

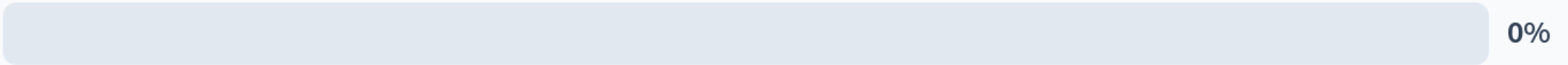
Kansas Economy

Winter 2024

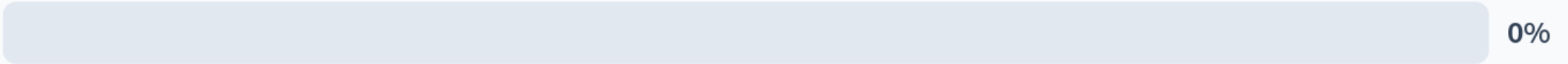
What topics would
you like to talk
about today?

Your organization's employment will ____ in 2024.

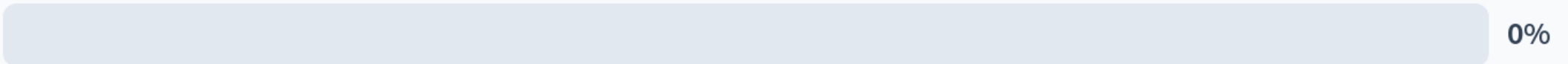
Grow



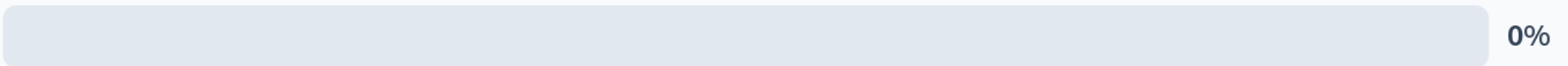
Stay the same



Decline



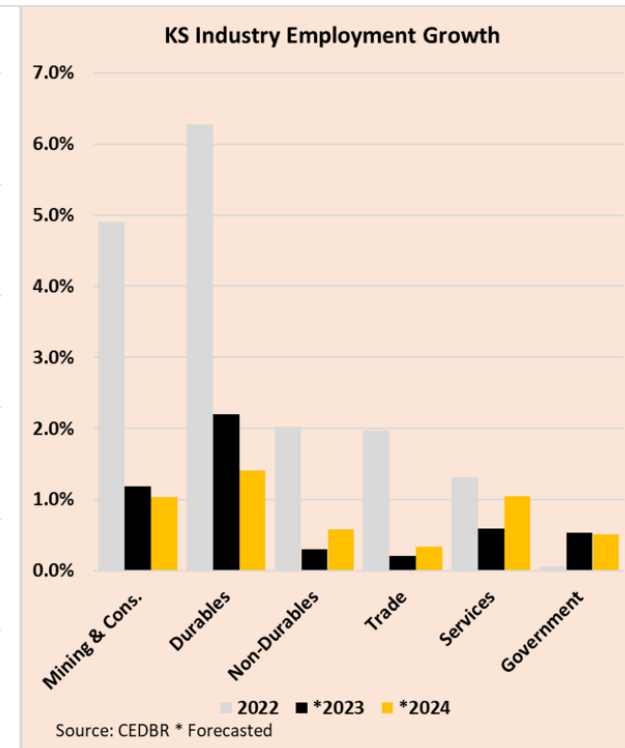
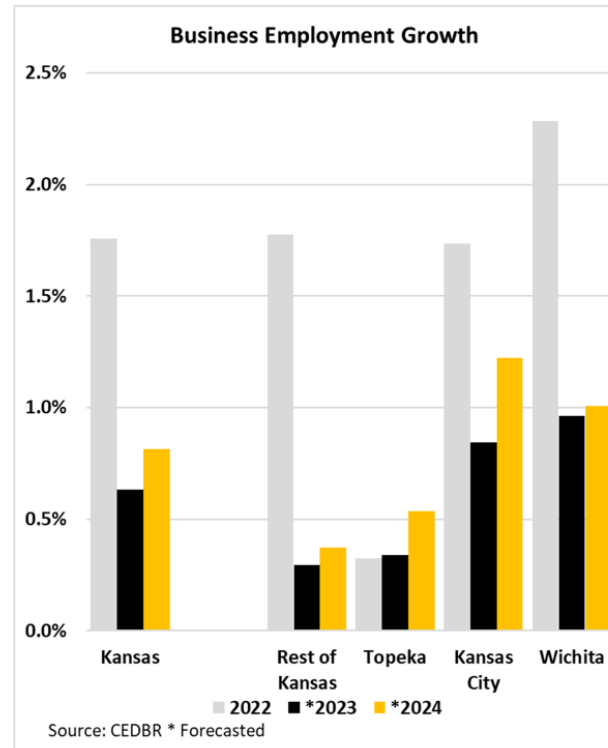
Don't know



The forecast was remarkable accurate given the negative sentiment



Employment growth will slow down in 2023



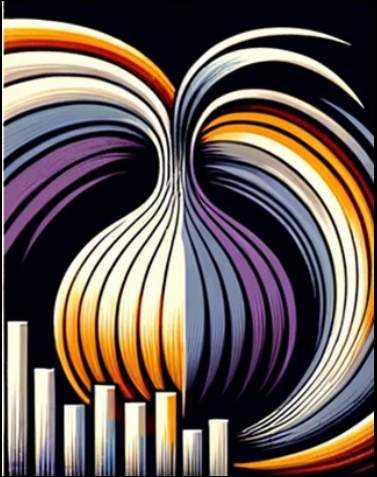
Review – January 2024

Agenda:

Peeling back the complex layers of the Kansas Economy



Outer Layer



Broad Conditions



Economic Drivers



Household Vitality



Forecast



Concerns

Outer Layer

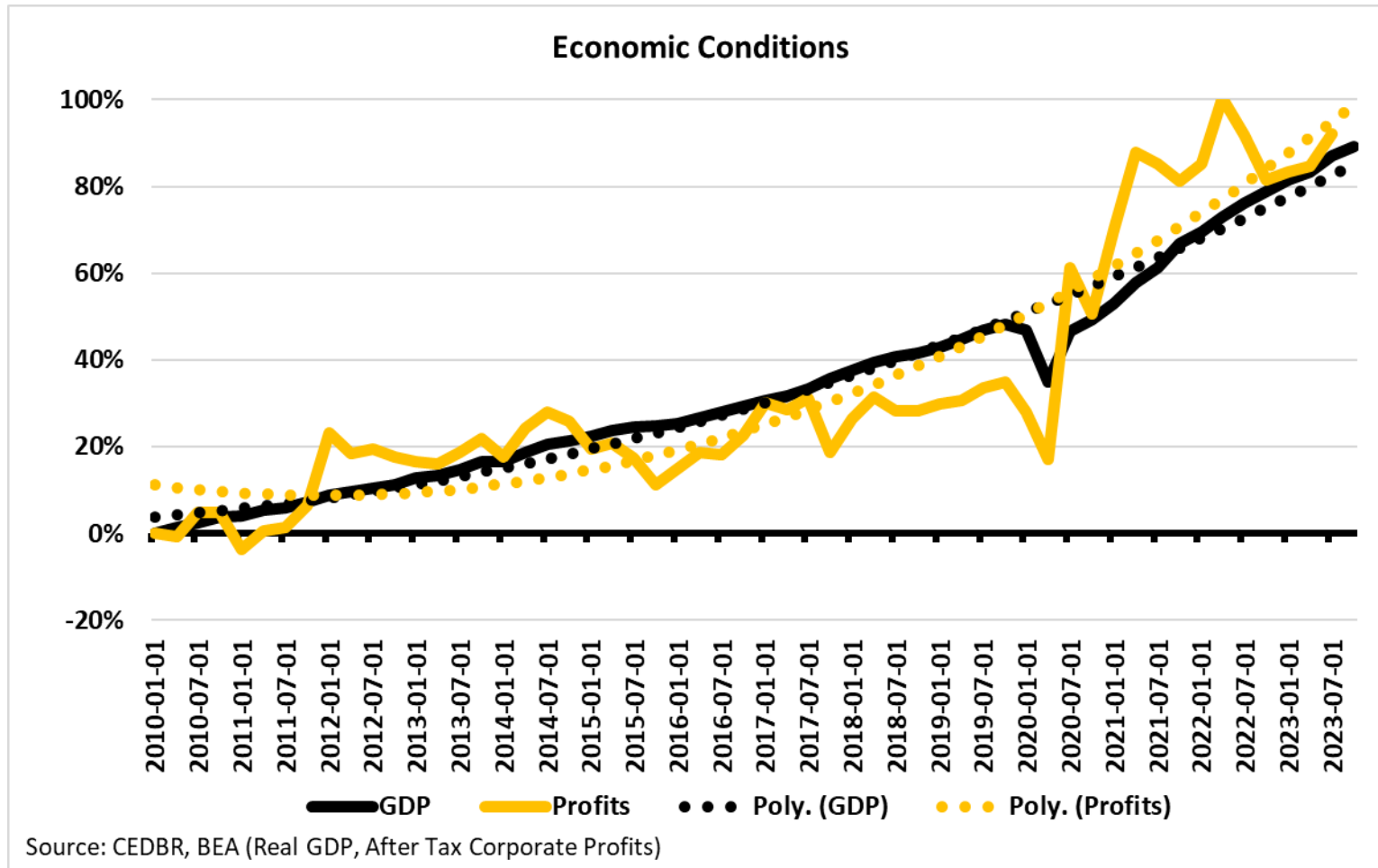


- How are you feeling about the current economic environment?

- **Assessing the Onion**

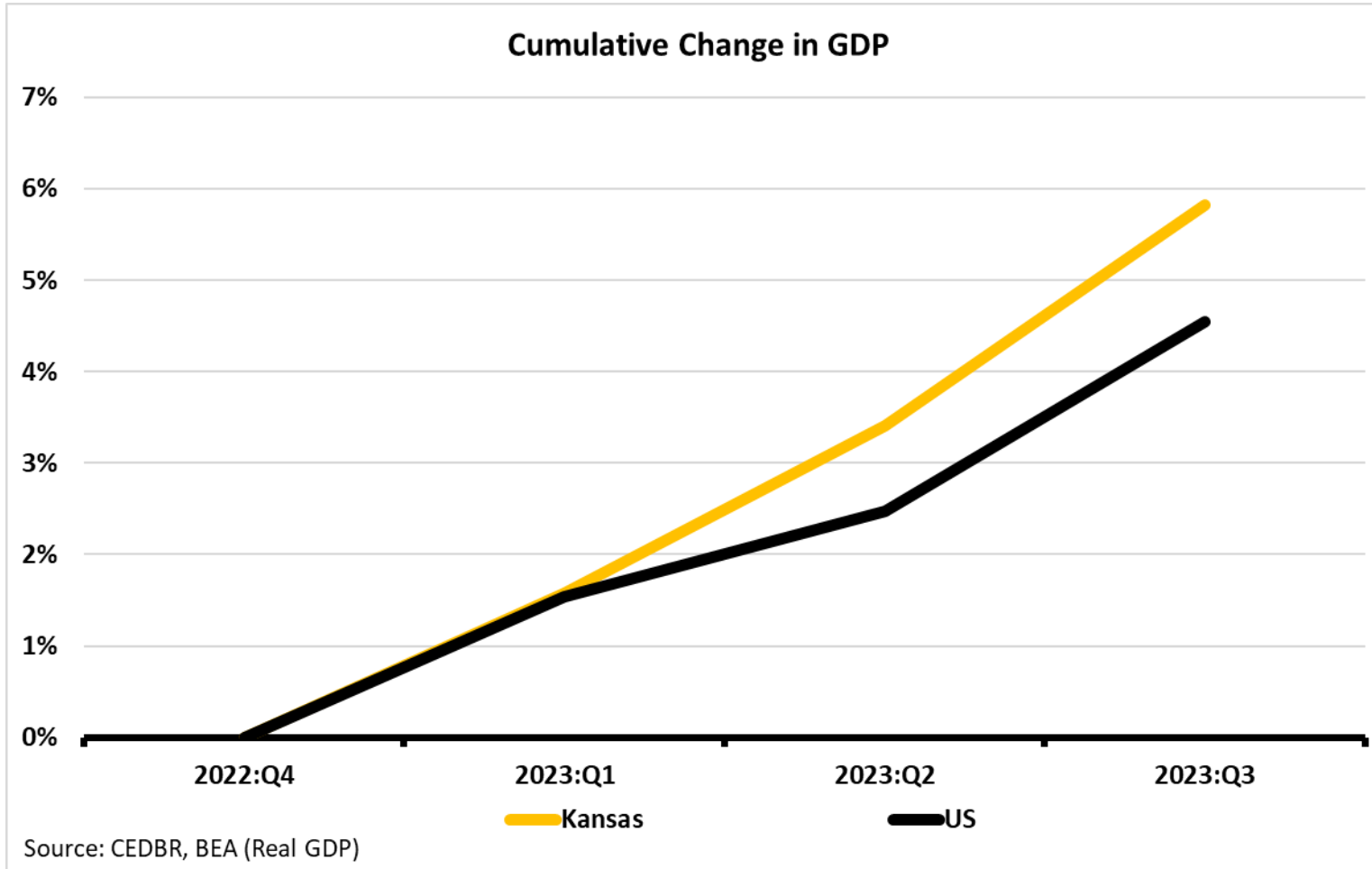
- GDP and Corporate Profits
- Employment Cost
- Inflation
- Survey – EMP conditions in KS

US Remains in a Growth Stage



- **Growth in Real GDP**
 - Steady increase - 2022 and 2023
- **After-Tax Corporate Profits**
 - Significant growth in the first half of 2022
 - Energy eroded that growth in the second half
 - Conditions have remained positive in 2023

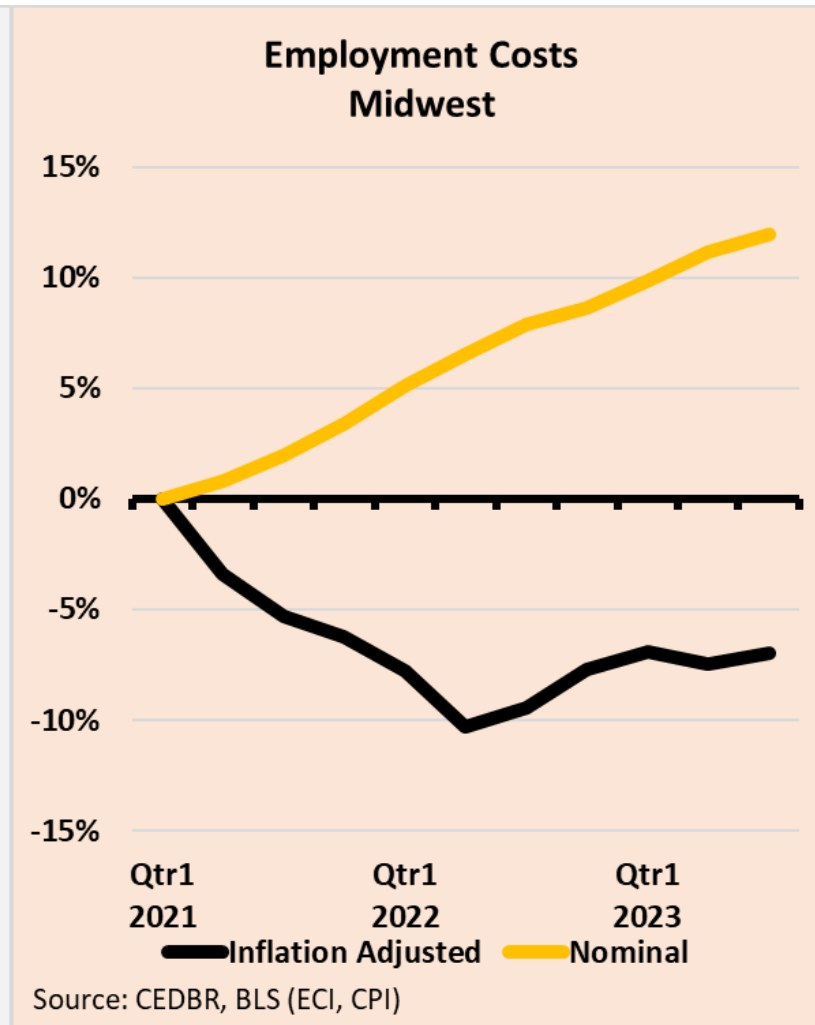
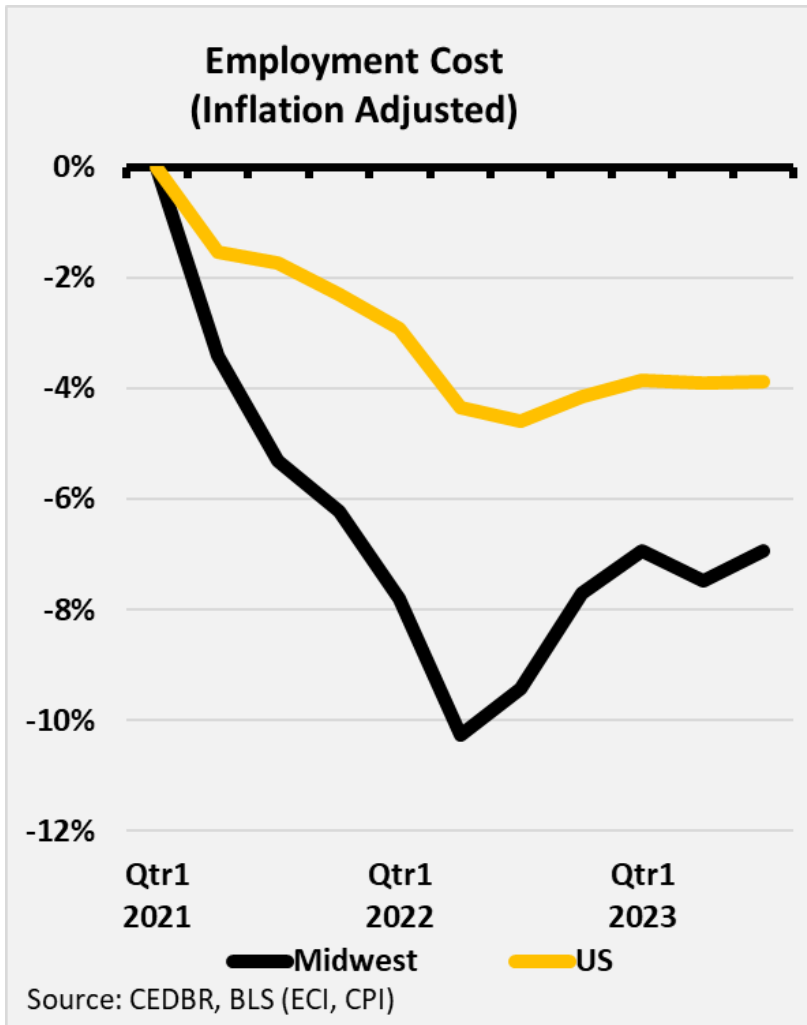
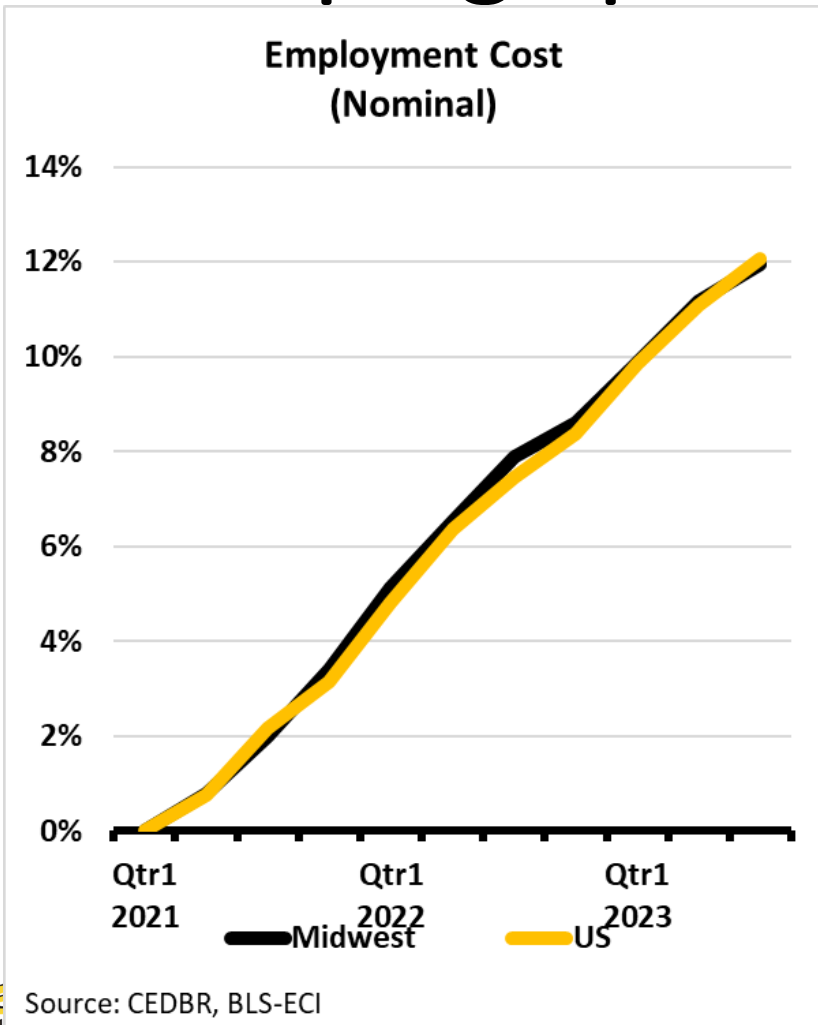
Kansas accelerated over the last four quarters



- **KS was ranked the fastest growing state in Q3**
- **Kansas will likely remain strong, but the rankings will fall**



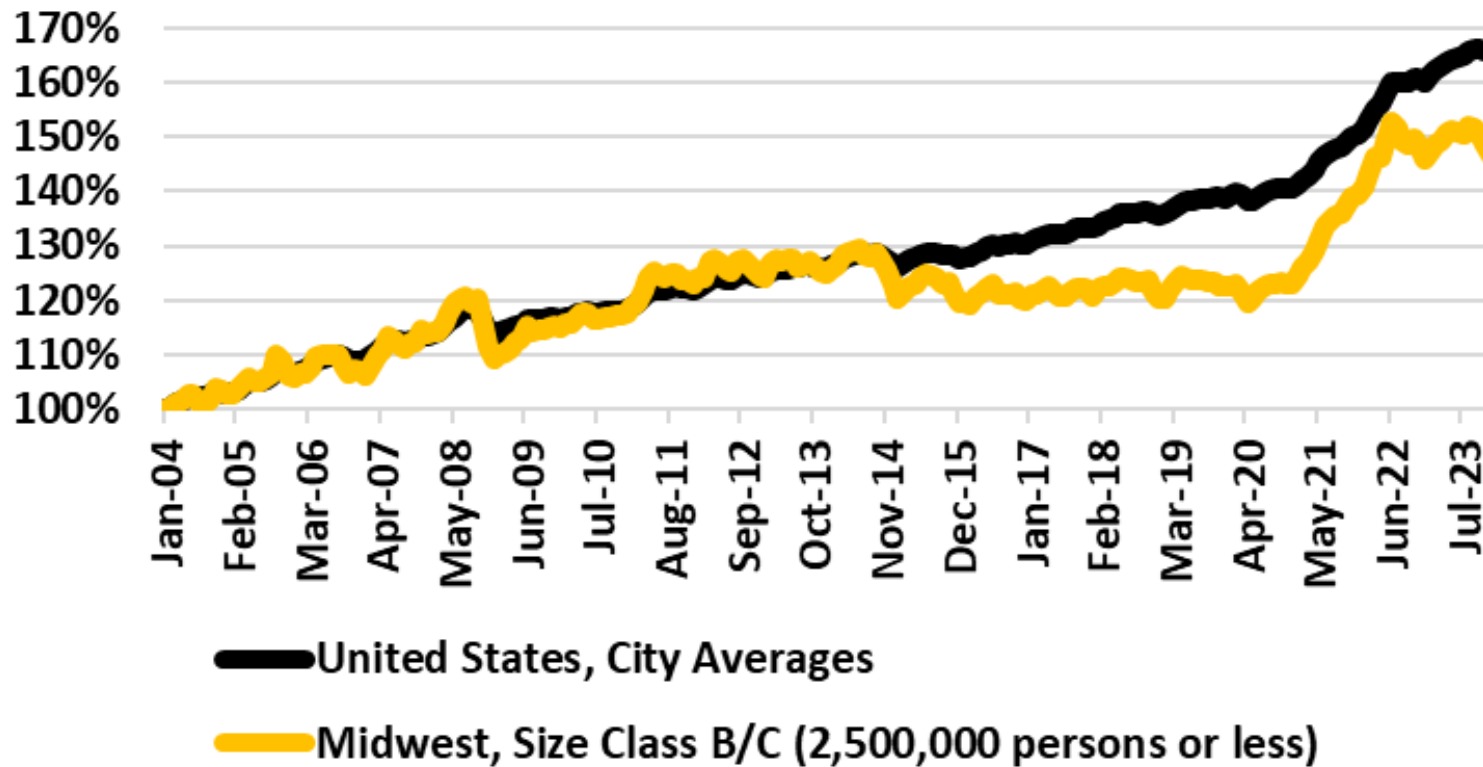
Wages are increasing drastically, but not keeping up with inflation



Inflation has moderated

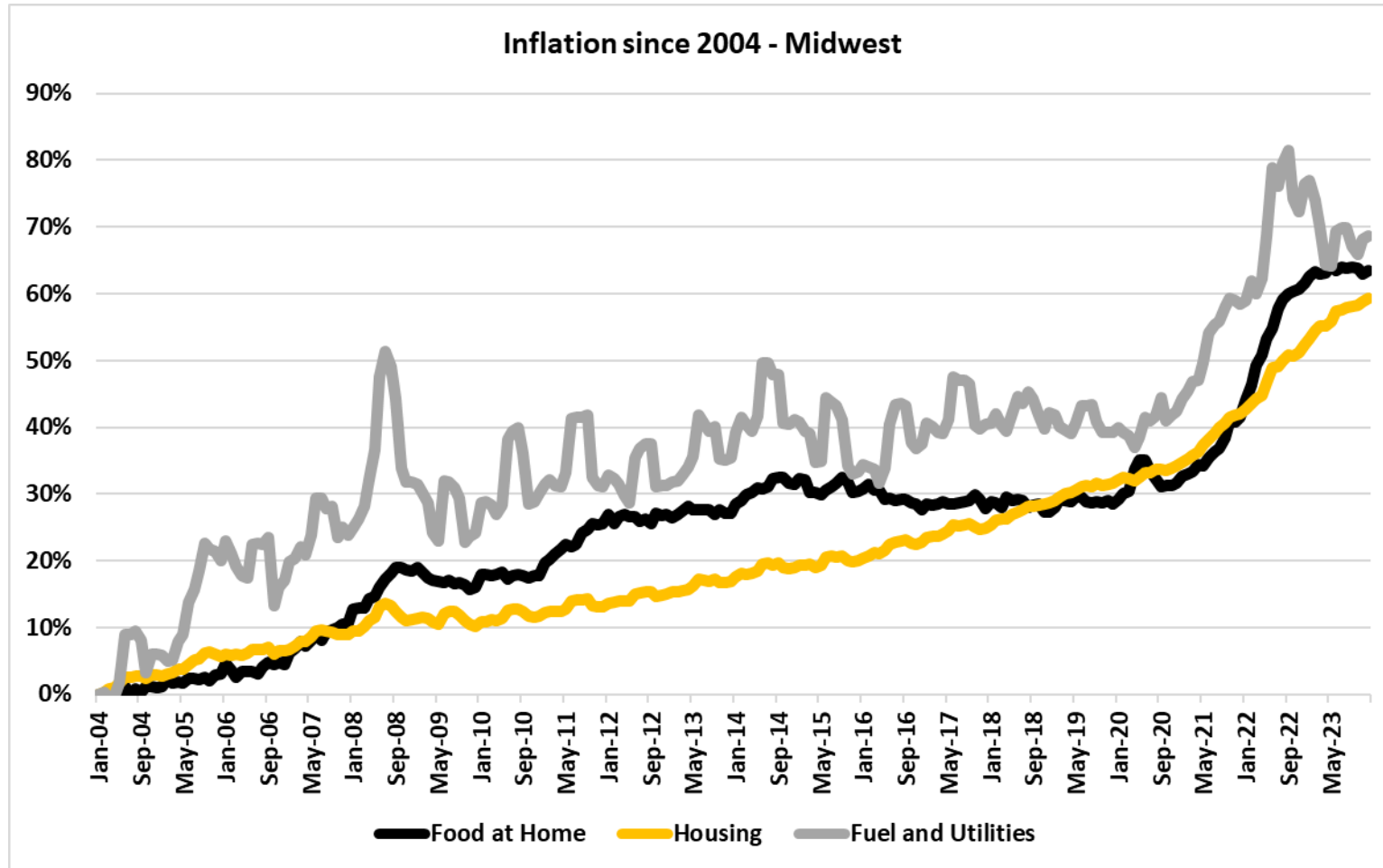


Inflation since 2004



- **2014-2020**
 - Cheap energy kept inflation down
- **2020**
 - Supply chain and COVID related pressures created higher relative inflation in the Midwest
- **June 2022+**
 - Midwest inflation slowed as energy prices helped soften

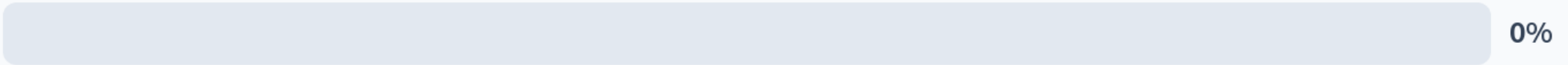
Midwest - Food at home and utilities have helped low-income households



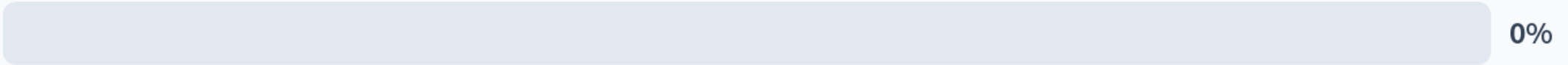
- **Cost moderated**
 - Food at Home
 - Utilities
- **Significant increase**
 - Housing

Your organization's employment will ____ in 2024.

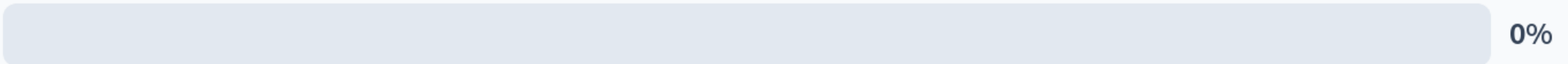
Grow



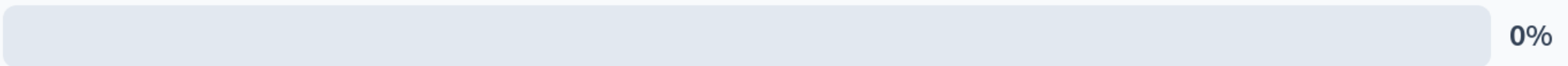
Stay the same



Decline



Don't know

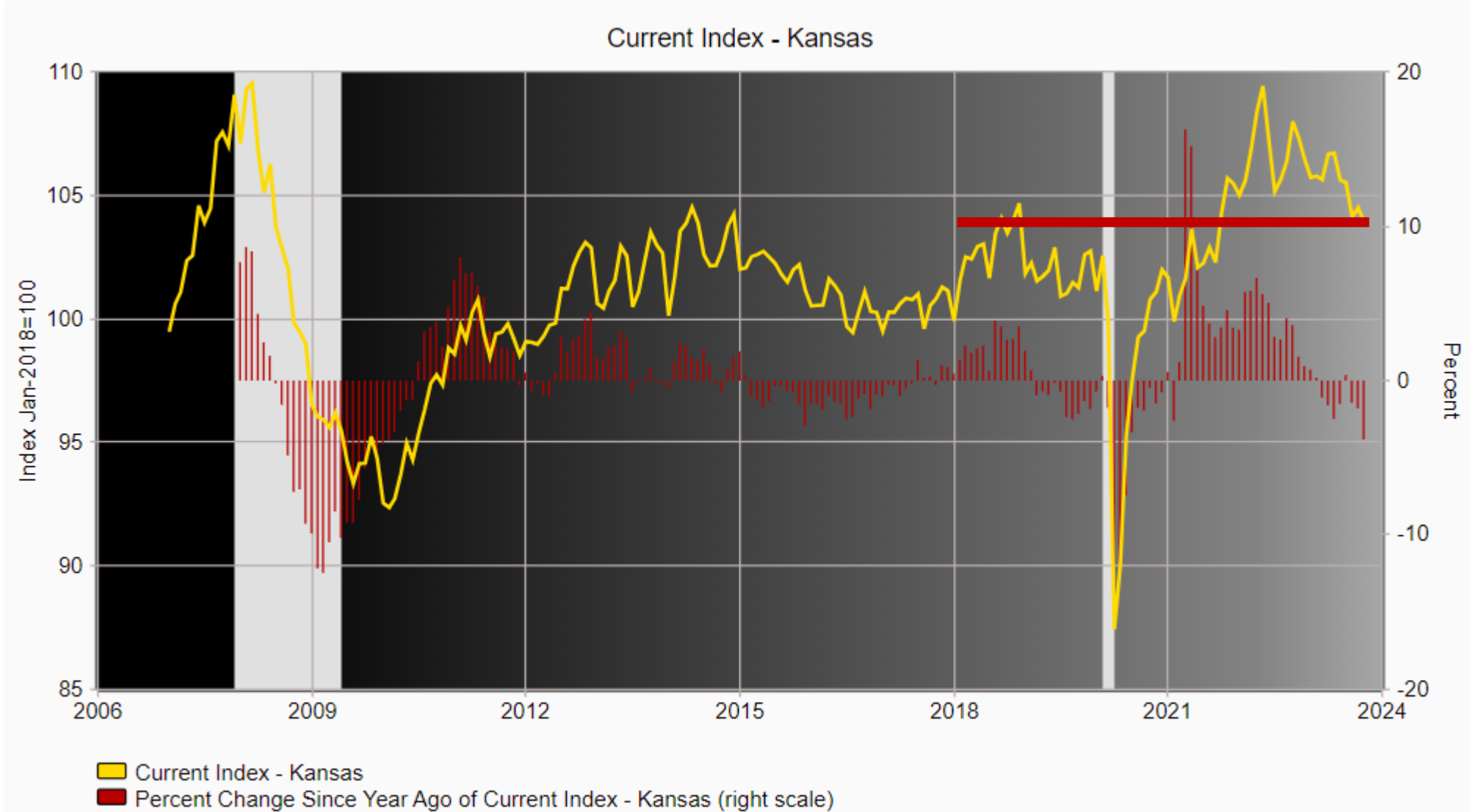


Broad Conditions

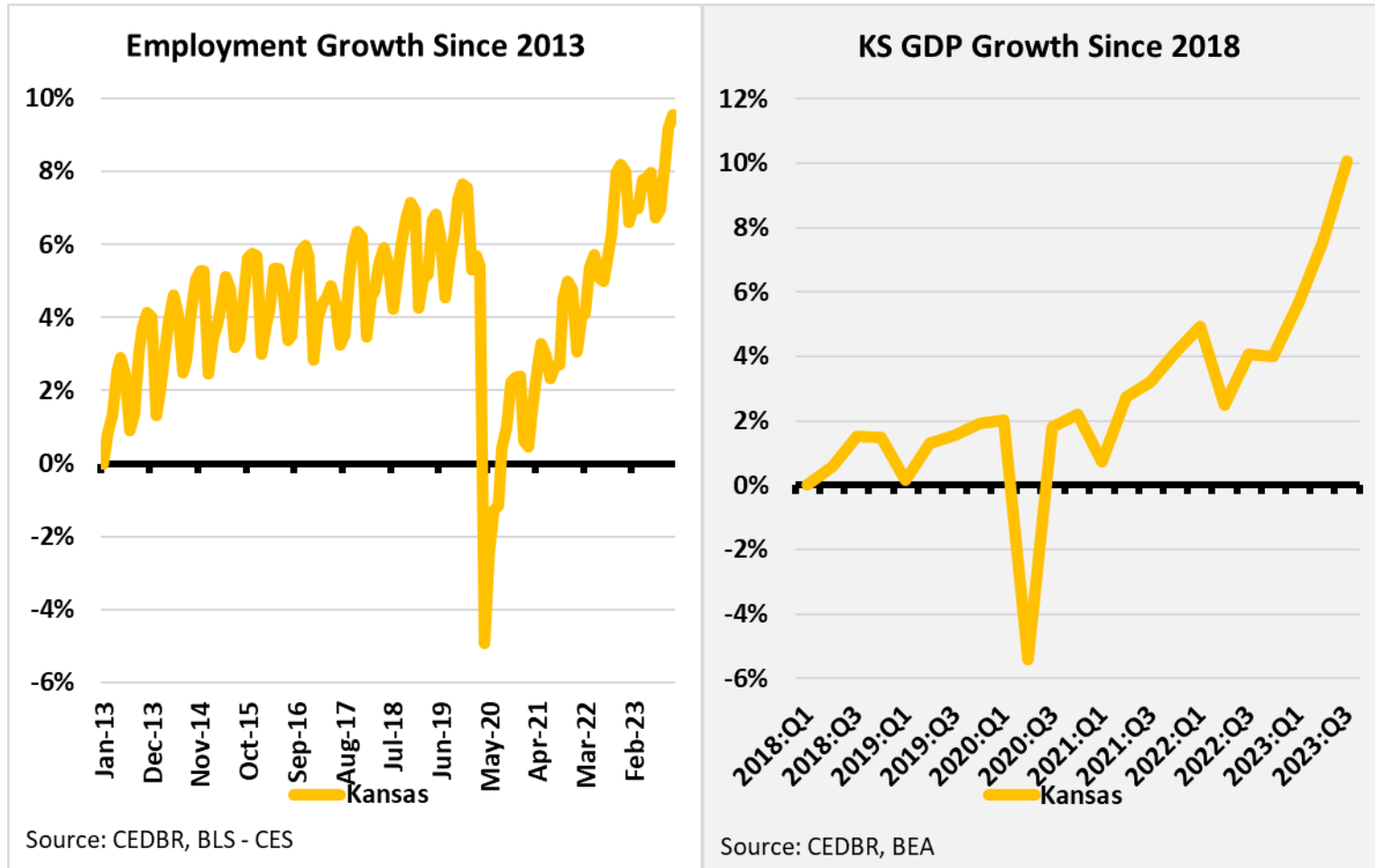
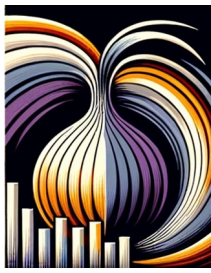


- **Clean the Onion** and take the skin off to reveal if there are any issues.
 - KS current Index
 - EMP and GDP
 - Labor conditions

Current conditions remain higher than pre-COVID levels



2023 has been a strong year for Kansas

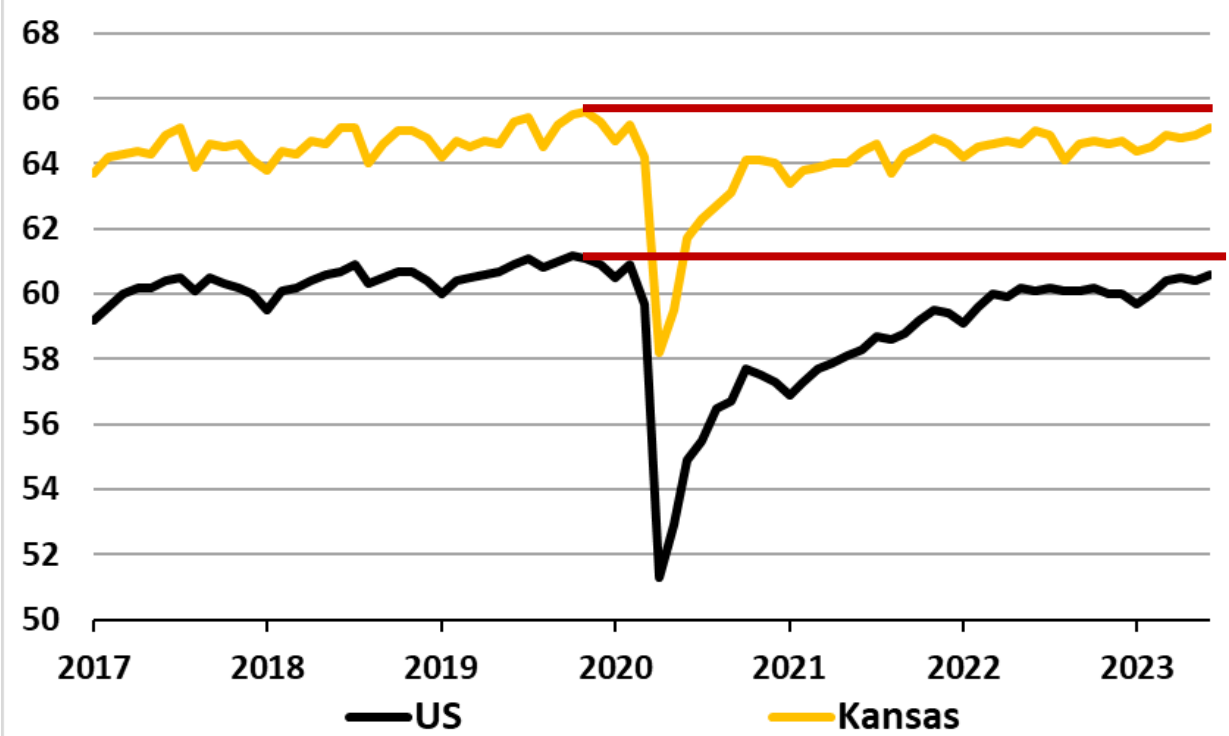


- **Employment** – Jan-Nov
 - Kansas added 39,500 jobs
 - The economy expanded 2.8% so far in 2023
- **GDP**
 - Kansas output declined throughout 2022, but has more than made up for those losses in 2023

Kansas and Midwest employment **have recovered**

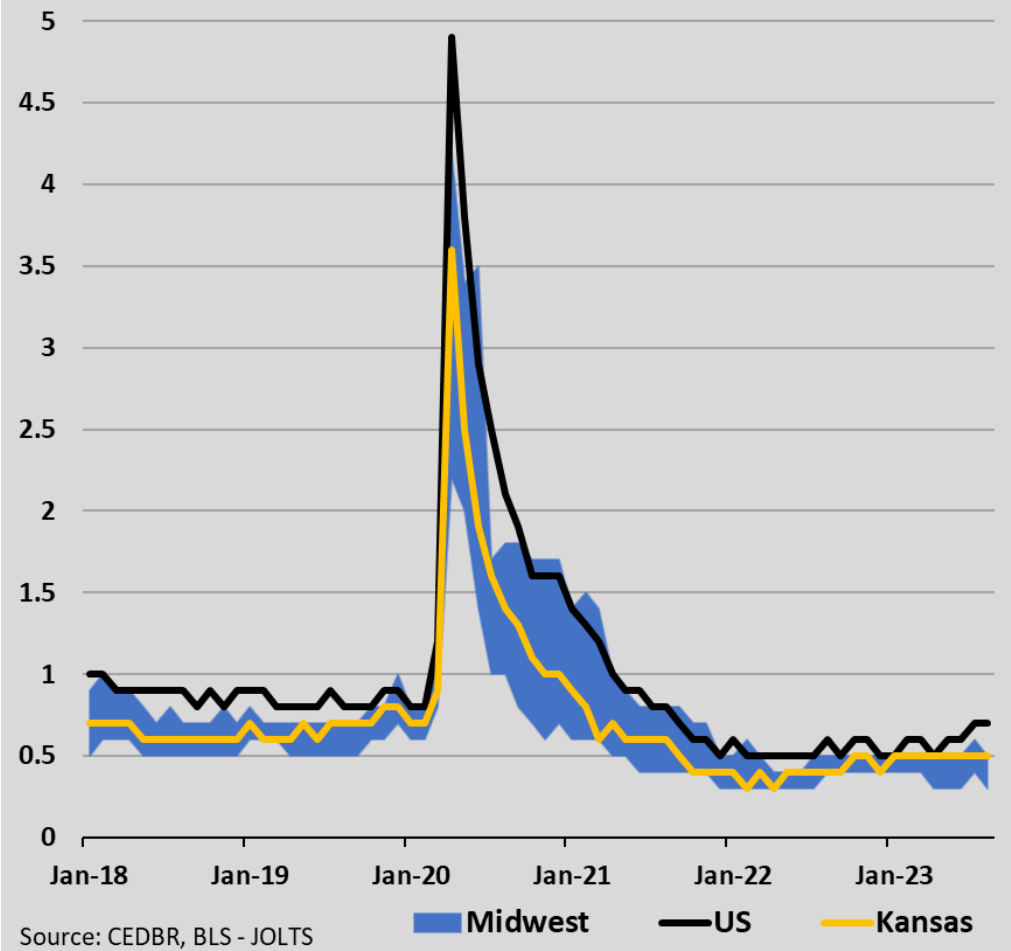


Employment-Population Ratio



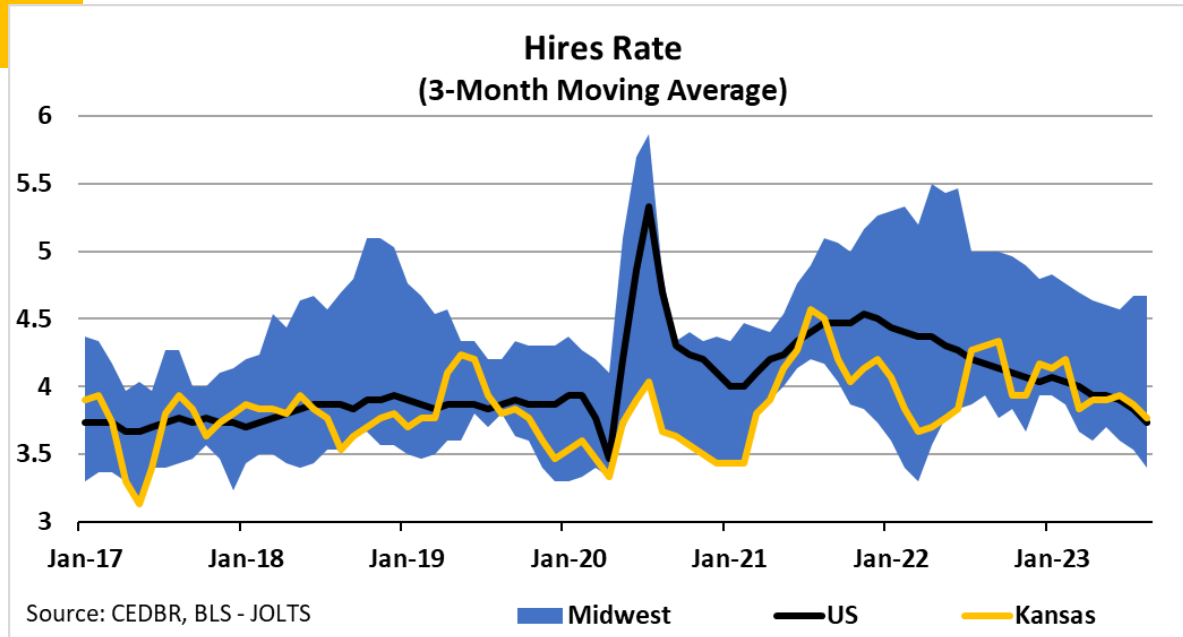
Source: CEDBR, BLS - CES and LAUS

Unemployed Per Job Opening

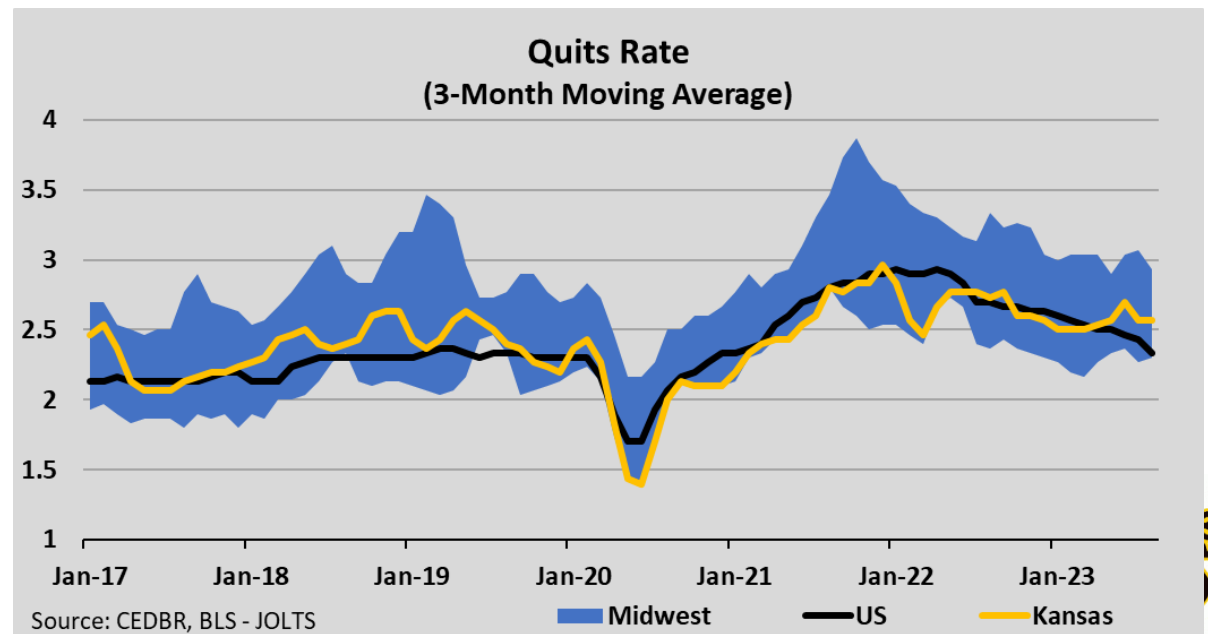
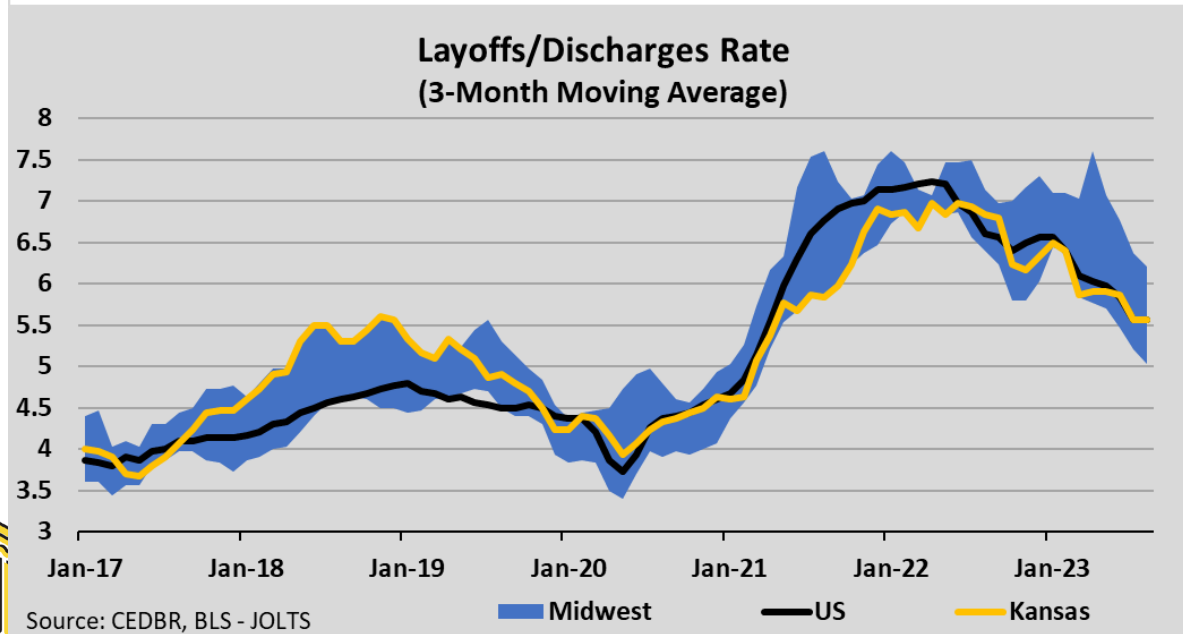


Source: CEDBR, BLS - JOLTS

Post 2020 Kansas is not hiring or laying off at the same rate



- **Hires rate** – declined as the market get tighter
- **Layoffs** – declined as firms hold on to talent
- **Quits** – remain elevated as opportunity for households abound



Economic Drivers



- **Quality Check**

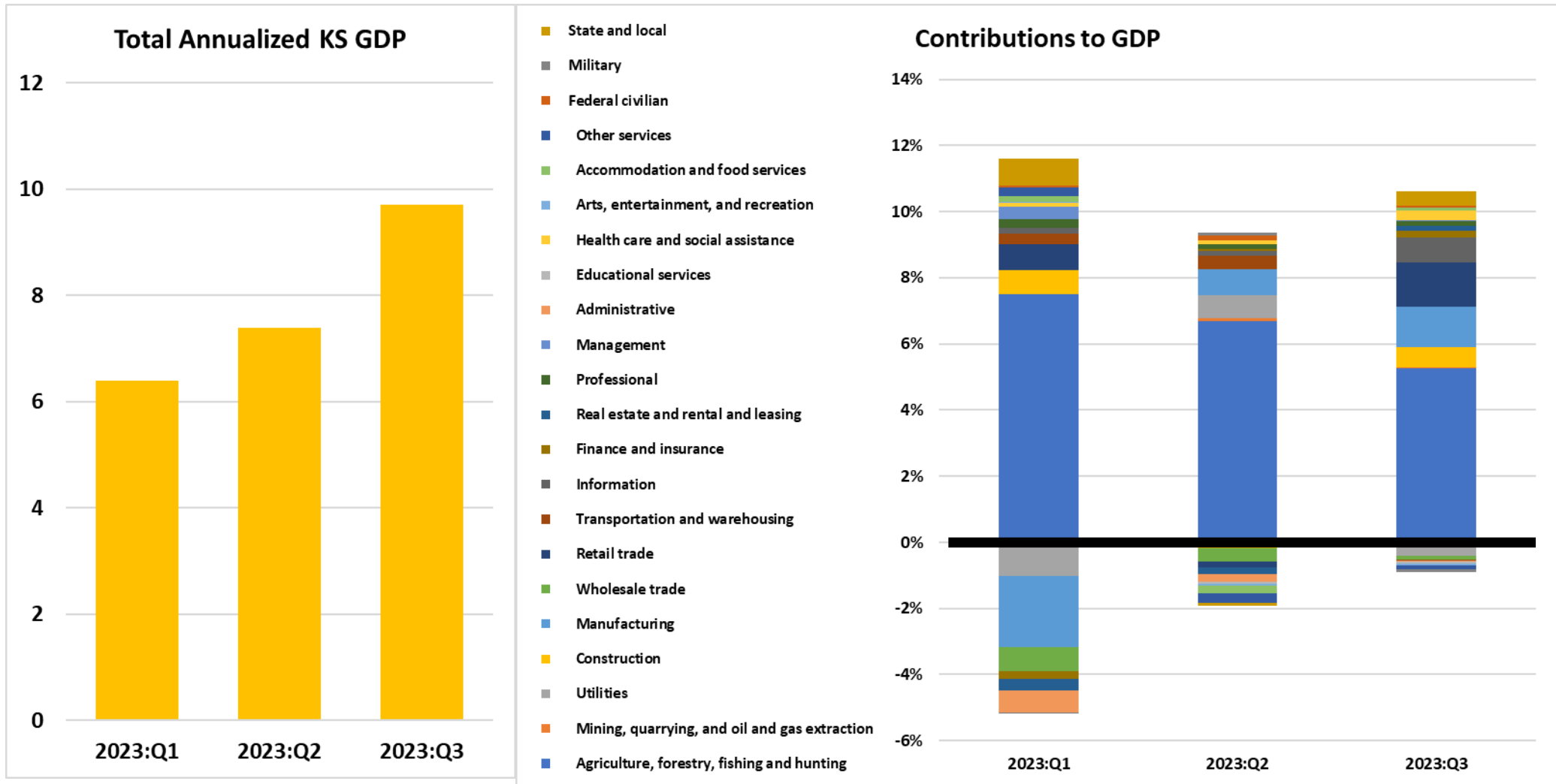
- Firmness
- No sprouting
- Mild odor
- No mold

- **Industry growth**

- Contributions to growth
- Current index

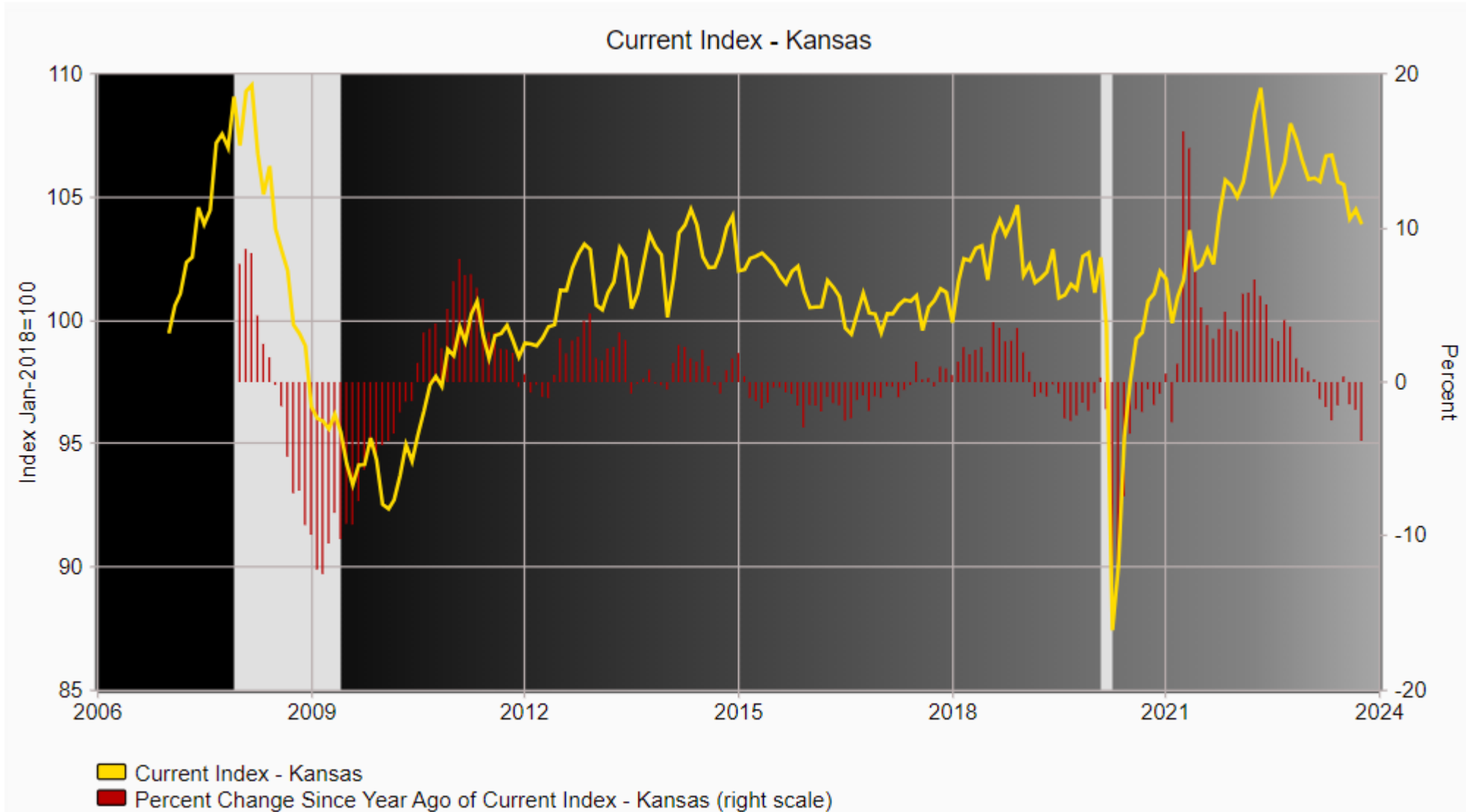


GDP and Contributions

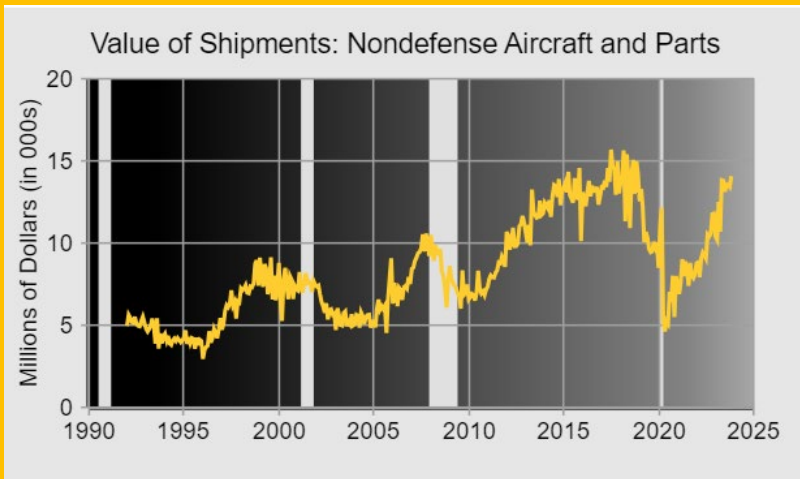
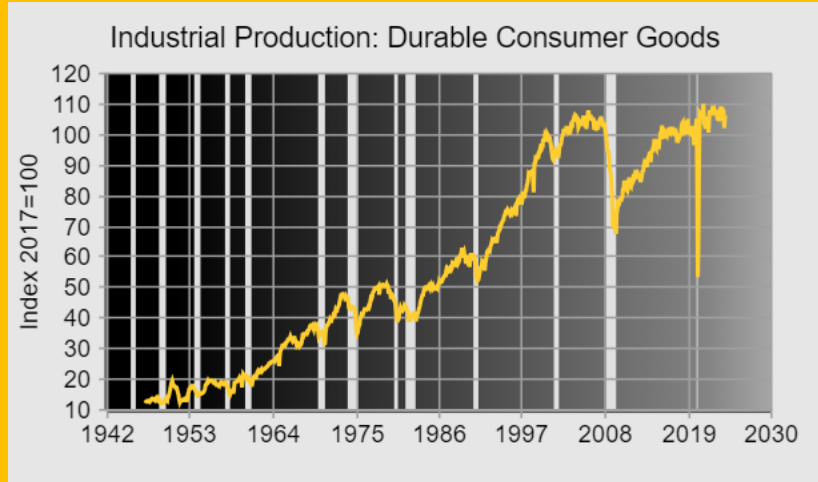
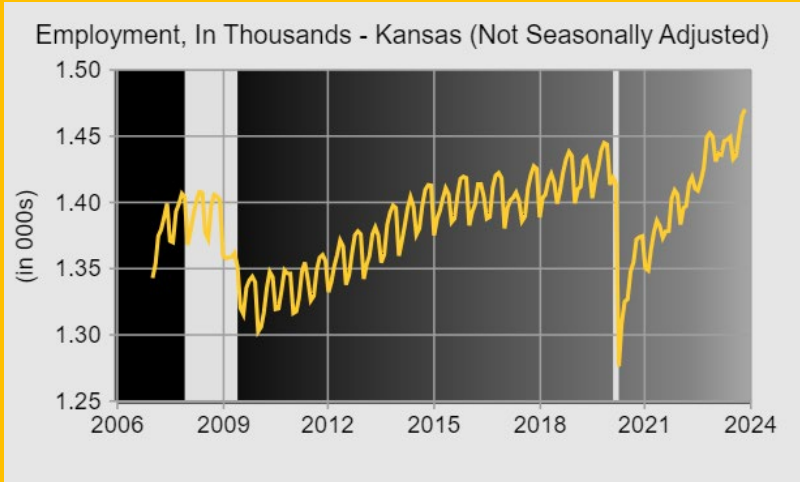


Agriculture, retail, **manufacturing**, information, construction, and government provide the most contribution to Q3.

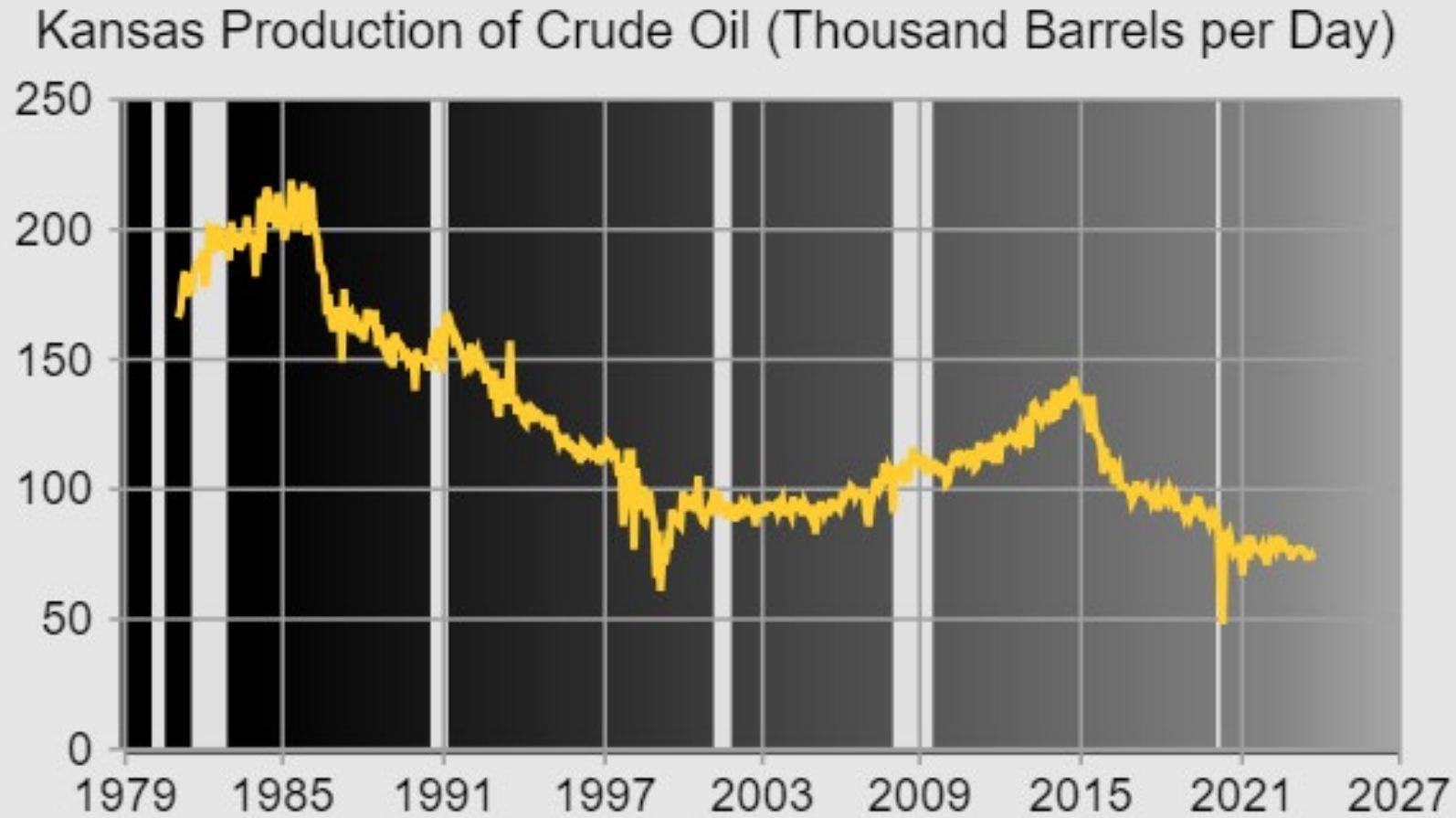
Current conditions remain higher than pre-COVID levels



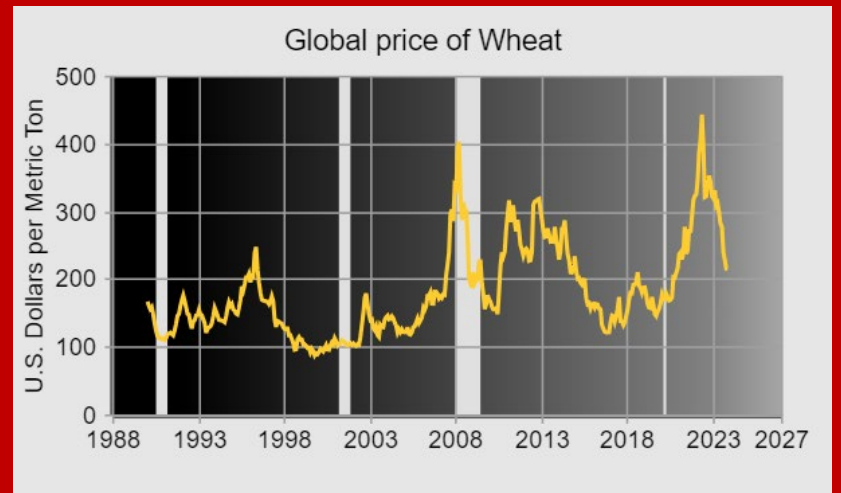
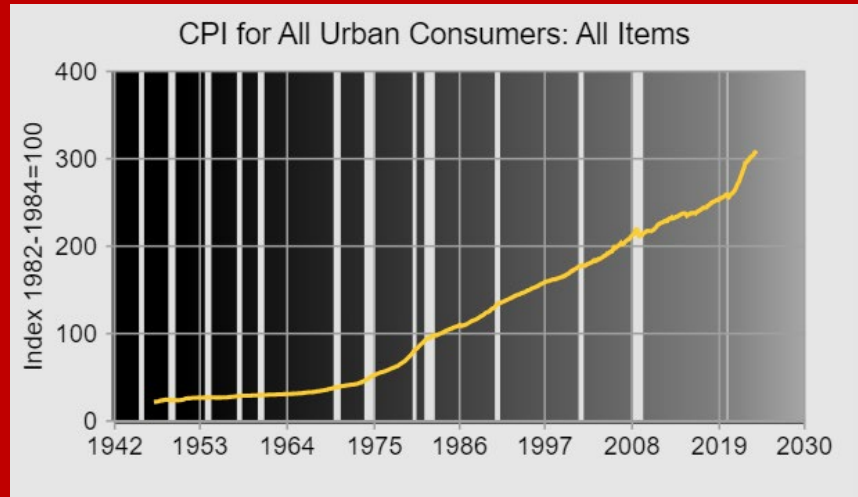
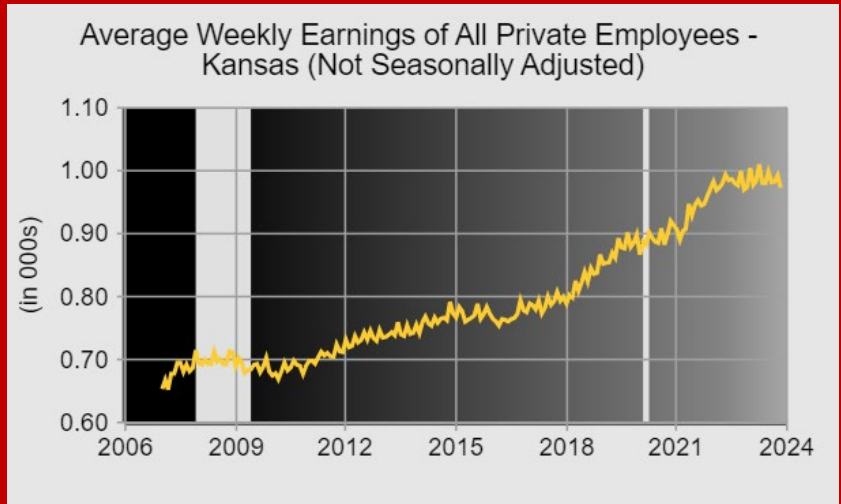
Positive factors



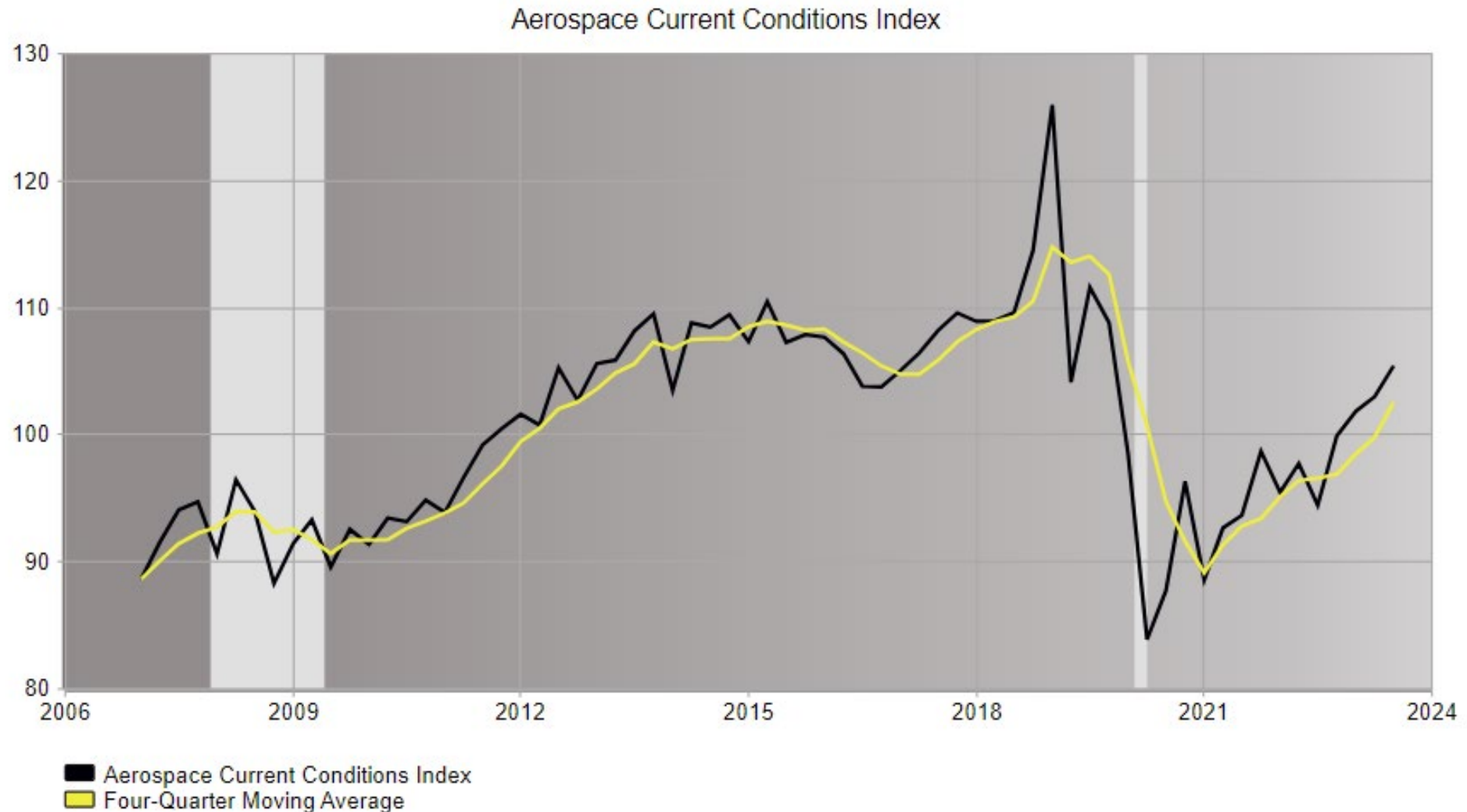
Neutral factors



Negative factors



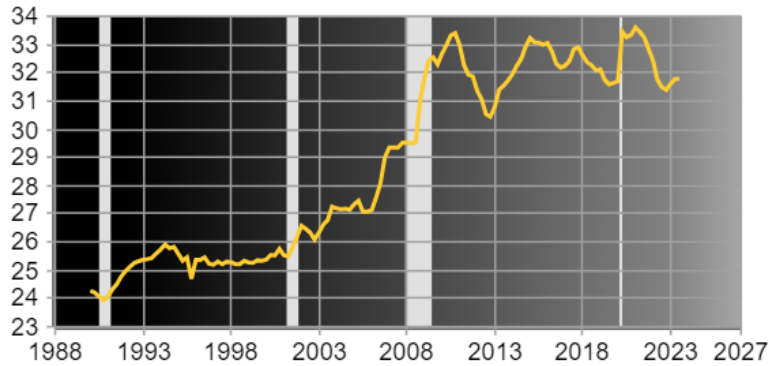
Aerospace remains strength



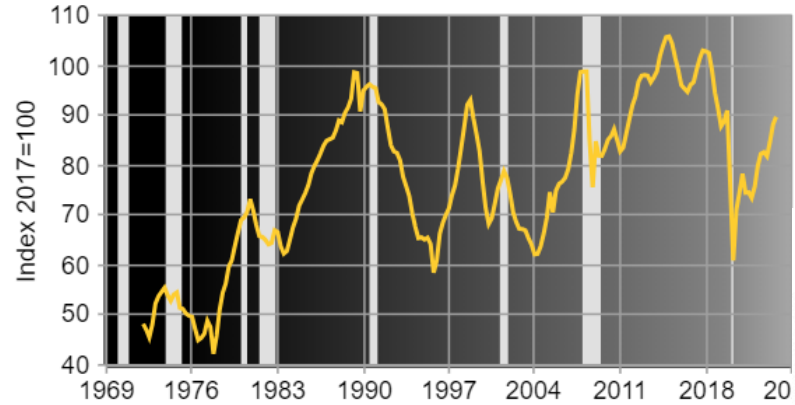
Aerospace index - Positive



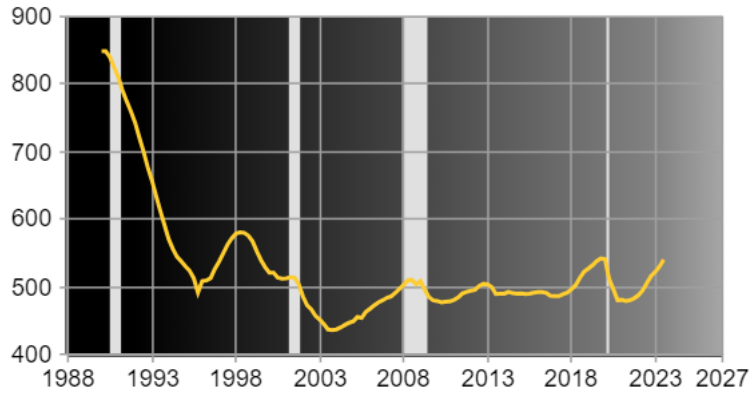
Aerospace Production Worker Real Hourly Wage-2009 Dollars - Aerospace Indicators



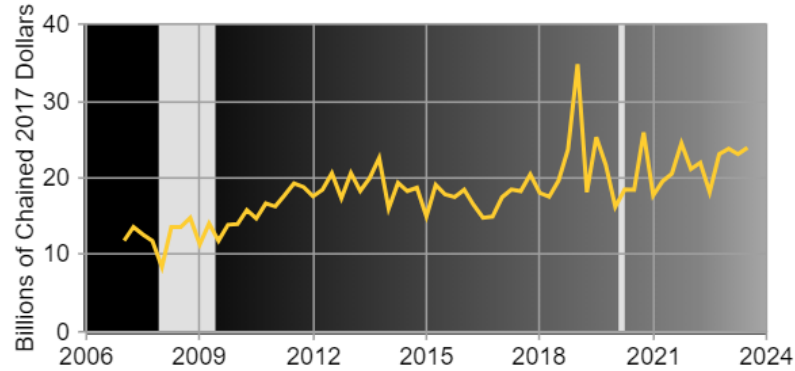
Aerospace Industrial Production Index - Aerospace Indicators



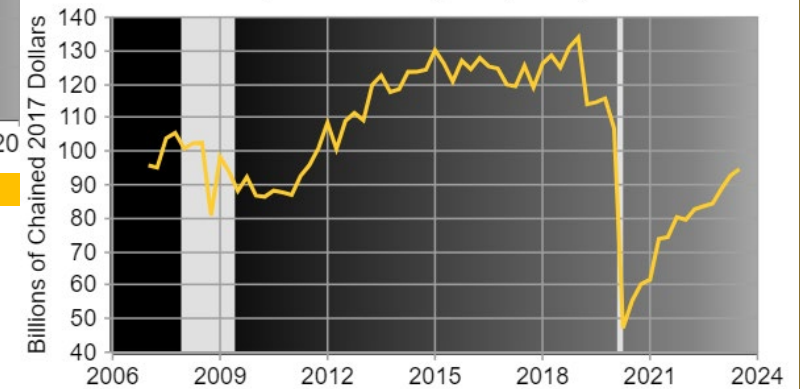
All Employees: Aerospace Production (Thousands) - Aerospace Indicators



National Defense Investment in Aircraft-2009 Dollars (Billions) - Aerospace Indicators



Civilian Aircraft Exports-2009 Dollars (Billions) - Aerospace Indicators



Negative factors



Household Vitality



- **Quality Check**
 - Heavy for its size
 - Even coloration
 - Moisture/dryness
 - Decayed
- **Households**
 - Unemployment
 - Confidence
 - Misery index
 - Credit
 - Income

Wages at my organization will have ___

No increase

0%

Some increase 0-2.5%

0%

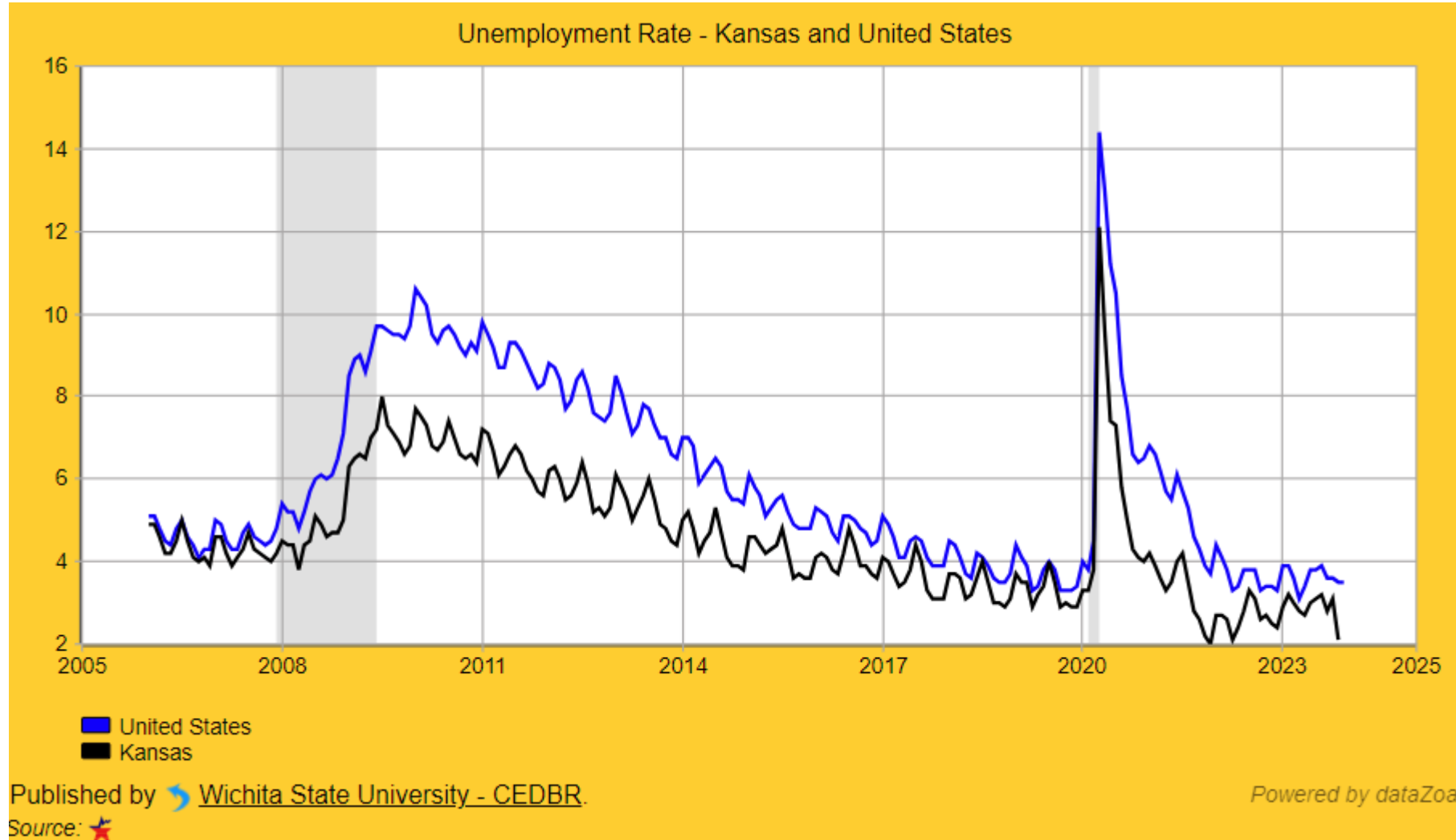
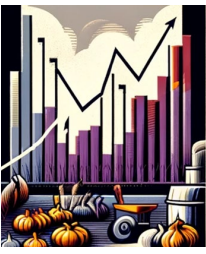
Moderate increase 2.5-3.5%

0%

Significant increase 3.5%+

0%

Labor – Unemployment remains low

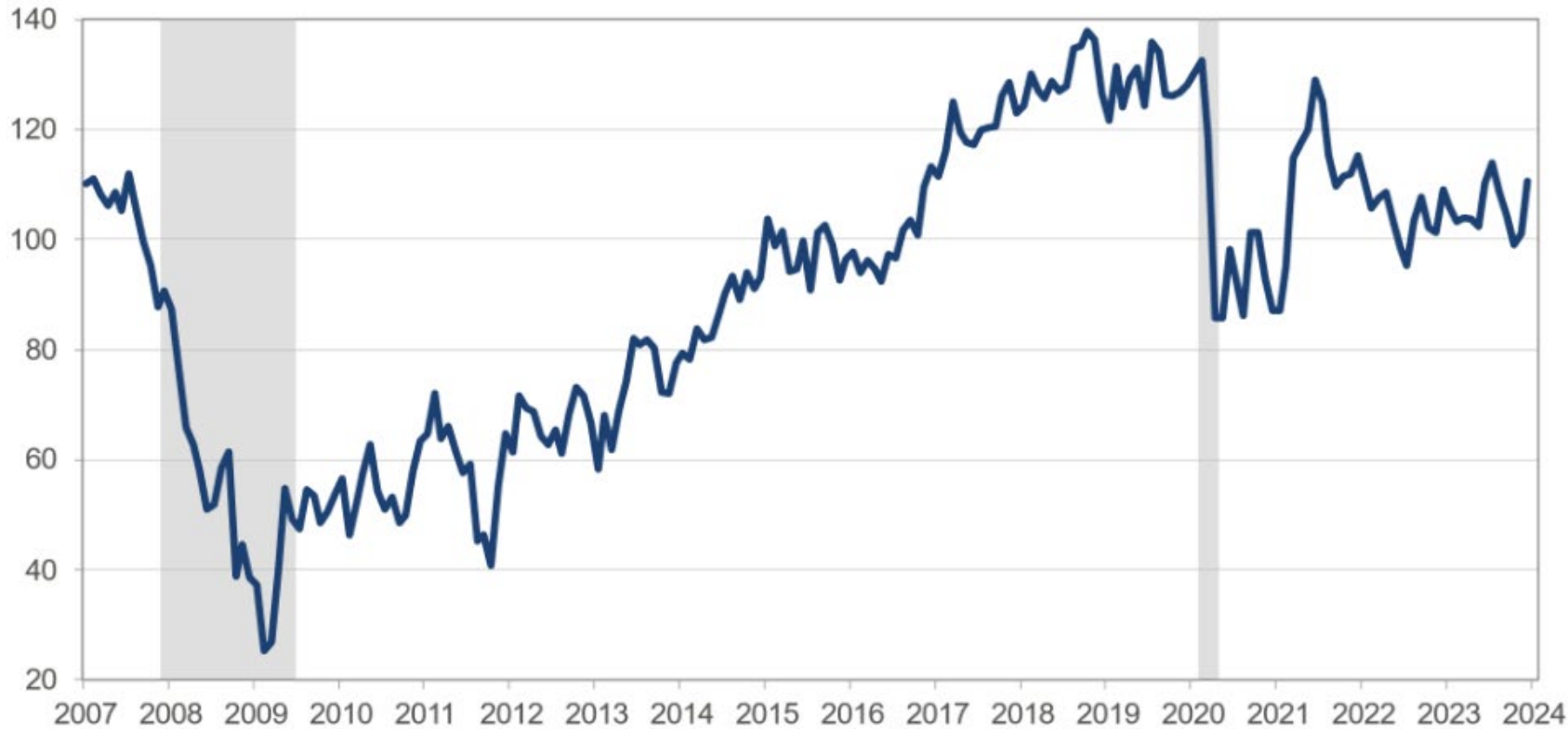


Consumers are grumpy, but engaged



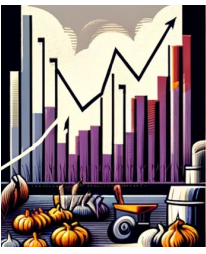
Consumer Confidence Index®

Index, 1985 = 100

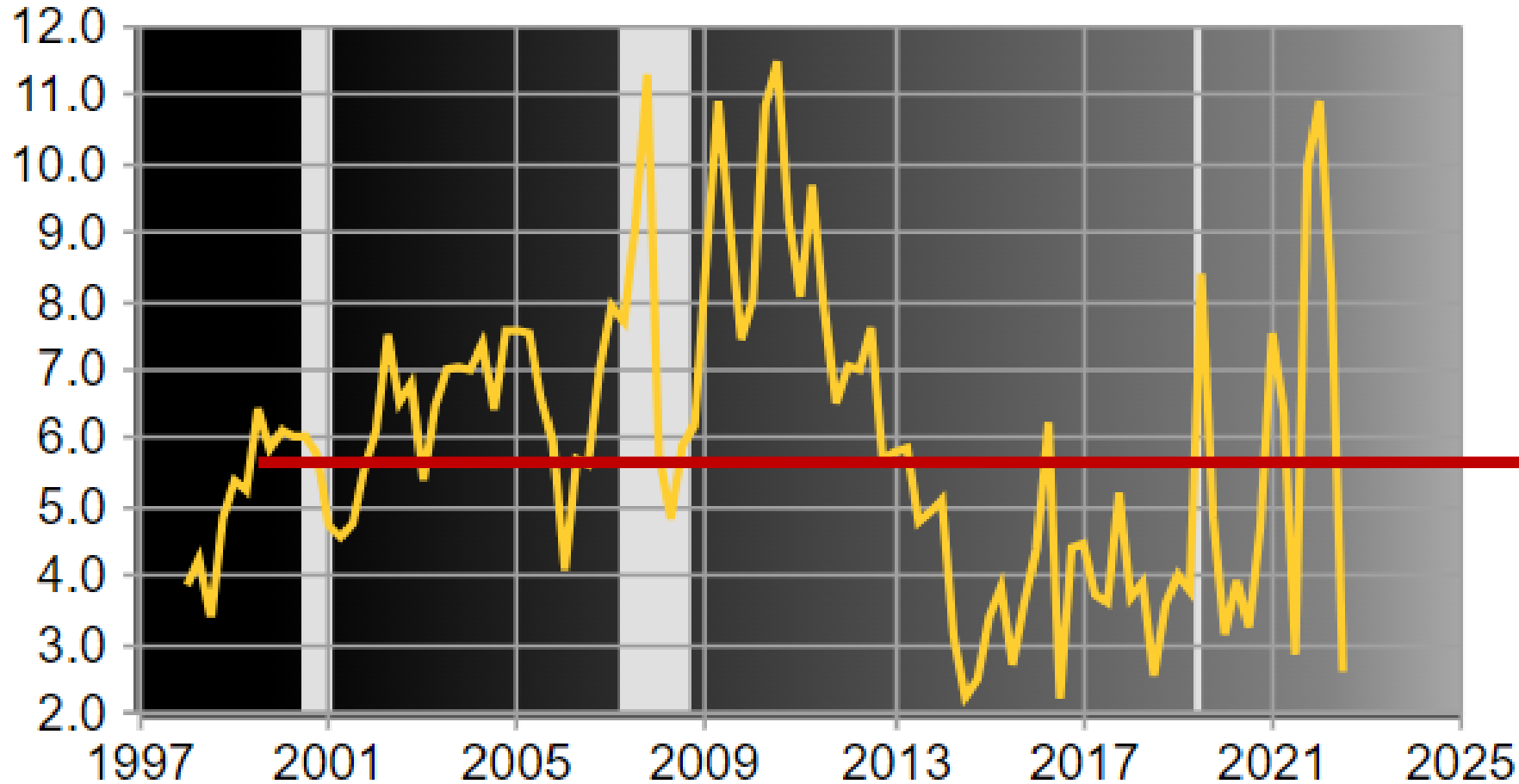


*Shaded areas represent periods of recession.
Sources: The Conference Board; NBER
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Are Kansan's less miserable today?



Kansas - Misery Index

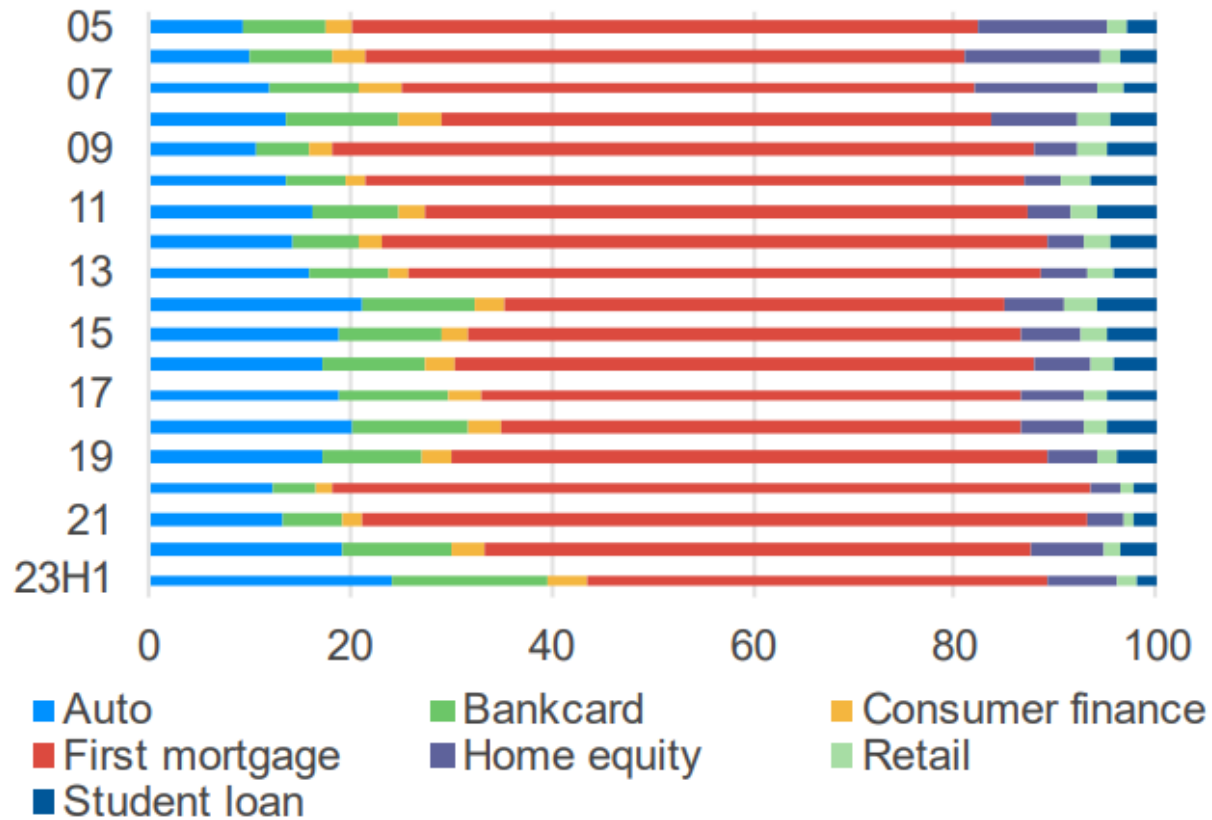


- Index components
 - Home Price Index
 - Inflation
 - Unemployment rate

US - Credit is stabilizing



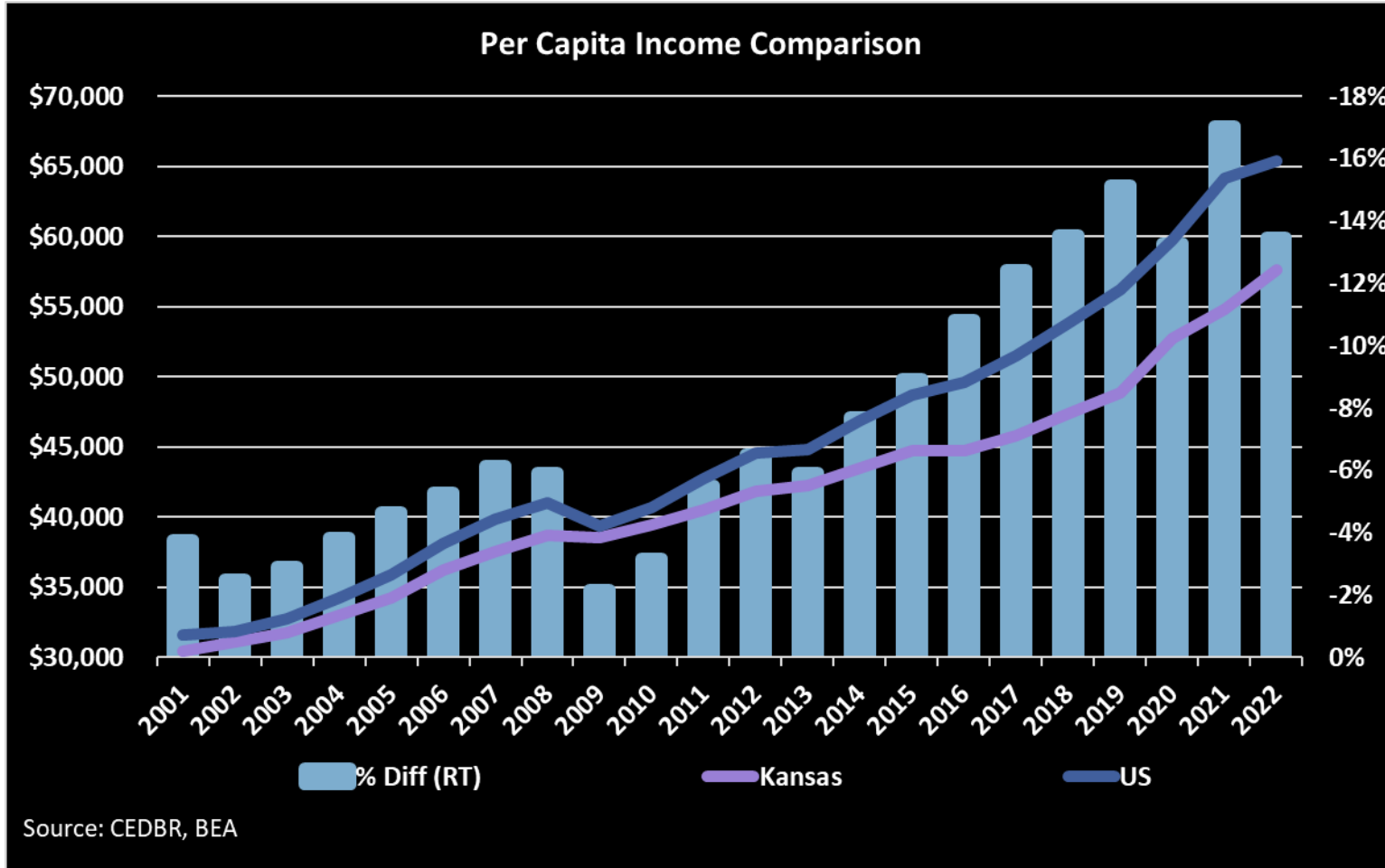
Total originations by loan type, % of \$ total



Total outstanding balance, bankcard, % change yr ago

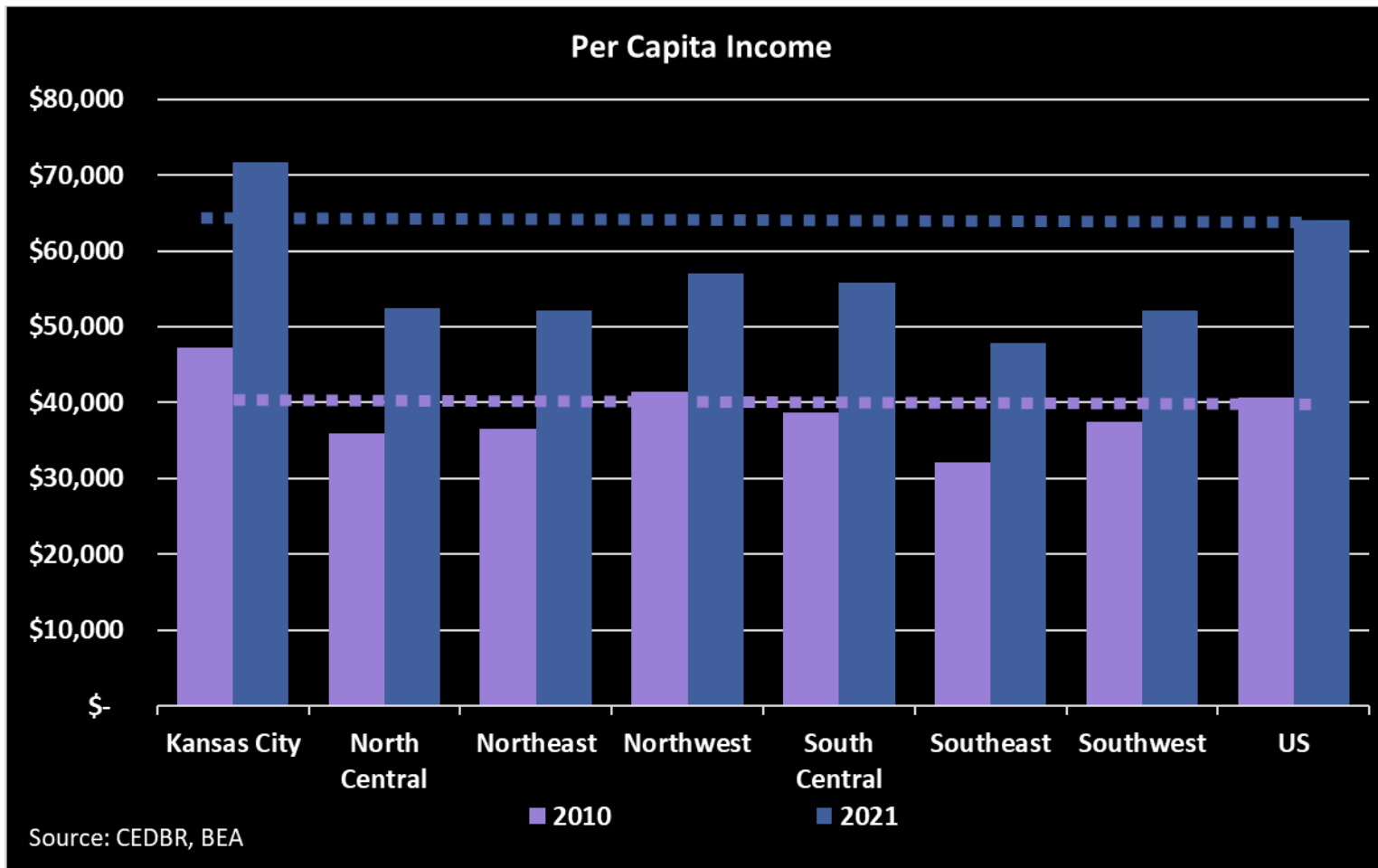
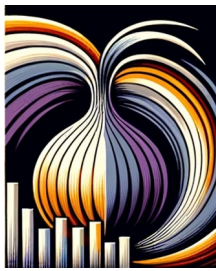


Income – Gap continues



- Wage/Income is the **top issue** slowing growth in Kansas.
- Kansas **does not have a labor problem**, it has a wage problem.
- Kansas's **per capita income** was **13.5% lower** (\$7,800) than the US in 2022.

Income: The only region competing at the national level is KC



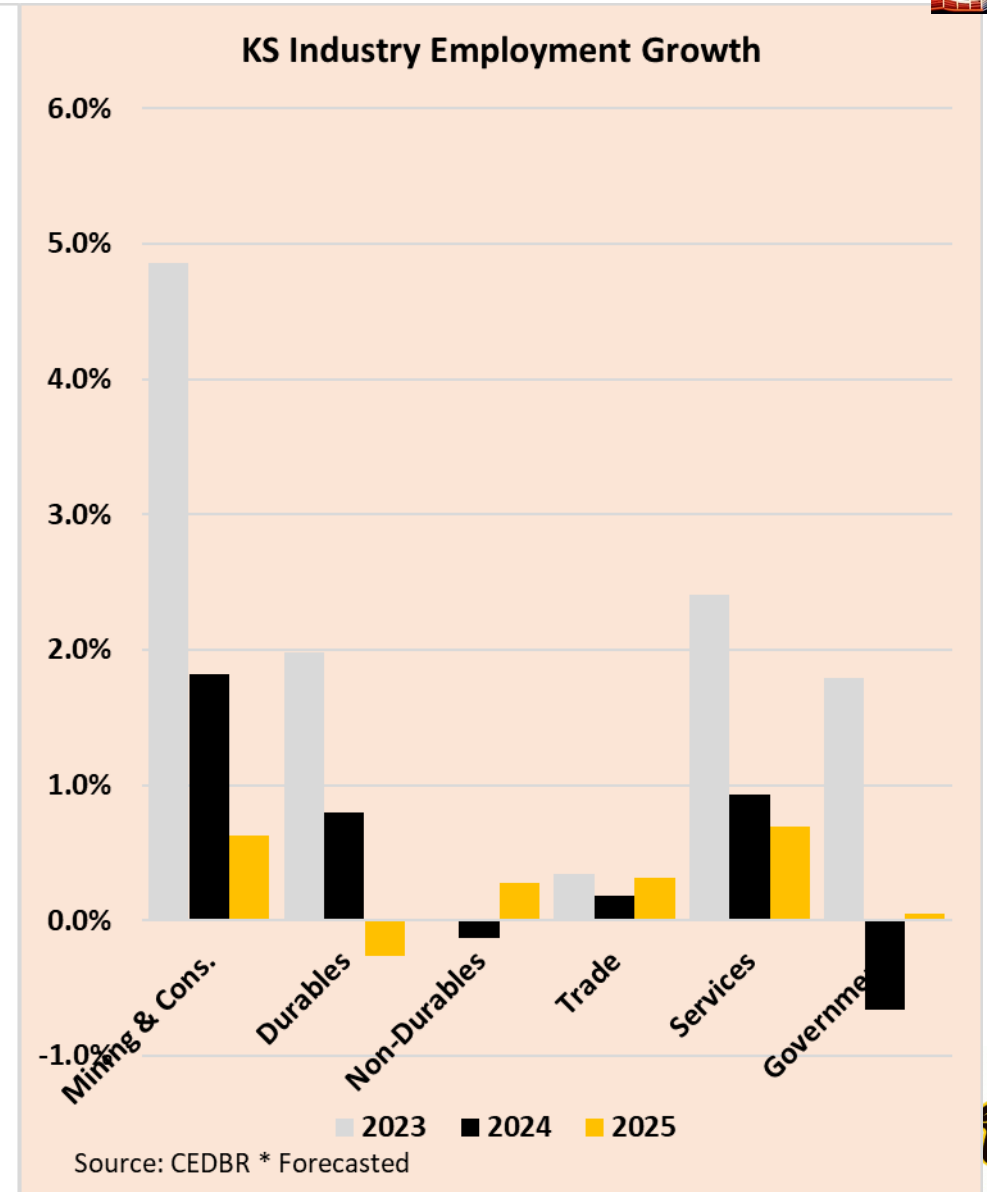
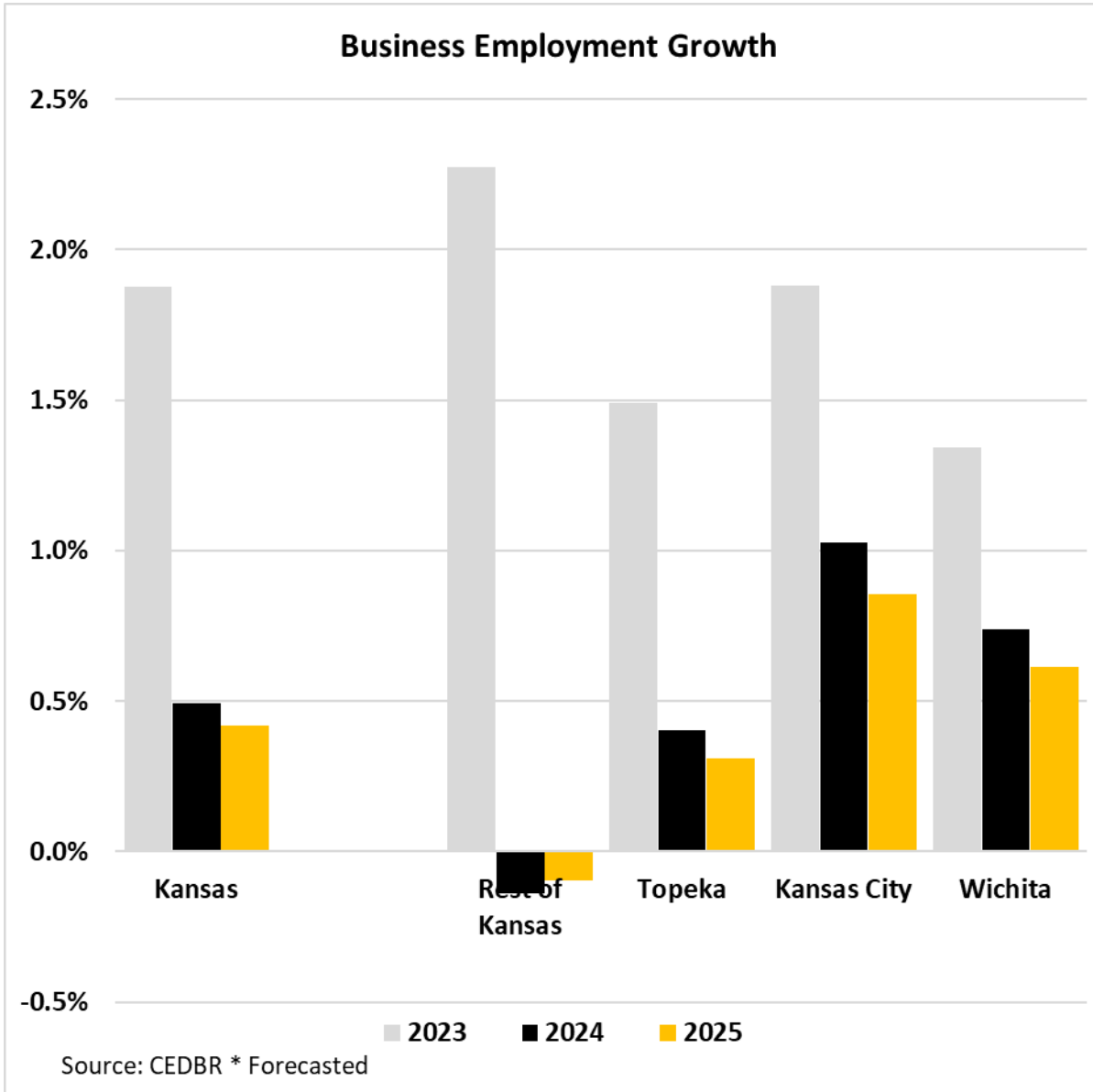
- **KC** is the only market that is **competing** at the national level.
- **SC and NW** are both somewhat competitive within the Midwest region

Forecast



- **Onion taste**
 - Is it a Yellow or Vidalia Onion?
- **Forecast**
 - Employment
 - Labor
 - Retail and Income

Employment is expected to continue to grow



Labor force will expand slower than desired



Kansas Labor Market

	2021 (a)	2022 (a)	2023 (e)	2024 (f)	2025 (f)
Rate	3.4%	2.9%	3.0%	3.0%	3.0%
Unemployment	49,473	42,026	44,791	44,925	45,065
Employment	1,451,204	1,466,414	1,473,794	1,479,689	1,484,933
Labor Force	1,500,677	1,508,440	1,518,584	1,524,614	1,529,999

(a) actual (e) estimated (f) forecasted

Source: CEDBR, BLS - LAUS

Retail Sales are expected to grow in 2024



Kansas Nominal Income*

	Total		Per capita	
	Level	Change	Level	Change
2021 (a)	\$172,071,000		\$ 58,569	
2022 (a)	\$177,474,700	3.1%	\$ 60,424	3.2%
2023 (e)	\$182,523,032	2.8%	\$ 62,157	2.9%
2024 (f)	\$187,572,177	2.8%	\$ 63,891	2.8%
2025 (f)	\$192,621,323	2.7%	\$ 65,625	2.7%

*(a) actual (e) estimated (f) forecasted

Source: CEDBR, BEA

Kansas Taxable Retail Sales*

	Total	
	Level	Change
2021 (a)	\$ 3,154,629,999	11.1%
2022 (a)	\$ 3,445,420,355	9.2%
2023 (e)	\$ 3,431,638,674	-0.4%
2024 (f)	\$ 3,593,295,086	4.7%
2025 (f)	\$ 3,696,644,626	2.9%

*(a) actual (e) estimated (f) forecasted

Inflation Adjusted

Source: CEDBR, KSDOR

Concerns



- **Onion market**

- Concerns about the product making it to the grocery shelves.

What are your top
concerns for the
next six months?

Concerns



Federal reserve miss step

Kansas wages not remaining competitive

Volatile energy prices

Sustained demand for durable goods

Inflation components: low-income households



OVERIJECT CONDIIONS



BROAD CONDITIONS



HOUSELOLD VITALIONS

