



FEDERAL RESERVE BANK *of* KANSAS CITY

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

Kansas Government Finance Officers Association

13<sup>th</sup> Annual Fall Professional Conference

Overland Park, KS

October 12, 2012

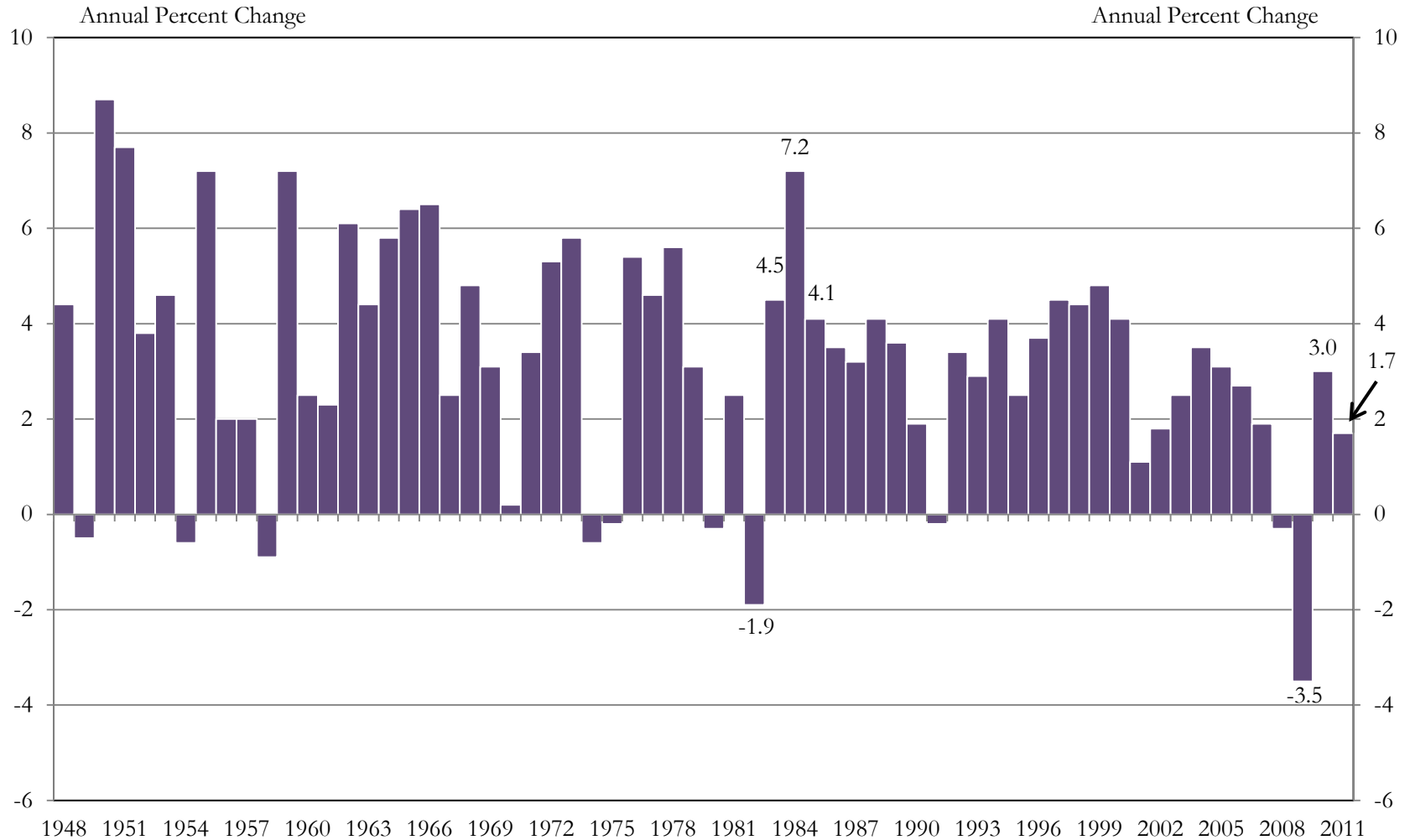
Kelly D. Edmiston

# Overview

- The U.S. economy continues to recover, but at a very modest pace
  - But there remain considerable risks
- Employment growth is thin, in the U.S. and in Kansas, and by some measures, its worse than we think it is
- Kansas has some economic advantages that have mitigated the national economic doldrums
- The residential real estate market, however, is doing better

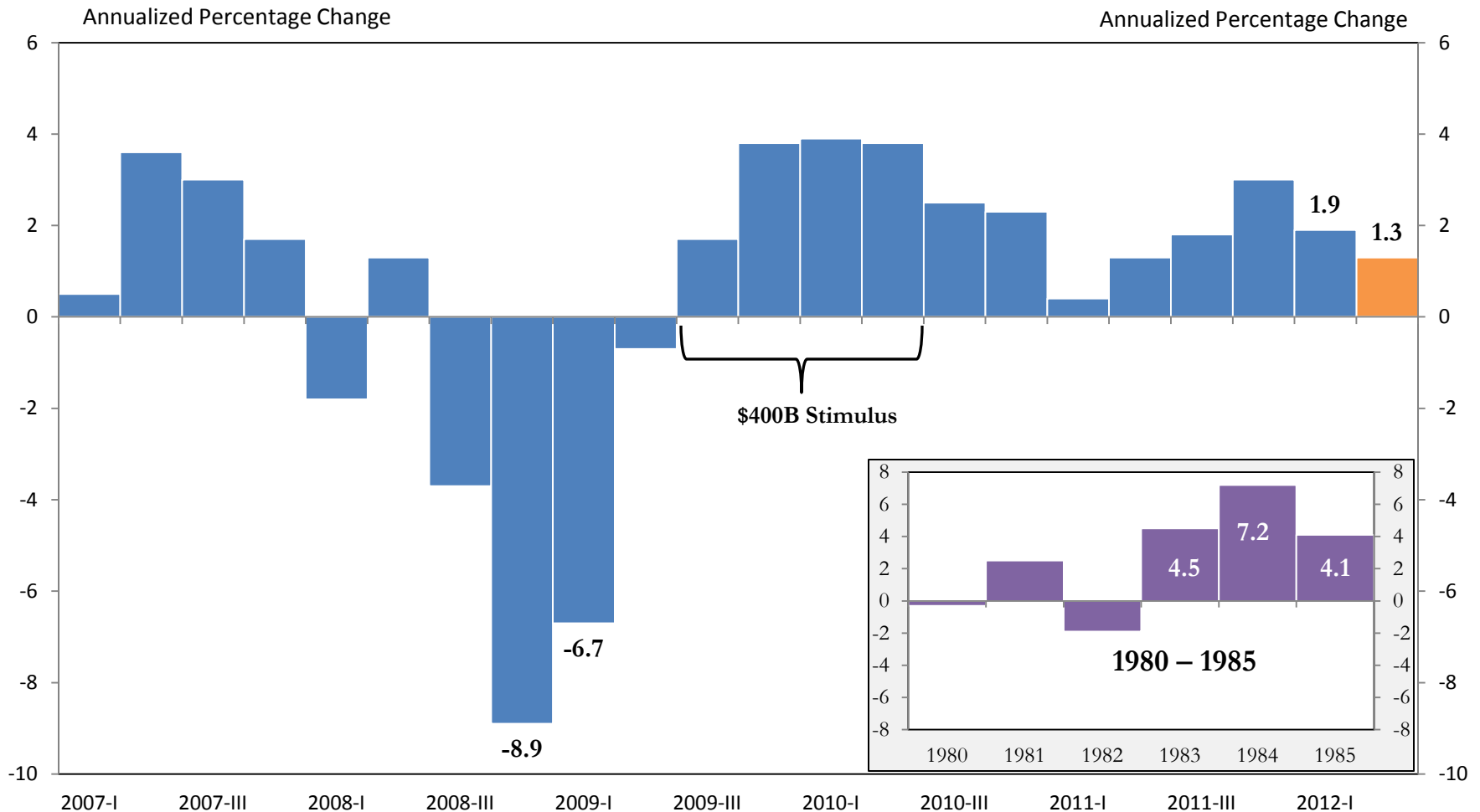
# **U.S. ECONOMIC OVERVIEW AND FORECAST**

# Annual Growth in Real GDP



Source: U.S. Bureau of Economic Analysis

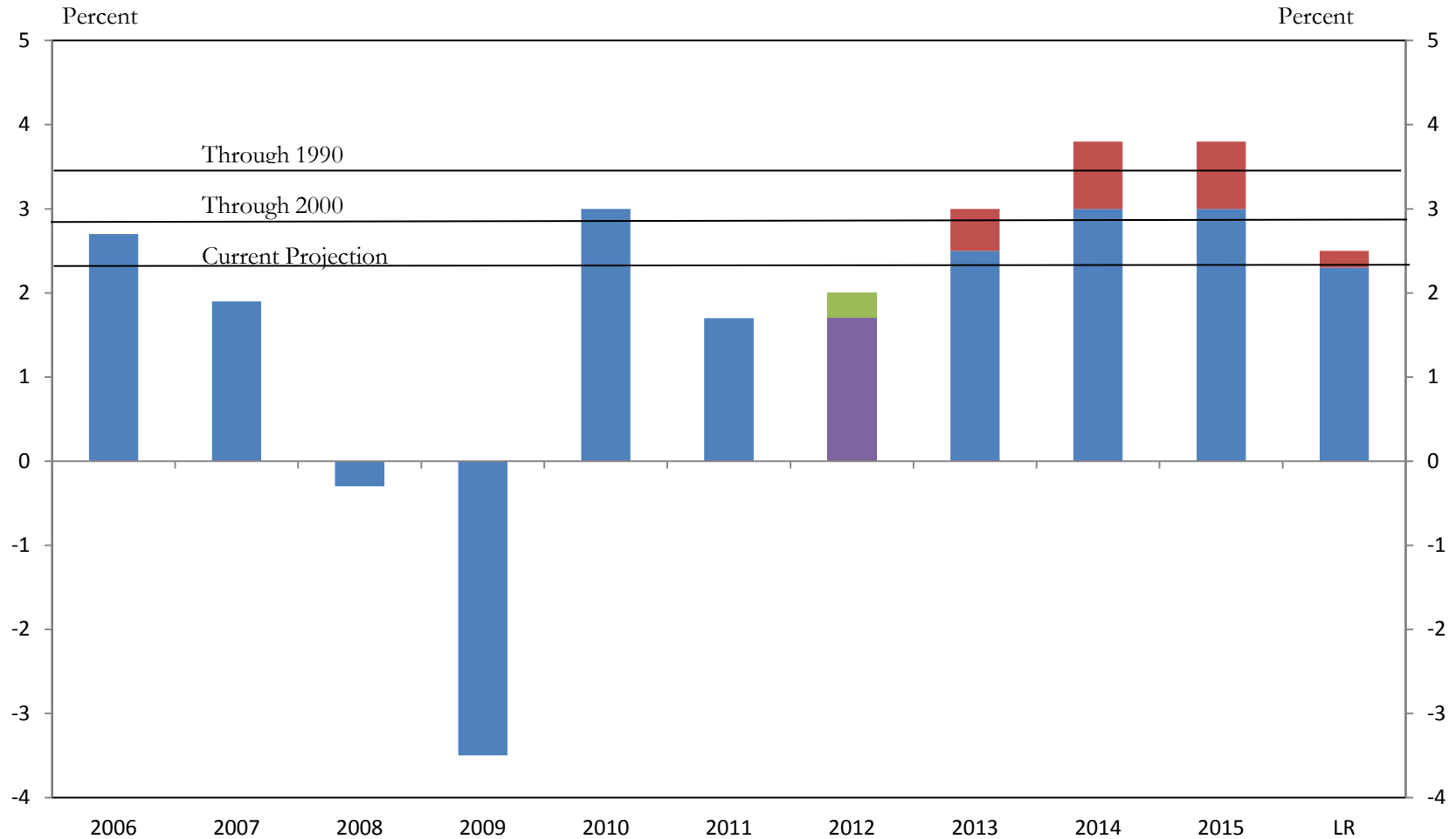
# Quarterly Real GDP Growth (Annualized)



Source: U.S. Bureau of Economic Analysis

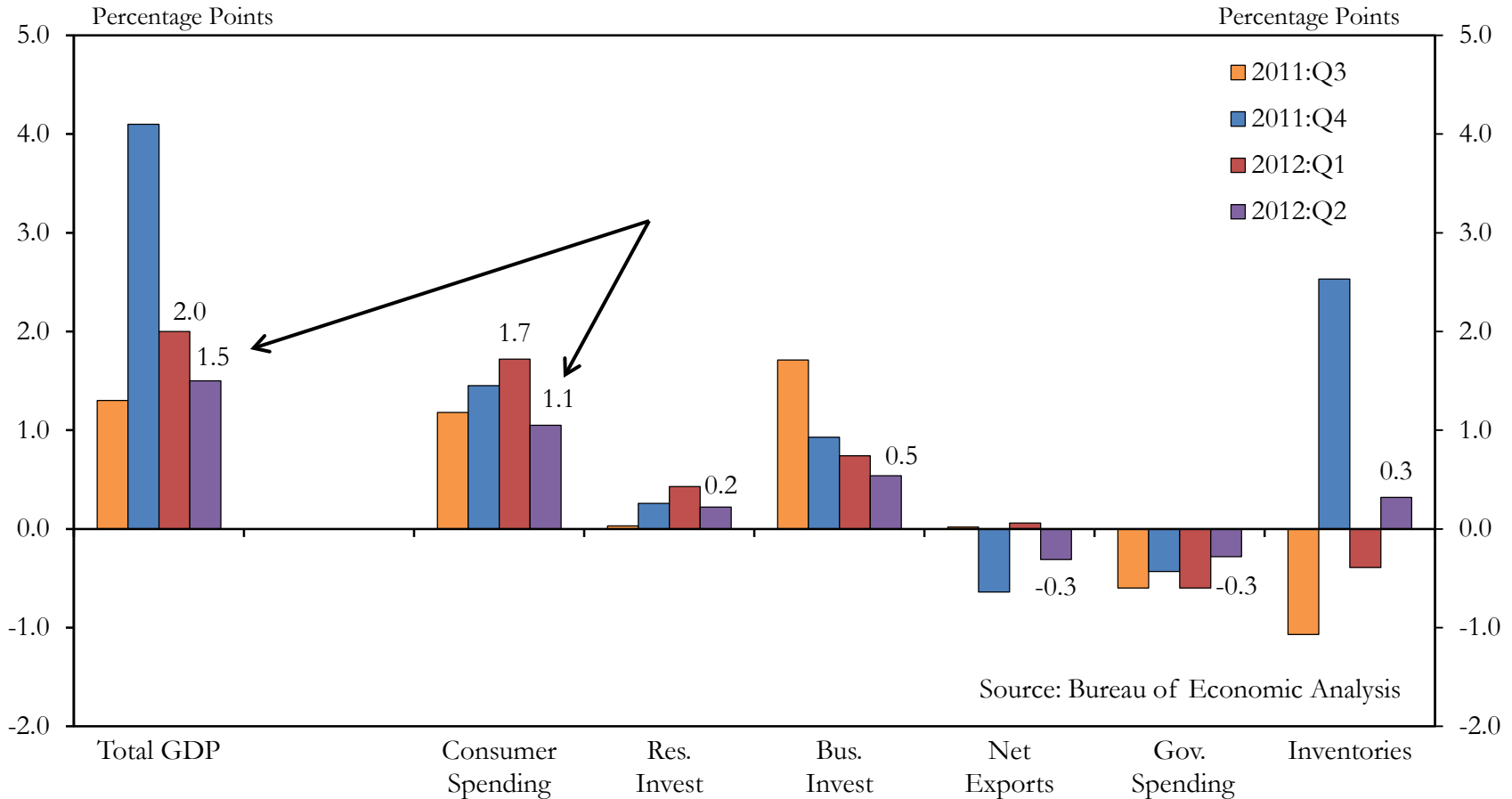
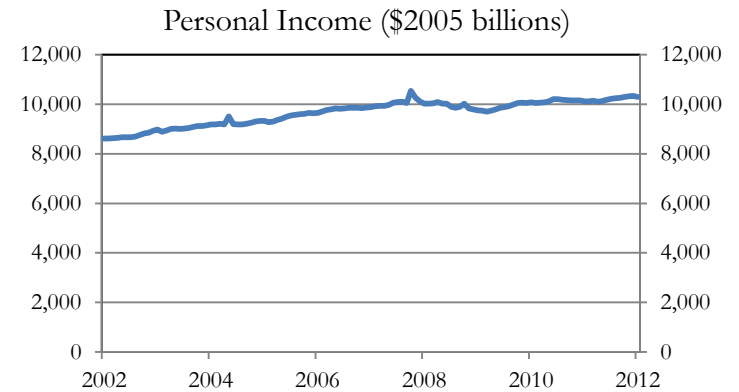
# FOMC Real GDP Growth Forecast

## (September, 2012)



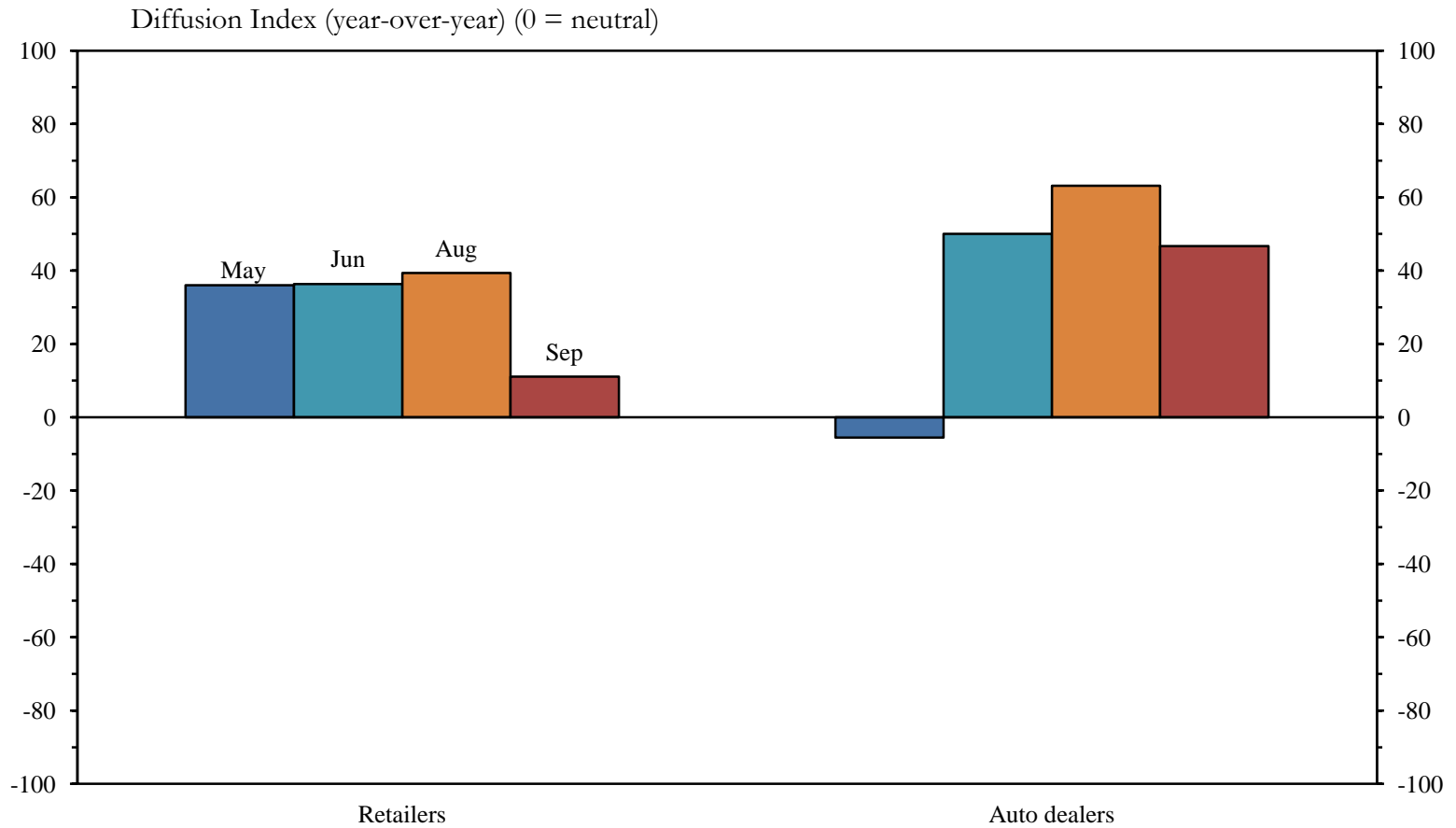
Sources: Bureau of Economic Analysis; FOMC

# Contributions to Percentage Change in Real GDP



# Retail Spending

(Tenth Federal Reserve District, incl. Kansas)

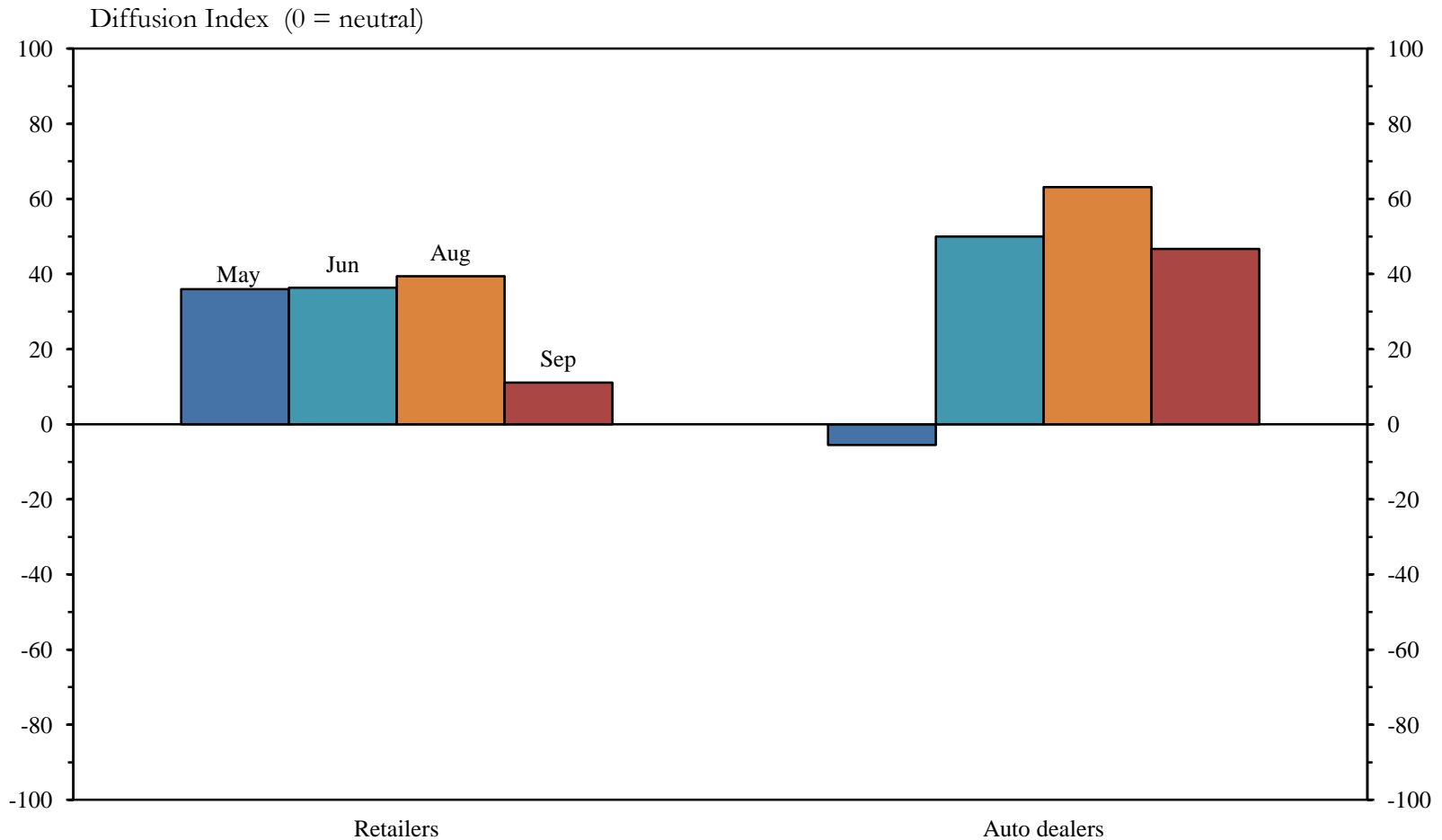


Source: Federal Reserve Bank of Kansas City Beige Book Survey; latest release October 10, 2012



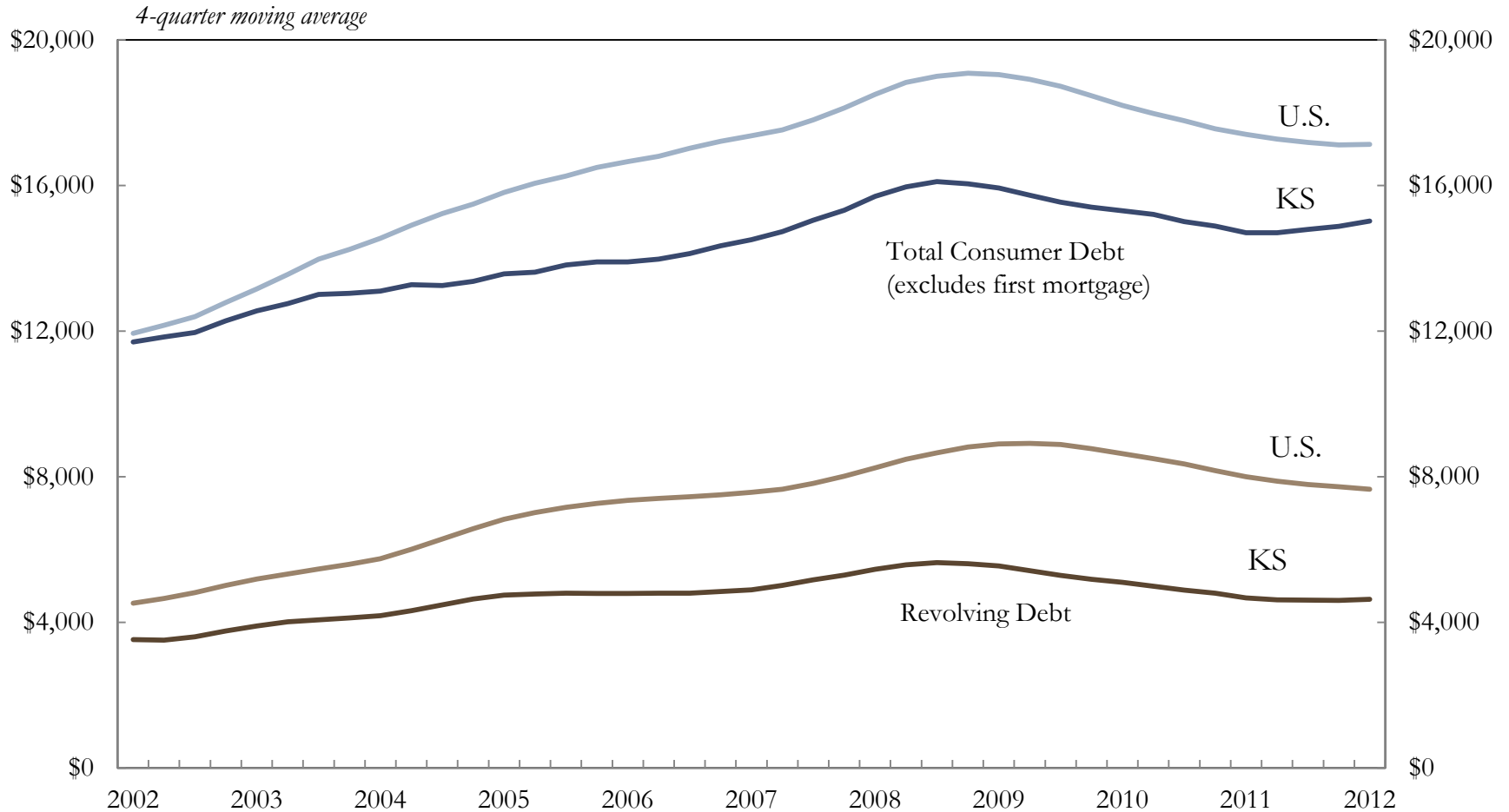
# Three-Month-Ahead Retail Outlook

(Tenth Federal Reserve District, incl. Kansas)



Source: Federal Reserve Bank of Kansas City Beige Book Survey; latest release October 10, 2012

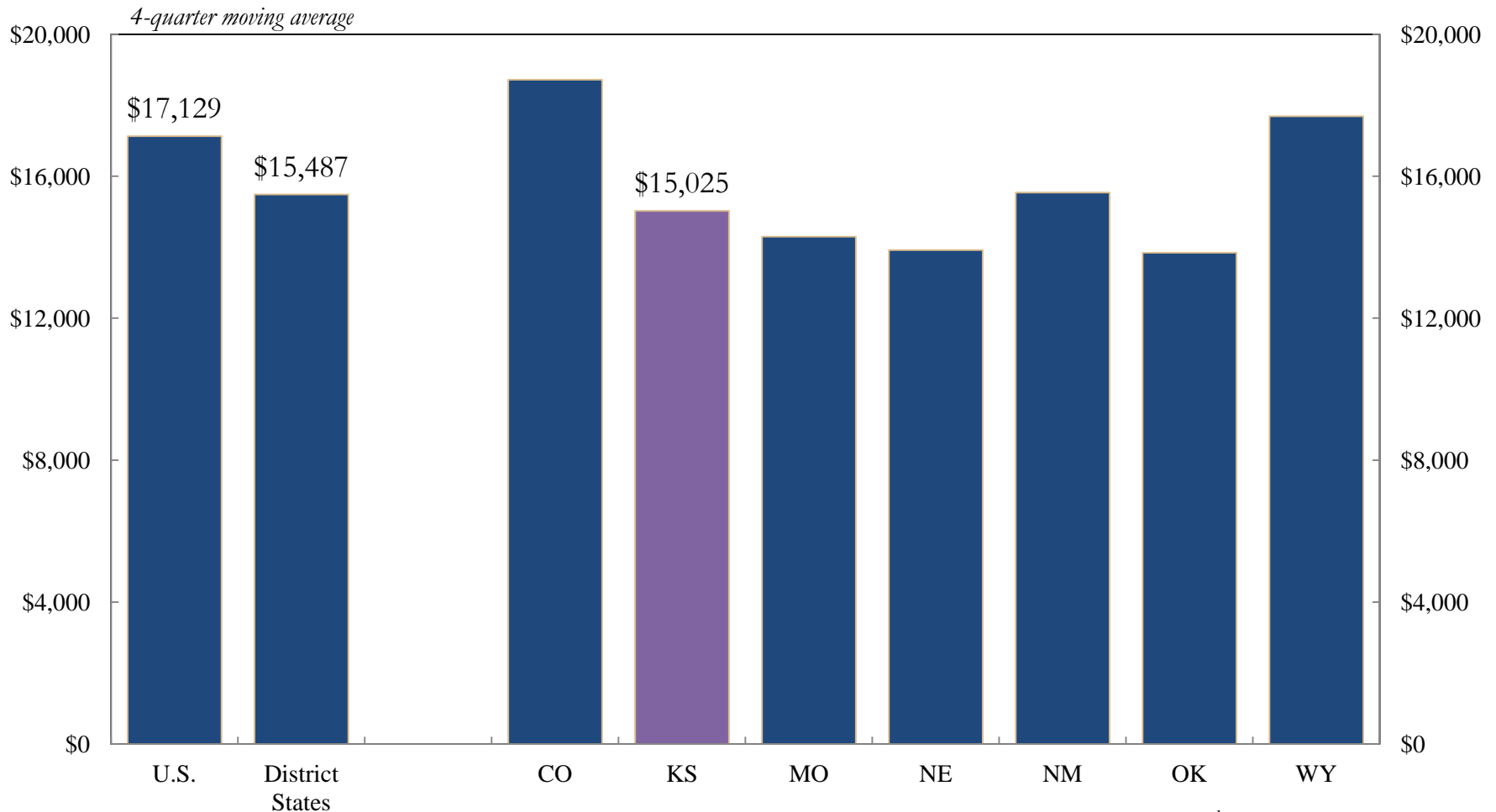
# Average Debt per Consumer



Source: Federal Reserve Bank of Kansas City, *Consumer Credit Reports*, 2<sup>nd</sup> Quarter, 2012

# Average Debt per Consumer

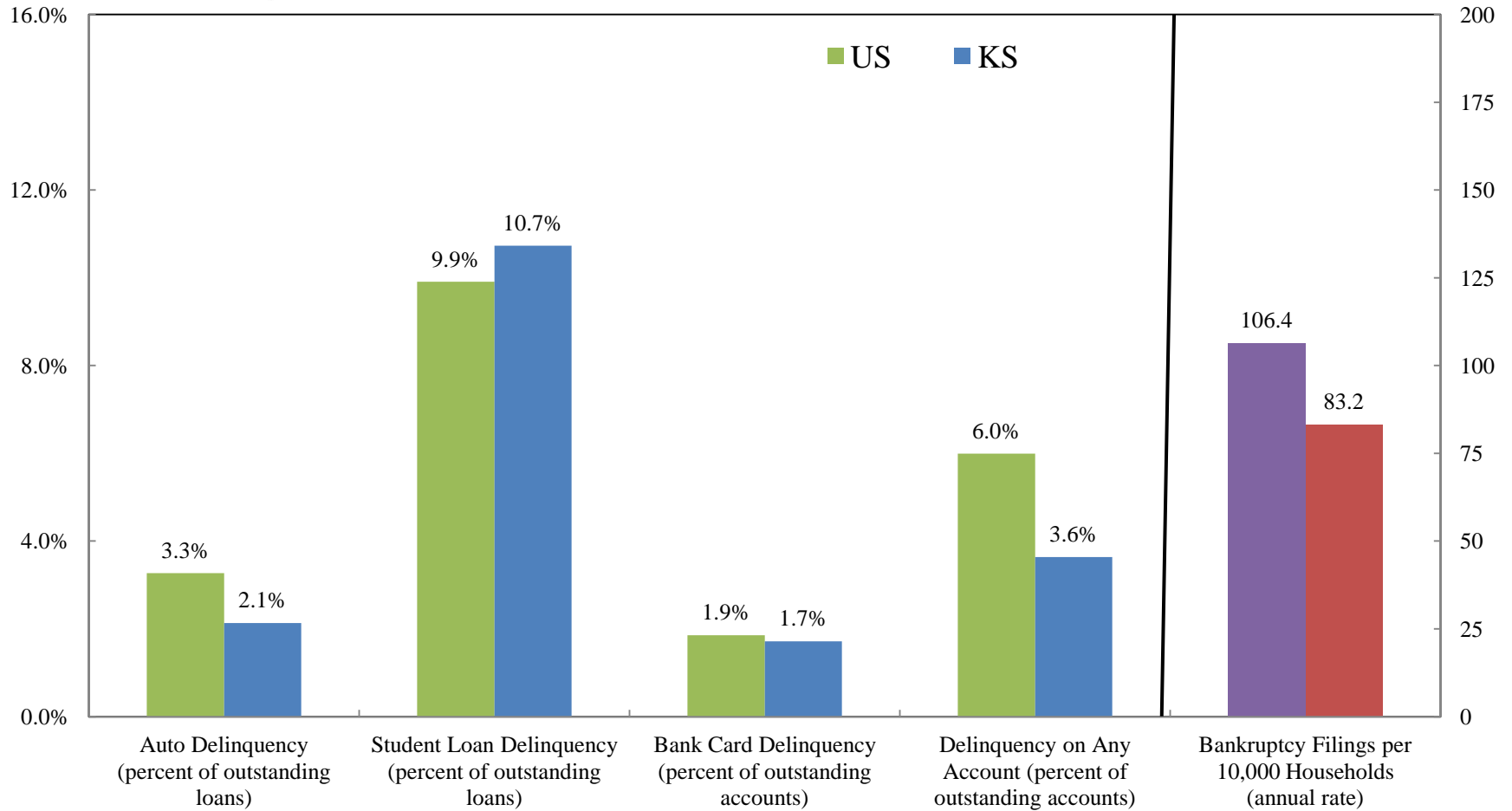
(excludes first mortgage)



Source: Federal Reserve Bank of Kansas City, *Consumer Credit Reports*, 2<sup>nd</sup> Quarter, 2012

# Consumer Credit Delinquencies

*At least 30 days past due*

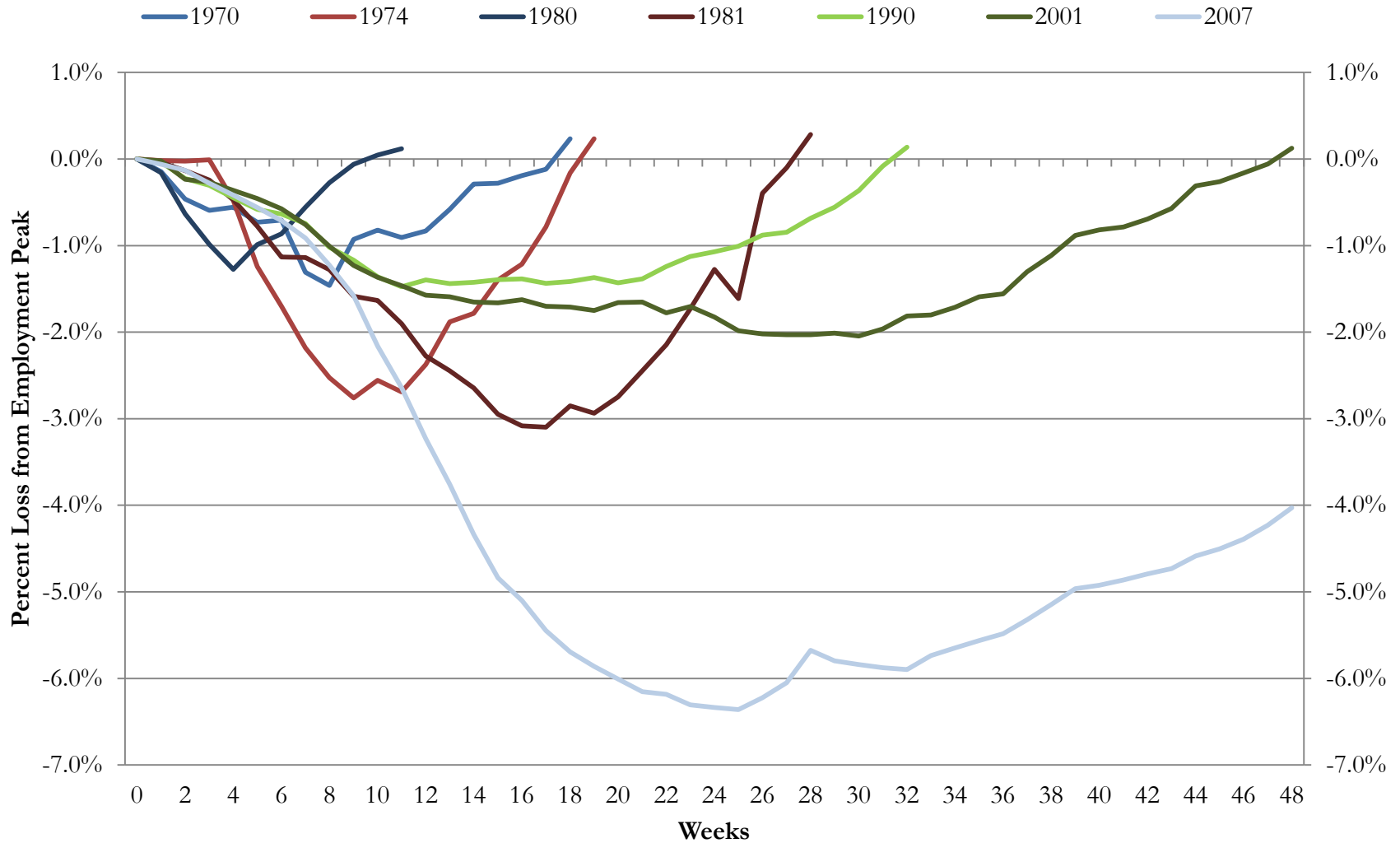


Source: Federal Reserve Bank of Kansas City, *Consumer Credit Reports*, 2<sup>nd</sup> Quarter, 2012

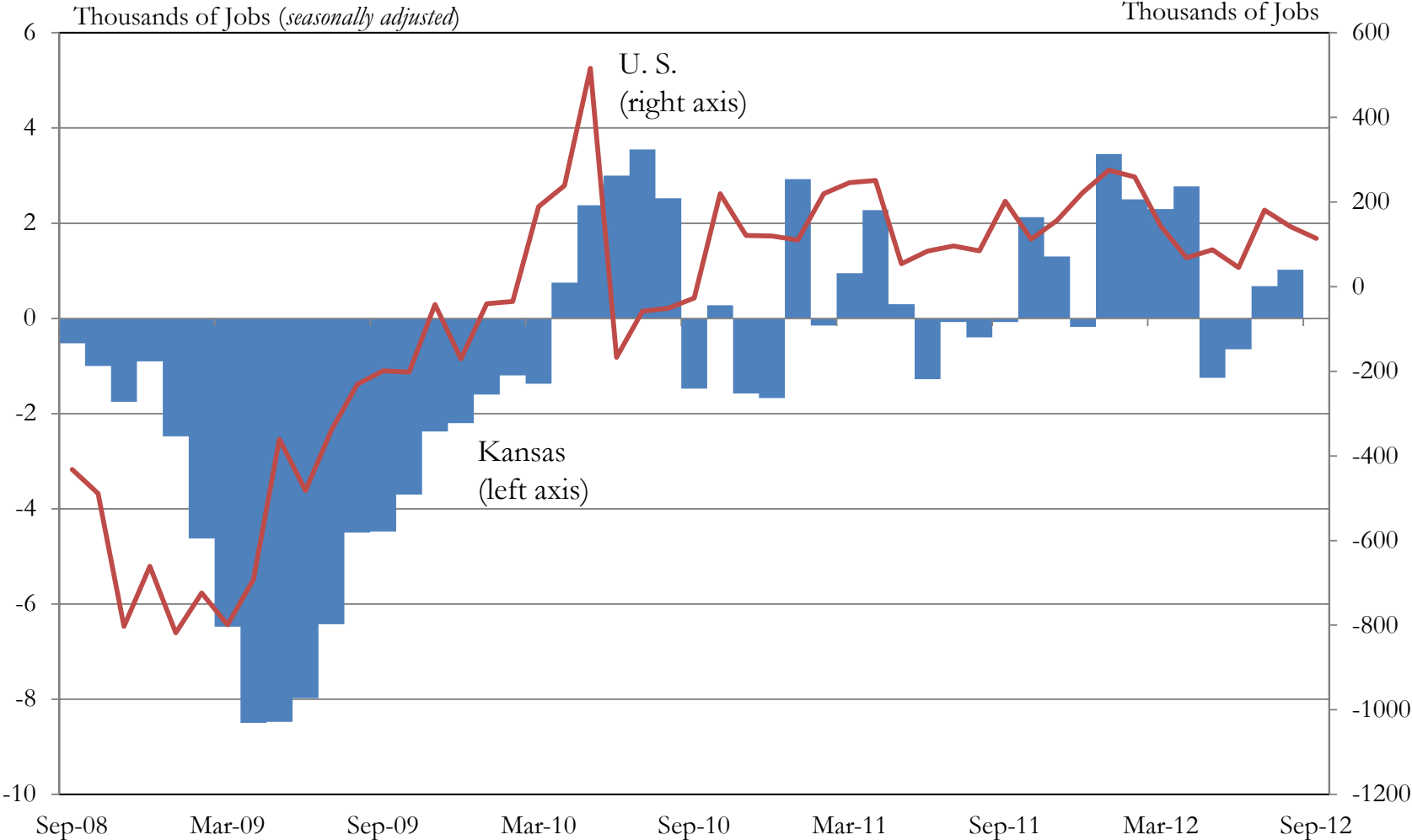
Economic Conditions in the U.S. and Kansas

# **EMPLOYMENT AND THE KANSAS ECONOMY**

# Historical Recessions

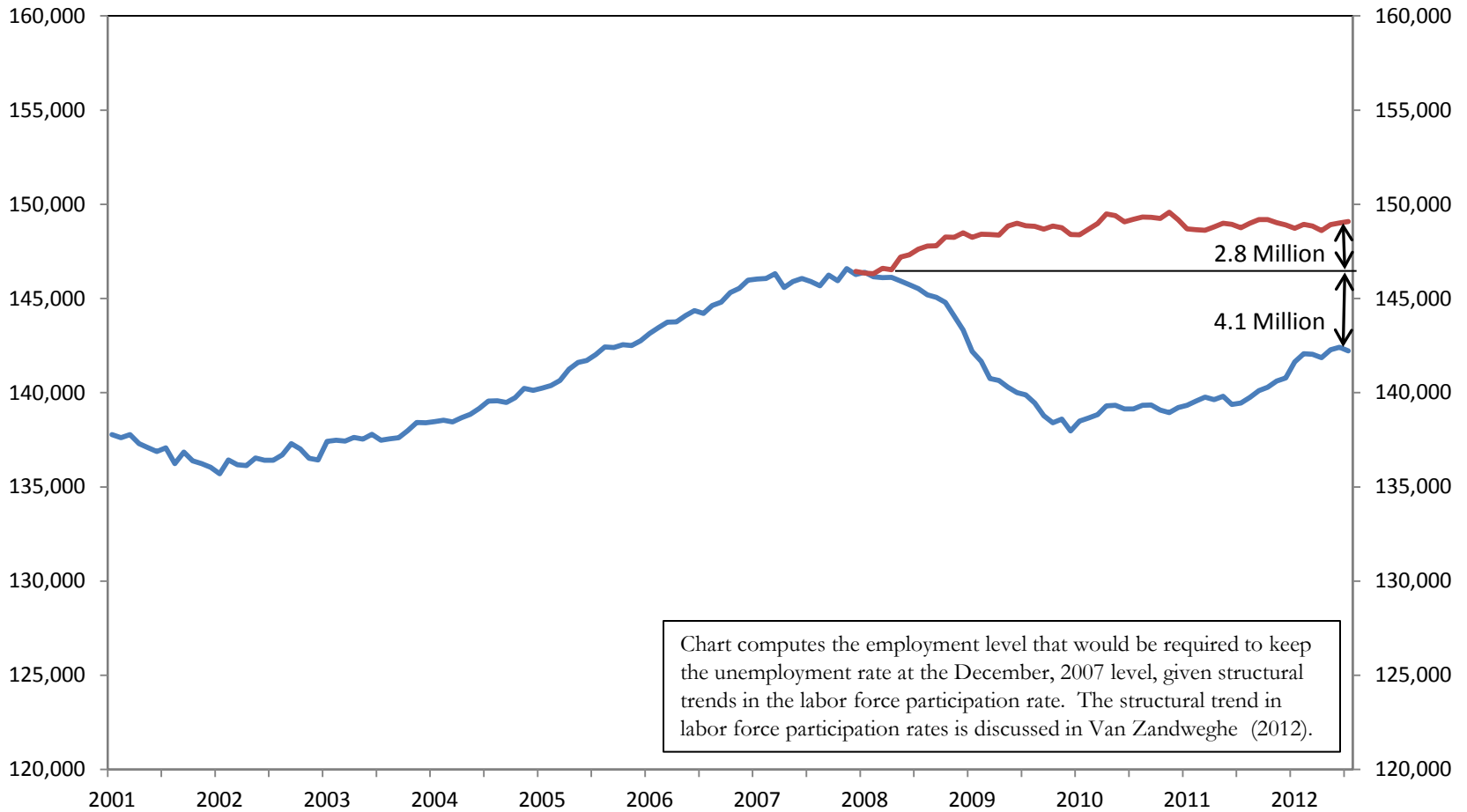


# Employment Growth in the U.S. and Kansas



Source: U.S. Bureau of Labor Statistics  
 Note: September data not available for Kansas

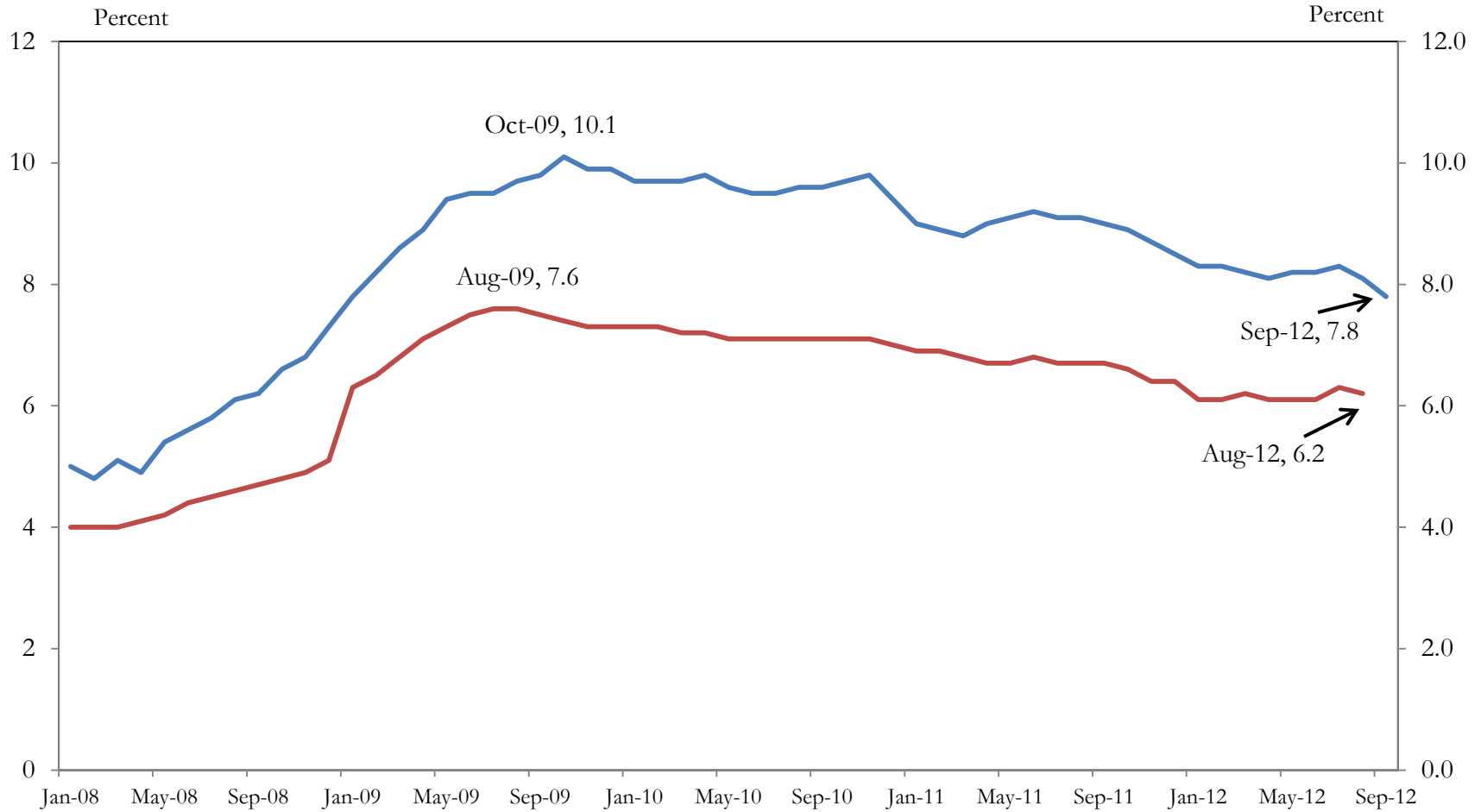
# Jobs Deficit



Source: Federal Reserve Bank of Kansas City  
Updated through July, 2012

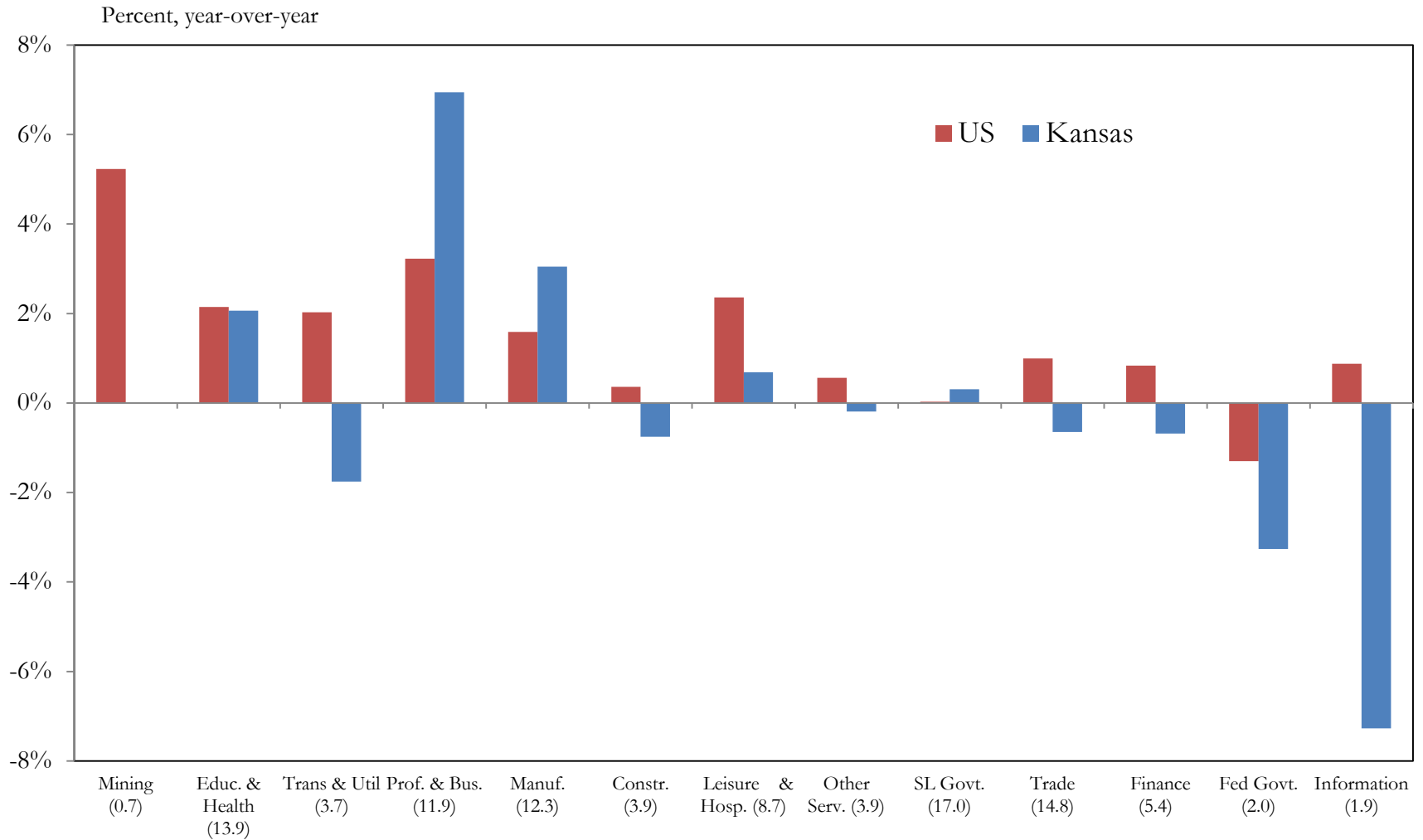


# Unemployment Rates

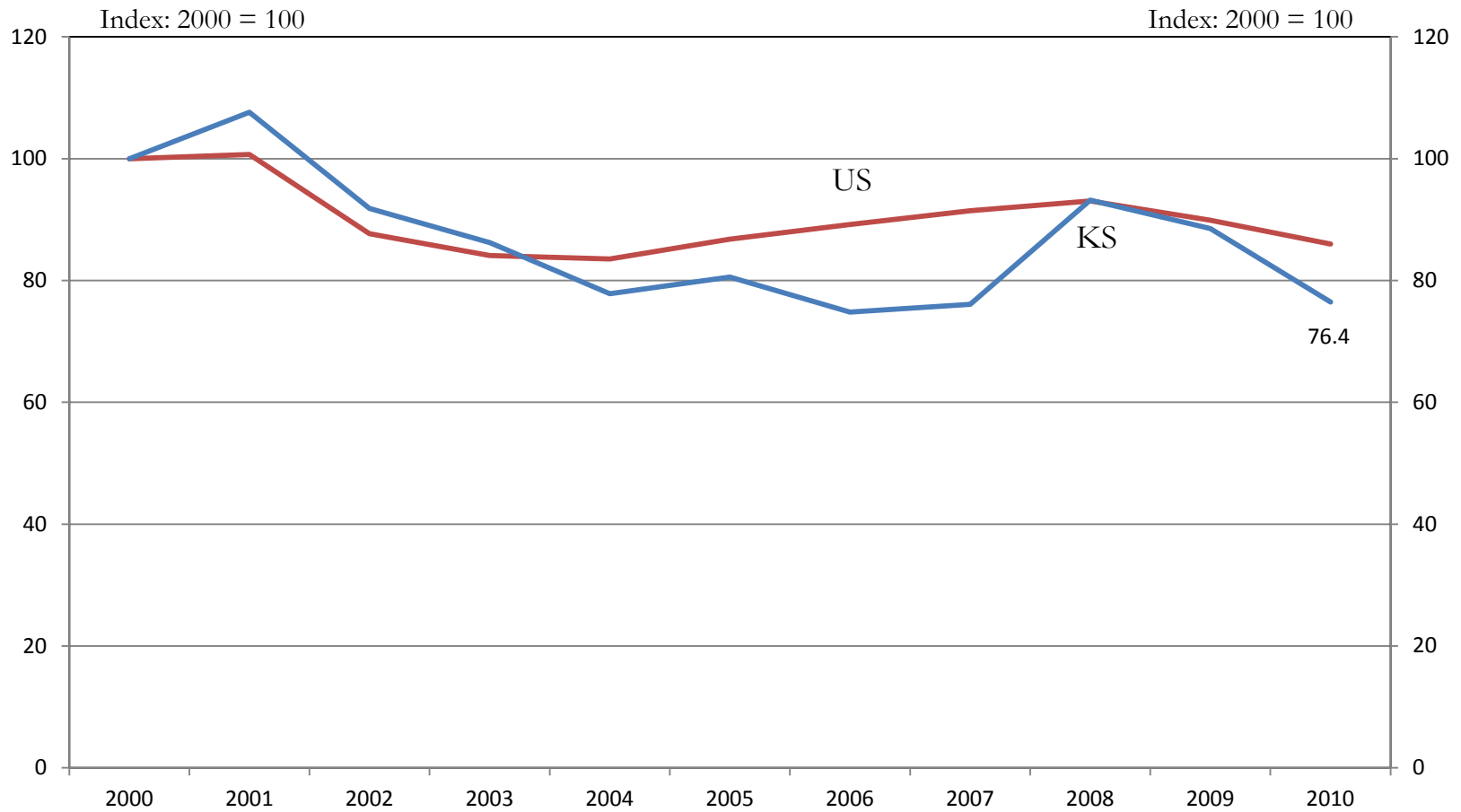


# Job Growth by Industry

August, 2011 – August, 2012

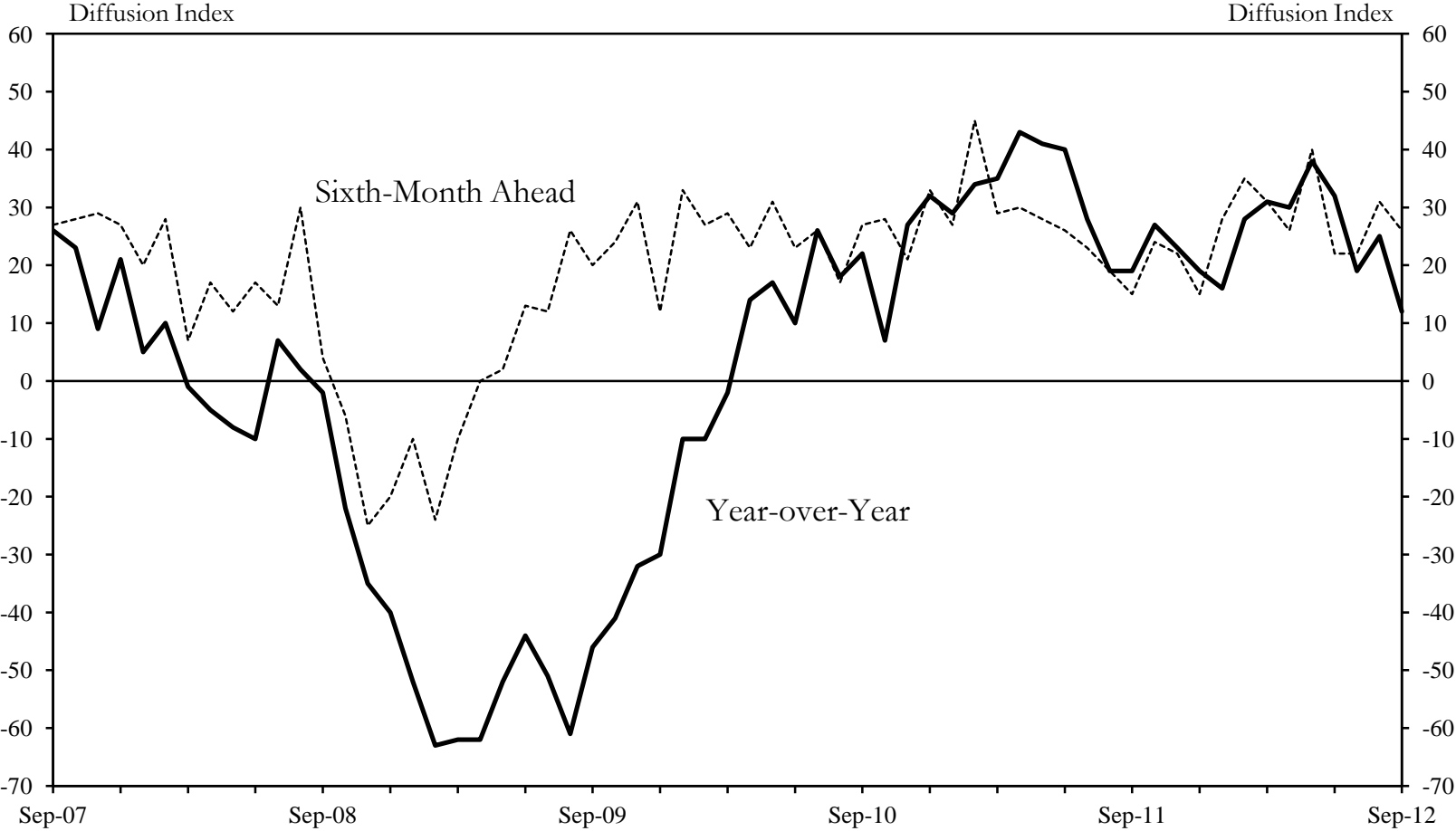


# Aircraft Manufacturing Employment

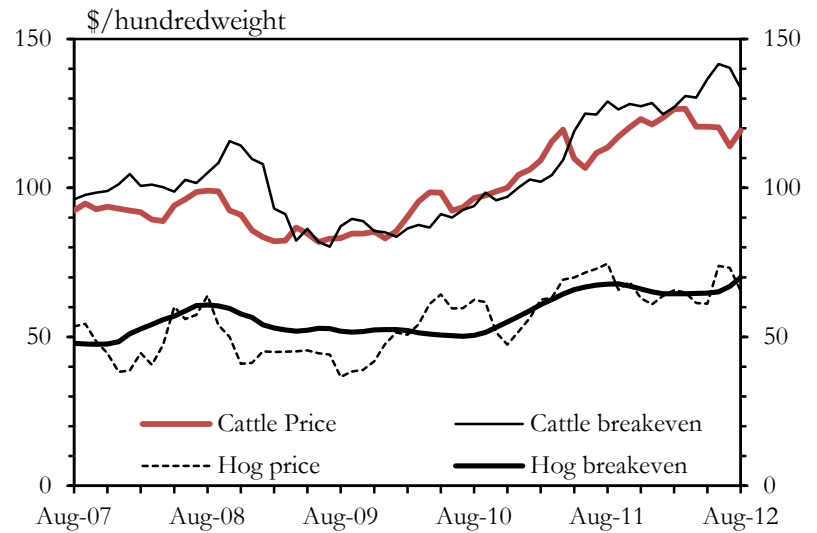
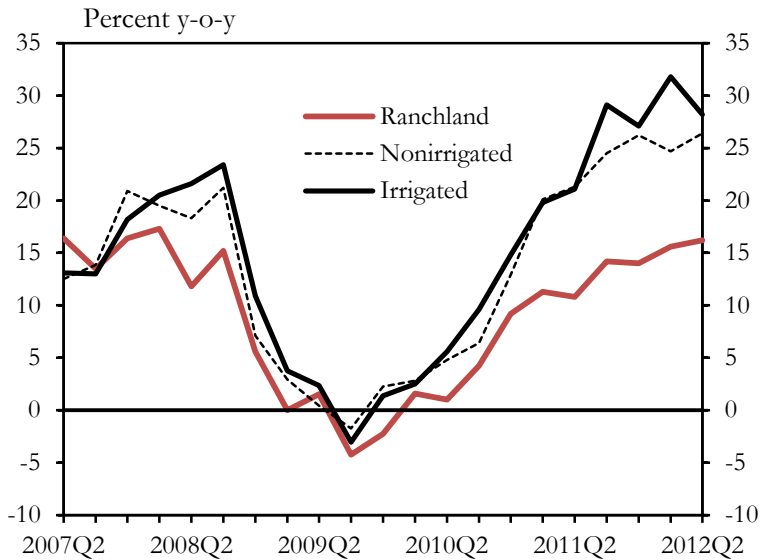
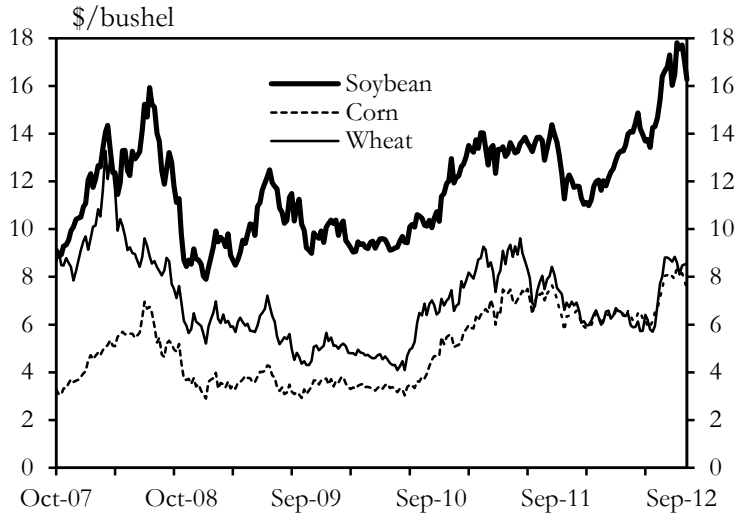


Source: U.S. Census Bureau, County Business Patterns

# Production Indexes for the Tenth District



# Agriculture



# Agriculture Exports



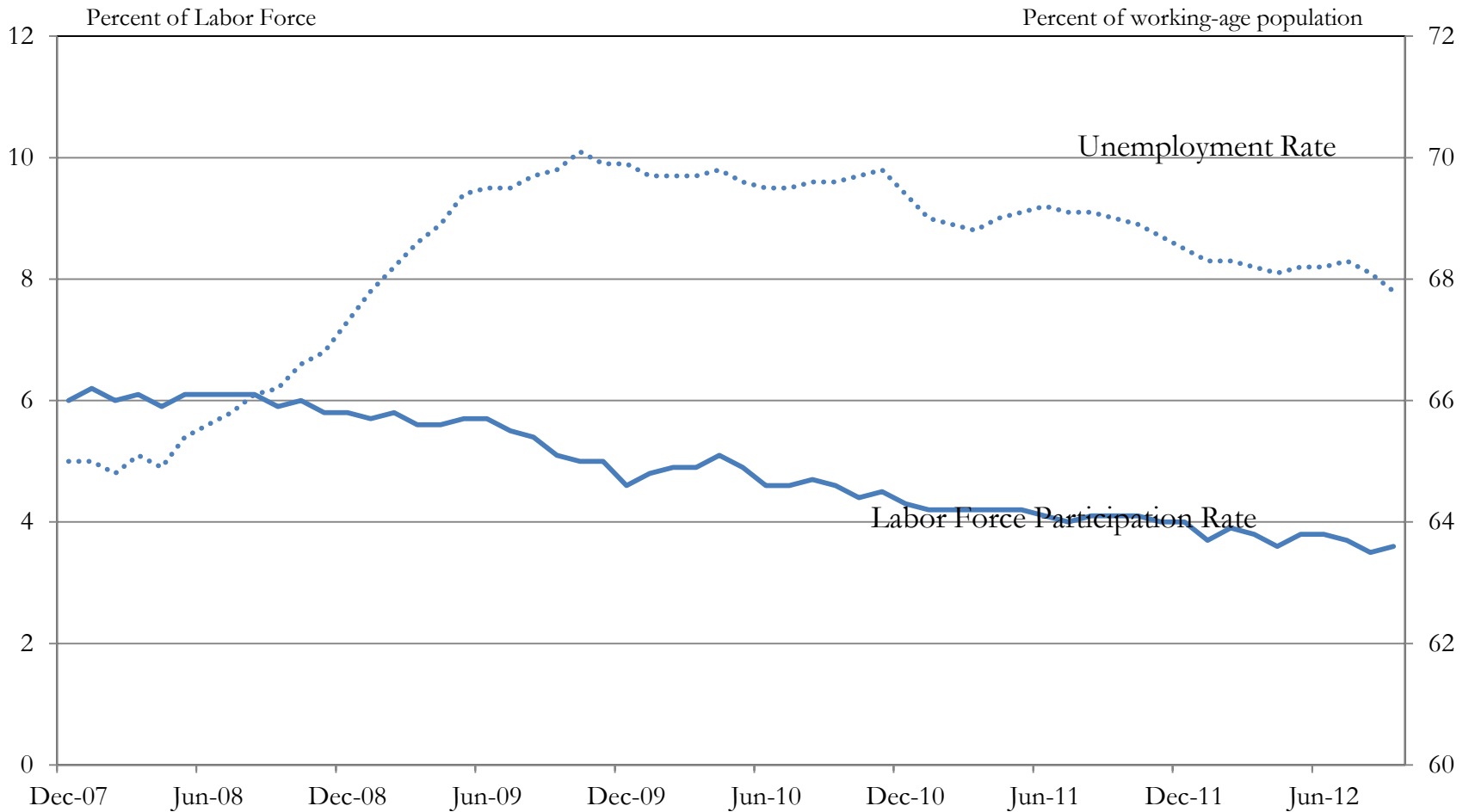
Source: FAS, USDA

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

Economic Conditions in the U.S. and Kansas

# **FURTHER EMPLOYMENT INSIGHTS**

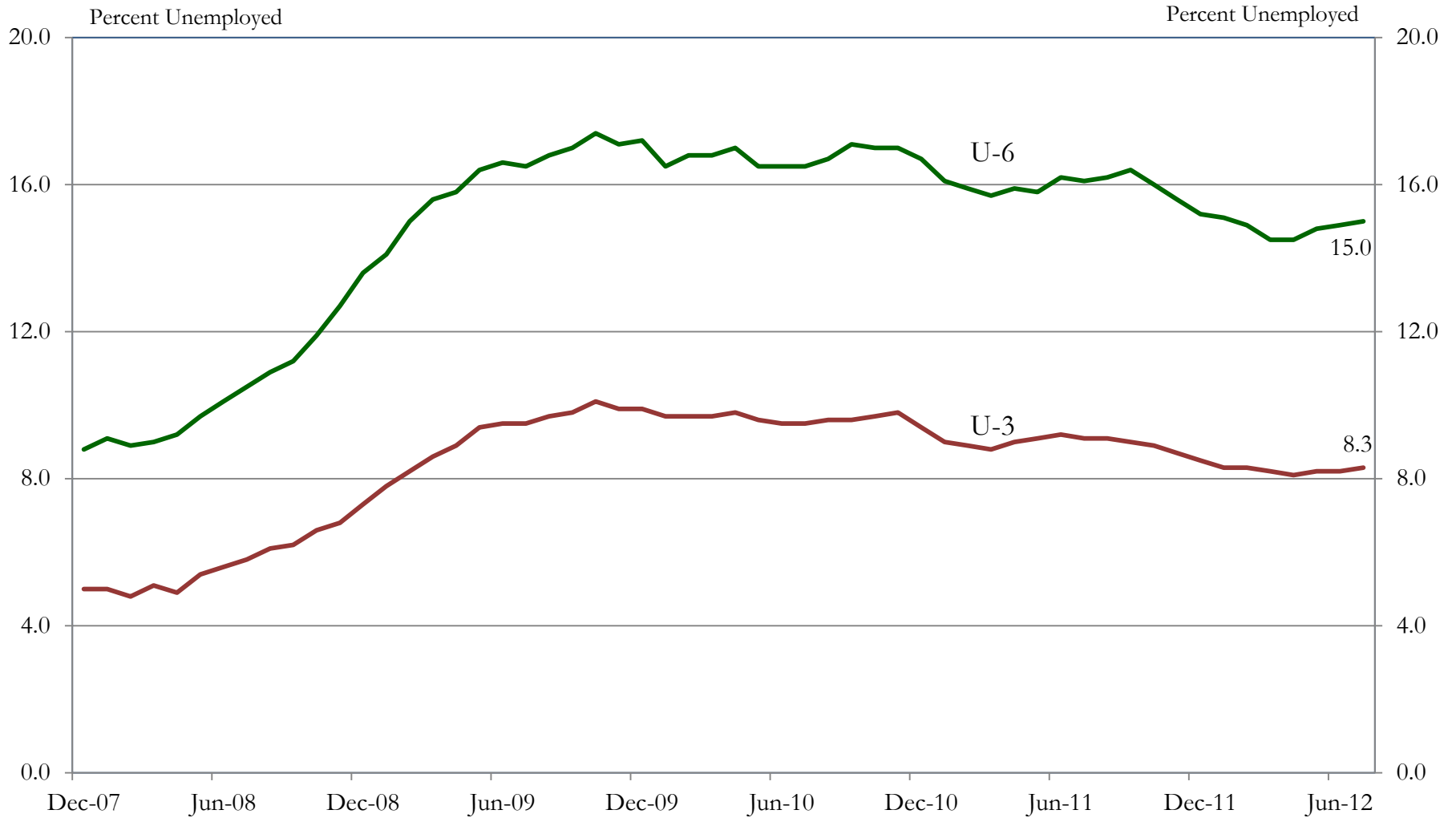
# Unemployment and Labor Force Participation Rates



Source: U.S. Bureau of Labor Statistics



# Expanded Unemployment Rate



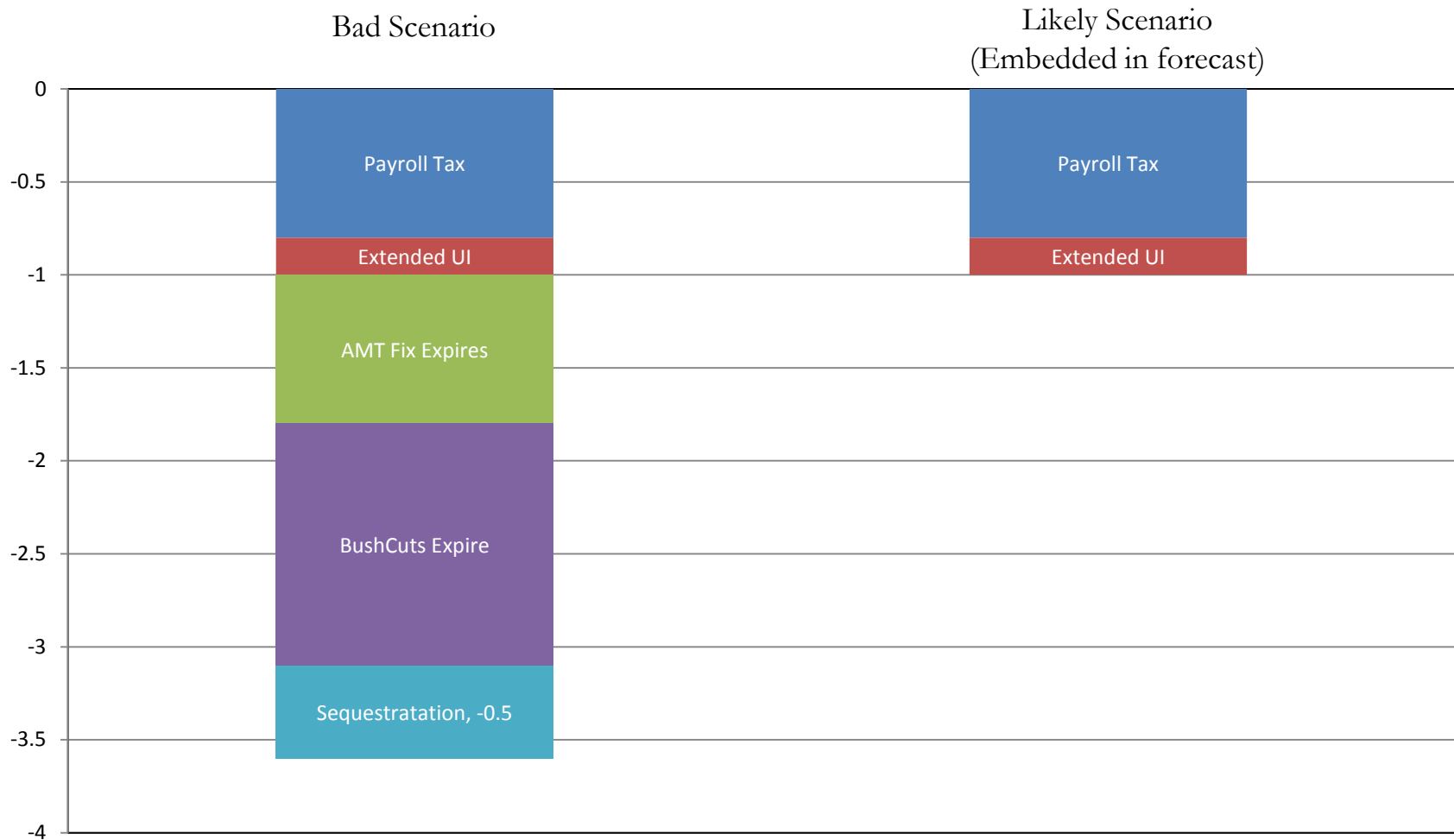
Source: U.S. Bureau of Labor Statistics

Economic Conditions in the U.S. and Kansas

# **RISKS**

# The Fiscal Cliff

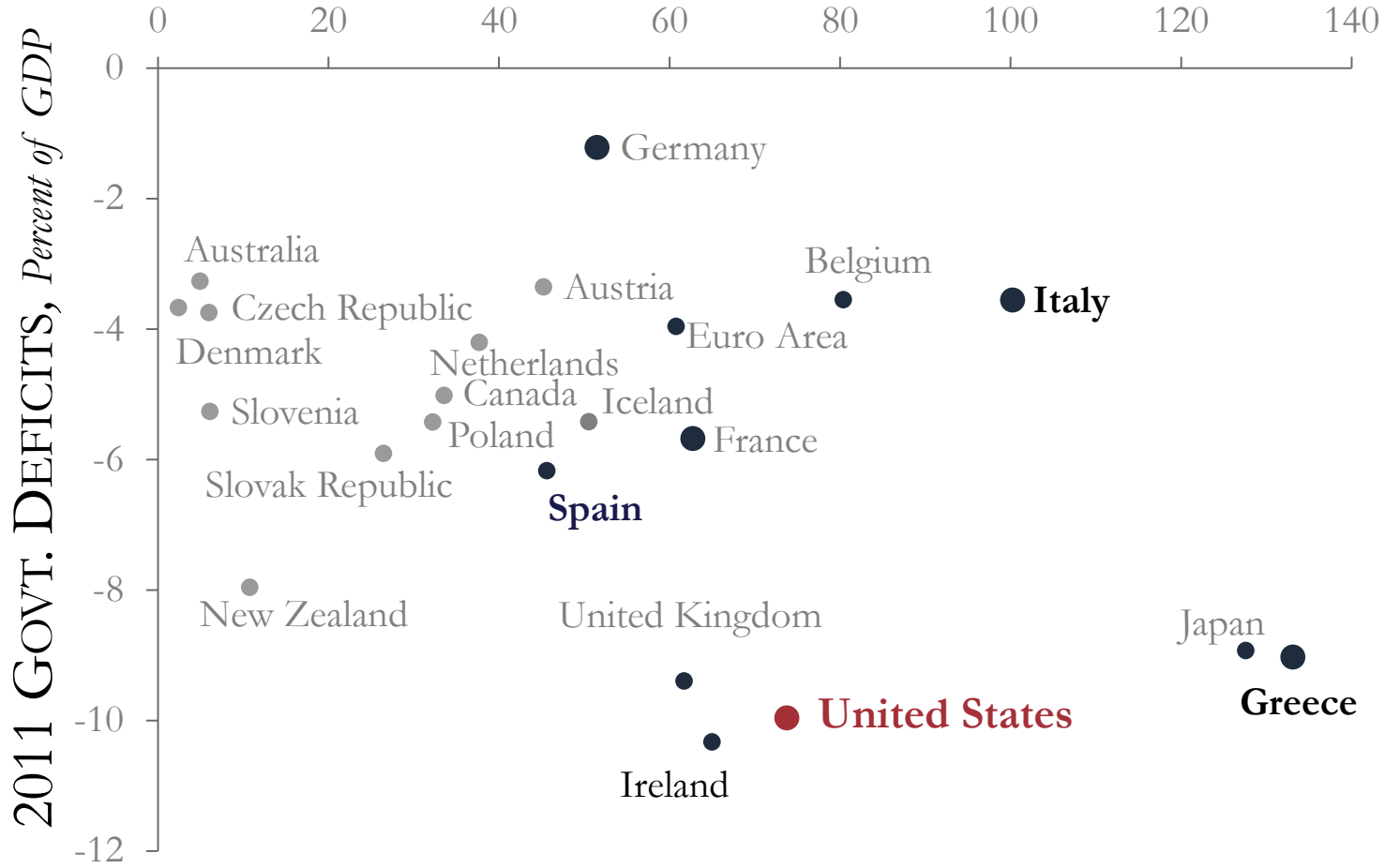
(Current Projection 2013 is 2.5% - 3.0%)



Source: Goldman Sachs

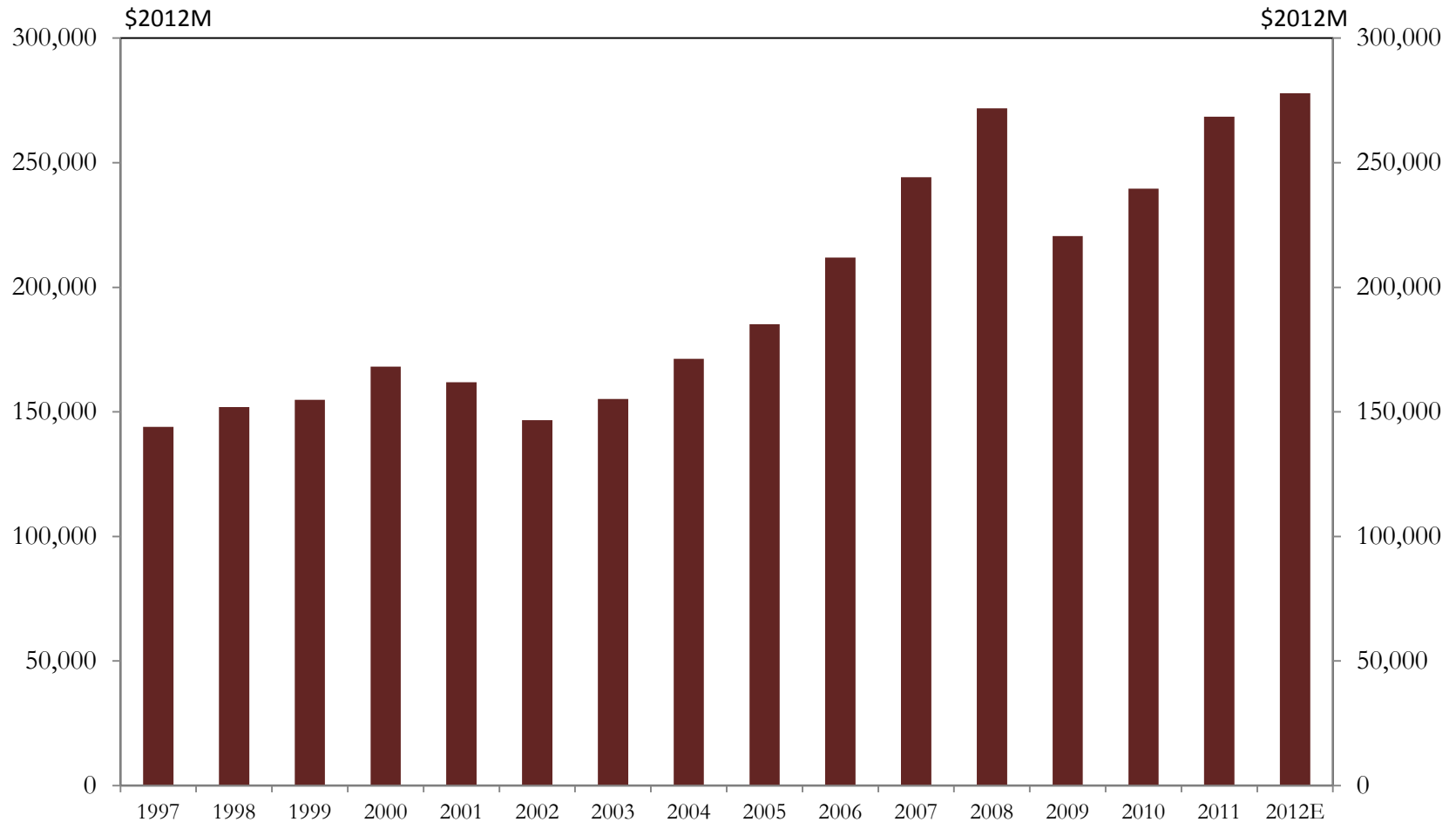
# European Debt Crisis

2011 NET GOVT. DEBT, *Percent of GDP*



Source: Organization for Economic Co-operation & Development

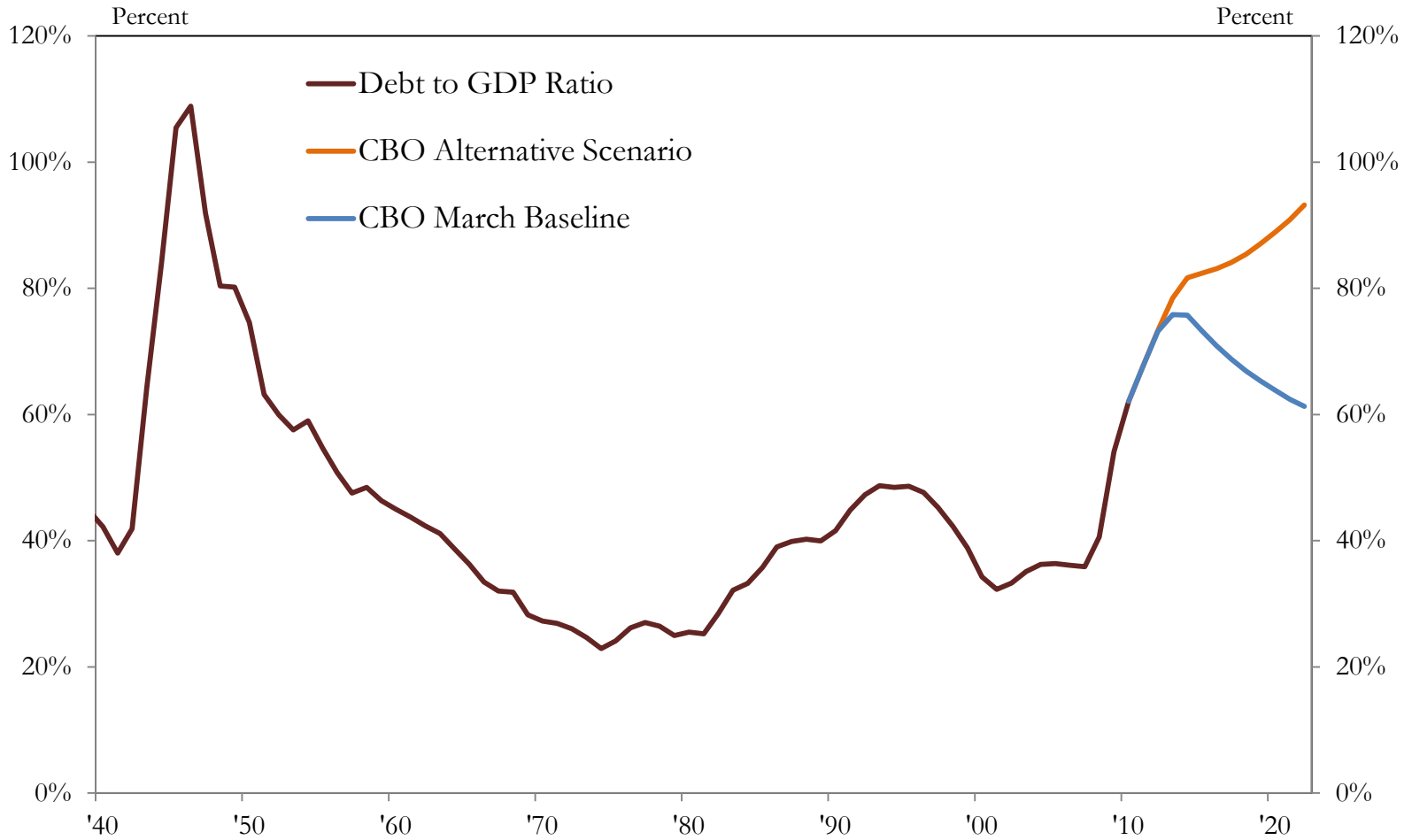
# U.S. Exports to the EU (Goods Only)



Source: U.S. Census Bureau

Note: Inflation adjusted with BEA implicit GDP deflator

# Federal Debt (% of GDP)

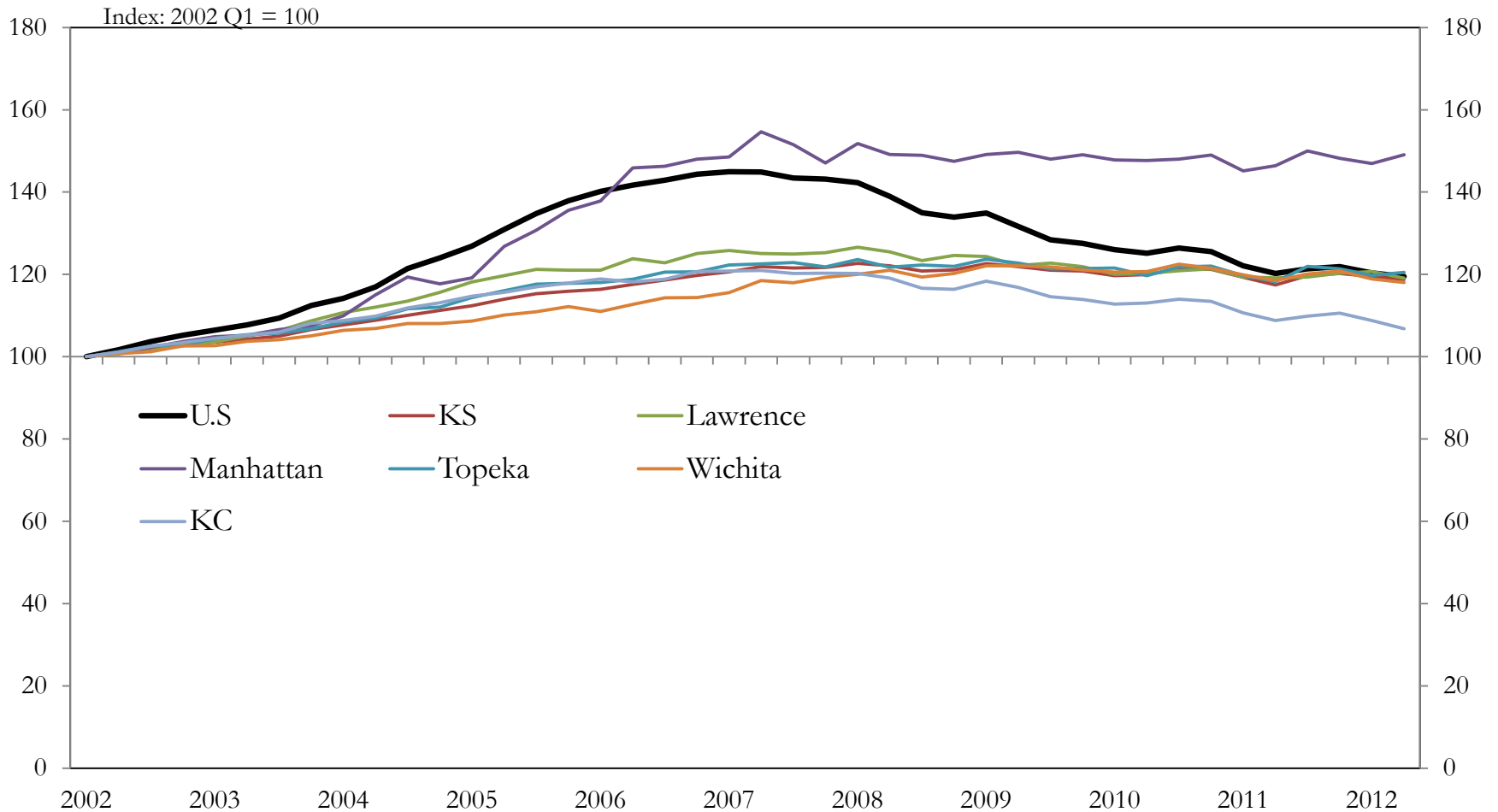


Source: Congressional Budget Office

Economic Conditions in the U.S. and Kansas

# **RESIDENTIAL REAL ESTATE**

# Home Prices



Source: FHFA / Haver Analytics



# Existing Single-Family Home Activity

## Demand Constraints

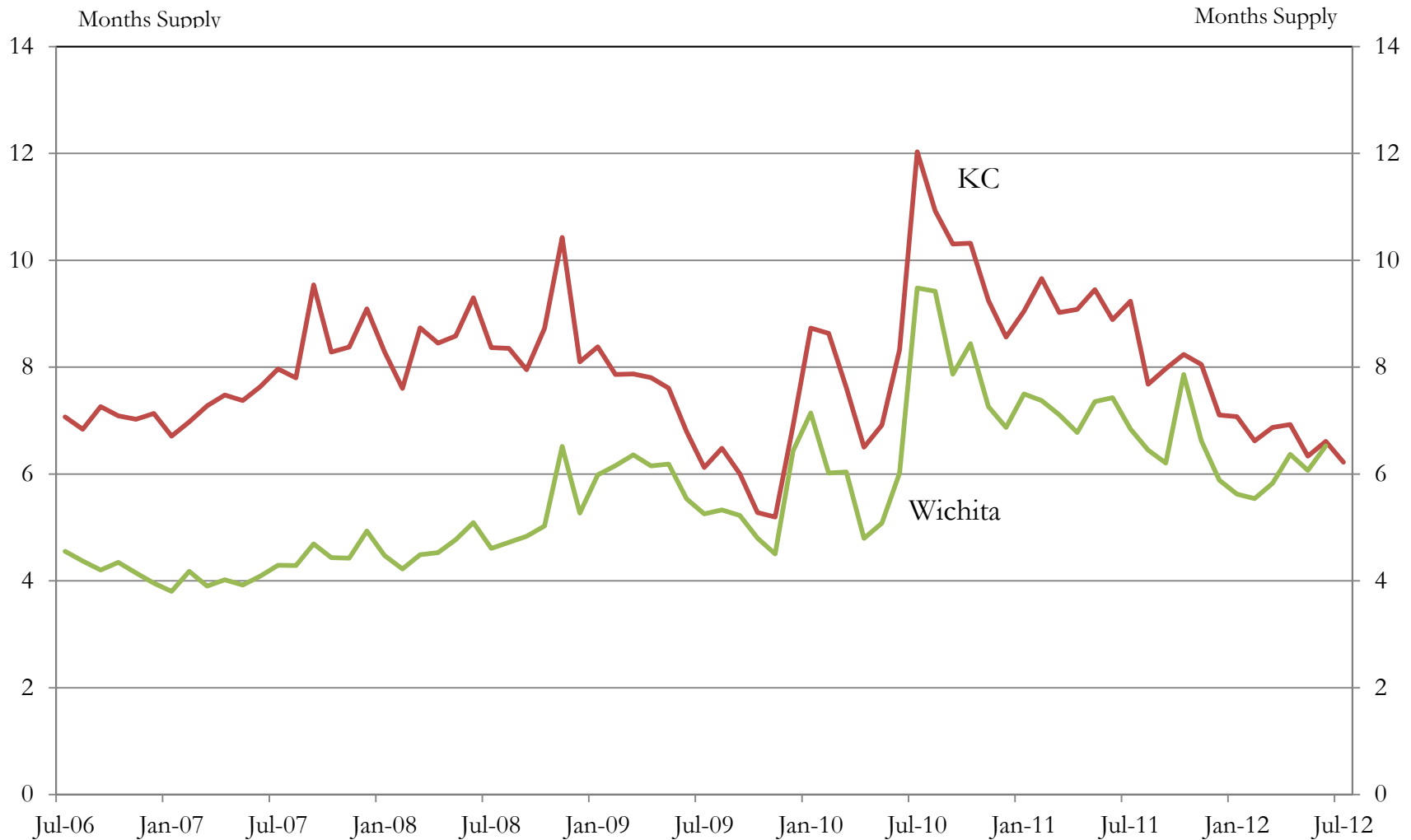
- Economy/Financial Security
- Uncertainty about Market
- Household Formation
- Credit Availability

Homebuyer Traffic

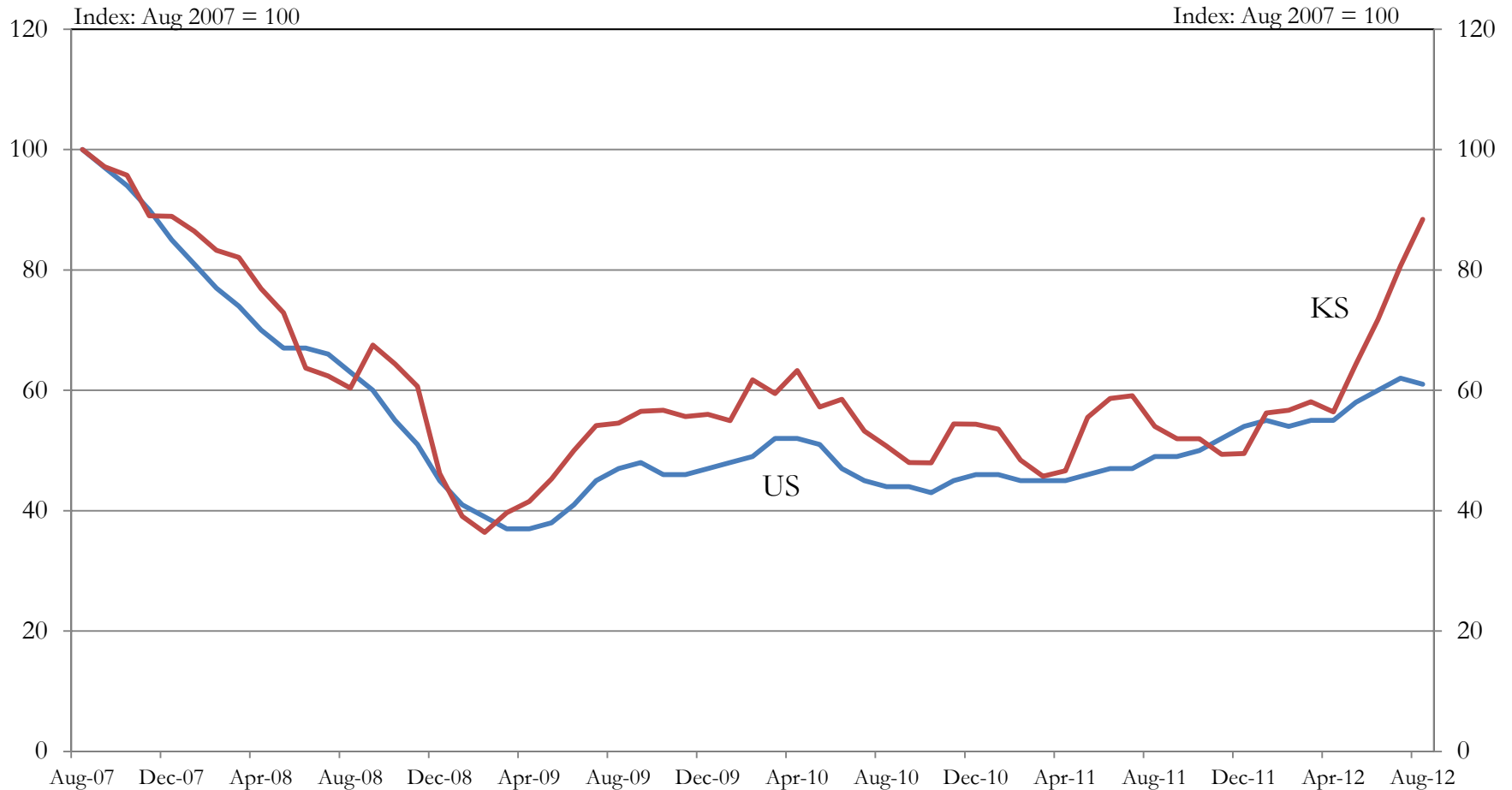
Proprietary Data Removed



# Months Supply of Homes



# Value of Residential Construction Contracts



Source: F. W. Dodge

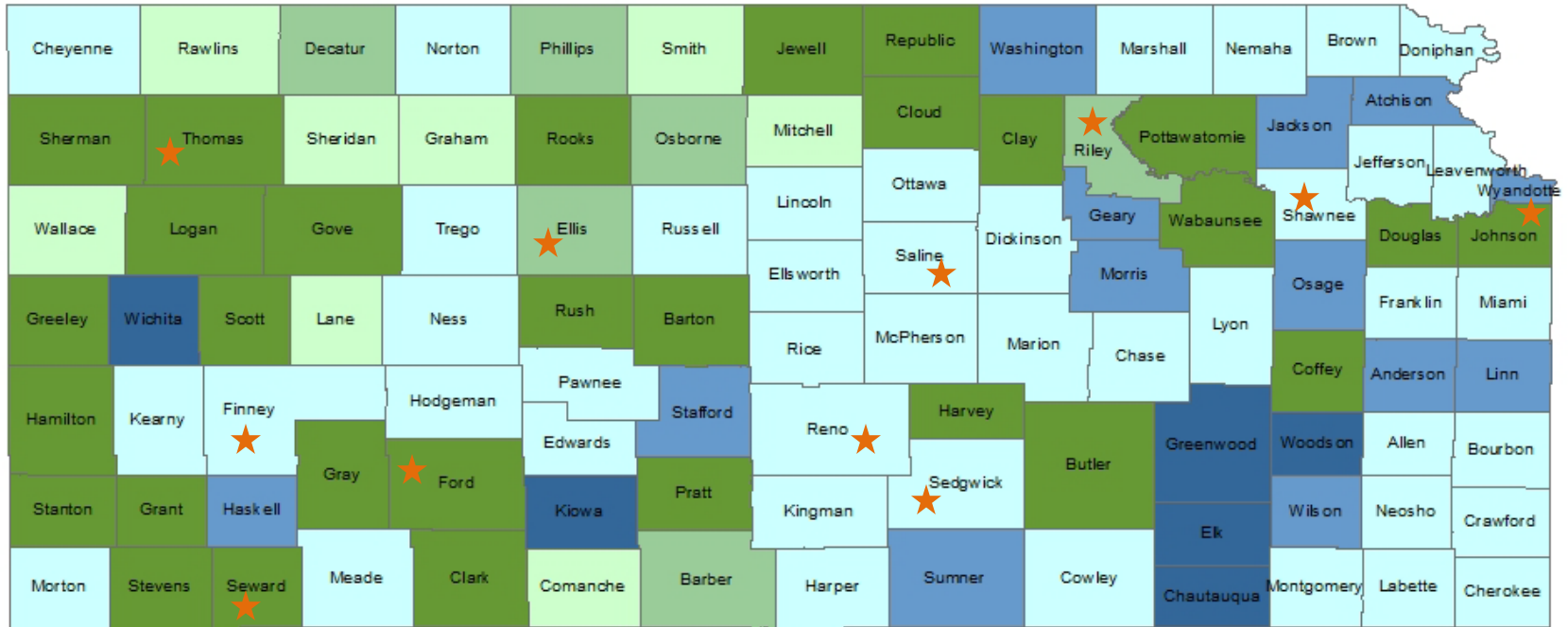
# Mortgage Status

| Status of Mortgage Pool     | KC Metro (Kansas) | Manhattan Micro | Topeka Metro | Wichita Metro | Kansas | USA  |
|-----------------------------|-------------------|-----------------|--------------|---------------|--------|------|
| Delinquent 30 days          | 2.6               | 2.2             | 3.4          | 3.3           | 3.0    | 2.9  |
| Delinquent 60 days          | 1.0               | 0.9             | 1.2          | 1.2           | 1.1    | 1.1  |
| Delinquent 90 days +        | 2.2               | 1.9             | 3.4          | 2.4           | 2.4    | 3.4  |
| In Foreclosure Process      | 2.0               | 1.0             | 2.1          | 1.8           | 1.9    | 3.8  |
|                             |                   |                 |              |               |        |      |
| <b>SERIOUSLY DELINQUENT</b> | 4.2               | 2.9             | 5.5          | 4.2           | 4.3    | 7.2  |
|                             |                   |                 |              |               |        |      |
| <b>TOTAL PAST DUE</b>       | 7.8               | 6.0             | 10.1         | 8.7           | 8.4    | 11.2 |

Data Source: Lender Processing Services, Inc. (July 2012 data)

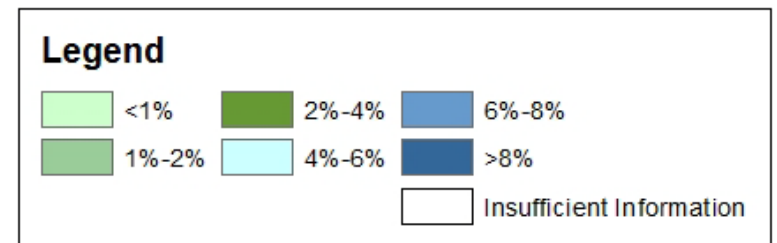
# Serious Delinquency Rates in Kansas Counties

## July, 2012



★ Major city

Source: Lender Processing Services, Inc.

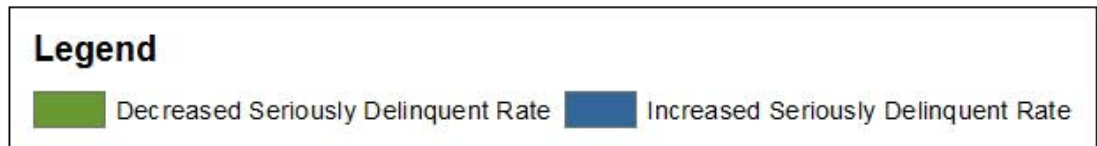


# Serious Delinquency Rates in Kansas Counties

## Change, July, 2010 – July, 2012



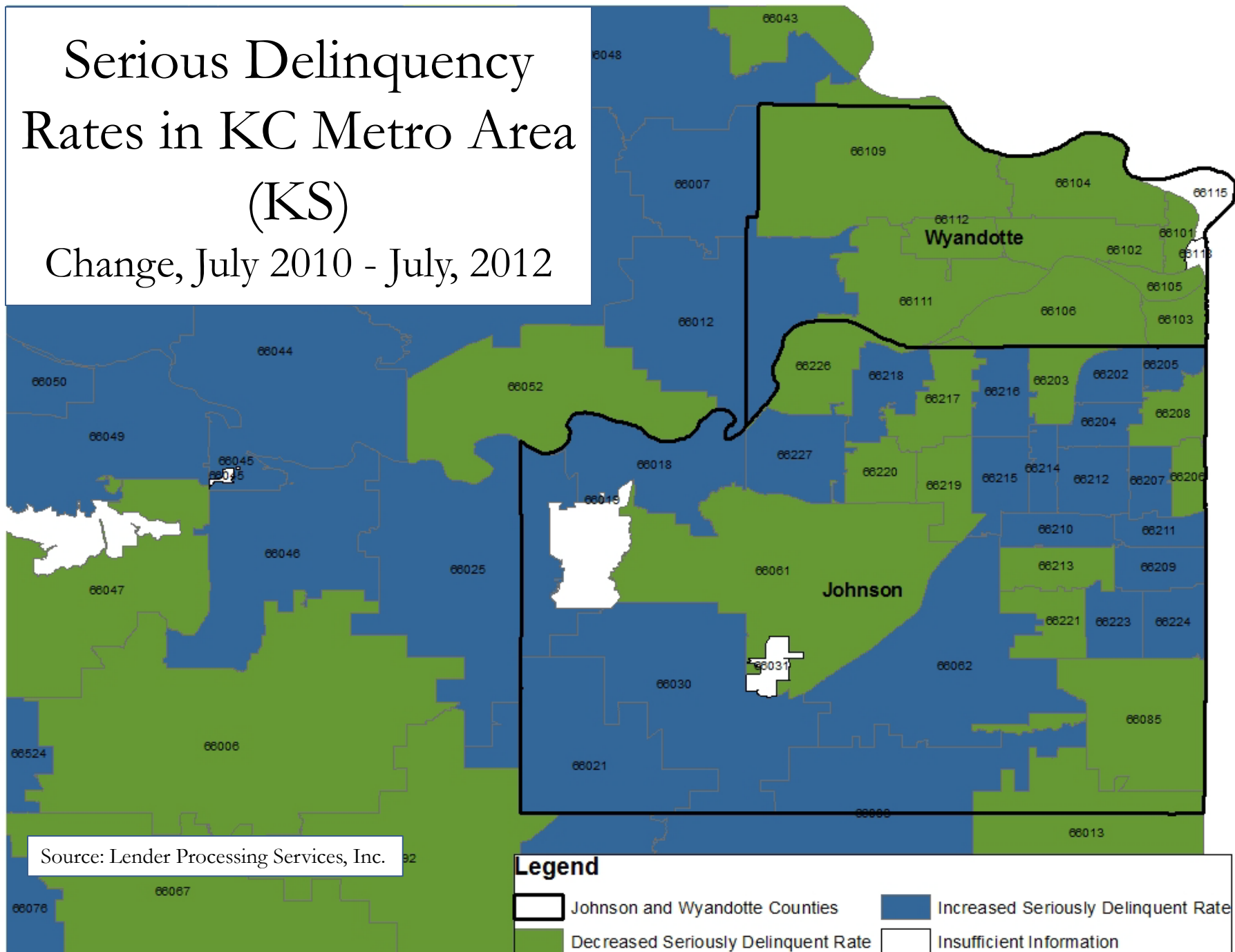
Source: Lender Processing Services, Inc.





# Serious Delinquency Rates in KC Metro Area (KS)

Change, July 2010 - July, 2012



Source: Lender Processing Services, Inc.

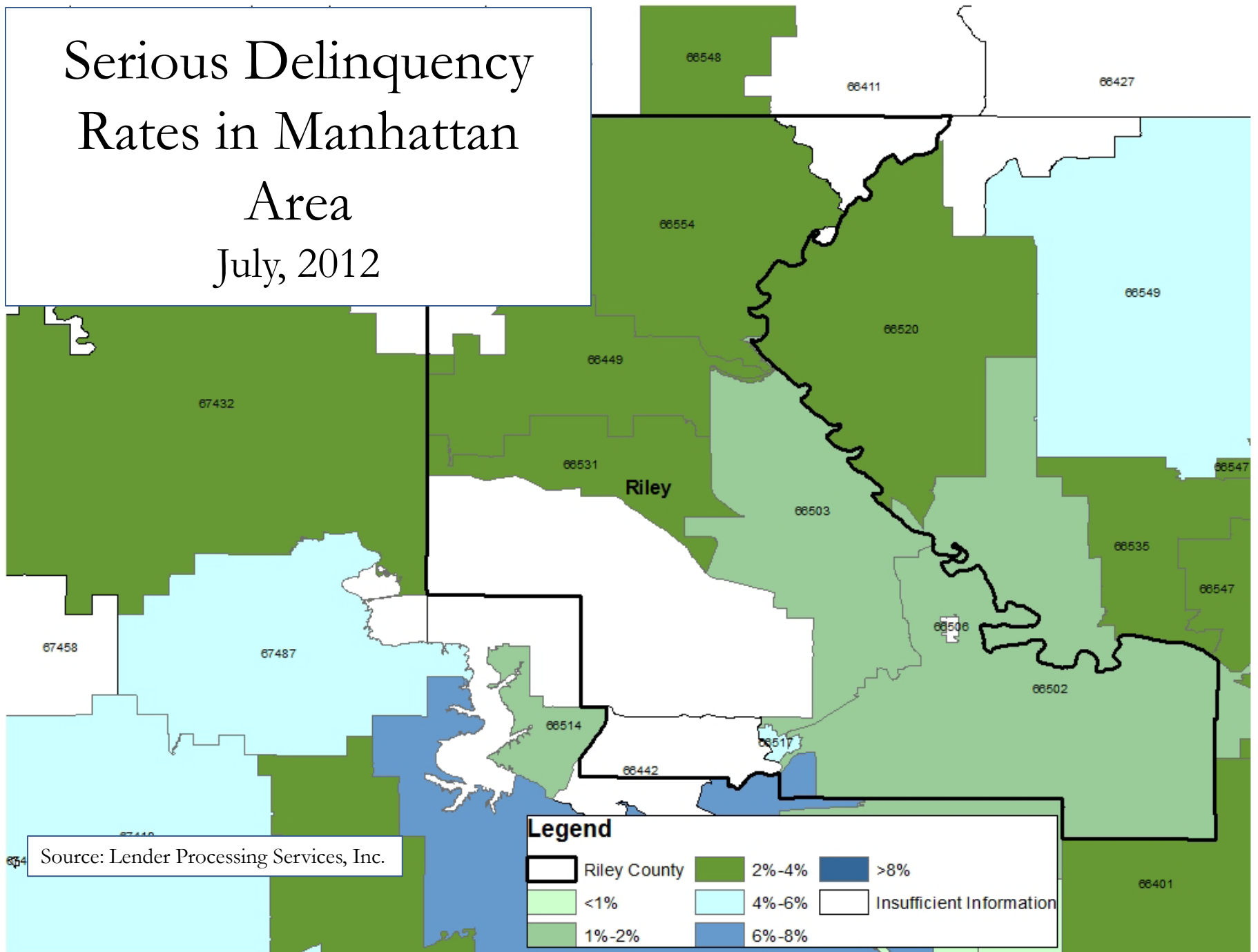
### Legend

- Johnson and Wyandotte Counties
- Increased Seriously Delinquent Rate
- Decreased Seriously Delinquent Rate
- Insufficient Information



# Serious Delinquency Rates in Manhattan Area

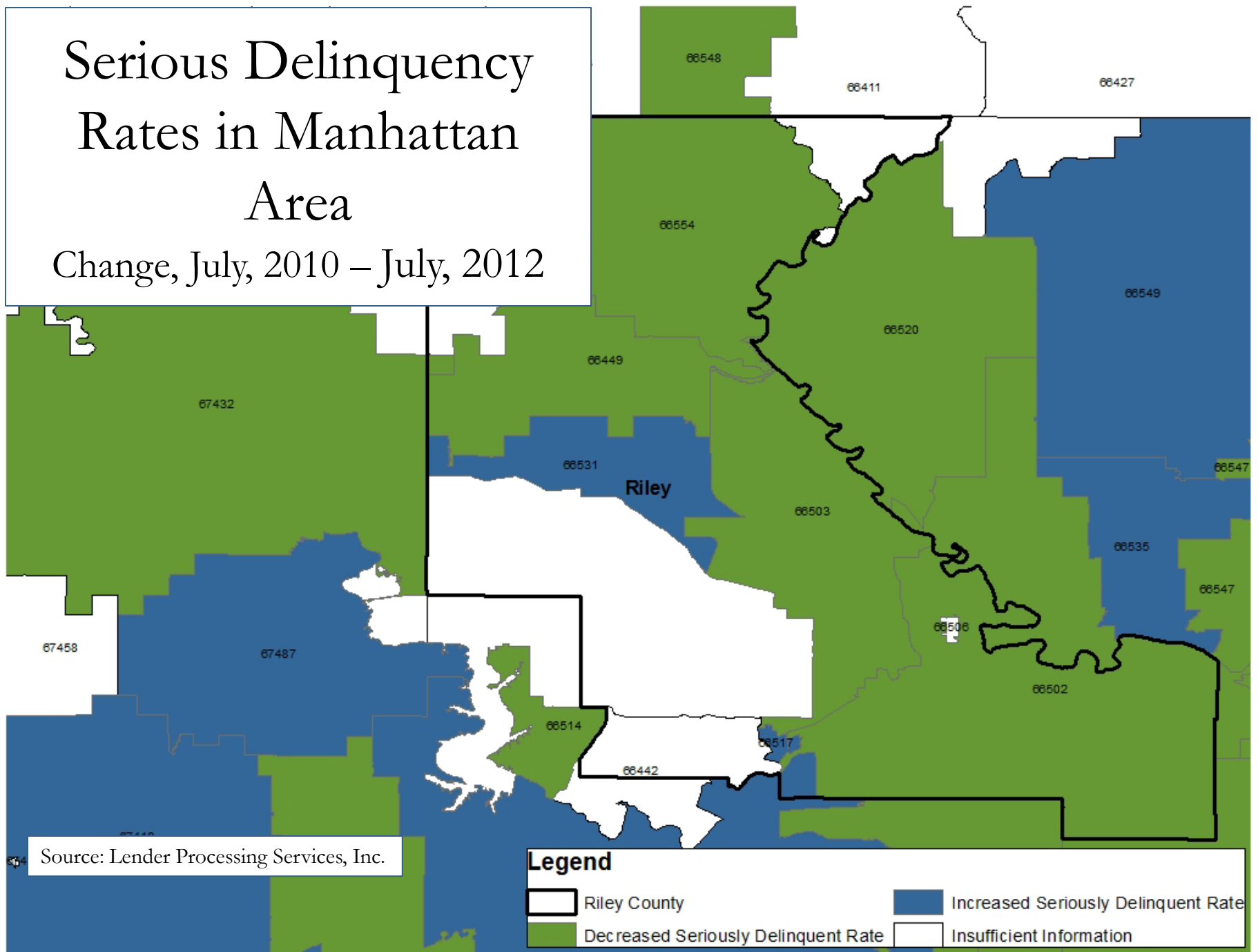
Area  
July, 2012



Source: Lender Processing Services, Inc.


# Serious Delinquency Rates in Manhattan Area


Change, July, 2010 – July, 2012





Source: Lender Processing Services, Inc.

## Legend

 Riley County

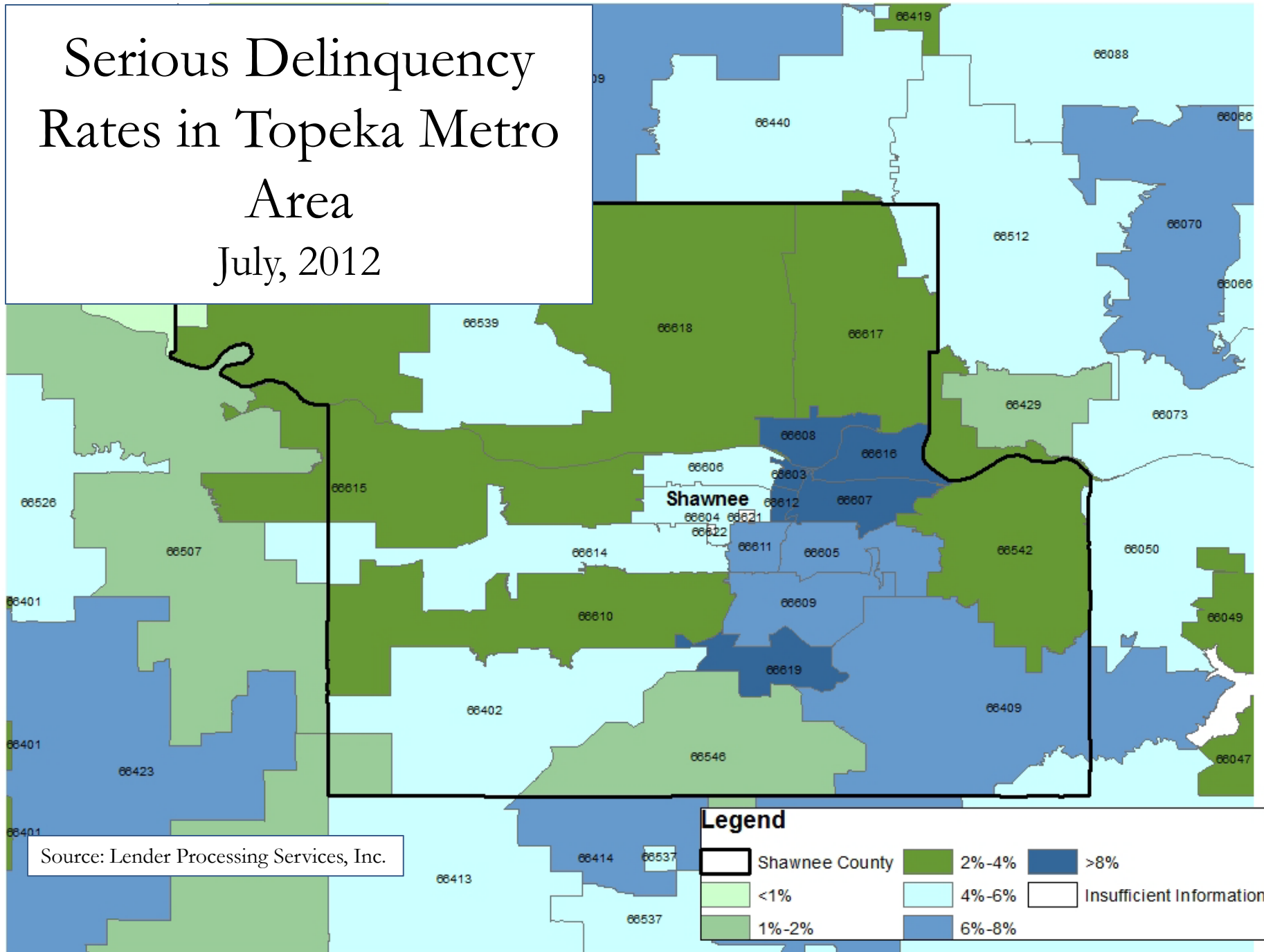
 Decreased Seriously Delinquent Rate

 Increased Seriously Delinquent Rate

 Insufficient Information









# Serious Delinquency Rates in Topeka Metro Area

## July, 2012



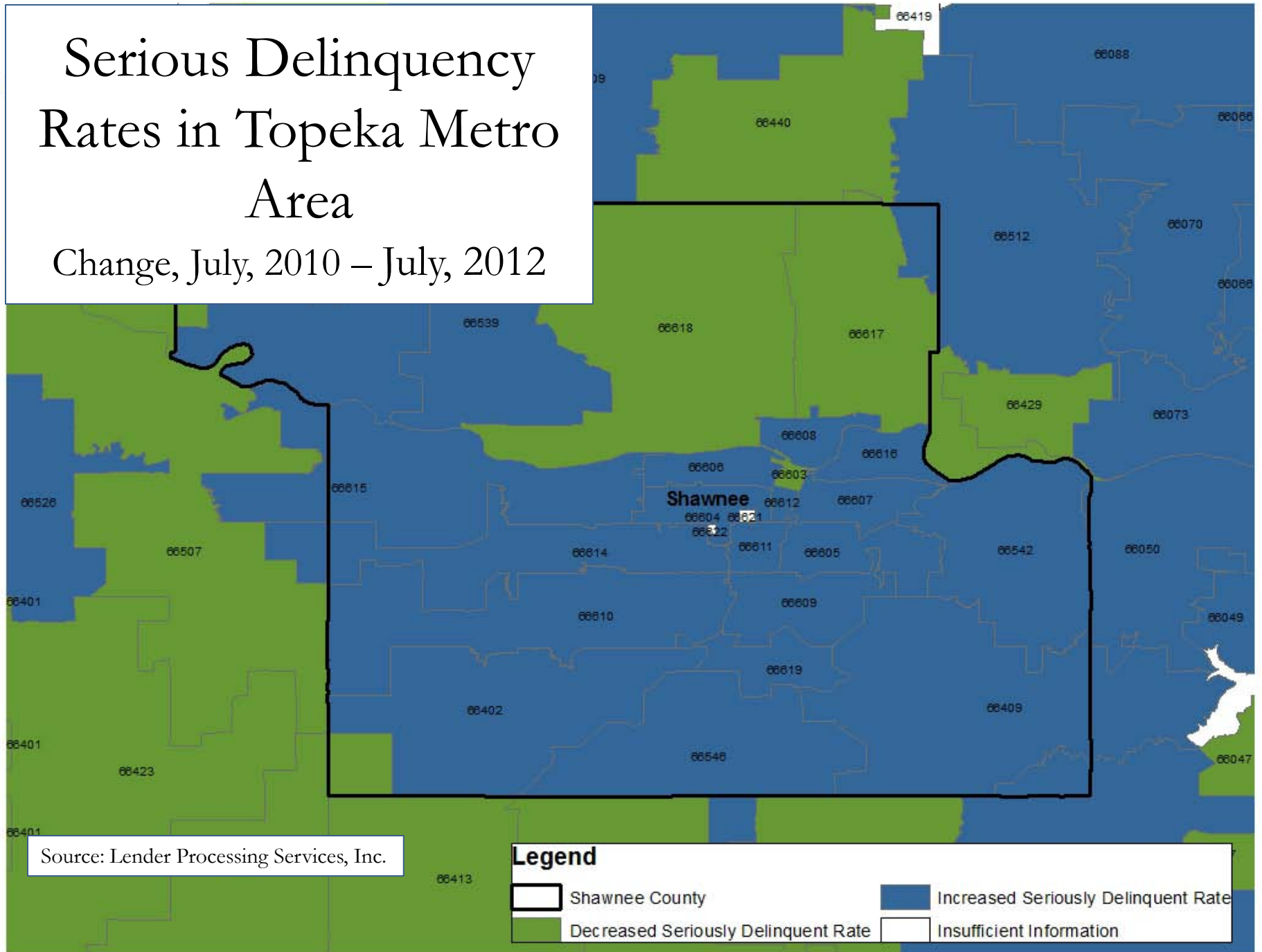
Source: Lender Processing Services, Inc.

**Legend**

|   |                |   |       |   |                          |
|---|----------------|---|-------|---|--------------------------|
|  | Shawnee County |  | 2%-4% |  | >8%                      |
|  | <1%            |  | 4%-6% |  | Insufficient Information |
|  | 1%-2%          |  | 6%-8% |   |                          |

# Serious Delinquency Rates in Topeka Metro Area

Change, July, 2010 – July, 2012



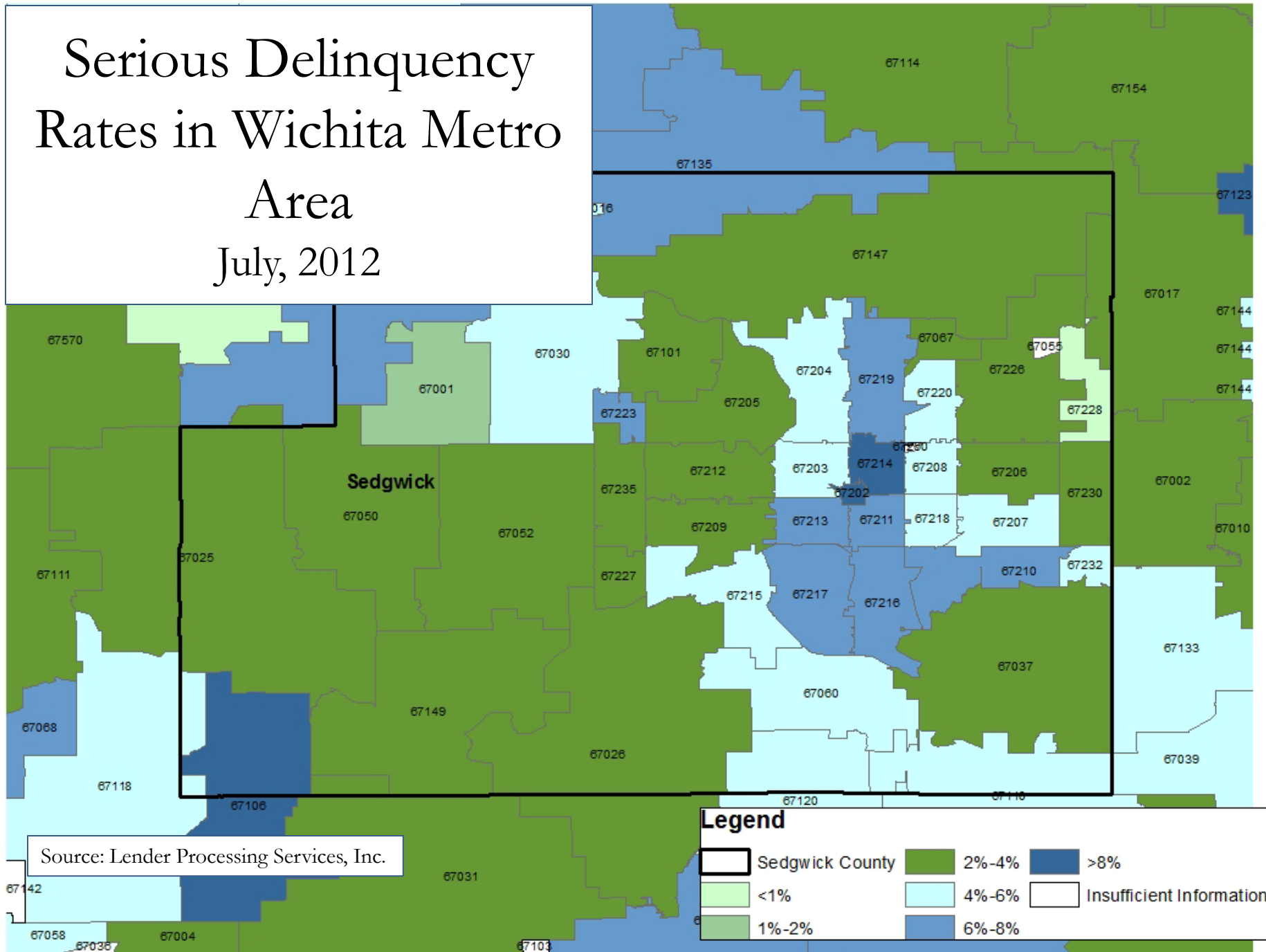
Source: Lender Processing Services, Inc.

## Legend

- Shawnee County
- Increased Seriously Delinquent Rate
- Decreased Seriously Delinquent Rate
- Insufficient Information

# Serious Delinquency Rates in Wichita Metro Area

## July, 2012



Source: Lender Processing Services, Inc.





FEDERAL RESERVE BANK *of* KANSAS CITY

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