

# ***Kansas 2012 Review 2013 Forecast***

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Heat



Fuel



Oxygen



Heat:  
Consumer Demand



Fuel:  
Market Place



Oxygen:  
Environment

## **Consumer Demand**

- Retail
- Unemployment
- Personal Income
- Savings
- Consumer Confidence

## **Market Place**

- Bankruptcies
- Business Births
- Loans
- GDP

## **Environment**

- Euro Debt Crisis
- Political Uncertainties
- QE3
- Fiscal Cliff
- BRIC - Slowdown

***National / Global Economic Environment***



## **Consumer demand**

- Retail Spending
- Income
- Unemployment
- Farm Income

## **Market place**

- Loans
- Employment

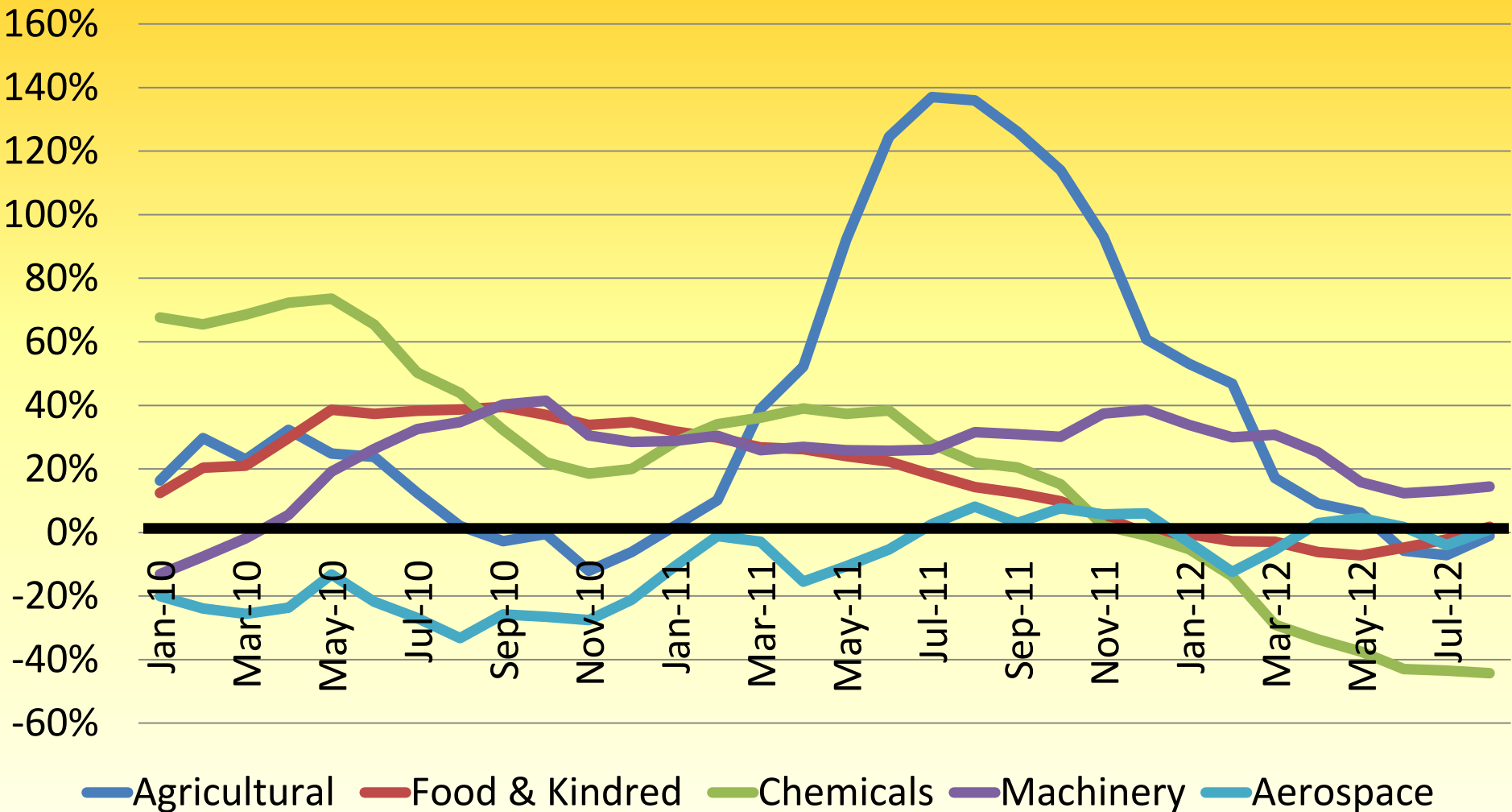
## **Environment**

- Energy
- Changing Political Environment

# ***Kansas Economic Environment***

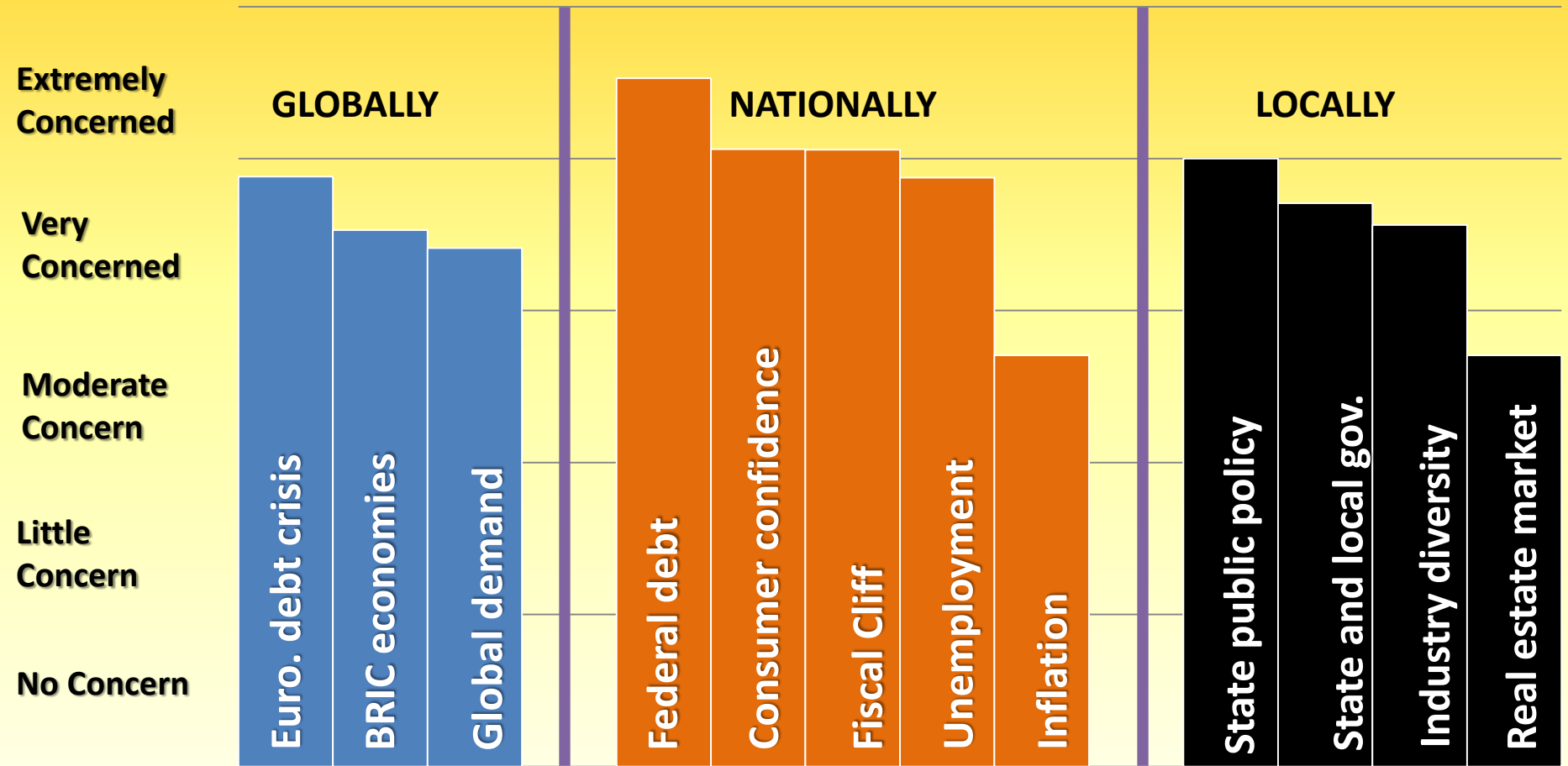


# *Kansas Exports YR/YR*



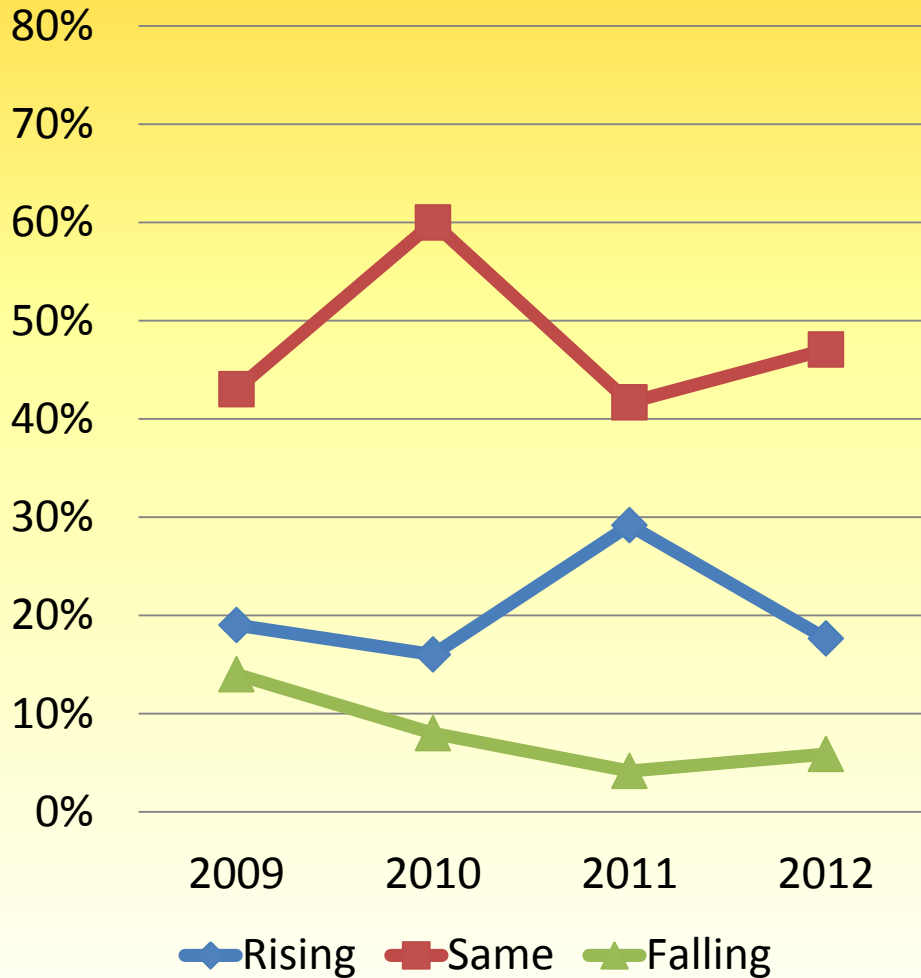
Sources: U.S. Census Bureau – USA Trade

# *Business Concerns*

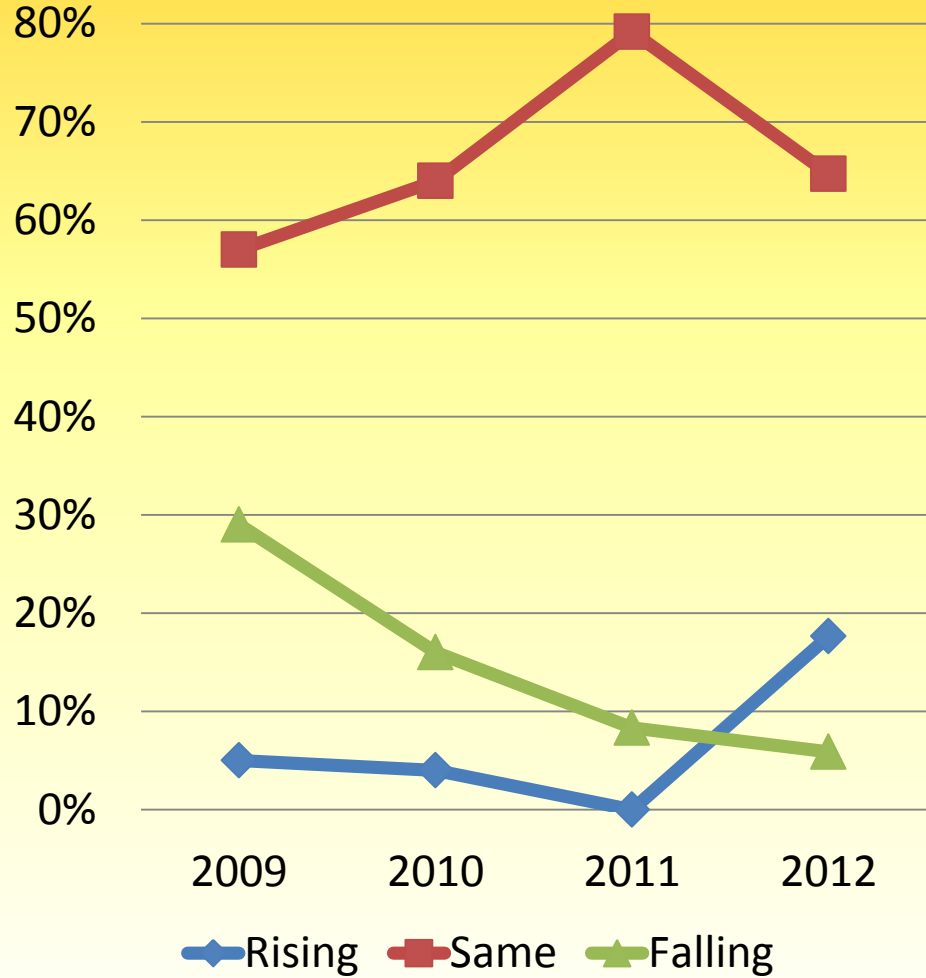


# Existing Conditions

## Price of Inputs



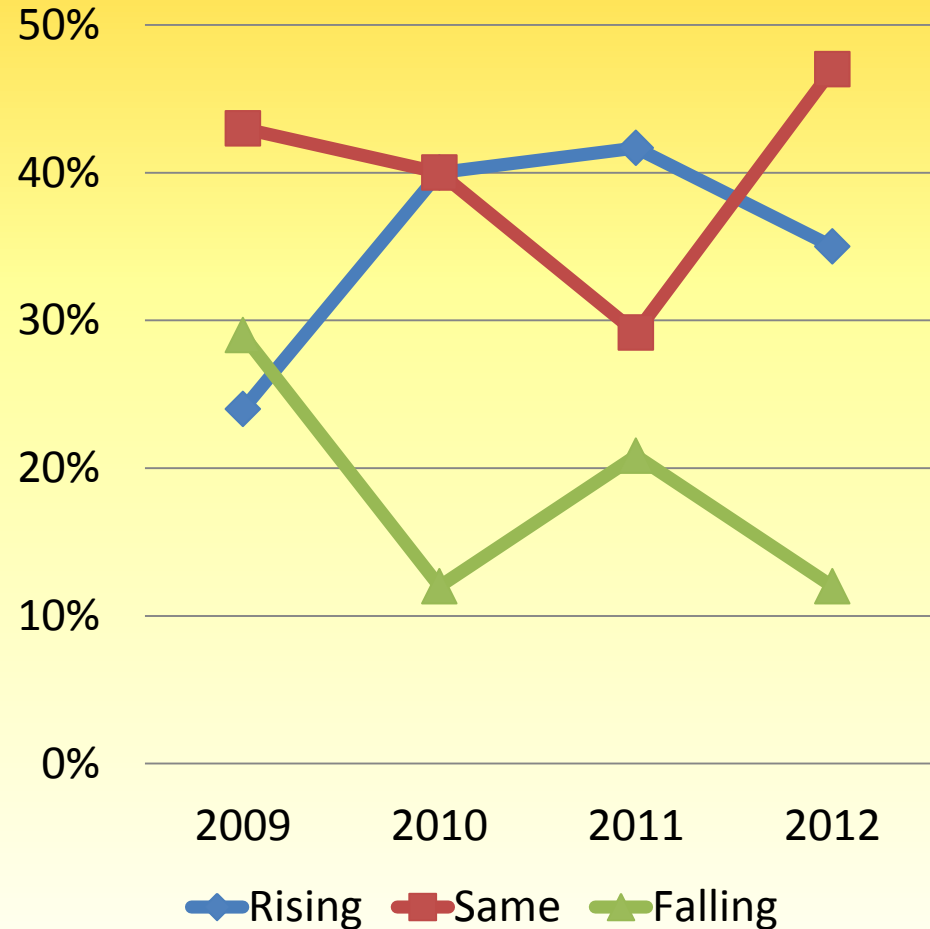
## Prices Charged



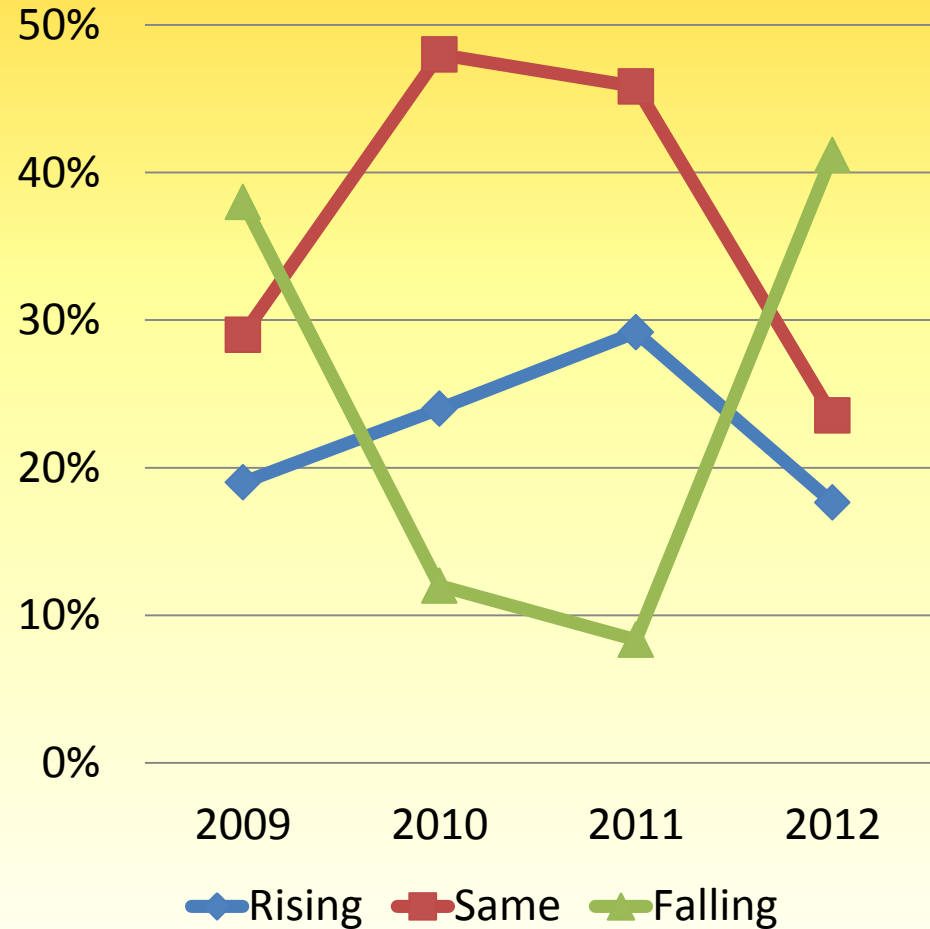


# *Existing Conditions*

## Volume of Demand



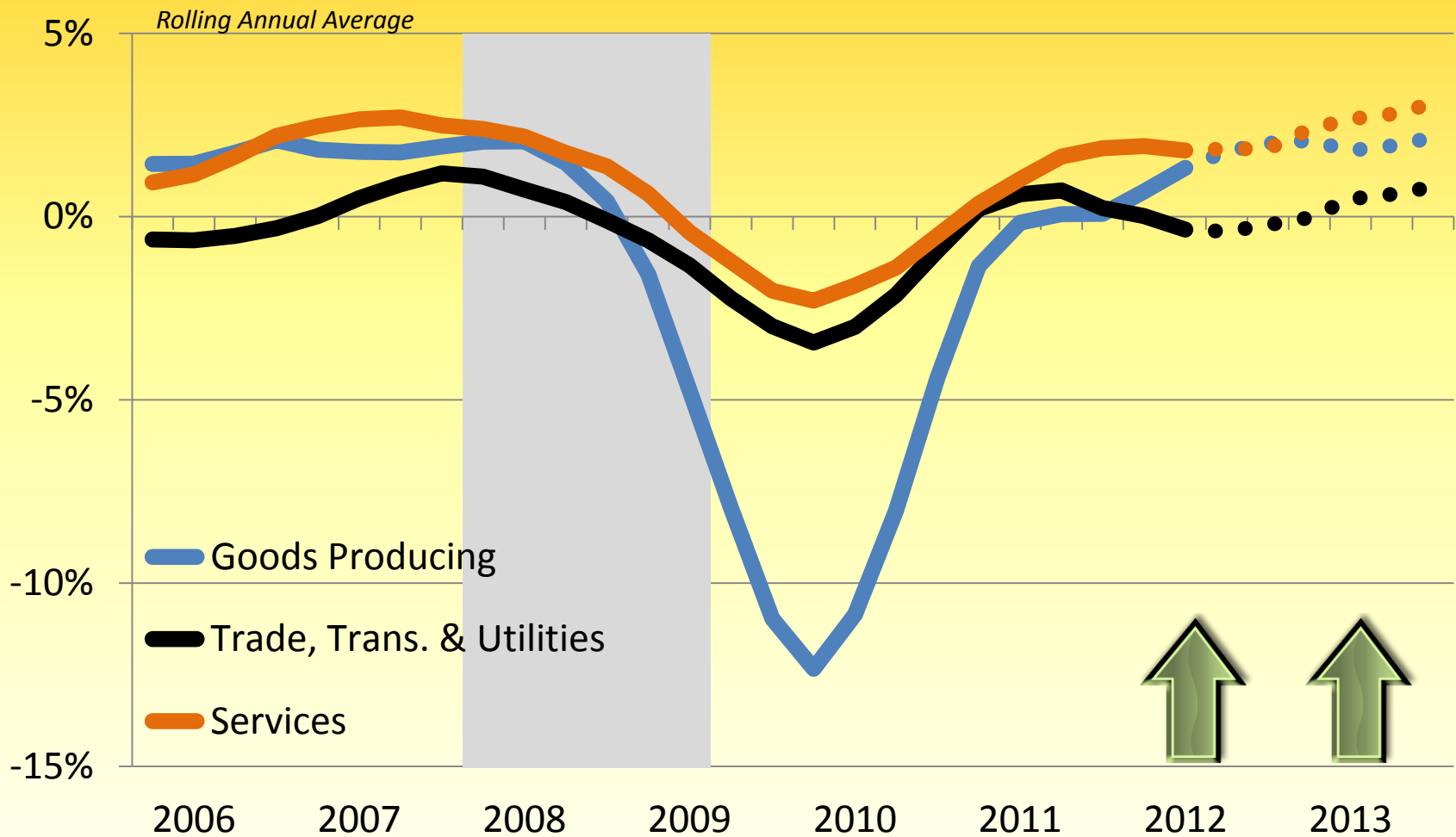
## Profit Margins



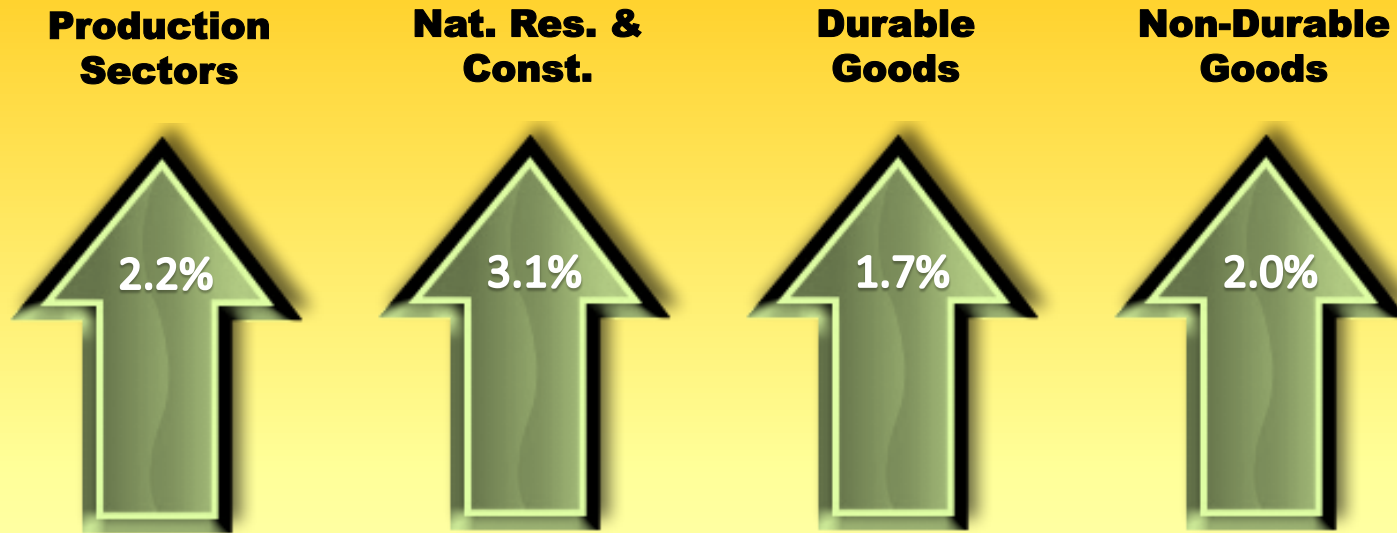
## *Overall Business Expectations Next 3 to 6 Months*

- **Cost of inputs**
  - 6% - costs will fall
- **Prices Charged -**
  - 53% - prices will not change
  - 29% - prices will increase
- **Employment –**
  - 41% expect no changes
  - 29% expect increases
- **Overall**
  - **The economy will struggle and the expansion will be subpar, at or below its potential growth rate.**

# Kansas Employment



# *Goods Production*



- ***Natural Resources***
  - Emerging oil and gas will add fuel to retail professional services
- ***Aviation*** – “wait and see”
- ***Machinery*** – at least one more year of growth
- ***Non-Durables*** – Improving

# *Trade, Transportation and Utilities*

- **Consumption**
  - Tolerant to negative news
  - On par with last year, but limited by unemployment and income
- **Retail**
  - Limited by farm income and unemployment
- **Transportation**



# Services

**Services**

**Fin. Act.**

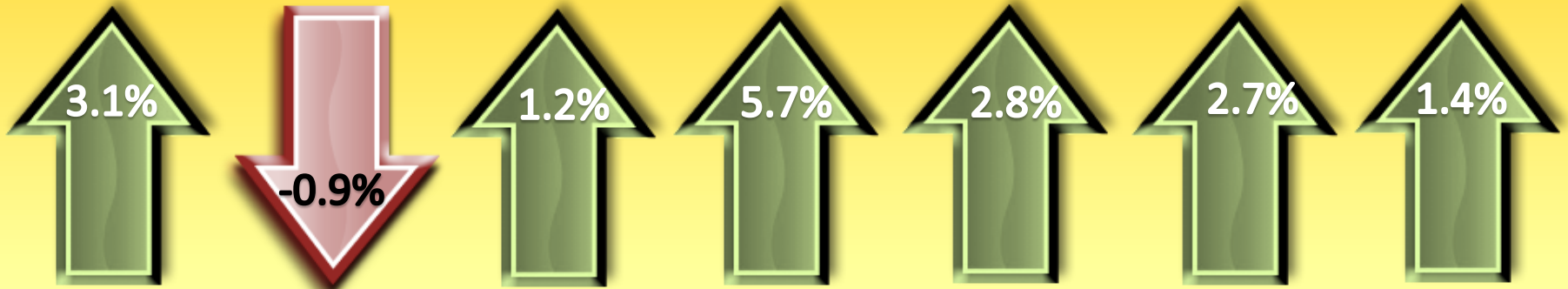
**Edu. & Health**

**Other**

**Information**

**Pro. & Bus.**

**Leisure & Hosp.**



- **Information** – National trend
- **Financial Services** - Regulation likely to put continued pressure on small and regional banks
- **Professional Services** – National trend
- **Healthcare** – National trend – Affordable Care Act



# *General Expectations - Kansas*

- **Consumers** are weak, but **wanting** to consume.
- **Businesses** will “**sit on their hands**” until after the election.
- The **market place** is **set for a recovery**, but the pace is dependent on the removal of the “**uncertainties**”.
- **Kansas businesses** will deal with the **new reality and plan accordingly**.
- **Consumers** are **more tolerant** to negative news, but will be limited by both high unemployment and income.
- Employment is expected to **increase by 1.8%** (24,175) in 2013. This remains **subpar** from **potential growth**.

### Kansas Employment by Industry Summary\*

	2011 (a)	2012 (e)	Level Change	Percent Change	2013 (f)	Level Change	Percent Change
<b>Total Nonfarm</b>	<b>1,335,950</b>	<b>1,348,885</b>	<b>12,935</b>	<b>1.0%</b>	<b>1,373,060</b>	<b>24,175</b>	<b>1.8%</b>
<b>Production Sectors</b>	<b>222,675</b>	<b>227,130</b>	<b>4,455</b>	<b>2.0%</b>	<b>232,020</b>	<b>4,890</b>	<b>2.2%</b>
Natural Resources, Mining & Cons.	61,717	62,510	793	1.3%	64,445	1,935	3.1%
Manufacturing	160,958	164,620	3,662	2.3%	167,575	2,955	1.8%
Durable Goods	98,142	100,640	2,498	2.5%	102,345	1,705	1.7%
Non-Durable Goods	62,817	63,980	1,163	1.9%	65,230	1,250	2.0%
<b>Trade, Transportation &amp; Utilities</b>	<b>253,208</b>	<b>252,745</b>	<b>(463)</b>	<b>-0.2%</b>	<b>254,675</b>	<b>1,930</b>	<b>0.8%</b>
Wholesale Trade	59,725	60,340	615	1.0%	60,815	475	0.8%
Retail Trade	141,142	140,715	(427)	-0.3%	141,630	915	0.7%
Transportation & Utilities	52,342	51,690	(652)	-1.2%	52,230	540	1.0%
<b>Service Sectors</b>	<b>602,150</b>	<b>613,285</b>	<b>11,135</b>	<b>1.8%</b>	<b>632,195</b>	<b>18,910</b>	<b>3.1%</b>
Information	27,758	26,500	(1,258)	-4.5%	26,270	(230)	-0.9%
Financial Activities	73,092	72,585	(507)	-0.7%	73,485	900	1.2%
Professional & Business Services	149,633	156,890	7,257	4.8%	165,870	8,980	5.7%
Education & Health Services	183,942	187,125	3,183	1.7%	192,455	5,330	2.8%
Leisure & Hospitality	115,425	117,705	2,280	2.0%	120,900	3,195	2.7%
Other Services	52,300	52,480	180	0.3%	53,215	735	1.4%
<b>Government</b>	<b>257,917</b>	<b>255,725</b>	<b>(2,192)</b>	<b>-0.8%</b>	<b>254,170</b>	<b>(1,555)</b>	<b>-0.6%</b>

\*Annual values are derived from average quarterly observations and projections.

(a) actual (e) estimated (f) forecasted

## Southeast - High Employment Industries by Earnings



Southeast	Employment		Change in Employment		Change Relative to U.S.	Location Quotient		
	2001	2009	Southeast	U.S.	2001-2009	2001	2009	
Total Employment	153,222	147,418	-3.79%	5.01%	●	-8.80%		
<b>Farm</b>	<b>12,769</b>	<b>10,806</b>	<b>-15.37%</b>	<b>-13.99%</b>	●	<b>-1.39%</b>	<b>4.51</b>	<b>4.84</b>
Forestry Fishing	170	128	-24.71%	4.34%	●	-29.05%	0.23	0.18
Mining	1,403	1,654	17.89%	68.46%	●	-50.57%	1.88	1.44
Utilities	11	0	-100.00%	-2.53%	○	-97.47%	0.02	0.00
<b>Construction</b>	<b>7,479</b>	<b>6,662</b>	<b>-10.92%</b>	<b>-3.19%</b>	●	<b>-7.74%</b>	<b>0.82</b>	<b>0.83</b>
<b>Manufacturing</b>	<b>25,374</b>	<b>18,781</b>	<b>-25.98%</b>	<b>-26.72%</b>	●	<b>0.74%</b>	<b>1.62</b>	<b>1.79</b>
Wholesale Trade	3,581	2,599	-27.42%	-1.12%	●	-26.31%	0.62	0.50
<b>Retail Trade</b>	<b>15,878</b>	<b>13,966</b>	<b>-12.04%</b>	<b>-3.04%</b>	●	<b>-9.00%</b>	<b>0.94</b>	<b>0.93</b>
Transportation	1,728	2,443	41.38%	0.39%	●	40.99%	0.34	0.52
Information	2,147	1,373	-36.05%	-17.01%	●	-19.04%	0.57	0.48
Finance and Insurance	3,528	4,109	16.47%	20.84%	●	-4.37%	0.49	0.51
Real Estate	2,277	2,442	7.25%	35.81%	●	-28.57%	0.44	0.38
Professional and Technical	2,440	2,091	-14.30%	15.15%	●	-29.45%	0.26	0.21
Management	233	520	123.18%	9.87%	●	113.31%	0.14	0.31
Administrative and Waste	4,080	4,655	14.09%	3.49%	●	10.61%	0.46	0.55
Education	323	249	-22.91%	29.94%	●	-52.85%	0.12	0.07
Health Care	7,248	4,969	-31.44%	23.18%	●	-54.63%	0.51	0.31
Arts and Entertainment	1,217	1,432	17.67%	20.75%	●	-3.09%	0.42	0.44
<b>Accommodation and Food Service</b>	<b>7,171</b>	<b>8,312</b>	<b>15.91%</b>	<b>11.08%</b>	●	<b>4.83%</b>	<b>0.72</b>	<b>0.82</b>
Federal Civilian	1,138	1,014	-10.90%	5.50%	●	-16.39%	0.45	0.42
Military	1,220	1,051	-13.85%	1.01%	●	-14.87%	0.64	0.59
State and Local	25,750	26,001	0.97%	7.23%	●	-6.26%	1.52	1.56

Source: Bureau of Economic Analysis

Location quotients greater than or equal to 1.20 indicate specialization