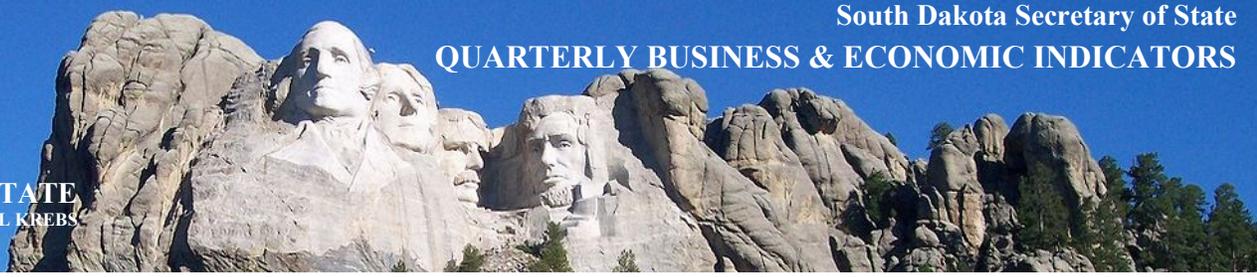




SOUTH DAKOTA
SECRETARY OF STATE
SHANTEL KREBS



Fourth Quarter 2014

PUBLISHED BY NORTHERN STATE UNIVERSITY SCHOOL OF BUSINESS

INDICATORS

Employment (SA)



vs. prior qtr.



vs. prior year

New Entity Filings



vs. prior qtr.



vs. prior year

Personal Income



vs. prior qtr.



vs. prior year

Unemployment



vs. prior qtr.



vs. prior year

EMPLOYMENT FORECASTS



Q1 2015 vs. Q4 2014



Q1 2015 vs. Q1 2014



Q2 2015 vs. Q2 2014

Shantel Krebs
South Dakota Secretary of State
State Capitol
500 East Capitol Avenue
Pierre, SD 57501-5070

Recovery Sustained...

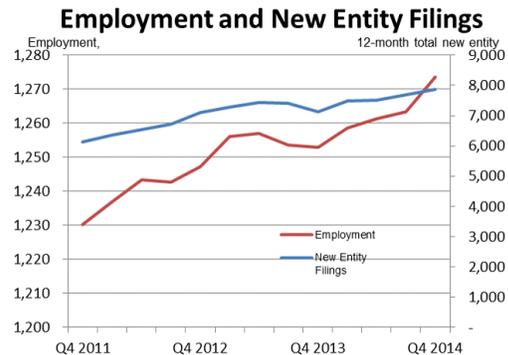
Business Filings continued to improve in Q4 2014. When comparing the indicators both versus the prior quarter and versus the prior year, corporate filings continue to improve. This continued improvement in business filings is strongly supportive of a continuing improvement in employment. As demonstrated by the graph below, the trend line of employment in the state remained above the new entity filings trend line over the same period.

Crop prices remain in a depressed state, yet, South Dakota grows. Almost uniformly, crop prices remain in a depressed state. Although recovering thirty cents from Q3 quarter end, corn marked a four year low at the end of Q4 in 2014 at \$3.78. The good news is it appears corn has now broken the 20 month average decline as of December, 2014. Beans haven't broken that decline trend as of yet; however, the average annual monthly price of beans is still far above the 2010 annual average of \$9.97. The brightest spot in ag prices is cattle, which continues

to march forward, ending the quarter at an average price of \$166/ hwt. The strength of the South Dakota economy is its diversity, its people, and its conservative approach to business.

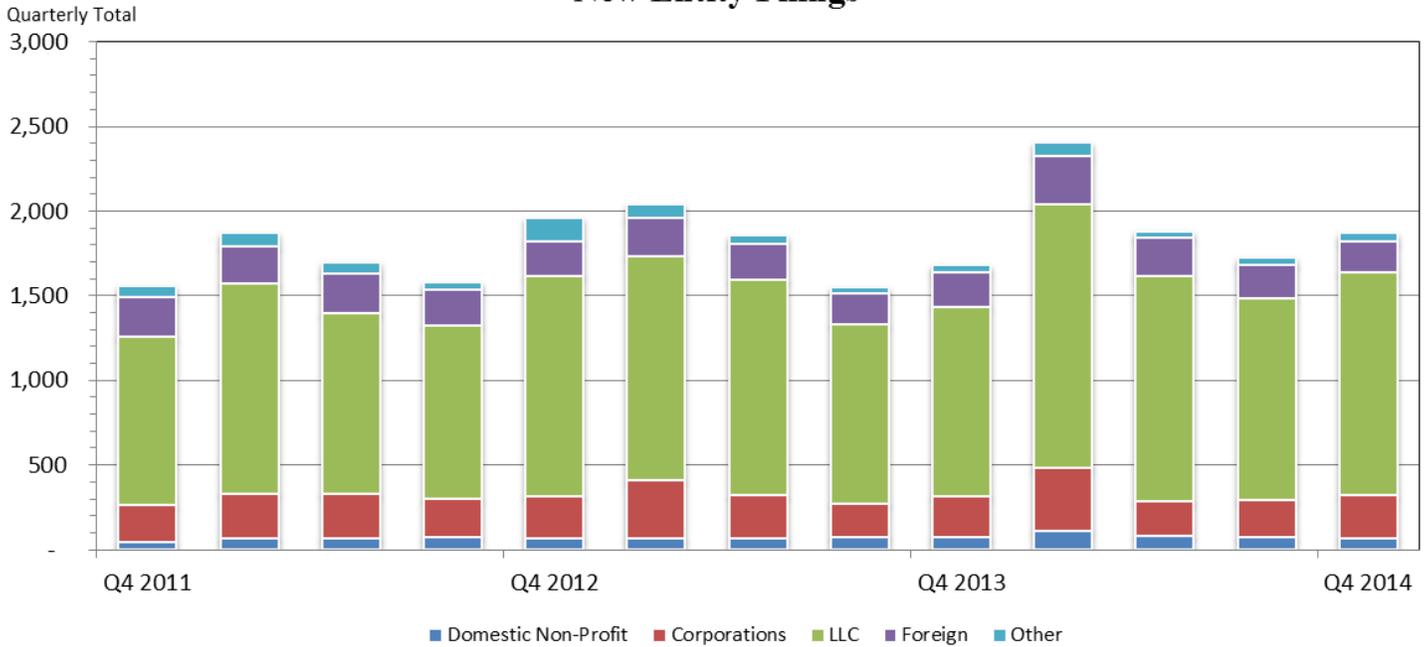
Our continuing outlook for South Dakota remains positive, as discussed in prior reports, South Dakota doesn't experience the extremes other parts of the nation do. We are relatively stable by comparison, for instance, to the coasts. When times require it, we tighten our belts, and when times permit, we invest in our future. The employment outlook looks bright, and other sectors, such as manufacturing and tourism are all picking up.

Nationally...guarded optimism is turning to plain optimism. With the stock market continuing to hit new highs, it looks as though the intermediate term is turning bright nationally. Where we don't expect any euphoric highs of the late 90's and the time leading up to 2008, a less steep yet sustained growth is expected.



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



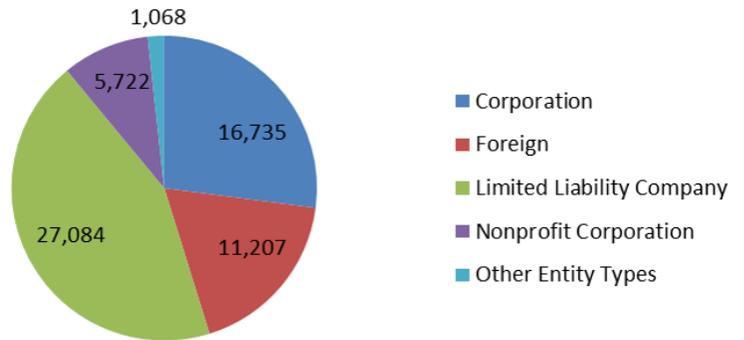
	Q4 2014	Q3 2014	Q4 2013	Percent Change over Prior Year		5 Year CAGR*	
New Entity Filings							
Domestic Limited Liability Company	1,114	1,001	943	18.1%	▲	12.4%	▲
Domestic Nonprofit Corporation	67	76	74	-9.5%	▼	2.9%	▲
Domestic Business Corporation	233	185	208	12.0%	▲	1.9%	▲
Other Entity Types	456	466	456	0.0%	-	-1.1%	▼
Total New Entity Filings	1,870	1,728	1,681	11.2%	▲	6.4%	▲
Total New Entity Filings-12 mo. trailing	7,883	7,694	7,124	10.7%	▲	9.6%	▲
Other Business Filings							
Trademarks	77	113	89	-13.5%	▼	-	-
Trademarks-12 mo. trailing	413	425	442	-6.6%	▼	-	-
Trade Names	786	944	872	-9.9%	▼	4.4%	▲
Trade Names-12 mo. trailing	3,748	3,835	3,515	6.6%	▲	5.4%	▲

* Compound Annual Growth Rate

Entities in Good Standing, Trademark & Trade Name Filings

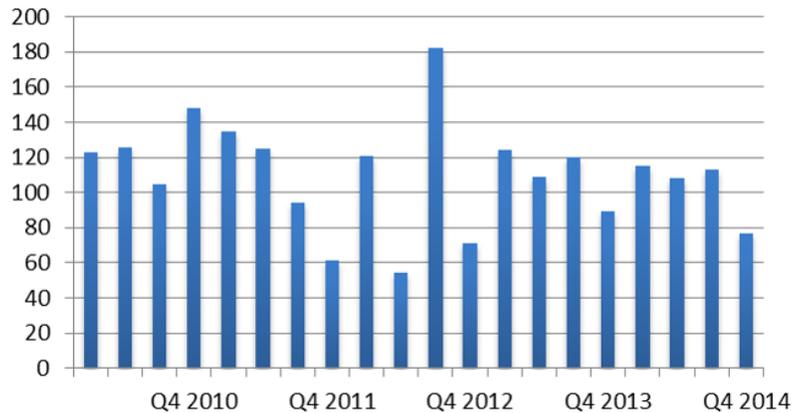
Limited Liability Companies make up 44% of entities in good standing. An entity must file paperwork each year to ensure they remain in good standing. At the end of November 2014, 61,816 entities were in good standing with the Secretary of State's office.

Entities in Good Standing-November 2014



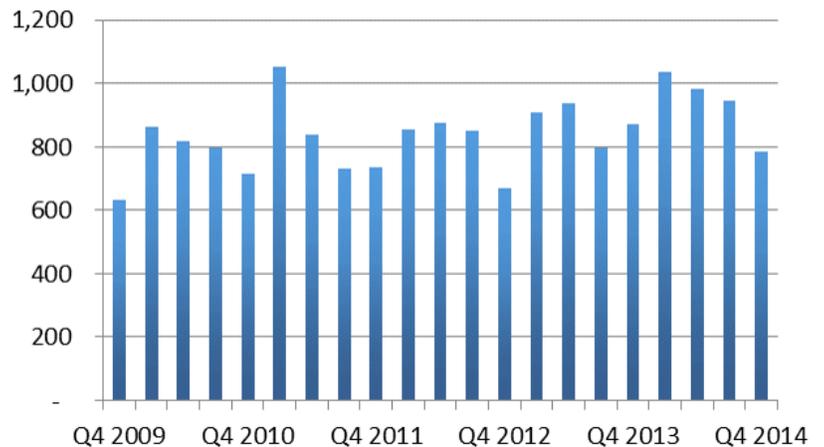
Trademark filings decreased in Q4 2014. Safeguarding the symbols and words that an entity employs in commerce, trademark filings numbered 77 in Q4 2014, a 31.9% decrease over the prior quarter. Trademark filings for the 12 months ending Q4 2014 totaled 413, which was 6.6% lower than the previous year's number.

Trademark Filings



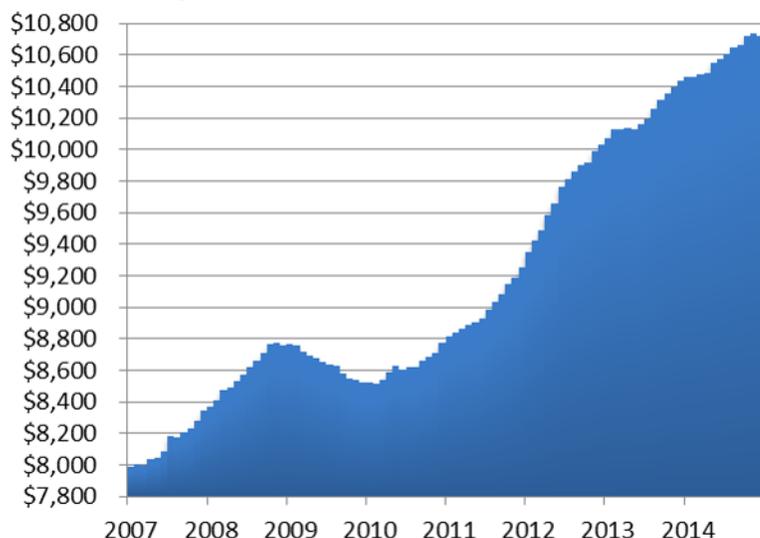
Trade name filings decreased in Q4 2014. Entities must file a statement of trade name when operating under any name other than their true name. The South Dakota Secretary of State received 786 trade name filings in Q4 2014, a decrease of 16.7% over the prior quarter.

Trade Name Filings



South Dakota Economic Indicators
South Dakota Taxable Sales

12-Month Rolling Sum, in thousands



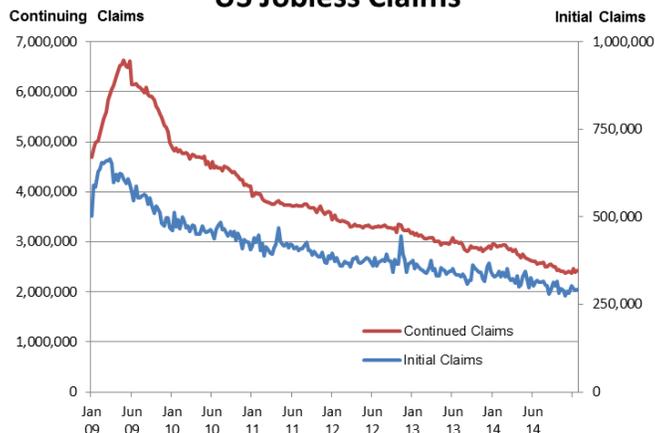
Source: South Dakota Department of Revenue

Q4 Sales Recover from Slight Decline in Q3. With the slight increase in corn prices and continued strength in cattle, South Dakota recovered the taxable sales decline it experienced in Q3. The first quarters of 2015 will confirm or deny the trend, but expectation is that the continued strength in the cattle market coupled with, what appears to be, a bottoming of crop prices will be supportive of improvements in all economic indicators in the state. In addition, low fuel prices will not only improve ag margins, but will also be supportive of driving tourism. South Dakota continues to outpace the rest of the nation in unemployment rates by two percentage points, ending Q4 at 3.3%, which is among the lowest in the nation. It is unclear if the slight upticks are the result of an economy that is starting to stall, or, the result of seasonal or other temporary reasons. We will look to future quarters to confirm or deny this trend.

SOUTH DAKOTA	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5 Year CAGR*	
Wealth								
Personal Income (millions of dollars)	39,652	39,775	-0.3%	▼	1.6%	▲	4.6%	▲
Retail Sales, 12 mo. trailing (millions of dollars)	27,850	25,858	7.7%	▲	10.9%	▲	6.4%	▲
Taxable Sales, 12 mo. trailing (millions of dollars)	10,716	10,663	0.5%	▲	2.7%	▲	4.7%	▲
Business Outlays								
Annual Wages per Employee	9,256	9,633	-3.9%	▼	3.3%	▲	3.0%	▲
Retail Gasoline Price (dollars per gallon)	2.04	3.36	-39.3%	▼	-37.8%	▼	-5.2%	▼
Economic Overview								
Employment (in thousands)	424,500	420,500	1.0%	▲	1.0%	▲	1.1%	▲
Unemployment Rate	3.3%	3.5%	-5.7%	▼	-8.3%	▼	-8.3%	▼
Initial Jobless Claims	601	179	235.8%	▲	-29.6%	▼	-12.0%	▼
Continuing Jobless Claims	2,752	1,050	162.1%	▲	23.1%	▲	-13.2%	▼
Building Permits, Number of Units, 12 mo. trailing	4,674	4,968	-5.9%	▼	-10.0%	▼	6.2%	▲
Valuation (thousands of dollars), 12 mo. trailing	698,446	745,094	-6.3%	▼	-2.2%	▼	9.0%	▲
FHFA Purchase-Only Home Price Index	247	249	-0.8%	▼	2.5%	▲	2.3%	▲
Total Business Bankruptcy Filings	8	10	-20.0%	▼	-52.9%	▼	-23.2%	▼
Chapter 7	7	7	0.0%	-	-50.0%	▼	-18.9%	▼
Chapter 11	-	2	-100.0%	▼	-100.0%	▼	-100.0%	▼
Chapter 13	1	1	0.0%	-	0.0%	-	-30.1%	▼

Sources: Bureau of Economic Analysis, Quarterly Personal Income (SA)(Q3/14); South Dakota Department of Revenue (NSA) (1/14); South Dakota Department of Labor and Regulation (SA) (Q2/14); US Energy Information Administration, Weekly Retail Gasoline and Diesel Prices, Midwest (1/5/15); Bureau of Labor Statistics, CES (SA) (1/14); US Department of Labor, Employment and Training Administration (NSA) (12/6/14); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (1/14); FHFA Purchase-Only Home Price Index (SA) (Q3/14); Administrative Office of the US Courts (Q3/14). *Compound Annual Growth Rate.

US Jobless Claims



Source: US Department of Labor, Employment and Training Administration (SA)

National Economic Indicators

The U.S. Economy Marches on. The economic story of Q4 2014 was crude oil prices. After hitting a 2014 peak in June, crude oil experienced close to a 50% decline through December. Depending on the economist, and sometimes depending on the day, the verdict is still out as to the effect this will have on the U.S. economy as a whole. While there will be obvious declines in new production in the U.S. domestic market, the counterbalance to the resultant employment losses in those markets is the increased buying power of the U.S. consumer. Less money in the tank means more money spread to other sectors of the economy. Expectation is that the net will be a slight negative effect to the overall economy as American Crude has proved a significant positive impact in transportation, investment, and

employment in the U.S. The effect of Obamacare will also be an interesting story to follow. Presumably, the impact won't be immediately felt, but, as employers start to measure the effect of this new tax on their bottom line, the inevitable impact will be to tighten their belt in other areas, or pass the cost on to the consumer. Belt tightening would have the unfortunate effect of one of two outcomes, increased unemployment or stagnated wage growth. Pushing the cost to the consumer would increase inflationary pressure. While the effect won't be seen immediately, signs of inflation/unemployment are expected in late 2015 and early 2016.

NATIONAL	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5 Year CAGR*	
Wealth								
Personal Income (billions of dollars)	14,792	14,661	0.9%	▲	3.8%	▲	4.2%	▲
Retail Sales, 12 mo. trailing (billions of dollars)	4,683.0	4,634.2	1.1%	▲	3.8%	▲	5.3%	▲
S&P 500	2,002.6	1,935.1	3.5%	▲	8.9%	▲	12.0%	▲
Business Outlays								
Annual Wages per Employee	50,544	50,299	0.5%	▲	1.9%	▲	2.8%	▲
Consumer Price Index	237.0	237.4	-0.2%	▼	1.3%	▲	1.8%	▲
Energy	230.4	245.7	-6.2%	▼	-4.9%	▼	1.8%	▲
Transportation Services	287.7	284.1	1.3%	▲	1.8%	▲	2.4%	▲
Retail Gasoline Price (dollars per gallon)	2.31	3.38	-31.7%	▼	-32.3%	▼	-3.2%	▼
Economic Overview								
Real Gross Domestic Output (billions of chained 2009 dollars)	16,206	16,010	1.2%	▲	2.7%	▲	2.4%	▲
Employment (in thousands)	140,347	139,481	0.6%	▲	2.1%	▲	1.6%	▲
Unemployment Rate	5.6%	5.9%	-5.1%	▼	-1.1%	▼	-4.3%	▼
Initial Jobless Claims	295,000	316,000	-6.6%	▼	-17.6%	▼	-9.9%	▼
Continuing Jobless Claims	2,378,000	2,432,000	-2.2%	▼	-17.6%	▼	-14.8%	▼
Building Permits, Number of Units, 12 mo. trailing	1,016,999	1,002,087	1.5%	▲	6.3%	▲	12.8%	▲
Valuation (millions of dollars), 12 mo. trailing	186,722	182,818	2.1%	▲	9.8%	▲	15.2%	▲
FHFA Home Price Index	211.0	209.1	0.9%	▲	4.5%	▲	1.9%	▲
Total Business Bankruptcy Filings	6,355	7,283	-12.7%	▼	-21.7%	▼	-16.0%	▼
Chapter 7	4,344	4,733	-8.2%	▼	-18.3%	▼	-16.6%	▼
Chapter 11	1,363	1,842	-26.0%	▼	-31.3%	▼	-14.9%	▼
Chapter 13	557	576	-3.3%	▼	-20.5%	▼	-13.5%	▼

Sources: Bureau of Economic Analysis, Quarterly Personal Income (SA)(Q3/14); US Census Bureau (NSA) (11/14); Yahoo Finance (01/06/15); Bureau of Labor Statistics, QCEW (NSA) (Q2/14); Bureau of Labor Statistics, All Urban Consumers, US City Average (SA) (12/14); US Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (01/05/15); Bureau of Economic Analysis (SA) (Q3/14); Bureau of Labor Statistics, CES (SA) (Q4/14); US Department of Labor, Employment and Training Administration (SA) (12/06/14); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (11/14); FHFA Purchase-Only Home Price Index (SA) (Q3/14); Administrative Office of the US Courts (Q3/14). *Compound Annual Growth Rate.



The *Quarterly Business & Economic Indicators*, produced by Northern State University on behalf of the South Dakota Secretary of State, in conjunction with MacKenzie Madison Analytics, reports on the correlations between various business filing data and economic metrics. The Labor Market Information Center of the South Dakota Department of Labor and Regulation is a contributing partner of the *Quarterly Business & Economic Indicators* report.