

Wichita 2011 Review 2012 Forecast



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push and open-o

DO NOT DRINK ALCOHOLIC BEVERAGES when taking this medication

MEDICATION SHOULD BE TAKEN WITH PLENTY OF WATER

DO NOT TAKE WITH NITRATES

SHAKE WELL AND KEEP IN REFRIGERATOR

May cause Dizziness
ALCOHOL may increase
effect use with caution
& use of alcohol

DO NOT TAKE DURING
LACTATION OR
PREGNANCY UNLESS
ADVISED BY YOUR DOCTOR

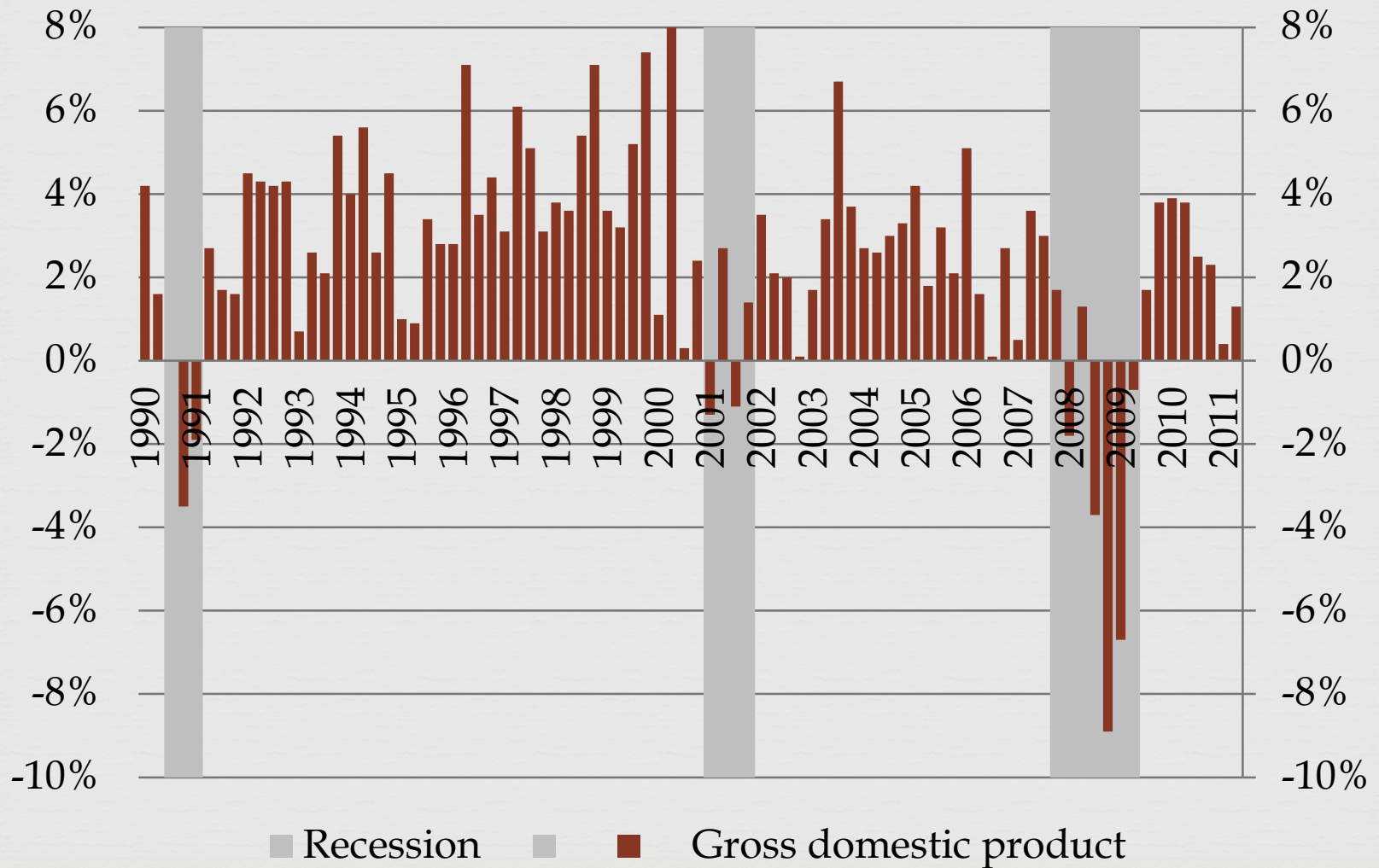
National/Global Influencing Factors



- ∞ Debt Ceiling
- ∞ GDP debt ratio
- ∞ Federal Reserve – Twisty
- ∞ European debt crisis
- ∞ Political uncertainty
- ∞ Corporate profits
- ∞ Employment number
- ∞ Consumer confidence
- ∞ China – inflationary pressures
- ∞ Standard & Poor’s credit downgrade of the U.S.
- ∞ Stock market volatility
- ∞ GDP



U.S. Gross Domestic Product



Sources: Bureau of Economic Analysis, National Bureau of Economic Research

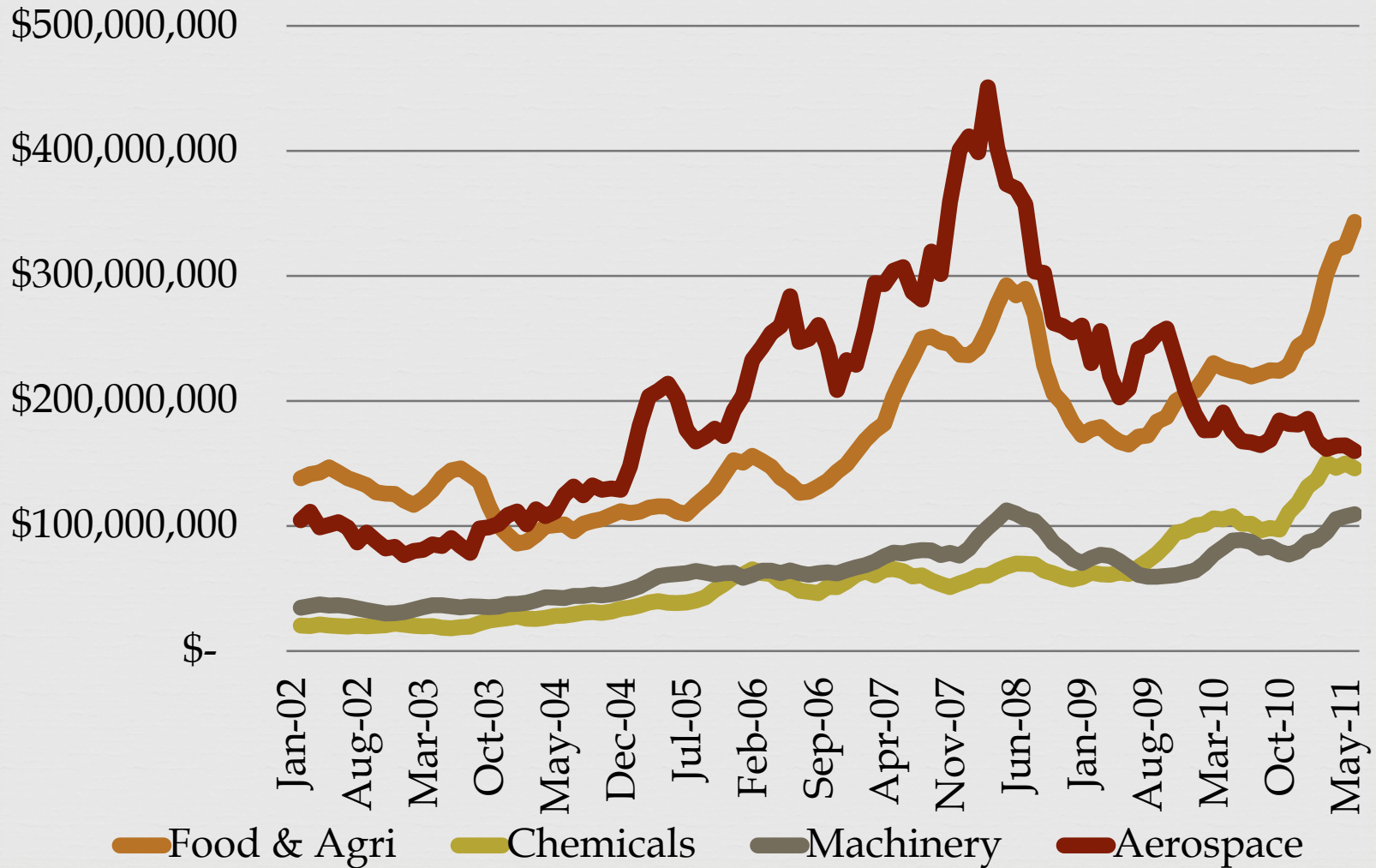
Kansas/Wichita Influencing factors



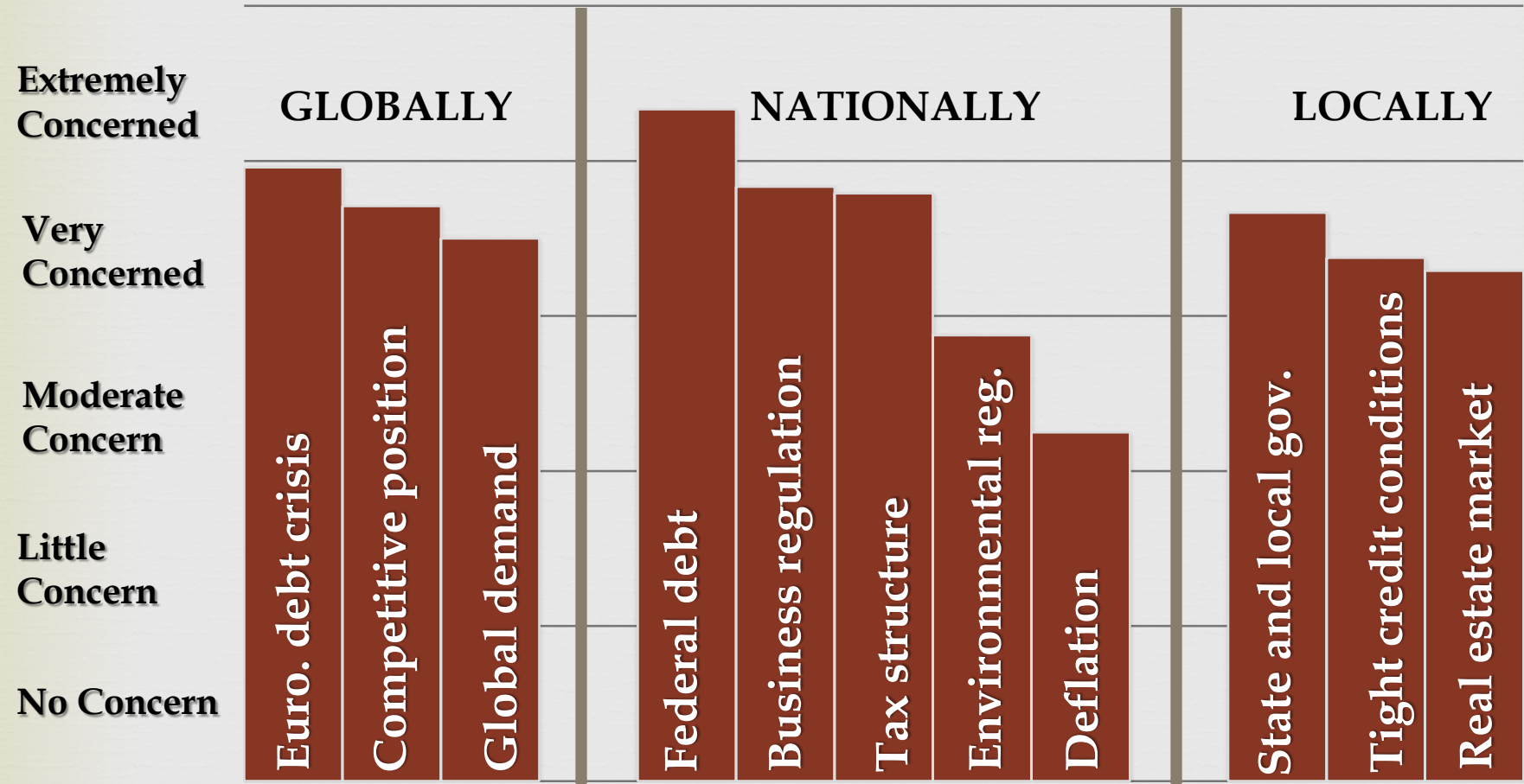
- ⌘ Agriculture prices
- ⌘ Energy
- ⌘ Investment
- ⌘ Defense cuts/ Super Committee
- ⌘ General Aviation – fast recovery
- ⌘ Commercial Aviation – orders
- ⌘ Wichita Exports



Top 5 Exports from Kansas



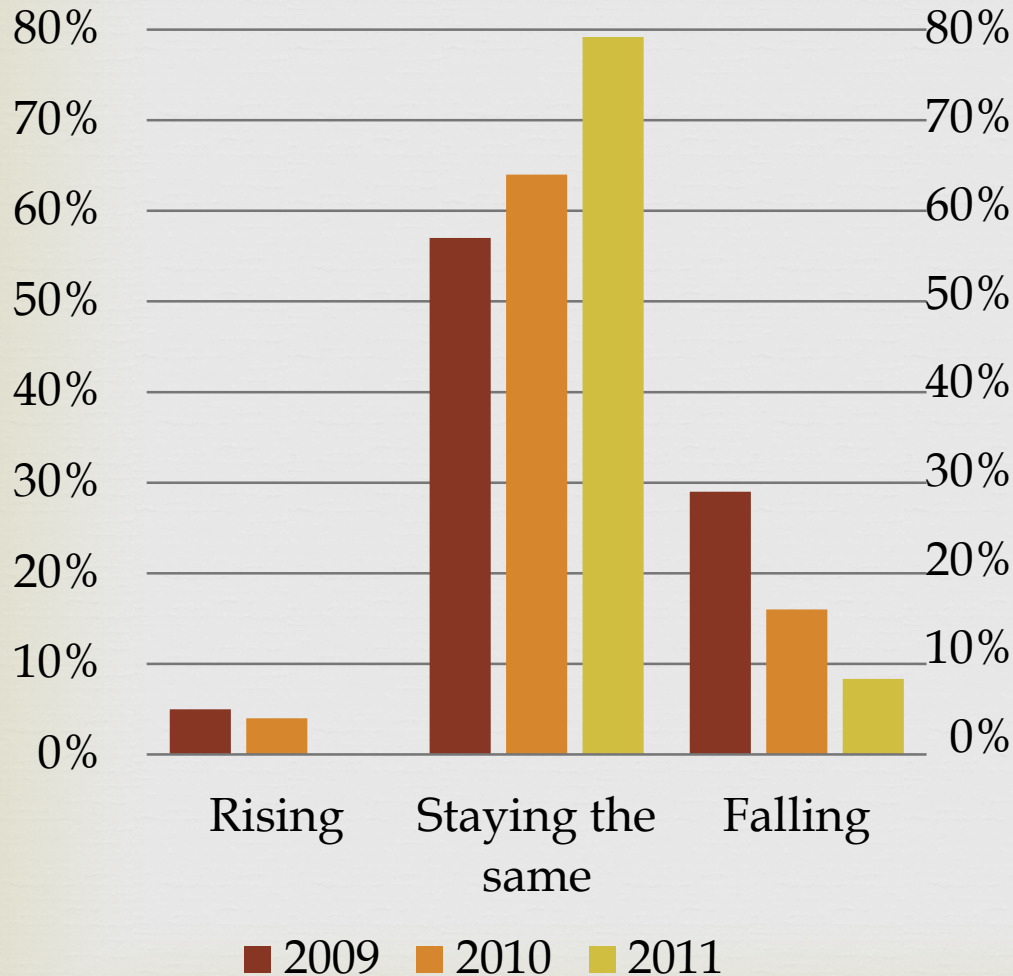
Wichita Business Concerns



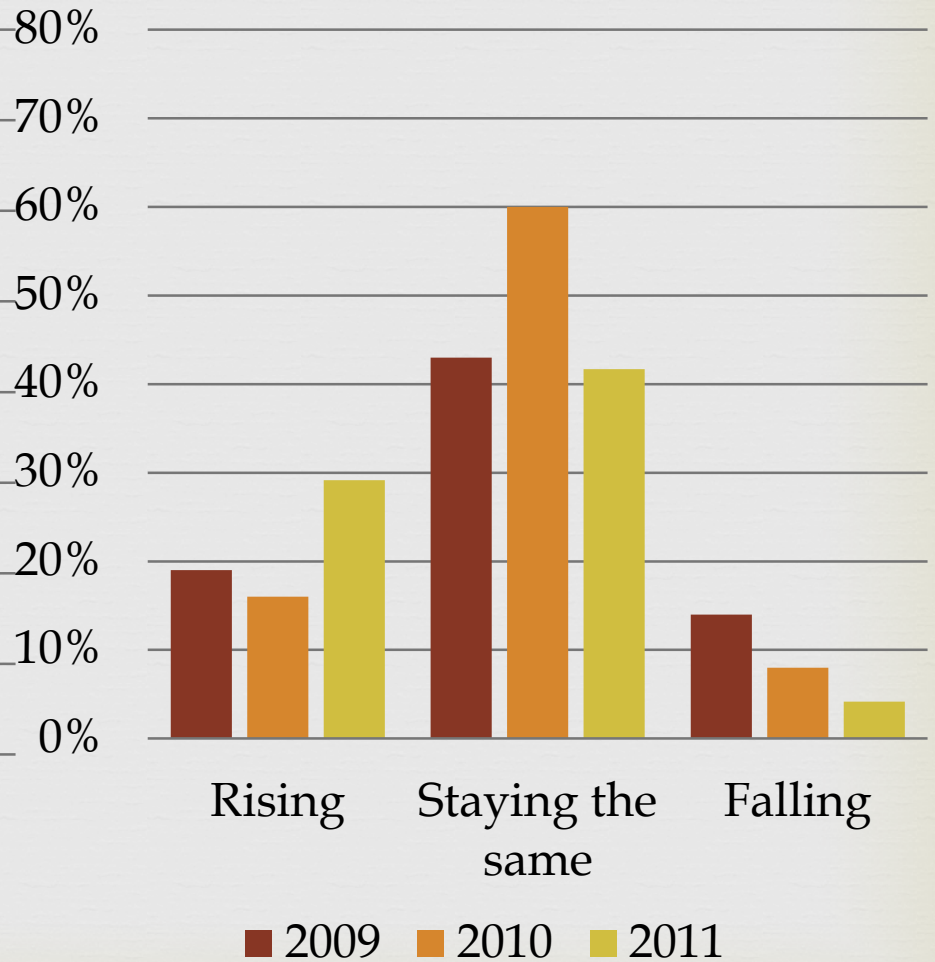
Existing Conditions



Prices Charged



Costs: Price of Inputs

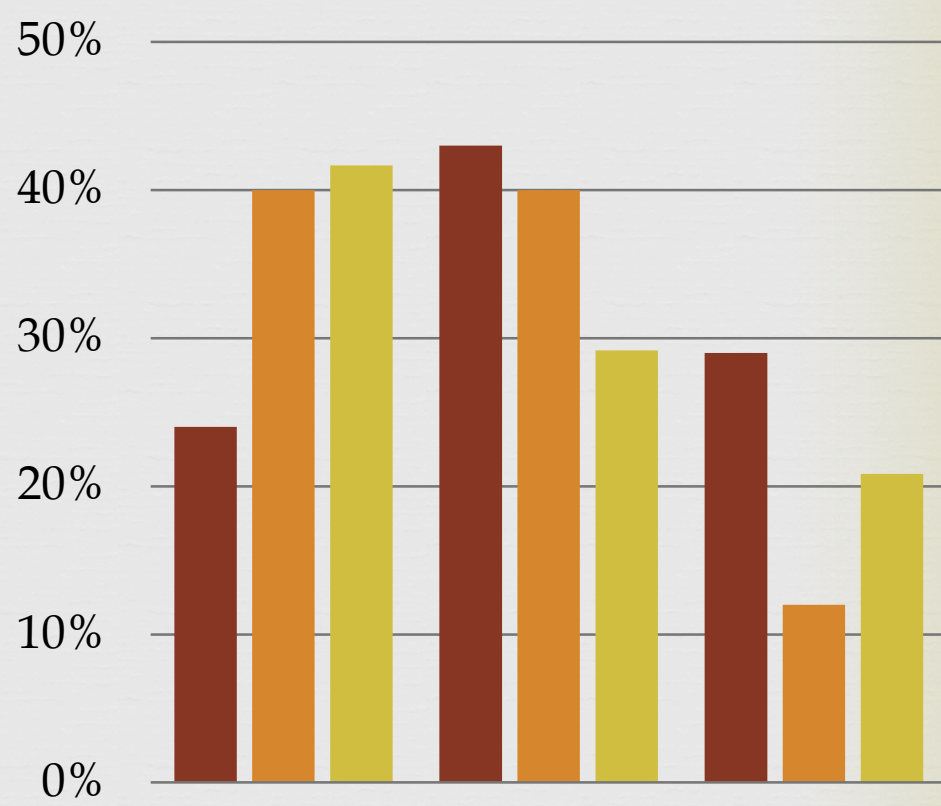
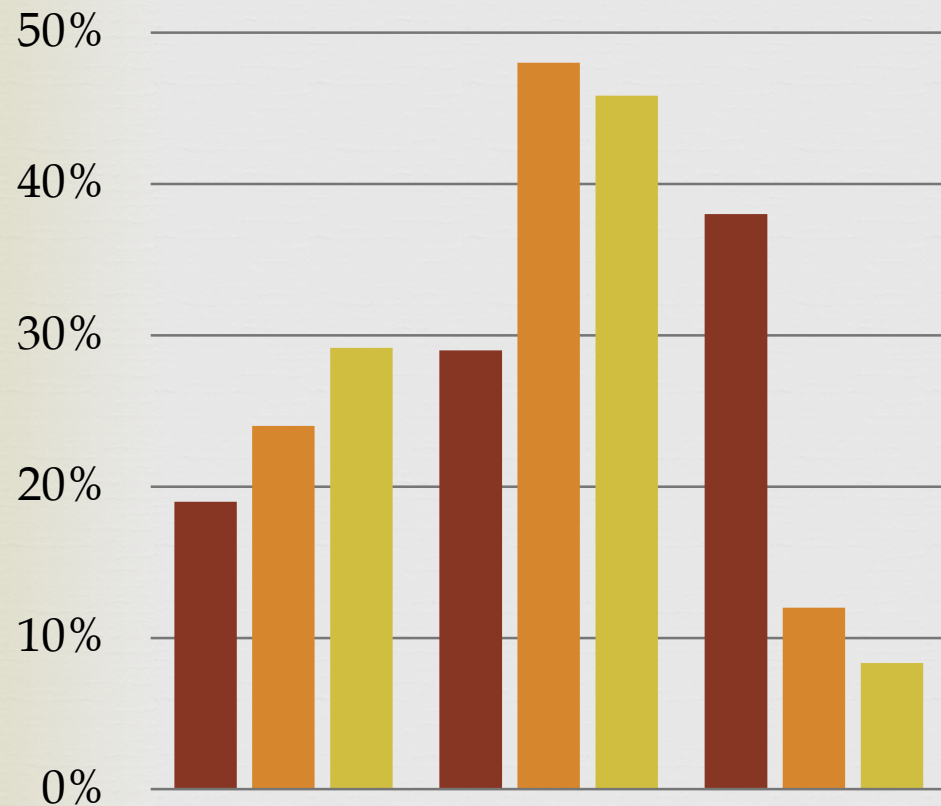


Existing Conditions



Profit Margins

Volume of Demand



■ 2009 ■ 2010 ■ 2011

■ 2009 ■ 2010 ■ 2011

Overall Business Expectations Next 3 to 6 Months

Costs

37% - costs will increase

Prices Charged -

64% - prices will stay the same

Employment -

29% expect increases

50% expect no changes



Factors that are holding us back

Uncertainty about future economic policies

Low consumer and business confidence

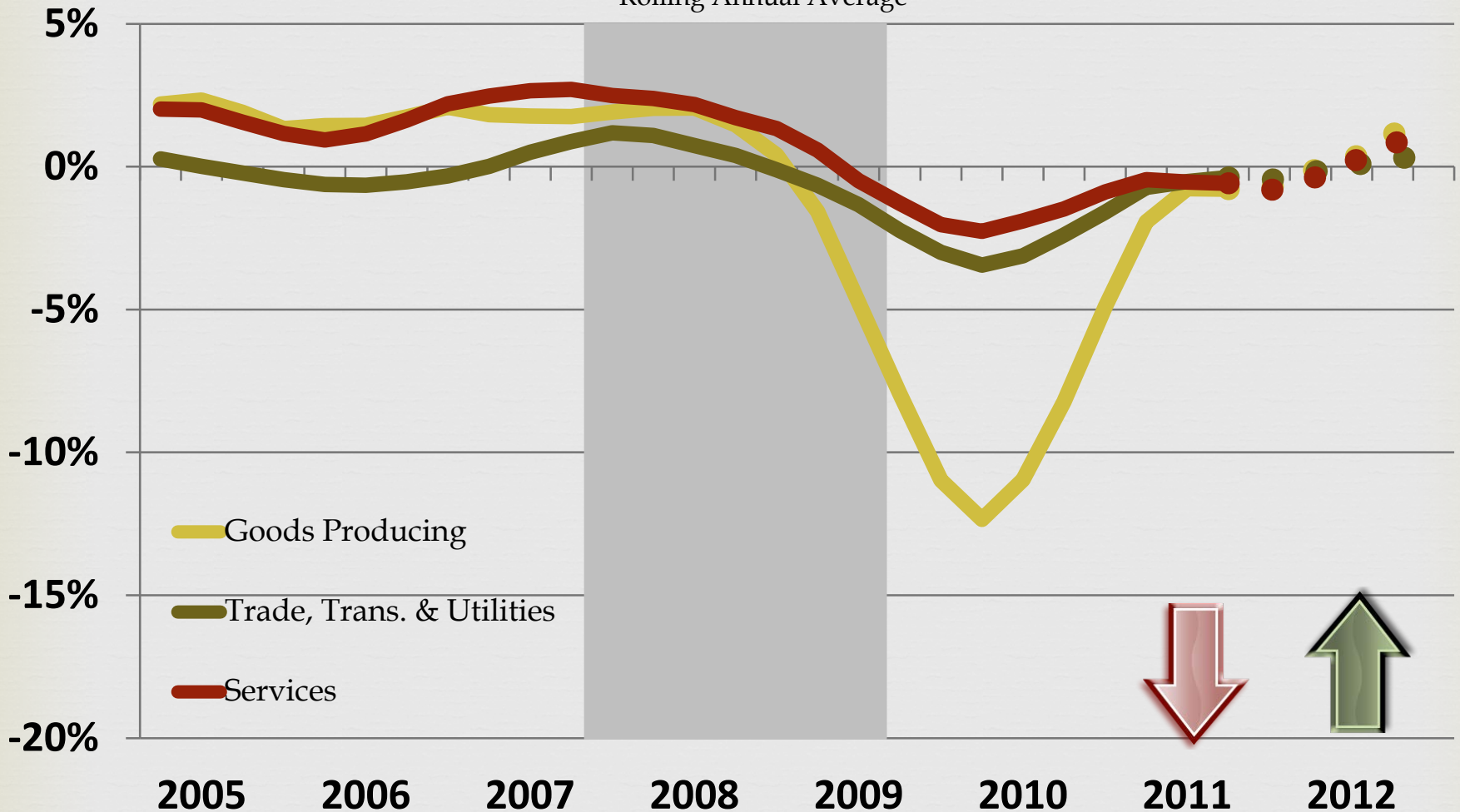
Sustained high unemployment

The burden of new regulations

Kansas Employment



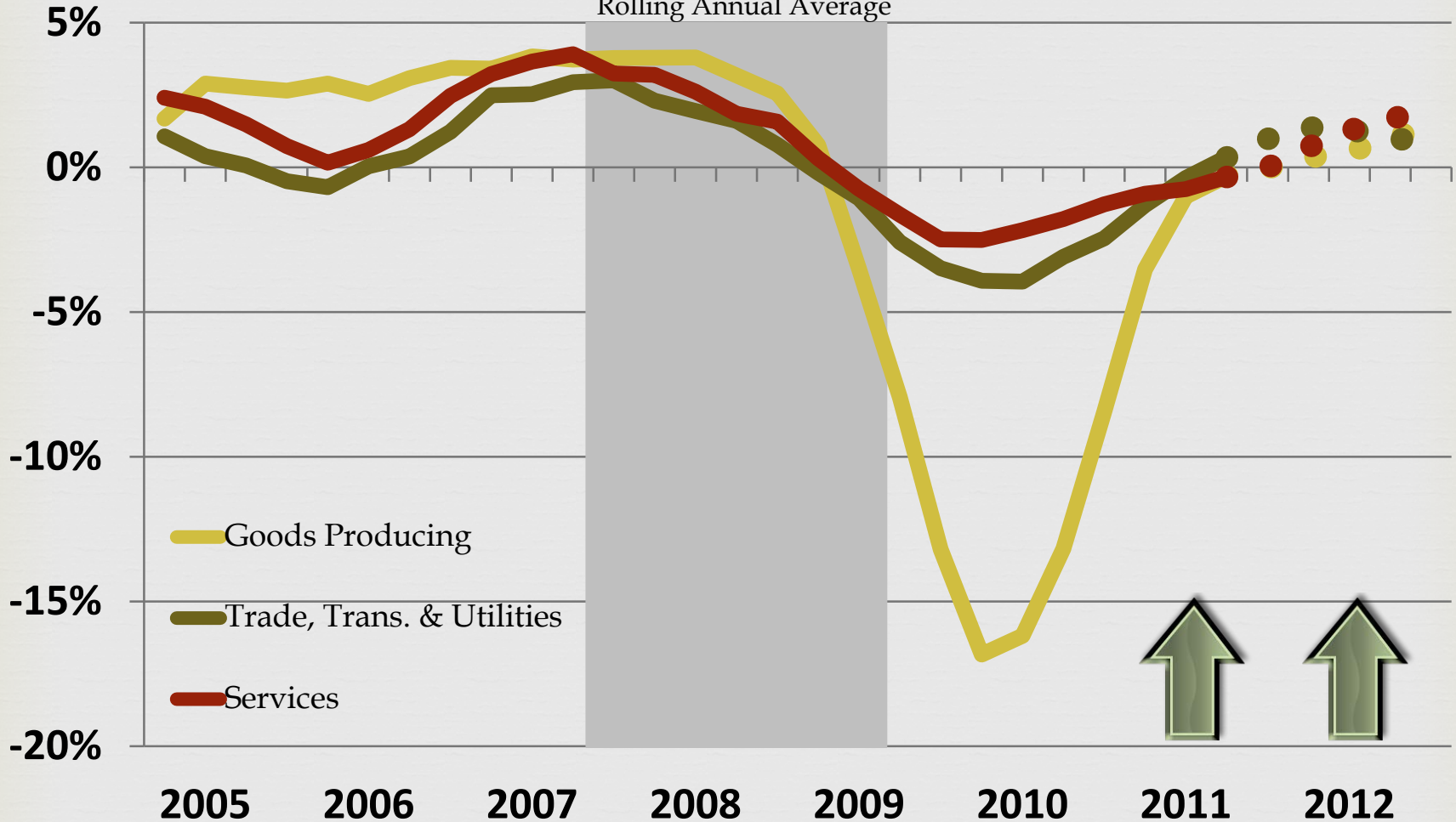
Rolling Annual Average



Wichita Employment

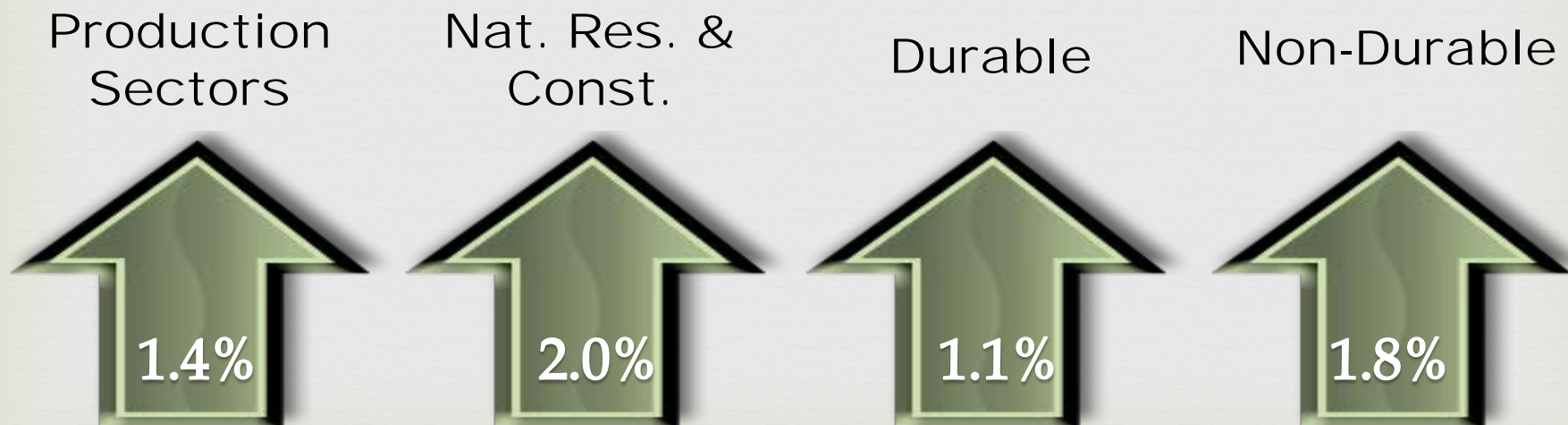


Rolling Annual Average



Goods Production

- **Aviation**
 - Commercial - strong
 - General - “top half” should be good - excess demand will go to back logs
 - Military - mixed
- **Chemicals** - strong
- **Construction** - will remain fragile

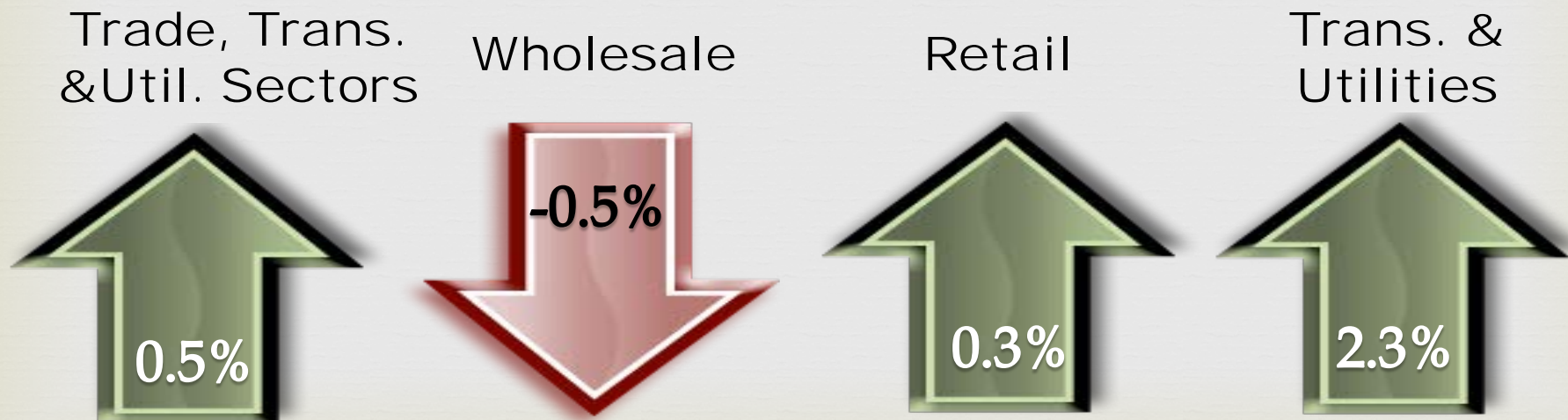


Trade, Transportation & Utilities

- **Retail/Consumption-**

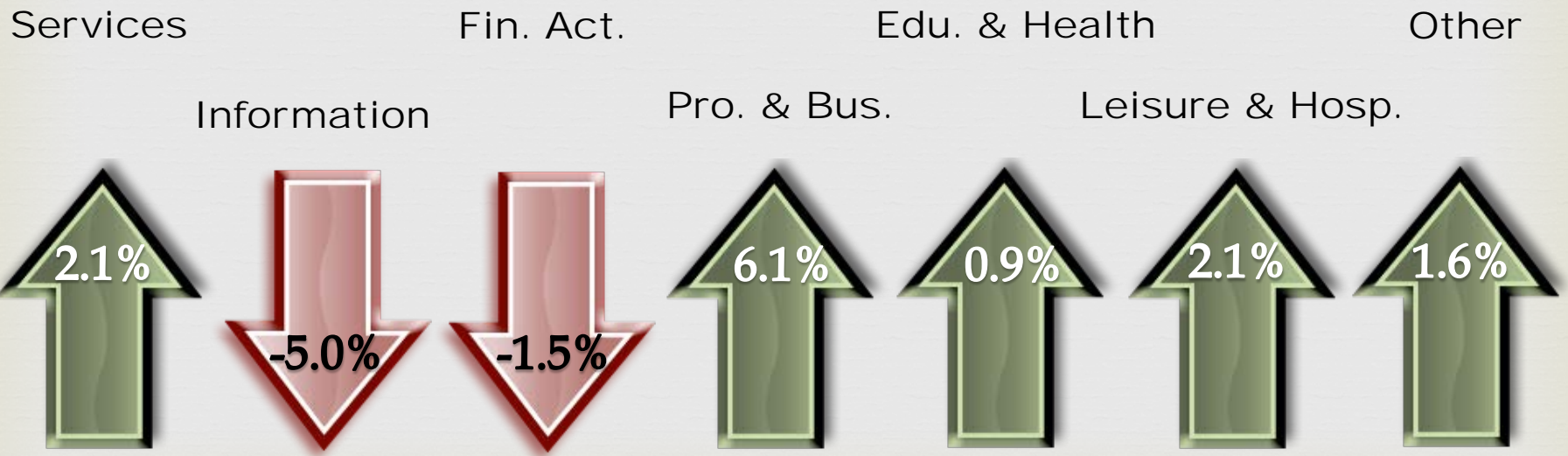
- Upper middle and high end consumer – strong demand
- Middle income consumer – will remain cash strapped

- **Wholesale** – will be down due to excess slack



Services

- **Information** – following the national trend
- **Financial Services** – following the national trend
- **Healthcare** – following national trend
- **Temporary agencies** – continued demand
- **Education** – slowing as employment opportunities becomes available



General Expectations - Wichita



- ❧ Global and National “**uncertainties**” within the market need to be alleviated before **business confidence returns**.
- ❧ Global **business profits** have to **remain high** before local moderate GDP growth.
- ❧ Acceleration in **manufacturing** (EMP 1.2%) will spill over to the **service and retail sectors**.
- ❧ **Input costs** will continue to rise in 2012, putting pressure on **businesses that sell locally**.
- ❧ **Upper middle and high** income households will **increase consumption**, but the slightest negative news will cause an abrupt decline in purchases.
- ❧ Wichita’s **labor market** will continue to heal, but it will remain fragmented with a portion of the labor market **underemployed** in 2012.
- ❧ Employment is expected to **increase by 1.3%** (3,800) in 2012. This is a **welcomed relief**, but **minimal growth**.