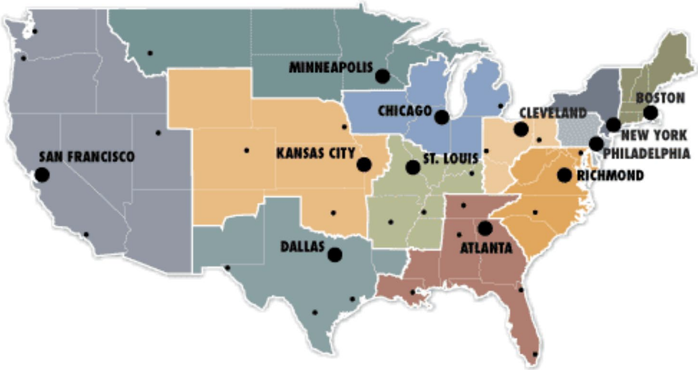
Economic Update

June 3, 2026

Jeremy Hill
Assistant Vice President, Regional Executive

Structure & Functions of the Federal Reserve



3 primary entities:

Board of Governors
- 7 members appointed by U.S. President

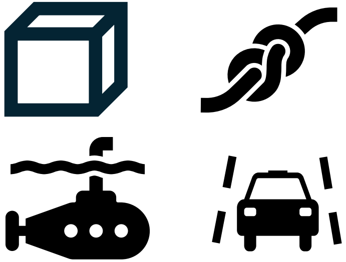
Federal Reserve Banks
- 12 total; semi-independent

Federal Open Market Committee
- 19 members; 12 voting

3 primary responsibilities

- Monetary policy
- Bank supervision & regulation
- Payment system safety & efficiency

Economic progression of themes



2024

Fall –Kaleidoscope

2026

Q1 – Fine-Tuning

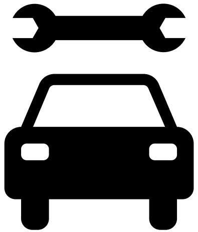
Q1 – Economic Building Blocks

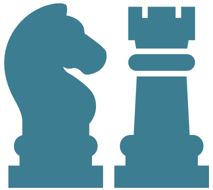
Q2 – Economic Tug-of-war

Q3 – Periscope

Q4 – Lane Assist

2025





Chess – Intentional movement/ Risk aware

Labor Market

Exploring labor market trends, hiring, challenges, and workforce confidence.

Inflation

Breaking down cost pressures, inflation expectations, and business responses.

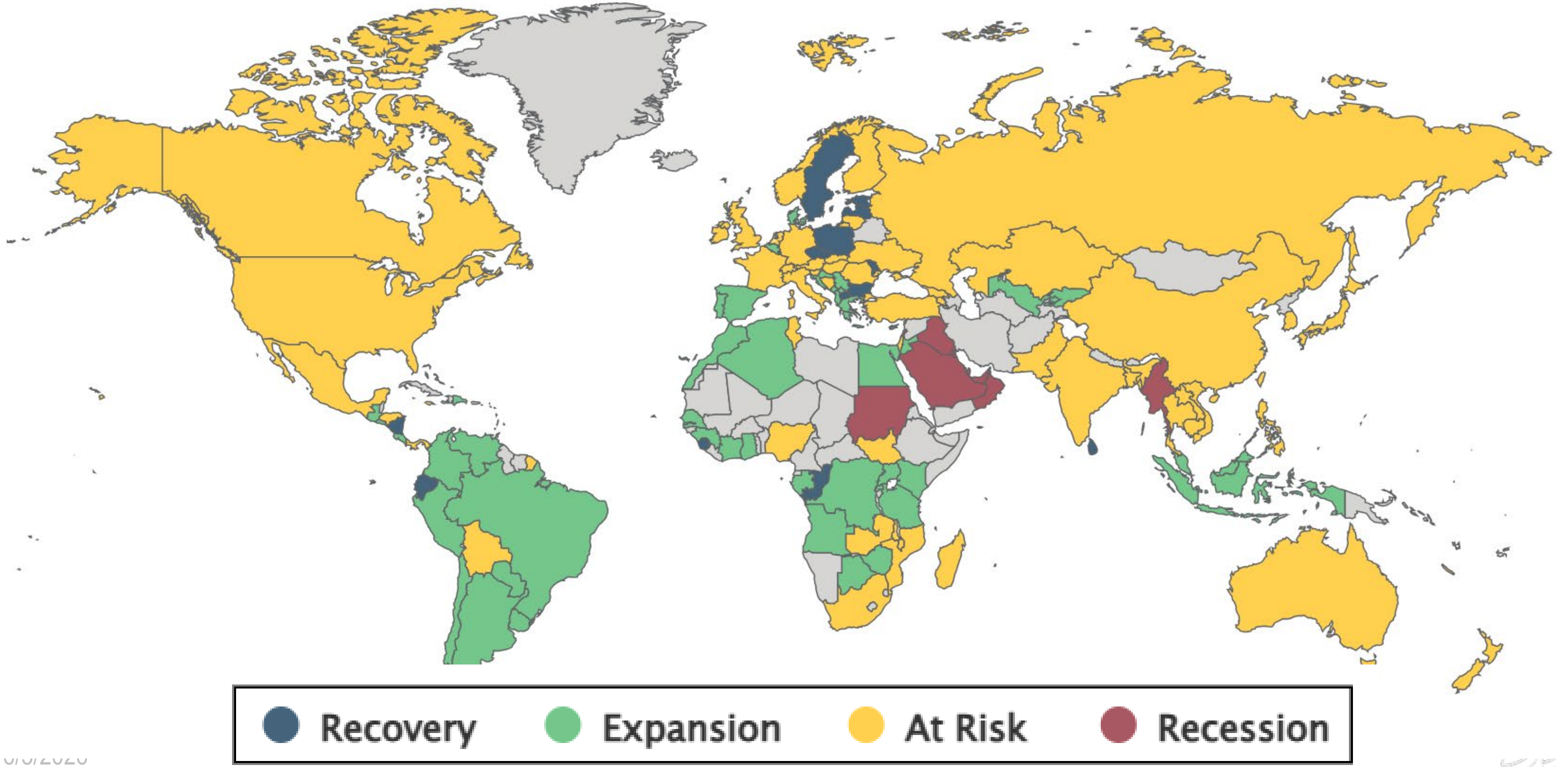
Manufacturing

Examining whether strong production data signals sustained growth or temporary resilience.

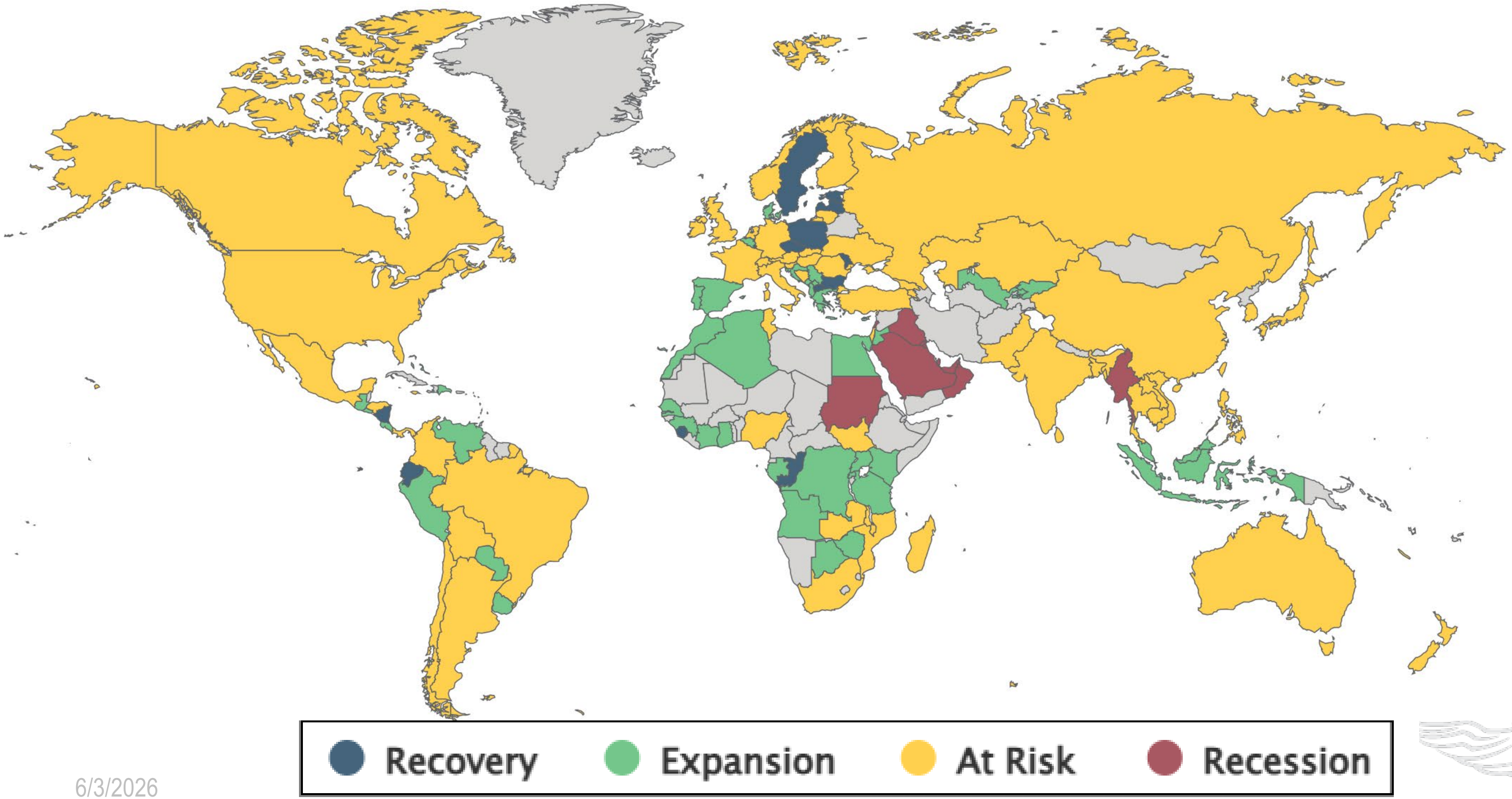
Services

Analyzing the strength of the service sector amid shifting consumer and business confidence

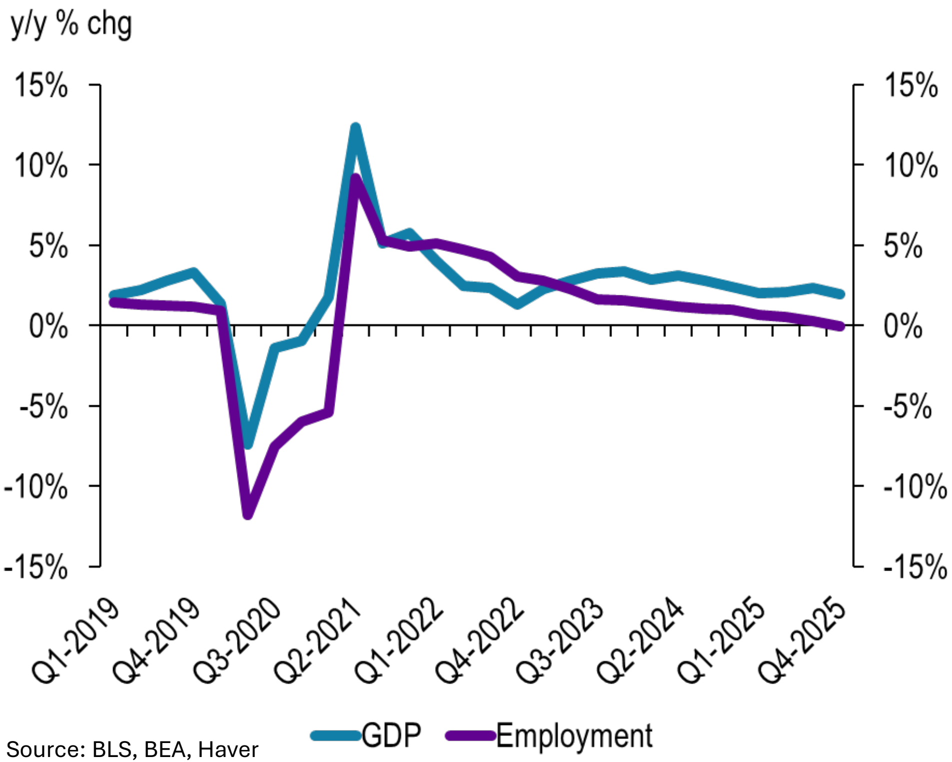
Moody's – Business Cycle - April

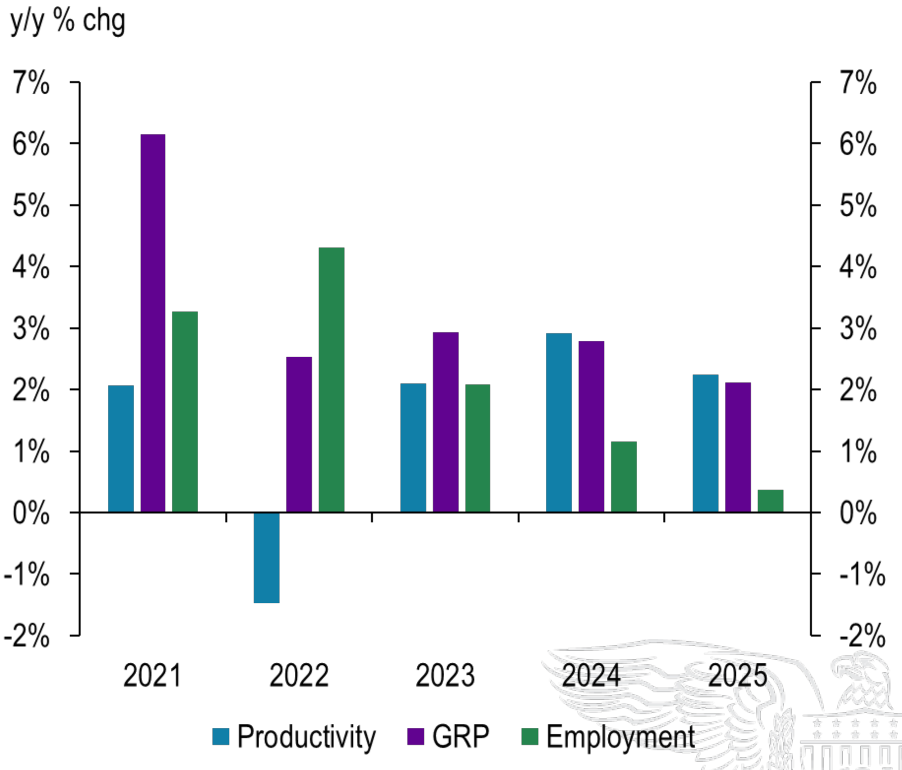


Moody's – Business Cycle - May



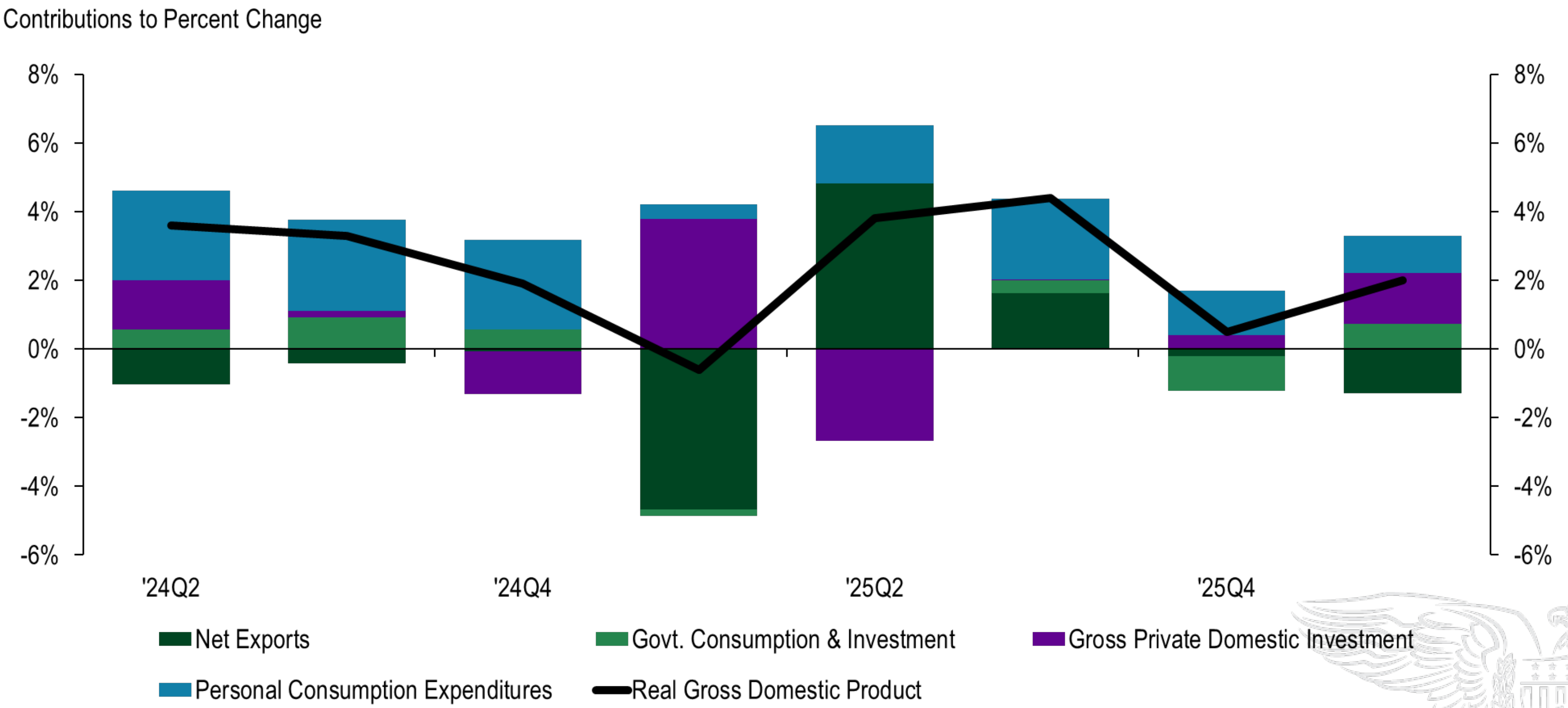
GDP is growing- where is it coming from





Source: BLS, BEA, Haver

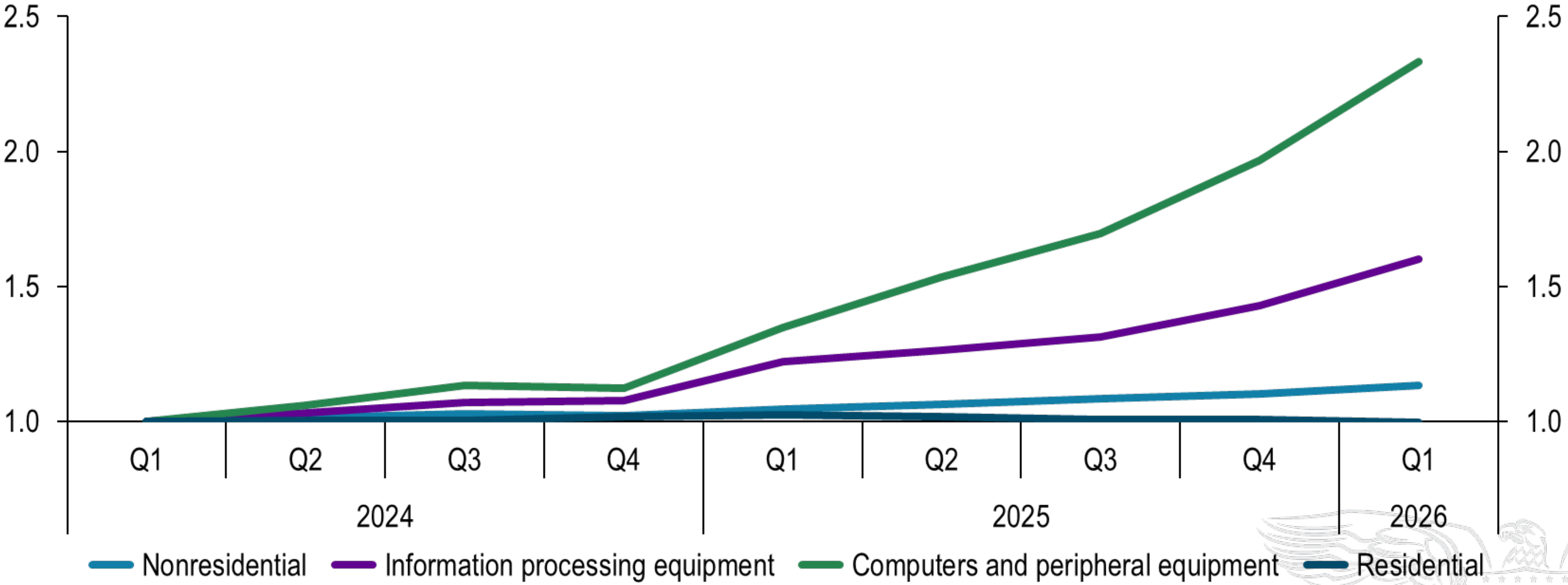
GDP is growing- where is it coming from



Source: BEA, Haver

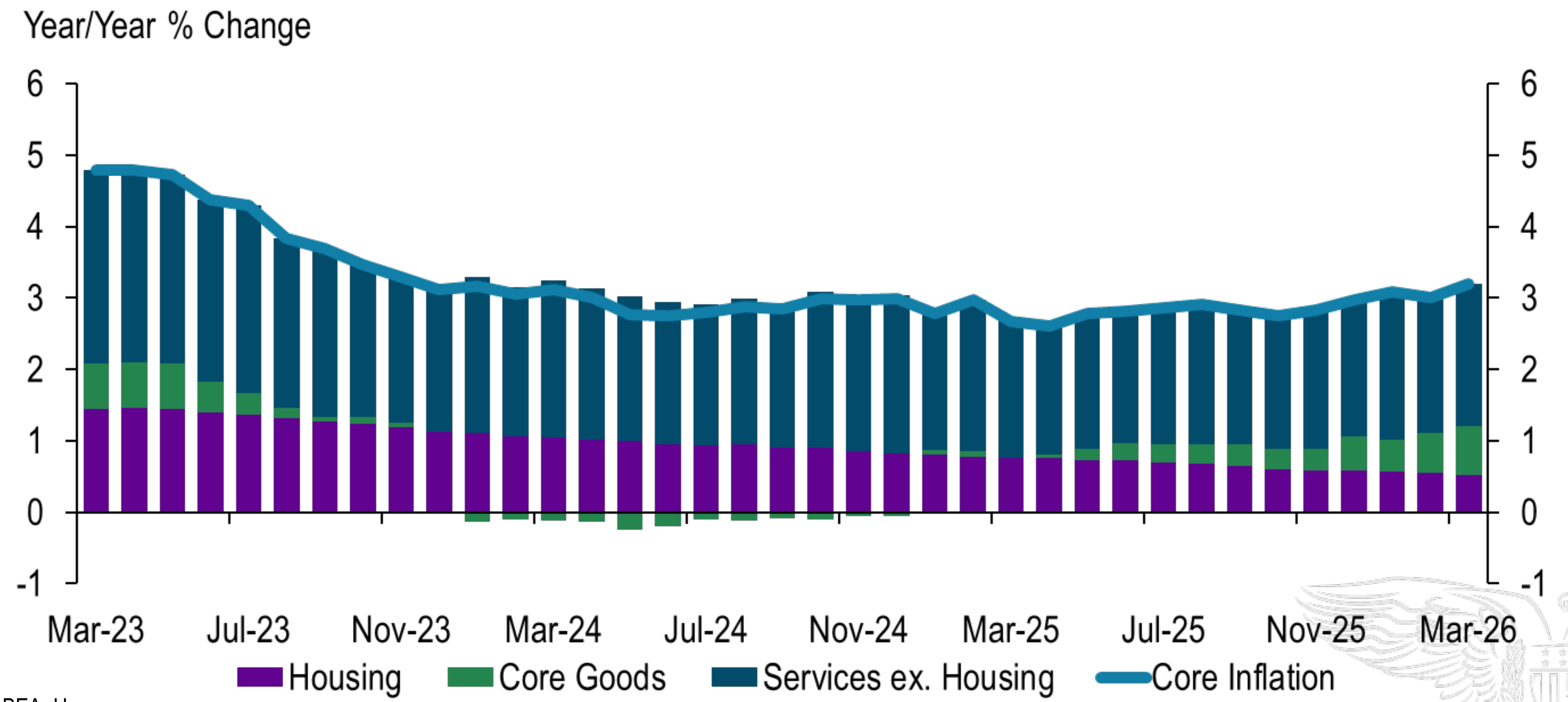
Investment has been concentrated

Indexed (2024Q1) Private Fixed Investment



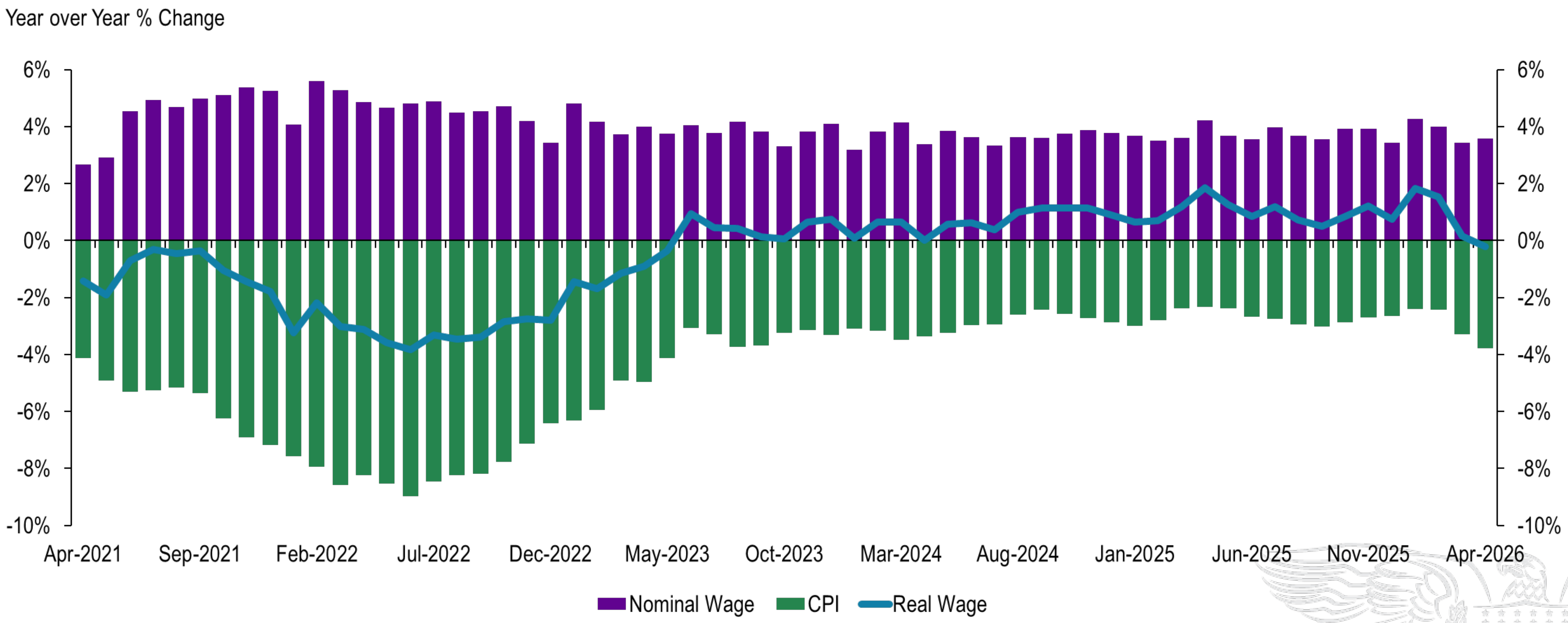
Source: BEA

Goods inflation continues to creep in



Source: BEA, Haver

Inflation outpaced wage growth in April

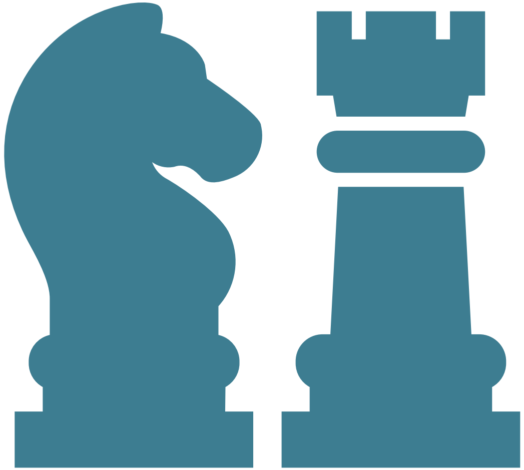


Source: BLS, Haver

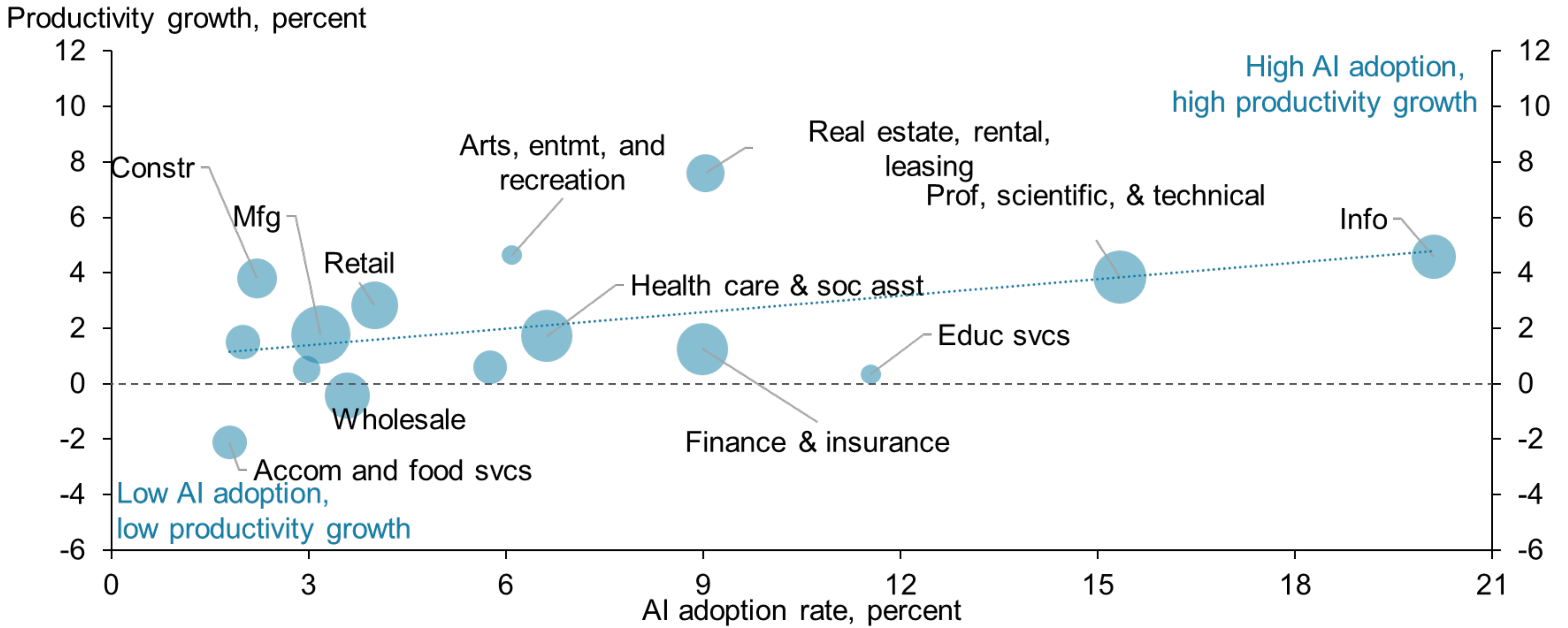
Note: Oct 2025 estimated using Sep and Nov data

Labor Market

Exploring labor market trends, hiring, challenges, and workforce confidence.

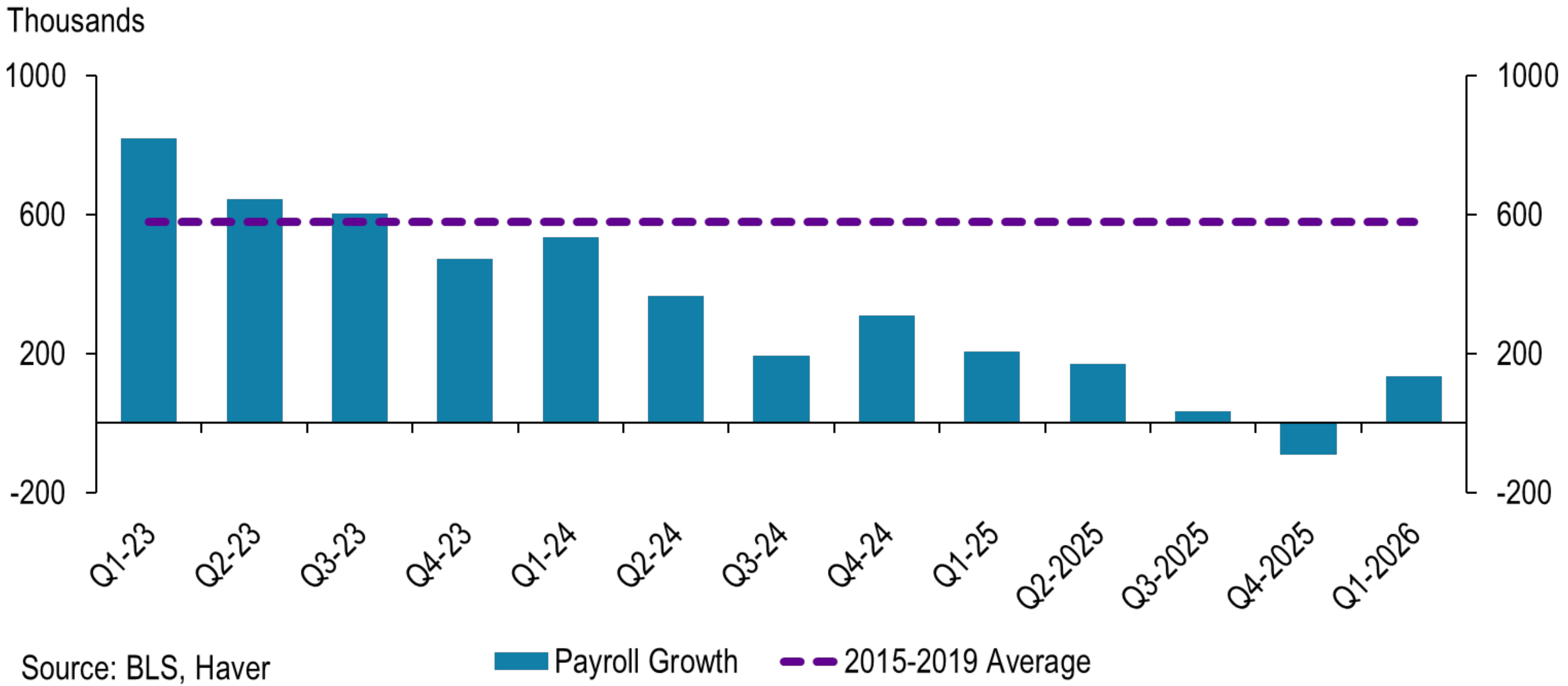


AI is only part of the productivity story



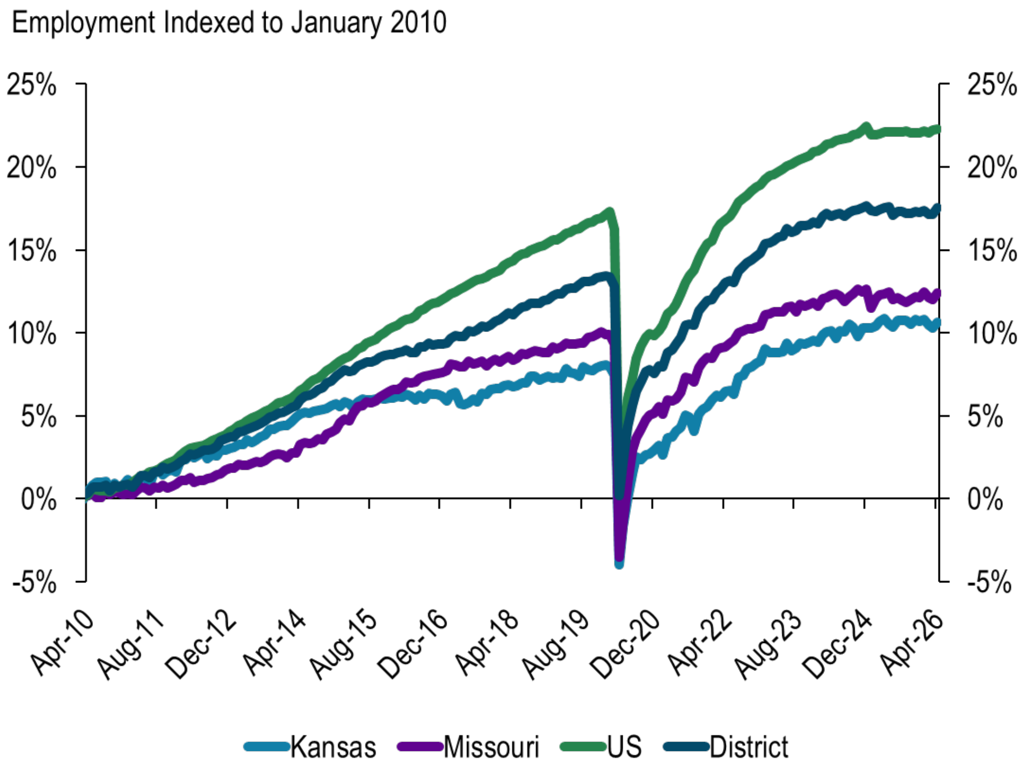
Sources: Nida Cakir-Melek and Sydney Miller, [A New U.S. Productivity Chapter? What Industry Data Say About AI](), Federal Reserve Bank of Kansas City Economic Bulletin, February 11, 2026

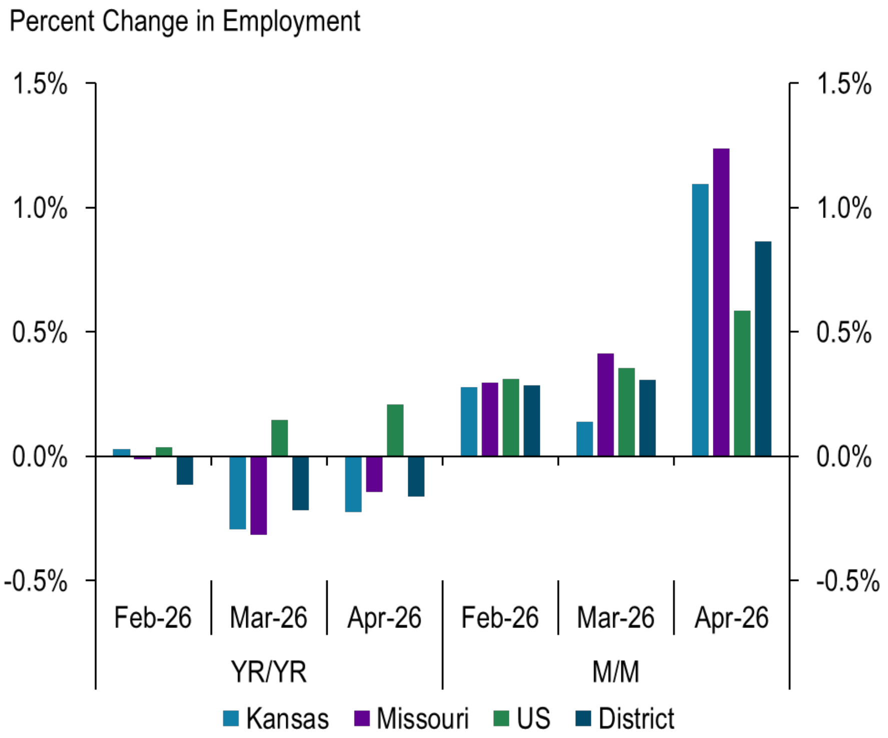
Labor is still cooling



Source: BLS, Haver

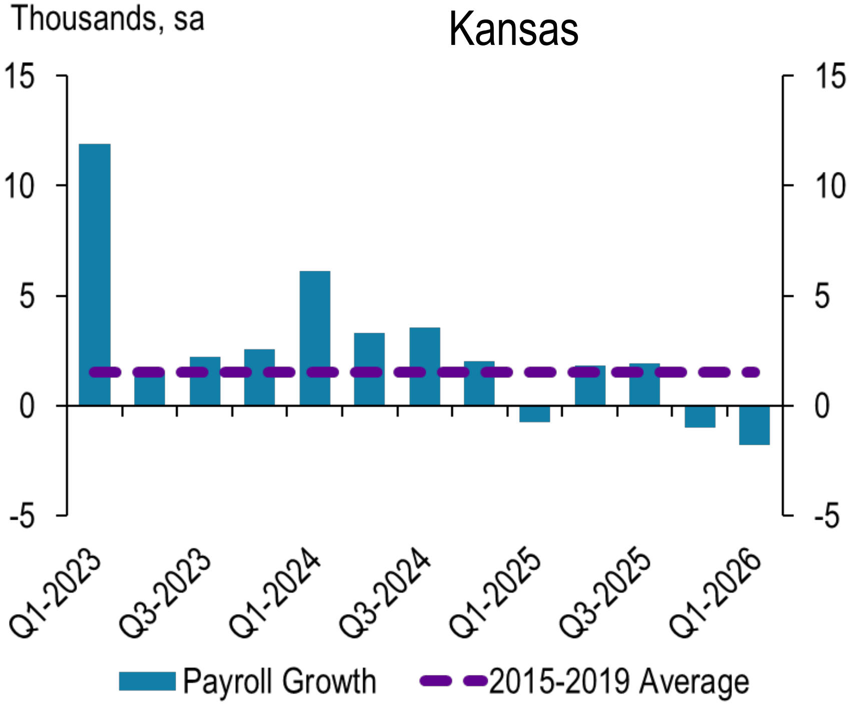
KS and MO are similar to US changes

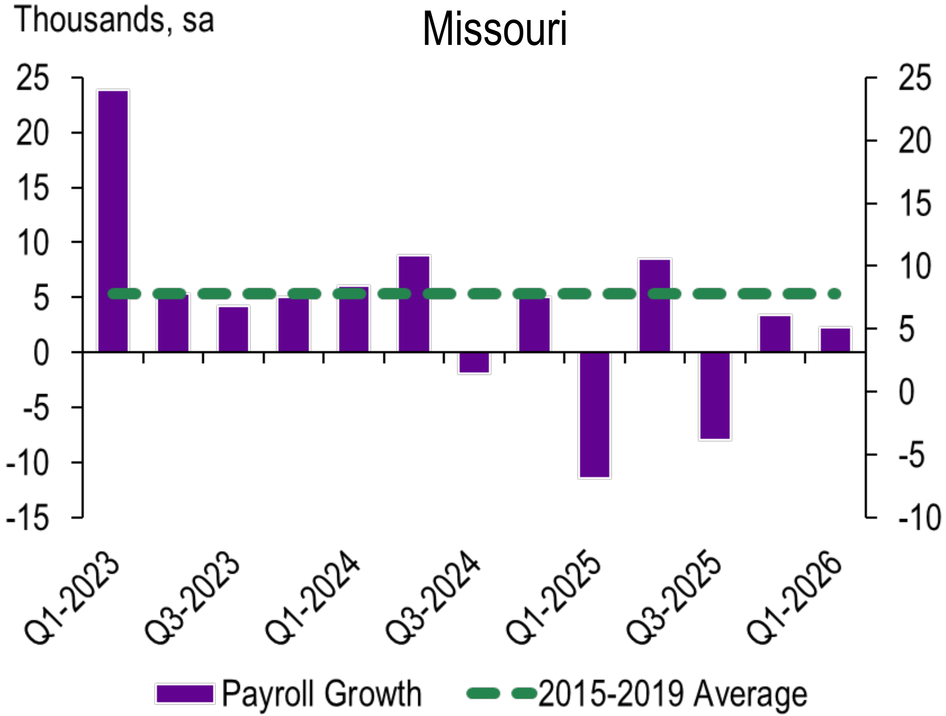




Source: BLS

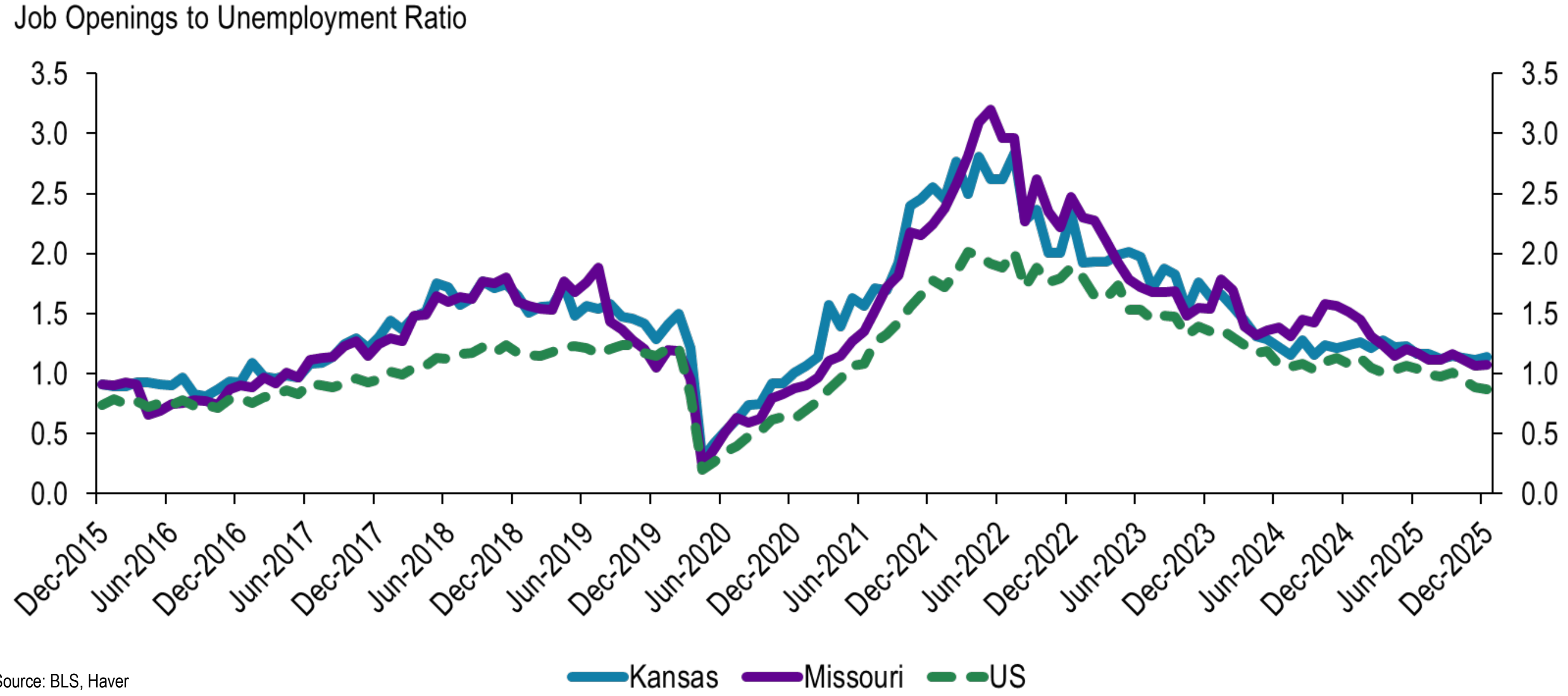
KS is not far from previous tight labor conditions





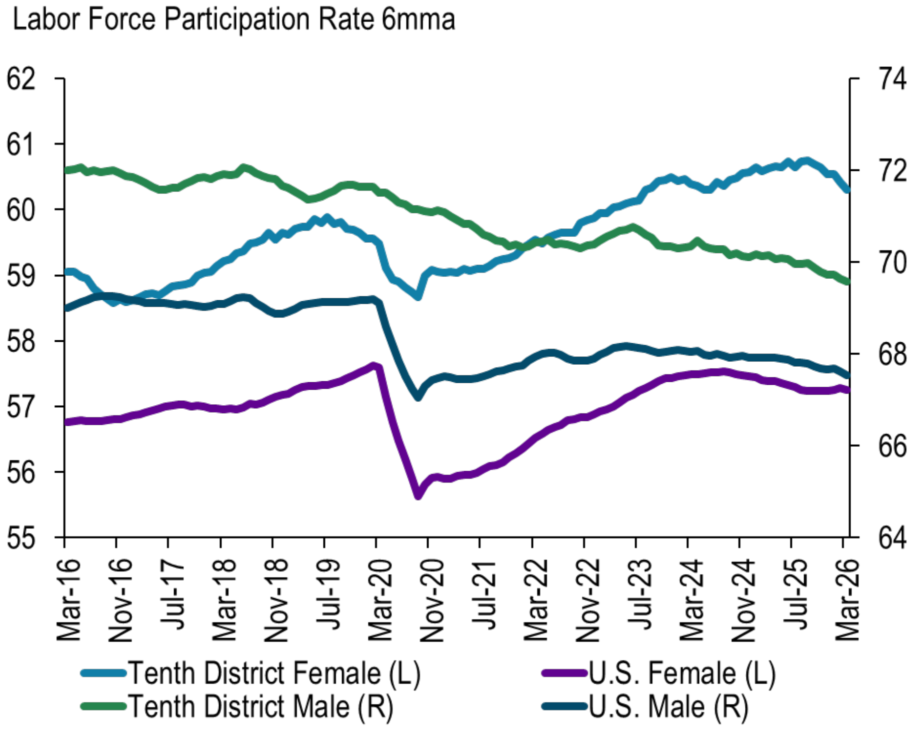
Source: BLS, Haver

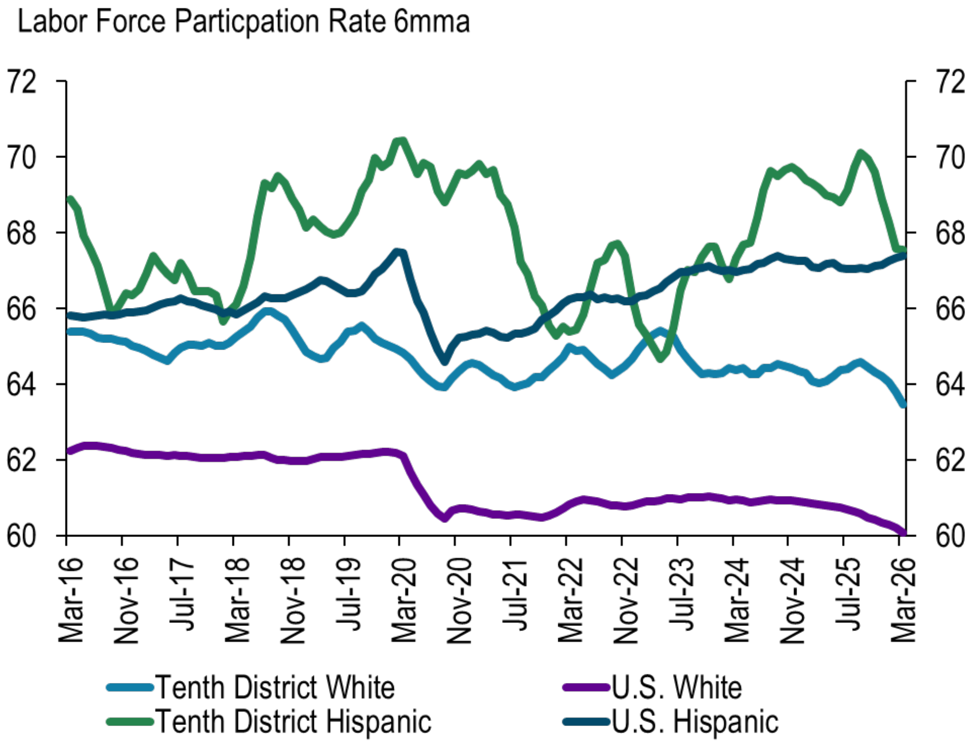
The labor market is balanced



Source: BLS, Haver

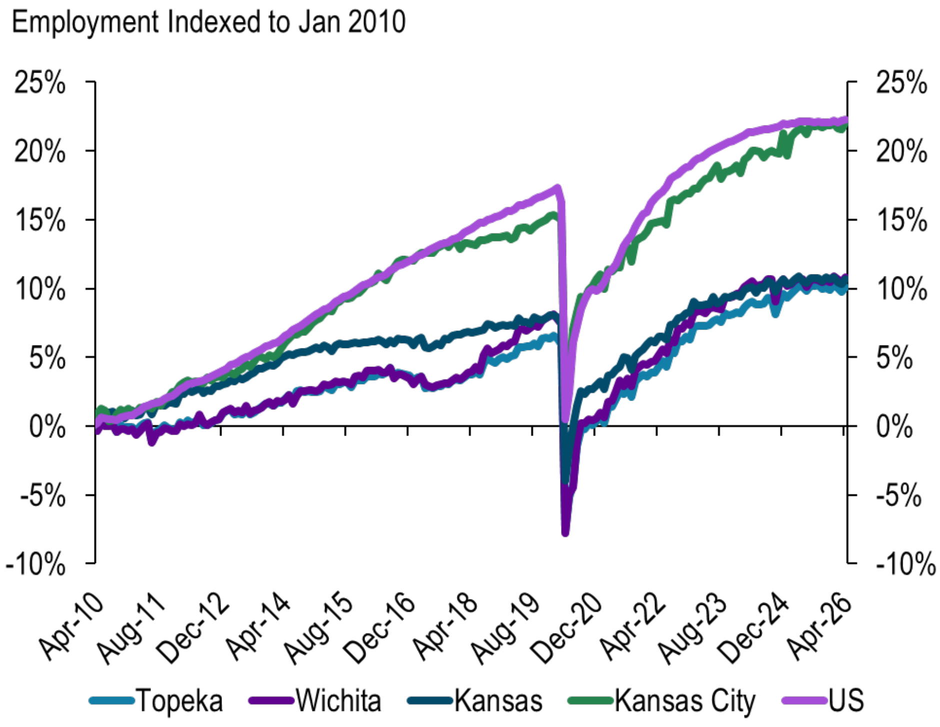
Labor Force Participation

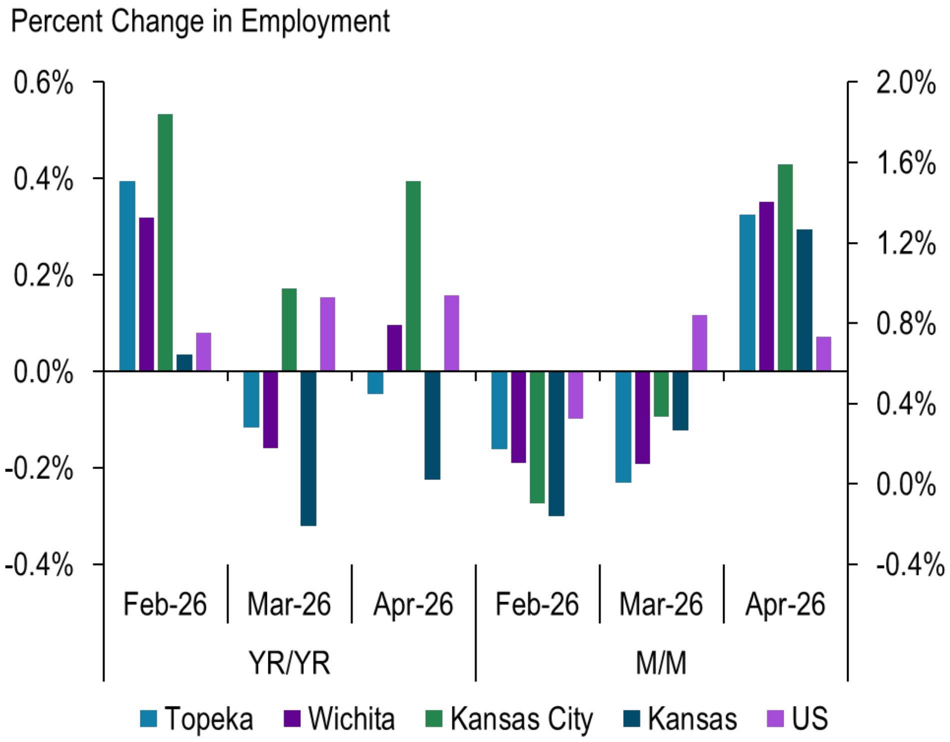




Source: Census Current Population Survey

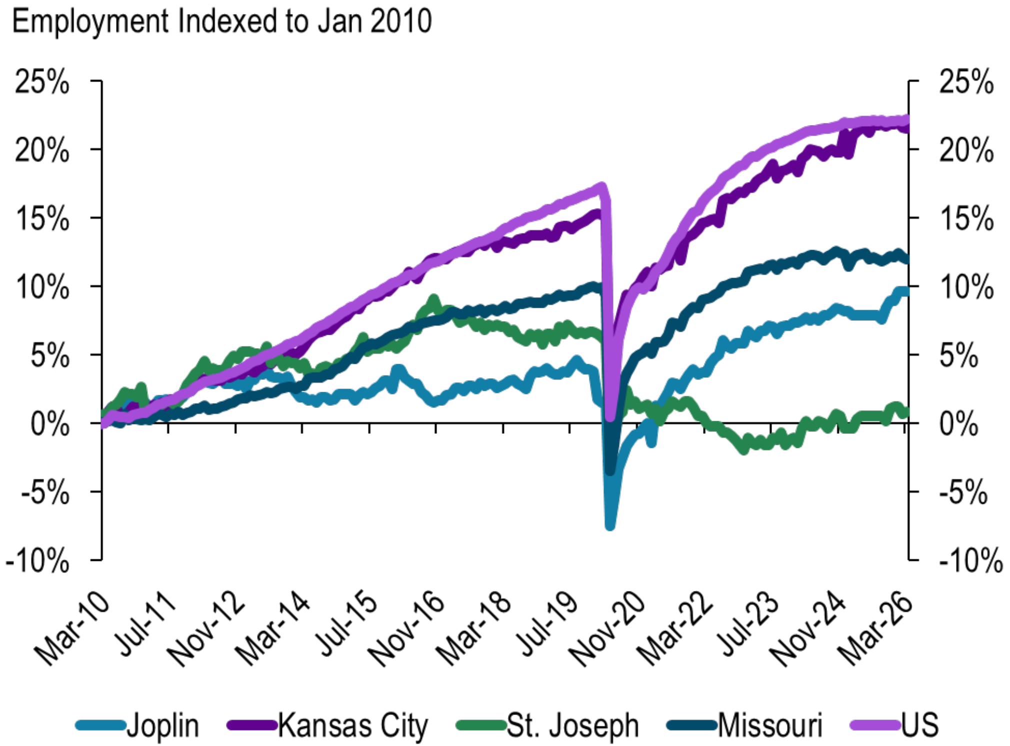
KS – All metros are slowing down

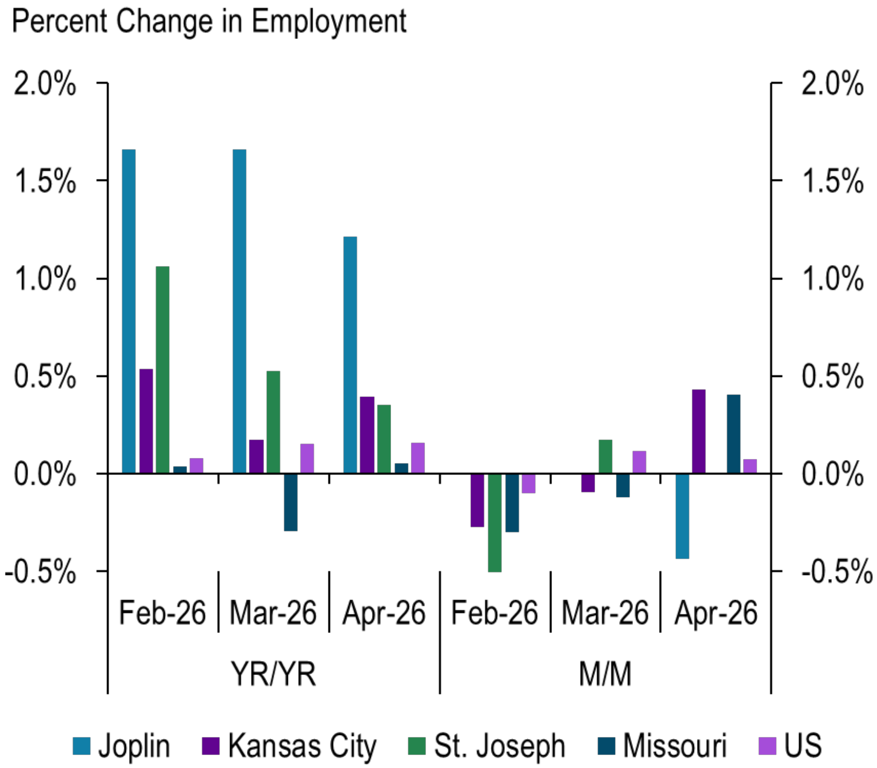




Source: BLS

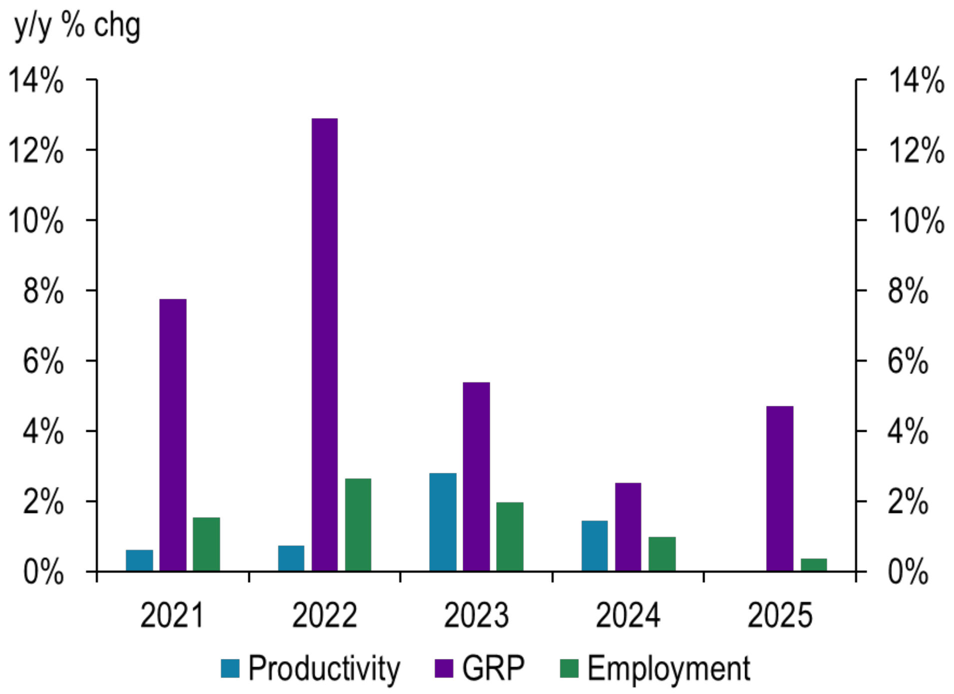
MO – Joplin has grown faster than the other metros

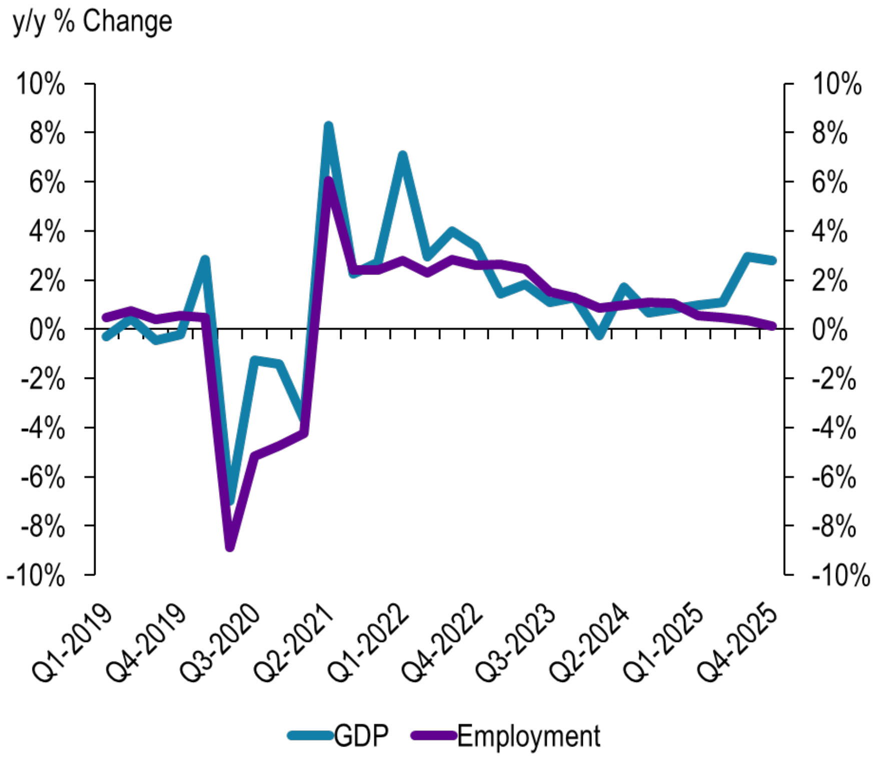




Source: BLS

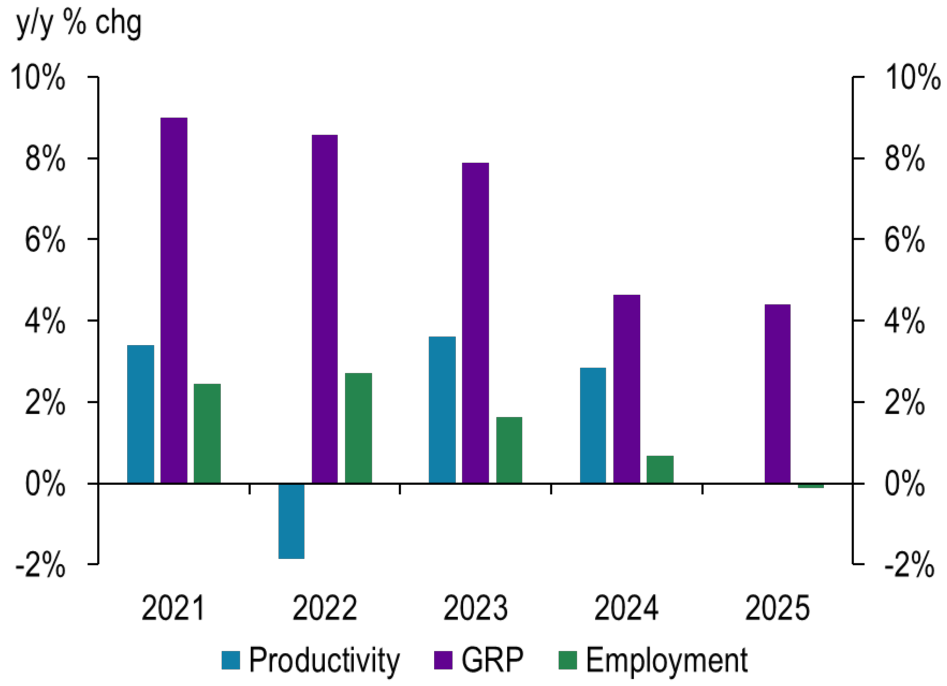
Kansas Productivity

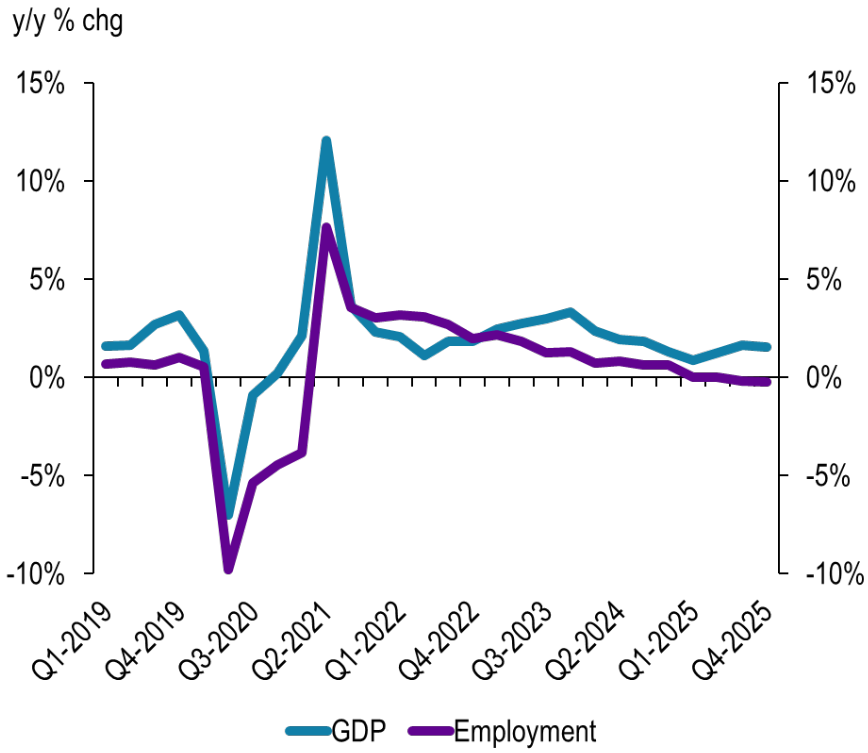




Source: BLS, BEA, Haver

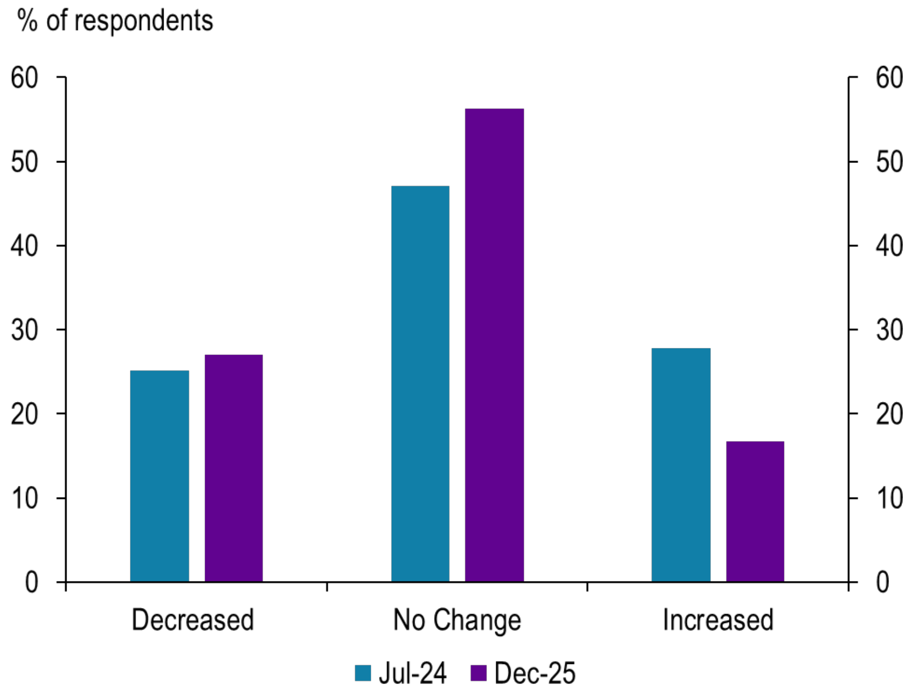
Missouri Productivity

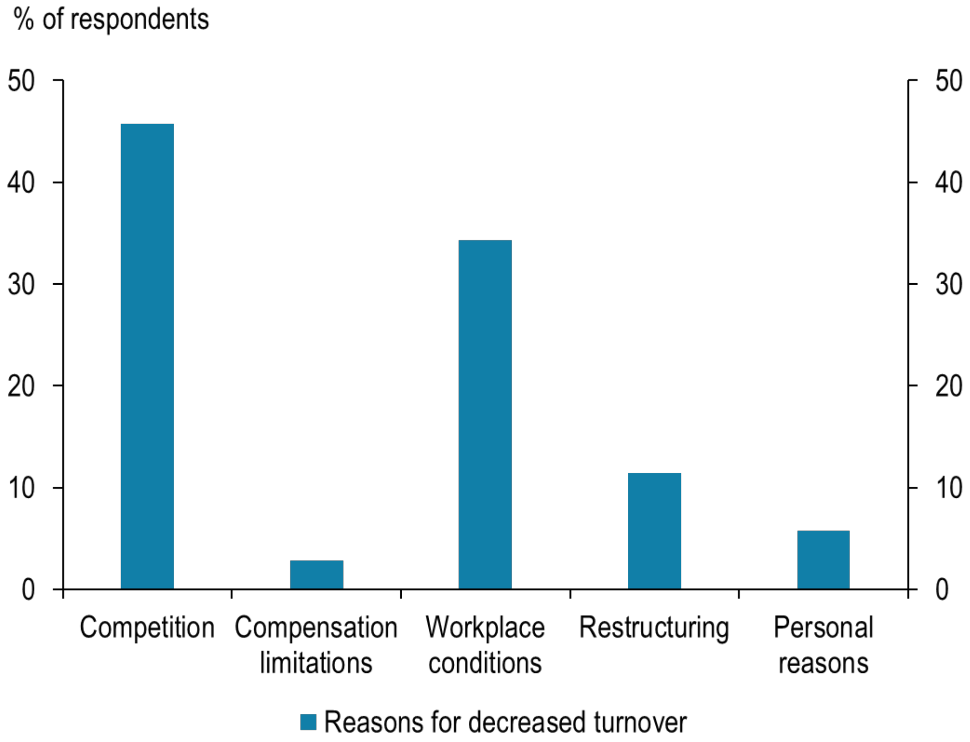




Source: BLS, BEA, Haver

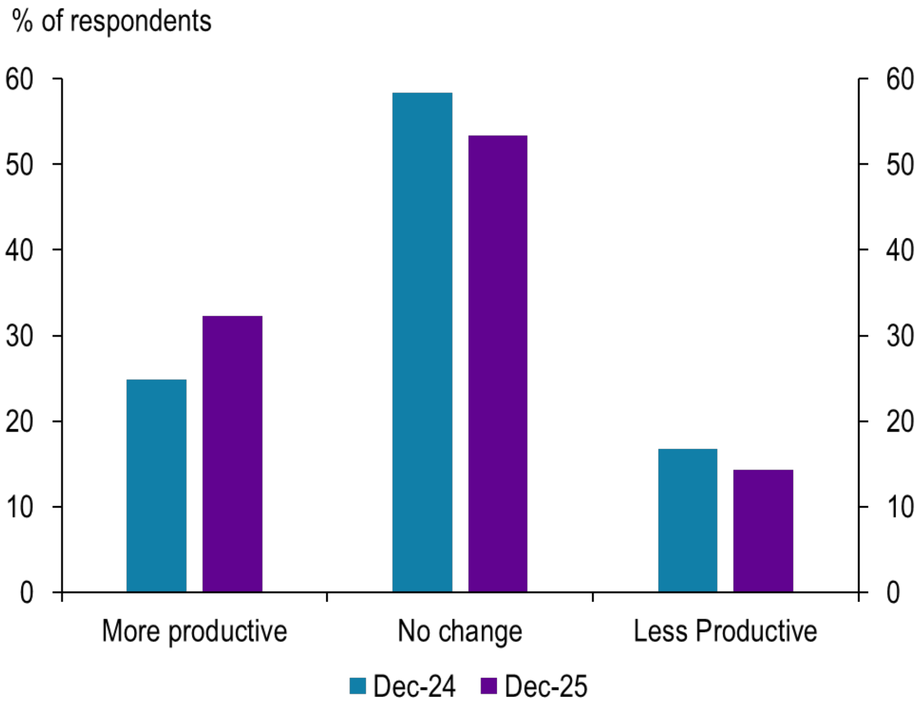
Survey- Labor turnover over the past year

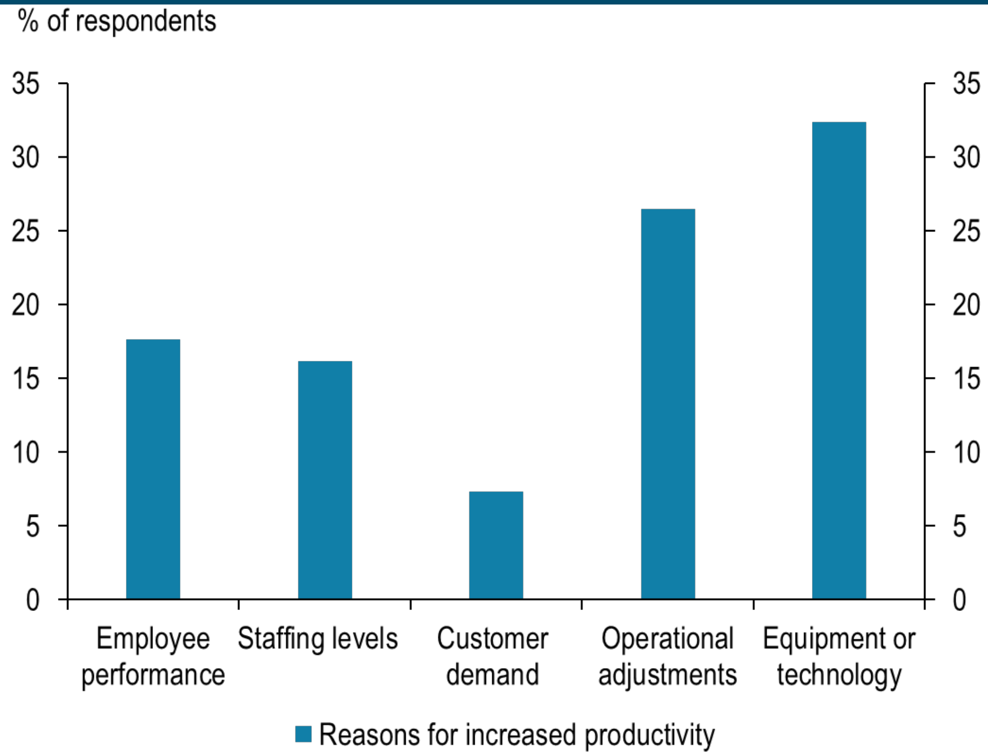




Source: KCFED Manufacturing and Services Survey (DEC)

Survey- Productivity over the past year

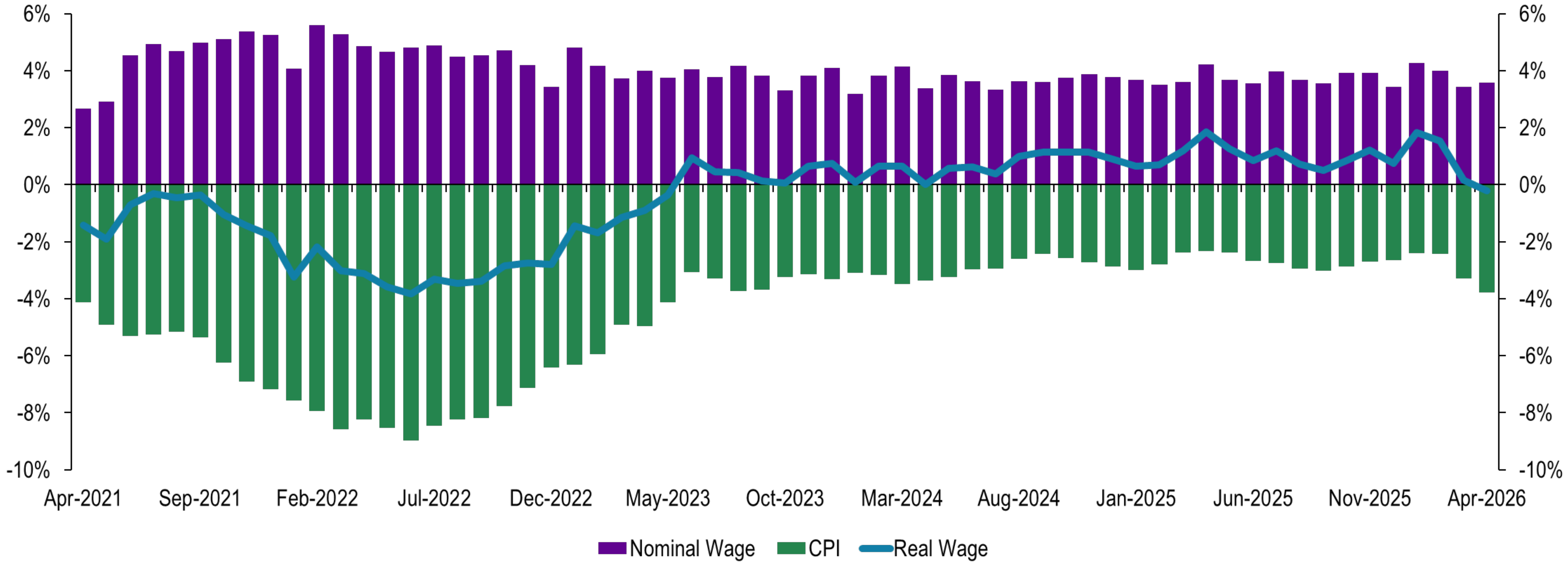




Source: KCFED Manufacturing and Services Survey (DEC)

Inflation outpaced wage growth in April

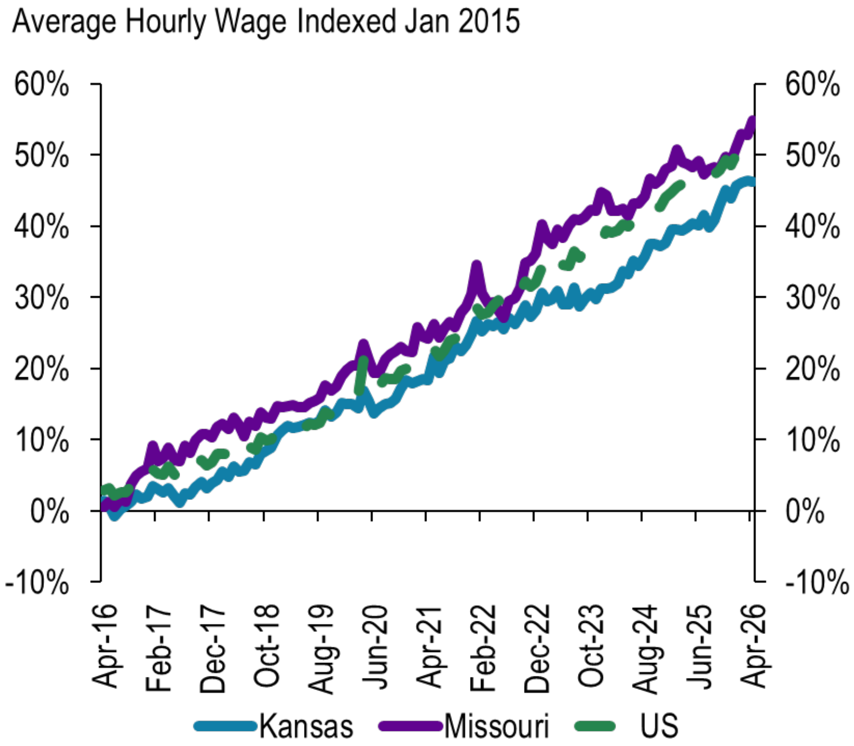
Year over Year % Change

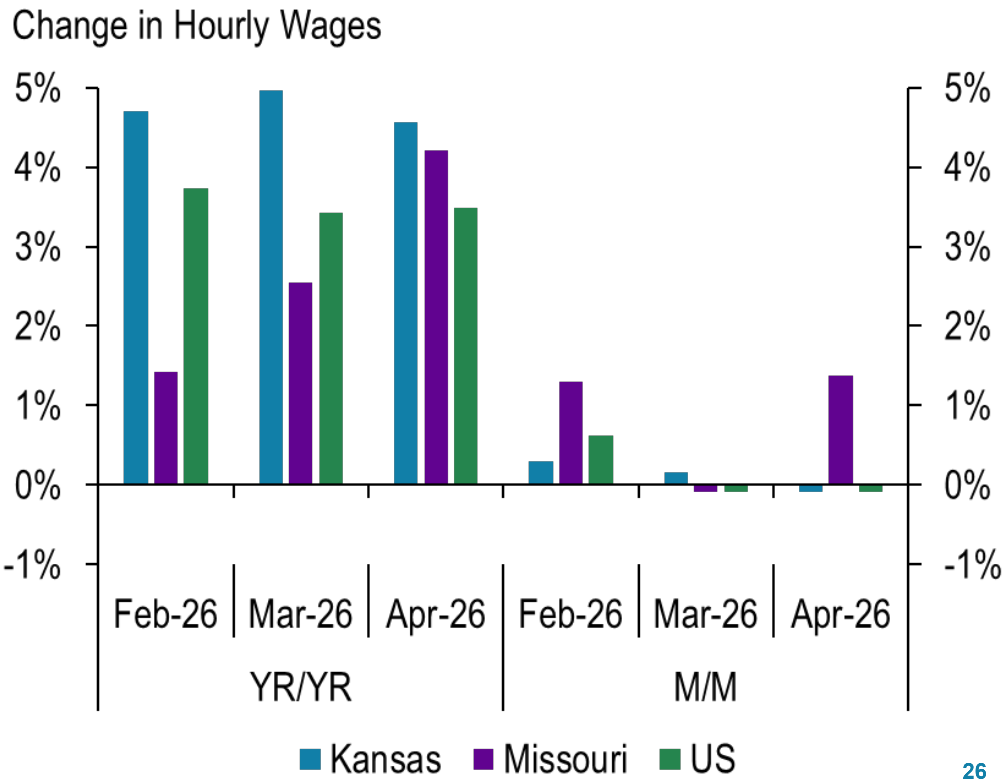


Source: BLS, Haver

Note: Oct 2025 estimated using Sep and Nov data

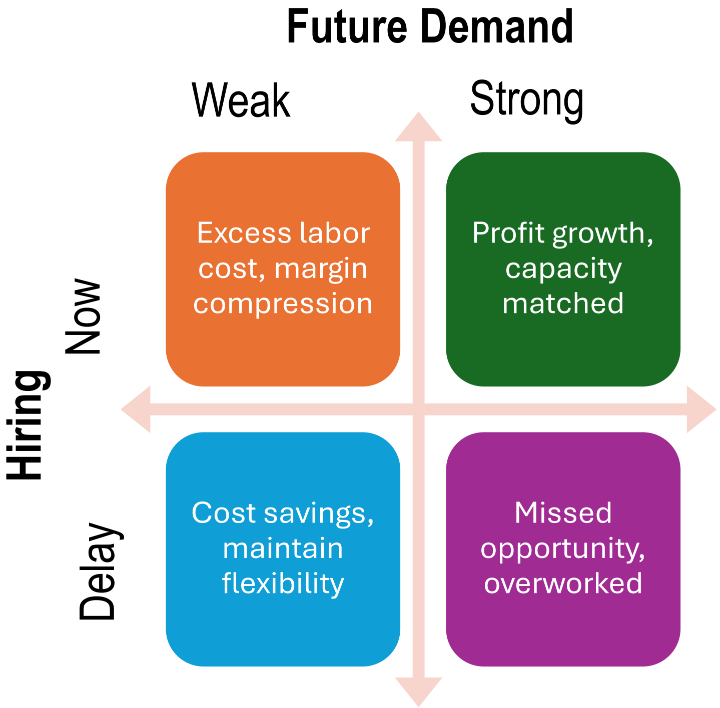
KS nominal wages are starting to catch up to the US





Source: BLS

Labor expansion decision framework

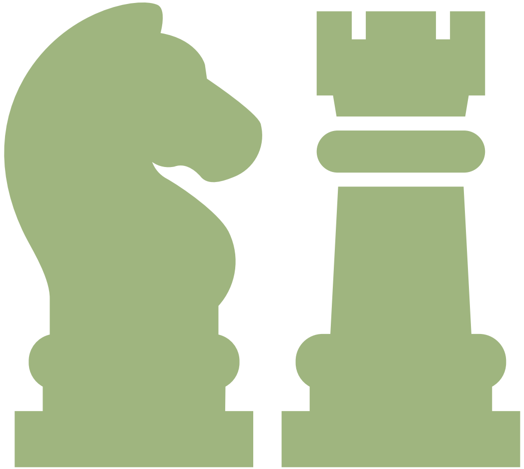


Factors for less labor demand

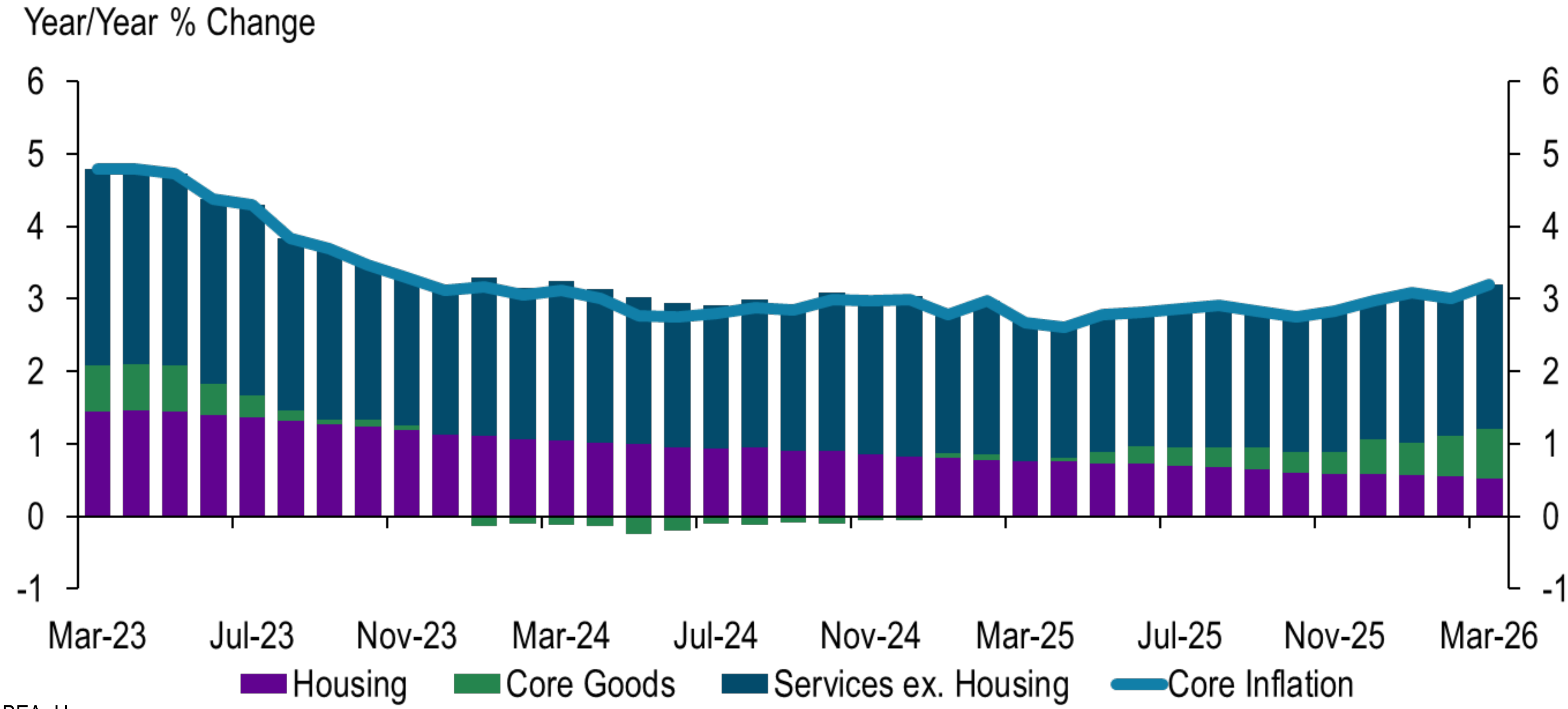
- **Productivity** – AI and less labor churn
- **Cost stability** – Healthcare and wage competition
- **Demand alignment** – uncertainty in matching capacity
- **Macroeconomic risks** – uncertainty
- **Industry shifts** – mergers or increased market share

Inflation

Breaking down cost pressures, inflation expectations, and business responses.

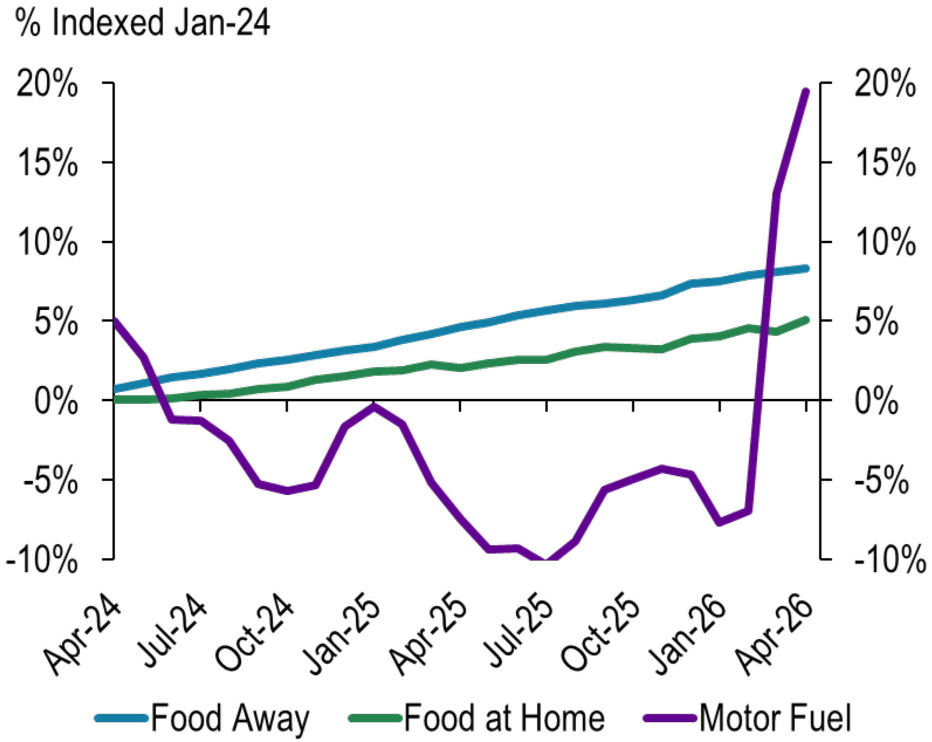


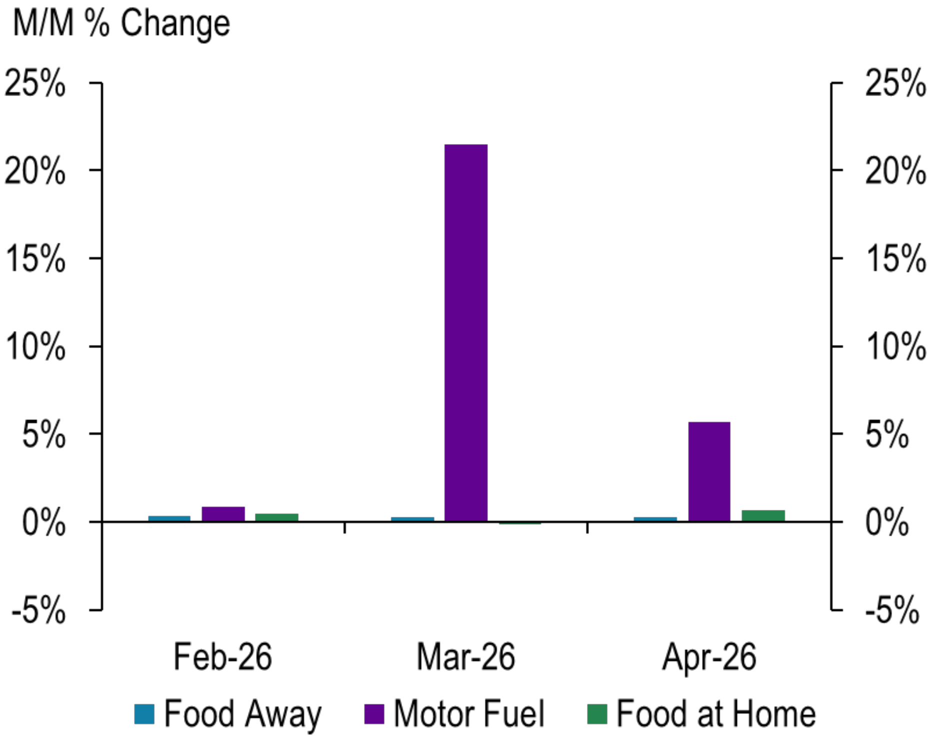
Goods inflation continues to creep in



Source: BEA, Haver

Inflation – Selected variables



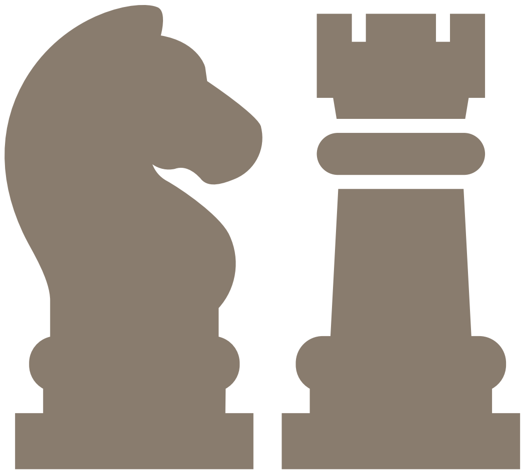


Source: BLS

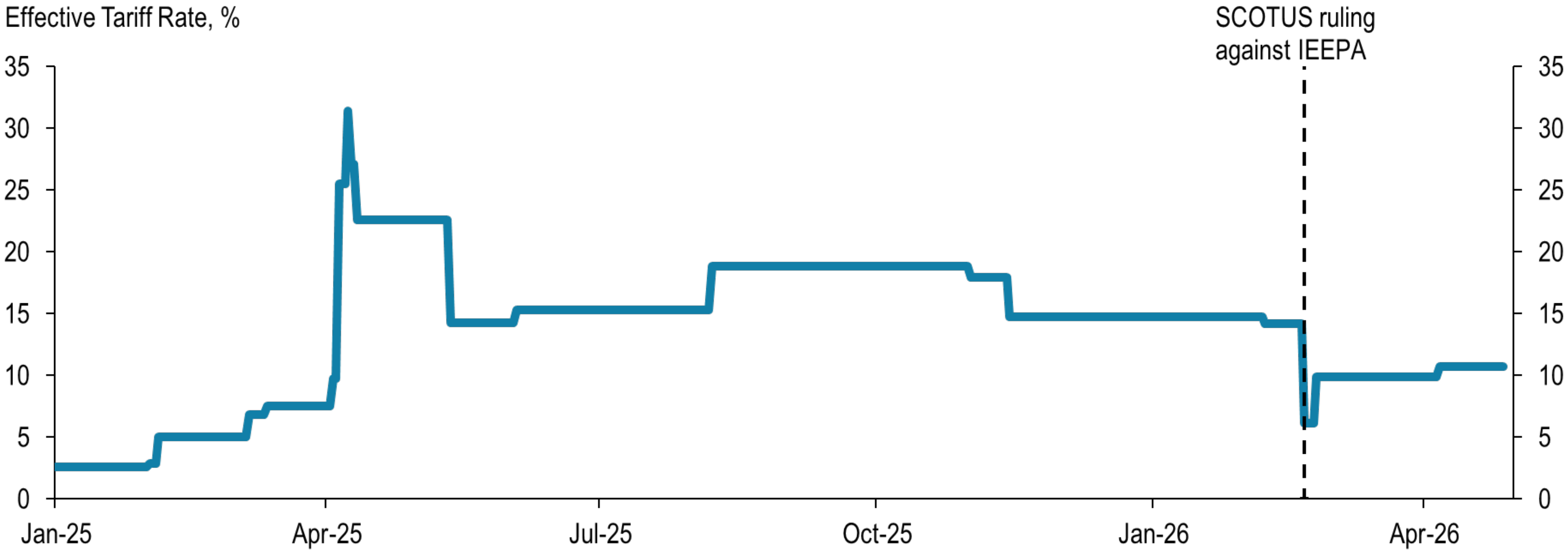
Note: Oct 2025 estimated using Sep and Nov data

Manufacturing

Examining whether strong production data signals sustained growth or temporary resilience.

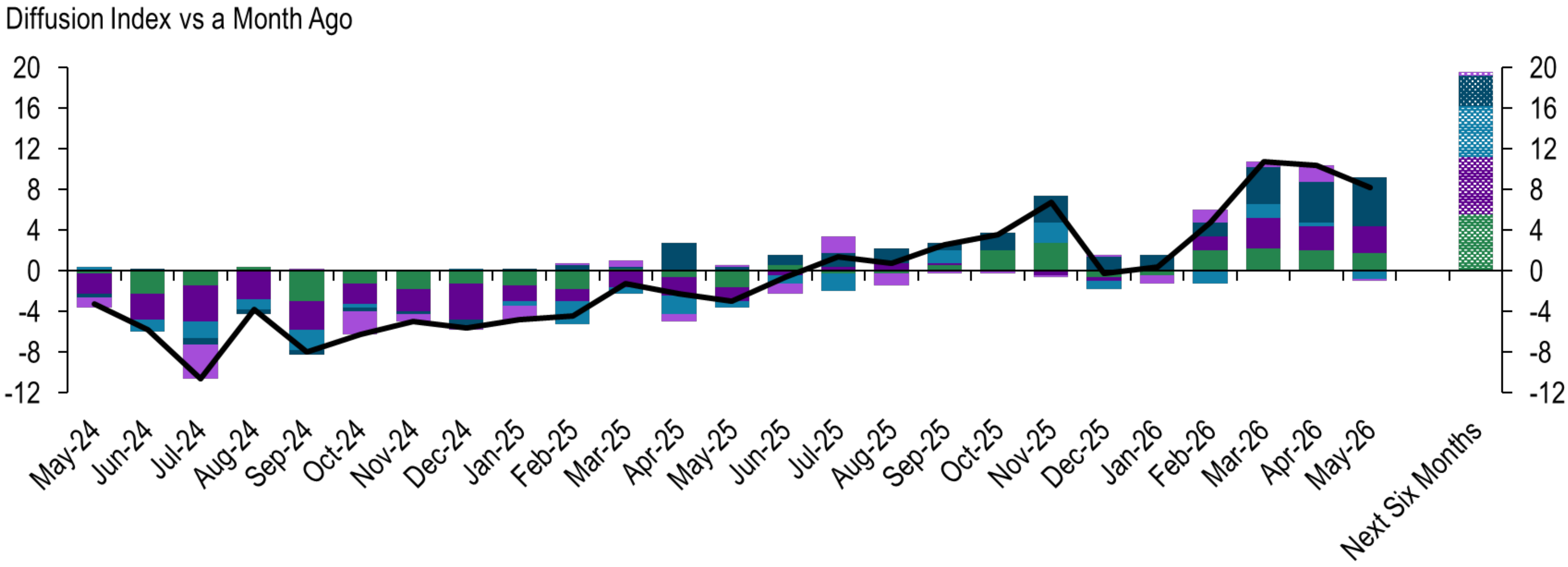


Effective Tariff Rate



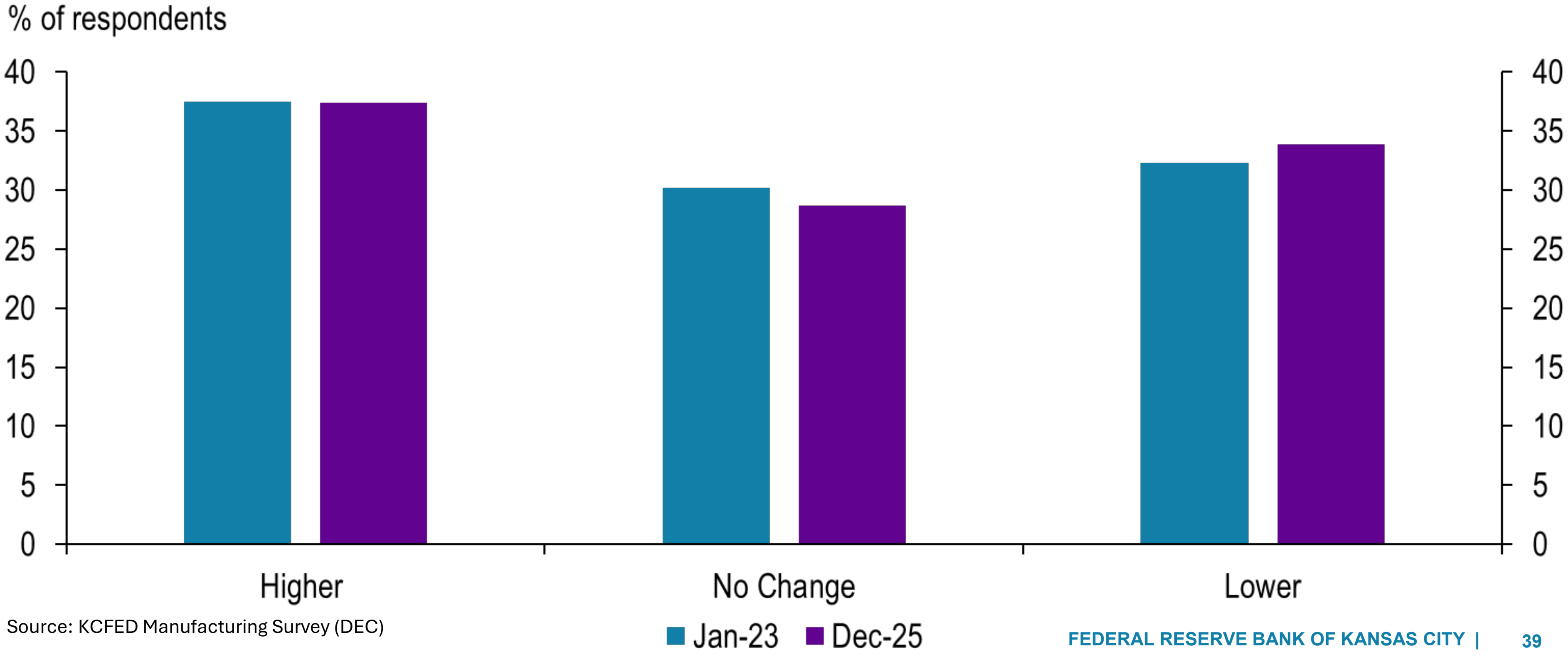
Source: US Census International Trade Data (via API)

Manufacturing survey – high optimism for new orders



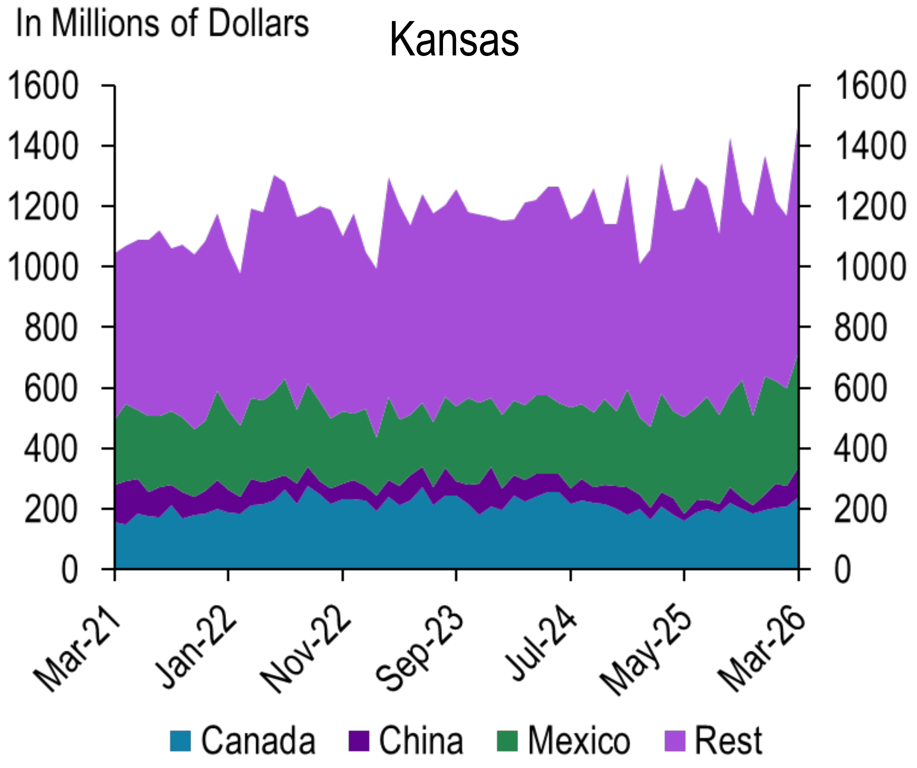
Source: KCFED Manufacturing Survey

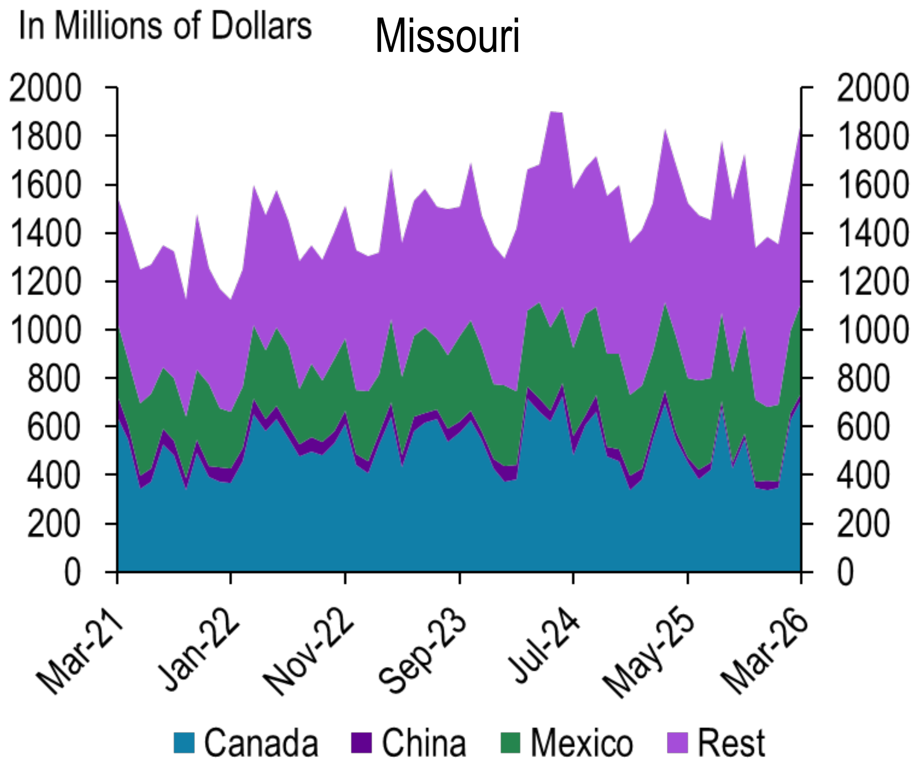
Survey- Capital expenditures expectations



Source: KCFED Manufacturing Survey (DEC)

KS exports have more global exposure





Source: USATrade

Globally Connectedness – Is there a Midwest advantage?

Domestic – Customers and Suppliers

- A more stable cost base enabled price competitiveness and stronger relative margins, gaining market share as import-reliant rivals adjusted pricing.

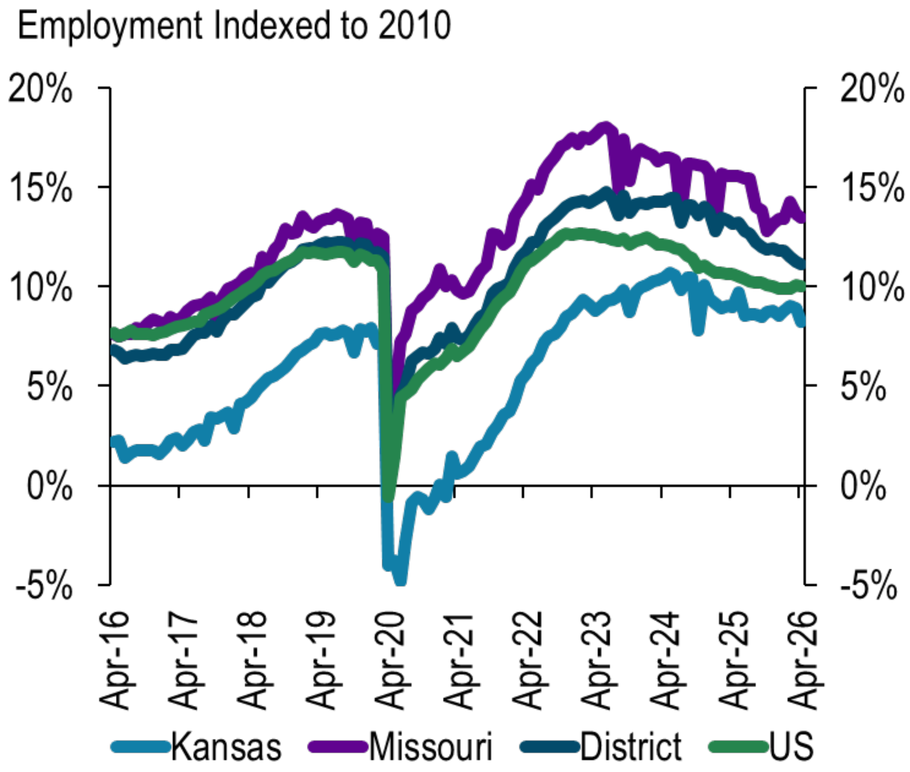
- Industry Examples:
  - Food production
  - Fabricated metals
  - Metal foundry
  - Consumer goods

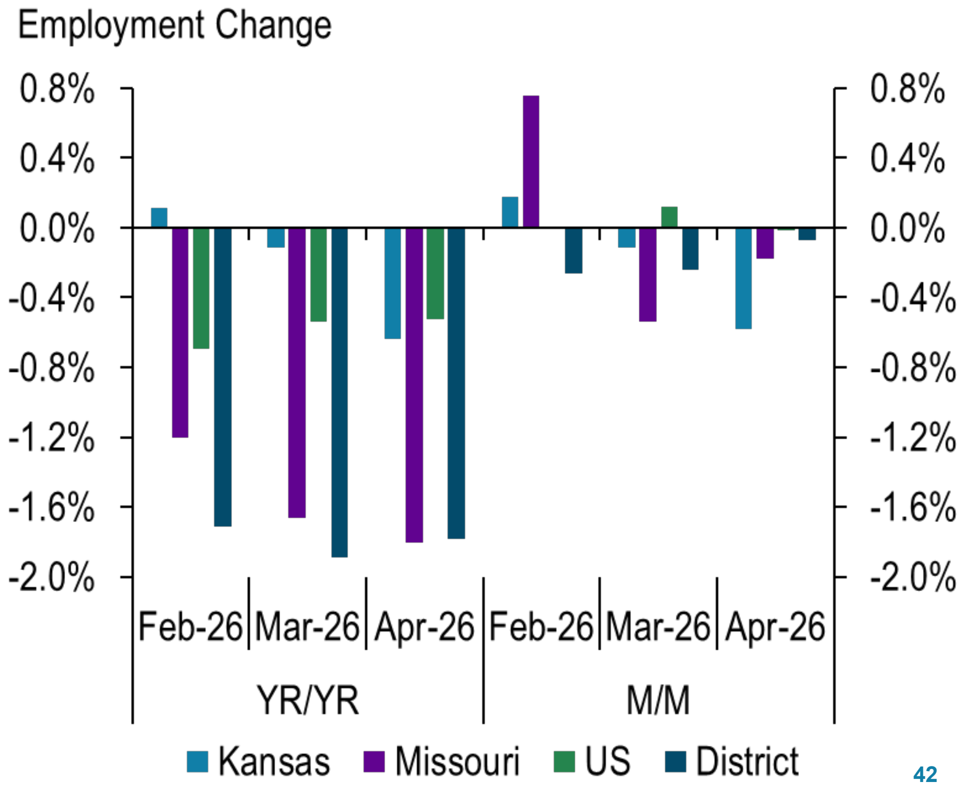
Foreign – Customers and Suppliers

- Industries faced pressure from rising input costs and declining global competitiveness. Strategies included tightening margins, cutting output, adjusting product lines, switching to lower-cost inputs, or passing on costs to customers.

- Industry Examples:
  - Automotive
  - Aerospace
  - Machinery equipment
  - Farm equipment

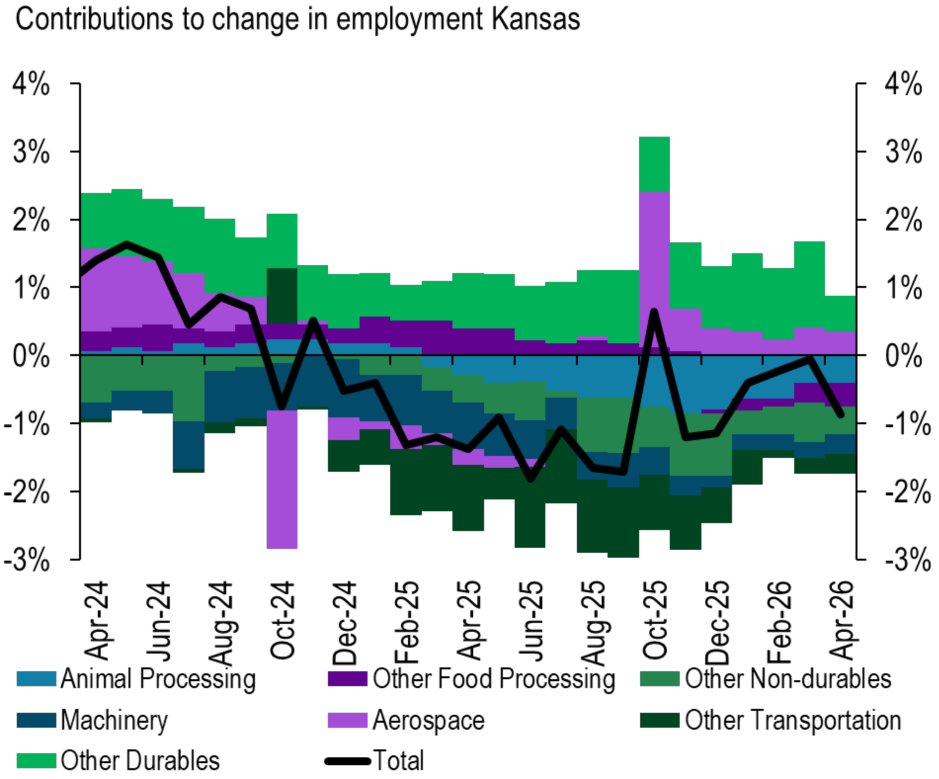
Manufacturing Employment is slowing

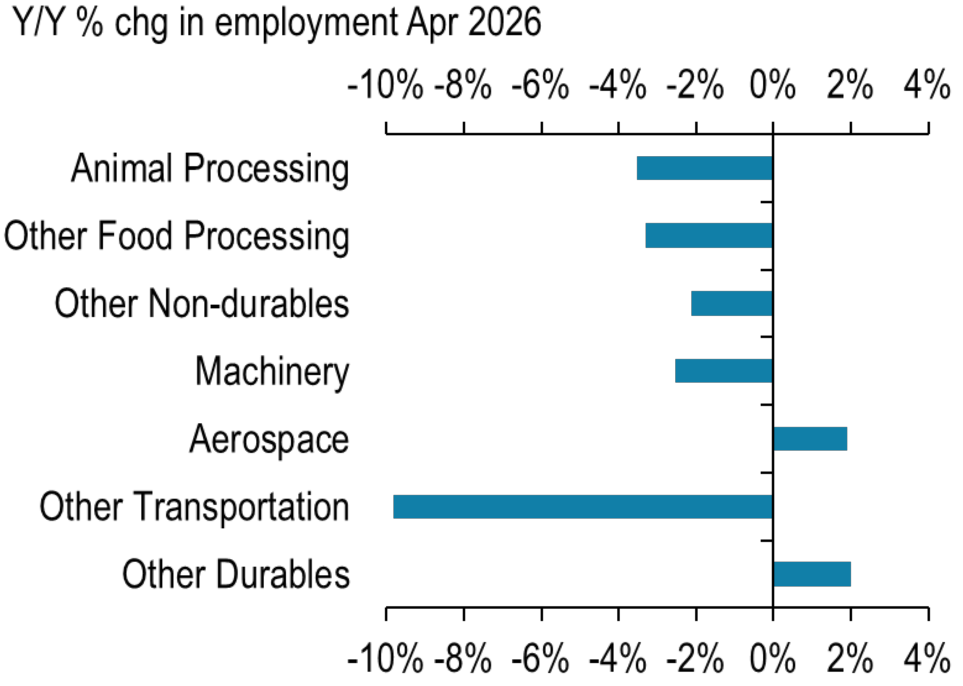




Source: BLS

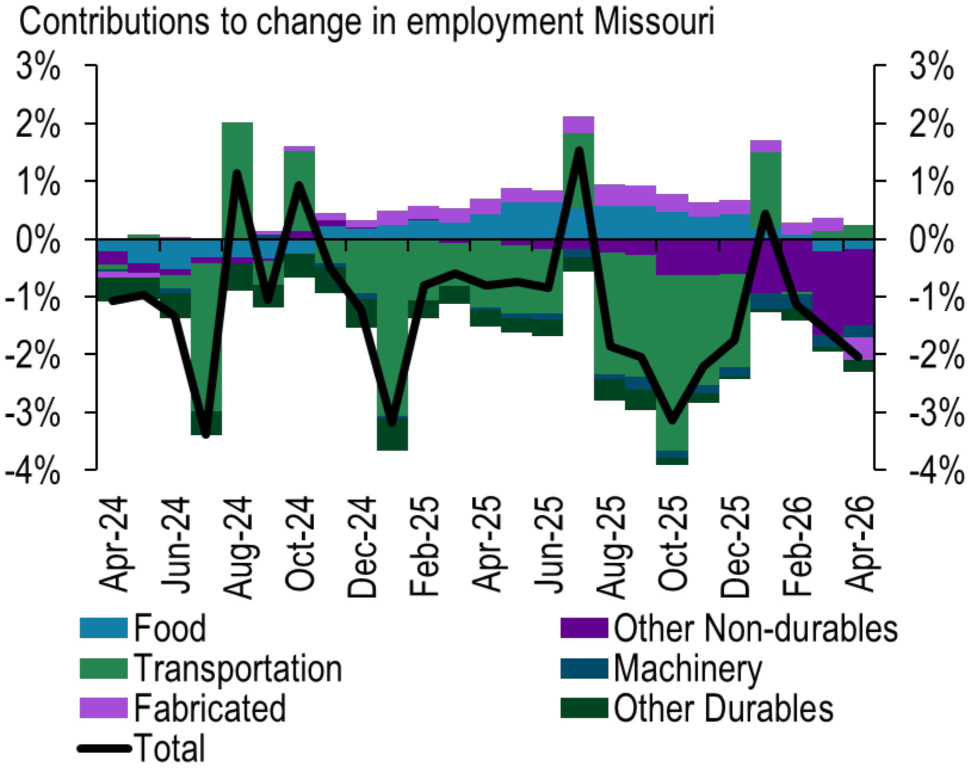
KS: Other durables has propped up the economy

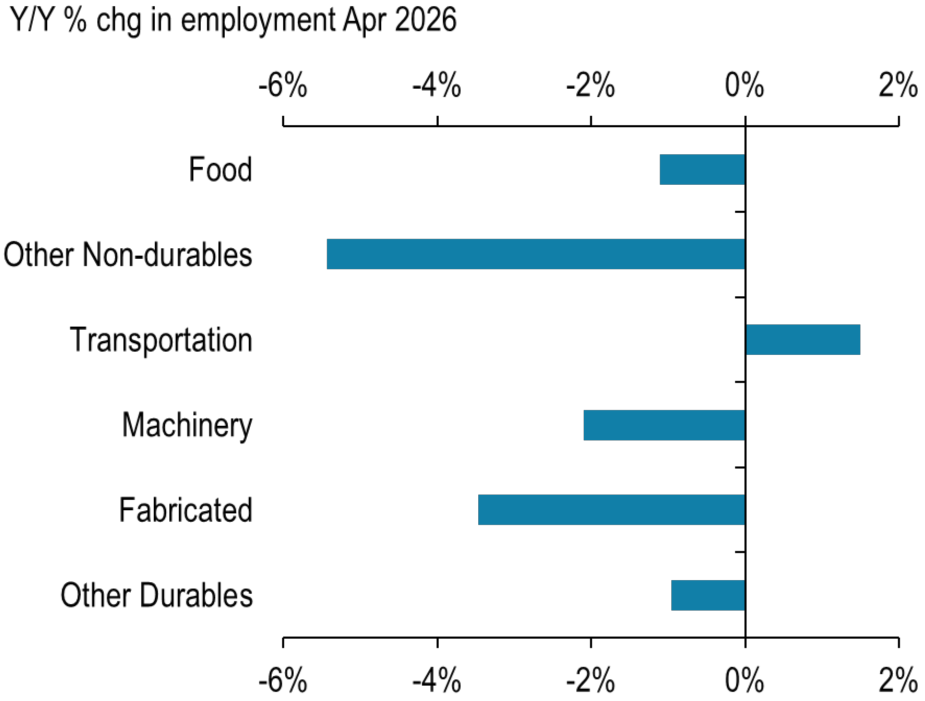




Source: BLS

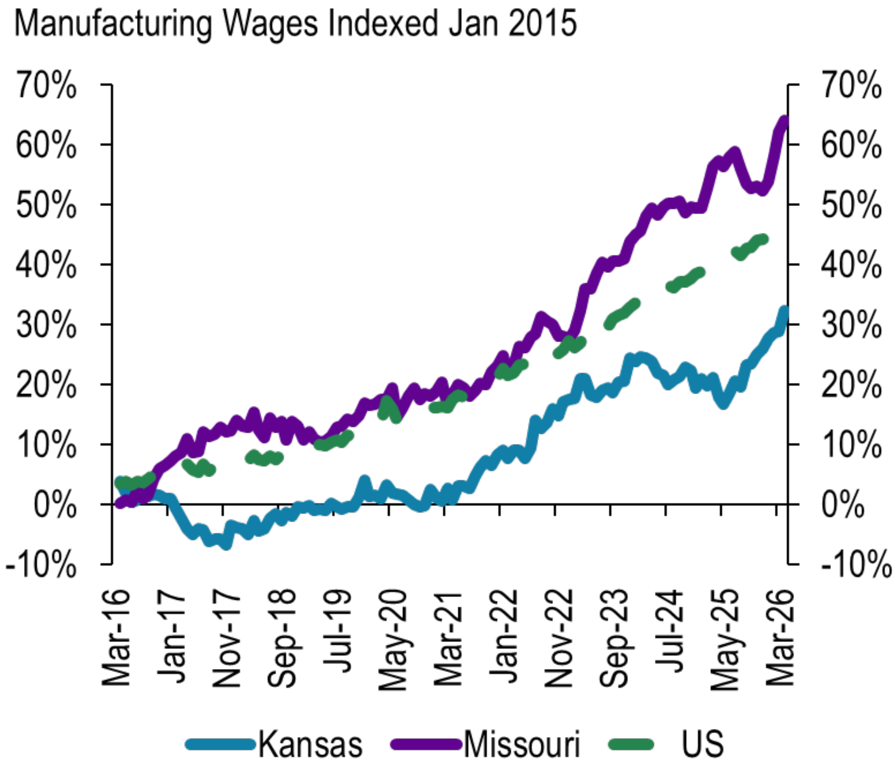
MO: Transportation employment has been volatile

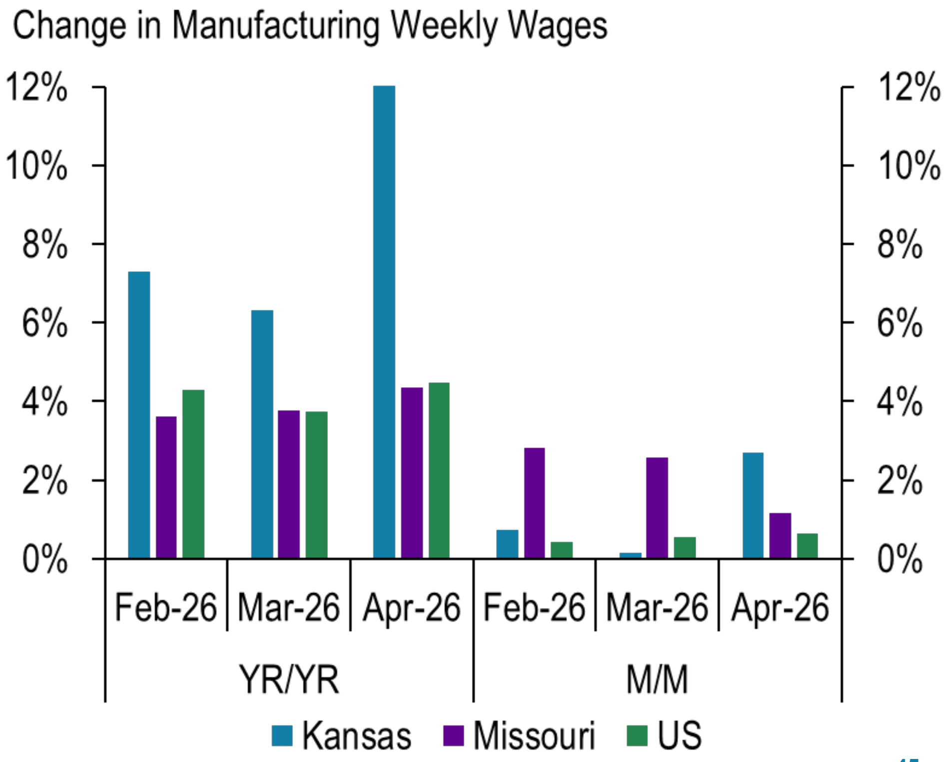




Source: BLS

Manufacturing Wages

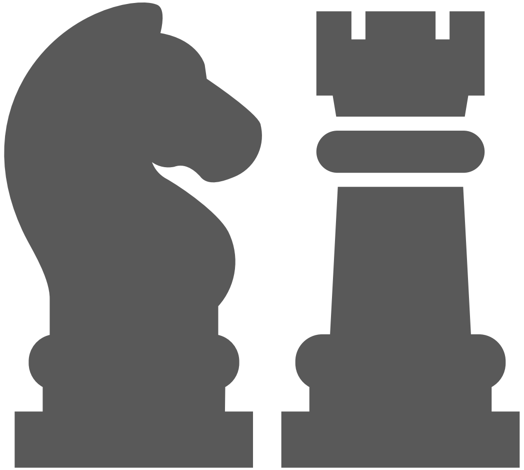




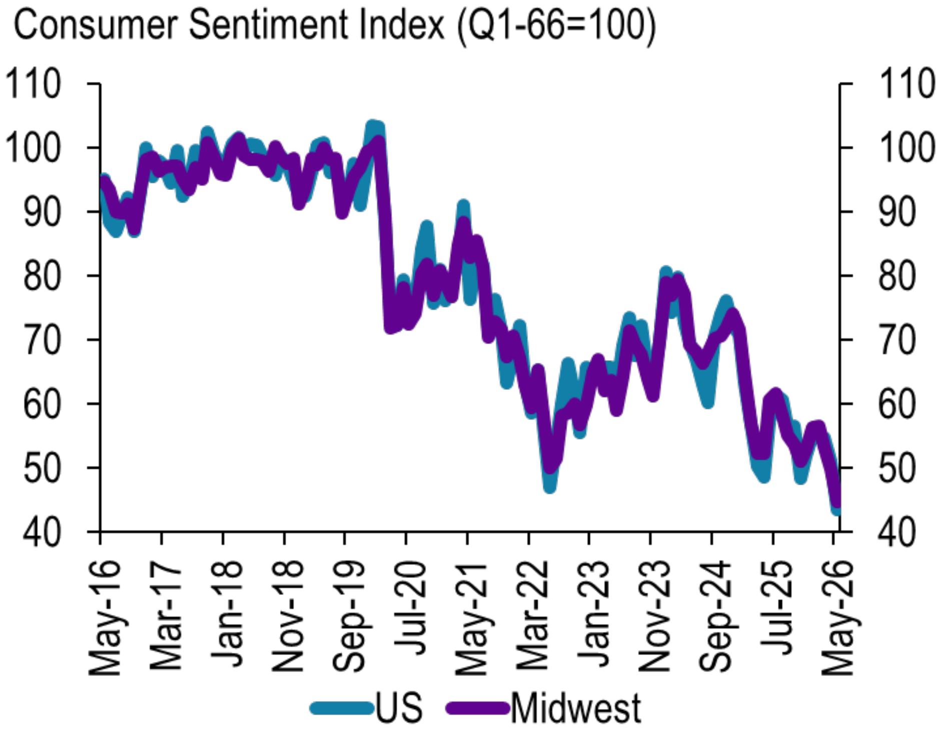
Source: BLS

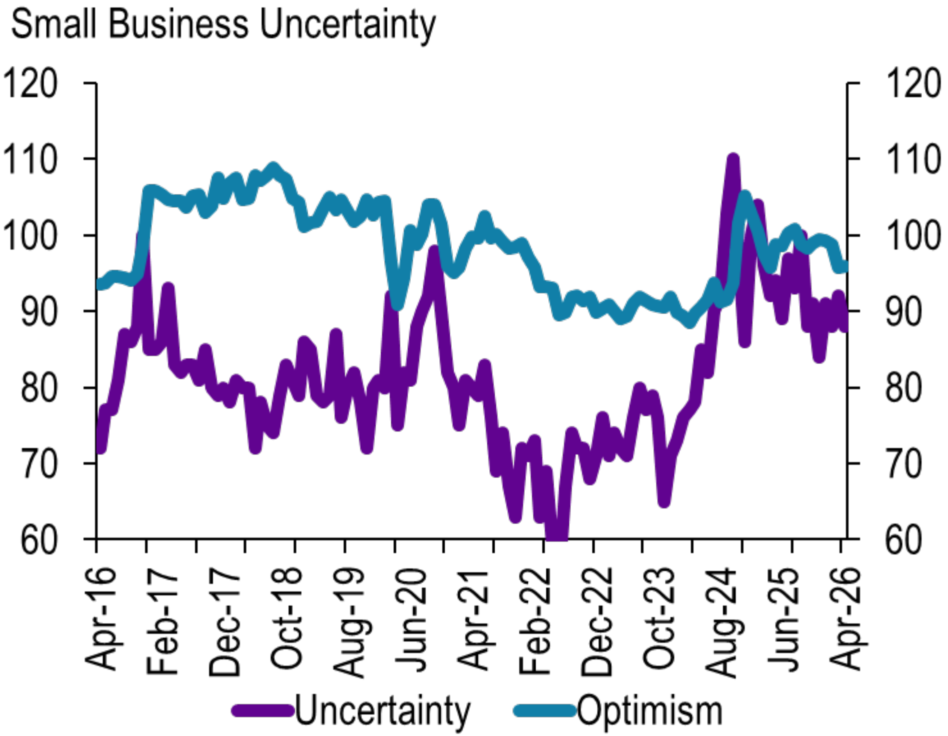
Services

Analyzing the strength of the service sector amid shifting consumer and business confidence



Consumers sentiment declined while business uncertainty remains high

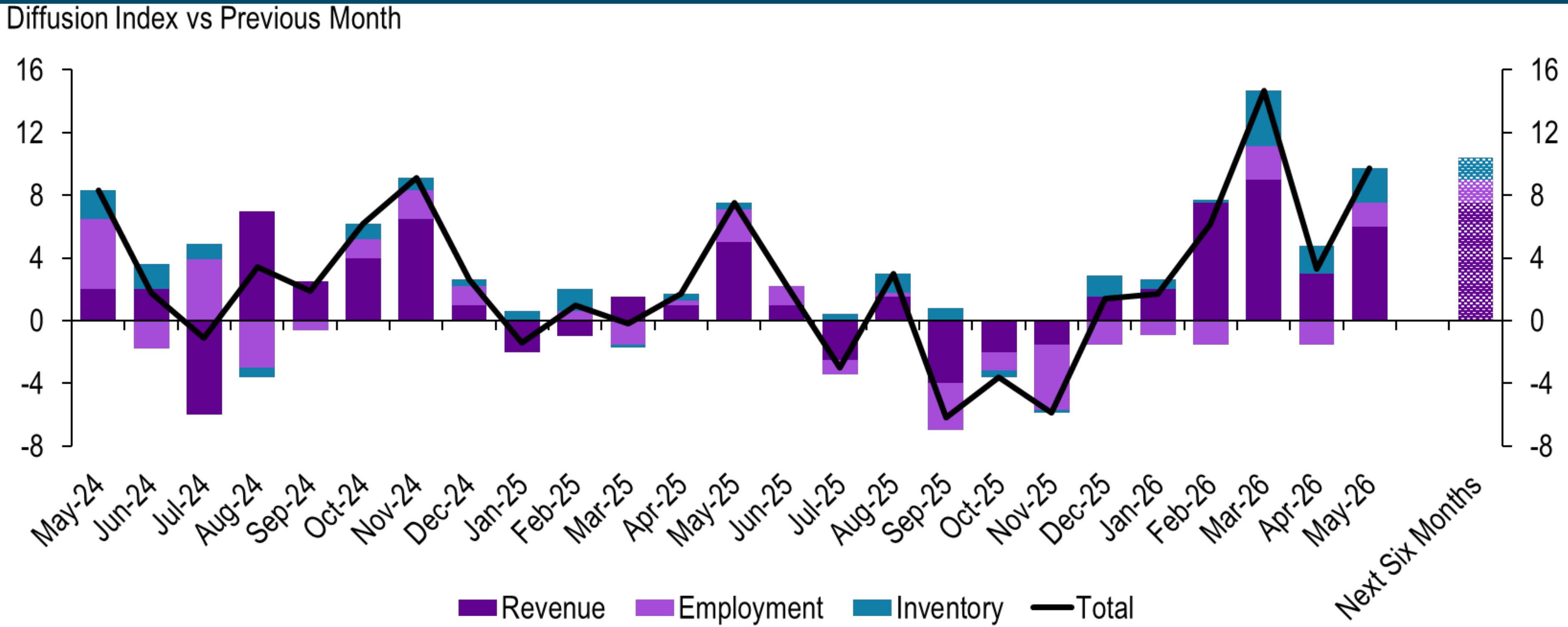




Source: University of Michigan, Haver

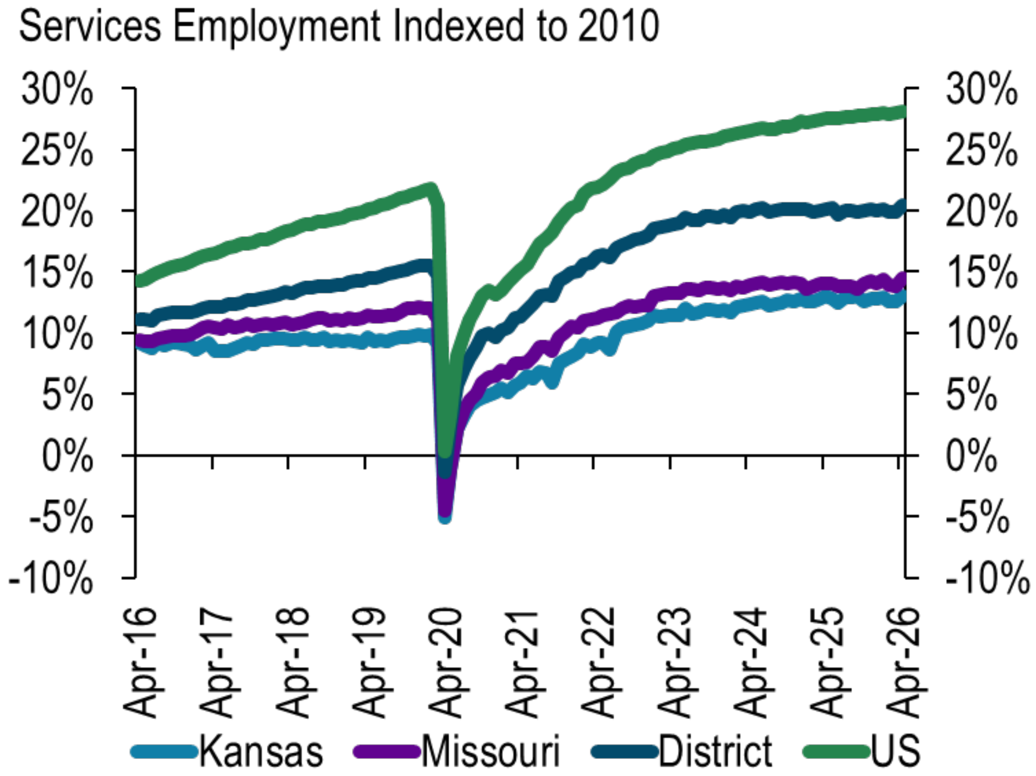
Source: NFIB, Haver

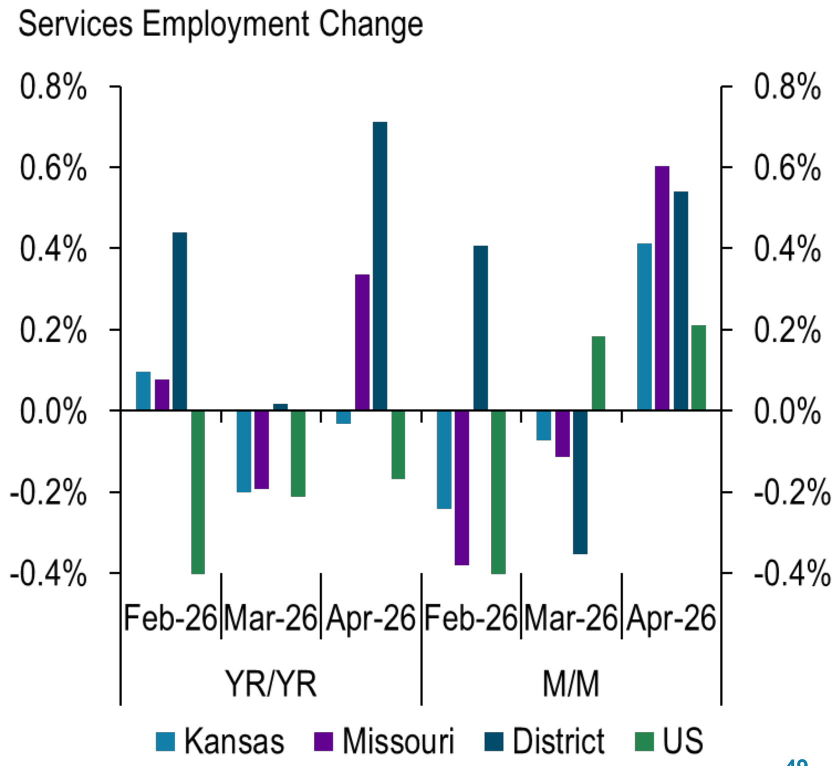
Services survey – Revenue is improving



Source: KCFED Manufacturing Survey

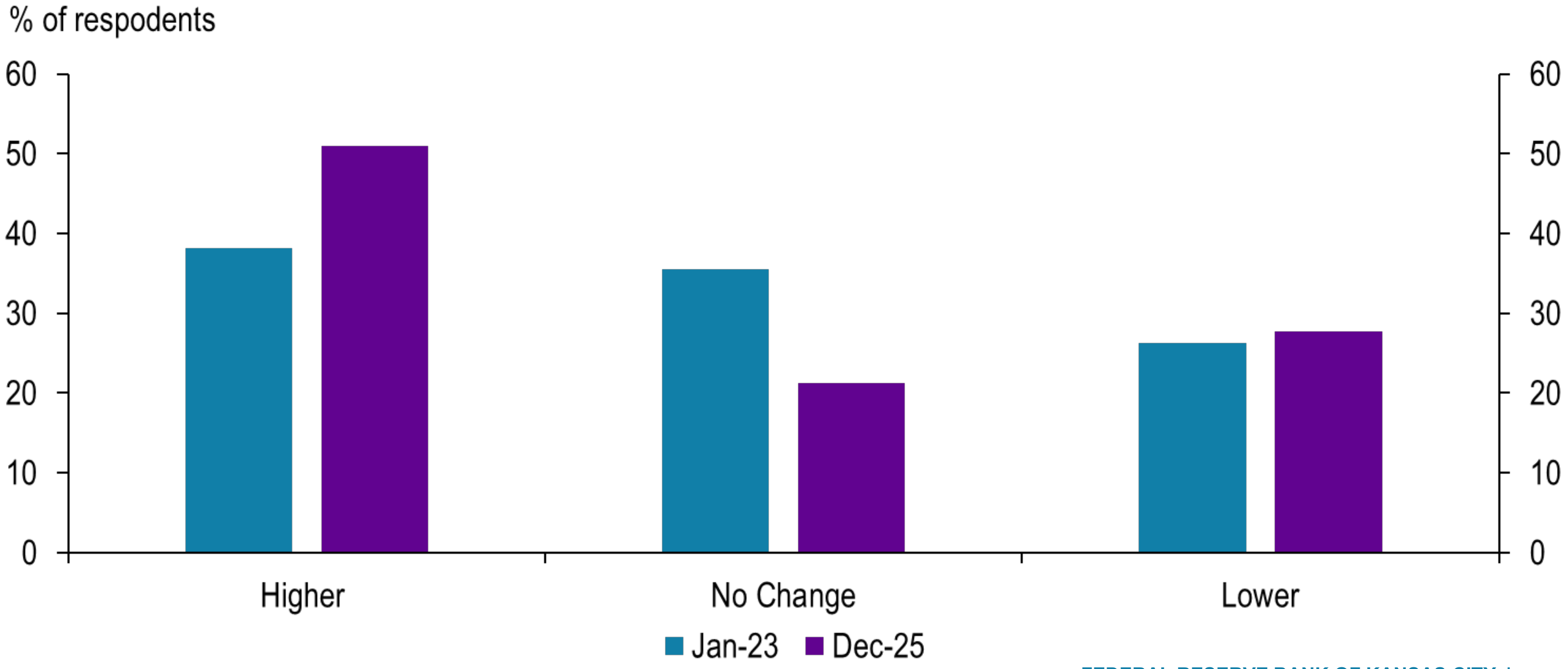
Employment in KS has cooled





Source: BLS

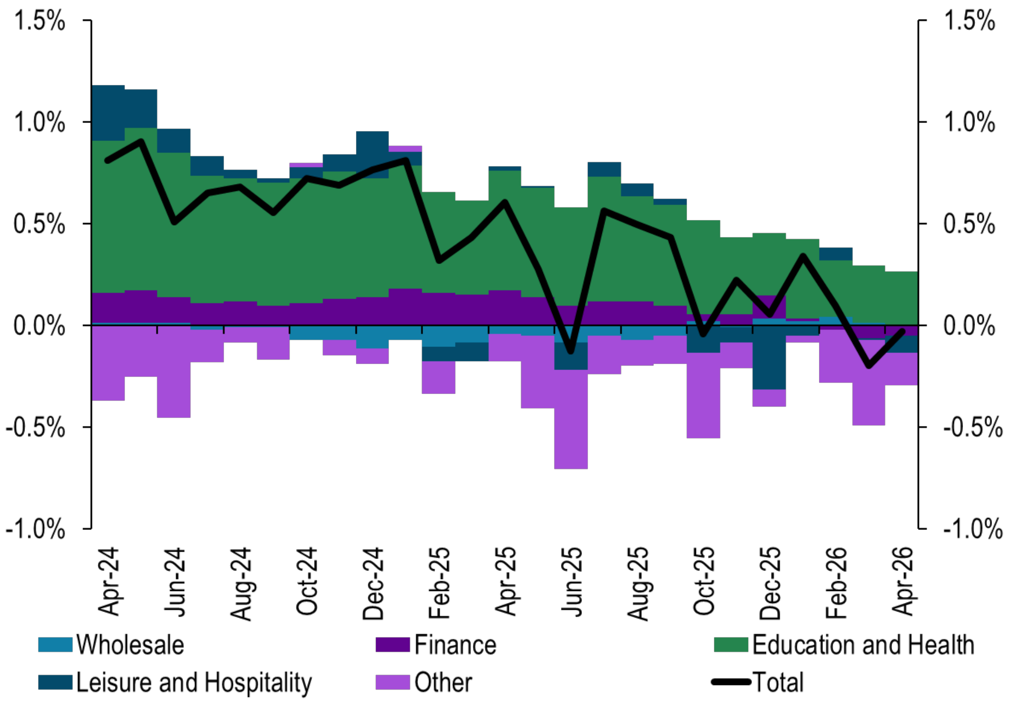
Survey- Capital expenditures expectations



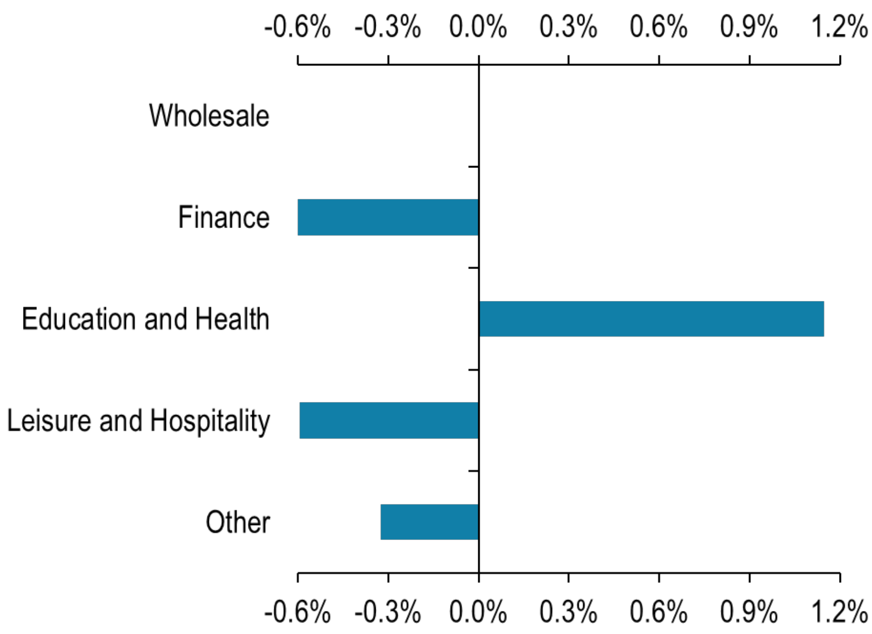
Source: KCFED Services Survey (DEC)

Leisure has been volatile in Kansas

Contributions to change in employment Kansas

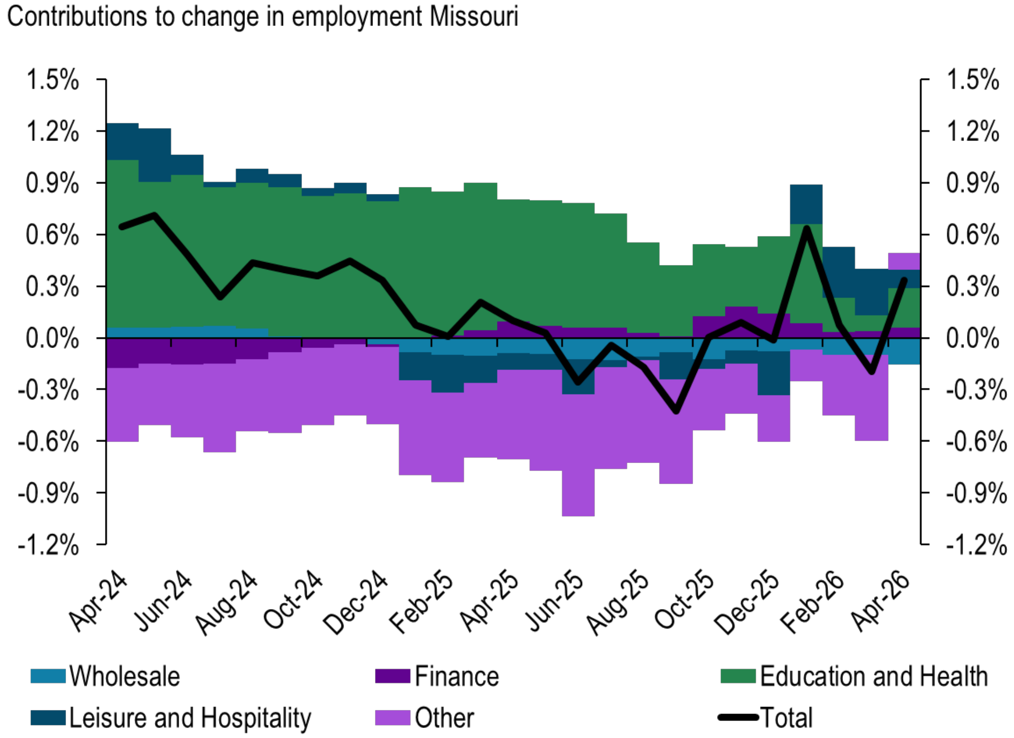


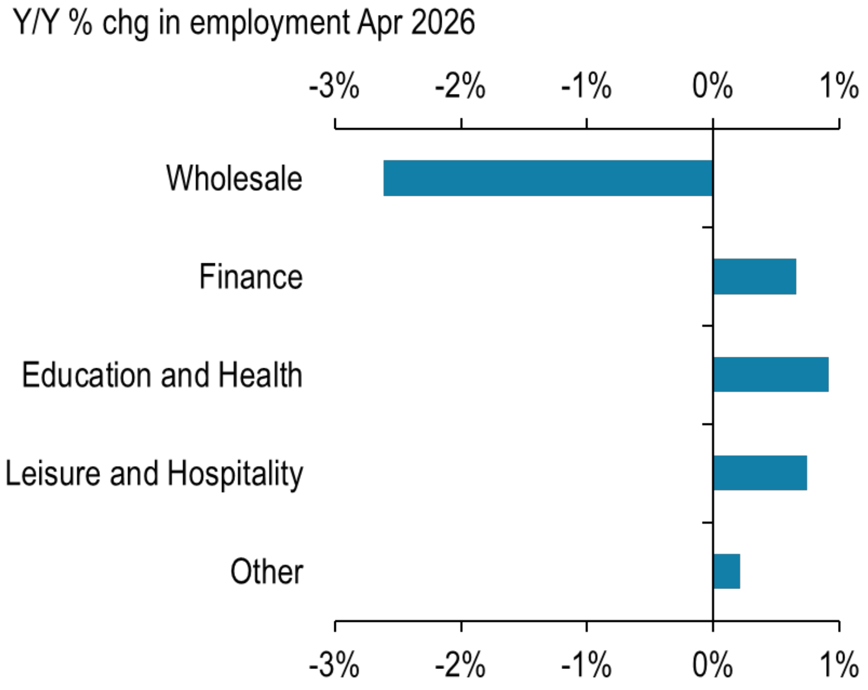
Y/Y % chg in employment Apr 2026



Source: BLS

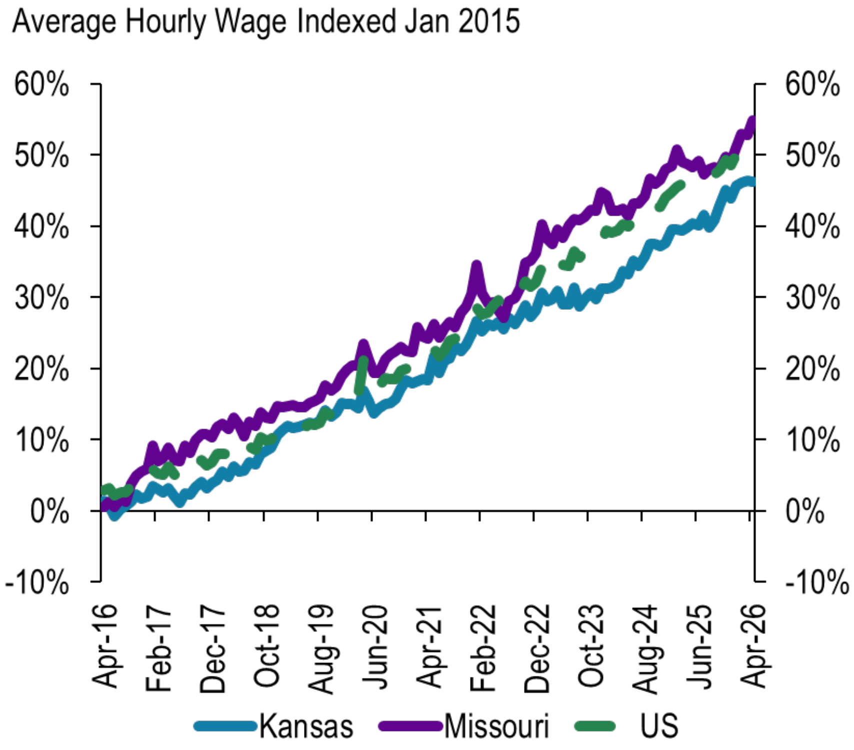
Leisure still growing - Missouri

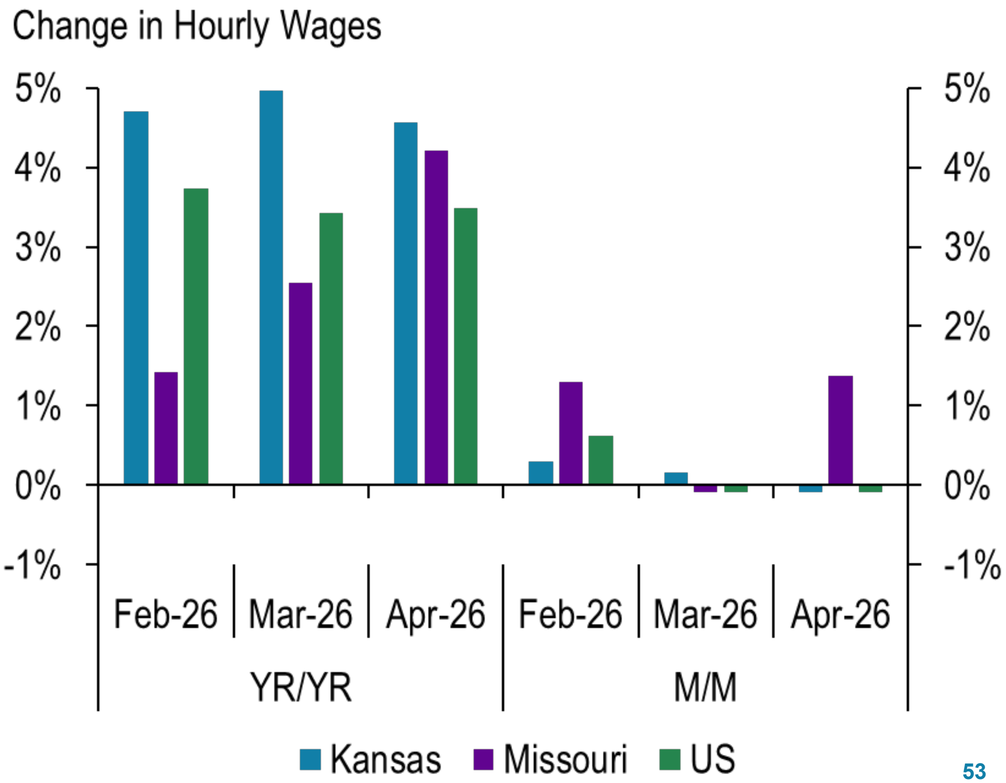




Source: BLS

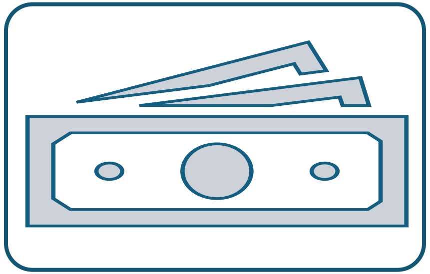
KS nominal wages are starting to catch up to the US



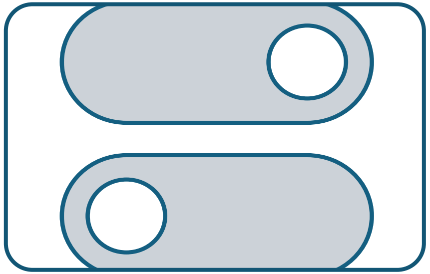


Source: BLS

Where did my customer go?



Segment – Heterogeneity increased: demand behavior diverged more by income and wealth



Substitution toward value: premium to mid or budget alternatives

Staycations: consumers are optimizing costs towards smaller trips

Retail and goods: value and essentials win over big discretionary purchases

Contact Information:

Jeremy Hill
Assistant Vice President, Regional Executive
C: *816-764-7639* **E:** *Jeremy.R.Hill@kc.frb.org*
FEDERAL RESERVE BANK OF KANSAS CITY
1 Memorial Drive • Kansas City, Missouri 64198

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