FEDERAL RESERVE BANK OF KANSAS CITY / FALL 2024

TEN

Foreign-born Women

PLAY A KEY ROLE IN THE U.S. WORKFORCE

JACKSON HOLE SYMPOSIUM | HOUSING SERVICES INFLATION | CHARTING THE ECONOMY

FEDERAL RESERVE BANK OF KANSAS CITY / SPRING 2024

TEN

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Learn more about the Federal Reserve Bank of Kansas City and the Federal Reserve System at *KansasCityFed.org/aboutus*.

FEATURES

ON THE COVER» University of Nebraska-Lincoln professor Herita Akamah. *Photo by Gary Barber, design by Casey McKinley*

Data and performance of the economy should guide policy

(Kansas City Fed President and CEO Jeff Schmid delivered these remarks on Aug. 8, 2024, to members of the Kansas Bankers Association at the organization's annual meeting.)

It is exciting to see you once again. We were fortunate to host many of you in April at the Kansas City Fed for a workshop on the future of banking, which was also attended by Federal Reserve Governor Michelle Bowman. That event was a recognition of the importance of banking to the nation's economy, but even more so a recognition of the importance of banks to the Tenth District. I will say here that the banking industry as a whole in the Tenth District, and specifically in Kansas, is in sound condition as a result of your leadership.

Our District is home to a large number of banks, most of which are small community banks. An understanding of and connection with community banks has long been part of the Kansas City Fed's DNA. As a former community banker myself, I will continue this tradition.

Importance of community banking

Locally focused banks, with their unique understanding of the challenges and opportunities of their communities, play a key financial and civic role across the country, and particularly in the rural geographies that make up much of the Tenth District. In serving the public, the Fed has an interest in the health of community banks. This includes understanding the unique issues facing community banks and working to prevent such banks from being disadvantaged relative to other financial institutions.

For this reason, it is important that bank regulators and supervisors take a tailored approach to manage the unique risks posed by different institutions. Effective supervision and regulation should ensure that the hundreds of regional and community banks in the Tenth District are safe and sound. But supervisory and regulatory frameworks should also acknowledge that a one-size-fits-all approach can come with significant compliance costs and threaten the ability of community banks to supply credit and deposit services to rural households, agricultural producers, and small businesses.

It is also important that regulation not disadvantage smaller banks. Small banks already maintain, on average, higher capital ratios than larger, more systemic banks. However, large banks continue to enjoy implicit funding subsidies that convey an unfair competitive advantage. It is important that we continue efforts to level the playing field to enable effective competition between small banks and larger more systemic institutions. Overall, adequate

> "I WILL BE CAREFULLY WATCHING THE DATA AND GATHERING INFORMATION ON GROWTH, JOBS, AND INFLATION AS I JUDGE THE APPROPRIATE PATH FOR POLICY."
>
> – Jeff Schmid

capital is at the heart of the resilience of the banking system. Since the 2008 financial crisis, the system has become much better capitalized. However, given the importance of capital, we should always work to make sure that capital is commensurate to the risk, especially for larger systemic organizations.

The Fed also should be aware of the challenges that smaller institutions face, especially in the context of rapid technological change, which has implications for cost and accessibility. One important development here is the launch of FedNow, the Federal Reserve's new 24/7/365 payment rail. FedNow is the Fed's first major new payment rail in over 40 years and aims to bring instant payments technology to all financial institutions, no matter their size or location.

Our continued commitment to discount window lending modernization is also helpful in reducing risks related to bank funding. I applaud the progress we have made to improve banks' operational readiness regarding discount window access. But I also agree with Dallas Fed President Lorie Logan's recent remarks (at *DallasFed.org/news/speeches/logan*) that technological advancements and policy changes can further assist us in achieving our goal of making the discount window an effective liquidity risk management tool. Bankers also have a role to play and should prioritize their discount window readiness. A diversified funding stack is essential, and the discount window has a role to play.

Economic outlook and monetary policy

I would like to turn now to an update on the current state of the economy and the outlook for monetary policy. Next year will be my first rotation as a voting member on the Federal Open Market Committee (FOMC), which has responsibility for setting the Fed's policy interest rate target. With that responsibility comes a need for transparency. It is important that I explain how I view the economy and how that view informs my take on appropriate policy.

Of course, my view of the economy importantly is shaped by my connections and conversations with individuals in the Tenth District. The structure of the Fed, with 12 independent regional banks, was designed to collect views and information from across the country. This design, which has worked well for over 100 years, makes sure that the whole country has a voice in monetary policy. The vote on the FOMC is my responsibility, but it is not a decision I take in isolation.

It is helpful to review where we are now before turning to a more uncertain view of where we might be going. Following recent sharp movements in financial markets, it is important to stress that all discussions of monetary policy must be rooted in Congress's instruction that the Fed pursue a dual mandate of price stability and full employment. Of course, financial conditions can both reveal important information on the trajectory of the economy and can also spill over to impact the real economy. However, the Fed has to remain focused on achieving its dual mandate, and in recent years we have had our work cut out for us.

Price stability is defined as an inflation rate of 2%. Inflation at this pace is thought to be modest enough not to affect people's day-to-day decision making. The target is not zero so that the economy has some flexibility for relative prices to adjust over time. Since 2021, the Fed has been missing on this part of its mandate, with inflation peaking at a 40-year high in the middle of 2022. Accordingly, the Fed reacted, and quite strongly, increasing the policy interest rate 525 basis points over a short period of time and holding it there for the past year.

The inflation that we have seen over the past few years was caused by an imbalance in the economy, with demand for goods and services outpacing the economy's ability to supply those goods and services. In a market economy, when demand exceeds supply, prices go up.

By tightening monetary policy, the Fed's goal has been to slow the pace of demand growth to allow supply to catch up, closing the imbalance in the economy and relieving price pressure. Demand has eased and supply has increased, in part as pandemic-related disruptions to production cleared up. And inflation has come down, falling from over 7% at its peak to 2.5% by the middle of this year, much closer to our 2% objective. We are close, but we are still not quite there.

The most recent monthly price numbers have also been encouraging, with inflation easing across a wide cross section of goods and services. Given this data, I am more confident that inflation is on a path to return to our target. But the price data can be volatile, and it is standard practice to look at inflation over longer periods of time to smooth through the monthly ups and downs. Given the multi-decade shock to inflation that we have experienced, we should be looking for the worst in the data rather than the best.

In August, Jeff Schmid marked his first year as president and CEO of the Kansas City Fed. On Sept. 18, the Federal Open Market Committee voted to reduce the target range for the federal funds rate by 1/2 percentage point to 4.75-5%.

While traveling the Tenth District, President Jeff Schmid (left) was pictured with Michael Stevens, president and CEO of the Graduate School of Banking at Colorado.

The outlook only gets more uncertain from there. My view, as outlined earlier this year in remarks at the Kansas City Fed's Agricultural Economic Summit in Omaha, is that while the current stance of policy is restrictive, it is not that restrictive.

This view is based in part on the resilience of the economy and growth over the past two years even as interest rates climbed sharply higher. Of course, last week's employment report for July led many to question this resilience. But it is important to note that many other indicators point to continued strength. Real GDP increased over 3% last year, faster than any year but one in the decade prior to the pandemic, notwithstanding the low interest rates of that era. More recently, real GDP increased a further 2.75% in the second quarter, supported by the continued strength of consumer demand and solid investment spending, and while it is admittedly early, indicators for the third quarter show these trends continuing. Even more important, as I talk to contacts in the region, I continue to hear a general tone of optimism and resilience.

Returning to the labor market data for July. The rise in the unemployment rate to 4.3% has certainly refocused attention on the employment side of the Fed's mandate. Across many indicators, there has been a noticeable cooling of the labor market from the historically tight conditions of 2023 and 2022. But overall, the labor market still appears healthy.

At the Kansas City Fed, we combine information from 26 labor market indicators into what we call the KC Labor Market Conditions Indicator (or LMCI). Looking much broader than the unemployment rate alone, the labor market still appears to be quite strong by this measure.

This aligns with my discussions with district contacts, which generally acknowledge a cooling of the market but not a sense of widespread disruptions or declines. At this point, the cooling of the labor market can be viewed as a necessary condition for the easing of inflation that we have experienced. Imbalances in the labor market were a key factor keeping inflation high, and a looser market was needed to bring inflation down. However, this story could change if conditions were to weaken considerably more.

The path of policy will be determined by the data and the strength of the economy. With the tremendous shocks that the economy has endured so far this decade, I would not want to assume any particular path or endpoint for the policy rate. This is to say the data and the performance of the economy should guide policy rather than a presumption that we must return to some pre-pandemic perception of normal. I will be carefully watching the data and gathering information on growth, jobs, and inflation as I judge the appropriate path for policy.

Making a CONNECTION

In founding the Federal Reserve more than a century ago, Congress recognized the importance of connecting the nation's central bank to the Main Streets of America. The Federal Reserve Bank of Kansas City carries out this role through its president and its programs and activities throughout the Tenth District, and beyond. Here is a glimpse of the recent activities of Kansas City Fed leaders and staff.

KANSAS, MISSOURI and BEYOND »

Federal Reserve Governor Waller visits Kansas City
In July, Kansas City Fed President and CEO Jeff Schmid (right) hosted a visit by Federal Reserve Governor Christopher Waller. A public event at the Bank brought together bankers, chief financial officers and local leaders to hear Waller's insight on the economy.

Speaking with business leaders during visit to Tulsa
In early September, President Schmid spoke to community leaders in Tulsa, Oklahoma. Senior Vice President and Oklahoma Branch Executive Chad Wilkerson provided an economic update. Pictured with Schmid (from left): Gregory Graham, chairman and CEO of First National Bank & Trust in Broken Arrow; Matt Wilkinson, CEO of All Capital Bank in Tulsa and Dawne Stafford, CEO of Security Bank of Tulsa.

KANSAS, MISSOURI and BEYOND continued »

Kansas City Area Development Council meeting
Kansas City Fed President and CEO Jeff Schmid met with the Kansas City Area Development Council's (KCADC) board in August. He engaged with leaders who represent the economic interests of the two-state, 18-county Kansas City region. Schmid was pictured with (from left) KCADC Co-chair Ora Reynolds and Tim Cowden, KCADC's president and CEO.

Summer interns at the Bank get insight and career advice from the president
President Schmid spoke in August with about 20 members of the summer class of interns at the Bank. Schmid shared insight from his career path, spoke on the topic of leadership, and answered questions. He also announced the Bank's summer innovation group project winners.

Connecting with Bank directors during Kansas City event
In October during a gathering at the Kansas City Fed's head office, President Schmid was joined by Patrick Dujakovich, chair of the Bank's Kansas City Board of Directors, and Joanne Li, University of Nebraska-Omaha chancellor and a member of the Bank's Omaha Branch Board of Directors.

Hands-on learning about the aviation sector during visit to Colorado

As an activity during a visit to the Bank's Denver Branch and the surrounding area, President Schmid toured the headquarters of Denver-based Frontier Airlines. Pictured with Schmid in a flight simulator was Barry Biffle, the airline's CEO.

Conference on federal program providing credit access for small businesses

In August, the bank hosted a State Small Business Credit Initiative (SSBCI) conference along with the U.S. Treasury Department and the Federal Reserve Banks of Chicago, Dallas and St. Louis. President Schmid engaged with attendees, who included tribal government staff, bank leaders, Treasury staff and state officials. Pictured with Schmid (from left): Jeffery Stout, deputy chief program officer for Small Business and Community Investment and director of the SSBCI and Jeremy Hegle, Kansas City Fed assistant vice president and Community Affairs officer. Learn more about the SSBCI conference on page 15.

COLORADO,
NEW MEXICO,
WYOMING »

Discussion with the Hispano Chamber of Commerce in Albuquerque
Vice President and Denver Branch Executive Nick Sly participated in a roundtable discussion with the Hispano Chamber of Commerce in Albuquerque, sharing an economic update and answering questions from business owners and community members from the region.

Aurora Rotary Club luncheon conversation
A luncheon discussion with the Aurora, Colorado, Rotary Club in July provided an opportunity for Nick Sly to connect with members of the community. Sly gave a brief update on the economy and highlighted recent trends and data points.

New Mexico Amigos organization holds roundtable in Santa Fe
Nick Sly was invited to speak about the economy with members of the New Mexico Amigos in Santa Fe. The organization comprises civic, business, industrial and professional leaders who work to promote the state of New Mexico.

OKLAHOMA »

Wilkerson provides economic outlook at Tulsa Economic Forum

The Oklahoma City Branch hosted the Tulsa Economic Forum on Sept. 5. Chad Wilkerson, senior vice president and Oklahoma City Branch executive presented an economic outlook to the more than 200 community members in attendance.

Branch staff tours SouthernTech Aviation

Oklahoma City Branch staff members, along with Kansas City Fed Community Depository Institutions Advisory Council member and Citizens Bank & Trust Company of Ardmore Executive Vice President Jerold Phillips toured the new aviation center at SouthernTech in Ardmore. The tour was one of several outreach activities that branch staff conducted in the Ardmore community.

Latino Leadership Oklahoma City class visits Oklahoma City Branch

The Greater Oklahoma City Hispanic Chamber's Latino Leadership Oklahoma City Class XI recently visited the Oklahoma City Branch. Class members learned about the mission and purpose of the Federal Reserve through presentations focused on community development, bank supervision, public outreach and economic research.

Board of Directors meets in Scottsbluff and Gering

The Omaha Branch Board of Directors met for an offsite meeting in Scottsbluff and Gering, Nebraska, in August. Leaders from the Bank, including President Jeff Schmid and Senior Vice President and Omaha Branch Executive Nate Kauffman participated in the visit to western Nebraska. The meeting included tours of CS Precision Manufacturing and the Legacy of the Plains Museum. Through offsite meetings, directors and Kansas City Fed leadership gain a closer understanding of local and regional economic conditions via firsthand experiences and interactions.

Interacting with students at Chadron State symposium

Nate Kauffman spoke with two students after a symposium hosted by the Business Academy at Chadron State College in Chadron, Nebraska, in August. During the program, Kauffman provided an overview of the Federal Reserve, answered questions about current economic trends and encouraged students to think about future career opportunities.

Summer campers learn about economics

Students participating in the Exploring Economics Summer Camp hosted by the University of Nebraska at Omaha's College of Business Administration CBA Prep Academy visited the Omaha Branch in July. Associate economists Ty Kreitman and John McCoy talked about their career paths and how they use economics every day.

Sharing regional insight at economic forum

Nate Kauffman shared an update on the regional economy in August during the Scottsbluff/Gering Economic Forum hosted by the Omaha Branch.

kcFED SOCIAL SEEN

Social media highlights of our engagement across the region.

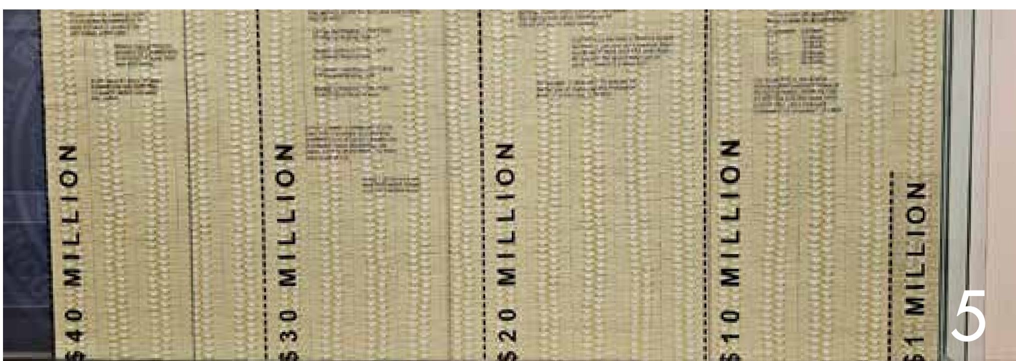
1 **MELISSA G.** The SSBCI Midwest Regional Conference was hosted by the U.S. Department of the Treasury at the beautiful Federal Reserve Bank of Kansas City. James A. Reiff, Michelle Johnson and I represented Nebraska Enterprise Fund and met wonderful people working to improve the business environments in our respective states and Tribal Governments.

2 **KANSASCITYFED** Educators heard from HR and career professionals at our recent professional development workshop on Equipping Students for Careers of the Future. Attendees also learned about in-demand careers such as AI, fintech, and the gig economy. #FederalReserve #TeacherTips #KCteachers #EconTeacher

3 **KANSASCITYFED** What makes the Kansas City Fed a great place to be? Our people! Take Stacee Martin for example. In addition to her full-time career in Public Affairs at our Denver Branch, she also serves as a volunteer firefighter/EMT. #Denver #KCFedLife #CommunityService

4 **CORTNEY COWLEY** At the Federal Reserve Bank of Kansas City, our Board members ensure broad and diverse views from the public are a part of the central bank's monetary policy deliberations. Brady Sidwell from Sidwell Strategies brings a unique combination of farming, business, marketing, and entrepreneurial expertise to the table.

5 **@MATTHEW_VIDAS22** The Money Museum is located in the Federal Reserve Bank of Kansas City, MO. The Harry Truman coin collection is impressive. #moneymuseum #FederalReserve #harrytrumancoincollection.



GET SOCIAL» *Find us on Instagram, LinkedIn, X (formerly Twitter), Threads and YouTube to follow Kansas City Fed activities, share your photos and post feedback.*

Notes from around the Tenth District

Reserve Bank appoints Kansas City regional executive

The Kansas City Fed has announced the appointment of Jeremy Hill as assistant vice president and regional executive.

Hill joined the Bank in July after serving as director of the Center for Economic Development and Business Research at Wichita State University since 2009. At the Kansas City Fed, Hill is based at the Bank's head office in Kansas City and serves in a new role for the Bank, as regional economist for Kansas and Missouri. He leads regional research initiatives regarding key industries and community issues across both states' economies. He also coordinates strategic outreach initiatives to enhance the Bank's connections throughout the two states.

In the announcement of Hill's appointment, the Bank said that his work, alongside the branch executives and Regional Affairs teams from the Kansas City Fed's Denver, Oklahoma City, and Omaha branches, "will continue to build the Bank's reputation as a trusted source of research and insight and promote understanding of complex financial issues within the region and across the nation."

At Wichita State, Hill's work included engagement with a variety of stakeholders, including economic developers, civic leaders and business officials on a wide range of economic issues affecting Kansas.

Hill's work at Wichita State included creating and managing indexes, developing forecasts, and leading outreach events with a diverse set of participants.

Before 2009, Hill served in roles of increasing responsibility at the Coastal Rivers Water Planning & Policy Center and the Bureau of Business Research and Economic Development, both in Statesboro, Georgia.

Hill holds a bachelor's degree in Business Administration and a master's degree in Public Administration, both from Georgia Southern University.

Jeremy Hill, Photo by Gary Barber

As the regional headquarters of the nation's central bank, the Kansas City Fed and its branch offices in Denver, Oklahoma City and Omaha serve the seven states of the Tenth District: Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico and western Missouri.

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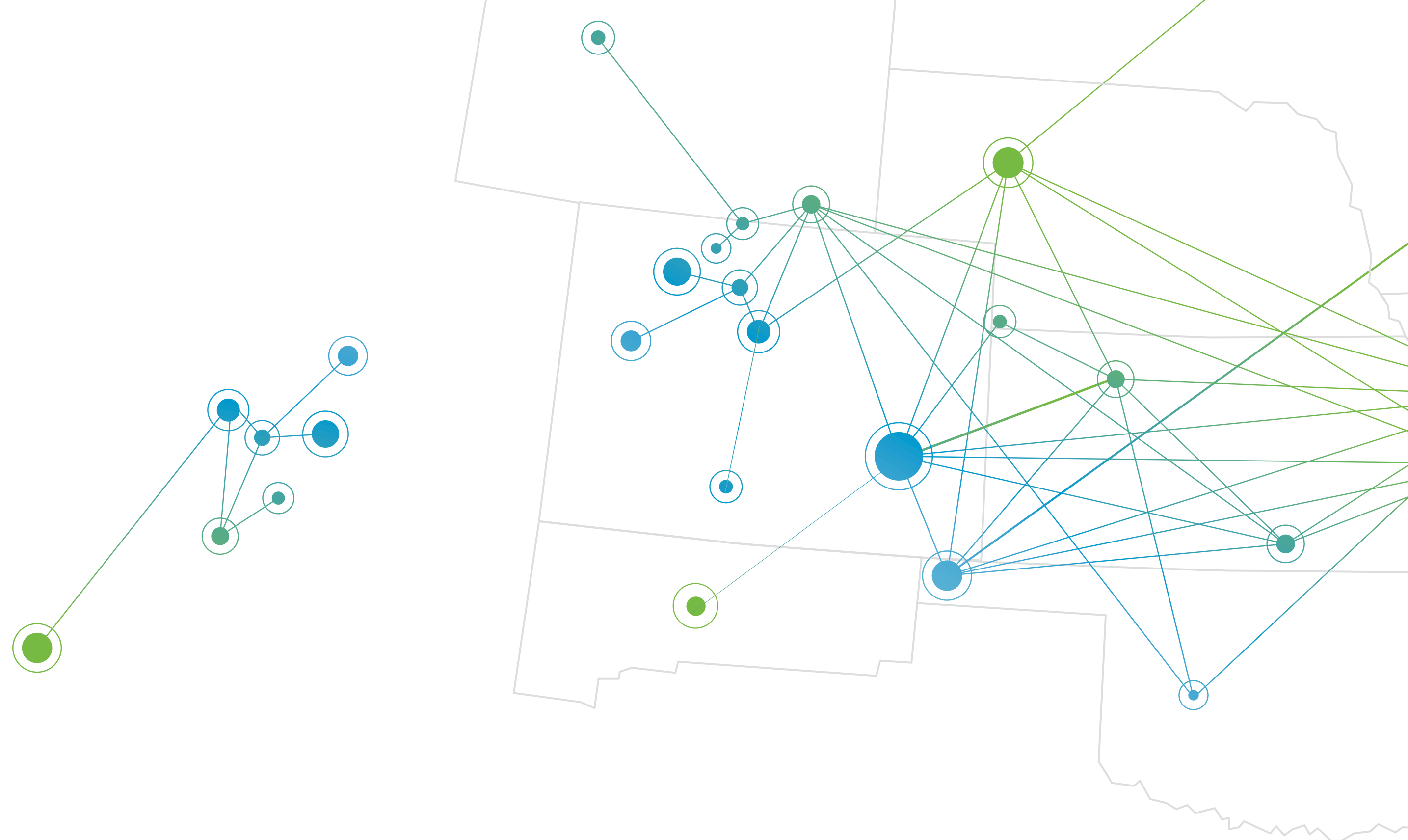
FURTHER RESOURCES
Learn more about the Bank's leaders at *KansascityFed.org/about-us/leadership*.



Capacity grants support digital access in Tenth District and beyond

A new infusion of funds will support communities nationwide with digital access, tools and training. In April, the National Telecommunications and Information Administration (NTIA), part of the U.S. Department of Commerce, announced about $811 million in digital equity funding for states, territories and Native entities.

This funding is the second of three rounds of funding included in the $2.75 billion Digital Equity Act, a bipartisan infrastructure law designed to ensure affordable home broadband access, along with the skills and devices needed to participate in today's digital economy.

The Kansas City Fed has led national efforts to help states and other entities develop programs to expand broadband services in their areas. States in the Tenth Federal Reserve District are expected to receive more than $66 million in capacity grants.

In 2022, the NTIA began awarding $60 million to states and territories to develop their digital equity plans. Program guidelines required significant community engagement to ensure that plans were well-informed by communities. To support this process, in 2022-2023 the Kansas City Fed led a national effort to host two-day workshops for the state employees tasked with developing the digital equity plans.

Since then, all 50 states, the District of Columbia and Puerto Rico have submitted digital equity plans to the NTIA. Each plan is available for review at *broadbandusa.ntia.gov*.

Photo by Getty Images

FURTHER RESOURCES
For updates on the Bank's digital inclusion work, go to *KansasCityFed.org/community/digital-divide*.

New small business lending declines as credit standards continue to tighten

According to the September 2024 release of a Kansas City Fed survey, new small business lending decreased by 9% in the second quarter when compared with the same period in 2023 and 2% when compared with the previous quarter.

Although new lending decreased, outstanding loan balances increased by 4.3% when compared with the same period in 2023. Interest rates for variable-term loans increased, while rates on lines of credit offered at urban and rural banks began to converge.

With more than $75 billion in small business loans reported, the 179 survey respondents reported credit standards tightened for the eleventh consecutive quarter and credit quality decreased. Credit line usage among all bank sizes continued to increase, citing changes in borrowers' business revenue or other business-specific conditions. Loan demand decreased for the ninth consecutive quarter, and loan application approval rates decreased among all bank sizes.

When compared with the second quarter of 2023, small business loan balances increased by 4.3%, commercial and industrial loans decreased by 3.4%, and total loans decreased by 0.8%. The year-over-year increase in small business loans was composed of increases in loans at large and midsized banks, while small banks reported decreases. Quarter-over-quarter, all loan categories remained relatively stable.

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FURTHER RESOURCES

Go to *KansasCityFed.org/banking* to learn more about small business lending trends and see timely data and analytics on banking conditions overall.

Tenth District energy activity declined further, survey shows

The Kansas City Fed's Energy Survey for the third quarter of 2024 revealed that Tenth District's energy activity declined further, as indicated by firms contacted between Sept. 16 and Sept. 30.

The quarter-over-quarter drilling and business activity index was largely unchanged, at -14, compared with -13 in the previous quarter. Employment levels grew moderately, with an index reading of 19, even as revenue and profits declined further.

Drilling activity also remained down compared with the third quarter of 2023, with the year-over-year drilling and business activity index ticking down from -25 to -29. Annual revenue decreased substantially at a reading of -42. Employment levels continued increasing from year-ago levels, but employee hours fell. Capital expenditures continued to decrease moderately, but access to credit remained positive.

Activity is expected to be slightly negative in the next six months, with the six-month drilling expectations index falling from 21 in second quarter of 2024 to -3 in the third quarter.

The quarterly Energy Survey provides information on current and expected activity among energy firms in the Tenth District, which comprises the western third of Missouri; all of Kansas, Colorado, Nebraska, Oklahoma and Wyoming; and the northern half of New Mexico. The survey monitors oil and gas-related firms located in or headquartered in the Tenth District, with results based on total firm activity.

Survey results reveal changes in several indicators of energy activity, including drilling, capital spending, and employment. Firms also indicate projections for oil and gas prices. All results are diffusion indexes—the percentage of firms indicating increases minus the percentage of firms indicating decreases.

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FURTHER RESOURCES

Go to *KansasCityFed.org/surveys/energy-survey* for the full report on the latest Energy Survey, results from previous surveys and release dates for future surveys.

Treasury Department official Lisa Dargis and Kansas City Fed Senior Community Development Advisor Ariel Cisneros participated in the State Small Business Credit Initiative conference in August. Photo by Gary Barber

Federal Reserve, partners helping meet credit needs of small businesses

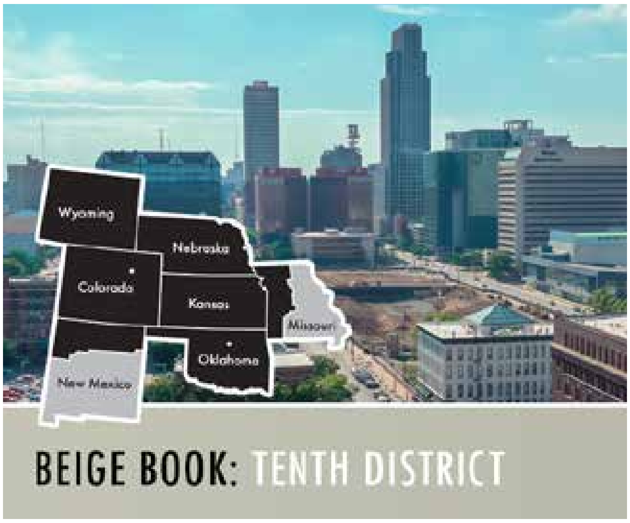
In August the Kansas City Fed, the U.S. Treasury Department and the Reserve Banks of St. Louis, Chicago and Dallas hosted a two-day Midwest conference focused on the State Small Business Credit Initiative (SSBCI).

The conference, held at the Bank's head office, brought together regional commercial banks, state economic development officials, small business owners and tribal representatives to help participants better understand SSBCI and how the federal program provides capital and technical assistance to support small business development and entrepreneurship in communities across the country. Reserve Banks have been working with the Treasury Department to conduct regional conferences focused on the program. For example, in the Tenth District, the 2024 SSBCI Tribal Government Summit, was held in June in Santa Ana Pueblo, New Mexico, hosted by the Kansas City Fed, the Federal Reserve Bank of San Francisco and the Treasury Department.

Funding for the program originally was authorized by Congress in 2010 and was expanded as part of the 2020 American Rescue Plan Act. Today the program provides nearly $10 billion to states, territories and tribal governments to tailor programs that offer funding to small businesses and entrepreneurs through programs for equity and venture capital; loan participation; loan guarantees; collateral support and capital access. Of the $10 billion, up to $500 million is allocated for tribal nations.

For small businesses, the SSBCI plays a vital role in unlocking much-needed assistance and access to funding. Also, the SSBCI closely aligns with the Community Reinvestment Act's goals for financial institutions to meet the credit needs of all communities, particularly those who may be economically disadvantaged.

FURTHER RESOURCES
Learn more about the Bank's community development work at *KansasCityFed.org/community.*



Relatively stable activity in the District

Economic activity in the Tenth Federal Reserve District remained stable, according to the Fed's Beige Book summary released in September. Consumer spending continued to expand at a moderate pace, but growth in other business and manufacturing activity was more subdued.

Beige Book reports, based on comments from contacts across several industries and economic sectors, are made available to the public eight times a year. See the most recent Tenth District summaries and sign up to receive alerts at *KansasCityFed.org/surveys/beige-book*.

Employment levels were mostly unchanged. Many contacts indicated that they recently reduced hiring activity relative to their plans at the beginning of the year, indicating expectations for slower job gains through the remainder of the year. Wage growth remained modest as more contacts reported that they were less willing to compete on compensation amid a greater availability of high-quality applicants.

Skilled workers in the trades were a notable exception; demand for workers remained strong regardless of experience. Wages continued to grow at a modest pace over the last month. More business contacts reported unwillingness to compete on wages for new hires or for retaining employees, reflecting the greater availability of workers.

Bank Anniversaries

The following banks in the Tenth Federal Reserve District are celebrating one, five, 10, 20 or more years as Federal Reserve members in October, November and December.

Bank of Versailles	Versailles	Mo.	105
Grant City Bank	Medford	Okla.	84
Stock Exchange Bank	Caldwell	Kan.	84
Fidelity State Bank & Trust Company	Dodge City	Kan.	81
Farmers State Bank	Pine Bluffs	Wyo.	58
Bankers Bank of the West	Denver	Colo.	44
Citizens State Bank & Trust Company	Ellsworth	Kan.	44
Citizens State Bank & Trust Company of Ardmore	Ardmore	Okla.	33
Ameristate Bank	Atoka	Okla.	28
Bank of Western Oklahoma	Elk City	Okla.	26
Farmers State Bank	Phillipsburg	Kan.	26
Bank of Elgin	Elgin	Neb.	25
Local Bank	Hulbert	Okla.	25
First American State Bank	Greenwood Village	Okla.	25
Farmers Bank	Ault	Colo.	23
First State Bank Nebraska	Lincoln	Neb.	20
First Bank of Bancroft	Bancroft	Neb.	10
Kaw Valley State Bank & Trust	Wamego	Kan.	10

Bank wins 'Beigie' for childcare cost study

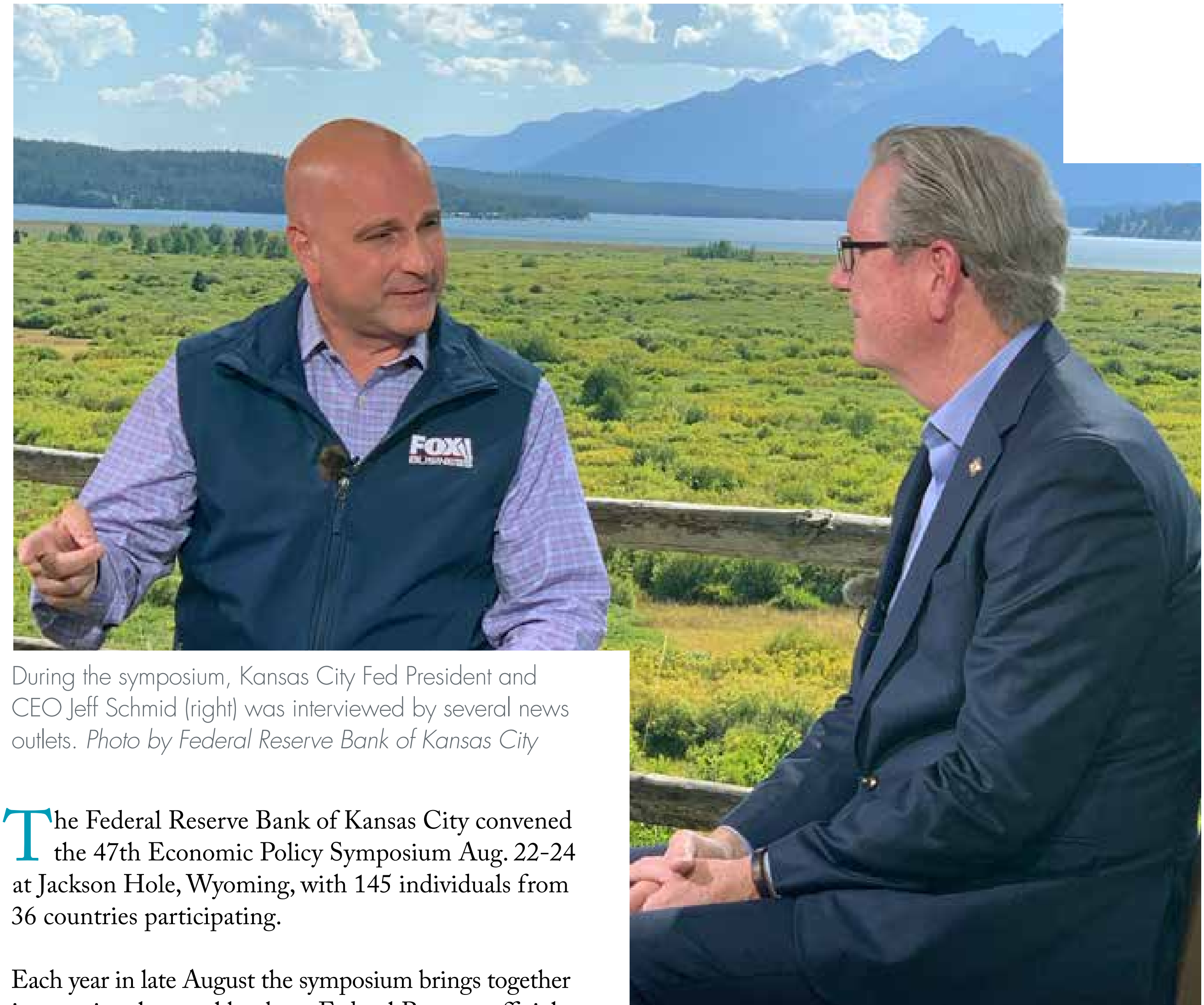
Recently the Kansas City Fed was recognized with the National Public Radio (NPR) "Beigie Award" for its research into the escalating costs of childcare, particularly how insurance expenses are driving increases. NPR's "Planet Money" program presents the Beigie to intriguing reports from the Federal Reserve's Beige Book, and the Kansas City Fed's analysis stood out.

The award was presented to Senior Researcher Steven Howland in the Bank's Community Affairs department, who was interviewed on Planet Money about his analysis of the Beige Book information. The audio and transcript of the interview are available at *npr.org/transcripts/1197967900*. Learn more at *KansasCityFed.org/community/community-connections*.

REASSESSING THE EFFECTIVENESS AND

TRANSMISSION OF MONETARY POLICY

JACKSON HOLE ECONOMIC POLICY SYMPOSIUM



During the symposium, Kansas City Fed President and CEO Jeff Schmid (right) was interviewed by several news outlets. *Photo by Federal Reserve Bank of Kansas City*

The Federal Reserve Bank of Kansas City convened the 47th Economic Policy Symposium Aug. 22-24 at Jackson Hole, Wyoming, with 145 individuals from 36 countries participating.

Each year in late August the symposium brings together international central bankers, Federal Reserve officials, other policymakers and academics to discuss issues of mutual concern. The symposium is one of the longest-standing central banking conferences in the world. The 2024 event, under the theme "Reassessing the Effectiveness and Transmission of Monetary Policy," explored lessons learned from monetary policy responses to the COVID-19 pandemic and the subsequent surge in inflation.

Some of the most forceful monetary policy actions on record have occurred during the 2020s. First, central banks worldwide adopted historically accommodative policy to offset the pandemic shock. Then, as inflation surged to multi-decade highs, monetary policymakers responded with one of the most rapid tightening cycles on record.

Although outcomes have varied across economies, inflation has eased even as growth has remained surprisingly resilient. The resilience of growth through this period has raised questions about the transmission of monetary policy and the lessons to be learned from this extraordinary episode.

Kansas City Fed's president

The 2024 symposium was the second of Jeff Schmid's tenure as president and CEO of the Federal Reserve Bank of Kansas City. Schmid joined the Bank in August 2023. At the 2024 symposium, he welcomed attendees at a dinner on the first evening. Earlier in Jackson Hole, in a media interview, he shared some of his views on the path forward for U.S. monetary policy.

"We've got some data sets to come in before September," Schmid said in an interview on Aug. 22 with CNBC in reference to the Fed's September policy meeting. "It bears looking harder at it, I'm going to let the data show where we lead...I would agree with several of my colleagues that you probably want to act maybe before (inflation) gets to two (percent) but that sustainability to two I think is really important."

> "WITH AN APPROPRIATE DIALING BACK OF POLICY RESTRAINT, THERE IS GOOD REASON TO THINK THAT THE ECONOMY WILL GET BACK TO 2% INFLATION WHILE MAINTAINING A STRONG LABOR MARKET."
>
> — Federal Reserve Chair Jerome Powell

Powell on rate cuts: 'The time has come'

Chair Jerome Powell was among many Federal Reserve leaders in Jackson Hole. In a widely watched speech on Aug. 23, Powell signaled that the central bank could soon adjust its monetary policy by cutting interest rates.

"Overall, the economy continues to grow at a solid pace," Powell said. "But the inflation and labor market data show an evolving situation. The upside risks to inflation have diminished. And the downside risks to employment have increased. As we highlighted in our last FOMC (Federal Open Market Committee)

Federal Reserve Chair Jerome Powell (left) walked the symposium grounds with (from left) Bank of Canada Governor Tiff Macklem and Bank of England Governor Andrew Bailey. *Photo by Federal Reserve Bank of Kansas City*

In a tradition started by former Kansas City Fed president Esther George, women participating in the symposium gathered for a Women of Jackson Hole photo. *Photo by Federal Reserve Bank of Kansas City*

statement, we are attentive to the risks to both sides of our dual mandate. The time has come for policy to adjust. The direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook, and the balance of risks."

Powell added: "We will do everything we can to support a strong labor market as we make further progress toward price stability. With an appropriate dialing back of policy restraint, there is good reason to think that the economy will get back to 2% inflation while maintaining a strong labor market."

A full transcript of Powell's remarks is posted at *FederalReserve.gov/newsevents/speeches.htm,* and a video of the speech is available at *YouTube.com/KansasCityFed.*

About the symposium

Since 1978, the Federal Reserve Bank of Kansas City has sponsored a symposium on an important economic issue facing the U.S. and world economies. The goal of the symposium is to provide a vehicle for promoting public discussion and exchanging ideas. Beginning in 1982, the symposium has been hosted at the Jackson Lake Lodge at Grand Teton National Park in Wyoming—one of the seven states served by the Tenth Federal Reserve District. Throughout the event's history in Jackson Hole, attendees from 70 countries have gathered to share their diverse perspectives and experiences.

As the regional headquarters of the nation's central bank, the Kansas City Fed and its branch offices in Denver, Oklahoma City and Omaha serve the seven states of the Tenth District: Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico and western Missouri.

FURTHER RESOURCES

See research papers, presentations and related material from the 2024 Economic Policy Symposium at *KansasCityFed.org/research.* Access the free book, "In Late August," a history of the symposium, at *KansasCityFed.org/about-us/historical-publications.*

Why housing services inflation may decline only gradually

Although the inflation rate for housing services has declined from its peak in early 2023, the price of housing services continues to rise briskly. According to the official measure of housing services inflation, reported by the Bureau of Economic Analysis (BEA), annualized inflation for housing services declined from 9.0% in early 2023 to 5.5% by April 2024. Even so, the housing inflation rate remains about 2 percentage points above its 2019 level.

These are among the topics examined in a June 2024 *Economic Bulletin* by Senior Economist Jordan Rappaport. The full article is available to read, download and share at *KansasCityFed.org/research*.

Which dynamics have contributed to the slowing decline in housing service inflation?

Multiple sectoral factors are likely slowing the decline in housing services inflation. One is that home construction never fully recovered from the Great Recession, meaning the supply of housing was already low going into the pandemic. Even after steadily climbing for more than a decade, the rate of single-family construction in late 2019 remained 25 percent below its 1998 level, equivalent to adding 300,000 fewer units per year. Relative to the number of U.S. households, single-family construction in late 2019 was even further below its 1998 level. As a result, the number of occupied single-family homes in 2019 was more than 3 million below what its demographic trend in the early 2000s would imply.

Another reason that housing services inflation likely will decline only gradually is that even vigorous construction can only slowly increase the nation's housing stock.

Since the onset of the pandemic, single-family and multifamily home construction have surged. However, the surge has allowed housing services consumption to increase by only 7% from its level in late 2019. For comparison, the consumption of goods increased by more than 18% over the same period.

How have mortgage rates been a factor for homeowners?

There was a sharp increase in mortgage rates during 2022, meaning that most owners with a mortgage would have faced a considerable increase in their monthly payment if they were to sell their current home and purchase another at a similar price. The resulting interest rate "lock-in" is significantly depressing the number of homes for sale. Mortgage interest rates hovered near historical lows during 2020 and 2021, inducing a large share of homeowners to refinance their mortgages. Since the start of 2022, however, the benchmark mortgage rate on a conventional mortgage has moved up by more than 4 percentage points. Among borrowers with a government-guaranteed mortgage, 69% would face a more than 3 percentage point increase in their mortgage rate if they were to purchase a different home today, while 83% would face an increase of more than 2 percentage points. For comparison, hardly any borrowers faced an increase of more than 2 percentage points over the two decades prior to 2022. Unsurprisingly, the extreme degree of mortgage lock-in is dissuading many homeowners from selling.

How has the rental market been affected by these trends?

High monthly payments have displaced many potential first-time home buyers into the rental market, representing another reason that home services inflation is likely to decline only gradually. Although the inflation rate for rents also has been high over the last few years, it has cumulatively increased by far less than monthly mortgage payments. Rents on single-family homes have increased by about 40% since late 2019; those on multifamily units have increased by about 25%. This large gap between the increase in mortgage payments and the increase in rents likely will take many years to unwind, keeping strong upward pressure on rents. Indeed, continuing elevated rent inflation will play a significant role in closing the gap.

Why are these trends important for the overall economy?

The pace of the decline in home services inflation has implications for headline inflation, as housing services is one of the largest components of the price index for personal consumption expenditures (PCE). Specifically, the gradual decline in home services inflation is likely to slow the return of topline PCE inflation to the Federal Open Market Committee's target rate of 2%. As topline inflation was running below target before the pandemic, housing services inflation need not decline all the way to its pre-pandemic level for topline inflation to hit 2%. However, housing services inflation does need to significantly dissipate, which will take time.

(Left page) Jordan Rappaport. *Photo by Gary Barber*

FURTHER RESOURCES
To read and download the full *Economic Bulletin*, visit *KansasCityFed.org/research or scan the QR code.*

RESEARCH SNAPSHOTS

Workforce shifts, cash holdings, home equity

Here are summaries of recent economic research published by the Federal Reserve Bank of Kansas City. Go to *KansasCityFed.org/research* to read the full articles and follow the latest analysis in *Charting the Economy*, a stream of timely economic data curated by the Bank's research staff.

Young workers fuel recovery in jobs requiring a high school diploma or less

The labor force of individuals with a high school diploma or less has surpassed pre-pandemic levels, mainly because of an increase in the number of young workers. However, this shift toward younger workers could affect both the current and future productive capacity of the economy. Young workers lack experience and work fewer hours, which could lead to productivity losses in the short term. More concerningly, some young people appear to be foregoing education to work, which may hurt their future labor market prospects. The U.S. Bureau of Labor Statistics forecasts that over the next 10 years employment growth will be concentrated in jobs where the typical entry-level education is a post-secondary credential, while growth in jobs requiring no post-secondary credential is expected to stagnate. This dynamic could create a mismatch between the educational attainment of the workforce and that needed for available jobs, which in turn could lead to higher unemployment for those with a high school diploma or less and labor shortages for employers.

—Emily Pollard, June 2024 Economic Bulletin

Should I stay or should I go? Interstate mobility and earnings gains of young college graduates

Lower earnings gains and higher initial debt help explain why young college graduates are less likely to move across state lines. In the late 1990s, nearly 7% of young college graduates moved across state lines every year. These workers enjoyed 30% higher earnings three years after moving relative to similar stayers, but their gains were not immediate, amounting to only 7% in the first year post-move. By the mid-2010s, mobility fell by more than half, and average earnings gains among movers fell and became more front-loaded. At the same time, debt increased among all young college graduates. A Kansas City Fed study found that lower potential gains account for most of the decline in mobility across periods, but that the lower initial wealth of young college graduates also reduced their mobility. The wealth effect on mobility is especially strong for poor individuals, so wealth changes generate an endogenous increase in income inequality later in the life cycle. Consistently, tax-financed debt forgiveness policies generate higher mobility and earnings growth for low-wealth individuals and are, on average, welfare-increasing.

—Andrew Glover and José Mustre-del-Río, September 2024 Research Working Paper

Are companies hoarding cash in the post-pandemic era?

Business cash holdings have soared since the onset of the COVID-19 pandemic amid surging fiscal spending, a growing Federal Reserve balance sheet, and rising economic uncertainty. As a result, cash holdings relative to GDP remain substantially higher than pre-pandemic levels for both large corporate firms and smaller, non-corporate firms. This has raised concerns that firms are "hoarding" cash beyond what is needed for economic use. To investigate this claim, the Kansas City Fed examined the determinants of cash holdings at public firms pre- and post-pandemic. We find that despite significant structural changes in the economy, firms' cash allocation incentives are mostly unchanged. Investment opportunities and profitability best explain the distribution of cash across firms today, followed by precautionary motives.

—Karlye Dilts Stedman, W. Blake Marsh and Phillip An, June 2024 Economic Bulletin

Photos (left and above) by Getty Images

More households are tapping into their home equity

Home values appreciated rapidly in recent years. For non-homeowners, the recent surge in housing prices exacerbated housing affordability concerns. For existing homeowners, appreciation in home values raised homeowners' equity levels. Many homeowners recently tapped into their newly found equity using home equity lines of credit (HELOCs), reversing years of broad-based declines in the use of that credit instrument. Research by the Kansas City Fed shows that the use of HELOCs has been much more prevalent in states where home values appreciated most quickly, including several Rocky Mountain states. Households that recently opened a new HELOC typically used some of the funds to reduce credit card debt and other personal debt, though debt consolidation does not appear to be the main use of funds from HELOCs.

—Bethany Greene and Nicholas Sly, July 2024 Rocky Mountain Economist

A method for estimating the price of stablecoin insurance

As crypto assets such as stablecoins have gained traction in recent years, they also have raised financial stability concerns. Stablecoins have been subject to collapses, which essentially are bank runs: Coin-holders lose confidence and race to withdraw cash before it runs out. At banks, this risk is mitigated through deposit insurance, a third-party guarantee to cover the depositor's losses should the bank collapse. However, stablecoins are not federally insured. A study by the Kansas City Fed shows that the potential price of insuring stablecoins can be estimated using standard option pricing methods as applied to bank deposit insurance. These estimates vary substantially among stablecoin issuers and across time. Understanding the estimates could be useful to policymakers in evaluating proposals for stablecoin insurance or as a reference point from which to assess possible alternatives.

—Stefan Jacewitz and Chris Acker, June 2024 Economic Review

Why are multifamily property prices falling?

Multifamily property prices climbed to record levels in recent years amid low interest rates and surging housing demand. More recently, prices have retreated in the face of higher interest rates, slower rent growth, elevated operating expenses, and increased delivery of new units available for rent. However, the deterioration in these fundamentals does not fully explain recent property price declines. On one hand, price declines may reflect investor concerns that recent deteriorations in cash flows will persist beyond the near term. On the other hand, these declines may simply reflect an unwinding of the investor optimism that pushed valuations up between 2020 and 2021, especially given the tightening of financial conditions over the past year and the extent of loan maturities looming over the coming year.

—Matt Hanauer, W. Blake Marsh and Nicholas Sly, September 2024 Economic Bulletin

Considerations for the longer-run maturity composition of the Federal Reserve's Treasury portfolio

The Federal Reserve's Treasury portfolio is weighted toward long-duration assets, reflecting large-scale asset purchases deployed after the financial crisis and again during the pandemic. Given the likely size of the Fed's longer-run Treasury portfolio, its allocation across maturity can have important implications for interest rates as well as the broader financial system. In the longer run, policymakers may prefer to return to a shorter-duration Treasury portfolio like the Fed maintained before 2008. However, the exact composition of the portfolio will depend on how policymakers balance competing considerations: policy space, interest rate risk, market neutrality, and safe-asset provision.

—Rajdeep Sengupta and A. Lee Smith, August 2024 Economic Bulletin

<< Photos (left and above) by Getty Images

Harvesting the wind: Oklahoma's strong electricity growth has few agricultural tradeoffs

Oklahoma has long been known for its oil and gas production. But in recent decades, the state's electricity generation has increased principally from gains in wind energy. The Kansas City Fed examined where electricity is generated within the state, its effect on agricultural land, and what might lie ahead. Among the findings: While the state has added substantial wind energy production, that has had a muted impact on land use. Moreover, wind capacity additions are slated at a slower pace in coming years, indicating that wind energy production is unlikely to spur future changes to the state's agricultural landscape.

—Cortney Cowley and Chase Farha, August 2024 Oklahoma Economist

Manufacturing has been a source of strength for Nebraska's economy

In contrast to the nation as a whole, goods-producing industries have accounted for much of the recent economic growth in Nebraska. Persistent demand growth for food, alongside construction, have been significant drivers of growth, both recently and longer-term. Moreover, a concentration in manufacturing has generally been a source of strength for Nebraska's economy, particularly in rural areas.

—Nate Kauffman and John McCoy, July 2024 Nebraska Economist

Foreign-born Women

PLAY A KEY ROLE IN THE U.S. WORKFORCE

by ANDREA GALLAGHER

Herita Akamah, a native of Cameroon, is a professor of accounting at the University of Nebraska-Lincoln.
Photo by Gary Barber

Herita Akamah moved to the United States from Cameroon in 2005 when she was 21 years old. The main reason was to attend graduate school, which would then enable her to have a career that would provide for herself and her family.

"My parents have always made it clear that education, the highest level of education, is the key to my financial stability and consequently well-being," she said. "We lived in extreme frugality just so that we could go to school. My parents sponsored me up to my B.A. and then I moved to the United States, as the next logical step was my master's."

She ended up achieving that and more, but it wasn't easy. She had to overcome many obstacles on her quest for a master's degree, including the various grading systems that come into play when people move from one country to another.

"I could not get an assistantship right away because the school was unsure about how my academic performance in a foreign university would translate to an American university," she explained. "Grading systems differ widely across countries but thankfully, I was able to prove myself and was then able to get the assistantship."

Akamah is now a tenured professor of accounting at the University of Nebraska-Lincoln. She and many other foreign-born women across the country are making an impact in the American workforce. The topic was examined this year in Kansas City Fed research by Senior Economist Didem Tüzemen and Associate Economist Emily Pollard. Their April *Economic Bulletin*—"Foreign-born Women Have Driven the Recent Increase in Prime-Age Women in the Labor Force"—is available at *KansasCityFed.org/research.*

According to Tüzemen and Pollard, the share of people working or actively looking for work declined dramatically among prime-age individuals (ages 25 to 54) during the pandemic-led recession. From February to April 2020, women, especially those without a bachelor's degree, were disproportionately affected by job losses and left the labor force. Since mid-2020, however, women's labor force participation has recovered alongside a strengthening labor market, with prime-age women's labor force participation rate reaching an all-time high.

"We wanted to dig deeper into how immigration might have played a role," Pollard said. "We found that foreign-born women experienced larger labor force participation rate gains than U.S.-born women and drove the recent increase in the labor force of prime-age women. To the best of our knowledge, we were the first researchers to study the effect of immigration on the rise in prime-age women's labor force participation after the pandemic."

Associate Economist Emily Pollard

Senior Economist Didem Tüzemen

According to the American Immigration Council, there are more than 23 million female immigrants in the United States, and they play a valuable role in U.S. society and the economy. Immigrant women come from all over the world and outnumber immigrant men. They're more likely than men to come to the United States through the family-based immigration system and are more likely to become U.S. citizens. More than one-third of immigrant women aged 25 and older have a bachelor's degree or higher.

"WE FOUND THAT FOREIGN-BORN WOMEN EXPERIENCED LARGER LABOR FORCE PARTICIPATION RATE GAINS THAN U.S.-BORN WOMEN AND DROVE THE RECENT INCREASE IN THE LABOR FORCE OF PRIME-AGE WOMEN."

— Emily Pollard, associate economist

Overcoming obstacles

Akamah was able to earn her master's in accounting at the University of Nebraska-Lincoln, then she worked as an accountant in Denver. However, when she decided to pursue a doctorate, she came across more obstacles. Fortunately, she was able to gain admittance to the University of Oklahoma.

"I got a Ph.D. because I had decided I wanted to pursue a career in academia," she said. "The vastly different grading systems across countries was a problem at this stage again because my undergrad GPA seemed low. Nevertheless, a great university decided to overlook that."

Mirabel Forteh moved to the United States from Cameroon in 2005 when her husband relocated, and she eventually earned a bachelor's degree, a master's degree and Doctor of Nursing degree. They settled in Stillwater, Oklahoma, and she now works as a nurse practitioner in cardiology at the Stillwater Medical Center Cardiology Clinic. She said that most foreign women come to the United States because there are more opportunities, both academically and professionally.

"It was an opportunity to advance myself both financially and to achieve what I call, my self-actualization," Forteh said, offering advice to others wanting to live the American dream. "Stay focused, go for a degree or profession that you enjoy and can pay the bills. Remember to enjoy life in between."

health, nutrition and other services to low-income parents. It would've been beneficial, she said, to have received help on acclimating to the American culture, speaking the language, and figuring out how to apply and pay for college.

"I had to talk to family and friends to figure out what they did or could have done if they were given a chance to do it all over again," she said.

Kelly Ross used to teach English as a second language to new Americans living in Lincoln. Seeing a need for more assistance, she created ECHO Collective, which helps refugee and immigrant women overcome barriers they might face in rebuilding their lives in the United States. ECHO helps to connect and empower refugee and immigrant women by providing opportunities. A new pilot program aims to help with their education.

"Accessing higher education in the United States as a new American can be difficult, especially if you are a woman and married with children," Ross said.

Jahena Cervantes, from Veracruz, Mexico, took entrepreneurship classes and now owns a cleaning business.

It wasn't an easy path for Forteh either, as she needed help with childcare, and took advantage of the Early Head Start program, which is a free, federally-funded program that provides early childhood education,

"ECHO Collective is partnering with the University of Nebraska-Lincoln this summer to pilot a certificate program that is specifically for new American women who wish to obtain formal education regarding entrepreneurship without committing two to four years and thousands of dollars to a degree that isn't the right fit for their lifestyle, dreams and budget."

Capitalizing on opportunities

Ross said that in her experiences at ECHO Collective, women often are making more money than their spouses, further demonstrating a community need for an organization like hers.

"We are noticing that the businesses started by our entrepreneurs are the sole source of income for the family," Ross said. "Gender roles are flipped, and the women in our programs are the breadwinners for their households. Since we began in 2020, 49% of the women in our programs are the primary income-earner for their families."

Jahena Cervantes moved to Nebraska in 2016 from Veracruz, Mexico. When she found out an organization called Lincoln Literacy could teach her English and provide childcare at the same time, she enrolled in their online and in-person classes. Once she was more comfortable with her English-speaking skills, she took entrepreneurship classes at ECHO Collective.

As a result, she said she feels more confident and empowered to see her potential as an entrepreneur, wife, mother and friend.

"In May I graduated from ECHO Collective, and today I own my own business," Cervantes said. "My business is a cleaning service to businesses and residentials. I am currently starting out, but my goal is to grow this business, expand and be able to employ all those people who need work and together achieve our dreams. I feel very proud of myself, of who I am and what I am achieving because right now I know things are hard but not impossible."

Lincoln Literacy has been around for more than 50 years in the capital city. The organization has a staff of less than 50 but relies on 185 volunteers who help teach English to thousands of students at all levels of fluency. They also help with career development and even driving with two driving simulators. They help with childcare and transportation as well, so there are fewer barriers for students.

In Lincoln, Nebraska, Kelly Ross founded ECHO Collective, which helps refugee and immigrant women overcome barriers as they transition to life in the United States. Photo by Gary Barber

"The key to success is we meet people where they are," said Bryan Seck, executive director. "No one has to be here; people choose to be here. That's our magic. What do you want to do? What are your goals? We are able to build trust with people."

According to Tuzemen and Pollard's findings, by February 2024 almost 1.8 million more prime-age women were in the workforce compared with the 2019 average. While foreign-born women make up only a little more than a fifth of the population of prime-age women, on net, they were responsible for nearly two-thirds of the workforce increase, with half of the total increase coming from foreign-born women with a bachelor's degree.

FURTHER RESOURCES

Go to *KansasCityFed.org* to read, download and share the full *Economic Bulletin* and sign up to receive alerts as new research is published.

Charting THE Economy

CURATED STREAM OF ECONOMIC DATA MARKS ITS FIRST YEAR

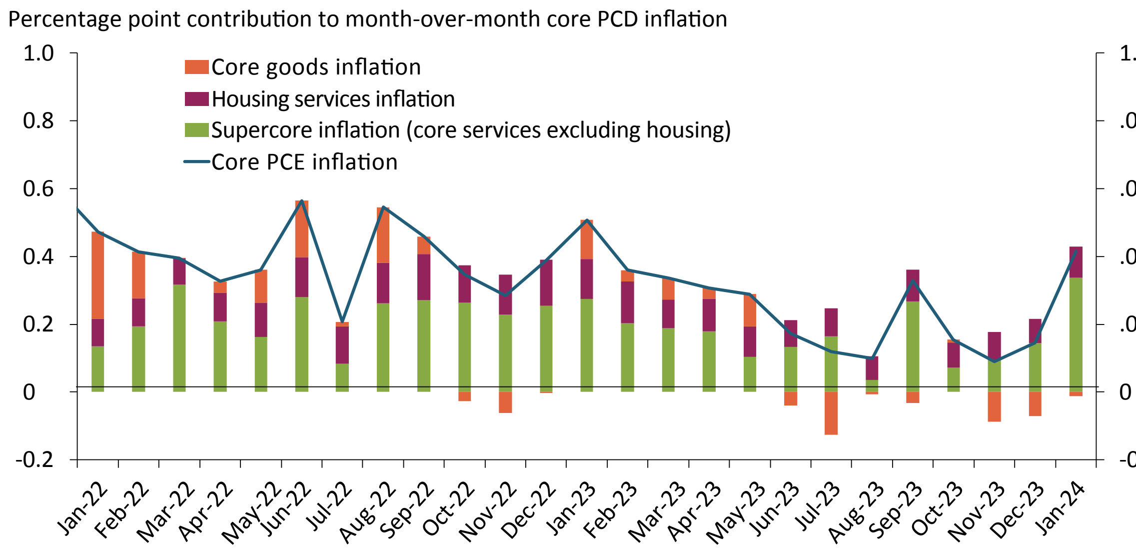
Labor markets, home sales, business investment, inflation, agriculture and energy are just some of the topics that Charting the Economy has covered since the Kansas City Fed's Economic Research Department launched the website feature a year ago.

At *KansasCityFed.org/research/charting-the-economy,* the research staff curates and posts charts about important economic trends, each with a summary conclusion by the authoring economist that tells a clear, timely and compelling story.

In addition, each chart links to related research on the topic that can be found on the Bank's website. A reader can click the button in each chart's title easily copy or share the data.

Here is a sampling of the most-viewed charts from roughly the last year.

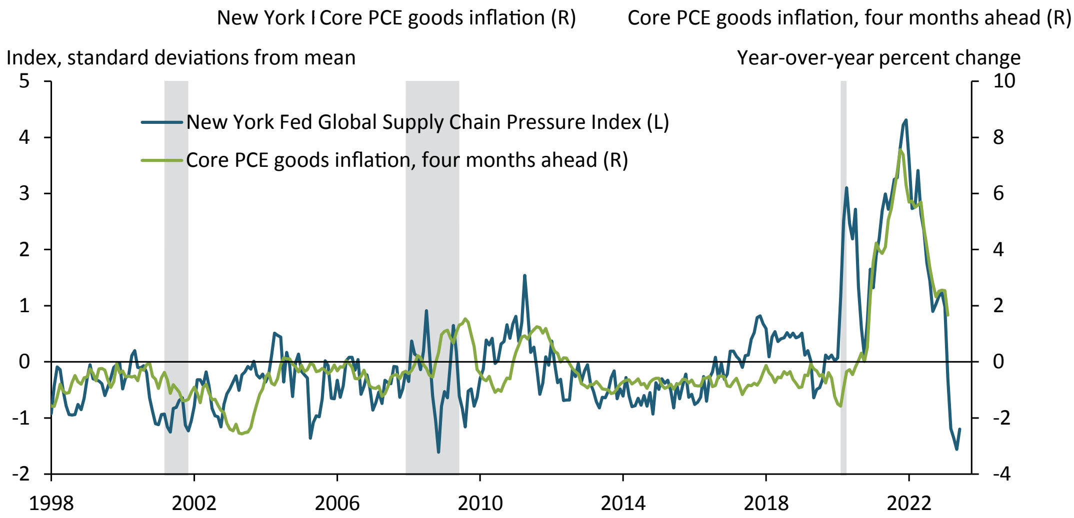
Supercore PCE Inflation Surged in January to Its Highest Monthly Level in More than Two Years



March 01, 2024, By Jordan Rappaport, A. Lee Smith and Shu-Kuei X. Yang

Supercore prices—the prices of core services excluding housing—as measured by the Personal Consumption Expenditure (PCE) price index jumped by 0.6 percent from December 2023 to January 2024, the largest monthly increase in more than two years. As supercore expenditures account for more than half the weight of the PCE core bundle, the contribution from the surge in supercore inflation (green bars) drove monthly core PCE inflation up to its highest level since January 2023.

Improvements in Supply Chains Earlier This Year May Lead to Further Declines in Core Goods Inflation in Coming Months

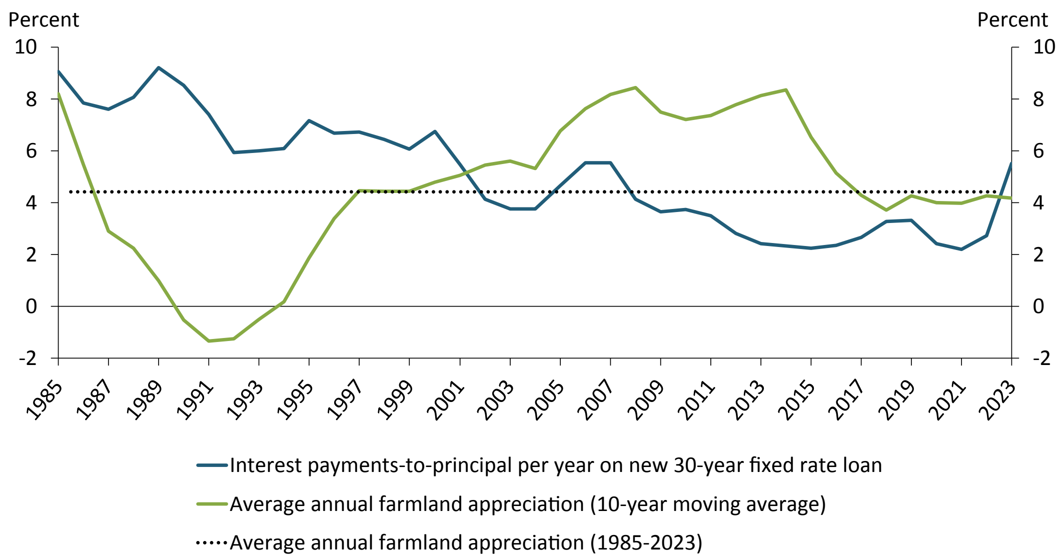


Supply chain disruptions, as measured by the Global Supply Chain Pressure Index (GSCPI), increased dramatically during the pandemic, reaching unprecedented levels (blue line). These supply shortages led to significant pressure on prices for goods.

July 28, 2023, By Nida Çakır Melek and Emily Pollard

Note: Shaded areas denote National Bureau of Economic Research (NBER)-defined recessions.

Higher Interest Costs Could Dampen Demand for Farmland



January 16, 2024, By Ty Kreitman

In 2023, interest costs on new farmland loans (blue line) surpassed the recent average annual appreciation in land values (green line) for the first time since 2001. From 2002 to 2022, growth in agricultural real estate values was well above the cost of financing, supporting demand for farmland. With interest costs now above average land value appreciation, farm operating profits will determine the magnitude of returns for financed land. Although growth in farmland values held firm in 2023, higher interest rates and a moderation in agricultural commodity prices have cut potential returns and could dampen demand for farmland—and thus farmland values—going forward.

FURTHER RESOURCES
Follow, download and share the Bank's latest research at KansasCityFed.org/research.

Tenth District *by the numbers*

ECONOMIC INDICATORS, FACTS AND TRENDS FROM THE SEVEN STATES

194,000

Estimated number of military veterans living in Kansas, accounting for 9% of the state's population.

Source: U.S. Department of Veterans Affairs

No. 1

Wyoming's status nationally for its percentage—48.5—of self-employment jobs, compared with 38.3% for the country as a whole.

Source: U.S. Bureau of Economic Analysis

56.1

Missouri's purchasing managers' index (PMI) for July 2024, the highest PMI among states in the Mid-America region.

Source: Creighton University's Mid-America Business Conditions Survey

40%

Estimated portion of Colorado's population living in buildings, complexes or subdivisions governed by a homeowner association (HOA) in June 2024.

Source: Colorado HOA Information and Resource Center

MORE ECONOMIC DATA

The Bank regularly publishes data about regional and national economic conditions at *KansasCityFed.org/research/indicatorsdata.*

$5.3 billion

Nebraska's tally of property taxes levied by local governments in 2023, up 5.70% from 2022.

Source: Nebraska Department of Revenue

14,428

Estimated number of solar kilowatts installed in New Mexico in 2023, up 23.9% from 2022.

Source: Albuquerque Business First Energy Outlook Survey

2nd lowest

Oklahoma's national ranking in a cost-of-living study conducted in the first quarter of 2024. Kansas ranked third-lowest, and Missouri ranked sixth-lowest.

Source: Council for Community & Economic Research

FROM THE VAULT

Kansas City Fed History

In 1996, Russian central bankers Alexander Potemkin (left) and Irina Kryuchkova conferred with Allan Gray of the Bank's Public Affairs Department. *Bank archives*

Hosting foreign central bankers

Starting in 1990 and ending in 1999, the Kansas City Fed conducted its Foreign Central Bank Visitors Program. Over the years it brought a total of 73 central bank scholars to the Heartland.

The program was established after the Bank's 1990 economic policy symposium in Jackson Hole, Wyoming. (See page 17 for more on the annual symposium.) That year's symposium's theme was "Central Banking Issues in Emerging Market-Oriented Economies." According to a summary from the Bank's archives, "At that symposium, leaders from central banks in eastern Europe and the Soviet Union expressed strong interest in having their staffs learn more about the purposes and functions of the Federal Reserve System." In response, the Bank developed the visitors program and structured it to provide an overview of the Fed's mission areas.

Visits typically lasted several weeks. Participants met with economists and spent time with other bank employees. Countries represented: Bulgaria, China, Czechoslovakia, Hungary, Poland, Romania and Russia. The program ended as demand from foreign central banks declined.

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CHANGE SERVICE REQUESTED

WHAT'S NEW IN THE MONEY MUSEUM?

MONETA AND MEMORY: Explore ancient currency design and its impact on modern U.S. coins.

ARCHITECTS OF THE FED: Learn how leaders like native Oklahoman Robert L. Owen drove creation of the Federal Reserve.

The Money Museum is open and free!
Hours: Monday — Friday, 9:30 a.m. to 4 p.m.

KansasCityFed.org/moneymuseum