Economic Outlook

John McCoy, Associate Economist

November 12, 2026

The views expressed are my own and do not necessarily represent those of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

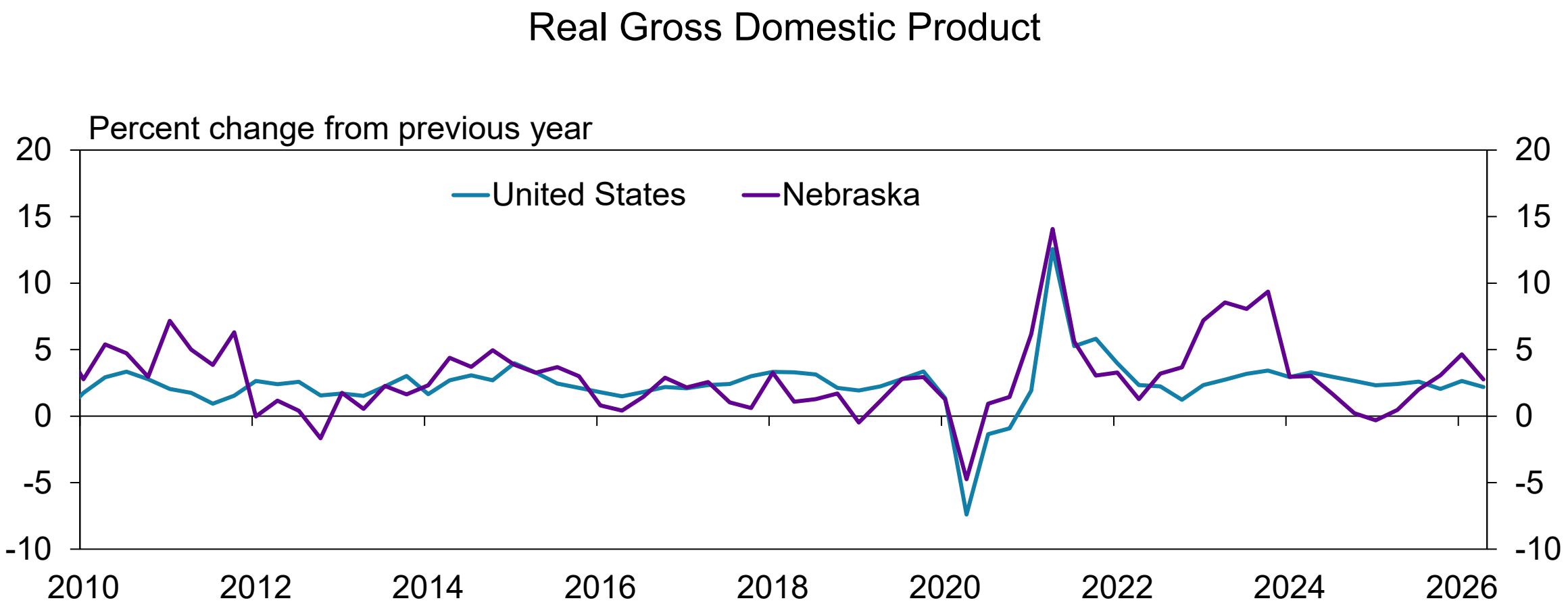
FEDERAL RESERVE BANK OF KANSAS CITY

Denver / Oklahoma City / Omaha

Themes

- Economic growth has been strong and labor conditions have been stable.
- Inflation remains elevated.
- Geopolitics, fiscal policy, and monetary policy all contribute to higher interest rates across the rate curve.

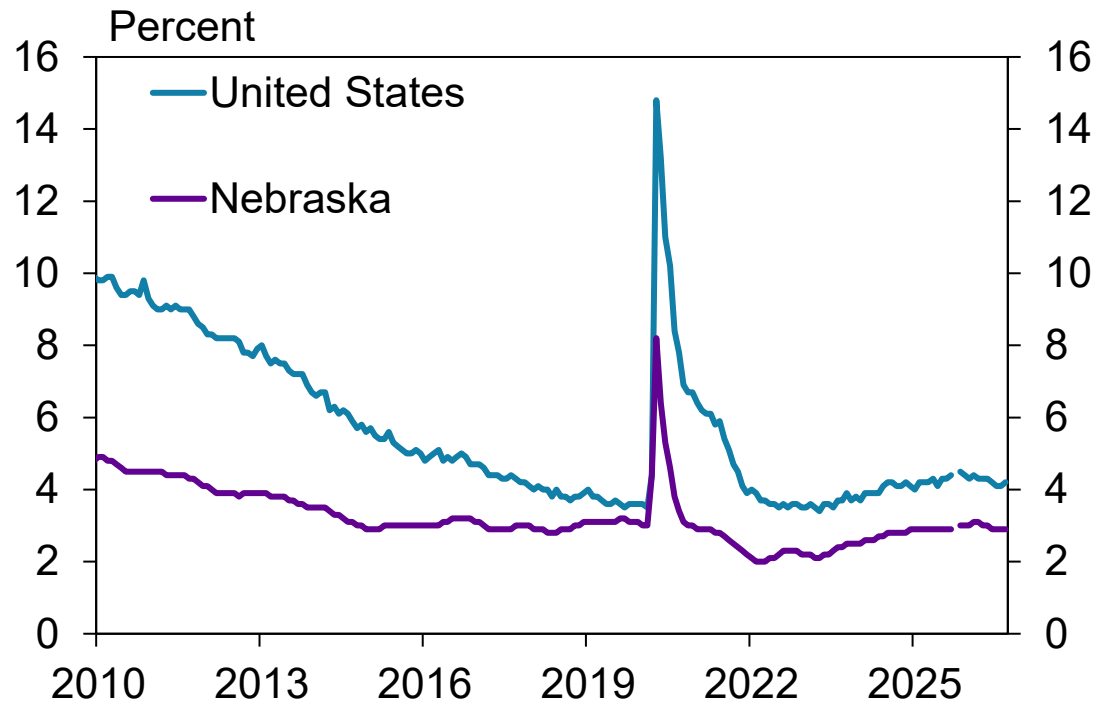
Economic growth has been strong this year.



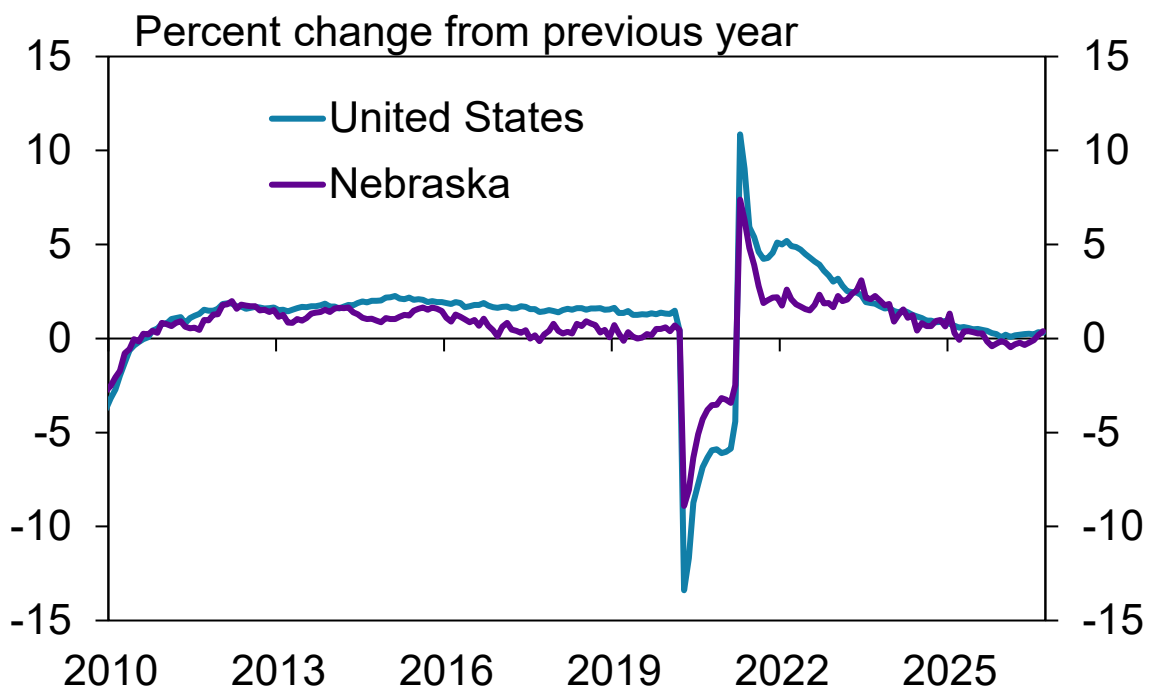
Sources: BEA, Haver Analytics.

Unemployment has remained low, but job growth has slowed.

Unemployment Rate

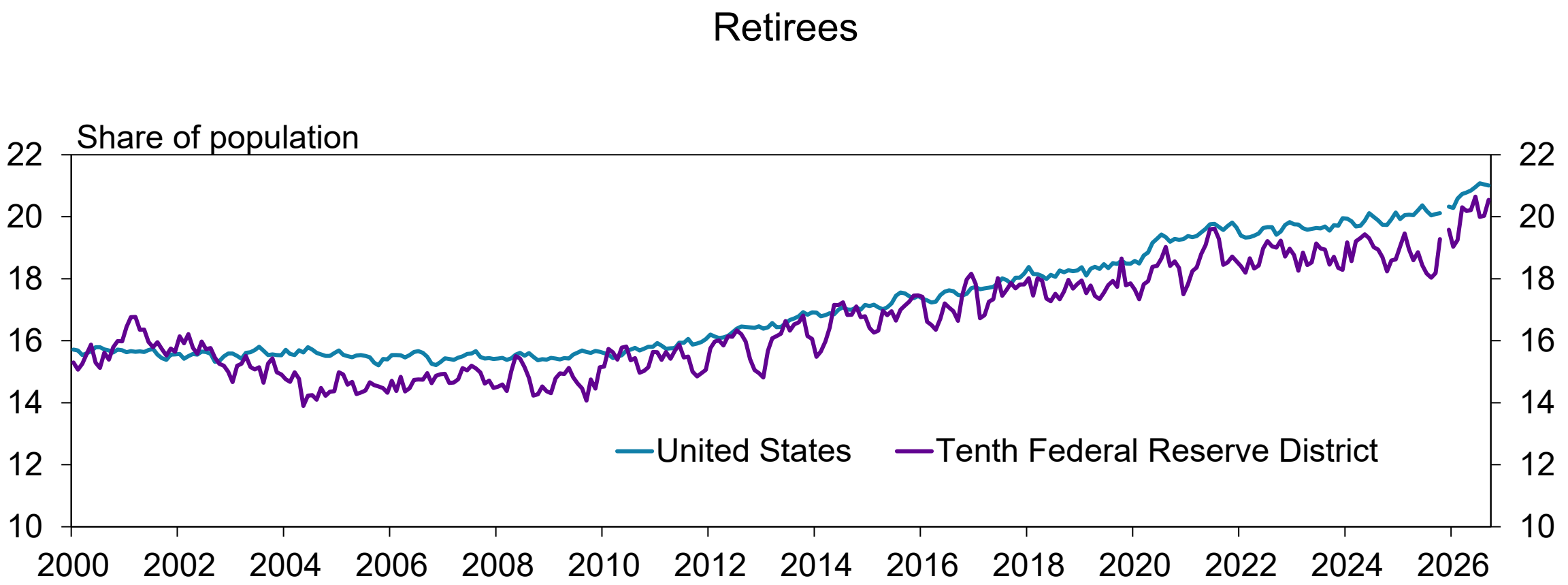


Job Growth



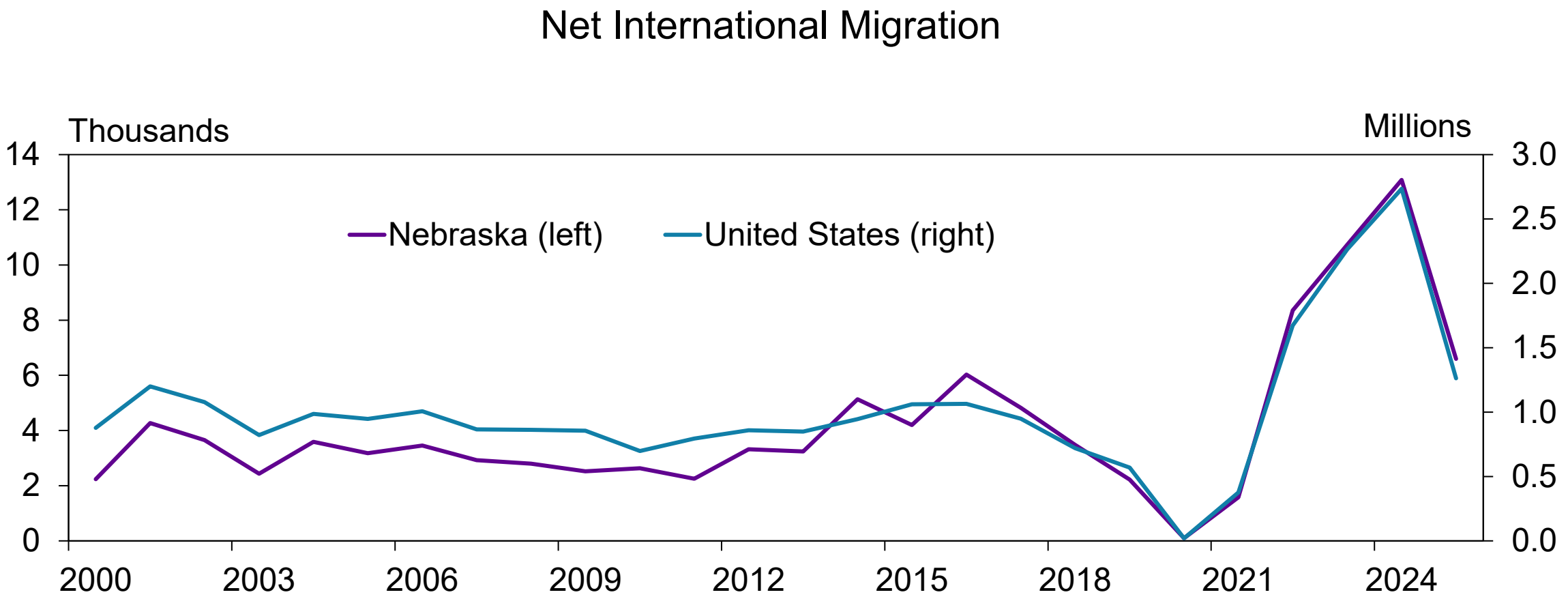
Sources: BLS, Haver Analytics.

As the population ages, a greater proportion of people have retired.



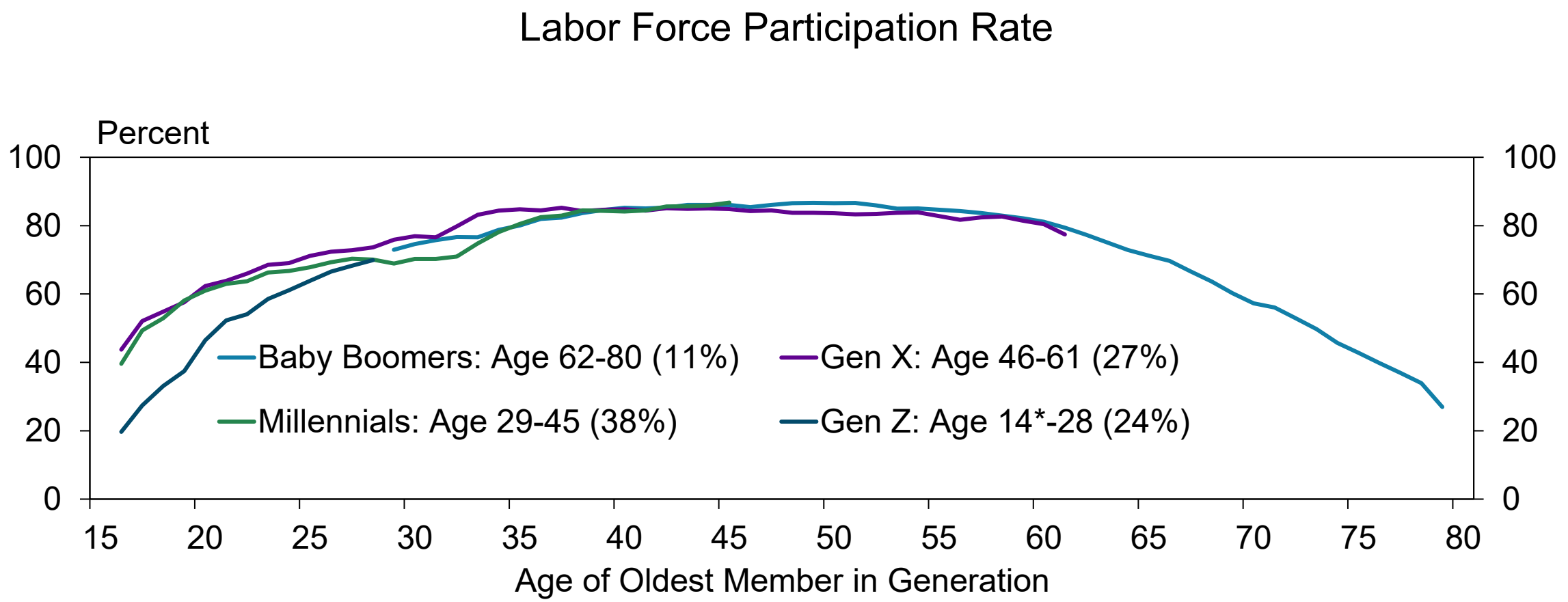
Sources: BLS, staff.

Lower immigration could limit labor supply.



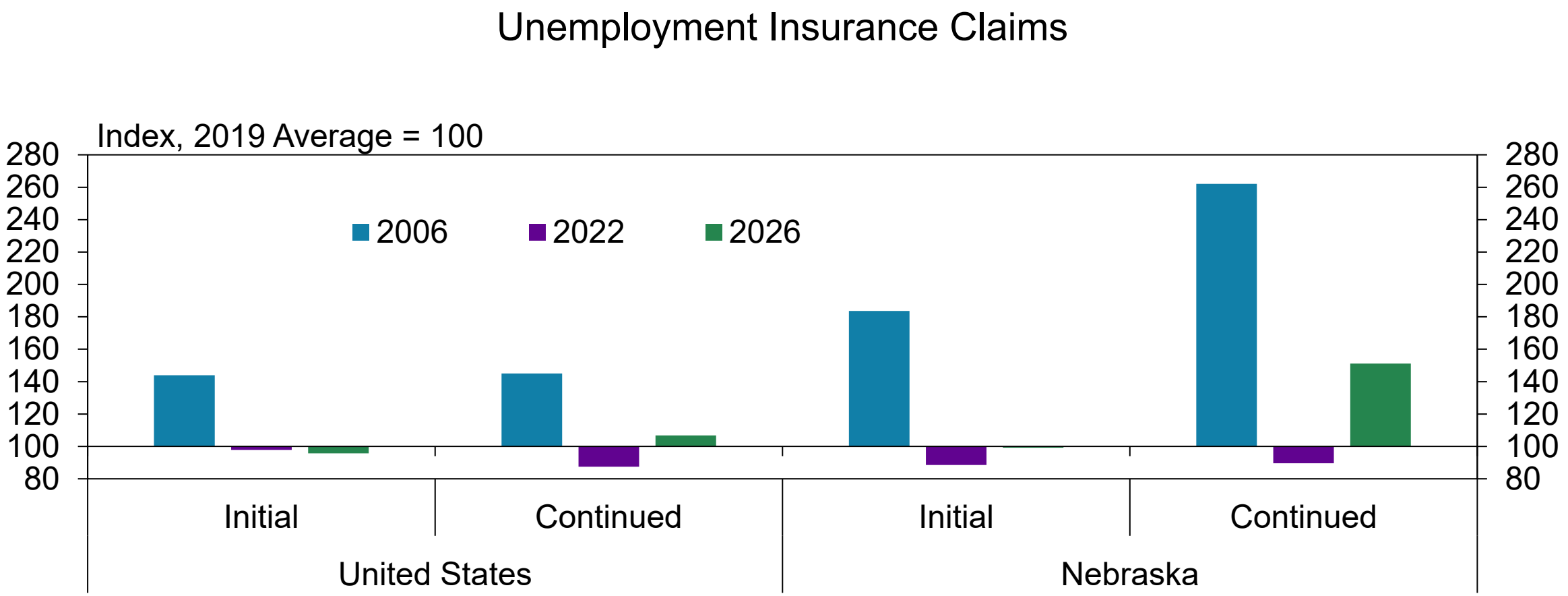
Sources: Census Bureau, Haver Analytics

Youth participation has only just started to help offset increasing retirements.



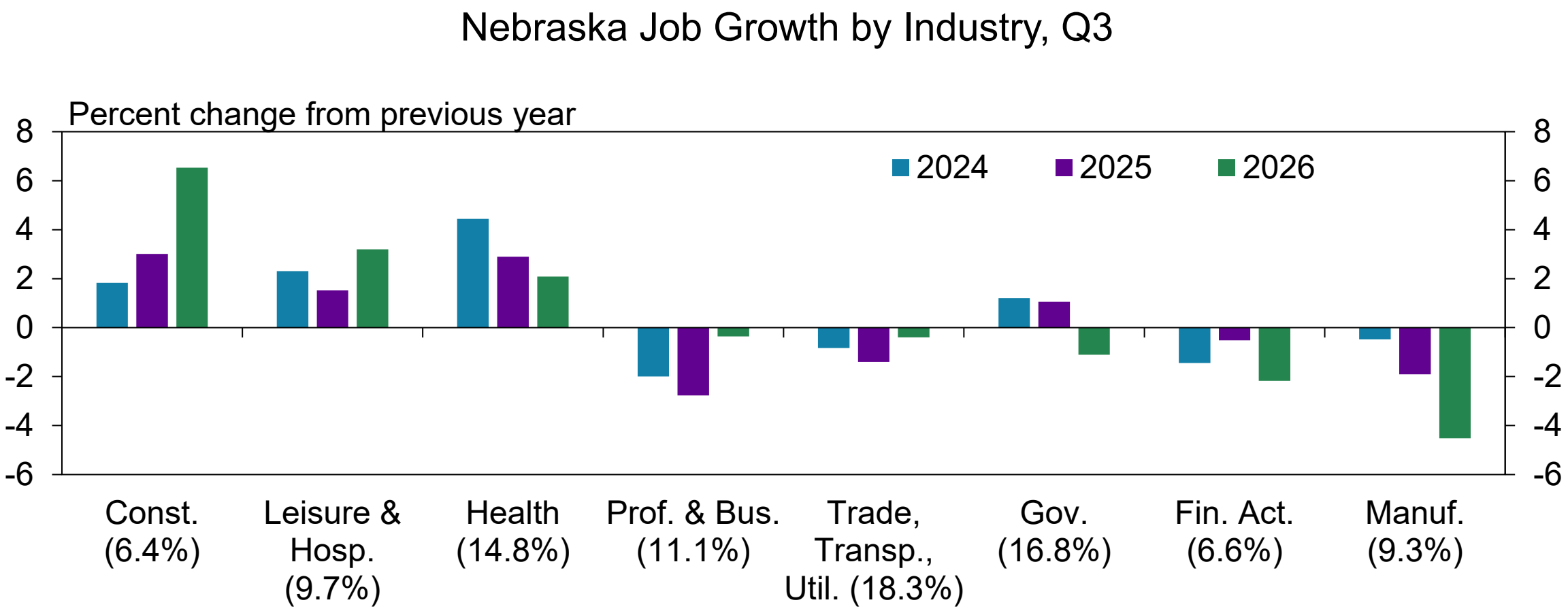
Notes: Numbers in parentheses refer to each generation's share of 2026 labor force. The youngest members of Gen Z are not of working age and are excluded from the analysis. Data used to construct the chart are first available in 1976 and thus do not capture the first several years when the baby boom cohort was of working age. The labor force participation rate for each generation is the share of the cohort age 16 and older working or actively looking for work.
Sources: BLS, staff.

Layoffs have been rare, but job-finding has been more difficult.



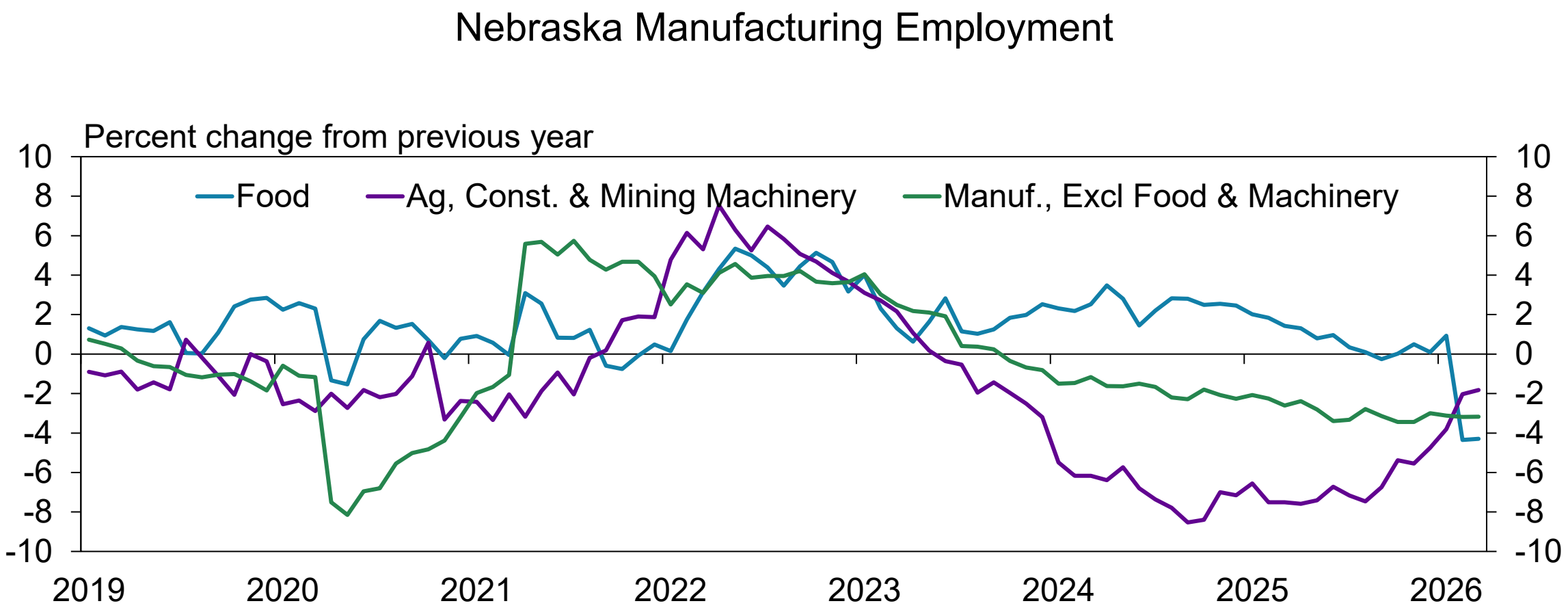
Sources: Department of Labor, Haver Analytics.

Job growth has been concentrated in only a few industries.



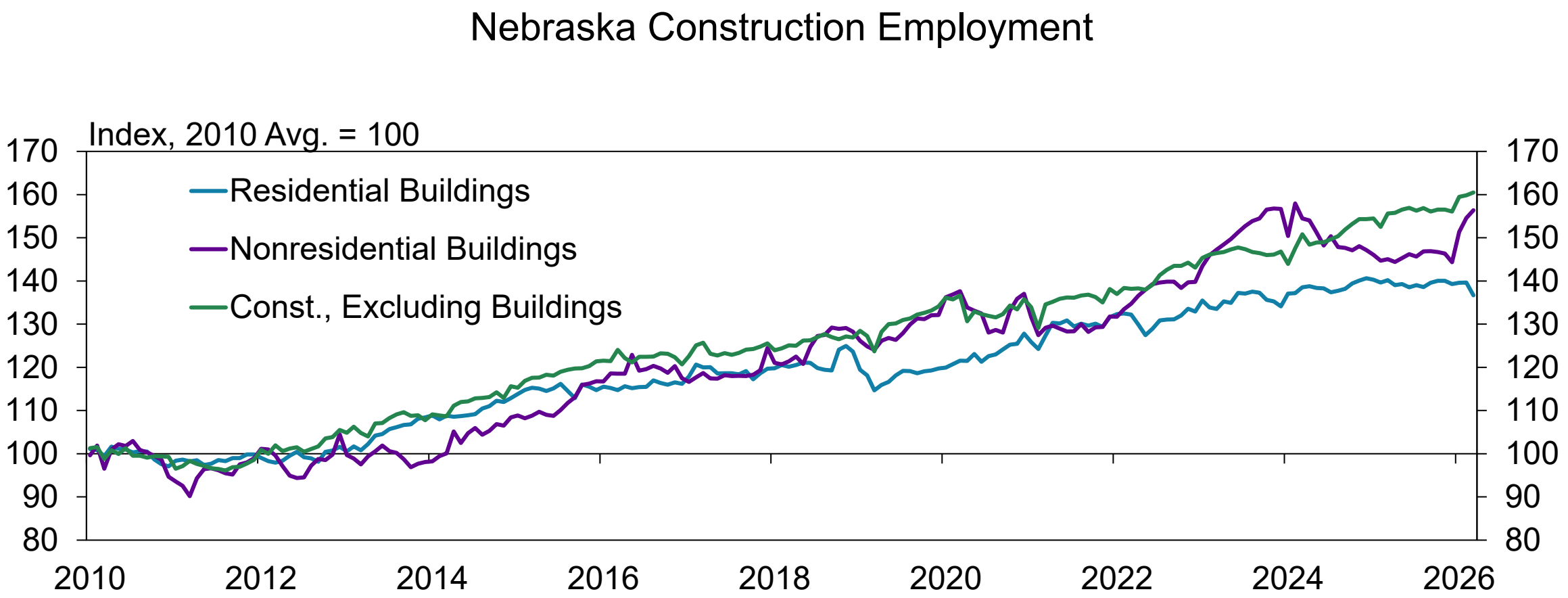
Note: numbers in parentheses refer to share of statewide employment attributable to each industry in 2026.
Sources: BLS, Haver Analytics.

Weak hiring in manufacturing has been related to challenges in meatpacking.



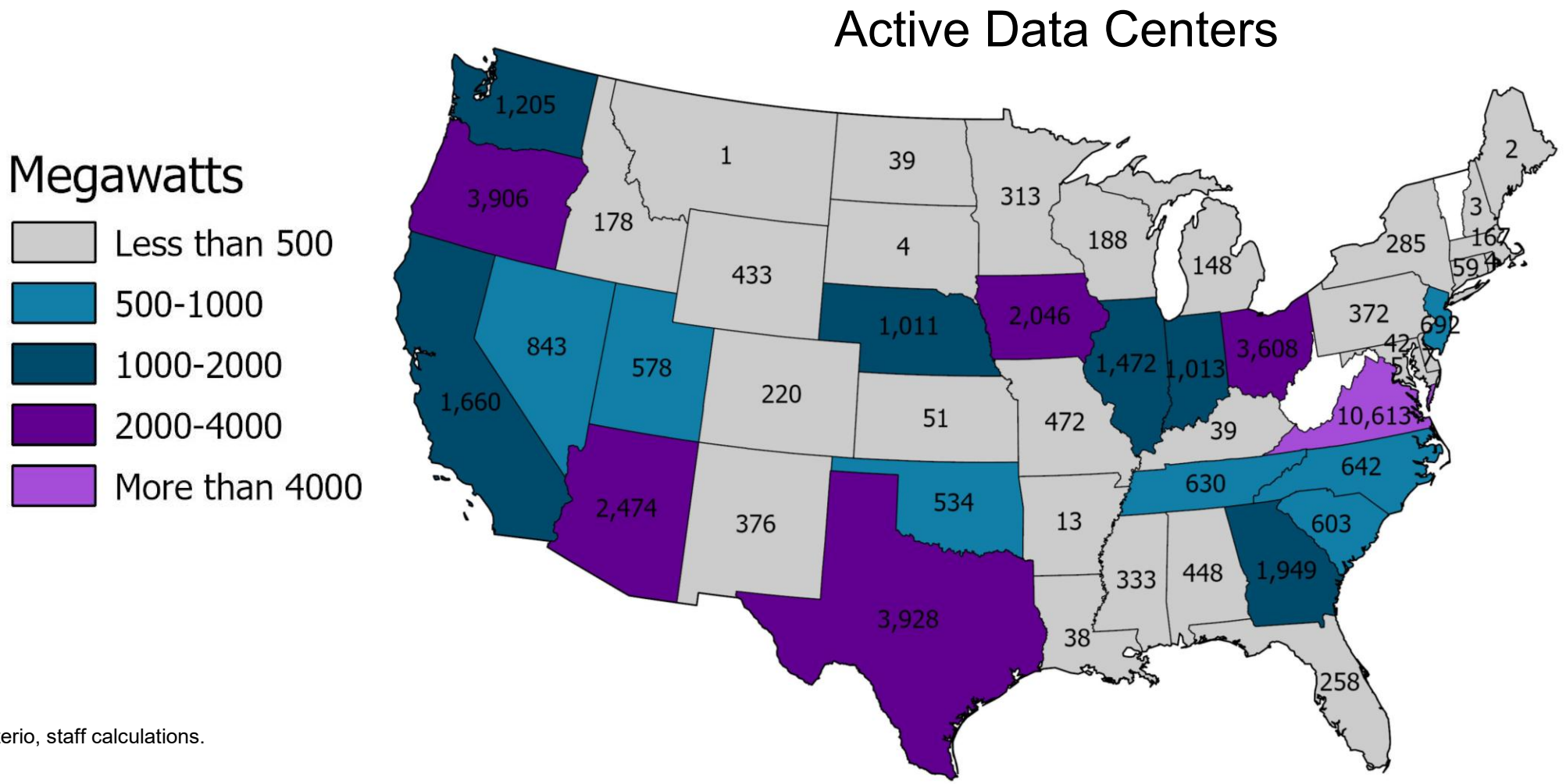
Sources: BLS, Haver Analytics.

Construction hiring has been robust, particularly for data center projects.



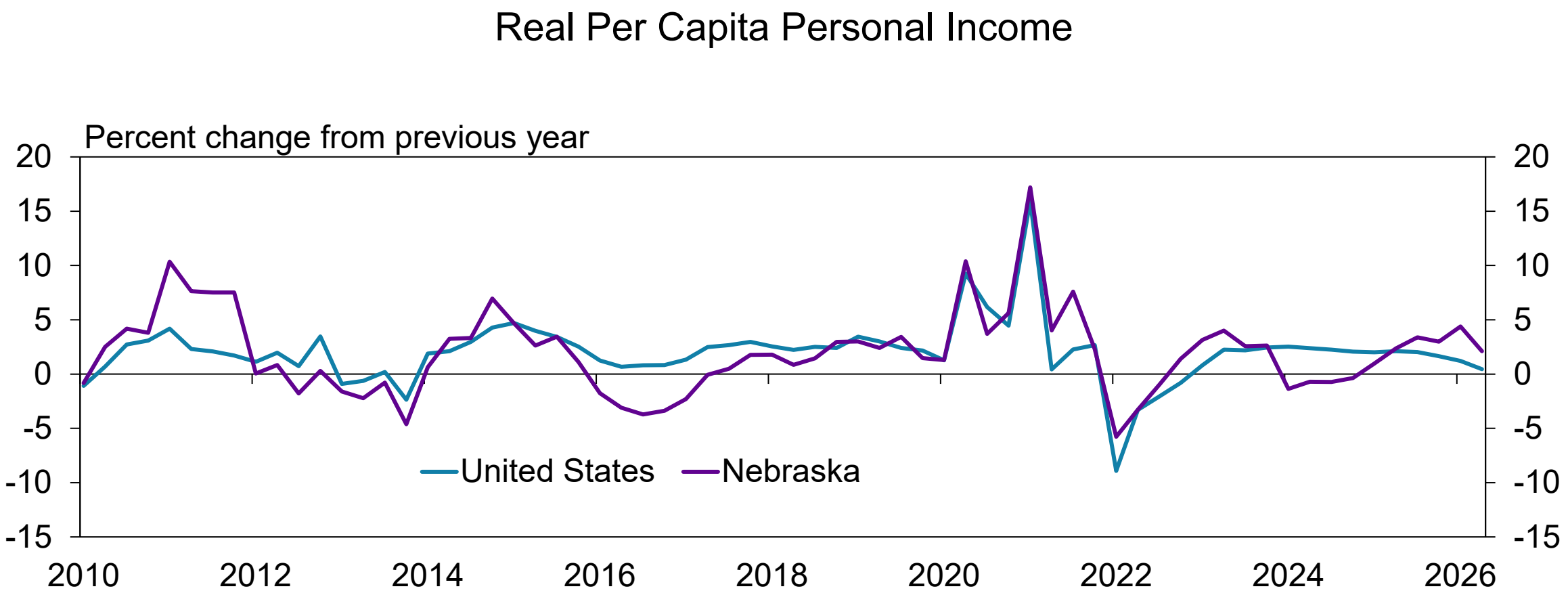
Sources: BLS, Haver Analytics.

Data center activity has been significant in Nebraska.



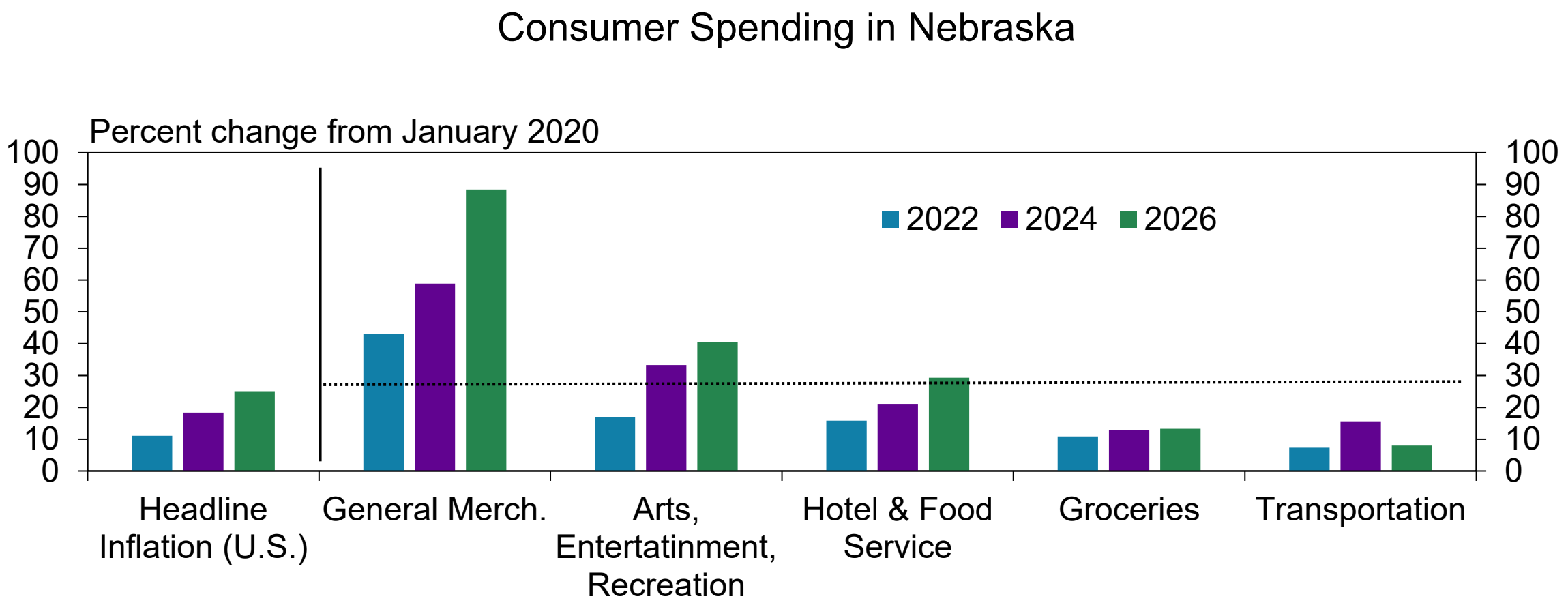
Sources: Aterio, staff calculations.

Despite the caveats, strong labor conditions contribute to strong income growth in Nebraska.



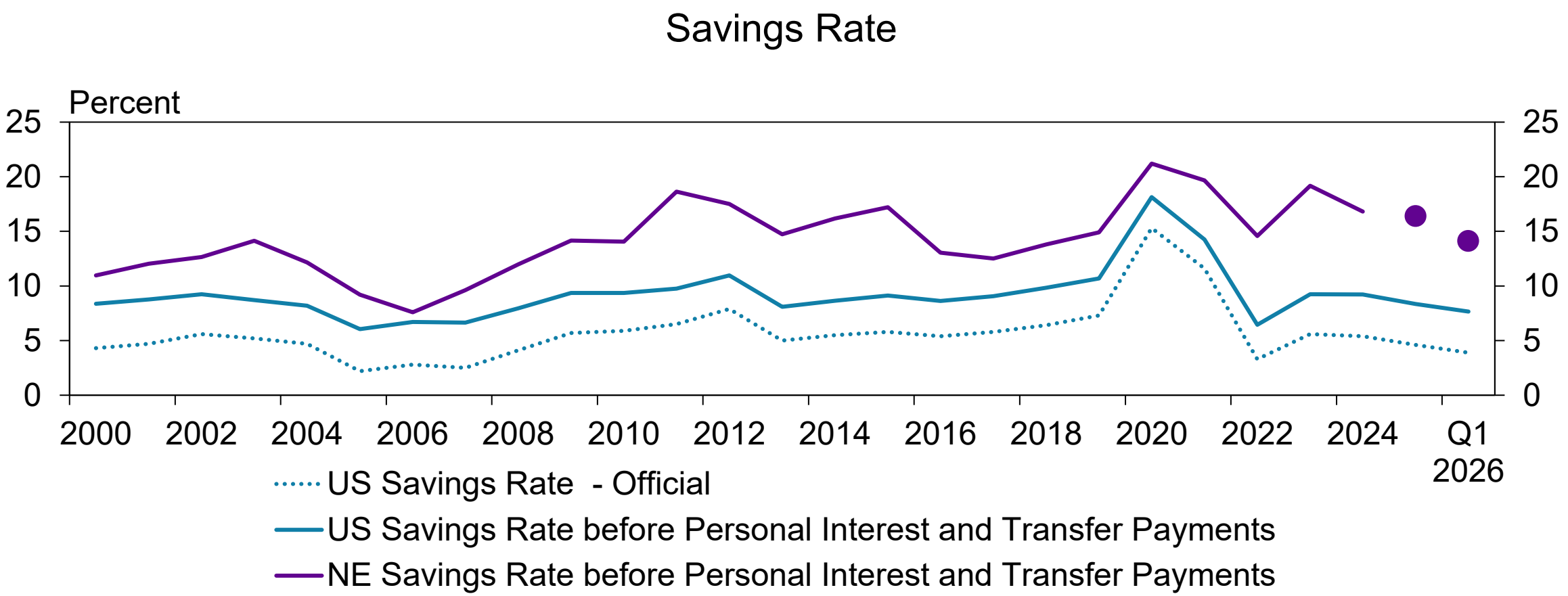
Sources: BEA, Haver Analytics

Consumer spending in Nebraska has remained strong, even for non-essentials.



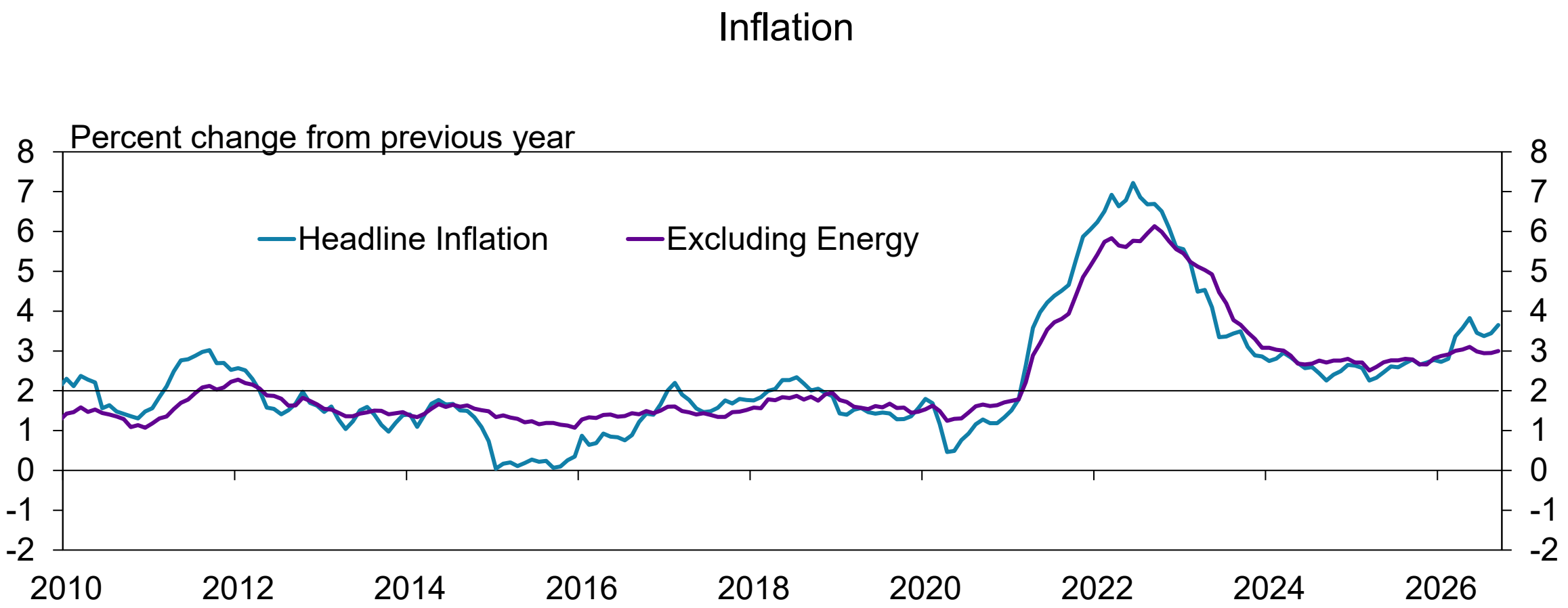
Sources: BEA, Affinity Solutions via Opportunity Insights, Haver Analytics

Strong income growth has kept savings rates elevated in Nebraska...



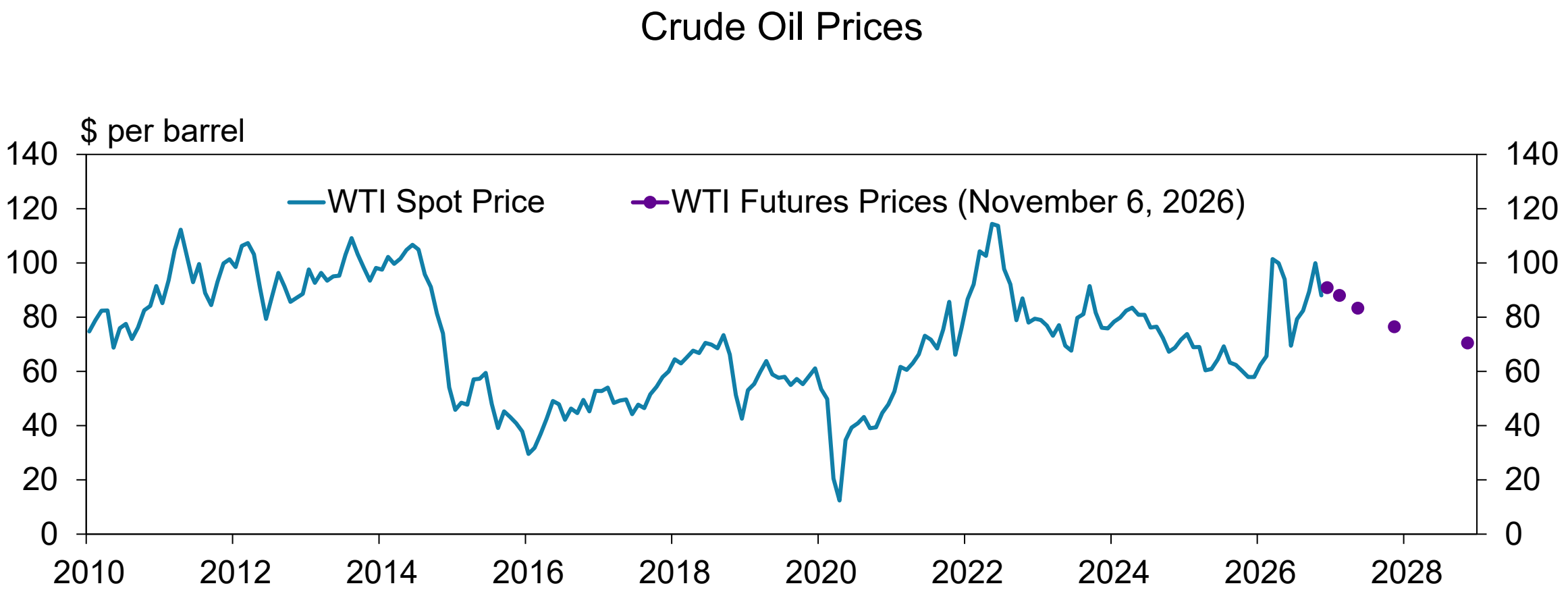
Note: State level data on personal interest and transfer payments are not available, preventing the calculation of a savings rate equivalent to the national rate displayed in the dotted line, which is an annualized version of Chart 2. Purple dots are projections for Nebraska found by applying the national rate of growth to disposable income to estimate Q1 2026 and to personal consumption expenditures to estimate 2025 and Q1 2026.
Sources: BEA, staff calculations.

… though elevated inflation remains a challenge.



Sources: BEA, Haver Analytics

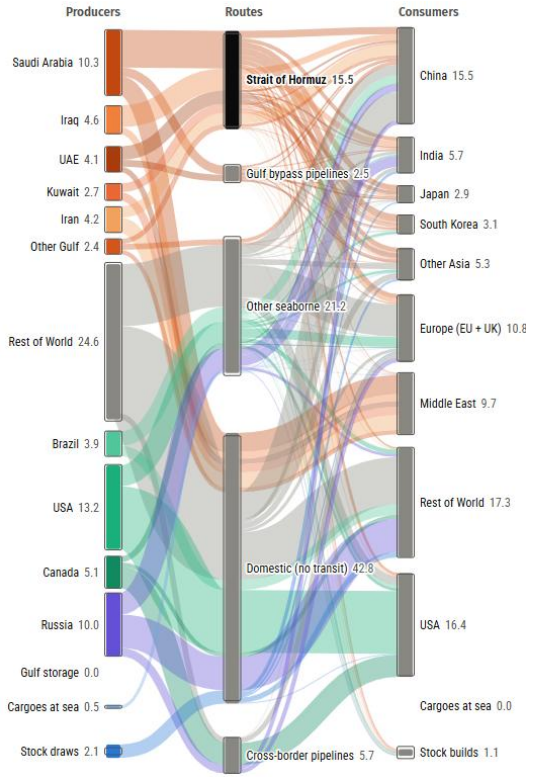
Crude oil prices have contributed to inflation…



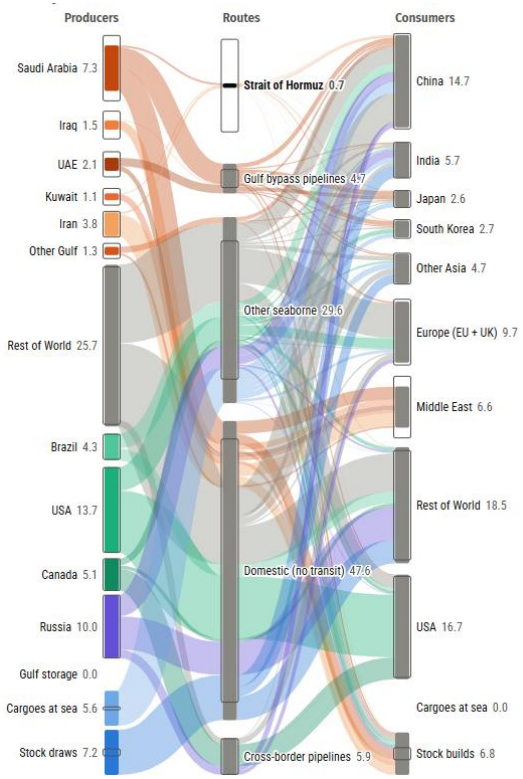
Sources: EIA, CME, Haver Analytics

… but perhaps less than feared in February.

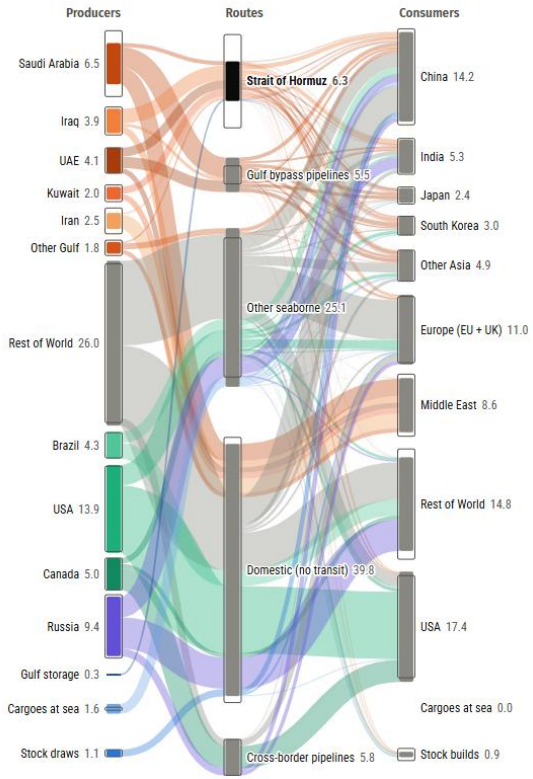
Global Crude Flows:
January 1, 2026



Global Crude Flows:
March 14, 2026

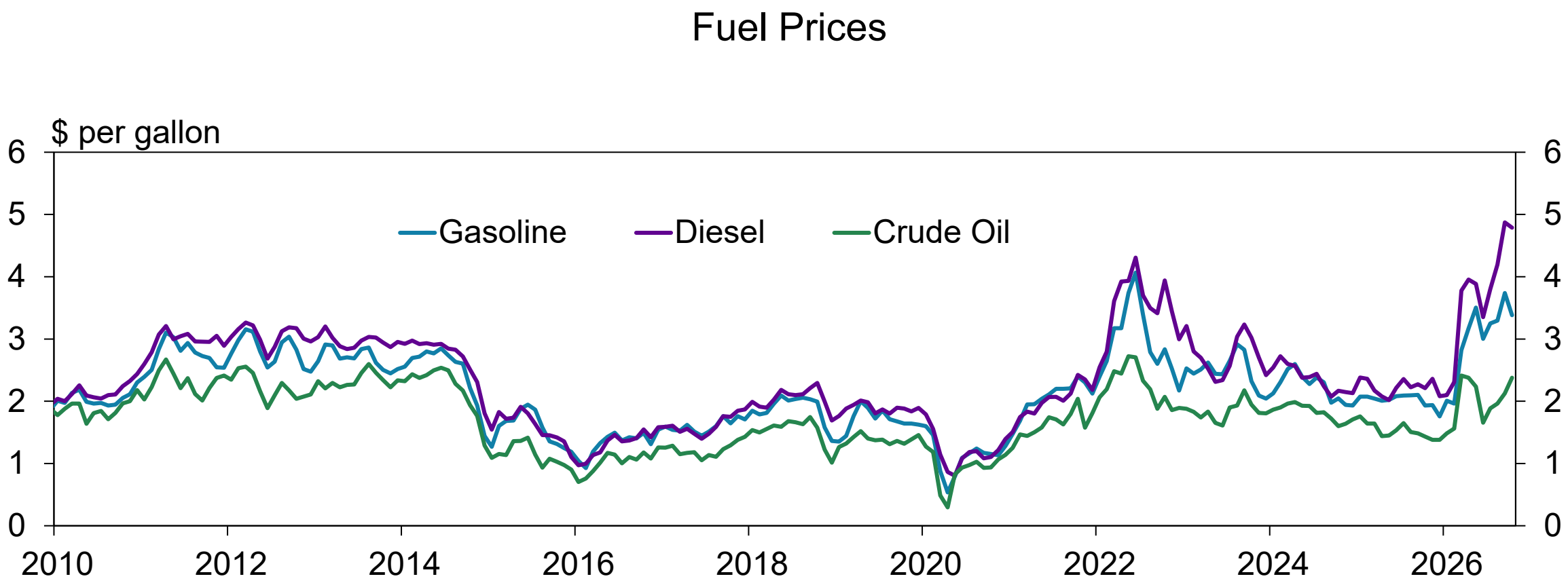


Global Crude Flows:
August 31, 2026



Sources: Oil Flows 2026.

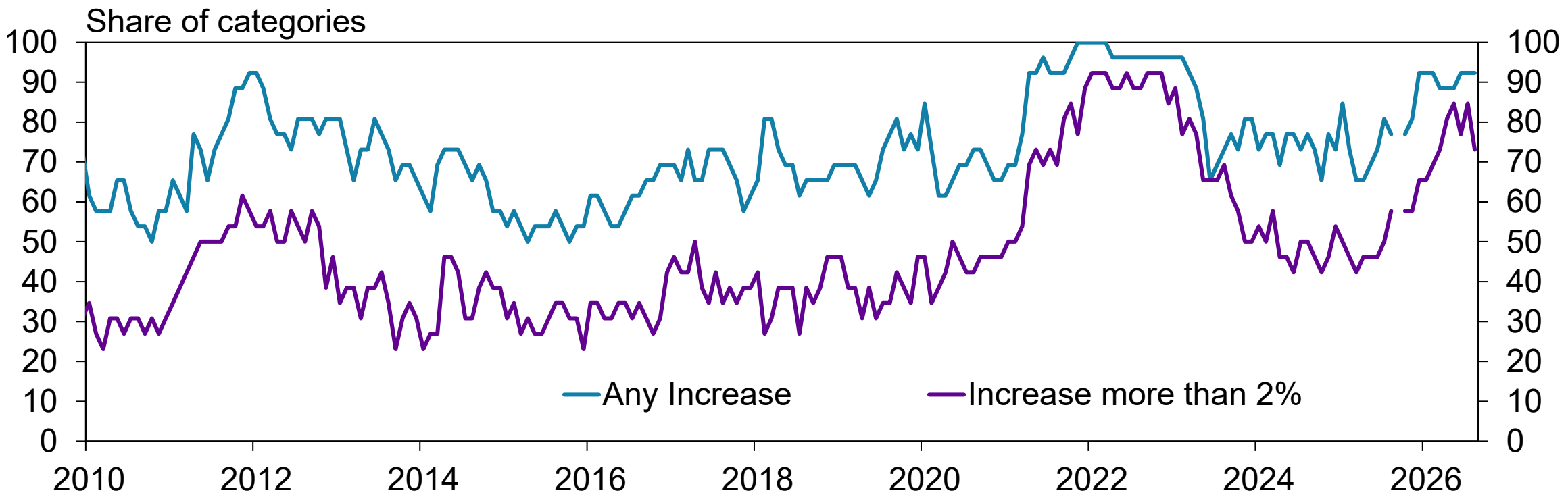
Refined fuel products, however, will likely continue to place upward pressure on inflation.



Note: Diesel and gasoline prices are weekly wholesale spots prices for the U.S. Gulf Coast. Oil prices are typically shown as dollars per barrel and are converted to dollars per gallon (gallon = barrel/42).
Sources: EIA, Haver Analytics, Rodziewicz (2026).

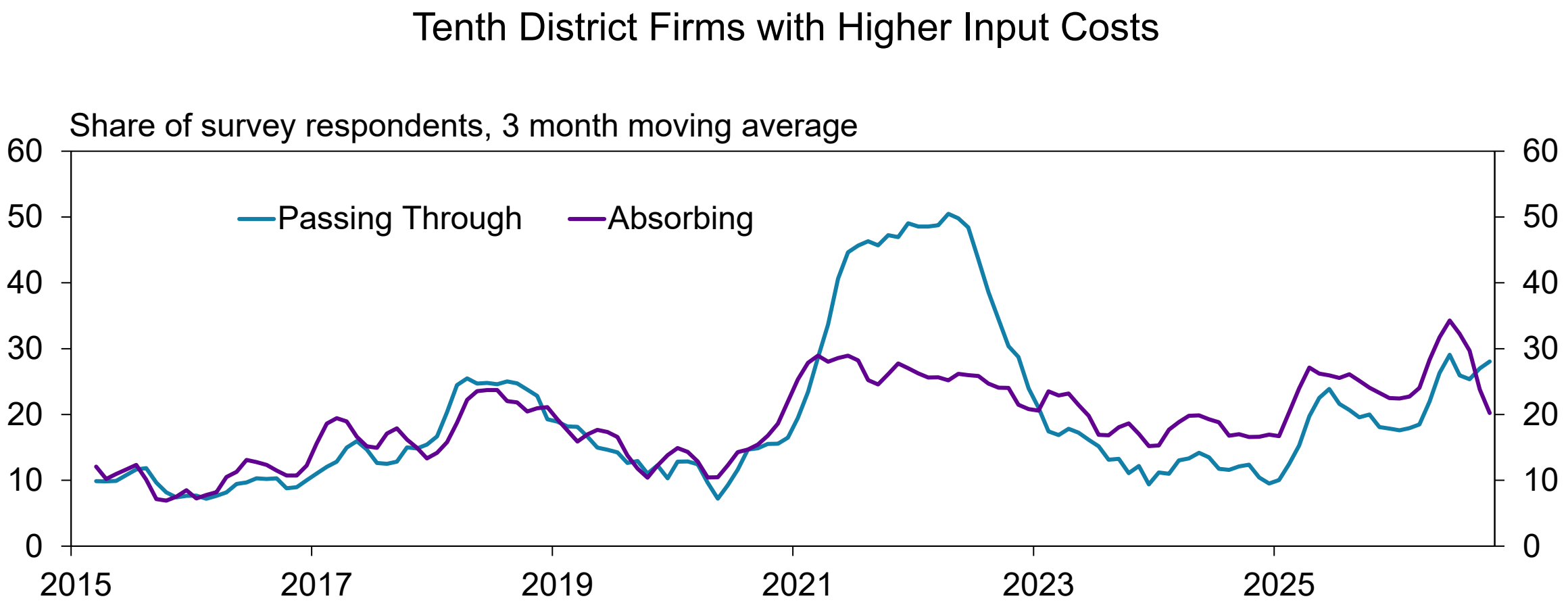
But price pressures are broader than energy alone.

Major CPI Categories with Price Increases Over the Previous Year



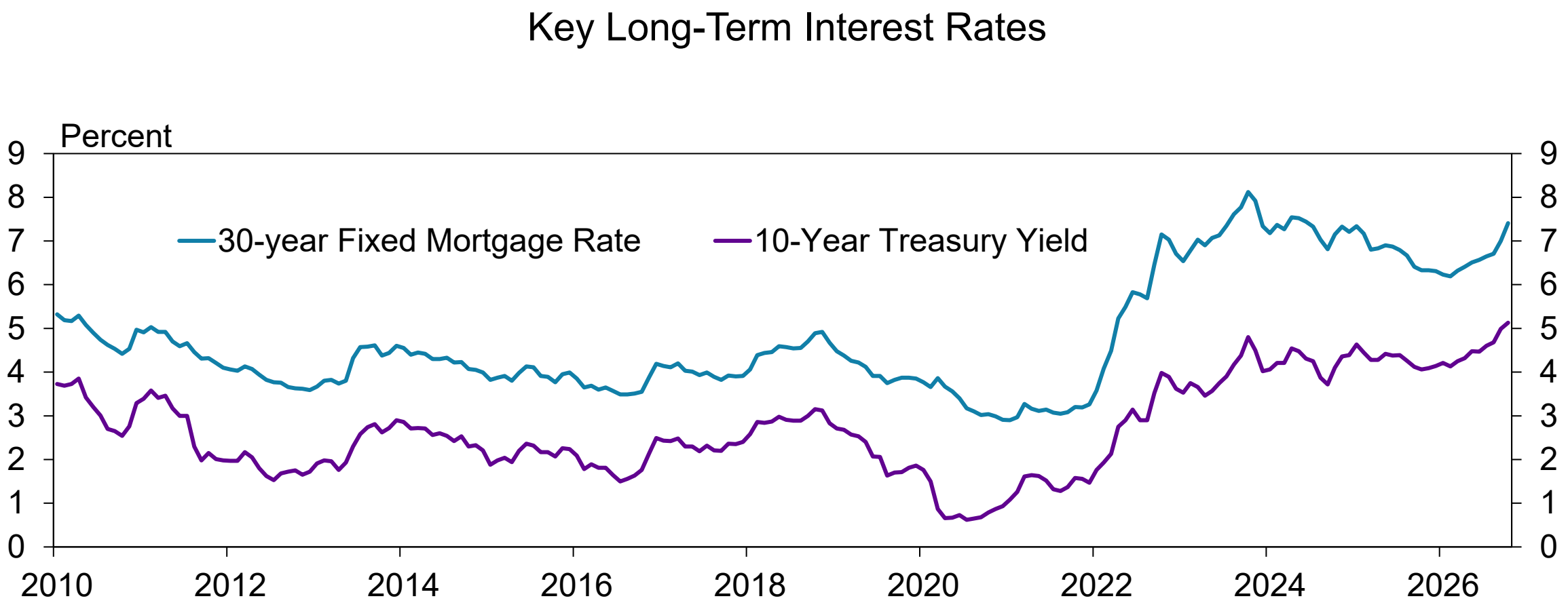
Sources: BLS, Haver Analytics, staff calculations.

In the region, an increasing share of firms are again passing higher input costs along to customers.



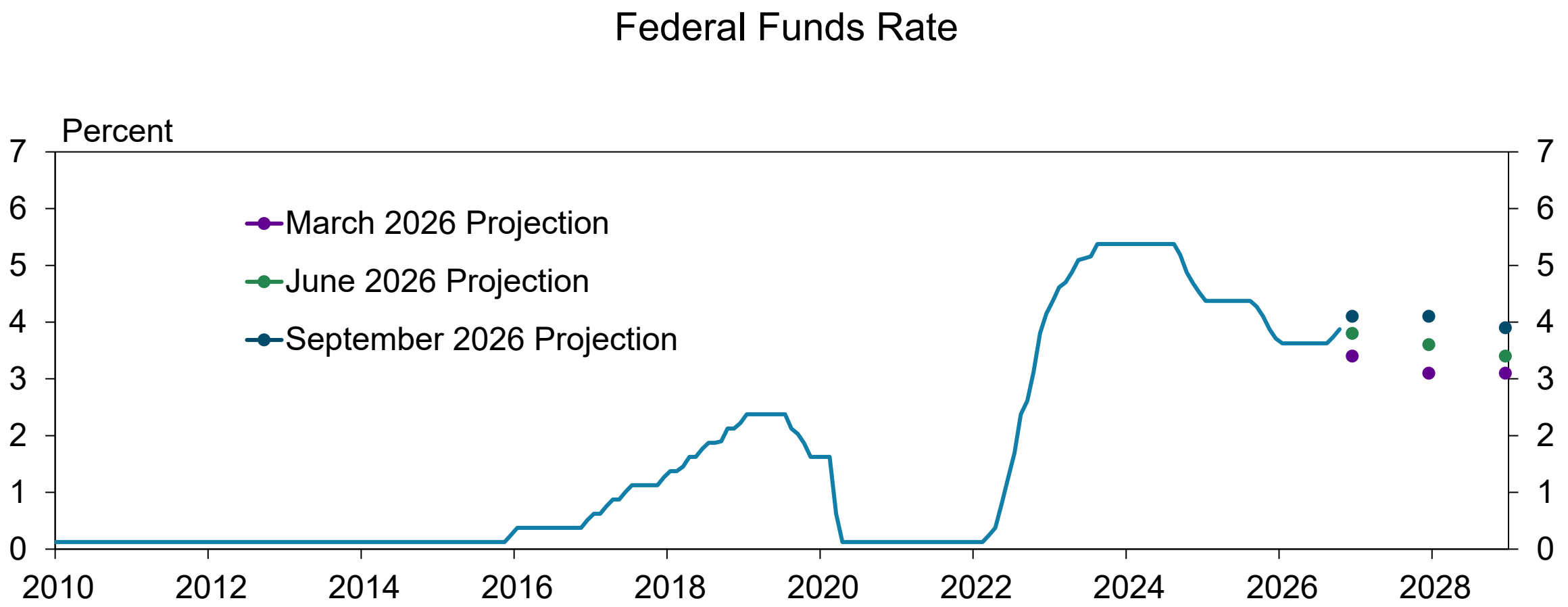
Sources: Federal Reserve Bank of Kansas City

Geopolitics and fiscal policy each contribute to upward pressure on long-term interest rates.



Sources: Federal Reserve Board, *Wall Street Journal*, Haver Analytics.

Monetary policy could also contribute to upward pressure on lending costs in the near term.



Sources: Federal Reserve Board, Haver Analytics.

Concluding thoughts

- Demographic factors pressure labor supply. Though labor demand is variable across industries, in aggregate, it is in balance with labor supply.

- Geopolitical conflict has pressured energy prices, but inflationary pressures have been present elsewhere too.

- Several factors contribute to increasing short- and long-term interest rates.

Questions?

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