



# *Emerging Trends in the U.S. and Wyoming Economies*

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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.*

# The Structure of the Federal Reserve System



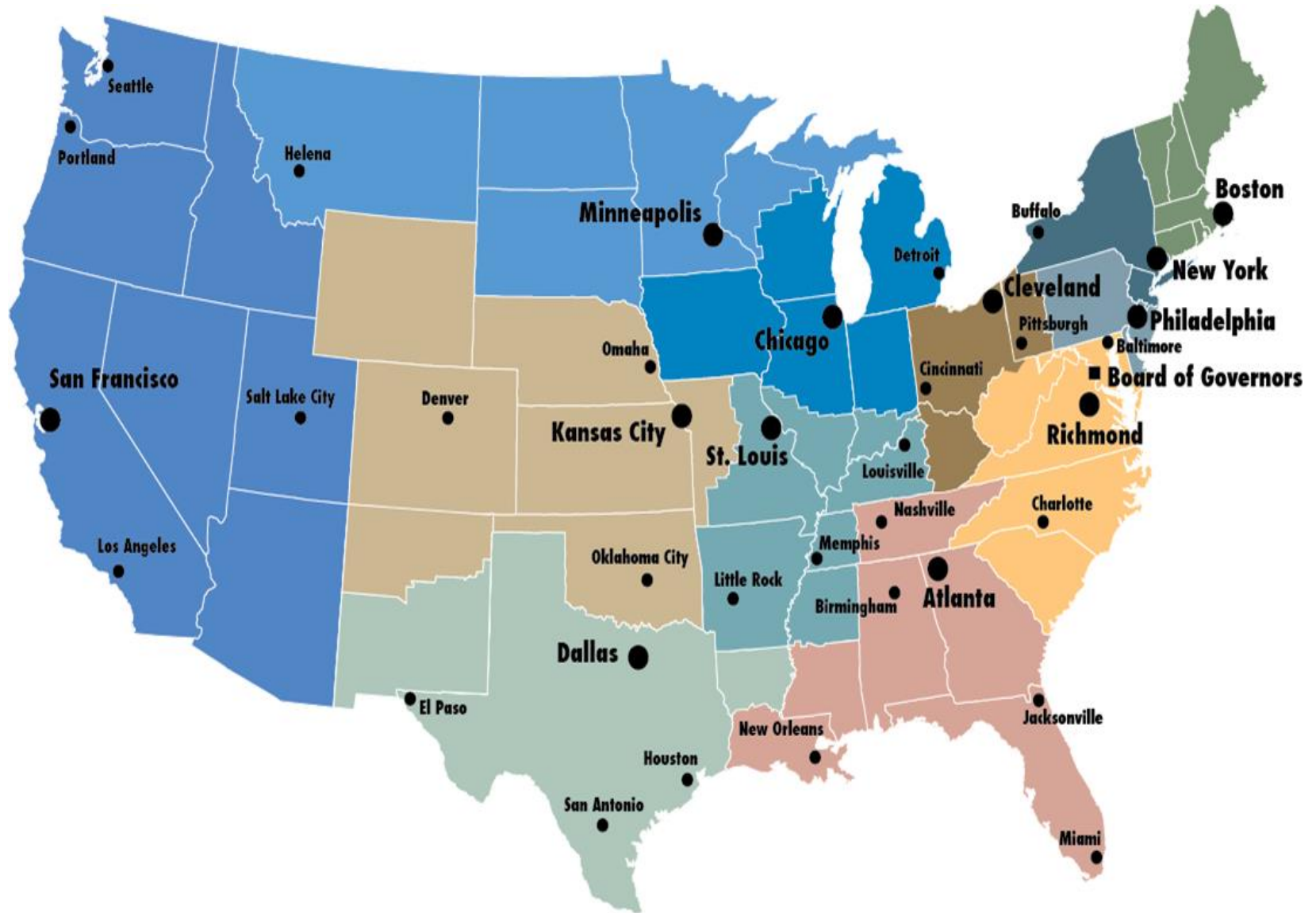
- The Federal Reserve System was created by Congress in 1913.
- It is a public-private, decentralized institution consisting of the Board of Governors in Washington, D.C. and 12 regional Reserve Banks.
  - Board of Governors
    - Consists of seven members who are appointed by the President and confirmed by the Senate to serve 14-year terms.
    - There are currently five members of the Board of Governors: Jerome Powell, Michelle Bowman, Richard Clarida, Lael Brainard and Randal Quarles.
  - Regional Federal Reserve Banks
    - There are 12 Regional Reserve Banks, each serving a unique district. These are semi-independent by design.
    - The Reserve Banks are governed by their Board of Directors, and the Directors (excluding Banking Directors) select the President of the Bank.
  - Federal Open Market Committee (FOMC)
    - Comprised of the 7 members of the Board of Governors and the 12 Reserve Bank Presidents (only 5 presidents are voting members on a rotating basis).
    - Charged with conducting monetary policy.

# The Primary Functions of the Federal Reserve System



- Conduct the Nation's Monetary Policy
  - The Federal Open Market Committee is the group charged with conducting monetary policy within the U.S.
  - The Committee has a statutory mandate from Congress to promote maximum employment, stable prices and moderate long-term interest rates.
- Provide and Maintain an Effective and Efficient Payments System
  - The Federal Reserve supplies payments services to the public through depository institutions including banks, credit unions and savings and loans.
  - We also serve as a banking and fiscal agent for the United States government.
  - Payment services includes cash processing, processing and clearing checks, transferring funds and issuing, transferring and redeeming U.S. government securities.
- Supervise and Regulate Banking Operations
  - The Federal Reserve ensures the safety and soundness of banks and ensures that banks provide fair and equitable services to consumers.
  - The Federal Reserve also monitors and promotes the stability of the financial system as a whole.

# Regional Federal Reserve Banks and Branch Locations





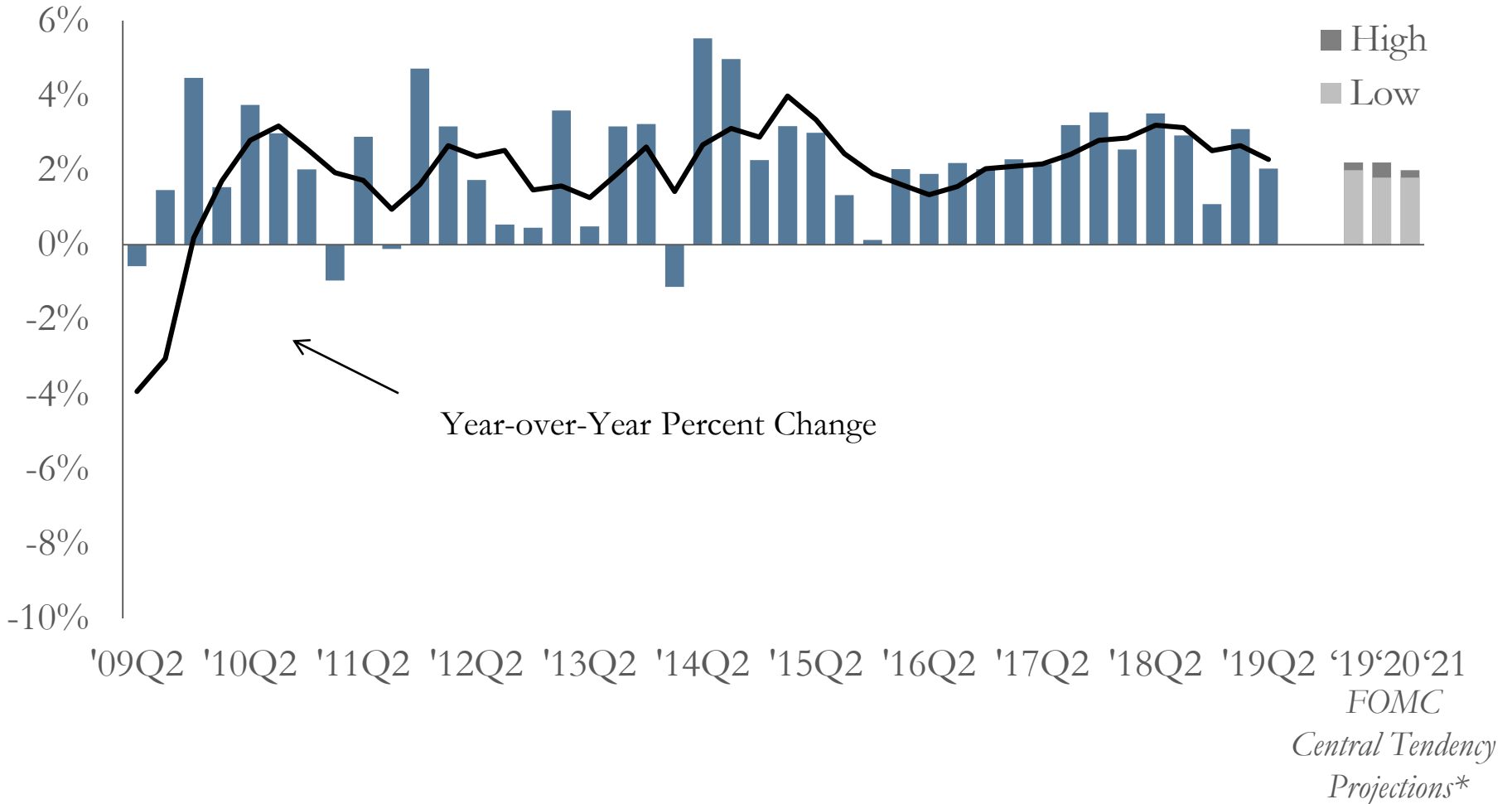
- Functions – around 170 staff
  - Regional research covering the economies of Colorado, New Mexico and Wyoming
  - Economic, financial education, and community development outreach
  - Examinations of Colorado, Wyoming and northern New Mexico financial institutions
  - Cash processing and distribution
  - Money Museum
- 2019 Denver Board of Directors
  - Taryn Edwards (Chair): Senior Vice President of Saunders Construction
  - Jacqueline Baca: President of Bueno Foods
  - Ashley Burt: President of The Gunnison Bank and Trust Company
  - Nicole Glaros: Chief Investment Strategy Officer of Techstars
  - Jeff Wallace: CEO of Wyoming Bank and Trust
  - Katharine Winograd: President of Central New Mexico Community College

GDP growth is near its long-term trend rate of growth so far in 2019.



## REAL U.S. GROSS DOMESTIC PRODUCT

*Percent Change from Previous Quarter at Seasonally Adjusted Annualized Rates*



Source: Bureau of Economic Analysis and Federal Open Market Committee (FOMC)/Haver Analytics

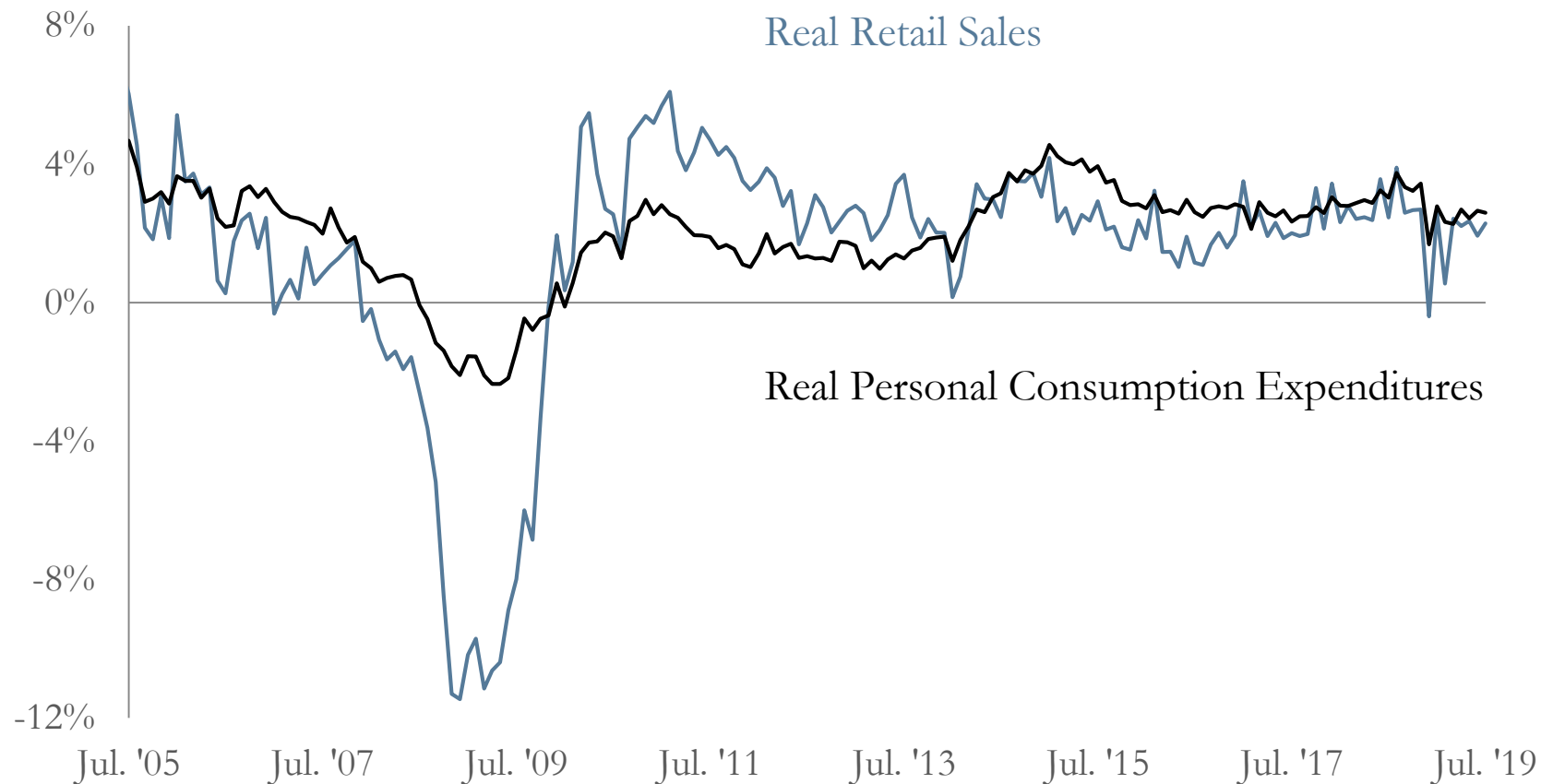
\*Projections as of June FOMC meeting

# Consumer spending continues to expand at a solid pace.



## REAL CONSUMPTION SPENDING

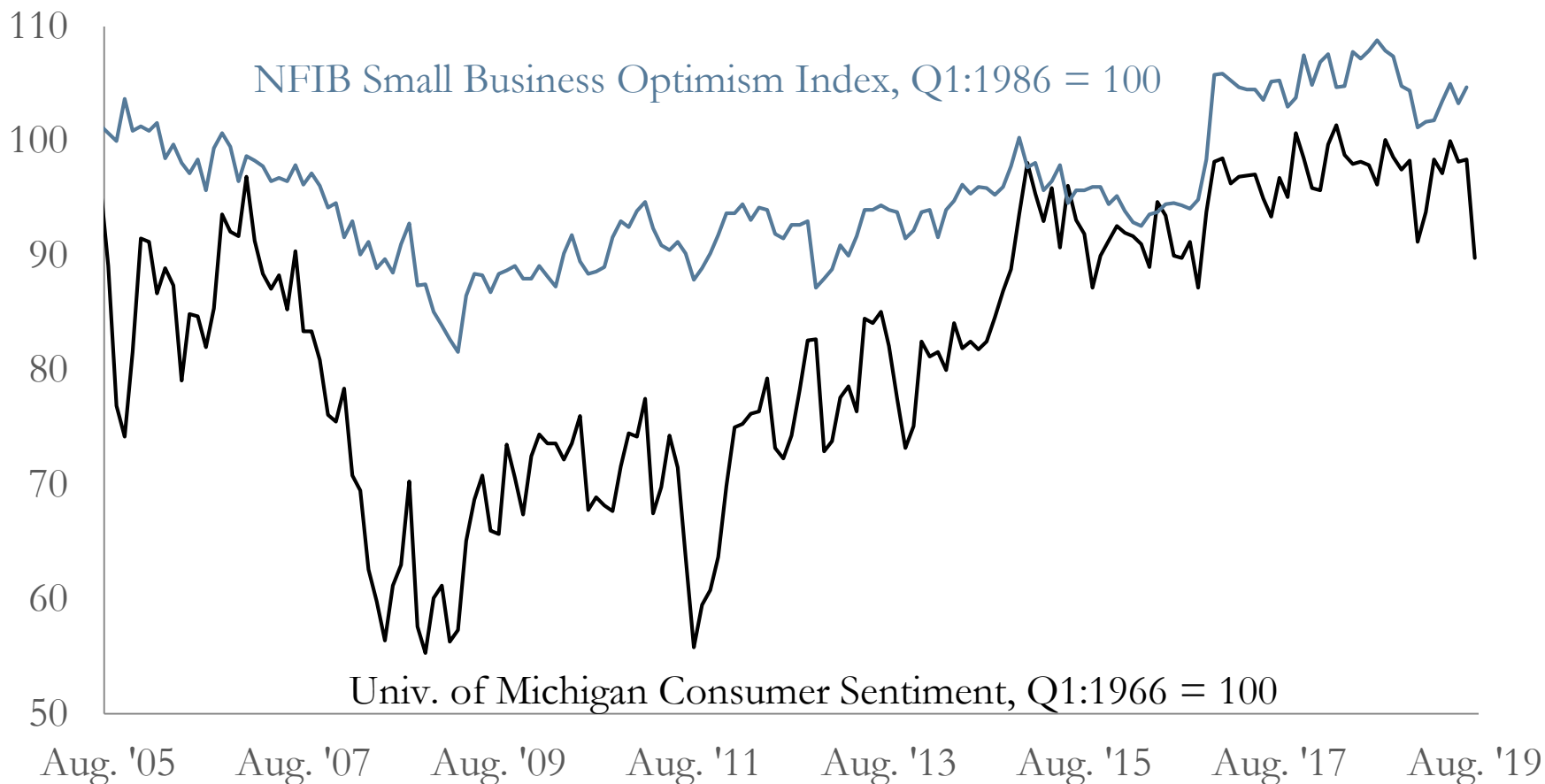
*Seasonally Adjusted, Year-over-Year Percent Change*



Business and consumer confidence have increased in recent months.



## BUSINESS AND CONSUMER SENTIMENT



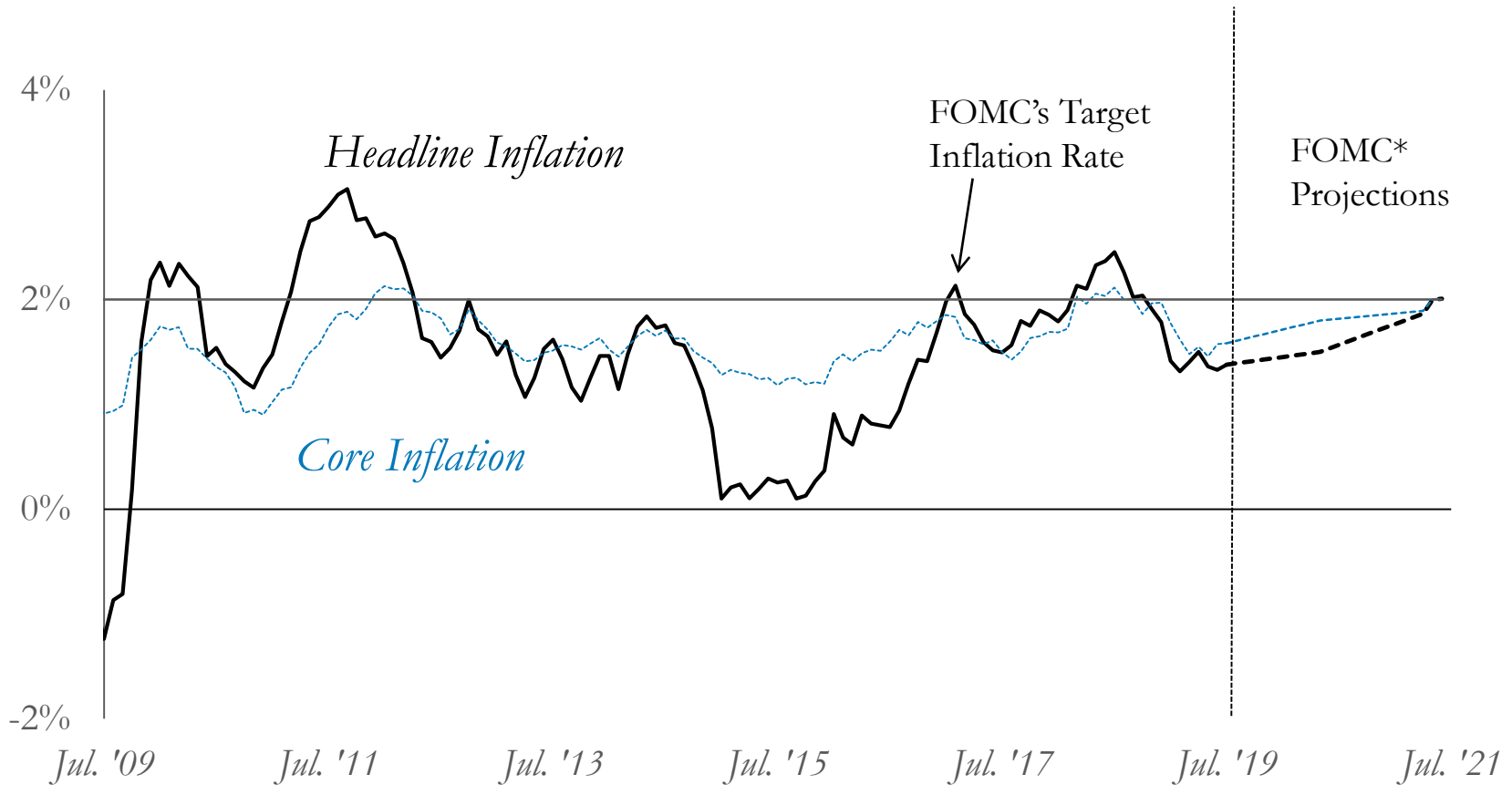


# Inflation is at the FOMC's two percent target.



## PERSONAL CONSUMPTION EXPENDITURE PRICE INDEX

*Percent Change Year-over-Year*



Source: Bureau of Economic Analysis, Federal Open Market Committee, & Haver Analytics

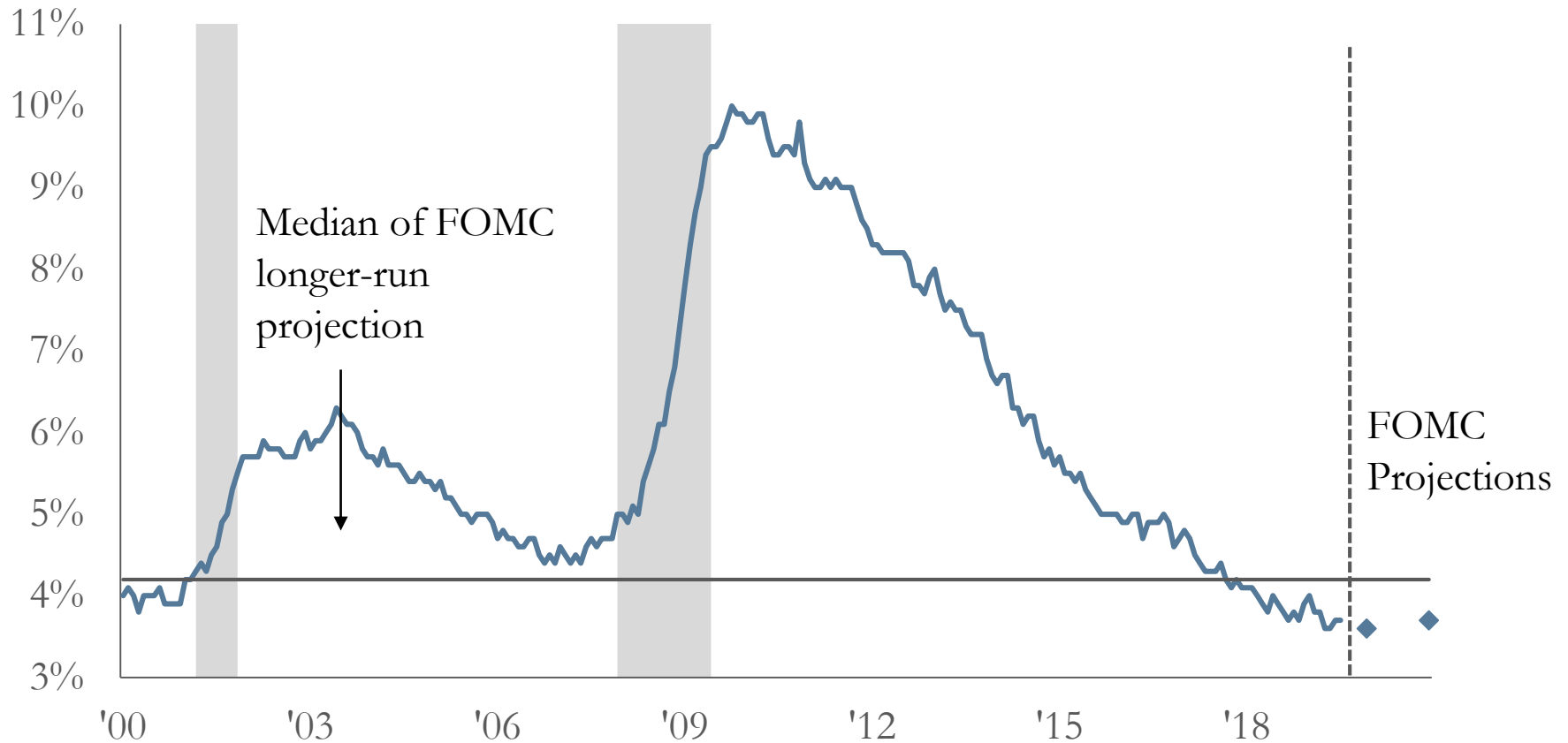
\*Projections as of June FOMC meeting; median projections

The unemployment rate has declined steadily over the past ten years and has fallen below most estimates of its longer-run level.



## U. S. UNEMPLOYMENT RATE

*Seasonally Adjusted*

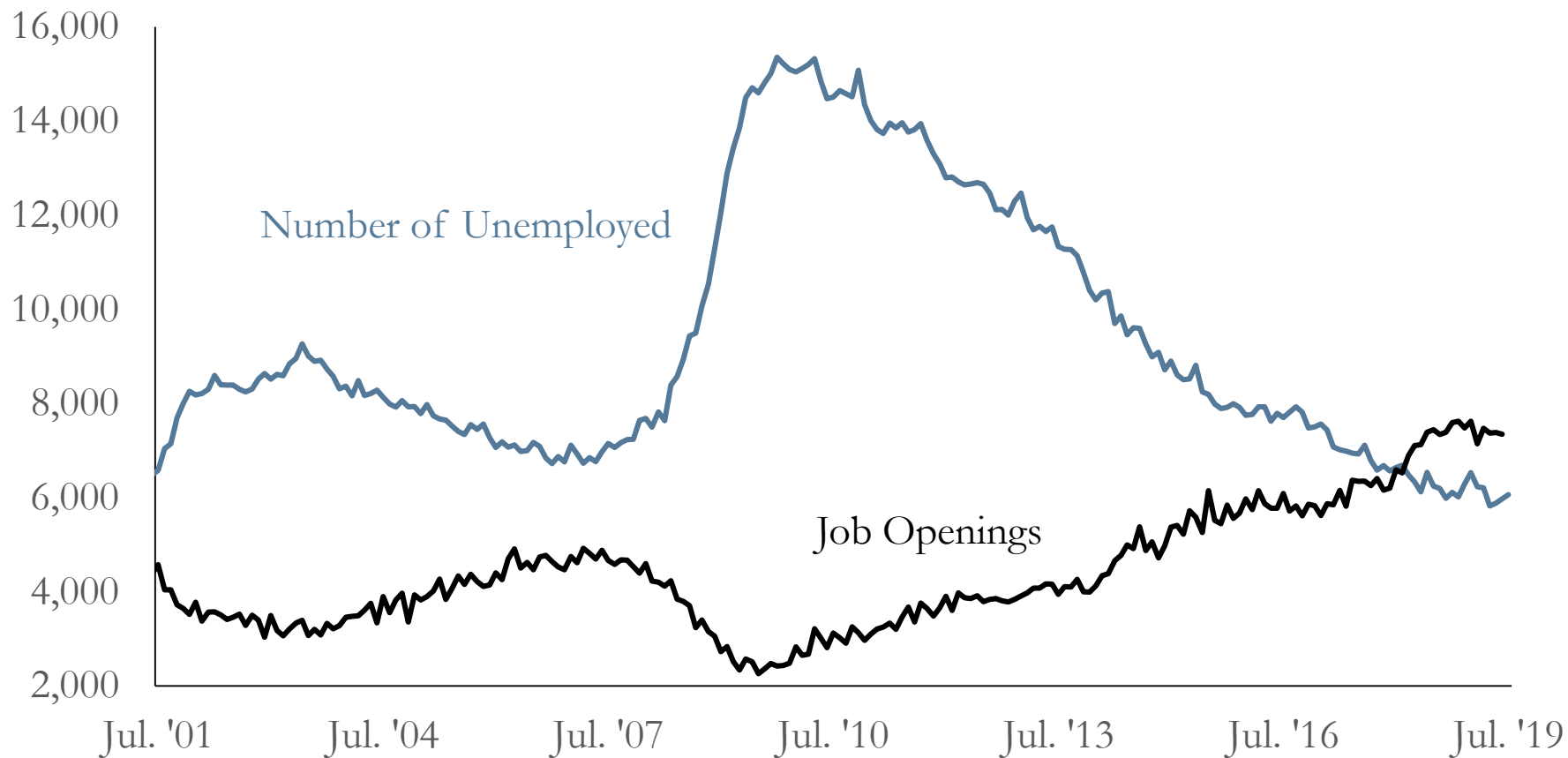


The number of unemployed has fallen below that of the number of job openings.



## U. S. UNEMPLOYMENT AND JOB OPENINGS

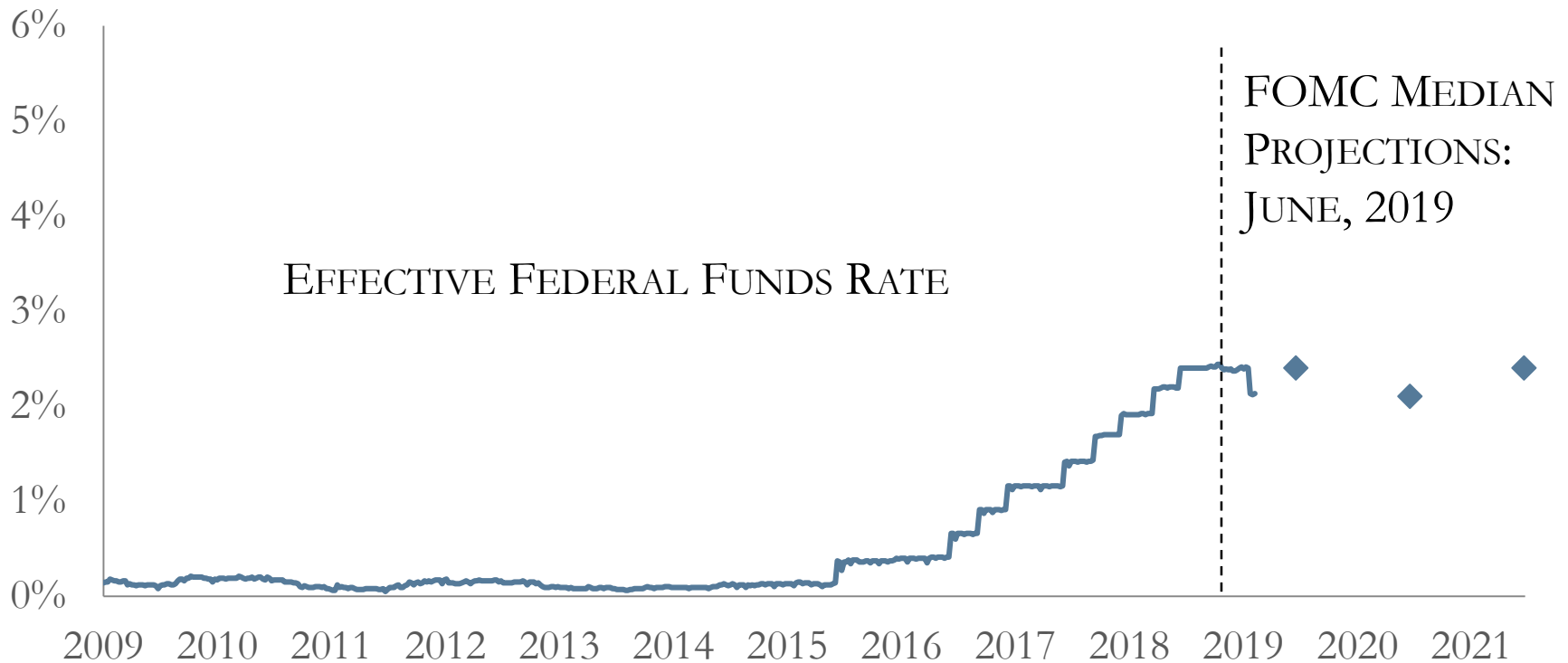
*Seasonally Adjusted, Thousands*





“In light of the implications of global developments for the economic outlook as well as muted inflation pressures, the Committee decided to lower the target range for the federal funds rate to 2 to 2-1/4 percent. This action supports the Committee's view that sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective are the most likely outcomes, but uncertainties about this outlook remain.”

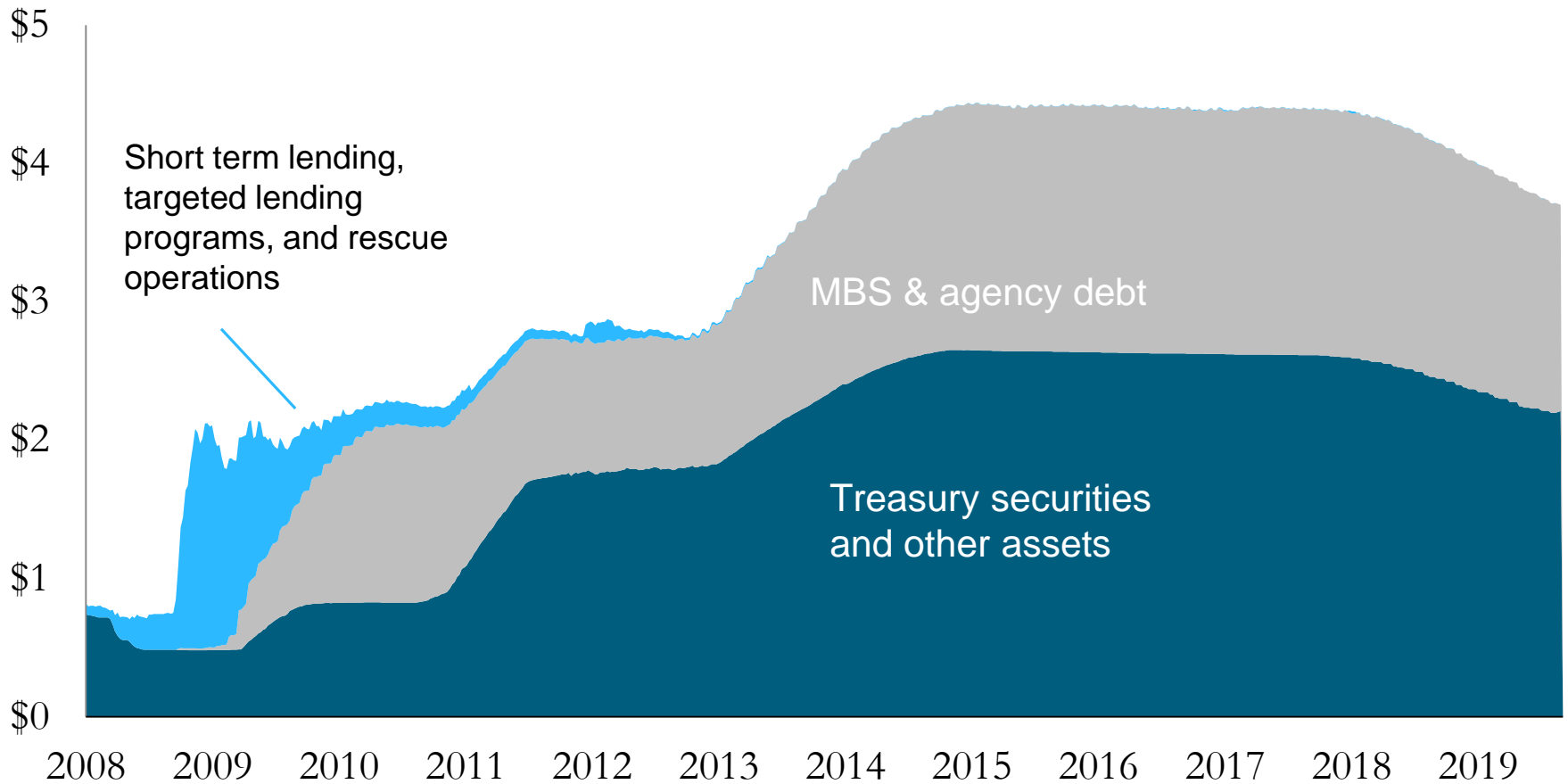
*- July 2019 FOMC Statement*





# FEDERAL RESERVE BALANCE SHEET

*Trillions*

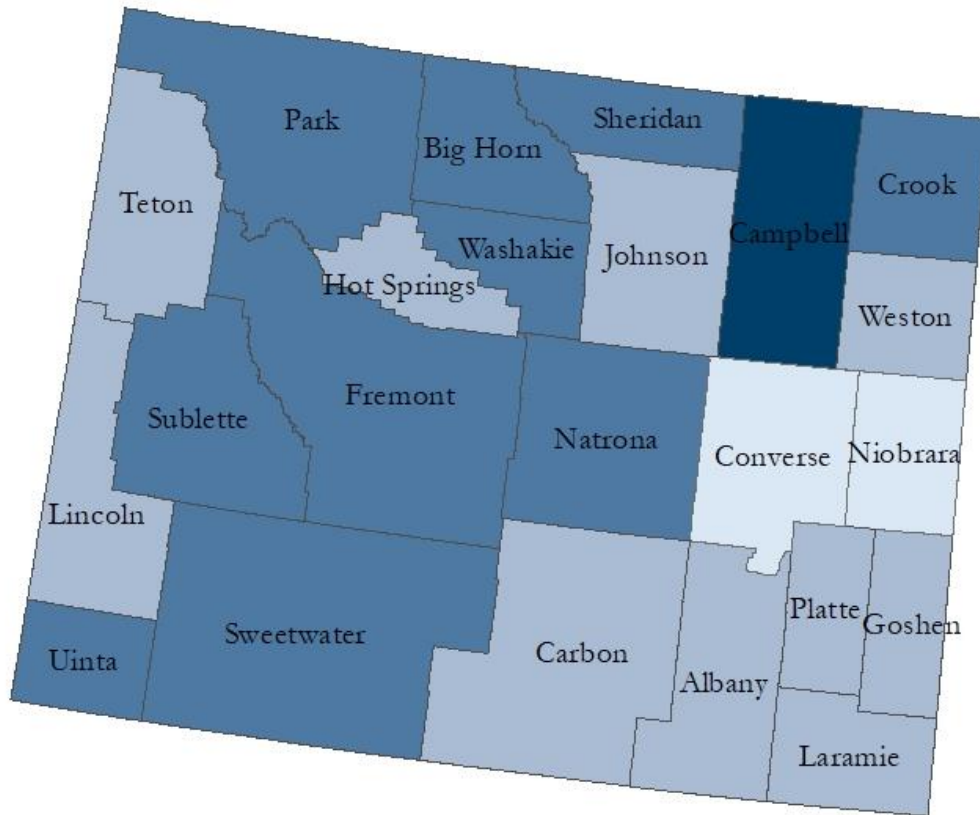


Unemployment rates in Wyoming are generally lower than the United States, but regional variation exists.

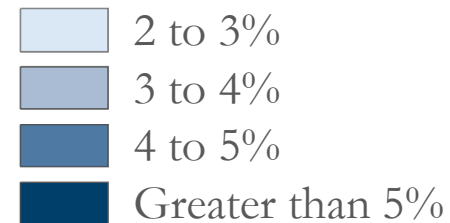


## UNEMPLOYMENT RATES

*July 2019, Seasonally Adjusted*



Unemployment Rate	
United States	3.7%
Wyoming	3.6%
Campbell County	5.6%



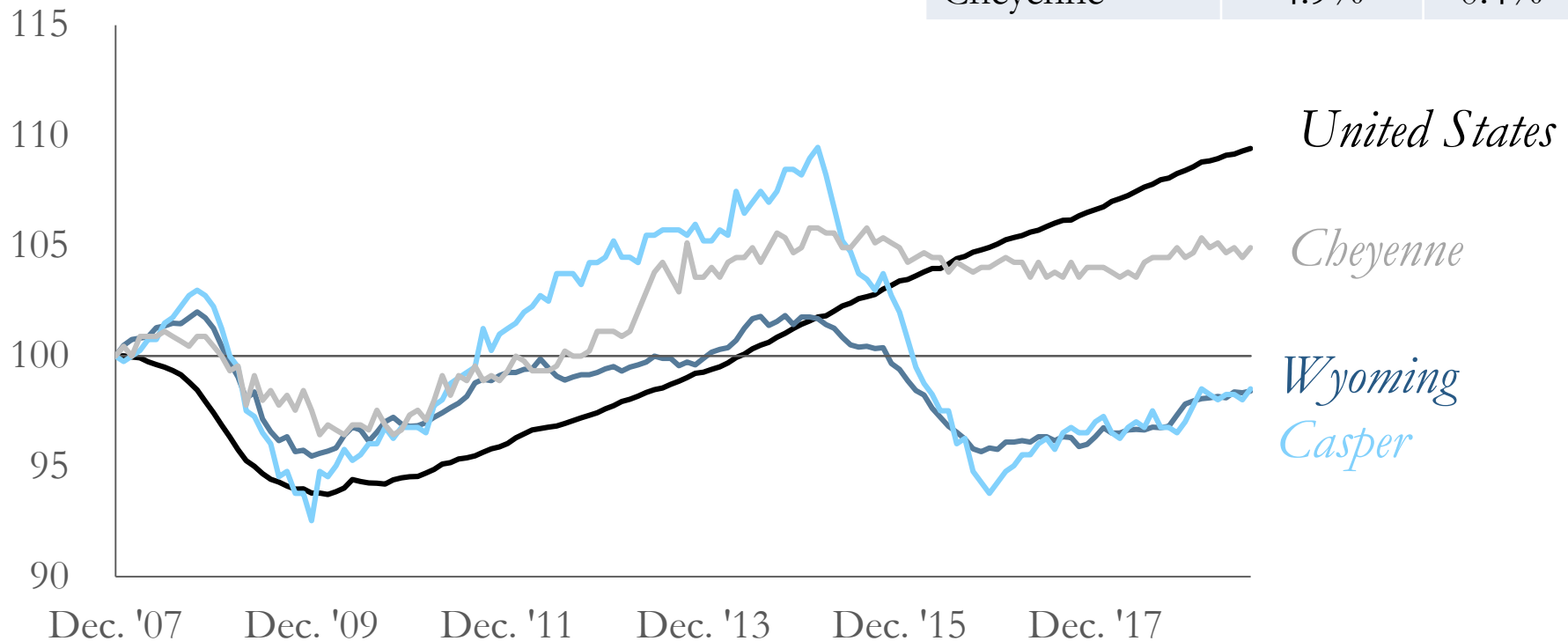
Employment has been increasing in Wyoming since the energy-bust of 2015, but remains below pre-recession levels.



## PAYROLL EMPLOYMENT GROWTH

*Index 100 = December, 2007, Seasonally Adjusted*

<i>Percent Change (July '19)</i>	<i>Since Dec. '07</i>	<i>Past Year</i>
U.S.	9.4%	1.8%
Wyoming	-1.6%	1.7%
Casper	21.3%	1.0%
Cheyenne	4.9%	0.4%



# The majority of industries have added jobs over the past year.



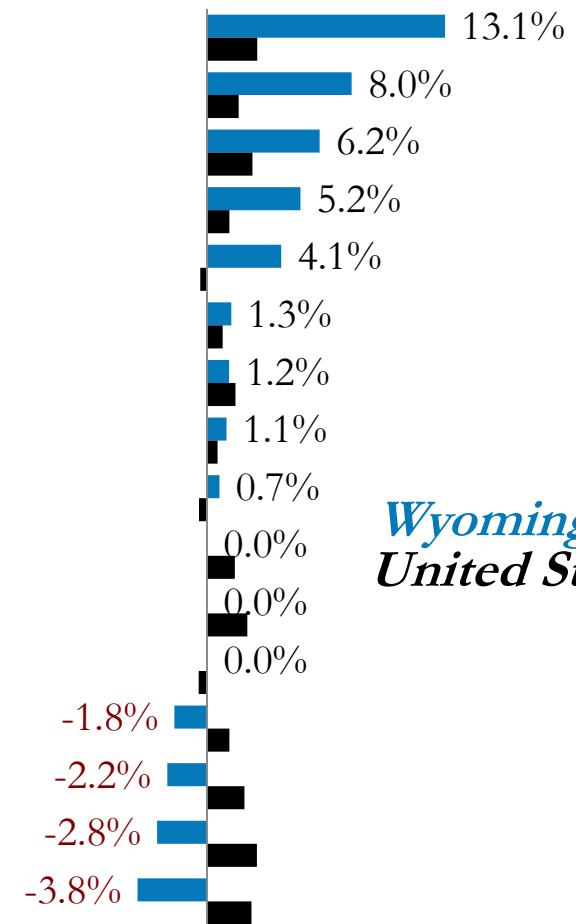
## CHANGE IN PAYROLL EMPLOYMENT, JULY 2019

*Seasonally Adjusted*

*Share      Location Quotient*

7.7%	1.56	Construction
6.1%	1.54	Other Services
5.3%	1.31	Transportation & Utilities
3.5%	0.41	Manufacturing
10.5%	1.01	Retail Trade
2.6%	1.41	Federal Government
2.9%	0.73	Wholesale Trade
16.2%	1.69	Local Government
5.1%	1.51	State Government
1.0%	0.38	Private Educational Services
6.4%	0.45	Professional & Business Services
1.2%	0.67	Information
3.8%	0.66	Financial Activities
12.2%	1.11	Leisure & Hospitality
8.5%	0.63	Health Care & Social Assistance
6.9%	13.88	Natural Resources & Mining

*Percent Change Year-over-Year*



**Wyoming**  
**United States**

*Note: Construction and Mining are lumped together for Denver employment growth under the "Construction" sector in the chart above.*

*Source: Bureau of Labor Statistics*

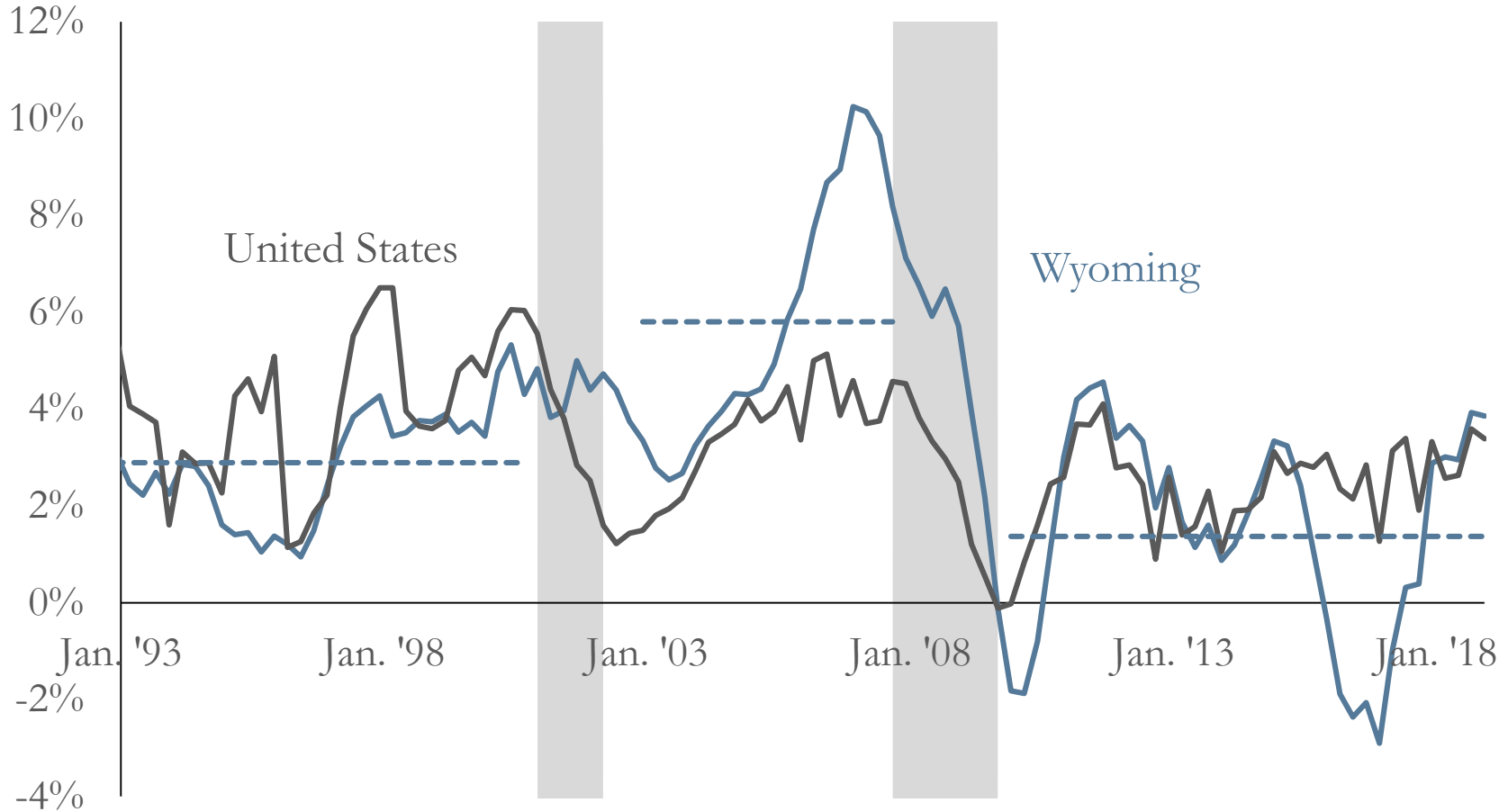


# Wage growth in Wyoming experiences bigger booms and busts than the U.S.



## WAGE PER EMPLOYEE

*Year-over-Year Percent Change, Four-Quarter-Moving-Average*



*Note: Gray bars indicate recession, and dotted lines indicate Wyoming average growth for each expansionary period shown.*

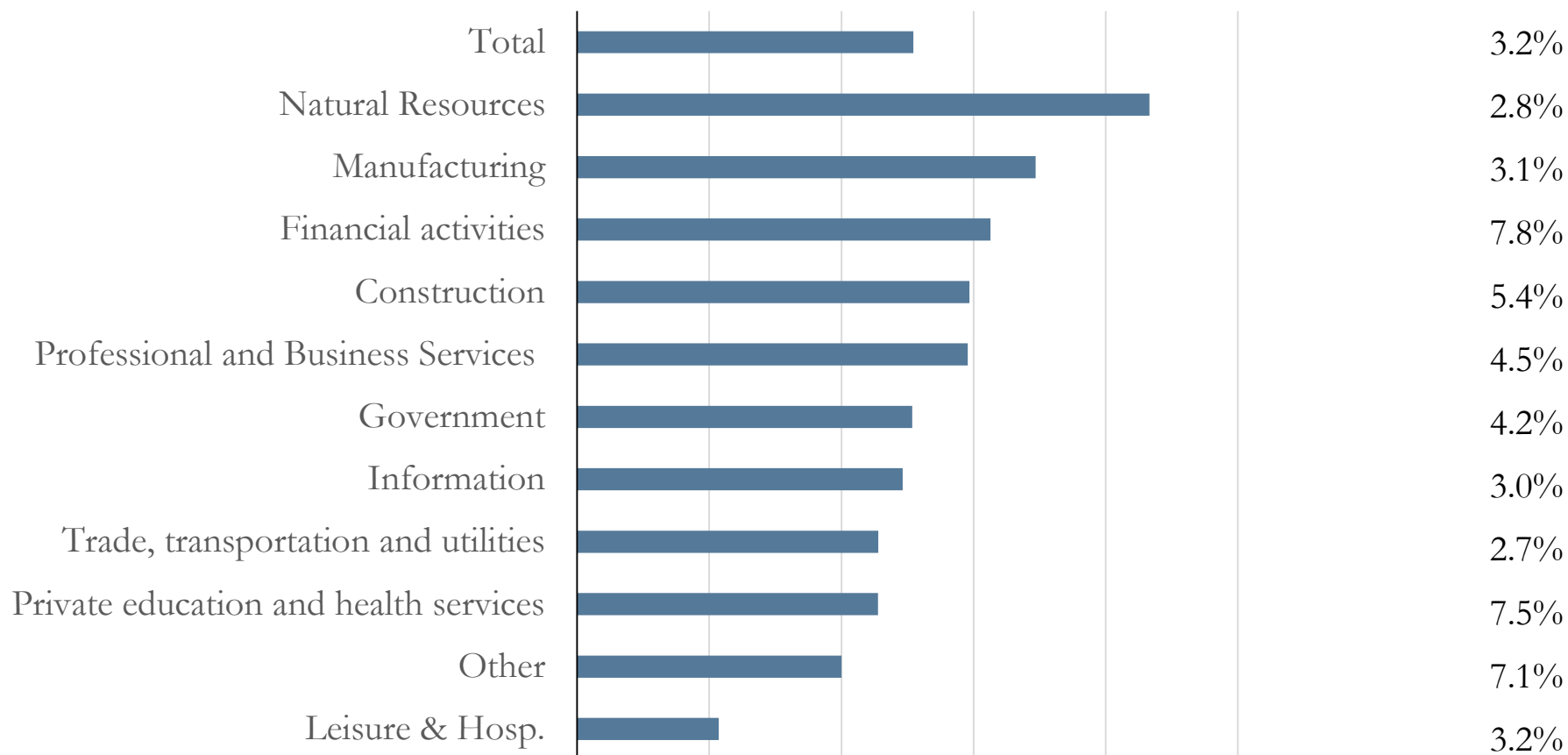


## WAGE PER EMPLOYEE BY INDUSTRY

Wyoming, Q4:2018

\$0 \$20,000 \$40,000 \$60,000 \$80,000 \$100,000

Year-over-Year  
Percent Change

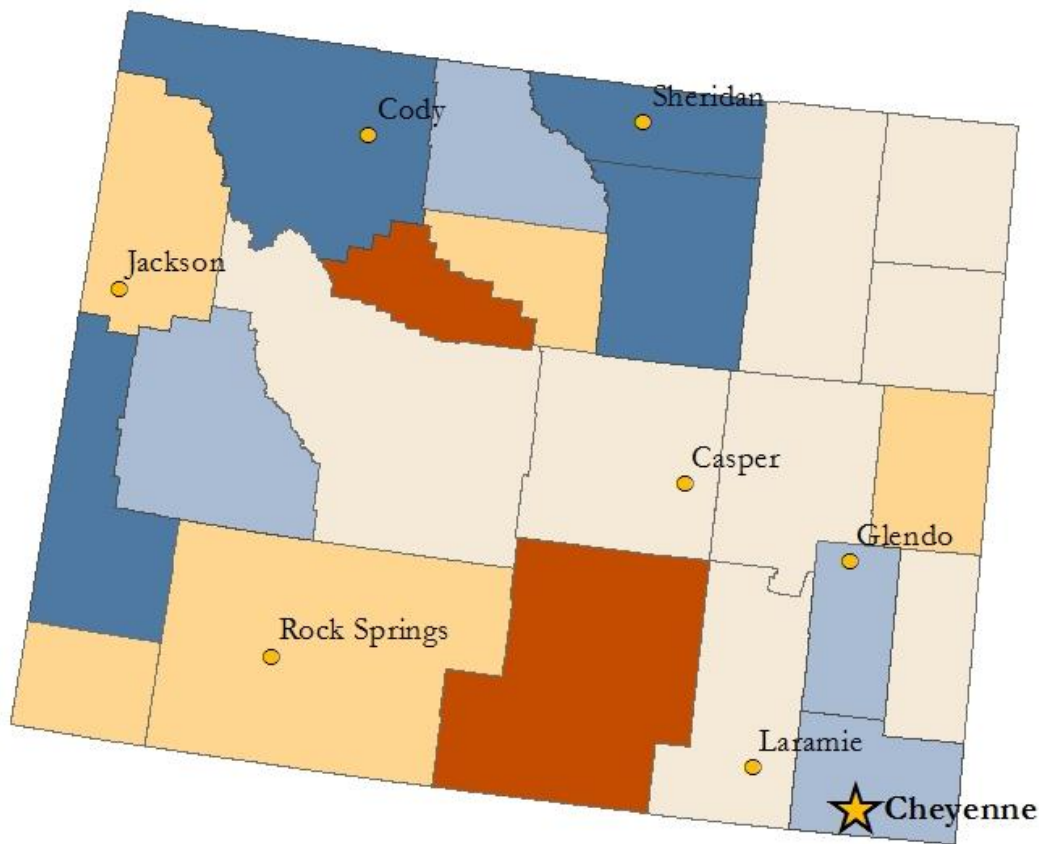


Wyoming continues to experience a net-outflow of migrants, although the rate is slowing.

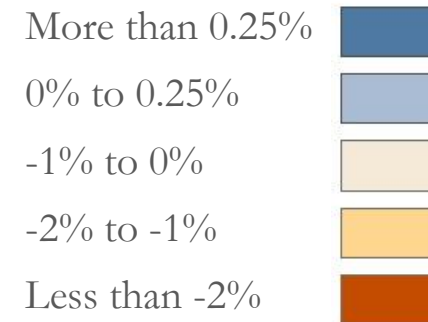


## NET MIGRATION

*Total 2018 Net Migration as a Percentage of 2018 Population*



<i>Annual Percent Change</i>	<i>2018</i>
United States	0.3%
Wyoming	-0.5%
Campbell County	-0.9%

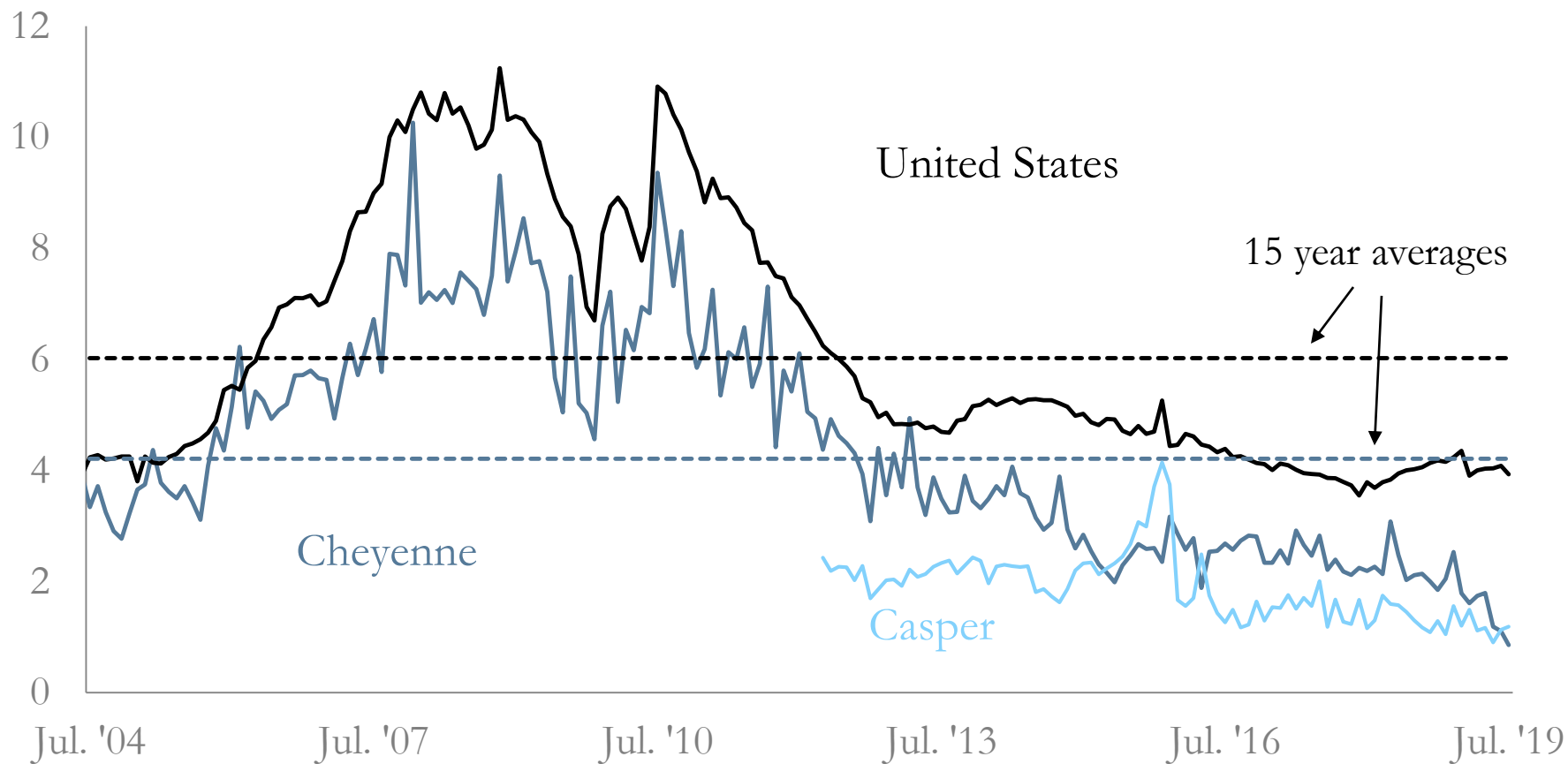


# Months supply of homes remains low in the U.S. and Wyoming metro areas.



## MONTHS SUPPLY OF HOMES

*Seasonally Adjusted*



*Note: Dotted lines are historical averages from March 2002 to July 2019.*

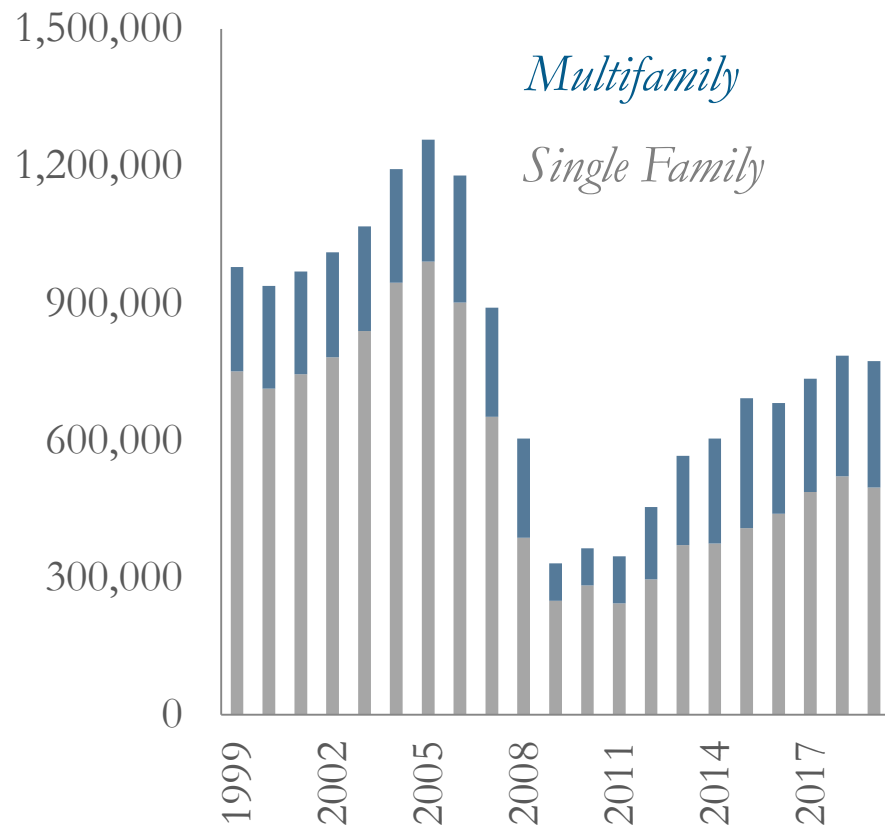
Residential construction activity in Wyoming has remained relatively flat over the recovery.



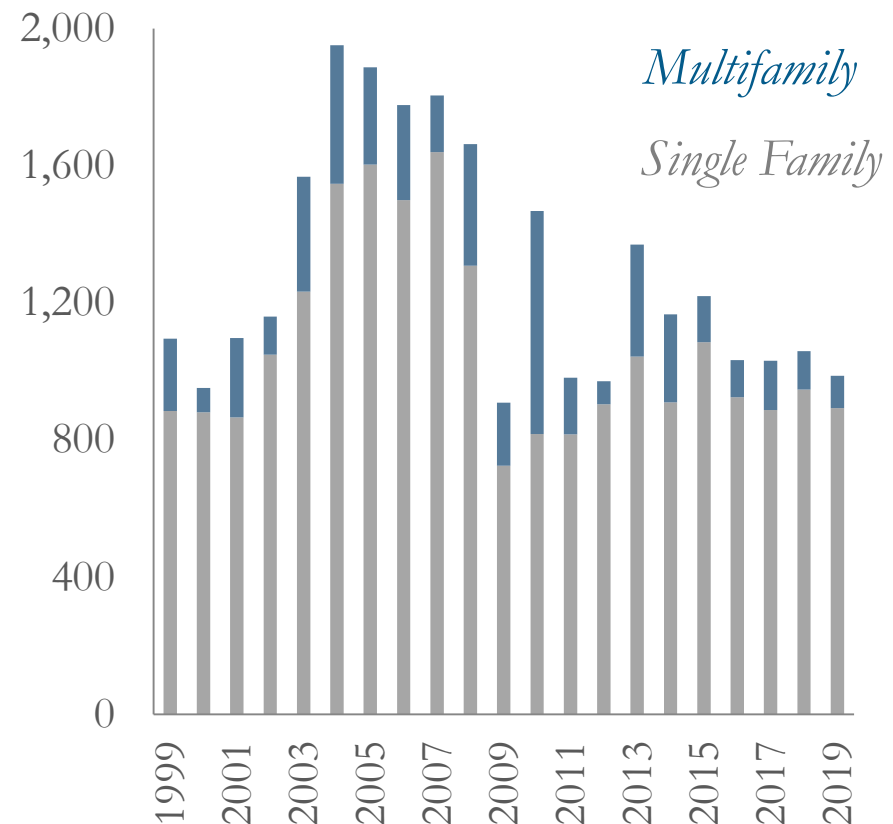
## RESIDENTIAL PERMITS

*Year-to-Date Through November, Seasonally Adjusted*

### United States



### Wyoming

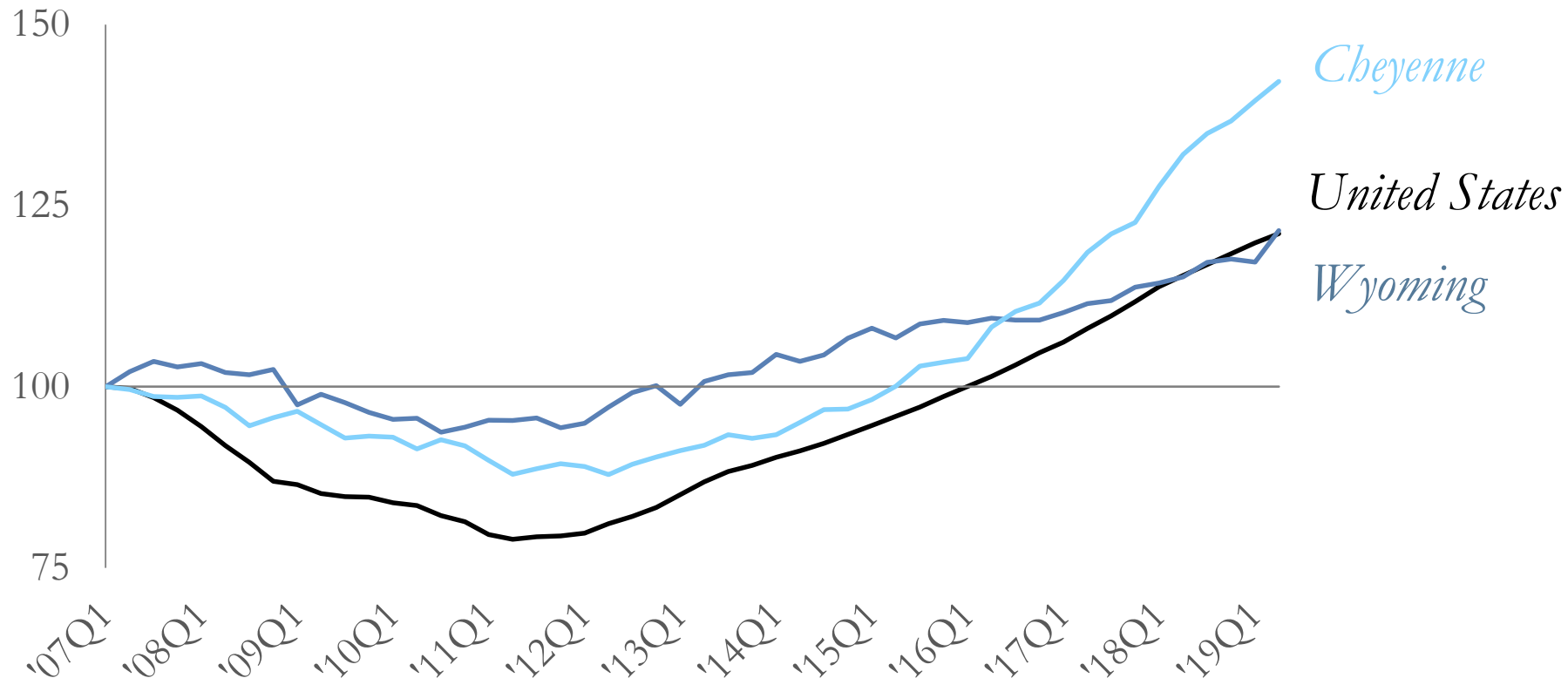


Wyoming home prices have increased steadily over the recovery.



## HOME PRICES

*Seasonally Adjusted, Index 100 = Q1:2007*



*Note: United States and Wyoming price indices are for purchase-only transactions, whereas Cheyenne includes re-financing and purchase transactions.*

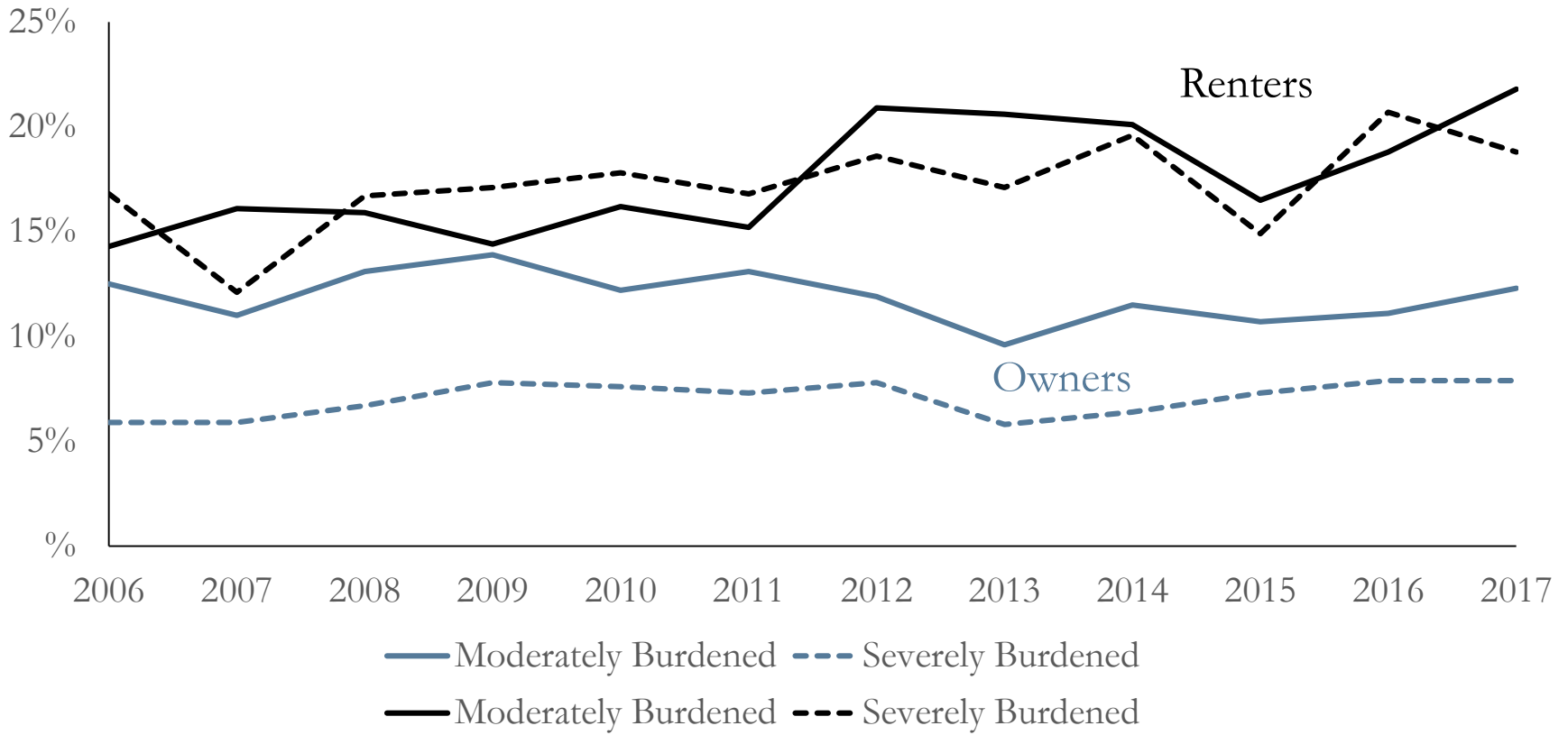
*Source: Federal Housing Finance Agency*

The share of burdened households is rising in recent years for both renters and owners.



## WYOMING HOUSING COST-BURDEN RATES BY HOUSEHOLD INCOME

*Percent of Ownership Category*



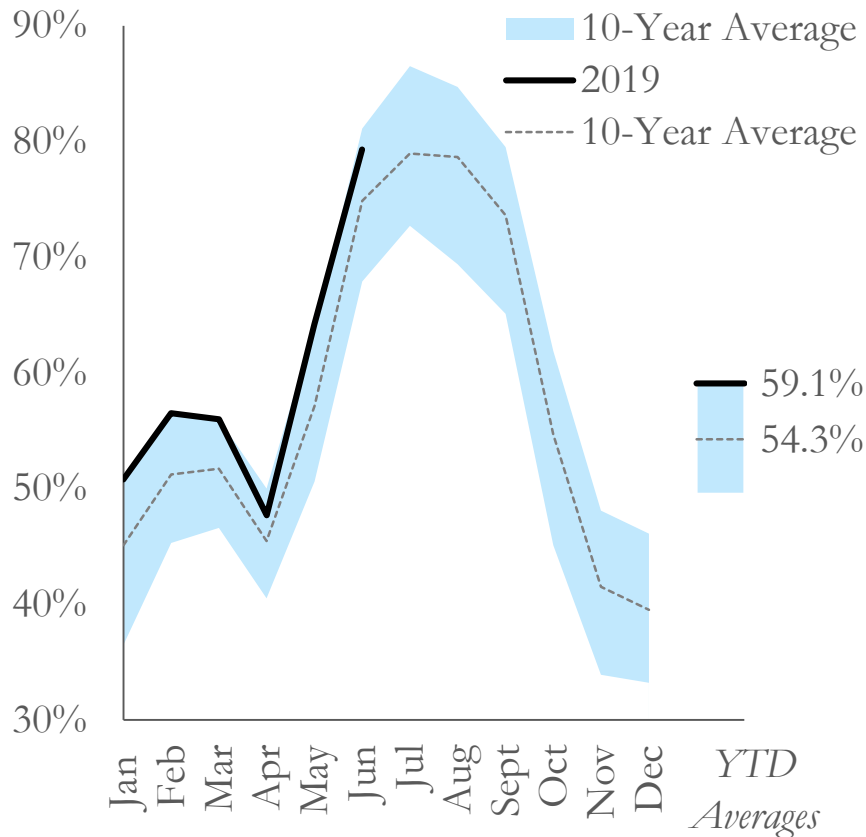
Note: Moderate burdens are defined as households with housing costs of between 30 – 50% of household income. Costs above 50% of household income are considered severely burdening.

Tourism activity has been strong in Wyoming over the past few years.



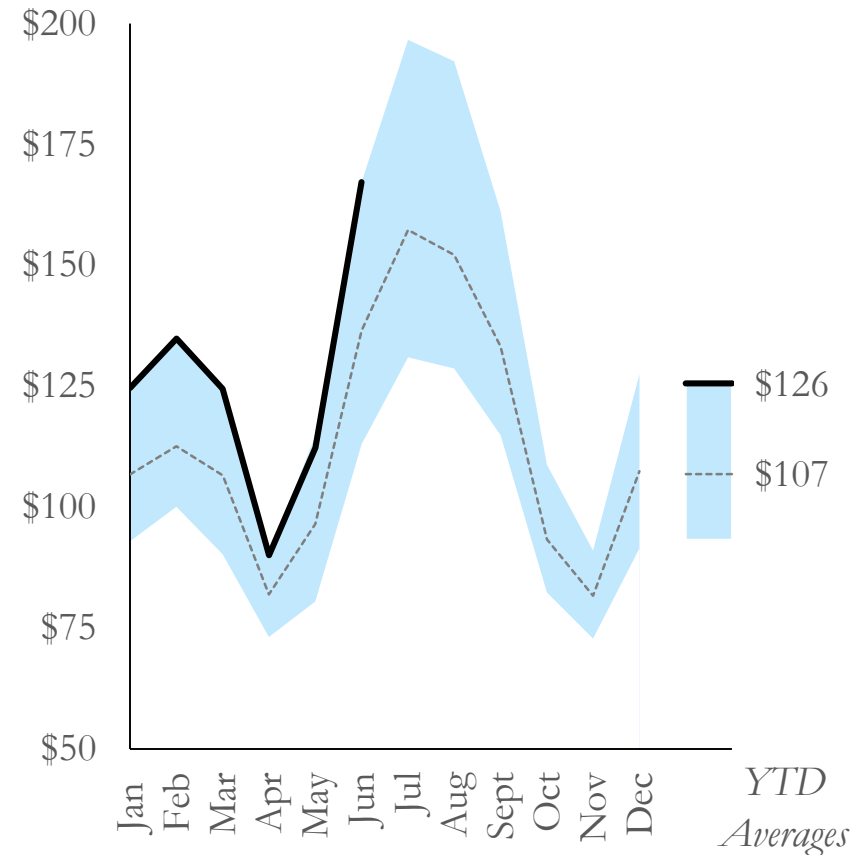
## HOTEL OCCUPANCY RATES

*Wyoming*



## HOTEL ROOM RATES

*Wyoming, 1999 Dollars*

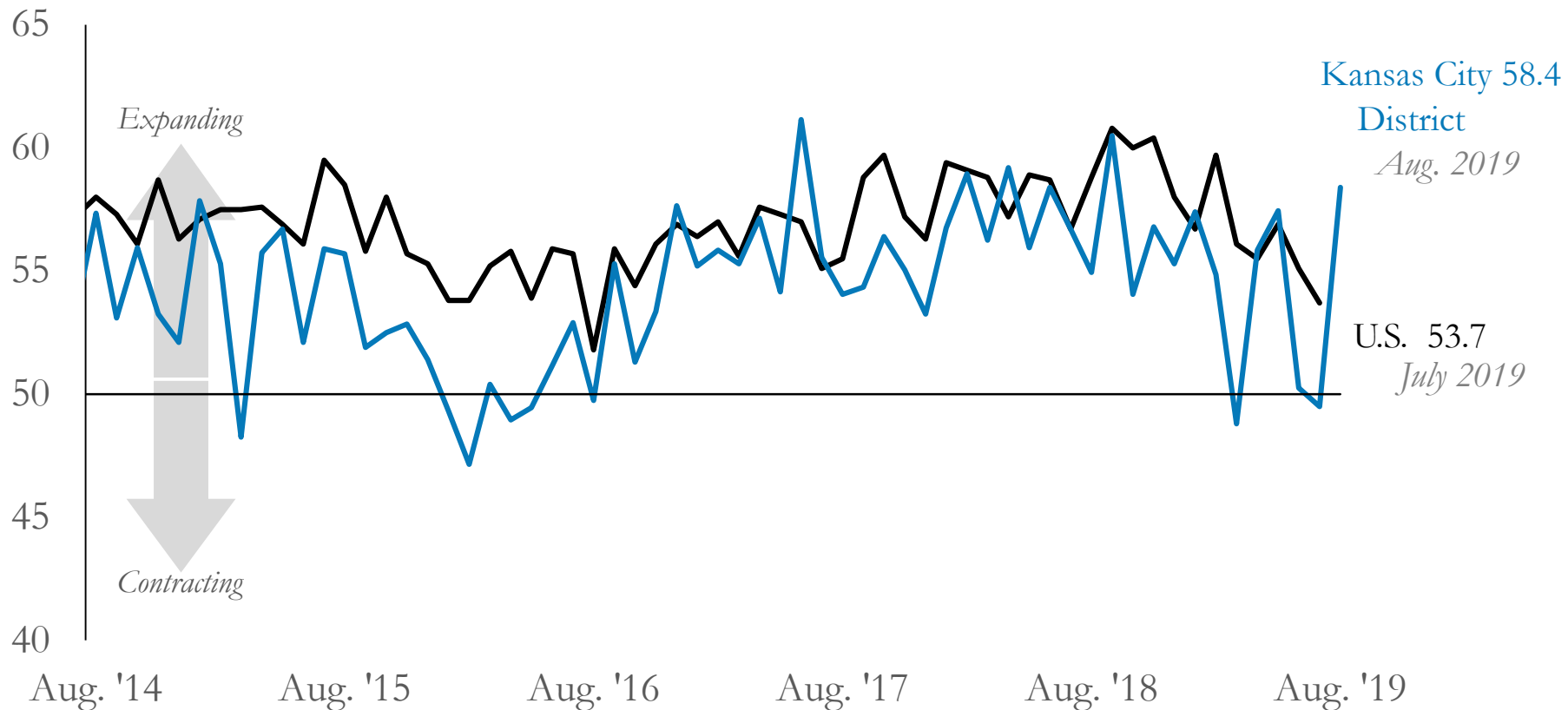






## NON-MANUFACTURING AND SERVICES ACTIVITY

*Diffusion Index, Seasonally Adjusted, Month-over-Month*

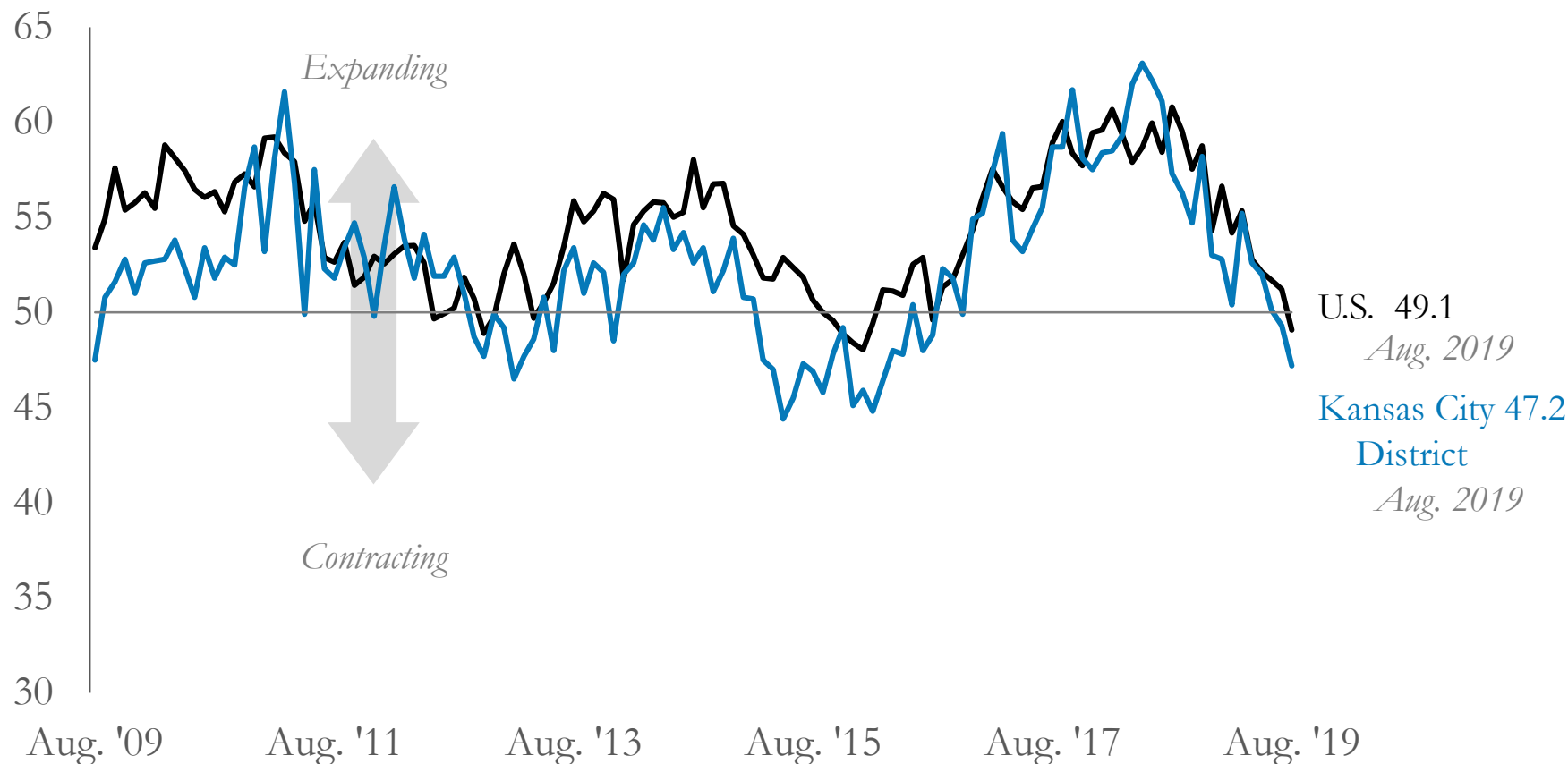


Manufacturing activity improved throughout 2017 and 2018, although is showing recent weakness so far in 2019.



## MANUFACTURING ACTIVITY

*Diffusion Index, Seasonally Adjusted, Month-over-Month*



# Exports in Wyoming are down so far year-to-date in 2019, led by declines of exports to China.



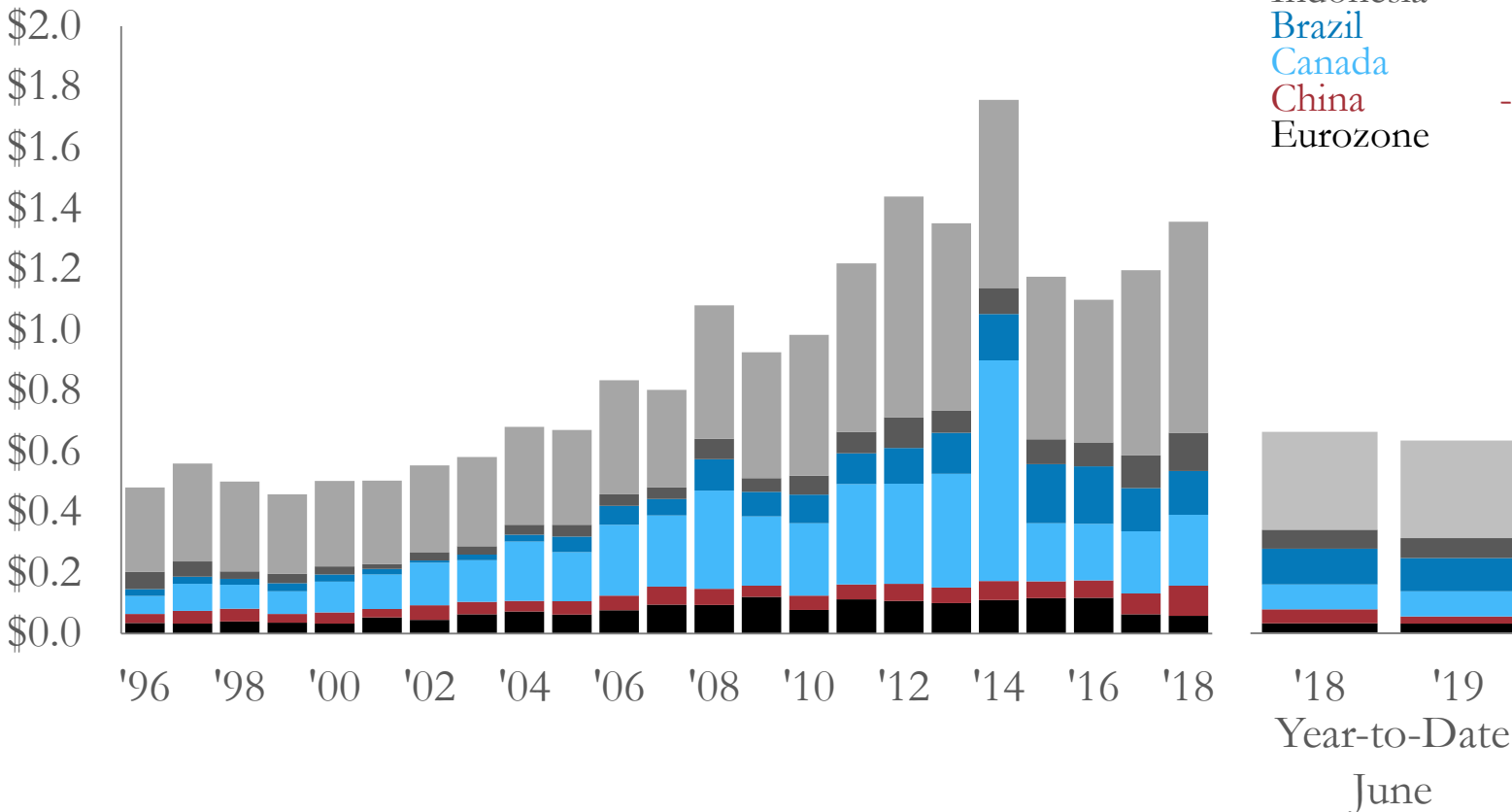
## WYOMING EXPORTS BY TRADING PARTNER

*Billions*

### YEAR-TO-DATE JUNE 2019

*Year-over-Year Percent Change*

	Year-over-Year Percent Change	SHARE
Total Trade	-4.3%	
All Other	-0.5	51.2%
Indonesia	6.1	9.3
Brazil	0.4	10.6
Canada	-6.4	17.3
China	-48.4	7.3
Eurozone	-3.2	4.3



Oil prices remain low.



## OIL PRICES (WEST TEXAS INTERMEDIATE)

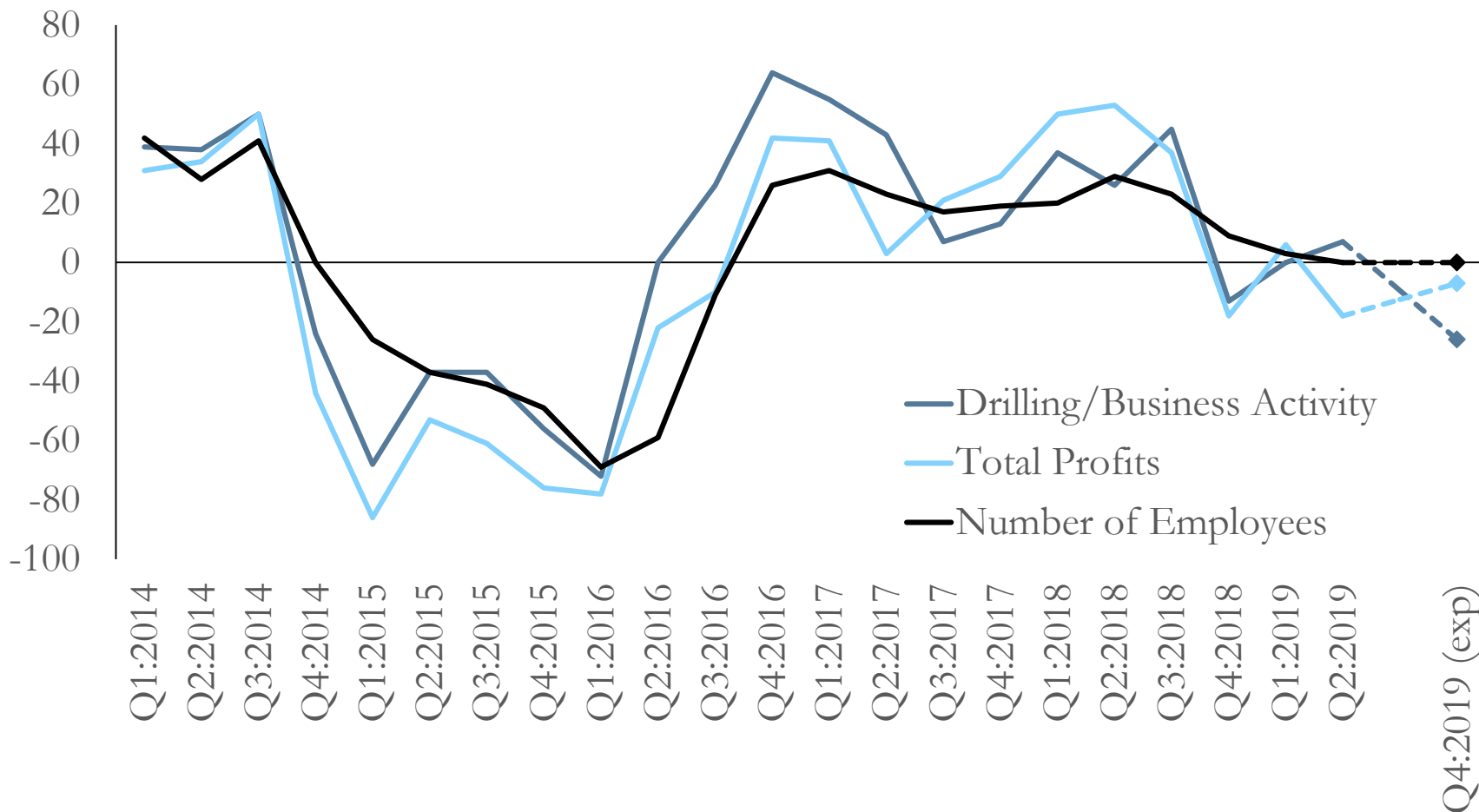


Expectations for energy activity have weakened as oil prices remain subdued.



## ENERGY SURVEY ACTIVITY INDICATORS

*Quarterly Diffusion Index*

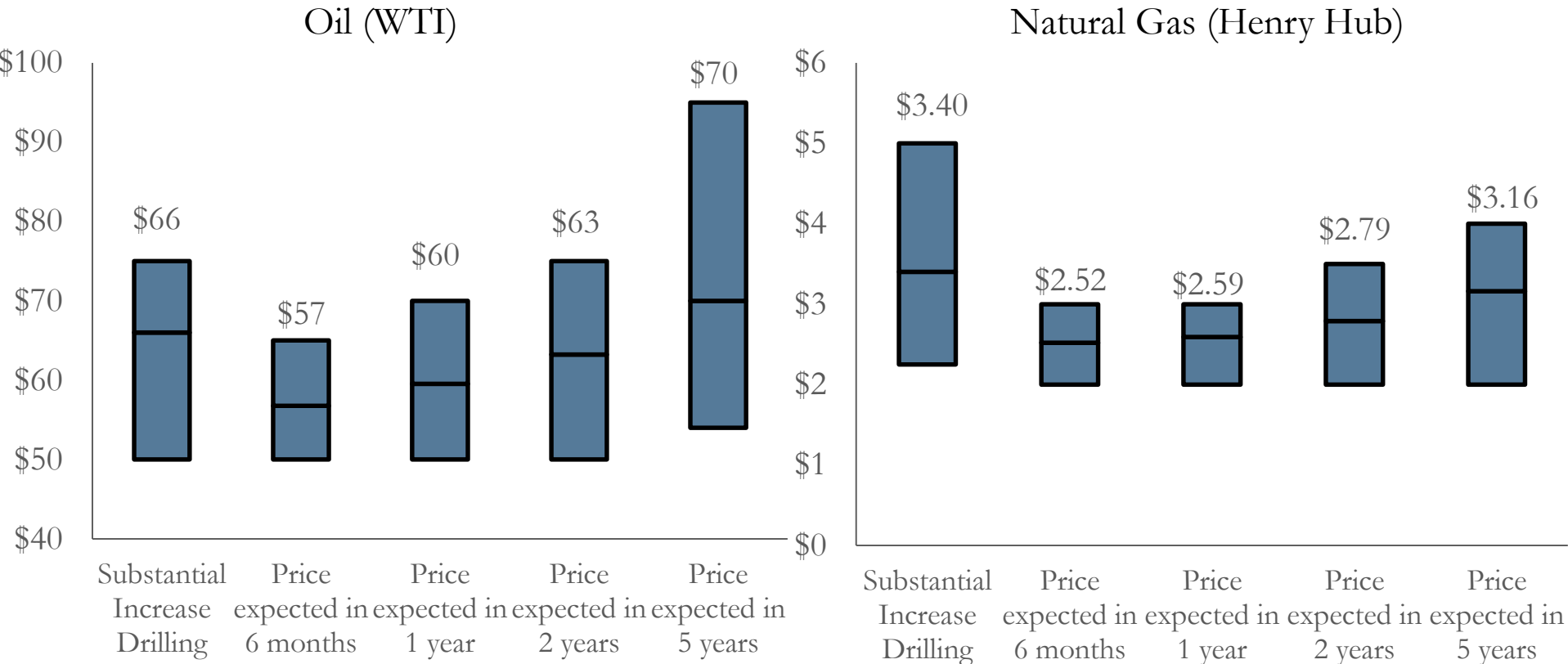


Oil prices are expected to remain below the level needed for a substantial increase in drilling.



## ENERGY SURVEY SPECIAL QUESTION

Q2:2019



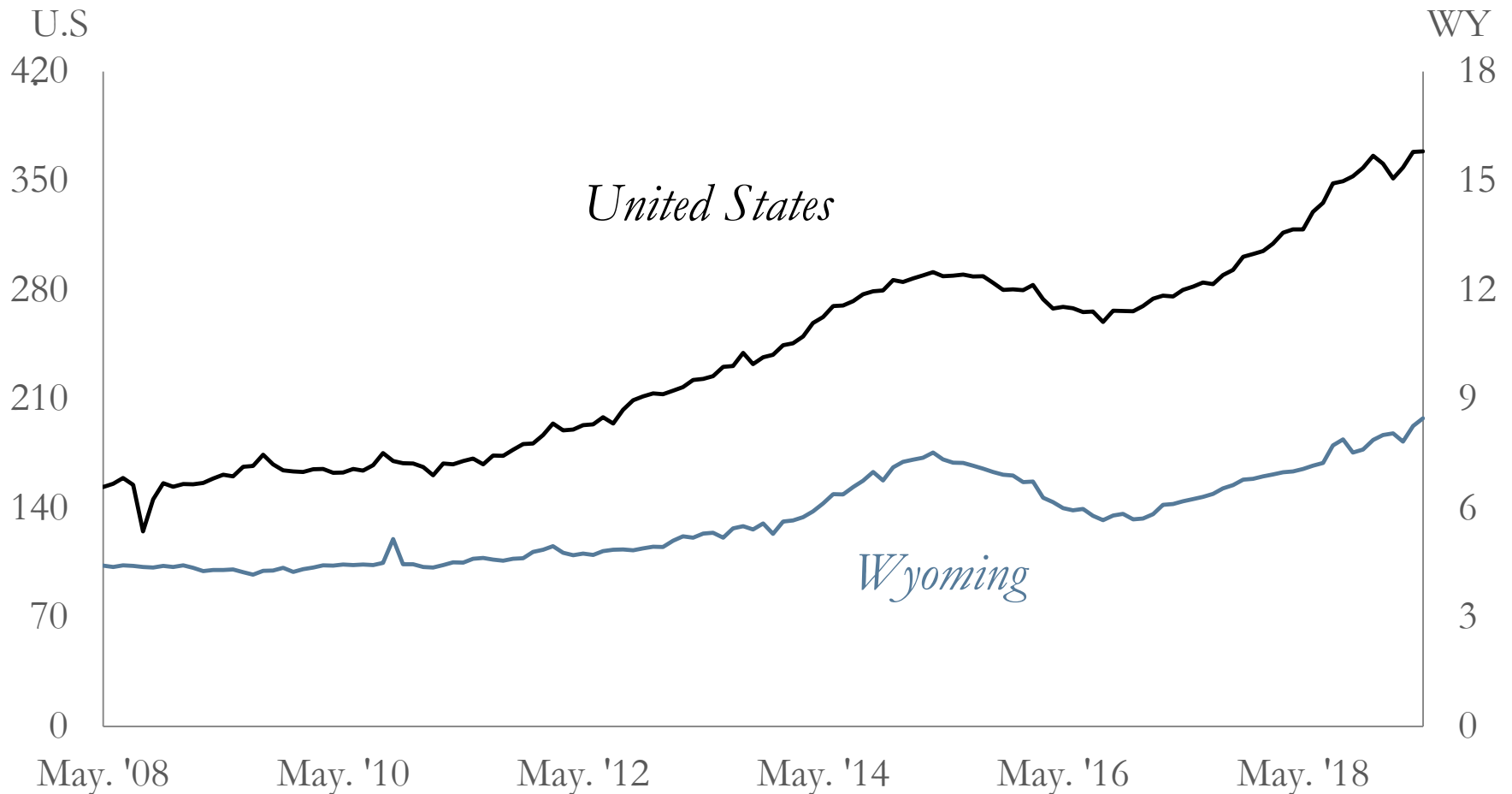
Note: Blue bars represent range for survey respondents. Numbers above bars indicate average of the range (the black line in the middle of the blue bars).

Oil production has reached record levels in Wyoming despite a low-price environment.



## CRUDE OIL PRODUCTION

*Millions of Barrels, Monthly, Seasonally Adjusted*

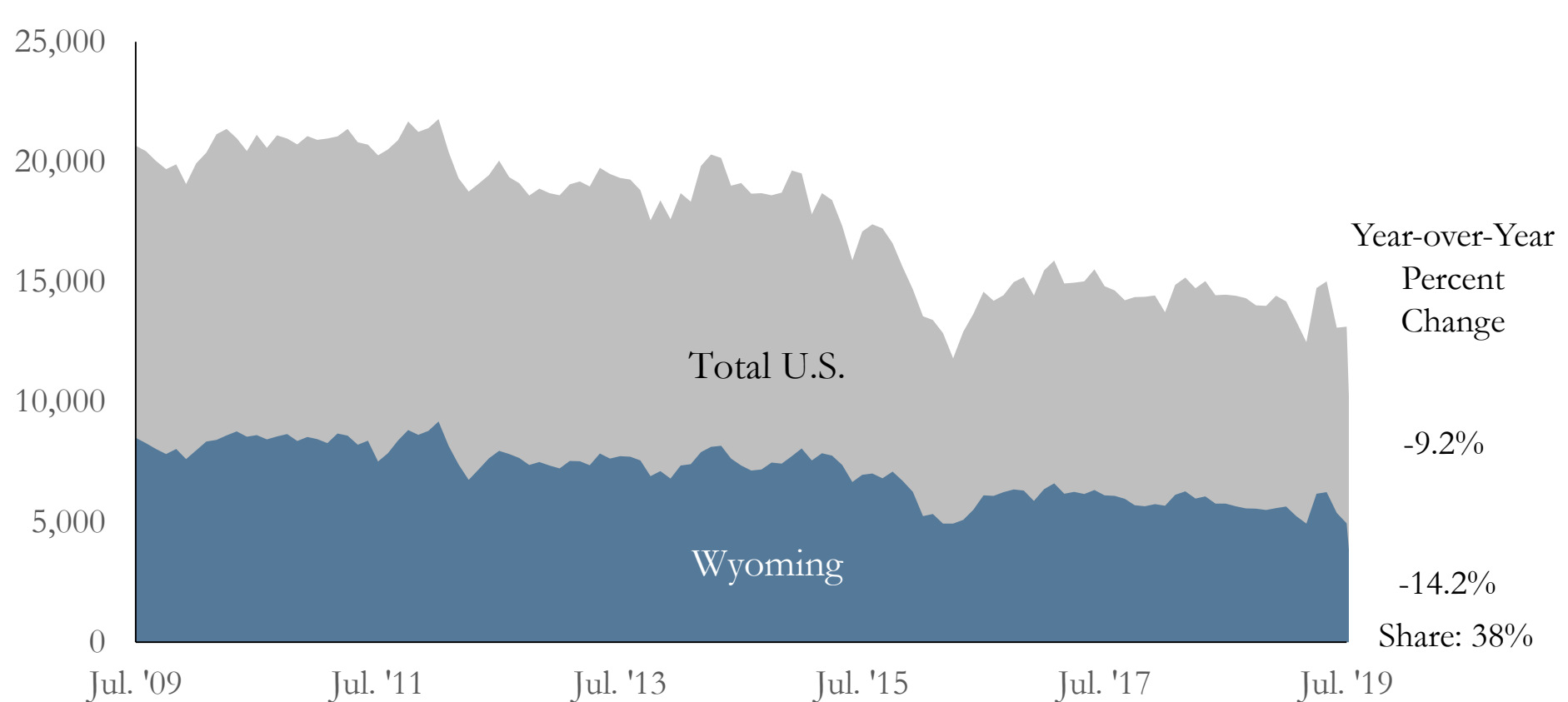


# Coal production continues to fall.



## COAL PRODUCTION

*Millions of Barrels, Monthly, Seasonally Adjusted*



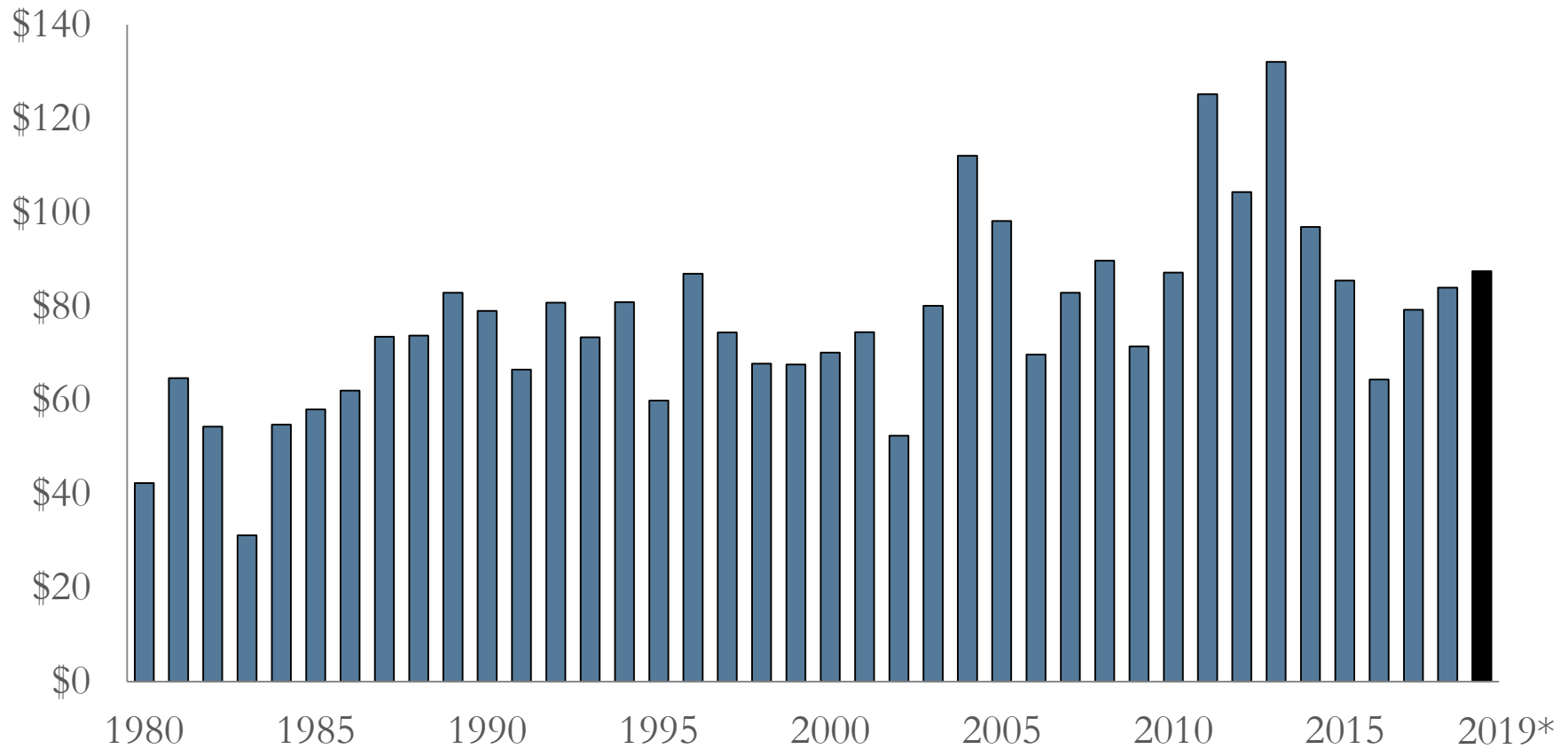


Farm income is projected to rise in 2019, but remains historically low.



## U.S. REAL NET FARM INCOME

*Billion Dollars (Constant 2012 Dollars)*



\*Projection for 2019

For additional information on the regional economy:  
<http://www.KansasCityFed.org/Denver>

