

Regional Economic Update



FEDERAL RESERVE BANK *of* KANSAS CITY

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Overview of the Federal Reserve System

The “Fed” is the Central Bank of the U.S.

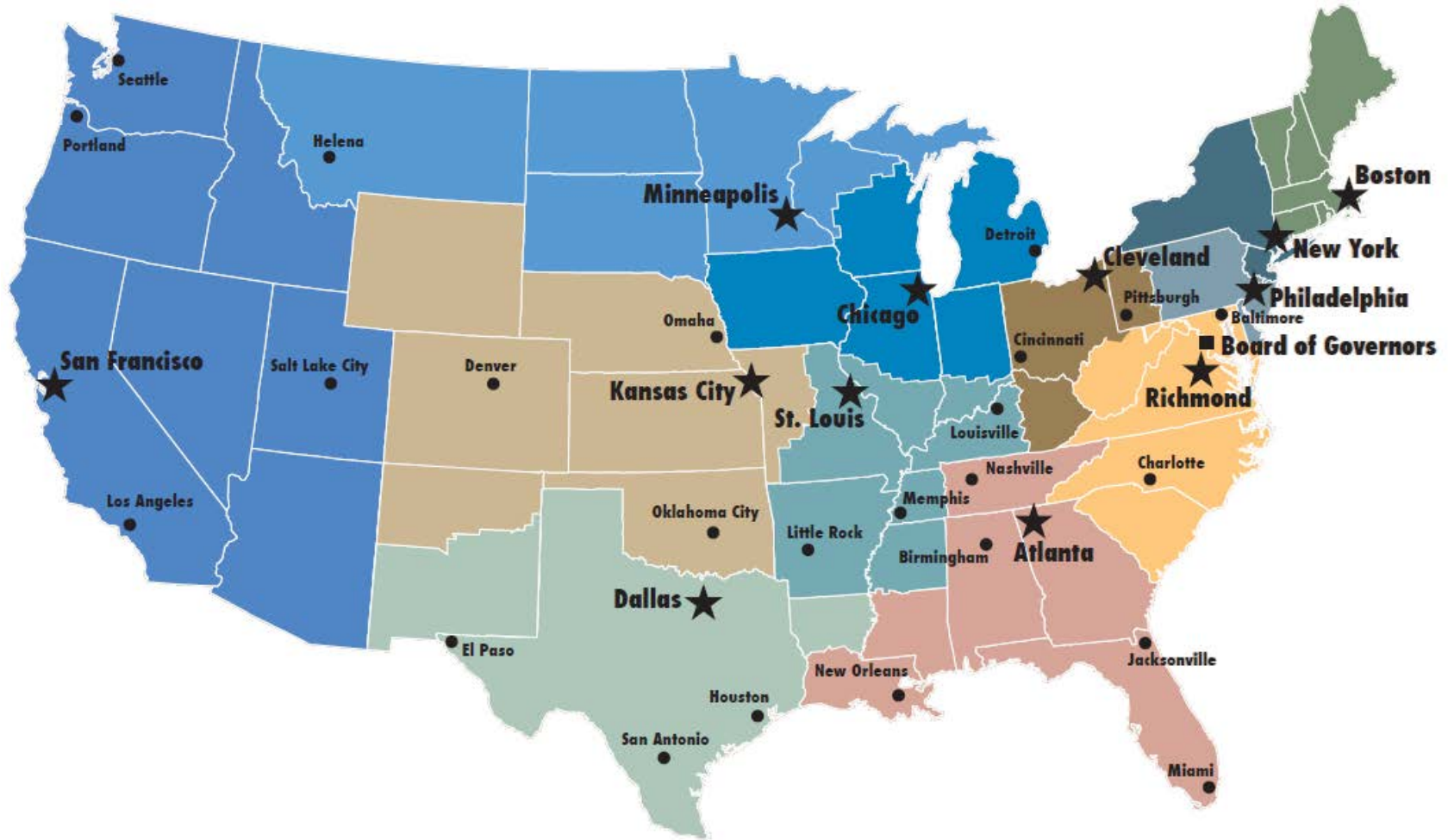
- Board of Governors: 7 members, each appointed by U.S. President
- Federal Reserve Banks: 12 Banks, 24 Branches
- The Federal Open Market Committee (FOMC) has 19 members, 12 voting.

Primary functions:

- Monetary Policy – pursue maximum employment and stable prices
- Bank Regulation – ensure safety and soundness of banks.
- Financial Services – bank for banks, and bank for federal govt.
- Lender of Last Resort – provide liquidity in times of crisis



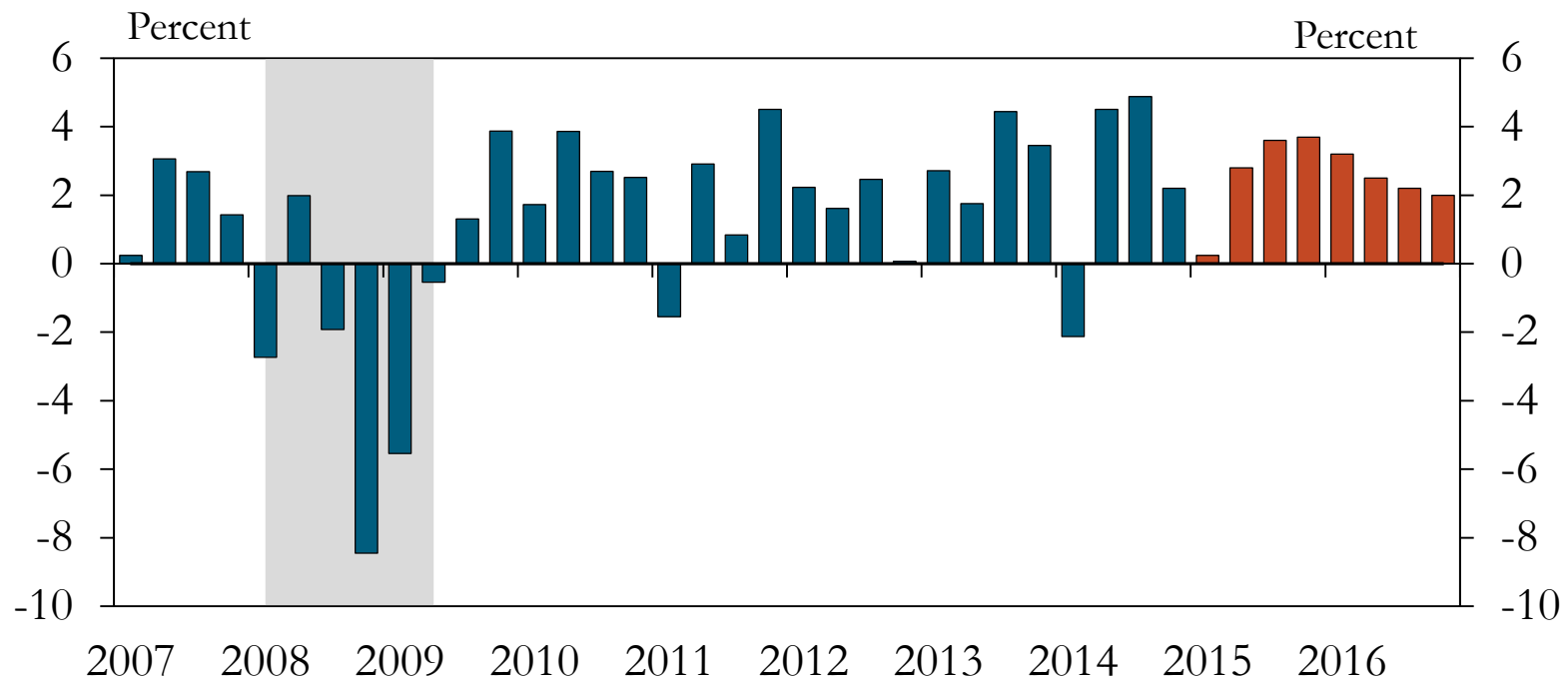
Federal Reserve Districts and Office Locations



U.S. economic growth has been relatively strong despite some temporary weakness.

U.S. Real GDP Growth

Quarterly Percent Change, Seasonally Adjusted at Annualized Rate



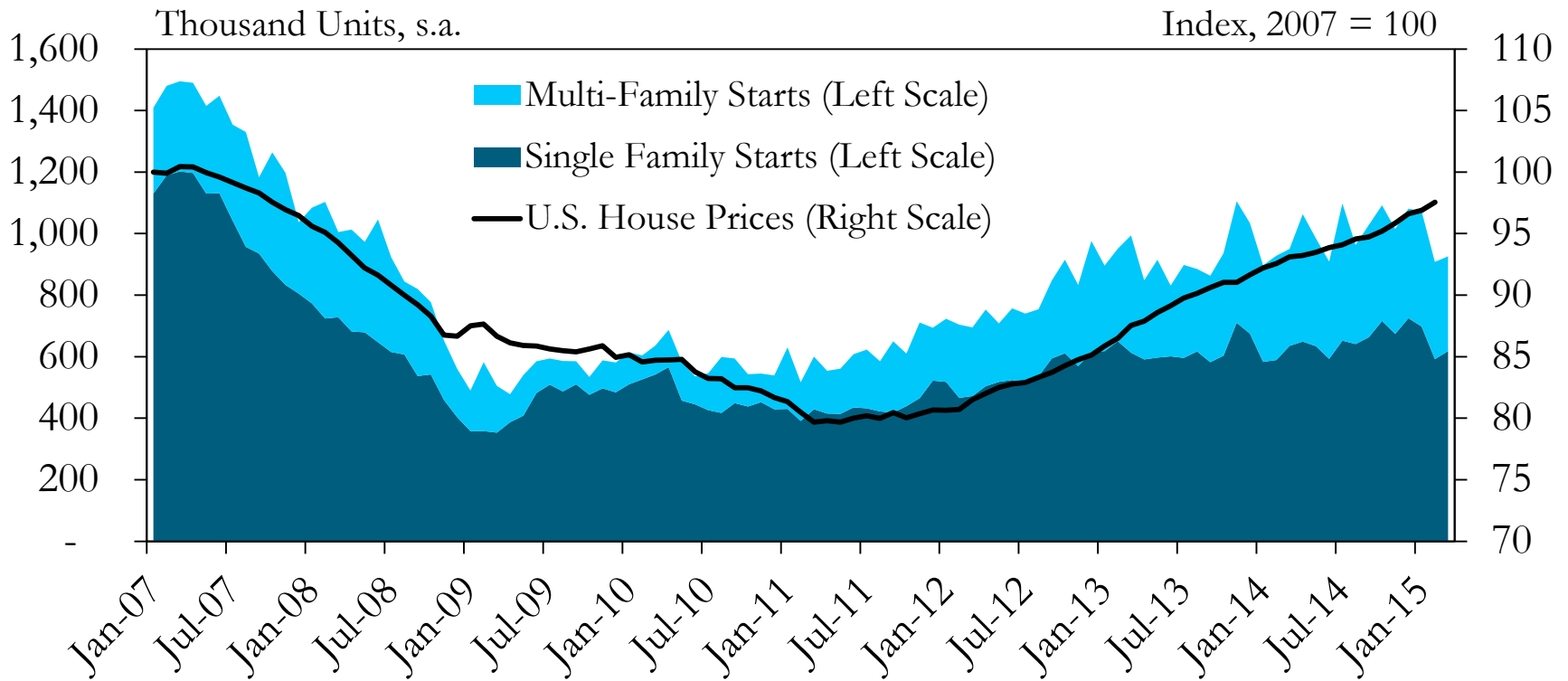
Source: BEA, Macroadvisers, and Haver Analytics

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Housing markets have gradually recovered.

U.S. Housing Starts and Prices

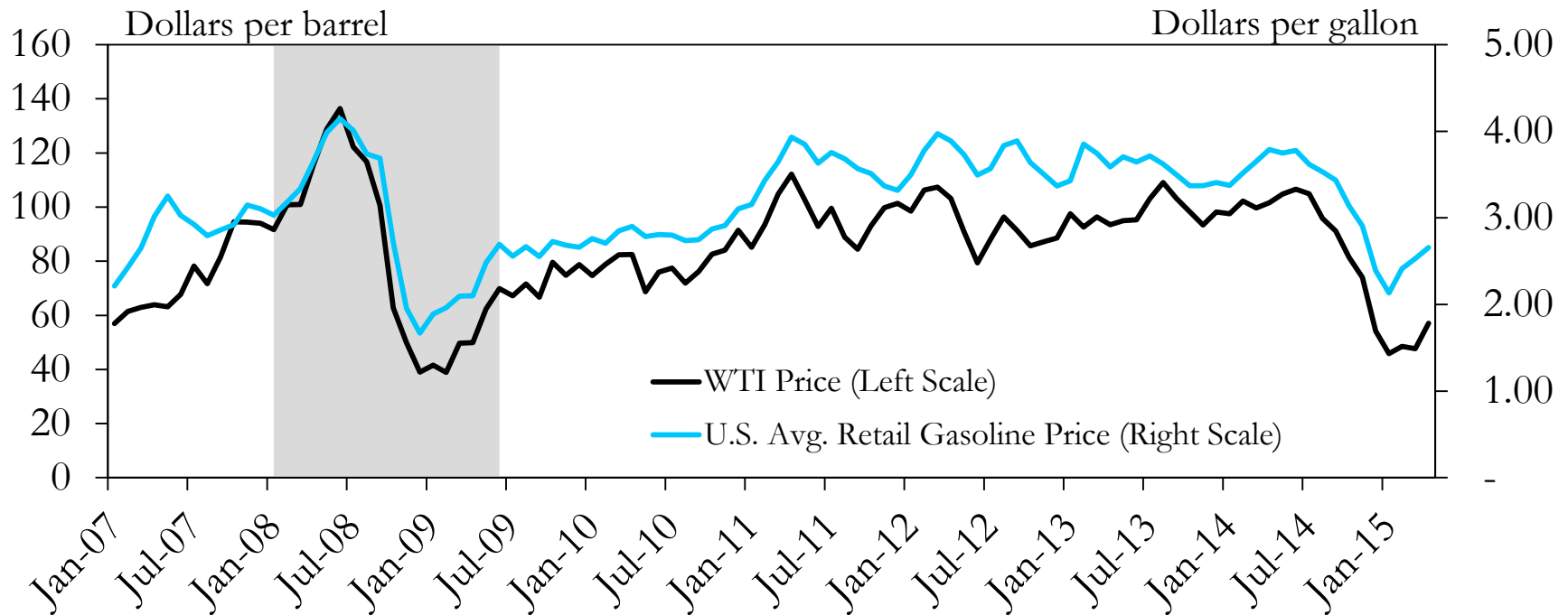


Sources: U.S. Census Bureau, FHFA, and Haver Analytics



On net, lower oil prices should be a boost to the U.S. economy.

U.S. Crude Oil and Gasoline Prices

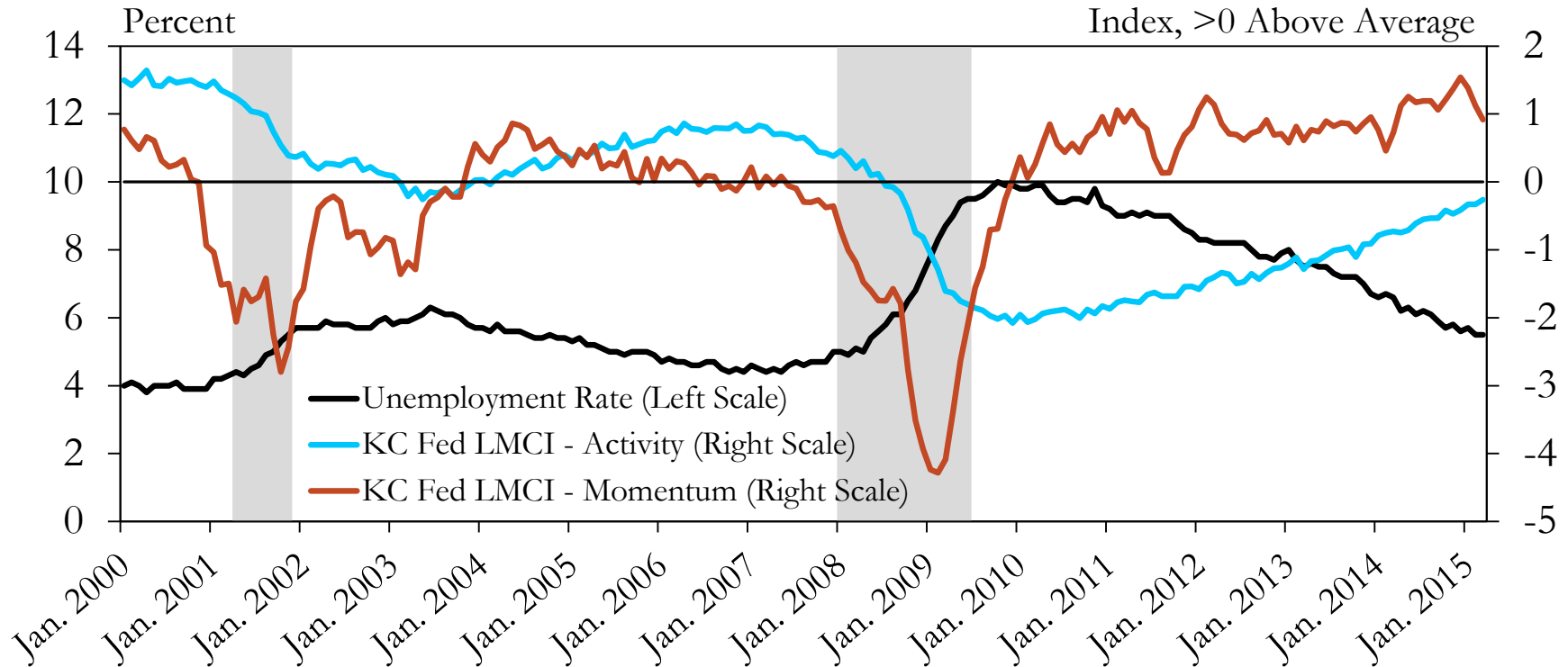


Sources: *Wall Street Journal*, EIA, and Haver Analytics



Labor market conditions have steadily improved.

U.S. Labor Market Conditions



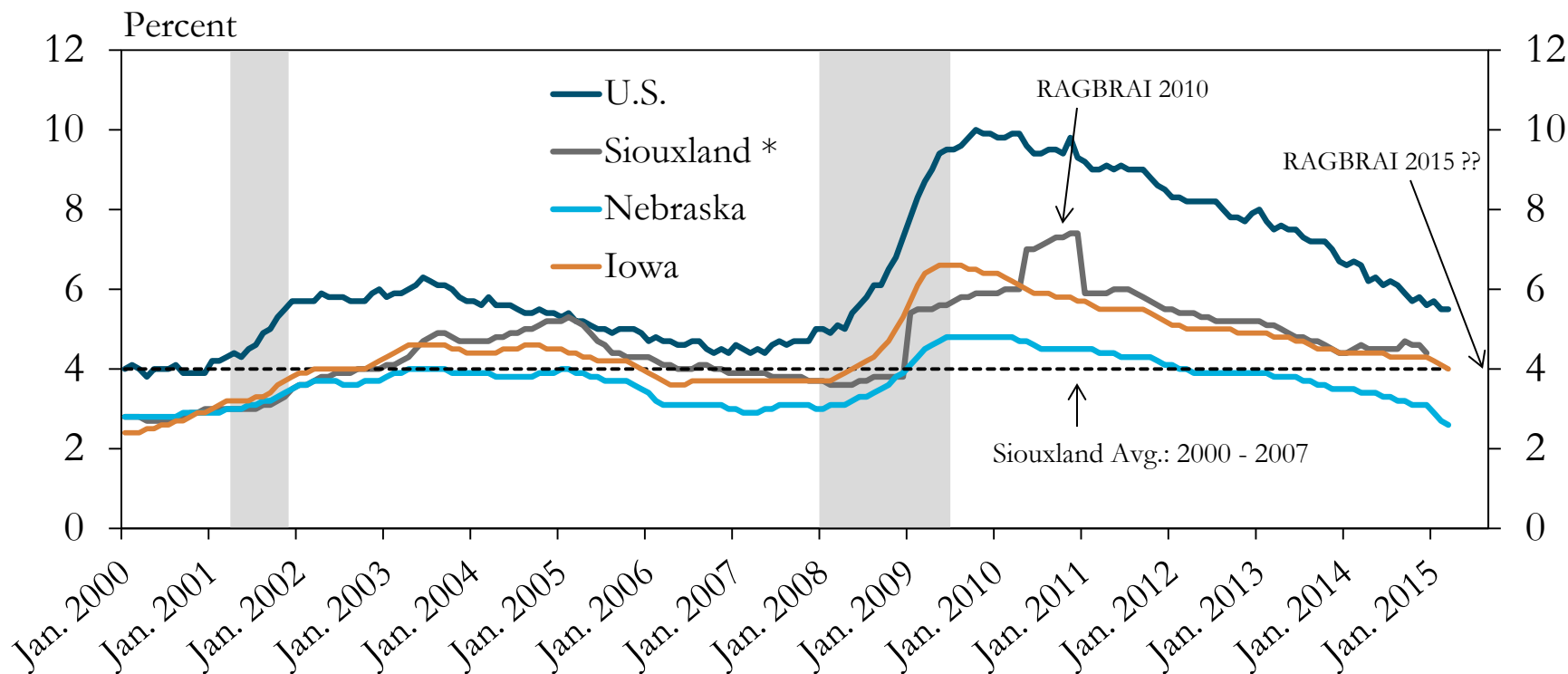
Source: Bureau of Labor Statistics, Federal Reserve Bank of Kansas City, and Haver Analytics

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In many ways, the regional economy has also returned to pre-recession form.

Unemployment Rates



Source: Bureau of Labor Statistics, Haver Analytics

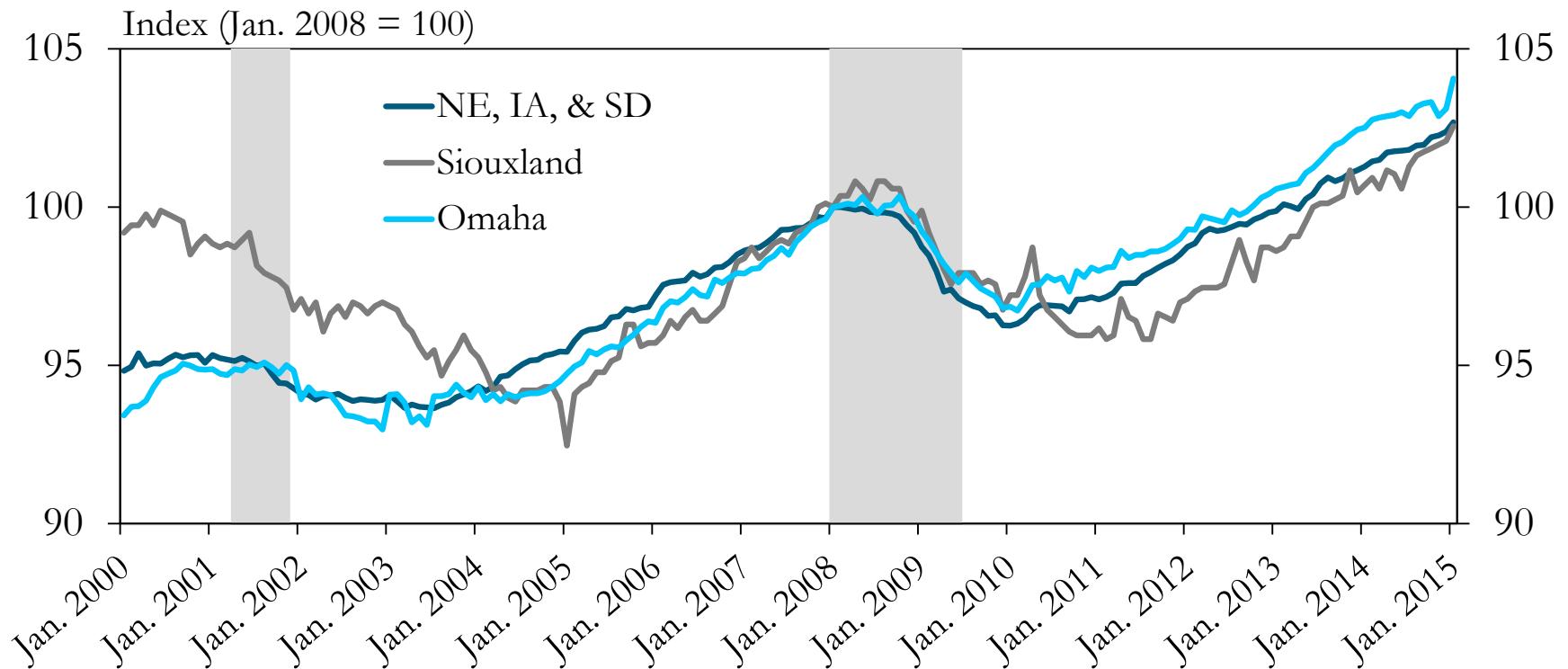
* Includes Dakota and Dixon Counties (NE), Woodbury and Plymouth Counties (IA), and Union County (SD)

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The number of jobs in the region exceeds pre-recession levels.

Total Nonfarm Payroll Employment



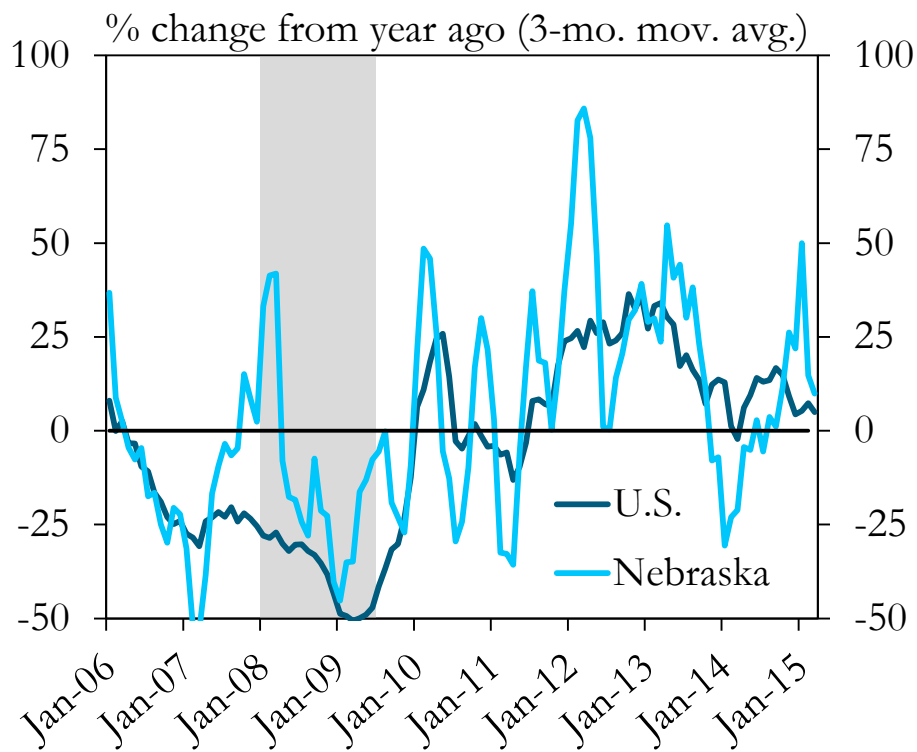
Source: Bureau of Labor Statistics, Haver Analytics

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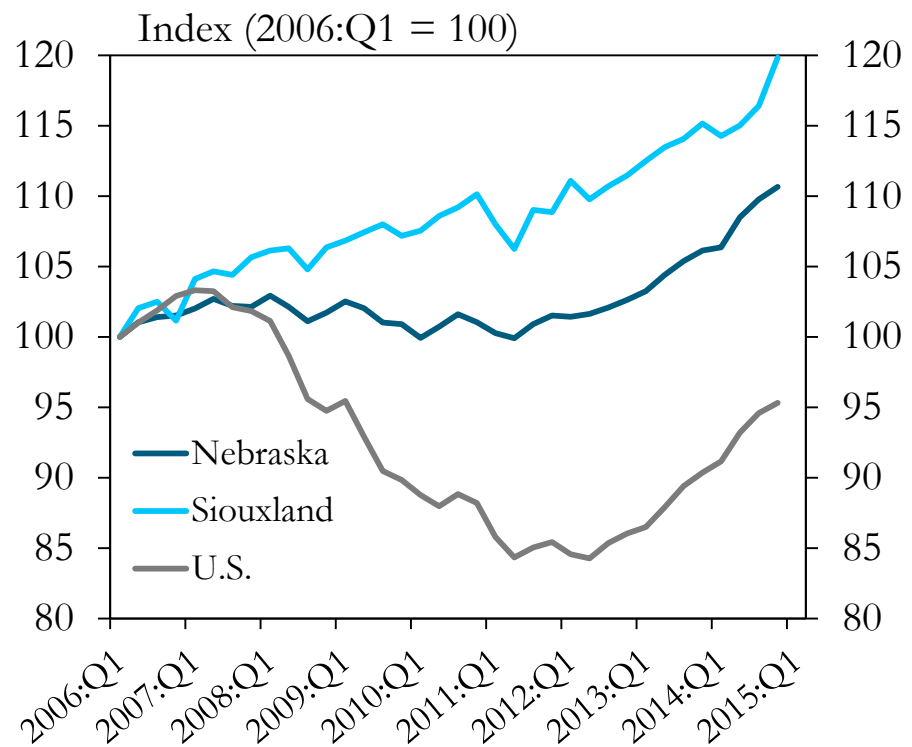
Housing activity has fluctuated somewhat,
but prices have strengthened notably.

Housing Starts



Source: FHFA and Haver Analytics

House Prices

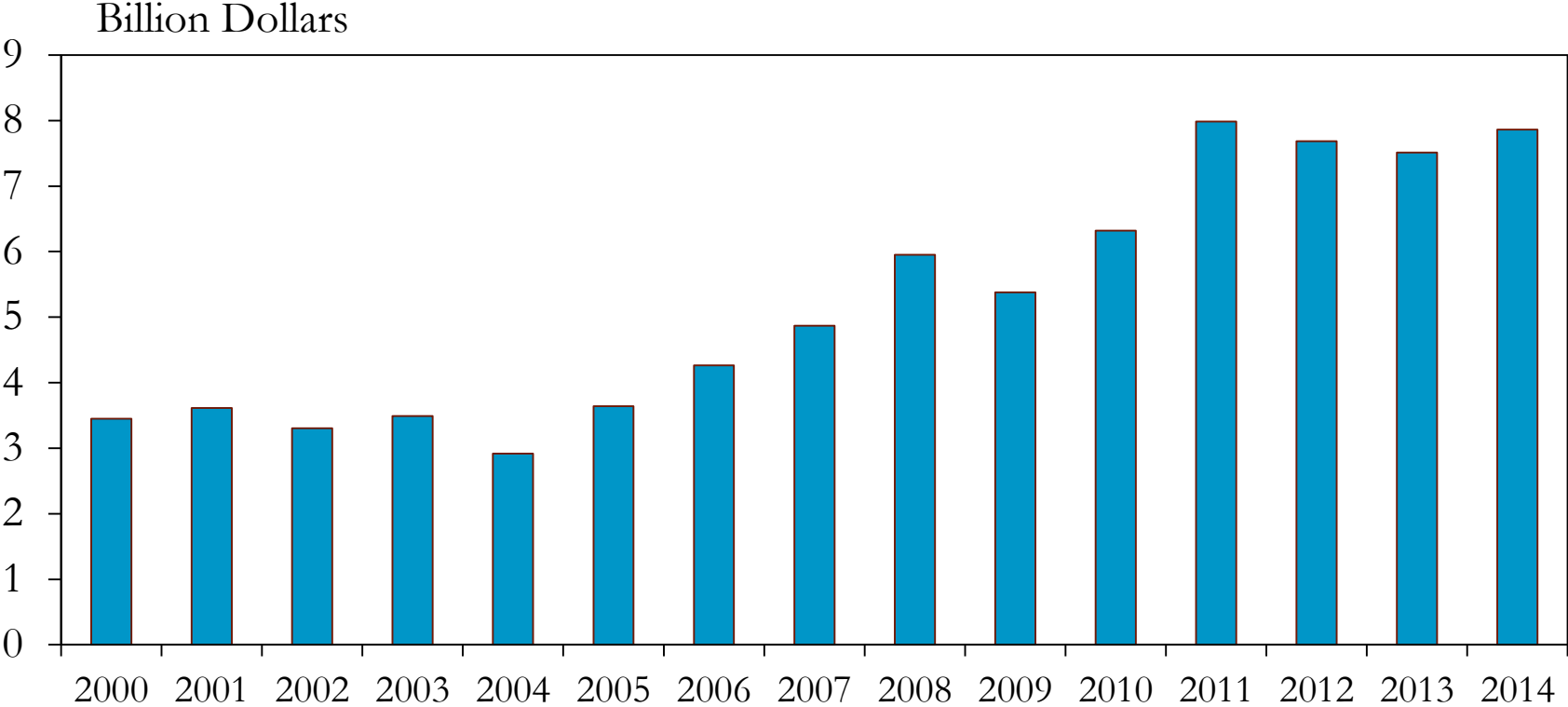


Source: FHFA and Haver Analytics



Export activity has risen considerably, driven by manufactured exports.

Real Value of Nebraska Exports



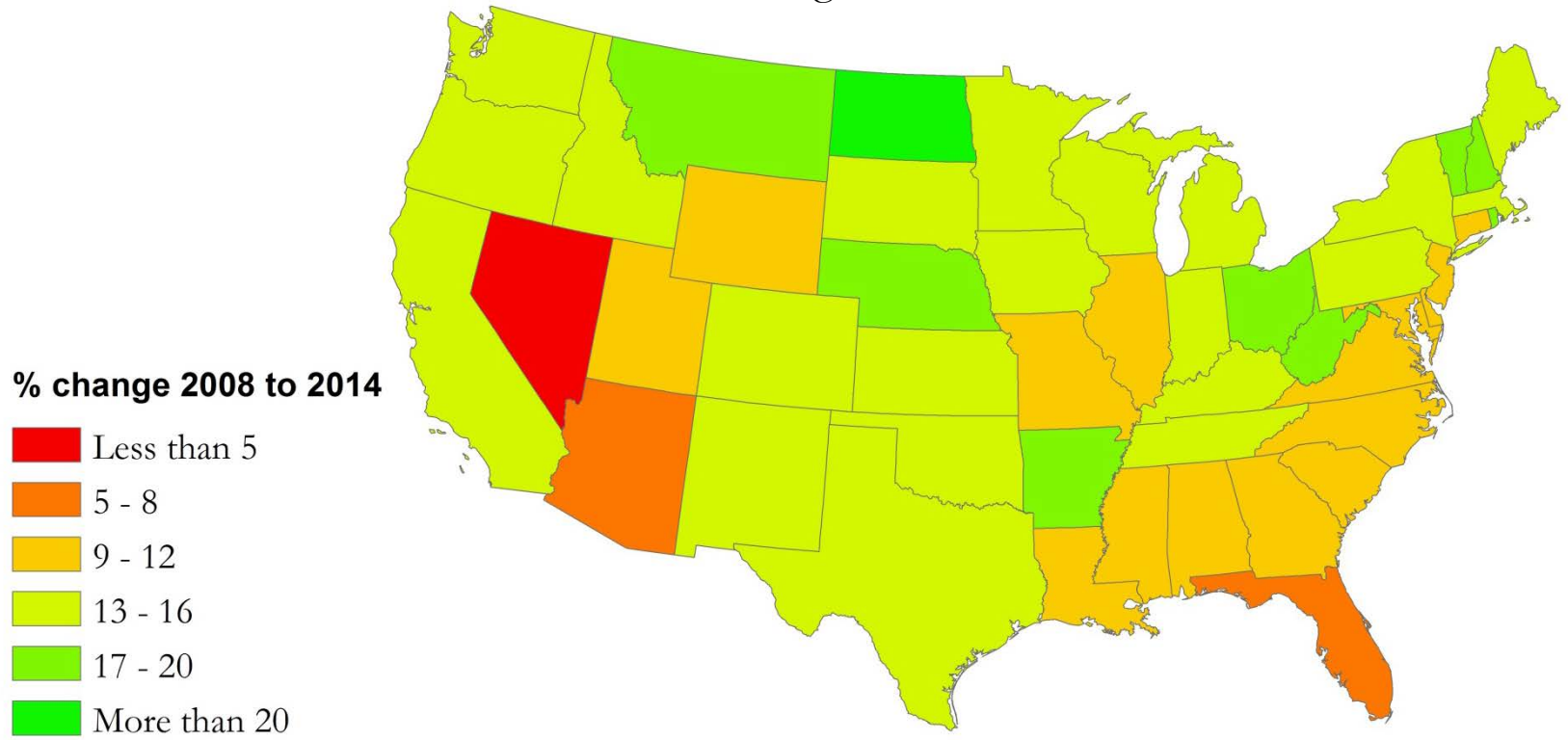
Source: WISERTrade



Personal income far exceeds 2008 levels.

Per Capita Personal Income

Change from 2008 to 2014

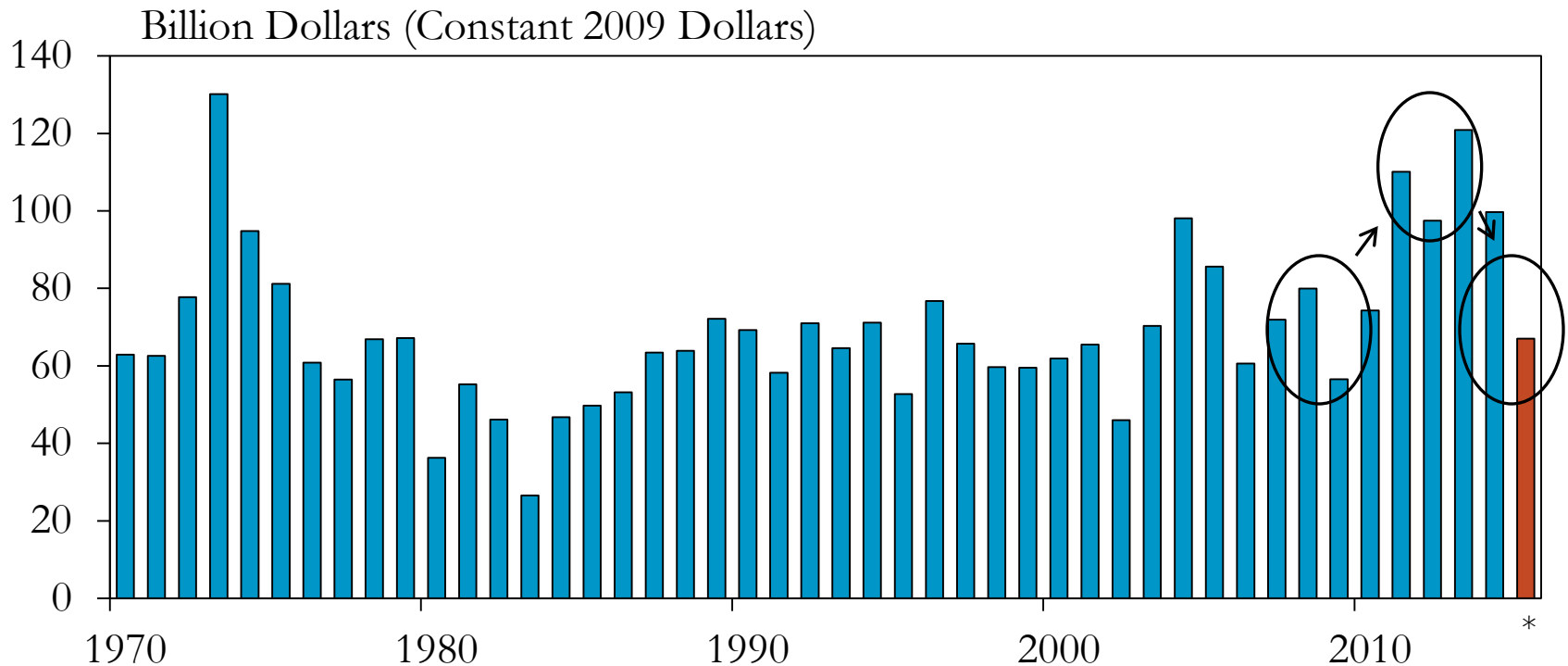


**Yet, much has changed in the
region's economy since 2008.**



U.S. farm incomes surged,
but have recently fallen back.

U.S. Real Net Farm Income



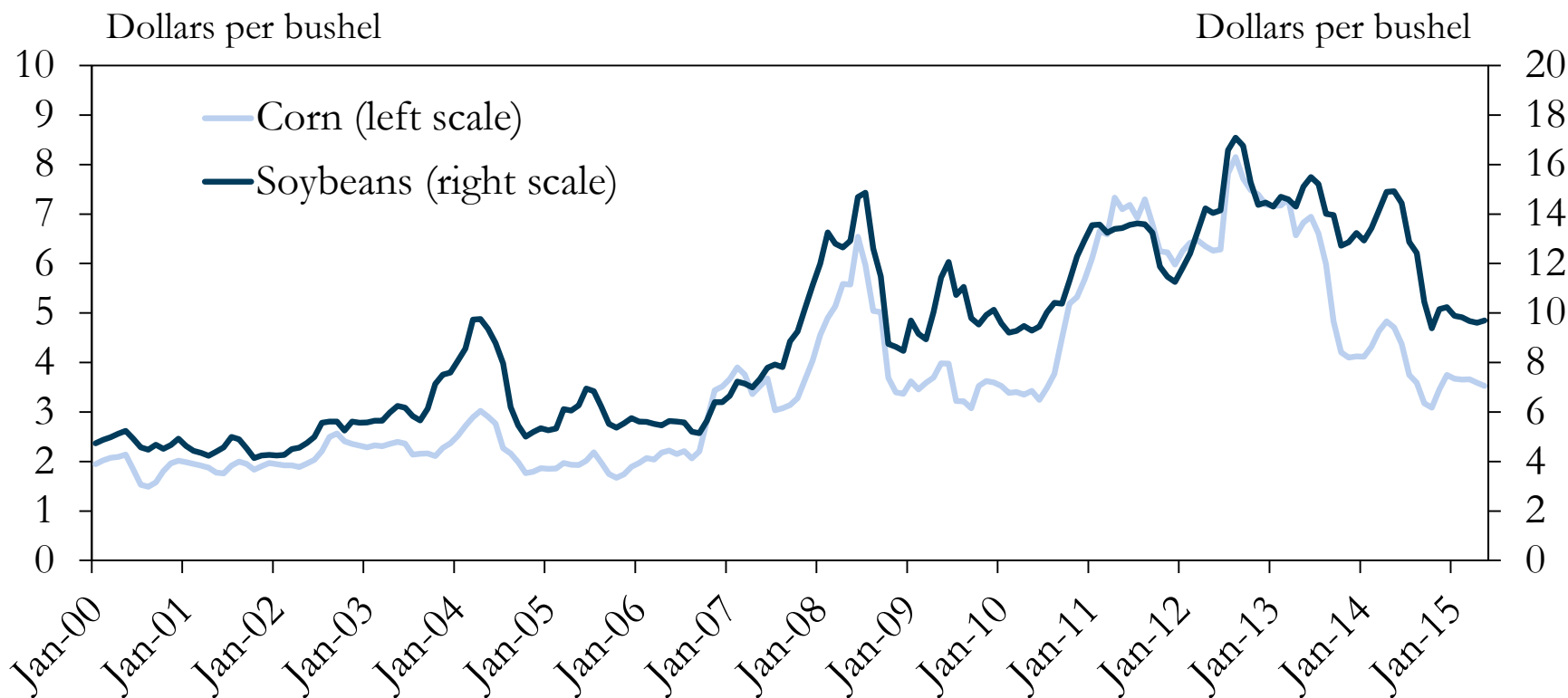
Source: USDA

* Forecast for 2015.



The changes in farm income have been driven by sharp changes in crop prices.

U.S. Crop Prices



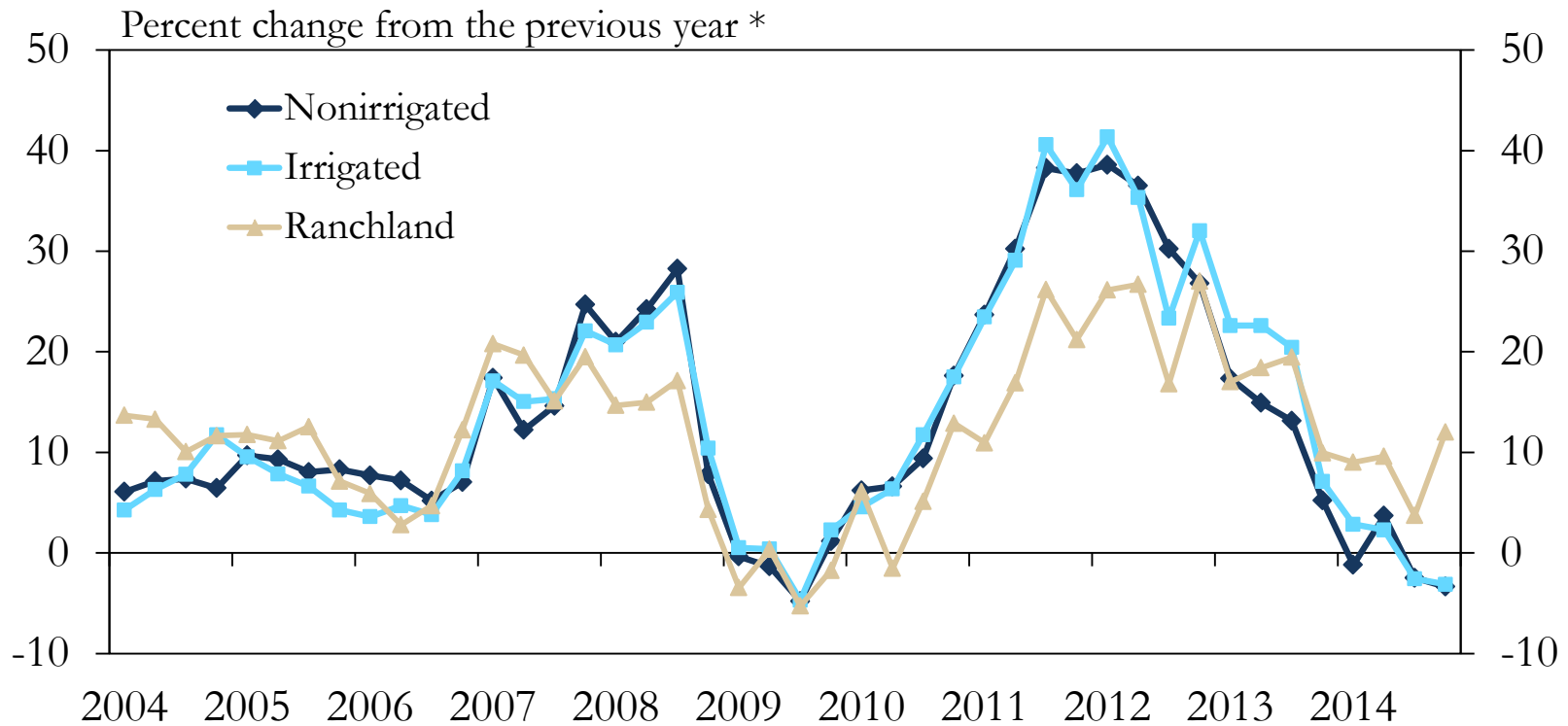
Sources: *The Wall Street Journal*, Haver Analytics

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Farm real estate values look very different from 2008.

Nebraska Farmland Values Annual Gains



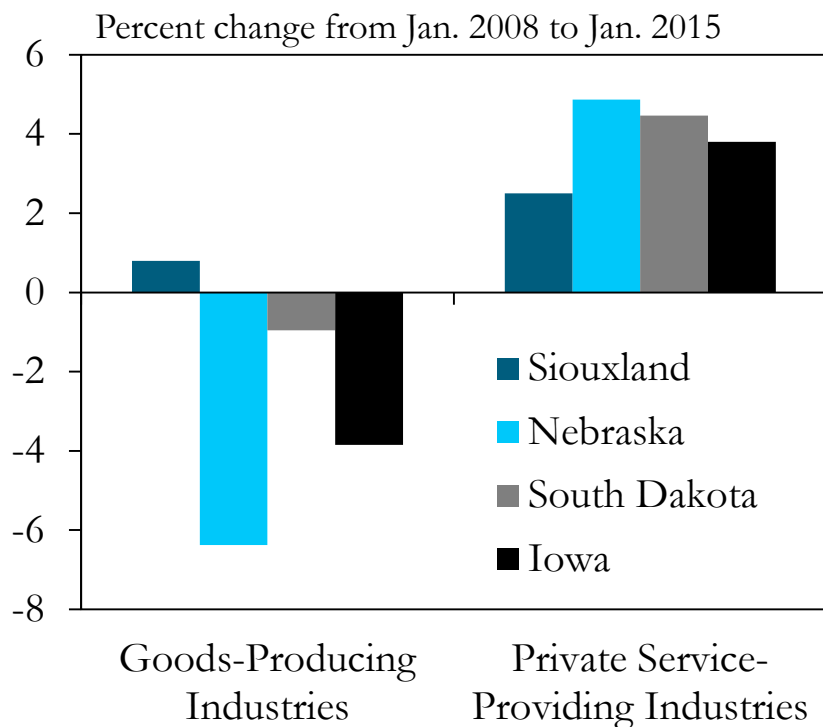
Source: Federal Reserve Bank of Kansas City

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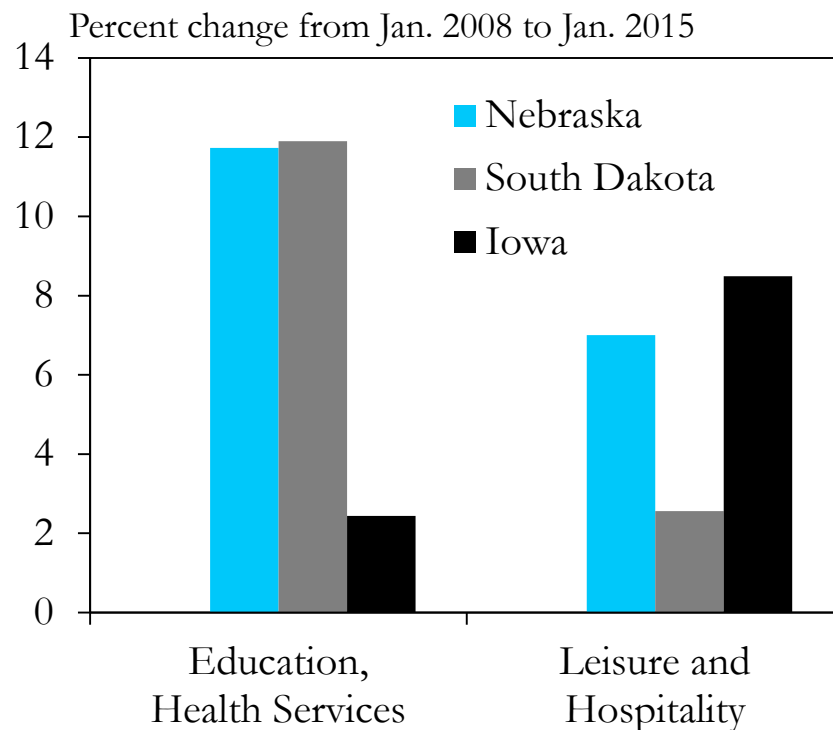


Many regions have also shifted more to a service-based economy since 2008.

Change in Employment



Change in Employment

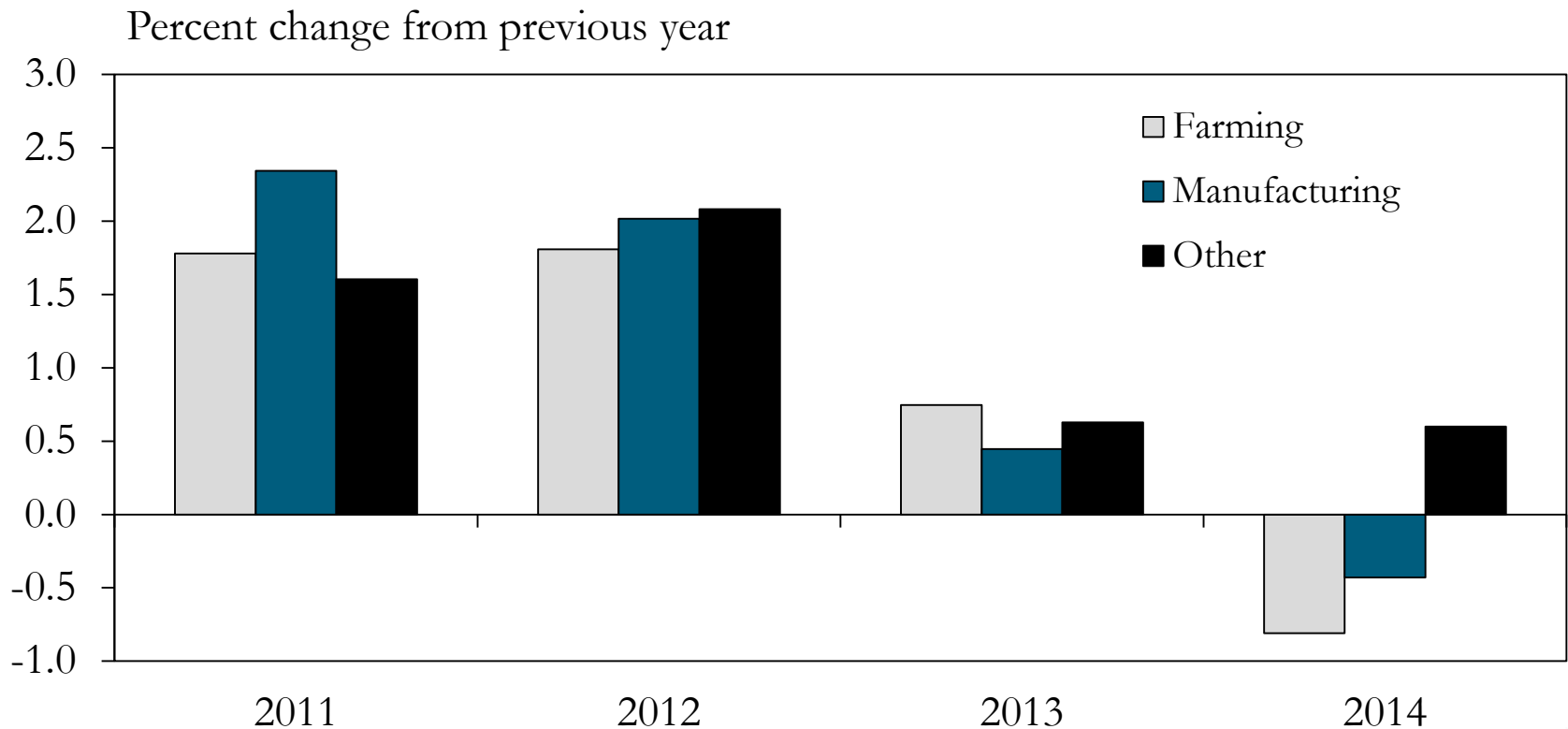


Source: Bureau of Labor Statistics, Local Area Unemployment Statistics



In Nebraska, employment growth across counties has diverged recently.

Nebraska Employment Growth by County Dependency



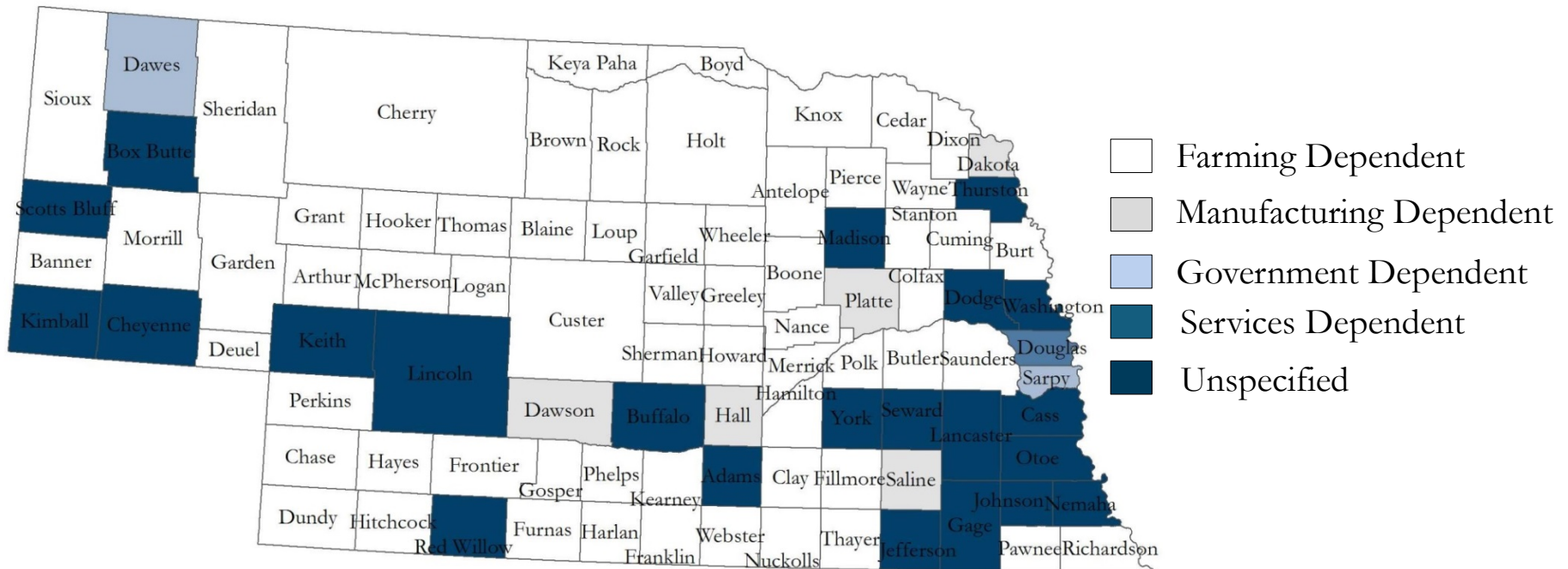
Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

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Farm-dependent and manufacturing-dependent counties are typically in rural areas.

Nebraska Counties by Economic Dependency



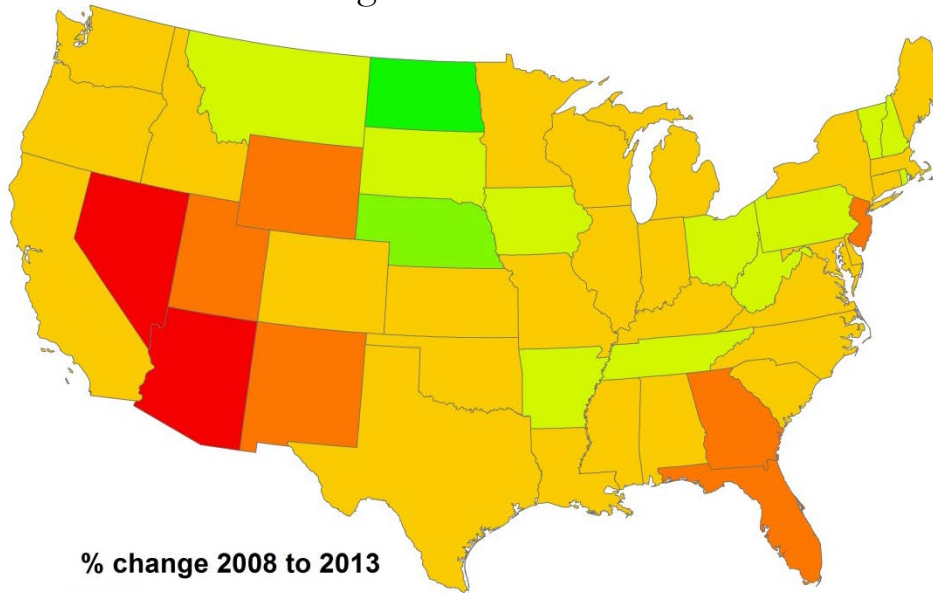
Source: USDA



Income growth has slowed in areas more dependent on the farm economy.

Per Capita Personal Income

Change from 2008 to 2013

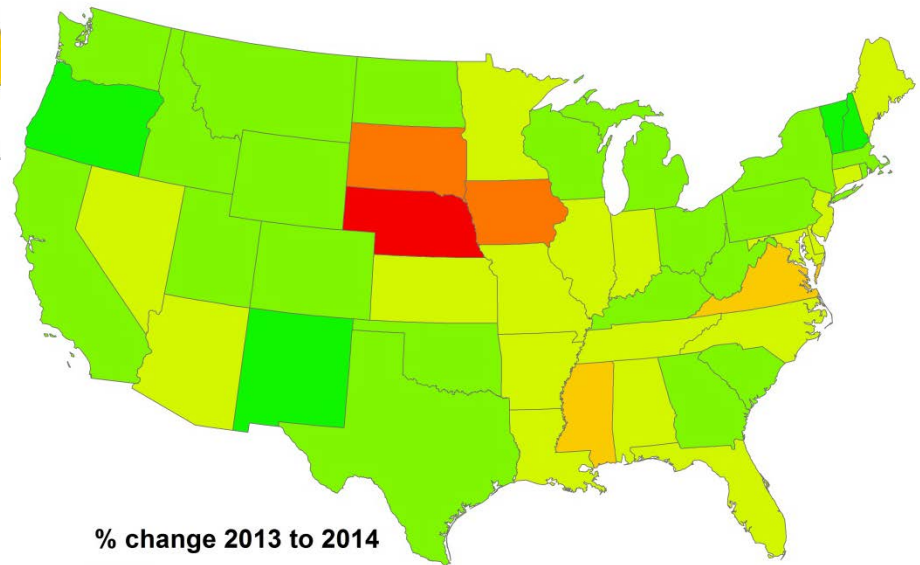


% change 2008 to 2013

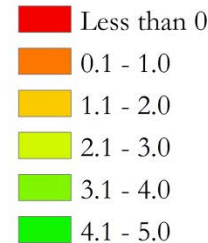


Per Capita Personal Income

Change from 2013 to 2014

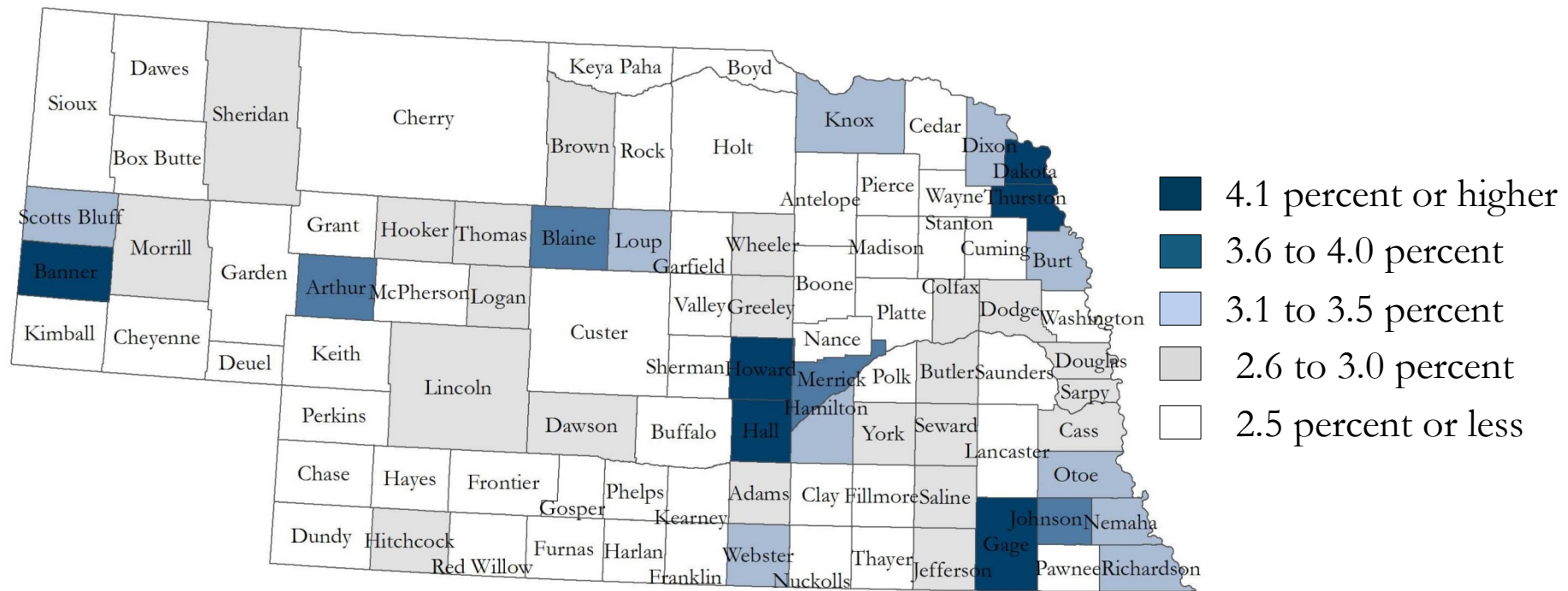


% change 2013 to 2014



By some measures, though,
rural economies remain strong.

Nebraska Unemployment Rates January 2015



Source: Bureau of Labor Statistics



Concluding Thoughts

- The regional economy has surpassed pre-recession marks by many measures.
- Many people, however, have not *felt* the recovery.
 - Slow wage growth
 - Less than full-time employment
 - Somewhat slow housing recovery
 - Transition in types of jobs available
- Changes in the farm economy have also driven many changes in the region's economy since 2008, with some rural headwinds recently.



Questions?

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