Research Report

Indicators of the Kansas Economy (IKE)

Prepared by

Kansas, Inc.

September 2009

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.

Paid for with taxes or public funds

Kansas, Inc.

Indicators of the Kansas Economy
Key Trends

Sep-09

Employment and Unemployment

	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Total Nonfarm Employment *(all employees, thousands)*							
Kansas	1,321.0	1,370.1	1,312.8	1,314.1	-3.6%	0.6%	0.5%
Private Sector Employment *(all employees, thousands)*							
Kansas	1,081.7	1,134.8	1,085.4	1,096.6	-4.7%	-0.3%	-1.4%
Manufacturing Employment *(all employees, thousands)*							
Kansas	165.6	183.5	177.9	202.8	-9.8%	-6.9%	-18.3%
Service Employment *(all employees, thousands)*							
Kansas	846.7	873.3	833.2	817.9	-3.0%	1.6%	3.5%
Public Sector Employment *(all employees, thousands)*							
Kansas	239.3	235.3	227.4	217.5	1.7%	5.2%	10.0%
Unemployment Rate *(%)*							
Kansas	7.1%	4.7%	5.6%	3.6%	2.4%	1.5%	3.5%
Initial Claims for Unemployment *(all employees)*							
Kansas	20,750	12,175	10,982	8,032	70.4%	88.9%	158.3%

Wages/Entrepreneurship

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

	2008 (p)	2007	2003	1-yr Chg	5-yr Chg
Kansas	80,276	79,102	76,676	1.5%	4.7%

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

	2008 (p)	2007	2003	1-yr Chg	5-yr Chg
Kansas	$ 38,731	$ 37,579	$ 31,794	3.1%	21.8%

Energy

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

	May-09	May-08	May-04	May-99	1-yr Chg	5-yr Chg	10-yr Chg
Production (bbl)	3,192,774	3,243,864	2,881,665	2,787,911	-1.6%	10.8%	14.5%
Price ($/bbl)	$ 59.03	$ 125.40	$ 40.27	$ 17.72	-52.9%	46.6%	233.1%

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

Production (mcf)	30,371,265	30,624,447	34,249,973	47,496,230	-0.8%	-11.3%	-36.1%
Price ($/mcf)	$ 3.45	$ 9.81	$ 5.40	$ 2.17	-64.8%	-36.1%	59.0%

Agriculture

KFMA Average Net Farm Income by Region

Region	NW	NC	NE	SW	SC	SE	Avg. All Assn.
2007	$ 233,000	$ 81,288	$ 114,118	$ 108,397	$ 88,849	$ 114,423	$ 115,035
2008	$ 150,935	$ 101,573	$ 115,877	$ 81,546	$ 133,778	$ 132,962	$ 123,397
5-yr avg	$ 111,037	$ 63,468	$ 85,594	$ 53,086	$ 73,966	$ 89,618	$ 80,922
10-yr avg	$ 74,781	$ 48,867	$ 56,404	$ 42,410	$ 53,190	$ 67,420	$ 58,445

General Economic Data

Population

	2008	2007	2003	1998	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	2,802,134	2,777,382	2,722,070	2,660,598	0.9%	2.9%	5.3%

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)*

	2009 (Q1)	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	106,652	106,421	84,642	70,158	0.2%	26.0%	52.0%
6-State Region	819,707	818,676	654,227	523,803	0.1%	25.3%	56.5%
U.S.	12,037,360	12,086,534	9,711,363	7,796,137	-0.4%	24.0%	54.4%

Per Capita Personal Income Estimates *($)*

	2008	2007	2003	1998	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	37,978	36,525	29,799	25,483	4.0%	27.4%	49.0%
6-State Region	36,697	35,270	28,921	24,368	4.0%	26.9%	50.6%
U.S.	39,751	38,615	31,530	26,883	2.9%	26.1%	47.9%

Consumer Price Index

	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Midwest Urban	205.6	209.4	183.3	163.2	-1.8%	12.2%	26.0%
U.S. City Average	215.8	219.1	189.5	167.1	-1.5%	13.9%	29.1%

Chicago Fed National Activity Index (CFNAI)

	Aug-09	Jul-09	Jun-09	May-09	Apr-09	Mar-08	Aug-08
CFNAI	(0.90)	(0.56)	(1.82)	(2.45)	(2.17)	(3.36)	(2.01)

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

	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	633	560	1,040	1,251	13.0%	-39.1%	-49.4%

Sales Tax Collections *($)*

	May-09	May-08	May-04	May-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	156,297,205	169,206,244	136,546,208	118,407,082	-7.6%	14.5%	32.0%

IKE - Variables

Short-Term (2007 to 2008)

- Kansas population up 24,752 (0.9%)
- 6-State Region population up 222,117 (1.0%)
- U.S. population up 2,769,392 (0.9%)

Long-Term (1998 to 2008)

- Kansas population up 141,536 (5.3%)
- 6-State Region population up 1,866,224 (9.2%)
- U.S. population up 28,205,620 (10.2%)

2008 Population Estimates

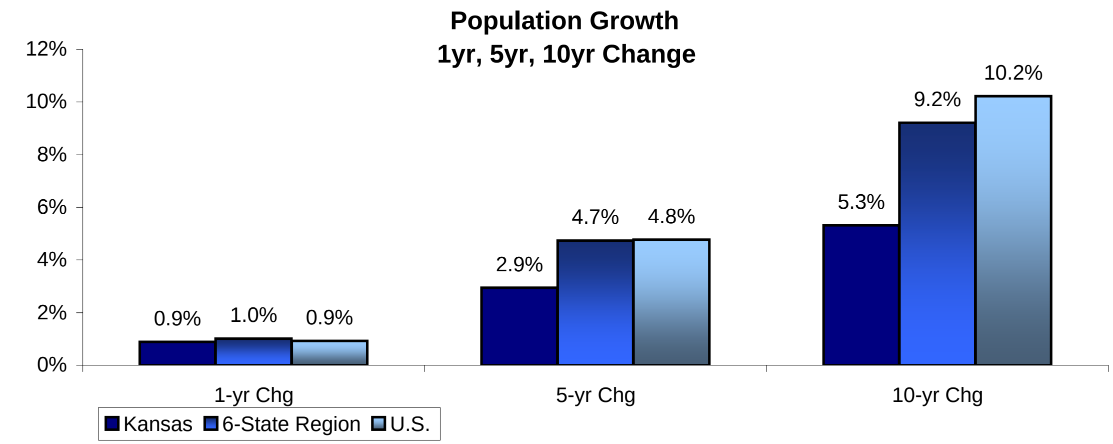
Region	Population
Kansas	2,802,134
Arkansas	2,855,390
Colorado	4,939,456
Iowa	3,002,555
Missouri	5,911,605
Nebraska	1,783,432
Oklahoma	3,642,361
6-State Region	22,134,799
U.S.	304,059,724

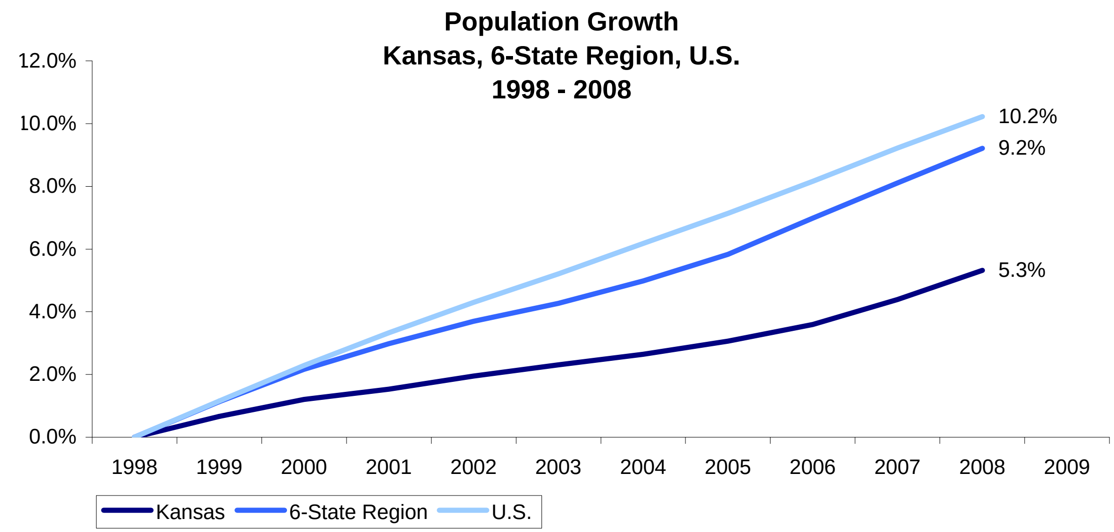
About the data and graphs

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

	2008	2007	2003	1998	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	2,802,134	2,777,382	2,722,070	2,660,598	0.9%	2.9%	5.3%
6-State Region	22,134,799	21,912,682	21,133,324	20,268,575	1.0%	4.7%	9.2%
U.S.	304,059,724	301,290,332	290,210,914	275,854,104	0.9%	4.8%	10.2%





Source: *2008 annual data*
U.S. Census Bureau http://www.census.gov/popest/estimates.php

Indicators of the Kansas Economy
Gross State Product

Sep-09

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

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

2008 Gross State Product
(millions of current dollars)

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

About the data and graphs

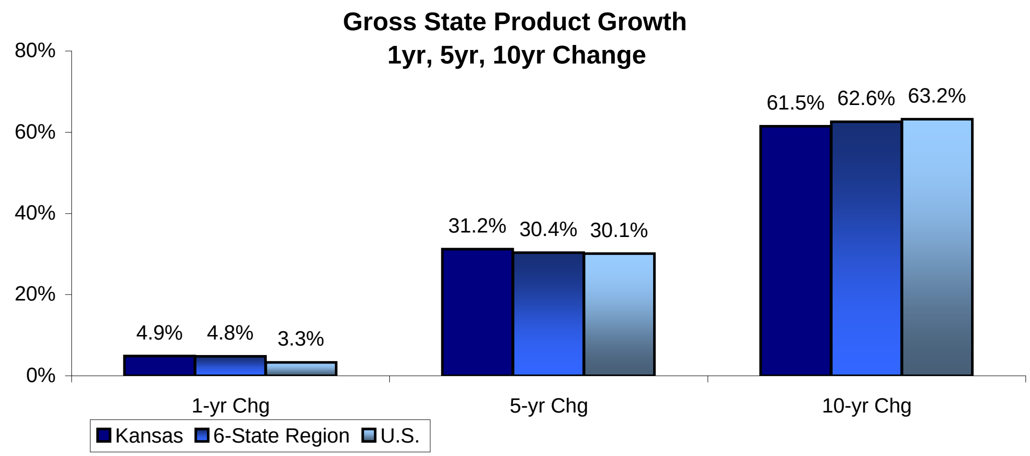
GSP captures state economic growth, providing an overall analysis of the performance of the economy. GSP is the value added in production by the labor and property located in the state.

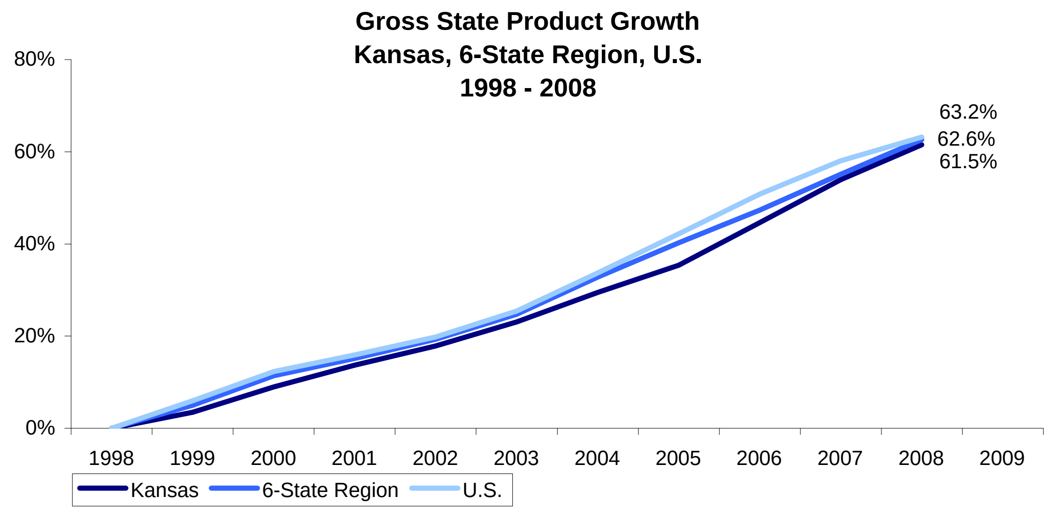
In concept, an industry's GSP, referred to as its "value added," is equivalent to its gross output (sales or receipts and other operating income, commodity taxes, and inventory change) minus its intermediate inputs (consumption of goods and services purchased from other U.S. industries or imported.)

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

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

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





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

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

Sep-09

Short-Term (2007 to 2009)

- Kansas PI up $231 million (0.2%)
- 6-State Region PI up $1,031 million (0.1%)
- U.S. PI down $49,174 million (-0.4%)

- Kansas PCPI up $1,453 (4.0%)
- 6-State Region PCPI up $1,427 (4.0%)
- U.S. PCPI up $1,136 (2.9%)

Long-Term (1998 to 2008)

- Kansas PI up $36,494 million (52.0%)
- 6-State Region PI up $295,904 million (56.5%)
- U.S. PI up $4,241,223 million (54.4%)

- Kansas PCPI up $12,495 (49.0%)
- 6-State Region PCPI up $12,329 (50.6%)
- U.S. PCPI up $12,868 (47.9%)

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.

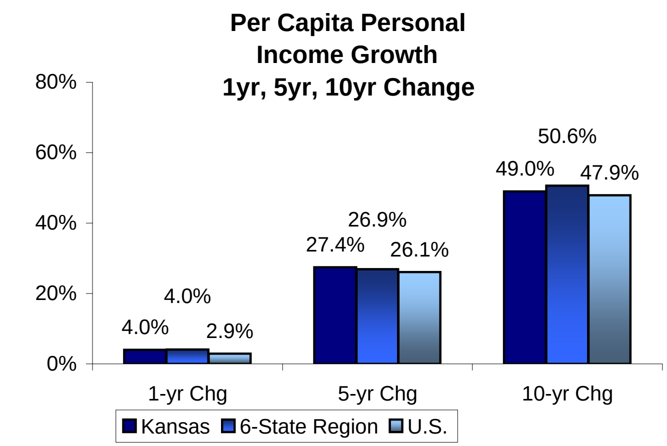
Personal income is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income,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

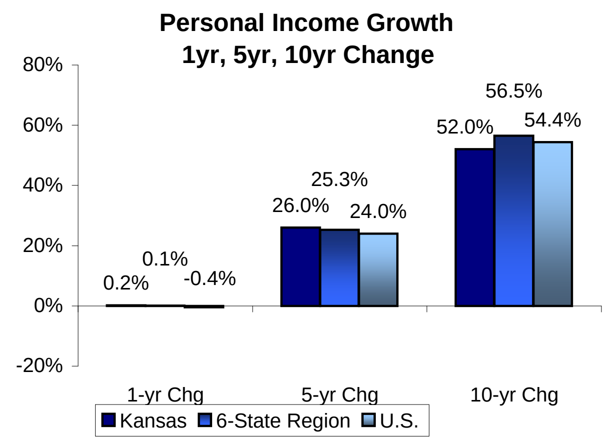
Personal Income Estimates (PI) - *(millions of dollars)*

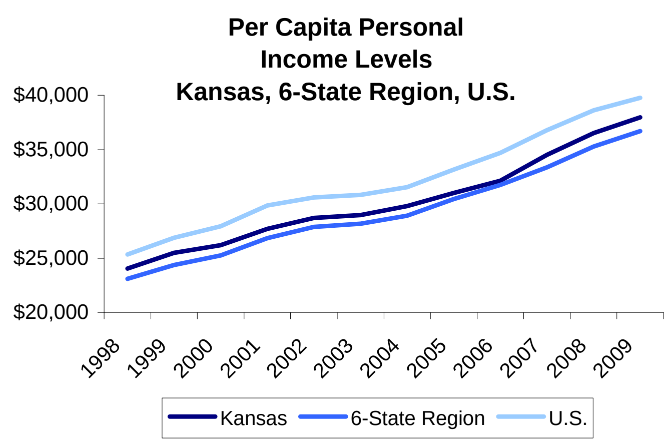
	2009 (Q1)	2008	2004	1999	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	106,652	106,421	84,642	70,158	0.2%	26.0%	52.0%
6-State Region	819,707	818,676	654,227	523,803	0.1%	25.3%	56.5%
U.S.	12,037,360	12,086,534	9,711,363	7,796,137	-0.4%	24.0%	54.4%

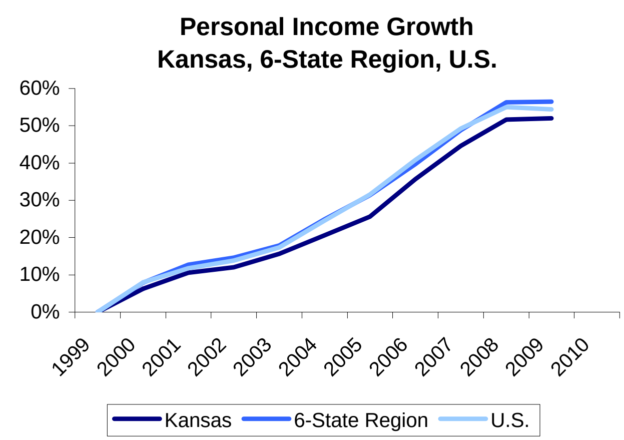
Per Capita Personal Income Estimates (PCPI) - *($)*

	2008	2007	2003	1998	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	37,978	36,525	29,799	25,483	4.0%	27.4%	49.0%
6-State Region	36,697	35,270	28,921	24,368	4.0%	26.9%	50.6%
U.S.	39,751	38,615	31,530	26,883	2.9%	26.1%	47.9%









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

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Indicators of the Kansas Economy
Consumer Price Index

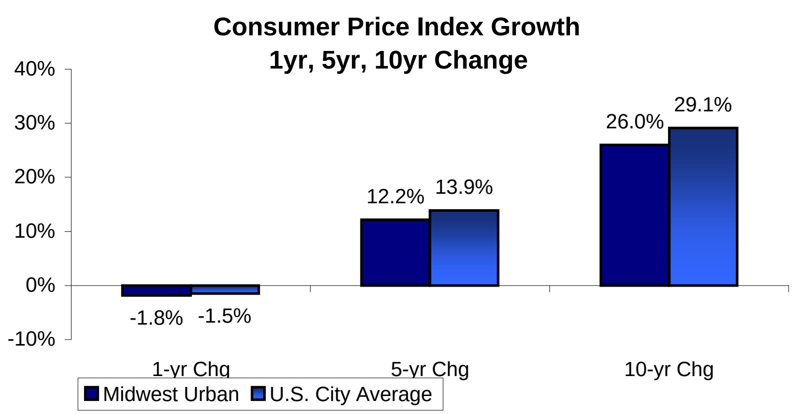
Sep-09

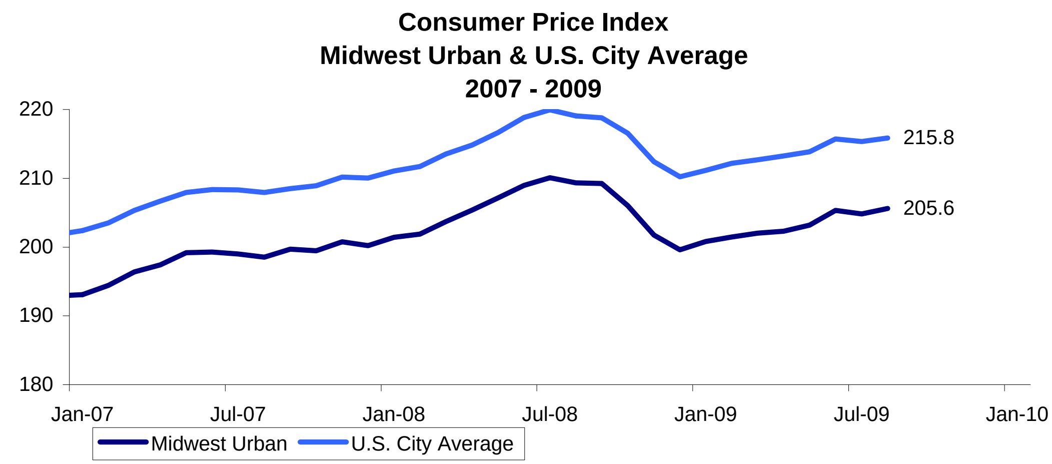
Short-Term (2008 to 2009)
- Midwest Urban CPI down 3.8 (-1.8%)
- U.S. City Average CPI down 3.3 (-1.5%)

Long-Term (1999 to 2009)
- Midwest Urban CPI up 42.4 (26.0%)
- U.S. City Average CPI up 48.7 (29.1%)

Consumer Price Index (CPI)

	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Midwest Urban	205.6	209.4	183.3	163.2	-1.8%	12.2%	26.0%
U.S. City Average	215.8	219.1	189.5	167.1	-1.5%	13.9%	29.1%



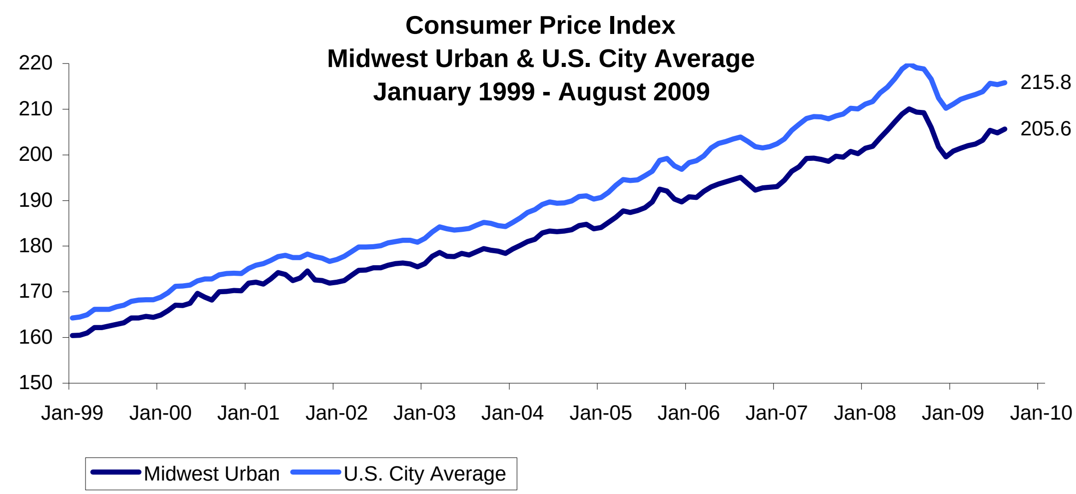


About the data and graphs

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: 2009 monthly data
U.S. Department of Labor - Bureau of Labor Statistics

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

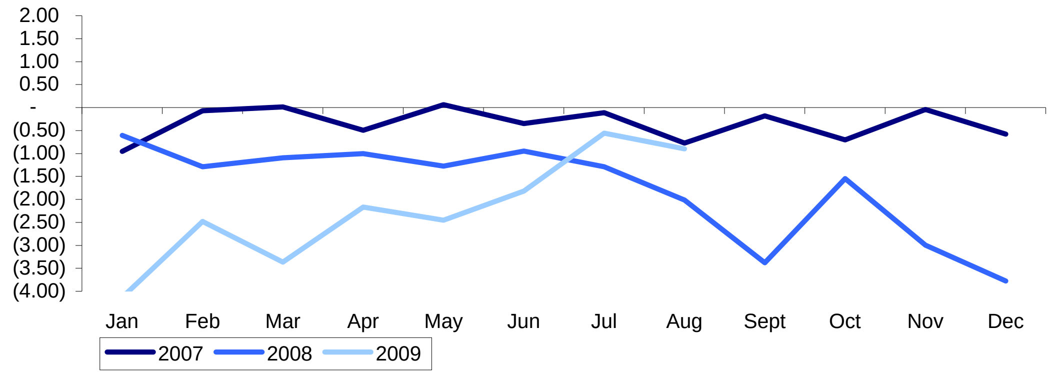
Short-Term (2009)

During August 2009, the CFNAI was -0.90, down from -0.56 in July. Three of the four broad categories made negative contributions to the index for the second consecutive month. Production-related indicators made a smaller positive contribution of 0.29 to the index in August; employment-related indicators made a contribution of -0.63 in August; consumption and housing indicators made a contribution of -0.48 in August; and the sales, orders and inventories category made a contribution of -0.08 in August. Thirty-one of the 85 indicators made positive contributions to the index in August, while 54 made negative contributions. Forty-seven indicators improved from July to Augst, while 37 deteriorated.

CFNAI

	Aug-09	Jul-09	Jun-09	May-09	Apr-09	Mar-08	Aug-08
CFNAI	-0.90	-0.56	-1.82	-2.45	-2.17	-3.36	-2.01

Chicago Federal Reserve National Activity Index
2007 - 2009



Long-Term (1990 to 2009)

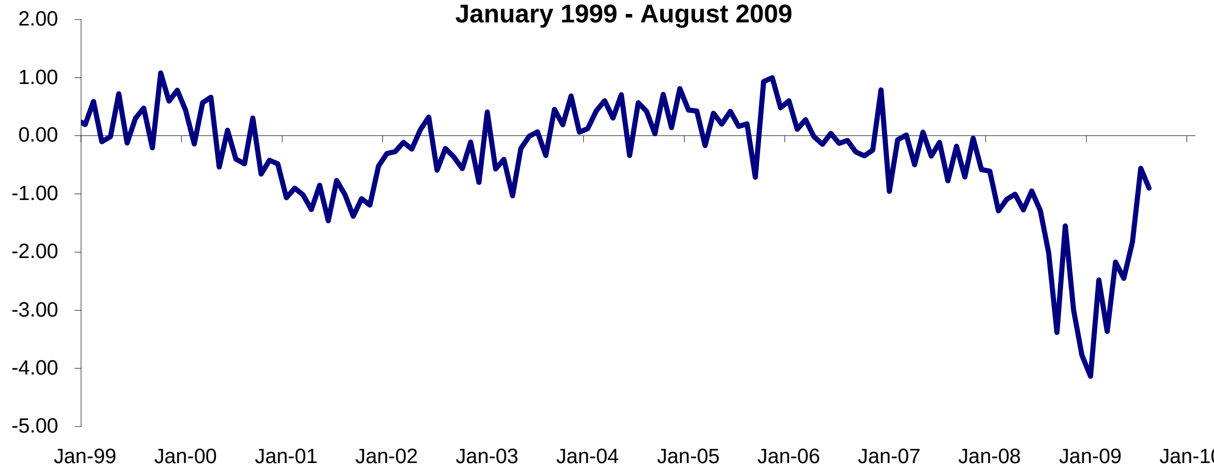
Since January 1990 the CFNAI has demonstrated excellent predictive power as CFNAI values have fallen substantially prior to each of the two most recent recessions, from July 1990 to March 1991, and from March 2001 to November 2001.

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.**

Chicago Federal Reserve National Activity Index
January 1999 - August 2009



Source: *2009 monthly data*
Federal Reserve Bank of Chicago www.chicagofed.org/economic_research_and_data/cfnai.cfm

Kansas, Inc.

Indicators of the Kansas Economy
Building Permits

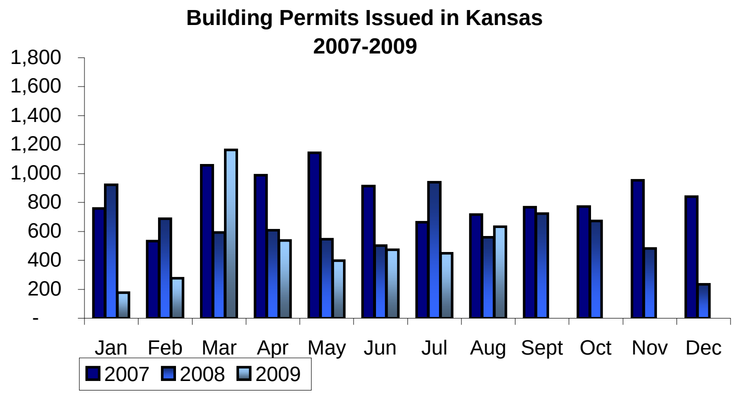
Sep-09

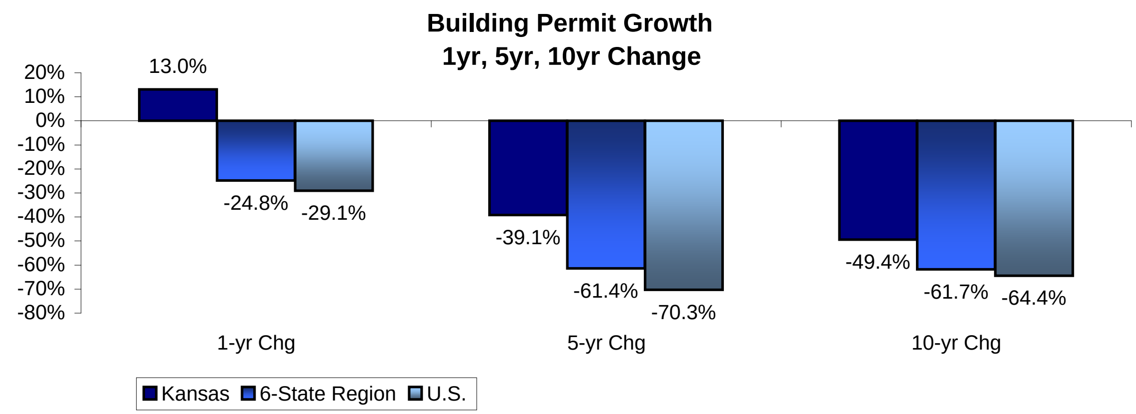
Short-Term (2008 to 2009)
- Kansas building permits up 73 (13.0%)
- 6-State Region building permits down 1,469 (-24.8%)
- U.S. building permits down 21,486 (-29.1%)

Long-Term (1999 to 2009)
- Kansas building permits down 618 (-49.4%)
- 6-State Region building permits down 7,199 (-61.7%)
- U.S. building permits down 95,007 (-64.4%)

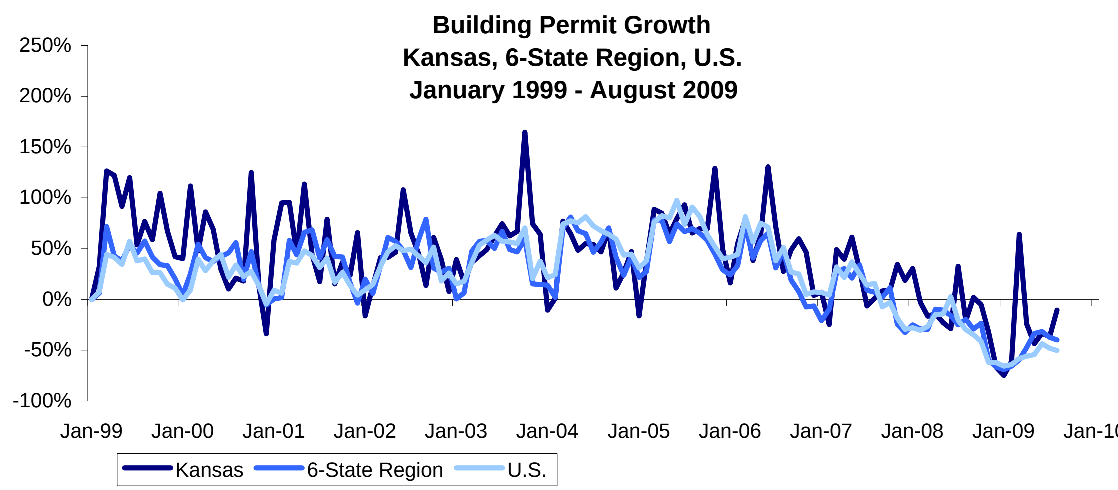
Building Permits
(new privately owned housing units authorized)

	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	633	560	1,040	1,251	13.0%	-39.1%	-49.4%
6-State Region	4,462	5,931	11,564	11,661	-24.8%	-61.4%	-61.7%
U.S.	52,414	73,900	176,475	147,421	-29.1%	-70.3%	-64.4%





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: *2009 monthly data*
U.S. Census Bureau *http://www.census.gov/econ/www/index.html*

Indicators of the Kansas Economy
Kansas Sales Tax Collections

Sep-09

Short-Term (2008 to 2009)

- Kansas sales tax collections down $12,909,039 (-7.6%)
- $744,776,389 collected ytd through May 2009
- $1,990,655,688 collected total during 2008

Long-Term (1999 to 2009)

- Kansas sales tax collections up $37,890,123 (32.0%)
- $1,456,121,970 collected total during 1999

About the data and graphs

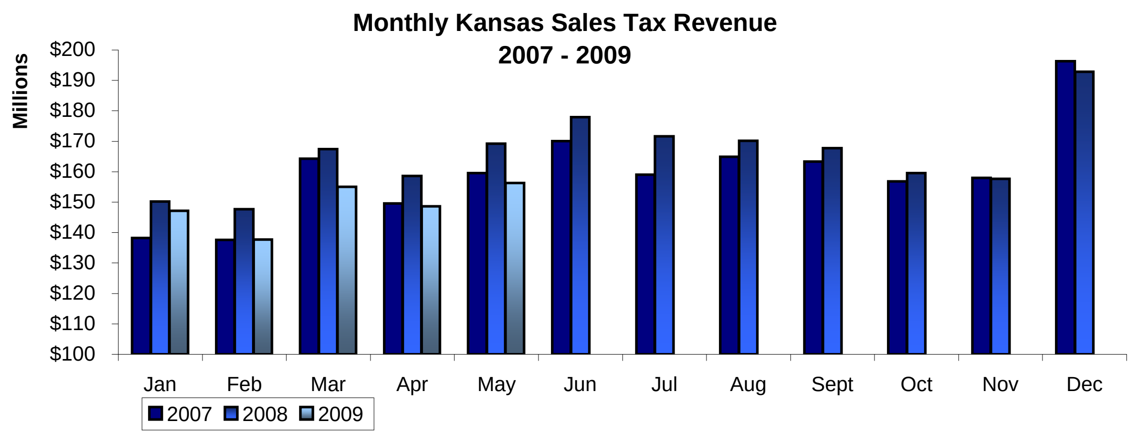
Monthly sales tax collections have trended higher as the economy has grown and two sales tax rate increases have been enacted. Annually, December typically collects the highest sales tax revenue, with January and February collecting the least. Consumers tend to delay purchases during a downturn in the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

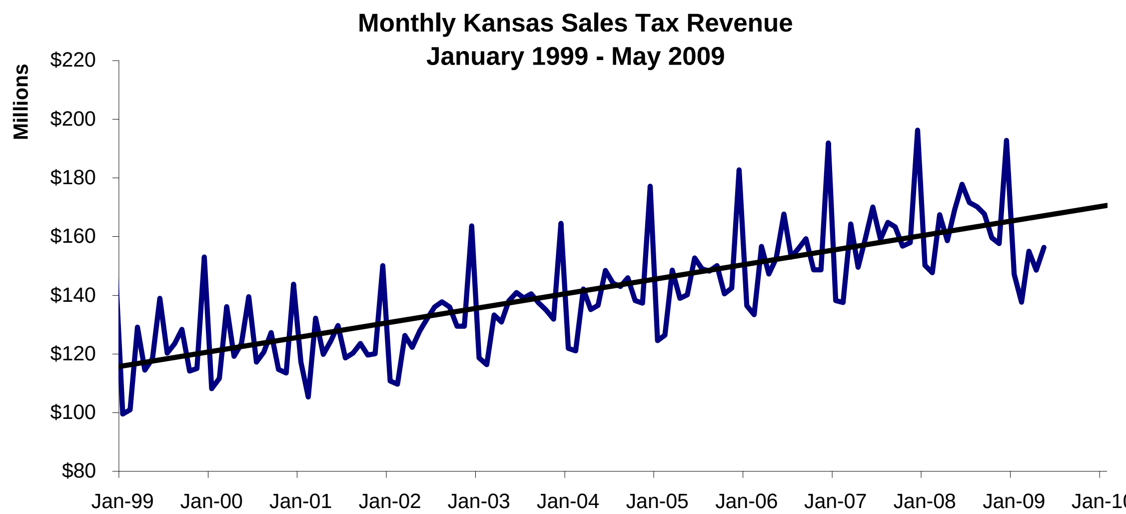
Tracking sales tax collections in Kansas gives insight into consumer behavior and demand. Sales tax collections can fluctuate widely from month to month. Since January 1990, state sales tax rates have increased on two occasions. In June 1992, the state sales tax rate increased from 4.25% to 4.90% and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

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

	May-09	May-08	May-04	May-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	$ 156,297,205	$ 169,206,244	$ 136,546,208	$ 118,407,082	-7.6%	14.5%	32.0%





Source: 2009 monthly data
Kansas Department of Revenue *http://www.ksrevenue.org/salesreports.htm*

Kansas, Inc.

Indicators of the Kansas Economy
Total Nonfarm Employment

Sep-09

Short-Term (2008 to 2009)

- Kansas total nonfarm employment down 49,100 (-3.6%)
- 6-State Region total nonfarm employment down 328,800 (-3.2%)
- U.S. total nonfarm employment down 5,999,000 (-4.4%)

Long-Term (1999 to 2009)

- Kansas total nonfarm employment up 6,900 (0.5%)
- 6-State Region total nonfarm employment up 282,900 (2.9%)
- U.S. total nonfarm employment up 1,910,000 (1.5%)

August 2009 Total Nonfarm Employment Levels

(all employees, thousands)

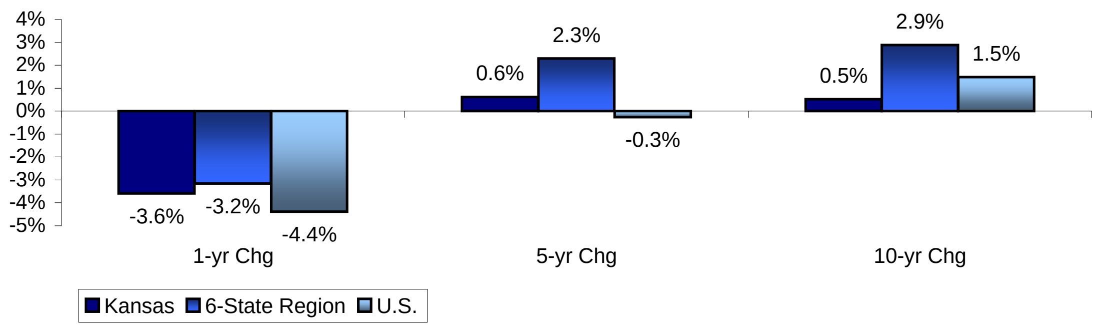
State	Employment
Kansas	1,321.0
Arkansas	1,175.1
Colorado	2,260.5
Iowa	1,464.2
Missouri	2,697.4
Nebraska	948.4
Oklahoma	1,545.0

Total Nonfarm Employment

(all employees, thousands)

	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	1,321.0	1,370.1	1,312.8	1,314.1	-3.6%	0.6%	0.5%
6-State Region	10,090.6	10,419.4	9,863.7	9,807.7	-3.2%	2.3%	2.9%
U.S.	131,003.0	137,002.0	131,351.0	129,093.0	-4.4%	-0.3%	1.5%

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

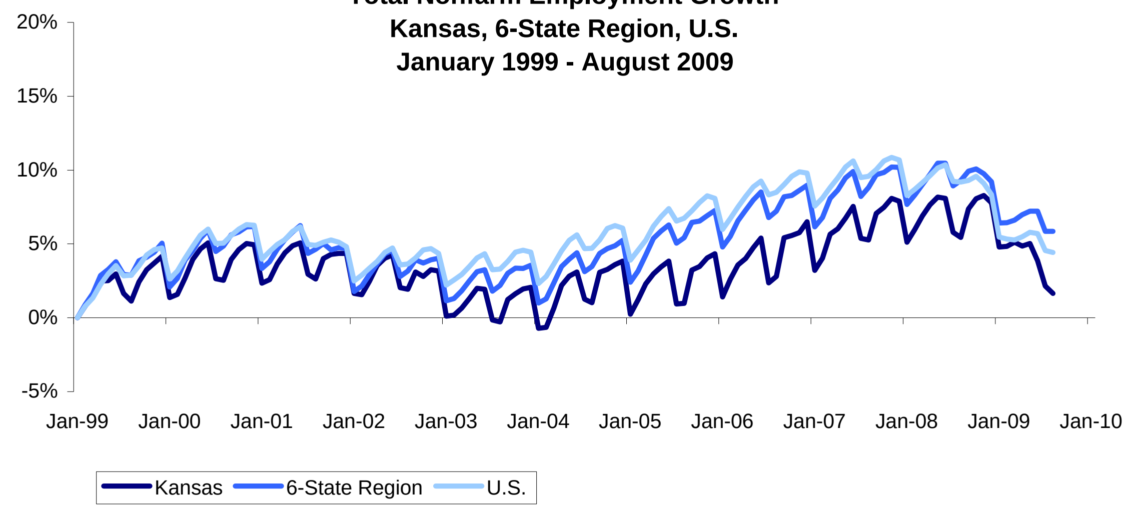


About the data and graphs

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 Growth
Kansas, 6-State Region, U.S.
January 1999 - August 2009



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

Indicators of the Kansas Economy
Private Sector Employment

Sep-09

Short-Term (2008 to 2009)
- Kansas private sector employment down 53,100 (-4.7%)
- 6-State Region private sector employment down 357,100 (-4.1%)
- U.S. private sector employment down 5,864,000 (-5.1%)

Long-Term (1999 to 2009)
- Kansas private sector employment down 14,900 (-1.4%)
- 6-State Region private sector employment up 75,800 (0.9%)
- U.S. private sector employment down 203,000 (-0.2%)

August 2009 Private Sector Employment Levels
(all employees, thousands)

State	Employment
Kansas	1,081.7
Arkansas	966.0
Colorado	1,885.5
Iowa	1,232.7
Missouri	2,282.3
Nebraska	786.7
Oklahoma	1,226.2

About the data and graphs

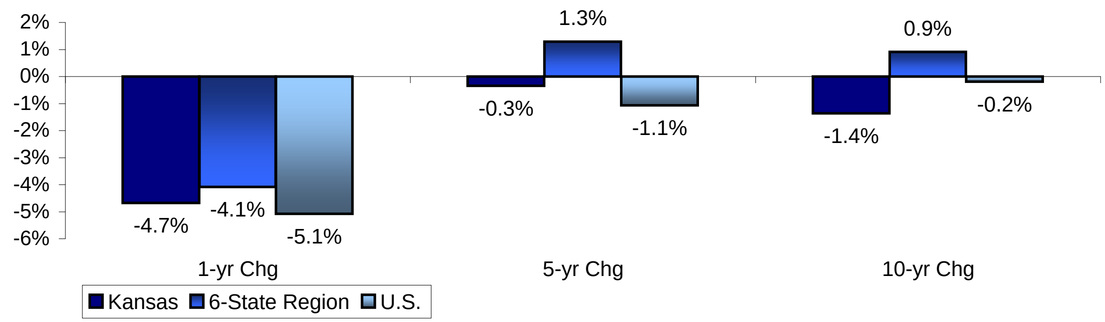
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs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

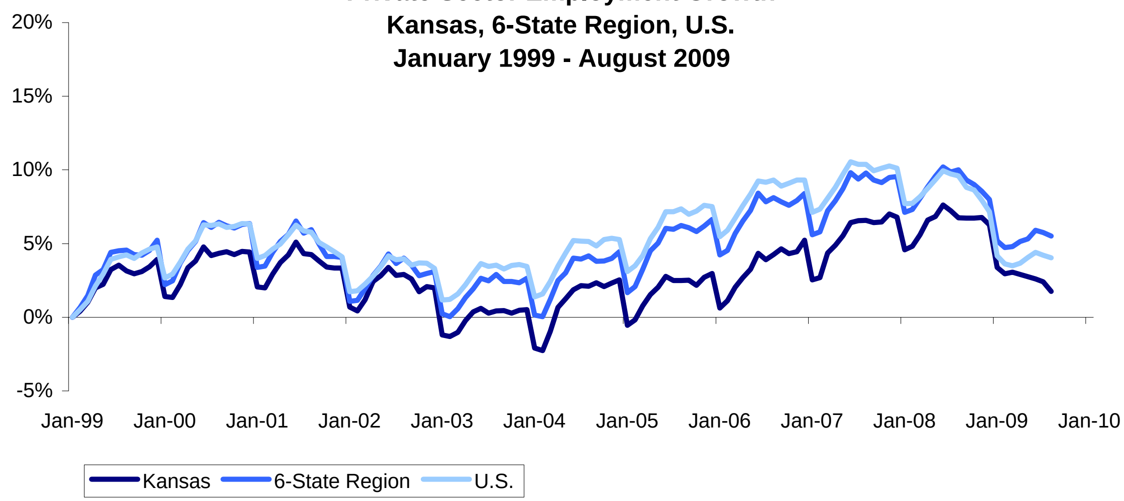
Private Sector Employment
(all employees, thousands)

	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	1,081.7	1,134.8	1,085.4	1,096.6	-4.7%	-0.3%	-1.4%
6-State Region	8,379.4	8,736.5	8,272.7	8,303.6	-4.1%	1.3%	0.9%
U.S.	109,716.0	115,580.0	110,898.0	109,919.0	-5.1%	-1.1%	-0.2%

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



Private Sector Employment Growth
Kansas, 6-State Region, U.S.
January 1999 - August 2009



Source: *2009 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 (2008 to 2009)

- Kansas manufacturing employment down 17,900 (-9.8%)
- 6-State Region manufacturing employment down 119,200 (-10.9%)
- U.S. manufacturing employment down 1,620,000 (-12.0%)

Long-Term (1999 to 2009)

- Kansas manufacturing employment down 37,200 (-18.3%)
- 6-State Region manufacturing employment down 368,200 (-27.4%)
- U.S. manufacturing employment down 5,491,000 (-31.6%)

Manufacturing Employment

(all employees, thousands)

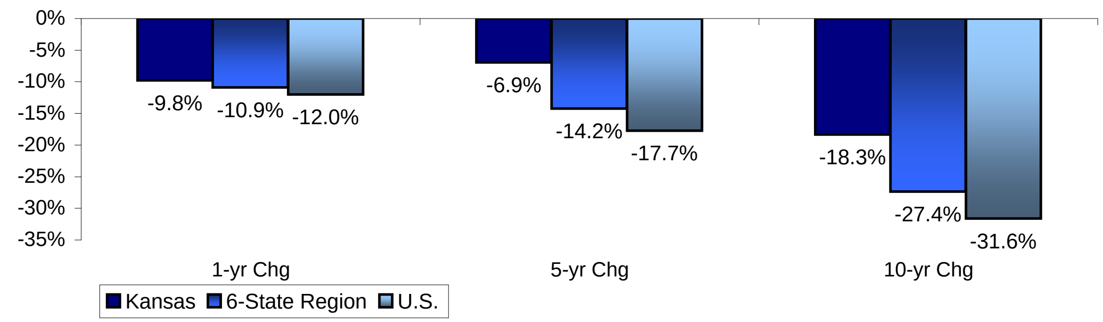
	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	165.6	183.5	177.9	202.8	-9.8%	-6.9%	-18.3%
6-State Region	976.9	1,096.1	1,139.0	1,345.1	-10.9%	-14.2%	-27.4%
U.S.	11,872.0	13,492.0	14,430.0	17,363.0	-12.0%	-17.7%	-31.6%

August 2009 Manufacturing Employment Levels

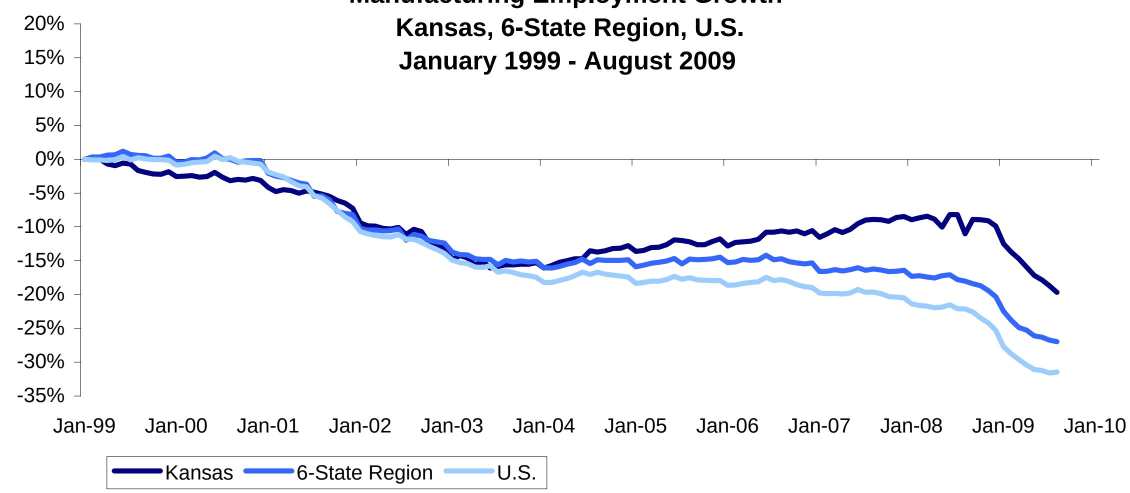
(all employees, thousands)

State	Employment
Kansas	165.6
Arkansas	162.6
Colorado	129.3
Iowa	200.9
Missouri	259.3
Nebraska	91.7
Oklahoma	133.1

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



Manufacturing Employment Growth
Kansas, 6-State Region, U.S.
January 1999 - August 2009



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.

Source: *2009 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 (2008 to 2009)

- Kansas service employment down 26,600 (-3.0%)
- 6-State Region service employment down 165,800 (-2.4%)
- U.S. service employment down 3,044,000 (-3.2%)

Long-Term (1999 to 2009)

- Kansas service employment up 28,800 (3.5%)
- 6-State Region service employment up 418,100 (6.6%)
- U.S. service employment up 5,696,000 (6.7%)

August 2009 Service Employment Levels

(all employees, thousands)

State	Employment
Kansas	846.7
Arkansas	736.2
Colorado	1,586.2
Iowa	958.0
Missouri	1,888.9
Nebraska	643.4
Oklahoma	973.4

About the data and graphs

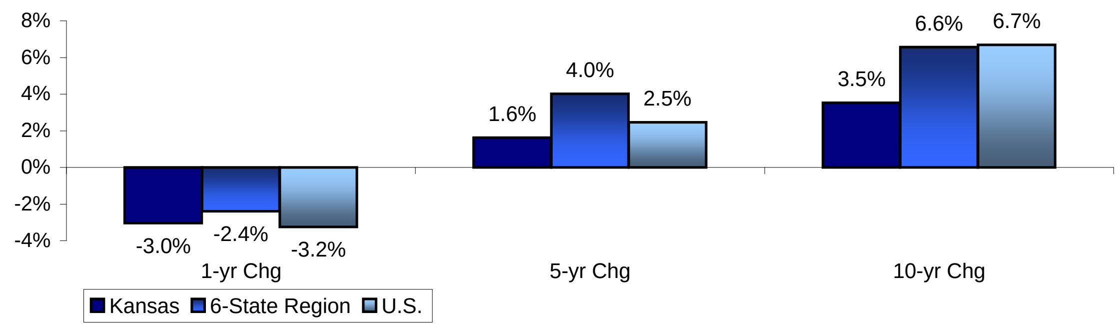
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for the series come from a monthly survey of employers. The data are subject to major and minor revisions. The series counts the number of jobs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

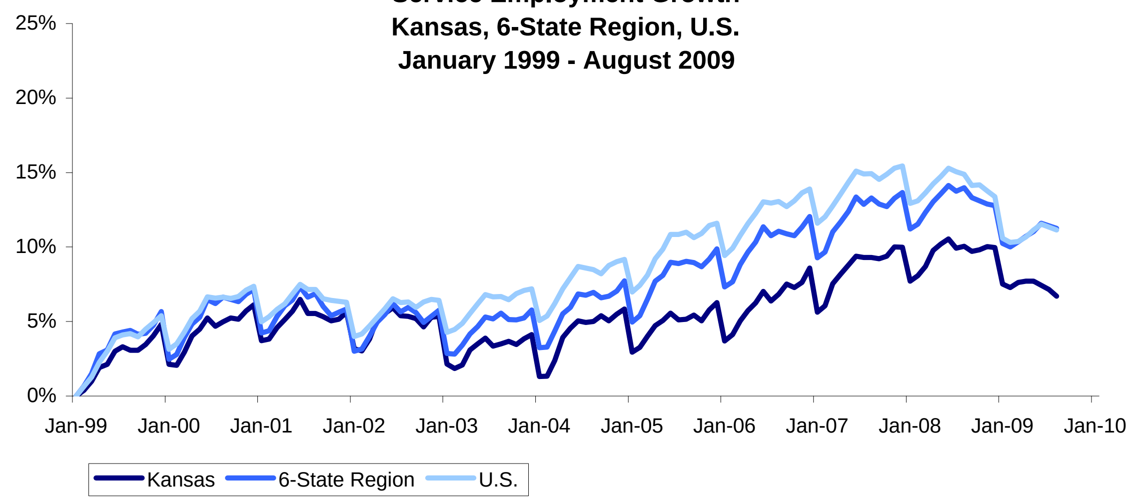
(all employees, thousands)

	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	846.7	873.3	833.2	817.9	-3.0%	1.6%	3.5%
6-State Region	6,786.1	6,951.9	6,523.7	6,368.0	-2.4%	4.0%	6.6%
U.S.	90,733.0	93,777.0	88,549.0	85,037.0	-3.2%	2.5%	6.7%

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



Service Employment Growth
Kansas, 6-State Region, U.S.
January 1999 - August 2009



Source: *2009 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
Public Employment

Sep-09

Short-Term (2008 to 2009)
- Kansas public sector employment up 4,000 (1.7%)
- 6-State Region public sector employment up 28,300 (1.7%)
- U.S. public sector employment down 135,000 (-0.6%)

Long-Term (1999 to 2009)
- Kansas public sector employment up 21,800 (10.0%)
- 6-State Region public sector employment up 207,100 (13.8%)
- U.S. public sector employment up 2,113,000 (11.0%)

August 2009 Public Sector Employment Levels
(all employees, thousands)

State	Employment
Kansas	239.3
Arkansas	209.1
Colorado	375.0
Iowa	231.5
Missouri	415.1
Nebraska	161.7
Oklahoma	318.8

About the data and graphs

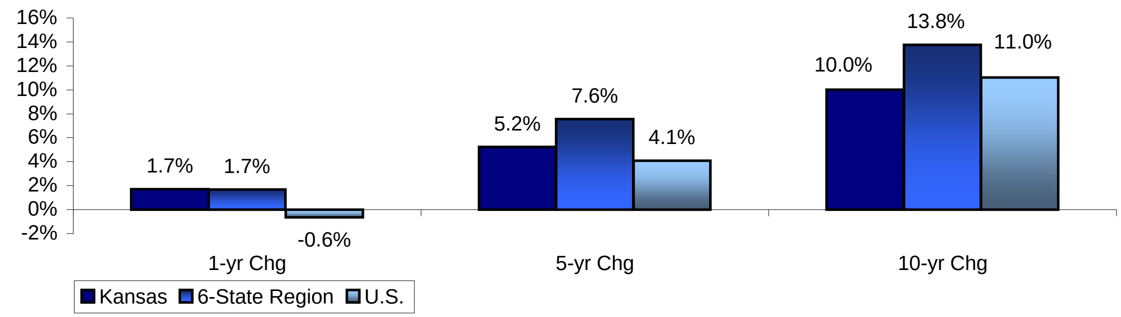
The Bureau of Labor Statistics (BLS) publishes several monthly data series on employment by sector from its Current Employment Statistics (CES) program. Data for series come from a monthly survey of employers. The data are subject to major and minor revisions. The series count the number of jobs in the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

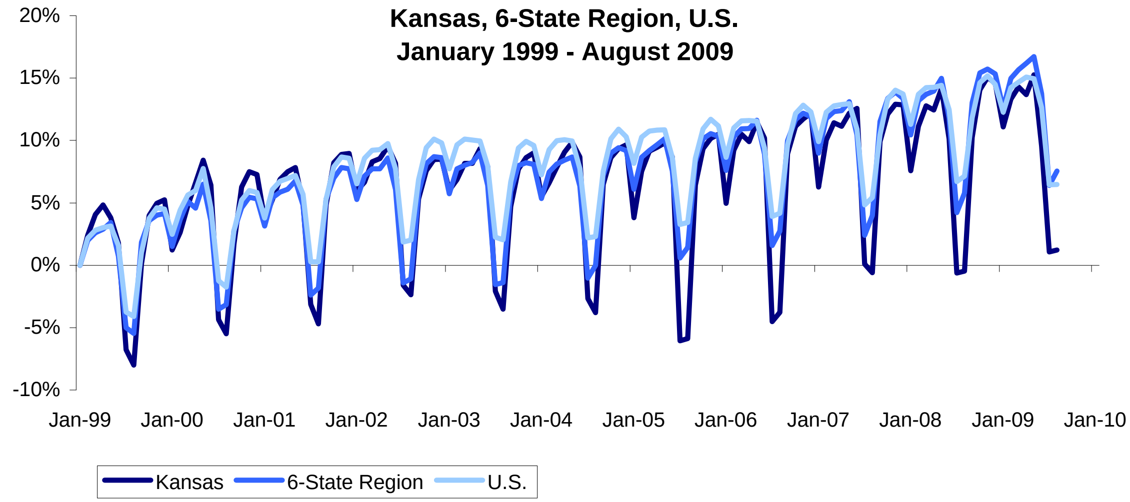
Public Sector Employment
(all employees, thousands)

	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	239.3	235.3	227.4	217.5	1.7%	5.2%	10.0%
6-State Region	1,711.2	1,682.9	1,591.0	1,504.1	1.7%	7.6%	13.8%
U.S.	21,287.0	21,422.0	20,453.0	19,174.0	-0.6%	4.1%	11.0%

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



Public Sector Employment Growth
Kansas, 6-State Region, U.S.
January 1999 - August 2009



Source: 2009 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 (2008 to 2009)

- Kansas unemployment up 37,382 (53.2%)
- 6-State Region unemployment up 268,507 (46.9%)
- U.S. unemployment up 5,344,000 (56.4%)
- Kansas unemployment rate up (2.4%)
- 6-State Region unemployment rate up (2.3%)
- U.S. unemployment rate up (3.5%)

Long-Term (1999 to 2009)

- Kansas unemployment up 57,104 (112.8%)
- 6-State Region unemployment up 507,147 (151.9%)
- U.S. unemployment up 8,997,000 (154.4%)
- Kansas unemployment rate up (3.5%)
- 6-State Region unemployment rate up (4.2%)
- U.S. unemployment rate up (5.4%)

About the data and graphs

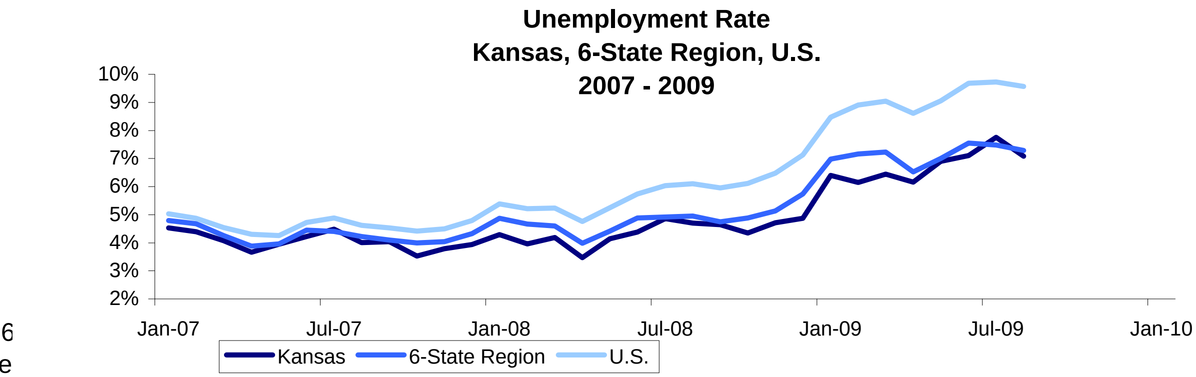
The unemployment rate represents the number unemployed as a percent of the labor force. As defined in the Current Population Survey, unemployed persons are persons aged 16 years and older who had no employment during the reference week, were available for work, except for temporary illness, and had made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

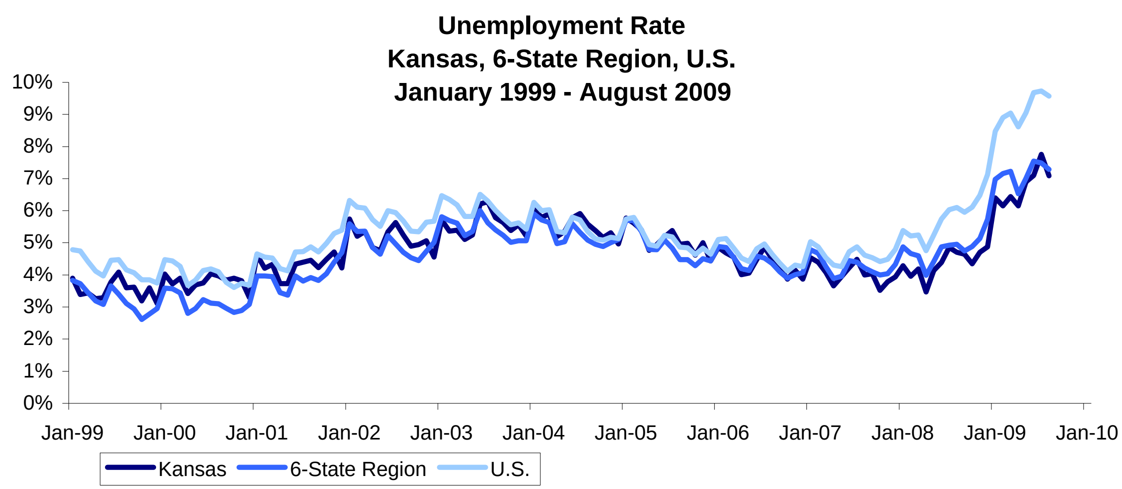
The unemployment rate contains a seasonal component, it rises during summer as new high school and college graduates enter the civilian labor force and in January, when retailers lay off holiday employees. The unemployment rate also contains a business cycle component, rising during recessionary periods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

Unemployment and Unemployment Rate

(all employees)

	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	107,706	70,324	81,594	50,602	53.2%	32.0%	112.8%
6-State Region	841,076	572,569	565,997	333,929	46.9%	48.6%	151.9%
U.S.	14,823,000	9,479,000	7,940,000	5,826,000	56.4%	86.7%	154.4%
Kansas (%)	7.1%	4.7%	5.6%	3.6%	2.4%	1.5%	3.5%
6-State Region (%)	7.3%	5.0%	5.1%	3.1%	2.3%	2.2%	4.2%
U.S. (%)	9.6%	6.1%	5.4%	4.2%	3.5%	4.2%	5.4%





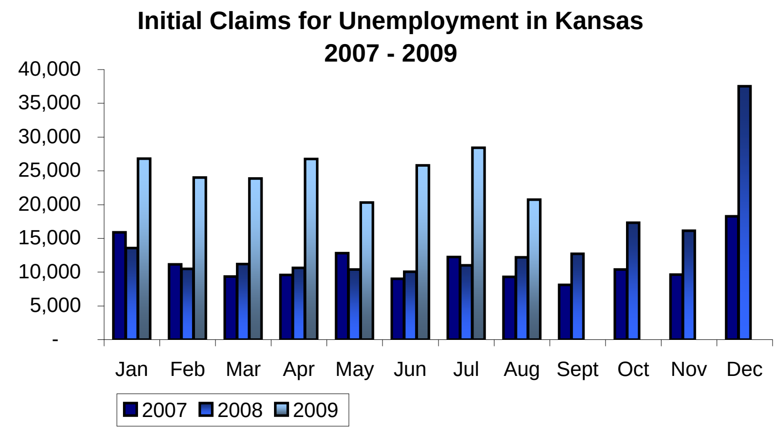
Source: 2009 monthly data
U.S. Department of Labor - Bureau of Labor Statistics http://www.bls.gov/bls/employment.htm
Kansas Department of Labor - Labor Market Information http://laborstats.dol.ks.gov/

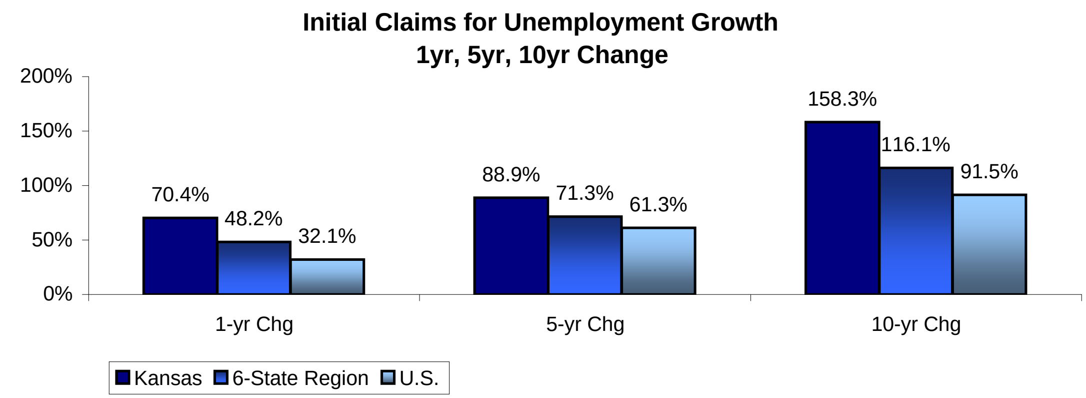
Short-Term (2008 to 2009)
- Kansas initial claims up 8,575 (70.4%)
- 6-State Region initial claims up 43,266 (48.2%)
- U.S. initial claims up 484,939 (32.1%)

Long-Term (1999 to 2009)
- Kansas initial claims up 12,718 (158.3%)
- 6-State Region initial claims up 71,477 (116.1%)
- U.S. intial claims up 954,346 (91.5%)

Initial Claims for Unemployment
(all employees)

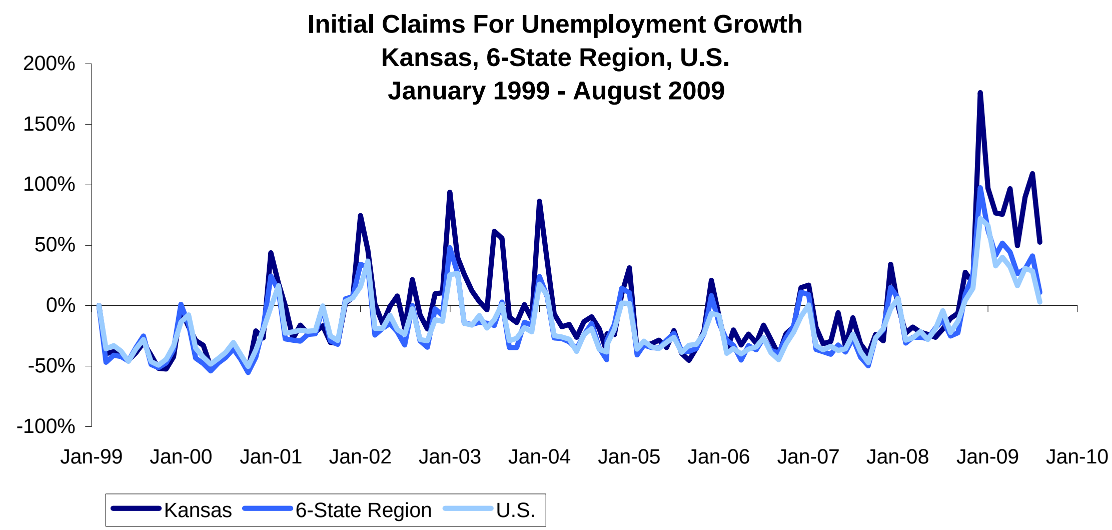
	Aug-09	Aug-08	Aug-04	Aug-99	1-yr Chg	5-yr Chg	10-yr Chg
Kansas	20,750	12,175	10,982	8,032	70.4%	88.9%	158.3%
6-State Region	133,035	89,769	77,650	61,558	48.2%	71.3%	116.1%
U.S.	1,997,488	1,512,549	1,238,720	1,043,142	32.1%	61.3%	91.5%





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: *2009 monthly data*
U.S. Department of Labor - Employment and Training Administration http://workforcesecurity.doleta.gov/unemploy/claimssum.asp

Indicators of the Kansas Economy
Private Industry Wage Levels

Sep-09

Short-Term (2007 to 2008)
- Kansas private industry wage level up $1,152 (3.1%)
- 6-State Region private industry wage level up $1,213 (3.3%)
- U.S. private industry wage level up $1,006 (2.3%)

Mid-Term (2003 to 2008)
- Kansas private industry wage level up $6,937 (21.8%)
- 6-State Region private industry wage level up $6,735 (21.2%)
- U.S. private industry wage level up $7,860 (21.0%)

2008 (p) Private Industry Wage Levels
(average annual wages, all employees, all private establishments)

State	Annual Wage
Kansas	$ 38,731
Arkansas	$ 34,442
Colorado	$ 46,722
Iowa	$ 36,359
Missouri	$ 40,712
Nebraska	$ 35,790
Oklahoma	$ 37,126

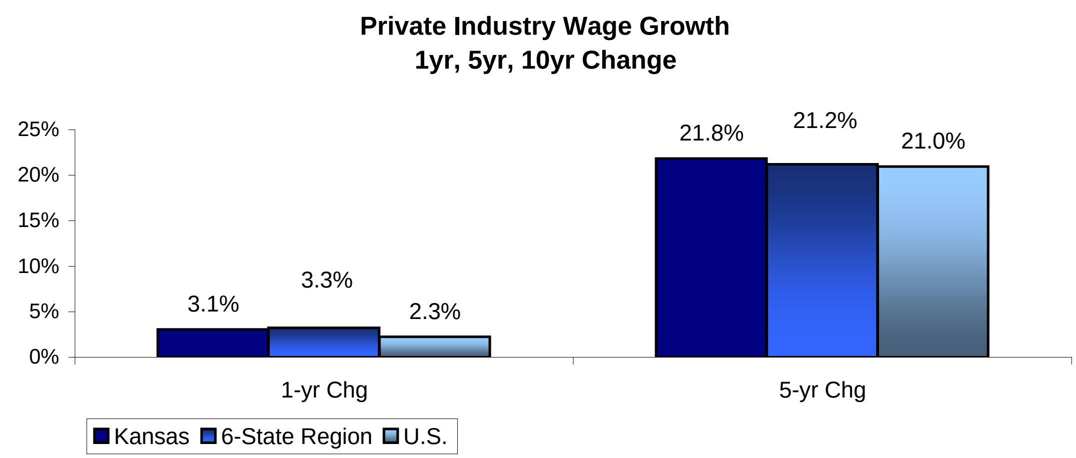
(p) - 2008 1st, 2nd, 3rd quarter avg weekly wage multiplied by 52 weeks

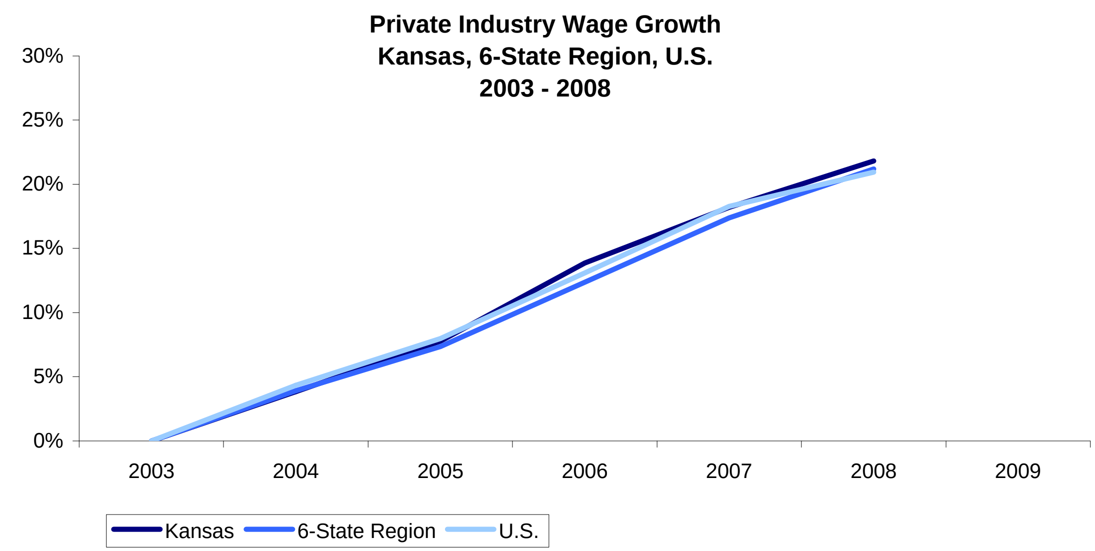
About the data and graphs

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)

	2008 (p)	2007	2003	1-yr Chg	5-yr Chg
Kansas	$ 38,731	$ 37,579	$ 31,794	3.1%	21.8%
6-State Region	$ 38,525	$ 37,312	$ 31,790	3.3%	21.2%
U.S.	$ 45,368	$ 44,362	$ 37,508	2.3%	21.0%





Source: *2007 annual data, 2008 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

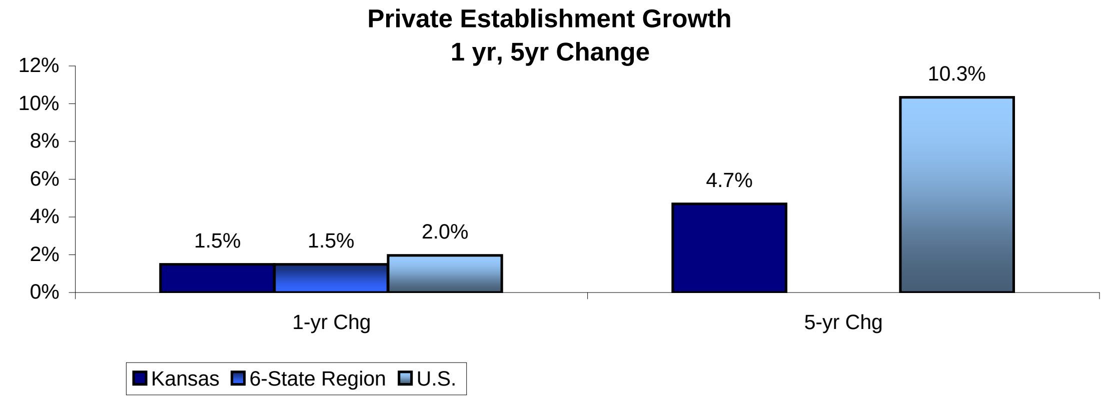
Sep-09

Short-Term (2007 to 2008)
- Kansas total establishments up 1,174 (1.5%)
- 6-State Region total establishments up 9,720 (1.5%)
- U.S. total establishments up 168,321 (2.0%)

Mid-Term (2003 to 2008)
- Kansas total establishments up 3,600 (4.7%)
- 6-State Region total establishments down 115 (0.0%)
- U.S. total establishments up 818,873 (10.3%)

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

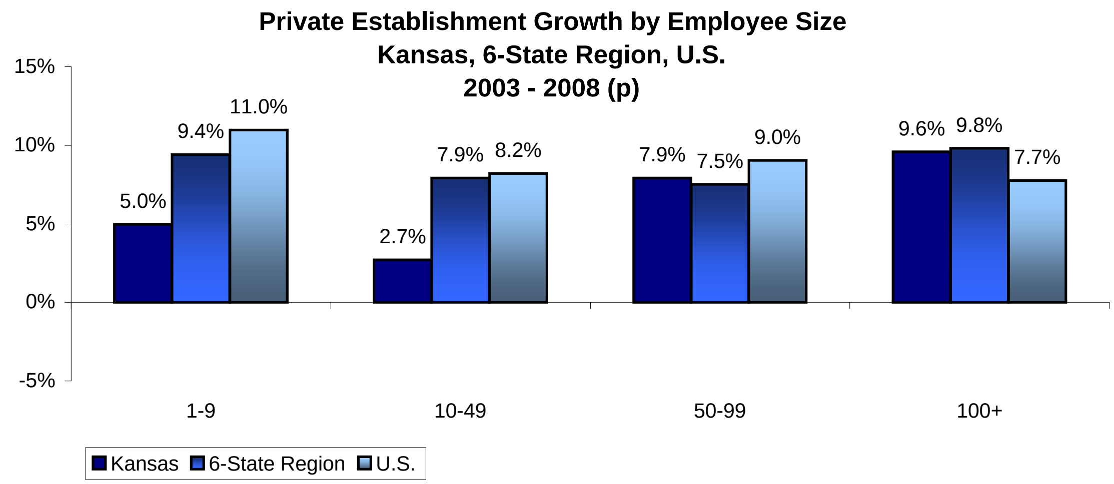
	2008 (p)	2007	2003	1-yr Chg	5-yr Chg
Kansas	80,276	79,102	76,676	1.5%	4.7%
6-State Region	658,512	648,792	658,627	1.5%	0.0%
U.S.	8,741,215	8,572,894	7,922,342	2.0%	10.3%



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

Year	1-9	10-49	50-99	100+
2003	57,922	15,236	1,955	1,563
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 (p)	60,803	15,650	2,110	1,713
1-yr Chg	1.8%	0.6%	-0.2%	1.3%
5-yr Chg	5.0%	2.7%	7.9%	9.6%

(p) - preliminary



About the data and graphs

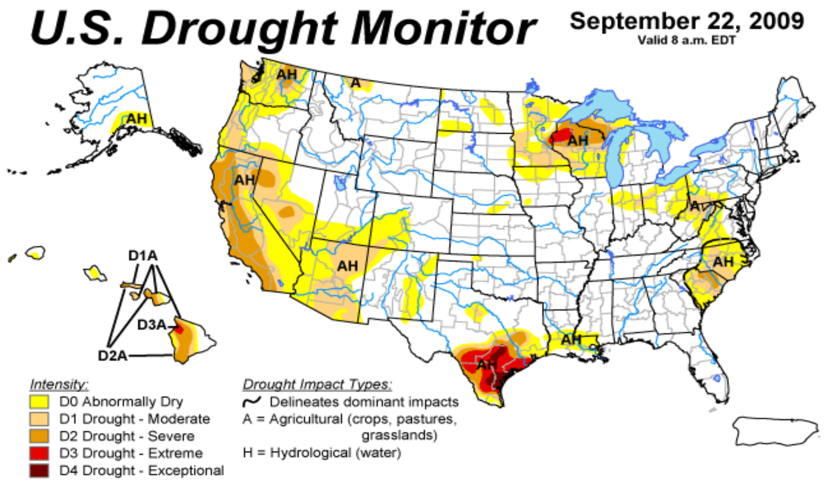
According to the U.S. Small Business Administration, small businesses provide approximately 75 percent of the net new jobs added to the economy and employ 50.1 percent of the private work force. This data tracks the number of business establishments by employee size to help understand what size businesses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

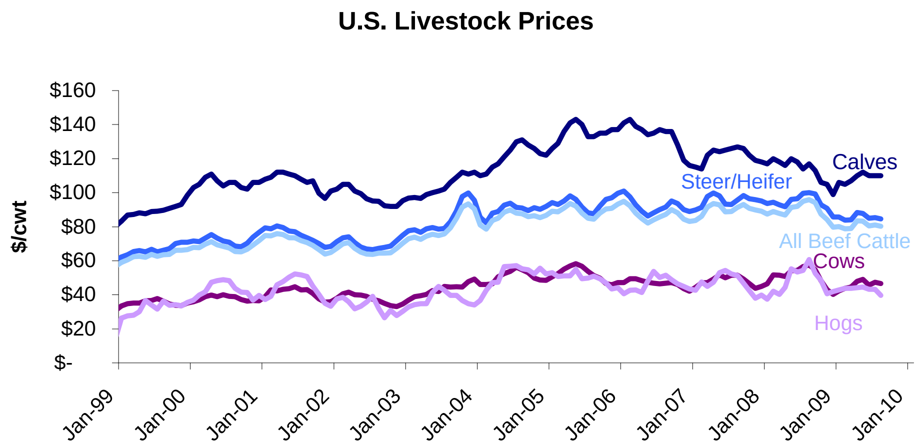
Source: *2008 annual data*
U.S. Department of Labor - Bureau of Labor Statistics http://www.bls.gov/bls/employment.htm
Kansas Department of Labor - Labor Market Information *http://laborstats.dol.ks.gov/*

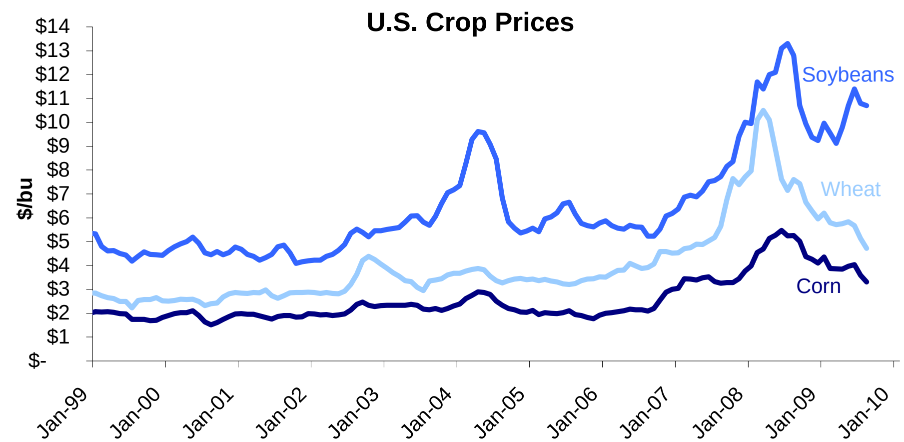
(9/1/09 USDA Agricultural Prices) KANSAS: The August **All Farm Products Index** of Prices Received by Kansas farmers, at 117 percent of the 1990-92 base, is down 20 points from July and down 46 points from August 2008. The **All Crops Index** in August, at 154 percent of the 1990-92 base, is down 31 points from July and down 113 points from 2008. The **Meat Animals Index**, at 109 percent of the 1990-92 base, is down 1 point from July and 23 points below last year.

Wheat prices in mid-August, at $4.39 per bushel, are down 90 cents from July and $3.58 below last August. **Corn** prices in mid-August, at $2.88 per bushel, are down 42 cents from July and $2.49 below last August. Farmers received an average of $4.53 per cwt. for **sorghum grain** in mid-August, down 12 cents from July and $3.83 below last August. **Soybean** prices, at $10.50 per bushel in mid-August, are down 30 cents from July and $2.60 below last August. **All hay** prices averaged $99.00 per ton in mid-August, down $3.00 from July and $23.00 lower than last year. **Alfalfa** hay averaged $103.00 per ton, down $9.00 from July and $30.00 lower than last August. **Other hay**, at $76.00 per ton, is unchanged from July but $13.00 below last August.

All beef cattle were bringing an average of $84.30 per cwt. in mid-August, down 80 cents from July and $16.70 below the price last August. **Cow** prices, at $47.70 per cwt., are down $1.10 from July and $9.90 below the price last August. **Steers and heifers** averaged $84.70 per cwt., down 80 cents from July and $16.30 below August 2008. **Calf** prices in mid-August are $116.00 per cwt., up $2.00 from July but down $9.00 from August 2008. The **all hog** price of $33.80 per cwt. for mid-August is down $3.90 from July and down $22.80 from last August. **Sow** prices averaged $34.30, up $4.60 from July but $8.10 lower than August 2008. **Barrow and gilt** prices averaged $33.70 per cwt. in mid-August, down $5.20 July and $25.00 below last August.







Source: *2009 monthly data*
United States Department of Agriculture - NASS http://www.nass.usda.gov
National Drought Mitigation Center http://www.drought.unl.edu

Short-Term (2008)

- 1,452 farms reported farm operation data to KFMA
- KFMA farms averaged $471,145 in value of farm production
- $347,748 in total farm expense
- KFMA average net farm income was $123,397
- NW region had the highest net farm income at $150,935
- SW region had the lowest net farm income at $81,546

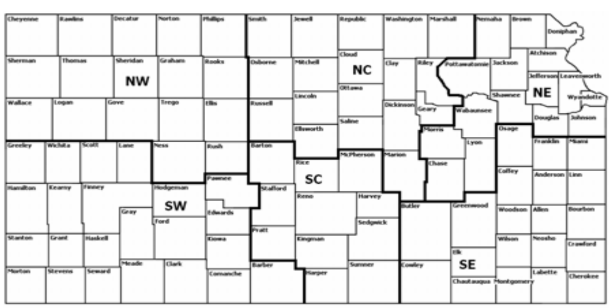
Long-Term (1998 to 2008)

- KFMA average net farm income varies widely from year to year
- 5-yr average net farm income was $80,922
- 10-yr average net farm income was $58,445

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 over 2,500 farms and over 3,200 families.

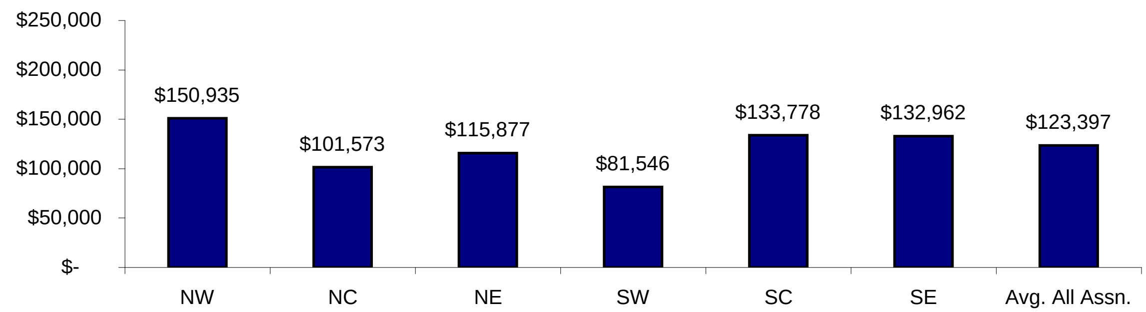
The goals of the KFMA program are to provide each member with information about business and family costs to improve farm business organization, farm business decisions, and farm profitability; and minimize risk. Through on-farm visits, whole-farm analysis, and other educational programs, Association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



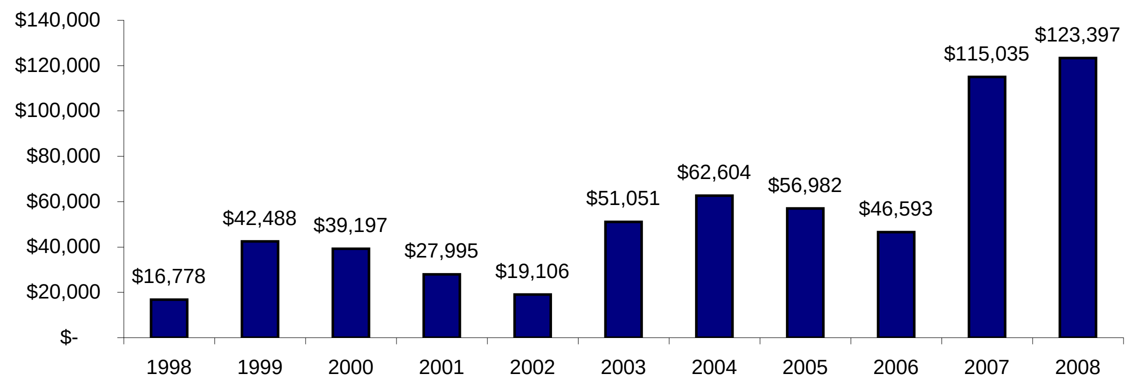
KFMA Average Net Farm Income by Region

Region	NW	NC	NE	SW	SC	SE	Avg. All Assn.
2007	$ 233,000	$ 81,288	$ 114,118	$ 108,397	$ 88,849	$ 114,423	$ 115,035
2008	$ 150,935	$ 101,573	$ 115,877	$ 81,546	$ 133,778	$ 132,962	$ 123,397
5-yr avg	$ 111,037	$ 63,468	$ 85,594	$ 53,086	$ 73,966	$ 89,618	$ 80,922
10-yr avg	$ 74,781	$ 48,867	$ 56,404	$ 42,410	$ 53,190	$ 67,420	$ 58,445

2008 Kansas Farm Management Association
Average Net Farm Income by Region



Kansas Farm Management Association
Average Net Farm Income
1998 - 2008



Source: *2008 annual data*
Kansas State University - Kansas Farm Management Association

www.agmanager.info/kfma

Kansas, Inc.

Indicators of the Kansas Economy
Oil Production and Price

Short-Term (2008 to 2009)
- Kansas oil production down 51,090 bbl (-1.6%)
- Oil price down $66.4 (-52.9%)

Long-Term (1999 to 2009)
- Kansas oil production up 404,863 bbl (14.5%)
- Oil price up $41.3 (233.1%)

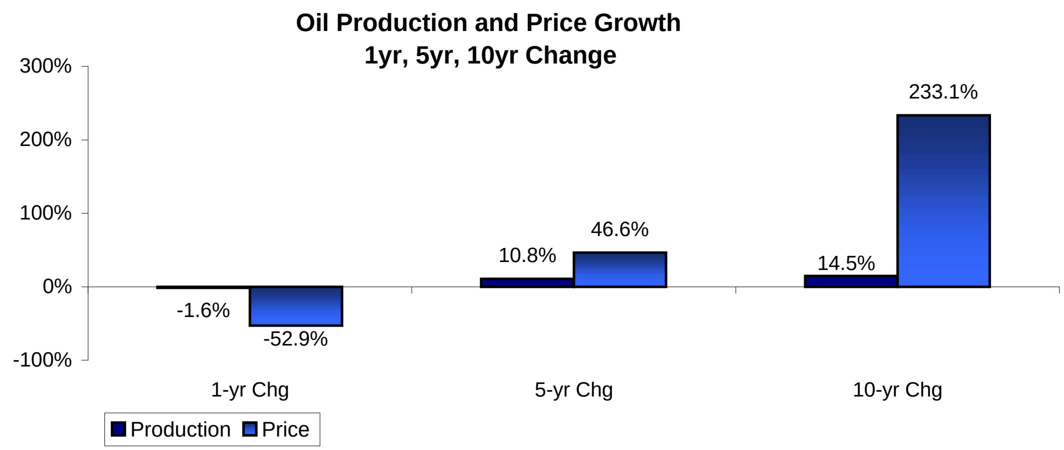
2009 Oil Production/Price

Month	Production*	Price	Month	Production*	Price
January	3,429,860	$ 41.71	July		$ 64.15
February	3,112,294	$ 39.09	August		$ 71.05
March	3,310,917	$ 47.94	September		
April	3,247,164	$ 49.65	October		
May	3,192,774	$ 59.03	November		
June		$ 69.64	December		

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

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

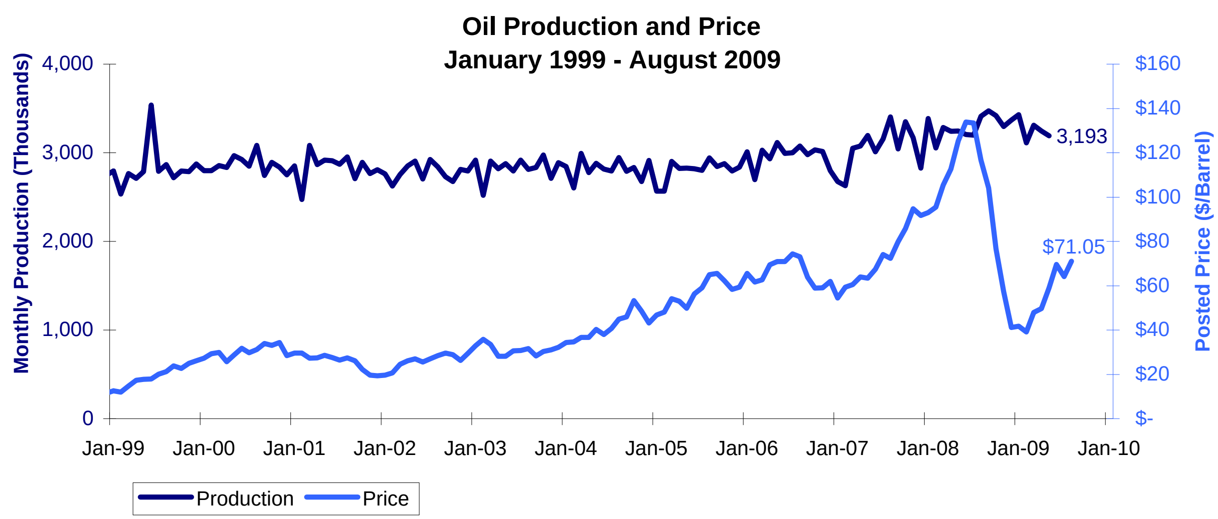
	May-09	May-08	May-04	May-99	1-yr Chg	5-yr Chg	10-yr Chg
Production (bbl)	3,192,774	3,243,864	2,881,665	2,787,911	-1.6%	10.8%	14.5%
Price ($/bbl)	$ 59.03	$ 125.40	$ 40.27	$ 17.72	-52.9%	46.6%	233.1%



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: *2009 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

Sep-09

Short-Term (2008 to 2009)

- Kansas natural gas production down 253,182 mcf (-0.8%)
- Natural gas price down $6.4 (-64.8%)

Long-Term (1999 to 2009)

- Kansas natural gas production down 17,124,965 mcf (-36.1%)
- Natural gas price up $1.3 (59.0%)

2009 Natural Gas Production/Price

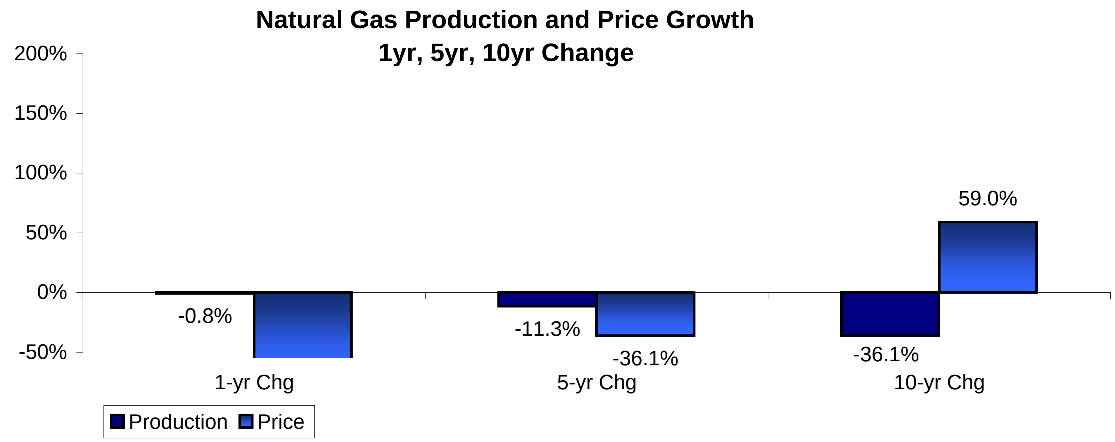
Month	Production*	Price	Month	Production*	Price
January	31,398,510	$ 5.15	July		
February	28,606,330	$ 4.19	August		
March	30,972,843	$ 3.72	September		
April	29,493,801	$ 3.43	October		
May	30,371,265	$ 3.45	November		
June		$ 3.45	December		

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

Natural Gas Production* and Price

(most recent month of both production and price information)

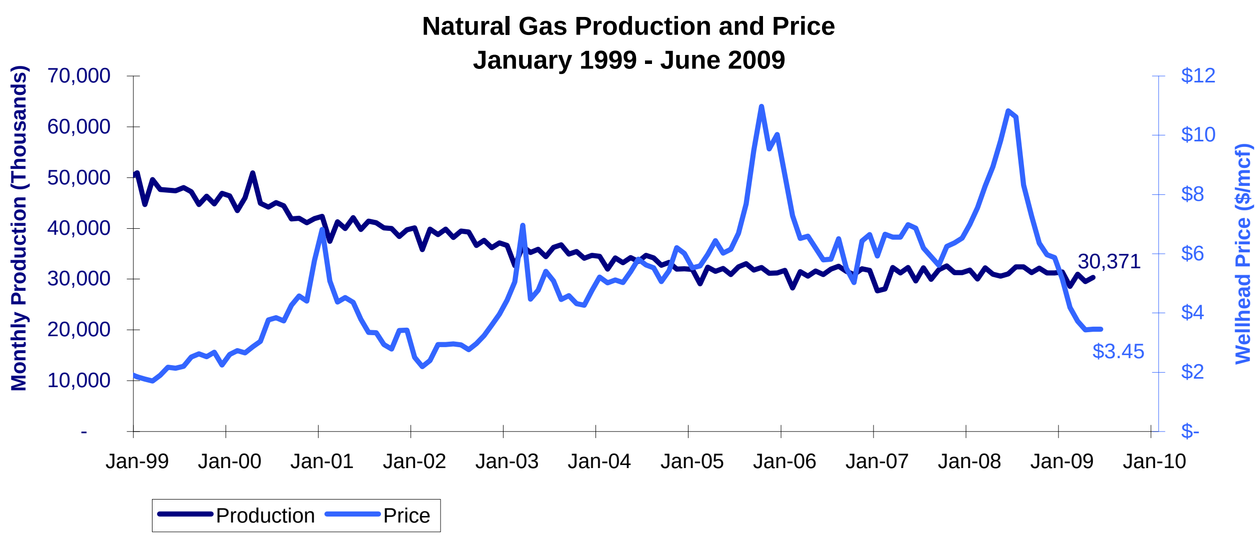
	May-09	May-08	May-04	May-99	1-yr Chg	5-yr Chg	10-yr Chg
Production (mcf)	30,371,265	30,624,447	34,249,973	47,496,230	-0.8%	-11.3%	-36.1%
Price ($/mcf)	$ 3.45	$ 9.81	$ 5.40	$ 2.17	-64.8%	-36.1%	59.0%



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: *2009 monthly data*
Kansas Geological Survey *http://www.kgs.ku.edu/PRS/petro/interactive.html*
Energy Information Administration *http://www.eia.doe.gov/*

September 9, 2009 - Tenth District - Kansas City - The Tenth District economy generally held steady in late July and August. Consumer spending was supported by seasonal and automotive incentives, while restaurant and hotel spending was subdued. The manufacturing sector held steady and plant managers expected a modest rise in production in coming months. Residential real estate activity softened and commercial real estate contacts indicated market conditions remained fragile. Banking conditions remained tepid partly due to moderately declining loan demand and a negative outlook for loan quality. Activity in the energy sector stabilized with a slight rise in the number of active drilling rigs. Falling grain prices and weak livestock exports put downward pressure on agricultural profits. Even though input prices were expected to rise, producers did not anticipate passing additional costs through to retail prices. Wage pressures remained low and few firms planned to hire new workers.

Consumer Spending - Consumer activity since the last survey period was generally stable. Retail sales were supported by consumer purchases of seasonal products, especially apparel, during the back-to-school season. Increased customer traffic led some District retailers to expect a rise in sales. Auto dealers reported that the cash-for-clunkers program, along with other dealer incentives, stimulated sales of new, fuel efficient cars, but hindered used car sales. Still, vehicle inventory levels declined. In addition, fewer dealers reported difficulty accessing credit. Restaurants reported weaker sales partly due to a decline in average check size. Tourism spending remained solid but was expected to wane as the vacation season ends. Even though hotel occupancy rates have fallen, average daily room rates rose slightly.

Manufacturing and Other Business Activity - Since late July, activity in the manufacturing sector was mostly flat, while activity in the transportation and high-tech sectors strengthened. Durable goods production dropped while non-durable goods production held steady. After further inventory reductions, manufacturers expected production to strengthen in coming months. In addition, plant managers anticipated current employment levels would hold and capital spending would remain stable. Several transportation contacts noted improved activity partly from an uptick in raw material shipments. Technology-related firms reported stronger sales, supported by federal government contracts and stimulus spending. Some manufacturing and transportation contacts fel input price increases could trim profit margins because of limited opportunities to pass through additional costs.

Real Estate and Construction - After strengthening in the last survey period, the residential real estate market softened, while commercial real estate conditions weakened further. While residential real estate agents noted increased buyer traffic, building suppliers reported slower sales to builders for new home construction. Demand remained weak for high-end properties, although the first time homebuyer tax credit boosted sales of entry-level homes. Following seasonal trends, home inventory levels were expected to rise in coming months. Mortgage activity slowed, largely due to a drop in refinancings. Commercial real estate conditions continued to erode, with reductions in completions and construction underway. Vacancy rates were little changed since the last survey period, but remained well above year-ago levels. Absorption rates declined further, placing additional downward pressure on rents. Access to credit remained tight. District contacts were concerned that lower commercial real estate values would hinder upcoming loan renewal and refinancing activity.

Banking - Bankers reported weaker loan demand, increased deposits, and a continued negative outlook for loan quality. Overall loan demand declined at a slightly faster pace than in the previous survey. Demand for commercial and industrial loans and commercial real estate loans fell moderately, while demand for consumer installment loans continued to edge downward. Bankers also reported lower demand for residential real estate loans for the first time since late last year. Some banks continued to tighten credit standards on commercial real estate loans, but credit standards for other loan categories were little changed. Loan quality remained substantially lower than a year ago, and about half of respondents expected loan quality to decline further over the next six months. Deposits rose moderately after showing little change in the previous survey.

Energy - Energy activity stabilized in late July and August. After substantial declines during the last year, the number of active drilling rigs in the District rose slightly. Drilling activity was expected to hold steady in coming months due to ample oil and natural gas supplies, subdued demand, and limited availability of financing for exploration. Though some natural gas producers expected prices to rise as the winter heating season approached, others felt high inventory levels would restrain price increases. Wyoming coal production rose during the survey period but remained below year-ago levels. Ethanol profit margins stabilized with higher crude oil prices and lower corn costs.

Agriculture - While agricultural growing conditions remained positive, income projections weakened slightly since the last survey period. Favorable growing conditions and an upward revision to crop estimates contributed to a decline in corn and soybean prices, trimming expected profits for producers. Despite a slight improvement in fed cattle prices, an extended period of negative profit margins coupled with declining cattle inventories prompted some feedlot consolidations. Income losses steepened for hog producers amid sluggish domestic and foreign demand for pork products. Farmland values stabilized at or above year-ago levels. Demand for non real estate farm loans rose, and the rate of loan repayments declined. Fewer District contacts reported that collateral requirements remained elevated, and farm interest rates were little changed.

Wages and Prices - Producer prices generally held steady while consumer prices eased, and soft labor markets kept wage pressures low. Though manufacturers reported that input prices leveled off since the last survey period, some plant managers anticipated an increase in the cost of raw materials, especially fuel and steel. Still, most firms did not plan to raise prices on finished goods. Builders noted higher costs for petroleum-based materials such as roofing shingles, and transportation industry contacts also commented on rising oil prices. Retailers continued to discoun prices and anticipated further price reductions, while restaurants held menu prices steady. Few contacts reported difficulty hiring workers, and the majority of firms did not plan to raise wages.

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: www.federalreserve.gov/FOMC/BeigeBook/2009/

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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