Federal Reserve Bank of Kansas City

ECONOMIC UPDATE

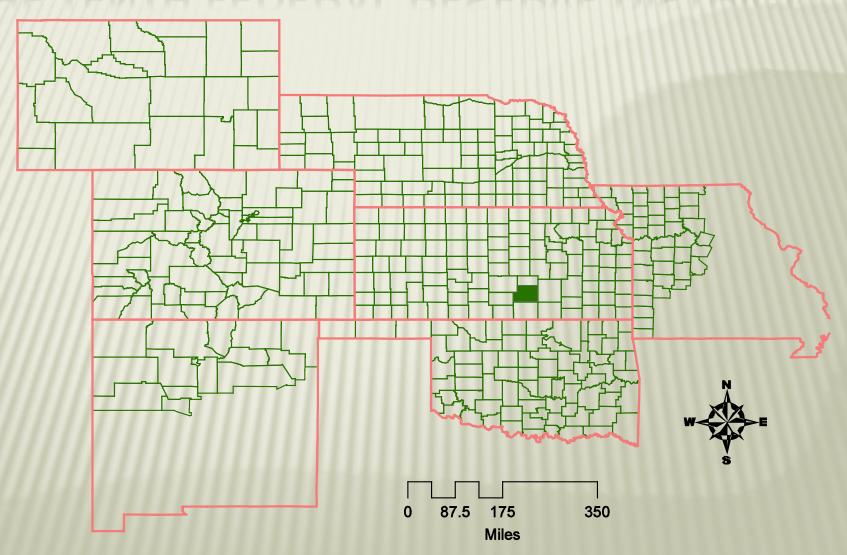
16TH ANNUAL MIDWEST REGIONAL PUBLIC FINANCE CONFERENCE WICHITA STATE UNIVERSITY

February 18, 2011

ECONOMIC UPDATE

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

THE TENTH FEDERAL RESERVE DISTRICT



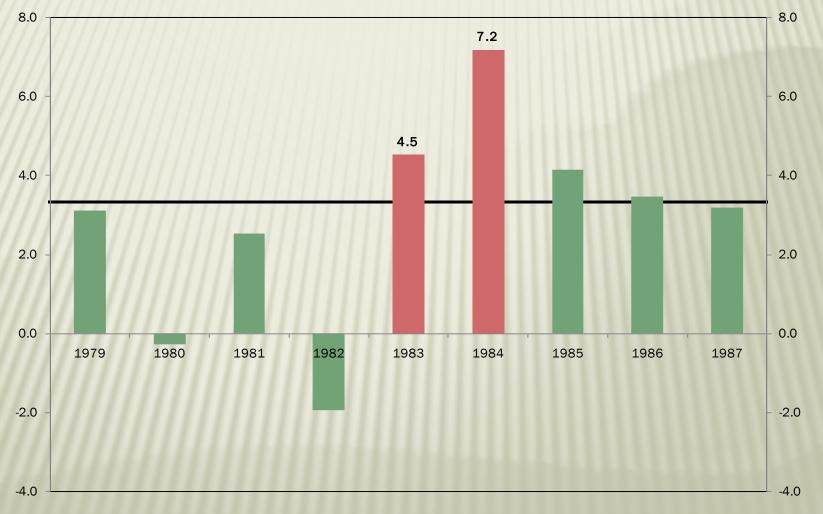
ECONOMIC OUTLOOK

RECENT GDP GROWTH (Q4.2007 - Q4.2010)



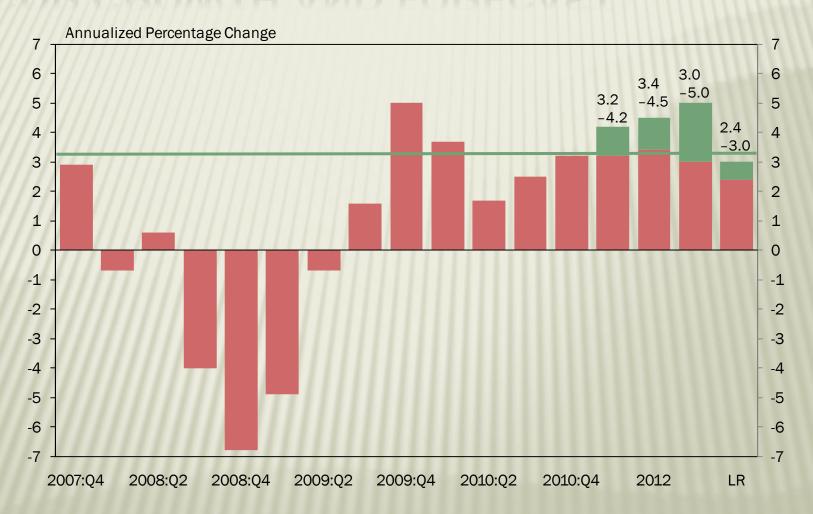
Source: U.S. Bureau of Economic Analysis;

REAL GDP GROWTH (1979 - 1987)



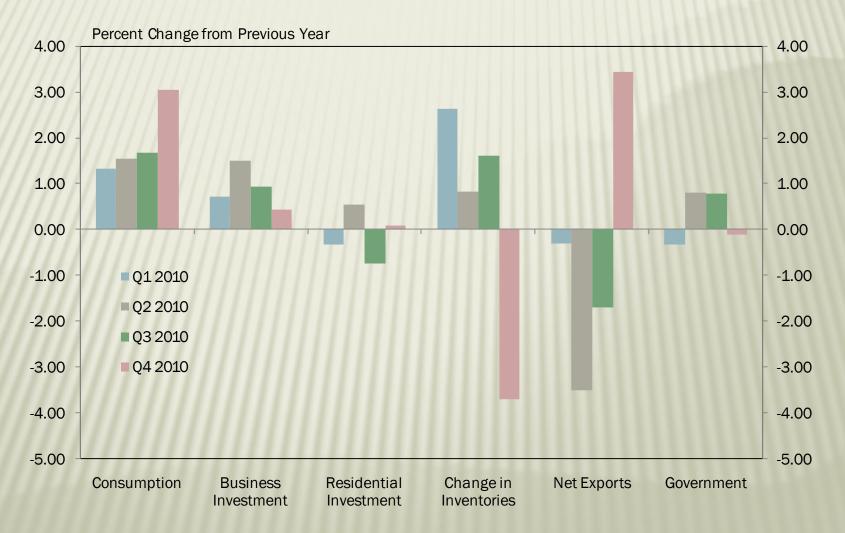
Source: U.S. Bureau of Economic Analysis

GDP GROWTH AND FORECAST



Source: Federal Reserve Board of Governors, Minutes of the Federal Open Market Committee

CONTRIBUTIONS TO REAL GDP

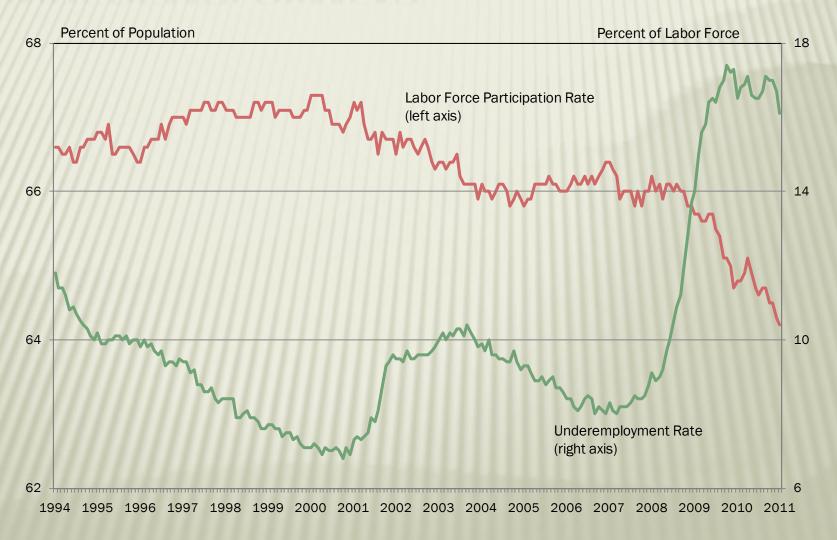


Source: U.S. Bureau of Economic Analysis

UNEMPLOYMENT

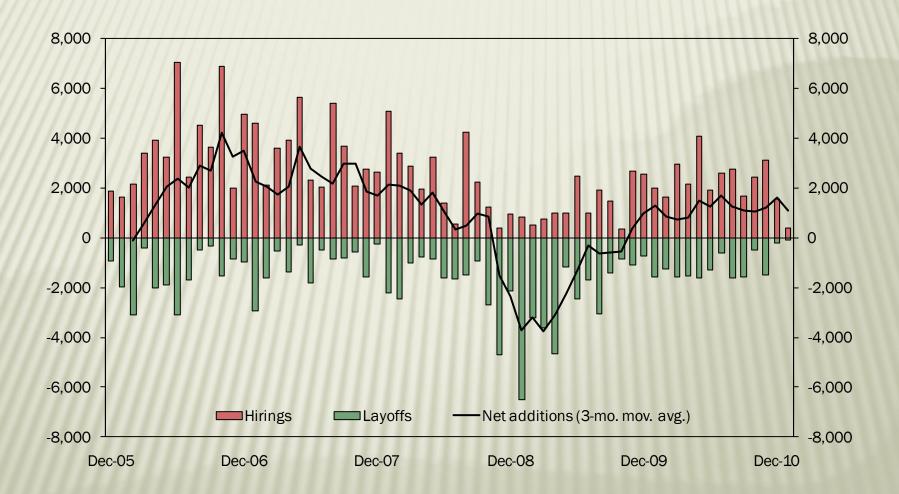


UNDEREMPLOYMENT



Source: U.S. Bureau of Labor Statistics

HIRINGS AND LAYOFFS (10TH 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

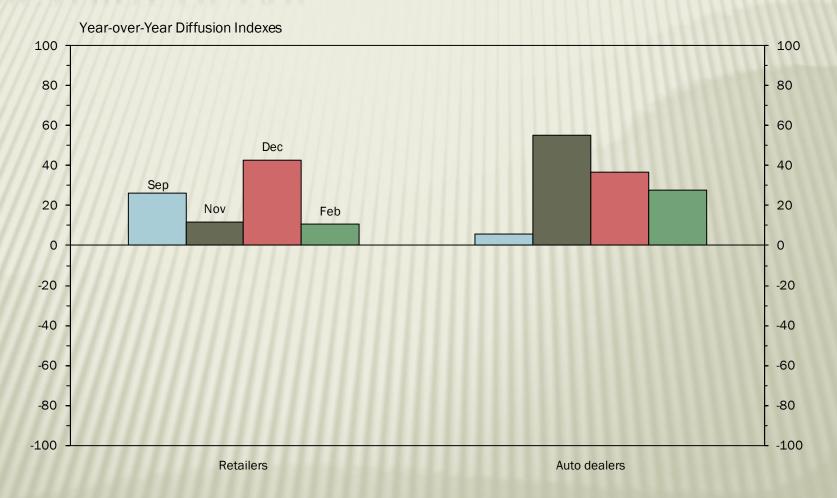


RETAIL SALES

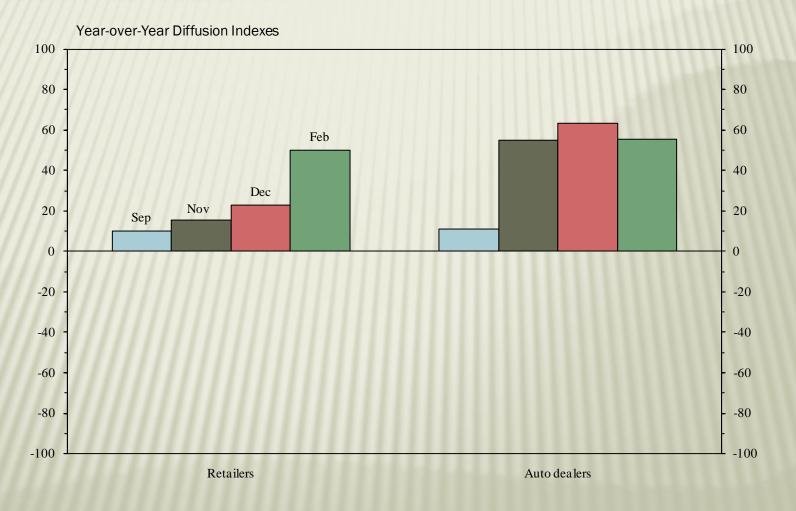


Source: U.S. Census Bureau

DISTRICT RETAIL



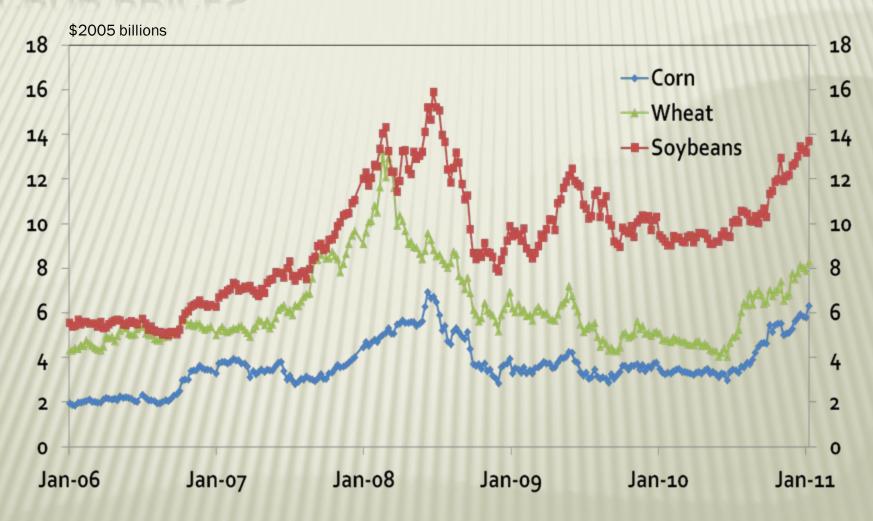
DISTRICT RETAIL



Source: Federal Reserve Bank of Kansas City Beige Book Survey

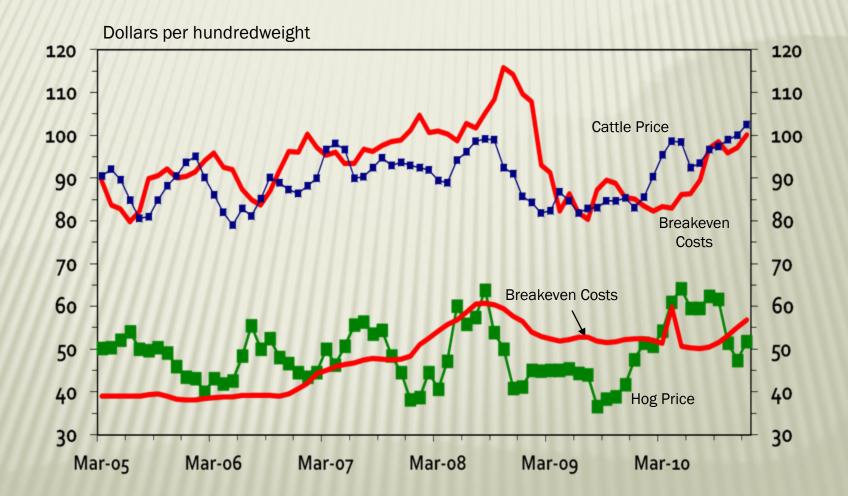
AGRICULTURE

CROP PRICES

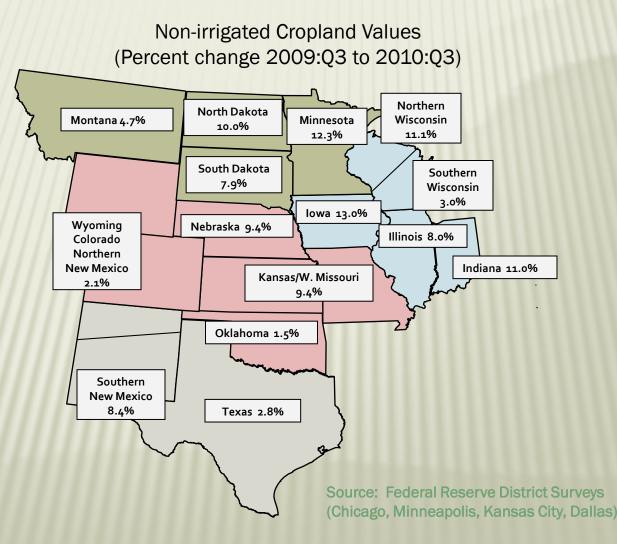


Source: Commodity Research Bureau

RISING FEED COSTS STRAIN PROFIT MARGINS.

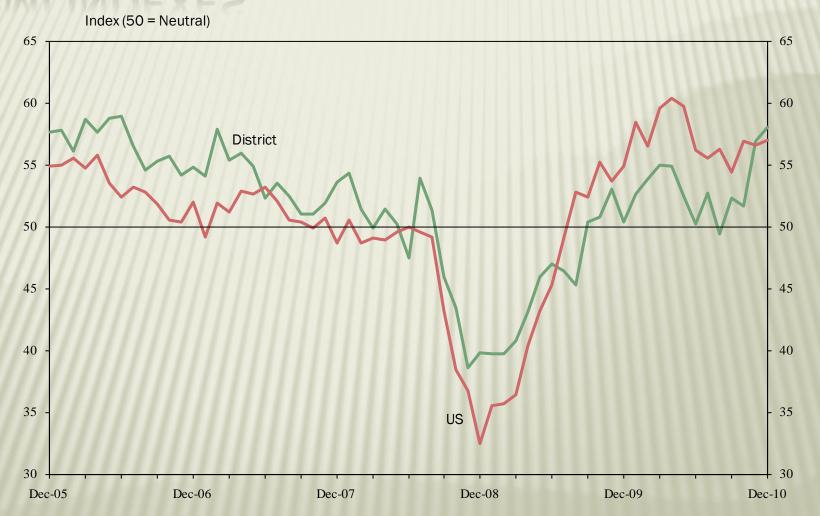


CROPLAND VALUES



MANUFACTURING

PMI INDEXES



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

HOUSING

EXISTING HOME SALES



Source: National Association of Realtors and Local Realtor Reports

HOMEBUYER PARTICIPATION

Omitted due to data confidentially.

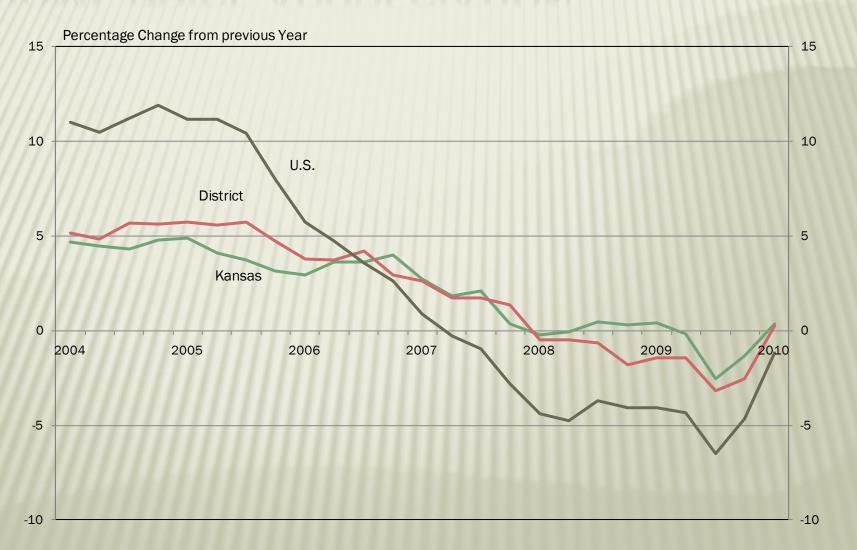


HOME PRICE TRENDS

Omitted due to data confidentially.

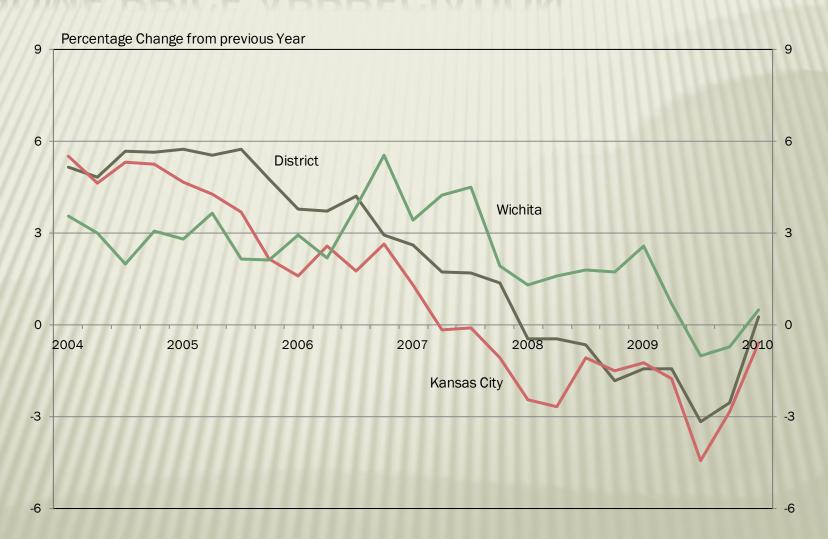


HOME PRICE APPRECIATION



Source: Federal Housing Finance Agency

HOME PRICE APPRECIATION



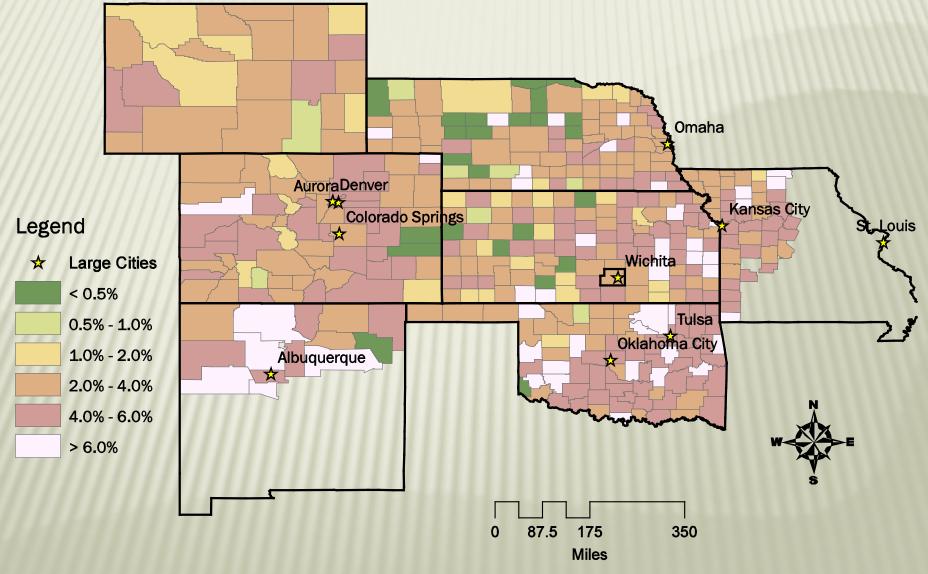
Source: Federal Housing Finance Agency

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%
TOTAL PAST DUE	8.49%	8.13% (4.89%)	11.54%
In Foreclosure Process	1.65	1.82% (0.58%)	3.64%
SERIOUSLY DELINQUENT	3.76	3.95% (1.39%)	7.19%

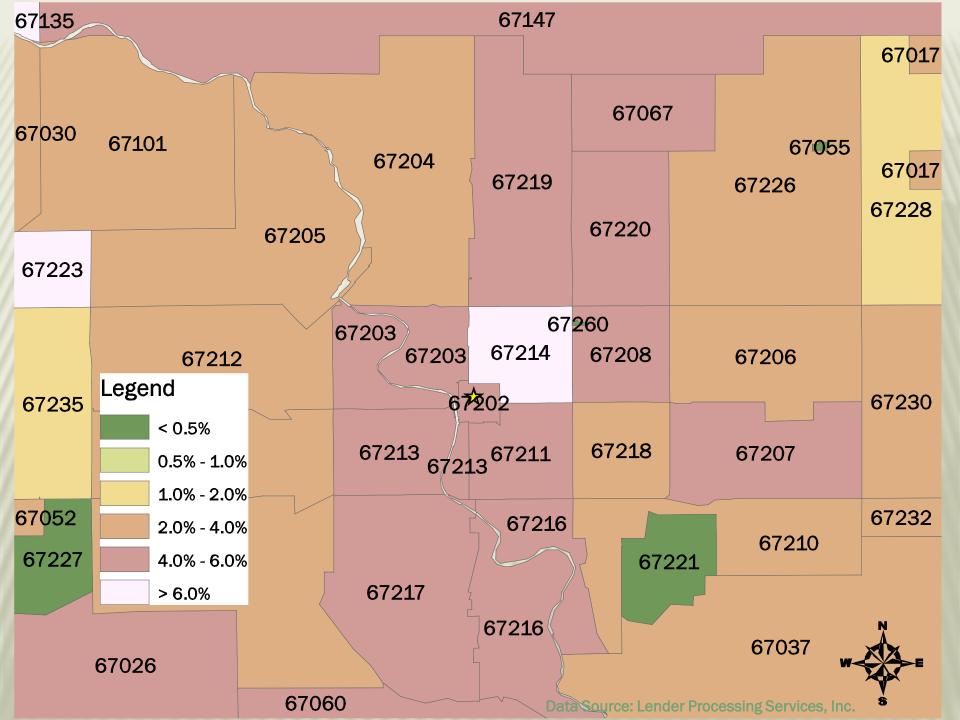
Data Source: Lender Processing Services, Inc.



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Hamilton	Kearny	Finney		Hodgeman	Pawnee	Stafford	Bana	Harv	/ey			C	Coffey	Anderson	Linn
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Stanton	Grant	Haskell			Kiowa	Pratt	Kingman				Elk	v	/ilson	Neosho	Crawford
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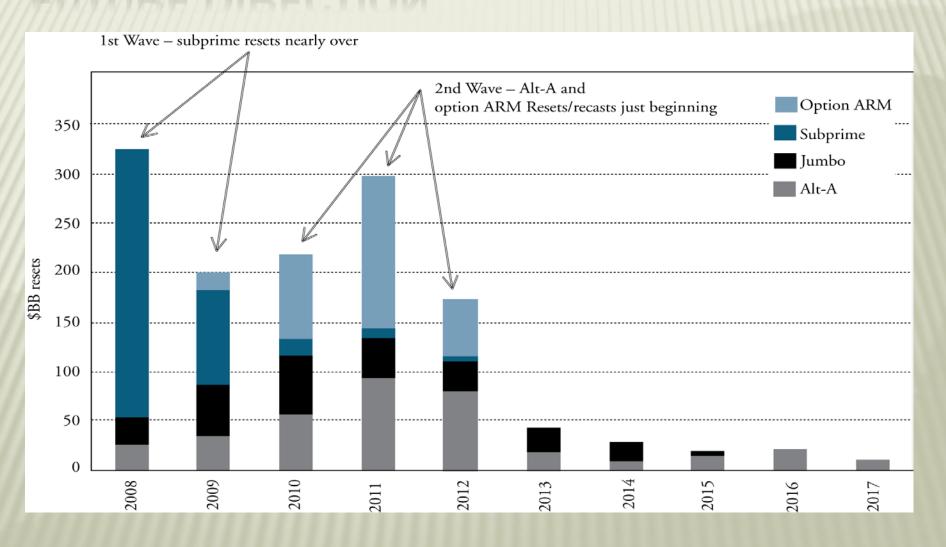




FUTURE DIRECTION

- **x** 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



Source: Federal Reserve Bank of Philadelphia



CONTACT INFORMATION

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