

2014



**MISSOURI
ECONOMIC
REPORT**

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Highlights

Missouri's Gross Domestic Product (GDP) totaled over \$276 billion in 2013 according to advance estimates, an increase in real dollars of 0.8 percent from 2012. Real GDP figures for both Missouri and the U.S. are now higher than pre-recession levels.

Currently, the unemployment rate in Missouri is 6.6 percent compared to the 6.3 percent national unemployment rate. A year earlier Missouri's unemployment rate was at 6.7 percent.

Missouri has added 42,000 jobs from May 2013 to May 2014, representing a 1.5 percent increase from the year before in seasonally-adjusted figures.

The top three industries with the most employment growth in the previous 12 months ending in May were *leisure and hospitality*, *professional & business services*, and *manufacturing*.

The largest industry subsector to grow by job numbers and percent was *administrative & support services*, with 9,700 jobs and 6.5 percent respectively. This subsector, which includes employment services, is often an indicator of broader economic and job growth trends to come.

Fourth quarter 2013 data showed that there was continued growth of real personal income in Missouri and the U.S, from the same quarter last year. U.S. personal income grew by 1.32 percent and Missouri personal income grew by 1.15 percent from the prior year.

Industrial production has grown by more than four percent in the previous 12 months ending in May. This is nearly double from the same period the previous year indicating industrial production is increasing at a faster rate.

Missouri has added 6,500 manufacturing jobs in the previous 12 months from May. Most of the increase in employment occurred from January 2014 to May 2014, with 6,100 jobs created.

Missouri's Purchasing Managers Index (PMI) has been above the expansionary level for 17 consecutive months starting in January 2013. The state's PMI was 57.7 for May 2014, the highest the index has been since June 2012.



Year in Review: May 2013 - May 2014

A look back at the economic trends in the past year.

The previous 12 months saw continued growth of the United States and Missouri economies as both continue to recover from the sharp recession of 2008-09. While growth continues, there has been signs of concern for the economy as the U.S. gross domestic product (GDP) retracted in the first quarter 2014 and unemployment in Missouri increased in the previous four months starting in January 2014.

United States GDP saw growth in the last three quarters of 2013. Growth during this period averaged 3.1 percent, with the highest quarter-over-quarter growth from Q2 2013 to Q3 2013 with an increase of 4.1 percent. Q1 2014 GDP results saw the economy shrinking by 2.9 percent on an annual basis. Some economist believed that the harsh winter season earlier this year caused GDP for the quarter to go down, while others believe economic uncertainty was a factor in it. Overall, U.S. GDP was \$17 trillion in 2013.

Missouri's GDP total also increased from last year, totaling \$276.3 billion dollars in 2013. Missouri was ranked 22nd in GDP among all the states. In real terms, state GDP increased by 0.8 percent from 2012 to 2013.

Missouri, and the United States, has moved in positive directions on unemployment and total employment. Missouri's unemployment rate is at 6.6 percent, while the U.S. unemployment rate is at 6.3 percent in May 2014. Missouri's unemployment rate in the previous 12 months reached its lowest point in January and February 2014 at 6 percent.

Total employment for the U.S and Missouri both expanded during the year. U.S non-farm employment increased by nearly 2.4 million, while Missouri employment increased by 42,000 from May 2013 to May 2014.

Overall, both the U.S. and Missouri economies have seen uneven growth over the previous year. Unemployment has continued to trend lower, and is far lower than it was during the recession, but there has been slight increases which may signal that economic growth is still weak. U.S. GDP has continued to expand, but again concerns about economic growth due to its 1st Quarter 2014 drop will bear watching in the coming months.



Gross Domestic Product

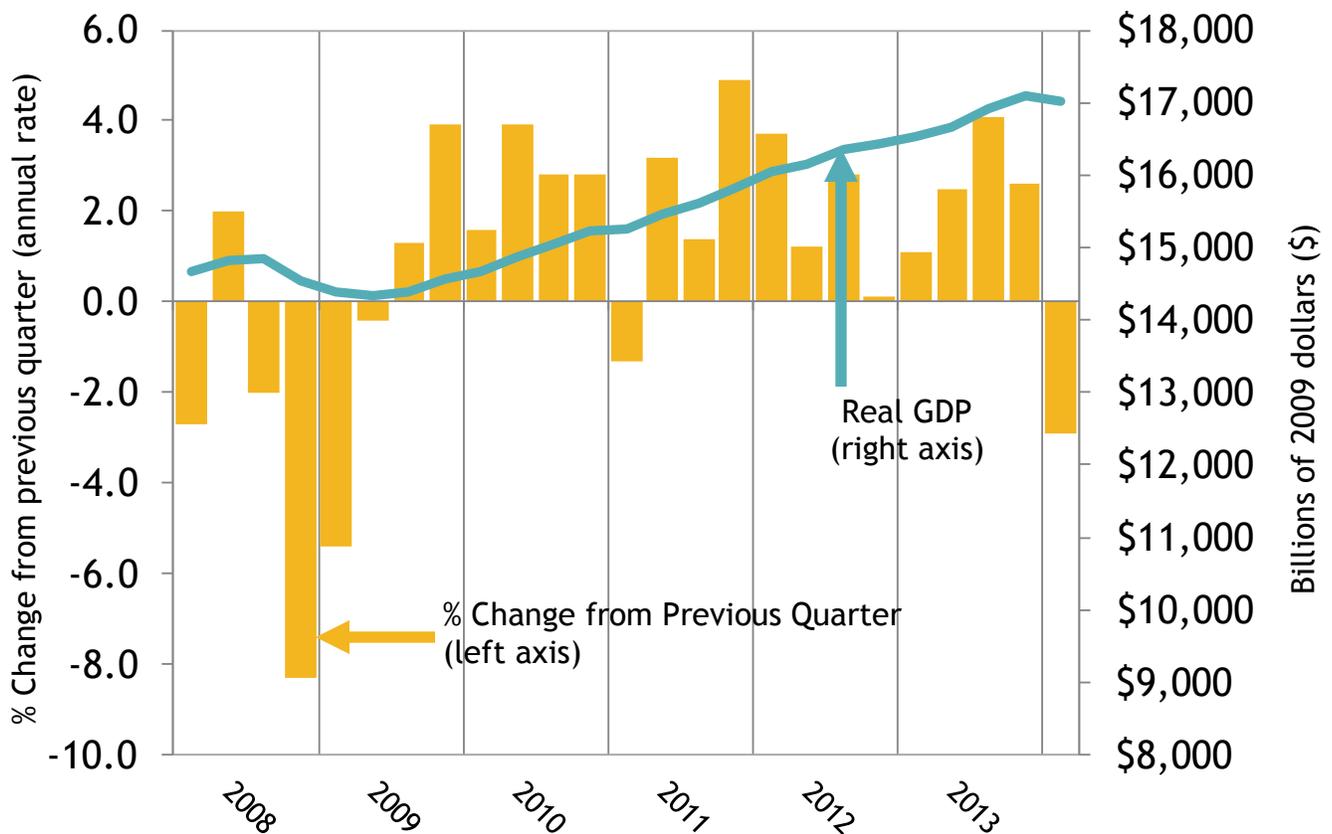
Gross Domestic Product (GDP) is the broadest measure of economic conditions.

National

Gross Domestic Product (GDP) is the broadest measure of economic activity. It is also the measure that is most indicative of whether the economy is in recession. In the post-World War II period, there has been no recession in which GDP did not decrease in at least two quarters. (There were recessions, however, in which these quarters were not consecutive: 1960-61 and 2001.)

U.S. GDP grew every quarter in 2013, but showed negative growth in the 1st Quarter 2014. Growth between the 2nd through 4th Quarters of 2013 averaged 3.1 percent. The largest growth from quarter to quarter for GDP was from Q2 2013 - Q3 2013 with 4.1 percent growth. The 1st Quarter 2014 saw GDP shrink by 2.9 percent, the first quarter of negative growth since the 1st Quarter 2011. Analysts blame the sudden drop of GDP to a worse than normal winter in 2014. With the recent downturn in GDP growth, there is concern of slowing growth in the economy.

Real U.S. Gross Domestic Product and Quarterly Change



Gross Domestic Product, con't.

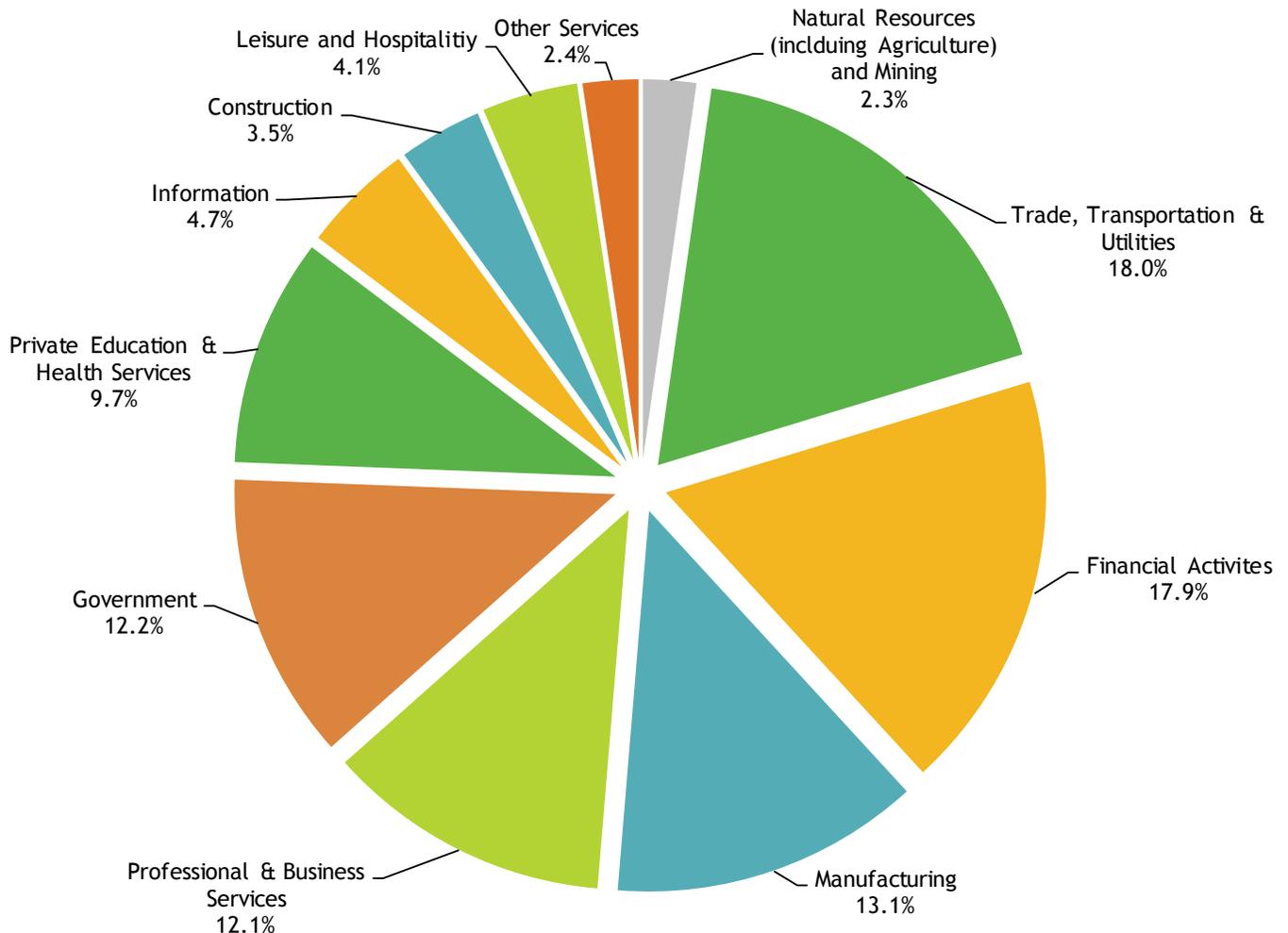
Missouri

Missouri's economy typically follows a similar trend to that of the U.S., but availability of state GDP data lags behind national data, and state information is only available on an annual basis. As a result, it is not as good as an indicator of current economic conditions. However, it is still valuable to understand what industries are the largest contributors to Missouri's economy.

Missouri's GDP totaled over \$276 billion in 2013 according to advance estimates, an increase in current dollars of 2.6 percent from 2012. The *trade, transportation and utilities* sector makes up the largest portion of Missouri's economic output, followed by *financial activities, manufacturing, and government*.

Since 2003, *professional and business services* and *educational and health services* have had the largest gain in share of the state's economic makeup, while *manufacturing* and *financial activities* have had the largest declines in share.

Industry Share of Missouri's Economy By Percentage of Gross Domestic Product, 2013



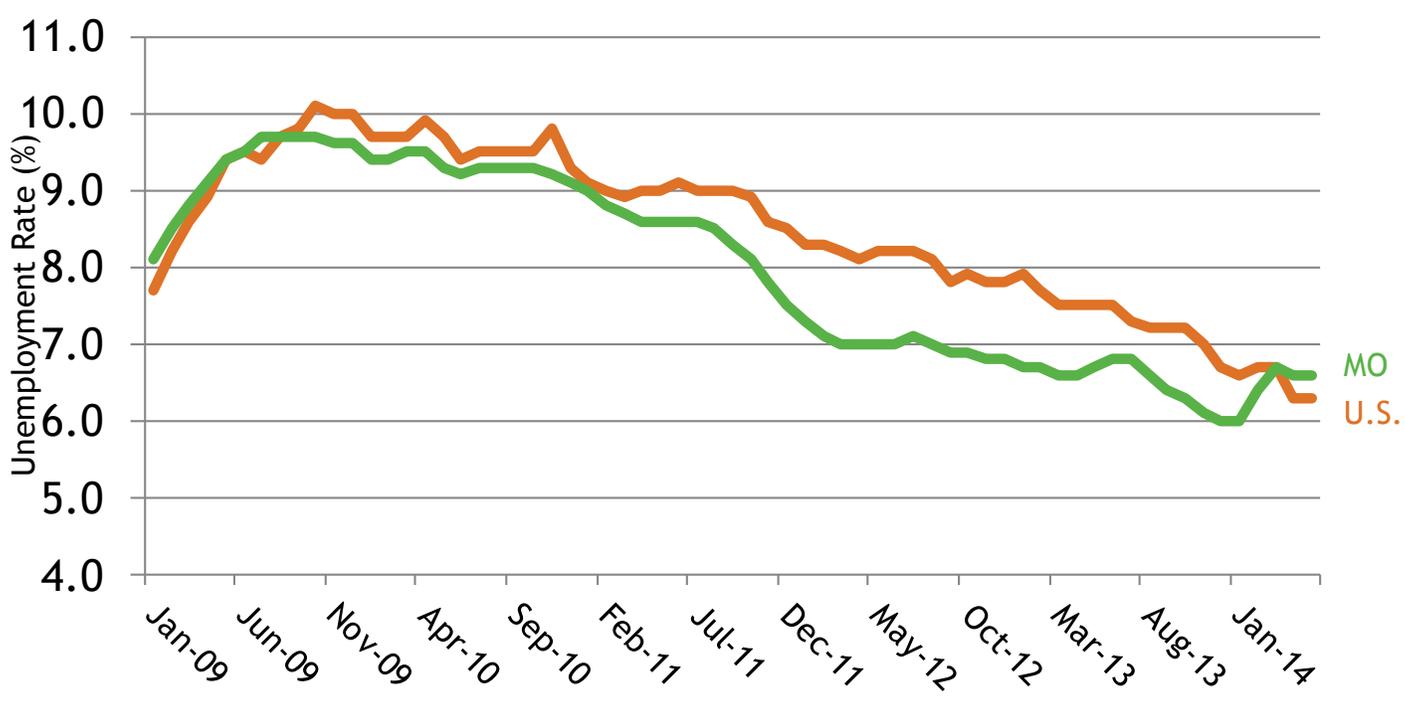


Unemployment Rate

The unemployment rate measures the percentage of people in the state who are without work.

The U.S. unemployment rate has continued to decline over the previous 12 months reaching a nearly six year low of 6.3 percent in May 2014. Missouri's unemployment rate was at its lowest point in nearly six years in January and February 2014 with a rate of 6.0 percent consecutively. Since then Missouri's unemployment rate has increased to 6.6 percent. Unemployment has continued to trend downward in the last year, despite a slight increase in the last two months of 2014.

U.S. and Missouri Seasonally Adjusted Unemployment Rate January 2009–May 2014



Understanding Unemployment Rates

The unemployment rate is calculated by dividing the estimated number of unemployed people in the state by the civilian labor force. The result expresses unemployment as a percentage of the labor force. Labor force and unemployment estimates for states come from a cooperative statistical program between the U.S. Department of Labor's Bureau of Labor Statistics (BLS) and the various states. MERIC is the BLS affiliate in Missouri. The inputs to these models include monthly state-specific data from the Current Population Survey (CPS - a nationwide survey of households), Current Employment Statistics program (CES - survey of employers), and claims data from the unemployment insurance system.



Employment

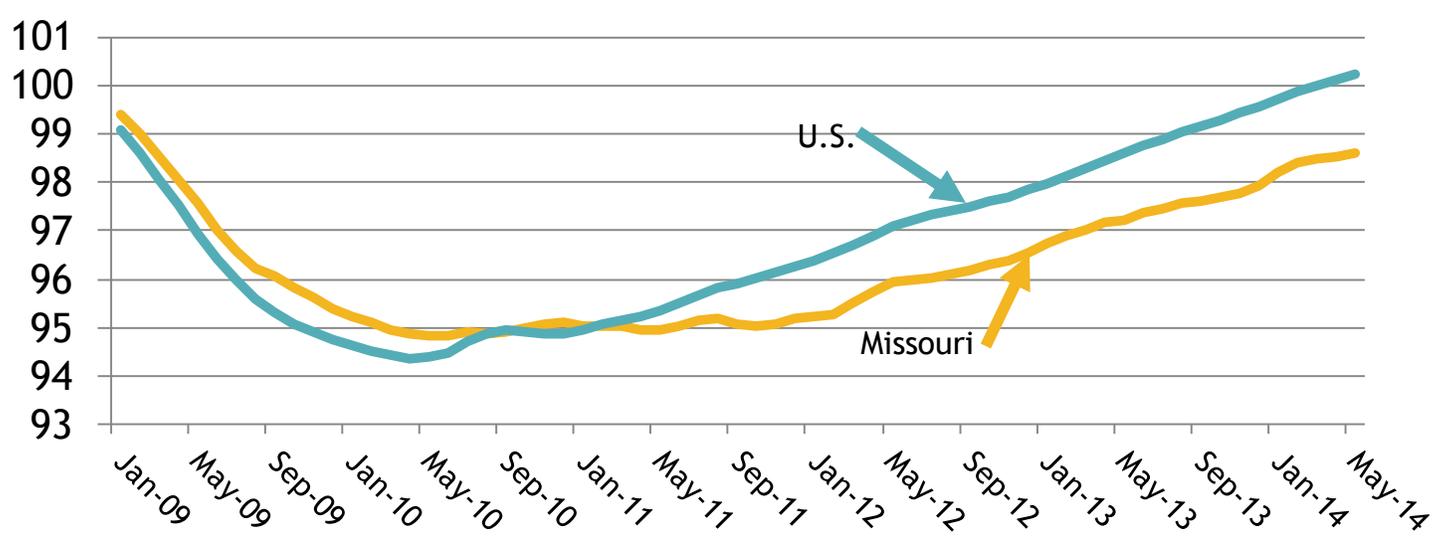
Payroll Employment measures the number of jobs in the state. The number of jobs and the industries that create those jobs are indicators of a state's economic health.

Payroll employment is one of the most current and reliable indicators of economic conditions. Nonfarm payroll employment has continued to grow in 2013-14. In the U.S. employment has increased by a net 1,068,000 jobs in the six most recent months ending in May 2014. Missouri employment added a net 15,800 jobs during the same six-month period.

May 2014 saw increased employment; the U.S. and Missouri added 217,000 and 2,500 jobs respectively. It is not unusual for employment growth to move irregularly from month to month. As in many economic measures, trends are usually better discerned by following developments over a period of several months.

U.S. employment has grown steadily in the previous 12 months and is surpassing indexed employment levels of 2008, while Missouri is continuing to see positive, but uneven employment growth. This is a sign that the economy is continuing to improve as businesses increase hiring. While Missouri has seen uneven job growth, there has been enough to continue to move payroll employment towards pre-recession levels in the next few years.

U.S. and Missouri Payroll Employment
Index: 2008 Annual Average = 100

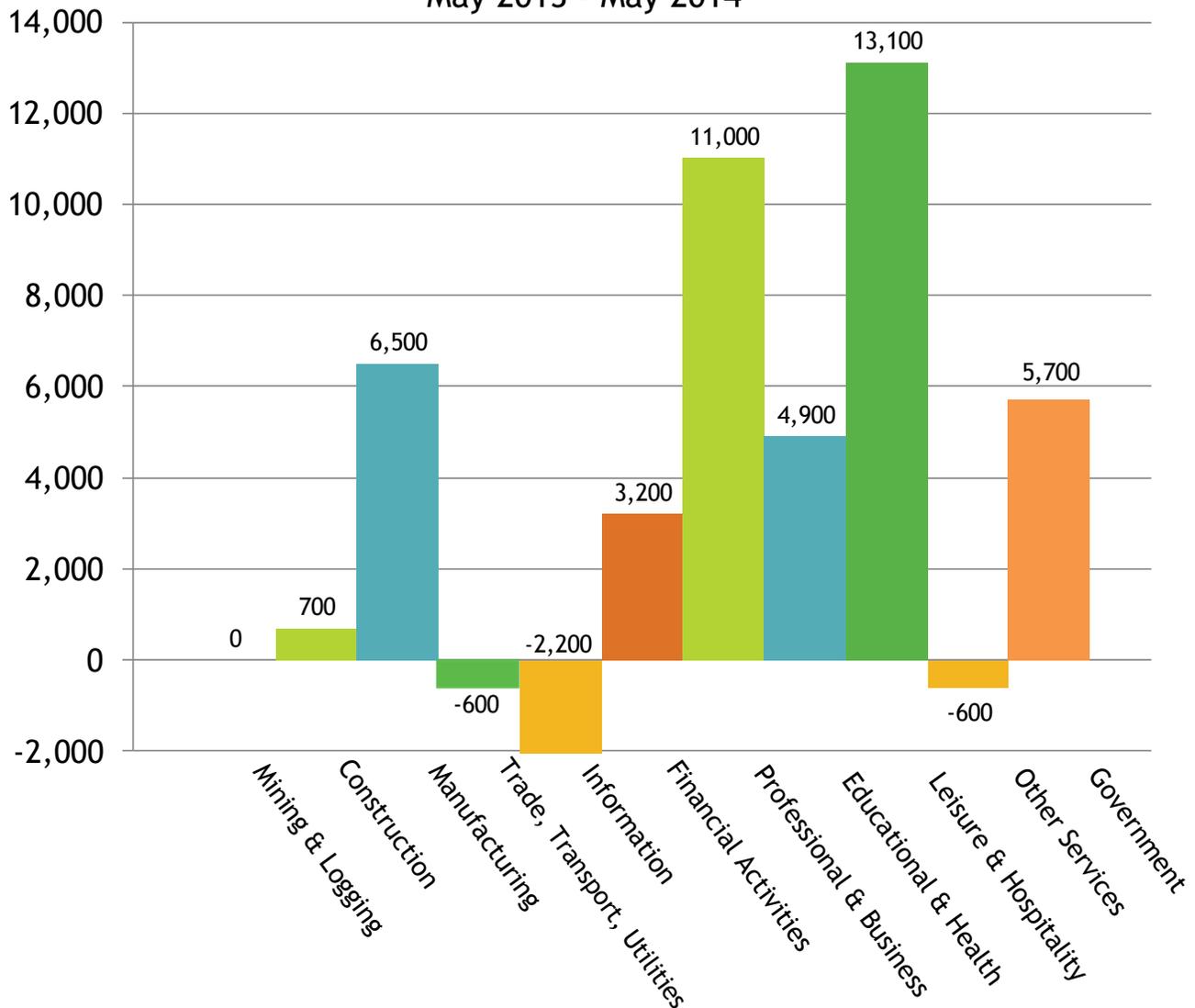


Employment Change by Industry

Employment growth by industry identifies the types of jobs being created in the state. On the other side of the ledger, industries with decreasing trend employment indicate those which are becoming less present in the state's economy. There may also be industries which behave more cyclically, growing during expansion and decreasing in times of economic slowdown or contraction. These changes are crucial in that they help identify the types of jobs being lost by individuals. Anticipating what will happen in recovery helps identify whether those jobs will return or what types of new jobs will be created. Thus key information for planning re-employment, retraining, and other workforce and economic development programs is contained within these data.

Comparing May 2013 to May 2014, eight industry groupings increased employment in Missouri. *Leisure & hospitality* employment increased by 13,100, and the *professional & business services* industry is up 11,000 over the year. *Manufacturing* and *government* employment increased significantly by 6,500 and 5,700 respectively from the previous year. *Educational and health services* and *financial activities* employment also increased by 4,900 and 3,200 respectively from May 2013 to May 2014. The industries that had declining employment was *information, trade, transport, and utilities*, and *other services*. With most of the sectors showing employment increases, it bodes well for Missouri's continued economic growth.

Missouri Employment Change by Sector
May 2013 - May 2014



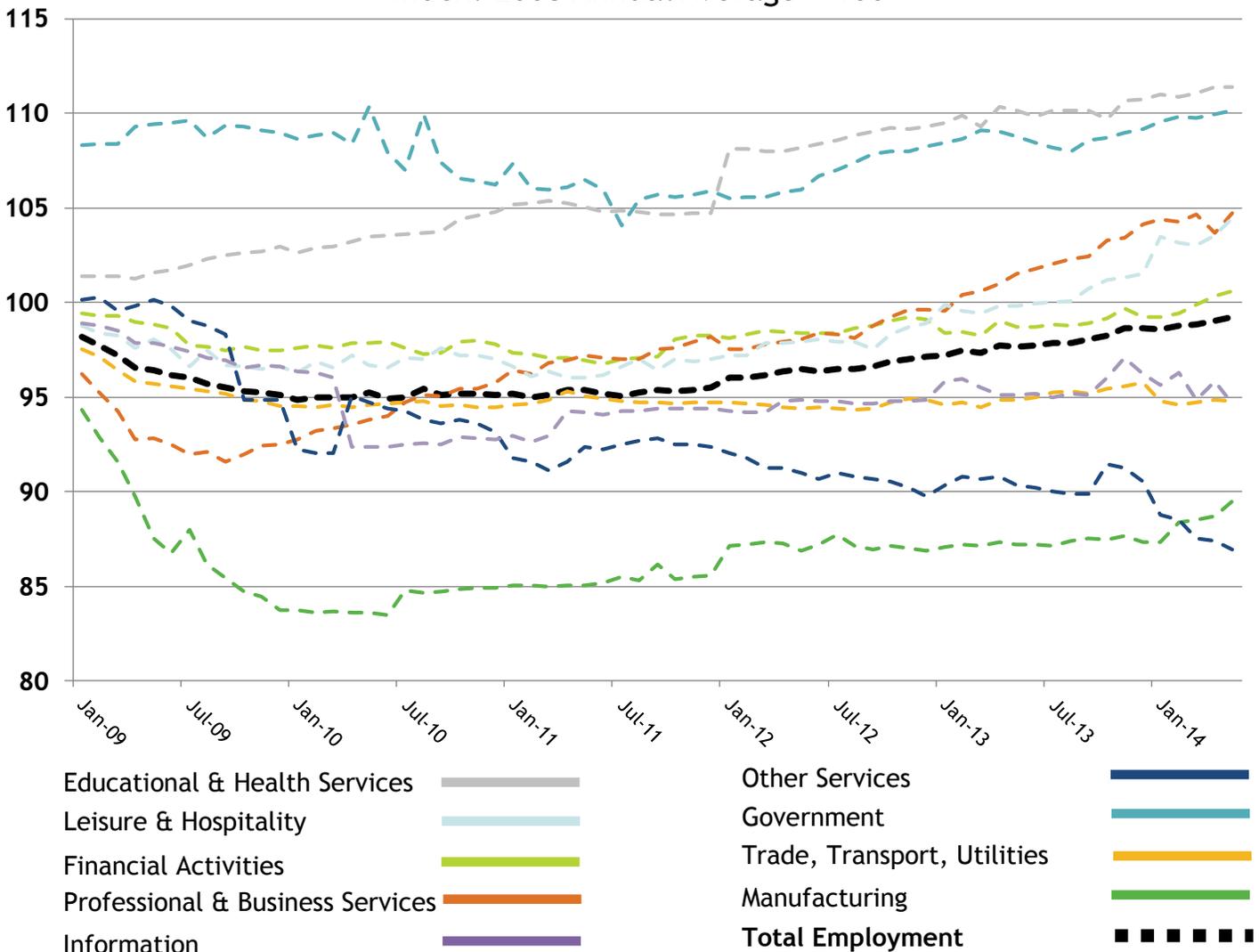
Industry Employment Trends

Reviewing the trend of employment in industries reveals moderate growth over the previous 12 months. During this period many industries have seen moderate growth and recovered the job losses that occurred due to the recession. *Manufacturing* recently has seen faster than normal job growth, while *trade, transport, and utilities* have seen stagnant job growth in the previous 12 months.

The last 12 months has seen employment growth across most industries. The industries that grew the most during the period were *leisure and hospitality* and *professional & business services*, with 13,100 and 11,000 jobs respectively. *Manufacturing* employment grew by 6,500, seeing most growth in the first four months of 2014. *Government* employment increased by 5,700 while *financial activities* increased employment by 3,500. The only sectors that had a loss of employment were *information* losing 3,200 jobs followed by *trade, transport, and utilities* and *other services* both with a loss of 600.

Overall, employment trends in the major industries have been continuing to trend positively, especially industries like *leisure & hospitality*. A majority of industries are above the total employment trend line. *Information, manufacturing, other industries, and trade, transport, and utilities* are below the total employment trend line.

Missouri Employment Trend in Largest Employing Sectors
Index: 2008 Annual Average = 100



Labor Market Summary: May 2013–May 2014

A summary of real time labor market analysis for the past year across the state.

The total number of new job postings from May 2013 through May 2014 totaled 274,215 for the state. The industry with the most job postings was *hospitals*, including employers such as Mercy Health System, Health Corporation of America, and Barnes Jewish Hospital. The top three occupations with the highest number of job postings were Registered Nurses, Retail Salespersons, and Truck Drivers. More than two thirds (72%) of the job postings were permanent full-time positions. St. Louis, MO had the most job postings of all metropolitan areas followed by Kansas City, MO.

Missouri Top Industry Postings

INDUSTRIES WITH TOP POSTINGS	NUMBER OF JOB ADS
Hospitals	34,845
Restaurants, Food & Drink Services	17,521
Banks	8,911
Colleges & Universities	8,731
Insurance Companies	7,593
Health Practitioner Offices	6,103
Department Stores	5,747
Hotels & Other Accommodations	5,457
Scientific Research & Dev. Services	5,310
Elementary & Secondary Schools	3,642

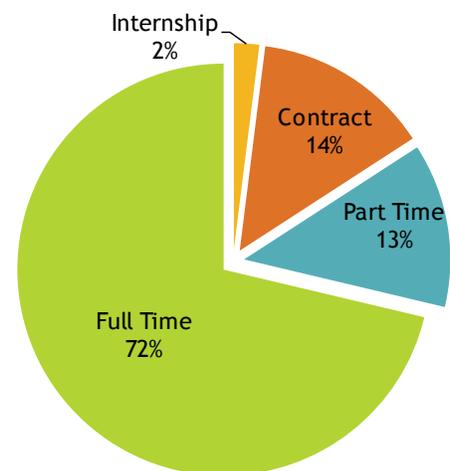
Missouri Top Industry Postings

COMPANY
Mercy Health System
BJC HealthCare
Monsanto
Pizza Hut
Lowe's Companies, Inc.
Hospital Corporation of America
Sears
Washington University
The Boeing Company
Kindred Healthcare Incorporated

Missouri Cities With Most Job Postings

METROPOLITAN STATISTICAL AREA ¹	NUMBER OF JOB ADS
St. Louis, MO	168,350
Kansas City, MO	97,752
Springfield, MO	31,757
Columbia, MO	15,750
Joplin, MO	11,451
St. Joseph, MO	7,395
Jefferson City, MO	5,496

Job Postings by Employment Type



¹ Metropolitan Statistical Area (MO Only)

Labor Market Summary: Top Job Postings

NOW OCCUPATIONS	ONLINE JOB ADS
Retail Salespersons	14,904
Sales Reps, Wholesale / Mfg	11,800
Customer Service Representatives	8,986
Food Prep & Serving Workers	5,103
Maintenance & Repair Workers	4,658
Secretaries & Admin. Assistants	4,632
Laboreres & Material Movers	3,827
Computer User Support	3,710
Delivery Service Drivers	3,424
Merchandise Displayers	3,290

NEXT OCCUPATIONS	ONLINE JOB ADS
Truck Drivers	17,881
Registered Nurses	12,582
Retail Sales Supervisors	8,989
Food Prep & Serving Supervisors	5,007
Nursing Assistants	4,650
Food Service Managers	3,357
General & Operations Managers	2,968
Licensed Practical Nurses	2,923
Managers, Other	2,897
Office Worker Supervisors	2,429

LATER OCCUPATIONS	ONLINE JOB ADS
Software Developers, Applications	9,176
Medical & Health Services Managers	5,497
Computer Systems Analysts	5,041
Sales Managers	4,156
Human Resources Specialists	3,841
Accountants	2,796
Lawyers	2,527
Network & Systems Administrators	2,259
Database Administrators	2,043
Postsecondary Teachers	1,962

Occupations are typically classified as NOW, NEXT, and LATER depending on the training and education required.

LATER
NEXT
NOW

NOW occupations usually require less than one month (short-term) to no more than 12 months (moderate-term) of on-the-job training.

NEXT occupations usually require more than one year (long-term) on-the-job training and can additionally need specific work experience; generally requires an associate's degree or a substantial vocational education.

LATER occupations usually require a bachelor's degree and may need specific work experience; potentially some work experience or advanced degree required.

Sources

Data for this analysis has been extracted using Burning Glass Technologies, Labor/Insight™ tool that collects information from over 17,000 web sources, including job boards, newspapers, large and small employer websites. Missouri Economic Research and Information Center (MERIC) uses this data to compile and publish reports for the State and Labor Market Regions.

While this analysis presents a broad picture of hiring activity and serves as a measure of labor demand, it does not capture openings that are filled through other networks.

Missouri Labor Supply & Demand Analysis

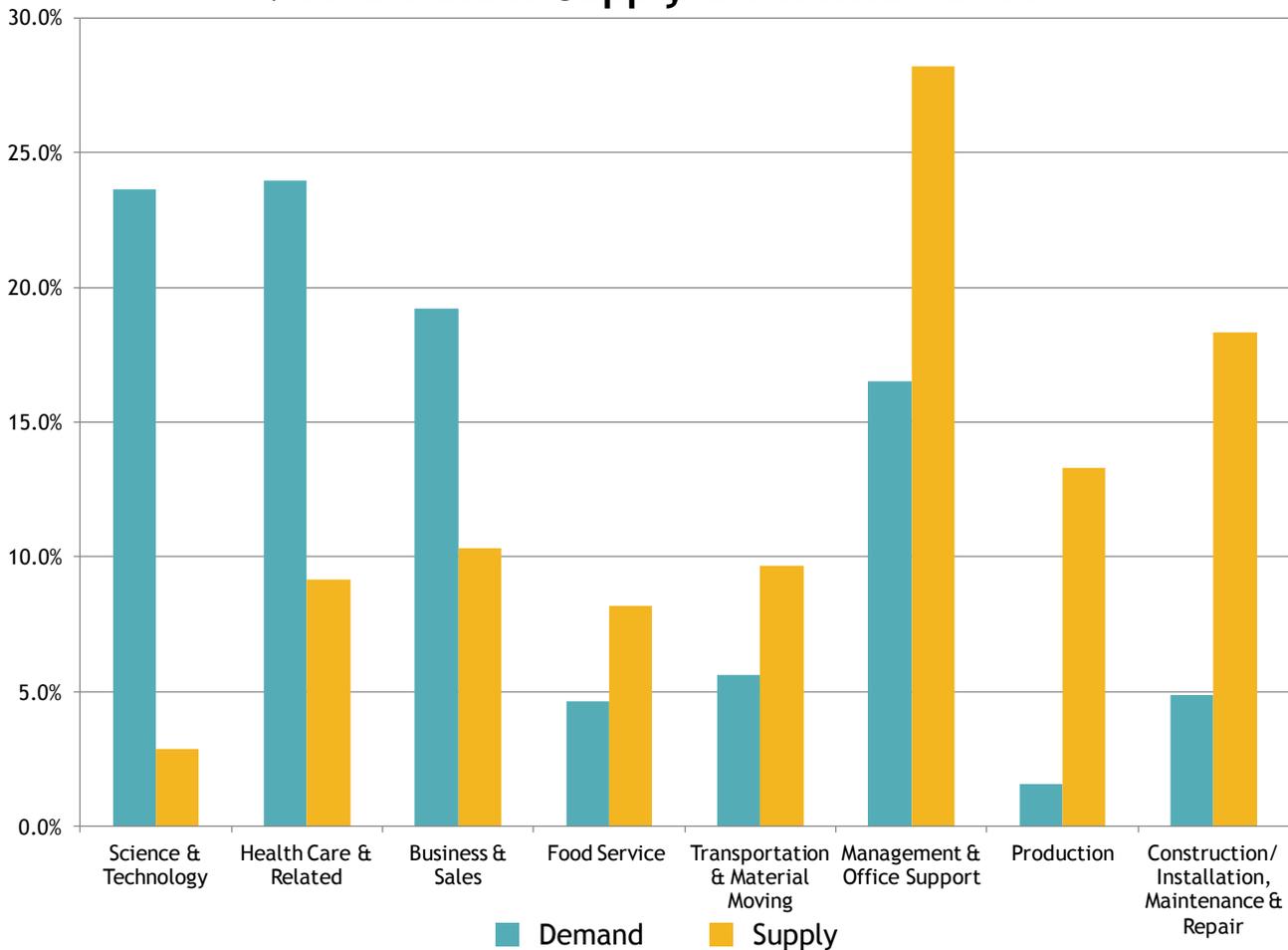
A summary of industry job availability in comparison to job seekers selected industry.

Recently there has been discussion on whether a job skills gap exists that is preventing people from gaining employment. “Job skills gap” means that there are occupations in industries that are high demand with fewer people seeking them, while there are industries that have a large supply of labor but fewer job postings. The analysis highlights industries where the demand of jobs are greatest in order to retrain workers to fill such high demand openings. In 2013 there were 191,355 active job seekers in Missouri’s workforce data system, 43 percent are registered in the unemployment insurance system. At the same time employers posted 167,454 online job ads according to postings from Burning Glass Technologies.

The chart below shows that jobs in Science and Technology, Healthcare, and Business/Sales are in high demand yet not enough job seekers are looking to fill the positions. These combined areas account for 67 percent of the job ads yet only 22 percent of job seekers are looking for these occupations. Top jobs in these fields include Software Developers, Retail Salespersons and Registered Nurses.

The chart indicates that a large percentage of job seekers are looking for work in Construction/Related and Production, but less than 10 percent of job postings are in these fields. Given steep job cuts across these sectors during the recession, it is not surprising that many people are looking for work in these areas to capitalize on previous experience. However, the analysis shows a lot of competition for these occupations whereas other areas have better opportunities after training.

Missouri Labor Supply & Demand - 2013





Personal Income

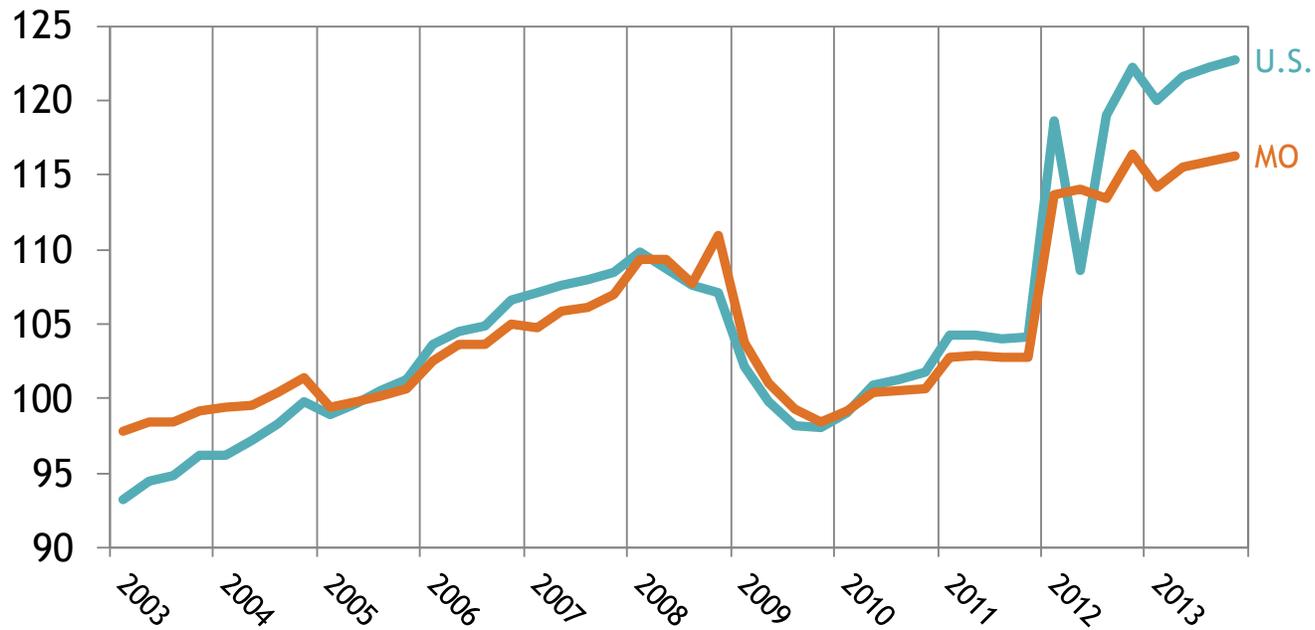
Beyond employment and unemployment, income is another important measure of economic success.

Personal income is a broad measure of economic activity and one for which relatively current data are available. Personal income includes earnings; property income such as dividends, interest, and rent; and transfer payments, such as retirement, unemployment insurance, and various other benefit payments. It is a measure of income that is available for spending and is seen as an indicator of the economic well-being of the residents of a state. Earnings and wages make up the largest portion of personal income.

Fourth quarter 2013 data showed continued growth for real personal income in Missouri and the U.S. from the same quarter last year. U.S. income increased by 1.32 percent over last year, while Missouri income increased by 1.15 percent. U.S. transfer payments increased by 3.1 percent, while Missouri transfer payments increased 2.6 percent. Transfer payments growth was higher than employee compensation which increased by 2.0 percent for the U.S. and 0.8 percent for Missouri.

To show the vastly different levels of total personal income for the U.S. and Missouri on the same chart, these data have been converted to index numbers. This chart shows a comparison of Missouri and U.S. growth in real personal income, excluding transfer payments, with the year 2005 as the base year.

Real Personal Income¹
Index: 2005 Annual Average = 100



¹ Less transfer payments. 2005 dollars.



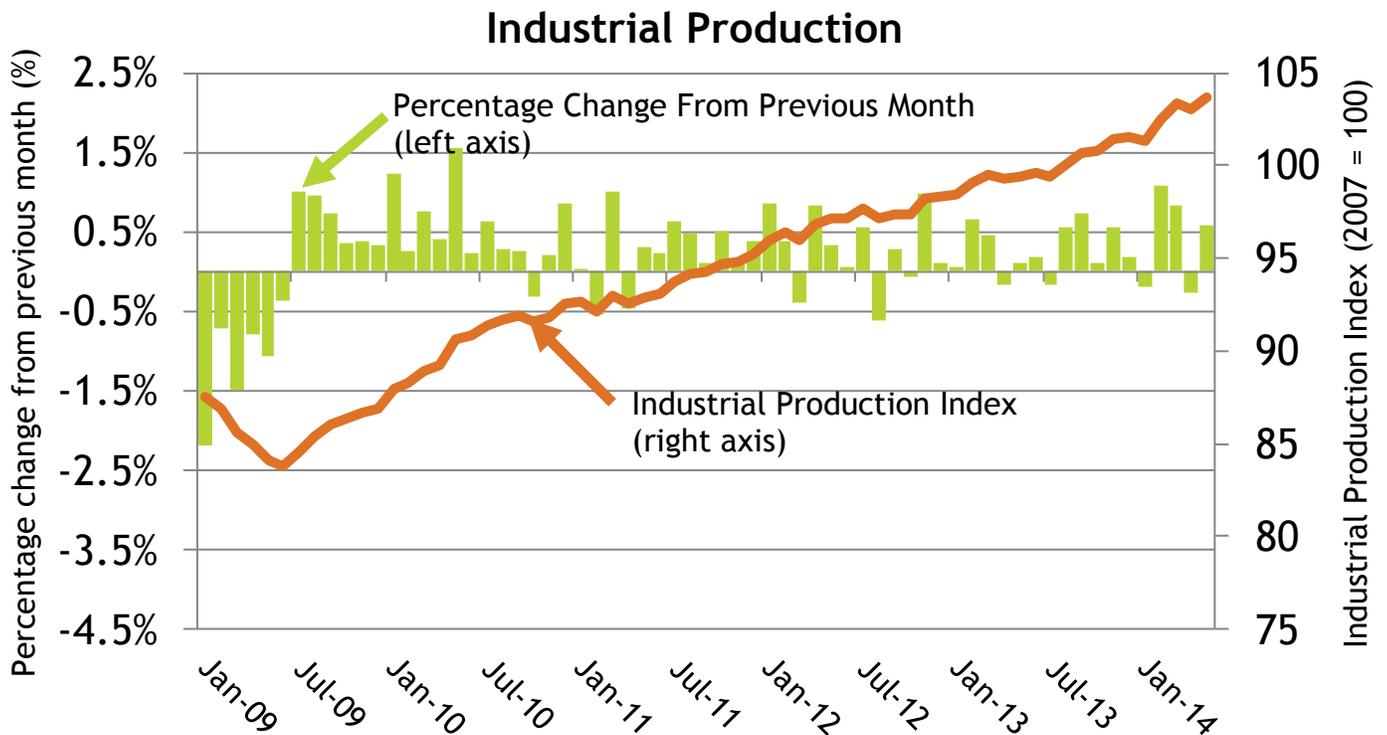
Manufacturing and Industrial Vitality

Manufacturing and production are still important parts of both the U.S. and Missouri economies.

Manufacturing and production are still important parts of both the U.S. and Missouri economies and were seriously affected by the recession. Signs of improvement in production and manufacturing are encouraging for economic recovery.

Industrial production in the U.S. is a measure closely linked to the strength of the manufacturing sector. In the previous 12 months industrial production has increased overall. From May 2013 to May 2014, the industrial production index increased 4.1 percent. Over this period there were three months where growth did not occur from the previous month: July 2013, January 2014, and April 2014. The overall trend shows steady growth in industrial production.

Manufacturing employment should move somewhat consistently with industrial production, but there are some inconsistencies between increased production and rising employment. In particular, productivity gains have made it possible for manufacturers to increase output while holding employment constant or even shedding jobs. In the last 12 months, industrial production and manufacturing employment both increased nationally and in Missouri. This shows that there is a need for additional employees as productivity with the current workforce has reached its maximum limit.



Manufacturing Employment

Manufacturing employment in the United States and Missouri has increased in the previous 12 months from May 2013 to May 2014. The United States and Missouri has seen steady employment growth in this sector.

Employment in the manufacturing segment has grown at a fast pace in the United States. U.S. manufacturing employment in the previous 12 months had a net gain of 111,000. This is nearly three times the amount of jobs that was added from May 2012-May 2013 of 42,000.

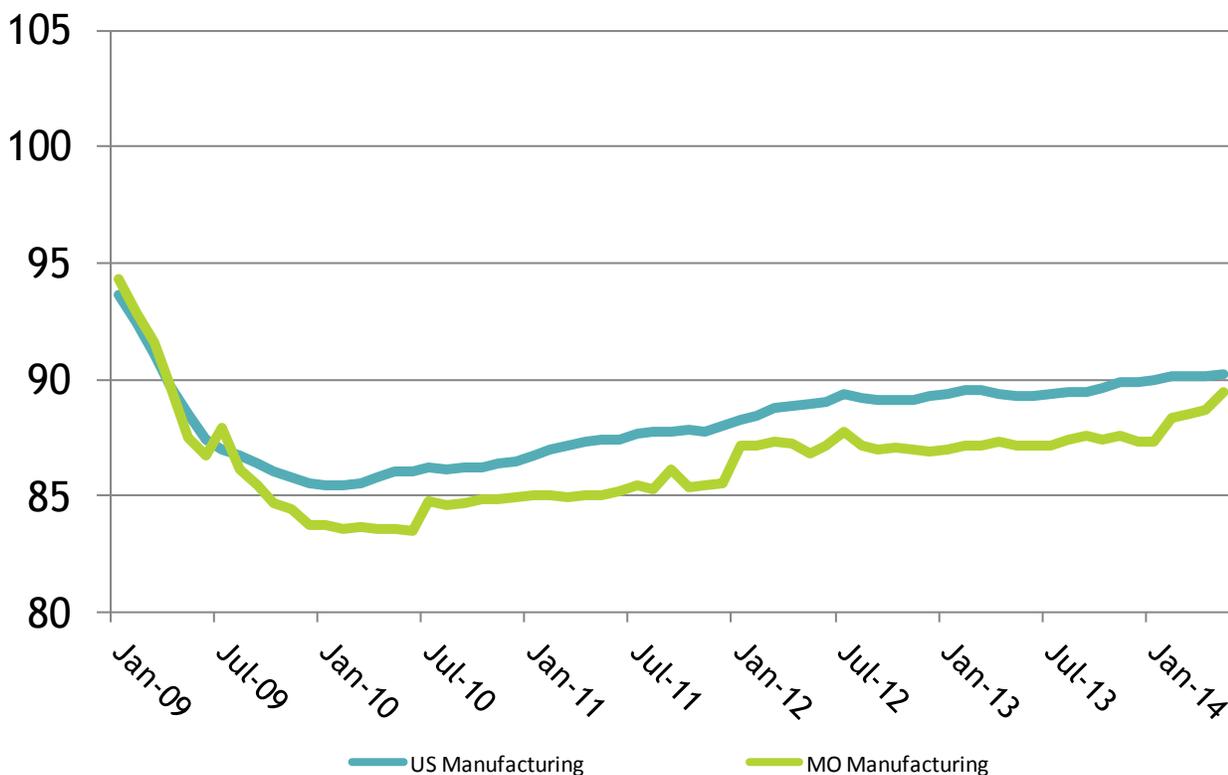
Missouri manufacturing employment has increased at a faster pace than the U.S. Missouri's manufacturing employment in the previous 12 months had a net gain of 6,500. Manufacturing employment grew by 2.6 percent, compared to 1.6 percent for the whole private sector. Most of the growth in manufacturing employment occurred in the previous five months beginning in January 2014, where 6,100 of the total 6,500 jobs were added.

Due to the additional manufacturing employment the job index increased, but it is still below pre-recession levels. The U.S. manufacturing employment index in May 2014 is still below the 2008 level (100) by 10 percent and the Missouri index is below by nearly 11 percent. While growth is continuing, manufacturing employment is still below pre-recession levels.

The increased amount of employment in the U.S. and Missouri show a continued recovery in the manufacturing sector and that the overall economy continues to grow, albeit at a modest pace.

U.S. and Missouri Manufacturing Employment

Index: 2008 Annual Average = 100



Purchasing Managers' Index

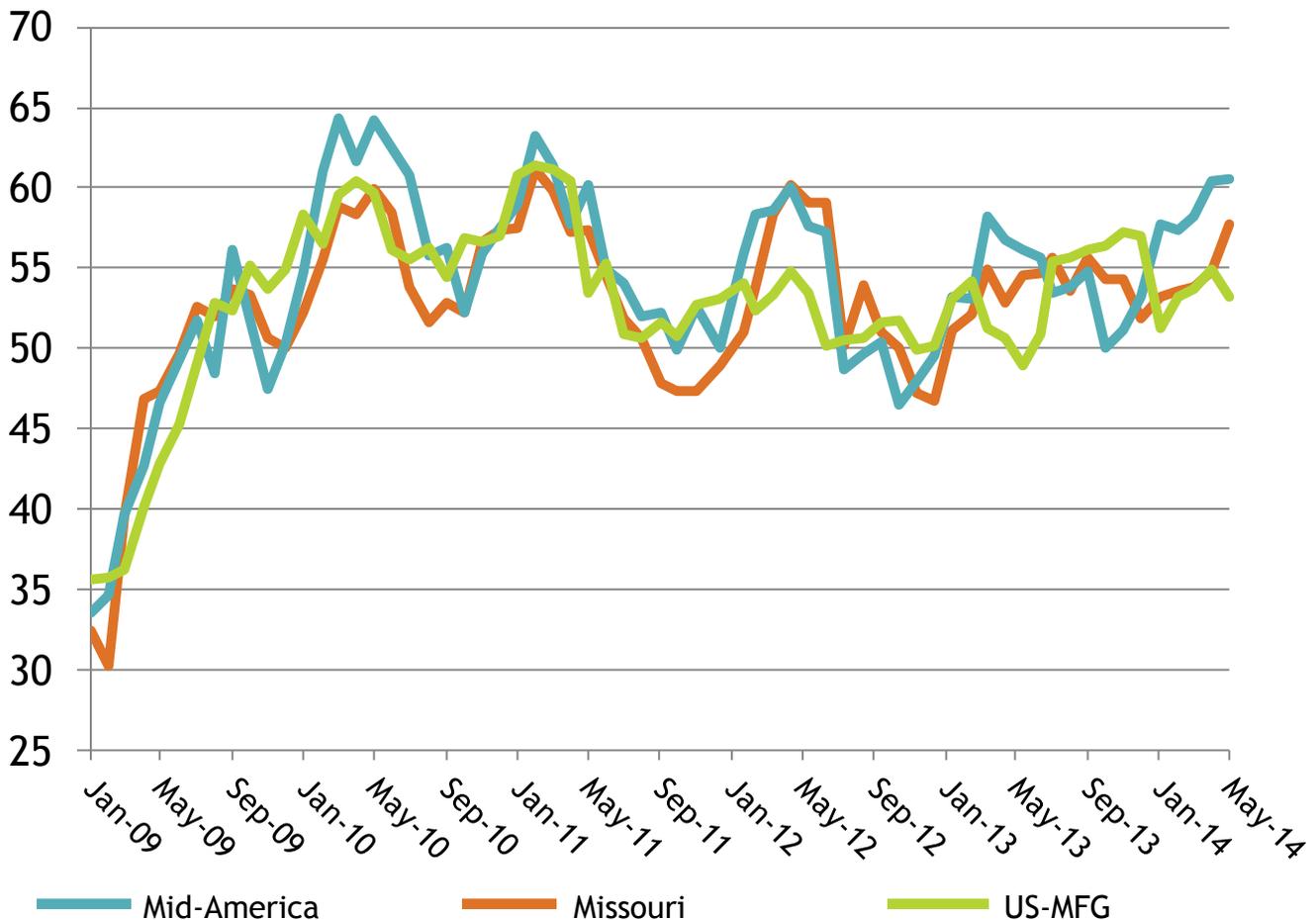
Economists consider the Purchasing Managers' Index (PMI), which measures such factors as new orders, production, supplier delivery times, backlogs, inventories, prices, employment, import orders and exports, a key economic indicator. Typically, a score greater than 50 indicates an expansionary economy, while a score below 50 forecasts a sluggish economy for the next three to six months.

PMI has been fluctuating at the national, regional and state level, but the indices have not been below 50, which shows the economy is still growing albeit at a slow pace.

The national PMI for manufacturing industries decreased by 1.7 points in May to 53.2, marking its first decrease in five months. Overall, the National PMI has been above the neutral threshold of 50 for 12 consecutive months.

Missouri's PMI has been above the expansionary level for 17 consecutive months since January 2013. The state's score increased by 2.9 points in May, according to the monthly Mid-American Business Conditions Survey, conducted by Creighton University, Omaha, NE. The state's PMI score increase to 57.7 from 54.8 in May, with the only component seeing an increase was production or sales (56.8).

Purchasing Managers' Indices (Manufacturing)
Index score >50 indicates an expansionary economy





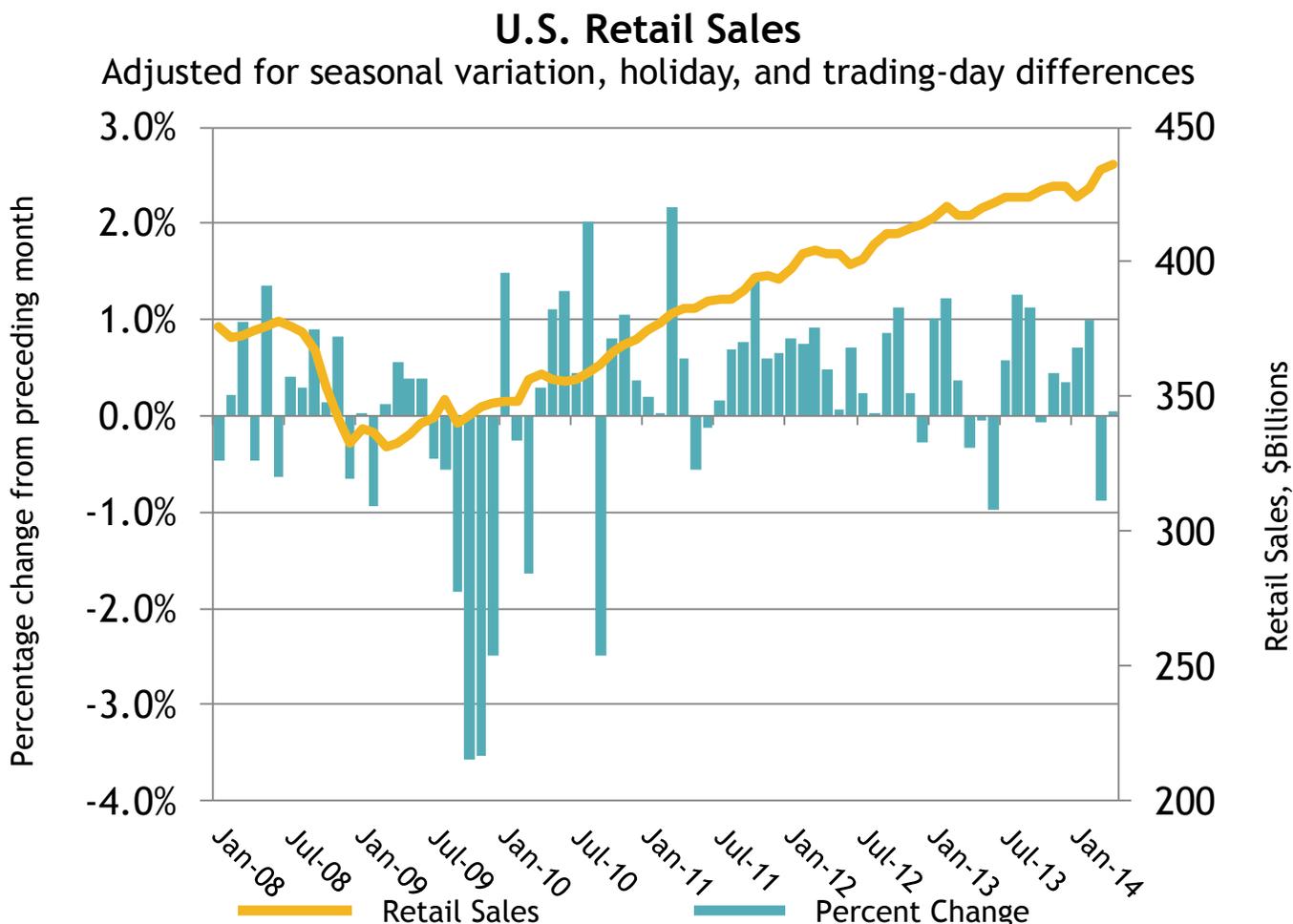
Retail Trade and Taxable Sales

Consumer spending is an indicator of economic growth and confidence in the economy.

Consumer spending accounts for two-thirds of the U.S. economy, and is likewise, essential to Missouri's economy. Retail sales account for around one-half of consumer spending.

National retail sales data are prone to fluctuations, but provide an important view on changes in consumer spending. Retail spending has increased overall in the previous 12 months, but there have been stretches where retail sales were down, specifically March - April 2014. Overall, retail spending nominally increased 4.3% from May 2013 to May 2014.

Consumer sentiment indices continue to show improvement in consumer confidence and expectations in regard to the economy, which is typically reflected in spending patterns. Consumers continue to show caution with spending, as the economy continues to show signs of relatively small growth.



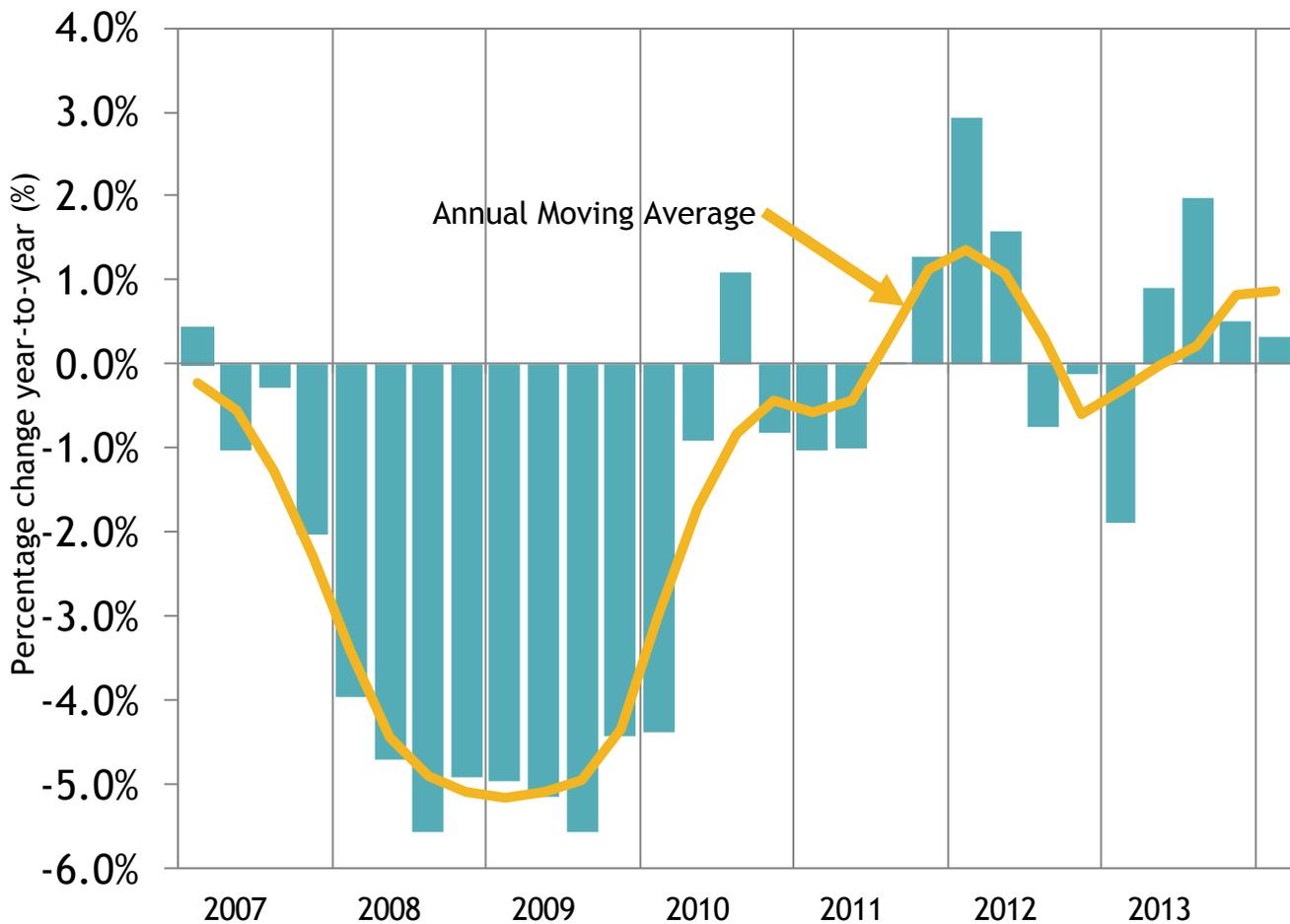
Missouri Taxable Sales

Although no specific retail sales data are readily available for Missouri, total taxable sales as measured by the Missouri Department of Revenue (DOR) can serve as a proxy measure. Retail sales account for approximately 65 percent of taxable sales in Missouri, with an additional 10 percent from wholesale trade, 10 percent from service industries such as hotels and amusement parks, 10 percent from communications industries, and 5 percent from other industries.

The Missouri Department of Revenue has released preliminary taxable sales estimates for the 1st quarter of 2014. For the quarter, approximately \$18.3 billion in taxable sales occurred in the state, an increase of 1.66 percent in actual dollars from the same quarter of 2013.

Analysis by MERIC shows that if seasonal and inflationary effects are removed from the data, real year-to-year changes in taxable sales during the 1st quarter of 2014 was 0.3 percent.

Year-to-Year Quarterly Percentage Change in Taxable Sales Inflation and Seasonally Adjusted





Missouri's Regional Economies

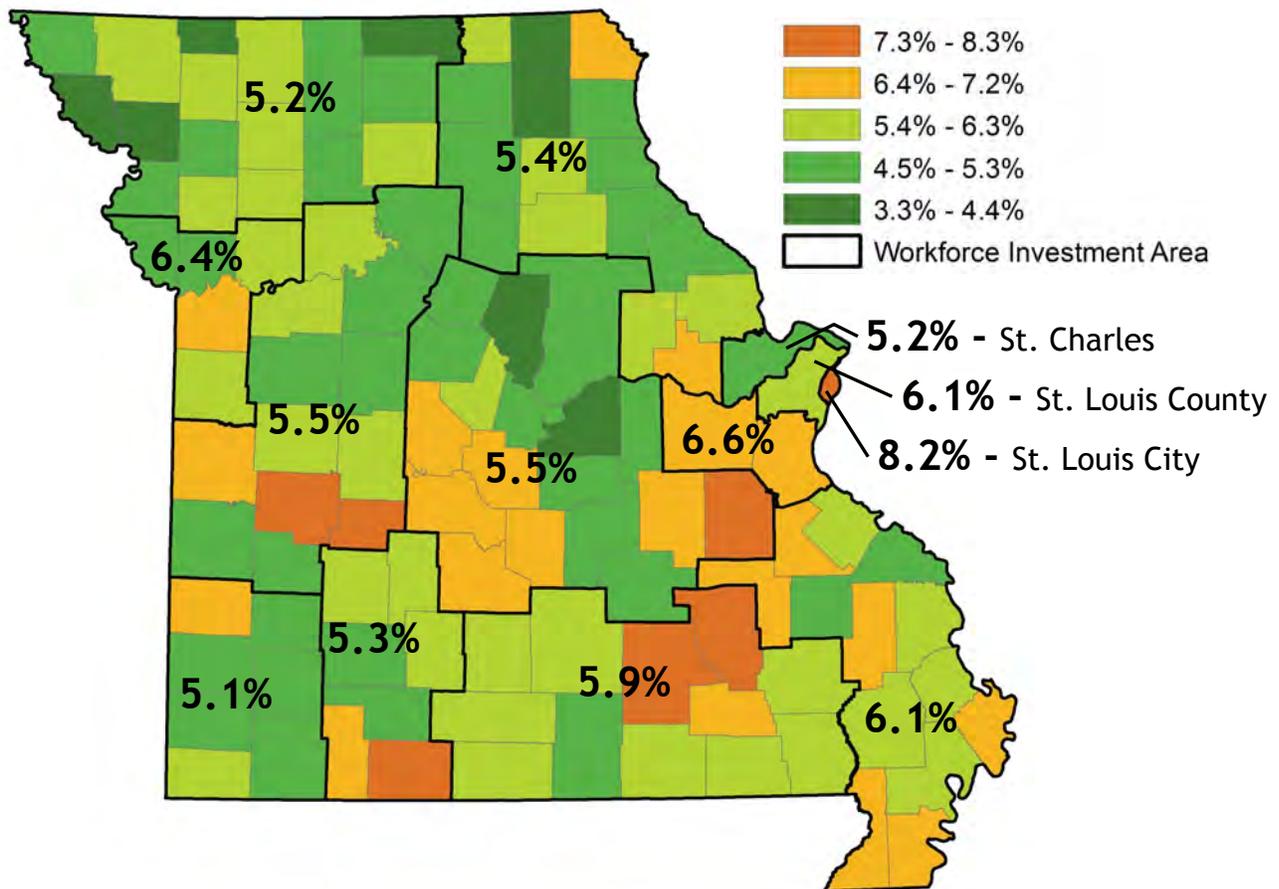
Missouri's economy is complicated and diverse. The state itself is home to many smaller and distinct economies.

Missouri can be divided into several multi-county regions, including Metropolitan Statistical Areas (MSAs) and Workforce Investment Areas (WIAs). It is useful to analyze these regional economies to determine the different strengths and advantages each bring to the state.

Missouri's metropolitan areas make up the largest portions of the state's economy. St. Louis County and Jackson County alone combine for nearly one-third of the state's economy in terms of employment, personal income and population. Regardless of their size, all of the regions have a role in the state's economic make-up. For example, some of Missouri's rural areas are especially important to tourism and agriculture in the state.

Regions of the state have rebounded differently from the recession. Unemployment rate data for April 2014 show pockets of higher and lower unemployment rates spread throughout the state.

Workforce Investment Area Unemployment Rates - April 2014 Not Seasonally Adjusted

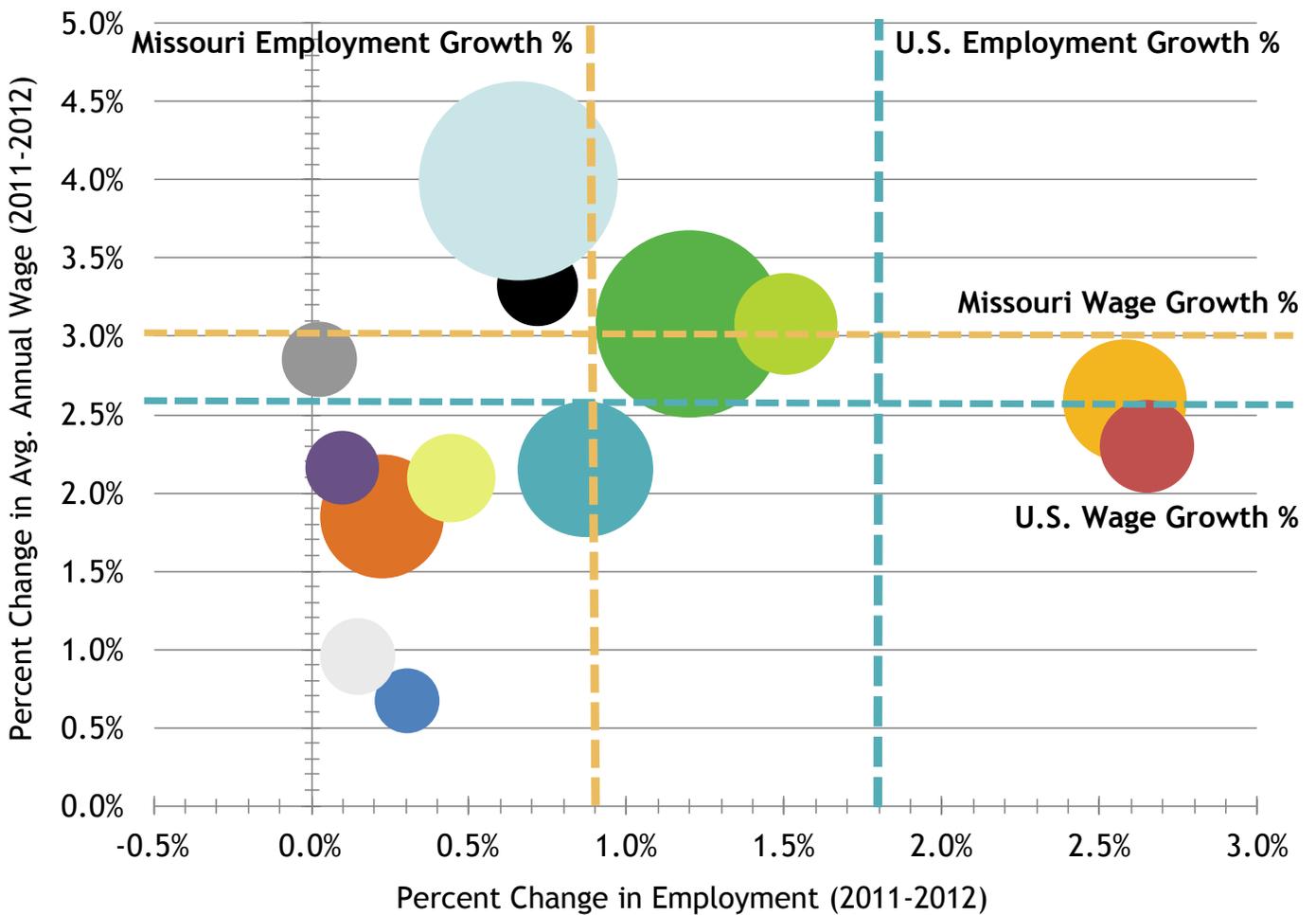


Regional Employment and Wages

Employment data from 2011 through 2012 show that while all regions had wage growth over the year, the magnitude of increases varies. For example, St. Louis County had the largest wage growth in the state over the year at 4%, while South Central had the smallest wage growth at 0.7%. All regions had employment growth during this period. The regions with the lowest growth was Jefferson/Franklin with 0.0% growth and West Central and Northeast Missouri with 0.1% growth. On average, wages and employment growth in both Missouri and the U.S. were positive from 2011 to 2012. Employment growth in the U.S. outpaced most regions in the state except for the St. Charles County and Ozark regions with 2.7% and 2.6% respectively. Wage growth in the U.S. was outpaced by several regions in Missouri.

Comparative Performance of Workforce Investment Areas in Missouri

Sphere size indicates relative employment levels

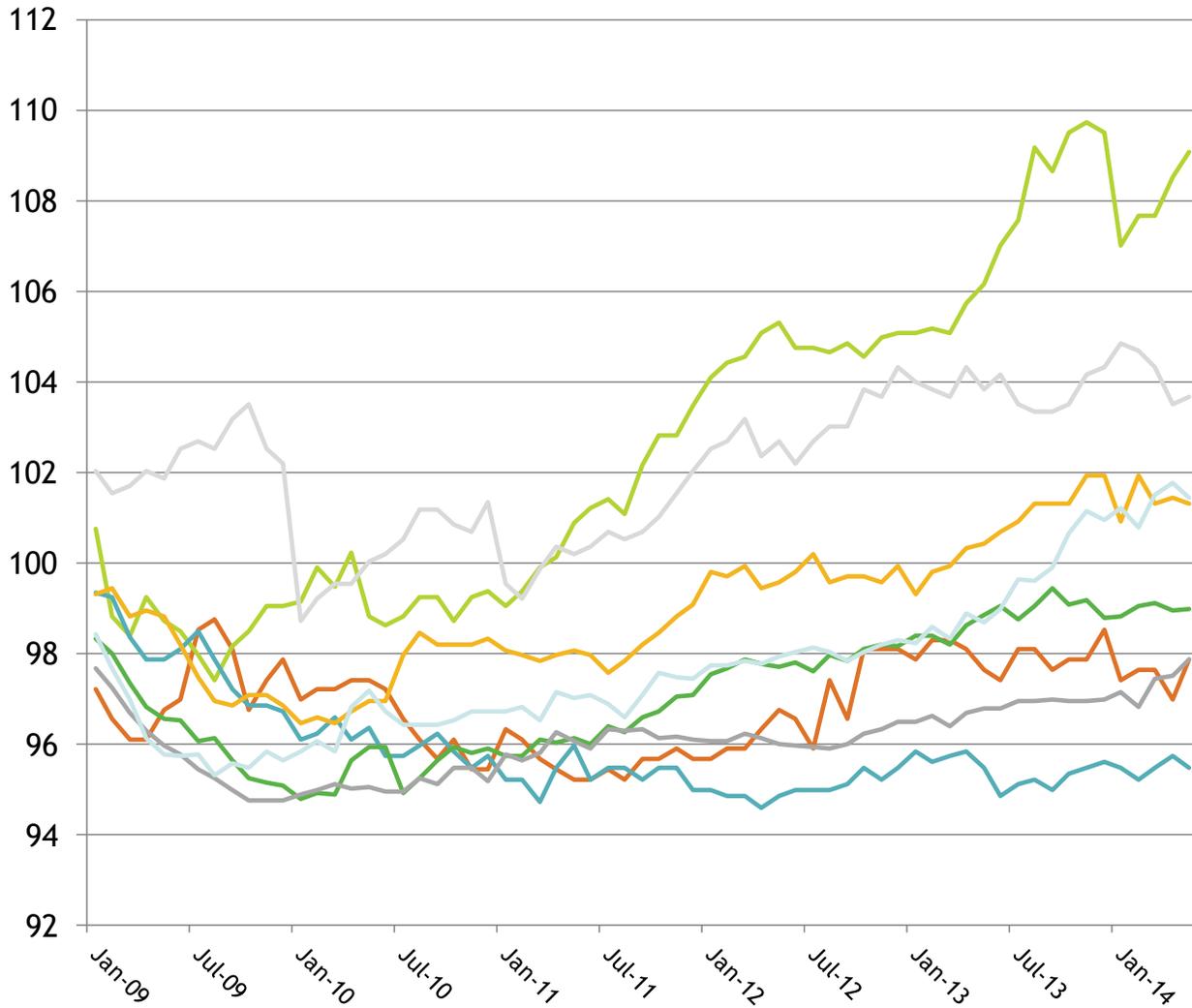


- Northwest
- Jefferson/Franklin
- Kansas City
- St. Louis County
- West Central
- South Central
- Northeast
- Southwest
- Central
- Ozark
- St. Louis City
- St. Charles County

Metropolitan Employment Trends

Nonfarm payroll employment data for the state's MSAs provides a more current view of employment trends over the year. The previous 12 months saw employment grew or declined slightly in Missouri's metropolitan areas. The largest growth occurred in the Columbia and Springfield MSA's. St. Louis MO-IL and Kansas City MO-KS both had slight employment gains, but overall levels are still down from 2008 levels.

Missouri MSA Payroll Employment Trend
Index: 2008 Annual Average = 100



**Data for the Cape Girardeau is not seasonally adjusted*

- | | | | |
|-------------------|---|-----------------------|---|
| St. Joseph, MO-KS |  | Kansas City, MO-KS |  |
| Columbia |  | Cape Girardeau, MO-IL |  |
| Springfield |  | St. Louis, MO-IL |  |
| Joplin |  | Jefferson City |  |

New Business Formations by WIA Region

New businesses bring industry diversity and job growth to a region and are a major engine for economic growth. While a majority of new businesses do fail, those that succeed are valuable to the state's economy. Identifying the types of new business and the regional variations of start-ups gives insight into the new business tendencies in the state.

The Missouri Economic Research and Information Center (MERIC) measures new payroll business formations in the state by tracking newly established unemployment insurance accounts. These accounts represent newly registered non-farm businesses that have one or more employees. MERIC uses this information to gauge the number of new employing businesses by industry, county, and region.

Private household (NAICS 814) employers account for more than one out of every four business formations in Missouri and covers household services such as caretaking and cooking. *Food services and drinking places* (NAICS 722) account for six percent of all business formations and is in the top three of all but a few of the regional start-up lists. *Social assistance* (NAICS 624) includes home health care services, which accounts for 34 percent of all business formations. Private households, restaurants, and social assistance form the most businesses in Missouri, regardless of the area. While important, the sectors were excluded from the overview to highlight other industries that are often less known.

Top Regional Industries - St. Louis/Kansas City

The *professional, scientific, and technical services* industry was responsible for most of the business formations in the Kansas City, St. Charles County, St. Louis City, and St. Louis County regions. These are businesses highly dependent on technical skills. Examples include law firms, accounting firms, architectural and engineering firms, and business consulting. Two-thirds of these formations were in *offices of lawyers, computer systems design services, and management, scientific, and technical consulting services*. For each of these regions, this industry accounted for 12 percent of the business formations¹.

Administrative and support services accounted for the next highest number of startups in these four regions. These establishments are engaged in activities that support the day-to-day operations of other organizations such as cleaning services, general management, and personnel administration. The percent of formations ranged from 11 percent in the St. Louis City region to 13 percent in the St. Charles County region¹. *Landscaping and janitorial services* were the two industries that accounted for most of these formations.

Construction-related activities rounded out the top three for these areas. These industries include *specialty trade contractors* and *construction of buildings*, and were responsible for over 12 percent of the startups in each region¹. Along with building construction, these establishments perform specific activities (e.g., pouring concrete, site preparation, plumbing, painting, and electrical work) involved in building construction.

¹ Percentages do not include formations in *Private Households* or *Food Services and Drinking Places*.

New Business Formations by WIA Region, con't.

Top Regional Industries - Rural

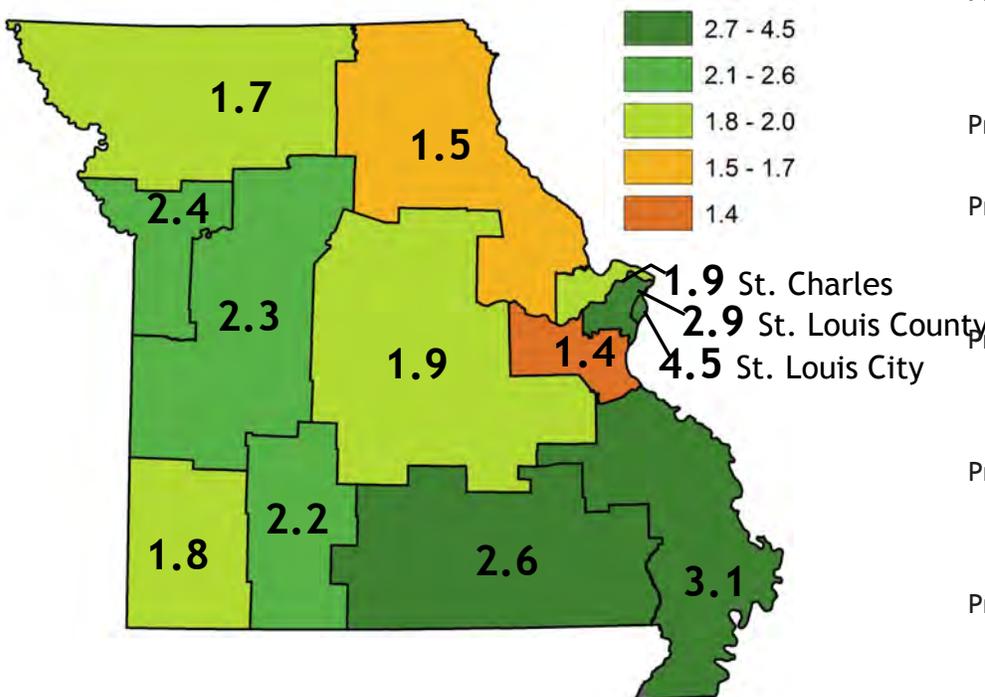
In all but one of the primarily rural regions, construction-related activities were responsible for the highest percentage of formations. The only area where this didn't lead was in the Ozark region, where *professional, scientific, and technical services* accounted for the majority of formations.

Professional, scientific, and technical services played a significant role in formations for these regions also, landing in the top three for all regions. Many business formations were in *computer system design services* and *management, scientific, and technical consultants*

Administrative and support services was responsible for a large amount of formations in six regions, primarily around urban areas. *Landscaping* and *janitorial services* were the two industries that accounted for most of these formations.

Total business formation tends to be highest in urban areas that have high population density. The map below shows new business starts per 1,000 people for each WIA Region in Missouri. This map is useful because it allows business growth to be standardized by population, making it possible to identify rural regions with high business growth.

**New Business Formations in Missouri
WIA Regions Per 1,000 Population, 2013**



Top 3 Industries by Region

Central Region
Construction Activities
Professional, Scientific, and Technical Services
Administrative and Support Services

Jefferson/Franklin Region
Construction Activities
Administrative and Support Services
Professional, Scientific, and Technical Services

Northeast Region
Construction Activities
Administrative and Support Services
Professional, Scientific, and Technical Services

Northwest Region
Construction Activities
Professional, Scientific, and Technical Services
Administrative and Support Services

Ozark Region
Professional, Scientific, and Technical Services
Administrative and Support Services
Construction Activities

South Central Region
Truck Transportation
Construction Activities
Professional, Scientific, and Technical Services

Southeast Region
Construction Trade
Administrative and Support Services
Professional, Scientific, and Technical Services

Southwest Region
Construction Activities
Administrative and Support Services
Professional, Scientific, and Technical Services

West Central Region
Construction Activities
Administrative and Support Services
Professional, Scientific, and Technical Services

Kansas City Region
Professional, Scientific, and Technical Services
Construction Activities
Administrative and Support Services

St. Charles County Region
Professional, Scientific, and Technical Services
Administrative and Support Services
Construction Activities

St. Louis City Region
Professional, Scientific, and Technical Services
Administrative and Support Services
Construction Activities

St. Louis County Region
Professional, Scientific, and Technical Services
Administrative and Support Services
Construction Activities



Data Sources

Gross Domestic Product (pages 2 and 3)

Real Gross Domestic Product and Quarterly Change - U.S. Bureau of Economic Analysis Industry Share of Missouri's Economy - U.S. Bureau of Economic Analysis

Unemployment Rate (page 5)

U.S. and Missouri Unemployment Rate - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Employment (pages 6 through 11)

U.S. and Missouri Payroll Employment - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Missouri Employment Change by Sector - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Missouri Employment Trend in Largest Employing Sectors - U.S. Bureau of Labor Statistics

Burning Glass Technologies Labor/ Insight tool - MERIC

Personal Income (page 12)

Real Personal Income - U.S. Bureau of Economic Analysis

Manufacturing and Industrial Vitality (pages 13 and 14)

Industrial Production - Federal Reserve Board

U.S. and Missouri Manufacturing Employment - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Purchasing Managers' Indices (Manufacturing) - Institute for Supply Management and Creighton University

Retail Trade and Taxable Sales (pages 16 and 17)

U.S. Retail Sales - U.S. Census Bureau

Year-to-Year Percentage Change in Taxable Sales - Missouri Department of Revenue

Missouri's Regional Economies (pages 18 through 22)

Workforce Investment Area Unemployment Rates - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Comparative Performance of Economic Areas in Missouri - MERIC in cooperation with the U.S. Bureau of Labor Statistics

2014

This report was prepared by the staff of the Missouri Economic Research and Information Center (MERIC). All data in this report was current at the time of publication and is subject to revision.

About the Missouri Economic Research and Information Center

The Missouri Economic Research and Information Center (MERIC) provides comprehensive analysis of Missouri's socioeconomic environment at the local, regional and state levels. To achieve this, MERIC employs a wide array of tools, which include econometric models, geographic information systems and advanced statistical methods. On-going projects at MERIC include targeted development, economic and social impact assessments, industry and occupational analyses, career seeker products and information on Missouri's demographic and economic trends.

Coupled with its analysis capability, MERIC maintains a comprehensive labor market database produced in cooperation with the U.S. Department of Labor. Data on employment/unemployment, wages, layoffs, labor availability and a variety of other information designed to help understand the state's labor market conditions are regularly reported.

Ultimately, MERIC's mission is to provide accurate, relevant and timely information to decision makers and the public in order to facilitate a better understanding of Missouri's socioeconomic environment. For more information, visit the MERIC website at www.MissouriEconomy.org.



Department of Economic Development