Research Report

Indicators of the Kansas Economy (IKE)

Prepared by

Kansas, Inc.

March 2011

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

Mar-11

Employment and Unemployment

	Feb-11	Feb-10	Feb-06	Feb-01	1-yr Chg	5-yr Chg	10-yr Chg
Total Nonfarm Employment *(all employees, thousands)*							
Kansas	1,293.5	1,304.0	1,333.2	1,333.1	-0.8%	-3.0%	-3.0%
Private Sector Employment *(all employees, thousands)*							
Kansas	1,028.4	1,040.5	1,075.0	1,084.3	-1.2%	-4.3%	-5.2%
Manufacturing Employment *(all employees, thousands)*							
Kansas	158.0	159.0	180.8	196.3	-0.6%	-12.6%	-19.5%
Service Employment *(all employees, thousands)*							
Kansas	817.4	826.9	826.2	823.9	-1.1%	-1.1%	-0.8%
Public Sector Employment *(all employees, thousands)*							
Kansas	265.1	263.5	258.2	248.8	0.6%	2.7%	6.6%
Unemployment Rate *(%)*							
Kansas	7.2%	7.5%	4.7%	4.2%	-0.3%	2.5%	3.0%
Initial Claims for Unemployment *(all employees)*							
Kansas	11,158	16,671	8,547	13,619	-33.1%	30.5%	-18.1%

Wages/Entrepreneurship

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

	2010 (p)	2009	2005	1-yr Chg	5-yr Chg
Kansas	81,458	81,650	76,686	-0.2%	6.2%

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

	2010 (p)	2009	2005	1-yr Chg	5-yr Chg
Kansas	$ 38,220	$ 38,519	$ 34,265	-0.8%	11.5%

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)	3,320,043	3,256,414	2,795,659	2,839,000	2.0%	18.8%	16.9%
Price ($/bbl)	$ 84.25	$ 77.19	$ 58.32	$ 34.42	9.1%	44.5%	144.8%

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

Production (mcf)	27,016,583	28,807,176	31,189,495	41,132,005	-6.2%	-13.4%	-34.3%
Price ($/mcf)	$ 3.34	$ 3.64	$ 9.54	$ 4.40	-8.2%	-65.0%	-24.1%

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

	2010	2009	2005	2000	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	2,853,118	2,818,747	2,741,771	2,692,810	1.2%	4.1%	6.0%

Gross State Product *(millions of current dollars)*

	2009	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	123,449	124,895	99,974	80,968	-1.2%	23.5%	52.5%
6-State Region	963,644	967,347	792,022	620,543	-0.4%	21.7%	55.3%
U.S.	14,027,659	14,269,833	11,788,909	9,286,858	-1.7%	19.0%	51.0%

Personal Income Estimates *(millions of dollars)*

	2010	2009	2005	2000	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	114,693	110,418	90,876	76,684	3.9%	26.2%	49.6%
6-State Region	864,089	836,558	707,094	577,785	3.3%	22.2%	49.6%
U.S.	12,590,671	12,168,161	10,476,669	8,554,866	3.5%	20.2%	47.2%

Per Capita Personal Income Estimates *($)*

	2010	2009	2005	2000	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	39,737	39,263	33,145	28,477	1.2%	19.9%	39.5%
6-State Region	37,865	37,157	32,625	27,490	1.9%	16.1%	37.7%
U.S.	40,584	39,626	35,424	30,318	2.4%	14.6%	33.9%

Consumer Price Index

	Feb-11	Feb-10	Feb-06	Feb-01	1-yr Chg	5-yr Chg	10-yr Chg
Midwest Urban	211.1	206.6	190.7	172.1	2.2%	10.7%	22.7%
U.S. City Average	221.3	216.7	198.7	175.8	2.1%	11.4%	25.9%

Chicago Fed National Activity Index (CFNAI)

	Feb-11	Jan-11	Dec-10	Nov-10	Oct-10	Sep-10	Feb-10
CFNAI	(0.04)	(0.01)	0.38	(0.22)	(0.39)	(0.34)	(0.54)

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

	Feb-11	Feb-10	Feb-06	Feb-01	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	240	238	1,097	1,381	0.8%	-78.1%	-82.6%

Sales Tax Collections *($)*

	Dec-10	Dec-09	Dec-05	Dec-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	231,370,204	185,661,774	182,721,026	143,749,275	24.6%	26.6%	61.0%

Kansas, Inc.

Indicators of the Kansas Economy
Variables

Mar-11

IKE - Variables

Short-Term (2009 to 2010)
- Kansas population up 34,371 (1.2%)
- 6-State Region population up 164,785 (0.7%)
- U.S. population up 1,738,988 (0.6%)

Long-Term (2000 to 2010)
- Kansas population up 160,308 (6.0%)
- 6-State Region population up 1,850,193 (8.9%)
- U.S. population up 26,573,581 (9.4%)

2010 Population Census

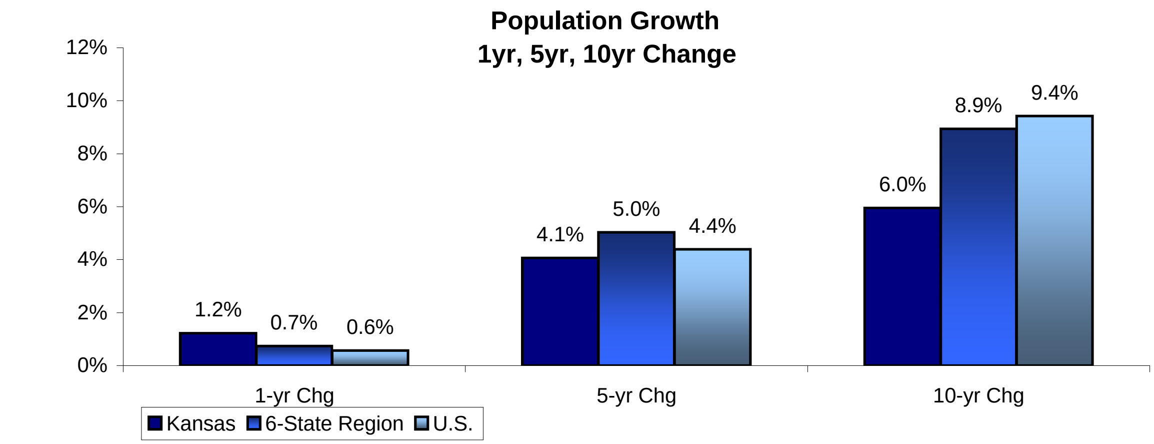
Region	Population
Kansas	2,853,118
Arkansas	2,915,918
Colorado	5,029,196
Iowa	3,046,355
Missouri	5,988,927
Nebraska	1,826,341
Oklahoma	3,751,351
6-State Region	22,558,088
U.S.	308,745,538

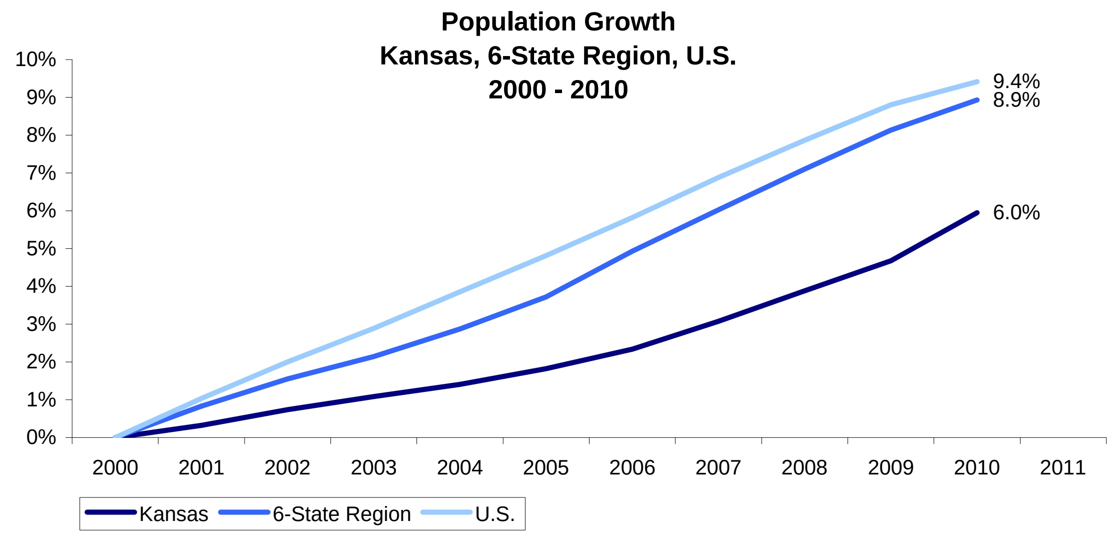
About the data and graphs

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

	2010	2009	2005	2000	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	2,853,118	2,818,747	2,741,771	2,692,810	1.2%	4.1%	6.0%
6-State Region	22,558,088	22,393,303	21,477,580	20,707,895	0.7%	5.0%	8.9%
U.S.	308,745,538	307,006,550	295,753,151	282,171,957	0.6%	4.4%	9.4%





Source: *2010 annual data*
U.S. Census Bureau *http://www.census.gov/popest/estimates.html*

Kansas, Inc.

Indicators of the Kansas Economy
Gross State Product

Mar-11

Short-Term (2008 to 2009)
- Kansas GSP down $1,446 million (-1.2%)
- 6-State Region GSP down $3,703 million (-0.4%)
- U.S. GSP down $242,174 million (-1.7%)

Long-Term (1999 to 2009)
- Kansas GSP up $42,481 million (52.5%)
- 6-State Region GSP up $343,101 million (55.3%)
- U.S. GSP up $4,740,801 million (51.0%)

2009 Gross State Product
(millions of current dollars)

Region		Gross State Product
Kansas	$	123,449
Arkansas	$	100,753
Colorado	$	250,930
Iowa	$	136,341
Missouri	$	236,749
Nebraska	$	84,575
Oklahoma	$	154,296
6-State Region	$	963,644
U.S.	$	14,027,659

About the data and graphs

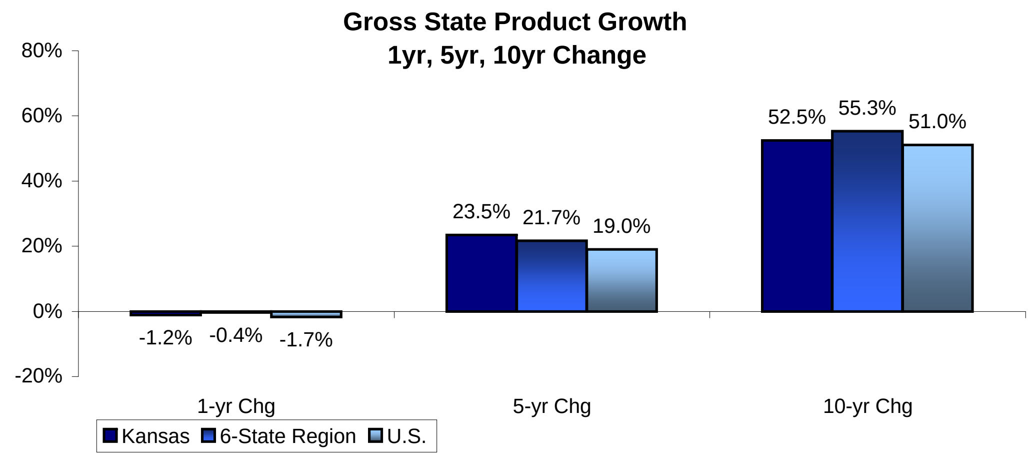
GSP captures state economic growth, providing an overall analysis of the performance of the economy. GSP is the value added in production by the labor and property located in the state.

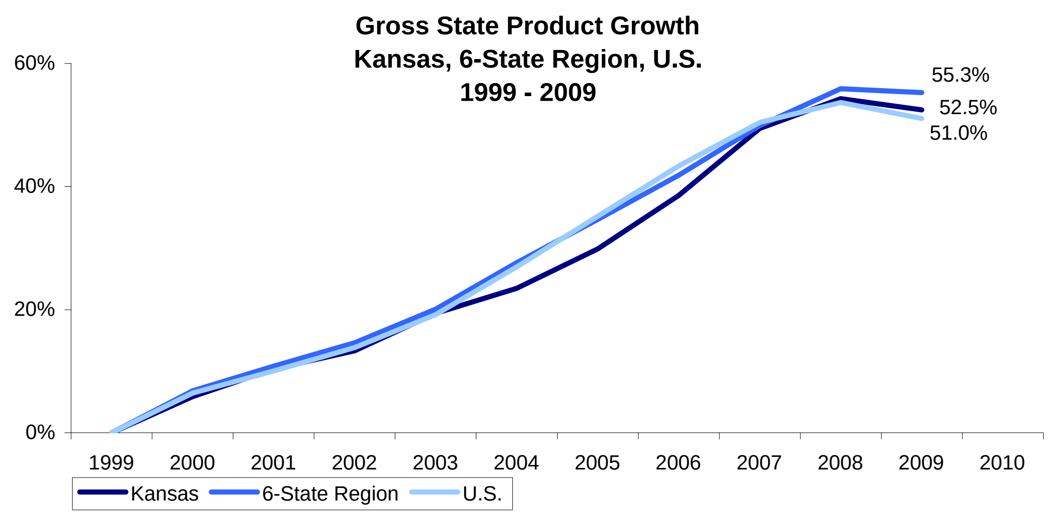
In concept, an industry's GSP, referred to as its "value added," is equivalent to its gross output (sales or receipts and other operating income, commodity taxes, and inventory change) minus its intermediate inputs (consumption of goods and services purchased from other U.S. industries or imported.)

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	123,449	124,895	99,974	80,968	-1.2%	23.5%	52.5%
6-State Region	963,644	967,347	792,022	620,543	-0.4%	21.7%	55.3%
U.S.	14,027,659	14,269,833	11,788,909	9,286,858	-1.7%	19.0%	51.0%





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

Mar-11

Short-Term (2009 to 2010)
- Kansas PI up $4,275 million (3.9%)
- 6-State Region PI up $27,531 million (3.3%)
- U.S. PI up $422,510 million (3.5%)
- Kansas PCPI up $474 (1.2%)
- 6-State Region PCPI up $708 (1.9%)
- U.S. PCPI up $958 (2.4%)

Long-Term (2000 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 $11,260 (39.5%)
- 6-State Region PCPI up $10,375 (37.7%)
- U.S. PCPI up $10,266 (33.9%)

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.

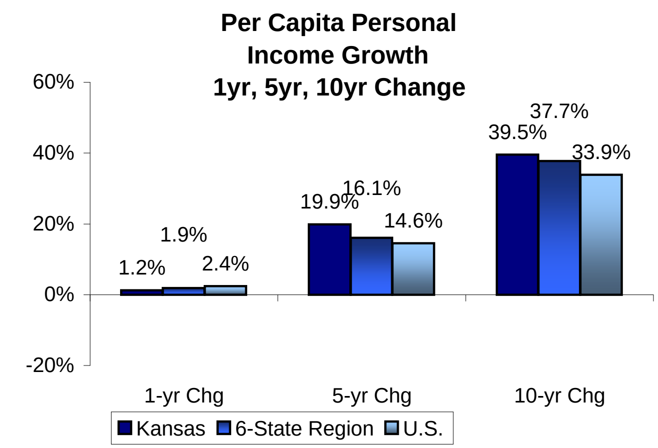
Personal income is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income,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

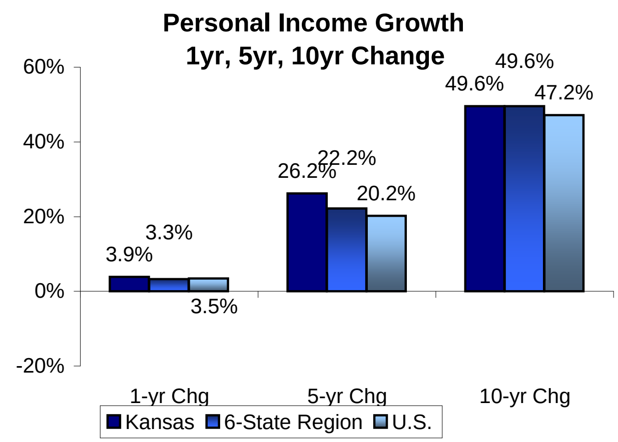
Personal Income Estimates (PI) - *(millions of dollars)*

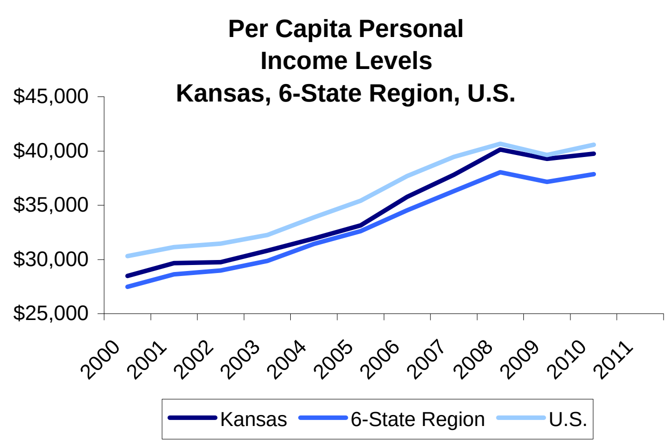
	2010	2009	2005	2000	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	114,693	110,418	90,876	76,684	3.9%	26.2%	49.6%
6-State Region	864,089	836,558	707,094	577,785	3.3%	22.2%	49.6%
U.S.	12,590,671	12,168,161	10,476,669	8,554,866	3.5%	20.2%	47.2%

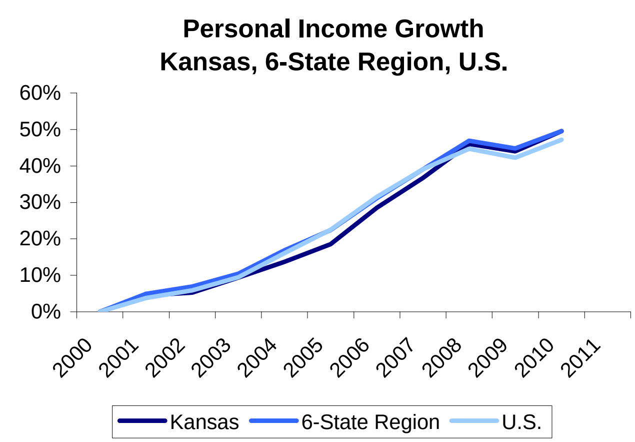
Per Capita Personal Income Estimates (PCPI) - ($)

	2010	2009	2005	2000	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	39,737	39,263	33,145	28,477	1.2%	19.9%	39.5%
6-State Region	37,865	37,157	32,625	27,490	1.9%	16.1%	37.7%
U.S.	40,584	39,626	35,424	30,318	2.4%	14.6%	33.9%









Source: 2010 annual data
U.S. Department of Commerce - Bureau of Economic Analysis

http://www.bea.gov/regional/

Short-Term (2010 to 2011)

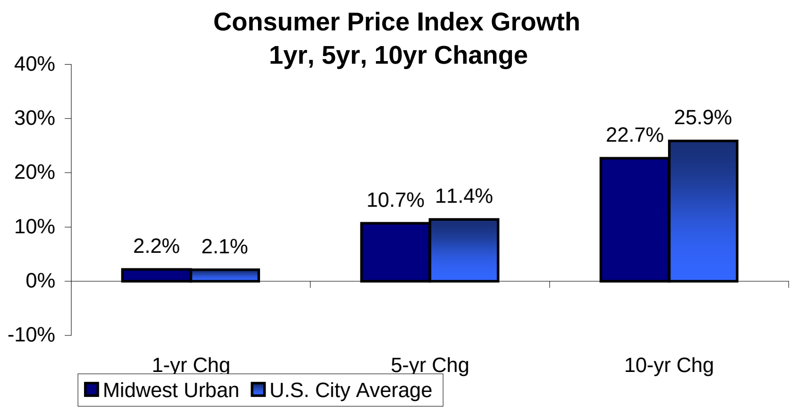
- Midwest Urban CPI up 4.5 (2.2%)
- U.S. City Average CPI up 4.6 (2.1%)

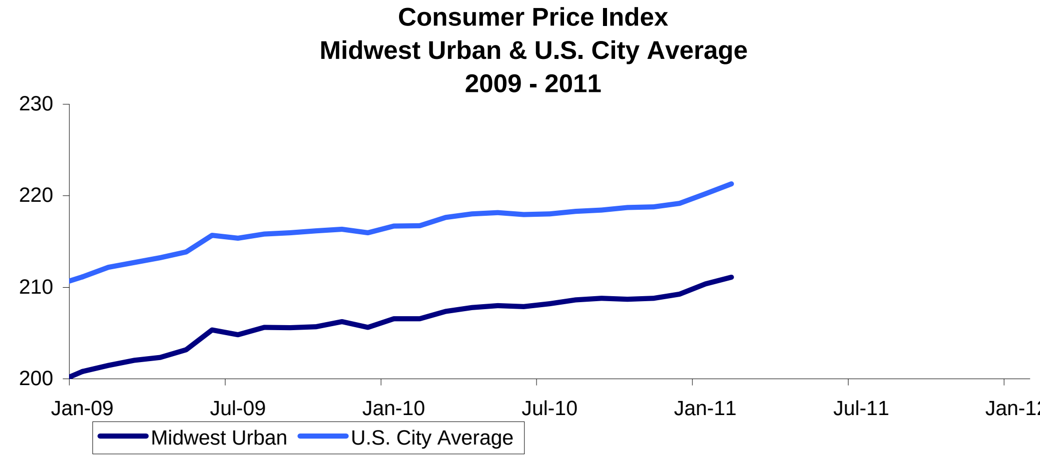
Long-Term (2001 to 2011)

- Midwest Urban CPI up 39.0 (22.7%)
- U.S. City Average CPI up 45.5 (25.9%)

Consumer Price Index (CPI)

	Feb-11	Feb-10	Feb-06	Feb-01	1-yr Chg	5-yr Chg	10-yr Chg
Midwest Urban	211.1	206.6	190.7	172.1	2.2%	10.7%	22.7%
U.S. City Average	221.3	216.7	198.7	175.8	2.1%	11.4%	25.9%



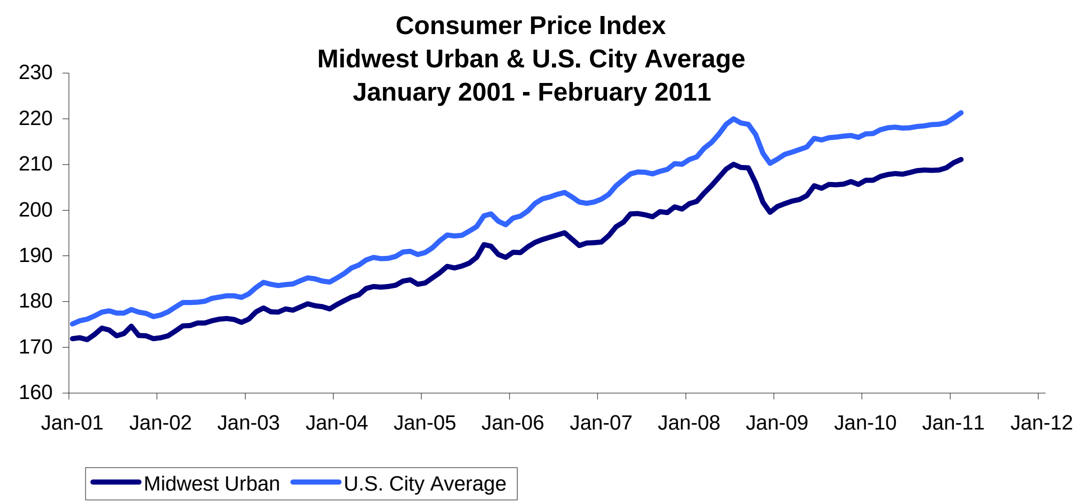


About the data and graphs

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: *2011 monthly data*
U.S. Department of Labor - Bureau of Labor Statistics

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

Short-Term (2011)

During February 2011, the CFNAI decreased to -0.04, down from 0.01 in January. Three of the four broad categories made positive contributions in February, but were offset by continued weakness in the consumption and housing category. Production-related indicators made a contribution of 0.03 to the index in February; employment-related indicators made a contribution of 0.30 to the index in February; sales, orders, and inventories indicators also made a contribution of 0.08 to the index in February; and consumption and housing indicators made a contribution of -0.45 to the index in February. Fifty-three of the 85 individual indicators made positive contributions to the index in February, while 32 made negative contributions. Forty-five indicators improved from January to February.

Long-Term (1990 to 2011)

Since January 1990 the CFNAI has demonstrated excellent predictive power as CFNAI values have fallen substantially prior to recent recessions, including from July 1990 to March 1991, from March 2001 to November 2001, and most recently December 2007.

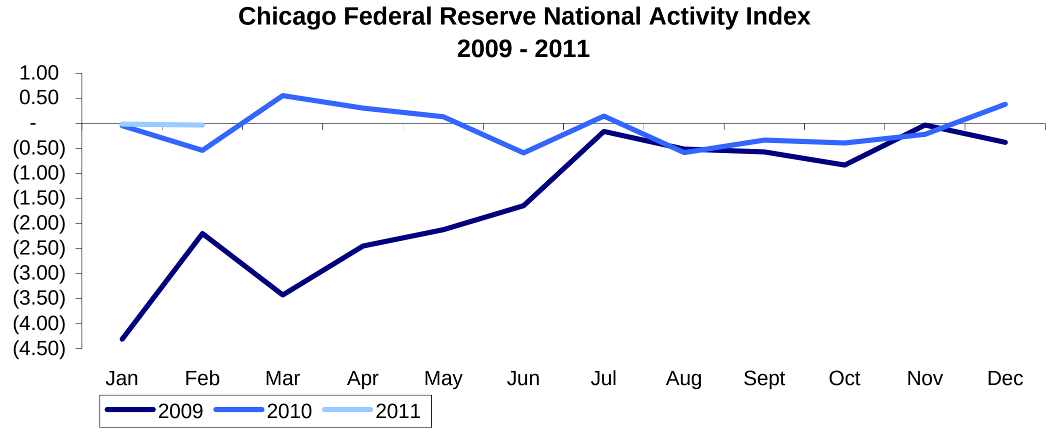
About the data and graphs

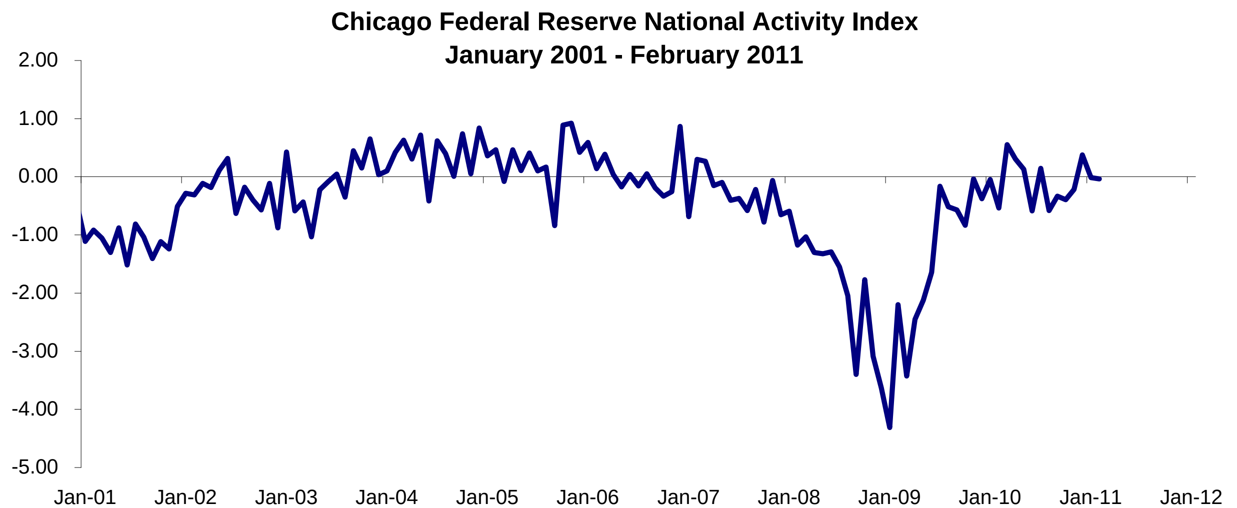
The performance of the U.S. economy has a major impact on the performance of the Kansas economy.

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

	Feb-11	Jan-11	Dec-10	Nov-10	Oct-10	Sep-10	Feb-10
CFNAI	-0.04	-0.01	0.38	-0.22	-0.39	-0.34	-0.54





Source: *2011 monthly data*
Federal Reserve Bank of Chicago
http://www.chicagofed.org/webpages/publications/cfnai/index.cfm

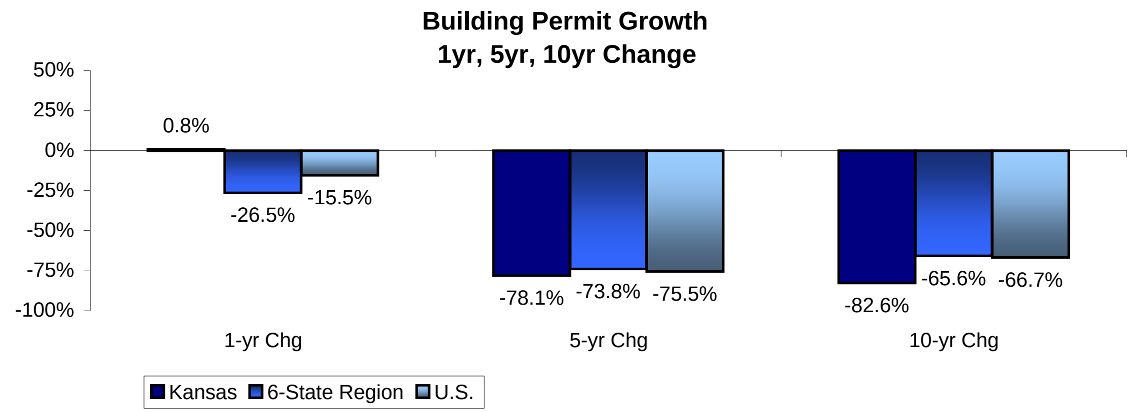
Short-Term (2010 to 2011)
- Kansas building permits up 2 (0.8%)
- 6-State Region building permits down 932 (-26.5%)
- U.S. building permits down 6,825 (-15.5%)

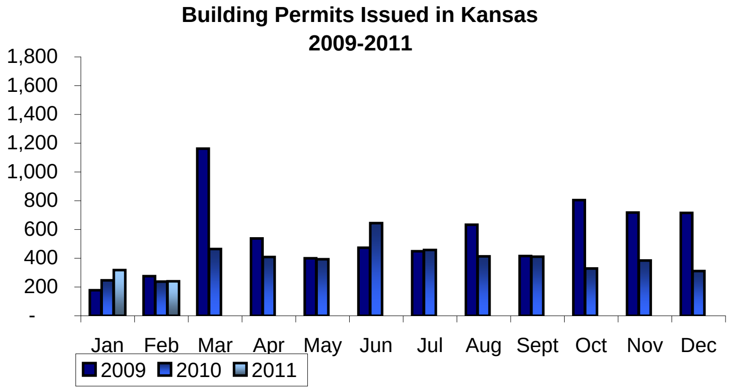
Long-Term (2001 to 2011)
- Kansas building permits down 1,141 (-82.6%)
- 6-State Region building permits down 4,932 (-65.6%)
- U.S. building permits down 74,541 (-66.7%)

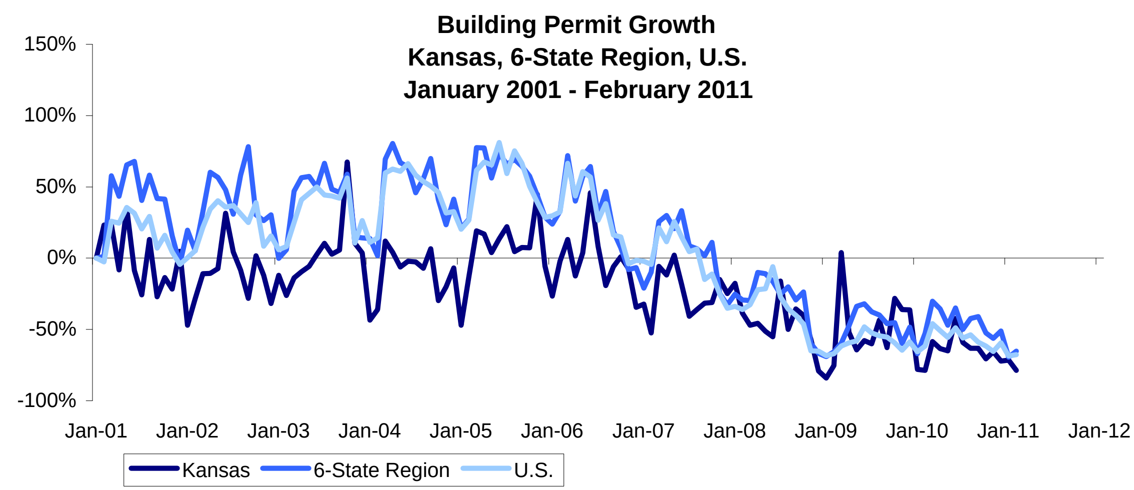
Building Permits

(new privately owned housing units authorized)

	Feb-11	Feb-10	Feb-06	Feb-01	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	240	238	1,097	1,381	0.8%	-78.1%	-82.6%
6-State Region	2,587	3,519	9,864	7,519	-26.5%	-73.8%	-65.6%
U.S.	37,232	44,057	151,950	111,773	-15.5%	-75.5%	-66.7%







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.

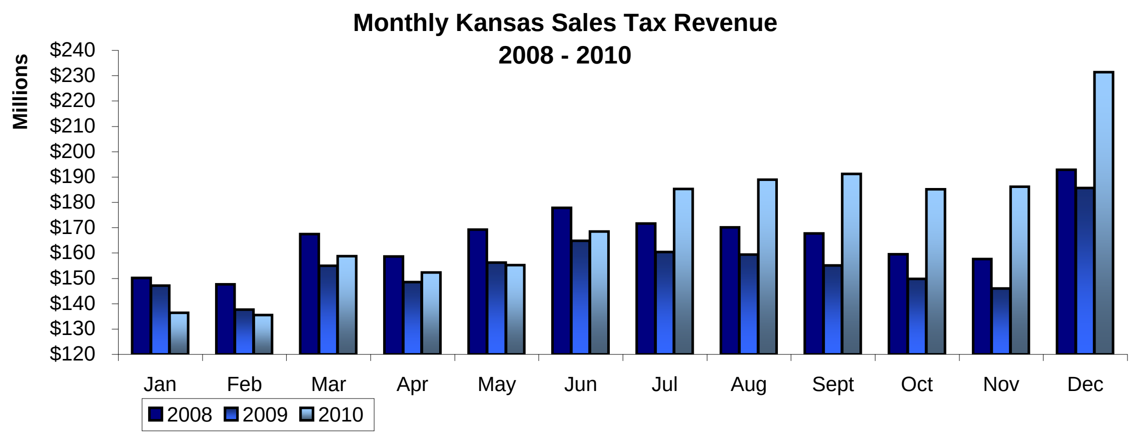
Source: *2010 monthly data*
U.S. Census Bureau *http://www.census.gov/econ/www/index.html*

Short-Term (2009 to 2010)
- Kansas sales tax collections up $45,708,430 (24.6%)
- $2,075,193,413 collected during 2010
- $1,866,223,078 collected total during 2009

Long-Term (2000 to 2010)
- Kansas sales tax collections up $87,620,929 (61.0%)
- $1,475,405,439 collected total during 2000

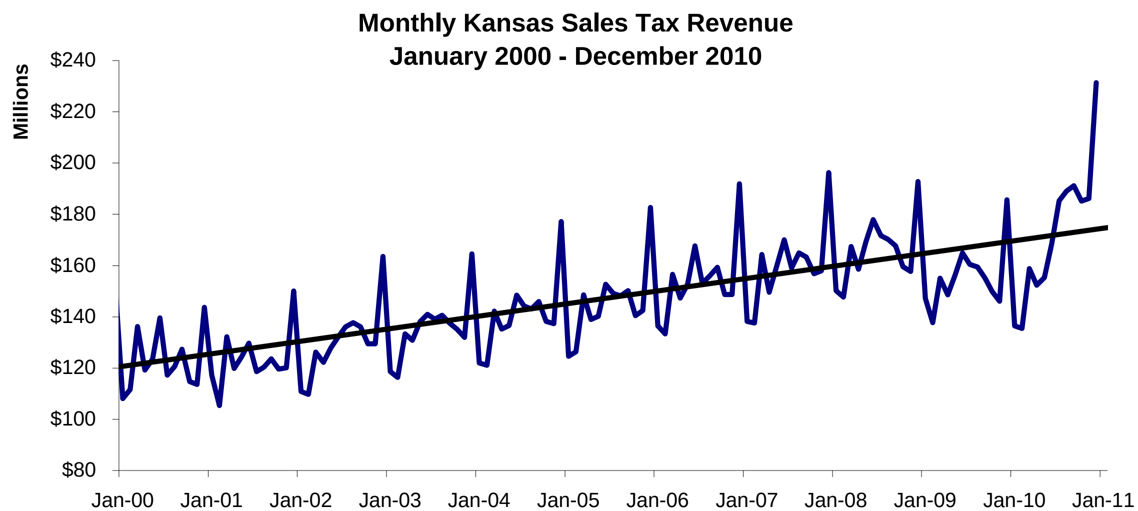
Sales Tax Collections

	Dec-10	Dec-09	Dec-05	Dec-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	$ 231,370,204	$ 185,661,774	$ 182,721,026	$ 143,749,275	24.6%	26.6%	61.0%



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

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

Indicators of the Kansas Economy
Total Nonfarm Employment

Mar-11

Short-Term (2010 to 2011)
- Kansas total nonfarm employment down 10,500 (-0.8%)
- 6-State Region total nonfarm employment up 77,300 (0.8%)
- U.S. total nonfarm employment up 1,236,000 (1.0%)

Long-Term (2001 to 2011)
- Kansas total nonfarm employment down 39,600 (-3.0%)
- 6-State Region total nonfarm employment down 28,800(-0.3%)
- U.S. total nonfarm employment down 2,115,000 (-1.6%)

February 2011 Total Nonfarm Employment Levels
(all employees, thousands)

State	Employment
Kansas	1,293.5
Arkansas	1,161.0
Colorado	2,204.6
Iowa	1,452.4
Missouri	2,597.8
Nebraska	932.2
Oklahoma	1,518.3

About the data and graphs

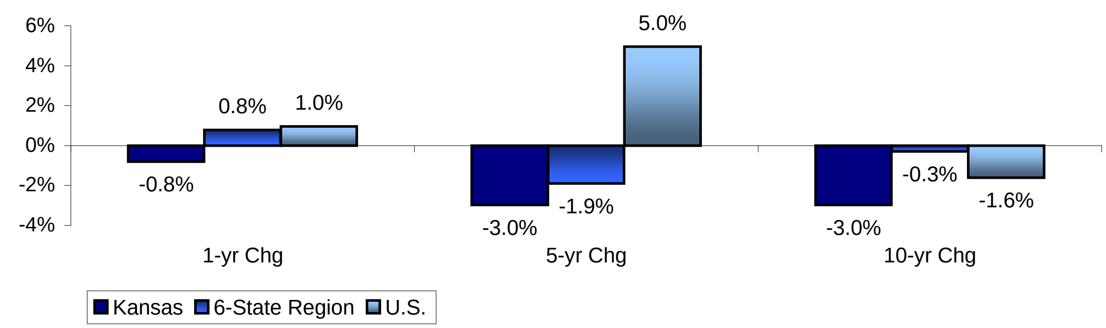
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs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

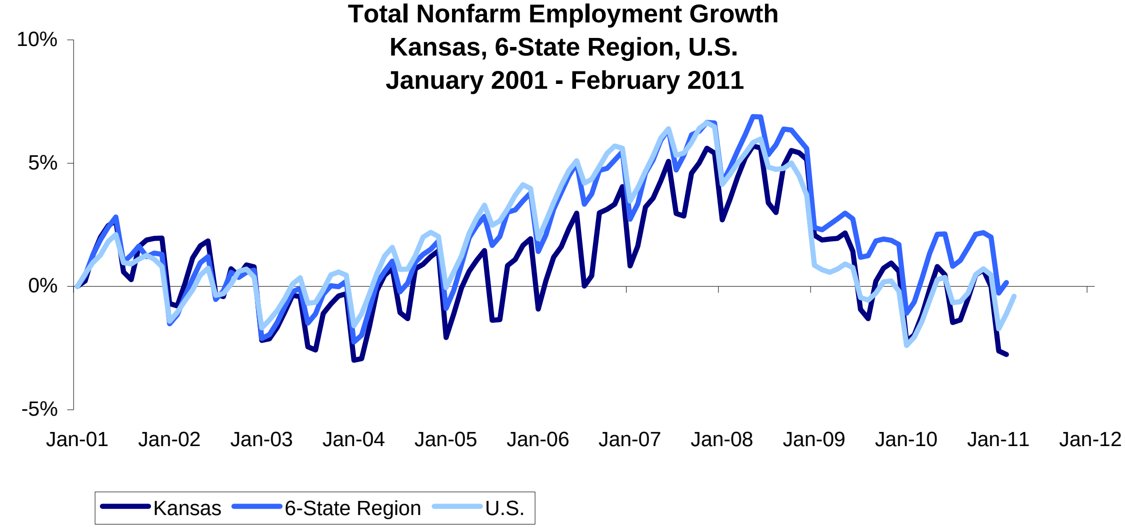
Total Nonfarm Employment
(all employees, thousands)

	Feb-11	Feb-10	Feb-06	Feb-01	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	1,293.5	1,304.0	1,333.2	1,333.1	-0.8%	-3.0%	-3.0%
6-State Region	9,866.3	9,789.0	10,057.2	9,895.1	0.8%	-1.9%	-0.3%
U.S.	128,982.0	127,746.0	122,887.0	131,097.0	1.0%	5.0%	-1.6%

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



Total Nonfarm Employment Growth
Kansas, 6-State Region, U.S.
January 2001 - February 2011



Source: *2011 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 (2010 to 2011)

- Kansas private sector employment down 12,100 (-1.2%)
- 6-State Region private sector employment up 89,100 (1.1%)
- U.S. private sector employment up 1,546,000 (1.5%)

Long-Term (2001 to 2011)

- Kansas private sector employment down 55,900 (-5.2%)
- 6-State Region private sector employment down 182,100 (-2.2%)
- U.S. private sector employment down 3,362,000 (-3.1%)

February 2011 Private Sector Employment Levels
(all employees, thousands)

State	Employment
Kansas	1,028.4
Arkansas	942.2
Colorado	1,810.7
Iowa	1,195.8
Missouri	2,144.4
Nebraska	763.3
Oklahoma	1,179.6

About the data and graphs

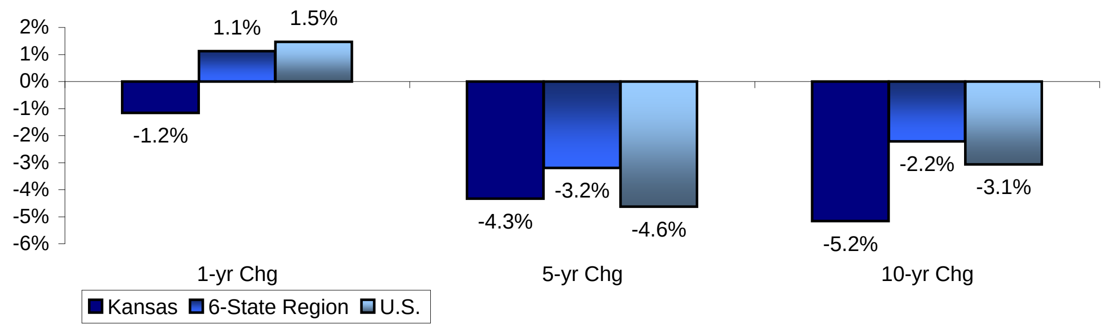
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs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

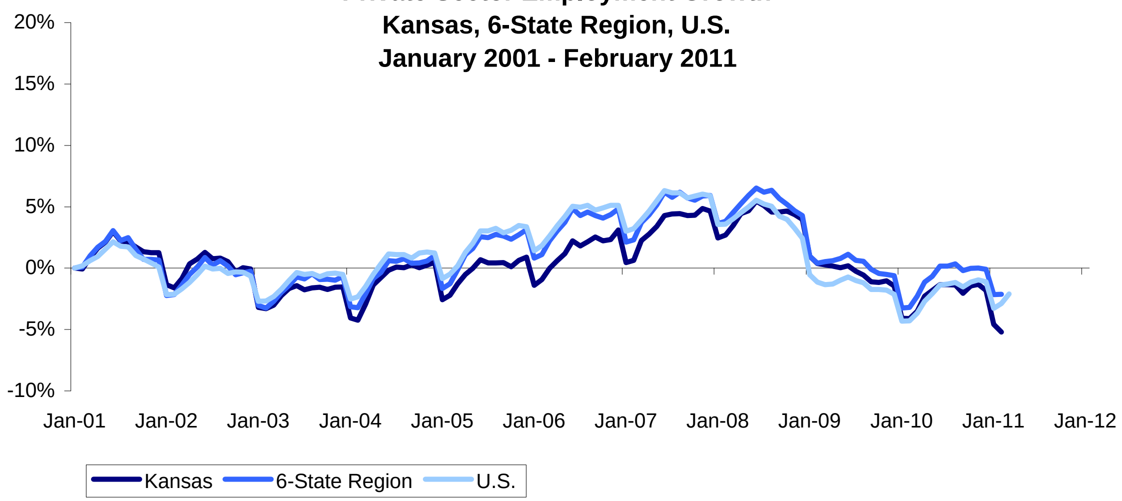
Private Sector Employment
(all employees, thousands)

	Feb-11	Feb-10	Feb-06	Feb-01	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	1,028.4	1,040.5	1,075.0	1,084.3	-1.2%	-4.3%	-5.2%
6-State Region	8,036.0	7,946.9	8,301.2	8,218.1	1.1%	-3.2%	-2.2%
U.S.	106,527.0	104,981.0	111,693.0	109,889.0	1.5%	-4.6%	-3.1%

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



Private Sector Employment Growth
Kansas, 6-State Region, U.S.
January 2001 - February 2011



Source: *2011 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 (2010 to 2011)

- Kansas manufacturing employment down 1,000 (-0.6%)
- 6-State Region manufacturing employment up 13,100 (1.4%)
- U.S. manufacturing employment up 192,000 (1.7%)

Long-Term (2001 to 2011)

- Kansas manufacturing employment down 38,300 (-19.5%)
- 6-State Region manufacturing employment down 362,600 (-27.8%)
- U.S. manufacturing employment down 5,401,000 (-31.9%)

February 2011 Manufacturing Employment Levels

(all employees, thousands)

State	Employment
Kansas	158.0
Arkansas	156.1
Colorado	123.7
Iowa	198.1
Missouri	243.3
Nebraska	92.6
Oklahoma	127.6

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.

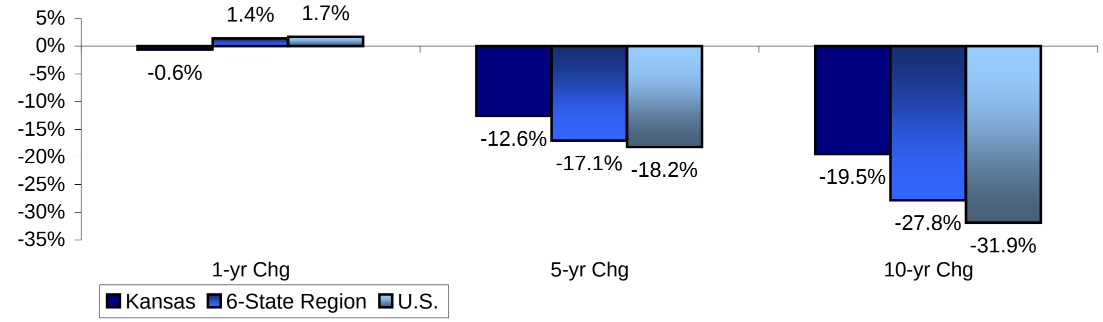
The manufacturing sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products.

Manufacturing Employment

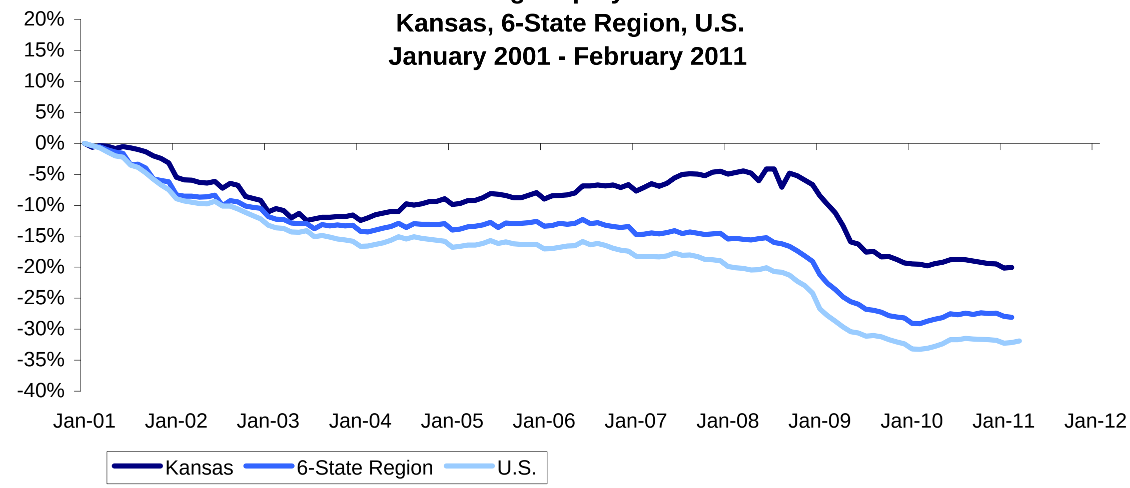
(all employees, thousands)

	Feb-11	Feb-10	Feb-06	Feb-01	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	158.0	159.0	180.8	196.3	-0.6%	-12.6%	-19.5%
6-State Region	941.4	928.3	1,135.3	1,304.0	1.4%	-17.1%	-27.8%
U.S.	11,532.0	11,340.0	14,104.0	16,933.0	1.7%	-18.2%	-31.9%

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



Manufacturing Employment Growth
Kansas, 6-State Region, U.S.
January 2001 - February 2011



Source: 2011 monthly data
U.S. Department of Labor - Bureau of Labor Statistics
Kansas Department of Labor - Labor Market Information

http://www.bls.gov/bls/employment.htm
http://laborstats.dol.ks.gov/

Indicators of the Kansas Economy
Service Employment

Mar-11

Short-Term (2010 to 2011)

- Kansas service employment down 9,500 (-1.1%)
- 6-State Region service employment up 80,400 (1.2%)
- U.S. service employment up 1,301,000 (1.5%)

Long-Term (2001 to 2011)

- Kansas service employment down 6,500 (-0.8%)
- 6-State Region service employment up 252,600 (4.0%)
- U.S. service employment up 3,226,000 (3.8%)

February 2011 Service Employment Levels

(all employees, thousands)

State	Employment
Kansas	817.4
Arkansas	732.8
Colorado	1,560.5
Iowa	945.0
Missouri	1,805.0
Nebraska	632.9
Oklahoma	943.6

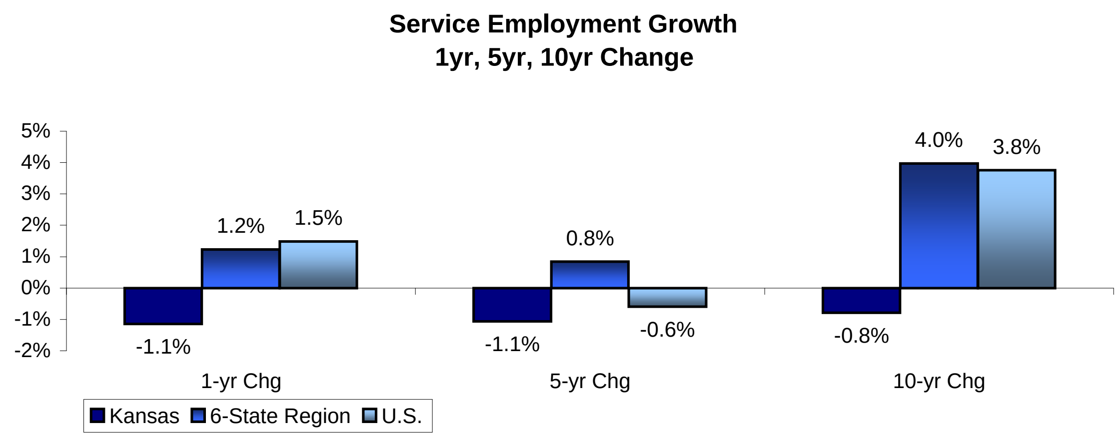
About the data and graphs

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)

	Feb-11	Feb-10	Feb-06	Feb-01	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	817.4	826.9	826.2	823.9	-1.1%	-1.1%	-0.8%
6-State Region	6,619.8	6,539.4	6,564.7	6,367.2	1.2%	0.8%	4.0%
U.S.	89,195.0	87,894.0	89,727.0	85,969.0	1.5%	-0.6%	3.8%



Source: 2011 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 (2010 to 2011)

- Kansas public sector employment up 1,600 (0.6%)
- 6-State Region public sector employment down 11,800 (-0.6%)
- U.S. public sector employment down 310,000 (-1.4%)

Long-Term (2001 to 2011)

- Kansas public sector employment up 16,300 (6.6%)
- 6-State Region public sector employment up 153,300 (9.1%)
- U.S. public sector employment up 1,247,000 (5.9%)

February 2011 Public Sector Employment Levels

(all employees, thousands)

State	Employment
Kansas	265.1
Arkansas	218.8
Colorado	393.9
Iowa	256.6
Missouri	453.4
Nebraska	168.9
Oklahoma	338.7

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 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.

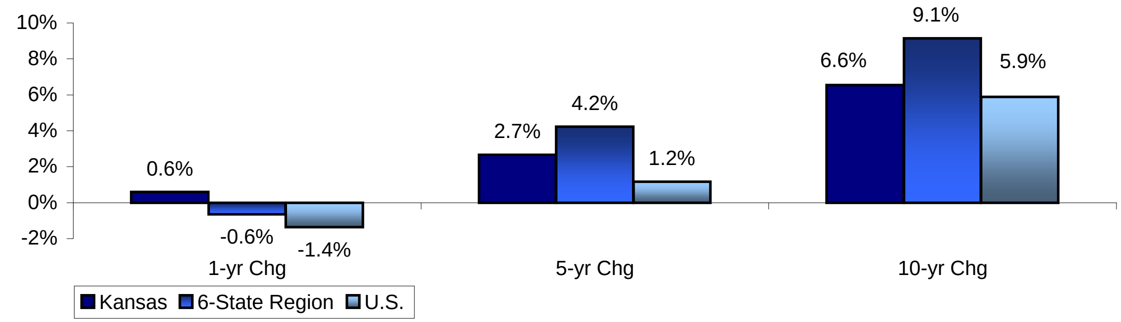
The data series chosen for IKE are not adjusted for seasonal variation; hence the short term employment graph shows substantial decreases in July and August when many public school personnel are off the job. *Kansas, Inc. has included Federal, State, and Local Government.*

Public Sector Employment

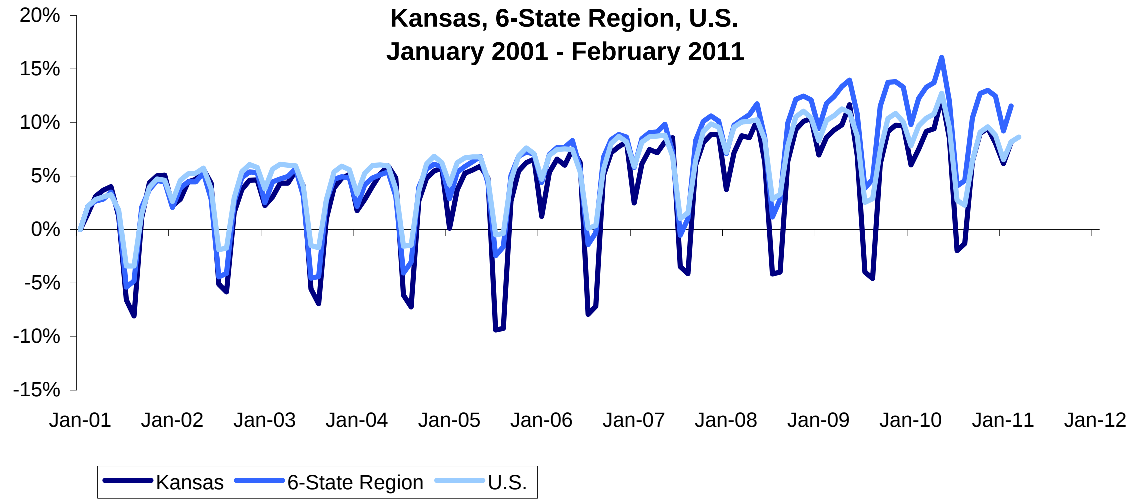
(all employees, thousands)

	Feb-11	Feb-10	Feb-06	Feb-01	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	265.1	263.5	258.2	248.8	0.6%	2.7%	6.6%
6-State Region	1,830.3	1,842.1	1,756.0	1,677.0	-0.6%	4.2%	9.1%
U.S.	22,455.0	22,765.0	22,194.0	21,208.0	-1.4%	1.2%	5.9%

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



Public Sector Employment Growth
Kansas, 6-State Region, U.S.
January 2001 - February 2011



Source: *2011 monthly data*
U.S. Department of Labor - Bureau of Labor Statistics
Kansas Department of Labor - Labor Market Information

http://www.bls.gov/bls/employment.htm
http://laborstats.dol.ks.gov/

Short-Term (2010 to 2011)

- Kansas unemployment down 3,216 (-2.9%)
- 6-State Region unemployment down 43,889 (-4.4%)
- U.S. unemployment down 1,449,000 (-9.1%)
- Kansas unemployment rate down (-0.3%)
- 6-State Region unemployment rate down (-0.4%)
- U.S. unemployment rate down (-1.0%)

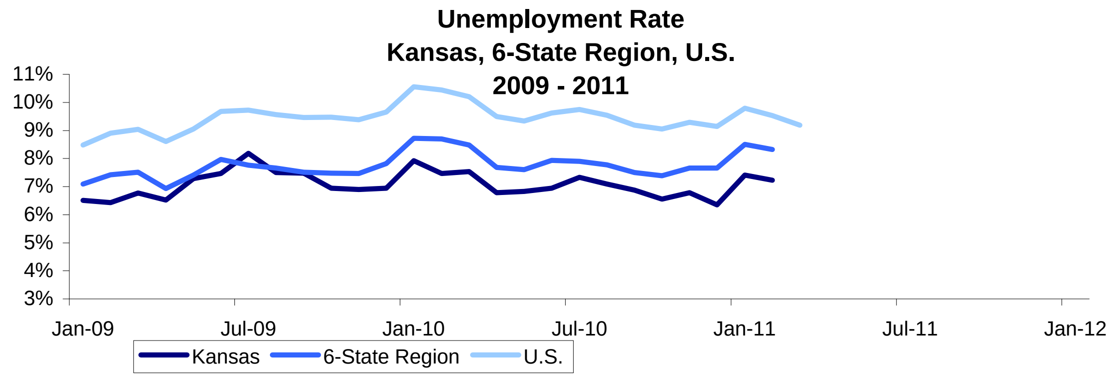
Long-Term (2001 to 2011)

- Kansas unemployment up 49,596 (84.1%)
- 6-State Region unemployment up 520,364 (121.2%)
- U.S. unemployment up 8,019,000 (122.9%)
- Kansas unemployment rate up (3.0%)
- 6-State Region unemployment rate up (4.3%)
- U.S. unemployment rate up (4.7%)

Unemployment and Unemployment Rate

(all employees)

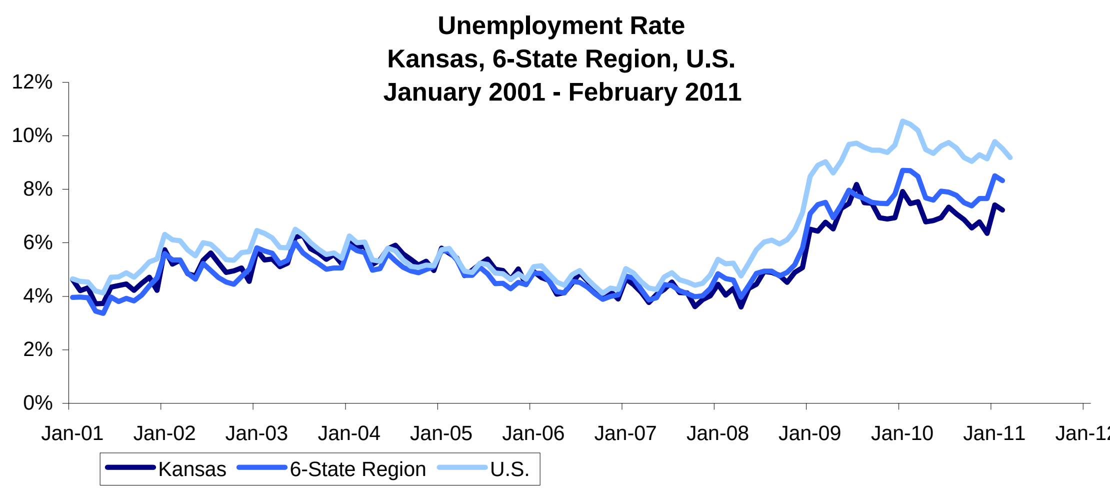
	Feb-11	Feb-10	Feb-06	Feb-01	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	108,571	111,787	68,442	58,975	-2.9%	58.6%	84.1%
6-State Region	949,880	993,769	546,386	429,516	-4.4%	73.8%	121.2%
U.S.	14,542,000	15,991,000	7,692,000	6,523,000	-9.1%	89.1%	122.9%
Kansas (%)	7.2%	7.5%	4.7%	4.2%	-0.3%	2.5%	3.0%
6-State Region (%)	8.3%	8.7%	4.9%	4.0%	-0.4%	3.4%	4.3%
U.S. (%)	9.2%	10.2%	4.8%	4.5%	-1.0%	4.4%	4.7%



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.



Source: *2011 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
Initial Claims for Unemployment

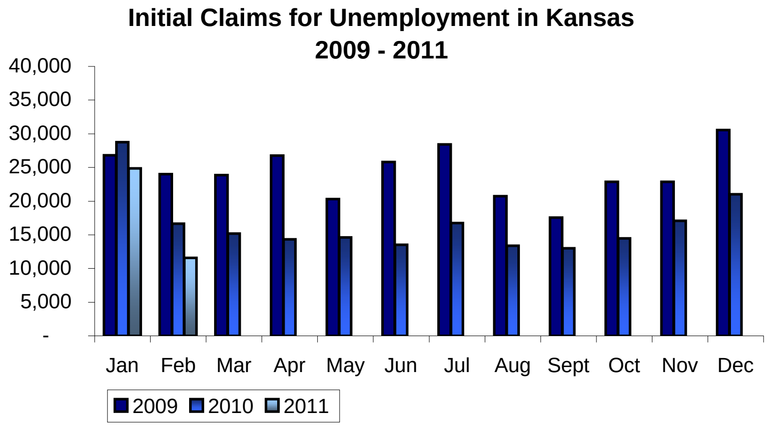
Mar-11

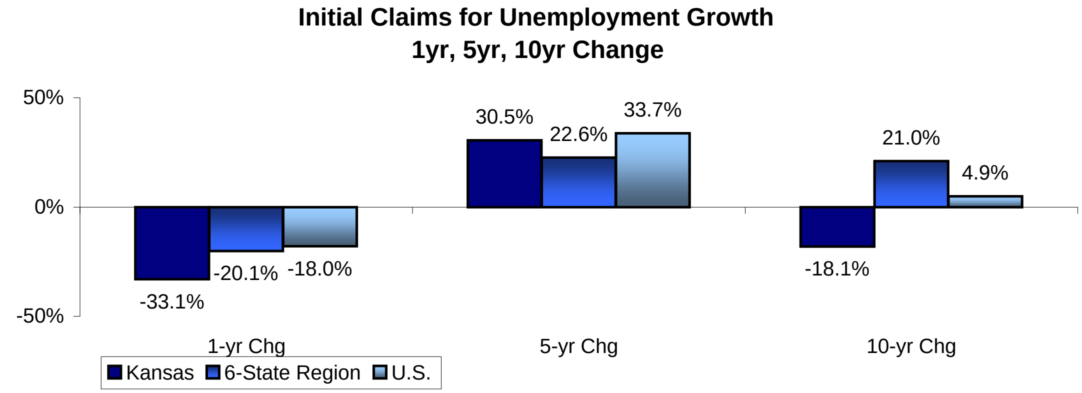
Short-Term (2010 to 2011)
- Kansas initial claims down 5,513 (-33.1%)
- 6-State Region initial claims down 26,501 (-20.1%)
- U.S. initial claims down 344,990 (-18.0%)

Long-Term (2001 to 2011)
- Kansas initial claims down 7,120 (-18.1%)
- 6-State Region initial claims up 18,242 (21.0%)
- U.S. intial claims up 73,190 (4.9%)

Initial Claims for Unemployment
(all employees)

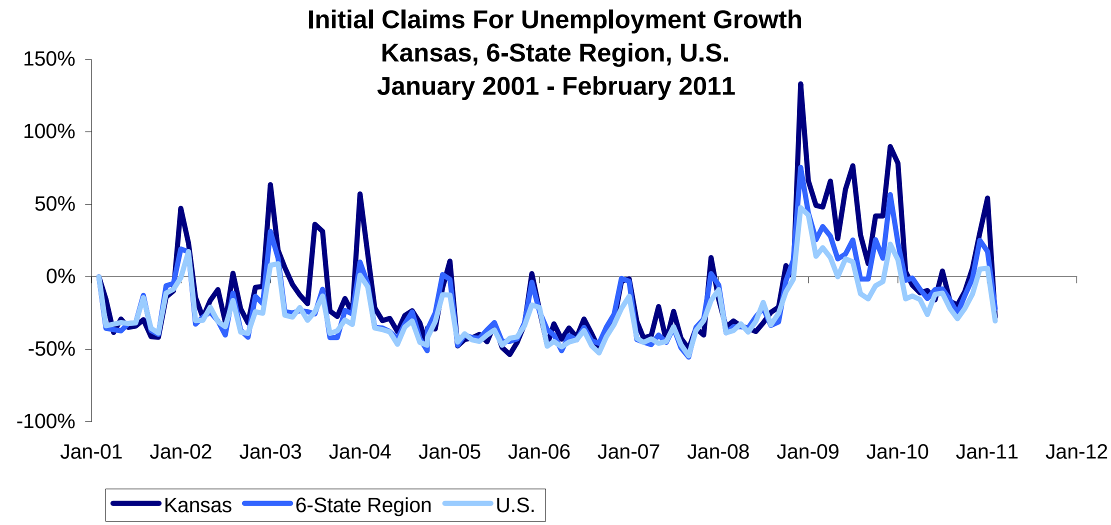
	Feb-11	Feb-10	Feb-06	Feb-01	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	11,158	16,671	8,547	13,619	-33.1%	30.5%	-18.1%
6-State Region	105,198	131,699	85,778	86,956	-20.1%	22.6%	21.0%
U.S.	1,572,164	1,917,154	1,175,607	1,498,974	-18.0%	33.7%	4.9%





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: 2011 monthly data
U.S. Department of Labor - Employment and Training Administration http://workforcesecurity.doleta.gov/unemploy/claimssum.asp

Short-Term (2009 to 2010)

- Kansas private industry wage level down $299 (-0.8%)
- 6-State Region private industry wage level down $345 (-0.9%)
- U.S. private industry wage level down $106 (-0.2%)

Mid-Term (2005 to 2010)

- Kansas private industry wage level up $3,955 (11.5%)
- 6-State Region private industry wage level up $4,097 (12.0%)
- U.S. private industry wage level up $4,544 (11.2%)

2010 (p) Private Industry Wage Levels

(average annual wages, all employees, all private establishments)

State	Annual Wage
Kansas	$ 38,220
Arkansas	$ 34,857
Colorado	$ 46,332
Iowa	$ 36,105
Missouri	$ 39,676
Nebraska	$ 35,637
Oklahoma	$ 36,764

(p) - 2010 1st, 2nd, 3rd quarter avg weekly wage mulitplied by 52 weeks

About the data and graphs

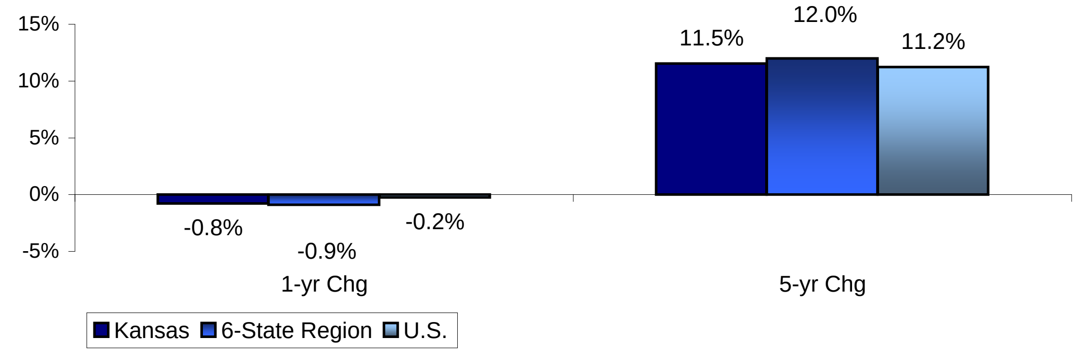
The Quarterly Census of Employment and Wages Program is a cooperative program involving the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor and the State Employment Security Agencies (SESAs). The QCEW program produces a comprehensive tabulation of employment and wage information for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

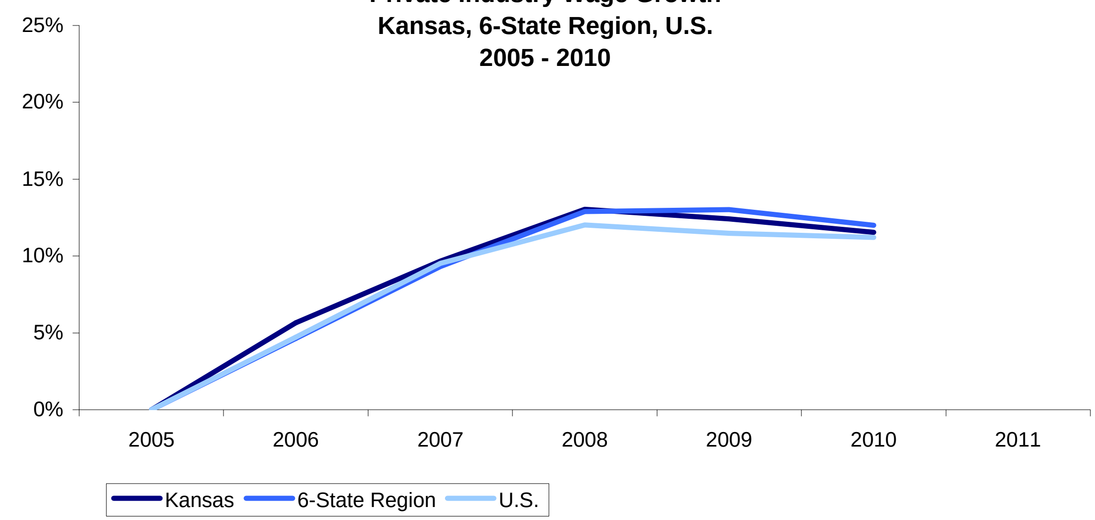
(average annual wages, all employees, all private establishments)

	2010 (p)	2009	2005	1-yr Chg	5-yr Chg
Kansas	$ 38,220	$ 38,519	$ 34,265	-0.8%	11.5%
6-State Region	$ 38,229	$ 38,574	$ 34,132	-0.9%	12.0%
U.S.	$ 45,049	$ 45,155	$ 40,505	-0.2%	11.2%

Private Industry Wage Growth
1yr, 5yr, Change



Private Industry Wage Growth
Kansas, 6-State Region, U.S.
2005 - 2010



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

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

Kansas, Inc.

Indicators of the Kansas Economy
Private Establishment Data

Mar-11

Short-Term (2008 to 2009)
- Kansas total establishments down 192 (-0.2%)
- 6-State Region total establishments down 4,696 (-0.7%)
- U.S. total establishments down 37,904 (-0.4%)

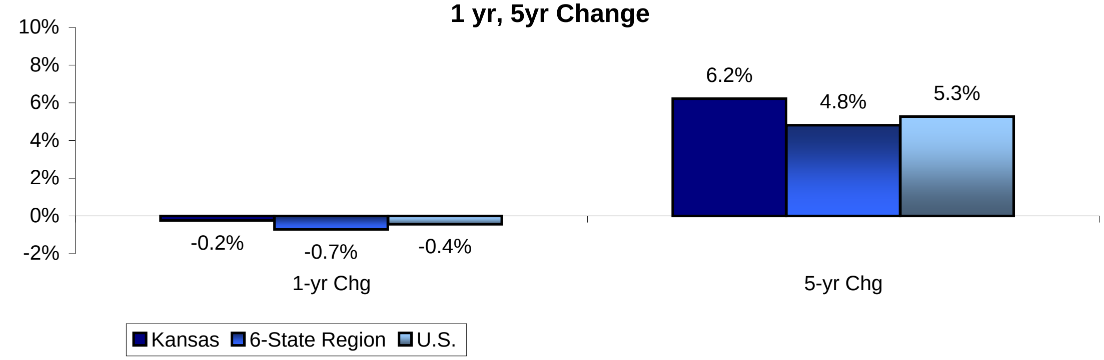
Mid-Term (2004 to 2009)
- Kansas total establishments up 4,772 (6.2%)
- 6-State Region total establishments up 29,952 (4.8%)
- U.S. total establishments up 432,373 (5.3%)

Private Establishment Data

(total private establishments, all employee sizes)

	2010 (p)	2009	2005	1-yr Chg	5-yr Chg
Kansas	81,458	81,650	76,686	-0.2%	6.2%
6-State Region	651,707	656,403	621,755	-0.7%	4.8%
U.S.	8,635,566	8,673,470	8,203,193	-0.4%	5.3%

Private Establishment Growth
1 yr, 5yr Change



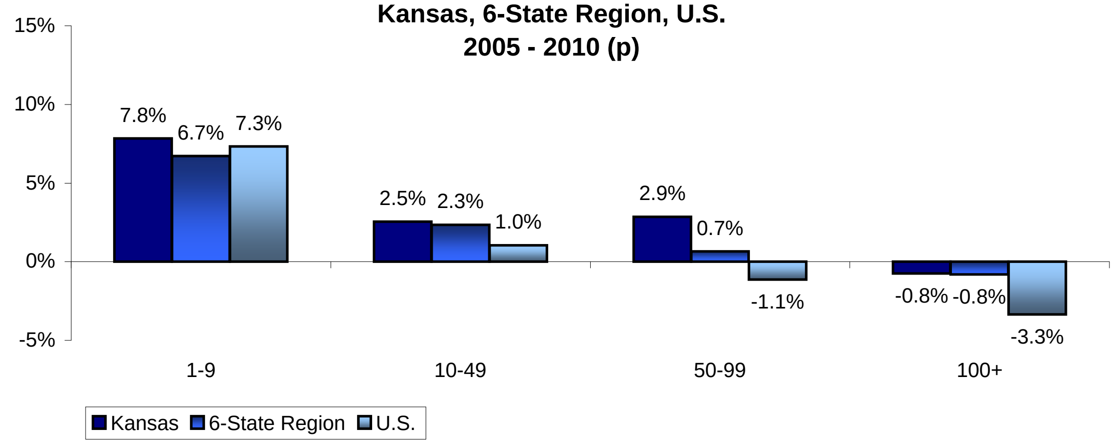
Kansas Private Establishment Data

(total private establishments, by employee size)

Year	1-9	10-49	50-99	100+
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)	62,616	15,286	2,032	1,524
1-yr Chg	0.4%	-2.0%	-2.6%	-4.0%
5-yr Chg	8.2%	0.5%	0.1%	-4.7%

(p) - preliminary

Private Establishment Growth by Employee Size
Kansas, 6-State Region, U.S.
2005 - 2010 (p)



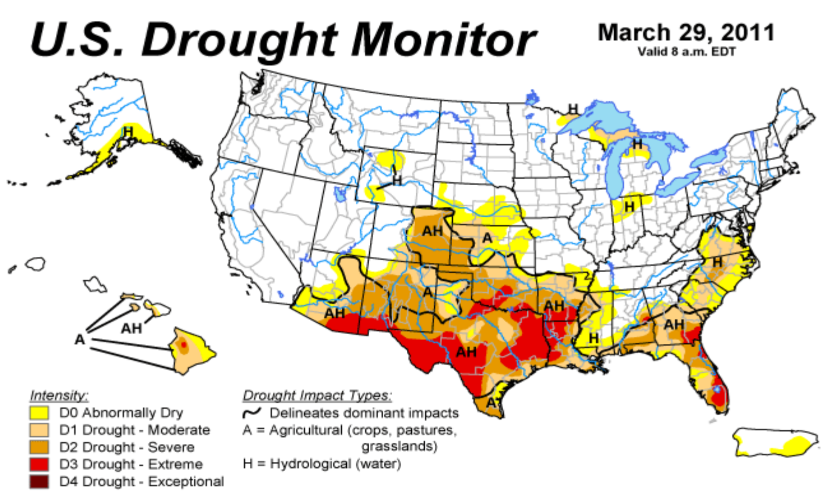
About the data and graphs

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.*

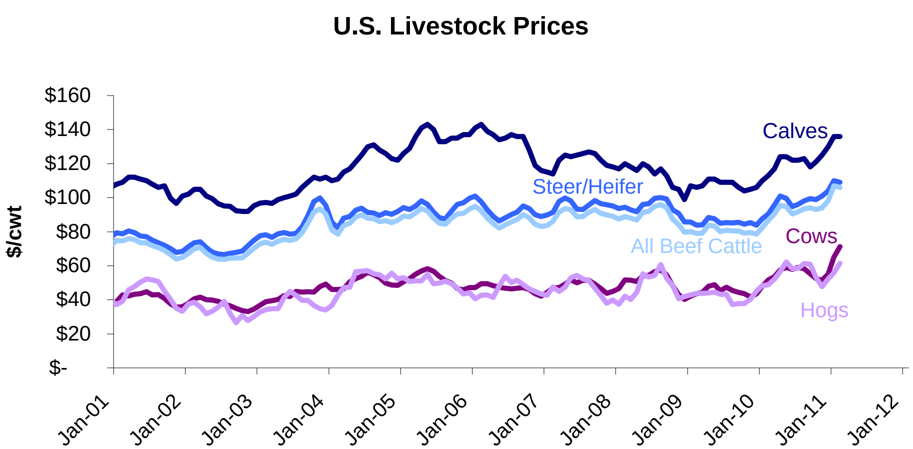
Source: *2010 annual data*
U.S. Department of Labor - Bureau of Labor Statistics http://www.bls.gov/bls/employment.htm
Kansas Department of Labor - Labor Market Information *http://laborstats.dol.ks.gov/*

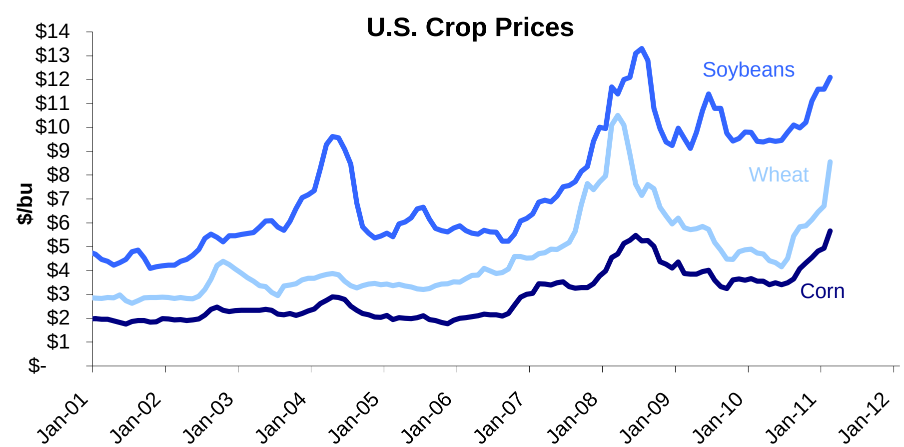
(4/1/2011 USDA Agricultural Prices) KANSAS: The **All Crops Index** in March, at 245 percent of the 1990-92 base, is down 19 points from February but up 88 points from 2010.

Wheat prices in mid-March, at $7.05 per bushel, are down 94 cents from February but $2.71 above last March. **Corn** prices in mid-March, at $5.80 per bushel, are down 31 cents from February but $2.28 above last March. Farmers received an average of $9.95 per cwt. for **grain sorghum** in mid-March, down 85 cents from February but $4.42 above last March. **Soybean** prices, at $12.30 per bushel in mid-March, are down 90 cents from February but $3.06 above last March. **All hay** prices averaged $107 per ton in mid-March, up $3 from February and $9 higher than last year. **Alfalfa hay** averaged $115 per ton, unchanged from February but $10 higher than last March. **Other hay**, at $75 per ton, is up $5 from February and $8 above last March.



UNITED STATES: The **All Farm Products Index** of Prices Received in March is 174 percent of the 1990-92 base, up 4 points from February and 33 points above March 2010. The March **All Crops Index**, at 200, is up 1 point from February and 45 points above March 2010. The March **Livestock and Products Index**, at 151, is up 7 points from last month and up 23 points from March 2010.





Source: *2011 monthly data*
United States Department of Agriculture - NASS http://www.nass.usda.gov
National Drought Mitigation Center http://www.drought.unl.edu

Kansas, Inc.

Indicators of the Kansas Economy
Kansas Farm Management Association Data

Mar-11

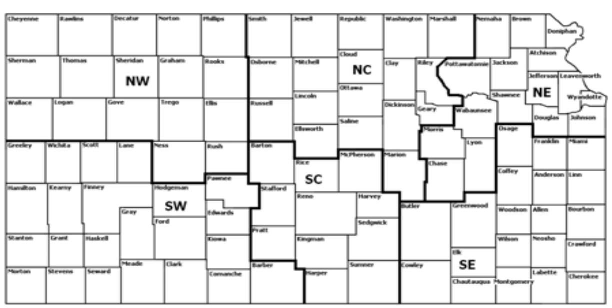
Short-Term (2009)
- 1,477 farms reported farm operation data to KFMA
- KFMA farms averaged $463,742 in value of farm production
- KFMA farms averaged $358,961 in total farm expense
- KFMA average net farm income was $104,781
- SE region had the highest net farm income at $119,381
- SW region had the 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.

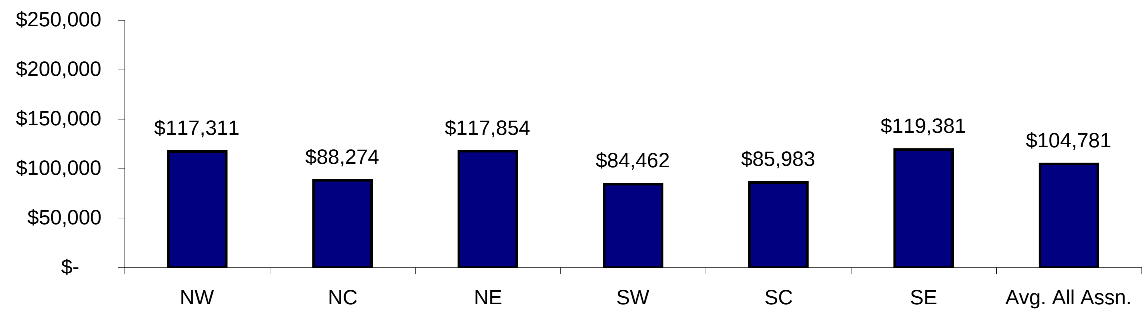
The goals of the KFMA program are to provide each member with information about business and family costs to improve farm business organization, farm business decisions, and farm profitability; and minimize risk. Through on-farm visits, whole-farm analysis, and other educational programs, Association 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.



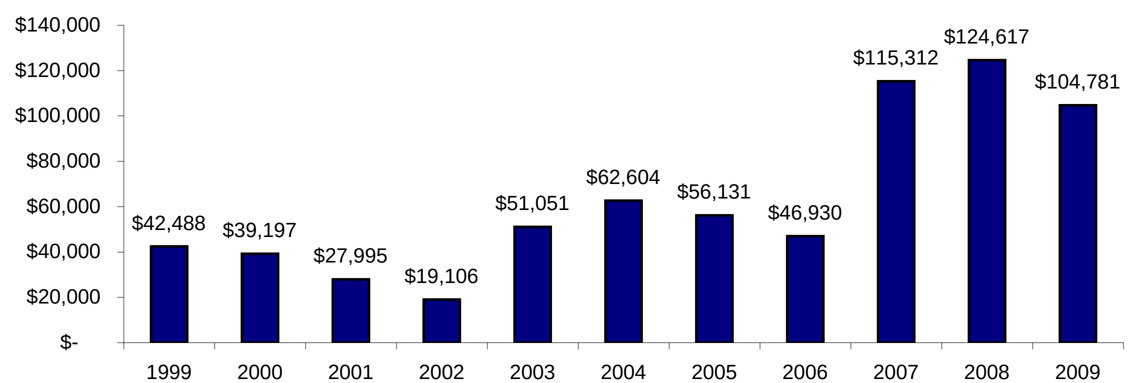
KFMA Average Net Farm Income by Region

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

2009 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

Mar-11

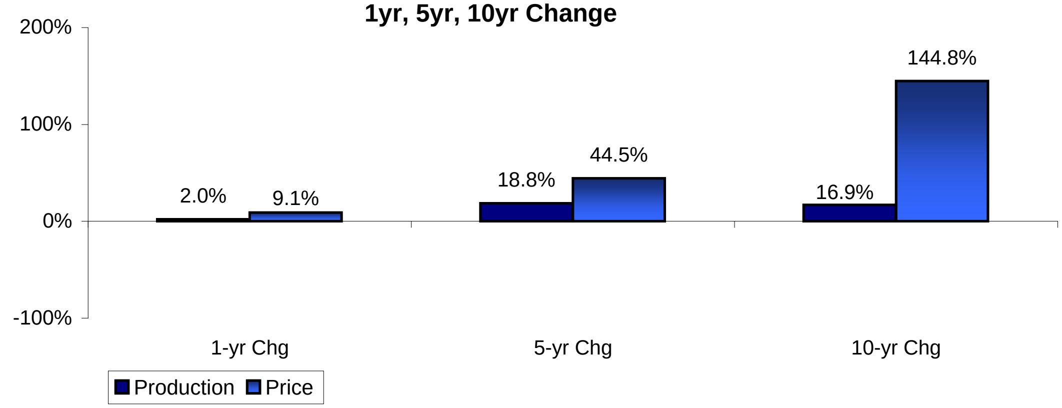
Short-Term (2009 to 2010)
- Kansas oil production up 63,629 bbl (2.0%)
- Oil price up $7.1 (9.1%)

Long-Term (2000 to 2010)
- Kansas oil production up 481,043 bbl (16.9%)
- Oil price up $49.8 (144.8%)

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)	3,320,043	3,256,414	2,795,659	2,839,000	2.0%	18.8%	16.9%
Price ($/bbl)	$ 84.25	$ 77.19	$ 58.32	$ 34.42	9.1%	44.5%	144.8%

Oil Production and Price Growth
1yr, 5yr, 10yr Change

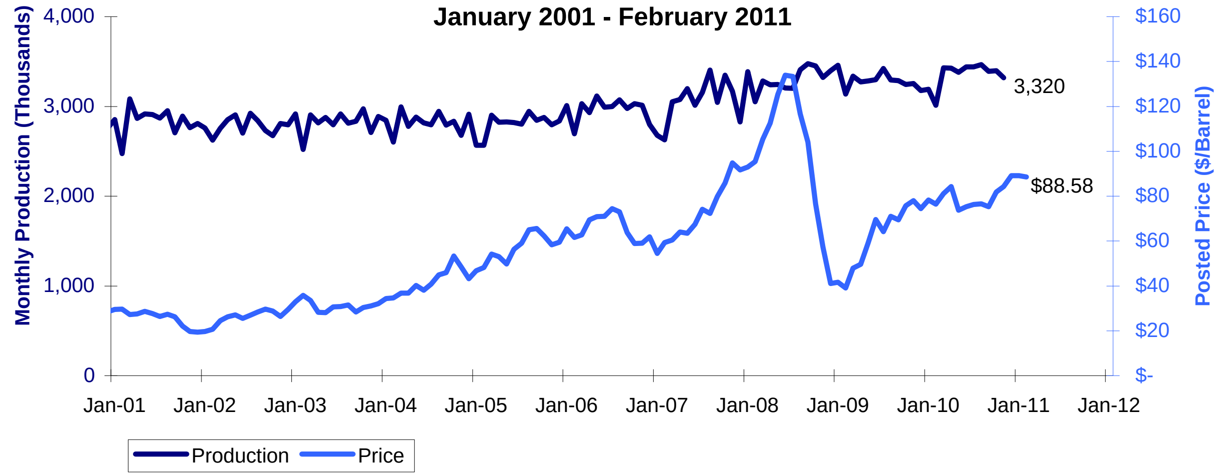


2010 Oil Production/Price

Month	Production*	Price	Month	Production*	Price
January	3,191,166	$ 78.33	July	3,441,325	$ 76.32
February	3,012,769	$ 76.39	August	3,465,117	$ 76.60
March	3,429,985	$ 81.20	September	3,391,928	$ 75.24
April	3,426,584	$ 84.29	October	3,396,197	$ 81.89
May	3,380,615	$ 73.74	November	3,320,043	$ 84.25
June	3,441,578	$ 75.34	December		$ 89.15

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

Oil Production and Price
January 2001 - February 2011



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: *2011 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

Mar-11

Short-Term (2009 to 2010)
- Kansas natural gas production down 1,790,593 mcf (-6.2%)
- Natural gas price down $0.3 (-8.2%)

Long-Term (2000 to 2010)
- Kansas natural gas production down 14,115,422 mcf (-34.3%)
- Natural gas price down $1.1 (24.1%)

2010 Natural Gas Production/Price

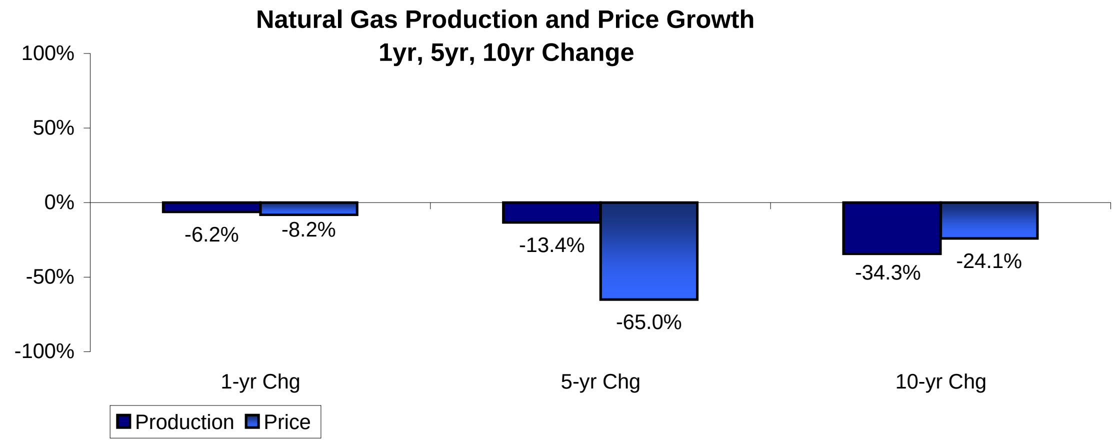
Month	Production*	Price	Month	Production*	Price
January	28,229,460	$ 5.14	July	27,373,562	$ 4.36
February	26,047,780	$ 4.89	August	28,232,305	$ 4.22
March	28,470,863	$ 4.36	September	26,905,154	$ 3.76
April	27,427,212	$ 3.92	October	28,074,109	$ 3.69
May	28,396,271	$ 4.04	November	27,016,583	$ 3.34
June	27,280,154	$ 4.25	December		$ 3.96

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

Natural Gas Production* and Price

(most recent month of both production and price information)

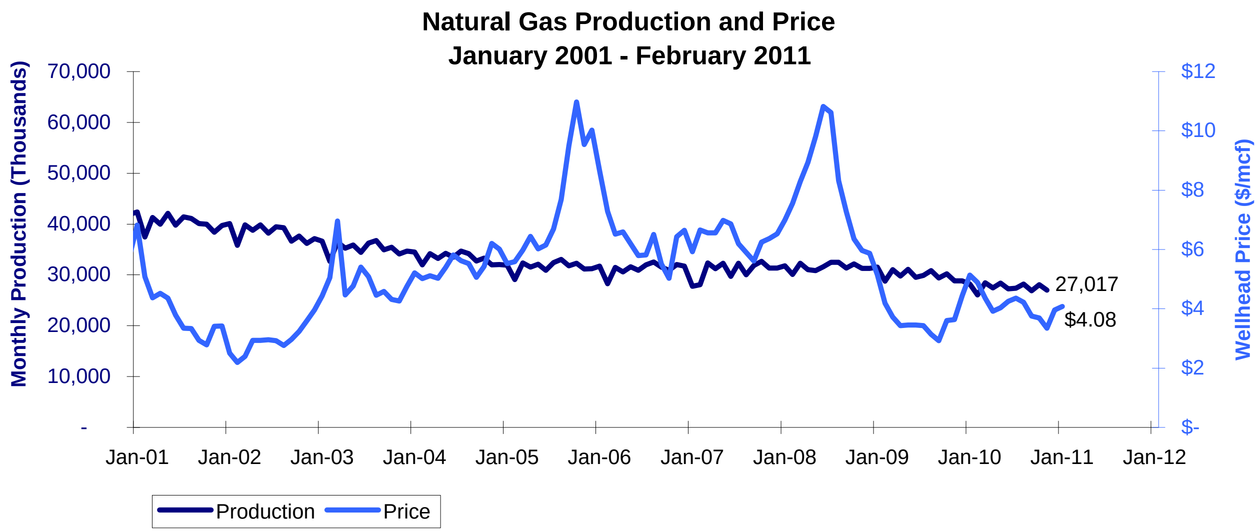
	Nov-10	Nov-09	Nov-05	Nov-00	1-yr Chg	5-yr Chg	10-yr Chg
Production (mcf)	27,016,583	28,807,176	31,189,495	41,132,005	-6.2%	-13.4%	-34.3%
Price ($/mcf)	$ 3.34	$ 3.64	$ 9.54	$ 4.40	-8.2%	-65.0%	-24.1%



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: *2011 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

Kansas City Federal Reserve Bank 10th District Current Economic Conditions

March 2, 2011 - Tenth District - Kansas City - The Tenth District economy expanded further in January and early February, though inclement weather dampened consumer spending. Retailers reported that severe winter storms contributed to limited sales but they expected a rebound in coming months. District manufacturers reported solid growth since the previous survey period and anticipated strong future activity. Little improvement was noted in residential real estate; however, commercial real estate showed further signs of stabilization. District banks reported a decrease in overall loan demand, increased deposits, and stable loan quality. In agriculture, poor growing conditions and tight supplies raised commodity prices. Hiring and production expanded in the energy sector along with drilling activity in key oil and gas liquids fields in the District. Retailers and manufacturers noted added pressure on profit margins from increased materials costs.

Consumer Spending - Many District retailers reported that unusually severe winter storms limited sales activity in January and early February. Several retail contacts noted temporary layoffs and reduced hours for workers in response to the inclement weather. Overall, sales generally remained at or above year-ago levels and most retailers remained optimistic that sales would increase in coming months. While auto sales softened due to severe winter storms, dealers were satisfied with inventory levels and expected a sharp rebound in sales in the near future. Most tourism contacts reported decreased visitor counts compared with month- and year-ago levels, and respondents indicated severe winter weather as a possible deterrent.

Manufacturing and Other Business Activity - District manufacturing activity continued to expand, while high-tech services and transportation activity slowed somewhat. Factory production and orders expanded solidly, and backlogs rose moderately. Inventories of both raw and finished goods increased slightly. Many manufacturers hired additional workers and anticipated hiring gains will remain solid in the coming six months. Concerns persisted about rising input costs, but an increasing number of factory operators reported an ability to raise finished goods prices. Planned capital expenditures at factories were up, although most contacts reported adequate capacity. Sales at high-tech firms softened in the latest reporting period, especially those related to federal stimulus spending. High-tech contacts nonetheless noted strength in sales related to data centers and e-commerce. Transportation firms reported weak activity in the current reporting period but remained optimistic that conditions would improve in the coming three months. Several transportation contacts cited rising fuel costs and difficulty finding qualified drivers as possible constraints on future growth.

Real Estate and Construction - Residential real estate activity remained sluggish in January and early February, while the commercial real estate sector showed further signs of stabilization. The residential real estate sector remained hampered by falling transaction volumes and increased inventories of unsold homes. Weak sales of both new and existing homes put further downward pressure on home prices, but real estate agents anticipated a surge in home sales this spring due to seasonal buying patterns. Although housing starts were flat, residential builders remained upbeat and reported a rebound in traffic. Commercial real estate activity stabilized with increased sales and leasing activity, reduced vacancy rates, and increased absorption. Nonetheless, further declines were reported in rents and selling prices and developers' access to credit remained constrained. Mortgage lenders noted a continued decline in mortgage loan demand and refinance activity due to rising mortgage interest rates.

Banking - Bankers reported weaker loan demand, increased deposits, and an improved outlook for loan quality in the recent reporting period. Overall loan demand decreased slightly as demand for commercial and industrial loans, residential real estate loans, and consumer installment loans decreased while commercial real estate loan demand edged up. For the fourth straight survey, credit standards remained unchanged in all major loan categories. Loan quality was mostly unchanged from the previous period, while the outlook for loan quality over the next six months improved.

Energy - The energy sector expanded further in January and February as oil and gas firms reported increased hiring and production. Natural gas production remained strong despite high inventory levels and only modest seasonal gains in natural gas prices. Exploration in the District shifted further toward crude oil and natural gas liquids, particularly in New Mexico and the Niobrara oil shale formation in Colorado and Wyoming. Producers anticipated continued soft natural gas prices and steady crude oil prices in the next three months, despite concerns over international instability. A number of energy contacts cited continued competitive pressures for drilling equipment and workers as constraints on future drilling activity, but access to capital was viewed as adequate. Wyoming coal production remained well above year-ago levels. Higher corn prices trimmed ethanol profits in recent weeks.

Agriculture - Poor growing conditions and tight supplies lifted commodity prices and farm incomes since the previous survey period. While winter wheat crop conditions deteriorated due to dry, cold weather, recent snowfall eased drought conditions in the southern Plains. Heavy snowfall also limited grazing and prompted some supplemental cattle feeding. Tight global supplies supported high crop prices, boosting farm income. Cattle and hog prices strengthened with higher demand, but rising feed costs limited profits. Operating loan demand weakened as farmers used cash to pre-pay for crop inputs. Capital spending rose briskly. District contacts reported collateral requirements held steady and ample funds were available for farm loans at historically low interest rates. Farmland prices surged with rising farm income and robust demand for farmland, with the strongest gains reported in Nebraska and Kansas.

Wages and Prices - Input prices continued to increase in many industries, but selling prices and wages generally remained steady. Contacts expected sustained increases in input prices, and most expected higher selling prices in coming months. Manufacturers reported persistent increases in raw materials prices and anticipated the upward trend to continue. Increasing commodity prices put upward pressure on food costs, particularly livestock products. Restaurants reported tighter margins as menu prices remained flat in the face of rising food costs; an uptick in fuel costs contributed to rising building materials prices. Firms reported little evidence of wage pressures across the District and anticipated little to no wage pressure in the near future. A limited number of firms expected to hire seasonal workers in the next three months, but few have considered wage increases to attract qualified candidates.

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.

Co-Chaired by the Governor, Kansas, Inc. is governed by a 17-member Board of Directors. Board members, as mandated by legislation, include four members of Legislative leadership, a representative from the Board of Regents, the Secretary of Commerce, the Commanding General of the Kansas Cavalry, a representative from labor, and eight members from the private sector representing key Kansas industrial sectors. Private sector members are appointed by the Governor and confirmed by the Kansas Senate.

Board of Directors

Co-Chairs

Governor Sam Brownback
Topeka

Don Landoll
Kansas Cavalry, Marysville

Members

Gene Argo
Mid-America Rodeo Company, Hays

Mark Bannister
Fort Hays State University, Hays

Patti Bossert
Key Staffing, Topeka

Rep. Tom Burroughs
State Representative, Kansas City

Rep. Lana Gordon
State Representative, Topeka

Donna Johnson
Pinnacle Technology, Lawrence

Sen. Tom Holland
State Senator, Baldwin City

Lawrence McCants
First National Bank, Goodland

John Pilla
Spirit AeroSystems, Wichita

Don Schnacke
Donald P. Schnacke, P.A., Topeka

Secretary Pat George
Kansas Department of Commerce, Topeka

Stephen Waite
Waiteco, El Dorado

Sen. Roger Reitz
State Senator, Manhattan

Staff

Debby Fitzhugh
Director of Operations

Stan R. Ahlerich
President

Dan Korber
Sr. Research Analyst

Kansas, Inc.

632 SW Van Buren, Suite 100
Topeka, KS 66603
(785) 296-1460
(785) 296-1463 (fax)
www.kansasinc.org
ksinc@ink.org