

Union Bank is pleased to continue providing you with the *Kansas City Economy Tracker*, a single source for key economic data specific to Kansas City and the Region. National trends and indexed are also covered in this publication.

At Union Bank, we appreciate your continued business and are grateful that you have chosen us as your trustworthy financial partner. We look forward to building stronger relationships with each and every one of you in 2010.

To our customers and friends, we extend our Best Wishes for a successful New Year. May your resolutions become realities and your financial needs be fulfilled.

Jeffrey J. Jernigan
President and CEO
Union Bank

Kansas City Home Sales
Existing Single-Family Homes - NSA

	Nov-08	Nov-09
New home sales	162	246
Existing home sales	1,356	2,208
Total market inventory	16,937	14,659
Months of supply	7.5	6.8

Source: Kansas City Regional Association of REALTORS*
NSA = not seasonally adjusted

Kansas City Home Permits
Authorized Units Privately Owned - NSA

	Total	Y-Y Change
October-08	313	
October-09	454	+45.0%
November-08	479	
November-09	213	-55.5%

Source: U.S. Census Bureau NSA = not seasonally adjusted

Kansas City Employment

National Unemployment Average 10.0% - December 2009 - NSA
Employment Change* Unemployment Rate

October-08	-195	6.0%
October-09 (r)	+218	8.4%
November-08	-3,400	6.2%
November-09	-1,644	8.3%

Source: Bureau of Labor Statistics NSA = not seasonally adjusted
*Change from prior month (r) = revised data

Carlson Index

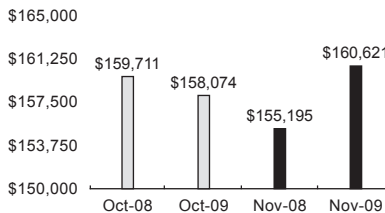
In the third quarter of 2009, each job in Kansas City generated an average of \$4,546 in retail sales expenditures. This was a 6.4% decrease from the second quarter of 2009.

Source: The Carlson Group

Kansas City Economic Benchmarks

Kansas City Average Home Price*

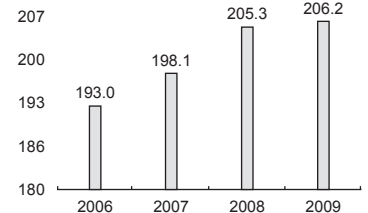
U.S. Median: \$172,600 in November



Source: Kansas City Regional Association of REALTORS*
*Average price for existing single-family home

Kansas City* Consumer Price Index

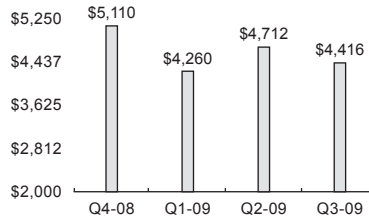
1982-84 = 100 (U.S. Avg 217.2) NSA



Source: Bureau of Labor Statistics
*Midwest Urban Region NSA = not seasonally adjusted

Greater Kansas City Retail Sales

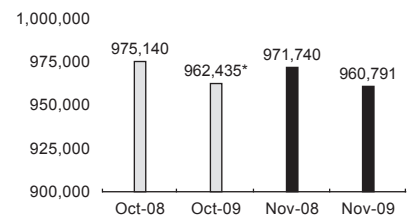
In Millions (000,000s) NSA



Source: Missouri Department of Revenue/Kansas Department of Revenue
NSA = not seasonally adjusted

Kansas City Employment

NSA



Source: Bureau of Labor Statistics
NSA = not seasonally adjusted *revised data

**Mortgage rates: 30 yr - 5.23%, 15 yr - 4.69%, 5/1 - ARM 4.47%;
1 yr CD - 1.39%; money market yield - 0.90%**

Source: WSJ 01/14/2010

Inside The Economy

Treading Water

It's January, and so far we're witnessing a mighty struggle as the national and world economies extract themselves from the mud of recession. It appears that so far, it's one foot forward and one step back. I remain convinced that the key indicators are those associated with employment. Of course, the unemployment rate recently nudged down a little bit from 10.2% to 10.0%. The reason, though, is that the denominator in the unemployment ratio (the number of people in the labor force) decreased because a great many workers stopped looking for work—thus, by definition, reducing the labor force. In fact, in December the economy managed to lose another 86,000 jobs.

Manufacturing was up, but sales of existing homes dropped. The stock market remains on a roller coaster, with new information jerking traders in one direction or another daily. I have little doubt this will be the situation for at least the current quarter, and perhaps longer, because of a parallel problem—restrictive credit. A lot of underperforming loans are still outstanding, the banks and the government are requiring increased credit quality to make loans, and the housing market will not be a strong force for economic recovery. Unemployment, tight credit, a slow housing market, and weak stimulus from the American Recovery and Reinvestment Act are among the anchors that will continue to cause drag on recovery. Absent a whole new approach, the economy will remain relatively anemic in the next few months, with the occasional bright spot.

What new approach, you ask. Answer: job stimulus on massive scale is the—oh, duh!—key. Who has to create jobs? Answer: private business. What does private business need to fire up hiring? Answer: incentives. What kind of incentives? Answer: tax credits for net permanent hiring—create a job, hire an employee, and get a tax write-off if the job exists for more than one year. Will it happen? Answer: probably not. It looks too much like a business goodie, and it's way too obvious to capture anyone's imagination.

Author: Ken Maxey

Local Trends

Cost of Living Index Kansas City (Nat'l Avg = 100)

All items	96.6
Grocery	95.0
Housing	88.5
Utilities	90.8
Transportation	99.1
Health care	96.9
Miscellaneous	105.1

Source: ACCRA 3rd Qtr. 2009

Regional Tax Burden 2008 State and Local Taxes*

	Rate	Rank
Illinois	9.3%	30
Iowa	9.3%	31
Kansas	9.6%	21
Missouri	9.2%	32
Nebraska	9.8%	17
Oklahoma	9.8%	19
U.S. average	9.7%	--

Source: Tax Foundation *Compared to U.S. tax average. Includes local sales and property taxes.

Missouri Taxes State and Local Per Capita Taxes*

	Paid to MO	Paid to Other States
2002	\$1,893	\$861
2003	\$1,919	\$887
2004	\$2,030	\$958
2005	\$2,147	\$1,037
2006	\$2,188	\$1,174
2007	\$2,239	\$1,227
2008	\$2,261	\$1,248

Source: Tax Foundation *Includes local sales and property taxes.

Missouri Employment Growth Rates Change from Prior Year

	Q3-09	Q2-09	Q3-08	2008	2007
Total nonfarm	-2.8%	-2.7%	-0.2%	-0.1%	0.7%
Manufacturing (10%)	-9.6%	-10.9%	-3.4%	-3.6%	-2.2%
Other (nonmanufacturing) goods-producing (5%)	-12.0%	-9.4%	-5.4%	-4.2%	-0.1%
Private service-producing (69%)	-1.9%	-1.8%	0.4%	0.5%	1.1%
Government (16%)	1.4%	1.2%	1.5%	1.4%	1.4%
Unemployment rate (percent of labor force)	9.4%	8.8%	6.2%	6.1%	5.0%

Source: FDIC

Quick Fact

-5.6% | The change in Missouri employment between November 2007 and November 2009. The change in national employment was -4.9% during the same period.

Source: Bureau of Labor Statistics

National Trends

CEO Survey - Fourth Quarter 2009

	Increase	No Change	Decrease
How do you expect your company's sales to change in the next six months?	68%	15%	17%
How do you expect your company's U.S. capital spending to change in the next six months?	40%	44%	16%
How do you expect your company's U.S. employment to change in the next six months?	19%	50%	31%

Source: Business Roundtable Q4 2009. Survey is a forecast of economic conditions in the next six months. Some numbers do not equal 100 due to rounding.

U.S. Job Openings, SAAR

Survey Date	Job Openings (000s)
November 2009	2,415
October 2009 (r)	2,571
September 2009	2,586
August 2009	2,423
July 2009	2,408
June 2009	2,513
May 2009	2,523
April 2009	2,513

Source: Bureau of Labor Statistics SAAR = seasonally adjusted annual rate (r) = revised

Housing Starts, SAAR

	Units (000s)	Percent Change
October-08	763	
October-09 (r)	527	-30.9%
November-08	655	
November-09	574	-12.3%

Source: U.S. Census Bureau SAAR = seasonally adjusted annual rate (r) = revised

New Home Sales, SAAR

	Units (000s)	Percent Change
October-08	409	
October-09 (r)	400	-19.8%
November-08	390	
November-09	355	-8.9%

Source: U.S. Census Bureau SAAR = seasonally adjusted annual rate (r) = revised

Domestic Automotive Units (000s)

	U.S. Production	Unit Sales	Inventory Level
October-08	310.2	319.8	1,042.8
October-09	240.0	304.5	671.6
November-08	278.0	282.4	1,149.5
November-09	228.2	317.9	733.5

Source: Bureau of Economic Analysis

Personal Income

In Billions of Dollars, SAAR

	Jun-09	Jul-09 (r)	Aug-09 (r)	Sep-09 (r)	Oct-09 (r)	Nov-09
Personal income	12,029 ▼	12,050 ▲	12,084 ▲	12,116 ▲	12,150 ▲	12,199 ▲
Disposable personal income	10,959 ▼	10,964 ▲	10,998 ▲	11,031 ▲	11,081 ▲	11,135 ▲
Personal consumption expenditures	10,050 ▲	10,068 ▲	10,197 ▲	10,132 ▼	10,196 ▲	10,244 ▲

Source: Bureau of Economic Analysis SAAR = seasonally adjusted annual rate (r) = revised

Gross Domestic Product

Q3-08	-2.7%
Q4-08	-5.4%
Q1-09	-6.4%
Q2-09	-0.7%
Q3-09 (r)	2.2%

Source: Bureau of Economic Analysis Percent change from prior qtr. (r) = revised

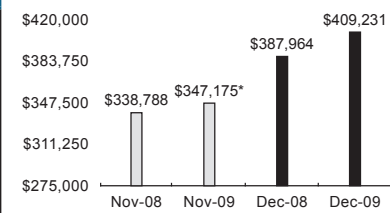
Consumer Confidence Index

Aug-09	54.5
Sep-09	53.4
Oct-09	48.7
Nov-09 (r)	50.6
Dec-09 (p)	52.9

Source: The Conference Board 1985 = 100 (p) = preliminary (r) = revised

Total U.S. Retail Sales

In Millions (000,000s) NSA



Source: U.S. Department of Commerce NSA = not seasonally adjusted *revised data