Economic Overview and Outlook for the Nation and the KC Area

Alliance for Economic Inclusion
Kansas City, MO

Kelly Edmiston
April 3, 2012
Economic Overview and Outlook

• Output Growth
• Employment
• Factors Affecting Future Performance
GDP Growth by Industry

Source: Bureau of Economic Analysis
Quarterly Forecast

Change, real GDP, Annual Rate

Historical Average

Source: Blue Chip Economic Indicators (Jan 2012)
## Consensus Forecasts

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012F</th>
<th>2013F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP Growth</td>
<td>1.7</td>
<td>2.3</td>
<td>2.6</td>
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<tr>
<td>Unemployment Rate</td>
<td>8.9</td>
<td>8.2</td>
<td>7.8</td>
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<tr>
<td>Consumer Prices</td>
<td>3.1</td>
<td>2.3</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Source: Blue Chip Economic Indicators (Mar 2012); Consensus Forecasts (Mar 2012); U.S. Bureau of Labor Statistics
Employment Growth

Source: U.S. Bureau of Labor Statistics

Kansas City (left axis)

U. S. (right axis)

Source: U.S. Bureau of Labor Statistics
Chart computes the employment level that would be required to keep the unemployment rate at the December, 2007 level, given structural trends in the labor force participation rate. The structural trend in labor force participation rates is discussed in Van Zandweghe (2012).
Unemployment Rate

Source: U.S. Bureau of Labor Statistics
Expanded Unemployment Rate (U.S.)

Source: U.S. Bureau of Labor Statistics
Personal Income Growth

Source: Bureau of Economic Analysis

U.S.

Missouri

$22,000
$27,000
$32,000
$37,000
$42,000
$47,000

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

Source: Bureau of Economic Analysis
Existing Single-Family Home Sales

Demand Constraints

• Economy/Financial Security
• Uncertainty about Market
• Household Formation
• Credit Availability
Months Supply of Existing Homes (KC MSA)

Source: Kansas City Regional Association of Realtors
Home Sales in Kansas City, MO
(within Jackson County)
2008 – 2011

Source: Jackson Co., MO
Existing Single-Family Home Prices

Source: FHFA, Kansas City Residential Realtors, National Association of Realtors
Existing Single-Family Home Prices

Source: FHFA, Kansas City Residential Realtors, National Association of Realtors

<table>
<thead>
<tr>
<th>Year</th>
<th>Index: Q1 2006=100</th>
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<tr>
<td>2006</td>
<td>100</td>
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<tr>
<td>2007</td>
<td>93.9</td>
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<td>2008</td>
<td>87.5</td>
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<td>2009</td>
<td>85.6</td>
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<td>2010</td>
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<td>2011</td>
<td>73.6</td>
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Source: FHFA, Kansas City Residential Realtors, National Association of Realtors
Home Price Index
Kansas City, MO (within Jackson Co.)

Index: 2008 = 100

LMI Neighborhoods
MHI Neighborhoods

Source: Federal Reserve Bank of Kansas City
U.S. Average Gas Prices (1992 – 2012)
Federal Debt (% of GDP)

Source: Congressional Budget Office
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