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# An Economic and Policy Forecast for the States with a Note on Rural Areas

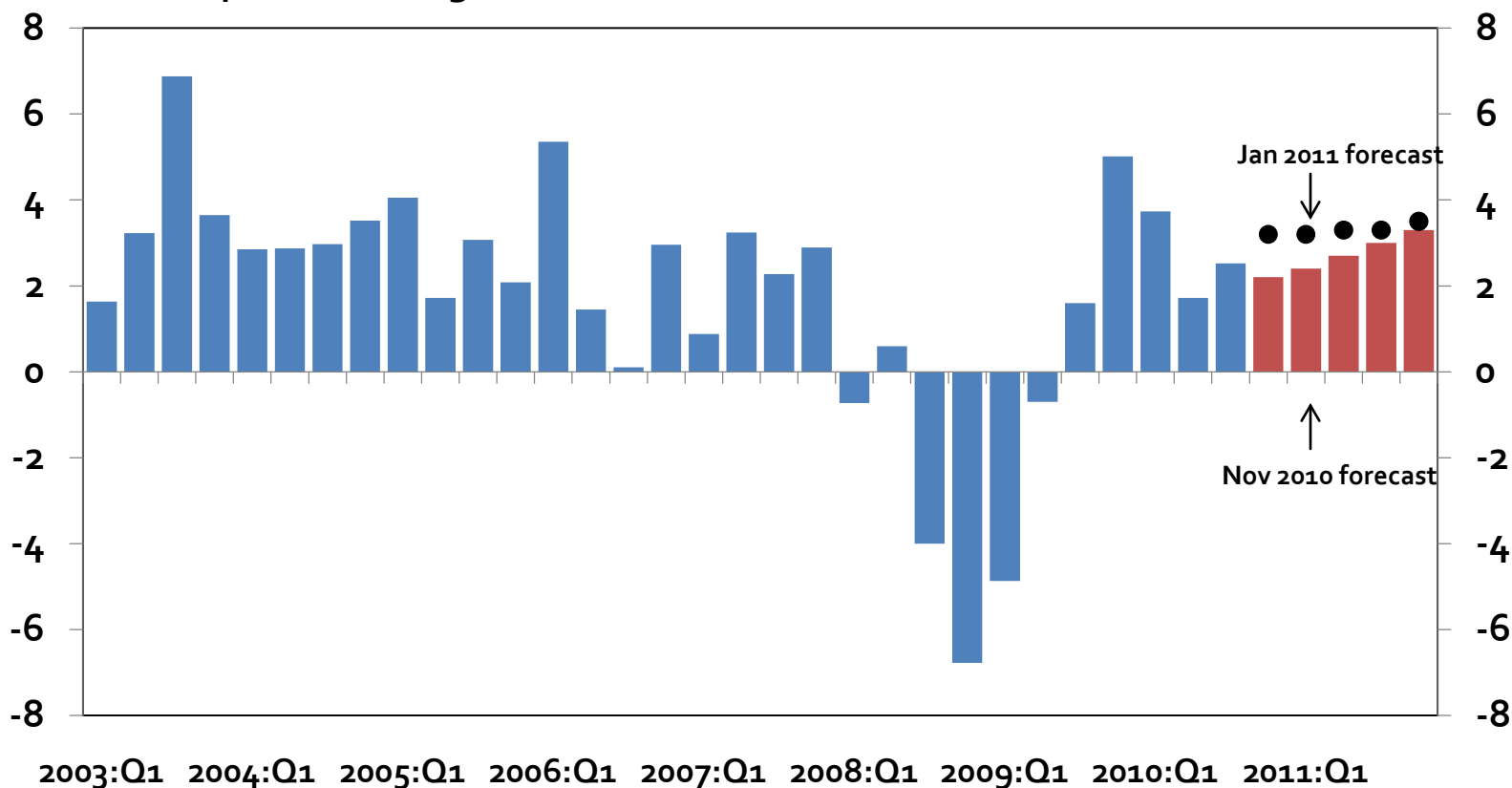


The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

# Economic conditions are expected to strengthen in 2011.

## Real U.S. GDP Growth

Annualized percent change



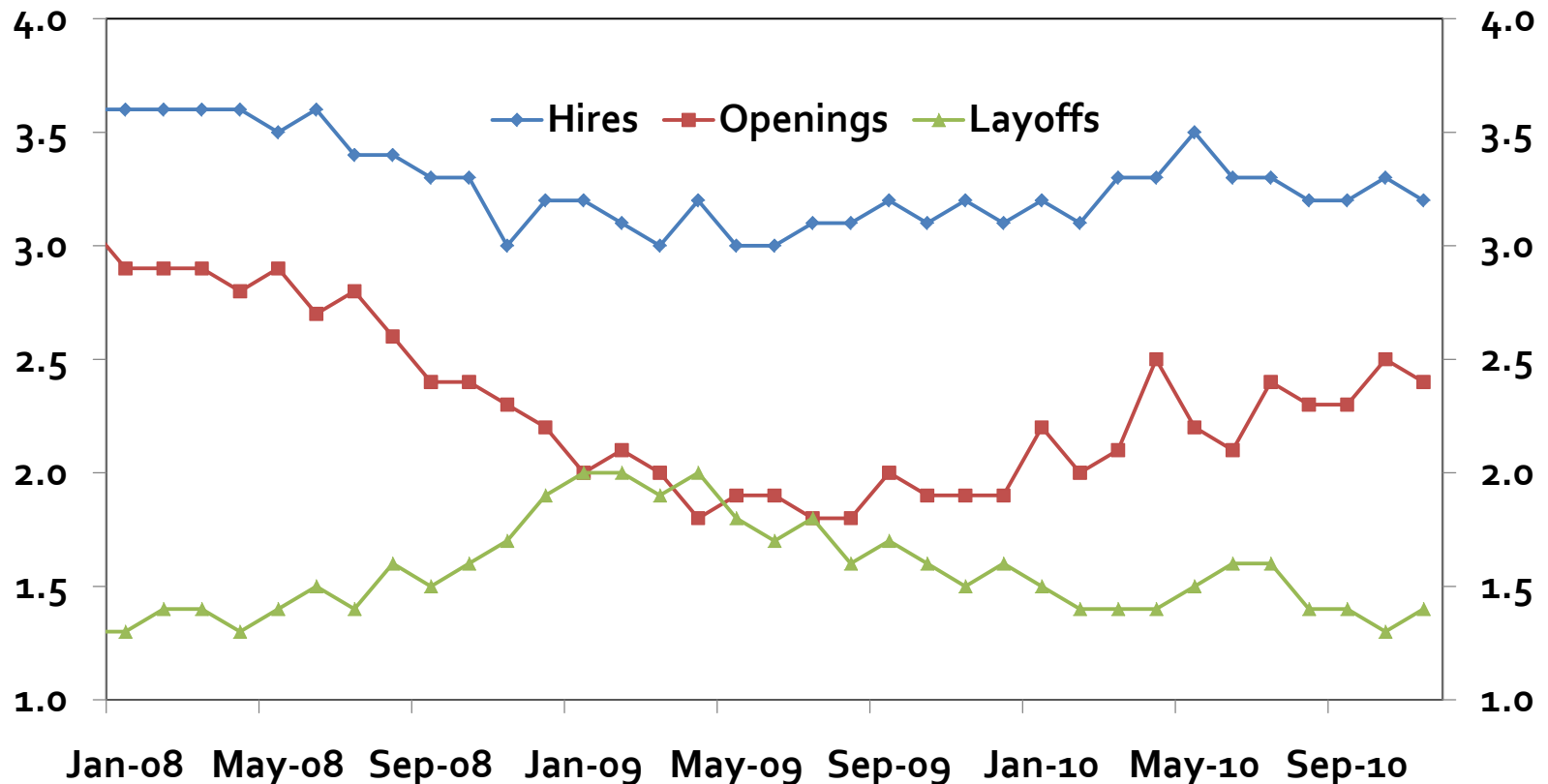
Calculations based on Bureau of Economic Analysis data



# Job openings are on the rise, will hiring follow?

## Job Openings and Labor Turnover

Percent of employment



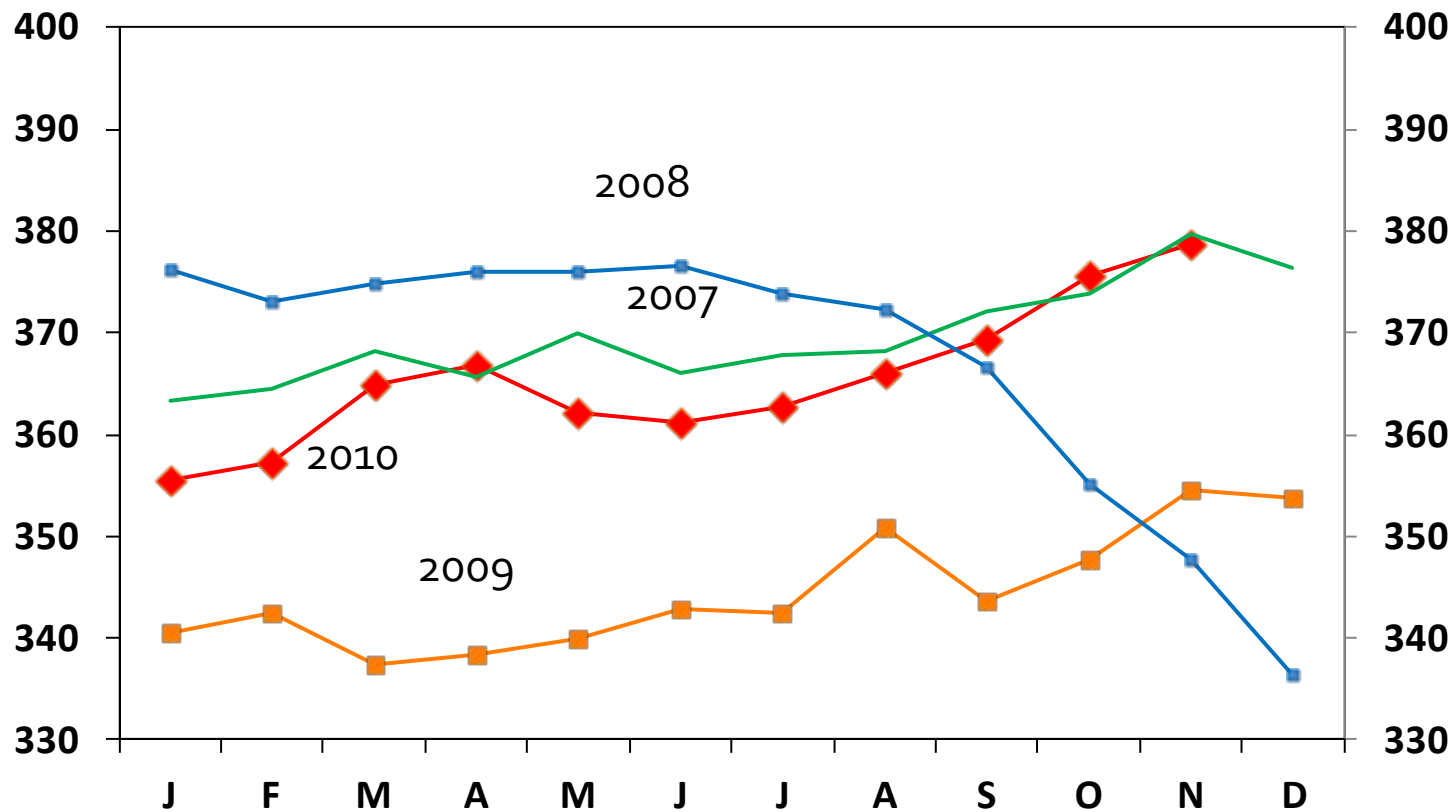
Source: Bureau of Labor Statistics



# A happy holiday season for retailers.

## U.S. Monthly Retail and Food Sales

Billion dollars

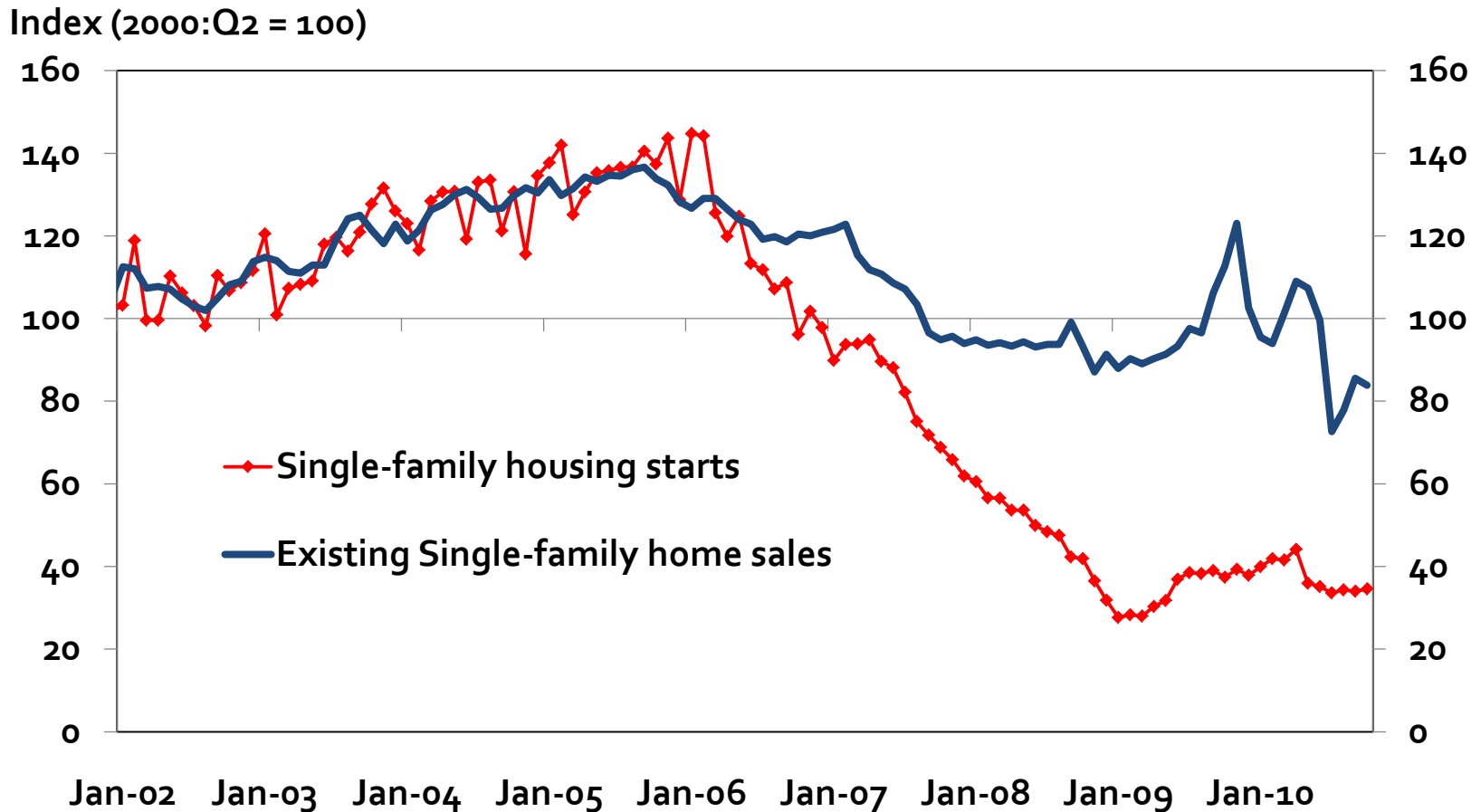


Source: U.S. Census Bureau



# Home sales plummet after the end of the tax credit.

## U.S. Housing Starts and Home Sales



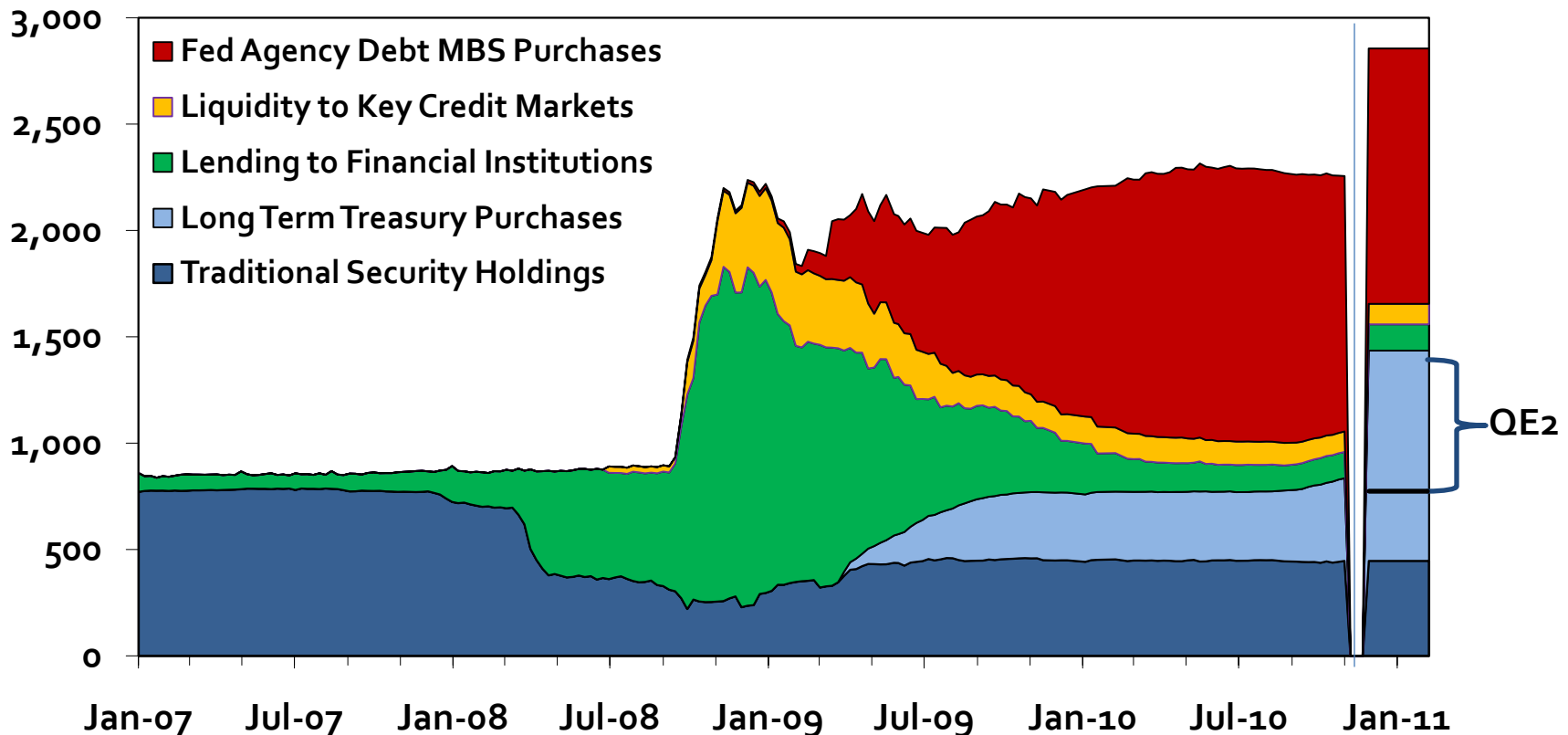
Source: National Association of Realtors and local realtors association



*Quantitative easing (QE) is designed to expand the Federal Reserve balance sheet to lower long term rates.*

## Federal Reserve Balance Sheet: Assets

Billion Dollars



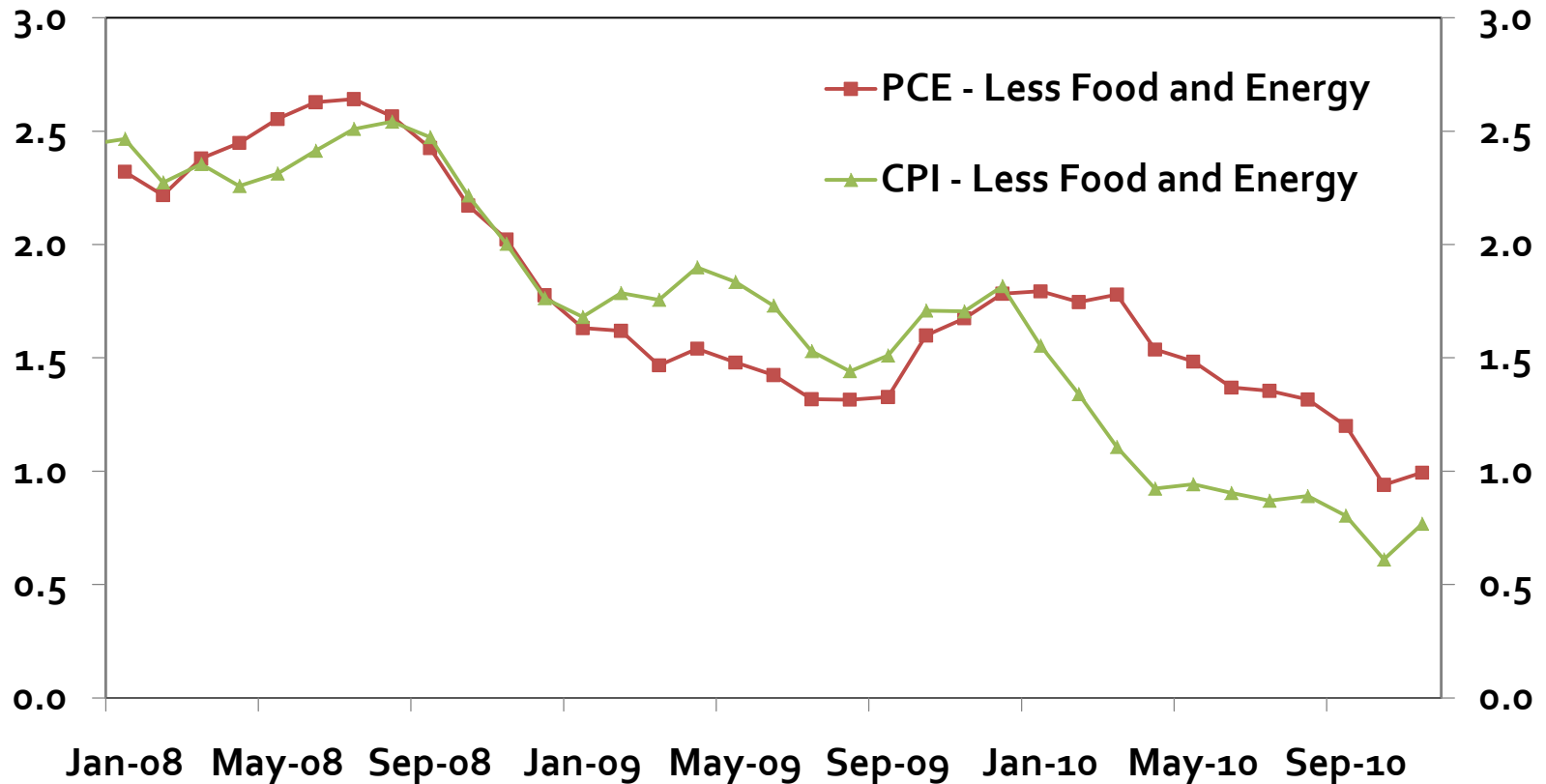
Source: Federal Reserve Bank of Cleveland



# Monetary policy is a risk management process.

## Consumer Prices

Percent change from year ago



Source: Bureau of Labor Statistics



# Conclusions

- The recovery is underway.
  - Consumers are spending.
  - Job openings are up and firms are investing in equipment and software.
  - Federal governments are spending, with contractions at the state and local levels.
  - Exports are rising, but imports rose faster last summer.
- What are the effects of quantitative easing?
  - The yield curve steepened between June and November, but rates are now rising.
  - What are the side effects?
- Success will be determined by the exit strategy.





# Federal Reserve Bank of Kansas City Omaha Branch

For additional information on  
the Nebraska economy

[www.kansascityfed.org/omaha](http://www.kansascityfed.org/omaha)

