

Regional Economic Update



FEDERAL RESERVE BANK *of* KANSAS CITY

October 6, 2017

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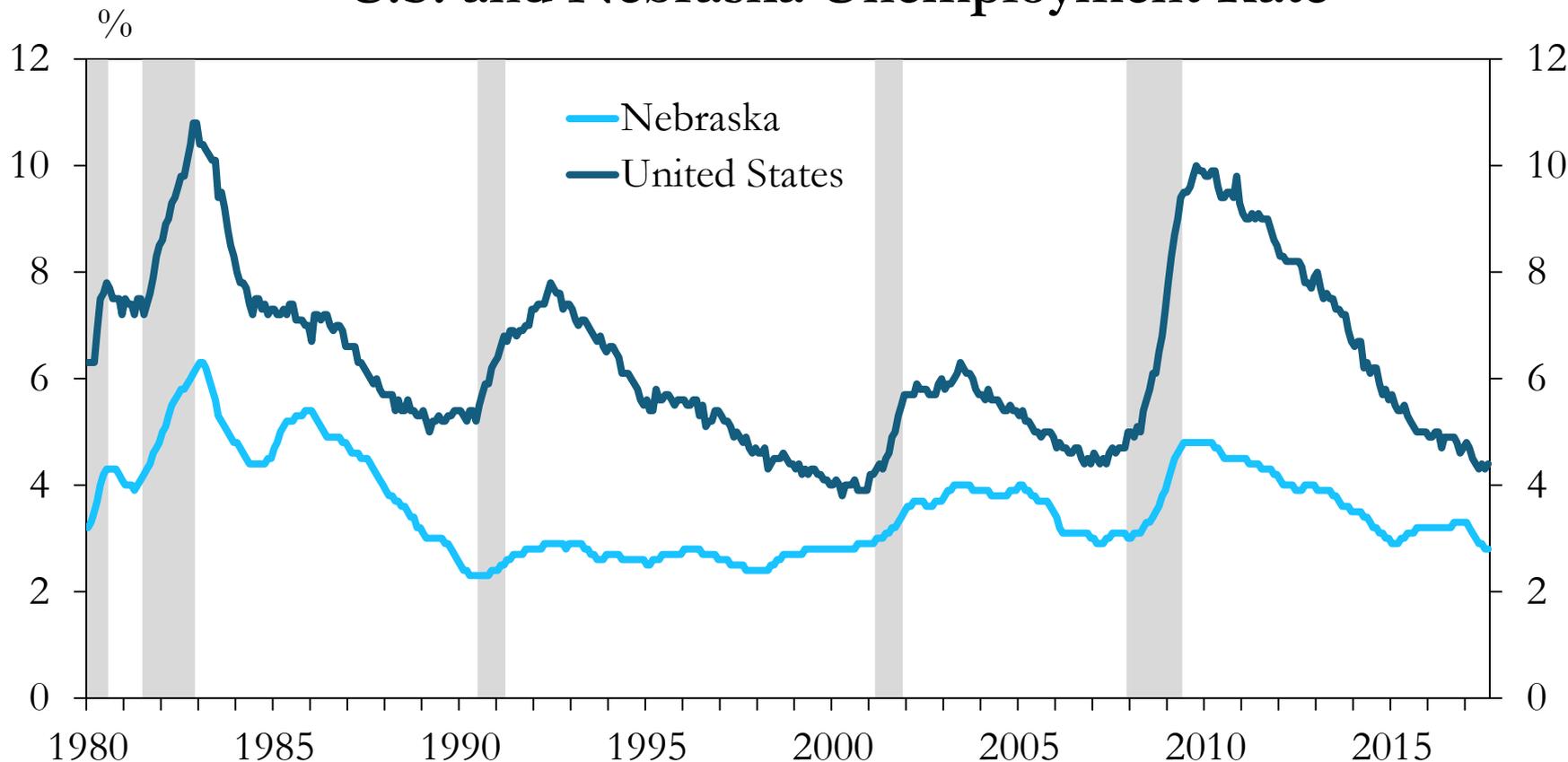
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Outlook Themes

- Labor markets appear to be tight, and are tightening further across Nebraska.
- However, reasons for labor market tightness differ significantly between metro and nonmetro areas.
 - Metro: Steady job growth and economic activity
 - Nonmetro: Limited pool of labor amidst population declines

Unemployment rates in Nebraska are at their lowest since the turn of the century.

U.S. and Nebraska Unemployment Rate

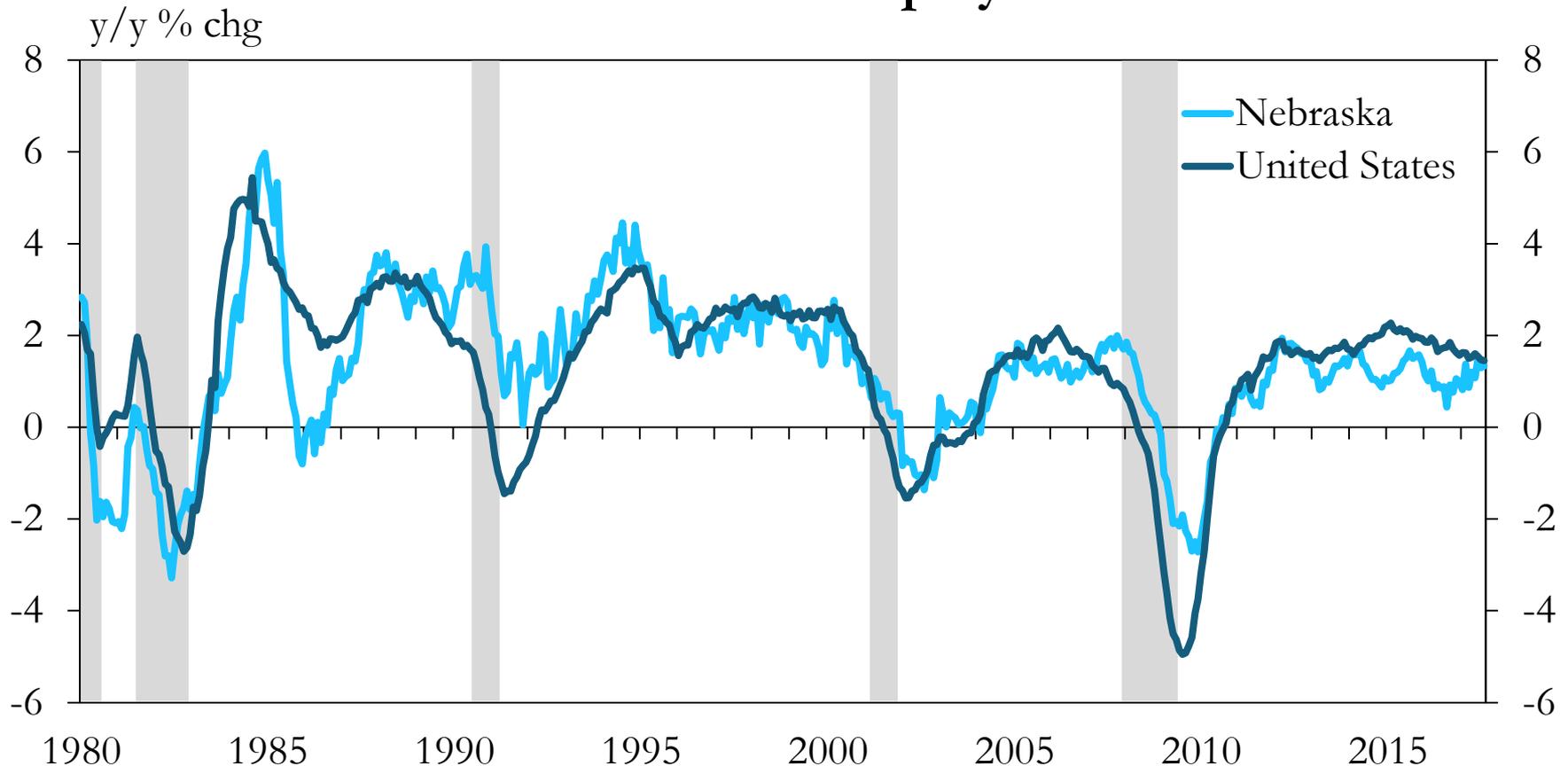


Source: Bureau of Labor Statistics (CPS), Haver Analytics.

Note: The gray bars indicate NBER-defined recessions.

Job growth has also picked back up to its post-recession average rate.

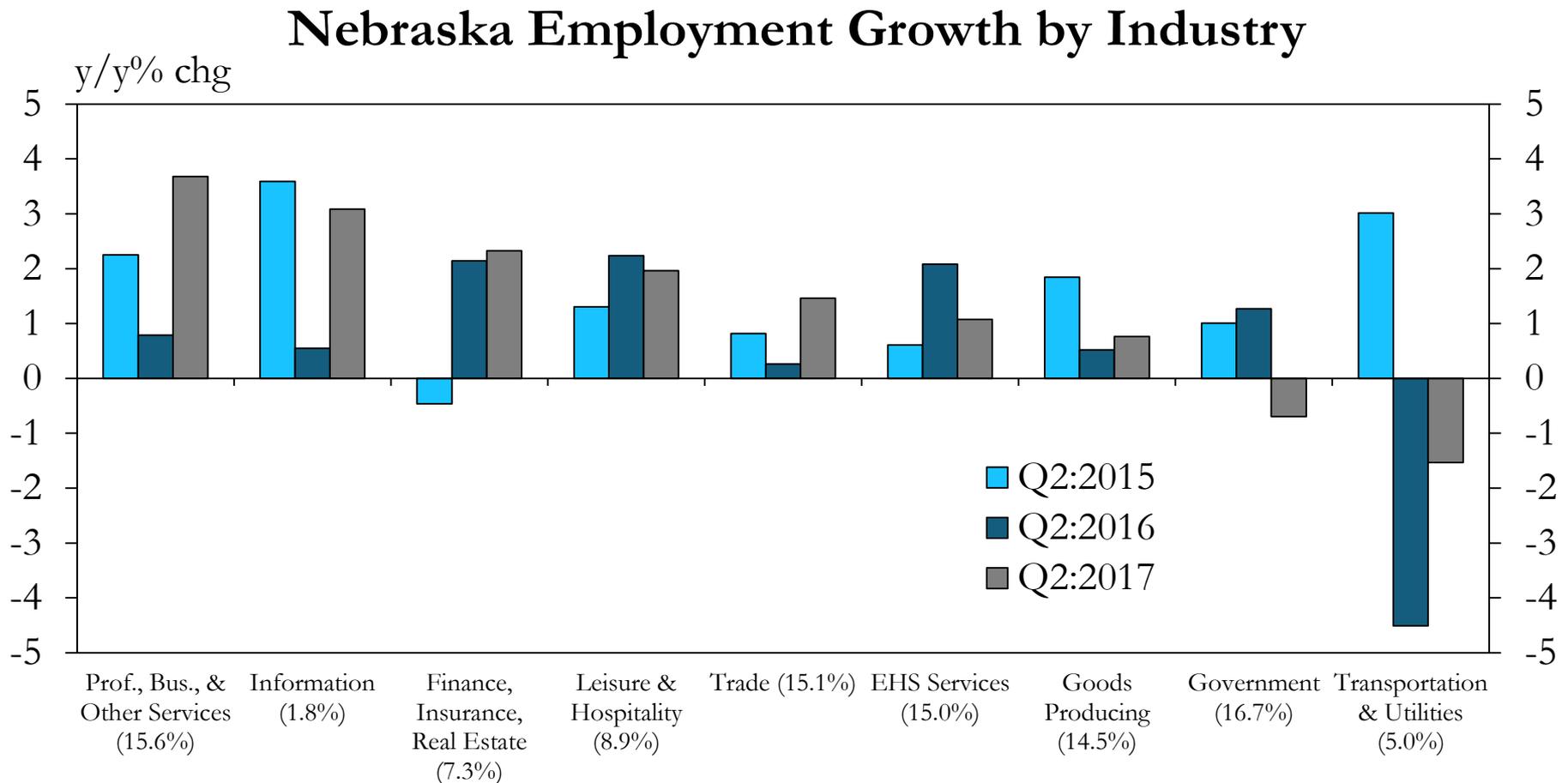
U.S. and Nebraska Employment Growth



Source: Bureau of Labor Statistics (CES), Haver Analytics.

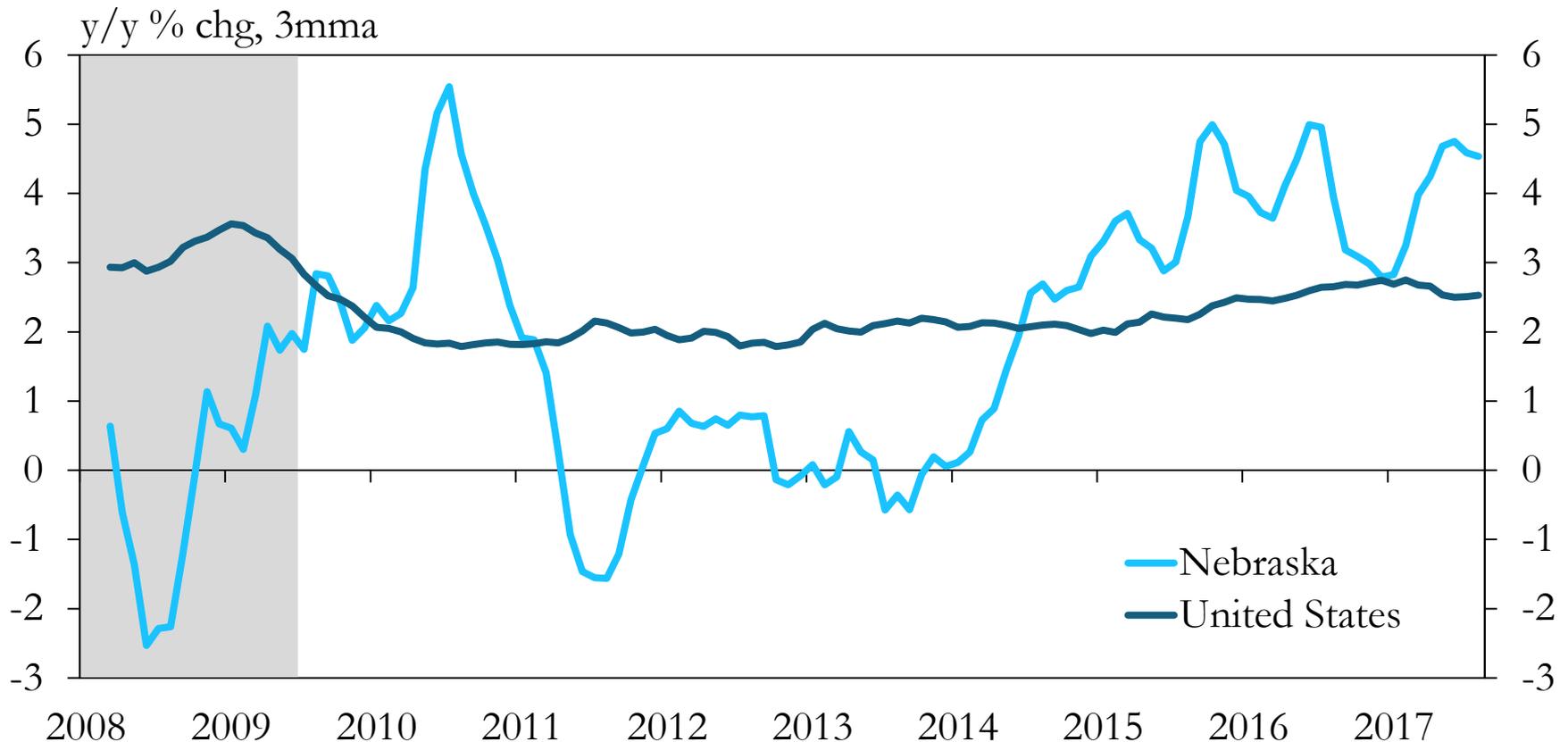
Note: The gray bars indicate NBER-defined recessions.

Job gains have been relatively steady across most types of industries.



Wage growth in Nebraska has continued to exceed the nation.

U.S. and Nebraska Average Hourly Earnings

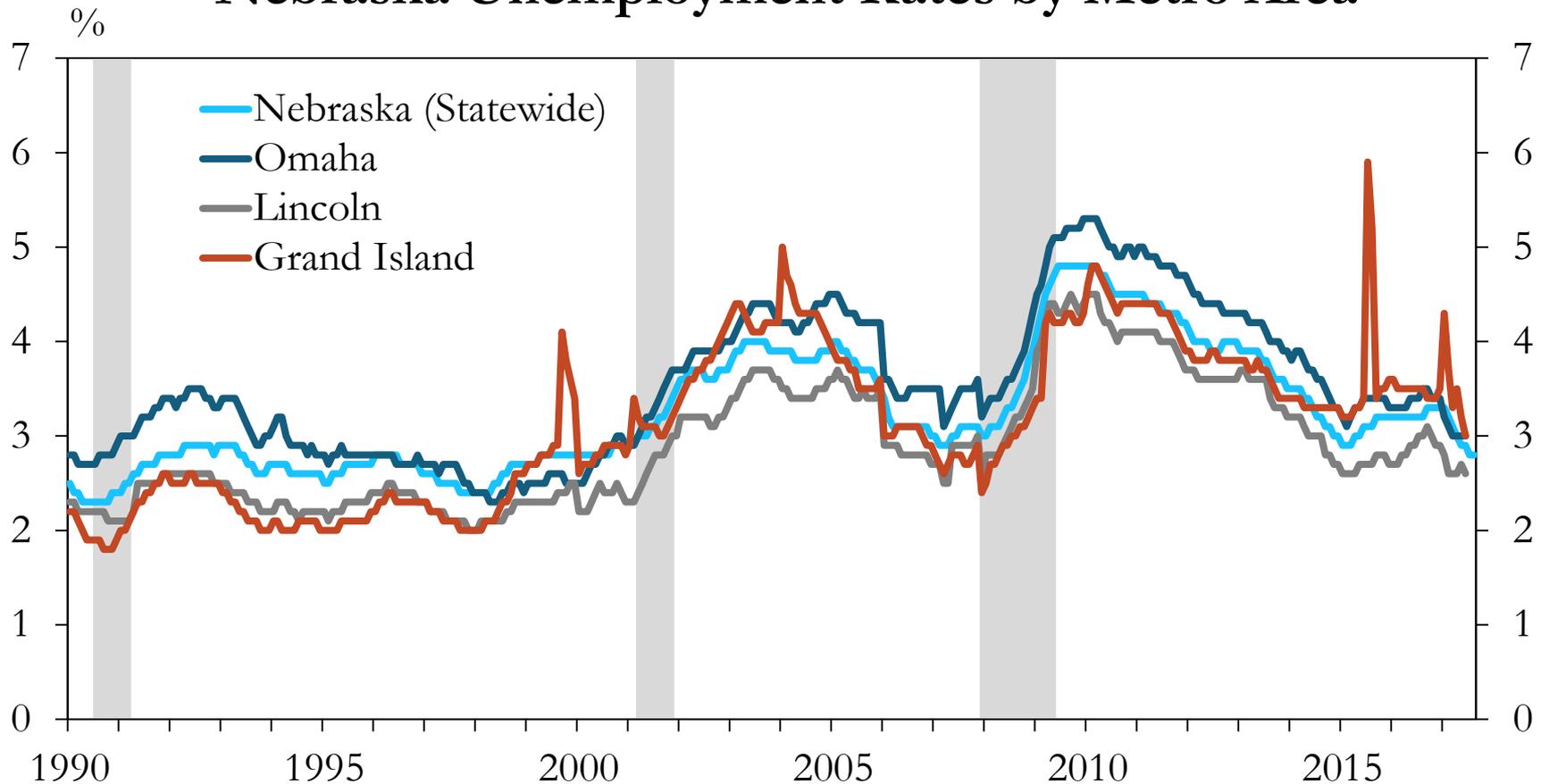


Source: Bureau of Labor Statistics (CES), Haver Analytics.

Note: The gray bar indicates NBER-defined recession.

Regionally, unemployment rates in each of the state's metro areas is at, or close to, historical lows.

Nebraska Unemployment Rates by Metro Area

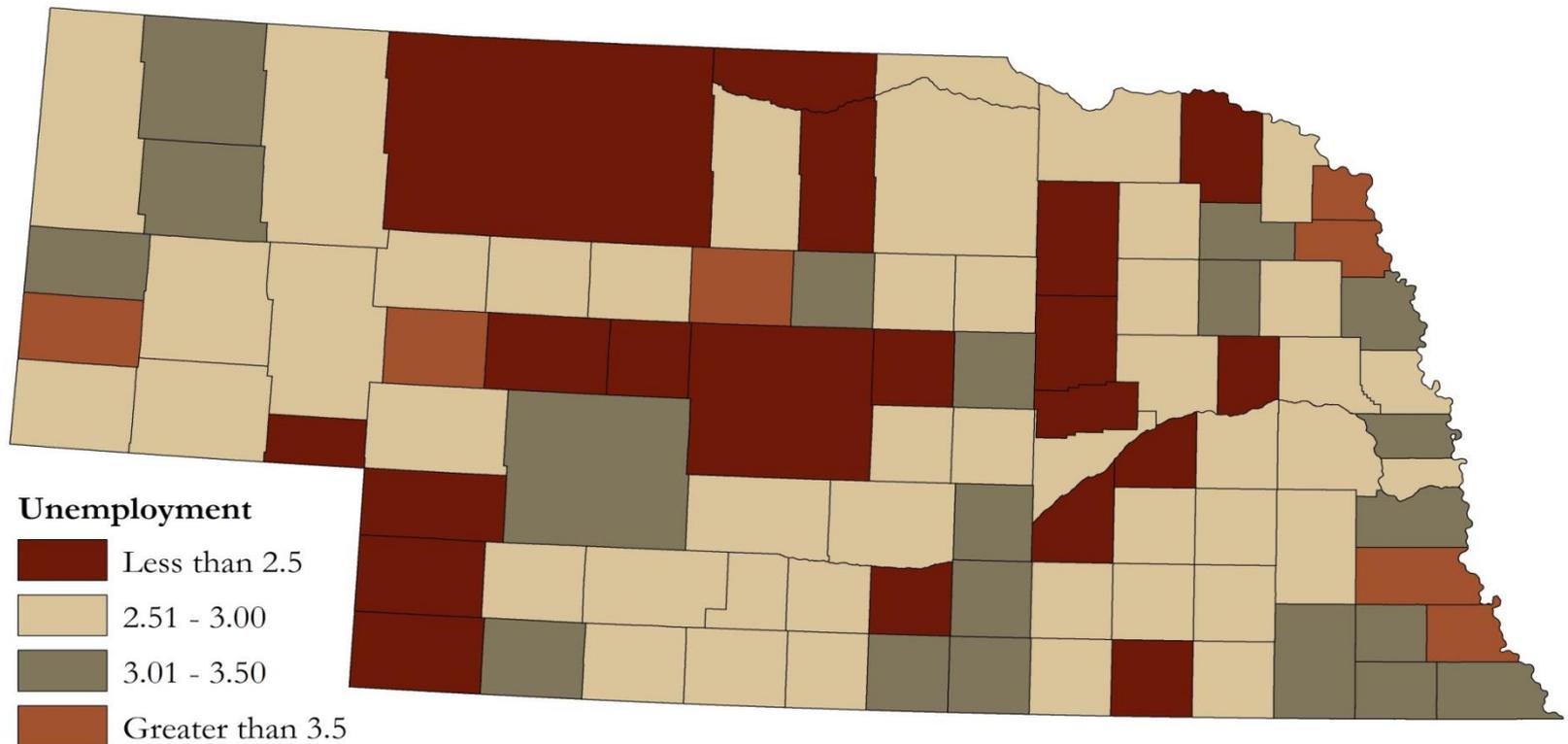


Source: Bureau of Labor Statistics (CPS), Haver Analytics.

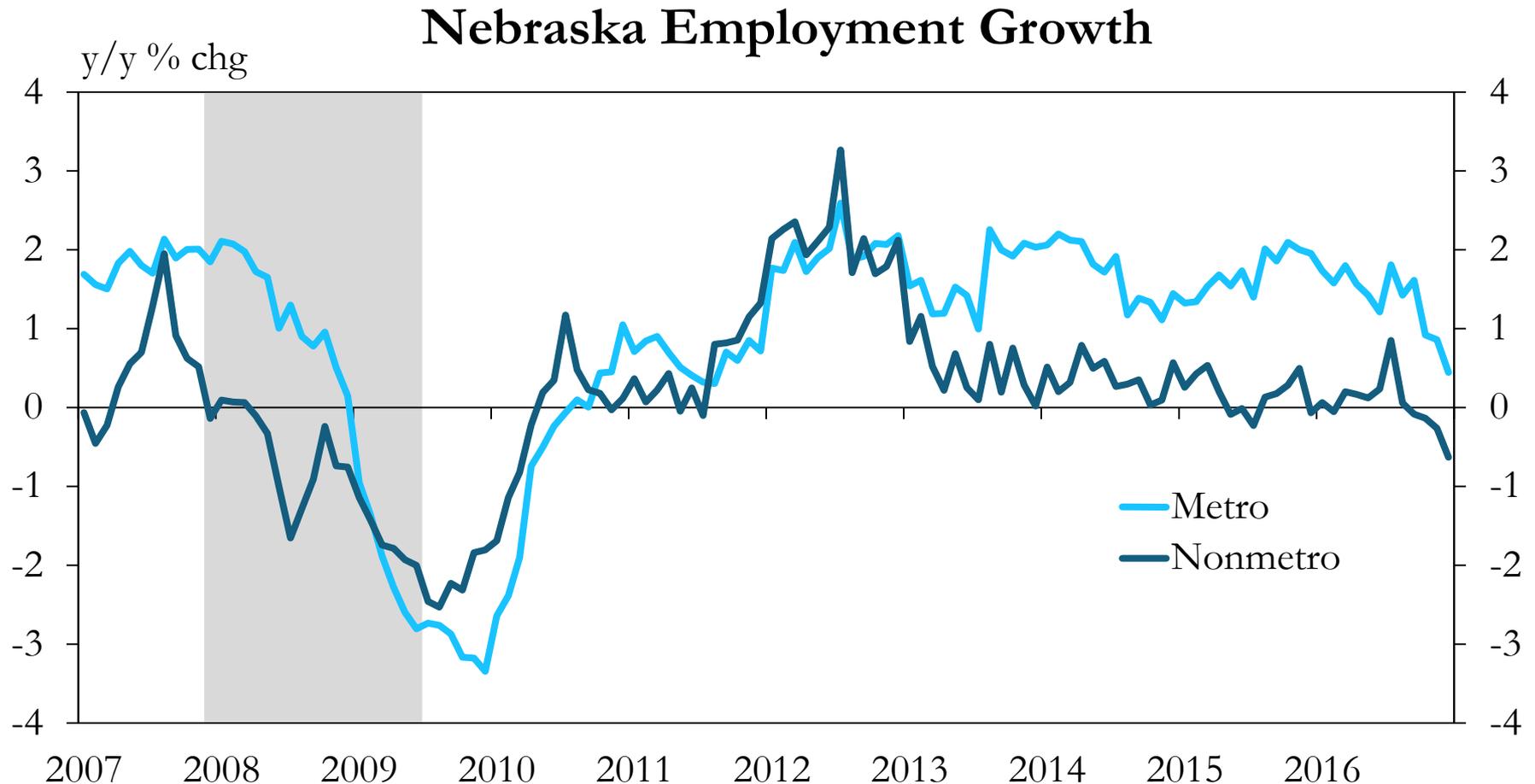
Note: The gray bars indicate NBER-defined recessions.

Even outside of metro areas, though,
unemployment rates are extremely low.

Nebraska County Unemployment Rates – July 2017



However, employment growth has remained uneven between metro and nonmetro regions.

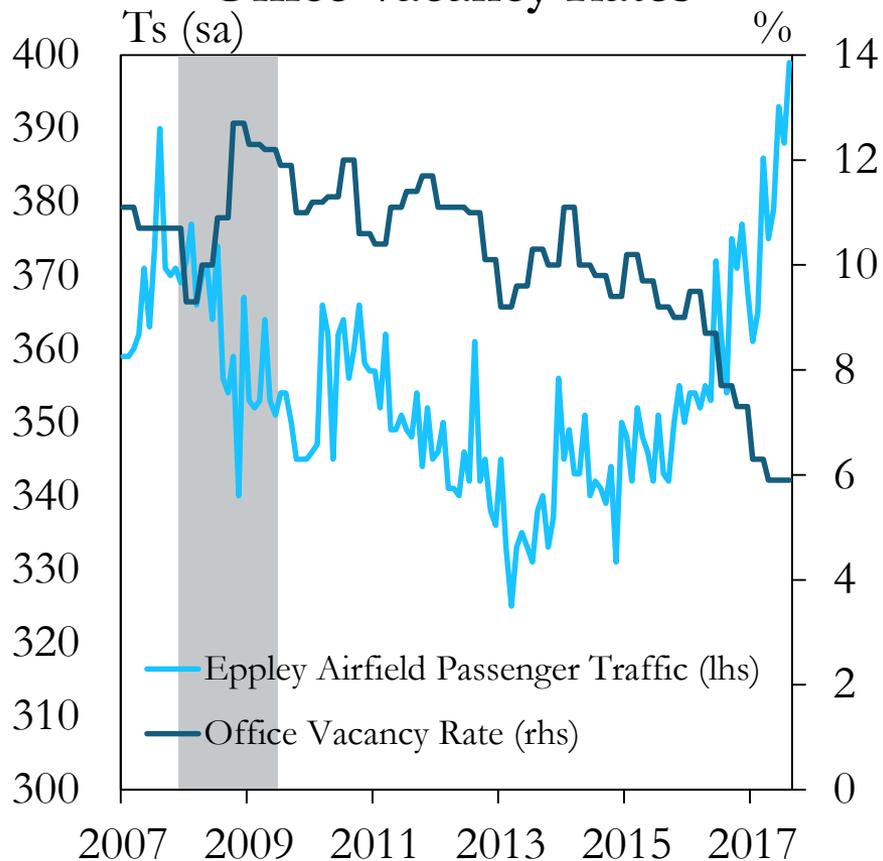


Source: Bureau of Labor Statistics (QCEW).

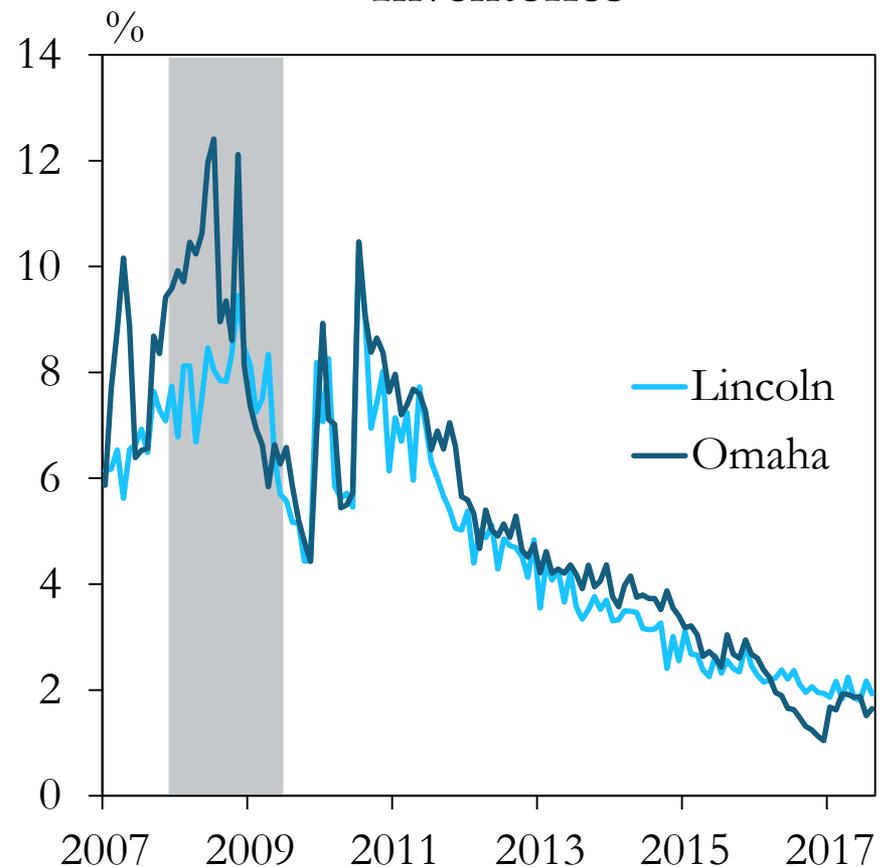
Note: The gray bar indicates NBER-defined recession.

Some indicators of economic activity in metro Nebraska are at record levels.

Omaha Air Traffic and Office Vacancy Rates



Residential Real Estate Inventories

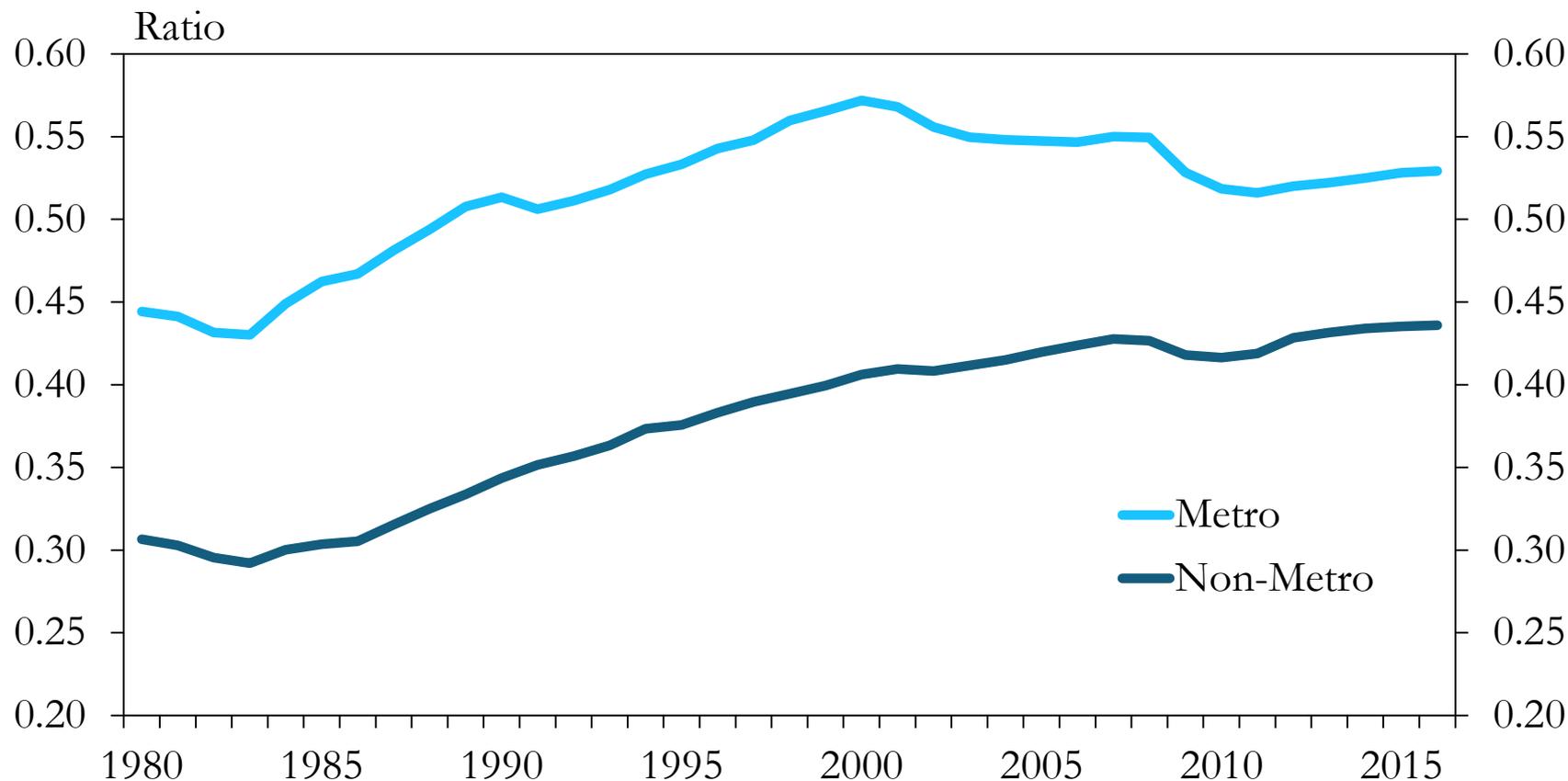


Source: Omaha Airport Authority, National Association of Realtors, Haver, and Toronto-Wheaton Research.

Note: The gray-shaded bars indicate NBER-defined recessions.

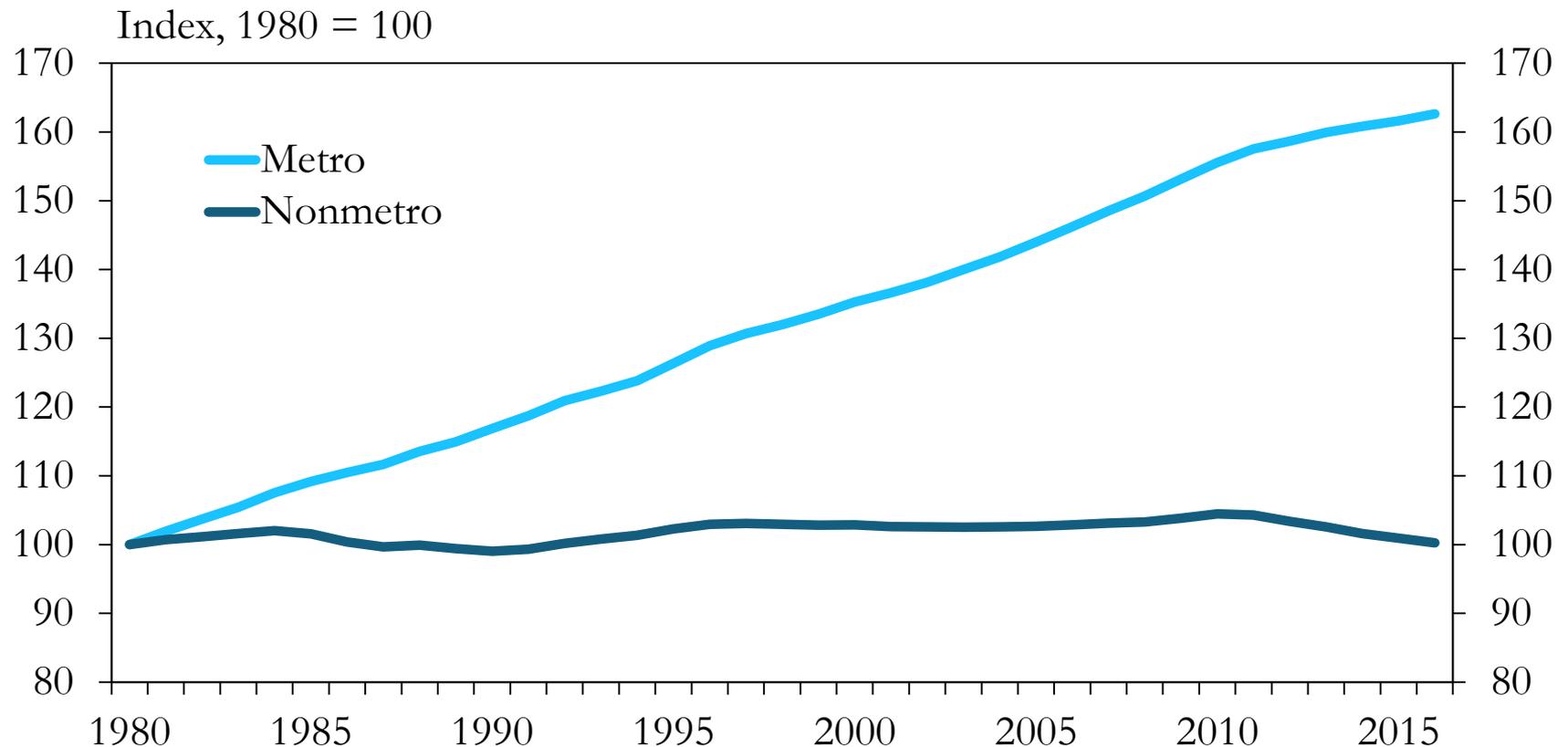
Recently, employment-to-population ratios have been steady, highlighting the role of demographics.

Nebraska Employment-to-Population Ratio



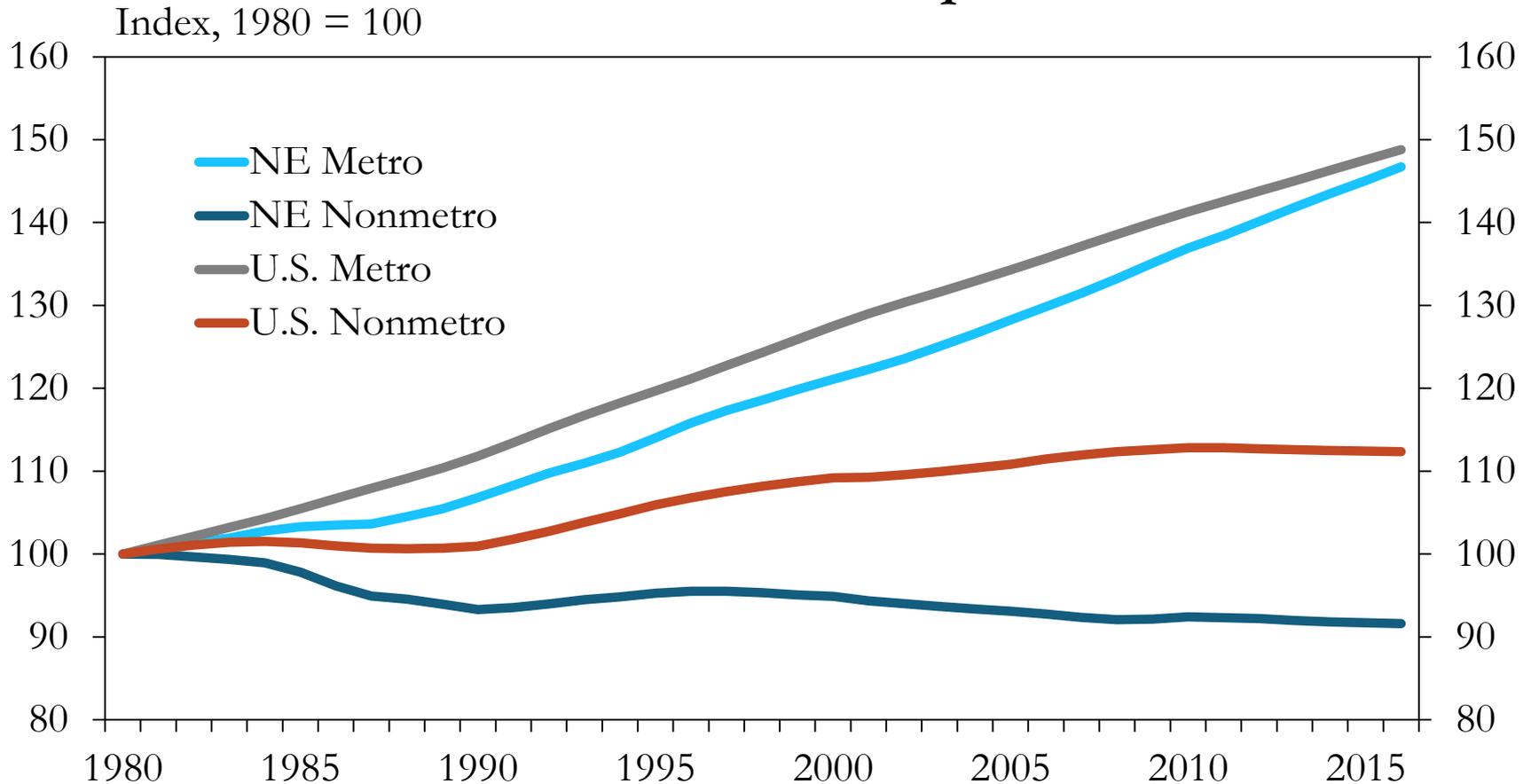
Working-age populations have diverged dramatically between metro and nonmetro counties.

Nebraska Working-Age Population



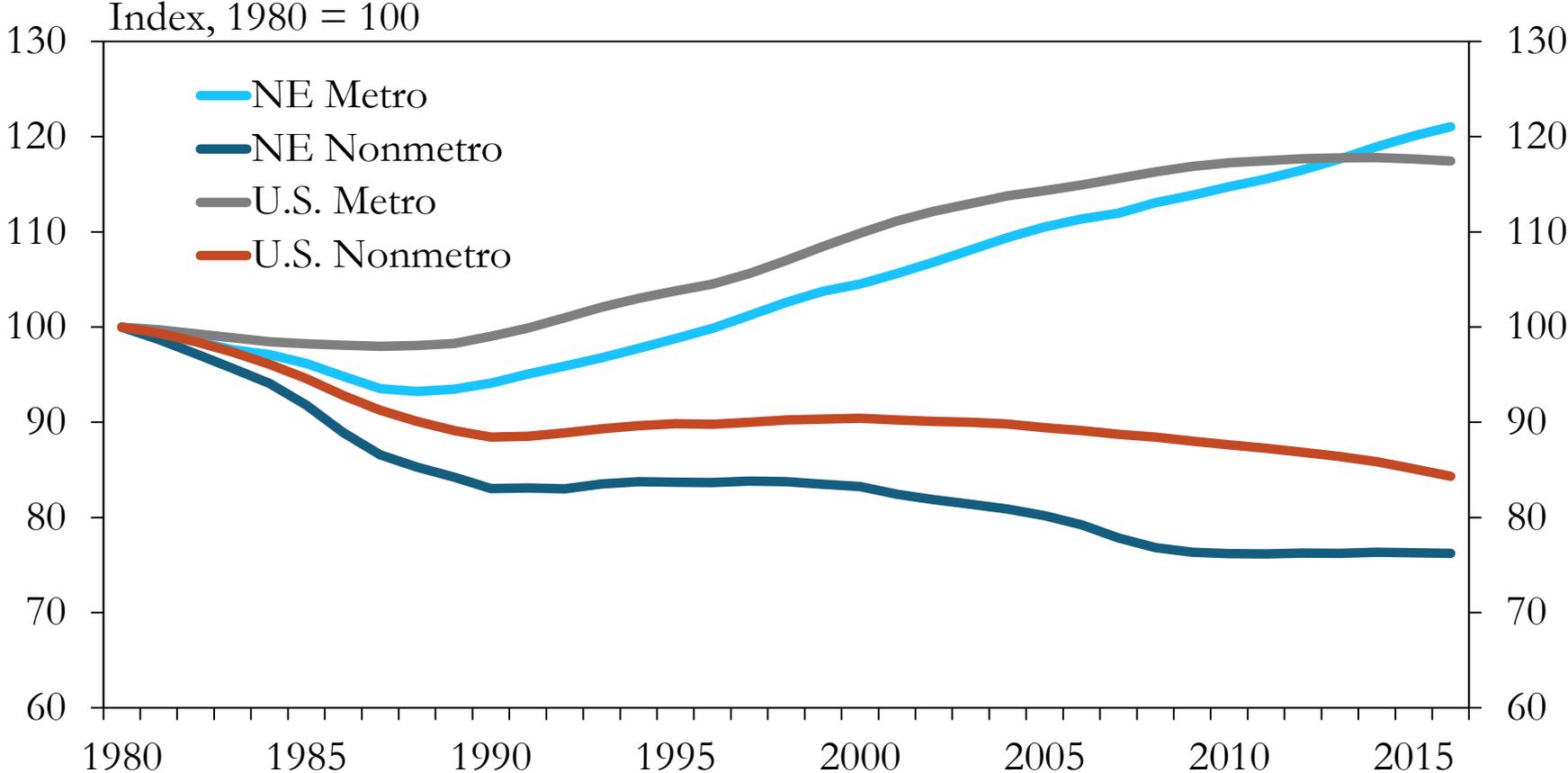
Population growth in metro Nebraska mirrors the nation, but growth in rural Nebraska has been weak.

U.S. and Nebraska Population



Perhaps most notably, the population of youth in rural Nebraska has declined significantly.

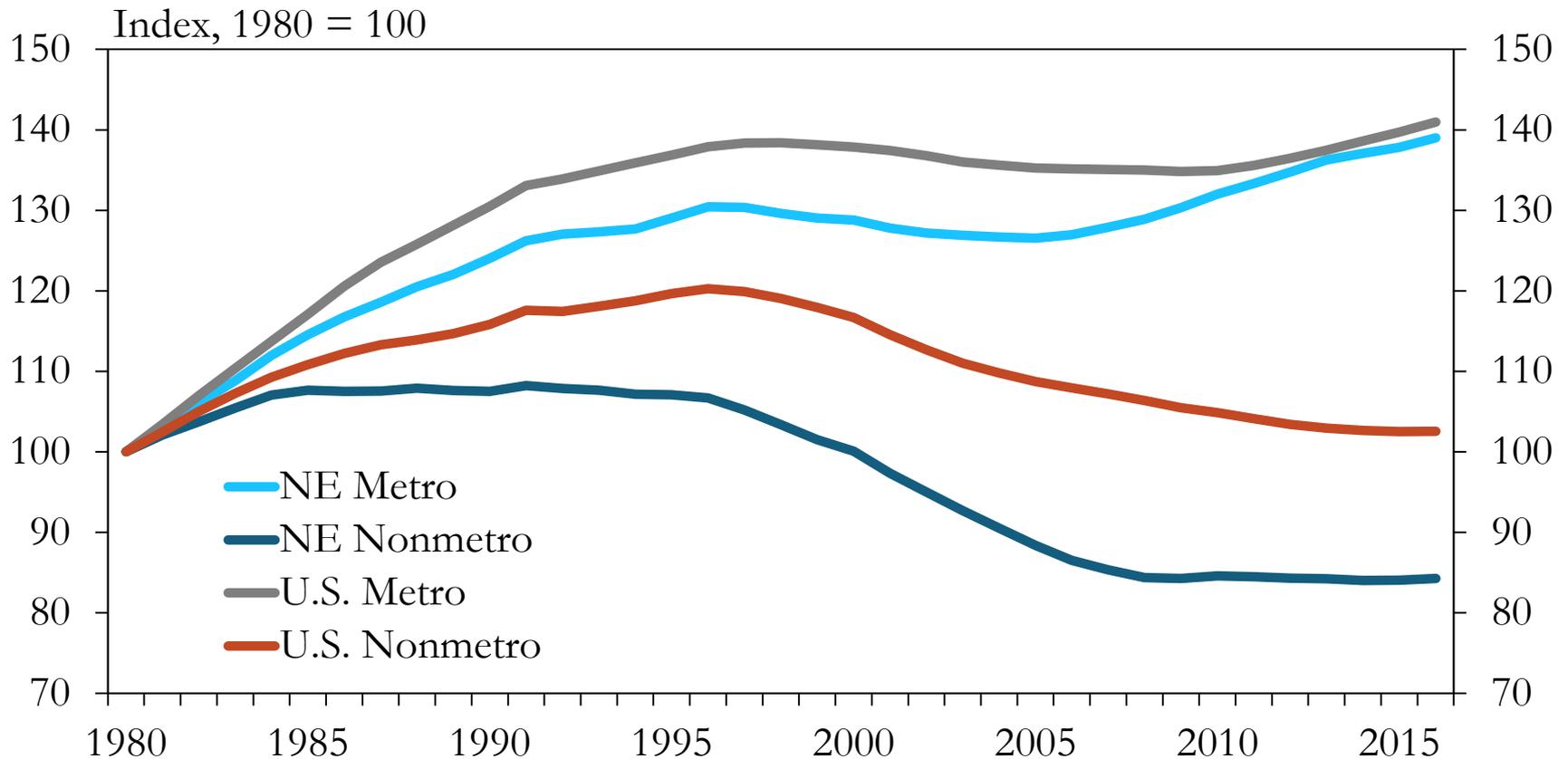
U.S. and Nebraska Population: Ages 0 to 24



Source: Census Bureau, Haver Analytics.

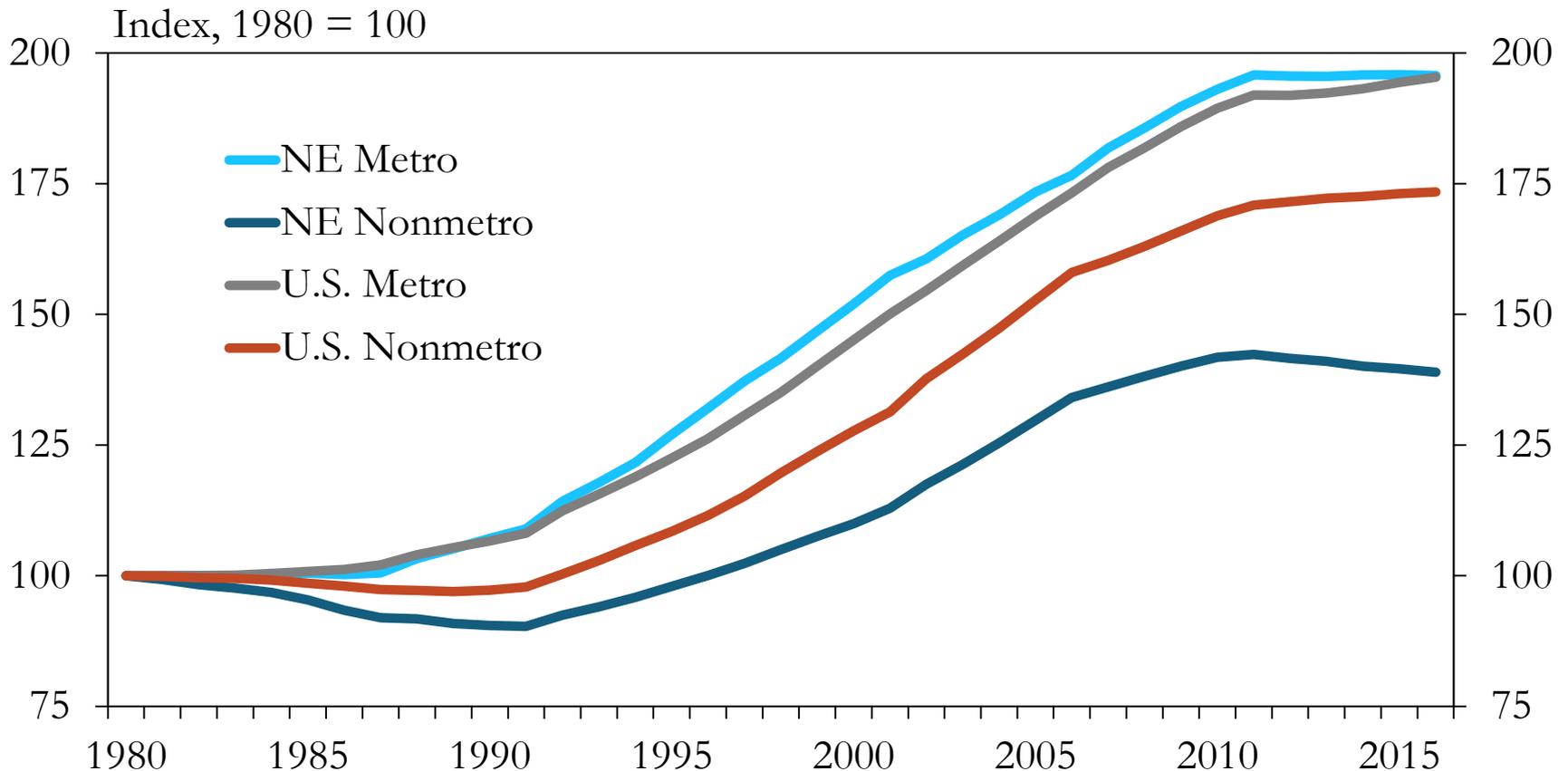
The population of “prime working age” individuals has followed a similar pattern.

U.S. and Nebraska Population: Ages 25 - 44



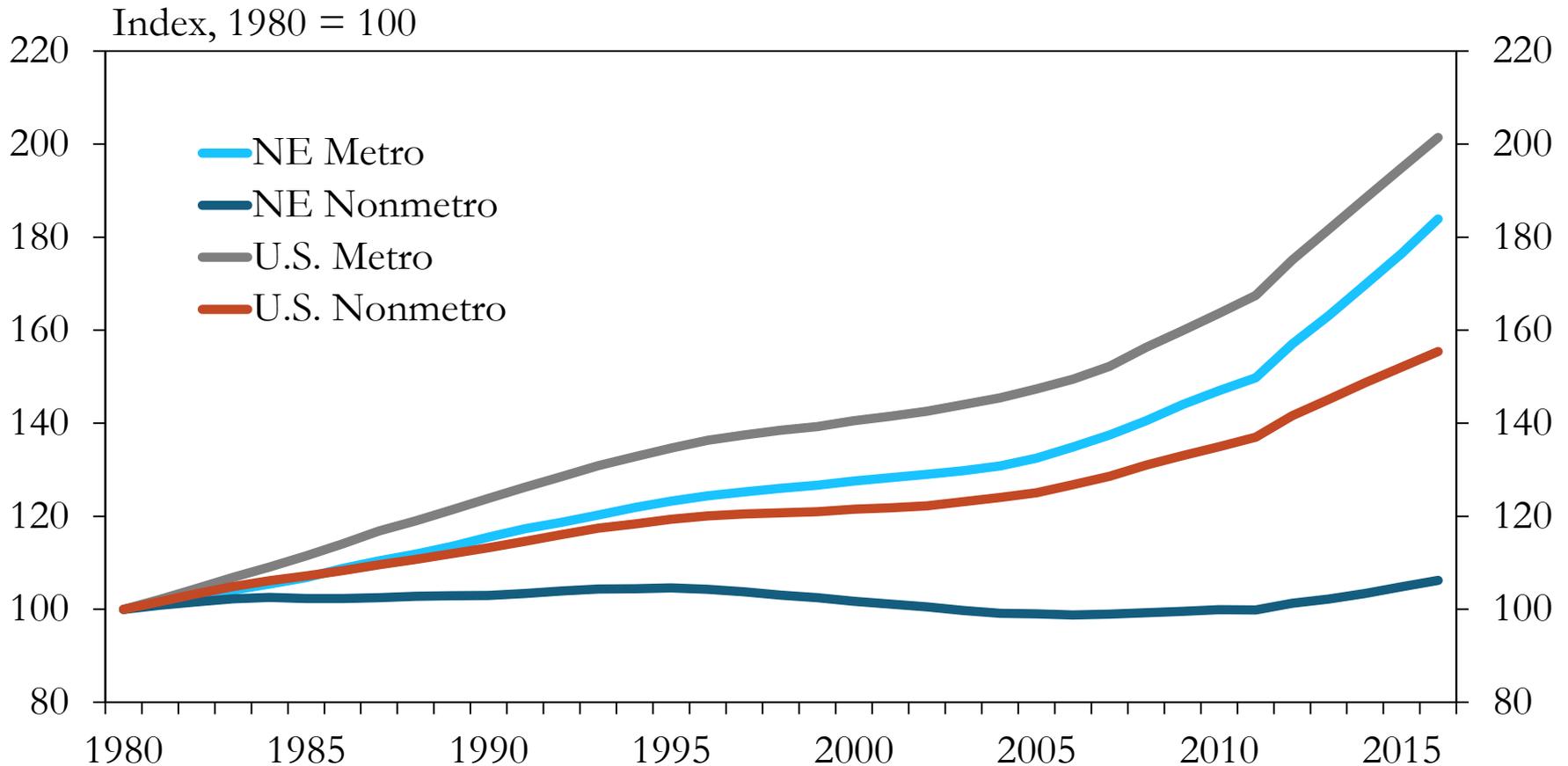
The population of older, working age individuals has also started to decline in rural Nebraska.

U.S. and Nebraska Population: Ages 45 - 64



Lastly, retirement-age individuals also appear to be moving to metro areas of the state.

U.S. and Nebraska Population: Ages 65+



Concluding Remarks

- Nebraska's economy appears to be on a steady path despite concerns in ag.
- However, economic divergence between metro and nonmetro regions that began in 2013 has persisted.
- Demographic trends are likely to play a major role in the state's regional challenges going forward.

Questions?

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