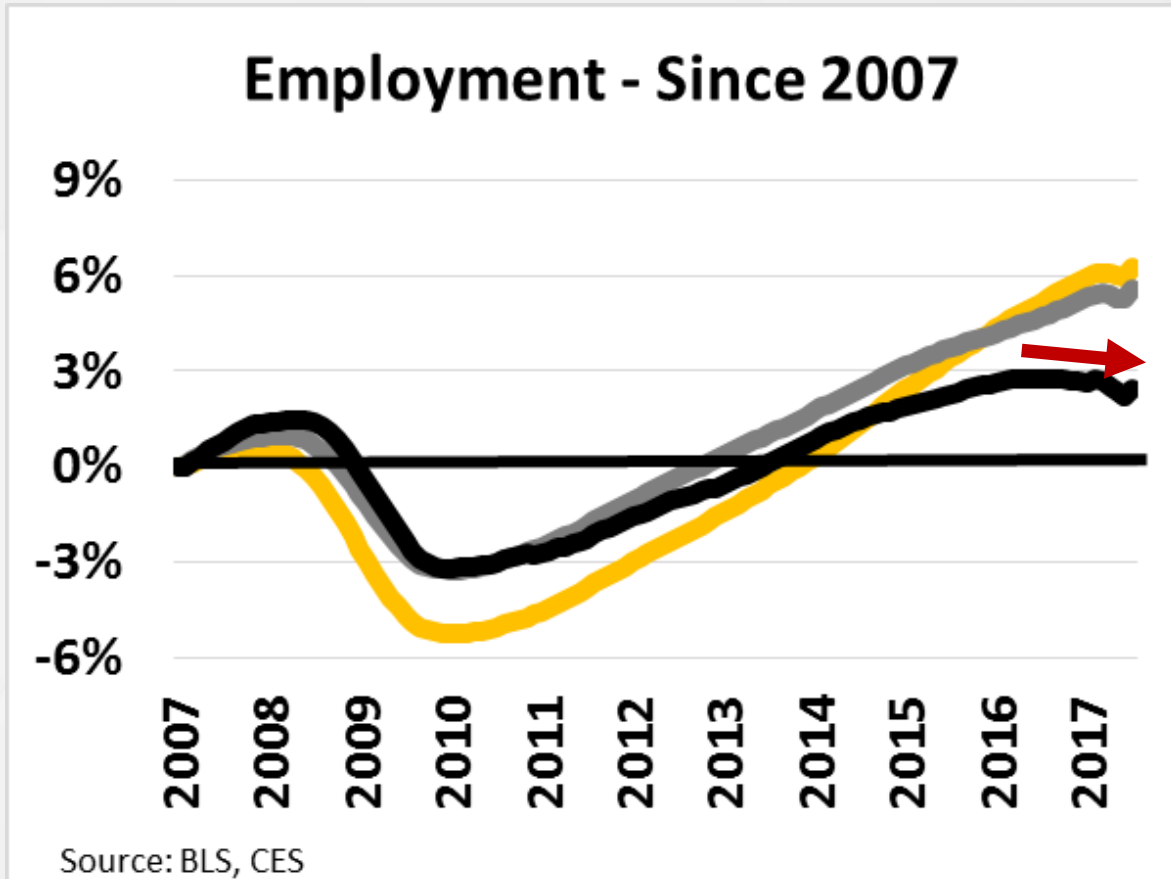


Kansas Outlook

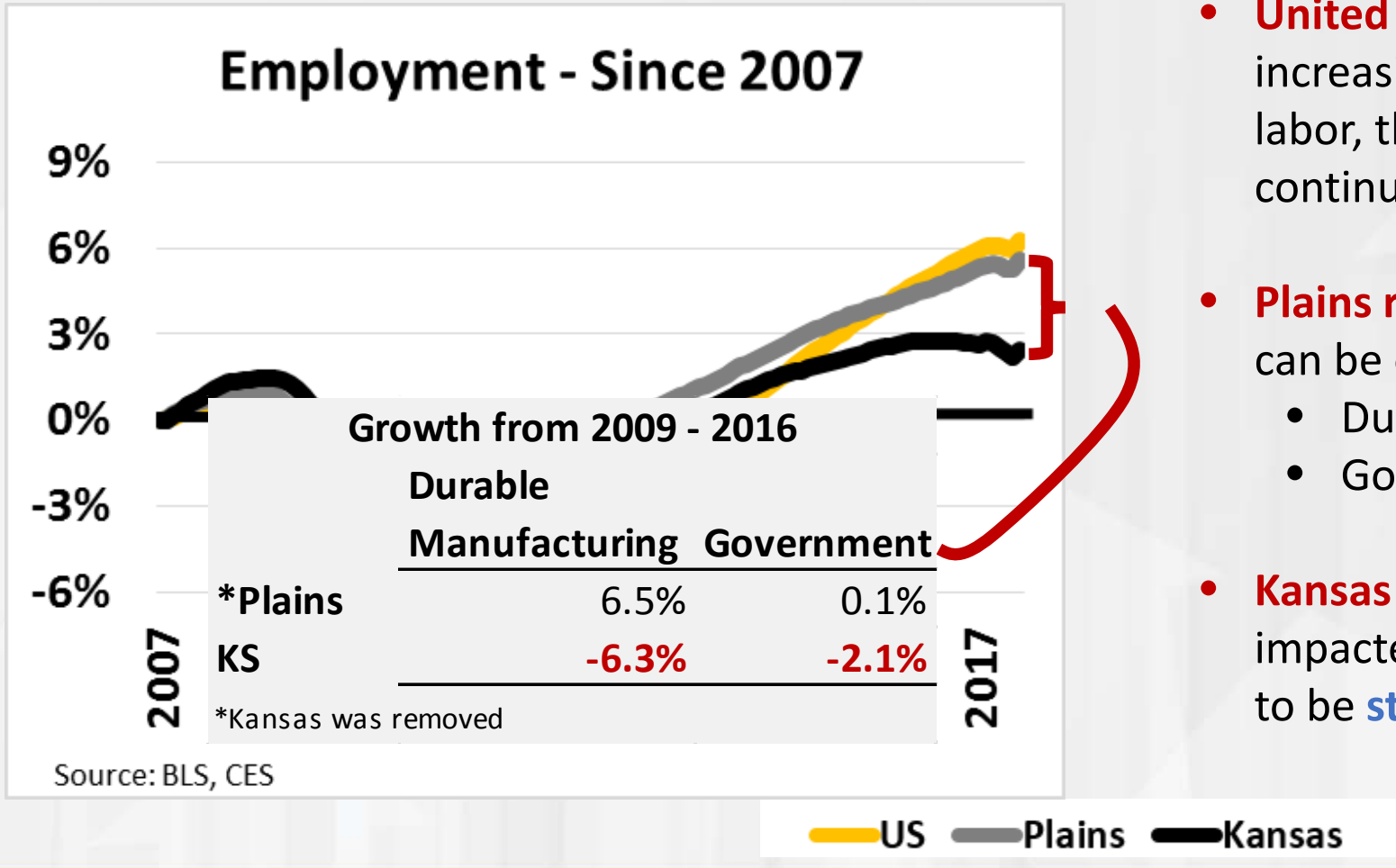
Jeremy Hill, Director

Is the KS economy stalling?



- **United States** – Although there are increasing concerns about availability of labor, the market is balanced and continues to **grow**.
- **Plains region** – The difference in growth can be explained by:
 - Durable manufacturing (Aerospace)
 - Government
- **Kansas** – Employment growth has been impacted by core industries and **appears** to be **stalling**.

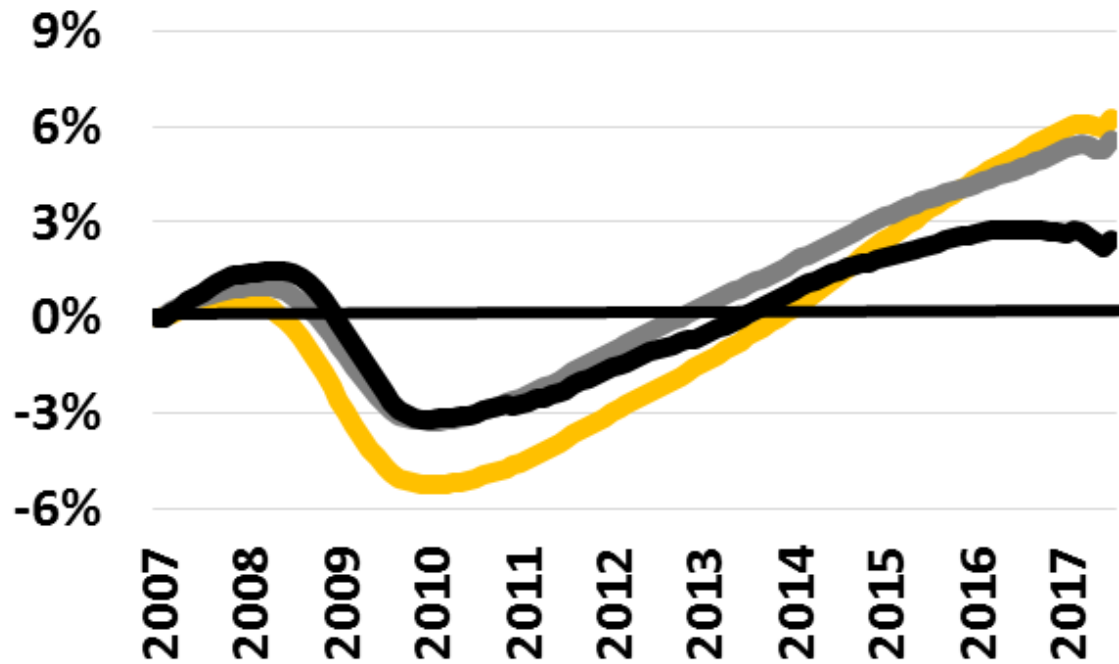
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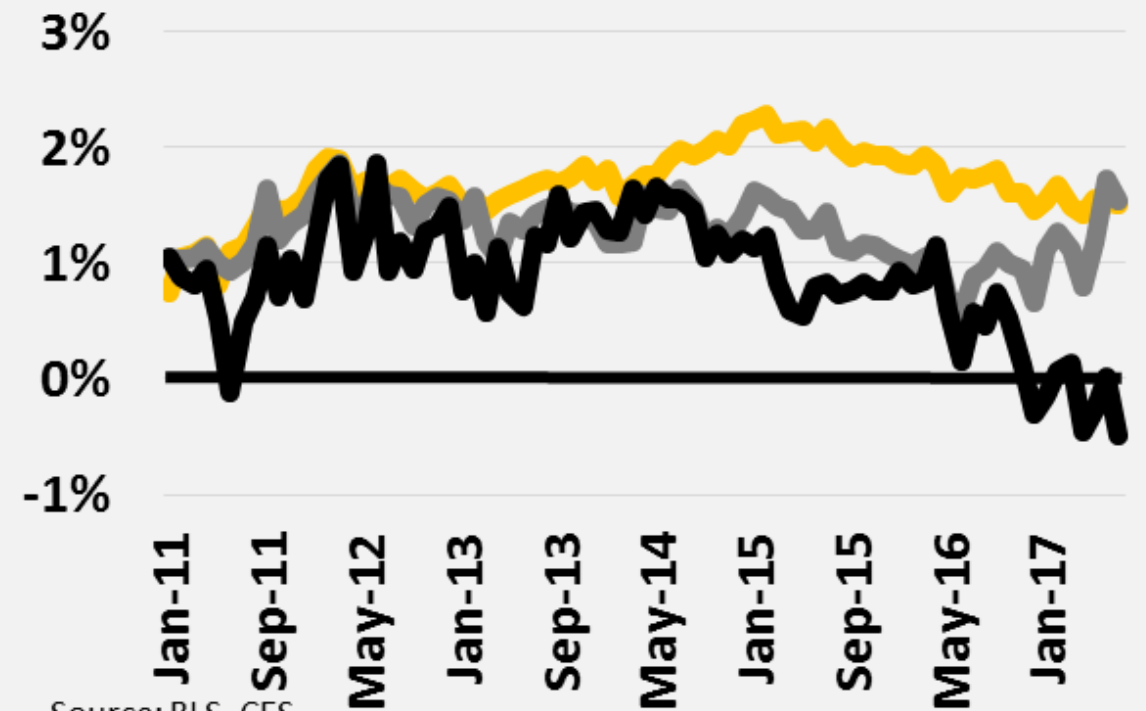
Is the KS economy stalling?

Employment - Since 2007



Source: BLS, CES

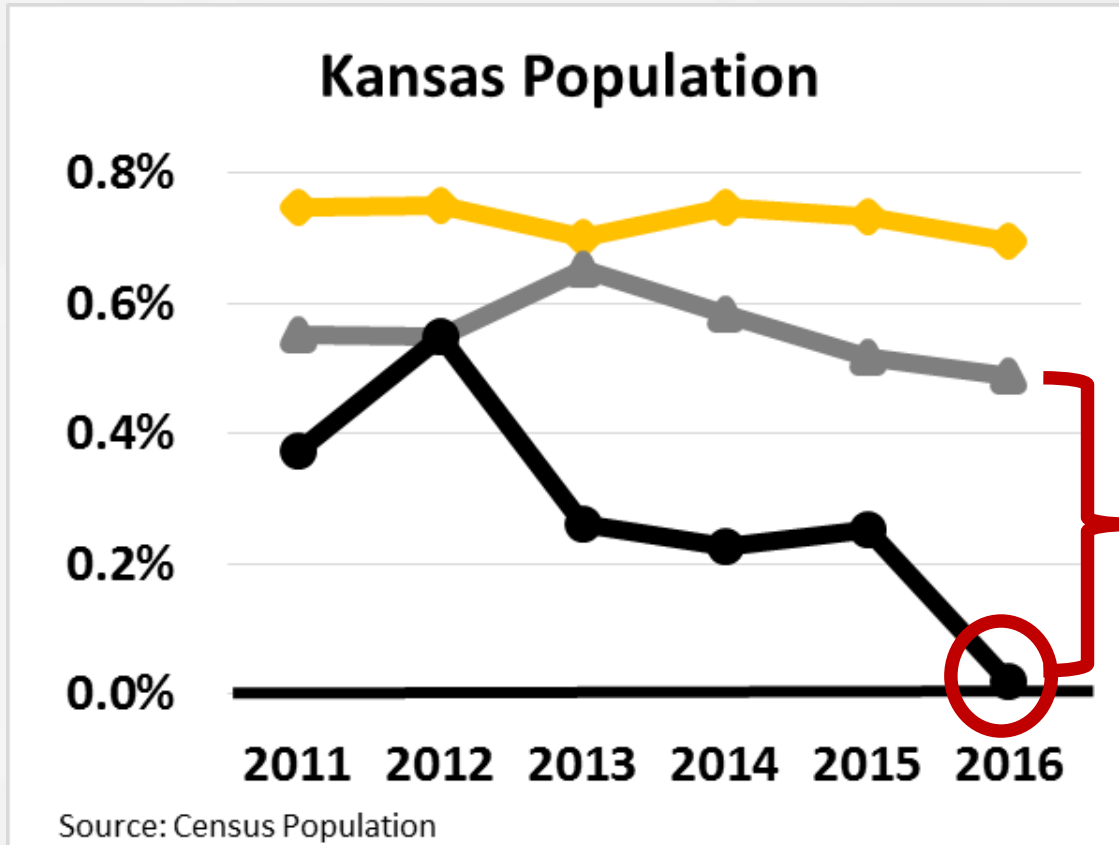
Employment YR/YR



Source: BLS, CES

— US — Plains — Kansas

Current trends may reduce future opportunity

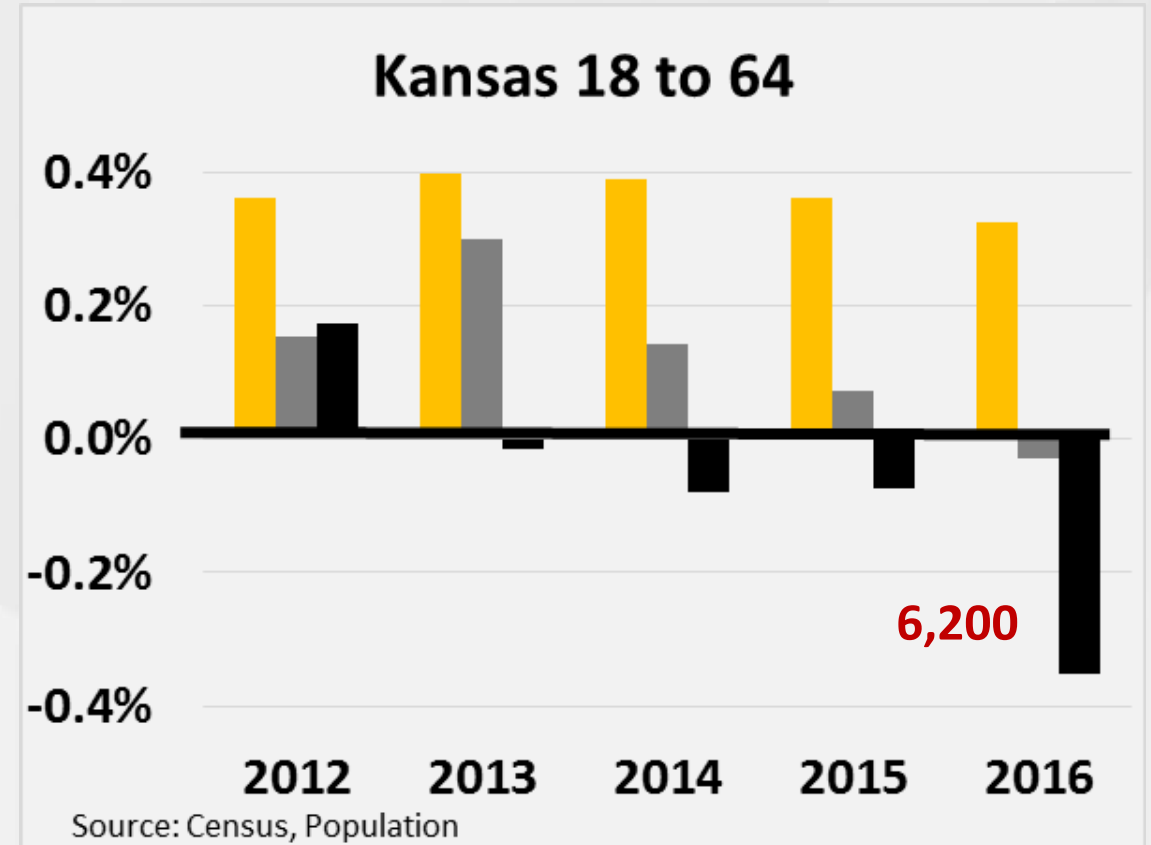
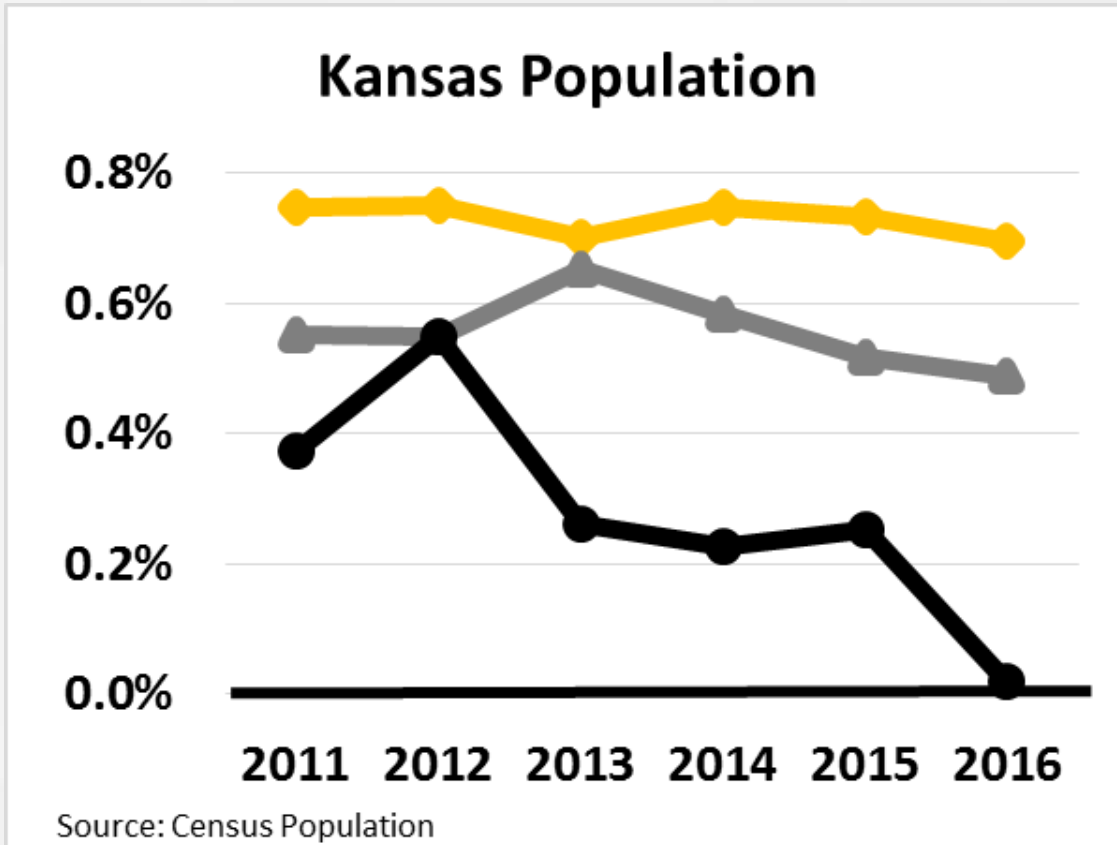


| | <u>Population</u> |
|----------------|-------------------|
| KS 2015 | 2,906,721 |
| Births | 38,702 |
| Deaths | 25,390 |
| Net migration | (12,744) |
| KS 2016 | 2,907,289 |

- **Net migration**, not births or deaths, is one contributing factor to the stalled growth in Kansas.

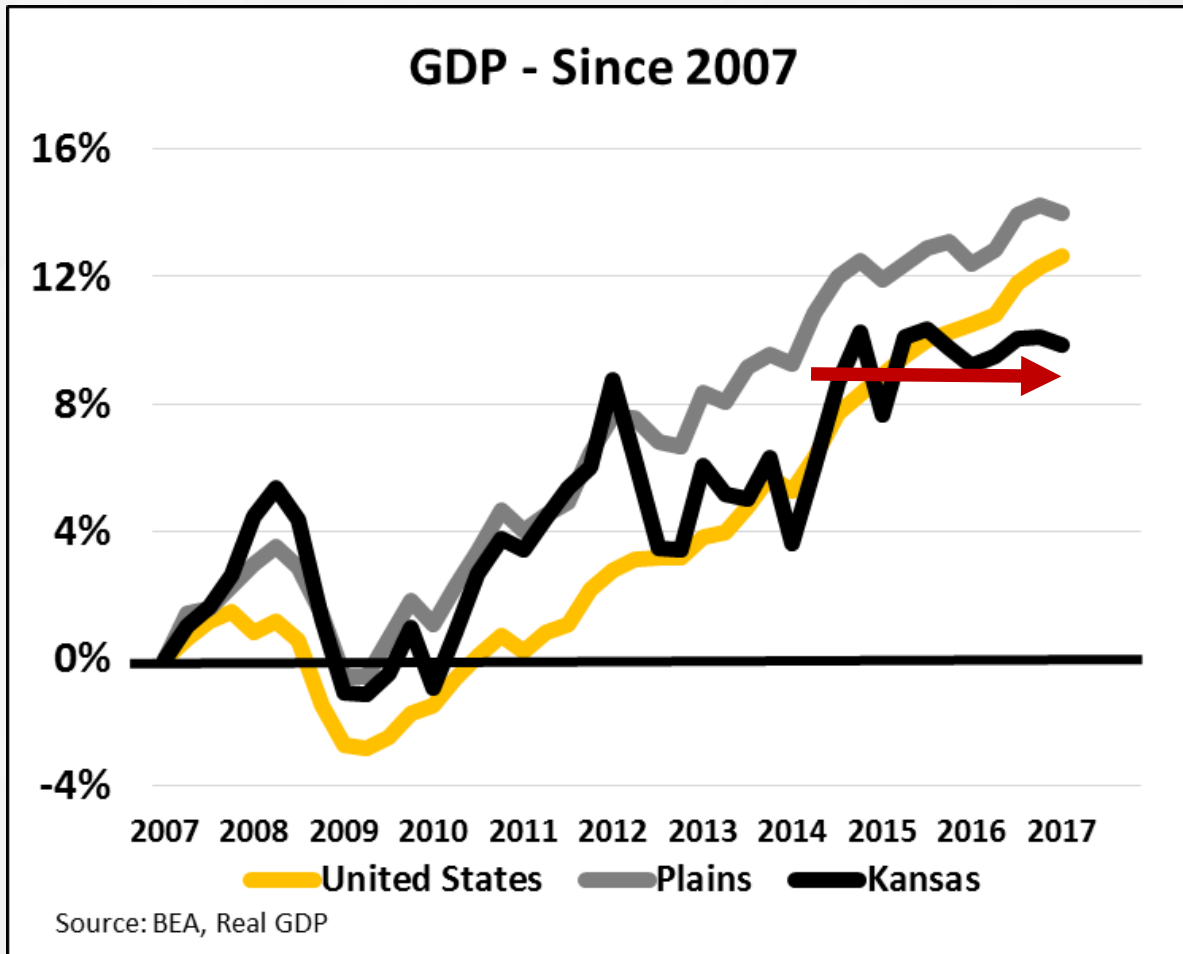
— US — Plains — Kansas

Current trends may reduce future opportunity



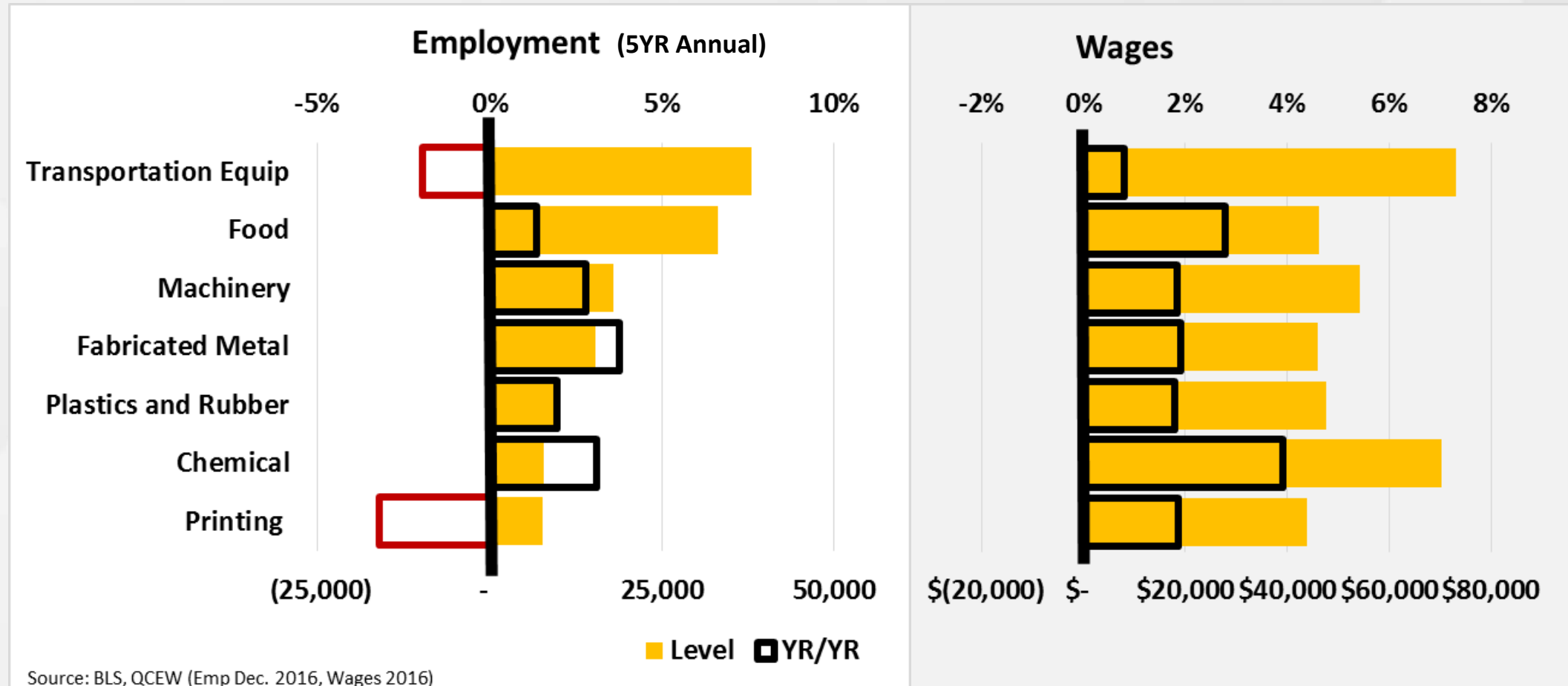
— US — Plains — Kansas

Or...is there still room for optimism?



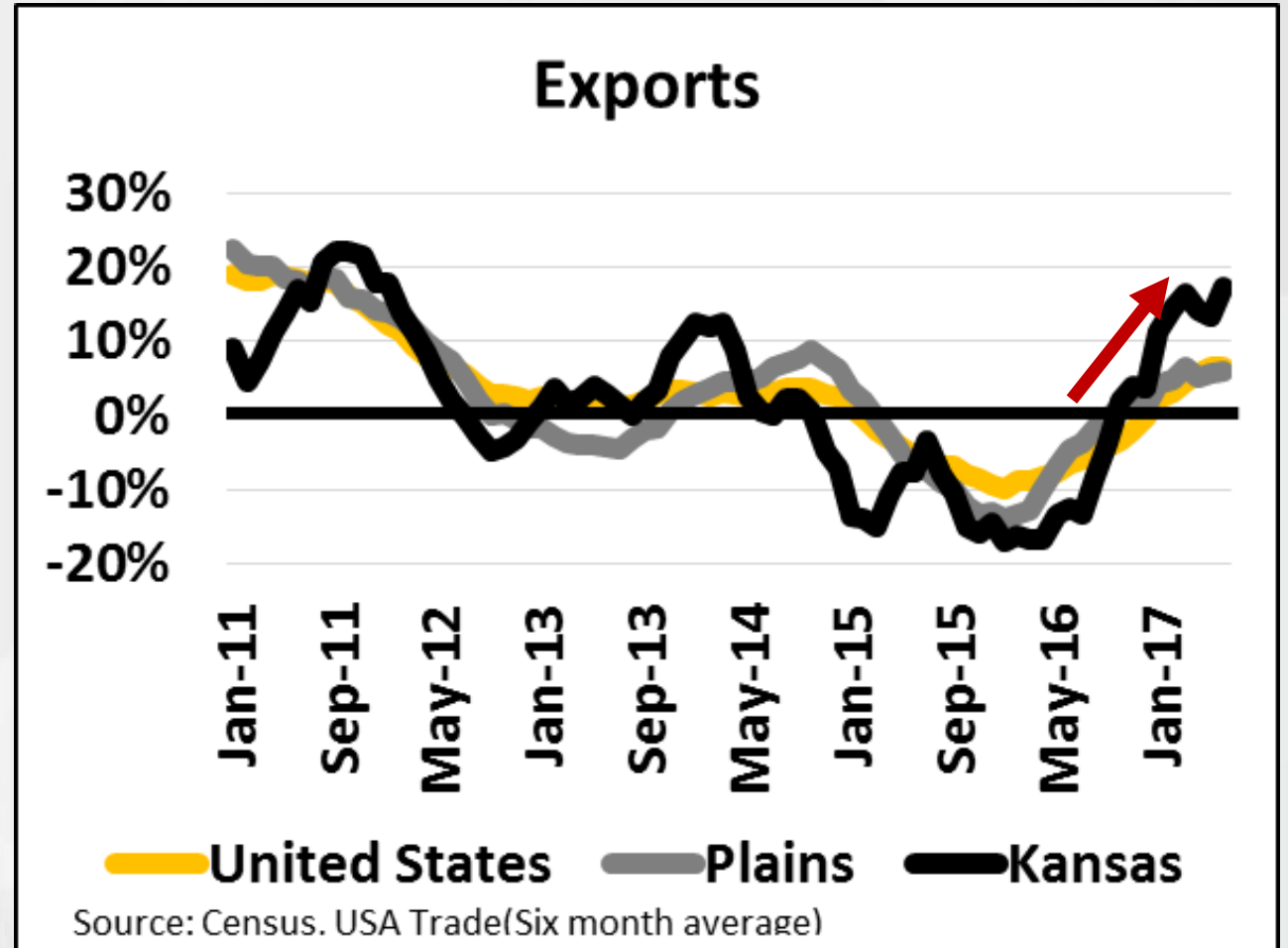
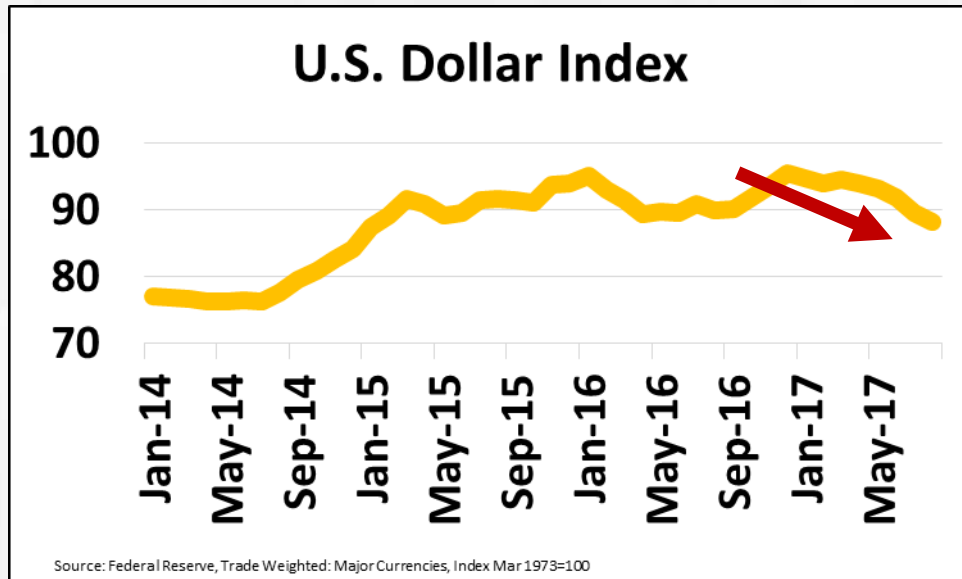
- **Agriculture** – income, real estate values, and credit conditions continued to weigh down this sector. Growth is not expected, but the sector is **stable**.
- **Oil & Natural Gas** – currently **flat** and waiting for better market conditions in the long term.
- **Manufacturing** – could continue to **slowly grow** or **accelerate**. Outcomes are dependent on policies at the national and global level (e.g. increased protectionism).
- **Services** – this sector is hamstrung by population growth and limited labor supply and **might stall** out.

Long-term KS manufacturing EMP has declined

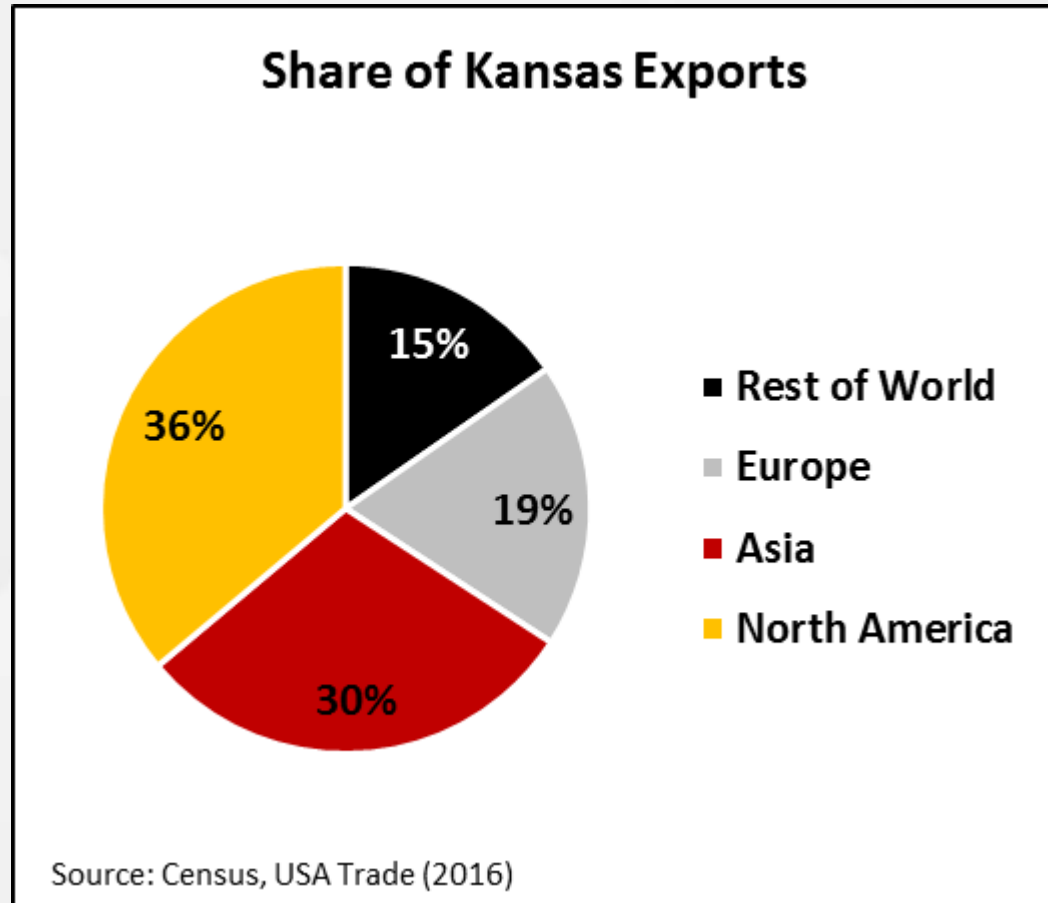


Global conditions could improve KS outlook

- **Value of the US Dollar** – The decline since January has increased demand for US goods.

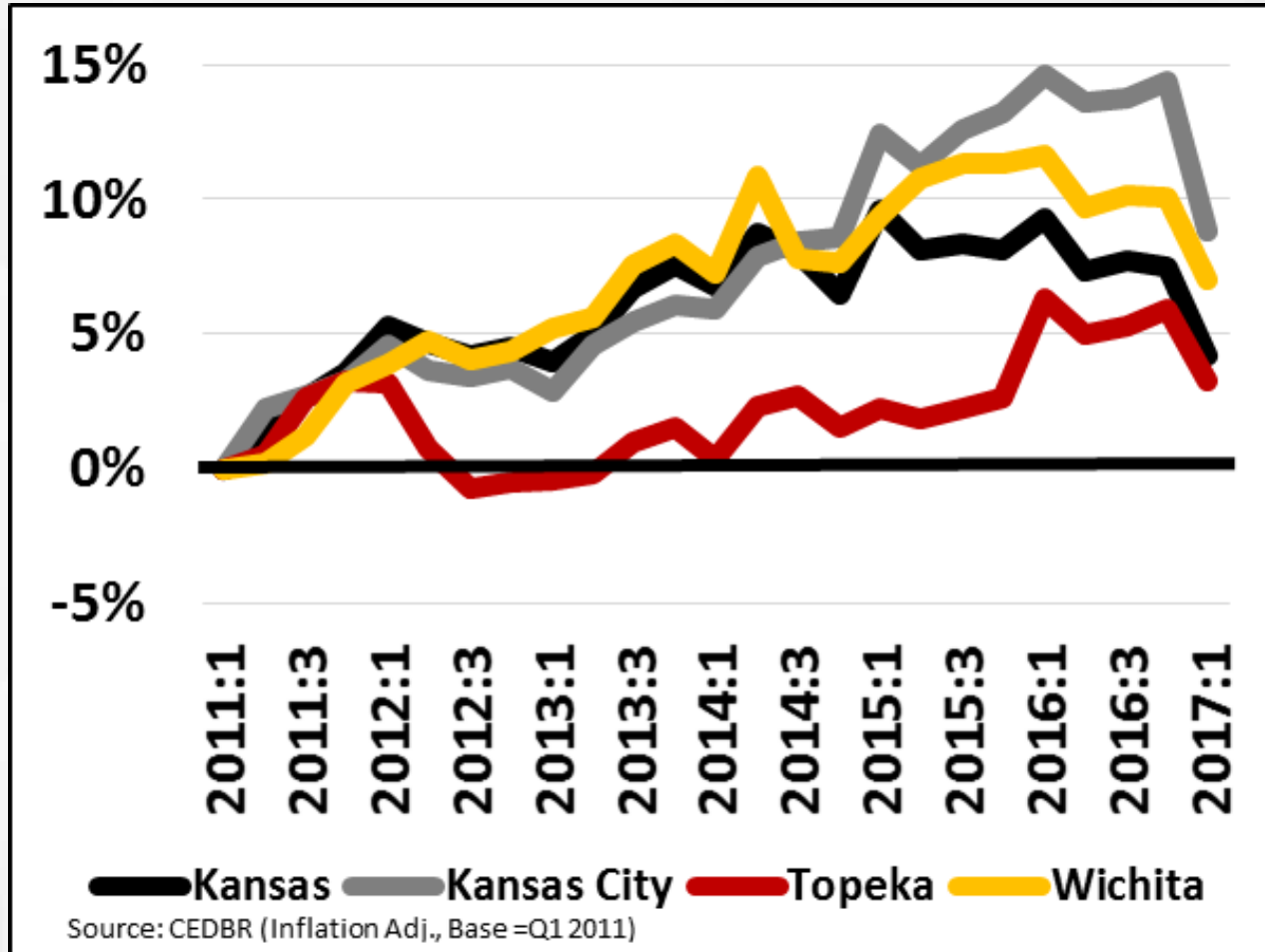


Strength of trading partners can spill over to KS

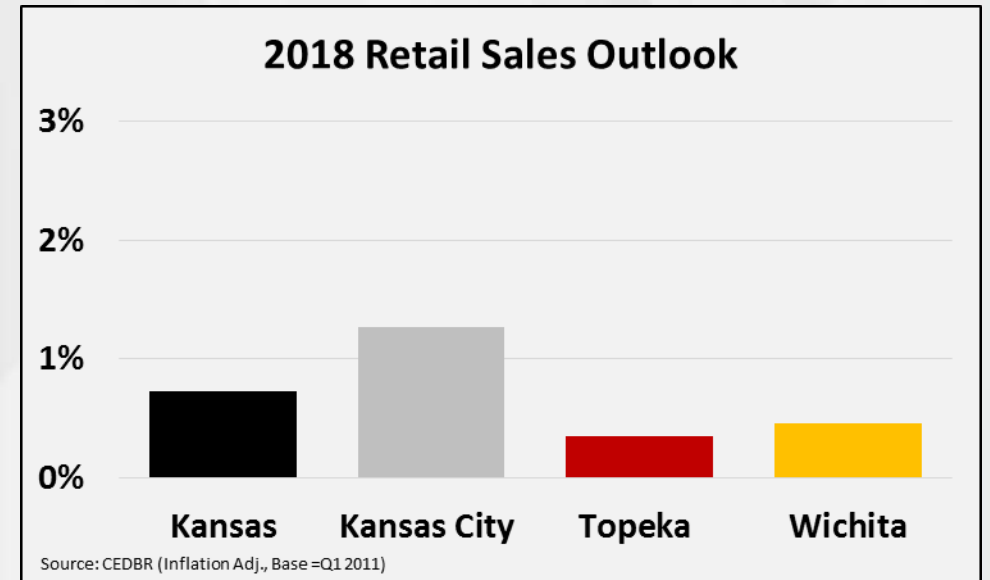


- **Global** – outlook continues to improve, in particular North America and Asia.
- **Canada and Mexico** were 36% of Kansas exports, and accounted for the majority of recent growth.

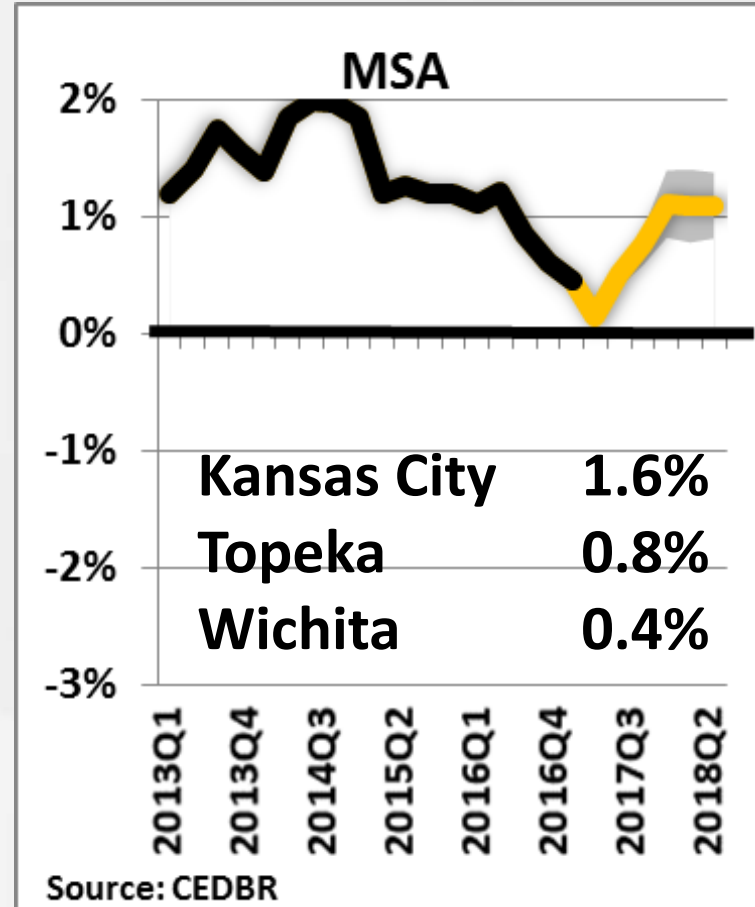
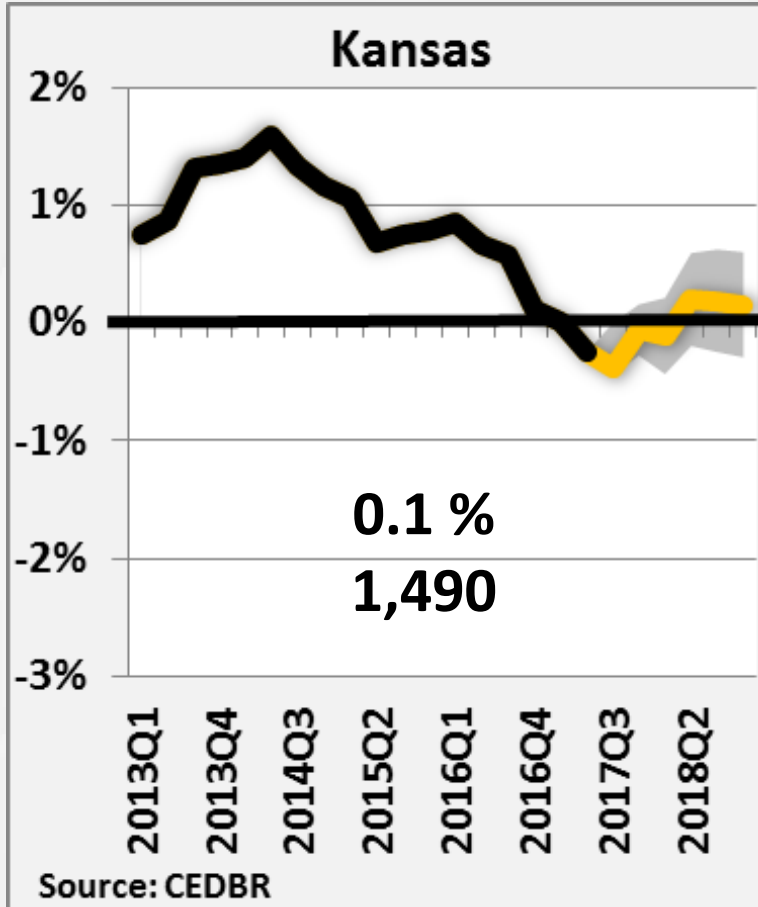
Forecast - Retail Sales – Growth Since 2011



- Downward pressures from both weak job growth and slowing population will dampen retail sales.
- Kansas City will likely see the most growth given the stronger market conditions.



Forecast - Total EMP expectations vary across the State

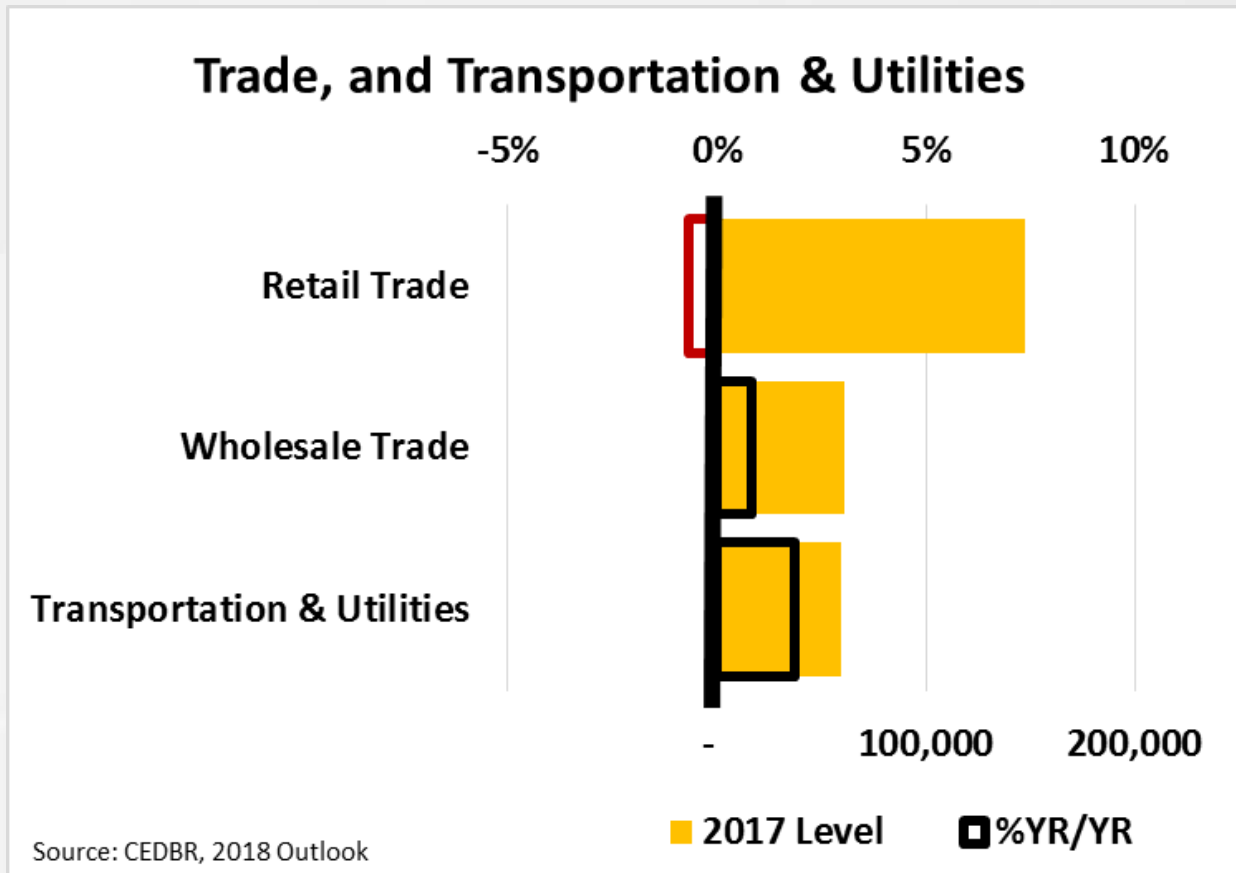


| | |
|--------------------|-------------|
| Kansas City | 1.6% |
| Topeka | 0.8% |
| Wichita | 0.4% |

- **Kansas** – Employment growth is expected to further **slow down**, given both labor issues and weaknesses within core sectors.
- **Metro** – The three large metro areas are expected to see **slower growth** rates compared to previous years.
- **Non Metro** – The rest of the state, as a whole, is expected to be **stagnant** in 2017, as they are waiting on conditions to improve in agriculture, oil, and manufacturing.

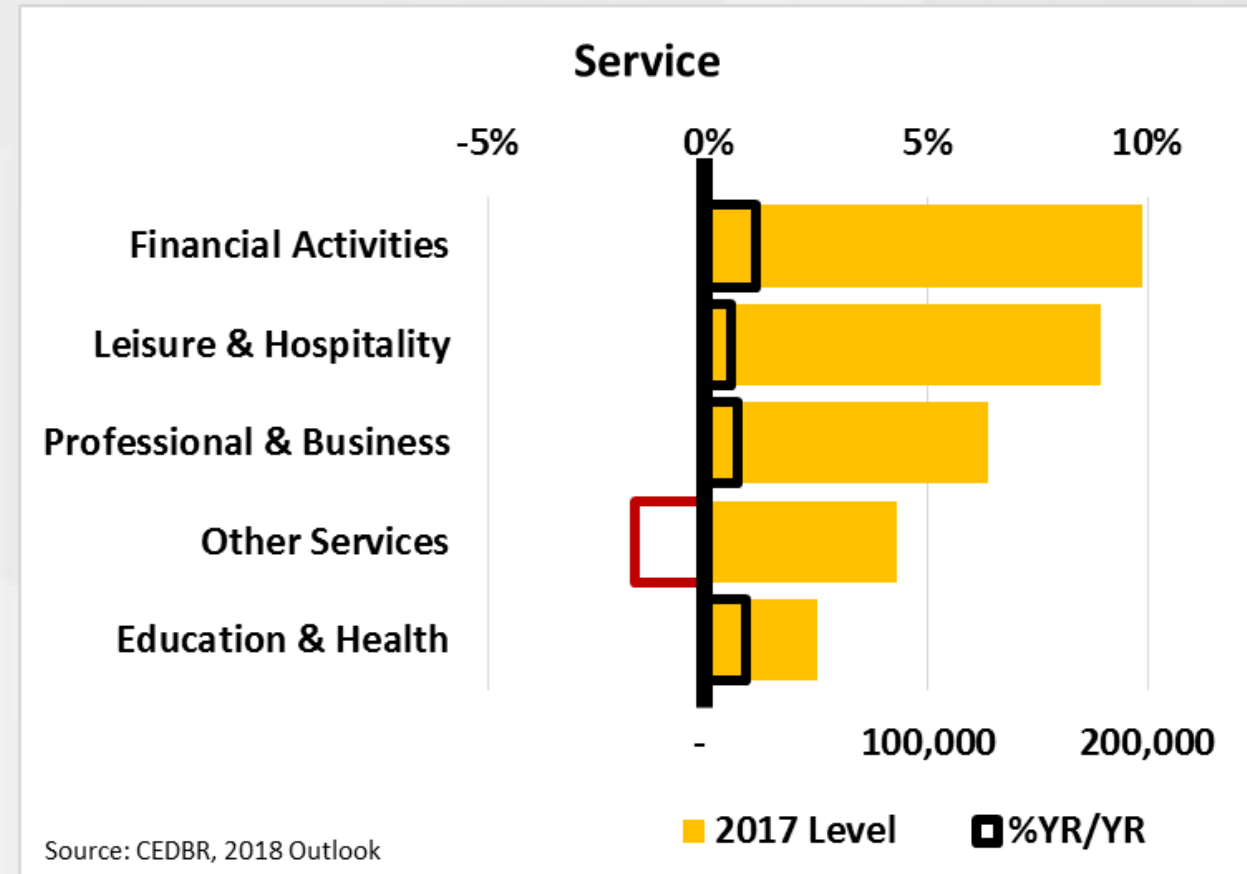
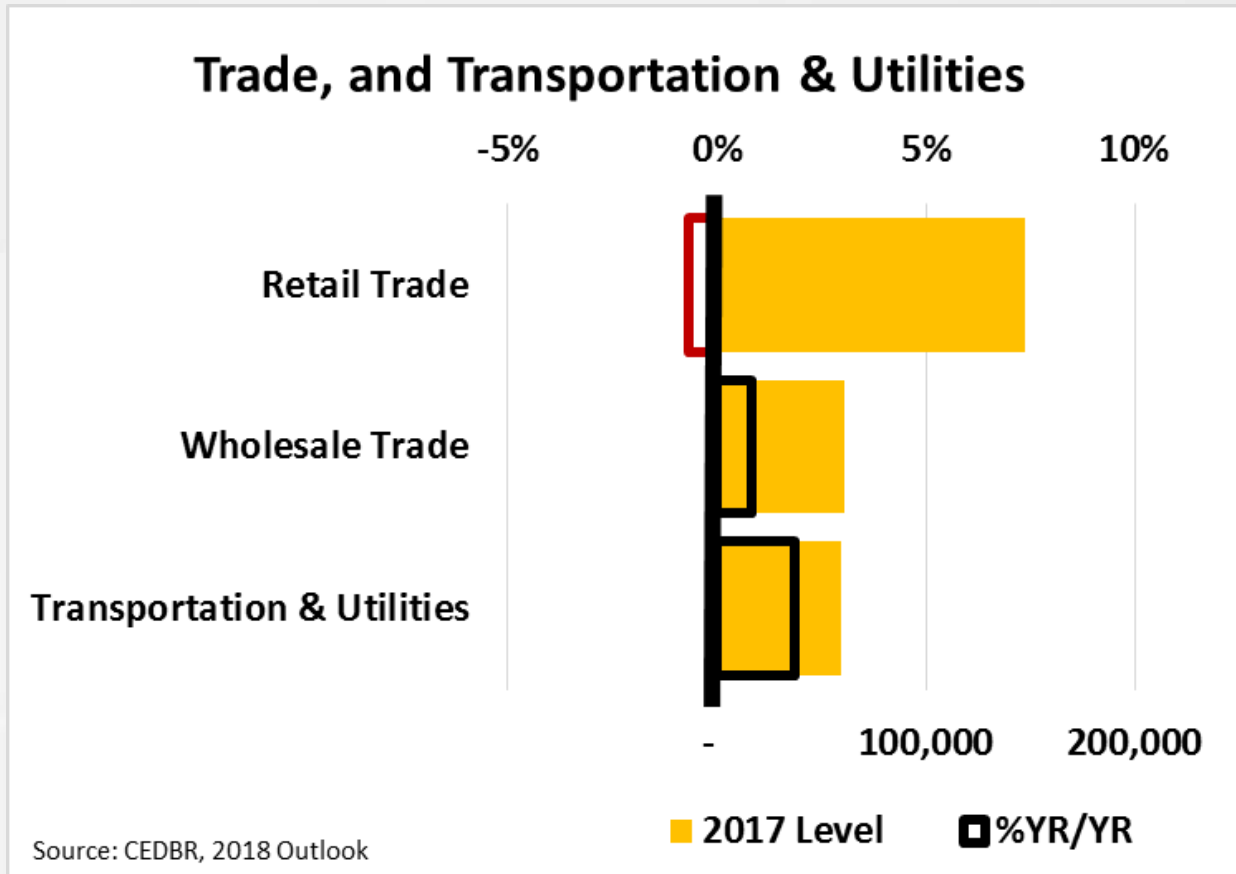
■ Range ■ Forecast ■ Actual

Forecast - 2018 employment outlook is mixed

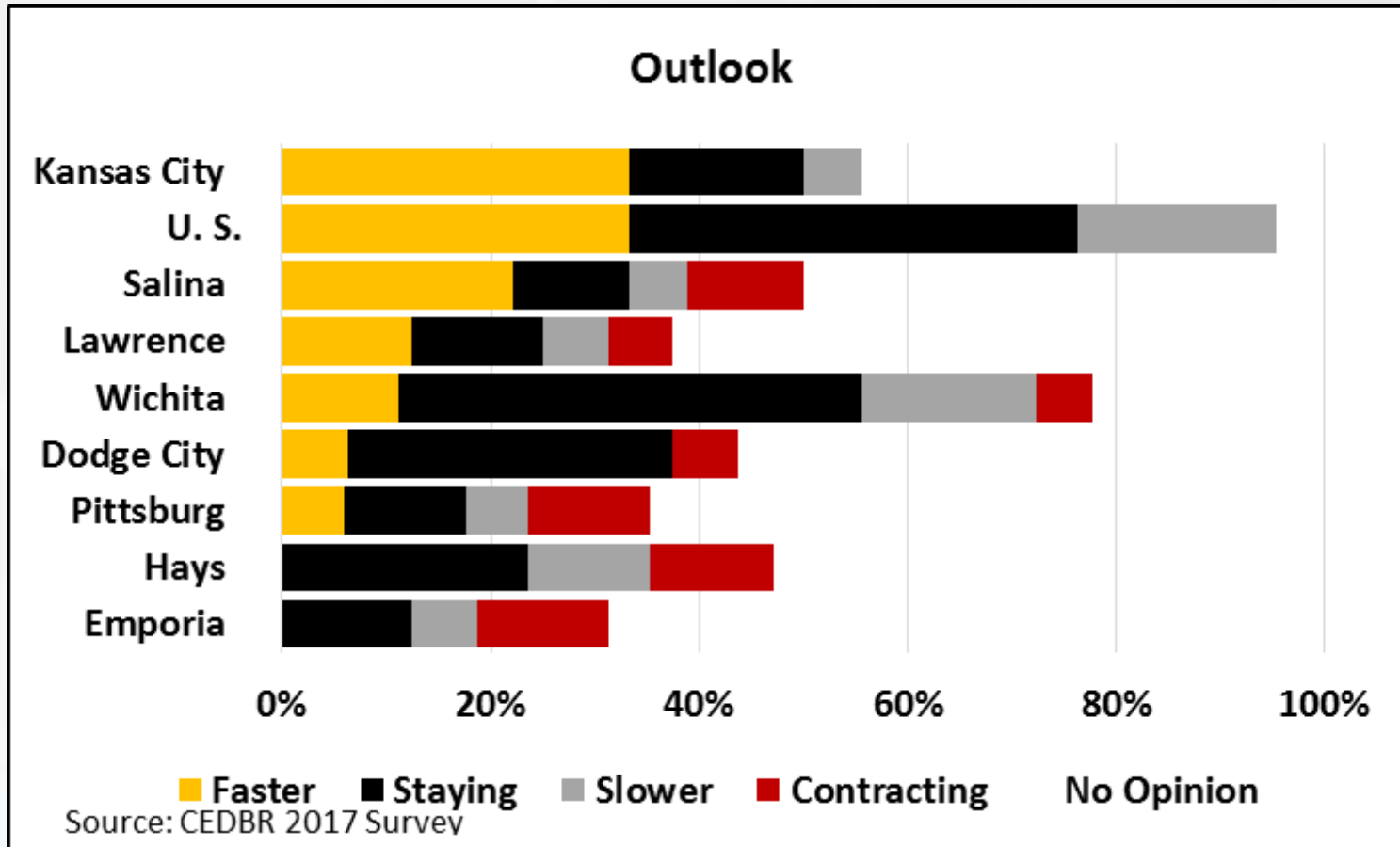


- **Retail Trade** – out migration, changing preferences, and negative expectations are all weighing on employment growth.
- **Transportation & Utilities** - all of the growth is expected on the transportation and warehousing side. Employment within utilities has stalled since 2015.

Forecast - 2018 employment outlook is mixed



Respondents are optimistic about KC, and negative to mixed for the rest of the state.



Optimism abounds!

