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February 2009

FEDERAL RESERVE BANK of KANSAS CITY

BEIGE BOOK SHOWS CONTINUED ECONOMIC WEAKNESS

The Federal Reserve's [latest Beige Book](#), released Jan. 14, showed that overall economic activity continued to weaken across almost all of the Federal Reserve Districts since the previous reporting period. Most districts noted reduced or low activity across a wide range of industries, although a few districts noted some exceptions in some sectors.

In the Tenth District, consumer spending weakened, and expectations for future spending declined further. Manufacturing activity dropped sharply, and both commercial and residential real estate activity continued to contract. Energy activity decreased markedly in response to falling natural resources prices. Contacts lowered expectations for future farm income, but growing conditions in the agriculture sector improved. More information is available from the [Federal Reserve Board of Governors](#) Web site.

WINTER ISSUE OF *TEN* TAKES A CLOSER LOOK AT STATE TAX REVENUES

[The winter issue of *TEN*](#) explains how the state taxes you pay fund services and amenities. These revenues are affected by the health of the economy, so in downturns governments may be faced with cutting services or raising taxes to keep a balanced budget. Residents don't like either option.

Also in this issue:

- Read a [column from Kansas City Fed President Tom Hoeing](#) about the global financial crisis and the regulatory environment;
- Learn how today's commercial real estate market is faring and how it compares to the last boom-bust;
- Find out what community bankers in the region say about regulatory compliance, staffing needs, competition and more; and
- Get an overview of free tools and resources available to all ages and backgrounds through the Fed's financial literacy efforts.

MANUFACTURING DECLINES
FURTHER IN JANUARY

Tenth District manufacturing activity declined further in January, and firms' expectations for future activity continued to be pessimistic, according to the latest [Survey of Tenth District Manufacturing](#), released Jan. 29. Price indexes in the survey also fell for the third straight month.

The monthly survey asks plant managers about a variety of manufacturing indicators, and the information is compiled into a snapshot of manufacturing activity in the Tenth District.

UPCOMING CONFERENCE
TO EXPLORE FINANCIAL
SERVICES EXPANSION

[The 6th Biennial Community Affairs Research Conference](#) in Washington, D.C., from April 16 to 17, will explore the role of innovation in expanding financial services to low- and moderate-income individuals, families and communities.

This year's scheduled speakers include Federal Reserve Chairman Ben Bernanke, Kansas City Fed President Tom Hoenig and more than 20 panelists from national research, policy and practitioner organizations. The conference will be of interest to executives, lenders, and compliance and community development officers of financial institutions; leaders and staff of community development organizations; policymakers in community and economic development; and scholars of finance, economics, banking, and rural and urban development.

Follow the link above for more information and to register.

FOLLOW TARP FUNDS
ACROSS THE COUNTRY

[A map and list](#) of which institutions have received funding from the Troubled Asset Relief Program (TARP) is now available. This information is provided by the U.S. Treasury and has been compiled by *The Wall Street Journal*.

ECONOMIC REVIEW ARTICLE
WEIGHS FED'S PAYMENTS ROLE

In the midst of unprecedented changes in the U.S. payments landscape, is it time to reevaluate the Federal Reserve's role? That question is posed by Stuart E. Weiner in a fourth quarter Economic Review article titled, "[The Federal Reserve's Role in Retail Payments: Adapting to a New Environment](#)."

Additional research from the Bank's *Economic Review* and [research working paper series](#) is available online.

HOLIDAY REMINDER

The Federal Reserve will be closed Monday, Feb. 16 for Presidents Day. The FRB Services Web site features a [complete listing](#) of all holidays observed by the Federal Reserve System.

REGULATORY DEVELOPMENTS

Annual Regulatory Update Seminars scheduled this spring

The Supervision and Risk Management Division is again conducting its [Regulatory Update Seminar](#) this spring at various locations in the Tenth District. This half-day program will focus on current issues and strategies relevant to state member banks and bank holding companies in the Midwest and Mountain regions. The seminar will include topics covering the economy, current banking conditions and risk management, as well as executive highlights of important regulatory topics and compliance issues.

The seminar is designed for directors, chief executive officers and senior staff of state member banks and bank holding companies throughout the District. Dates and locations of the seminar are listed below. Registration begins at 8 a.m. each day, with the program starting at 8:30 a.m. and ending by 12:15 p.m.

Although there is no cost to attend the seminar, advanced registration is required. Please [register online](#) by **March 10**. For assistance, please contact Lisa Aquino in the Kansas City office at (800) 333-1010, ext. 12491, or (816) 881-2491, or by e-mail at lisa.aquino@kc.frb.org.

Dates and locations:

March 24 - Kearney, Neb.

March 25 - Omaha, Neb.

March 30 - Kansas City, Mo.

April 2 - Albuquerque, N.M.

April 7 - Tulsa, Okla.

April 8 - Oklahoma City, Okla.

April 9 - Wichita, Kan.

April 21 - Montrose, Colo.

April 22 - Denver, Colo.

April 23 - Casper, Wyo.

Effective date for RESPA rule delayed

The Department of Housing and Urban Development has delayed the [effective date of the required use provisions](#) of its Nov. 17, 2008, final Real Estate Settlement Procedures Act (RESPA) rule. The effective date has been delayed from Jan. 16, 2009, to April 16, 2009. Under the required use provisions, an institution may not provide a service, discount or economic incentive to a borrower contingent upon using or failing to use a particular service provider. This change in definition is intended to deter economic disincentives that occur in affiliated transactions in the residential real estate market. Other provisions of RESPA that were effective on Jan. 16 remain. These include the requirement for electronic disclosure delivery to conform to the E-Sign Act and the use of a new, simplified mortgage servicing disclosure form.

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