Regional Economic Update
Federal Reserve System
The Great Plains enjoys lower unemployment rates.

Unemployment Rates by County
(August 2010 to July 2011 average)

Source: Bureau of Labor Statistics
Commodity markets appear to be shaping Midwestern economic activity.

Non-farm Job Growth

Percent change from year-ago (three-month moving average)

Source: Bureau of Labor Statistics
## Income growth is the fastest in the Midwest.

<table>
<thead>
<tr>
<th>State</th>
<th>Personal Income Growth 2010:Q2 to 2011:Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) North Dakota</td>
<td>13.3</td>
</tr>
<tr>
<td>(2) Texas</td>
<td>7.3</td>
</tr>
<tr>
<td>(3) Iowa</td>
<td>7.2</td>
</tr>
<tr>
<td>(3) Nebraska</td>
<td>7.2</td>
</tr>
<tr>
<td>(5) South Dakota</td>
<td>7.0</td>
</tr>
<tr>
<td>(5) Oklahoma</td>
<td>7.0</td>
</tr>
<tr>
<td>(7) Kansas</td>
<td>6.8</td>
</tr>
<tr>
<td>(8) Minnesota</td>
<td>6.7</td>
</tr>
<tr>
<td>(9) California</td>
<td>6.4</td>
</tr>
<tr>
<td>(10) Wyoming</td>
<td>6.3</td>
</tr>
<tr>
<td>U.S. Average</td>
<td>5.4</td>
</tr>
</tbody>
</table>

- Farming
- Mining
- Durable Good Manufacturing

Source: Bureau of Economic Analysis
Robust energy and agricultural prices spur cropland value gains.

Non-irrigated Cropland Values
(Percent change 2010:Q1 to 2011:Q1)

Source: Agricultural Finance Databook, Federal Reserve Bank of Kansas City
Rising farm incomes spur capital spending.

U.S. Real Net Farm Income and Agricultural Equipment Sales

Percent change from year ago

-40 -30 -20 -10 0 10 20 30 40

2005 2006 2007 2008 2009 2010 2011

Net farm income
4 wheel drive tractor sales

Source: USDA and Association of Equipment Manufacturers
Note: 2011 Agricultural Equipment Sales are YTD through August
The manufacturing rebound is led by exports.

Nebraska Manufacturing Employment and Export Growth

Percent change from year ago

Manufactured Exports (Left Scale)
Manufacturing Employment (Right Scale)

Source: Bureau of Labor Statistics and WISERTrade
Manufacturers tapped global markets.

Manufactured Exports
(Tenth Federal Reserve District)

Percent change from previous year

Sources: WISER Trade
With rising incomes, retail sales surged.

Nebraska Retail Employment and Sales Growth

Percent change from year ago

Source: BLS and Nebraska Department of Revenue
Note: Second quarter 2011 retail sales data is through May
Will the Growth Continue?
Strong demand and tight supplies underpin high agricultural prices.

U.S. Corn Prices and Inventories

Source: USDA
If forecasts hold, world energy consumption could outstrip production.

World Crude Oil Production and Consumption

Source: Energy Information Administration
EIA Forecasts for 2011 and 2012 data.
A weak dollar supports high commodity prices.

Commodity Prices and the Value of the Dollar

Source: Commodity Research Bureau and Federal Reserve Board of Governors
Farm incomes rise in low interest rate environments.

Farm Incomes and Interest Rates

- Real Net Farm Incomes Less Government Payments (Left Scale)
- Yield on 1 Year Treasury - adjusted for inflation (Right Scale)

High energy prices trim growth.

Crude Oil and Gasoline Prices

Source: Commodity Research Bureau and Energy Information Administration
Economic forecasts dropped sharply in August.

**U.S. Real GDP Growth**

<table>
<thead>
<tr>
<th>Date of Forecast</th>
<th>2011:Q4</th>
<th>2012:Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 10 Avg.</td>
<td>3.3</td>
<td>3.4</td>
</tr>
<tr>
<td>Bottom 10 Avg.</td>
<td>1.8</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Source: Blue Chip Economic Indicators, August 2011
Sovereign Debt
Will the federal government be able to control U.S. debt accumulation?

Federal Government Debt as a Percent of GDP

Source: Congressional Budget Office
Will Greek debt crisis spread?

General Government Gross Debt

Source: International Monetary Fund
What is the goal of “Operation Twist”? 

Federal Reserve Balance Sheet: Assets

Billion Dollars

Source: Federal Reserve Bank of Cleveland
Commodity markets are shaping the Midwest economy.

Strong agricultural and energy demand boost exports.

Similar to U.S., rising commodity prices slowed growth.

The commodity boom could continue in the near term.

- Strong demand and tight supplies are a recipe for higher prices.
- A weak dollar is associated with higher commodity prices.
- Farm incomes rise with low interest rates.

By tapping strong global demand for commodities, the Midwest economy could strengthen further.
For More Information on The Nebraska Economy and Rural America

www.kansascityfed.org/omaha