An Economic and Policy Forecast for the States with a Note on Rural Areas

The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.
Economic conditions are expected to strengthen in 2011.

Real U.S. GDP Growth

Annualized percent change

Calculations based on Bureau of Economic Analysis data
Job openings are on the rise, will hiring follow?

Source: Bureau of Labor Statistics
A happy holiday season for retailers.

U.S. Monthly Retail and Food Sales

Source: U.S. Census Bureau
Home sales plummet after the end of the tax credit.

U.S. Housing Starts and Home Sales

Index (2000:Q2 = 100)

Source: National Association of Realtors and local realtors association
Quantitative easing (QE) is designed to expand the Federal Reserve balance sheet to lower long term rates.
Monetary policy is a risk management process.

Consumer Prices

Source: Bureau of Labor Statistics
The recovery is underway.
- Consumers are spending.
- Job openings are up and firms are investing in equipment and software.
- Federal governments are spending, with contractions at the state and local levels.
- Exports are rising, but imports rose faster last summer.

What are the effects of quantitative easing?
- The yield curve steepened between June and November, but rates are now rising.
- What are the side effects?

Success will be determined by the exit strategy.
Federal Reserve Bank of Kansas City
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For additional information on the Nebraska economy

www.kansascityfed.org/omaha