

# fed LETTER

Colorado ★ Kansas ★ Missouri ★ Nebraska ★ New Mexico ★ Oklahoma ★ Wyoming



May 2009

FEDERAL RESERVE BANK of KANSAS CITY

## MANUFACTURING SURVEY SHOWS SLIGHT DECLINE

Manufacturing activity throughout the Tenth Federal Reserve District fell only slightly in April, and firms generally expect stable conditions in the months ahead, according to the latest [Survey of Tenth District Manufacturing](#). Price indexes in the survey continued to ease, with several indexes at historically low levels.

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.

## BEIGE BOOK INDICATES FURTHER WEAKNESS, SOME STABILIZATION

Reports from the Federal Reserve Banks indicate that overall economic activity contracted further or remained weak in recent weeks, according to the [latest Beige Book](#), released April 15. However, five of the 12 Districts, including Kansas City, noted a moderation in the pace of decline, and several saw signs that activity in some sectors was stabilizing at a low level.

[In the Tenth District](#), contacts indicated that the economy continued to decline in March, but showed tentative signs of stabilization. Consumer spending and manufacturing activity fell at a slower pace, and residential real estate activity and agriculture were steady.

## FED ECONOMIST PRESENTS INFO ON KANSAS CITY METRO FORECLOSURES

Kelly Edmiston, senior economist in the Kansas City Fed's Community Affairs Department, has developed a presentation regarding the impact of foreclosures in the Kansas City metro area.

[In his presentation](#), Edmiston discusses a second wave of mortgage resets and the spread of the foreclosure crisis into higher-income neighborhoods.

**KANSAS CITY FED  
OFFICIALS TESTIFY BEFORE  
CONGRESSIONAL PANELS**

Two Kansas City Fed officials recently offered testimony before separate congressional committees in Washington, D.C.

Bank President Thomas Hoenic **testified** before the Joint Economic Committee on April 21 about systemic risk in the U.S. financial system. In addition, Jason Henderson, vice president and Omaha Branch executive, **testified** on April 1 before the House Subcommittee on General Farm Commodities about current issues in the agricultural economy.

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**FEDERAL RESERVE SYSTEM  
FINANCIAL STATEMENTS  
RELEASED**

The **annual financial statements** from the Board of Governors and each Federal Reserve Bank are now available.

The Board of Governors and the Federal Reserve Banks annually prepare financial statements reflecting balances (as of Dec. 31) and income and expenses for the year then ended. The Federal Reserve Bank financial statements also include the accounts and results of operations of several limited liability companies (LLCs) that have been consolidated with the Federal Reserve Bank of New York (the “consolidated LLCs”).

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**NEW BANK RESEARCH AVAIL-  
ABLE IN THE *ECONOMIC REVIEW***

The Kansas City Fed’s Economic Review features research from Bank economists on a variety of topics.

In **the first quarter issue**, explore how multi-market banking has changed the response of small business lending to local economic shocks; find out if U.S. consumers really benefit from payment card rewards; learn whether recession will catch rural America in 2009; and examine why liquidity is essential for inflation-indexed securities markets.

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**WELCOME, NEW STATE  
MEMBER BANKS**

The Federal Reserve Bank of Kansas City is pleased to welcome the following state member banks to the Tenth District of the Federal Reserve System:

The Halstead Bank	Halstead, Kan.	April 1
High Country Bank	Salida, Colo.	April 1
Country Club Bank	Kansas City, Mo.	April 4

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**REGULATORY  
DEVELOPMENTS**  
*Credit card repayment  
calculator now available*

Under recent amendments to Regulation Z, creditors are required to disclose a toll-free number on periodic statements related to credit card accounts that will provide consumers an estimate of the time it would take to repay their credit card balance.

In addition, the Federal Reserve Board has developed an online **calculator** to provide consumers with this information and to help them make informed decisions when shopping for credit card accounts. Consumers can also access the calculator by calling 1-888-445-4801.

Disclosure of this toll-free number on periodic statements will satisfy Regulation Z’s disclosure requirements for institutions having assets of \$250 million or less. This disclosure is required by July 1, 2010.

*Interagency examination  
procedures for the Servicemembers  
Civil Relief Act approved*

On March 24, the Federal Reserve Board released [CA 09-2](#), which contains recently approved Federal Financial Institutions Examination Council examination procedures for the Servicemembers Civil Relief Act (SCRA).

Under the SCRA, active duty military personnel, their spouses and dependents are afforded certain protections with regard to loan contracts. SCRA was amended by the Housing and Economic Recovery Act of 2008 (HERA), and these newly released procedures incorporate these amendments. The HERA provisions provide additional protections to servicemembers by extending the period during which a creditor may not charge interest in excess of 6 percent per year in connection with obligations and liabilities consisting of a mortgage, trust deed or other security in the nature of a mortgage.

The revisions extend the periods during which a creditor is restricted from enforcing, or foreclosing upon, such credit obligations on real or personal property owned by a servicemember. The SCRA also limits interest to 6 percent on outstanding obligations of a servicemember.

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**FED LETTER • MAY 2009**

*Fed Letter* is published by the Federal Reserve Bank of Kansas City,  
1 MEMORIAL DRIVE, Kansas City, Missouri, 64198-0001, (800) 333-1010.

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