The Louisville zone of the Federal Reserve comprises southern Indiana and western Kentucky and a total population of approximately 3.4 million people, including the almost 1.3 million who live in the Louisville MSA.

**Recovery Continues at a Steady Pace as Manufacturing and Residential Housing Sectors Improve**

By Kevin L. Kliesen, *Business Economist and Research Officer*

The Louisville economy registered solid economic growth in the second quarter of 2013. In particular, manufacturing activity continued to strengthen following last year’s lull and home sales rose appreciably from a year earlier. A survey of businesses revealed that a modest majority expect conditions to improve further in the third quarter.

The Louisville zone’s unemployment rate averaged 8.1 percent in the second quarter of 2013, up slightly from the previous quarter (7.9 percent). Nonfarm job growth remained uneven across the zone, with the strongest growth registered in Louisville and Owensboro. Manufacturing activity in Louisville has rebounded sharply since late 2012, according to the index of hours worked.

Commercial real estate activity is strengthening in Louisville, as second-quarter vacancy rates fell to their lowest level since 2012. Residential real estate activity also strengthened further in the second quarter, though gains were mostly concentrated in the Louisville area.

Household balance sheets appeared to improve once again in the second quarter, paced by falling delinquency rates and reductions in nonautomotive debt balances per capita.

Compared with the first quarter, commercial bank profitability in the second quarter declined modestly among Kentucky banks but increased modestly at Indiana banks.

A recent survey of agricultural banks suggest improving loan demand, farm income, and an expected uptick in capital expenditures in the third quarter compared with the third quarter of 2013.
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.
Mixed Signals in Louisville’s Private Sector

By E. Katarina Vermann, Senior Research Associate

“It seems that things are getting better but it is more perception than anything. A few more people are working in the auto-related plants but still many of the jobs are part-time or very entry level.”
—Louisville area banker

“Our industry has a significant challenge finding qualified labor. There are thousands of road truck driving jobs available for those that want to learn and work.”
—Louisville area transportation executive

“Military cutbacks have hit Fort Knox harder than any other military base. That is a major factor in our local economy.”
—Elizabethtown area auto dealer

### Zone’s employment reaches pre-recession highs

<table>
<thead>
<tr>
<th>Year</th>
<th>Louisville</th>
<th>Evansville</th>
<th>Bowling Green</th>
<th>Elizabethtown</th>
<th>Owensboro</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>900</td>
<td>910</td>
<td>920</td>
<td>930</td>
<td>940</td>
<td>950</td>
</tr>
<tr>
<td>2009</td>
<td>960</td>
<td>970</td>
<td>980</td>
<td>990</td>
<td>1000</td>
<td>1010</td>
</tr>
<tr>
<td>2010</td>
<td>1020</td>
<td>1030</td>
<td>1040</td>
<td>1050</td>
<td>1060</td>
<td>1070</td>
</tr>
<tr>
<td>2011</td>
<td>1080</td>
<td>1090</td>
<td>1100</td>
<td>1110</td>
<td>1120</td>
<td>1130</td>
</tr>
<tr>
<td>2012</td>
<td>1140</td>
<td>1150</td>
<td>1160</td>
<td>1170</td>
<td>1180</td>
<td>1190</td>
</tr>
<tr>
<td>2013</td>
<td>1200</td>
<td>1210</td>
<td>1220</td>
<td>1230</td>
<td>1240</td>
<td>1250</td>
</tr>
</tbody>
</table>

Source: BLS.

Anecdotal evidence this quarter suggests slow to modest employment growth during the next three months: 53 percent of contacts expect their payrolls to stay the same, while 36 percent of contacts expect their payrolls to increase. The remaining contacts expect a decline.

Employment in the Louisville zone has reached its pre-recession high in July, as employment in the Louisville MSA returned to its pre-recession level for the first time since 2008 (see figure). Employment in the other zone MSAs reached pre-recession levels earlier this year. Since then, only Owensboro’s employment has continued to grow.

The unemployment rate in the Louisville zone remains elevated despite payroll employment returning to pre-recession levels (see figure). The difference can be partially attributed to growth in the zone’s population and civilian labor force.

Despite the Louisville MSA’s significant second quarter decrease in employment growth in the goods-producing sector, the zone’s employment growth over the past year in this sector remains higher than the nation’s. This difference is due to the zone’s increase in manufacturing employment (nearly 5,500 jobs), a rate over ten times the national rate of 0.4 percent.

### Unemployment and Employment Changes

- **Unemployment rate (Q2-13) (%)**
  - Louisville: 8.0
  - Evansville: 7.5
  - Bowling Green: 7.5
  - Elizabethtown: 7.6
  - Owensboro: 6.8
  - US: 7.6

- **Nonfarm employment (Q2-13)**
  - Louisville: -2.3
  - Evansville: -0.9
  - Bowling Green: -0.1
  - Elizabethtown: -0.3
  - Owensboro: 1.3
  - US: 1.6

- **Goods-producing sector**
  - Louisville: 4.5
  - Evansville: -2.2
  - Bowling Green: 1.8
  - Elizabethtown: 4.5
  - Owensboro: -1.5
  - US: 1.2

- **Private service-providing sector**
  - Louisville: 2.0
  - Evansville: 0.5
  - Bowling Green: -1.1
  - Elizabethtown: -1.2
  - Owensboro: 2.0
  - US: 2.2

- **Government sector**
  - Louisville: 1.3
  - Evansville: -6.6
  - Bowling Green: 1.4
  - Elizabethtown: -1.1
  - Owensboro: 1.9
  - US: -0.3

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.
Manufacturing Industry Continued to Boom in Louisville

By Yang Liu, Senior Research Associate

“Appliance and HVAC markets orders now remain steady for the year and are up over the first half of 2013.”

— Southern Indiana manufacturer

“The auto/truck manufacturing business continues to thrive in the region. The truck plant in Louisville is reducing its normal two-week summer shutdown to just one week to help meet increased product demand.”

— Louisville area banker

Louisville’s manufacturing employment contracted slightly (-1,300 jobs) in the second quarter of 2013. However, a strong comeback in July (+3,500 jobs) suggests that the manufacturing sector remains a strength in the Louisville job market.

Durable goods employment in Louisville slowed significantly in the second quarter of 2013. But the corresponding year-over-year employment growth remained strong at 11.7 percent (see table).

Louisville’s manufacturing labor input, measured as average weekly hours worked multiplied by employment, increased significantly in the summer, returning to a 4-year high in July 2013. Kentucky’s labor input growth has been flat over the summer, but it remains at a 4-year high. U.S. manufacturing labor input is 14.3 percent below its pre-recession level, less robust than the developments in Louisville and Kentucky (see figure).

Durable goods earnings in Kentucky and Indiana remained strong. Their year-over-year growth rates topped 10 percent in the first quarter of 2013, despite significant declines from the previous quarter (see table).

<table>
<thead>
<tr>
<th></th>
<th>Louisville</th>
<th>Kentucky</th>
<th>Indiana</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing employment (Q2-13)</td>
<td>7.1 ▼</td>
<td>2.2 ▼</td>
<td>1.9 ▼</td>
<td>0.4</td>
</tr>
<tr>
<td>Durable goods</td>
<td>11.7 ▼</td>
<td>4.0 ▼</td>
<td>2.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Nondurable goods</td>
<td>-1.3 ▼</td>
<td>-0.8 ▼</td>
<td>-0.7</td>
<td>0.1</td>
</tr>
<tr>
<td>Manufacturing earnings (Q1-13)</td>
<td>--</td>
<td>9.7</td>
<td>9.5</td>
<td>6.0 ▼</td>
</tr>
<tr>
<td>Durable goods</td>
<td>--</td>
<td>11.7 ▼</td>
<td>10.5 ▼</td>
<td>7.4 ▼</td>
</tr>
<tr>
<td>Nondurable goods</td>
<td>--</td>
<td>6.3</td>
<td>7.2</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.
Uneven Improvement Across Different Commercial Real Estate Properties

By Li Li, Research Associate

“We are in a seller’s market,” said one contact in the northwest Kentucky area. Single-family home prices are about 3 percent higher than a year ago. Louisville’s annual growth rate of year-to-date home sales in the second quarter is also above the national pace (see table).

On the residential construction side, the growth rates of single-family building permits moderated in the second quarter. In south central Kentucky, to meet expected demand, more speculative homes are being built.

The retail real estate market is trending up. Second-quarter vacancy rates reached the lowest level since 2010. As the economy continues to stabilize, high-quality retail space in densely populated areas is experiencing constant leasing demand.

The construction sector is brisk. For example, Jefferson and Bullitt counties enjoyed strong growth of speculative industrial construction. In south central Kentucky, it was reported that plans for apartment buildings, retail, and class A office space were growing in downtown areas.

“The housing recovery is already beginning to steal a portion of demand away from the rental market.”
— Owensboro area contact

“Newly built industrial big-box space that caters to e-commerce has been the shining star.”
— Owensboro area executive

Office sector is lagging behind multi-family and industrial
Louisville vacancy rates, percent

<table>
<thead>
<tr>
<th></th>
<th>Office (US)</th>
<th>Office</th>
<th>Industrial</th>
<th>Apartment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2-13</td>
<td>15.4</td>
<td>15.4</td>
<td>9.8</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Source: Reis.com and Cassidy Turley.

Non-residential market (Louisville, 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>4.6</td>
<td>15.4</td>
<td>9.8</td>
<td>6.1</td>
</tr>
<tr>
<td>Asking rent Percent change from one year ago</td>
<td>2.8</td>
<td>1.2</td>
<td>2.2</td>
<td>8.3</td>
</tr>
</tbody>
</table>

Note: Apartment, office, and retail values are from Reis.com. Industrial values are estimates from Cassidy Turley.

Residential market (Q2-13)

<table>
<thead>
<tr>
<th></th>
<th>Louisville</th>
<th>Clarksville</th>
<th>Elizabethtown</th>
<th>Evansville</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>CoreLogic Home Price Index</td>
<td>3.1</td>
<td>0.2</td>
<td>-1.6 ▼</td>
<td>5.6 ▲</td>
<td>11.6</td>
</tr>
<tr>
<td>Single-family building permits</td>
<td>15.5</td>
<td>-16.2</td>
<td>-22.8</td>
<td>-12.4</td>
<td>25.4</td>
</tr>
<tr>
<td>New and existing home sales</td>
<td>15.9</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.
Income Growth Was Sluggish in the First Quarter

By Bryan Noeth, Policy Analyst

"I do not see people taking on debt (risk). I see companies accumulating cash and paying down debt in general, with pockets (auto and commercial construction for large companies) doing better than the economy as a whole."

-- Louisville area banker

- In the Louisville zone, particularly in Kentucky, income growth was slower than average in the first quarter, the same applies for the nation (See table). This was in large part due to the ending of the payroll tax holiday.

- Conditions continued to improve for households’ finances. Severe delinquency rates on mortgages and auto loans have decreased across much of the zone and remained well below the national average. Consumers also continued to lower their balances as well. Mortgage debt was down 2.1 percent in the zone and credit card debt was down 1.9 percent.

- Retailers in the zone are reporting that auto sales continued to increase. Consistent with this, auto debt continued its strong upward trend, growing 7.5 percent year over year (see table).

- Home equity lines of credit (HELOC) collapsed in the wake of the financial crisis across much of the United States (see figure). Citizens in Indiana and Kentucky, like the nation, continued to pay down these debts. However, the percentage growth in HELOC loans, as well as the average balances, were much less in the zone states than in the nation prior to the downturn.

<table>
<thead>
<tr>
<th>Borrowers still paying back home equity loans</th>
<th>US</th>
<th>Indiana</th>
<th>Kentucky</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average HELOC balance (Indexed to 1 in 1999)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2001</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2003</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>2005</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>2007</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
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<tr>
<td>2009</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
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<tr>
<td>2011</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>2013</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

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

Per capita personal income (Q1-13) -- 2.2 ▼ 1.5 ▼ 2.0 ▼

Per capita debt balances (Q2-13)

<table>
<thead>
<tr>
<th></th>
<th>Louisville Zone</th>
<th>Indiana</th>
<th>Kentucky</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>-2.1</td>
<td>-3.1</td>
<td>-2.3</td>
<td>-5.4</td>
</tr>
<tr>
<td>Credit card</td>
<td>-1.9</td>
<td>-5.2</td>
<td>-4.0</td>
<td>-2.3</td>
</tr>
<tr>
<td>Auto loan</td>
<td>7.5</td>
<td>8.6</td>
<td>7.4</td>
<td>7.3</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Louisville Zone</th>
<th>Indiana</th>
<th>Kentucky</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>2.4 ▼</td>
<td>2.8 ▼</td>
<td>2.4 ▼</td>
<td>4.2 ▼</td>
</tr>
<tr>
<td>Credit card</td>
<td>6.5</td>
<td>7.4</td>
<td>7.2</td>
<td>9.4</td>
</tr>
<tr>
<td>Auto loan</td>
<td>2.6</td>
<td>3.2 ▼</td>
<td>2.9 ▼</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.
Banking Conditions Decidedly Mixed in the Louisville Zone

By Michelle Neely, Economist

“While the mortgage business continues to be brisk, volume is clearly being held up by purchase loan volume as refinancing has slowed due to rate increases.”

—Louisville area banker

“As with all banks, we have charged a lot of loans off to bad debt. Now we have perfected our processes and credit issues have stabilized.”

—Louisville area banker

• Most Louisville area bankers surveyed expect steady loan demand during the next three months, and most expect the creditworthiness of borrowers to stay the same or improve during that same time period.

• Profitability trends at Indiana and Kentucky banks diverged in the second quarter. Return on average assets (ROA) increased 4 basis points to 1.09 percent at Indiana banks while it declined 3 basis points to 0.91 percent at Kentucky banks. In Kentucky, ROA is down 32 basis points from its year-ago level. Indiana banks outperformed the District and U.S. peers; the converse is true for Kentucky banks.

• Profitability declined at Kentucky banks in the second quarter despite a robust 7-basis-point increase in the average net interest margin (NIM). The drop can be traced to an increase in non-interest expenses and a decline in noninterest income; loan loss provisions were steady. In Indiana, profits rose because of slight increases in noninterest income and decreases in noninterest expense; the average NIM and loan loss provision ratio were basically unchanged.

• Loan quality continued to improve in the Louisville zone in the second quarter. The ratio of nonperforming loans to total loans fell in both Indiana and Kentucky; Indiana’s second-quarter average of 1.80 percent is below both the District and U.S. peer averages.

Coverage ratios continue upward creep

Loan loss reserve coverage ratio, percent

<table>
<thead>
<tr>
<th>Year</th>
<th>US</th>
<th>Kentucky</th>
<th>Indiana</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>250</td>
<td>200</td>
<td>250</td>
</tr>
<tr>
<td>2005</td>
<td>200</td>
<td>150</td>
<td>200</td>
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<td>2007</td>
<td>100</td>
<td>50</td>
<td>100</td>
</tr>
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<td>2008</td>
<td>50</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>2009</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2010</td>
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<tr>
<td>2011</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: FRED.

Banking performance (Q2-13)

<table>
<thead>
<tr>
<th></th>
<th>Kentucky</th>
<th>Indiana</th>
<th>8th District</th>
<th>US Peer Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on average assets</td>
<td>0.91 ▼</td>
<td>1.09</td>
<td>1.01</td>
<td>0.99</td>
</tr>
<tr>
<td>Net interest margin</td>
<td>3.86 ▼</td>
<td>3.74</td>
<td>3.72</td>
<td>3.80</td>
</tr>
<tr>
<td>Nonperforming loans / total loans</td>
<td>2.25</td>
<td>1.80</td>
<td>2.12</td>
<td>2.17 ▼</td>
</tr>
<tr>
<td>Loan loss reserve coverage ratio</td>
<td>74.67</td>
<td>93.33</td>
<td>79.89</td>
<td>80.65</td>
</tr>
</tbody>
</table>

Note: Values are percentage points. Arrows indicate a significant (± 1 standard deviation) change from the previous quarter. See appendix for notes and sources.
Bumper Corn Harvest Expected Across Region; Feed Costs Remain Elevated

By Lowell R. Ricketts, Senior Research Associate

“[The strong corn crop] is seen to be a very positive outcome for our livestock producers who paid very high feed costs in the past several years due to a high price of corn...”

— University of Kentucky agricultural economist

“[This summer has seen more rain than any summer in recent memory. Most of the commodities, particularly for corn and soybeans, are promising outstanding yields.]”

— South central Kentucky farmer

- Agricultural bankers surveyed in the zone expect positive developments in the third quarter relative to the same time last year (see right table). Bankers expect farmers will demand more loanable funds, increase the rate of loan repayment, increase capital expenditure, and earn greater farm income. All the while, bankers expect to have more funds available for farmers interested in borrowing.
- Mining and logging payrolls continue to shrink in Kentucky but they are doing so at a slower rate than in our previous report (see left table). Furthermore, coal production has returned to positive growth in Kentucky and stabilized in the nation.
- The 2013 corn crop is expected to yield a bountiful harvest relative to last year’s drought-stunted crop (see left table). Soybean production is also expected to be higher relative to last year.
- Farmers are spending significantly more on feed inputs across the zone states (see figure). Total spending surged in the middle of the past decade and have remained elevated or grown further in the past few years.

**Spending on feed has climbed to new heights**

*Inflation adjusted index (2000=100)*

![Graph showing spending on feed](image)

**Natural resources (Q2-13)**

<table>
<thead>
<tr>
<th></th>
<th>Indiana</th>
<th>Kentucky</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining and logging employment</td>
<td>1.4</td>
<td>-13.7 ▲</td>
<td>1.8</td>
</tr>
<tr>
<td>Coal production</td>
<td>-1.9</td>
<td>1.6 ▲</td>
<td>0.0 ▲</td>
</tr>
</tbody>
</table>

**Production (2013)**

<table>
<thead>
<tr>
<th></th>
<th>Kentucky</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>64.1 ▲</td>
<td>27.7 ▲</td>
</tr>
<tr>
<td>Cotton</td>
<td>---</td>
<td>-24.6</td>
</tr>
<tr>
<td>Rice</td>
<td>---</td>
<td>-9.1</td>
</tr>
<tr>
<td>Sorghum</td>
<td>---</td>
<td>45.3</td>
</tr>
<tr>
<td>Soybean</td>
<td>17.0</td>
<td>8.0</td>
</tr>
</tbody>
</table>

**Louisville zone Ag. Banker’s 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>20</td>
<td>20</td>
</tr>
<tr>
<td>Available funds</td>
<td>0</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Loan repayments</td>
<td>0</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Farm income</td>
<td>0</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>0</td>
<td>20</td>
<td>20</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

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, August forecast