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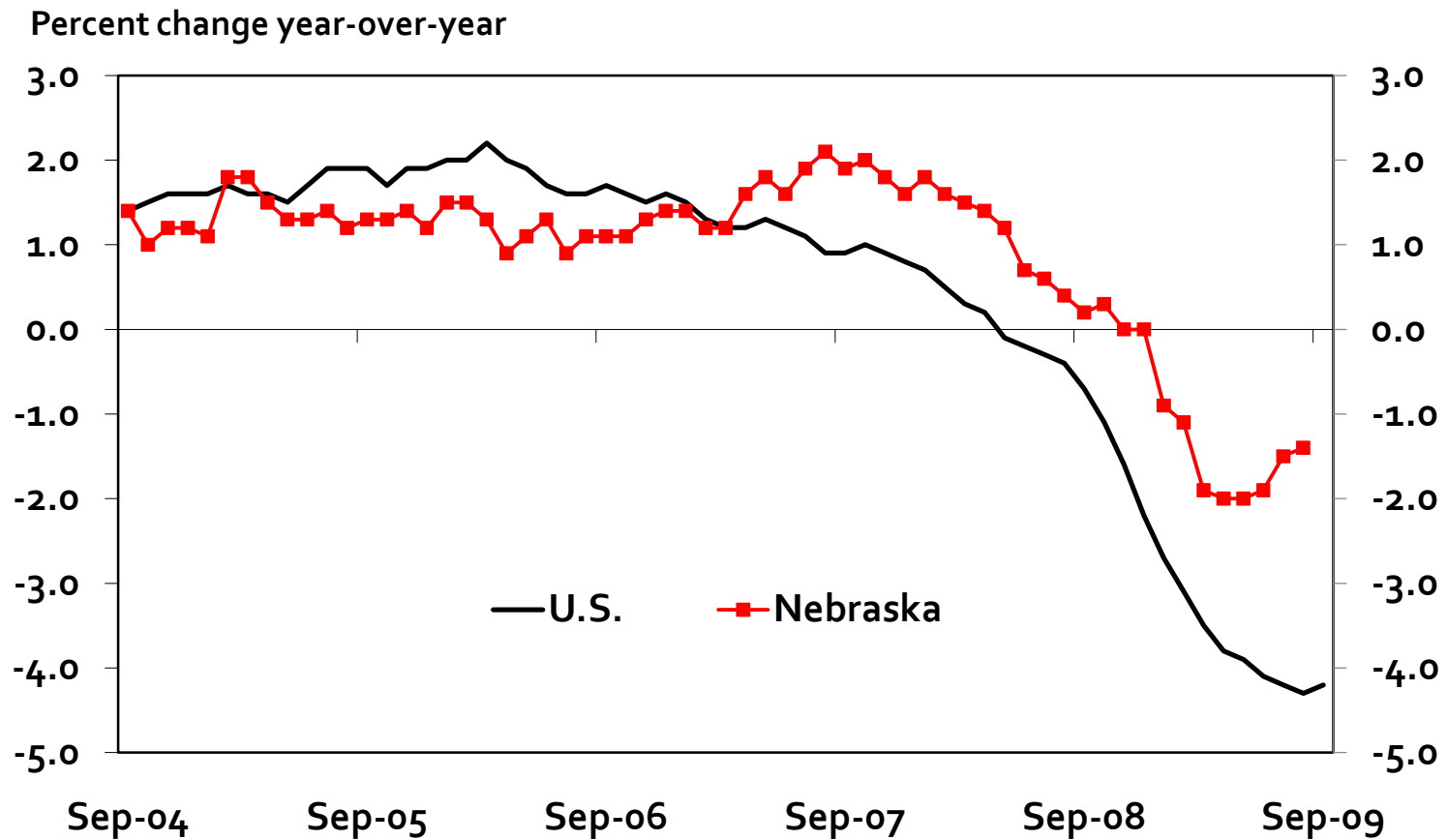
The Nebraska and U.S. Economy



The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

Nebraska's economy is starting to add jobs.

Total Non-Farm Employment Growth



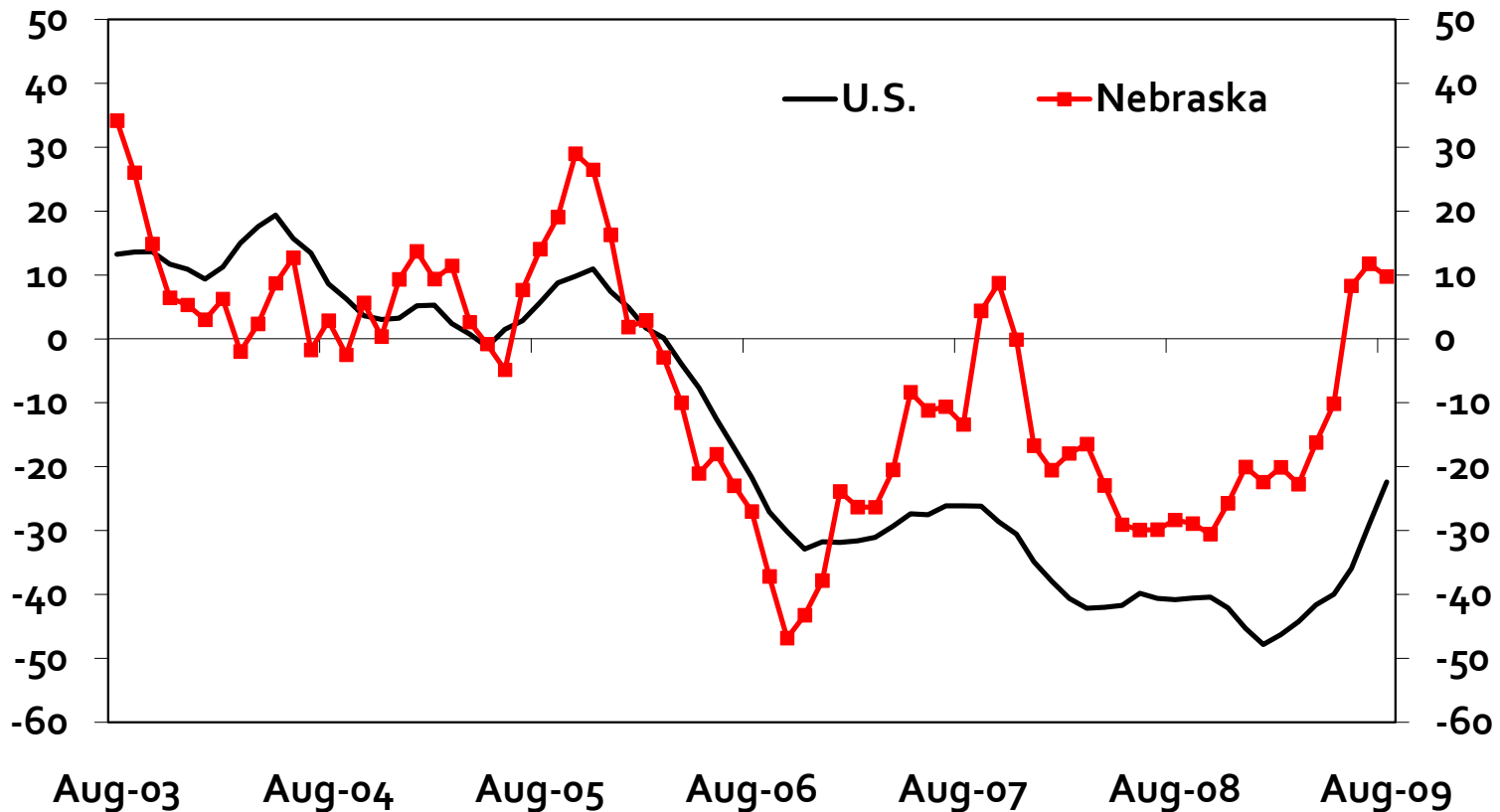
Source: Bureau of Labor Statistics



Housing appears to have bottomed. But, how sustainable is the recovery?

Single Family Building Permits

Percent change from previous year (3-month moving average)



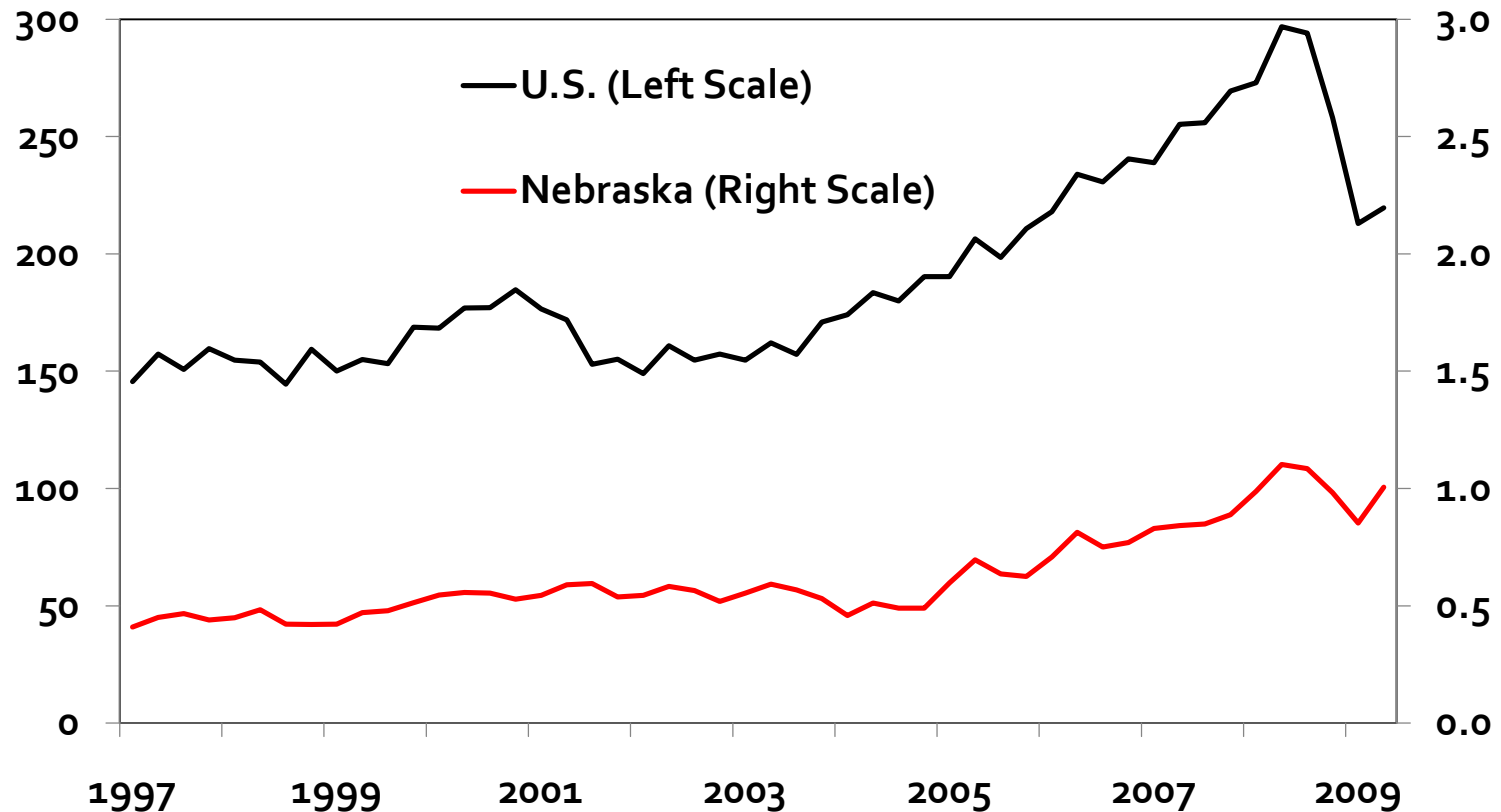
Source: U.S. Census Bureau



After contracting in 2008, could manufactured exports improve further in 2009?

Manufactured Exports

Billion dollars

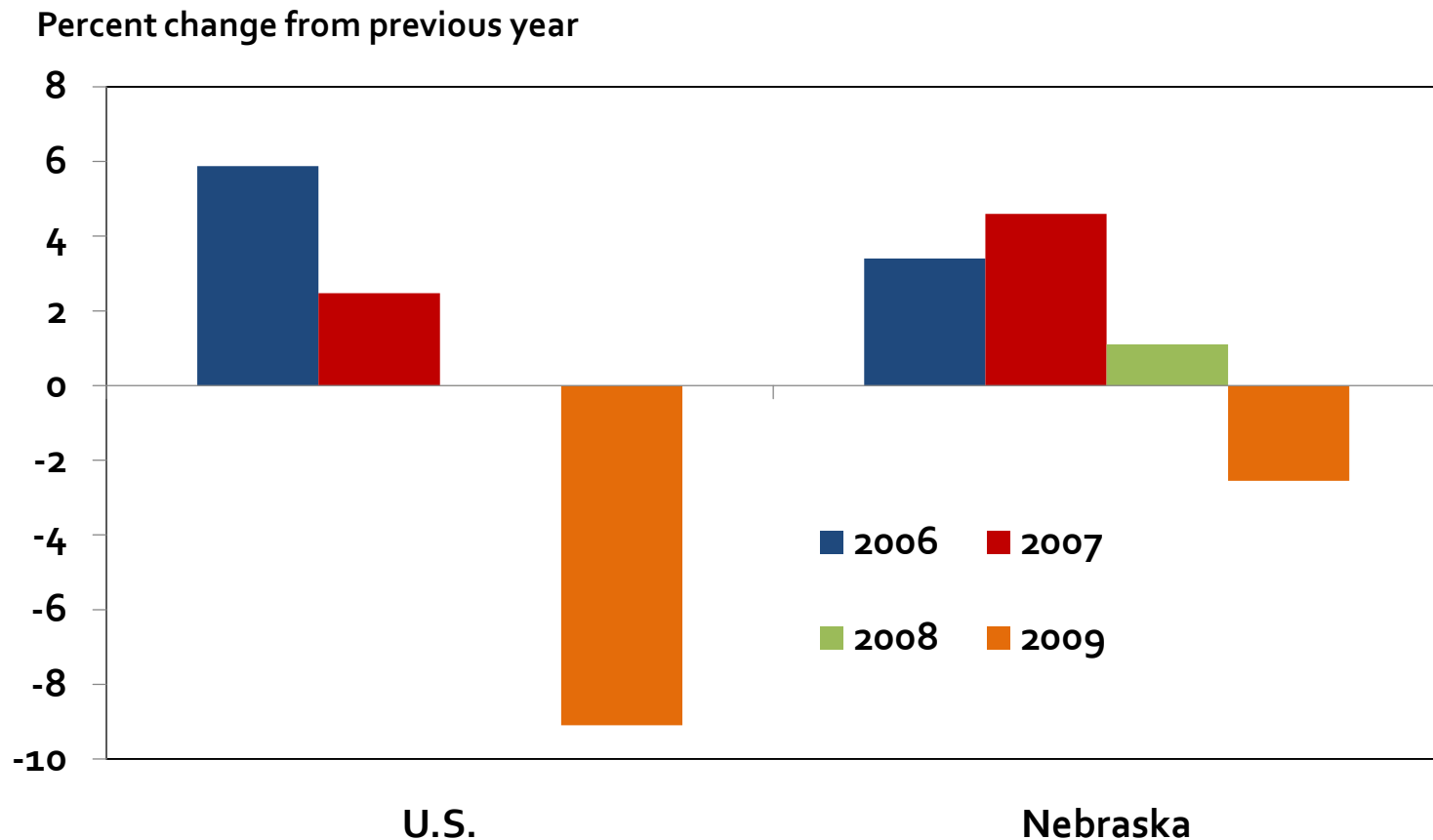


Source: WISERTrade



Consumer spending has fallen sharply.

General Sales and Use Taxes

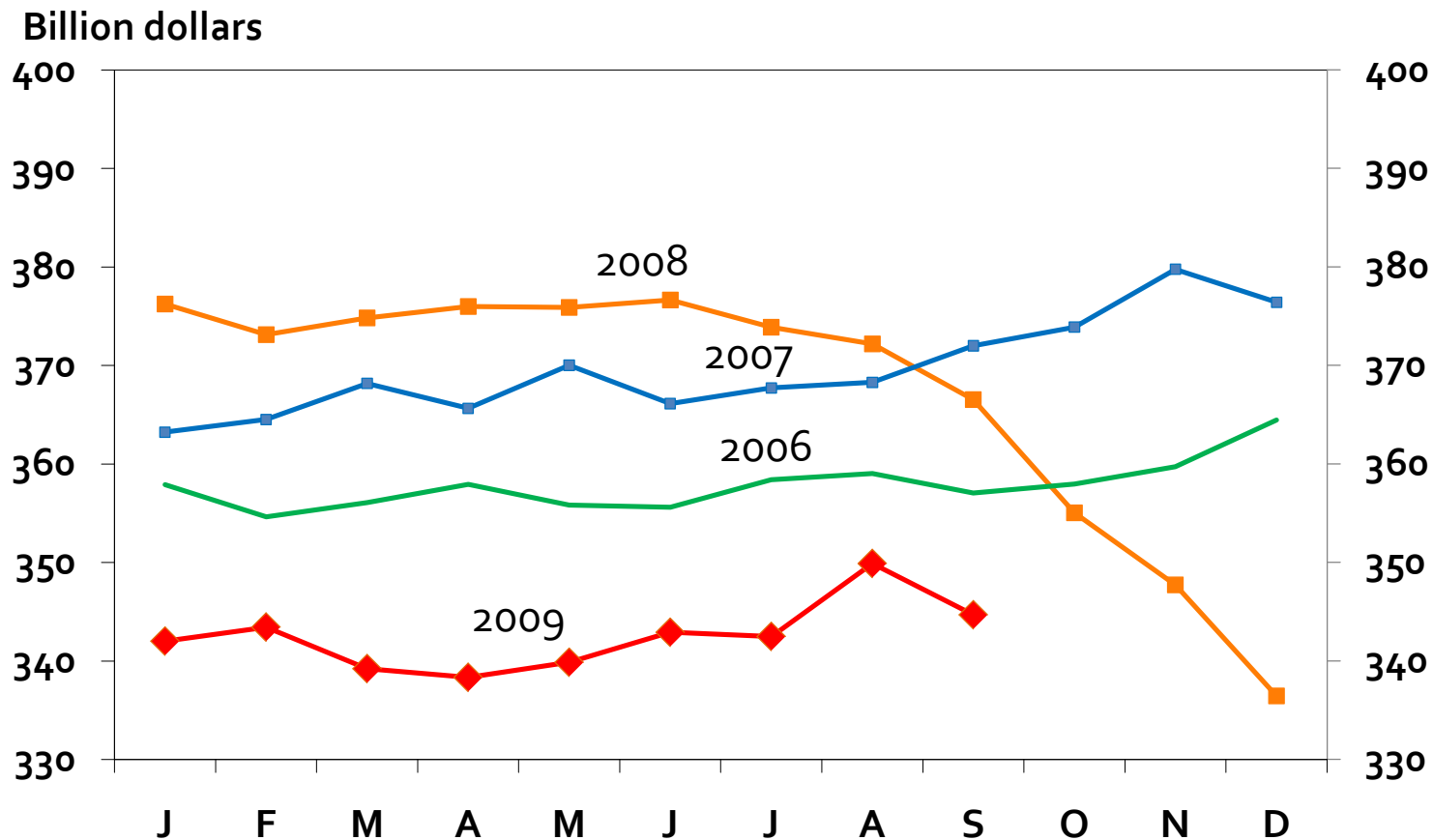


Source: U.S. Census Bureau, Nebraska Department of Revenue
2009 data are through July



Will consumers spend this holiday season?

U.S. Monthly Retail and Food Sales



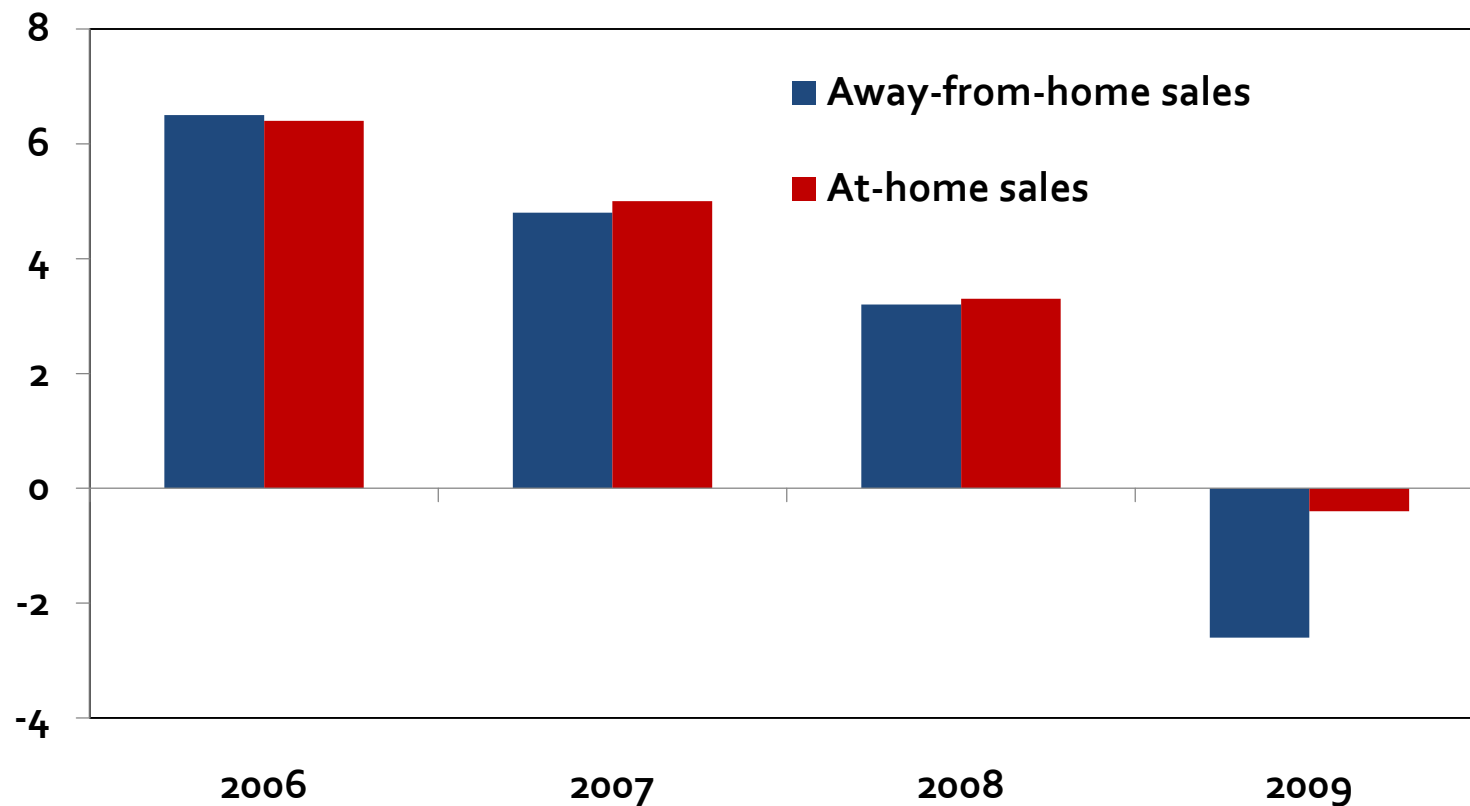
Source: U.S. Census Bureau



Food sales decline, especially at restaurants.

U.S. Food Sales

Percent change from previous year

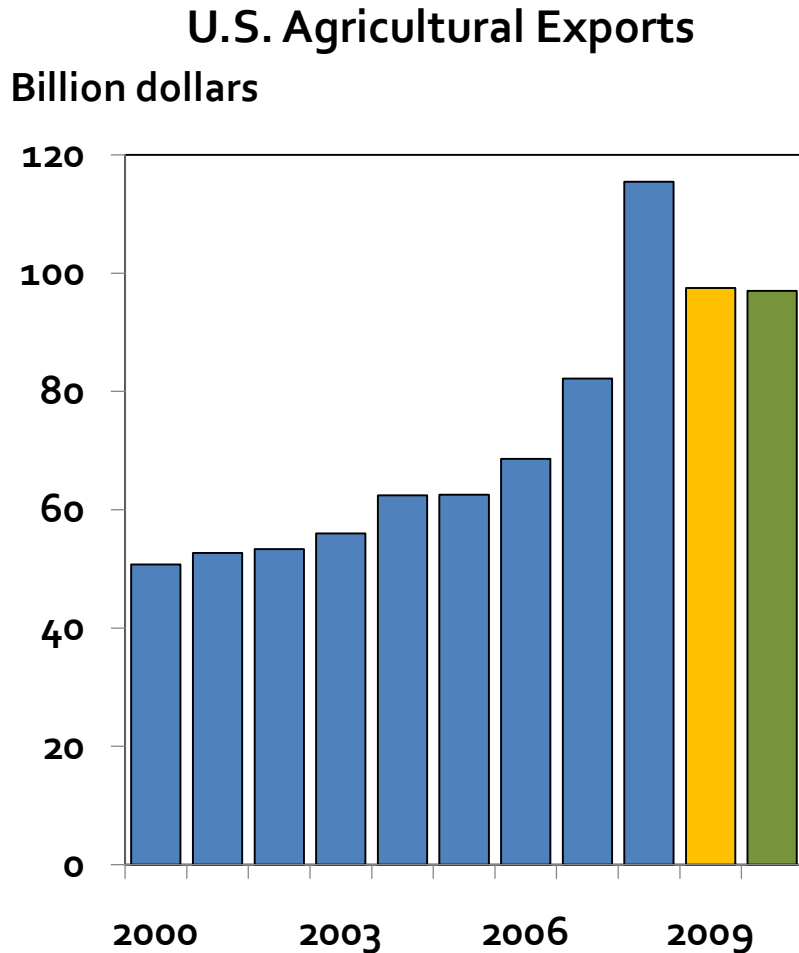


Source: USDA

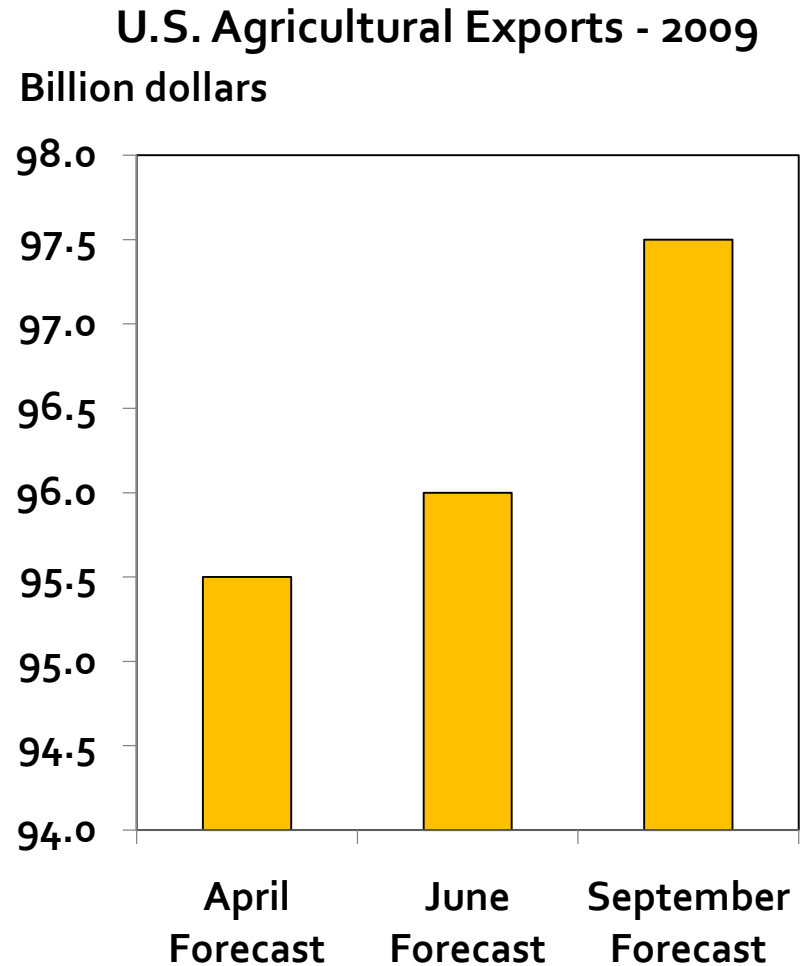
2009 data are year-to-date through September



Will agricultural exports rebound in 2010?

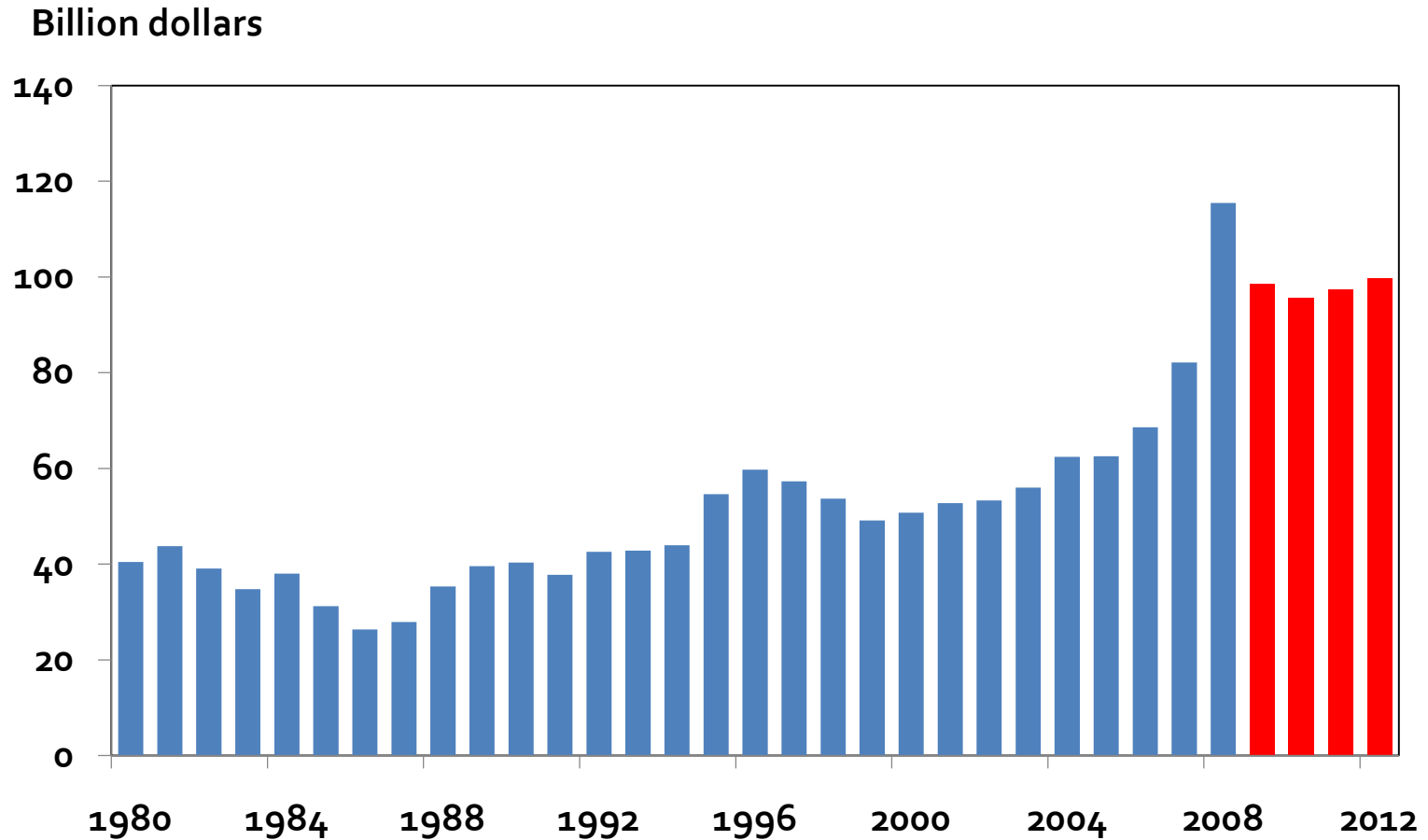


Source: USDA, Fiscal year data, October-September



Will agricultural exports rebound in 2010?

U.S. Agricultural Exports



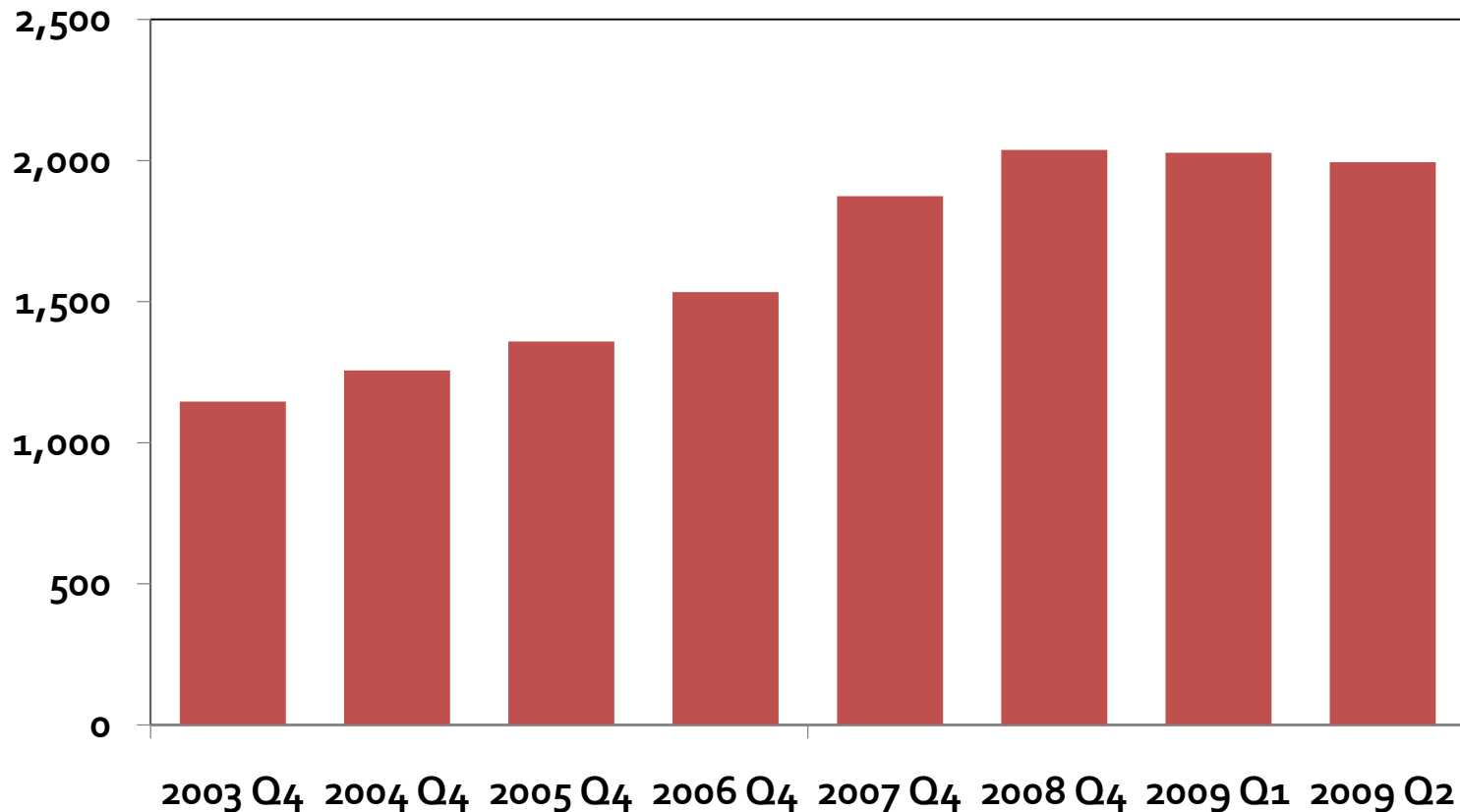
Source: USDA, fiscal years



What will drive farmland values?

Nebraska Nonirrigated Farmland Values

Dollars per acre

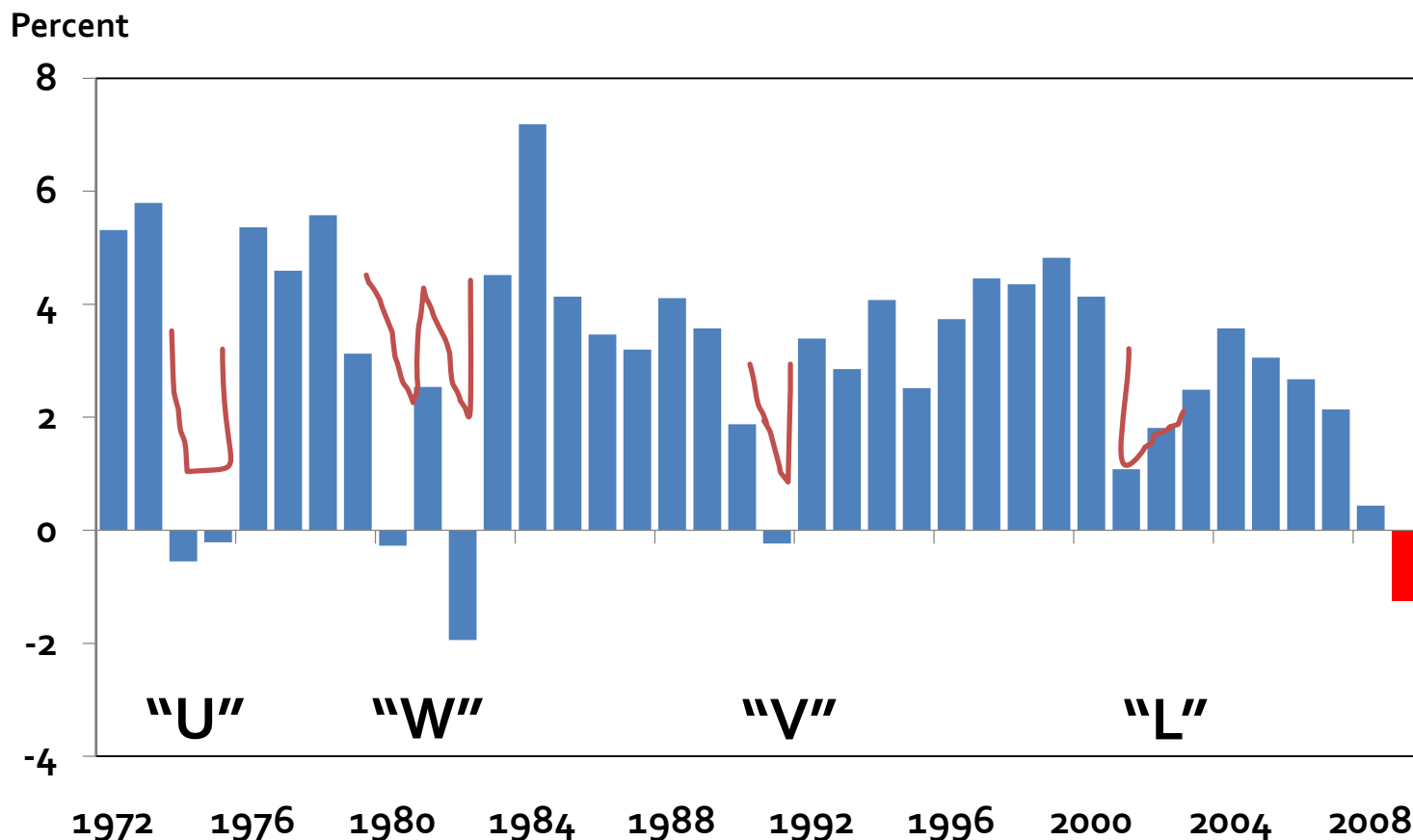


Source: Federal Reserve Bank of Kansas City



What is the "Letter" of Recovery?

U.S. Real GDP Growth



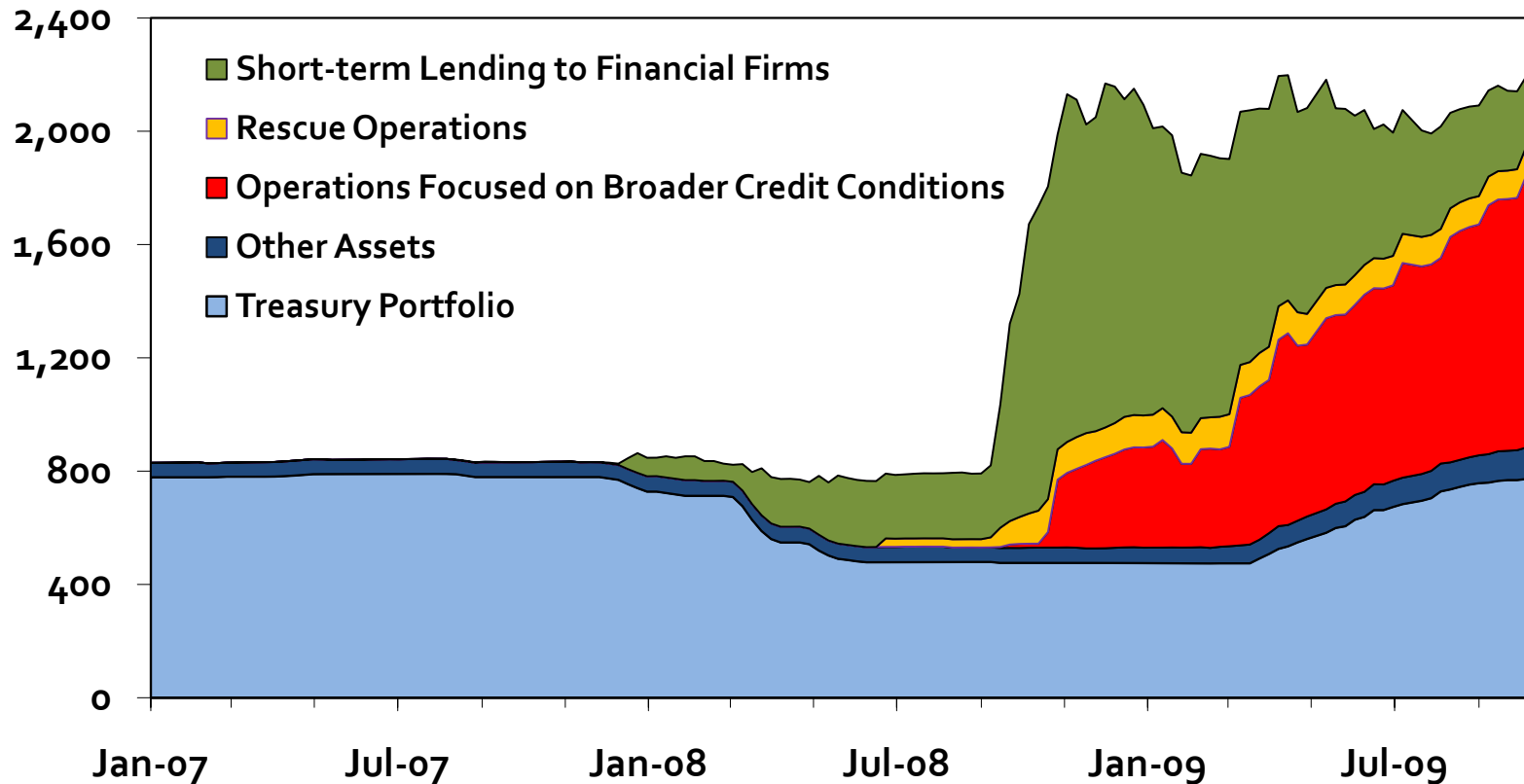
Source: Bureau of Economic Analysis and Federal Reserve projection



With the Fed Funds Rate at the zero bound, the Fed has expanded its balance sheet.

Federal Reserve Balance Sheet: Assets

Billion Dollars



Source: Federal Reserve Board of Governors



Conclusion

- The recovery has started in Nebraska.
- Will the farm sector rebound in 2010?
- The outlook hinges on consumer spending.
- As the recovery strengthens, questions will switch from growth to inflation.
- Will the recovery lift the Nebraska economy in 2010?



For More Information

Federal Reserve Bank of Kansas City –
Omaha Branch

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