U.S. and Oklahoma Economic Update

Stillwater Homebuilders Association
August 12, 2014

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Federal Reserve Bank of Kansas City
www.kansascityfed.org/oklahomacity
The Oklahoma City Branch of the Federal Reserve Bank of Kansas City

- **Functions – 40 staff**
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  - Economic and financial education outreach
  - Examinations of Oklahoma financial institutions

- **2014 board of directors**
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The U.S. Economy and Monetary Policy
GDP growth rebounded considerably in the second quarter, including in housing.

Growth in Components of Real GDP

Source: U.S. Bureau of Economic Analysis, Macroeconomic Advisors
And monthly data on U.S. business activity continued to rise in July

U.S. Private Payroll Employment and Business Indexes

U.S. unemployment continues to fall and could reach long-term levels by 2015

Sources: U.S. Bureau of Labor Statistics, FOMC
Inflation remains low and is expected to stay relatively subdued through 2016.

PCE Inflation Index

Percent change, year-over-year

Sources: U.S. Bureau of Labor Statistics, FOMC
Most members of the Fed’s monetary policy body expect higher interest rates by 2015

Federal Funds Rate
Year-end target

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

Sources: Federal Reserve Board, FOMC
The Oklahoma Economy
Oklahoma outpaced the U.S. and all but three other states in 2013 GDP growth.
Oklahoma employment continues to outpace the nation in 2014

Level of Payroll Employment
Through June 2014

Index: Jan-08=100

Source: U.S. Bureau of Labor Statistics
Employment in Payne County has declined slightly over the past year.

Source: U.S. Bureau of Labor Statistics
But unemployment in Payne County, as in much of Oklahoma, is under 5 percent.
Compared to the nation, Payne County has more state/local govt., energy, and hospitality employment.

### Payne County and U.S. Employment Share by Industry, 2013

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percent of Total Employment</th>
<th>Location Quotient</th>
</tr>
</thead>
<tbody>
<tr>
<td>State &amp; Local Government</td>
<td>38.8</td>
<td>14.1</td>
</tr>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>3.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>12.7</td>
<td>10.9</td>
</tr>
<tr>
<td>Construction</td>
<td>4.1</td>
<td>4.5</td>
</tr>
<tr>
<td>Trade, Transportation &amp; Utilities</td>
<td>16.0</td>
<td>19.8</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>3.9</td>
<td>5.9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>5.2</td>
<td>9.3</td>
</tr>
<tr>
<td>Education &amp; Health</td>
<td>7.5</td>
<td>15.6</td>
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<tr>
<td>Professional and Business Services</td>
<td>6.6</td>
<td>14.2</td>
</tr>
<tr>
<td>Information</td>
<td>0.8</td>
<td>2.1</td>
</tr>
<tr>
<td>Federal Government</td>
<td>0.8</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Note - Location quotient is the division of local employment share by national employment share.

Source: U.S. Bureau of Labor Statistics
Statewide, hospitality jobs are up a lot, while state/local govt. and energy jobs are flat-ish.
Oklahoma housing permits remain stronger than in the nation, and stabilized recently.

**Single-Family Housing Permits**
Seasonally adjusted

Number of permits, 3-month moving avg.

- **U.S. (left axis)**
- **OK (right axis)**

Source: U.S. Census Bureau
Home prices in the state are 10 percent higher than before the U.S. housing bust.
Summary

• U.S. economic growth rebounded in Q2, and the outlook is favorable for both unemployment and inflation

• Oklahoma’s economy continues to do well, and housing conditions are much better than in the nation
Questions and Links

For more information about the Oklahoma City Branch of the Federal Reserve Bank of Kansas City, visit our website at:

http://www.kansascityfed.org/oklahomacity/

For more information about the Oklahoma economy, subscribe to the quarterly Oklahoma Economist at:

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