Emerging Trends in the Wyoming Economy

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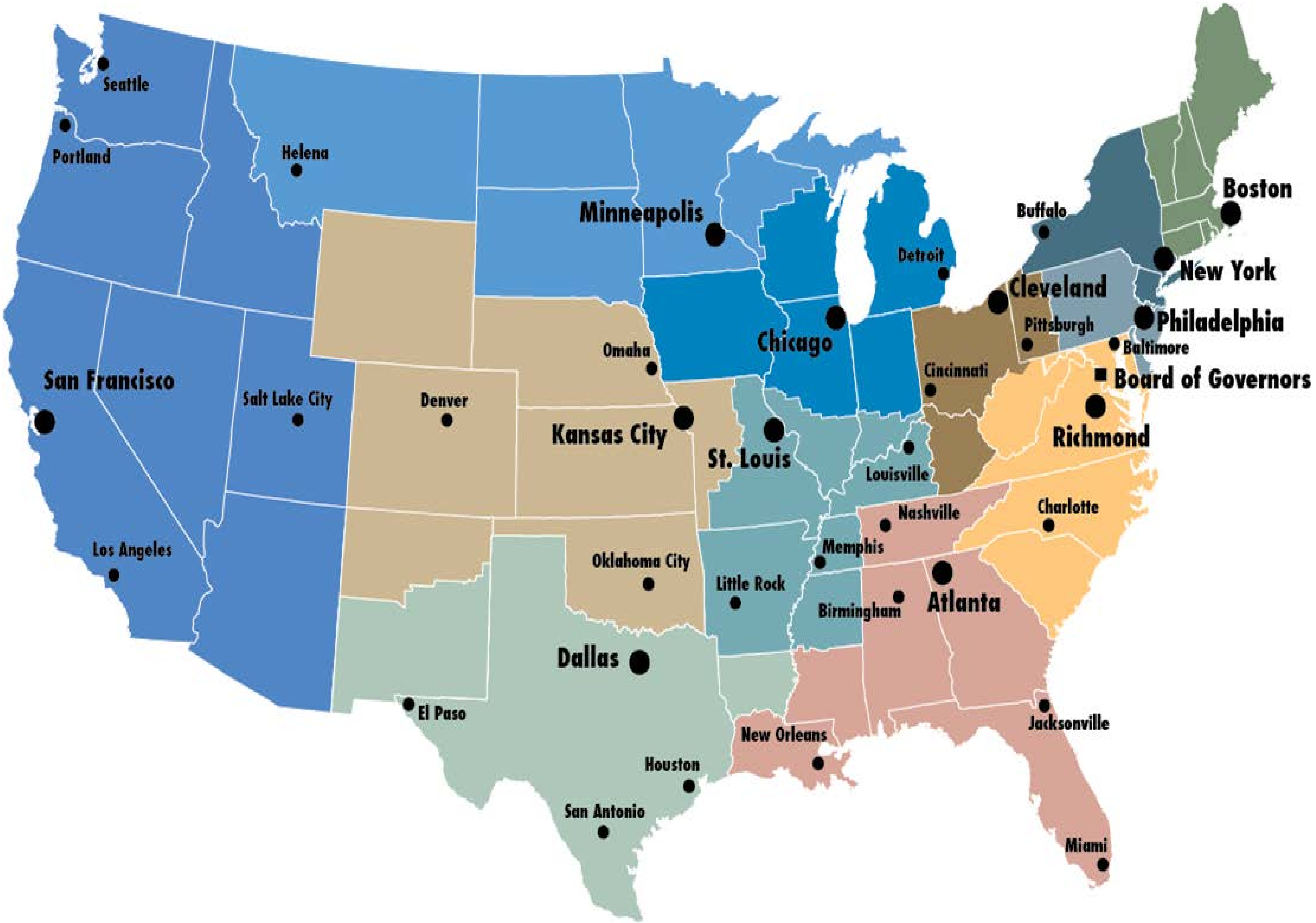
Overview of the Federal Reserve System

- The Federal Reserve System was created by Congress in 1913.

- It is a public-private, decentralized institution consisting of the Board of Governors in Washington, D.C. and 12 regional Reserve Banks.
  - Board of Governors
    - Consists of seven members who are appointed by the President and confirmed by the Senate to serve 14-year terms.
  - Regional Federal Reserve Banks
    - There are 12 Regional Reserve Banks, each serving a unique district. These are semi-independent by design.
  - Federal Open Market Committee (FOMC)
    - Comprised of the 7 members of the Board of Governors and the 12 Reserve Bank Presidents (only 5 presidents are voting members on a rotating basis).
    - Charged with conducting monetary policy.

Regional Federal Reserve Banks and Branch Locations



The Primary Functions of the Federal Reserve System

- Conduct the Nation's Monetary Policy
  - The Federal Open Market Committee is the group charged with conducting monetary policy within the U.S.
  - The Committee has a statutory mandate from Congress to promote maximum employment, stable prices and moderate long-term interest rates.

- Provide and Maintain an Effective and Efficient Payments System
  - The Federal Reserve supplies payments services to the public through depository institutions including banks, credit unions and savings and loans.
  - We also serve as a banking and fiscal agent for the United States government.
  - Payment services includes cash processing, processing and clearing checks, transferring funds and issuing, transferring and redeeming U.S. government securities.

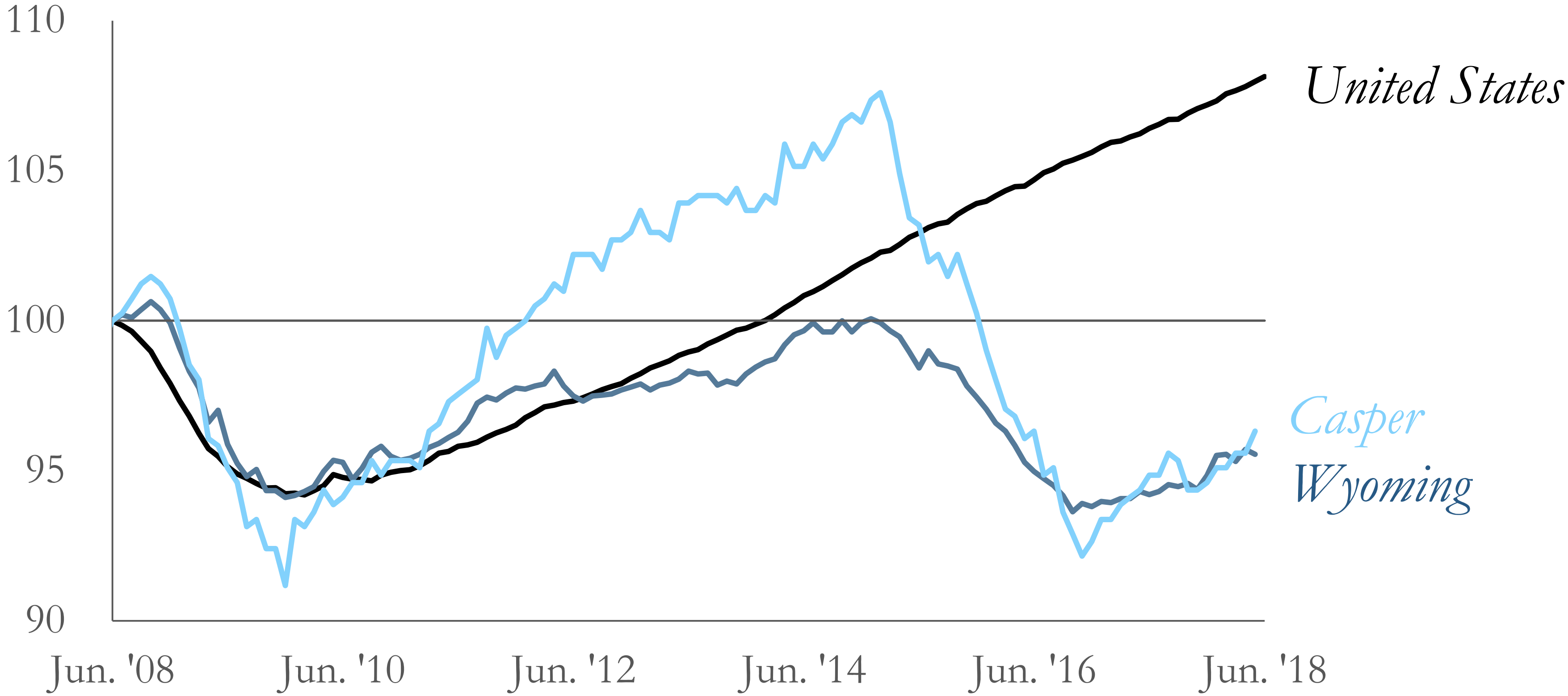
- Supervise and Regulate Banking Operations
  - The Federal Reserve ensures the safety and soundness of banks and ensures that banks provide fair and equitable services to consumers.
  - The Federal Reserve also monitors and promotes the stability of the financial system as a whole.

Employment has increased in Wyoming over the past year after job losses in 2015 and 2016.

PAYROLL EMPLOYMENT GROWTH

Index 100 = June 2008, Seasonally Adjusted

Percent Change	*Past 10 Years*	*Past Year*
U.S. (June, '18)	8.1%	1.6%
Wyoming (May, '18)	-4.5%	1.3%
Casper (May, '18)	-3.0%	2.1%

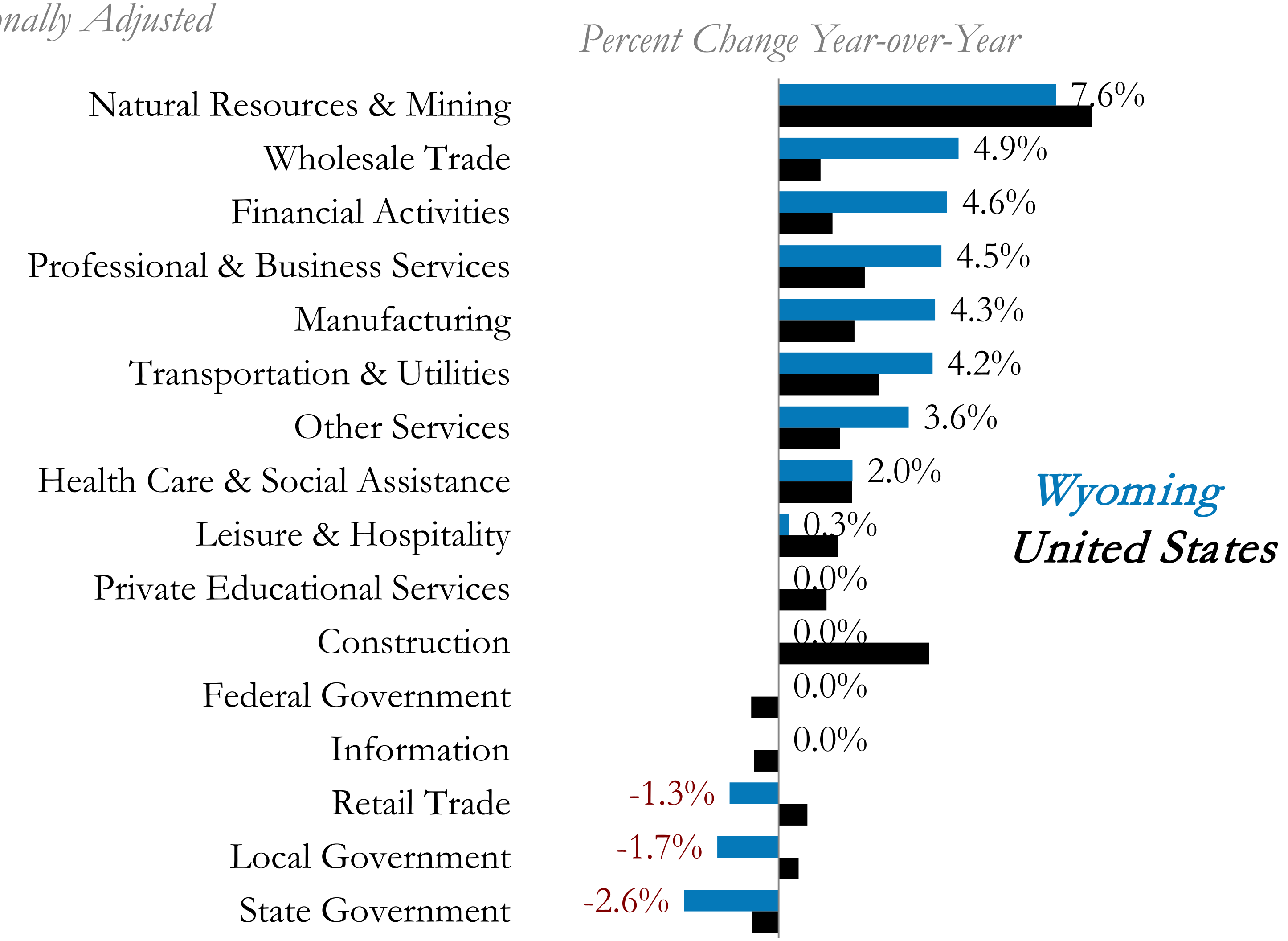


Source: Bureau of Labor Statistics

The energy sector has driven employment gains over the past year, but many other private-sector industries are expanding as well.

Change in Payroll Employment, May 2018

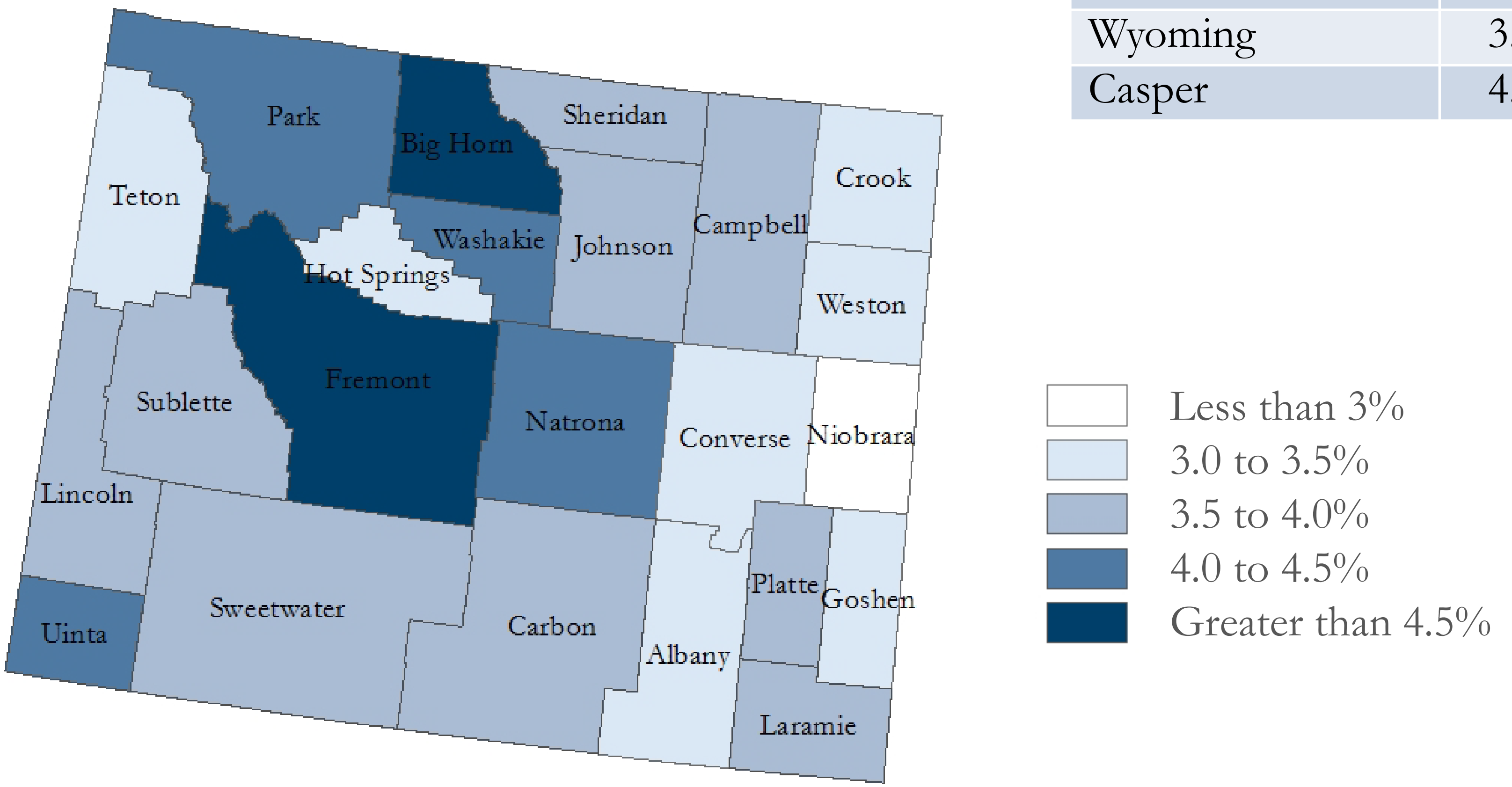
Seasonally Adjusted



Despite employment levels that are well below peak levels, unemployment rates are low across most of Wyoming.

Unemployment Rates

May 2018, Seasonally Adjusted

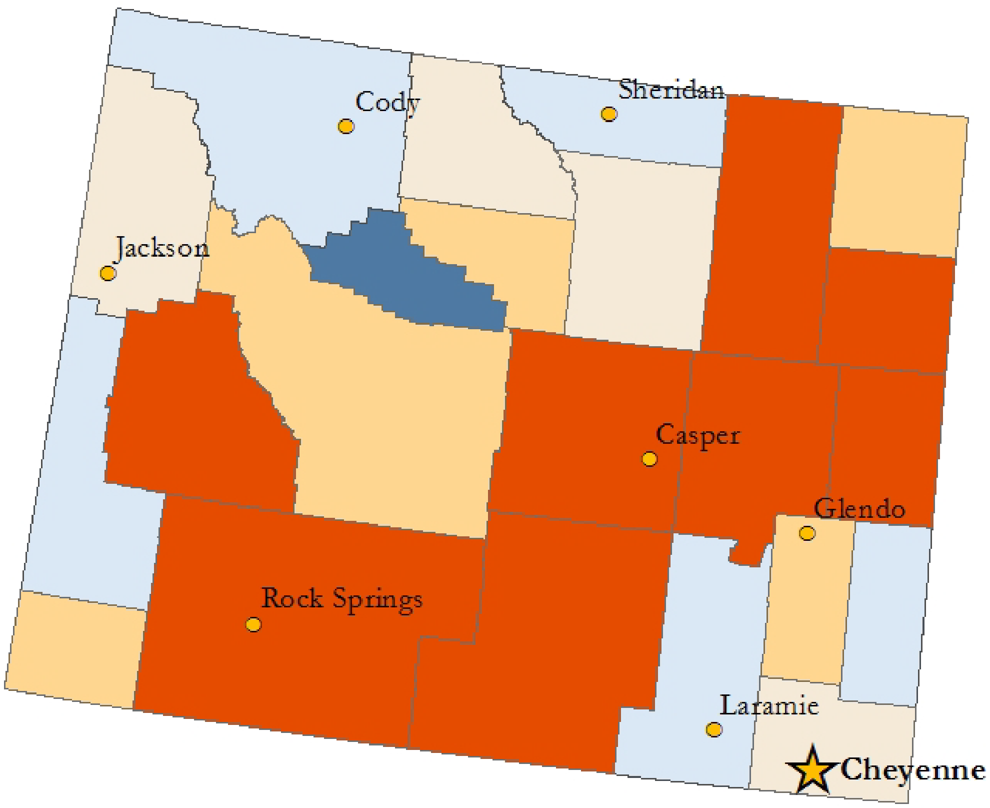


Unemployment Rate	
United States	3.8%
Wyoming	3.7%
Casper	4.4%

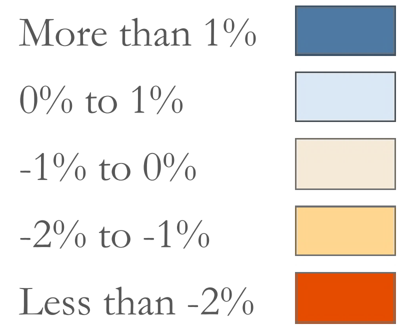
As the economy faltered, Wyoming experienced some out-migration in recent years.

NET MIGRATION

Total 2017 Net Migration as a Percentage of 2017 Population



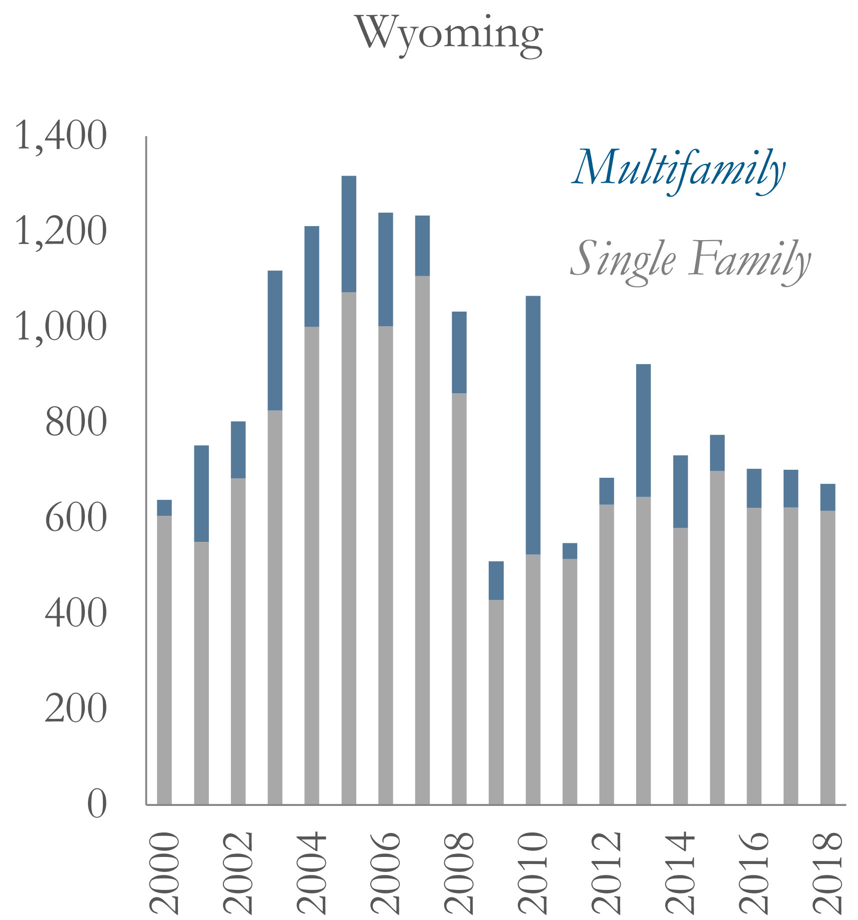
Annual Percent Change	*2017*
United States	0.3%
Wyoming	-1.4%
Natrona County	-2.2%

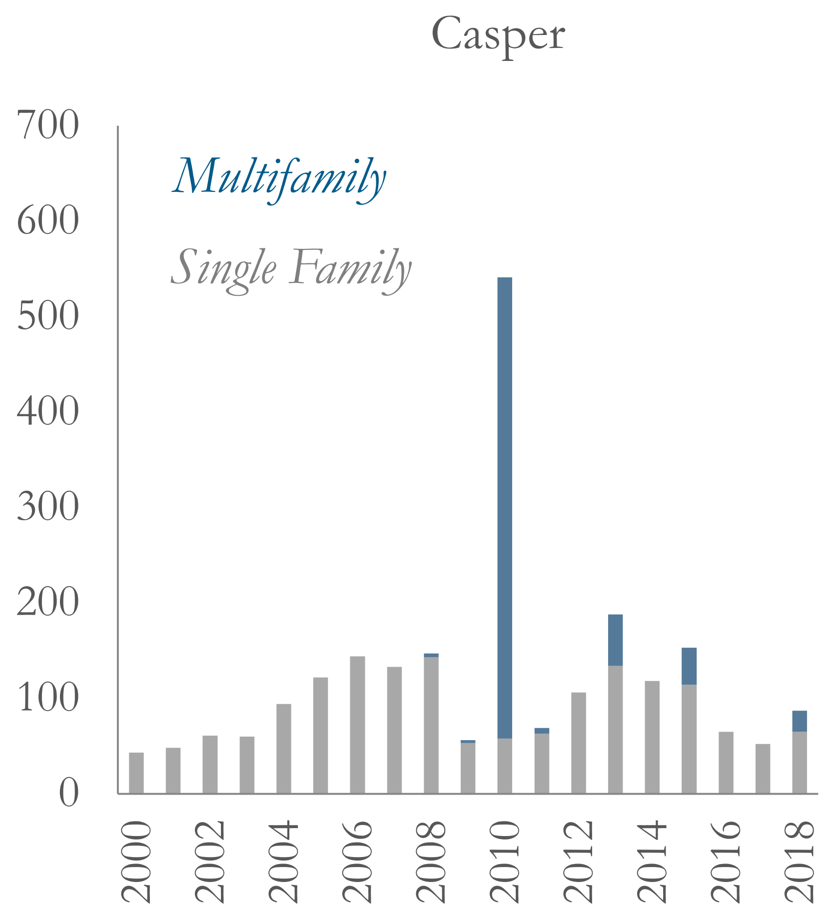


Residential construction activity has remained fairly steady in Wyoming over the past eight years and is below previous peak levels of activity.

Residential Permits

Year-to-Date through May, Seasonally Adjusted



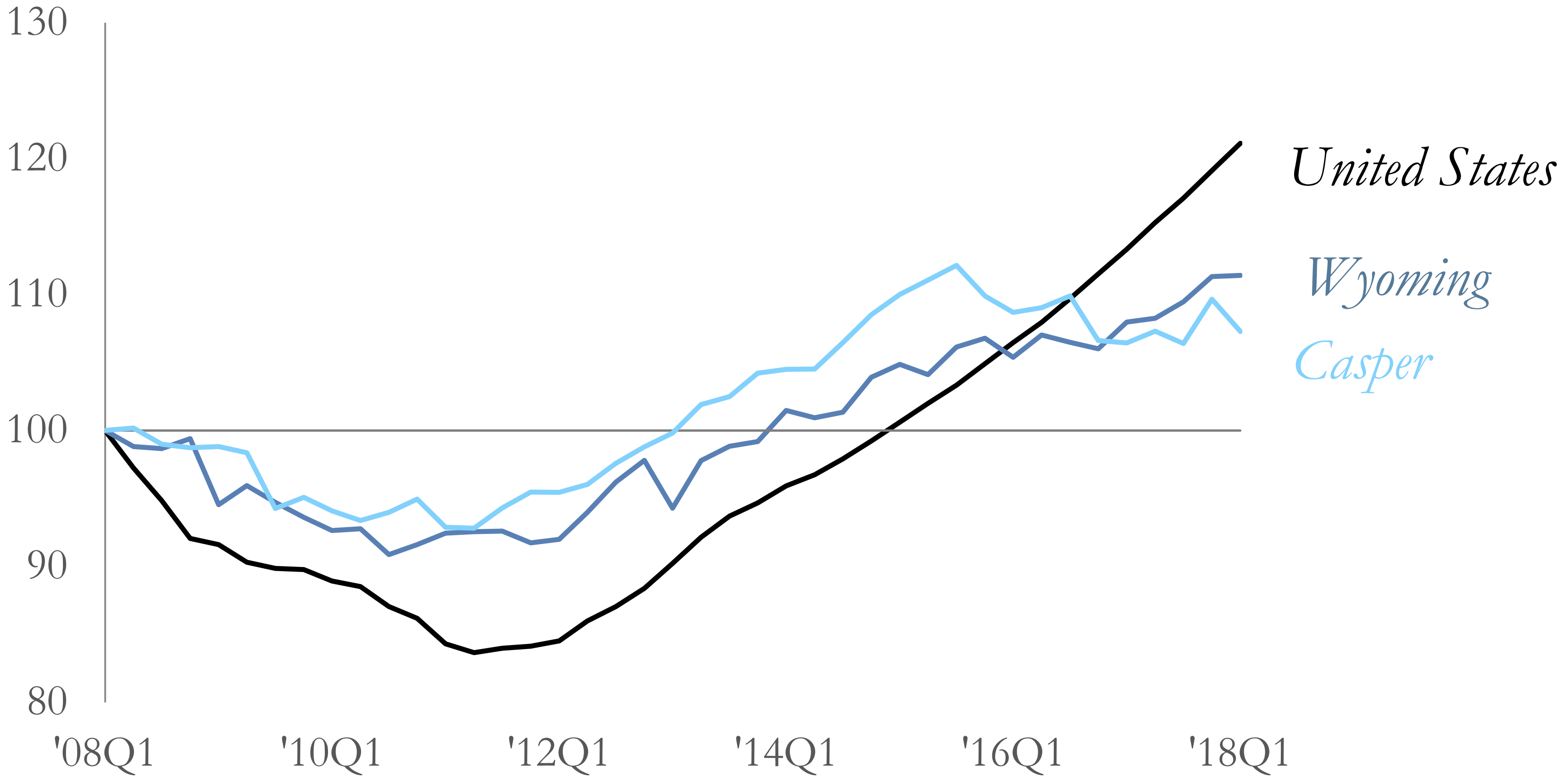


Source: Census Bureau/Haver Analytics

Home prices have edged up in Wyoming over the past year.

Home Prices

Seasonally Adjusted, Index 100 = Q1:2008



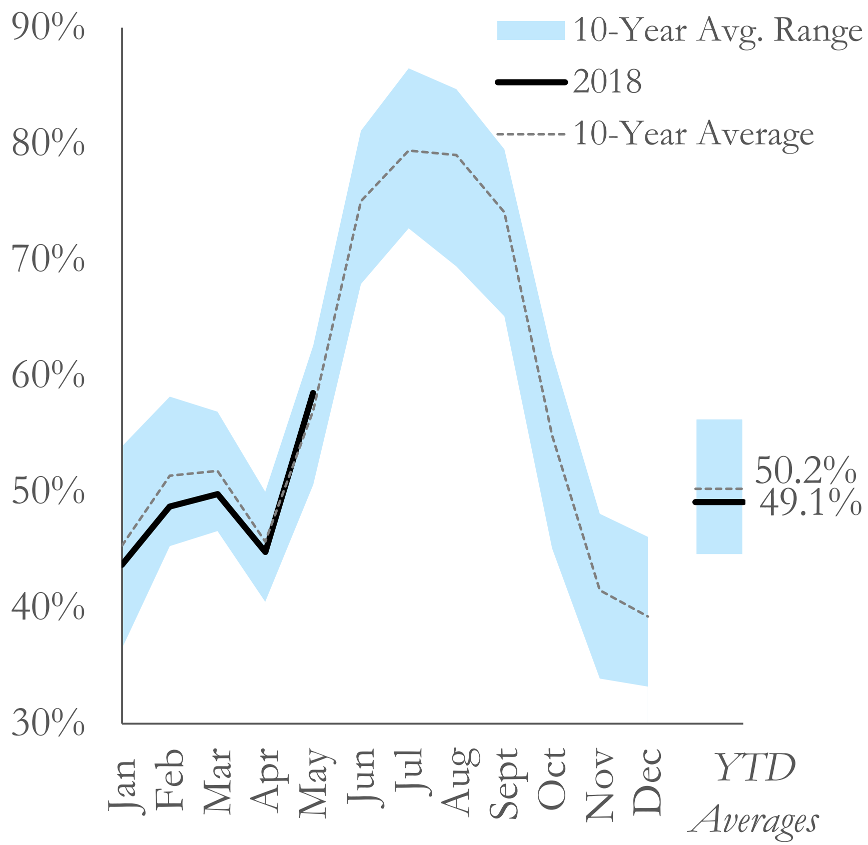
Note: United States and Wyoming price indices are for purchase-only transactions, whereas Casper includes re-financing and purchase transactions.

Source: Federal Housing Finance Agency & Haver Analytics

Tourism activity in Wyoming has declined since 2014 outside of Jackson.

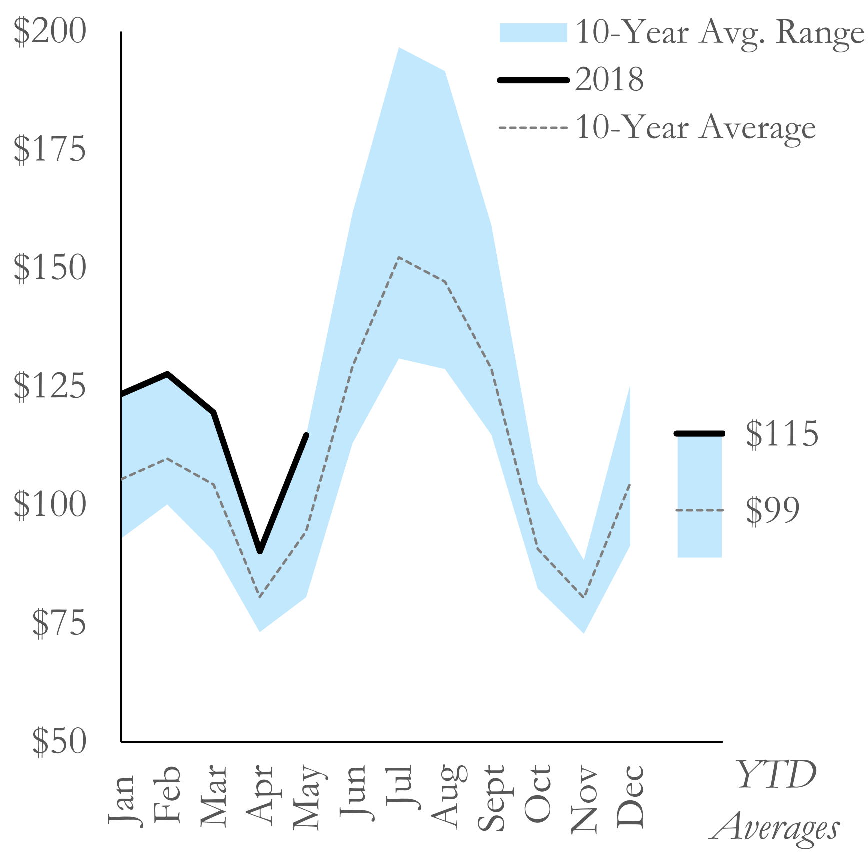
Hotel Occupancy Rates

Wyoming



Hotel Room Rates

Wyoming, 1999 Dollars

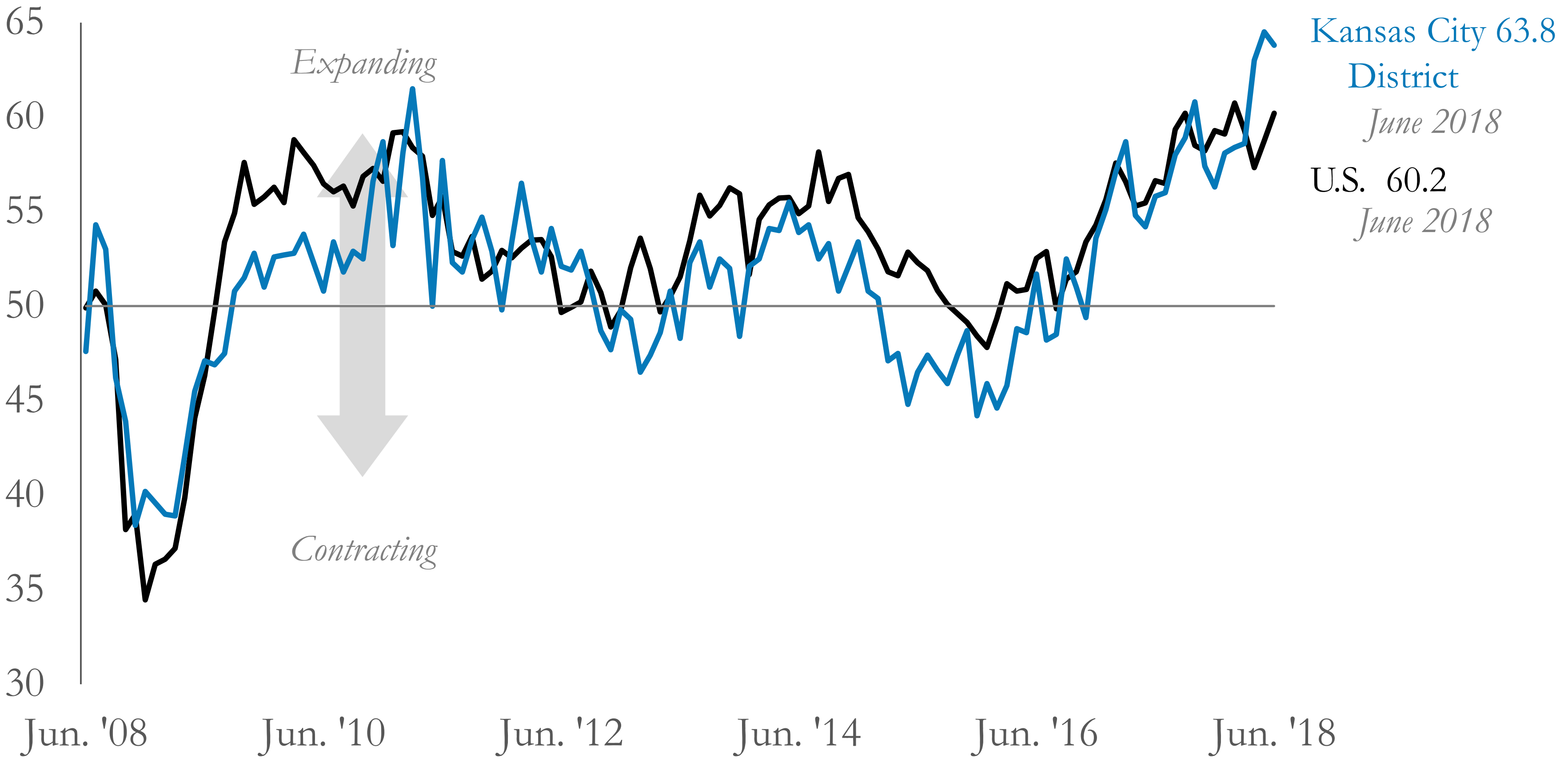


Source: Wyoming Hotel and Lodging Association

Manufacturing activity improved throughout 2017 and remains at solid levels.

Manufacturing Activity

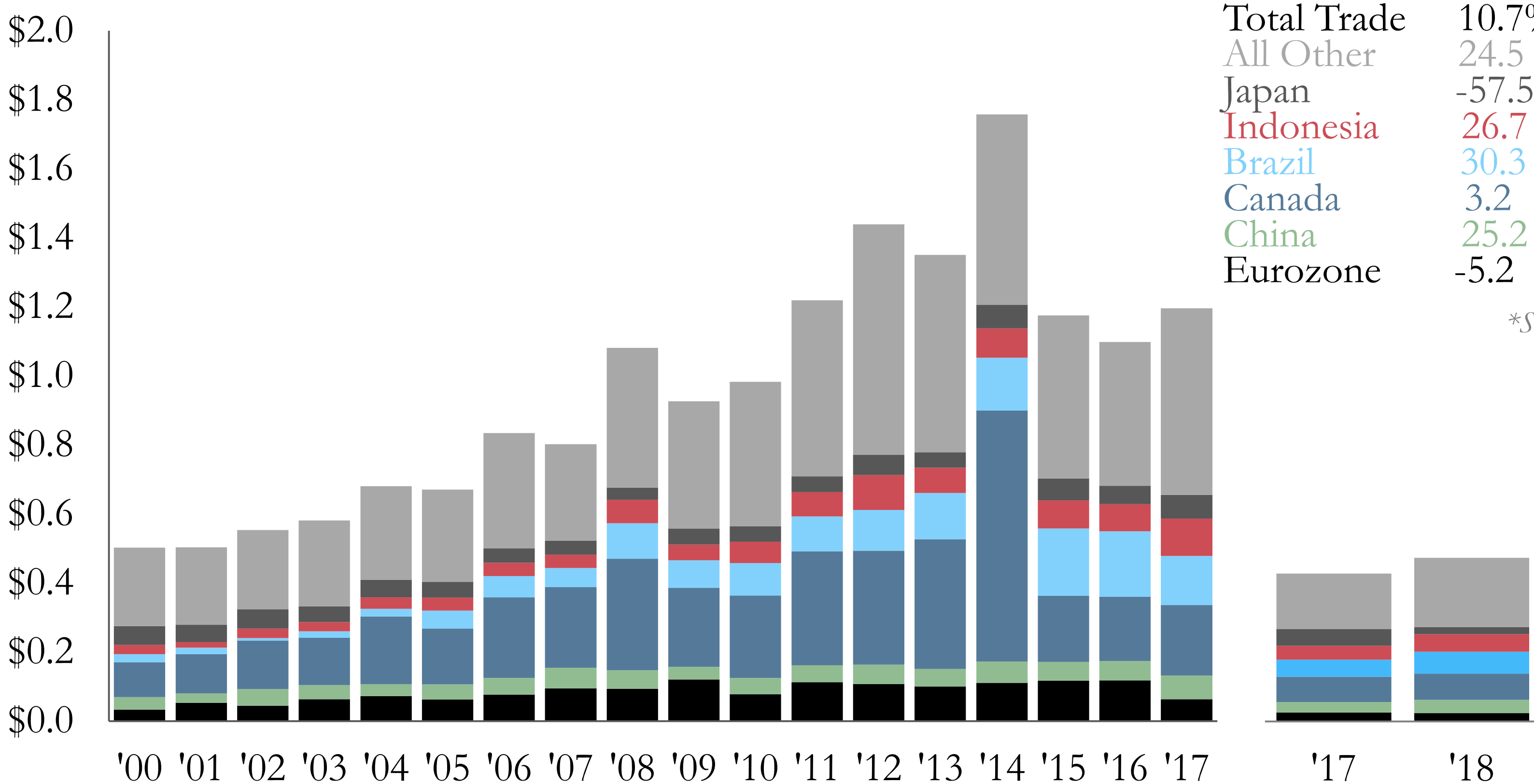
Diffusion Index, Seasonally Adjusted, Month-over-Month



Wyoming exporting activity also rebounded modestly in 2017 and is up so far in 2018.

WYOMING EXPORTS BY TRADING PARTNER

Billions



YEAR-TO-DATE, APRIL 2018

Year-over-Year Percent Change

Total Trade	10.7%	SHARE*
All Other	24.5	45.2%
Japan	-57.5	5.8
Indonesia	26.7	9.0
Brazil	30.3	11.9
Canada	3.2	17.1
China	25.2	5.7
Eurozone	-5.2	5.3

**Share is from 2017*

Oil prices have increased over the past year and are above average breakeven prices in the region.

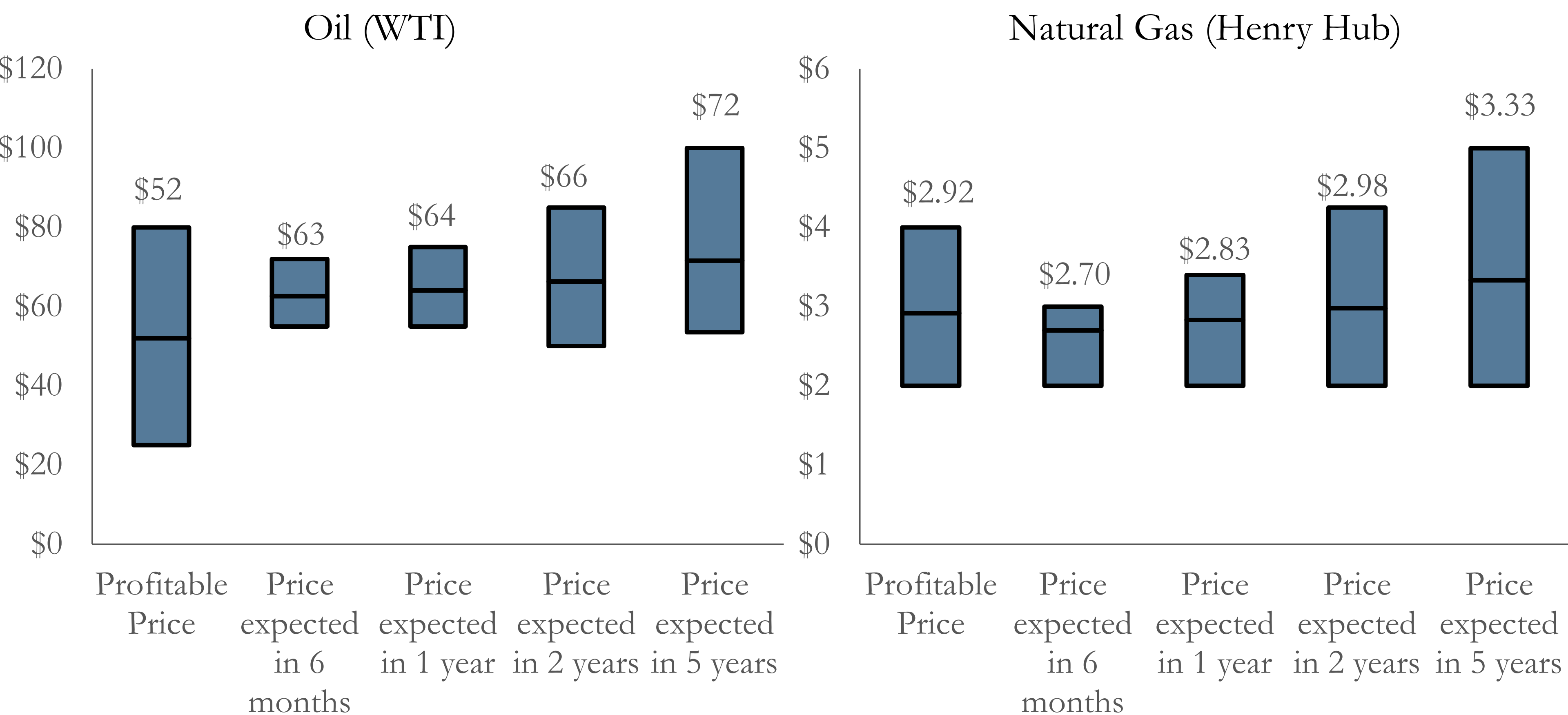
OIL PRICES (WEST TEXAS INTERMEDIATE)

Source: Bloomberg Energy Services

Oil prices are expected to remain above $60 over the next two years which is above profitable prices for most District firms.

Energy Survey Special Question

Q1:2018



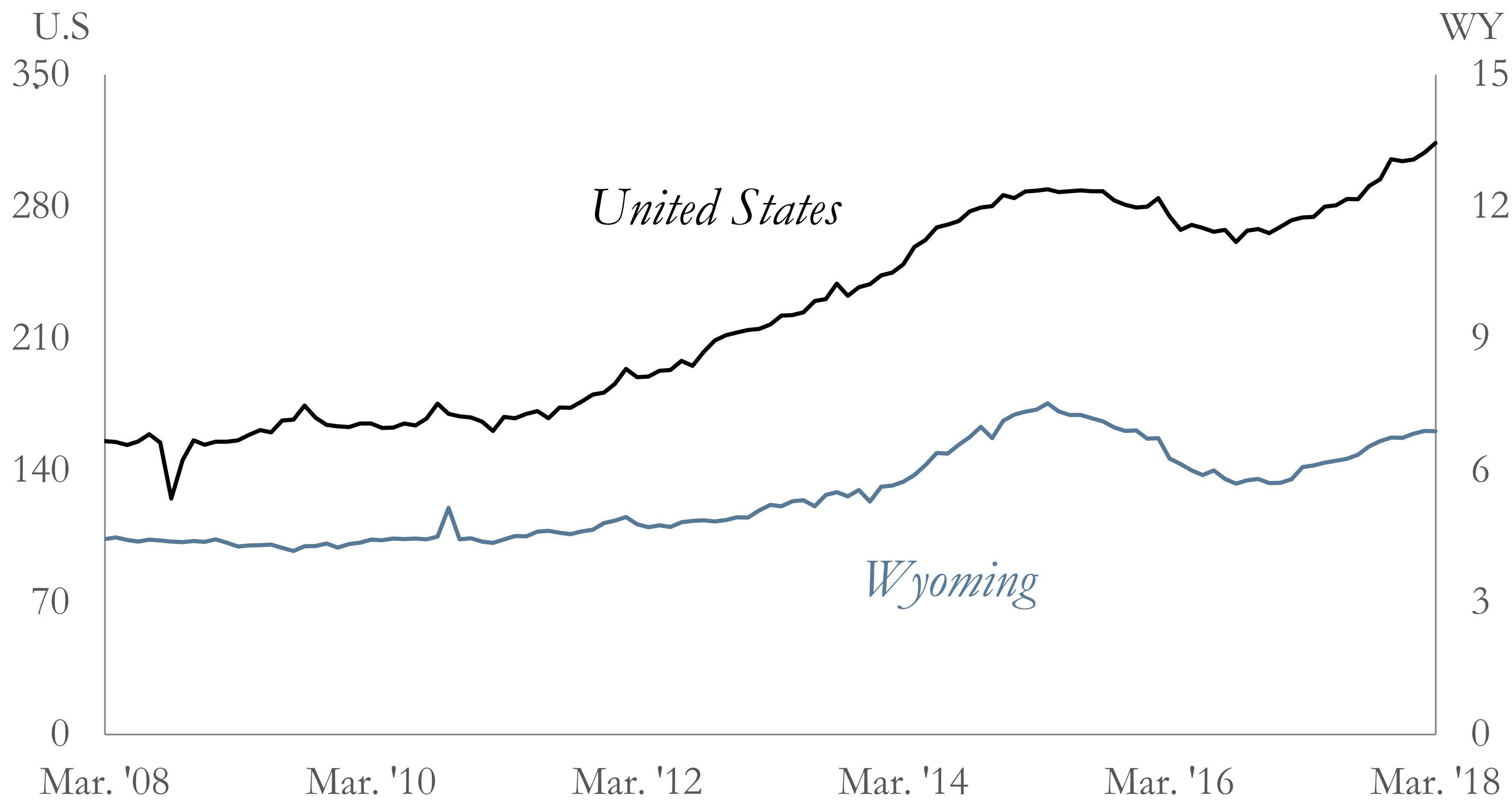
Note: Blue bars represent range for survey respondents. Numbers above bars indicate average of the range (the black line in the middle of the blue bars).

Source: Kansas City Federal Reserve Bank Energy Survey

Energy activity has picked up in response to higher oil prices.

Crude Oil Production

Millions of Barrels, Monthly, Seasonally Adjusted

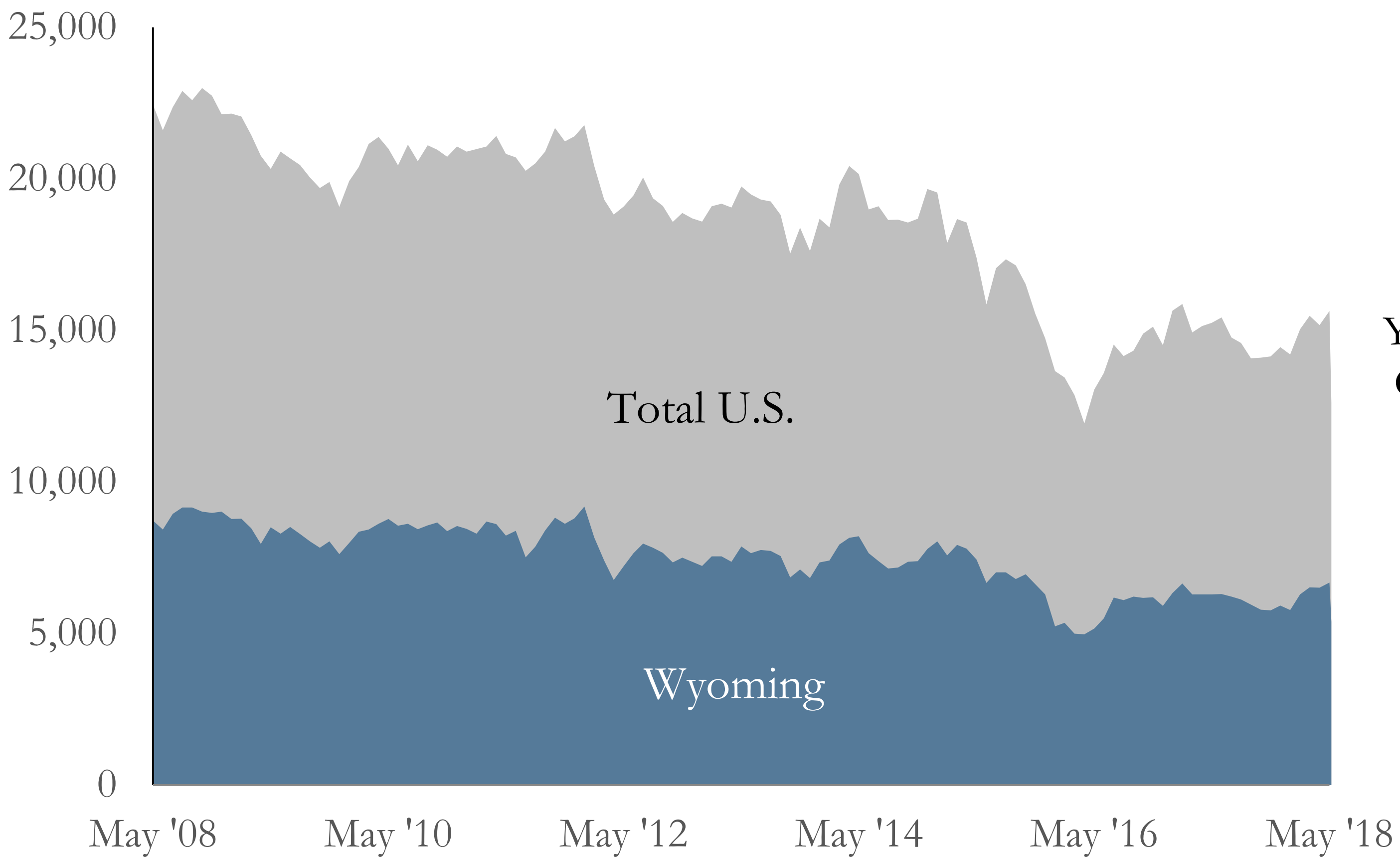


Source: Energy Information Administration and Haver Analytics

Coal production has been fairly flat over the past year and remains well below production levels from 10 years ago.

COAL PRODUCTION

Seasonally Adjusted, Thousand Short Tons



Year-over-Year Percent Change, Year-to-Date
May '18

US: -1.7%

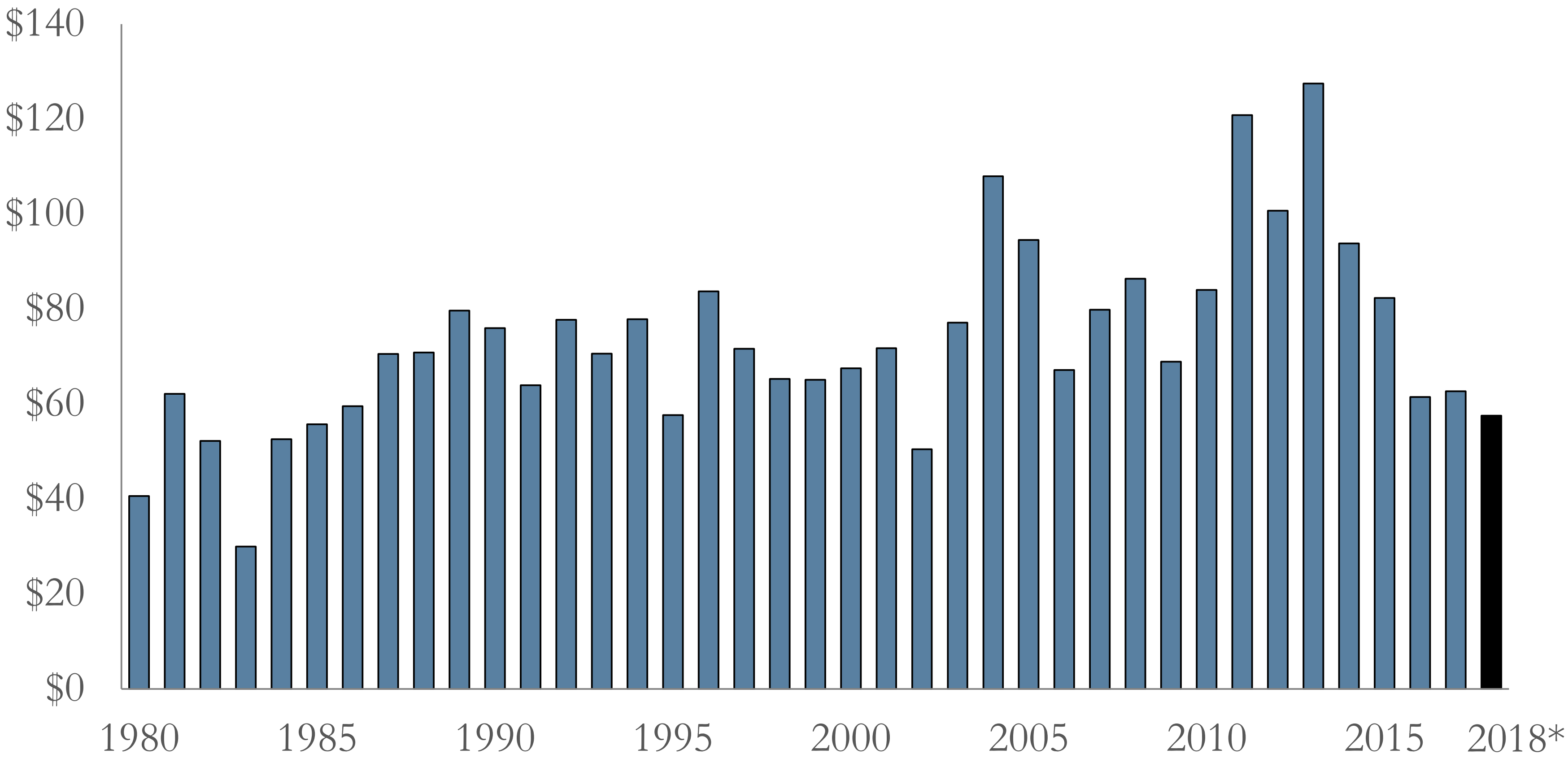
WY: -0.2%

Sources: Energy Information Administration & Haver Analytics

Farm income is projected to decline in 2018, as slight increases in revenues for some commodities are offset by decreases for other commodities.

U.S. Real Net Farm Income

Billion Dollars (Constant 2016 Dollars)



*Projection for 2018

For additional information on the regional economy:

http://www.KansasCityFed.org/Denver