INDICATORS OF ECONOMIC CONDITIONS IN LOW- TO MODERATE-INCOME COMMUNITY SHOW IMPROVEMENT

Indicators of economic and financial conditions in the Tenth Federal Reserve District’s low- to moderate-income (LMI) community showed marked improvement during the fourth quarter of 2011 after several quarters of sluggish performance, according to the Federal Reserve Bank of Kansas City’s quarterly LMI Survey. All of the survey’s indicators trended upward in the latest quarter, some by significant amounts.

The quarterly survey measures the economic conditions of LMI populations and the organizations that serve them in the Kansas City Fed’s seven-state District. Results from the survey are used to construct five indicators of economic conditions in LMI communities and two indicators of the conditions of LMI-focused organizations. LMI populations are those with incomes of less than 80 percent of an area’s median income.

The most general measures of economic conditions in the LMI community remained in negative territory, however, some measures approached neutral levels, and expectations for the first quarter of 2012 revealed muted optimism and the potential for near-term gains. Notably, the survey’s job index experienced a robust gain in the fourth quarter, suggesting that improvements in the labor market could be reflected in future surveys. The grim assessments of general LMI conditions throughout the survey’s three-year history can be attributed largely to sustained, long-term employment.

As the regional headquarters of the nation’s central bank, the Federal Reserve Bank of Kansas City and its branches in Denver, Oklahoma City and Omaha serve the seven states of the Tenth Federal Reserve District: Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico and western Missouri.

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