

Economics Group

Special Commentary

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Maryland vs. Iowa: A Relatively New Big Ten Matchup

Another Big Ten Matchup with Possibly Big Implications

Now that we are past the mid-season mark, the list of contenders for conference championships and the College Football Playoff has shrunk to just a handful of teams. Eight FBS teams remain undefeated but several more have just one loss. The number of undefeated teams will shrink by at least one this Saturday, as NC State takes on Clemson. We are once again focusing on the Big Ten this week, where the 19th-ranked 5-1 Iowa Hawkeyes host the 4-2 Maryland Terrapins.

Maryland is a new addition to the Big Ten, having played in the ACC for more than 60 years before joining the Big Ten in 2014. The two teams have only met twice, with each team winning once. The outcome could have a bearing on who wins the Big Ten West, where four teams currently have just one conference loss. The East is also up for grabs, with both Ohio State and Michigan undefeated in conference play and Maryland and Michigan State both sporting just one conference loss.

Iowa has competed in the Big Ten since 1900 and began playing collegiate football back in 1889. The Hawkeyes have won 11 Big Ten Championships, the most recent of which was in 2004. The late 1950s marked one of the strongest periods for Iowa football, with three conference championships and three voted national championships—1956, 1958 and 1960. The NCAA, however, only recognizes the 1958 championship, as various governing bodies recognized other schools the other two years. After back-to-back 8-5 seasons, Iowa is off to a strong start this year and is still in the running for the Big Ten West title.

Maryland's football history dates back to 1892 and includes 11 conference championships and two voted national championships, both of which were in the early 1950s. Maryland competed in the ACC from 1953 to 2013 before joining the Big Ten in 2014. Recent years have been challenging for the Terrapins, who finished with a 4-8 record last year. Maryland has competed in three bowl games in the past five years, but has a losing record over that period. The season began with a 34-29 victory over Texas, which is now ranked 7th in the nation, before losses to Temple and 6th-ranked Michigan. The earlier win over Texas shows that Maryland has the talent to compete this Saturday, despite coming into the game unranked.

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Figure 1

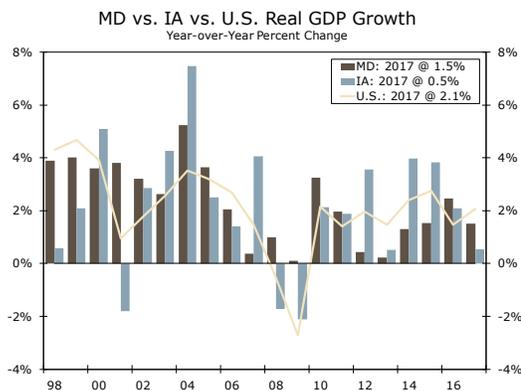
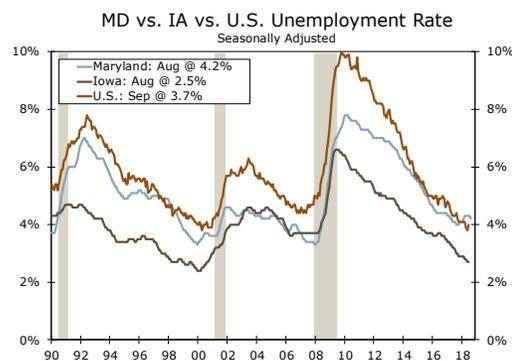


Figure 2



Source: U.S. Department of Commerce, U.S. Department of Labor and Wells Fargo Securities

Together we'll go far



Last week’s report noted the recruiting challenges faced by much of the Big Ten. The populations of most of the states that compete in the Big Ten are growing slowly, with negative net migration. Iowa is holding its own, however, as the state’s rural population supports a strong football culture that produces a relatively large number of highly rated college football prospects each year. Moreover, Iowa only has one other FBS program to compete with for those recruits—its arch rival Iowa State, which competes in the Big 12 conference. Roughly half of the Hawkeye’s roster hails from Iowa, with the remainder coming primarily from neighboring Midwest states and the South.

Iowa’s unemployment rate has fallen half a percentage point over the past year to just 2.5%, which is one of the lowest in the nation.

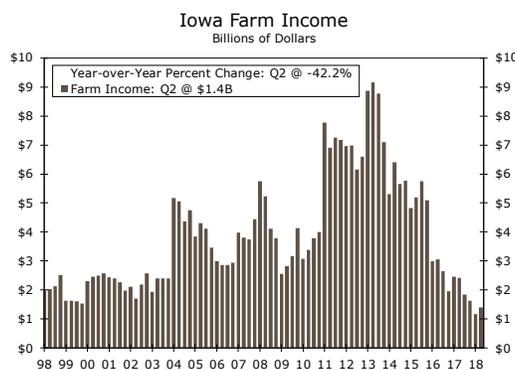
Iowa boasts a remarkably diverse economy for what is mostly known as a farm state. Agriculture still permeates the state’s economy, accounting for 4.1% of GDP and 18.3% of personal income each year. Farm income has been declining the past few years, as corn prices have fallen. Iowa is also home to a sizable financial sector, largely centered in Des Moines, as well as a diverse industrial base spread out amongst its other large metro areas—Cedar Rapids, Sioux City, the Quad Cities and Iowa City, home to the University of Iowa. Job growth this past year has slightly lagged behind the nation, with nonfarm payrolls rising 1.3%, with solid gains in construction, manufacturing, professional & technical services and education & healthcare. Hiring has become more difficult in the state’s larger areas because the labor market has tightened so significantly. Iowa’s unemployment rate has fallen half a percentage point over the past year to just 2.5%, which is one of the lowest in the nation. The strong labor market is helping pull job seekers back into the labor market and is also attracting new residents to Des Moines, which has become one of the fastest growing metro areas in the Midwest.

Maryland’s economy has also perked up, with nonfarm employment rising 0.7% over the past year. Private sector payroll growth has been slightly stronger, rising 1.2%, with solid gains in professional & business services, education & healthcare and the leisure & hospitality sector. Financial services has been a notable weak spot, however, reflecting ongoing costs pressures in asset management and some slowing demand for home mortgages. Government payrolls, which are Maryland’s largest employment category, also remain in negative territory, reflecting tight federal, state and local government budgets. The federal budget is loosening up, however, which should be good news for the federal agencies and contractors located in Washington, D.C.’s Maryland suburbs.

Some of Maryland’s largest employment gains have come from the state’s sizable life sciences and healthcare sectors.

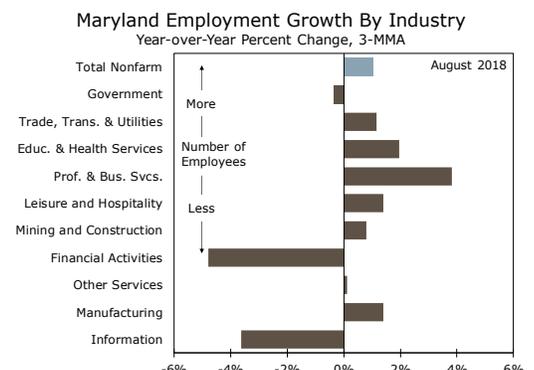
While job growth has been relatively modest this past year, the mix has improved in a way that has produced stronger income gains. Some of Maryland’s largest employment gains have come from professional & technical services, which includes hiring in Maryland’s large life sciences and healthcare sectors. Transportation & warehousing is another area of strength, benefitting from growth in international trade and ecommerce. The labor market also remains relatively tight, with an unemployment rate of 4.2%. Skilled workers are increasingly difficult to find and wages are being pulled higher. Maryland’s population has risen by 322,000 residents since 2010, with most of that gain coming from international immigration and natural increase.

Figure 3



Source: U.S. Department of Commerce, U.S. Department of Labor and Wells Fargo Securities

Figure 4



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