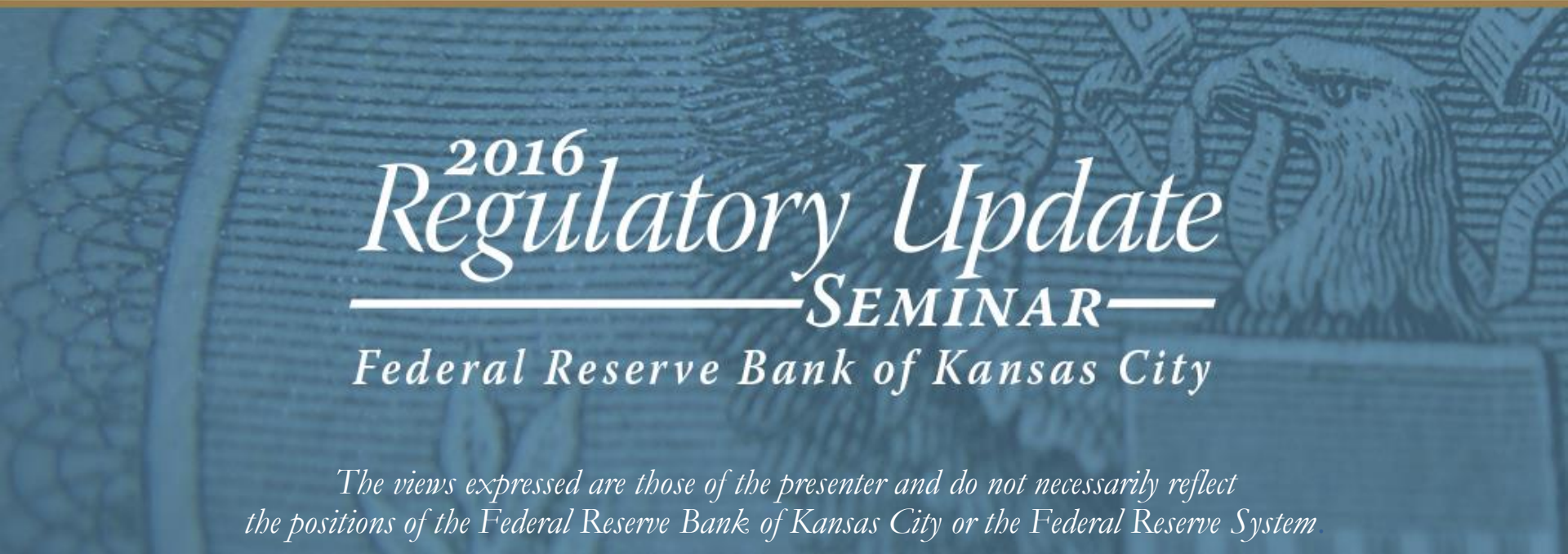


Emerging Trends in the U.S. & Wyoming Economies

Alison Felix

Economist & Branch Executive

Federal Reserve Bank of Kansas City, Denver Branch



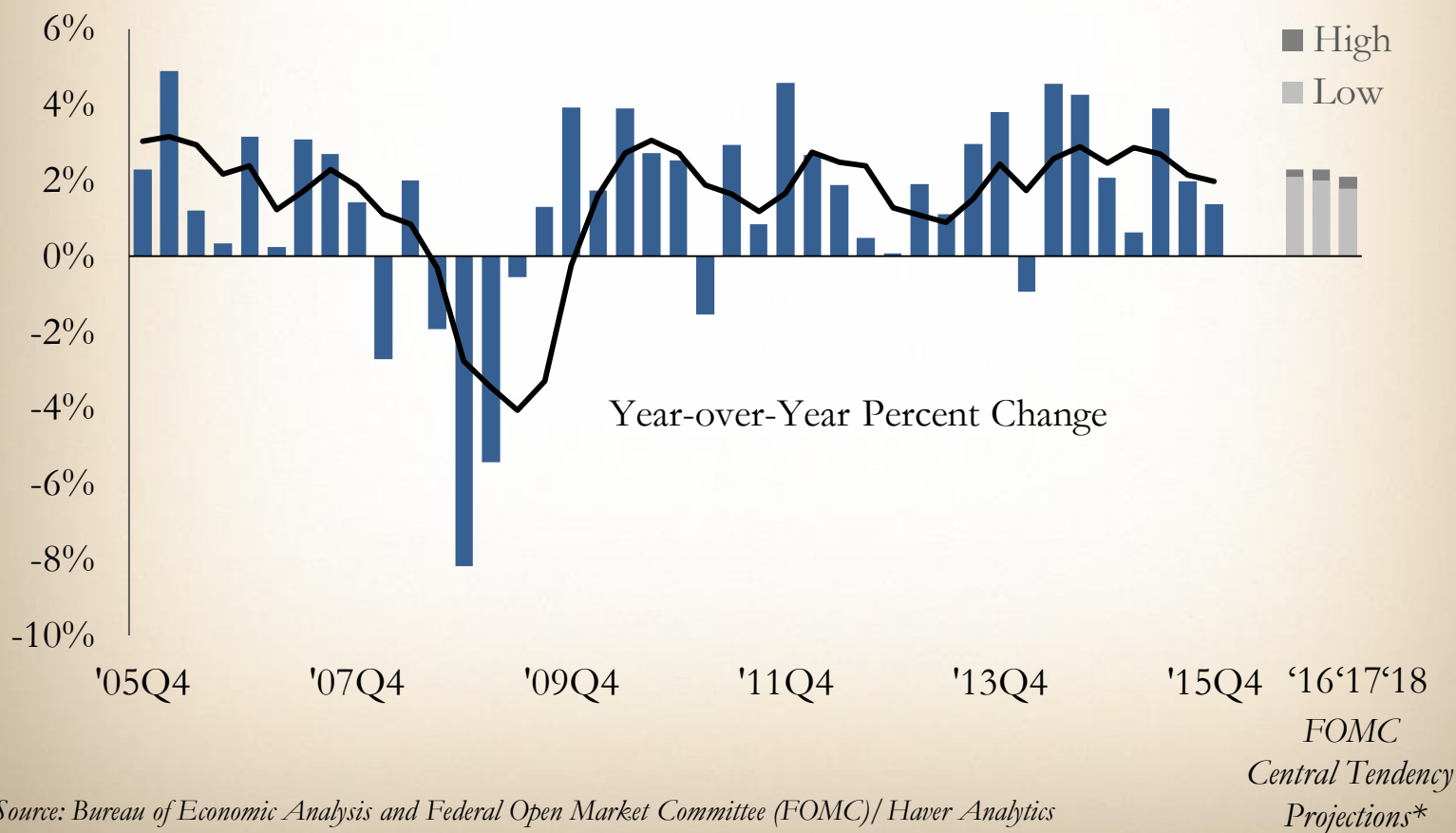
²⁰¹⁶
Regulatory Update
— SEMINAR —
Federal Reserve Bank of Kansas City

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 is expected to expand at a moderate pace in 2016.

REAL U.S. GROSS DOMESTIC PRODUCT

Percent Change from Previous Quarter at Seasonally Adjusted Annualized Rates



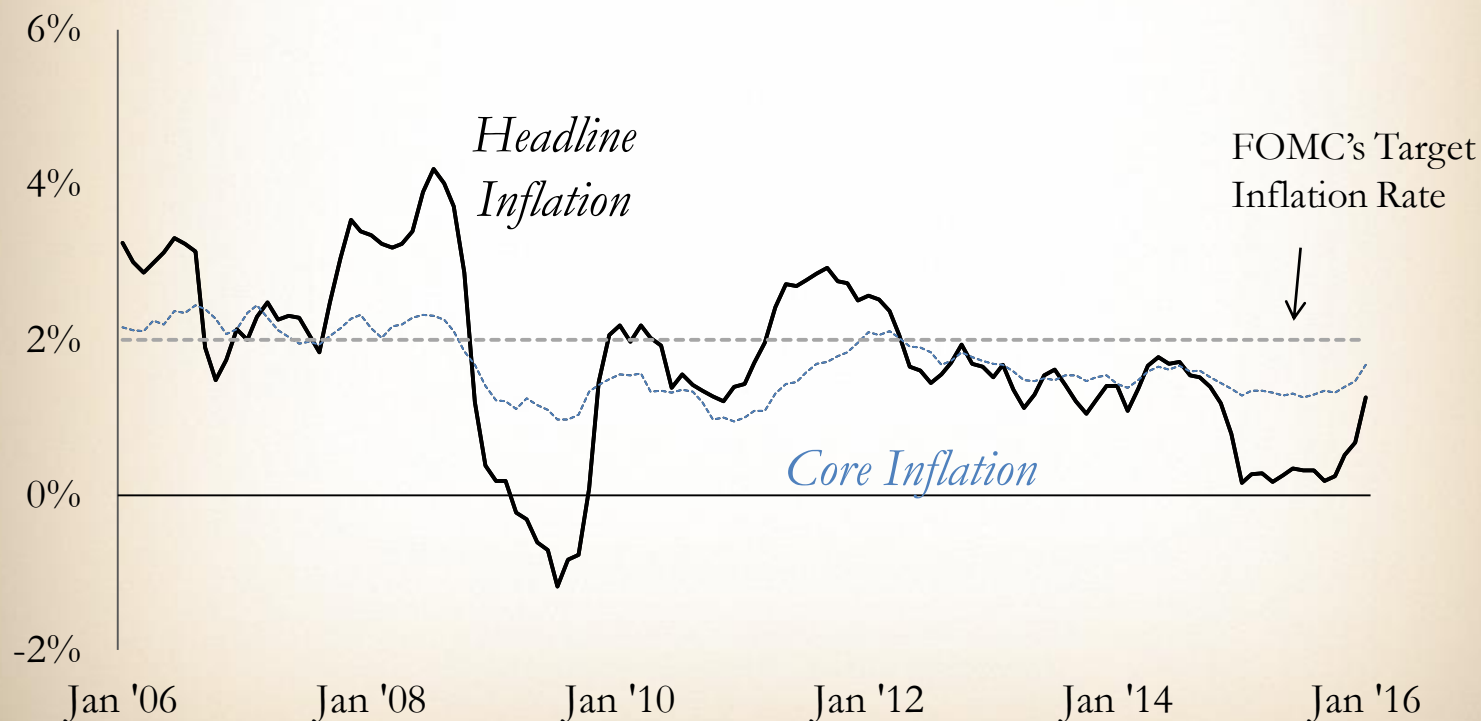
Source: Bureau of Economic Analysis and Federal Open Market Committee (FOMC)/ Haver Analytics

*Note: Projections as of March FOMC meeting

Inflation remains below the FOMC's two percent target, weighed down by declining energy prices and cheaper imports.

PERSONAL CONSUMPTION EXPENDITURE PRICE INDEX (PCEPI)

Percent Change Year-over-Year

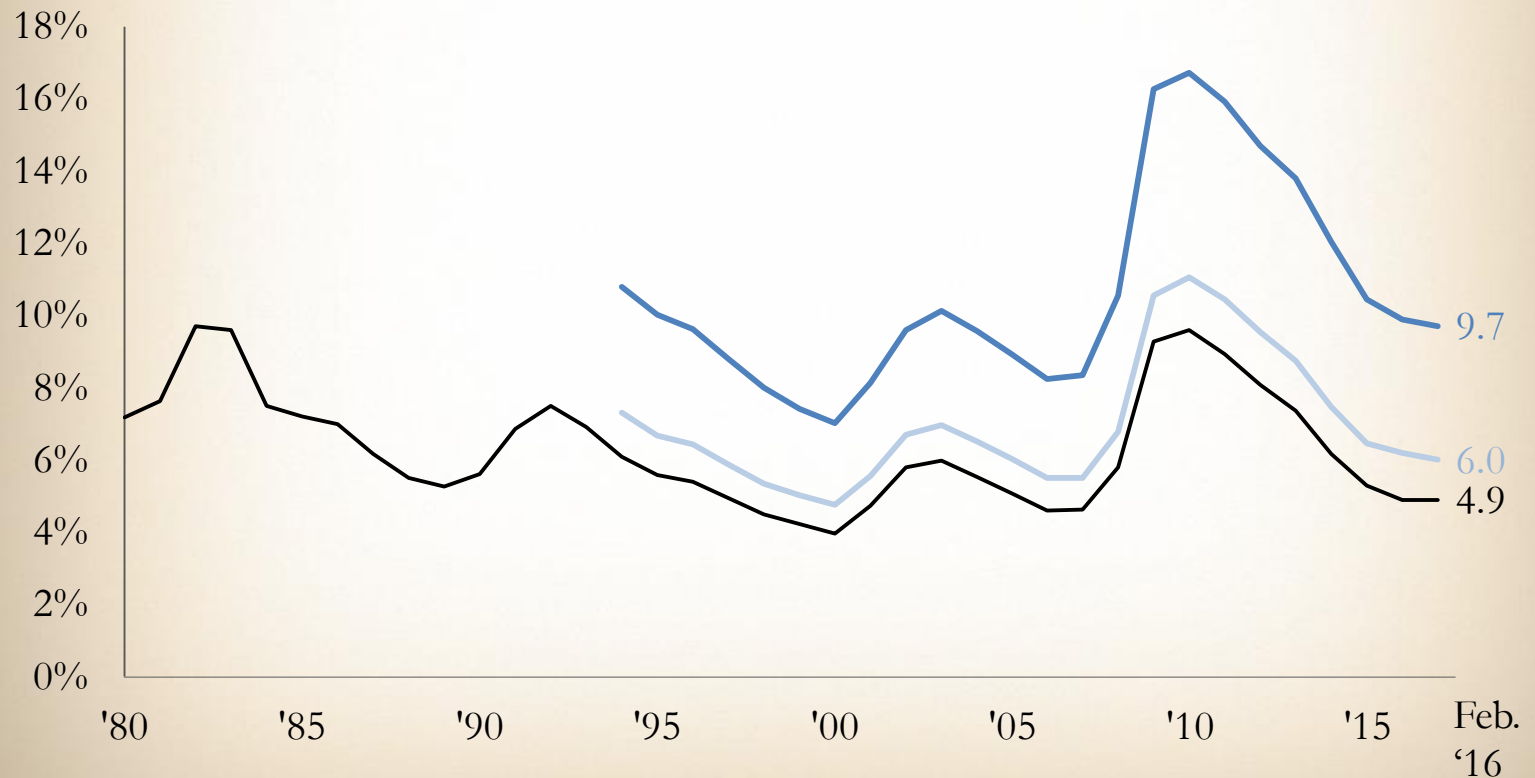


Source: Bureau of Economic Analytics

Measures of unemployment and under-employment have declined steadily over the past five years.

U. S. UNEMPLOYMENT AND UNDER-EMPLOYMENT RATES

Seasonally Adjusted



Source: Bureau of Labor Statistics

“The Committee currently expects that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace and labor market indicators will continue to strengthen. However, global economic and financial developments continue to pose risks. Inflation is expected to remain low in the near term, in part because of earlier declines in energy prices, but to rise to 2 percent over the medium term as the transitory effects of declines in energy and import prices dissipate and the labor market strengthens further...Against this backdrop, the Committee decided to maintain the target range for the federal funds rate at 1/4 to 1/2 percent.”

- March 2016 FOMC Statement

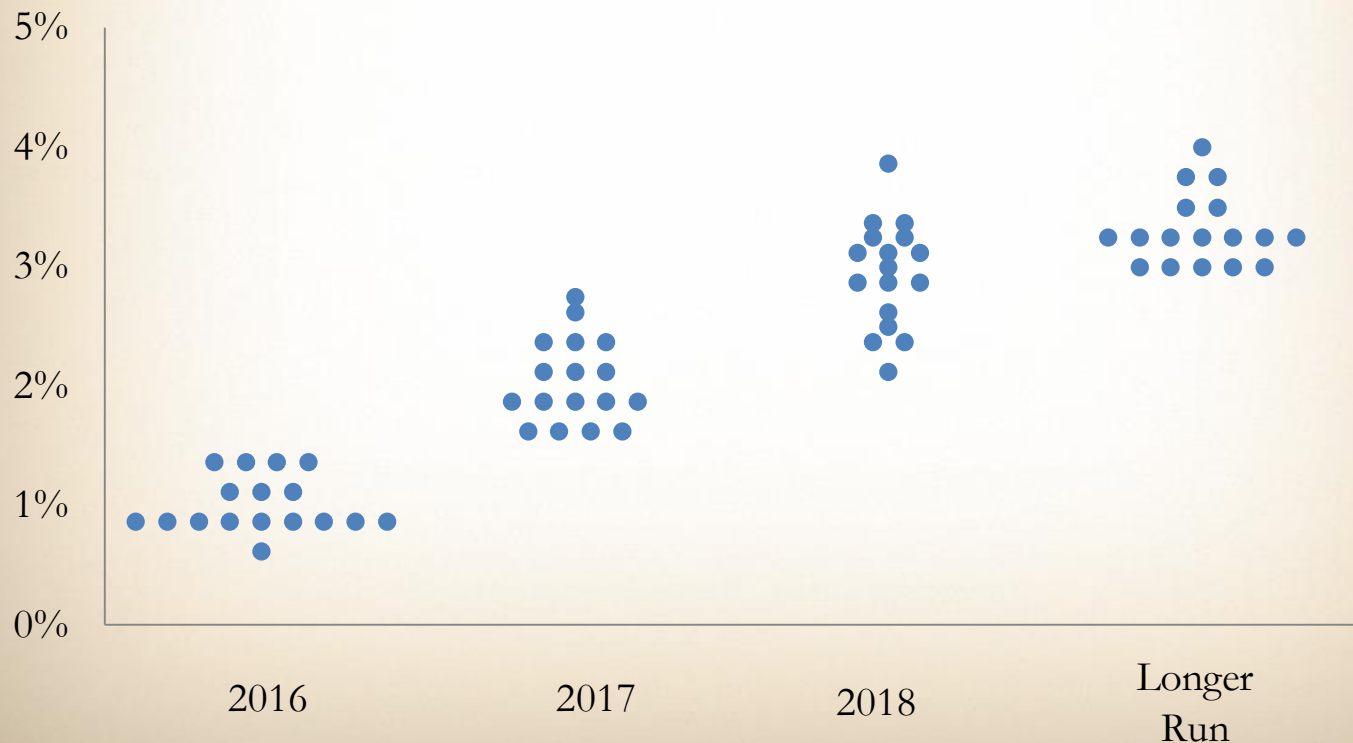


Source: Federal Reserve Board

Most FOMC members expect gradual increases in the federal funds rate over the next few years.

MIDPOINT OF TARGET RANGE OR TARGET LEVEL FOR FEDERAL FUNDS RATE

Individual FOMC Member Responses – March FOMC Meeting



Source: Federal Reserve Board

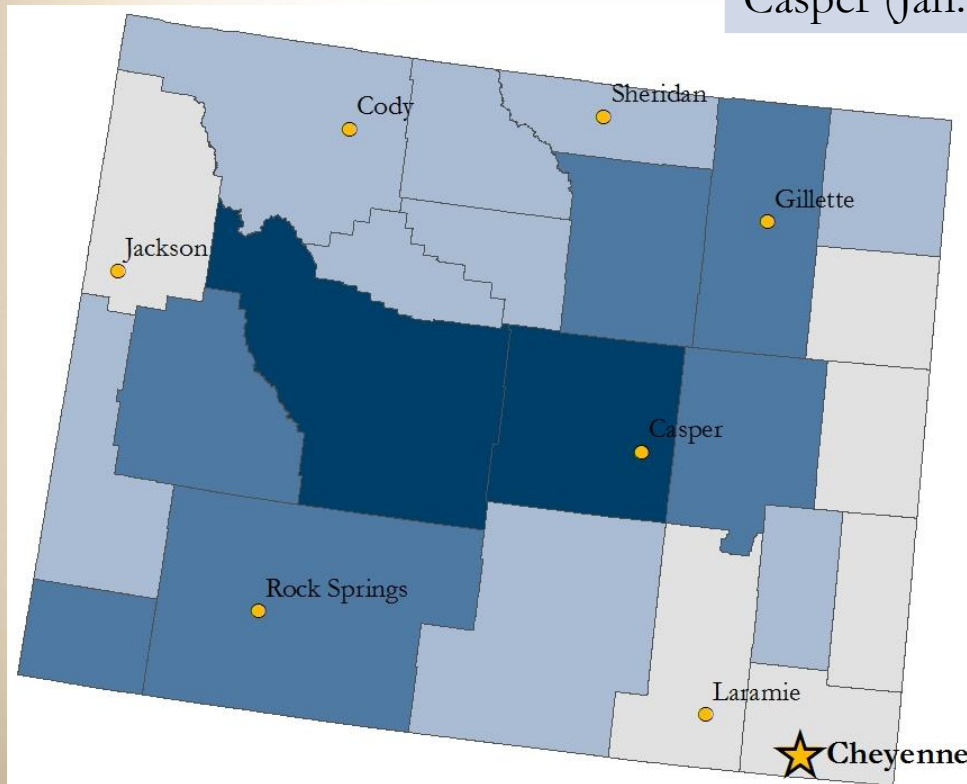
Unemployment rates are starting to edge up in Wyoming as the energy sector deteriorates.

UNEMPLOYMENT RATES

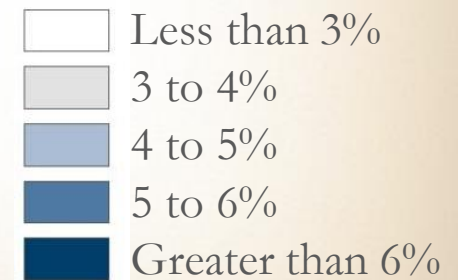
January 2016, Seasonally Adjusted

Feb. '16 {

Unemployment Rate	U-3	U-5*	U-6*
United States	4.9%	6.0%	9.7%
Wyoming	5.0%	4.8%	8.2%
Casper (Jan. '16)	5.9%		



*U-5 and U-6 values are 12-month moving averages as of Q4 2015 for Wyoming and are for February, 2016 for the United States.



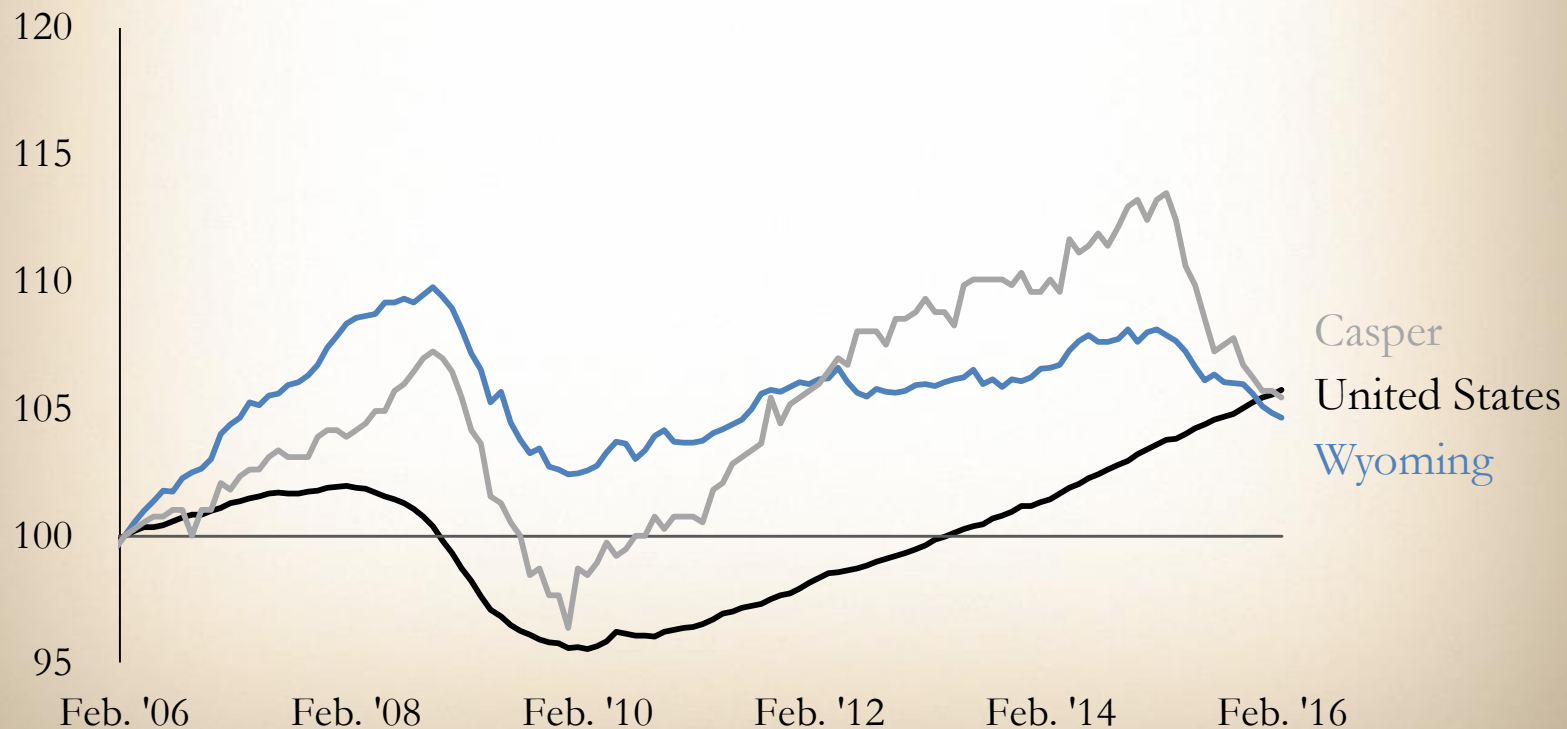
Source: Bureau of Labor Statistics

Employment has declined sharply in Wyoming over the past year due primarily to weakness in the energy sector.

PAYROLL EMPLOYMENT GROWTH

Index 100 = February 2006, Seasonally Adjusted

<i>Percent Change</i>	<i>Past 10 Years</i>	<i>Past Year</i>
U.S.	5.7%	1.9%
WY	4.7%	-3.0%
Casper (Jan.)	5.4%	-7.1%



Source: Bureau of Labor Statistics

Weakness in the energy sector has spread to other industries in the state.

CHANGE IN PAYROLL EMPLOYMENT, FEBRUARY 2016

Seasonally Adjusted

Percent Change Year-over-Year



Wyoming
United States

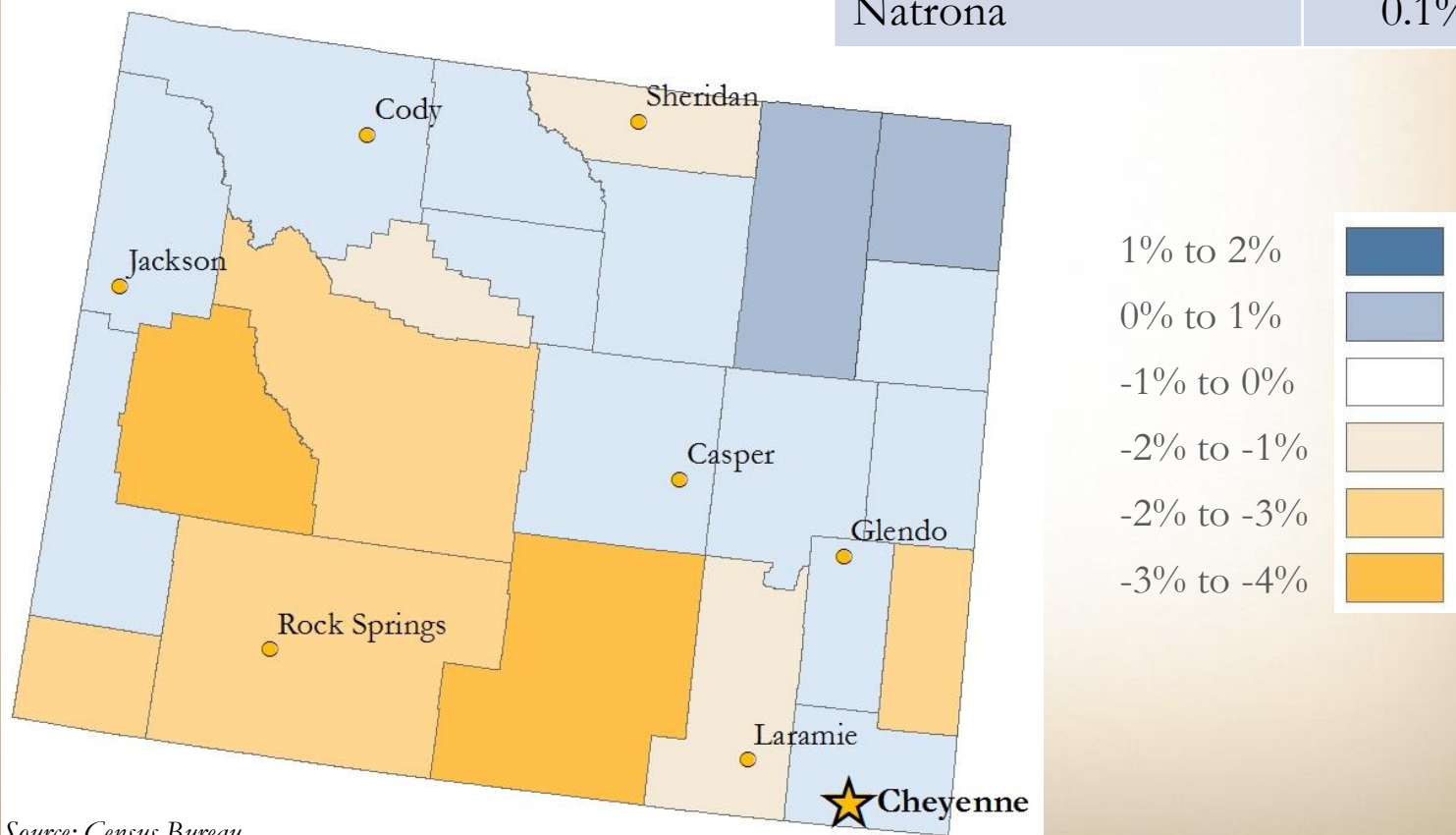
Source: Bureau of Labor Statistics

As the economy slowed, Wyoming experienced a slight out-migration over the past year.

NET MIGRATION

Total 2015 Net Migration as a Percentage of 2015 Population

<i>Annual Percent Change</i>	<i>2015</i>
United States	0.4%
Wyoming	-0.2%
Natrona	0.1%

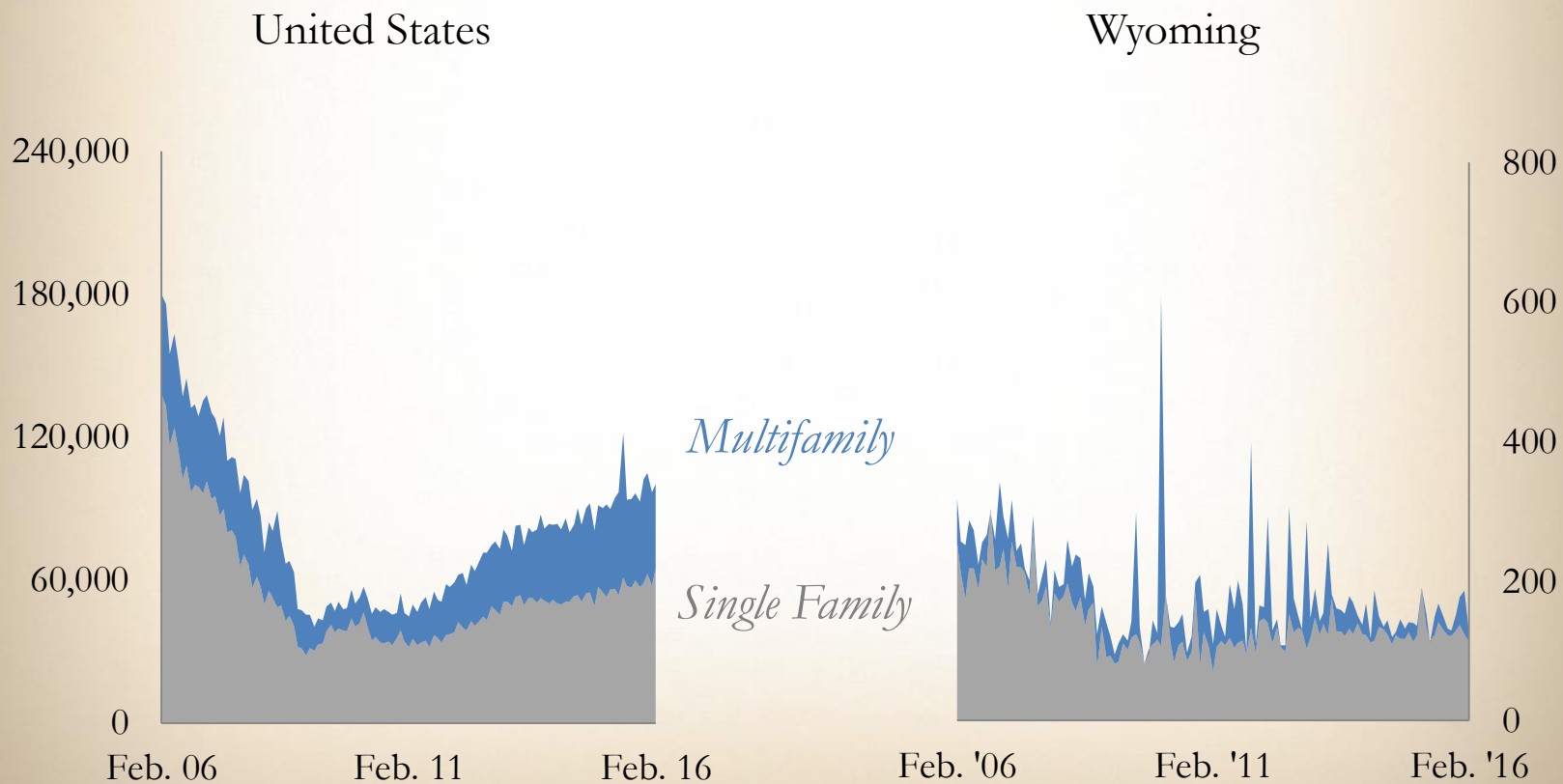


Source: Census Bureau

Residential construction activity has been increasing for more than six years in the nation, led by strong gains in multifamily building.

RESIDENTIAL PERMITS

Seasonally Adjusted



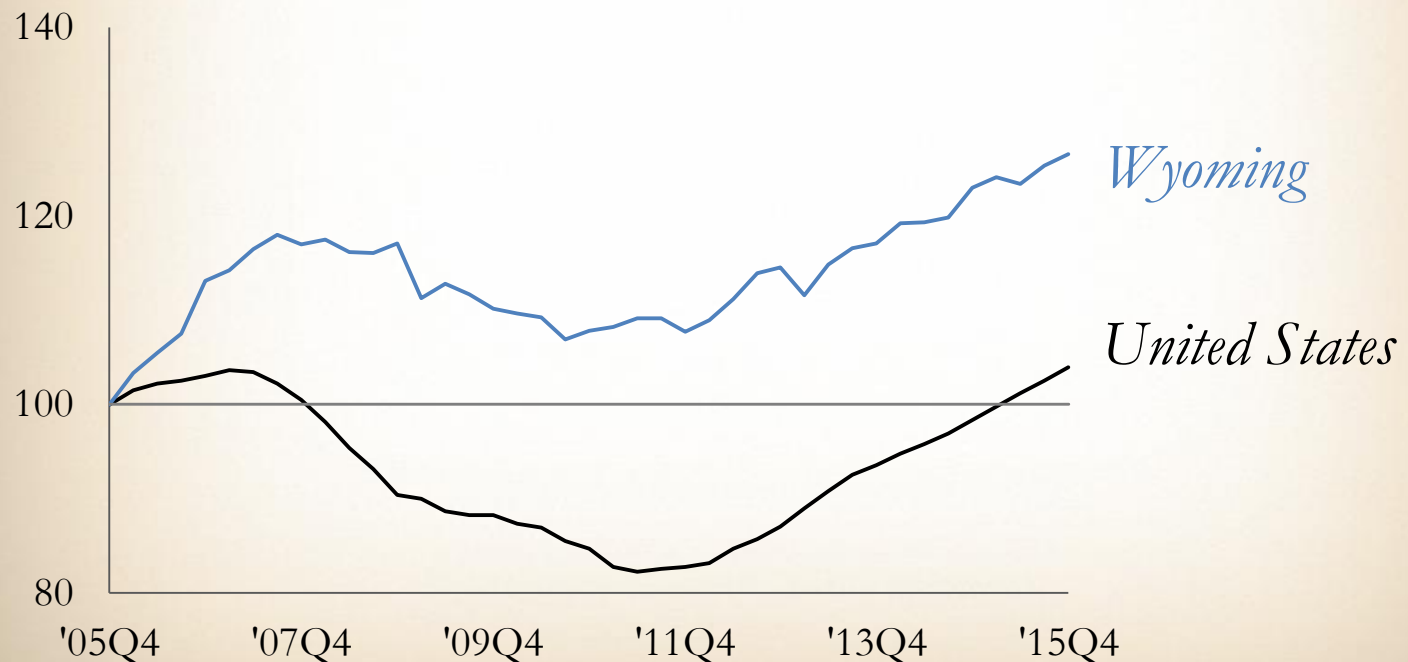
Source: Census Bureau/Haver Analytics

Home prices continued to appreciate in Wyoming through the end of 2015.

FHFA PURCHASE-ONLY HOME PRICE INDEX

Index 100 = 2005:Q4, Seasonally Adjusted

<i>Percent Change</i>	<i>Year-Over-Year</i>	<i>2007:Q1 to Current</i>
United States	5.8%	0.3%
Wyoming	2.9%	10.9%

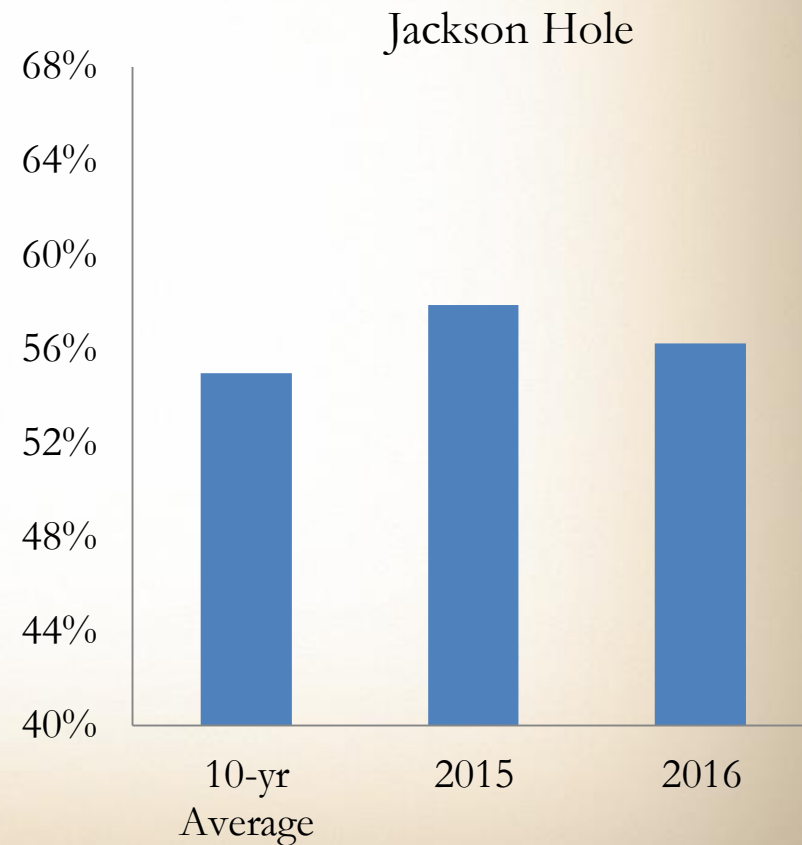
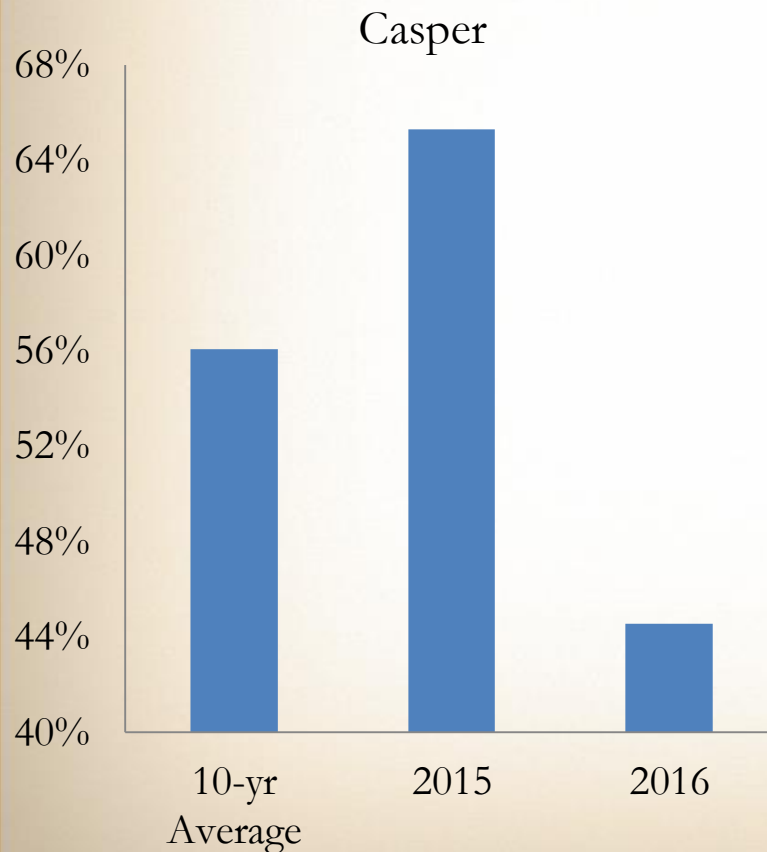


Source: Federal Housing Finance Agency

Business tourism activity has slowed sharply over the past year, while leisure tourism remains healthy.

HOTEL OCCUPANCY RATES

Year-to-Date Average Through February

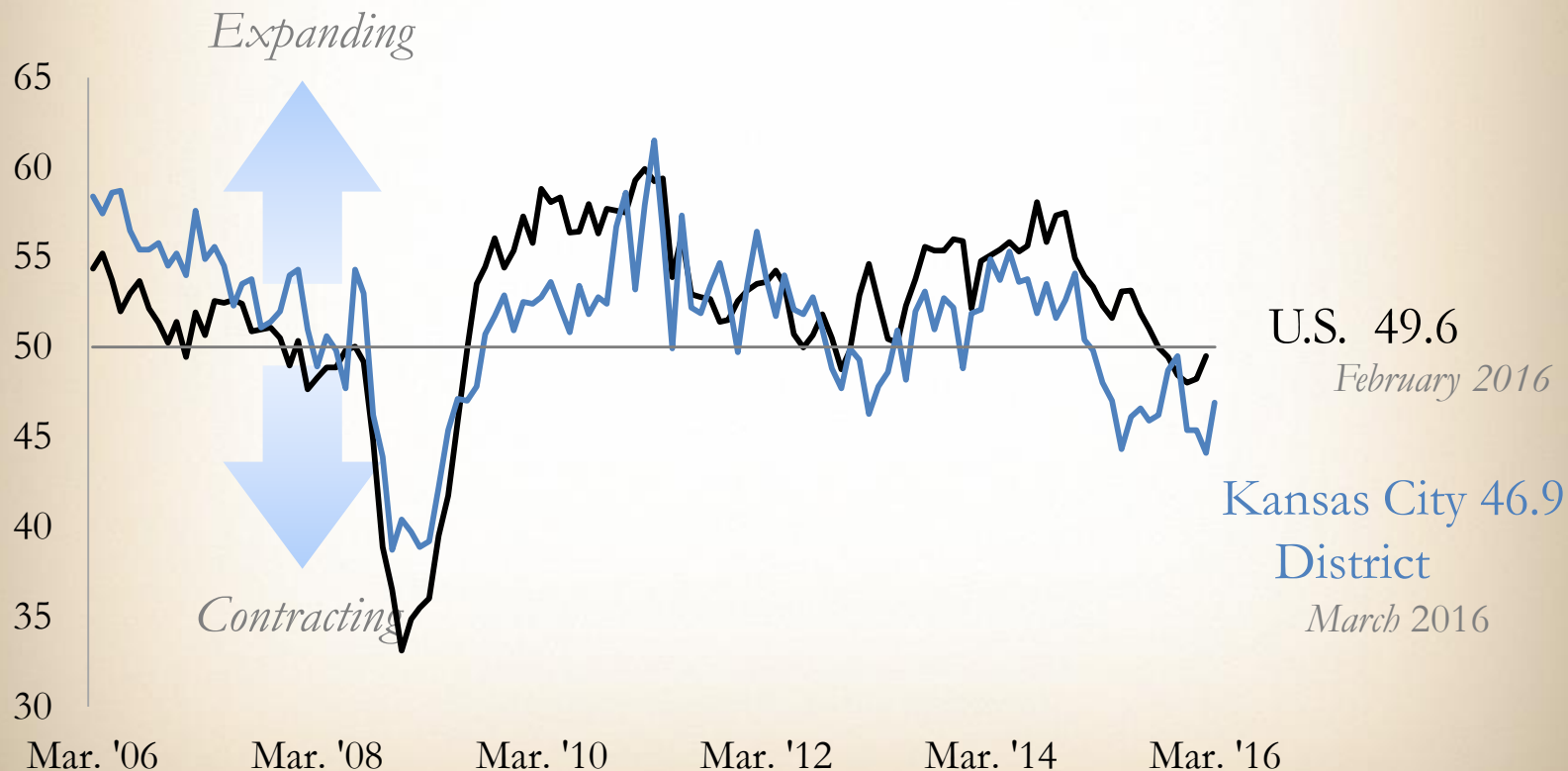


Source: Colorado Hotel and Lodging Association

Manufacturing activity has slowed in the region due in part to a weak energy sector and a strong dollar.

MANUFACTURING ACTIVITY

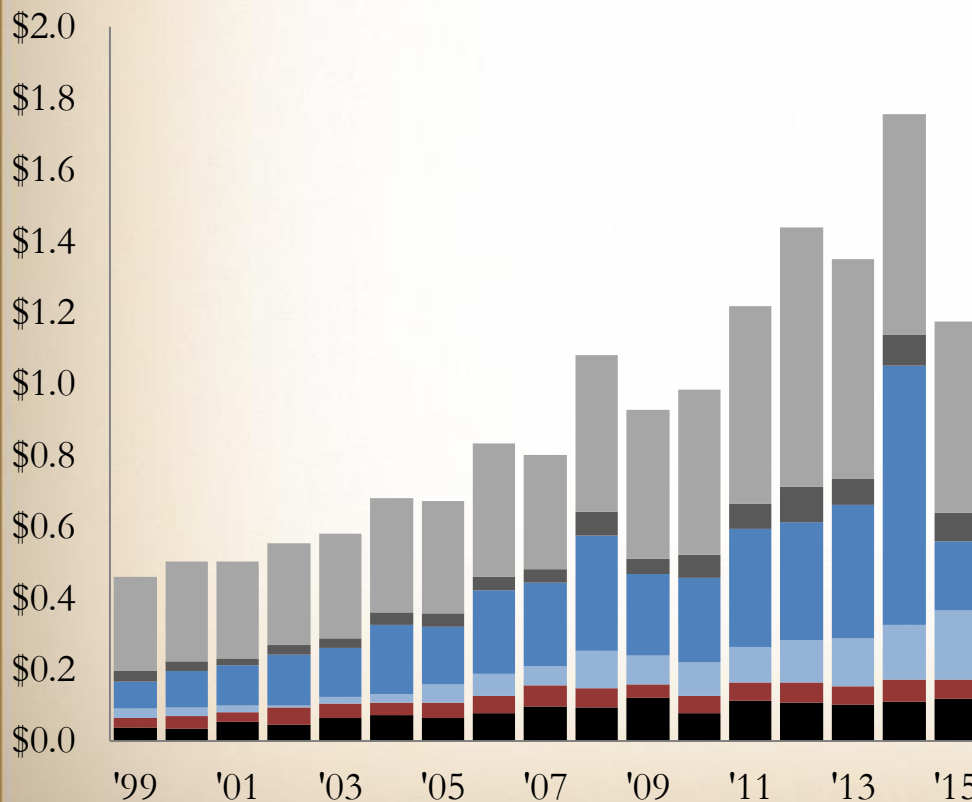
Diffusion Index, Seasonally Adjusted, Month-over-Month



After strong gains in export activity in 2014, Wyoming exports declined last year.

WYOMING EXPORTS BY TRADING PARTNER

Billions



2015
Percent Change

Total Trade	-33.2%	SHARE
All Other	-13.6	45.6%
Indonesia	-5.1	6.9
Canada	-73.7	13.5
Brazil	-14.5	16.3
China	-11.2	4.7
Eurozone	5.8	9.9



Source: WISERTrade

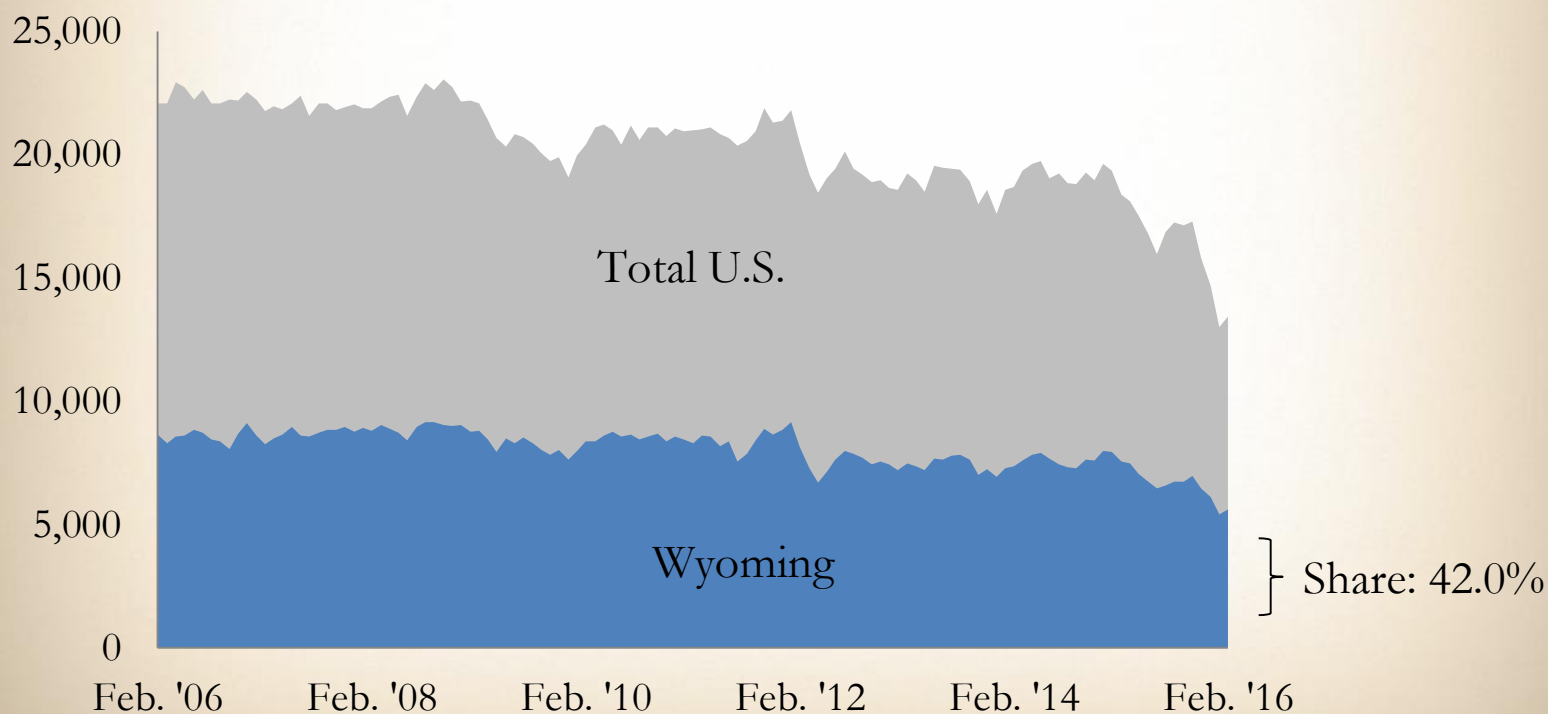
Note: Eurozone includes the 27 EU member countries.

Year-to-Date

The coal sector continues to struggle, and coal production declined substantially in Wyoming over the past year.

COAL PRODUCTION

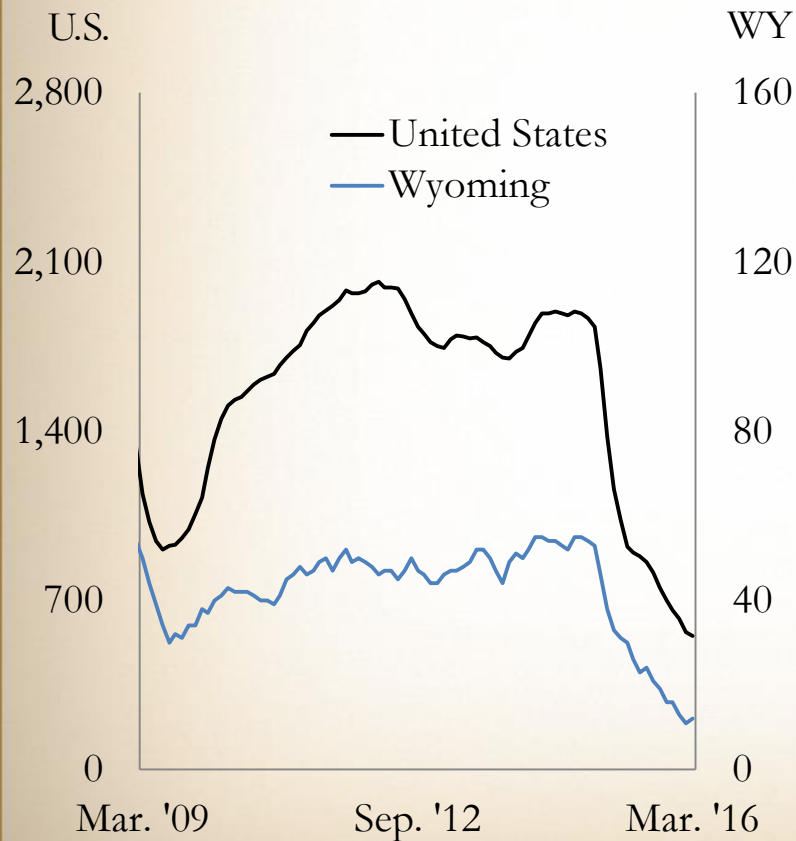
Thousand Short Tons



Source: U.S. Department of Energy, Energy Information Administration and Haver Analytics

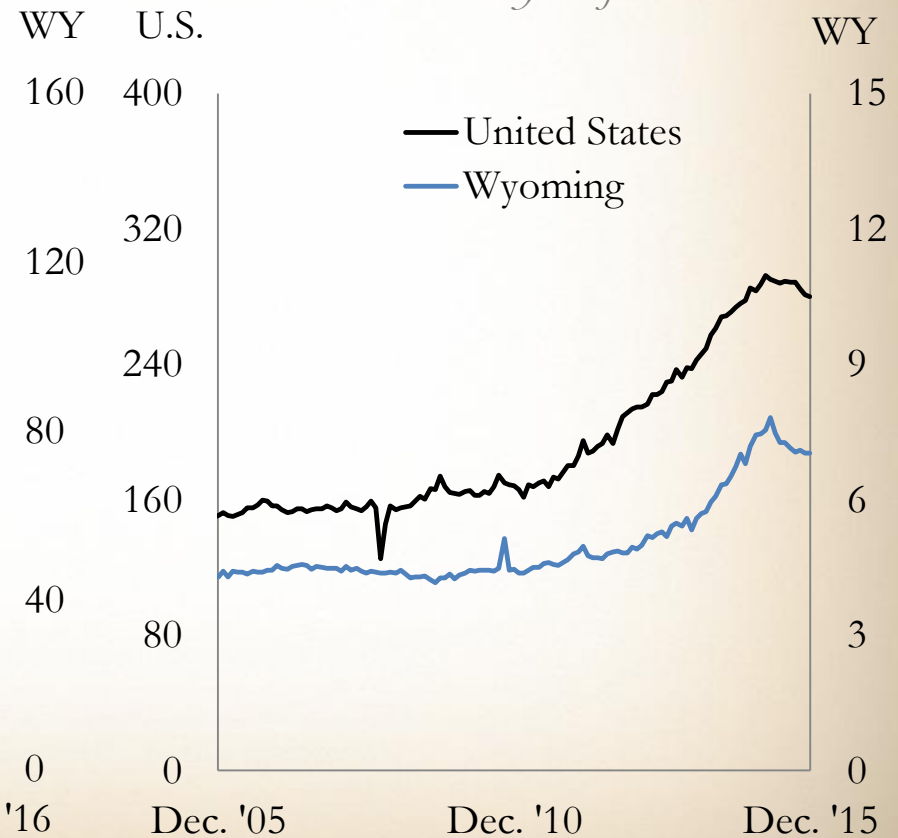
Energy activity has declined sharply in Wyoming and the nation.

TOTAL RIG COUNT



CRUDE OIL PRODUCTION

*Millions of Barrels, Monthly,
Seasonally Adjusted*

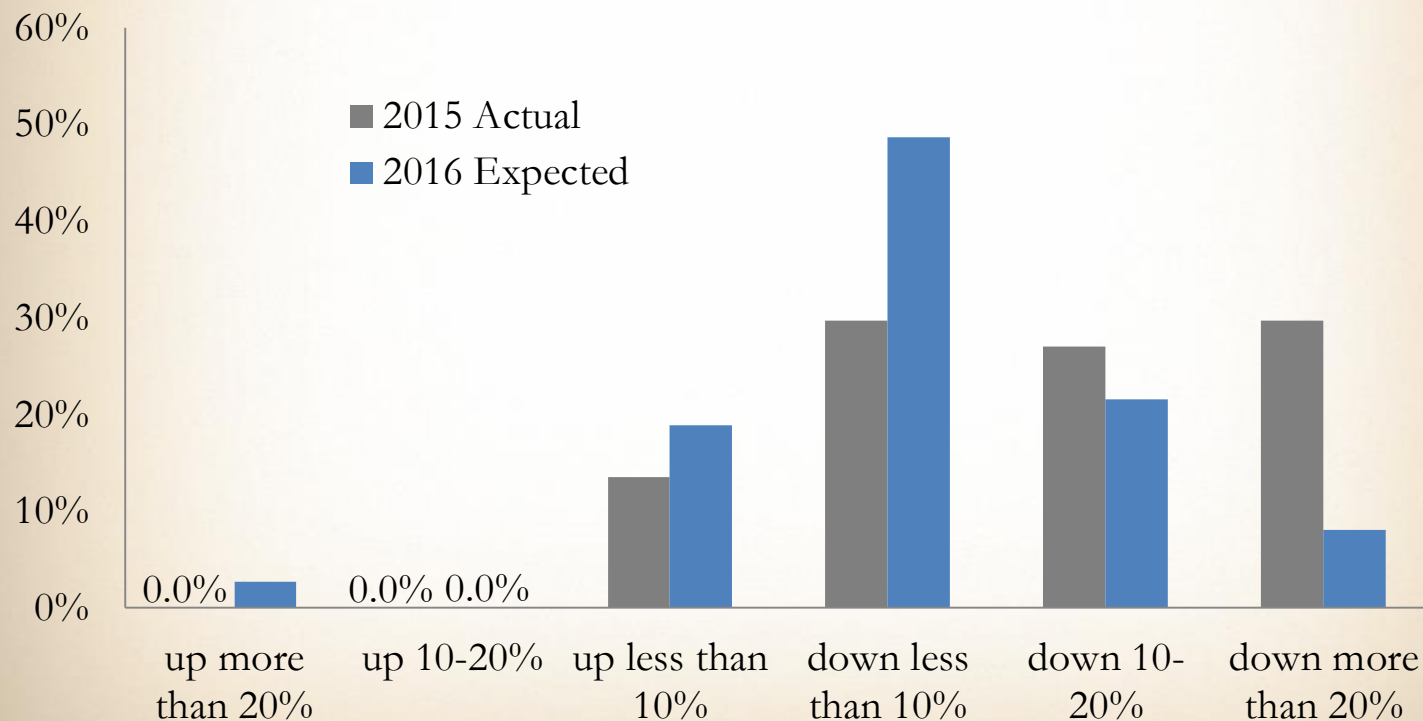


Source: Baker Hughes, Energy Information Administration and Haver Analytics

Most energy contacts expect additional layoffs in 2016, but the magnitude of layoffs this year is expected to be lower than in 2015.

CHANGE IN ENERGY EMPLOYMENT - FRBKC ENERGY SURVEY

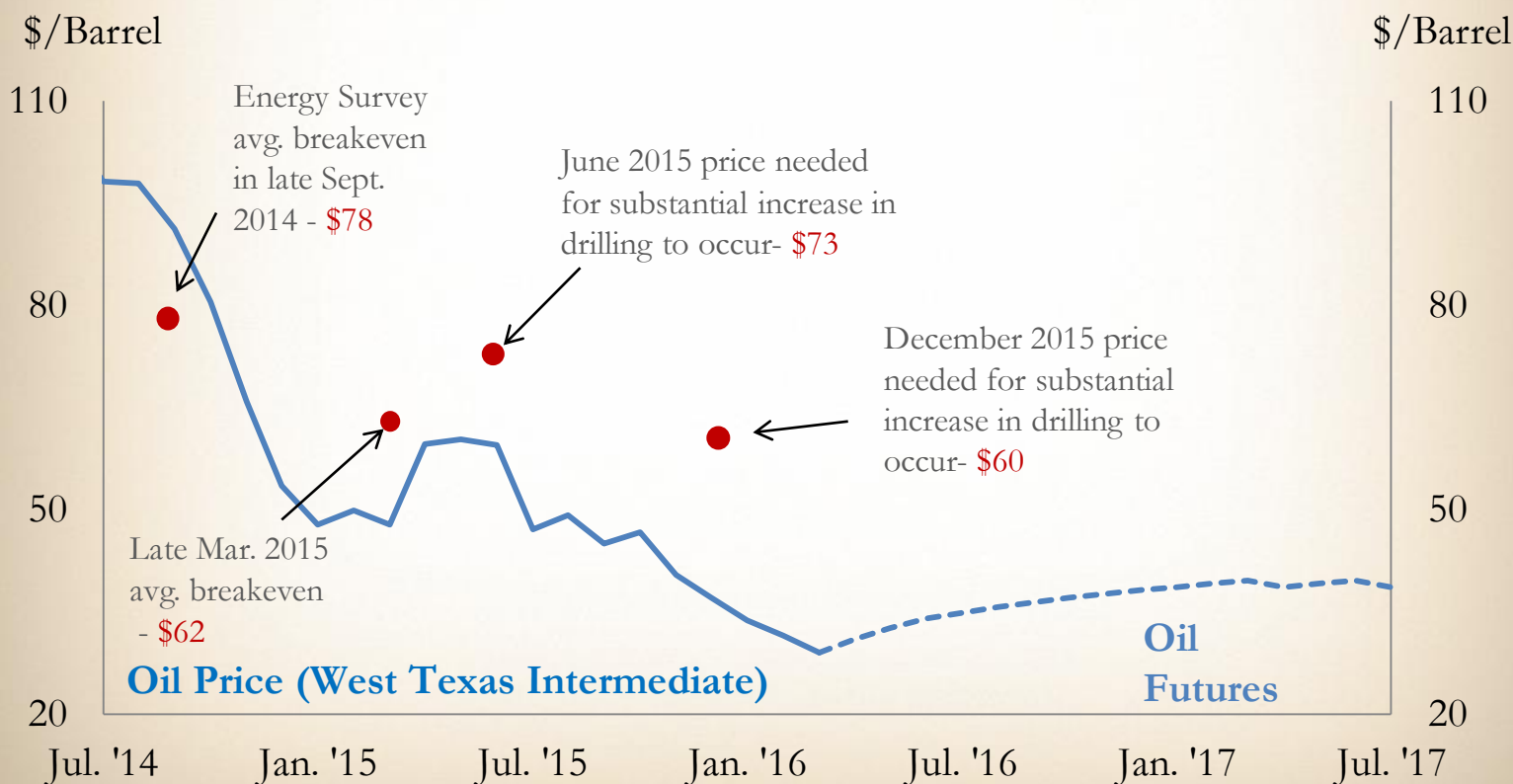
Percent of Total Responses



Source: FRBKC Energy Survey

Breakeven oil prices have fallen as productivity rises and costs decline, but oil prices remain well below the levels needed for a substantial increase in drilling.

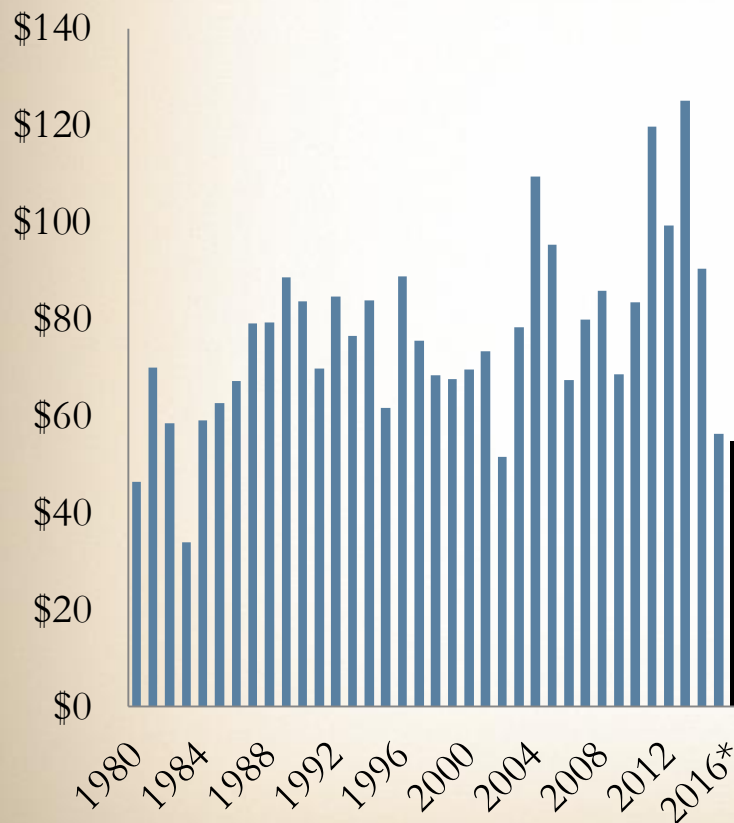
REPORTED BREAKEVEN OIL PRICES AND WTI EXPECTATIONS



Farm income has dropped sharply and is expected to remain low.

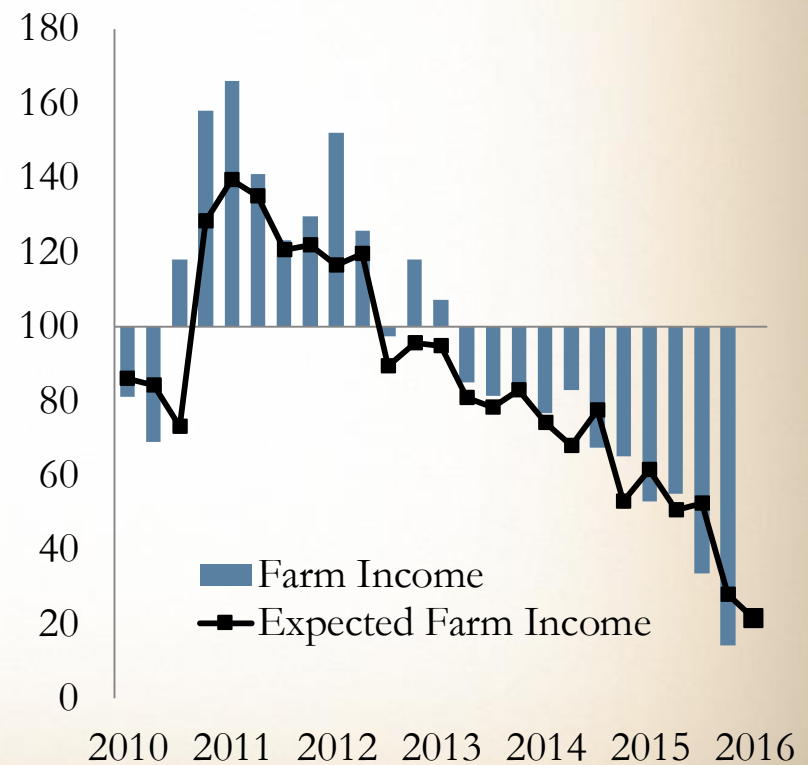
U.S. REAL NET FARM INCOME

Billion dollars (constant 2005 dollars)



TENTH DISTRICT FARM INCOME

Diffusion Index



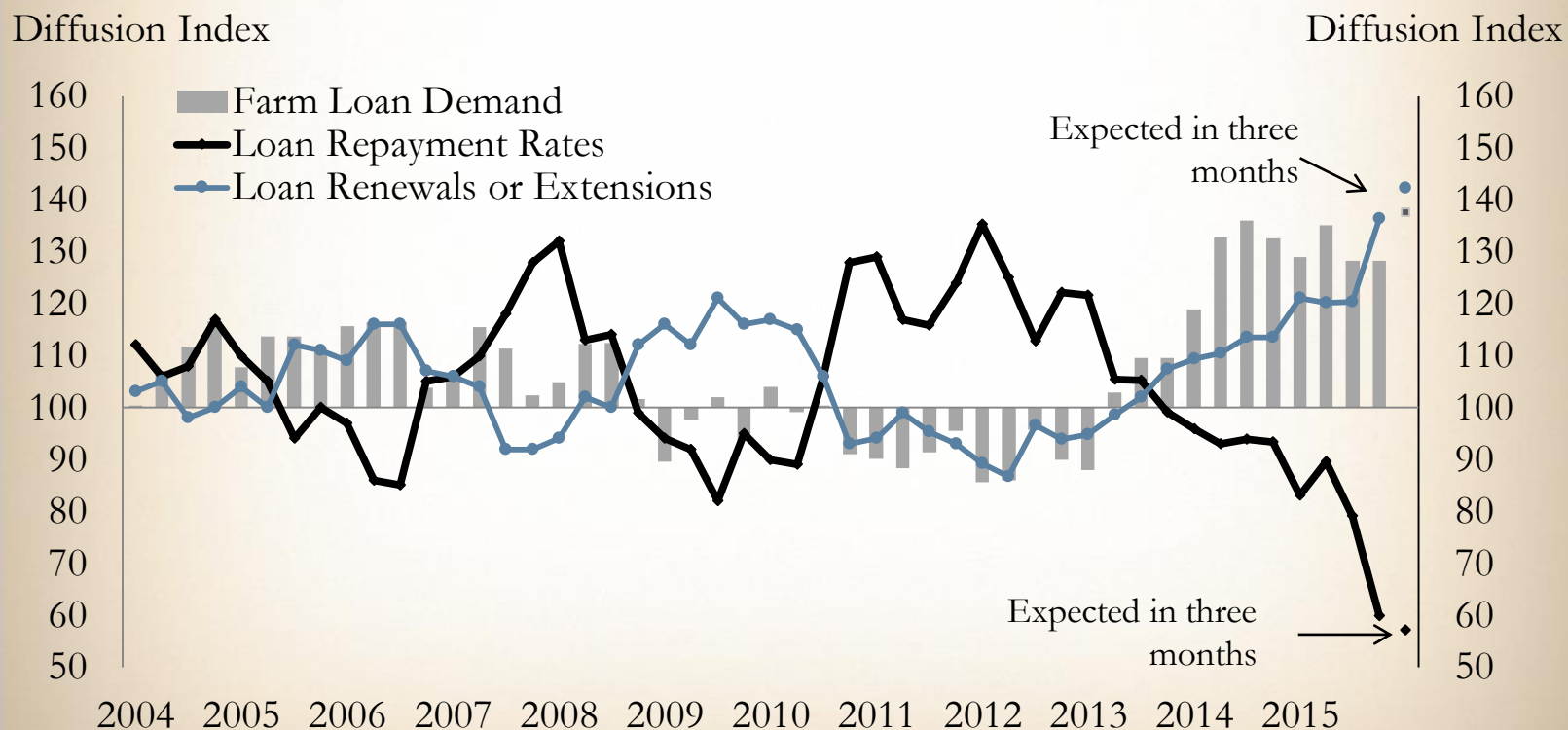
*Forecast for 2016

Source: Kansas City Federal Reserve Bank's Energy Survey, Energy Information Administration, Reuters

Agricultural credit conditions have gradually deteriorated.

TENTH DISTRICT AGRICULTURAL CREDIT CONDITIONS

Fourth quarter 2015



Source: FRBKC Survey of Agricultural Credit Conditions

For additional information on the regional economy:

<http://www.KansasCityFed.org/Denver>

