

# Regional Economic Update



FEDERAL RESERVE BANK *of* KANSAS CITY

Nathan Kauffman  
Omaha Branch Executive and Economist  
Federal Reserve Bank of Kansas City

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# Overview of the Federal Reserve System

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

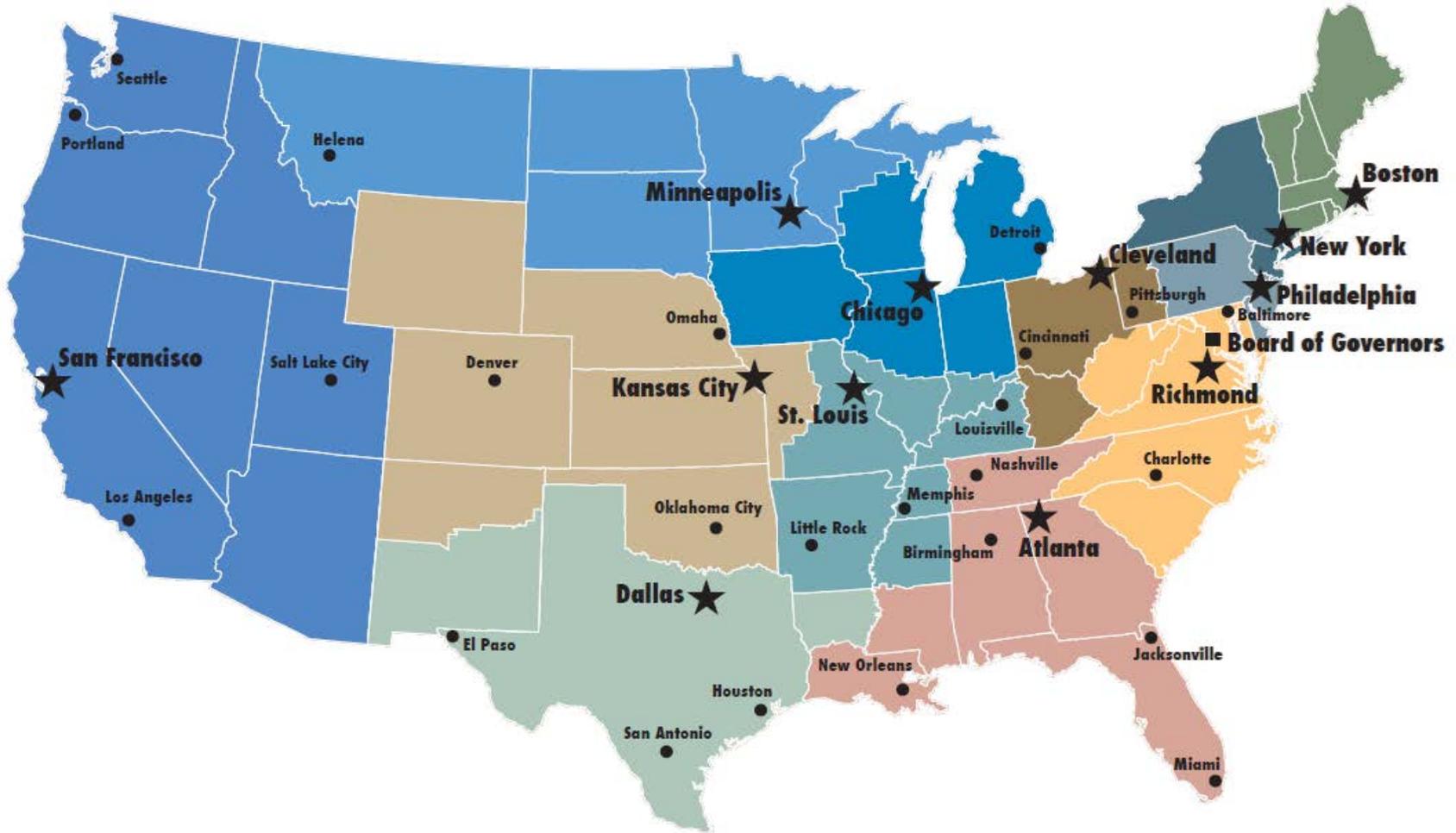
- Board of Governors: 7 members, each appointed by U.S. President
- Federal Reserve Banks: 12 Banks, 24 Branches
- The Federal Open Market Committee (FOMC) has 19 members, 12 voting.

## 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



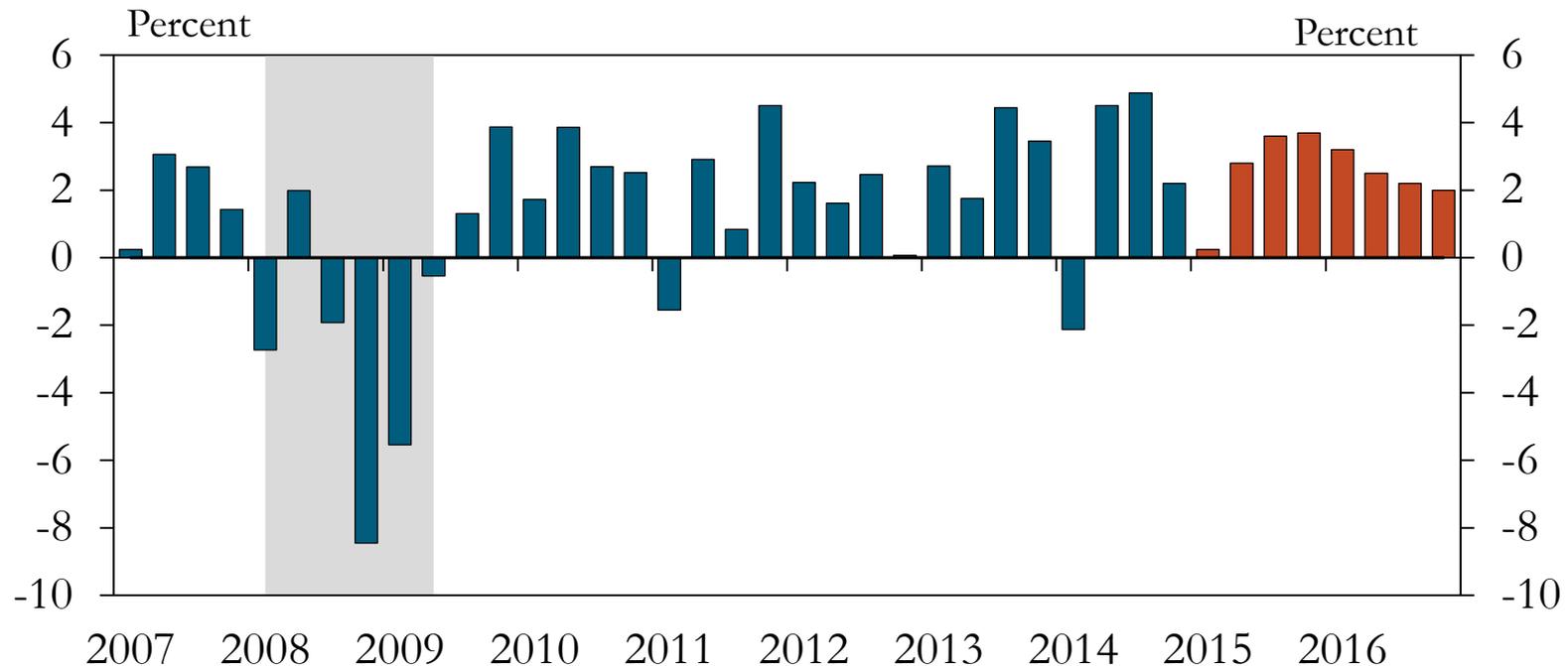
# Federal Reserve Districts and Office Locations



U.S. economic growth has been relatively strong despite some temporary weakness.

## U.S. Real GDP Growth

Quarterly Percent Change, Seasonally Adjusted at Annualized Rate

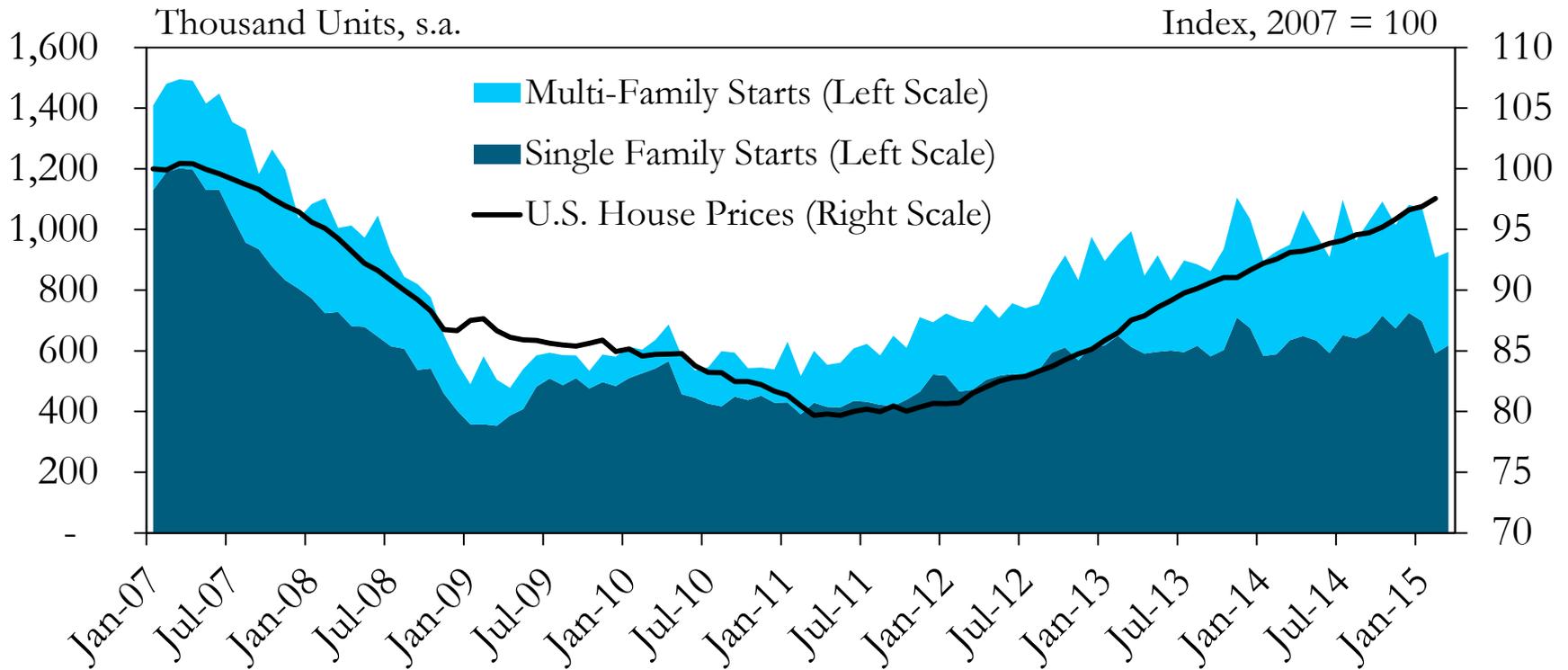


Source: BEA, Macroadvisers, and Haver Analytics



# Housing markets have gradually recovered.

## U.S. Housing Starts and Prices

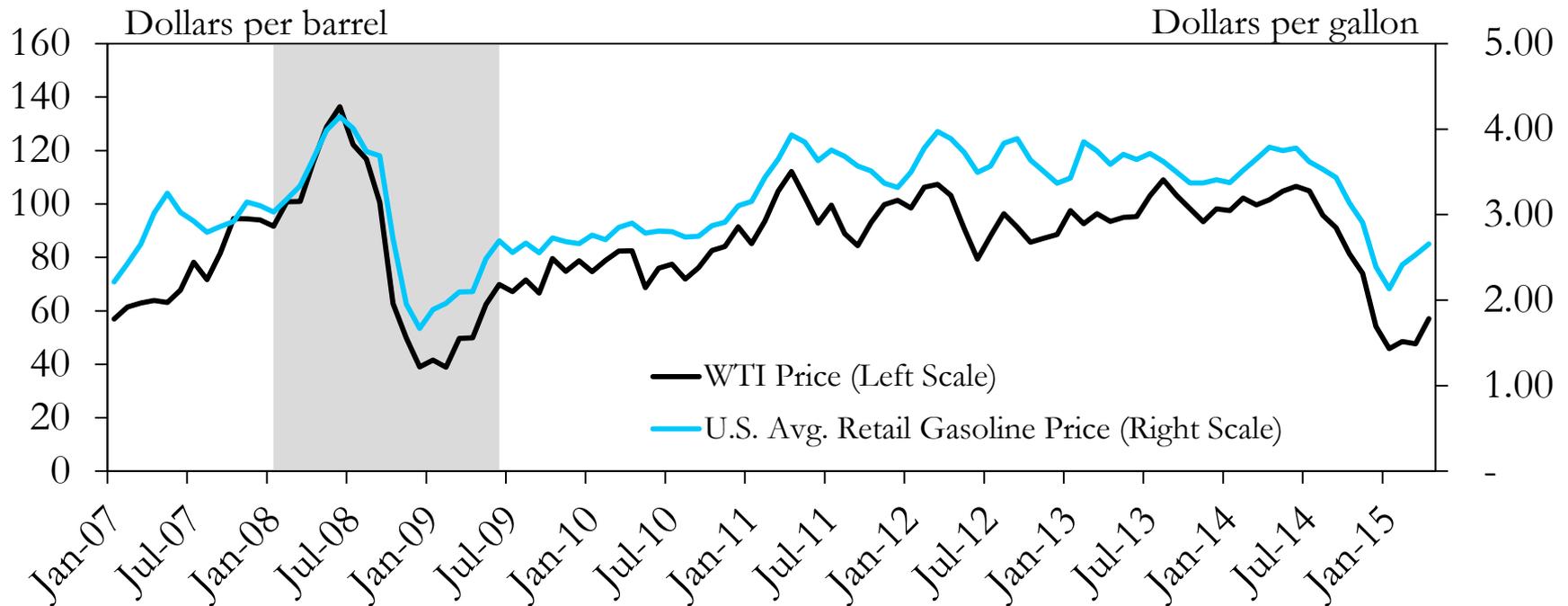


Sources: U.S. Census Bureau, FHFA, and Haver Analytics



On net, lower oil prices should be a boost to the U.S. economy.

## U.S. Crude Oil and Gasoline Prices

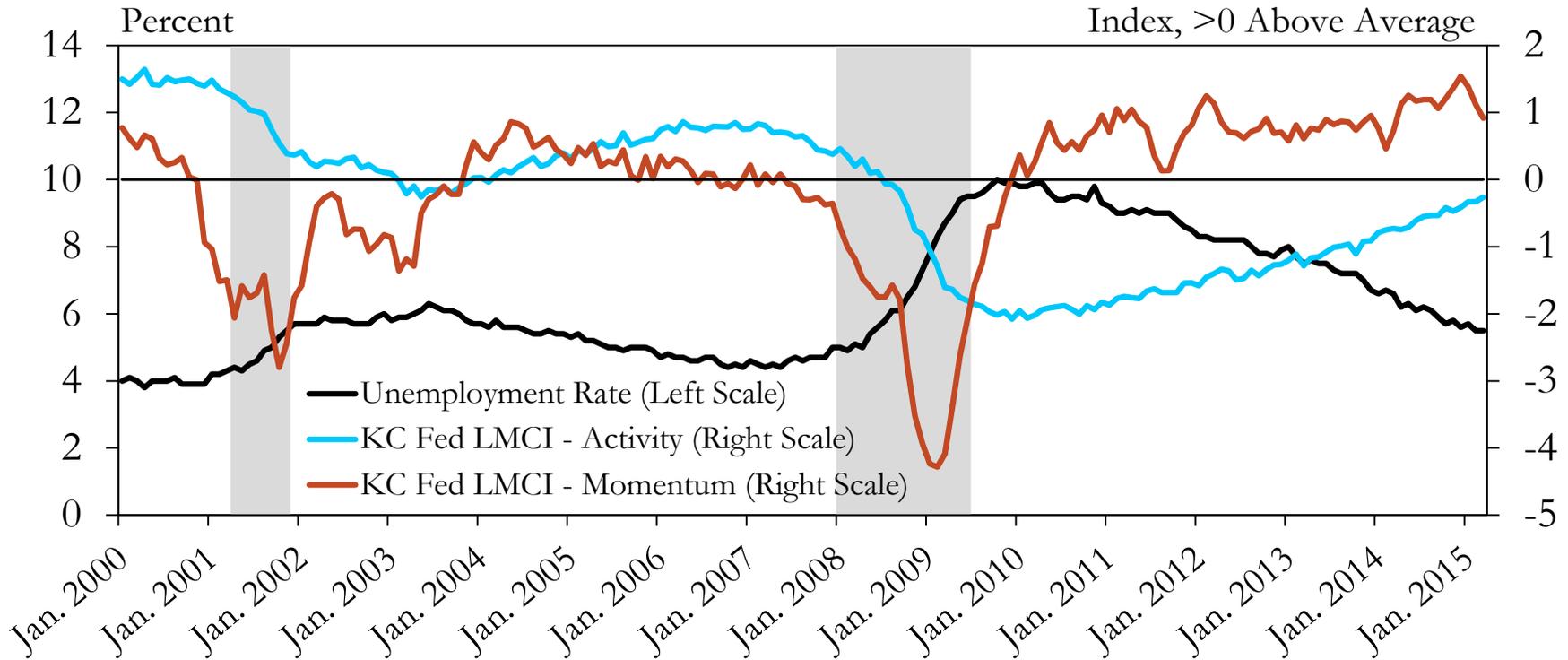


Sources: *Wall Street Journal*, EIA, and Haver Analytics



# Labor market conditions have steadily improved.

## U.S. Labor Market Conditions



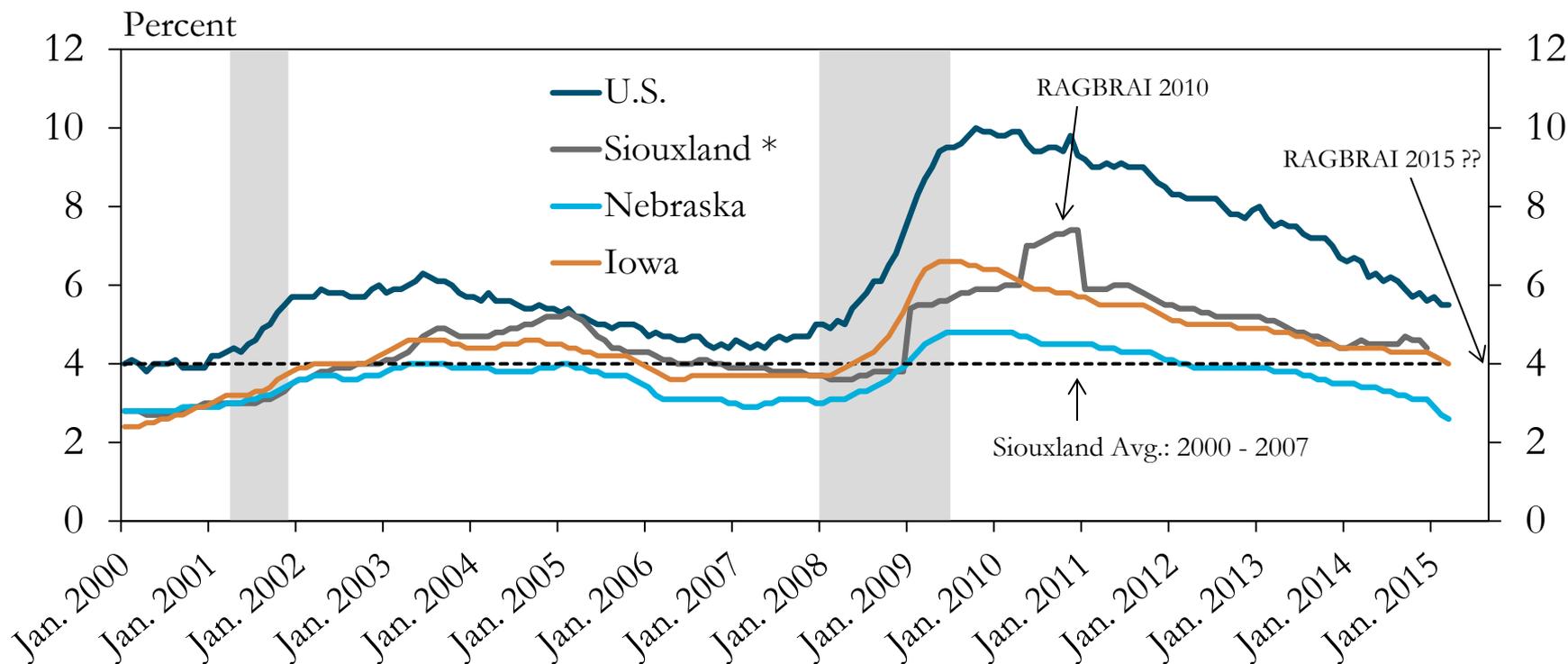
Source: Bureau of Labor Statistics, Federal Reserve Bank of Kansas City, and Haver Analytics

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In many ways, the regional economy has also returned to pre-recession form.

## Unemployment Rates



Source: Bureau of Labor Statistics, Haver Analytics

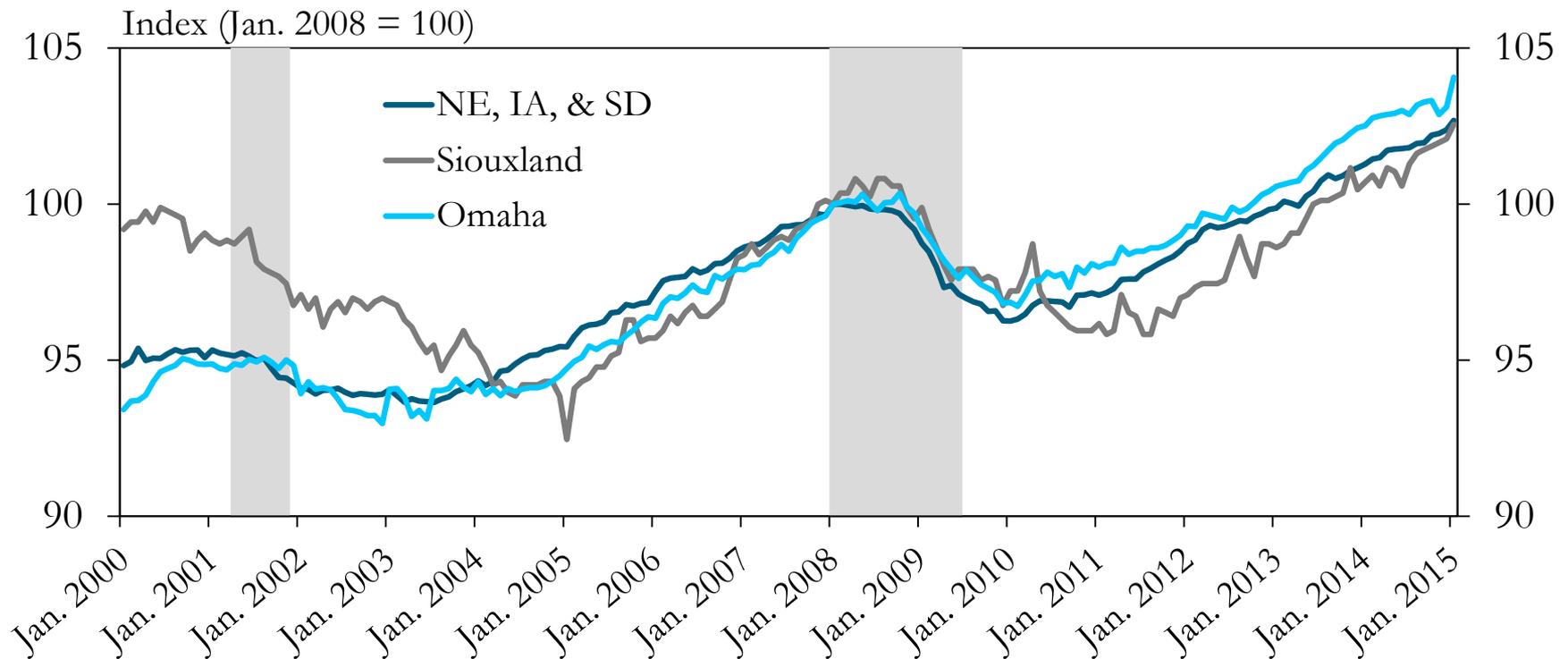
\* Includes Dakota and Dixon Counties (NE), Woodbury and Plymouth Counties (IA), and Union County (SD)

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# The number of jobs in the region exceeds pre-recession levels.

## Total Nonfarm Payroll Employment



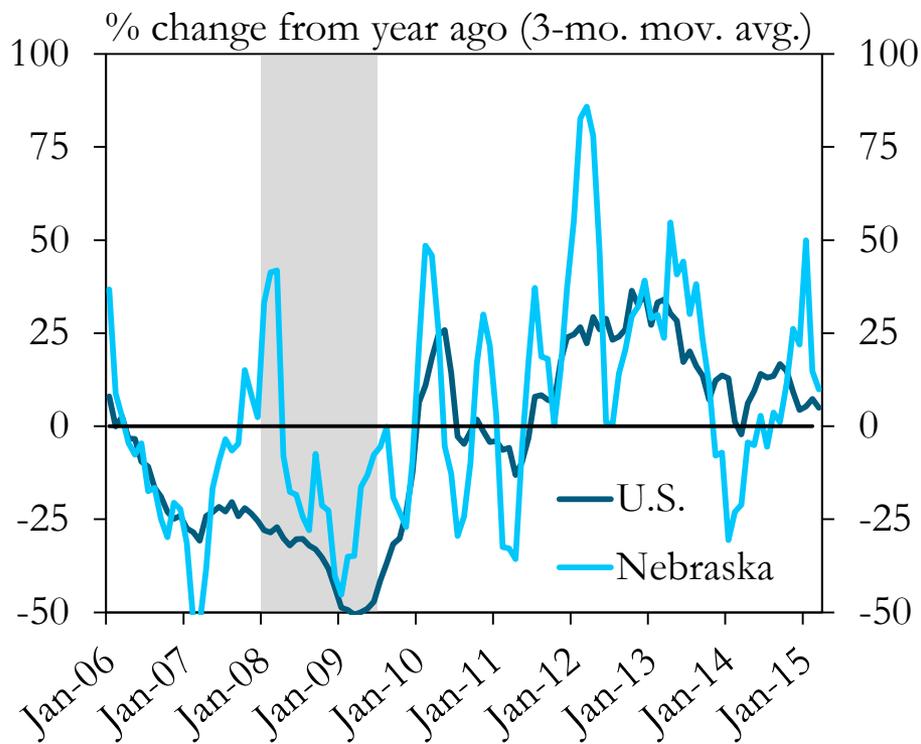
Source: Bureau of Labor Statistics, Haver Analytics

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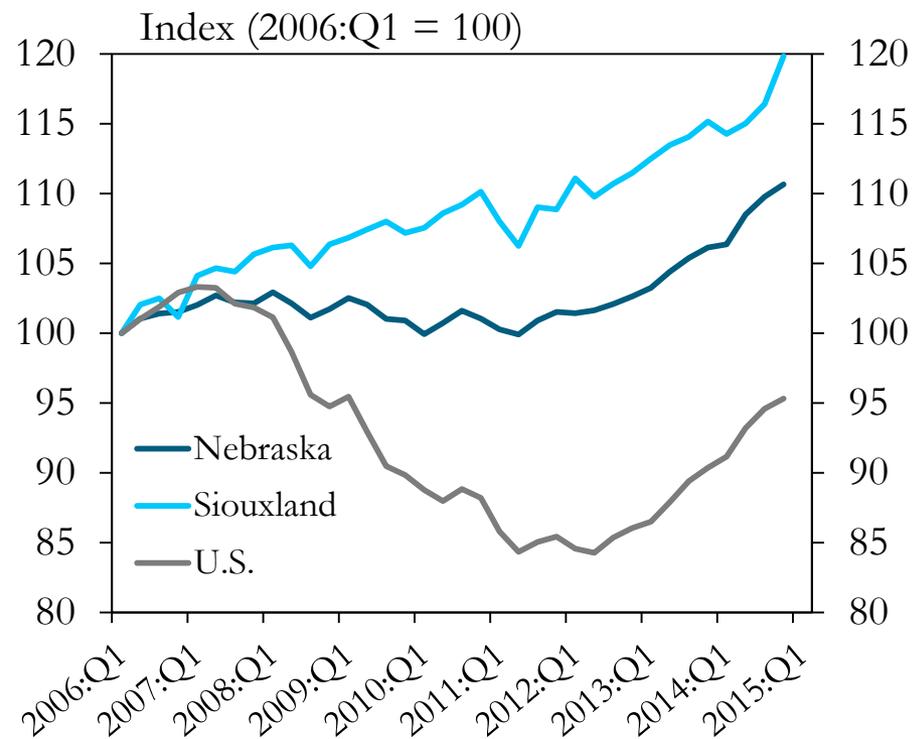
Housing activity has fluctuated somewhat,  
but prices have strengthened notably.

## Housing Starts



Source: FHFA and Haver Analytics

## House Prices

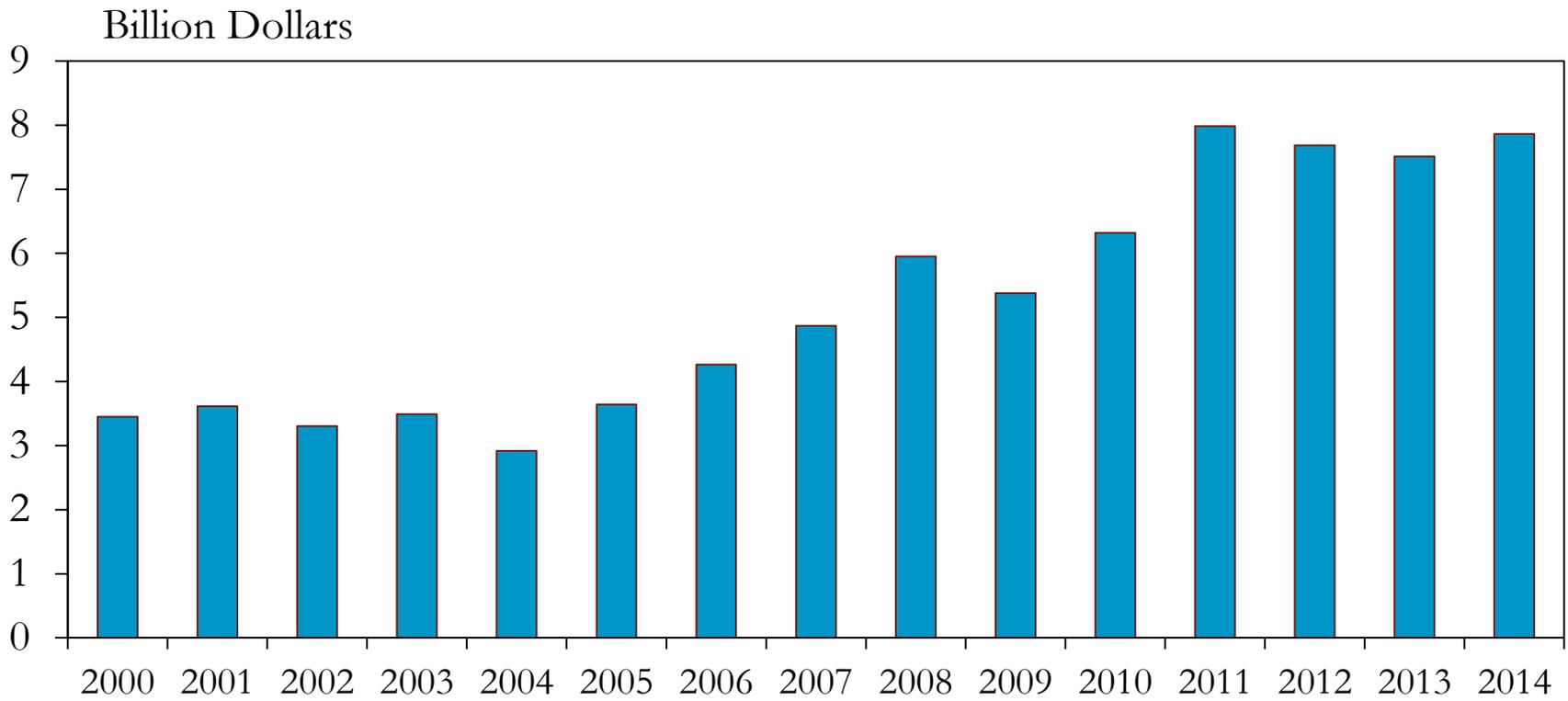


Source: FHFA and Haver Analytics



Export activity has risen considerably, driven by manufactured exports.

## Real Value of Nebraska Exports



Source: WISERTrade

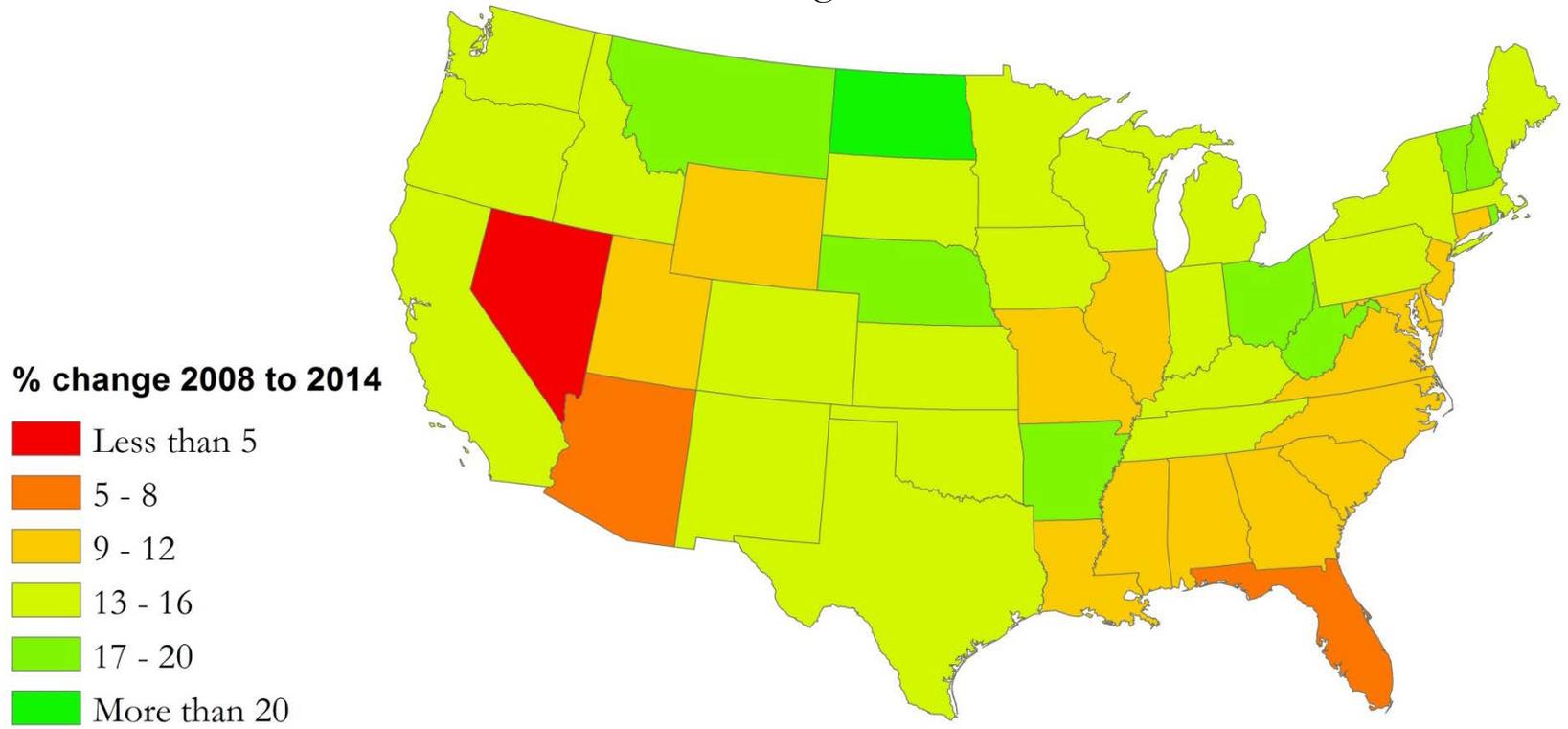
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# Personal income far exceeds 2008 levels.

## Per Capita Personal Income

Change from 2008 to 2014

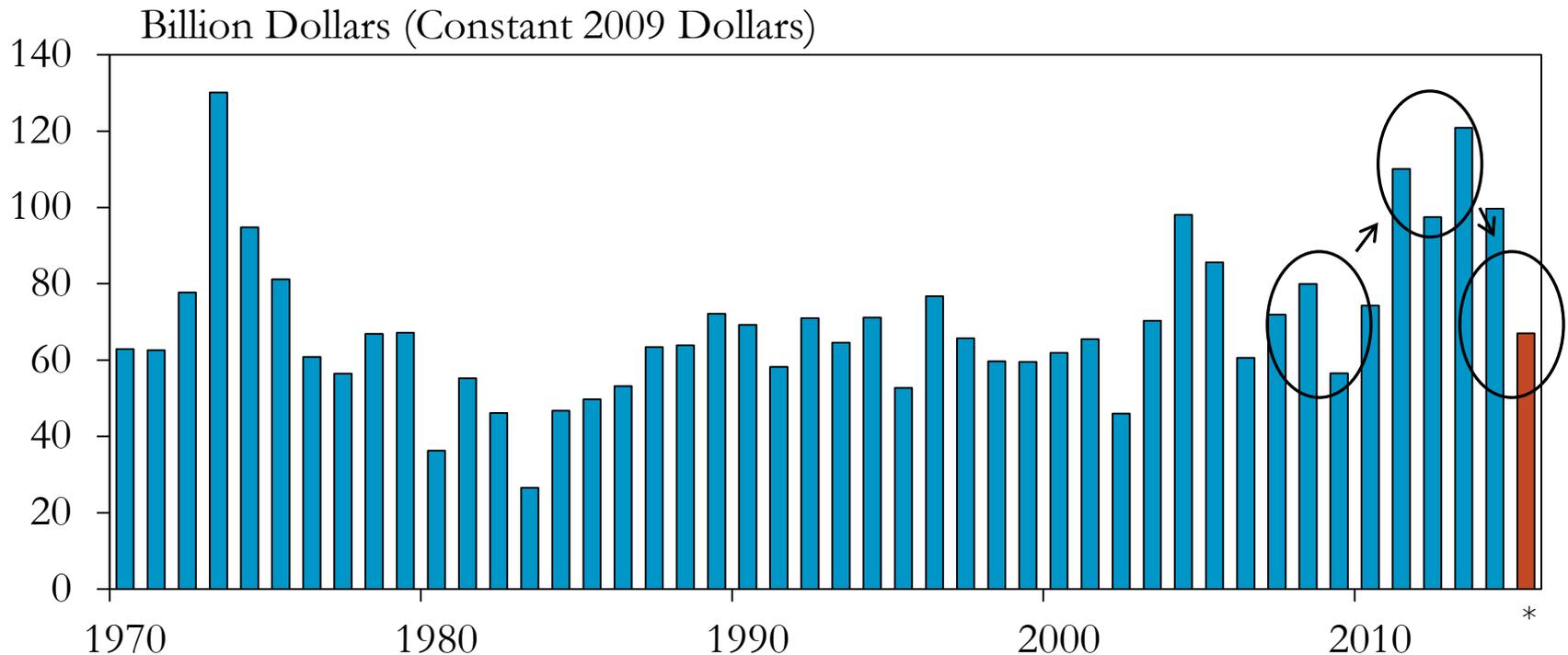


**Yet, much has changed in the  
region's economy since 2008.**



U.S. farm incomes surged,  
but have recently fallen back.

## U.S. Real Net Farm Income



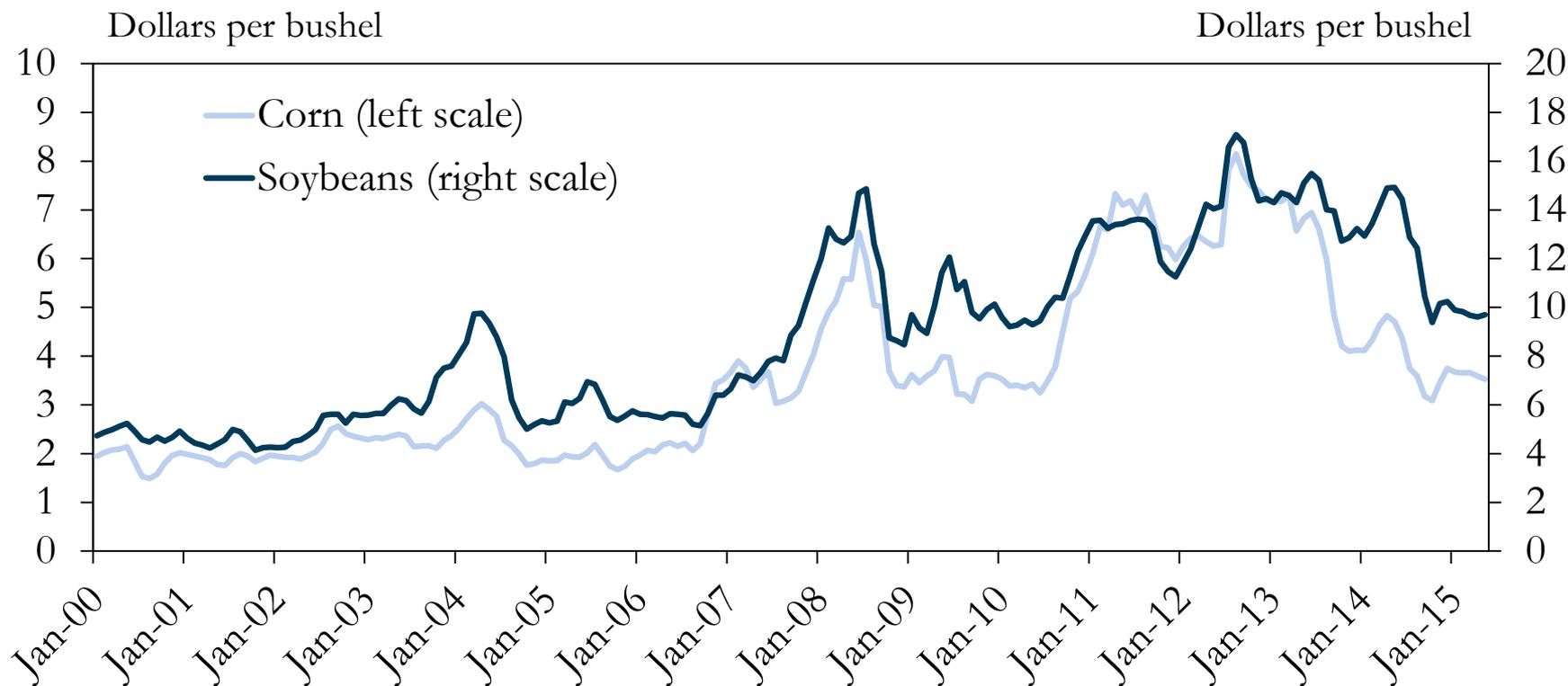
Source: USDA

\* Forecast for 2015.



The changes in farm income have been driven by sharp changes in crop prices.

## U.S. Crop Prices



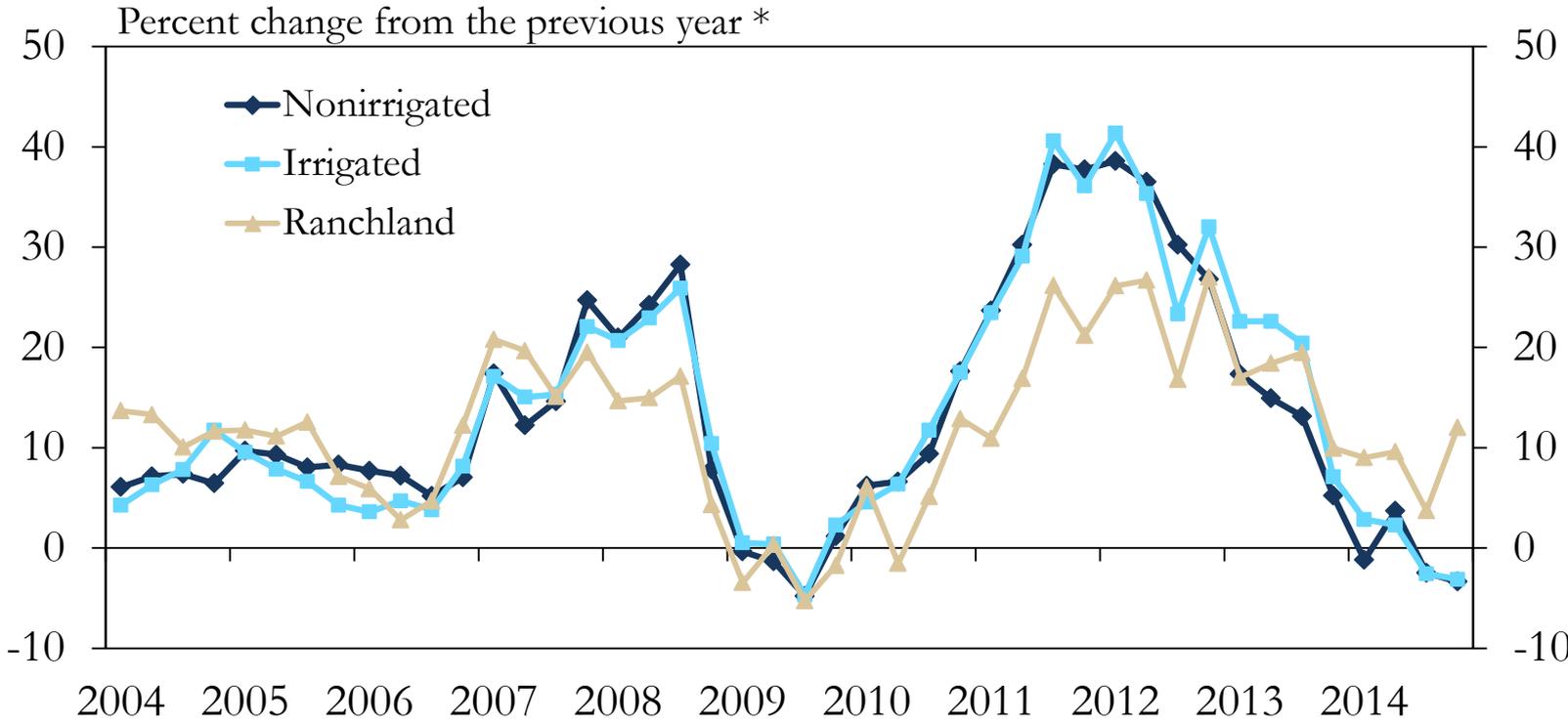
Sources: *The Wall Street Journal*, Haver Analytics

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# Farm real estate values look very different from 2008.

## Nebraska Farmland Values Annual Gains

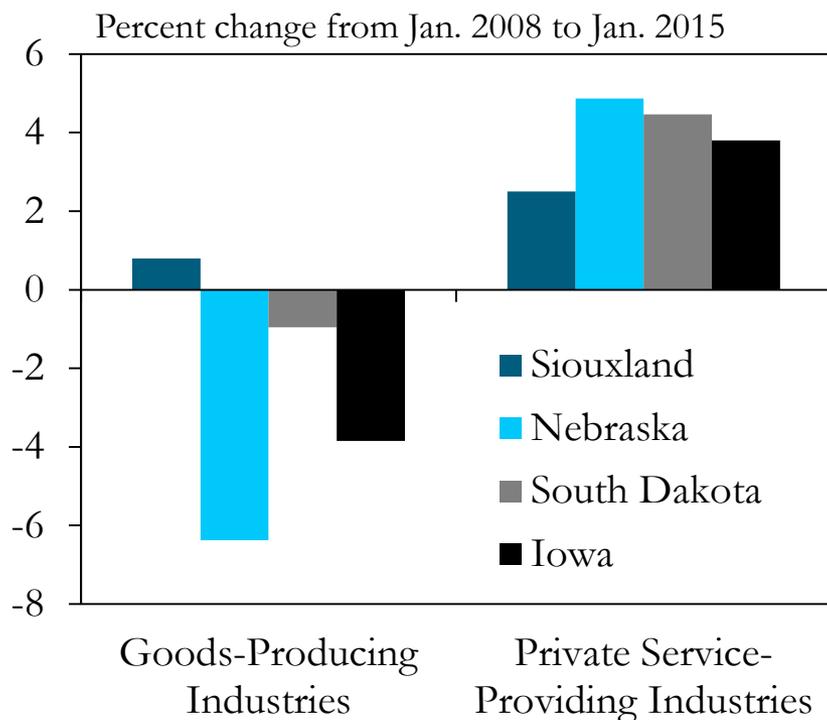


Source: Federal Reserve Bank of Kansas City

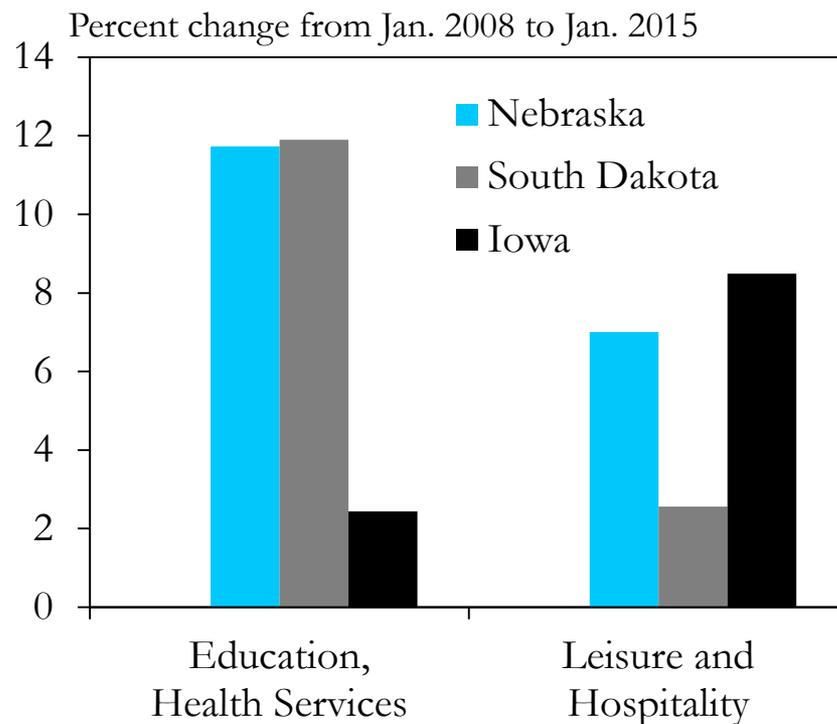


Many regions have also shifted more to a service-based economy since 2008.

## Change in Employment



## Change in Employment

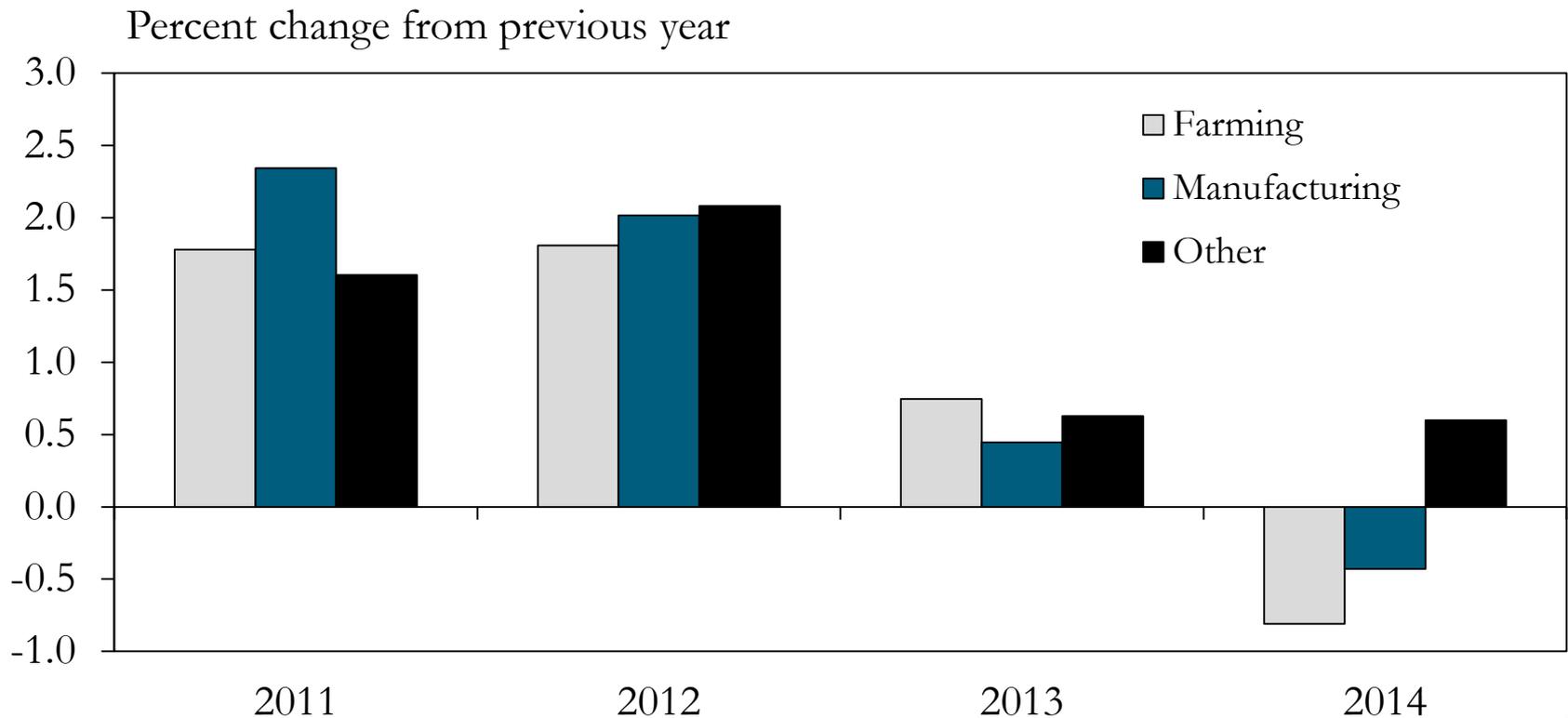


Source: Bureau of Labor Statistics, Local Area Unemployment Statistics



# In Nebraska, employment growth across counties has diverged recently.

## Nebraska Employment Growth by County Dependency



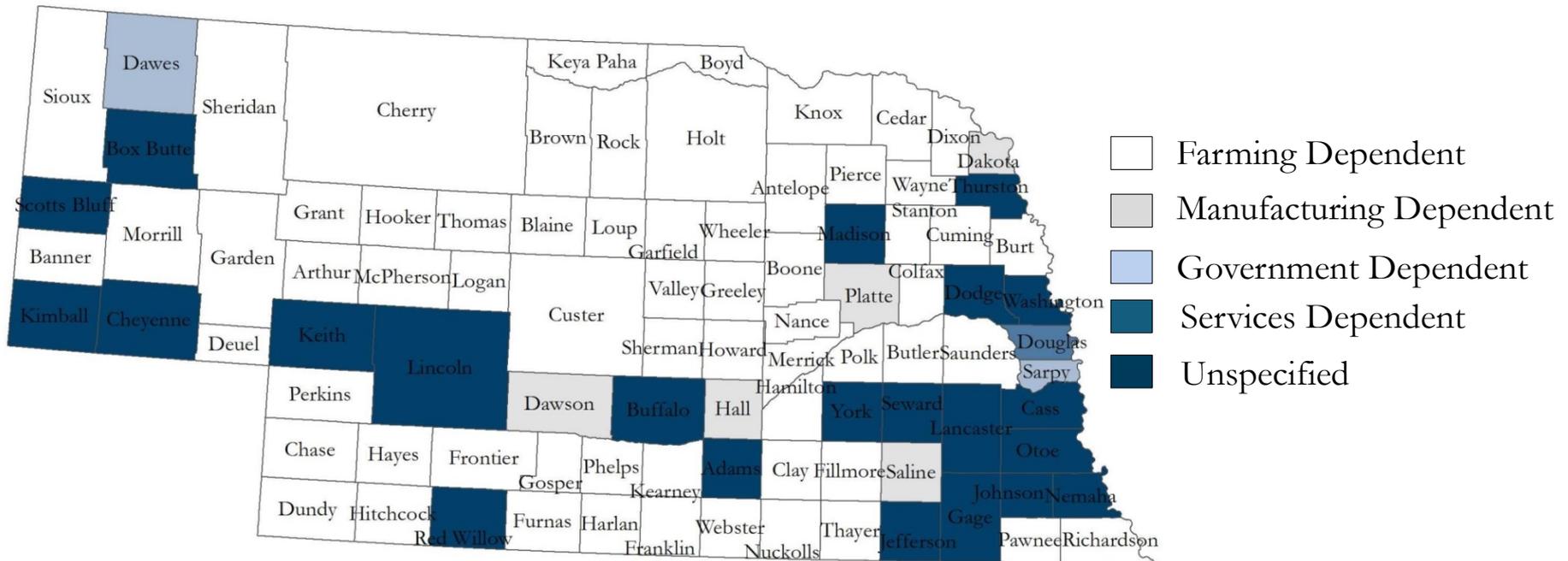
Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

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# Farm-dependent and manufacturing-dependent counties are typically in rural areas.

## Nebraska Counties by Economic Dependency



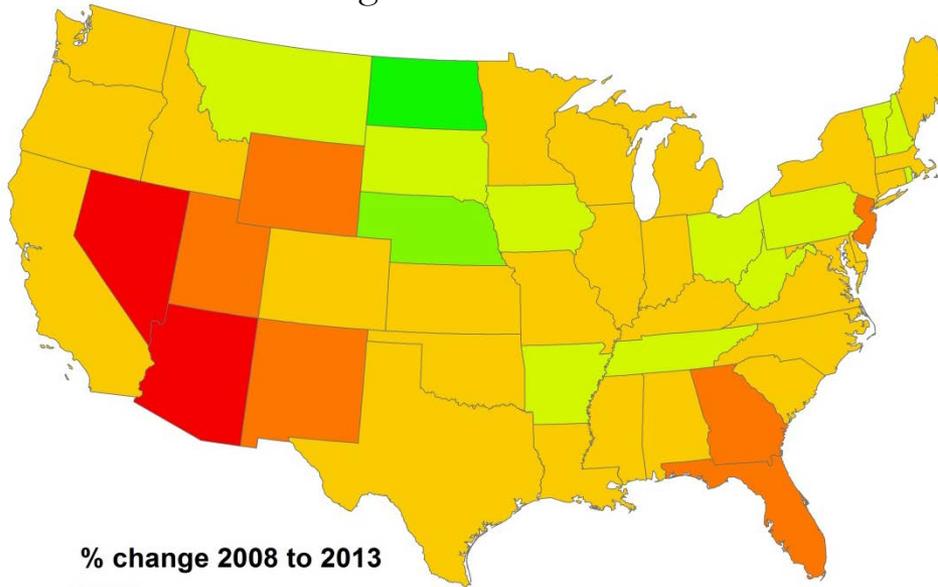
Source: USDA



# Income growth has slowed in areas more dependent on the farm economy.

## Per Capita Personal Income

Change from 2008 to 2013

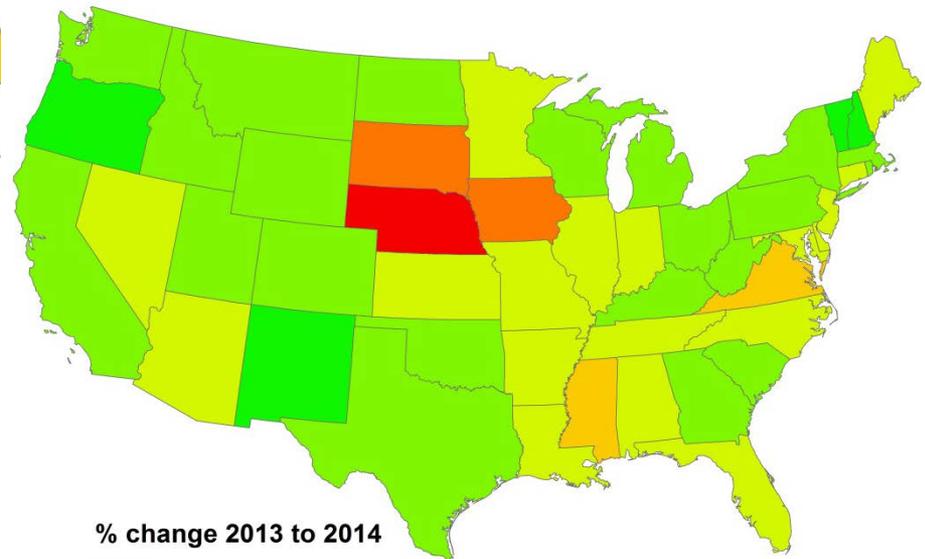


### % change 2008 to 2013

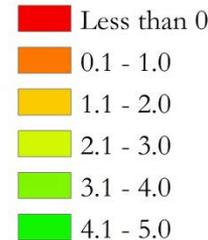


## Per Capita Personal Income

Change from 2013 to 2014

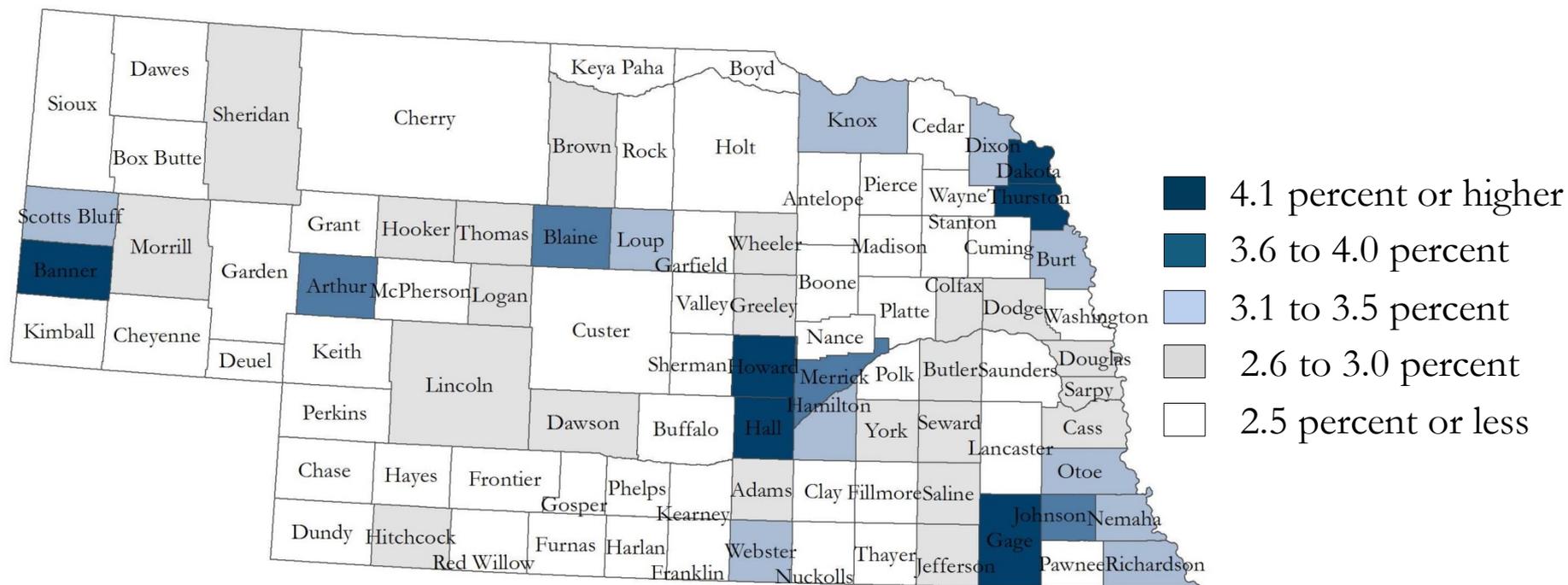


### % change 2013 to 2014



By some measures, though,  
rural economies remain strong.

## Nebraska Unemployment Rates January 2015



Source: Bureau of Labor Statistics



# Concluding Thoughts

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- The regional 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 the region's economy since 2008, with some rural headwinds recently.



# Questions?

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Nathan Kauffman  
Omaha Branch Executive and Economist  
Federal Reserve Bank of Kansas City  
Email: [nathan.kauffman@kc.frb.org](mailto:nathan.kauffman@kc.frb.org)  
Website: <http://www.kansascityfed.org/omaha/>



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