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.
Despite a slight decline in the fourth quarter, the U.S. economy continues to expand at a moderate pace.

**REAL GROSS DOMESTIC PRODUCT (GDP)**

*Annualized Percent Change from Previous Period*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4</td>
<td>2.4%</td>
<td>4.1%</td>
<td>3.0%</td>
<td>3.5%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Q1</td>
<td>0.1%</td>
<td>2.0%</td>
<td>2.3%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Q2</td>
<td>2.5%</td>
<td>1.3%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Q3</td>
<td>1.3%</td>
<td>1.3%</td>
<td>-0.1%</td>
<td>-1%</td>
<td>-1%</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic Analysis & Federal Open Market Committee (FOMC) December 2012 Projections/Haver Analytics
Consumer spending was the primary driver of economic growth in 2012.

**Contributions to Real GDP**

*Percent Change at Seasonally Adjusted Annualized Rates*

Source: Bureau of Economic Analysis/Haver Analytics
National unemployment rates remain elevated and are expected to gradually decline in coming years.

**UNEMPLOYMENT RATES**  
*Seasonally Adjusted*

![Graph showing unemployment rates for the United States and Wyoming from 2005 to 2015.](image)

- **United States**
  - 2005: 4.6%
  - 2008: 9.6%
  - 2012: 7.0%
  - 2013: 4.9%
  - 2015: 2%

- **Wyoming**
  - 2005: 2.8%
  - 2008: 7.9%
  - 2012: 4.9%
  - 2015: 2%

Inflation remains below the FOMC's 2 percent target.

**PERSONAL CONSUMPTION EXPENDITURE PRICE INDEX (PCEPI)**

*Percent Change Year-over-Year, Seasonally Adjusted*

Source: Bureau of Economic Analysis/Haver Analytics
“… the Committee decided to keep the target range for the federal funds rate at 0 to 1/4 percent and currently anticipates that this exceptionally low range for the federal funds rate will be appropriate at least as long as the unemployment rate remains above 6.5 percent, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee’s 2 percent longer-run goal, and longer-term inflation expectations continue to be well anchored.”

- FOMC January Statement

**Effective Federal Funds Rate**
“...the Committee will continue purchasing additional agency mortgage-backed securities at a pace of $40 billion per month and longer-term Treasury securities at a pace of $45 billion per month.

- FOMC January Statement
FEDERAL RESERVE BANK DISTRICTS

Source: Federal Reserve Bank of Kansas City
Job gains continue at the national level, while employment growth has slowed slightly in Wyoming over the past 6 months.

PAYROLL EMPLOYMENT

Index 100 = December 2002, Seasonally Adjusted

<table>
<thead>
<tr>
<th>Percent Change</th>
<th>Past 10 Years</th>
<th>Past Year</th>
<th>Peak to Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>3.5%</td>
<td>1.5%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>15.3</td>
<td>-0.2</td>
<td>-4.6</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics/Haver Analytics
Most states have experienced positive job growth over the past year.

DECEMBER 2012 PAYROLL EMPLOYMENT

Seasonally Adjusted

Source: Bureau of Labor Statistics/Haver Analytics
Wyoming job growth has varied across industries, with about half of the industries adding jobs and half reducing jobs over the past year.

**December 2012 Payroll Employment**

*Seasonally Adjusted*

<table>
<thead>
<tr>
<th>Industry</th>
<th>Wyoming Percent Change</th>
<th>United States Percent Change</th>
<th>Share of WY Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Educational Services</td>
<td>10.3%</td>
<td>3.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td></td>
<td></td>
<td>3.2%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td></td>
<td></td>
<td>3.8%</td>
</tr>
<tr>
<td>Health Care &amp; Social Assistance</td>
<td></td>
<td></td>
<td>8.5%</td>
</tr>
<tr>
<td>State Government</td>
<td></td>
<td></td>
<td>6.1%</td>
</tr>
<tr>
<td>Local Government</td>
<td></td>
<td></td>
<td>17.3%</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td></td>
<td></td>
<td>11.2%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td></td>
<td></td>
<td>10.4%</td>
</tr>
<tr>
<td>Transportation &amp; Utilities</td>
<td>-0.7%</td>
<td></td>
<td>5.1%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-2.2%</td>
<td></td>
<td>3.1%</td>
</tr>
<tr>
<td>Information</td>
<td>-2.6%</td>
<td></td>
<td>1.3%</td>
</tr>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>-2.9%</td>
<td></td>
<td>9.5%</td>
</tr>
<tr>
<td>Construction</td>
<td>-2.9%</td>
<td></td>
<td>7.0%</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>-4.5%</td>
<td></td>
<td>5.9%</td>
</tr>
<tr>
<td>Federal Government</td>
<td>-5.3%</td>
<td></td>
<td>2.5%</td>
</tr>
<tr>
<td>Other Services</td>
<td>-5.8%</td>
<td></td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics
Most industries are still below pre-recession levels of employment.

**DECEMBER 2012 PAYROLL EMPLOYMENT**

*Seasonally Adjusted*

- Private Educational Services
- Health Care & Social Assistance
- State Government
- Local Government
- Wholesale Trade
- Natural Resources & Mining
- Transportation & Utilities
- Federal Government
- Other Services
- Financial Activities
- Leisure & Hospitality
- Information
- Retail Trade
- Professional & Business Services
- Manufacturing
- Construction

*Change from Peak (Dec. 2007)*

- Private Educational Services: -28.7%
- Health Care & Social Assistance: 13.0%
- State Government: 12.3%
- Local Government: 10.0%
- Wholesale Trade: 4.5%
- Natural Resources & Mining: -1.8%
- Transportation & Utilities: -2.7%
- Federal Government: -4.1%
- Other Services: -5.8%
- Financial Activities: -6.0%
- Leisure & Hospitality: -6.1%
- Information: -7.3%
- Retail Trade: -7.7%
- Professional & Business Services: -8.2%
- Manufacturing: -11.9%
- Construction: -28.7%

*Share of WY Jobs*

- Wyoming: 45.5%
- United States: 17.3%

Source: Bureau of Labor Statistics
Residential construction activity has picked up considerably.

2012 Value of Residential Construction

Percent Change Year-to-Date

- Over 50%
- 30 to 40
- 20 to 30
- 10 to 20
- 0 to 10
- -10 to 0
- -12.5 to -10

United States
29.4%

Source: McGraw Hill/F.W. Dodge
Residential permits have been flat in Wyoming over the last year.

2012 Residential Permits by County

<table>
<thead>
<tr>
<th>County</th>
<th>Single Family</th>
<th>Multi-Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Campbell</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laramie</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lincoln</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natrona</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Park</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sheridan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sublette</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweetwater</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teton</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Counties</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Percent Change

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>Peak to Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>33.5%</td>
<td>-62.0%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>-3.4</td>
<td>-46.9</td>
</tr>
</tbody>
</table>

Source: Census Bureau/Haver Analytics
Residential permitting activity remains well below peak levels.

### 2012 Residential Permits by County

- **Albany**
- **Campbell**
- **Laramie**
- **Lincoln**
- **Natrona**
- **Park**
- **Sheridan**
- **Sublette**
- **Sweetwater**
- **Teton**
- **Other Counties**

#### Single Family

- **Albany**
- **Campbell**
- **Laramie**
- **Natrona**
- **Park**
- **Sheridan**
- **Sublette**
- **Sweetwater**
- **Teton**
- **Other Counties**

#### Multi-Family

- **Albany**
- **Campbell**
- **Laramie**
- **Natrona**
- **Park**
- **Sheridan**
- **Sublette**
- **Sweetwater**
- **Teton**
- **Other Counties**

#### 10-Year Peak

Source: Census Bureau/Haver Analytics
Home prices are rising in most states...

**FHFA PURCHASE-ONLY HOME PRICE INDEX (2012Q3)**

*Seasonally Adjusted*

![Map of the United States showing home price changes](image)

- **4.0%**

**Percent Change Year-over-Year**
- **Over 10%**
- **7.5 to 10**
- **5 to 7.5**
- **2.5 to 5**
- **0 to 2.5**
- **-2.6 to 0**

**United States** 4.0%

*Source: Federal Housing & Finance Agency (FHFA) / Haver Analytics*
...yet prices remain below peak values at the national level.

FHFA PURCHASE-ONLY HOME PRICES (2007Q1 – 2012Q3)
Seasonally Adjusted

United States
-16.6%

Source: Federal Housing & Finance Agency (FHFA)/Haver Analytics
Improvements in infrastructure and non-residential construction activity have varied across the country.

2012 Value of Non-Residential & Non-Building Construction

Percent Change
Year-to-Date

-75 to -25
-25 to -10
-10 to 0
0 to 10
10 to 25
25+% United States
-4.1%
Manufacturing activity has slowed over the past 4 months in the Tenth District.

**MANUFACTURING ACTIVITY**
_Diffusion Index, Seasonally Adjusted, Month-over-Month_

Source: Institute for Supply Management (ISM) & Federal Reserve Bank of Kansas City/Haver Analytics
Manufacturers in the Tenth District still expect higher levels of activity over the next six months.

**Tenth District Manufacturing Expectations**

*Diffusion Index, Seasonally Adjusted, Six Months Ahead*

Source: Federal Reserve Bank of Kansas City/Haver Analytics
Oil drilling has increased sharply over the past two years, but natural gas drilling has declined.

**Active Drilling Rig Counts**

- **United States**
  - **Crude Oil**
  - **Natural Gas**

- **Wyoming**

*Source: Baker Hughes*
Coal production continues to decline in Wyoming and the U.S.

### Coal Production

*Thousand Short Tons*

#### Percent Change

- **Year-over-Year**
  - U.S. Total: -9.5%
  - Wyoming: -15.3%

- **Peak to Current**
  - U.S. Total: -17.9%
  - Wyoming: -21.1%

**Source:** Department of Energy, Energy Information Administration/Haver Analytics
Growth slowed in Europe in 2012 and is expected to remain slow in 2013.

**World Economic Outlook Projections**

**Percent Change over Prior Year**

- **Advanced Economies**
  - Euro Area
  - Germany
  - France
  - Italy
  - Spain
  - UK

- **Emerging & Developing Economies**
  - China
  - India

Source: International Monetary Fund (IMF) (October 2012 World Economic Outlook)/Haver Analytics
The U.S. has debt levels (as a percent of GDP) that are similar to many European countries.

*Source: Organization for Economic Cooperation (December 2012 Outlook)*
Even with the recently passed legislation in response to the ‘fiscal cliff’, risks from fiscal policy remain.

- Sequestration (March 1)
- Federal government shutdown (March 27)
- Debt ceiling (May 19)
Much of the recent debate surrounding fiscal policy has related to the benefits and disadvantages of trying to reduce the U.S. debt.

U.S. Debt to GDP Ratio

Source: Congressional Budget Office (February 2013 projections)
Medicare and net interest are projected to be the fastest growing expenses for the Federal government.

**Federal Spending & Revenue**

*As a Percent of GDP*

Source: Congressional Budget Office (February 2013 projections)
National & Wyoming
Economic Update

Alison Felix
Alison.Felix@kc.frb.org

This presentation will be available at: http://www.KansasCityFed.org/Denver/