U.S. and Oklahoma Economic Update

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The U.S. Economy and Monetary Policy
GDP growth was relatively strong in the second half of 2013

Growth in Components of Real GDP

Percent change from the previous period, SAAR

Source: U.S. Bureau of Economic Analysis, Macroeconomic Advisors
Monthly data show 2014 started out a bit slower, due in part to weather.

U.S. Private Payroll Employment and Business Indexes

Change from previous month, thousands

GDP forecasts for 2014-16 remain strong, as the economy recovers further.
Unemployment continues to fall and could reach long-term levels by 2015

Unemployment Rate
Seasonally Adjusted
Inflation remains relatively low and is expected to stay subdued through 2016

PCE Inflation Index

Percent change, year-over-year
Most FOMC participants project the first federal funds rate increase in 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 Fed’s balance sheet is now set to grow slightly slower in 2014 than in 2013

Federal Reserve Balance Sheet

Assets
- Short term lending, targeted lending programs, and rescue operations
- MBS & agency debt
- Treasury securities
- Other

Liabilities
- Currency
- Reserves
- Other

Sources: Federal Reserve Board
The Oklahoma Economy
OK employment is above pre-recession levels, with some differences across the state.
Since last year, federal jobs fell across the state, but some other sectors grew strongly.

Oklahoma Job Growth by Industry
Feb-14

Percent change year-over-year

Source: Bureau of Labor Statistics
Unemployment rates remain low throughout most of the state

Oklahoma County Unemployment Rates
January 2014
Rig counts have edged higher the last few months, driven by oil.

Oklahoma Active Drilling Rig Count
Seasonally Adjusted

Number of rigs

Source: Baker Hughes
And oil and gas production in the state has continued to increase.
Drought conditions persist in much of western Oklahoma.
Cattle inventory has dropped more in OK than elsewhere, but may have bottomed

U.S. Cattle Inventory
As-of January 2014

Source: USDA
Housing construction remained solid in 2013 despite slightly higher rates

Single-Family Housing Permits
Seasonally adjusted

Number of permits, 3-month moving avg.

Source: U.S. Census Bureau
Home prices are now well above pre-bust levels, unlike the nation

Home Price Index
Purchase-Only

Index: 2007Q1=100

Source: FHFA
Banking conditions in the state remain better than in the nation

Noncurrent Loans as a Share of Total Loans
Commercial Banks

Source: FDIC
U.S. economic growth has been solid with low inflation, and the outlook appears favorable for 2014.

Oklahoma’s economy also continues to grow, and conditions remain better than 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:

www.kansascityfed.org/publications/research/oke