Regional Economic Conditions

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The views expressed are those of the presenter and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.
Employment started to increase two years ago and is now up almost 2% in the Tenth District.

Source: Bureau of Labor Statistics
Despite recent gains, Tenth District employment is still down 3.4% over the past four years.

Source: Bureau of Labor Statistics
Note: Data is through January 2012.
Over the past year, employment gains have been spread across the majority of industries.

### Employment Growth by Industry

#### Jan-12 over Jan-11

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percent US</th>
<th>Percent Tenth District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>1.2</td>
<td>-1.0</td>
</tr>
<tr>
<td>Prof. &amp; Busi.</td>
<td>1.3</td>
<td>-0.6</td>
</tr>
<tr>
<td>Leis.</td>
<td>1.0</td>
<td>-0.2</td>
</tr>
<tr>
<td>Constr.</td>
<td>-2.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Trans.</td>
<td>-1.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Educ.</td>
<td>-1.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Manuf.</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Trade</td>
<td>-1.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Fin. Svs.</td>
<td>-0.5</td>
<td>0.0</td>
</tr>
<tr>
<td>State &amp; Loc. Govt.</td>
<td>-1.0</td>
<td>-1.0</td>
</tr>
<tr>
<td>Info</td>
<td>-0.5</td>
<td>-0.5</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics
Employment is still down more than 10% in the information, manufacturing and construction industries.

Employment Growth by Industry
Jan-12 over Jan-08

Source: Bureau of Labor Statistics
Unemployment rates vary across the District.
Initial claims for unemployment insurance continue to trend down.

Source: Bureau of Labor Statistics
The manufacturing sector has been expanding for over two years.

Sources: ISM, FRBKC Manufacturing Survey
Note: 10J index is computed on ISM basis (50 = zero change)
Manufacturers in the Tenth District expect increased activity over the next six months.

Tenth District Manufacturing Expectations
Seasonally adjusted; six months ahead

Source: FRBKC Manufacturing Survey
Drilling activity is responding to prices with oil drilling up and natural gas drilling down.

Source: Baker-Hughes
Crop prices have fallen over the past year but remain at high levels.

Crop Prices

Source: Commodity Research Bureau
Ag bankers continue to report that farm income and capital spending are higher than a year ago.

Tenth District Farm Income and Capital Spending

Source: FRBKC Ag Credit Survey
Farmland values have increased sharply over the past year.

**Tenth District Farmland Values**

<table>
<thead>
<tr>
<th>Percent change from previous year</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonirrigated Cropland</td>
<td></td>
</tr>
<tr>
<td>Irrigated Cropland</td>
<td></td>
</tr>
<tr>
<td>Ranchland</td>
<td></td>
</tr>
</tbody>
</table>

Sources: FRBKC Ag Credit Survey
Residential construction activity is increasing from very weak levels.

Value of Residential Construction Contracts
Seasonally adjusted, 3 mo. moving avg.

Source: FW Dodge
Residential construction activity has increased in most District states but remains well below peak levels.

Value of Residential Construction Contracts
Seasonally adjusted, 3 mo. moving avg.

Source: FW Dodge
Note: The value of residential construction contracts peaked in Nov. 2005 in the U.S.
Home prices continued to decline over the past year in CO, KS, MO, NM and WY.

Source: FHFA purchase only index
Foreclosure rates in the District are much lower than national rates.

Source: Mortgage Bankers Association

Note: The bottom half of each bar represents the foreclosure rate and the top half of each bar represents the percent of mortgages that are 90 days or more past due.
Commercial construction activity has not rebounded in the District.

Source: FW Dodge
Conclusions

• The U.S. and Tenth District economies are expected to continue to recover at a moderate pace over the next few years.

• The energy, agriculture and manufacturing sectors led the recovery in the Tenth District, but growth is now spreading to more industries.

• Growth has varied across District states. Employment growth has been stronger in Colorado, Kansas, and Oklahoma, while Missouri and New Mexico have struggled to recover.