Nebraska Economic Update

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Overview of the Federal Reserve System

The “Fed” is the Central Bank of the U.S.

- **Board of Governors**: 7 members, each appointed by U.S. President
- **Federal Reserve Banks**: 12 Banks, 24 Branches
- **The Federal Open Market Committee (FOMC)** has 19 members, 12 voting.

**Primary functions:**

- **Monetary Policy** – pursue maximum employment and stable prices
- **Bank Regulation** – ensure safety and soundness of banks.
- **Financial Services** – bank for banks, and bank for federal govt.
- **Lender of Last Resort** – provide liquidity in times of crisis
In many ways, Nebraska has returned to pre-recession form.

**Unemployment Rates**

- **U.S.**
- **Lincoln Metro**
- **Nebraska**

Source: Bureau of Labor Statistics, Haver Analytics
The number of jobs in Nebraska exceeds pre-recession levels.

Source: Bureau of Labor Statistics, Haver Analytics
Housing activity has fluctuated somewhat, but prices have strengthened notably.
Nebraska’s export activity has risen considerably, driven by manufactured exports.

Source: WISERTrade
Personal income in Nebraska far exceeds 2008 levels.

Per Capita Personal Income
Change from 2008 to 2014

% change 2008 to 2014
- Red: Less than 5
- Orange: 5 - 8
- Yellow: 9 - 12
- Light Green: 13 - 16
- Dark Green: 17 - 20
- Green: More than 20
Yet, much has changed in Nebraska’s economy since 2008.
U.S. farm incomes surged, but have recently fallen back.

U.S. Real Net Farm Income

Billion Dollars (Constant 2009 Dollars)

Source: USDA
* Forecast for 2015.
The changes in farm income have been driven by sharp changes in crop prices.

**U.S. Crop Prices**

Sources: *The Wall Street Journal*, Haver Analytics
Farm real estate values look very different from 2008.

Nebraska Farmland Values
Annual Gains

Percent change from the previous year *

Source: Federal Reserve Bank of Kansas City
Similar to other regions, Nebraska has also shifted more to a service-based economy since 2008.

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics
Employment growth across counties in Nebraska has diverged recently.

**Nebraska Employment Growth by County Dependency**

Percent change from previous year

- **2011**:
  - Farming: 1.7%
  - Manufacturing: 2.4%
  - Other: 1.4%

- **2012**:
  - Farming: 1.6%
  - Manufacturing: 1.9%
  - Other: 1.8%

- **2013**:
  - Farming: 0.2%
  - Manufacturing: 0.5%
  - Other: 0.7%

- **2014**:
  - Farming: 0.1%
  - Manufacturing: 0.3%
  - Other: 0.9%

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics
Farm-dependent and manufacturing-dependent counties are typically in rural areas.

Nebraska Counties by Economic Dependency

Source: USDA
Income growth has slowed in areas more dependent on the farm economy.
By some measures, though, rural Nebraska remains strong.

Nebraska Unemployment Rates
January 2015

Source: Bureau of Labor Statistics
Concluding Thoughts

- Nebraska’s economy has surpassed pre-recession marks by many measures.

- Many people, however, have not *felt* the recovery.
  - Slow wage growth
  - Less than full-time employment
  - Somewhat slow housing recovery
  - Transition in types of jobs available

- Changes in the farm economy have also driven many changes in Nebraska’s economy since 2008, with some rural headwinds recently.
Questions?

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