



fed LETTER

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

JUNE 2006

FEDERAL RESERVE BANK of KANSAS CITY

MANUFACTURING SURVEY RELEASED

The [monthly manufacturing survey](#) for the Tenth Federal Reserve District was released May 25. The survey asks plant managers about a variety of manufacturing indicators. The information is compiled into a snapshot of manufacturing in the District. Manufacturing activity in the District accelerated during May, with the monthly production index posting its highest reading in more than a year. Expectations for future activity generally remained strong, while most price indexes in the survey were relatively stable.

LATEST ISSUE OF *THE MAIN STREET ECONOMIST* AVAILABLE

The [latest issue](#) of *The Main Street Economist* is now available. Nancy Novack's "U.S. Agricultural Credit Conditions: A Softening in 2006?" discusses 2005 year-end farm credit conditions across the nation and looks ahead to 2006. Farm credit conditions remained solid in 2005, but bankers responding to Federal Reserve Bank surveys of agricultural credit conditions have raised concerns about the impact of drought and operating expenses on farm incomes in 2006.

Jason Henderson and Sarah Low, in "Obesity: America's Economic Epidemic," discuss the economic impacts of the obesity rate in the United States. The authors take a special look at how the rate affects rural areas, suggesting some steps that communities might take to combat the epidemic.

PAYMENTS SYSTEM RESEARCH NEWSLETTER AVAILABLE

The [May issue](#) of Payments System Research Briefing features an article by Terri Bradford and Bruce Cundiff on the potential for fraud associated with various "traditional" payment methods and the protective measures that consumers should take when using them.

**REGULATORY
DEVELOPMENTS**

*Proposed statement on complex
structured finance activities*

On May 9, the federal banking agencies and the Securities and Exchange Commission jointly issued a request for comment on a [revised proposed statement](#) on the complex structured finance activities of financial institutions. The revised statement describes the types of internal controls and risk management procedures that should help financial institutions identify, manage, and address the heightened legal and reputational risks that may arise from certain complex structured finance transactions. The agencies have modified the revised statement in light of the comments received on the original proposed statement, which was issued for comment on May 19, 2004. Comments are due on the revised statement by **June 15**.

*Revised flood
determination form*

On April 27, the Federal Emergency Management Agency announced the release of a revised [Standard Flood Hazard Determination Form and Instructions](#) for use through Oct. 31, 2008. Under Regulation H – Flood Insurance, section 208.25(f)(1), all financial institutions are required to use this form in determining whether real property is located in a special flood hazard area. There were no changes to the format or content of the form. In order to allow users of the form time to update their systems to the new version, the effective date for mandatory use of the new form is **July 1, 2006**.

*More regulatory
developments*

To see more regulatory developments, go to the [Banking Information page](#) on our Web site and click “Regulations/Guidance” in the left column.

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