

Nebraska Economic Update



FEDERAL RESERVE BANK *of* KANSAS CITY

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Overview of the Federal Reserve System

The “Fed” is the Central Bank of the U.S.

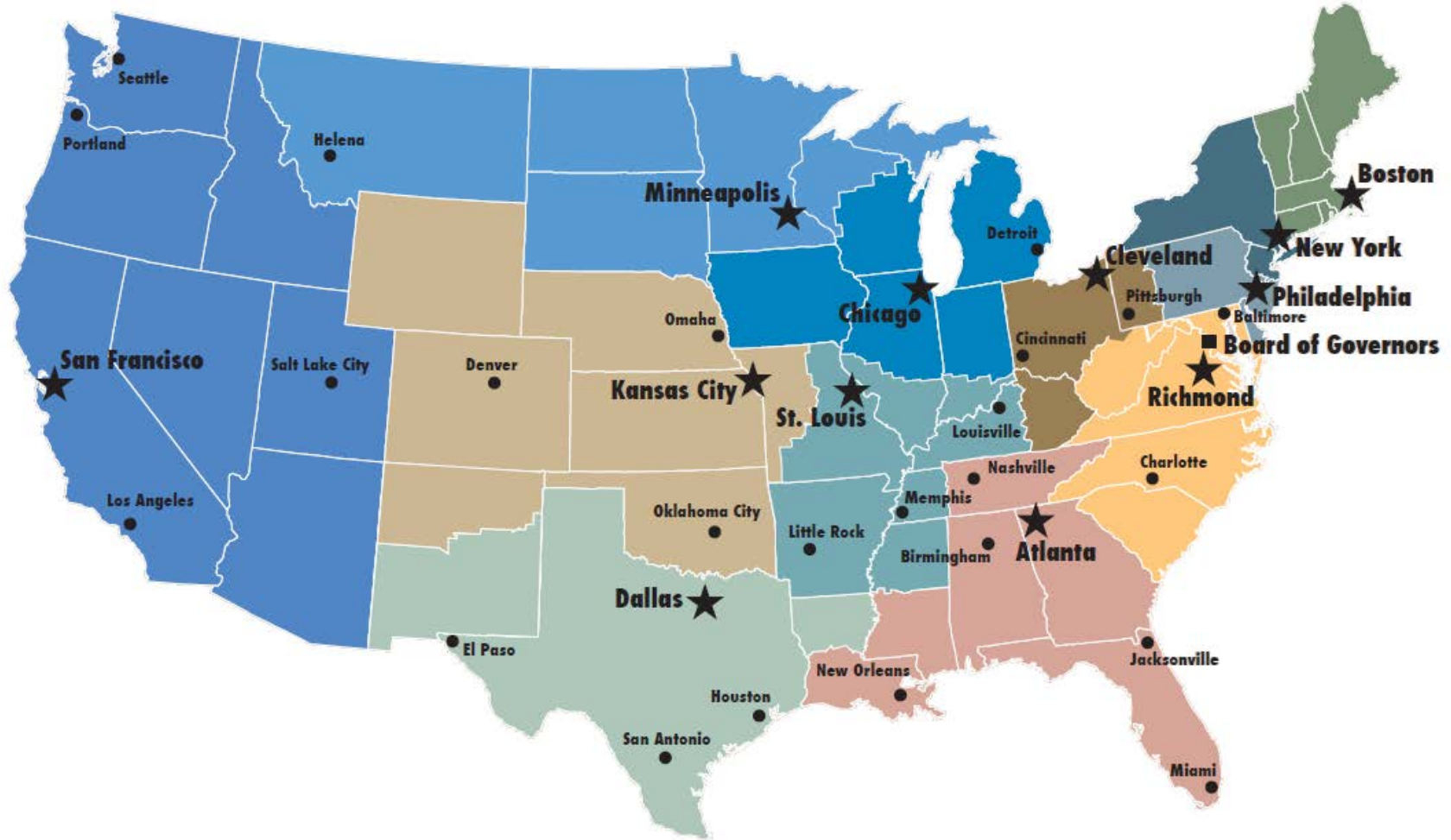
- Board of Governors: 7 members, each appointed by U.S. President
- Federal Reserve Banks: 12 Banks, 24 Branches
- The Federal Open Market Committee (FOMC) has 19 members, 12 voting.

Primary functions:

- Monetary Policy – pursue maximum employment and stable prices
- Bank Regulation – ensure safety and soundness of banks.
- Financial Services – bank for banks, and bank for federal govt.
- Lender of Last Resort – provide liquidity in times of crisis

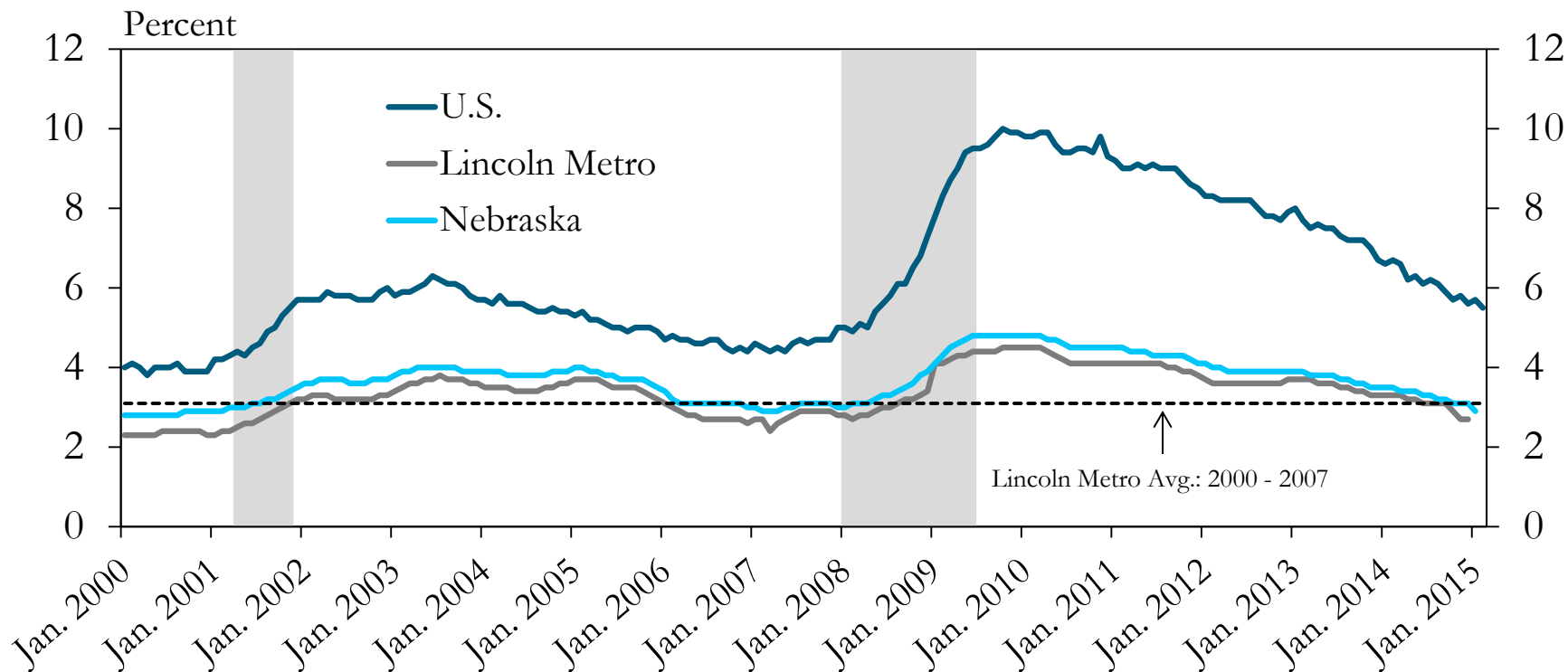


Federal Reserve Districts and Office Locations



In many ways, Nebraska has returned to pre-recession form.

Unemployment Rates



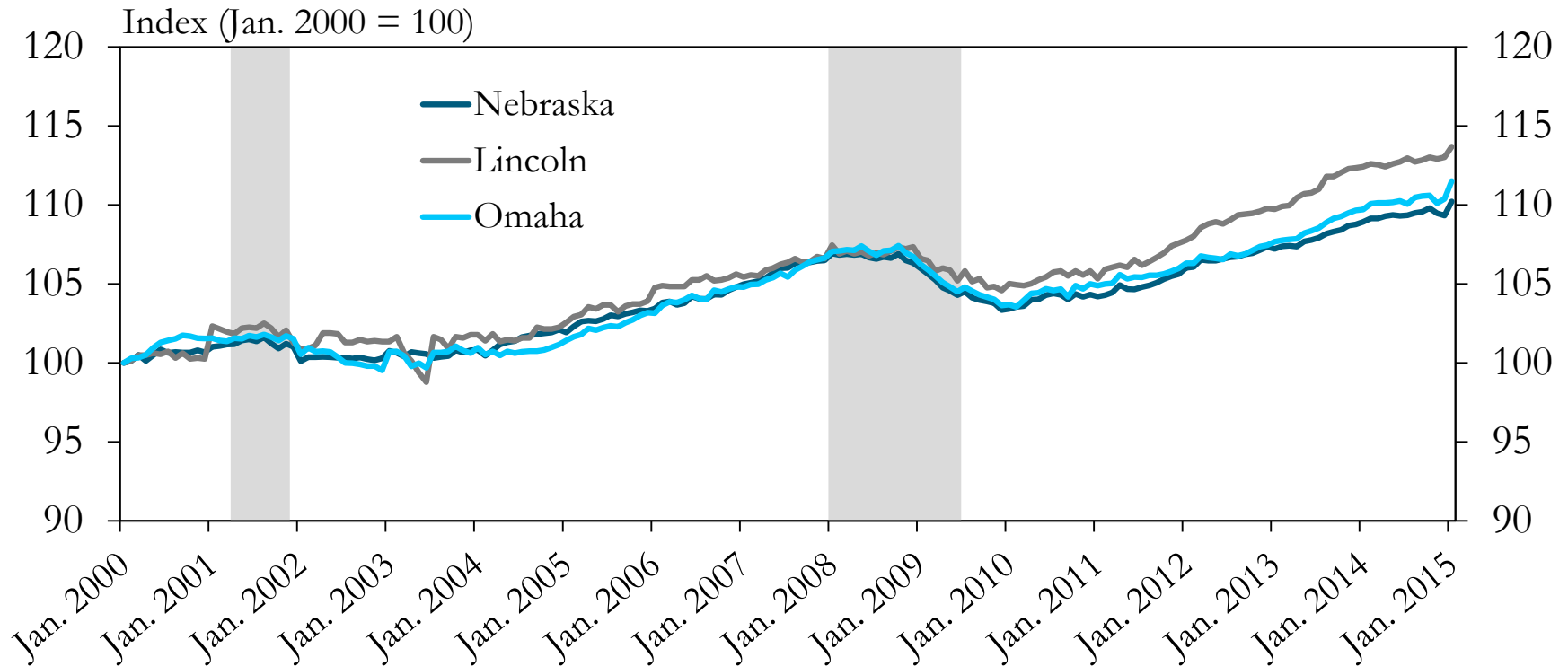
Source: Bureau of Labor Statistics, Haver Analytics

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The number of jobs in Nebraska exceeds pre-recession levels.

Number of Jobs



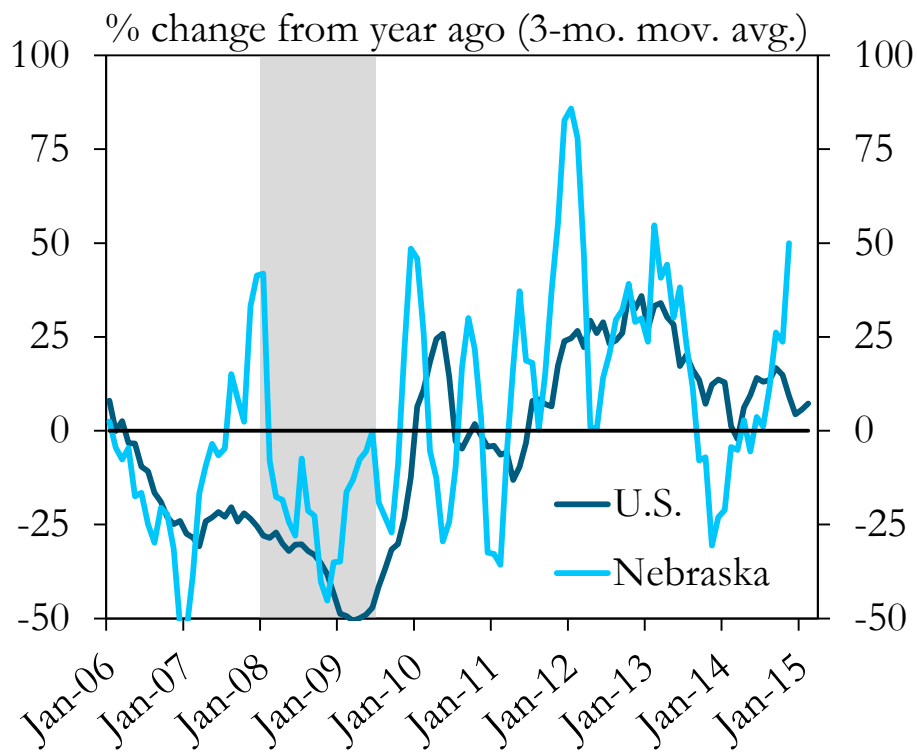
Source: Bureau of Labor Statistics, Haver Analytics

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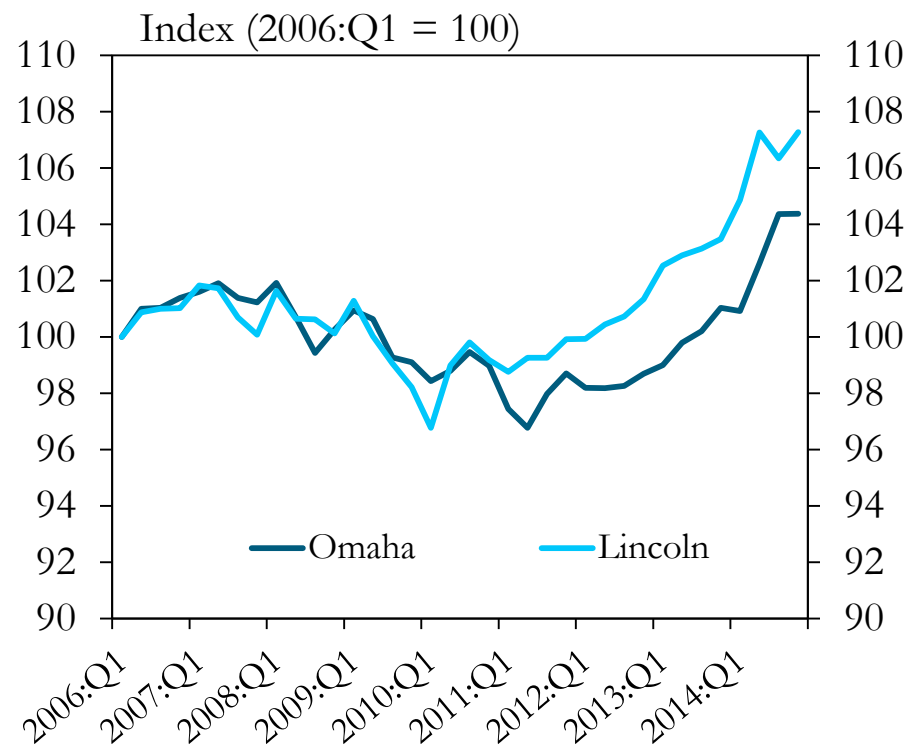
Housing activity has fluctuated somewhat,
but prices have strengthened notably.

Housing Starts



Source: Haver Analytics

House Prices

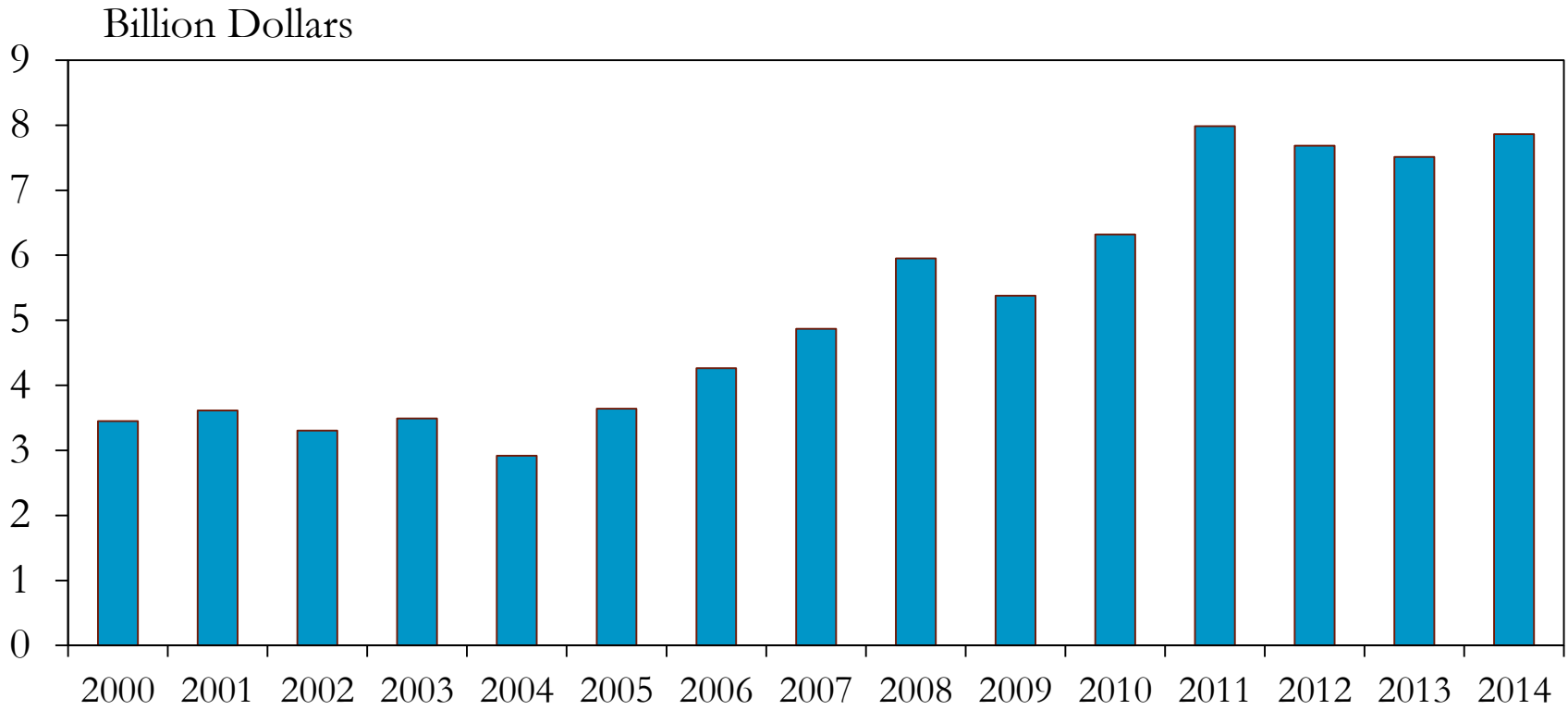


Source: FHFA and Haver Analytics



Nebraska's export activity has risen considerably,
driven by manufactured exports.

Real Value of Nebraska Exports



Source: WISERTrade

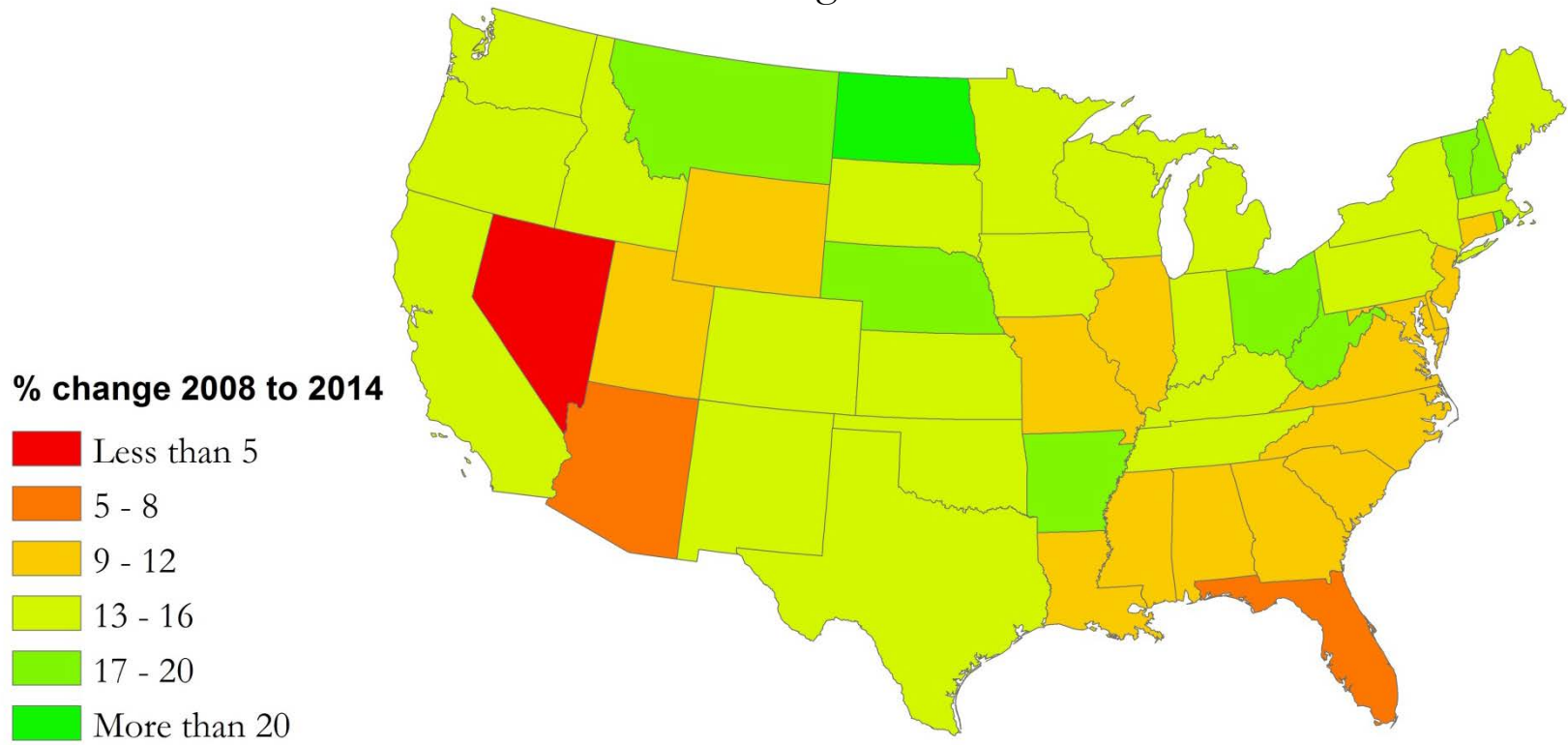
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Personal income in Nebraska far exceeds 2008 levels.

Per Capita Personal Income

Change from 2008 to 2014

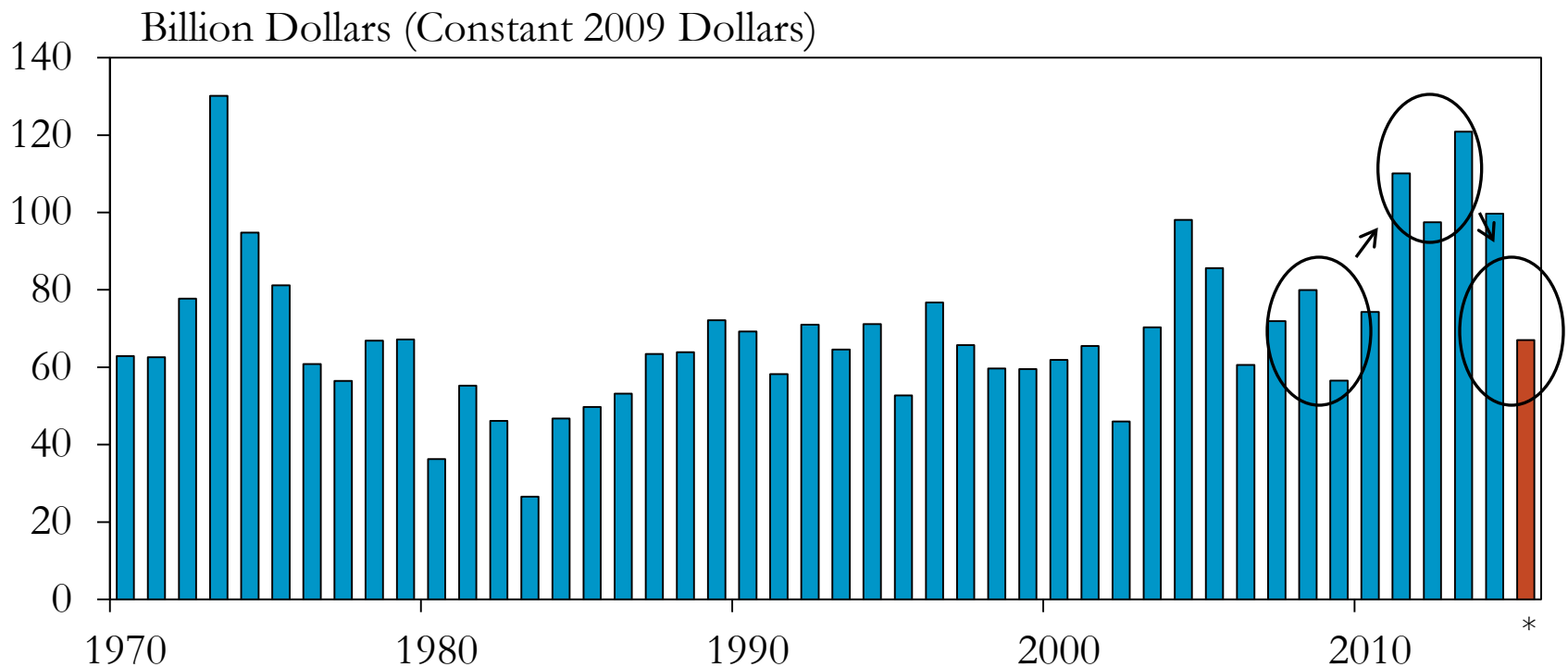


**Yet, much has changed in
Nebraska's economy since 2008.**



U.S. farm incomes surged,
but have recently fallen back.

U.S. Real Net Farm Income



Source: USDA

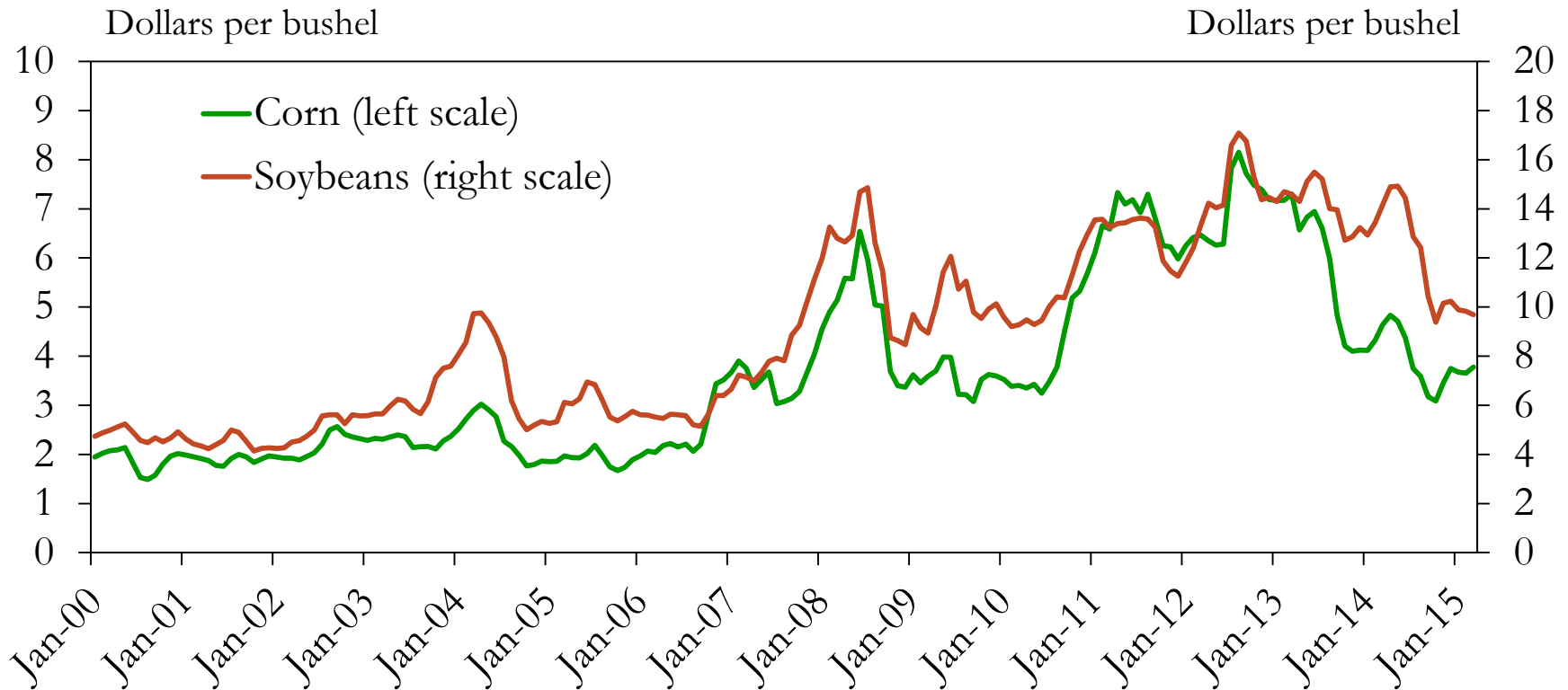
* Forecast for 2015.

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The changes in farm income have been driven by sharp changes in crop prices.

U.S. Crop Prices



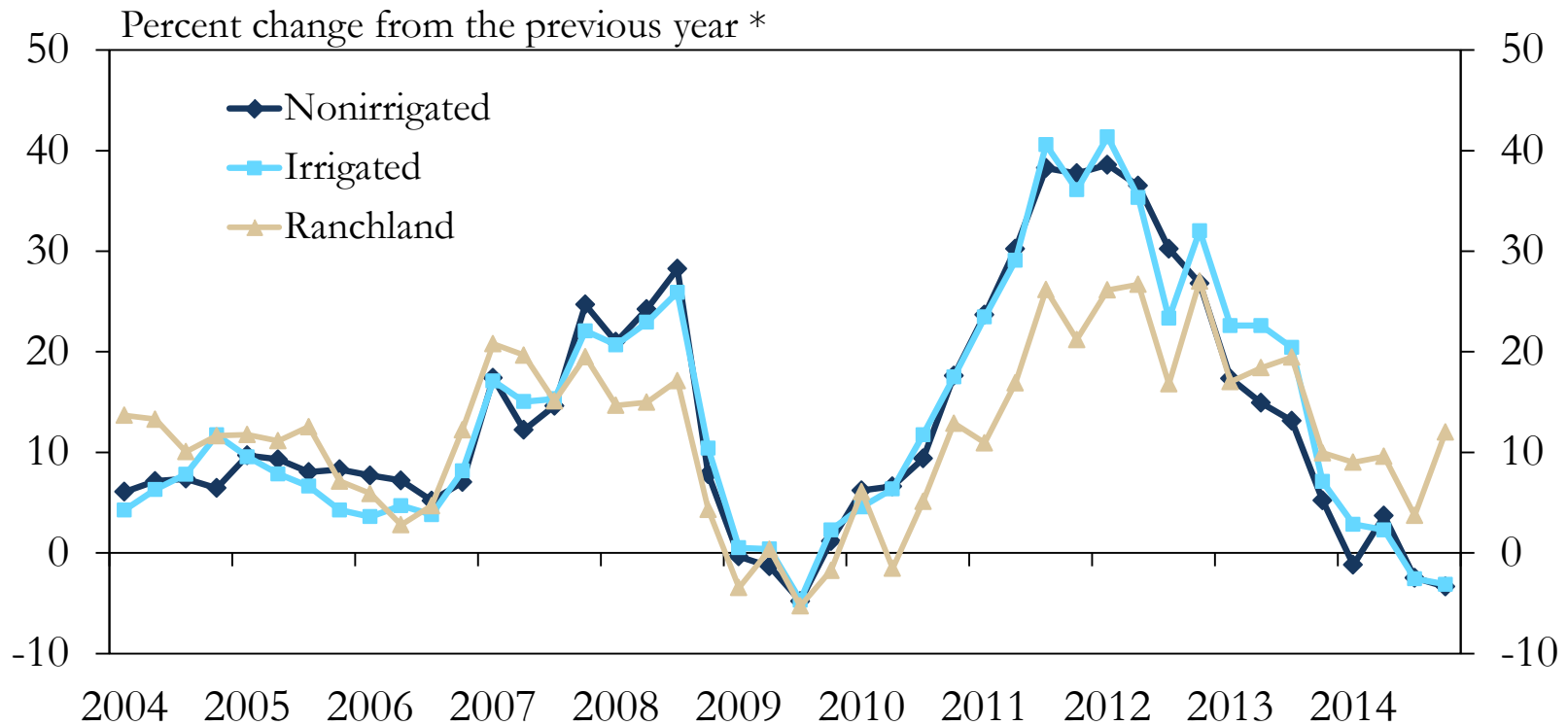
Sources: *The Wall Street Journal*, Haver Analytics

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Farm real estate values look very different from 2008.

Nebraska Farmland Values Annual Gains



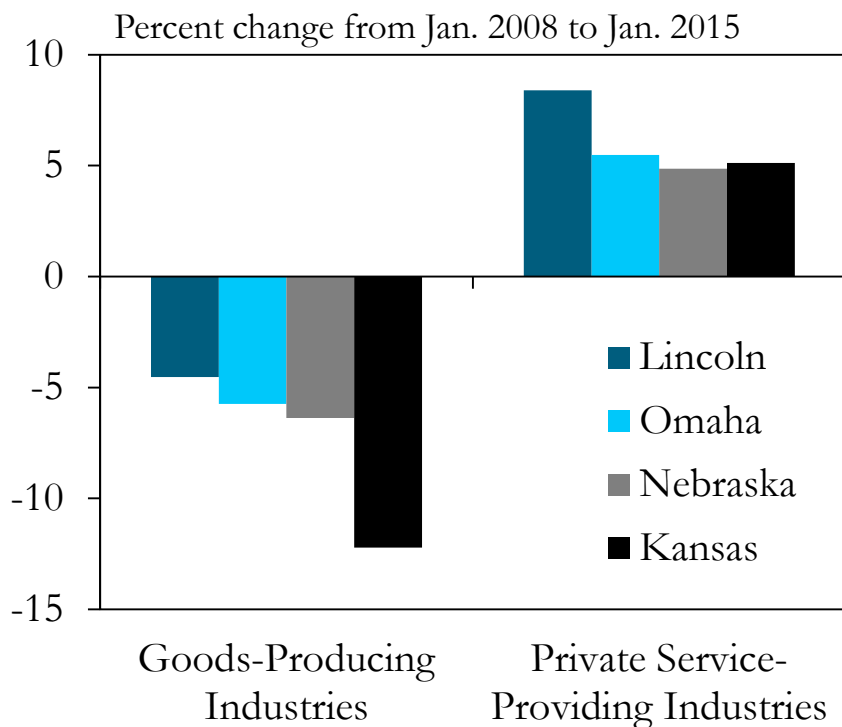
Source: Federal Reserve Bank of Kansas City

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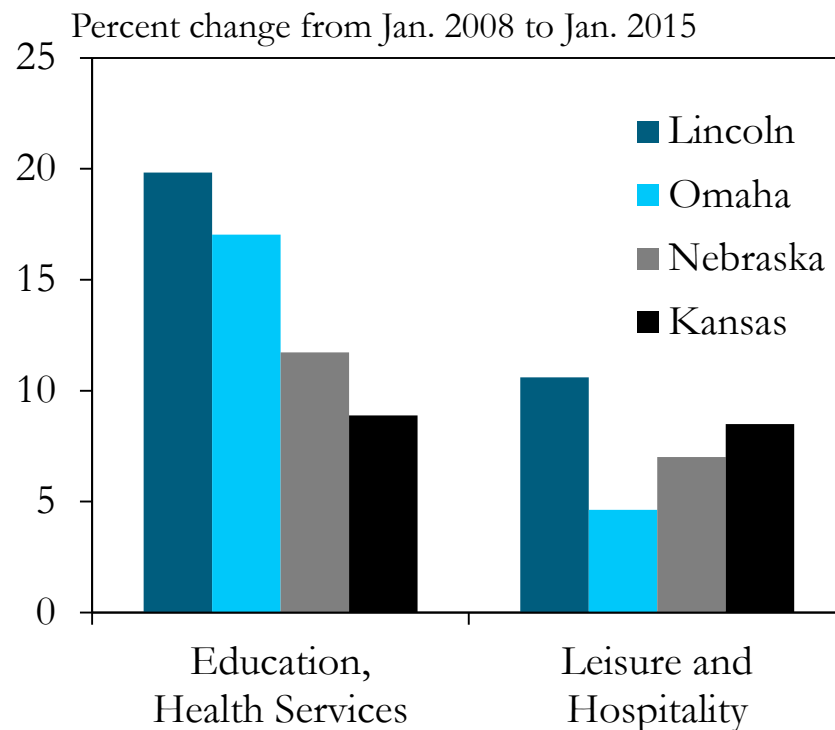


Similar to other regions, Nebraska has also shifted more to a service-based economy since 2008.

Change in Employment



Change in Employment

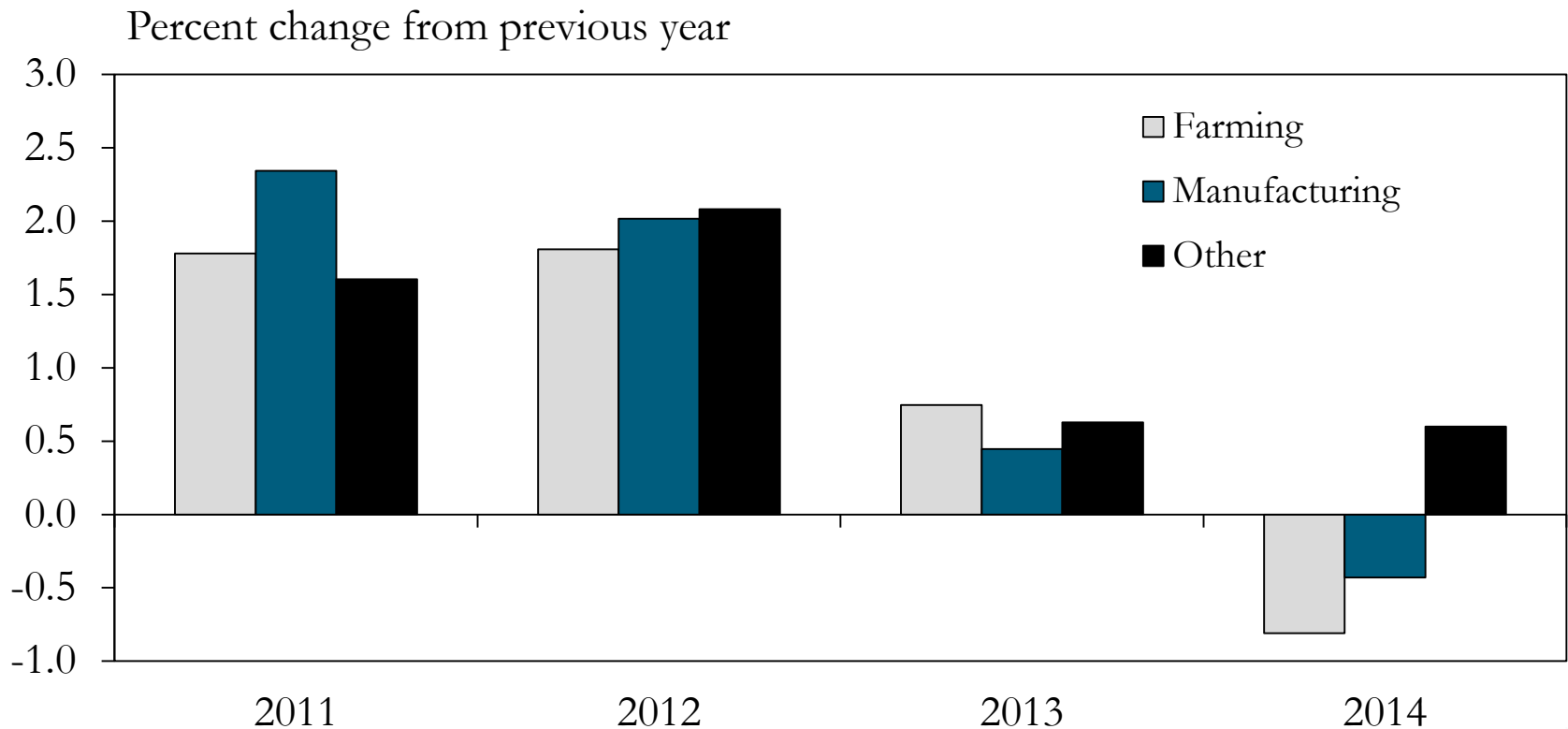


Source: Bureau of Labor Statistics, Local Area Unemployment Statistics



Employment growth across counties in Nebraska has diverged recently.

Nebraska Employment Growth by County Dependency



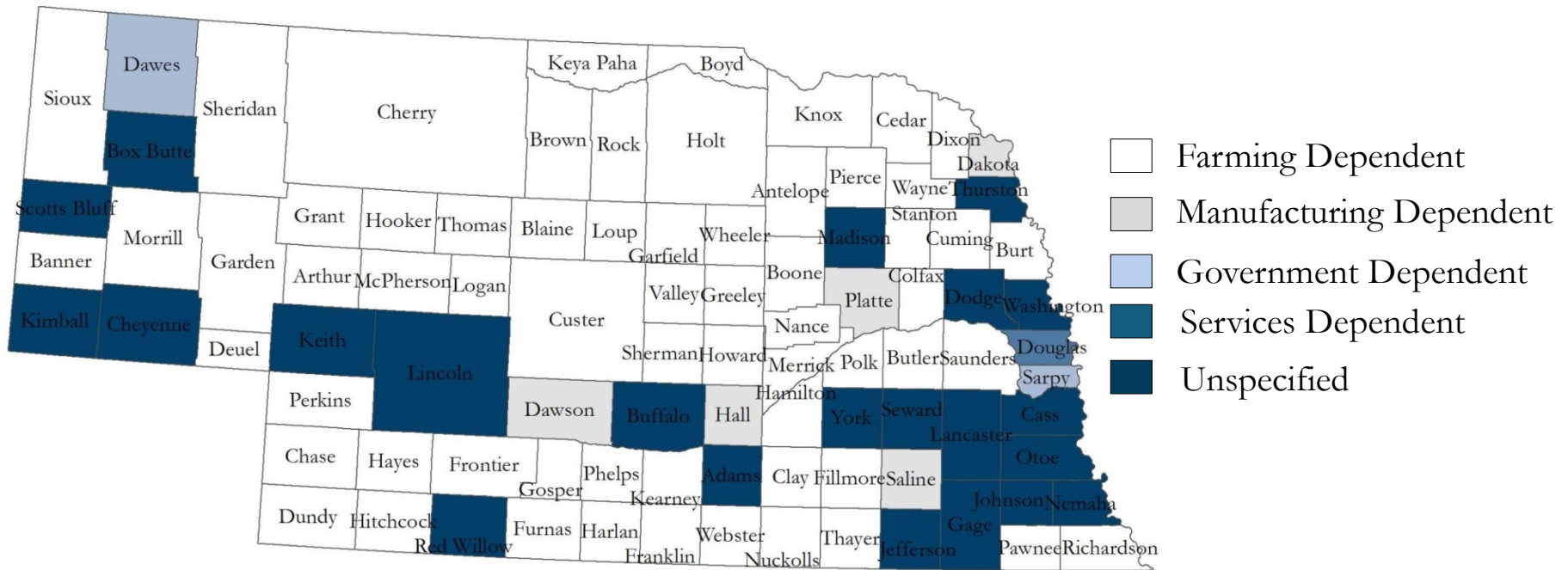
Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

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Farm-dependent and manufacturing-dependent counties are typically in rural areas.

Nebraska Counties by Economic Dependency



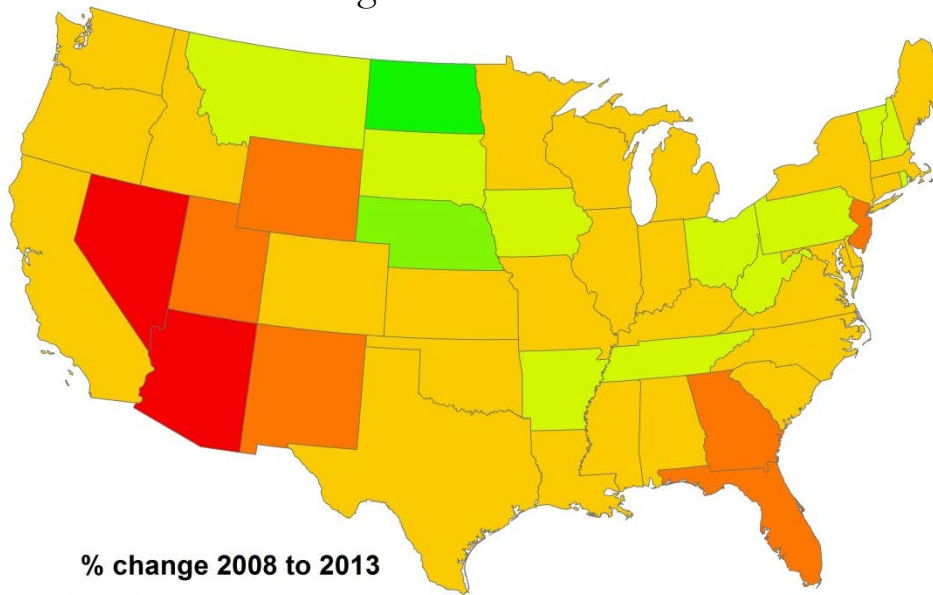
Source: USDA



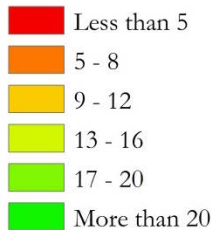
Income growth has slowed in areas more dependent on the farm economy.

Per Capita Personal Income

Change from 2008 to 2013

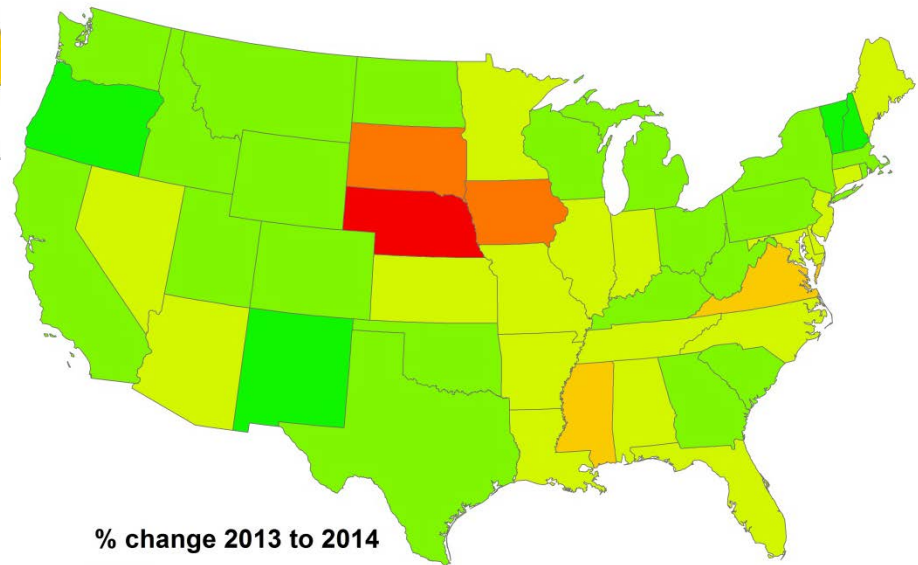


% change 2008 to 2013

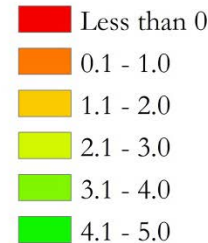


Per Capita Personal Income

Change from 2013 to 2014

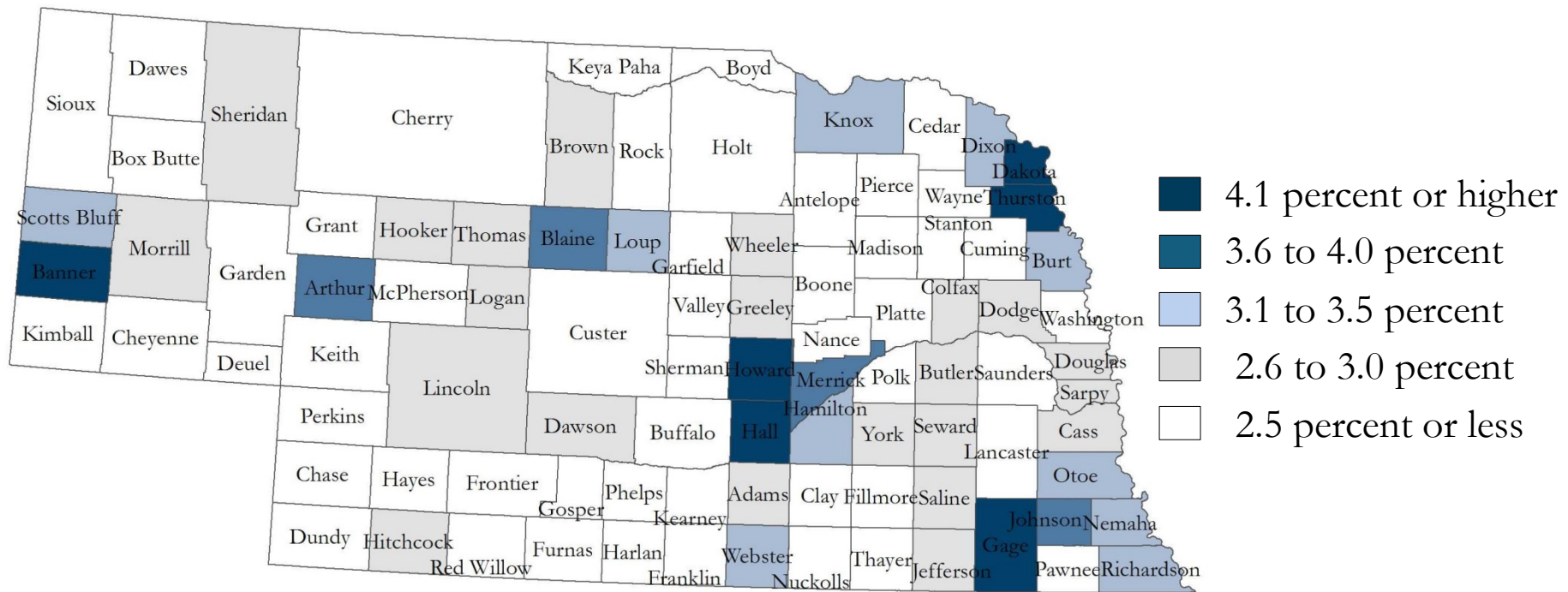


% change 2013 to 2014



By some measures, though,
rural Nebraska remains strong.

Nebraska Unemployment Rates January 2015



Source: Bureau of Labor Statistics



Concluding Thoughts

- Nebraska's economy has surpassed pre-recession marks by many measures.
- Many people, however, have not *felt* the recovery.
 - Slow wage growth
 - Less than full-time employment
 - Somewhat slow housing recovery
 - Transition in types of jobs available
- Changes in the farm economy have also driven many changes in Nebraska's economy since 2008, with some rural headwinds recently.



Questions?

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