



FEDERAL RESERVE BANK *of* KANSAS CITY

U.S. & Kansas Economic Outlook

Emporia State University

October 23rd, 2014

Jason Brown
Senior Economist

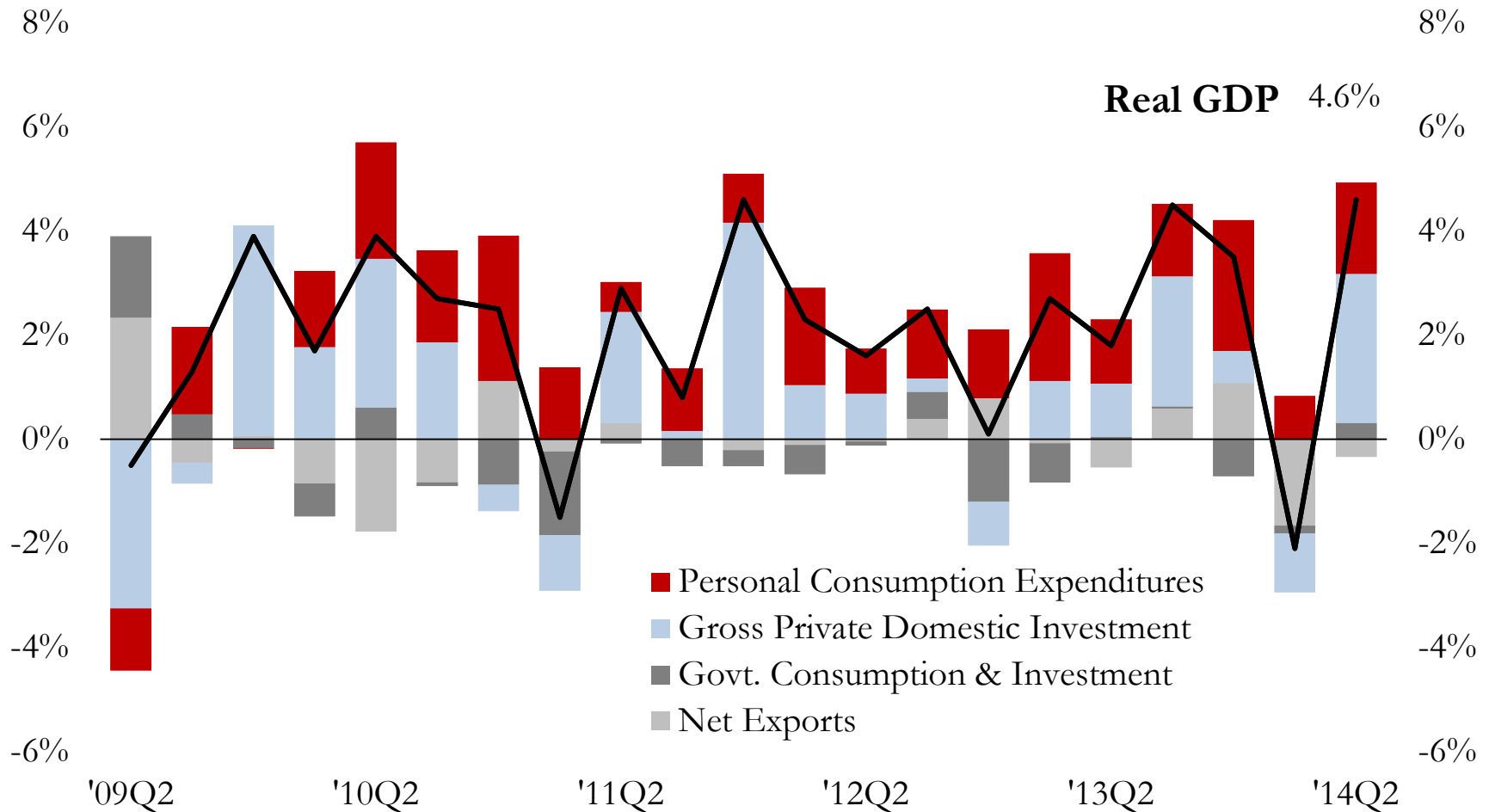
The views expressed are those of the presenter and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

U.S. Economic Update

Consumption and private domestic investment have been the main contributors to economic growth.

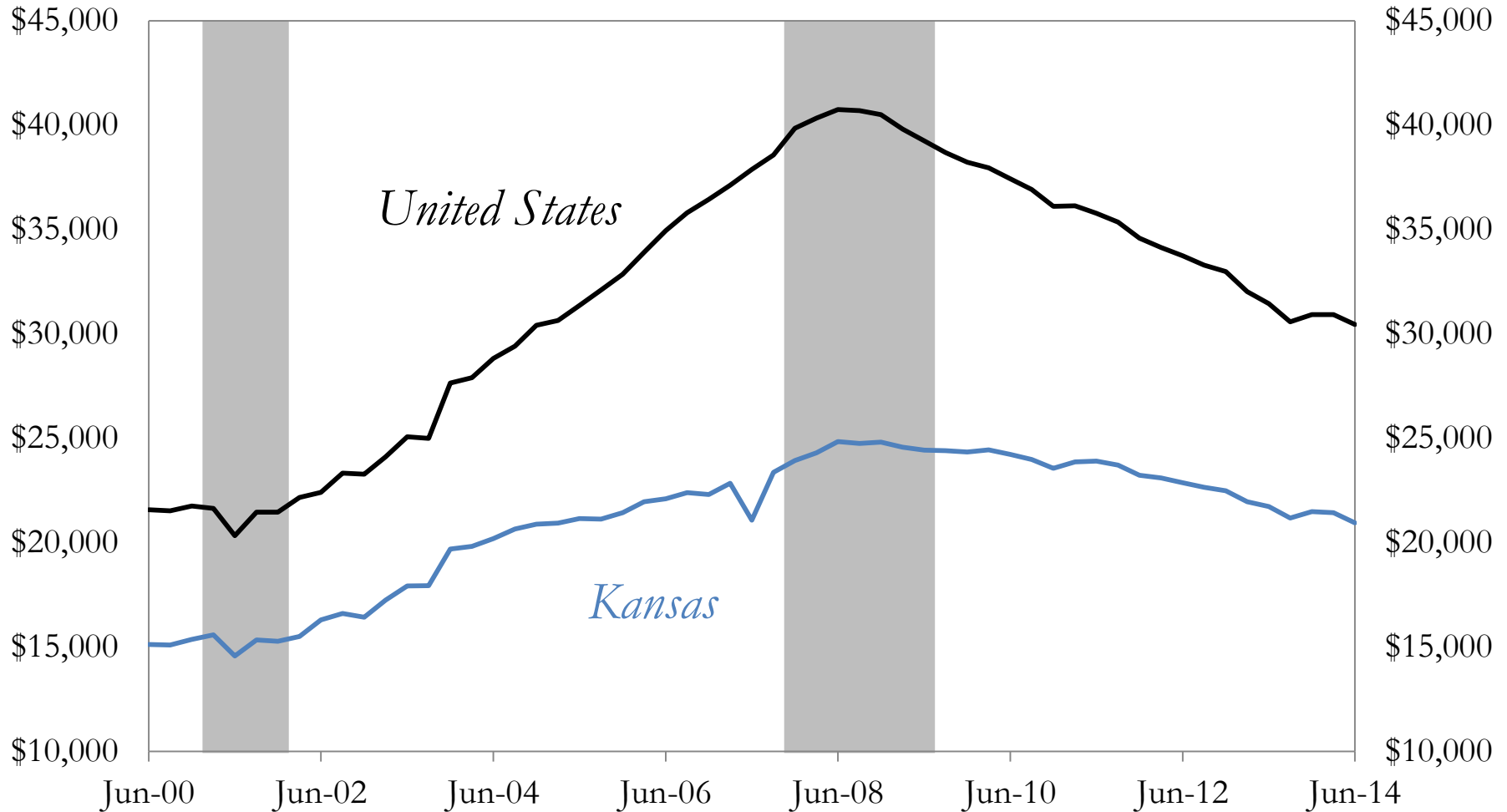
CONTRIBUTIONS TO REAL GDP

Percent Change at Seasonally Adjusted Annualized Rates



The decline in average mortgage debt per consumer has slowed over the past year.

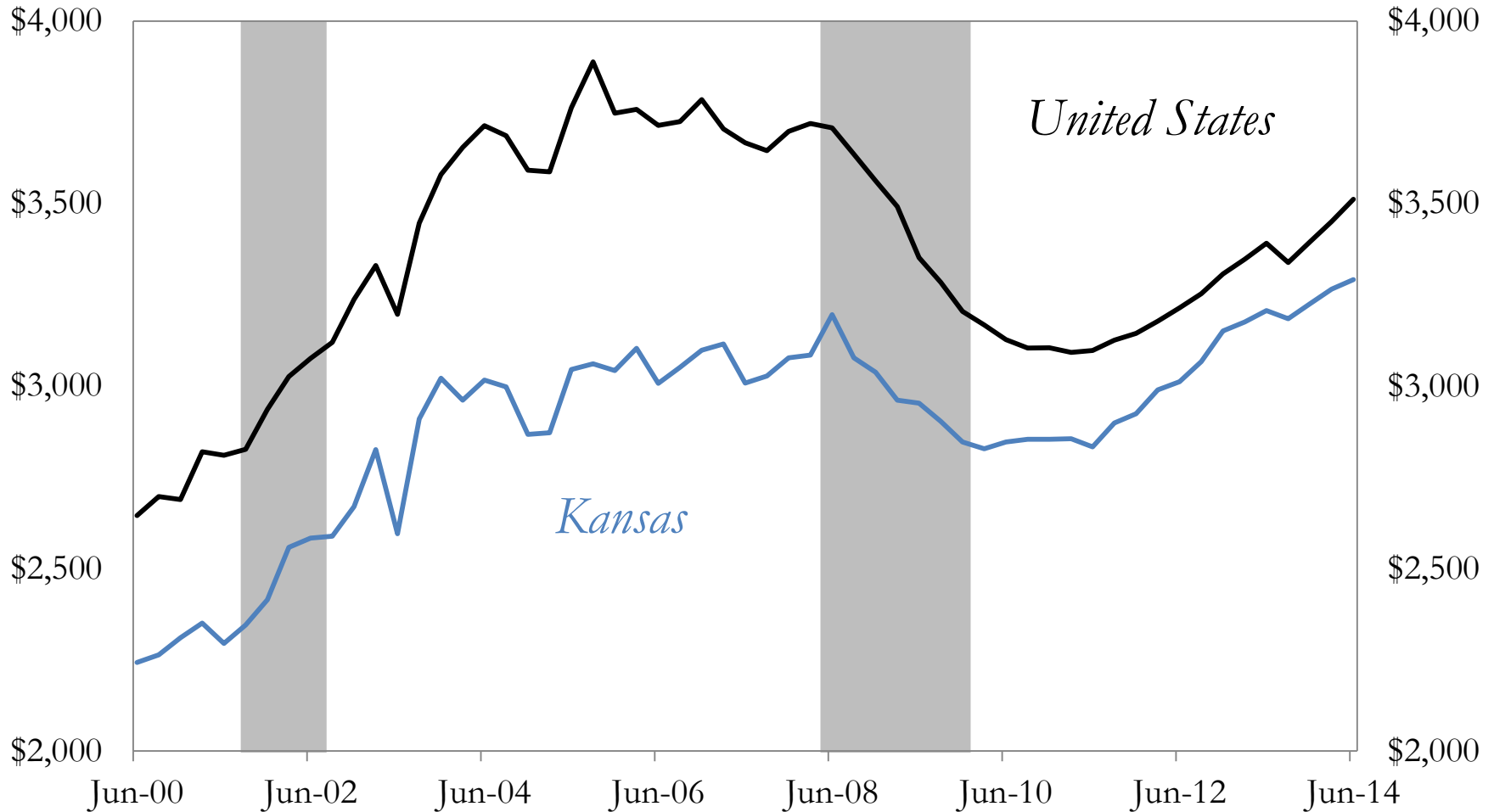
Average Mortgage Debt Per Consumer
Real Dollars, Seasonally Adjusted



Source: Federal Reserve Bank of New York – Consumer Credit Panel

Auto debt fell during the initial part of the recovery, but has continued on an upward trend since mid-2011.

Average Auto Debt Per Consumer
Real Dollars, Seasonally Adjusted

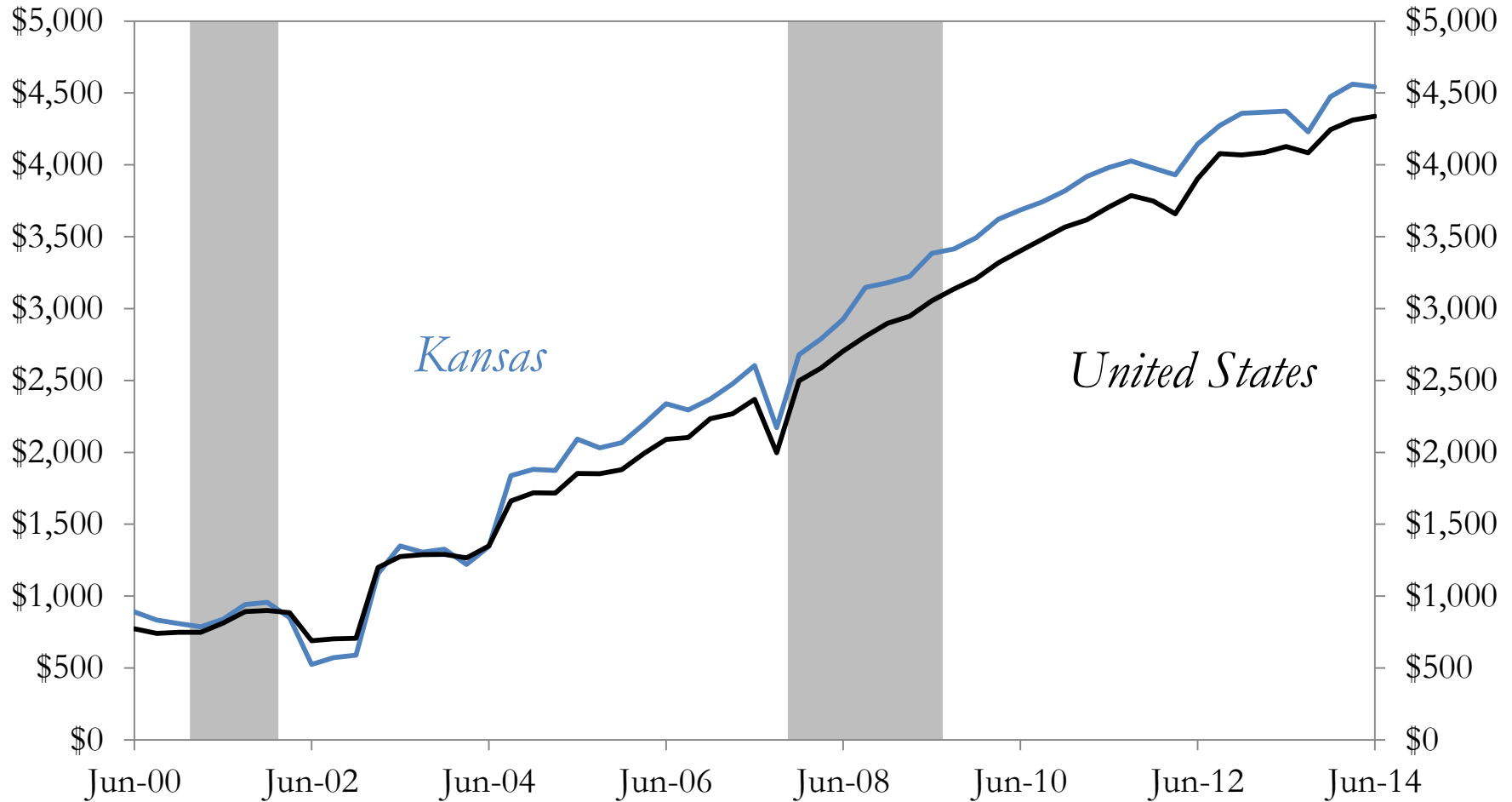


Source: Federal Reserve Bank of New York – Consumer Credit Panel

Student loan debt has steadily grown over the past decade, while recently the rate of growth has slowed.

Average Student Loan Debt Per Consumer

Real Dollars, Seasonally Adjusted

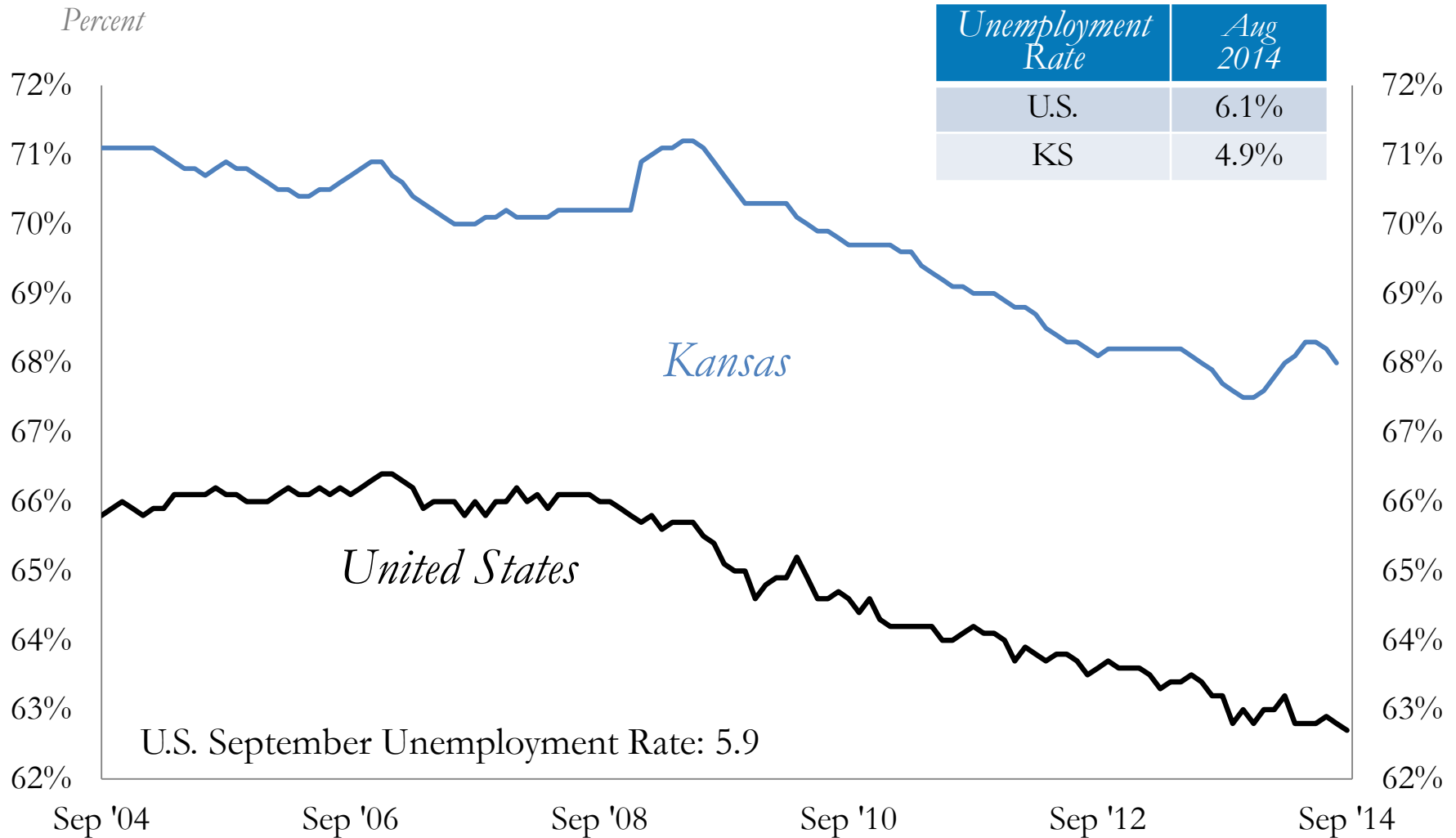


Source: Federal Reserve Bank of New York – Consumer Credit Panel

Labor force participation rates have continued a steady decline, despite a recent increase in Kansas.

LABOR FORCE PARTICIPATION

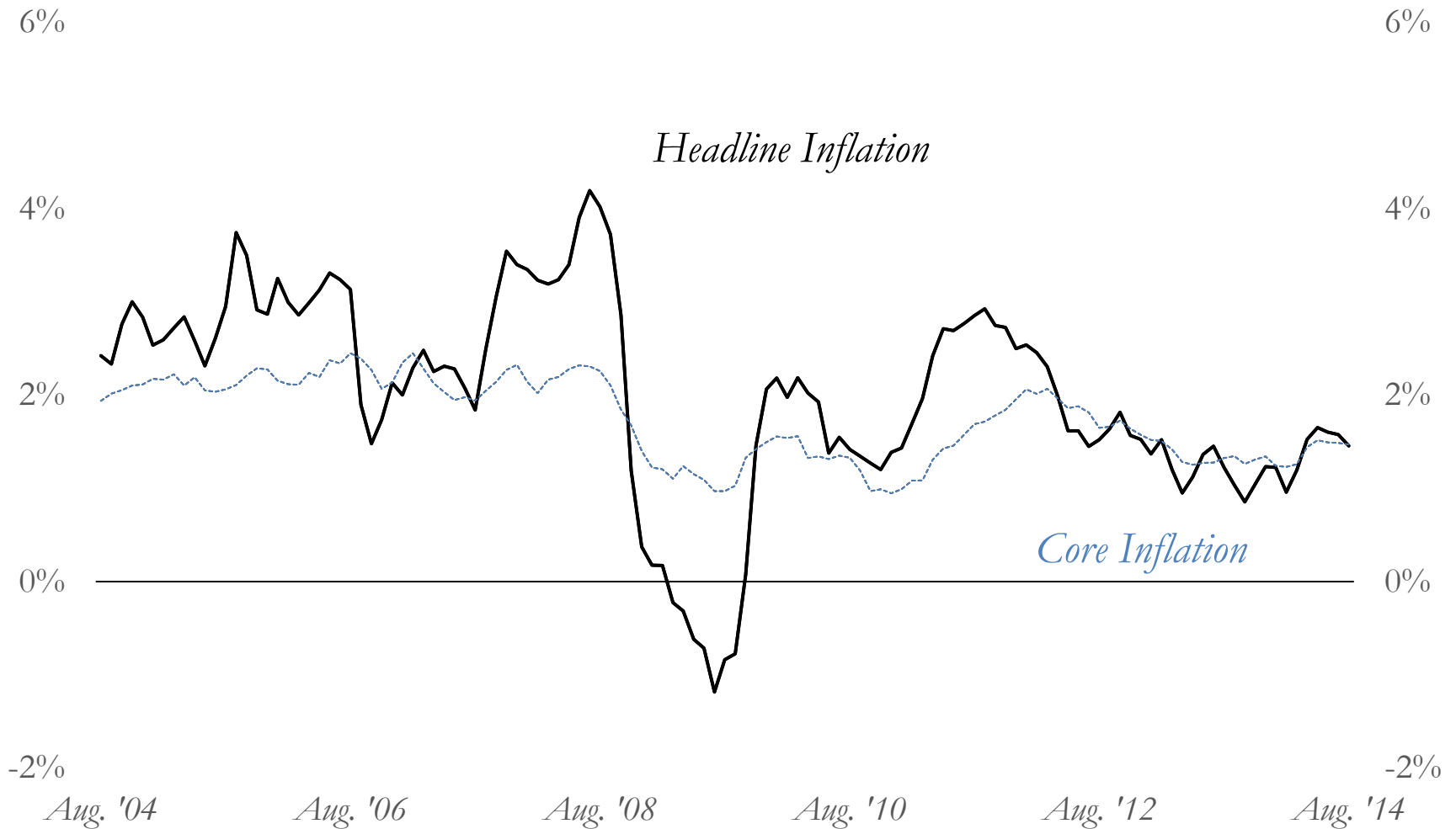
Percent



Inflation is nearing the FOMC's 2 percent target.

PERSONAL CONSUMPTION EXPENDITURE PRICE INDEX (PCEPI)

Percent Change Year-over-Year

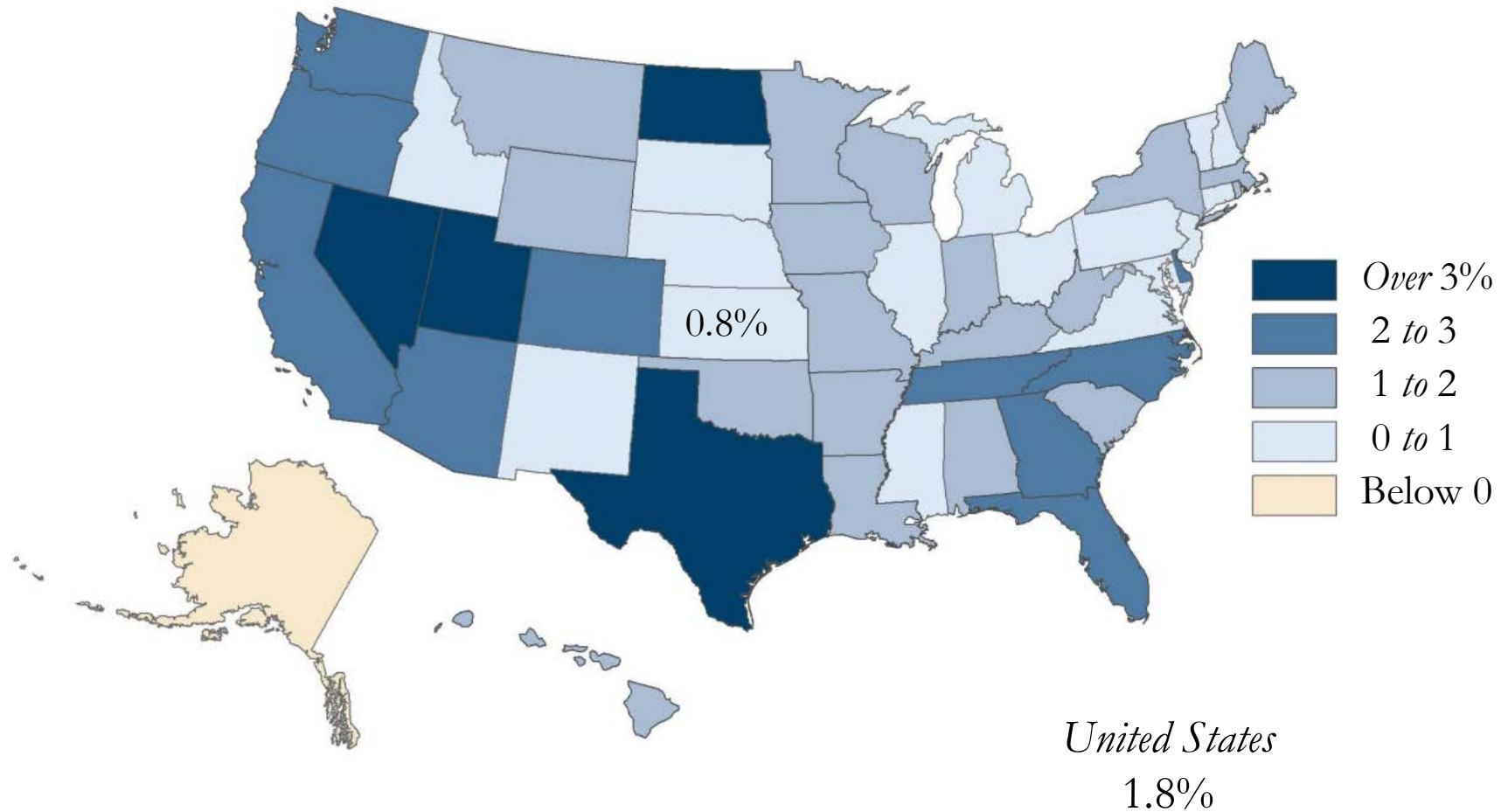


Regional Economic Update

Almost all states experienced positive job growth compared to the previous year.

AUGUST 2014 NONFARM EMPLOYMENT

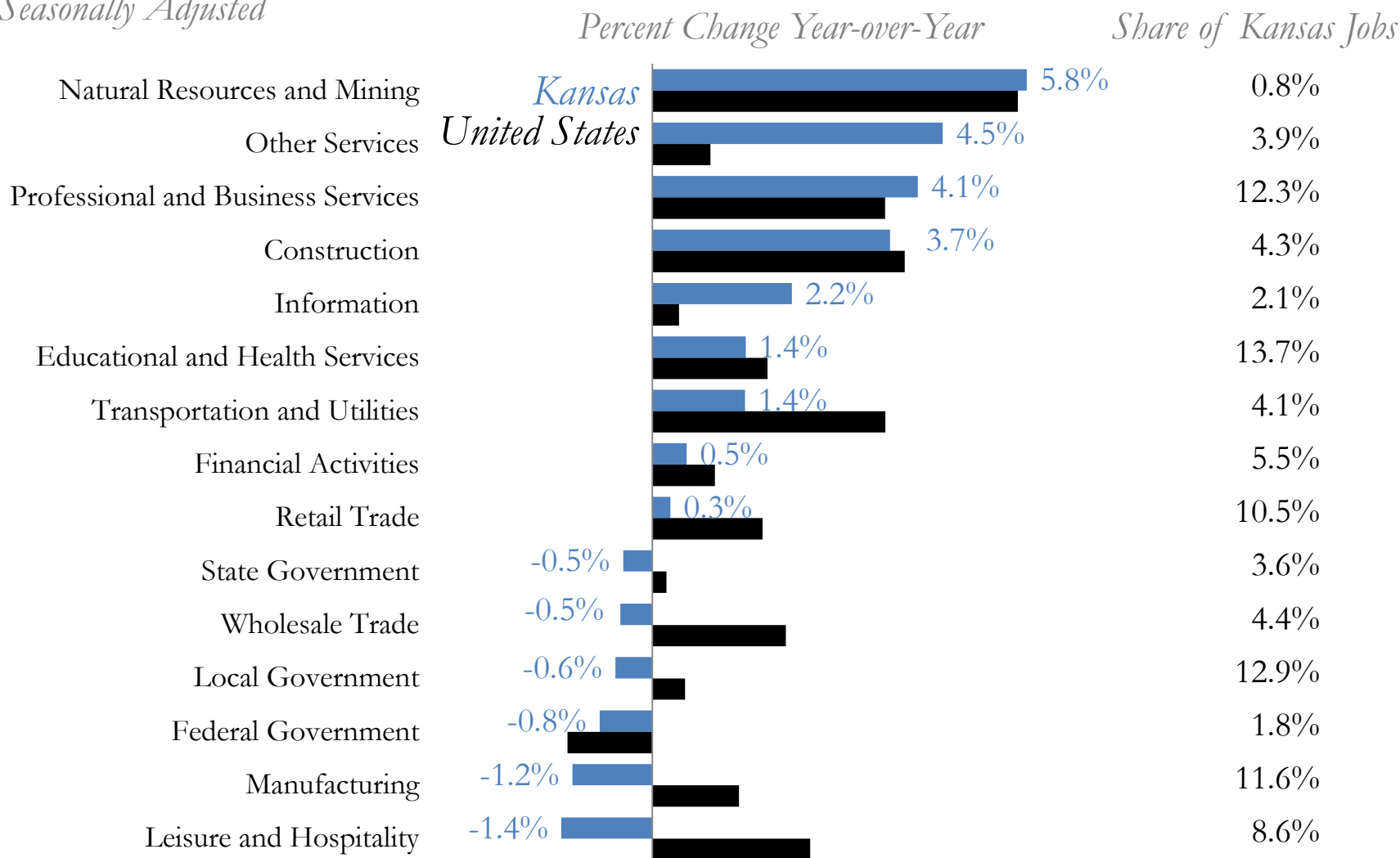
Year-over-Year Percent Change, Seasonally Adjusted



Employment growth has picked up in many sectors in Kansas, with a few sectors still lagging.

AUGUST 2014 KANSAS PAYROLL EMPLOYMENT

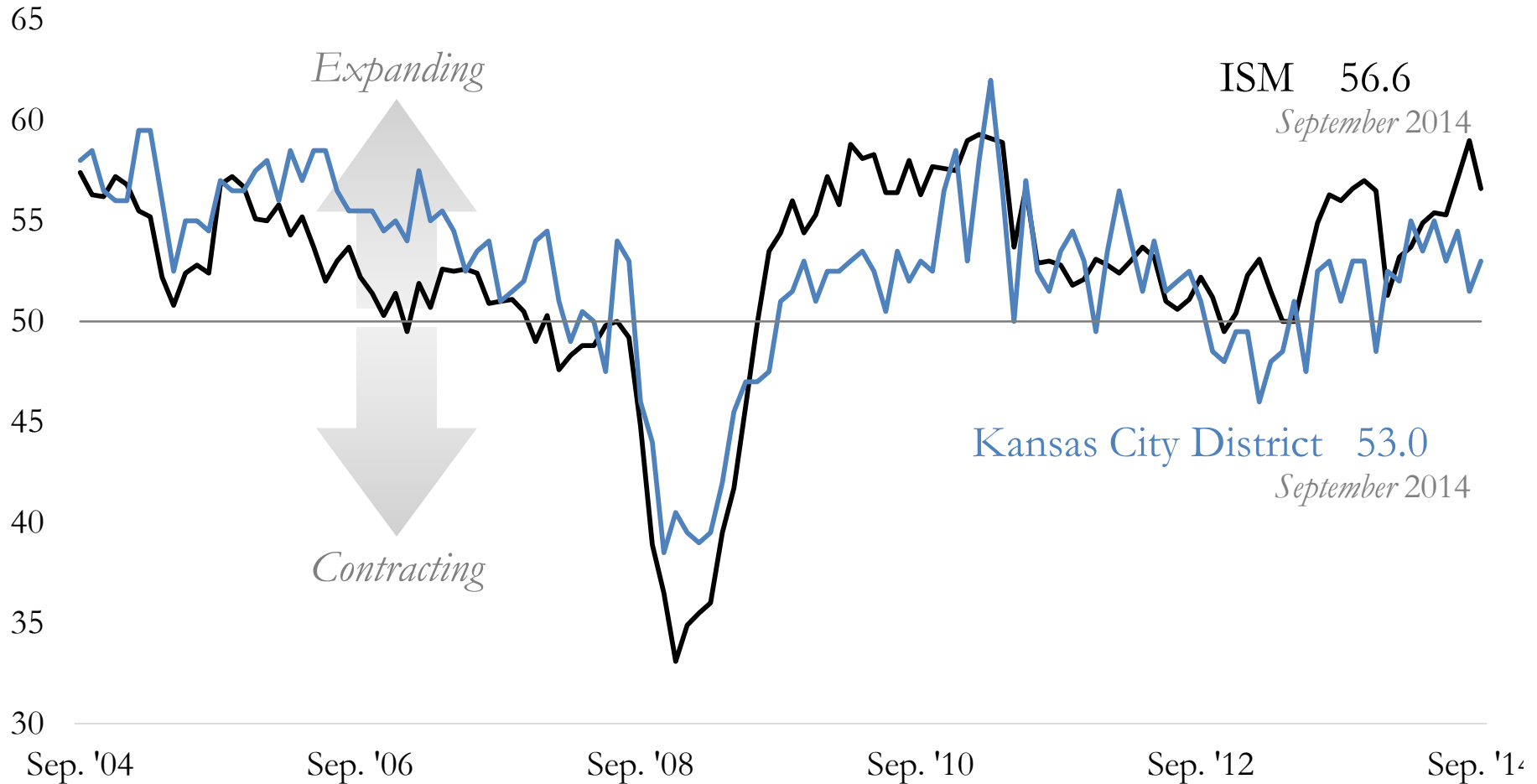
Seasonally Adjusted



Manufacturing activity has recently increased in the U.S., but the pace has been slower more recently in the 10th District.

MANUFACTURING ACTIVITY

Diffusion Index, Seasonally Adjusted, Month-over-Month

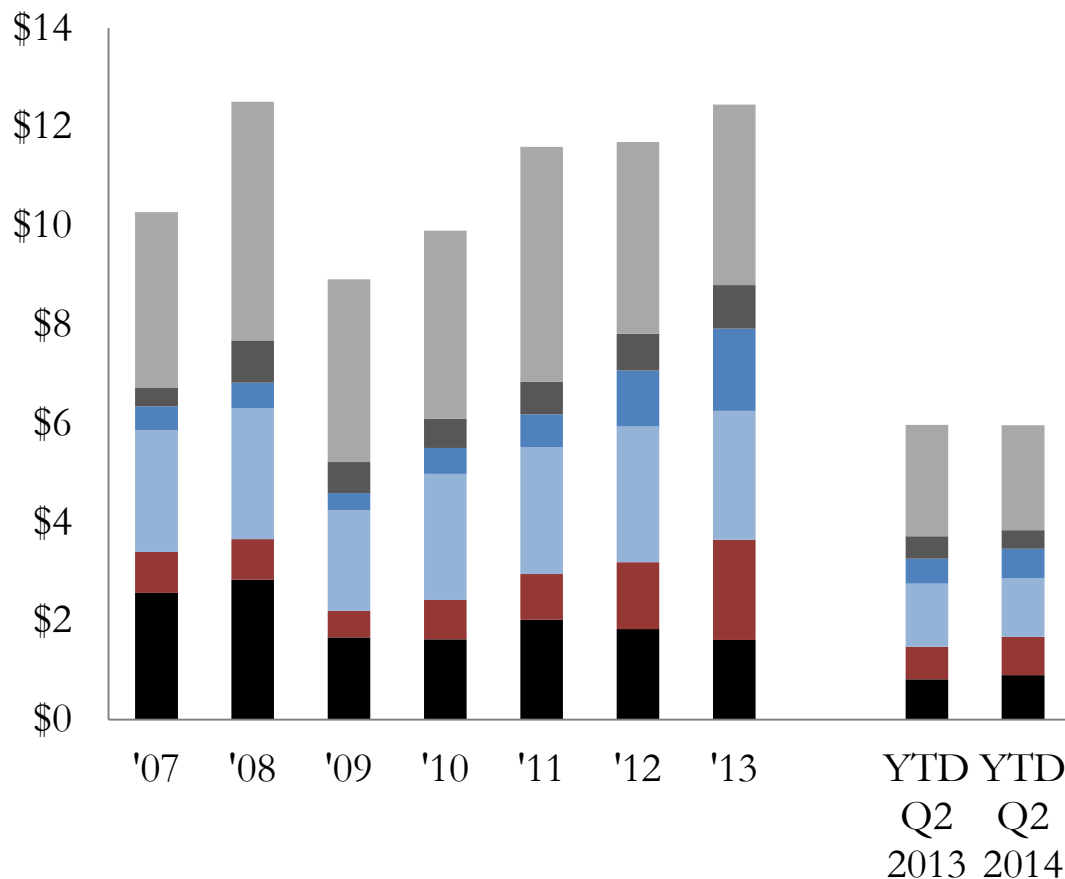




Total trade decreased slightly YTD Q2 in Kansas, with declines in Canada, Japan, and other smaller countries.

KANSAS EXPORTS BY TRADING PARTNER

Billions



Percent Change YTD Q2 2014 Year-over-Year

| Trading Partner | Percent Change | SHARE |
|-----------------|----------------|-------|
| Total Trade | -0.1% | SHARE |
| All Other | -5.7 | 35.6% |
| Japan | -18.0 | 6.3 |
| Mexico | 24.6 | 15.8 |
| Canada | -7.2 | 19.9 |
| China* | 17.5 | 13.0 |
| Eurozone | 10.5 | 15.1 |

Top exports by value YTD Q2 2014 Million \$

| | |
|------------------|--------|
| Trans. Equipment | \$1209 |
| Ag. Products | \$1114 |
| Food Products | \$1049 |
| Machinery | \$658 |

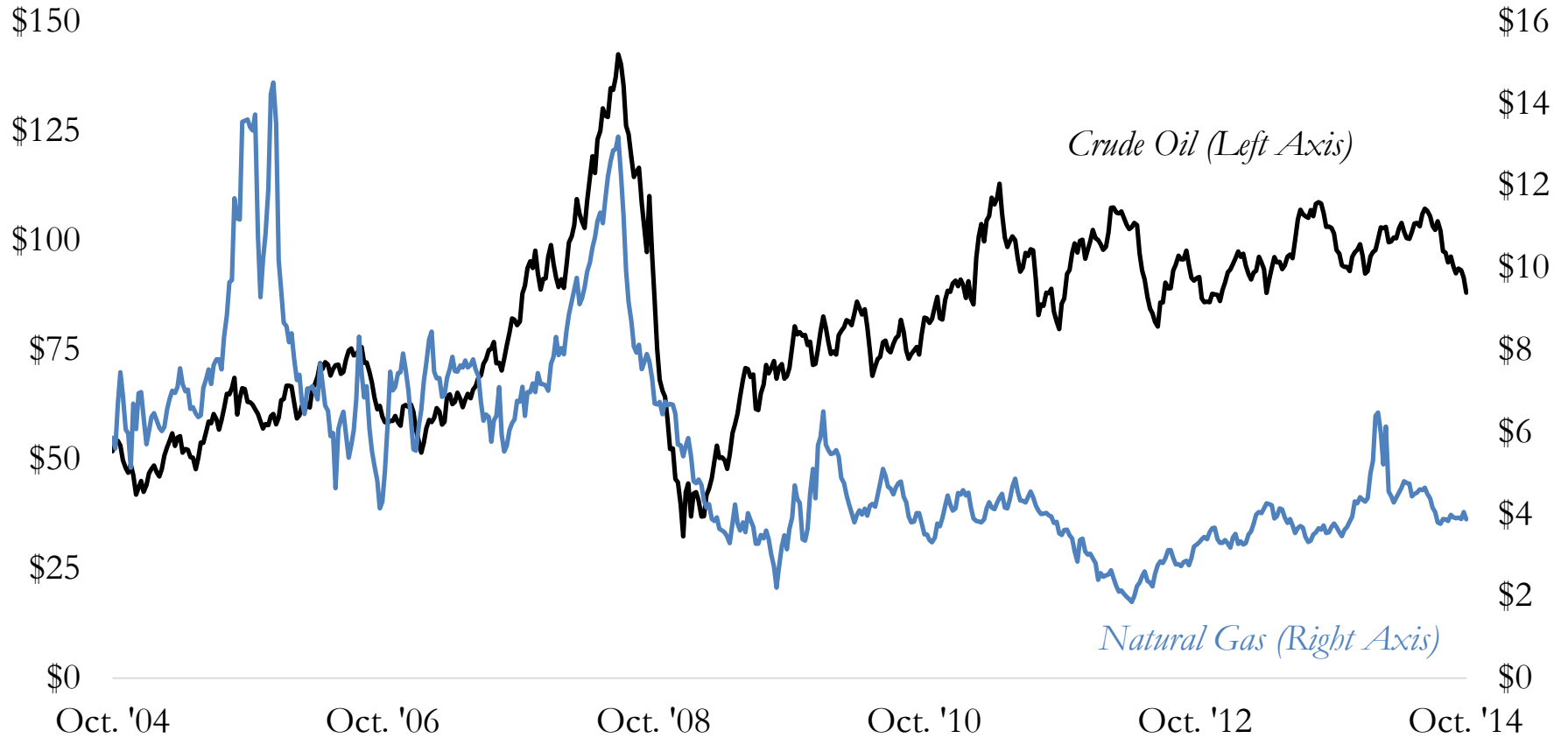
Crude oil prices have recently fallen considerably, while natural gas prices have stayed steady.

SPOT CRUDE OIL AND NATURAL GAS PRICES

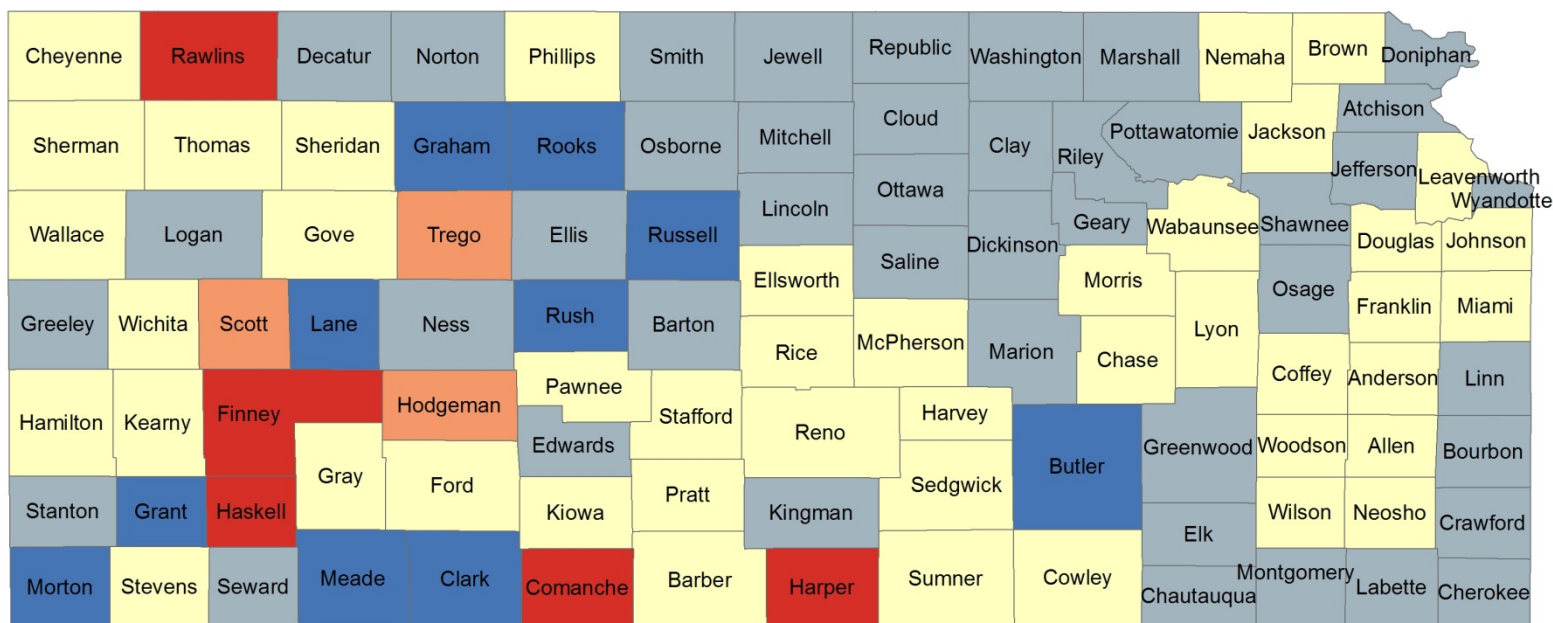
Dollars per Barrel, Dollars per Thousand Cubic Feet.

Price per Barrel

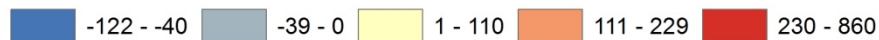
Price per Thousand Cubic Feet



Kansas oil production increased 3.1 million barrels last year.



Change in Oil Production, 2012 to 2013 (Thous. barrels)

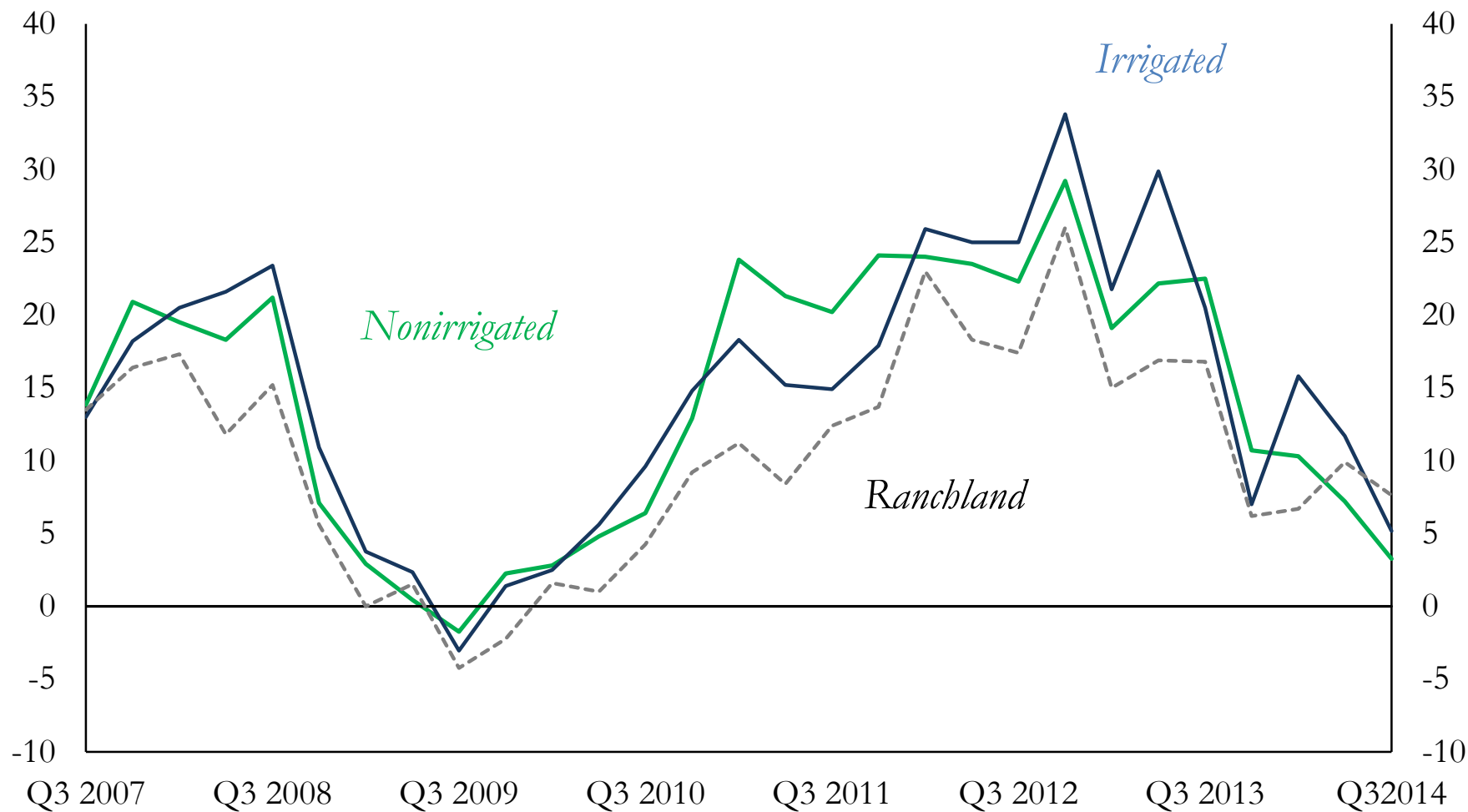


| <i>Oil Production</i> | <i>Through June 2014</i> |
|---------------------------|--------------------------|
| Millions of barrels | 24.1 |
| Growth (versus last year) | 4.0% |

Farmland values continue to rise, but at a slower pace.

KANSAS FARMLAND VALUES

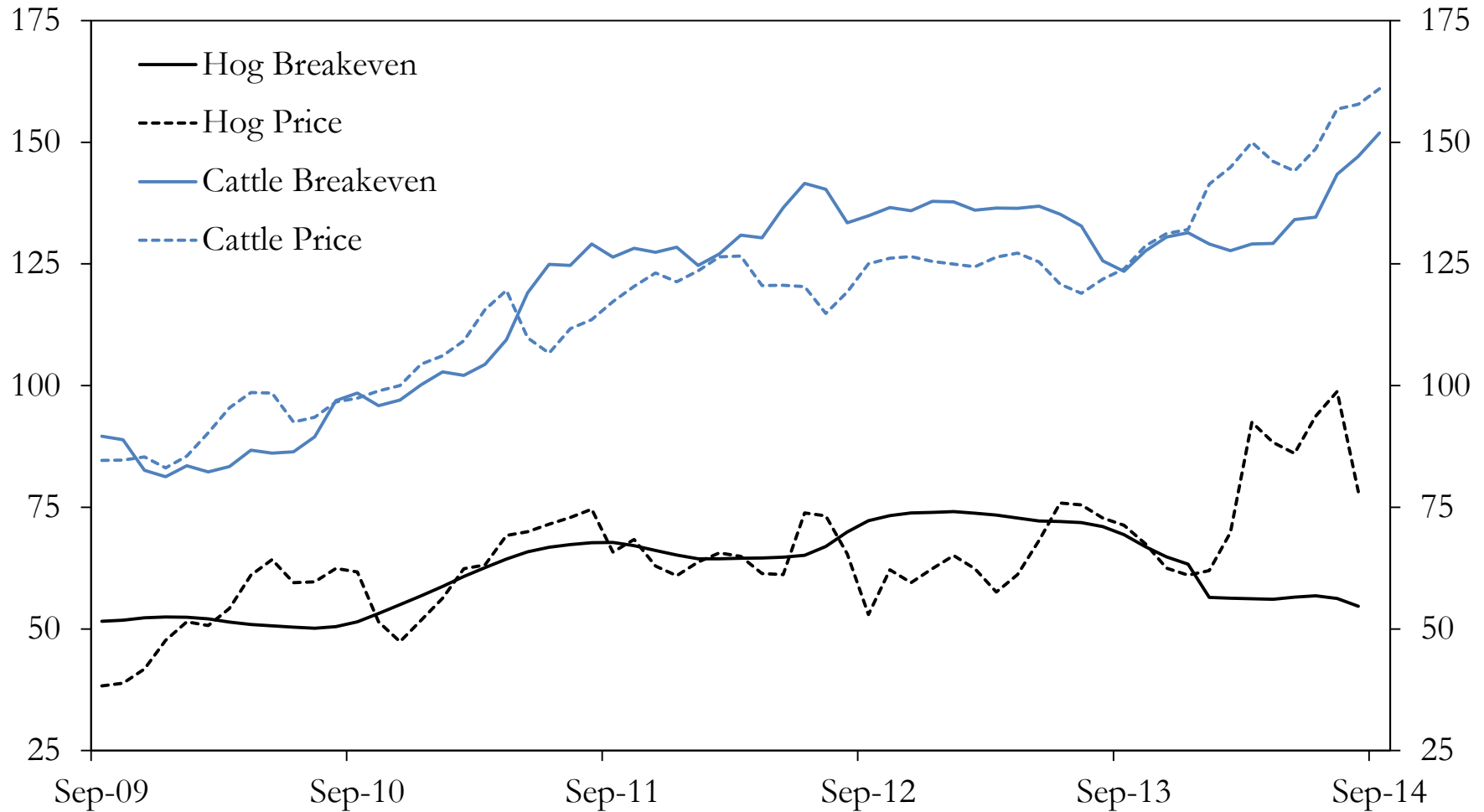
Percent change from previous year



Livestock prices have strongly increased in the most recent months.

LIVESTOCK BREAK EVEN PRICES

Dollars per hundred weight



Summary

- U.S. economic growth remains moderate.
- Kansas is experiencing varying growth across sectors.
- Outlook for manufacturing is positive, despite recent slowdown in growth.
- Kansas oil production continues to grow at a modest pace, but may slow with lower prices.
- Farm incomes are expected to be lower for crop producers, but higher for livestock.

Questions?

- For more information about the Kansas economy, subscribe to:
 - Midwest Economist
 - Regional Databook
- <http://www.kc.frb.org/research/regionaleconomy/>