Research Report

Indicators of the Kansas Economy (IKE)

Prepared by

Kansas, Inc.

December 2010

Kansas, Inc.

Indicators of the Kansas Economy
Data Book

Dec-10

About IKE

The Kansas, Inc. Board of Directors initiated a project with the goal of identifying critical variables that explains the current condition of the Kansas economy relative to its surrounding states and the U.S. The Indicators of the Kansas Economy (IKE) project concept was the result of a perceived need for a single source of objective and consistent information that allows public and private leadership, as well as all interested Kansans to better understand the economy and enhance decision-making capacity.

Working with a broad range professionals, including researchers, university professors, state officials and business leaders, the Kansas, Inc. Board of Directors identified and reviewed a set of variables for their comprehensiveness and ability to depict key elements of the Kansas economy. Whenever possible, regional and national data was included to illustrate how Kansas compares to both the 6-State Region and the U.S. on a 1-, 5-, and 10-year period. The 6-State Region includes: Arkansas, Colorado, Iowa, Missouri, Nebraska and Oklahoma. When identifying variables efforts centered on data:

- Electronically accessible;
- Able to be captured for all states and the U.S.; and,
- Released annually, with a preference to monthly data.

Kansas, Inc. has received two grants from the Information Network of Kansas (INK) to significantly advance the sophistication, outreach and quality of the IKE project. Through these grants, Kansas, Inc. has partnered with University of Kansas, Institute for Policy and Social Research (IPSR); Wichita State University, Center for Economic Development and Business Research (CEDBR); and Kansas Geological Survey, Data Access and Support Center (DASC) to develop the framework for several variables to be displayed both interactively and electronically on a county, state, regional and national level. These efforts have also provided the model for a future IKE website where all data will be dynamically displayed and archived.

Throughout the IKE project an advisory committee, consisting of researchers, university professors, state officials and business leaders has provided insight and suggestions regarding the overall direction of the IKE project, adding significant value to the final product. Included within this version are several suggestions from the advisory committee regarding content, and several suggestions on additional variables, currently in the developmental stage will be included in future versions of IKE.

This updated release is another step in IKE becoming a one-stop resource of economic data for policymakers, university researchers, business leaders and the general public. As the Kansas economy changes, Kansas, Inc. recognizes the IKE project must continue to evolve to meet the needs of all individuals. Kansas, Inc. welcomes feedback to improve the value of the IKE project.

Kansas, Inc.

Indicators of the Kansas Economy
Key Trends

Dec-10

Employment and Unemployment

	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Total Nonfarm Employment *(all employees, thousands)*							
Kansas	1,351.4	1,344.5	1,352.3	1,364.8	0.5%	-0.1%	-1.0%
Private Sector Employment *(all employees, thousands)*							
Kansas	1,080.9	1,073.1	1,091.9	1,110.7	0.7%	-1.0%	-2.7%
Manufacturing Employment *(all employees, thousands)*							
Kansas	161.4	161.4	181.1	200.3	0.0%	-10.9%	-19.4%
Service Employment *(all employees, thousands)*							
Kansas	848.5	844.5	839.3	838.8	0.5%	1.1%	1.2%
Public Sector Employment *(all employees, thousands)*							
Kansas	270.5	271.4	260.4	254.1	-0.3%	3.9%	6.5%
Unemployment Rate *(%)*							
Kansas	6.7%	6.3%	5.0%	3.8%	0.4%	1.7%	2.9%
Initial Claims for Unemployment *(all employees)*							
Kansas	17,078	22,859	10,801	9,958	-25.3%	58.1%	71.5%

Wages/Entrepreneurship

Private Establishment Data *(total private establishments, all employee sizes)*

	2010 (p)	2009	2005	1-yr Chg	5-yr Chg
Kansas	82,594	81,650	76,686	1.2%	7.7%

Private Industry Wage Levels *(average annual wages, all employees, all private establishments)*

	2010 (p)	2009	2005	1-yr Chg	5-yr Chg
Kansas	$ 37,908	$ 38,519	$ 34,265	-1.6%	10.6%

Energy

Oil Production and Price *(most recent month of production and price)*

	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Production (bbl)	3,463,571	3,293,572	2,943,917	3,084,000	5.2%	17.7%	12.3%
Price ($/bbl)	$ 76.60	$ 71.05	$ 64.98	$ 31.26	7.8%	17.9%	145.0%

Natural Gas Production and Price *(most recent month of production and price)*

Production (mcf)	28,178,598	30,830,348	33,064,324	44,447,082	-8.6%	-14.8%	-36.6%
Price ($/mcf)	$ 4.22	$ 3.14	$ 7.68	$ 3.73	34.4%	-45.1%	13.1%

Agriculture

KFMA Average Net Farm Income by Region

Region	NW	NC	NE	SW	SC	SE	Avg. All Assn.
2008	$ 144,839	$ 104,516	$ 121,891	$ 82,605	$ 132,575	$ 133,820	$ 124,617
2009	$ 117,311	$ 88,274	$ 117,854	$ 84,462	$ 85,983	$ 119,381	$ 104,781
5-yr avg	$ 125,176	$ 73,098	$ 95,502	$ 65,258	$ 81,284	$ 94,246	$ 89,554
10-yr avg	$ 79,677	$ 54,393	$ 66,585	$ 45,922	$ 57,753	$ 74,425	$ 64,772

General Economic Data

Population

	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	2,818,747	2,797,375	2,730,765	2,678,338	0.8%	3.2%	5.2%

Gross State Product *(millions of current dollars)*

	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	124,921	125,876	99,974	80,968	-0.8%	25.0%	54.3%
6-State Region	976,726	976,998	792,022	620,543	0.0%	23.3%	57.4%
U.S.	14,150,826	14,343,954	11,788,909	9,286,858	-1.3%	20.0%	52.4%

Personal Income Estimates *(millions of dollars)*

	2010 (Q3)	2009	2005	2000	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	114,693	110,673	90,876	76,684	3.6%	26.2%	49.6%
6-State Region	864,089	834,969	707,094	577,785	3.5%	22.2%	49.6%
U.S.	12,590,671	12,165,474	10,476,669	8,554,866	3.5%	20.2%	47.2%

Per Capita Personal Income Estimates *($)*

	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	39,263	40,134	31,924	26,826	-2.2%	23.0%	46.4%
6-State Region	37,157	38,038	31,434	25,668	-2.3%	18.2%	44.8%
U.S.	39,626	40,673	33,881	28,333	-2.6%	17.0%	39.9%

Consumer Price Index

	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Midwest Urban	208.8	206.2	190.3	170.3	1.3%	9.7%	22.6%
U.S. City Average	218.8	216.3	197.6	174.1	1.2%	10.7%	25.7%

Chicago Fed National Activity Index (CFNAI)

	Nov-10	Oct-10	Sep-10	Aug-10	Jul-10	Jun-10	Nov-09
CFNAI	(0.46)	(0.25)	(0.51)	(0.51)	0.14	(0.54)	0.01

Building Permits *(new privately owned housing units authorized)*

	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	384	717	1,621	800	-46.4%	-76.3%	-52.0%

Sales Tax Collections *($)*

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	188,983,099	159,415,826	148,234,732	120,645,572	18.5%	27.5%	56.6%

Kansas, Inc.

Indicators of the Kansas Economy
Variables

Dec-10

IKE - Variables

Kansas, Inc.

Indicators of the Kansas Economy
Population

Dec-10

Short-Term (2008 to 2009)
- Kansas population up 21,372 (0.8%)
- 6-State Region population up 214,030 (1.0%)
- U.S. population up 2,631,704 (0.9%)

Long-Term (1999 to 2009)
- Kansas population up 140,409 (5.2%)
- 6-State Region population up 1,893,932 (9.2%)
- U.S. population up 27,966,382 (10.0%)

2009 Population Estimates

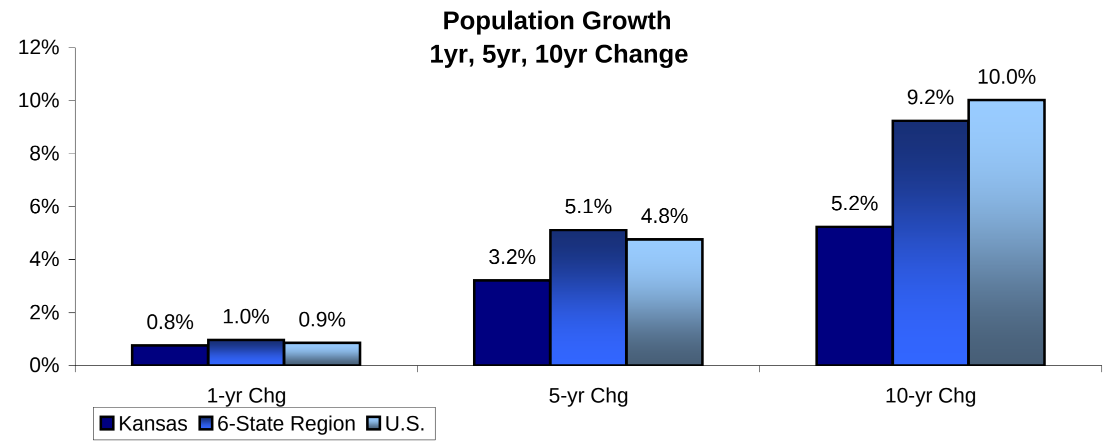
Region	Population
Kansas	2,818,747
Arkansas	2,889,450
Colorado	5,024,748
Iowa	3,007,856
Missouri	5,987,580
Nebraska	1,796,619
Oklahoma	3,687,050
6-State Region	22,393,303
U.S.	307,006,550

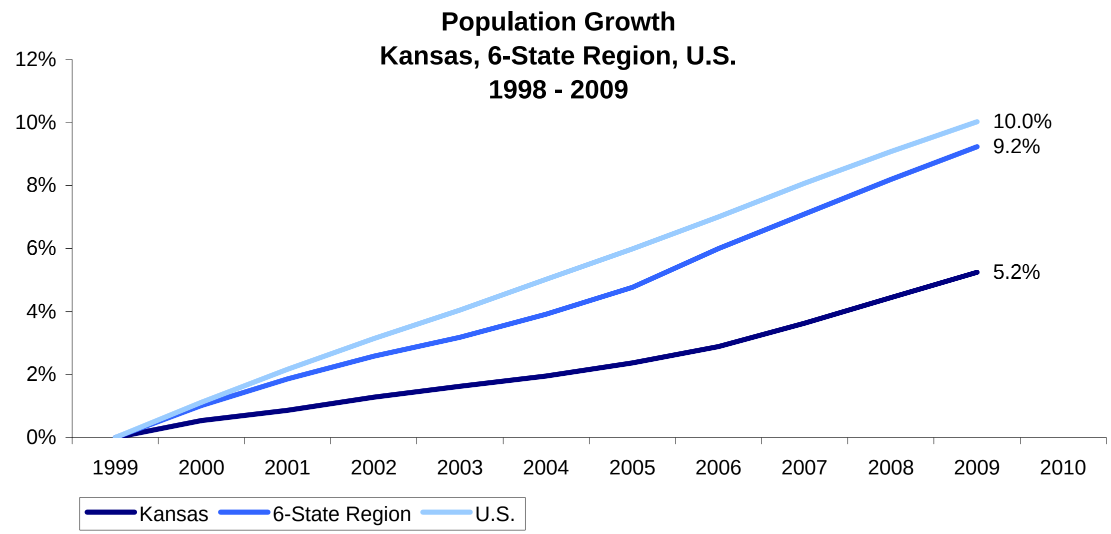
About the data and graphs

The U.S. Census Bureau publishes total resident population estimates and demographic components of change (births, deaths, and migration) each year. The reference date for estimates is July 1. Estimates usually are for the present and the past, while projections are estimates of the population for future dates. These estimates are developed with the assistance of the Federal State Cooperative Program for Population Estimates (FSCPE). These estimates are used in federal funding allocations, as denominators for vital rates and per capita time series, as survey controls, and in monitoring recent demographic changes. With each new issue of July 1 estimates, the estimates are revised for years back to the last census.

Population

	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	2,818,747	2,797,375	2,730,765	2,678,338	0.8%	3.2%	5.2%
6-State Region	22,393,303	22,179,273	21,302,277	20,499,371	1.0%	5.1%	9.2%
U.S.	307,006,550	304,374,846	293,045,739	279,040,168	0.9%	4.8%	10.0%





Source: 2009 annual data
U.S. Census Bureau *http://www.census.gov/popest/estimates.html*

Indicators of the Kansas Economy
Gross State Product

Dec-10

Short-Term (2008 to 2009)
- Kansas GSP down $955 million (-0.8%)
- 6-State Region GSP down $272 million (-0.0%)
- U.S. GSP down $193,128 million (-1.3%)

Long-Term (1999 to 2009)
- Kansas GSP up $46,953 million (54.3%)
- 6-State Region GSP up $356,183 million (57.4%)
- U.S. GSP up $4,863,968 million (52.4%)

2008 Gross State Product
(millions of current dollars)

Region	Gross State Product	
Kansas	$	124,921
Arkansas	$	101,818
Colorado	$	252,657
Iowa	$	142,282
Missouri	$	239,752
Nebraska	$	86,439
Oklahoma	$	153,778
6-State Region	$	976,726
U.S.	$	14,150,826

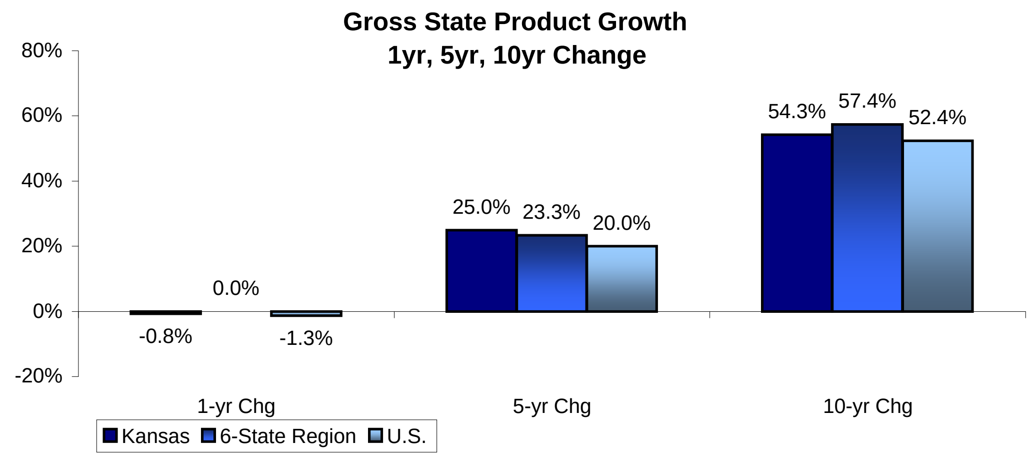
About the data and graphs
GSP captures state economic growth, providing an overall analysis of the performance of the economy. GSP is the value added in production by the labor and property located in the state.

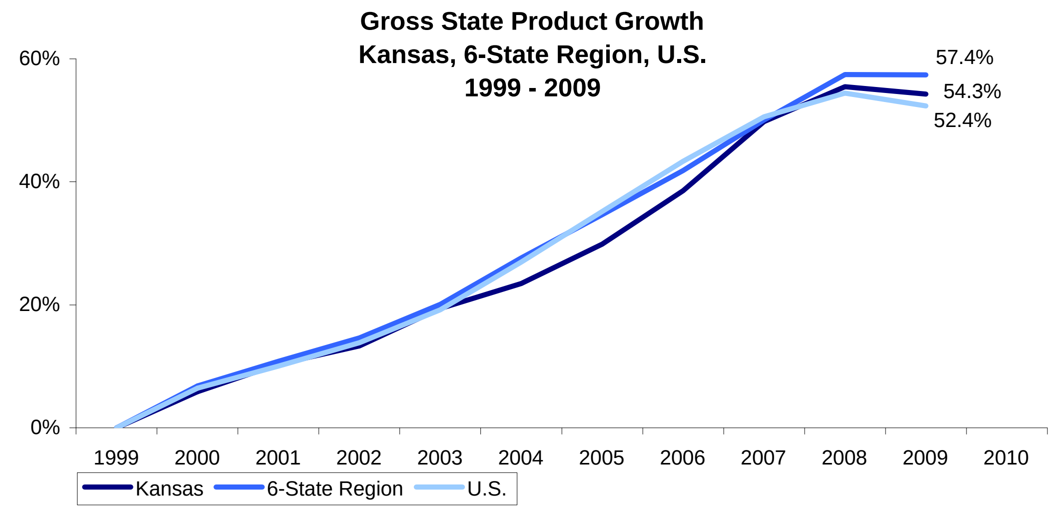
In concept, an industry's GSP, referred to as its "value added," is equivalent to its gross output (sales or receipts and other operating income, commodity taxes, and inventory change) minus its intermediate inputs (consumption of goods and services purchased from other U.S. industries or imported.)

All GSP data is displayed in current dollars and are not adjusted for inflation.

Gross State Product (GSP)
(millions of current dollars)

	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	124,921	125,876	99,974	80,968	-0.8%	25.0%	54.3%
6-State Region	976,726	976,998	792,022	620,543	0.0%	23.3%	57.4%
U.S.	14,150,826	14,343,954	11,788,909	9,286,858	-1.3%	20.0%	52.4%





Source: *2009 annual data*
U.S. Department of Commerce - Bureau of Economic Analysis http://www.bea.gov/regional/

Indicators of the Kansas Economy
Personal Income/Per Capita Personal Income

Dec-10

Personal Income Estimates (PI) - *(millions of dollars)*

	2010 (Q3)	2009	2005	2000	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	114,693	110,673	90,876	76,684	3.6%	26.2%	49.6%
6-State Region	864,089	834,969	707,094	577,785	3.5%	22.2%	49.6%
U.S.	12,590,671	12,165,474	10,476,669	8,554,866	3.5%	20.2%	47.2%

Per Capita Personal Income Estimates (PCPI) - ($)

	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	39,263	40,134	31,924	26,826	-2.2%	23.0%	46.4%
6-State Region	37,157	38,038	31,434	25,668	-2.3%	18.2%	44.8%
U.S.	39,626	40,673	33,881	28,333	-2.6%	17.0%	39.9%

Short-Term (2008 to 2010)

- Kansas PI up $4,020 million (3.6%)
- 6-State Region PI up $29,120 million (3.5%)
- U.S. PI up $425,197 million (3.5%)
- Kansas PCPI down $871 (-2.2%)
- 6-State Region PCPI down $881 (-2.3%)
- U.S. PCPI down $1,047 (-2.6%)

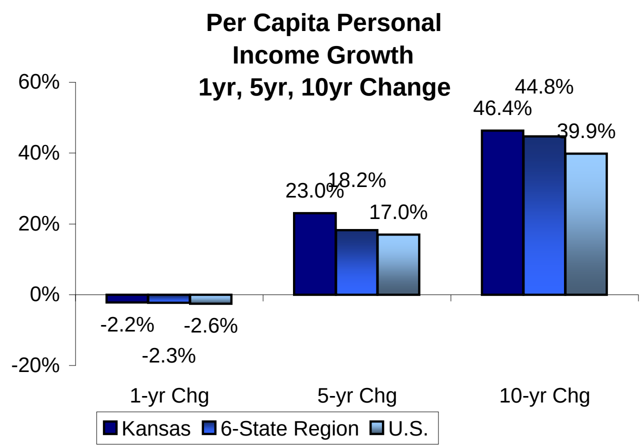
Long-Term (1999 to 2010)

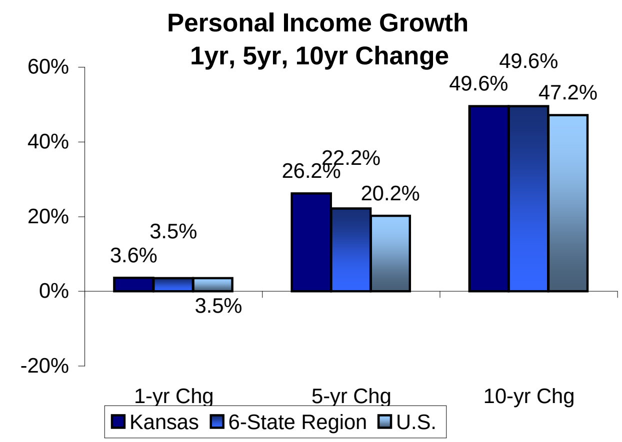
- Kansas PI up $38,009 million (49.6%)
- 6-State Region PI up $286,304 million (49.6%)
- U.S. PI up $4,035,805 million (47.2%)
- Kansas PCPI up $12,437 (46.4%)
- 6-State Region PCPI up $11,489 (44.8%)
- U.S. PCPI up $11,293 (39.9%)

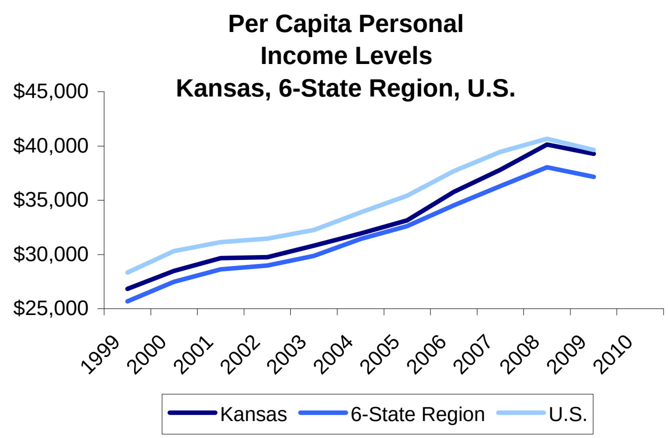
About the data and graphs

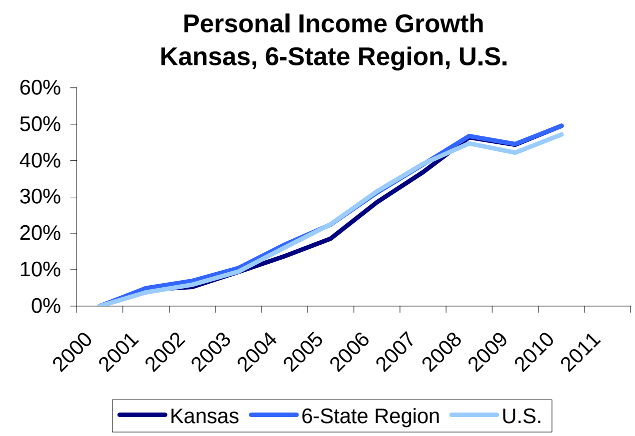
Personal income is the income that is received by all persons from all sources and is reported quarterly and is seasonally adjusted at annual rates. Per capita personal income is the annual personal income divided by the population.

Personal income is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance. The personal income of an area is the income that is received by, or on behalf of, all of the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients. All state estimates are in current dollars (not adjusted for inflation).









Source: *2009 annual data, 2010 quarterly data*
U.S. Department of Commerce - Bureau of Economic Analysis http://www.bea.gov/regional/

Short-Term (2009 to 2010)

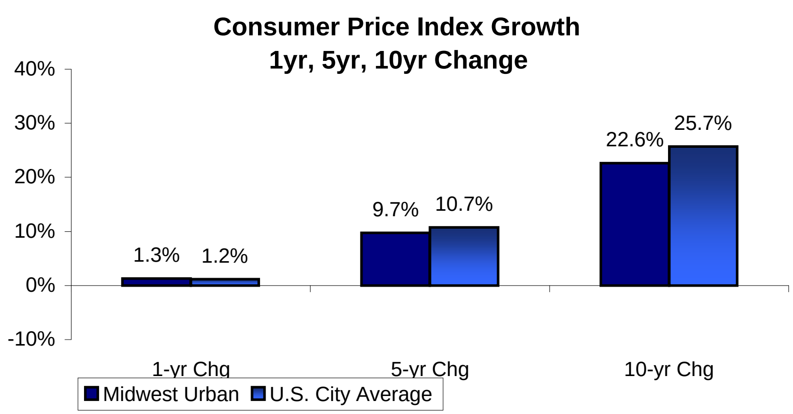
- Midwest Urban CPI up 2.6 (1.3%)
- U.S. City Average CPI up 2.5 (1.2%)

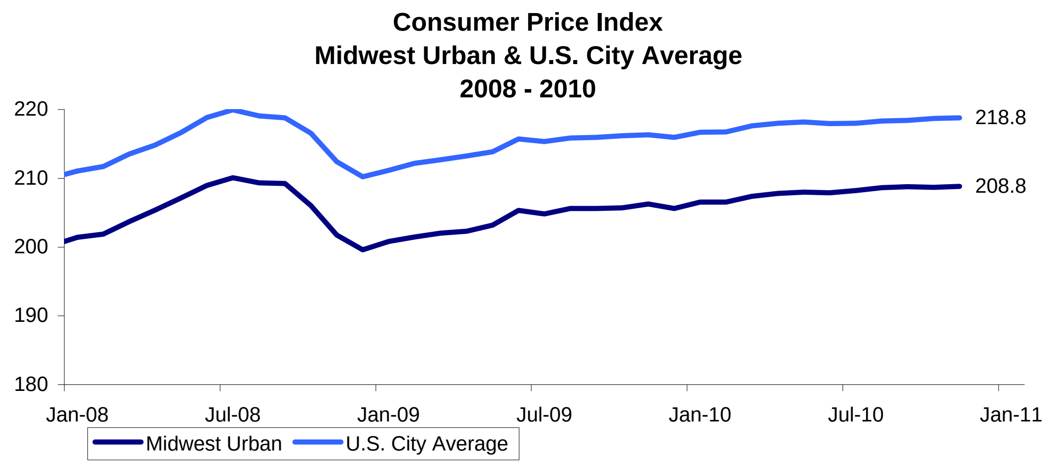
Long-Term (2000 to 2010)

- Midwest Urban CPI up 38.5 (22.6%)
- U.S. City Average CPI up 44.7 (25.7%)

Consumer Price Index (CPI)

	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Midwest Urban	208.8	206.2	190.3	170.3	1.3%	9.7%	22.6%
U.S. City Average	218.8	216.3	197.6	174.1	1.2%	10.7%	25.7%



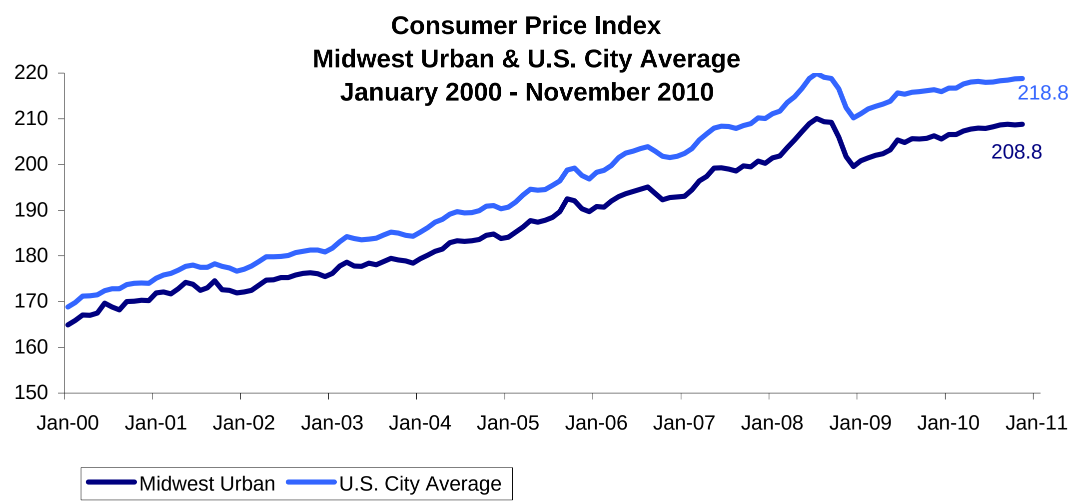


About the data and graphs

The CPI program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services. It is the most widely used measure of inflation.

The U.S. City Average is a measure of the average change over time in the prices paid by urban consumers throughout the United States for a market basket of consumer goods and services. It is adjusted to equal 100 during the base period of 1982-1984. The U.S. City Average CPI reflects spending patterns for all urban consumers, who represent about 87 percent of the total U.S. population.

The Midwest Urban Consumer Price Index is calculated in the same way as the U.S. City Average CPI, however, the Midwest CPI is limited to urban consumers within the Midwest Census region.



Source: *2010 monthly data*
U.S. Department of Labor - Bureau of Labor Statistics

http://stats.bls.gov/cpi/home.htm

Short-Term (2010)

During November 2010, the CFNAI decreased to -0.46, down from -0.25 in October. Three of the four broad categories deteriorated from October to November. Production-related indicators made a contribution of 0.08 to the index in November; employment-related indicators made a contribution of -0.16 to the index in November; sales, orders, and inventories indicators also made a contribution of 0.04 to the index in November; and consumption and housing indicators made a contribution of -0.42 to the index in November. Thirty-five of the 85 individual indicators made positive contributions to the index in November, while 50 made negative contributions. Thirty-one indicators improved from October to November, while 54 indicators deteriorated.

Long-Term (1990 to 2010)

Since January 1990 the CFNAI has demonstrated excellent predictive power as CFNAI values have fallen substantially prior to each of the two most recent recessions, from July 1990 to March 1991, and from March 2001 to November 2001.

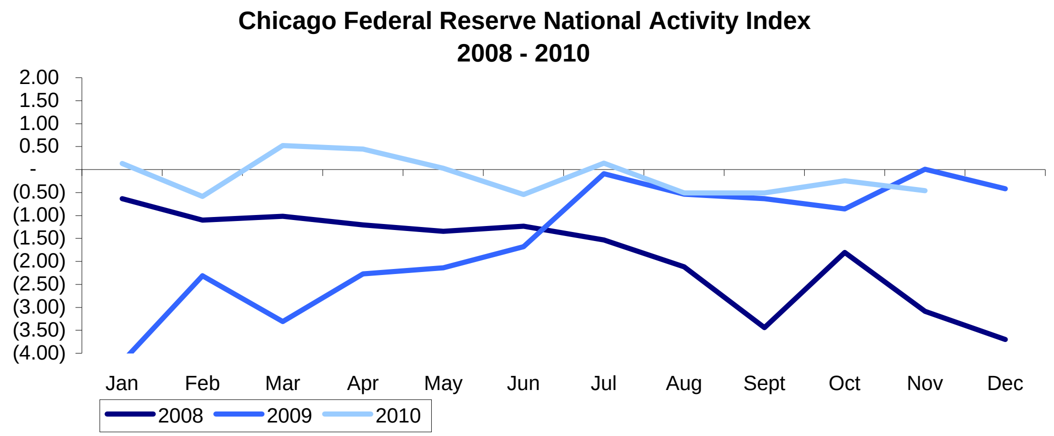
About the data and graphs

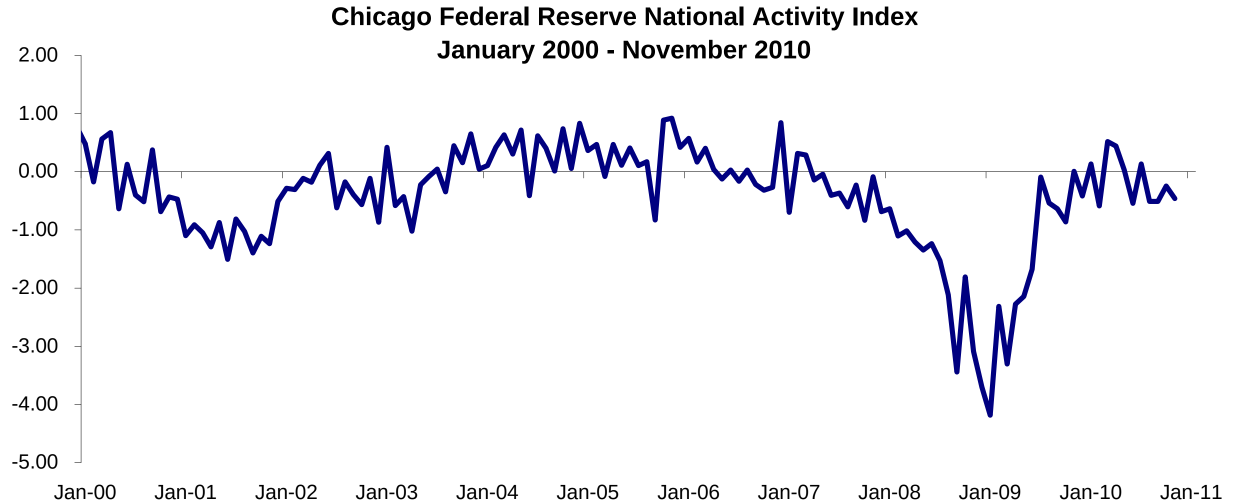
The performance of the U.S. economy has a major impact on the performance of the Kansas economy.

The Chicago Fed National Activity Index (CFNAI) is a monthly U.S. index designed to better gage overall economic activity and inflationary pressure.
The index uses 85 economic indicators from four broad categories of data: production and income; employment, unemployment and hours; personal consumption and housing; and sales, orders and inventories. **A positive number indicates above average growth while a negative number indicates below average growth. Sustained CFNAI readings above zero suggest increased inflationary pressures over the coming year.**

CFNAI

	Nov-10	Oct-10	Sep-10	Aug-10	Jul-10	Jun-10	Nov-09
CFNAI	-0.46	-0.25	-0.51	-0.51	0.14	-0.54	0.01





Source: *2010 monthly data*
Federal Reserve Bank of Chicago

http://www.chicagofed.org/webpages/publications/cfnai/index.cfm

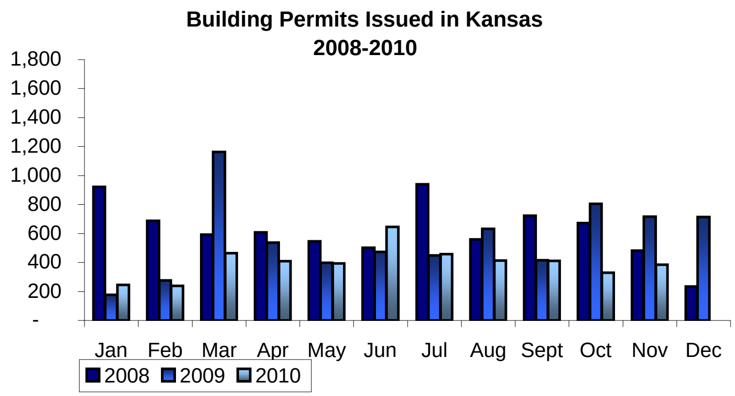
Kansas, Inc.

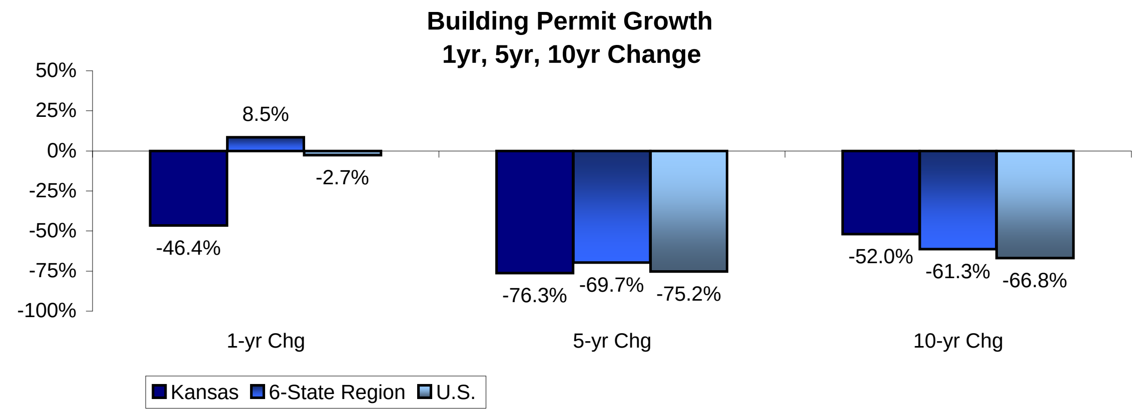
Short-Term (2009 to 2010)
- Kansas building permits down 333 (-46.4%)
- 6-State Region building permits up 253 (8.5%)
- U.S. building permits down 1,109 (-2.7%)

Long-Term (2000 to 2010)
- Kansas building permits down 416 (-52.0%)
- 6-State Region building permits down 5,136 (-61.3%)
- U.S. building permits down 79,931 (-66.8%)

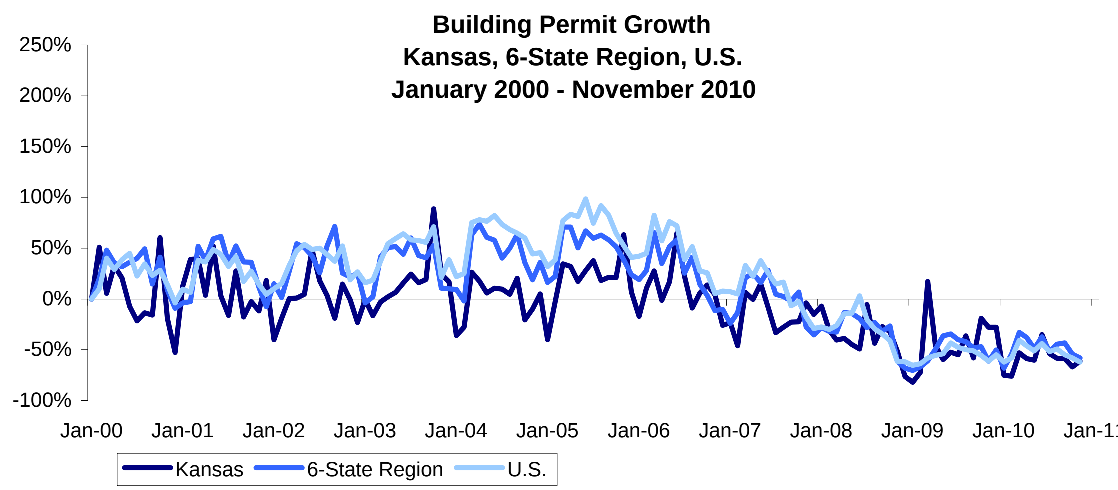
Building Permits
(new privately owned housing units authorized)

	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	384	717	1,621	800	-46.4%	-76.3%	-52.0%
6-State Region	3,244	2,991	10,698	8,380	8.5%	-69.7%	-61.3%
U.S.	39,638	40,747	159,813	119,569	-2.7%	-75.2%	-66.8%





Regarding building permits, a housing unit is a house, an apartment, a group of rooms or a single room intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live separately from any other individuals in the building and which have a direct access from the outside of the building or through a common hall.



Source: *2010 monthly data*
U.S. Census Bureau *http://www.census.gov/econ/www/index.html*

Short-Term (2009 to 2010)

- Kansas sales tax collections up $29,567,273 (18.5%)
- $1,281,242,773 collected ytd through August 2010
- $1,866,223,078 collected total during 2009

Long-Term (2000 to 2010)

- Kansas sales tax collections up $68,337,527 (56.6%)
- $1,475,405,439 collected total during 2000

About the data and graphs

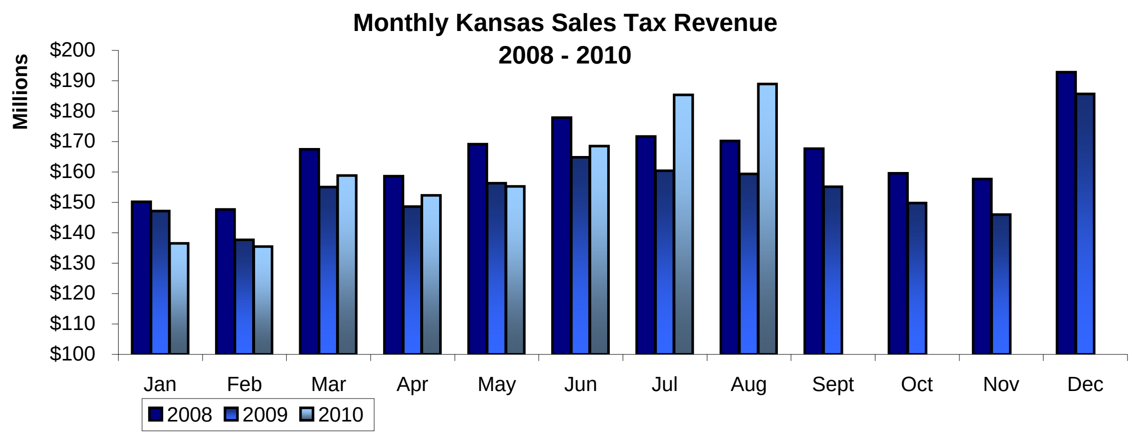
Monthly sales tax collections have trended higher as the economy has grown and two sales tax rate increases have been enacted. Annually, December typically collects the highest sales tax revenue, with January and February collecting the least. Consumers tend to delay purchases during a downturn in the economy, which can be reflected in lower sales tax collections in months proceeding and during a recession. Monthly sales tax collections tend to increase as the economy improves and consumer spending increases.

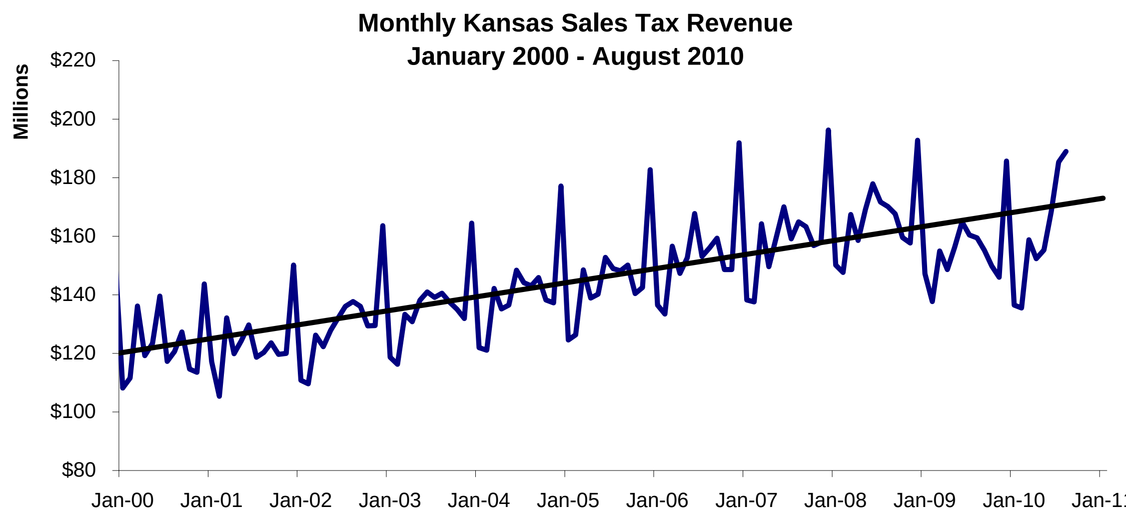
Tracking sales tax collections in Kansas gives insight into consumer behavior and demand. Sales tax collections can fluctuate widely from month to month. Since January 1990, state sales tax rates have increased on **three** occasions. In June 1992, the state sales tax rate increased from 4.25% to 4.90%; in July 2002 the state sales tax rate increased to 5.30%; **and in July 2010 the state sales tax rate increased to 6.30%.**

Various cities and counties in Kansas have an additional local sales tax. The entire listing of local sales tax rates is available at http://www.ksrevenue.org/salesratechanges.htm

Sales Tax Collections

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	$ 188,983,099	$ 159,415,826	$ 148,234,732	$ 120,645,572	18.5%	27.5%	56.6%





Source: *2010 monthly data*
Kansas Department of Revenue *http://www.ksrevenue.org/salesreports.htm*

Short-Term (2009 to 2010)
- Kansas total nonfarm employment up 6,900 (0.5%)
- 6-State Region total nonfarm employment up 14,000 (0.1%)
- U.S. total nonfarm employment up 842,000 (0.6%)

Long-Term (2000 to 2010)
- Kansas total nonfarm employment down 13,400 (-1.0%)
- 6-State Region total nonfarm employment down 46,400(-0.5%)
- U.S. total nonfarm employment down 1,560,000 (-1.2%)

November 2010 Total Nonfarm Employment Levels
(all employees, thousands)

State	Employment
Kansas	1,351.4
Arkansas	1,177.8
Colorado	2,217.2
Iowa	1,498.7
Missouri	2,673.1
Nebraska	951.4
Oklahoma	1,554.7

About the data and graphs

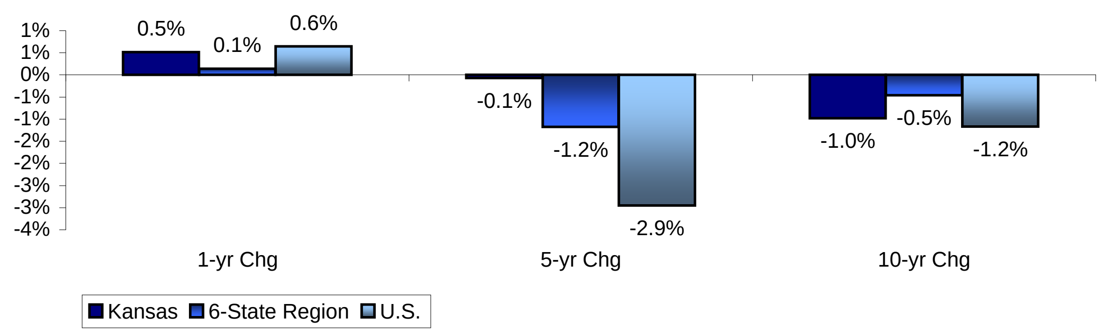
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs in the state or region, not the number of employed people. Hence a person with two jobs, one in the manufacturing sector and one in the service sector, would be counted in both sectors. The data series chosen for IKE are not adjusted for seasonal variation.

BLS total nonfarm employment calculations does not include non-civilian employment.

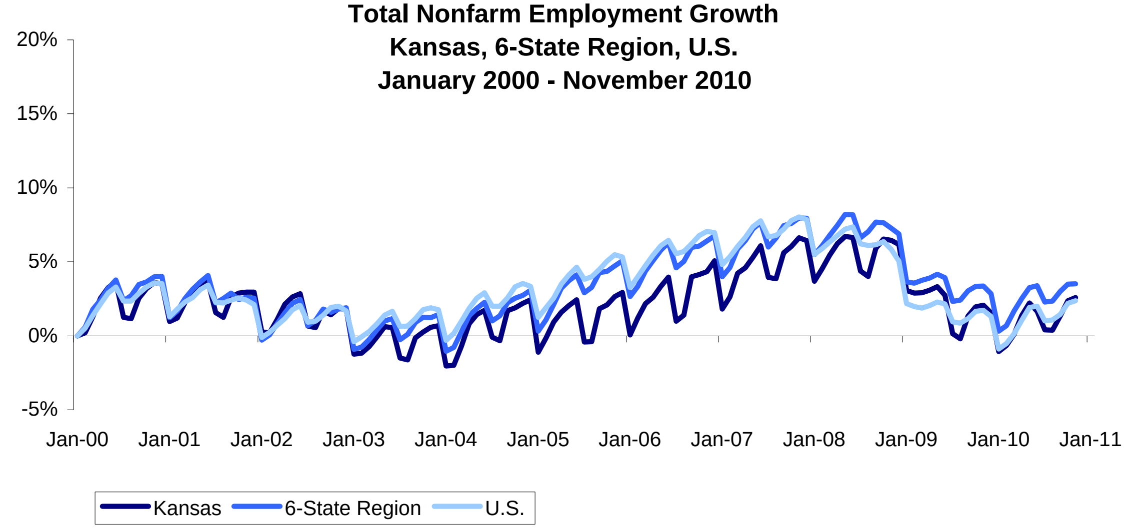
Total Nonfarm Employment
(all employees, thousands)

	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	1,351.4	1,344.5	1,352.3	1,364.8	0.5%	-0.1%	-1.0%
6-State Region	10,072.9	10,058.9	10,192.3	10,119.3	0.1%	-1.2%	-0.5%
U.S.	131,811.0	130,969.0	135,817.0	133,371.0	0.6%	-2.9%	-1.2%

Total Nonfarm Employment Growth
1yr, 5yr, 10yr Change



Total Nonfarm Employment Growth
Kansas, 6-State Region, U.S.
January 2000 - November 2010



Source: *2010 monthly data*
U.S. Department of Labor - Bureau of Labor Statistics http://www.bls.gov/bls/employment.htm
Kansas Department of Labor - Labor Market Information http://laborstats.dol.ks.gov/

Short-Term (2009 to 2010)

- Kansas private sector employment up 7,800 (0.7%)
- 6-State Region private sector employment up 33,700 (0.4%)
- U.S. private sector employment up 1,086,000 (1.0%)

Long-Term (2000 to 2010)

- Kansas private sector employment down 29,800 (-2.7%)
- 6-State Region private sector employment down 218,700 (-2.6%)
- U.S. private sector employment down 3,118,000 (-2.8%)

November 2010 Private Sector Employment Levels

(all employees, thousands)

State	Employment
Kansas	1,080.9
Arkansas	960.2
Colorado	1,819.7
Iowa	1,239.7
Missouri	2,203.4
Nebraska	780.0
Oklahoma	1,219.9

About the data and graphs

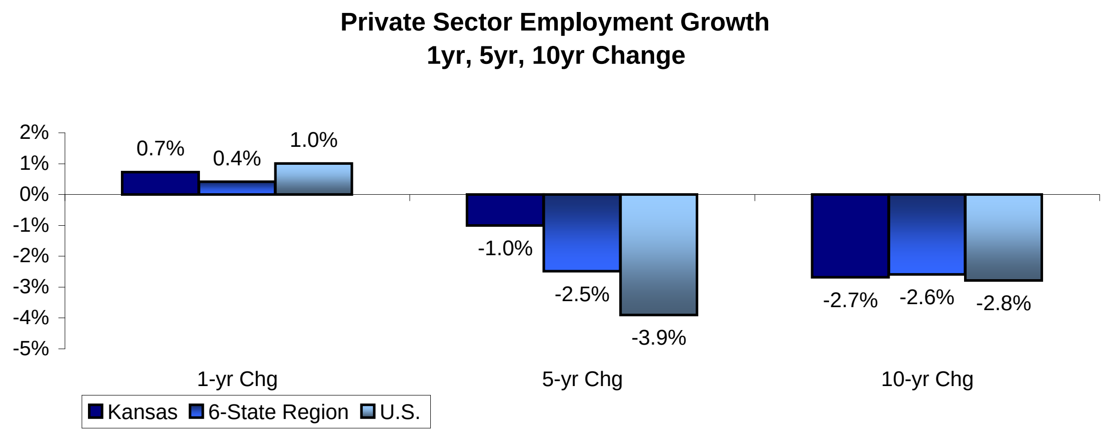
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs in the state or region, not the number of employed people. Hence a person with two jobs, one in the manufacturing sector and one in the service sector, would be counted in both sectors. The data series chosen for IKE are not adjusted for seasonal variation.

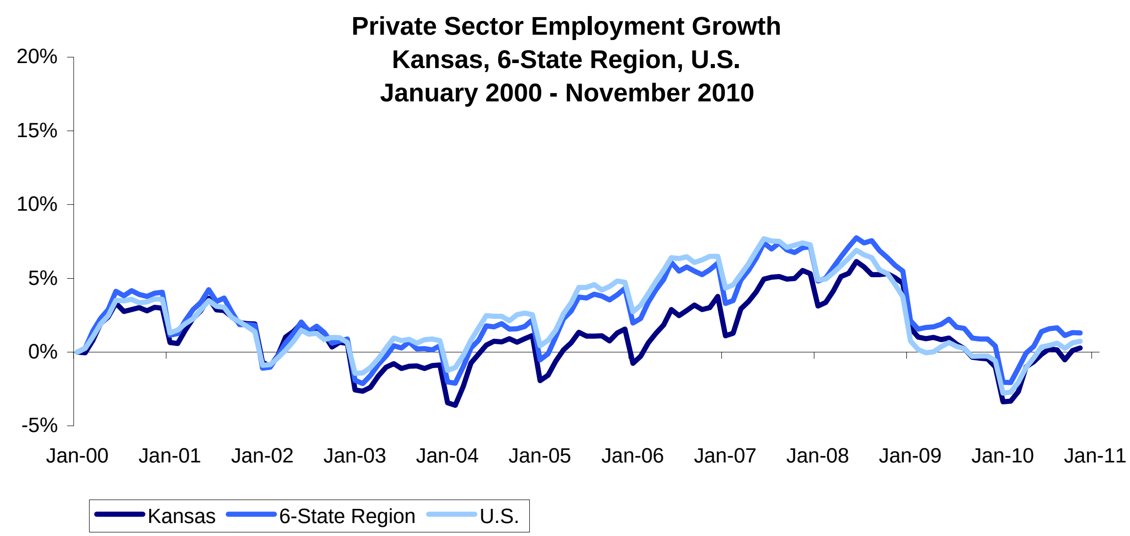
BLS private sector calculations include all nonfarm sectors, while excluding Federal, State, and Local government sectors.

Private Sector Employment

(all employees, thousands)

	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	1,080.9	1,073.1	1,091.9	1,110.7	0.7%	-1.0%	-2.7%
6-State Region	8,222.9	8,189.2	8,432.4	8,441.6	0.4%	-2.5%	-2.6%
U.S.	109,060.0	107,974.0	113,483.0	112,178.0	1.0%	-3.9%	-2.8%





Source: 2010 monthly data
U.S. Department of Labor - Bureau of Labor Statistics http://www.bls.gov/bls/employment.htm
Kansas Department of Labor - Labor Market Information http://laborstats.dol.ks.gov/

Kansas, Inc.

Indicators of the Kansas Economy
Manufacturing Employment

Dec-10

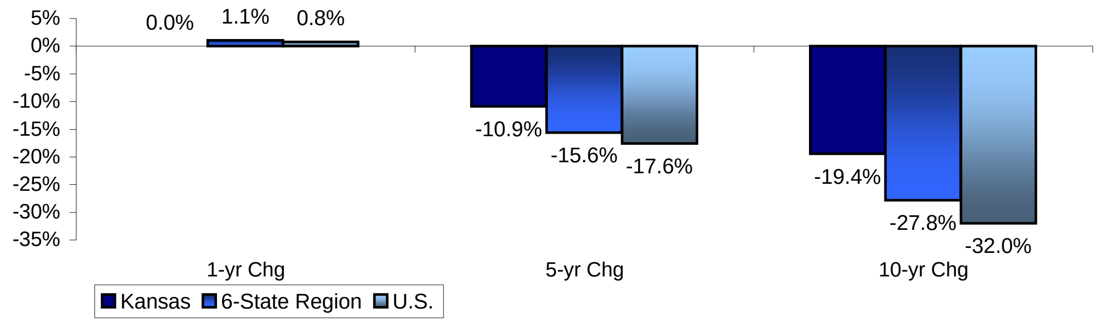
Short-Term (2009 to 2010)
- Kansas manufacturing employment unchanged (0.0%)
- 6-State Region manufacturing employment up 10,200 (1.1%)
- U.S. manufacturing employment up 89,000 (0.8%)

Long-Term (2000 to 2010)
- Kansas manufacturing employment down 38,900 (-19.4%)
- 6-State Region manufacturing employment down 371,100 (-27.8%)
- U.S. manufacturing employment down 5,510,000 (-32.0%)

Manufacturing Employment
(all employees, thousands)

	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	161.4	161.4	181.1	200.3	0.0%	-10.9%	-19.4%
6-State Region	963.4	953.2	1,141.6	1,334.5	1.1%	-15.6%	-27.8%
U.S.	11,716.0	11,627.0	14,218.0	17,226.0	0.8%	-17.6%	-32.0%

Manufacturing Employment Growth
1yr, 5yr, 10yr Change



November 2010 Manufacturing Employment Levels
(all employees, thousands)

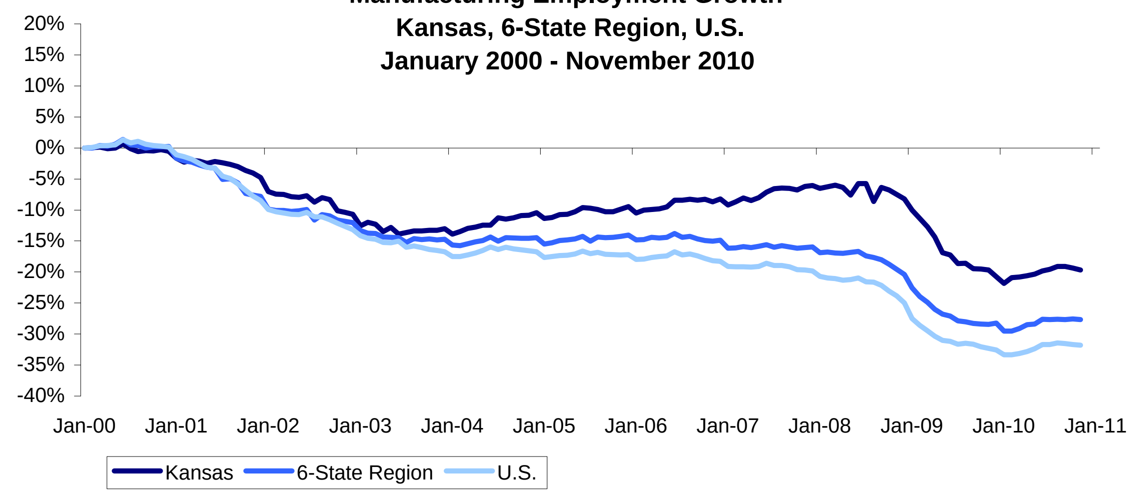
State	Employment
Kansas	161.4
Arkansas	165.9
Colorado	123.9
Iowa	208.0
Missouri	248.5
Nebraska	92.0
Oklahoma	125.1

About the data and graphs

The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs in the state or region, not the number of employed people. Hence a person with two jobs, one in the manufacturing sector and one in the service sector, would be counted in both sectors. The data series chosen for IKE are not adjusted for seasonal variation.

The manufacturing sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products.

Manufacturing Employment Growth
Kansas, 6-State Region, U.S.
January 2000 - November 2010



Source: *2010 monthly data*
U.S. Department of Labor - Bureau of Labor Statistics [*http://www.bls.gov/bls/employment.htm*](http://www.bls.gov/bls/employment.htm)
Kansas Department of Labor - Labor Market Information [*http://laborstats.dol.ks.gov/*](http://laborstats.dol.ks.gov/)

Indicators of the Kansas Economy
Service Employment

Dec-10

Short-Term (2009 to 2010)
- Kansas service employment up 4,000 (0.5%)
- 6-State Region service employment up 31,300 (0.5%)
- U.S. service employment up 1,024,000 (1.1%)

Long-Term (2000 to 2010)
- Kansas service employment up 9,700 (1.2%)
- 6-State Region service employment up 199,600 (3.1%)
- U.S. service employment up 3,395,000 (3.9%)

November 2010 Service Employment Levels
(all employees, thousands)

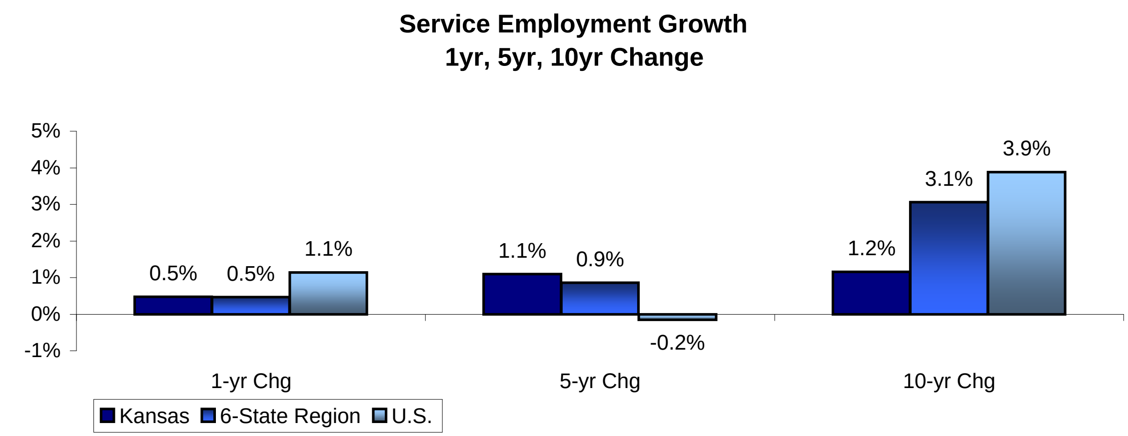
State	Employment
Kansas	848.5
Arkansas	732.0
Colorado	1,558.5
Iowa	961.9
Missouri	1,846.2
Nebraska	641.8
Oklahoma	975.8

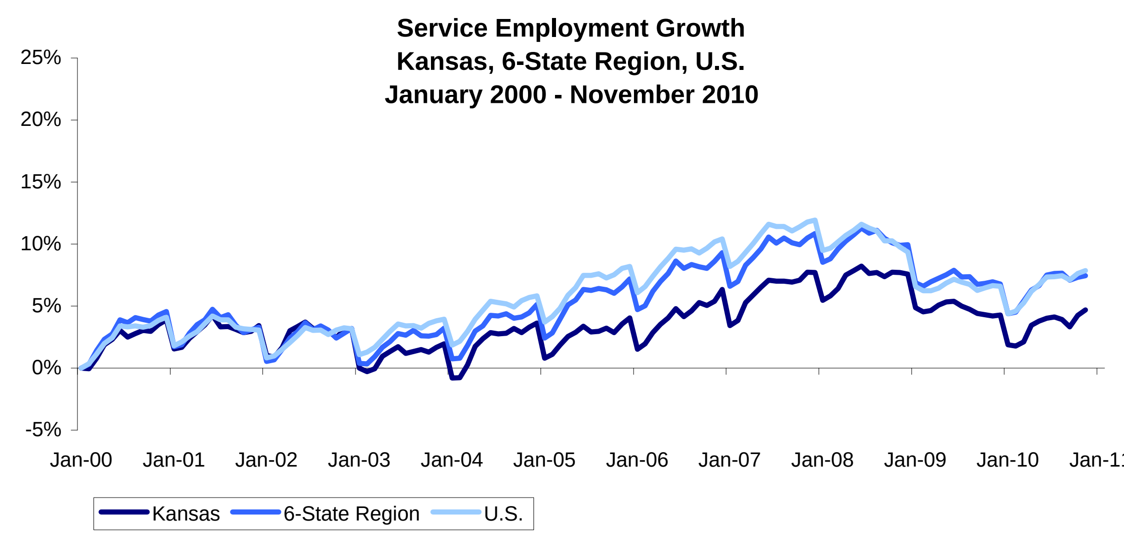
About the data and graphs

The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs in the state or region, not the number of employed people. Hence a person with two jobs, one in the manufacturing sector and one in the service sector, would be counted in both sectors. The data series chosen for IKE are not adjusted for seasonal variation. While BLS service sector calculations include government, *Kansas, Inc., has defined the overall service sector to include the following BLS sectors: trade, transportation, and utilities; information; finance; professional and business; education and health; leisure and hospitality; and other services.*

Service Employment
(all employees, thousands)

	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	848.5	844.5	839.3	838.8	0.5%	1.1%	1.2%
6-State Region	6,716.2	6,684.9	6,658.7	6,516.6	0.5%	0.9%	3.1%
U.S.	90,821.0	89,797.0	90,964.0	87,426.0	1.1%	-0.2%	3.9%





Source: *2010 monthly data*
U.S. Department of Labor - Bureau of Labor Statistics [*http://www.bls.gov/bls/employment.htm*](http://www.bls.gov/bls/employment.htm)
Kansas Department of Labor - Labor Market Information [*http://laborstats.dol.ks.gov/*](http://laborstats.dol.ks.gov/)

Indicators of the Kansas Economy
Public Employment

Dec-10

Kansas, Inc.

Short-Term (2009 to 2010)
- Kansas public sector employment down 900 (-0.3%)
- 6-State Region public sector employment down 19,700 (-1.1%)
- U.S. public sector employment down 244,000 (-1.1%)

Long-Term (2000 to 2010)
- Kansas public sector employment up 16,400 (6.5%)
- 6-State Region public sector employment up 172,300 (10.3%)
- U.S. public sector employment up 1,558,000 (7.4%)

November 2010 Public Sector Employment Levels
(all employees, thousands)

State	Employment
Kansas	270.5
Arkansas	217.6
Colorado	397.5
Iowa	259.0
Missouri	469.7
Nebraska	171.4
Oklahoma	334.8

About the data and graphs

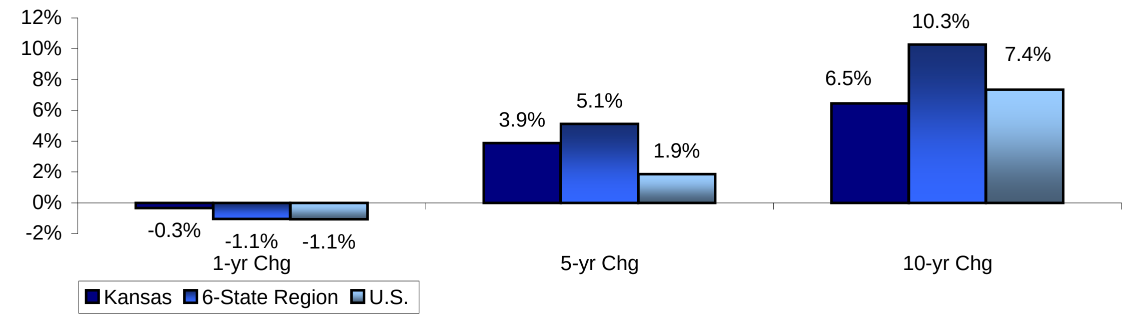
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for series come from a monthly survey of employers. The data are subject to major and minor revisions. The series count the number of jobs in the state or region, not the number of employed people. Hence a person with two jobs, one in the public sector and one in retail, would be counted in both sectors.

The data series chosen for IKE are not adjusted for seasonal variation; hence the short term employment graph shows substantial decreases in July and August when many public school personnel are off the job. *Kansas, Inc. has included Federal, State, and Local Government.*

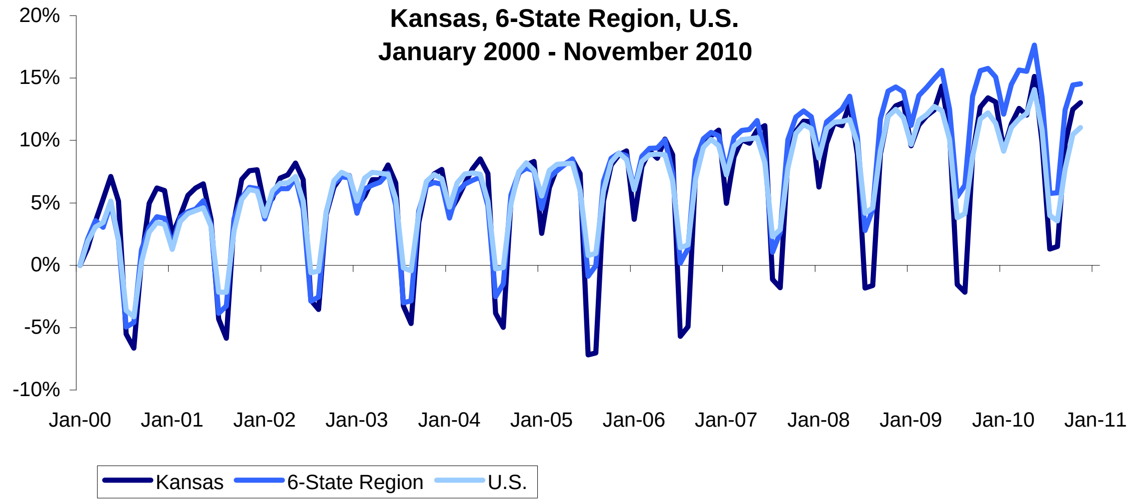
Public Sector Employment
(all employees, thousands)

	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	270.5	271.4	260.4	254.1	-0.3%	3.9%	6.5%
6-State Region	1,850.0	1,869.7	1,759.9	1,677.7	-1.1%	5.1%	10.3%
U.S.	22,751.0	22,995.0	22,334.0	21,193.0	-1.1%	1.9%	7.4%

Public Sector Employment Growth
1yr, 5yr, 10yr Change



Public Sector Employment Growth
Kansas, 6-State Region, U.S.
January 2000 - November 2010



Source: 2010 monthly data
U.S. Department of Labor - Bureau of Labor Statistics http://www.bls.gov/bls/employment.htm
Kansas Department of Labor - Labor Market Information http://laborstats.dol.ks.gov/

Indicators of the Kansas Economy
Unemployment and Unemployment Rate

Dec-10

Short-Term (2009 to 2010)
- Kansas unemployment up 6,012 (6.3%)
- 6-State Region unemployment up 46,579 (5.7%)
- U.S. unemployment down 125,000 (-0.9%)
- Kansas unemployment rate up (0.4%)
- 6-State Region unemployment rate up (0.5%)
- U.S. unemployment rate down (-0.1%)

Long-Term (2000 to 2010)
- Kansas unemployment up 47,813 (89.2%)
- 6-State Region unemployment up 554,271 (177.3%)
- U.S. unemployment up 8,946,000 (167.7%)
- Kansas unemployment rate up (2.9%)
- 6-State Region unemployment rate up (4.7%)
- U.S. unemployment rate up (5.6%)

About the data and graphs

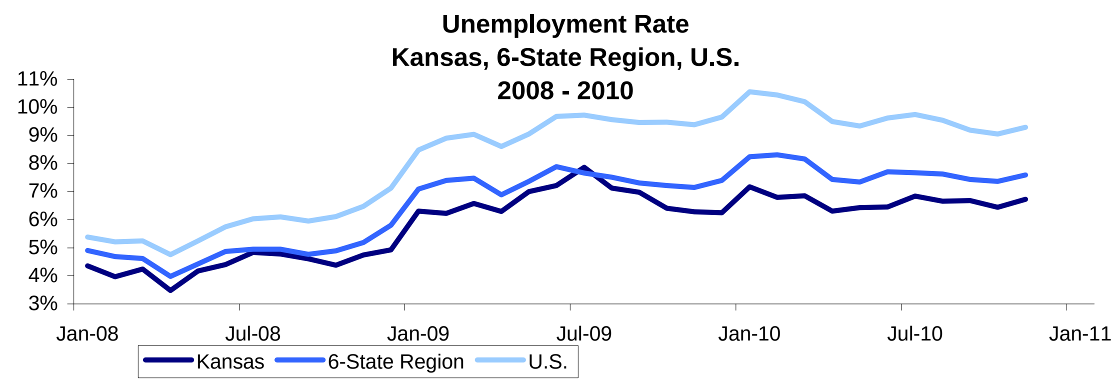
The unemployment rate represents the number unemployed as a percent of the labor force. As defined in the Current Population Survey, unemployed persons are persons aged 16 years and older who had no employment during the reference week, were available for work, except for temporary illness, and had made specific efforts to find employment sometime during the 4-week period ending with the reference week. Persons who were waiting to be recalled to a job from which they had been laid off need not have been looking for work to be classified as unemployed.

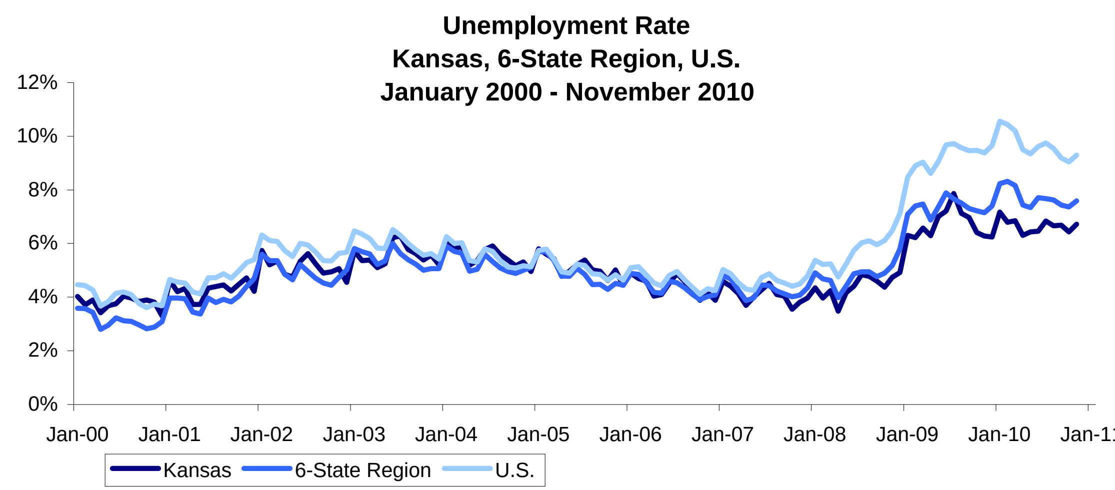
The unemployment rate contains a seasonal component, it rises during summer as new high school and college graduates enter the civilian labor force and in January, when retailers lay off holiday employees. The unemployment rate also contains a business cycle component, rising during recessionary periods when people currently in the labor force lose jobs.

Unemployment and Unemployment Rate

(all employees)

	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	101,392	95,380	73,915	53,579	6.3%	37.2%	89.2%
6-State Region	866,907	820,328	511,276	312,636	5.7%	69.6%	177.3%
U.S.	14,282,000	14,407,000	7,271,000	5,336,000	-0.9%	96.4%	167.7%
Kansas (%)	6.7%	6.3%	5.0%	3.8%	0.4%	1.7%	2.9%
6-State Region (%)	7.6%	7.1%	4.5%	2.9%	0.5%	3.1%	4.7%
U.S. (%)	9.3%	9.4%	4.8%	3.7%	-0.1%	4.5%	5.6%





Source: 2010 monthly data
U.S. Department of Labor - Bureau of Labor Statistics http://www.bls.gov/bls/employment.htm
Kansas Department of Labor - Labor Market Information http://laborstats.dol.ks.gov/

Indicators of the Kansas Economy
Initial Claims for Unemployment

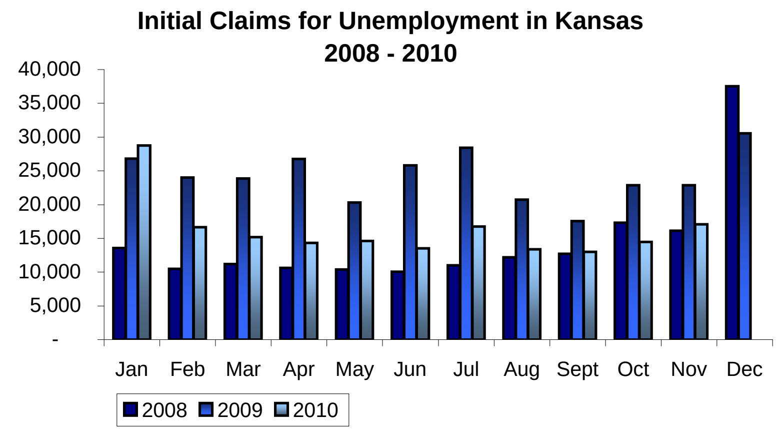
Dec-10

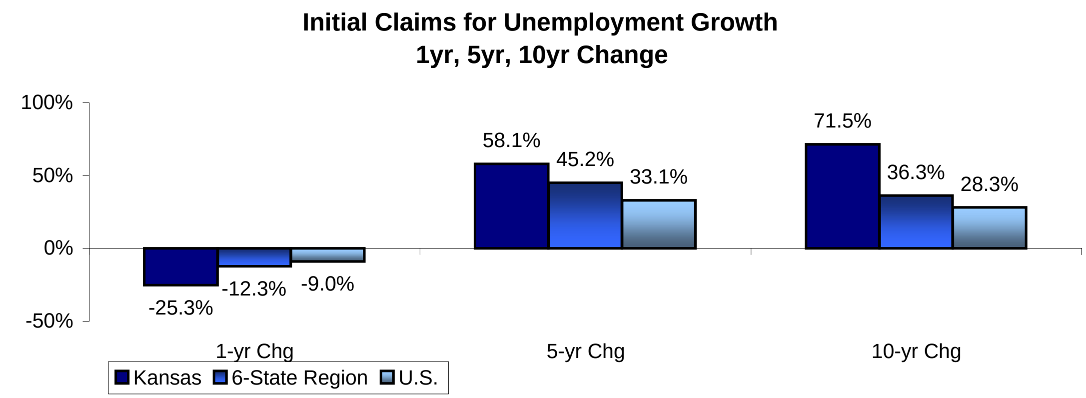
Short-Term (2009 to 2010)
- Kansas initial claims down 5,781 (-25.3%)
- 6-State Region initial claims down 18,750 (-12.3%)
- U.S. initial claims down 196,086 (-9.0%)

Long-Term (2000 to 2010)
- Kansas initial claims up 7,120 (71.5%)
- 6-State Region initial claims up 35,606 (36.3%)
- U.S. intial claims up 439,217 (28.3%)

Initial Claims for Unemployment
(all employees)

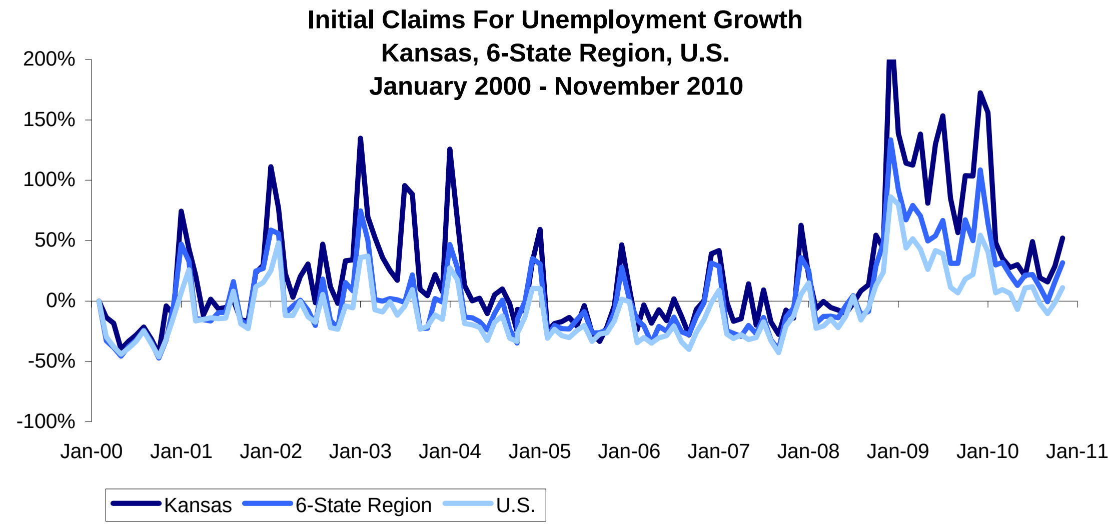
	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	17,078	22,859	10,801	9,958	-25.3%	58.1%	71.5%
6-State Region	133,589	152,339	92,013	97,983	-12.3%	45.2%	36.3%
U.S.	1,991,889	2,187,975	1,496,536	1,552,672	-9.0%	33.1%	28.3%





About the data and graphs

Initial claims for unemployment count the number of applications of workers who separated from their jobs and who wish to begin unemployment compensation or to extend the period of eligibility. The data are collected by the U.S. Department of Labor, Employment and Training Administration. The data produced by this agency are not seasonally adjusted. Initial claims for unemployment typically rise as the economy moves into recession and fall as the economy recovers. Initial claims for unemployment traditionally peak in the winter months of November, December, and January.



Source: *2010 monthly data*
U.S. Department of Labor - Employment and Training Administration http://workforcesecurity.doleta.gov/unemploy/claimssum.asp

Kansas, Inc.

Indicators of the Kansas Economy
Private Industry Wage Levels

Dec-10

Short-Term (2009 to 2010)
- Kansas private industry wage level down $611 (-1.6%)
- 6-State Region private industry wage level down $51 (-0.1%)
- U.S. private industry wage level down $1,125 (2.5%)

Mid-Term (2005 to 2010)
- Kansas private industry wage level up $3,643 (10.6%)
- 6-State Region private industry wage level up $4,391 (12.9%)
- U.S. private industry wage level up $5,775 (14.3%)

2010 (p) Private Industry Wage Levels
(average annual wages, all employees, all private establishments)

State	Annual Wage
Kansas	$ 37,908
Arkansas	$ 34,944
Colorado	$ 47,788
Iowa	$ 36,140
Missouri	$ 40,144
Nebraska	$ 35,568
Oklahoma	$ 36,556

(p) - 2010 1st quarter avg weekly wage mulitplied by 52 weeks

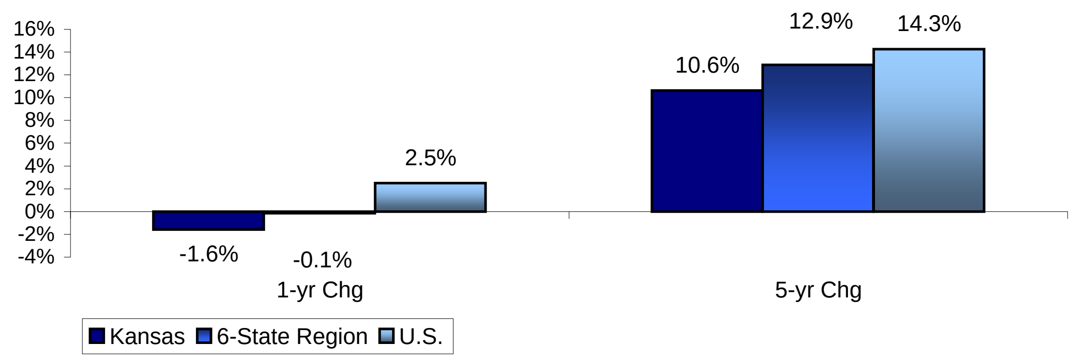
About the data and graphs

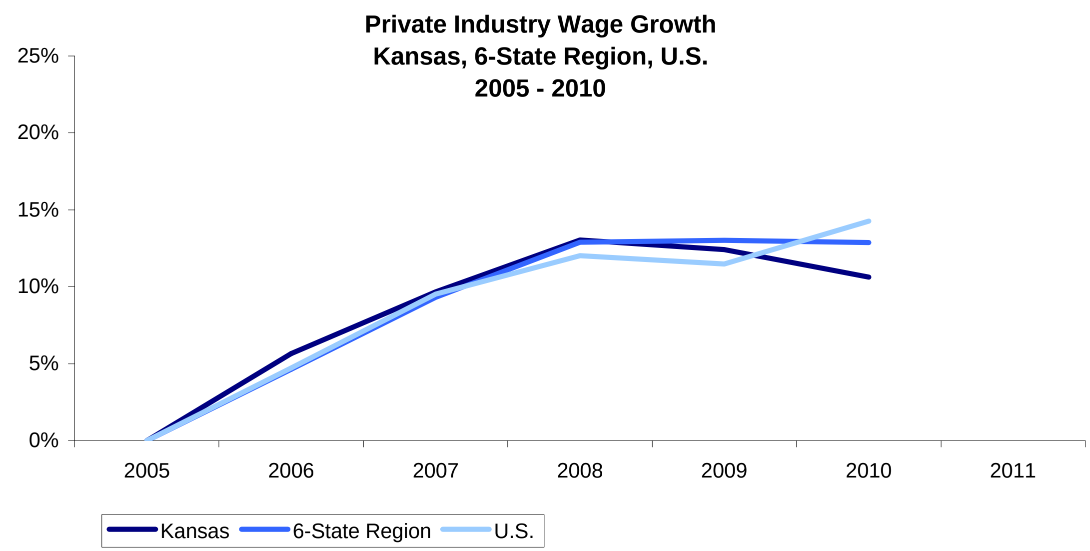
The Quarterly Census of Employment and Wages Program is a cooperative program involving the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor and the State Employment Security Agencies (SESAs). The QCEW program produces a comprehensive tabulation of employment and wage information for workers covered by State unemployment insurance (UI) laws and Federal workers covered by the Unemployment Compensation for Federal Employees (UCFE) program. *Private Industry wage levels were calculated using QCEW program data. Wage levels were calculated as an average of all private industries and establishments.*

Private Industry Wage Levels
(average annual wages, all employees, all private establishments)

	2010 (p)	2009	2005	1-yr Chg	5-yr Chg
Kansas	$ 37,908	$ 38,519	$ 34,265	-1.6%	10.6%
6-State Region	$ 38,523	$ 38,574	$ 34,132	-0.1%	12.9%
U.S.	$ 46,280	$ 45,155	$ 40,505	2.5%	14.3%

Private Industry Wage Growth
1yr, 5yr, Change





Source: 2009 annual data, 2010 quarterly data
U.S. Department of Labor - Bureau of Labor Statistics

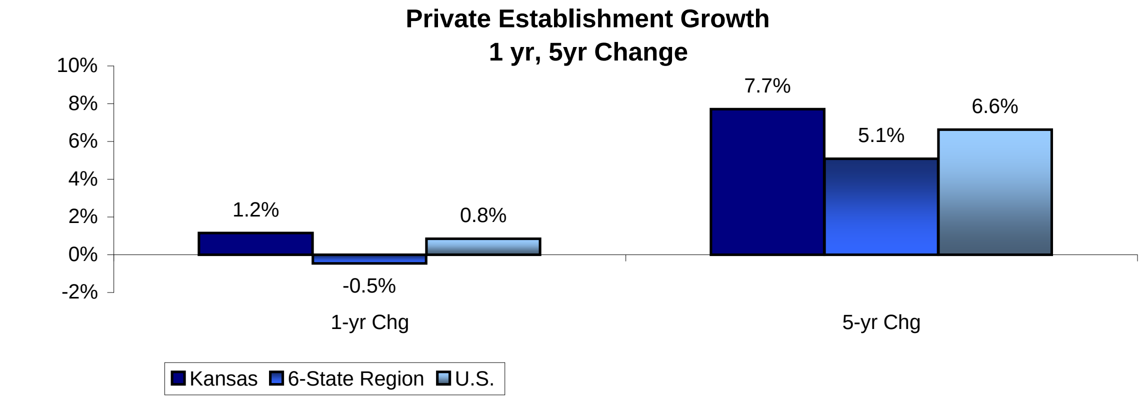
http://www.bls.gov/bls/employment.htm

Short-Term (2008 to 2009)
- Kansas total establishments up 944 (1.2%)
- 6-State Region total establishments down 3,008 (-0.5%)
- U.S. total establishments up 72,917 (0.8%)

Mid-Term (2004 to 2009)
- Kansas total establishments up 5,908 (7.7%)
- 6-State Region total establishments up 31,640 (5.1%)
- U.S. total establishments up 543,194 (6.6%)

Private Establishment Data
(total private establishments, all employee sizes)

	2010 (p)	2009	2005	1-yr Chg	5-yr Chg
Kansas	82,594	81,650	76,686	1.2%	7.7%
6-State Region	653,395	656,403	621,755	-0.5%	5.1%
U.S.	8,746,387	8,673,470	8,203,193	0.8%	6.6%



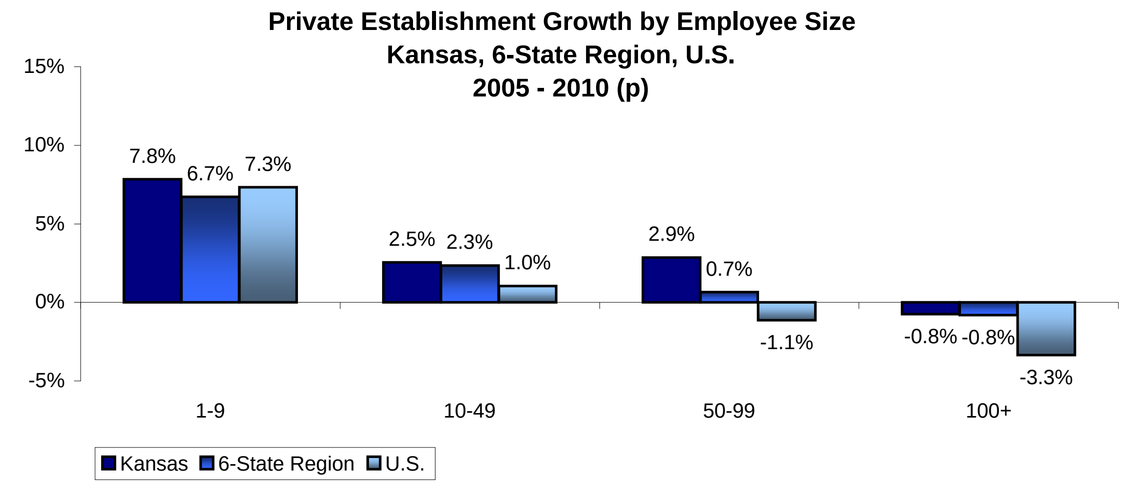
Kansas Private Establishment Data
(total private establishments, by employee size)

Year	1-9	10-49	50-99	100+
2005	57,852	15,206	2,029	1,599
2006	59,890	15,209	2,057	1,662
2007	59,748	15,549	2,114	1,691
2008	60,803	15,650	2,110	1,713
2009	62,384	15,592	2,087	1,587
2010 (p)	63,714	15,319	2,036	1,525
1-yr Chg	2.1%	-1.8%	-2.4%	-3.9%
5-yr Chg	10.1%	0.7%	0.3%	-4.6%

(p) - preliminary

About the data and graphs

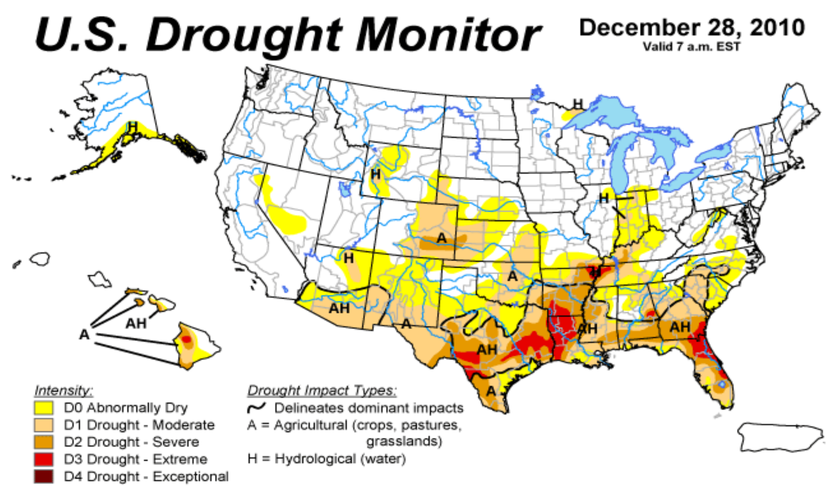
According to the U.S. Small Business Administration, small businesses provide approximately 75 percent of the net new jobs added to the economy and employ 50.1 percent of the private work force. This data tracks the number of business establishments by employee size to help understand what size businesses are growing. The Quarterly Census of Employment and Wages (QCEW) program includes data on the number of establishments, monthly employment, and quarterly wages, by NAICS industry, by county, by ownership sector, for the entire United States. *This variable includes private establishments only, as determined by the QCEW program.*



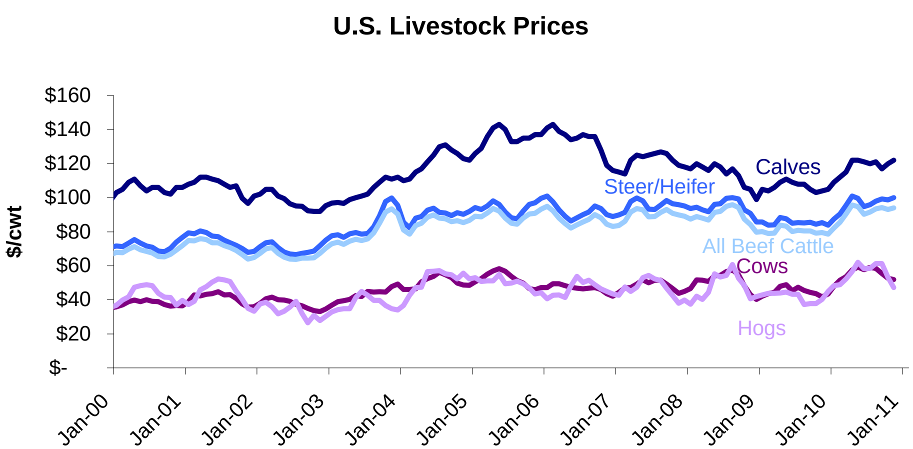
Source: *2010 annual data*
U.S. Department of Labor - Bureau of Labor Statistics http://www.bls.gov/bls/employment.htm
Kansas Department of Labor - Labor Market Information *http://laborstats.dol.ks.gov/*

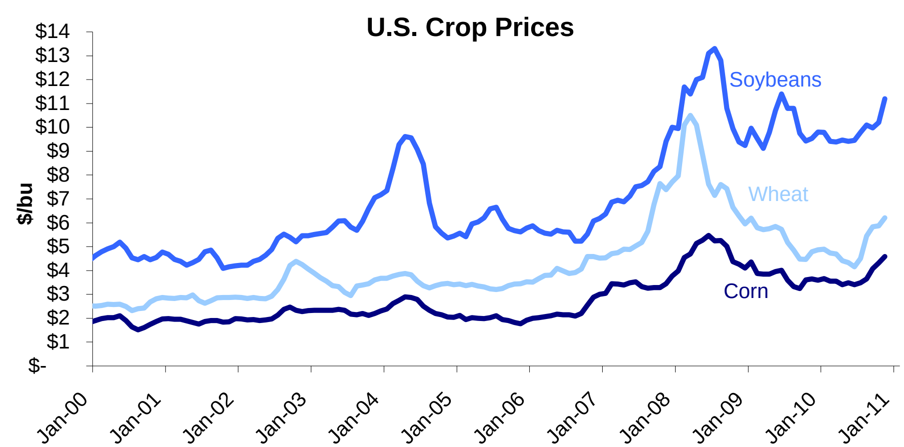
(12/1/2010 USDA Agricultural Prices) KANSAS: The November **All Farm Products Index** of Prices Received by Kansas farmers, at 169 percent of the 1990-92 base, is up 7 points from October and up 39 points from November 2009. The **All Crops Index** in November, at 215 percent of the 1990-92 base, is up 14 points from October and up 54 points from 2009. The **Meat Animals Index**, at 129 percent of the 1990-92 base, is up 2 points from October and 20 points above last year.

Wheat prices in mid-November, at $6.15 per bushel, are down 4 cents from October but $1.55 above last November. **Corn** prices in mid-November, at $4.85 per bushel, are up 38 cents from October and $1.24 above last November. Farmers received an average of $8.25 per cwt. for **grain sorghum** in mid-November, up 25 cents from October and $2.74 above last November. **Soybean** prices, at $11.50 per bushel in mid-November, are up $1.00 from October and $2.13 above last November. **All hay** prices averaged $107 per ton in mid-November, up $5 from October and $5 higher than last year. **Alfalfa hay** averaged $115 per ton, up $5 from October and $8 higher than last November. **Other hay**, at $75 per ton, is up $5 from October but $3 below last November.



All beef cattle were bringing an average of $100.00 per cwt. in mid-November, up $2.00 from October and $15.30 above the price last November. **Cow** prices, at $50.00 per cwt., are up 50 cents from October and $7.30 above the price last November. **Steers and heifers** averaged $101.00 per cwt., up $2.00 from October and $15.40 above November 2009. **Calf** prices in mid-November were $130.00 per cwt., up $8.00 from October and up $20.00 from November 2009.
The **all hog** price of $42.90 per cwt. for mid-November is down $6.20 from October but up $6.70 from last November. **Sow** prices averaged $42.50, down $7.00 from October but $5.00 higher than November 2009. **Barrow and gilt** prices averaged $43.00 per cwt. in mid-November, down $6.00 from October but $7.00 above last November.





Source: *2010 monthly data*
United States Department of Agriculture - NASS http://www.nass.usda.gov
National Drought Mitigation Center http://www.drought.unl.edu

Short-Term (2009)

- 1,477 farms reported farm operation data to KFMA
- KFMA farms averaged $463,742 in value of farm production
- KFMA farms averaged $358,961 in total farm expense
- KFMA average net farm income was $104,781
- SE region had the highest net farm income at $119,381
- SW region had the lowest net farm income at $84,462

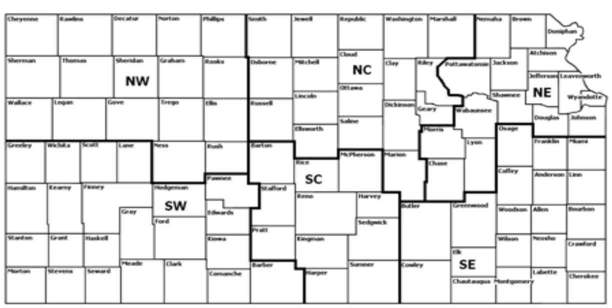
Long-Term (1999 to 2009)

- KFMA average net farm income varies widely from year to year
- 5-yr average net farm income was $89,554
- 10-yr average net farm income was $64,772

About the data and graphs

The Kansas Farm Management Association (KFMA) program is one of the largest publicly funded farm management programs in the U.S. Membership in the KFMA program includes nearly 2,500 farms and over 3,200 families.

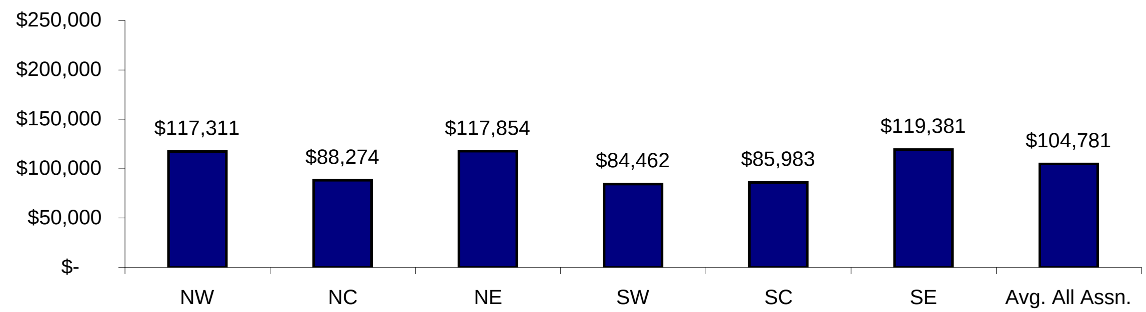
The goals of the KFMA program are to provide each member with information about business and family costs to improve farm business organization, farm business decisions, and farm profitability; and minimize risk. Through on-farm visits, whole-farm analysis, and other educational programs, Association Economists assist producers in developing sound farm accounting systems; improving decision making; comparing performance with similar farms; and integrating tax planning, marketing, and asset investment strategies. The KFMA program is organized into six regional associations.



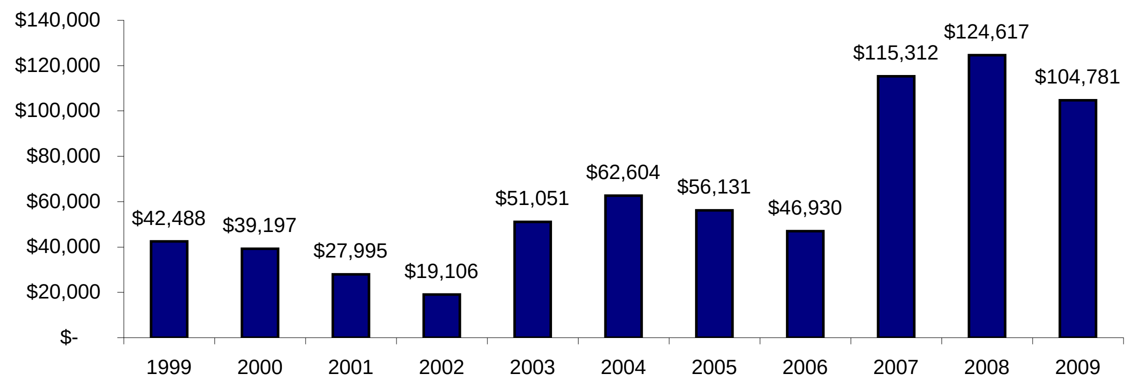
KFMA Average Net Farm Income by Region

Region	NW	NC	NE	SW	SC	SE	Avg. All Assn.
2008	$ 144,839	$ 104,516	$ 121,891	$ 82,605	$ 132,575	$ 133,820	$ 124,617
2009	$ 117,311	$ 88,274	$ 117,854	$ 84,462	$ 85,983	$ 119,381	$ 104,781
5-yr avg	$ 125,176	$ 73,098	$ 95,502	$ 65,258	$ 81,284	$ 94,246	$ 89,554
10-yr avg	$ 79,677	$ 54,393	$ 66,585	$ 45,922	$ 57,753	$ 74,425	$ 64,772

2008 Kansas Farm Management Association
Average Net Farm Income by Region



Kansas Farm Management Association
Average Net Farm Income
1999 - 2009



Source: *2009 annual data*
Kansas State University - Kansas Farm Management Association www.agmanager.info/kfma

Indicators of the Kansas Economy
Oil Production and Price

Dec-10

Short-Term (2009 to 2010)
- Kansas oil production up 169,999 bbl (5.2%)
- Oil price up $5.6 (7.8%)

Long-Term (2000 to 2010)
- Kansas oil production up 379,571 bbl (12.3%)
- Oil price up $45.3 (145.0%)

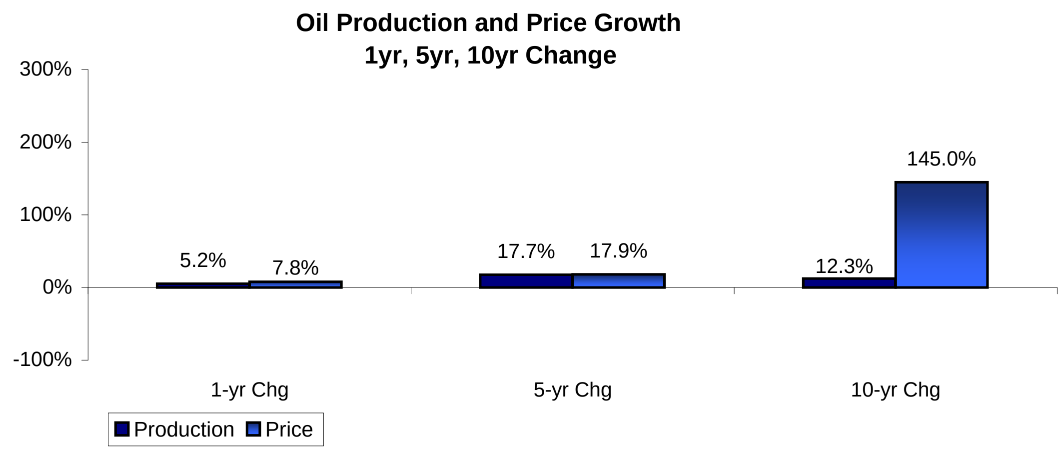
2010 Oil Production/Price

Month	Production*	Price	Month	Production*	Price
January	3,190,836	$ 78.33	July	3,441,182	$ 76.32
February	3,012,752	$ 76.39	August	3,463,571	$ 76.60
March	3,429,438	$ 81.20	September		$ 75.24
April	3,426,371	$ 84.29	October		$ 81.89
May	3,380,188	$ 73.74	November		$ 84.25
June	3,441,775	$ 75.34	December		

** Recent months production usually incomplete and revised upwards.*

Oil Production* and Price
(most recent month of both production and price information)

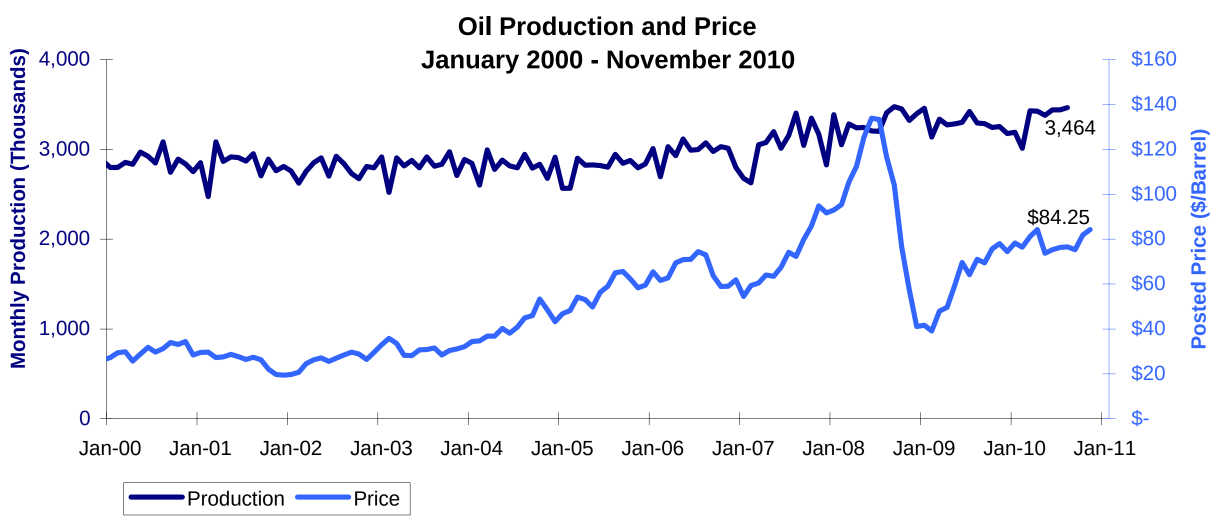
	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Production (bbl)	3,463,571	3,293,572	2,943,917	3,084,000	5.2%	17.7%	12.3%
Price ($/bbl)	$ 76.60	$ 71.05	$ 64.98	$ 31.26	7.8%	17.9%	145.0%



About the data and graphs

Since the 1990's, monthly production of oil has steadily declined in Kansas. Kansas has experienced a natural decline in oil production as it becomes increasingly difficult to extract oil over time. CO_2 sequestration and other oil recovery techniques show great promise in recovering a larger share of the know oil reserves in Kansas. The higher prices received for oil along with new technology developments have helped to stabilize oil production levels since 1999.

These prices represent the Cushing, OK WTI Spot Price FOB ($/Barrel). The amount of oil produced is measured in bbl (barrels of oil).



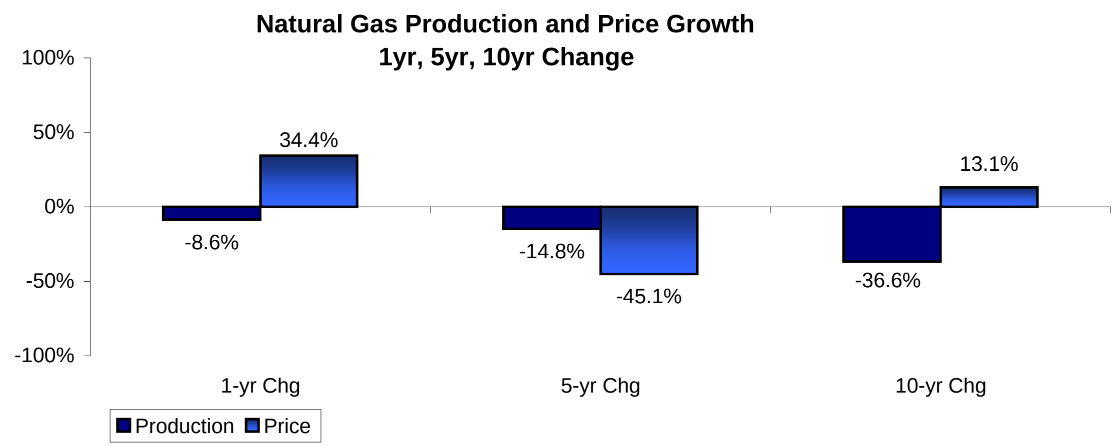
Source: *2010 monthly data*
Kansas Geological Survey http://www.kgs.ku.edu/PRS/petro/interactive.html
Energy Information Administration http://www.eia.doe.gov/

Short-Term (2009 to 2010)
- Kansas natural gas production down 2,651,750 mcf (-8.6%)
- Natural gas price up $1.1 (34.4%)

Long-Term (2000 to 2010)
- Kansas natural gas production down 16,268,484 mcf (-36.6%)
- Natural gas price up $0.5 (13.1%)

Natural Gas Production* and Price
(most recent month of both production and price information)

	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Production (mcf)	28,178,598	30,830,348	33,064,324	44,447,082	-8.6%	-14.8%	-36.6%
Price ($/mcf)	$ 4.22	$ 3.14	$ 7.68	$ 3.73	34.4%	-45.1%	13.1%



2010 Natural Gas Production/Price

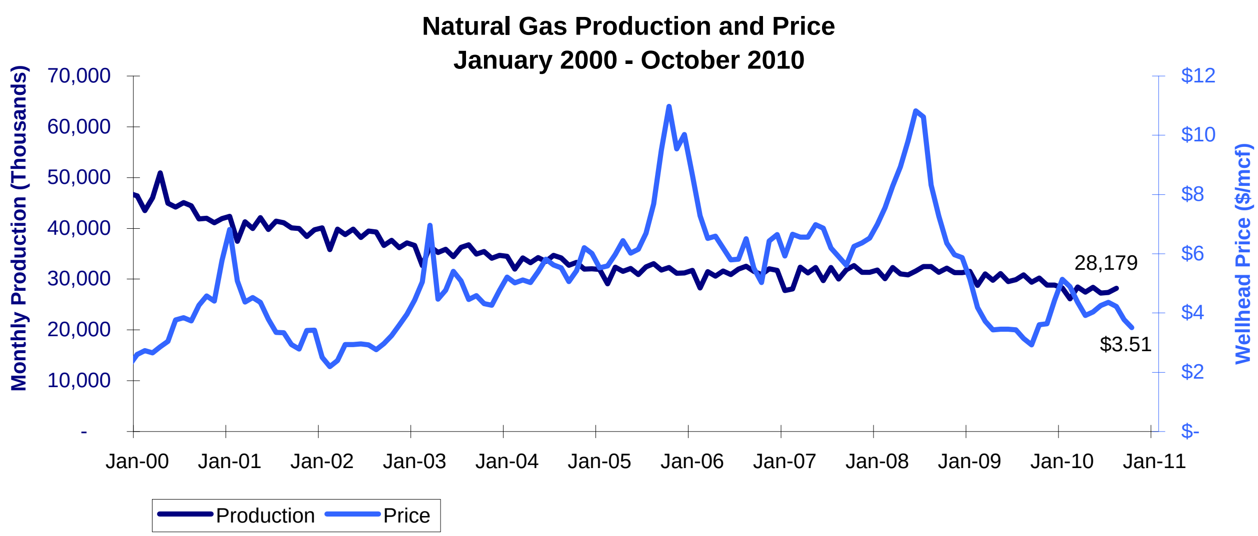
Month	Production*	Price	Month	Production*	Price
January	28,256,250	$ 5.14	July	27,372,009	$ 4.36
February	26,148,260	$ 4.89	August	28,178,598	$ 4.22
March	28,428,634	$ 4.36	September		$ 3.78
April	27,461,153	$ 3.92	October		$ 3.51
May	28,379,923	$ 4.04	November		
June	27,257,069	$ 4.25	December		

** Recent months production usually incomplete and revised upwards.*

About the data and graphs

Since the 1990's, the monthly production of natural gas has declined in Kansas, as the Hugoton natural gas field has decreased in production. The Hugoton natural gas field is the state's largest natural gas field and extends into Oklahoma and Texas. As with Kansas oil production, natural gas production is experiencing a natural decline in production. Price for natural gas has remained fairly constant in the 1990's, and since March 1999 prices have rose considerably.

These prices represent wellhead price, the value at the mouth of the well. The amount of natural gas produced is measured in Mcf's (thousand cubic feet).



Source: *2010 monthly data*
Kansas Geological Survey [*http://www.kgs.ku.edu/PRS/petro/interactive.html*](http://www.kgs.ku.edu/PRS/petro/interactive.html)
Energy Information Administration [*http://www.eia.doe.gov/*](http://www.eia.doe.gov/)

December 1, 2010 - Tenth District - Kansas City - The District economy strengthened in October and early November, despite headwinds from the residential and commercial construction sectors. Additional gains in consumer spending boosted optimism for holiday sales among retailers and auto dealers. With moderate gains in October and November, manufacturing plant managers expected production activity and new orders to rise further with a pick-up in export activity. Energy and agricultural activity rose robustly with strong demand, low inventories, and a weaker dollar lifting commodity prices. In contrast, residential and commercial construction remained weak, although commercial real estate sales and vacancy rates were expected to improve in coming months. Banking conditions remained stable with more District bankers expecting improvements in loan quality. Despite higher raw material prices, wholesale and retail prices held steady. Wage pressures remained subdued, though some firms were hiring for seasonal and specialized labor.

Consumer Spending - Consumer spending improved further in October and November, and contacts were optimistic about future sales heading into the holiday season. District retailers reported stronger sales with limited discounting on merchandise. Contacts indicated an uptick in durable goods sales, especially appliances, while sales of luxury items were slow. After declining in the last survey period, auto dealers reported a slight improvement in sales, especially for trucks and used cars. Dealers anticipated demand would continue to strengthen through year-end, and some planned to hire sales staff and service technicians. Restaurant traffic was up, while the average check amount declined.

Manufacturing and Other Business Activity - After rebounding in the last survey period, District manufacturing activity continued to expand, and many firms expected further growth in the next six months. While production levels varied across industries, some of the strongest gains were at food, fabricated metal, and electronics manufacturers. In general, new orders, shipments, and production activity strengthened in recent weeks, contributing to rising order backlogs and shrinking finished goods inventories. In the next six months, plant managers expected production, shipments and orders, especially for export, to strengthen further. In addition, more factory managers planned to increase staff or make capital purchases in coming months. High-tech firms also reported a rise in sales that was expected to continue through year-end. After slowing in the last survey period, activity in the transportation sector stabilized and some firms noted a shortage of qualified drivers.

Real Estate and Construction - Residential and commercial construction remained sluggish in October and November, while commercial real estate sales and vacancy rates were expected to improve in coming months. After contracting with the end of the homebuyers tax credit program, a few District homebuilders noted a slight uptick in housing starts. Still, District home prices edged down and sales continued to fall heading into the typical winter lull in home buying activity. District contacts noted that the starter home market remained active, but long lead times for selling mid- and upper-priced homes were boosting inventories and limiting "move-up" opportunities. Mortgage loan activity rose as homeowners refinanced existing mortgages to lower payments and shorten terms. Commercial construction activity declined and was expected to remain weak over the next three months. District commercial real estate contacts reported little change in vacancy rates, absorption rates, and prices. Some firms, however, reported an uptick in sales and expected vacancy rates to edge down in coming months.

Banking - Bankers reported stable loan demand, increased deposits, and an improved outlook for loan quality in the recent survey period. Overall loan demand continued to hold steady as demand for commercial and industrial loans, commercial real estate loans, and consumer installment loans remained stable. In contrast, bankers reported stronger demand for residential real estate loans. Compared to the previous survey, credit standards remained unchanged in all major loan categories. Loan quality was essentially unchanged compared to one year ago. Bankers, however, expected loan quality to improve over the next six months. Deposits, especially for transaction accounts and savings accounts, increased after having been flat since late last year.

Agriculture - Agricultural conditions improved since the last survey period. Favorable weather conditions across the District facilitated an early corn and soybean harvest with yields less than original estimates but slightly better than their five-year average. The winter wheat crop was progressing normally. Crop prices continued their steady climb through the fall harvest, boosting incomes for crop farmers but raising feed costs for livestock producers. Farmland values and cash rental rates strengthened further with higher farm incomes and robust demand for good quality farmland from both farmers and non-farm investors. Farm operators also increased spending on farm equipment and grain storage bins. Demand for farm operating loans was steady, and agricultural bankers reported ample funds were available for qualified borrowers at historically low interest rates.

Energy - District energy activity continued at a robust pace in October and November. The number of active drilling rigs in the District rose further, primarily due to natural gas expansion in Oklahoma and New Mexico. Producers expected drilling activity to remain elevated over the next three months; however some firms reported that equipment shortages, difficulty finding qualified labor, and availability or cost of financing were constraining drilling activity. District contacts anticipated a modest increase in natural gas prices as the winter heating season approached. Crude oil prices were also expected to strengthen with rising demand and a weaker dollar. After surging in the last survey period, Wyoming coal production continued apace. With higher ethanol prices, profits at ethanol plants held steady despite higher corn prices raising operating costs.

Wages and Prices - Prices paid for raw materials rose further in October and November, but selling prices and wages generally held steady. District manufacturers reported higher raw materials prices and expected additional increases in the next six months. They also expressed a limited ability to pass on higher input costs to current finished goods prices. However, more factory managers expected to receive higher finished goods prices over the next six months. Restaurants paid more for food, but kept menu prices stable. After rising in the last survey, prices for building materials held steady. Though a limited number of firms were hiring, primarily for specialized labor or seasonal workers, few were raising wages to attract qualified applicants. Wage pressures were expected to remain subdued through the end of the year.

About the data *The Summary of Commentary on Current Economic Conditions by Federal Reserve District, commonly known as the "Beige Book," is published eight times each year. Each Federal Reserve Bank gathers anecdotal information on current economic conditions in its District through reports from Bank and Branch directors and interviews with key business contacts, economists, market experts, and other sources. This document summarizes comments received from business and other contacts outside the Federal Reserve and is not a commentary on the views of Federal Reserve officials. The Federal Reserve Bank of Kansas City covers the 10th District of the Federal Reserve, which includes Colorado, Kansas, Nebraska, Oklahoma, Wyoming, and portions of western Missouri and northern New Mexico.*

Source: http://www.federalreserve.gov/FOMC/BeigeBook/2010/

Kansas, Inc.

Created by the Legislature in 1986, Kansas, Inc. is an independent, objective, and non-partisan organization designed to conduct economic development research and analysis with the goal of crafting policies and recommendations to ensure the state's ongoing competitiveness for economic growth. To attain our mission, Kansas, Inc. undertakes these primary activities: 1) Identifying, building, and promoting a Strategic Plan for economic development efforts in the State of Kansas; 2) To complement the Strategic Plan, Kansas, Inc. develops and implements a proactive and aggressive research agenda, which is used to identify and promote sound economic development strategies and policies; 3) Through collaboration and outreach with economic development entities and other potential partners, Kansas, Inc. conducts evaluation reviews and provides oversight of economic development programs to benchmark development efforts in the State of Kansas.

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