Recently, the U.S. economy has shown signs of improvement.

U.S. Real GDP Growth

Percent change from year ago

Change from previous quarter
Change from year ago

Calculations based on BEA and FOMC High/Low Projections
A 2013 government spending drag is expected to ease, with the focus shifting to consumers.

**Contribution to U.S. Real GDP Growth**

Annual percent change

- Private Investment
- Personal Consumption
- Government
- Net Exports

Source: Bureau of Economic Analysis

Unemployment has steadily declined, but partly due to decreased participation.

**Unemployment Rate and Labor Force Participation Rate**

Source: Bureau of Labor Statistics
Employment growth in Nebraska has been modest alongside a low unemployment rate.

Job growth has been positive in most Nebraska industries.
Nebraska home prices have continued to improve.

Home Price Index and Months Supply of Existing Homes for Sale

Source: Residential Realtors' Reports

Building permit activity picked up considerably in 2013.

Residential Building Permits by County
Year-to-Date through December

Source: Census Bureau
Commercial construction activity also strengthened in 2013.

Nebraska Value of Commercial Construction Contracts

Retail sales were stronger in 2013, despite some Black Friday weakness.

Nebraska Real Net Taxable Retail Sales

Source: F.W. Dodge

Source: Nebraska Department of Revenue
However, the agricultural sector has begun to show signs of weakness.

Nebraska Farm Income

Source: Federal Reserve Bank of Kansas City

* Bankers responded to each item by indicating whether conditions during the current quarter were higher than, lower than, or the same as in the year-earlier period. The index numbers are computed by subtracting the percent of bankers that responded "lower" from the percent that responded "higher" and adding 100.

Farmland value gains have slowed in recent quarters.

Nebraska Farmland Value Gains

Source: Federal Reserve Bank of Kansas City
Lower crop prices underpin expectations of reduced farm income.

U.S. Corn and Soybean Prices

Livestock profitability has improved as prices have jumped recently.

U.S. Livestock Prices and Breakeven Costs
Conclusions

• Nationally, the economic recovery continues at a modest pace.
• Unemployment remains low in Nebraska and most industries have continued to expand slowly.
• The outlook for agriculture has become slightly more pessimistic.