

Can the Tenth District Survive the Asian Flu?

Russell Lamb

Senior Economist

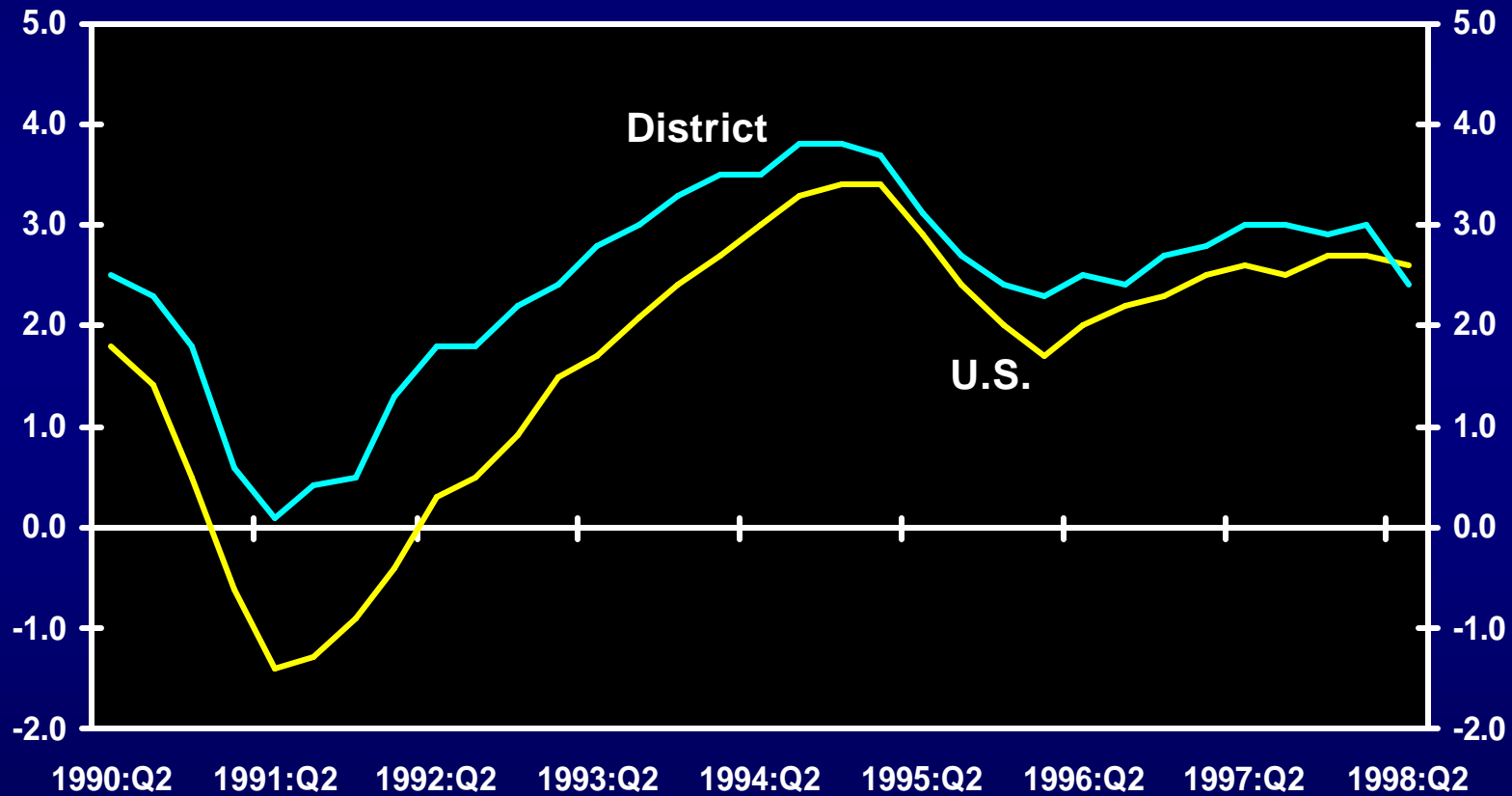
Federal Reserve Bank of Kansas City

Can the Tenth District Survive the Asian Flu?

- **Tenth District growth remains strong...**

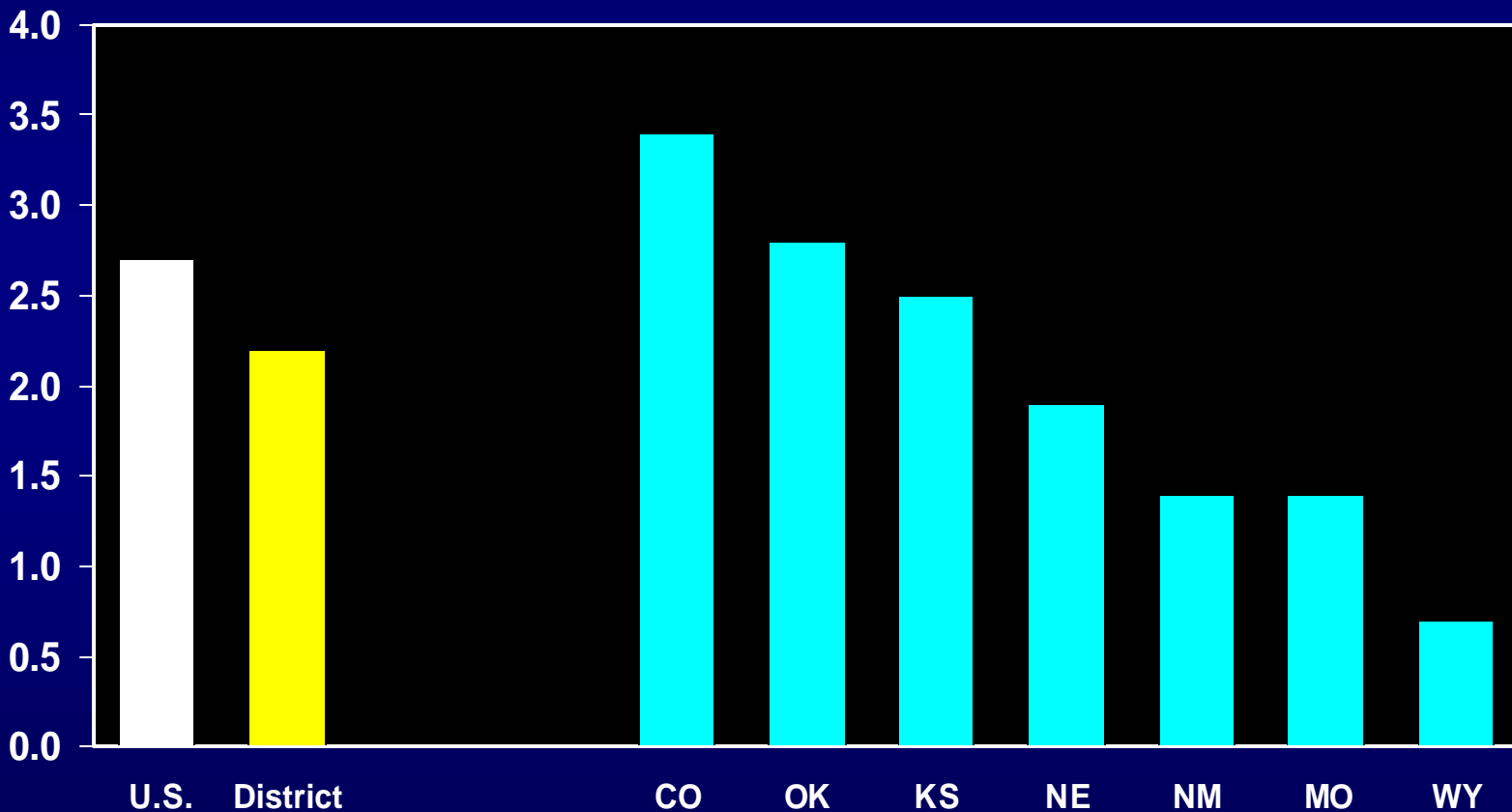
Total Employment

Percent change from a year ago



Total Employment Growth

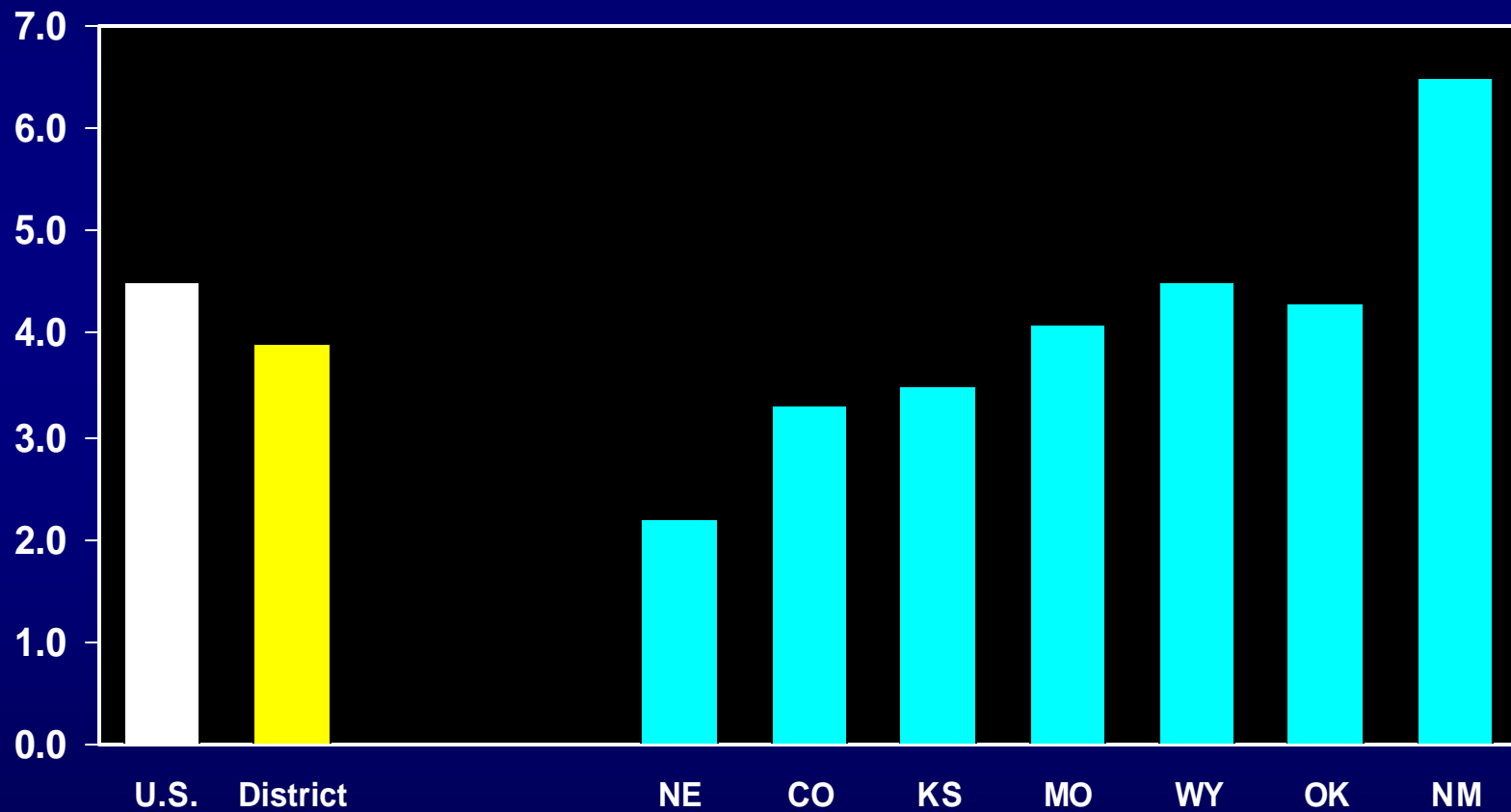
Percent change from August, 1997 to August, 1998



Unemployment Rate

August, 1998

Percent



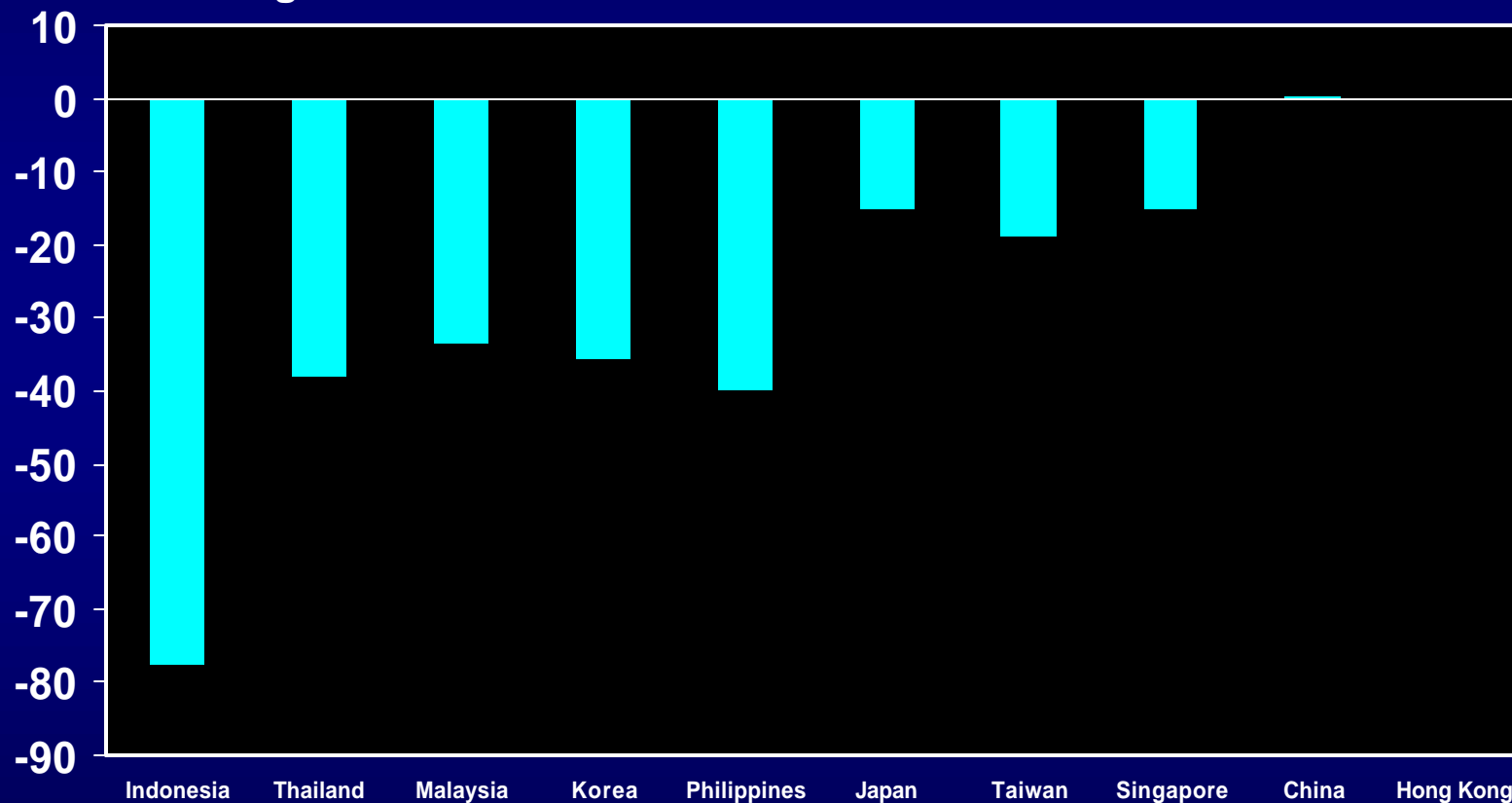
Can the Tenth District Survive the Asian Flu?

- **Tenth District growth remains strong...**
- **But the Asian financial mess is a threat.**

Depreciation in Asian Exchange Rates

July 1, 1997 to Oct. 1, 1998

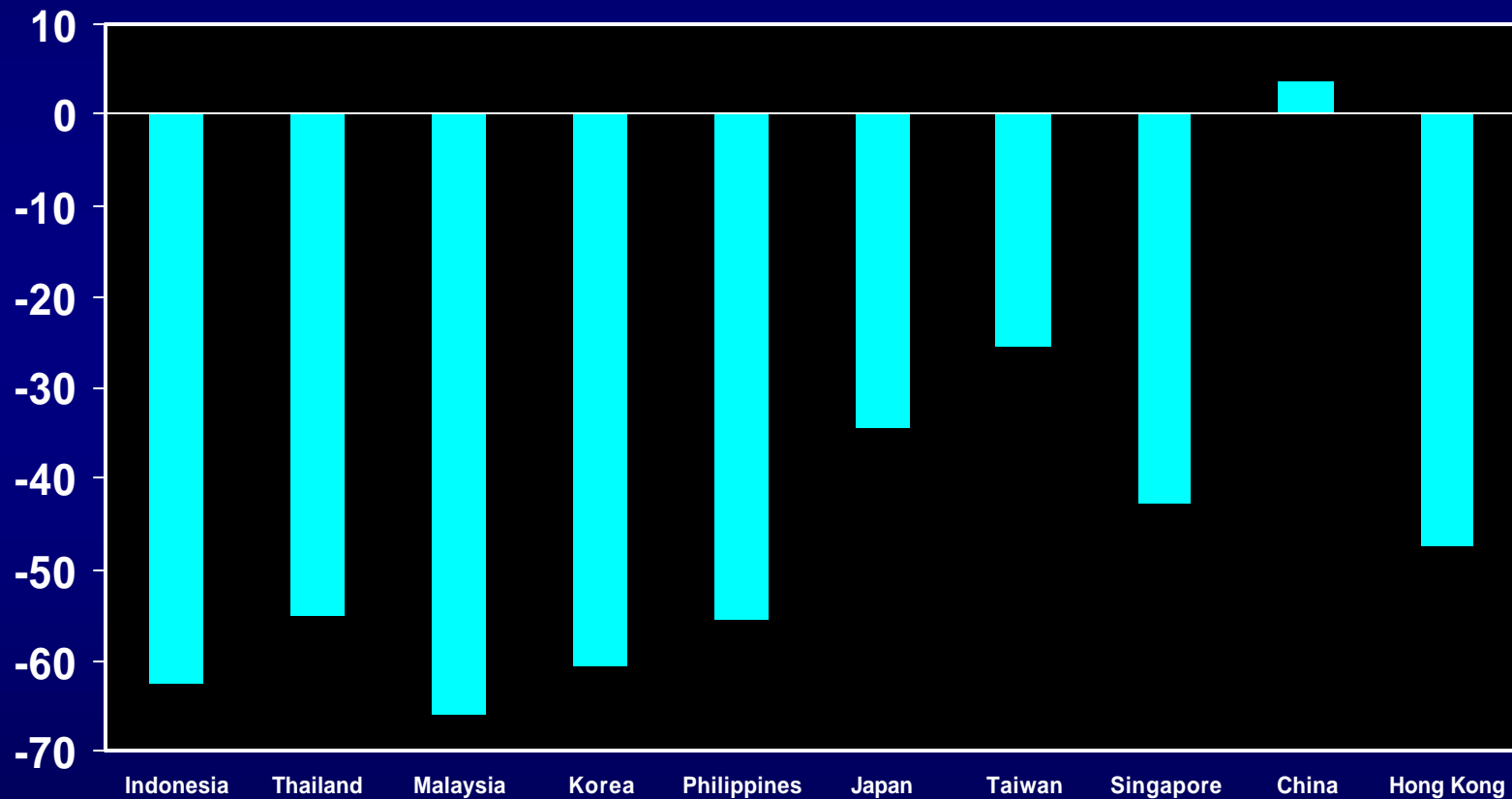
Percent change



Decline in Asian Stock Indices

July 1, 1997 to Oct.1, 1998

Percent change



The Asian Financial Mess Is A Threat.

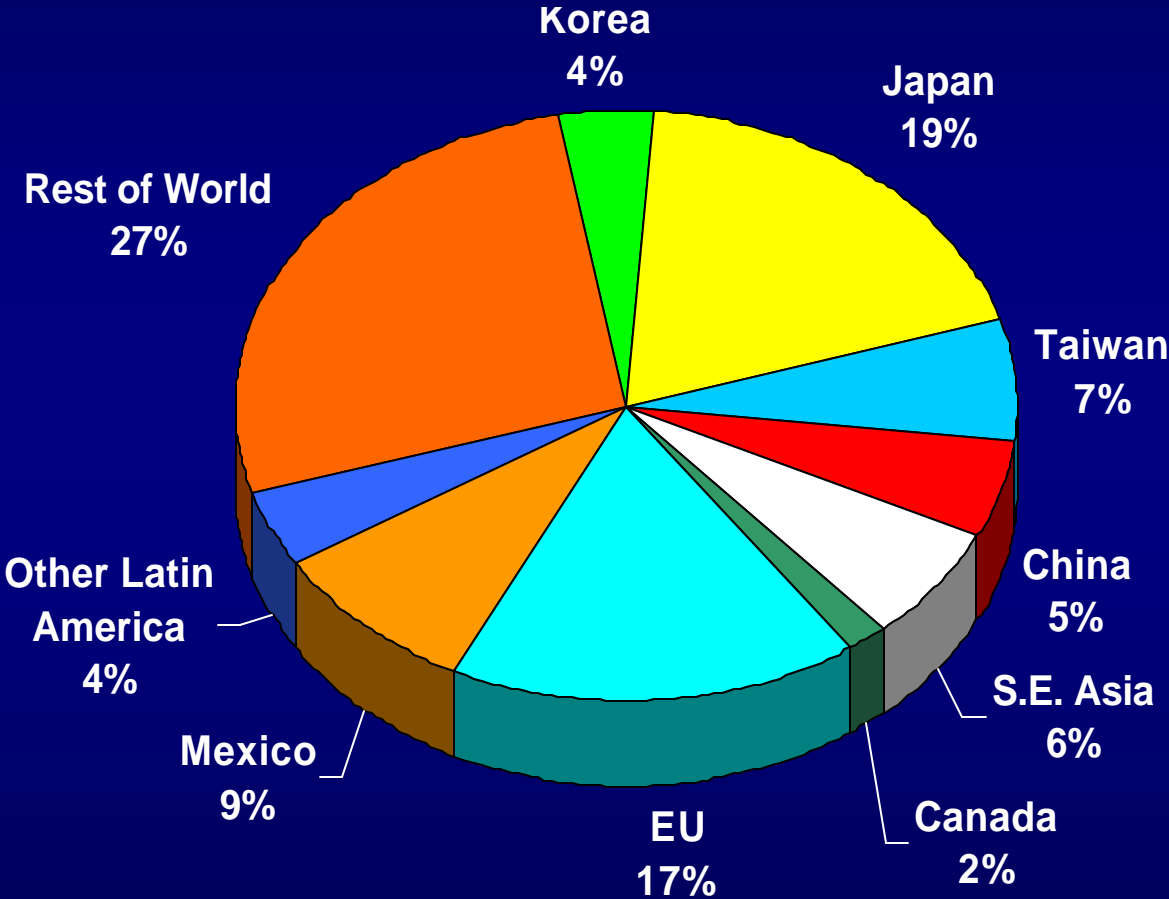
- **Tenth District agriculture has been hurt.**

Tenth District Agriculture Has Been Hurt.

- **Bulk Commodities**

Tenth District Bulk Exports

1997



District Bulk Exports = \$7.2 billion

U.S. Agricultural Exports

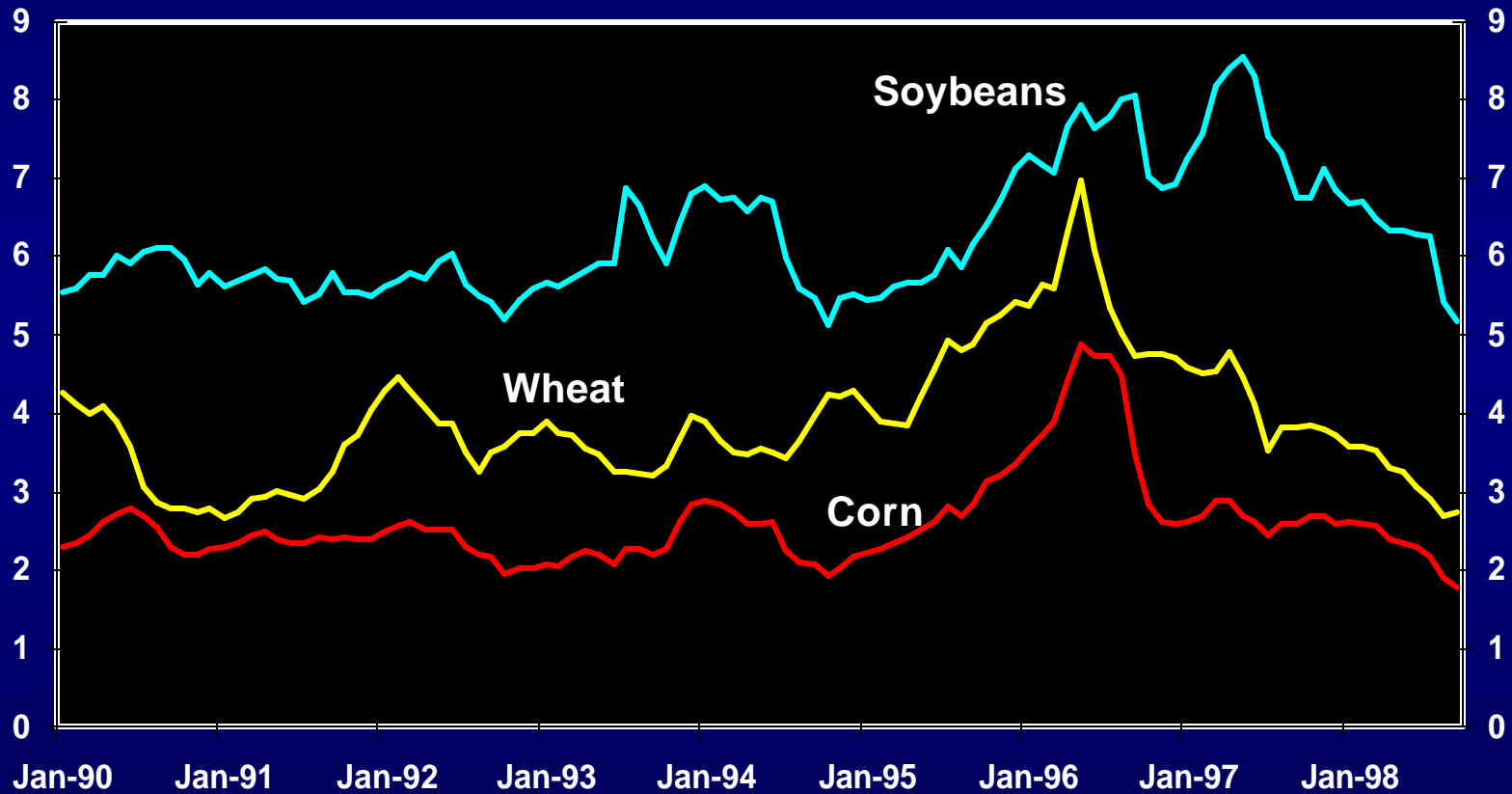
	Wheat	Red Meat ¹	Corn ²	Soybeans
Share of Production Exported	41	6	19	32
Share of Exports Shipped to:				
Asia	36	67	36	43
Japan	13	54	23	16
Korea	6	8	2	6
China	1	3	1	6
Other Asia	16	2	8	14

¹ Note: Includes beef and pork.

² Note: Export shares by country include corn and other feedgrains.

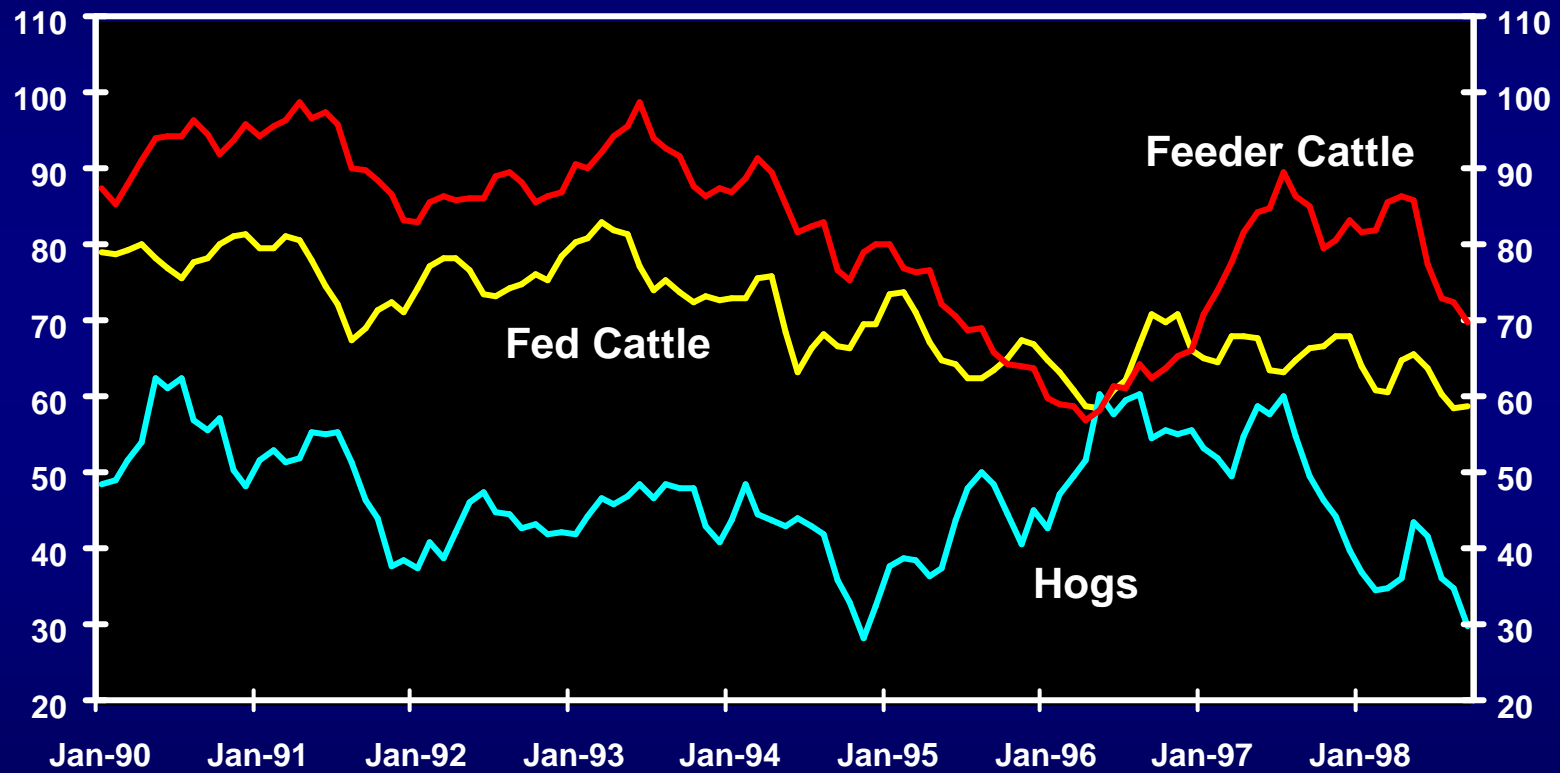
Crop Prices

Dollars per bushel



Livestock Prices

Dollars per hundredweight

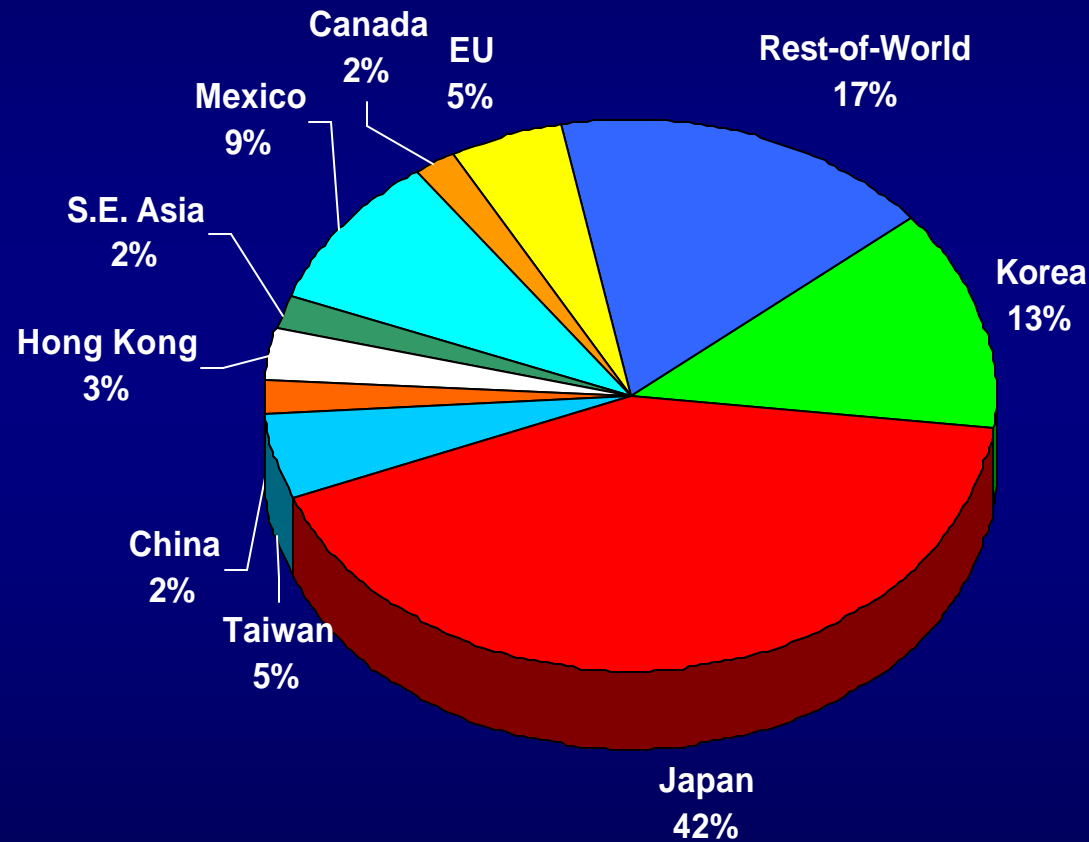


Tenth District Agriculture Has Been Hurt

- **Bulk Commodities**
- **Processed Foods**

Tenth District Processed Food Exports

1997

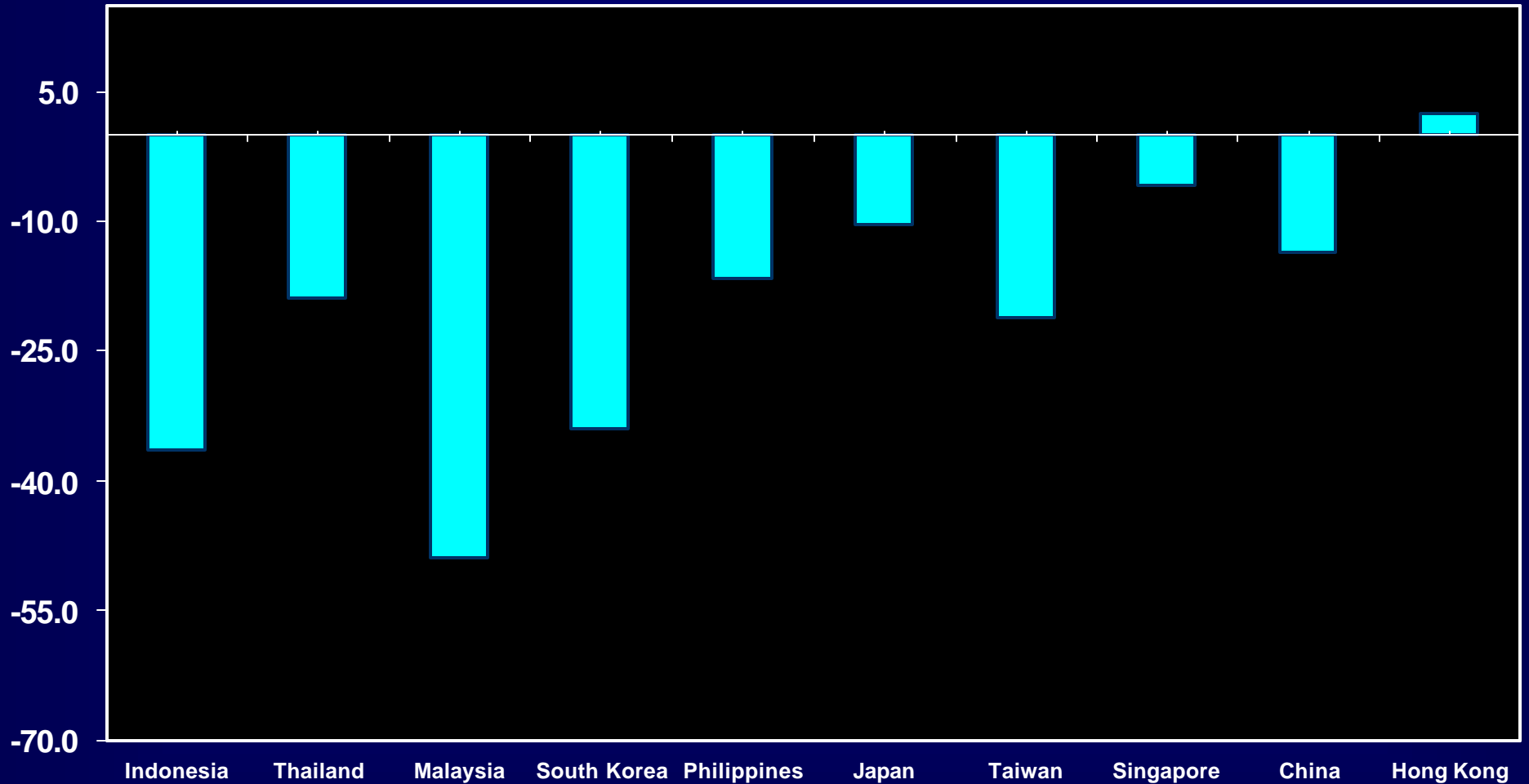


District Processed Food Exports = \$3.2 billion

Decline in U.S. Agricultural Exports to Asia

Fiscal Year-to-Date

Percent Change



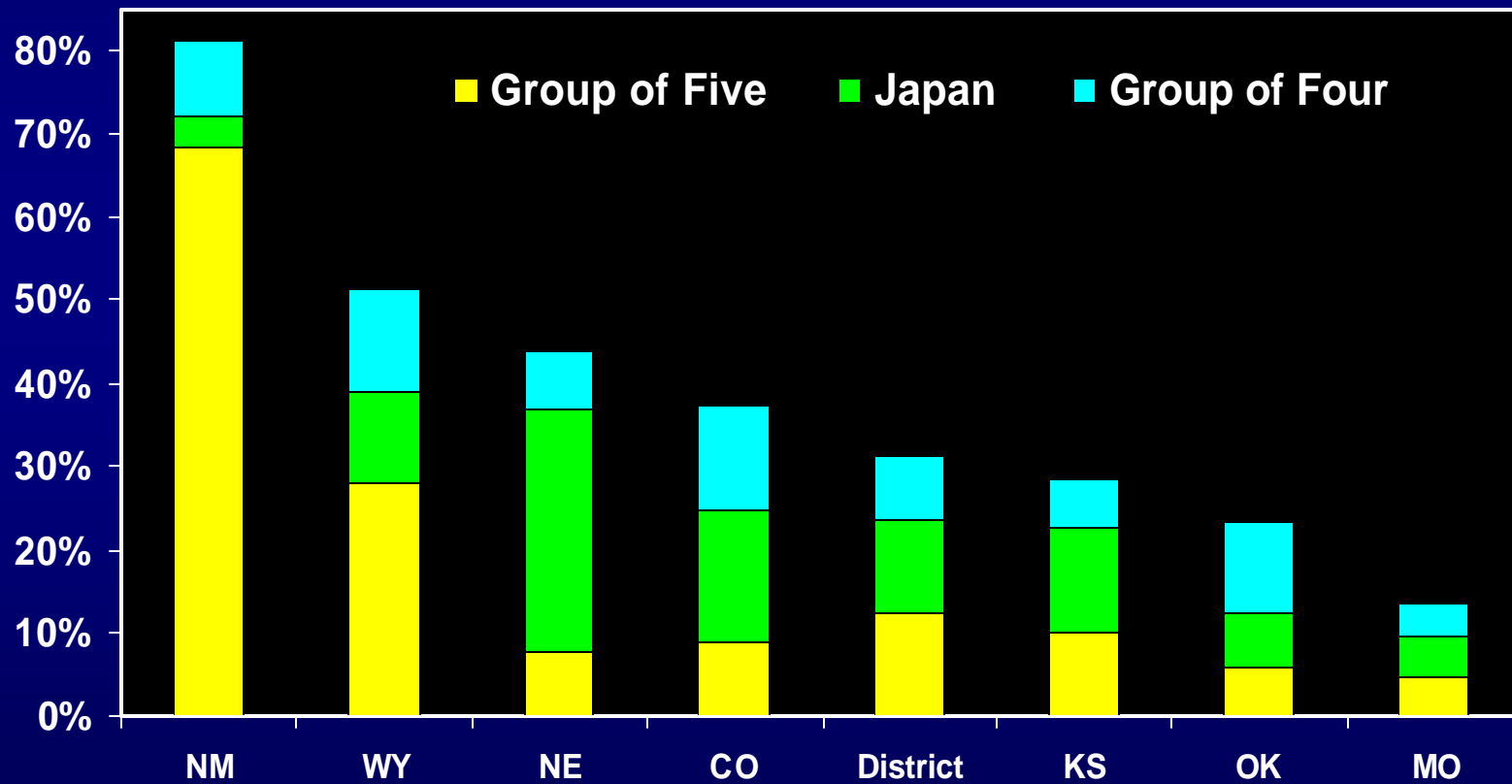
*The fiscal year is October to June

The Asian Financial Mess Is A Threat

- **District agriculture has been hurt.**
- **District manufacturers have less exposure.**

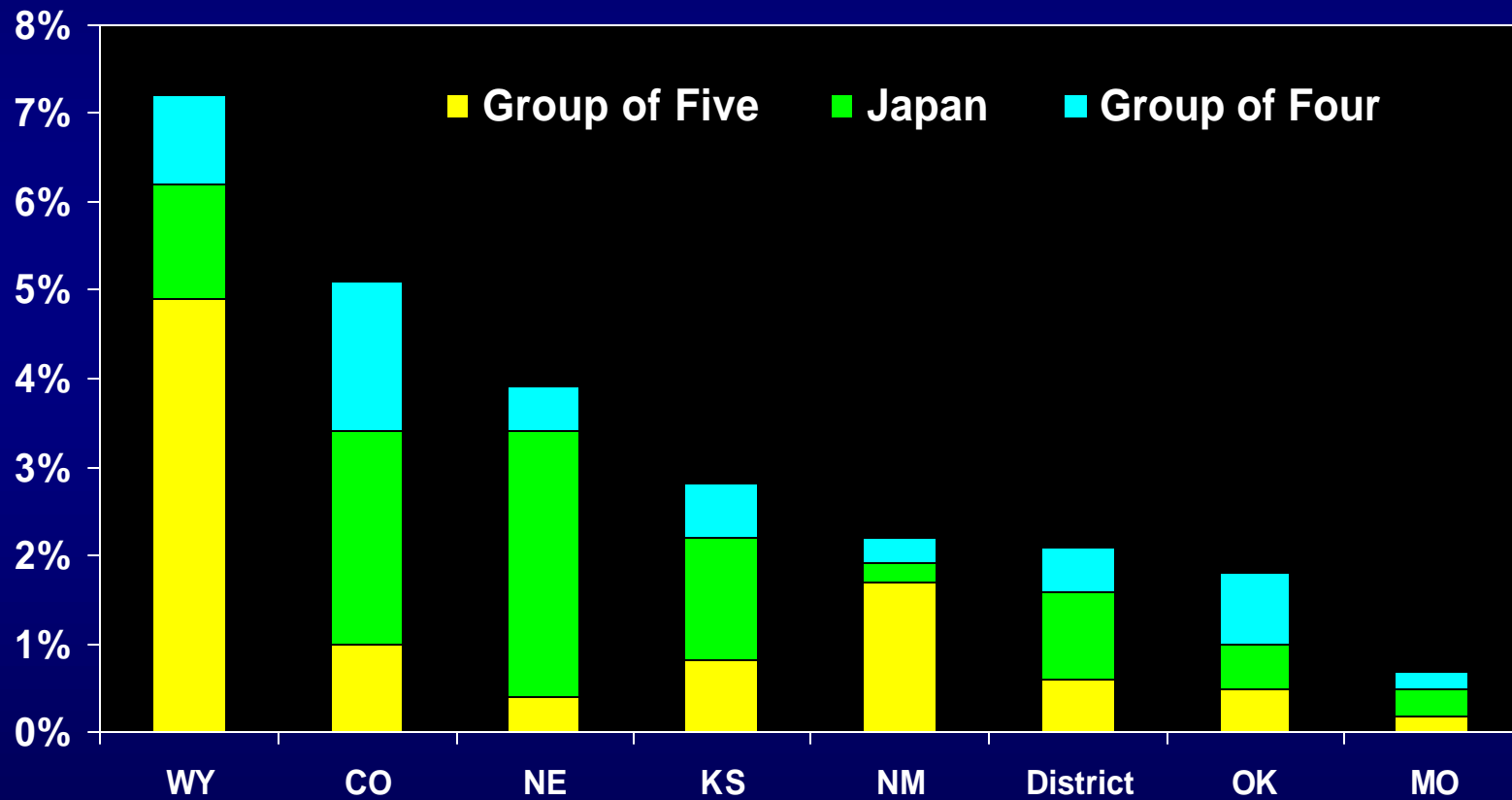
Asia's Share of Manufacturing Exports Tenth District

1997



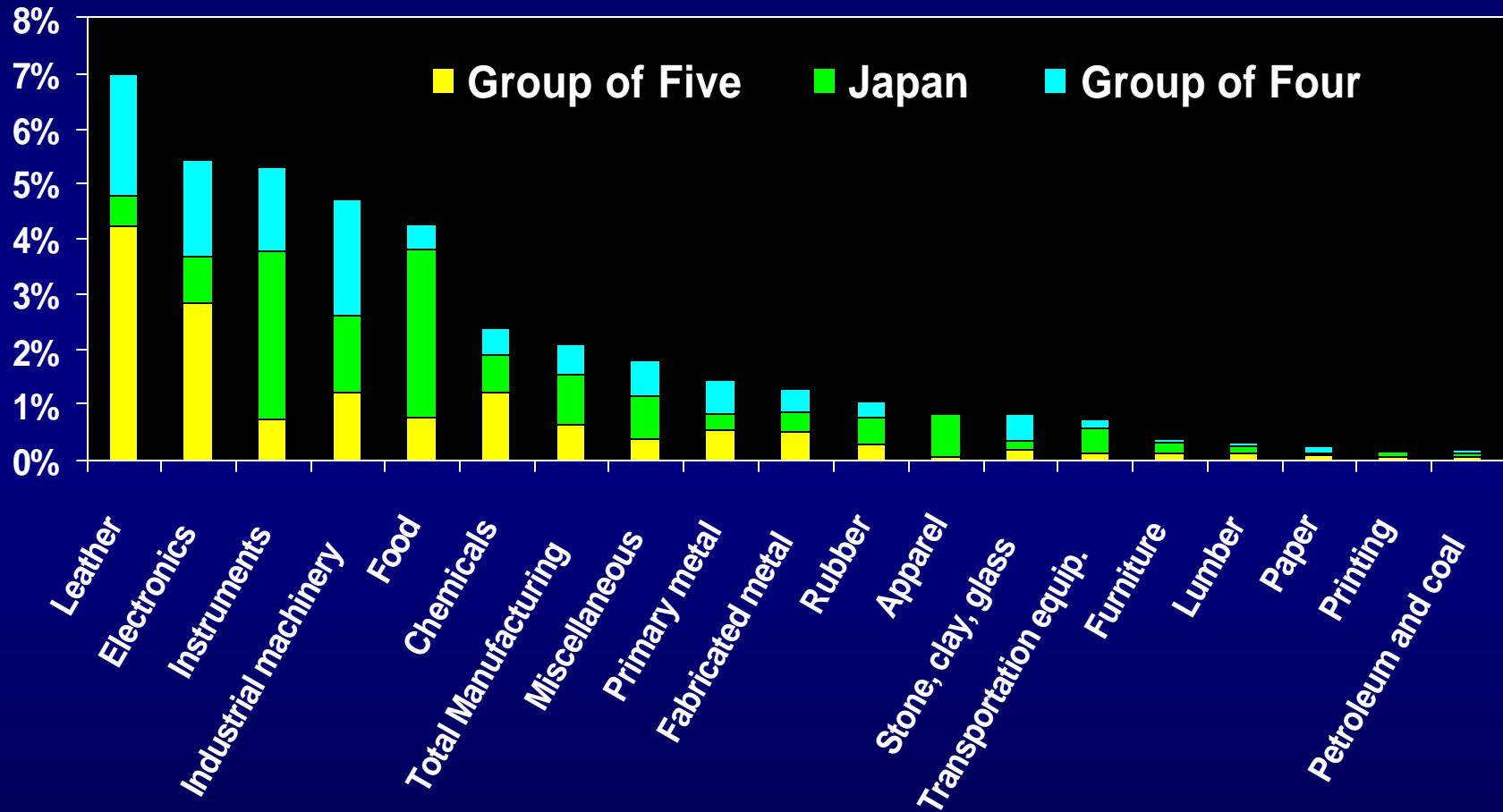
Asia's Share of Manufacturing Output Tenth District

1996



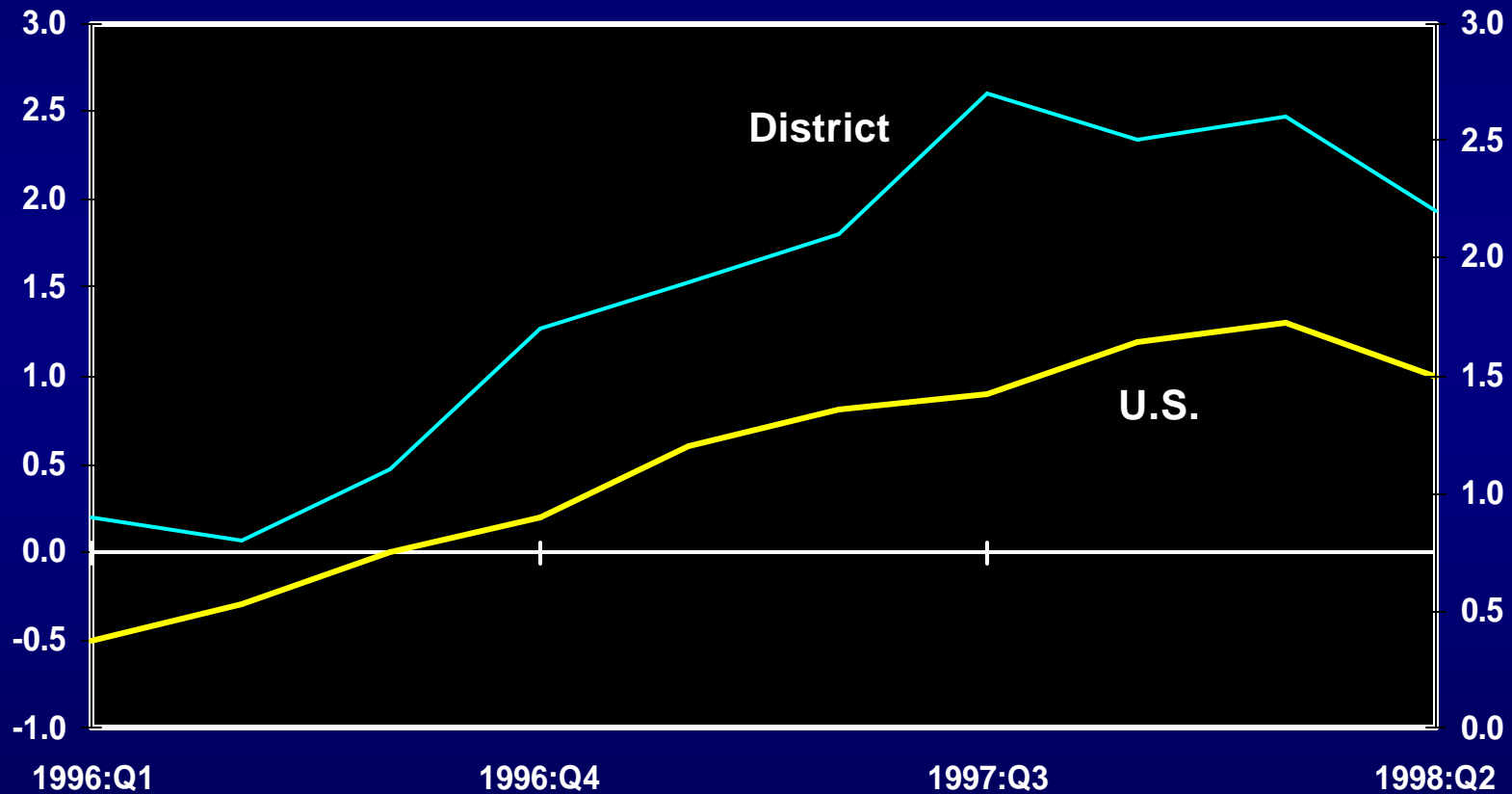
Exports to Asia as a Share of Sector Output Tenth District

1995



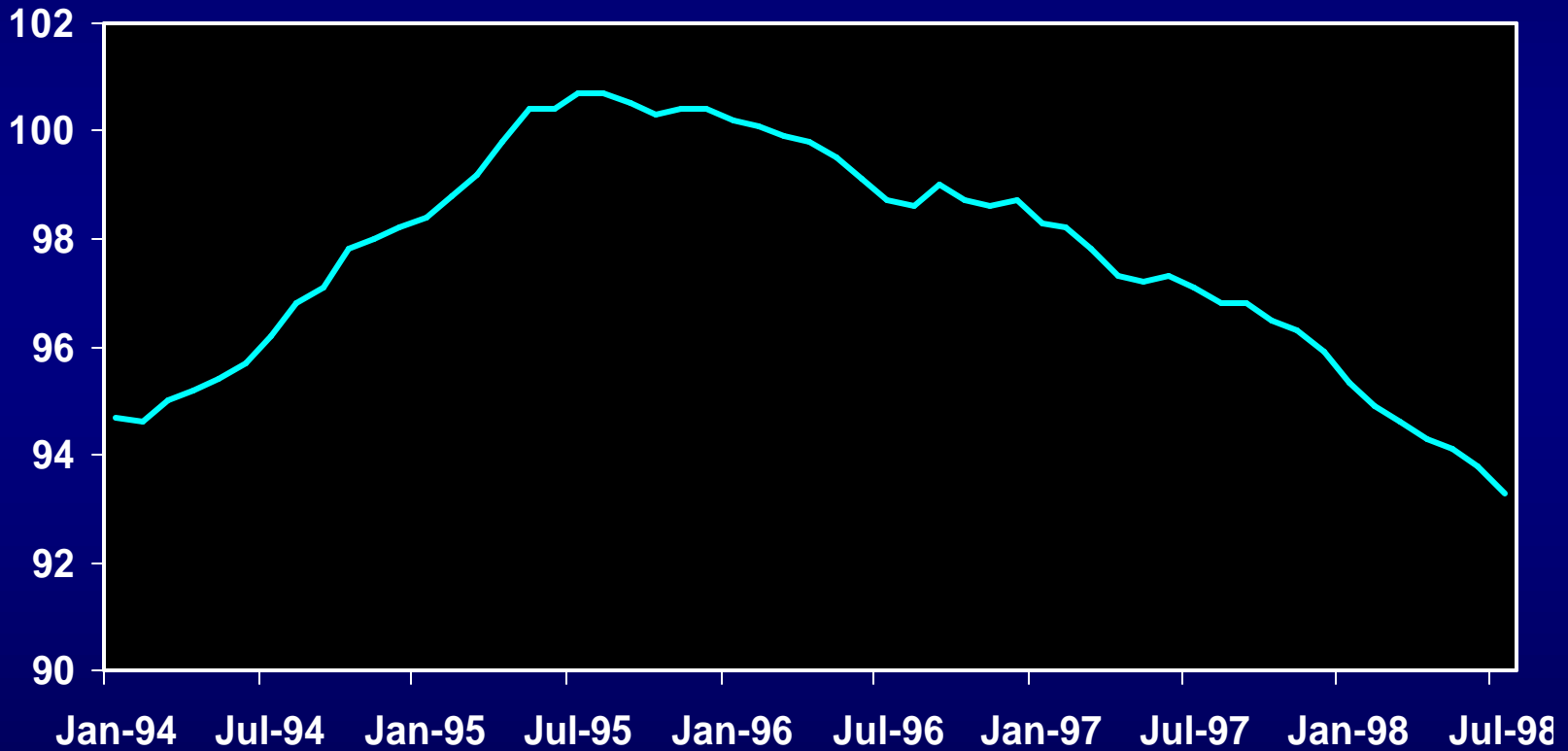
Manufacturing Employment

Percent change from a year ago



U.S. Import Price Index

Index (1995=100)

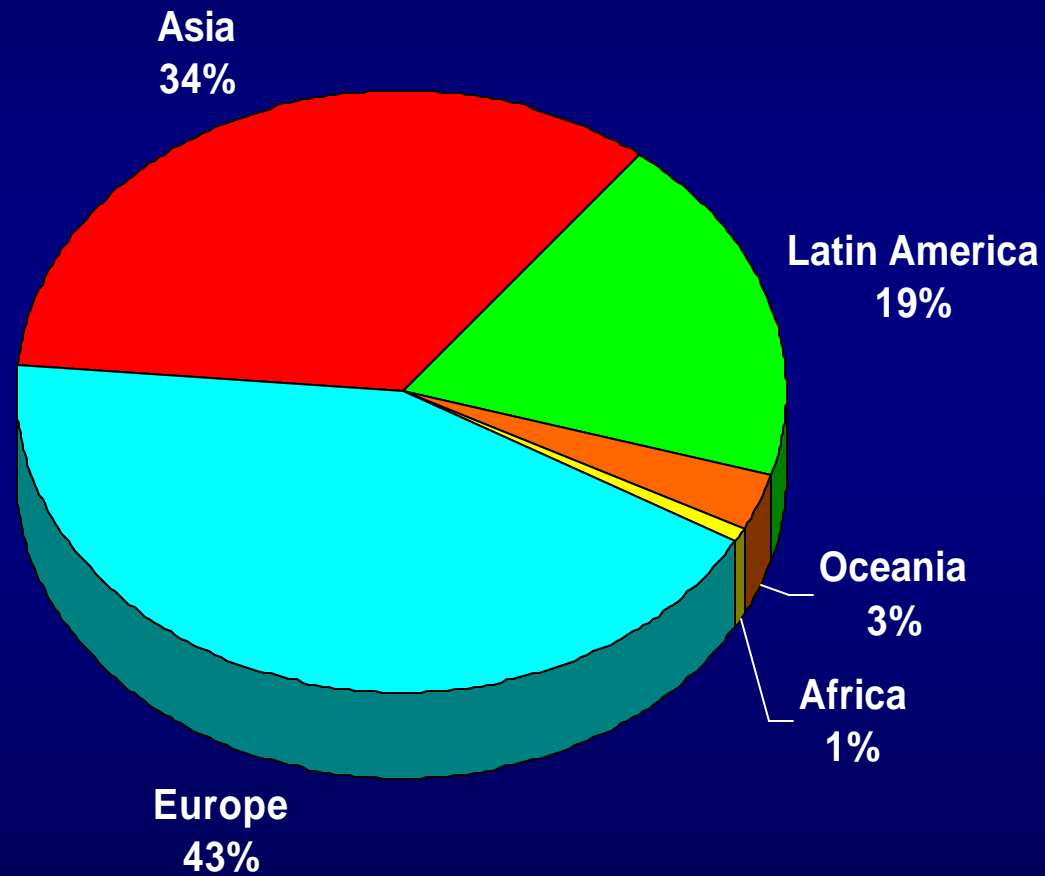


The Asian Financial Mess Is A Threat.

- **District agriculture has been hurt.**
- **District manufacturers have less exposure.**
- **Tourism is threatened.**

Share of International Visitors By Origin

1997



Can the Tenth District Survive the Asian Flu?

- **Tenth District growth remains strong...**
- **But the Asian financial mess is a threat.**
- **Asia and Latin America are still on shaky ground.**

GDP Forecasts for Asia

August, 1998

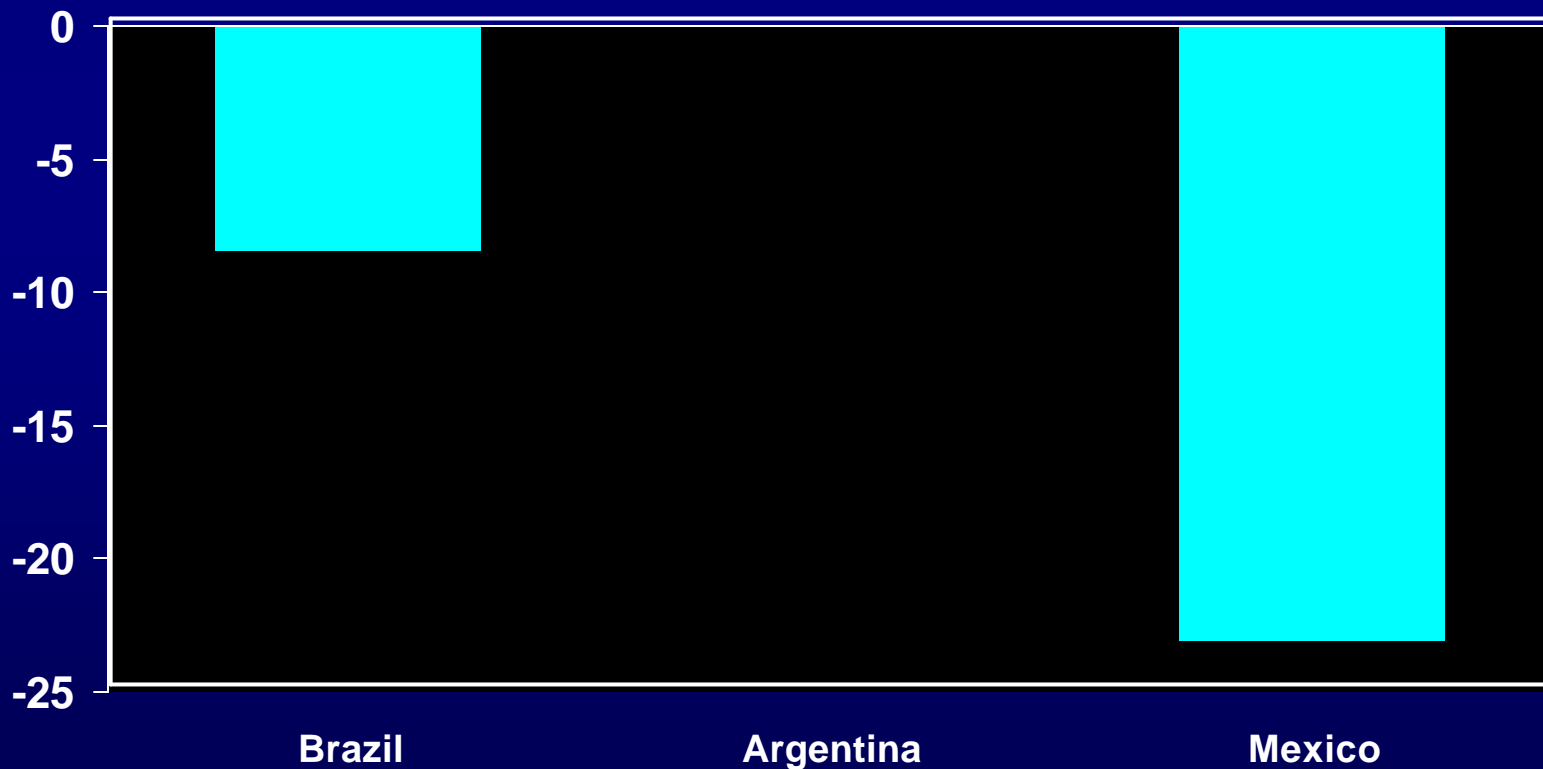
	1997	1998	1999
Indonesia	4.6	-16.2	-3.3
Korea	5.5	-4.7	0.5
Malaysia	7.8	-3.4	-0.7
Philippines	5.1	1.5	2.6
Thailand	-0.4	-7.9	-0.9
Japan	0.8	-1.5	0.5
China	8.8	7.2	7.7
Hong Kong	5.3	-3.0	0.1
Taiwan	6.8	5.2	5.5
Singapore	7.8	0.1	1.0
Latin America	5.2	3.2	4.0

Source: Asia Pacific Consensus Forecasts

Depreciation in Latin American Exchange Rates

July 1, 1997 to Oct. 1, 1998

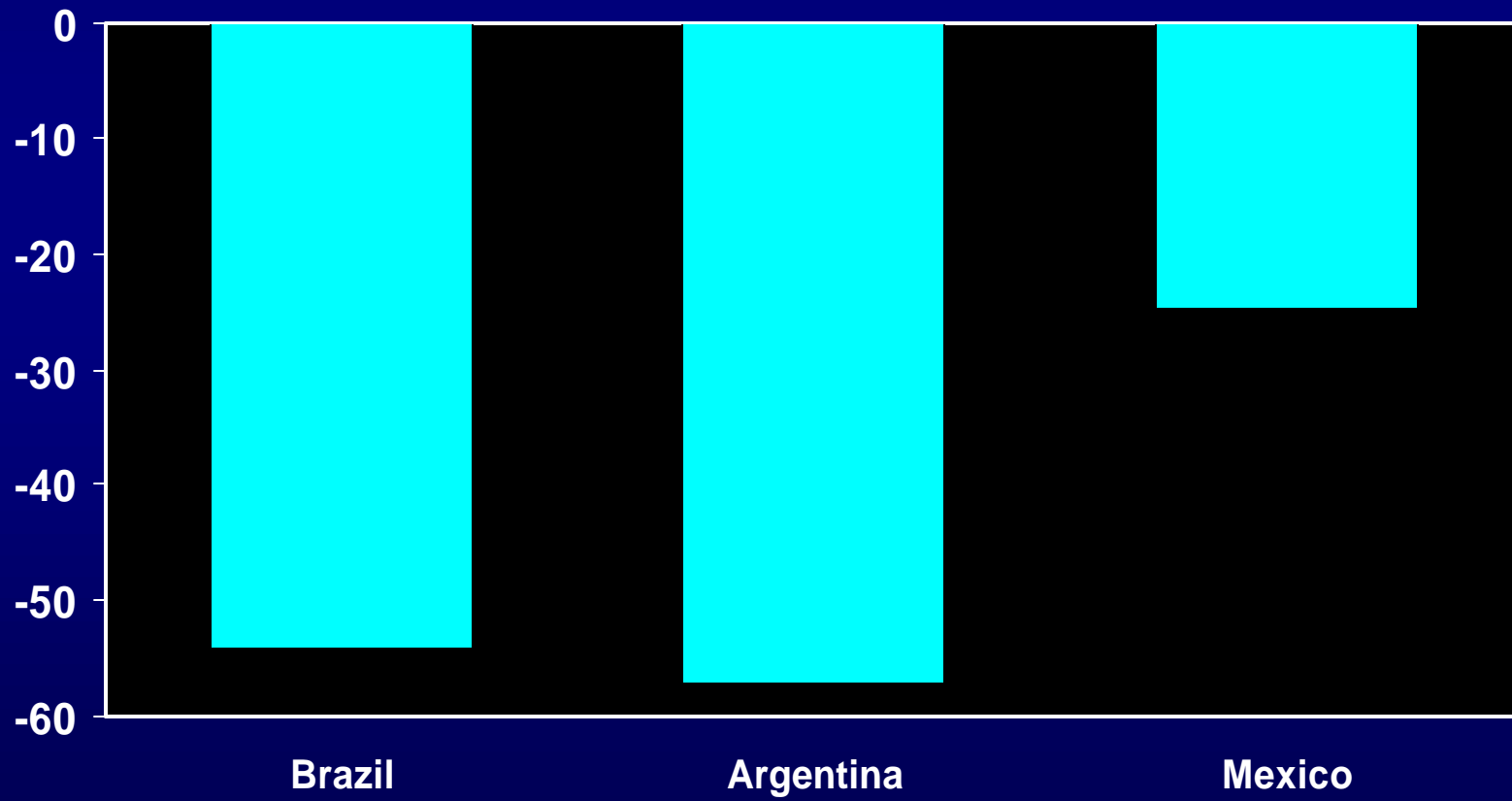
Percent change



Decline in Latin American Stock Indices

July 1, 1997 to Oct.1, 1998

Percent change



Can the Tenth District Survive the Asian Flu?

- **Tenth District growth remains strong...**
- **But the Asian financial mess is a threat.**
- **Asia and Latin America are still on shaky ground.**
- **Slowing world demand will dampen U.S. growth.**