

# Nebraska Economic Outlook



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The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System

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# Today's Outline

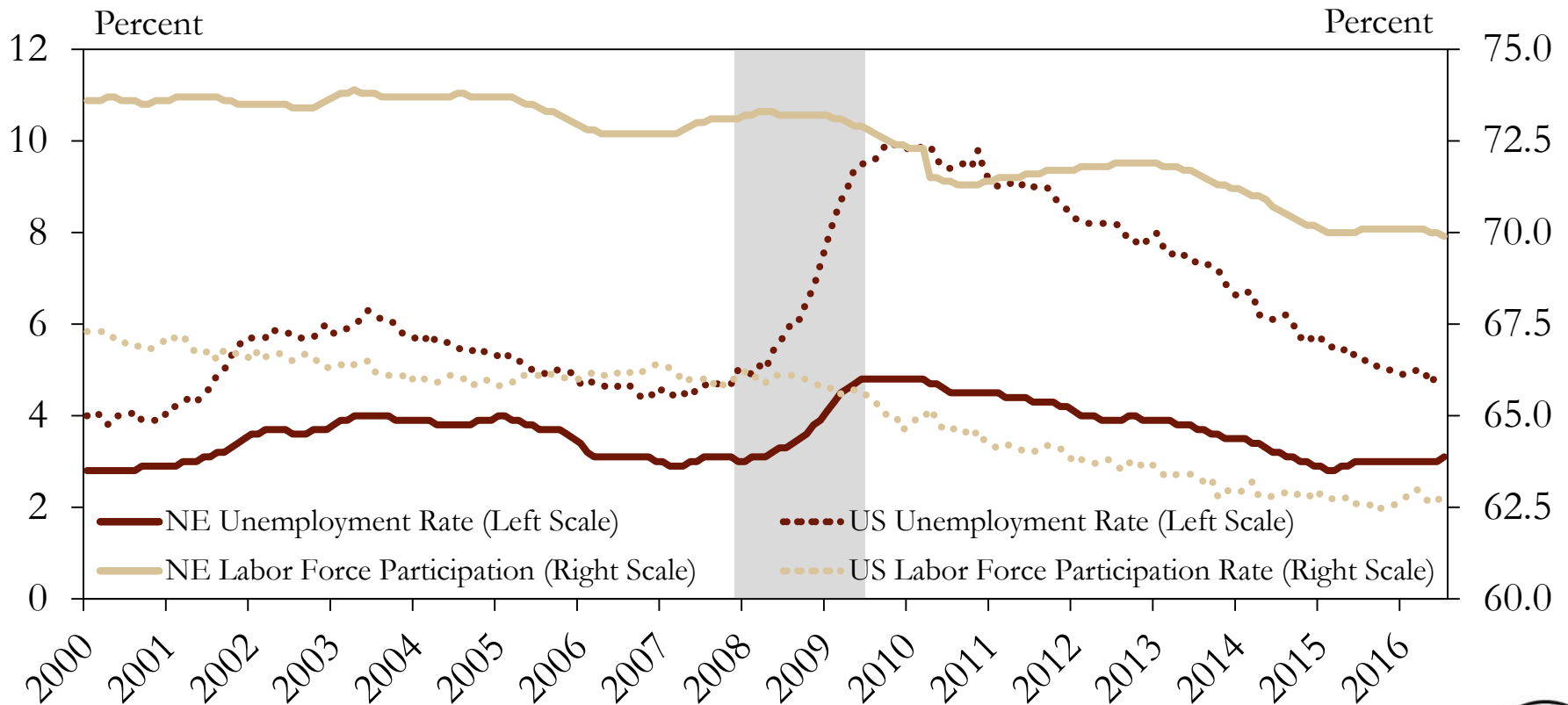
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- There are general signs of strength in Nebraska's economy, especially at the state level.
- However, some regions and sectors of the economy show greater signs of optimism than others.
- A softening farm economy has continued to weigh on the Nebraska economy, particularly in rural areas.



# At a glance, Nebraska's labor market indicators generally appear healthy.

## Unemployment and Labor Force Participation Rates



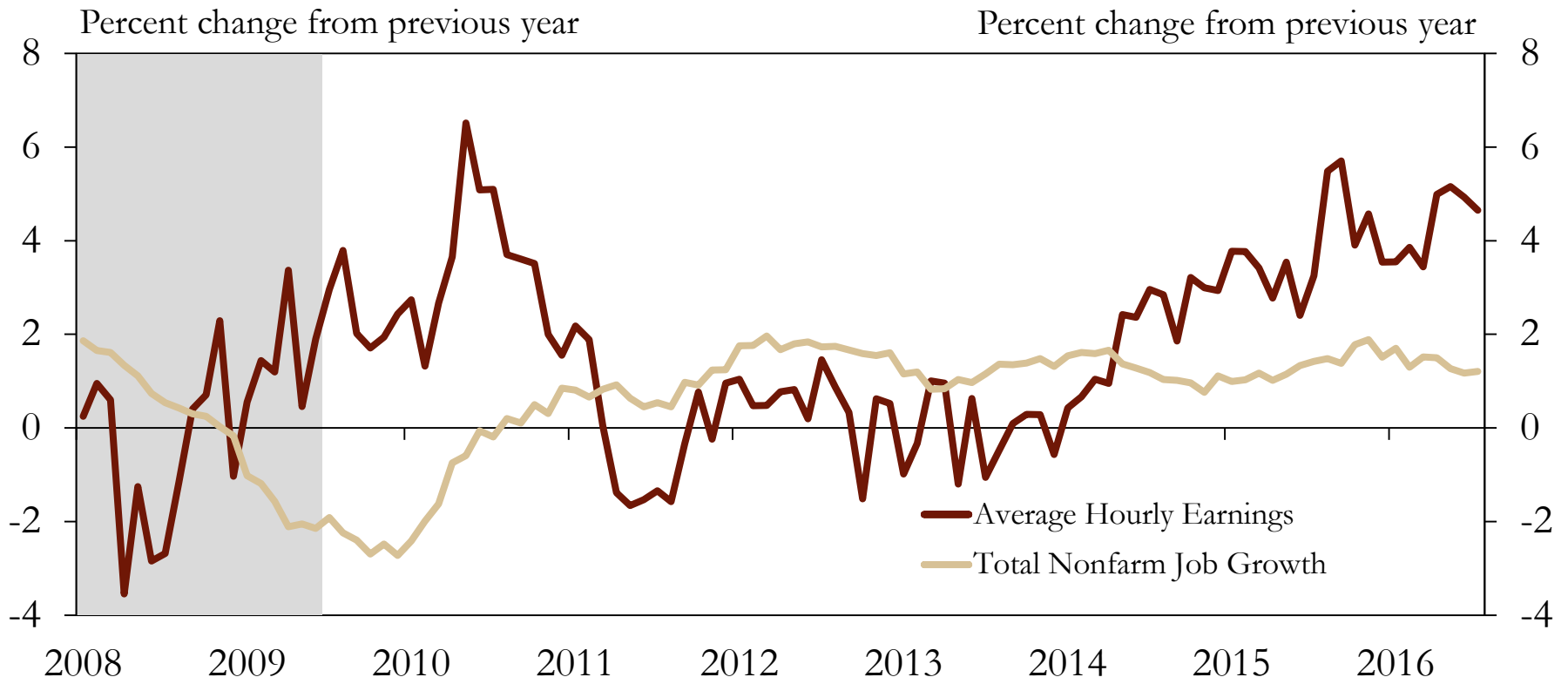
Sources: Bureau of Labor Statistics and Haver Analytics.

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Wages continue to rise, and job growth at the state level has been steady.

## Nebraska Job Growth and Average Hourly Earnings



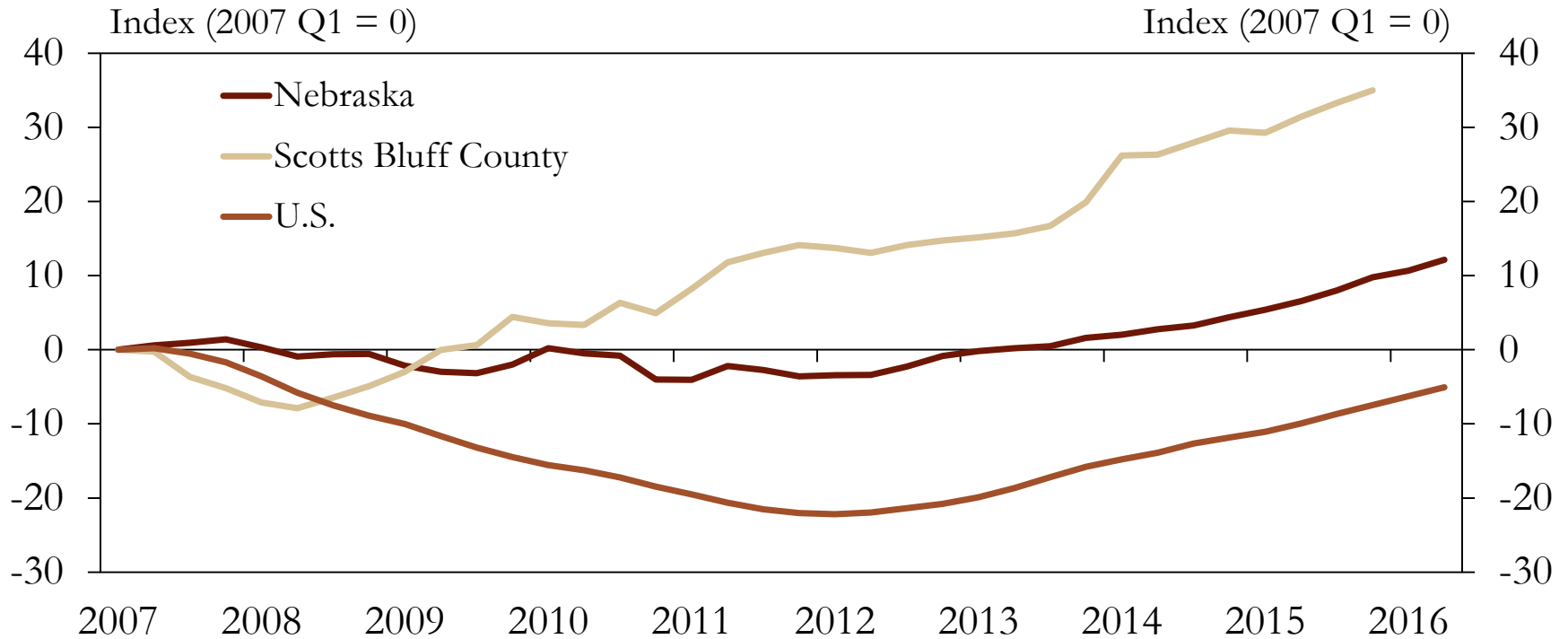
Sources: Bureau of Labor Statistics and Haver Analytics.

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# Home prices have trended higher.

## Median Home Prices

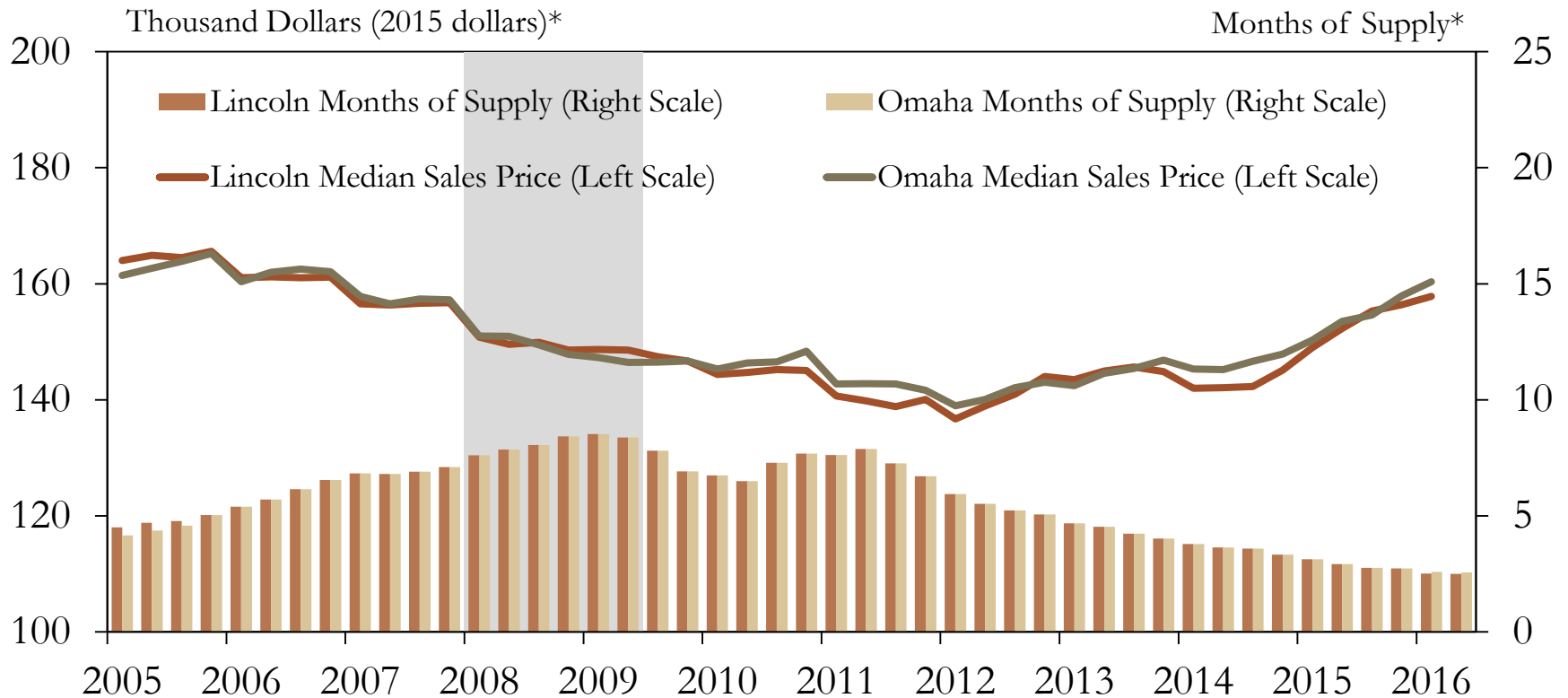


Sources: Zillow and Haver Analytics.



Real estate markets continue to strengthen,  
driven in large part by a limited supply of housing.

## Omaha and Lincoln Residential Real Estate



Sources: National Association of Realtors and Haver Analytics

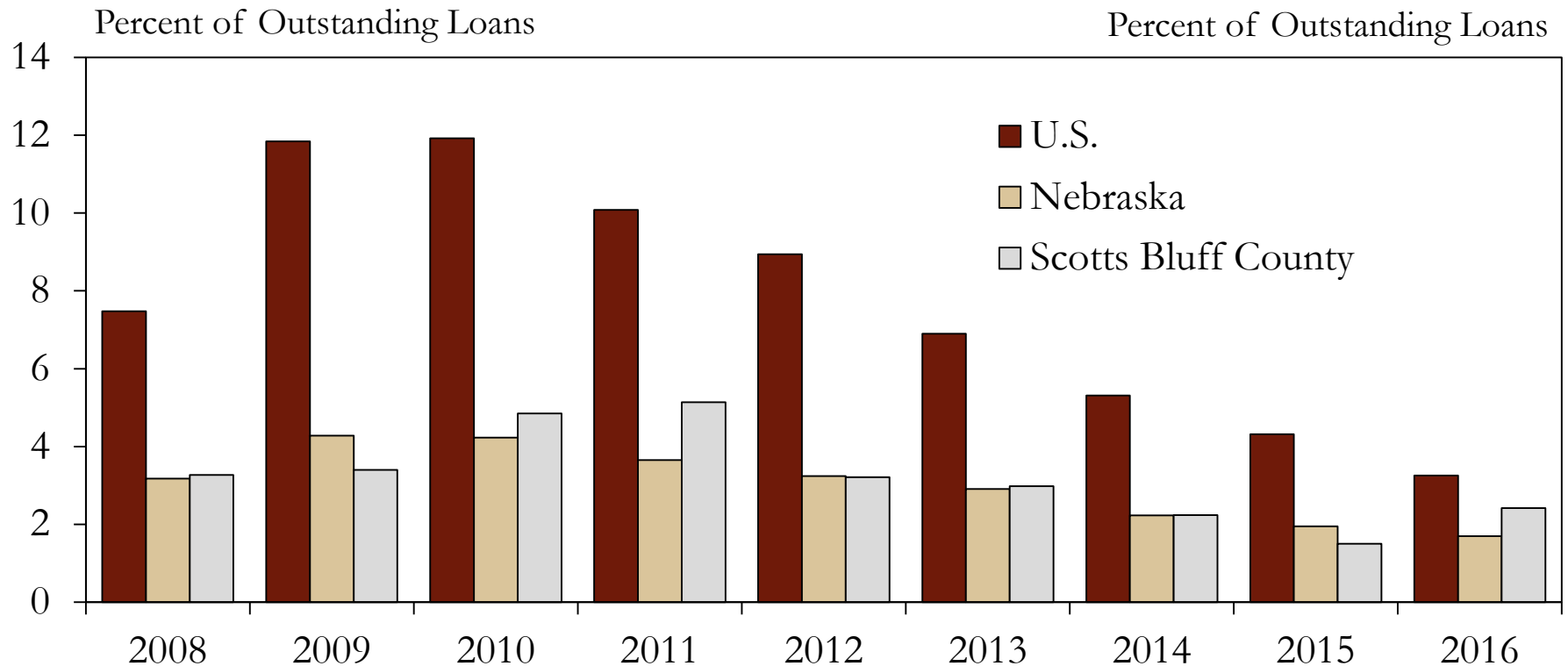
\*Four Quarter Moving Average

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# Mortgage delinquency rates have also continued to trend lower.

## Mortgage Delinquencies – Total Past Due



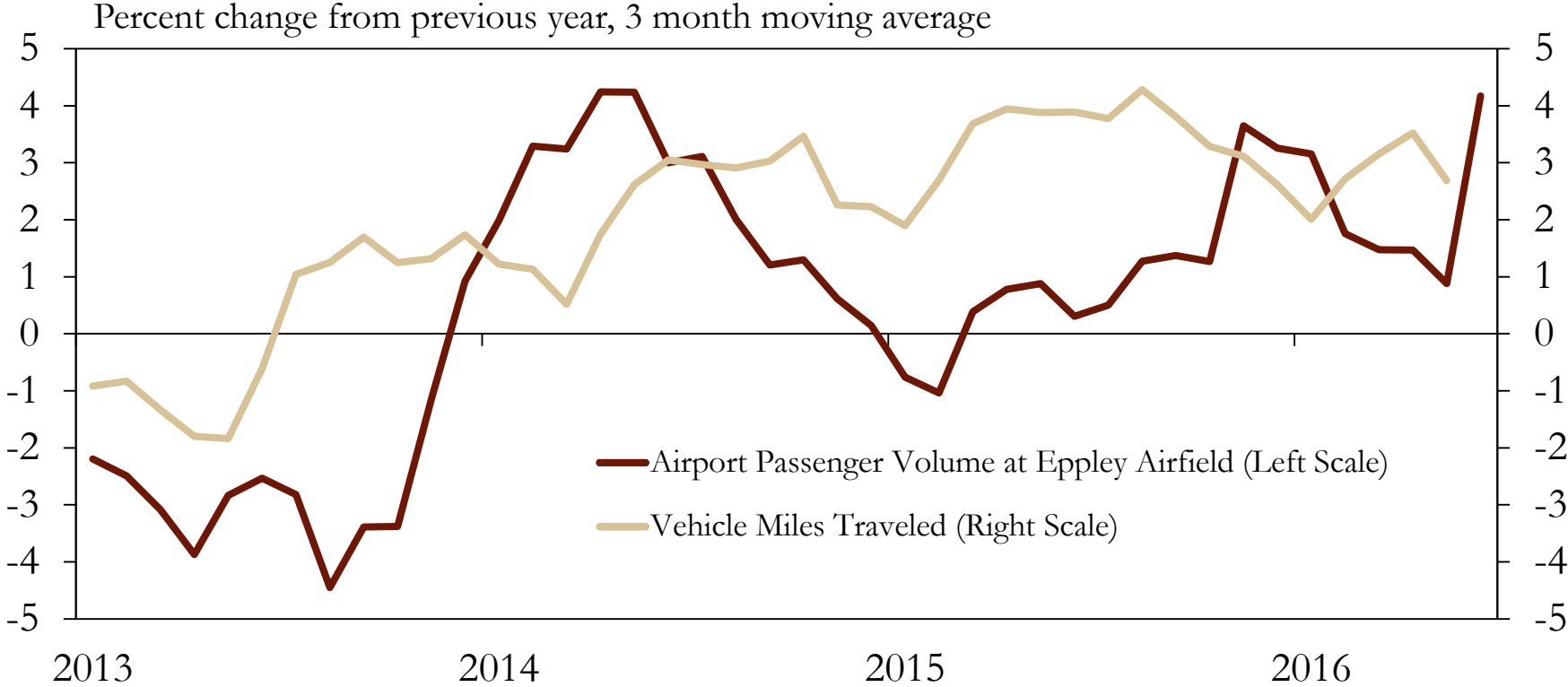
Sources: Federal Reserve Bank of New York's Consumer Credit Panel.

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Some consumer indicators have also shown notable improvements in economic activity.

### Nebraska Travel Statistics



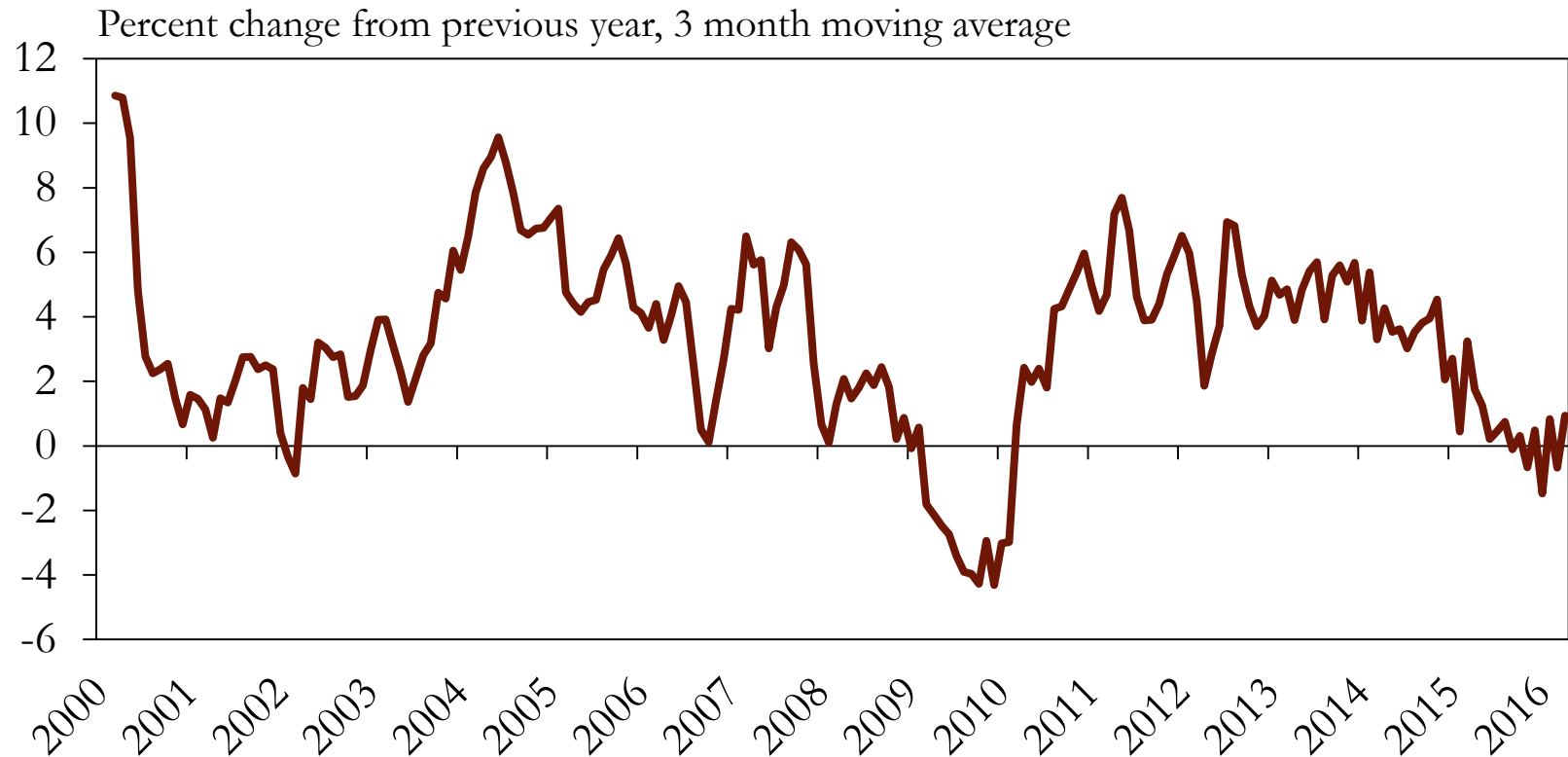
Sources: Omaha Airport Authority, Federal Highway Administration, and Haver Analytics





Recent declines in state retail sales, however, point to some weakness.

## Nebraska Net Taxable Retail Sales



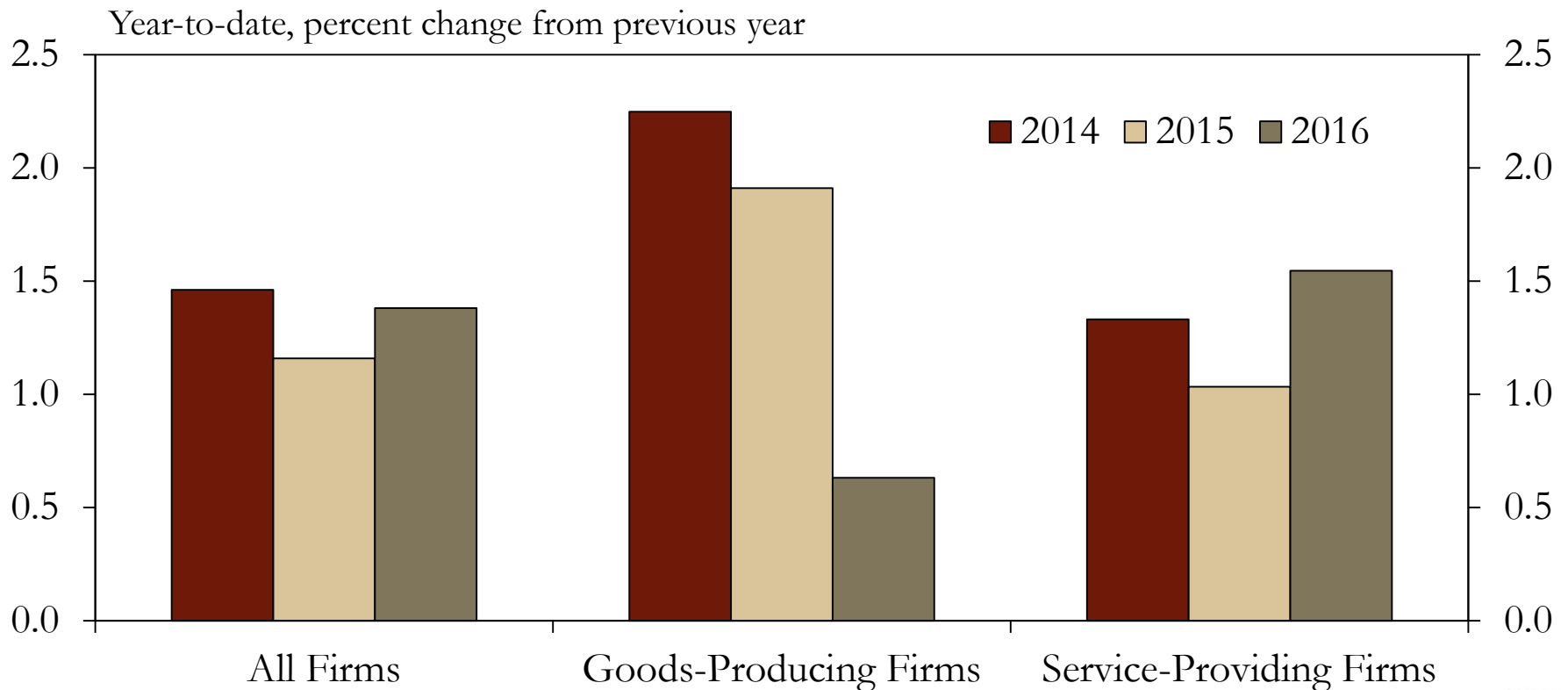
Source: Nebraska Department of Revenue

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In contrast to recent years, service-providing firms are driving Nebraska's job growth.

## Nebraska Employment Growth



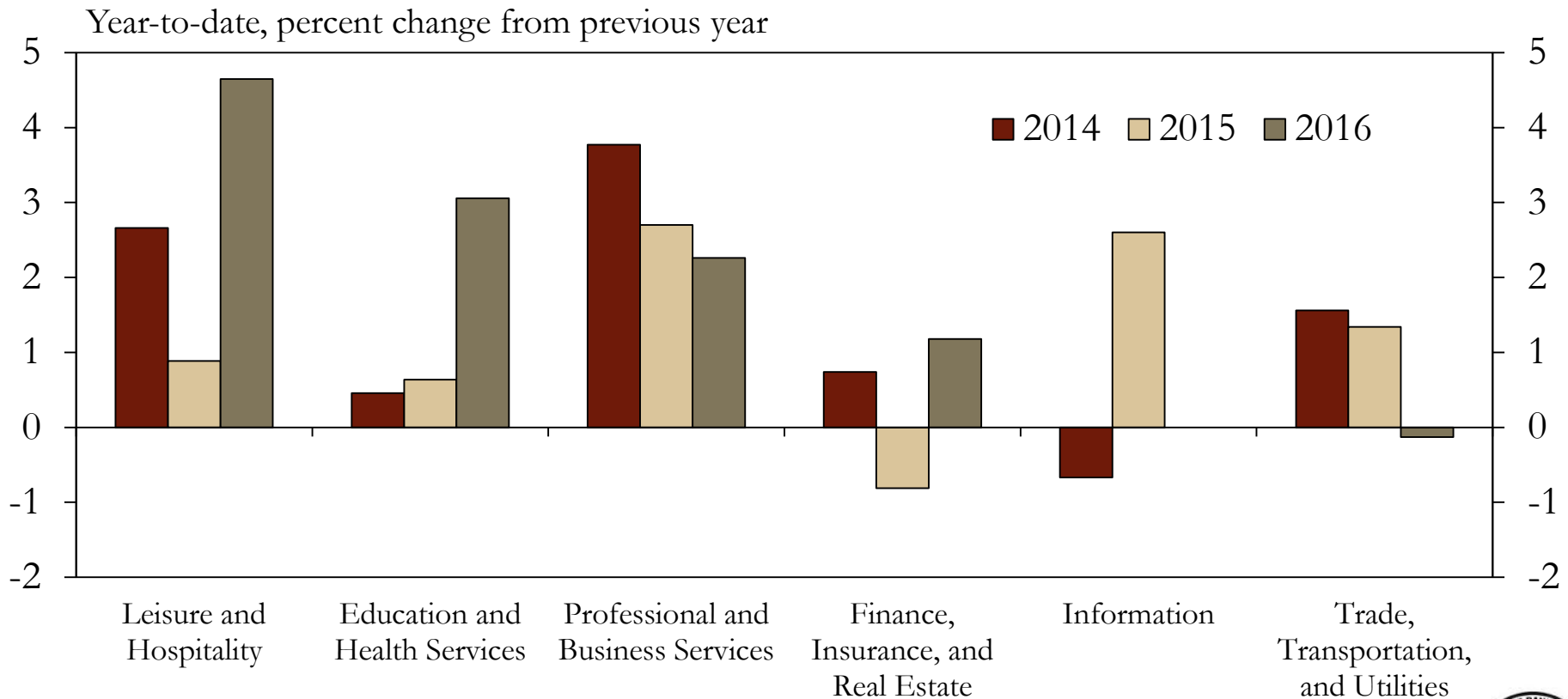
Source: Bureau of Labor Statistics and Haver Analytics.

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Sharp increases in job gains in a couple key categories have driven the recent growth.

## Service-Providing Industries Employment Growth



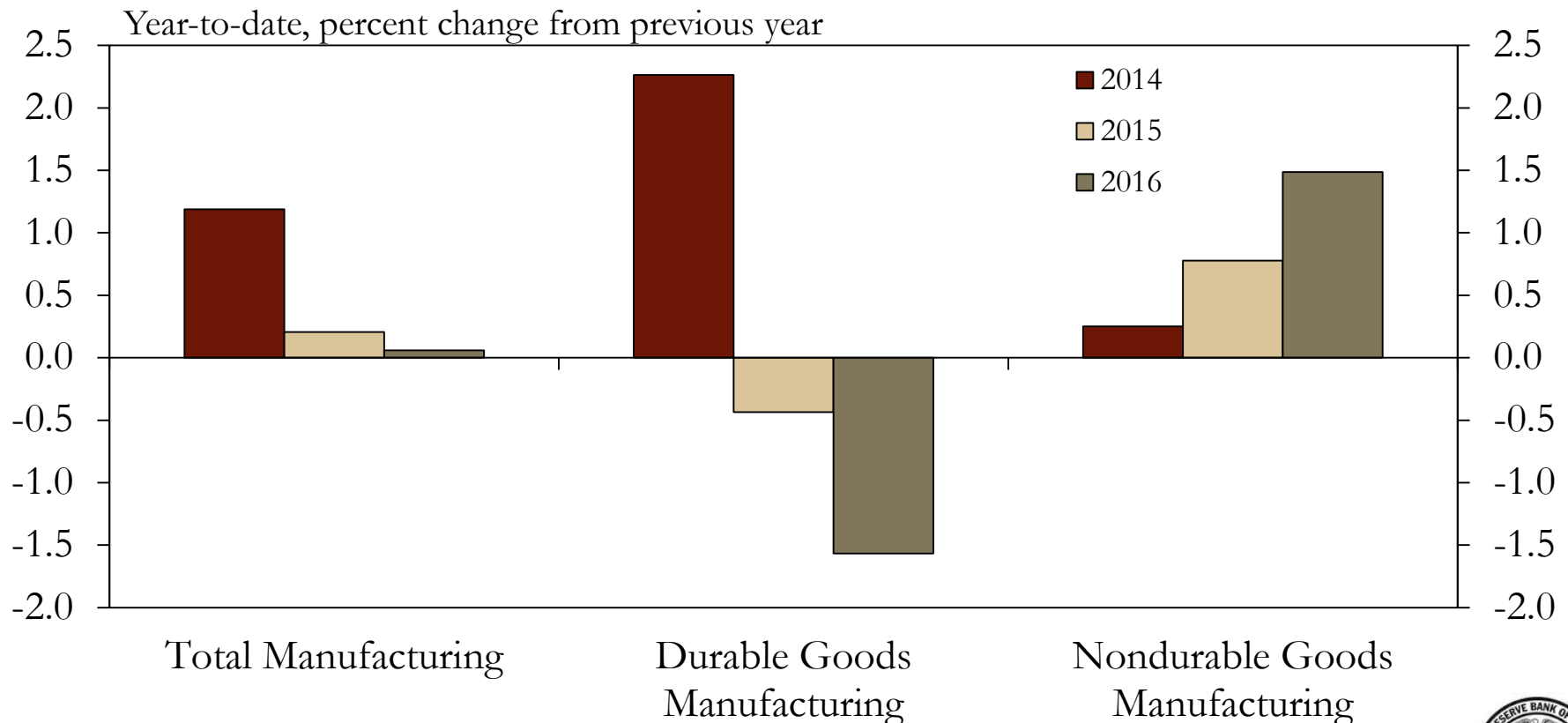
Source: Bureau of Labor Statistics and Haver Analytics.

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# Job growth at durable goods manufacturers has been especially poor.

## Manufacturing Employment Growth



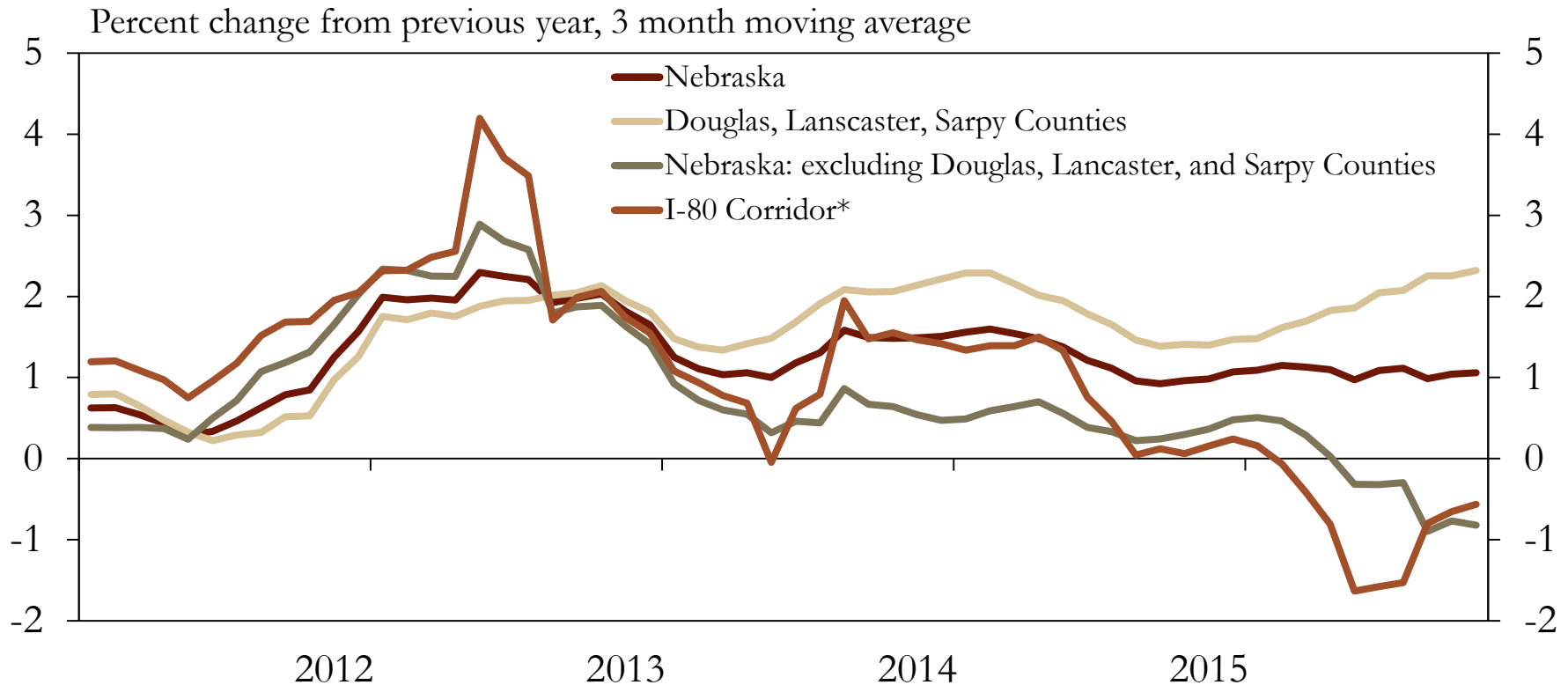
Sources: Bureau of Labor Statistics and Haver Analytics.

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Job growth has also diverged regionally, with just three counties driving the gains.

## Nebraska Employment Growth by Region



Source: Bureau of Labor Statistics

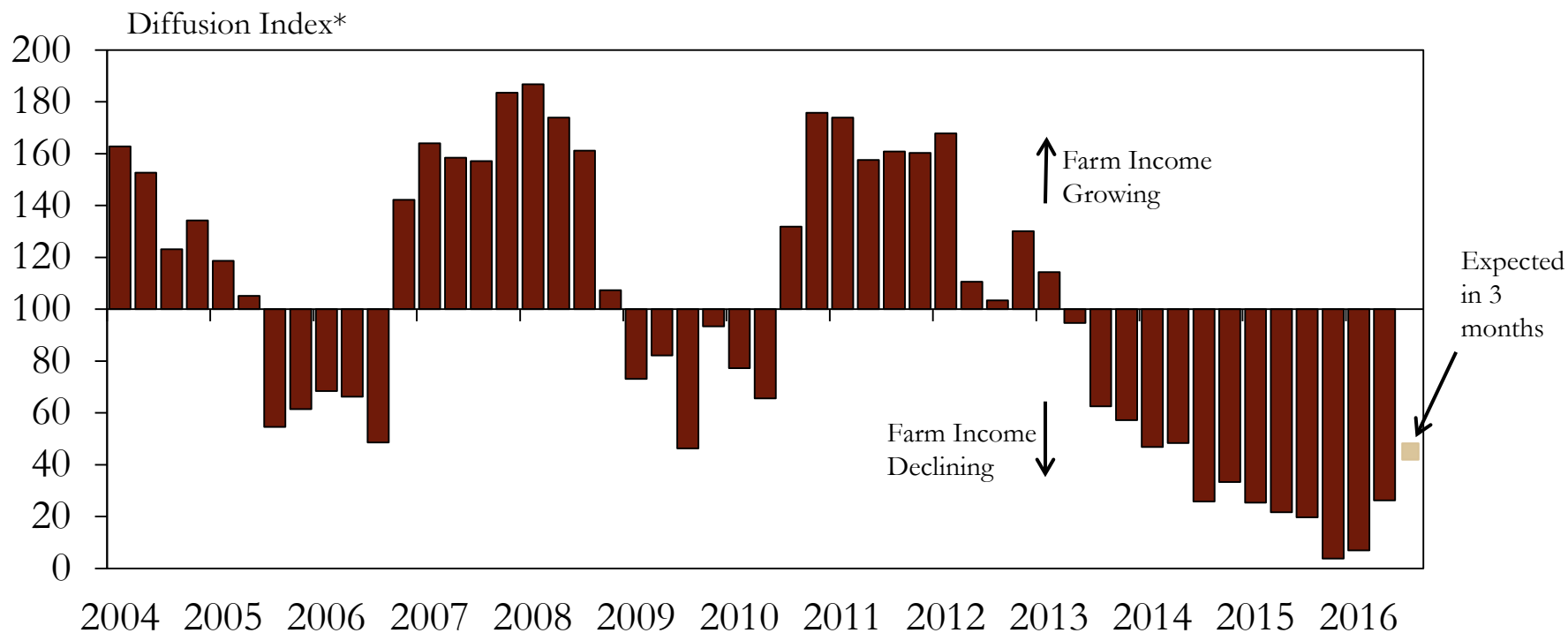
\*I-80 Corridor includes all counties in Nebraska through which Interstate 80 runs, except Douglas, Lancaster, and Sarpy counties.

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# A weakening farm economy has likely contributed to the divergence in Nebraska.

## Nebraska Farm Income



Source: Federal Reserve Bank of Kansas City

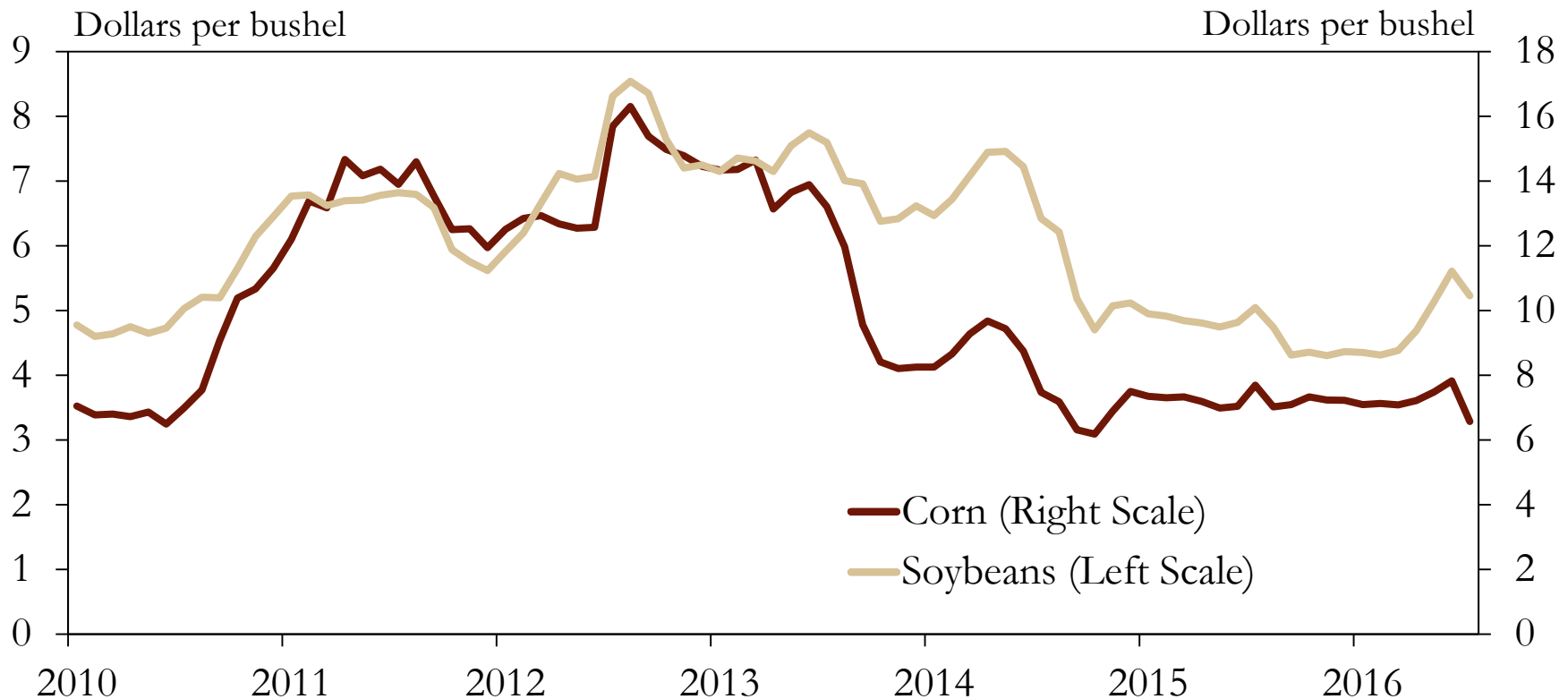
\*Bankers responded by indicating whether farm income during the current quarter was higher than, lower than, or the same as in the year-earlier period. The index numbers are computed by subtracting the percentage of bankers who responded "lower" from the percentage who responded "higher" and adding 100.

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After a brief spring rebound, crop prices have moved another notch lower.

## U.S. Crop Prices



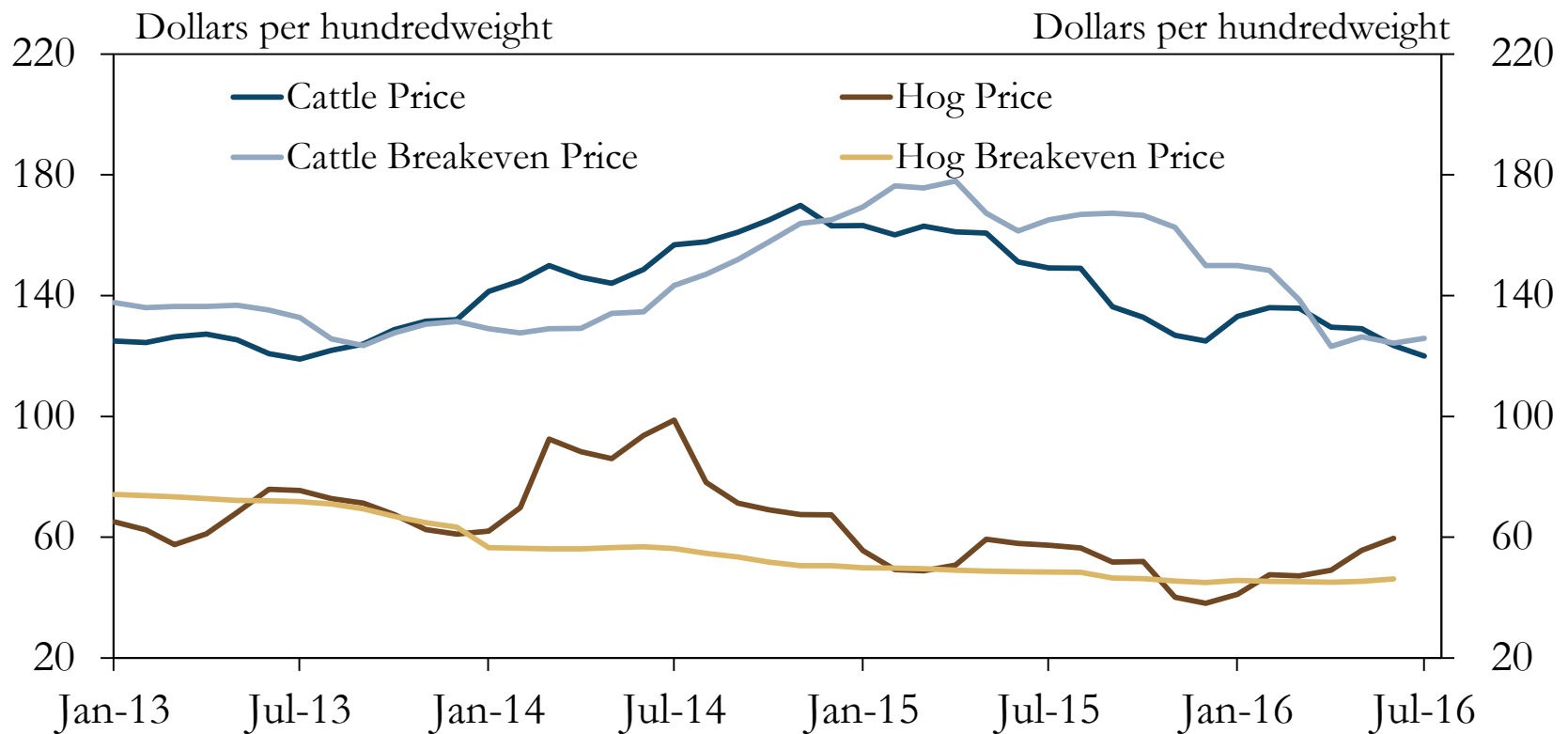
Sources: *Wall Street Journal* and Haver Analytics.

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Losses in the cattle sector have also weighed on the farm economy.

## U.S. Livestock Markets



Sources: USDA, Iowa State University and Haver Analytics.

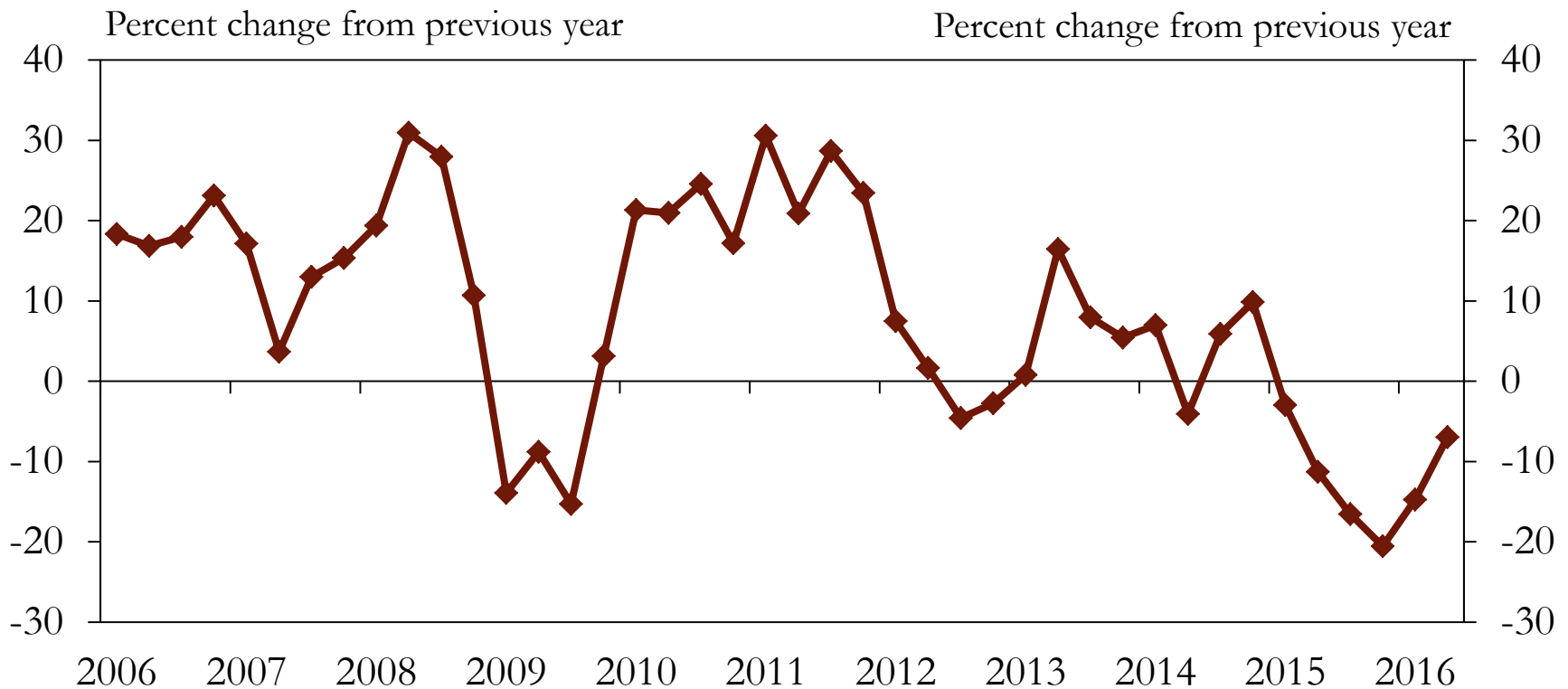
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Nebraska's manufactured exports have continued to decline, though not as sharply as last year.

## Nebraska Manufactured Exports



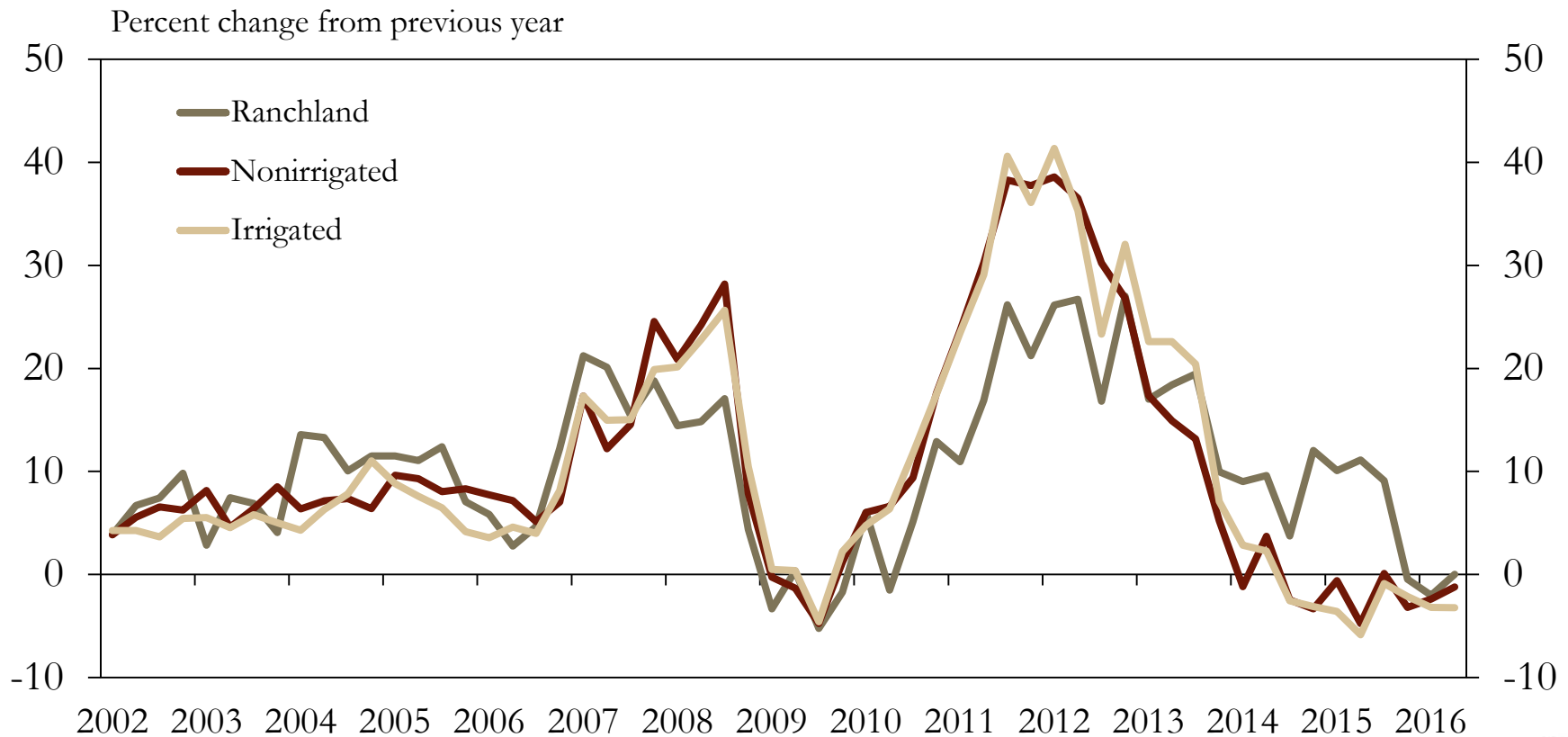
Sources: WISER Trade, Bureau of the Census, and Haver Analytics.

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Despite strengthening residential and commercial real estate markets, farmland values have softened.

## Nebraska Farmland Values



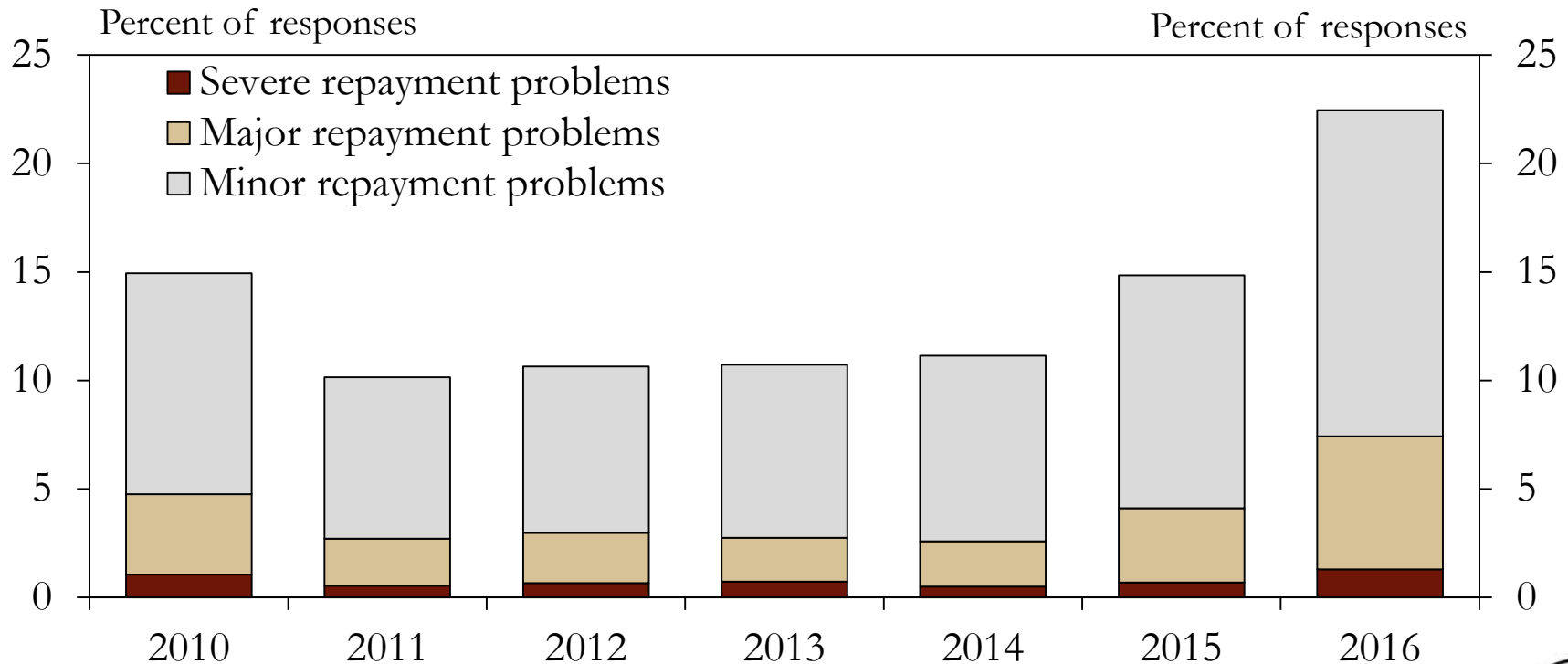
Source: Federal Reserve Bank of Kansas City

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# Farm loan repayment problems have increased somewhat.

## Farm Loan Repayment Problems – KC Fed District Second Quarter



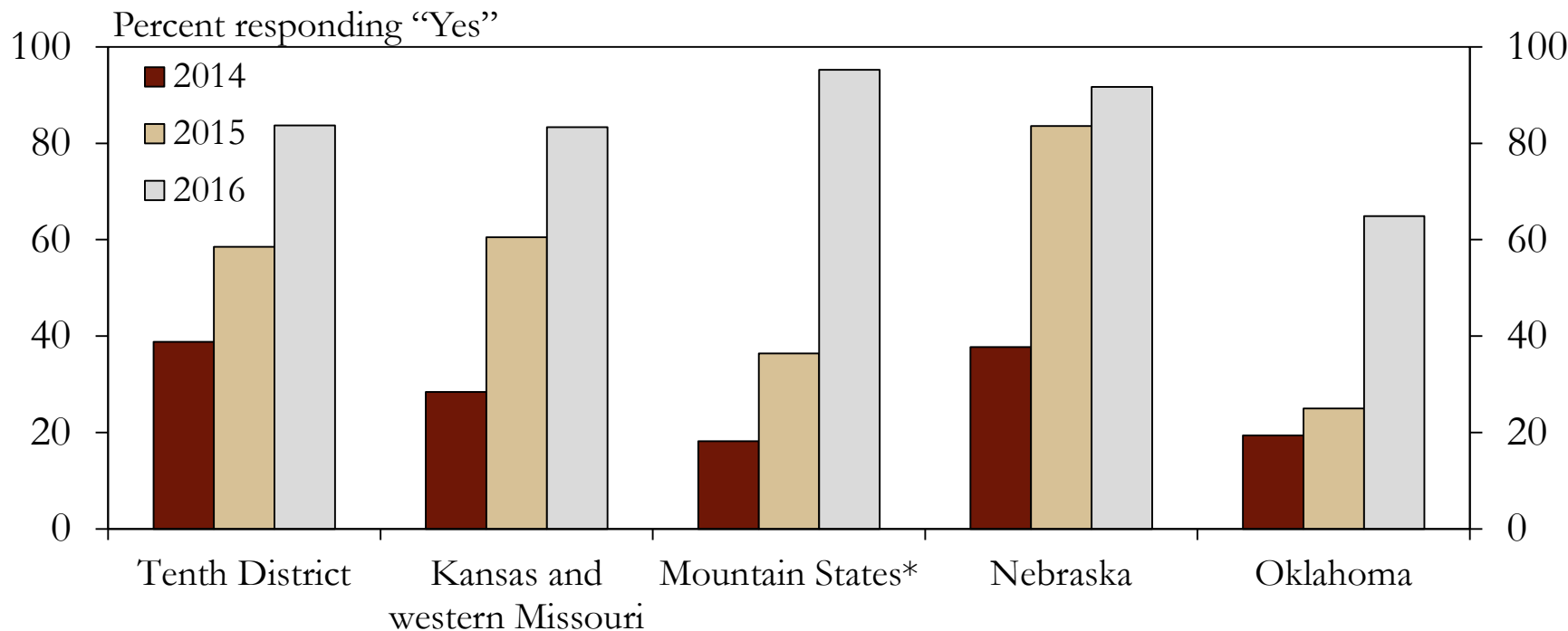
Source: Federal Reserve Bank of Kansas City

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# The downturn in the ag economy appears to be affecting general business activity.

## “Is a weakening agricultural economy leading to weaker Main Street business activity?”



Source: Federal Reserve Bank of Kansas City

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# Concluding Points

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## A Tale of Two Economies in Nebraska

- Generally Positive:
  - Service-based industries
  - Consumer driven economy
  - Metro areas
- More Negative:
  - Goods-producing, commodity-dependent, export-dependent industries
  - Businesses tied to agriculture or energy
  - Rural areas



# Questions?

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