U.S. and Oklahoma Economic Outlook

CRA Roundtable
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The U.S. Economic Outlook
GDP improved in Q4, led by consumers and residential investment

Growth in Components of Real GDP

Percent change from the previous period, SAAR

Source: U.S. Bureau of Economic Analysis
Employment growth has been fairly solid and business indexes remain expansionary.

U.S. Private Payroll Employment and Business Indexes

At its meeting last week, the FOMC expected solid GDP growth in 2012

Real Gross Domestic Product

Percent change, year-over-year

Source: U.S. Bureau of Economic Analysis, FOMC
But for unemployment to only come down slowly the next few years.
And for inflation pressures to stabilize after rising with oil and food prices in 2011

Source: U.S. Bureau of Economic Analysis, FOMC
For the first time, the FOMC also released forecasts for interest rates.

Federal Funds Rate
Year-end target

Note – Number of participants who project the initial increase will occur in the specified year in parenthesis.

Source: U.S. Bureau of Economic Analysis, FOMC
The Oklahoma and Regional Economic Outlooks
There is considerable variation in economic strength across the nation.

Employment Growth, Year-over-Year (percent)
January 2012

Scale

- 1.59 - 6.33
- 1.20 - 1.59
- 0.64 - 1.20
- 0.64 - 0.72
- -0.72 - 0.64

Source: U.S. Bureau of Labor Statistics
The level of jobs in Oklahoma is nearly back to pre-recession levels, unlike the U.S.
Growth in most Oklahoma sectors was better than the nation, with a few exceptions.

Source: Bureau of Labor Statistics
Oklahoma’s unemployment rate has risen, as workers resume searching for jobs.

Unemployment Rate
Seasonally Adjusted

Source: U.S. Bureau of Labor Statistics
Unemployment is quite low in much of western, central, and southern Oklahoma.

County Unemployment Rates
December 2011
Oklahoma wages are catching up to those in surrounding states and the nation as a whole.
Oklahoma has seen net in-migration from other states since the 2010 Census.

Net Domestic Migration
April 1, 2010 - July 1, 2011

- Net inflows greater than 0.2%
- Little change in net migration
- Net outflows greater than 0.2%

Source: U.S. Census Bureau
Early 2012 data on regional and national factory activity show moderate growth

Source: KC, Dallas FRB Manufacturing Surveys
And home prices have held up considerably better than in the nation as a whole.

Home Price Index
Purchase-Only

Index: 2007Q2=100

Source: FHFA
Consumer debt is also less burdensome than in the U.S., even moreso than a decade ago.

Average Debt Per Consumer

Total Consumer Debt (excl. first mortgage)

Revolving Debt

Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax
Problem loans are still elevated in OK, but much less so than in banks nationally.

Noncurrent Loans as a Share of Total Loans
Commercial Banks

Source: FDIC
Oklahoma has much less trade exposure to Europe than the U.S. as a whole.

Exports to Europe as a Share of GDP

Source: WISERTrade, BEA
Farmland prices continue to surge, especially in Nebraska

Tenth District Non-Irrigated Cropland Values
Percent Change, Year-over-year

Source: FRBKC Agricultural Credit Survey
Oil and gas lease rates have continued to rise in Oklahoma and other energy states.

**Oil and Gas Lease Rates**
Most common bonus

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-----Tenth District energy states-----

---Other key land drilling states---

Source: Lierle Public Relations
Natural gas drilling has fallen sharply in the state, but oil has so far replaced the dropoff.
Conclusions

- The U.S. economy continues to grow moderately, amid limited inflation and continued risks from Europe.

- Growth in Oklahoma has slowed a bit recently but conditions remain much better than in the nation as a whole.
Questions?

For more information about the Oklahoma economy, subscribe to the quarterly **Oklahoma Economist** at: www.kansascityfed.org/publications/research/oke