



# fed LETTER

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

March 2011

FEDERAL RESERVE BANK *of* KANSAS CITY

## FEBRUARY MANUFACTURING GROWTH MATCHES RECORD HIGH, SURVEY FINDS

Growth in Tenth District manufacturing activity matched an all-time survey high in February, and firms expected strong activity in the months ahead, according to the latest [Survey of Tenth District Manufacturing](#). Prices for raw materials continued to rise, and more firms were raising finished goods prices.

The monthly survey provides information on current manufacturing activity in the Tenth Federal Reserve District, which includes Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico and western Missouri. The accumulated results help trace longer-term trends. The survey monitors manufacturing plants selected according to geographic distribution, industry mix and size.

## FARMLAND VALUES SOAR IN FOURTH QUARTER

With booming farm income and robust demand for farmland, Tenth District farmland values soared in the fourth quarter of 2010, according to the Kansas City Fed's [Survey of Agricultural Credit Conditions](#). The survey of 253 bankers reported that District cropland values posted double-digit gains from year-ago levels, and rangeland values recorded their sharpest increase in two years.

The quarterly survey provides current indicators of the financial performance of Tenth District agriculture. The survey panel consists of Tenth District agricultural banks, which are those with a greater percentage of agricultural loans in their loan portfolios than the national average of about 15 percent.

NEBRASKA ECONOMY CONTINUES  
TO SHOW STRENGTH

Robust sales and stronger hiring provided an extra spark to the Nebraska economy at the end of 2010, according to the March edition of *The Nebraska Economist*. With additional hiring, Nebraska's unemployment rate fell further, remaining one of the lowest in the nation, and rural Nebraska led the recovery as a robust farm economy spurred business activity.

*The Nebraska Economist* provides economic information and insight for the state. For more regional research and analysis from the Kansas City Fed's Omaha Branch office, visit [www.kansascityfed.org/omaha](http://www.kansascityfed.org/omaha).

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TEN MAGAZINE EXAMINES ROLE  
OF COMMUNITY COLLEGES

More students looking to save money are turning to community colleges, while workers are using community college resources to retool their skills for new careers. Read how community colleges in the region, including Johnson County Community College in Kansas and Metropolitan Community College in Missouri, are providing skills to meet the demands of employers in the [Winter 2011 edition](#) of *TEN* magazine.

*TEN* is made up of a variety of feature stories that highlight the Kansas City Fed's research and practices through the experiences of everyday people from the Tenth Federal Reserve District.

Also in this issue, read about liquidity in a financial crisis and the Fed and regulatory reform.

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SMALL BUSINESS LENDING FUND  
APPLICATION DEADLINE IS  
MARCH 31

Enacted into law as part of the Small Business Jobs Act of 2010, the [Small Business Lending Fund](#) (SBLF) is a \$30 billion fund that encourages lending to small businesses by providing Tier 1 capital to qualified community banks with assets of less than \$10 billion. Applications for banks eligible to apply should be submitted by March 31.

For a detailed overview of the SBLF, which is administered by the U.S. Department of the Treasury, please refer to the comprehensive [Getting Started Guide for Community Banks](#) or the program's [Fact Sheet](#).

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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:

Verus Bank of Commerce      Fort Collins, Colo.      Feb. 14

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REGULATORY DEVELOPMENTS  
*FinCEN's Bank Secrecy Act  
regulations reorganized*

On Oct. 26, 2010, the Financial Crimes Enforcement Network (FinCEN) issued a [final rule](#) reorganizing and transferring its Bank Secrecy Act regulations to a new chapter in the Code of Federal Regulations entitled "Title 31 Chapter X - Financial Crimes Enforcement Network." This transfer is effective March 1, 2011. Banks should consider the effect of the regulations' new organization and numbering scheme on their policies, publications, training materials and automated systems or databases.

*De novo interstate branching by state  
member banks*

As of July 22, 2010, a state member bank is **authorized** to open its initial branch in a host state by establishing a de novo branch at any location at which a bank chartered by the host state could establish a branch. As with establishing a domestic branch, a state member bank seeking to open a de novo interstate branch must file an application with the Federal Reserve pursuant to Regulation H. In addition, applications for de novo interstate branches are subject to state filing requirements and to capital, management and community reinvestment standards.

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### FED LETTER • MARCH 2011

*Fed Letter* is published by the Federal Reserve Bank of Kansas City,  
1 MEMORIAL DRIVE, Kansas City, Missouri, 64198-0001, (800) 333-1010.

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