

Emerging Trends in the U.S. and Wyoming Economies

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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.

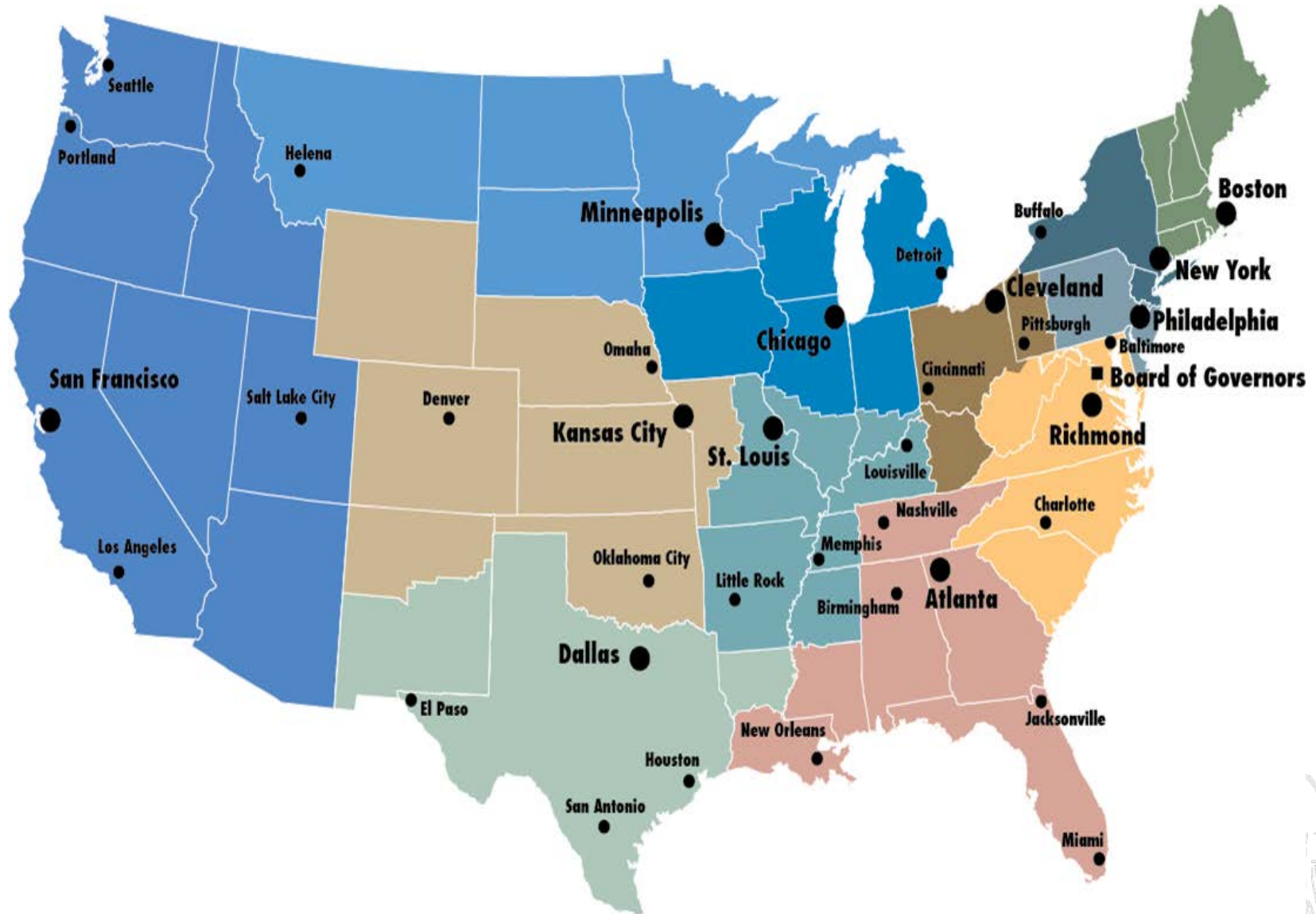


The Structure of the Federal Reserve System

- 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.
 - There are currently five members of the Board of Governors: Jerome Powell, Michelle Bowman, Lael Brainard, Richard Clarida and Randal Quarles.
 - Regional Federal Reserve Banks
 - There are 12 Regional Reserve Banks, each serving a unique district. These are semi-independent by design.
 - The Reserve Banks are governed by their Board of Directors, and the Directors (excluding Banking Directors) select the President of the Bank.
 - 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

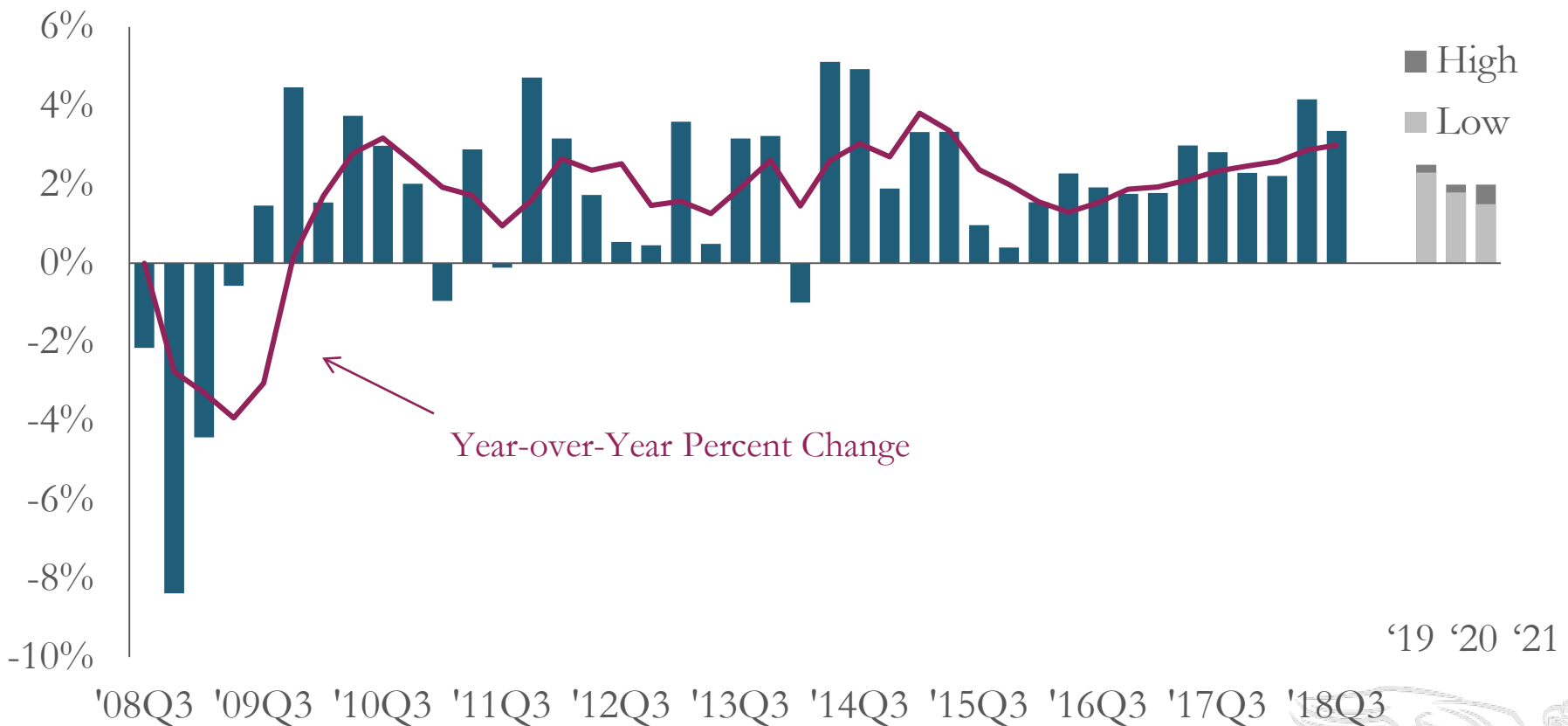
- Conduct the Nation's Monetary Policy
 - The Federal Open Market Committee is the group charged with conducting monetary policy within the U.S.
 - The Committee has a statutory mandate from Congress to promote maximum employment, stable prices and moderate long-term interest rates.
- Provide and Maintain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



After accelerating last year, U.S. economic growth is expected to slow modestly in the years ahead.

REAL U.S. GROSS DOMESTIC PRODUCT

Percent Change from Previous Quarter at Seasonally Adjusted Annualized Rates



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

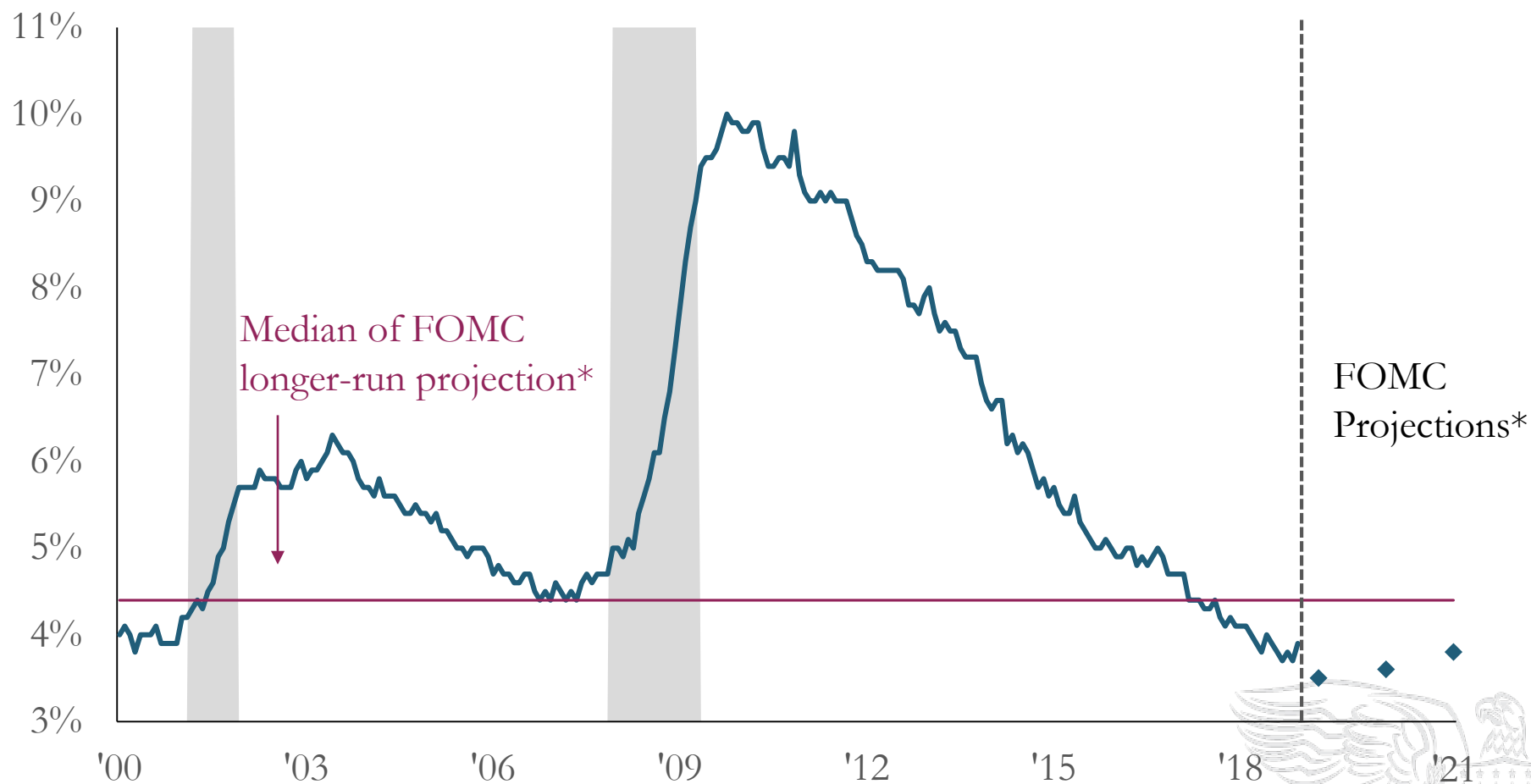
5 *Projections as of December FOMC meeting

FOMC
Central Tendency
Projections*

The unemployment rate has declined steadily over the past eight years and has fallen below most estimates of its longer-run level.

U. S. UNEMPLOYMENT RATE

Seasonally Adjusted



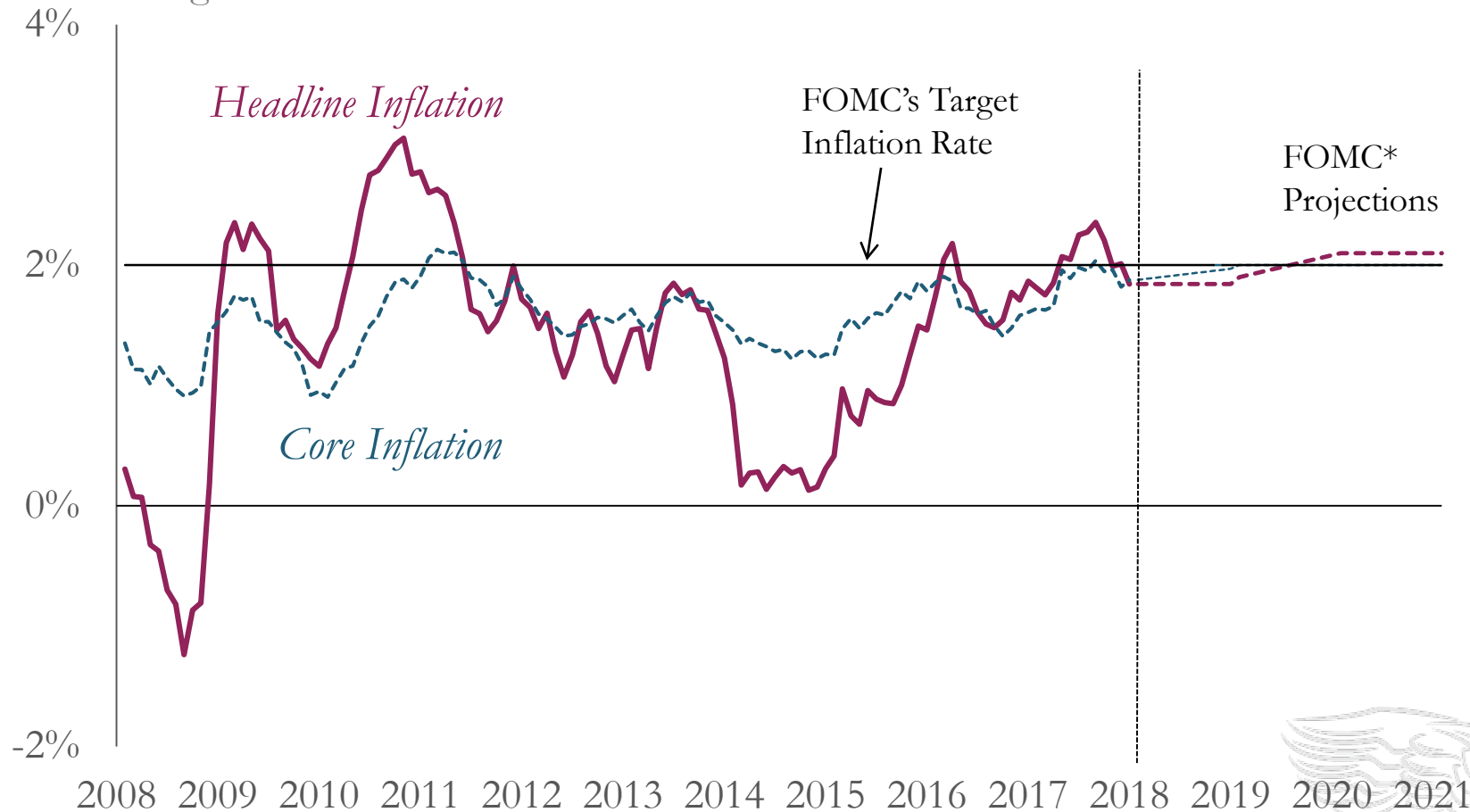
Sources: Bureau of Labor Statistics, National Bureau of Economic Research and Federal Open Market Committee (FOMC)/Haver Analytics

*Projections as of December FOMC meeting; median unemployment rate

Inflation is near the FOMC's two percent target.

PERSONAL CONSUMPTION EXPENDITURE PRICE INDEX (PCEPI)

Percent Change Year-over-Year



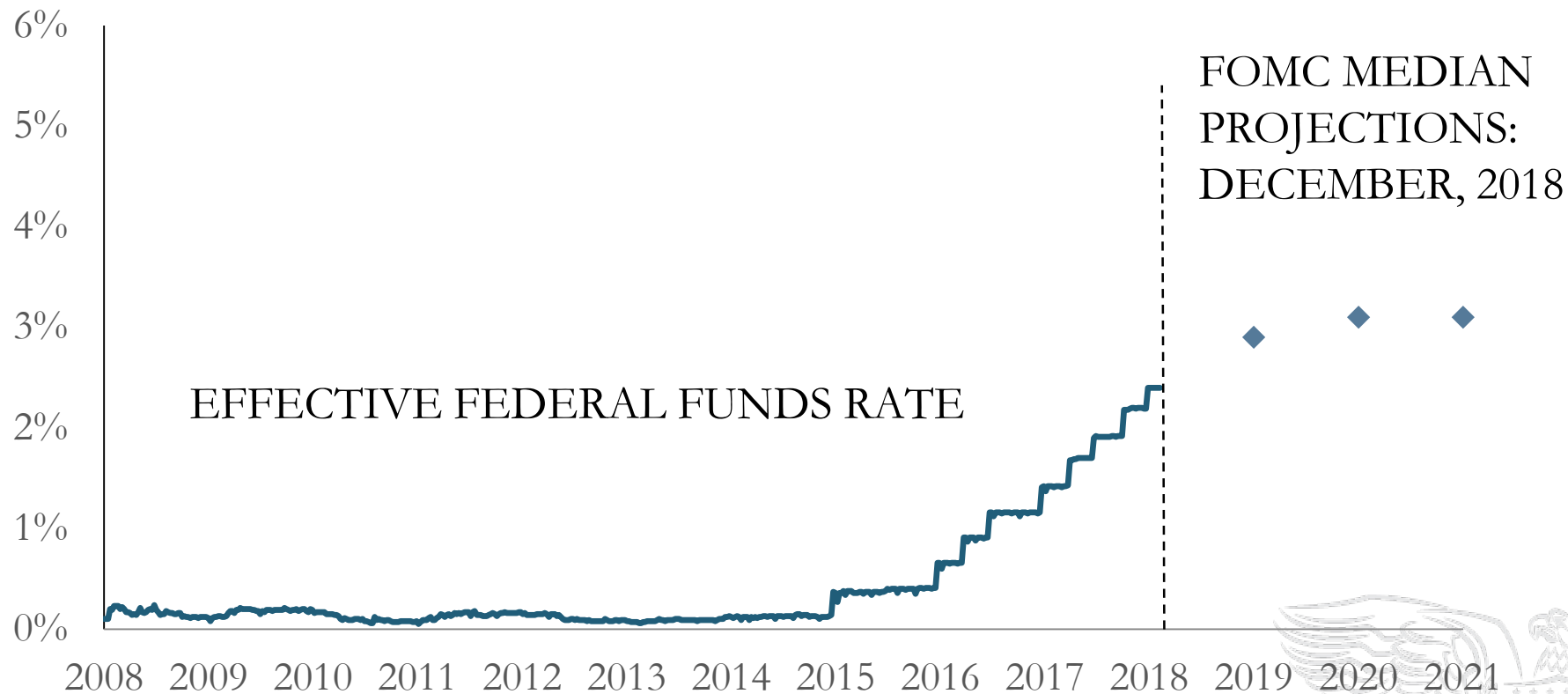
Sources: Bureau of Economic Analysis and Federal Open Market Committee/Haver Analytics

*Projections as of December FOMC meeting; median projections



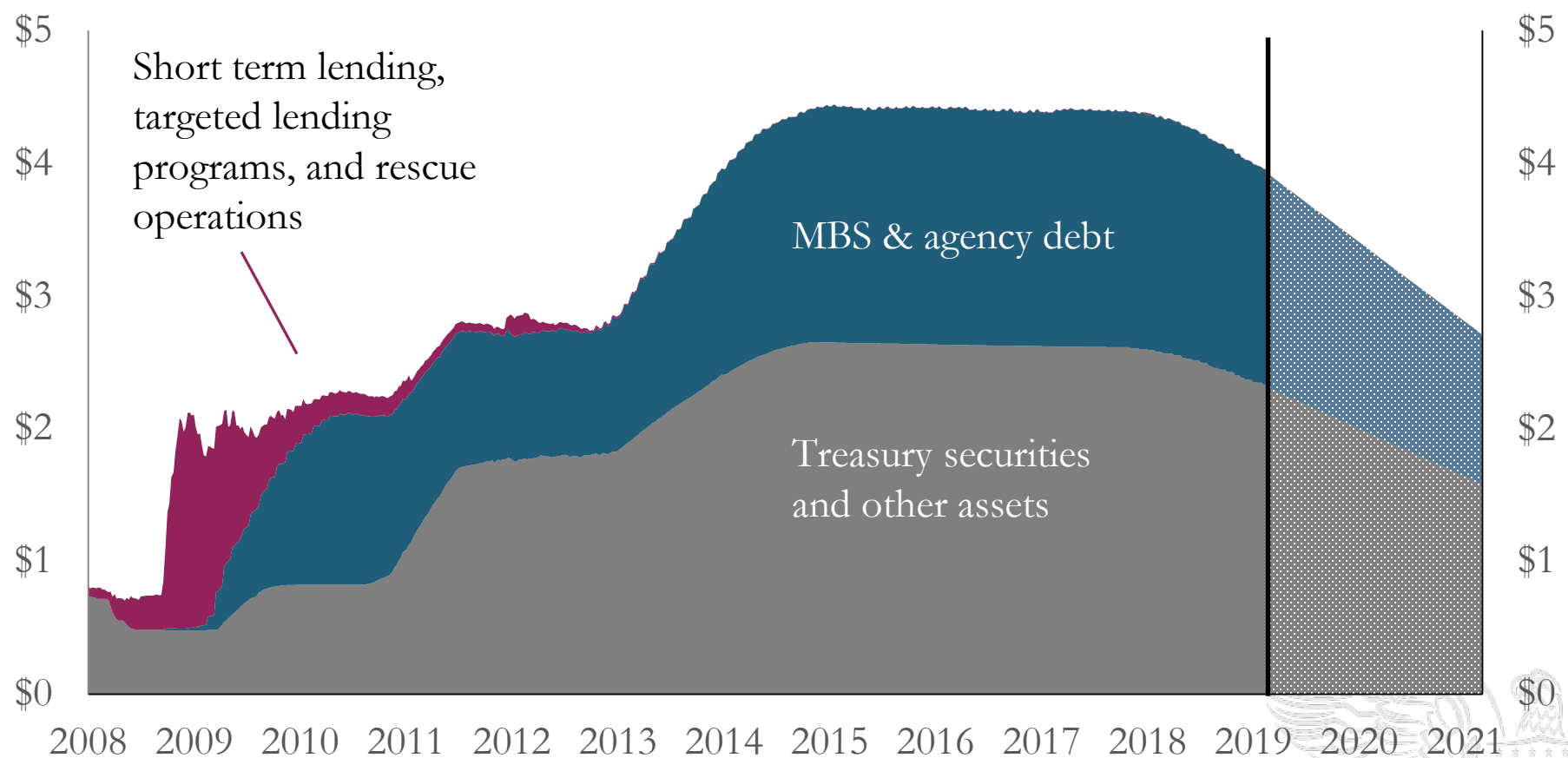
“Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. In support of these goals, the Committee decided to maintain the target range for the federal funds rate at 2-1/4 to 2-1/2 percent.”

- January 2019 FOMC Statement



FEDERAL RESERVE BALANCE SHEET

Trillions

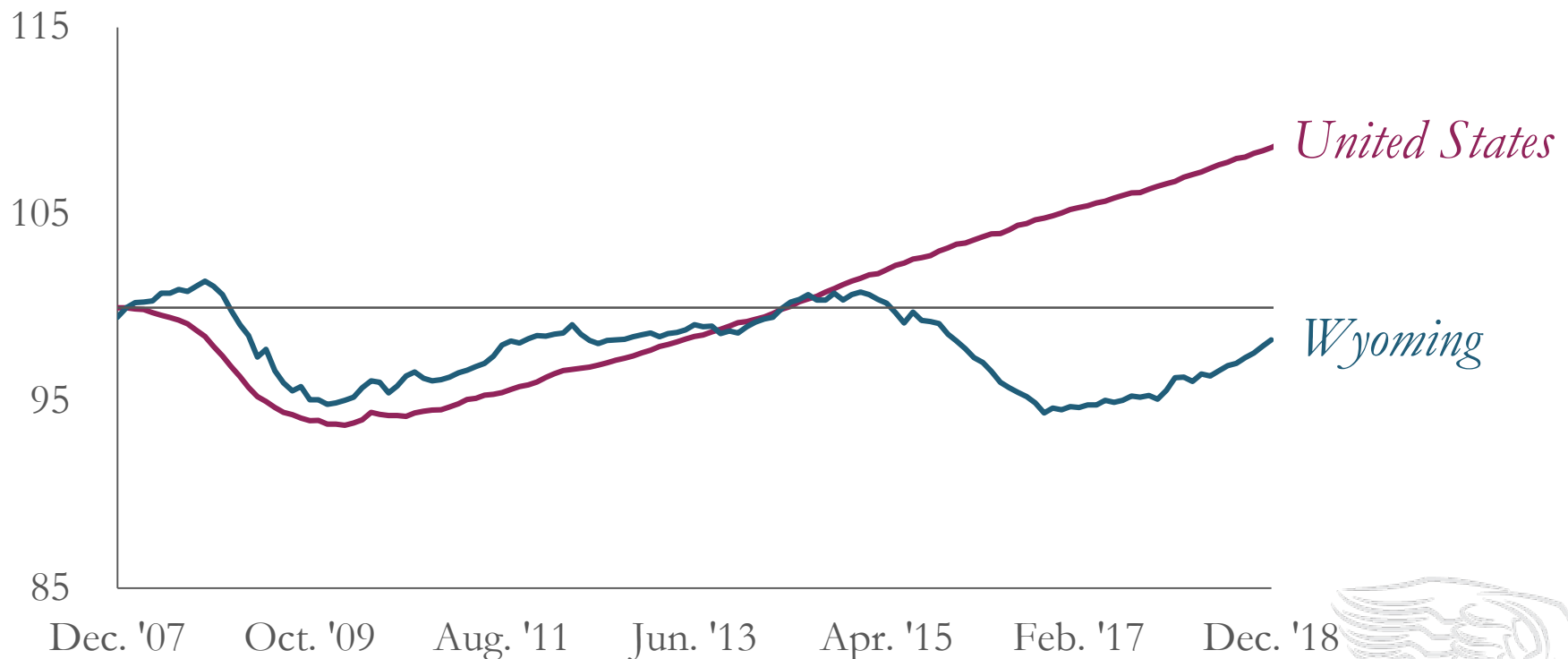


Employment has been increasing in Wyoming over the past two years after declining during the energy downturn in 2015 and 2016.

PAYROLL EMPLOYMENT GROWTH

Index 100 = December, 2007, Seasonally Adjusted

<i>Percent Change</i>	<i>Dec. '07 to Present</i>	<i>Past Year</i>
U.S. (Jan. '19)	8.8%	1.9%
Wyoming (Dec. '18)	-1.2%	2.8%

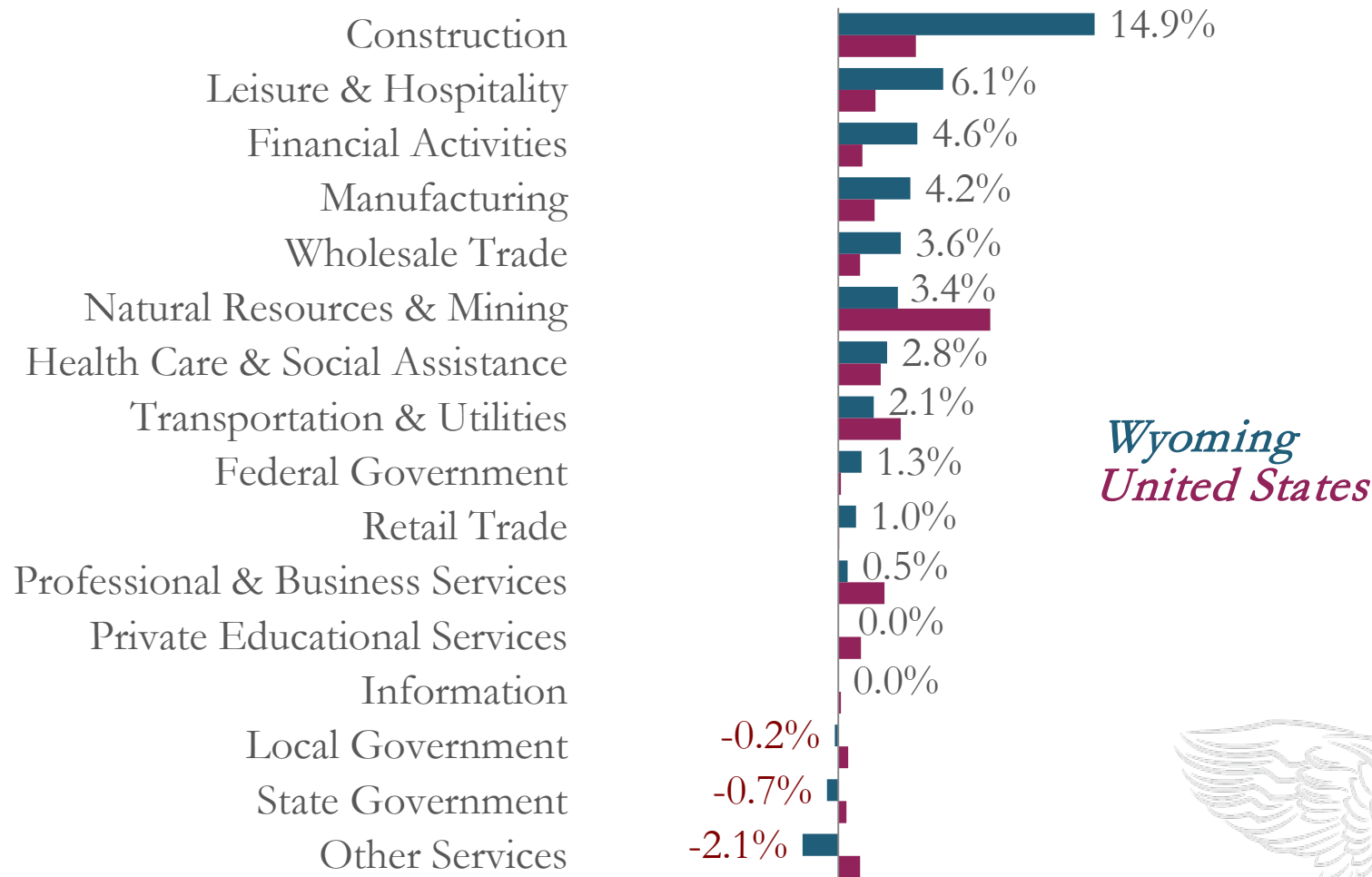


Employment gains across industries have been mixed in Wyoming over the past year, but several industries experienced strong growth.

CHANGE IN PAYROLL EMPLOYMENT, DECEMBER 2018

Seasonally Adjusted

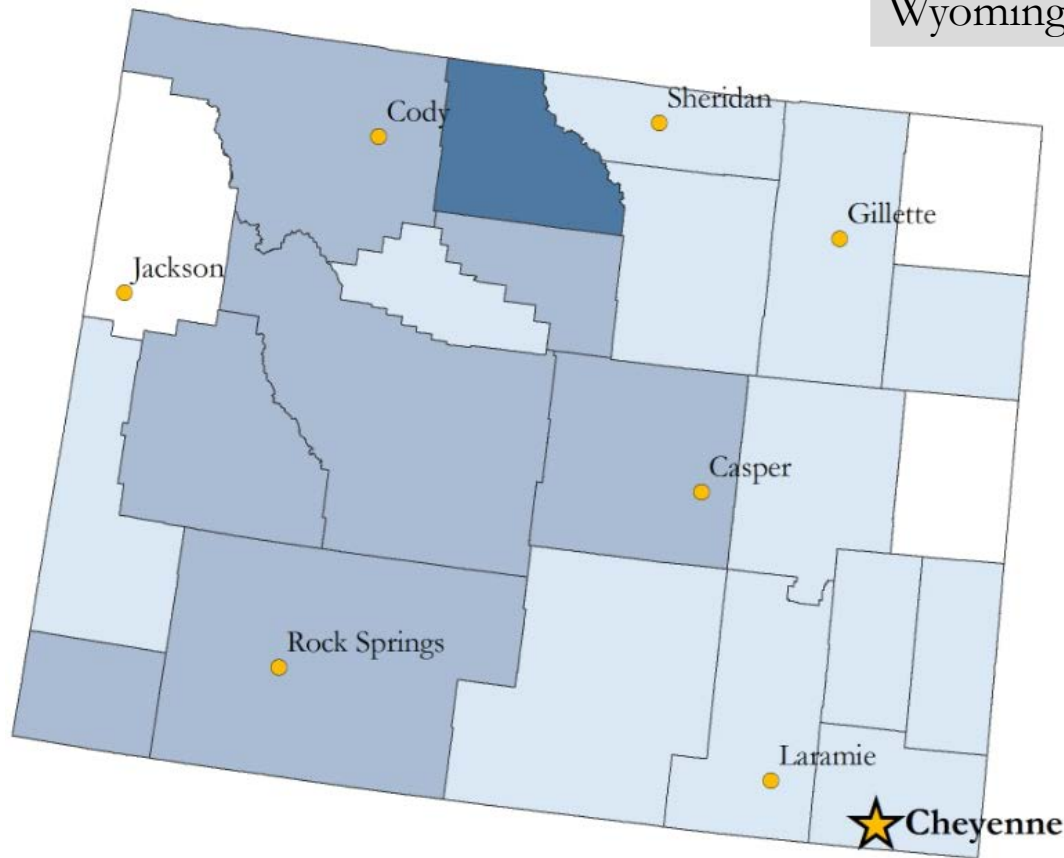
Percent Change Year-over-Year



Unemployment rates are low across most of Wyoming.

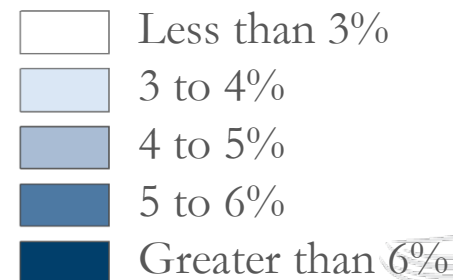
UNEMPLOYMENT RATES

December 2018, Seasonally Adjusted



Unemployment Rate	U-3	U-5*	U-6*
United States (Jan. '19)	4.0%	4.9%	8.1%
Wyoming (Dec. '18)	4.1%	4.8%	7.9%

**U-5 and U-6 values are 12-month moving averages as of Q4 2018 for Wyoming and are for January, 2019 for the United States.*

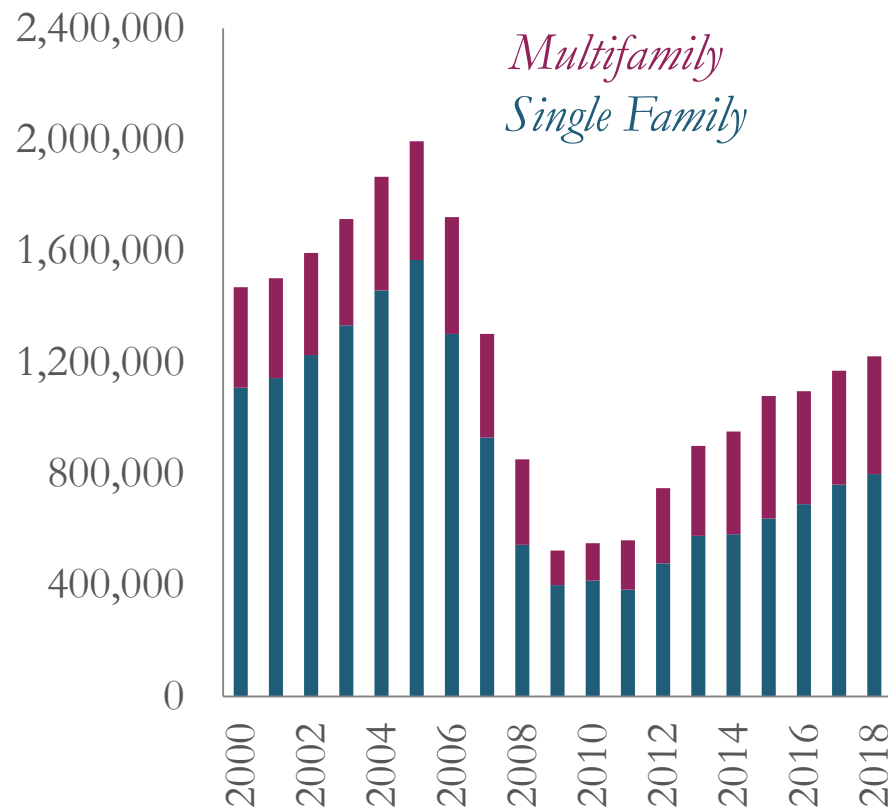


Residential construction activity has been fairly flat in Wyoming after declining during the 2007 recession.

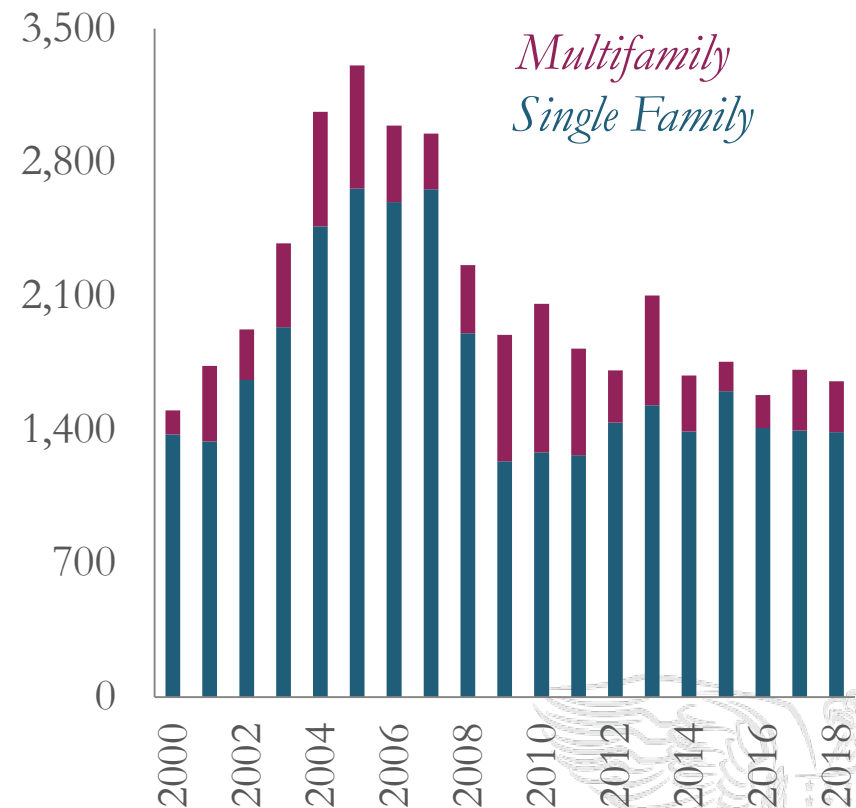
RESIDENTIAL PERMITS

Seasonally Adjusted, Year-to-Date Through November

United States



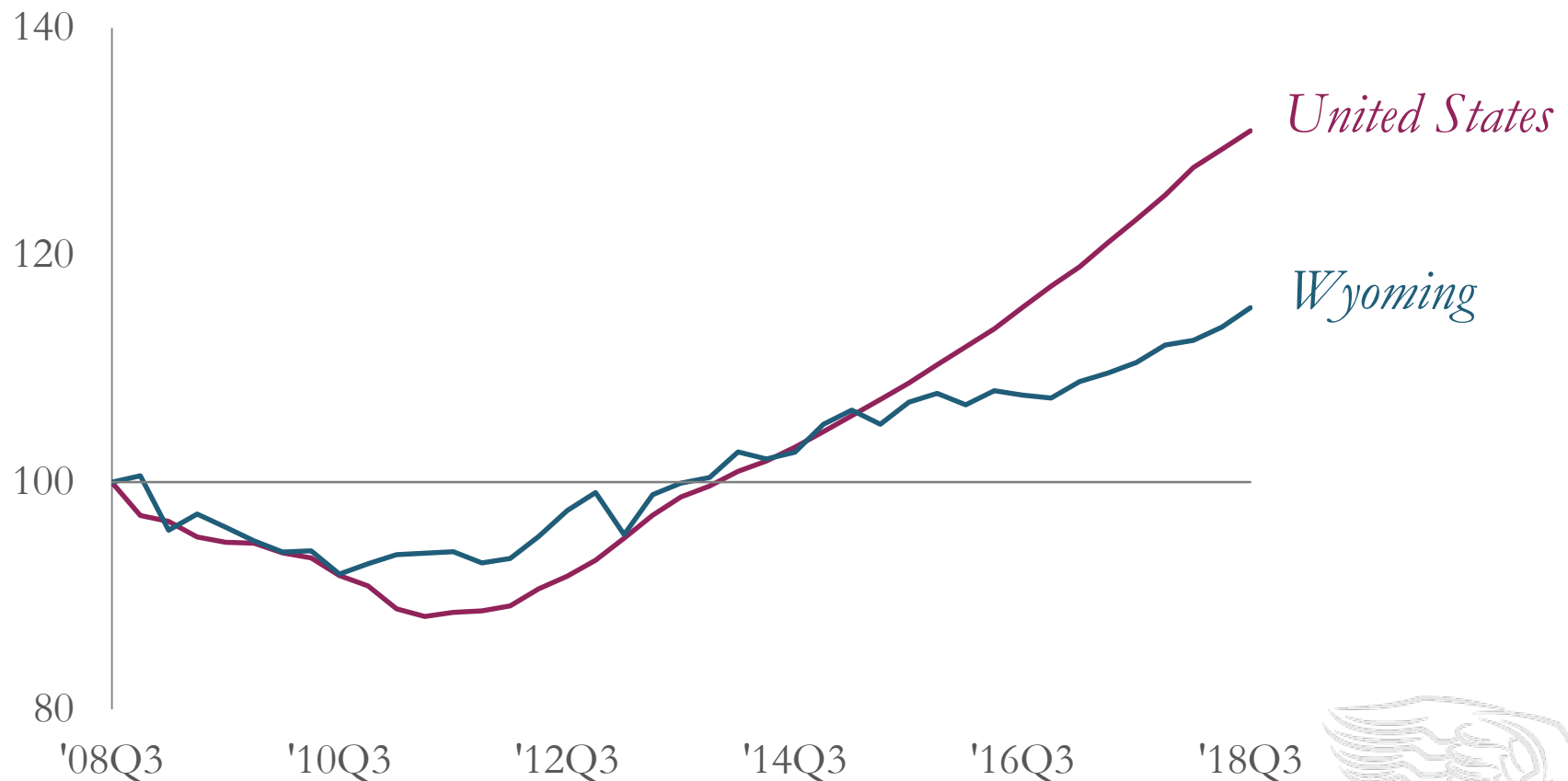
Wyoming



Home prices continue to rise modestly in Wyoming.

HOME PRICES

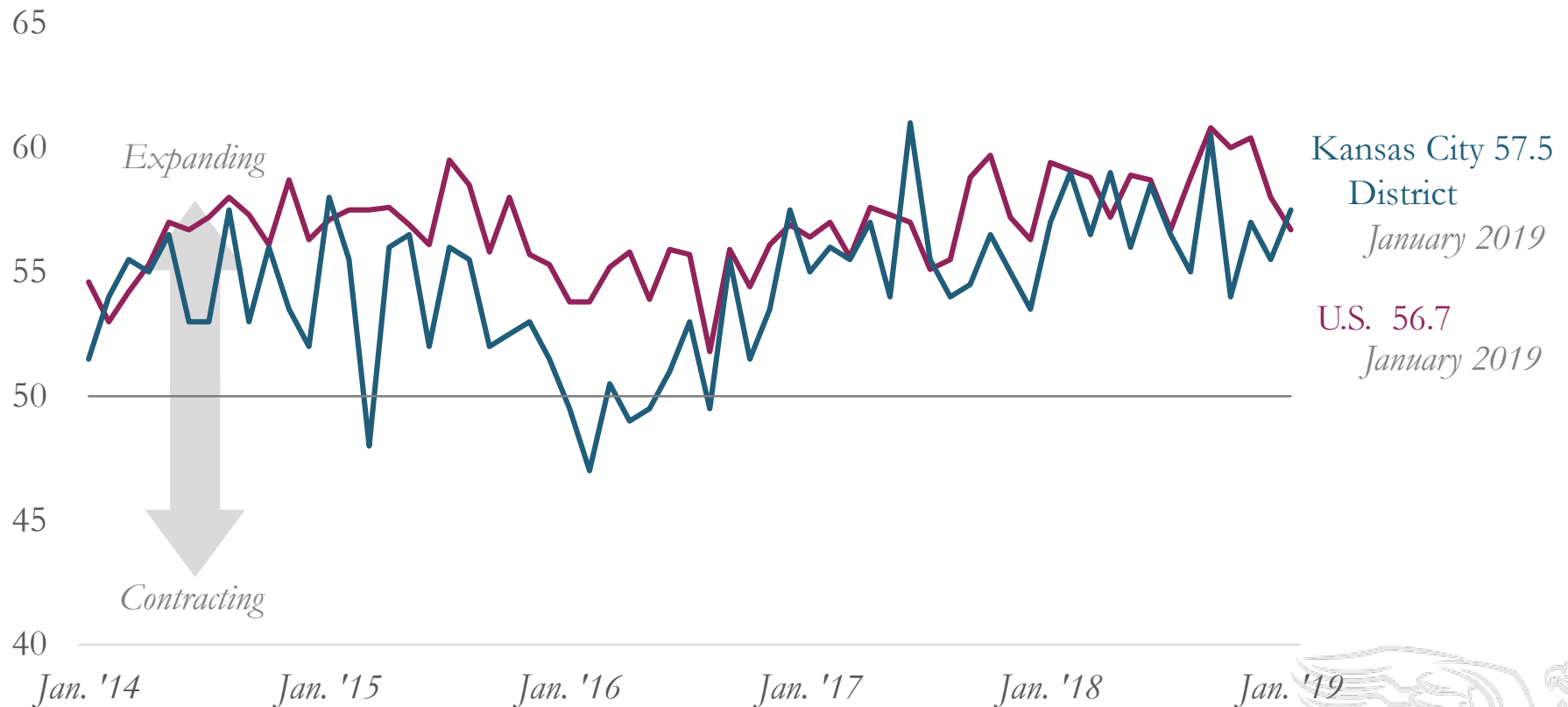
Seasonally Adjusted, Index 100 = Q3:2008



Overall, the services sector continues to expand, and contacts expect additional gains in the months ahead.

NON-MANUFACTURING AND SERVICES ACTIVITY

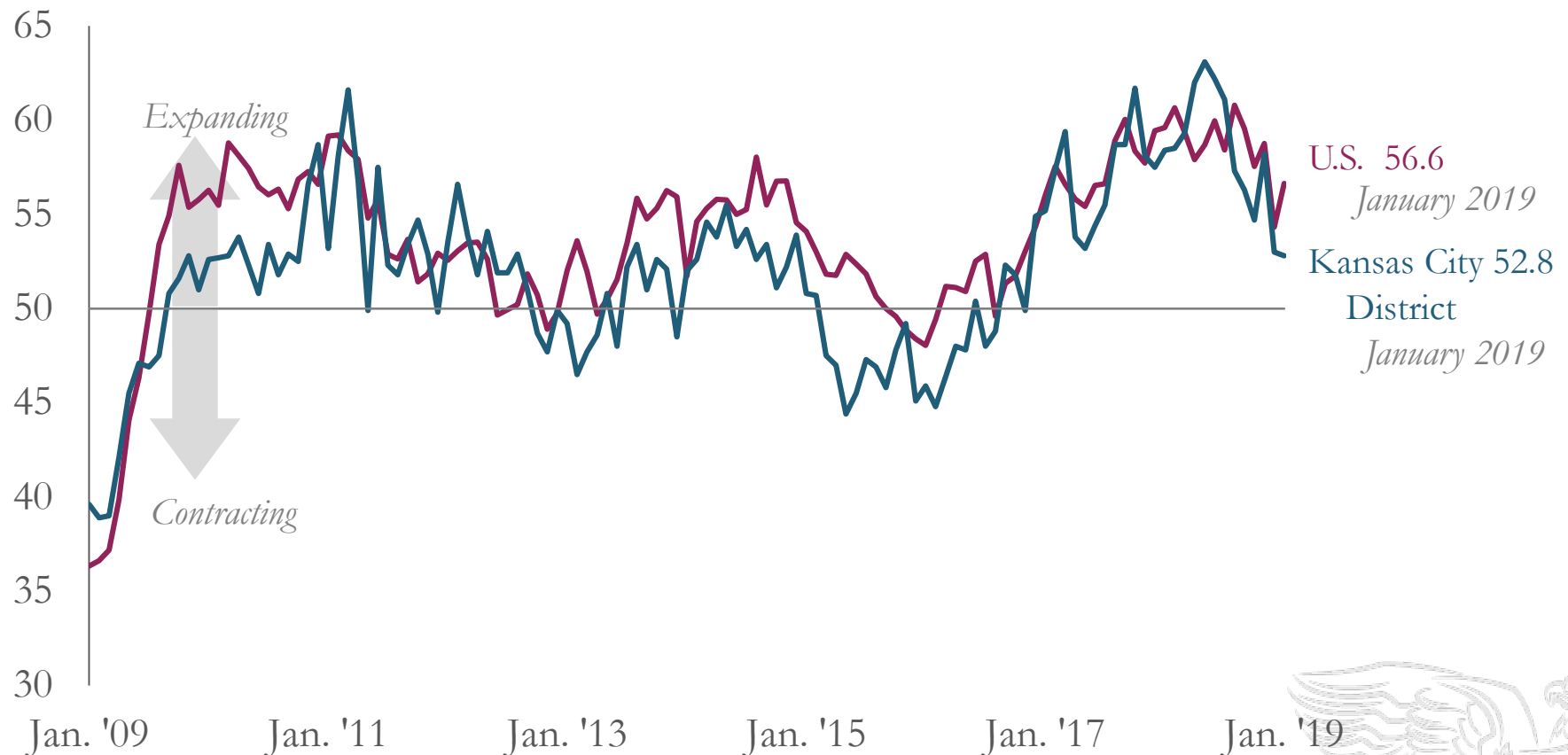
Diffusion Index, Seasonally Adjusted, Month-over-Month



Manufacturing activity has been strong the past two years, but recent surveys suggest the pace of expansion may be slowing.

MANUFACTURING ACTIVITY

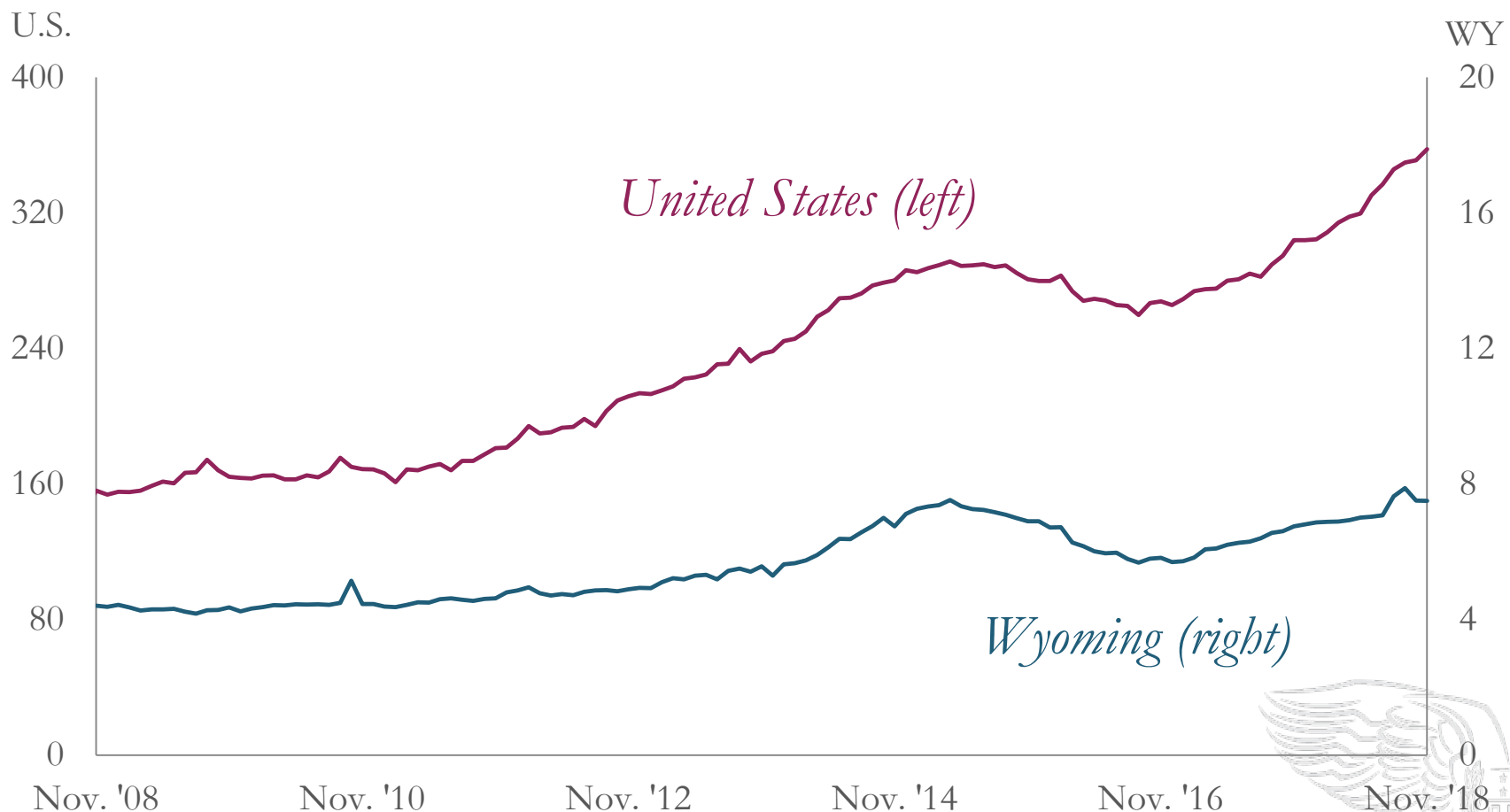
Diffusion Index, Seasonally Adjusted, Month-over-Month



Energy activity rose substantially over the past two years in response to higher oil prices.

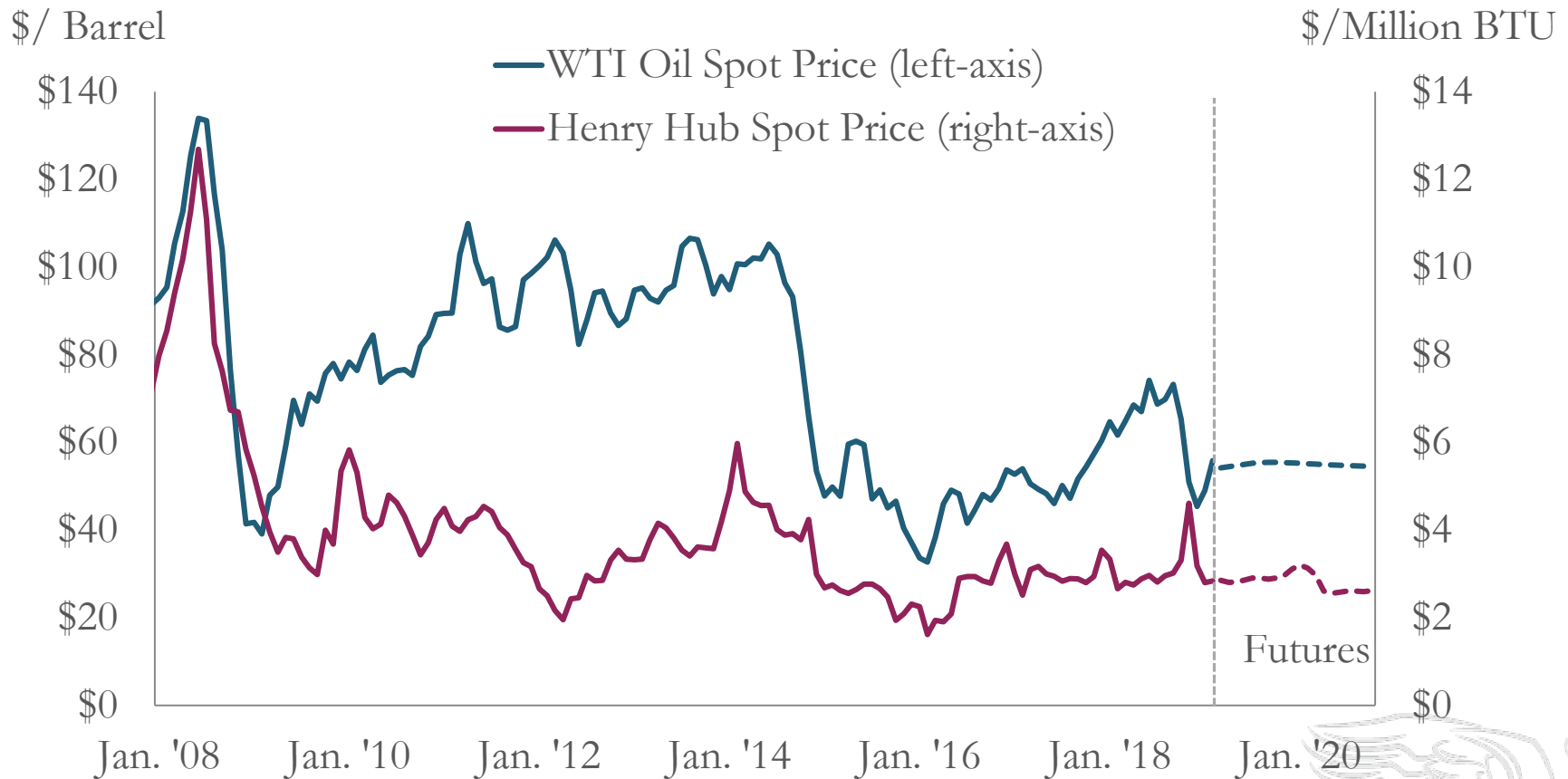
CRUDE OIL PRODUCTION

Millions of Barrels, Monthly, Seasonally Adjusted



After declining in the fourth quarter, oil prices have increased recently and are expected to remain near current levels.

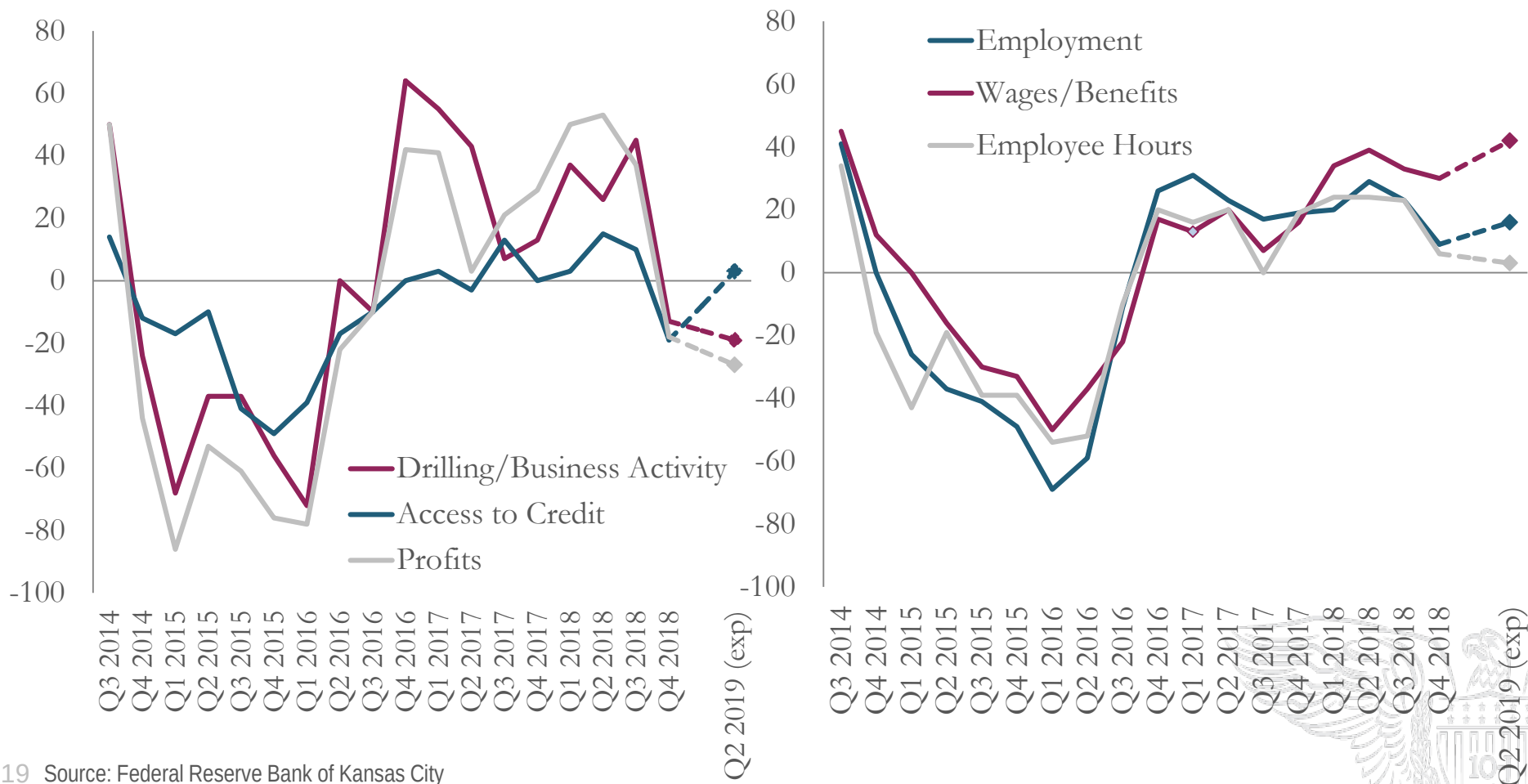
ENERGY PRICES



As oil prices declined, drilling activity fell in the fourth quarter for the first time in almost three years.

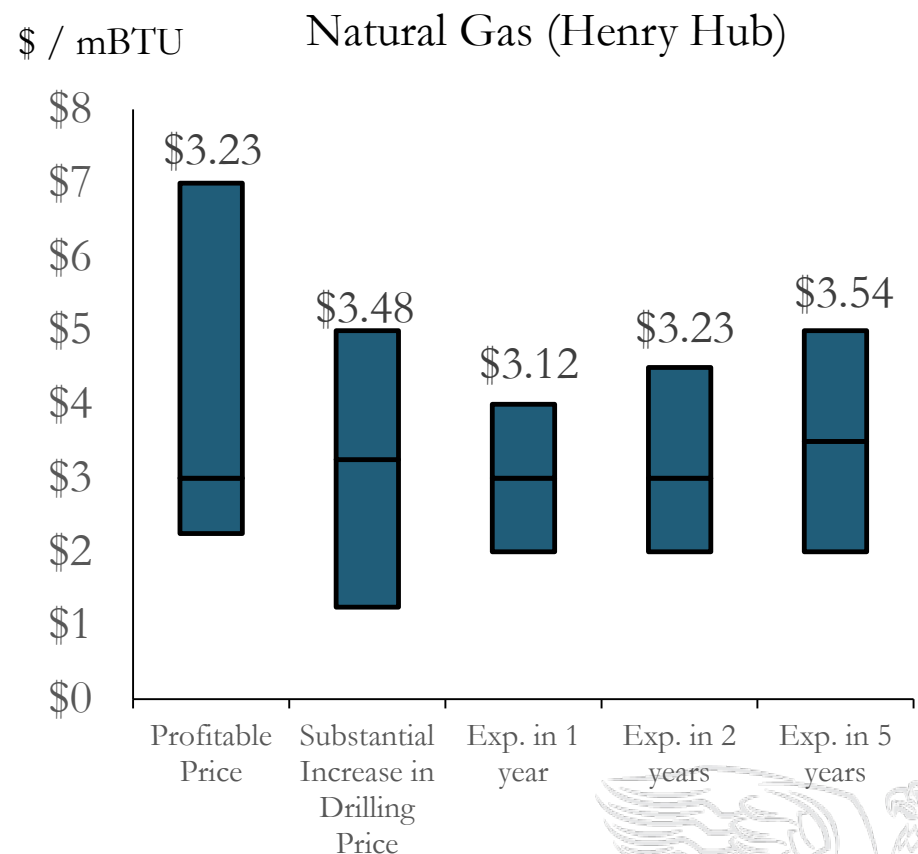
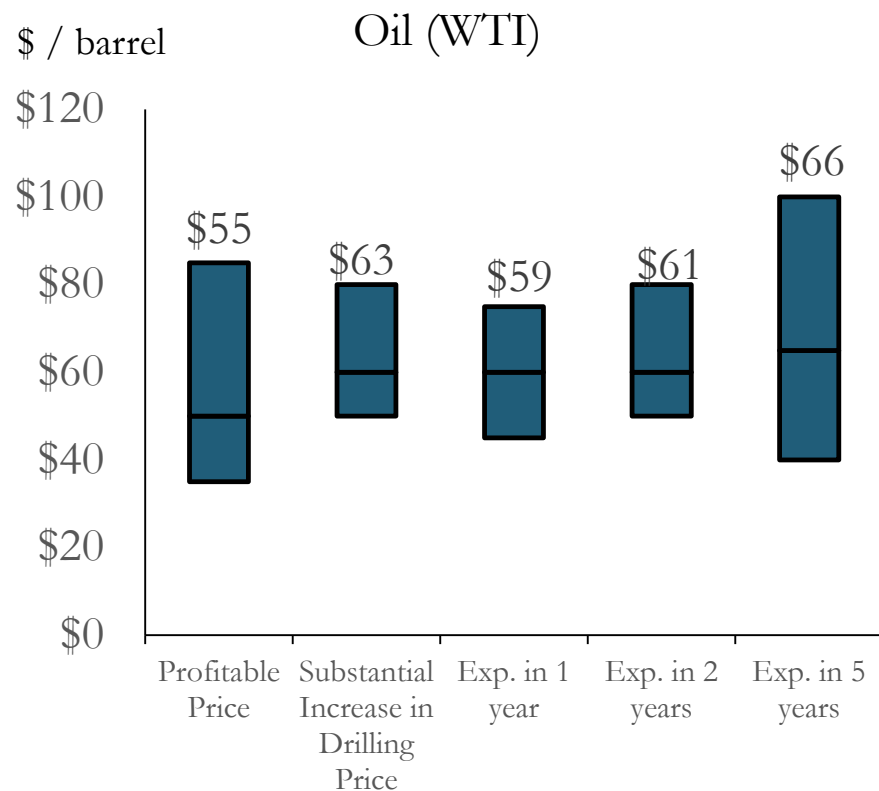
FRBKC ENERGY SURVEY

Quarterly Diffusion Indexes



Looking ahead, oil prices are expected to remain near profitable levels over the next two years.

ENERGY SURVEY SPECIAL QUESTION
Q4:2018



Notes: 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).

Profitable price values are from the Q3:2018 KCFRB Energy Survey

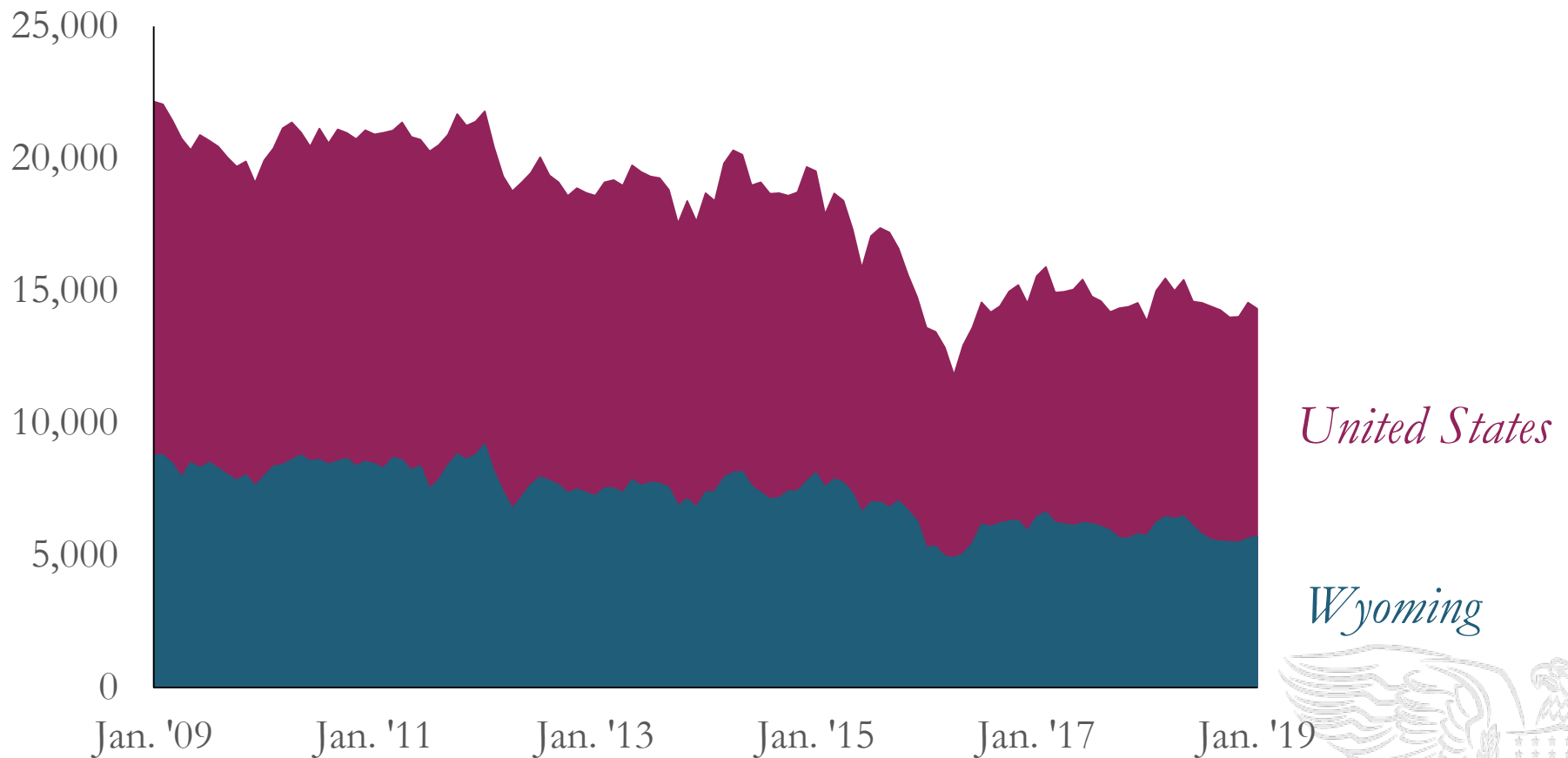
Source: Kansas City Federal Reserve Bank Energy Survey



Wyoming continues to be the largest producer of coal in the U.S., but total production continues to gradually decline.

COAL PRODUCTION

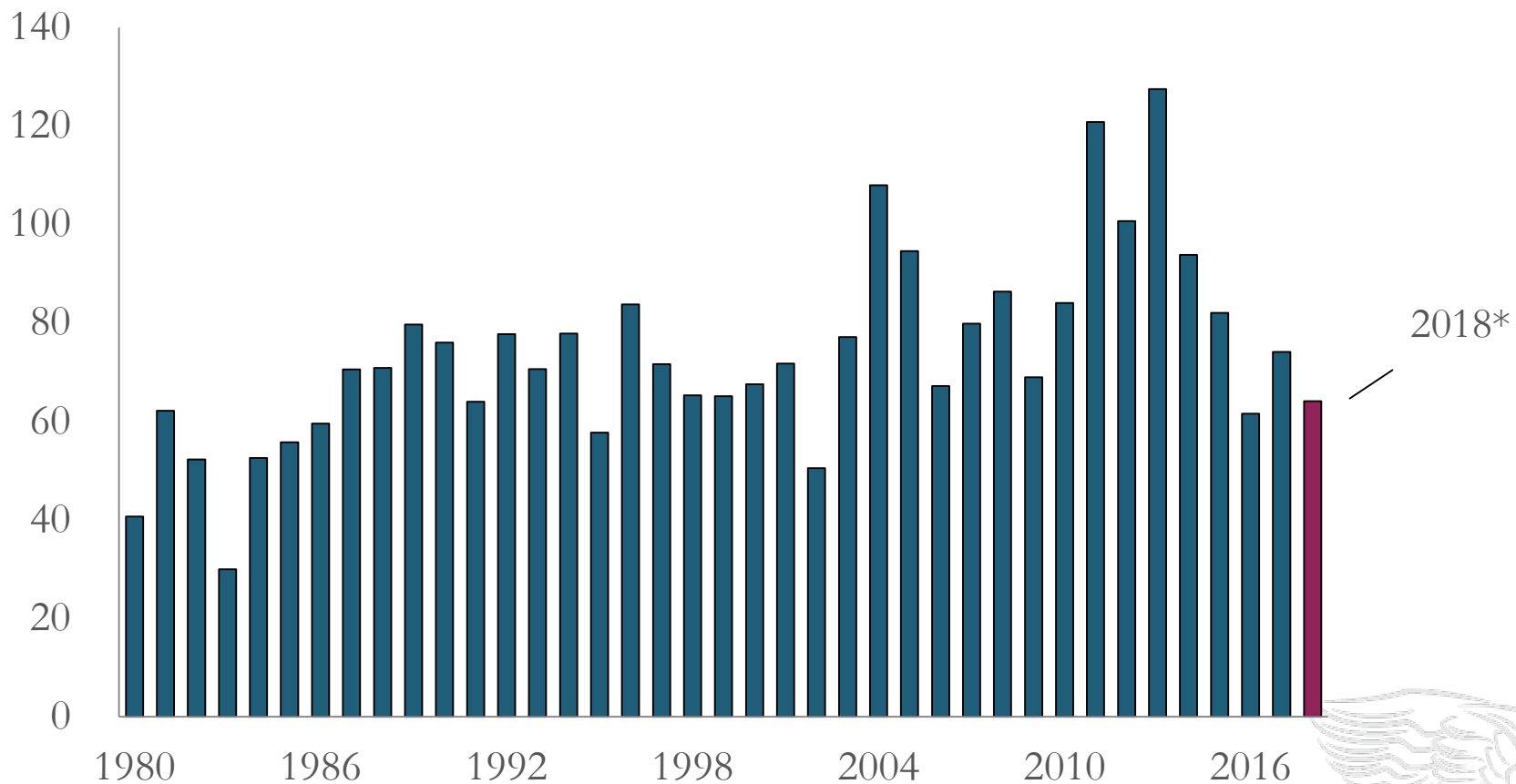
Thousand Short Tons, Seasonally Adjusted



The agriculture sector continues to struggle as commodity prices remain low.

U.S. REAL NET FARM INCOME

Billions, 2017 Dollars



*Forecast for 2018

Source: USDA



The background of the slide features a large, circular seal of the Federal Reserve Bank of Denver, Colorado. The seal is made of a dark material with a gold-colored border. The outer ring contains the text "FEDERAL RESERVE BANK" at the top and "DENVER, COLORADO" at the bottom. In the center is a shield with a building facade, flanked by olive and oak branches. Above the shield is an eagle with spread wings. The shield is topped with a row of stars.

For additional information on the regional economy:

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

