

U.S. and Tenth District Economic Update

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*The views expressed are those of the
presenter and do not necessarily reflect the
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General Regional Outlook Themes

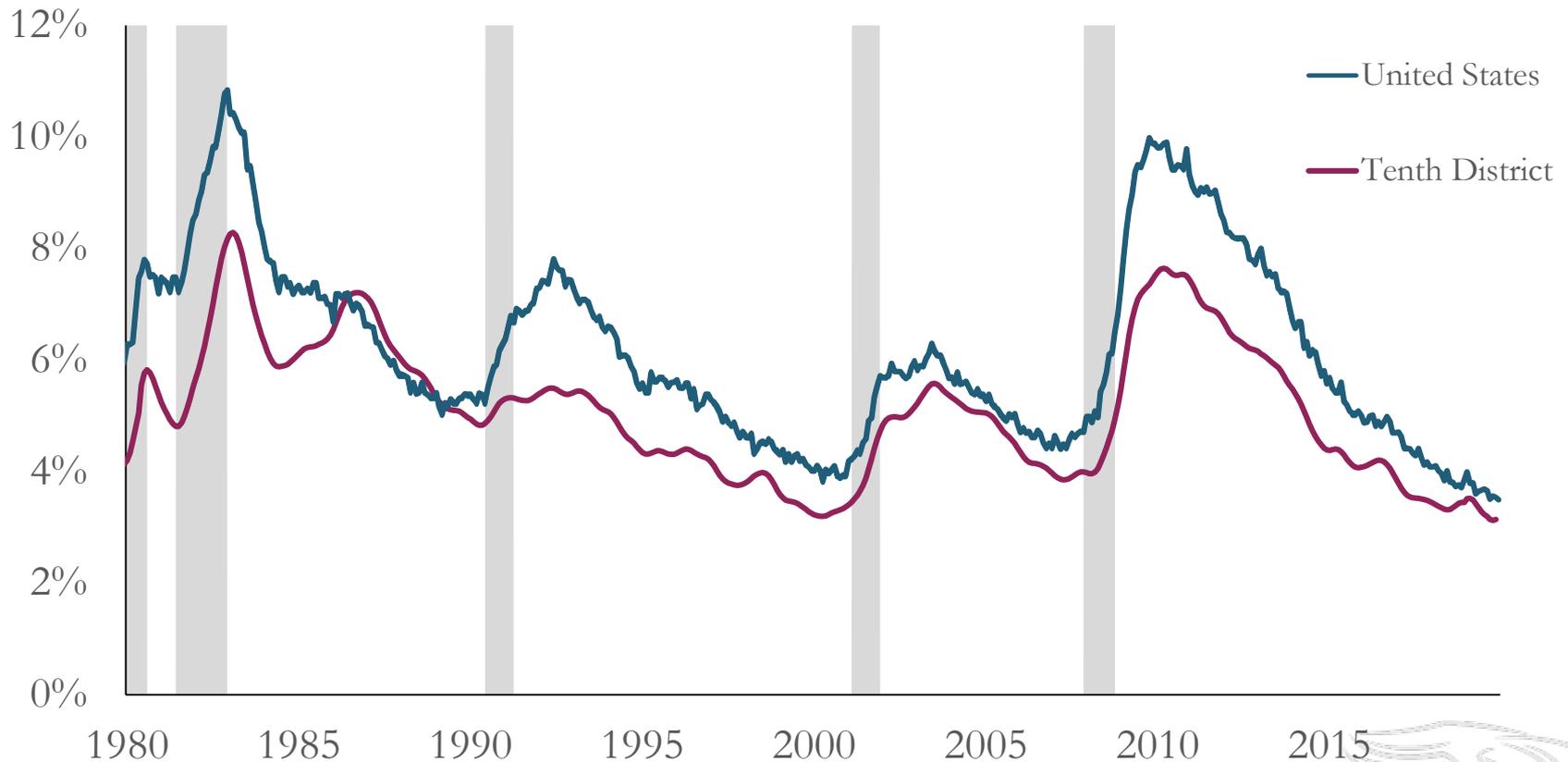
- The Tenth District economy continues to expand, but weakness in goods-producing sectors is weighing on overall growth.
- Labor markets are healthy, driven by job gains in the services and construction sectors.
- Activity in the services sector is rising moderately, and residential real estate and construction activity has picked up over the past six months.
- Manufacturing and energy activity has contracted in recent months, and the agriculture sector remains weak.



The unemployment rate has declined steadily over the past ten years and has fallen below most estimates of its longer-run level.

U. S. UNEMPLOYMENT RATE

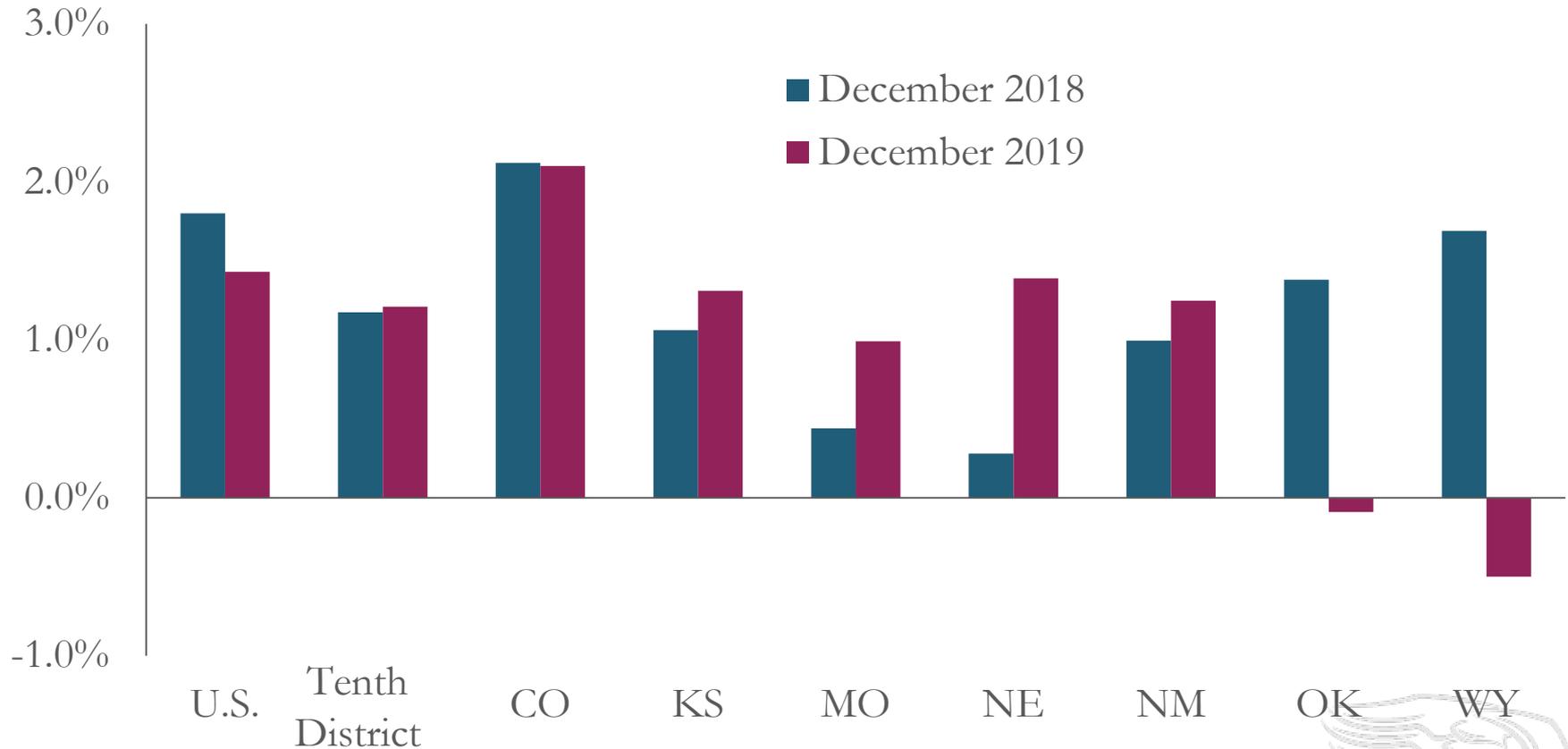
Seasonally Adjusted



Tenth District employment grew modestly over the past year in most states, but Oklahoma and Wyoming experienced job losses.

PAYROLL EMPLOYMENT

Three-month-moving average, year-over-year percent change



Note: Tenth District values are weighted by county employment (MO: 0.305; NM: 0.703).

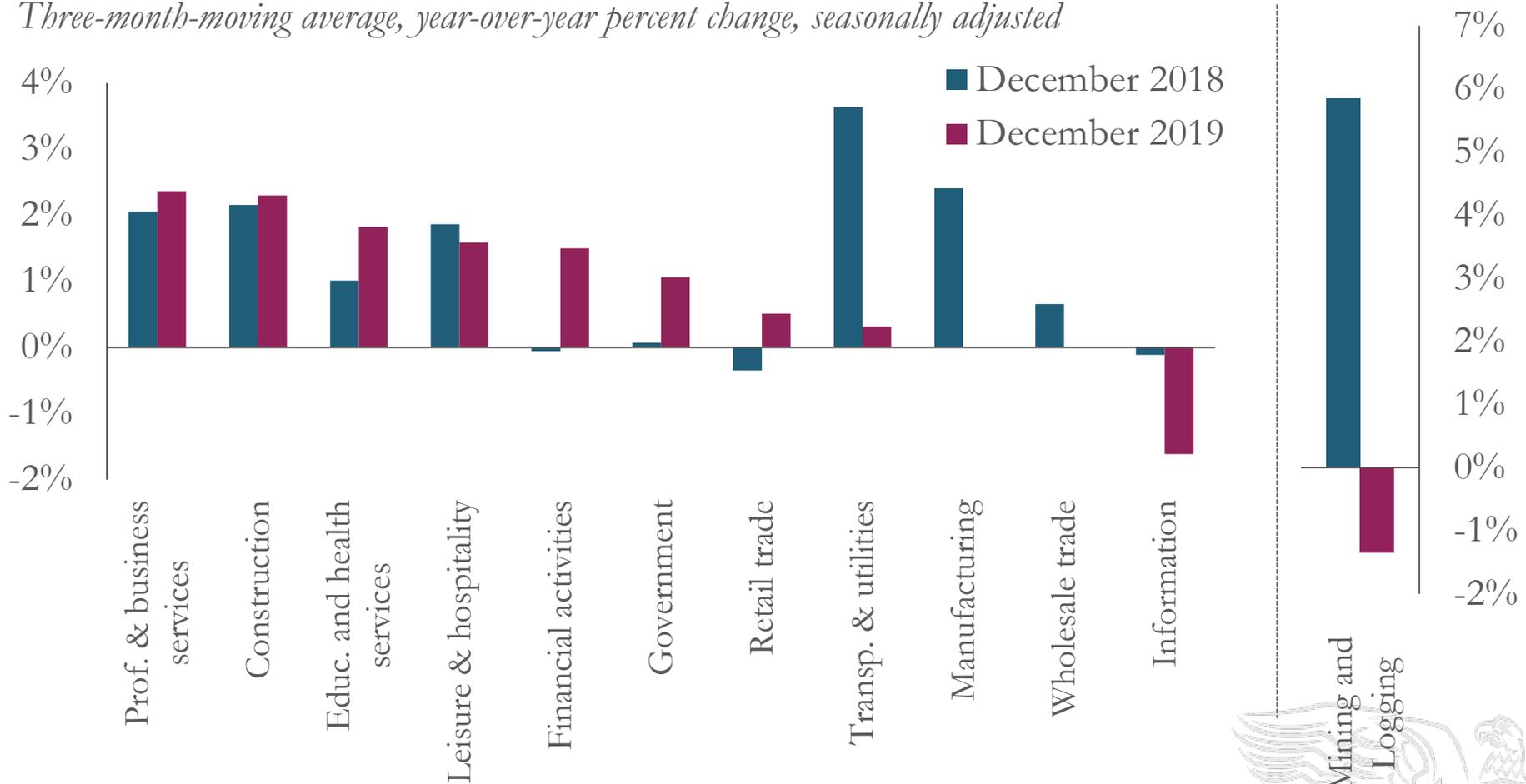
Sources: Bureau of Labor Statistics & Haver Analytics



Job growth has been driven by the services and construction sectors over the past year.

TENTH DISTRICT EMPLOYMENT BY INDUSTRY

Three-month-moving average, year-over-year percent change, seasonally adjusted



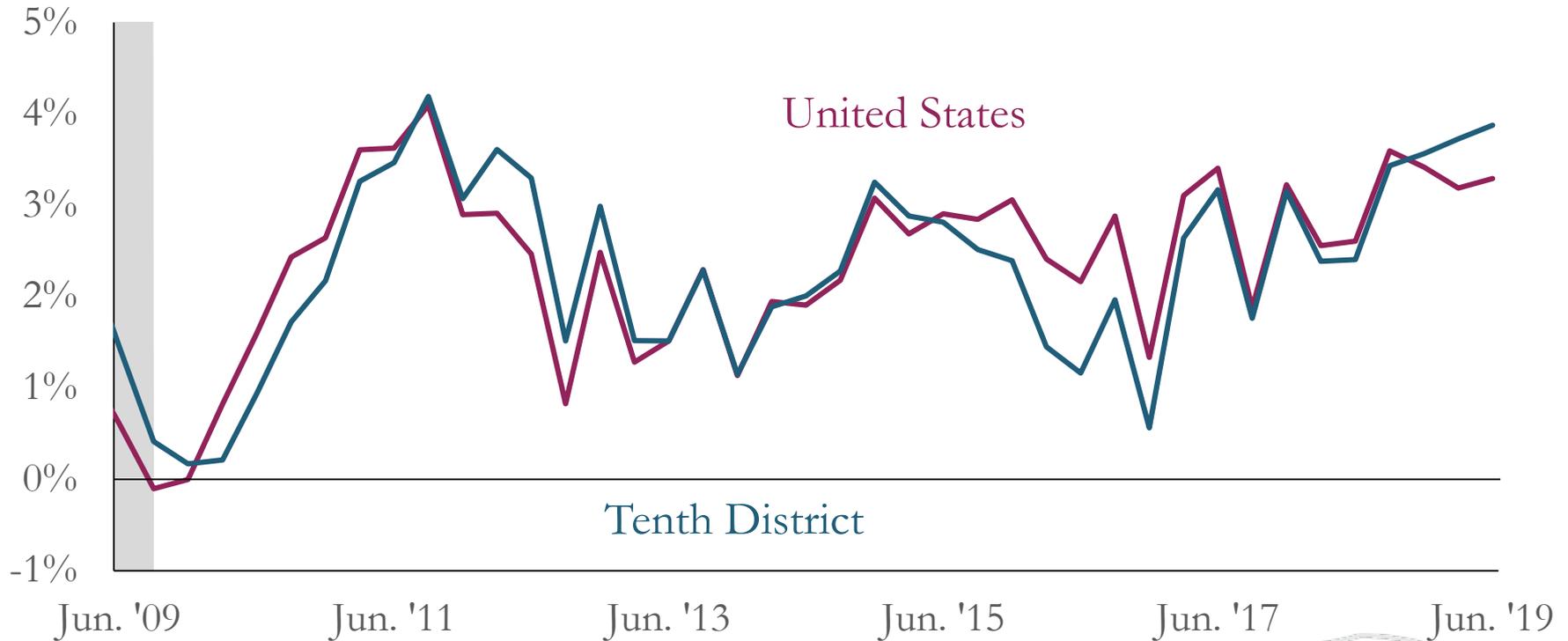
Note: Tenth District values are weighted by county employment (MO: 0.305; NM: 0.703).
Sources: Bureau of Labor Statistics & Haver Analytics



Wage growth has picked up in the Tenth District over the past couple of years.

AVERAGE WEEKLY EARNINGS

Four-quarter-moving average, year-over-year percent change, seasonally adjusted



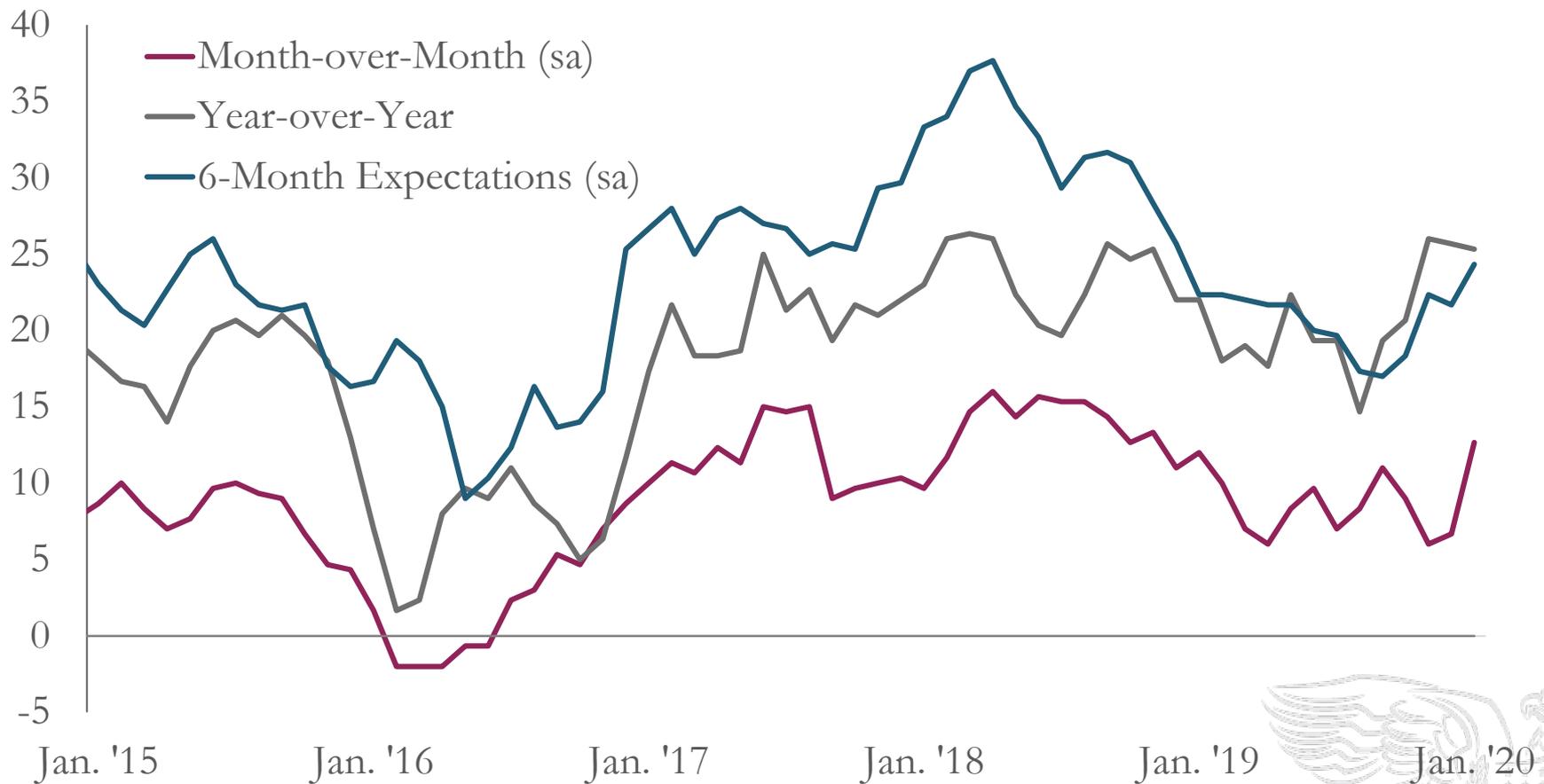
Note: Tenth District values are weighted by county employment (MO: 0.305; NM: 0.703). Gray bar indicates recession.
Sources: Bureau of Labor Statistics, NBER, & Haver Analytics



The services sector continues to expand at a moderate pace in the District.

TENTH DISTRICT SERVICES SURVEY

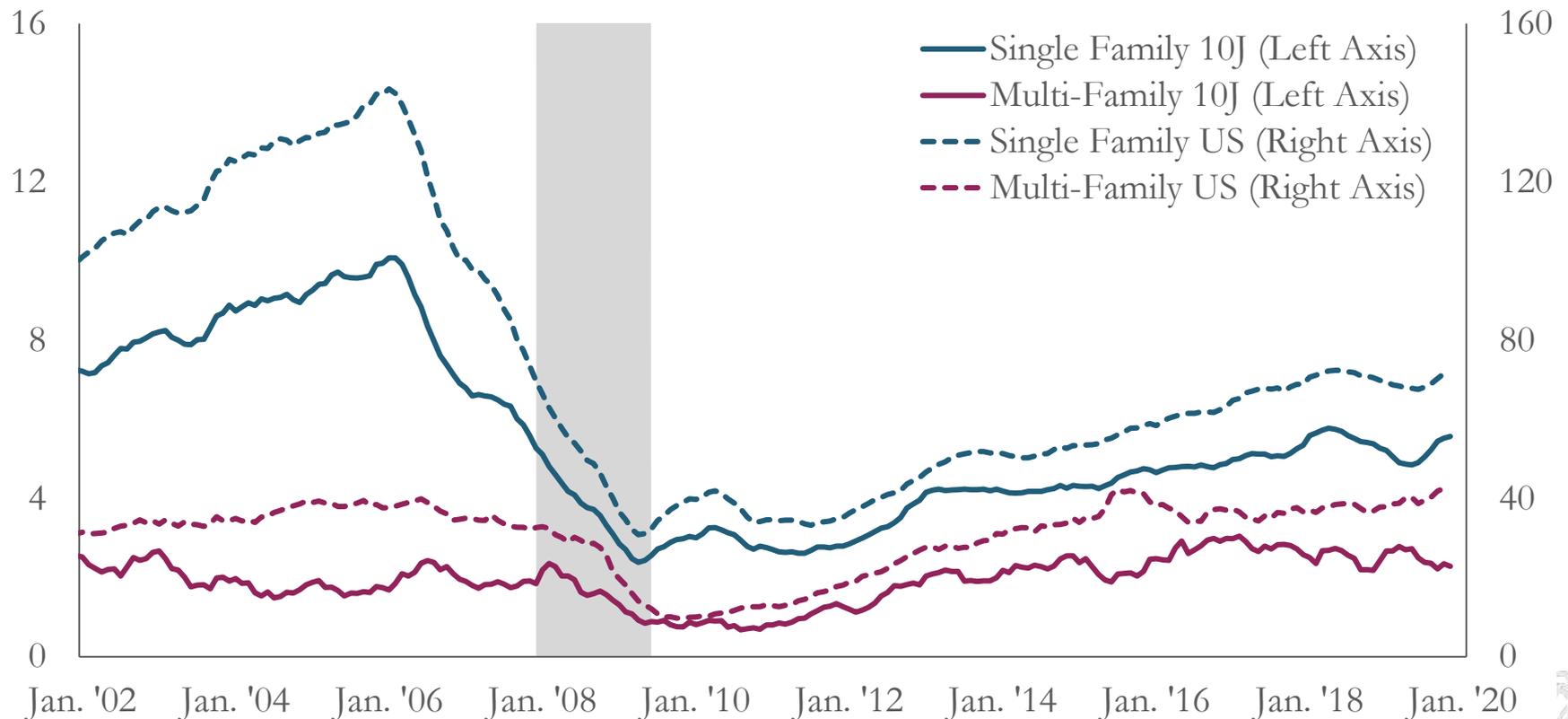
Diffusion index, three-month-moving average



Single-family permitting activity has picked up since last summer.

MONTHLY HOUSING PERMITS

Thousands of permits, six-month-moving average, seasonally adjusted

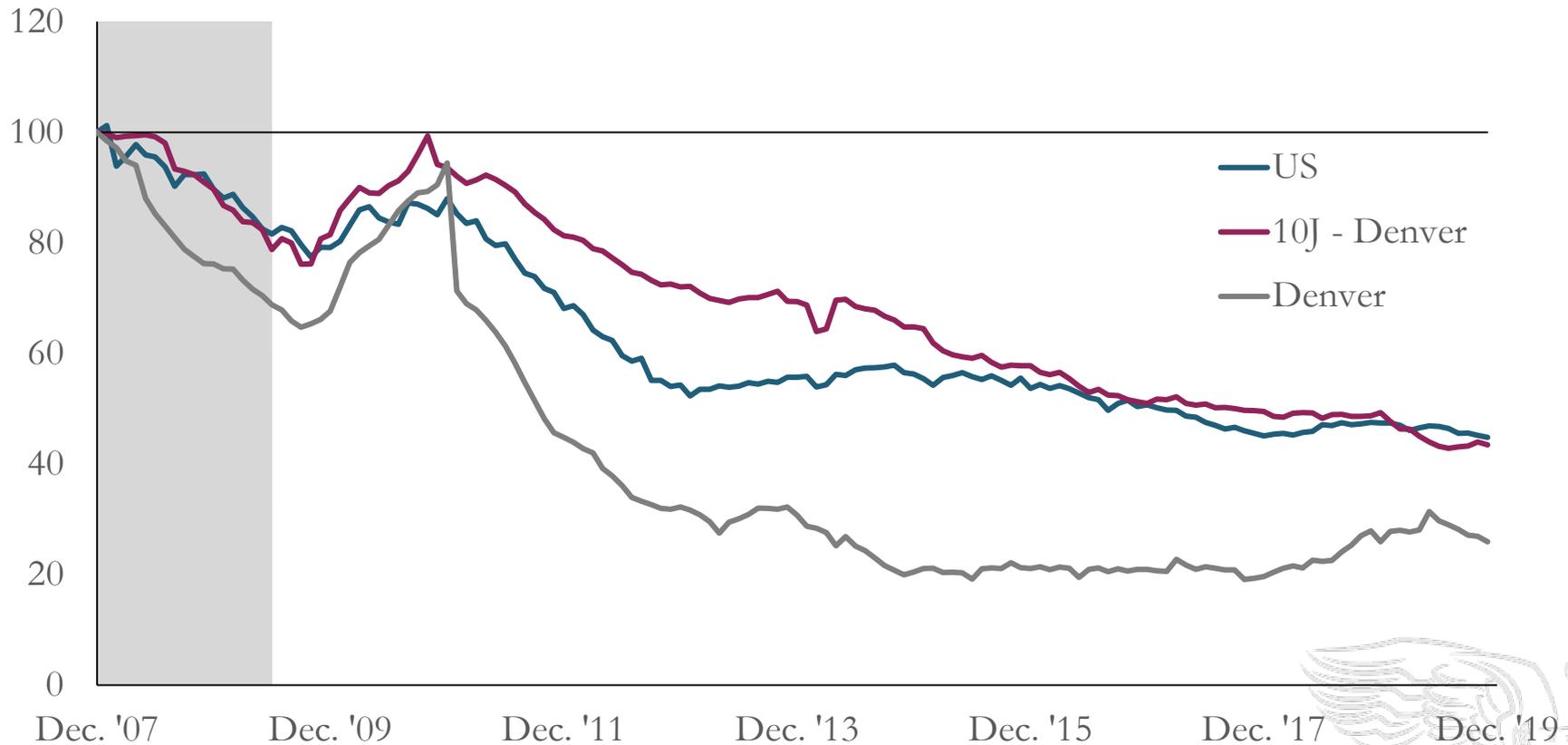


Inventory levels of homes remain well below pre-recession levels.

INVENTORY OF UNSOLD HOMES

Monthly indexes, seasonally adjusted

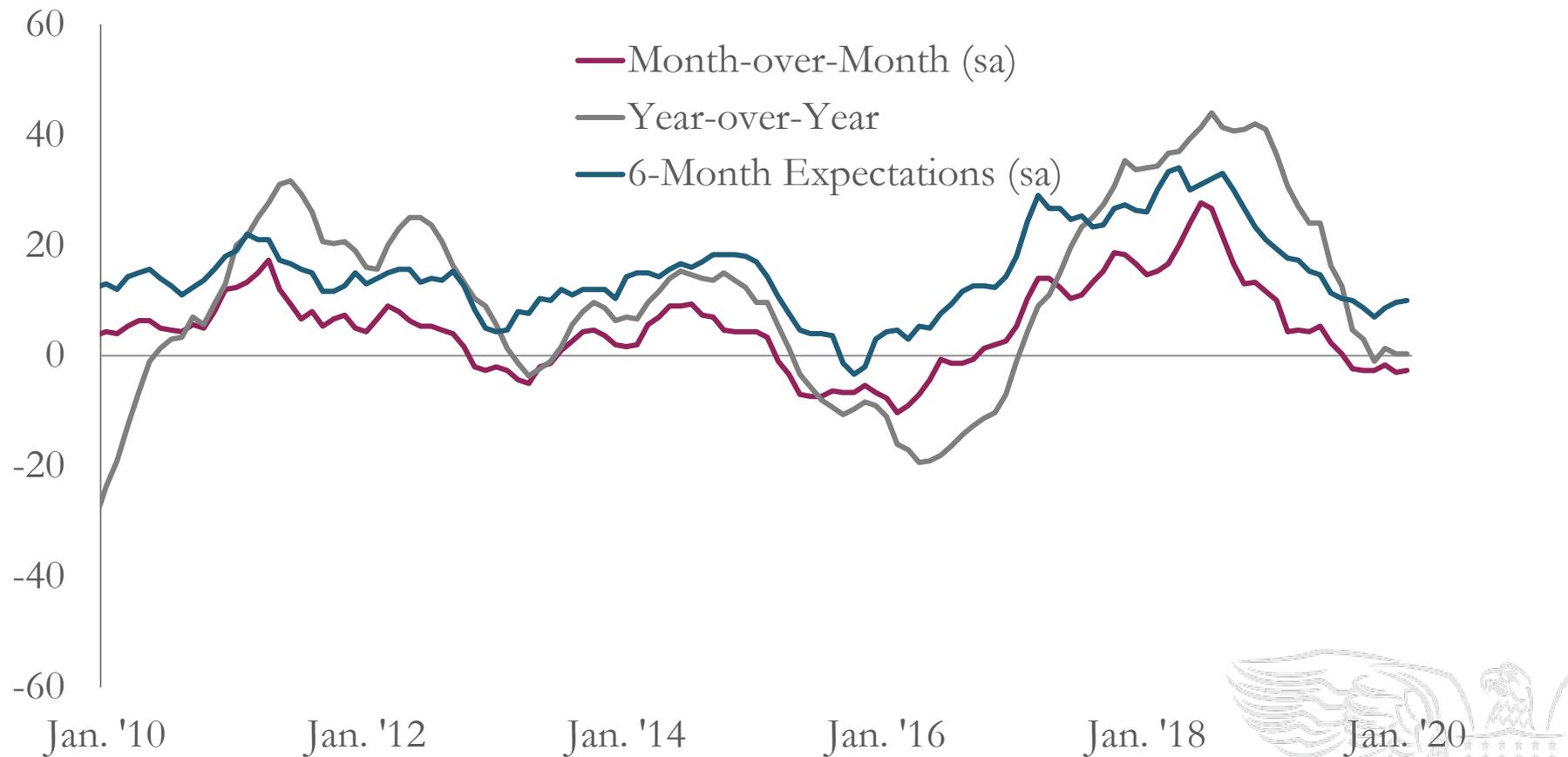
Index, Dec-2007 = 100



The manufacturing sector has contracted slightly in recent months.

TENTH DISTRICT MANUFACTURING SURVEY

Diffusion index, three-month-moving average



Note: Grey bars indicate recession.

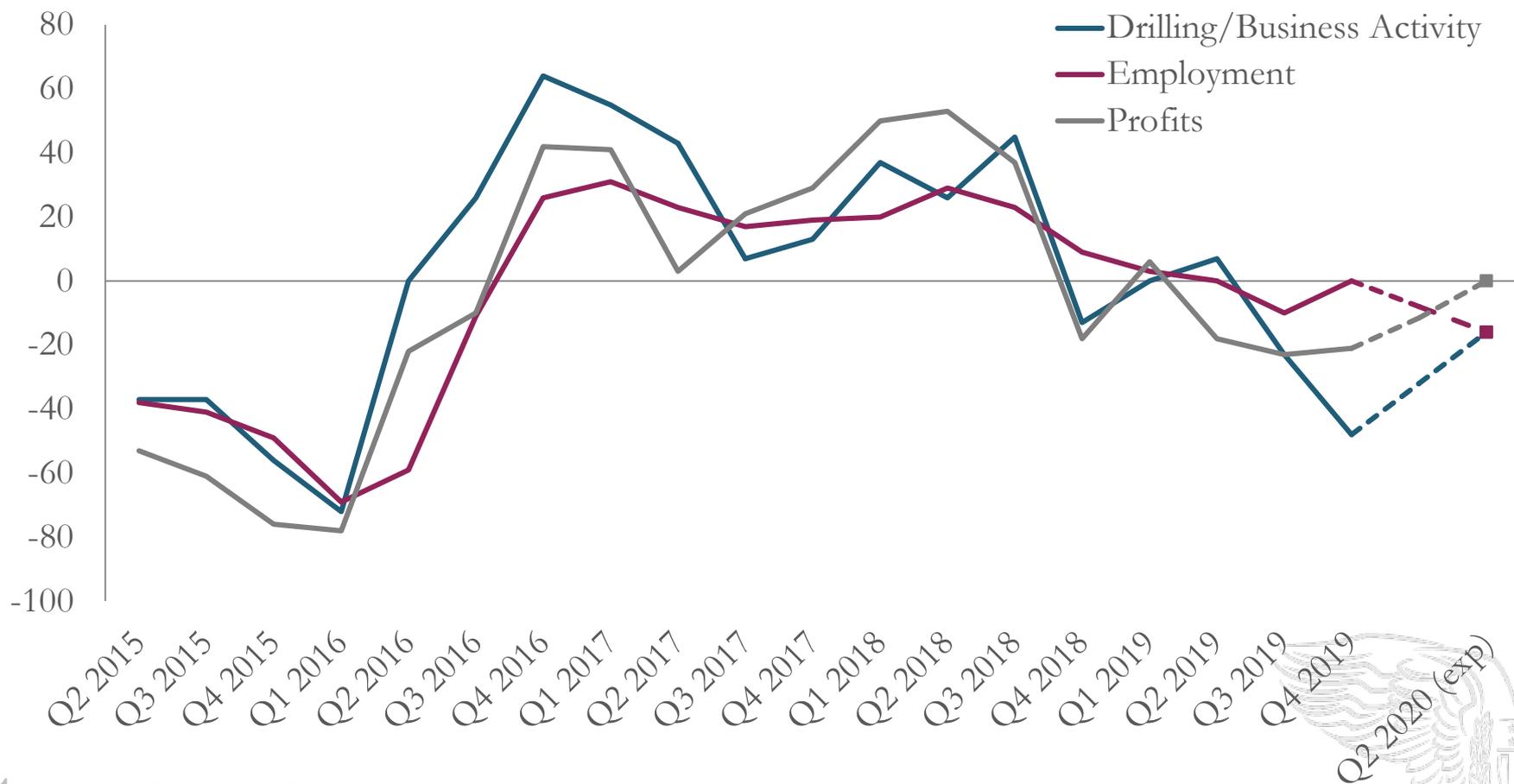
Sources: FRBKC Manufacturing Survey & Haver Analytics



Energy activity is also softening in the District.

TENTH DISTRICT ENERGY SURVEY

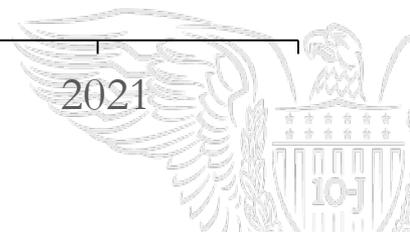
Quarterly diffusion indexes



Oil prices are expected to remain below the price needed for a substantial increase in drilling.

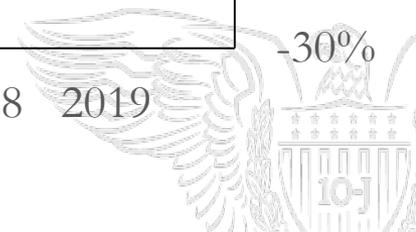
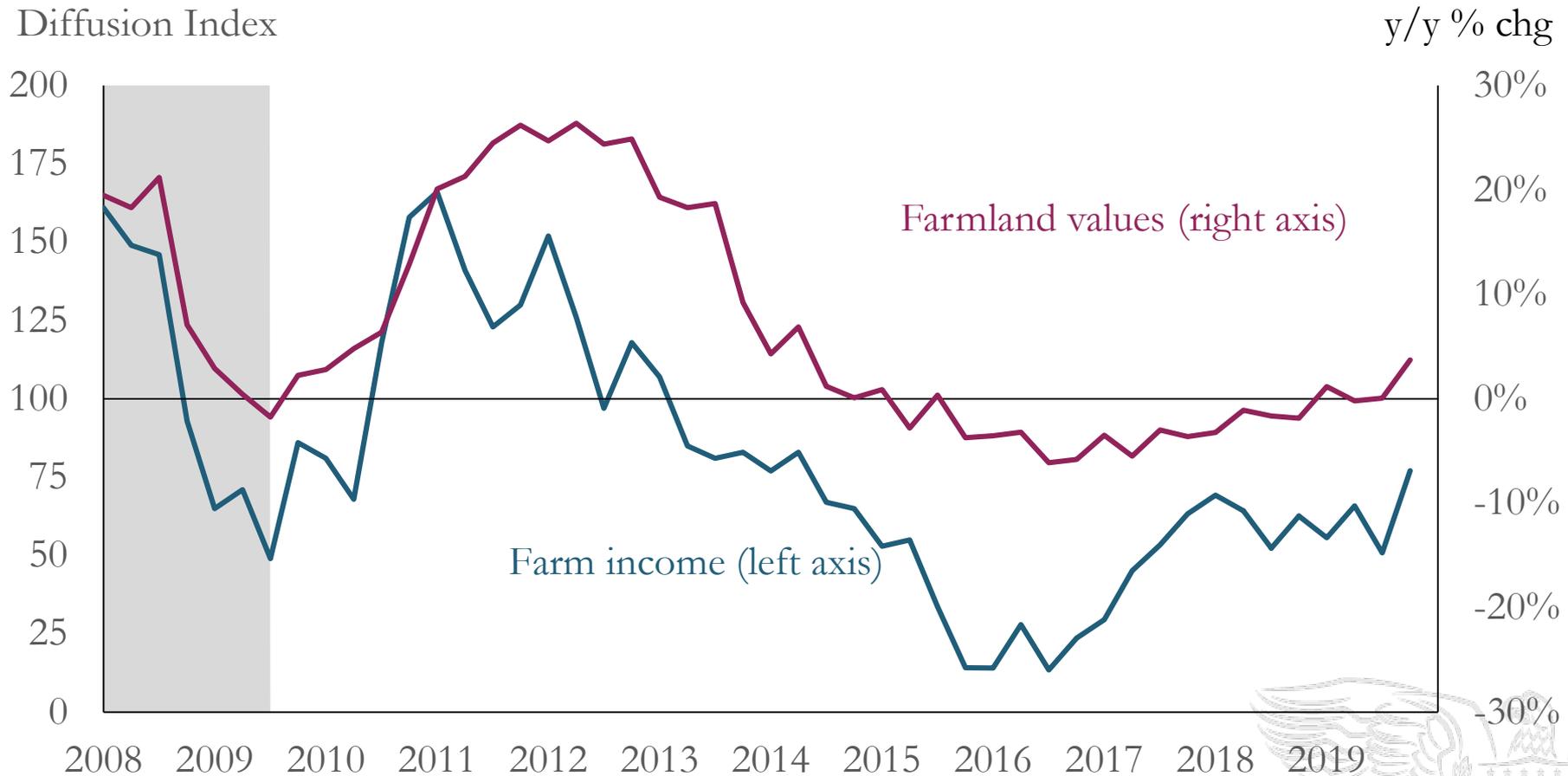
OIL PRICES

Dollar per barrel



The agriculture sector continues to struggle as commodity prices remain low.

AGRICULTURAL CONDITIONS



Conclusions

- The Tenth District economy continues to expand, driven by gains in the services and construction sectors.
- Tenth District employment rose modestly over the past year, and unemployment rates are low.
- The services sector is expanding moderately, and residential construction activity picked up since last summer.
- However, the pace of growth in the manufacturing and energy sectors has contracted in recent months, and the agriculture sector remains weak.

