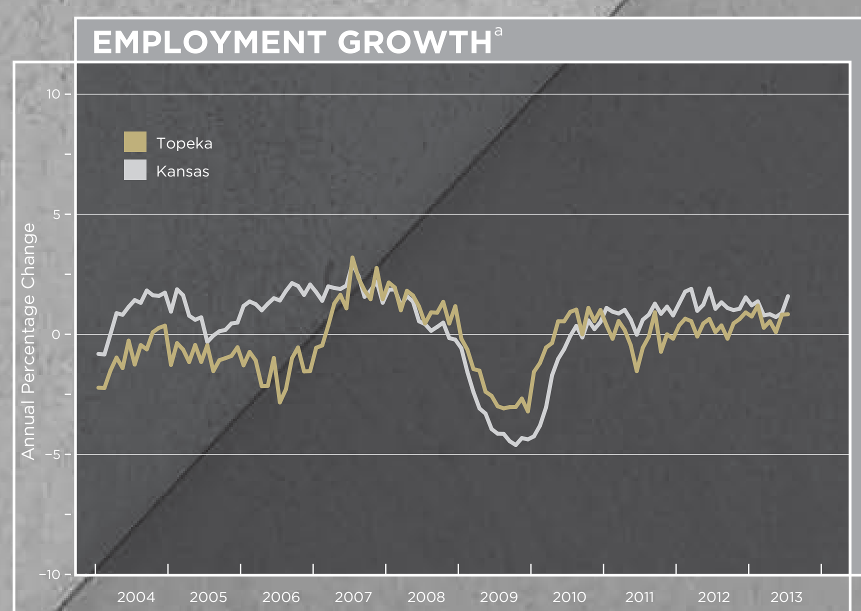
ECONOMIC OVERVIEW

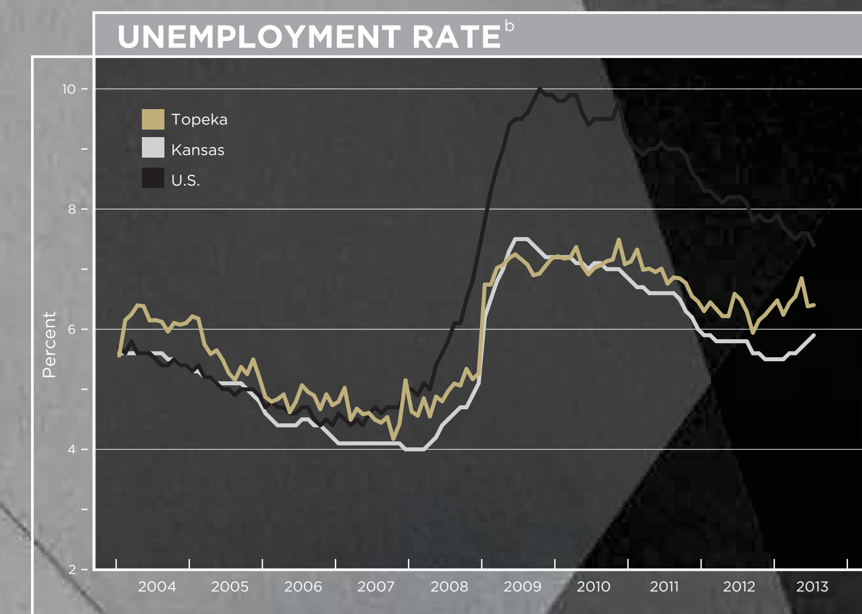
MORTGAGE RATES SHOULD REMAIN BELOW 5.25 PERCENT THROUGH THE END OF NEXT YEAR.

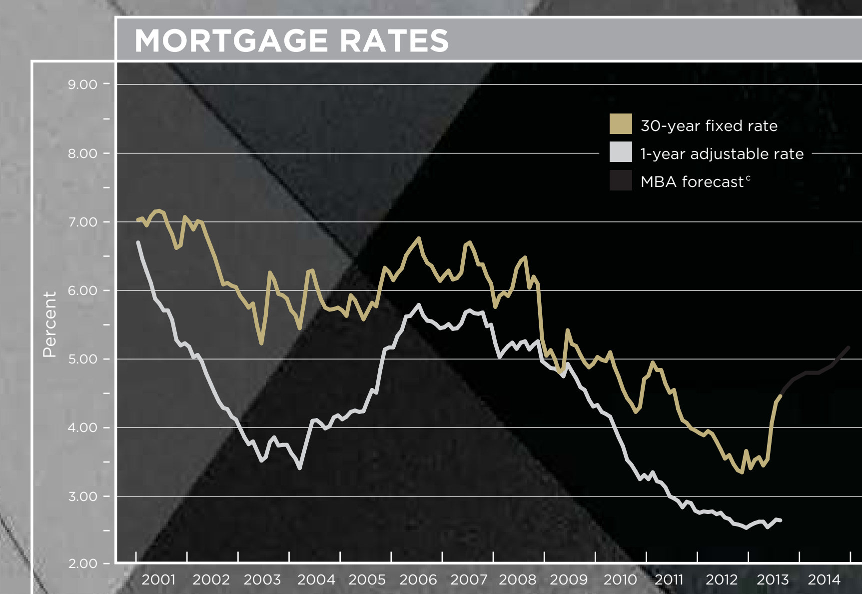
The Topeka area lost jobs throughout the beginning of the last recovery, with employment growth turning positive only in 2007. Although Topeka didn't lose jobs at the same rate as the rest of the state during the recession, it has yet to show any meaningful recovery since.



As a result, the small drop in the Topeka unemployment rate since 2011 seems to be due more to people dropping out of the labor force than it is from people finding work. What may have once been a stabilizer for the Topeka economy—government employment—may prove to be a drag for the foreseeable future.

After hitting all-time lows late last year, mortgage rates rose sharply in June. Even if rates rise above 5 percent next year, however, they will still be remarkably low by any standard. As a result, rising rates shouldn't put too much of a damper on the housing market.





Sources:
U.S. Bureau of Labor Statistics; Freddie Mac; Mortgage Bankers Association

Notes:
a) Year-over-year percentage change in total non-farm employment
b) Seasonally adjusted
c) Mortgage Bankers Association August 2013 forecast of the 30-year conventional mortgage rate