

Federal Reserve Bank of Kansas City

# **ECONOMIC UPDATE**

---

**16<sup>TH</sup> ANNUAL MIDWEST REGIONAL PUBLIC FINANCE CONFERENCE**  
**WICHITA STATE UNIVERSITY**

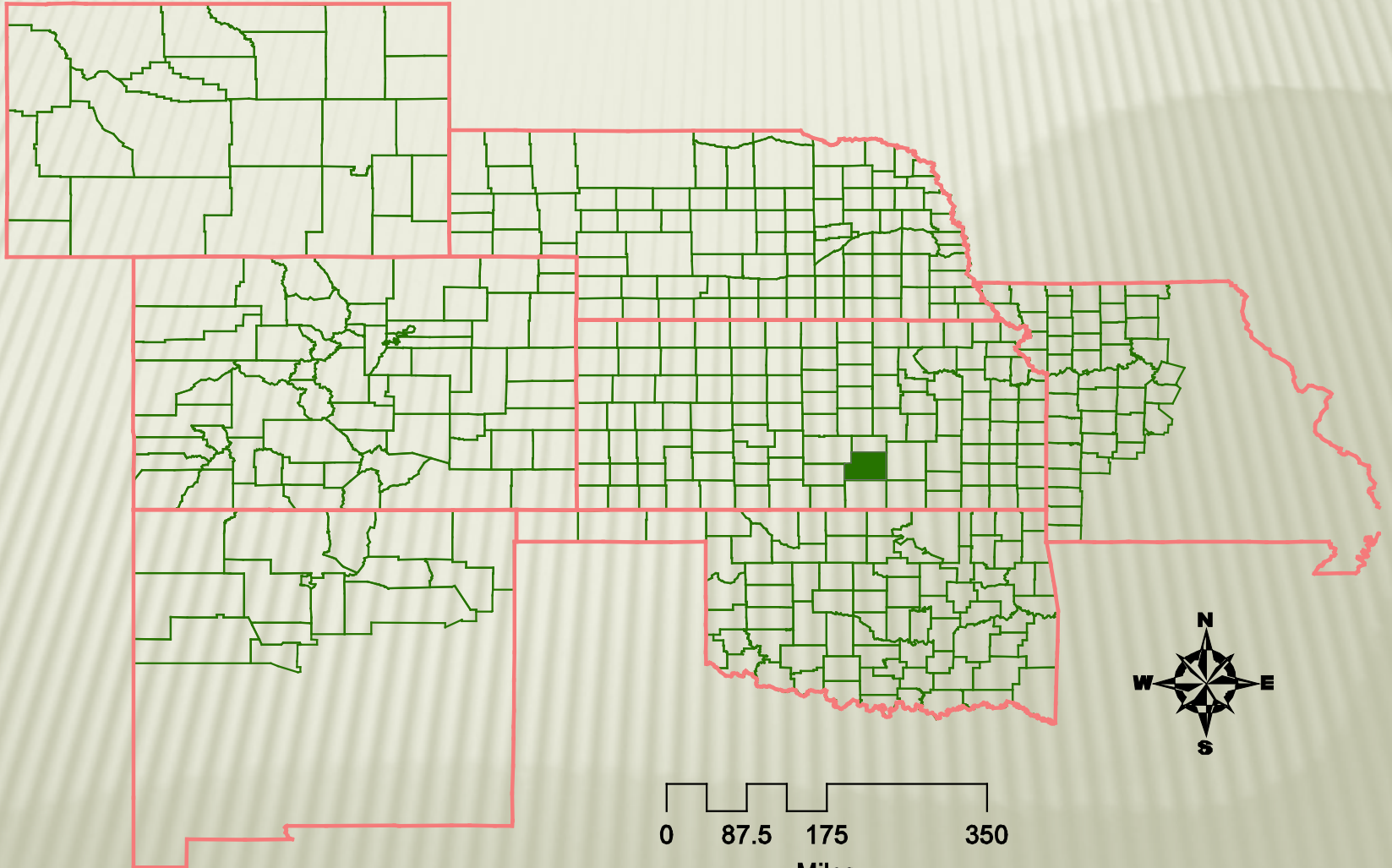
February 18, 2011

# ECONOMIC UPDATE

---

- ✘ National Overview and Outlook
- ✘ National, Midwest and Kansas Economies
  - + Unemployment
  - + Retail Sales
  - + Manufacturing
  - + Agriculture
- ✘ Housing
- ✘ Public Finances

# THE TENTH FEDERAL RESERVE DISTRICT

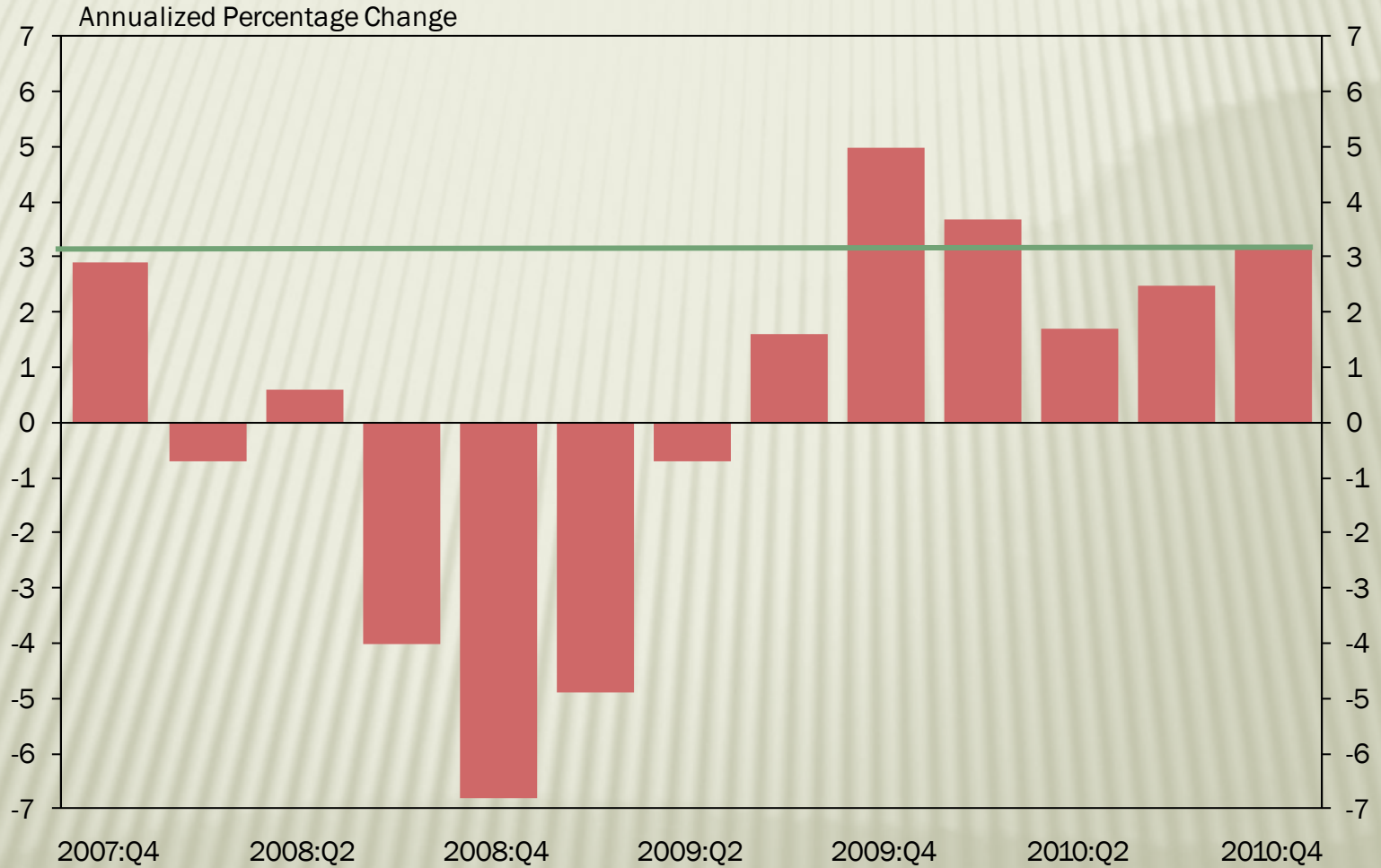


# ECONOMIC OUTLOOK

---



# RECENT GDP GROWTH (Q4.2007 – Q4.2010)



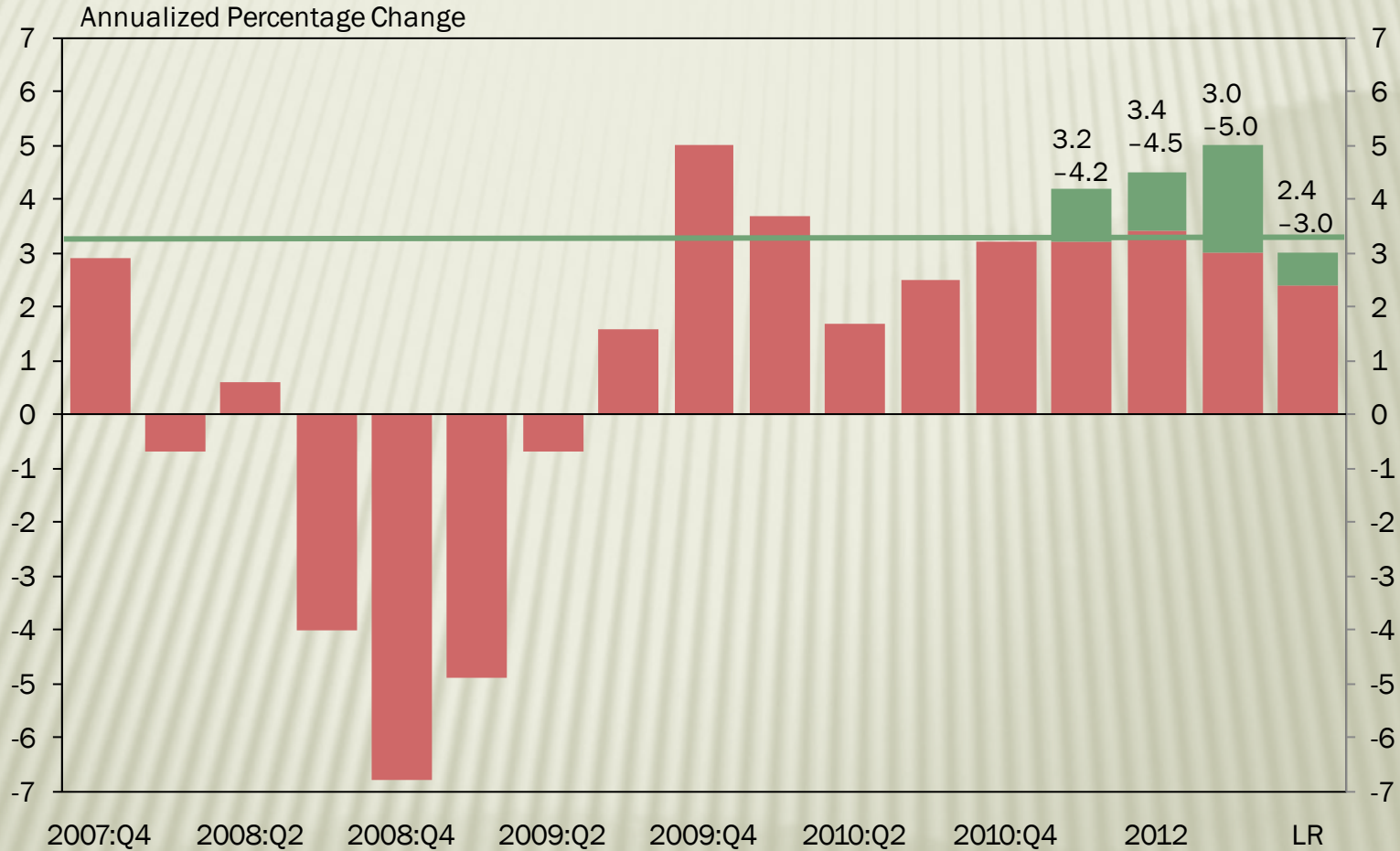
Source: U.S. Bureau of Economic Analysis;

# REAL GDP GROWTH (1979 - 1987)

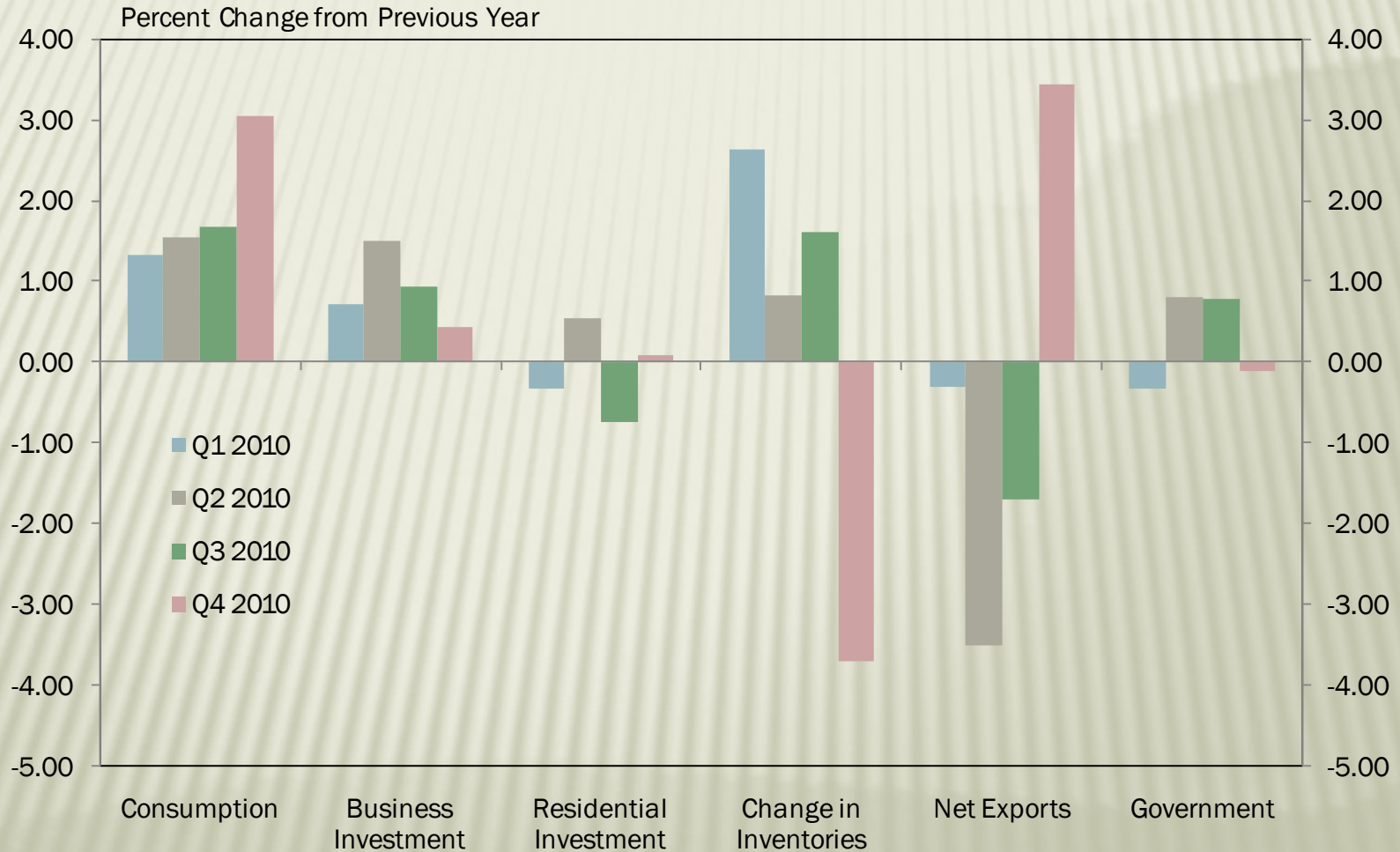


Source: U.S. Bureau of Economic Analysis

# GDP GROWTH AND FORECAST



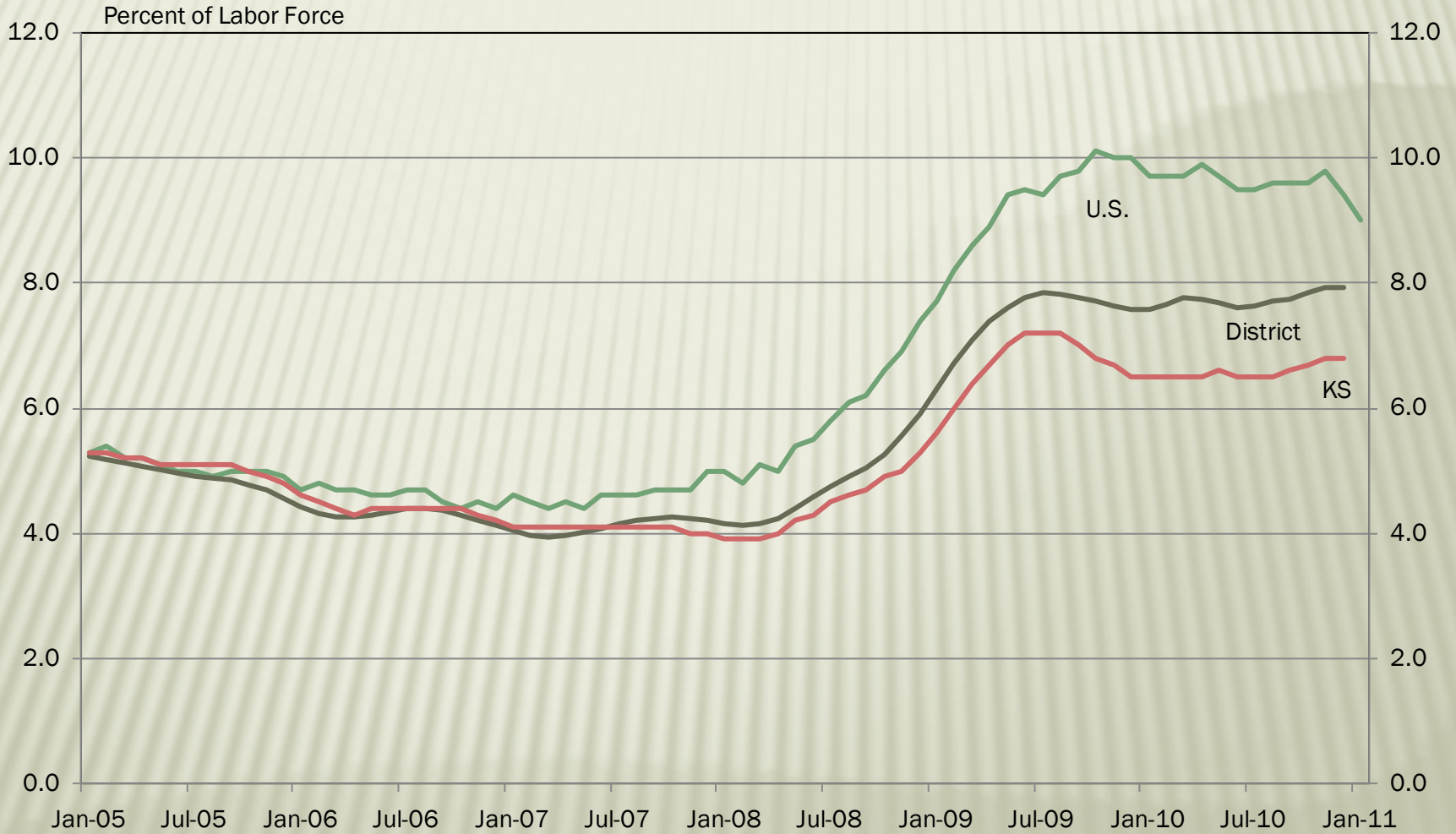
# CONTRIBUTIONS TO REAL GDP



Source: U.S. Bureau of Economic Analysis

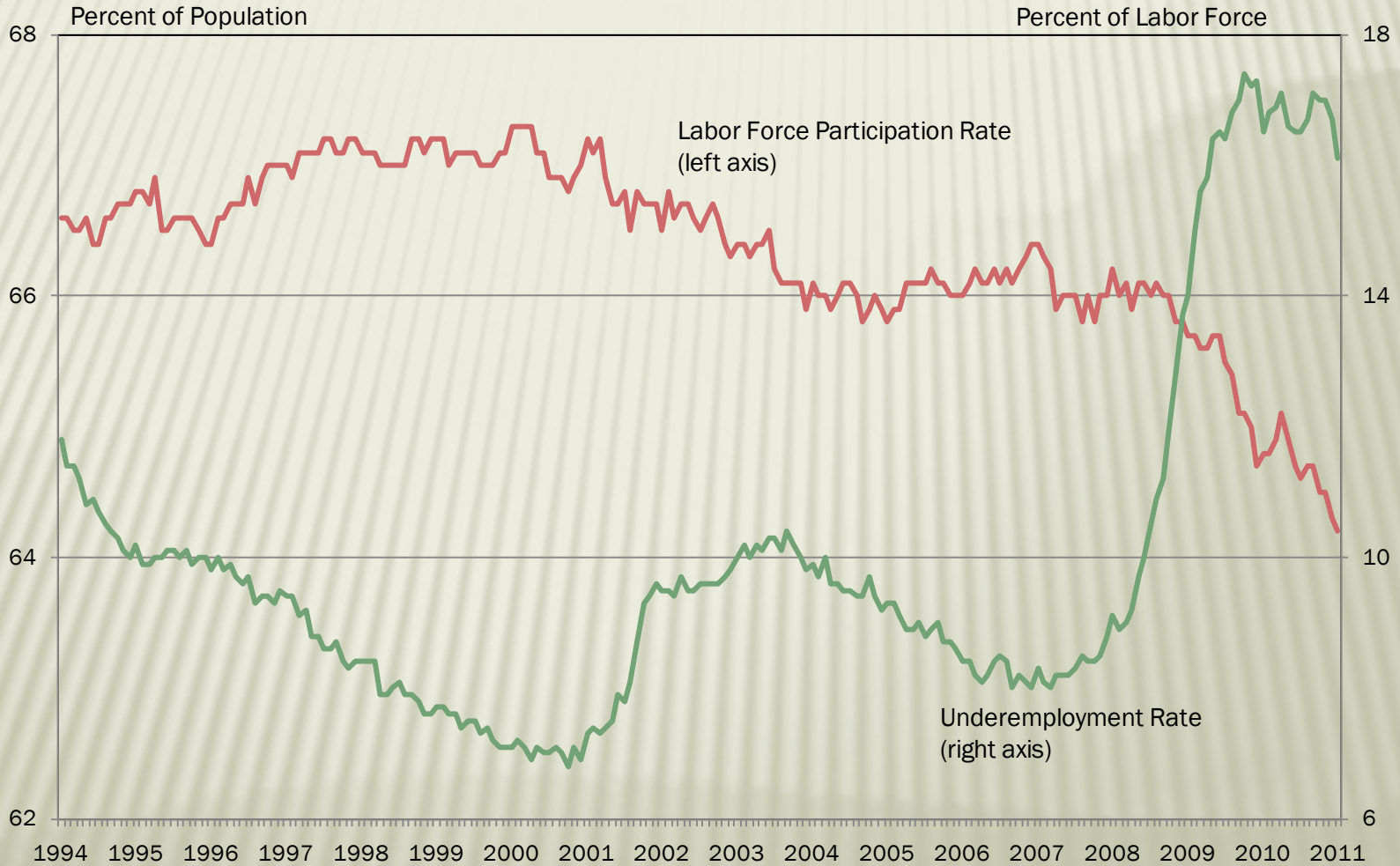


# UNEMPLOYMENT



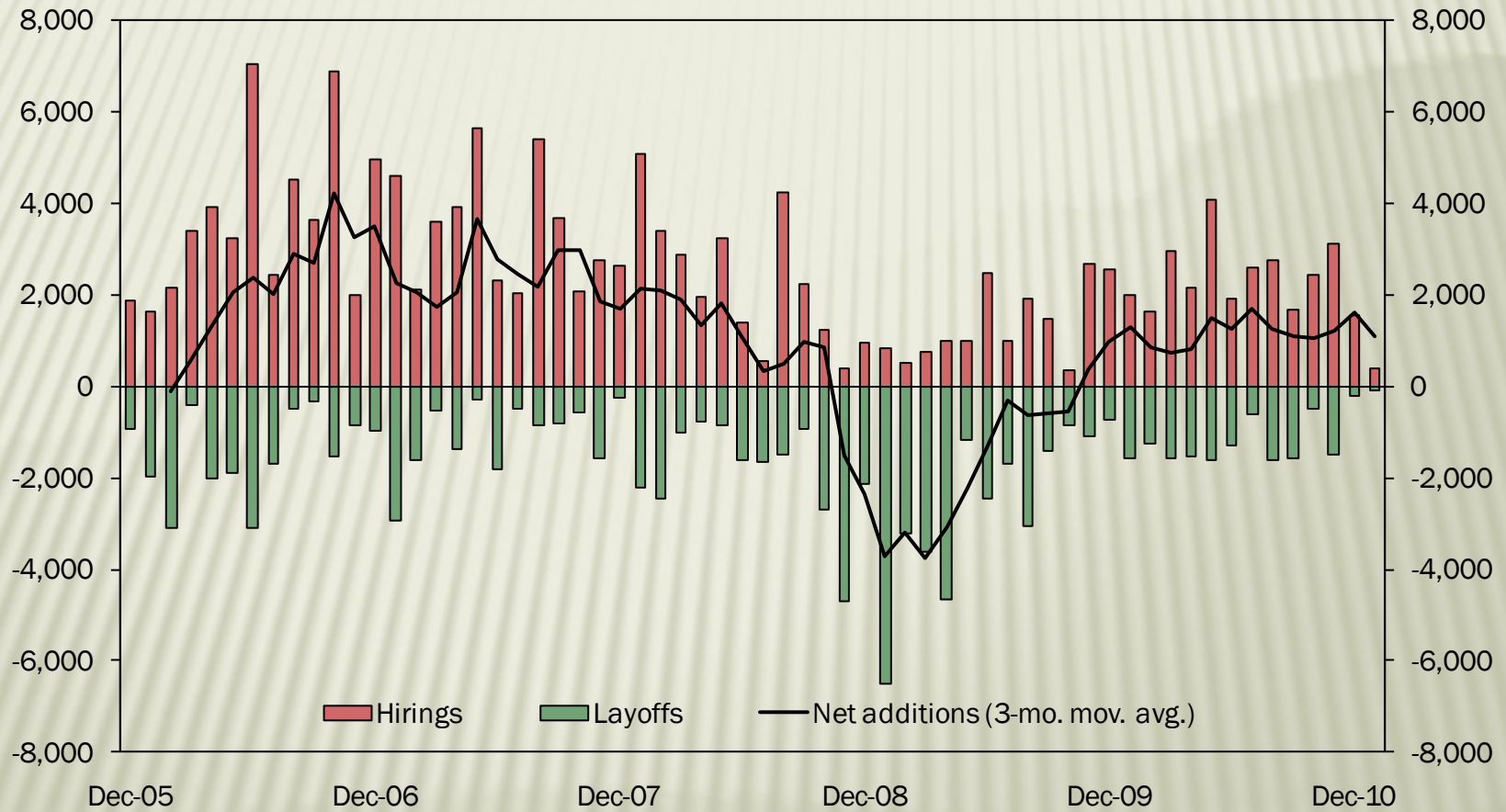
Source: U.S. Bureau of Labor Statistics

# UNDEREMPLOYMENT



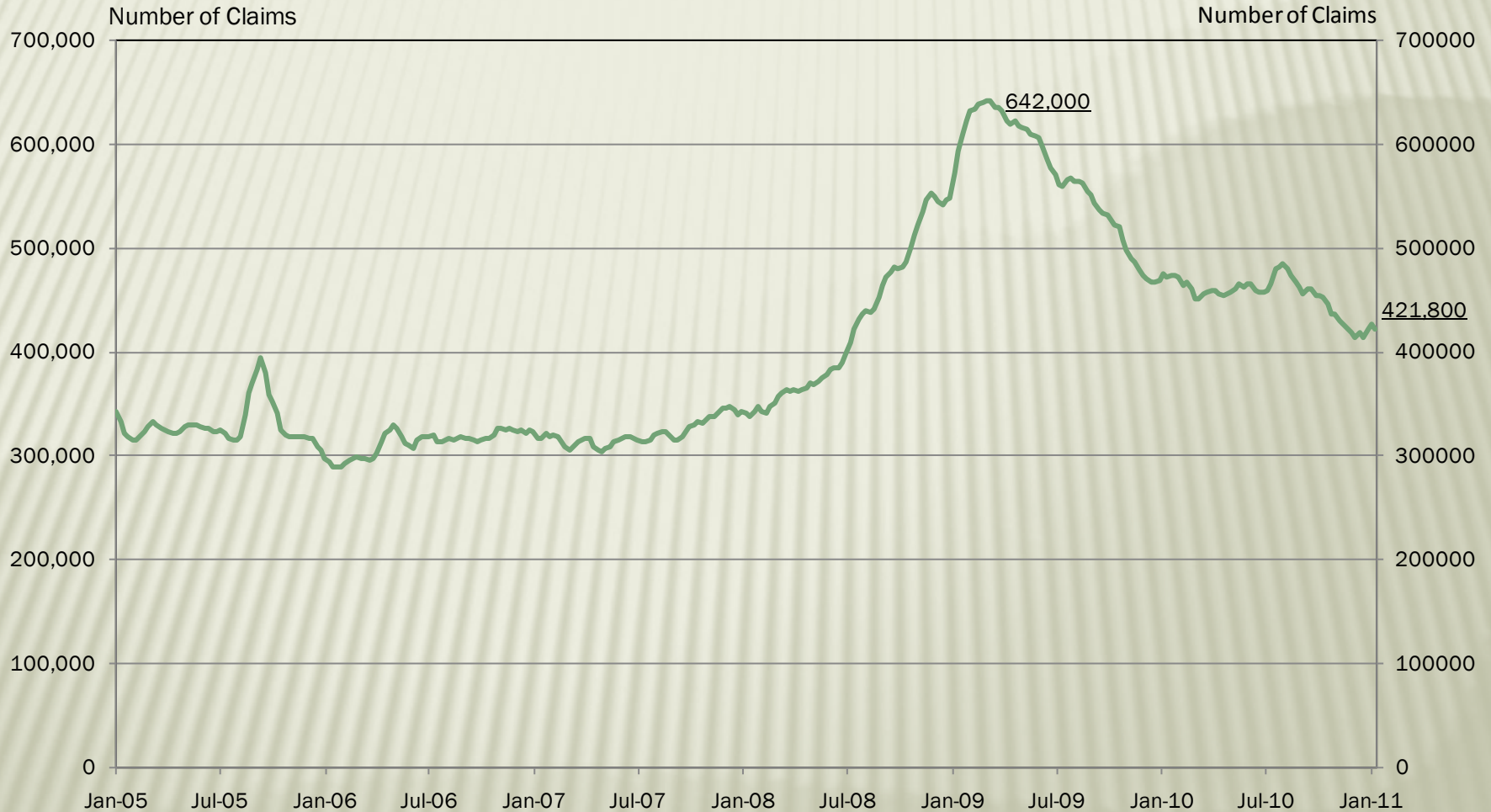
Source: U.S. Bureau of Labor Statistics

# HIRINGS AND LAYOFFS (10<sup>TH</sup> FEDERAL RESERVE DISTRICT)



Source: Federal Reserve Bank of Kansas City

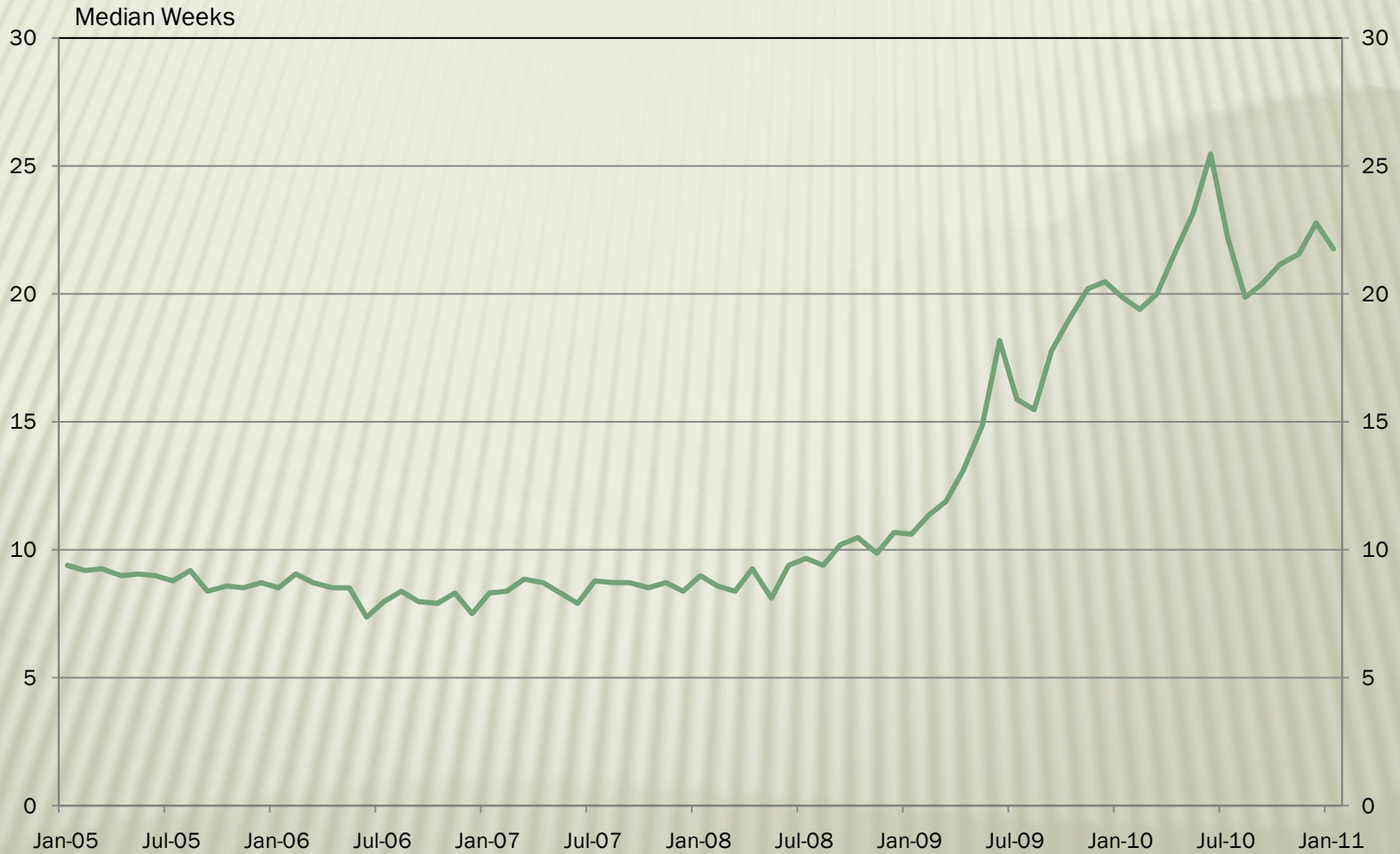
# INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE



Source: U.S. Bureau of Labor Statistics



# MEDIAN DURATION OF UNEMPLOYMENT

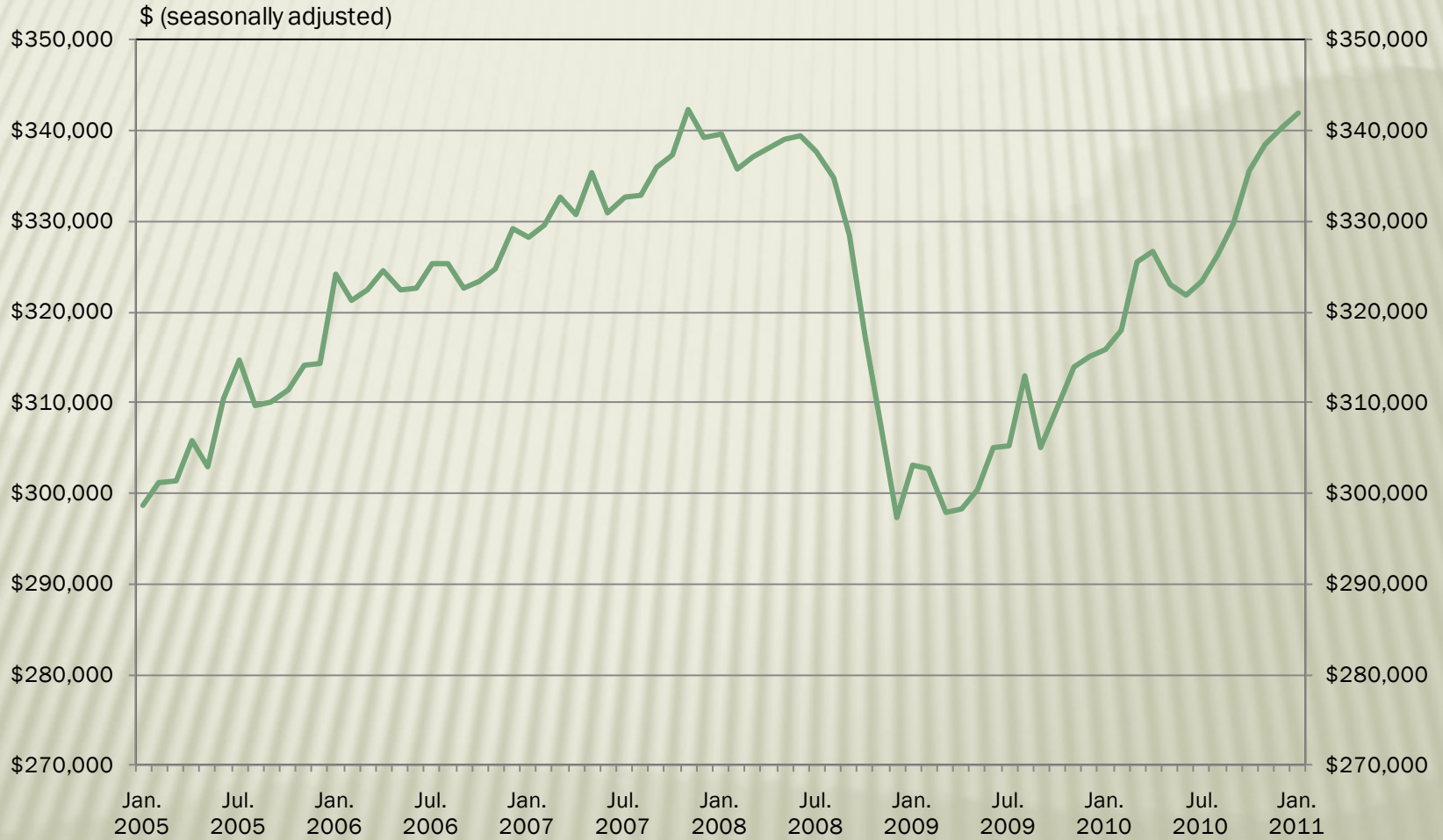


Source: U.S. Bureau of Labor Statistics

# RETAIL

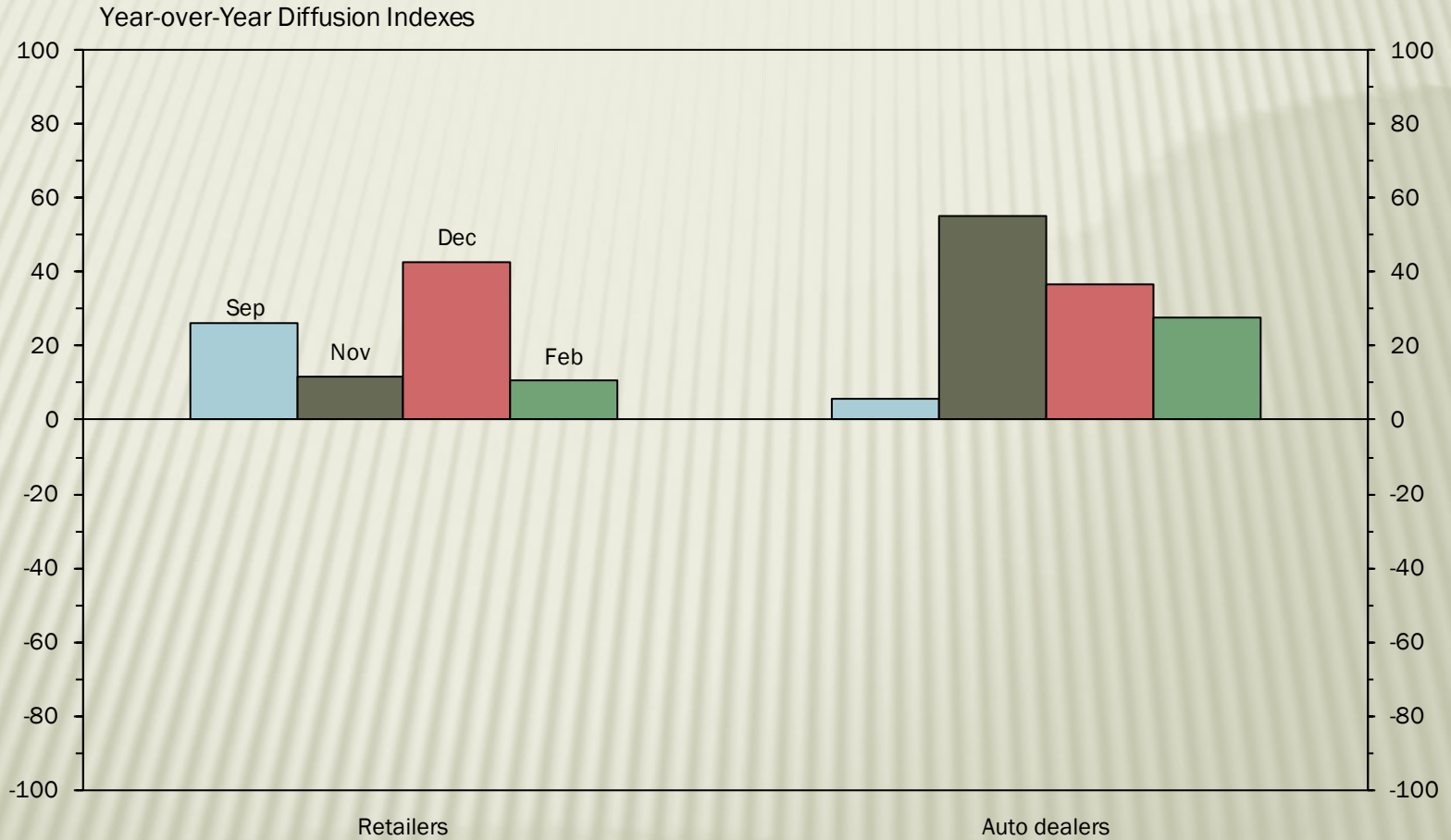
---

# RETAIL SALES



Source: U.S. Census Bureau

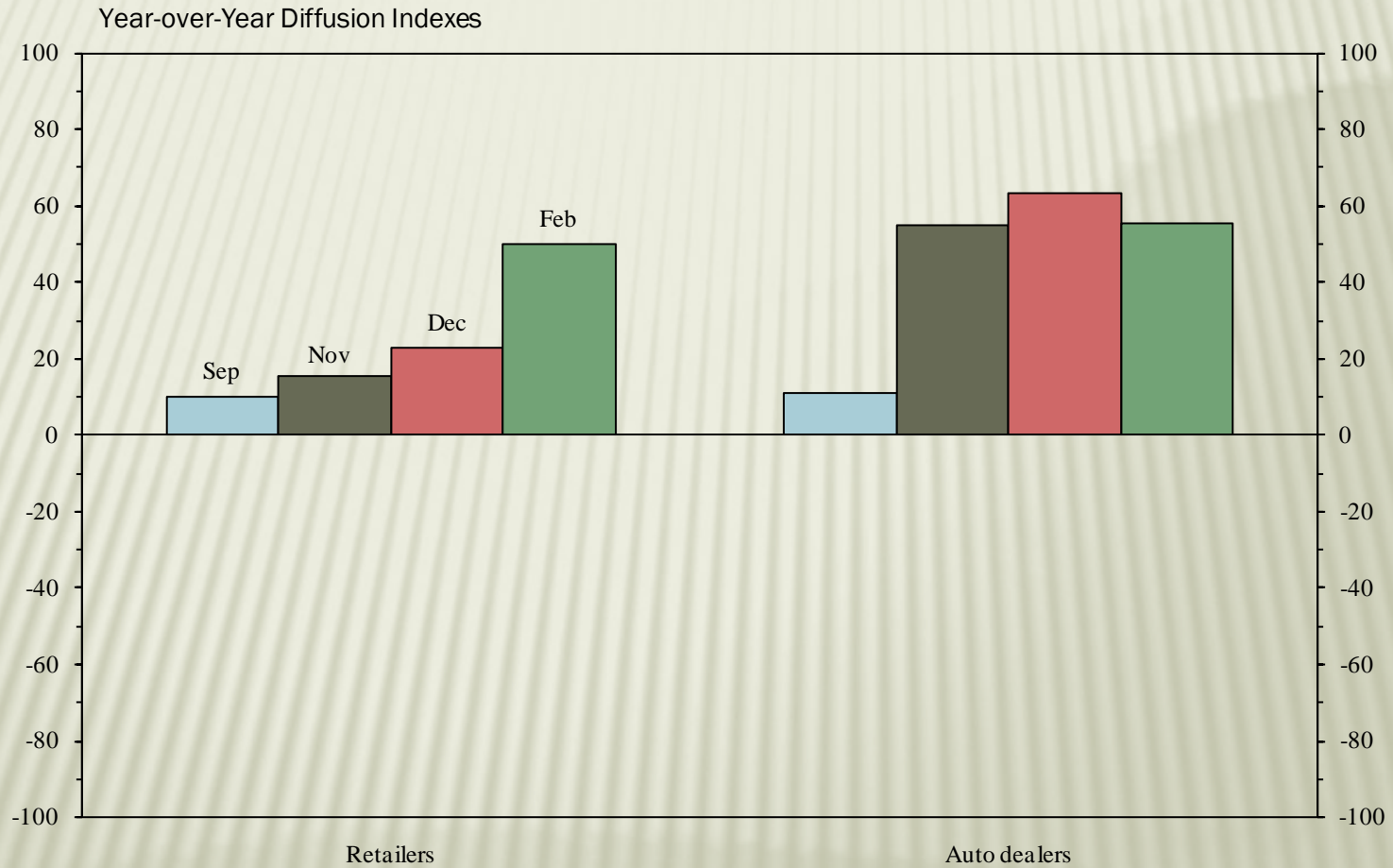
# DISTRICT RETAIL



Source: Federal Reserve Bank of Kansas City Beige Book Survey



# DISTRICT RETAIL

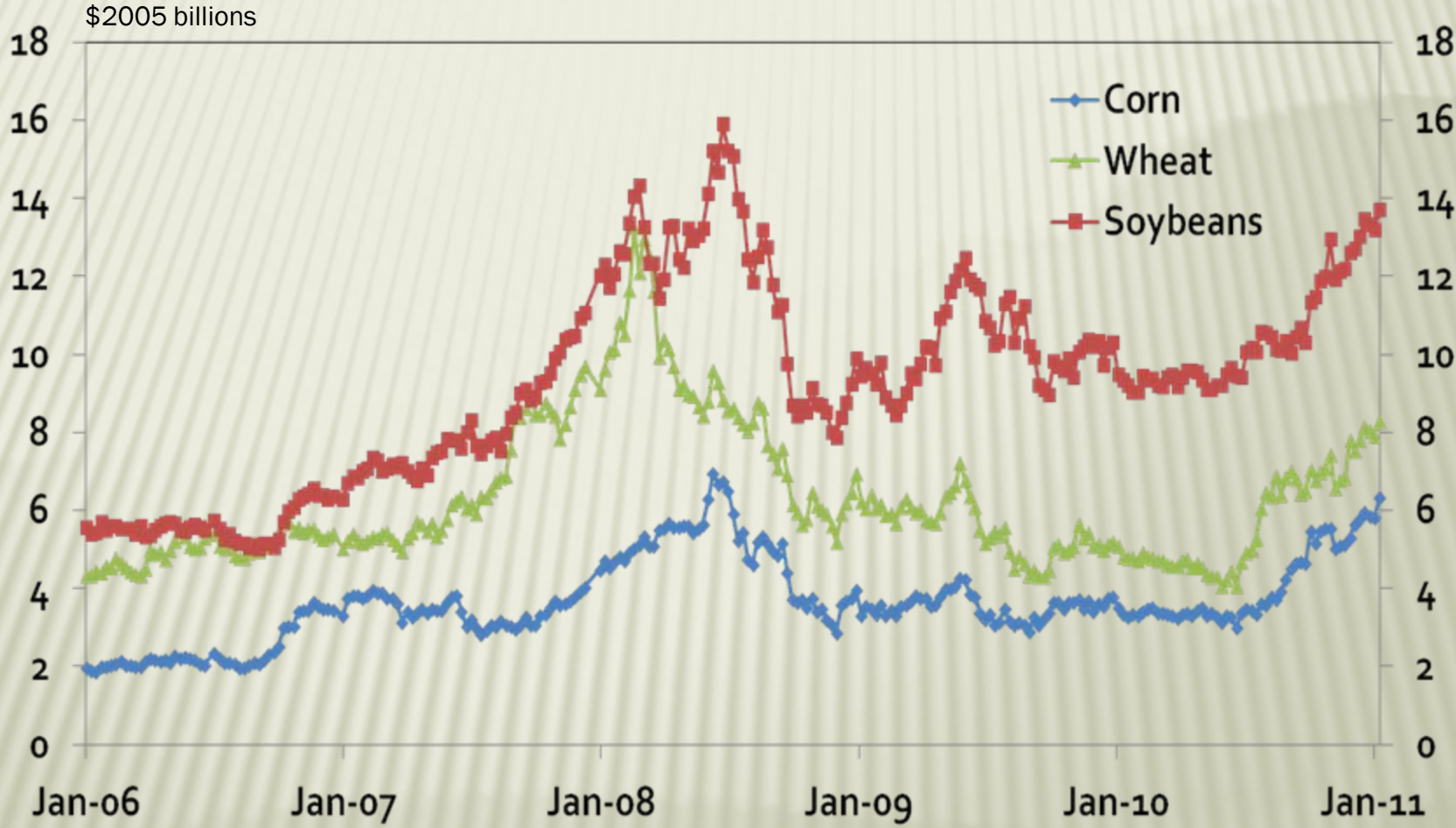


Source: Federal Reserve Bank of Kansas City Beige Book Survey

# AGRICULTURE

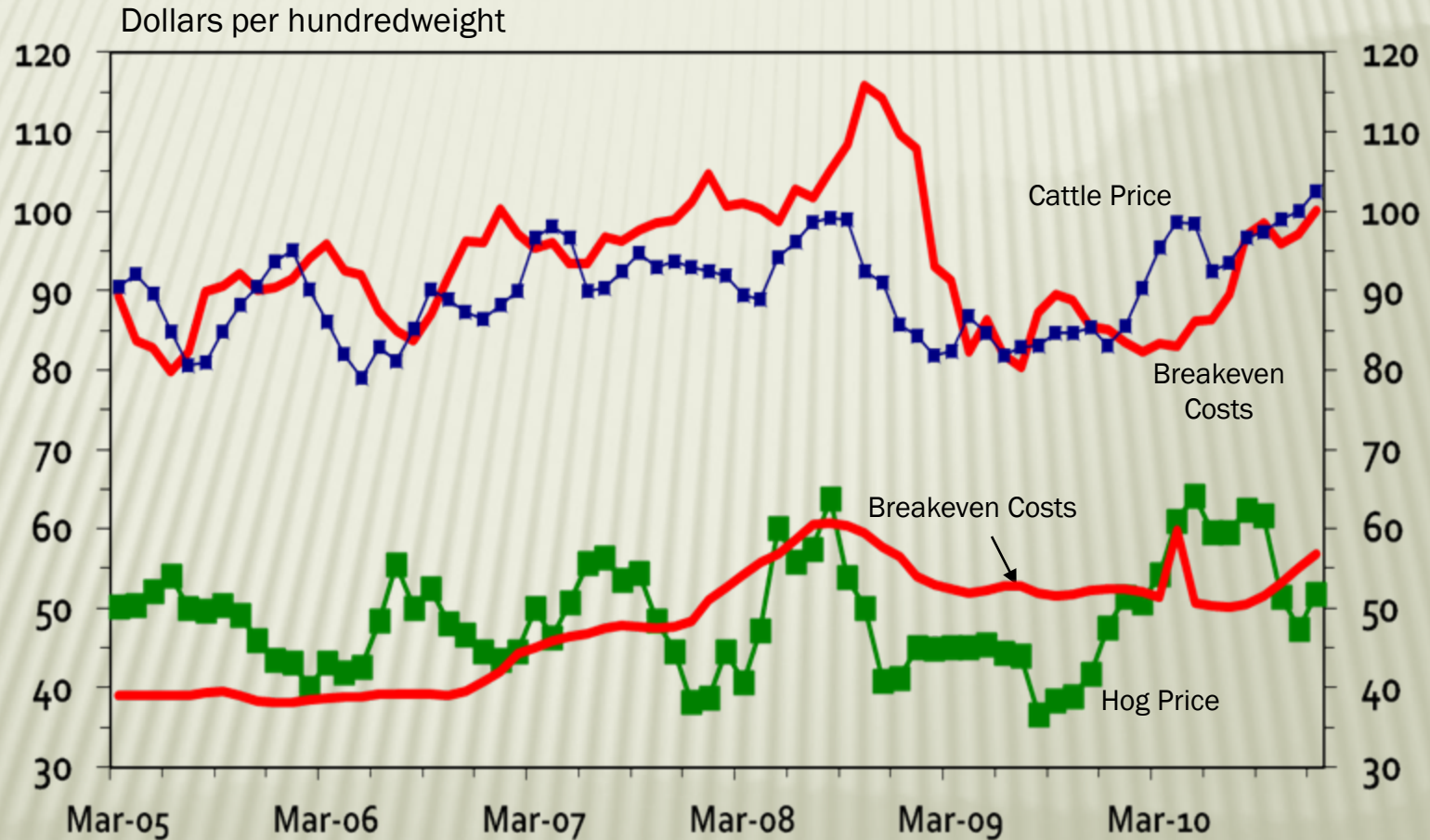
---

# CROP PRICES



Source: Commodity Research Bureau

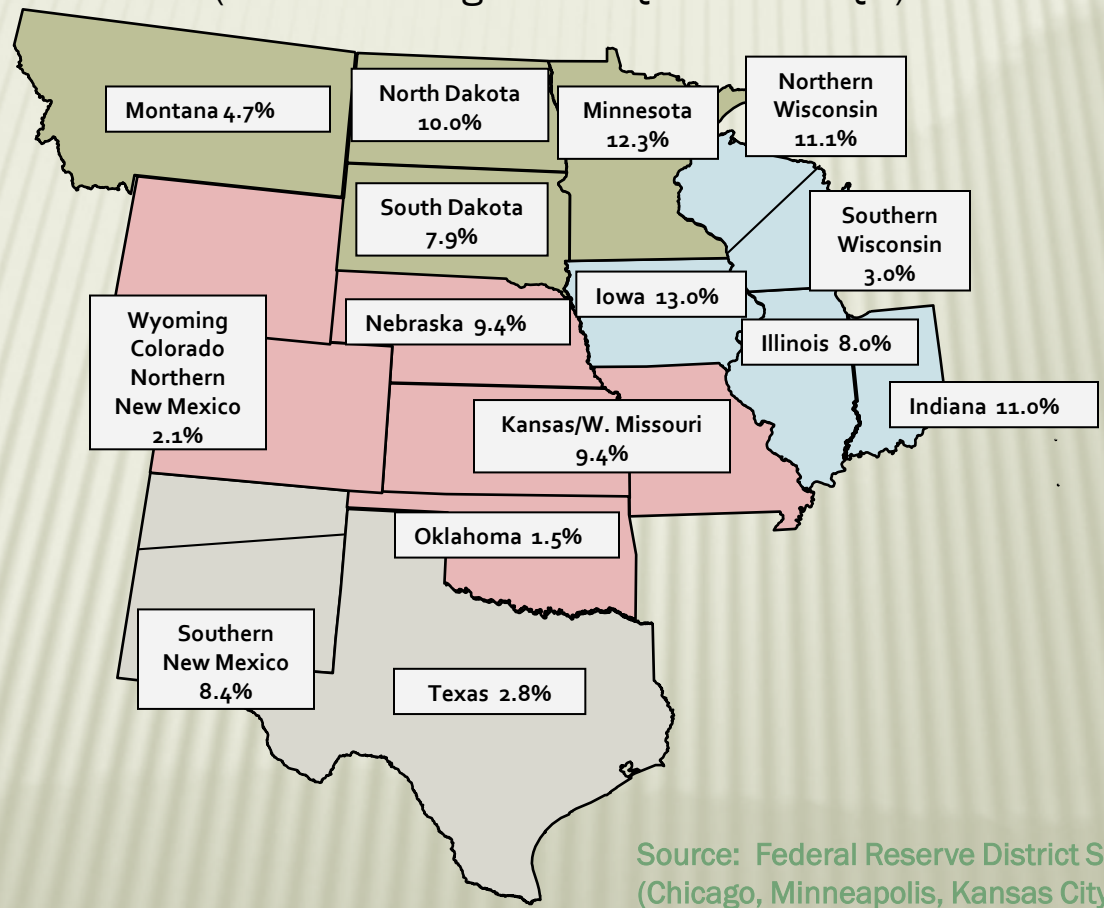
# RISING FEED COSTS STRAIN PROFIT MARGINS.





# CROPLAND VALUES

Non-irrigated Cropland Values  
(Percent change 2009:Q3 to 2010:Q3)



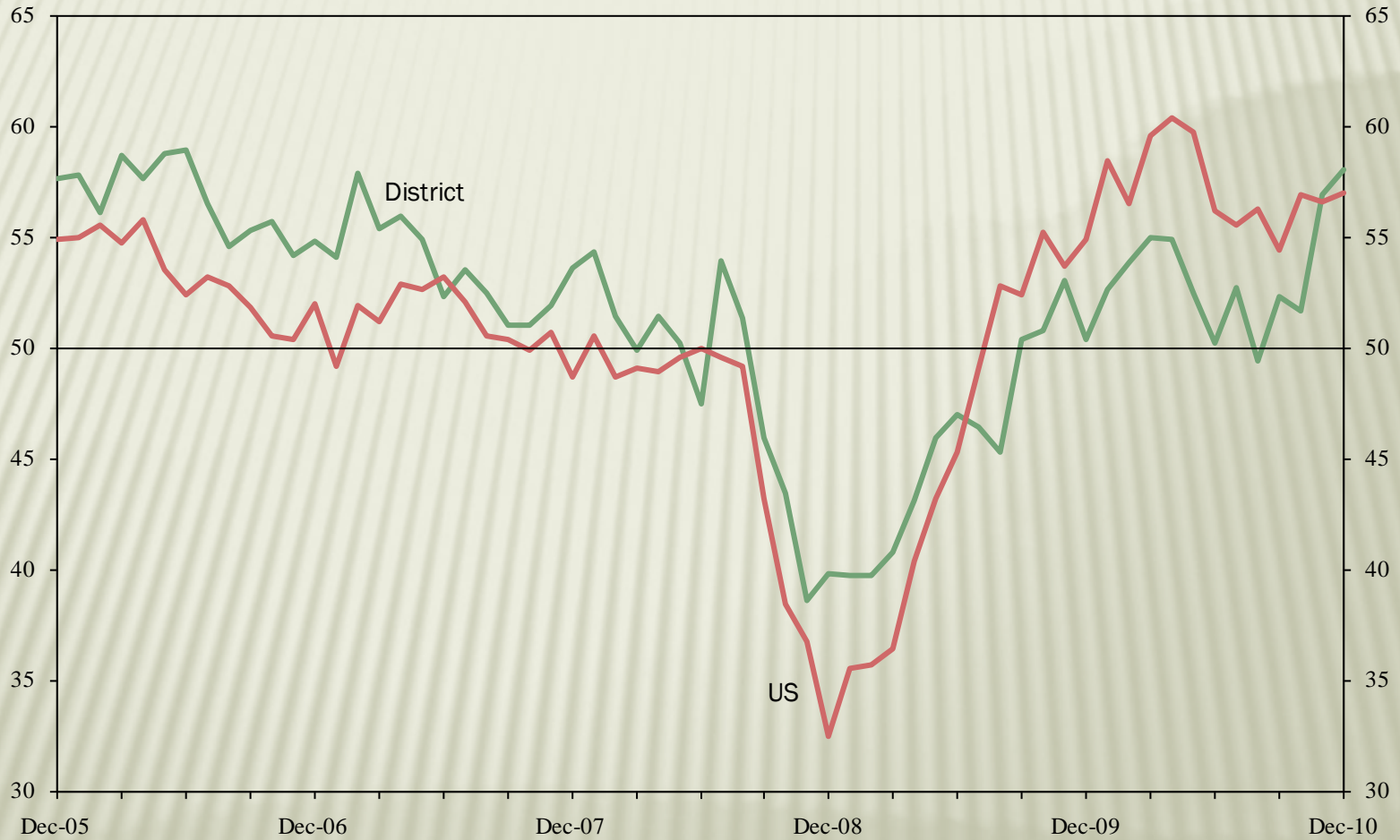
Source: Federal Reserve District Surveys  
(Chicago, Minneapolis, Kansas City, Dallas)

# MANUFACTURING

---

# PMI INDEXES

Index (50 = Neutral)



Source: Federal Reserve Bank of Kansas City Manufacturing Survey; ISM

# HOUSING

---



# EXISTING HOME SALES



Source: National Association of Realtors and Local Realtor Reports

# HOME BUYER PARTICIPATION

---

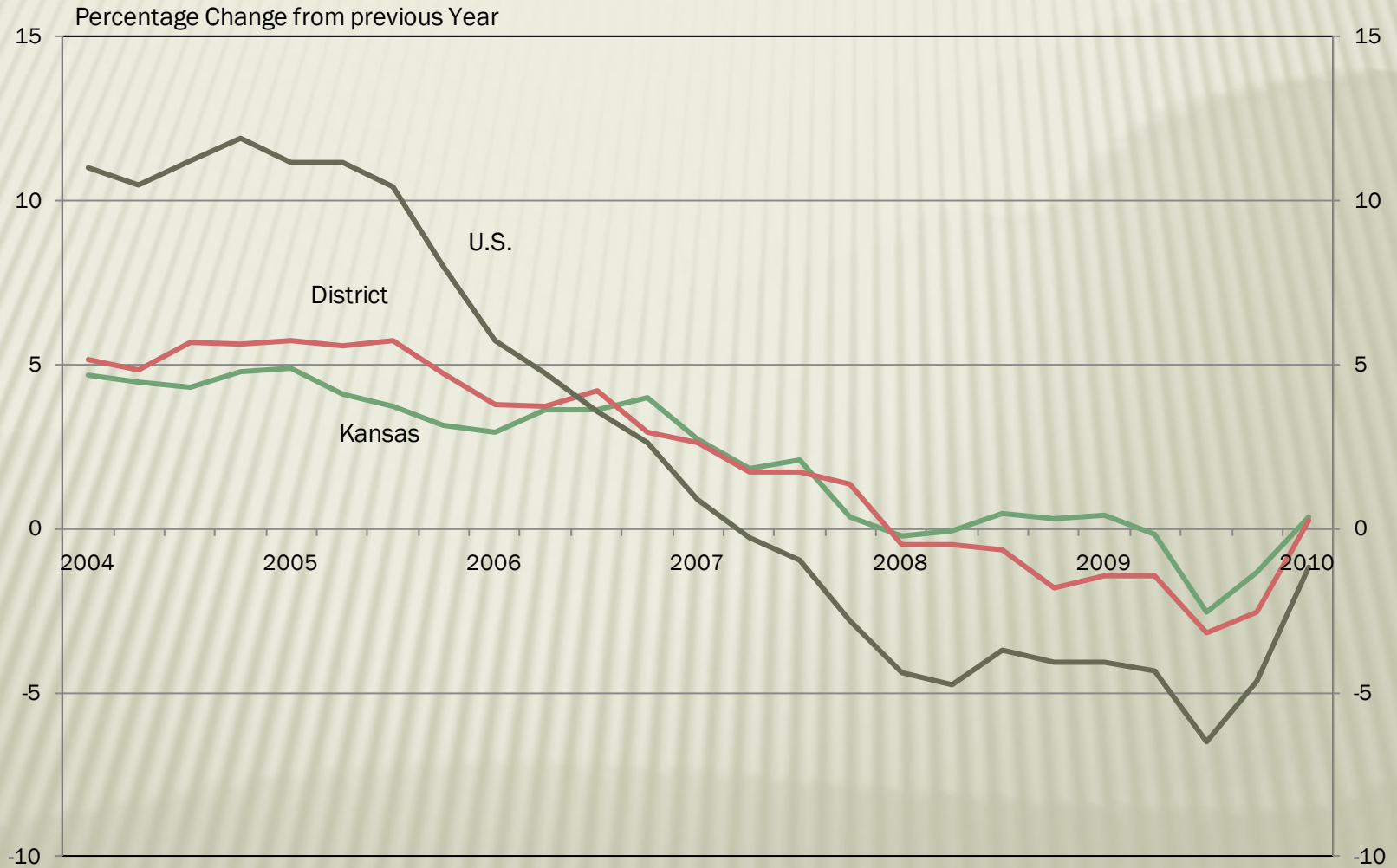
Omitted due to data confidentiality.

# HOME PRICE TRENDS

---

Omitted due to data confidentiality.

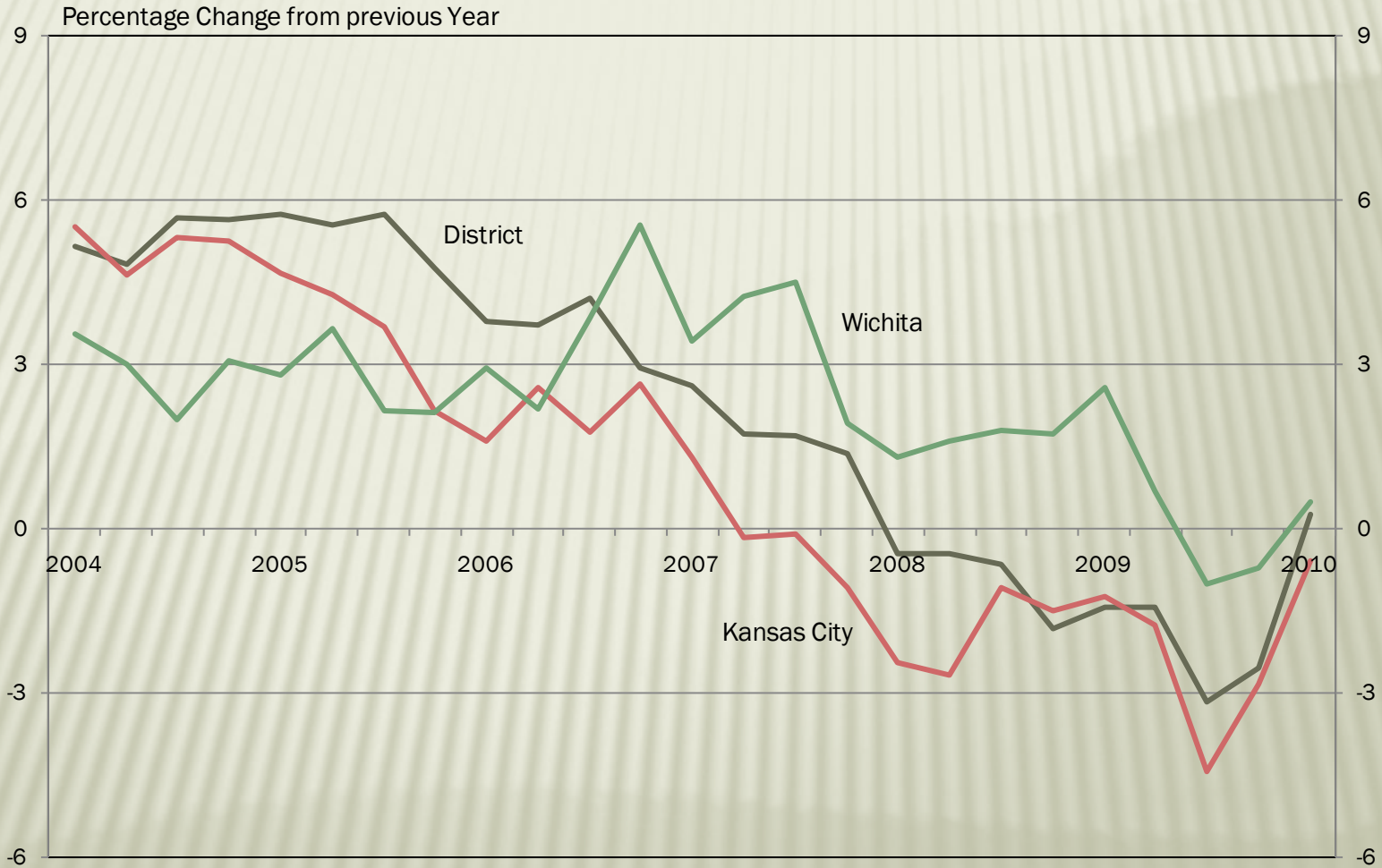
# HOME PRICE APPRECIATION



Source: Federal Housing Finance Agency



# HOME PRICE APPRECIATION



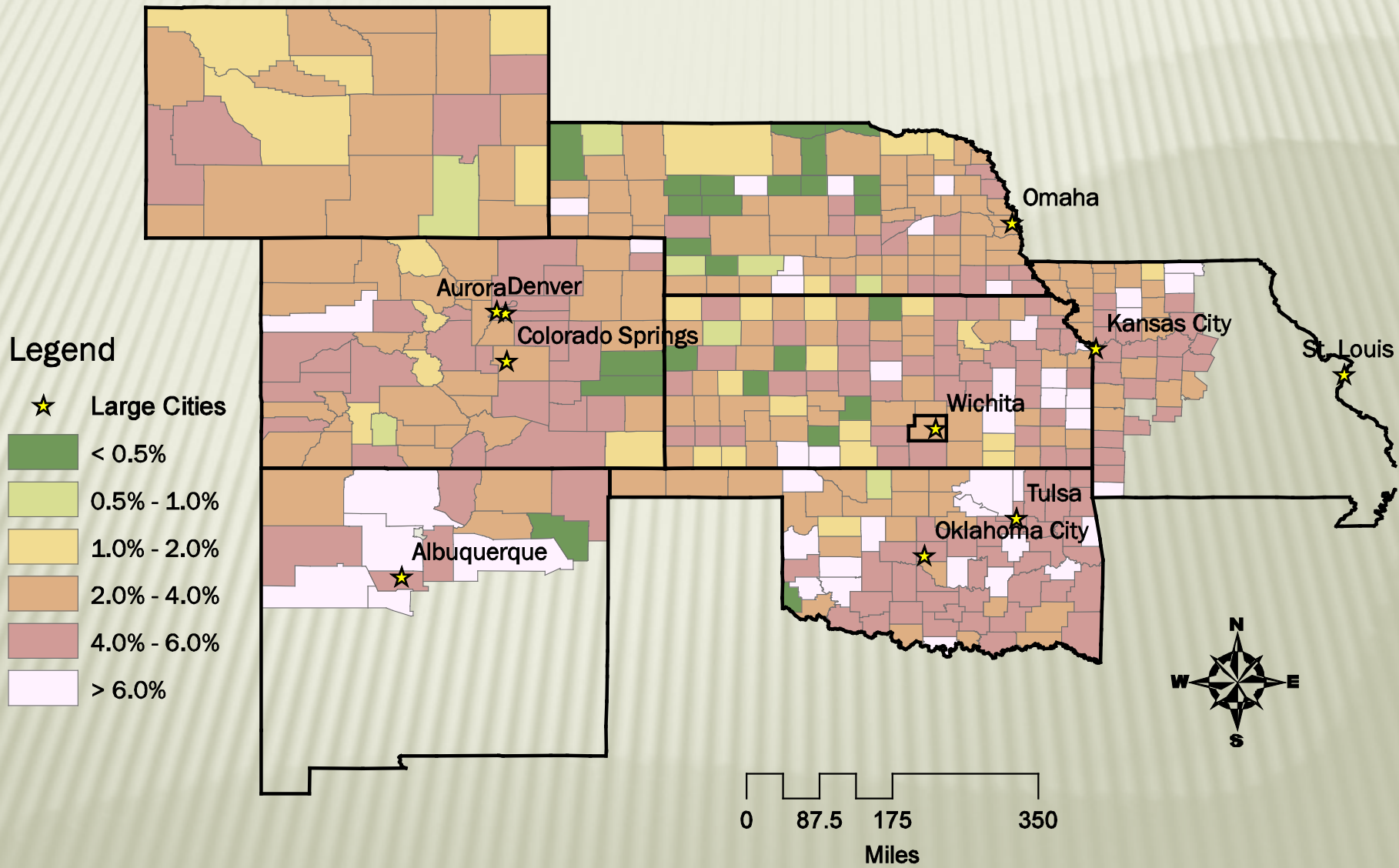
Source: Federal Housing Finance Agency

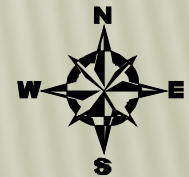
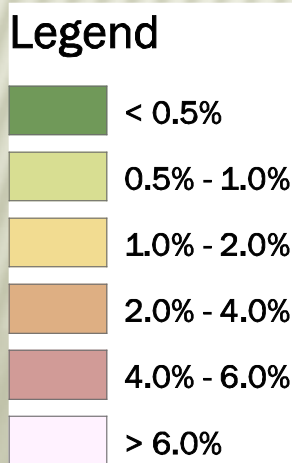
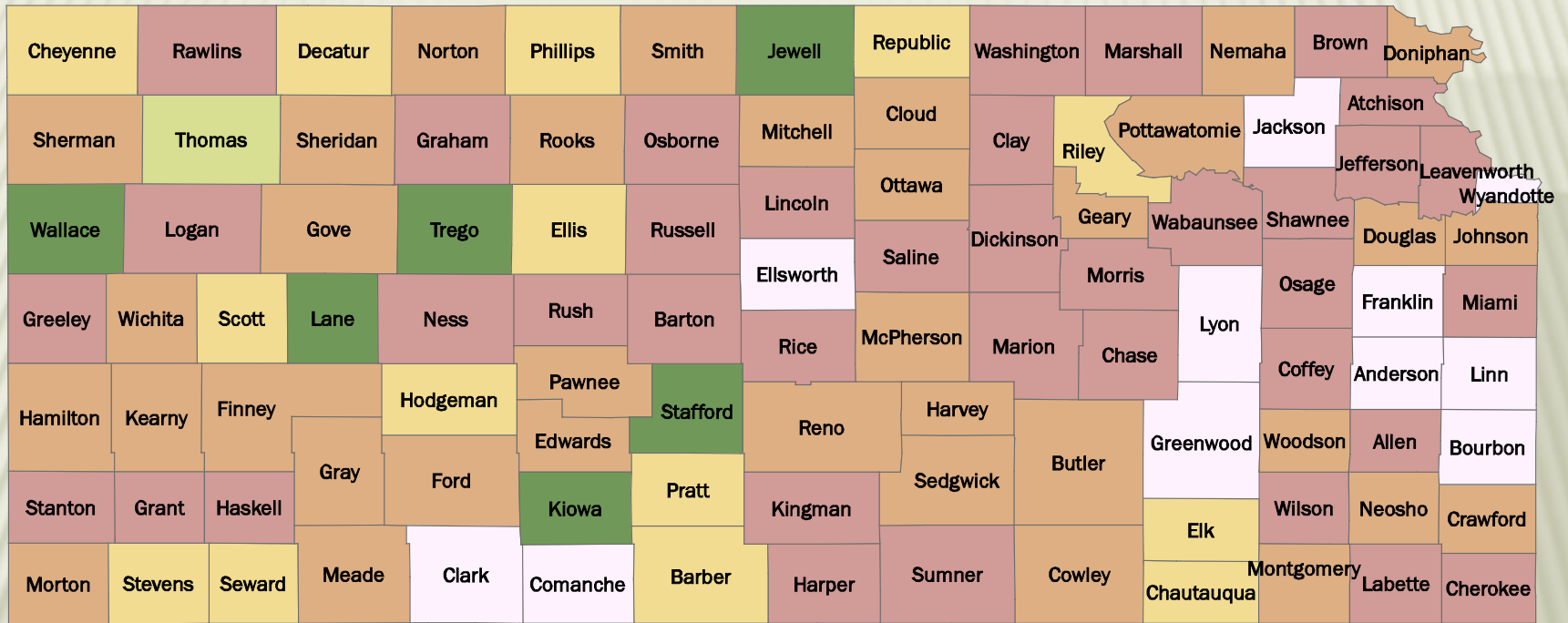
# FUTURE DIRECTION

- ✘ Delinquencies remain high

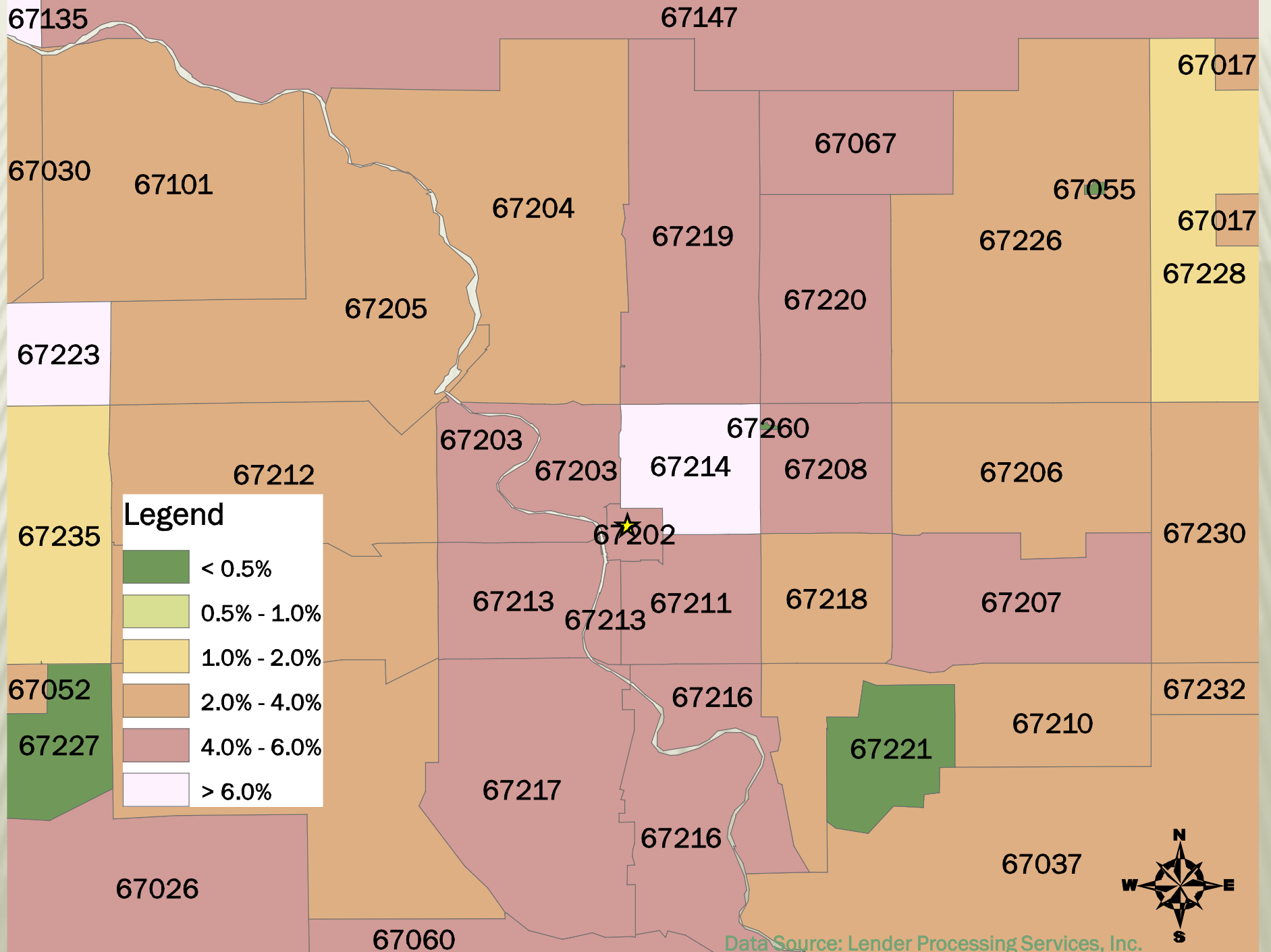
Status of Mortgage Pool	Sedgwick Co.	Kansas	USA
Delinquent 30 days	3.45	3.04% (2.72%)	3.06%
Delinquent 60 days	1.29	1.13% (0.78%)	1.29%
Delinquent 90 days +	2.11	2.13% (0.81%)	3.54%
<b>TOTAL PAST DUE</b>	<b>8.49%</b>	<b>8.13% (4.89%)</b>	<b>11.54%</b>
In Foreclosure Process	1.65	1.82% (0.58%)	3.64%
<b>SERIOUSLY DELINQUENT</b>	<b>3.76</b>	<b>3.95% (1.39%)</b>	<b>7.19%</b>

Data Source: Lender Processing Services, Inc.









Data Source: Lender Processing Services, Inc.

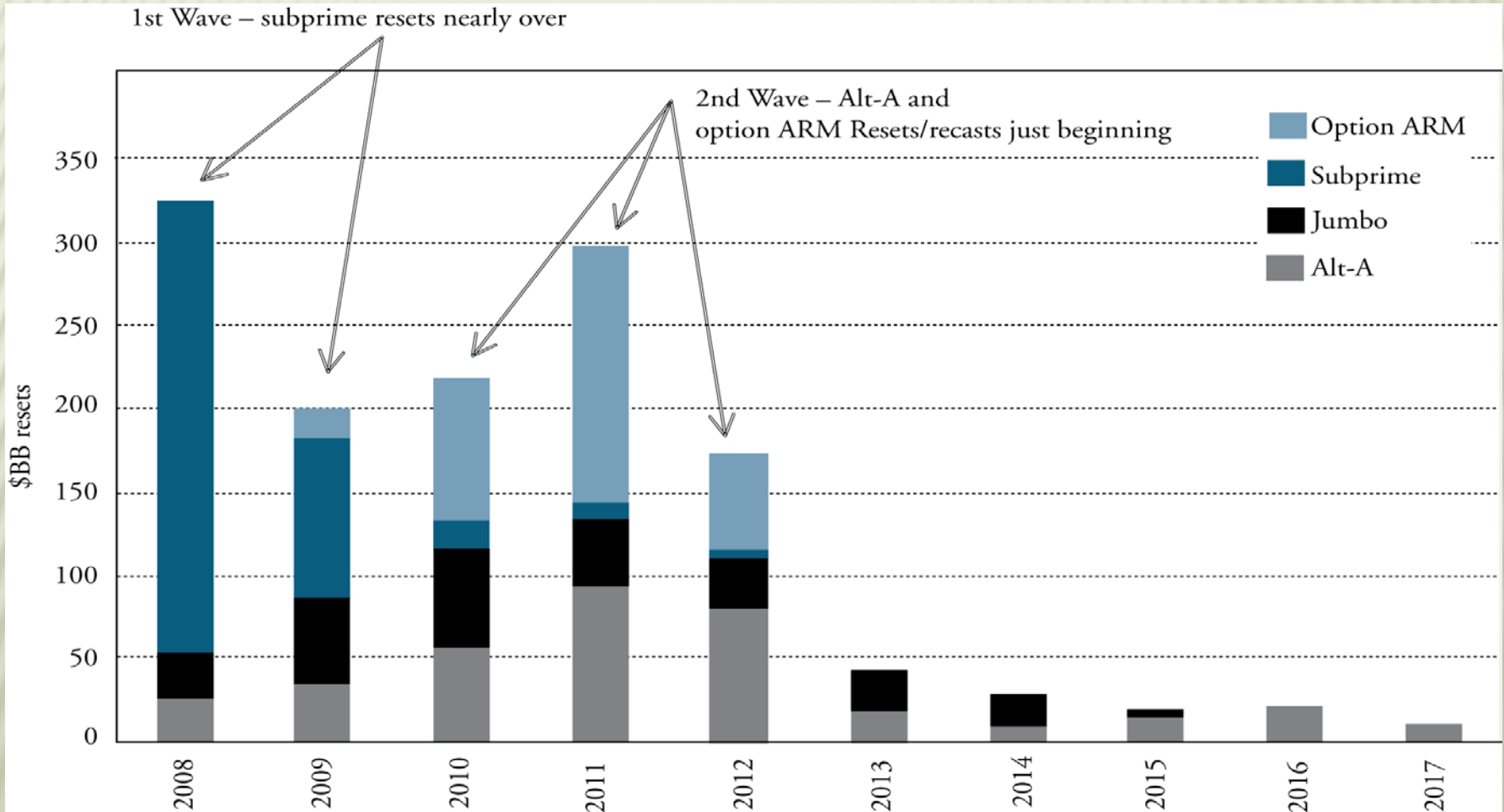


# FUTURE DIRECTION

---

- ✘ Delinquencies remain high, and are on the rise
- ✘ Modification efforts likely delaying more than preventing foreclosures
  - + it remains to be seen if new and renewed Federal efforts will spur additional modifications
- ✘ Subprime mortgage resets were generally modest in light of low mortgage rates, and resets are about over
  - + But remaining subprime mortgage holders often are in trouble
- ✘ New wave of resets is coming

# FUTURE DIRECTION





## CONTACT INFORMATION

Kelly D. Edmiston  
Senior Economist  
(816) 881-2004  
[Kelly.edmiston@kc.frb.org](mailto:Kelly.edmiston@kc.frb.org)