



fed LETTER

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

June 2011

FEDERAL RESERVE BANK of KANSAS CITY

THE MAIN STREET ECONOMIST
EXAMINES SURGE IN
FARMLAND VALUES

Farmland is a bellwether of the U.S. farm sector's financial health, accounting for 85 percent of U.S. farm assets. Sparked by surging grain prices, U.S. farmland values soared to record highs at the end of 2010. The double-digit gains in cropland values outpaced the rise in cash rents, leading observers to question the sustainability of such high land values. The increase also suggests that other factors, such as low interest rates, are driving current farmland values.

In the latest issue of *The Main Street Economist*, Jason Henderson and Brian Briggeman explore the risks in today's farm real estate market and analyze whether the recent surge in farmland values is sustainable.

AG CREDIT SURVEY SHOWS
FARM INCOME RISES FURTHER

Tenth District farm income and farmland values rose further in the first quarter of 2011, according to the Federal Reserve Bank of Kansas City's [Survey of Agricultural Credit Conditions](#). The survey of 253 bankers reported that shrinking crop inventories and intense competition for planted acreage lifted crop prices, while stronger protein demand boosted livestock prices.

The survey panel consists of Tenth Federal Reserve District agricultural banks selected according to geographic distribution and size. Agricultural banks are those with a greater percentage of agricultural loans in their portfolios than the national average of about 15 percent. Survey results summarize several indicators of farm financial conditions, including farmland values, interest rates on farm loans, and credit supply and demand.

MANUFACTURING ACTIVITY
UNCHANGED IN MAY

Tenth District manufacturing activity was largely unchanged in May, following rapid growth in recent months, according to the latest [Survey of Tenth District Manufacturing](#). Producers' expectations diminished slightly, but were still solid overall. Price indexes eased this month, with fewer firms raising selling prices and some slowdown in materials price increases.

The survey monitors manufacturing plants selected according to geographic distribution, industry mix and size. Survey results reveal changes in several indicators of manufacturing activity, including production and shipments, and identify changes in prices of raw materials and finished products.

THE ROCKY MOUNTAIN
ECONOMIST DETAILS COLORADO'S
"LOST DECADE"

The severity of the recession and the sluggishness of the recovery cycle have raised a number of concerns about the Colorado economy, according to the premiere edition of *The Rocky Mountain Economist*. The most notable is the lack of job creation in Colorado in recent years compared to past decades.

Economists and policymakers alike have noted that the state added roughly 767,000 new residents between the 2000 and 2010 census counts, but the number of wage and salary jobs remains below the level from a decade ago. This mismatch between job growth and population growth the past 10 years has led many to dub this period Colorado's Lost Decade.

KANSAS CITY FED HOSTS
LEADERSHIP SUMMIT

The Kansas City Fed hosted a free [Leadership Summit](#) on April 22, featuring four distinguished speakers, including Thomas M. Hoenig, president and chief executive officer of the Federal Reserve Bank of Kansas City; Kay Barnes, distinguished professor for public leadership at Park University; Ellen D'Amato, president and chief executive officer of The Central Exchange; and John Hope Bryant, founder, chairman and chief executive officer of Operation Hope and Bryant Group Companies Inc. These diverse experts spoke about the role of leadership in today's corporate, economic, nonprofit and public sectors.

The recorded presentations and an event summary are [now available](#) on the Kansas City Fed's website.

HOLIDAY REMINDER

The Federal Reserve Bank of Kansas City will be closed Monday, July 4, for the Independence Day holiday. A [full list](#) of Federal Reserve holidays is available on the FRB Services website.

WELCOME, NEW STATE
MEMBER BANK

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

RCB Bank

Claremore, Okla.

May 6

FED LETTER INFORMATION
AVAILABLE THROUGH E-ALERTS

This issue of *Fed Letter* is the last. But, you can still get the same information in a more timely manner through the Kansas City Fed's [e-alert system](#).

By signing up through the Bank's website, you can receive e-mailed notification of research, publications, speeches, events and regulations from the Kansas City Fed. In addition, you can receive information on banking, economics, education, housing, the region and more. You can select specific publication titles or general areas of interest. When new information is available, you will be notified as soon as it is ready, and a link will be delivered to your in-box. Sign up today.

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