



FEDERAL RESERVE BANK *of* KANSAS CITY

U.S. and Kansas City Economic Outlook

Hispanic Chamber of Commerce
of Greater Kansas City

March 2, 2017

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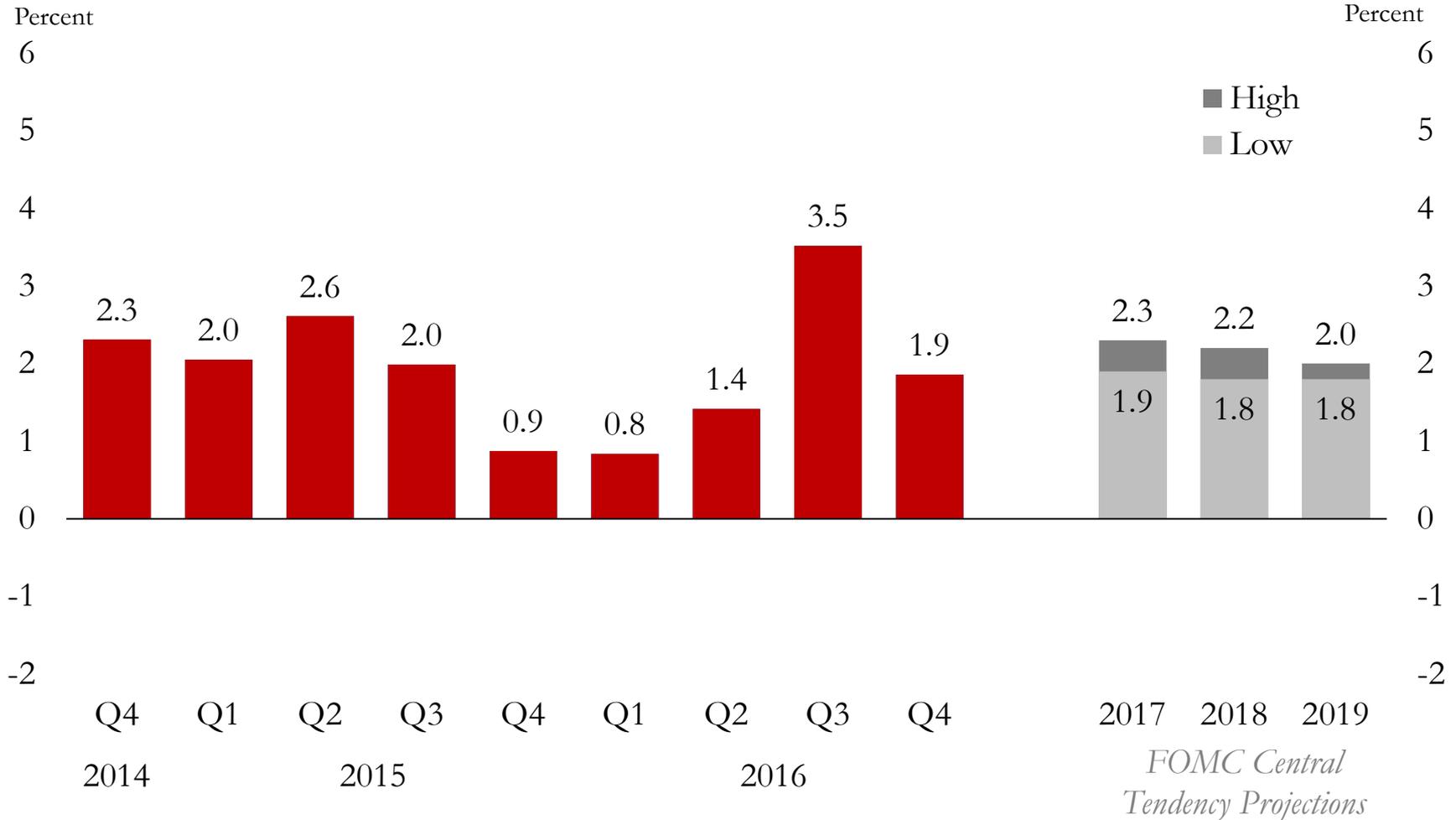
Senior Economist and Regional Executive

The views expressed are those of the presenter and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

The U.S. economy continues to grow at a moderate pace.

REAL GROSS DOMESTIC PRODUCT (GDP)

Annualized Percent Change from Previous Period

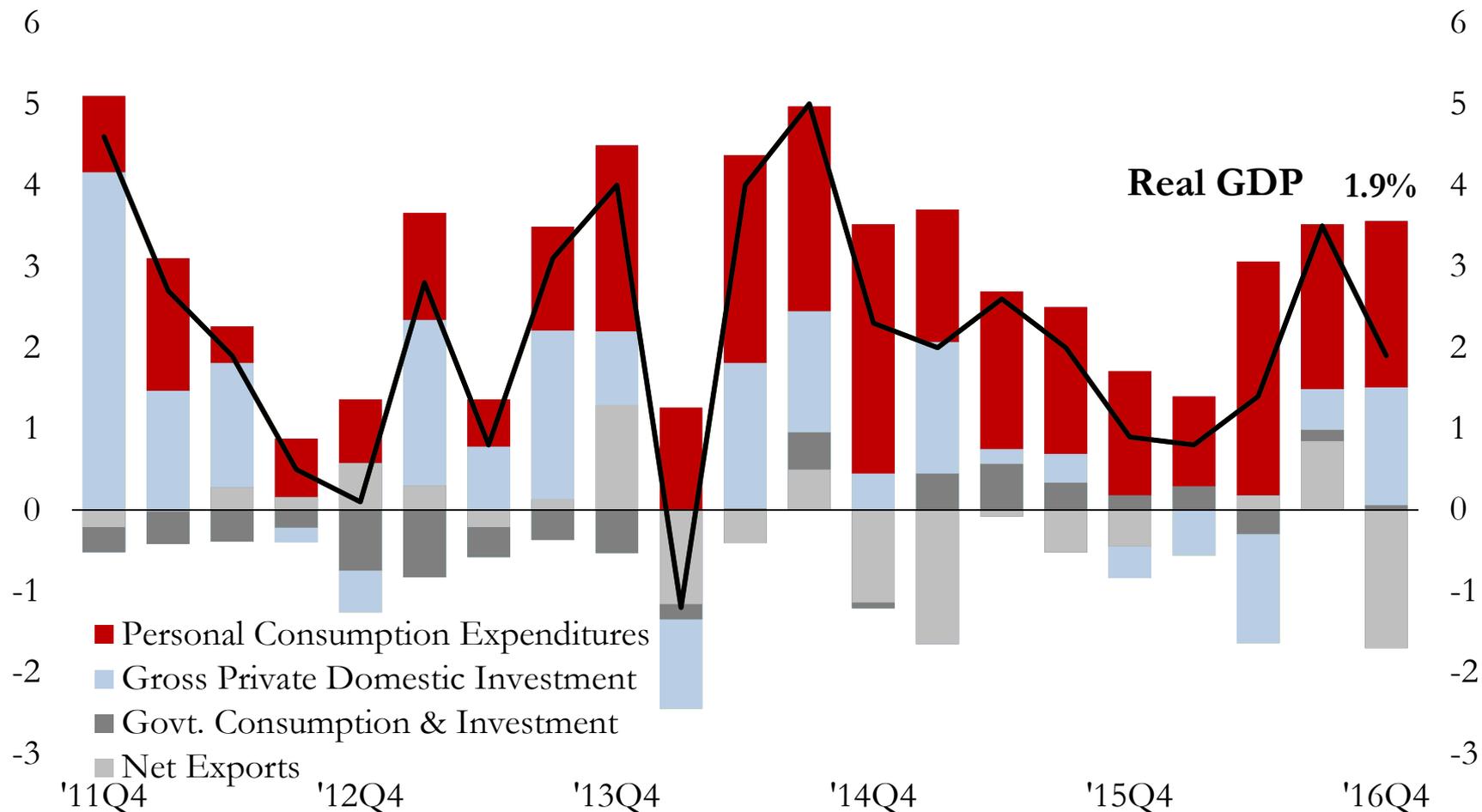


Source: Bureau Economic Analysis, Federal Reserve Board.

Consumer spending remains the primary driver of growth.

CONTRIBUTIONS TO REAL GDP

Percent Change at Seasonally Adjusted Annualized Rates

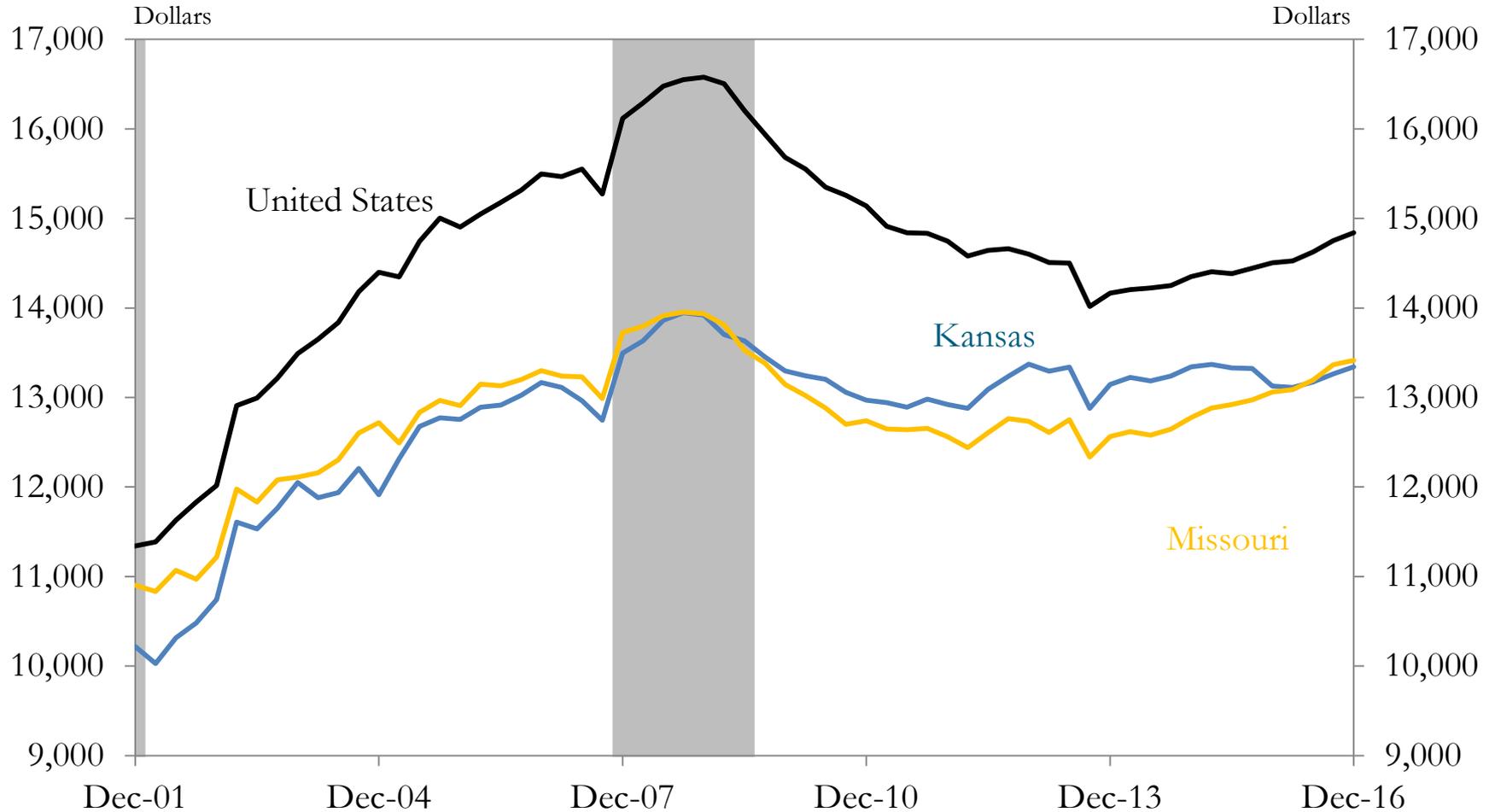


Source: Bureau Economic Analysis.

Consumers continue to steadily increase their debt.

TOTAL DEBT EXCLUDING MORTGAGE

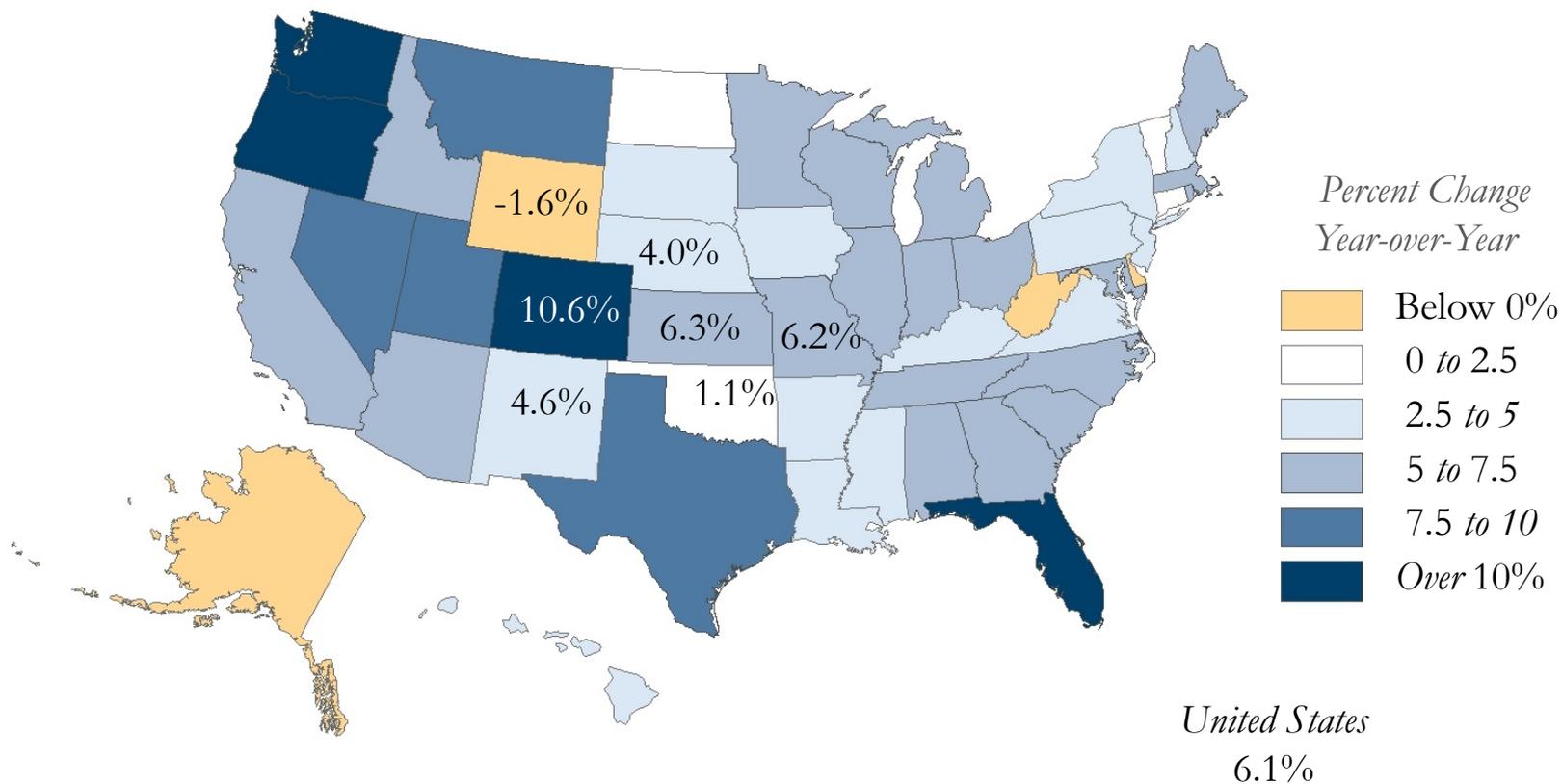
Seasonally adjusted, real dollars



Housing price growth is likely supporting consumer spending.

Q4 2016 FHFA PURCHASE-ONLY HOME PRICES

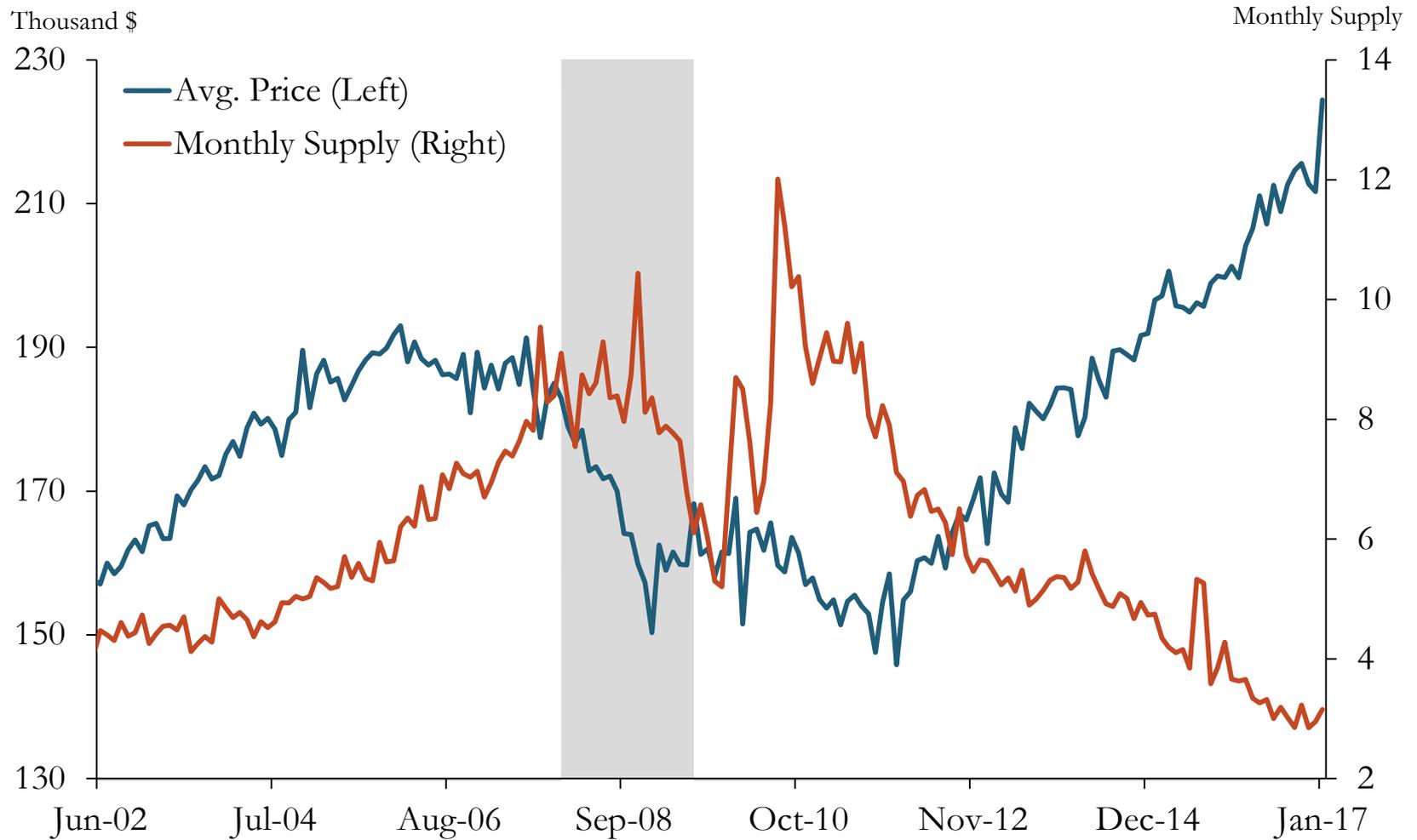
Year-over-Year Percent Change, Seasonally Adjusted



Within the KC metro, tight supply of housing has kept upward pressure on home prices.

KANSAS CITY METRO HOUSING

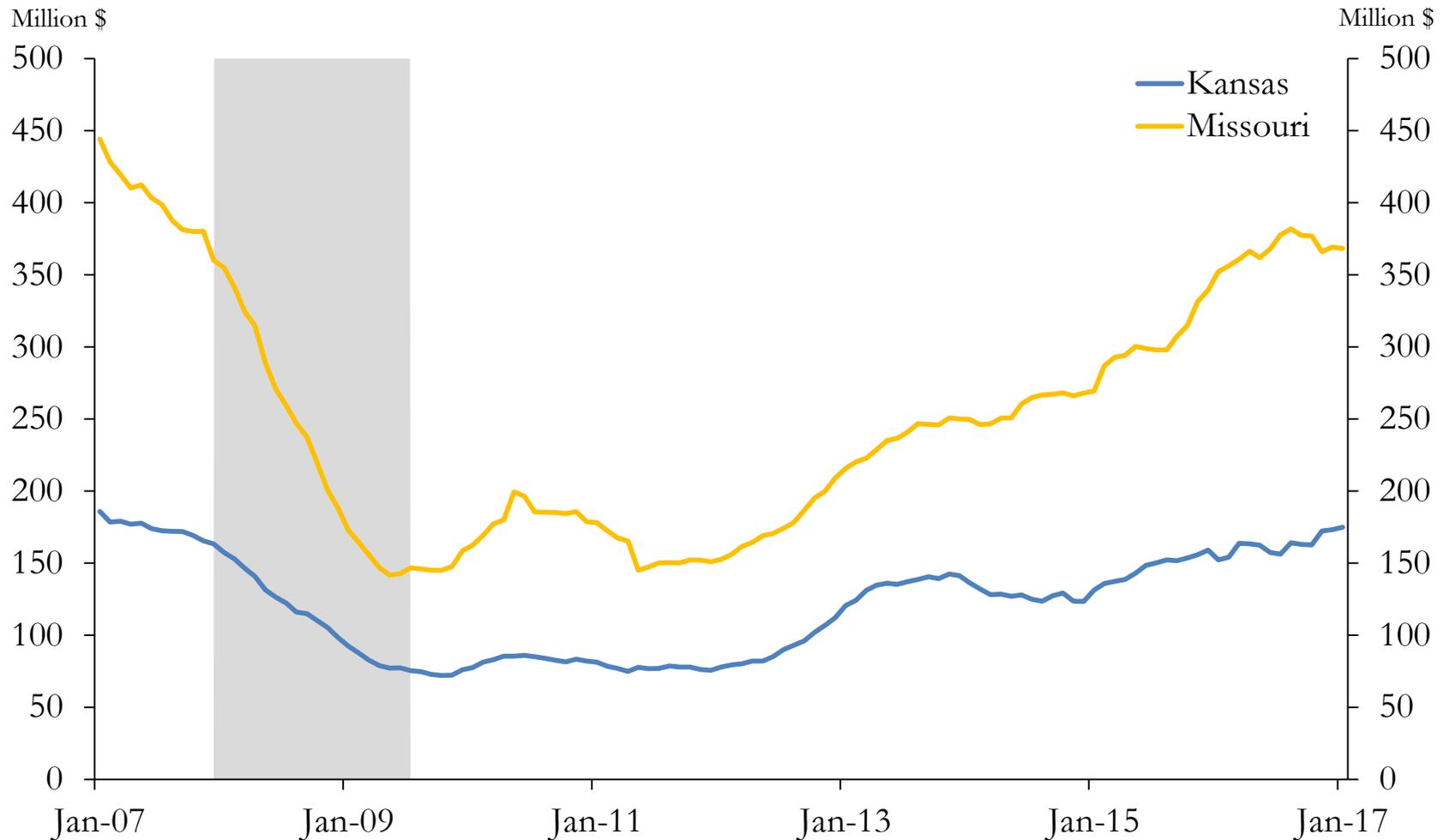
Seasonally adjusted, real dollars



Sluggish growth in new residential construction is likely contributing to low supply of homes available for sale in some areas.

RESIDENTIAL CONSTRUCTION STARTS

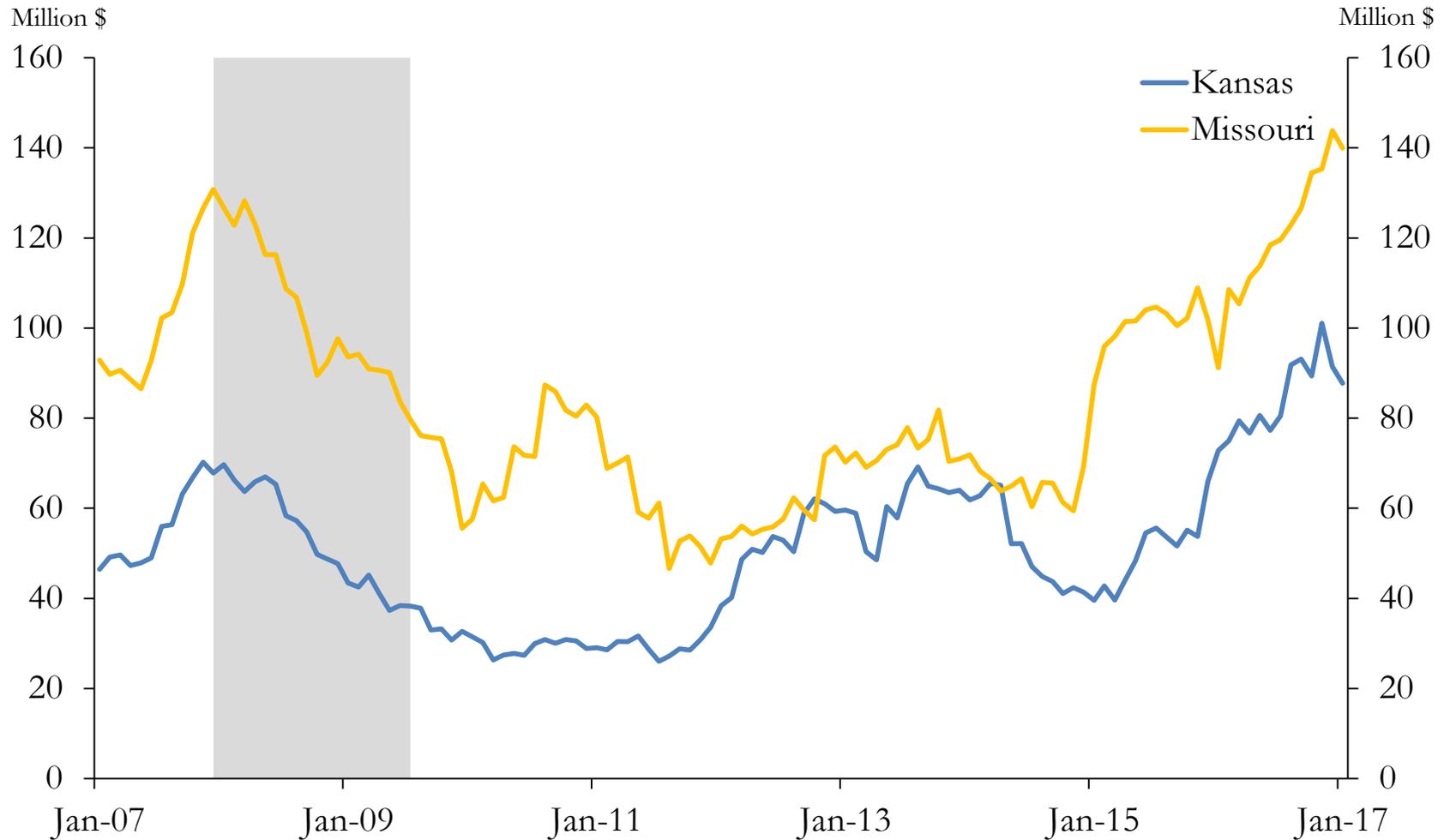
12-month moving average, seasonally adjusted, real dollars



Commercial construction activity increased substantially over the past year in both KS and MO.

COMMERCIAL CONSTRUCTION STARTS

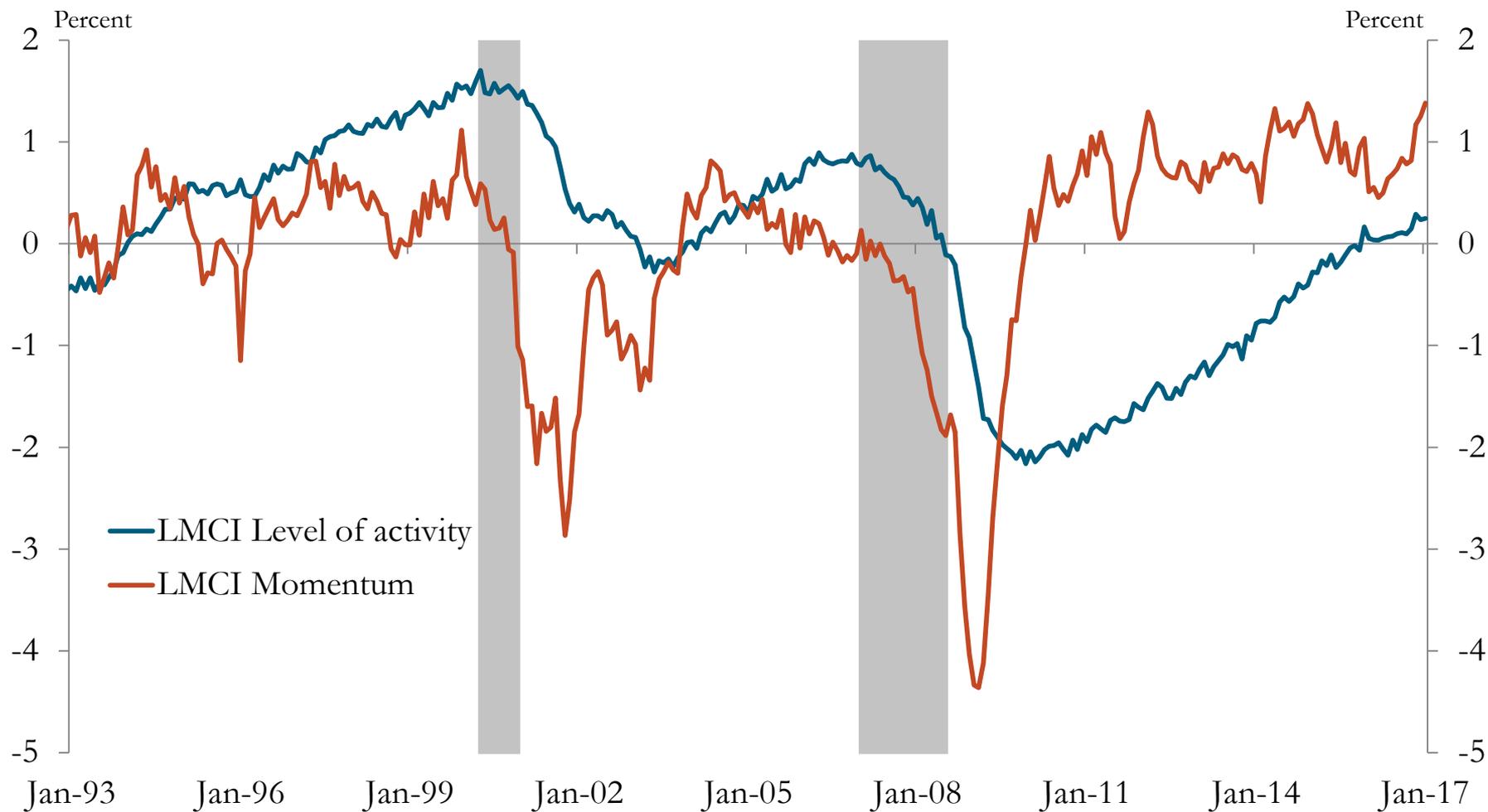
12-month moving average, seasonally adjusted, real dollars



LABOR MARKETS

The level of activity in the U.S. labor market is near its historical average, while momentum remains above average.

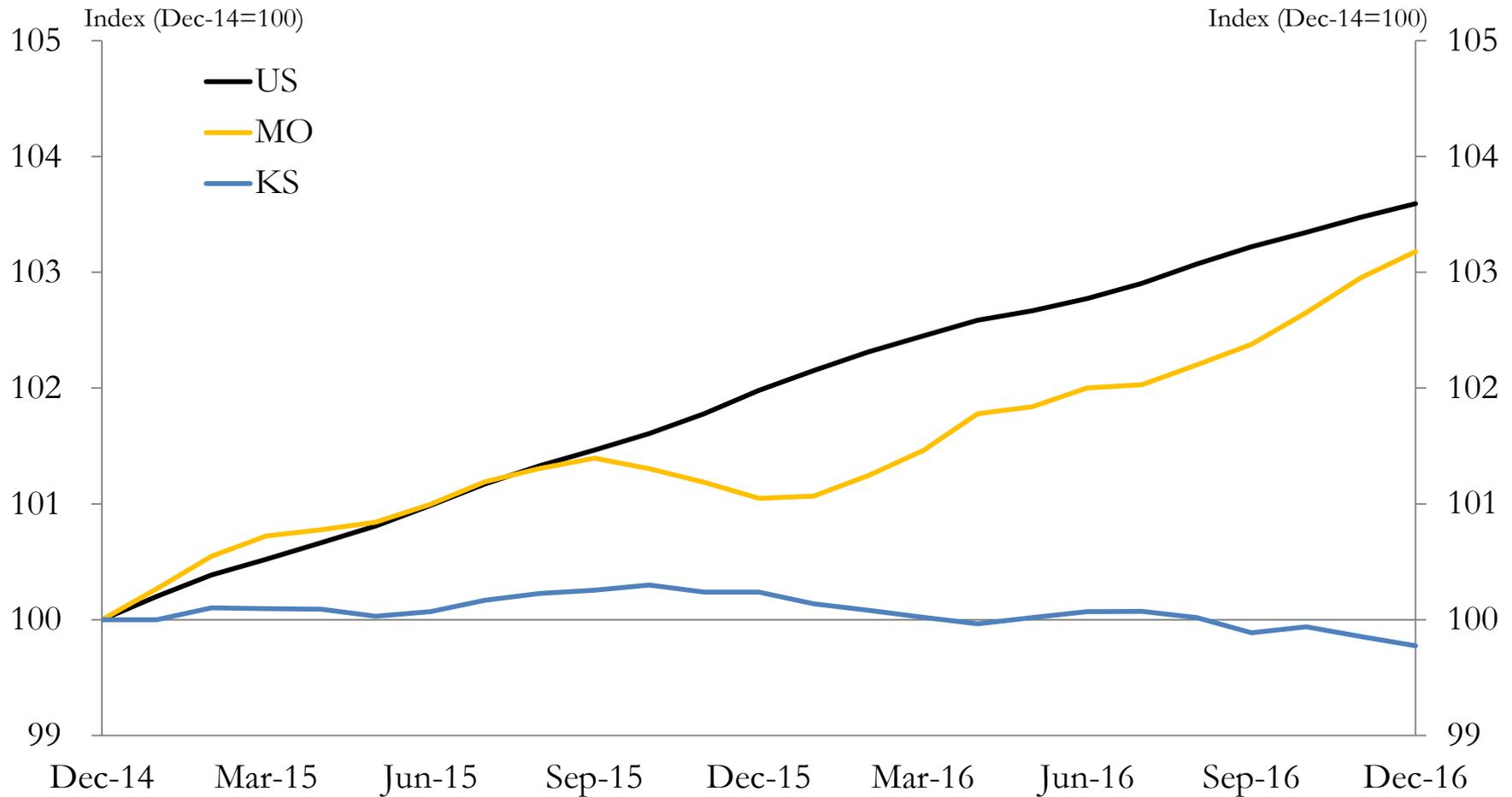
LABOR MARKET CONDITION INDICATORS



Employment trends in Kansas and Missouri remain well below the nation.

KANSAS AND MISSOURI PAYROLL EMPLOYMENT

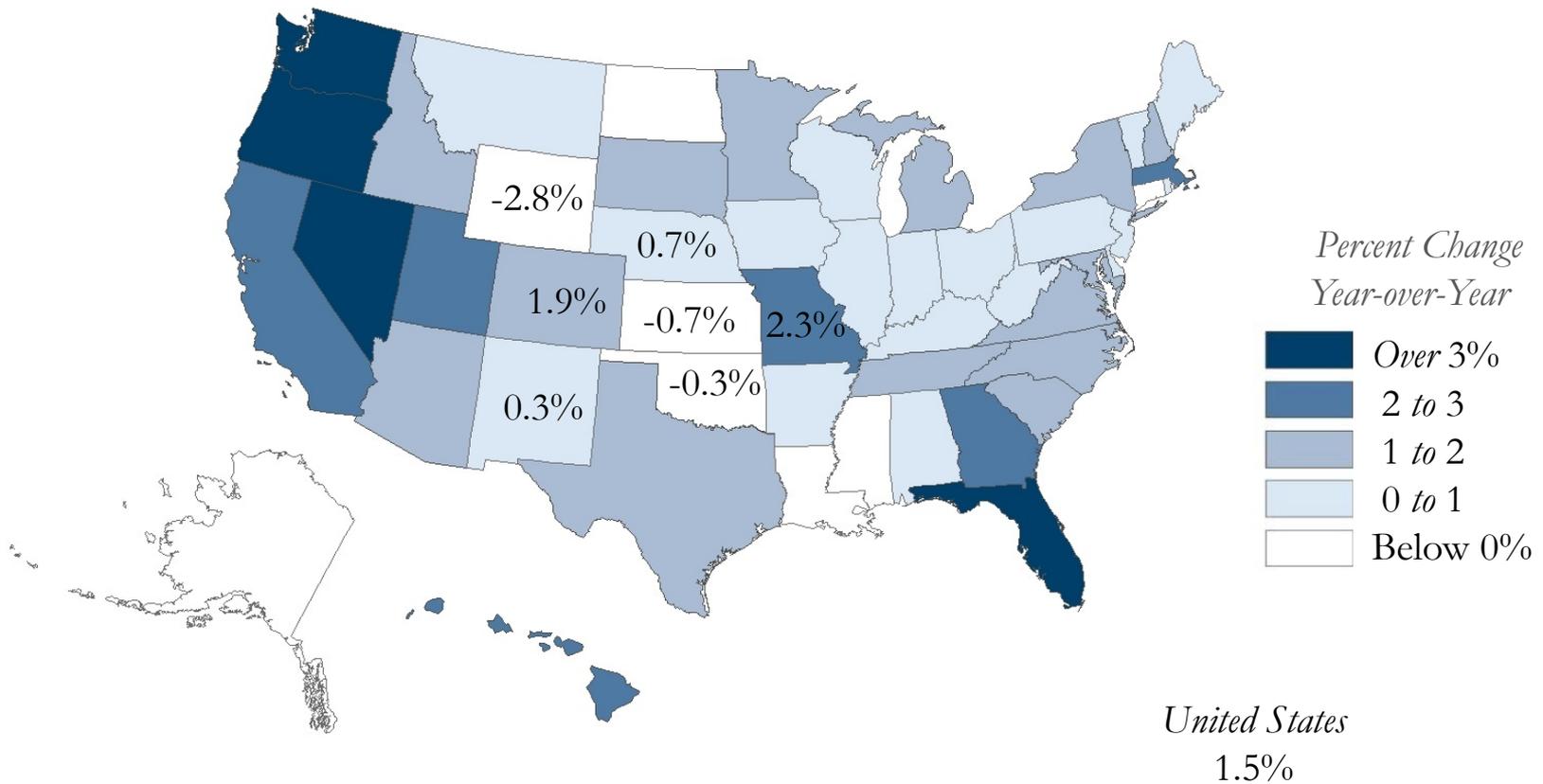
3-month moving average, Seasonally Adjusted



Most of the broader region is also growing slower compared to the nation.

DECEMBER 2016 TOTAL NONFARM EMPLOYMENT

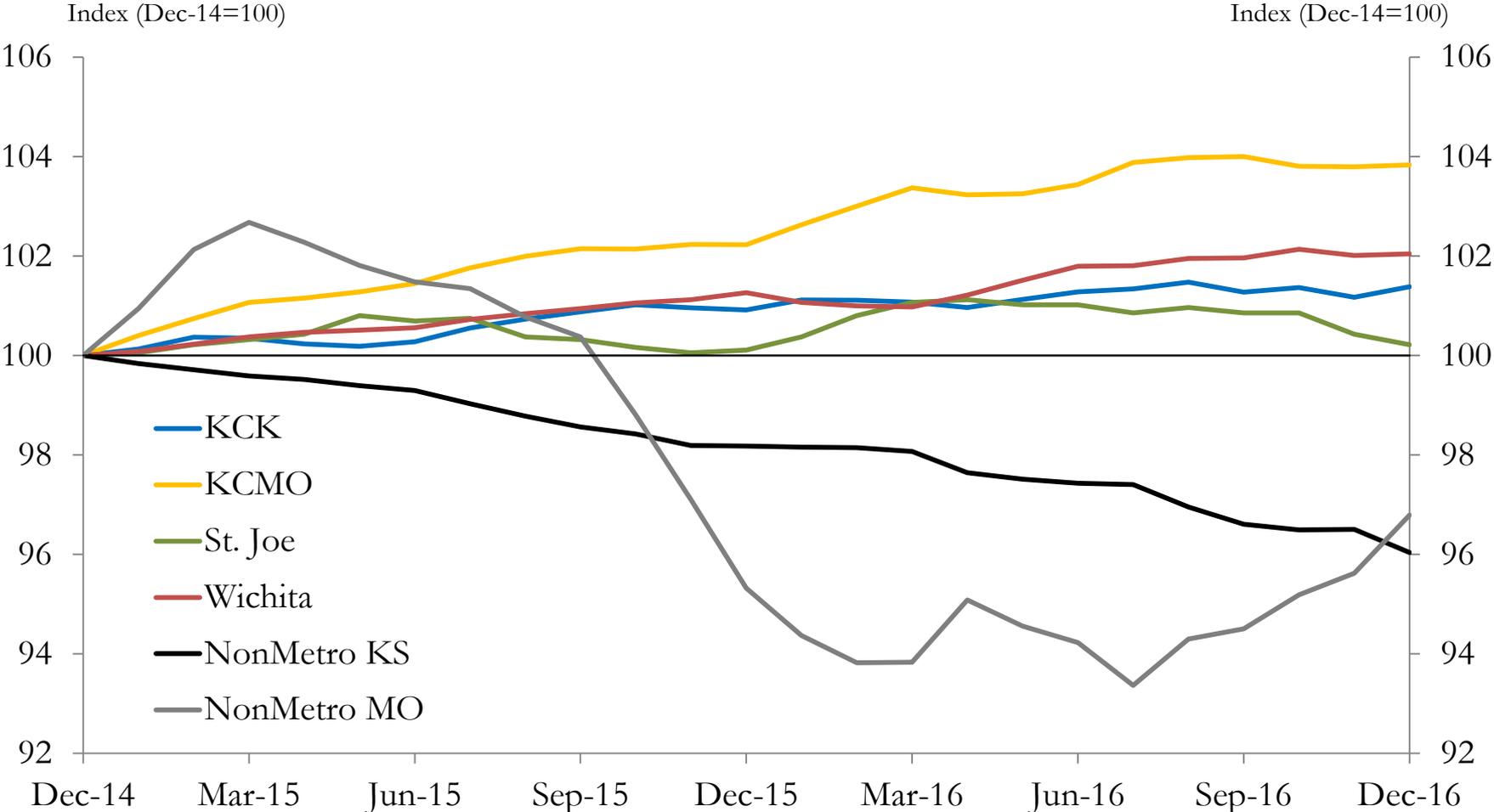
Year-over-Year Percent Change, Seasonally Adjusted



Employment growth in Kansas City, MO outpaced other metro areas in the region.

METRO KANSAS PAYROLL EMPLOYMENT

3-month moving average, Seasonally Adjusted

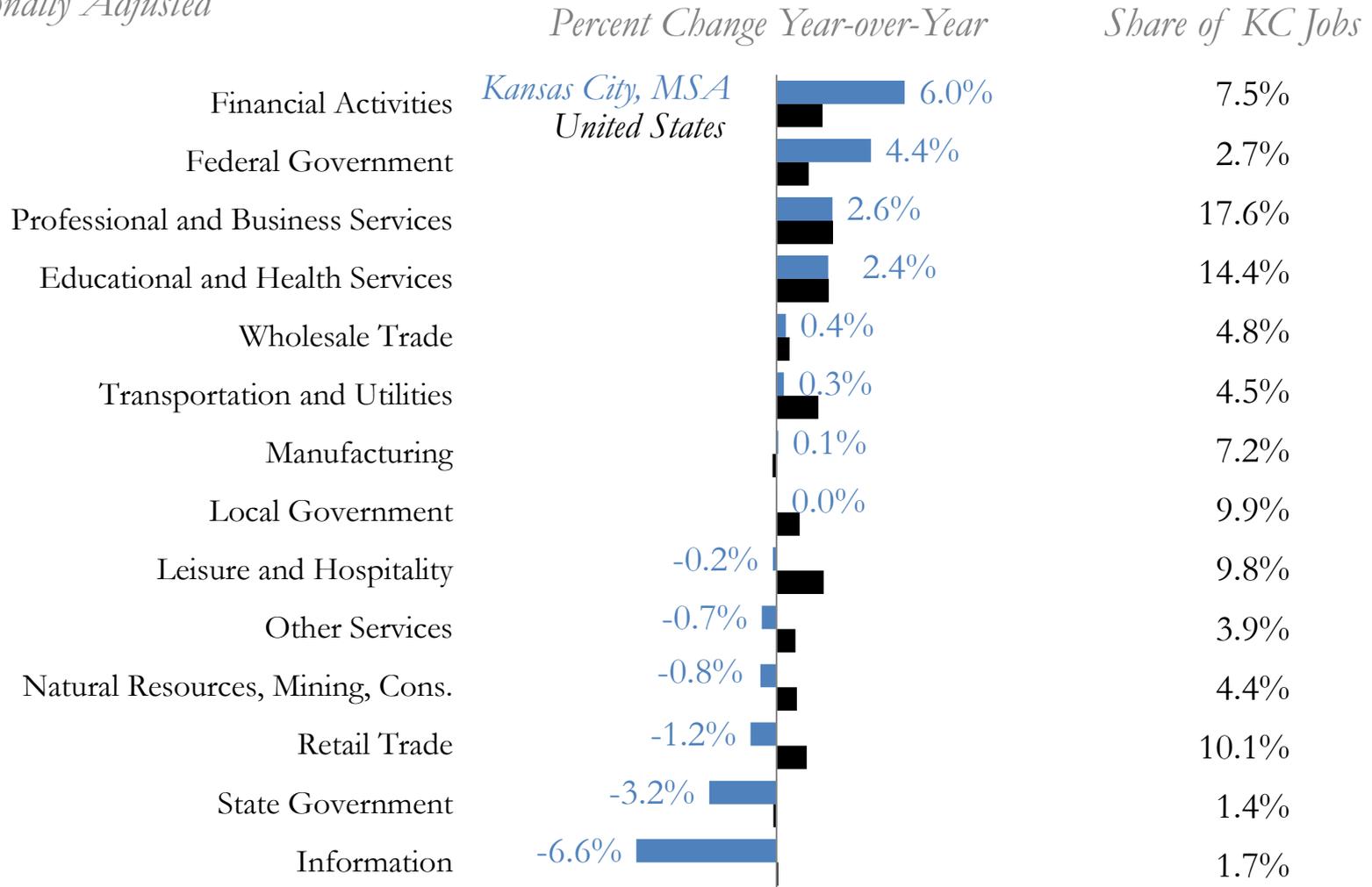


Source: Bureau of Labor Statistics, Staff calculations.

Within the KC metro, professional and business services added the most jobs, while the largest declines occurred in retail trade and information.

DECEMBER 2016 PAYROLL EMPLOYMENT

Seasonally Adjusted



Summary

- U.S. economy is expected to grow at a moderate pace in 2017
- Consumers remain the primary source of growth
- Continued housing price appreciation is likely supporting consumption
- Sluggish growth in residential construction has contributed to low housing inventories in the KC metro
- Commercial construction activity increased sharply in KS and MO over the past year
- Employment in KC metro grew at slower pace compared to the nation
 - Similar pace as U.S. in Missouri portion of the metro

Questions?

- For more information about the Kansas and Missouri economies consider subscribing to:
 - Regional Databooks
- <http://www.kansascityfed.org/research/regionaleconomy/>