

2011 Economic Report



Oklahoma Employment Security Commission
Economic Research and Analysis
<http://oesc.ok.gov>

2011 ECONOMIC REPORT

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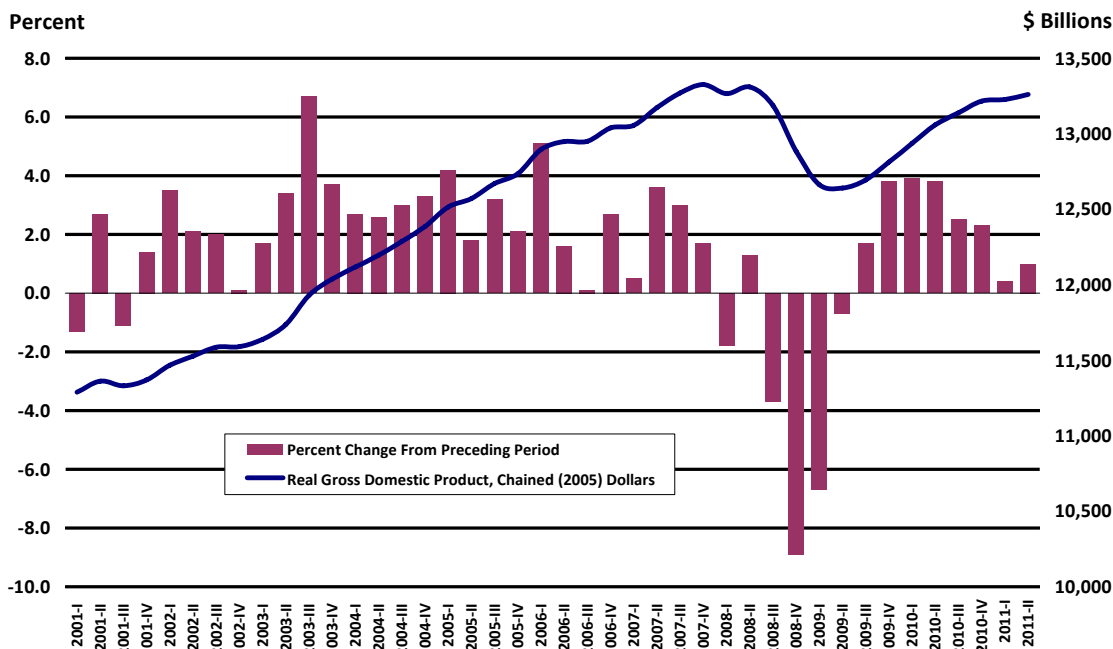
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Real Gross Domestic Product and Quarterly Change

Source: U.S. Department of Commerce, Bureau of Economic Analysis



Gross Domestic Product (GDP)—the output of goods and services produced by labor and property located in the United States—is the broadest measure of economic activity. It is also the measure that is most indicative of whether the economy is in recession. In the post-World War II period, there has been no recession in which GDP did not decrease in at least two quarters, (the exceptions being during the recessions of 1960-61 and 2001.)

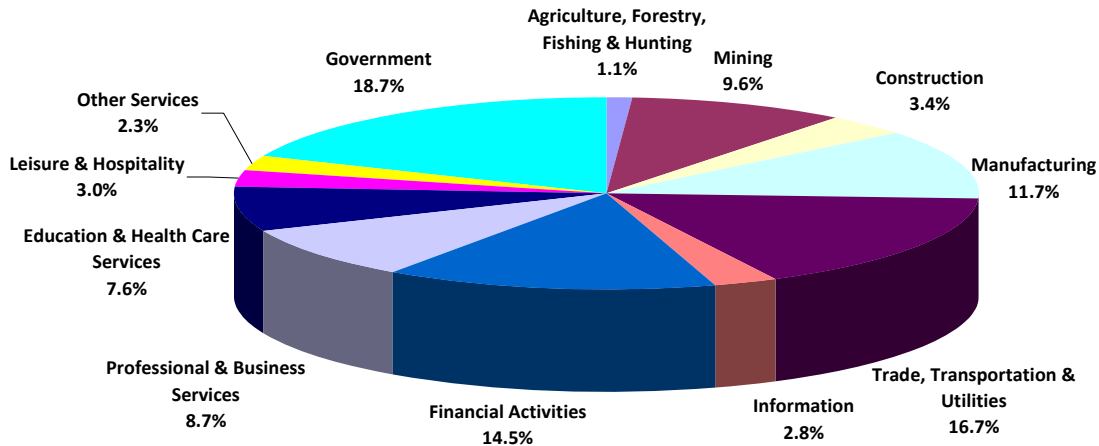
The U.S. economy grew much slower than previously thought in the 2nd quarter as business inventories and exports were less robust. Real gross domestic product increased at an annual rate of 1.0 percent in the 2nd quarter of 2011, (a downward revision of its prior estimate of 1.3 percent), according to the "second" estimate released by the Bureau of Economic Analysis (BEA). In the 1st quarter, real GDP increased 0.4 percent.

The downward revisions to 2nd quarter growth came as businesses accumulated less stock than previously estimated. Business inventories increased \$40.6 billion instead of \$49.6 billion, cutting 0.23 percentage point from GDP growth during the quarter. Output was also curbed by exports, which grew at a 3.1 percent pace instead of 6.0 percent. Imports increased at a 1.9 percent rate rather than 1.3 percent, leaving a slightly wider trade deficit and trade barely contributed to GDP growth. Trade had previously been estimated to have added 0.58 percentage point to overall output.

The drag from business inventories was offset by consumer spending, which was revised up to a 0.4 percent rate from 0.1 percent. Business spending was revised to a 9.9 percent rate of increase from 6.3 percent as investment in nonresidential structures and equipment and software was stronger than previously estimated.

2010 Industry Share of Oklahoma's Economy (by percentage of Gross Domestic Product)

Source: U.S. Department of Commerce, Bureau of Economic Analysis



Oklahoma's economy typically follows a similar trend to that of the nation. State GDP data lags behind national data and is only available annually. As a result, it is not a good indicator of current economic conditions and does not fully reflect the recent changes in Oklahoma's economic climate. However, it is still valuable to understand the state's growth trend compared to the nation and what industries are the largest contributors to Oklahoma's economy.

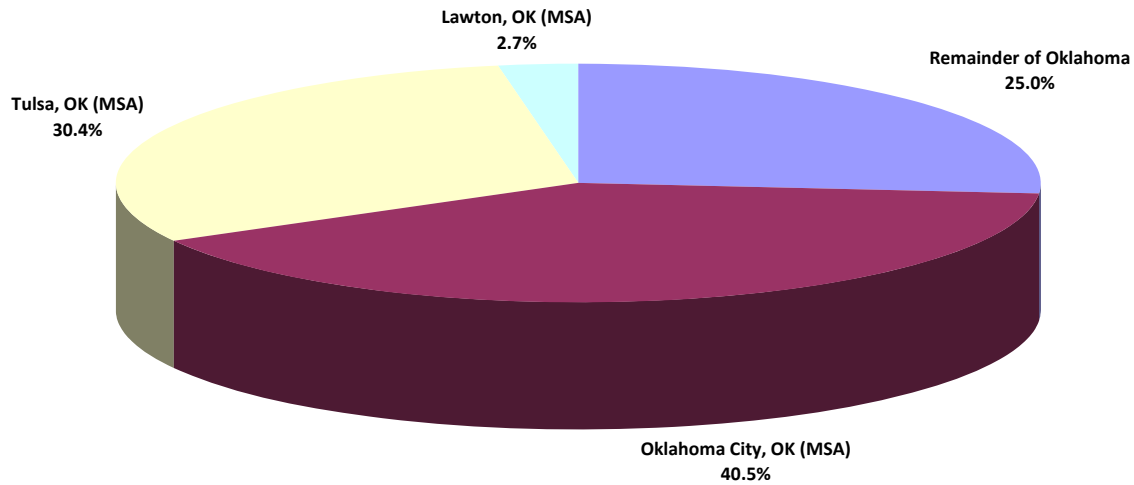
According to the advance estimate from the Bureau of Economic Analysis (BEA), Oklahoma was among 48 states and the District of Columbia experiencing growth in real GDP in 2010. However, Oklahoma's 2009 advance estimate was significantly revised downward primarily due to updated prices for natural gas.

The BEA's advance estimate for 2009 state GDP showed Oklahoma's real GDP had grown by 6.6 percent, leading the nation. The largest contributor to real GDP growth was mining, accounting for 7.23 percentage points of the total growth in real GDP. However, based on updated information, mining actually declined by 0.99 percent in 2009. That adjustment caused the state's GDP to fall to -1.0 percent, ranking Oklahoma 15th in GDP growth among states in 2009.

Oklahoma registered a real GDP of \$133.5 billion in 2010, a 1.0 percent gain from the revised \$132.1 billion in 2009; U.S. real GDP grew at 2.6 percent during the same period. Retail trade contributed to real GDP growth in every state in 2010 and was the leading contributor in Oklahoma, accounting for 0.42 percent of total growth. Durable goods manufacturing was the second-largest contributor to real GDP growth in Oklahoma accounting for 0.40 percentage point of the total growth. Government (0.25 percent) was the state's third-largest real GDP contributor with state and local government accounting for nearly 70 percent of total government real GDP.

Metropolitan Area Contribution to State Real Gross Domestic Product 2009

Source: U.S. Department of Commerce, Bureau of Economic Analysis



Metropolitan Statistical Areas (MSA) are the county-based definitions developed by the Office of Management and Budget for federal statistical purposes. A metropolitan area is defined as a geographic area consisting of a large population nucleus together with adjacent communities having a high degree of economic and social integration with the nucleus.

Nationally, metropolitan statistical areas represent approximately 90 percent of total GDP. In Oklahoma, the three MSAs of Oklahoma City, Tulsa and Lawton accounted for roughly 75 percent of total state GDP in 2009.

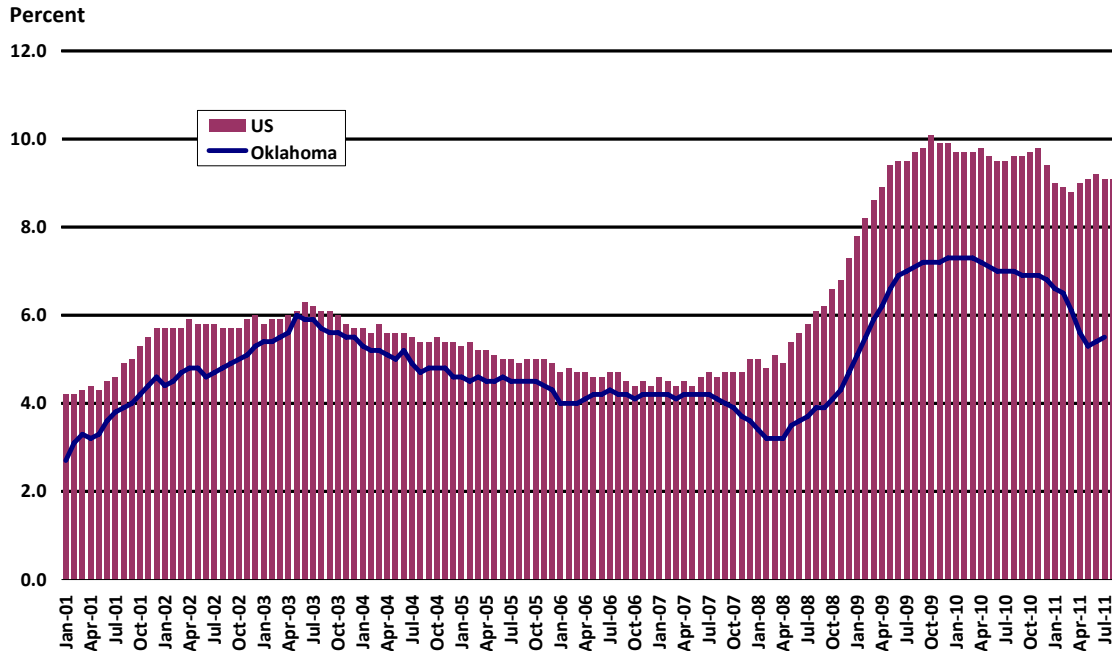
Real U.S. GDP by metropolitan area declined 2.4 percent in 2009 after declining 0.4 percent in 2008, according to the Bureau of Economic Analysis (BEA). The economic decline was widespread as real GDP declined in 292 of 366 (or 80 percent) metropolitan statistical areas, led by national declines in durable-goods manufacturing, construction, and professional and business services.

In contrast to most industries, natural resources and mining was a strong positive contributor to growth in 2009. Growth accelerated in 70 metropolitan areas, most notably in areas where natural resources and mining industries are concentrated such as Casper, WY and Oklahoma City, OK where this industry contributed more than ten percentage points to growth.

In terms of growth in real GDP, Oklahoma City MSA ranked 3rd out of the 366 U.S. metropolitan areas growing by 14.5 percent to \$59.5 billion in 2009. Tulsa MSA ranked 9th growing by 7.6 percent to \$44.8 billion followed by Lawton MSA ranked at 17th growing by 4.8 percent to \$4.0 billion.

U.S. and Oklahoma Unemployment Rate (Seasonally Adjusted)

Source: U.S. Department of Labor, Bureau of Labor Statistics



The unemployment rate measures the percentage of people who are without work and is calculated by dividing the estimated number of unemployed people in the state by the civilian labor force. The result expresses unemployment as a percentage of the labor force.

The unemployment rate is a lagging indicator of economic activity. During a recession, many people leave the labor force entirely, as a result the jobless rate may not increase as much as expected. This means that the jobless rate may continue to increase in the early stages of recovery because more people are returning to the labor force as they believe they will be able to find work. The civilian unemployment rate tends towards greater stability than payroll employment on a monthly basis. It reveals the degree to which labor resources are utilized in the economy.

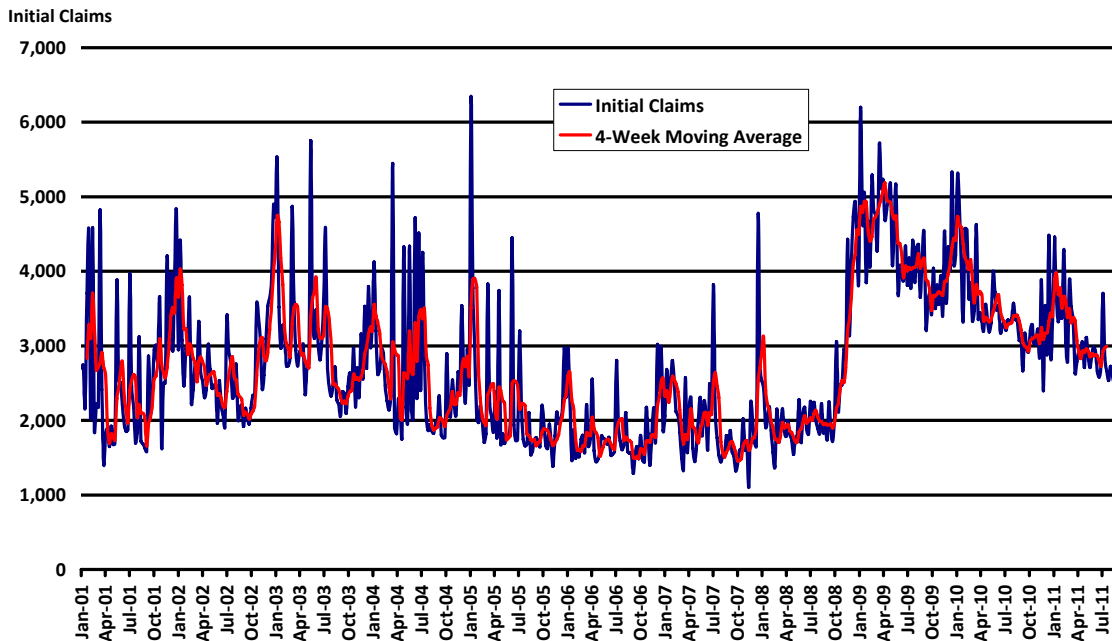
Nationally, the number of unemployed persons, at 14.0 million, was essentially unchanged in August, and the unemployment rate held at 9.1 percent, according to the Bureau of Labor Statistics (BLS). The jobless rate has shown little change since April.

Oklahoma's seasonally adjusted unemployment rate edged up to 5.5 percent in July, following a revised 5.4 percent rate in June. Oklahoma continued to hold the fifth-lowest unemployment rate among all states in July. Nevada again reported the highest unemployment rate among the states at 12.9 percent in July, while North Dakota again had the lowest jobless rate at 3.3 percent.

In July, 72 out of 77 counties in Oklahoma saw their jobless rates fall. Latimer County once more had Oklahoma's highest unemployment rate at 9.7 percent, while Roger Mills County again reported the state's lowest rate of 2.7 percent.

Oklahoma Initial Weekly Claims for Unemployment Insurance (Not Seasonally Adjusted)

Source: U.S. Department of Labor, Employment and Training Administration



Initial unemployment claims are compiled weekly to show the number of individuals who filed for unemployment insurance benefits for the first time. This particular variable is useful because it gives a timely assessment of the overall economy. Initial claims are a leading indicator in that they point to changes in labor market conditions. An increasing trend signals that layoffs are occurring. Conversely, a decreasing trend suggests an improving labor market. The four-week moving average of initial claims smoothes out weekly volatility.

Initial jobless claims are trending sideways pointing to no significant improvement in the labor market. Initial claims fell 12,000 in the August 27th week to 409,000, according to the U.S. Department of Labor (DOL). However, that improvement was partially offset by a 4,000 upward revision to the prior week to 421,000 which is the highest level since mid July, The four-week average, at 410,250, is up for the second week in a row and compares against 408,250 at month end July.

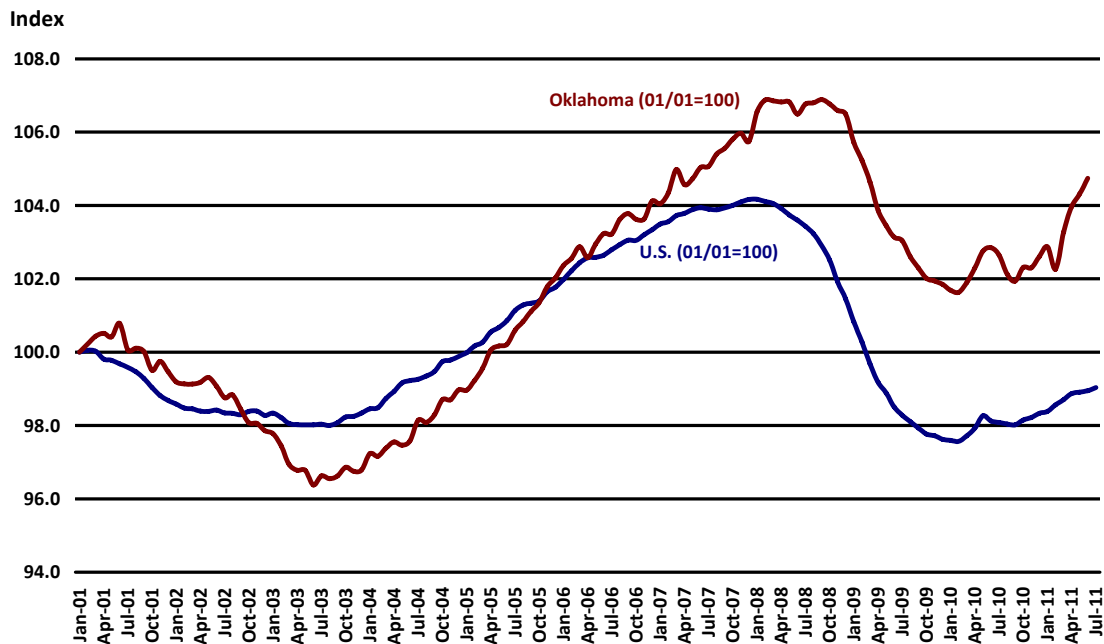
Continuing claims fell a slight 18,000 in data for the August 20th week to 3.735 million with the four-week average, down 3,000 to 3.726 million, trending flat for the last two months.

In Oklahoma, initial claims continue to trend down. Oklahoma's initial claims fell by 123 from 2,601 to 2,478 for the file week ending on August 20th. During the same period, the initial claims four-week moving average dropped by 48 from 2,633 to 2,585. Continued claims dropped by 36 and the insured unemployment rate remained at 1.8 percent in the August 20th file week.

U.S. and Oklahoma Nonfarm Payroll Employment (Seasonally Adjusted)

Index: January 2001=100

Source: U.S. Department of Labor, Bureau of Labor Statistics



Nonfarm payroll employment measures the number of jobs in the state. The number of jobs and the industries that create those jobs are important indicators of a state's economic health. Payroll employment is one of the most current and reliable indicators of economic conditions and recessionary trends.

The U.S. economy failed to add jobs for the first time in almost a year in August. Nonfarm payroll employment was unchanged in August—the worst result since a small decline in September 2010—as the government sector continued to shed jobs, according to the Bureau of Labor Statistics (BLS). The private sector added only 17,000 jobs. Notably, this was also the first time since February 1945 that the government has reported a net job change of zero.

Employment changed little in most major industries in August. About 45,000 telecom jobs were off company payrolls because of a strike at Verizon Communications Inc., contributing to the worst private-sector performance since February 2010. But payrolls were weak even without the one-off Verizon impact.

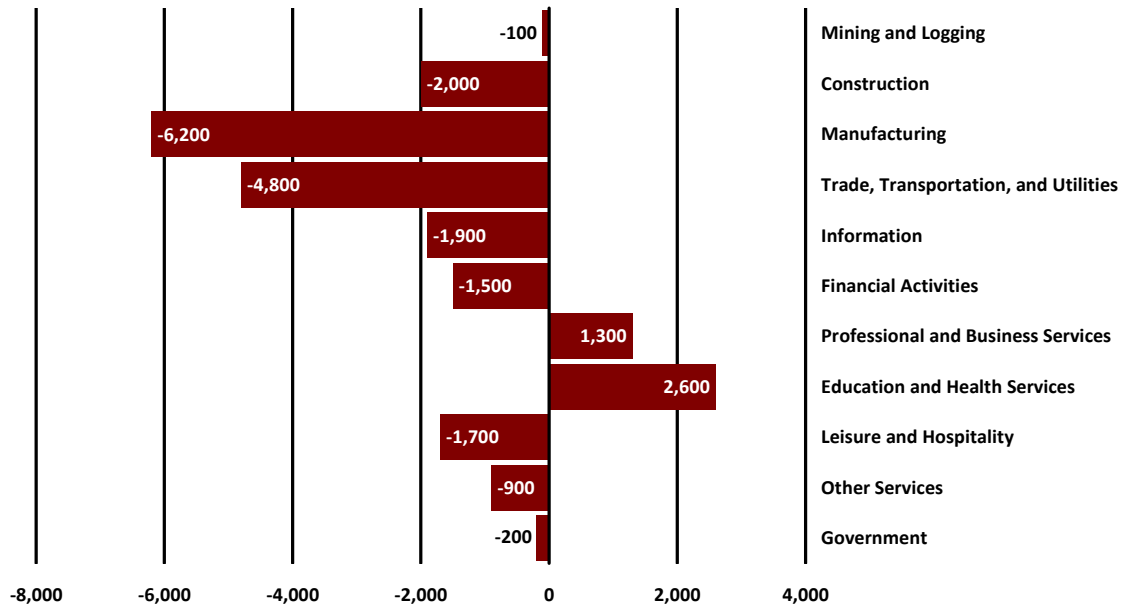
Statewide, nonfarm employment continued to grow in July adding 4,500 jobs for a 0.3 percent increase over June. Six of Oklahoma's 11 statewide supersectors reported job gains in July, with educational & health services (+2,600 jobs), and professional & business services (+2,200 jobs), leading the way. The largest monthly losses came from manufacturing (-1,600 jobs), and leisure & hospitality (-1,300 jobs), with smaller losses reported in trade, transportation & utilities; and other services.

Over the year, nonfarm employment was up 34,000 jobs or 2.2 percent. Manufacturing led the eight growing supersectors, adding 9,400 jobs for a 7.6 percent gain. Government posted the largest over-the-year loss, shedding 6,100 jobs or -1.8 percent.

Oklahoma Employment Change by Industry

2009 - 2010

Source: Current Employment Statistics (CES), U.S. Department of Labor, Bureau of Labor Statistics



Employment growth by industry identifies the types of jobs being created in the state. Conversely, industries with a decreasing employment trend indicate those which are becoming less important to the state's economy. There may also be industries which behave more cyclically, growing during expansion and decreasing in times of economic slowdown or contraction. These changes are crucial in that they help to recognize the types of jobs being lost by individuals. Anticipating what will happen in recovery helps identify whether those jobs will return or what types of new jobs will be created. Consequently, key information for planning reemployment, retraining, and other workforce and economic development programs is contained within these data.

Job losses continued in 2010 albeit at a much slower pace than 2009 which, in terms of number of jobs lost (-50,800), was the worst year since record keeping began in 1939. Oklahoma total nonfarm employment shed 15,500 jobs in 2010 contracting 1.0 percent.

Job losses in 2010 were fairly widespread among most industry groups with education and health services (+2,600) and professional and business services (+1,300) being the only sectors experiencing job growth in 2010. Nearly all employment growth in education and health services came from the ambulatory health care service and hospital sectors. Professional and business services growth was led by employment services.

As in 2009, manufacturing suffered the largest employment losses in 2010 dropping 6,200 jobs after losing 20,500 in 2009. Durable goods manufacturing lost 5,400 jobs while non-durable goods manufacturing declined by 900 jobs. The broad trade, transportation and utilities sector followed with an over-the-year loss of 4,800 jobs. Leading the losses in this sector were truck transportation, retail trade and wholesale

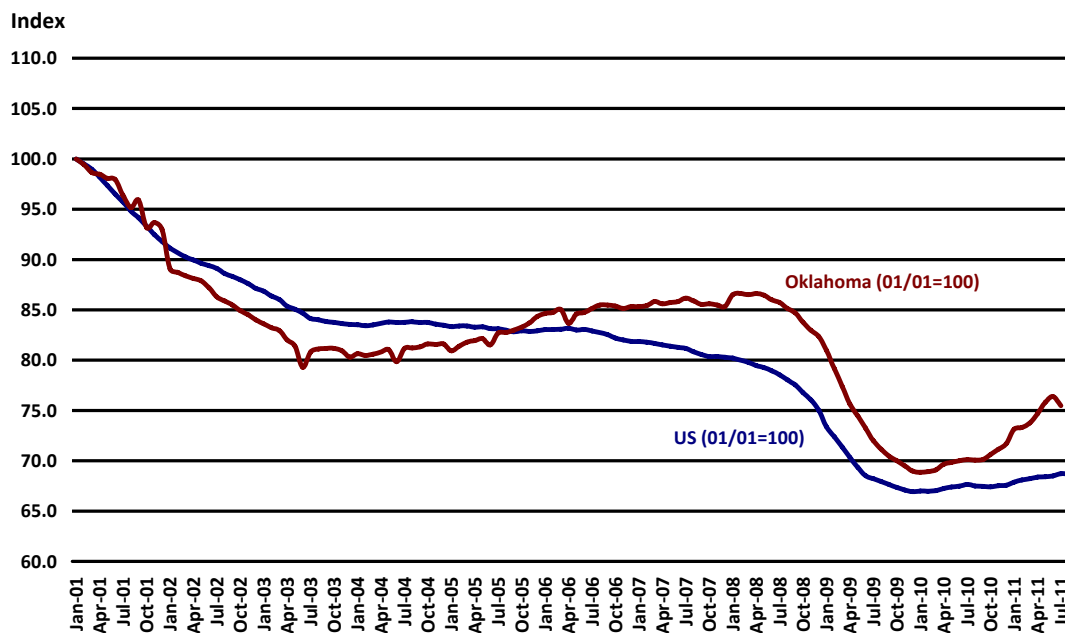
trade. Construction lost 2,000 jobs in 2010 with the bulk of the job losses being in specialty trade contractors.

The information sector employment fell by 1,900 jobs in 2010 with most of the job losses occurring in telecommunications and reflecting further consolidation in that industry. Leisure and hospitality employment fell by 1,700 with the majority of job losses in accommodation and food services. Other services employment dropped by 900 jobs, government lost 200 jobs and mining and logging edged down 100 jobs.

U.S. and Oklahoma Manufacturing Employment (Seasonally Adjusted)

Index: January 2001 = 100

Source: U.S. Department of Labor, Bureau of Labor Statistics



Manufacturing and production are still important parts of both the U.S. and Oklahoma economies and have been seriously adversely affected by the recession. In Oklahoma, manufacturing accounts for the largest share of private output in the state and one of the largest shares of employment. In addition, many manufacturing jobs are among the highest paying jobs in the state.

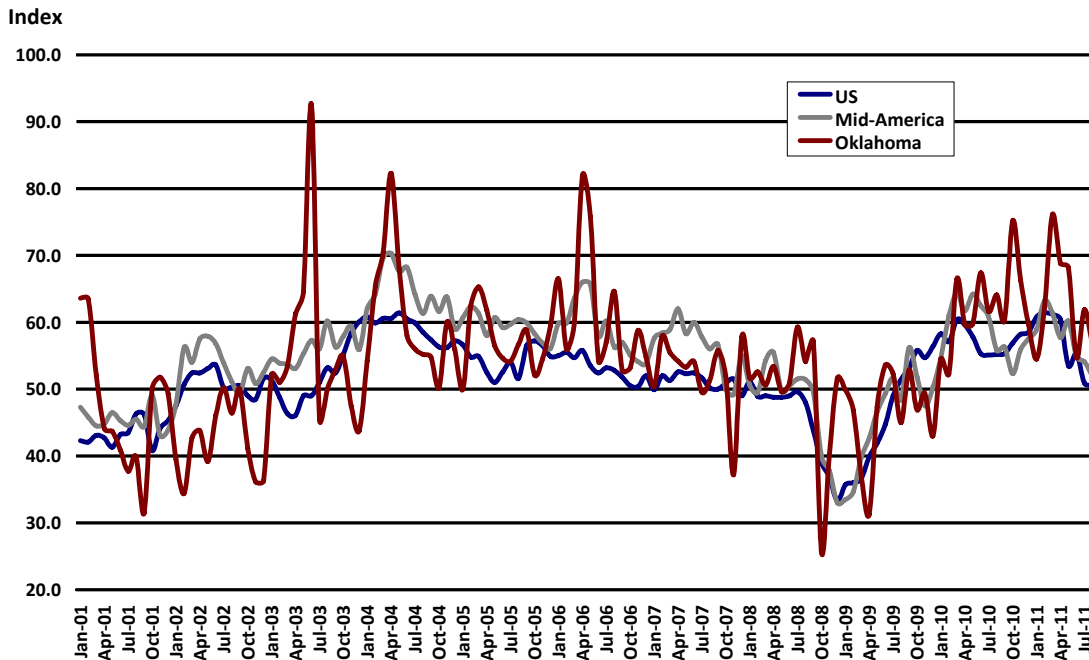
At one time, manufacturing made up 38 percent of the nation's employment. However, manufacturing employment in the United States has been declining since 1979, as productivity, technology gains, and the transfer of manufacturing to locations outside the United States have reduced the demand for traditional manufacturing employment. Furthermore, current shifts in the industry away from heavy sectors, such as automobiles and basic chemicals toward higher-tech products like computer chips are also accelerating manufacturing's long-term shrinkage.

U.S. manufacturing employment was essentially unchanged in August (-3,000), following a gain of 36,000 in July, according to the Bureau of Labor Statistics (BLS). For the past four months, manufacturing has added an average of 14,000 jobs per month, compared with an average of 35,000 jobs per month in the first four months of the year.

For the first time since August 2010, Oklahoma's manufacturing employment saw job losses, shedding 1,600 jobs (-1.2 percent), in July. Prior to July's report, Oklahoma manufacturers had added employment for 10 consecutive months. July's manufacturing job losses were primarily in durable goods. Over the year, manufacturing has added 9,400 jobs for a 7.6 percent annual growth rate.

Purchasing Managers' Index (Manufacturing)

Sources: ISM Manufacturing Report On Business® and Business Conditions Index for Mid-America, Creighton University



Economists consider the Institute for Supply Management's Purchasing Managers' Index (PMI) a key economic indicator. The Institute for Supply Management (ISM) surveys more than 300 manufacturing firms on employment, production, new orders, supplier deliveries, and inventories. The ISM manufacturing index is constructed so that any level at 50 or above signifies growth in the manufacturing sector. A level above 43 or so, but below 50, indicates that the U.S. economy is still growing even though the manufacturing sector is contracting. Any level below 43 indicates that the economy is in recession. For the region, since 1994, the Creighton Economic Forecasting Group at Creighton University has conducted a monthly survey of supply managers in nine states (including Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma and South Dakota), to produce leading economic indicators for the Mid-America economy using the same methodology as the national survey by the ISM.

Activity in the manufacturing sector grew slightly in August, according to the Institute for Supply Management's Manufacturing PMI that nonetheless suggests the economy isn't currently in a recession. The ISM manufacturing index slowed to 50.6 percent from 50.9 percent in July, indicating expansion in the manufacturing sector for the 25th consecutive month, at a slightly slower rate.

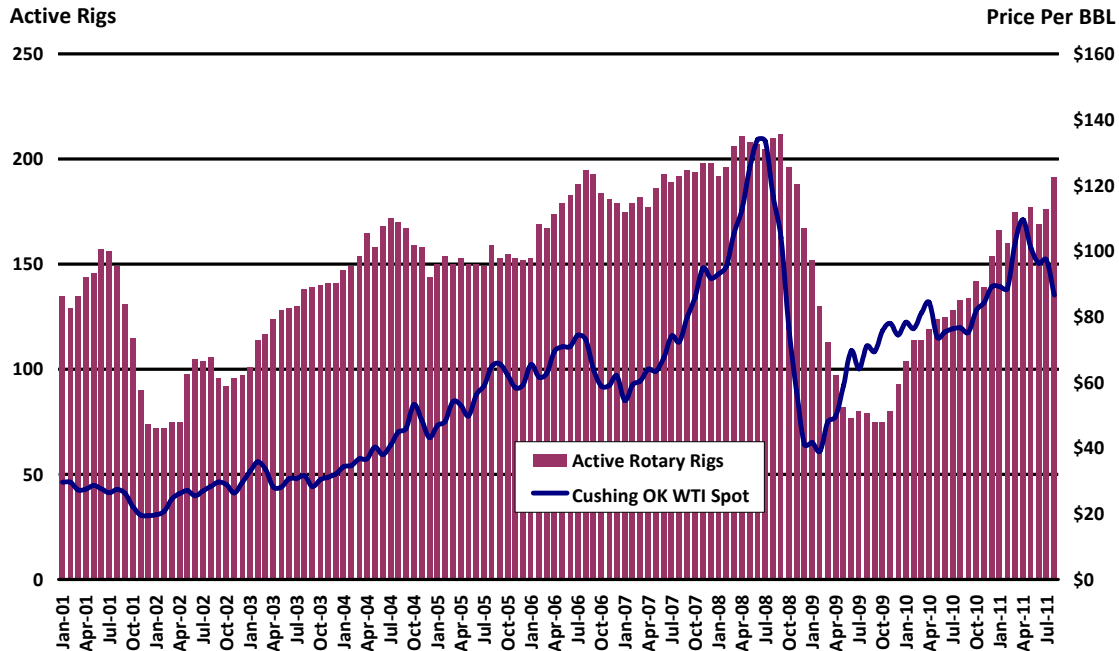
The Production Index registered 48.6 percent, indicating contraction for the first time since May of 2009, when it registered 45 percent. The New Orders and Backlog of Orders Indexes edged up slightly from July, but both indexes are indicating contraction in August at slower rates than in July. The rate of increase for input prices slowed for the fourth consecutive month, dropping another 3.5 percentage points in August to 55.5 percent which may give manufacturers some breathing room in their production and hiring plans.

For the fifth time in the past six months, the Business Conditions Index for the nine-state Mid-America region fell. The index slumped to 52.0 from 54.1 in July, according to the Creighton Economic Forecasting Group. While this is the 21st consecutive month that the index has been above growth neutral 50.0, the reading for August was the lowest recorded since December 2009 and clearly indicates that regional growth is weakening with an increasing likelihood of a recession.

Oklahoma's Business Conditions Index from a monthly survey of supply managers in the state declined to a still healthy 56.8 from July's 61.9. Components for August's index were new orders at 56.7, production or sales at 51.4, delivery lead time at 69.2, inventories at 44.9, and employment at 61.7.

Oklahoma Active Rotary Rigs & Cushing, OK WTI Spot Price

SOURCES: U.S. Department of Energy, Energy Information Administration and Baker Hughes Rig Counts



The Baker Hughes rig count is an important indicator for the energy industry and Oklahoma. Rig counts generally rise following increased oil and gas company development and exploration spending, which is influenced by the current and expected price of oil and natural gas (among other factors). Therefore, the rig count reflects the strength and stability of energy prices.

West Texas Intermediate (WTI-Cushing) is a light crude oil produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams and which is traded in the domestic spot market at Cushing, Oklahoma.

Oklahoma produces a substantial amount of oil, with annual production typically accounting for more than 3 percent of total U.S. production in recent years. Crude oil wells and gathering pipeline systems are concentrated in central Oklahoma. Two of the 100 largest oil fields in the United States are found in Oklahoma.

The city of Cushing, in central Oklahoma, is a major crude oil trading hub connecting Gulf Coast producers to Midwest refining markets. In addition to Oklahoma crude oil, the Cushing hub receives supply from several major pipelines that originate in Texas. Traditionally, the Cushing Hub has pushed Gulf Coast and Mid-Continent crude oil supply north to Midwest refining markets. For this reason, Cushing is the designated delivery point for NYMEX crude oil futures contracts. Crude oil supplies from Cushing that are not delivered to the Midwest are fed to Oklahoma's five refineries, which have a combined distillation capacity of over 500 thousand barrels per day—roughly 3 percent of the total U.S. refining capacity.

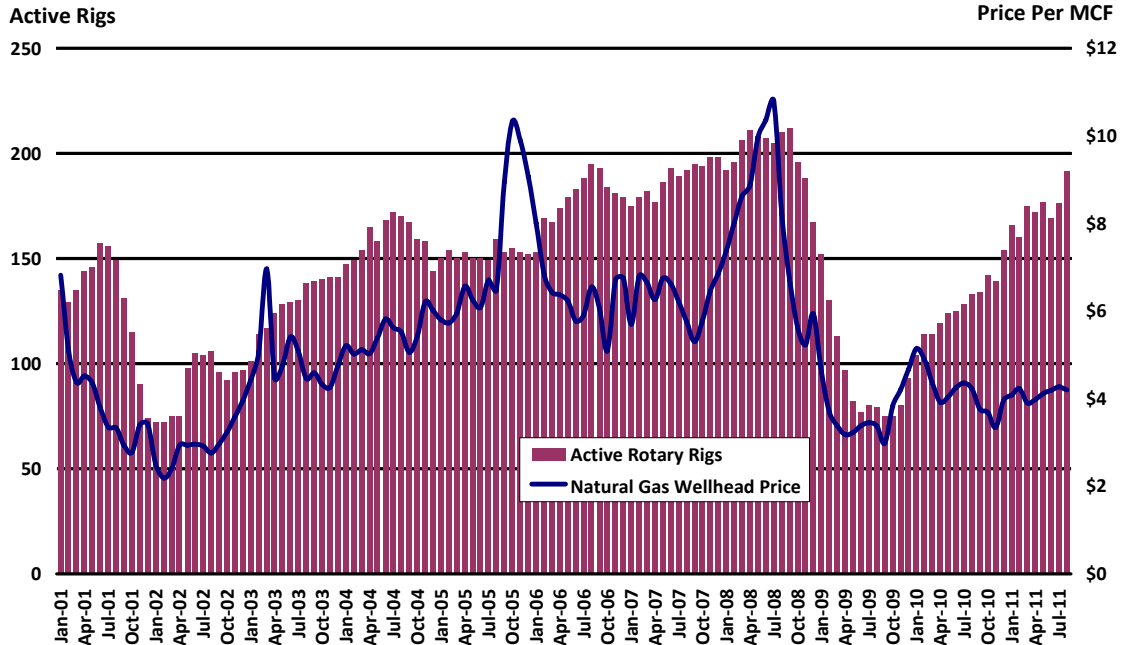
The U.S. Energy Information Administration (EIA) expects the U.S. average refiner acquisition cost of crude oil will rise from \$100 per barrel in 2011 to \$107 per barrel in 2012 as global spare production capacity and inventories continue to decline. This forecast assumes that U.S. real gross domestic product (GDP) grows by 2.4 percent this year and 2.6 percent next year, while world oil-consumption-weighted real GDP grows by 3.4 and 4.1 percent in 2011 and 2012, respectively. However, these assumptions do not fully reflect recent economic and financial developments that point towards a weaker economic outlook and also contributed to a sharp drop in world crude oil prices during the first week of August. There is a significant downside risk for oil prices if economic and financial market concerns become more widespread or take hold.

After peaking in April, West Texas Intermediate (WTI) crude oil spot prices averaged \$86.56 per barrel in August, falling from July's \$97.30 per barrel average.

Oklahoma's rotary rig activity increased to 192 in July adding 16 rigs from June's count of 169. Over the year, Oklahoma's active rotary rig count has grown by 59 rigs.

Oklahoma Active Rotary Rigs & Natural Gas Wellhead Price

Sources: U.S. Department of Energy, Energy Information Administration and Baker Hughes Rig Counts



Oklahoma is one of the top natural gas producers in the United States with production typically accounting for almost one-tenth of the U.S. total. More than a dozen of the 100 largest natural gas fields in the country are found in Oklahoma and proven reserves of conventional natural gas have been increasing in recent years.

Most natural gas in Oklahoma is consumed by the electricity generation and industrial sectors. About three-fifths of Oklahoma households use natural gas as their primary energy source for home heating. Nevertheless, only about one-third of Oklahoma's natural gas output is consumed within the state. The remaining supply is sent via pipeline to neighboring states, the majority to Kansas, including the natural gas trading hubs in Texas and Kansas.

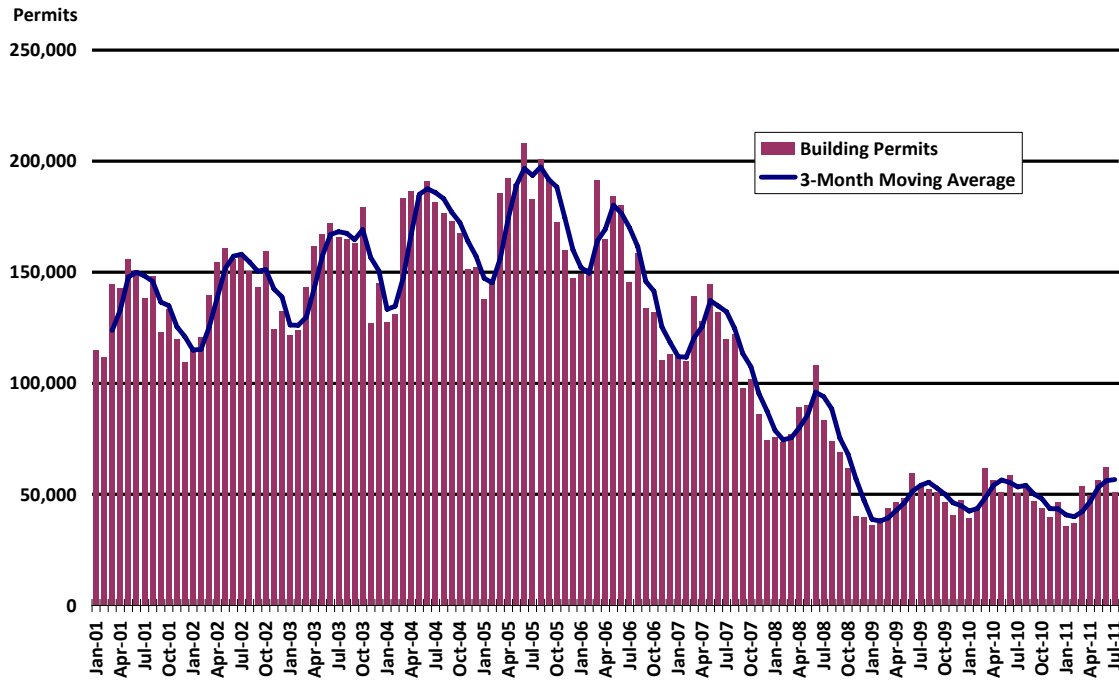
Extremely hot weather settled on much of the nation in July, with U.S. population-weighted cooling degree-days 27 percent higher than the 30-year normal and 8 percent higher than last year, contributing to an increase in natural gas consumption for electricity generation compared with July 2010. Nevertheless, the estimated 246 billion cubic feet (Bcf) increase in natural gas working inventories during July 2011 was 21 Bcf higher than during the same month last year.

Natural gas wellhead prices had seen monthly improvement since March 2011. August estimated natural gas wellhead prices fell slightly averaging \$4.20 per Mcf, down from July's \$4.27 price.

The U.S. natural gas rotary rig count for the week ending September 2, as reported by Baker Hughes, fell by 3 to 895 active units. Meanwhile, oil-directed rigs dropped by 5 to 1,064 units, expanding the diversion between the two drilling strategies.

U.S. Total Residential Building Permits, 2001-2011

Source: U.S. Census Bureau and Department of Housing and Urban Development



This indicator measures the number of permits issued for housing units (single family home or apartment) authorized for construction. Because permits precede construction, they are considered a leading indicator for the residential construction industry and the overall economy. Most of the construction begins the same month the permit is issued. The remainder usually begins construction during the next three months. Consequently, we have depicted total permits relative to a three-month moving average.

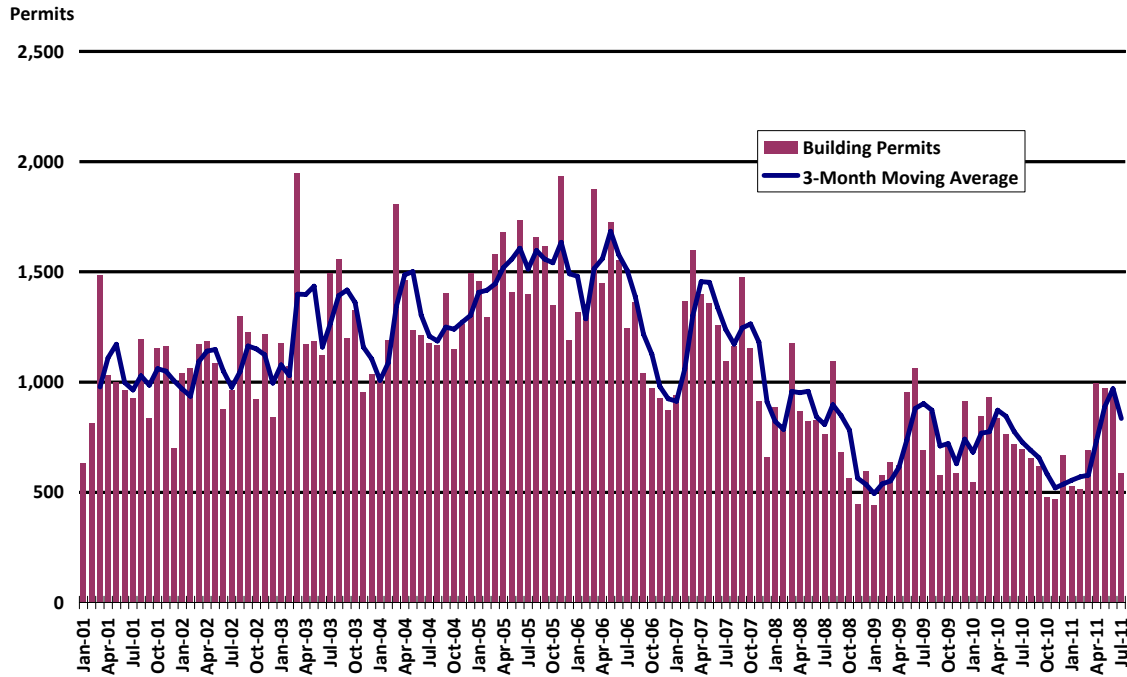
Housing contributes to GDP in two basic ways: through private residential investment and consumption spending on housing services. According to the National Home Builders Association, residential investment has historically averaged roughly 5 percent of GDP while housing services have averaged between 12 and 13 percent, for a combined 17 to 18 percent of GDP.

Homebuilders remain cautious as housing permits slipped 3.2 percent in July, following a 1.3 percent rise in June, according to the U.S. Census Bureau. Privately-owned housing units authorized by building permits in July were at a seasonally adjusted annual rate of 597,000 or 3.8 percent above the July 2010 estimate of 575,000.

Over the past several years, U.S. housing starts have dropped to around 400,000 units at an annualized rate, the lowest level in decades. This is largely due to the huge housing overhang that continues to weigh on new construction and depress housing prices. According to a recent study by the Federal Reserve Bank of San Francisco, a simple model of housing supply that takes into account residential mortgage foreclosures suggests that housing starts will return to their long-run average by about 2014 if house prices first stabilize and then begin appreciating, and the bloated inventory of foreclosed properties declines.

Oklahoma Total Residential Building Permits, 2001-2011

Source: U.S. Census Bureau and Department of Housing and Urban Development

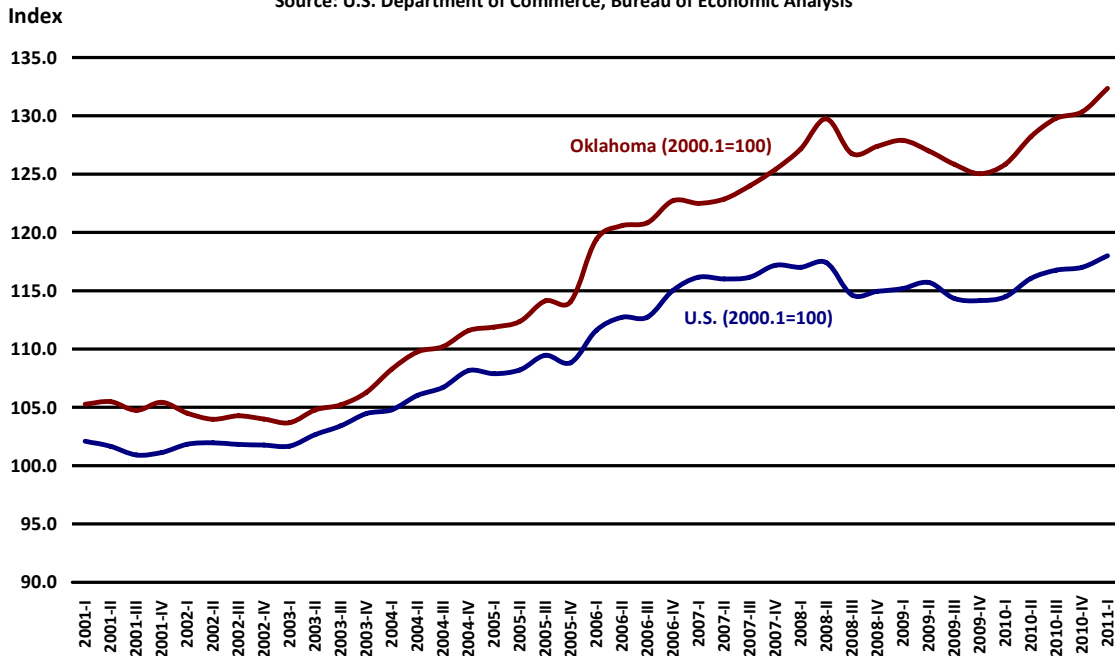


Oklahoma total residential permitting took a significant drop in July falling 37.6 percent from June. The sharp slide in July permitting was largely due to the multi-family component which fell 96.8 percent from June. Single family permitting declined 10.3 percent from June. Year to date, total residential permitting during the first seven months of 2011 was down 2.0 percent from the same period in 2010. Year-to-date single family permitting was down 11.4 percent from 2010 while multi-family permitting was up 34.0 percent compared to 2010.

U.S. and Oklahoma Real Personal Income

Index: 1st Quarter 2000 = 100

Source: U.S. Department of Commerce, Bureau of Economic Analysis



Personal income is a broad measure of economic activity and one for which relatively current data are available. Personal income includes earnings; property income such as dividends, interest, and rent; and transfer payments, such as retirement, unemployment insurance, and various other benefit payments. It is a measure of income that is available for spending and is seen as an indicator of the economic well-being of the residents of a state. Earnings and wages make up the largest portion of personal income.

To show the hugely different levels of total personal income for the U.S. and Oklahoma on the same chart, these data have been converted to index numbers. This chart shows a comparison of Oklahoma and U.S. growth in real personal income with 1st quarter 2001 as the base year.

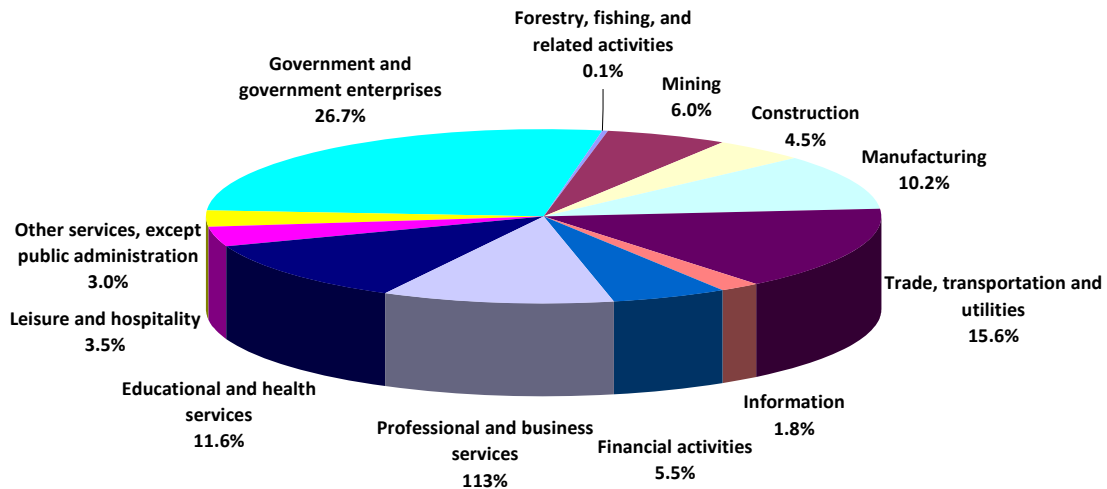
In July, consumers made a nice comeback in terms of income growth and spending. Personal income increased \$42.4 billion, or 0.3 percent, and disposable personal income (DPI) increased \$32.5 billion, or 0.3 percent, according to the Bureau of Economic Analysis (BEA). In June, personal income increased \$27.7 billion, or 0.2 percent and DPI increased \$22.6 billion, or 0.2 percent.

Consumer spending rebounded a sharp 0.8 percent after slipping 0.1 percent in June. By category, durables jumped 1.9 percent after declining 1.1 percent in June. Noticeably, motor vehicle sales are up as the supply constraint related parts shortages from Japan is easing. Nondurables increased 0.7 percent, following a 0.5 percent decrease in June. Services rose 0.7 percent after nudging up 0.1 percent in June. The latest numbers on spending should ease concern about a double-dip recession.

Oklahoma Industry Contribution to Earnings

First Quarter 2011

Source: U.S. Department of Commerce, Bureau of Economic Analysis



State personal income growth accelerated to 1.8 percent in the 1st quarter of 2011, from 0.8 percent in the 4th quarter of 2010, according to estimates by the Bureau of Economic Analysis (BEA). Personal income increased in all states, with growth ranging from 0.7 percent in Iowa to 6.9 percent in North Dakota. Inflation, as measured by the national price index for personal consumption expenditures, increased to 0.9 percent in the 1st quarter from 0.4 percent in the 4th quarter of 2010.

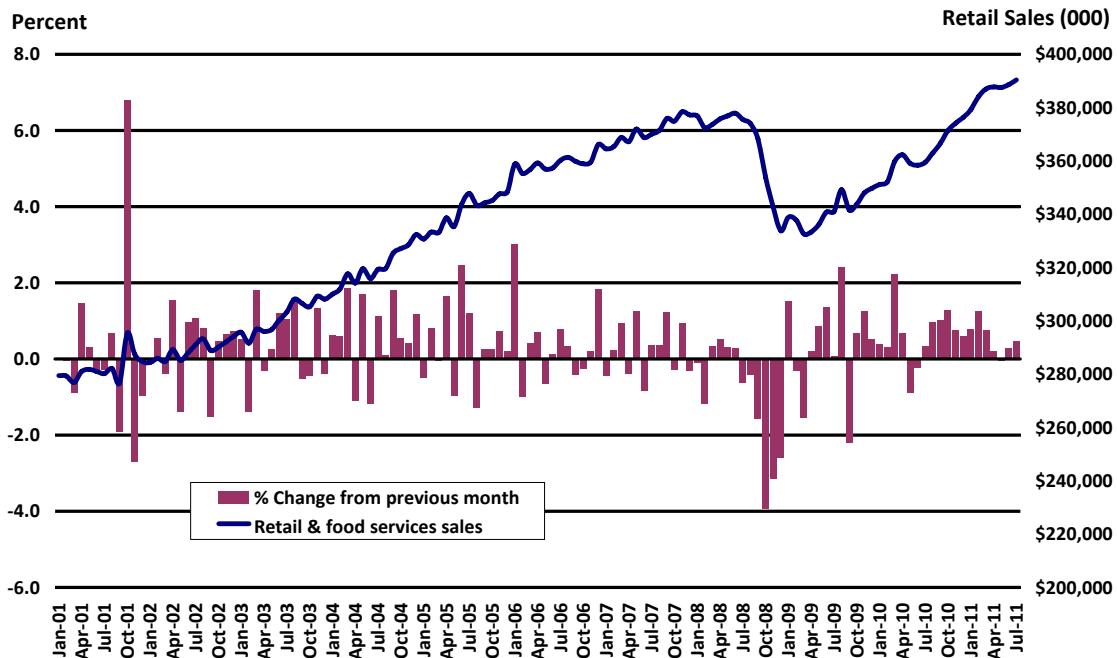
A two-percentage point reduction in the personal contribution rate for social security, one of the provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, accounted for most of the acceleration in 1st quarter personal income growth in most states.

Mining and durable-goods manufacturing were the best performing industries in the 1st quarter. Overall, mining earnings grew 5.5 percent and durable goods earnings grew 2.8 percent. Earnings in all other industries combined grew only 0.8 percent. The mining industry (which includes oil and gas extraction) contributed more than any other nonfarm industry to personal income growth in six of the seven fastest growing states (North Dakota, Wyoming, Texas, Montana, Oklahoma, and Alaska).

Oklahoma's personal income grew by 2.5 percent in 1st quarter 2011, ranking it the 5th fastest growth rate among states. Total earnings grew by 1.36 percent with the largest contributors to earnings growth being mining (0.28 percent) and durable goods manufacturing (0.25 percent). Other services; construction; real estate and rental & leasing; and professional, scientific, and technical services earnings provided the largest drags to 1st quarter earnings growth.

U.S. Retail Sales (Adjusted for seasonal, holiday, and trading-day differences)

Source: U.S. Census Bureau, Advance Monthly Sales for Retail and Food Services



Consumer spending accounts for two-thirds of the U.S. economy and is therefore essential to Oklahoma's economy. Retail sales account for around one-half of consumer spending and economic recovery calls for consumption growth

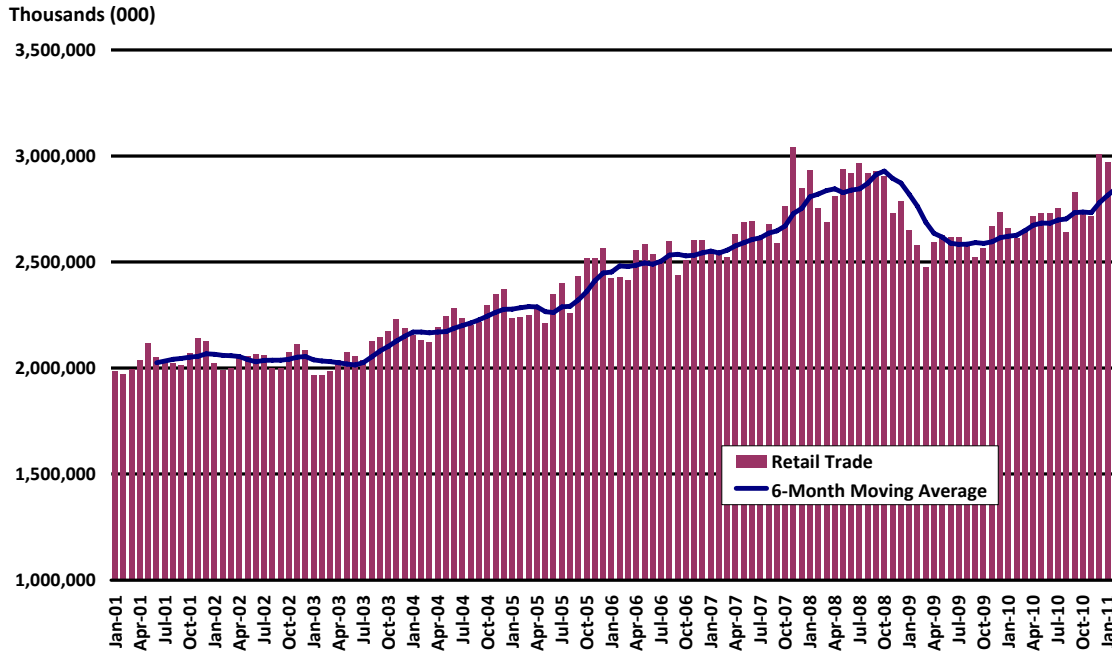
Retail sales strengthened in July, led by a surge in auto sales and with support from most other components. U.S. retail and food service sales for July reached \$390.4 billion, an increase of 0.5 percent from the previous month, according to the U.S. Census Bureau. June retail sales were up a revised 0.3 percent which had been originally estimated a 0.1% gain. Retail sales on a year-ago basis in July improved to 8.5 percent from 8.3 percent in June. Excluding motor vehicles, sales were up 8.6 percent on a year-over-year basis, compared to 8.2 percent the prior month.

Auto sales continued to rebound, rising 0.4 percent, following a 0.7 percent jump in June. While prices for gas easing—a gallon averaged \$3.65 in July—many Americans are still spending heavily on fuel, while also opening their wallets for other purchases. Gasoline station sales rebounded 1.6 percent after dropping 1.7 percent.

Outside of autos and gasoline, sales were mostly positive. Leaders were miscellaneous store retailers, up 2.4 percent; electronics & appliance stores, up 1.4 percent; and nonstore retailers, up 0.9 percent. Also seeing increases were furniture & home furnishing, food & beverage, health & personal care, and clothing & accessories. Leading the downside were sporting goods, hobby & book stores, down 1.5 percent, and building materials & garden equipment, down 0.4 percent. Food services & drinking places eased 0.1 percent while general merchandise sales were flat.

Oklahoma Total Adjusted Retail Trade

Source: Center for Economic & Management Research, University of Oklahoma



The Center for Economic and Management Research (CEMR) Price College of Business, at the University of Oklahoma produces the Oklahoma Monthly Retail Sales Series containing monthly estimates of retail sales for Oklahoma, the Oklahoma City, Tulsa and Lawton Metropolitan Statistical Areas and 48 selected cities in Oklahoma. The series is based on sales tax collection data provided by the Business Tax Division, Oklahoma Tax Commission (OTC). In order to take out monthly volatility, we have used a six-month moving average.

After falling in February, Oklahoma retail sales picked up in March. Total adjusted retail trade saw a \$100.8 million or 4.9 percent improvement from February and was 8.1 percent over March 2010, according to OU's Center for Economic and Management Research.

Monthly gains in March were led by non-durable goods sales advancing 5.2 percent from February. Estimated gasoline sales saw the largest increase rising 28.6 percent following a 25.7 percent drop in February. Other gains in non-durable goods sales were seen in miscellaneous non-durable goods (13.9 percent), apparel (12.8 percent), and liquor (0.4 percent). Losses in other non-durable goods categories included eating & drinking sales (-13.4 percent), food sales (-8.1 percent), general merchandise sales (-4.8 percent), and drugs sales (0.8 percent).

Durable goods sales declined 1.2 percent from February with losses seen in lumber & hardware (-7.4 percent), auto accessories & repair (-1.0 percent). Gains were seen in other durable goods categories with electronics & music stores (3.2 percent), miscellaneous durables (3.0 percent), used merchandise (2.8 percent), and furniture (0.8 percent).

OKLAHOMA AVERAGE ANNUAL WAGE BY MAJOR OCCUPATIONAL GROUP, 2010

Occupation Code	Occupation Title	Average Annual Wage		Percent U.S. Average
		Oklahoma	U.S.	
00-0000	All Occupations	\$37,372	\$44,410	84.15%
11-0000	Management Occupations	\$80,630	\$105,440	76.47%
13-0000	Business and Financial Operations Occupations	\$54,459	\$67,690	80.45%
15-0000	Computer and Mathematical Occupations	\$59,730	\$77,230	77.34%
17-0000	Architecture and Engineering Occupations	\$75,344	\$75,550	99.73%
19-0000	Life, Physical, and Social Science Occupations	\$64,321	\$66,390	96.88%
21-0000	Community and Social Services Occupations	\$37,044	\$43,180	85.79%
23-0000	Legal Occupations	\$74,429	\$96,940	76.78%
25-0000	Education, Training, and Library Occupations	\$39,740	\$50,440	78.79%
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	\$37,943	\$52,290	72.56%
29-0000	Healthcare Practitioners and Technical Occupations	\$59,810	\$71,280	83.91%
31-0000	Healthcare Support Occupations	\$24,116	\$26,920	89.58%
33-0000	Protective Service Occupations	\$35,800	\$42,490	84.26%
35-0000	Food Preparation and Serving-Related Occupations	\$19,100	\$21,240	89.92%
37-0000	Building and Grounds Cleaning and Maintenance Occupations	\$21,634	\$25,300	85.51%
39-0000	Personal Care and Service Occupations	\$21,737	\$24,590	88.40%
41-0000	Sales and Related Occupations	\$29,700	\$36,790	80.73%
43-0000	Office and Administrative Support Occupations	\$29,067	\$33,470	86.84%
45-0000	Farming, Fishing, and Forestry Occupations	\$26,493	\$24,330	108.89%
47-0000	Construction and Extraction Occupations	\$36,223	\$43,870	82.57%
49-0000	Installation, Maintenance, and Repair Occupations	\$39,205	\$42,810	91.58%
51-0000	Production Occupations	\$32,635	\$33,770	96.64%
53-0000	Transportation and Material Moving Occupations	\$30,547	\$32,660	93.53%

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, Occupational Employment Statistics, 2010.

OKLAHOMA LONG-TERM INDUSTRY EMPLOYMENT PROJECTIONS, 2008 - 2018

Industry Title	Employment		Employment Change	
	2008	2018	Numeric	Percent
Total Employment¹	1,750,130	1,928,790	178,670	10.21%
Goods-Producing	314,370	337,960	23,590	7.50%
Natural Resources and Mining	88,290	92,850	4,560	5.17%
Construction	75,560	91,630	16,070	21.26%
Manufacturing	150,520	153,480	2,960	1.97%
Services-Providing	1,319,060	1,465,160	146,100	11.08%
Trade, Transportation, and Utilities	289,740	308,830	19,090	6.59%
Information	28,960	27,220	-1,740	-6.02%
Financial Activities	83,110	86,650	3,540	4.25%
Professional and Business Services	184,250	217,370	33,120	17.97%
Education and Health Services	356,210	408,040	51,830	14.55%
Leisure and Hospitality	143,770	160,990	17,230	11.98%
Other Services (Except Government)	65,740	70,530	4,800	7.30%
Government	167,280	185,530	18,250	10.91%
Total Self-Employed and Unpaid Family Workers²	116,690	125,680	8,980	7.70%
Self-Employed Workers	114,790	123,670	8,880	7.73%
Unpaid Family Workers	1,900	2,010	110	5.74%
Agriculture³	36,200	36,180	-20	-0.06%
Mining	52,090	56,680	4,580	8.80%
Oil and Gas Extraction	19,810	20,270	460	2.33%
Mining (except Oil and Gas)	2,360	2,580	220	9.33%
Support Activities for Mining	29,930	33,830	3,900	13.04%
Utilities	10,870	11,540	670	6.14%
Construction	75,560	91,630	16,070	21.26%
Construction of Buildings	16,080	16,370	290	1.79%
Heavy and Civil Engineering Construction	12,490	13,600	1,100	8.82%
Specialty Trade Contractors	46,990	61,670	14,680	31.23%
Manufacturing	150,520	153,480	2,960	1.97%
Food Manufacturing	19,650	19,710	70	0.35%
Beverage and Tobacco Product Manufacturing	2,510	2,980	470	18.88%
Textile Mills	160	180	20	9.20%

OKLAHOMA LONG-TERM INDUSTRY EMPLOYMENT PROJECTIONS, 2008 - 2018

Industry Title	Employment		Employment Change	
	2008	2018	Numeric	Percent
Textile Product Mills	720	580	-150	-20.58%
Apparel Manufacturing	1,050	780	-270	-25.69%
Leather and Allied Product Manufacturing	290	260	-30	-9.69%
Wood Product Manufacturing	3,140	2,950	-190	-6.18%
Paper Manufacturing	2,950	2,270	-680	-23.08%
Printing and Related Support Activities	3,600	2,950	-650	-18.03%
Petroleum and Coal Products Manufacturing	2,470	2,860	390	15.84%
Chemical Manufacturing	2,870	2,720	-150	-5.16%
Plastics and Rubber Products Manufacturing	10,560	9,910	-650	-6.16%
Nonmetallic Mineral Product Manufacturing	8,480	8,590	100	1.23%
Primary Metal Manufacturing	4,930	5,660	720	14.68%
Fabricated Metal Product Manufacturing	24,090	24,620	520	2.18%
Machinery Manufacturing	30,900	35,610	4,710	15.24%
Computer and Electronic Product Manufacturing	6,330	6,630	300	4.76%
Electrical Equipment, Appliance, and Component Manufacturing	3,170	3,020	-150	-4.86%
Transportation Equipment Manufacturing	15,670	14,250	-1,430	-9.09%
Furniture and Related Product Manufacturing	2,540	2,600	60	2.36%
Miscellaneous Manufacturing	4,430	4,370	-70	-1.47%
Wholesale Trade	59,780	62,300	2,530	4.23%
Merchant Wholesalers, Durable Goods	30,070	32,820	2,750	9.16%
Merchant Wholesalers, Nondurable Goods	23,640	23,810	170	0.70%
Wholesale Electronic Markets and Agents and Brokers	6,070	5,670	-390	-6.49%
Retail Trade	173,280	186,210	12,930	7.46%
Motor Vehicle and Parts Dealers	23,530	22,260	-1,270	-5.39%
Furniture and Home Furnishings Stores	5,150	5,960	810	15.78%
Electronics and Appliance Stores	4,530	3,730	-800	-17.67%
Building Material and Garden Equipment and Supplies Dealers	15,280	19,920	4,640	30.36%
Food and Beverage Stores	21,630	18,890	-2,740	-12.67%
Health and Personal Care Stores	11,190	14,620	3,430	30.62%
Gasoline Stations	13,860	15,300	1,440	10.36%
Clothing and Clothing Accessories Stores	11,710	12,470	760	6.53%
Sporting Goods, Hobby, Book, and Music Stores	6,940	7,480	540	7.84%
General Merchandise Stores	46,300	52,790	6,490	14.02%
Miscellaneous Store Retailers	11,140	11,190	50	0.46%
Nonstore Retailers	2,020	1,590	-430	-21.22%

OKLAHOMA LONG-TERM INDUSTRY EMPLOYMENT PROJECTIONS, 2008 - 2018

Industry Title	Employment		Employment Change	
	2008	2018	Numeric	Percent
Transportation and Warehousing	45,810	48,780	2,970	6.48%
Air Transportation	7,890	6,420	-1,470	-18.62%
Rail Transportation	1,840	1,840	0	0.00%
Truck Transportation	19,030	21,710	2,690	14.12%
Transit and Ground Passenger Transport	*	*	*	*
Pipeline Transportation	1,880	2,030	160	8.27%
Scenic and Sightseeing Transportation	*	*	*	*
Support Activities for Transportation	6,080	7,360	1,290	21.22%
Couriers and Messengers	4,270	4,330	60	1.45%
Warehousing and Storage	3,970	4,200	240	5.92%
Information	28,960	27,220	-1,740	-6.02%
Publishing Industries	7,260	6,310	-950	-13.09%
Motion Picture and Sound Recording Industries	1,960	2,000	40	2.10%
Broadcasting (except Internet)	3,640	3,110	-530	-14.49%
Telecommunications	13,900	13,610	-290	-2.08%
Internet Service Providers, Web Search Portals, and Data Processing Services	1,570	1,430	-140	-8.88%
Other Information Services	640	760	120	19.06%
Finance and Insurance	59,470	61,040	1,570	2.64%
Monetary Authorities - Central Bank	*	*	*	*
Credit Intermediation and Related Activities	32,180	33,070	890	2.77%
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	4,710	5,740	1,030	21.75%
Insurance Carriers and Related Activities	22,210	21,900	-310	-1.40%
Funds, Trusts, and Other Financial Vehicles	*	*	*	*
Real Estate and Rental and Leasing	23,650	25,610	1,970	8.31%
Real Estate	11,570	12,720	1,150	9.92%
Rental and Leasing Services	11,600	12,400	810	6.97%
Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	480	490	10	1.87%
Professional, Scientific, and Technical Services	65,010	82,030	17,020	26.18%
Management of Companies and Enterprises	13,790	14,820	1,030	7.46%

OKLAHOMA LONG-TERM INDUSTRY EMPLOYMENT PROJECTIONS, 2008 - 2018

Industry Title	Employment		Employment Change	
	2008	2018	Numeric	Percent
Administrative and Support and Waste Management and Remediation Services	105,450	120,520	15,070	14.29%
Administrative and Support Services	102,350	117,330	14,980	14.64%
Waste Management and Remediation Service	3,100	3,190	80	2.67%
Educational Services	162,550	175,030	12,480	7.68%
Health Care and Social Assistance	193,660	233,010	39,350	20.32%
Ambulatory Health Care Services	65,690	82,120	16,440	25.02%
Hospitals	68,170	86,820	18,640	27.35%
Nursing and Residential Care Facilities	34,370	33,260	-1,110	-3.24%
Social Assistance	25,430	30,810	5,380	21.16%
Arts, Entertainment, and Recreation	18,670	21,360	2,690	14.39%
Performing Arts, Spectator Sports, and Related Industries	2,400	2,690	300	12.39%
Museums, Historical Sites, and Similar Institution	720	790	70	9.70%
Amusement, Gambling, and Recreation Industries	15,560	17,880	2,320	14.91%
Accommodation and Food Services	125,090	139,630	14,540	11.62%
Accommodation	11,630	12,930	1,300	11.13%
Food Services and Drinking Places	113,460	126,700	13,240	11.67%
Other Services (Except Government)	65,740	70,530	4,800	7.30%
Repair and Maintenance	14,230	16,770	2,540	17.85%
Personal and Laundry Services	13,580	15,850	2,260	16.67%
Religious, Grantmaking, Civic, Professional, and Similar Organizations	35,970	35,920	-40	-0.12%
Private Households	1,960	1,990	40	1.84%
Government	167,280	185,530	18,250	10.91%
Federal Government	45,290	45,870	580	1.29%
Federal Government, Excluding Postal Service	37,020	37,940	920	2.49%
Postal Service	8,270	7,940	-340	-4.06%
State Government, Excluding Education and Hospitals	38,870	41,770	2,900	7.46%
Local Government, Excluding Education and Hospitals	83,120	97,890	14,760	17.76%

SOURCE: Oklahoma Employment Security Commission, 2008-2018 Industry Projections, 2010.

1 Total employment includes covered and non-covered employment, agricultural employment and self-employed and unpaid family workers. Covered employment data are from the BLS (Bureau of Labor Statistics) Quarterly Census of Employment and Wages program from Oklahoma Employment Security Commission. Non-covered employment data are average annual data from the BLS Current Employment Statistics program from Oklahoma Employment Security Commission. Employment estimates have been rounded to the nearest 10. Percent change is based on unrounded data.

2 Self-employed & unpaid family workers data are produced from the projection matrix system based on Oklahoma OES (Occupational Employment Statistics) survey and BLS Current Population Survey. The estimates of the number of self-employed in the base year are larger than projections round than they were in previous rounds because the file supplied by the Bureau of Labor Statistics now includes estimates of all self-employed jobs (jobs held by people primarily self-employed plus jobs held by people secondarily self-employed).

3 Employment data for Agriculture are from the Census Bureau's American Community Survey 2008 and QCEW program.

* Employment data is withheld to maintain data confidentiality.