



FEDERAL RESERVE BANK *of* KANSAS CITY

# **Economic Conditions in the U.S. and Kansas City Region**

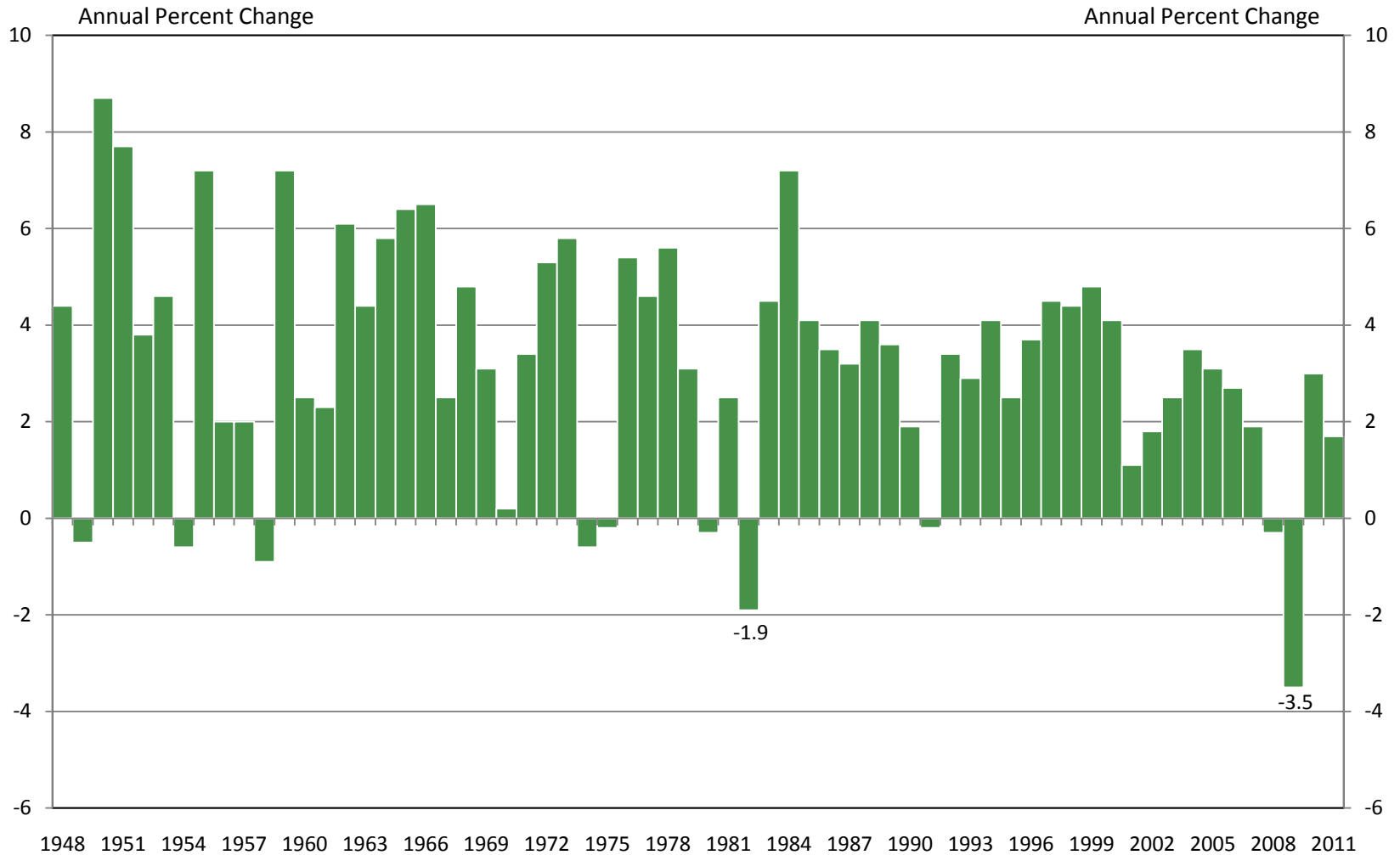
National Introducing Brokers Association  
Kansas City Board of Trade  
Kansas City, MO  
June 21, 2012

Kelly D. Edmiston

Economic Conditions in the U.S. and Kansas City Region

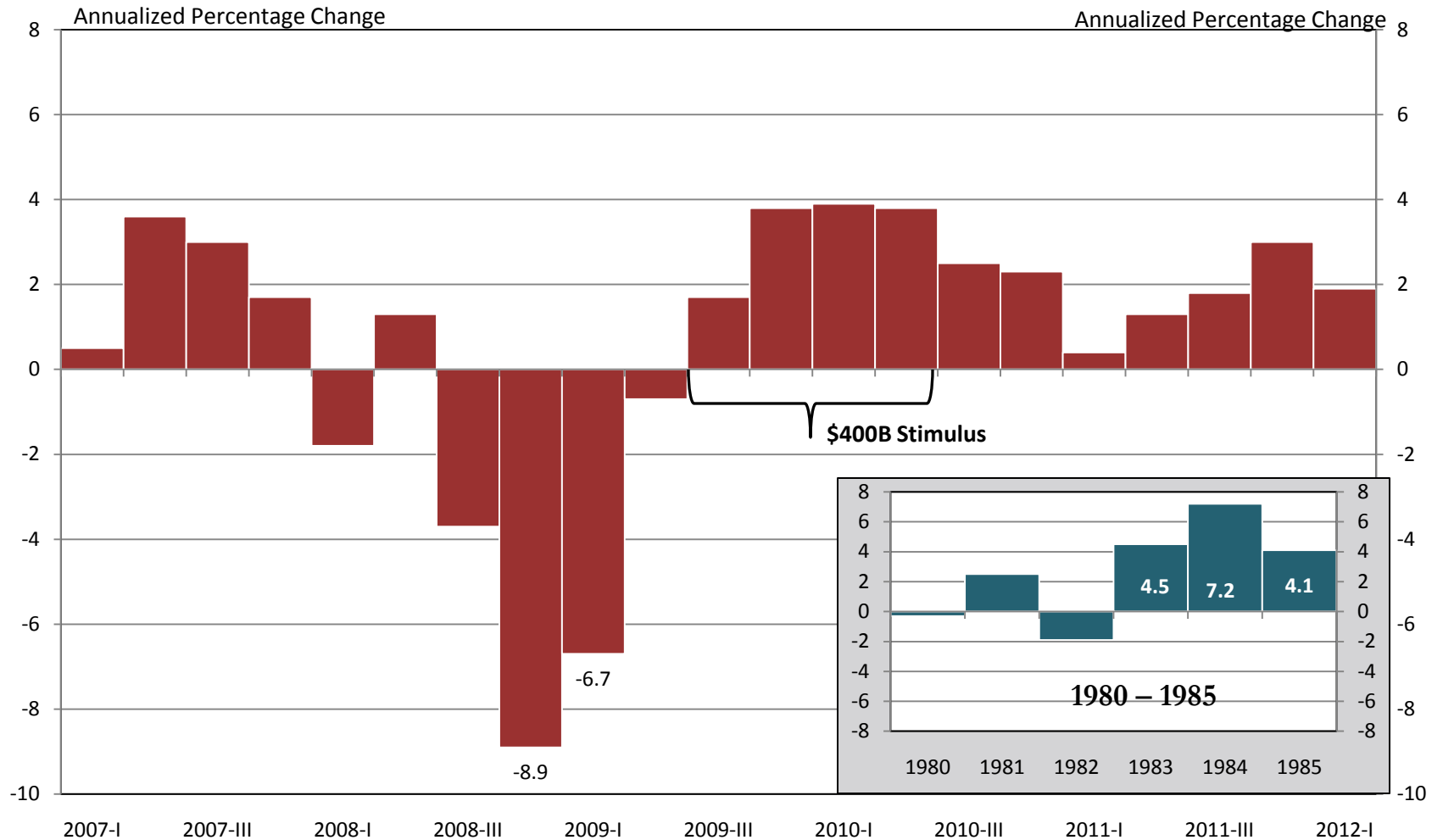
# **OUTPUT GROWTH**

# Annual Growth in Real GDP



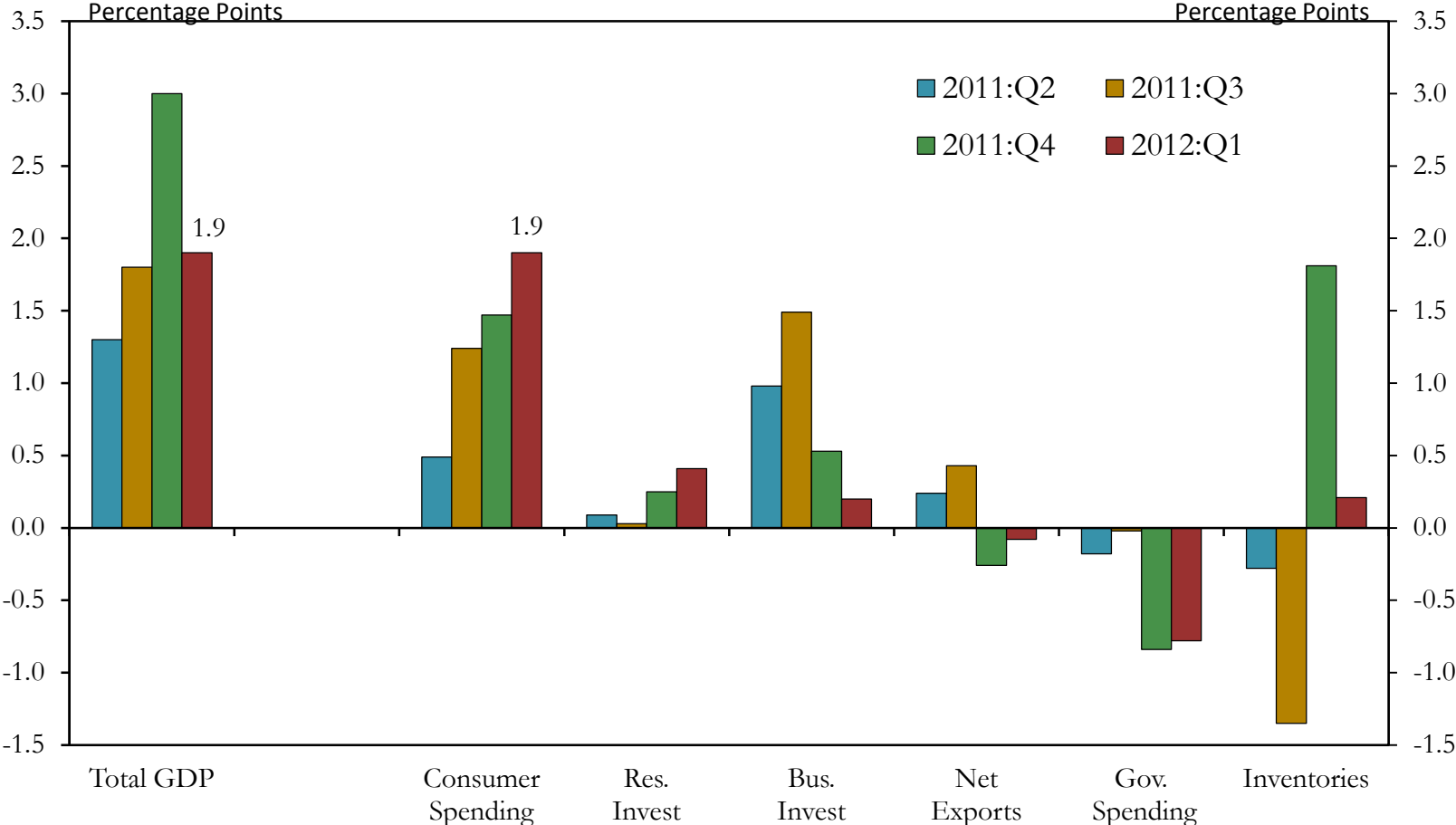
Source: U.S. Bureau of Economic Analysis

# Quarterly Real GDP Growth (Annualized)

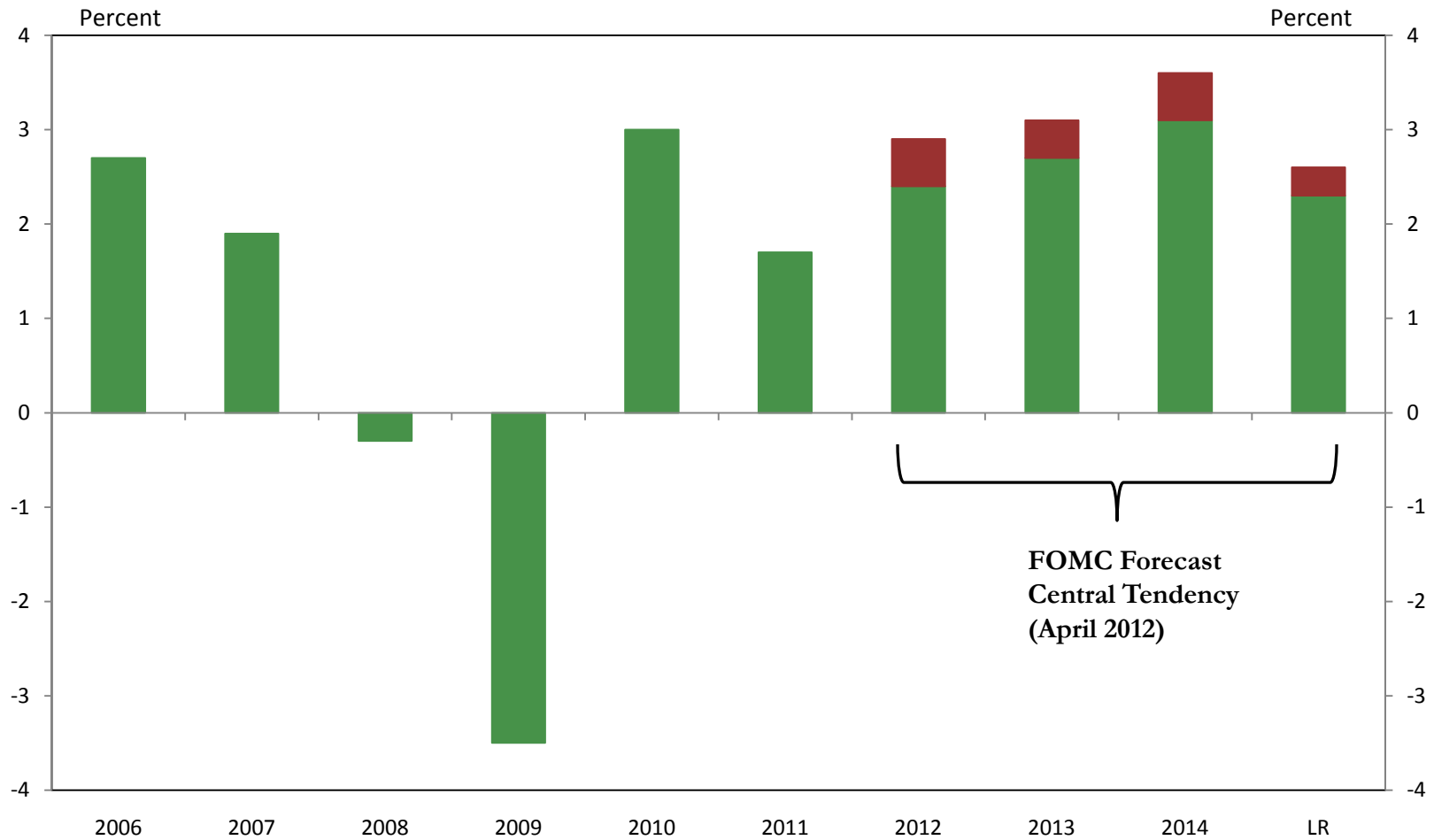


Source: U.S. Bureau of Economic Analysis

# Contributions to Percentage Change in Real GDP



# FOMC Real GDP Growth Forecast (April 2012)



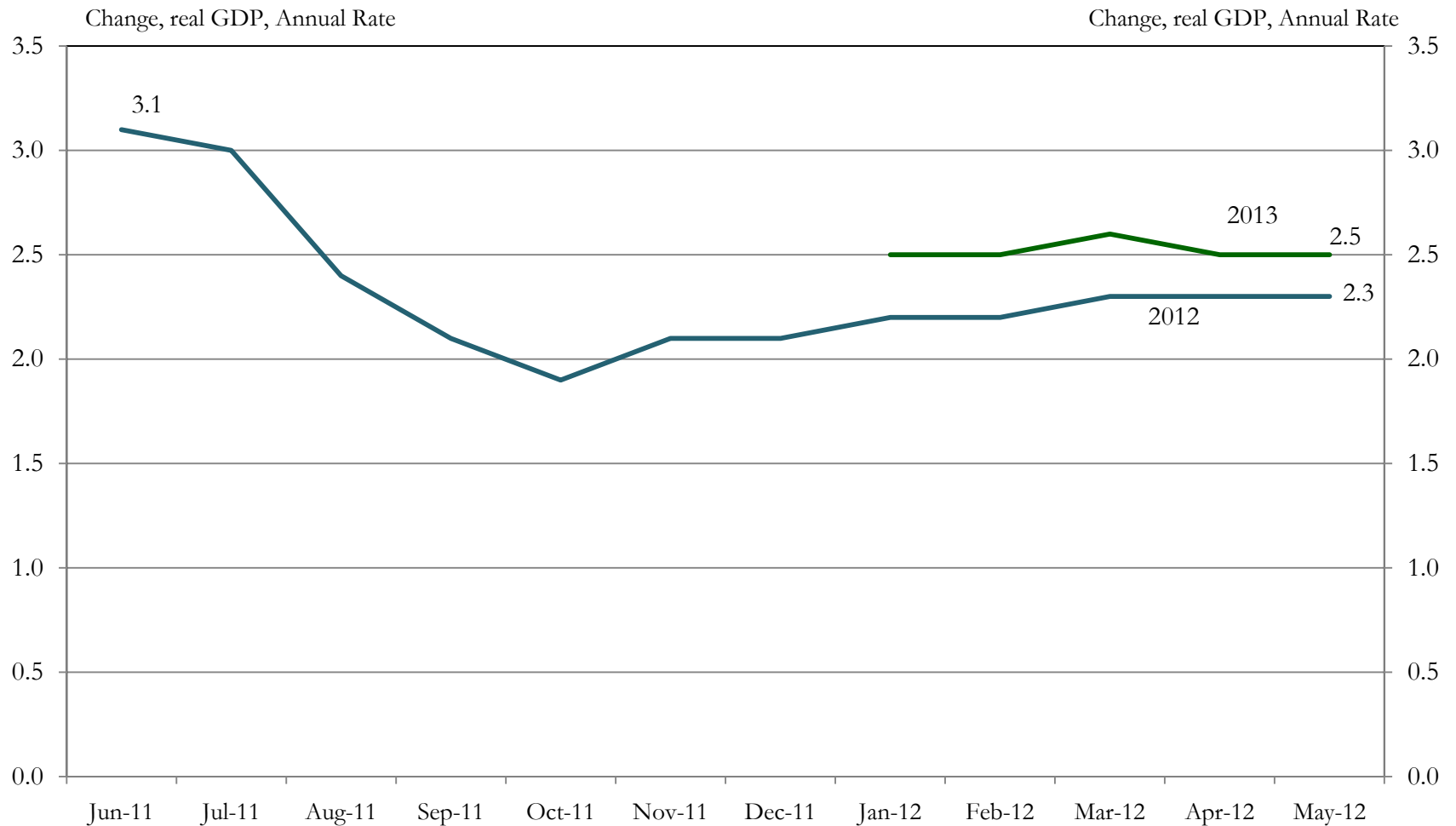
Sources: Bureau of Economic Analysis; FOMC

# Consensus Forecasts

|                             | 2011 | 2012F | 2013F |
|-----------------------------|------|-------|-------|
| Real GDP Growth             | 1.7  | 2.3   | 2.5   |
| Unemployment Rate (Average) | 8.9  | 8.1   | 7.7   |
| Consumer Prices             | 3.0  | 2.3   | 2.1   |

Source: Consensus Forecasts (May 2012); U.S. Bureau of Economic Analysis (historical data); U.S. Bureau of Labor Statistics (historical data)

# Consensus Forecasts for 2012 and 2013, by month, Jun 2011 – May 2012

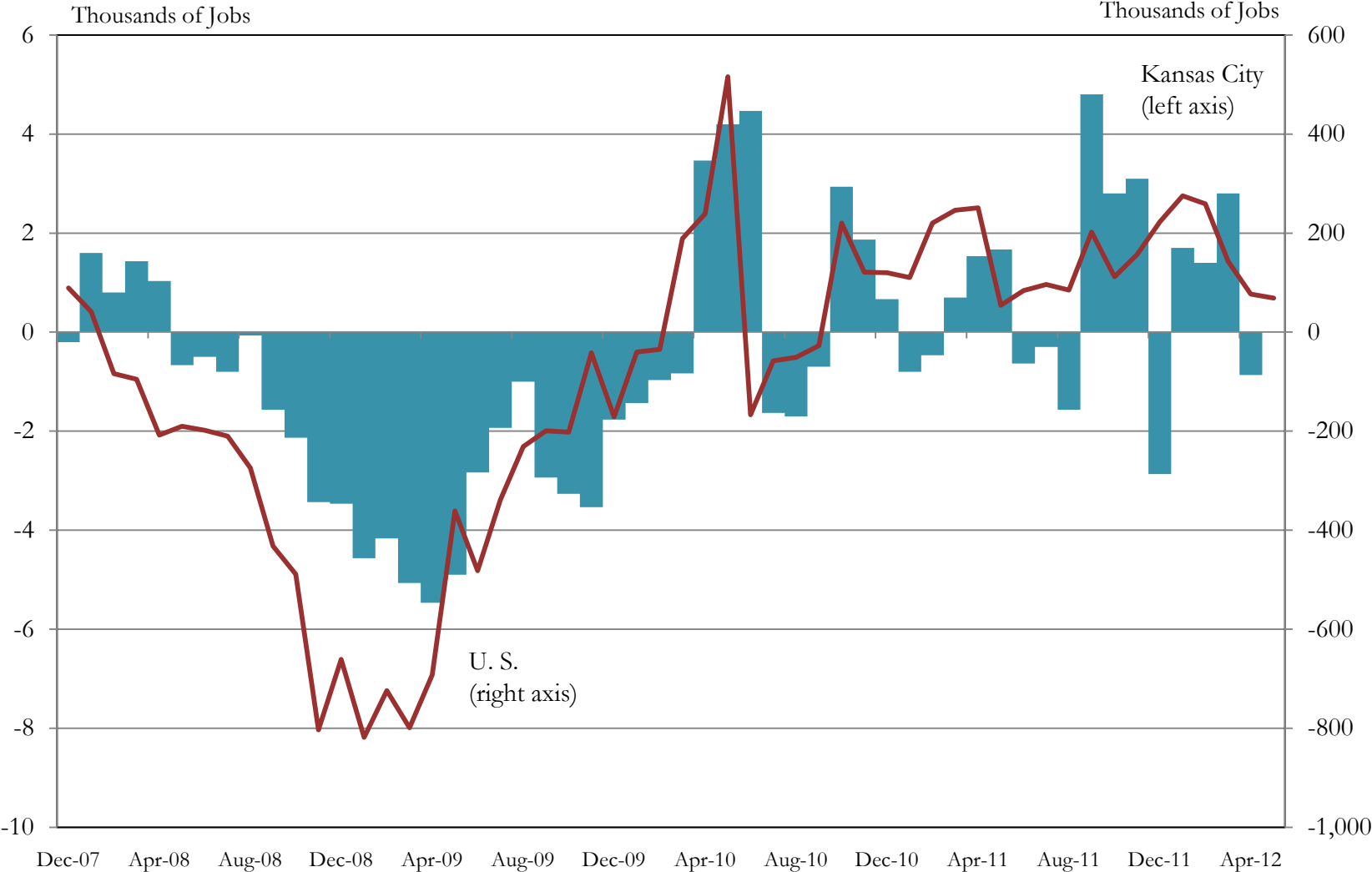




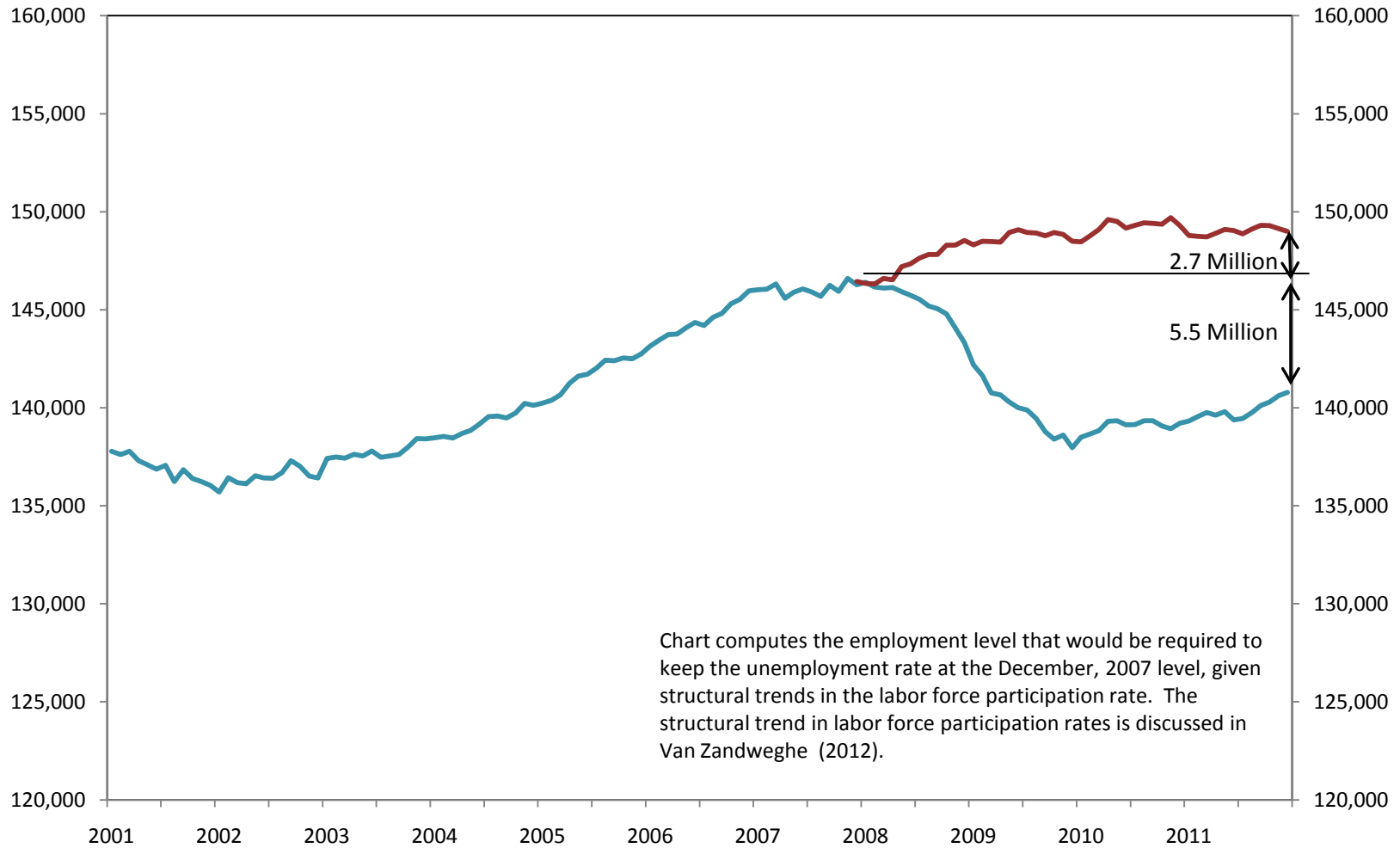
Economic Conditions in the U.S. and Kansas City Region

# **EMPLOYMENT AND UNEMPLOYMENT**

# Employment Growth in the U.S. and KC Metro

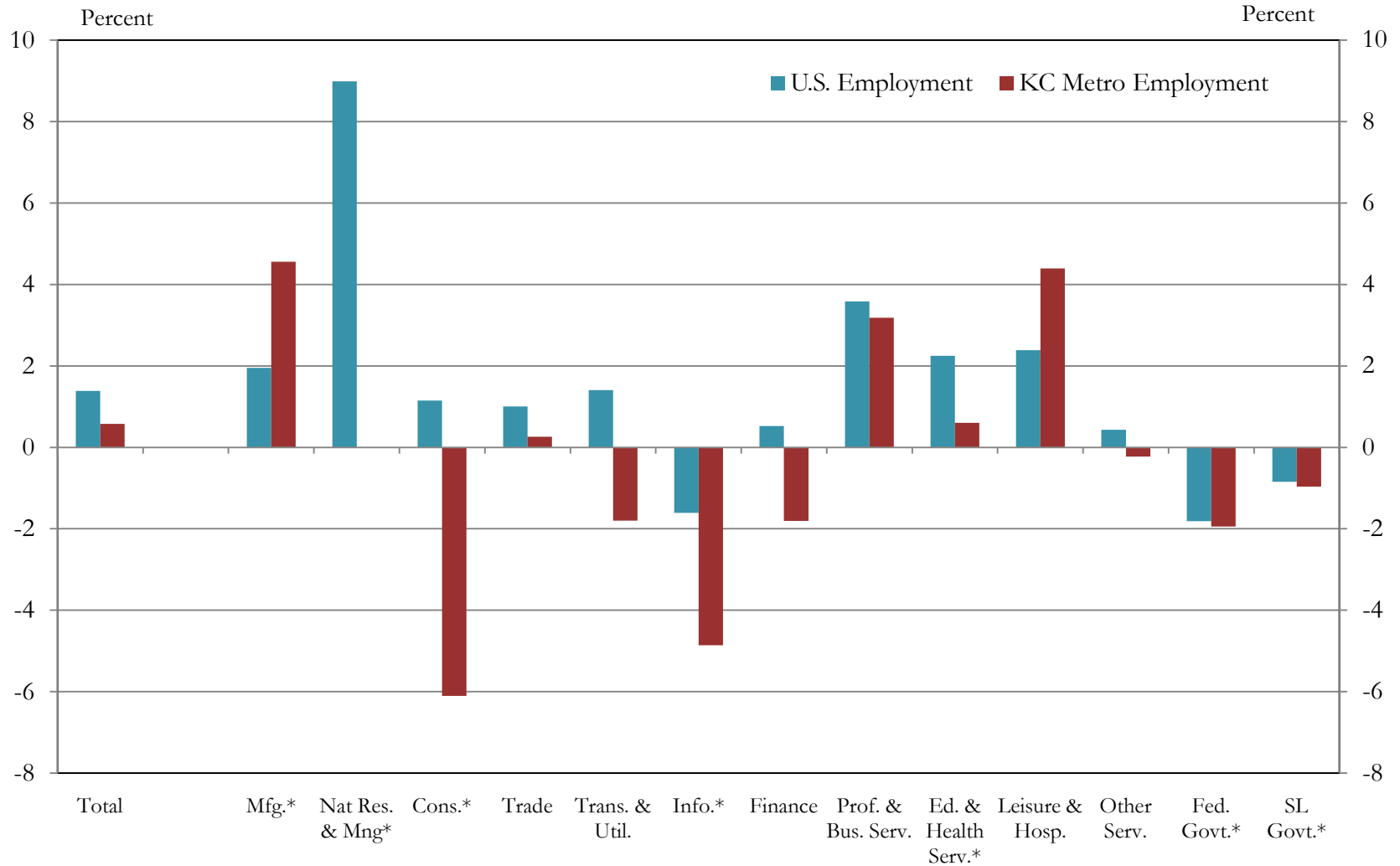


# The Jobs Deficit



# Job Growth by Sector

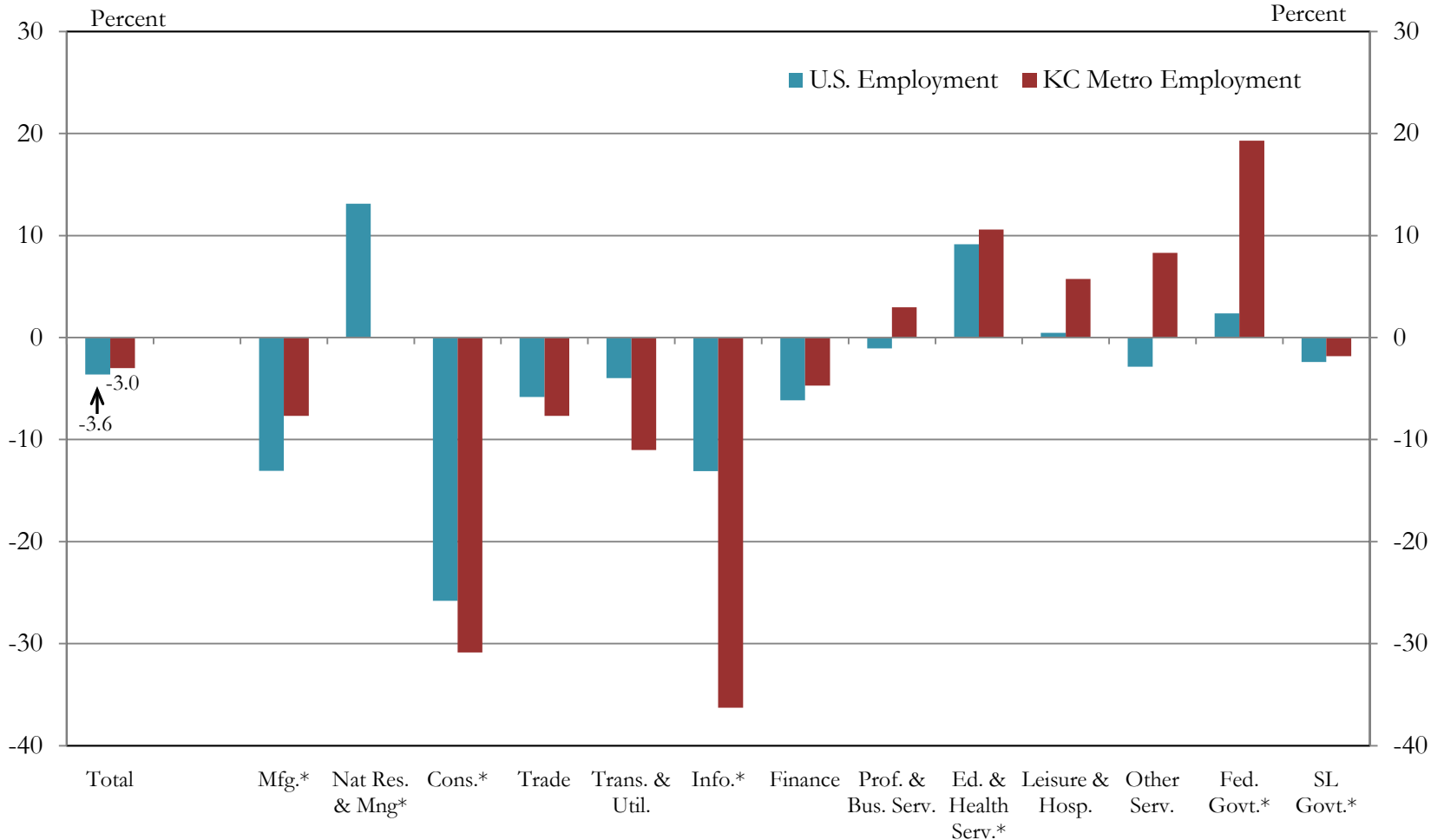
May, 2011 – May, 2012



Source: U.S. Bureau of Labor Statistics

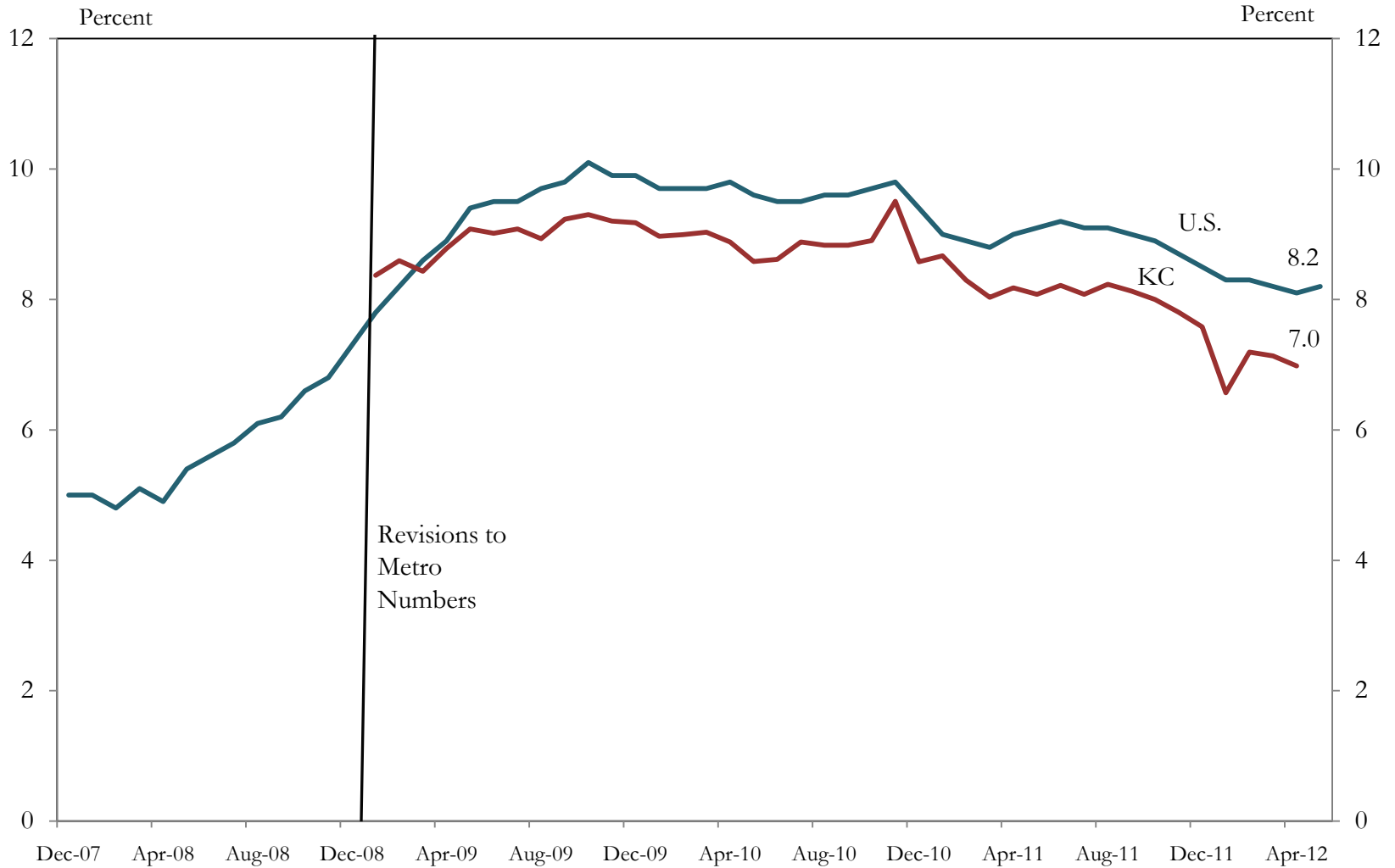
# Job Growth by Sector

## December, 2007 – May, 2012



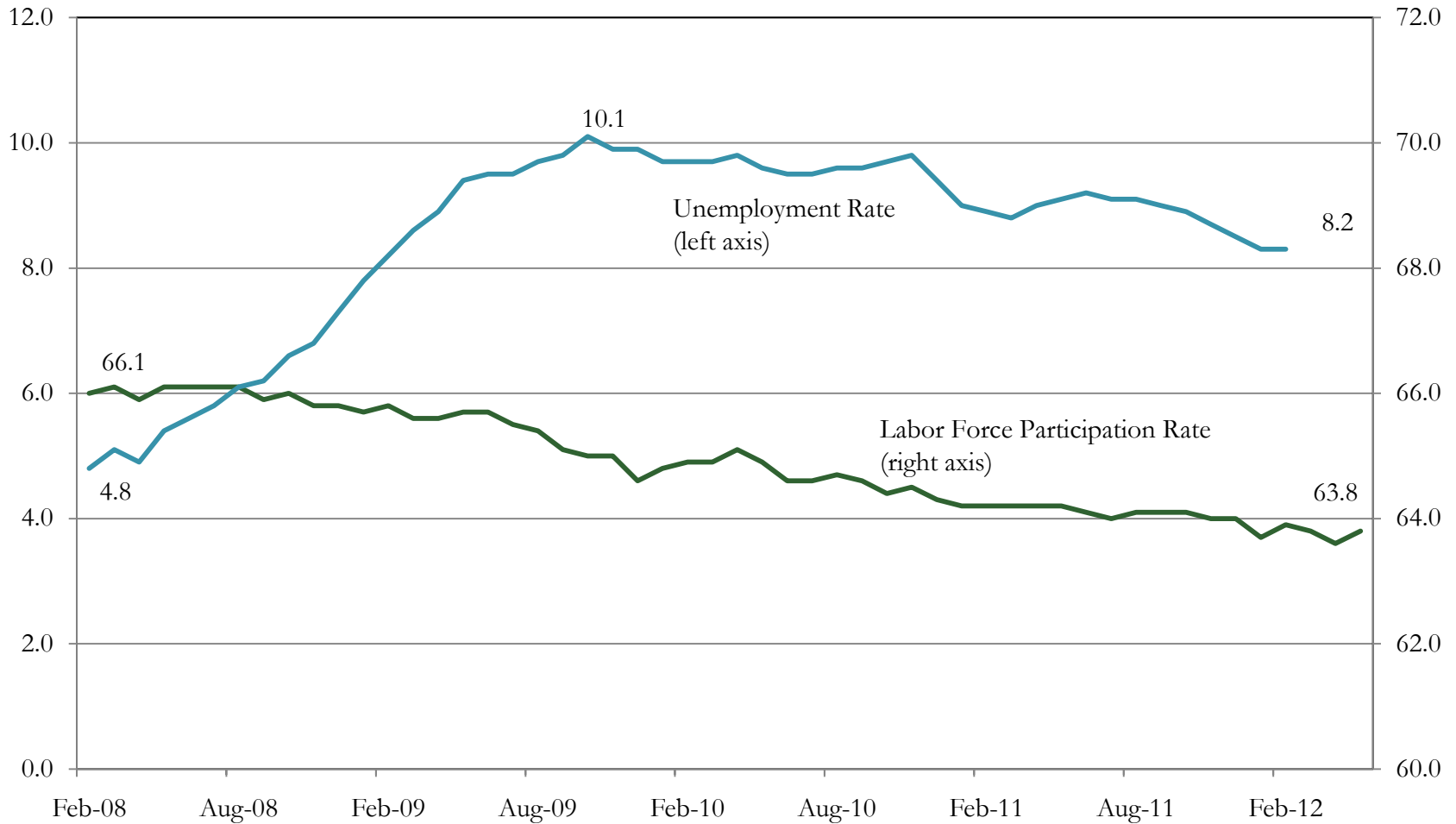
Source: U.S. Bureau of Labor Statistics

# Unemployment Rate



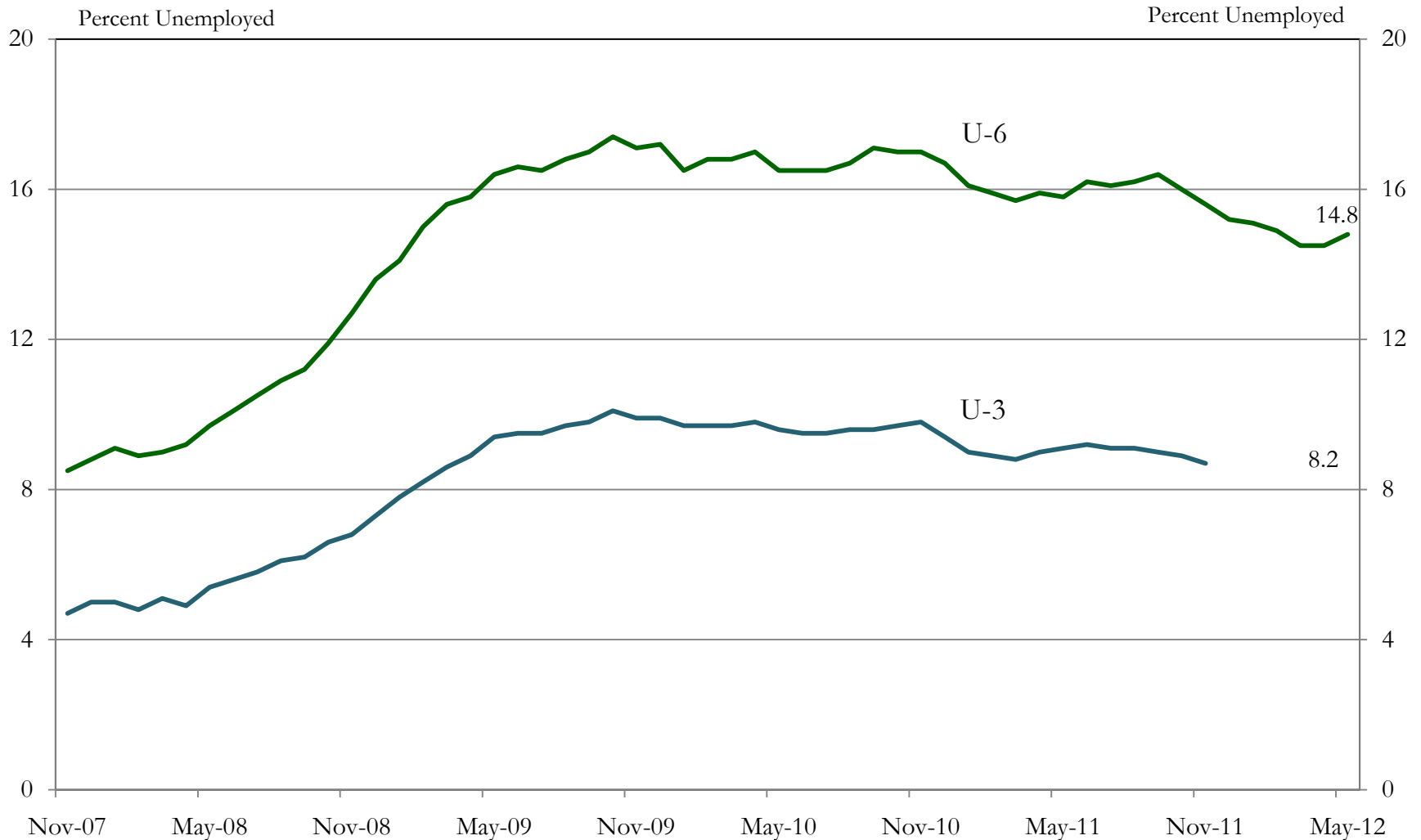
Source: U.S. Bureau of Labor Statistics

# Unemployment and Labor Force Participation Rates



Source: U.S. Bureau of Labor Statistics

# Expanded Unemployment Rate



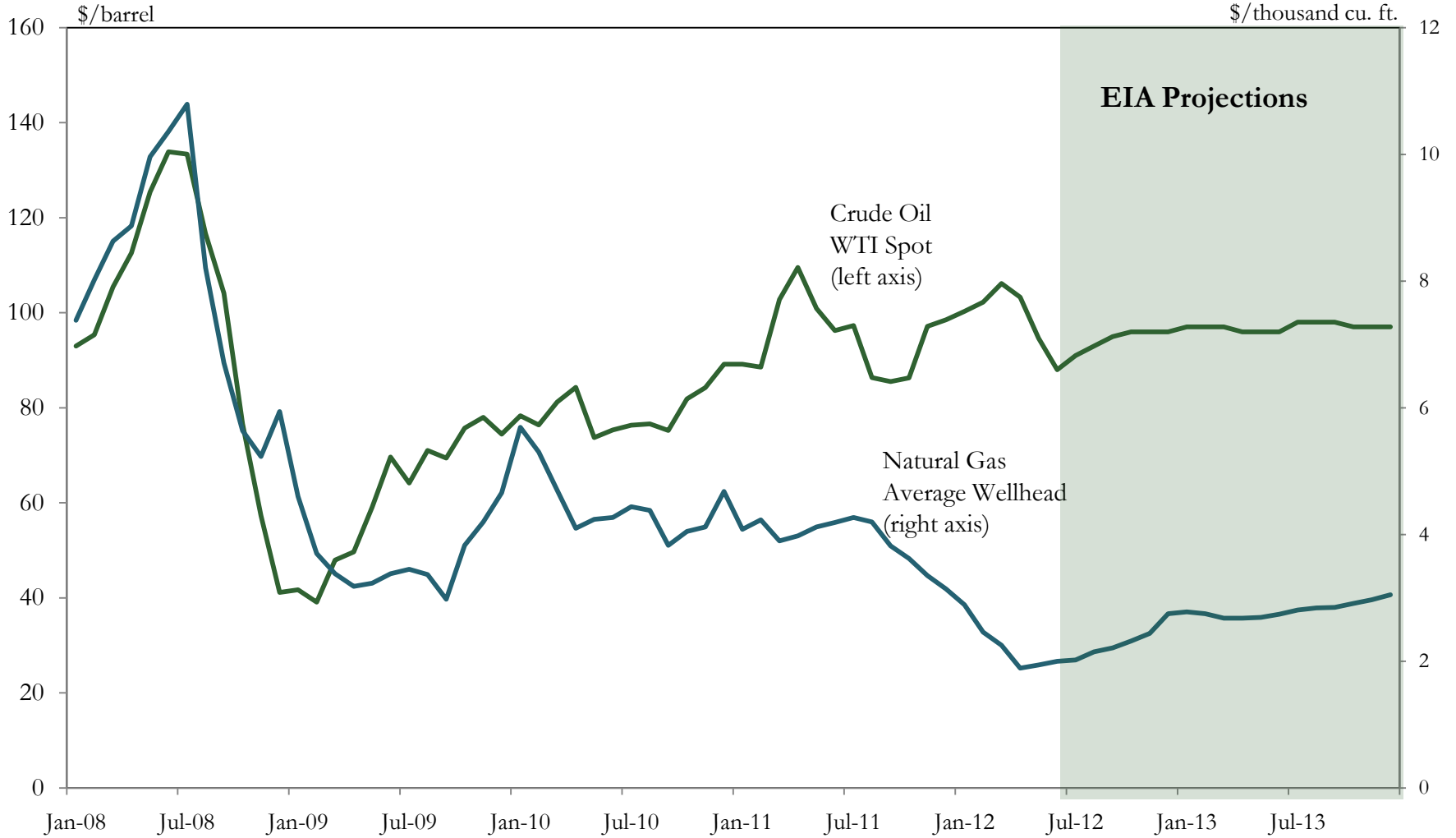
Source: U.S. Bureau of Labor Statistics



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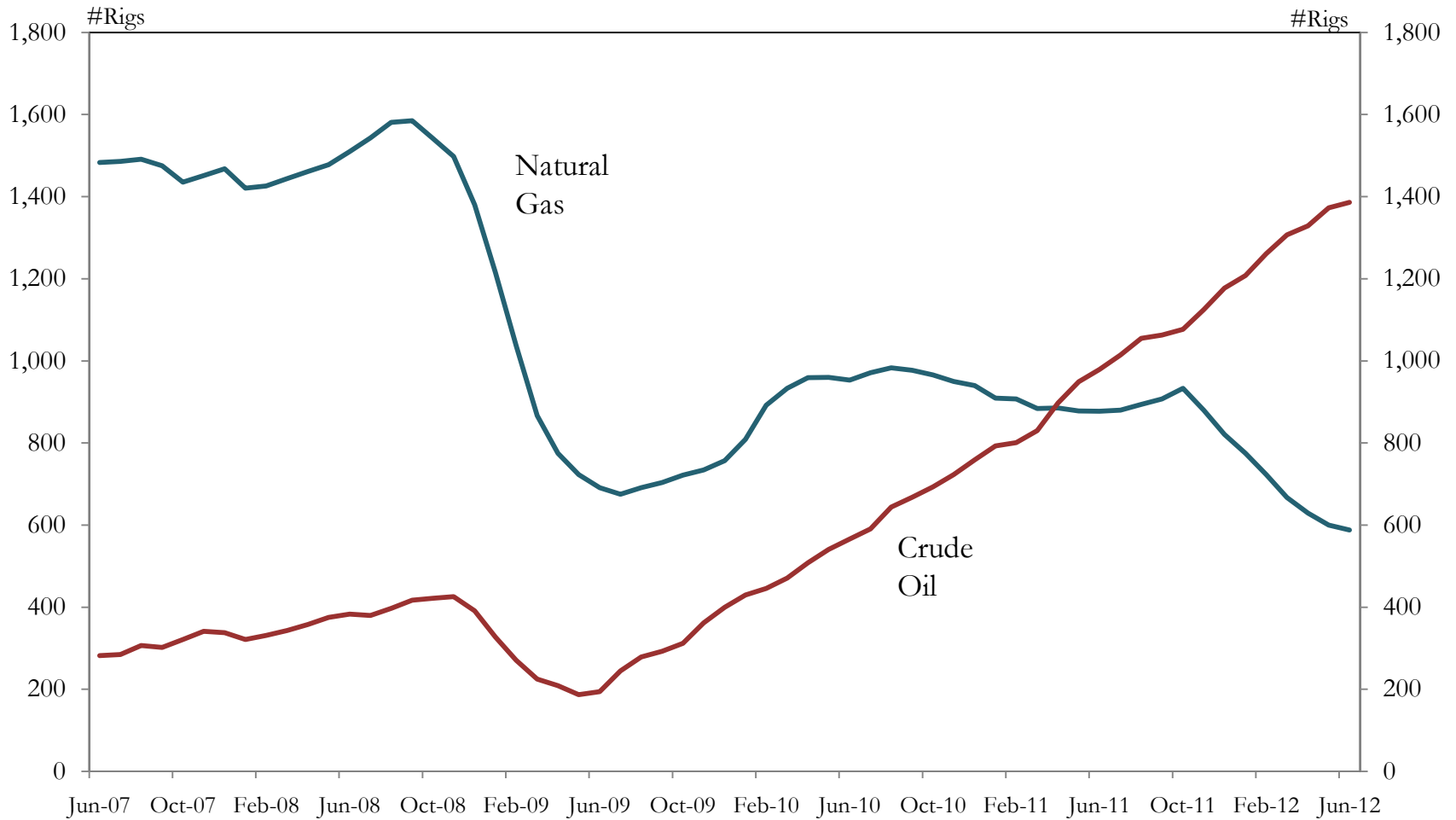
# **ENERGY, AGRICULTURE, AND HOUSING**

# Energy Prices



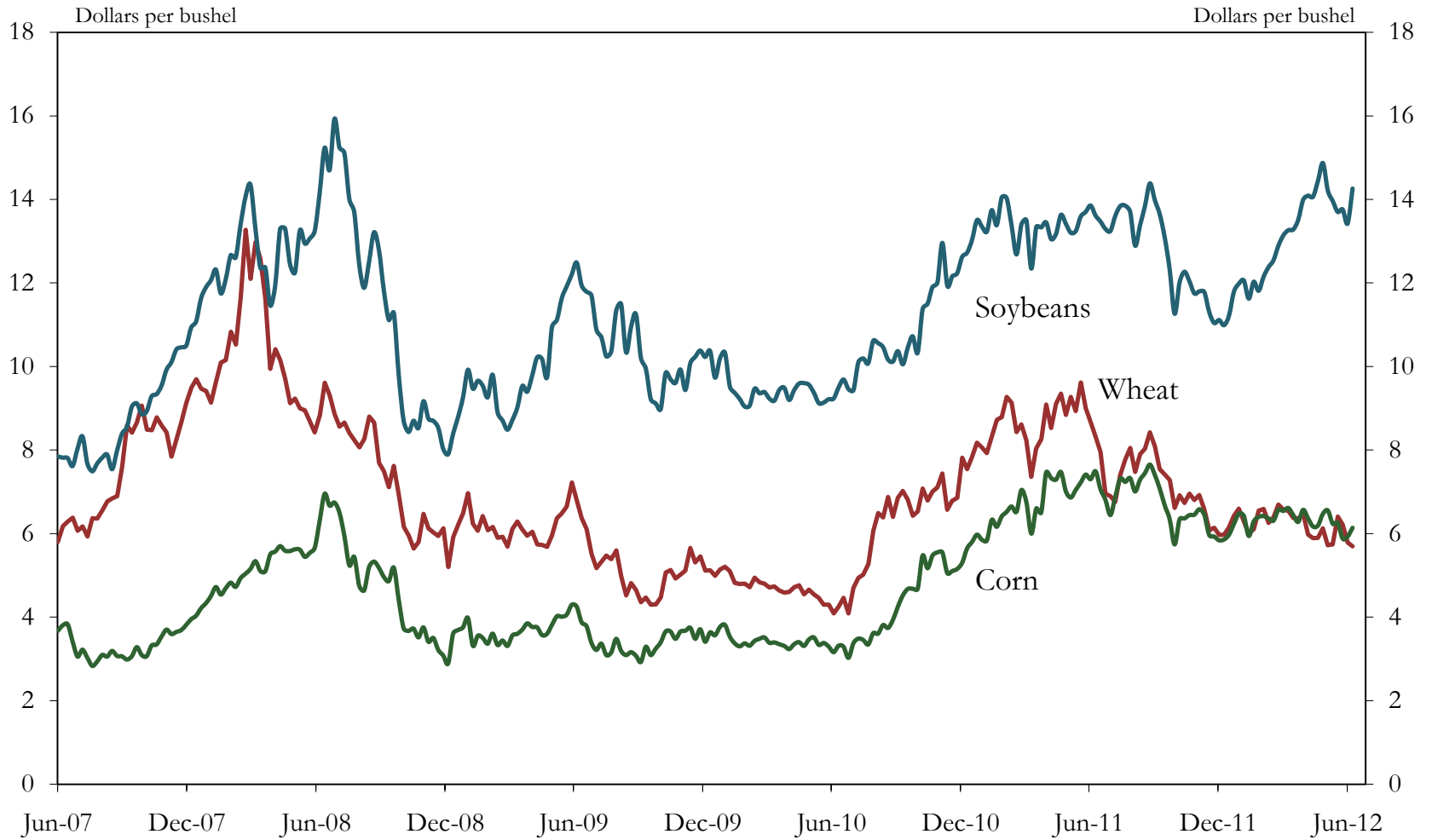
Source: U.S. Energy Information Administration

# Rig Counts



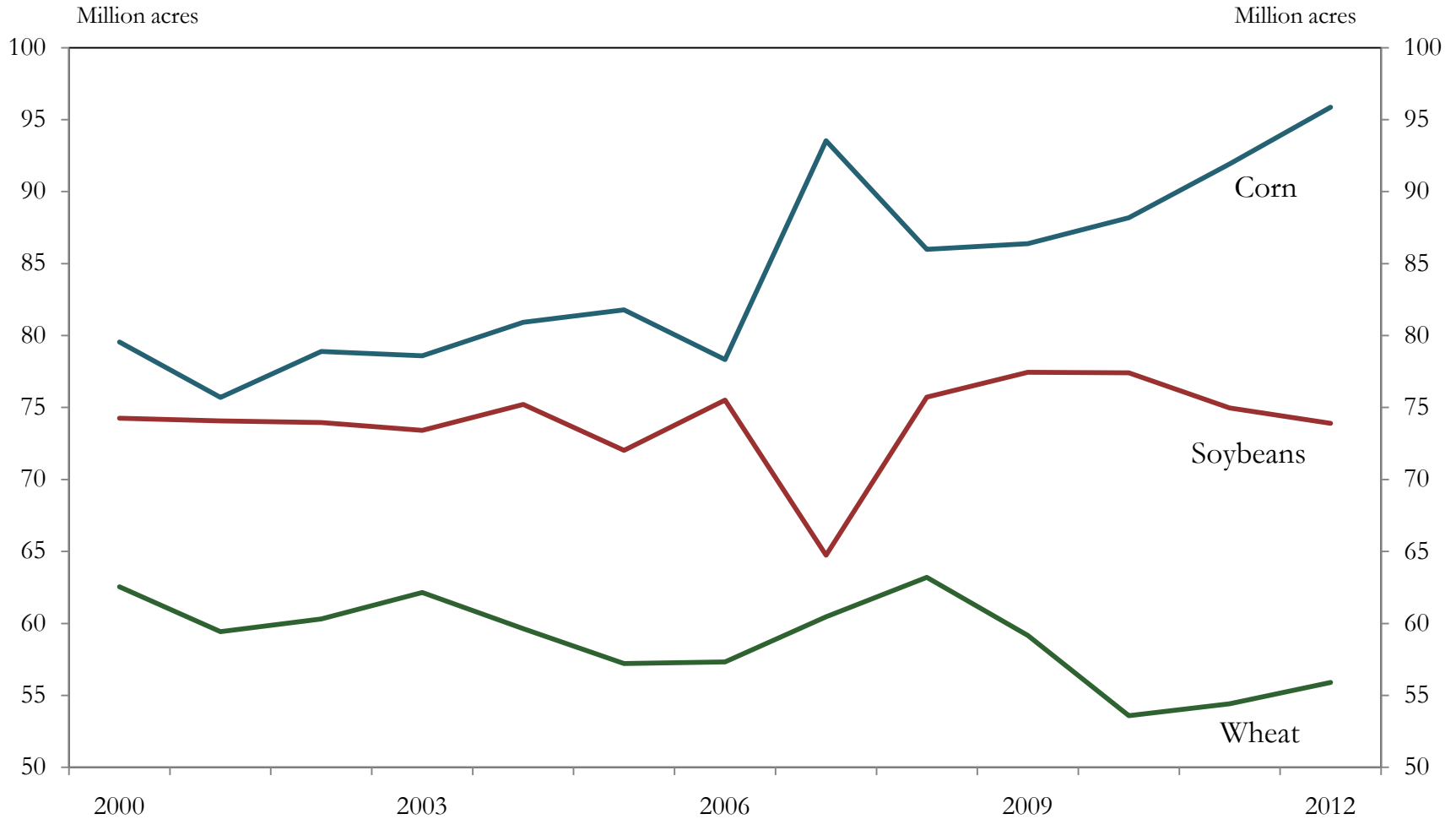
Source: Baker-Hughes

# Crop Prices



Source: Commodity Research Bureau

# Crop Plantings

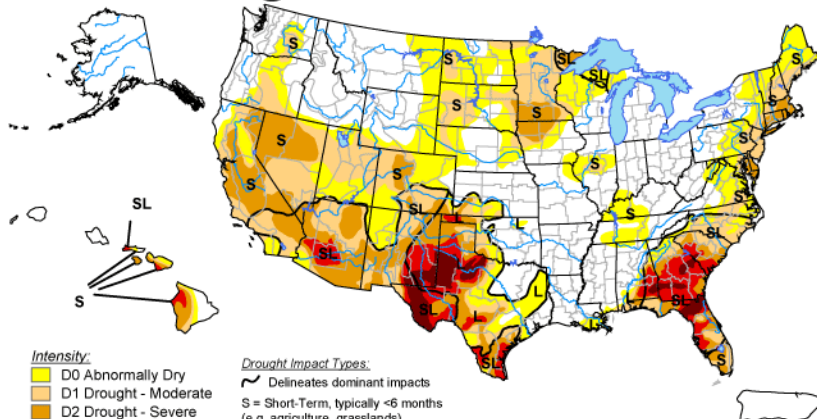


Source: USDA

# Drought Outlook

## U.S. Drought Monitor

April 10, 2012  
Valid 7 a.m. EDT



**Intensity:**  
 D0 Abnormally Dry  
 D1 Drought - Moderate  
 D2 Drought - Severe  
 D3 Drought - Extreme  
 D4 Drought - Exceptional

**Drought Impact Types:**  
 ~ Delineates dominant impacts  
 S = Short-Term, typically <6 months (e.g. agriculture, grasslands)  
 L = Long-Term, typically >6 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

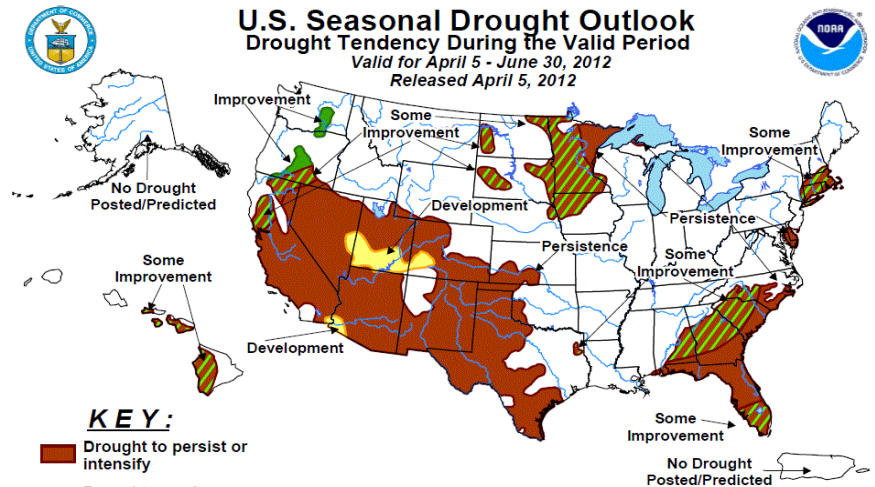
<http://droughtmonitor.unl.edu/>



Released Thursday, April 12, 2012  
 Author: David Miskus, NOAA/NWS/NCEP/CPC

## U.S. Seasonal Drought Outlook

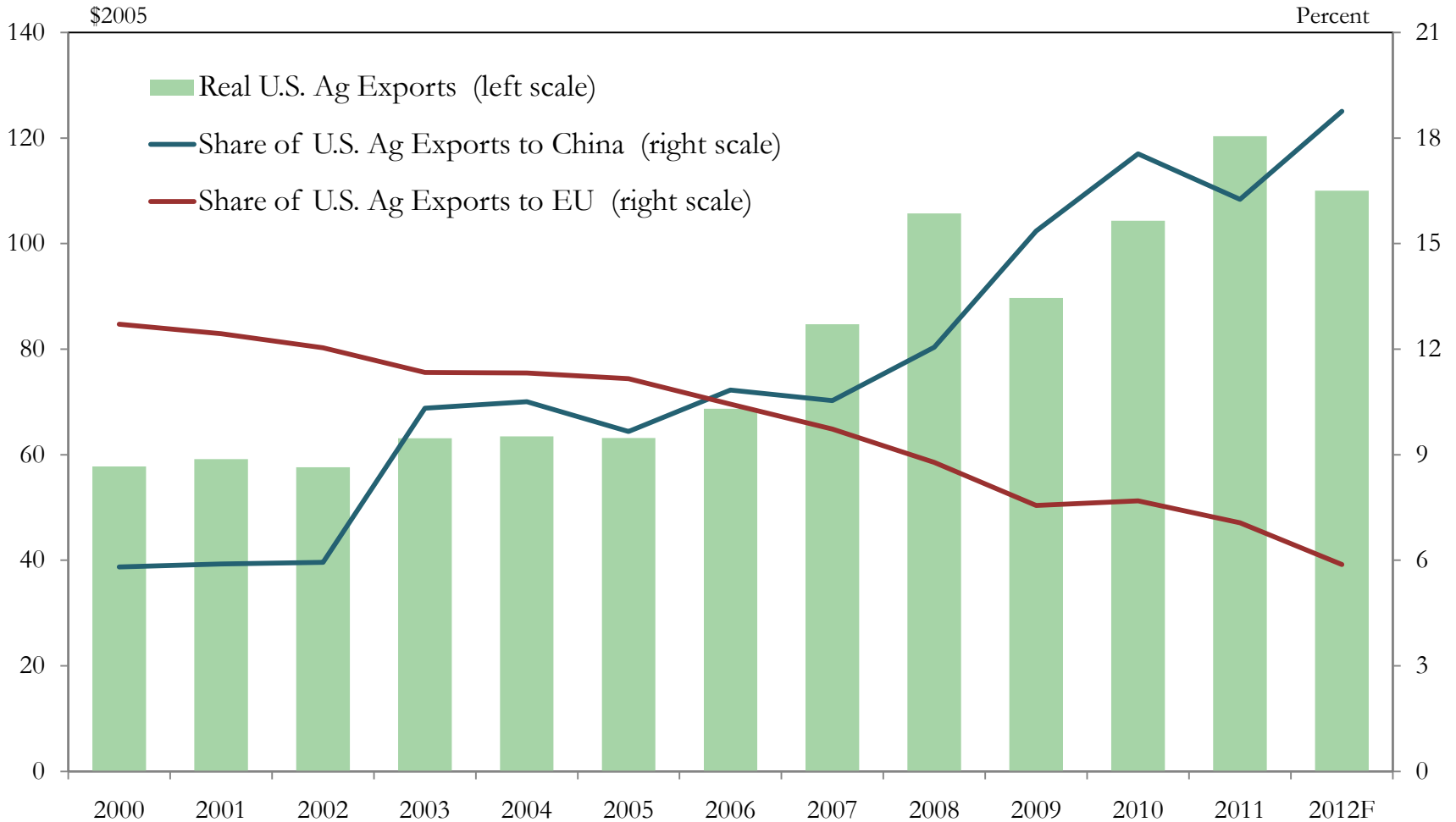
Drought Tendency During the Valid Period  
 Valid for April 5 - June 30, 2012  
 Released April 5, 2012



**KEY:**  
 Drought to persist or intensify  
 Drought ongoing, some improvement  
 Drought likely to improve, impacts ease  
 Drought development likely

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events -- such as individual storms -- cannot be accurately forecast more than a few days in advance. Use caution for applications -- such as crops -- that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 intensity). For weekly drought updates, see the latest U.S. Drought Monitor. NOTE: the green improvement areas imply at least a 1-category improvement in the Drought Monitor intensity levels, but do not necessarily imply drought elimination.

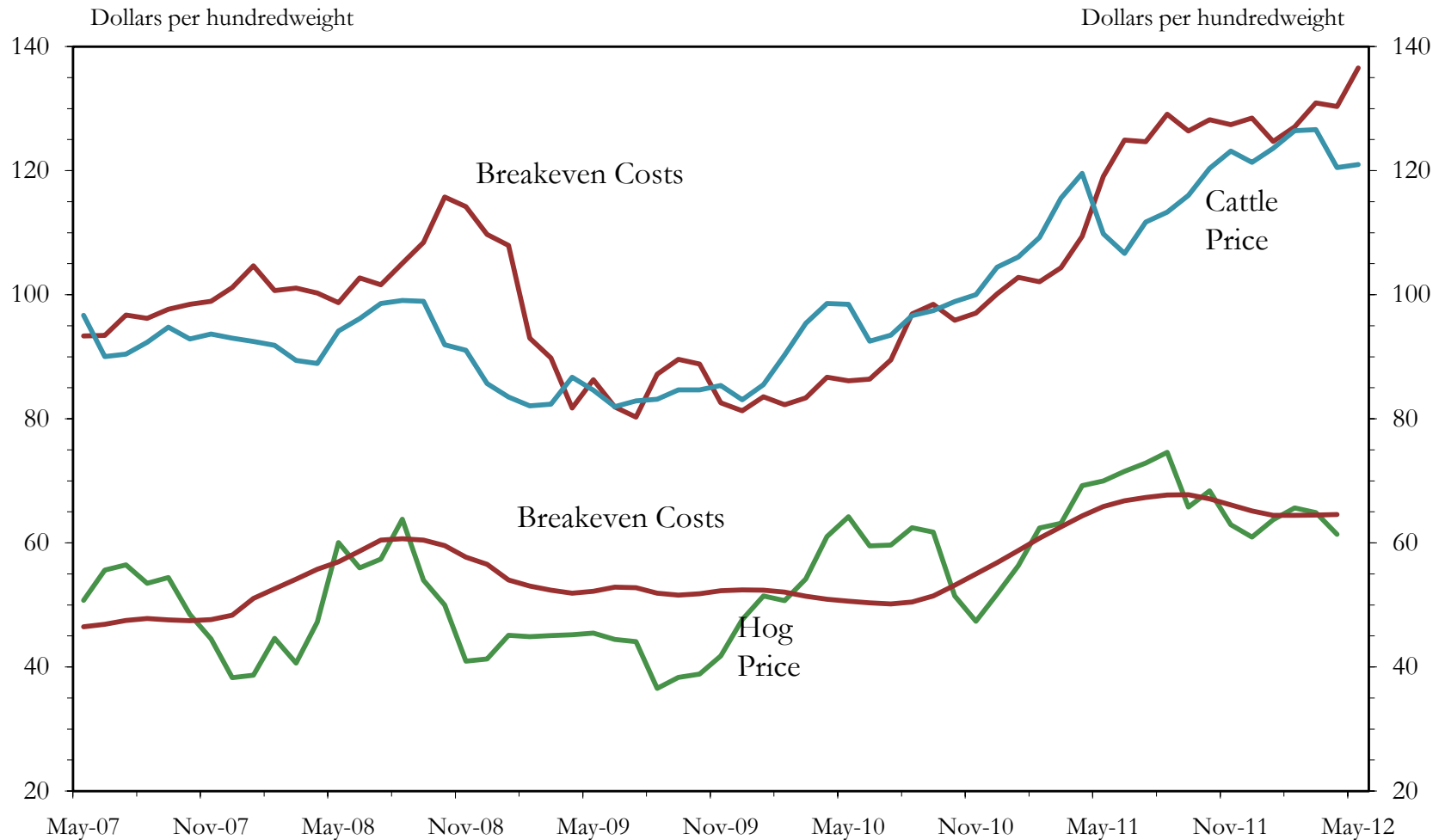
# Agriculture Exports



Source: FAS, USDA

Note: 2012 exports based on first quarter growth at an annual rate

# U.S. Livestock Prices and Breakeven Costs

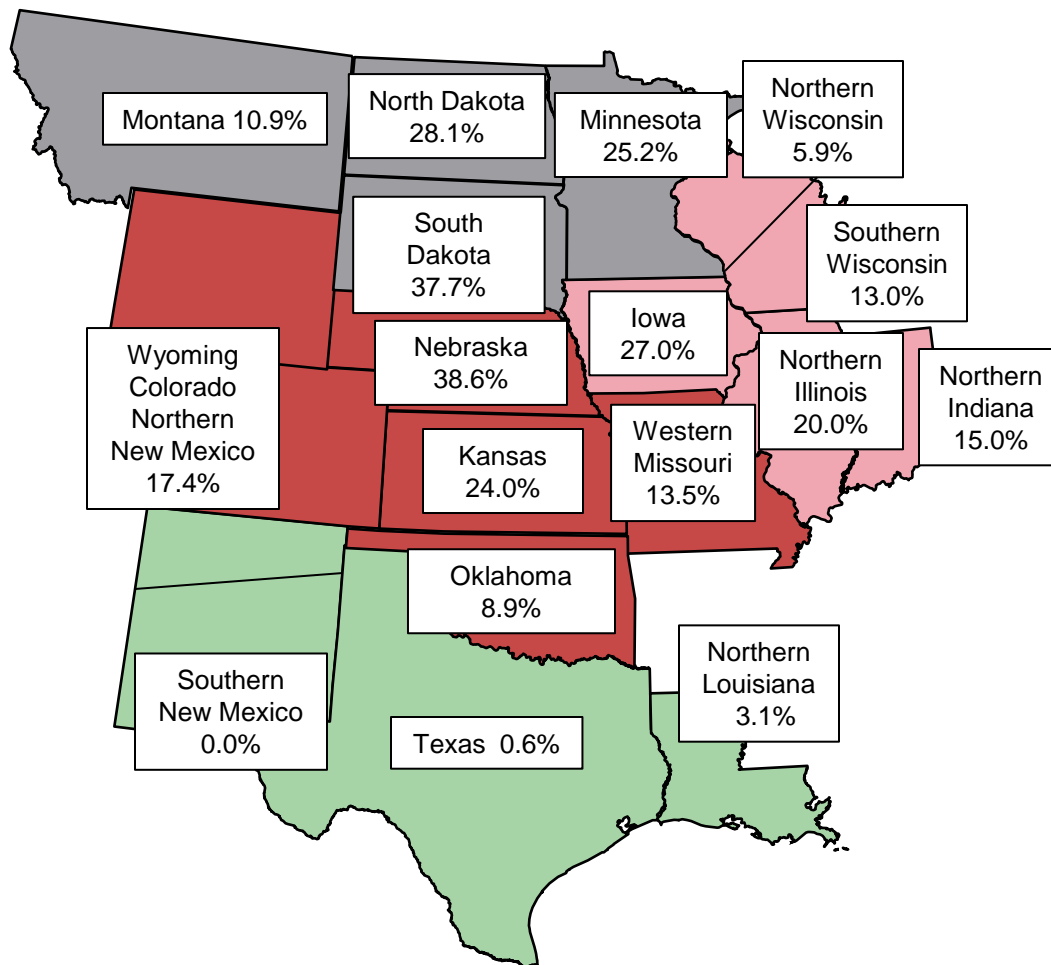




# Value of Non-Irrigated Cropland

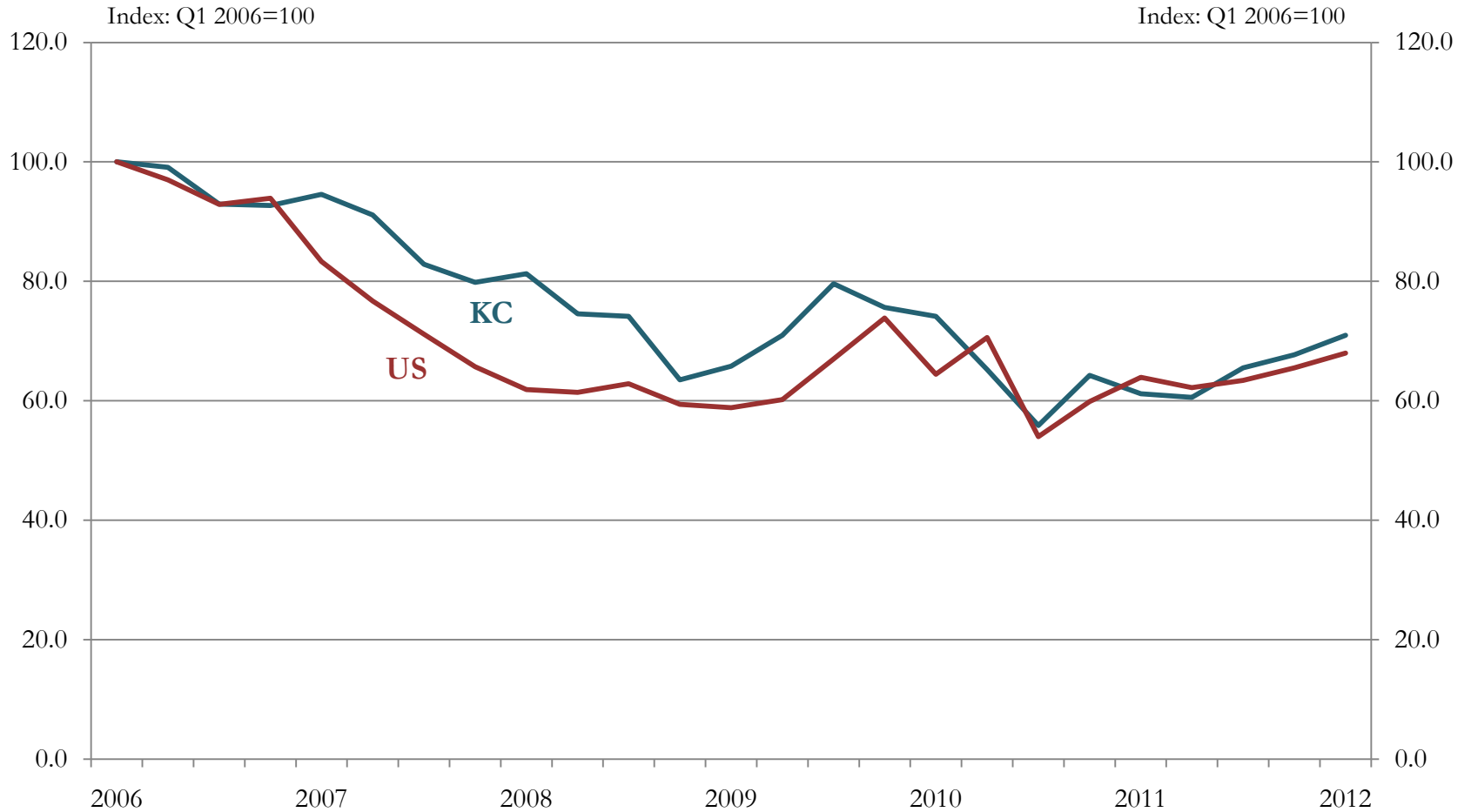
First Quarter 2012

Percent change from prior year



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

# Existing Home Sales



Sources: National Realtors Association; Kansas City Regional Association of Realtors

# Existing Single-Family Home Sales

## Demand Constraints

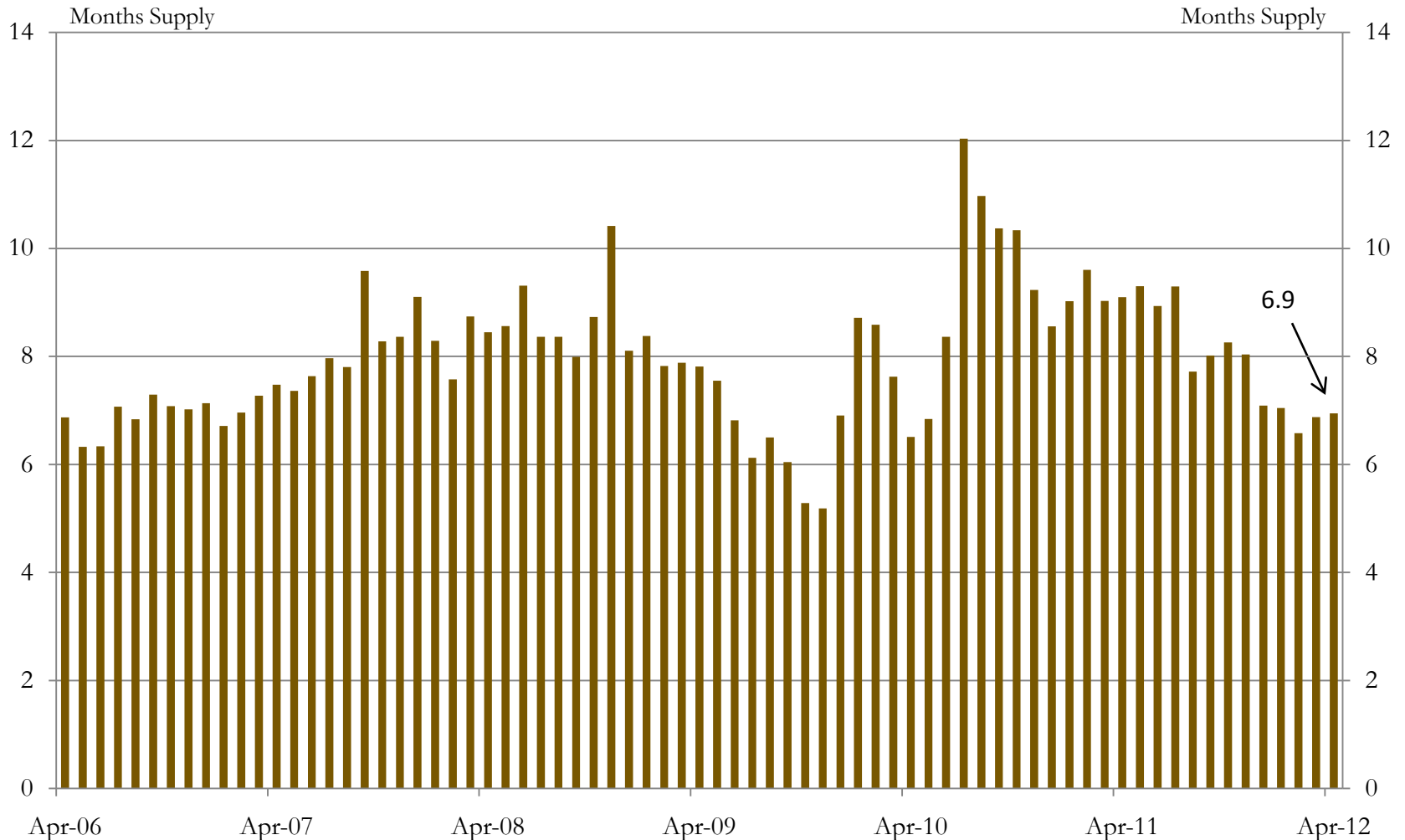
- Economy/Financial Security
- Uncertainty about Market
- Household Formation
- Credit Availability

Homebuyer Traffic

Proprietary Data Removed

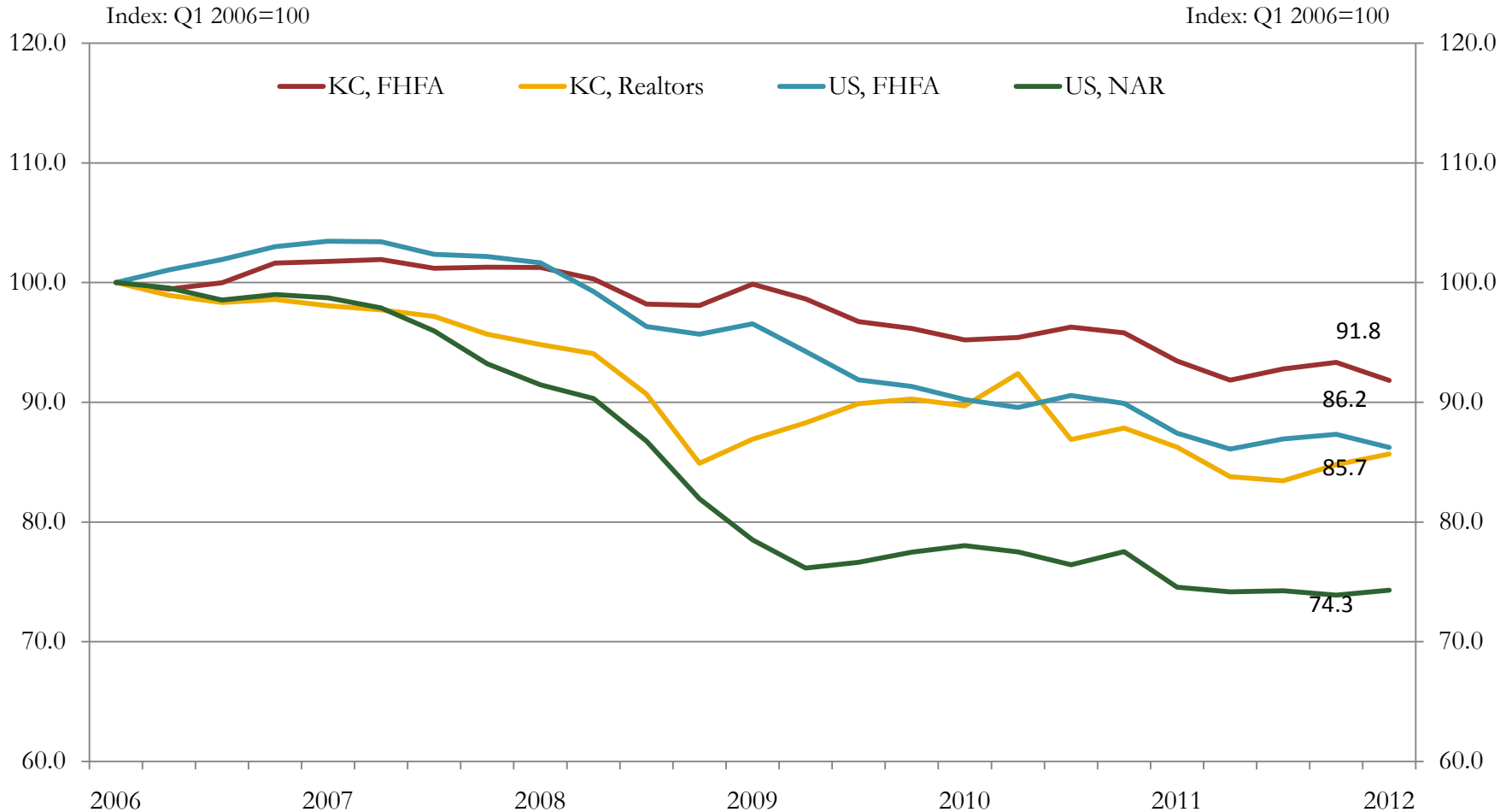


# Months Supply of Existing Homes (KC MSA)



Source: Kansas City Regional Association of Realtors

# Existing Single-Family Home Prices



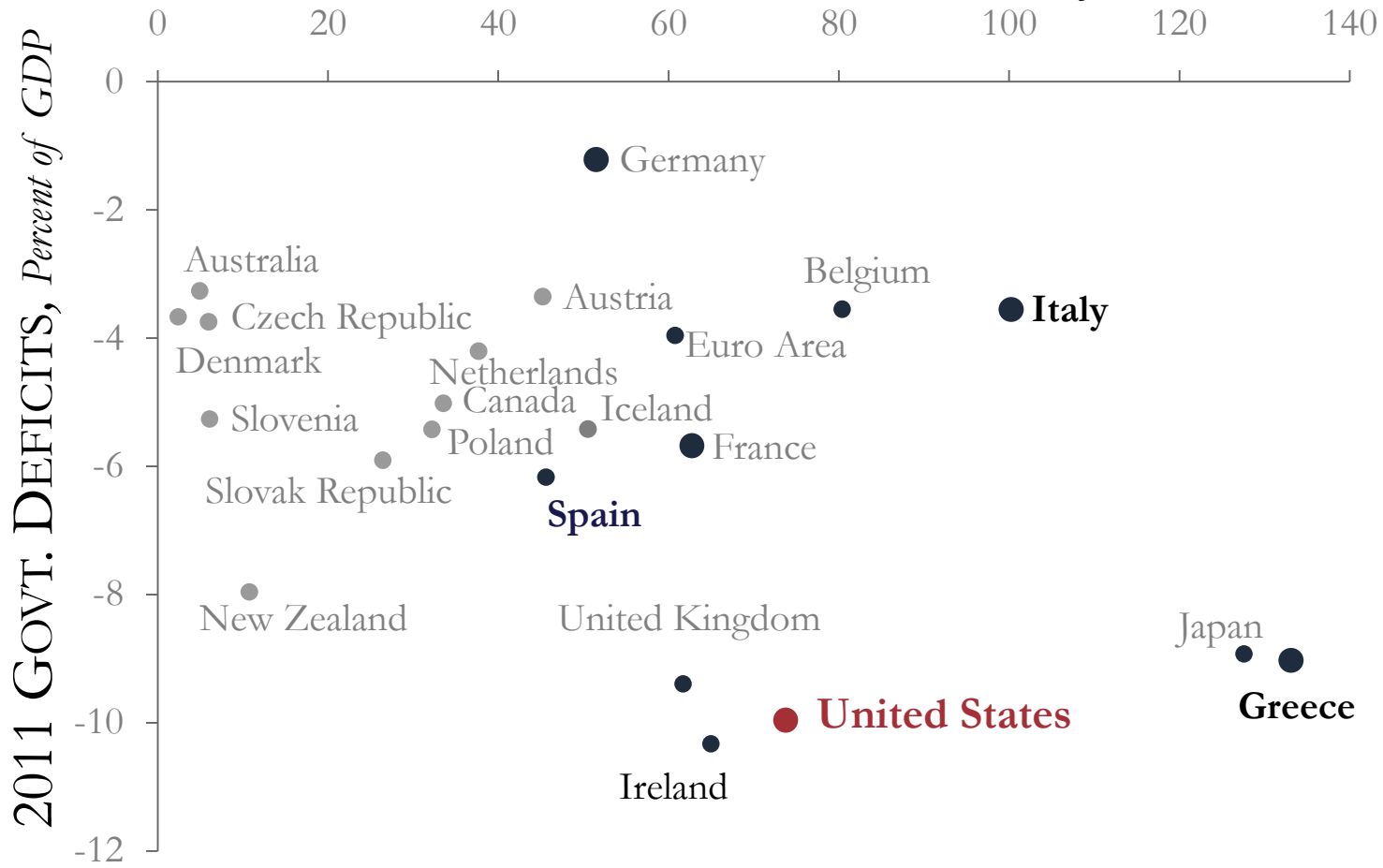
Source: FHFA, Kansas City Residential Realtors, National Association of Realtors

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# **RISKS**

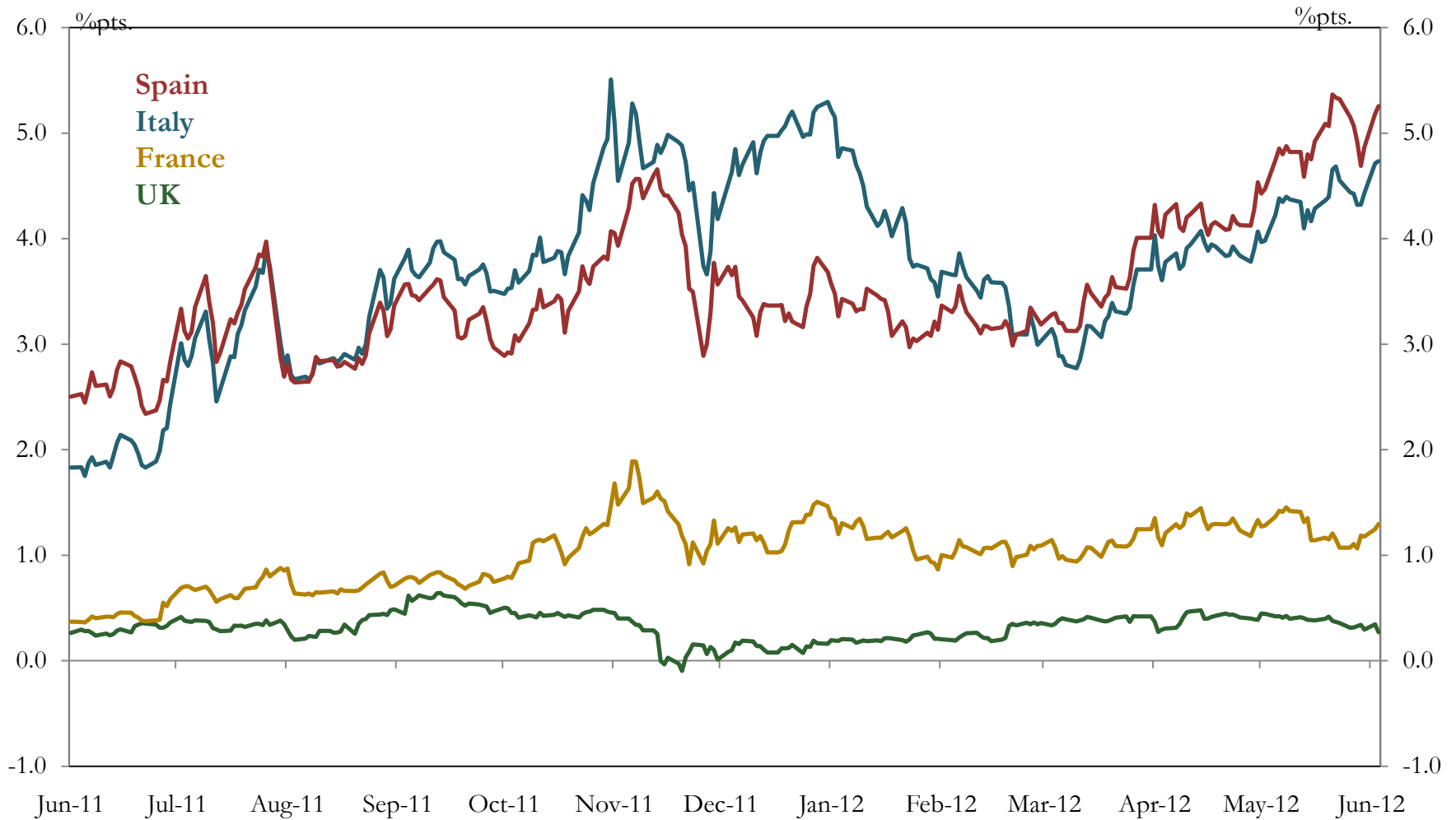
# European Debt Crisis

2011 NET GOVT. DEBT, *Percent of GDP*



Source: Organization for Economic Co-operation & Development

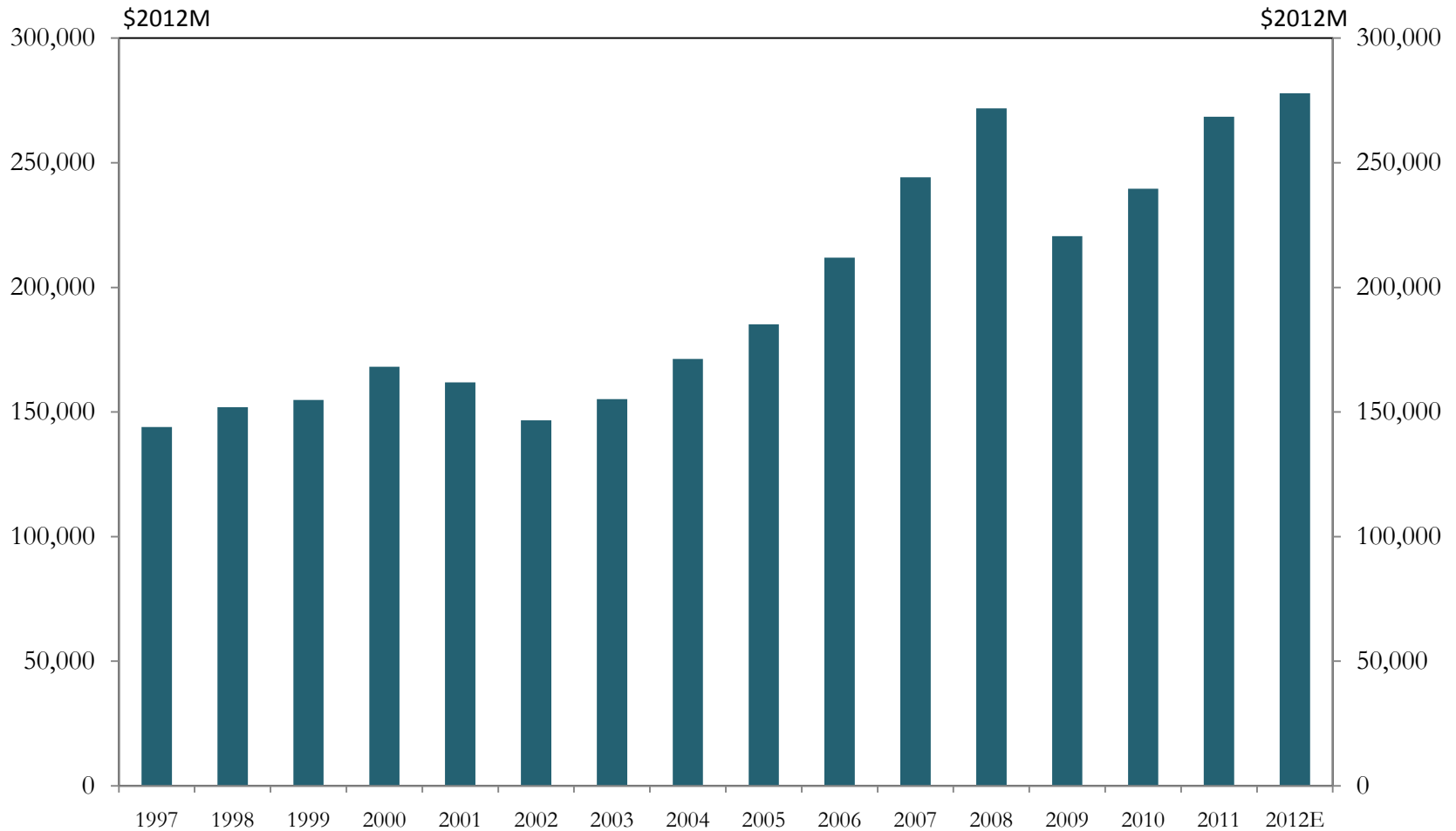
# European Interest Rate Spreads



Source: Bloomberg



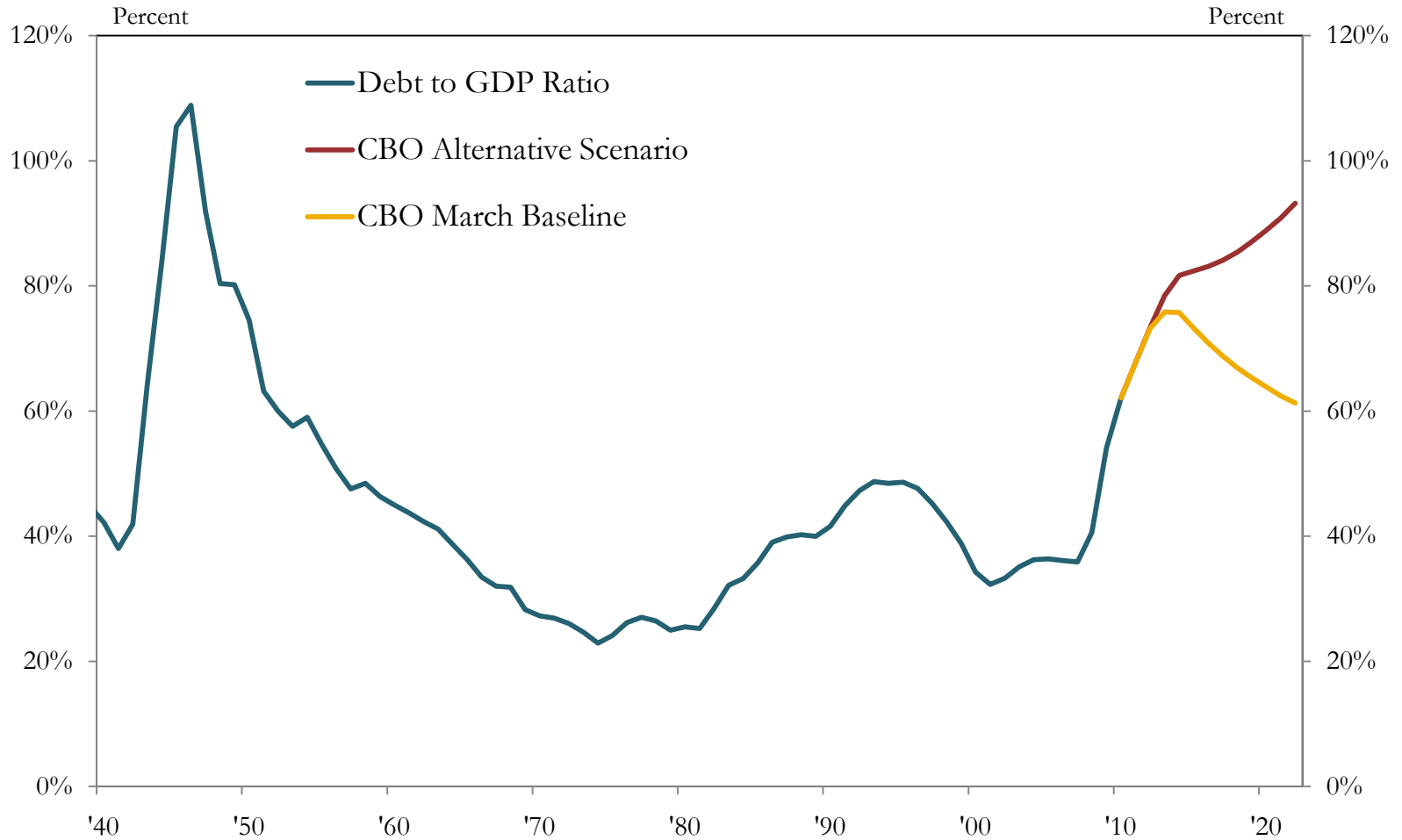
# U.S. Exports to the EU (Goods Only)



Source: U.S. Census Bureau

Note: Inflation adjusted with BEA implicit GDP deflator

# Federal Debt (% of GDP)



Source: Congressional Budget Office



FEDERAL RESERVE BANK *of* KANSAS CITY

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