

***Kansas
Community
Outlook***
EVENTS

Neosho County



#KSEcon



WELCOME

1:00 Registration / Networking / Refreshments

1:30 State/Regional Outlook

2:15 -- Q & A --

2:30 Local Update

2:50 -- Q & A --

3:00 Closing Remarks / Adjourn

Kansas Community Outlook **EVENTS**

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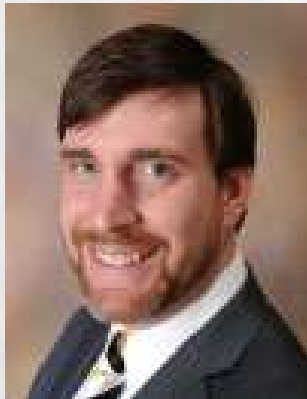
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AGENDA

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- 2:30 Local Update
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Kansas Community Outlook **EVENTS**



Jeremy Hill

Director, CEDBR
Wichita State University

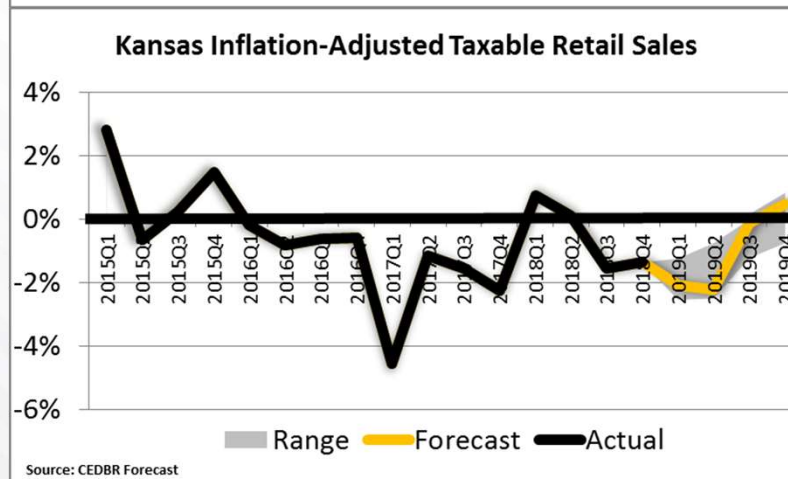
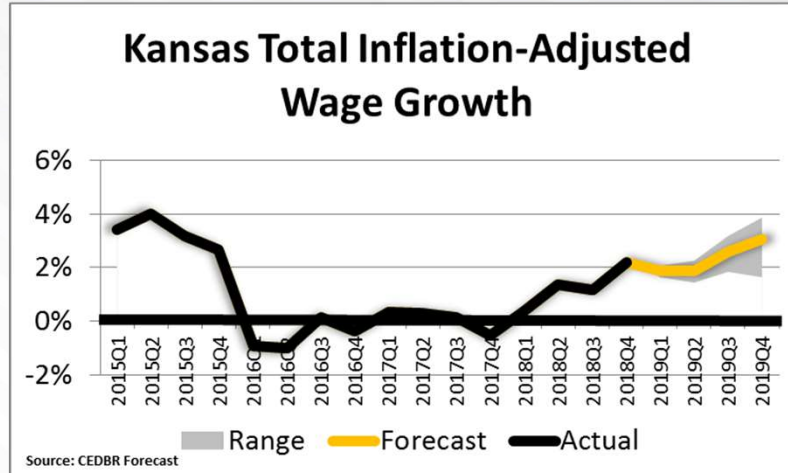
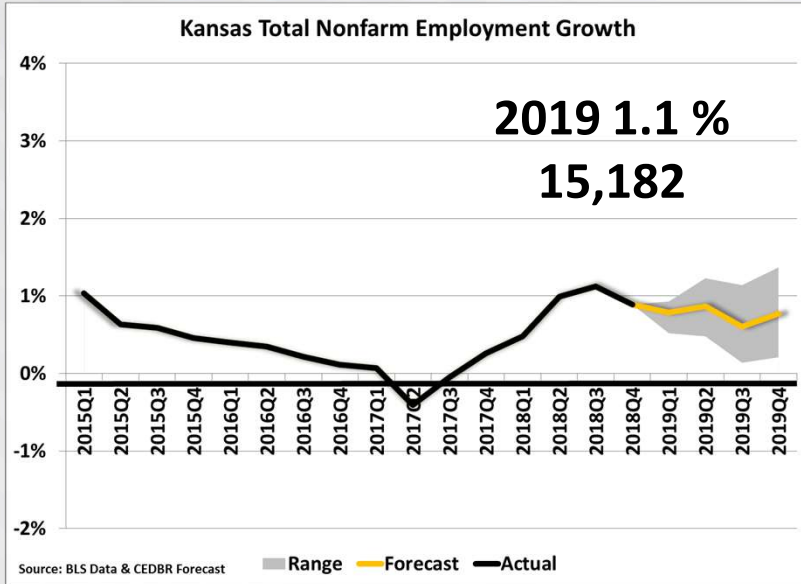


Kansas Outlook

Jeremy Hill

2020

Forecast Review (Spring 2019)



- Kansas is expected to continue to grow in 2019.
- Rural areas are likely to see mixed growth opportunities, with net zero growth for the state as a whole.
- Food manufacturing is expected to see continued growth, as long as the nation continues to expand.
- Manufacturing will likely grow, but adding only a few jobs in 2019.
- Retail sales remains a mystery and growth is unlikely.

Headlines /Topics

| 2019 | 2020 |
|--|---|
| Recession horizon | A recession punt? |
| Labor shortages | "Girl Power" within labor markets |
| "Trump Trade Tantrums" | "Of Course Trump's Tairffs Hurt U.S. Manufacturing" |
| Topsy-turvy financial markets | Teflon financial markets/ Climbing the wall of worry. |
| Brexit - Great Britain or great betrayal | "Ringin in Brexit? Plans to celebrate UK exit divide country" |
| Inflation expectation remains worrisome | Boring start to FOMC |
| Fading fiscal stimulus | Nothing |
| Global economic slowdown | Global manufacturing recoverory |
| | Consumer are driving the economy, but not cars |

Trade Update

| Date | Products | Tariff rate | Value (Bil) | Country |
|---------------------------------------|------------------|-------------|---------------|--|
| Jan-18 | Washing Machines | 18, 45% | \$ 1 | All |
| Jan-18 | Solar panels | 25% | \$ 9 | All |
| Jun-18 | Steel | 0.25 | \$ 34 | All except S. Korea, Turkey, Australia, Mexico, and Canada |
| Jun-18 | Aluminum | 10% | \$ 17 | Canada |
| Jul-18 | List | 0.25 | \$ 34 | China |
| Aug-18 | List | 25% | \$ 16 | China |
| May-19 | List | 0.25 | \$ 200 | China |
| Sep-19 | List | 8% | \$ 120 | China |
| Oct-19 | List | 10, 25% | \$ 8 | E.U. |
| TBD | List | 100% | \$ 2 | France |
| Total implemented | | | \$ 429 | |
| Total implemented and proposed | | | \$ 441 | |

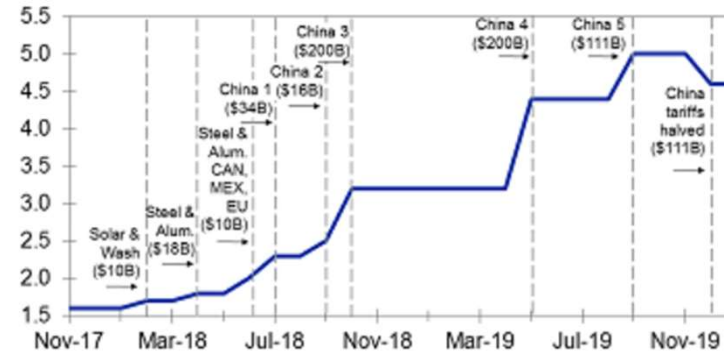
USMCA

- Opened US energy and agriculture exports

China – Phase One

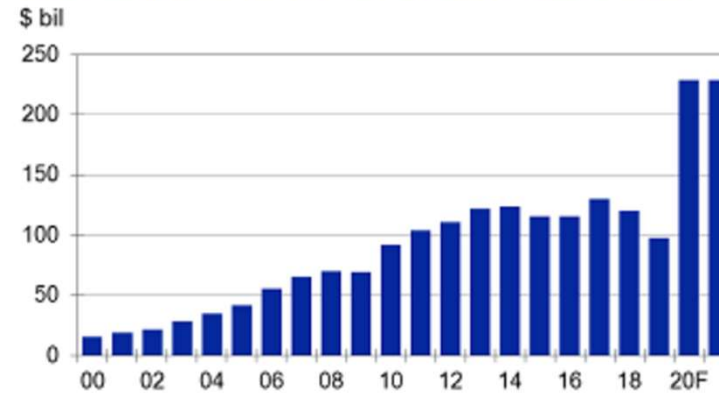
- Doubling purchases (including agriculture)
- Intellectual property theft
- US investment barriers
- “Strong procedures” for enforcement

U.S. estimated effective tariff rate, %



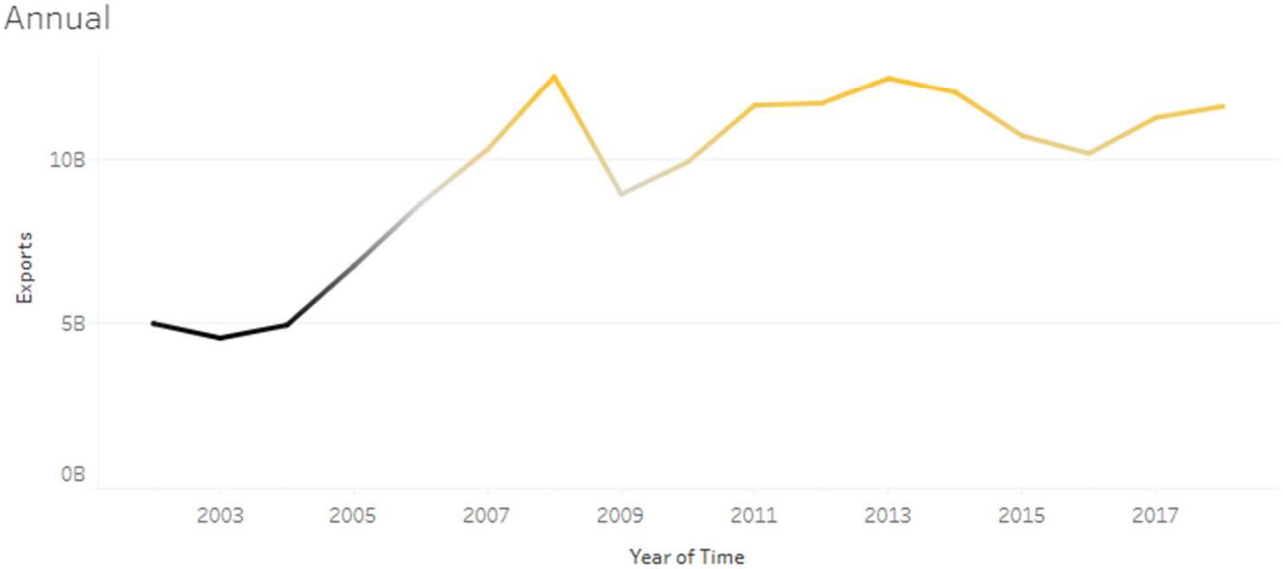
Sources: Census Bureau, USTR, USITC, Moody's Analytics

U.S. Exports to China Under Phase One

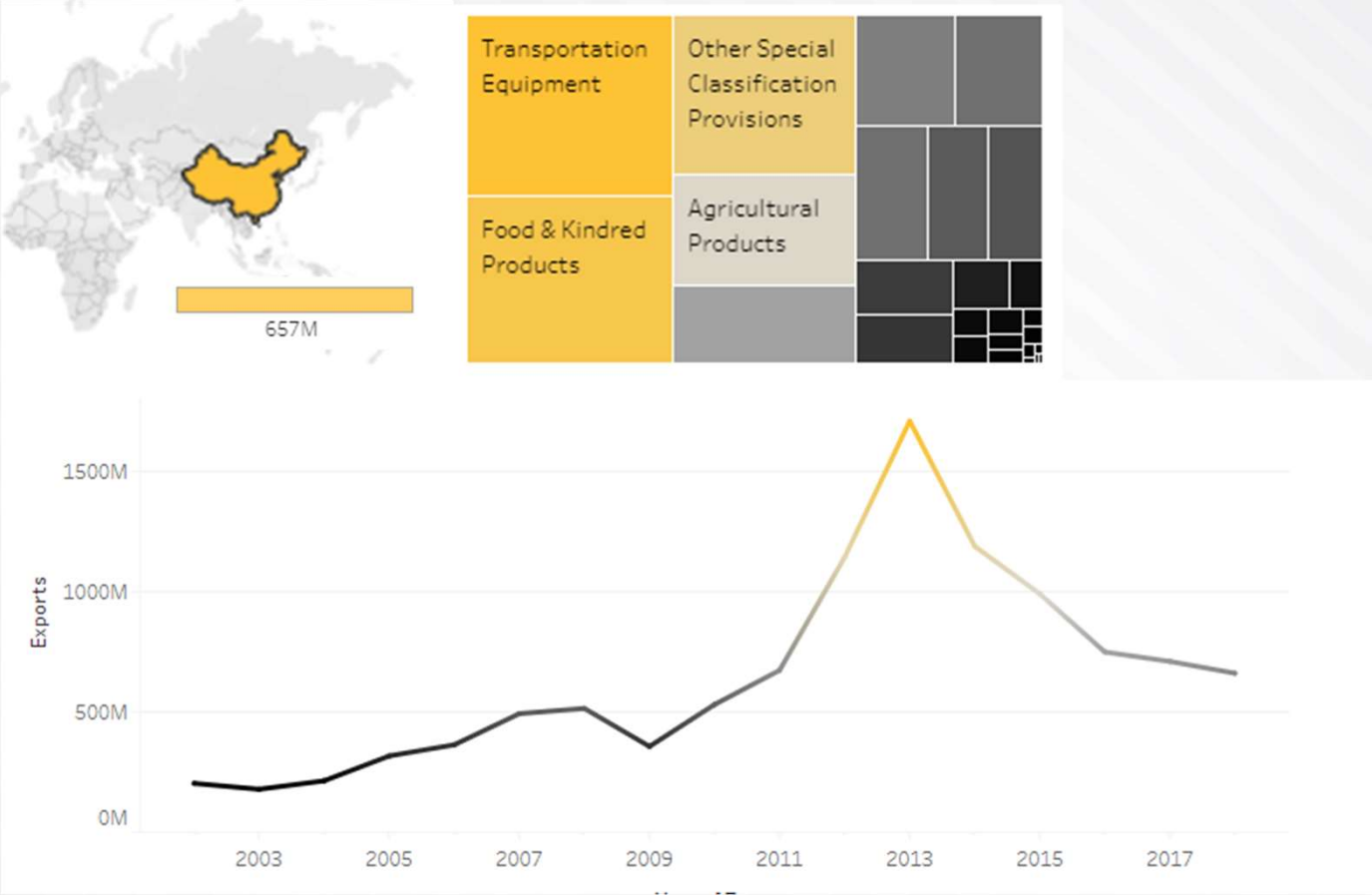


Sources: Census Bureau, Moody's Analytics

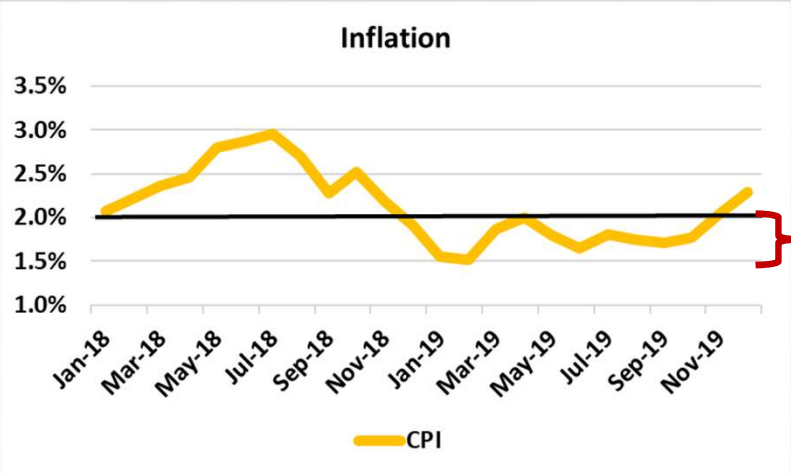
Kansas Exports 2018



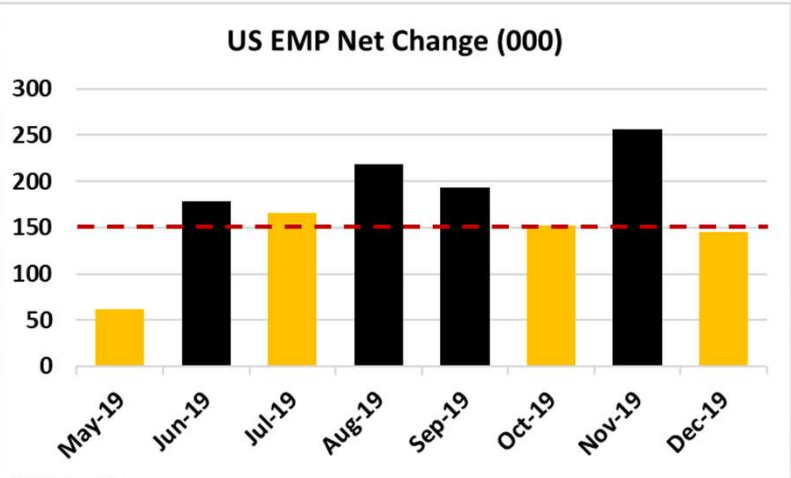
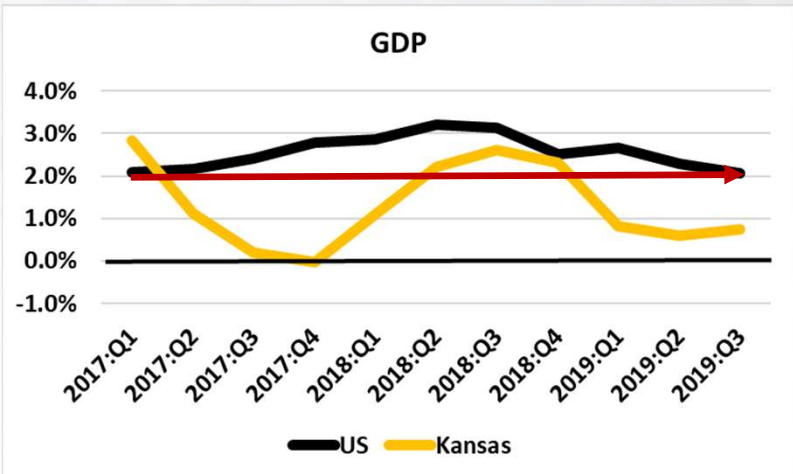
Kansas Exports 2018



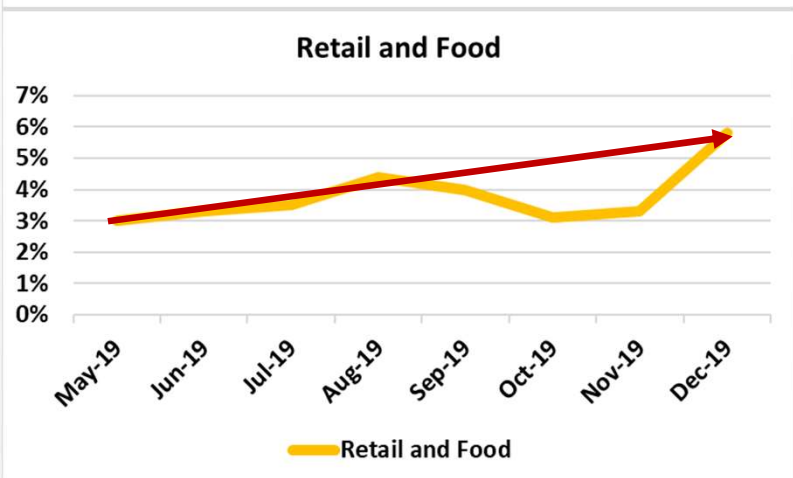
US Economic Train Continues Down the Track



Fed Target 2%



~150,000 is needed per month

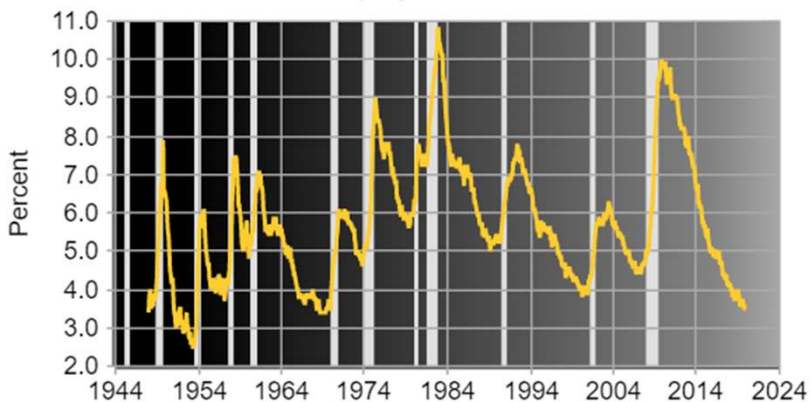


Consumption is about 68% of the economy

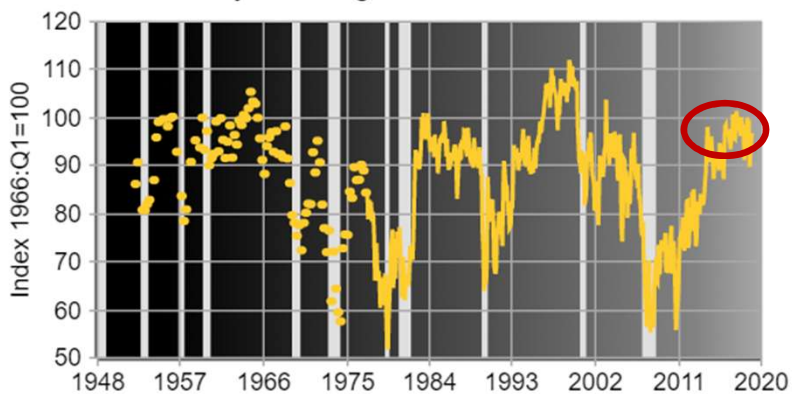


Indicators are not pointing to a recession, yet

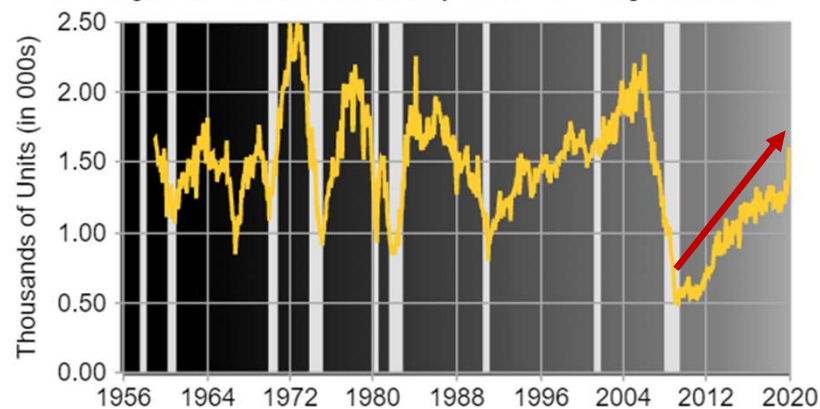
Unemployment Rate



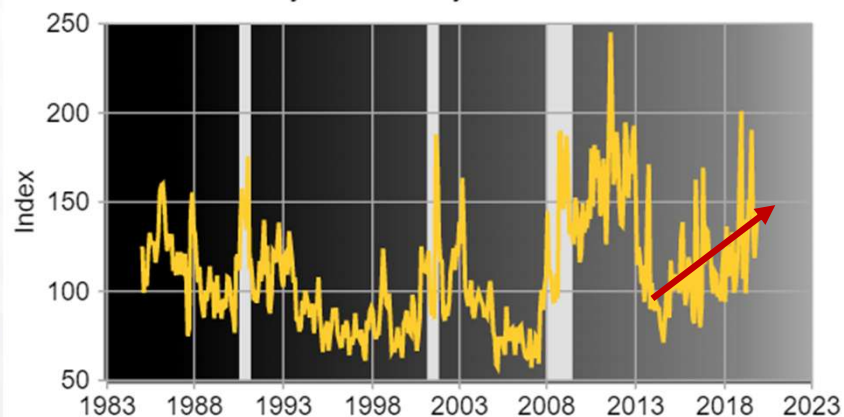
University of Michigan: Consumer Sentiment



Housing Starts: Total: New Privately Owned Housing Units Started



Economic Policy Uncertainty Index for United States



Yield Curve – False Warning?



US economy

- **Summary**

- US economy continues to grow
- Recent economic headwinds are not likely going to slow growth
- Trade deals could push growth up slightly

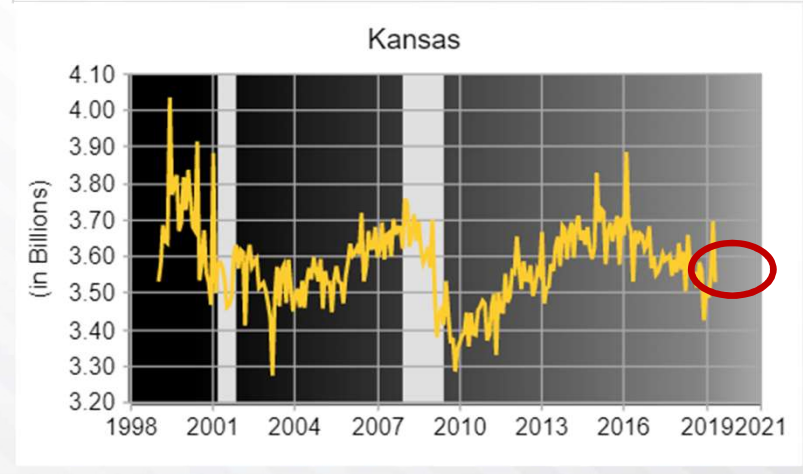
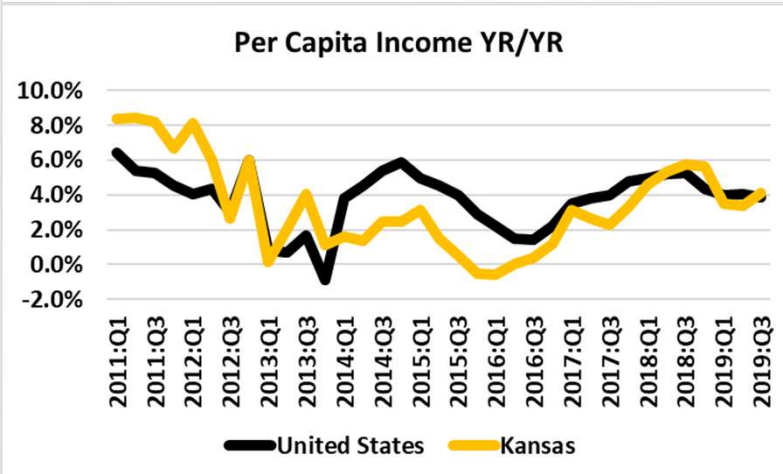
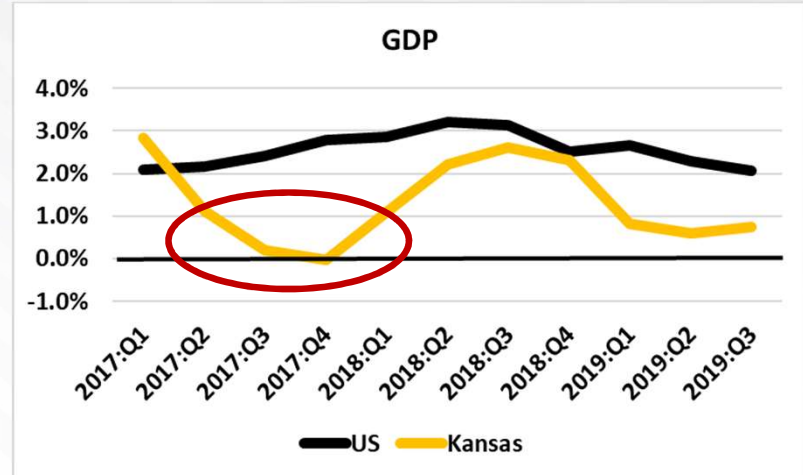
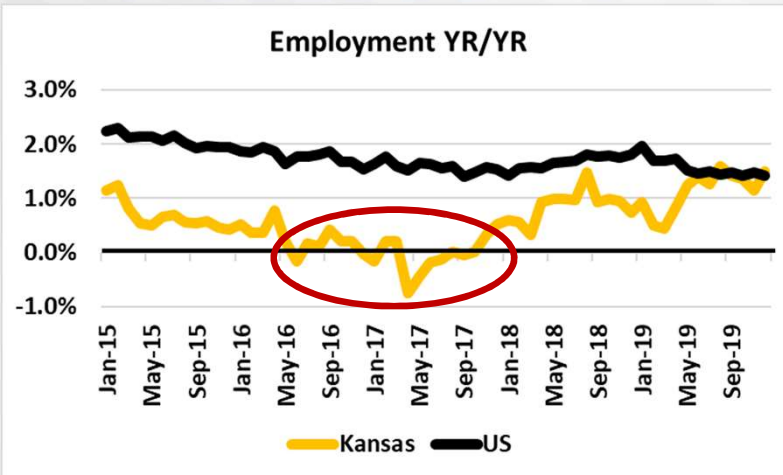
- **Issues to Watch**

- Implementation of the trade deals
- Income growth
- Business investments
- Trade policy



Kansas Economy

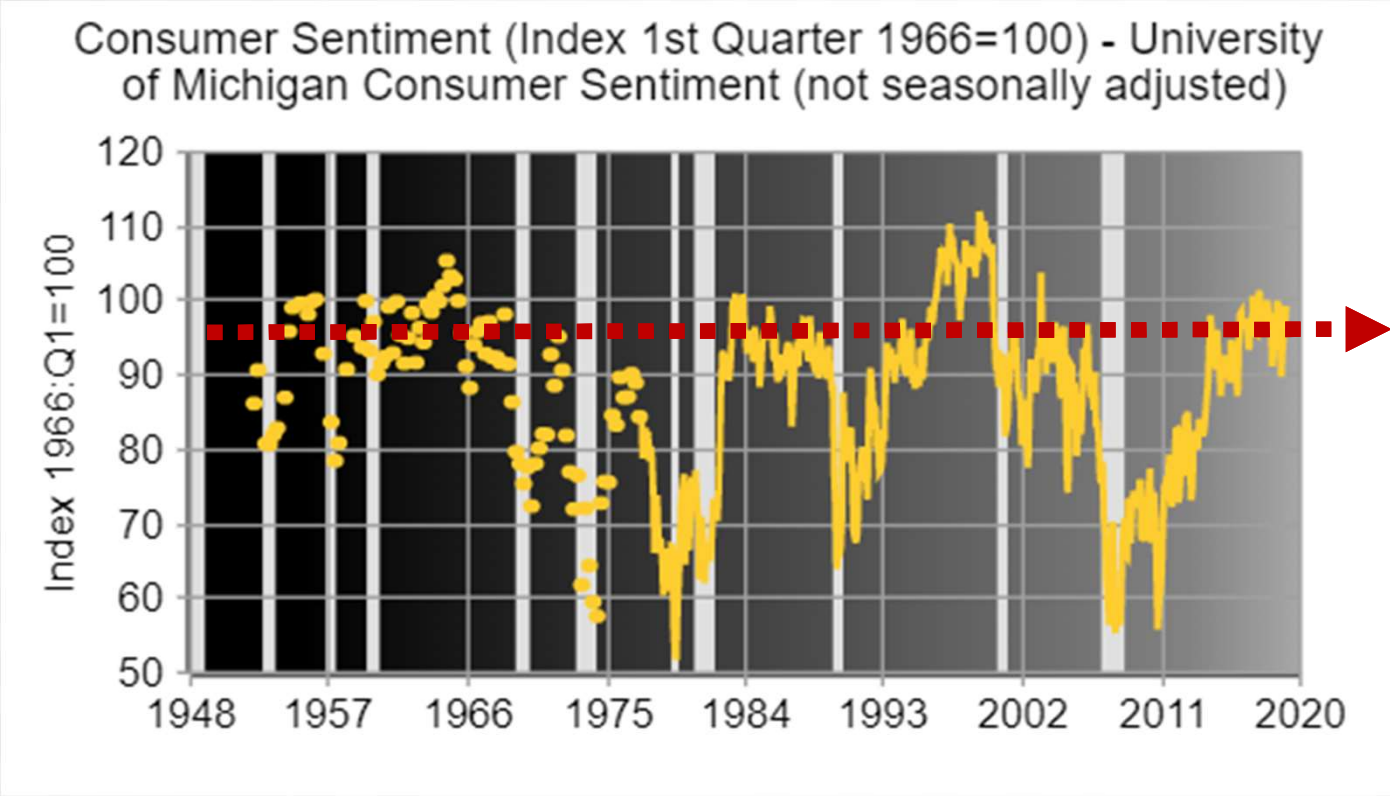
Kansas Indicators





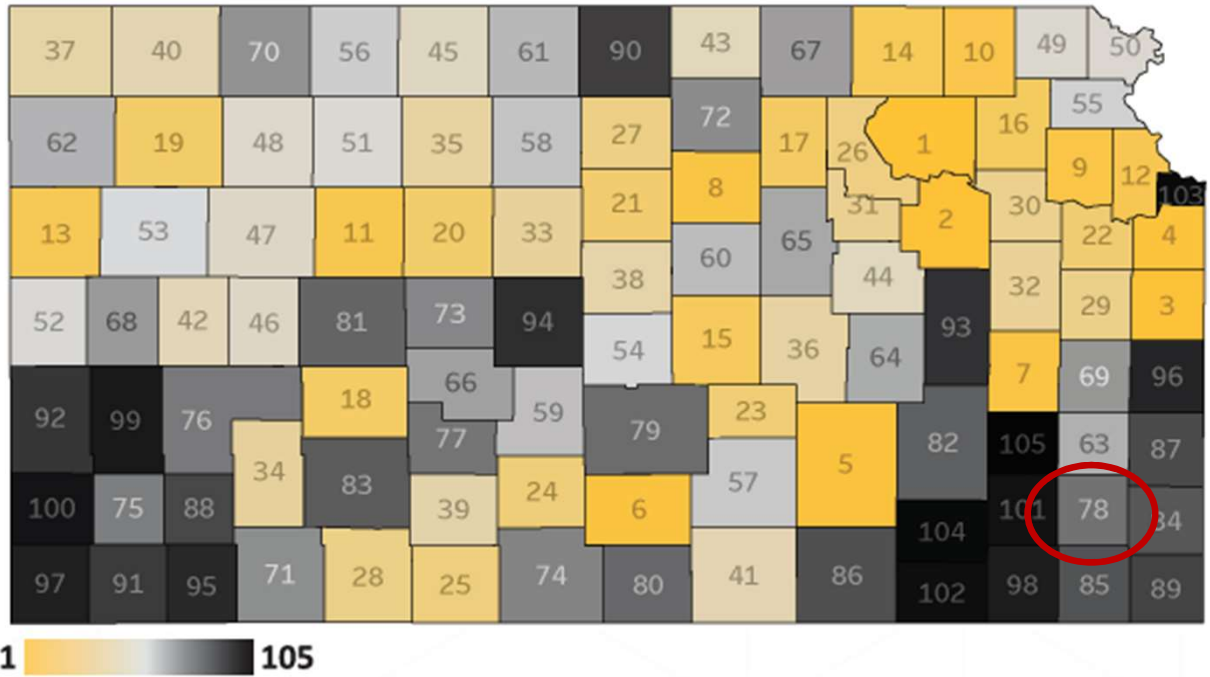
Households

Households are STILL doing well



Neosho County – Ranked 78 out of 105

Healthy, Wealthy, Wise 2020 Ranking



- **Healthy** – Ranked 54
 - Low Birthweight 6.8%
 - **Poor or Fair Health 17%**
 - Uninsured 10%
 - No change - 2015
- **Wealthy** – Ranked 62
 - GINI – 0.451
 - Household income - \$56,884
 - Poverty – 17.50
- **Wise** – Ranked 58
 - **Less than HS** – 8.5%
 - Bachelor's+ - 20.6%

Southeast

| HEALTHY RANKING | | | |
|-----------------|-----|------------|----|
| 2015 | | 2020 | |
| Coffey | 10 | Coffey | 6 |
| Allen | 43 | Allen | 22 |
| Greenwood | 48 | Chase | 27 |
| Neosho | 53 | Anderson | 35 |
| Anderson | 64 | Neosho | 54 |
| Linn | 75 | Bourbon | 63 |
| Crawford | 76 | Greenwood | 64 |
| Wilson | 78 | Labette | 70 |
| Labette | 81 | Linn | 75 |
| Lyon | 82 | Cherokee | 80 |
| Cherokee | 83 | Chautauqua | 85 |
| Bourbon | 84 | Crawford | 87 |
| Montgomery | 93 | Montgomery | 88 |
| Chase | 96 | Wilson | 92 |
| Elk | 99 | Woodson | 97 |
| Woodson | 100 | Elk | 98 |
| Chautauqua | 104 | Lyon | 99 |

■ Decline by more than 20 ■ Within a 30 point range
■ Increase by more than 20

| WEALTHY RANKING | | | |
|-----------------|-----|------------|-----|
| 2015 | | 2020 | |
| Coffey | 17 | Coffey | 11 |
| Anderson | 71 | Labette | 65 |
| Linn | 72 | Cherokee | 69 |
| Elk | 74 | Anderson | 77 |
| Chase | 76 | Chase | 84 |
| Wilson | 78 | Wilson | 89 |
| Allen | 81 | Lyon | 93 |
| Chautauqua | 83 | Greenwood | 94 |
| Cherokee | 84 | Elk | 96 |
| Neosho | 88 | Montgomery | 97 |
| Bourbon | 92 | Linn | 98 |
| Labette | 94 | Allen | 99 |
| Greenwood | 95 | Neosho | 100 |
| Lyon | 97 | Bourbon | 101 |
| Montgomery | 98 | Woodson | 102 |
| Crawford | 104 | Chautauqua | 103 |
| Woodson | 105 | Crawford | 105 |

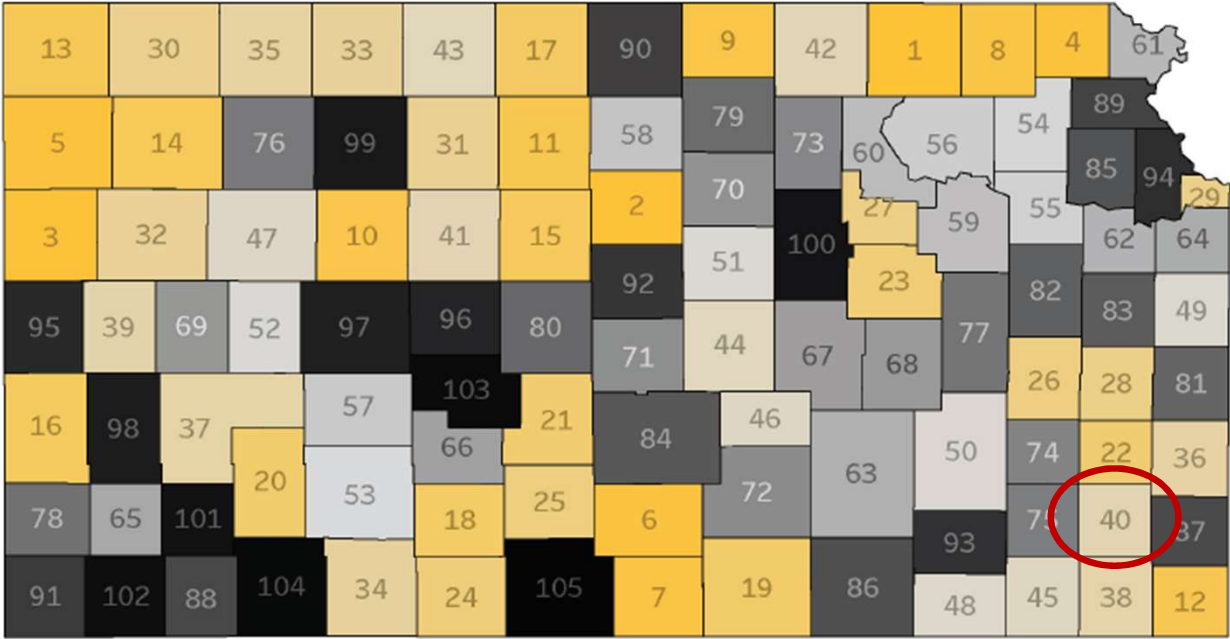
■ Decline by more than 20 ■ Within a 30 point range
■ Increase by more than 20

| WISE RANKING | | | |
|--------------|-----|------------|----|
| 2015 | | 2020 | |
| Crawford | 21 | Coffey | 29 |
| Chase | 29 | Crawford | 31 |
| Coffey | 31 | Lyon | 53 |
| Lyon | 50 | Allen | 57 |
| Labette | 57 | Neosho | 58 |
| Woodson | 61 | Greenwood | 63 |
| Bourbon | 65 | Bourbon | 64 |
| Greenwood | 71 | Chase | 68 |
| Elk | 73 | Anderson | 77 |
| Neosho | 80 | Cherokee | 80 |
| Anderson | 81 | Montgomery | 85 |
| Montgomery | 83 | Labette | 88 |
| Allen | 88 | Linn | 90 |
| Linn | 90 | Chautauqua | 92 |
| Chautauqua | 93 | Woodson | 95 |
| Cherokee | 100 | Wilson | 97 |
| Wilson | 103 | Elk | 99 |

■ Decline by more than 15 ■ Within a 30 point range
■ Increase by more than 15

Neosho County – Lots of Improvement

Healthy, Wealthy, Wise Improvements Ranking



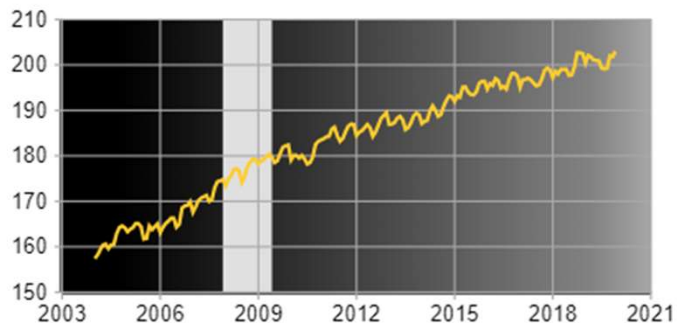
1 105



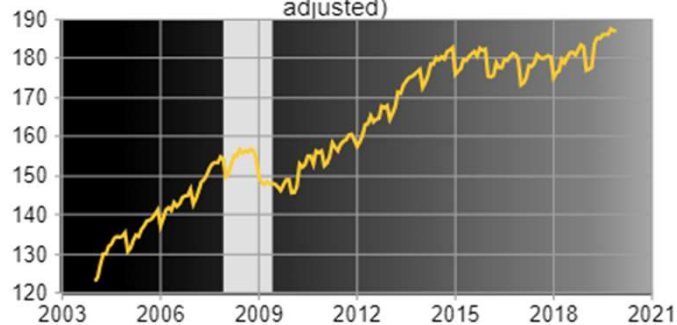
Businesses

Selected Industrial Sectors

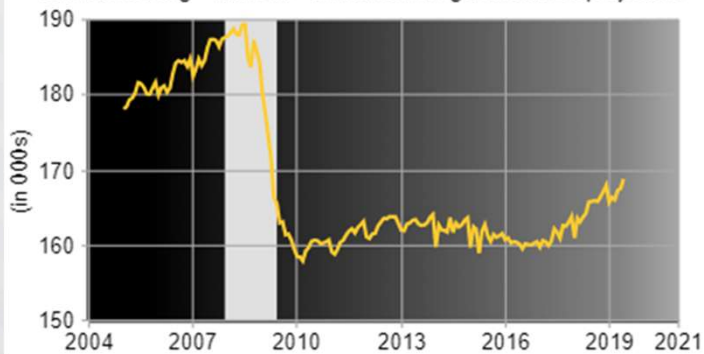
Education and Health Services - Kansas - Total Nonfarm Employment (in thousands, not seasonally adjusted)



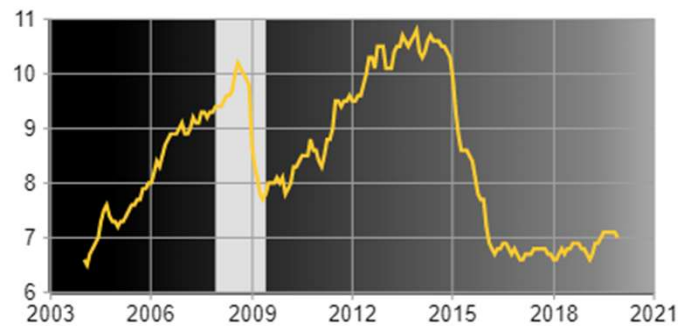
Professional and Business Services - Kansas - Total Nonfarm Employment (in thousands, not seasonally adjusted)



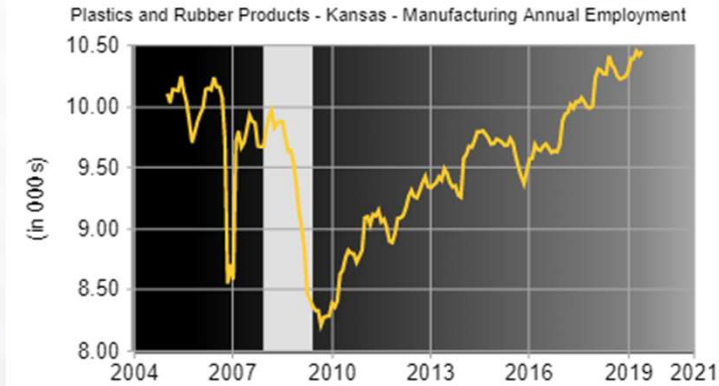
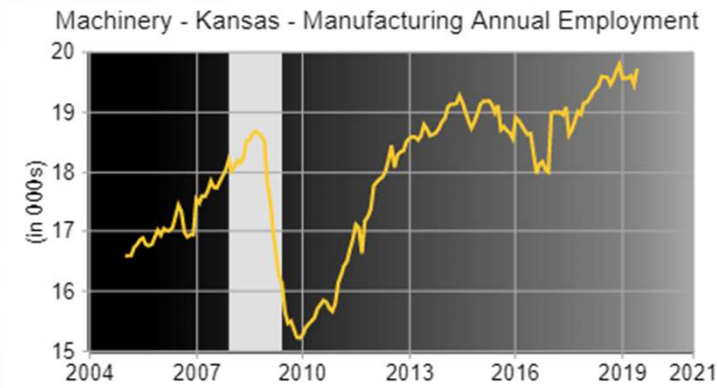
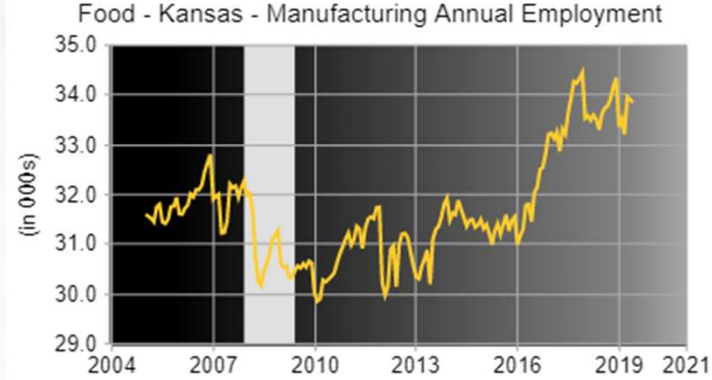
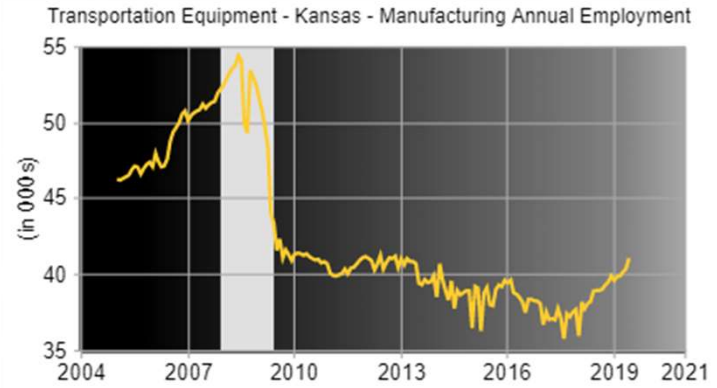
Manufacturing - Kansas - Manufacturing Annual Employment



Mining and Logging - Kansas - Total Nonfarm Employment (in thousands, not seasonally adjusted)

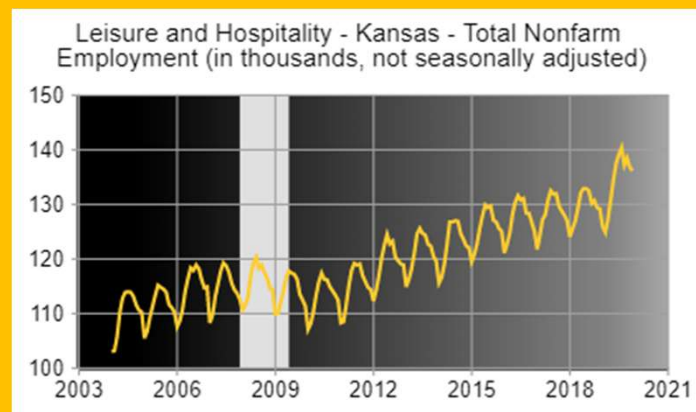
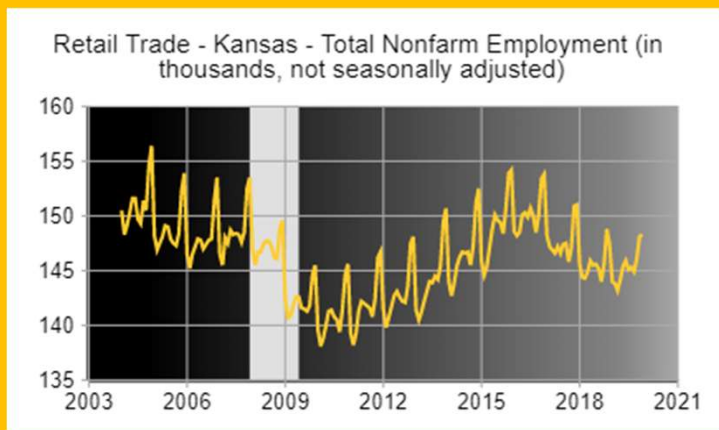


Manufacturing remains strong

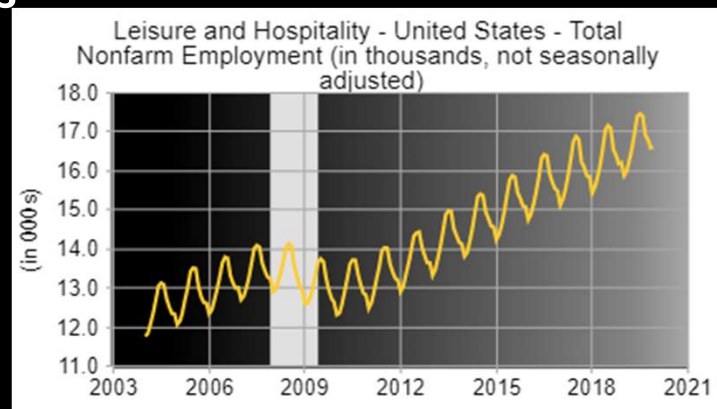


Mystery of household spending in Kansas

Kansas

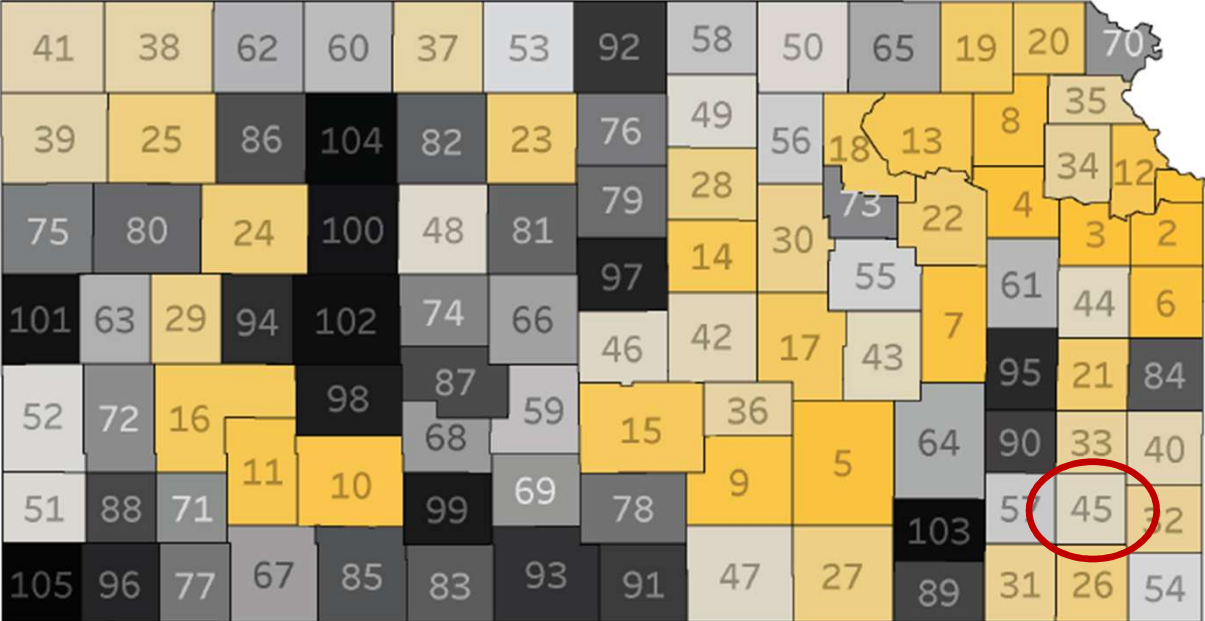


United States



Neosho County has a diversified economy

Business Dynamism Rank



1 105

- Diversification**

- EMP – 18
- EST – 31
- Pay – 22

- Expansion**

- EMP – 77
- EST – 85
- Pay – 55

Southeast

BUSINESS DIVERSIFICATION

| Employment Rank | | Diversification Rank | |
|-------------------|-----|----------------------|-----|
| Crawford County | 10 | Lyon County | 11 |
| Montgomery County | 17 | Labette County | 14 |
| Lyon County | 18 | Montgomery County | 20 |
| Labette County | 25 | Neosho County | 21 |
| Neosho County | 29 | Allen County | 23 |
| Bourbon County | 30 | Anderson County | 32 |
| Cherokee County | 31 | Wilson County | 34 |
| Allen County | 34 | Crawford County | 35 |
| Wilson County | 37 | Greenwood County | 46 |
| Coffey County | 40 | Bourbon County | 47 |
| Anderson County | 61 | Cherokee County | 70 |
| Linn County | 65 | Linn County | 77 |
| Greenwood County | 69 | Coffey County | 81 |
| Chase County | 92 | Chautauqua County | 83 |
| Chautauqua County | 96 | Chase County | 88 |
| Woodson County | 98 | Woodson County | 96 |
| Elk County | 102 | Elk County | 101 |

■ Decline by more than 10 ■ Within a 10 point range
■ Increase by more than 10

Diversification



Sources: CEDBR, Census – County Business Patterns 2017

Growth



Sources: CEDBR, BLS – QCEW 2015-2018

BUSINESS EXPANSION

| Employment Rank | | Expansion Rank | |
|-------------------|-----|-------------------|----|
| Crawford County | 10 | Chase County | 1 |
| Montgomery County | 17 | Anderson County | 26 |
| Lyon County | 18 | Lyon County | 28 |
| Labette County | 25 | Cherokee County | 30 |
| Neosho County | 29 | Bourbon County | 37 |
| Bourbon County | 30 | Crawford County | 44 |
| Cherokee County | 31 | Allen County | 65 |
| Allen County | 34 | Montgomery County | 67 |
| Wilson County | 37 | Labette County | 69 |
| Coffey County | 40 | Woodson County | 70 |
| Anderson County | 61 | Greenwood County | 71 |
| Linn County | 65 | Wilson County | 73 |
| Greenwood County | 69 | Linn County | 75 |
| Chase County | 92 | Chautauqua County | 77 |
| Chautauqua County | 96 | Neosho County | 79 |
| Woodson County | 98 | Elk County | 87 |
| Elk County | 102 | Coffey County | 95 |

■ Decline by more than 30 ■ Within a 30 point range
■ Increase by more than 30

KS economy

- **Summary**

- Kansas just got back onto growth path
- Aerospace and agriculture weighed down the economy
- Tight labor market conditions kept pressure on wages

- **Issues to Watch**

- Net out migration
- Retail sales
- Business investments
- 737 Max production



Forecasts

737 Max impact

Extreme case - 12 months

- Employment
 - 2,800
 - 5,800
- Wages
 - \$220 million
- Sales Tax
 - Wichita 1,250,000
 - Sedgwick 617,000
 - Kansas 13,060,000

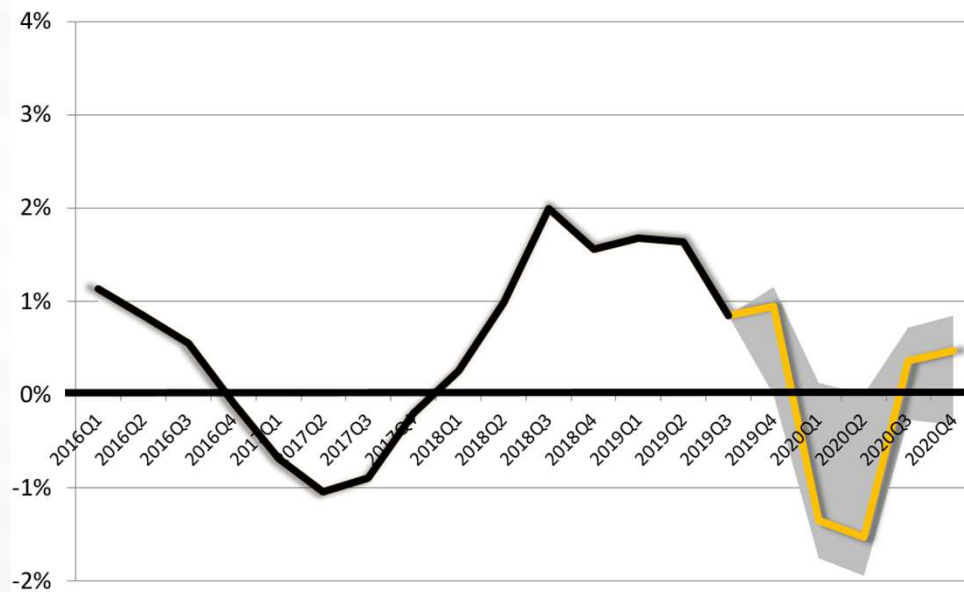
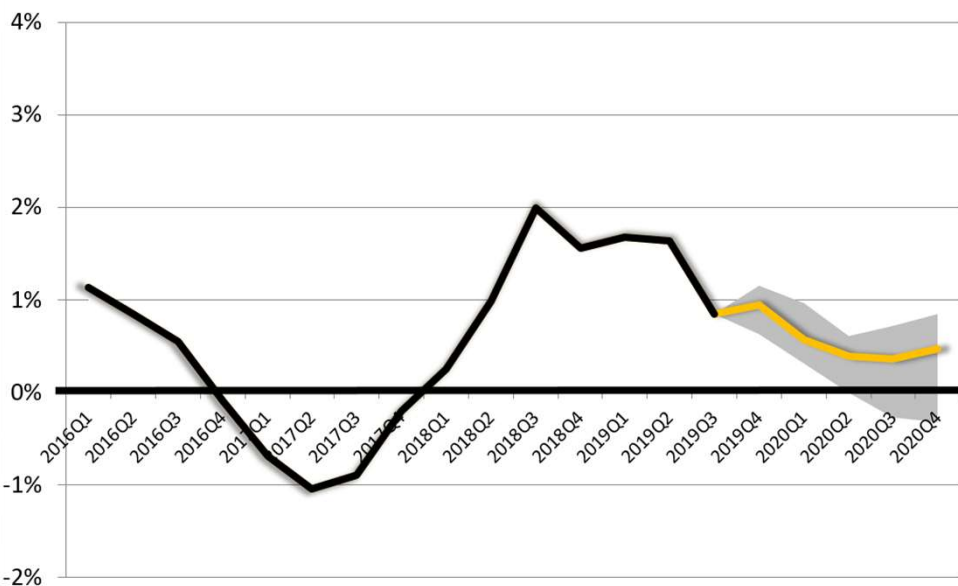
Wichita was expected to grow

Original Forecast

Adjusted Forecast

Wichita Total Nonfarm Employment Growth

Wichita Total Nonfarm Employment Growth



Source: CEDBR, BLS - CES Range Forecast Actual

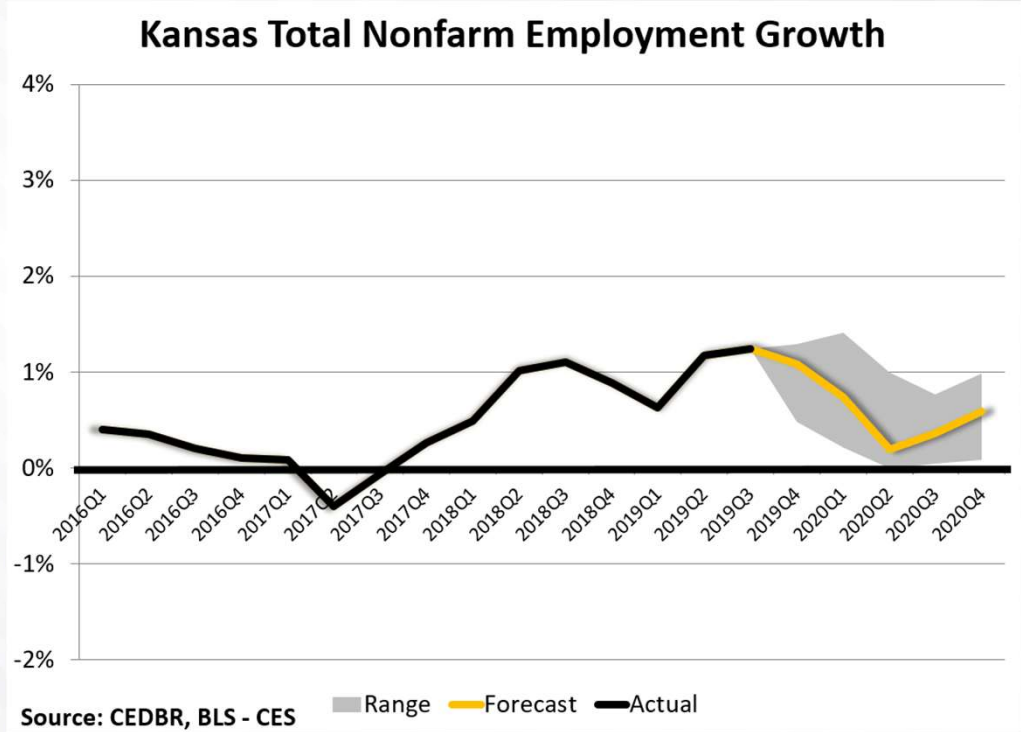
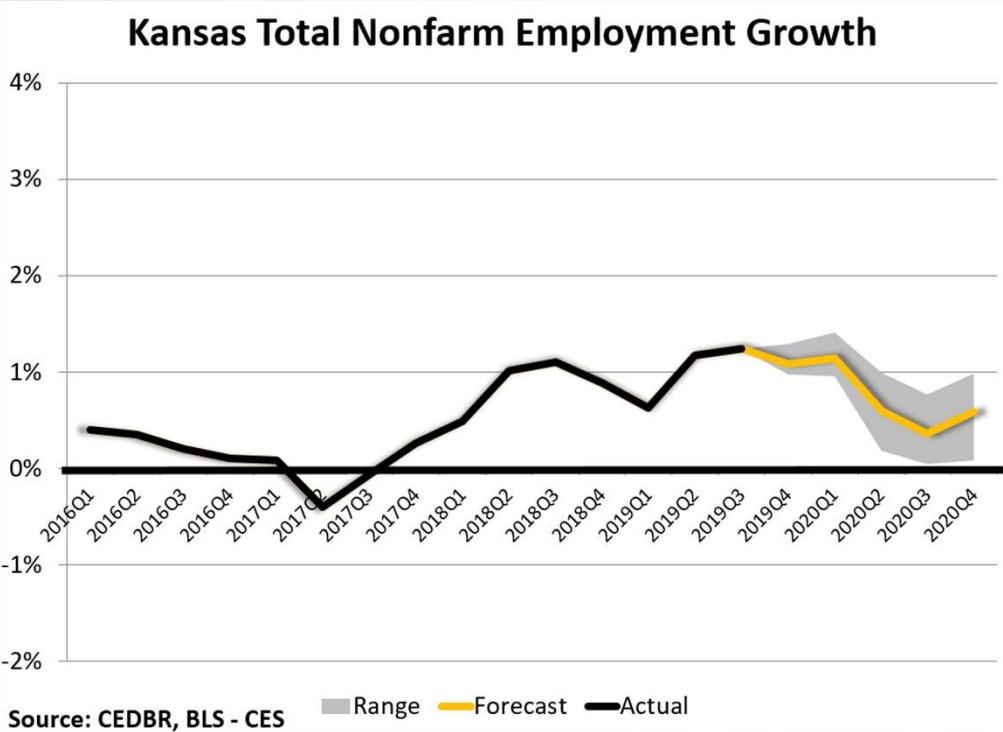
Source: CEDBR, BLS - CES Range Forecast Actual

* This assumes that production resumes in July 2020

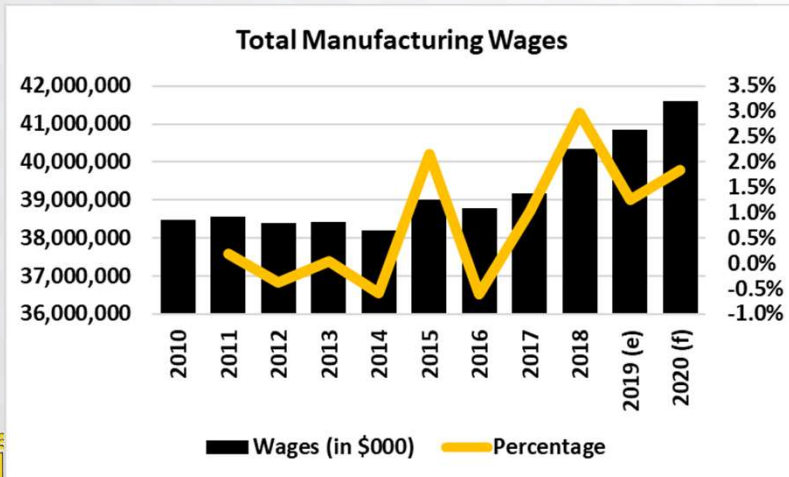
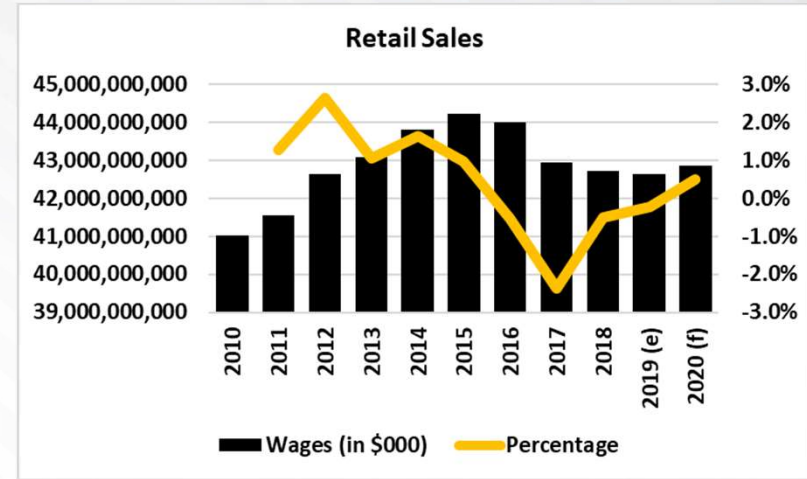
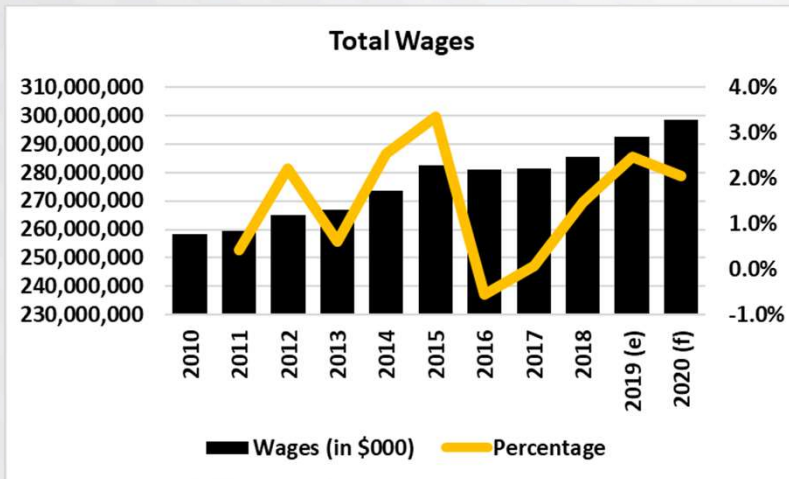
KS will grow at a slower pace than expected

Original Forecast

Adjusted Forecast



Retail Sales are expected to struggle in 2019



Not adjusted for the 737 Max Impact

- KS Retail Sales – Additional reduction
 - \$200,923,402
 - 0.48 percentage points

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#KSEcon 

Thank You

**for attending today's conference!
We hope to see you again next year.**

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