

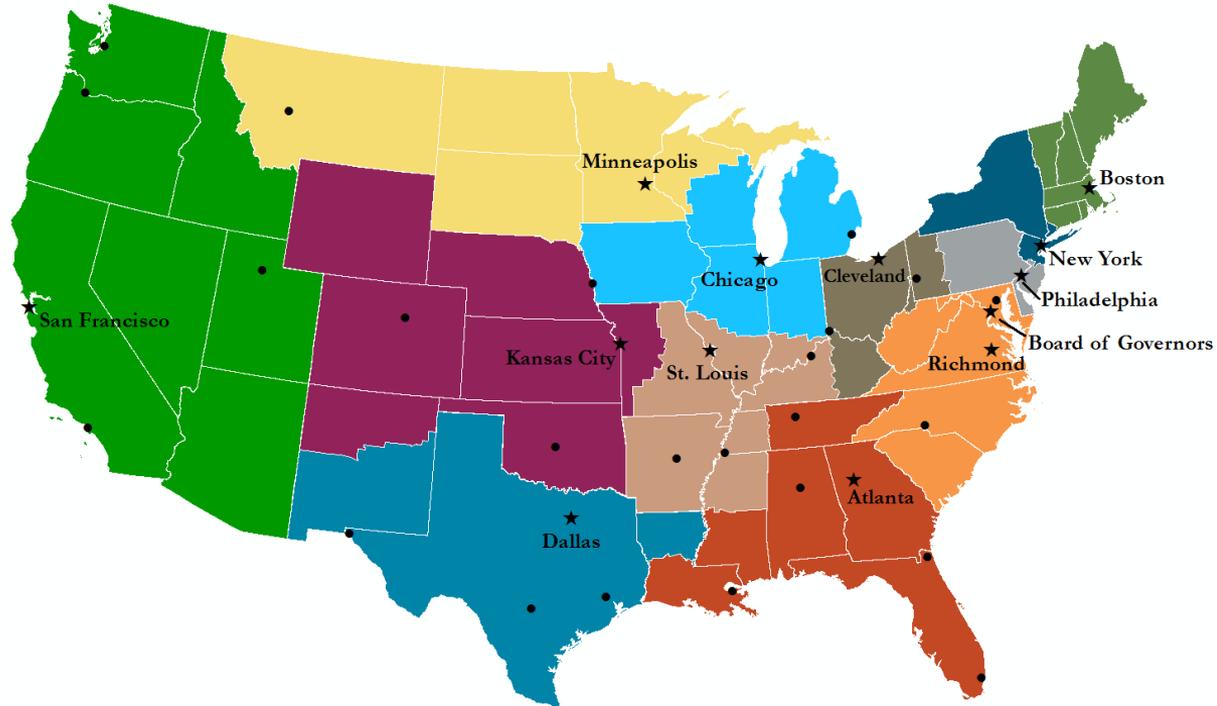
U.S. & Nebraska Economic Update

Nate Kauffman – Omaha Branch Executive

October 17, 2019

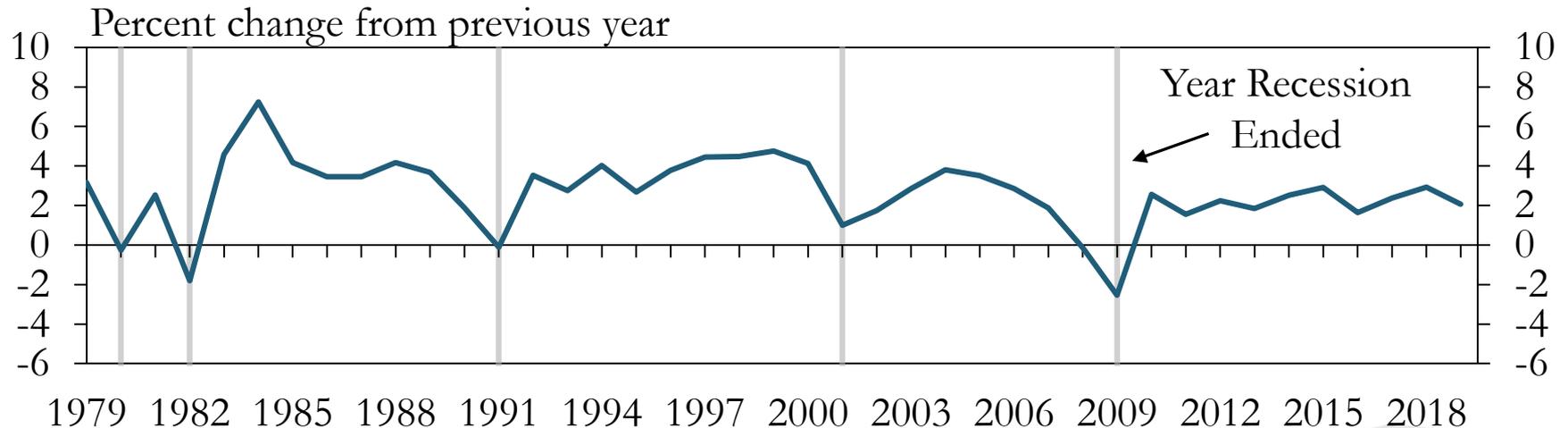


Regional Federal Reserve Banks are important to the structure of U.S. monetary policy.



The U.S. economy is in the midst of its longest economic expansion on record...

U.S. Real Gross Domestic Product (GDP) Growth

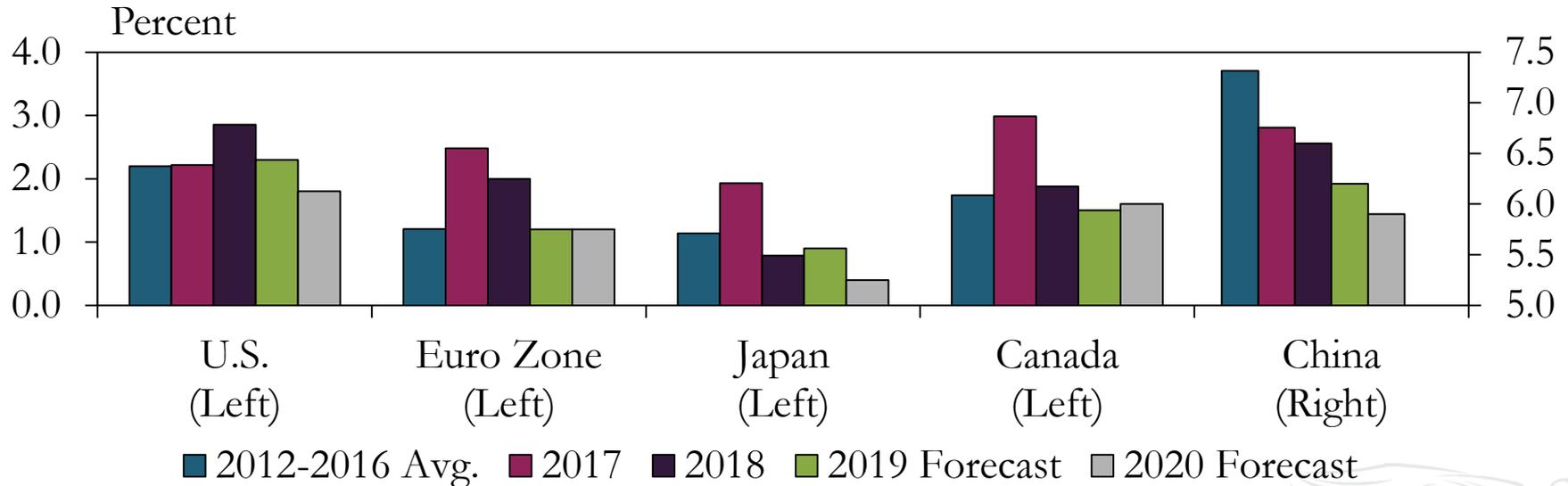


Note: 2019 data through Q2.



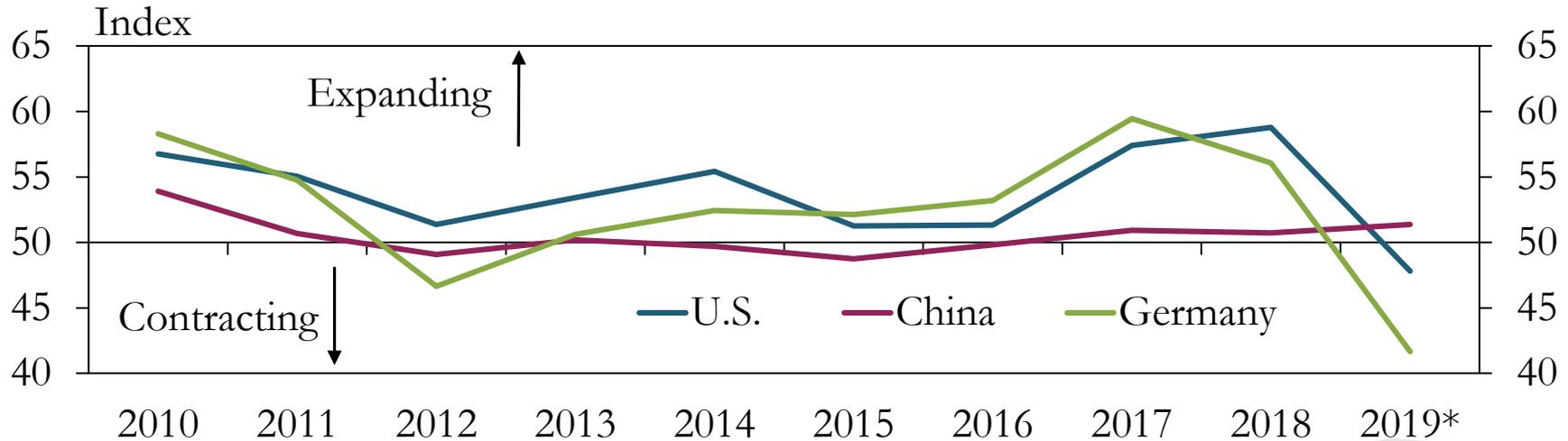
... but economic growth appears to be slowing.

Real GDP Growth



Manufacturing activity has shown signs of weakness, raising questions about spillovers.

Manufacturing Activity



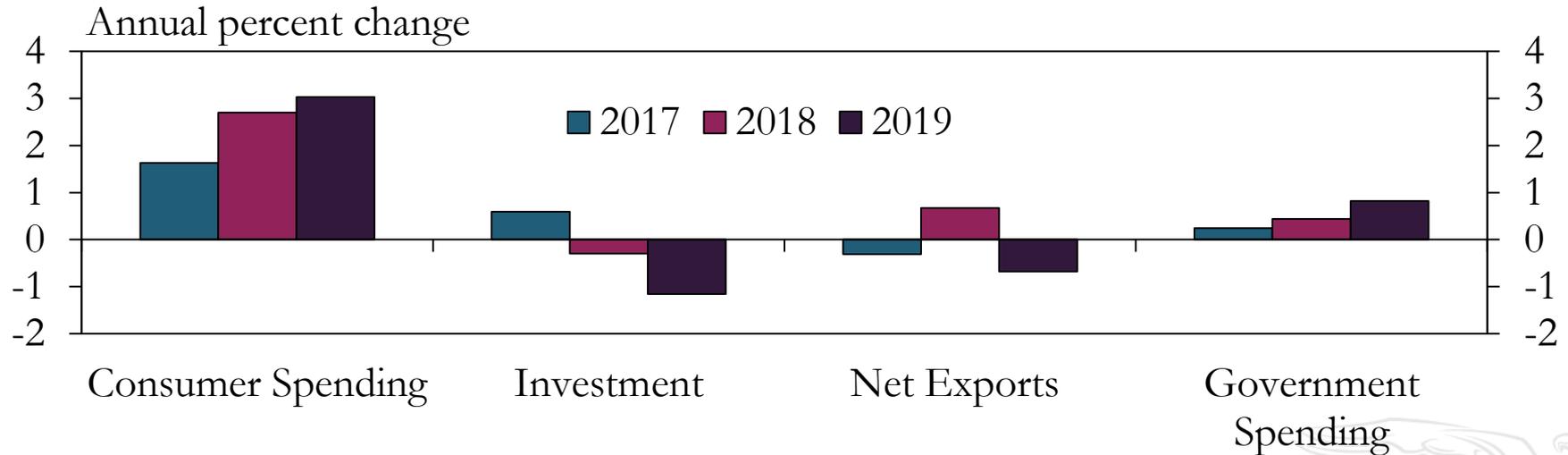
*As of September 2019. All others are annual averages.

5 Sources: Caixin, HIS Markit and Haver Analytics.



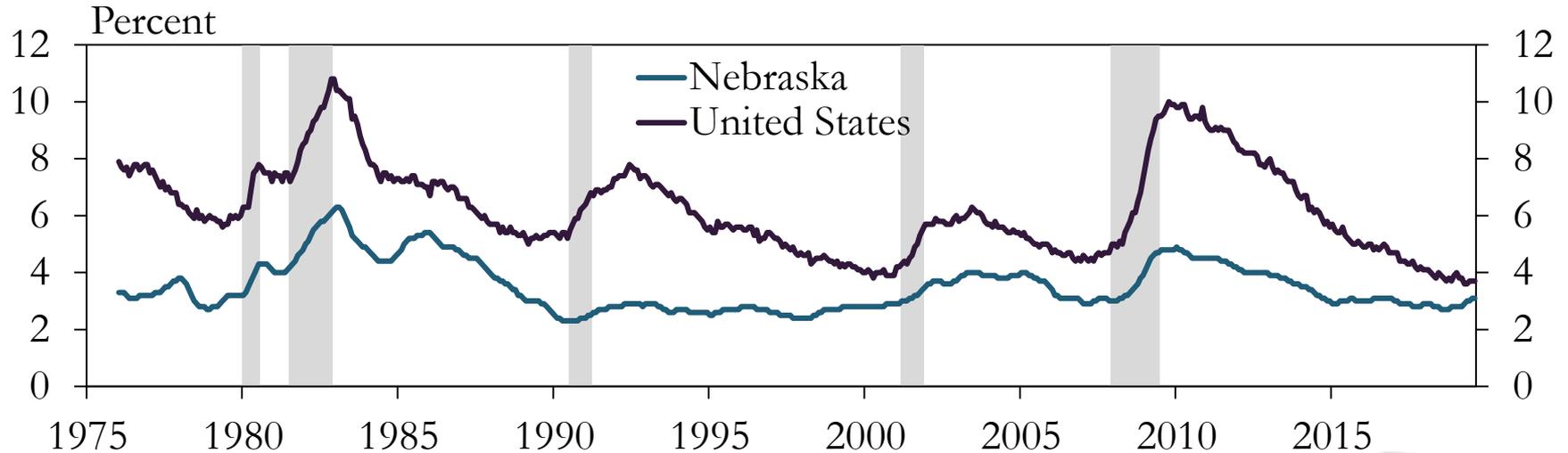
In the U.S., consumer spending has supported economic growth.

Contributions to U.S. Real GDP Growth



Despite a recent increase, unemployment in Nebraska remains at historic lows.

Unemployment Rate



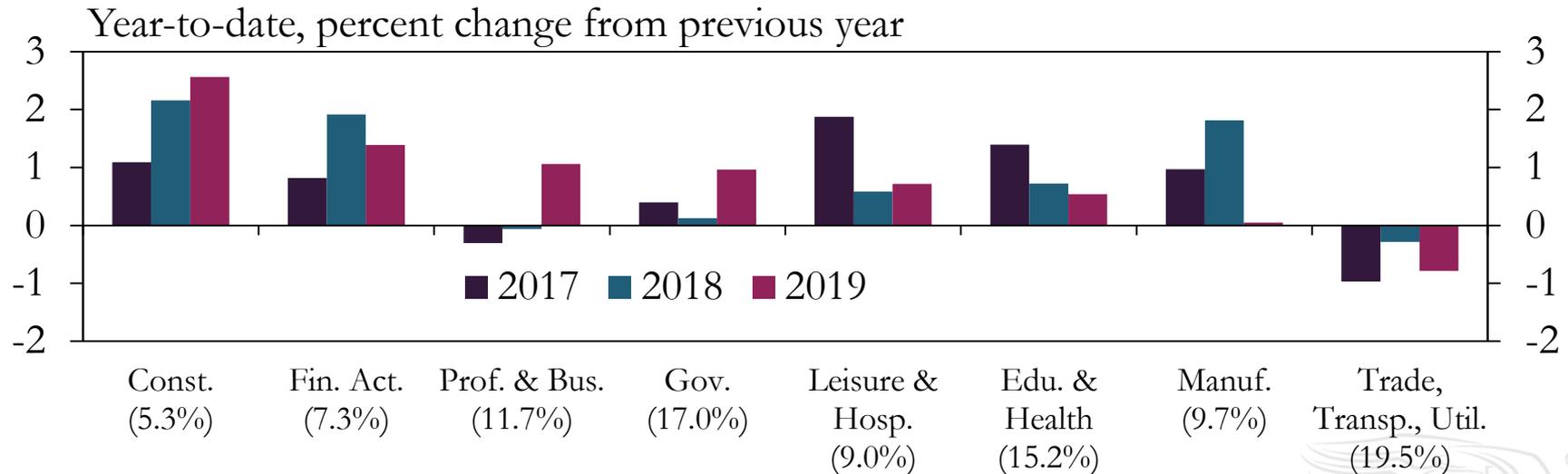
Note: Gray bars indicate NBER-defined recessions.

7 Sources: BLS, Haver Analytics.



Some key industries have increased the pace of hiring compared with a year ago.

Employment Growth by Industry

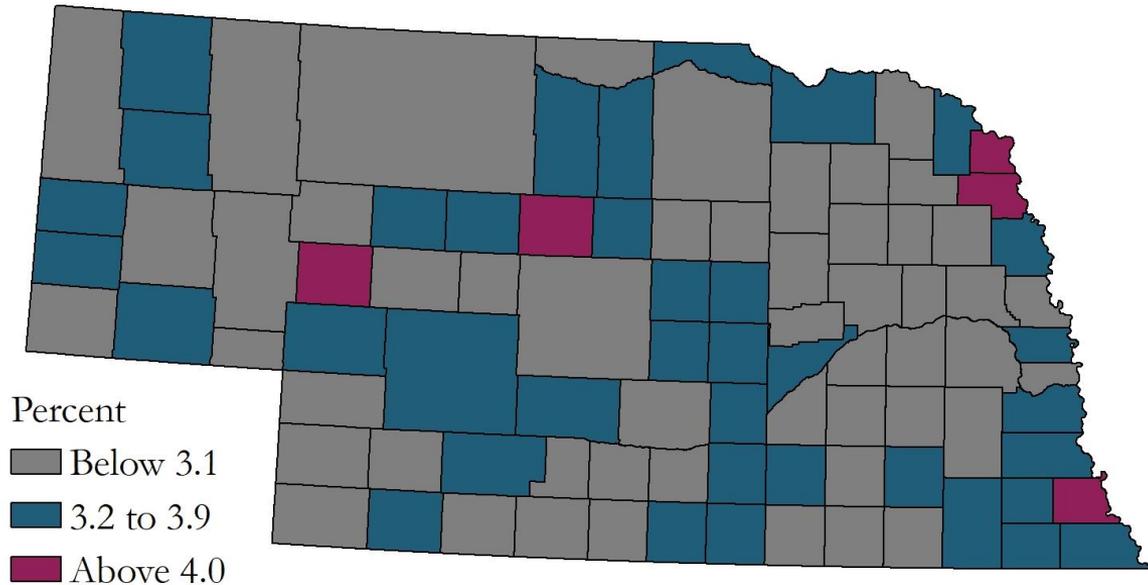


Note: Percentages refer to share of total employment in Nebraska attributed to each industry.



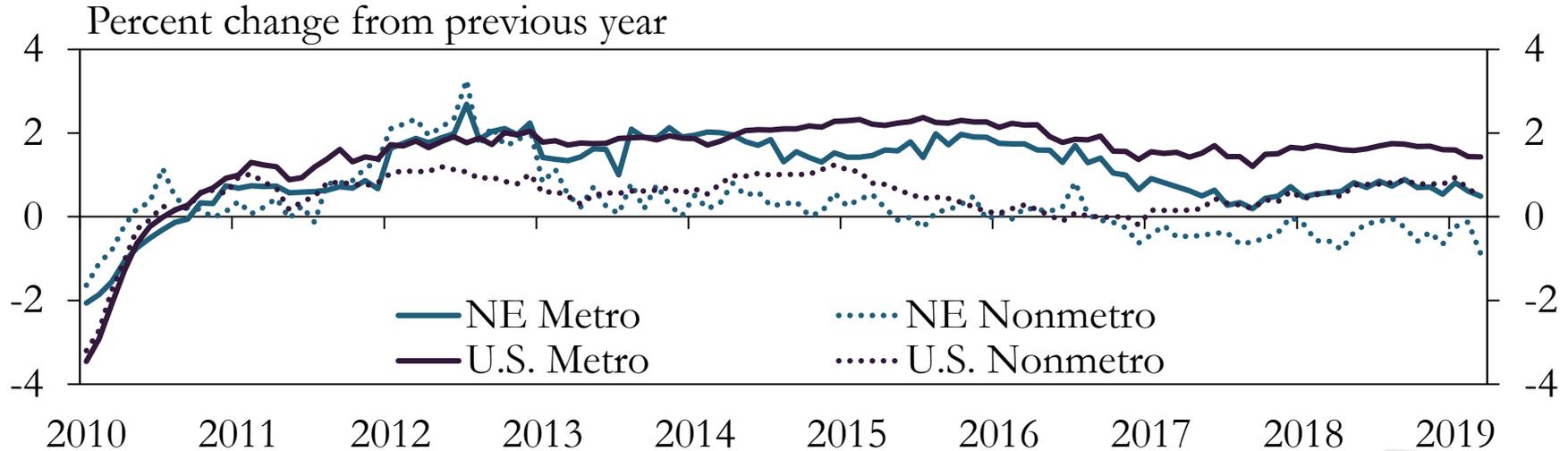
The employment situation remains tight across the state, albeit for different reasons.

Average 2019 Unemployment Rate



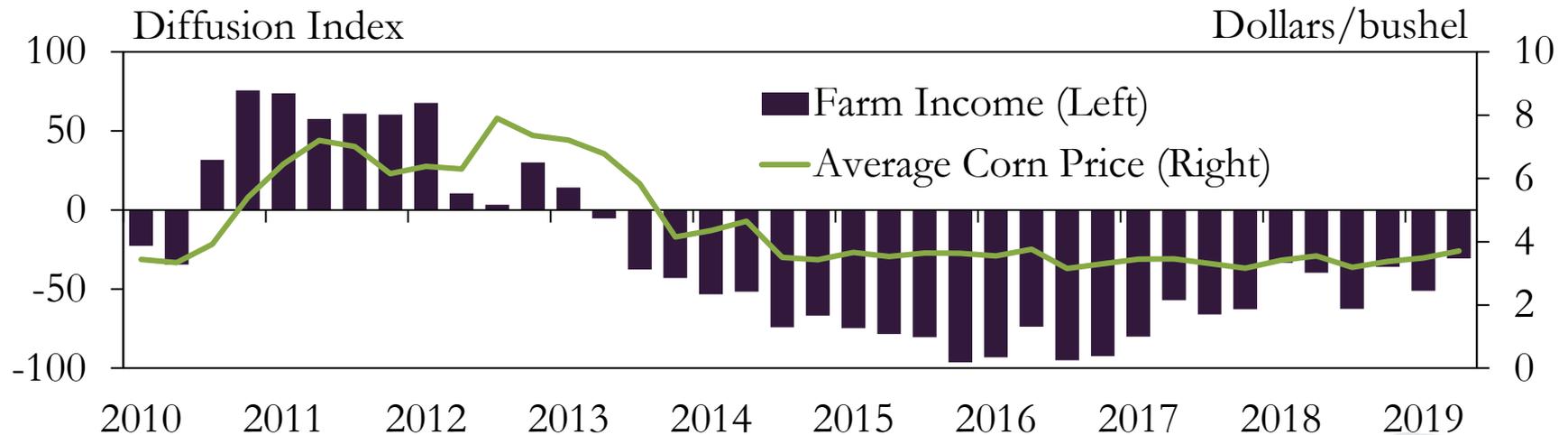
Nebraska's rural areas have lost jobs for several years in contrast to consistent growth in metro areas.

Metro and Nonmetro Job Growth



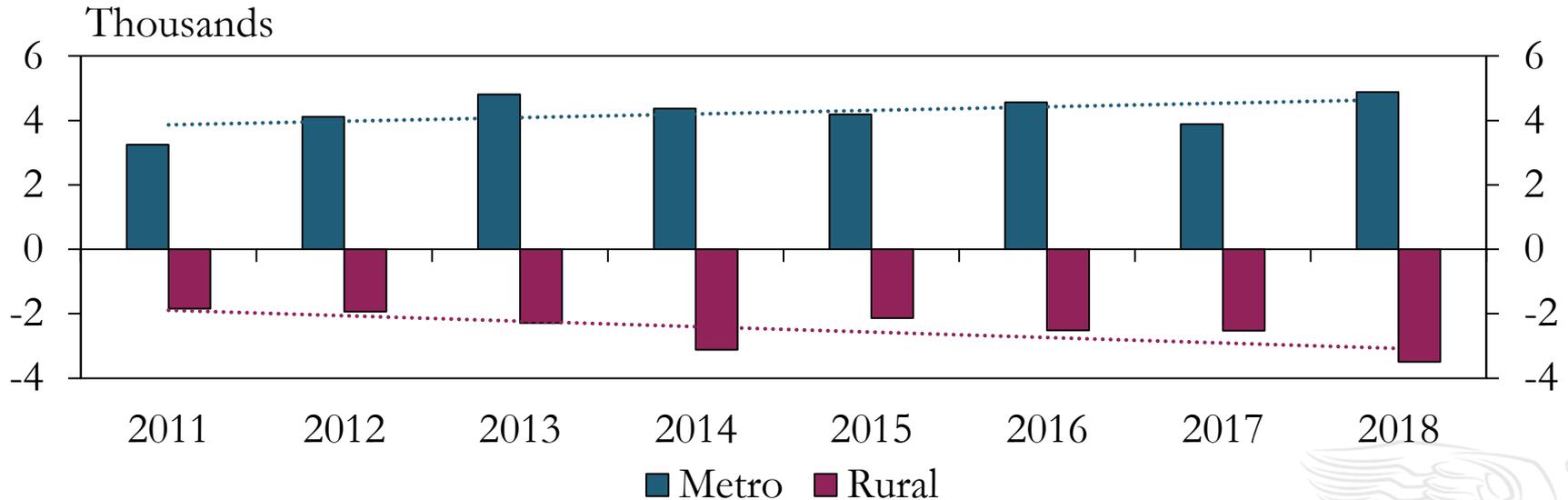
Some of the challenges in rural areas are likely connected to ongoing weakness in agriculture.

Nebraska Agricultural Credit Conditions



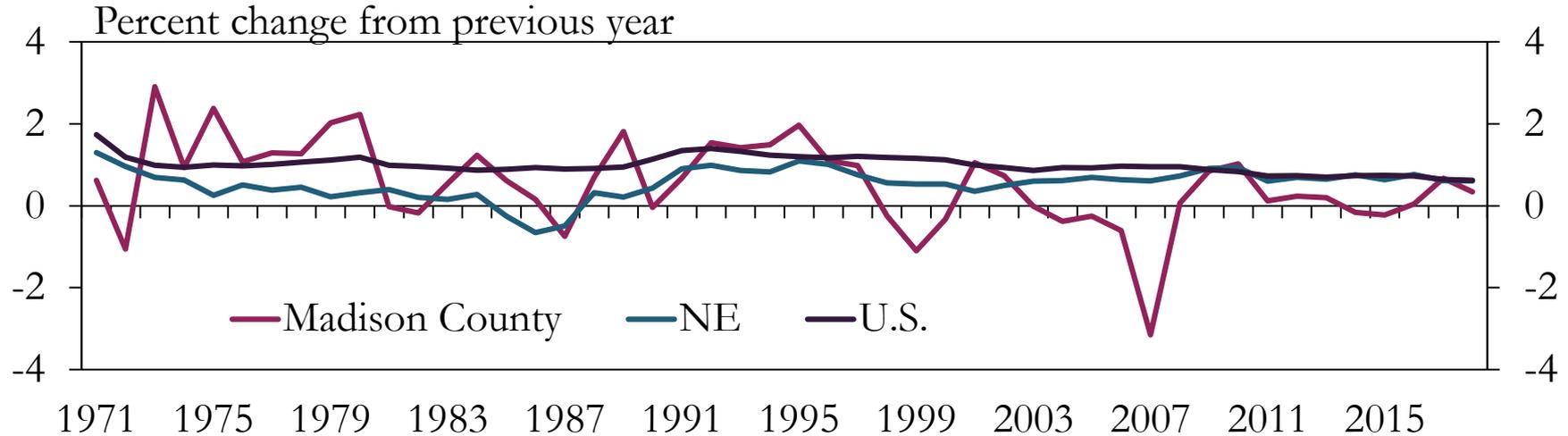
However, many people continue to relocate in urban locations rather than rural places.

Nebraska Net Migration



Population growth in Madison County has picked up recently, but generally has trailed statewide growth.

Population Growth

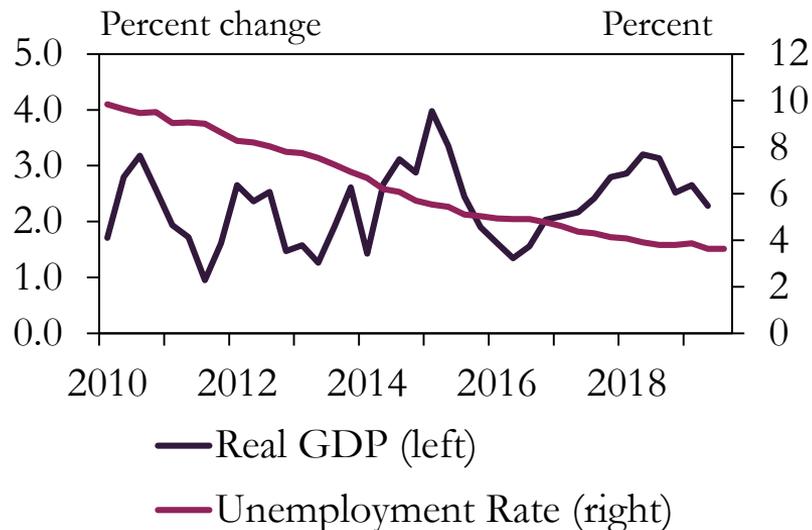


Federal Reserve and Monetary Policy

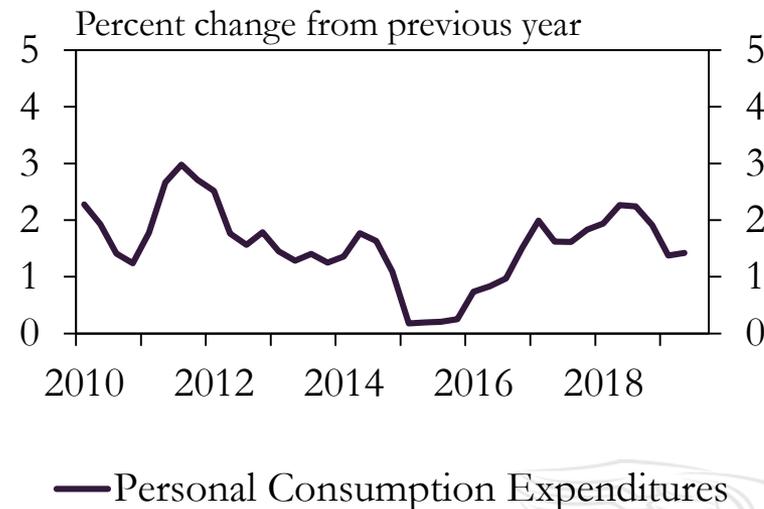


The Fed incorporates a variety of economic information in support of its dual mandate.

Employment and Economic Growth

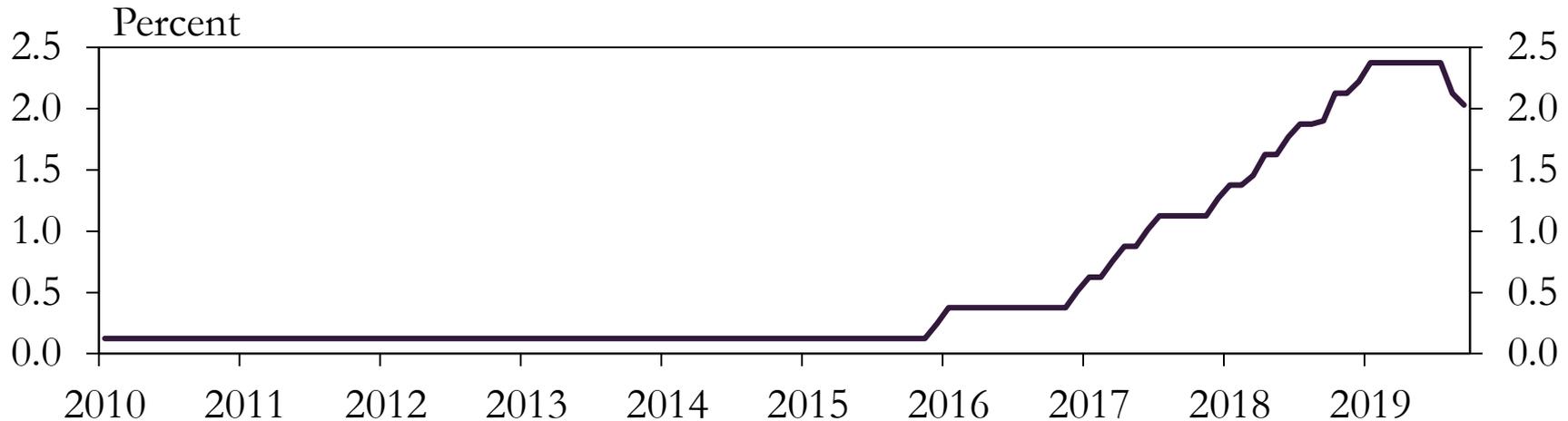


Inflation



Recently, the Fed has lowered its target interest rate.

Federal Funds Rate



Concluding Remarks

- Labor markets remain strong and U.S. households still appear to be well-positioned.
- However, some signs of slower economic growth have emerged alongside ongoing trade policy disputes and challenges in the manufacturing sector.
- In the long-term, changes in demographics are likely to have a significant impact on economic developments.



Questions?

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