

# Regional Economic Outlook



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

# The Federal Reserve System

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## □ Primary Functions

- Monetary Policy
- Payments Services
- Banking Supervision and Regulation

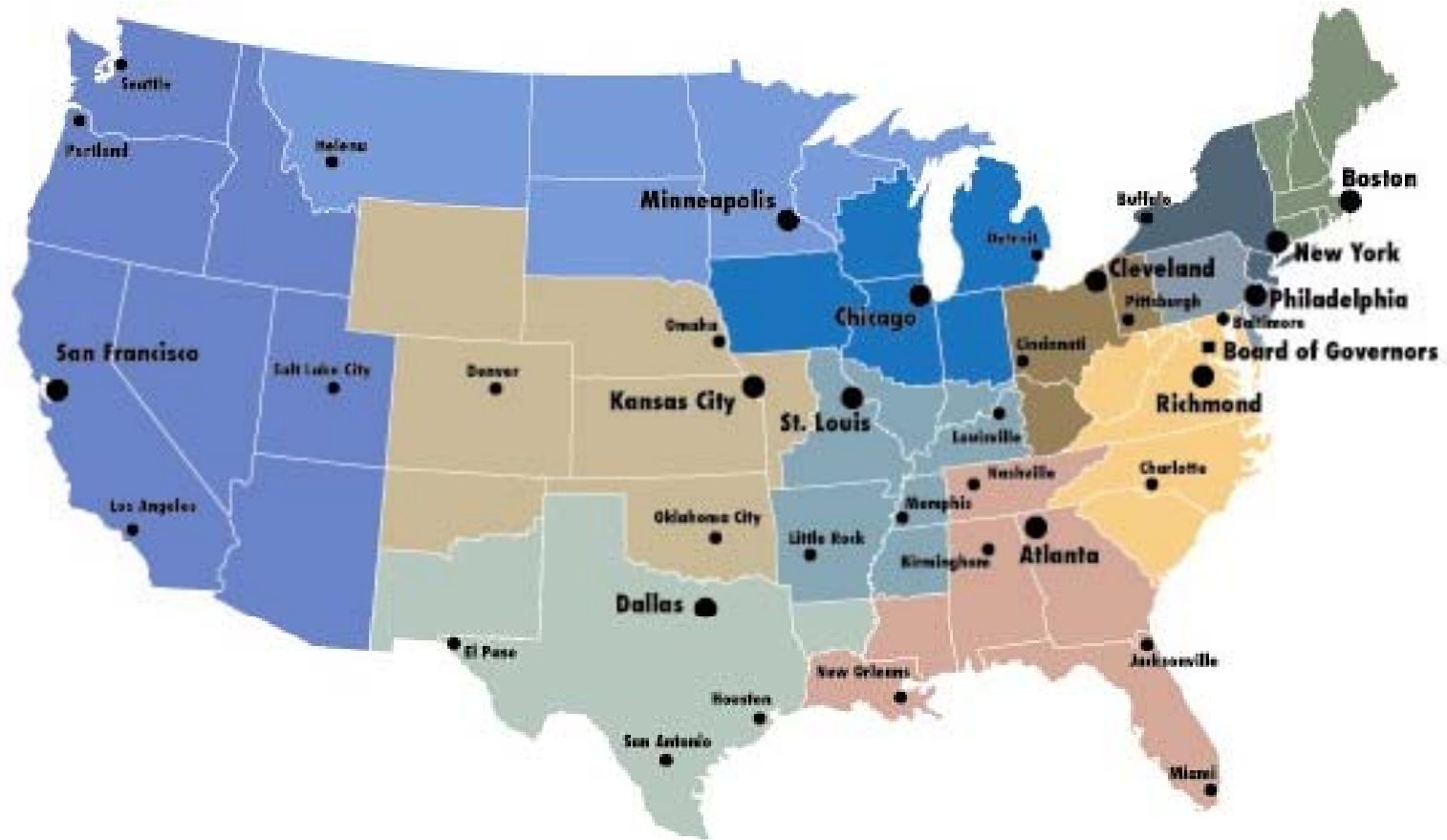
## □ Structure

- Board of Governors
  - Consists of seven members who are appointed by the President and confirmed by the Senate to serve 14-year terms.
- Federal Reserve Banks
  - There are 12 Banks, each serving a unique district.
- Federal Open Market Committee (FOMC)
  - Comprised of the 7 members of the Board of Governors and the 12 Reserve Bank presidents (only 5 presidents are voting member on a rotating basis).
  - Charged with conducting monetary policy to promote economic growth and price stability.



# The Federal Reserve's Tenth District

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# U.S. Economic Outlook

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	2005	2006	2007	2008 <sup>e</sup>	2009 <sup>e</sup>	2010 <sup>e</sup>
Growth of Real GDP <sup>a</sup>	2.9	2.6	2.2	1.3 - 2.0	2.1 - 2.7	2.5 - 3.0
Unemployment Rate <sup>b</sup>	4.9	4.4	4.8	5.2 - 5.3	5.0 - 5.3	4.9 - 5.1
PCE Inflation <sup>a,c</sup>	3.2	1.9	3.4	2.1 - 2.4	1.7 - 2.0	1.7 - 2.0
Core PCE Inflation <sup>a,d</sup>	2.2	2.3	2.1	2.0 - 2.2	1.7 - 2.0	1.7 - 1.9

Source: Federal Reserve Board of Governors

a) Percent change from the fourth quarter of the previous year.

b) Average civilian unemployment rate in the fourth quarter of the year.

c) Price index for personal consumption expenditures.

d) Price index for personal consumption expenditures excluding food and energy.

e) Central tendency of projections by Federal Reserve Governors and Reserve Bank Presidents.

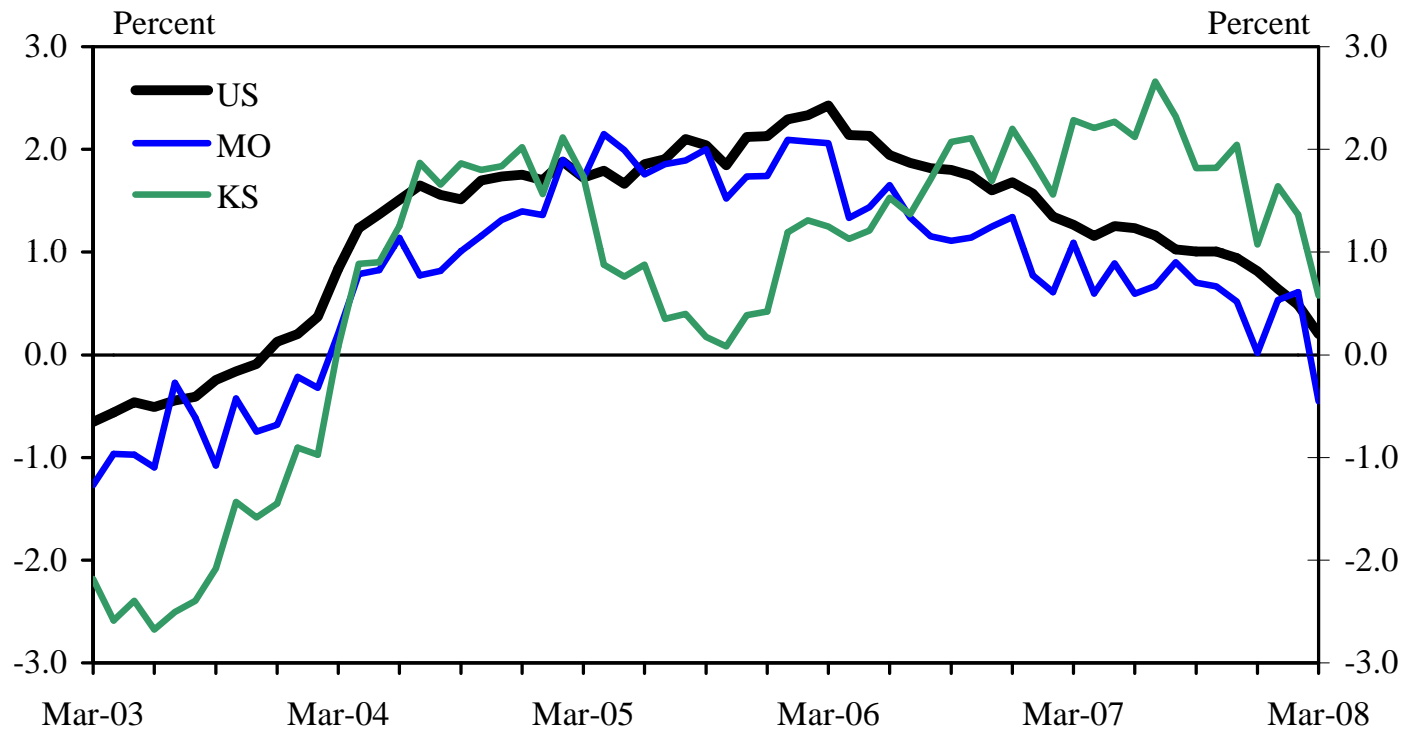


# Labor Market



# Growth in Private Nonfarm Employment

Year-over-year



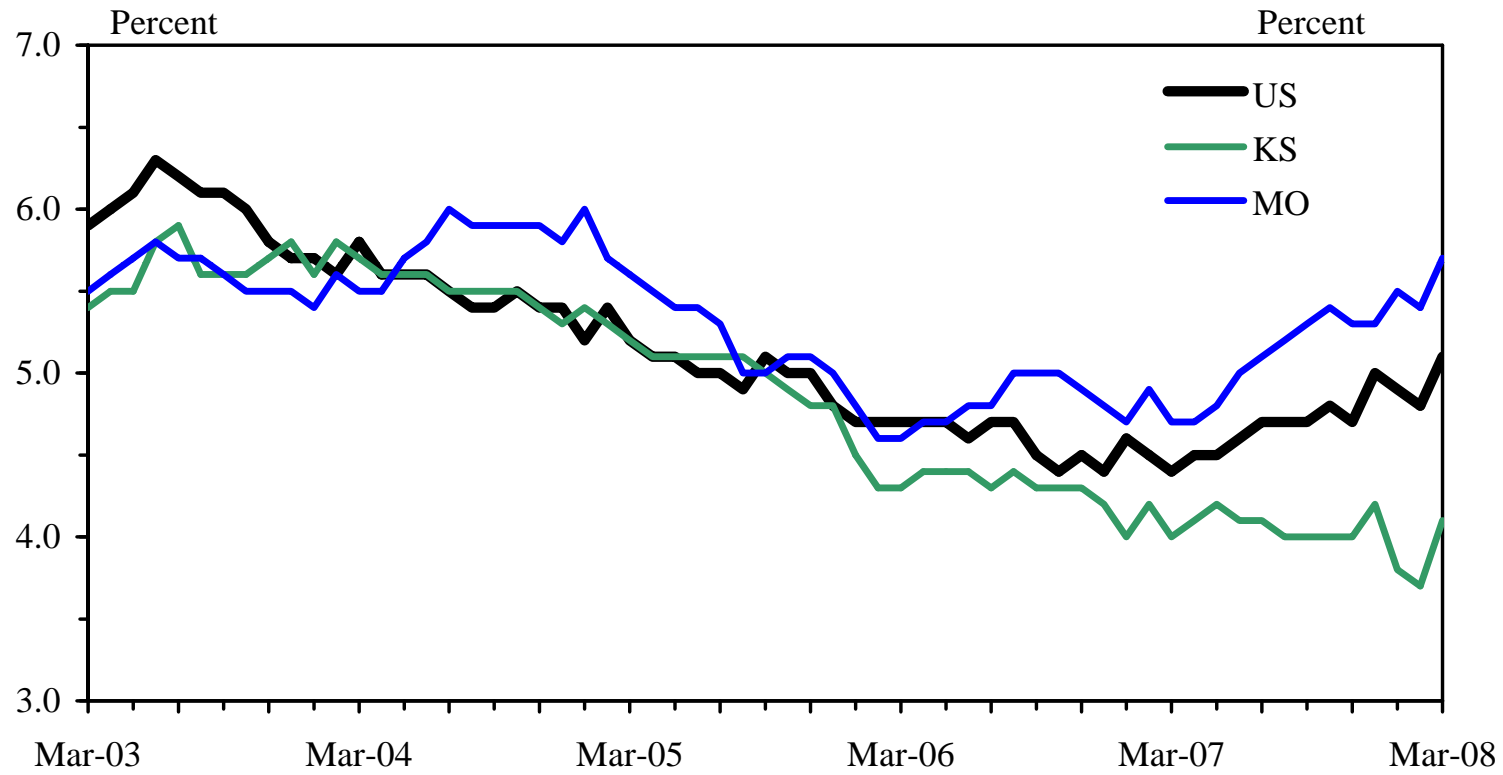
Source: Bureau of Labor Statistics

Latest release: 04/18/08



# Unemployment Rate

Seasonally Adjusted



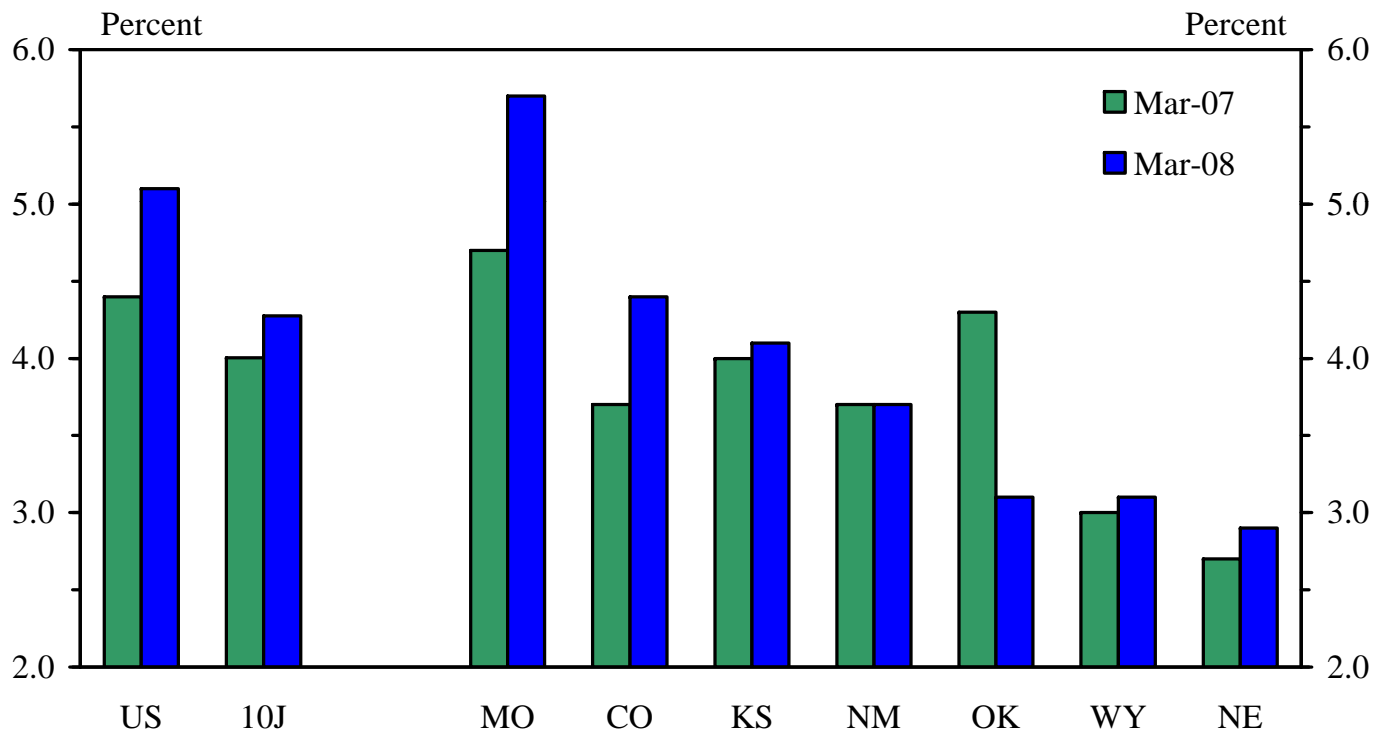
Source: Bureau of Labor Statistics

Latest release: 04/18/08



# Unemployment Rate by State

Seasonally Adjusted



Source: Bureau of Labor Statistics

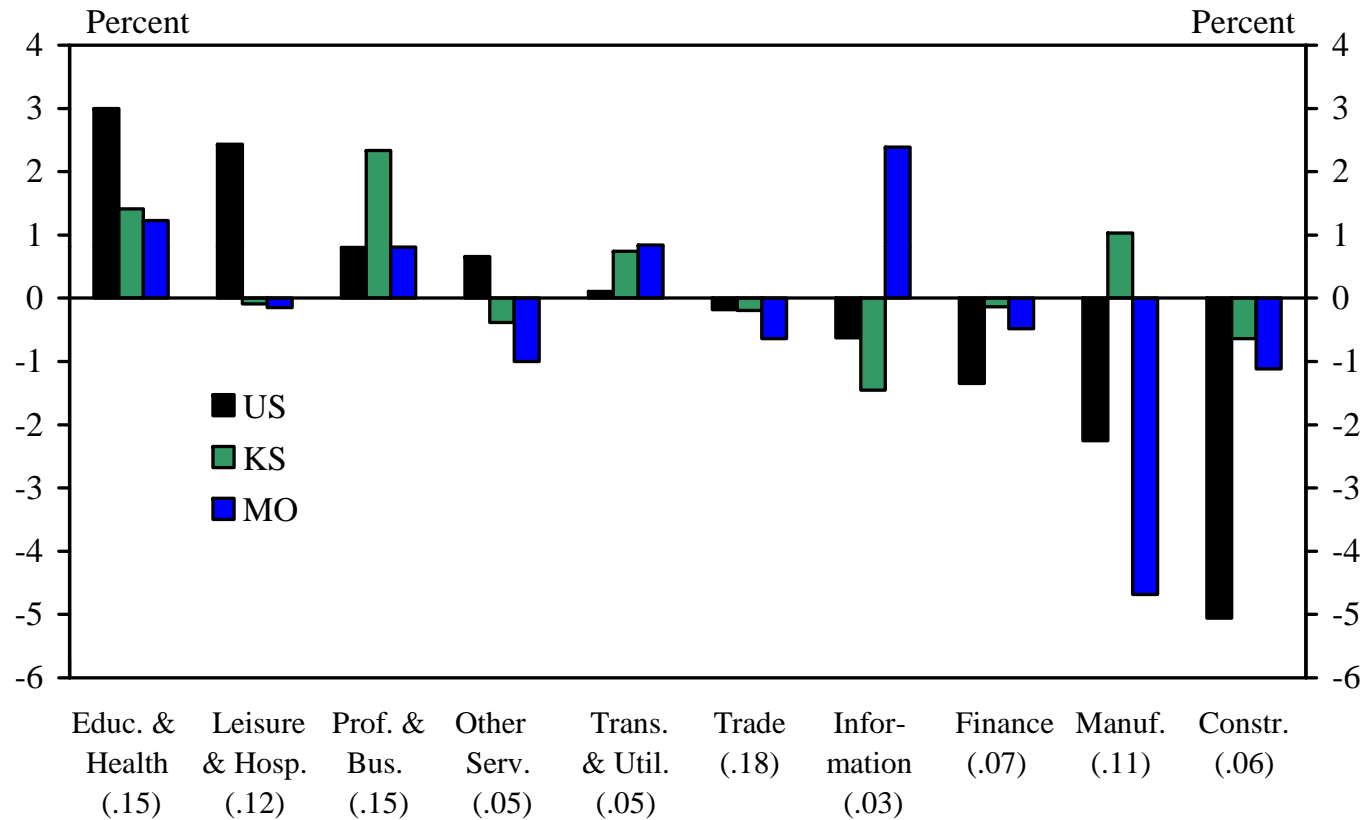
Latest release: 04/18/08





# Private Job Growth by Industry

Mar. 2008 over Mar. 2007



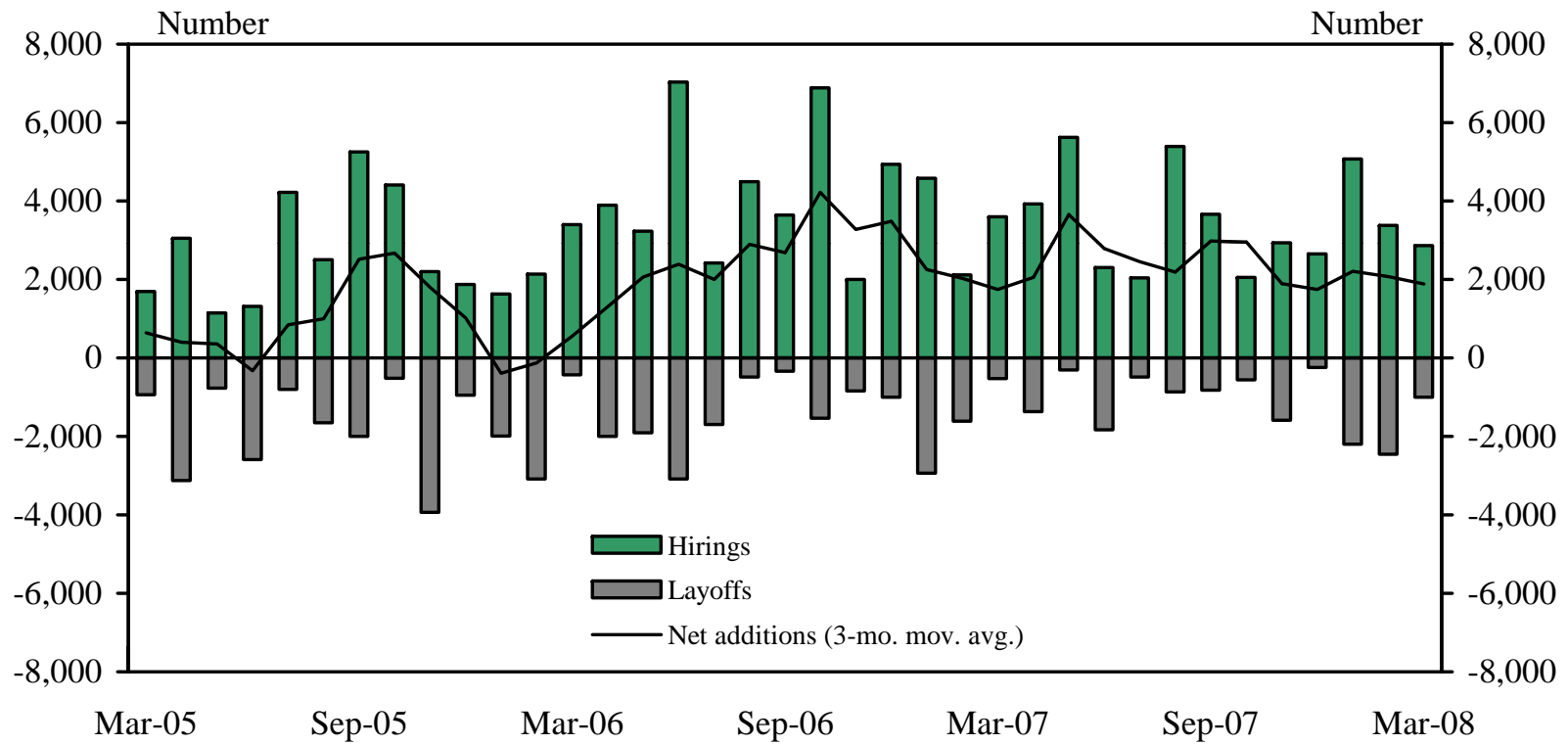
Source: Bureau of Labor Statistics

Latest release: 04/18/2008

Note: Number in parentheses is the industry's share of total private jobs in 10J states in Jun-07



# District Hiring and Layoff Announcements



Source: District newspapers

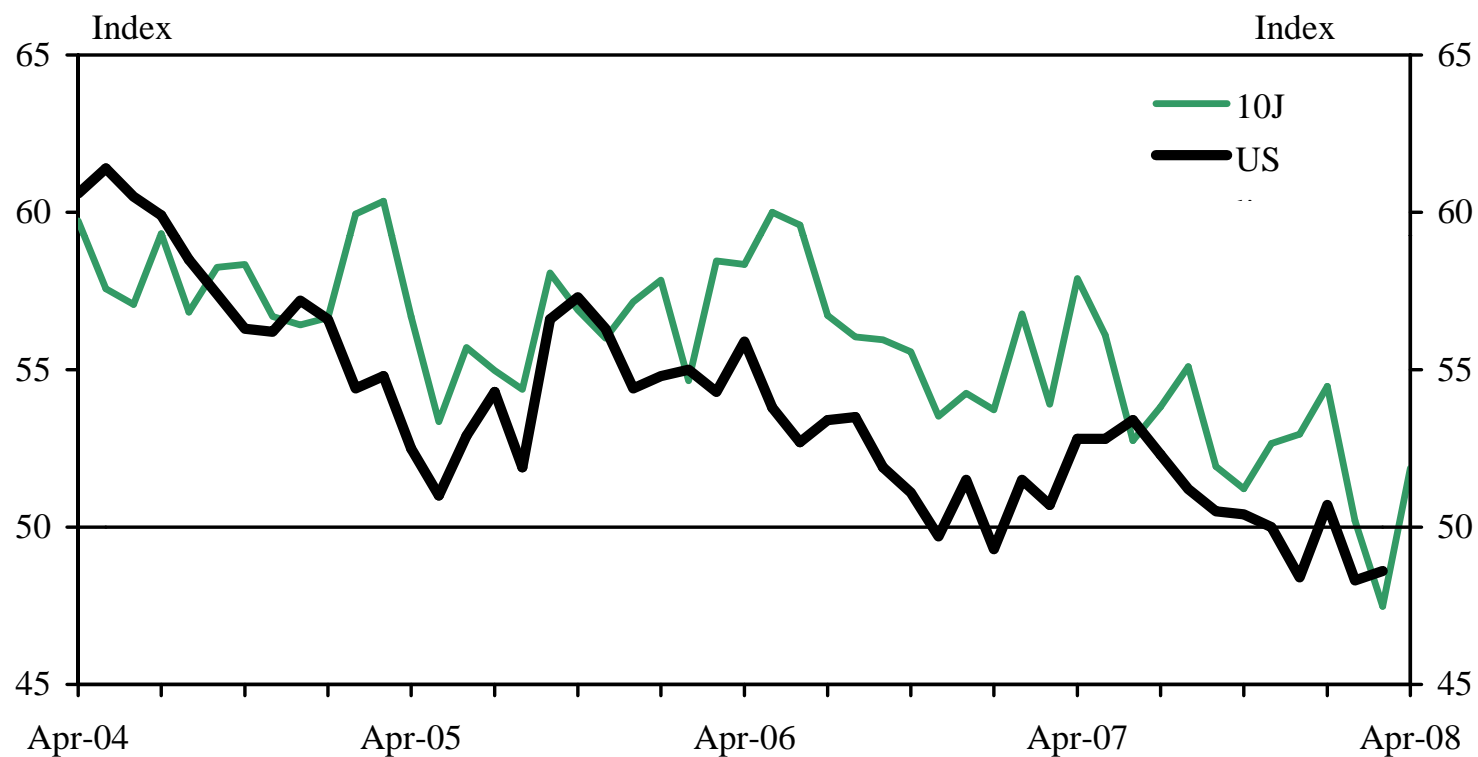


# Economic Activity



# Manufacturing Activity

Month-Over-Month PMI Indexes (Seasonally Adjusted)



Note: 10J index is computed on ISM basis (50 = zero change)

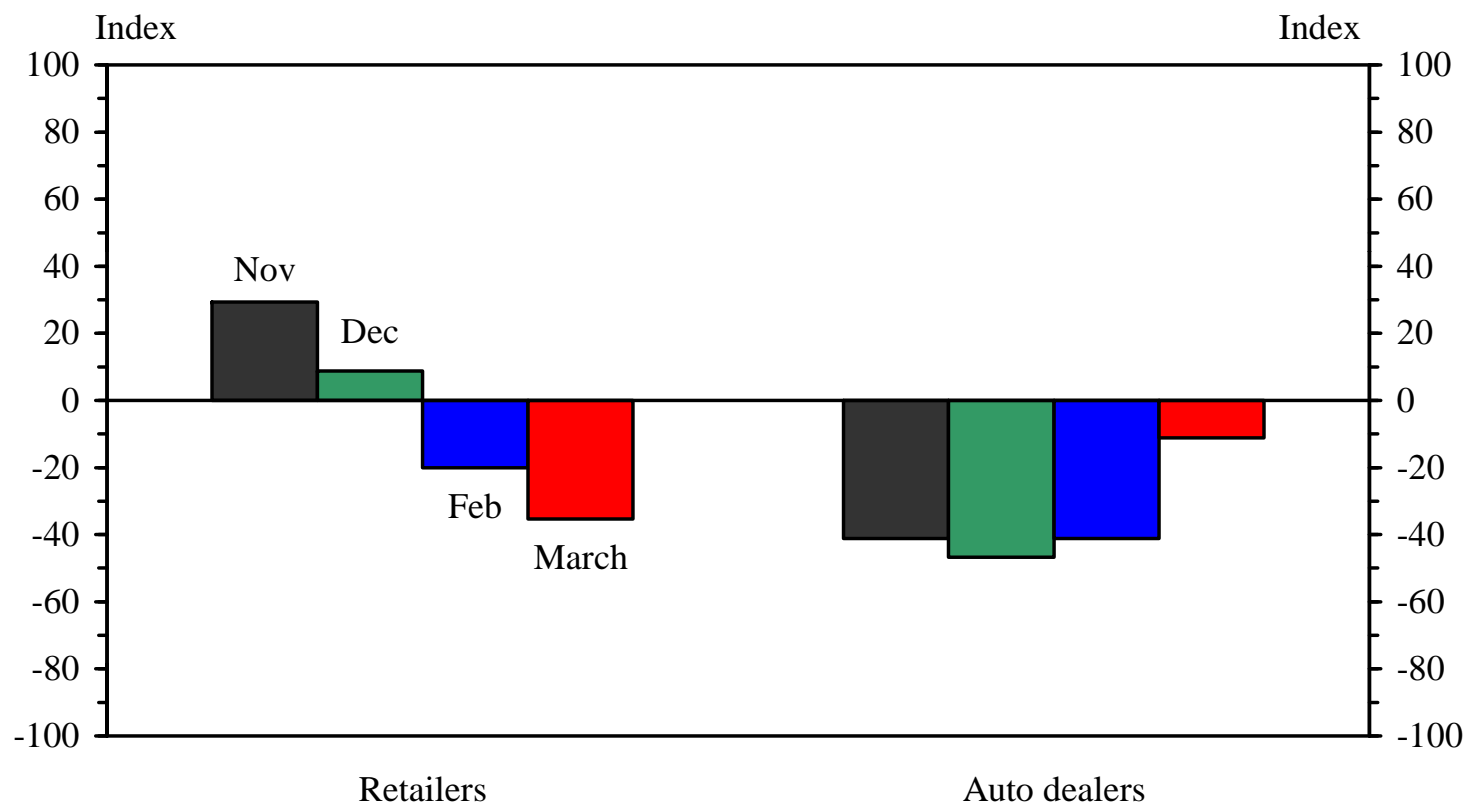
Sources: ISM, FRBKC Manufacturing Survey

Latest release: 04/24/2008 for the Manufacturing Survey and 04/01/2008 for ISM



# Retail Sales

Year-Over-Year Diffusion Indexes for Sales



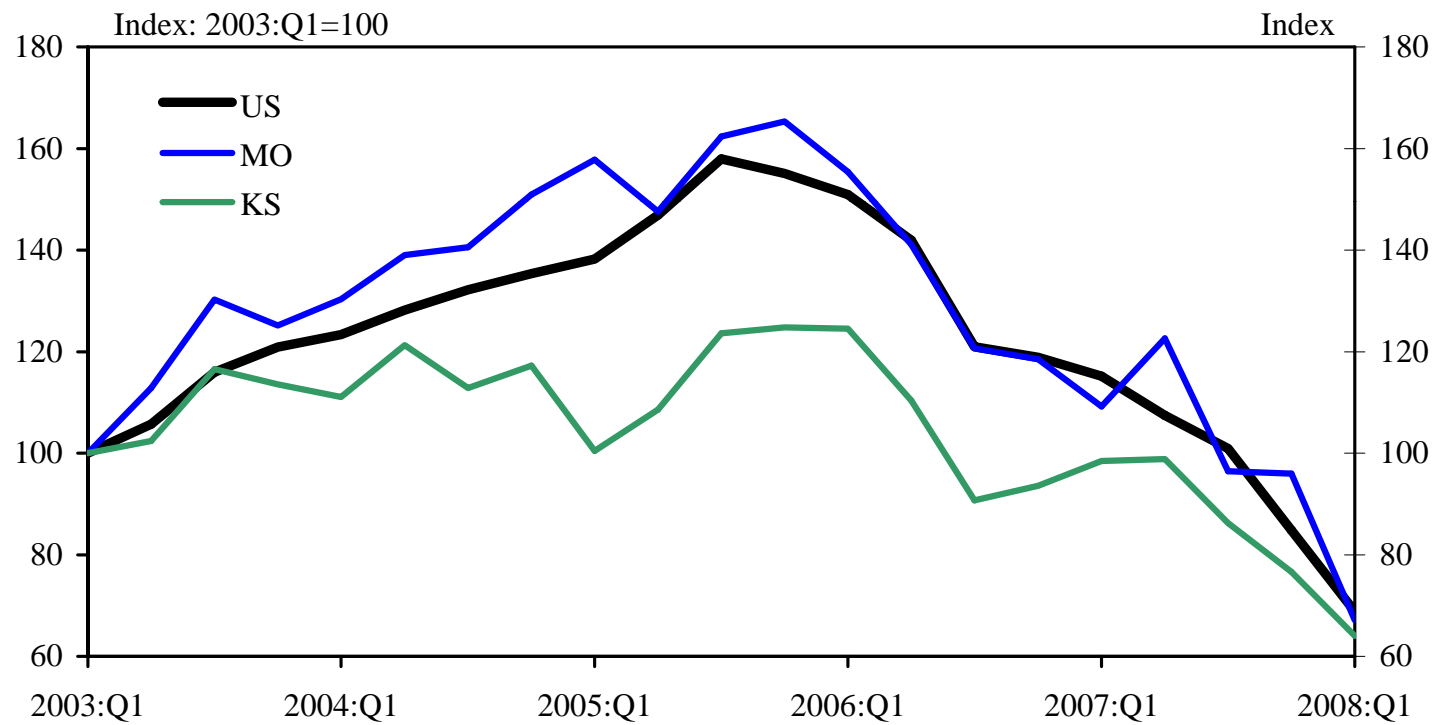
Source: FRBKC Beige Book Survey

Latest release: 04/02/2008



# Value of Residential Construction Contracts

Seasonally Adjusted



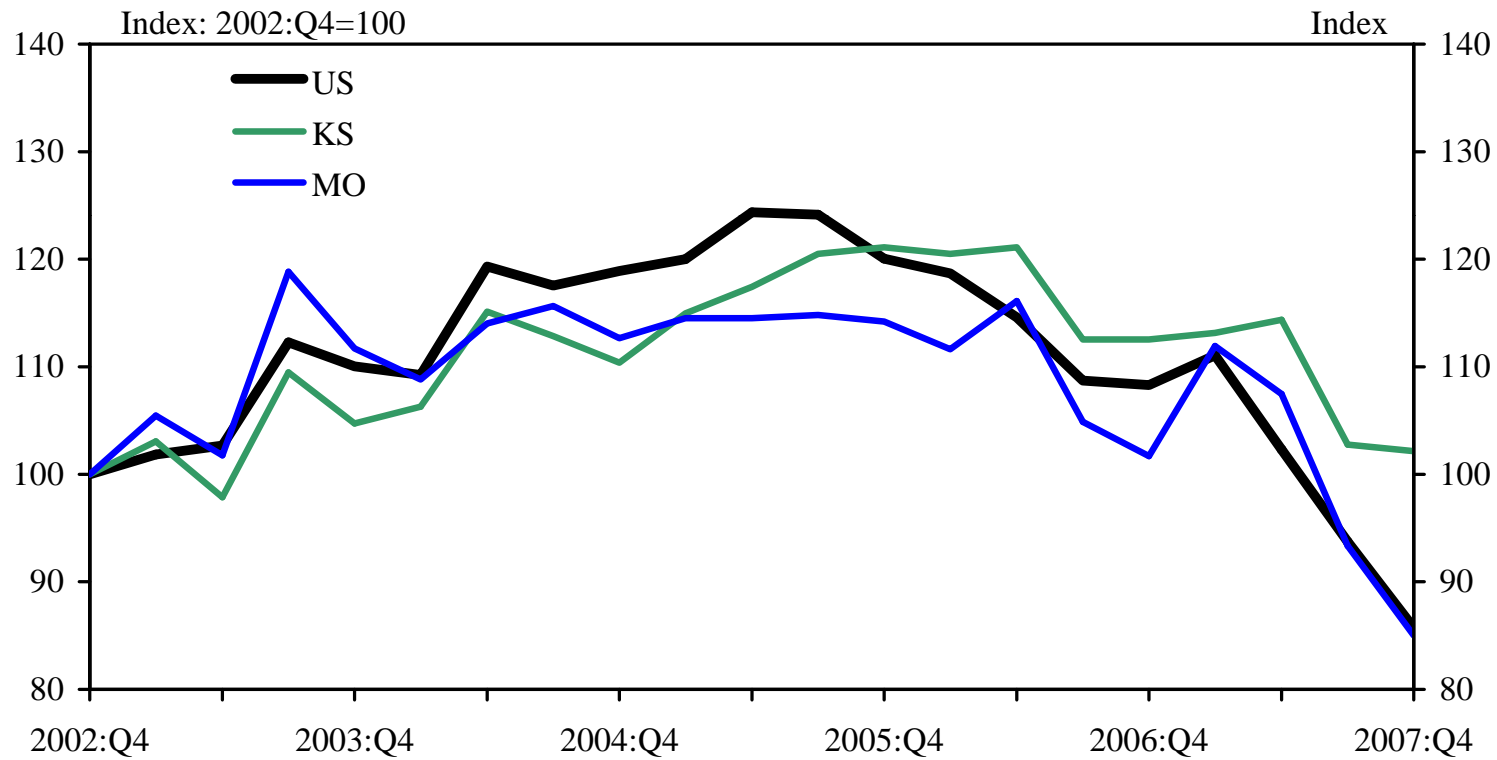
Source: F.W. Dodge, Inc.

Latest release: 04/15/2008



# Sales of Existing Homes

Seasonally Adjusted



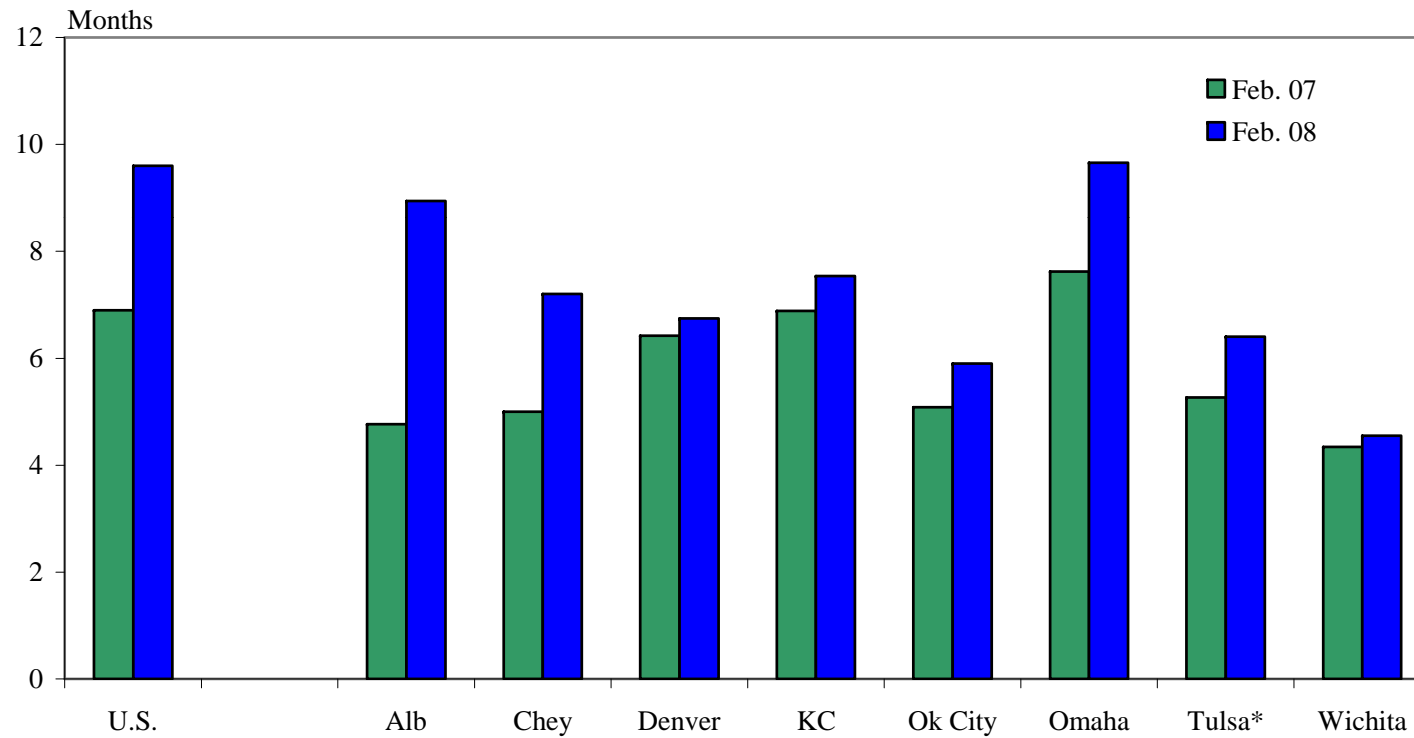
Source: National Association of Realtors

Latest release: 02/14/2008



# Months Supply of Unsold Homes

Seasonally adjusted



Source: Residential Realtor Reports; National Association of Realtors

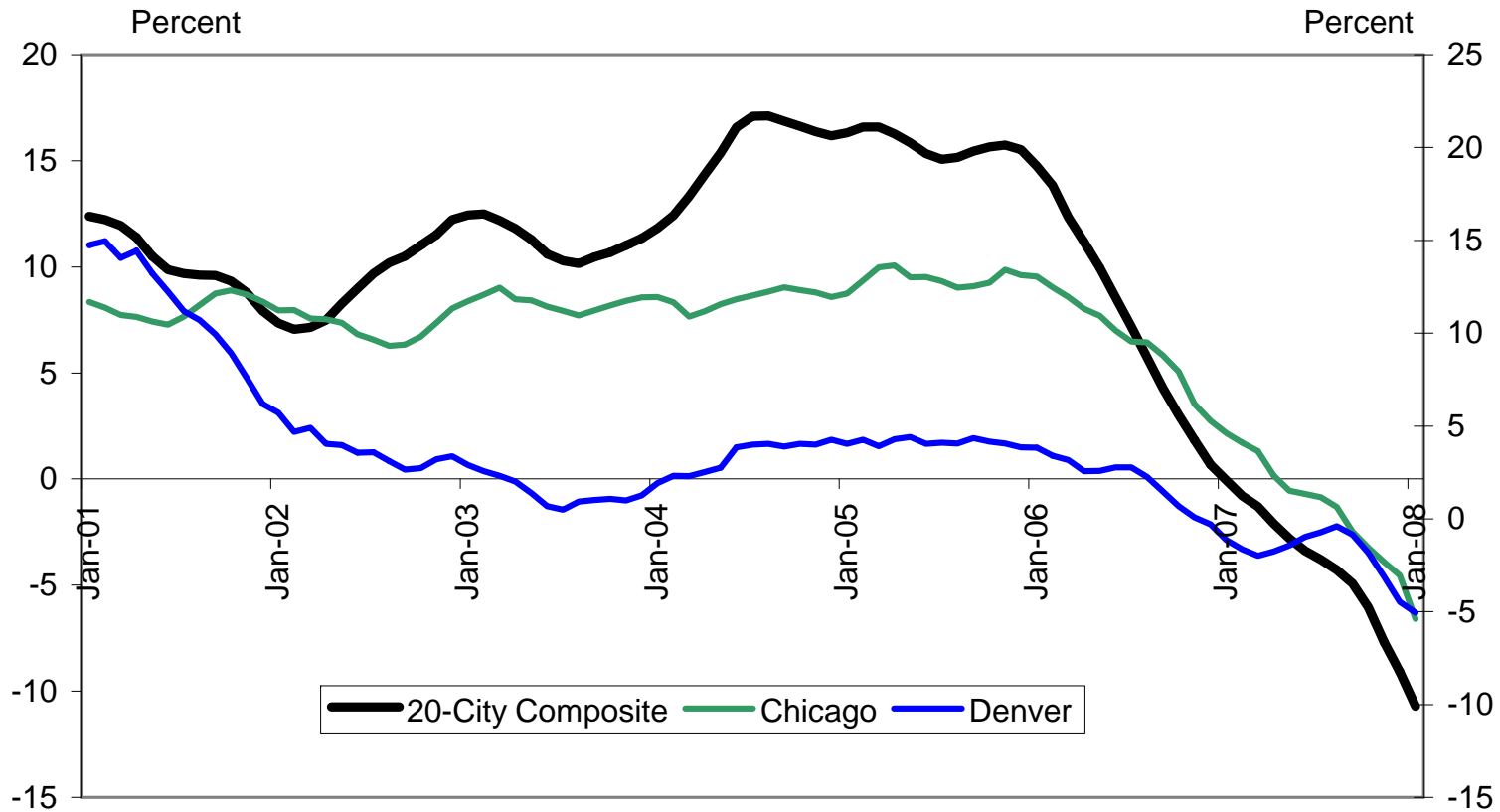
\*The latest report for Tulsa is Jan. 2008.





# Case-Shiller Home Prices

Year-Over-Year Growth



Source: S&P



# Home Price Appreciation in KS & MO

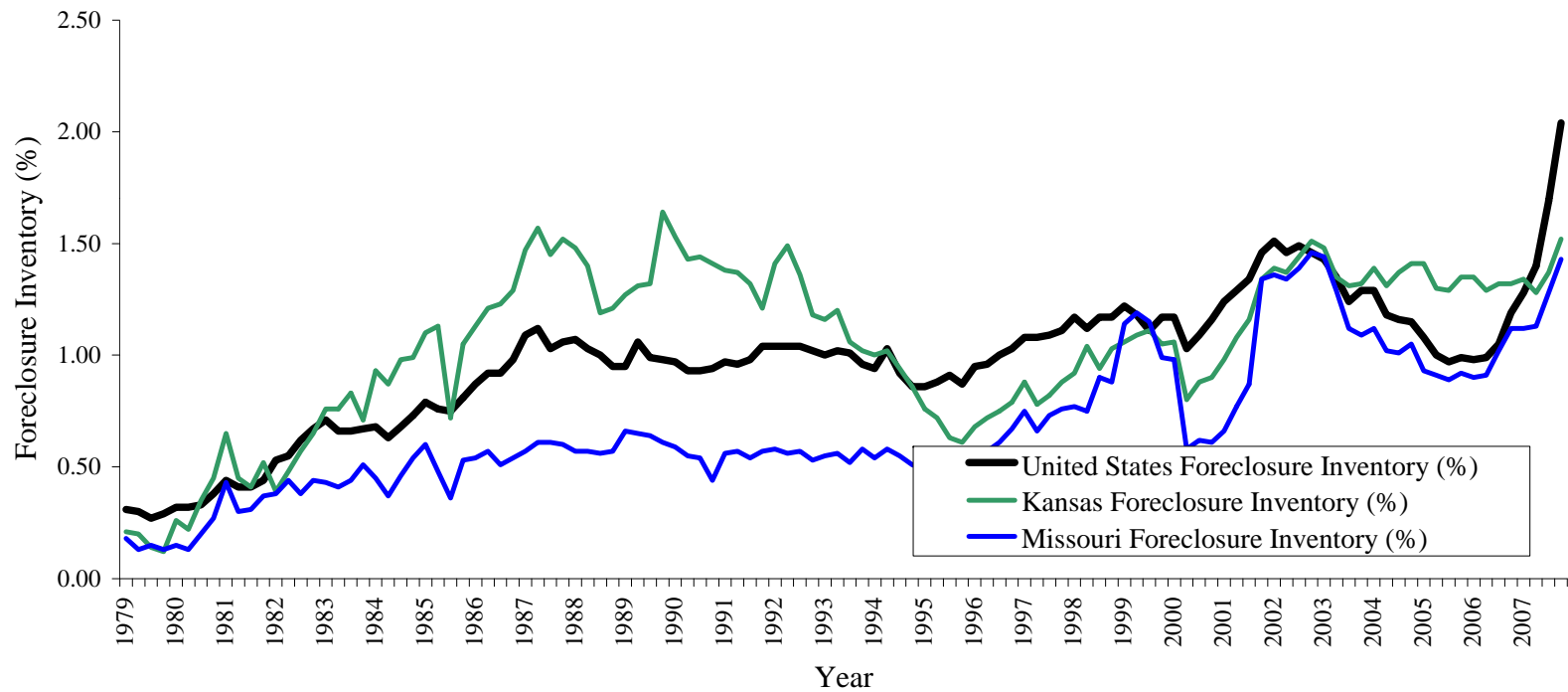
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	OFHEO <sup>1</sup> Q4 2006 to Q4 2007	National Association of Realtors <sup>2</sup> Q4 2006 to Q4 2007
U.S.	0.84%	-5.80%
Columbia, MO	-0.72%	--
Jefferson City, MO	2.18%	--
Joplin, MO	2.77%	--
Kansas City, KS-MO	0.81%	-3.20%
Springfield, MO	3.10%	0.90%
St. Louis, MO-IL	2.56%	-7.00%
Topeka, KS	3.17%	1.11%
Wichita, KS	4.17%	0.40%

1. Repeat-Sales Index (quality-adjusted)
2. Median Sales Price (not quality-adjusted)



# Foreclosure Inventory

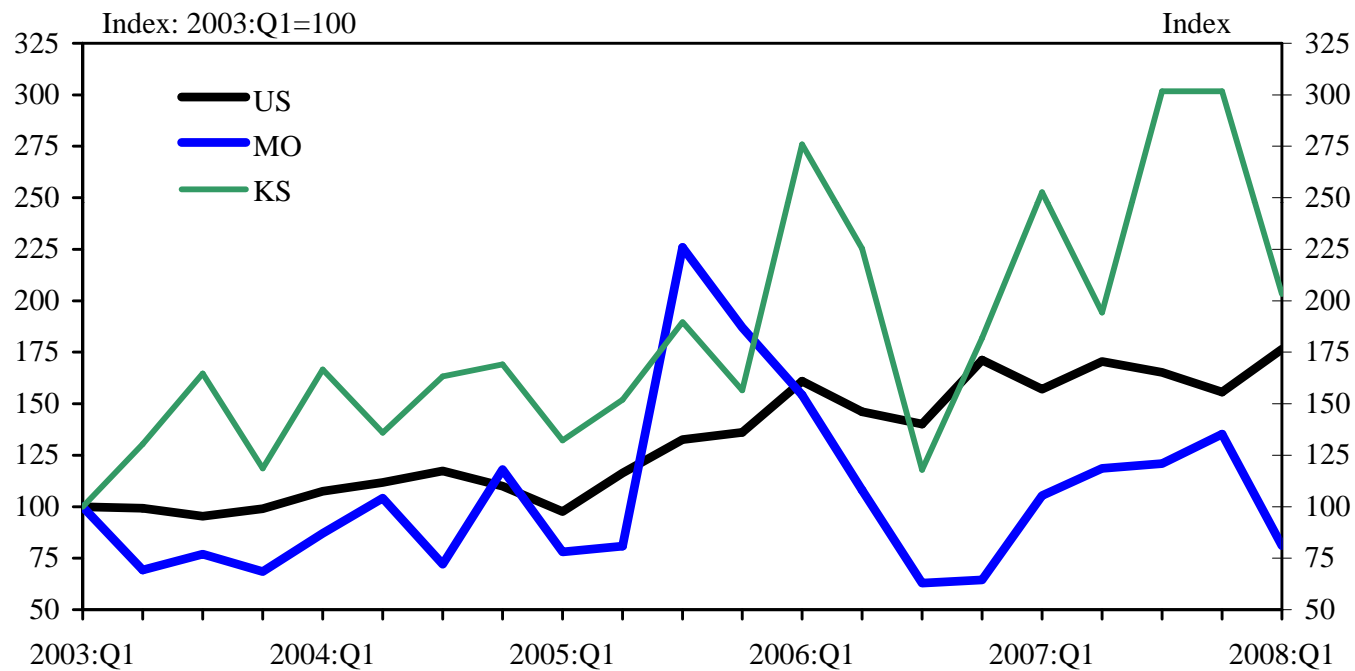


Source: Mortgage Bankers Association



# Value of Commercial Construction Contracts

Seasonally Adjusted



Source: F.W. Dodge, Inc.

Latest release: 04/15/2008

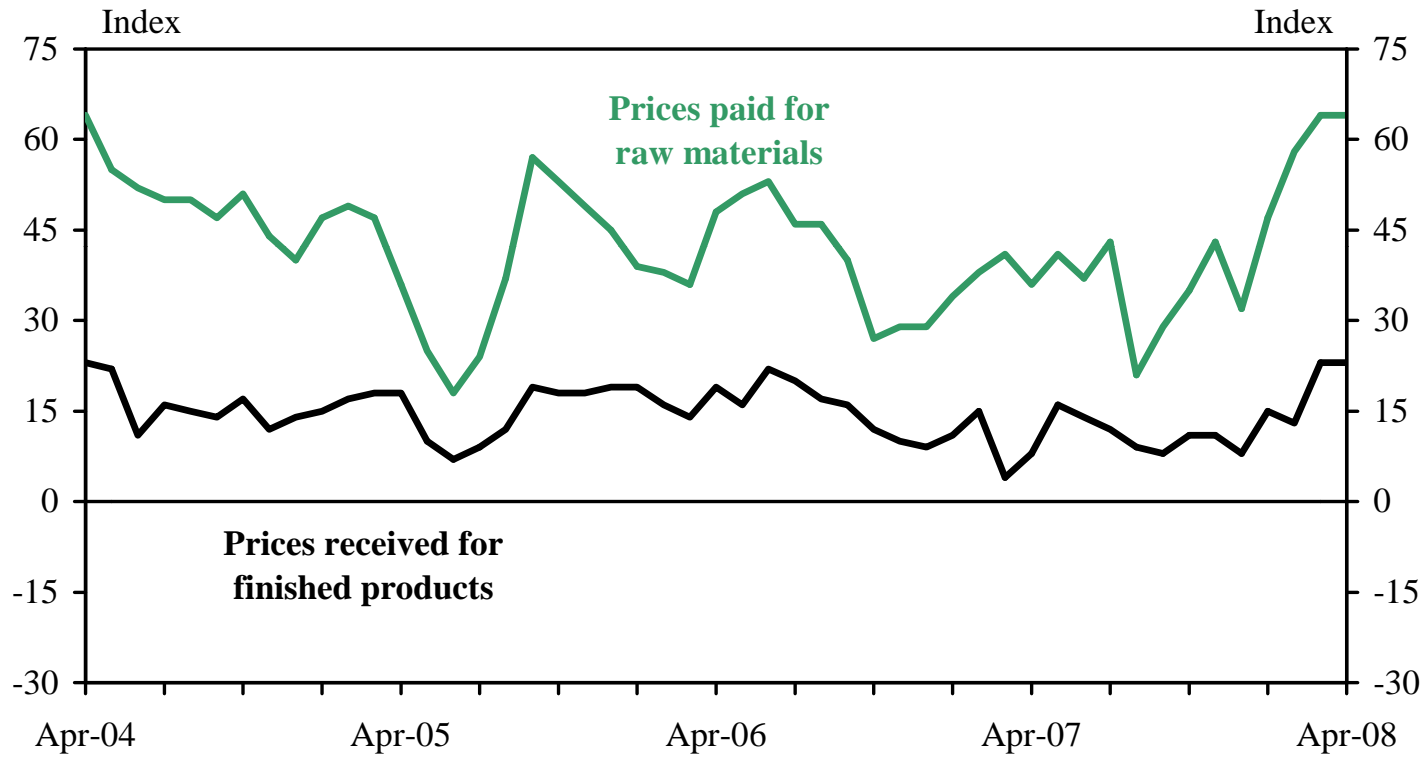


# Prices



# Manufacturing Price Pressures

## Month-Over-Month Price Diffusion Index for Tenth District

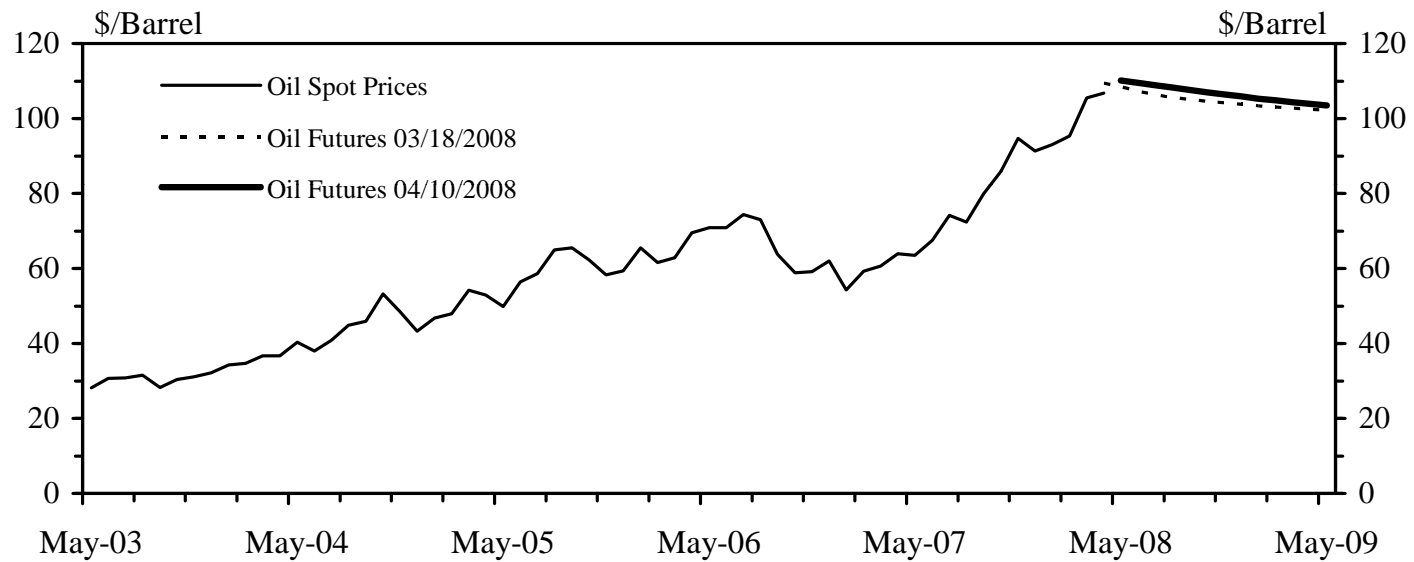


Source: FRBKC Manufacturing Survey

Latest release: 04/24/2008



# Oil Prices

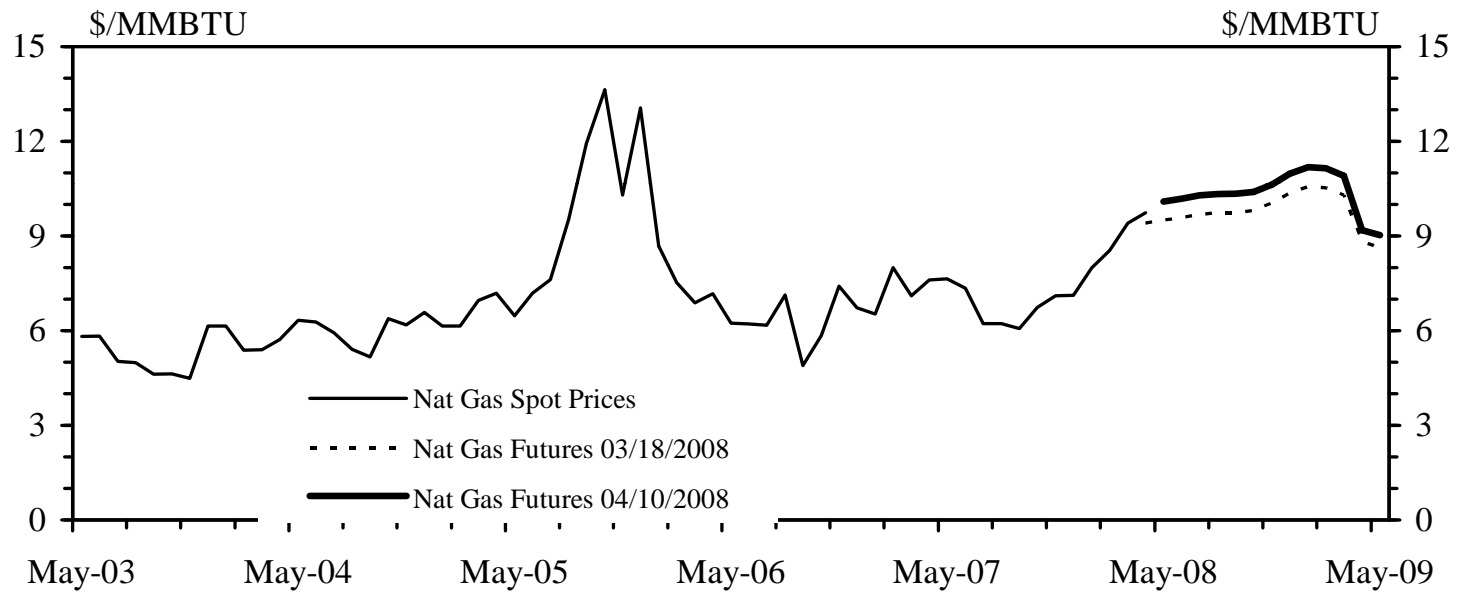


Source: Bloomberg Energy Services

Latest release: 04/11/2008



# Natural Gas Prices



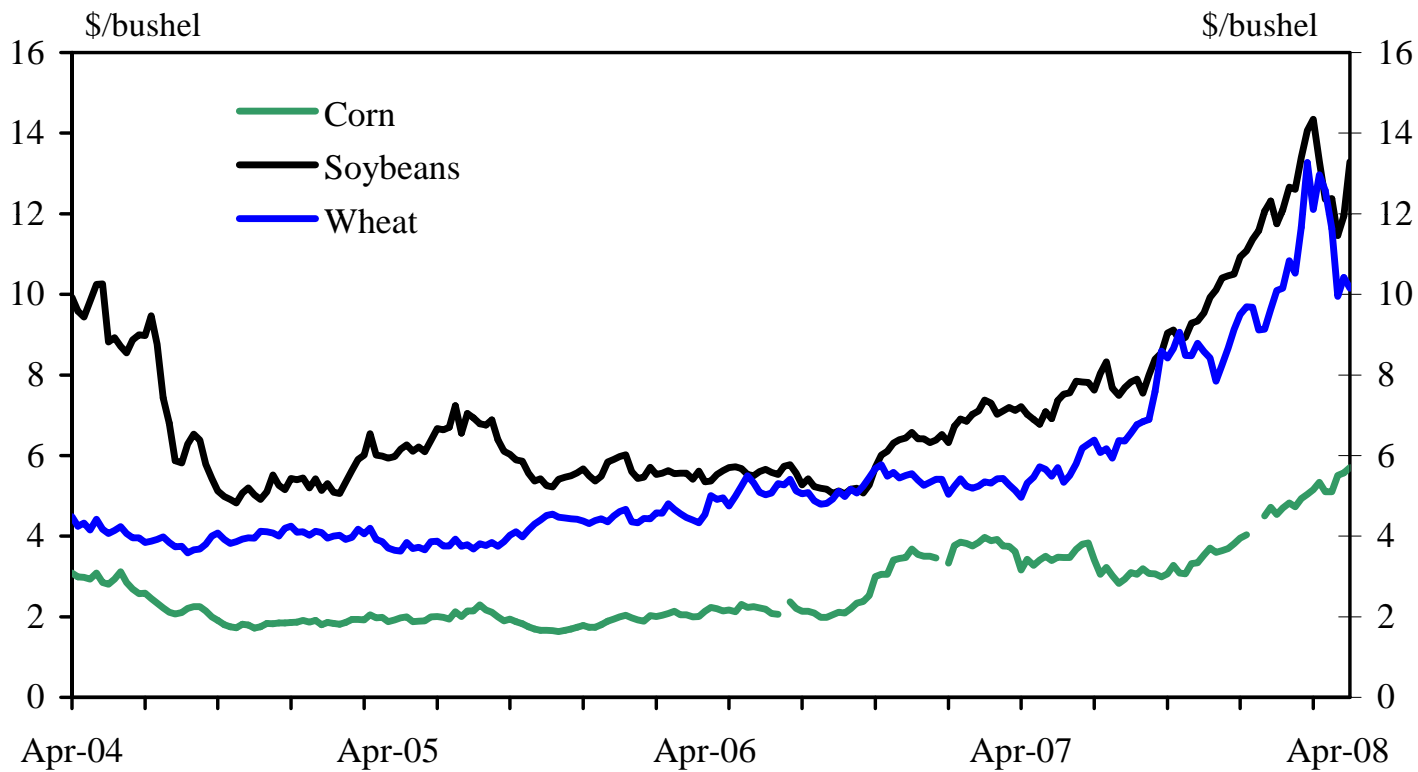
Source: Bloomberg Energy Services

Latest release: 04/11/2008





# U.S. Crop Prices



Source: Wall Street Journal

Latest Release: 04/15/2008



# Conclusions

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- ❑ Employment growth has weakened & unemployment rates have edged upward. However, unemployment rates remain at moderate levels by historic standards.
- ❑ Manufacturing growth has slowed.
- ❑ Inflation pressures are elevated, but are expected to lessen as the economy slows and food & energy prices flatten.
- ❑ Consumer confidence is starting to fall as prices rise, credit tightens, home prices fall and the national outlook worsens.
- ❑ Consumer confidence will be a key determinant to the health of our district economy going forward.





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# Questions?

