Overall Conditions Improve: Housing Market Strengthens While Manufacturing Activity Slows

By Kevin L. Kliesen, Business Economist and Research Officer

On balance, economic activity strengthened in the Little Rock zone in the second quarter. Importantly, labor market conditions are improving, particularly in Little Rock and northwest Arkansas. Strong gains in service-producing employment—especially in Fayetteville and Ft. Smith—accounted for much of the strength in employment growth in the second quarter. In the Little Rock MSA, employment gains were especially brisk in the trade, transportation, and utilities industry. By contrast, manufacturing employment declined modestly in the second quarter from a year earlier. The Little Rock zone’s unemployment rate averaged 7.1 percent in the second quarter, which was little changed from the first quarter (7 percent) but still modestly less than the U.S. rate (7.6 percent).

Real estate activity continued to strengthen across most areas of the zone, with residential activity generally outpacing commercial activity. On average, house prices and building permits continued to increase in the second quarter, but the gains were more modest than those seen nationally.

Financial conditions improved in the second quarter, as households continued to reduce non-automotive debt and loan delinquencies fell further. Commercial bank profits at Arkansas banks in the second quarter were well above their Eighth District and U.S. peer banks.

Arkansas farmers expect to reap larger corn, sorghum, and soybean crops in 2013, but production of cotton and rice is expected to fall short of last year’s crops.
How to read this report

Unless otherwise noted, city names refer to the metropolitan statistical areas (MSAs), which are geographic areas that include cities and their surrounding suburbs, as defined by the Census Bureau.

Statistics for the Little Rock zone are based on data availability and are calculated as weighted averages of either the 62 counties in the zone or the six MSAs. As of 2012, approximately 74 percent of the zone’s labor force was located in an MSA. Specifically: 29 percent in Little Rock, 20 percent in Fayetteville, 11 percent in Fort Smith, 6 percent in Texarkana, 4 percent in Pine Bluff, and 4 percent in Hot Springs; 26 percent of the zone’s labor force was located in non-metropolitan areas.

Arrows in the tables are used to identify significant trends in the data. The direction of the arrow indicates the sign (up/down) and the color indicates the economic significance (green = good, red = poor). Arrows appear only when the change from the previous quarter is greater than 1 standard deviation. For example, the standard deviation of the change in the U.S. unemployment rate is 0.4 percent. If the U.S. unemployment rate declined from 8.4 percent to 8.2 percent, no arrow would appear; but if it declined from 8.4 percent to 7.9 percent, a green down arrow would appear in the table.

Selected variable definitions are located in the appendix.

Selected quotes from business contacts are generally verbatim, but some are lightly edited to improve readability.

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(mediainquiries@stls.frb.org)

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Join our Panel of Business Contacts

The anecdotal information in this report was provided by our panel of business contacts, who were surveyed between August 1 and August 15.

If you’re interested in becoming a member of our panel, follow this link to complete a trial survey:

http://research.stlouisfed.org/beigebooksurvey/

Or email us at beigebook@stls.frb.org.

Views expressed do not necessarily reflect official positions of the Federal Reserve System.
Employment Growth Strengthens Across Little Rock Zone

By Charles S. Gascon, Regional Economist

“The trucking sector has had a persistent difficulty finding enough drivers for some time now.”
— Northwest Arkansas researcher

“The need for qualified labor is not being met.”
— Western Arkansas contractor

- Employment growth in Little Rock jumped above 1 percent for the first time in over a year due to stronger growth in the service sector.
- Labor markets in northwest Arkansas continue to outperform the rest of the state and nation: Employment growth in Fayetteville was over twice the national rate, and the unemployment rate remains steady at around 5.5 percent (see table).
- In Fort Smith, employment gains in the service sector (specifically transportation) offset the persistent declines in the goods-producing sector, which resulted in a significant increase in overall employment growth from 0.3 percent in the first quarter to 1.6 percent in the second quarter.
- Anecdotal evidence continues to indicate that a limited supply of workers at the prevailing wage could hinder employment growth and put upward pressure on wages. In fact, average hourly earnings are up over 4 percent from the same time last year (see figure).
- In Texarkana, government employment continued to decline for the fourth consecutive quarter and gains in the goods-producing sector (particularly construction) were not enough to offset these losses. However, preliminary data from July indicate a reversal of the downward trend in government employment.

### Employee earnings growth picks up in 2013

<table>
<thead>
<tr>
<th>Year</th>
<th>US</th>
<th>Arkansas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>8.0</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: BLS.

### Table of Employment Growth

<table>
<thead>
<tr>
<th></th>
<th>Little Rock</th>
<th>Fayetteville</th>
<th>Fort Smith</th>
<th>Texarkana</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment rate (Q2-13) (%)</td>
<td>6.6</td>
<td>5.5</td>
<td>7.8</td>
<td>7.1 ▲</td>
<td>7.6</td>
</tr>
<tr>
<td>Nonfarm employment (Q2-13)</td>
<td>1.4 ▲</td>
<td>4.2</td>
<td>1.6 ▲</td>
<td>-0.5 ▲</td>
<td>1.6</td>
</tr>
<tr>
<td>Goods-producing sector</td>
<td>-3.0</td>
<td>1.1 ▼</td>
<td>-3.7</td>
<td>3.2</td>
<td>1.3</td>
</tr>
<tr>
<td>Private service-providing sector</td>
<td>2.7 ▲</td>
<td>5.4</td>
<td>3.9 ▲</td>
<td>0.0</td>
<td>2.2</td>
</tr>
<tr>
<td>Government sector</td>
<td>-0.5</td>
<td>1.5</td>
<td>0.3</td>
<td>-3.4</td>
<td>-0.3</td>
</tr>
</tbody>
</table>

Note: Unless otherwise noted, values are percent change from one year ago. Arrows indicate a significant (± 1 standard deviation) change from the previous quarter. See appendix for notes and sources.
Reports From the Manufacturing Sector Indicate Weaker Development

By Yang Liu, Senior Research Associate

"Wood product manufacturing facilities in the state are operating at historically high operating rates."

— Central Arkansas manufacturer

"Plant expansion for the next 12 months will not take place and expenditures will be for maintenance only."

— Central Arkansas banker

- Manufacturing employment in Little Rock dropped somewhat in the second quarter of 2013; Fayetteville reported a significant decline in manufacturing employment. Such contractions also translate into modest year-over-year declines (see table).

- Although lumber product manufacturers saw more orders due to strong construction demand, Arkansas’s overall manufacturing activities decreased.

- Arkansas’s manufacturing labor input, measured as average weekly hours multiplied by employment, has seen a downward trend in 2013 (see figure). Despite a recent uptick, the labor input in Arkansas remained at a 5-year low, or 17.5 percent lower than pre-recession level. Whereas, the national manufacturing labor input is 14.3 percent lower than its pre-recession level.

- Arkansas’s nondurable goods employment dropped significantly in the second quarter of 2013; it also declined by 2.5 percent compared with 12 months ago (see table).

- In contrast, Arkansas’s nondurable goods earnings increased by 4.5 percent in the first quarter of 2013, outperforming the national rate (see table).

<table>
<thead>
<tr>
<th></th>
<th>Little Rock</th>
<th>Fayetteville</th>
<th>Arkansas</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing employment (Q2-13)</td>
<td>-1.6</td>
<td>-0.4 ▼</td>
<td>-0.7</td>
<td>0.4</td>
</tr>
<tr>
<td>Durable goods</td>
<td>--</td>
<td>--</td>
<td>1.0</td>
<td>0.6</td>
</tr>
<tr>
<td>Nondurable goods</td>
<td>--</td>
<td>--</td>
<td>-2.5 ▼</td>
<td>0.1</td>
</tr>
<tr>
<td>Manufacturing earnings (Q1-13)</td>
<td>--</td>
<td>--</td>
<td>5.9</td>
<td>6.0 ▼</td>
</tr>
<tr>
<td>Durable goods</td>
<td>--</td>
<td>--</td>
<td>7.2</td>
<td>7.4 ▼</td>
</tr>
<tr>
<td>Nondurable goods</td>
<td>--</td>
<td>--</td>
<td>4.5</td>
<td>3.4 ▼</td>
</tr>
</tbody>
</table>

Note: Values are percent change from one year ago. Arrows indicate a significant (± 1 standard deviation) change from the previous quarter; see appendix for notes and sources.
Real Estate Market Shows Modest Improvement

By Li Li, Research Associate

“Brisk activity as low mortgage rates continue to attract buyers combines with the thought that mortgage rates are going up.”

— Union County executive

“The economy got better and this was the opportunity to sell [the property].”

— Northwest Arkansas area hotel business executive

The residential market is improving. Single-family home sales increased by 21.5 percent from a year ago, resulting in the strongest first half since 2010. Anecdotal evidence indicated that more people were looking for houses than current inventory of homes for sale could support, pushing up prices by 3.4 percent (see table).

On the residential construction side, prices of construction materials (e.g., wood products) increased partly due to the stronger demand as building permits increased and builder confidence improved.

The office real estate market strengthened. In the second quarter, office vacancy rates further declined to 12 percent (see table), while the nation’s vacancy rates remained at 17 percent. Asking rents continued slowly increasing on a year-over-year basis.

The improvement of commercial real estate construction remained modest. A contact reported that multi-family developers continued to look for new construction plans. Another contact mentioned that a million-dollar mixed-use building in downtown Little Rock is near completion.

Non-residential market (Little Rock, Q2-13)

<table>
<thead>
<tr>
<th></th>
<th>Apartment</th>
<th>Office</th>
<th>Retail</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacancy rate (%)</td>
<td>6.7</td>
<td>12.1</td>
<td>13.0</td>
<td>7.9</td>
</tr>
<tr>
<td>Asking rent</td>
<td>3.3</td>
<td>0.7</td>
<td>1.4</td>
<td>4.8</td>
</tr>
</tbody>
</table>

Source: Reis.com.

Residential market (Q2-13)

<table>
<thead>
<tr>
<th></th>
<th>Little Rock</th>
<th>Fayetteville</th>
<th>Fort Smith</th>
<th>Hot Springs</th>
<th>Pine Bluff</th>
<th>Texarkana</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>CoreLogic Home Price Index</td>
<td>3.4</td>
<td>1.6</td>
<td>1.3</td>
<td>-4.3 ▼</td>
<td>-1.2</td>
<td>-1.2</td>
<td>11.6</td>
</tr>
<tr>
<td>Single-family building permits</td>
<td>2.9</td>
<td>37.2</td>
<td>-19.3 ▼</td>
<td>-18.2 ▼</td>
<td>525.0 ▲</td>
<td>-24.5</td>
<td>25.4</td>
</tr>
<tr>
<td>New and existing home sales</td>
<td>21.5 ▲</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>11.4</td>
</tr>
</tbody>
</table>

Note: Values are percent change from one year ago. Arrows indicate a significant (±1 standard deviation) change from previous quarter. See appendix for notes and sources.
Mortgages in Severe Delinquency Continued Falling Across the Zone

By Bryan Noeth, Policy Analyst

“Financing is becoming increasingly available, even customers with credit scores of 580 are able to obtain financing.”

— Northwest Arkansas auto dealer

- Income growth slowed in Arkansas during the first quarter of the year. This mirrored U.S. trends and was largely due to the expiration of the payroll tax holiday.

- Across Arkansas, mortgage delinquency rates were down in the second quarter of the year. The balance of loans in delinquency was 1.15 percentage points below its peak and remained well below the national average.

- In contrast to the nation, the average value of mortgages held in Arkansas has remained relatively constant since the downturn. Balances were less than 4 percent lower than the 2008 peaks.

- While credit card debt was down year over year in the state, the rate at which borrowers were deleveraging has been slowing. Evidence suggests consumers are becoming more comfortable with their credit card balances.

- Arkansas citizens continued to pay down their revolving lines of credit secured by home equity (see figure). However, it is important to note that they have much lower levels of home equity lines of credit balances than the nation overall.

Arkansas slowly paying down HELOC loans

Average HELOC balance (Indexed to 1 in 1999)

Source: FRBNY Consumer Credit Panel, Equifax, and Haver Analytics.

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
<th>2009</th>
<th>2011</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkansas</td>
<td>12.5</td>
<td>10.6</td>
<td>8.7</td>
<td>7.8</td>
<td>6.9</td>
<td>6.0</td>
<td>5.2</td>
<td>4.5</td>
</tr>
<tr>
<td>US</td>
<td>14.0</td>
<td>12.1</td>
<td>10.2</td>
<td>9.3</td>
<td>8.4</td>
<td>7.5</td>
<td>6.7</td>
<td>5.9</td>
</tr>
</tbody>
</table>

Source: FRBNY Consumer Credit Panel, Equifax, and Haver Analytics.

<table>
<thead>
<tr>
<th>Category</th>
<th>Little Rock Zone</th>
<th>Arkansas</th>
<th>Little Rock MSA</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per capita income (Q1-13)</td>
<td>--</td>
<td>2.3</td>
<td>--</td>
<td>2.0</td>
</tr>
<tr>
<td>Per capita debt balances (Q2-13)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage</td>
<td>-2.5</td>
<td>-2.5</td>
<td>-2.3</td>
<td>-5.4</td>
</tr>
<tr>
<td>Credit card</td>
<td>-1.1</td>
<td>-1.6</td>
<td>-0.9</td>
<td>-2.3</td>
</tr>
<tr>
<td>Auto loan</td>
<td>8.2</td>
<td>8.6</td>
<td>8.8</td>
<td>7.3</td>
</tr>
</tbody>
</table>

90+ day delinquency rates (%) (Q2-13)

<table>
<thead>
<tr>
<th>Category</th>
<th>Little Rock Zone</th>
<th>Arkansas</th>
<th>Little Rock MSA</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>2.3</td>
<td>2.3</td>
<td>2.3</td>
<td>4.2</td>
</tr>
<tr>
<td>Credit card</td>
<td>8.2</td>
<td>8.3</td>
<td>7.6</td>
<td>9.4</td>
</tr>
<tr>
<td>Auto loan</td>
<td>2.3</td>
<td>2.4</td>
<td>2.6</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Note: Unless otherwise noted, values are percent change from one year ago. Arrows indicate a significant (±1 standard deviation) change from the previous quarter. See appendix for notes and sources.
Arkansas Banks Still Leading District in Profitability

By Michelle Neely, Economist

“The banking industry in our region seems to be stable with limited loan demand. Margins continue to be compressed due to low interest rates and competition for the loans available.”

—Southwest Arkansas banker

“Although our revenue is double that of last year, the gains are coming from fewer bad loans, rather than loan growth. Competition for good quality borrowers is very stiff and some bankers are making loans they shouldn’t.”

—Northwest Arkansas banker

Return on average assets (ROA) at Arkansas banks declined a slight 2 basis points from the previous quarter. In comparison, District banks’ average ROA held steady from the first quarter, while it rose 6 basis points at U.S peer banks. Nevertheless, average ROA for Arkansas banks was still up 17 basis points from its year-ago level, and remains well above the averages for other District states and U.S. peers.

Arkansas banks’ profits are being bolstered by relatively strong net interest margins (NIMs) and declining loan loss provisions. At 4.07 percent, the average NIM for Arkansas banks is tops among District state averages and is a robust 27 basis points above the national peer bank average. Still, interest margin compression is a major concern for Arkansas bankers and, like their District counterparts, they are experiencing a downward trend in this key measure of bank health.

The ratio of nonperforming loans to total loans continued its steady decline, falling 18 basis points in the second quarter to 2.62 percent. The nonperforming loan ratio is higher in Arkansas than in surrounding states because of mergers and acquisitions by Arkansas institutions of failing banks.

Delinquent loans on downward trend

Nonperforming loan ratio at commercial banks, Percent

Banking performance (Q2-13)

<table>
<thead>
<tr>
<th></th>
<th>Arkansas</th>
<th>8th District</th>
<th>US Peer Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on average assets</td>
<td>1.24</td>
<td>1.01</td>
<td>0.99</td>
</tr>
<tr>
<td>Net interest margin</td>
<td>4.07</td>
<td>3.72</td>
<td>3.80</td>
</tr>
<tr>
<td>Nonperforming loans / total loans</td>
<td>2.62</td>
<td>2.12</td>
<td>2.17 ▼</td>
</tr>
<tr>
<td>Loan loss reserve coverage ratio</td>
<td>72.52</td>
<td>79.89</td>
<td>80.65</td>
</tr>
</tbody>
</table>

Note: All values are percentage points. Arrows indicate a significant (±1 standard deviation) change from the previous quarter. See appendix for notes and sources.
Bumper Corn and Sorghum Crop Expected; Cotton and Rice production is down

By Lowell R. Ricketts, Senior Research Associate

“I feel like there are more than just this one [soybean] field that will get [yields of] 100 bushels [per acre] this year. We’ve had a cooler summer, and although it’s been dry, most of our ground is irrigated. We have some high-yield potential.”

— Southeast Arkansas industry expert

Within the Little Rock zone, agricultural bankers surveyed expect loan demand to increase in the third quarter relative to the same time last year (see right table). However, respondents also expect lower farm income and capital expenditure during the same period.

Coal production in Arkansas was dramatically higher in the second quarter than the same time last year (see left table). Over the same period, coal production in the nation stabilized after consistently declining production.

Prospective corn and sorghum production in Arkansas and the nation show big gains relative to last year’s harvest (see left table). In contrast, the cotton and rice harvest is expected to be considerably smaller than in 2012.

Over the past decade the average soybean yield in Arkansas has increased by 33 percent (see left chart). Soybeans represent the largest Arkansas crop, as measured by acreage.

Arkansas soybean crop has seen strong yield growth

Yield, BU/Acre

<table>
<thead>
<tr>
<th>Year</th>
<th>Arkansas</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995</td>
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<tr>
<td>1998</td>
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<td>2001</td>
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<td>2004</td>
<td></td>
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<tr>
<td>2007</td>
<td></td>
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<tr>
<td>2010</td>
<td></td>
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</tr>
<tr>
<td>2013</td>
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</tbody>
</table>

Source: NASS/USDA.

Little Rock zone Ag. bankers’ expectations

Q3-13 vs. Q3-12

<table>
<thead>
<tr>
<th></th>
<th>Lower</th>
<th>Higher</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan demand</td>
<td>0</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Available funds</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Loan repayments</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Farm income</td>
<td>33</td>
<td>0</td>
<td>-33</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>17</td>
<td>0</td>
<td>-17</td>
</tr>
</tbody>
</table>

Note: Values are percent change from one year ago. Arrows indicate a significant (± 1 standard deviation) change from the previous quarter or year. See appendix for notes and sources.
Appendix

Third Quarter 2013

Cover Page

Sources

Bureau of Labor Statistics

Unemployment rate, nonfarm payroll employment.

Labor Markets

Table Sources

Bureau of Labor Statistics

Unemployment rate. Nonfarm employment and contributions by sector.

Notes

Goods-producing sector comprises the manufacturing and natural resources, mining, and construction sectors.

Private service-providing sector includes the following sectors: Trade, Transportation, and Utilities; Information; Financial Activities; Professional and Business Services; Education and Health Services; Leisure and Hospitality; and Other Services.

Unemployment rate data are seasonally adjusted.

Manufacturing

Table Sources

Bureau of Labor Statistics

Manufacturing employment: total, durable, and nondurable goods.

Bureau of Economic Analysis

Manufacturing earnings: total, durable, and nondurable goods.

Notes

Manufacturing labor input is defined as the average weekly hours worked by production and nonsupervisory employees in the manufacturing industry multiplied by the monthly average of total number of production and nonsupervisory employees in the manufacturing industry.

Durable goods manufacturing sector is defined by the Bureau of Labor Statistics as industries with a NAICS classification code of 321 (Wood Product Manufacturing); 327 (Nonmetallic Mineral Product Manufacturing); 331 (Primary Metal Manufacturing); 332 (Fabricated Metal Product Manufacturing); 333 (Machinery Manufacturing); 334 (Computer and Electronic Product Manufacturing); 335 (Electrical Equipment, Appliance, and Component Manufacturing); 336 (Transportation Equipment Manufacturing); 337 (Furniture and Related Product Manufacturing); and 339 (Misc. Manufacturing).

Nondurable goods manufacturing sector is defined by the Bureau of Labor Statistics as industries with a NAICS classification code of 311 (Food Manufacturing); 312 (Beverage and Tobacco Product Manufacturing); 313 (Textile Mills); 314 (Textile Product Mills); 315 (Apparel Manufacturing); 316 (Leather and Allied Product Manufacturing); 322 (Paper Manufacturing); 323 (Printing and Related Support Activities); 324 (Petroleum and Coal Products Manufacturing); 325 (Chemical Manufacturing); and 326 (Plastics and Rubber Products Manufacturing).

Manufacturing earnings is the sum of wage and salary disbursements, supplements to wages and salaries, and proprietors’ income less contributions for government social insurance.

In the contributions to employment chart, bars represent the respective contribution of each sector to the area’s total employment as a percent change from one year ago, while the line represents the net percent change from one year ago in total employment.

Real Estate and Construction

Table Sources

CoreLogic

Home price index, including distressed sales.

Census Bureau

Year-to-date single-family building permits.

National Association of Realtors

Year-to-date new and existing home sales.

Notes

Asking rent is the publicized asking rent price. Data are in current dollars.

Vacancy rate is the percentage of total inventory physically vacant as of the survey date, including direct vacant and sublease space.

New and existing home sales consists of single-family home sales.

Household Sector

Table Sources

Equifax based on authors’ calculations

All figures are based on a 5 percent sample of individual credit reports. Balances are geographical averages of various debt categories. The mortgage category includes first mortgages and home equity installment loans, but home equity lines of credit are omitted. Auto loans include those financed by finance company or bank loans. Credit cards are revolving accounts at banks, bankcard companies, national credit card companies, credit unions, and savings and loan associations.

Haver Analytics

Per capita income.

Census Bureau

Homeownership rates.

Notes

The CredAbility Index is a quarterly measure of the financial condition of the average consumer. The scores are defined as follows: 90-100 implies excellent or secure, 80-89 implies good or stable, 70-79 implies weakening or at risk, 60-69 implies distressed or unstable, and 59 or below implies emergency or crisis.

Delinquency rates are calculated as the percentage of payments past due by more than 90 days, weighted by the dollar value of the loan.
Homeownership rates are the proportion of households in each area that are owners. It is calculated by dividing the number of households that are owners by the total number of occupied households.

Banking and Finance

Table Sources

*Federal Financial Institutions Examination Council*

- Return on average assets: USL15ROA.
- Net interest margin: USL15NIM.
- Nonperforming loans: USL15NPTL.
- Loan loss reserve/Total loans: USL15LLRTL.
- Net loan losses/Average total loans: USL15LSTL.

Note: The data available in the table can be found in FRED.

Notes

- **Loan loss provisions** are expenses banks set aside as an allowance for bad loans.
- **Nonperforming loans** are those loans managers classify as 90 days or more past due or nonaccrual, which means they are more likely to default.
- **Loan loss coverage ratio** is loan loss reserves divided by nonperforming loans.
- **US peer banks** are those commercial banks with assets of less than $15 billion.

Due to the seasonal nature of bank return on average assets and net interest margin, the arrows in the table denote significant changes from one year ago.

Agriculture and Natural Resources

Table Sources

*Federal Reserve Bank of St. Louis Survey of Agricultural Credit Conditions*

- Agriculture Bankers’ expectations of loan demand, available funds, loan repayment rates, farm income, and capital expenditures are relative to one year ago. Respondents can answer “increase,” “decrease,” or “no change.”

*Energy Information Administration (EIA)*

- Coal production.

*Bureau of Labor Statistics (BLS)*

- Mining and logging employment.

*USDA*

- Crop production.