

# U.S. and Nebraska Economic Update

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The views expressed here are those of the speaker and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.



# Outlook Themes

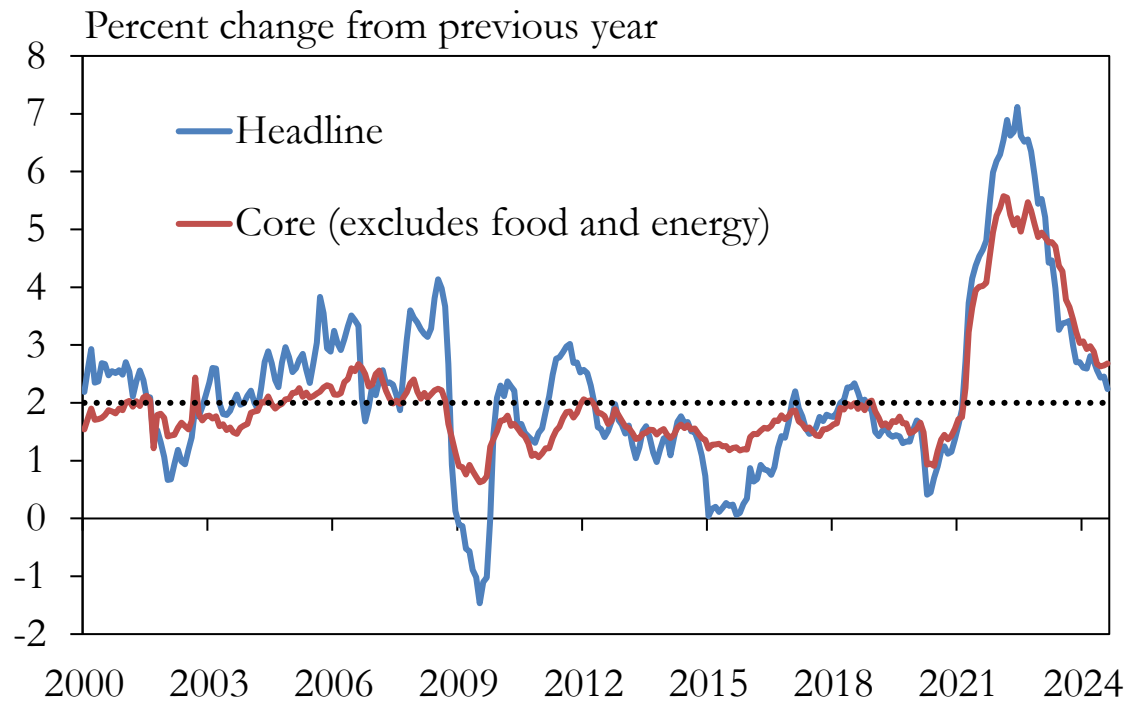
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- With risks of inflation subsiding, the economy appears to be in better balance.
- Economic activity has generally remained resilient, even as the labor market has cooled somewhat relative to a year ago.
- Despite the more balanced risks, some unevenness remains, potentially explaining why many may not “feel” the better balance.

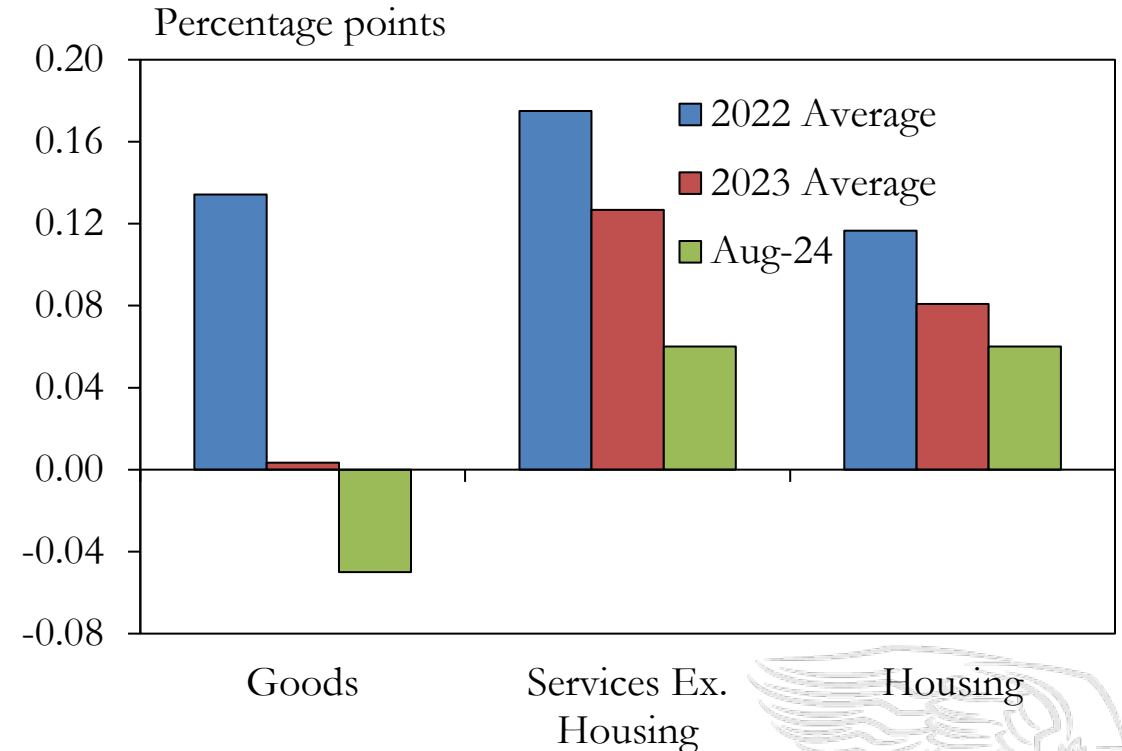


# Inflation remains slightly elevated but has made substantial progress toward the long-term goal.

## Inflation

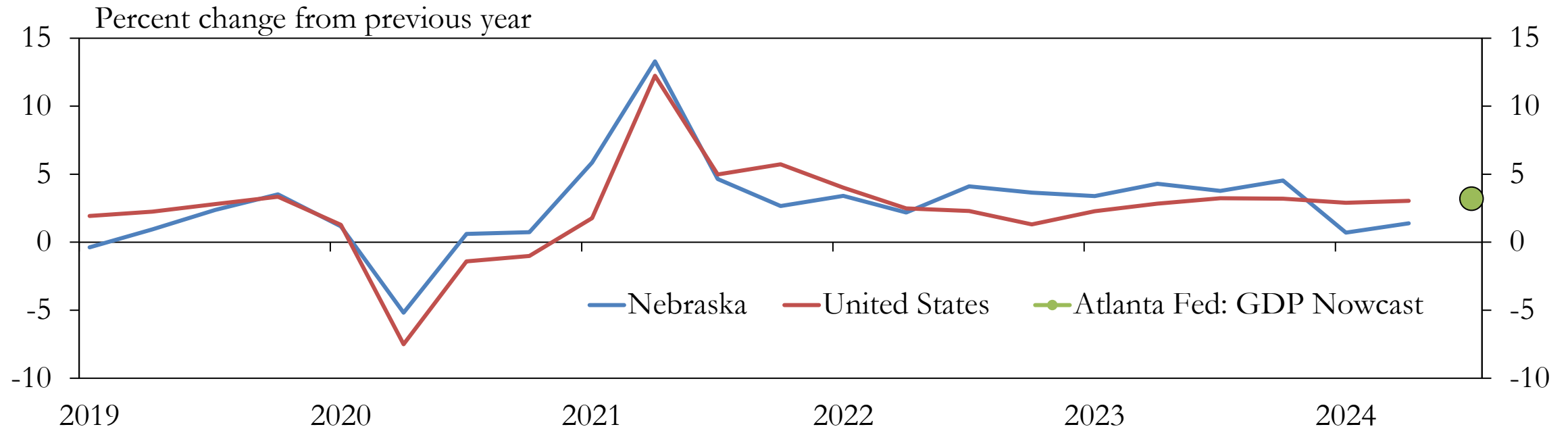


## Contributions to PCE Inflation



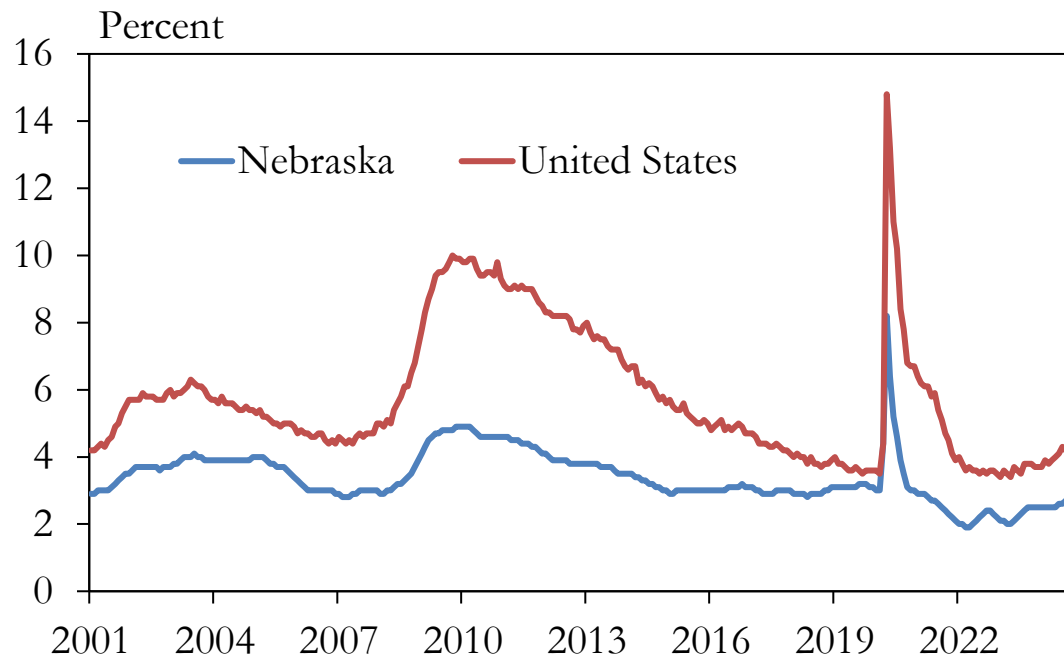
# Despite a variety of risks, economic activity has remained relatively steady.

## Real Gross Domestic Product

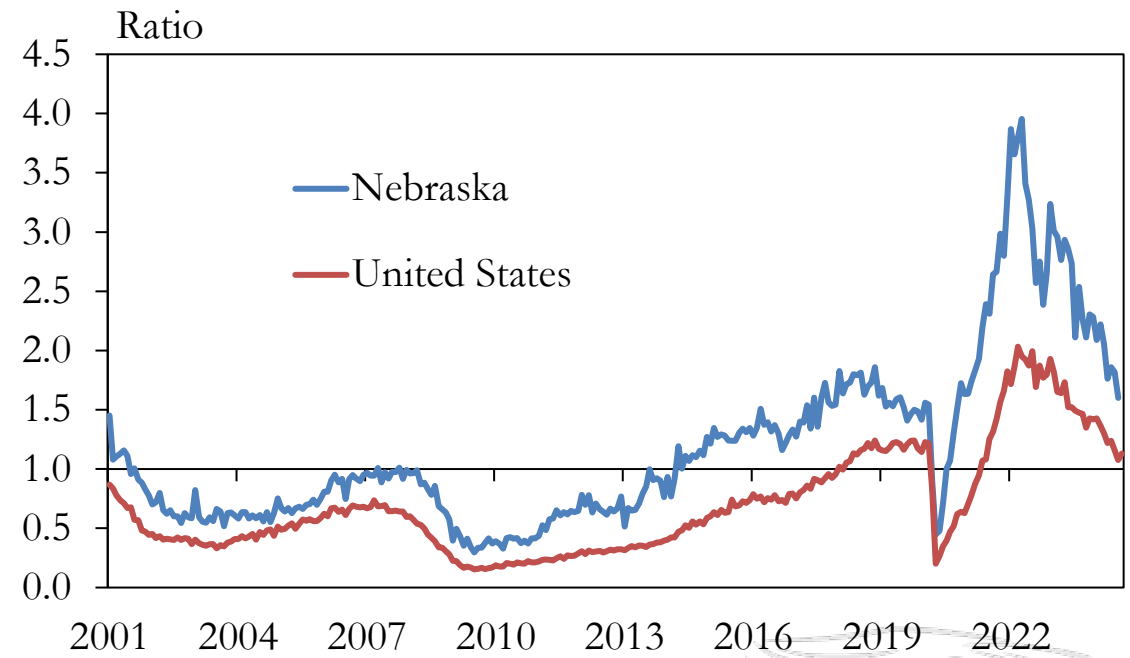


# Unemployment is still historically low, but labor markets have cooled over the past year.

## Unemployment Rates

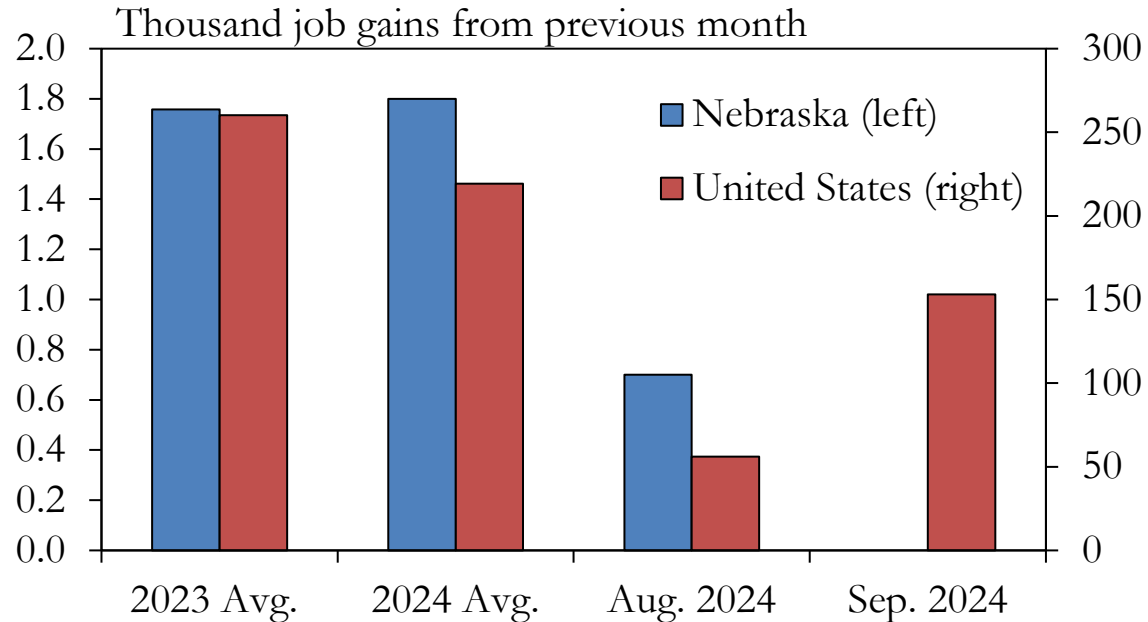


## Job Openings-to-Unemployed

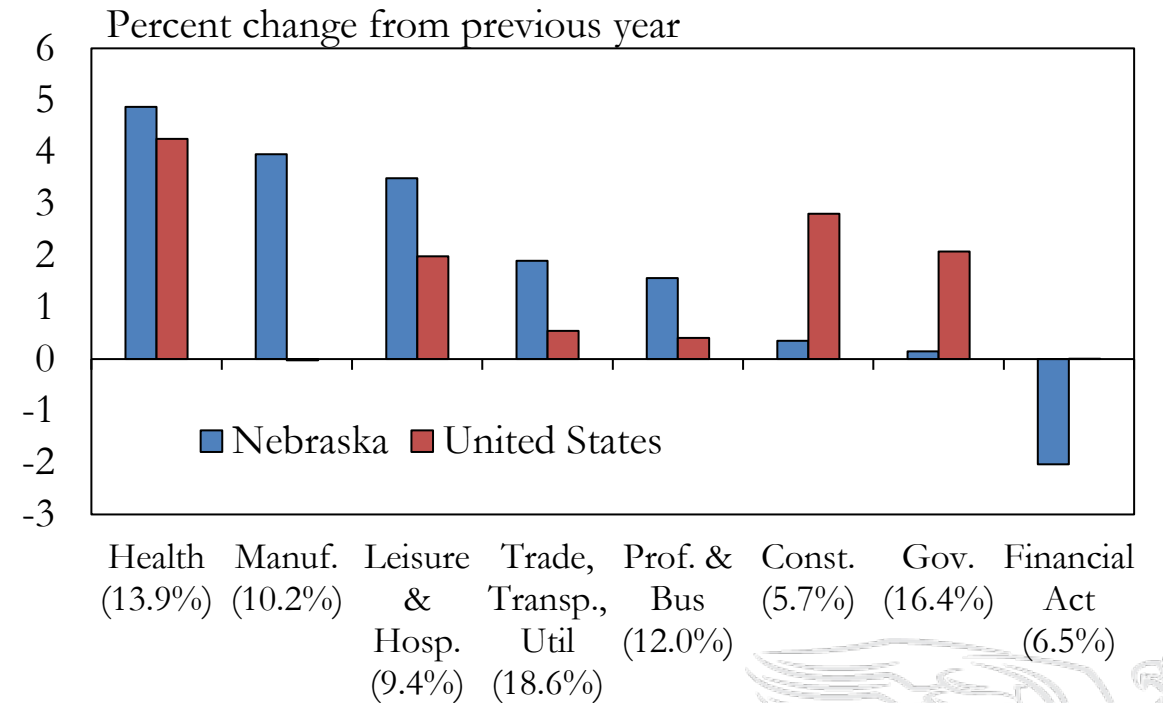


# Job growth has slowed from a year ago, both nationally, and in Nebraska.

## Job Growth



## Average Job Growth by Industry June - August

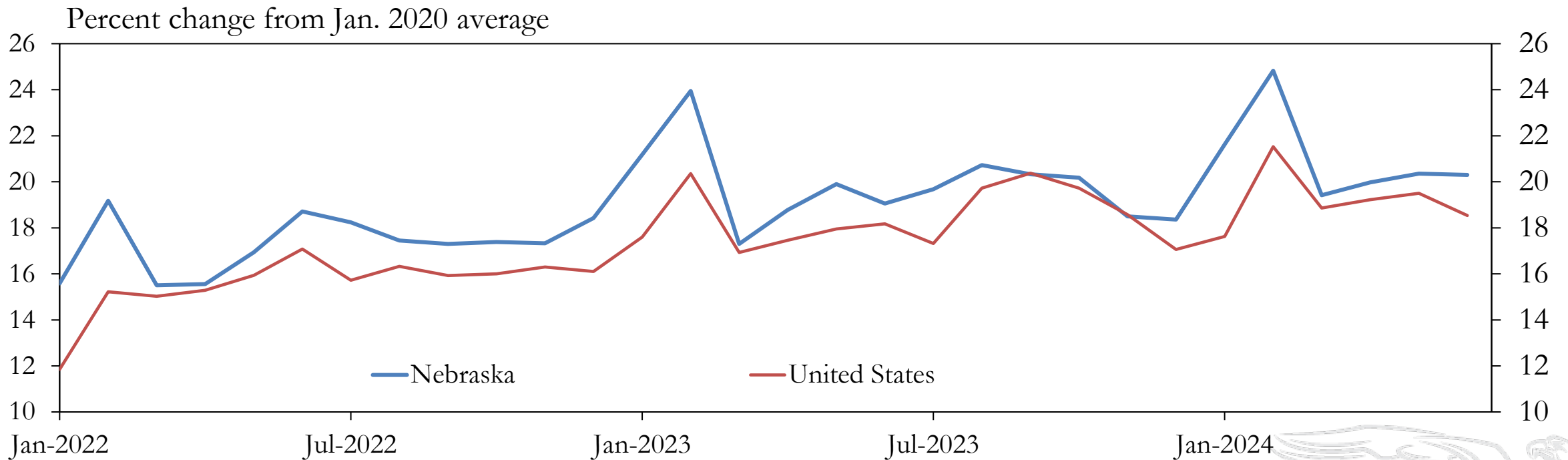


Note: percentages on left chart refer to the share of statewide employment in Nebraska attributable to each industry.  
Sources: BLS, Haver Analytics.



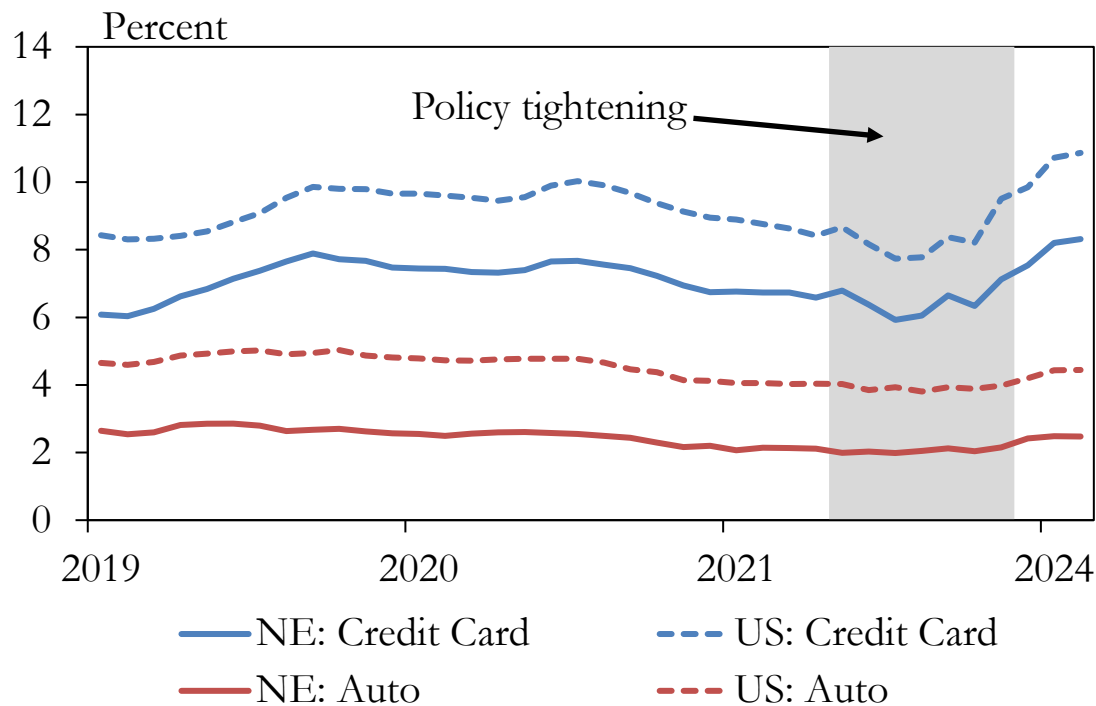
# Consumer spending has generally continued to increase, and remains substantially higher than before the pandemic.

## Credit Card Spending

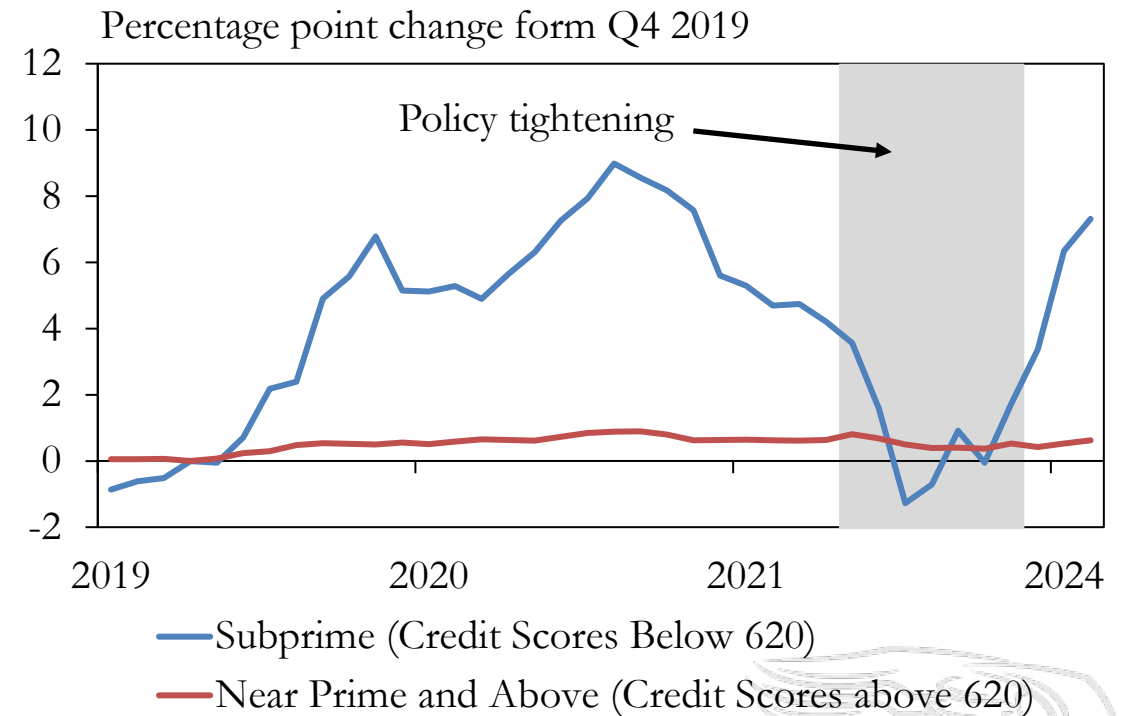


# With a few exceptions, financial pressure among households has generally been muted.

## Consumer Credit Delinquency Rates



## Nebraska Credit Card Delinquency Rates by Credit Score

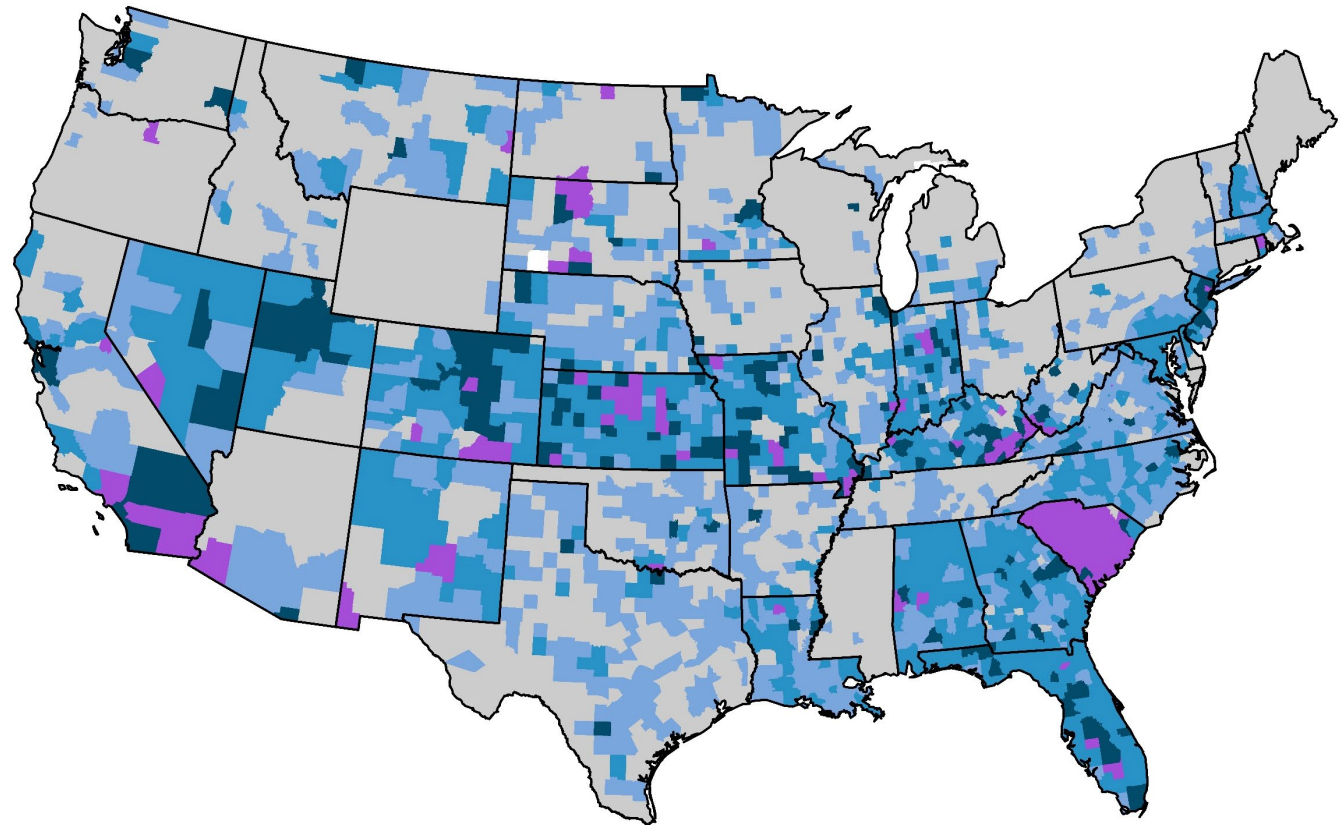
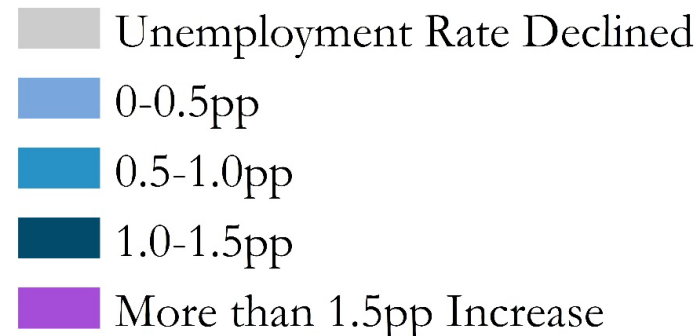




# Although unemployment remains low, there are some significant regional differences.

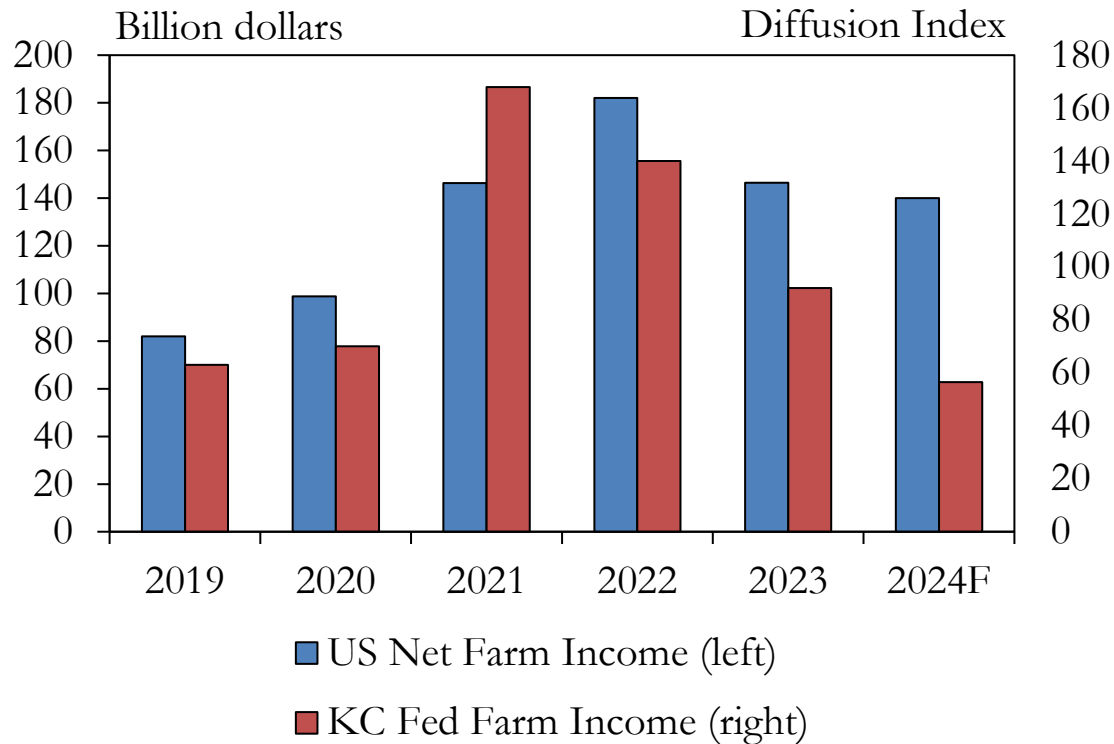
## Unemployment Rates by County

Change in Unemployment Rate  
Jan. 2023 - Aug. 2024

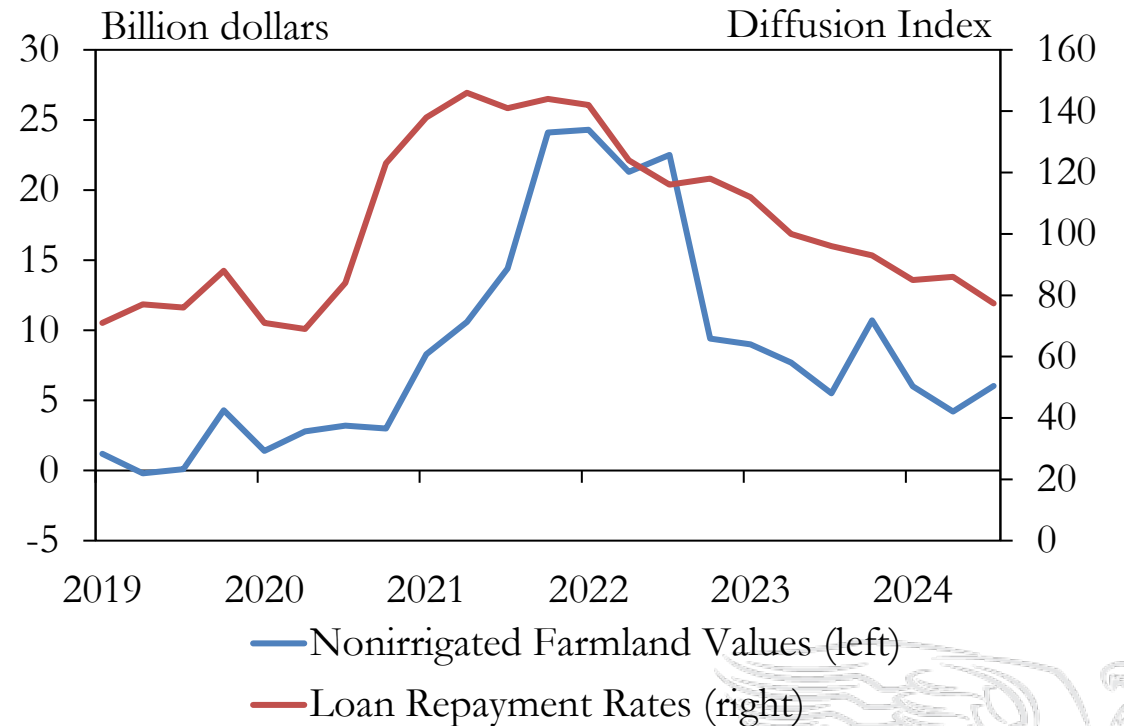


# Agriculture has weakened notably alongside sharply lower crop prices.

## Farm Income Measures



## Farmland and Farm Credit Measures

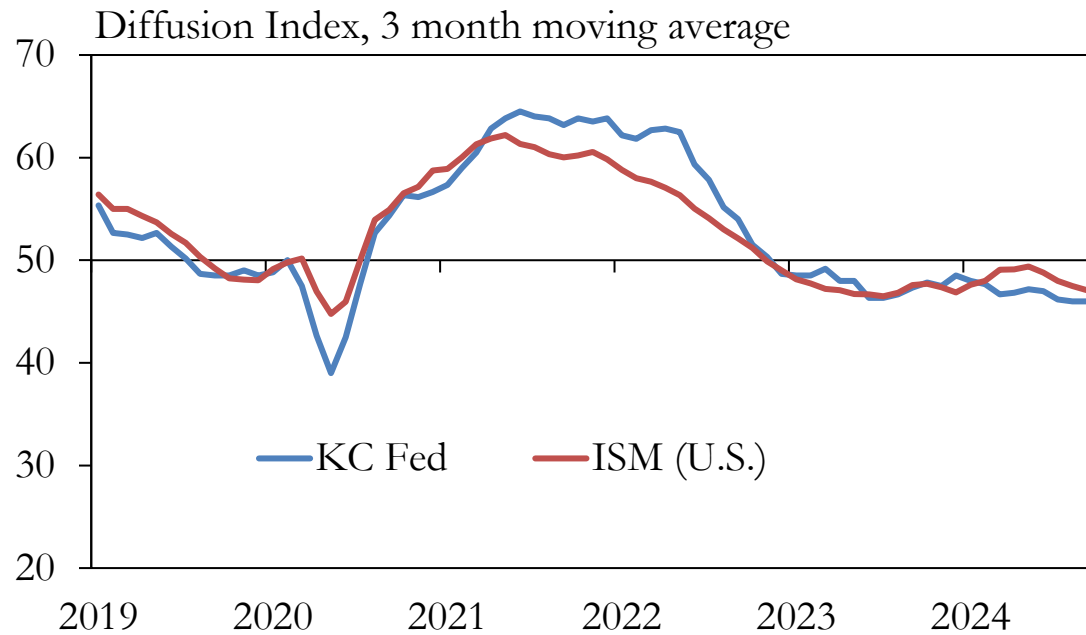


Sources: USDA, Federal Reserve Bank of Kansas City.

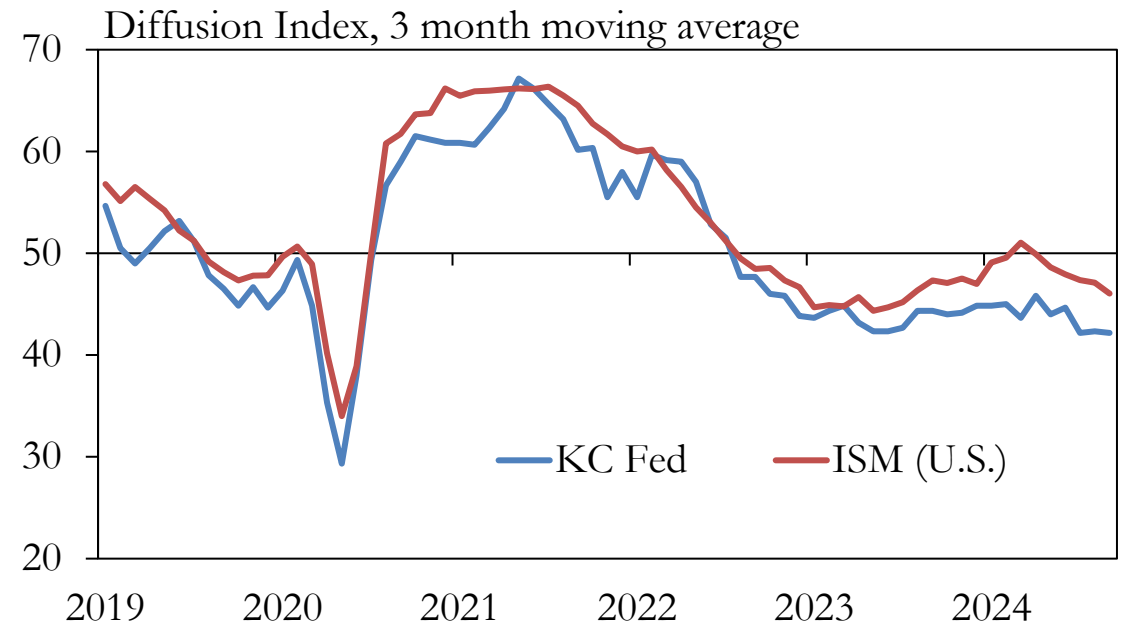


# Manufacturing activity has also been subdued for an extended period of time.

## Manufacturing Survey Composites

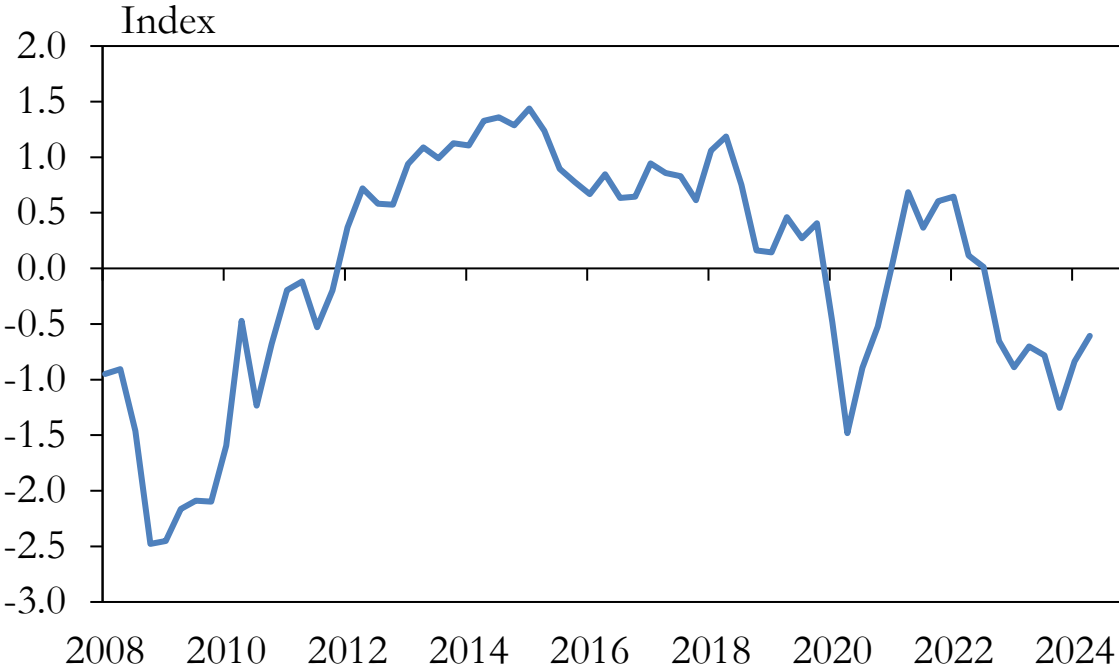


## Manufacturing: New Orders

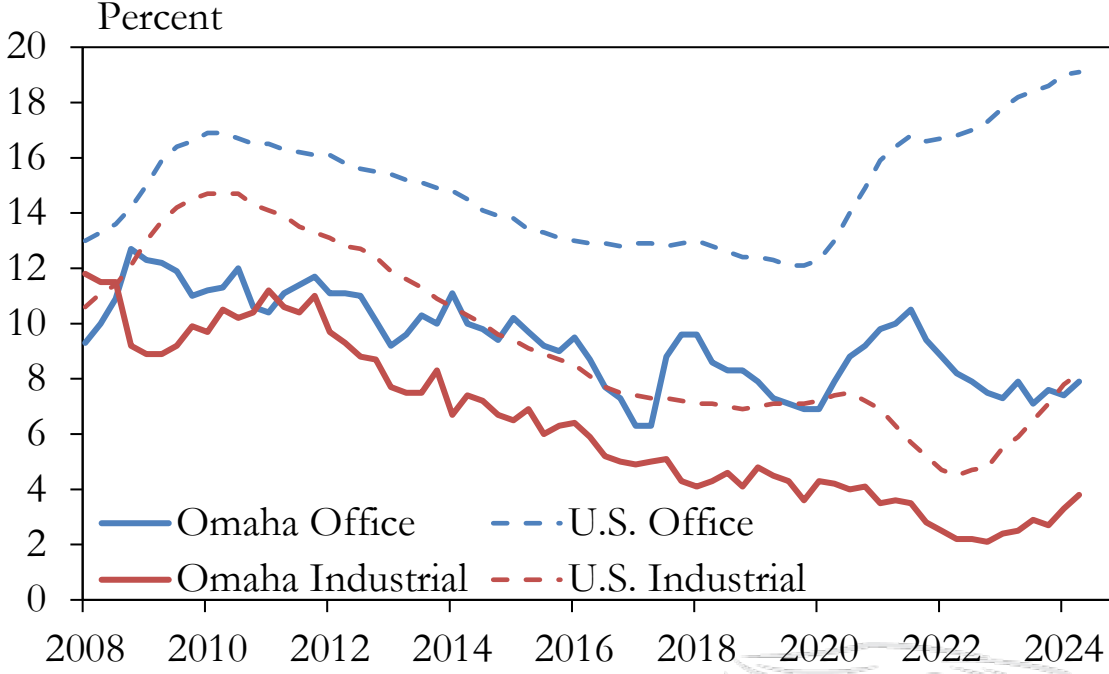


# Some segments of commercial real estate remain weak, but appear to be more stable in Omaha.

KC Fed CRE Index



CRE Vacancy Rates

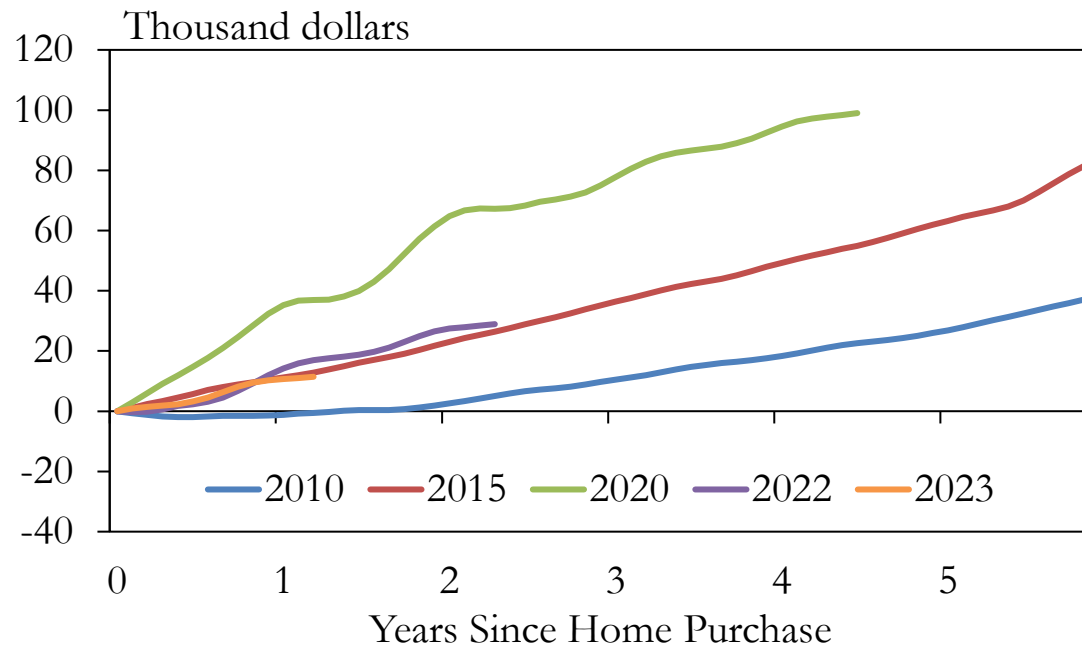


Sources: Federal Reserve Bank of Kansas City, CBRE-EA.

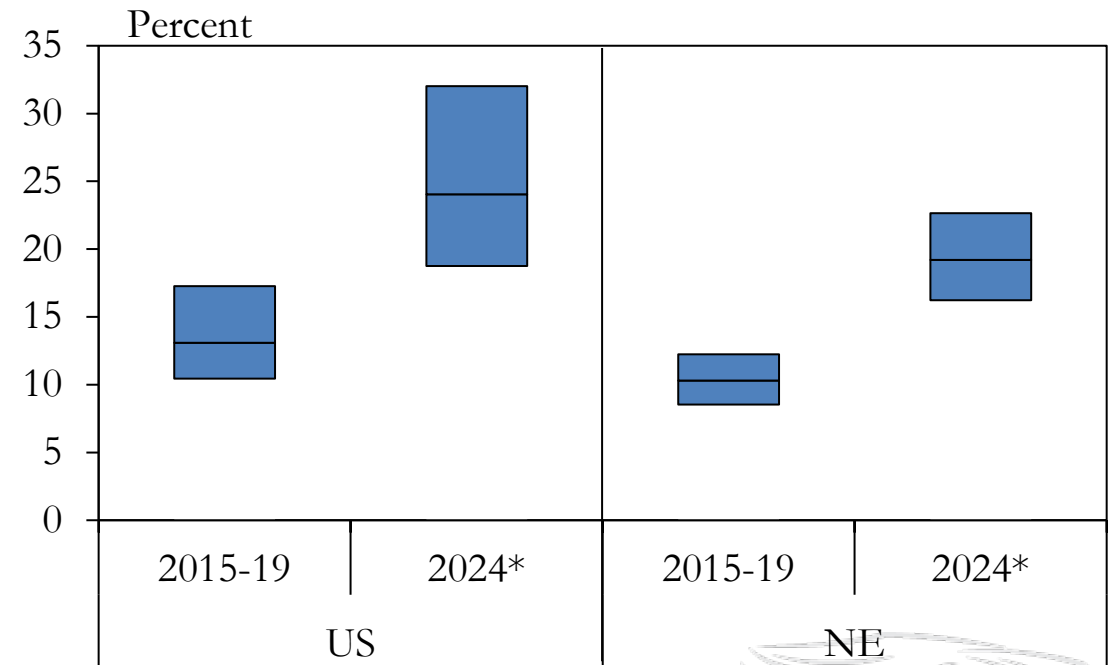


# While homeowners have benefited significantly from sharp gains in prices, housing affordability has become a challenge.

## Equity Gains from Home Purchase in Nebraska

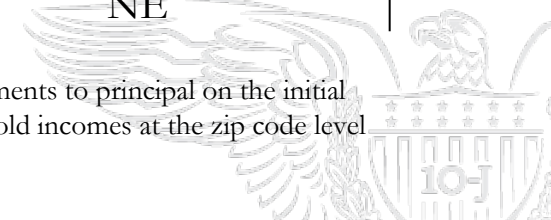


## Monthly Mortgage Payment as Share of Household Income, by Zip Codes



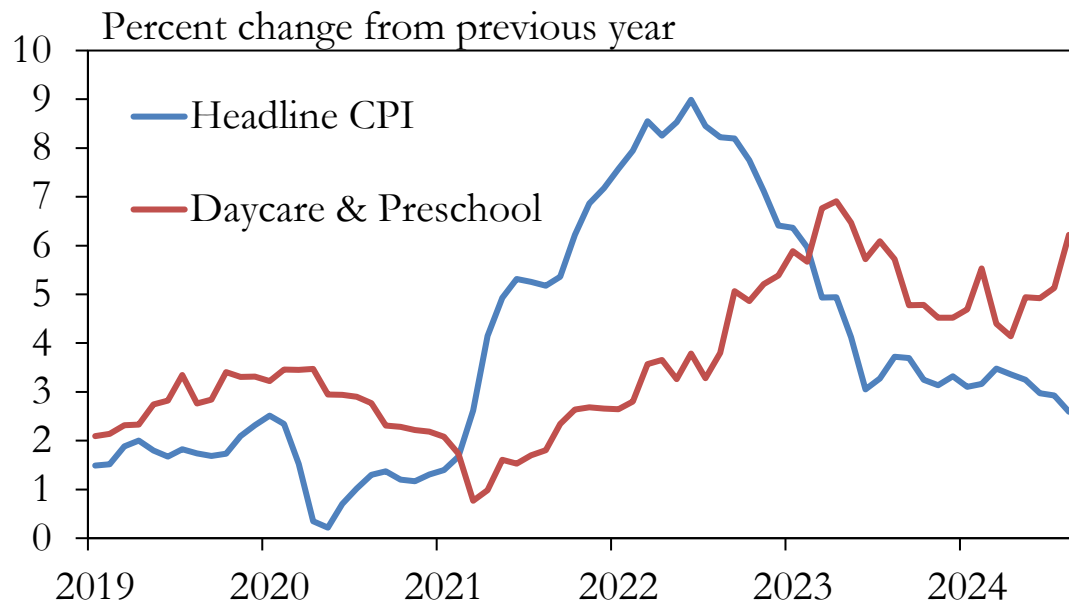
Notes: Right chart - Purchases are assumed to be 20% down at the national 30-year average mortgage rate in July of the relevant year. "Gains" are the cumulative payments to principal on the initial mortgage, the downpayment, and the proceeds from a hypothetical sale less remaining mortgage principal. Assumes no re-financing activity. Left chart – 2024 household incomes at the zip code level are imputed using 2024 year-over-year state-wide growth rates to the 2018-22 5-year ACS estimates, the most recent data available.

Sources: Zillow, Federal Home Loan Mortgage Corporation, Haver Analytics, staff.

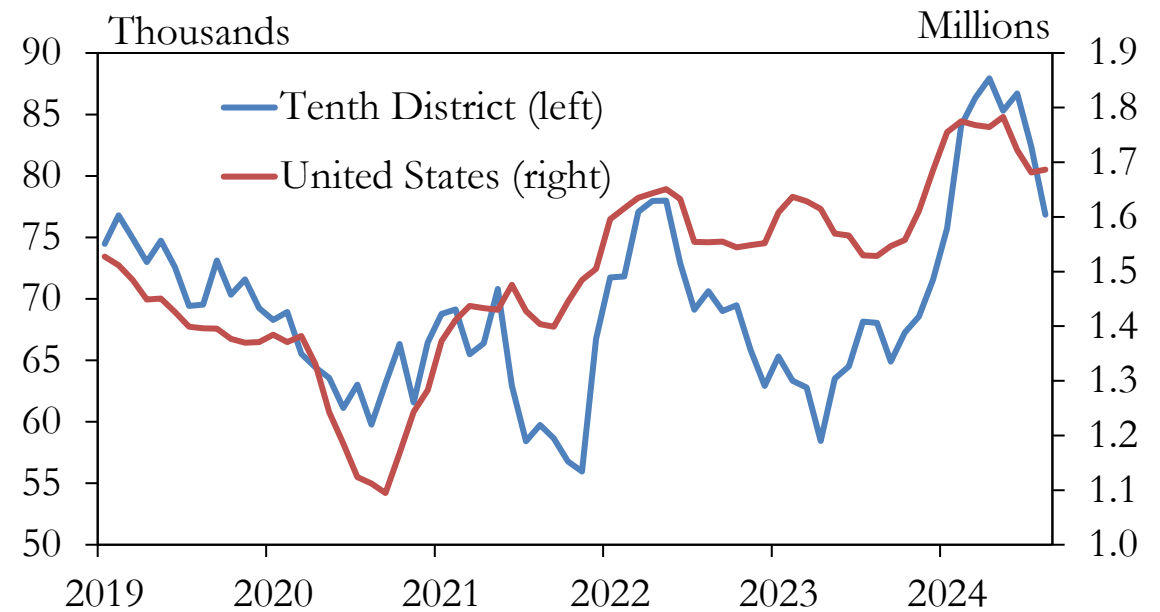


# Costs associated with childcare are also a significant challenge for some households, and may still be constraining labor.

## Inflation & Childcare Prices



## Underemployed Workers Due to Childcare Concerns\*



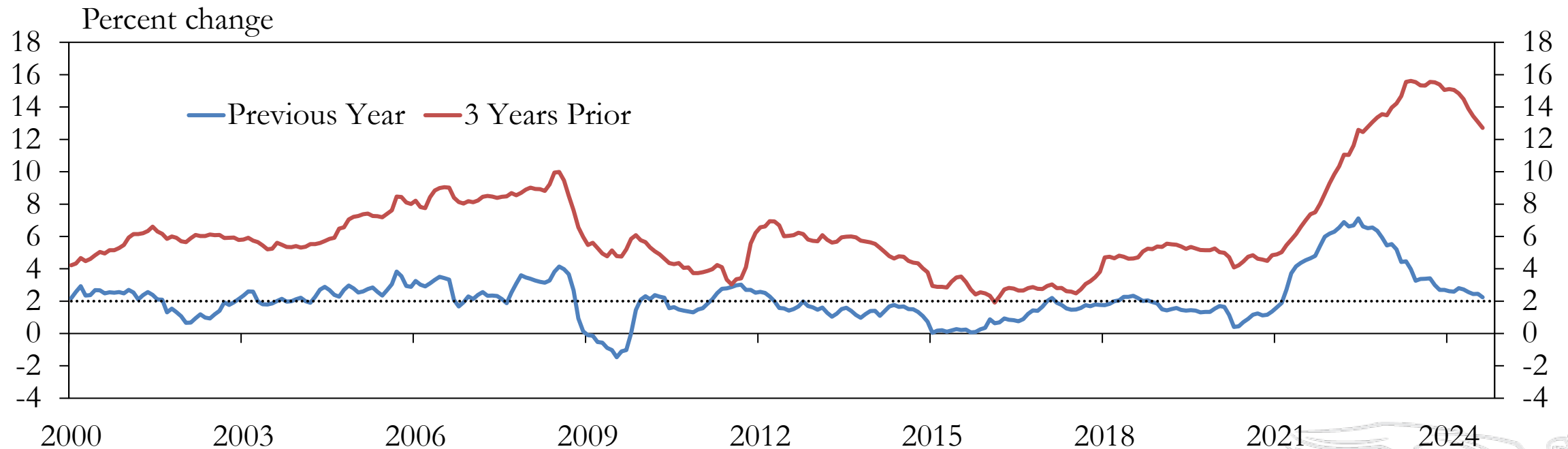
Note: "Underemployed" workers include those who either are working only part-time due to childcare concerns, or not looking for work due to childcare concerns.

Sources: BLS, Haver Analytics, staff.



# Inflation is less than a year ago, but most consumers are still feeling the pressure of high prices.

## PCE Headline Inflation Index



# Concluding Thoughts

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- With the Fed's "Dual Mandate" in mind, interest rates were reduced by 50 basis points at the last FOMC meeting.
- Returning inflation sustainably to 2% is still a priority, but more attention has shifted to risks of a cooling labor market and the resilience of the economy alongside restrictive monetary policy.

