

2007

MISSOURI ECONOMIC REPORT



MISSOURI ECONOMIC RESEARCH & INFORMATION CENTER

Introduction

The environment facing Missouri workers and our state's businesses is more challenging now than ever before. Not just other states in the U.S., but nations around the world are competing with us for customers, capital, resources, and jobs.

We now have more jobs in Missouri and more Missourians employed than at any time in our state's history...but is our state's economy really succeeding?

This report helps to answer that question by providing the latest economic indicators for Missouri. A variety of measures have been chosen to track the state's progress. Each has a specific purpose, and when considered together, they paint a more complete picture of how Missouri is doing.

Highlights from this report:

- *Nationally, economic growth slowed in 2006. Missouri's economic growth generally follows U.S. trends.*
- *Employment in Missouri has been steadily rising for the last two years. As of March 2007, Missouri employment increased by 1.2 percent over the year, compared to the 1.4 percent national average.*
- *Unemployment in Missouri is low by historical standards and has been generally decreasing.*
- *The services sector is the fastest growing portion of the state's economy. Missouri has had fairly widespread growth across several industry sectors, including professional and business services, educational and health services, leisure and hospitality services, and trade, transportation and utilities.*
- *Manufacturing employment has been declining in Missouri and across the U.S.*
- *Missouri exports set a record in 2006 with \$12.8 billion in sales to 191 countries around the world.*
- *Personal income growth in Missouri has been steady, and per capita incomes have grown more rapidly than inflation.*
- *Consumer spending across the U.S. economy has been slowing, and Missouri taxable sales have followed a similar trend.*

Overall, these indicators show that Missouri's economy has been growing in the last year, although in many cases, slightly slower than the U.S. average. The remainder of this report details the growth trends, analyzes Missouri's regional economies, and describes the industries targeted for future expansion in the state.

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Gross Domestic Product

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

National

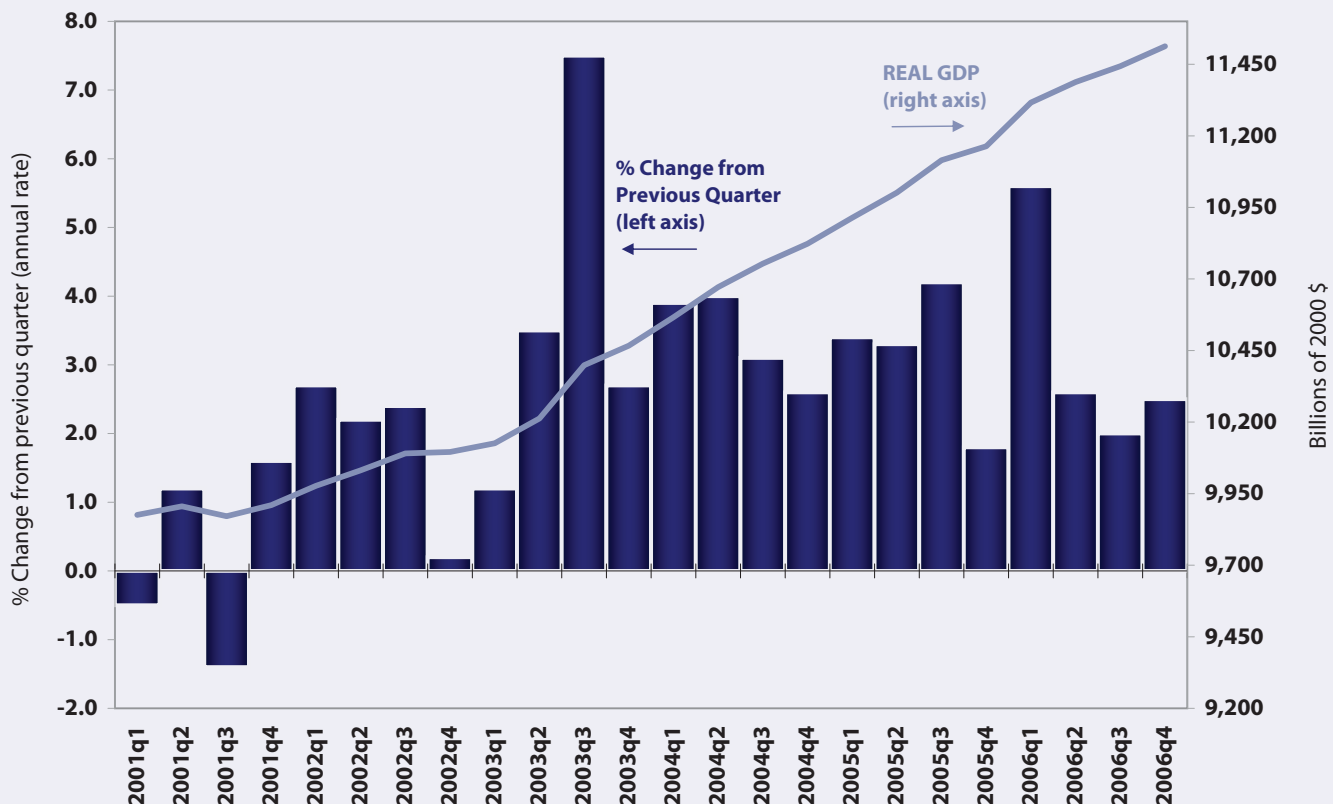
Economic output in the United States has been expanding each quarter since the recession ended in the 4th quarter of 2001. For several quarters after the economic trough, GDP growth remained fairly slow.

Beginning in the 2nd quarter of 2003, the national economy grew fairly consistently at an annual rate of around 3 to 4 percent, in real terms. A slowdown in growth began at the end of 2005, excluding a burst in the 1st quarter of 2006. The final estimate of GDP growth for the 4th quarter of 2006 was 2.5 percent, similar to the 2nd and 3rd quarters of the year.

Overall for 2006, real national GDP grew by 3.3 percent. Going forward, GDP growth in 2007 is forecasted to be slower in the first half of the year and pick up pace toward the end of the year, with average annual real growth in 2007 of around 2.0 to 2.5 percent. Annual GDP growth has not been below 3.0 percent since 2003.

Advanced estimates for the 1st quarter of 2007 show real GDP growth increased at an annual rate 1.3 percent during the quarter, slower than any quarter since 2003. These figures will likely be revised.

Real Gross Domestic Product and Quarterly Change



Missouri

Missouri's economy is highly diversified. This is indicative of a robust economy capable of supporting a variety of industries. Information on Missouri economic output lags behind national data and is only available annually. However, it is still valuable to understand the state's growth trend compared to the nation and what industries are the largest contributors to Missouri's economy.

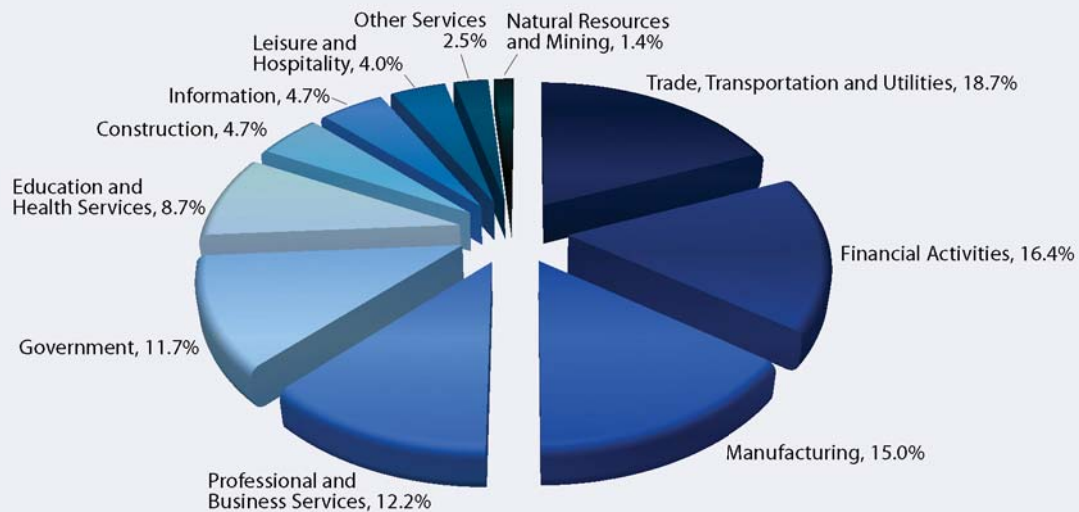
Missouri's GDP totaled over \$216 billion in 2005, an increase in real dollars of 2.3 percent from 2004. The U.S. growth rate for the same period was 3.6 percent. Missouri's GDP growth generally falls below the national average.

The Trade, Transportation and Utilities sector makes up the largest portion of Missouri's economic output, followed by Financial Activities, Manufacturing, and Professional and Business Services.

Since 2001, 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 Trade, Transportation and Utilities have had the largest declines in share.

Industry Share of Missouri's Economy

(by percentage of Gross Domestic Product)



Employment

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

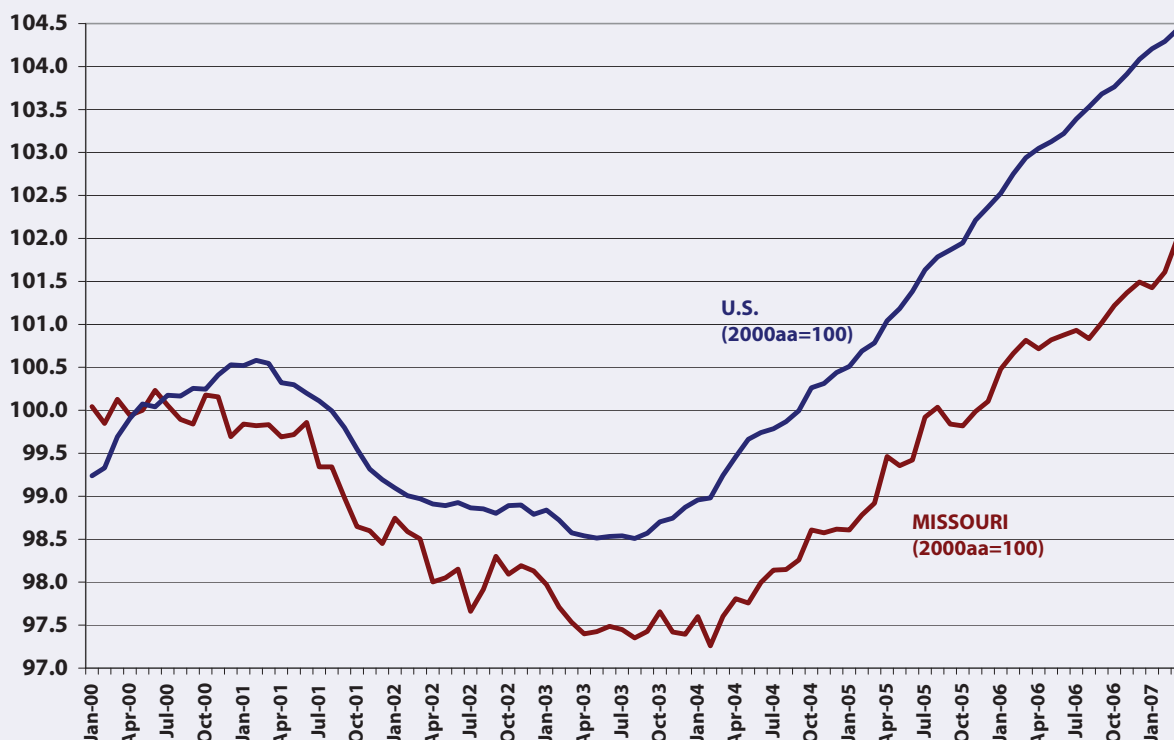
Employment bottomed out in 2003, both in the U.S. and Missouri. National employment ran along a trough of just under 130 million jobs for about six months in the middle of the year, before beginning to grow in September. Missouri employment remained flat longer, hovering around 2,680,000 jobs for about a year. Sustained growth didn't really begin until early 2004 in Missouri.

Since their respective troughs, U.S. payroll employment has increased by about 7.8 million jobs (6.0 percent), while Missouri employment grew by 119,500 (4.9 percent). Of course because of the different employment troughs, the U.S. growth took place over 43 months while Missouri's expansion represents a period of 37 months. Annual rates of growth for the U.S. in the last two years have been 1.8 percent in 2006 and 1.7 percent in 2005. Missouri's annual growth rates have been slightly slower, at 1.4 percent and 1.5 percent, respectively.

Despite averaging slightly slower than the U.S., Missouri sustained steady employment growth throughout 2005 and 2006. As of March 2007, Missouri employment growth over the year totaled 32,600, seasonally adjusted – an increase of 1.2 percent over the year. By comparison, employment in the U.S. as a whole increased 1.4 percent over the period.

U.S. and Missouri Payroll Employment

Index: 2000 annual average = 100



Employment Growth by Industry

Employment growth by industry identifies the types of jobs being created in the state. The services sector has had the fastest employment growth. Over the past four years, industries with above average growth include:

- Insurance carriers and related industries;
- Computer systems design, and most scientific and professional services;
- Administrative and support services (including temporary and other employment services and building services);
- Private educational services;
- Most health care industries; and
- Most leisure and hospitality industries

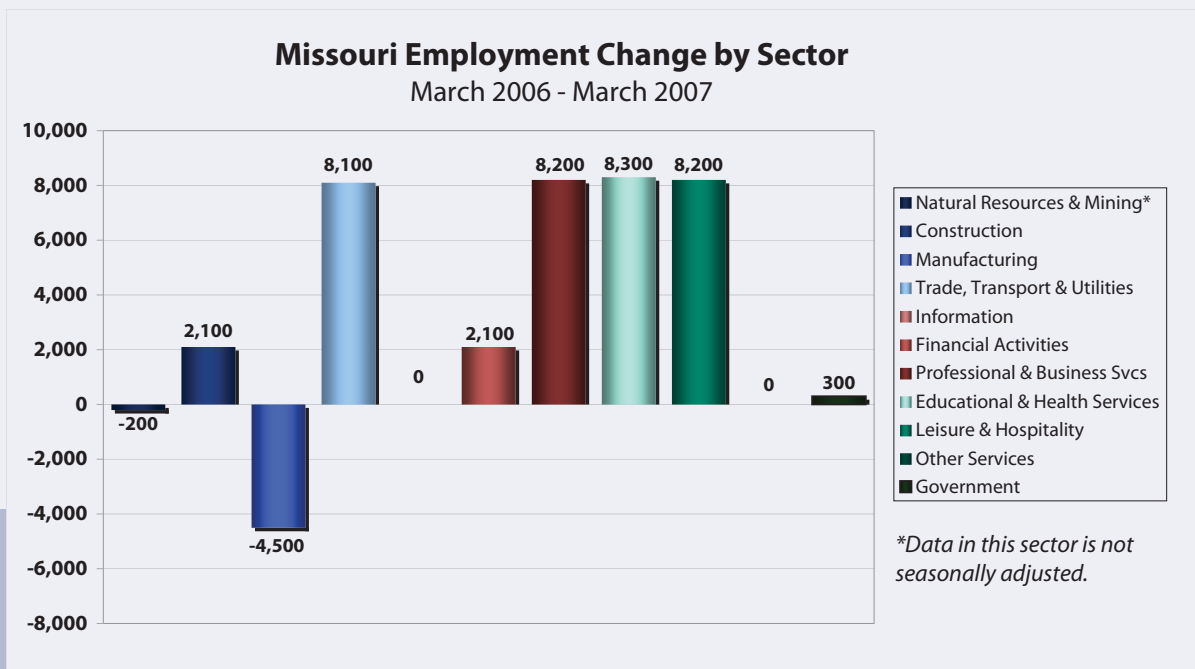
The main exception to growth in the services sector has been in the telecommunications industry. In the public sector, local governments have added the most jobs, especially public schools.

Construction Highlight
 Employment in construction has been growing. So far, there has not been a downturn in construction associated with the housing bubble and the meltdown of the sub-prime mortgage market. Missouri may not have speculatively overbuilt residential units to the extent that other areas of the country did, and heavy construction has continued unabated. Still, the possibility of troubles arising from the housing situation spilling over into the broader economy cannot be discounted.

In the past year, most industries in Missouri have had employment growth. Comparing March 2007 to March 2006, four industries had employment growth above 8,000.

Employment in the health care and social assistance subsector, which makes up more than 80 percent of the education and health services industry, increased by 9,300. Growth within leisure and hospitality services was driven by a 7,500 increase in accommodations and food services. The strongest growth in professional and business services was in the administrative and support services subsector, while growth in trade, transportation and utilities was spread throughout the industry.

Manufacturing employment declined by 4,500 from March 2006 to March 2007. Natural resources and mining decreased employment during the period. Employment in information and other services was unchanged over the year.



While employment measures the number of jobs in the state, the unemployment rate measures the number of people in the state who are without work.

Unemployment Rate

Historically, Missouri's unemployment rate has been lower than national unemployment. The situation more recently has been a little different. Missouri unemployment began to rise during 2000. The official beginning of recession was still a year away, but the economy had already started to slow. Employment had leveled off, and the manufacturing sector had been headed downward since mid-1998. The state's unemployment rate caught up with the national rate by the end of the year, and the two moved in tandem during the early phases of the recession. After the terrorist attacks of 9/11, national unemployment increased sharply and continued to be about half a point higher than Missouri's for about two years.

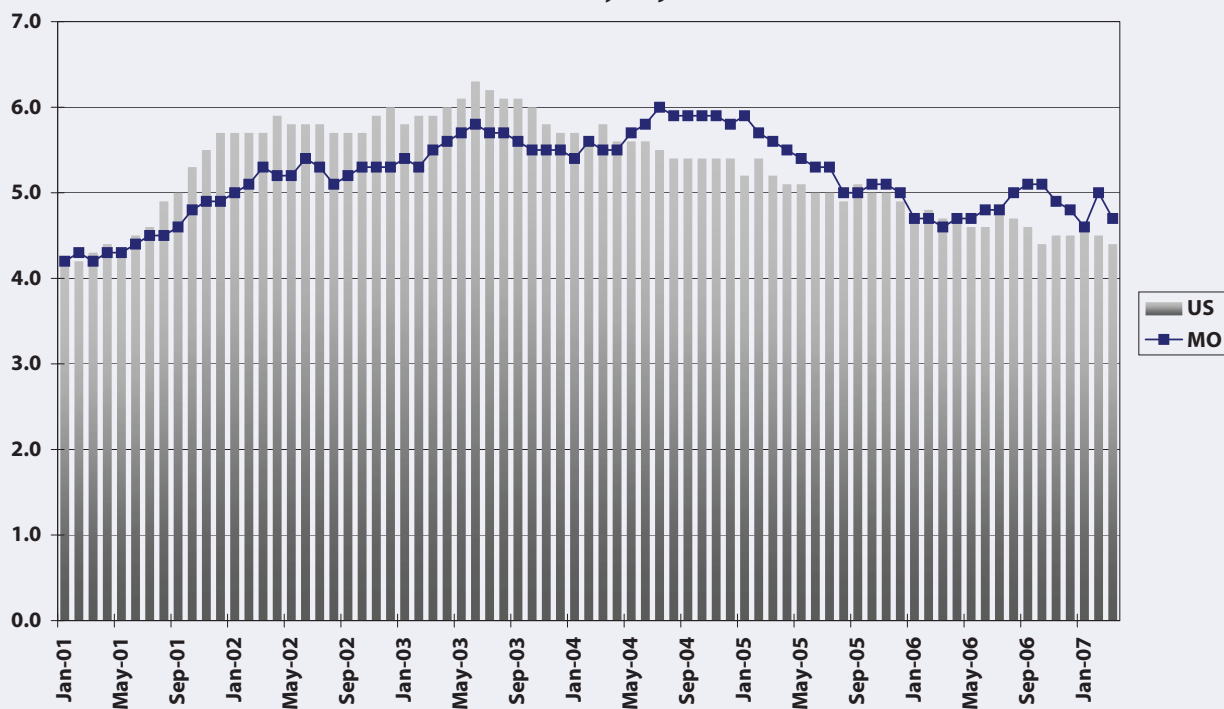
Understanding Unemployment Rates

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.) State data are developed using statistical models. 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.

National rates peaked in mid-2003 at over 6.0 percent and began to fall thereafter. In 2006, the national unemployment rate averaged 4.6 percent, the lowest annual rate since 2000. Missouri's unemployment rate reached its high a year later than the U.S. at 6.0 percent in July 2004. Missouri's rate has fallen steadily since with a slight increase and subsequent decline at the end of 2006. Missouri's average unemployment rate for 2006 was 4.8 percent, the first time the state's annual rate was below 5.0 percent since 2001. Most recently, Missouri's seasonally adjusted unemployment rate for March 2007 was 4.7 percent, above the national rate of 4.4 percent.

U.S. and Missouri Unemployment Rate
January 2001 - March 2007
Seasonally Adjusted



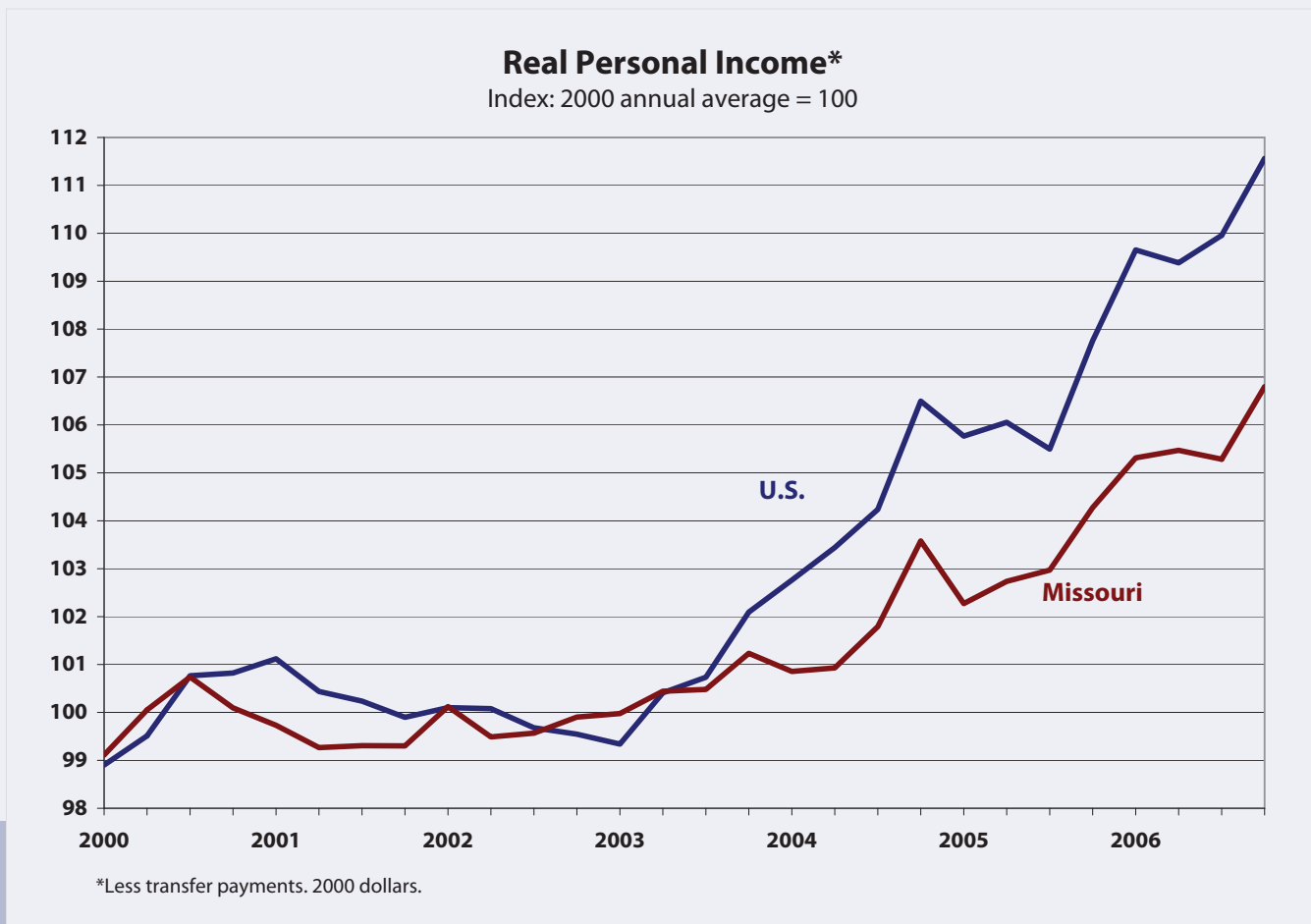
Personal Income

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.

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 2000 as the base year. In Missouri, real personal income decreased at the end of 2000 for about a year before increasing. Nationally, the decline in personal income came a few quarters later and did not show a strong recovery until 2003.

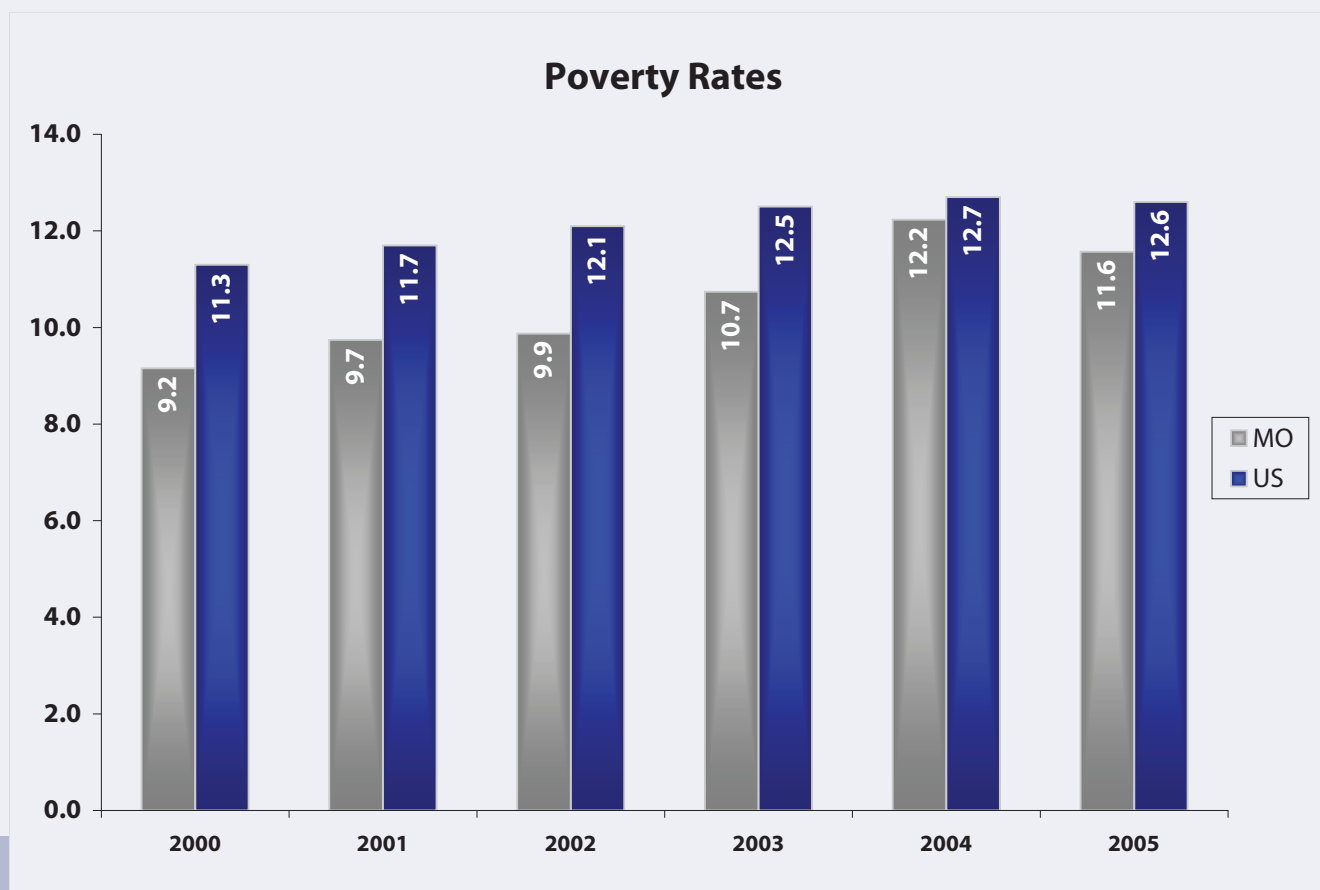


Although there were quarters in the last two years when Missouri’s growth rate was above the U.S. average, Missouri’s overall trend in personal income growth has been somewhat slower. In the 4th quarter of 2006, Missouri’s real personal income grew 1.4 percent from the previous quarter. This was just under the national increase of 1.5 percent.

Per capita incomes have grown more rapidly than inflation. Missouri’s per capita personal income in 2006 was \$32,705 according to preliminary estimates, compared to the national average of \$36,276. Real per capita personal income growth in Missouri was 1.9 percent from 2005 to 2006, faster than the 0.9 percent growth rate the previous year. However, Missouri’s growth was slower than the national real growth rate of 2.4 percent.

Poverty

The number of Missourians living below the poverty threshold in 2005 totaled 659,000, or 11.6 percent of the state’s total population, lower than the U.S. rate of 12.6 percent. From 2000 to 2004, the number of people in Missouri living below poverty increased more rapidly than the state’s population as a whole, with the trend easing in 2005. The 2005 federal poverty threshold for a family of four with two children was \$19,806.



Manufacturing and Industrial Vitality

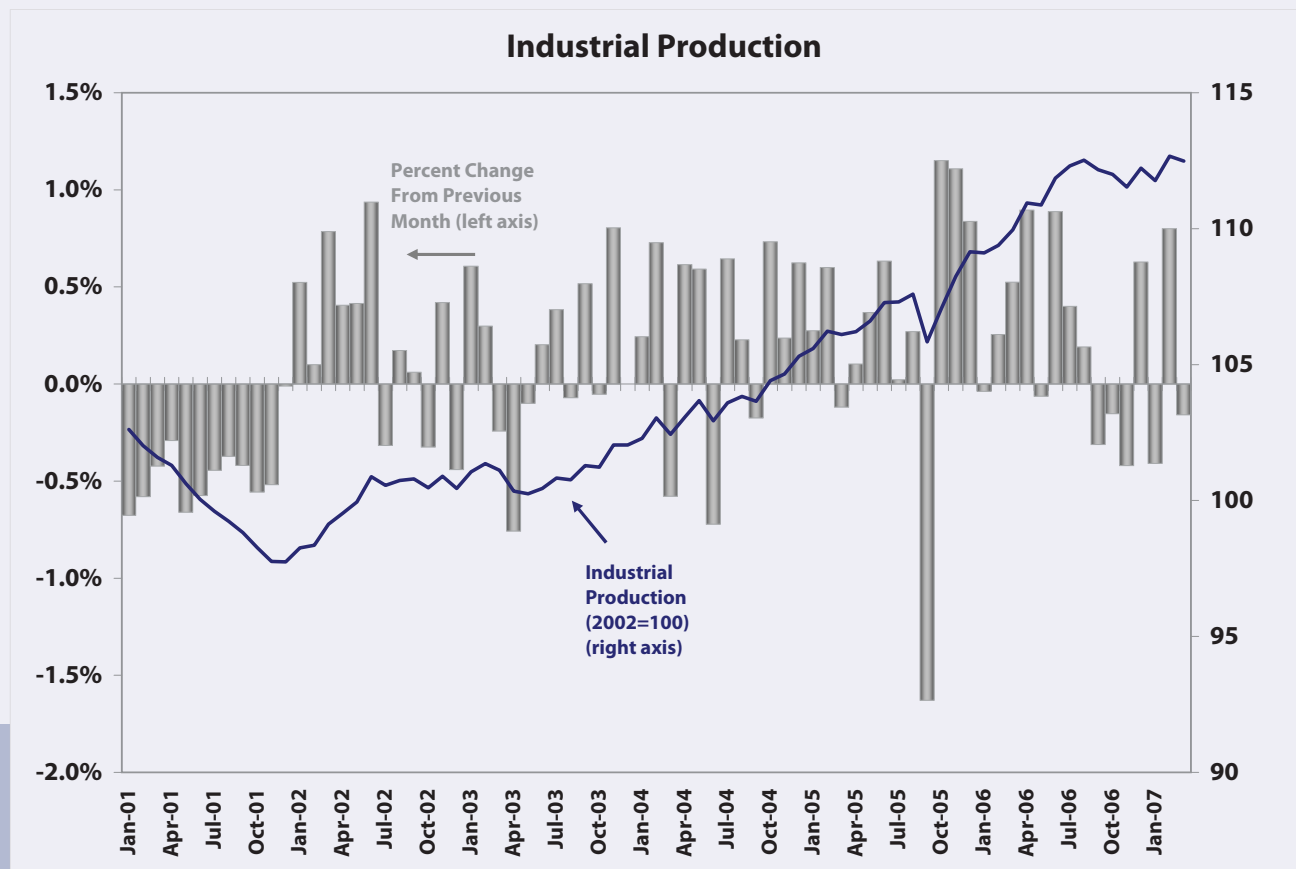
Manufacturing and production are important parts of both the U.S. and Missouri economies.

At one time, manufacturing made up 38 percent of the nation's employment. However, manufacturing employment in the United States has been declining since 1979, as productivity, technology gains, and offshoring have reduced the demand for traditional manufacturing employment.

Industrial production in the U.S. is a measure closely linked to the strength of the manufacturing sector. Industrial production began to drop after September 2000 and fell continuously for more than a year before bottoming out in December 2001.

Gains occurred during the first half of 2002, as the economy seemed to be resuming growth. This situation did not last, however, as production went flat to slightly declining for about a year. As a whole, industrial production has now been growing since April 2003. Industrial production did decline in the second half of 2006, but has since rebounded. In the past year, industrial production has increased by around 2.3 percent.

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.



The behavior of manufacturing employment over the past six years or so can be grouped into three time periods. Employment had its most recent peak in mid-1998, nearly three years before the beginning of recession. This was a troublesome sign for the economy, leading to slower economic and employment growth, which gradually affected other sectors. Employment then edged down until early 2001, which characterized the first period. The second period was marked by sharply falling employment and lasted from early 2001 through mid-2003. This was the period of the recession and its aftermath. Plummeting manufacturing employment contributed to the recession and held down growth following the official end of the recession.

In mid-2003, the manufacturing sector began to stabilize. Employment decreases began to slow at the national level, with some growth resuming in early 2004. This was relatively short-lived as manufacturing employment in the U.S. began to edge back down, declining again in mid-2005. From there, manufacturing employment was fairly flat, but has been steadily declining for the last eight months. U.S. manufacturing employment has declined by 109,000 jobs in the last year, a decrease of 0.8 percent. Since January 2000, manufacturing employment in the U.S. has dropped by more than 18 percent, a change of over 3.1 million.

Missouri manufacturing has faced similar declines. The rate of decline in manufacturing employment in the state also eased in early 2003. Since then the industry has declined at a slow but steady rate. In March 2007, there were 304,000 manufacturing jobs in the state, a decrease of 1.5 percent from a year ago. Declines have been spread across manufacturing sectors, but the greatest numeric drop has been in transportation equipment manufacturing, which includes motor vehicles. The machinery manufacturing sector has bucked the industry trend, gaining in employment in the last year.

Since 2000, Missouri manufacturing employment has declined by 18 percent, the same as the U.S. rate.



Purchasing Managers' Index

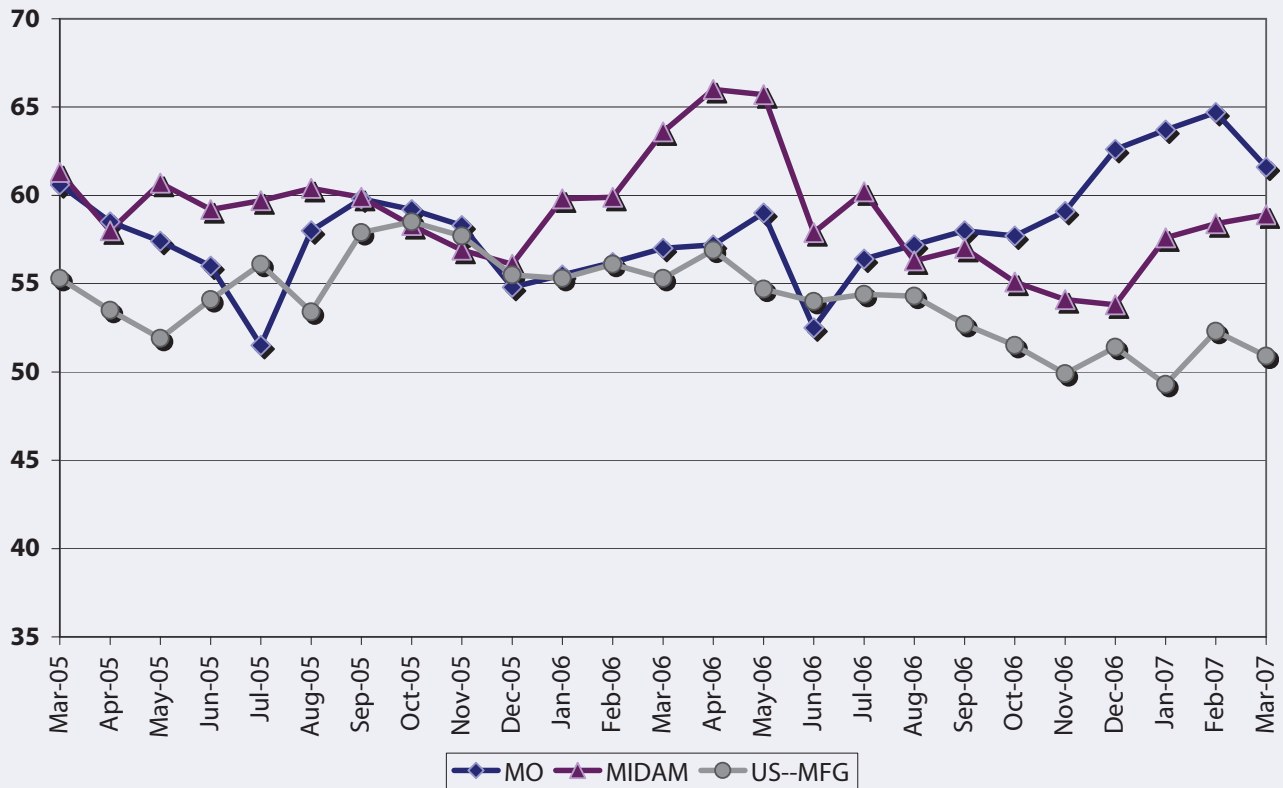
Economists consider the Purchasing Managers' Index , which measures such factors as new orders, production, supplier delivery times, backlogs, inventories, prices, employment, import orders and exports, a key economic indicator. Typically, a score greater than 50 indicates an expansionary economy, while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

The national PMI for manufacturing industries declined to 50.9 in March from 52.3 in the month prior. This was a slightly larger decline than anticipated. New orders, production, and employment all declined on a month-to-month basis, and inventories remained below the expansionary 50 level.

Missouri's Purchasing Managers' Index (PMI) decreased by 3.1 points in March, following four consecutive months of growth, according to the monthly Mid-American Business Conditions Survey, conducted by Creighton University, Omaha, NE. The state's PMI score decreased to 61.6 from 64.7 in February, with lower scores in production (66.7) and new orders (64.3). Employment was up 2.3 points to 64.8. Overall, Missouri's score has remained above the critical 50 mark for more than four years.

Overall, the average for the Mid-America Region increased in March to 58.9 from 58.4 in February.

Purchasing Managers' Indices (MFG)



Global Business Missouri Exports

Our state's businesses and workers compete in a global marketplace, where products can be made and purchased from around the world. Export figures demonstrate that Missouri's economy is truly diverse, global, and competitive.

Missouri exports set a record in 2006 with \$12.8 billion in sales to 191 countries around the world.

International sales by Missouri companies increased 22.1 percent, or \$2.4 billion, in 2006 compared 2005. This was ahead of the nationwide increase of 14.7 percent last year.

Global economic growth contributed to the rising demand for U.S. exports in general, with foreign demand being especially strong for capital goods like aircraft and semiconductors.



Canada imported \$4.9 billion worth of Missouri goods in 2006, an increase of fourteen percent from 2005, while Mexico's \$1.24 billion is a 7.3 percent gain. Exports to South Korea increased by 188 percent from 2005, the largest increase among the top ten. Transportation equipment exports to South Korea, particularly aircrafts, accounted for the huge change, increasing from \$390 million in 2005 to \$1.46 billion in 2006.

Overall, Missouri ranked 27th among states in total exports and 15th in percentage increase for 2006.

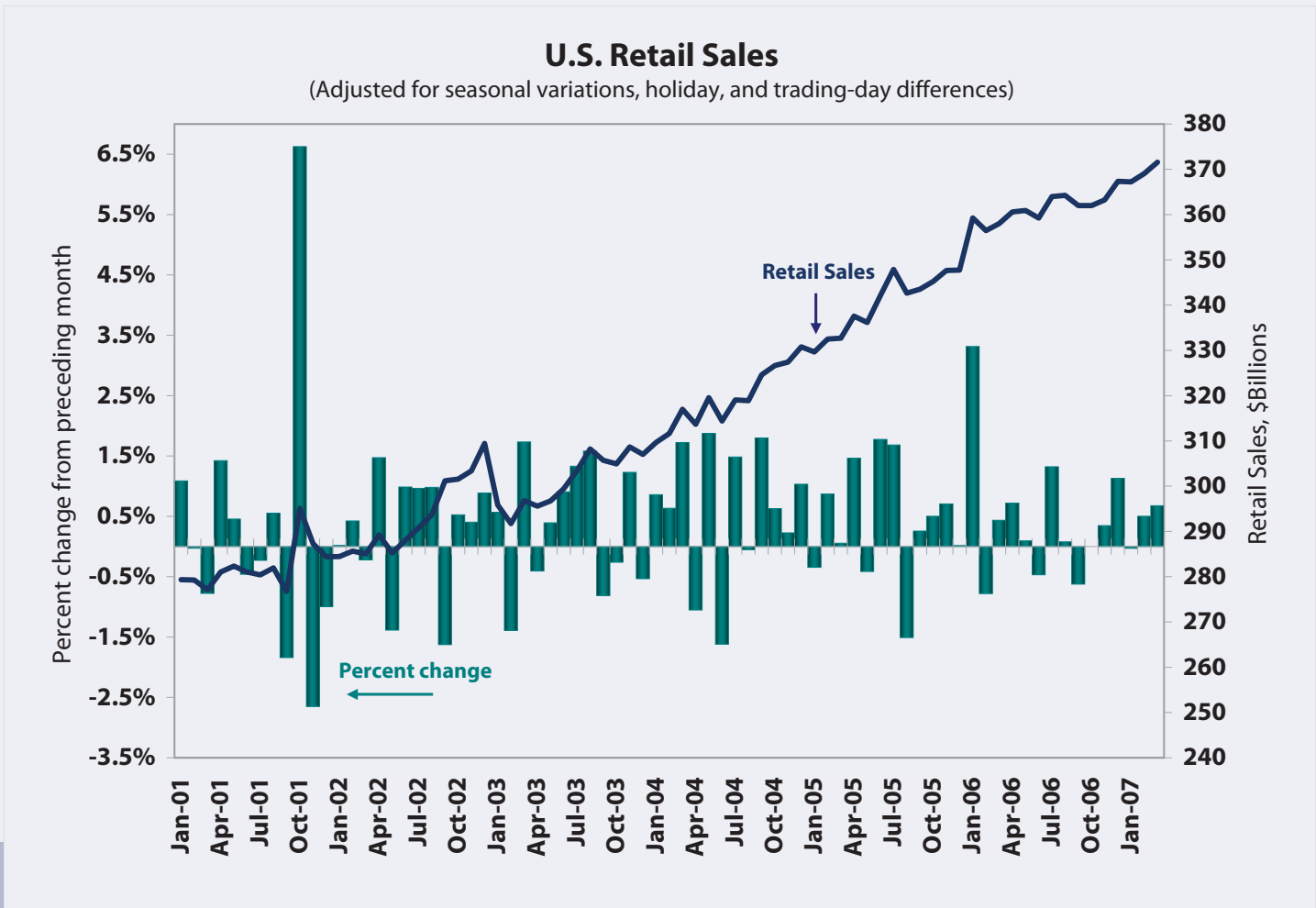
Retail Trade and Taxable Sales

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. There have been considerable swings in retail trade since the end of 2001, with weather, varying automobile sales and fluctuating gasoline prices contributing to these swings. Beginning in early 2003 through the end of 2005, retail sales moved consistently upward. During 2006, monthly retail sales growth has been slowing, with three month-to-month declines in retail sales and six of the twelve months of the year having growth below one percent. So far in 2007, retail sales have been flat to moderate in strength, partially due to inclement weather in the early months of the year.

Rising energy prices and weakness in the housing market have also been a drag on retail sales. For the rest of 2007, energy and housing will likely continue to play a role in consumer spending.

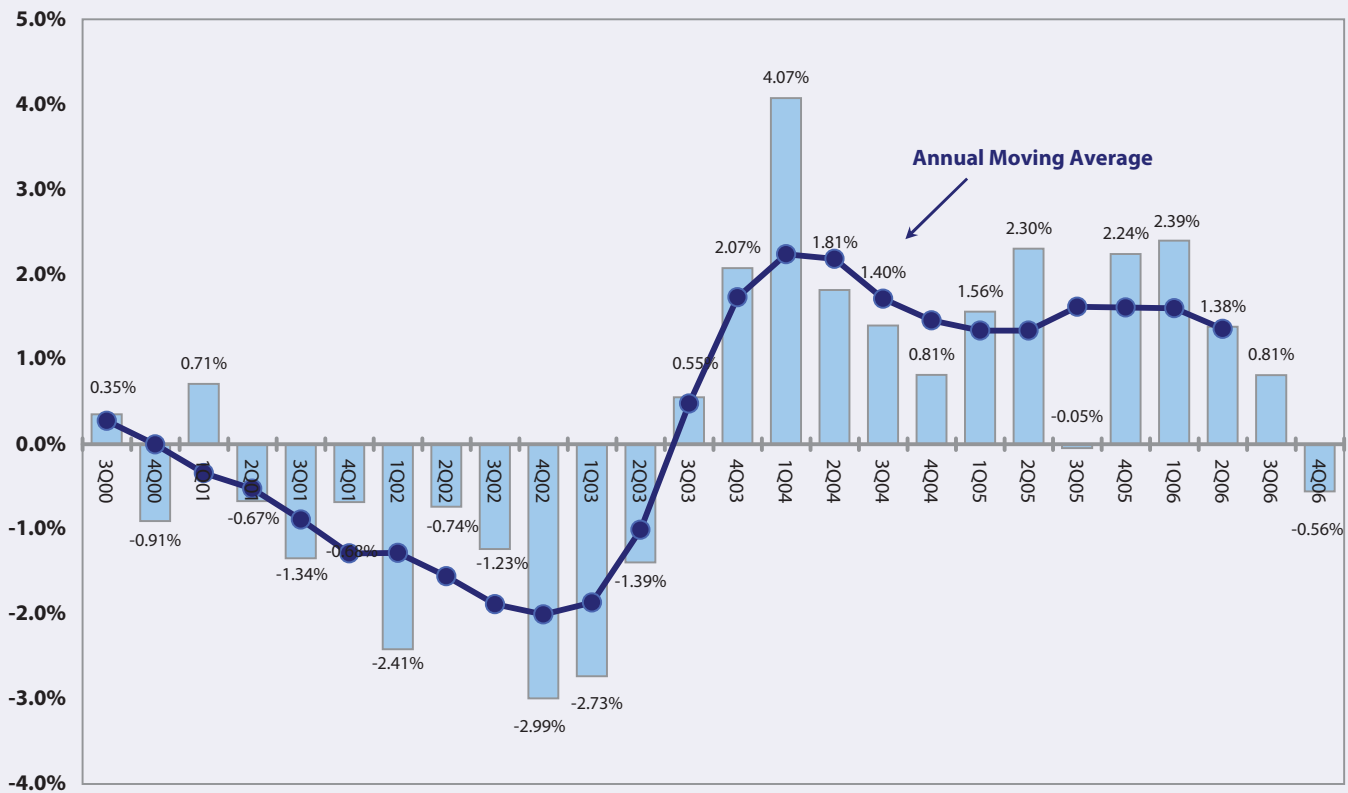


Although no specific retail sales data are readily available for Missouri, total taxable sales as measured by the Missouri Department of Revenue (DOR) can serve as a proxy measure. Retail sales account for approximately 65 percent of taxable sales in Missouri, with an additional 10 percent from wholesale 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 recently released preliminary taxable sales estimates for the 4th quarter of 2006. Over this period, \$19.8 billion in taxable sales occurred in the state, an increase of 1.4 percent in actual dollars from the same quarter of 2005.

Analysis shows, however, that if seasonal and inflationary effects are removed from the data, real year-to-year taxable sales declined by 0.56 percent during the 4th quarter of 2006. The decline in the fourth quarter continues a slowing trend in 2006 in Missouri taxable sales growth.

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



Where the Rivers Run **Missouri Tourism**

Missouri is home to numerous natural resources, culture, sports and entertainment options that draw visitors to the state. With more than \$9 billion spent in tourism-related industries from July 2005 to June 2006, tourism is an important part of the state's economy. The statutorily-defined tourism-related industries include hotels, eating and drinking places, amusement parks and other recreation services industries.

These tourism-related industries employed nearly 290,000 Missourians around the state during Fiscal Year 2006 (FY2006).

In FY2005, the most current year for which data is available, there were an estimated 38.8 million visitors to Missouri. Of these, 84 percent were domestic leisure travelers. It is estimated that these domestic travel parties spent an average of nearly \$300 per visit.

Three-quarters of Missouri visitors come from within the state or from one of Missouri's eight neighboring states.

Kansas City and St. Louis are two of the major areas that attract visitors to Missouri, but tourism is spread throughout the state. Branson, the Lake of the Ozarks and Missouri's State and National Parks are all popular attractions. The Joplin and New Madrid Welcome Centers had the most visitor counts in the state in FY2006.



Missouri is home to 83 state parks and historic sites, with over 200,000 acres of land and 840 miles of trails available to the public.

These parks and historic sites attract around 17 million visitors each year.

Source: Missouri Department of Natural Resources

Looking Ahead Targeted Industry Clusters

The diversity of Missouri's economy provides many opportunities. The state of Missouri is currently targeting eight industry clusters, building upon current strengths to generate future growth and prosperity.

Agribusiness - The Agribusiness cluster is comprised of industries supporting farm production (animal and crop), farm-related industries, and indirect agribusiness. Farming and supporting industries which provide input, processing, management, and marketing comprise the core elements of this cluster.

The Agribusiness cluster employed approximately 88,000 Missourians in 2006. Pesticide and fertilizer production companies are the largest employer in this cluster.

Automotive - The Automotive cluster is comprised of industries involved in the manufacturing of motor vehicles, such as buses, cars, and trailer trucks. This also includes the manufacturing of new and after-market parts for use in motor vehicles.

The Automotive cluster in Missouri employed 36,000 in 2006. The largest employing areas in automotive are located in the St. Louis and Kansas City metropolitan areas, and Greene County.

Energy - The Energy cluster is defined by industries involved in the operation of power facilities, and the manufacturing of machinery and parts used in the production of energy.

More than 20,000 Missourians were employed in the Energy cluster in 2006. The demand for alternative fuel sources, like ethanol and biodiesel, will help drive growth in this cluster.

Finance - The Finance cluster focuses on industries engaged in the transfer, holding, and investment of money. These include Banking, Investment and Financing, Insurance, and Tax Preparations.

The Finance cluster employed around 132,000 people in the state in 2006. Much of this industry is concentrated in the St. Louis, Kansas City and Springfield areas.



Information Technology - The Information Technology cluster is comprised of industries involved in the manufacturing of electronic components used in computers, communication devices, and other electronic devices. This cluster also includes planning and design of computer systems, software development, management consulting services, and research.

Around 38,000 of the state's workforce are employed in the Information Technology cluster. Wired telecommunications is the top employer in this cluster. Going forward, five of the ten fastest growing occupations in Missouri are projected to be related to Information Technology.

Life Sciences - The Life Sciences cluster focuses on industries involved in the enhancement of quality of life through psychosocial, biological, medical research and engineering. It is also comprised of chemical and medical device manufacturing.

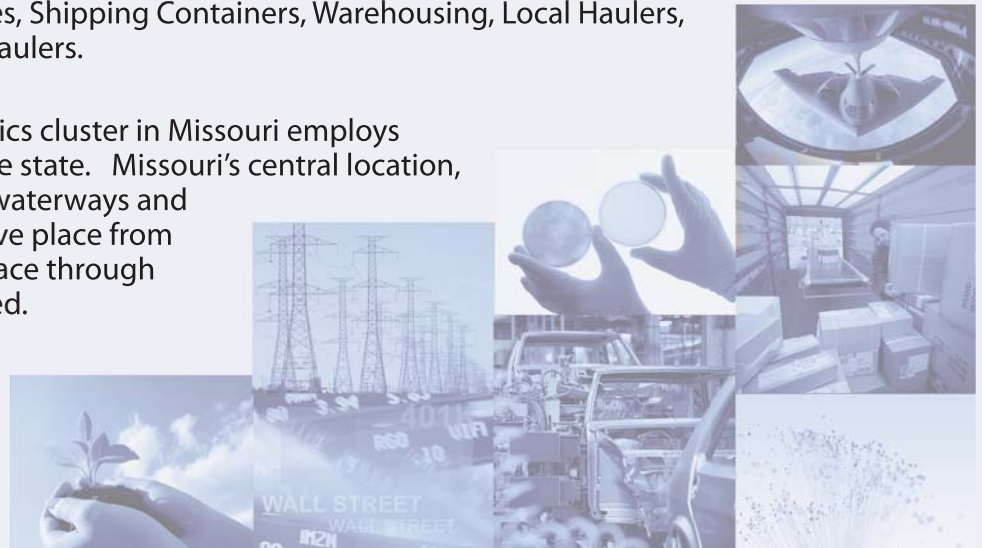
The Life Science cluster employs more than 31,000 Missourians. This is one of the state's best known targeted industry clusters, with a concentration of Life Sciences along Interstate 70 stretching from Kansas City to St. Louis.

Defense / Homeland Security - The Defense and Homeland Security cluster is comprised of industries that supply and support local and national security. Included are defense related research activities and the manufacturing of communications equipment, ammunition, military vehicles, and aircraft/aerospace components.

The Defense and Homeland Security cluster employs more than 16,000 private sector workers in the state. The state's two main military bases, Fort Leonard Wood and Whiteman Air Force Base, have attracted a variety of private defense and aerospace companies to Missouri.

Transportation / Logistics - The Transportation and Logistics cluster focuses on the support processes involved with the transfer of products and services. This cluster is comprised of Wholesalers, Logistical Services, Shipping Containers, Warehousing, Local Haulers, and Interstate/International Haulers.

The Transportation and Logistics cluster in Missouri employs over 175,000 people across the state. Missouri's central location, with access to highways, rail, waterways and airports, make it a cost-effective place from which to ship and a natural place through which products are transported.

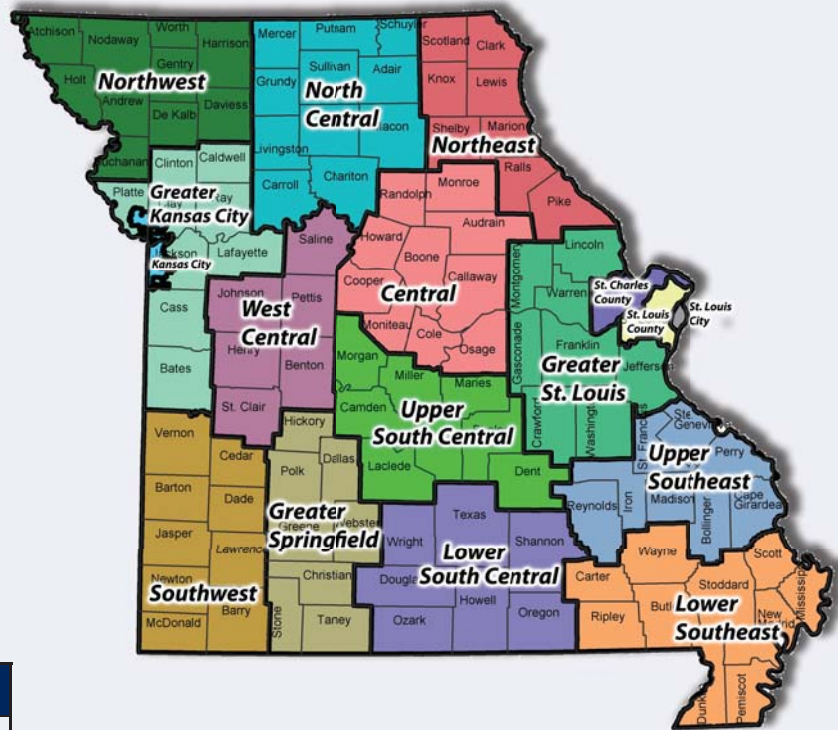


Missouri's Regional Economies

Missouri's economy is a collection of many other smaller and distinct regional economies. It is useful to analyze these regional economies to determine the different strengths and advantages each bring to the state.

The map shows the boundaries for Missouri's 17 economic regions.

Missouri's metropolitan areas make up the largest portions of the state's economy. St. Louis County and Jackson County combined represent nearly one-third of the state's economy in terms of employment, personal income and population.



Share of Missouri's Economy by Region	
Central	6.5%
Greater Kansas City	8.5%
Greater Springfield	8.0%
Greater St. Louis	7.6%
Kansas City (Jackson County)	11.6%
Lower South Central	1.8%
Lower Southeast	3.5%
North Central	1.8%
Northeast	1.4%
Northwest	2.8%
Southwest	5.0%
St. Charles County	6.0%
St. Louis City	5.5%
St. Louis County	20.5%
Upper South Central	3.6%
Upper Southeast	3.3%
West Central	2.6%

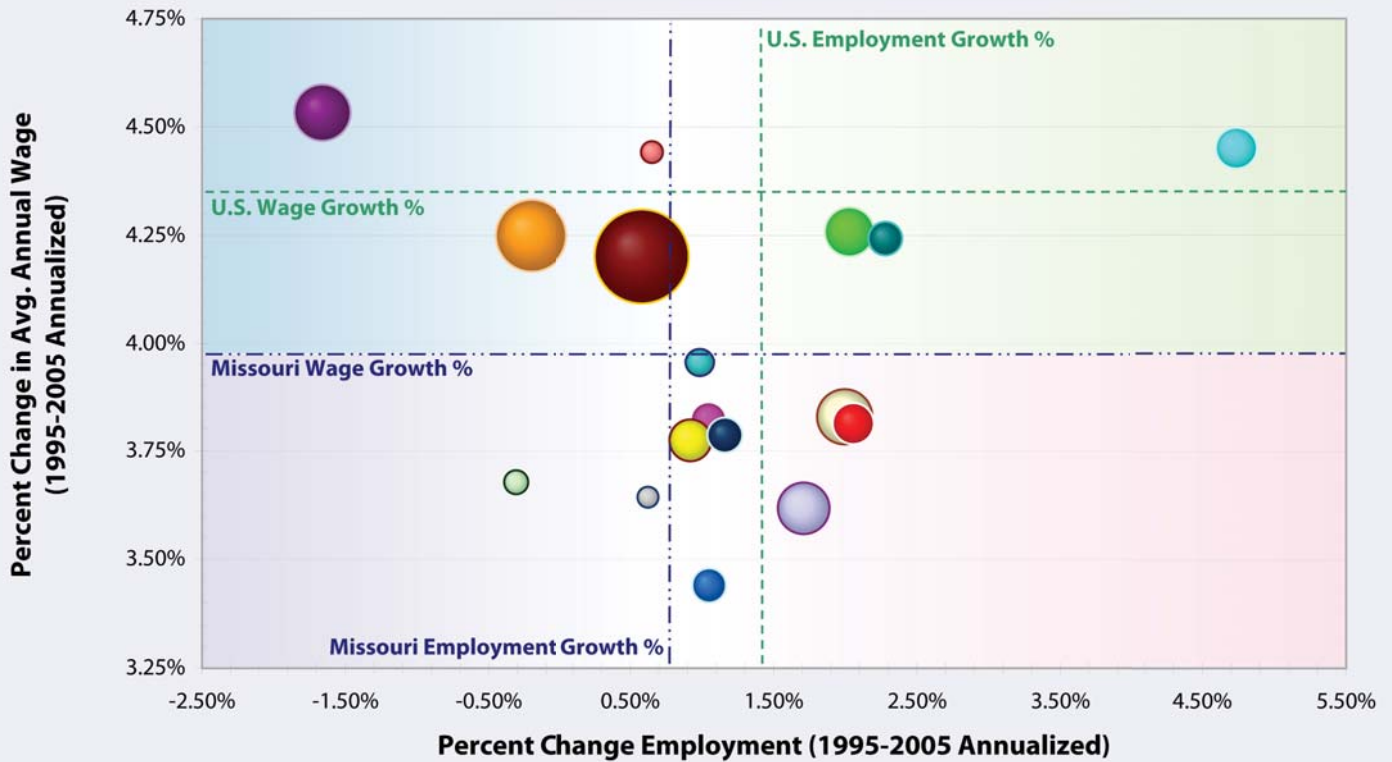
Despite their size, all of the regions have a role in the state's economic make-up. For example, some of Missouri's rural areas are especially important to tourism and agriculture in the state.

In the past ten years, these regions have had varying levels of economic growth. St. Louis City has averaged the fastest level of wage growth in the state, but a decline in employment greater than any other region. St. Charles County, on the other hand, has had above average wage growth and the fastest employment growth of any region and is the only one to have surpassed the national growth rate in both employment and average annual wages.

St. Louis County, the largest in the state, has had employment and wage growth in the middle of the pack in the last decade.

The Upper South Central Region, which includes the Lake of the Ozarks and Fort Leonard Wood, has had above average employment and wage growth compared to the rest of the state, while the Lower South Central Region had wage growth surpassing even the national average, but slightly slower than average employment growth.

Comparative Performance of Economic Areas in Missouri



- St. Louis County
- Greater St. Louis
- North Central
- St. Charles County
- West Central
- Central
- Kansas City
- Northeast
- St. Louis City
- Greater Kansas City
- Lower South Central
- Northwest
- Upper South Central
- Greater Springfield
- Lower Southeast
- Southwest
- Upper Southeast

The size of the sphere represents the region's employment size in 2005.

Conclusion

As we approach the middle of 2007, the state's economy seems to be moving ahead, despite some lingering problems in certain sectors.

Missouri employment has been trending upward since its trough in 2004. The trend has generally mirrored the U.S., but at a slightly slower rate.

Employment growth in Missouri has been concentrated in the private service-providing sectors, notably leisure and hospitality, educational and health services, financial activities, and trade, transportation and utilities. Overall manufacturing employment in the state has continued to decline, although machinery manufacturing has bucked this trend in the last year.

Missouri's unemployment rate is low by historical standards and has generally been decreasing. Since May 2004, Missouri's unemployment rate has averaged 0.3 percentage points above the national rate, which is a very small difference. Future employment growth can be expected to bring with it flat or decreasing unemployment.

Personal income growth in Missouri has been similar to employment growth, which is not surprising since net earnings from employment accounts for about two-thirds of total personal income. Although Missouri's personal income growth has trended just below the national average, growth has been solid, and per capita incomes have grown more rapidly than inflation.

U.S. economic growth has slowed over the past several quarters. The homebuilding sector has been a particular drag on the national economy recently. So far in Missouri, there has not been a downturn in construction associated with the housing bubble and the meltdown of the sub-prime mortgage market. Missouri may not have speculatively overbuilt residential units to the extent that other areas of the country did, and heavy construction continues unabated. Still, the possibility of troubles arising from the housing situation spilling over into the broader economy cannot be discounted.

Whether the problems in the housing market and recent increases in energy prices will reduce consumer spending and slow the economy beyond its current rate of growth remains to be seen. An outright recession is not considered likely.

Growth is somewhat uneven in the state, with stronger growth in some sectors and regions versus others. However, Missouri's economy remains in growth mode, generating new jobs and keeping unemployment relatively low. This trend is likely for the rest of 2007.

Data Sources (Analysis by MERIC)

Gross Domestic Product (pages 1 and 2)

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

Employment (pages 3 through 5)

U.S. and Missouri Payroll Employment – U.S. Bureau of Labor Statistics
Missouri Employment Change by Sector – U.S. Bureau of Labor Statistics
U.S. and Missouri Unemployment Rate – U.S. Bureau of Labor Statistics

Personal Income (pages 6 and 7)

Real Personal Income – U.S. Bureau of Economic Analysis
Poverty Rates – U.S. Census Bureau

Manufacturing and Industrial Vitality (pages 8 through 10)

Industrial Production – Federal Reserve Board
U.S. and Missouri Manufacturing Employment – U.S. Bureau of Labor Statistics
Purchasing Managers' Indices (MFG) – Institute for Supply Management and Creighton University

Focus on Manufacturing: Exports (page 11)

World Institute for Strategic Economic Research (WISER)

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Credits

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Primary authors:

Veronica Gielazauskas
Bill Niblack
Marty Romitti

Special contributions by:

Tony Brite
Frances Kemp

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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.

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