

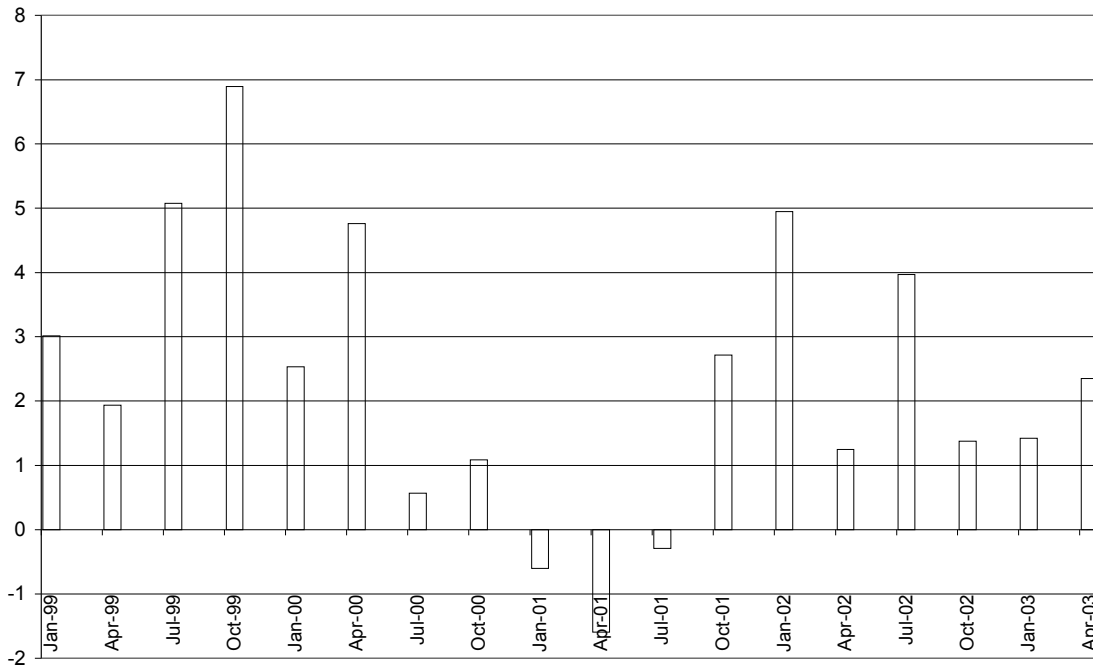
Economic Indicators and Trends

Taggart J. Brooks, Ph.D., UW-La Crosse Department of Economics

The End of the Recession

The recession is finally over. According to the National Bureau of Economic Research (www.nber.org), the unofficial judge of such events, it has been over for quite some time. At their July meeting, the Bureau came to an agreement that any further weakness in the economy would be declared a separate and distinct downturn. Therefore, they proclaimed the trough of the recession occurred in November 2001, making the recession shorter than typical. Lasting only eight months, the recession was two months shorter than the average post World War II recession and 10 months shorter than the average peacetime recession.

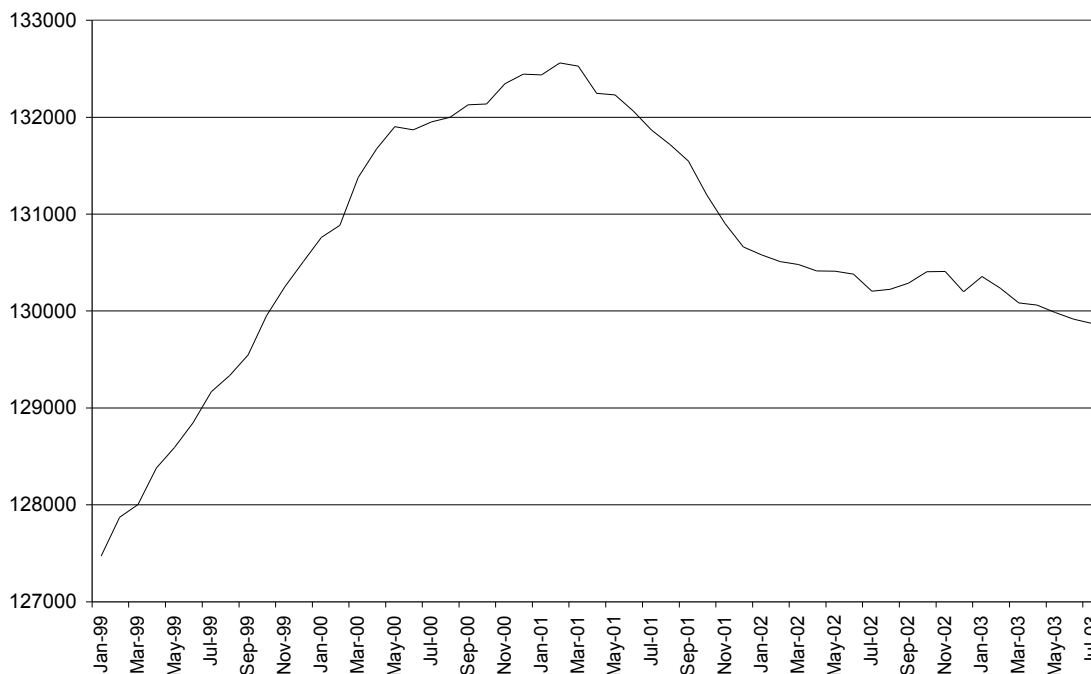
Real GDP % Change at Annual Rates



Recent numbers seem to reinforce the belief that aggregate economic activity has been on the rise, with GDP growing at a surprising 2.4% in the second quarter of 2003. Much of the unexpected gain can be explained by the increase in defense spending due to the war in Iraq, along with stronger than expected increases in consumer spending on durable goods, most notably in car sales.

Despite this good news, the economy does not appear as strong as it did in the late 1990's. If the recession was so short, why did it feel so long? Paul Krugman, an economist at Princeton, summed it up nicely when he said that it was about "Jobs, Jobs, Jobs". While Real GDP has been growing, it failed to grow fast enough to ignite the labor market.

Total nonfarm: Total Employment (thousands), SA



The number of jobs is still well below the peak in March of 2001. In July, non-farm payrolls shrunk by another 44,000, bringing the cumulative loss to 2.7 million jobs since March of 2001.

The news is both good and bad. The bad news is our economy, demand in particular, is increasing too slowly to add new jobs causing rising unemployment, frustrated job searches, and otherwise unutilized resources. The good news is that we are being sustained by a pace of productivity improvement which has allowed employers to reduce payrolls and hours, yet still produce more than enough to meet demand. In the long run, demand will increase, providing a boost to our economy. Until then, the unemployed can expect long job hunts.

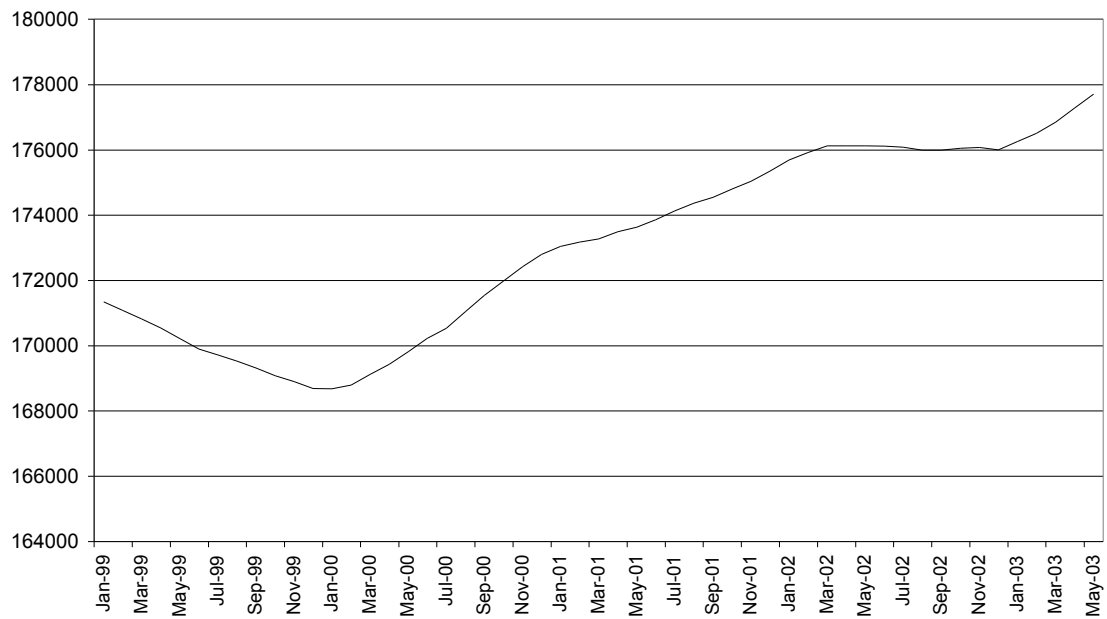
At the state and local level, employment has actually grown over this same time period -- even if only slightly. State employment rose by a seasonally adjusted 9,800 jobs in the month of June.

The 7 Rivers Region did slightly better. Using a slightly different method of measuring employment, the 7 Rivers Region saw an increase of 4,800 jobs over the previous May.

Wisconsin: Employment: Total Nonfarm (Thousands); SA



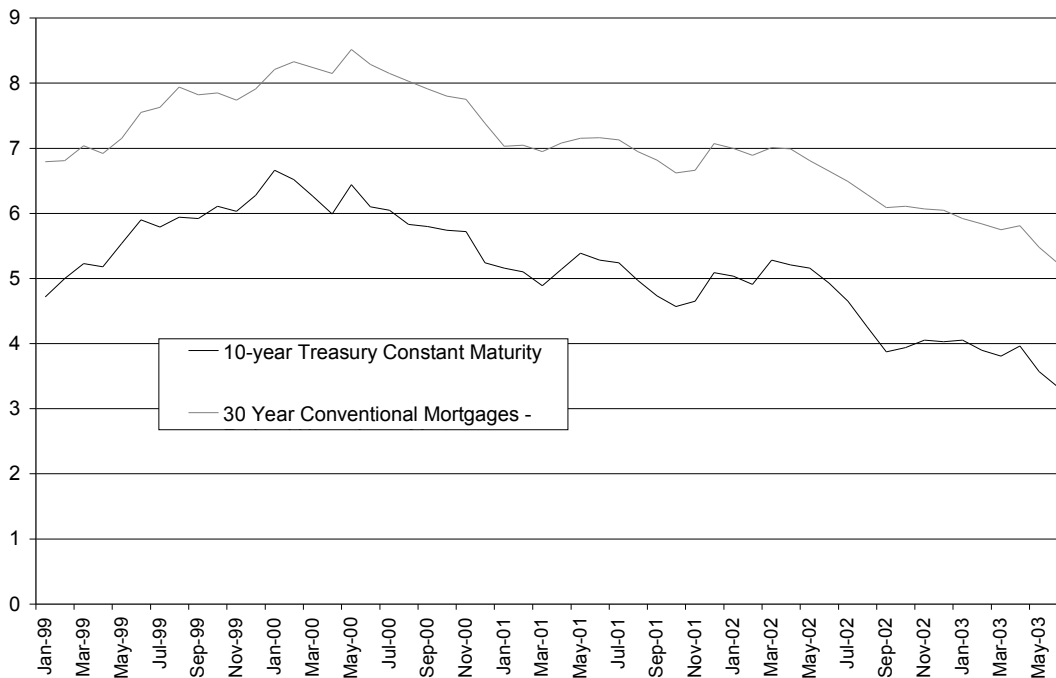
**7Rivers Employment
(WI- La Crosse, Trempealeau, Jackson, Juneau,
Monroe, Vernon, MN- Houston, Winona, IA-Allamakee)**



Consumer Spending

Recessions are rarely the same. The causes are often different, and how the economy responds is also often unique. The last recession has been extremely interesting in how consumer spending has responded. Despite a difficult labor market, consumer spending has continued to grow at a healthy pace. Most of this has been attributed to low interest rates. Low rates have allowed auto makers to offer 0% financing and other discounts on new cars, attracting buyers by these seemingly “too-hard-to-pass-up” deals. More importantly, low rates have stimulated a mortgage refinancing boom that allowed many homeowners to remove equity from their home to take advantage of these deals. However, consumers cannot be counted on to sustain the recovery, particularly when interest rates begin to rise.

Long Term Interest Rates



While the monthly data shows interest rates at historic lows this week, the 30-year fixed-rate conventional mortgage has risen over 6% for the first time since December of last year. This spells trouble if consumers decide to run and hide. Fortunately, the University of Michigan’s Consumer Sentiment Index suggests that consumers are feeling better about the future.

Consumer Confidence

The University of Michigan’s consumer sentiment index is a composite of two indices, one which attempts to measure current conditions while the other measures people’s expectation of future conditions. The overall index rose in July from 87.2 to 90.9. Although small, the rise continues the upward trend started in April. As the Iraq situation moves from the front page, people are demonstrating an increase in optimism. Although

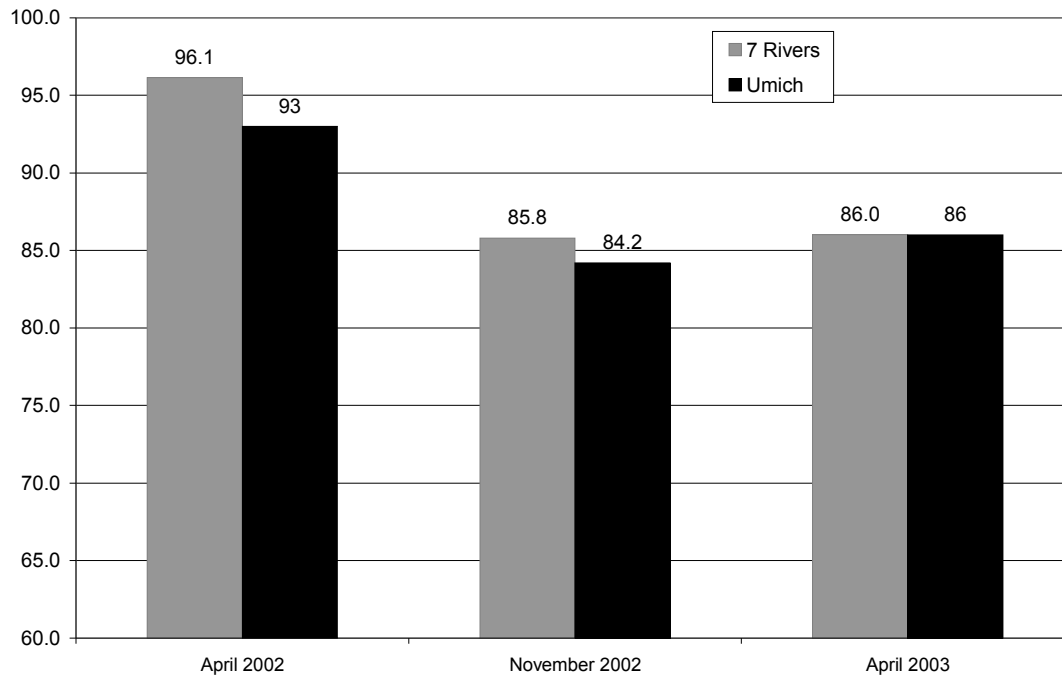
the July expectations index fell to 83.7 from 86.4 in June, it was still well above the March low and has rebounded rapidly.

Consumer Sentiment; University of Michigan; 1966Q1=100; NSA



Using the same methods employed by The Institute for Social Research at the University of Michigan, several University of Wisconsin – La Crosse students have created a regional index for the 7 Rivers Region. While the data available is still limited and only available once per semester, it does show that the 7 Rivers Region has tracked the national index quite closely. This is likely due to the dominate nature of recent national events on consumers' expectations. Despite the slightly different labor market experiences of the two groups, it appears as though their views on the economy are very similar.

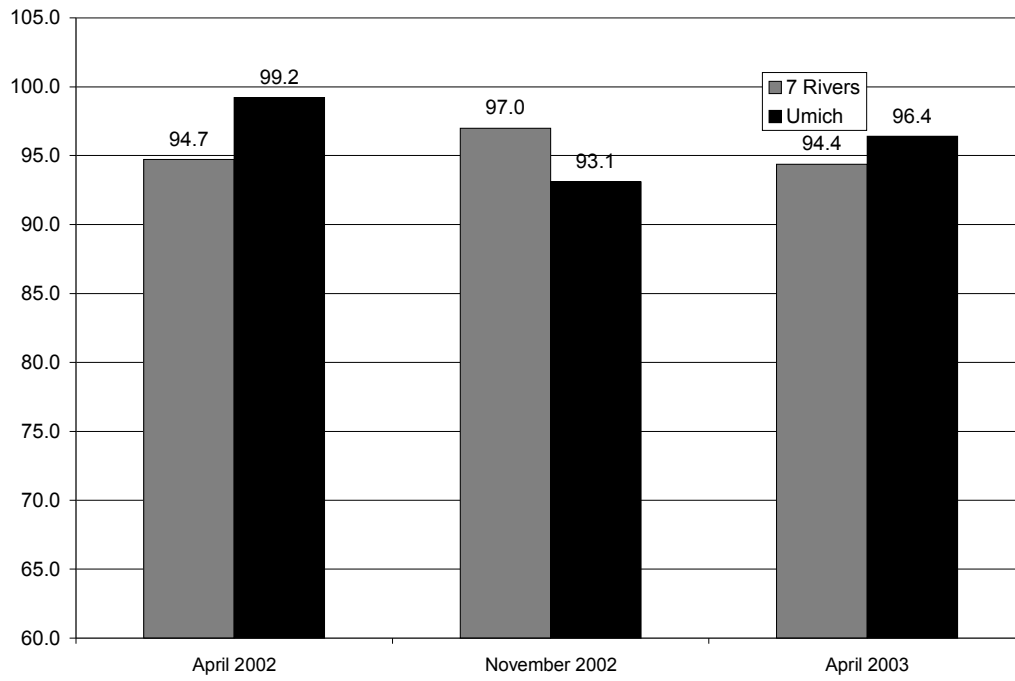
7Rivers Consumer Sentiment



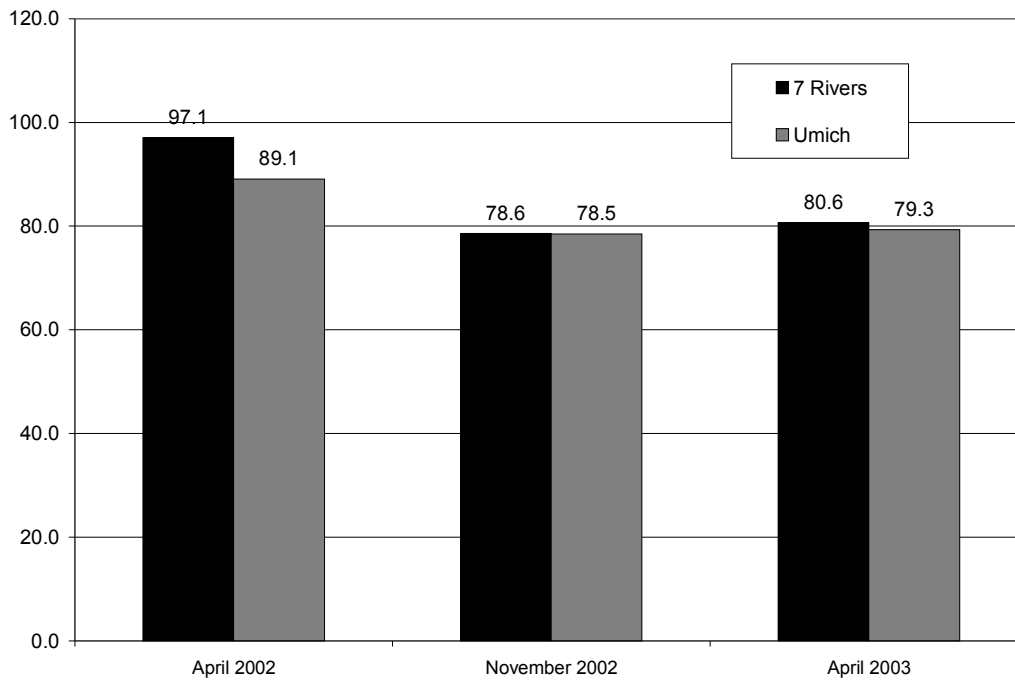
Moving to the components of the consumer sentiment index, current conditions show both the 7 Rivers Region and the national index at similar levels in April of 2002 and April of 2003 in the following two graphs. Regarding expectations, both the 7 Rivers Region and the national indices of consumer expectations are still well below their previous levels in April 2002.

The 7 Rivers region appears to track the national index, and the months since the last UW-La Crosse measure likely have also improved. If the relationship holds, one would expect the current data for the nation to be representative of the region, suggesting that the expectations index has reclaimed much of the lost ground.

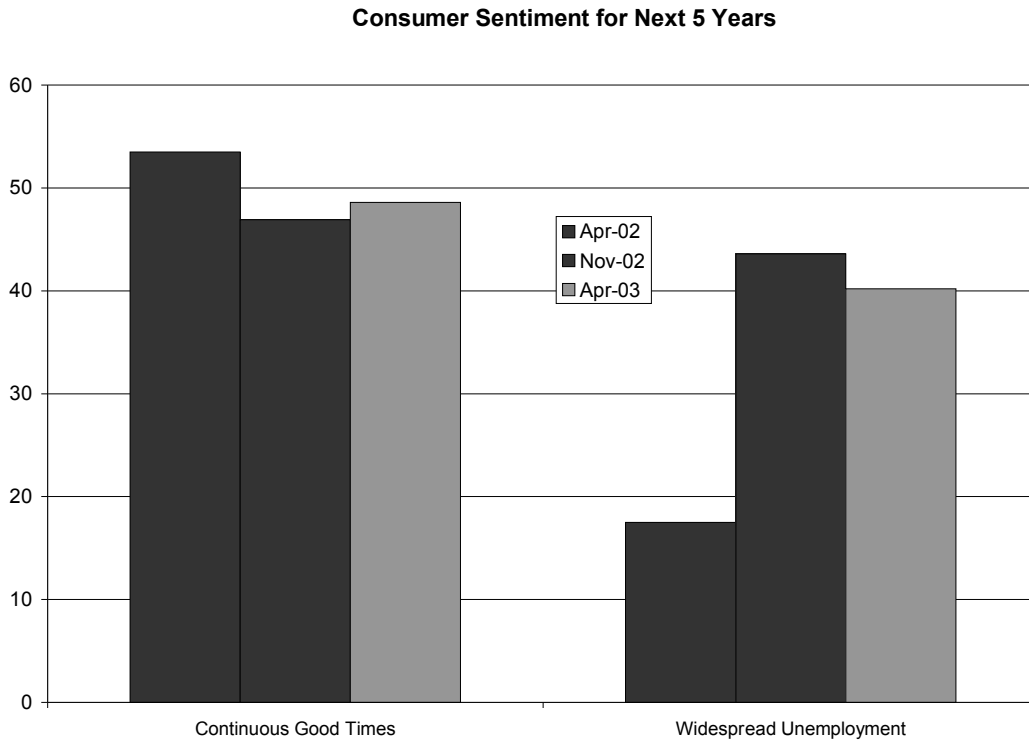
Current Conditions Index



Consumer Expectations Index

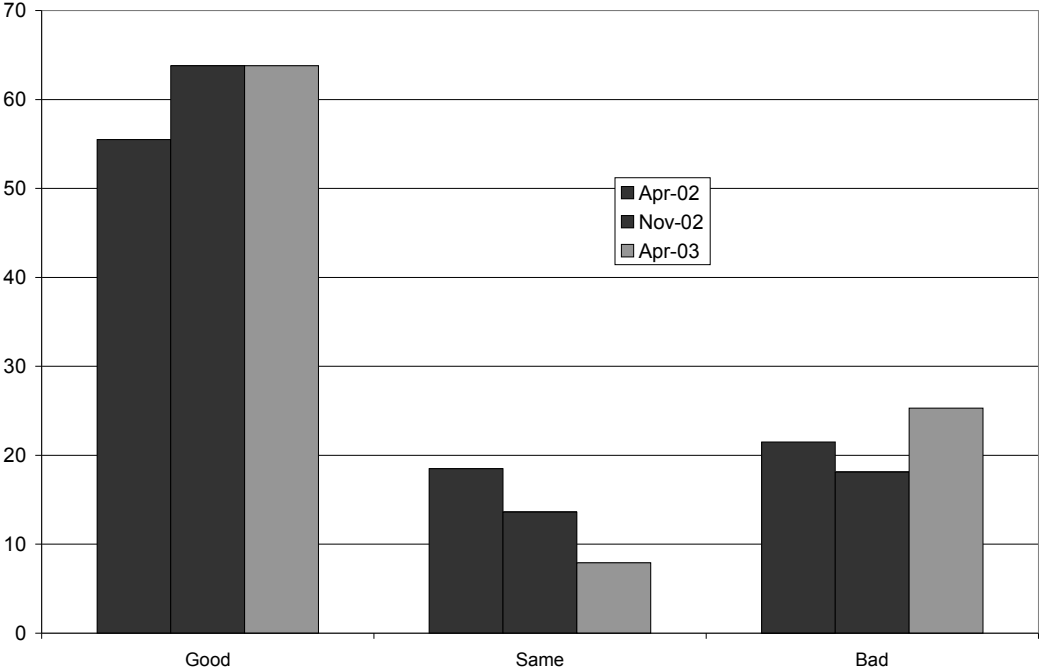


A few of the more interesting points come from consumer's views on their expectations of the next five years. We can see that in the 7 Rivers Region, there continues to be a large group of people who believe that the next five years will be typified by widespread unemployment and depression, although this viewpoint declined from a high of 43.6% in November of 2002 to 40.2% in April of 2003.



Another notable point from the data on the 7 Rivers Region includes the increasing numbers of consumers who feel it is a bad time to buy durable goods. In November of 2002, only 18.1% felt it was a bad time, whereas in April of 2003, 25.3% reported that it was a bad time to buy durable goods.

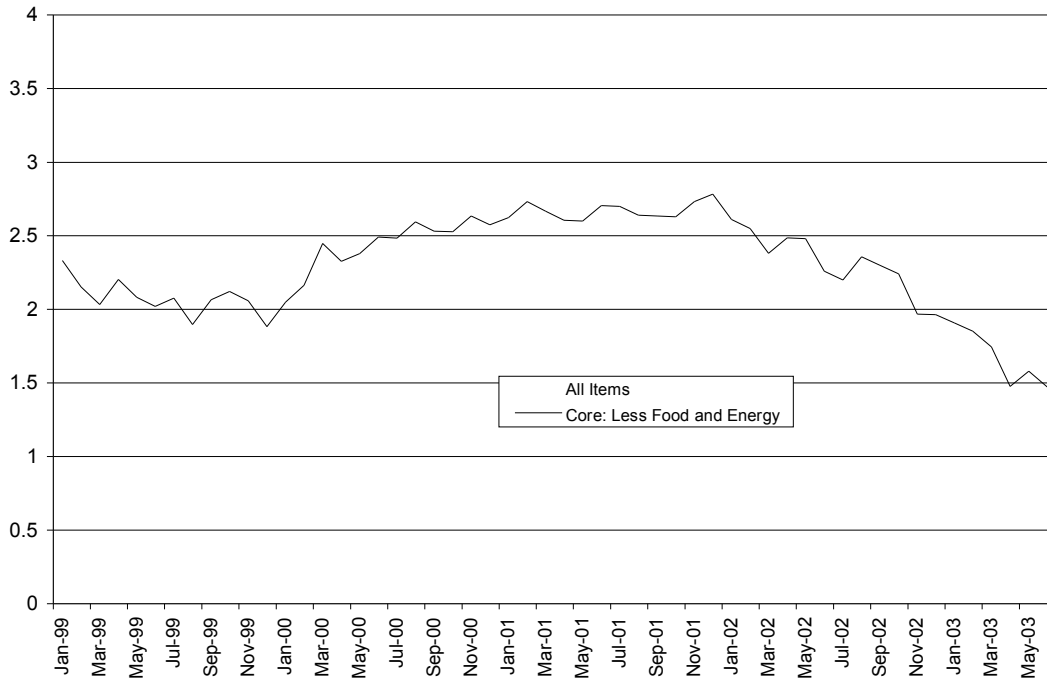
Good Time or Bad Time to Buy Durable Goods?



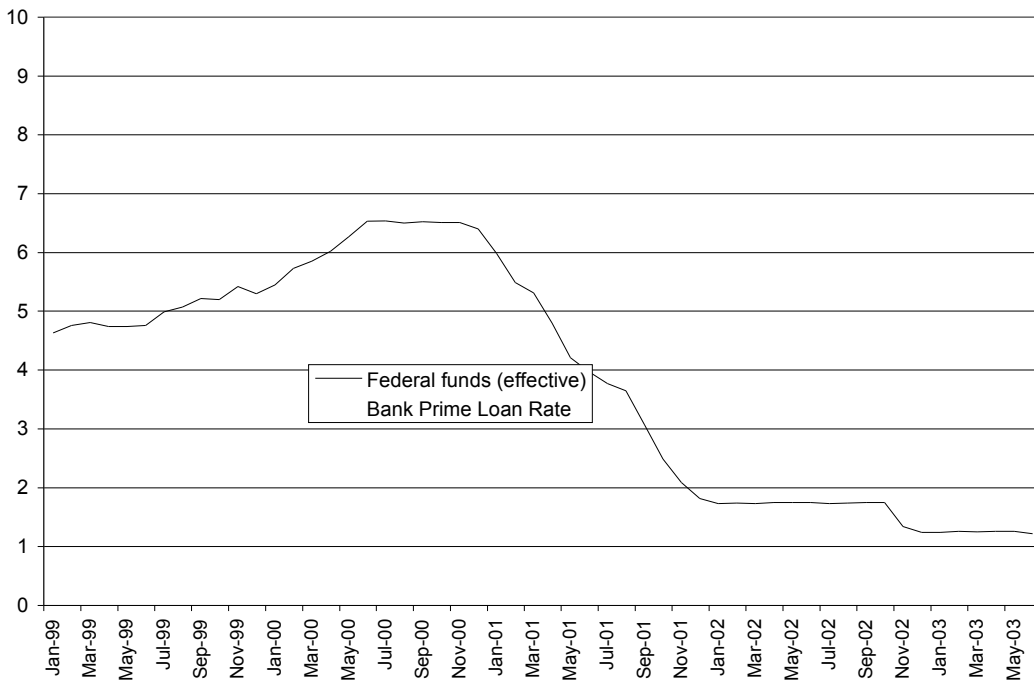
Core Indicators

The following graphs show national and regional economic indicators that have been tracked since the beginning of this series. While each graph highlights a single indicator, it is important to note that it is the relationships between each of the graphs that provide the overall picture of the economies, both national and regional.

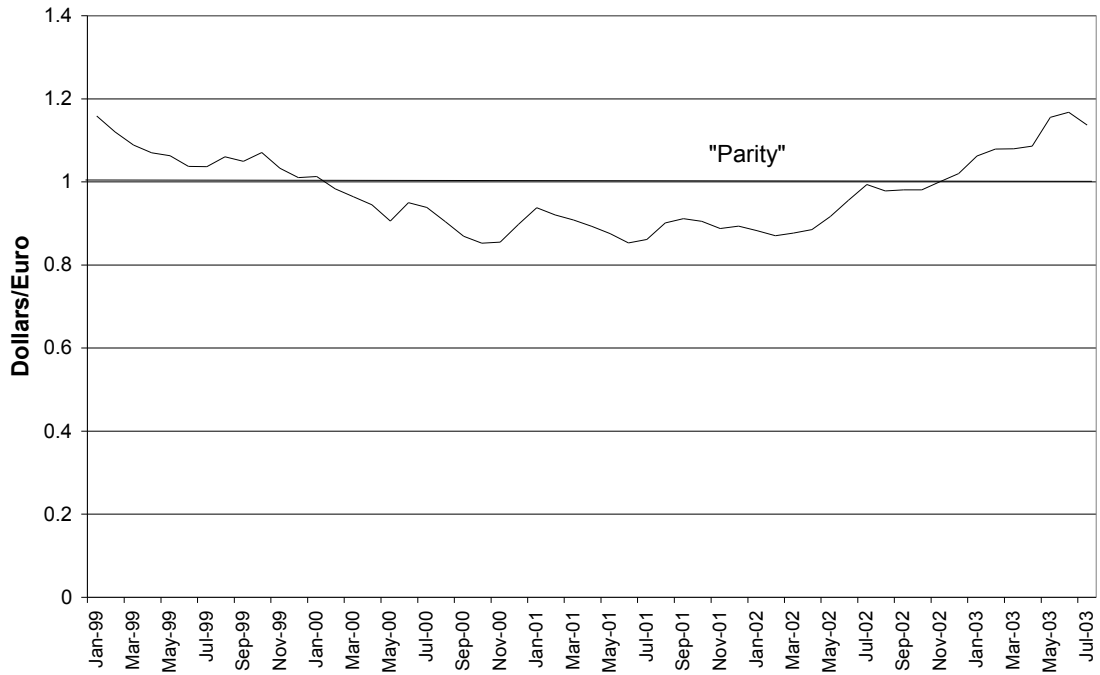
Inflation



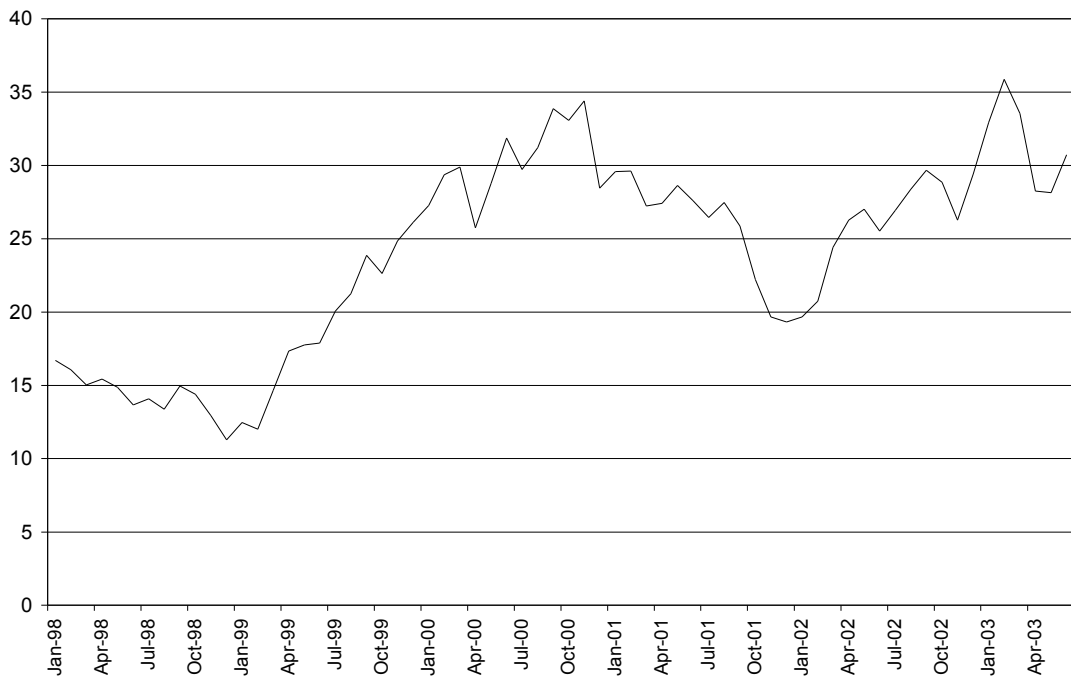
Short Term Interest Rates



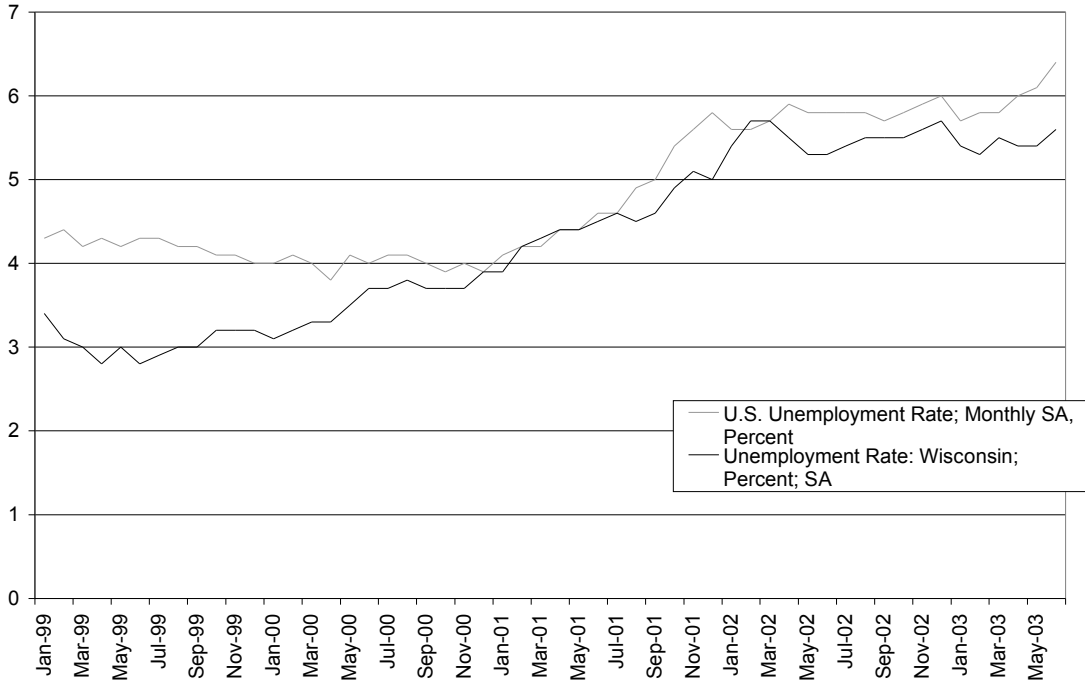
U.S. Dollars to one Euro



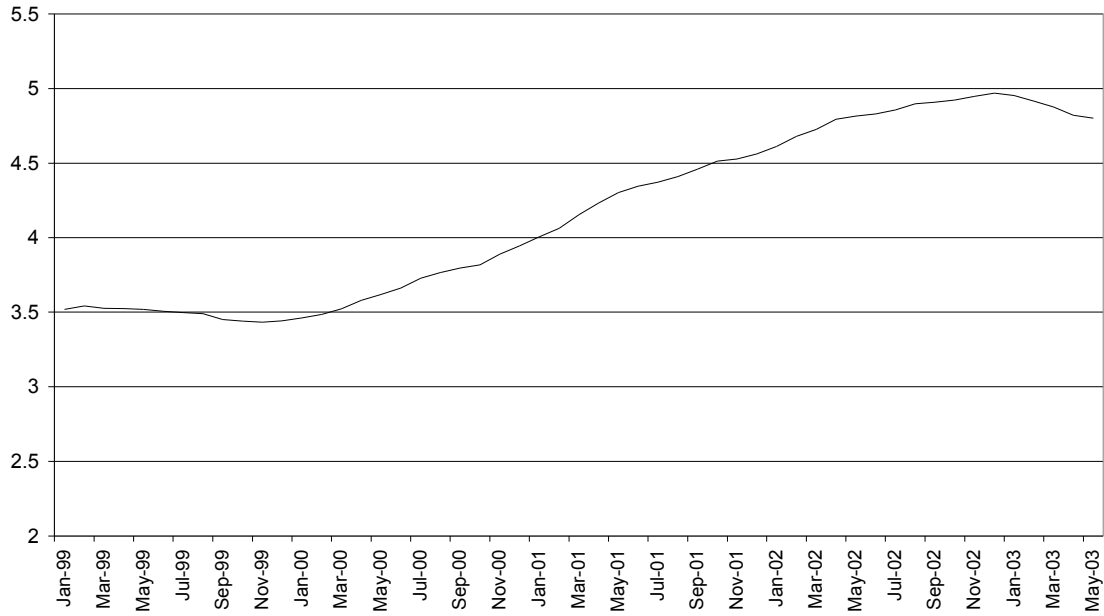
Price of West Texas Intermediate Crude; Monthly NSA, Dollars Per Barrel



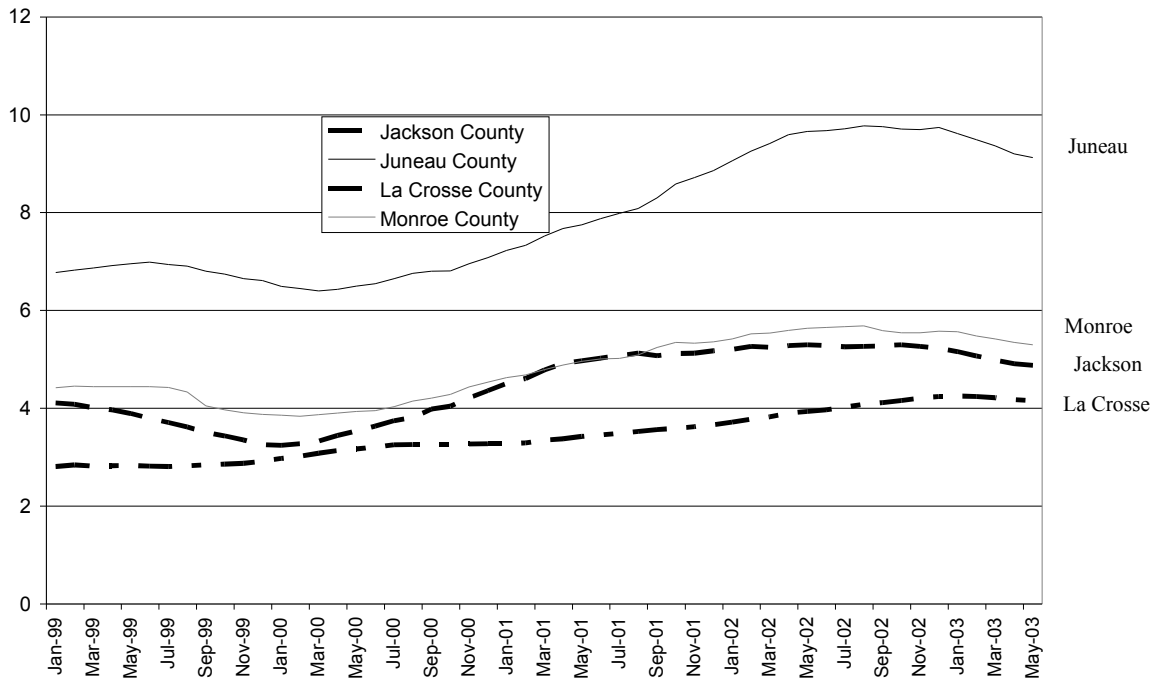
Unemployment Rates



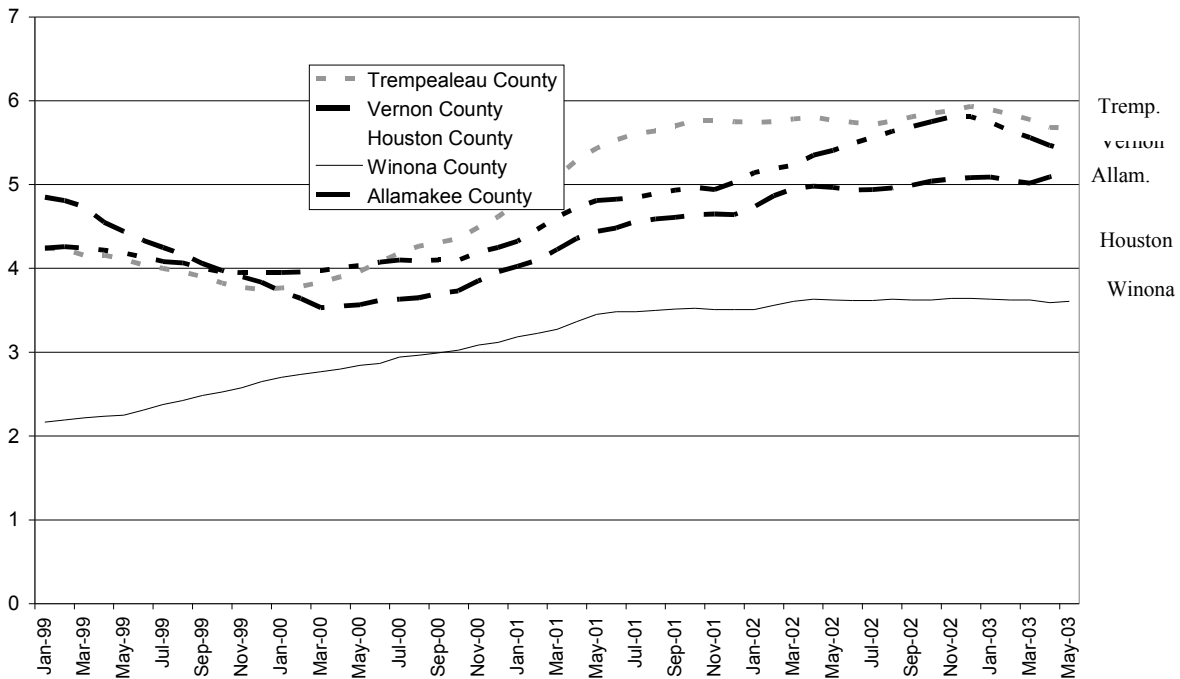
**Eight County Regional Unemployment Rate
(WI- La Crosse, Trempealeau, Jackson, Juneau,
Monroe, Vernon MN- Houston, Winona, IA- Allamakee)**



Unemployment Rates by County



Unemployment Rates by County



The 7 Rivers Region Equity Index

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Introduction

It is not surprising that investors seem to be more concerned about their future than they were a decade ago. Investors would have earned a higher return on ultra-safe Treasury instruments over the past decade than in the stock market.

As of this writing, the Dow Jones Industrial Average is 9267. While that value is well above its low of earlier this year, it is not 20% higher. Consequently, the financial press has not dubbed the current period a bull market. Nonetheless, the recovery has put a lot of stockholders' minds at ease as they lick their wounds arising from the bear market that began in March 2000.

Will the bear market return or will stock prices continue moving upward? What does this mean for our local stocks?

Our 7 Rivers Region Equity Index was developed to track local stocks beginning in the year 2000. We will review the index to see what has happened so far. Additionally, we will attempt to gain insight to future performance by examining information contained in Quicken's "*One Click Scorecard*."

We will identify characteristics that recognized experts feel are critical to stock performance. We may be better able to predict future 7 Rivers Region stock performance by studying the rating of local shares on these variables. Finally, an understanding of probable future economic conditions in the 7 Rivers Region will be expanded through evaluation of the key financial variables and our local stock ranking on these variables.

The 7 Rivers Region Equity Index

Two criteria must be met for inclusion in the 7 Rivers Index. One, the firm must be publicly-held with share price data available from any of the print or Internet sites. Two, the company's headquarters has to be within 100 miles of La Crosse. Based on an analysis of Edgar's IPO Express, there has been no change in the constituency of the firms in the 7 Rivers Index since the last report. The companies are identified in Table I.

Our regional index is compared to two national indexes in Table II. Performance of the 7 Rivers Region Equity Index, an equally-weighted index of the 15 local companies, is presented in the first column of Table II. Values in this chart represent the percentage change in the Index since the end of 1999. For instance, over the first six months (leading up to June 2000), local share prices declined by 1.7%.

One can read the values as the change in the value of a \$1000 portfolio invested in the specified index on 12/31/1999. For instance, \$1000 invested in the 7 Rivers Region Equity Index would have gained \$51 over the following forty-two months ending in June 2003.

Year-to-date values are given in the parentheses. The 7 Rivers Index was below the December 2002 level for the first two months of 2003. Since reaching a low at the end of February when it was down 6.6% for the year, it has risen in four consecutive months. Midway through 2003, it was up 10.2% for the year or \$102 on a \$1000 investment at the end of 2002.

Two major market indexes are also reported in Table II. The Dow Jones Industrial Average, a price-weighted average of thirty large companies, reached a low of -30.4% in February. It also has witnessed four consecutive months of value increases, but was up only 7.7% in the first half of 2003.

The Standard & Poor's 500 Index, a value-weighted index of the 500 largest companies in the United States, has been both worse and better off than the other two measures. As of February 2003's close, it had lost \$428(-42.8%) for every \$1000 invested at the end of 1999. However, during the first six months of 2003, it gained \$107 (+10.7%) for every \$1000 invested at the end of 2002.

Why there is such a big difference in the losses since December 31, 1999, given the similarity of the measures' behaviors in 2003? Our 7 Rivers Index's performance during the first half of 2001 is the key difference in the three measures. The 7 Rivers Index rose by about 25%, while the other indexes dropped. Most of the difference can be tied to the \$17 increase in the price of Renaissance Learning and \$9 dollar increase in the price of Bone Care International during those six months. On December 31, 1999, a share of these firms cost only \$11 and 13, respectively.

Return & Risk Related Information: Individual Firms

The importance of constructing a diversified portfolio is evidenced by the performance of individual companies. Although the 7 Rivers Index is up 10.2% this year, seven of the fifteen stocks have experienced a price decline. Worst in this set is Featherlite, which has experienced a 35% decline in stock price. One cause of the decline might be the sluggish economy, which resulted in Featherlite reporting lower sales and a net loss for the first quarter ended March 31, 2003 of \$676,000. This compares with a profit of \$1.1 million in the first quarter of 2002.

Although only half the price drop experienced by Featherlite, an investment in Agriculture Services of America would have still lost 17.5%. Ag Services was able to get about half of the amount of money needed to fund accounts payable during the 2003 crop season. As a result, the Company has not been able to provide financing for many of its former customers this year. In response to this smaller portfolio, the Company has taken certain cost cutting measures including a reduction in its workforce of approximately 30%.

A much rosier picture of the local economy during the first half of 2003 has been put forth by Pemstar, Marten Transportation, and Bone Care International. Pemstar Inc. is a rapidly growing provider of electronics manufacturing services to original equipment manufacturers in the communications, computing, data storage, industrial and medical

equipment markets. It rode the building recovery in the tech sector to an 85.4% increase in share prices.

Share prices of both Marten Transportation and Bone Care International rose by 43%. Stronger shipping demand and reduced costs, down to \$0.92 per \$1.00 of revenue, resulted in income per share rising 39% at Marten. Meanwhile, Bone Care International announced that demand for its vitamin-D based hormone therapies, used for kidney dialysis, would triple and the company would become profitable next year.

Analysis of Future Performance

The first step in using primary data in company evaluation is the selection of an authoritative source. For this report, Quicken.com was chosen. Quicken.com is a product of Intuit, which provides a variety of financial services for personal and business use.

Quicken provides a number of handy analytical services, many of them free over the Internet at Quicken.com. Working exclusively with Quicken.com, some of the nation's top investment analysts and portfolio managers have developed short, step-by-step strategies that can be used to evaluate stocks. Two of those strategies found at the "*One Click Scorecard*" link are examined below. Like all financial services, Quicken's information comes with a disclaimer that its information is no guarantee of future performance.

In addition to Quicken.com, Intuit's most well-known products include TurboTax and QuickBooks. Quicken.com serves as a base for a variety of proprietary software allowing companies to "manage your finances easily, *plus* insightful and effective tools to help you optimize your investment portfolio and maximize tax-saving opportunities." Other Quicken services include credit cards, mortgages, and brokerage.

For this report, the opinions of two Quicken.com-based analysts were sampled. (Due to its small size, Quicken.com does not report information for Northland Cranberries.) Before examining forecasts of local companies, it is worthwhile to learn a little bit about these "experts."

Motley Fool's Justification for the "Foolish 8"

Since 1929, returns of smaller firms have, as a group, exceeded the overall returns of larger stocks. Despite this, many people resist investing in small caps because of the risk associated with them. A lot of money can be made in these stocks, but a lot can be lost, too. The "Foolish 8" supposedly can be used to identify the most promising small-cap growth opportunities.

The primary reason for buying small-cap growth stocks, aside from their superior historical performance, is that mutual funds and institutions cannot buy them. Even if they could, mutual funds and institutions cannot build up any meaningful holding without their trading forcing up stock prices when buying and pushing down stock prices later when they sell shares. The idea is that the small investor can buy these stocks, getting in early on some of the great emerging growth stories of American business.

Robert Hagstrom's "The Warren Buffett Way"

The week in which this report was written, Warren Buffett was on the cover of *Fortune* magazine with the lead article identifying him as the most powerful person in business. Robert Hagstrom, author of the *New York Times* best-seller *The Warren Buffett Way*, demonstrates how one of history's all-time great investors identifies his favorite buys. According to Hagstrom, Buffett thinks about the company, the management, the financials and the asking price --in that order. This approach is reflected in the strategy Hagstrom designed for Quicken.com's One-Click Scorecard, but he is quick to point out that "Even Mr. Buffett admits that the possibility of repeating this long-term performance is remote. However, I do believe that if you follow these tenets you will stand a better chance of outperforming the market."

One important difference with this set of criteria is that it has been put to the test in a public forum. Since writing *The Warren Buffett Way*, all investments of the Legg Mason Focus Trust (the mutual fund that Robert Hagstrom manages) have been made according to the tenets outlined in his book. According to Quicken.com, for the 5 years ended June 30, 2001, Legg Mason's Focus Trust had an average annual total return of 12.75%. Over the same time period, the large blend fund category returned 12.08% annually.

Of course, there are many other "experts" and probably just as many avenues for selecting stocks. Nonetheless, any consistency in the evaluation of local shares by these gurus supports their selection (or avoidance if the analysts believe the future is bleak) and consequently the local economy.

Motley Fool's Foolish 8

The challenge of using the Motley Fool categories is the obscure terms and phrases used by Tome and David Gardner, the brothers who manage the Motley Fool Enterprise. For instance, the first question asked is, "Is the stock winning the race?" as shown in the first row of Table III. What does that mean? Consequently, a definition of each criterion is given below.

- a. Winning the race:
Over the past twelve months, has the stock done at least 90% as well as the market during advances or had no more than 90% of market declines?
- b. Not a penny stock:
Is the stock price above \$7?
- c. Relatively undiscovered:
Is the stock daily trading volume between \$1 and \$25 million?
- d. Dynamic growth:
Is the growth rate during the past quarter 25% greater than it was in the same quarter a year earlier?
- e. Uncut gem:
Are sales for the last year under \$500 million?
- f. High-quality earnings:
Is the pet profit margin above 7%?
- g. Managerial stake:

What percent of a company do its managers own? (The cutoff is undisclosed.)

h. Cash generation:

Does the firm have positive cash flow over the past four quarters?

Reading across the rows of Table III, one will notice that local companies are safely above the \$7 level, tend to have sales for the past year of under \$500 million, and have a positive cash flow. Local firms tend to be doing the worst in terms of relative price performance (only 2 of 14) and dynamic growth (only 2 of 14). Concerning the latter, only National Presto and Rochester Medical reported earnings that were 25% higher than the same quarter a year earlier. Assuming all Foolish 8 criteria get equal weighting, Renaissance Learning, with six passing marks, is the highest rated company according to the Motley Fool evaluation strategy. Only Featherlite had passing marks on fewer than three criteria.

Robert Hagstrom's The Warren Buffett Way

Robert Hagstrom's system is based upon a mutual fund manager's impression of the selection criteria used by Warren Buffett, who is frequently referred to as the "Sage of Omaha." The ratings of 7 River Region firms on these criteria are exhibited in Table IV. For completeness and comparison purposes, additional detail regarding the variables is given below.

a. Performed well consistently:

Has there been an increase in return on equity? (no cutoff is given)

b. Avoided excess debt:

What is the company's long-term debt equity ratio compared to the industry average?

c. Converting sales to profits:

What is the company's net income from continuing operations divided by total revenue?

d. Manager rationality:

Is cash on hand growing at a slower rate than the dividend payout ratio?

e. Shareholder value increase:

Does the stock price rise by more than \$1 for every \$1 of retained earnings? (Furthermore, over a 10-year period the \$1 retained and reinvested should result in another \$1 increase in stock price.)

f. Owner earnings increased:

Has there been an increase in the following?

Net income + Depreciation – forecast fixed asset and working capital expenditures.

g. Selling at a 25% discount to intrinsic value:

Is the current stock price less than 75% of the present value of cash flow per share, discounted at the long-term U.S. Government bond rate?

Looking across the rows in Table IV, an interesting phenomenon can be observed. Our companies in the 7 Rivers Region either earned 9 or 4 positive ratings across the Buffett criteria. Local firms tend to earn high ratings for their avoidance of excess debt and

managerial ability. On all other variables, local firms earned only about 29% (i.e., 4/14) of the possible positive ratings. Hormel has a positive rating in six instances, out of seven characteristics chosen for evaluation. Fastenal and Renaissance Learning are close behind with five positive marks. Although Pemstar earns no positive marks, the six question marks suggest that the jury is still out on its desirability, when judgments are made on the basis of the assumed Buffett criteria.

Conclusion

Since February 2003, the 7 Rivers Index has increased in four of the past four months. However, with only 8 of 15 firms seeing their stock prices rise, accurate stock selection is critical. This report consequently presents an analysis of 7 Rivers Region firms based on three popular selection systems.

Study of the selection criteria provides insight to investment decision making and key managerial variables. On the plus side, Renaissance Learning and Fastenal are ranked highly by both selection schemes. Unfortunately, several firms consistently earned less than half of all the possible positive ratings. It is hoped that this analysis will shed light on possible areas for improvement at these firms and for firms in general.

When taken in aggregate, the study provides insight regarding how the 7 Rivers Region firms stack up on these characteristics. Given that 7 Rivers Region firms pass the selection criteria test in only 40% of the possible instances, the regional economy may be less productive than conditions found in other regions of the country.

TABLE I. Firms in the 7 Rivers Region Equity Index

The headquarters of these firms is within 100 miles of La Crosse

Wisconsin

Bone Care International (BCII)	Middleton	Pharmaceuticals
First Federal (FTFC)	La Crosse	Commercial banking
Marten Transportation (MRTN)	Mondovi	Trucking
National Presto (NPK)	Eau Claire	Cookware
Northland Cranberries (NRCNA)	Wisconsin Rapids	Juice drinks
Renaissance Learning (RLRN)	Wisconsin Rapids	Educational software
Wausau-Mosinee Paper (WMO)	Mosinee	Paper Products

Minnesota

Fastenal (FAST)	Winona	Threaded fasteners
HMN Financial (HMNF)	Spring Valley	Savings & loan
Hormel (HRL)	Austin	Pork and turkey processing
Pemstar (PMTR)	Rochester	Electronics manufacturer
Rochester Medical (ROCM) products	Stewartville	Urinary treatment

Iowa

Ag Services of America (ASV)	Cedar Falls	Seed, fertilizer, ag chemicals
Featherlite (FTHR)	Cresco	Aluminum trailers
Flexsteel Industries (FLXS)	Dubuque	Home furnishings

Prior Members Now Excluded:

- La Crosse Footwear – relocated to Oregon
 - Land's End – acquired by Sears
 - Sheldahl – de-listed
 - State Bank La Crosse – privatized
-

Table II. Comparative Index Performance since 12/31/1999

All numbers are in percentages

(Year-to-date percentages in parentheses)

	<u>7Rivers Equity Index</u>	<u>Dow Jones Industrial Average</u>	<u>Standard & Poor's 500</u>
June 2000	-1.7	-9.1	-1.0
December 2000	-12.7	-6.2	-10.1
June 2001	11.5	-8.6	-16.7
December 2001	-4.9	-12.8	-21.8
June 2002	-6.4	-19.6	-32.6
December 2002	-4.7	-27.4	-40.1
January 2003	-9.9 (-3.3)	-30.0 (-3.5)	-41.7 (-2.7)
February 2003	-11.4 (-6.6)	-31.4 (-5.4)	-42.8 (-4.4)
March 2003	-11.3 (-4.4)	-30.5 (-4.2)	-42.3 (-3.6)
April 2003	-6.4 (-2.0)	-26.2 (1.7)	-37.6 (4.2)
May 2003	2.5 (6.6)	-23.0 (6.1)	-34.4 (9.5)
June 2003	5.1 (10.2)	-21.8 (7.7)	-33.7 (10.7)

NOTE: January 2003 value for remaining firms in the 7 Rivers Index: 0.3%

Table III. Motley Fool's Foolish Eight

+ = Passes the test ? = Neutral position

Selection Criteria	A g S e r v i c e s o f A m e r i c a	B o n e C a r e I n t e r n a t i o n a l	F a s t e n a l	F e a t h e r l i t e	F i r s t F e d e r a l	F l e x s t e e l I n d u s t r i e s	H M N F i n a n c i a l	H o r m e l	M a r t e n T r a n s p o r t a t i o n	N a t i o n a l P r e s t o	P e m s t a r	R e n a i s s a n c e L e a r n i n g	R o c h e s t e r M e d i c a l	W a u s a u - M o s i n e P a p e r
Is the stock winning the race?		+									+			
Is the price safely above penny stock territory?		+	+		+	+	+	+	+	+		+	+	+
Is the company still relatively undiscovered?			+					+				+		+
Is the company's growth dynamic?										+			+	
Is this a monster or an uncut gem?	+	+		+	+	+	+		+	+		+	+	
Does the company have high-quality earnings?			+		+					+		+		

Does the management team have a financial stake in the stock?	+		+								+	+	+	
Does the company generate cash rather than consume it?	+		+	+	?	+	?	+	+	+	+	+	+	+

Table IV. Robert Hagstrom's The Warren Buffett Way

+ = Passes the test ? = Neutral position

Selection Criteria	A g S e r v i c e s o f A m e r i c a	B o n e C a r e I n t e r n a t i o n a l	F a s t e n a l	F e a t h e r l i t e	F i r s t F e d e r a l	F l e x s t e e l I n d u s t r i e s	H M N F i n a n c i a l	H o r m e l	M a r t e n T r a n s p o r t a t i o n	N a t i o n a l P r e s t o	P e m s t a r	R e n a i s s a n c e L e a r n i n g	R o c h e s t e r M e d i c a l	W a u s a u - M o s i n e e P a p e r
Has the company performed well consistently?	+				+			+			?	+		
Has the company avoided excess debt?	+	+	+			+		+		+	?	+	+	+
Can managers convert sales to profits?			+					+		+	?	+		
Are managers handling shareholders' money rationally?			+		+	+	+	+	+	+	?	+		+
Has management actually increased shareholder value?		?	+	+	+		?	+			?	?		
Has the company consistently increased owner earnings?			+		+			+			?	+		

Is the stock selling at a 25% discount to intrinsic value?	+					+						+		+
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Core Economic Indicators Defined

Unemployment rate

The unemployment rate is the percentage of the labor force that is unemployed (actively looking for work). It is a key indicator of the performance of the economy, generally lagging economic activity. It is tracked monthly for the nation, state and the counties of the Seven Rivers Region.

Total Employment

Total number of persons of 16 years and over in the civilian non-institutional population who are employed, this is probably the most important and consistent indicator of the current economic situation. It is tracked monthly for the nation, state, and the counties of the seven rivers region.

Gross Domestic Product

The GDP is the total market value of all goods and services produced within a country during a given period of time, usually one year. This is the government's official measure of how much output our economy produces. It is tracked quarterly for the nation.

U.S. Leading Index

The purpose of the leading indexes is to predict changes in the coincident indexes, which reflect the present state of the economy. The U.S. Leading Index is a composite index of ten economic indicators compiled by The Conference Board, which are designed to signal the direction of the economy in a timely and consistent manner.

WI Composite Index Leading Indicators

Leading indicators tell about economic activities that change pace before shifts of the economy as a whole. The composite index combines several leading indicators into a single number. The index number combines the values of five series, making it a more reliable indicator than a single indicator.

Consumer Price Index

The Consumer Price Index (CPI) is an index that measures changes in the price of a basket of typical consumer goods. The changes in the index reflect price changes; hence monthly changes in the CPI represent the rate of inflation. The CPI is a widely used indicator of inflation (or deflation) and indicates the changing purchasing power of money in the U.S.

Consumer Sentiment Index

The University of Michigan's Survey of Consumers asks question of the public concerning their current financial position and their prospects for the future. The index can be helpful in predicting sudden shifts in consumption patterns. This information is tracked at the national level. A similar index for the Seven Rivers Region was built using an instrument similar to that of the Survey of Consumers.

Seven Rivers Regional Consumer Sentiment Index

Using a survey instrument similar to that used in the University of Michigan's Survey of Consumers, and index is compiled for the Seven Rivers Region. It is produced by College of Business Administration students at the University of Wisconsin – La Crosse.

Real Weekly Earnings

Remuneration (pay, wages) of a worker or group of workers for services performed weekly, real weekly earnings indicate the rate of real wage gains for workers, and therefore their buying power.

30 Year Fixed Rate Mortgages

Reported by Federal Home Loan Mortgage Corporation (Freddie Mac), the 30-year fixed rate mortgage is the most common way to finance the purchase of a home. A fixed rate mortgage carries an interest rate that will be set at or before the time of the loan, and remain constant for the length of the mortgage. If you have a 30-year mortgage, the rate you pay will be fixed for all 30 years. At the end of the 30th year the loan is fully paid off.

Federal Funds Rate

The interest rate that banks charge each other when loaning bank reserves through the federal funds market is a key interest rate in the economy because it helps to determine banks' minimum cost of getting funds. If the federal funds rate is higher, then banks are likely to raise the interest rates they charge, like the prime rate, home mortgage rate, or rate on car loans. It is also the current target interest rate for the Federal Reserve's monetary policy.

Cost of Living

The amount of income or money needed to acquire a given quantity of goods and services or to achieve a given living standard. The cost of living is typically indicated by a price index such as the Consumer Price Index (CPI). The CPI, for example, measures the changing cost of a specific market basket of goods. An increase in the CPI indicates that the cost of this market basket has increased, and presumably so, too, has the cost of living. This information is tracked for the La Crosse MSA, using Bestplaces.net.

Housing permits

A measure of the number of residential units on which construction is begun each month is tracked because an increase in building permits usually occurs a few months after a

reduction in mortgage rates. It represents a large portion of the volatile investment component of GDP. It indicates expectations for the future, since new home construction is a large expenditure. This is currently tracked at both the national level and the local La Crosse MSA.

Per Capita Income

The level of average income during a period of time is obtained by dividing the total income of workers by the total population. The resulting figure is referred to as per capita income. This is a measure of the standard of living and is reported annually for the nation, state, and individual counties with a 2 year lag.

Median Family Income

Another indicator is the level of income at the middle of an array wherein economic units, e.g. families, are arranged from increasing order according to the size of their income. This is another measure of the standard of living and is reported annually for the nation, state, and individual counties with a 2 year lag.