Kentucky’s Economic Outlook 2024

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Overview

• Economy seems to be responding as hoped:
  • Inflation pressures have eased
  • Employment continues to grow but at slower pace...mostly

• Kentucky
  • Significant employment growth in 2023
  • Broadly shared across many of KY’s major sectors

• Soft landing seems likely
Inflation: Consumer Price Index (CPI) 12-Month Percent Change

Real Gross Domestic Product, Percent Change
Kentucky & U.S.

Source: US Bureau of Economic Analysis.
Unemployment Rates
Kentucky & U.S.

Kentucky’s Nonfarm Employment (Jobs)

Share of Kentucky Employment 2023 by Sector

- Government: 15.2%
- Trade, Transportation, & Utilities: 21.5%
- Education & Health Services: 15.0%
- Leisure & Hospitality: 9.9%
- Leisure & Hospitality: 9.9%
- Construction: 4.4%
- Financial Activities: 4.7%
- Manufacturing: 12.9%
- Mining & Logging: 0.4%
- Information: 1.1%
- Other Services: 3.4%
- Government: 15.2%
- Prof. & Business Services: 11.5%
Total Nonfarm Employment, Percent Change from January 2020

Manufacturing Employment Percent Change from January 2020

Construction Employment
Percent Change from January 2020

## Change in Average Annual Employment
### 2022 to 2023

<table>
<thead>
<tr>
<th>KY Change (000s)</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>-5</td>
<td>-4</td>
</tr>
<tr>
<td>0</td>
<td>-2</td>
</tr>
<tr>
<td>5</td>
<td>0</td>
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<tr>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>15</td>
<td>4</td>
</tr>
<tr>
<td>Total Nonfarm</td>
<td>6</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>8</td>
</tr>
<tr>
<td>Mining &amp; Logging</td>
<td>10</td>
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<tr>
<td>Information</td>
<td>12</td>
</tr>
<tr>
<td>Other Services</td>
<td>14</td>
</tr>
<tr>
<td>Prof. &amp; Business Services</td>
<td>16</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>18</td>
</tr>
<tr>
<td>Construction</td>
<td>20</td>
</tr>
<tr>
<td>Trade, Trans., &amp; Utilities</td>
<td>22</td>
</tr>
<tr>
<td>Government</td>
<td>24</td>
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<tr>
<td>Manufacturing</td>
<td>26</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>28</td>
</tr>
</tbody>
</table>

- **Financial Activities**: -2.6
- **Mining & Logging**: 0.4
- **Information**: 0.6
- **Other Services**: 2.3
- **Prof. & Business Services**: 3.7
- **Leisure & Hospitality**: 4.7
- **Construction**: 6.5
- **Trade, Trans., & Utilities**: 7.3
- **Government**: 7.3
- **Manufacturing**: 7.7
- **Education & Health Services**: 13

### Source
U.S. Employment Cost Index for Private Workers
Wages and Salaries and Benefits

All Private Industry Workers

4th Quarter 2023
12-month % Change

Housing Market
Housing Market

Number of Listings, KY

U.S. Housing Price Index, Percent Change from Prior Month

Housing Price Index, Percent Change from Prior Quarter

Kentucky

Percent Change 2023 Q2 to Q3

- WV: 4.0%
- OH: 2.8%
- VA: 2.4%
- IL: 2.3%
- US: 2.1%
- MO: 2.1%
- KY: 1.7%
- IN: 1.6%
- TN: 1.6%

U.S. Construction Costs (% Change from Jan 2020)

Construction Price Index for Single-Family Houses

Prices for Construction Related Inputs

Source: US Census Bureau, Construction Price Indexes.

Housing Permits for Single Family Units (Units Authorized)

Source: US Census Bureau.
Outlook

• Economy continues to slows, but likely to avoid recession

• Unemployment rate increases gradually

• Inflation pressures ease

• Fed could begin cautiously lowering interest rates in last half of year

• High level of uncertainty remains
<table>
<thead>
<tr>
<th>Economic Outlook</th>
<th>2024</th>
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</thead>
<tbody>
<tr>
<td>Real GDP—US</td>
<td>1.4%</td>
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<tr>
<td>Real GDP—Kentucky</td>
<td>1.1%</td>
</tr>
<tr>
<td>Inflation—US</td>
<td>2.7%</td>
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<tr>
<td>Unemployment Rate—US</td>
<td>4.1%</td>
</tr>
<tr>
<td>Unemployment Rate—Kentucky</td>
<td>4.5%</td>
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<tr>
<td>Nonfarm Employment—US</td>
<td>1.4%</td>
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<tr>
<td>Nonfarm Employment—Kentucky</td>
<td>1.3%</td>
</tr>
<tr>
<td>Manufacturing Employment—Kentucky</td>
<td>-1.0%</td>
</tr>
</tbody>
</table>
Percent Change in Employment Since January 2013

- Total Nonfarm
- Mining & Logging
- Construction
- Manufacturing
- Trade, Trans., & Utilities
- Information
- Financial Activities
- Prof. & Business Services
- Education & Health Services
- Leisure & Hospitality
- Other Services
- Government

KY: Kentucky
Ky’s Bordering States
US: United States
Consumer Sentiment (1996=100)

Source: University of Michigan.