Good Standing, Trademark & Fictitious Business Name (DBA) Filings

Limited Liability Companies make up 45% of entities in Good Standing.

An entity must file paperwork each year to ensure they remain in Good Standing. At the end of 2019, 89,551 entities were in Good Standing with the Secretary of State's office.

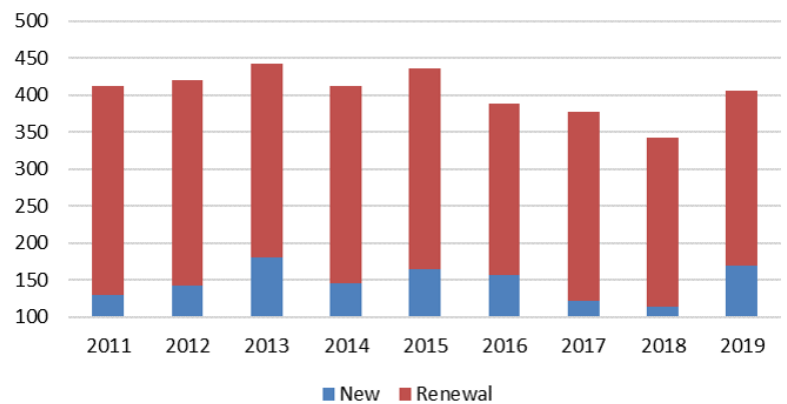
Entities in Good Standing



Trademark filings increased in 2019.

Safeguarding the symbols and words that an entity utilizes in commerce, new trademark filings numbered 169 in 2019, which is an increase of 55 over the prior year. Renewal Trademark filings for 2019 totaled 237, which was an increase of 3.9% from the previous year's number.

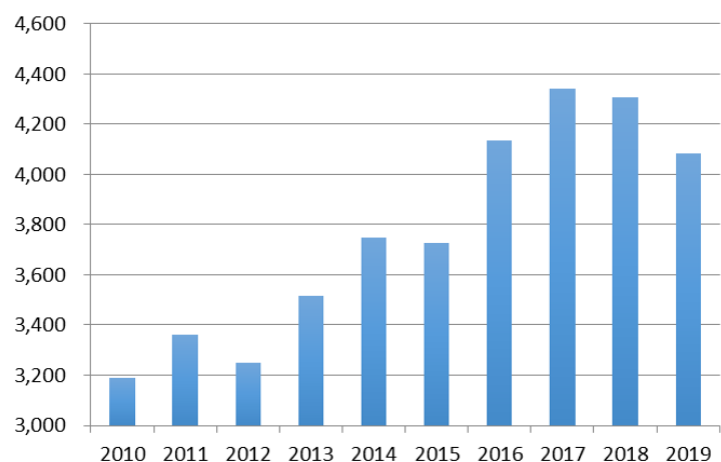
Trademark Filings



Fictitious Business Name (DBA) filings decreased in 2019.

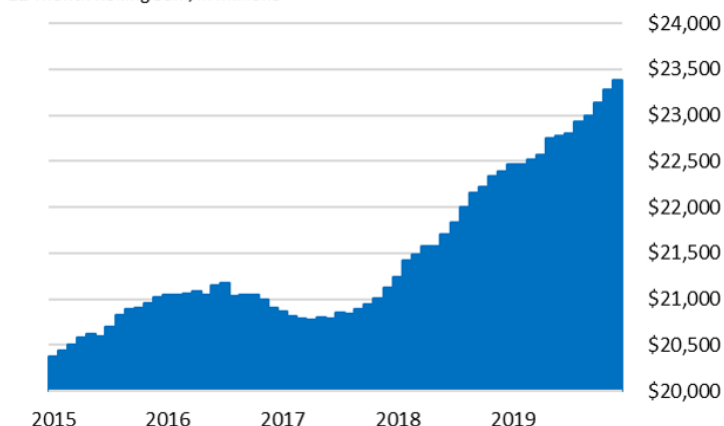
Entities must file a fictitious name statement when operating under any name other than their true name. The South Dakota Secretary of State received 4,084 fictitious business name filings in 2019, a decrease of 5.2% over the prior year.

Fictitious Business Name (DBA) Filings



South Dakota Taxable Sales

12-Month Rolling Sum, in millions



Source: South Dakota Department of Revenue

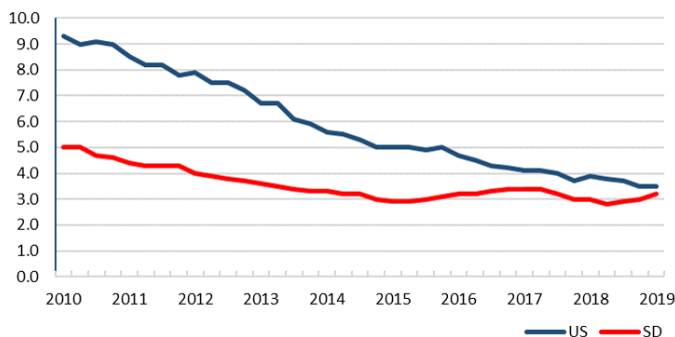
South Dakota Economic Indicators

For South Dakota, the economy remains strong. Taxable sales continued the upward trend by increasing 4.4% over the prior year. When taking a closer look at the taxable sales, retail taxable sales grew 3.3% over the prior year. Additionally, the number of new entity filings in 2019 hit the highest point it has ever been at 9,801. Although the unemployment rate grew slightly, this appears to be somewhat of a statistical anomaly in that not only did initial and continuing unemployment claims decrease, but total jobs also increased. This could either be the result of additional people entering the workforce that previously were not in the workforce statistics or by net inflows of workers from other states. The overriding concern for the state remains to be crop prices; however, tourism continues to show growth, helping to balance those negative effects.

SOUTH DAKOTA	Current Period	Prior Year	Annual Percent Change	5 Year CAGR*
Wealth				
Personal Income (millions of dollars)	48,562	47,567	2.1%	3.8%
Total Sales, 12 mo. trailing (millions of dollars)	76,810	75,783	1.4%	2.2%
Taxable Sales, 12 mo. trailing (millions of dollars)	23,385	22,390	4.4%	2.9%
Business Outlays				
Average Weekly Wage per Employee	838	885	-5.3%	1.2%
Retail Gasoline Price (dollars per gallon)	2.51	2.06	21.8%	3.1%
Economic Overview				
Employment	449,500	445,600	0.9%	1.1%
Unemployment Rate	3.2%	2.9%	10.3%	-0.6%
Initial Jobless Claims	241	431	-44.1%	-8.1%
Continuing Jobless Claims	2,416	2,418	-0.1%	-3.7%
Building Permits, Number of Units, 12 mo. trailing	4,180	4,853	-13.9%	-2.2%
Valuation (thousands of dollars), 12 mo. trailing	786,700	808,221	-2.7%	2.2%
FHFA Purchase-Only Home Price Index	308	302	2.0%	4.5%
Total Business Bankruptcy Filings, 12 mo. trailing	63	56	12.5%	6.0%
Chapter 7, 12 mo. trailing	32	26	23.1%	-1.8%
Chapter 11, 12 mo. trailing	5	4	25.0%	-
Chapter 13, 12 mo. trailing	13	13	0.0%	7.6%

Sources: Bureau of Economic Analysis, Quarterly Personal Income (SA)(Q3/19); South Dakota Department of Revenue (NSA) (12/19); South Dakota Department of Labor and Regulation (SA) (Q2/19); US Energy Information Administration, Weekly Retail Gasoline and Diesel Prices, Midwest (12/30/19); Bureau of Labor Statistics, CES (SA) (12/19); US Department of Labor, Employment and Training Administration (NSA) (12/28/19); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (12/19); FHFA Purchase-Only Home Price Index (SA) (Q3/19); Administrative Office of the US Courts (Q4/19). *Compound Annual Growth Rate.

US vs. SD Unemployment Rate



Source: US Department of Labor and SD Department of Labor

National Economic Indicators

While there are some potential road bumps with the federal budget deficit, growing federal debt, and potential inflation, the national economy shows some slow and steady growth. Personal Income grew by 3.6% over the prior year and the unemployment rate dropped by 10.3% over the prior year. The gap between the national and the SD unemployment rate continues to narrow. There are new growing concerns as we enter 2020 with the Corona Virus and how that is going to affect the national economy. Also, we will need to continue to watch how the presidential election will affect the growth of our economy.

NATIONAL	Current Period	Prior Year	Annual Percent Change	5 Year CAGR*
Wealth				
Personal Income (billions of dollars)	18,723	18,078	3.6%	4.1%
Retail Sales, 12 mo. trailing (billions of dollars)	6,238.3	6,024.2	3.6%	3.7%
S&P 500	3,230.8	2,485.8	30.0%	9.4%
Business Outlays				
Average Weekly Wage per Employee	1,095	1,145	-4.4%	1.1%
Consumer Price Index	258.5	252.7	2.3%	1.8%
Core Inflation (All Items Less Food & Energy)	230.5	226.3	1.9%	1.1%
Shelter	322.1	312.0	3.2%	3.3%
Retail Gasoline Price (dollars per gallon)	2.66	2.36	12.7%	2.2%
Economic Overview				
Real Gross Domestic Output (billions of chained 2009 dollars)	19,220	18,784	2.3%	1.7%
Employment (in thousands)	152,383	150,275	1.4%	1.7%
Unemployment Rate	3.5%	3.9%	-10.3%	-9.0%
Initial Jobless Claims	223,000	231,000	-3.5%	-4.8%
Continuing Jobless Claims	1,804,000	1,708,000	5.6%	-5.7%
Building Permits, Number of Units, 12 mo. trailing	1,370,300	1,328,800	3.1%	5.4%
Valuation (millions of dollars), 12 mo. trailing	276,611	271,120	2.0%	7.3%
FHFA Home Price Index	228.1	219.7	3.8%	5.2%
Rotary Rig Count	805.0	1,083.0	-25.7%	-15.0%
Total Business Bankruptcy Filings, 12 mo. trailing	22,780	22,232	2.5%	-3.3%
Chapter 7, 12 mo. trailing	14,524	13,678	6.2%	-4.4%
Chapter 11, 12 mo. trailing	5,814	6,078	-4.3%	-0.9%
Chapter 13, 12 mo. trailing	1,711	1,874	-8.7%	-5.6%

Sources: Bureau of Economic Analysis, Quarterly Personal Income (SA)(Q3/19); US Census Bureau (NSA) (12/19); Yahoo Finance (12/31/19); Bureau of Labor Statistics, QCEW (NSA) (Q2/19); Bureau of Labor Statistics, All Urban Consumers, US City Average (SA) (12/19); US Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (12/30/19); Bureau of Economic Analysis (SA) (Q4/19); Bureau of Labor Statistics, CES (SA) (12/19); US Department of Labor, Employment and Training Administration (SA) (12/28/19); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (12/19); FHFA Purchase-Only Home Price Index (SA) (Q3/19); Baker-Hughes (12/27/19), Administrative Office of the US Courts (12/19). *Compound Annual Growth Rate.



The *Annual Business & Economic Data Analysis Summary*, produced by Northern State University on behalf of the South Dakota Secretary of State reports on the correlations between various business filing data and economic metrics.