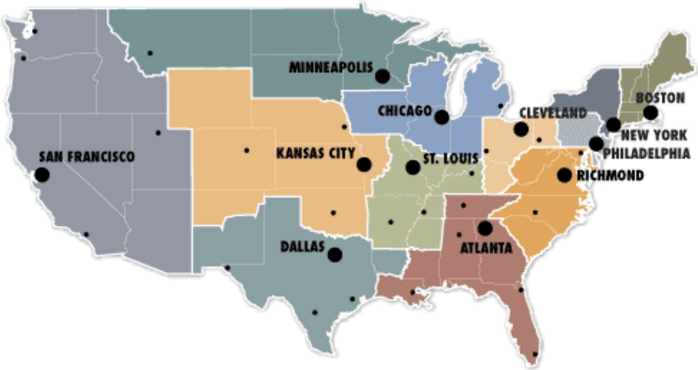
Wichita Economic Forum

July 14, 2026

Jeremy Hill

Assistant Vice President, Regional Executive

Structure & Functions of the Federal Reserve



3 primary entities:

Board of Governors
- 7 members appointed by U.S. President

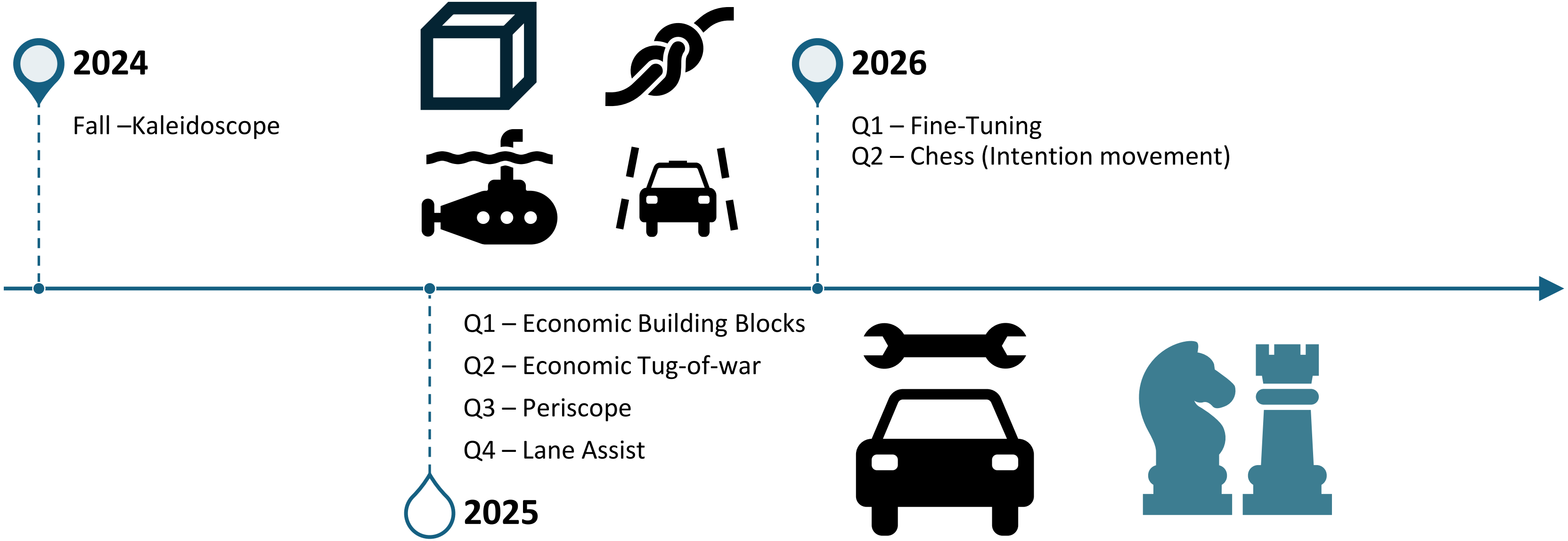
Federal Reserve Banks
- 12 total; semi-independent

Federal Open Market Committee
- 19 members; 12 voting

3 primary responsibilities

- Monetary policy
- Bank supervision & regulation
- Payment system safety & efficiency

Economic progression of themes



Chess – Intentional movement/ Risk aware

Labor Market

Exploring labor market trends, hiring, challenges, and workforce confidence.

Inflation

Breaking down cost pressures, inflation expectations, and business responses.

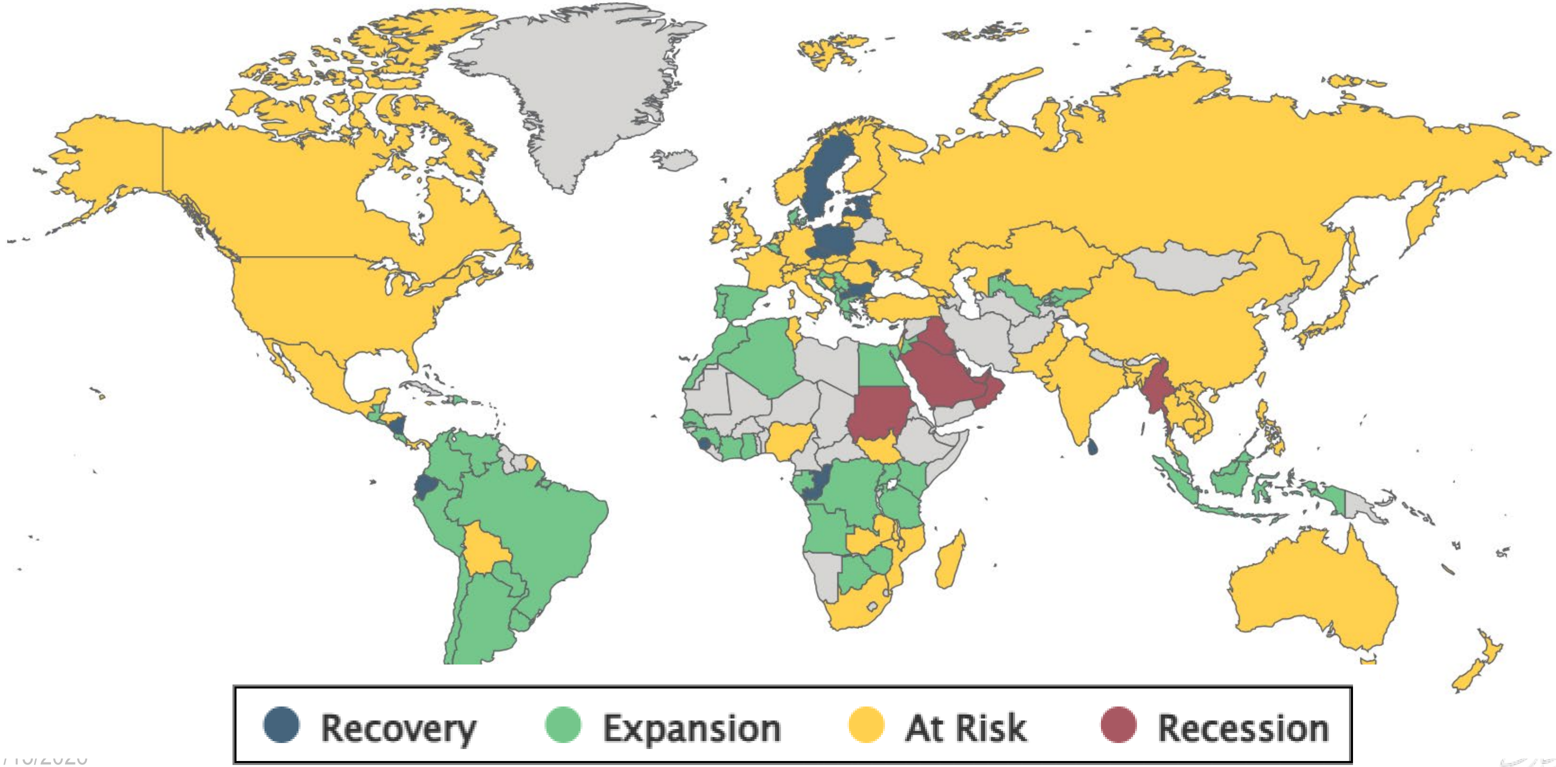
Manufacturing

Examining whether strong production data signals sustained growth or temporary resilience.

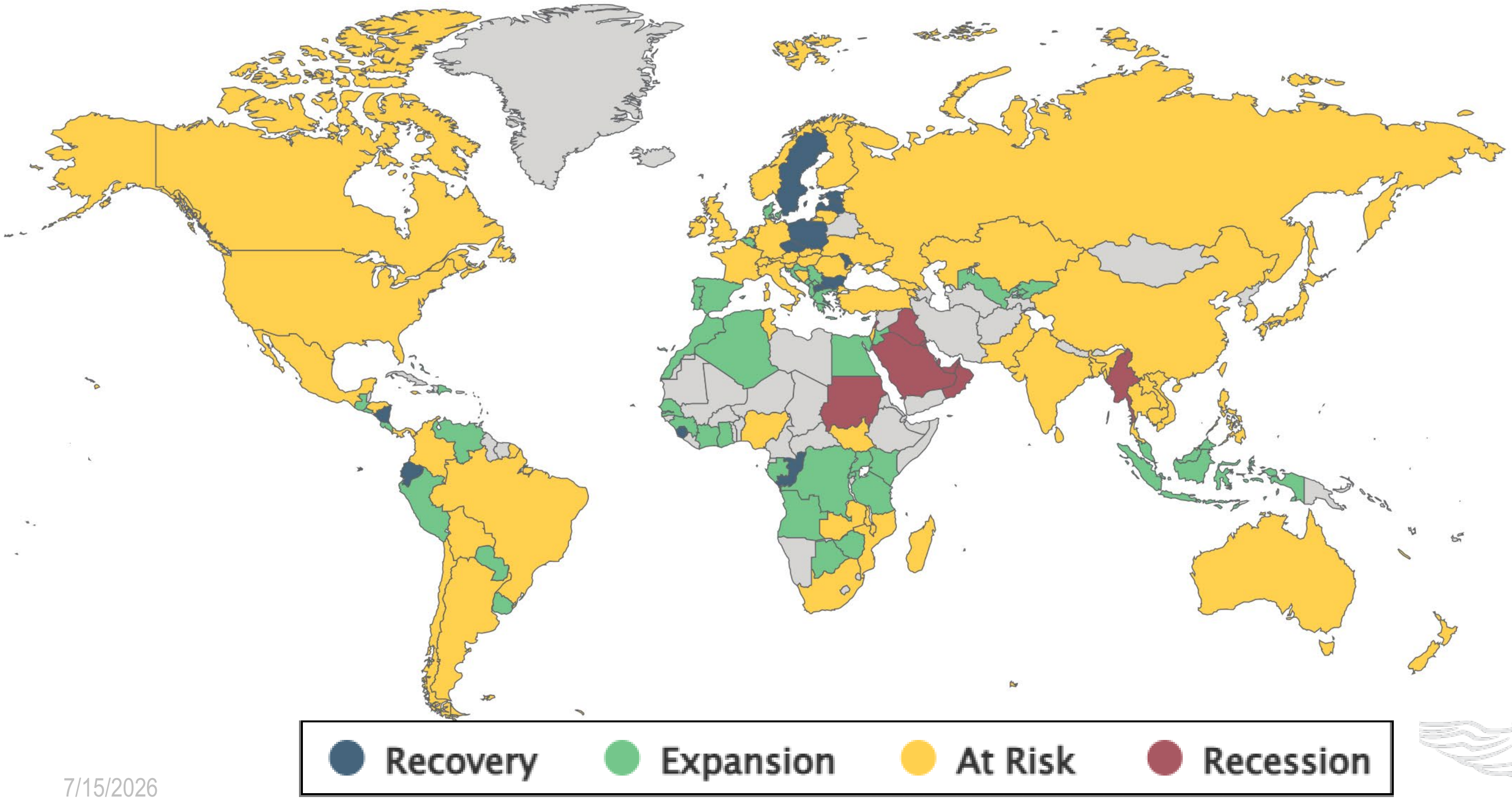
Services

Analyzing the strength of the service sector amid shifting consumer and business confidence

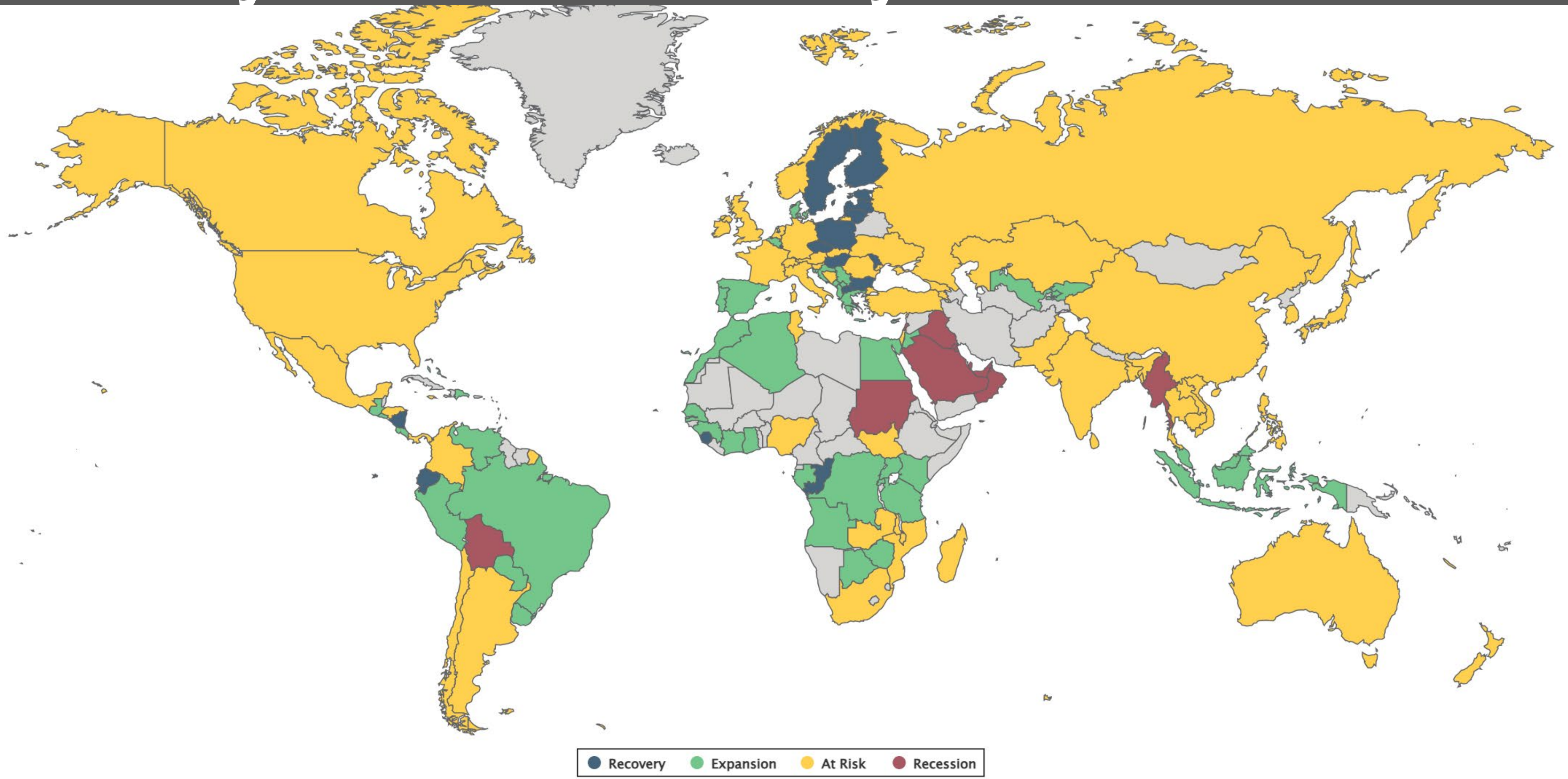
Moody’s – Business Cycle - April



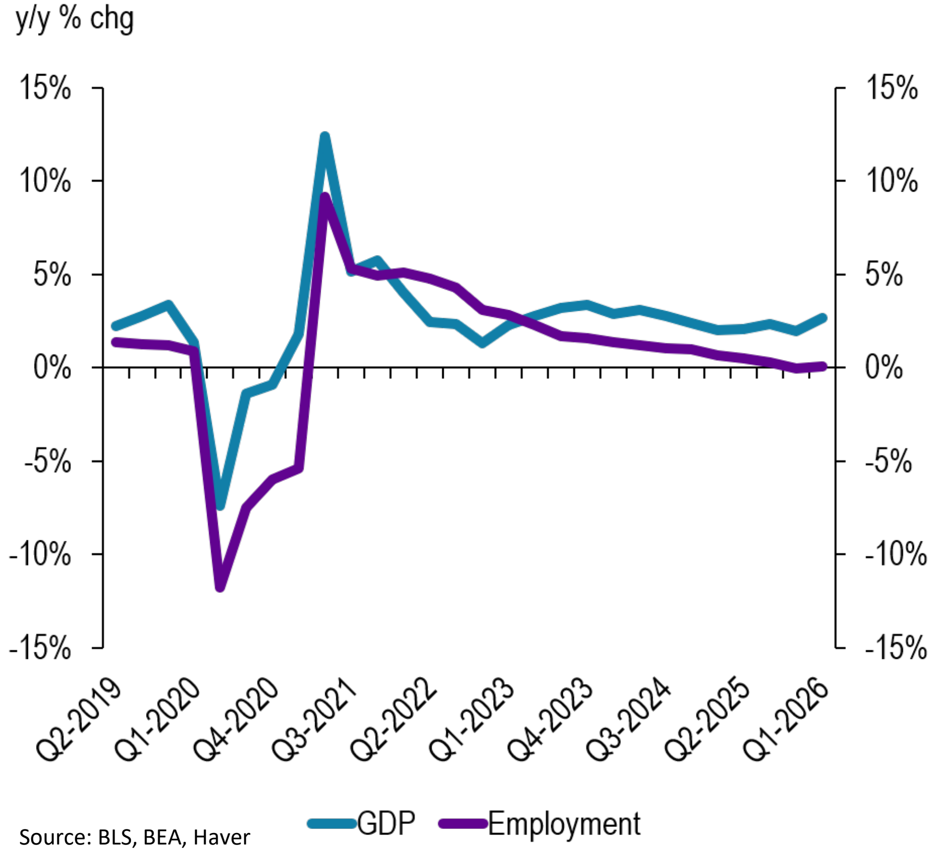
Moody's – Business Cycle - May

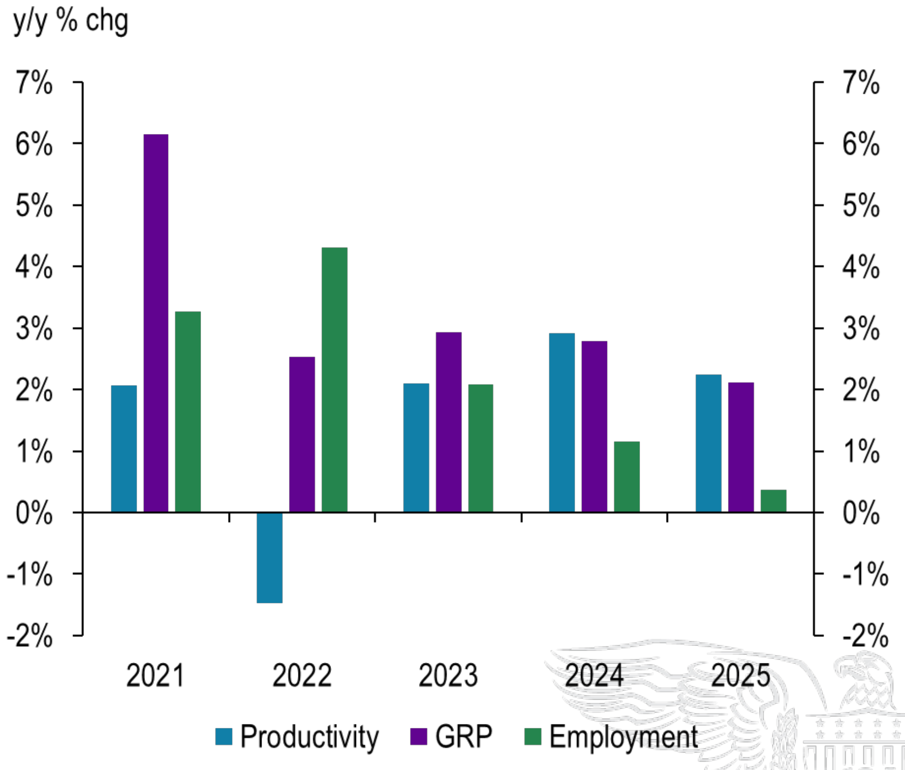


Moody's – Business Cycle - June



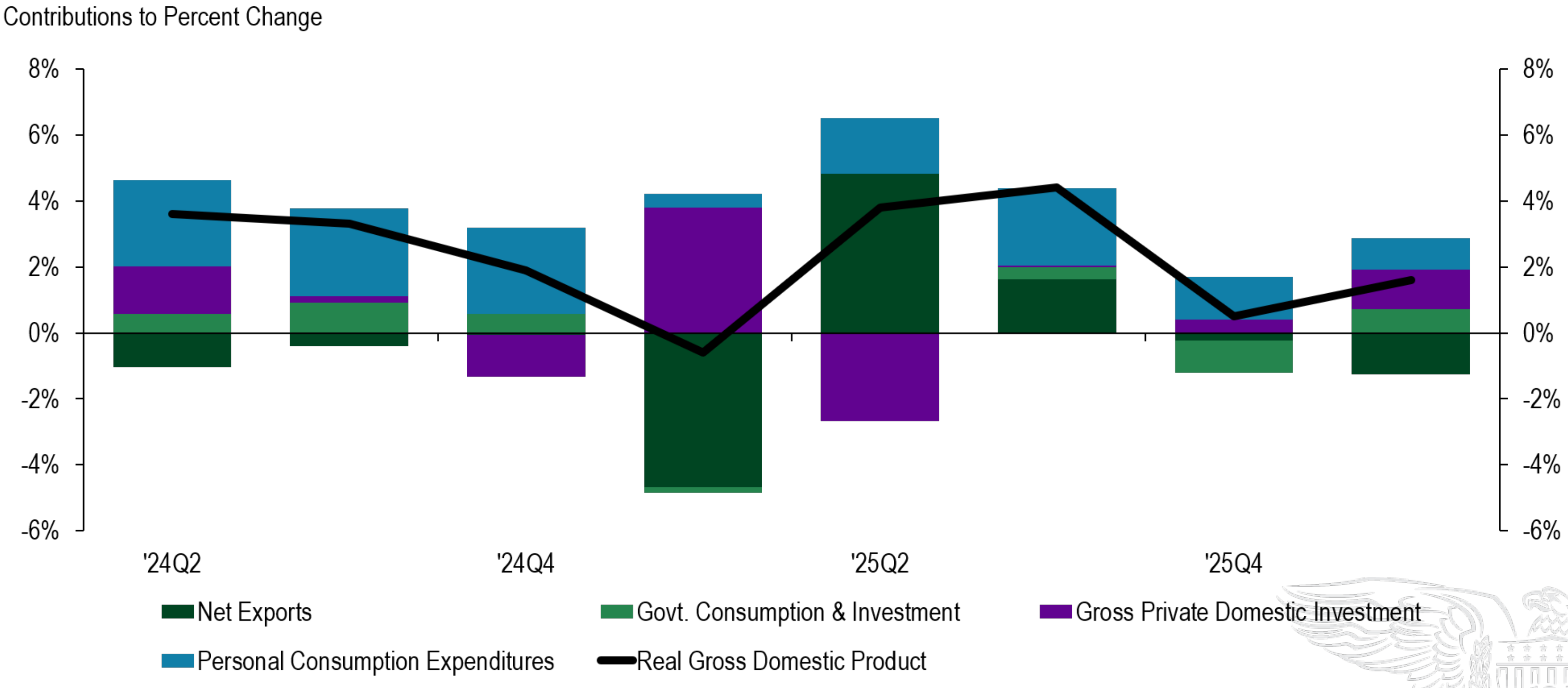
GDP is growing- where is it coming from





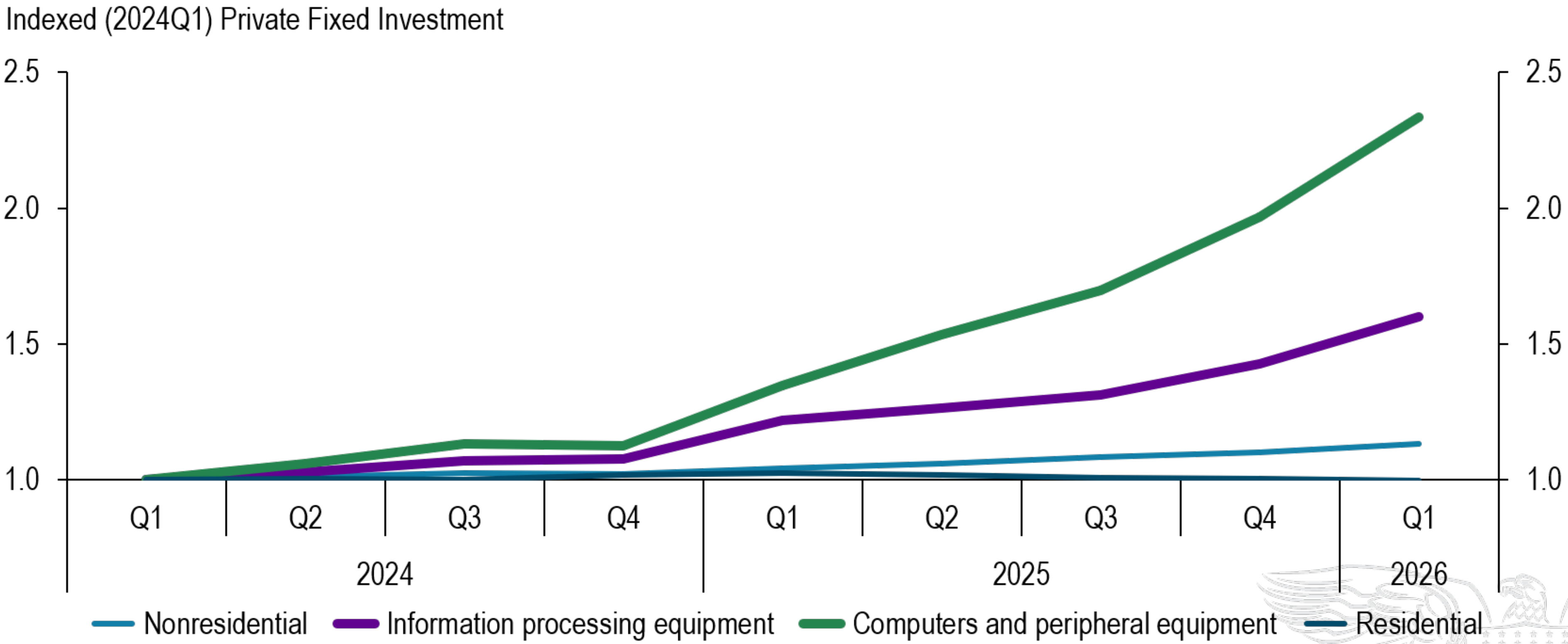
Source: BLS, BEA, Haver

GDP is growing- where is it coming from



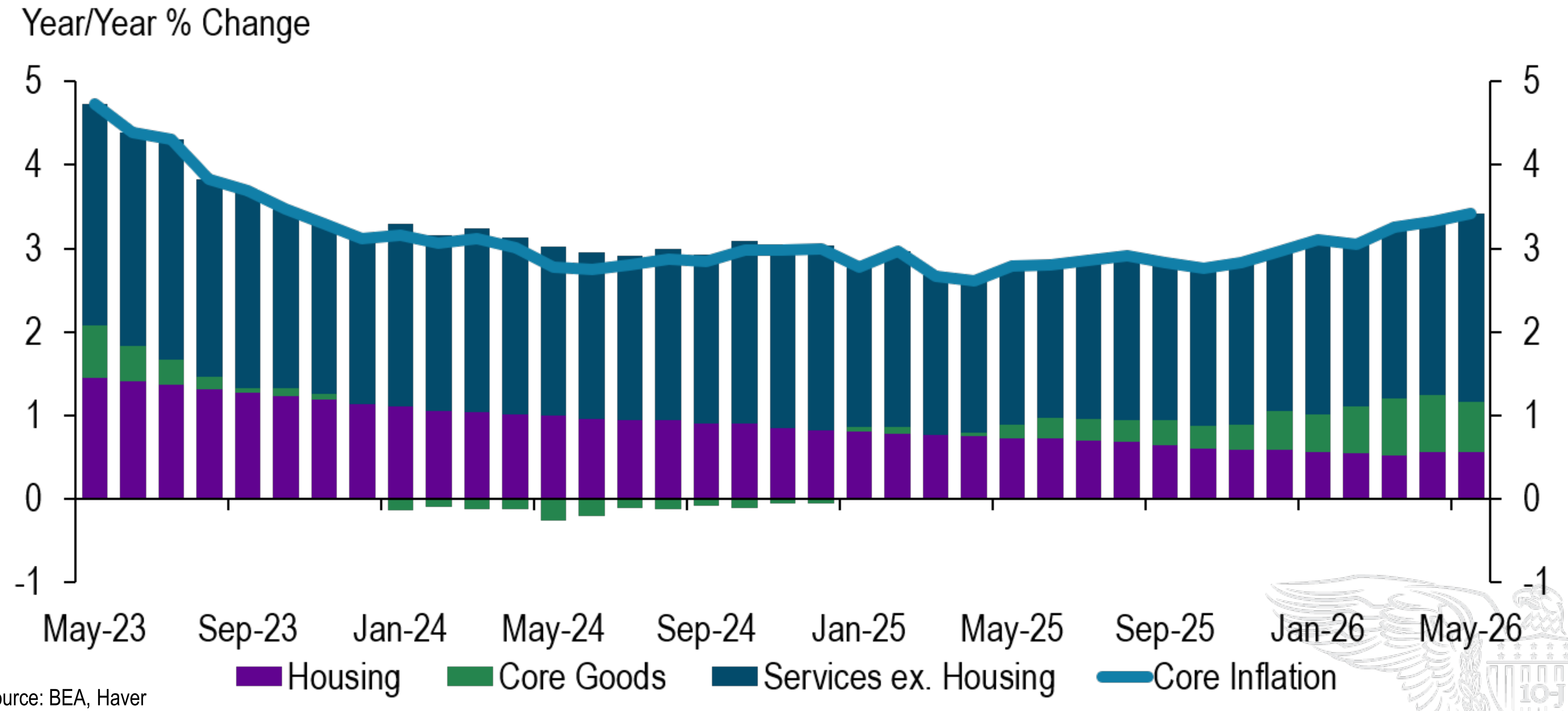
Source: BEA, Haver

Investment has been concentrated



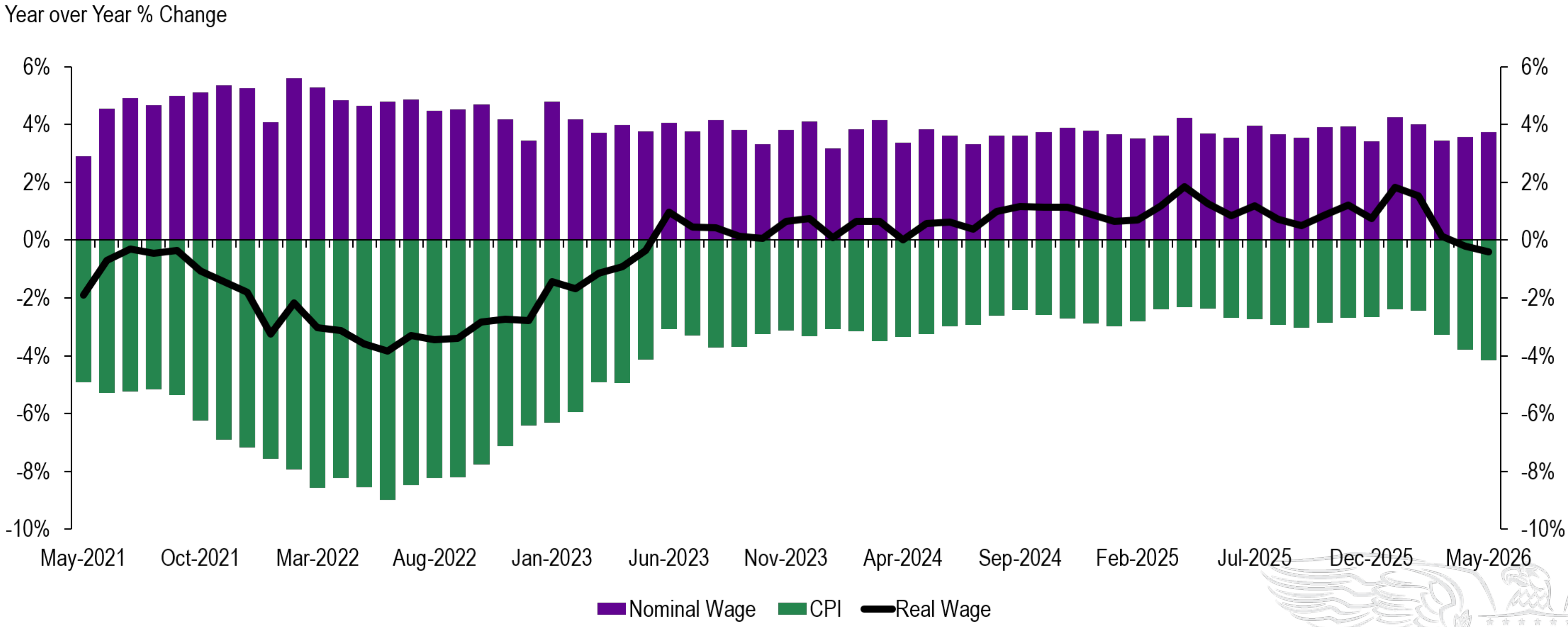
Source: BEA

Goods inflation continues to creep in



Source: BEA, Haver

Inflation outpaced wage growth in April and May

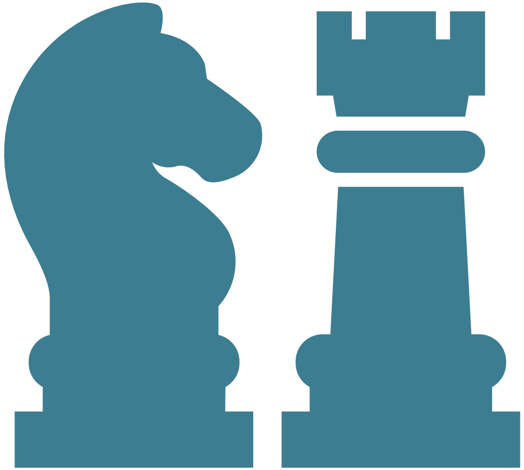


Source: BLS, Haver

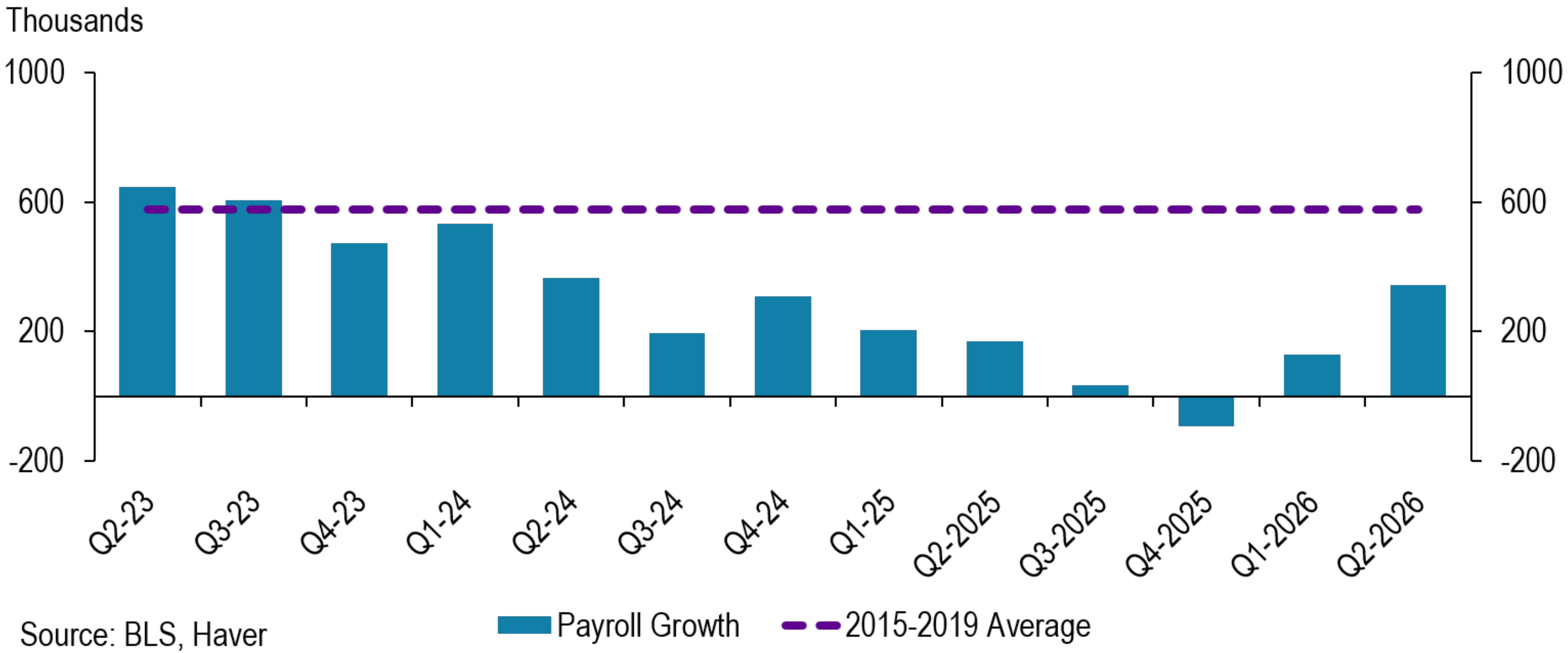
Note: Oct 2025 estimated using Sep and Nov data

Labor Market

Exploring labor market trends, hiring, challenges, and workforce confidence.



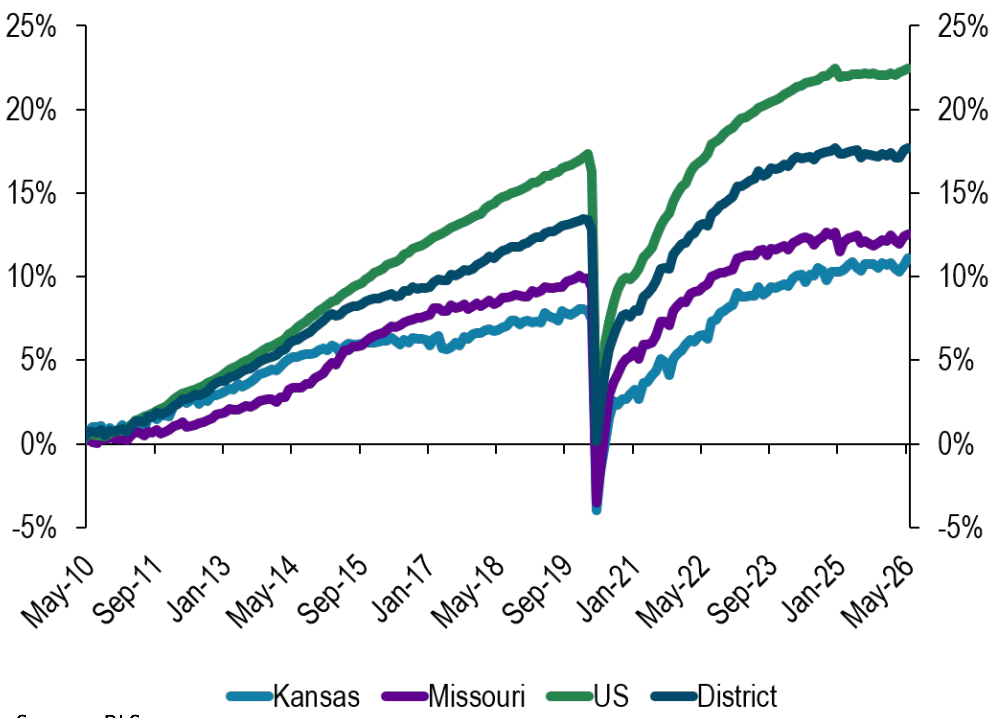
Labor is still cooling



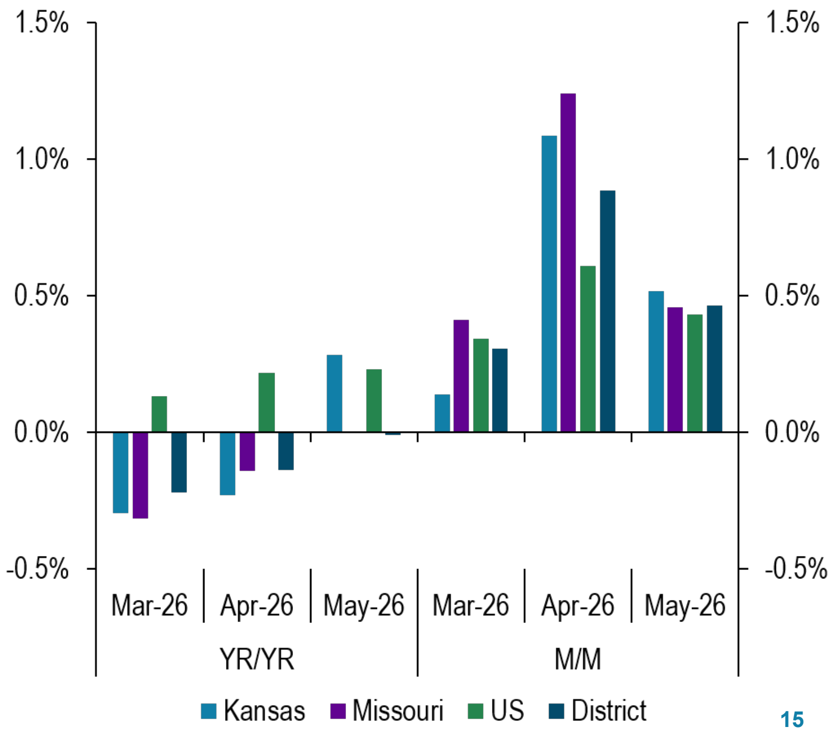
Source: BLS, Haver

KS and MO are similar to US changes

Employment Indexed to January 2010

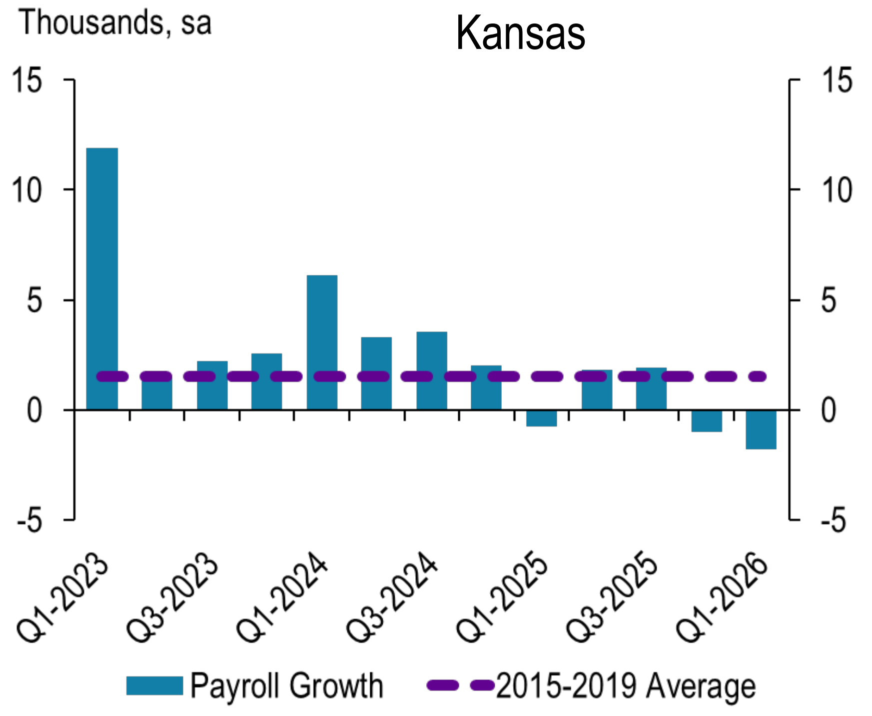


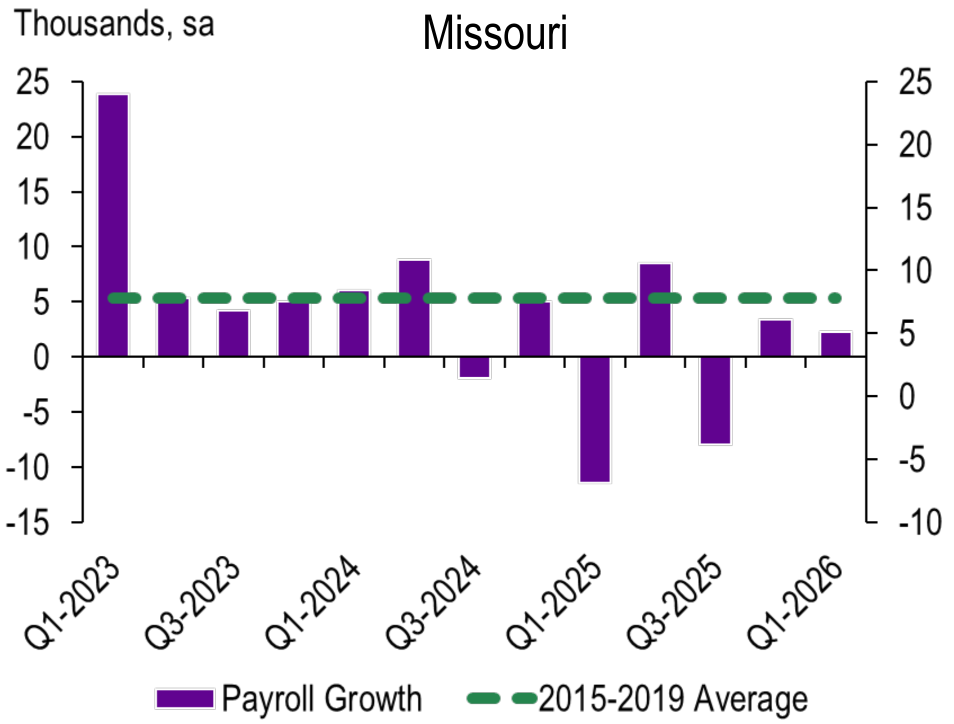
Percent Change in Employment



Source: BLS

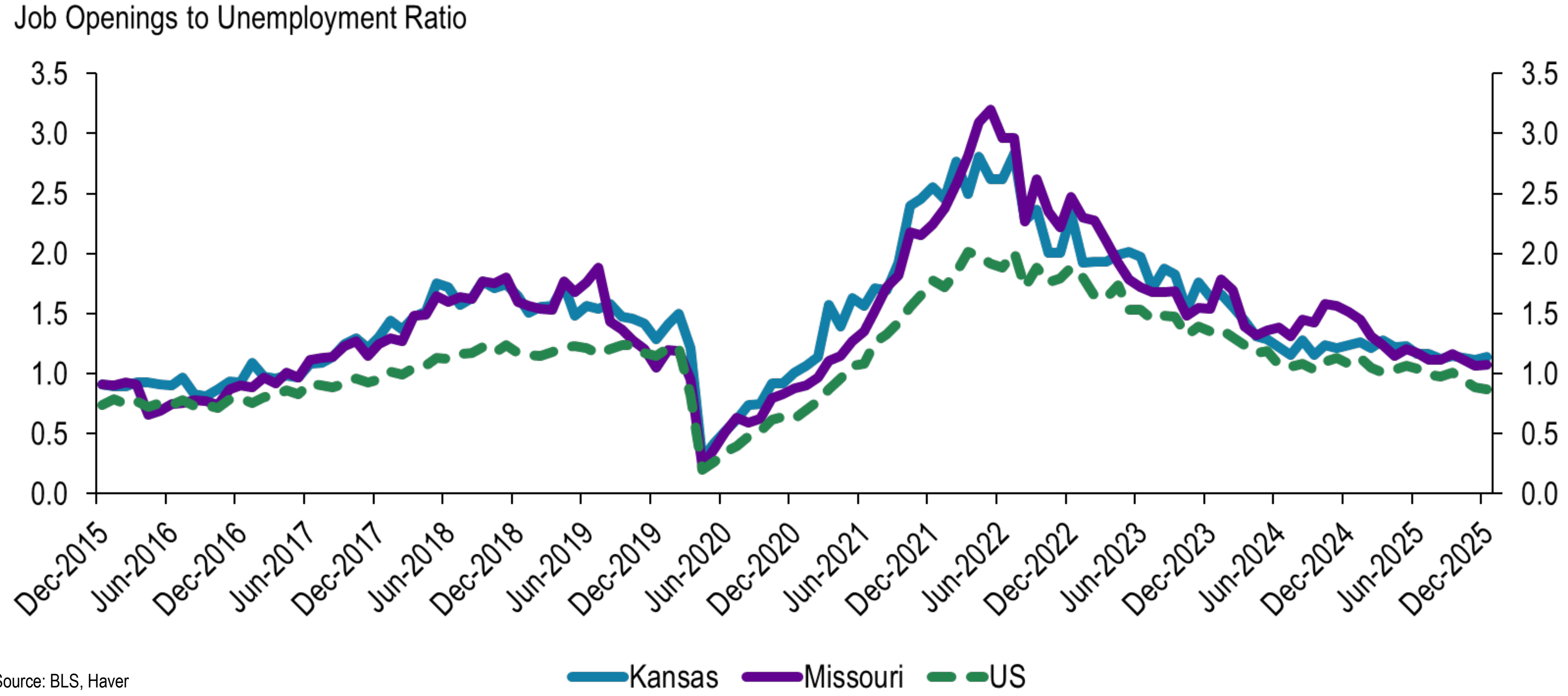
KS is not far from previous tight labor conditions





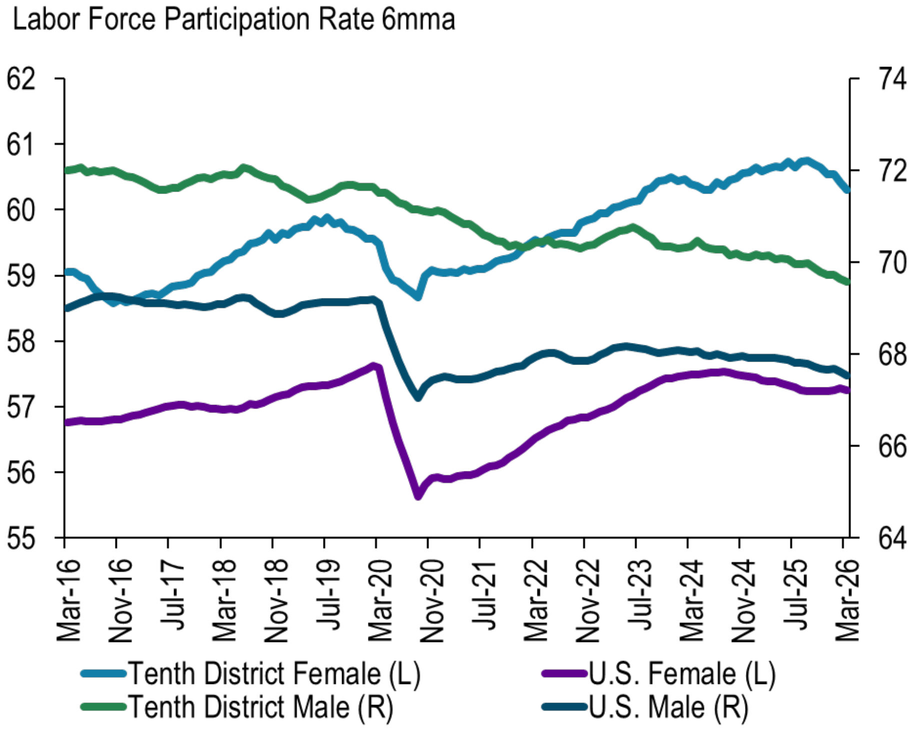
Source: BLS, Haver

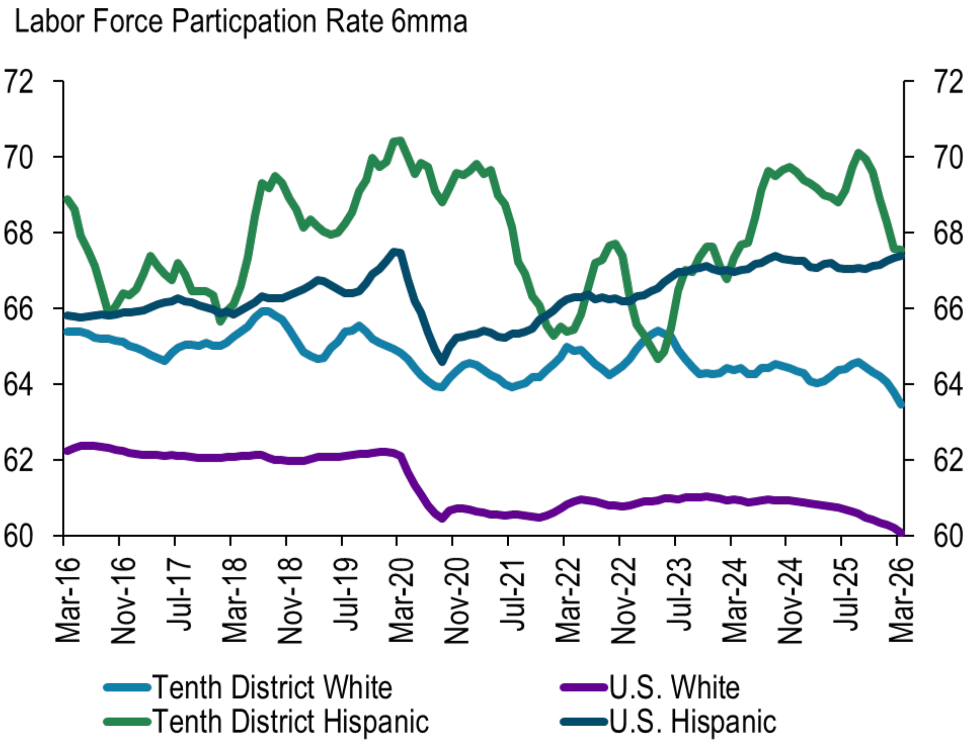
The labor market is balanced



Source: BLS, Haver

Labor Force Participation

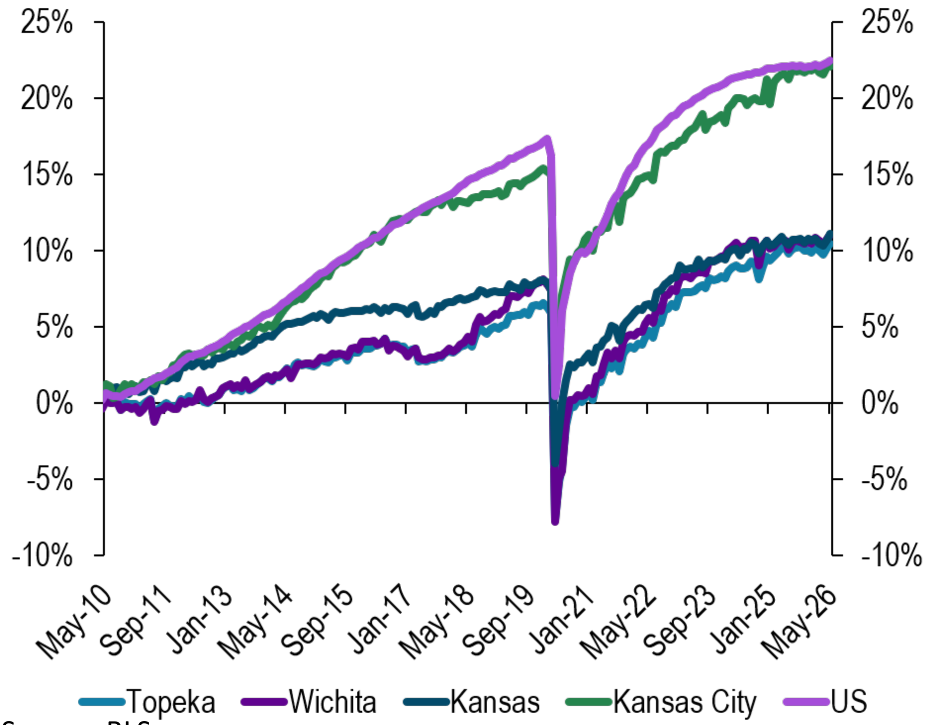




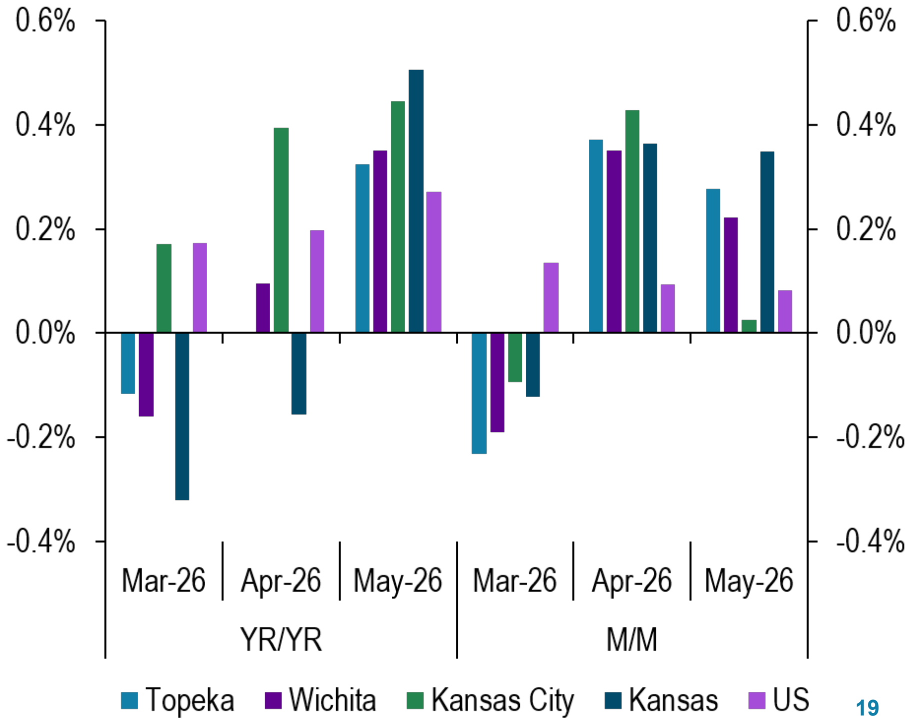
Source: Census Current Population Survey

KS – All metros are slowing down

Employment Indexed to Jan 2010



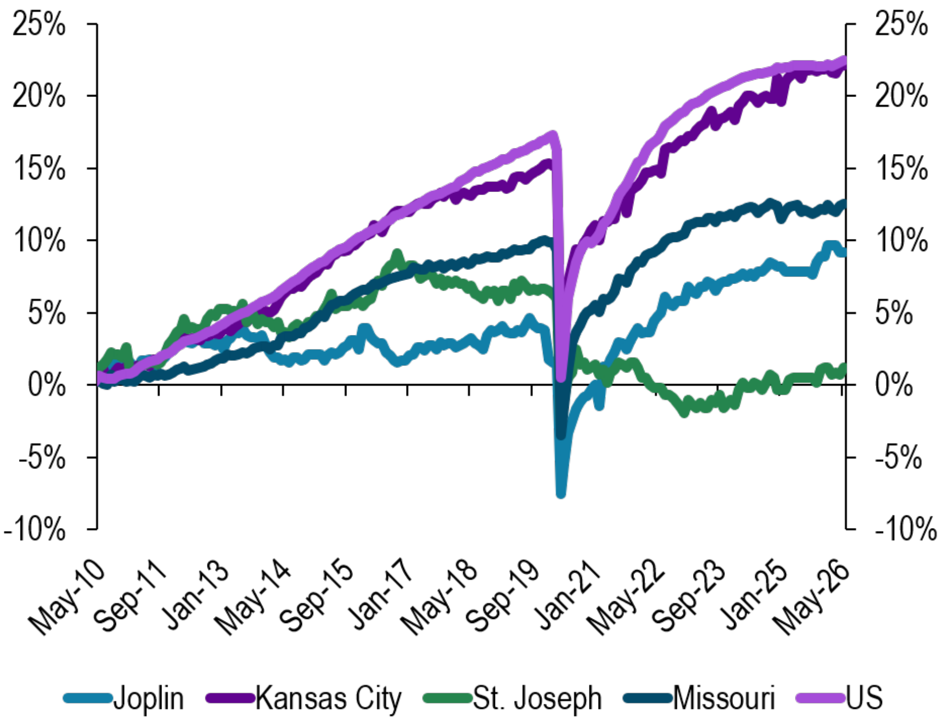
Percent Change in Employment



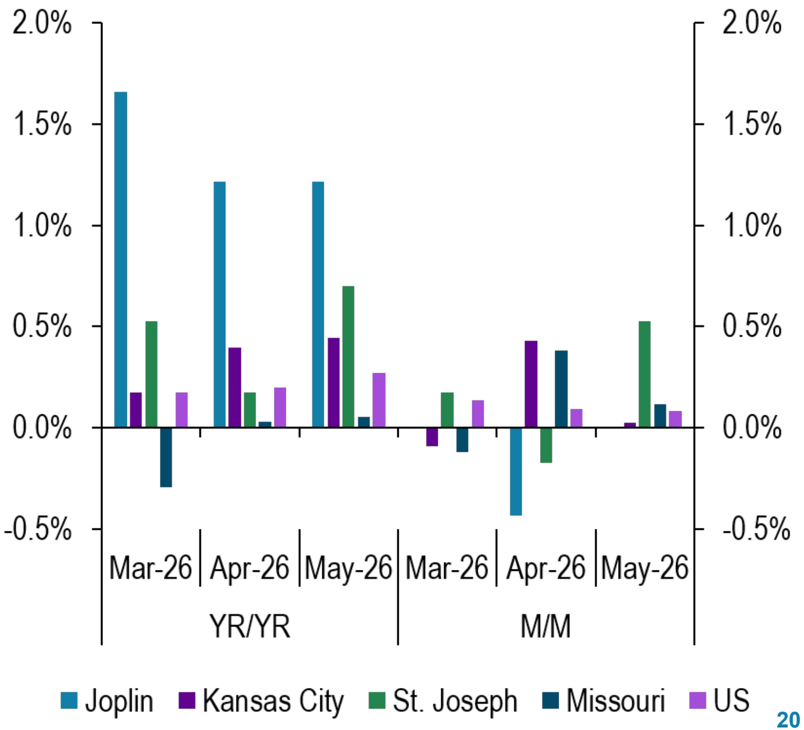
Source: BLS

MO – Joplin has grown faster than the other metros

Employment Indexed to Jan 2010

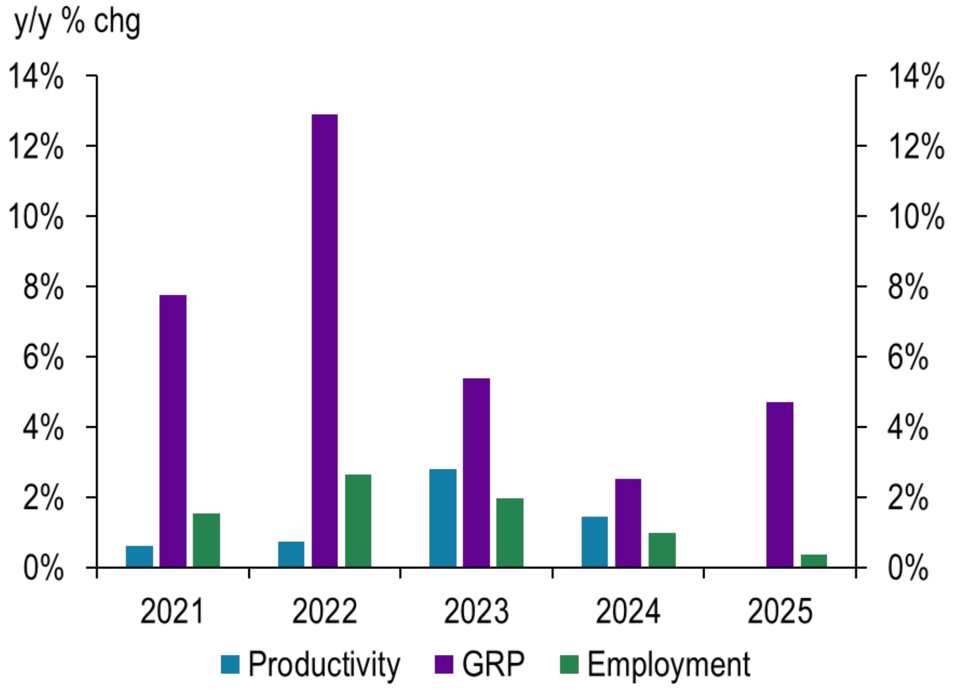


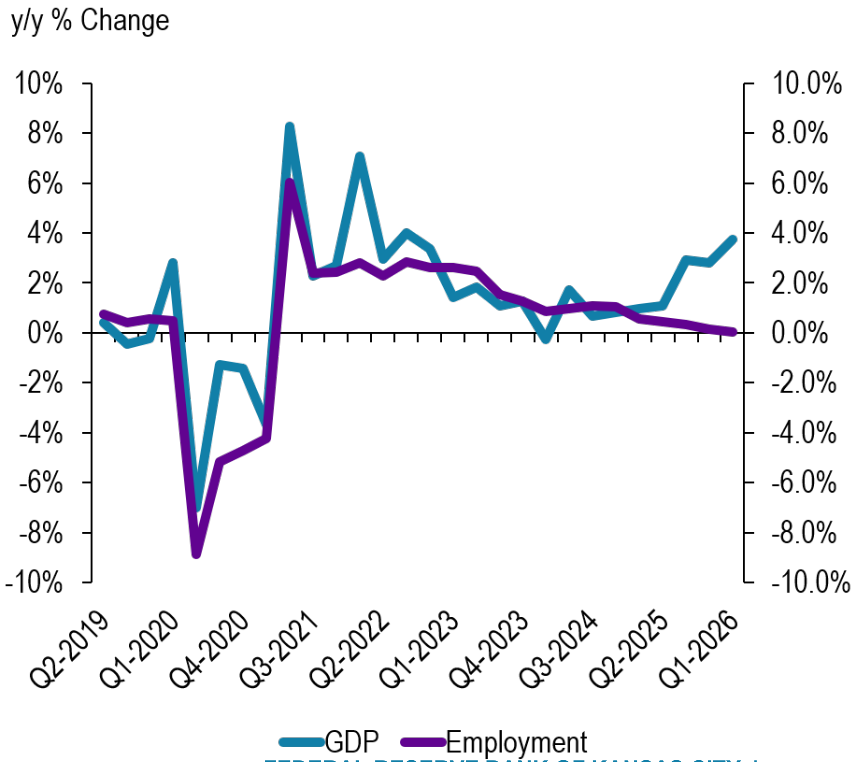
Percent Change in Employment



Source: BLS

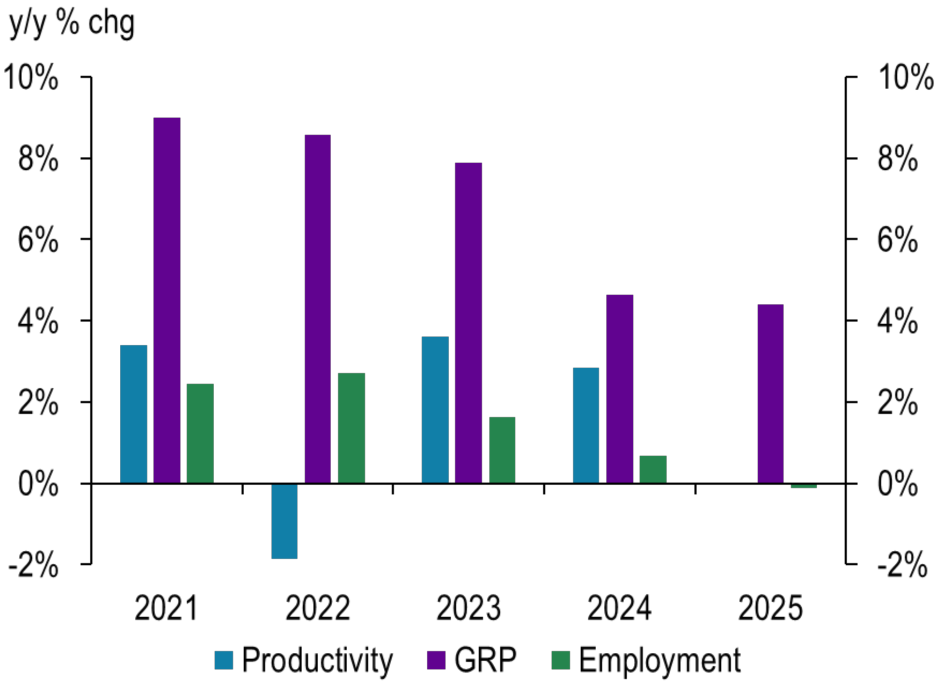
Kansas Productivity

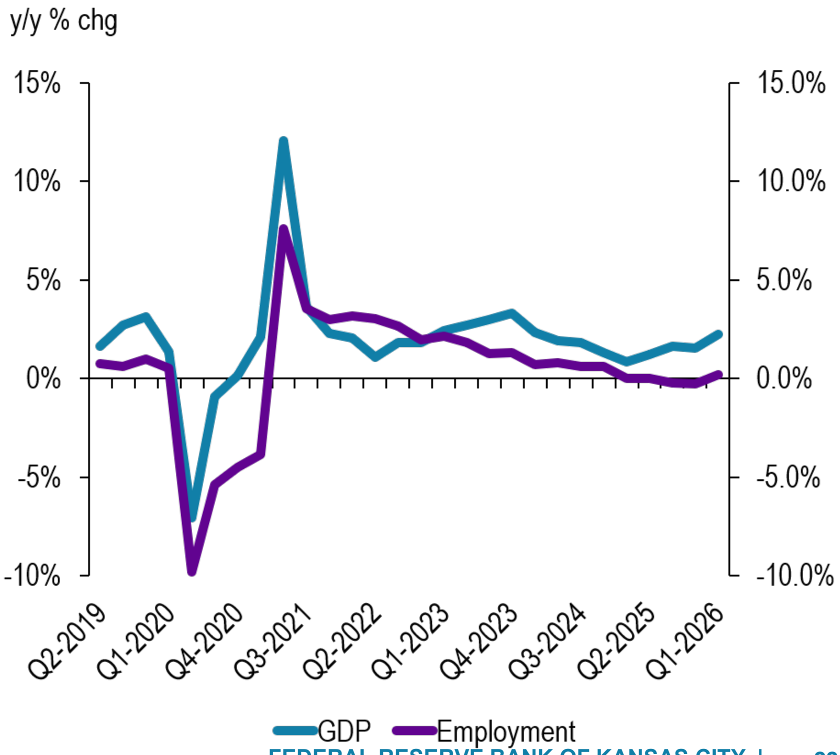




Source: BLS, BEA, Haver

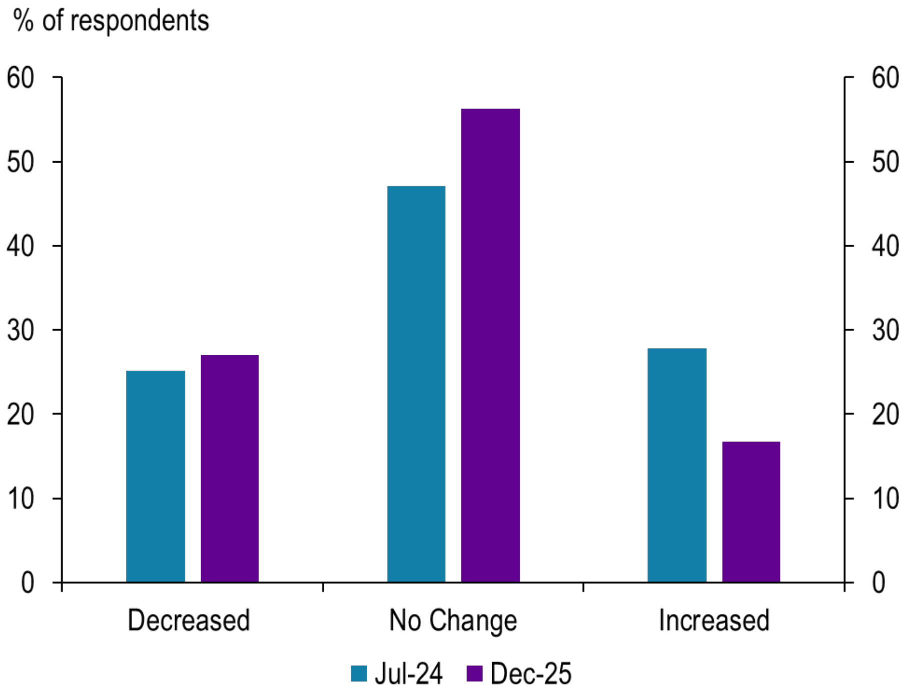
Missouri Productivity

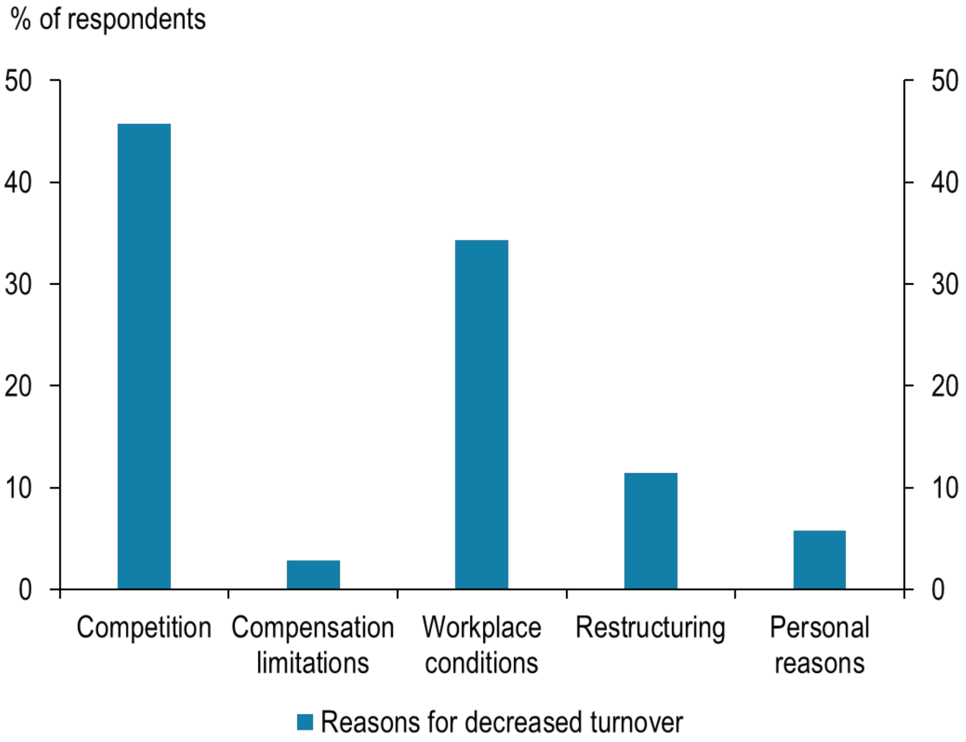




Source: BLS, BEA, Haver

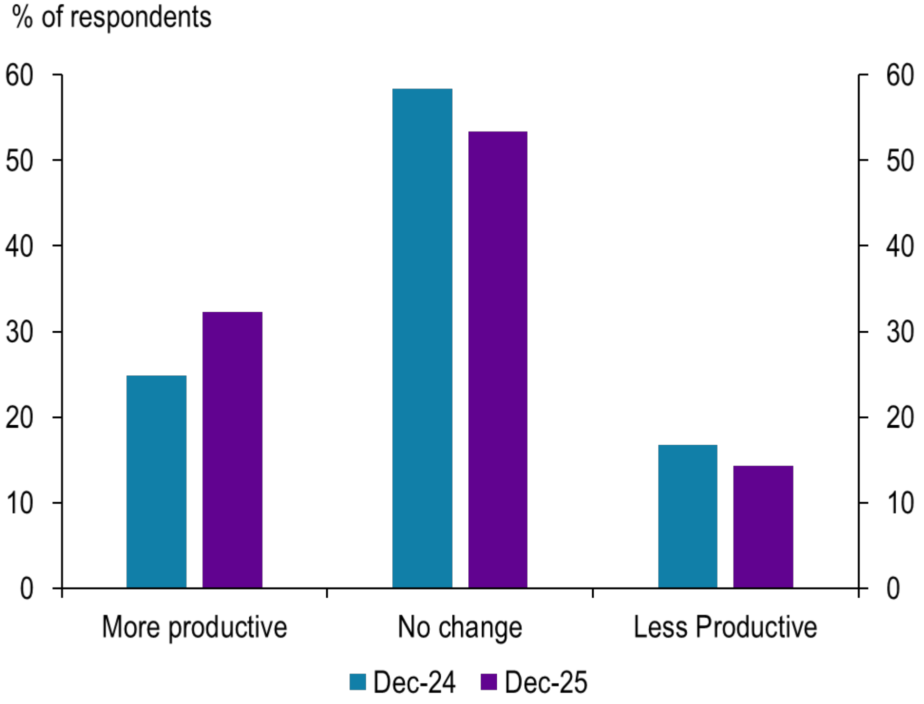
Survey- Labor turnover over the past year

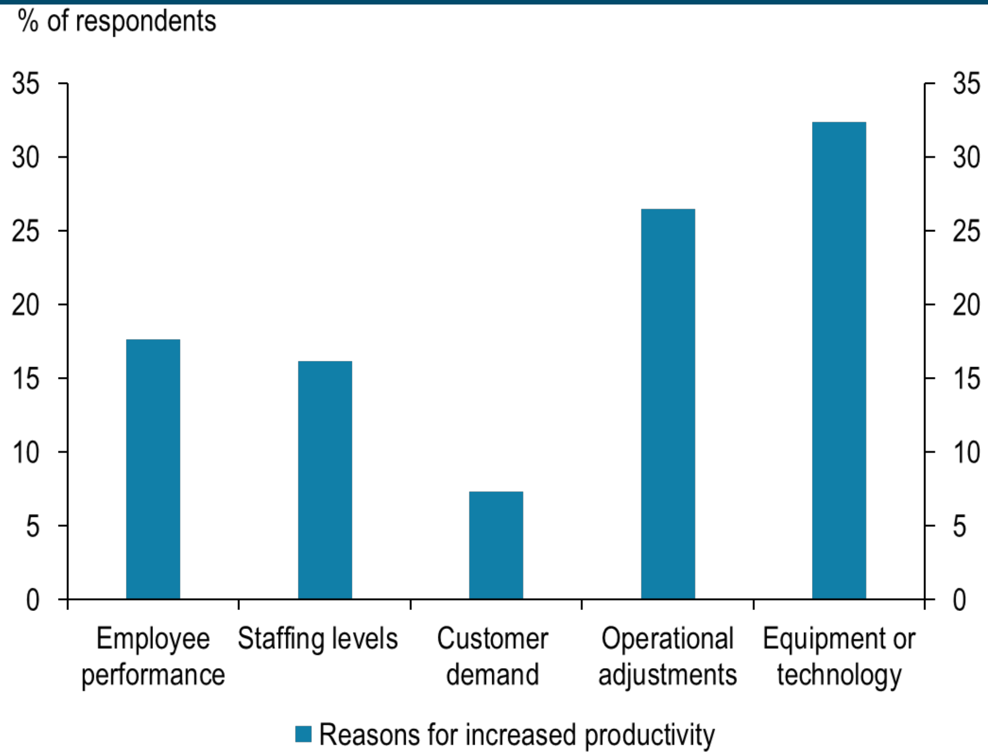




Source: KCFED Manufacturing and Services Survey (DEC)

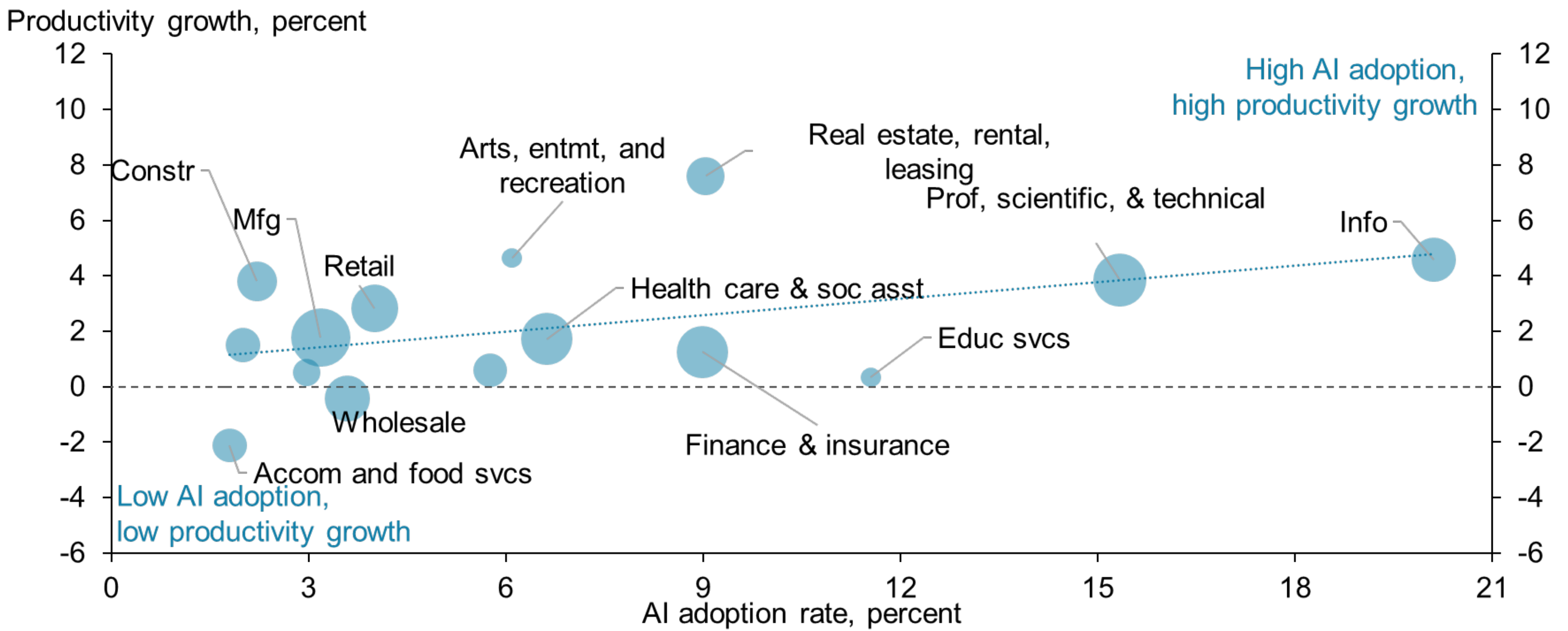
Survey- Productivity over the past year





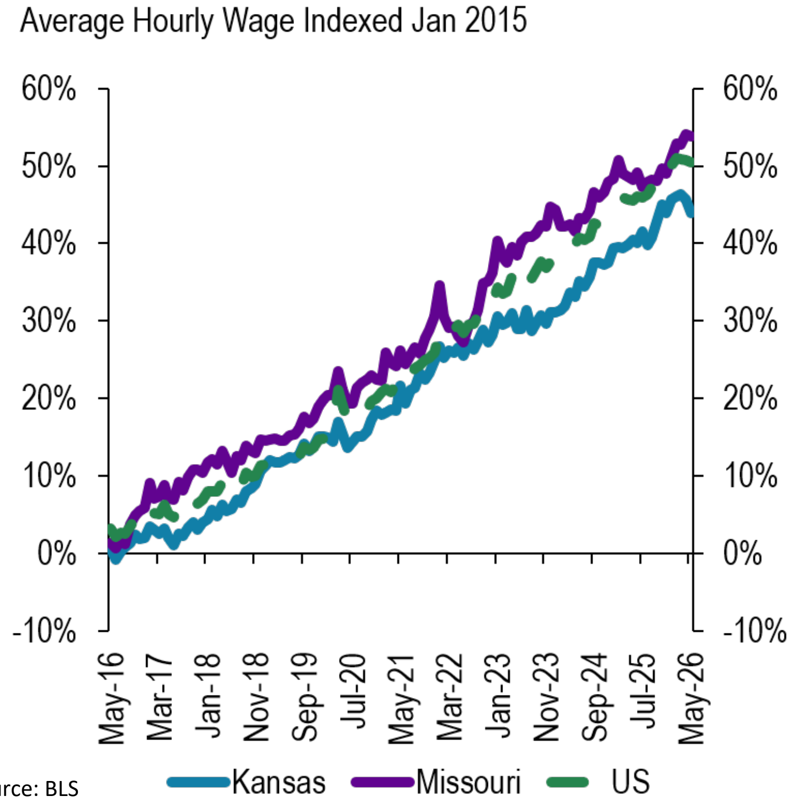
Source: KCFED Manufacturing and Services Survey (DEC)

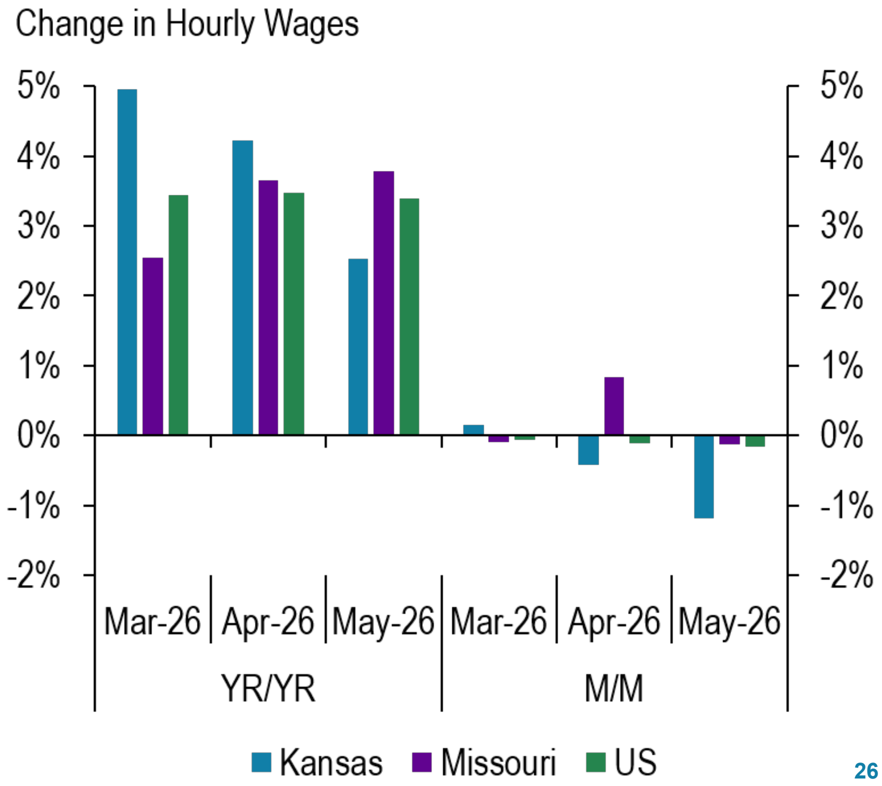
AI is only part of the productivity story



Sources: Nida Cakir-Melek and Sydney Miller, A New U.S. Productivity Chapter? What Industry Data Say About AI, Federal Reserve Bank of Kansas City Economic Bulletin, February 11, 2026

KS nominal wages are starting to catch up to the US

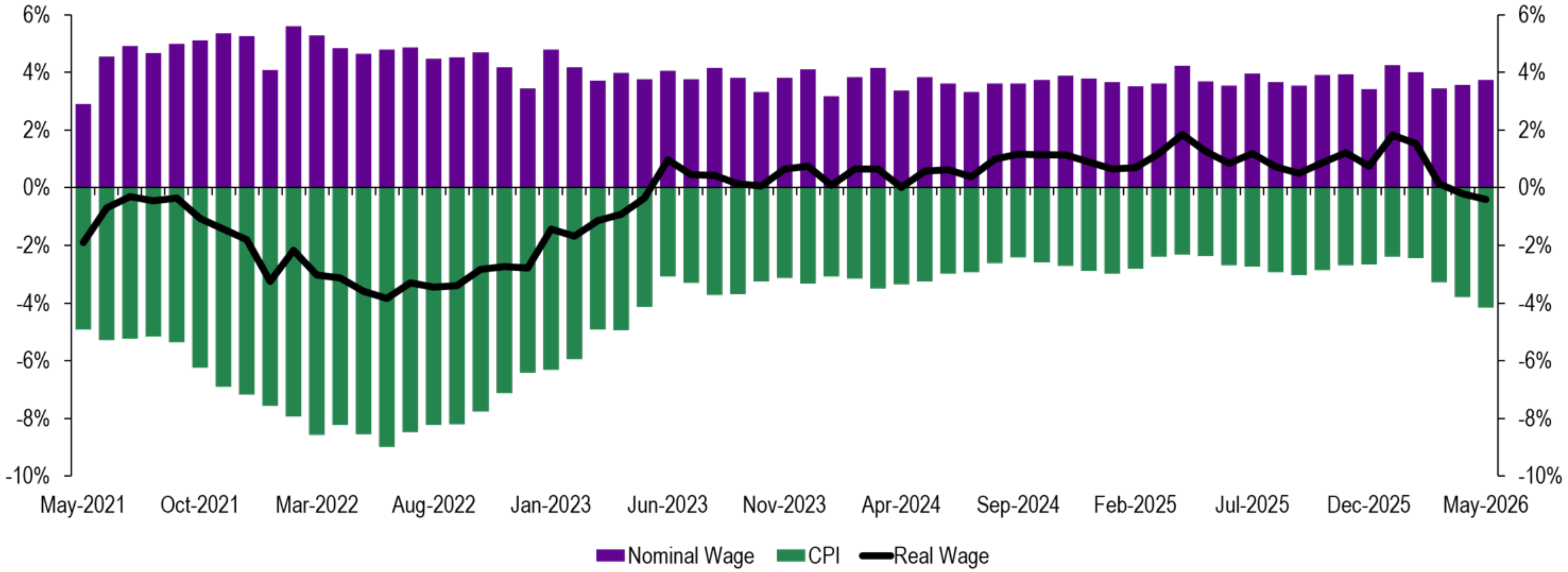




Source: BLS

Inflation outpaced wage growth in April and May

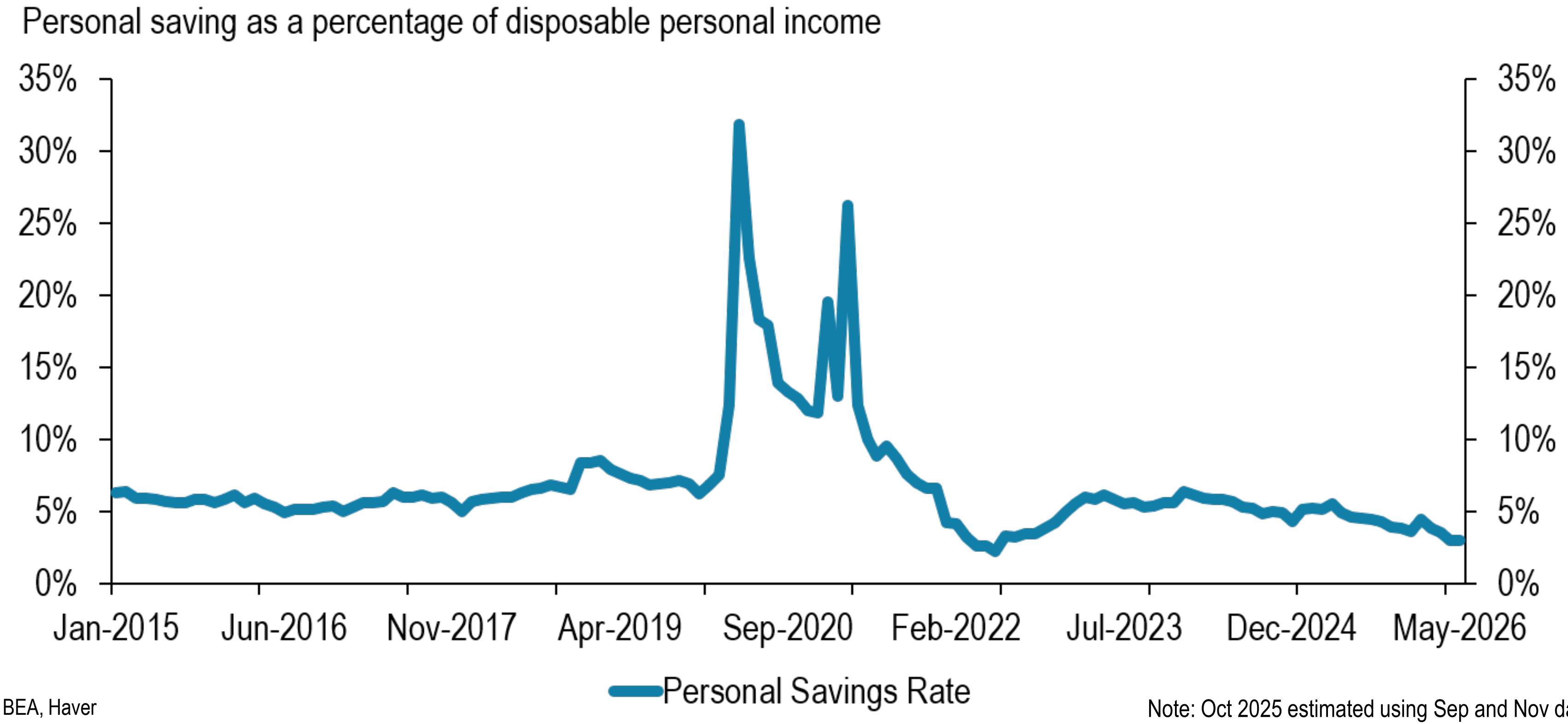
Year over Year % Change



Source: BLS, Haver

Note: Oct 2025 estimated using Sep and Nov data

Personal Savings Rate



Source: BEA, Haver

Note: Oct 2025 estimated using Sep and Nov data

Labor expansion decision framework

Future Demand

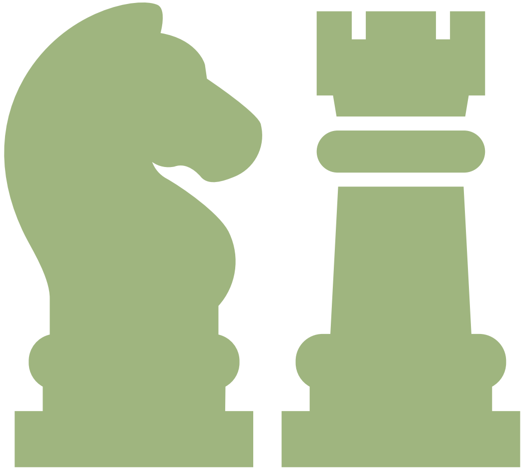
Hiring	Weak	Strong
Now	Excess labor cost, margin compression	Profit growth, capacity matched
Delay	Cost savings, maintain flexibility	Missed opportunity, overworked

Factors for less labor demand

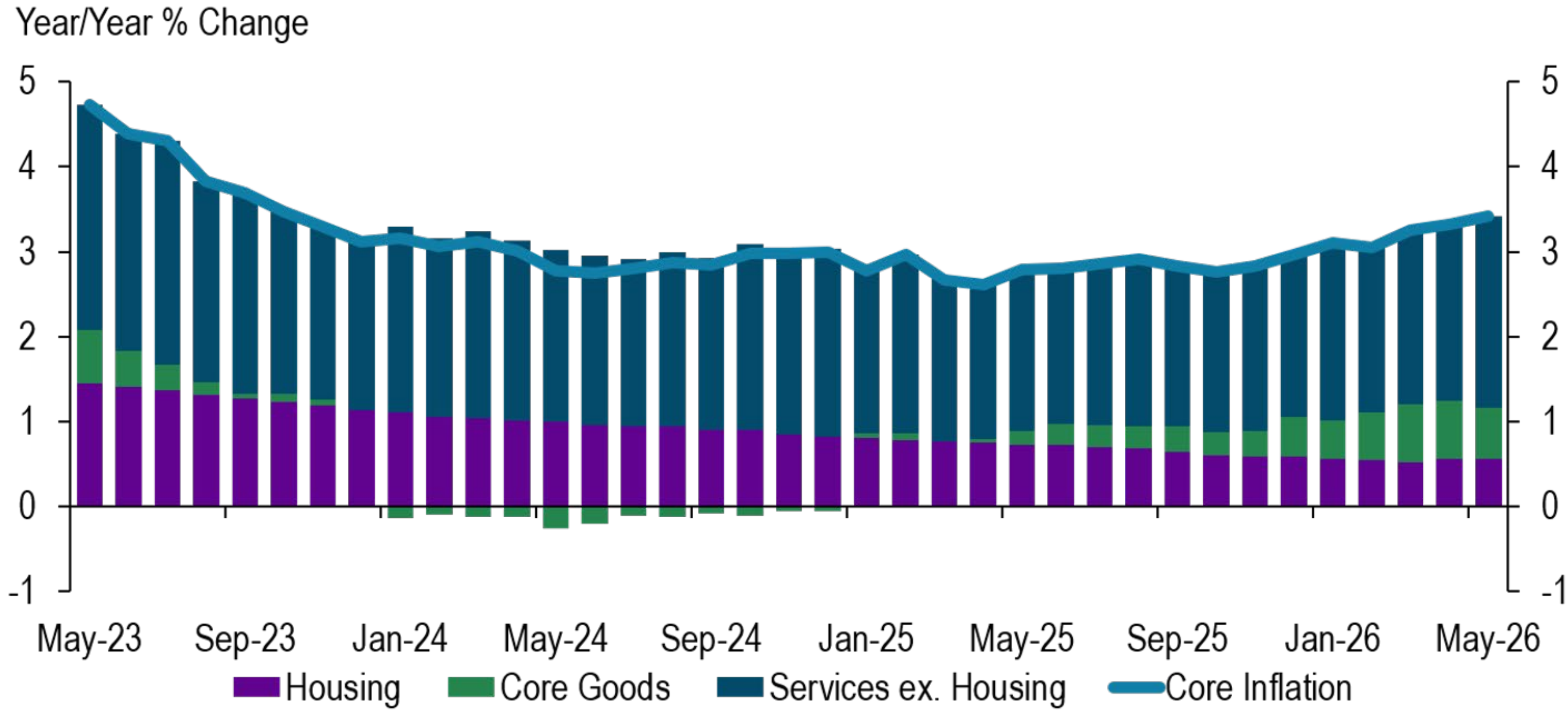
- **Productivity** – AI and less labor churn
- **Cost stability** – Healthcare and wage competition
- **Demand alignment** – uncertainty in matching capacity
- **Macroeconomic risks** – uncertainty
- **Industry shifts** – mergers or increased market share

Inflation

Breaking down cost pressures, inflation expectations, and business responses.

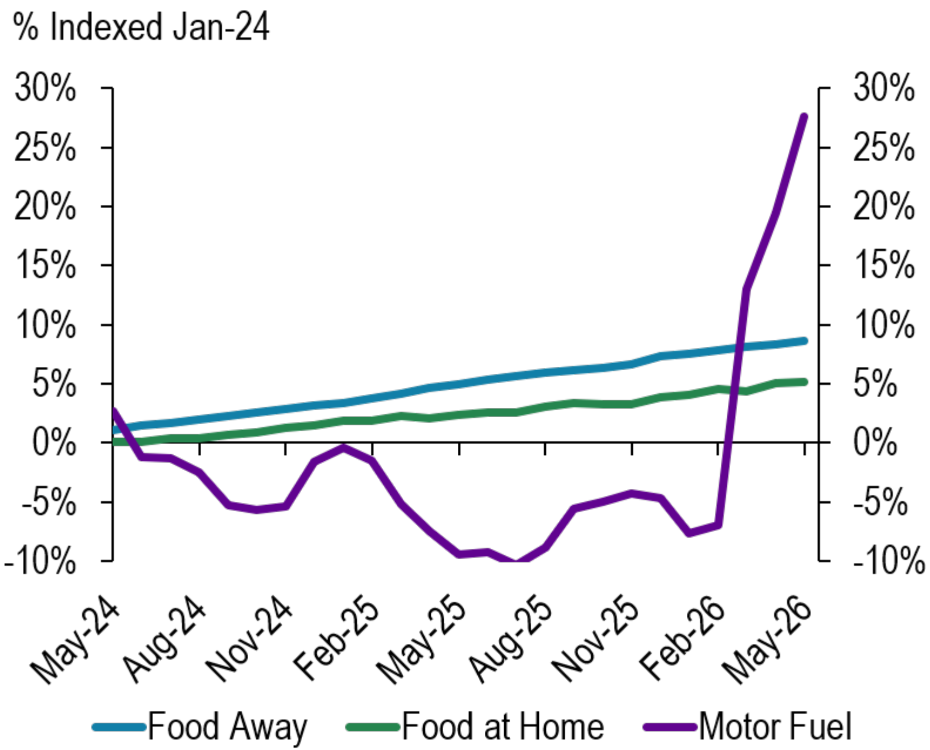


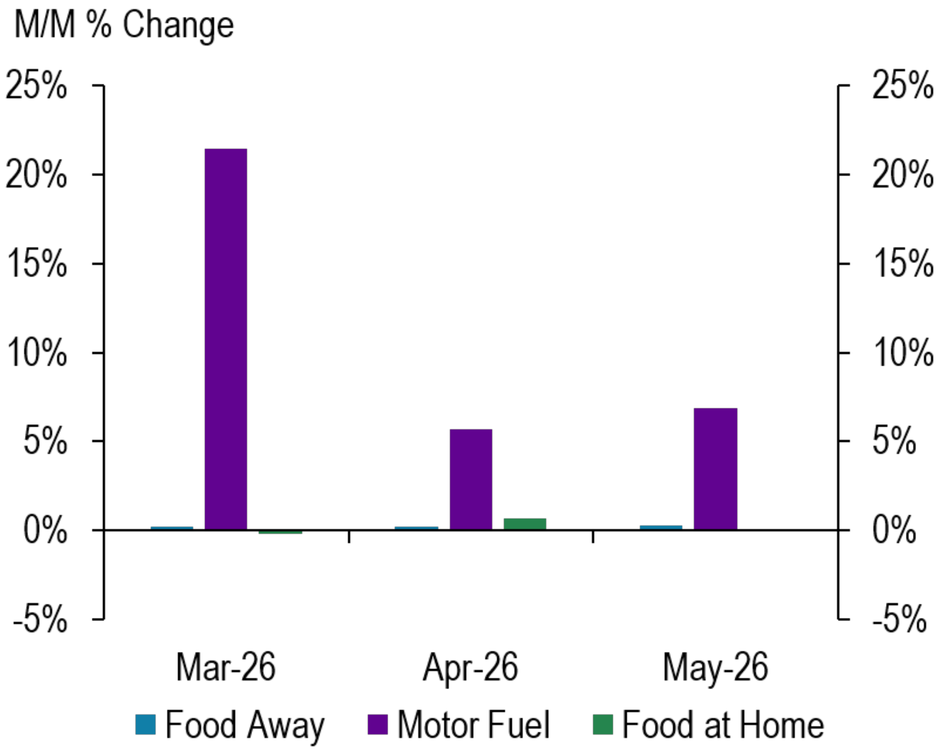
Goods inflation continues to creep in



Source: BEA, Haver

Inflation – Selected variables



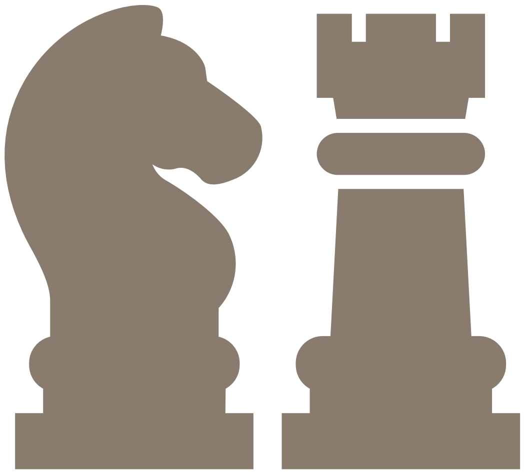


Source: BLS

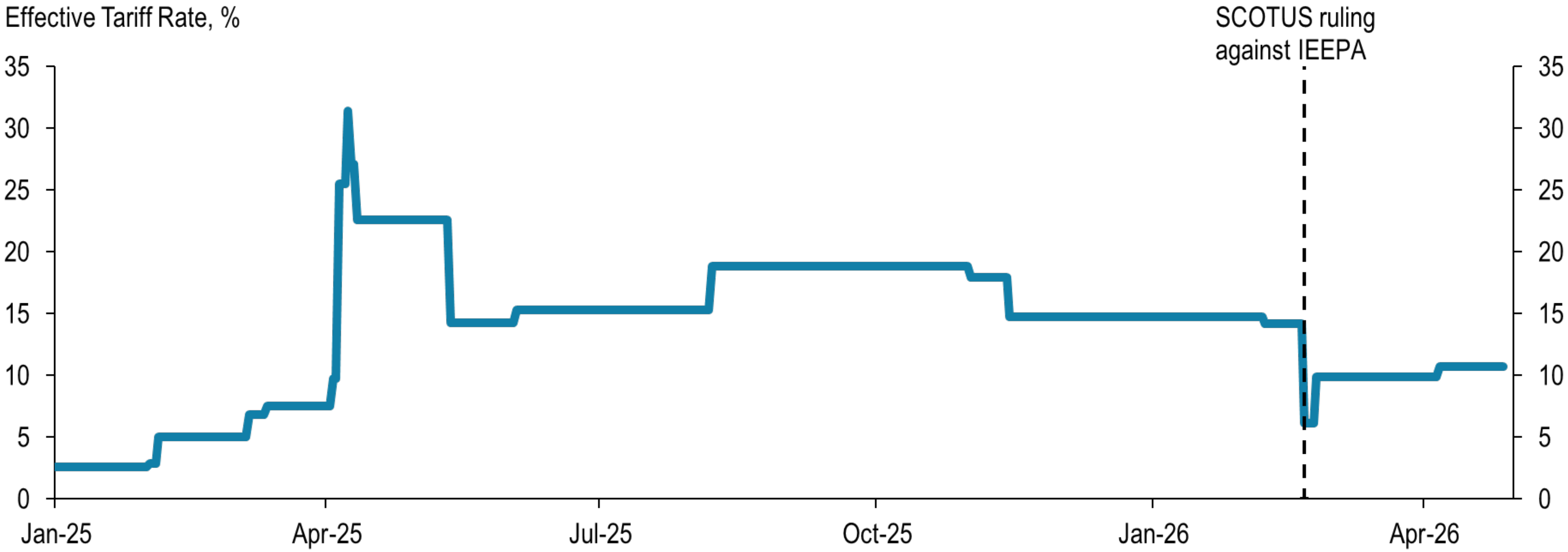
Note: Oct 2025 estimated using Sep and Nov data

Manufacturing

Examining whether strong production data signals sustained growth or temporary resilience.

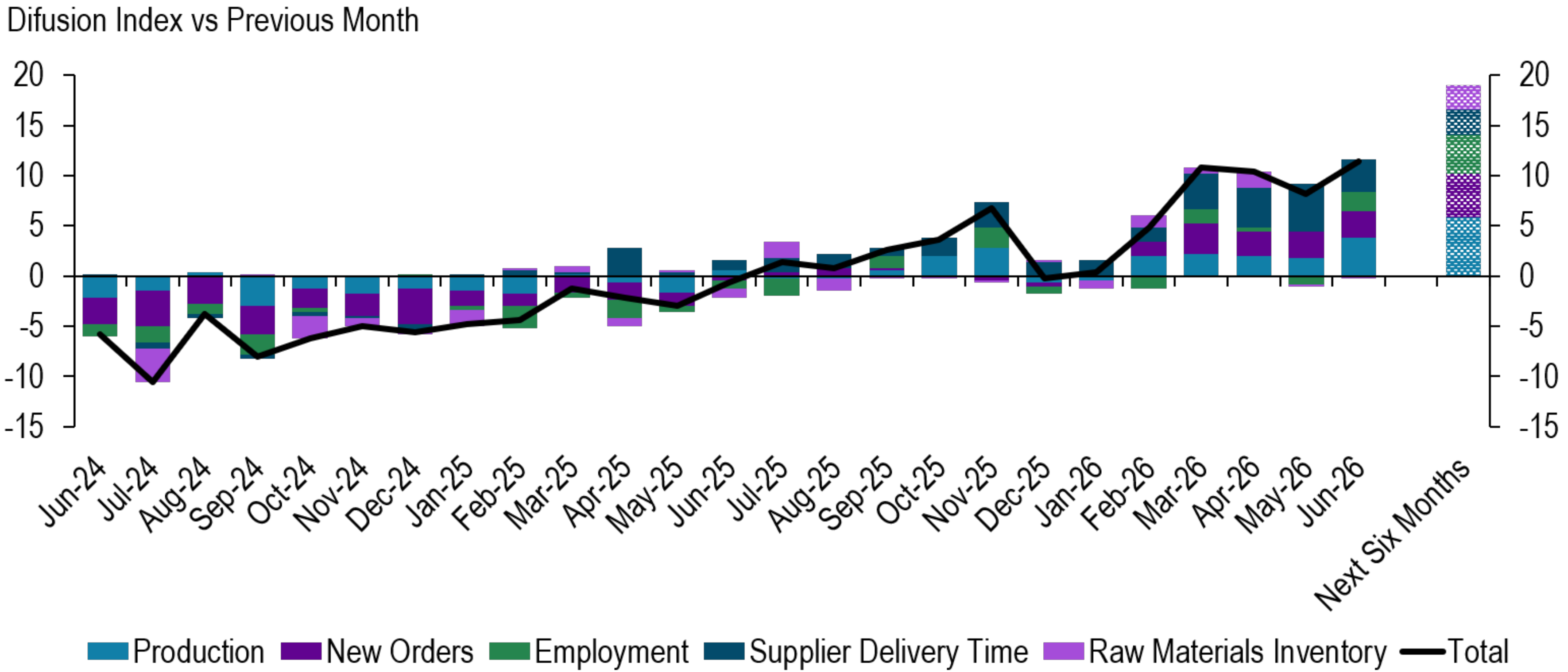


Effective Tariff Rate



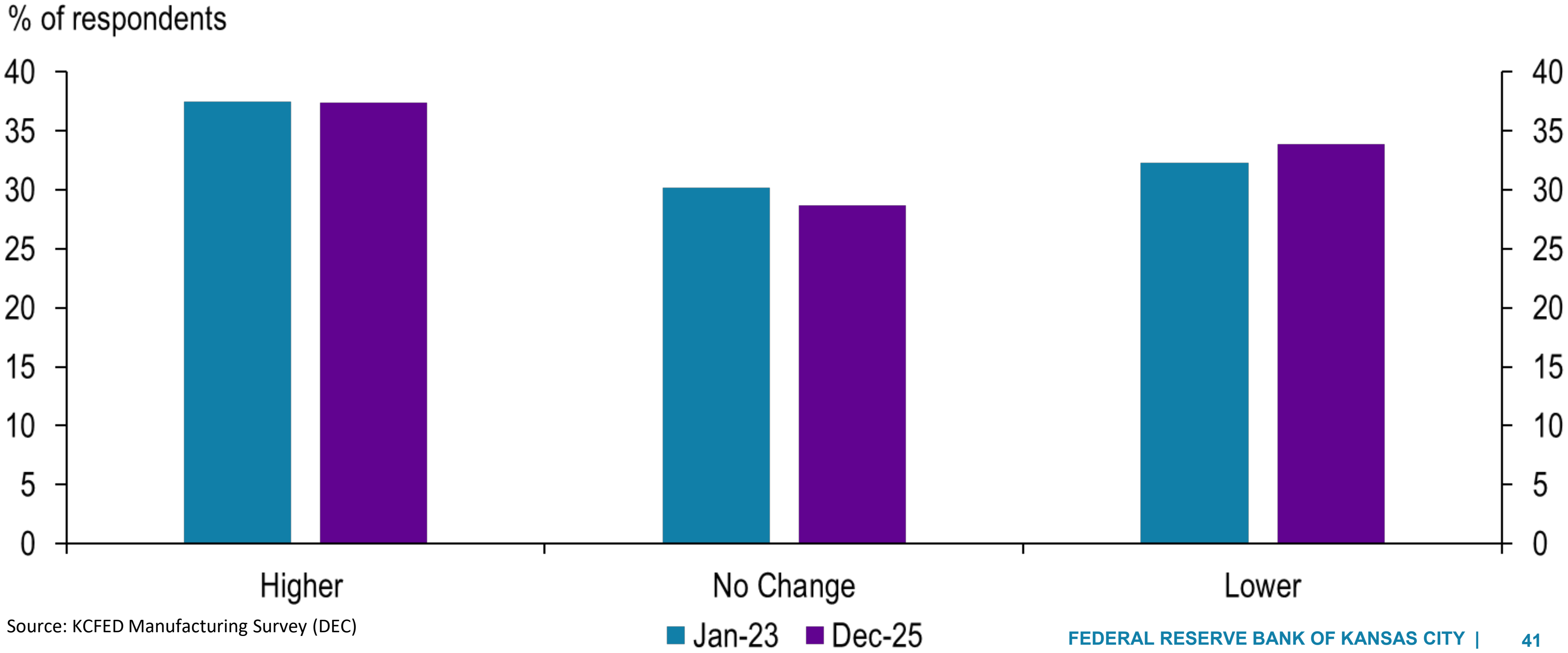
Source: US Census International Trade Data (via API)

Manufacturing survey – high optimism for new orders



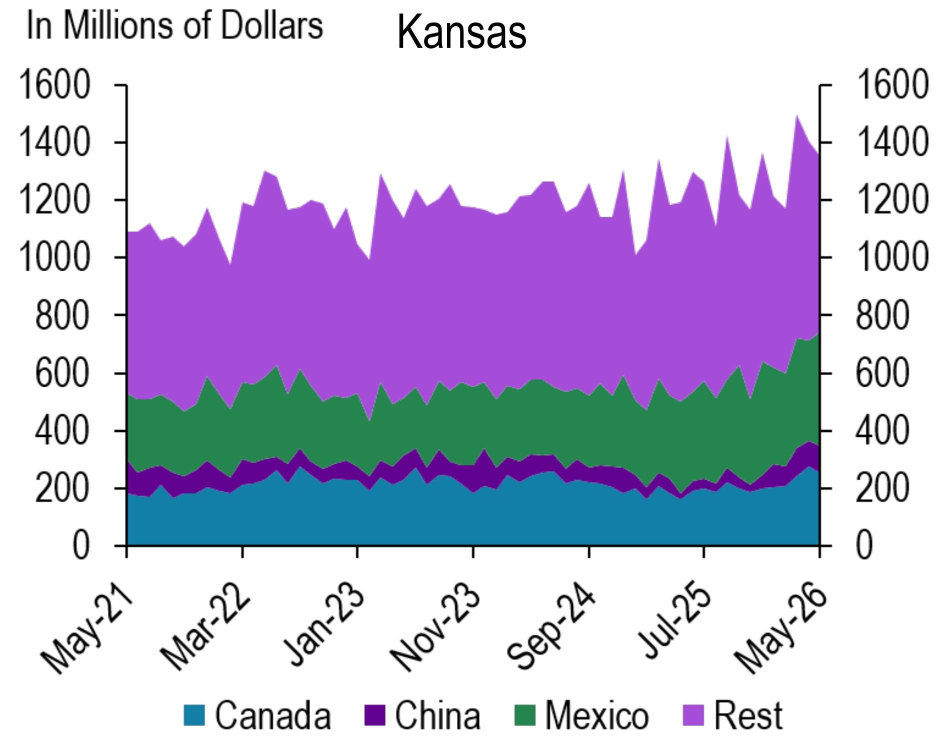
Source: KCFED Manufacturing Survey

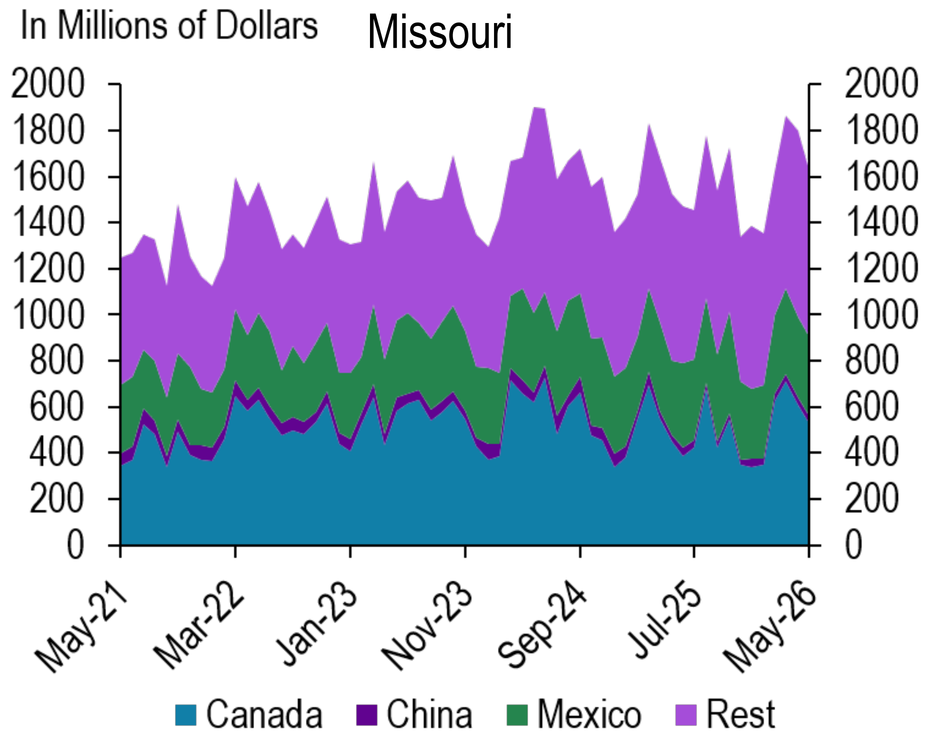
Survey- Capital expenditures expectations



Source: KCFED Manufacturing Survey (DEC)

KS exports have more global exposure





Source: USATrade

Globally Connectedness – Is there a Midwest advantage?

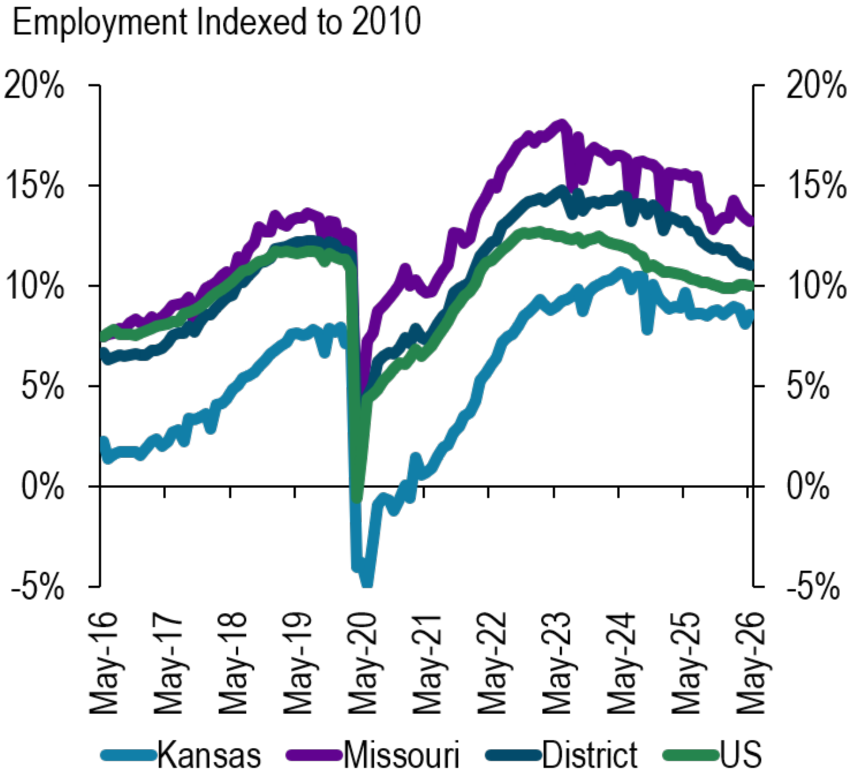
Domestic – Customers and Suppliers

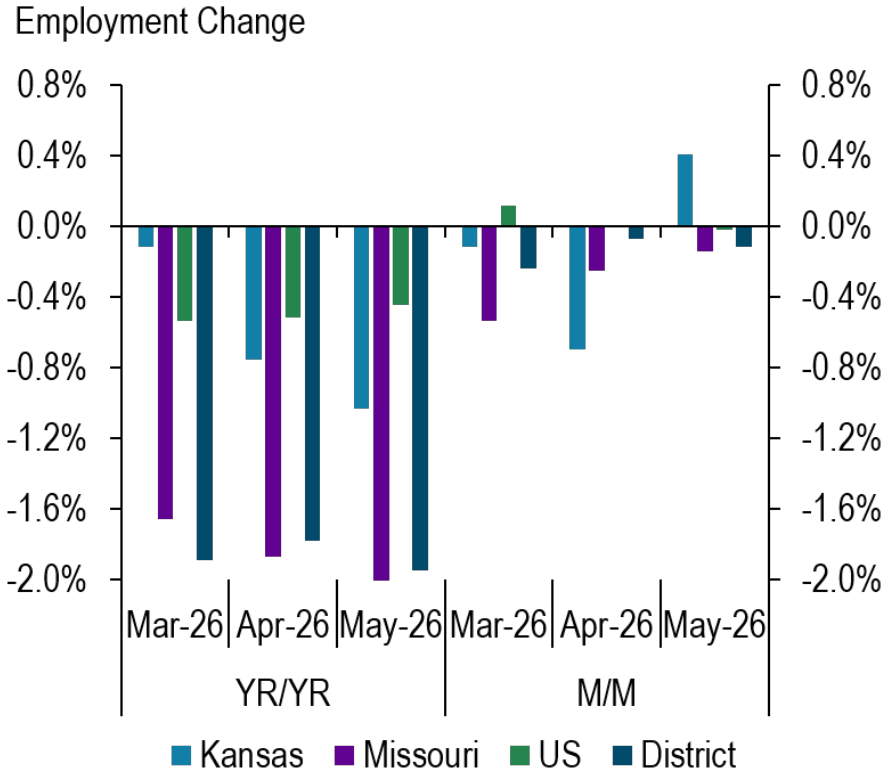
- A more stable cost base enabled price competitiveness and stronger relative margins, gaining market share as import-reliant rivals adjusted pricing.
- Industry Examples:
  - Food production
  - Fabricated metals
  - Metal foundry
  - Consumer goods

Foreign – Customers and Suppliers

- Industries faced pressure from rising input costs and declining global competitiveness. Strategies included tightening margins, cutting output, adjusting product lines, switching to lower-cost inputs, or passing on costs to customers.
- Industry Examples:
  - Automotive
  - Aerospace
  - Machinery equipment
  - Farm equipment

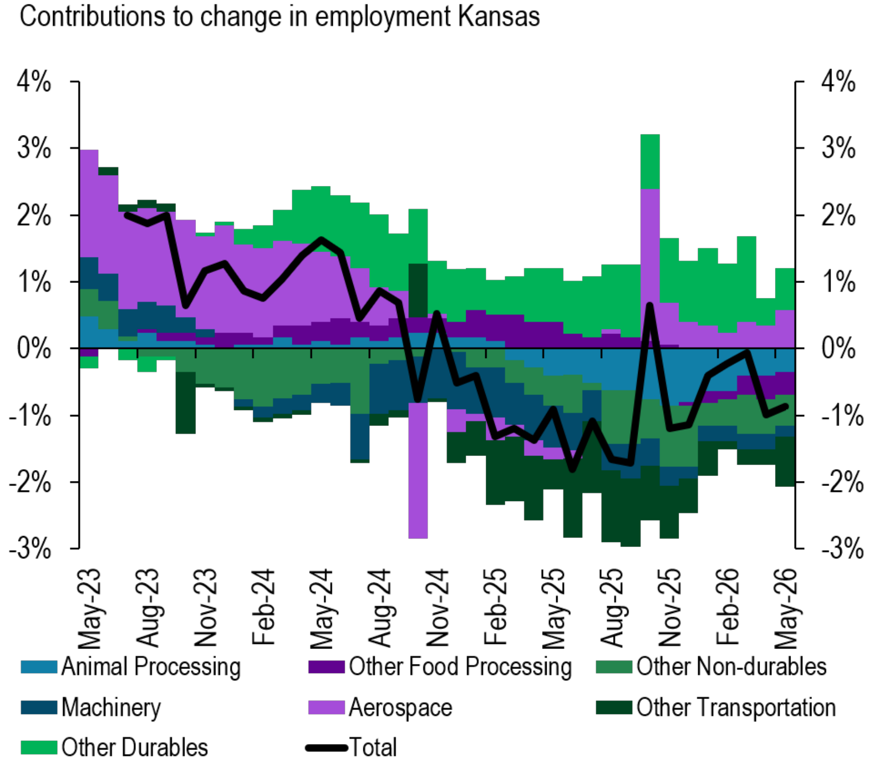
Manufacturing Employment is slowing

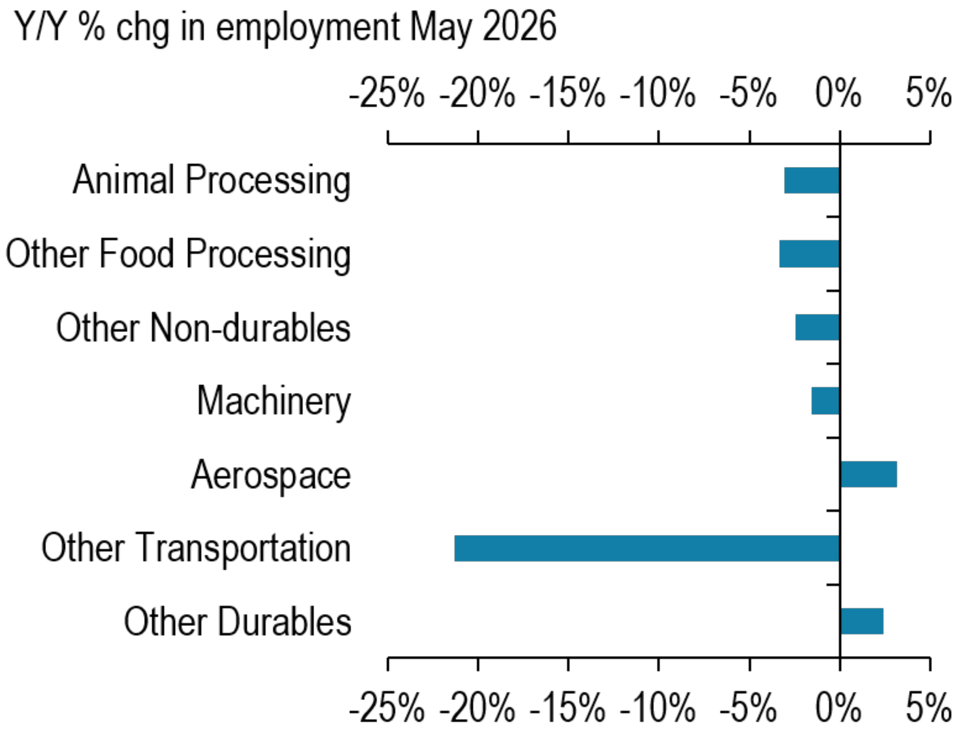




Source: BLS

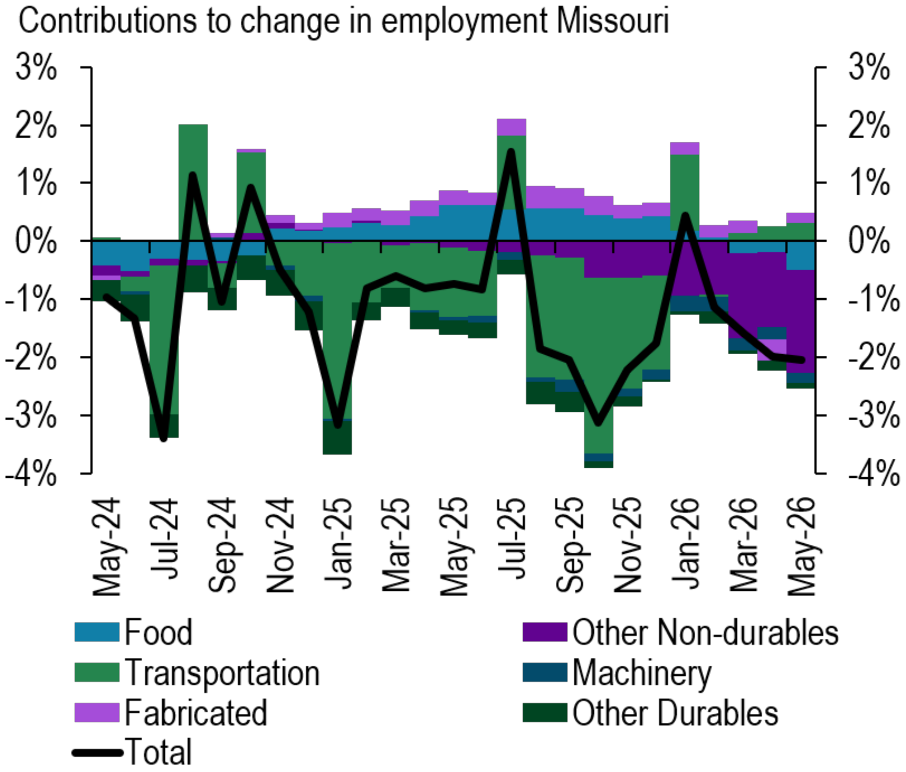
KS: Other durables has propped up the economy

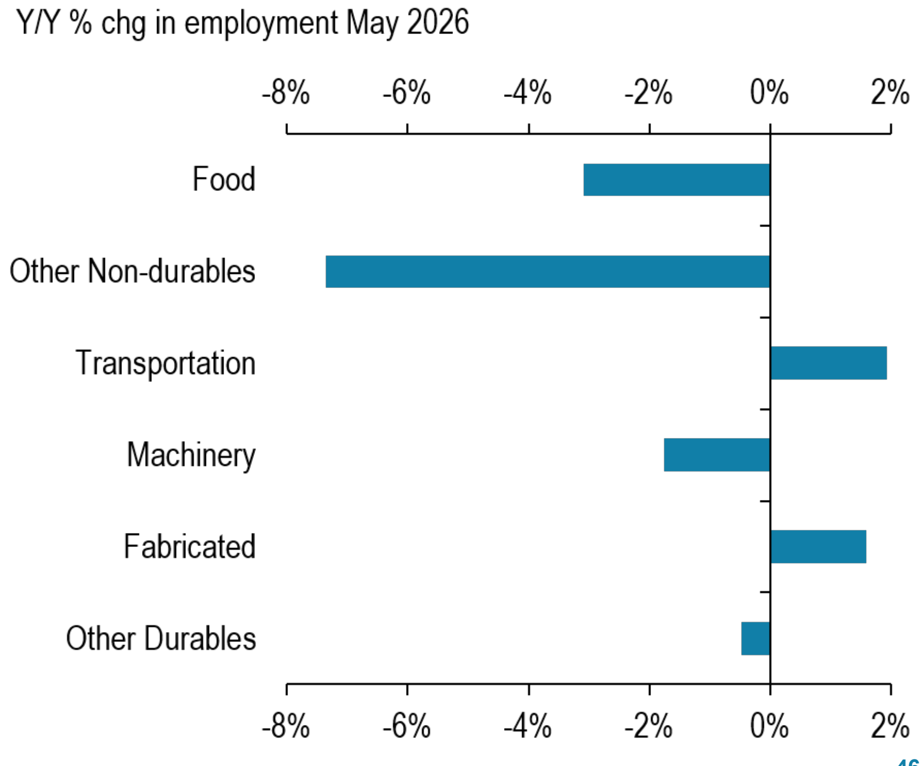




Source: BLS

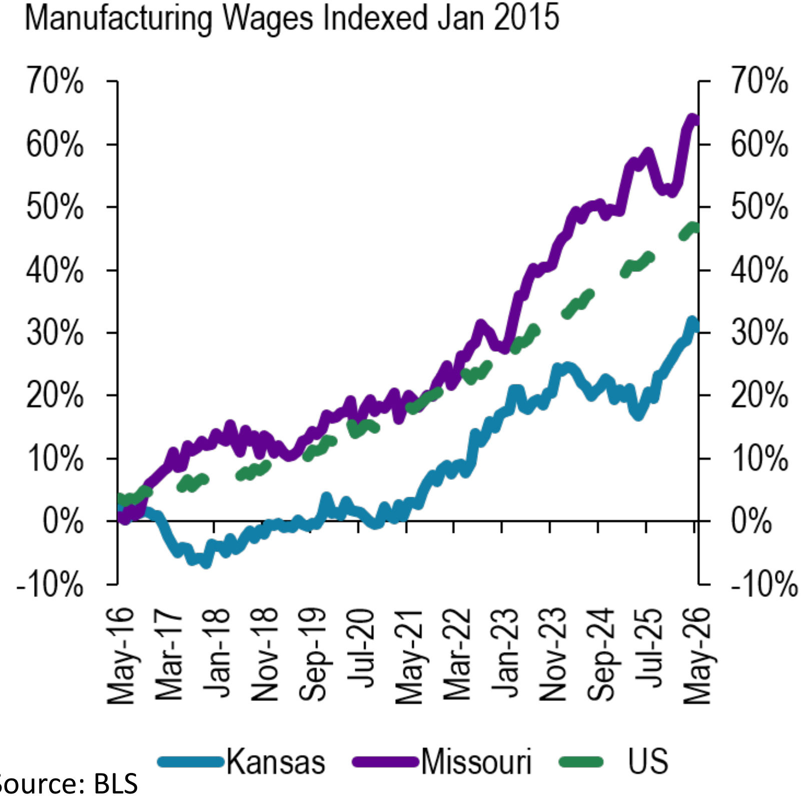
MO: Transportation employment has been volatile

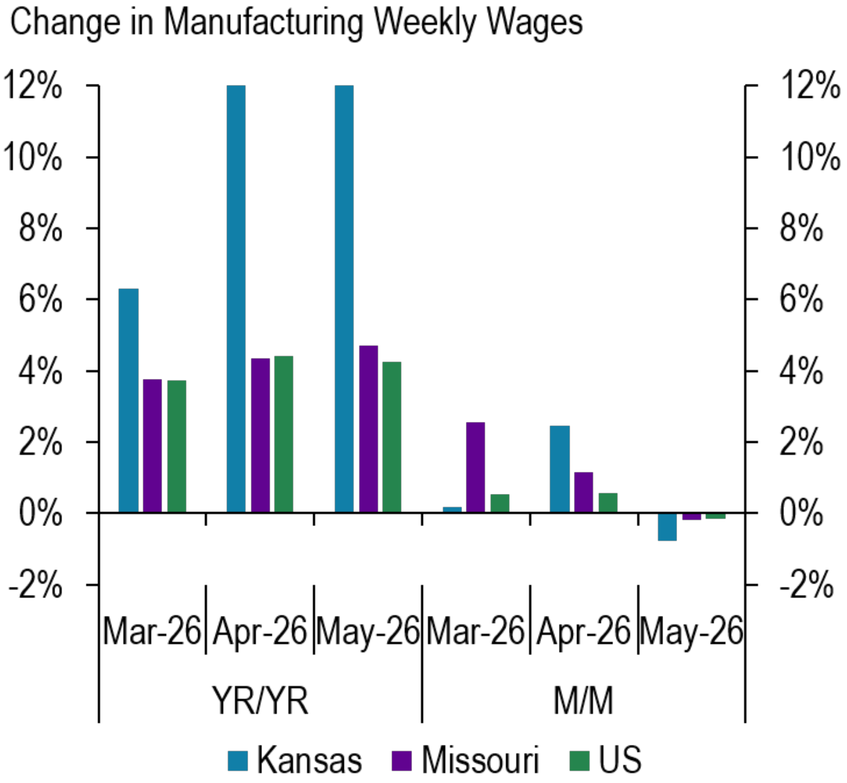




Source: BLS

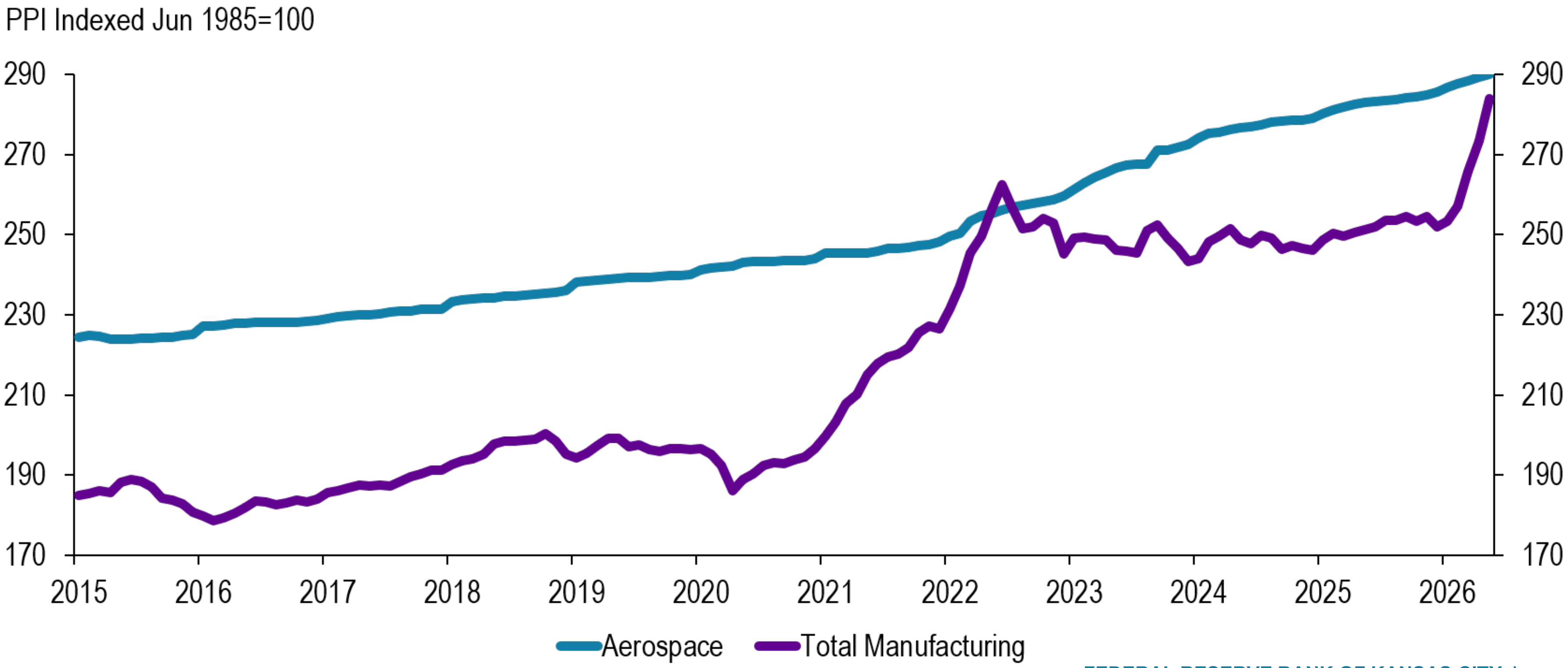
Manufacturing Wages





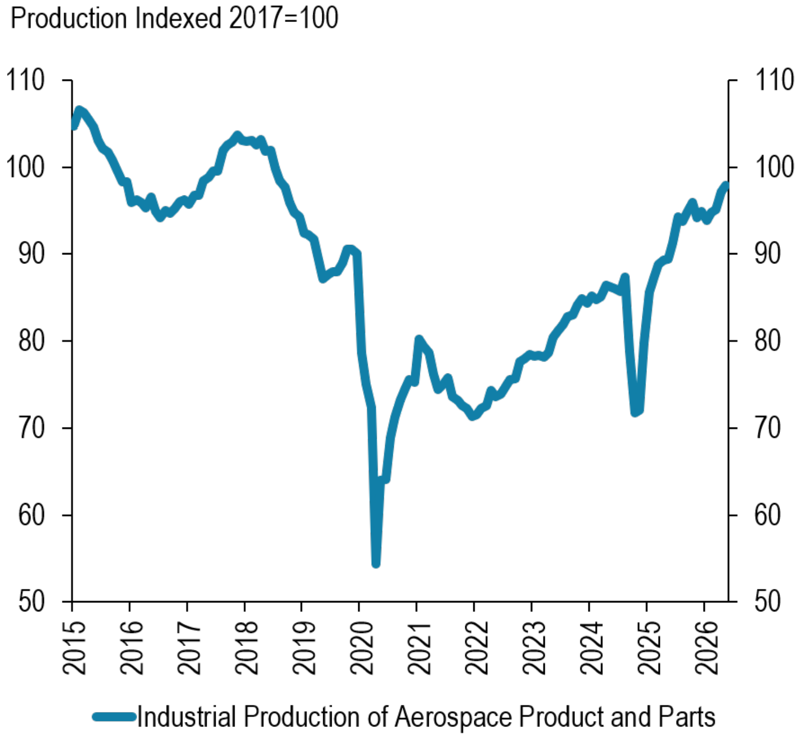
Source: BLS

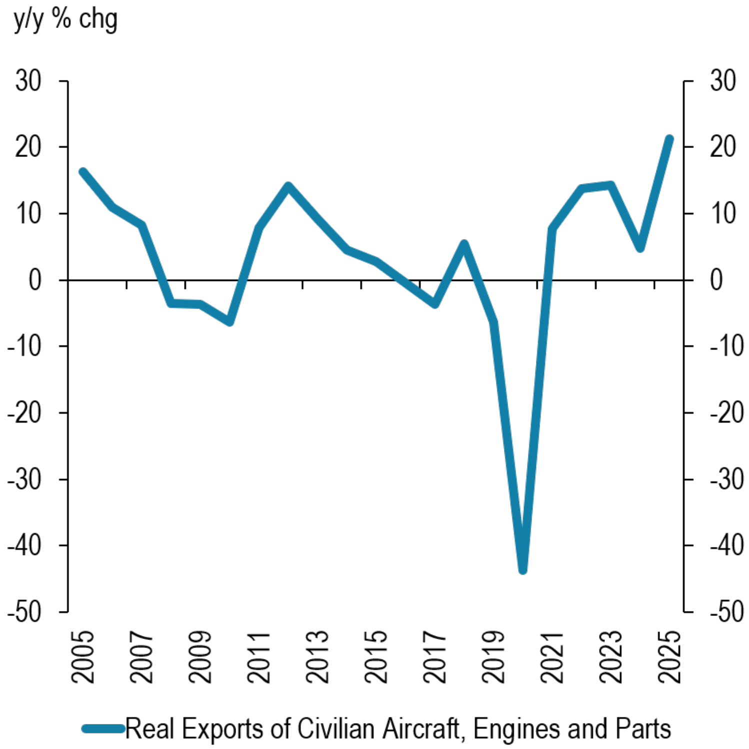
Producer Price Index



Source: FRED

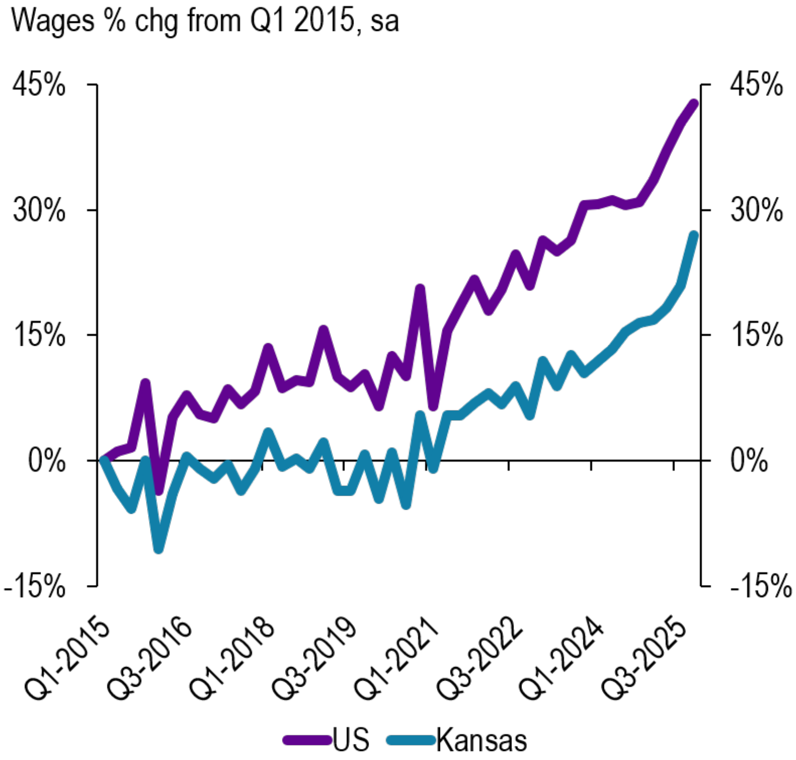
Aerospace Production and Exports

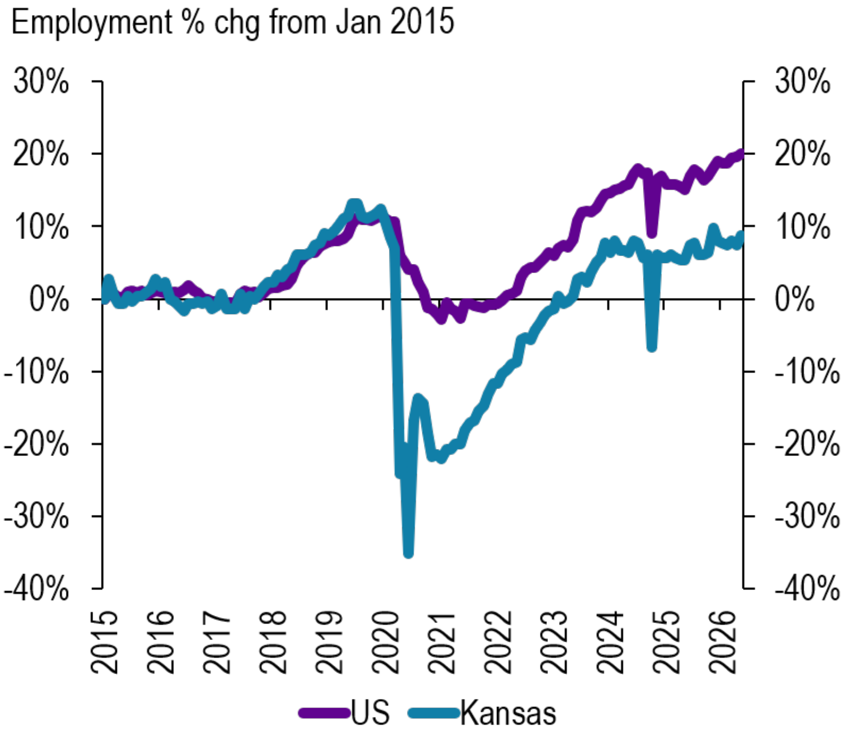




Source: FRED

Aerospace Employment and Wages

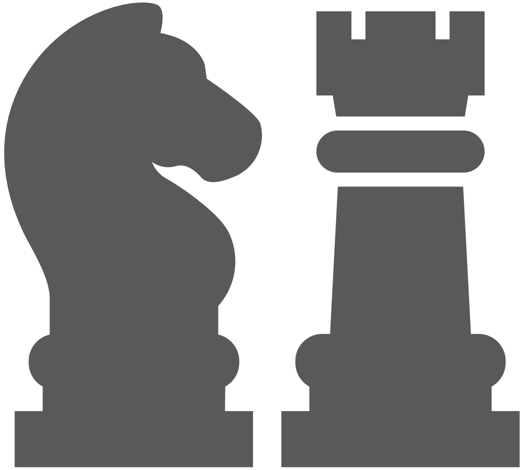




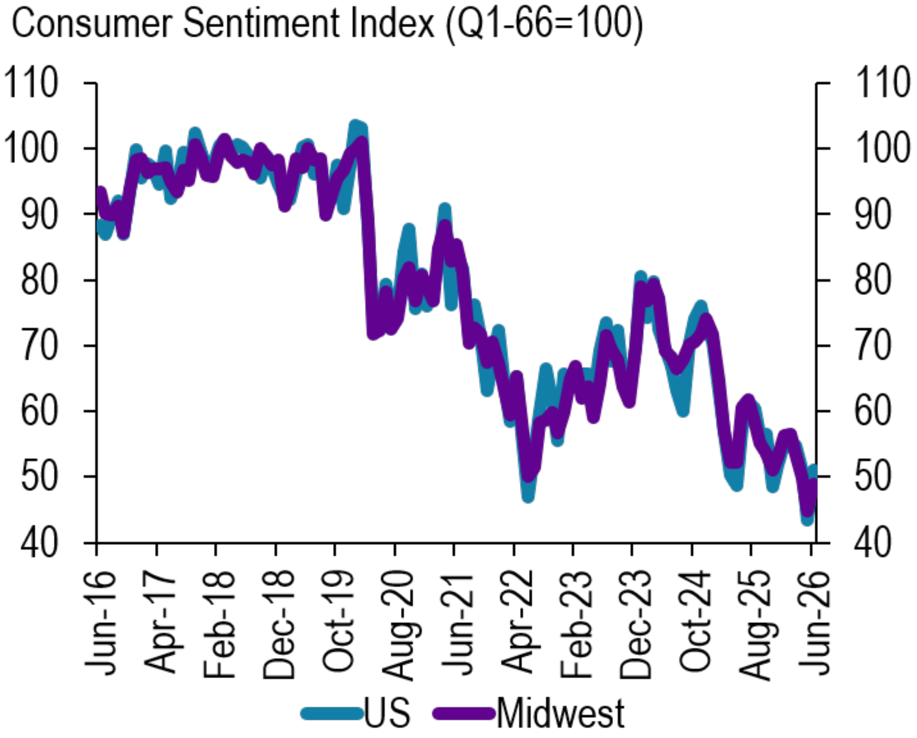
Source: BLS

Services

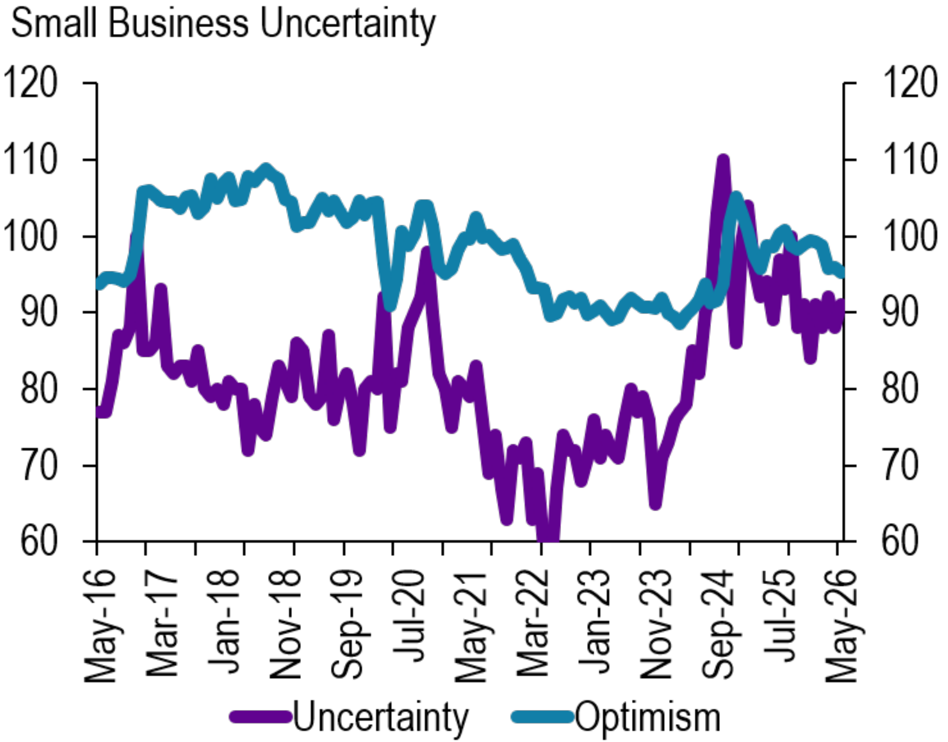
Analyzing the strength of the service sector amid shifting consumer and business confidence



Consumers sentiment declined while business uncertainty remains high

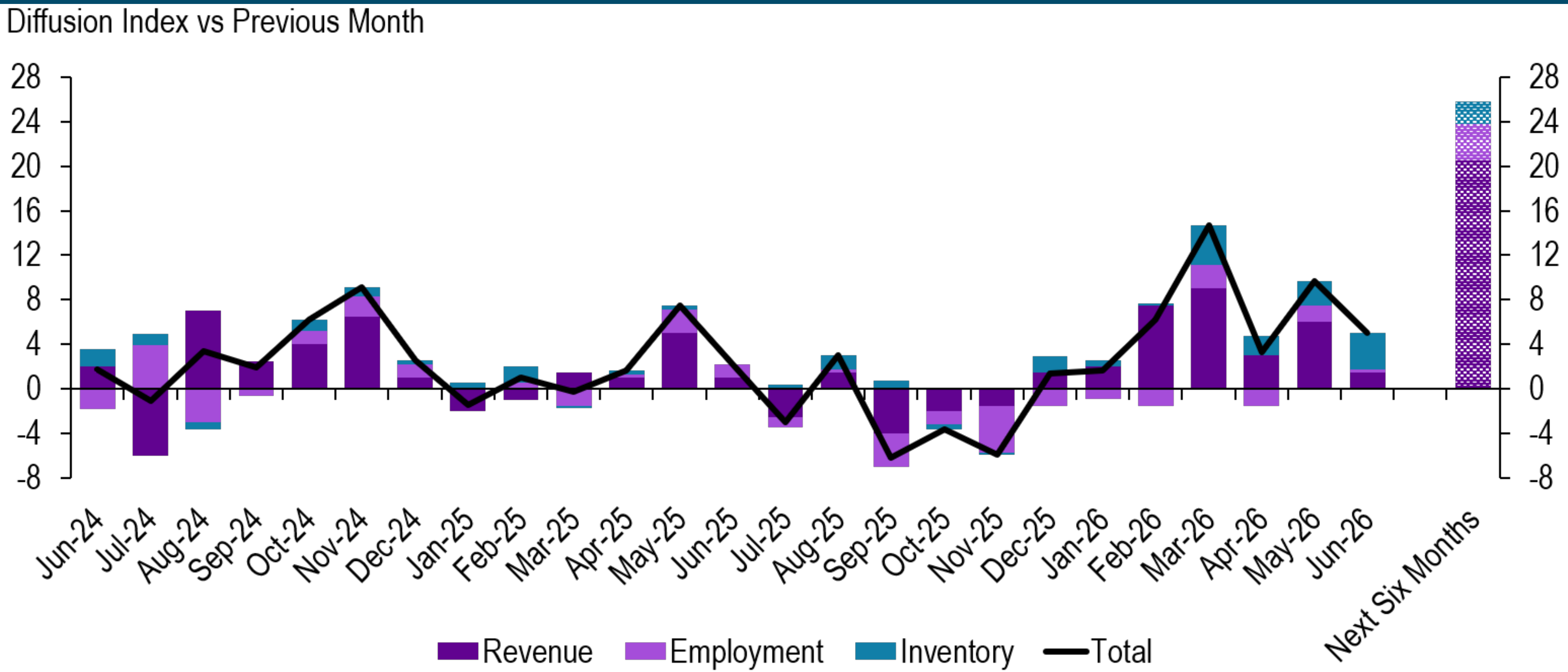


Source: University of Michigan, Haver



Source: NFIB, Haver

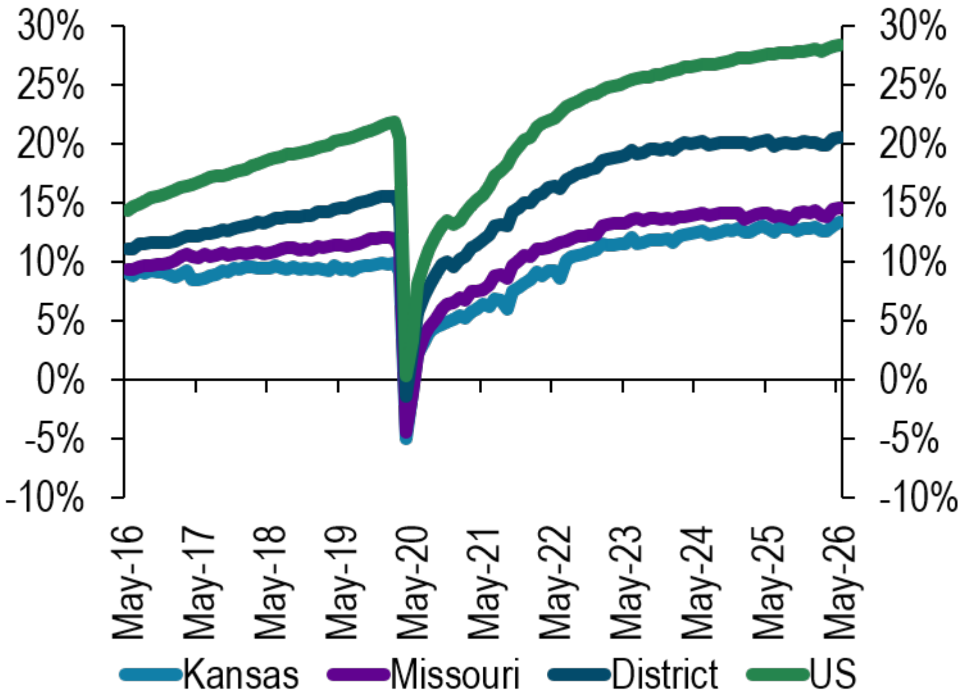
Services survey – Revenue is improving



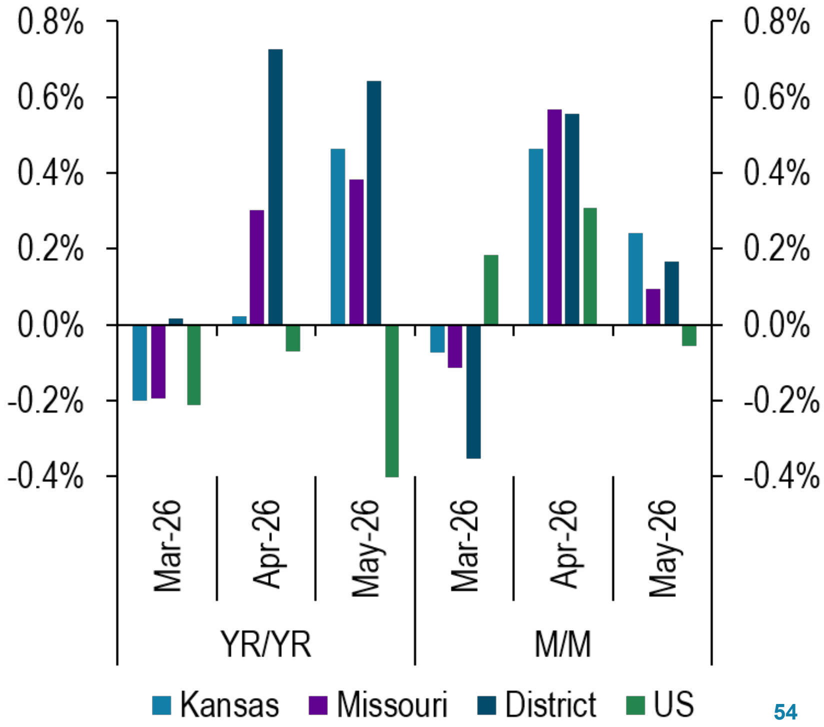
Source: KCFED Manufacturing Survey

Employment in KS has cooled

Services Employment Indexed to 2010

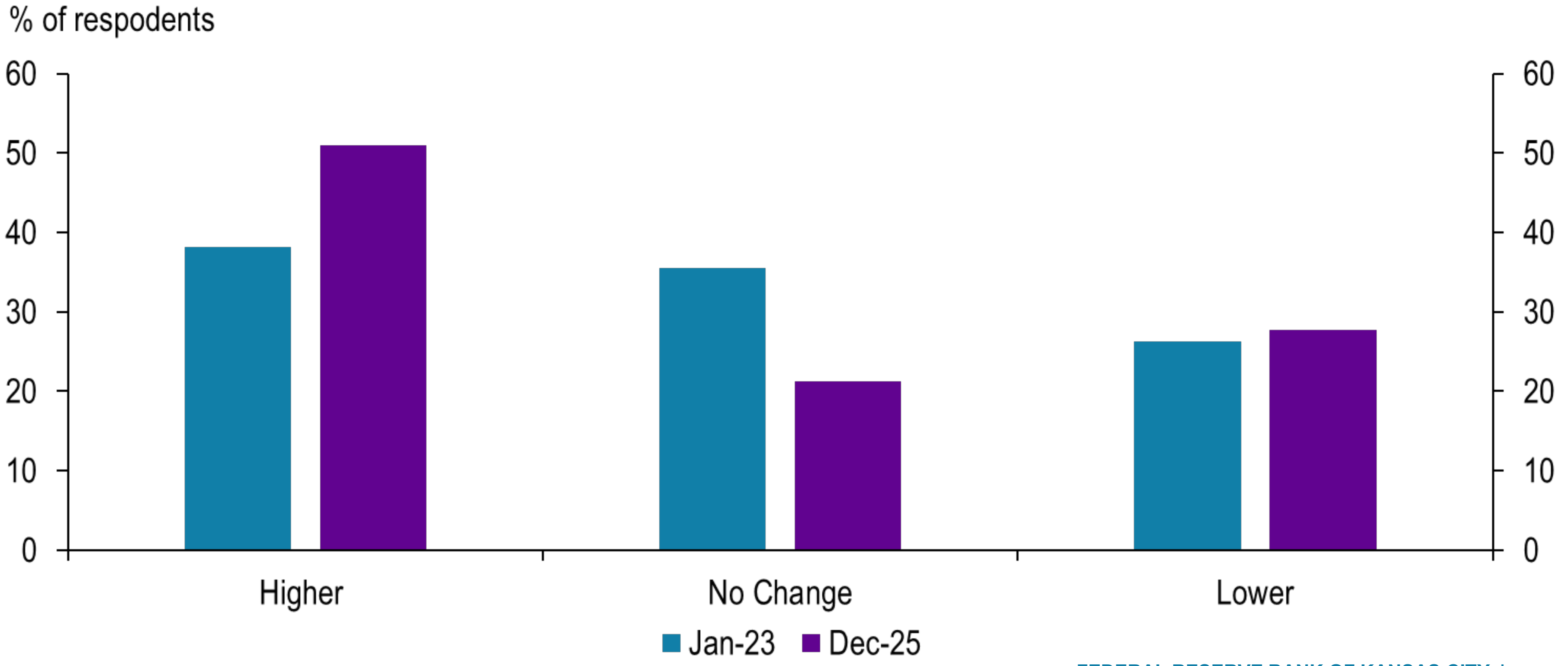


Services Employment Change



Source: BLS

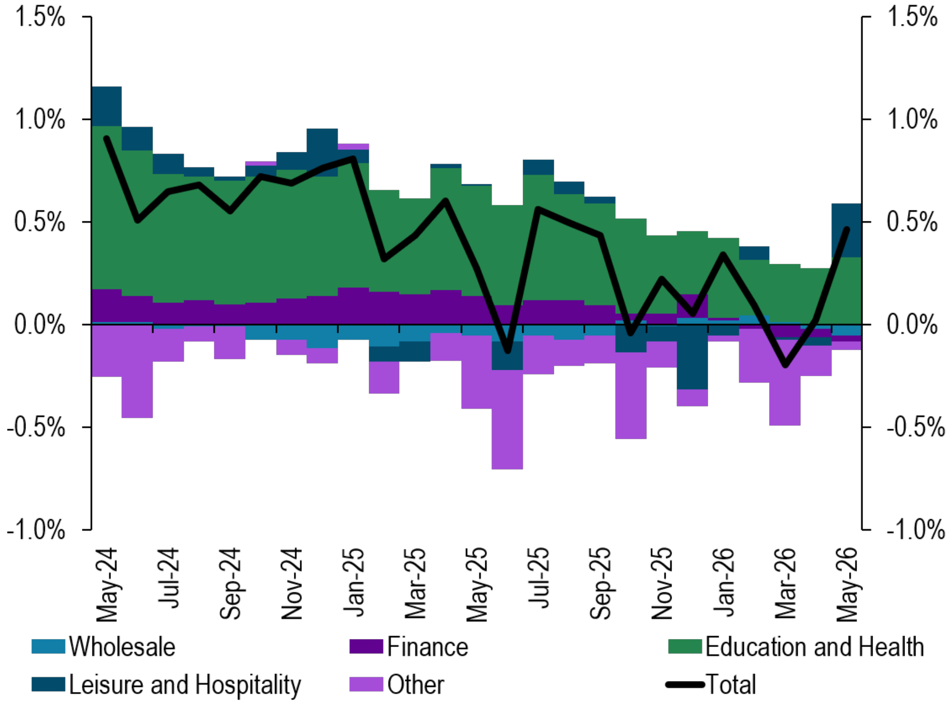
Survey- Capital expenditures expectations



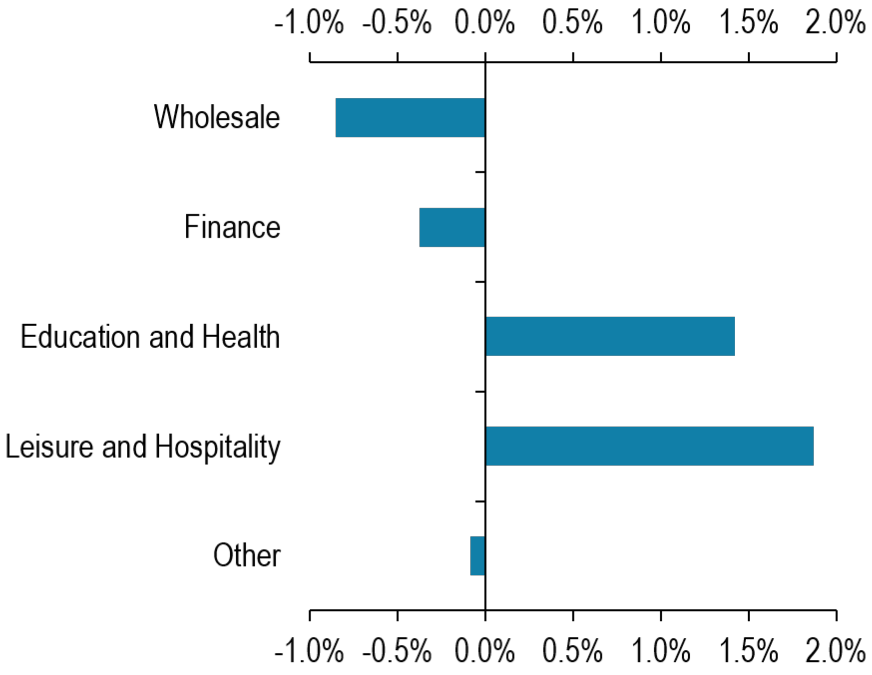
Source: KCFED Services Survey (DEC)

Leisure has been volatile in Kansas

Contributions to change in employment Kansas

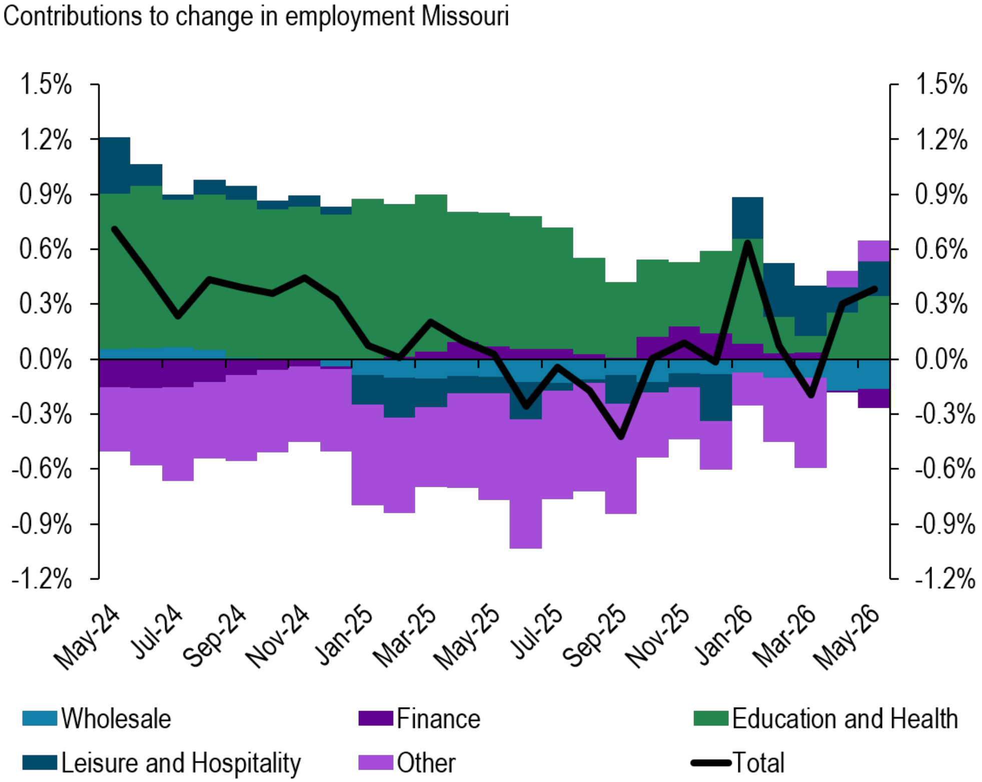


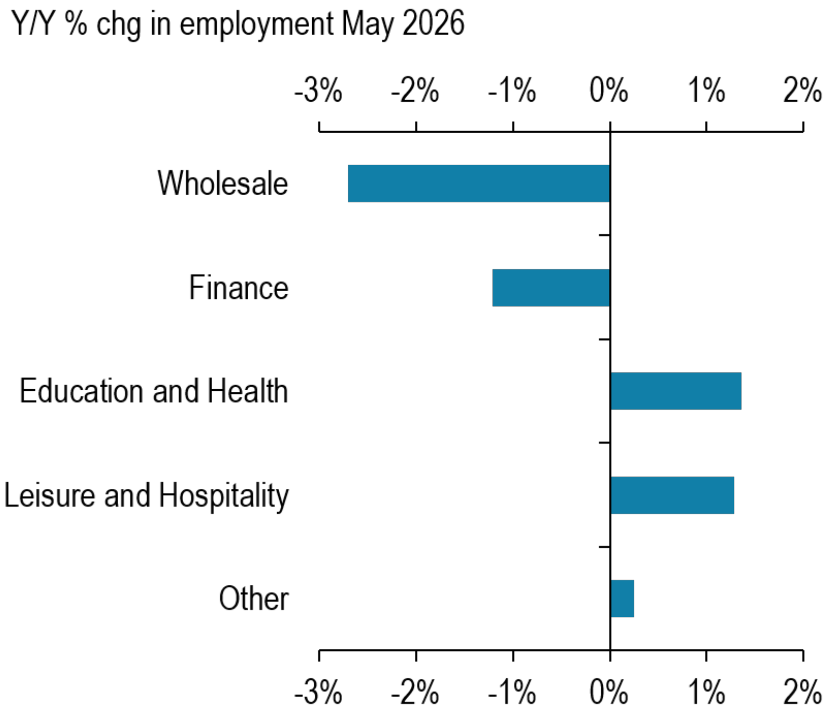
Y/Y % chg in employment May 2026



Source: BLS

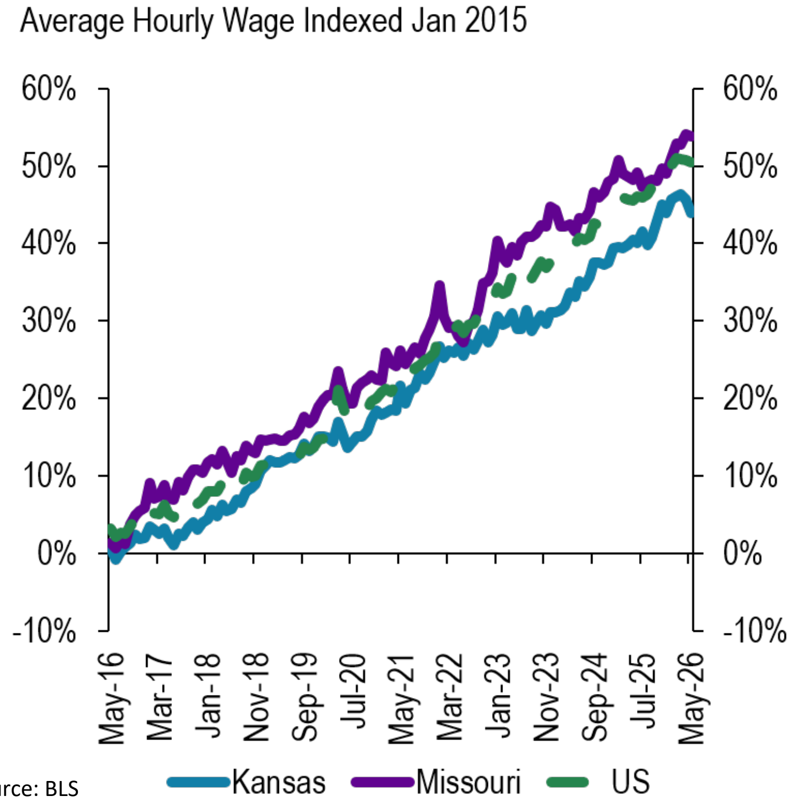
Leisure still growing - Missouri

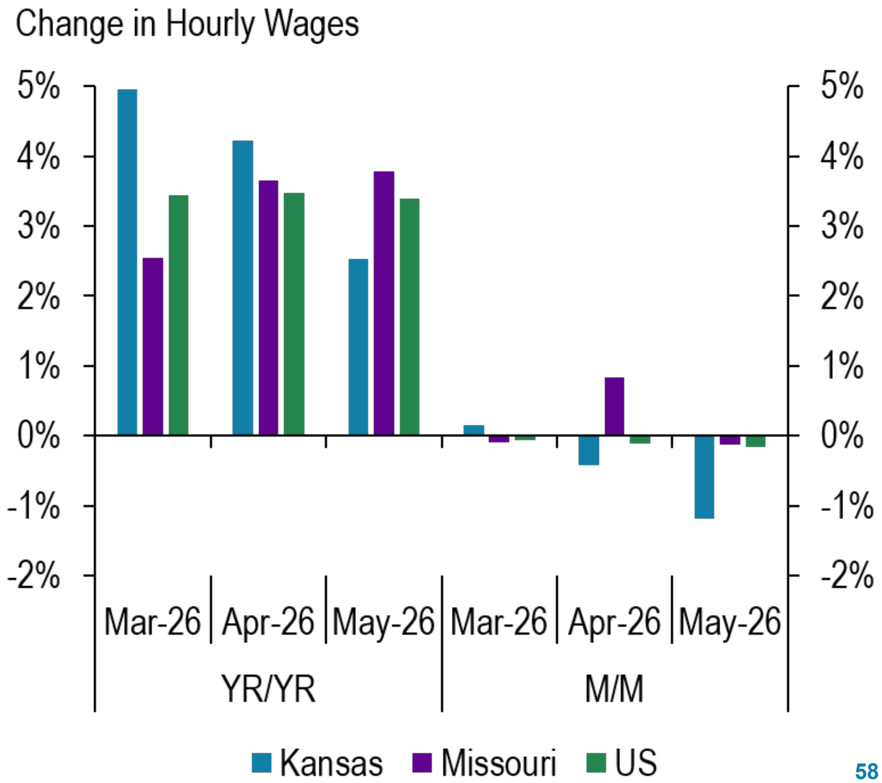




Source: BLS

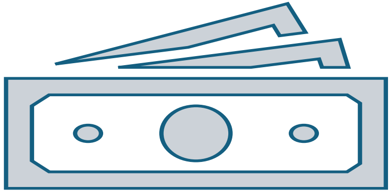
KS nominal wages are starting to catch up to the US



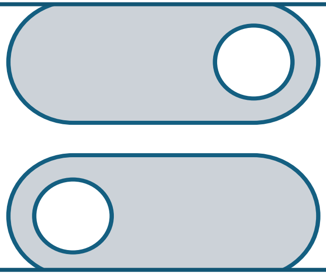


Source: BLS

Where did my customer go?



Segment – Heterogeneity increased: demand behavior diverged more by income and wealth



Substitution toward value: premium to mid or budget alternatives

Staycations: consumers are optimizing costs towards smaller trips

Retail and goods: value and essentials win over big discretionary purchases

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