ECONOMIC UPDATE

- National Overview and Outlook
- National, Midwest and Kansas Economies
  - Unemployment
  - Retail Sales
  - Manufacturing
  - Agriculture
- Housing
- Public Finances
THE TENTH FEDERAL RESERVE DISTRICT
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
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

Number of Claims

Source: U.S. Bureau of Labor Statistics
MEDIAN DURATION OF UNEMPLOYMENT

Source: U.S. Bureau of Labor Statistics

K. Edmiston, Federal Reserve Bank of Kansas City  February 18, 2011
RETAIL SALES

$ (seasonally adjusted)

Source: U.S. Census Bureau
Source: Federal Reserve Bank of Kansas City Beige Book Survey
Source: Federal Reserve Bank of Kansas City Beige Book Survey
AGRICULTURE
CROP PRICES

Source: Commodity Research Bureau
RISING FEED COSTS STRAIN PROFIT MARGINS.

Source: USDA and Iowa State University
Non-irrigated Cropland Values
(Percent change 2009:Q3 to 2010:Q3)

Source: Federal Reserve District Surveys
(Chicago, Minneapolis, Kansas City, Dallas)
MANUFACTURING
Source: Federal Reserve Bank of Kansas City Manufacturing Survey; ISM
EXISTING HOME SALES

Index (October 2005 = 100)

Source: National Association of Realtors and Local Realtor Reports
Omitted due to data confidentially.
Omitted due to data confidentially.
HOME PRICE APPRECIATION

Percentage Change from previous Year

- District
- Wichita
- Kansas City

Source: Federal Housing Finance Agency
Delinquencies remain high

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

Data Source: Lender Processing Services, Inc.
February 18, 2011

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
First Wave – subprime resets nearly over

Second Wave – Alt-A and option ARM Resets/recasts just beginning

Source: Federal Reserve Bank of Philadelphia