Nebraska Economic Update

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Overview of the Federal Reserve System

The “Fed” is the Central Bank of the U.S.

- **Board of Governors**: 7 members, each appointed by U.S. President
- **Federal Reserve Banks**: 12 Banks, 24 Branches
- **The Federal Open Market Committee (FOMC)** has 19 members, 12 voting.

**Primary functions:**

- **Monetary Policy** – pursue maximum employment and stable prices
- **Bank Regulation** – ensure safety and soundness of banks.
- **Financial Services** – bank for banks, and bank for federal govt.
- **Lender of Last Resort** – provide liquidity in times of crisis
Federal Reserve Districts and Office Locations

Federal Reserve Bank of Kansas City
In many ways, Nebraska has returned to pre-recession form.

Unemployment Rates

Source: Bureau of Labor Statistics, Haver Analytics
The number of jobs in Nebraska exceeds pre-recession levels.

Source: Bureau of Labor Statistics, Haver Analytics
Housing activity has fluctuated somewhat, but prices have strengthened notably.
Nebraska’s export activity has risen considerably, driven by manufactured exports.

Source: WISERTrade
Personal income in Nebraska far exceeds 2008 levels.

Per Capita Personal Income
Change from 2008 to 2014

% change 2008 to 2014
- Red: Less than 5
- Orange: 5 - 8
- Yellow: 9 - 12
- Light yellow: 13 - 16
- Green: 17 - 20
- Light green: More than 20

FEDERAL RESERVE BANK OF KANSAS CITY
Yet, much has changed in Nebraska’s economy since 2008.
U.S. farm incomes surged, but have recently fallen back.

**U.S. Real Net Farm Income**

Billion Dollars (Constant 2009 Dollars)

Source: USDA

* Forecast for 2015.
The changes in farm income have been driven by sharp changes in crop prices.

U.S. Crop Prices

Dollars per bushel

Sources: The Wall Street Journal, Haver Analytics
Farm real estate values look very different from 2008.

Nebraska Farmland Values
Annual Gains

Percent change from the previous year *

Source: Federal Reserve Bank of Kansas City
Similar to other regions, Nebraska has also shifted more to a service-based economy since 2008.

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics
Employment growth across counties in Nebraska has diverged recently.

**Nebraska Employment Growth by County Dependency**

Percent change from previous year

![Bar chart showing employment growth by county dependency in Nebraska from 2011 to 2014.](chart)

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics
Farm-dependent and manufacturing-dependent counties are typically in rural areas.

Nebraska Counties by Economic Dependency

Source: USDA
Income growth has slowed in areas more dependent on the farm economy.

**Per Capita Personal Income**
Change from 2008 to 2013

**Per Capita Personal Income**
Change from 2013 to 2014

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By some measures, though, rural Nebraska remains strong.

Nebraska Unemployment Rates
January 2015

Source: Bureau of Labor Statistics
Concluding Thoughts

- Nebraska’s economy has surpassed pre-recession marks by many measures.

- Many people, however, have not *felt* the recovery.
  - Slow wage growth
  - Less than full-time employment
  - Somewhat slow housing recovery
  - Transition in types of jobs available

- Changes in the farm economy have also driven many changes in Nebraska’s economy since 2008, with some rural headwinds recently.
Questions?

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