Research Report

Indicators of the Kansas Economy (IKE)

Prepared by

Kansas, Inc.

September 2010

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.

Indicators of the Kansas Economy
Key Trends

Sep-10

Employment and Unemployment

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Total Nonfarm Employment *(all employees, thousands)*							
Kansas	1,321.5	1,314.6	1,312.2	1,332.6	0.5%	0.7%	-0.8%
Private Sector Employment *(all employees, thousands)*							
Kansas	1,079.1	1,080.5	1,089.7	1,109.2	-0.1%	-1.0%	-2.7%
Manufacturing Employment *(all employees, thousands)*							
Kansas	162.4	163.6	181.0	199.7	-0.7%	-10.3%	-18.7%
Service Employment *(all employees, thousands)*							
Kansas	843.3	848.8	834.4	833.0	-0.6%	1.1%	1.2%
Public Sector Employment *(all employees, thousands)*							
Kansas	242.4	234.1	222.5	223.4	3.5%	8.9%	8.5%
Unemployment Rate *(%)*							
Kansas	6.7%	7.1%	5.0%	4.0%	-0.4%	1.7%	2.7%
Initial Claims for Unemployment *(all employees)*							
Kansas	13,379	20,750	8,256	7,660	-35.5%	62.1%	74.7%

Wages/Entrepreneurship

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

	2009 (p)	2008	2004	1-yr Chg	5-yr Chg
Kansas	81,653	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	$ 38,511	$ 38,735	$ 33,013	-0.6%	16.7%

Energy

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

	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Production (bbl)	3,378,836	3,282,305	2,825,921	2,968,000	2.9%	19.6%	13.8%
Price ($/bbl)	$ 73.74	$ 59.03	$ 49.83	$ 28.79	24.9%	48.0%	156.1%

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

Production (mcf)	28,203,095	31,068,015	32,129,840	44,920,267	-9.2%	-12.2%	-37.2%
Price ($/mcf)	$ 4.04	$ 3.45	$ 6.02	$ 3.04	17.1%	-32.9%	32.9%

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 (Q2)	2009	2005	2000	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	113,945	110,673	90,876	76,684	3.0%	25.4%	48.6%
6-State Region	853,833	834,969	707,094	577,785	2.3%	20.8%	47.8%
U.S.	12,462,673	12,165,474	10,476,669	8,554,866	2.4%	19.0%	45.7%

Per Capita Personal Income Estimates *($)*

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

Consumer Price Index

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Midwest Urban	208.6	205.6	189.7	168.2	1.5%	10.0%	24.0%
U.S. City Average	218.3	215.8	196.4	172.8	1.2%	11.2%	26.3%

Chicago Fed National Activity Index (CFNAI)

	Aug-10	Jul-10	Jun-10	May-10	Apr-10	Mar-10	Aug-09
CFNAI	(0.53)	(0.11)	(0.63)	(0.06)	0.36	0.50	(0.56)

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

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	413	633	1,172	857	-34.8%	-64.8%	-51.8%

Sales Tax Collections *($)*

	Jun-10	Jun-09	Jun-05	Jun-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	168,527,200	164,888,452	152,750,100	139,559,515	2.2%	10.3%	20.8%

IKE - Variables

General Economic Data

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

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

2009 Population Estimates

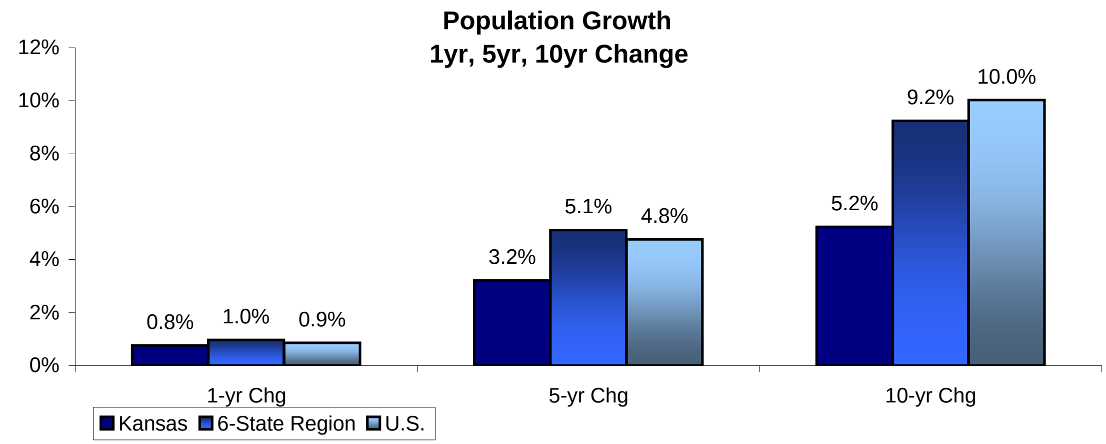
Region	Population
Kansas	2,818,747
Arkansas	2,889,450
Colorado	5,024,748
Iowa	3,007,856
Missouri	5,987,580
Nebraska	1,796,619
Oklahoma	3,687,050
6-State Region	22,393,303
U.S.	307,006,550

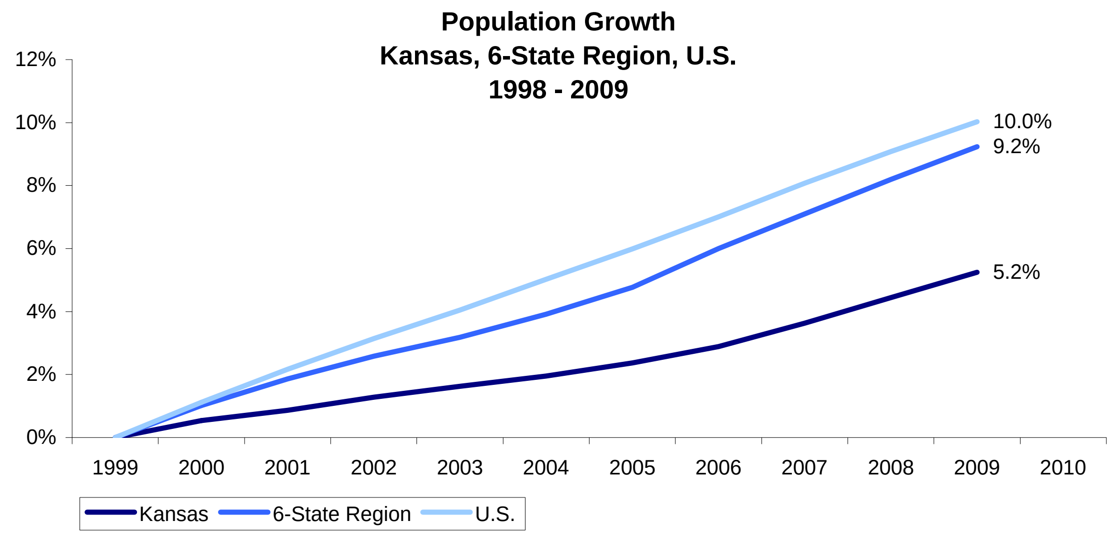
About the data and graphs

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

Population

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





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

Indicators of the Kansas Economy
Gross State Product

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)

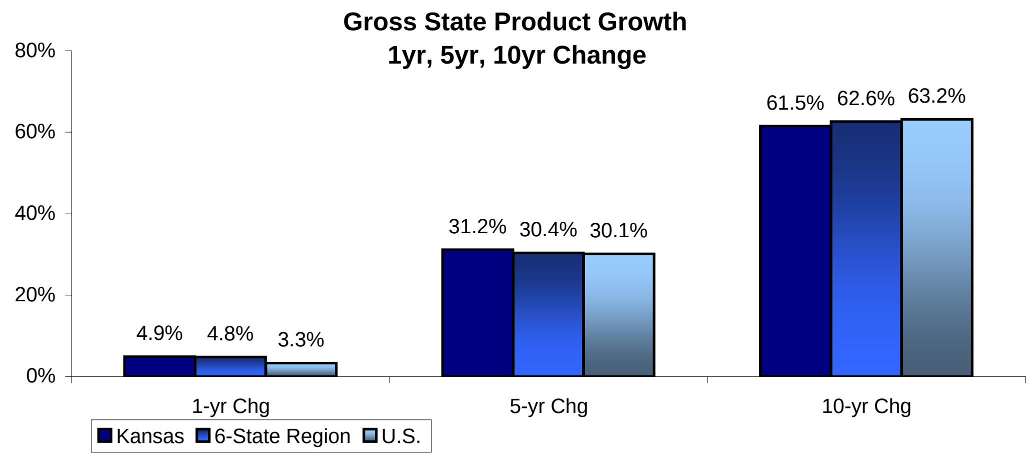
- Kansas GSP up $46,726 million (61.5%)
- 6-State Region GSP up $365,784 million (62.6%)
- U.S. GSP up $5,485,908 million (63.2%)

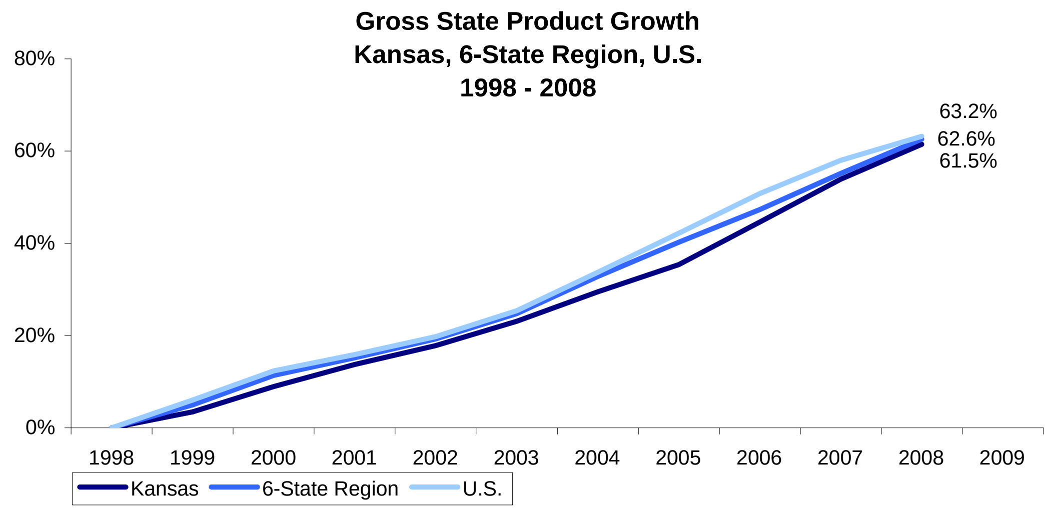
2008 Gross State Product
(millions of current dollars)

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

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%





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.

Source: 2008 annual data
U.S. Department of Commerce - Bureau of Economic Analysis http://www.bea.gov/regional/

Kansas, Inc.

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

Sep-10

Short-Term (2008 to 2010)

- Kansas PI up $3,272 million (3.0%)
- 6-State Region PI up $18,864 million (2.3%)
- U.S. PI up $297,199 million (2.4%)

- Kansas PCPI down $871 (-2.2%)
- 6-State Region PCPI down $881 (-2.3%)
- U.S. PCPI down $1,047 (-2.6%)

Long-Term (1999 to 2010)

- Kansas PI up $37,261 million (48.6%)
- 6-State Region PI up $276,048 million (47.8%)
- U.S. PI up $3,907,807 million (45.7%)

- Kansas PCPI up $12,437 (46.4%)
- 6-State Region PCPI up $11,489 (44.8%)
- U.S. PCPI up $11,293 (39.9%)

About the data and graphs

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

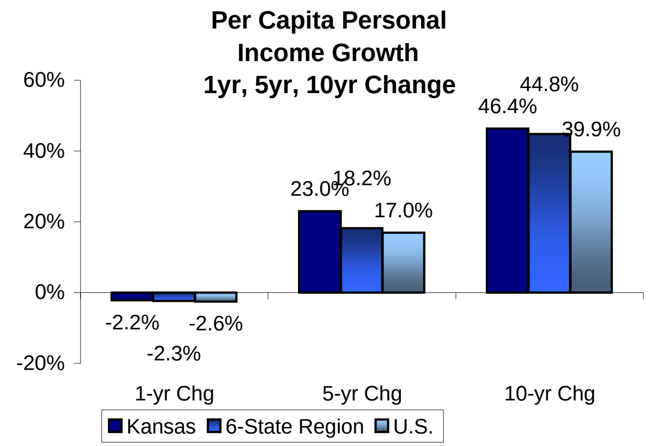
Personal income is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income,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

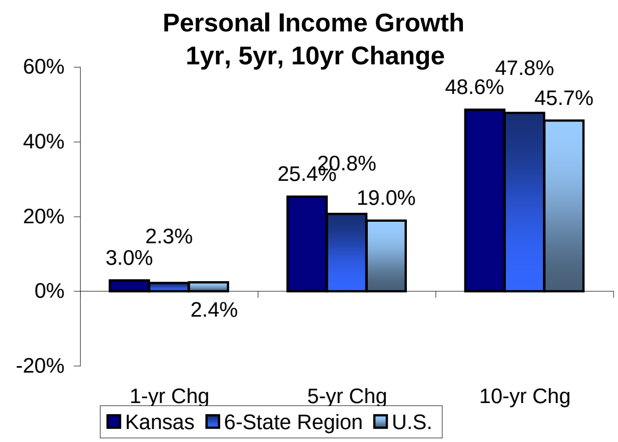
Personal Income Estimates (PI) - *(millions of dollars)*

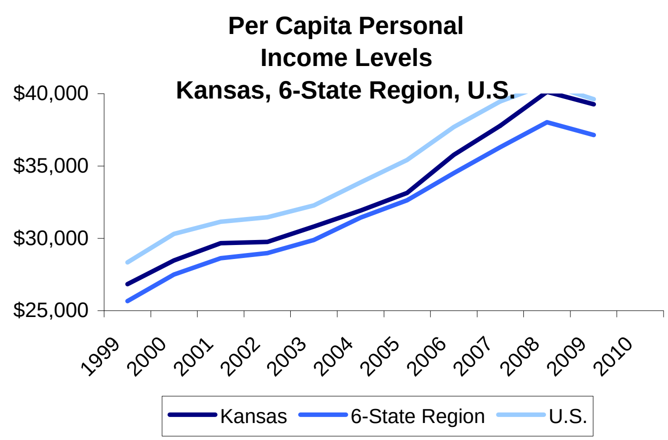
	2010 (Q2)	2009	2005	2000	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	113,945	110,673	90,876	76,684	3.0%	25.4%	48.6%
6-State Region	853,833	834,969	707,094	577,785	2.3%	20.8%	47.8%
U.S.	12,462,673	12,165,474	10,476,669	8,554,866	2.4%	19.0%	45.7%

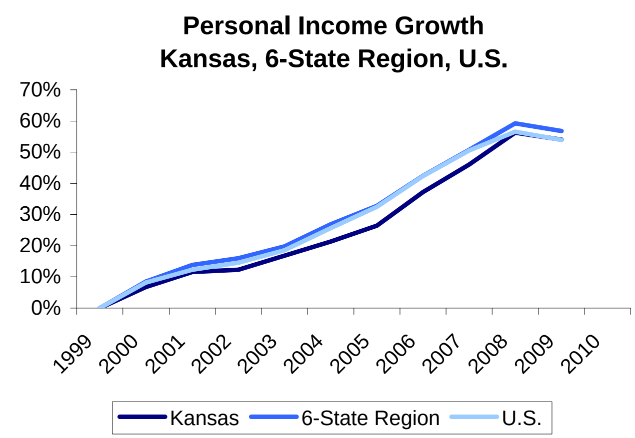
Per Capita Personal Income Estimates (PCPI) - ($)

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









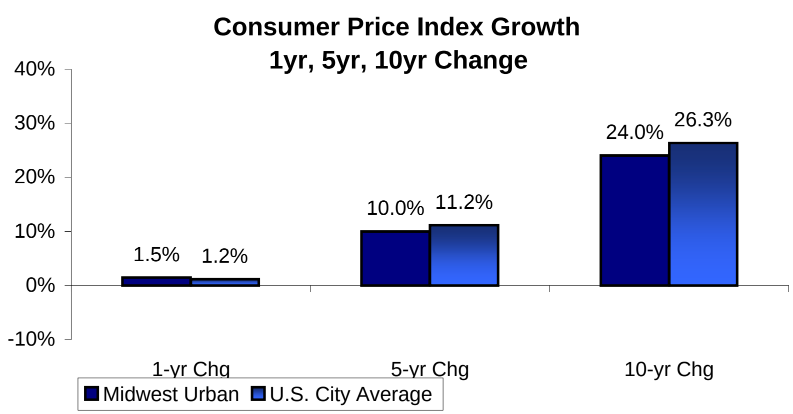
Source: *2009 annual data, 2010 quarterly data*
U.S. Department of Commerce - Bureau of Economic Analysis *http://www.bea.gov/regional/*

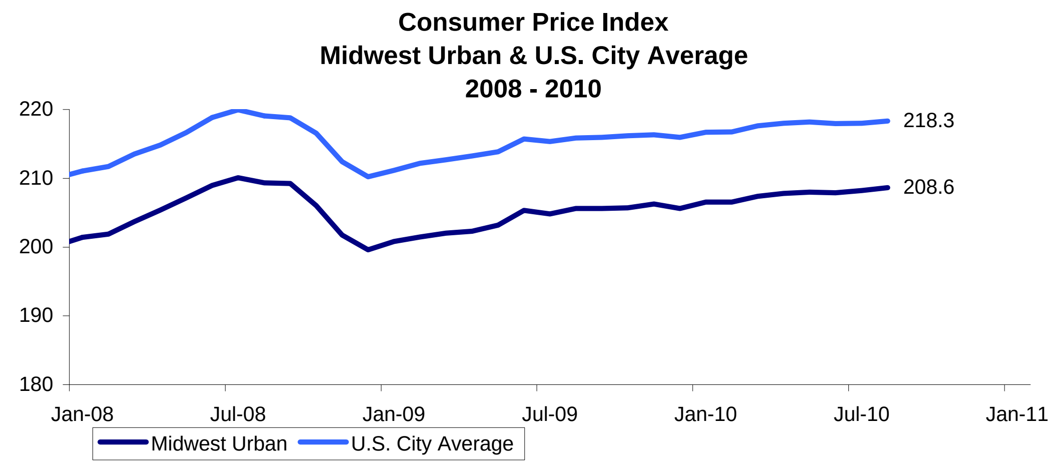
Short-Term (2009 to 2010)
- Midwest Urban CPI up 3.0 (1.5%)
- U.S. City Average CPI up 2.5 (1.2%)

Long-Term (2000 to 2010)
- Midwest Urban CPI up 40.4 (24.0%)
- U.S. City Average CPI up 45.5 (26.3%)

Consumer Price Index (CPI)

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Midwest Urban	208.6	205.6	189.7	168.2	1.5%	10.0%	24.0%
U.S. City Average	218.3	215.8	196.4	172.8	1.2%	11.2%	26.3%



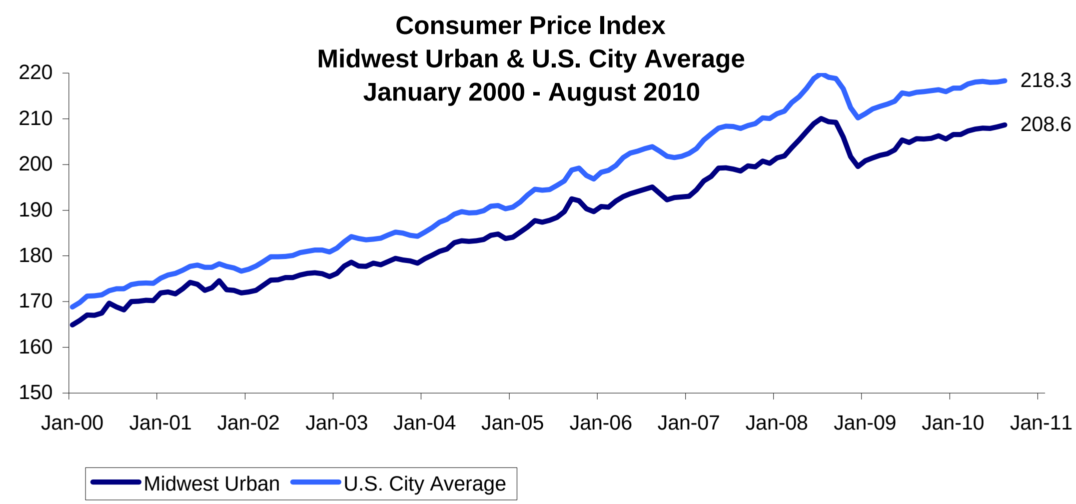


About the data and graphs

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 August 2010, the CFNAI decreased to -0.53, down from -0.11 in July. None of the four broad categories made a positive contribution in August. Production-related indicators made a neutral contribution to the index in August; employment-related indicators made a contribution of -0.12 to the index in August; sales, orders, and inventories indicators also made a very small negative contribution of -0.01 to the index in August; and consumption and housing indicators made a contribution of -0.40 to the index in August. Thirty-four of the 85 individual indicators made positive contributions to the index in August, while 51 made negative contributions. Forty-two indicators improved from July to August, while 42 indicators deteriorated and one 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

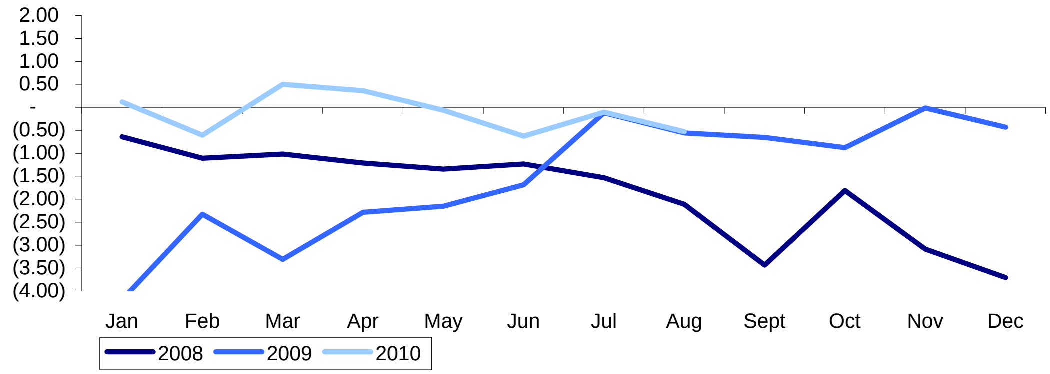
The performance of the U.S. economy has a major impact on the performance of the Kansas economy.

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.**

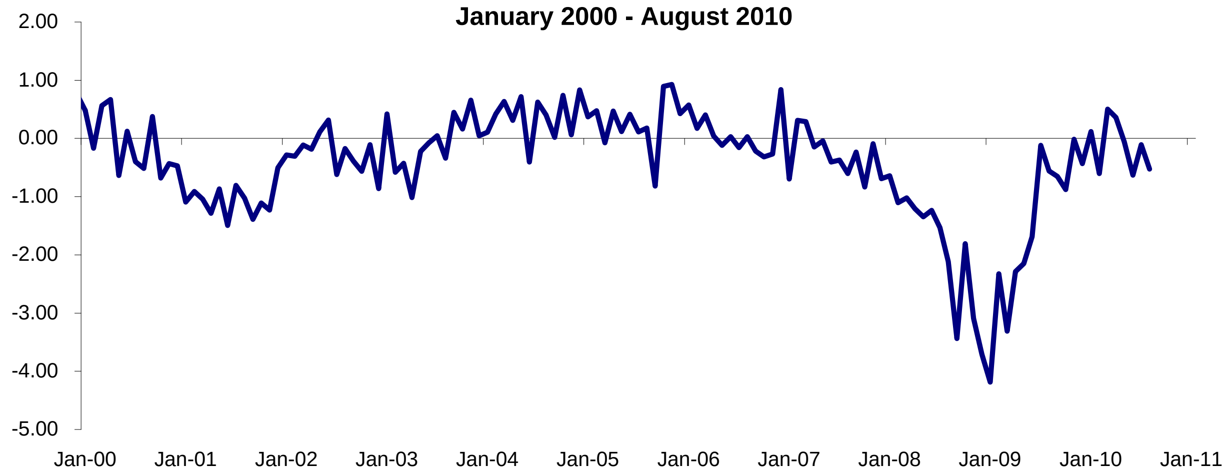
CFNAI

	Aug-10	Jul-10	Jun-10	May-10	Apr-10	Mar-10	Aug-09
CFNAI	-0.53	-0.11	-0.63	-0.06	0.36	0.50	-0.56

Chicago Federal Reserve National Activity Index
2008 - 2010



Chicago Federal Reserve National Activity Index
January 2000 - August 2010



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

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

Indicators of the Kansas Economy
Building Permits

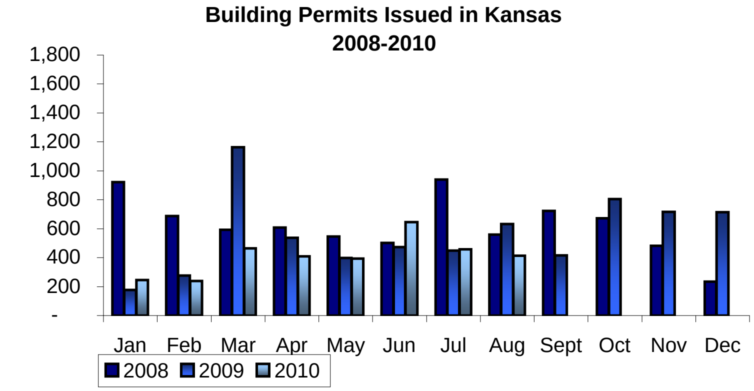
Sep-10

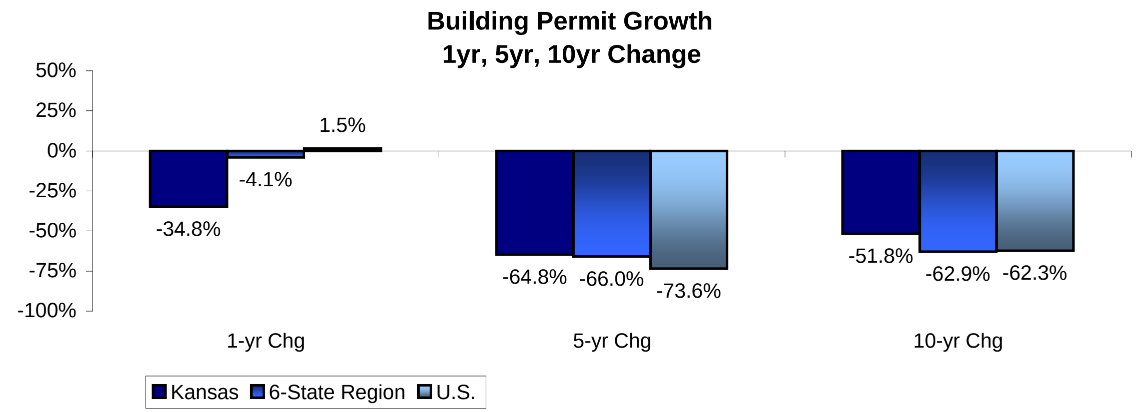
Short-Term (2009 to 2010)
- Kansas building permits down 220 (-34.8%)
- 6-State Region building permits down 184 (-4.1%)
- U.S. building permits up 777 (1.5%)

Long-Term (2000 to 2010)
- Kansas building permits down 444 (-51.8%)
- 6-State Region building permits down 7,258 (-62.9%)
- U.S. building permits down 87,944 (-62.3%)

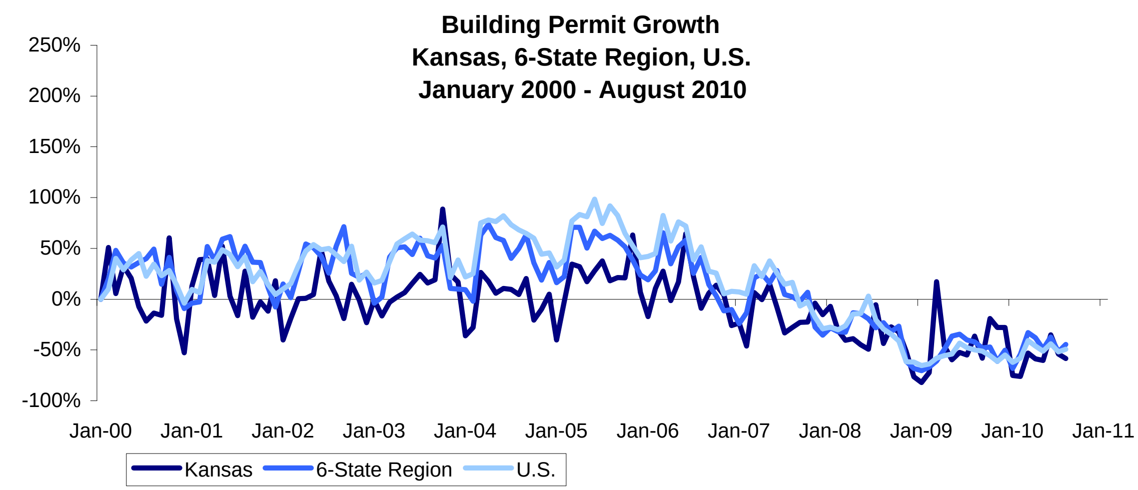
Building Permits
(new privately owned housing units authorized)

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	413	633	1,172	857	-34.8%	-64.8%	-51.8%
6-State Region	4,278	4,462	12,570	11,536	-4.1%	-66.0%	-62.9%
U.S.	53,191	52,414	201,179	141,135	1.5%	-73.6%	-62.3%





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 upn $3,638,748 (2.2%)
- $906,917,479 collected ytd through June 2010
- $1,866,223,078 collected total during 2009

Long-Term (2000 to 2010)
- Kansas sales tax collections up $28,967,685 (20.8%)
- $1,475,405,439 collected total during 2000

About the data and graphs

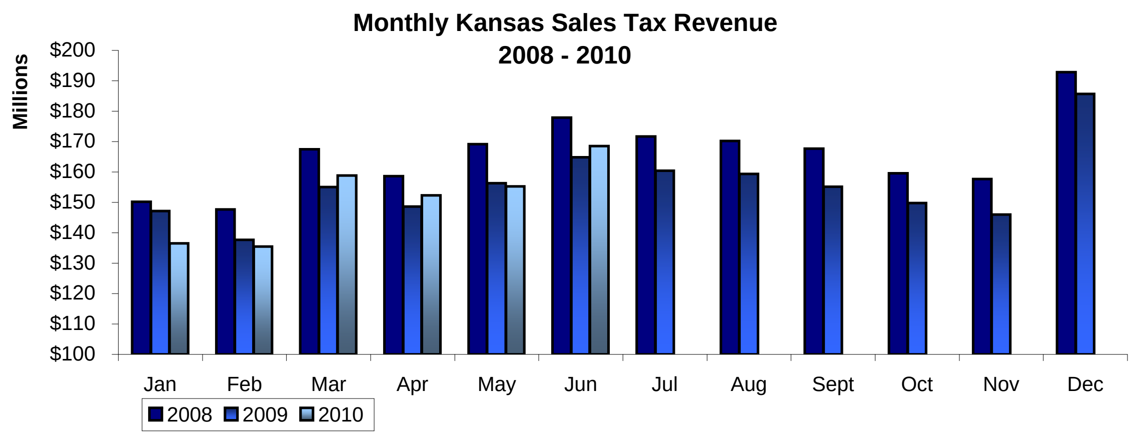
Monthly sales tax collections have trended higher as the economy has grown and two sales tax rate increases have been enacted. Annually, December typically collects the highest sales tax revenue, with January and February collecting the least. Consumers tend to delay purchases during a downturn in the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

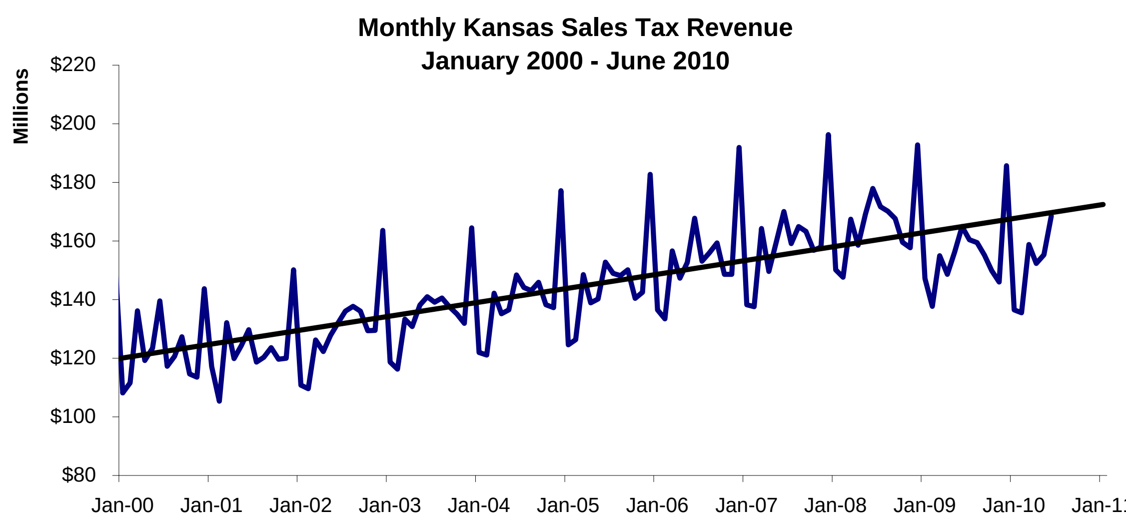
Tracking sales tax collections in Kansas gives insight into consumer behavior and demand. Sales tax collections can fluctuate widely from month to month. Since January 1990, state sales tax rates have increased on **three** occasions. In June 1992, the state sales tax rate increased from 4.25% to 4.90%;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

	Jun-10	Jun-09	Jun-05	Jun-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	$ 168,527,200	$ 164,888,452	$ 152,750,100	$ 139,559,515	2.2%	10.3%	20.8%





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

Indicators of the Kansas Economy
Total Nonfarm Employment

Sep-10

Short-Term (2009 to 2010)
- Kansas total nonfarm employment up 6,900 (0.5%)
- 6-State Region total nonfarm employment down 12,000 (-0.1%)
- U.S. total nonfarm employment up 278,000 (0.2%)

Long-Term (2000 to 2010)
- Kansas total nonfarm employment down 11,100 (-0.8%)
- 6-State Region total nonfarm employment down 41,000 (-0.4%)
- U.S. total nonfarm employment down 1,637,000 (-1.2%)

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

State	Employment
Kansas	1,321.5
Arkansas	1,156.6
Colorado	2,207.7
Iowa	1,459.0
Missouri	2,652.6
Nebraska	944.6
Oklahoma	1,533.5

About the data and graphs

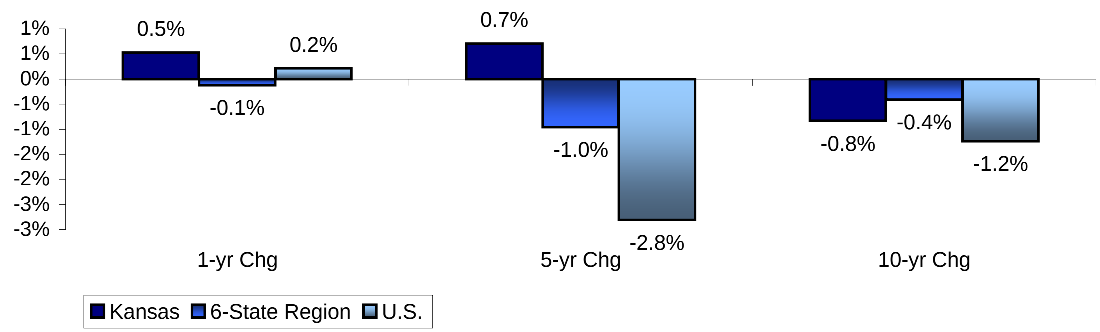
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs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

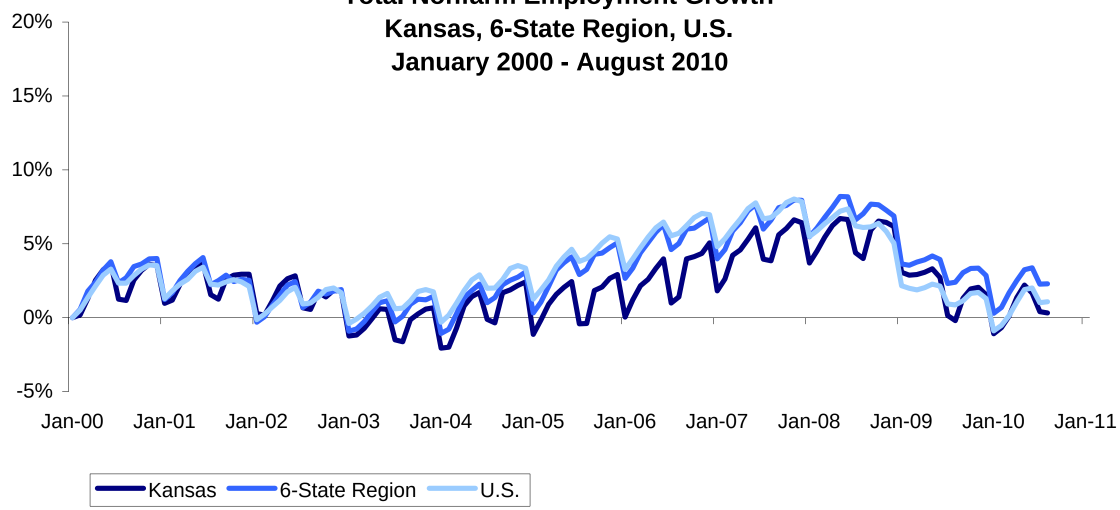
Total Nonfarm Employment
(all employees, thousands)

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	1,321.5	1,314.6	1,312.2	1,332.6	0.5%	0.7%	-0.8%
6-State Region	9,954.0	9,966.0	10,050.1	9,995.0	-0.1%	-1.0%	-0.4%
U.S.	130,149.0	129,871.0	133,910.0	131,786.0	0.2%	-2.8%	-1.2%

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



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



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

Short-Term (2009 to 2010)
- Kansas private sector employment down 1,400 (-0.1%)
- 6-State Region private sector employment down 700 (-0.0%)
- U.S. private sector employment up 372,000 (0.3%)

Long-Term (2000 to 2010)
- Kansas private sector employment down 30,100 (-2.7%)
- 6-State Region private sector employment down 207,400 (-2.5%)
- U.S. private sector employment down 3,237,000 (-2.9%)

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

State	Employment
Kansas	1,079.1
Arkansas	951.5
Colorado	1,835.4
Iowa	1,230.9
Missouri	2,230.1
Nebraska	783.1
Oklahoma	1,215.7

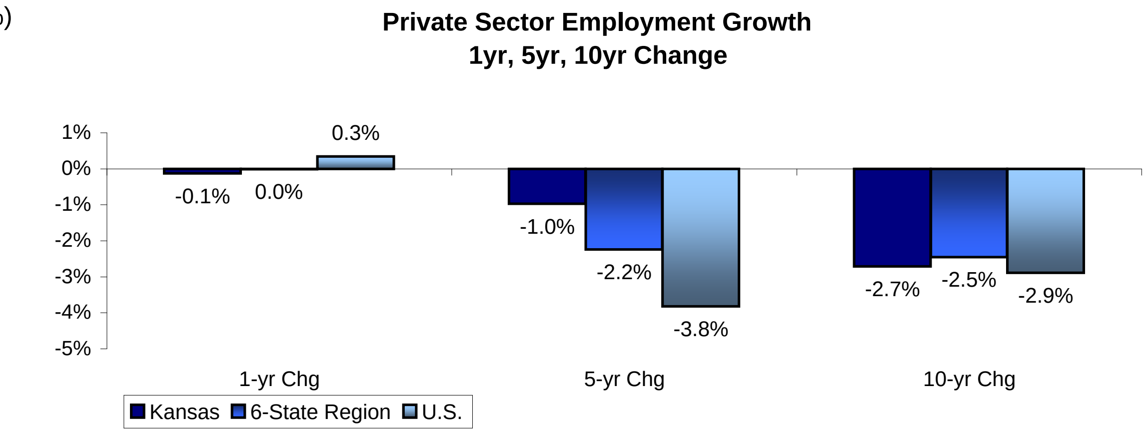
About the data and graphs

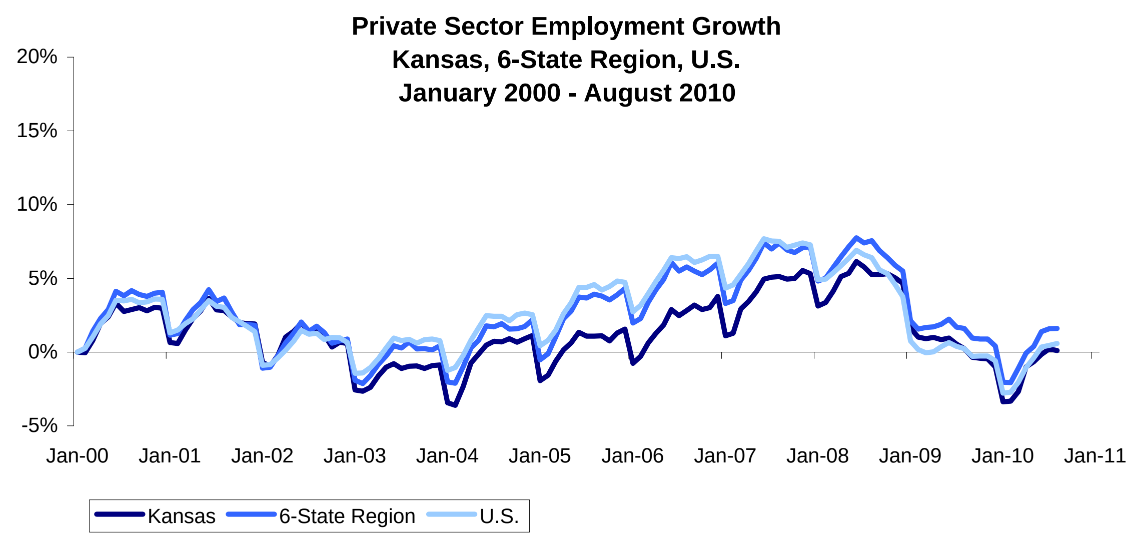
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs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

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

Private Sector Employment
(all employees, thousands)

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	1,079.1	1,080.5	1,089.7	1,109.2	-0.1%	-1.0%	-2.7%
6-State Region	8,246.7	8,247.4	8,435.6	8,454.1	0.0%	-2.2%	-2.5%
U.S.	108,903.0	108,531.0	113,228.0	112,140.0	0.3%	-3.8%	-2.9%





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/

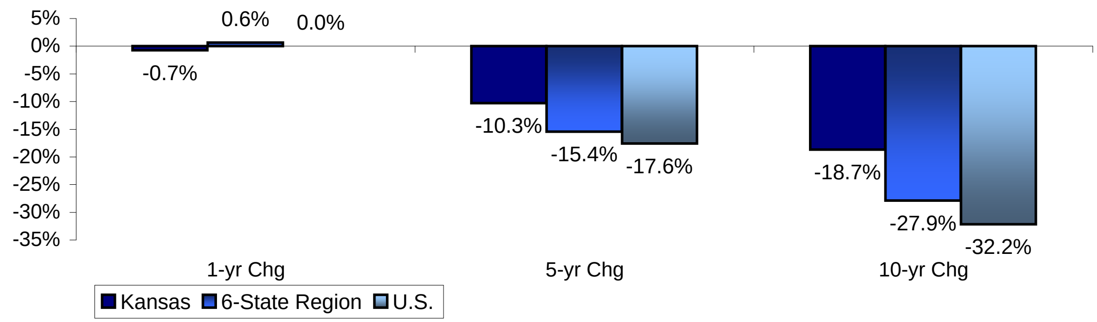
Short-Term (2009 to 2010)
- Kansas manufacturing employment down 1,200 (-0.7%)
- 6-State Region manufacturing employment up 6,200 (0.6%)
- U.S. manufacturing employment up 5,000 (0.0%)

Long-Term (2000 to 2010)
- Kansas manufacturing employment down 37,300 (-18.7%)
- 6-State Region manufacturing employment down 372,400 (-27.9%)
- U.S. manufacturing employment down 5,588,000 (-32.2%)

Manufacturing Employment
(all employees, thousands)

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	162.4	163.6	181.0	199.7	-0.7%	-10.3%	-18.7%
6-State Region	964.7	958.5	1,140.7	1,337.1	0.6%	-15.4%	-27.9%
U.S.	11,777.0	11,772.0	14,288.0	17,365.0	0.0%	-17.6%	-32.2%

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



August 2010 Manufacturing Employment Levels
(all employees, thousands)

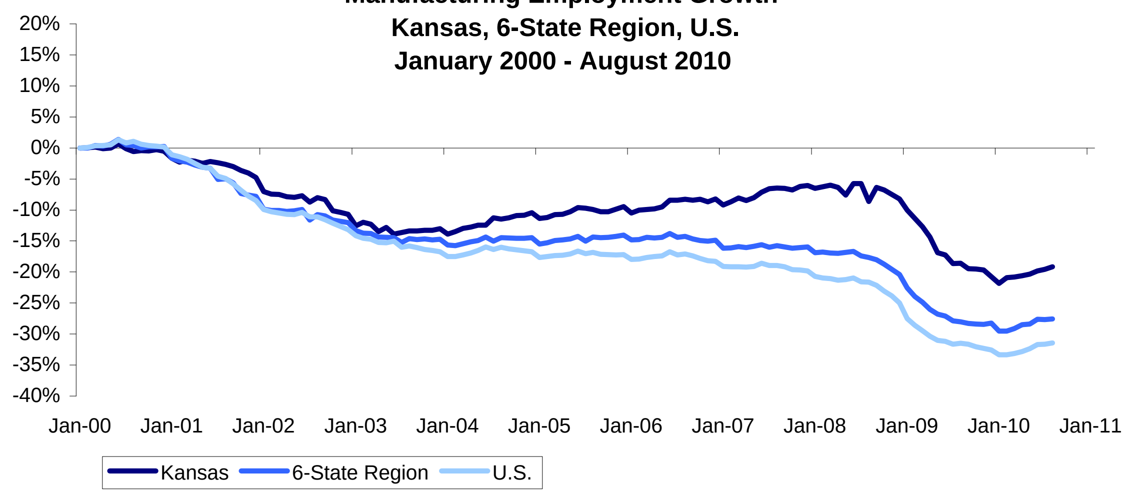
State	Employment
Kansas	162.4
Arkansas	166.1
Colorado	124.3
Iowa	207.3
Missouri	251.6
Nebraska	92.6
Oklahoma	122.8

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 - August 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 service employment down 5,500 (-0.6%)
- 6-State Region service employment up 13,800 (0.2%)
- U.S. service employment up 575,000 (0.6%)

Long-Term (2000 to 2010)
- Kansas service employment up 10,300 (1.2%)
- 6-State Region service employment up 220,400 (3.4%)
- U.S. service employment up 3,412,00.0 (3.9%)

August 2010 Service Employment Levels
(all employees, thousands)

State	Employment
Kansas	843.3
Arkansas	720.4
Colorado	1,571.1
Iowa	952.8
Missouri	1,865.4
Nebraska	641.4
Oklahoma	973.1

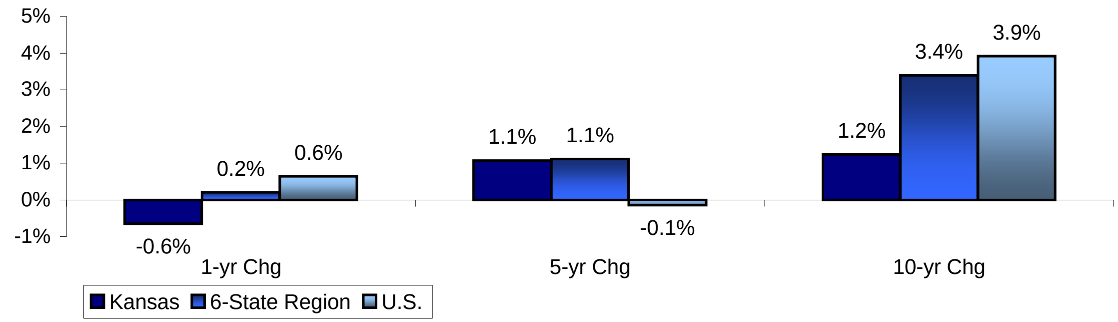
About the data and graphs

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

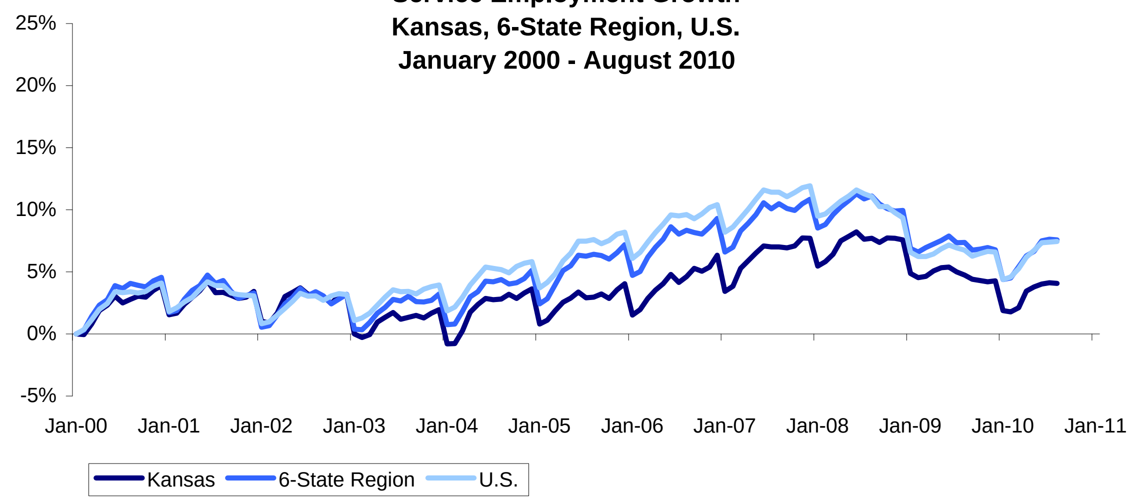
Service Employment
(all employees, thousands)

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	843.3	848.8	834.4	833.0	-0.6%	1.1%	1.2%
6-State Region	6,724.2	6,710.4	6,650.3	6,503.8	0.2%	1.1%	3.4%
U.S.	90,460.0	89,885.0	90,594.0	87,048.0	0.6%	-0.1%	3.9%

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



Service Employment Growth
Kansas, 6-State Region, U.S.
January 2000 - August 2010



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

Short-Term (2009 to 2010)

- Kansas public sector employment up 8,300 (3.5%)
- 6-State Region public sector employment down 11,300 (-0.7%)
- U.S. public sector employment down 94,000 (-0.4%)

Long-Term (2000 to 2010)

- Kansas public sector employment up 19,000 (8.5%)
- 6-State Region public sector employment up 166,400 (10.8%)
- U.S. public sector employment up 1,600,000 (8.1%)

August 2010 Public Sector Employment Levels

(all employees, thousands)

State	Employment
Kansas	242.4
Arkansas	205.1
Colorado	372.3
Iowa	228.1
Missouri	422.5
Nebraska	161.5
Oklahoma	317.8

About the data and graphs

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

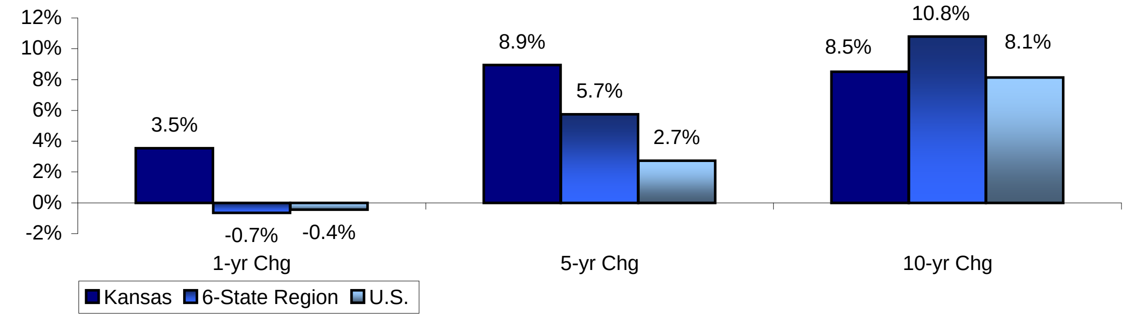
The data series chosen for IKE are not adjusted for seasonal variation; hence the short term employment graph shows substantial decreases in July and August when many public school personnel are off the job. *Kansas, Inc. has included Federal, State, and Local Government.*

Public Sector Employment

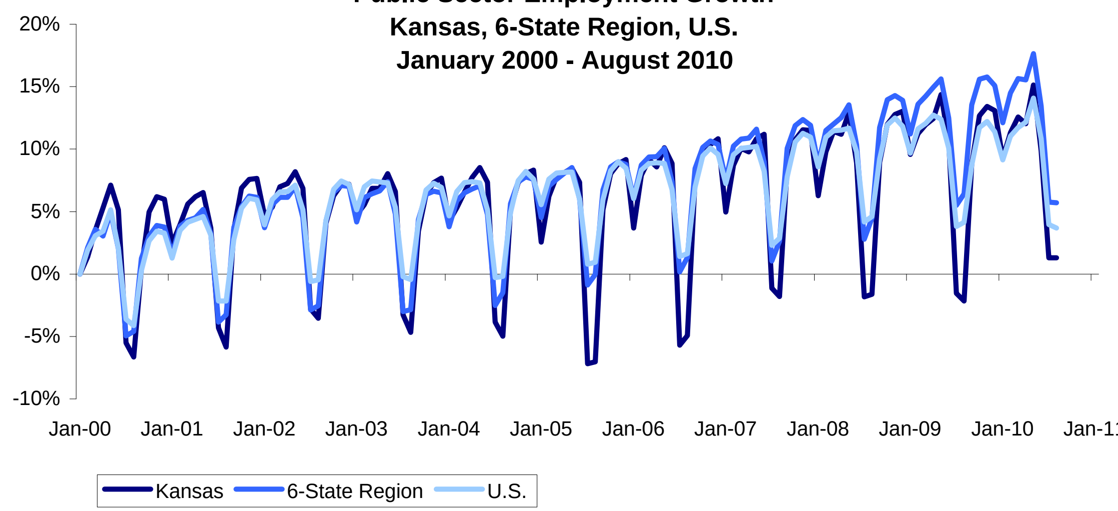
(all employees, thousands)

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	242.4	234.1	222.5	223.4	3.5%	8.9%	8.5%
6-State Region	1,707.3	1,718.6	1,614.5	1,540.9	-0.7%	5.7%	10.8%
U.S.	21,246.0	21,340.0	20,682.0	19,646.0	-0.4%	2.7%	8.1%

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



Public Sector Employment Growth
Kansas, 6-State Region, U.S.
January 2000 - August 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
Unemployment and Unemployment Rate

Sep-10

Short-Term (2009 to 2010)
- Kansas unemployment down 8,069 (-7.4%)
- 6-State Region unemployment up 3,105 (0.4%)
- U.S. unemployment down 64,000 (-0.4%)
- Kansas unemployment rate down (-0.4%)
- 6-State Region unemployment rate up (0.1%)
- U.S. unemployment rate down (-0.1%)

Long-Term (2000 to 2010)
- Kansas unemployment up 44,780 (80.7%)
- 6-State Region unemployment up 536,370 (160.4%)
- U.S. unemployment up 8,923,000 (152.9%)
- Kansas unemployment rate up (2.7%)
- 6-State Region unemployment rate up (4.5%)
- U.S. unemployment rate up (5.4%)

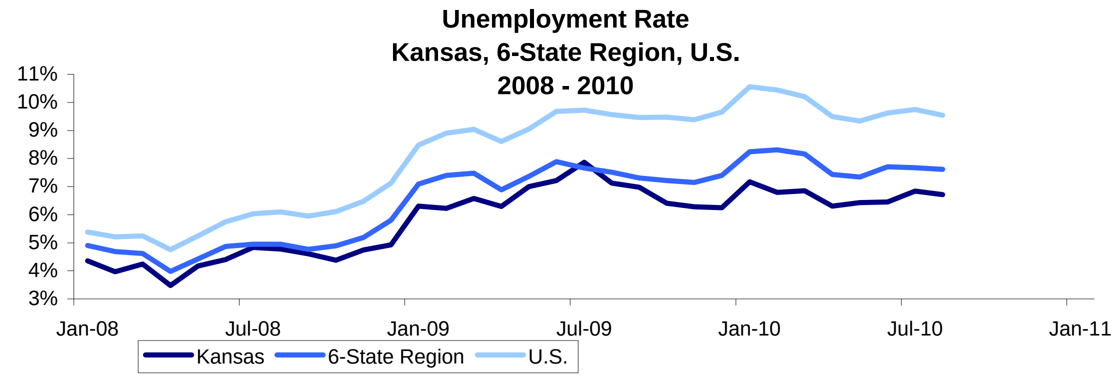
About the data and graphs

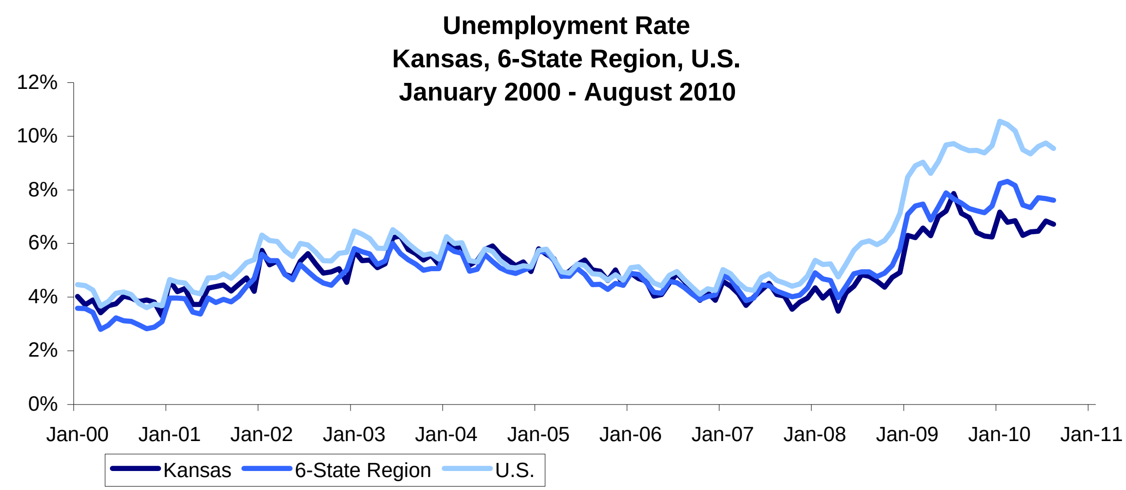
The unemployment rate represents the number unemployed as a percent of the labor force. As defined in the Current Population Survey, unemployed persons are persons aged 16 years and older who had no employment during the reference week, were available for work, except for temporary illness, and had made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

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	100,289	108,358	73,327	55,509	-7.4%	36.8%	80.7%
6-State Region	870,723	867,618	504,302	334,353	0.4%	72.7%	160.4%
U.S.	14,759,000	14,823,000	7,327,000	5,836,000	-0.4%	101.4%	152.9%
Kansas (%)	6.7%	7.1%	5.0%	4.0%	-0.4%	1.7%	2.7%
6-State Region (%)	7.6%	7.5%	4.5%	3.1%	0.1%	3.1%	4.5%
U.S. (%)	9.5%	9.6%	4.9%	4.1%	-0.1%	4.6%	5.4%





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/

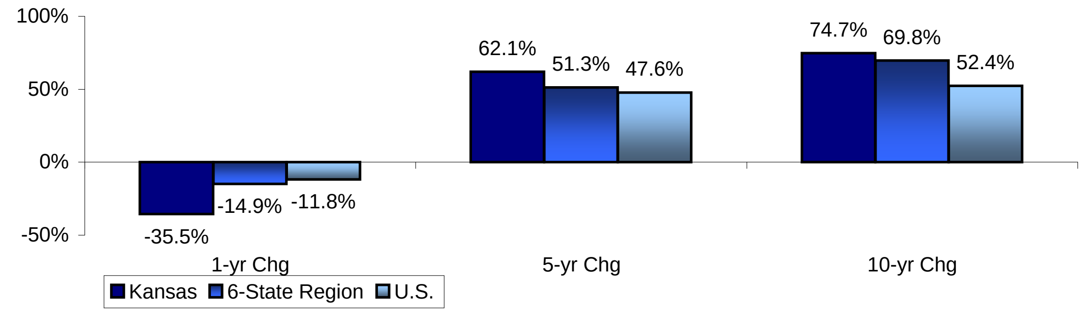
Short-Term (2009 to 2010)
- Kansas initial claims down 7,371 (-35.5%)
- 6-State Region initial claims down 19,832 (-14.9%)
- U.S. initial claims down 236,102 (-11.8%)

Long-Term (2000 to 2010)
- Kansas initial claims up 5,719 (74.7%)
- 6-State Region initial claims up 46,526 (69.8%)
- U.S. intial claims up 605,999 (52.4%)

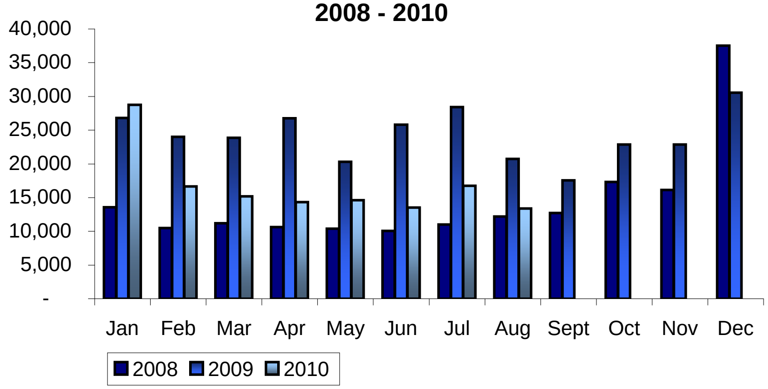
Initial Claims for Unemployment
(all employees)

	Aug-10	Aug-09	Aug-05	Aug-00	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	13,379	20,750	8,256	7,660	-35.5%	62.1%	74.7%
6-State Region	113,203	133,035	74,820	66,677	-14.9%	51.3%	69.8%
U.S.	1,761,386	1,997,488	1,193,132	1,155,387	-11.8%	47.6%	52.4%

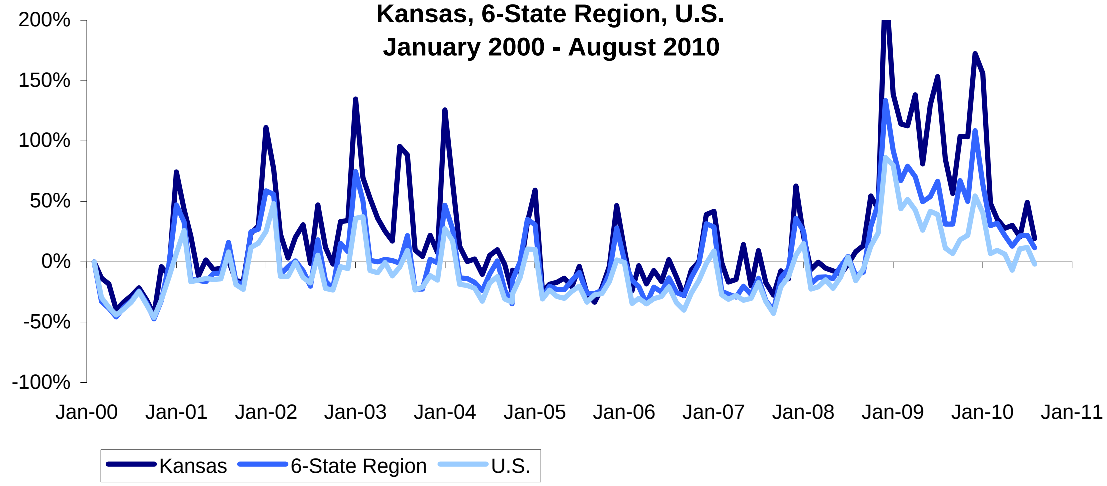
Initial Claims for Unemployment Growth
1yr, 5yr, 10yr Change



Initial Claims for Unemployment in Kansas
2008 - 2010



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

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

Short-Term (2008 to 2009)
- Kansas private industry wage level down $224 (-0.6%)
- 6-State Region private industry wage level up $43 (0.1%)
- U.S. private industry wage level down $225 (-0.5%)

Mid-Term (2004 to 2009)
- Kansas private industry wage level up $5,498 (16.7%)
- 6-State Region private industry wage level up $5,538 (16.8%)
- U.S. private industry wage level up $6,012 (15.4%)

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

State	Annual Wage
Kansas	$ 38,511
Arkansas	$ 35,122
Colorado	$ 46,813
Iowa	$ 36,316
Missouri	$ 40,179
Nebraska	$ 36,062
Oklahoma	$ 36,954

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

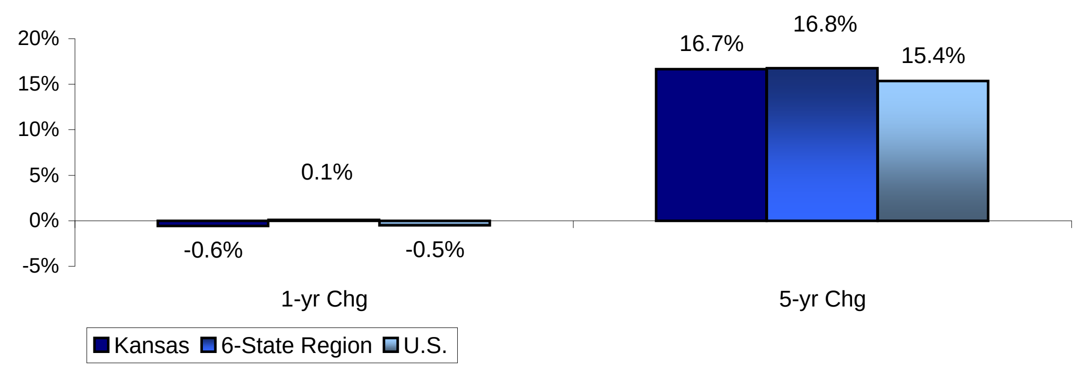
About the data and graphs

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.*

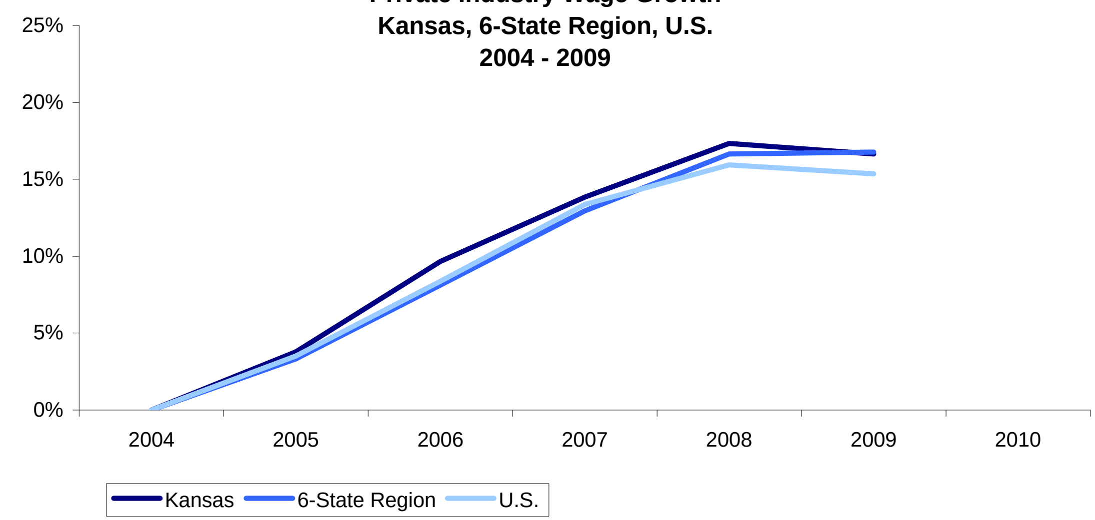
Private Industry Wage Levels
(average annual wages, all employees, all private establishments)

	2009 (p)	2008	2004	1-yr Chg	5-yr Chg
Kansas	$ 38,511	$ 38,735	$ 33,013	-0.6%	16.7%
6-State Region	$ 38,574	$ 38,531	$ 33,036	0.1%	16.8%
U.S.	$ 45,146	$ 45,371	$ 39,134	-0.5%	15.4%

Private Industry Wage Growth
1yr, 5yr, Change



Private Industry Wage Growth
Kansas, 6-State Region, U.S.
2004 - 2009



Source: *2009 annual data*
U.S. Department of Labor - Bureau of Labor Statistics

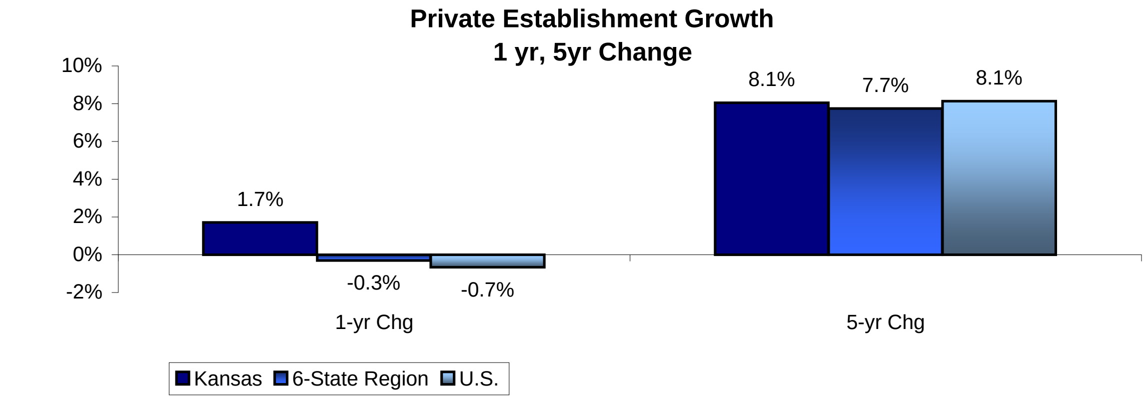
http://www.bls.gov/bls/employment.htm

Short-Term (2008 to 2009)
- Kansas total establishments up 1,377 (1.7%)
- 6-State Region total establishments down 1,986 (-0.3%)
- U.S. total establishments down 57,436 (-0.7%)

Mid-Term (2004 to 2009)
- Kansas total establishments up 6,084 (8.1%)
- 6-State Region total establishments up 47,216 (7.7%)
- U.S. total establishments up 652,913 (8.1%)

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

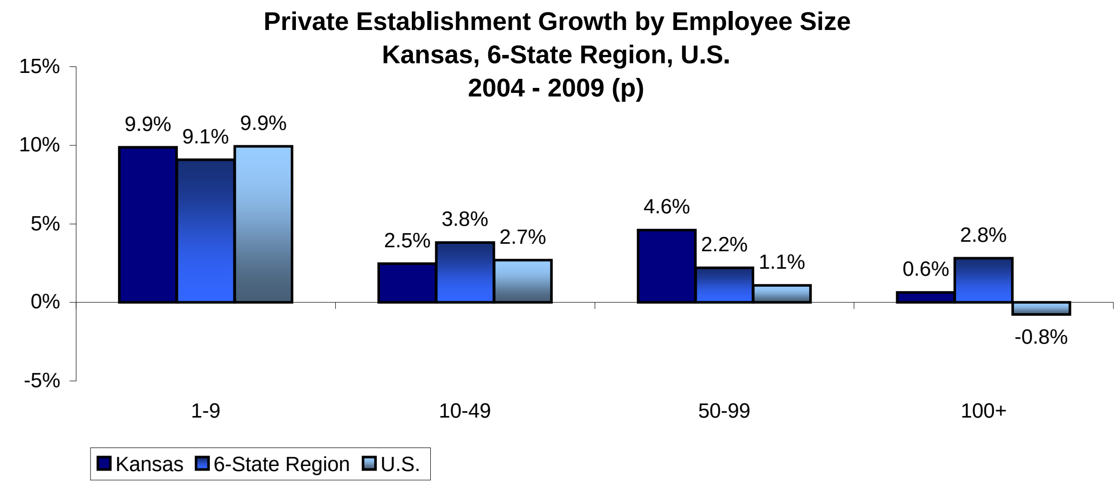
	2009 (p)	2008	2004	1-yr Chg	5-yr Chg
Kansas	81,653	80,276	75,569	1.7%	8.1%
6-State Region	656,540	658,526	609,324	-0.3%	7.7%
U.S.	8,679,773	8,737,209	8,026,860	-0.7%	8.1%



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)	62,386	15,592	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



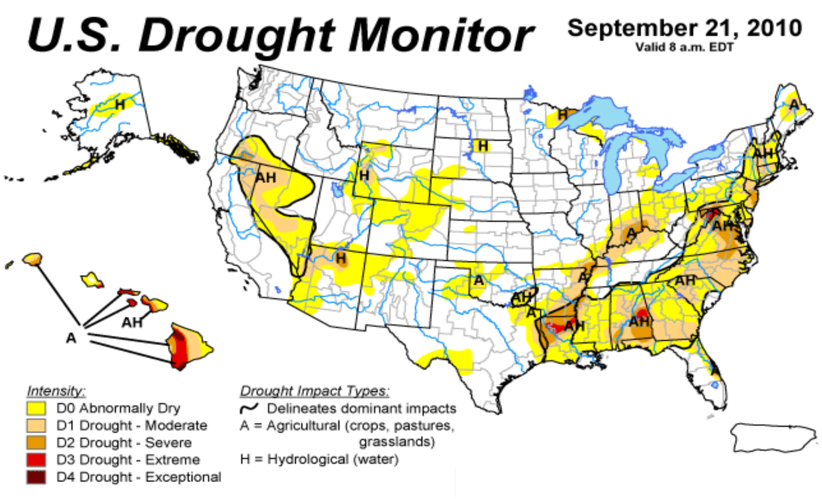
About the data and graphs

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.*

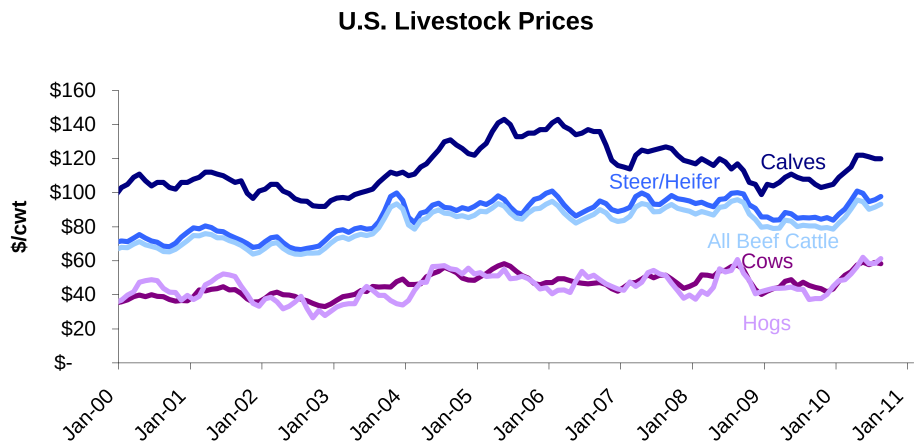
Source: *2009 annual data*
U.S. Department of Labor - Bureau of Labor Statistics — http://www.bls.gov/bls/employment.htm
Kansas Department of Labor - Labor Market Information — *http://laborstats.dol.ks.gov/*

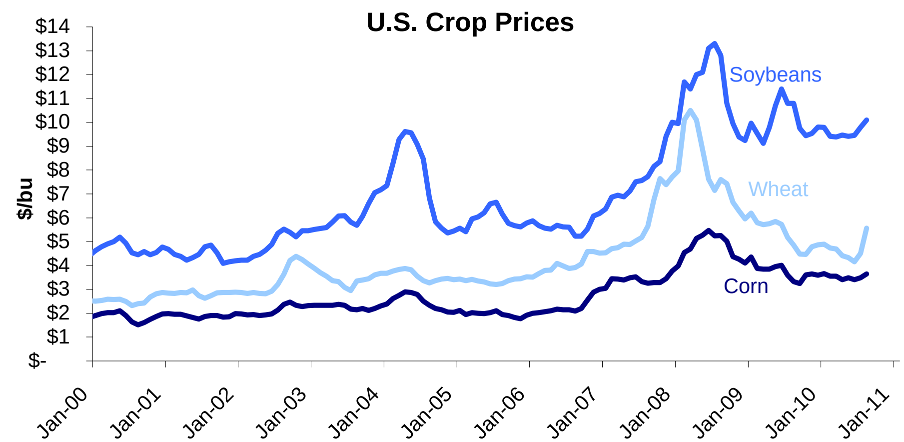
(9/2/2010 USDA Agricultural Prices) KANSAS: The August **All Farm Products Index** of Prices Received by Kansas farmers, at 143 percent of the 1990-92 base, is up 7 points from July and up 22 points from August 2009. The **All Crops Index** in August, at 195 percent of the 1990-92 base, is up 38 points from July and up 31 points from 2009. The **Meat Animals Index**, at 128 percent of the 1990-92 base, is up 3 points from July and 19 points above last year.

Wheat prices in mid-August, at $5.77 per bushel, are up $1.39 from July and $1.02 above last August. **Corn** prices in mid-August, at $3.65 per bushel, are up 24 cents from July and 52 cents above last August. Farmers received an average of $6.10 per cwt. for **grain sorghum** in mid-August, up 68 cents from July and $1.27 above last August. **Soybean** prices, at $10.30 per bushel in mid-August, are up 47 cents from July but 40 cents below last August. **All hay** prices averaged $107 per ton in mid-August, unchanged from July but $9 higher than last year. **Alfalfa hay** averaged $115 per ton, unchanged from July but $12 higher than last August. **Other hay**, at $70 per ton, is down $5 from July and $6 below last August.



All beef cattle were bringing an average of $97.20 per cwt. in mid-August, up $2.00 from July and $12.50 above the price last August. **Cow** prices, at $55.50 per cwt., are down 50 cents from July but $7.90 above the price last August. **Steers and heifers** averaged $98.00 per cwt., up $2.00 from July and $12.50 above August 2009. **Calf** prices in mid-August were $128.00 per cwt., up $1.00 from July and up $12.00 from August 2009. The **all hog** price of $57.70 per cwt. for mid-August is up $3.60 from July and up $24.80 from last August. **Sow** prices averaged $59.00, up $4.50 from July and $28.00 higher than August 2009. **Barrow and gilt** prices averaged $57.50 per cwt. in mid-August, up $3.50 from July and $24.30 above last August.





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

Indicators of the Kansas Economy
Kansas Farm Management Association Data

Sep-10

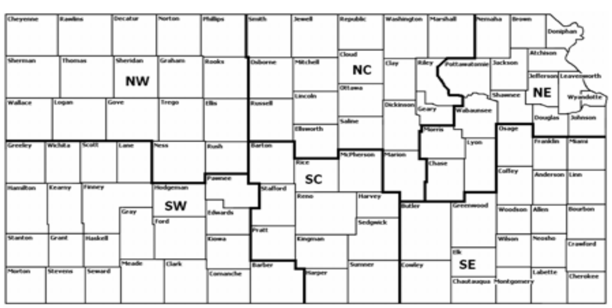
Short-Term (2009)
- 1,477 farms reported farm operation data to KFMA
- KFMA farms averaged $463,742 in value of farm production
- KFMA farms averaged $358,961 in total farm expense
- KFMA average net farm income was $104,781
- SE region had the highest net farm income at $119,381
- SW region had the lowest net farm income at $84,462

Long-Term (1999 to 2009)
- KFMA average net farm income varies widely from year to year
- 5-yr average net farm income was $89,554
- 10-yr average net farm income was $64,772

About the data and graphs

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

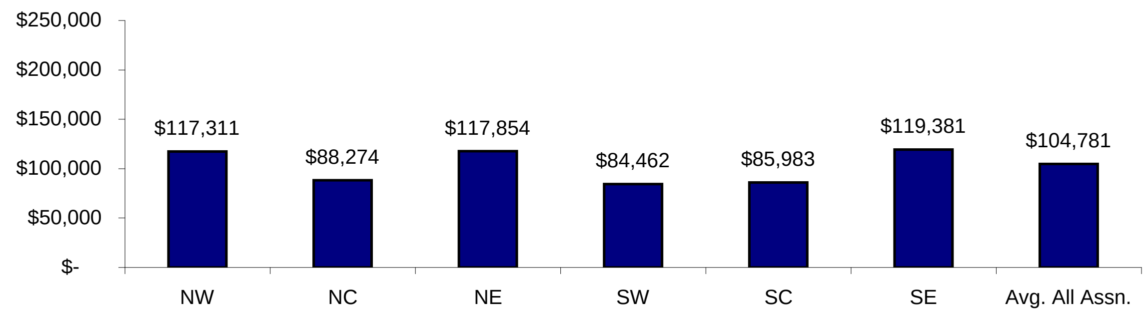
The goals of the KFMA program are to provide each member with information about business and family costs to improve farm business organization, farm business decisions, and farm profitability; and minimize risk. Through on-farm visits, whole-farm analysis, and other educational programs, Association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



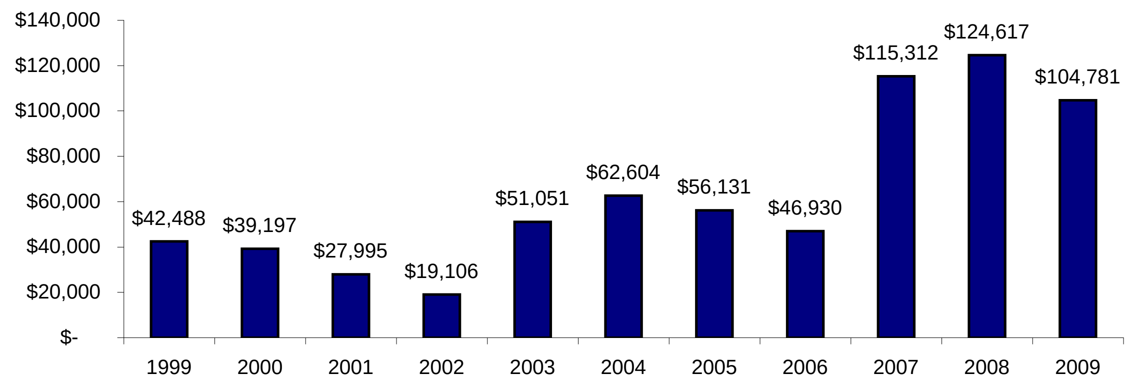
KFMA Average Net Farm Income by Region

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

2008 Kansas Farm Management Association
Average Net Farm Income by Region



Kansas Farm Management Association
Average Net Farm Income
1999 - 2009



Source: 2009 annual data
Kansas State University - Kansas Farm Management Association

www.agmanager.info/kfma

Kansas, Inc.

Indicators of the Kansas Economy
Oil Production and Price

Sep-10

Short-Term (2009 to 2010)

- Kansas oil production up 96,531 bbl (2.9%)
- Oil price up $14.7 (24.9%)

Long-Term (2000 to 2010)

- Kansas oil production up 410,836 bbl (13.8%)
- Oil price up $45.0 (156.1%)

2010 Oil Production/Price

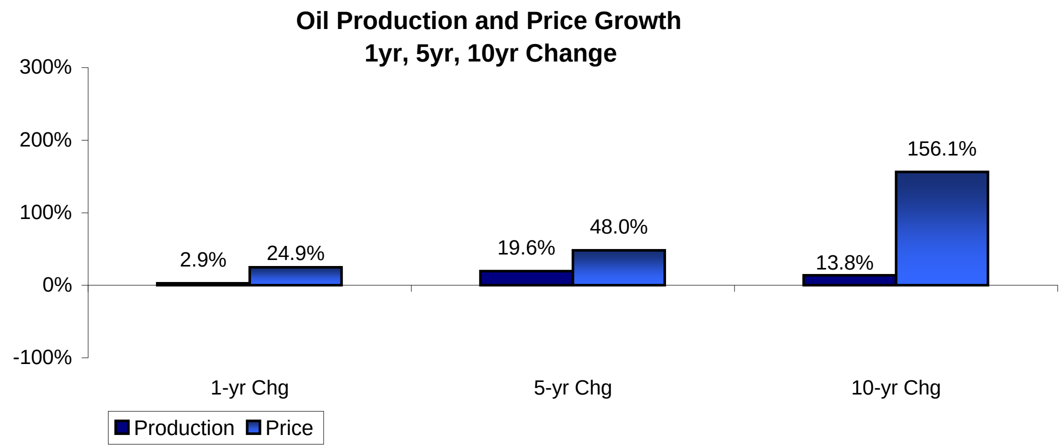
Month	Production*	Price	Month	Production*	Price
January	3,190,629	$ 78.33	July		$ 76.32
February	3,012,751	$ 76.39	August		$ 76.60
March	3,429,337	$ 81.20	September		
April	3,425,760	$ 84.29	October		
May	3,378,836	$ 73.74	November		
June		$ 75.34	December		

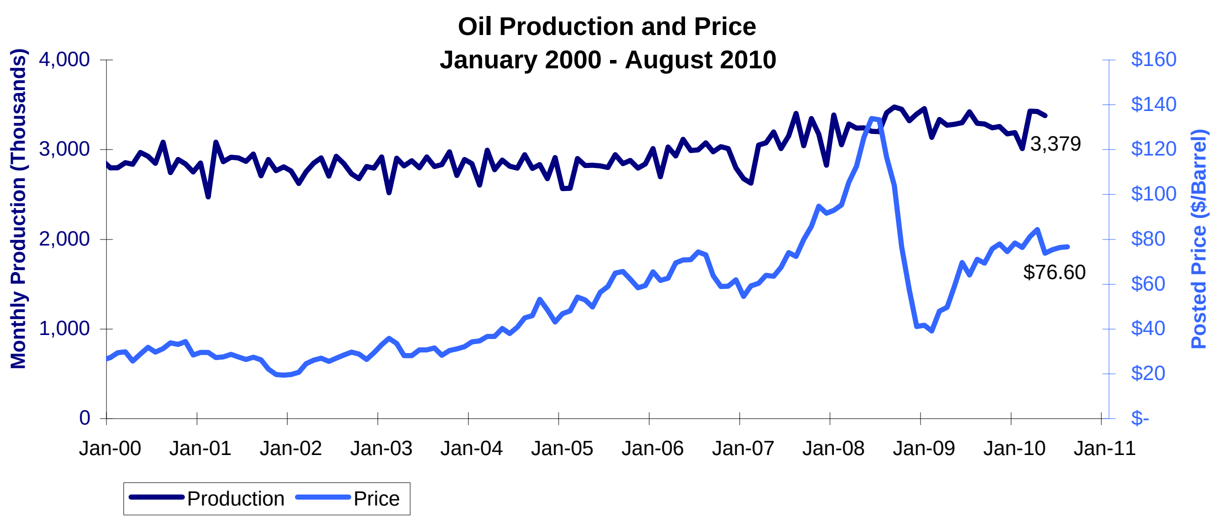
** Recent months production usually incomplete and revised upwards.*

Oil Production* and Price

(most recent month of both production and price information)

	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Production (bbl)	3,378,836	3,282,305	2,825,921	2,968,000	2.9%	19.6%	13.8%
Price ($/bbl)	$ 73.74	$ 59.03	$ 49.83	$ 28.79	24.9%	48.0%	156.1%





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/

Short-Term (2009 to 2010)

- Kansas natural gas production down 2,864,920 mcf (-9.2%)
- Natural gas price up $0.6 (17.1%)

Long-Term (2000 to 2010)

- Kansas natural gas production down 16,717,172 mcf (-37.2%)
- Natural gas price up $1.0 (32.9%)

2010 Natural Gas Production/Price

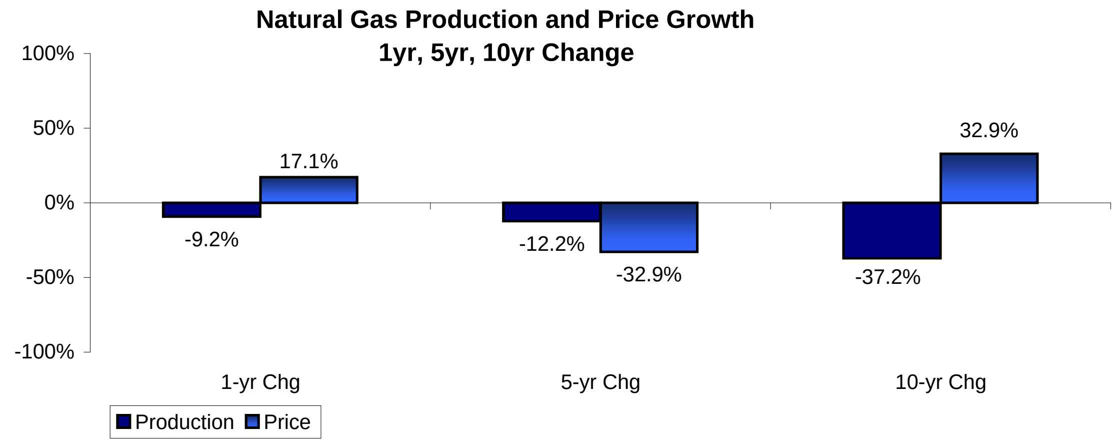
Month	Production*	Price	Month	Production*	Price
January	28,254,664	$ 5.14	July		
February	26,035,618	$ 4.89	August		
March	28,401,686	$ 4.36	September		
April	27,394,706	$ 3.92	October		
May	28,203,095	$ 4.04	November		
June		$ 4.25	December		

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

Natural Gas Production* and Price

(most recent month of both production and price information)

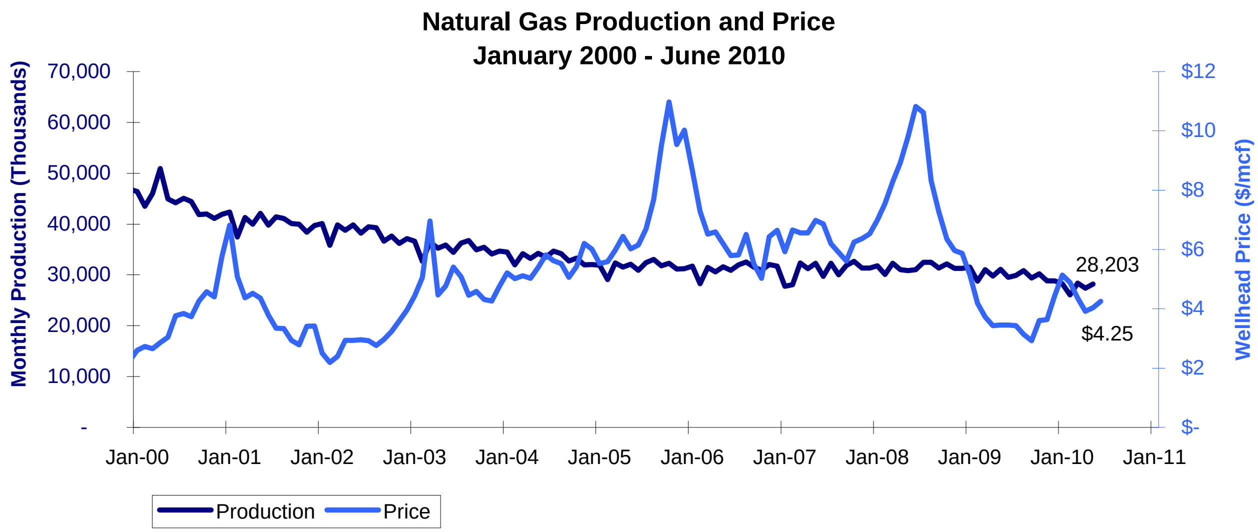
	May-10	May-09	May-05	May-00	1-yr Chg	5-yr Chg	10-yr Chg
Production (mcf)	28,203,095	31,068,015	32,129,840	44,920,267	-9.2%	-12.2%	-37.2%
Price ($/mcf)	$ 4.04	$ 3.45	$ 6.02	$ 3.04	17.1%	-32.9%	32.9%



About the data and graphs

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

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



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

September 8, 2010 - Tenth District - Kansas City - Growth in the Tenth District economy was modest in late July and August. Consumer spending increased slightly from the previous period, and high-tech and transportation firms reported moderate growth. Energy activity continued to expand solidly, and agricultural conditions improved with higher crop prices. Manufacturing production was flat, and factory orders declined slightly. The downturn in commercial real estate eased somewhat, while residential real estate markets weakened further. Bankers reported steady loan demand and an unchanged outlook for loan quality. Business contacts were moderately optimistic about future sales, but few planned to change employment or capital spending levels in the months ahead. Retail prices were largely unchanged from the previous survey, and wage pressures in most industries remained limited due to soft labor markets.

Consumer Spending - Consumer spending rose modestly from the previous survey, and contacts expected further growth in the months ahead. Retail sales edged higher and were above year-ago levels at a majority of stores and malls. Purchases of energy-saving appliances and clearance items were reported as strong at several stores, while sales of luxury items such as jewelry and dining room sets were generally characterized as weak. Store inventories rose somewhat, but most contacts were satisfied with current stock levels. Auto sales also increased slightly from the previous period, and nearly all dealers were optimistic about future sales. Auto inventories continued to decline, and some dealers were concerned about meeting expected demand as a result. Restaurant sales rose solidly from the previous period, and travel and tourism activity continued to improve.

Manufacturing and Other Business Activity - Manufacturing activity slowed in late July and August, while other business activity continued to expand. Factory production was flat compared to previous months, while shipments and new orders weakened. A producer of chemicals said distributors were only placing orders for product as needed and were unwilling to bring in inventory due to high levels of economic uncertainty. Growth in transportation services moderated slightly from previous surveys but remained solid, and a major supplier of diesel fuel reported continued solid sales. Most high-tech services firms reported strong growth in sales, although a few contacts noted softened demand. Business firms' expectations for future sales eased somewhat from the previous period but remained positive. Capital spending plans for the rest of the year remained essentially flat, with most firms citing economic uncertainty as the primary reason.

Real Estate and Construction - Residential real estate activity dropped sharply in late July and August, but the downturn in commercial real estate activity lessened somewhat. Housing starts declined, with several builders noting continued financing difficulties. Expectations for future homebuilding remained weak. Residential construction supply firms also reported a drop in sales. Home sales plummeted from the previous survey, especially for higher-priced homes, and home inventories rose across the District. Real estate agents blamed the steep drop in home sales on expired tax credits and increased customer uncertainty, and most expected little improvement in the near future. Mortgage lenders reported that overall mortgage demand improved slightly from last month, primarily due to a continued rise in refinancing loans. The downturn in commercial real estate stabilized somewhat in late July and August, but most contacts expected little improvement in coming months.

Banking - Bankers reported steady loan demand, stable deposits, and an unchanged outlook for loan quality. Overall loan demand was little changed after edging up in the previous survey. Demand was also stable in all major loan categories. As in previous surveys, a few banks tightened standards on their commercial real estate loans. However, credit standards on other types of loans were unchanged. Slightly more bankers reported an improvement in loan quality from one year ago than reported deterioration. Also, for the third straight survey, respondents expected no change in loan quality over the next six months. Deposits were flat, continuing the pattern since late last year.

Energy - Energy activity expanded further in late July and August. Virtually all contacts reported an increase in drilling activity, especially for oil, and were optimistic about the months ahead. Crude oil prices remained relatively profitable, and firms drilling for liquids in western Oklahoma were reported as operating at full capacity. However, several producers expressed concerns about low natural gas prices and potentially negative implications of proposed energy legislation. Natural gas prices eased in August, and most producers did not expect sizable increases in prices until well into 2011, due to ample supply and average demand.

Agriculture - Agricultural conditions improved since the last survey period. The winter wheat harvest finished with above average yields. The majority of the corn and soybean crops were rated in good or better condition, though with isolated reports of heat stress, storm damage, and insect infestation. Crop prices rose on prospects of lower global grain supplies and Russia's ban on grain exports, boosting farm income expectations. Livestock prices generally held steady but higher feed costs narrowed profit margins. Farmland values rose further on strong demand from farm and non-farm buyers and a limited supply of land for sale during the growing season. However, the prospect of higher capital gains taxes in 2011 has prompted some farm owners to consider selling their farms before year-end. Agricultural credit conditions generally held steady.

Wages and Prices - Consumer prices were generally unchanged from the previous survey, and wage pressures in most industries remained subdued. Several manufacturers reported continued increases in materials prices, but only a few planned to raise finished goods prices. Construction supply firms reported declines in selling prices, which they generally expected to continue. The downward trend in overall retail prices in recent surveys flattened out slightly, and most contacts expected steady prices heading forward. Services firms reported no change in the prices charged to customers. Wage pressures were still contained in most industries, with labor markets remaining soft. However, some energy firms, auto dealers, and transportation firms reported a slight uptick in wage pressures due to difficulties finding qualified workers. Longer-term hiring announcements continued to rise, but near-term hiring plans generally remained modest.

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.

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