



# fed LETTER

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

December 2010

FEDERAL RESERVE BANK of KANSAS CITY

## REMINDER: 2010 *FED LETTER* READERSHIP SURVEY STILL OPEN

The **2010 *Fed Letter* Readership Survey**, designed to let readers offer their thoughts and suggestions on *Fed Letter*, is available until Dec. 31. The survey is aimed at better understanding the needs of *Fed Letter* subscribers and making *Fed Letter* more useful in 2011.

Please contact editor Bill Medley at [bill.medley@kc.frb.org](mailto:bill.medley@kc.frb.org) or (816) 881-2556 if you have any questions about the survey or additional suggestions for *Fed Letter*.

## LATEST ISSUE OF *TEN* MAGAZINE NOW AVAILABLE

Most states in the Tenth Federal Reserve District are likely to see fewer benefits from exports than the rest of the nation, though there are exceptions. Read how industry and destination determine the region's export opportunities and what that means for businesses, such as Wilco Machine & Fab in Marlow, Okla., in the **new issue of *TEN***.

*TEN* is made up of a variety of feature stories that highlight the Kansas City Fed's research and practices through the experiences of everyday people from around the Tenth Federal Reserve District.

This issue also includes features on labor productivity during a downturn, free Web tools on financial literacy for kids, regional manufacturing activity and a column by Kansas City Fed President Tom Hoenig on regulatory reform.

## COMMUNITY AFFAIRS NEWSLETTER LOOKS AT DISTRICT OUTREACH EFFORTS

The fall issue of ***Community Connections*** focuses on timely efforts by the Kansas City Fed to bring experts together to discuss economic development in underserved communities. The newsletter from Community Affairs also focuses on the Bank's outreach activities throughout the Tenth District.

*Community Connections* is a quarterly newsletter highlighting activities and initiatives from the Kansas City Fed's Community Affairs Department.

SURVEY SHOWS FARMLAND  
VALUES RISING

Tenth District farmland values hastened their climb in the third quarter of 2010 with rising farm income and robust demand for farmland, according to the Federal Reserve Bank of Kansas City's [Survey of Agricultural Credit Conditions](#). The survey of 243 bankers also reported improved farm credit conditions and a rebound in capital spending.

The survey provides current indicators of the financial performance of Tenth District agriculture, and the accumulated results also help trace longer term trends. The survey panel consists of agricultural banks selected according to geographic distribution and size. Agricultural banks are those with a greater percentage of agricultural loans in their loan portfolios than the national average of about 15 percent.

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SURVEY INDICATES LMI  
COMMUNITY RECOVERING AT A  
SLOWER PACE

Persistence of underemployment, lower wages and diminishing creditworthiness in the Tenth Federal Reserve District were significant impediments to recovery in the low- and moderate-income (LMI) community in the third quarter, according to the Kansas City Fed's latest [LMI Survey](#). The results suggest that LMI communities may be emerging from the recession later than the wider community.

The quarterly survey measures the economic conditions of LMI populations and the organizations that serve them. LMI individuals have incomes below 80 percent of the area median income, which is defined as the metropolitan median income for urban residents and state median income for rural residents.

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FINANCIAL STRESS RISES IN  
OCTOBER, ACCORDING TO INDEX

The [Kansas City Financial Stress Index](#) (KCFSI) was 0.05 in October, up from -0.11 in September. The moderate increase in the index followed a substantial decline in August and a slight decrease in September. The October increase moved the KCFSI back above its long-run average of zero, but by only a small margin.

The KCFSI is a monthly measure of stress in the U.S. financial system based on 11 financial market variables. A positive value indicates that financial stress is above the long-run average, while a negative value signifies that financial stress is below the long-run average. Another useful way to assess the current level of financial stress is to compare the index to its value during past, widely recognized episodes of financial stress.

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## REGULATORY DEVELOPMENTS

*Board proposes amendments to credit  
card rules*

The Federal Reserve Board (Board) has **proposed a rule** amending Regulation Z—Truth in Lending to clarify aspects of the Board’s rules protecting consumers who use credit cards. The proposal is intended to enhance protections for consumers and to resolve areas of uncertainty so that card issuers fully understand their compliance obligations. The proposal would clarify portions of the Board’s final rules implementing the Credit Card Accountability, Responsibility and Disclosure Act of 2009. Comments must be submitted by Jan. 3, 2011.

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*Revised examination procedures for  
Regulation E approved*

The Task Force on Consumer Compliance of the Federal Financial Institutions Examination Council has approved **revised examination procedures** for Regulation E—Electronic Fund Transfers. The revised procedures incorporate the Federal Reserve Board’s recent revisions to the gift card provisions of Regulation E. These revisions delay the effective date of some gift card disclosures under certain circumstances. These revised examination procedures supersede all previous procedures and are transmitted by the Federal Reserve Board under Consumer Affairs Letter (CA) 10-12.

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