

Kansas Economic Outlook
Center for Economic Development and Business Research
Wichita State University

National employment dropped 0.5 percent in 2008 and is estimated to decline another 3.4 percent in 2009. Strengths of the national economy include an increase in consumer confidence from 25.3 in February to 49.5 in November 2009, a 2.8 percent increase in gross domestic product from second to third quarter 2009, and national home sales that increased 10.1 percent from September to October. Employment loss is expected to moderate into 2010 with a forecasted growth of 0.8 percent. While nationally, the recession has begun to recover, the signs locally have been slow to appear.

Using data through the third quarter, Kansas employment is estimated to decrease 3.2 percent this year. The aircraft industry has experienced significant losses, with more than 12,000 employee layoffs announced in the Wichita MSA between October 2008 and November 2009, but the pace has slowed. The Kansas unemployment numbers have begun to decline as fewer employees lose their jobs.

Creighton University's leading economic indicator for Kansas has been below 50, indicating economic contraction, since November 2008. New orders, inventories and price indicators began to decline in September 2008 giving the first signs of a recession. The consumer confidence indicator began declining in November with employment indicators not declining until December 2008. All indicators have now begun to recover. In October 2009 the index finally reached 50, pointing towards growth for Kansas in the near future.

Signs of economic weakness in Kansas for the 12 months ending October 2009 compared to conditions in the 12 months ending October 2008 include:

- Non-farm wage and salary employment at Kansas businesses that decreased by 2.3 percent, losing 32,192 jobs.
- A decrease of 12,560 jobs in the durable goods producing sector, for a decline of about 10.3 percent over 12 months.
- An unemployment rate that rose 2.2 percentage points to 6.4 percent, substantially higher than the 4.2 percent a year earlier. Total numbers of the unemployed were up a significant 34,177 for the period.
- An 8.7 percent decrease in the number of outbound air passengers decreased 8.7 percent at Wichita's Mid-Continent Airport, while declining 10.9 percent at Kansas City's International Airport.

There are signs of recovery on the horizon.

- Creighton University's leading index has hovered around 50 since summer 2009. It has increased since its June trough, gaining 20.3 Index points through October 2009.

- The Kansas unemployment rate has remained well below the United States unemployment rate. While the Kansas unemployment rate reached a peak of 7.8 percent in July, the U.S. unemployment rate reached a high of 9.7 percent (not seasonally adjusted).
- The number of people unemployed in Kansas declined by more than 23,000 individuals from the peak in July to October.

The indicators, when taken together, point to a year of slowing decline in the state of Kansas. In 2010, Kansas employment is projected to decrease 0.5 percent, losing approximately 6,450 jobs. The contracting production sector will be pulling down Kansas' growth with an expected loss of 2.6 percent in combination with an expected decrease of 1.7 percent in the trade, transportation and utilities sectors. Service sectors are expected to increase collectively 0.6 percent or 3,355 jobs, while government employment is expected to increase 0.2 percent.

Kansas Employment by Industry Summary*					
	2008 (a)	2009 (e)	2010 (f)	Level Change	Percent Change
Total Nonfarm	1,391,133	1,346,880	1,340,430	(6,450)	-0.5%
Production Sectors	261,692	236,725	230,585	(6,140)	-2.6%
Trade, Transportation & Utilities	263,250	255,900	251,645	(4,255)	-1.7%
Service Sectors	605,950	594,840	598,195	3,355	0.6%
Government	260,242	259,415	260,005	590	0.2%
*Annual values are derived from average quarterly observations and projections.					
(a) actual (e) estimated (f) forecasted					

In summary, national conditions show increased consumer confidence, overall economic growth, and an increase in home sales. The national economy is expected to begin a sluggish rebound in the remainder of 2009 and into 2010. National employment is expected to experience modest gains in 2010 with full employment recovery not taking place until 2012. The national rebound will be slow to infiltrate the state of Kansas' economy. A slower pace of decline is reflected in the Kansas forecast for the remainder of 2009 with a sluggish rebound beginning in the second quarter of 2010.