

Kansas Economic Outlook for 2023 Remains Optimistic Despite National Headwinds

The economic outlook for Kansas in 2023 remains relatively optimistic compared to national sentiment, according to a new presentation by Jeremy Hill. While the state forecast missed on some areas like Topeka and government spending in 2022, growth is expected to continue in key sectors like production, trade and services.

Major themes from the presentation include:

- Inflation remains high, driven largely by energy prices, putting pressure on households. However, housing and food inflation has been more muted in Kansas compared to national averages.
- Strong export growth, especially in manufacturing and agriculture, points to robust global demand for Kansas goods. The state's economic index is hitting new highs post-pandemic.
- Labor shortages continue, with wages unable to keep pace with national levels, especially outside of Kansas City. Firms expect to compete heavily on wages again in 2024 to attract talent.
- The unemployment rate remains low and job openings are abundant, especially in manufacturing as new investments come online. Entrepreneurship is also booming.
- Business optimism remains high in Kansas, with most firms expecting improved profit margins and continued growth despite looming concerns like Fed policy and recession risks.

While headwinds persist on the national level, the presentation forecasts real GDP growth of 2% in Kansas for 2024. The state appears poised to ride out national volatility thanks to strong performance in key exporting industries and a resilient labor market.