Research Report

Indicators of the Kansas Economy (IKE)

Prepared by

Kansas, Inc.

June 2010

Kansas, Inc.

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

Jun-10

Employment and Unemployment

	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Total Nonfarm Employment *(all employees, thousands)*							
Kansas	1,346.6	1,360.9	1,344.3	1,360.1	-1.1%	0.2%	-1.0%
Private Sector Employment *(all employees, thousands)*							
Kansas	1,071.1	1,087.2	1,084.7	1,103.8	-1.5%	-1.3%	-3.0%
Manufacturing Employment *(all employees, thousands)*							
Kansas	160.1	167.0	180.2	200.9	-4.1%	-11.2%	-20.3%
Service Employment *(all employees, thousands)*							
Kansas	841.4	853.6	833.7	829.2	-1.4%	0.9%	1.5%
Public Sector Employment *(all employees, thousands)*							
Kansas	275.5	273.7	259.6	256.3	0.7%	6.1%	7.5%
Unemployment Rate *(%)*							
Kansas	6.3%	7.0%	5.0%	3.7%	-0.7%	1.3%	2.6%
Initial Claims for Unemployment *(all employees)*							
Kansas	14,594	20,330	9,709	7,510	-28.2%	50.3%	94.3%

Wages/Entrepreneurship

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

	2009 (p)	2008	2004	1-yr Chg	5-yr Chg
Kansas	81,666	80,276	75,569	1.7%	8.1%

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

	2009 (p)	2008	2004	1-yr Chg	5-yr Chg
Kansas	$ 37,371	$ 38,735	$ 33,013	-3.5%	13.2%

Energy

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

	Feb-10	Feb-09	Feb-05	Feb-00	1-yr Chg	5-yr Chg	10-yr Chg
Production (bbl)	3,010,679	3,138,186	2,568,346	2,799,000	-4.1%	17.2%	7.6%
Price ($/bbl)	$ 76.39	$ 39.09	$ 48.15	$ 29.37	95.4%	58.7%	160.1%

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

Production (mcf)	25,492,543	28,732,627	29,057,669	43,506,211	-11.3%	-12.3%	-41.4%
Price ($/mcf)	$ 4.89	$ 4.19	$ 5.59	$ 2.73	16.7%	-12.5%	79.1%

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)*

	2008	2007	2003	1998	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	122,731	116,986	93,560	76,005	4.9%	31.2%	61.5%
6-State Region	950,154	906,636	728,919	584,370	4.8%	30.4%	62.6%
U.S.	14,165,565	13,715,741	10,886,172	8,679,657	3.3%	30.1%	63.2%

Personal Income Estimates *(millions of dollars)*

	2010 (Q1)	2009	2005	2000	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	109,096	106,875	90,850	76,684	2.1%	20.1%	42.3%
6-State Region	830,982	822,653	707,024	577,785	1.0%	17.5%	43.8%
U.S.	12,167,340	12,015,535	10,476,669	8,554,866	1.3%	16.1%	42.2%

Per Capita Personal Income Estimates *($)*

	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	37,916	38,886	31,922	26,826	-2.5%	18.8%	41.3%
6-State Region	36,511	37,382	31,432	25,668	-2.3%	16.2%	42.2%
U.S.	39,138	40,166	33,881	28,333	-2.6%	15.5%	38.1%

Consumer Price Index

	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Midwest Urban	208.0	203.2	187.4	167.5	2.4%	11.0%	24.2%
U.S. City Average	218.2	213.9	194.4	171.5	2.0%	12.2%	27.2%

Chicago Fed National Activity Index (CFNAI)

	May-10	Apr-10	Mar-10	Feb-10	Jan-10	Dec-09	May-09
CFNAI	0.21	0.25	0.38	(0.48)	0.07	(0.44)	(2.30)

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

	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	393	399	1,164	1,197	-1.5%	-66.2%	-67.2%

Sales Tax Collections *($)*

	Feb-10	Feb-09	Feb-05	Feb-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	135,518,003	137,691,728	126,382,272	111,617,738	-1.6%	7.2%	21.4%

IKE - Variables

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

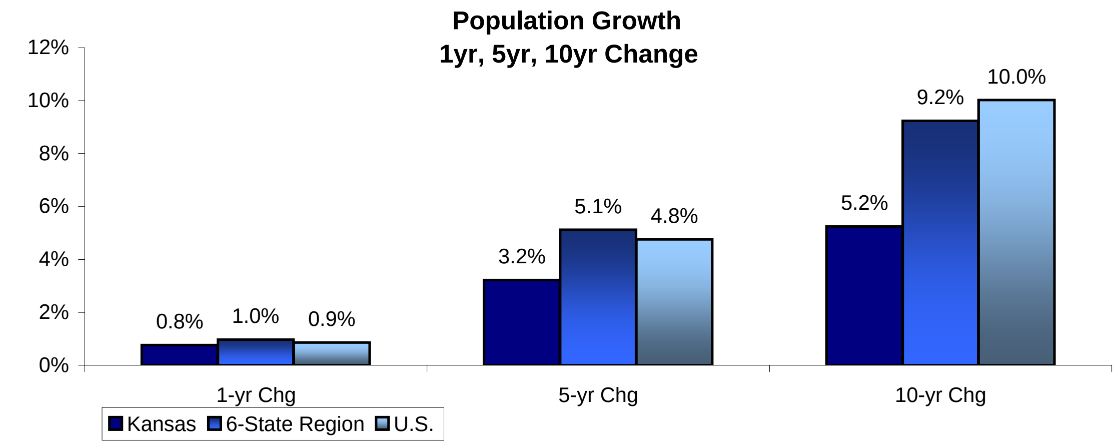
Region	Population
Kansas	2,818,747
Arkansas	2,889,450
Colorado	5,024,748
Iowa	3,007,856
Missouri	5,987,580
Nebraska	1,796,619
Oklahoma	3,687,050
6-State Region	22,393,303
U.S.	307,006,550

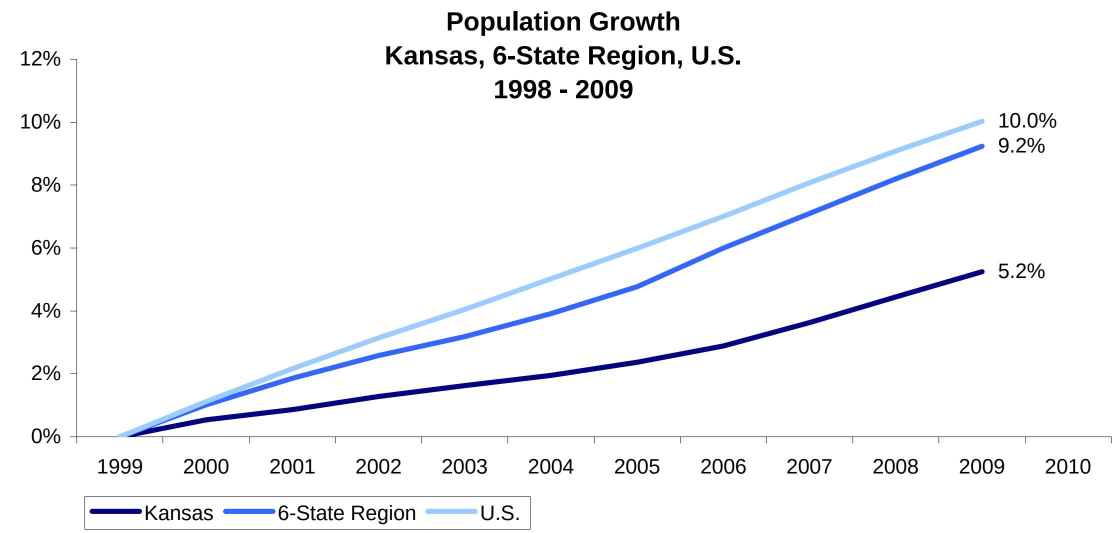
About the data and graphs

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.php

Kansas, Inc.

Indicators of the Kansas Economy
Gross State Product

Jun-10

Short-Term (2007 to 2008)
- Kansas GSP up $5,745 million (4.9%)
- 6-State Region GSP up $43,518 million (4.8%)
- U.S. GSP up $449,824 million (3.3%)

Long-Term (1998 to 2008)
- Kansas GSP up $46,726 million (61.5%)
- 6-State Region GSP up $365,784 million (62.6%)
- U.S. GSP up $5,485,908 million (63.2%)

2008 Gross State Product
(millions of current dollars)

Region		Gross State Product
Kansas	$	122,731
Arkansas	$	98,331
Colorado	$	248,603
Iowa	$	135,702
Missouri	$	237,797
Nebraska	$	83,273
Oklahoma	$	146,448
6-State Region	$	950,154
U.S.	$	14,165,565

About the data and graphs

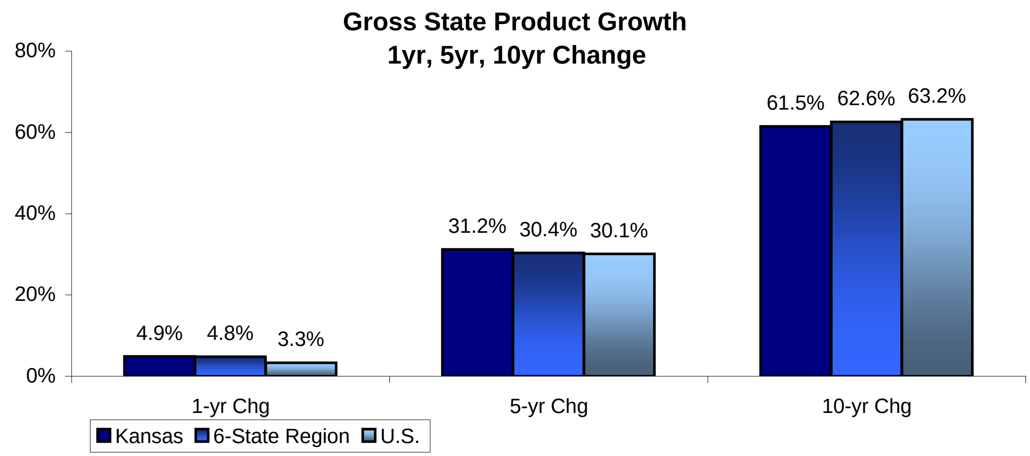
GSP captures state economic growth, providing an overall analysis of the performance of the economy. GSP is the value added in production by the labor and property located in the state.

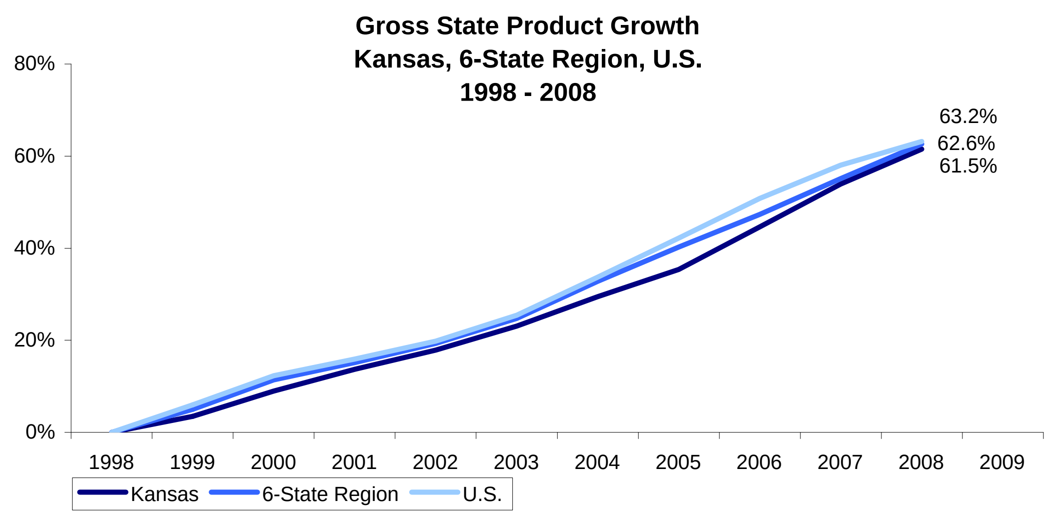
In concept, an industry's GSP, referred to as its "value added," is equivalent to its gross output (sales or receipts and other operating income, commodity taxes, and inventory change) minus its intermediate inputs (consumption of goods and services purchased from other U.S. industries or imported.)

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

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

	2008	2007	2003	1998	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	122,731	116,986	93,560	76,005	4.9%	31.2%	61.5%
6-State Region	950,154	906,636	728,919	584,370	4.8%	30.4%	62.6%
U.S.	14,165,565	13,715,741	10,886,172	8,679,657	3.3%	30.1%	63.2%





Source: 2008 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

Short-Term (2008 to 2010)
- Kansas PI up $2,221 million (2.1%)
- 6-State Region PI up $8,329 million (1.0%)
- U.S. PI up $151,805 million (1.3%)
- Kansas PCPI down $970 (-2.5%)
- 6-State Region PCPI down $871 (-2.3%)
- U.S. PCPI down $1,028 (-2.6%)

Long-Term (1999 to 2010)
- Kansas PI up $32,412 million (42.3%)
- 6-State Region PI up $253,197 million (43.8%)
- U.S. PI up $3,612,474 million (42.2%)
- Kansas PCPI up $11,090 (41.3%)
- 6-State Region PCPI up $10,843 (42.2%)
- U.S. PCPI up $10,905 (38.1%)

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.

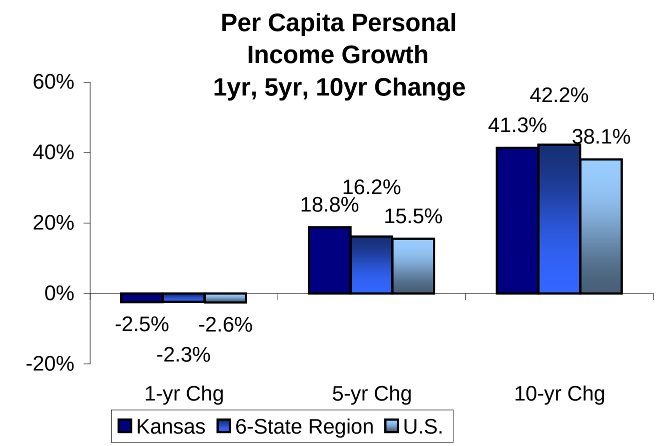
Personal income is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, 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).

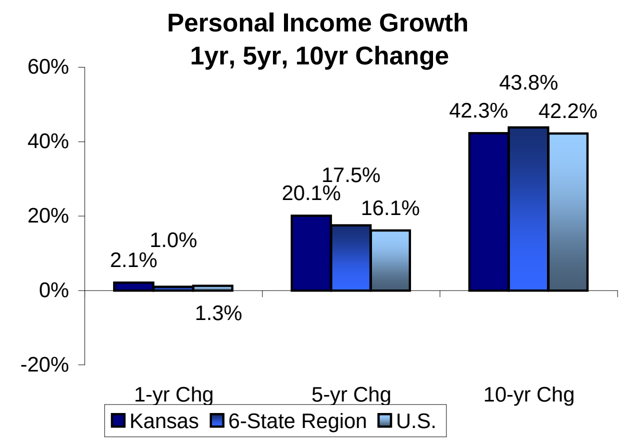
Personal Income Estimates (PI) - _(millions of dollars)_

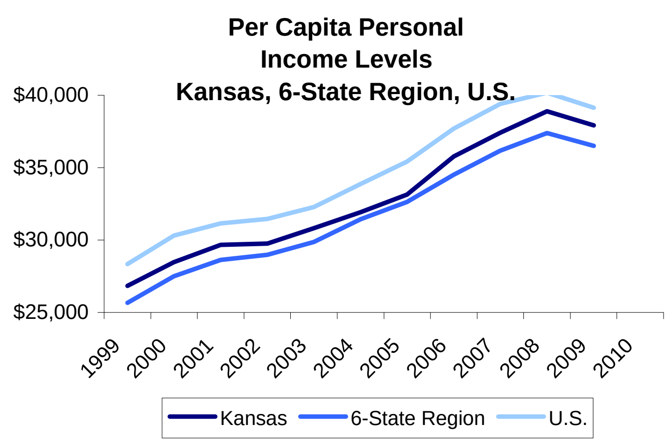
	2010 (Q1)	2009	2005	2000	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	109,096	106,875	90,850	76,684	2.1%	20.1%	42.3%
6-State Region	830,982	822,653	707,024	577,785	1.0%	17.5%	43.8%
U.S.	12,167,340	12,015,535	10,476,669	8,554,866	1.3%	16.1%	42.2%

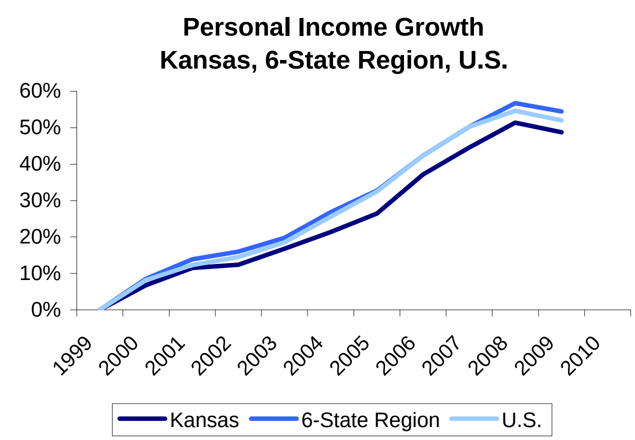
Per Capita Personal Income Estimates (PCPI) - _($)_

	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	37,916	38,886	31,922	26,826	-2.5%	18.8%	41.3%
6-State Region	36,511	37,382	31,432	25,668	-2.3%	16.2%	42.2%
U.S.	39,138	40,166	33,881	28,333	-2.6%	15.5%	38.1%









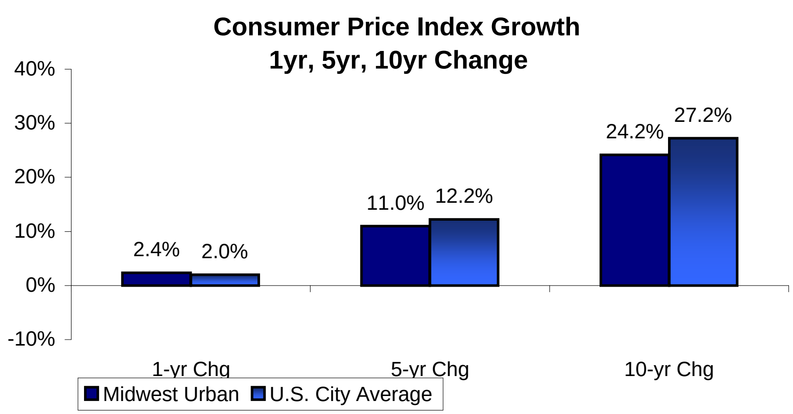
Source: _2009 annual data, 2010 quarterly data_
U.S. Department of Commerce - Bureau of Economic Analysis _http://www.bea.gov/regional/_

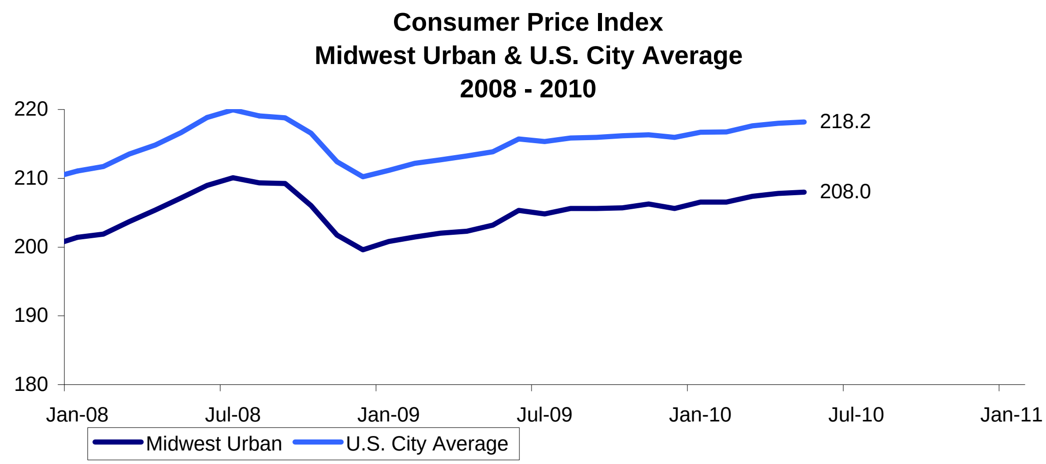
Short-Term (2009 to 2010)
- Midwest Urban CPI up 4.8 (2.4%)
- U.S. City Average CPI up 4.3 (2.0%)

Long-Term (2000 to 2010)
- Midwest Urban CPI up 40.5 (24.2%)
- U.S. City Average CPI up 46.7 (27.2%)

Consumer Price Index (CPI)

	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Midwest Urban	208.0	203.2	187.4	167.5	2.4%	11.0%	24.2%
U.S. City Average	218.2	213.9	194.4	171.5	2.0%	12.2%	27.2%



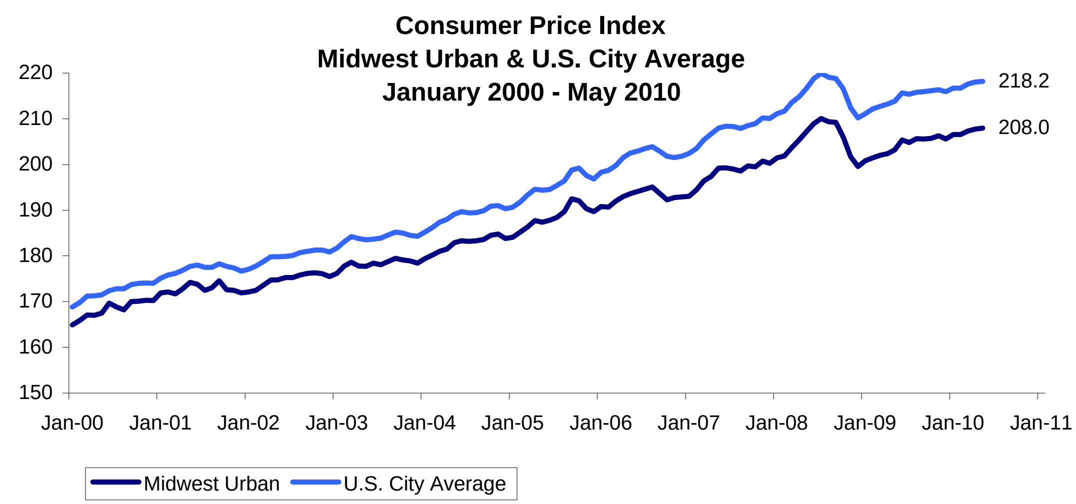


About the data and graphs

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 May 2010, the CFNAI was 0.21, down from 0.25 in April. Three of the four broad categories made positive contributions to the index, while the consumption and housing category made a negative contribution. Production-related indicators made a contribution of 0.51 to the index in May; employment-related indicators made a contribution of 0.06 to the index in May; sales, orders, and inventories indicators made a contribution of 0.06 to the index in May; and consumption and housing indicators made a contribution of -0.42 to the index in May. Forty-four of the 85 individual indicators made positive contributions to the index in May, while 41 made negative contributions. Forty-four indicators improved from April to May, while 38 indicators deteriorated and three remained unchanged.

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.

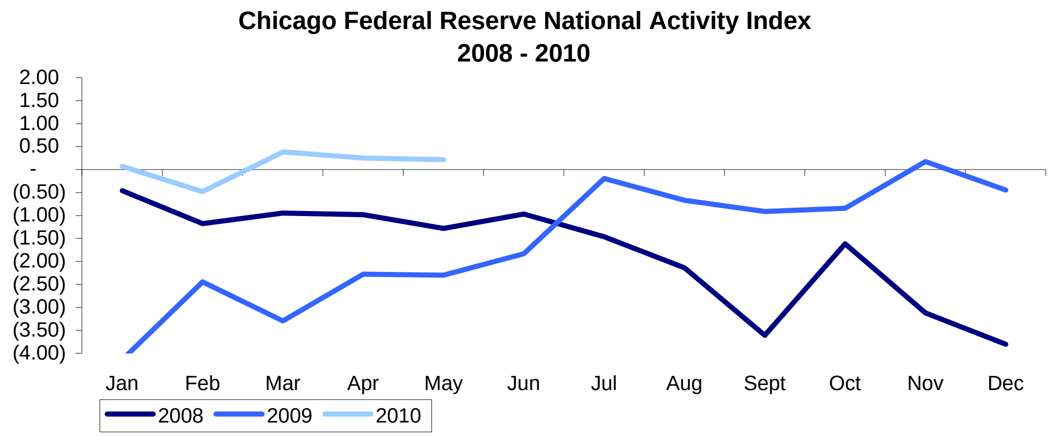
About the data and graphs

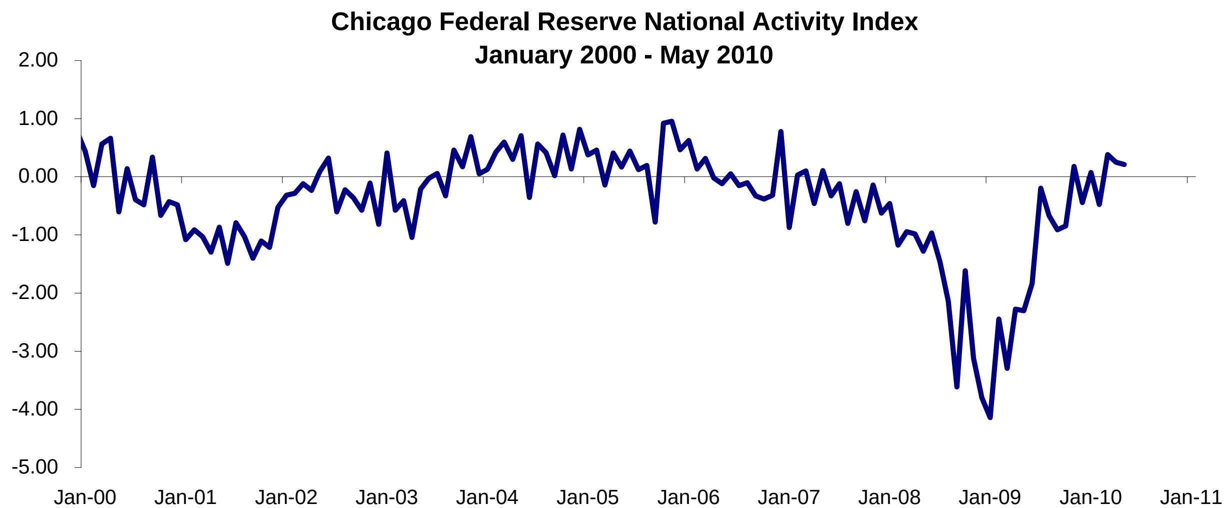
The performance of the U.S. economy has a major impact on the performance of the Kansas economy.

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

	May-10	Apr-10	Mar-10	Feb-10	Jan-10	Dec-09	May-09
CFNAI	0.21	0.25	0.38	-0.48	0.07	-0.44	-2.30





Source: *2010 monthly data*
Federal Reserve Bank of Chicago [*http://www.chicagofed.org/webpages/publications/cfnai/index.cfm*](http://www.chicagofed.org/webpages/publications/cfnai/index.cfm)

Indicators of the Kansas Economy
Building Permits

Jun-10

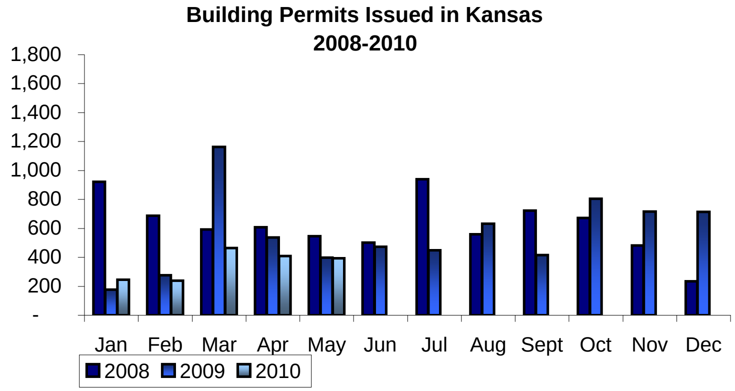
Short-Term (2009 to 2010)
- Kansas building permits down 6 (-1.5%)
- 6-State Region building permits down 982 (-20.0%)
- U.S. building permits up 2,848 (5.9%)

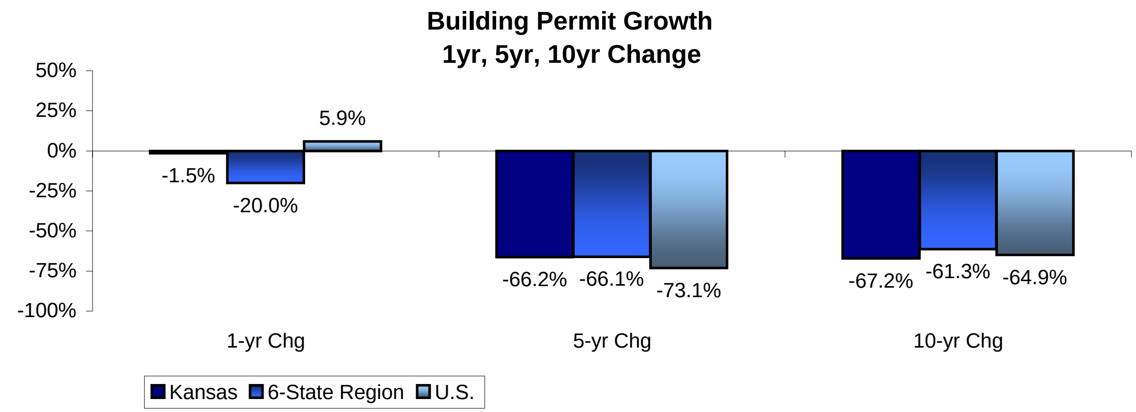
Long-Term (2000 to 2010)
- Kansas building permits down 804 (-67.2%)
- 6-State Region building permits down 6,223 (-61.3%)
- U.S. building permits down 94,272 (-64.9%)

Building Permits

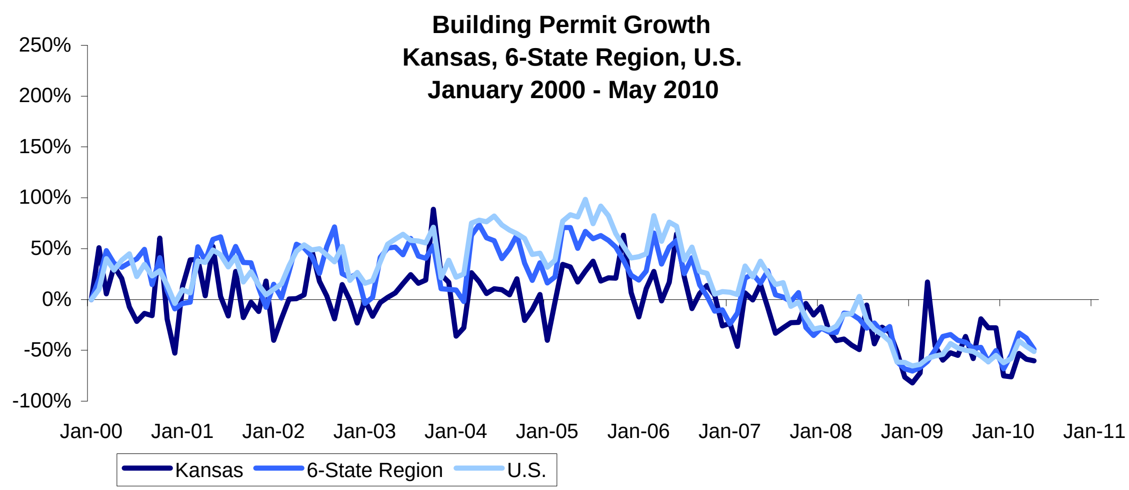
(new privately owned housing units authorized)

	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	393	399	1,164	1,197	-1.5%	-66.2%	-67.2%
6-State Region	3,929	4,911	11,605	10,152	-20.0%	-66.1%	-61.3%
U.S.	51,023	48,175	189,883	145,295	5.9%	-73.1%	-64.9%





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 down $2,173,725 (-1.6%)
- $271,992,372 collected ytd through February 2010
- $1,866,223,078 collected total during 2009

Long-Term (2000 to 2010)

- Kansas sales tax collections up $23,900,265 (21.4%)
- $1,475,405,439 collected total during 2000

About the data and graphs

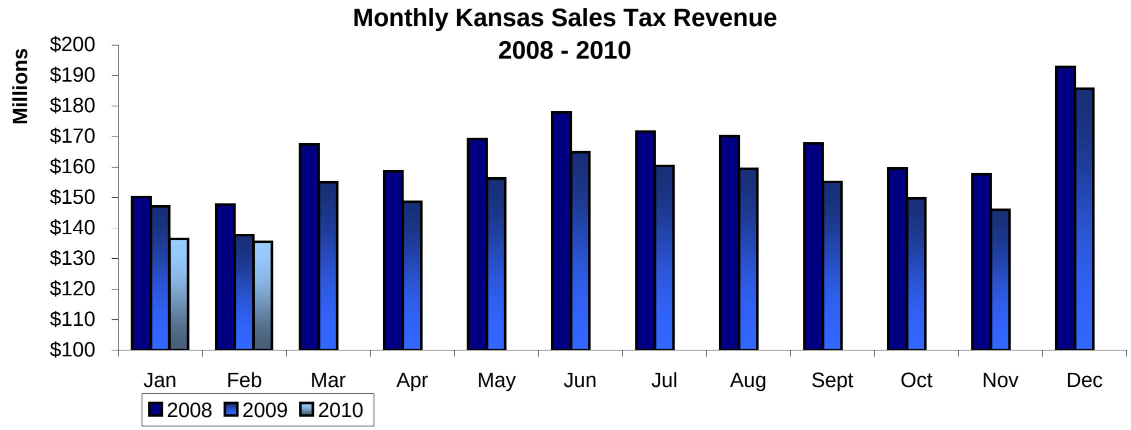
Monthly sales tax collections have trended higher as the economy has grown and two sales tax rate increases have been enacted. Annually, December typically collects the highest sales tax revenue, with January and February collecting the least. Consumers tend to delay purchases during a downturn in the 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.

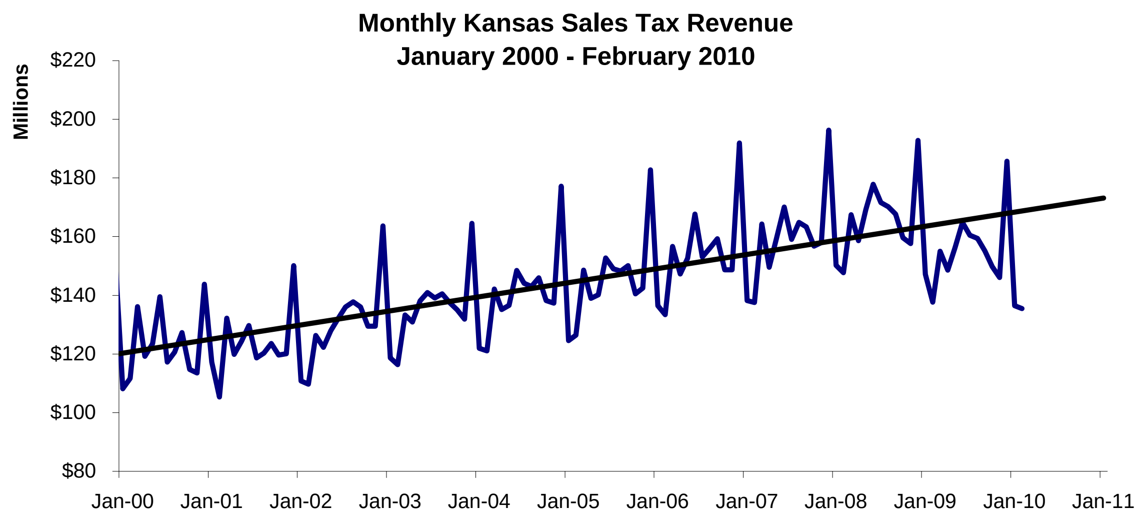
Tracking sales tax collections in Kansas gives insight into consumer behavior and demand. Sales tax collections can fluctuate widely from month to month. Since January 1990, state sales tax rates have increased on **three** occasions. In June 1992, the state sales tax rate increased from 4.25% to 4.90%;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

	Feb-10	Feb-09	Feb-05	Feb-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	$ 135,518,003	$ 137,691,728	$ 126,382,272	$ 111,617,738	-1.6%	7.2%	21.4%





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

Short-Term (2009 to 2010)
- Kansas total nonfarm employment down 14,300 (-1.1%)
- 6-State Region total nonfarm employment down 90,900 (-0.9%)
- U.S. total nonfarm employment down 491,000 (-0.4%)

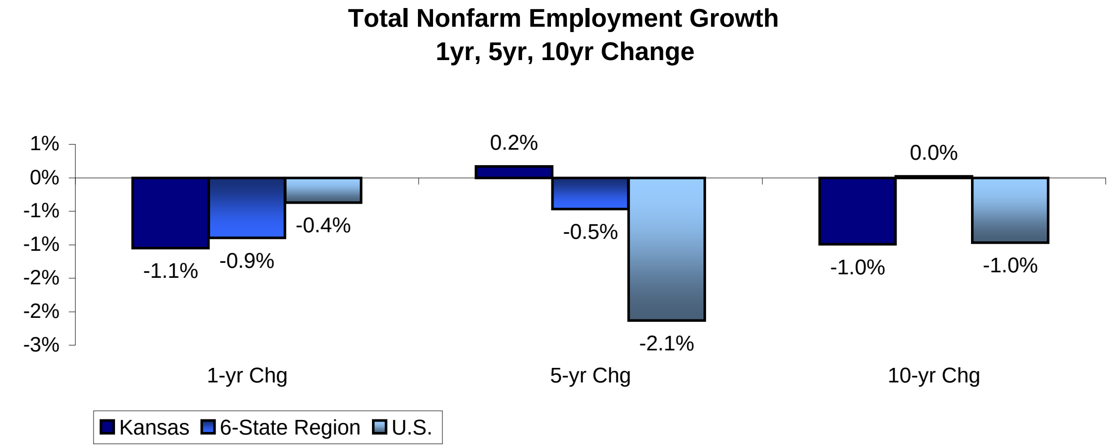
Long-Term (2000 to 2010)
- Kansas total nonfarm employment down 13,500 (-1.0%)
- 6-State Region total nonfarm employment up 2,000 (0.0%)
- U.S. total nonfarm employment down 1,288,000 (-1.0%)

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

State	Employment
Kansas	1,346.6
Arkansas	1,165.9
Colorado	2,202.7
Iowa	1,490.7
Missouri	2,699.7
Nebraska	950.4
Oklahoma	1,537.3

Total Nonfarm Employment
(all employees, thousands)

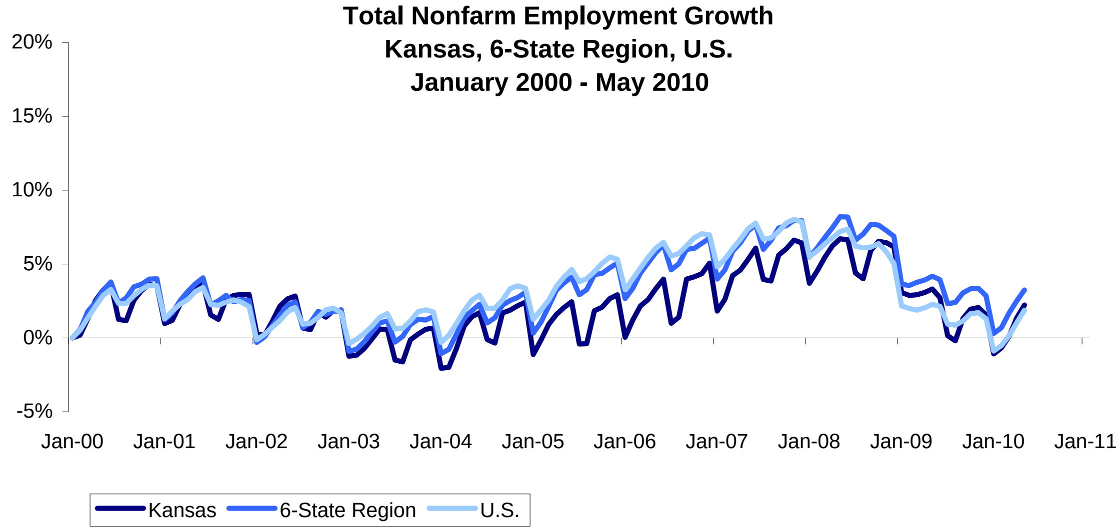
	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	1,346.6	1,360.9	1,344.3	1,360.1	-1.1%	0.2%	-1.0%
6-State Region	10,046.7	10,137.6	10,093.9	10,044.7	-0.9%	-0.5%	0.0%
U.S.	131,198.0	131,689.0	134,058.0	132,481.0	-0.4%	-2.1%	-1.0%



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.



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
Private Sector Employment

Jun-10

Short-Term (2009 to 2010)
- Kansas private sector employment down 16,100 (-1.5%)
- 6-State Region private sector employment down 125,000 (-1.5%)
- U.S. private sector employment down 831,000 (-0.8%)

Long-Term (2000 to 2010)
- Kansas private sector employment down 32,700 (-3.0%)
- 6-State Region private sector employment down 204,700 (-2.5%)
- U.S. private sector employment down 3,110,000 (-2.8%)

May 2010 Private Sector Employment Levels
(all employees, thousands)

State	Employment
Kansas	1,071.1
Arkansas	941.5
Colorado	1,790.6
Iowa	1,226.7
Missouri	2,220.6
Nebraska	775.2
Oklahoma	1,190.8

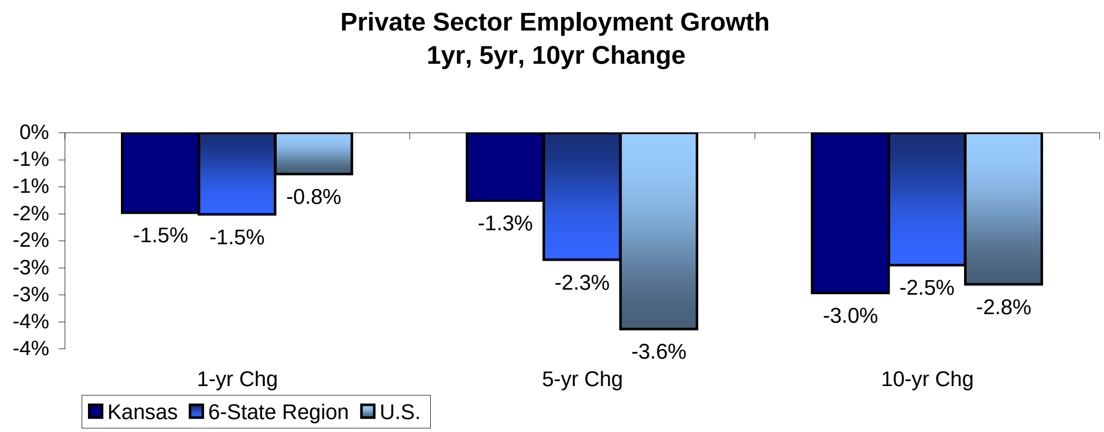
About the data and graphs

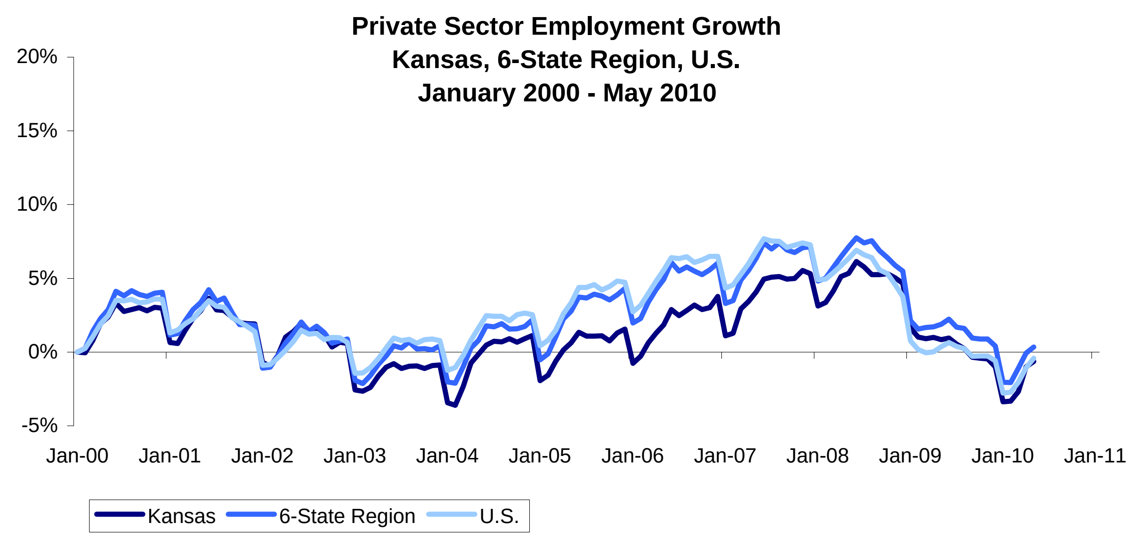
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs 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.

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

Private Sector Employment
(all employees, thousands)

	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	1,071.1	1,087.2	1,084.7	1,103.8	-1.5%	-1.3%	-3.0%
6-State Region	8,145.4	8,270.4	8,341.2	8,350.1	-1.5%	-2.3%	-2.5%
U.S.	107,828.0	108,659.0	111,893.0	110,938.0	-0.8%	-3.6%	-2.8%





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/)

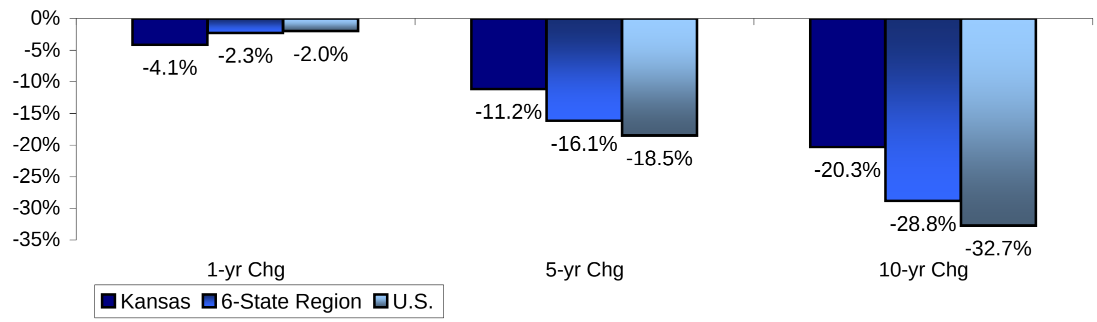
Short-Term (2009 to 2010)
- Kansas manufacturing employment down 6,900 (-4.1%)
- 6-State Region manufacturing employment down 22,100 (-2.3%)
- U.S. manufacturing employment down 235,000 (-2.0%)

Long-Term (2000 to 2010)
- Kansas manufacturing employment down 40,800 (-20.3%)
- 6-State Region manufacturing employment down 386,400 (-28.8%)
- U.S. manufacturing employment down 5,650,000 (-32.7%)

Manufacturing Employment
(all employees, thousands)

	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	160.1	167.0	180.2	200.9	-4.1%	-11.2%	-20.3%
6-State Region	953.2	975.3	1,136.6	1,339.6	-2.3%	-16.1%	-28.8%
U.S.	11,612.0	11,847.0	14,245.0	17,262.0	-2.0%	-18.5%	-32.7%

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



May 2010 Manufacturing Employment Levels
(all employees, thousands)

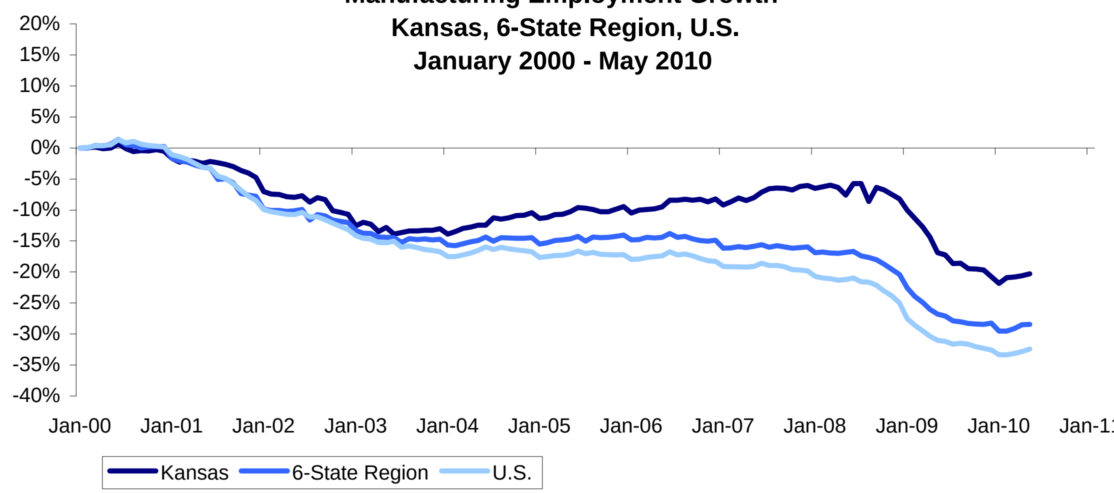
State	Employment
Kansas	160.1
Arkansas	164.2
Colorado	123.2
Iowa	201.4
Missouri	249.6
Nebraska	92.0
Oklahoma	122.8

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.

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 - May 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/

Kansas, Inc.

Indicators of the Kansas Economy
Service Employment

Jun-10

Short-Term (2009 to 2010)
- Kansas service employment down 12,200 (-1.4%)
- 6-State Region service employment down 57,600 (-0.9%)
- U.S. service employment down 112,000 (-0.1%)

Long-Term (2000 to 2010)
- Kansas service employment up 12,200 (1.5%)
- 6-State Region service employment up 241,400 (3.8%)
- U.S. service employment up 3,591,00.0 (4.2%)

May 2010 Service Employment Levels
(all employees, thousands)

State	Employment
Kansas	841.4
Arkansas	715.4
Colorado	1,533.5
Iowa	957.3
Missouri	1,863.7
Nebraska	636.3
Oklahoma	956.9

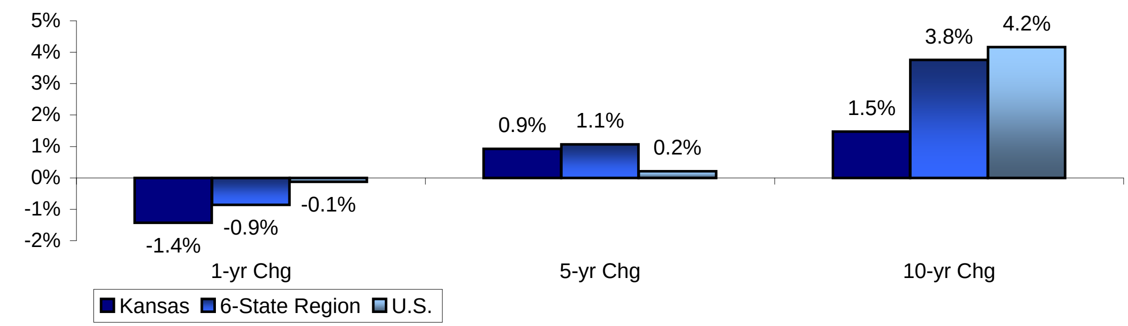
About the data and graphs

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. 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.*

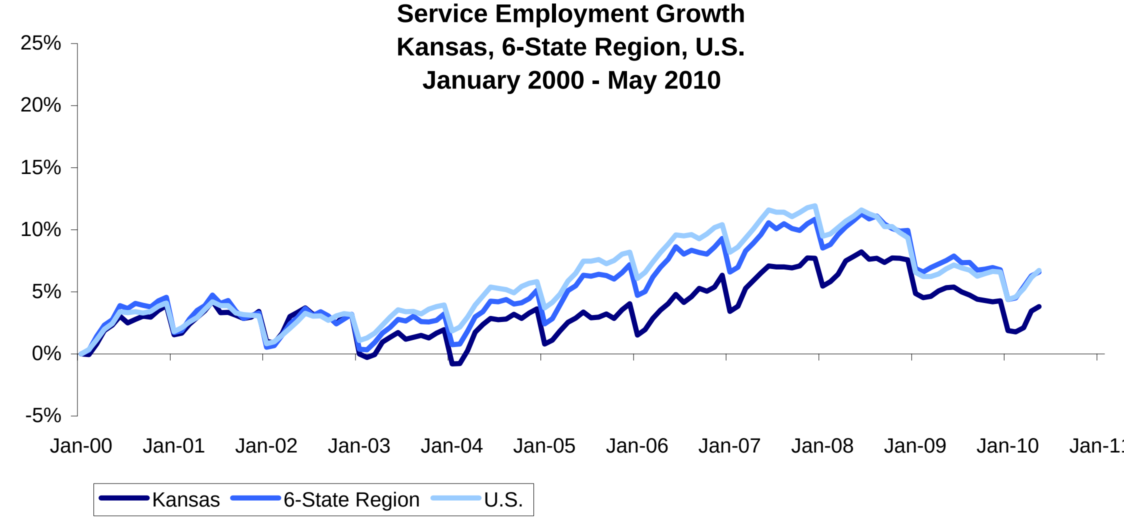
Service Employment
(all employees, thousands)

	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	841.4	853.6	833.7	829.2	-1.4%	0.9%	1.5%
6-State Region	6,663.1	6,720.7	6,592.6	6,421.7	-0.9%	1.1%	3.8%
U.S.	89,855.0	89,967.0	89,666.0	86,264.0	-0.1%	0.2%	4.2%

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



Service Employment Growth
Kansas, 6-State Region, U.S.
January 2000 - May 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 public sector employment up 1,800 (0.7%)
- 6-State Region public sector employment up 34,100 (1.8%)
- U.S. public sector employment up 340,000 (1.5%)

Long-Term (2000 to 2010)
- Kansas public sector employment up 19,200 (7.5%)
- 6-State Region public sector employment up 206,700 (12.2%)
- U.S. public sector employment up 1,827,000 (8.5%)

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

State	Employment
Kansas	275.5
Arkansas	224.4
Colorado	412.1
Iowa	264.0
Missouri	479.1
Nebraska	175.2
Oklahoma	346.5

About the data and graphs

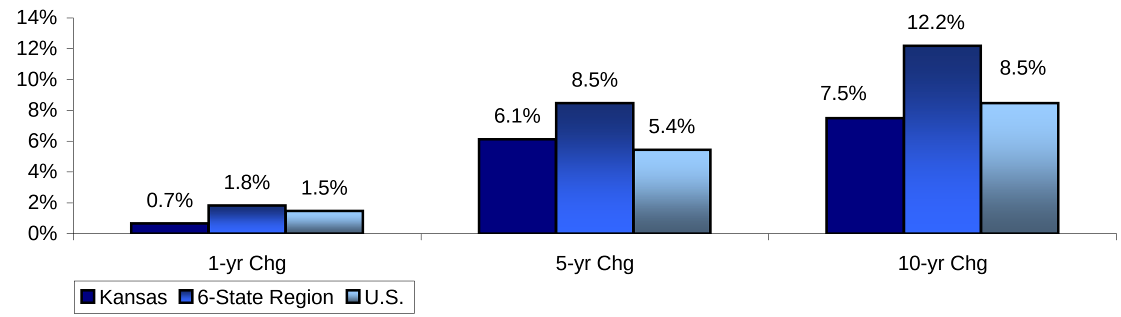
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for series come from a monthly survey of employers. The data are subject to major and minor revisions. The series count the number of jobs in the 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.*

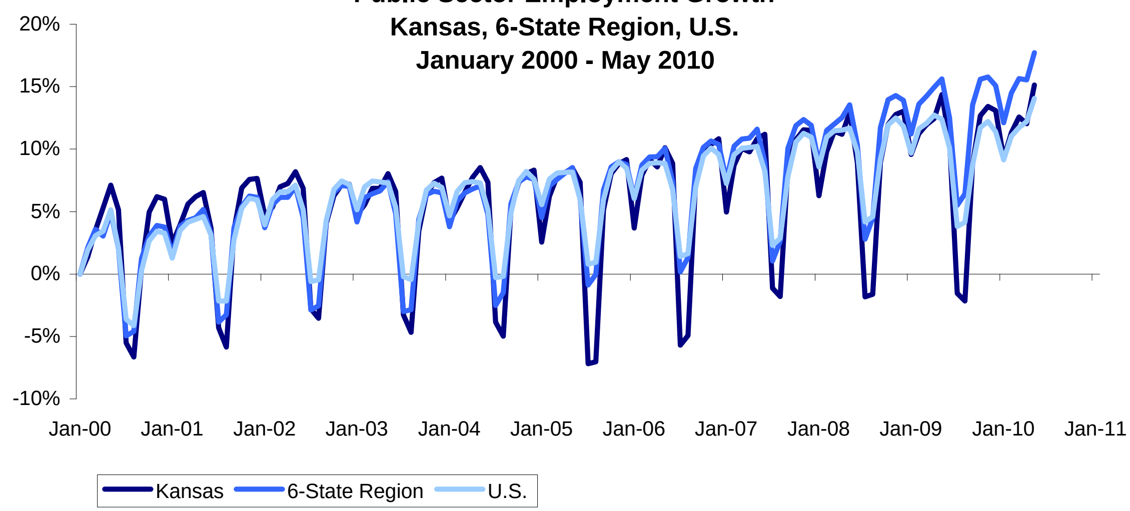
Public Sector Employment
(all employees, thousands)

	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	275.5	273.7	259.6	256.3	0.7%	6.1%	7.5%
6-State Region	1,901.3	1,867.2	1,752.7	1,694.6	1.8%	8.5%	12.2%
U.S.	23,370.0	23,030.0	22,165.0	21,543.0	1.5%	5.4%	8.5%

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



Public Sector Employment Growth
Kansas, 6-State Region, U.S.
January 2000 - May 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 unemployment down 12,236 (-11.5%)
- 6-State Region unemployment down 12,852 (-1.5%)
- U.S. unemployment up 396,000 (2.8%)
- Kansas unemployment rate down (-0.7%)
- 6-State Region unemployment rate down (-0.1%)
- U.S. unemployment rate up (0.2%)

Long-Term (2000 to 2010)

- Kansas unemployment up 42,763 (82.9%)
- 6-State Region unemployment up 521,368 (163.8%)
- U.S. unemployment up 8,909,000 (163.2%)
- Kansas unemployment rate up (2.6%)
- 6-State Region unemployment rate up (4.3%)
- U.S. unemployment rate up (5.5%)

About the data and graphs

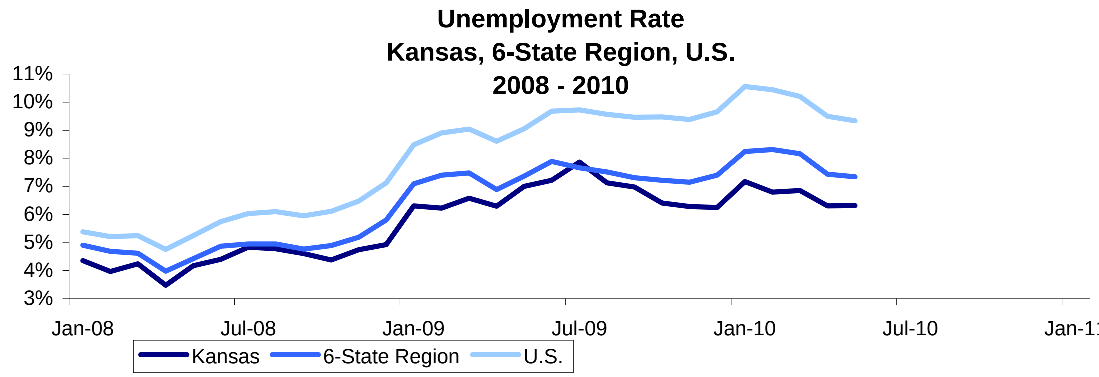
The unemployment rate represents the number unemployed as a percent of the labor force. As defined in the Current Population Survey, unemployed persons are persons aged 16 years and older who had no employment during the reference week, were available for work, except for temporary illness, and had made 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.

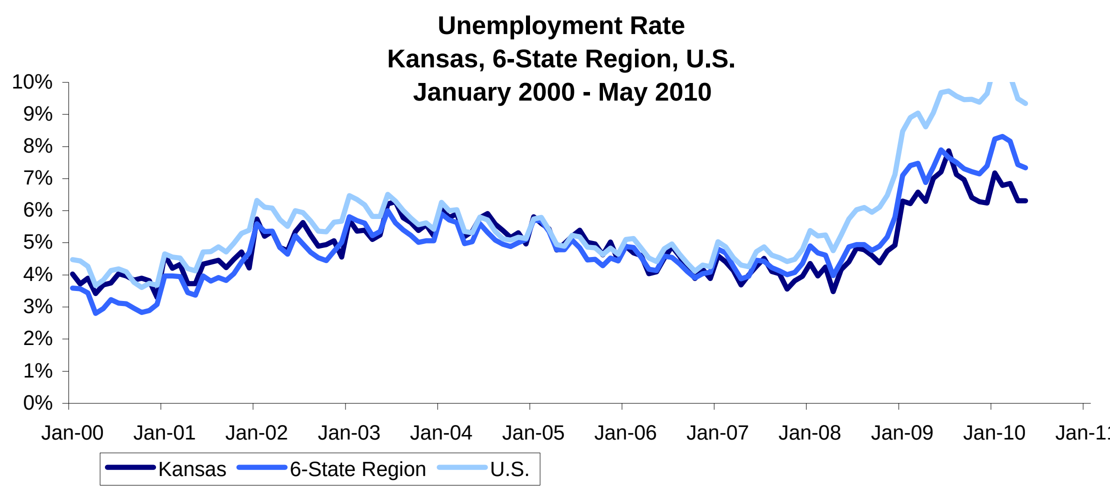
The unemployment rate contains a seasonal component, it rises during summer as new high school and college graduates enter the civilian labor force and in January, when retailers lay off holiday employees. The unemployment rate also contains a business cycle component, rising during recessionary periods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

Unemployment and Unemployment Rate

(all employees)

	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	94,319	106,555	72,505	51,556	-11.5%	30.1%	82.9%
6-State Region	839,708	852,560	536,929	318,340	-1.5%	56.4%	163.8%
U.S.	14,369,000	13,973,000	7,287,000	5,460,000	2.8%	97.2%	163.2%
Kansas (%)	6.3%	7.0%	5.0%	3.7%	-0.7%	1.3%	2.6%
6-State Region (%)	7.3%	7.4%	4.8%	3.0%	-0.1%	2.5%	4.3%
U.S. (%)	9.3%	9.1%	4.9%	3.8%	0.2%	4.4%	5.5%





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

Short-Term (2009 to 2010)

- Kansas initial claims down 5,736 (-28.2%)
- 6-State Region initial claims down 37,240 (-24.5%)
- U.S. initial claims down 590,638 (-26.1%)

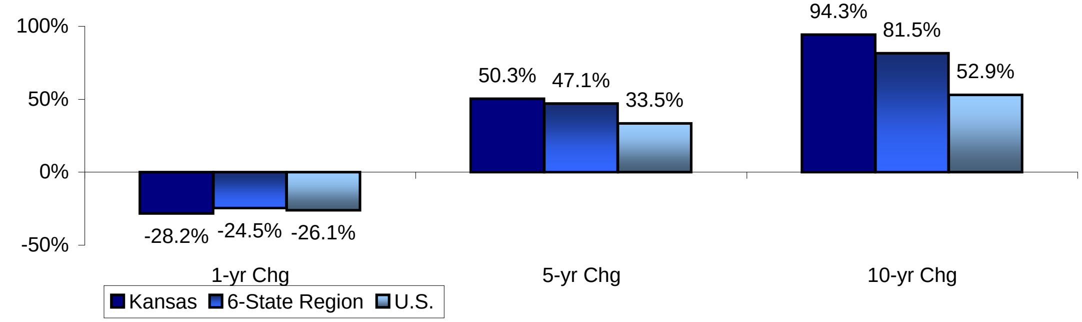
Long-Term (2000 to 2010)

- Kansas initial claims up 7,084 (94.3%)
- 6-State Region initial claims up 51,478 (81.5%)
- U.S. intial claims up 577,990 (52.9%)

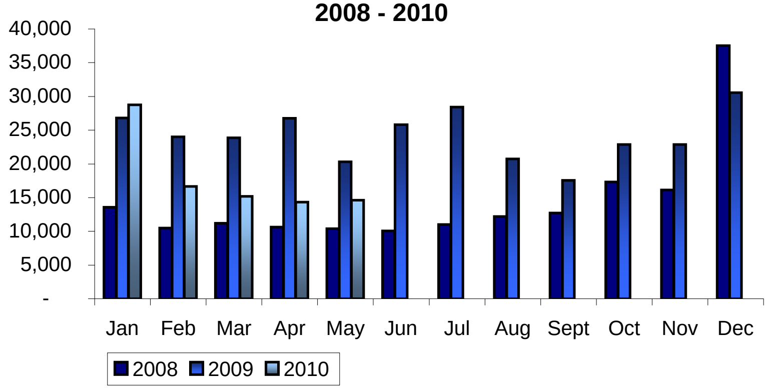
Initial Claims for Unemployment
(all employees)

	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	14,594	20,330	9,709	7,510	-28.2%	50.3%	94.3%
6-State Region	114,678	151,918	77,953	63,200	-24.5%	47.1%	81.5%
U.S.	1,670,572	2,261,210	1,251,739	1,092,582	-26.1%	33.5%	52.9%

Initial Claims for Unemployment Growth
1yr, 5yr, 10yr Change



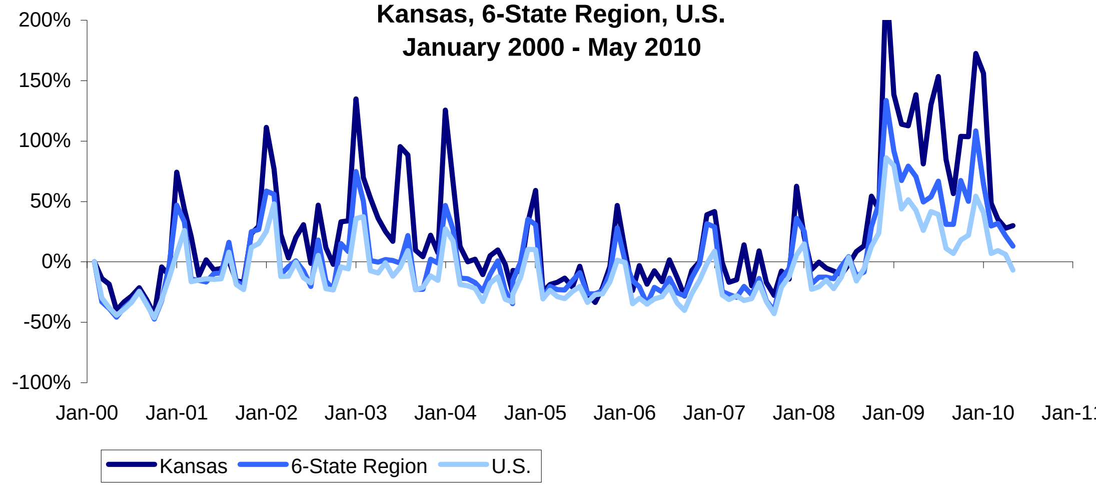
Initial Claims for Unemployment in Kansas
2008 - 2010



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.

Initial Claims For Unemployment Growth
Kansas, 6-State Region, U.S.
January 2000 - May 2010



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

Jun-10

Kansas, Inc.

Short-Term (2008 to 2009)
- Kansas private industry wage level down $1,364 (-3.5%)
- 6-State Region private industry wage level down $955 (-2.5%)
- U.S. private industry wage level down $1,500 (-3.3%)

Mid-Term (2004 to 2009)
- Kansas private industry wage level up $4,358 (13.2%)
- 6-State Region private industry wage level up $4,540 (13.7%)
- U.S. private industry wage level up $4,737 (12.1%)

2009 (p) Private Industry Wage Levels
(average annual wages, all employees, all private establishments)

State	Annual Wage
Kansas	$ 37,371
Arkansas	$ 34,320
Colorado	$ 45,587
Iowa	$ 35,221
Missouri	$ 39,225
Nebraska	$ 35,100
Oklahoma	$ 36,001

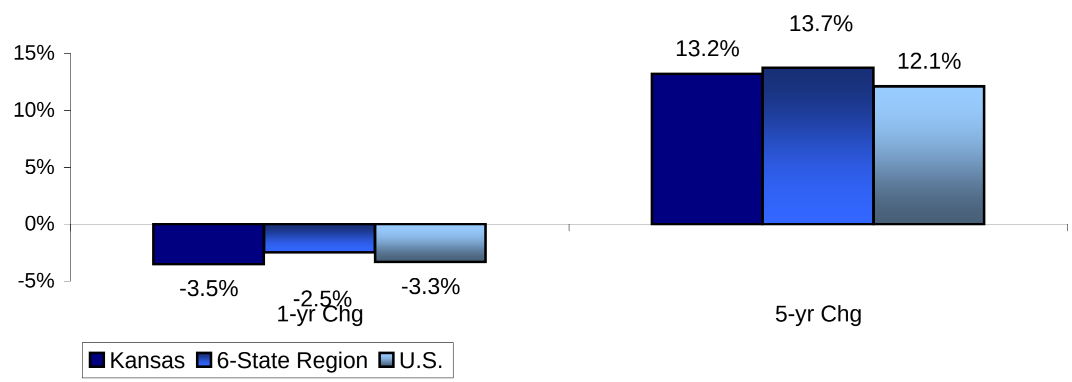
(p) - 2009 1st, 2nd, 3rd quarter avg weekly wage mulitplied by 52 weeks

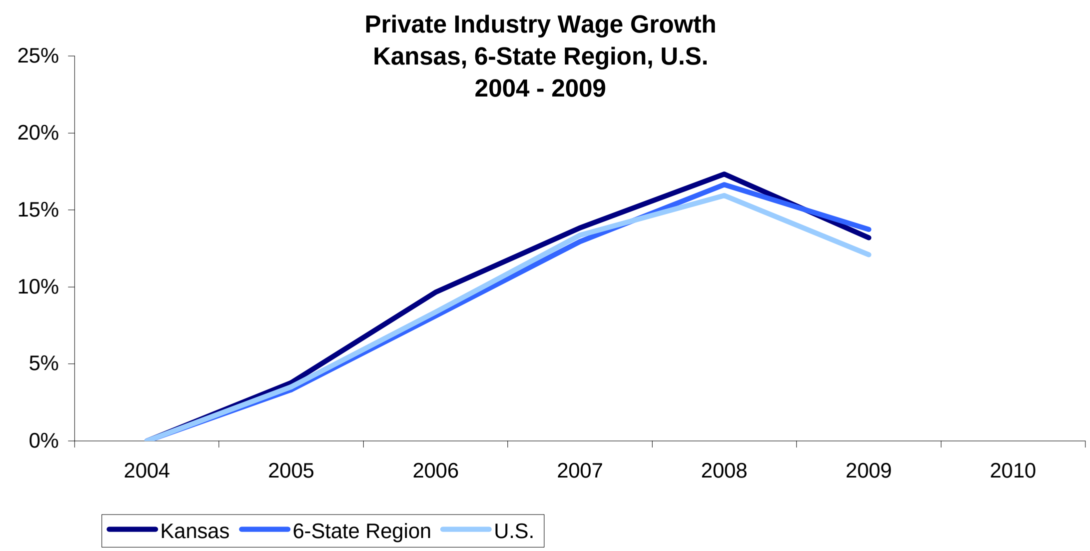
About the data and graphs
The Quarterly Census of Employment and Wages Program is a cooperative program involving the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor and the State Employment Security Agencies (SESAs). The QCEW program produces a comprehensive tabulation of employment 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)

	2009 (p)	2008	2004	1-yr Chg	5-yr Chg
Kansas	$ 37,371	$ 38,735	$ 33,013	-3.5%	13.2%
6-State Region	$ 37,576	$ 38,531	$ 33,036	-2.5%	13.7%
U.S.	$ 43,871	$ 45,371	$ 39,134	-3.3%	12.1%

Private Industry Wage Growth
1yr, 5yr, Change





Source: 2008 annual data, 2009 quarterly data
U.S. Department of Labor - Bureau of Labor Statistics

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

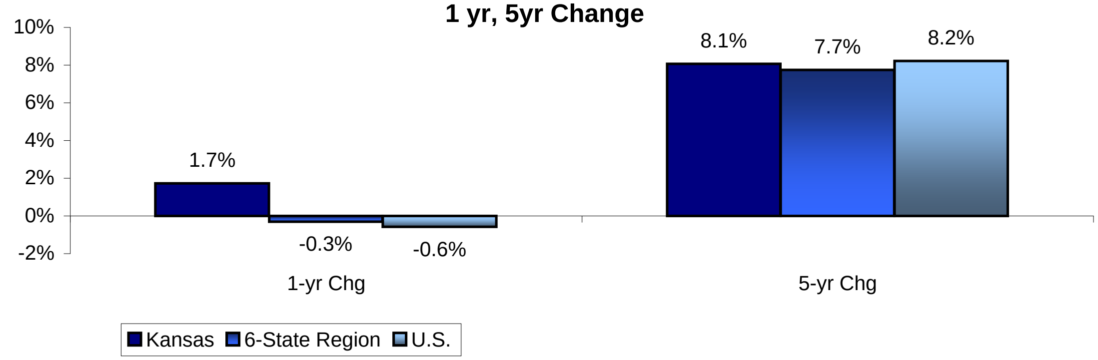
Short-Term (2008 to 2009)
- Kansas total establishments up 1,390 (1.7%)
- 6-State Region total establishments down 1,987 (-0.3%)
- U.S. total establishments down 50,815 (-0.6%)

Mid-Term (2004 to 2009)
- Kansas total establishments up 6,097 (8.1%)
- 6-State Region total establishments up 47,215 (7.7%)
- U.S. total establishments up 659,534 (8.2%)

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

	2009 (p)	2008	2004	1-yr Chg	5-yr Chg
Kansas	81,666	80,276	75,569	1.7%	8.1%
6-State Region	656,539	658,526	609,324	-0.3%	7.7%
U.S.	8,686,394	8,737,209	8,026,860	-0.6%	8.2%

Private Establishment Growth
1 yr, 5yr Change

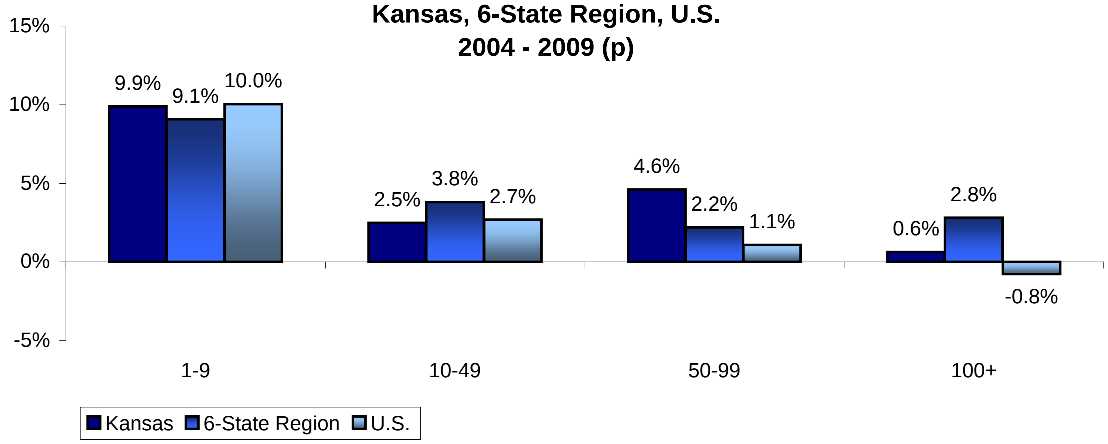


Kansas Private Establishment Data
(total private establishments, by employee size)

Year	1-9	10-49	50-99	100+
2004	56,780	15,216	1,995	1,578
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 (p)	62,396	15,595	2,087	1,588
1-yr Chg	2.6%	-0.4%	-1.1%	-7.3%
5-yr Chg	9.9%	2.5%	4.6%	0.6%

(p) - preliminary

Private Establishment Growth by Employee Size
Kansas, 6-State Region, U.S.
2004 - 2009 (p)



About the data and graphs

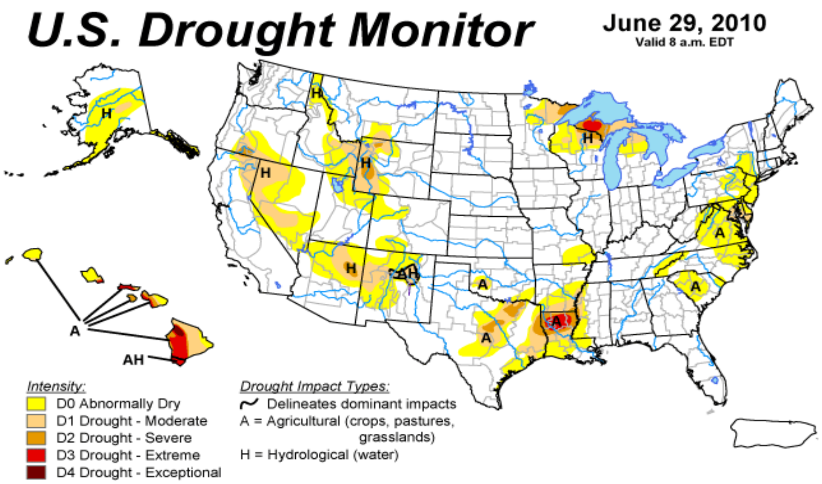
According to the U.S. Small Business Administration, small businesses provide approximately 75 percent of the net new jobs added to the economy and employ 50.1 percent of the private work force. This data tracks the number of business establishments by employee size to help understand what size businesses 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.*

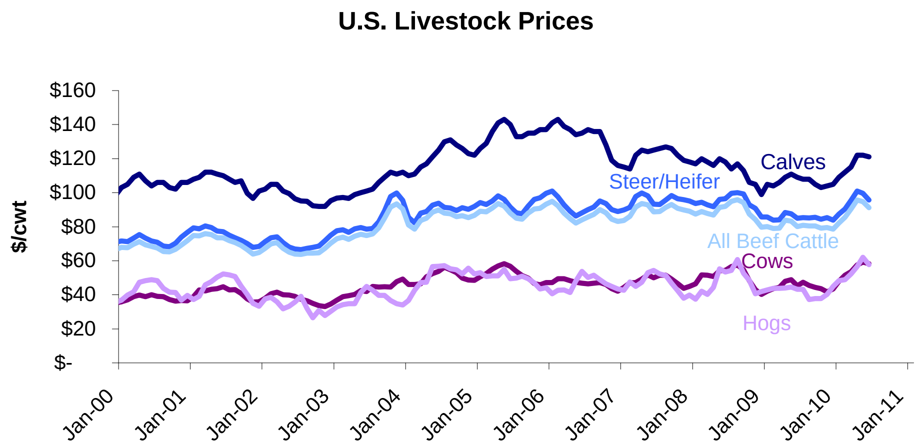
Source: 2009 annual data
U.S. Department of Labor - Bureau of Labor Statistics http://www.bls.gov/bls/employment.htm
Kansas Department of Labor - Labor Market Information *http://laborstats.dol.ks.gov/*

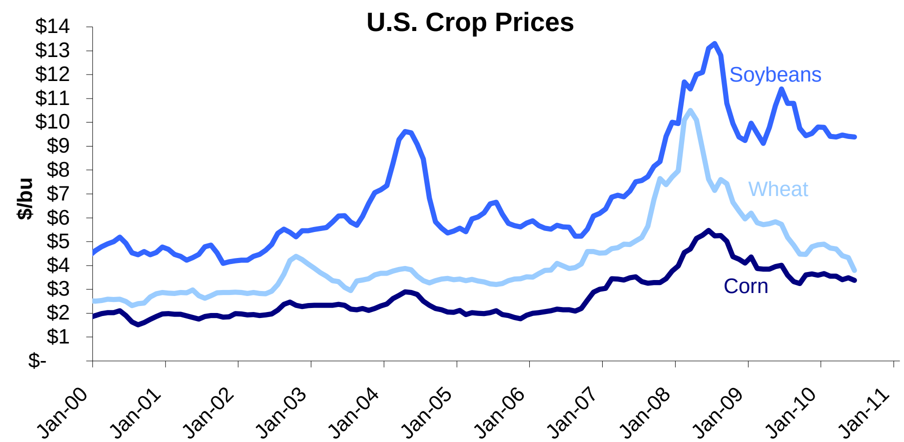
(7/1/2010 USDA Agricultural Prices) KANSAS: The June **All Farm Products Index** of Prices Received by Kansas farmers, at 124 percent of the 1990-92 base, is down 5 points from May and down 8 points from June 2009. The **All Crops Index** in June, at 136 percent of the 1990-92 base, is down 22 points from May and down 68 points from 2009. The **Meat Animals Index,** at 125 percent of the 1990-92 base, is down 4 points from May but 17 points above last year.

Wheat prices in mid-June, at $3.65 per bushel, are down 59 cents from May and $2.35 below last June. **Corn** prices in mid-June, at $3.15 per bushel, are down 25 cents from May and 77 cents below last June. Farmers received an average of $5.15 per cwt. for **grain sorghum** in mid-June, down 40 cents from May and 94 cents below last June. **Soybean** prices, at $9.25 per bushel in mid-June, are down 10 cents from May and $2.25 below last June. **All hay** prices averaged $106 per ton in mid-June, down $6 from May and $3 lower than last year. **Alfalfa hay** averaged $110 per ton, down $5 from May and $4 lower than last June. **Other hay,** at $70 per ton, is unchanged from May but $12 below last June.

All beef cattle were bringing an average of $95.20 per cwt. in mid-June, down $3.00 from May but $12.00 above the price last June. **Cow** prices, at $57.00 per cwt., are down $3.00 from May but $9.60 above the price last June. **Steers and heifers** averaged $96.00 per cwt., down $3.00 from May but $12.10 above June 2009. **Calf** prices in mid-June were $128.00 per cwt., down $3.00 from May but up $16.00 from June 2009. The **all hog** price of $54.50 per cwt. for mid-June is down $3.40 from May but up $16.80 from last June. **Sow** prices averaged $54.50, down $3.00 from May but $21.00 higher than June 2009. **Barrow and gilt** prices averaged $54.50 per cwt. in mid-June, down $3.50 from May but $16.20 above last June.







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

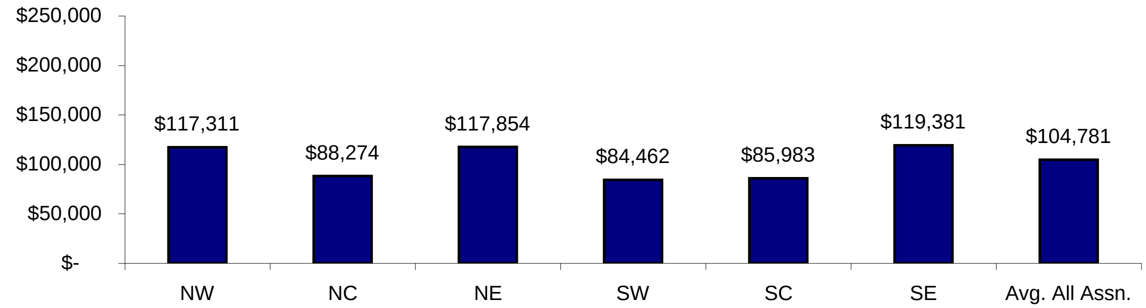
KFMA Average Net Farm Income by Region

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

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

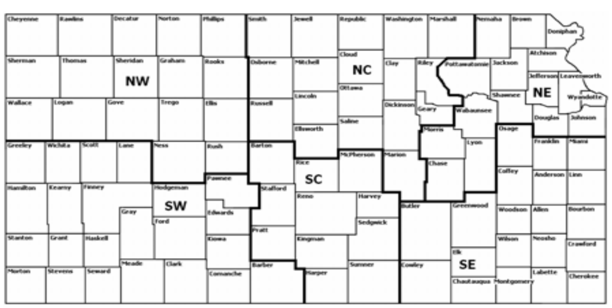
2008 Kansas Farm Management Association
Average Net Farm Income by Region



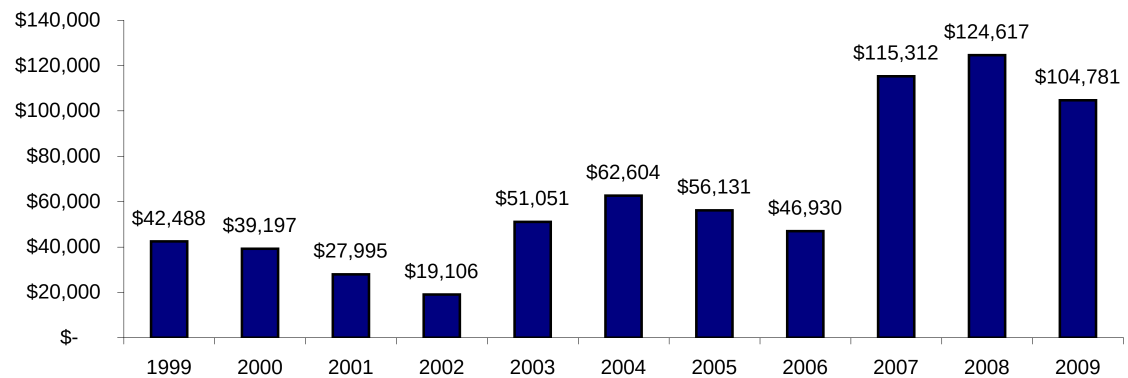
About the data and graphs

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.



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

Jun-10

Short-Term (2009 to 2010)
- Kansas oil production down 127,507 bbl (-4.1%)
- Oil price up $37.3 (95.4%)

Long-Term (2000 to 2010)
- Kansas oil production up 211,679 bbl (7.6%)
- Oil price up $47.0 (160.1%)

2009 Oil Production/Price

Month	Production*	Price	Month	Production*	Price
January	3,457,432	$ 41.71	July	3,422,120	$ 64.15
February	3,138,186	$ 39.09	August	3,293,572	$ 71.05
March	3,336,477	$ 47.94	September	3,286,911	$ 69.41
April	3,272,967	$ 49.65	October	3,244,421	$ 75.72
May	3,282,305	$ 59.03	November	3,256,397	$ 77.99
June	3,299,532	$ 69.64	December	3,175,388	$ 74.47

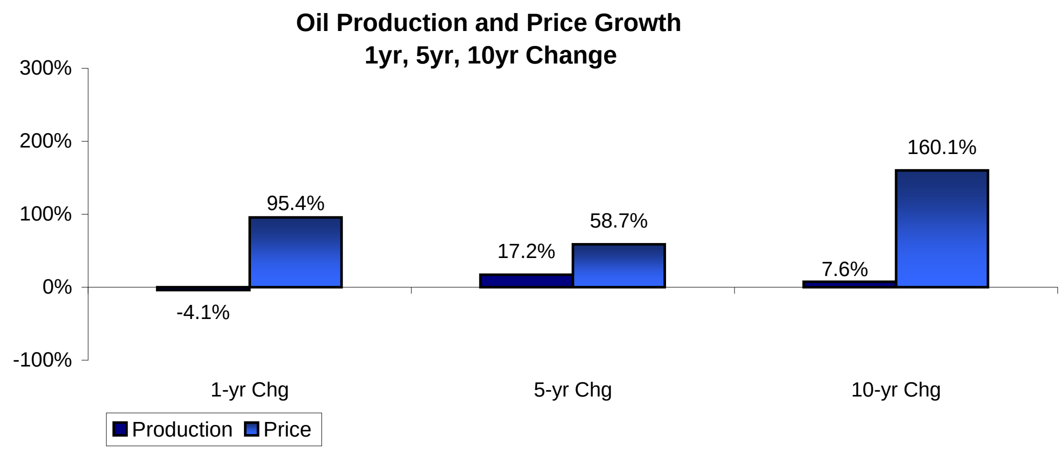
2010 Oil Production/Price

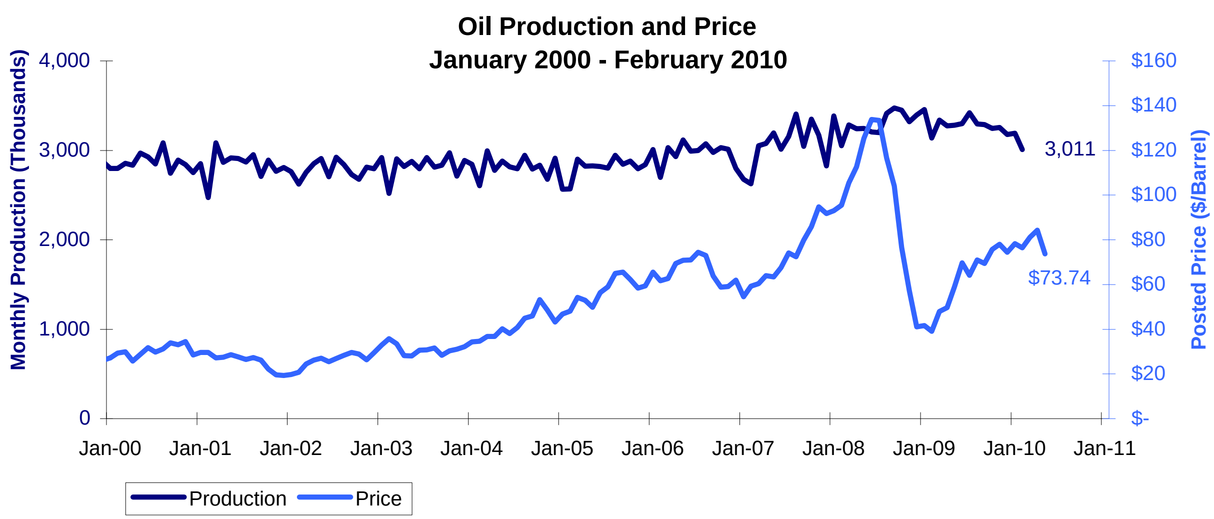
Month	Production*	Price
January	3,190,203	$ 78.33
February	3,010,679	$ 76.39
March		$ 81.20
April		$ 84.29
May		$ 73.74
June		

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

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

	Feb-10	Feb-09	Feb-05	Feb-00	1-yr Chg	5-yr Chg	10-yr Chg
Production (bbl)	3,010,679	3,138,186	2,568,346	2,799,000	-4.1%	17.2%	7.6%
Price ($/bbl)	$ 76.39	$ 39.09	$ 48.15	$ 29.37	95.4%	58.7%	160.1%





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/

Indicators of the Kansas Economy
Natural Gas Production and Price

Jun-10

Short-Term (2009 to 2010)
- Kansas natural gas production down 3,240,084 mcf (-11.3%)
- Natural gas price up $0.7 (16.7%)

Long-Term (2000 to 2010)
- Kansas natural gas production down 18,013,668 mcf (-41.4%)
- Natural gas price up $2.2 (79.1%)

2009 Natural Gas Production/Price

Month	Production*	Price	Month	Production*	Price
January	31,518,923	$ 5.15	July	29,744,972	$ 3.43
February	28,732,627	$ 4.19	August	30,813,241	$ 3.14
March	31,051,770	$ 3.72	September	29,391,766	$ 2.92
April	29,762,216	$ 3.43	October	30,061,498	$ 3.60
May	31,053,355	$ 3.45	November	28,792,408	$ 3.64
June	29,524,310	$ 3.45	December	28,835,386	$ 4.44

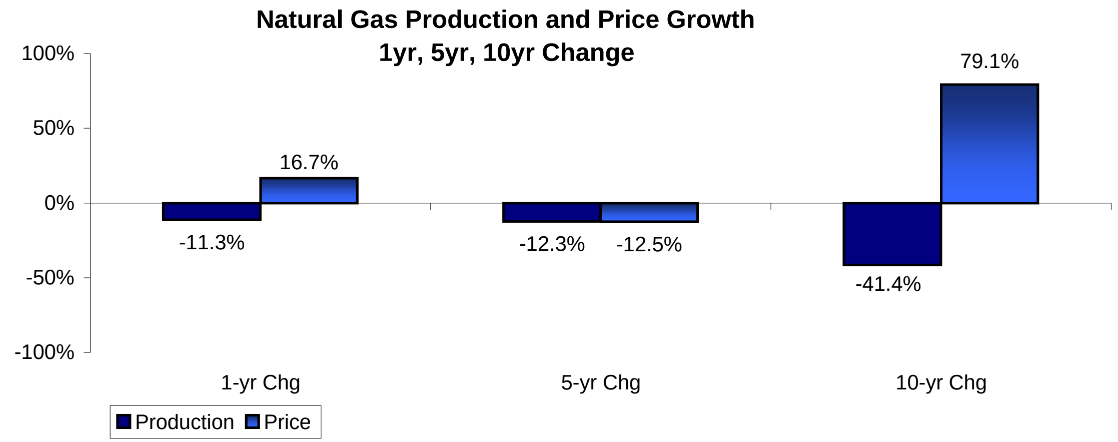
2010 Natural Gas Production/Price

January	28,233,040	$ 5.14
February	25,492,543	$ 4.89
March		$ 4.36
April		$ 3.92
May		
June		

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

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

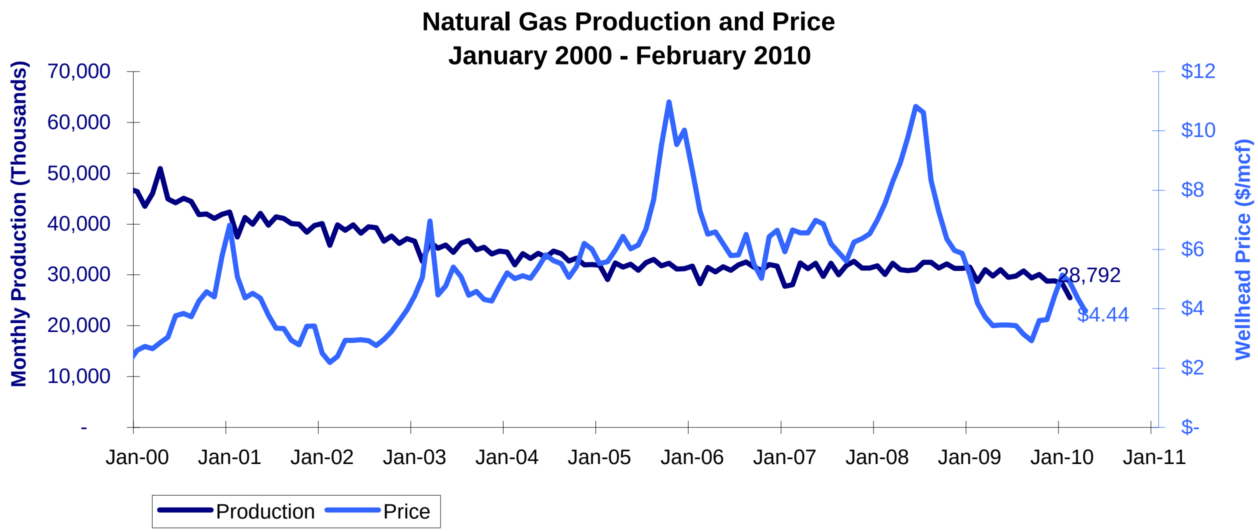
	Feb-10	Feb-09	Feb-05	Feb-00	1-yr Chg	5-yr Chg	10-yr Chg
Production (mcf)	25,492,543	28,732,627	29,057,669	43,506,211	-11.3%	-12.3%	-41.4%
Price ($/mcf)	$ 4.89	$ 4.19	$ 5.59	$ 2.73	16.7%	-12.5%	79.1%



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
Energy Information Administration http://www.eia.doe.gov/

June 9, 2010 - Tenth District - Kansas City - The Tenth District economy grew modestly since the last survey with expectations of further improvement in the coming months. Consumer sales edged up at retail stores and auto dealerships, and District contacts were hopeful that rising consumer confidence would boost future sales. Residential real estate activity improved slightly, but real estate agents expected expiring tax credits to weigh on the housing rebound. While the commercial real estate market remained stressed, District contacts noted a slight improvement in leasing activity.

Consumer Spending - Consumer spending continued to improve, and many contacts expected further gains in retail sales. Spurred by lower prices and promotional advertising, retailers reported a rise in sales led by summer apparel items and lower-priced appliances. Auto dealers reported strong demand for used vehicles, which helped boost auto sales and reduce vehicle inventories. Some contacts felt rising consumer confidence would encourage future auto sales. Restaurant sales declined with fewer diners and a flat average check amount. With the onset of seasonal travel, tourism activity and hotel occupancy rose. Further improvements in the tourism and hotel industries were expected as summer travel picks up.

Real Estate and Construction - Residential real estate activity improved slightly in April and May, while the decline in commercial real estate activity slowed. Lower priced single-family homes sold well in April as buyers rushed to take advantage of tax credits. In contrast, sales of higher-priced homes slowed, contributing to a rise in home inventories. Real estate agents expected home sales to fall in the coming months due to expiring tax credits and weak job growth in some areas of the District. After rising in the last survey period, residential construction activity held steady. Mortgage lending activity rose with new home purchases, and loan refinancing volumes increased with lower mortgage rates. Commercial real estate activity remained weak and below year-ago levels. However, lower rents appeared to slow the rise in vacancy rates and raise absorption rates since the last survey period. District contacts expected leasing activity to rise faster than sales activity for commercial property in the coming months. Commercial construction activity continued to decline due in part to difficulty accessing credit.

Manufacturing and Other Business Activity - Manufacturing activity grew at a modest pace in April and May while transportation firms reported sustained growth. After several months of solid gains, the pace of production moderated at both durable and non-durable goods producing plants. The volume of new orders, order backlogs, and shipments edged down from March levels while finished goods inventories rose slightly. Employment levels were stable and fewer firms planned to increase payrolls. Still, manufacturing activity strengthened compared to a year ago, and more plant managers expected factory production to ramp up in the next six months. Some District manufacturers noted an increase in supplier delivery times, and sales activity in the transportation sector rose further. Most transportation firms anticipated the rebound would continue through the summer. Some companies were having difficulty finding qualified drivers, and a few contacts raised concerns about future capacity constraints. The high-tech industry reported a slight uptick in sales activity, partly due to an increase in government contracts.

Banking - Bankers reported steady loan demand, higher deposits, and an improved outlook for loan quality. Overall loan demand was essentially unchanged, following a series of declines over the last year. Demand for commercial and industrial loans was flat, while demand for commercial real estate loans and residential real estate loans increased moderately. Consumer installment loans continued to trend downward. Credit standards were generally unchanged. Slightly more bankers reported an improvement in loan quality from one year ago than reported a deterioration. Also, for the first time since late 2007, respondents expected stable rather than declining loan quality over the next six months. Deposits increased moderately after showing no change in the previous three surveys.

Energy - Energy production expanded since the last survey period, and additional gains were expected in the coming months. The number of active drilling rigs in the District rose further, primarily due to expansion in Oklahoma and New Mexico. Some firms reported difficulty finding qualified workers, especially engineers. Crude oil prices were expected to rise due to an uptick in demand from the industrial sector and higher gasoline use for summer travel. Since the last survey, fewer contacts expected further declines in natural gas prices. However, several natural gas producers were concerned that prices would remain low due to excess supply. With increased production and limited demand, supplies at natural gas storage facilities grew at a record pace. Though District coal production slowed in April and May, year-to-date volumes approached 2009 levels.

Agriculture - Agricultural conditions improved since the last survey period. Overall, the winter wheat crop was reported in good condition. However, prolonged cool, wet weather promoted wheat crop diseases, which could reduce yields in some areas of Nebraska, Kansas and Oklahoma. Corn planting was almost complete while soybean planting was slightly behind schedule. Crop prices were little changed since the last survey period, but hog and cattle prices rose significantly with further contractions in supplies. Improved incomes among livestock producers contributed to a rise in District ranchland values. Cropland values also increased with strong farmer demand and nonfarm investor interest. Agricultural lenders reported a slight decline in loan repayment rates, but loan renewals and extensions held steady.

Wages and Prices - Wage and retail price pressures remained low in April and May; however, input prices rose for some District firms. District labor markets improved slightly and contacts generally reported little wage pressure and few problems finding qualified workers. After falling in April and May, retail prices were expected to dip further in the coming months, and builders expected lumber prices to fall from their recent spike. However, materials prices, especially steel, rose sharply for District manufacturers. In addition, transportation companies noted rising fuel costs, and restaurant owners paid higher food prices. Despite rising input costs, most District contacts were reluctant to increase selling prices.

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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