

# U.S. & Oklahoma Economic Outlook

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Branch Executive

Federal Reserve Bank of Kansas City

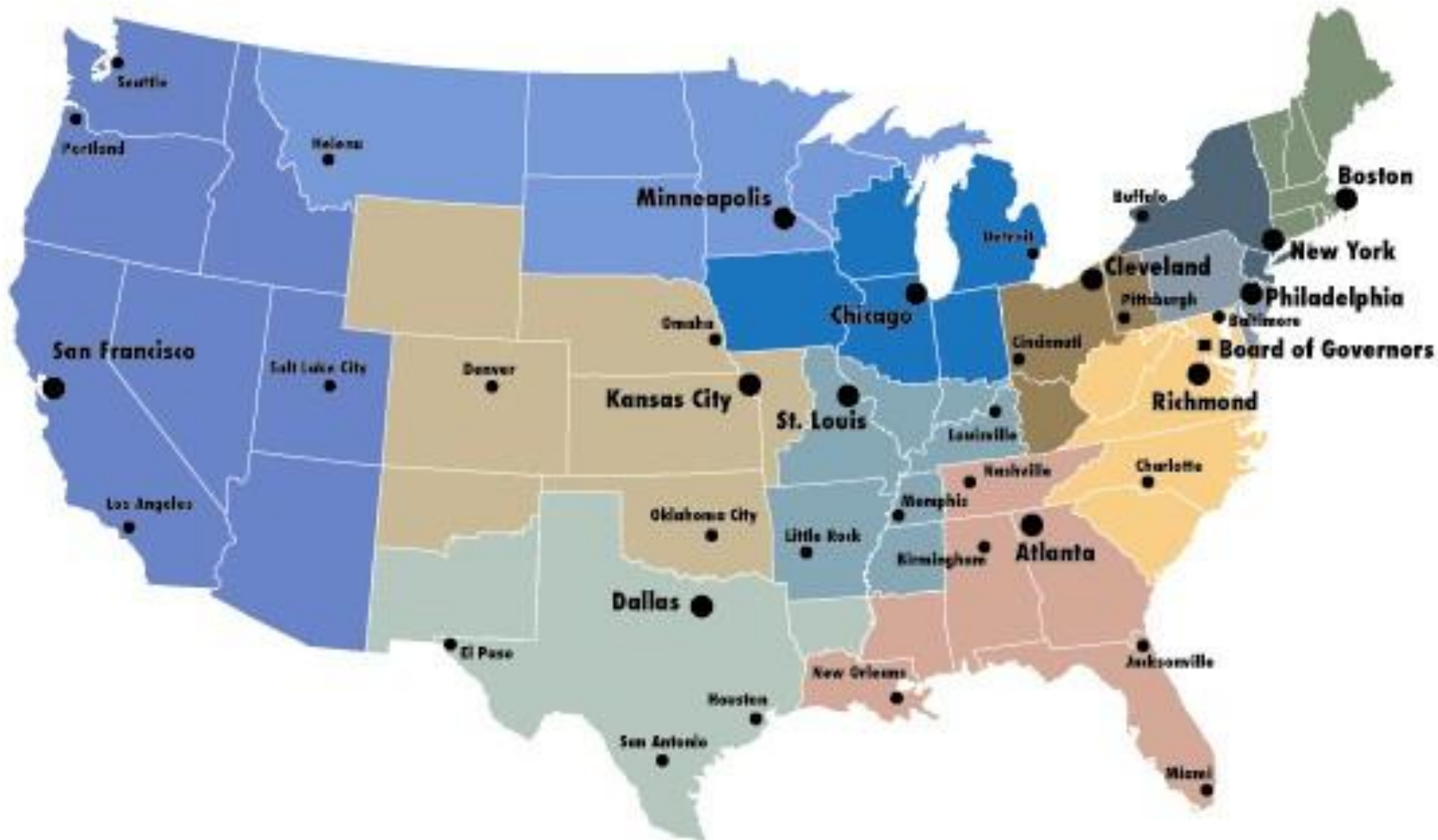
# Purposes and Structure of the Federal Reserve System

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- **Overall purposes of the Fed are to promote:**
  - National financial stability
  - Maximum sustainable economic growth
  - Low and stable inflation
- **Mission areas:**
  - Monetary policy – most visible role to the public, usually
  - Bank regulation – including lender of last resort
  - Payments systems – cash, checks, electronic payments
- **Monetary policy is set by the 12-member FOMC:**
  - The Federal Open Market Committee meets every 6 weeks
  - Voting members consist of:
    - the 7 Governors in Washington;
    - the New York Fed President;
    - 4 of the 11 other Fed presidents on a rotating basis

# Federal Reserve Districts and Office Locations

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# The Kansas City and Oklahoma City Offices

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- **Headquarters in Kansas City**

- Nearly **1,000 staff** involved in all mission areas
- **New building** officially opened in June

- **Oklahoma City branch office**

- **Staff and functions** – about 35 staff involved in economic research, bank examinations, and public and community affairs
- **Branch board of directors** – 7 members from around the state; provide anecdotal information in advance of each FOMC meeting

- **Oklahoma City branch board of directors**

- *Chairman* **Richard Ratcliffe**, Chairman, Ratcliffe's Textbooks, Weatherford
- **Steve Agee**, President, Agee Energy, and Professor, OCU, Oklahoma City
- **Terry Almon**, President, Oklahoma Community Capital Corp., Broken Arrow
- **Jim Dunn**, Chairman, Mill Creek Lumber & Supply Co., Tulsa
- **Barry Golsen**, President, LSB Industries, Oklahoma City
- **Fred Ramos**, President, RGF, Inc., Oklahoma City

# The U.S. Economic Outlook

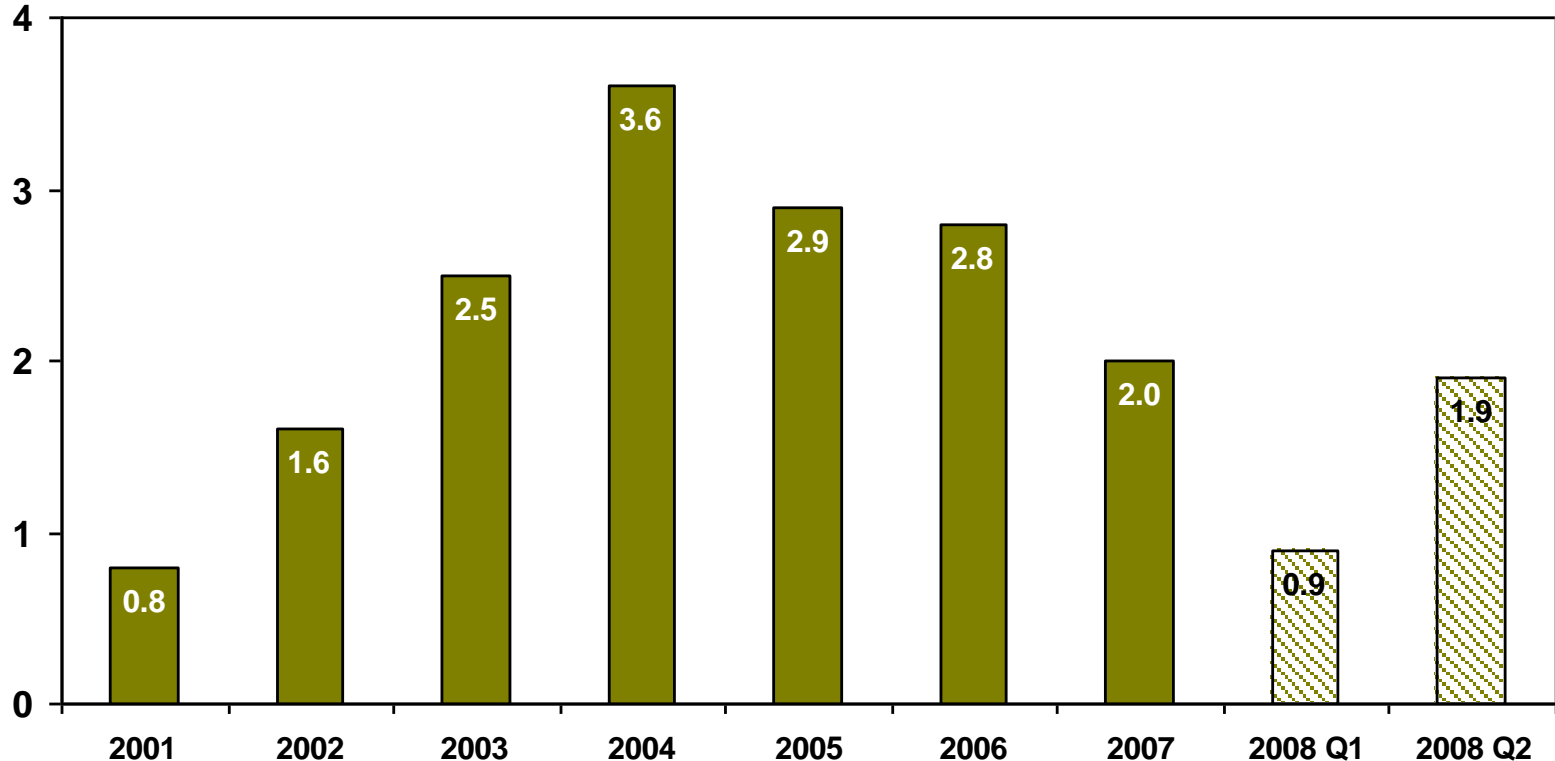
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- U.S. economic growth is below average
- Inflation pressures have risen
- Forecasts generally call for sluggish growth and continued high inflation in the second half of 2008

# GDP growth was moderate in the first half of 2008

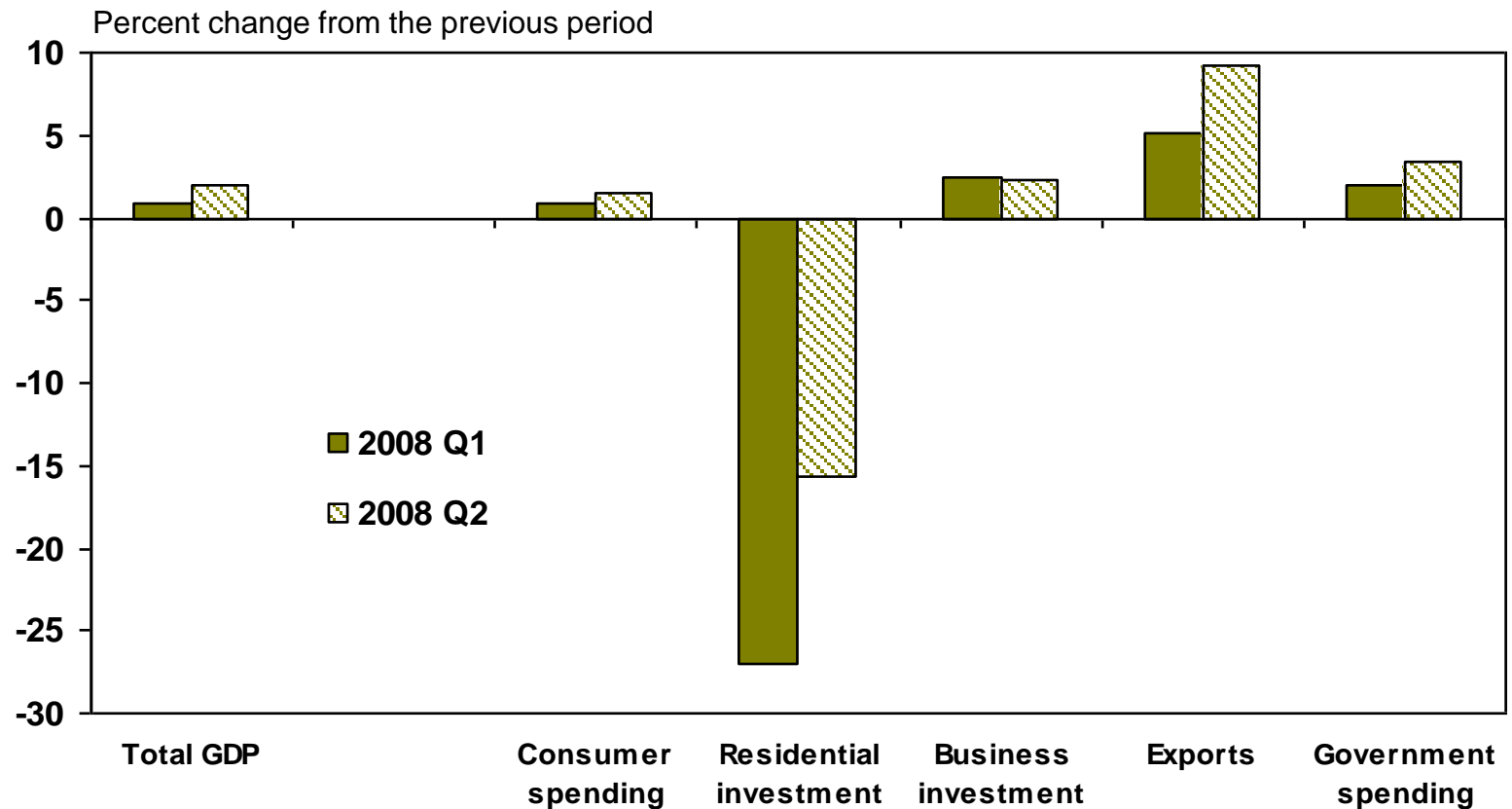
## Gross Domestic Product

Percent change from the previous period, annualized



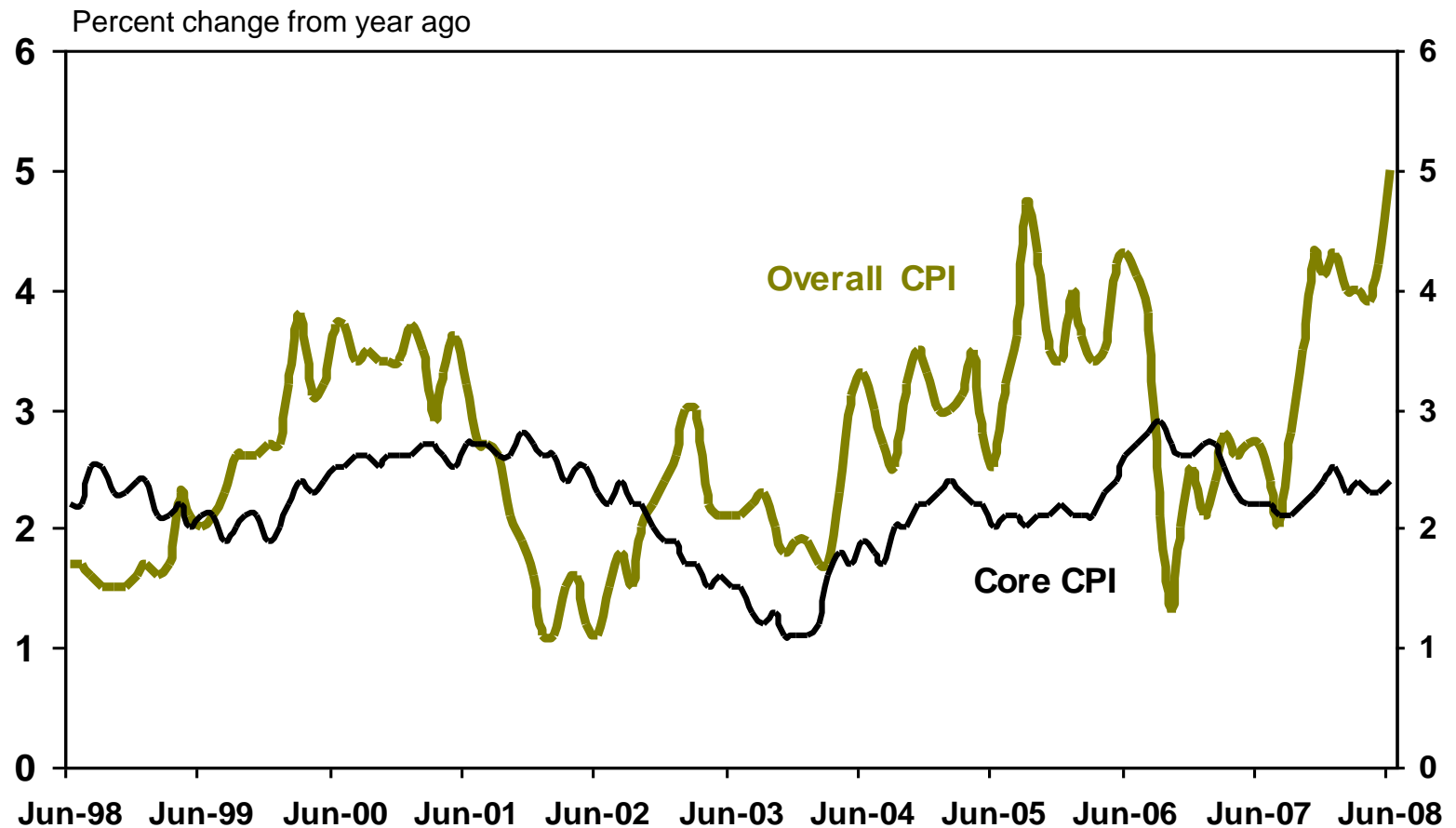
# Stimulus checks and exports provided a boost in Q2

## Growth in Components of GDP



# Inflation has risen again in recent months

## Consumer Price Index





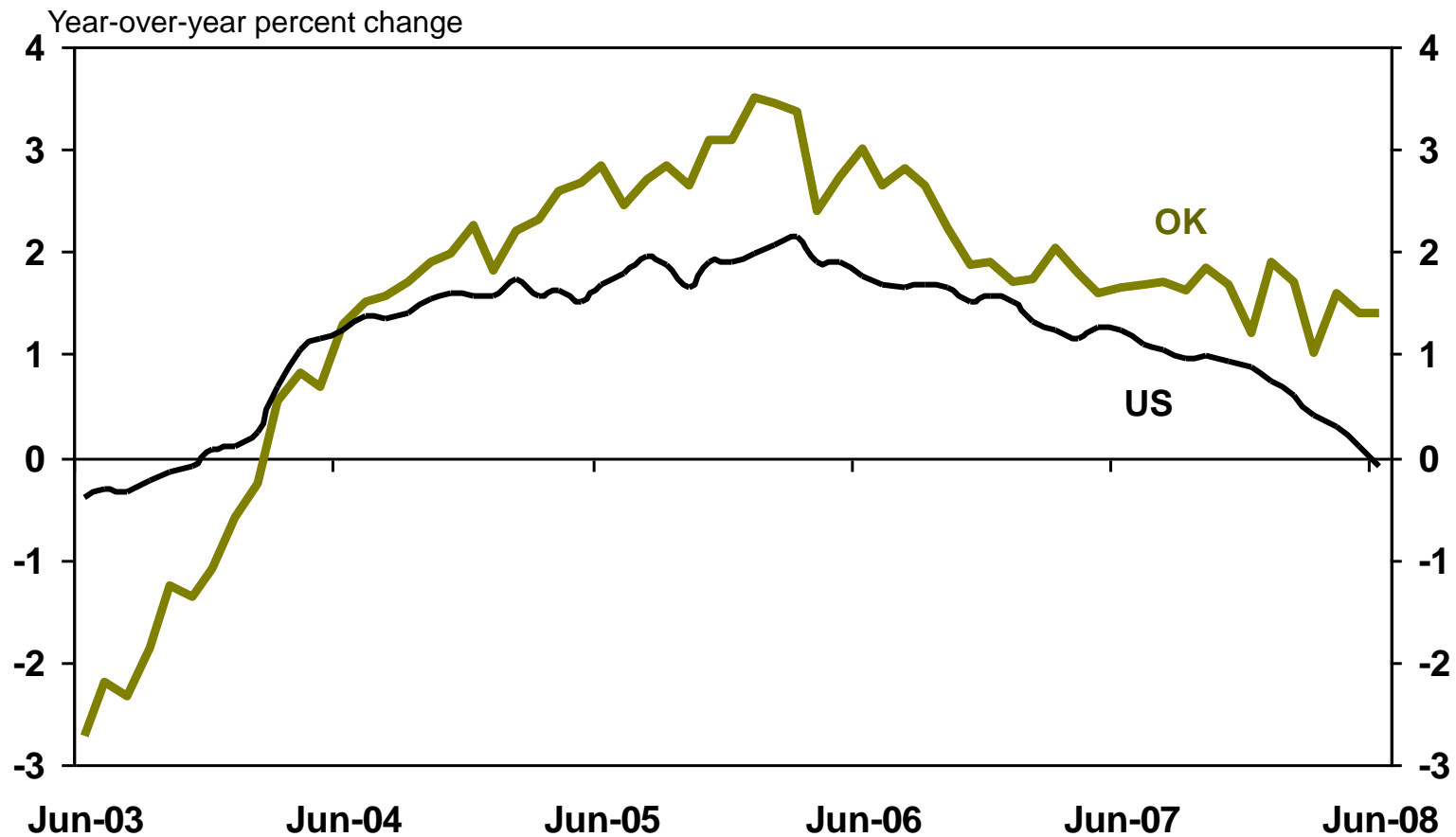
# The Oklahoma Economic Outlook

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- Oklahoma economic growth remains solid
- Housing is in better shape than the nation
- Energy and agriculture should continue to help promote moderate overall growth in the state

# Oklahoma job growth continues to be considerably stronger than in the nation

## Nonfarm Payroll Employment Growth

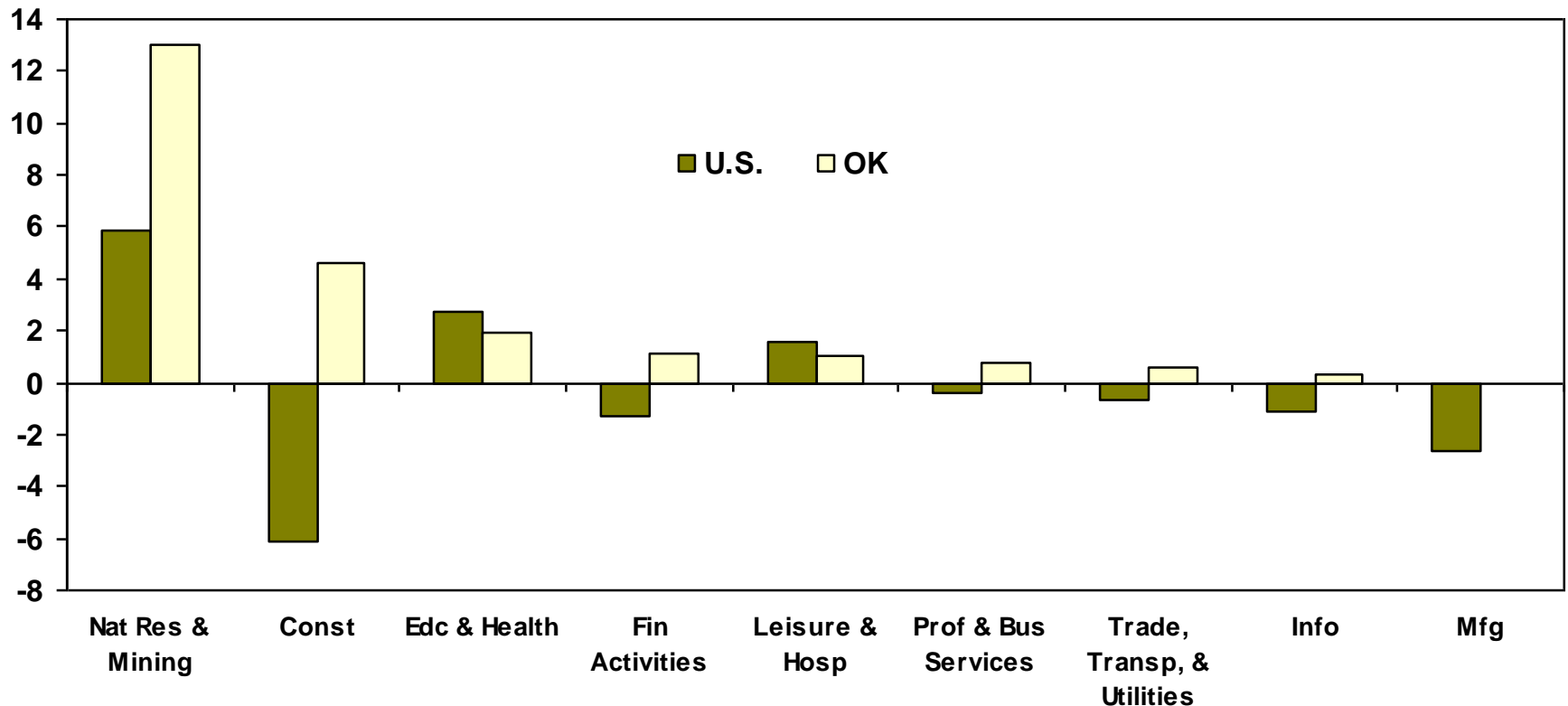


# Strength in regional job growth is driven by energy, but also some other sectors

## Employment Growth by Industry

June 2008

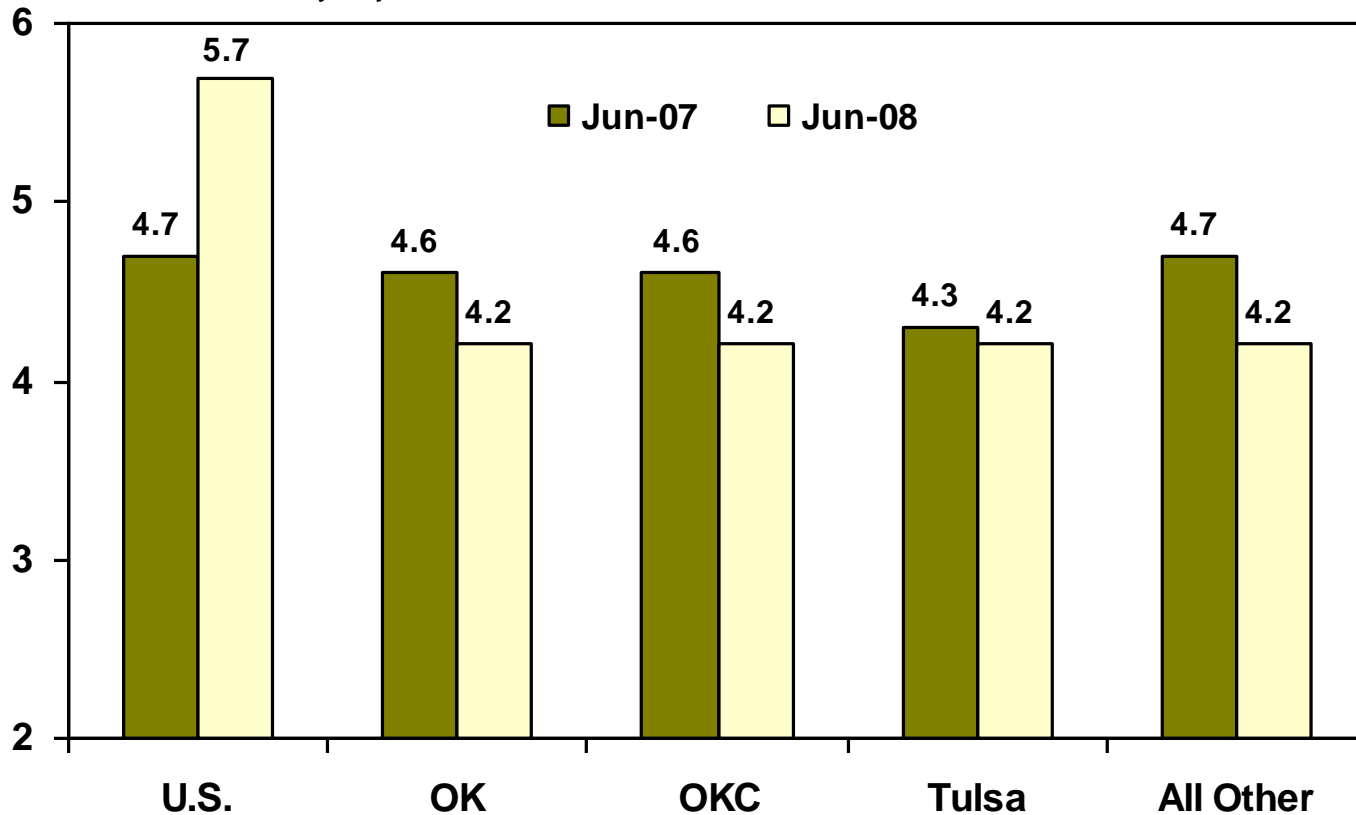
Percent change year over year



# Unemployment rates are down across the state since last year, unlike in the nation

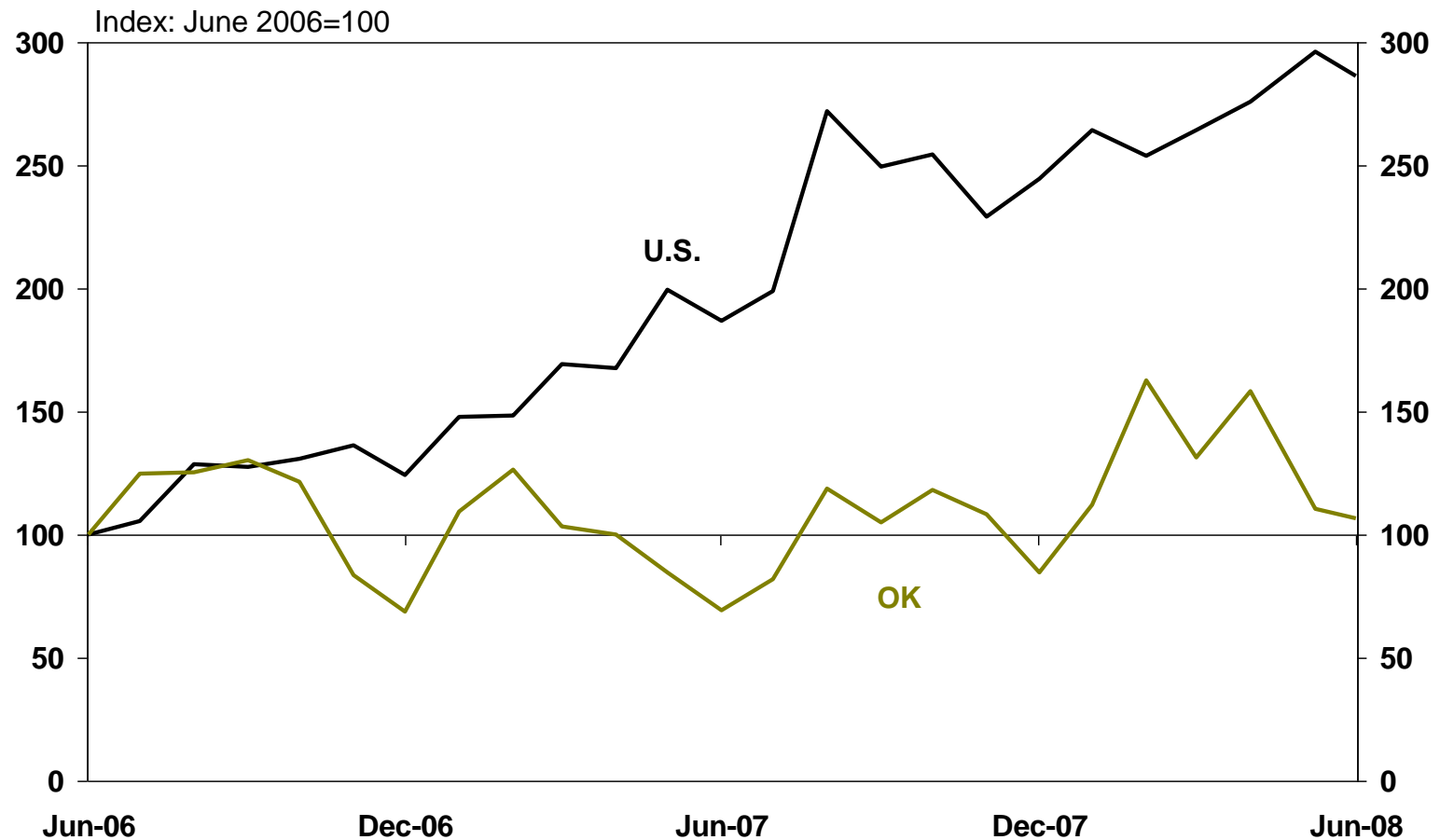
## Unemployment Rates

Percent, not seasonally adjusted



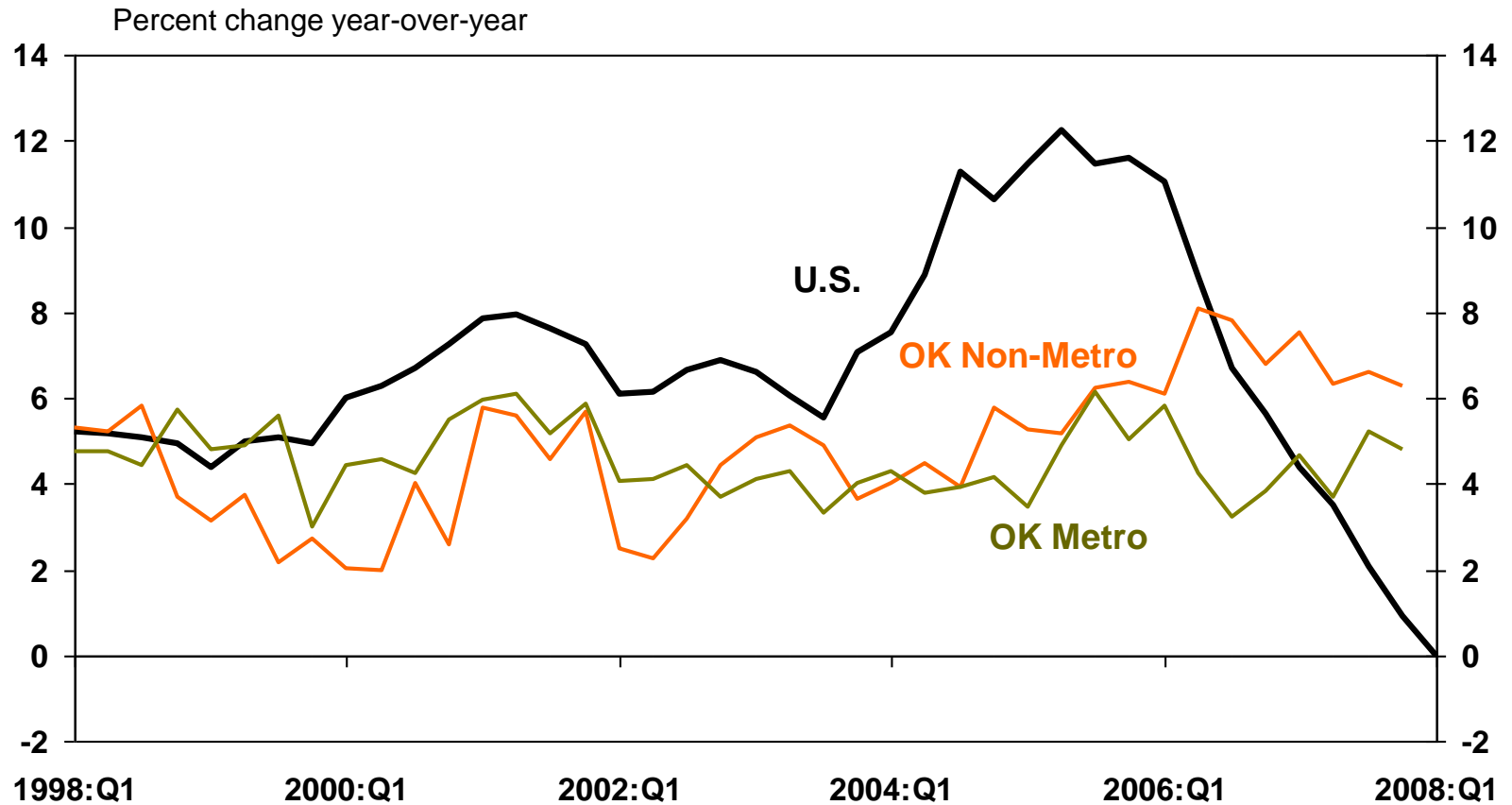
# Total foreclosure rates have remained relatively stable in Oklahoma, as opposed to the nation

## Foreclosures in the U.S. vs. Oklahoma



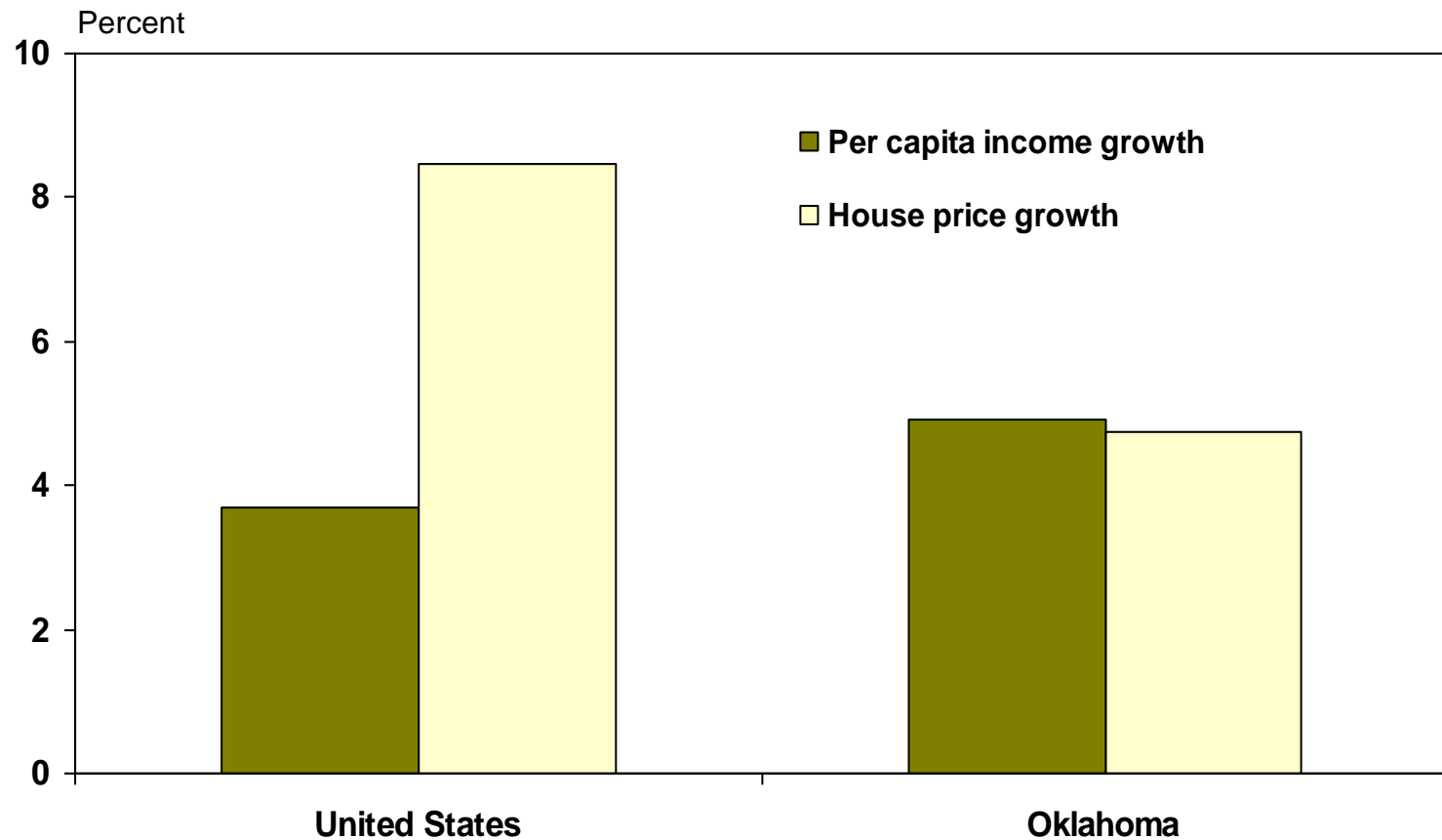
# U.S. home prices are now falling, while Oklahoma prices are holding on

## Quality-Adjusted Home Price Growth



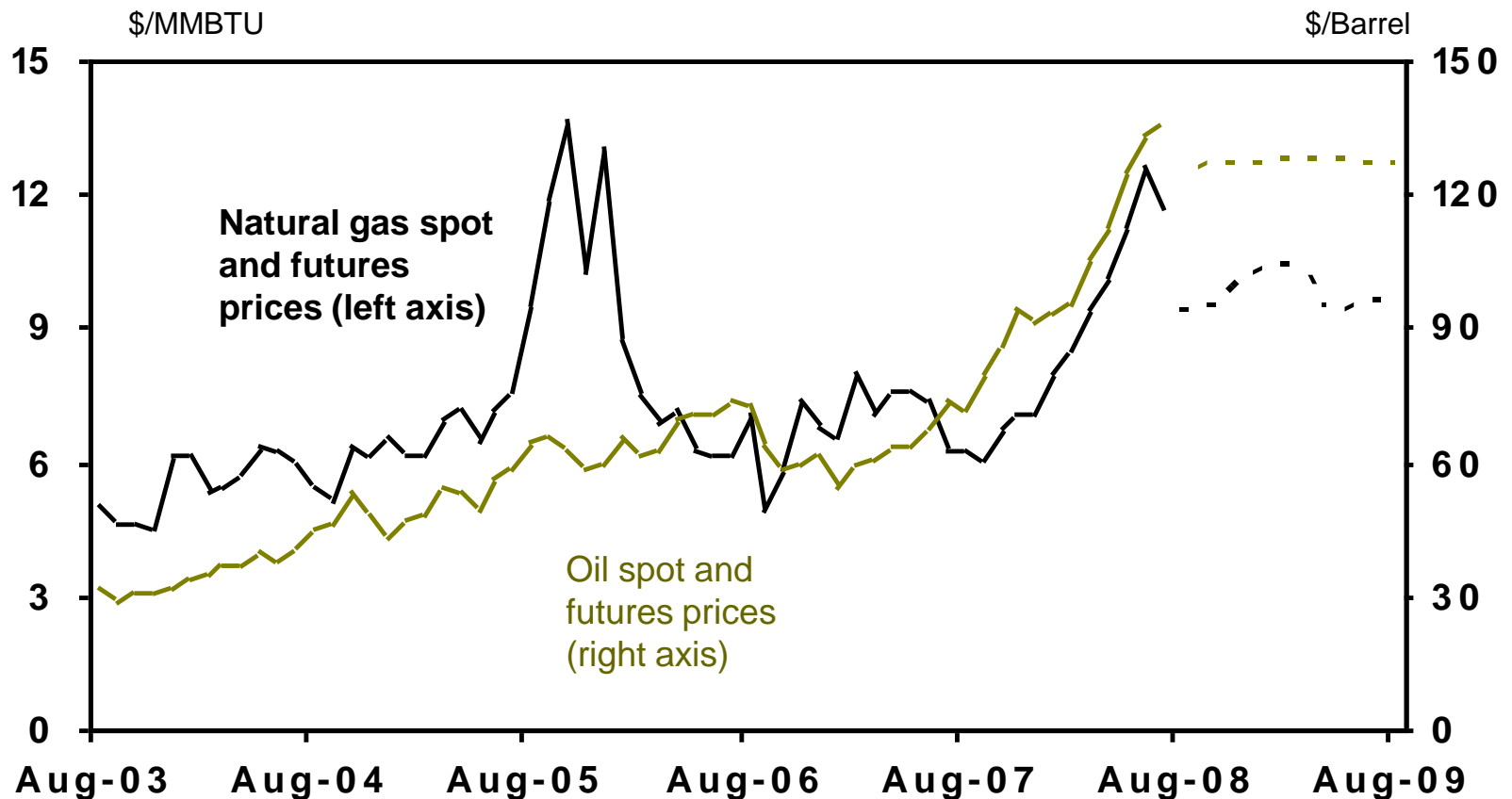
# House price fundamentals were more in line in Oklahoma from 2000 to 2005

**Annual Growth in Per Capita Incomes and Home Prices**  
2000 - 2005



# Oil and gas futures prices have dropped slightly, but still remain very solid

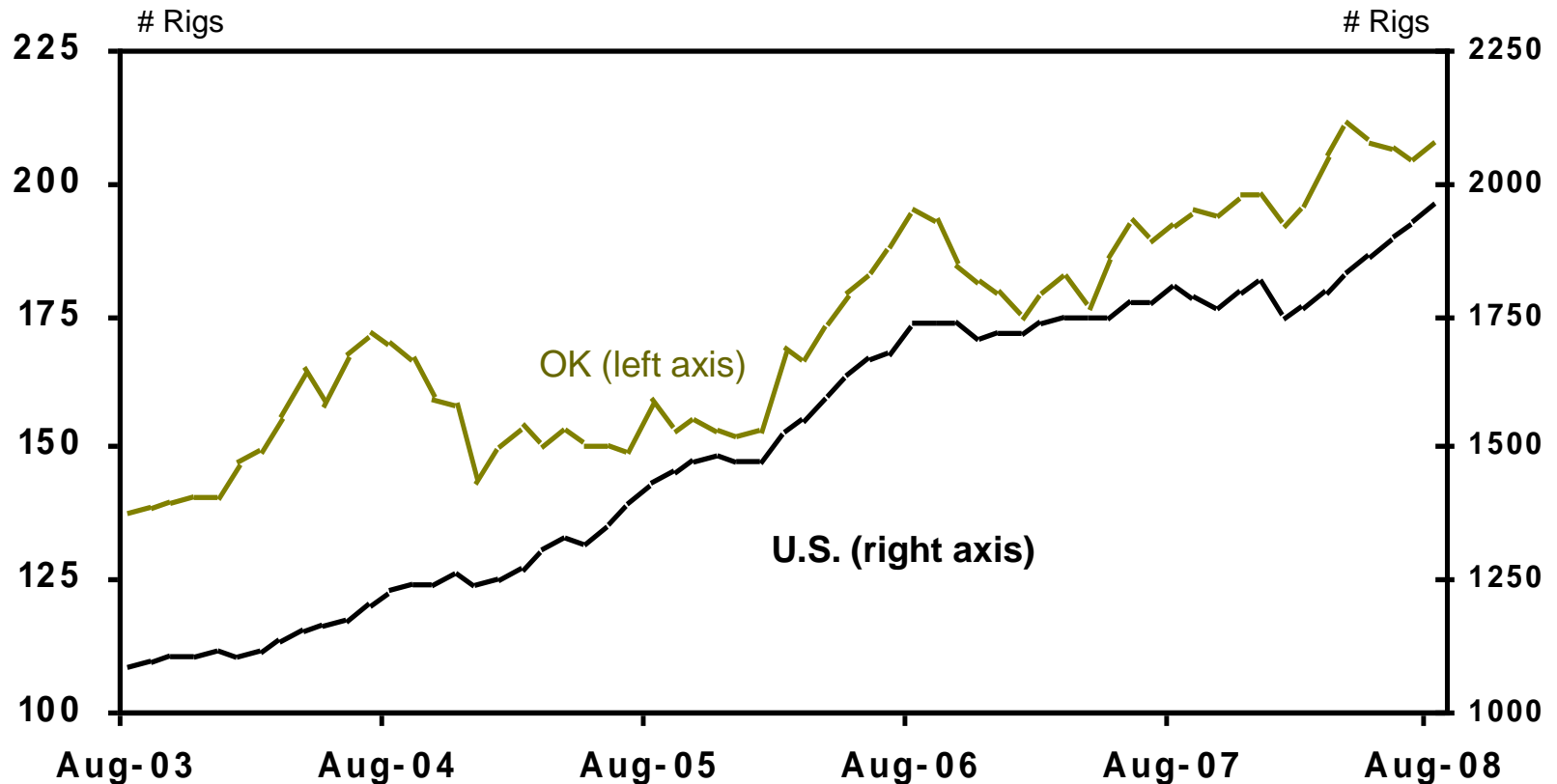
## Oil and Natural Gas Prices





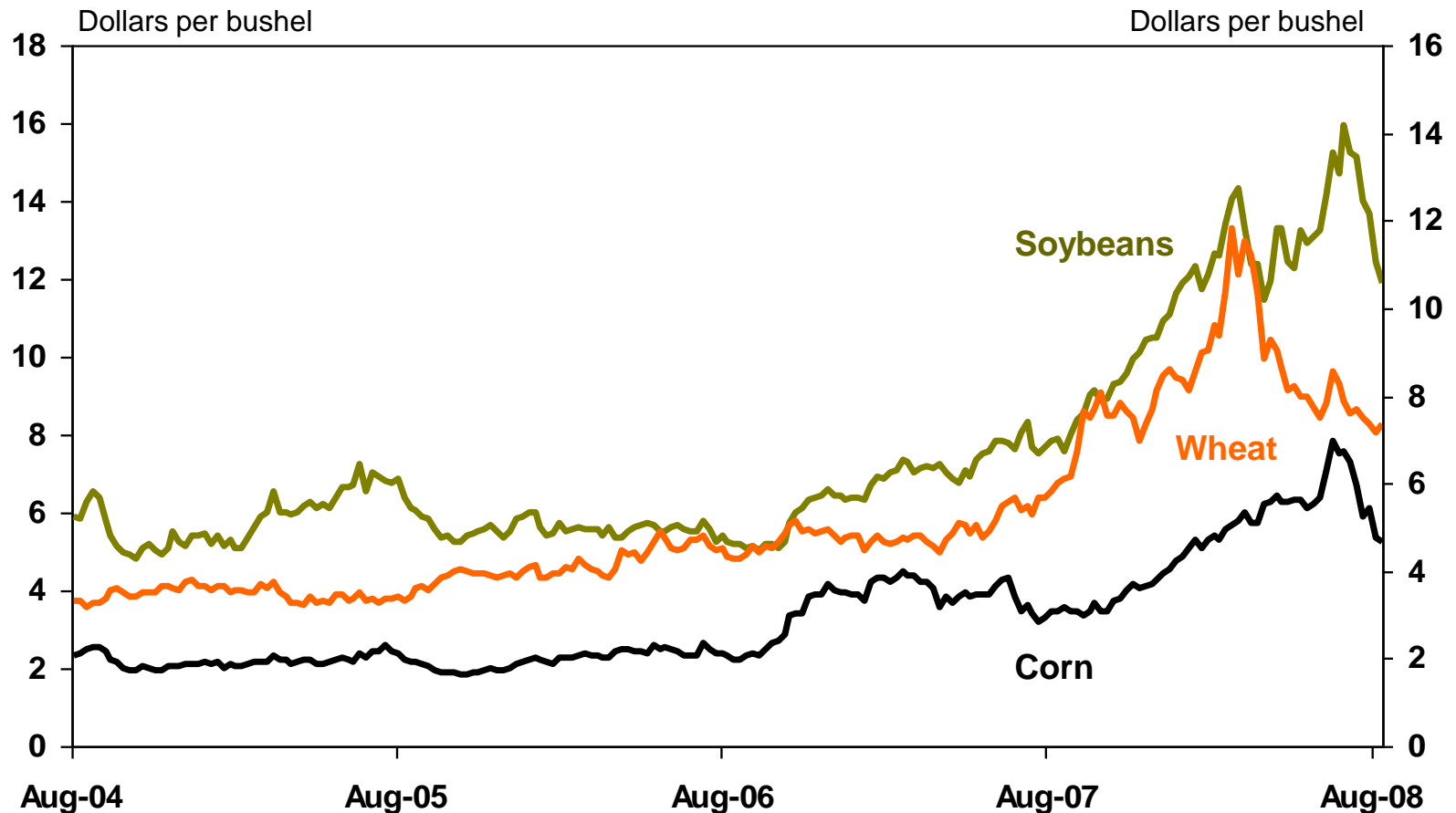
# State drilling activity continues to increase

## Count of Active Drilling Rigs



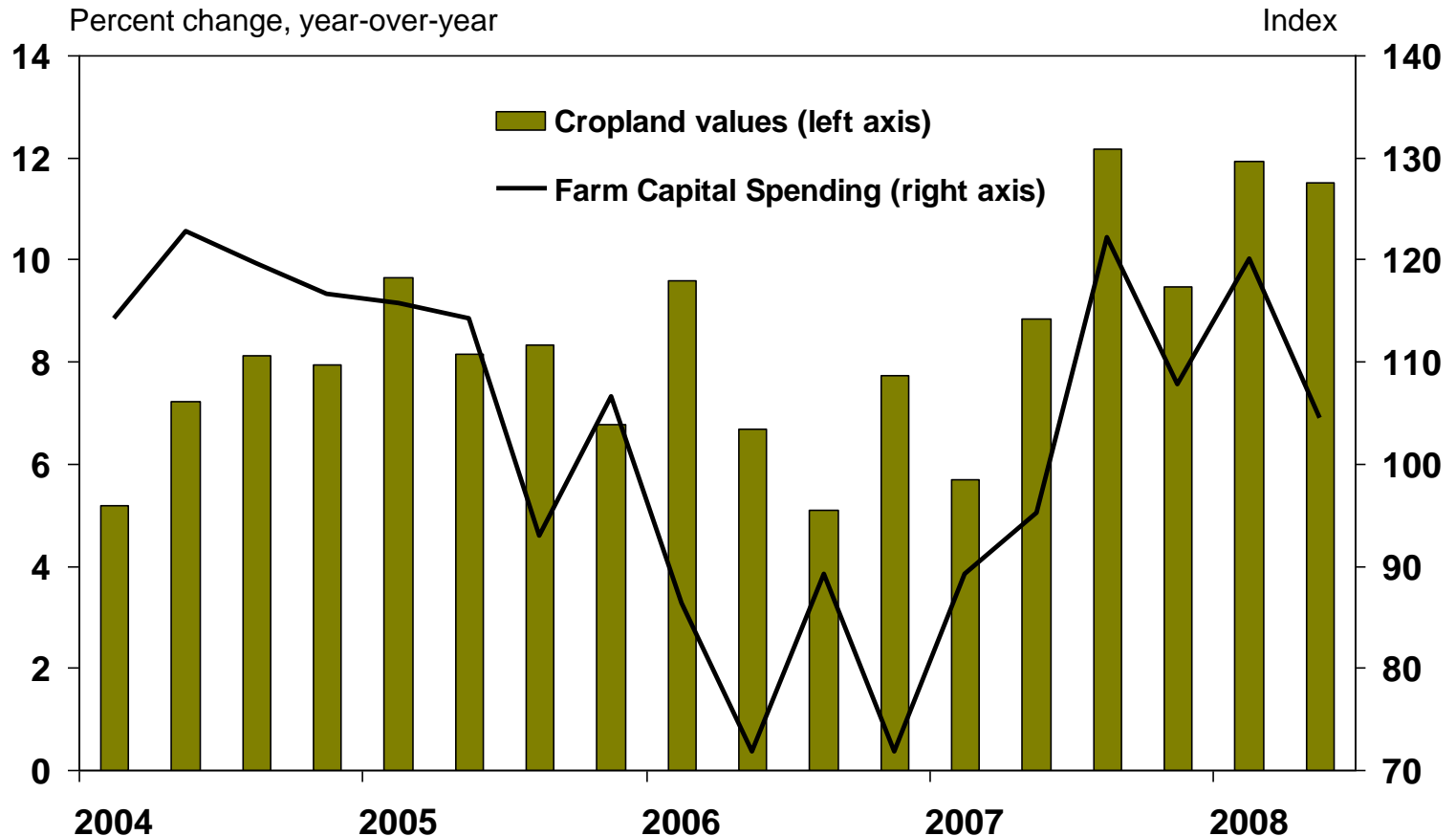
# Crop prices have also eased recently, but still remain quite high

## U.S. Crop Prices



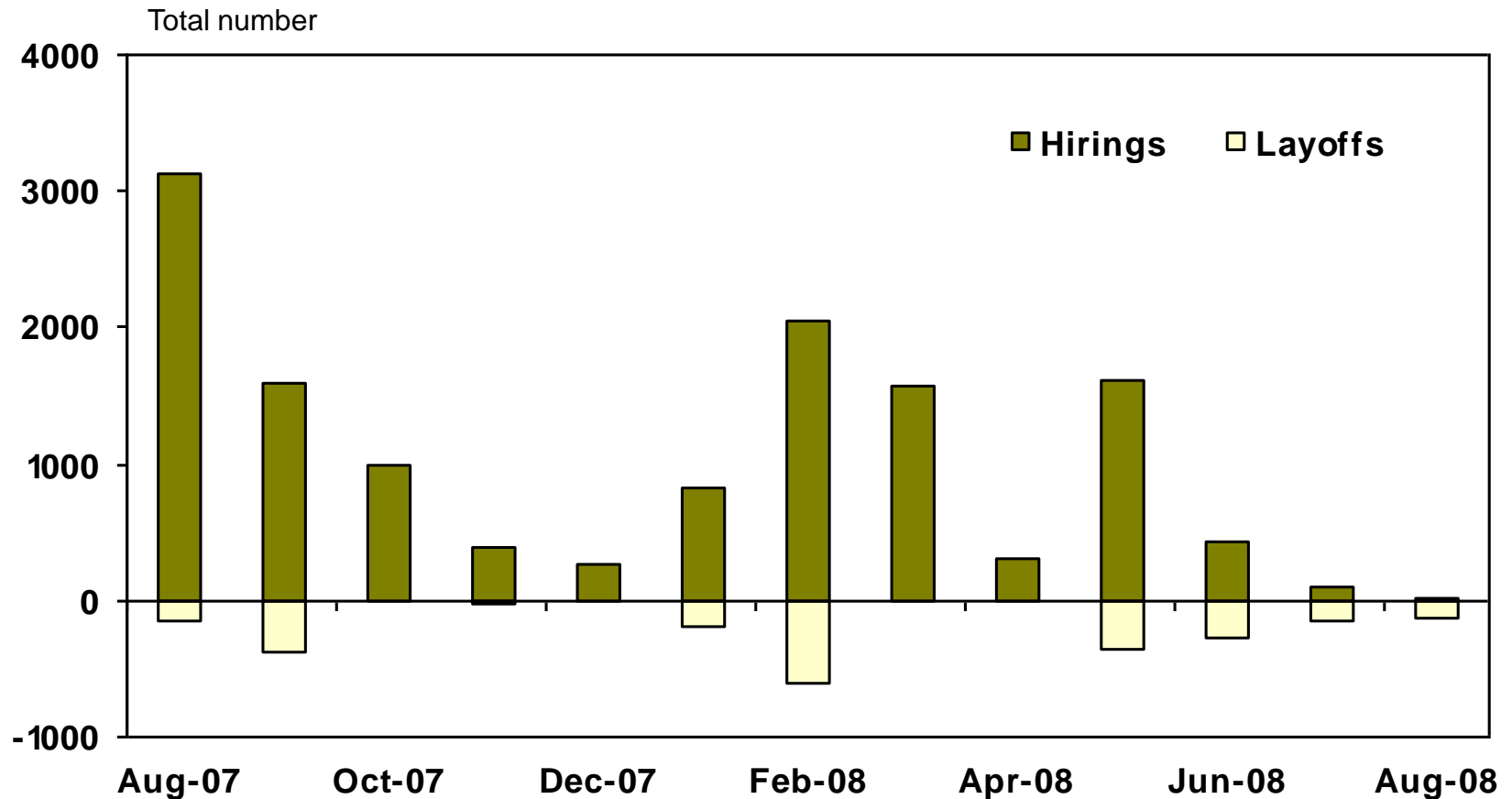
# Oklahoma farmland values and farm capital spending are rising

## Oklahoma Agricultural Indicators



# Hiring announcements in Oklahoma have slowed, but layoffs remain minimal

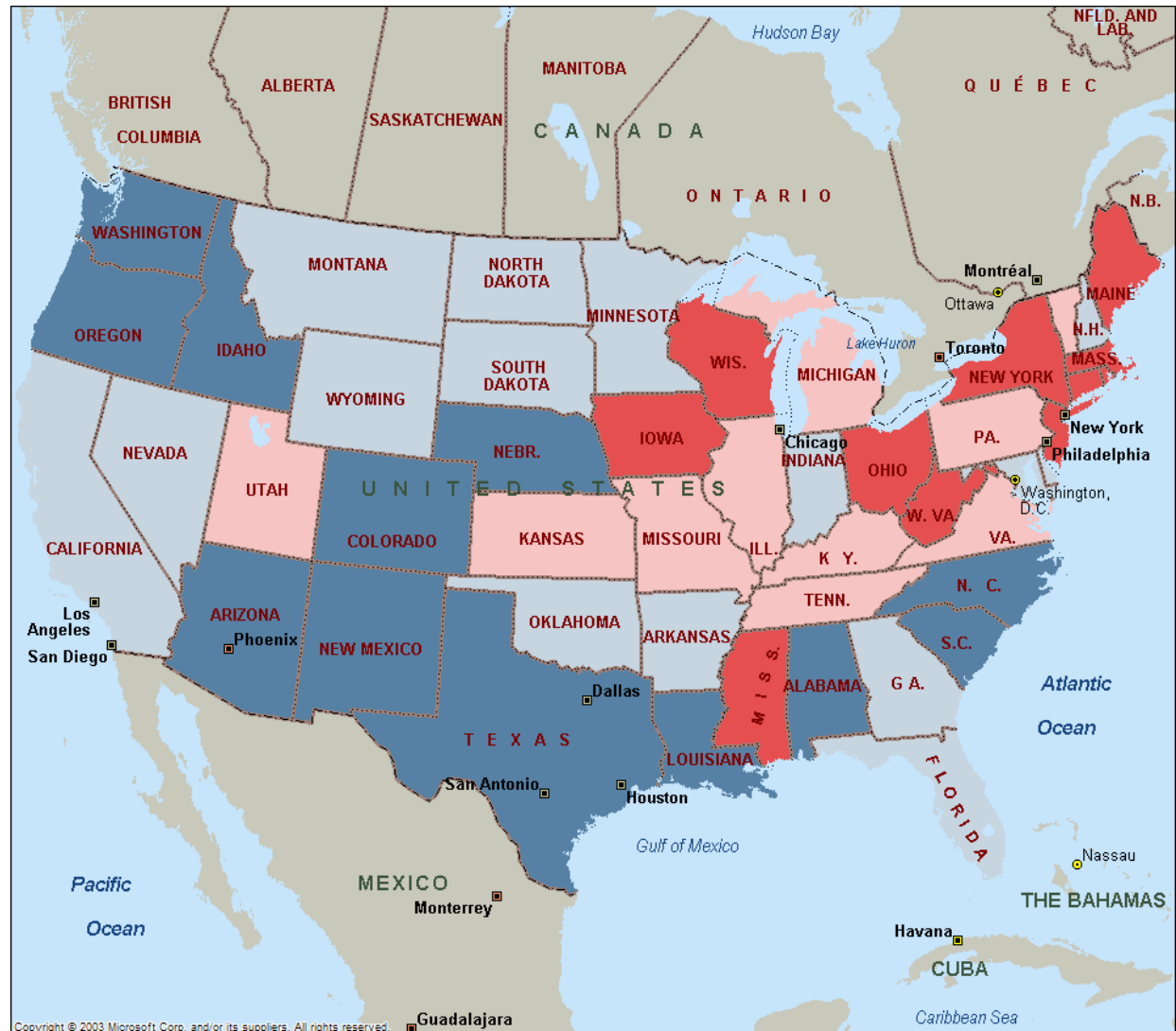
## Oklahoma Hiring and Layoff Announcements



# The 2009 job growth forecast for Oklahoma is generally positive

## Projected 2009 Job Growth (as of Jun-08)

- 1.1 to 2.2%
- 0.8 to 1.0%
- 0.2 to 0.7%
- 0.3 to 0.1%



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Questions?