

Federal Reserve Bank of Kansas City

# **ECONOMIC UPDATE**

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**16<sup>TH</sup> ANNUAL MIDWEST REGIONAL PUBLIC FINANCE CONFERENCE**  
**WICHITA STATE UNIVERSITY**

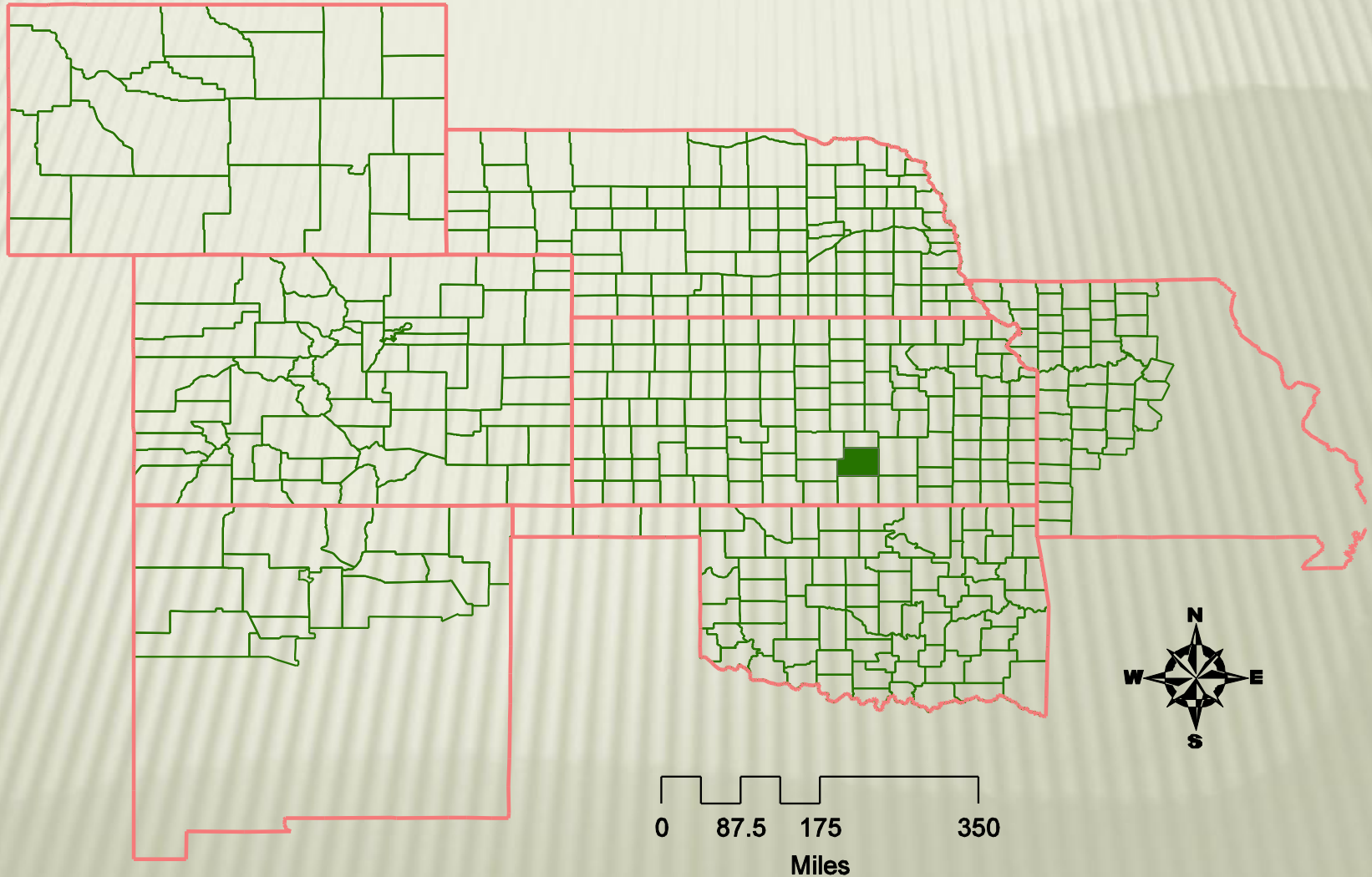
February 18, 2011

# ECONOMIC UPDATE

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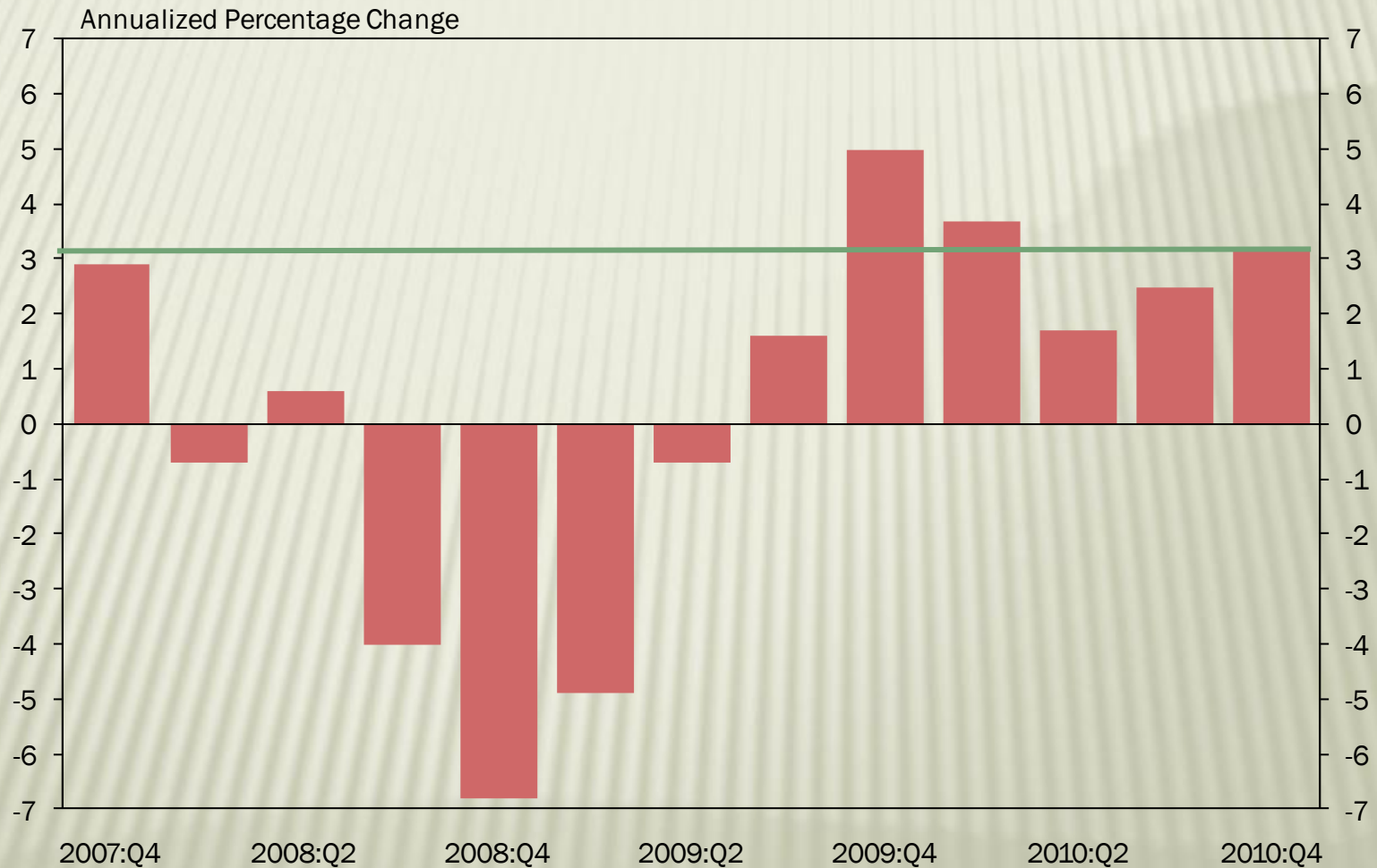
- ✕ National Overview and Outlook
- ✕ National, Midwest and Kansas Economies
  - + Unemployment
  - + Retail Sales
  - + Manufacturing
  - + Agriculture
- ✕ Housing
- ✕ Public Finances

# THE TENTH FEDERAL RESERVE DISTRICT



# ECONOMIC OUTLOOK

# RECENT GDP GROWTH (Q4.2007 – Q4.2010)



Source: U.S. Bureau of Economic Analysis;

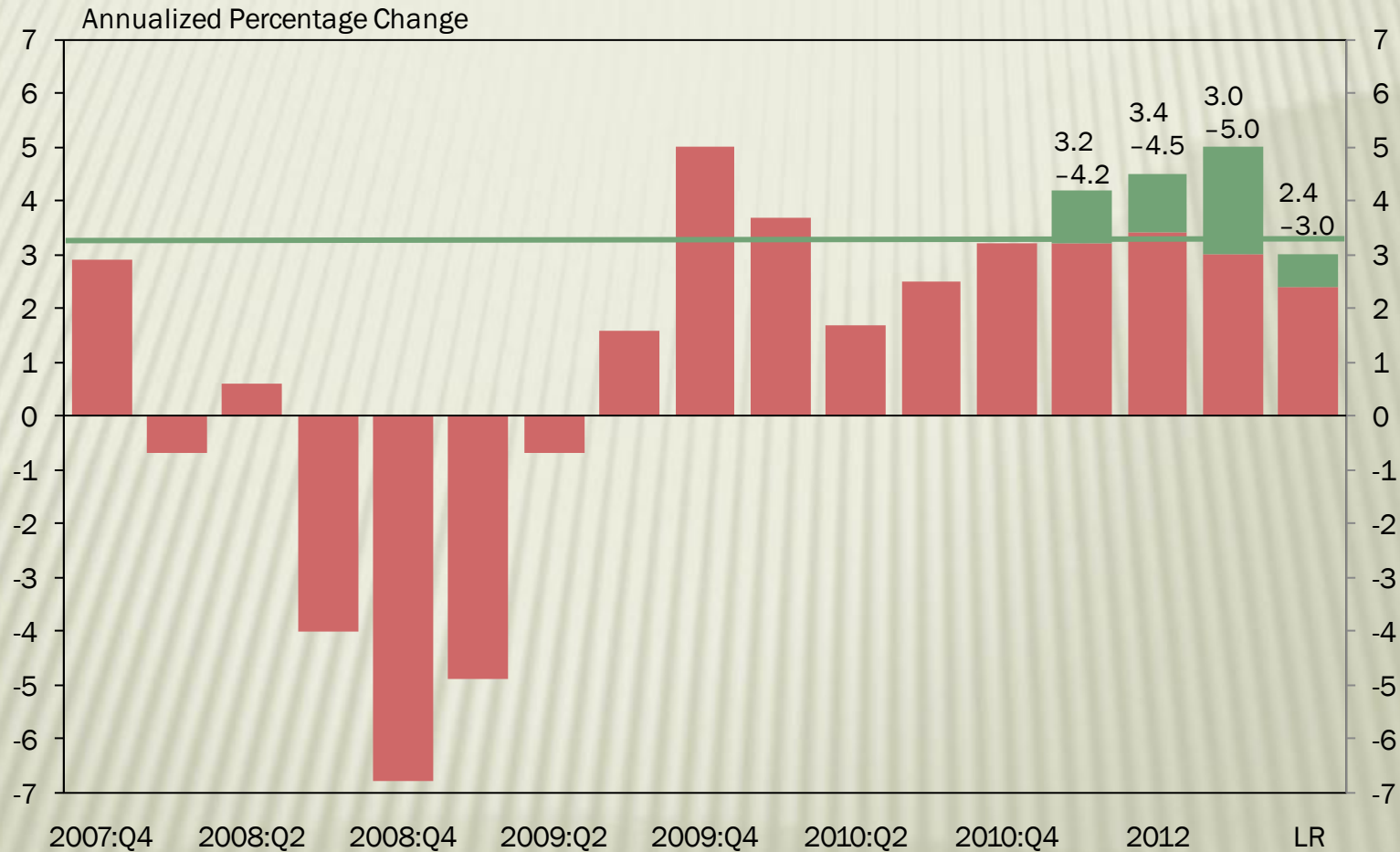
# REAL GDP GROWTH (1979 – 1987)



Source: U.S. Bureau of Economic Analysis

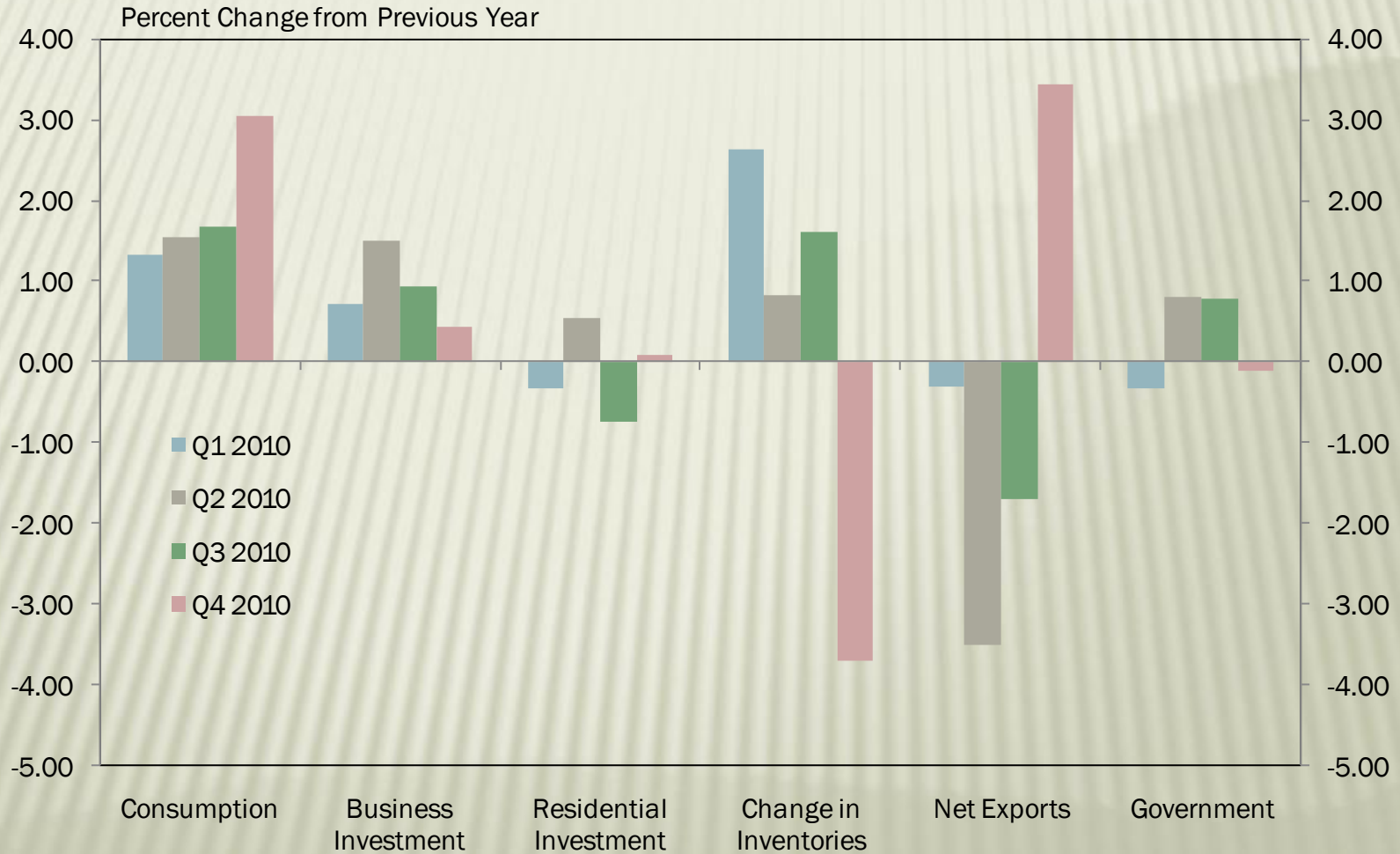


# GDP GROWTH AND FORECAST



Source: Federal Reserve Board of Governors, Minutes of the Federal Open Market Committee

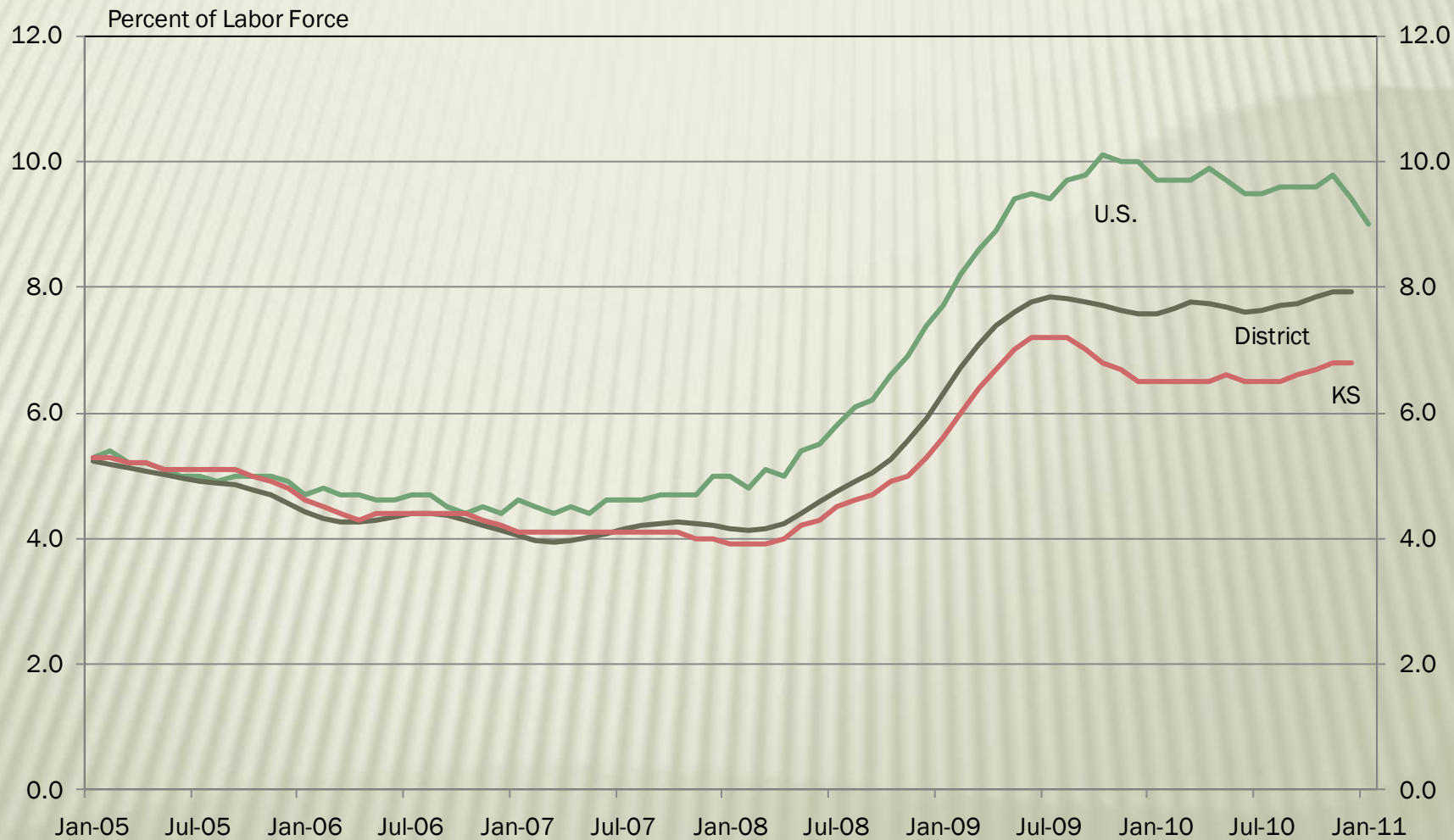
# CONTRIBUTIONS TO REAL GDP



Source: U.S. Bureau of Economic Analysis

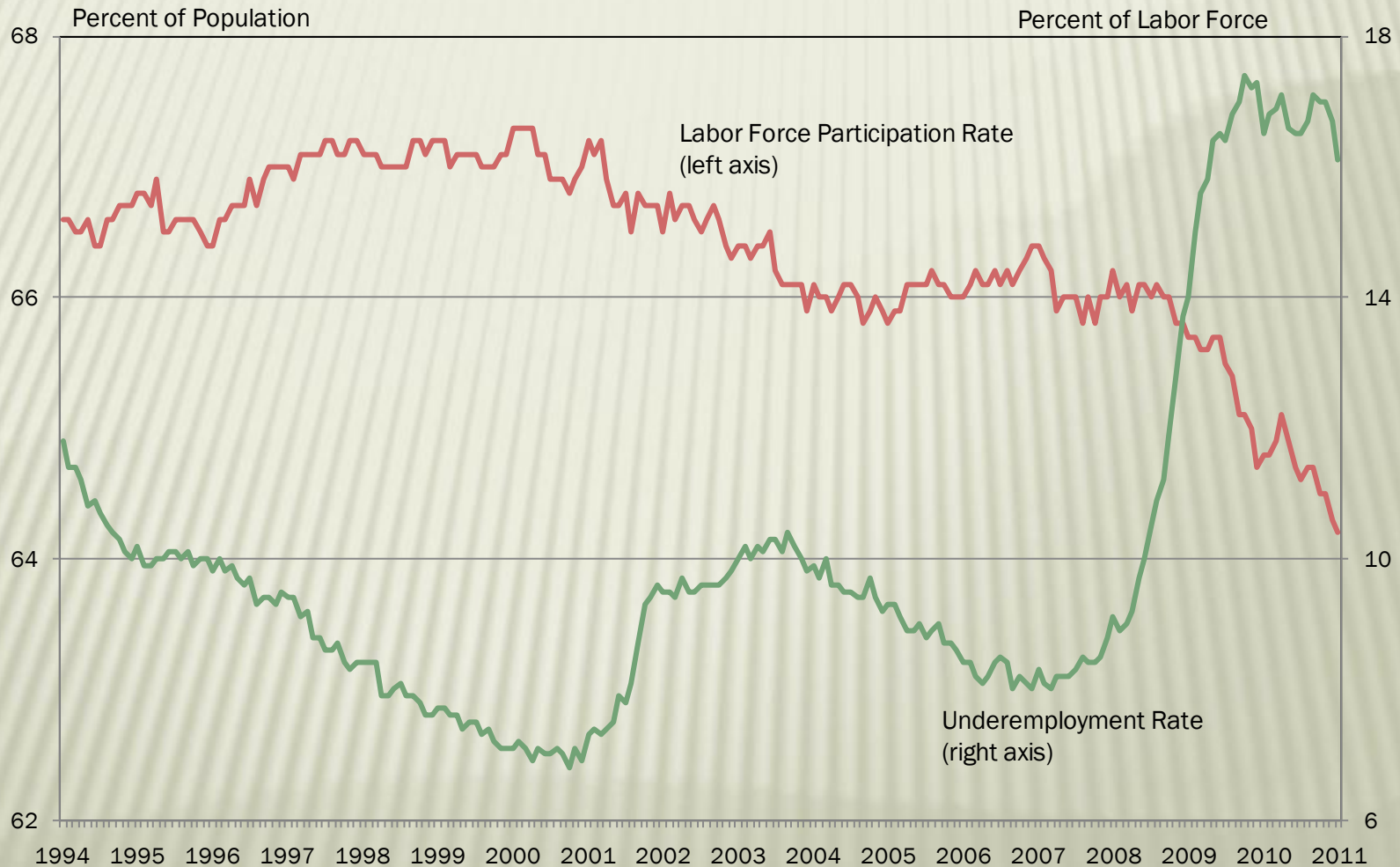


# UNEMPLOYMENT



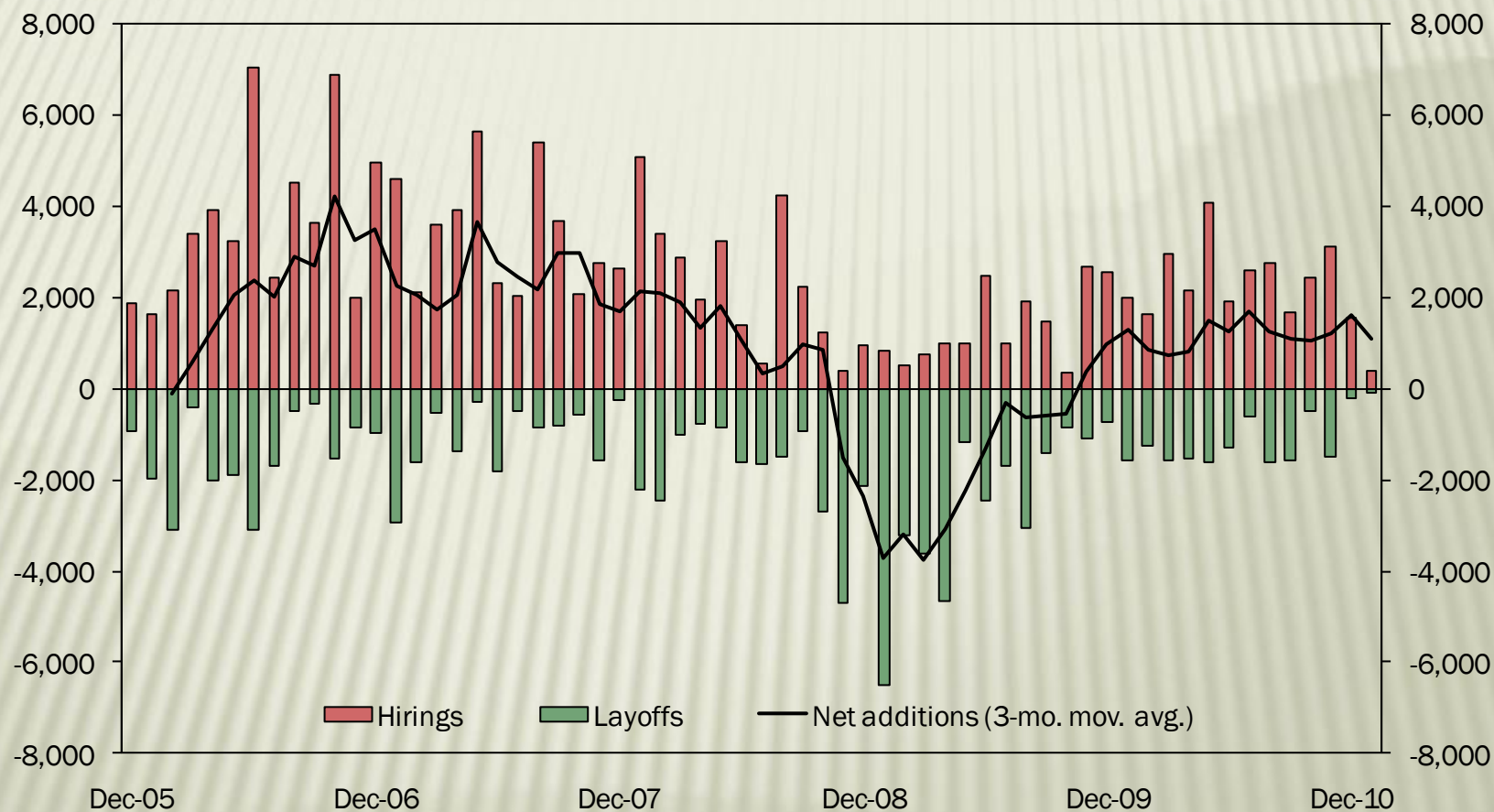
Source: U.S. Bureau of Labor Statistics

# UNDEREMPLOYMENT



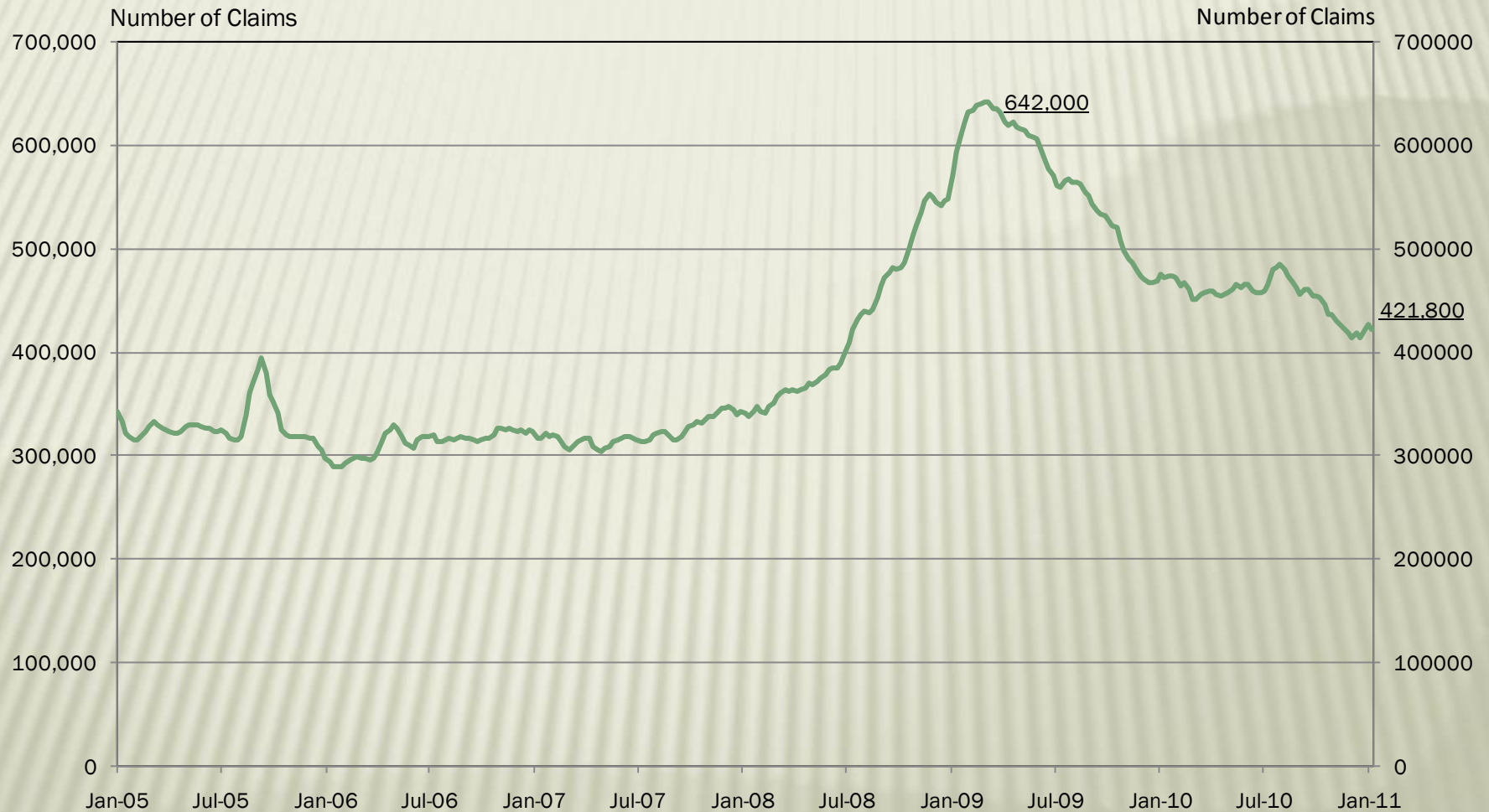
Source: U.S. Bureau of Labor Statistics

# HIRINGS AND LAYOFFS (10<sup>TH</sup> FEDERAL RESERVE DISTRICT)



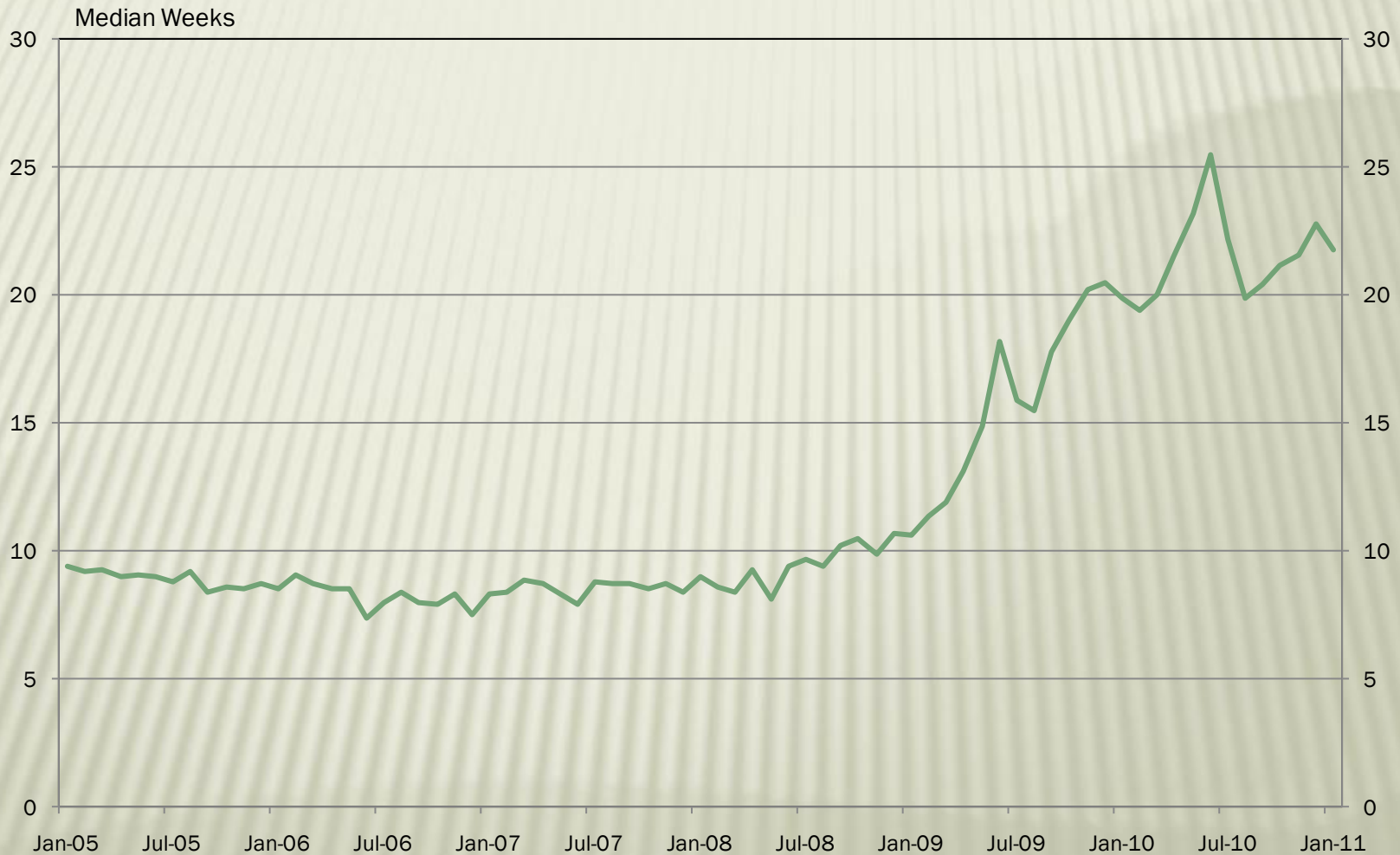
Source: Federal Reserve Bank of Kansas City

# INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE



Source: U.S. Bureau of Labor Statistics

# MEDIAN DURATION OF UNEMPLOYMENT



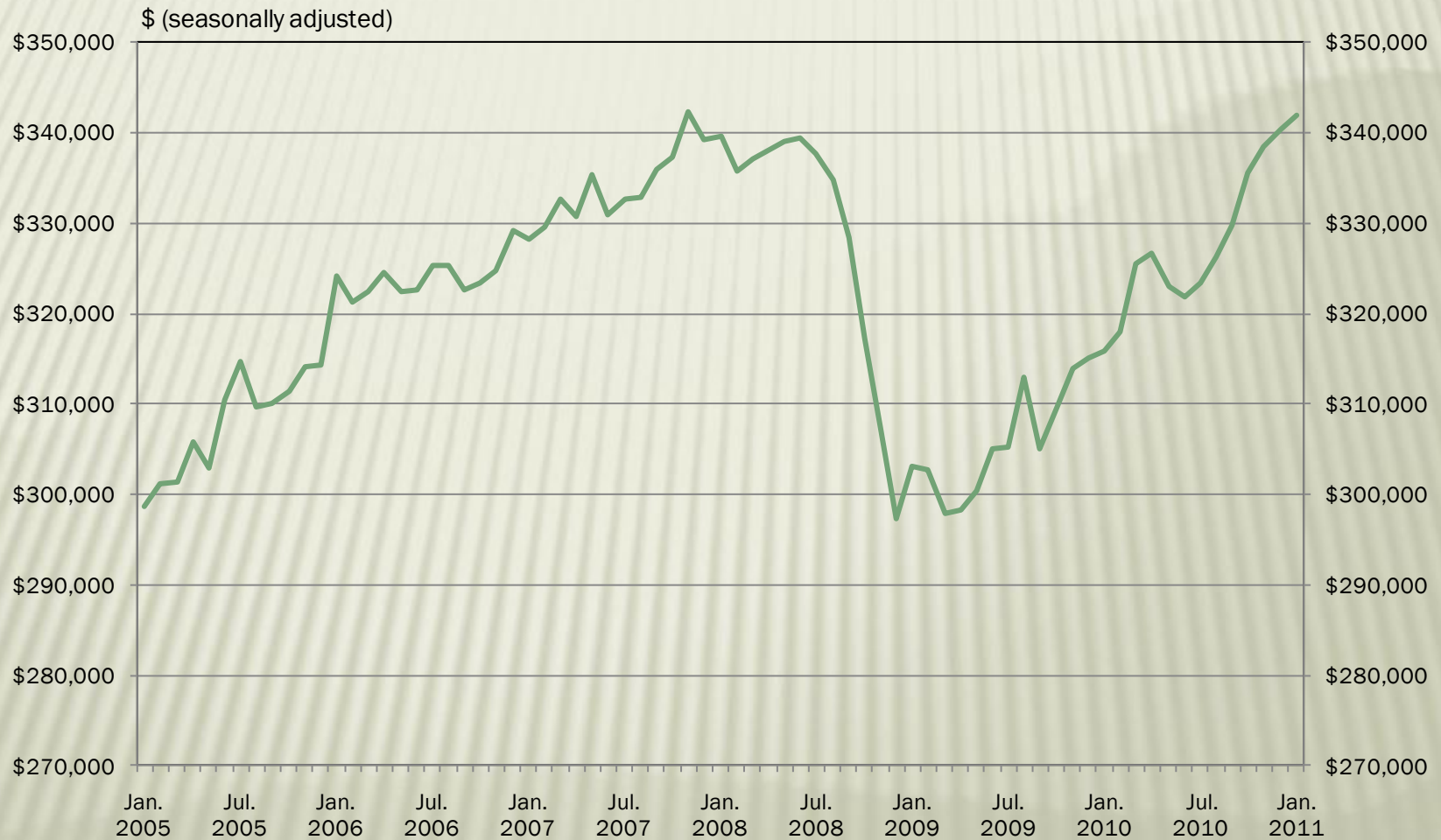
Source: U.S. Bureau of Labor Statistics

# RETAIL

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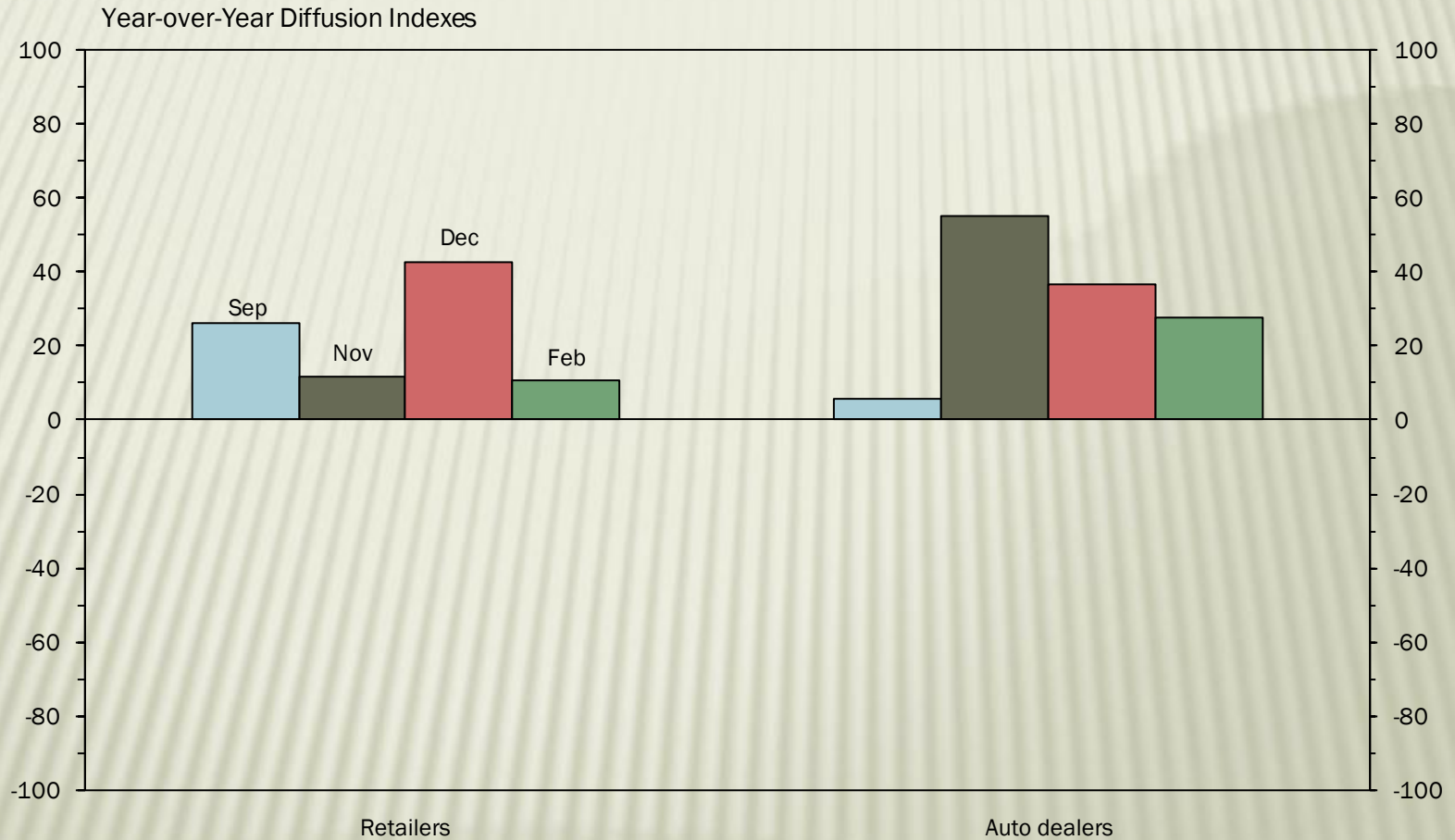


# RETAIL SALES



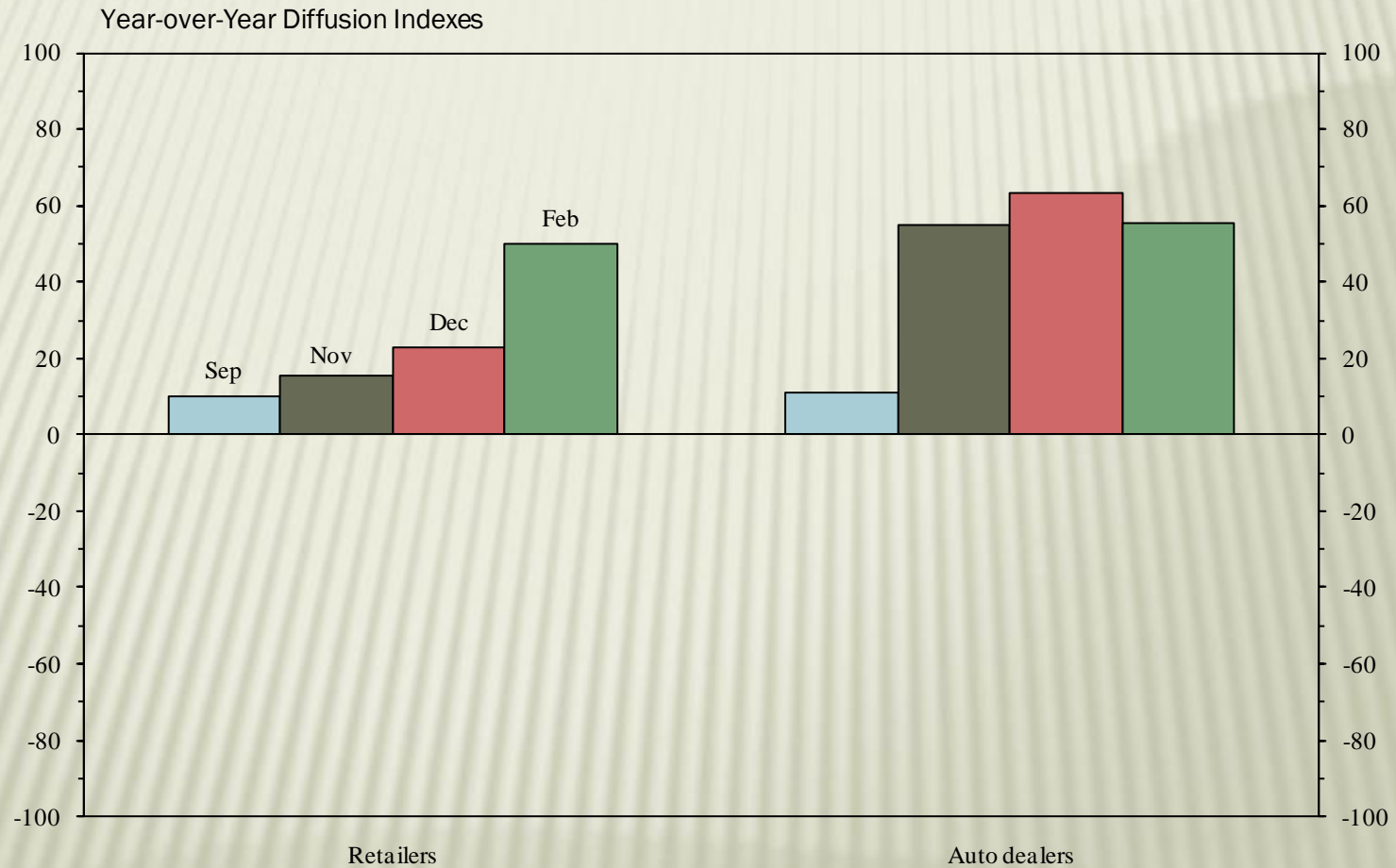
Source: U.S. Census Bureau

# DISTRICT RETAIL



Source: Federal Reserve Bank of Kansas City Beige Book Survey

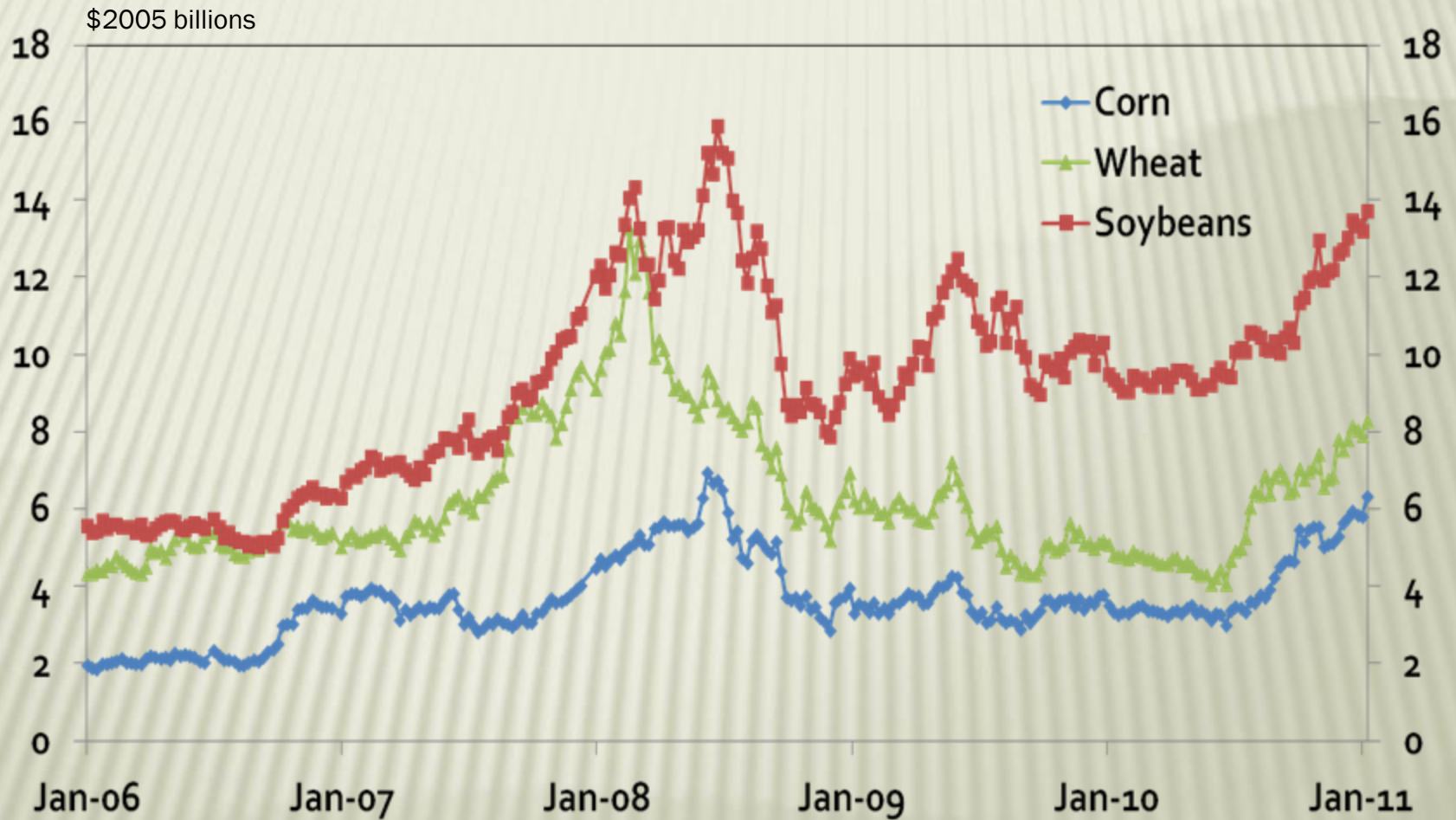
# DISTRICT RETAIL



Source: Federal Reserve Bank of Kansas City Beige Book Survey

# AGRICULTURE

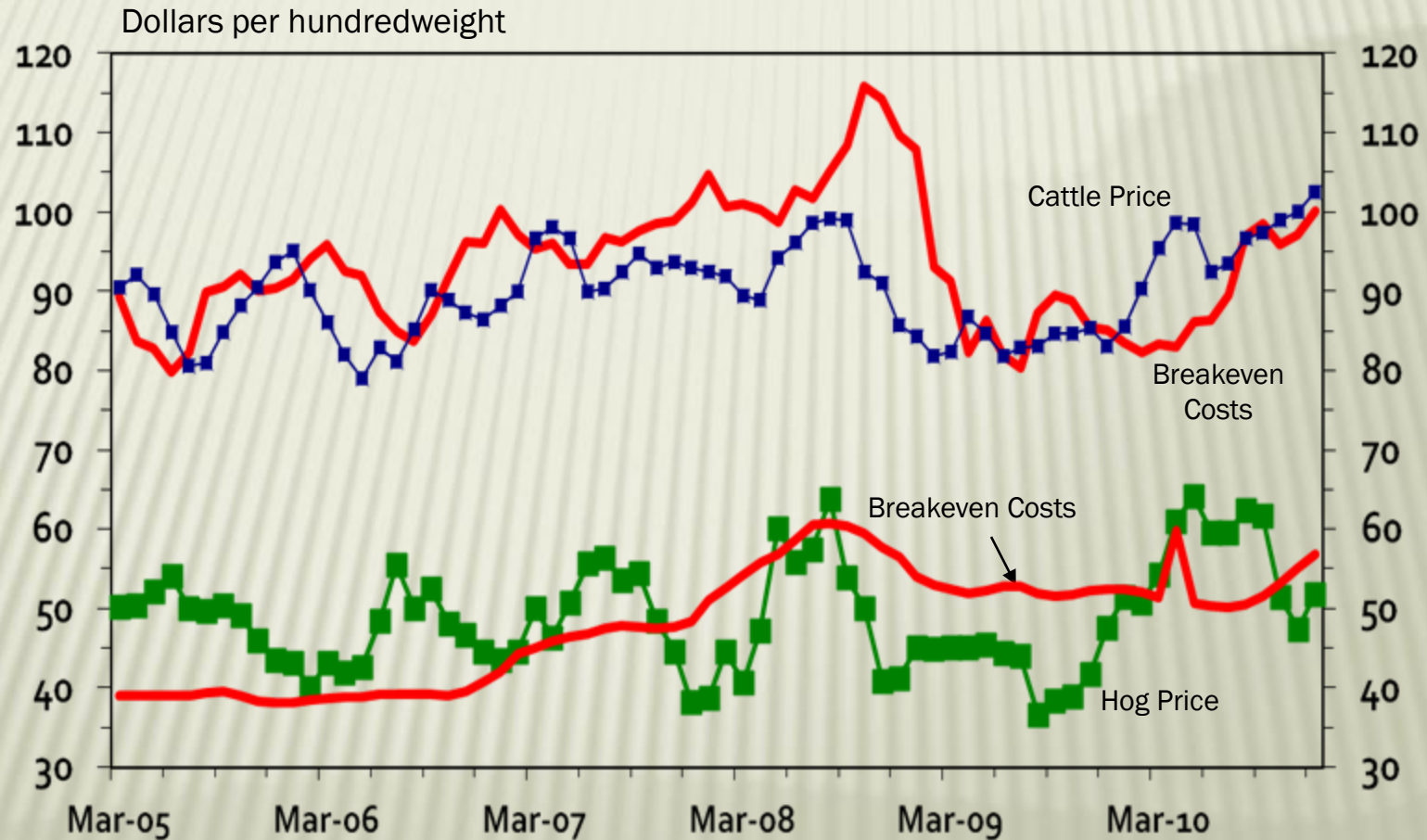
# CROP PRICES



Source: Commodity Research Bureau



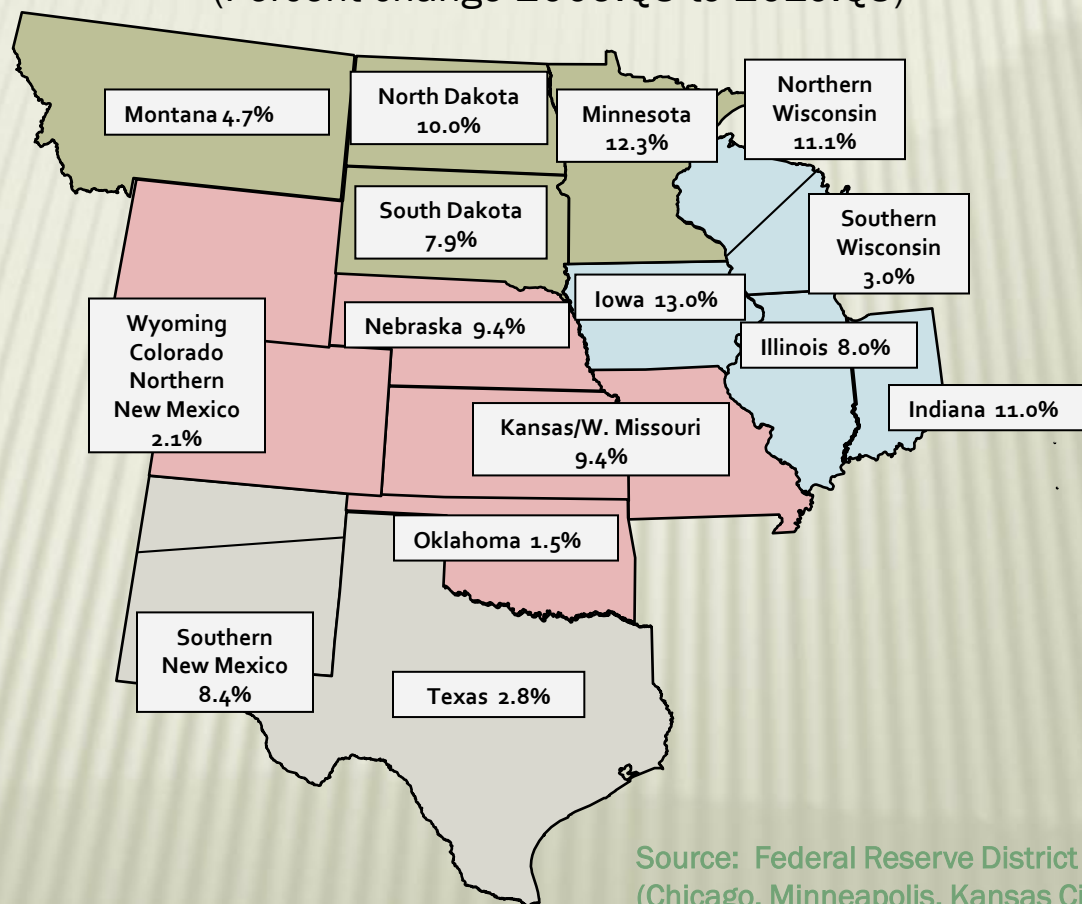
# RISING FEED COSTS STRAIN PROFIT MARGINS.





# CROPLAND VALUES

Non-irrigated Cropland Values  
(Percent change 2009:Q3 to 2010:Q3)

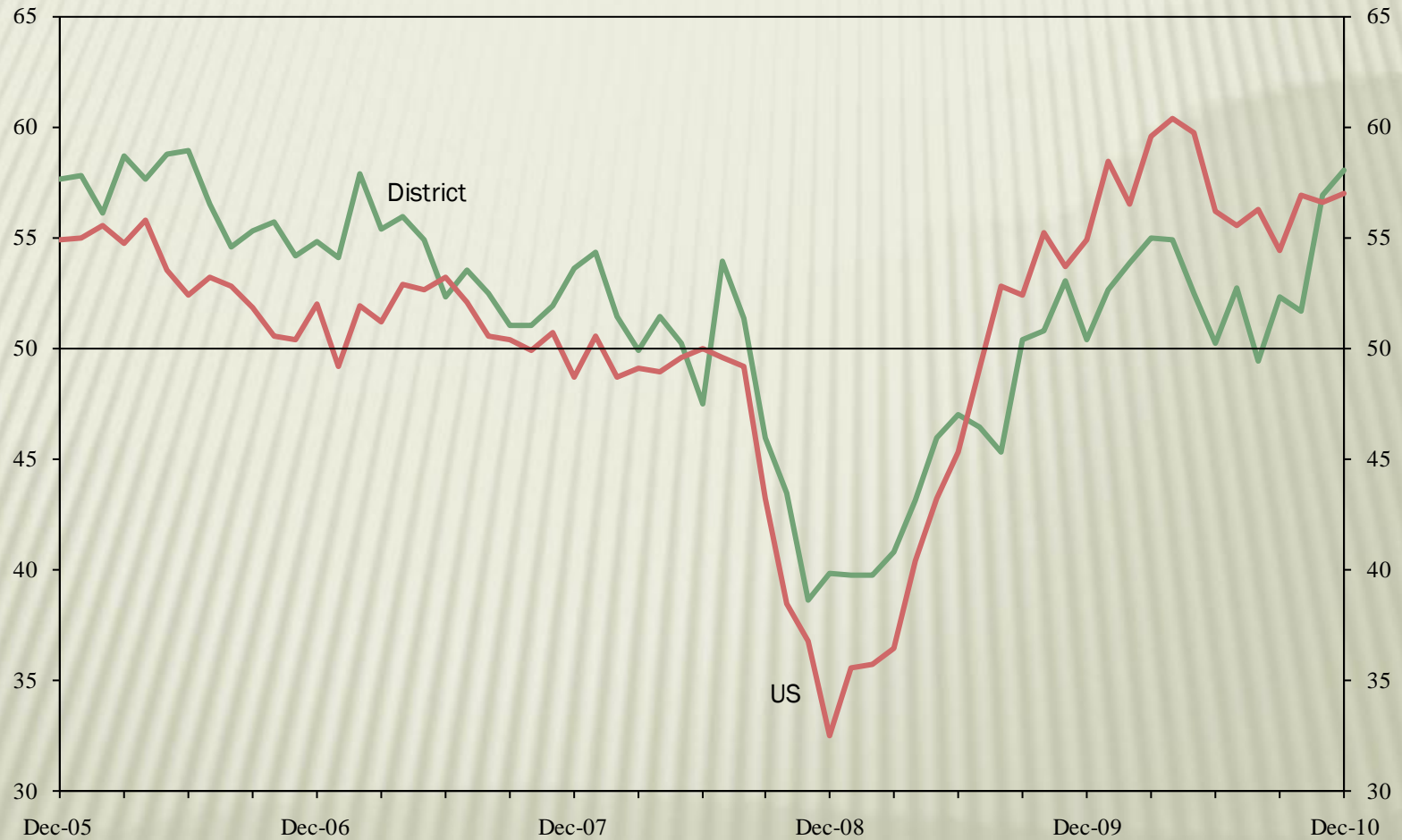


Source: Federal Reserve District Surveys  
(Chicago, Minneapolis, Kansas City, Dallas)

# MANUFACTURING

# PMI INDEXES

Index (50 = Neutral)



Source: Federal Reserve Bank of Kansas City Manufacturing Survey; ISM

# HOUSING

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# EXISTING HOME SALES



Source: National Association of Realtors and Local Realtor Reports

# HOMEBUYER PARTICIPATION

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Omitted due to data confidentiality.

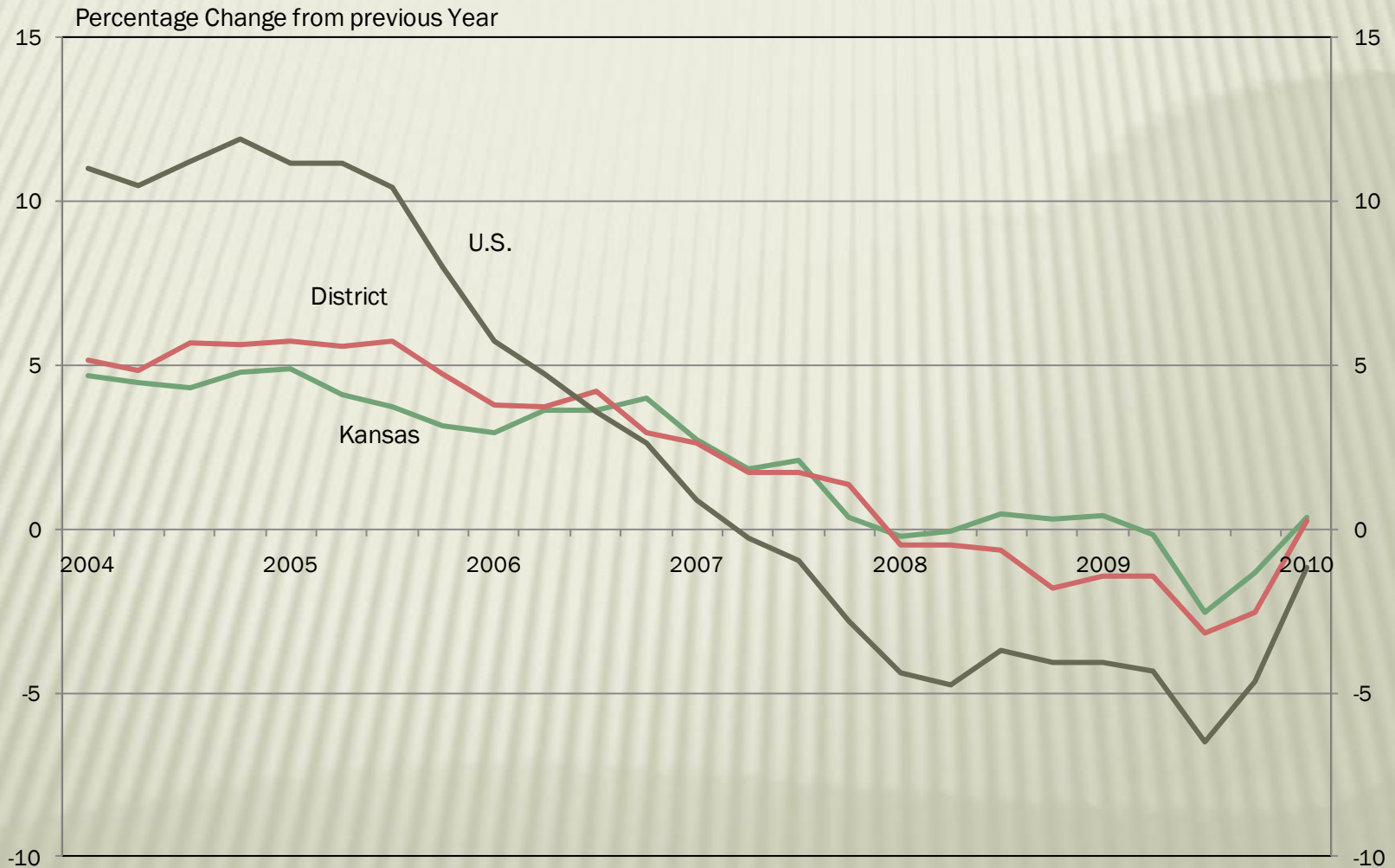


# HOME PRICE TRENDS

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Omitted due to data confidentiality.

# HOME PRICE APPRECIATION



Source: Federal Housing Finance Agency

# HOME PRICE APPRECIATION

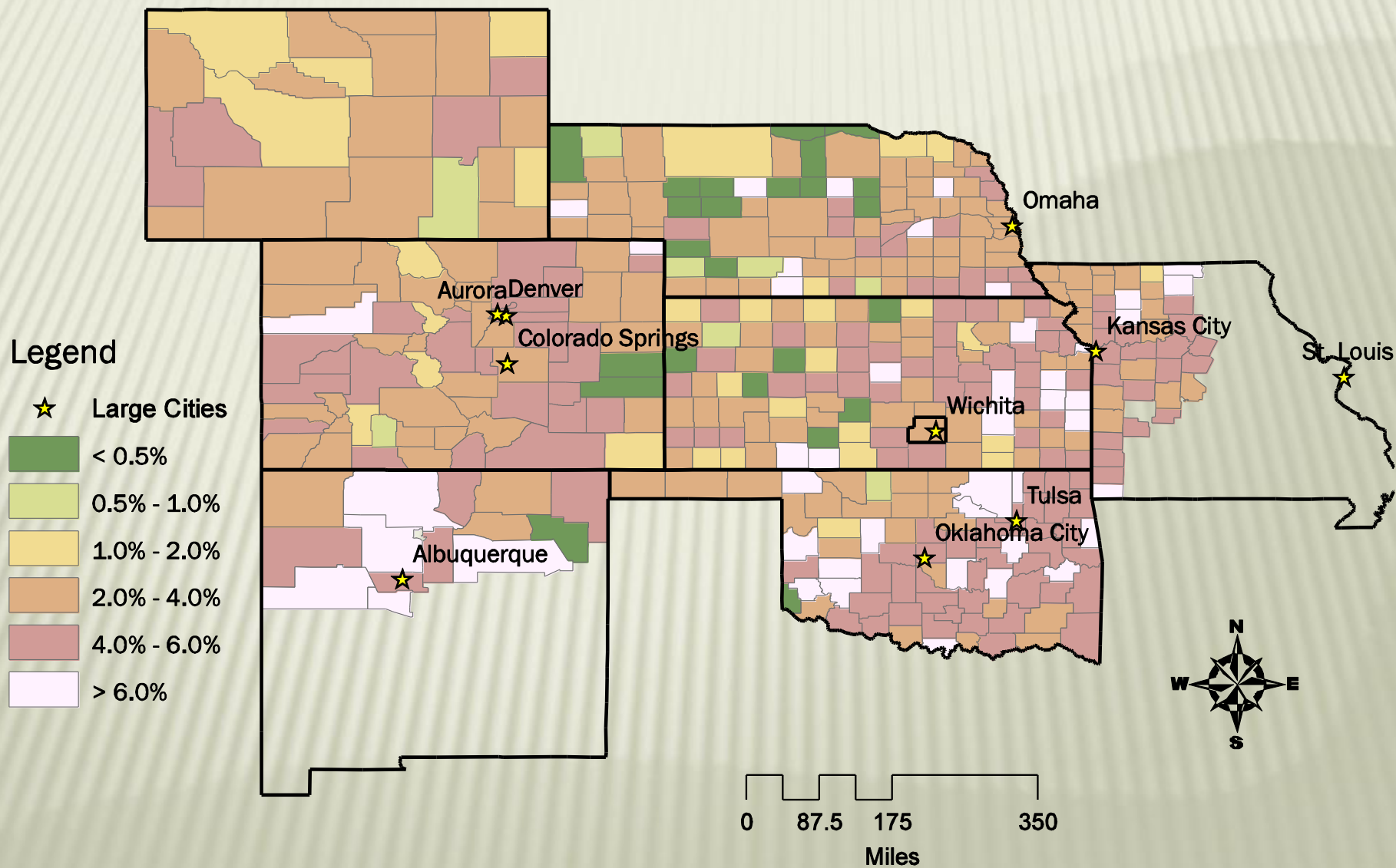


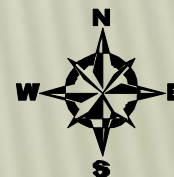
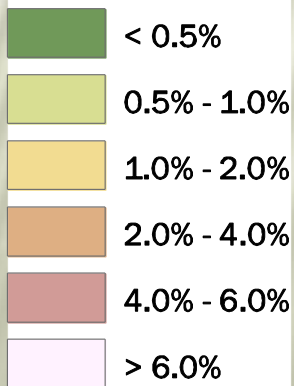
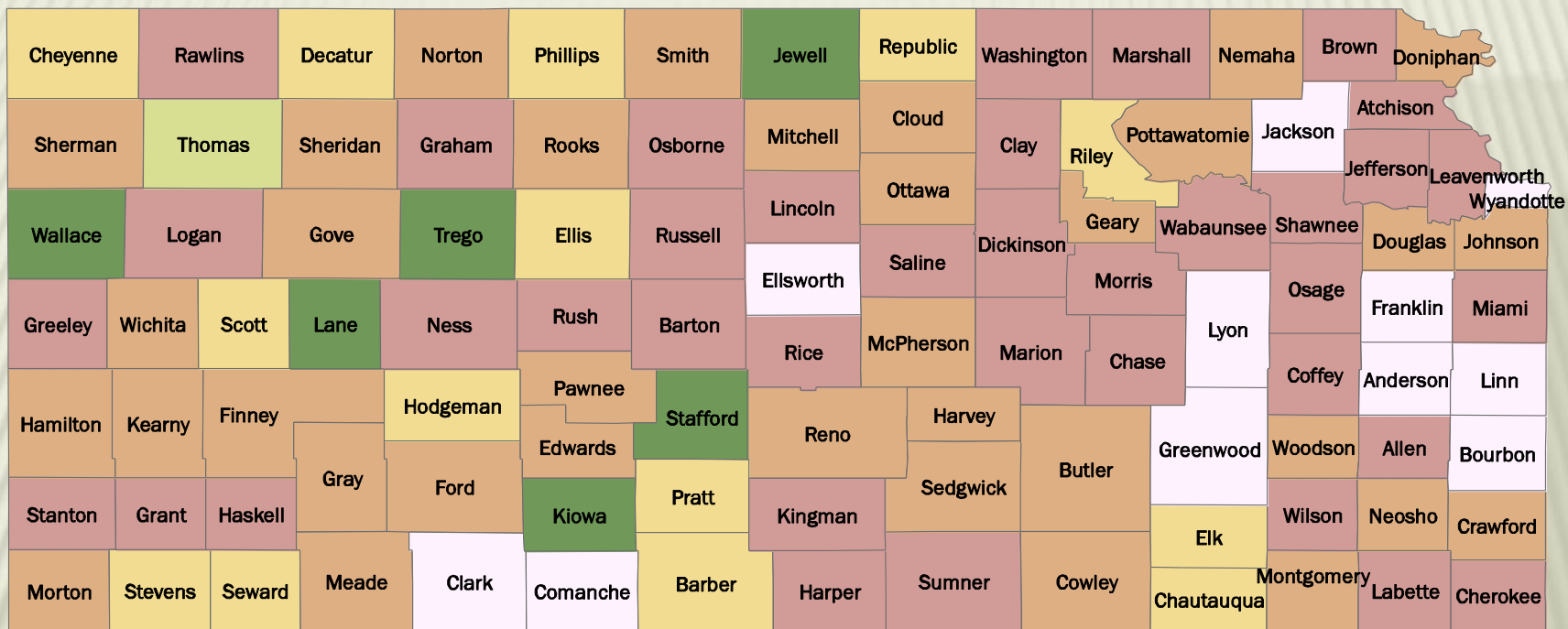
Source: Federal Housing Finance Agency

# FUTURE DIRECTION

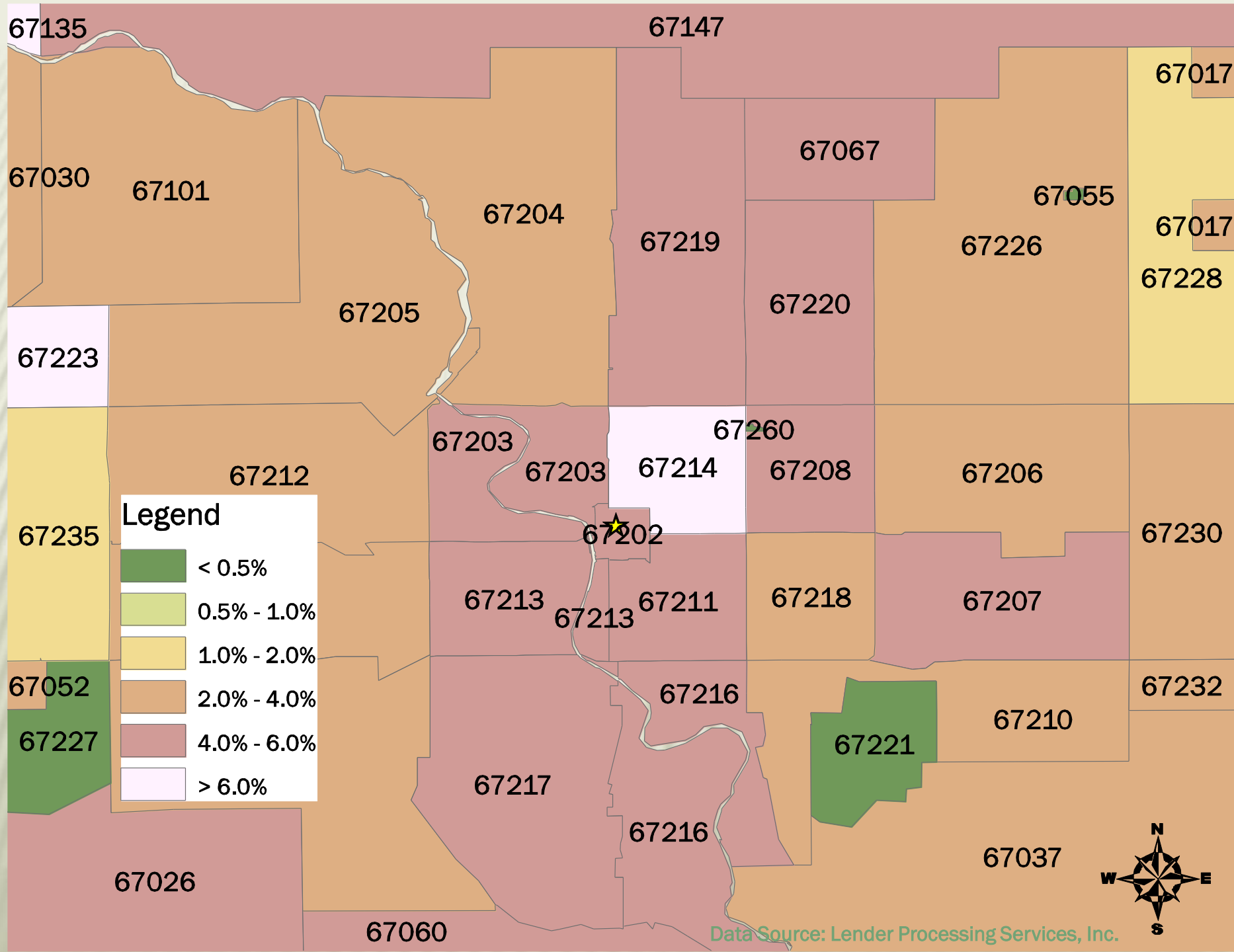
- ✖ Delinquencies remain high

Status of Mortgage Pool	Sedgwick Co.	Kansas	USA
Delinquent 30 days	3.45	3.04% (2.72%)	3.06%
Delinquent 60 days	1.29	1.13% (0.78%)	1.29%
Delinquent 90 days +	2.11	2.13% (0.81%)	3.54%
TOTAL PAST DUE	8.49%	8.13% (4.89%)	11.54%
In Foreclosure Process	1.65	1.82% (0.58%)	3.64%
SERIOUSLY DELINQUENT	3.76	3.95% (1.39%)	7.19%
Data Source: Lender Processing Services, Inc.			







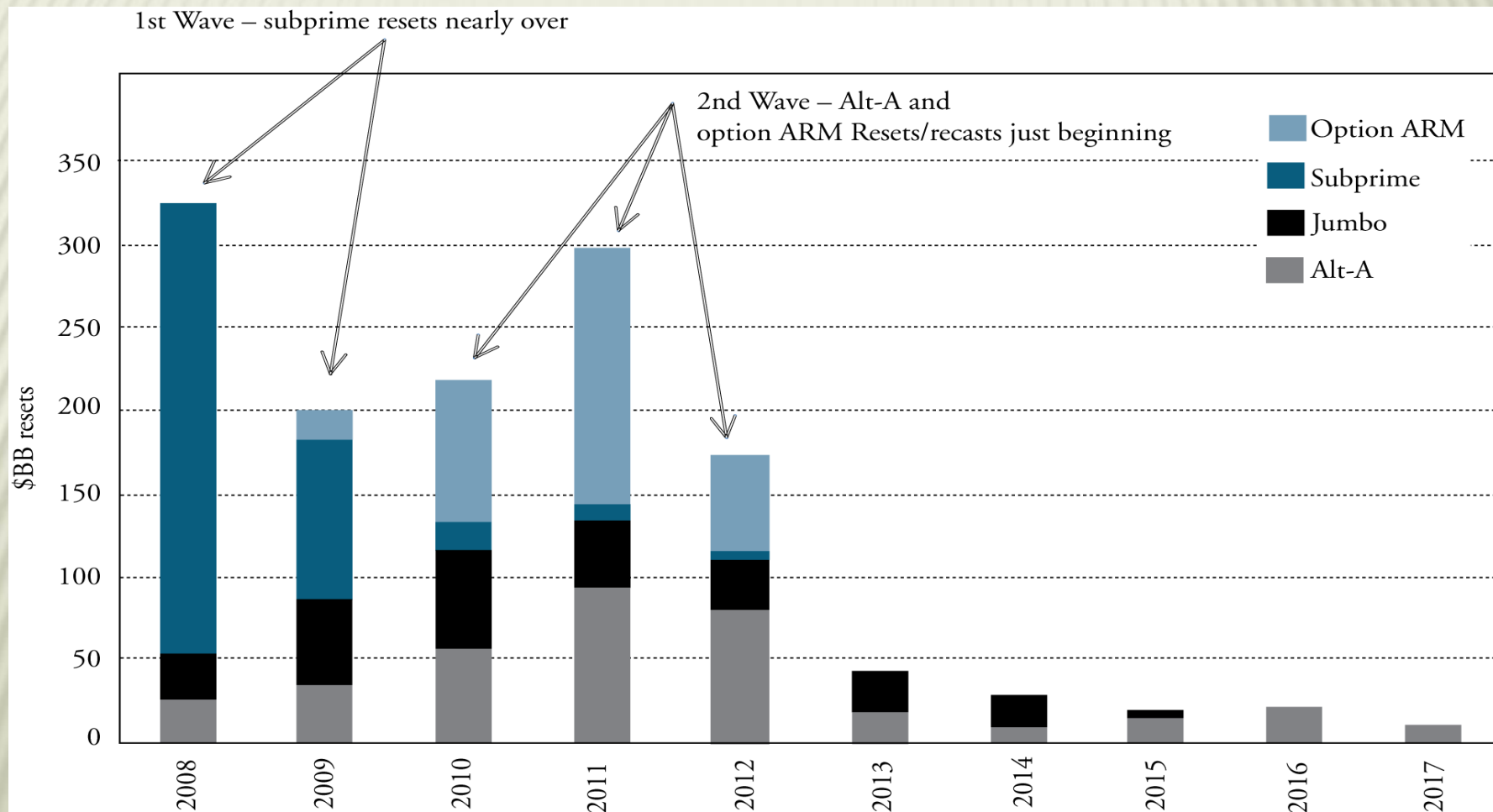


# FUTURE DIRECTION

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- ✖ Delinquencies remain high, and are on the rise
- ✖ Modification efforts likely delaying more than preventing foreclosures
  - + it remains to be seen if new and renewed Federal efforts will spur additional modifications
- ✖ Subprime mortgage resets were generally modest in light of low mortgage rates, and resets are about over
  - + But remaining subprime mortgage holders often are in trouble
- ✖ New wave of resets is coming

# FUTURE DIRECTION





## CONTACT INFORMATION

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