Infrastructure and the U.S. Rural Economy

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President
November 5, 2015
The U.S. Economy: Uneven Growth

Annualized GDP Growth Rate (1/13 – present)

Source: U.S. Bureau of Economic Analysis
The U.S. Economy: Jobs

Unemployment & Hourly Wages (1/13 – present)

8.0% in January 2013
5.1% in September 2015

Source: U.S. Bureau of Labor Statistics
The U.S. Economy: Jobs

Unemployment & Hourly Wages (1/13 – present)

Slow wage growth

Source: U.S. Bureau of Labor Statistics
The U.S. Economy: Inflation

Consumer Price Index (1/13 – present)

-1% 0% 1% 2% 3%

Core CPI excluding food and energy

CPI, all goods and services

Source: U.S. Bureau of Labor Statistics
Fed Delays Rate Liftoff

BY JON HILSENRATH

The Federal Reserve left short-term interest rates unchanged after weeks of market-churning debate, putting off a historic move to end an era of ultra-cheap credit amid worries about weak growth overseas.

While central-bank officials don’t believe recent global economic and market turbulence will throw the U.S. economy off track, they want to be sure before they push rates higher.

“In light of the developments that we have seen and the impacts on financial markets, we want to take a little bit more time to evaluate the likely impacts on the United States,” Fed Chairwoman Janet Yellen said Thursday at a press conference following a two-day policy meeting.

The decision left uncertain for a while longer just when the Fed would raise its benchmark rate, which has been near zero since December 2008. Most of the policy makers at the meeting, 13 of 17, indicated they still expect to move this year, but that was down from the 15 who held that view in June. The central bank has two more scheduled policy meetings this year, in late October and mid-December.

U.S. stock markets gyrated after the Fed announcement.

Please see RATES page A2
Revised Projections

Fed Projections For 2016 – June vs. September

Growth
- June projection: 2.5%
- September projection: 2.3%

Unemployment
- June projection: 5.1%
- September projection: 4.8%

Inflation
- June projection: 1.8%
- September projection: 1.7%
“The state of the economy, not the Fed, is the ultimate determinant of the sustainable level of real returns.”

- Ben Bernanke
An Uncertain Outlook
Headwinds For Rural America

- Lower commodity prices hurting U.S. farm incomes
- Stronger dollar makes U.S. ag exports less competitive
- Slower economic growth in China will impact U.S. ag exports
- “Oil patch” states hit by decline in oil prices
- Political paralysis in Washington, D.C.
The Importance of Infrastructure
CoBank’s Role

- $18 billion rural infrastructure portfolio
- Community facilities initiative
- Equity funds focused on rural community development
- Public-private partnerships promoting infrastructure investment
- Corporate social responsibility programs