Regional Economic Outlook:
With a Focus on Energy and Manufacturing

Chad Wilkerson
Oklahoma City Branch Executive
Federal Reserve Bank of Kansas City
Federal Reserve Districts and Office Locations
Tenth District job growth has slowed but remains well above the national average.
Most individual District states continue to outperform the nation

Private Employment Growth by State

Percent change year over year, 3-mo. moving avg.

Source: U.S. Bureau of Labor Statistics
And home prices have continued to appreciate in the region, unlike the nation.

Repeat Sales Home Price Index
Year-over-year growth

Source: OFHEO
But recent job growth has been flat to down outside of energy and education/health.

Employment Growth by Industry
September 2008

Percent change year over year

Source: U.S. Bureau of Labor Statistics
And regional unemployment claims are rising after lagging the nation most of the year.

Monthly Unemployment Insurance Claims

Percent change from a year ago

Source: U.S. Bureau of Labor Statistics
Short-term credit conditions worsened in September and are only beginning to ease.
Meanwhile, banks’ standards for business lending have tightened further

Source: FRB Senior Loan Officer Survey
Energy prices have also come down considerably since July.

Oil and Natural Gas Prices

Source: Baker-Hughes
Drilling activity remains at high levels, but is likely to cool in coming months.

Weekly Tenth District Rig Count

Number of Rigs

Source: Baker-Hughes
As in the nation, regional manufacturing activity has slowed sharply since August.
And factories are increasingly wary about future output and investment.
Farmers’ capital spending plans are also expected to ease going forward.

Tenth District Farm Capital Spending Index

Source: FRBKC Agricultural Credit Survey
The falling prices of materials may provide some degree of relief to factories.

Source: KCFRB
Summary

- The economy in the Tenth District remains stronger than in the U.S. but is clearly slowing.

- Regional oil and gas activity is likely to slow with falling prices, bringing increased economic uncertainty to areas previously doing well.

- Regional manufacturing has slowed sharply the last two months, and expectations are weak, though falling materials prices may help.