



FEDERAL RESERVE BANK *of* KANSAS CITY

# U.S. & Kansas Economic Outlook

2015 Kansas Economic Outlook Conference  
Wichita State University  
Dodge City, KS

October 22<sup>nd</sup>, 2015

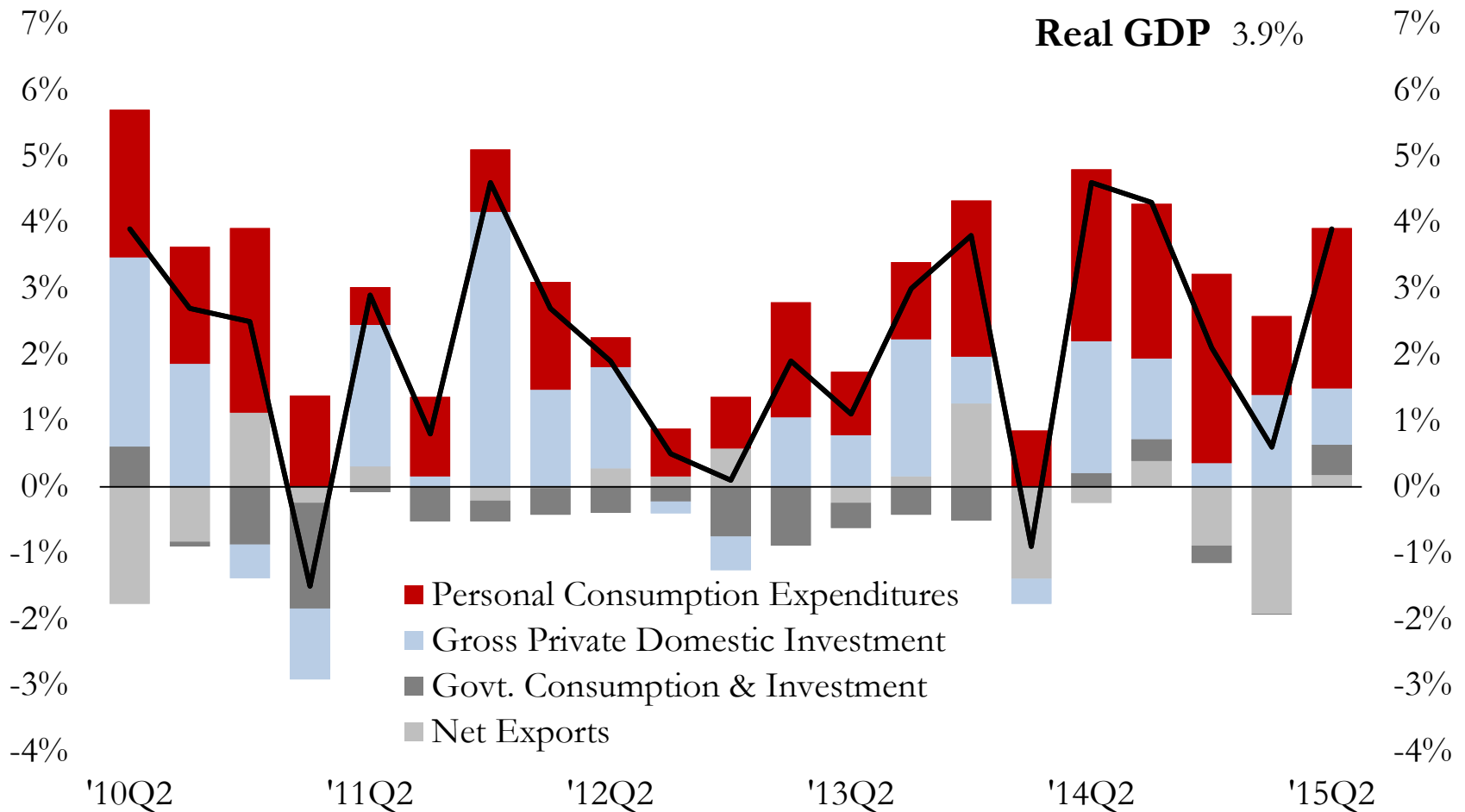
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*The views expressed are those of the presenter and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.*

# Consumer spending and private domestic investment have contributed the most to U.S. real GDP growth.

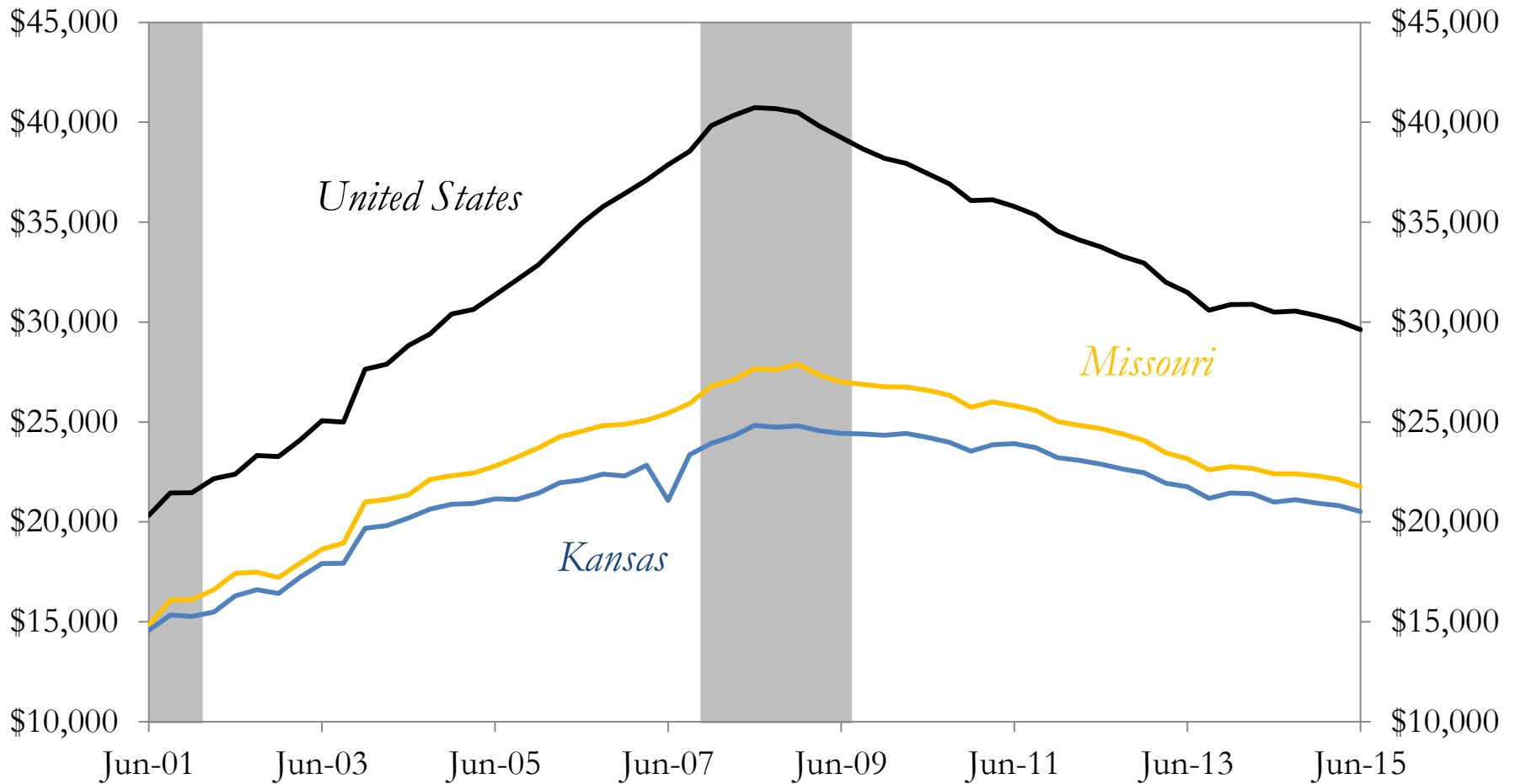
## CONTRIBUTIONS TO REAL GDP

*Percent Change at Seasonally Adjusted Annualized Rates*



# Average mortgage debt among consumers continues to level-off after declining during the recovery.

Average Mortgage Debt Per Consumer  
*Real Dollars, Seasonally Adjusted*

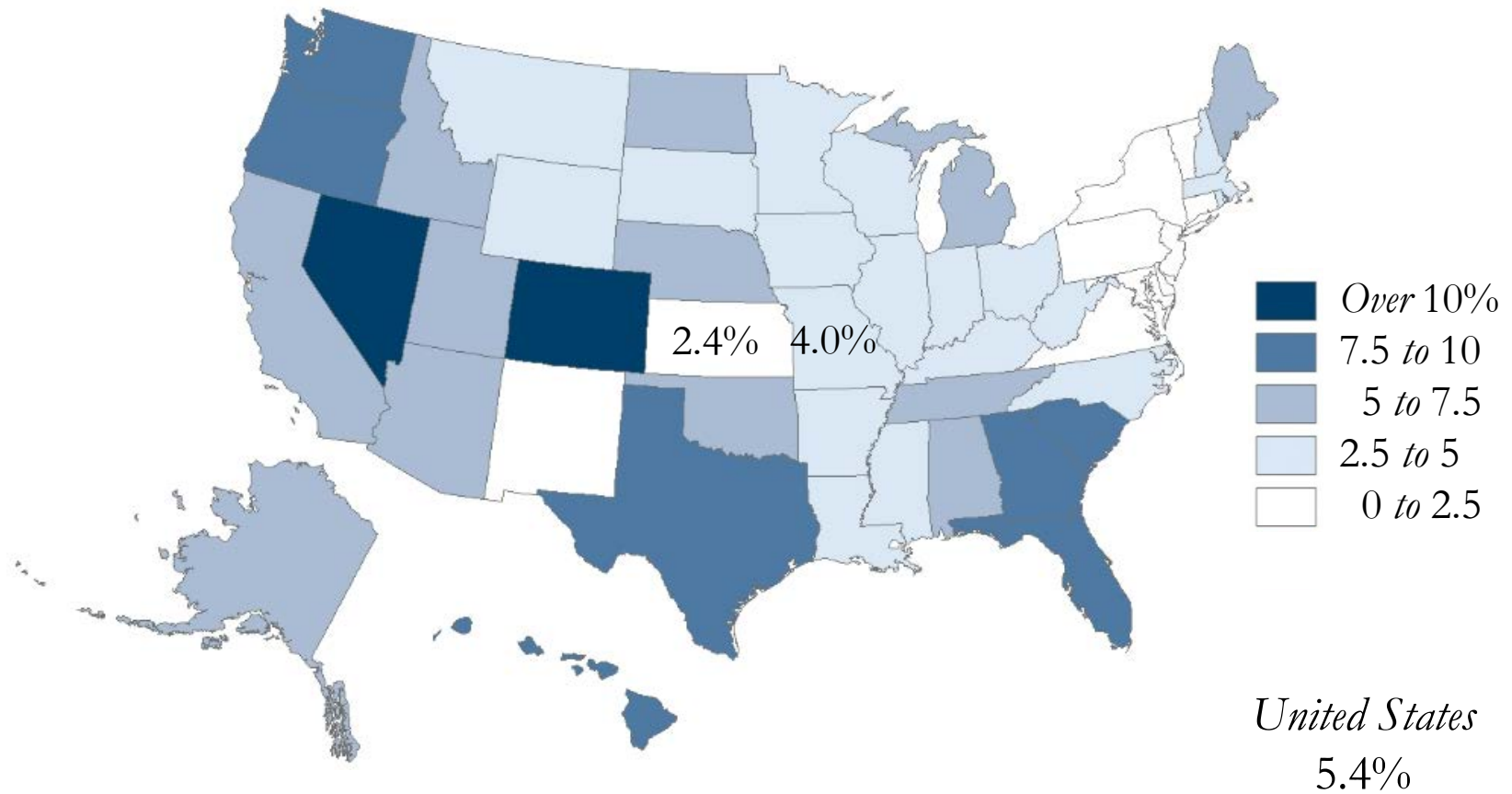


Source: Federal Reserve Bank of New York – Consumer Credit Panel / Equifax

# Home prices are rising in most states, with a moderate pace in the Midwest.

## FHFA PURCHASE-ONLY HOME PRICE INDEX (2015Q2)

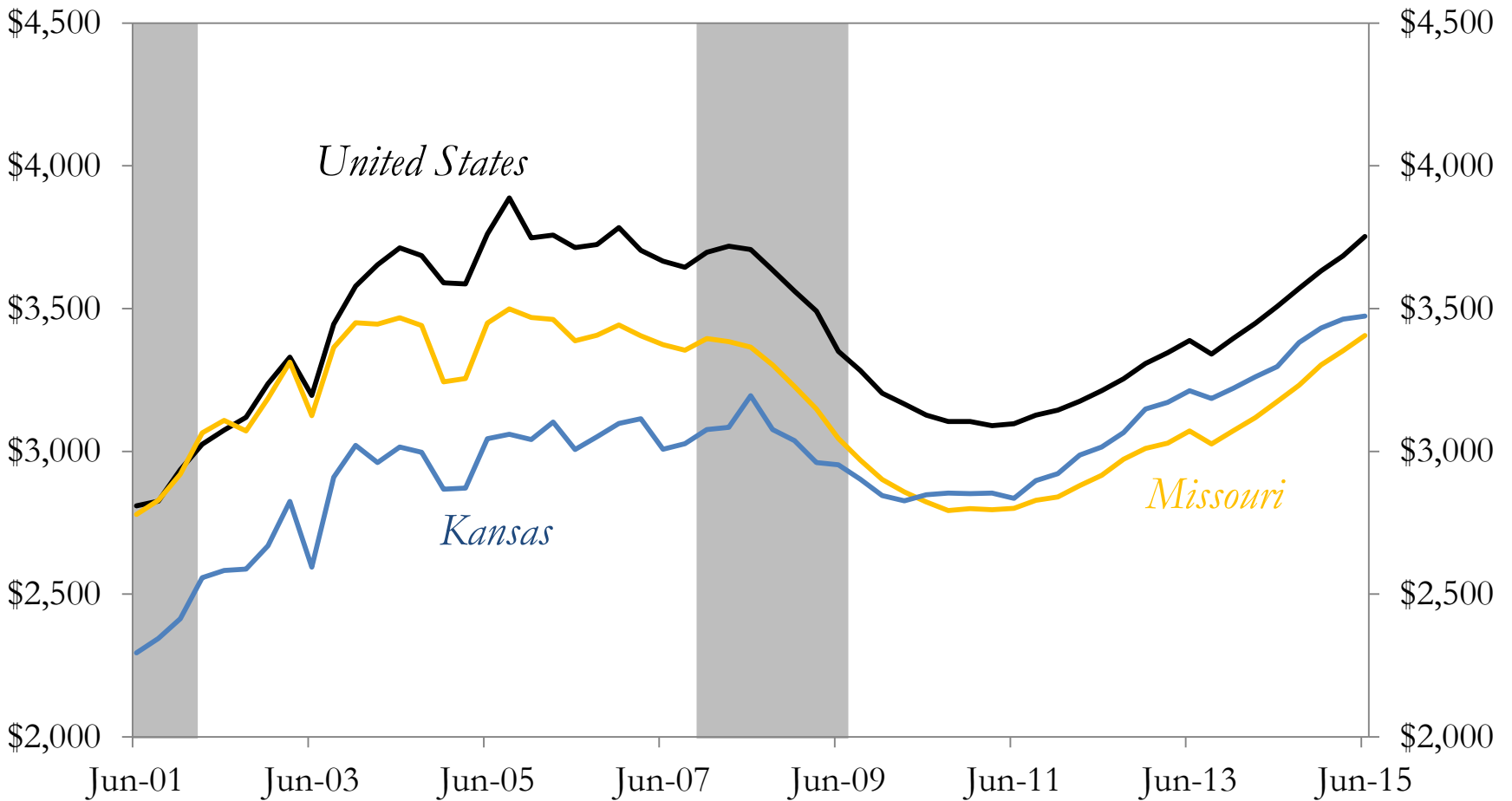
*Percent Change Year-over-Year, Seasonally Adjusted*



# Consumers are taking on more auto debt, higher than pre-recession levels in Kansas.

## Average Auto Debt Per Consumer

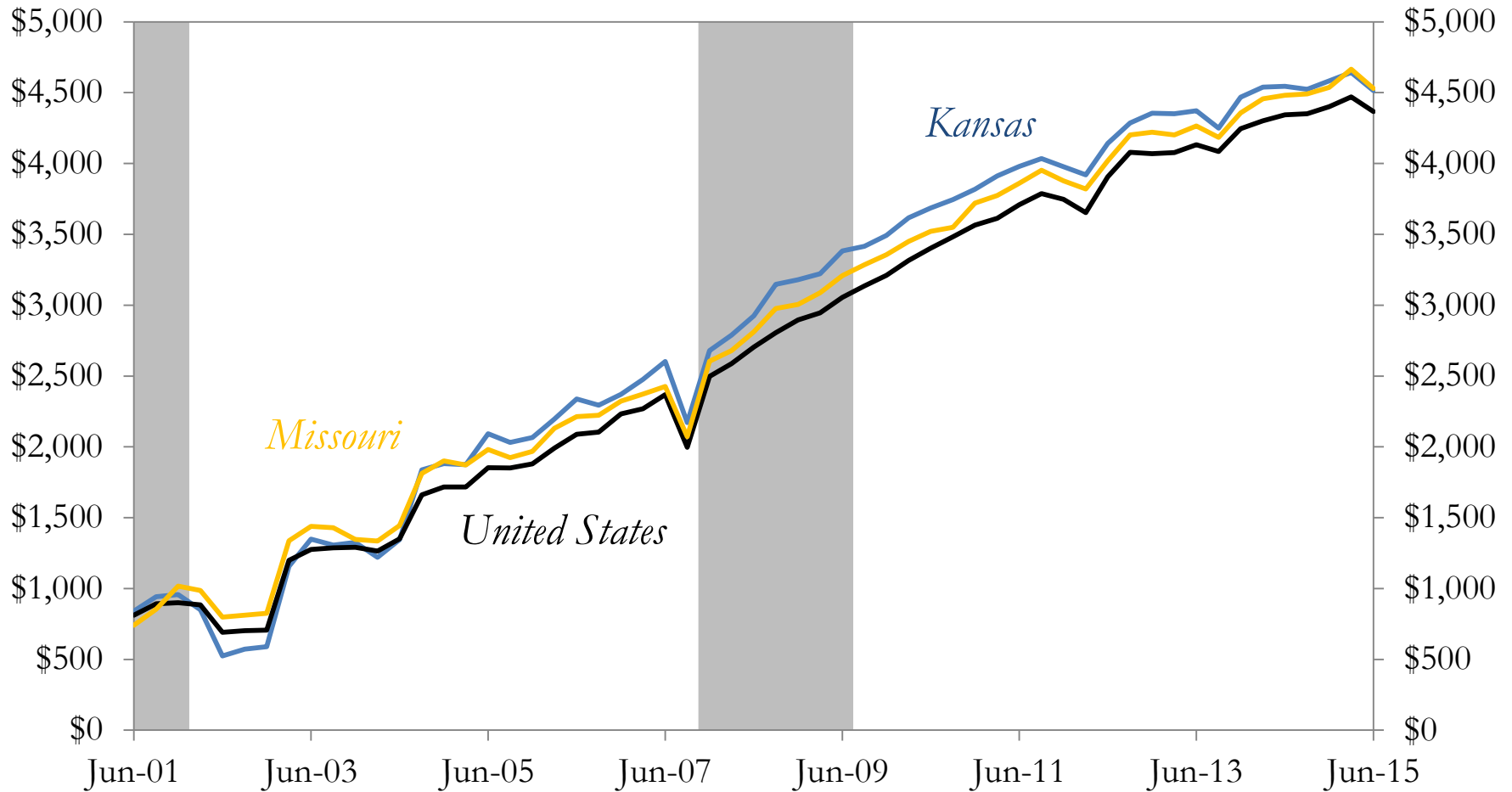
*Real Dollars, Seasonally Adjusted*



# Student loan debt leveled off over the past year after several years of steady increases.

## Average Student Loan Debt Per Consumer

*Real Dollars, Seasonally Adjusted*

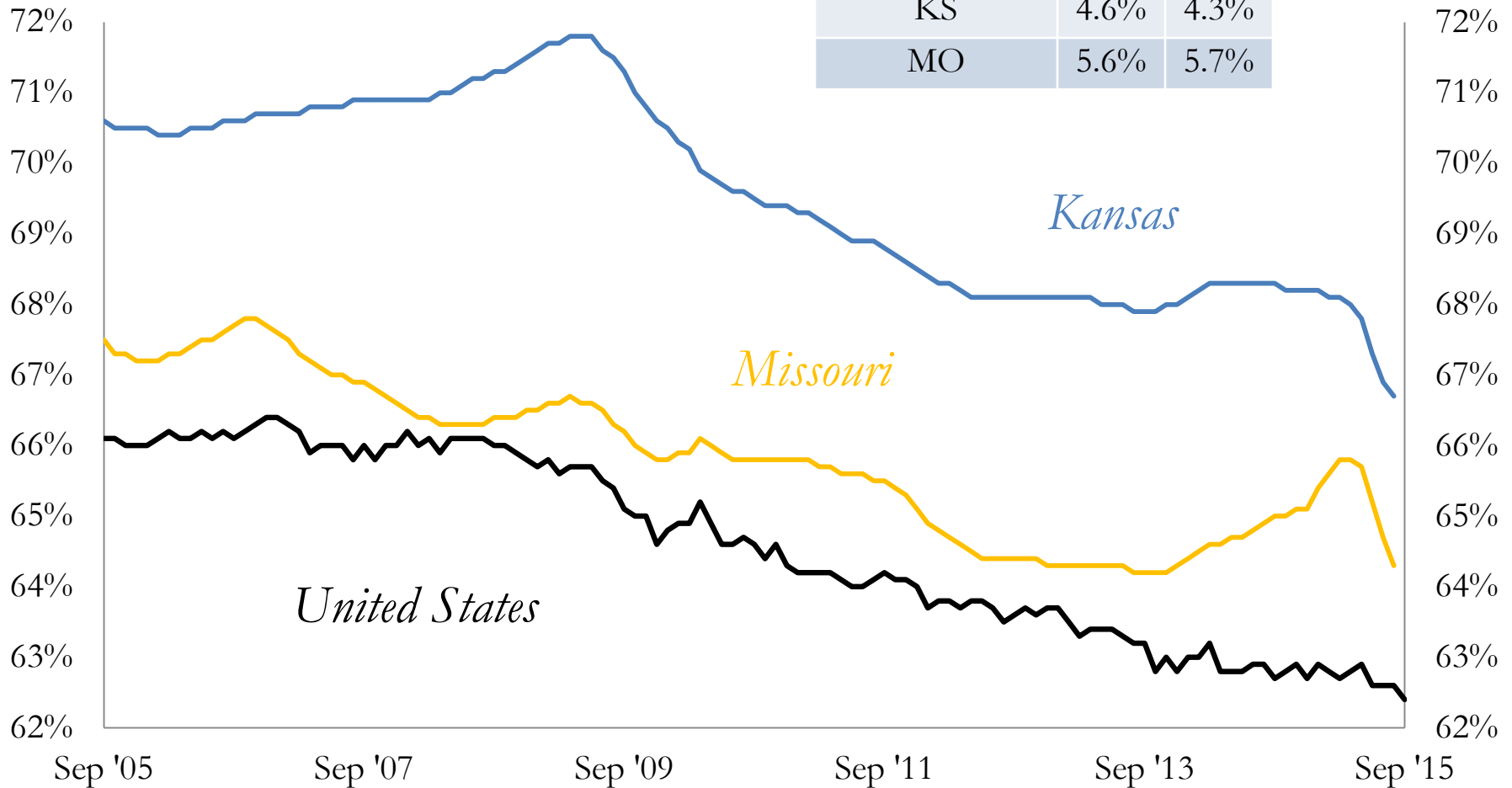


# Labor force participation rates declined in Kansas and Missouri in recent months.

## LABOR FORCE PARTICIPATION

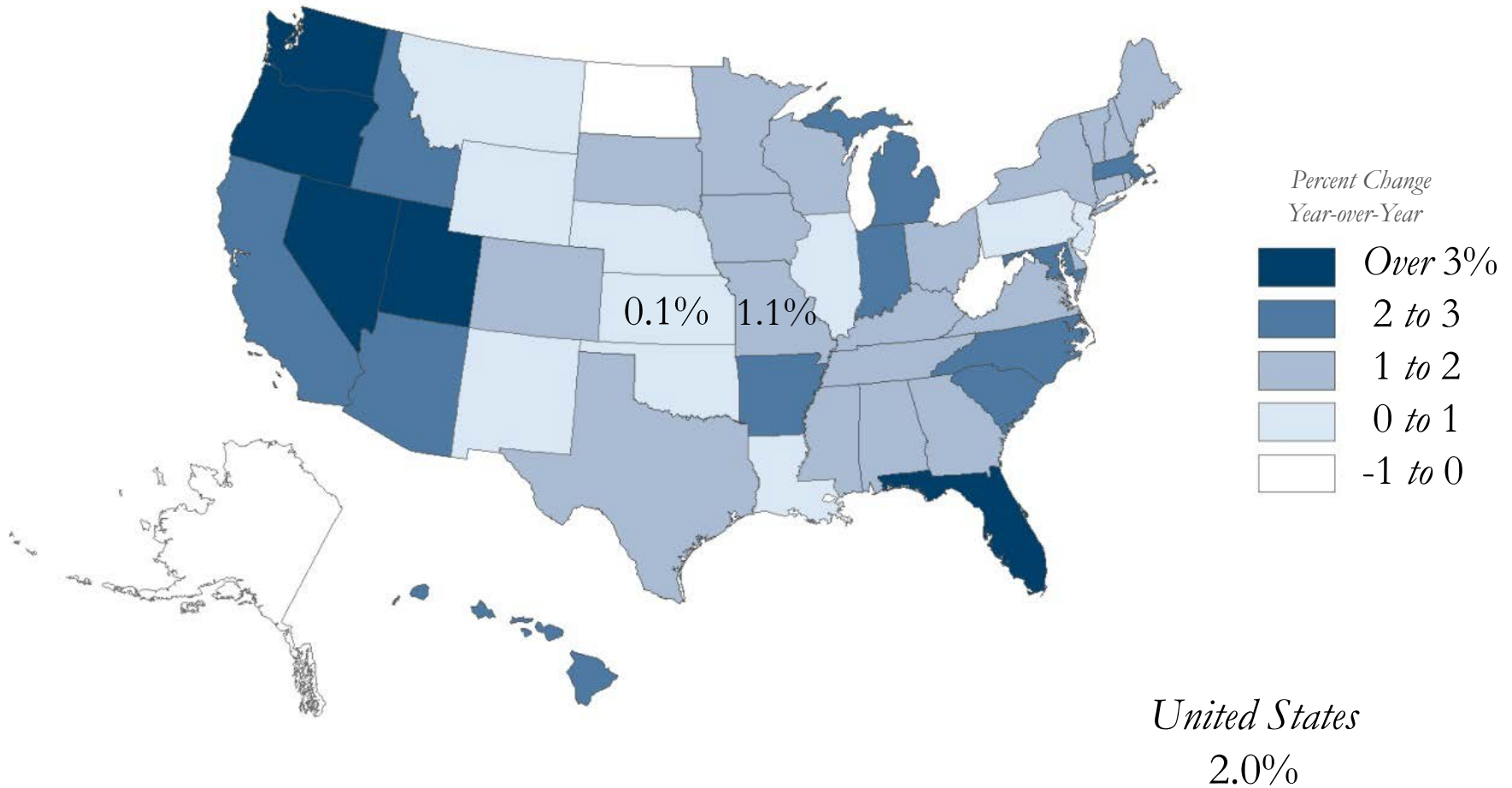
Percent

<i>Unemployment Rate</i>	<i>Aug 2015</i>	<i>Aug 2014</i>
U.S.	5.1%	6.1%
KS	4.6%	4.3%
MO	5.6%	5.7%



# Most states experienced positive job growth over the past year.

AUGUST 2015 NONFARM EMPLOYMENT  
*Year-over-Year Percent Change, Seasonally Adjusted*

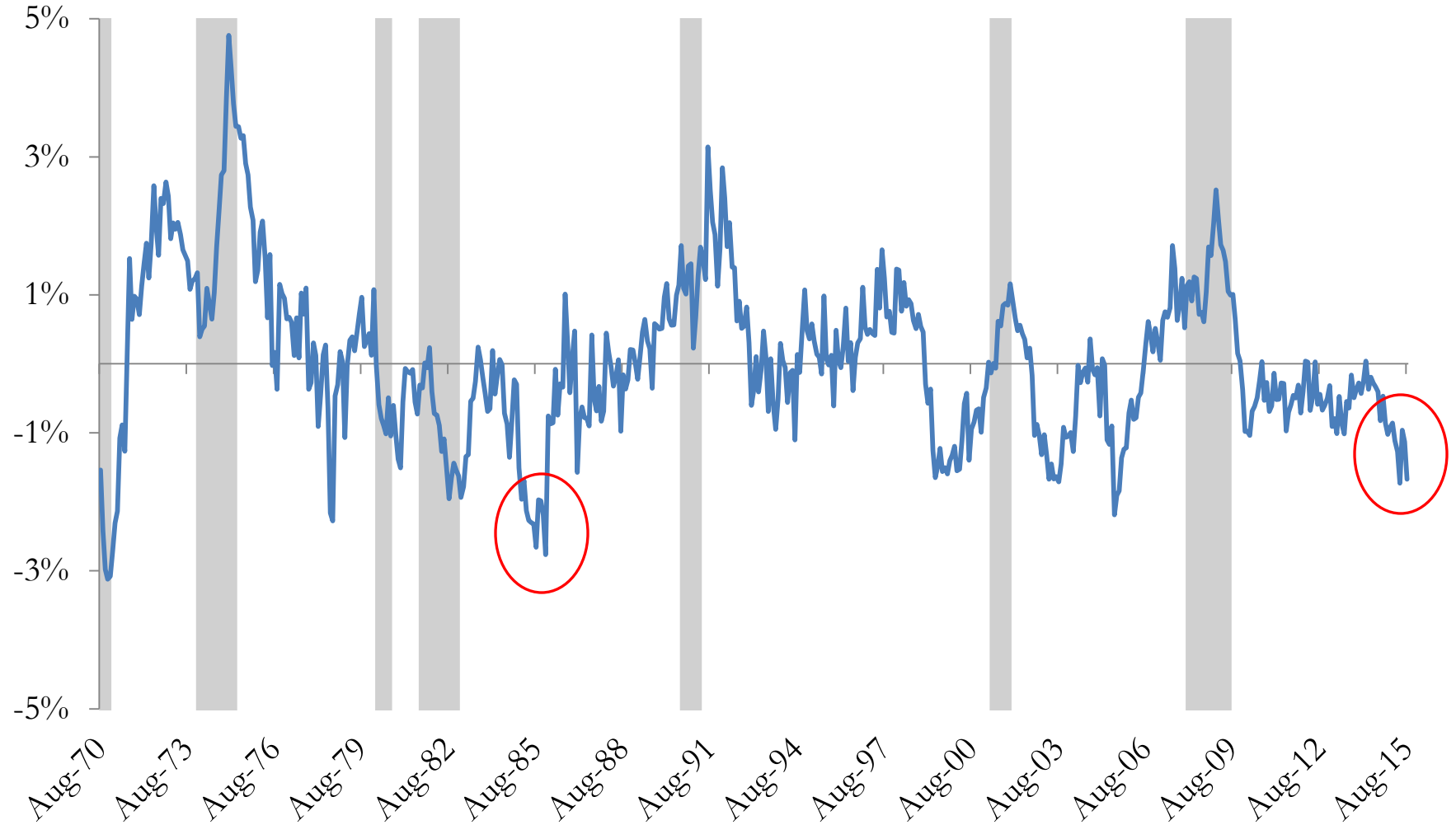




# Kansas employment growth has been slower than the nation since the end of the recession.

## DIFFERENCE IN EMPLOYMENT GROWTH KS - US

*Seasonally Adjusted, Year-over-Year Percent Change*

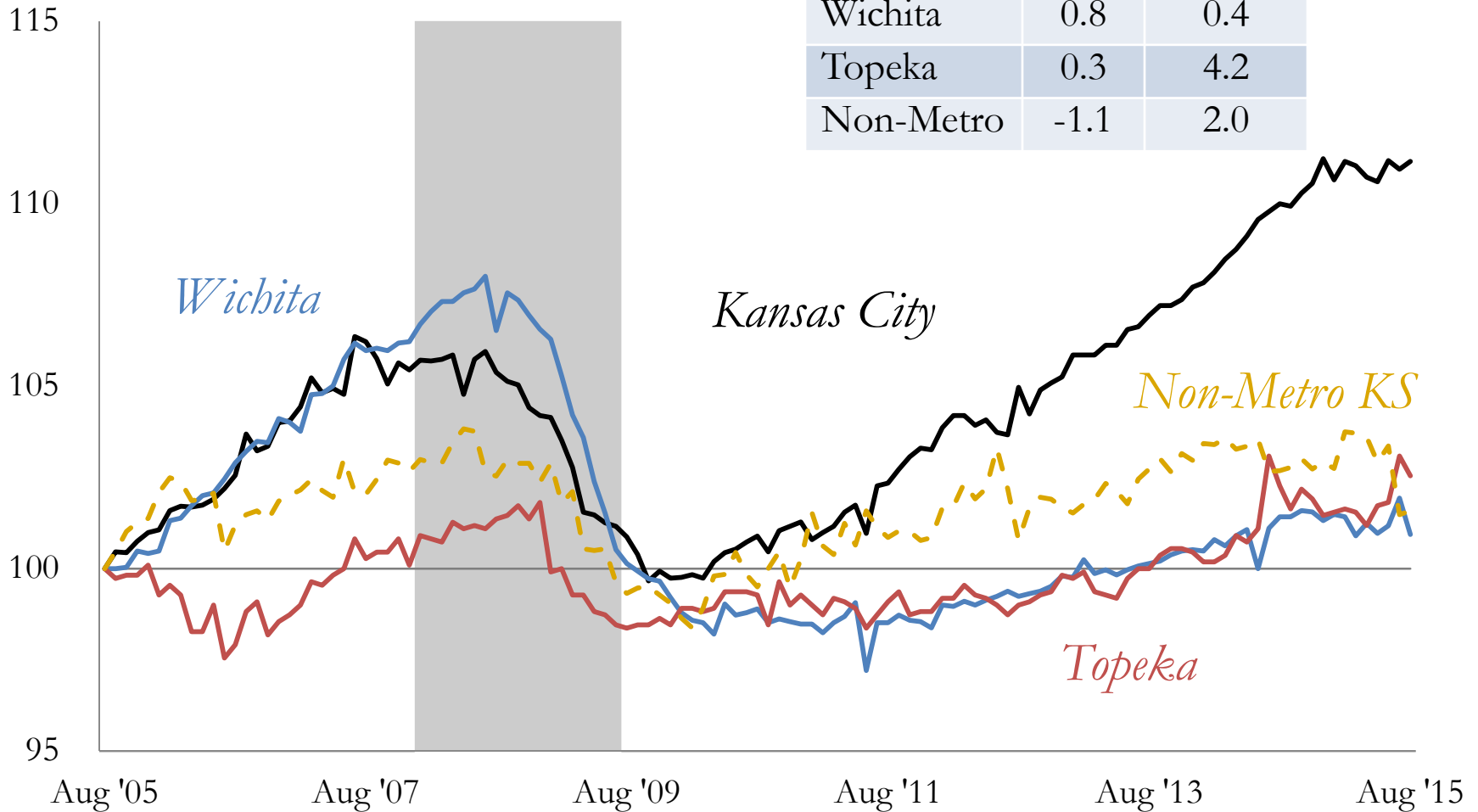


# Job gains have varied considerably across metropolitan areas.

## NONFARM EMPLOYMENT

*Index 100 = August 2005, Seasonally Adjusted*

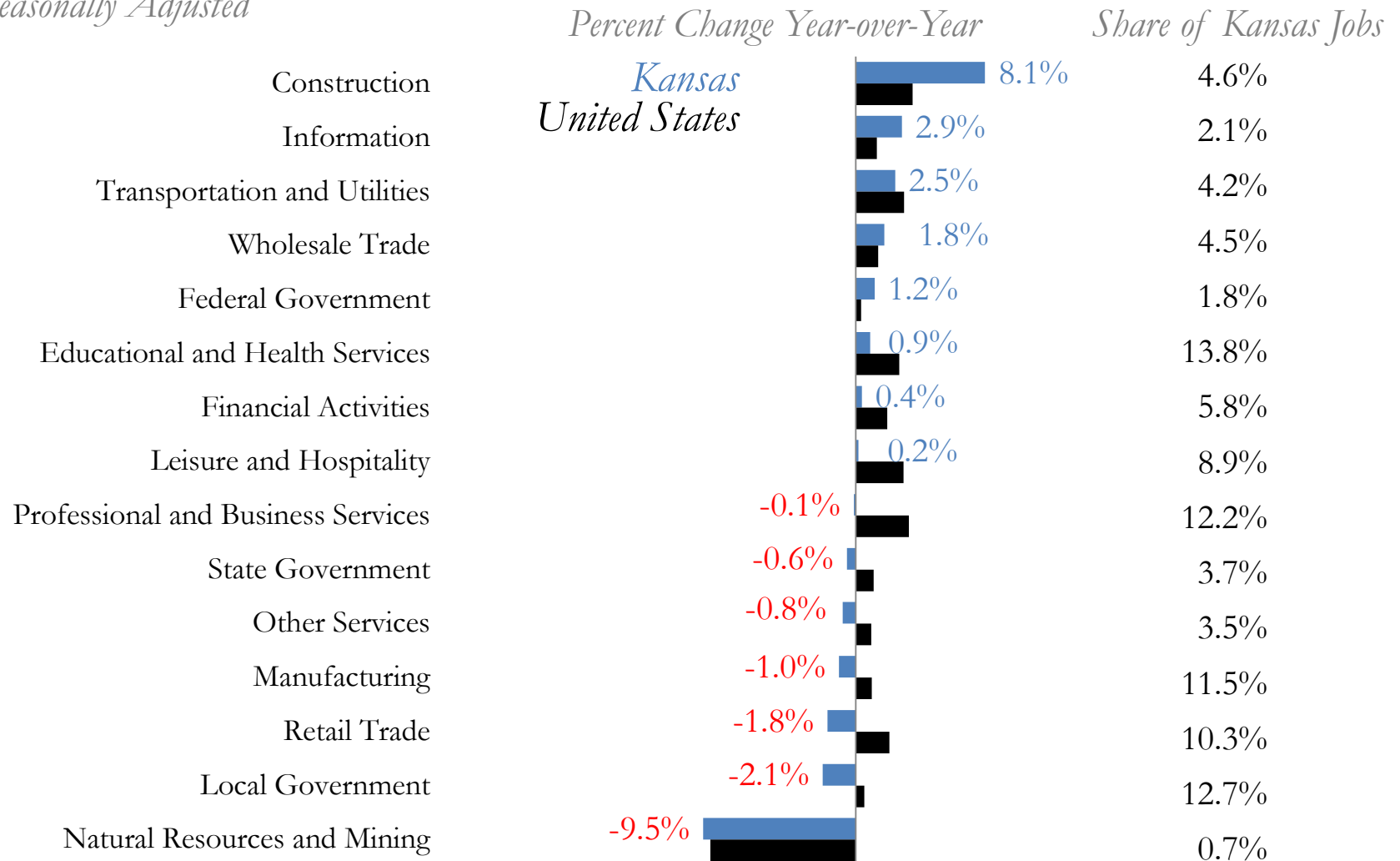
<i>Percent Change</i>	<i>Past Year</i>	<i>Since Recession</i>
KCK	1.1%	9.9%
Wichita	0.8	0.4
Topeka	0.3	4.2
Non-Metro	-1.1	2.0



# Kansas employment growth has been uneven, with strength in construction, but weakness in manufacturing, local government and retail trade.

## AUGUST 2015 PAYROLL EMPLOYMENT

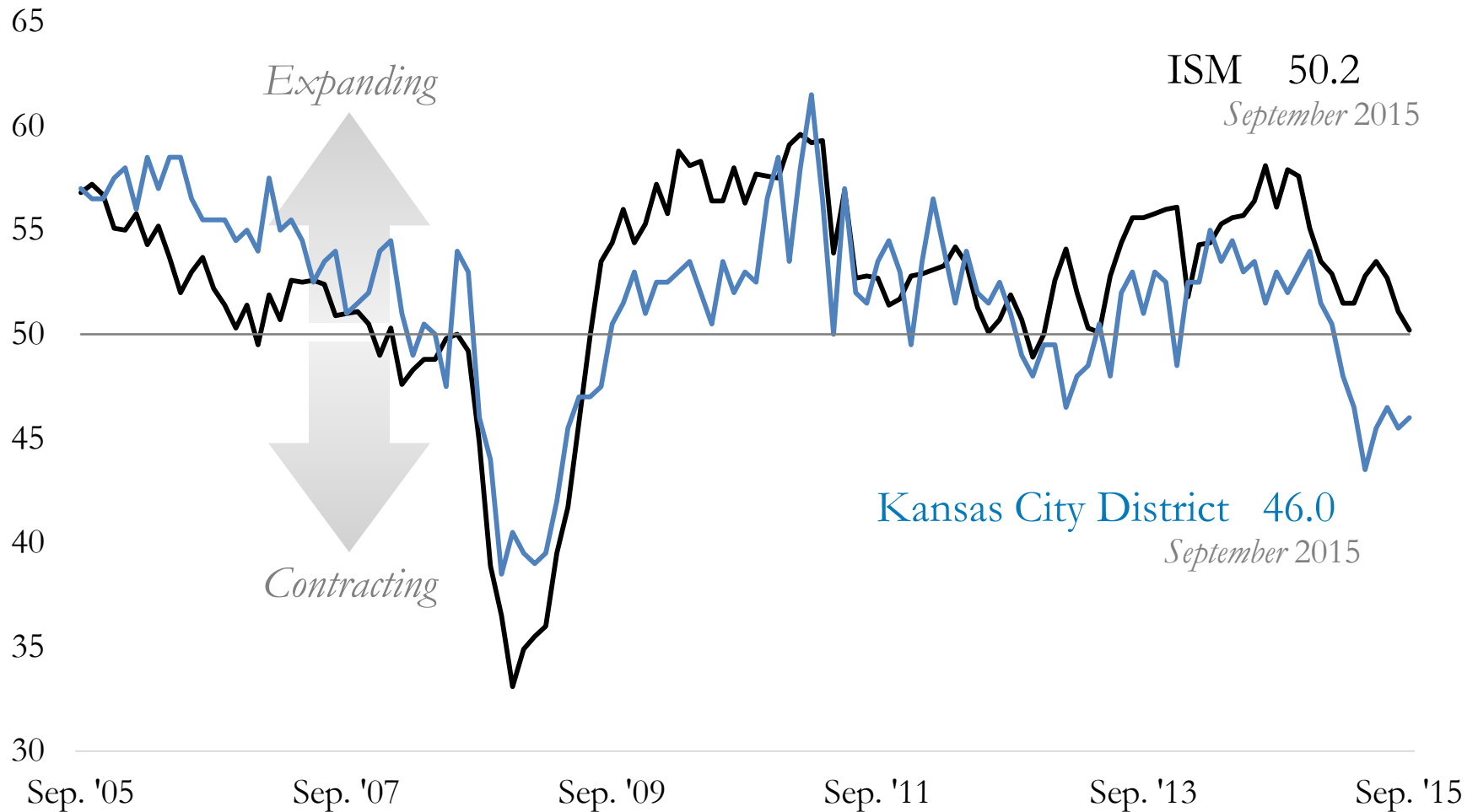
*Seasonally Adjusted*



# Manufacturing activity has been declining in the U.S. and the 10<sup>th</sup> District.

## MANUFACTURING ACTIVITY

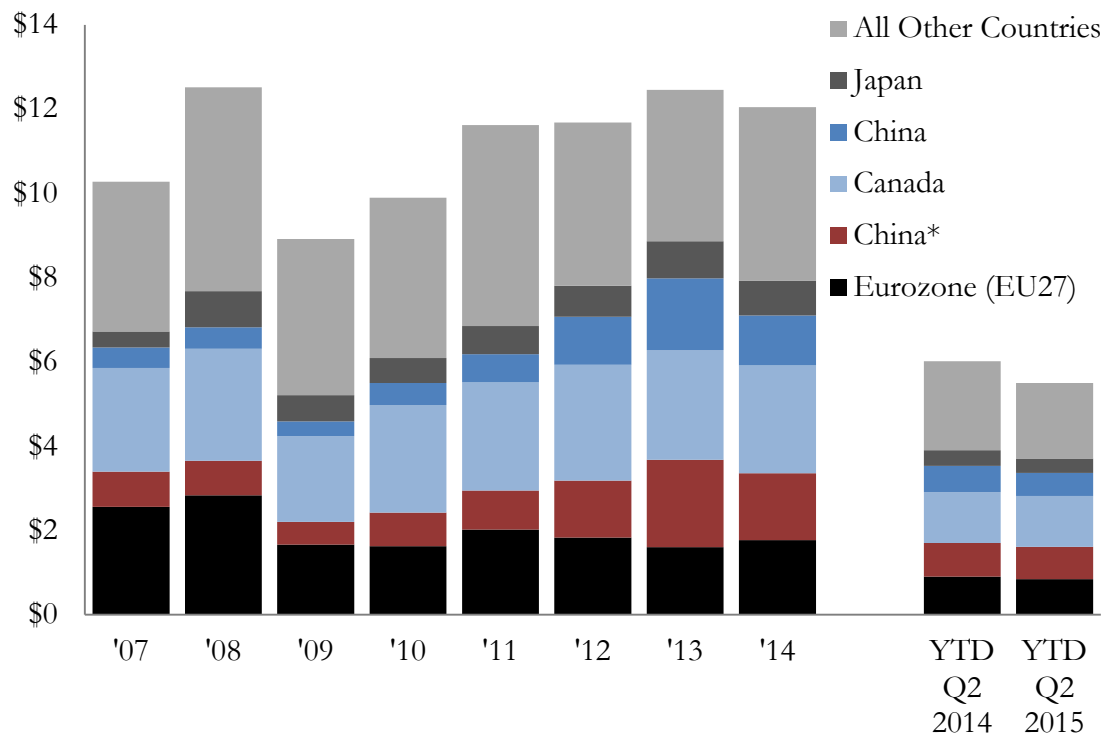
*Diffusion Index, Seasonally Adjusted, Month-over-Month*



# Total exports declined in Kansas through the second quarter of this year.

## KANSAS EXPORTS BY TRADING PARTNER

*Billions*



*Percent Change H1 2015  
Year-over-Year*

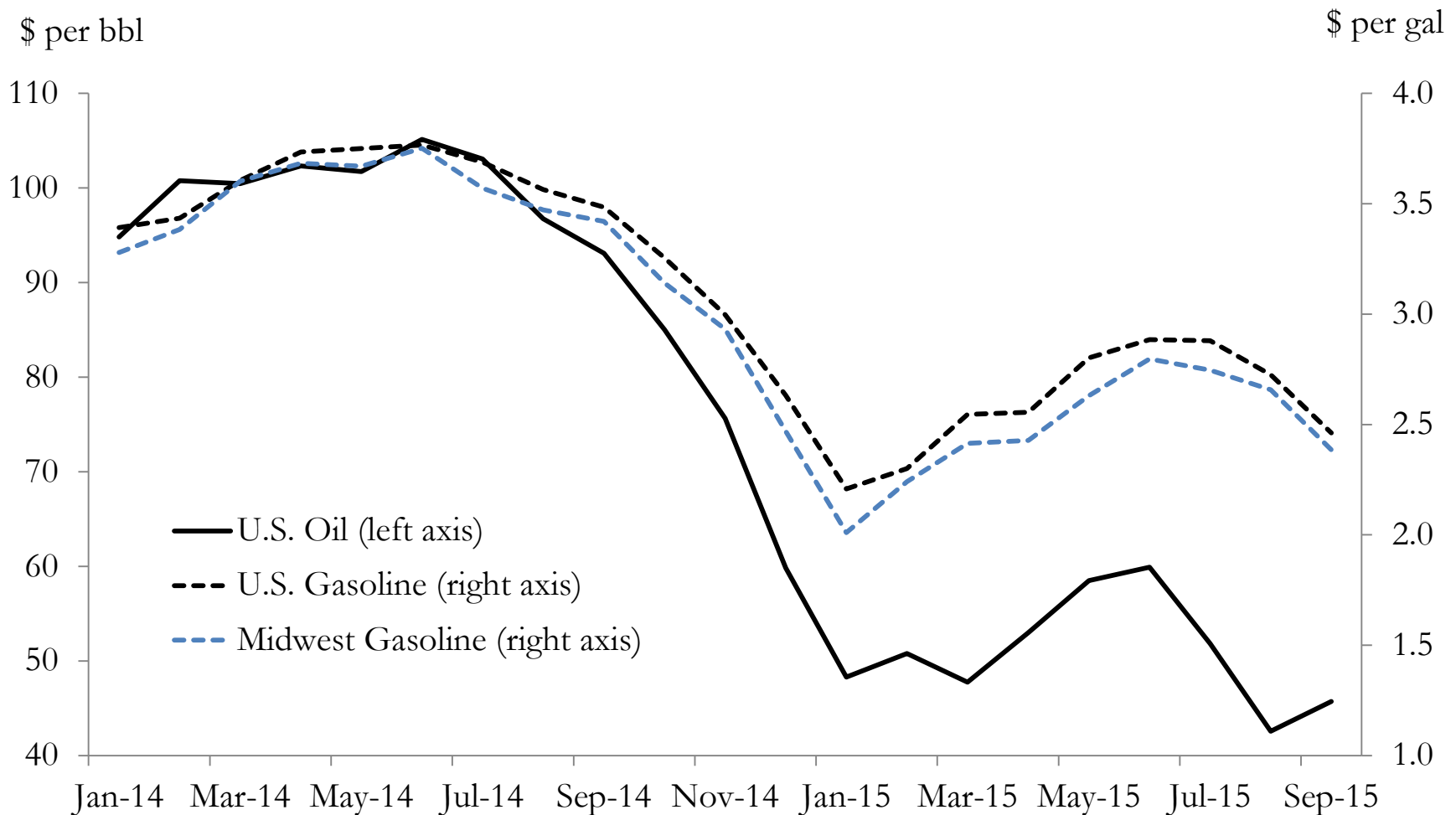
Trading Partner	Percent Change	SHARE
Total Trade	-8.7%	
All Other	-15.2	32.5%
Japan	-8.0	6.3
Mexico	-5.2	16.3
Canada	-0.3	22.0
China*	-4.2	13.9
Eurozone	-6.2	15.4

*Top export products by value H1 2015  
Billion. \$*

Trans. Equipment	\$1.2
Food Production	\$1.1
Ag. Products	\$0.7
Machinery	\$0.6

After bottoming in January of this year, oil and retail gasoline prices rose but have turned down recently.

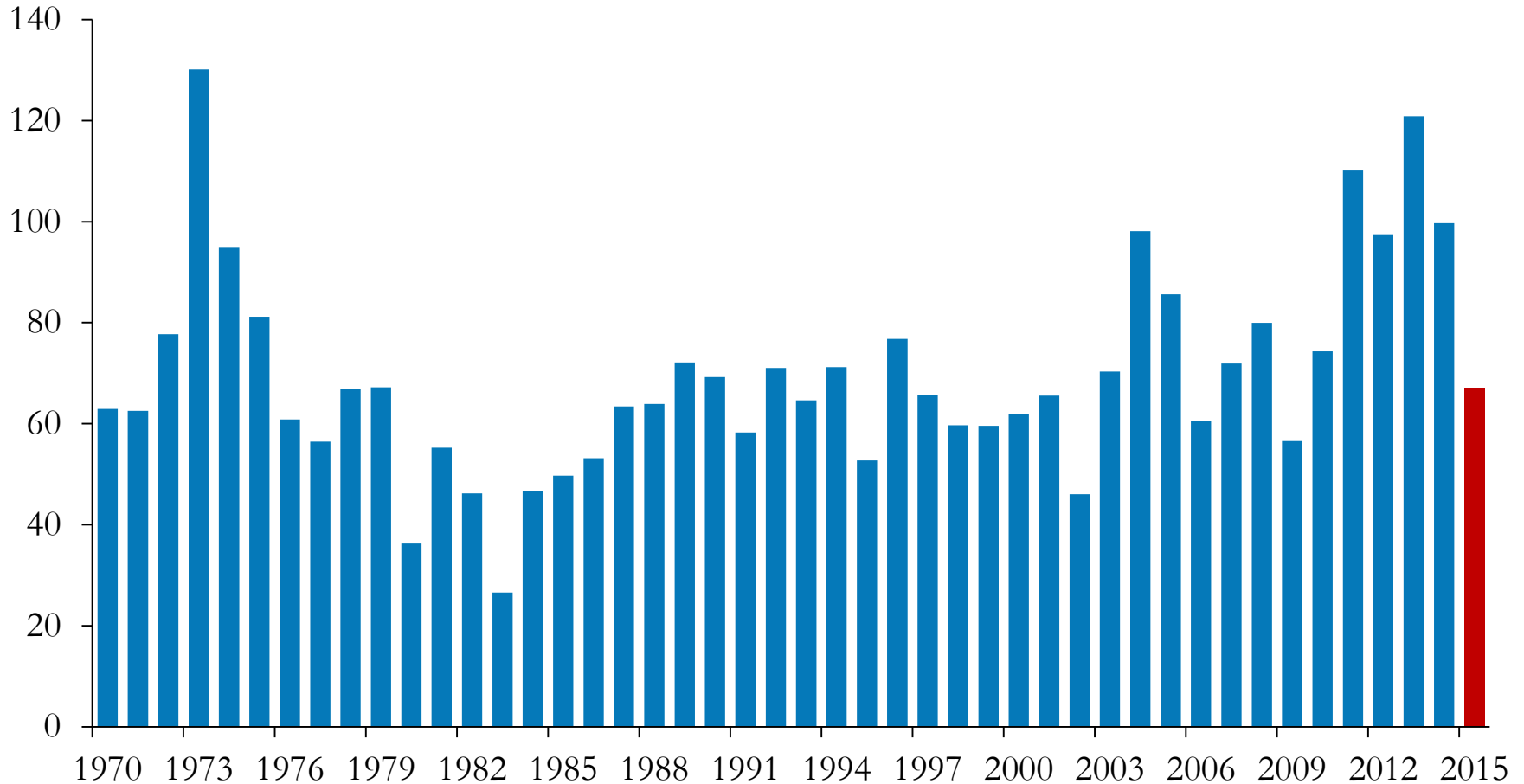
## Price of Oil and Retail Gasoline



**Real net farm income is projected to be 33% lower in 2015 vs. 2014.**

## U.S. REAL NET FARM INCOME

*Billion \$*



*Source: USDA*

# Summary

- Consumer spending and private domestic investment have been the growth areas nationally.
- Mortgage and student loan debt have leveled off, while auto debt continues to increase.
- Kansas employment growth lags the nation, but somewhat expected at this stage in the business cycle.
- Manufacturing activity in the region has slowed due decline in oil activity, slowing foreign demand and strengthening dollar.
- Despite increased profitability in some segments of livestock, net farm income is expected to be 33% lower in 2015 due to low commodity prices.



# Questions?

- For more information about the Kansas and Missouri economies consider subscribing to:
  - Midwest Economist
  - KS Regional Databooks
- <http://www.kansascityfed.org/research/regionaleconomy/>