

Weathering the Storm: Oklahoma's Economy and Housing Markets

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www.kansascityfed.org/oklahomacity

The Oklahoma City Branch of the Federal Reserve Bank of Kansas City

- **Functions and purposes – 45 staff**

- **Connect the nation's central bank to Oklahoma communities, businesses, and banks**
- **Research on U.S. and Oklahoma economies, economic education and outreach**
- **Examinations of Oklahoma financial institutions (49 banks, 178 holding companies)**

- **2017 OKC Fed Branch Board of Directors**

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- **Clint Abernathy**, Owner, Abernathy Farms, Inc., Altus
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- **Katrina Washington**, Owner/Broker, Stratos Realty, Oklahoma City

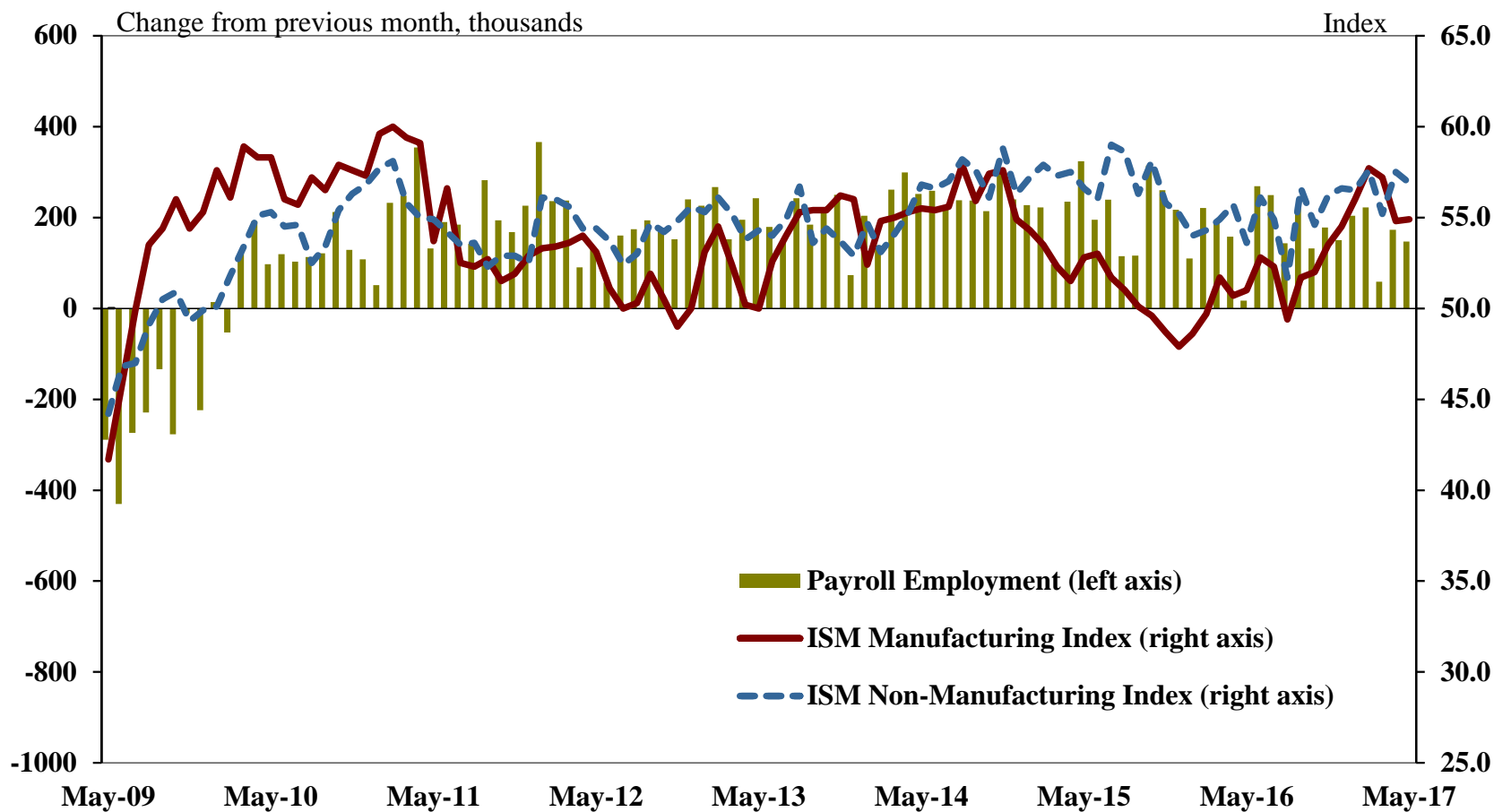
- **Oklahomans on Kansas City Fed head office Board**

- **Rose Washington (chair)**, Exec. Director, Tulsa Economic Development Corp., Tulsa
- **Doug Stussi**, EVP & CFO, Love's Travel Stops & Country Stores, Oklahoma City

The U.S. Economy and Monetary Policy

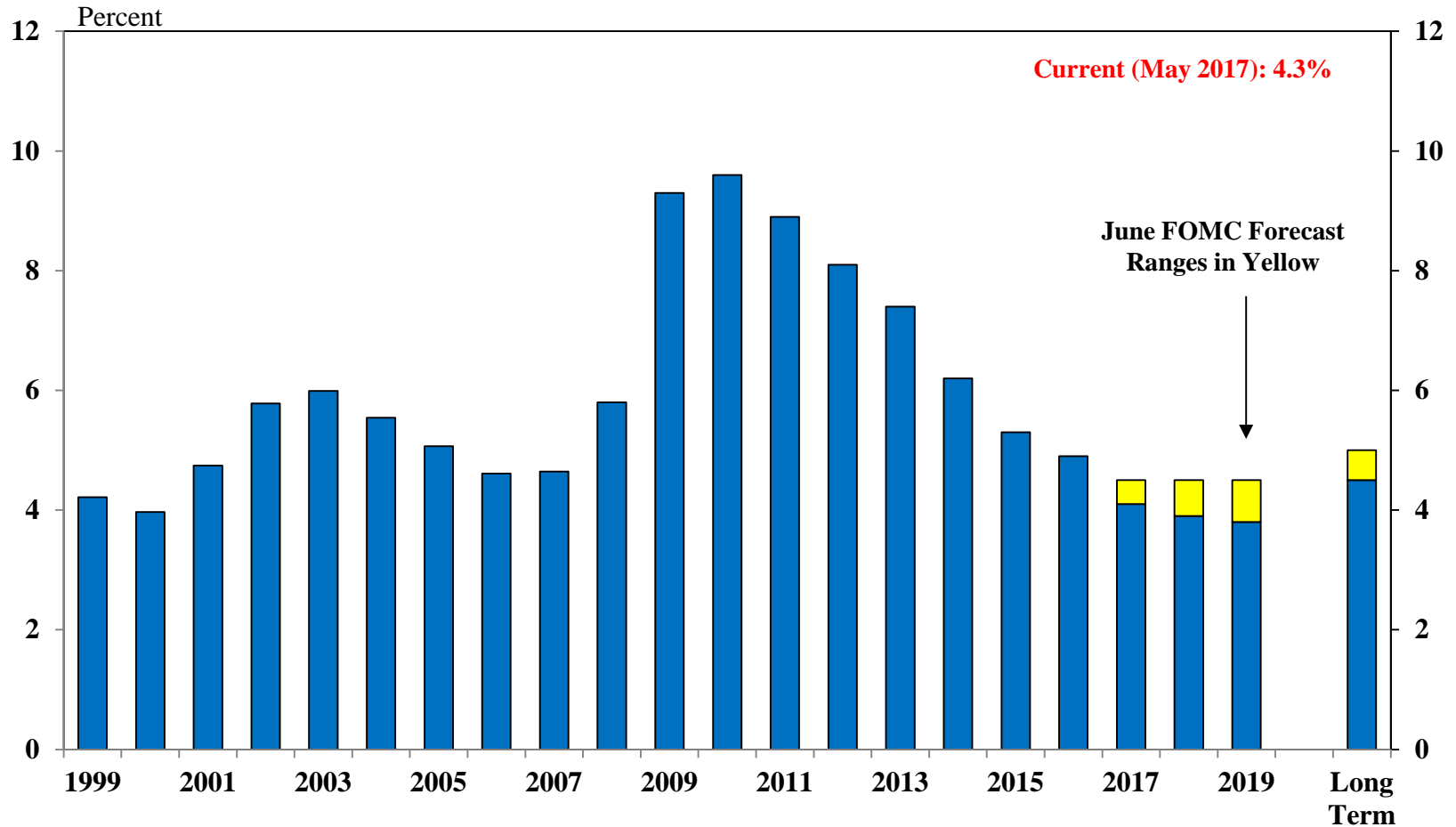
Most monthly data show U.S. economic growth remained solid in the first half of the year

U.S. Payroll Employment and Business Indexes



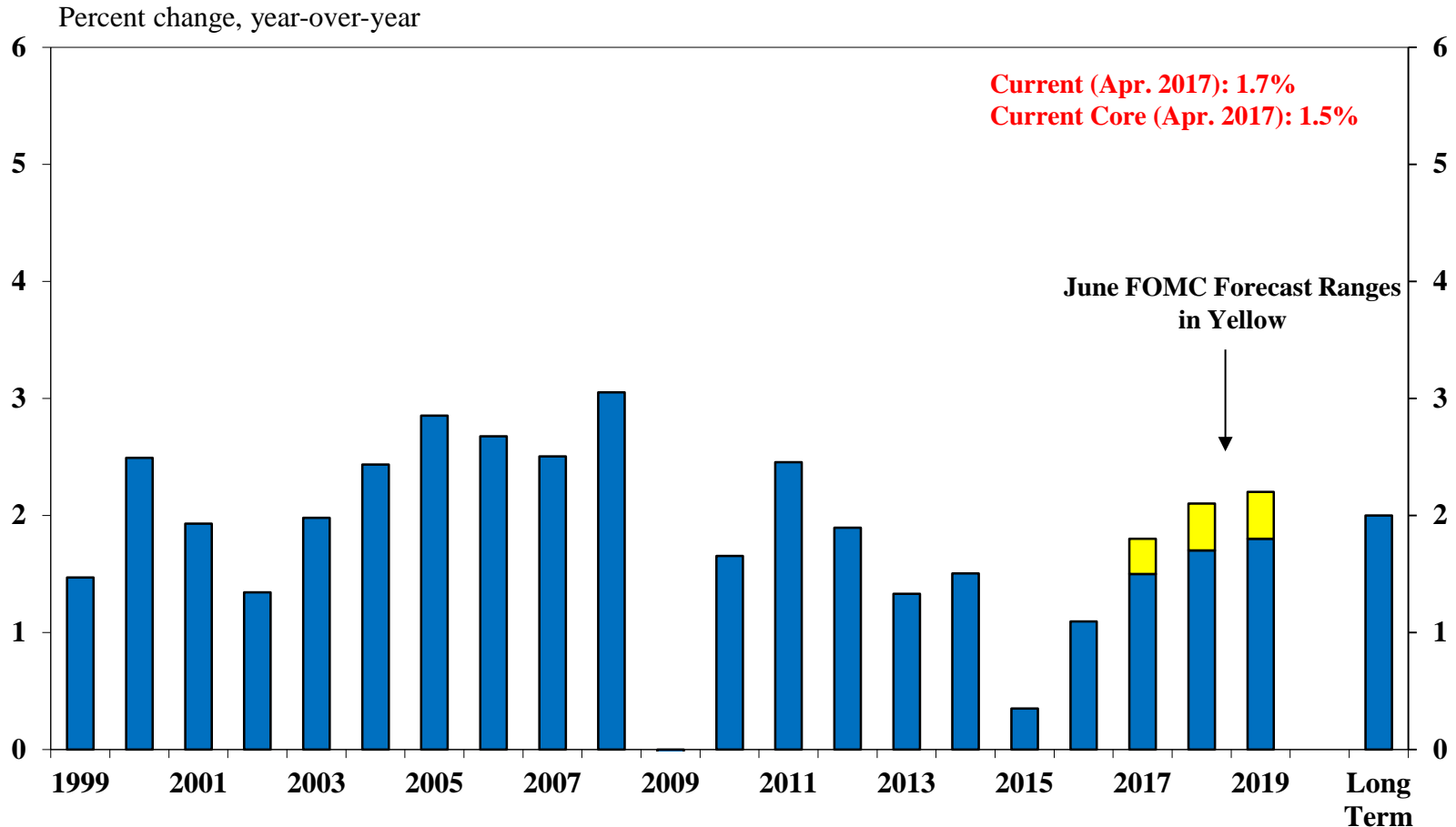
U.S. unemployment has fallen below long-term average levels

Unemployment Rate
Seasonally Adjusted



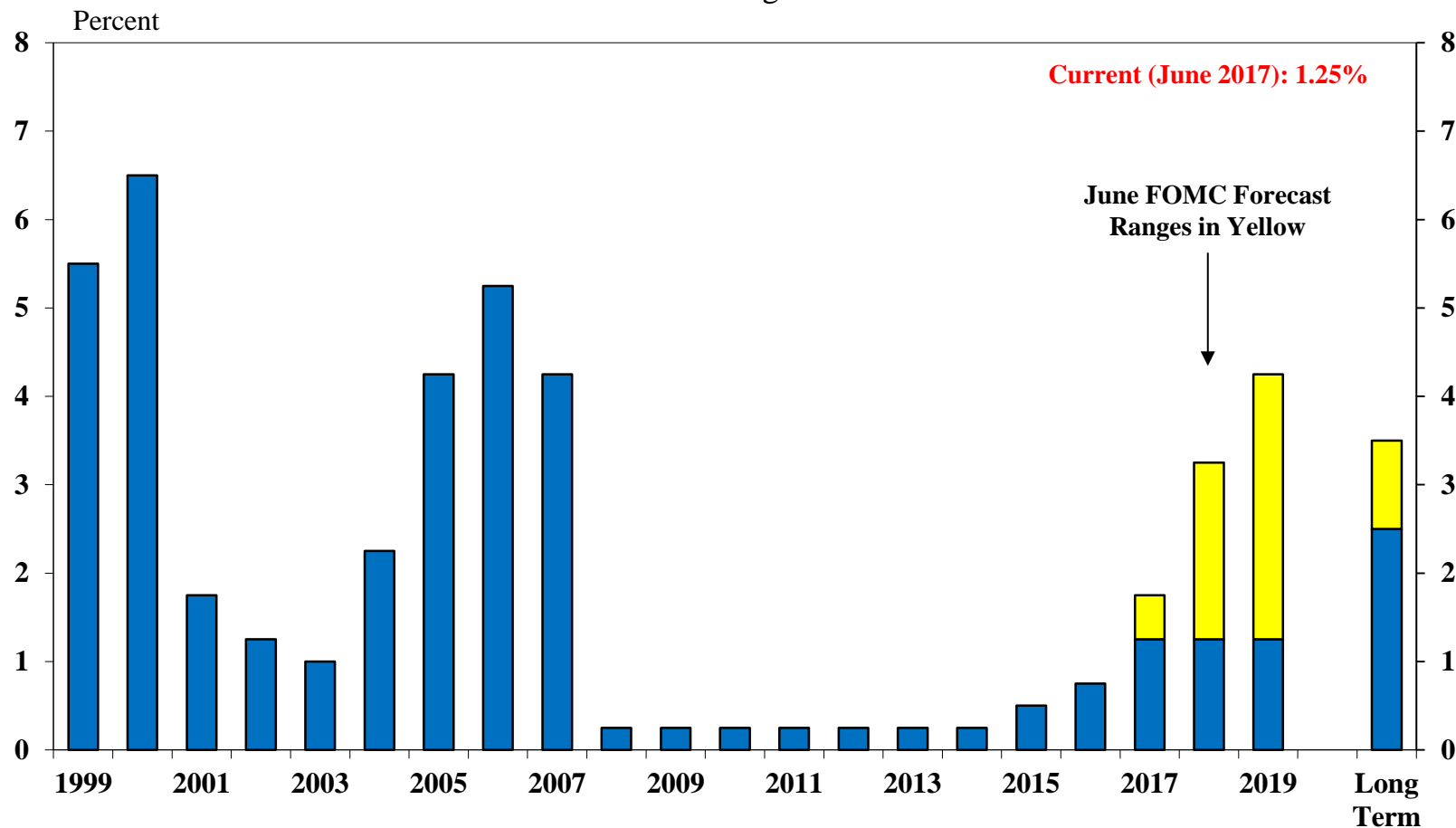
FOMC: “Inflation should stabilize around the Committee’s 2 percent objective over the medium term”

PCE Inflation Index



“The [FOMC] expects that economic conditions...will warrant ...gradual increases in the federal funds rate”

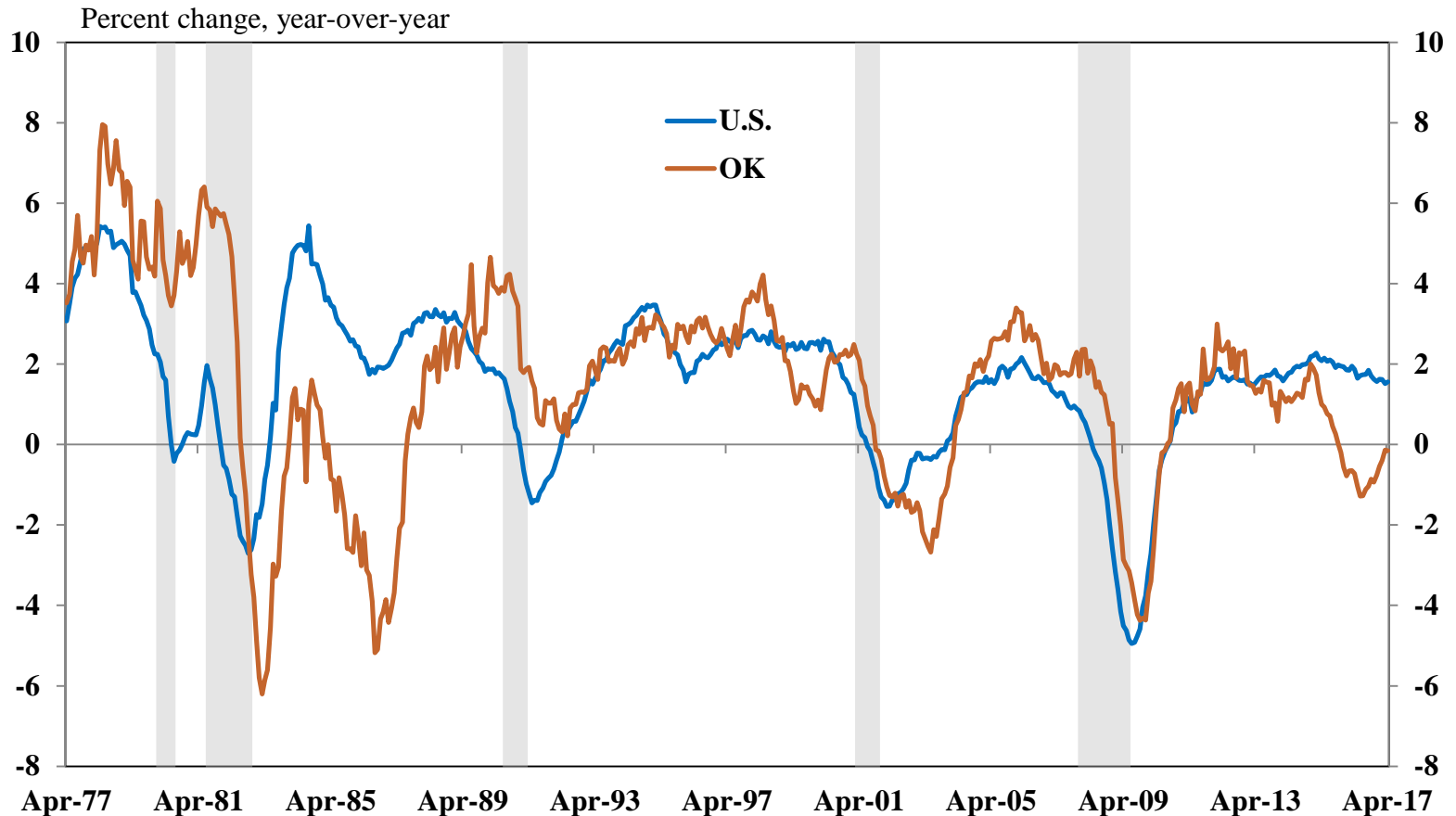
Federal Funds Rate Year-end target



Trends in the Oklahoma Economy and Housing

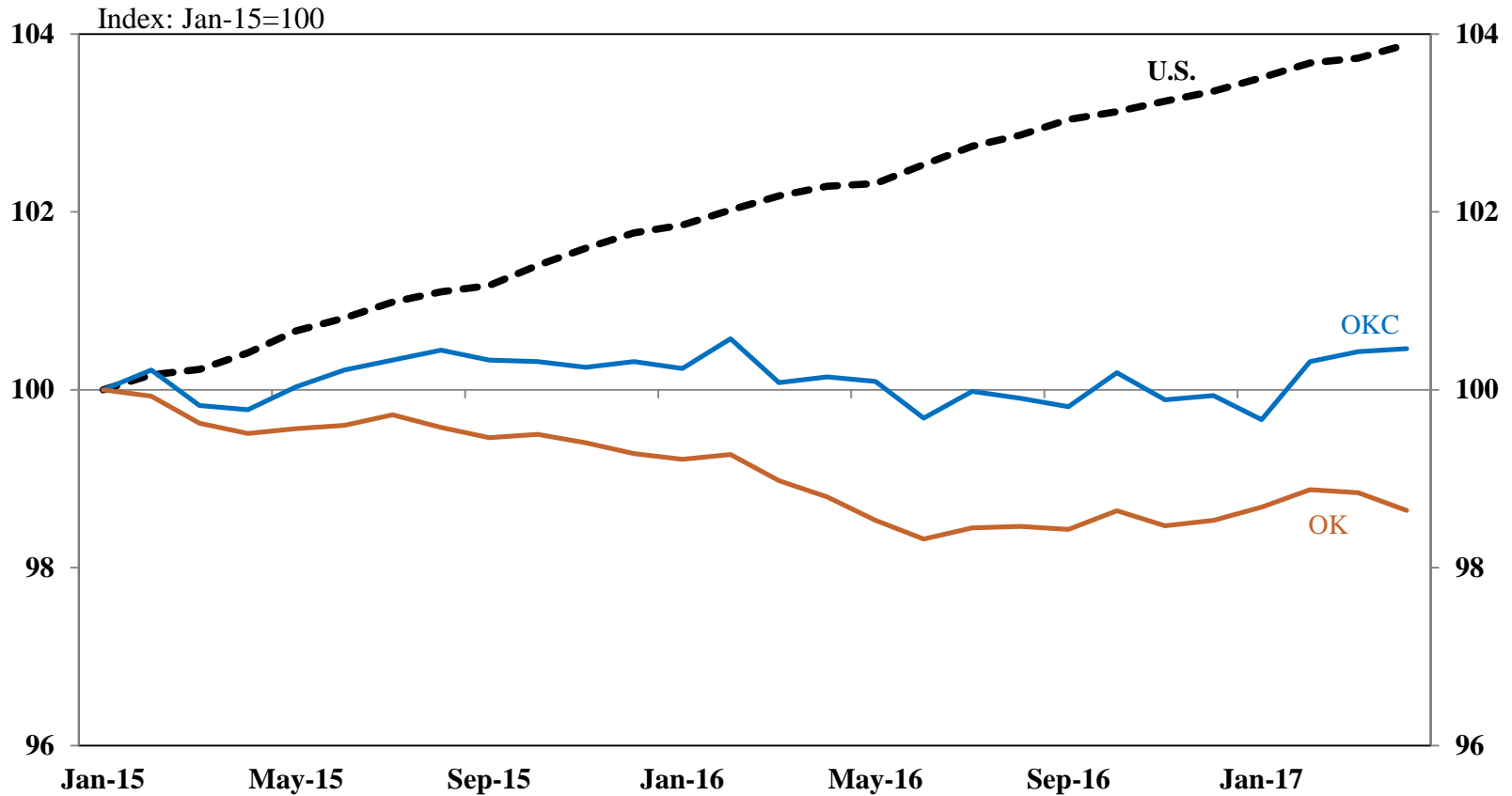
2016 was the largest divergence between U.S. and Oklahoma job growth since the 1980s

Payroll Employment Growth



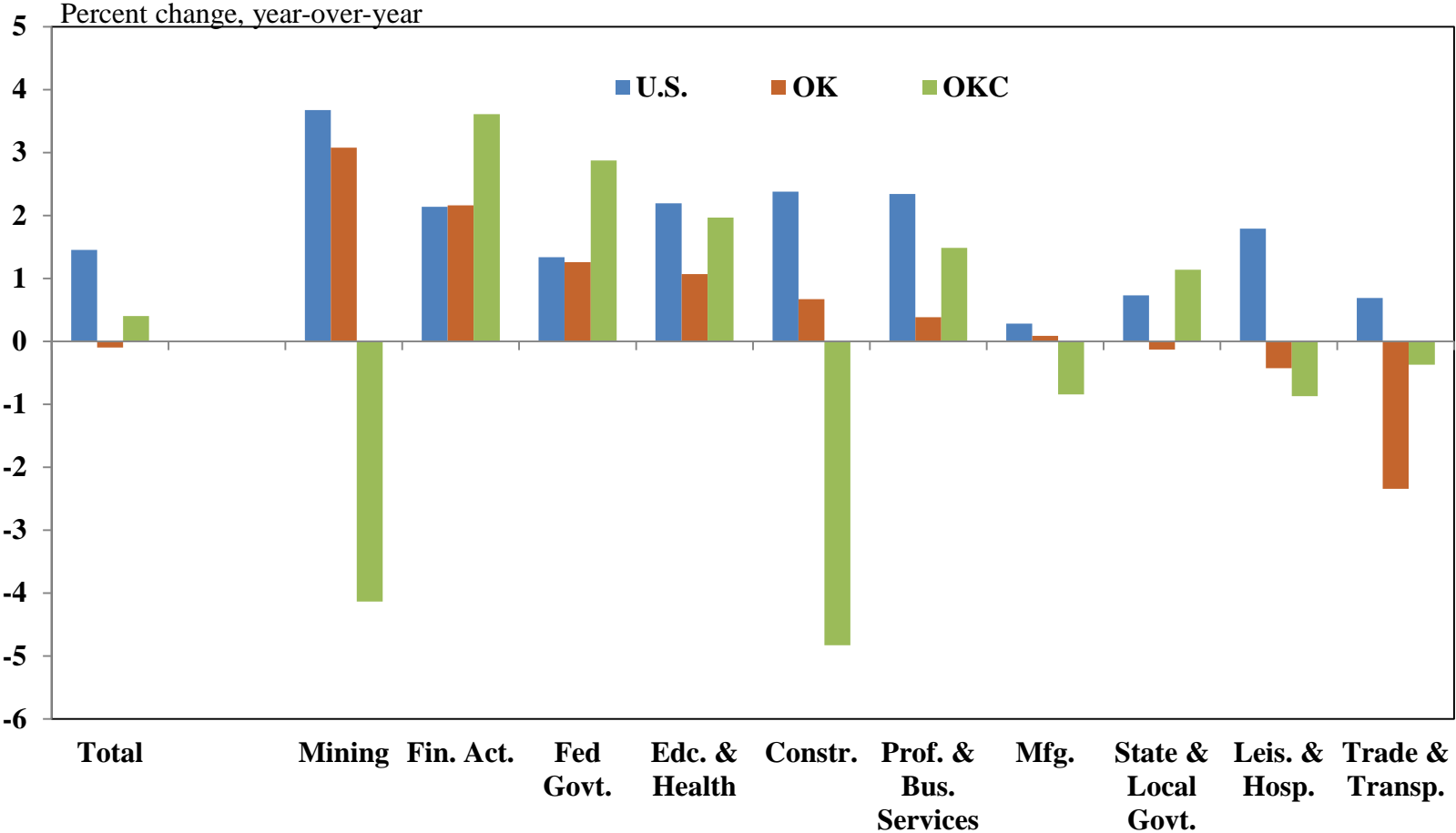
But employment in the state has stabilized, and the metro has begun to add jobs again lately

Level of Payroll Employment
Through April 2017



Jobs in most industries are above year-ago levels, but lag in state/local government and consumer spending

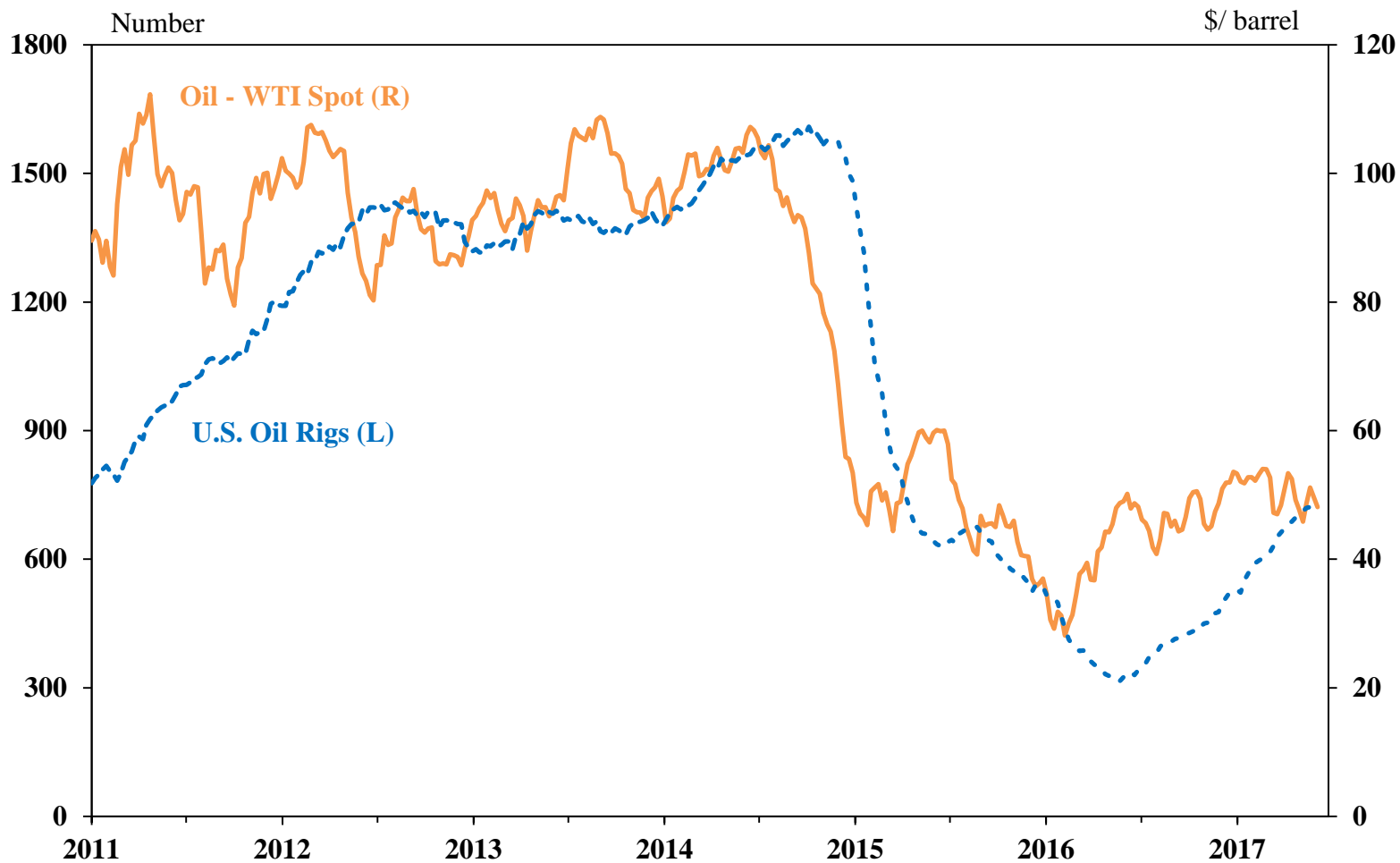
Job Growth by Industry
Apr-17



Source: Bureau of Labor Statistics

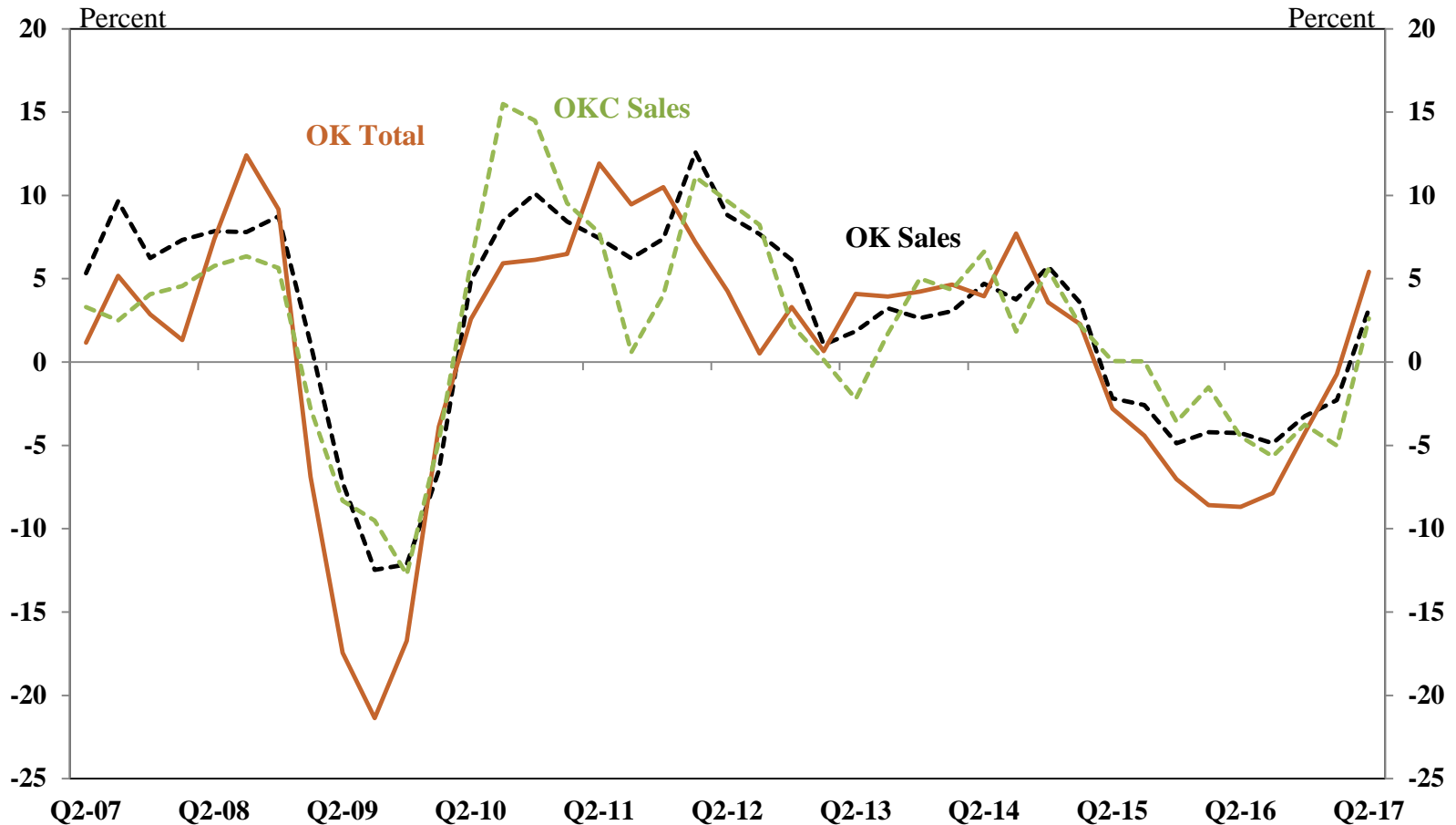
Oil prices' recent rise to \$50/barrel has been followed by a near-doubling in the rig count

Oil Spot Prices and Rig Counts



State and city tax revenues have finally risen back to year-ago levels, after falling for 2 years

Tax Receipts
Through Q2-17*



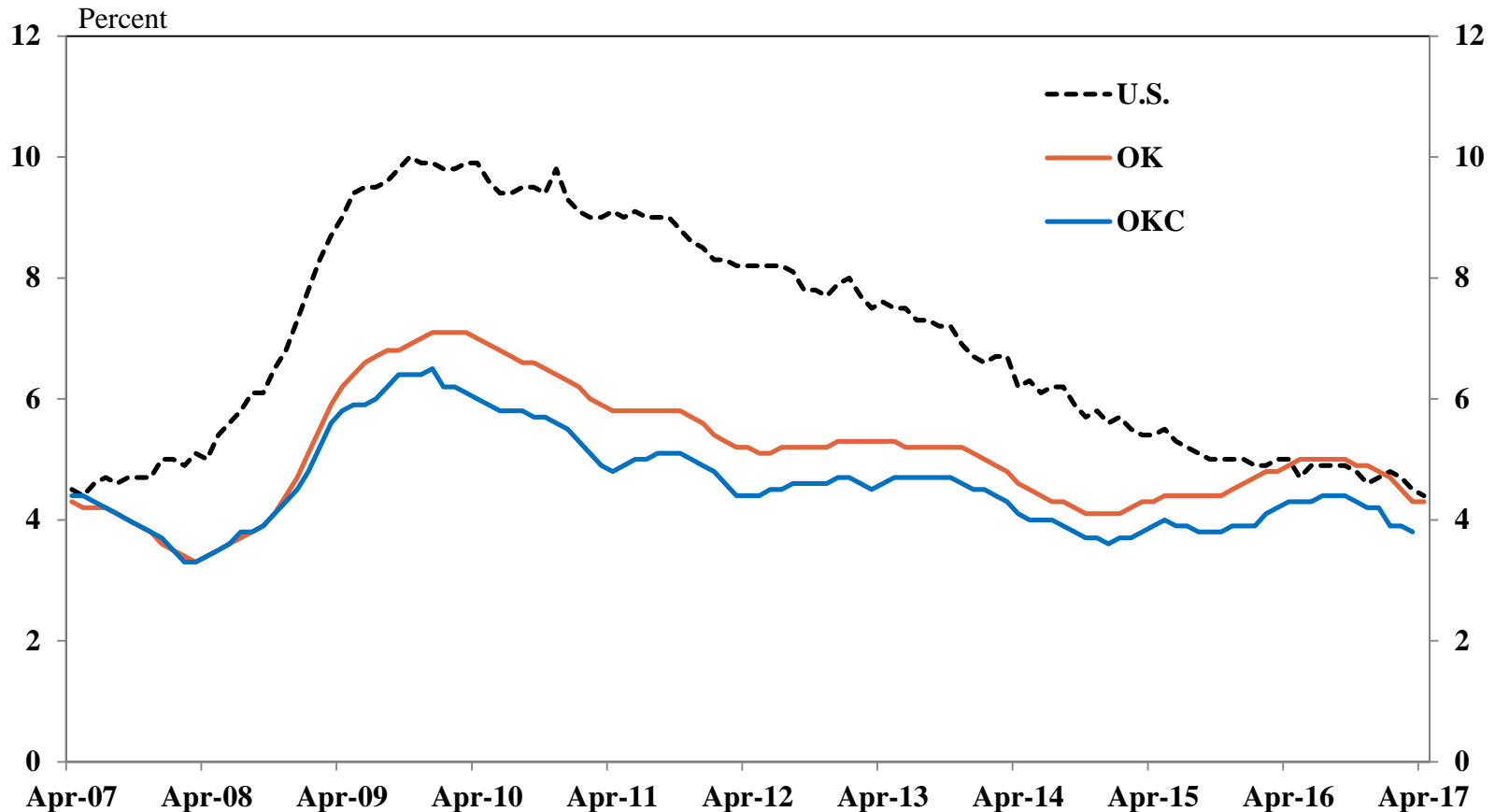
Note: Q2-17 includes April and May for OK and only April for OKC



Source: OK Tax Commission

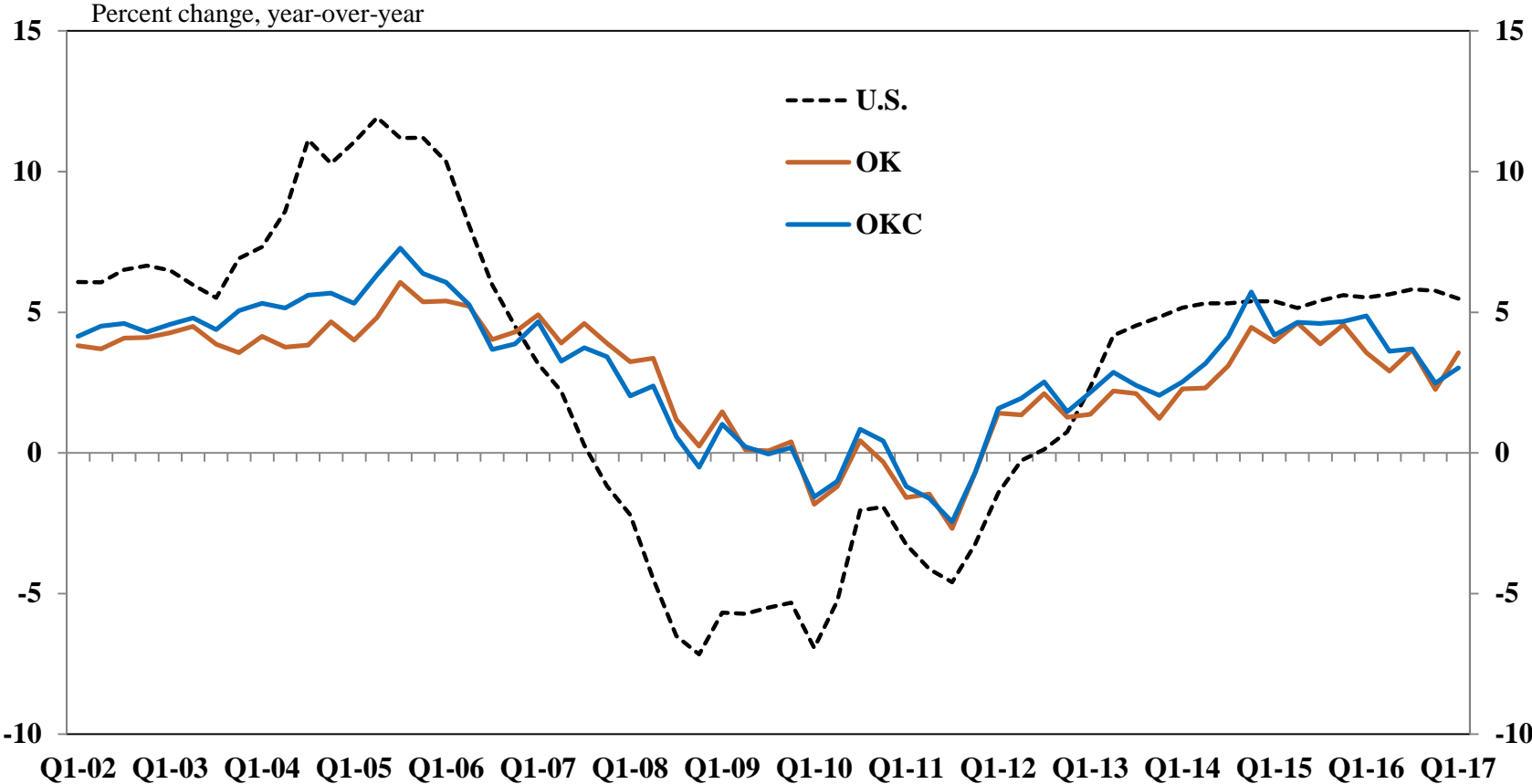
State and metro unemployment ticked up last year but has since moved back down

Unemployment Rates
Seasonally Adjusted



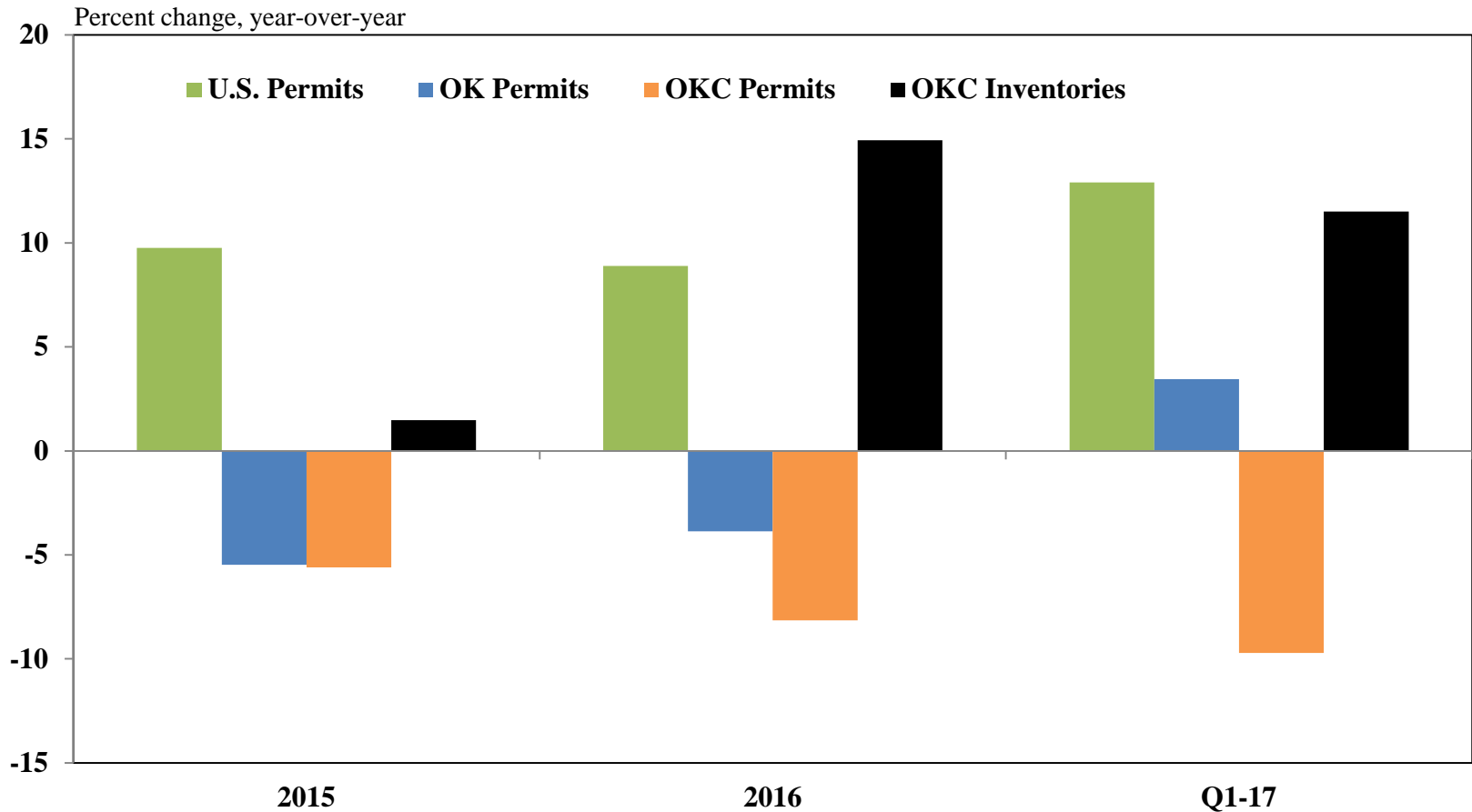
In housing, home price growth has slowed in the state and metro, but remains moderately positive

FHFA Home Price Index
Seasonally Adjusted



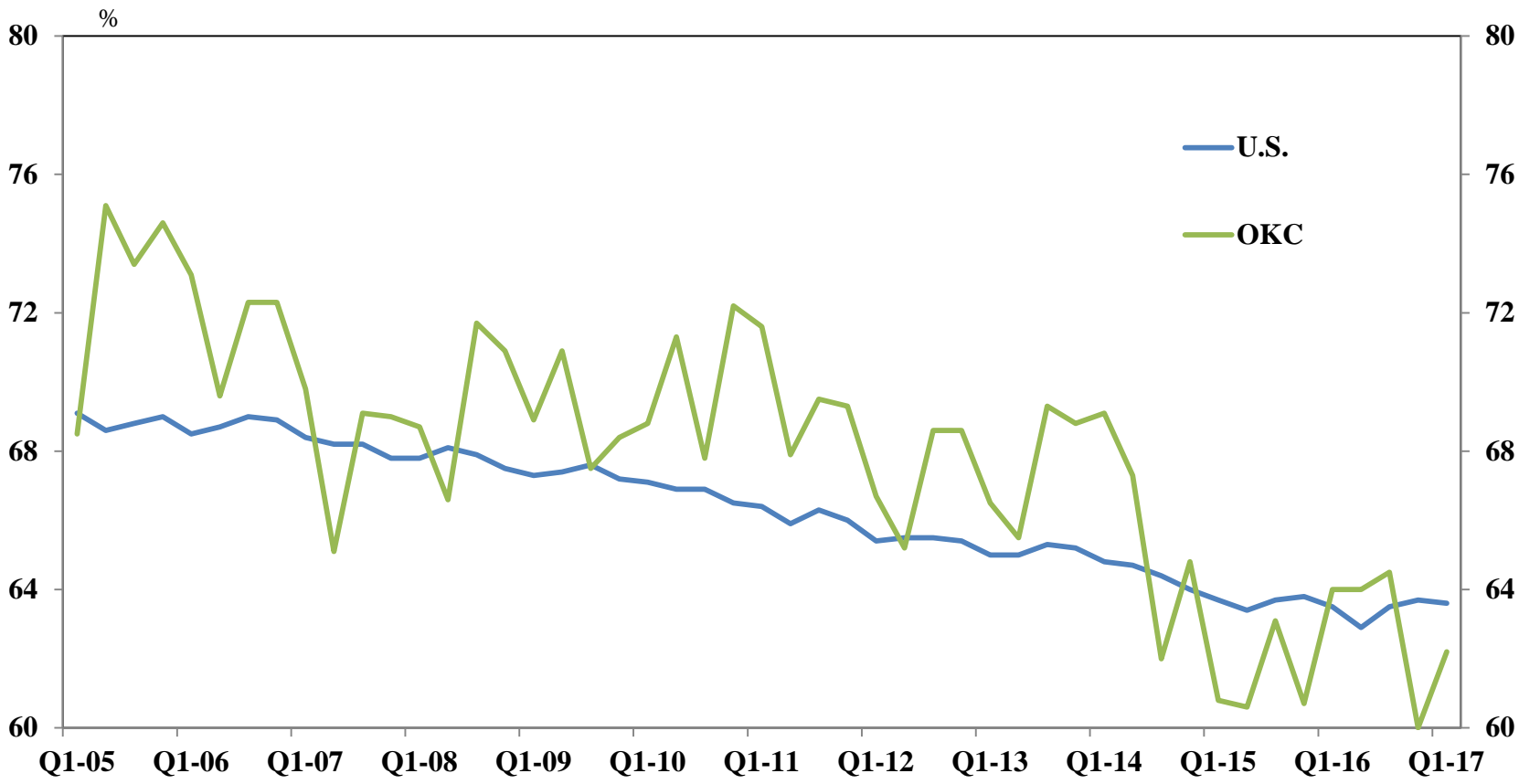
Metro area homebuilding slowed once oil prices fell, likely keeping markets from getting oversupplied

Single-Family Housing Permits and Inventories



As in the nation, metro homeownership has fallen lately, especially since oil prices started falling in 2014

Homeownership Rates



Source: U.S. Census Bureau

Summary

- The U.S. economy continues to grow, and the Fed has raised interest rates
- The Oklahoma economy has been hurt by low commodity prices and spillover to commodity-related industries
- But conditions in local labor markets and housing markets have held on fairly well, and some growth and optimism has returned



More Resources

Detailed information about financial planning can be found at:

<https://www.kansascityfed.org/community/disasterrecovery>

Other resources related to housing and personal finance are also available at:

www.federalreserveeducation.org

www.consumerfinance.gov

www.mymoney.gov

www.neighborworks.org

