

# Regional Economic Outlook



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# **The Fed and the U.S. Economic Outlook**



# Federal Reserve Districts and Office Locations



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

- **Functions – 35 staff**

- **Economic research and outreach** for U.S. monetary policy purposes
- **Examinations and inspections** of Oklahoma financial institutions
- **Economic and financial education outreach** to teachers and citizens
- **Community development outreach** to low and moderate income areas

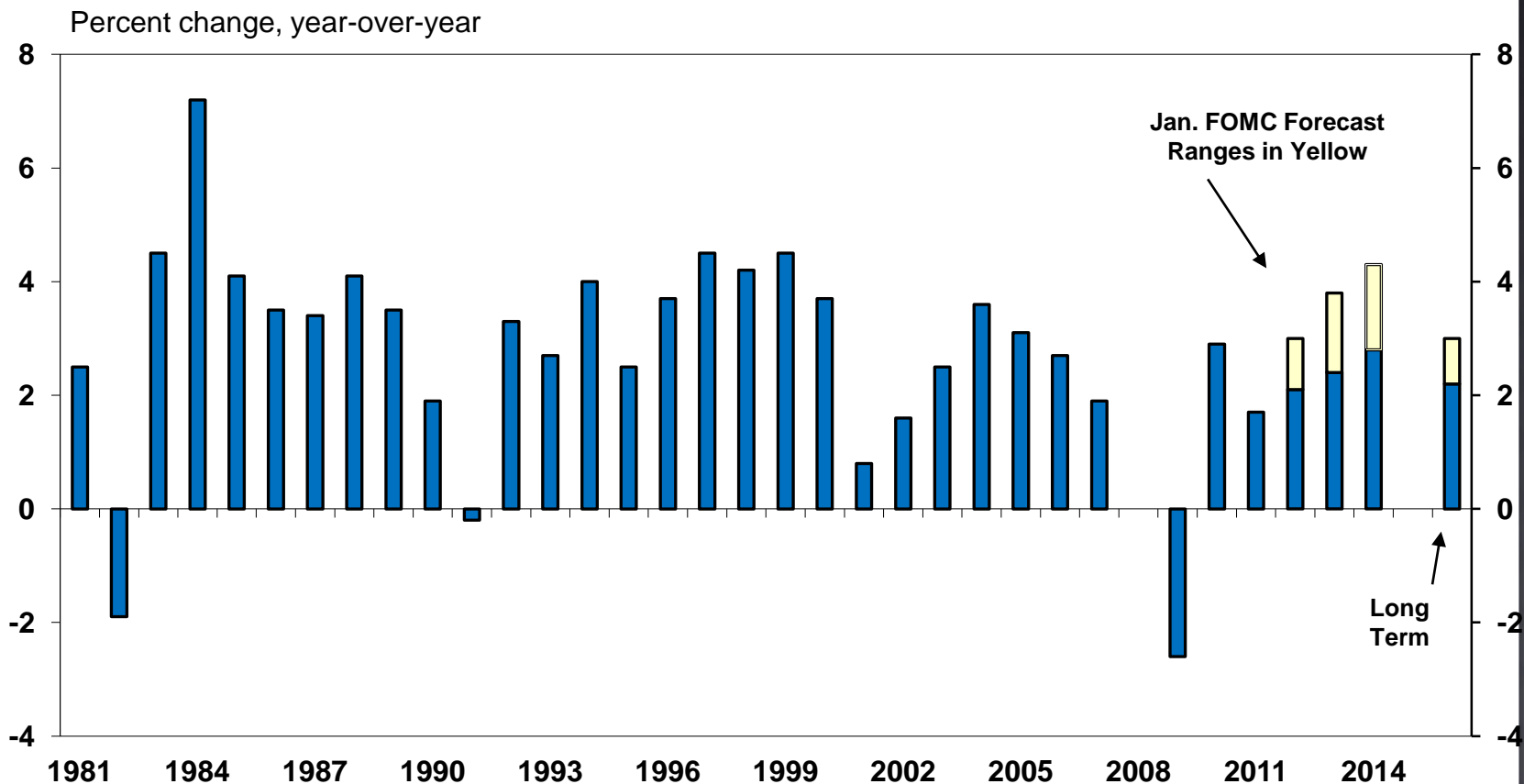
- **2012 board of directors**

- **Jim Dunn (chair)**, Chairman, Mill Creek Lumber and Supply, Tulsa
- **Linda Capps**, Vice Chairman, Citizen Potawatomi Nation, Shawnee
- **Pete Delaney**, Chairman, CEO, & President, OGE Energy Corp., OKC
- **Jacque Fiegel**, Senior EVP and COO, Coppermark Bank, OKC
- **Doug Tippens**, President and CEO, Bank of Commerce, Yukon
- **K. Vasudevan**, Chairman, Service and Technology Corp., Bartlesville
- **Rose Washington**, Exec. Director, Tulsa Economic Development Corp.



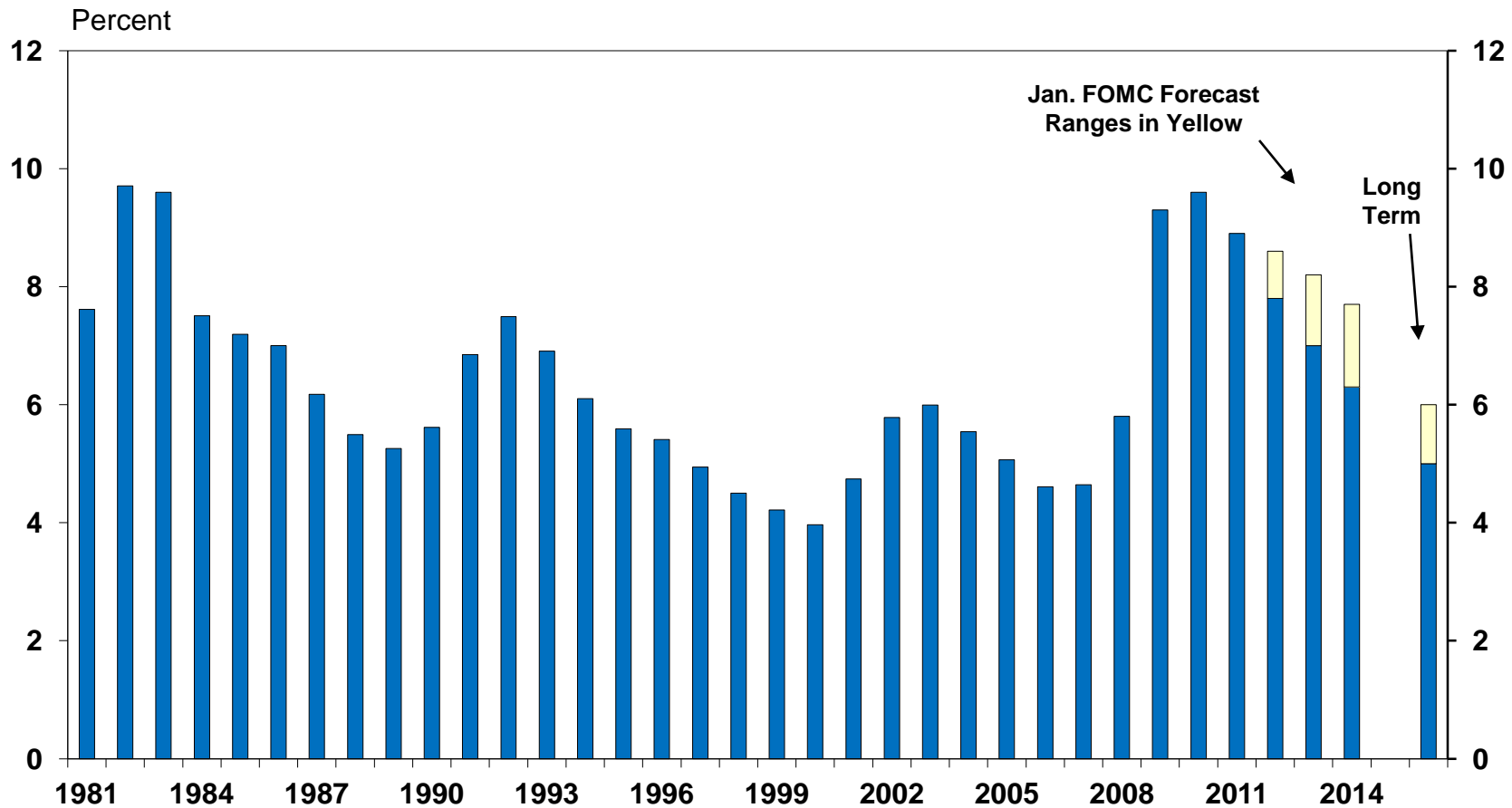
# At its late January meeting, the FOMC expected solid GDP growth in 2012

## Real Gross Domestic Product



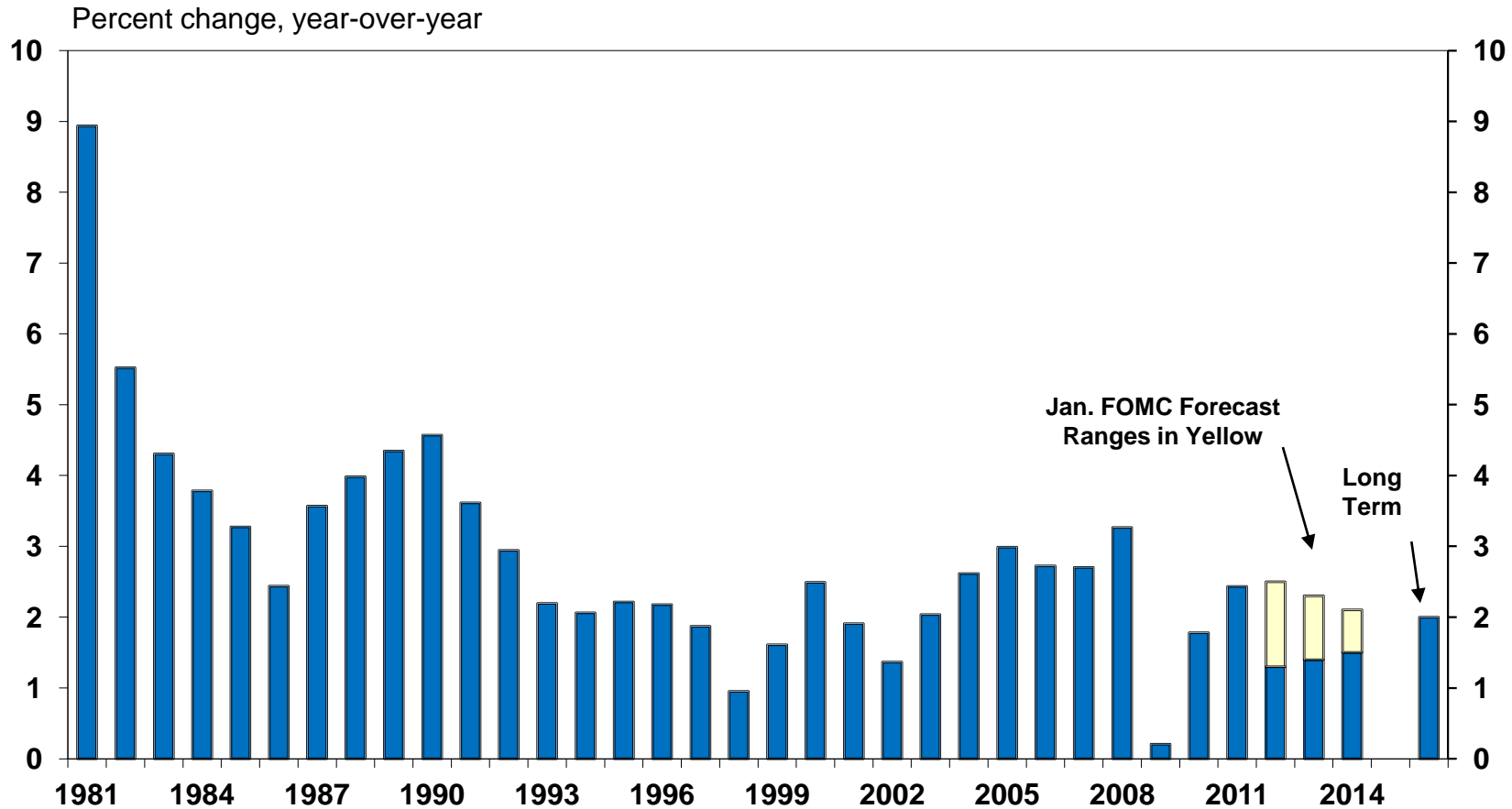
# But for unemployment to only come down slowly the next few years

## Unemployment Rate Seasonally Adjusted



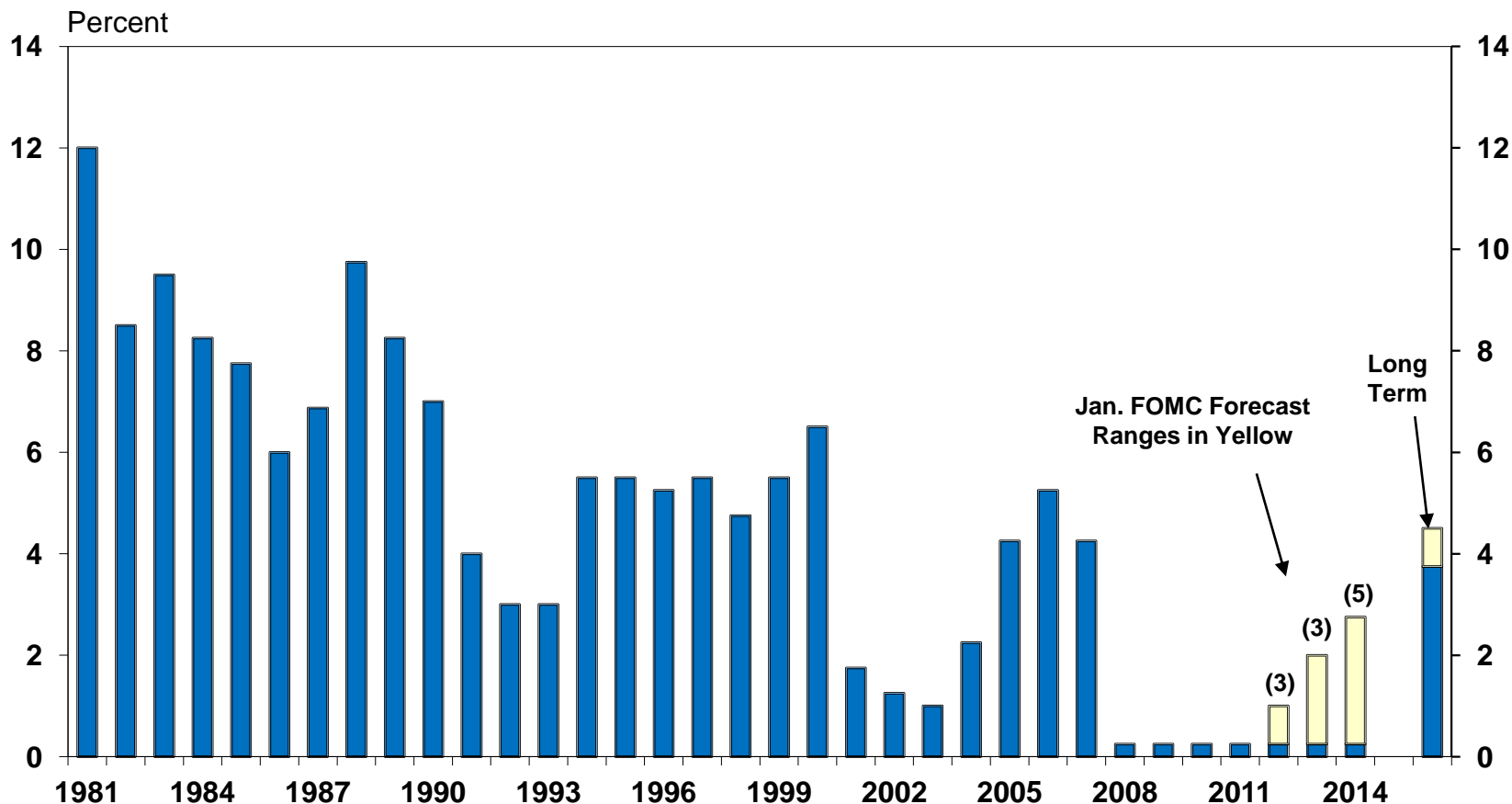
# And for inflation pressures to stabilize after rising with oil and food prices in 2011

## PCE Inflation Index



# For the first time, the FOMC also released forecasts for interest rates

Federal Funds Rate  
Year-end target



Note – Number of participants who project the initial increase will occur in the specified year in parenthesis

Source: U.S. Bureau of Economic Analysis, FOMC





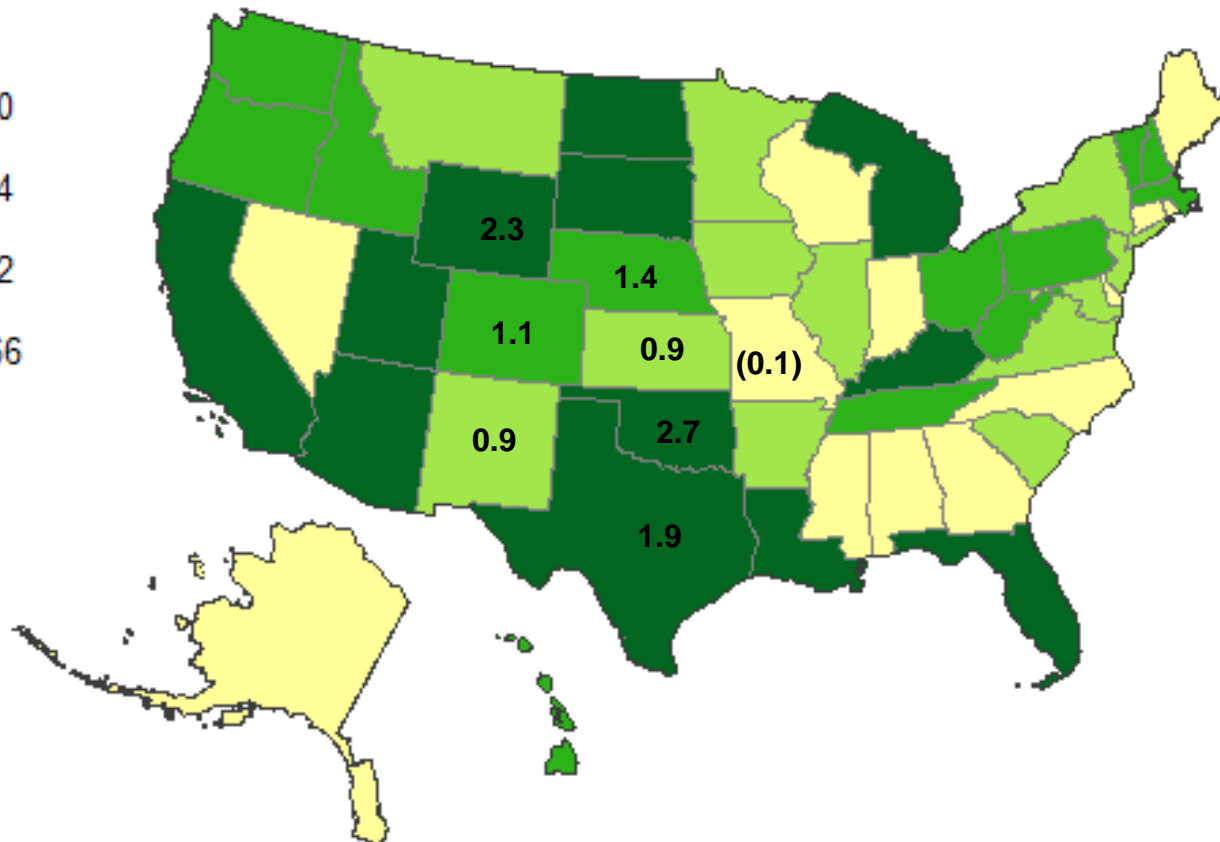
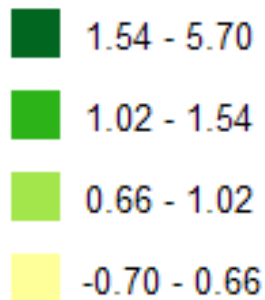
# **The Oklahoma and Regional Economic Outlooks**



# There is considerable variation in economic strength across the nation

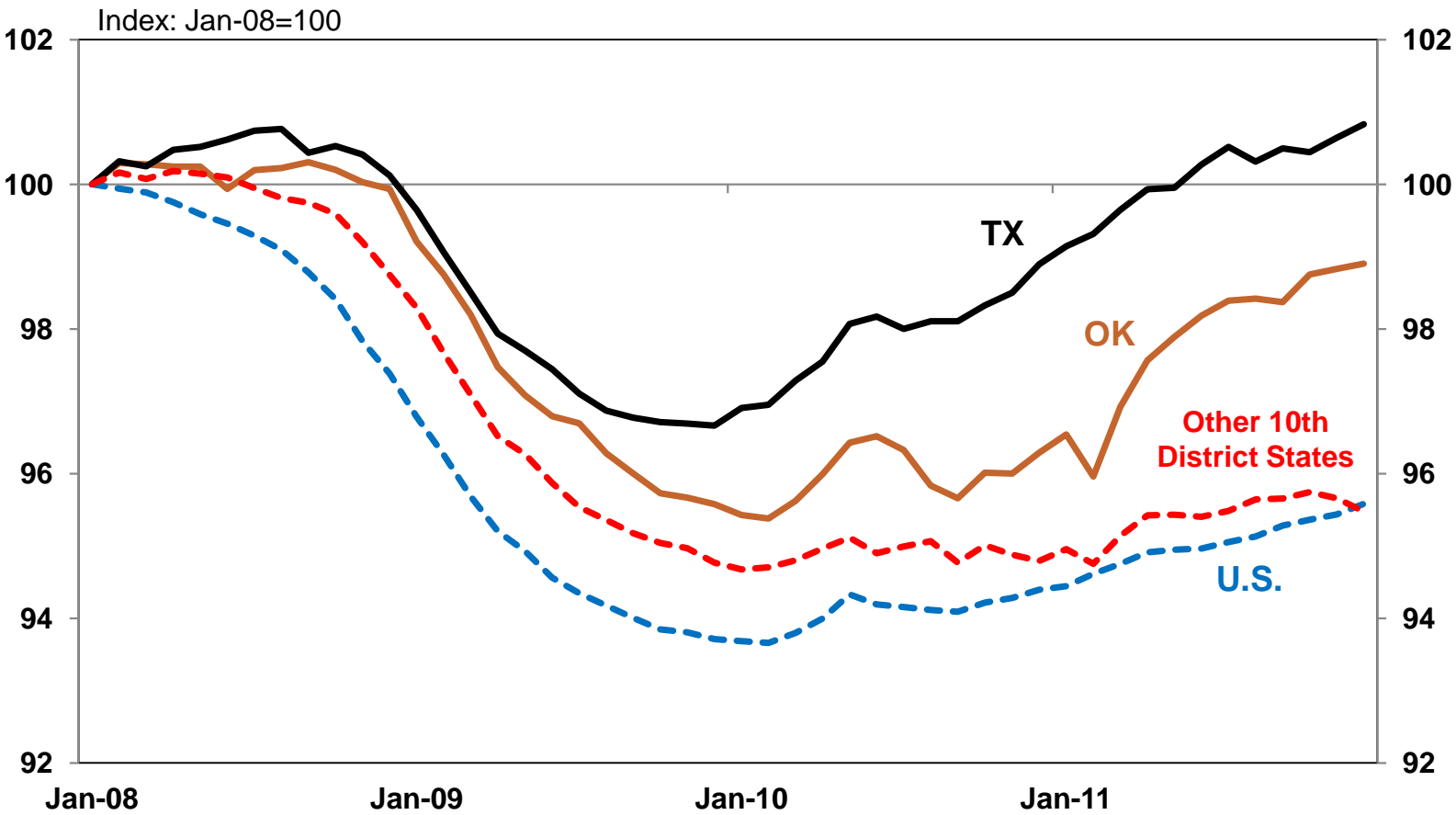
**Employment Growth, Year-over-Year (percent)**  
December 2011

Scale



# The level of jobs in Oklahoma is nearly back to pre-recession levels, unlike the U.S.

## Level of Payroll Employment

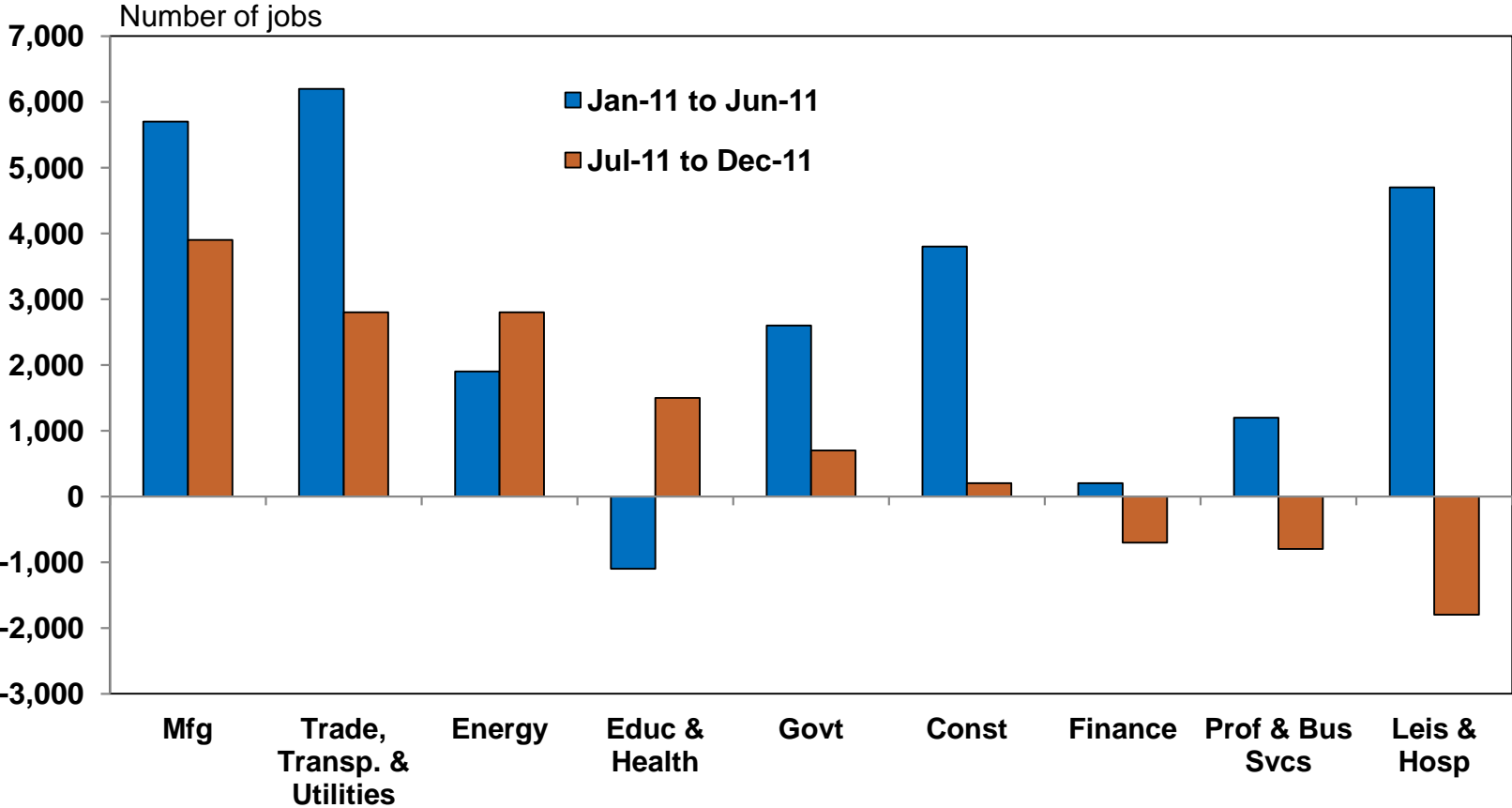


Source: U.S. Bureau of Labor Statistics



# Growth in most Oklahoma sectors slowed in second half 2011, except energy and health

## Oklahoma Employment Growth

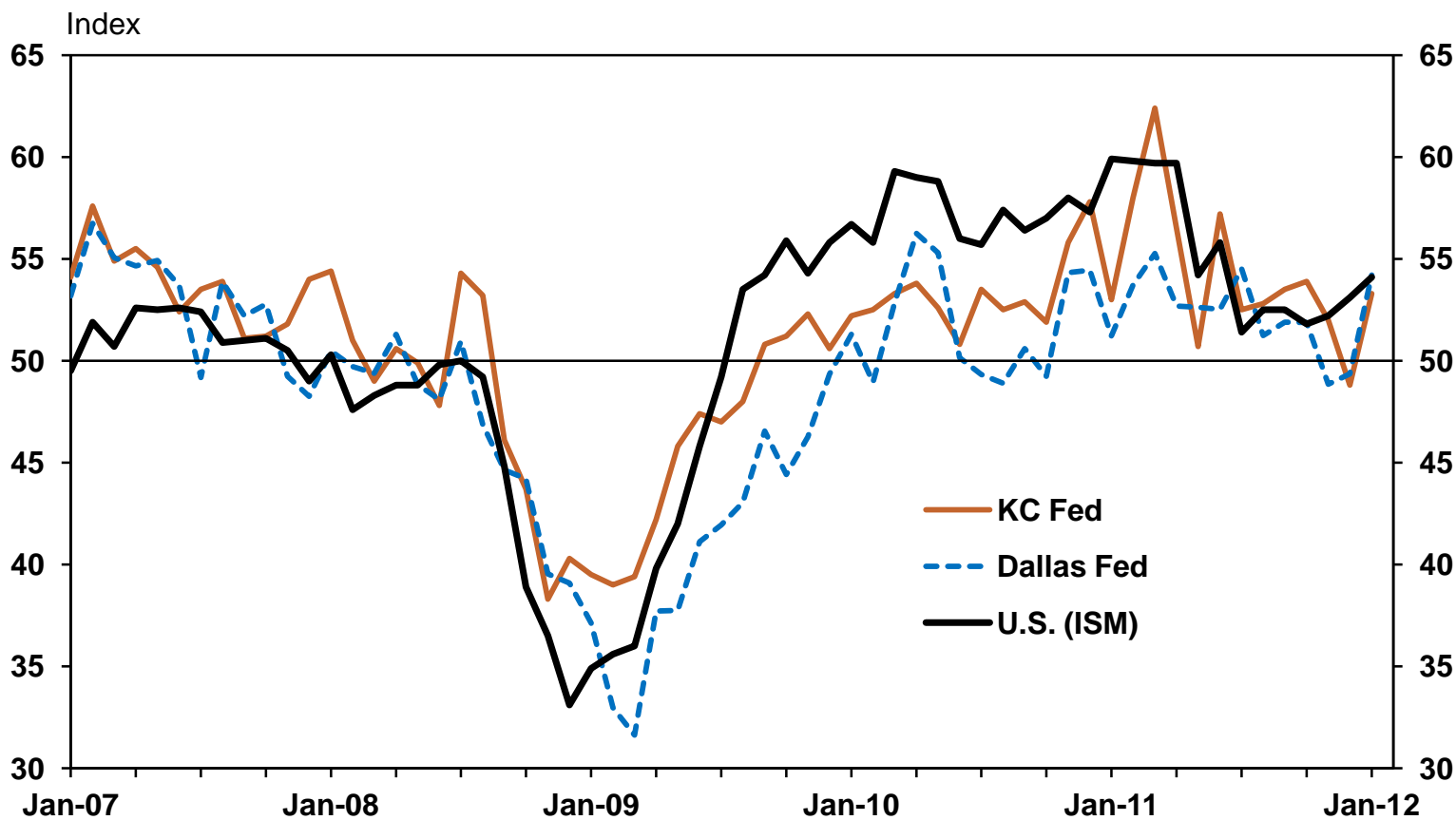


Source: Bureau of Labor Statistics



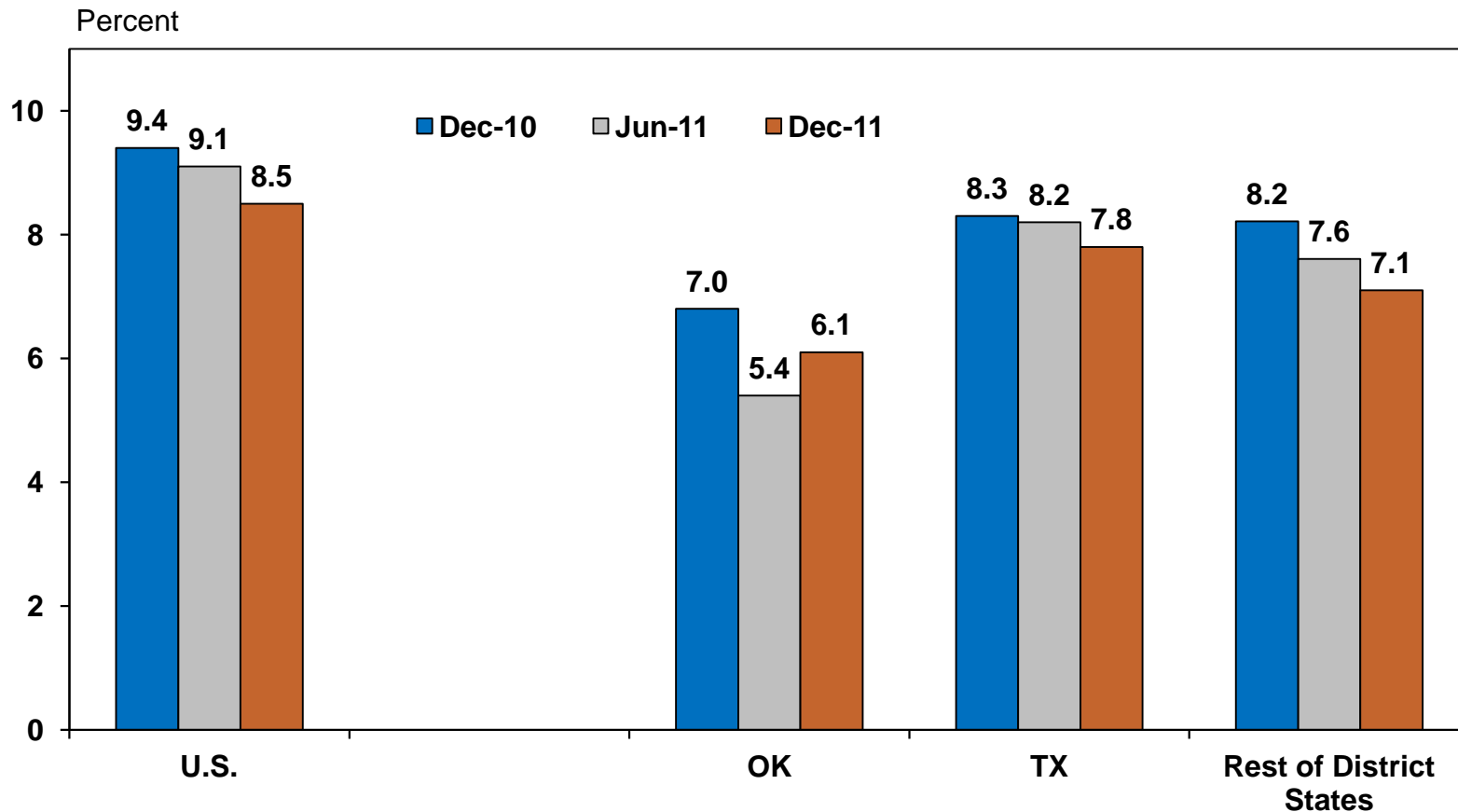
# January data on regional and national factory activity show moderate growth

**Manufacturing Composite Activity**  
Seasonally Adjusted



# Oklahoma's unemployment rate has risen, as workers resume searching for jobs

## Unemployment Rate Seasonally Adjusted\*

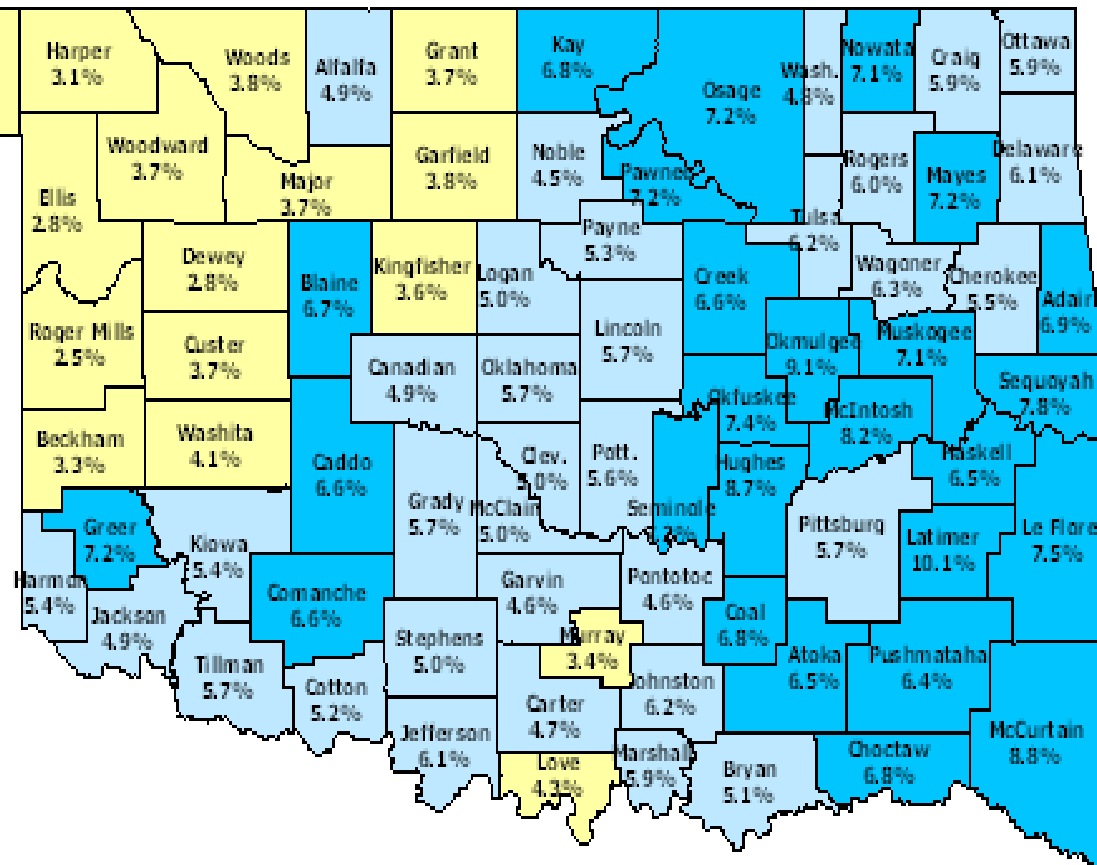
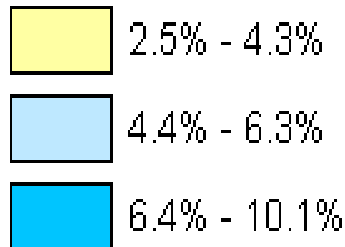


# Unemployment is quite low in much of western, central, and southern Oklahoma

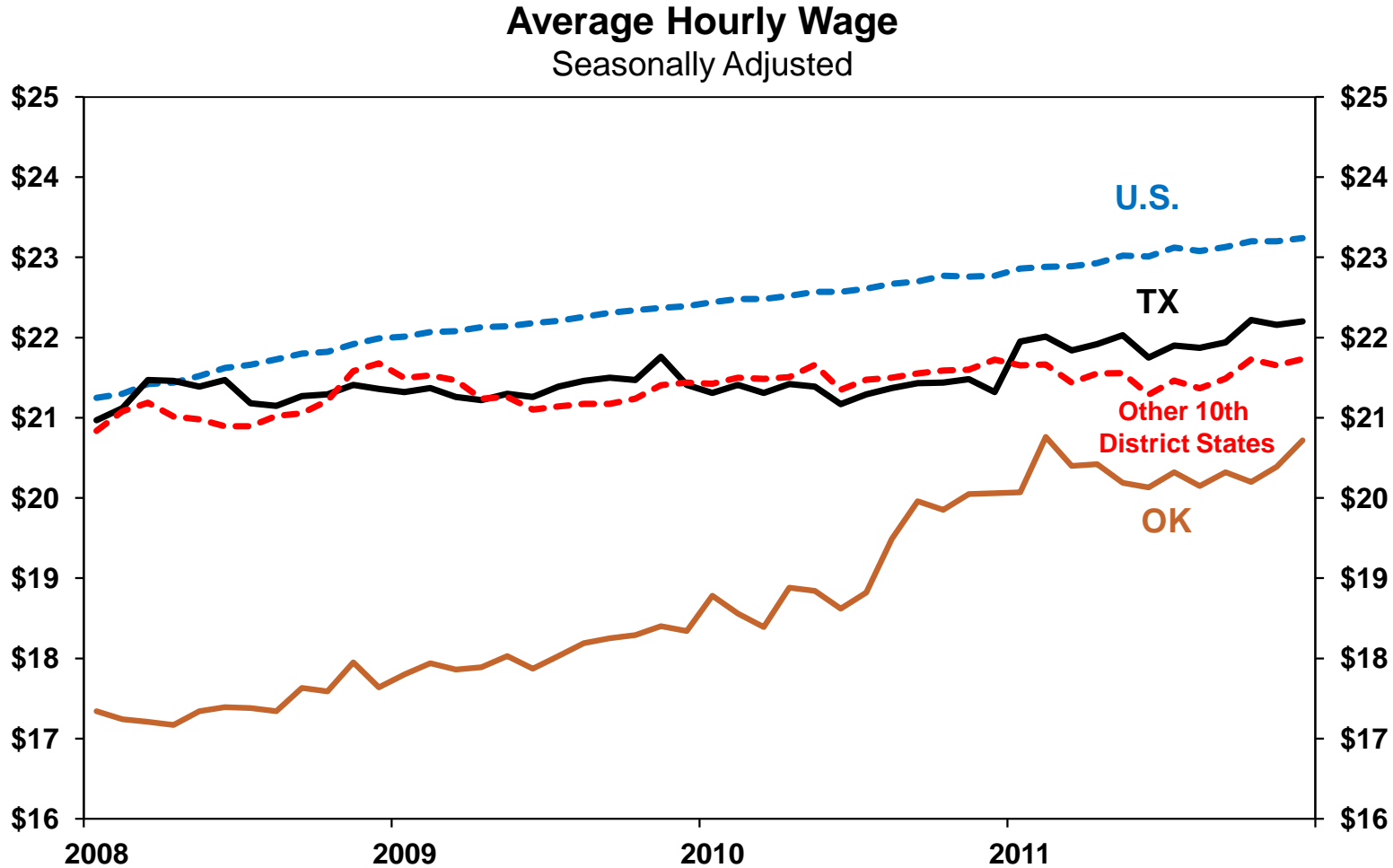
## County Unemployment Rates

November 2011

### Unemployment Rate



# Oklahoma wages are catching up to those in surrounding states and the nation as a whole

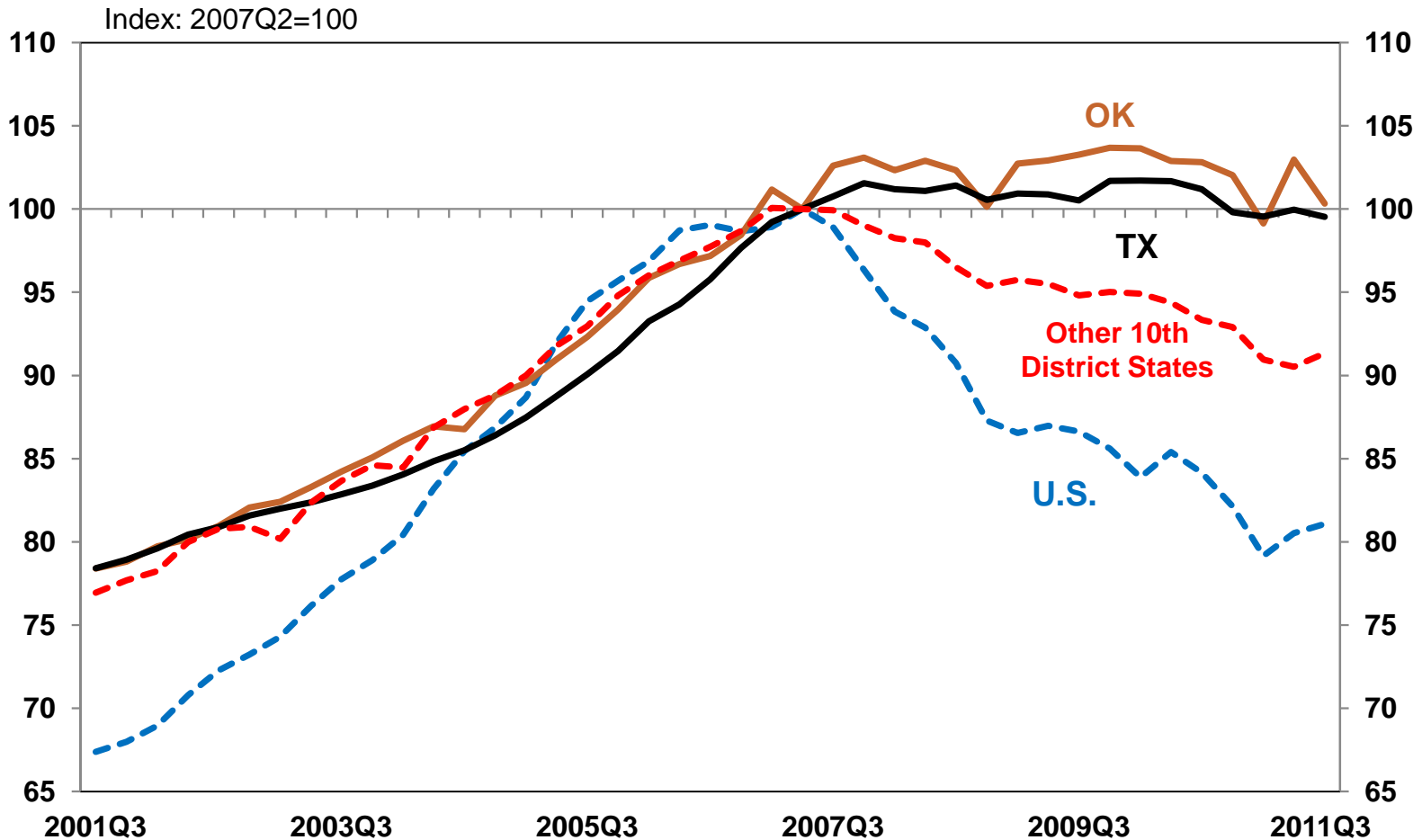






# And home prices have held up considerably better than in the nation as a whole

Home Price Index  
Purchase-Only

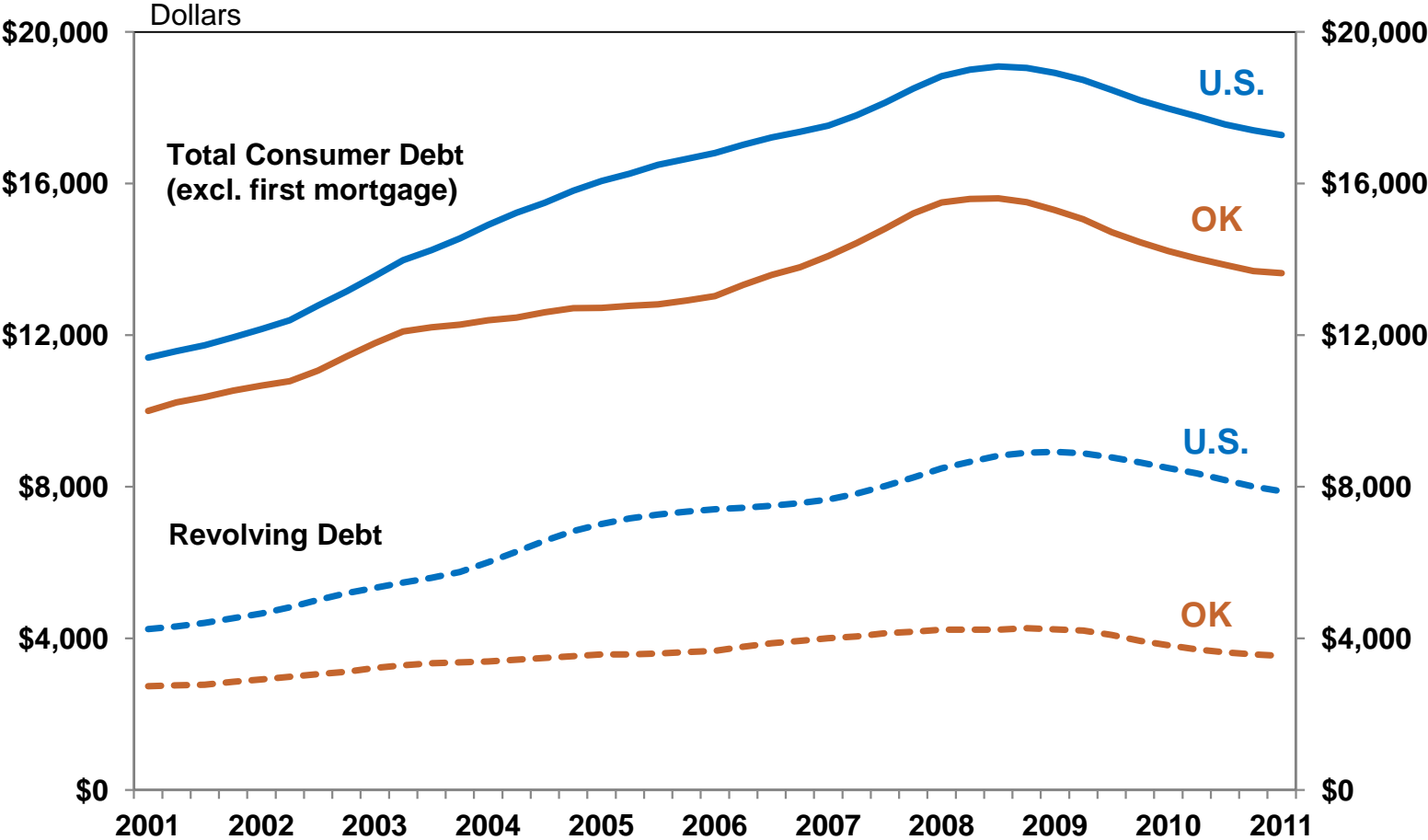


Source: FHFA



# Consumer debt is also less burdensome than in the U.S., even moreso than a decade ago

### Average Debt Per Consumer

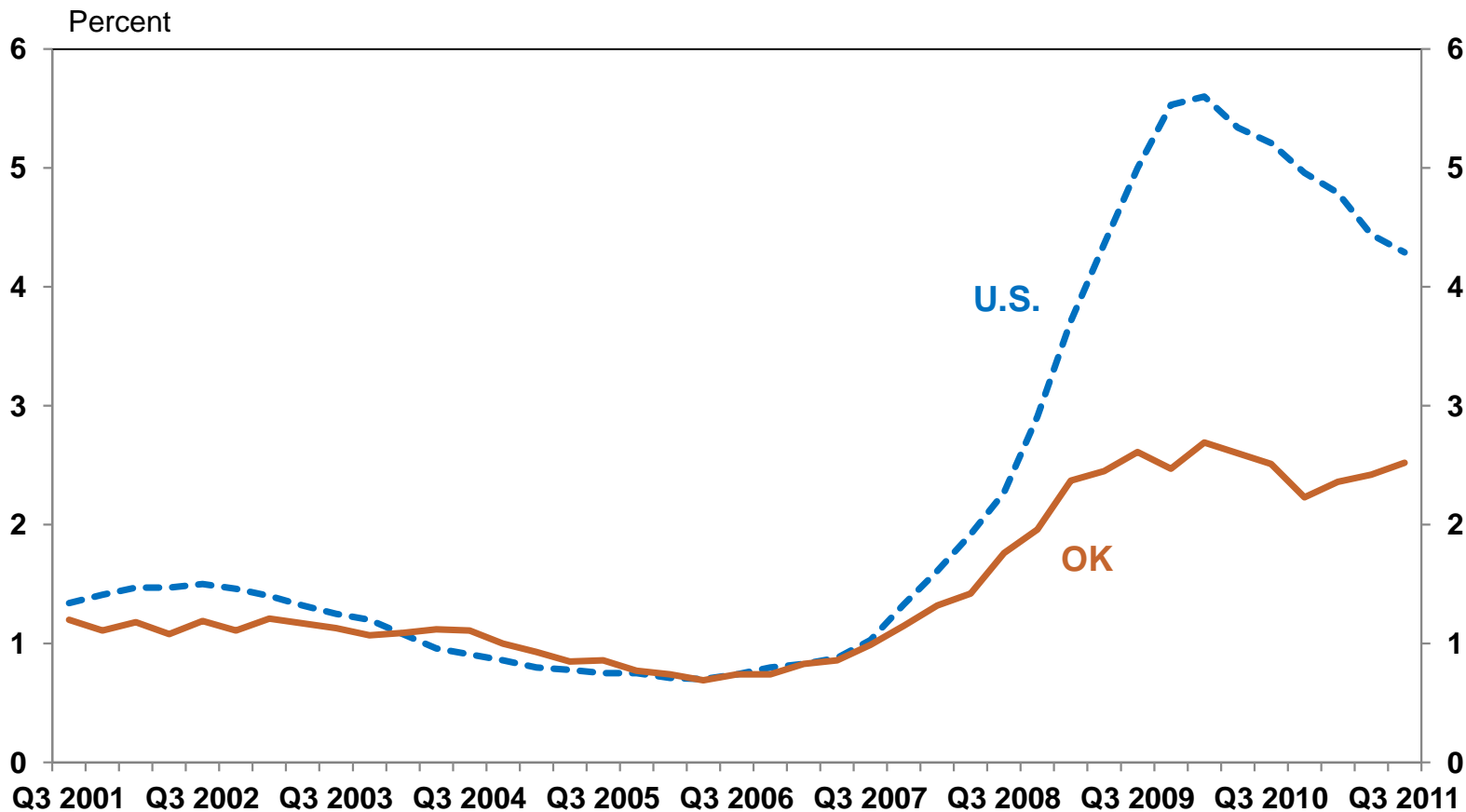


Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax



# Problem loans are still elevated in OK, but much less so than in banks nationally

Noncurrent Loans as a Share of Total Loans  
Commercial Banks

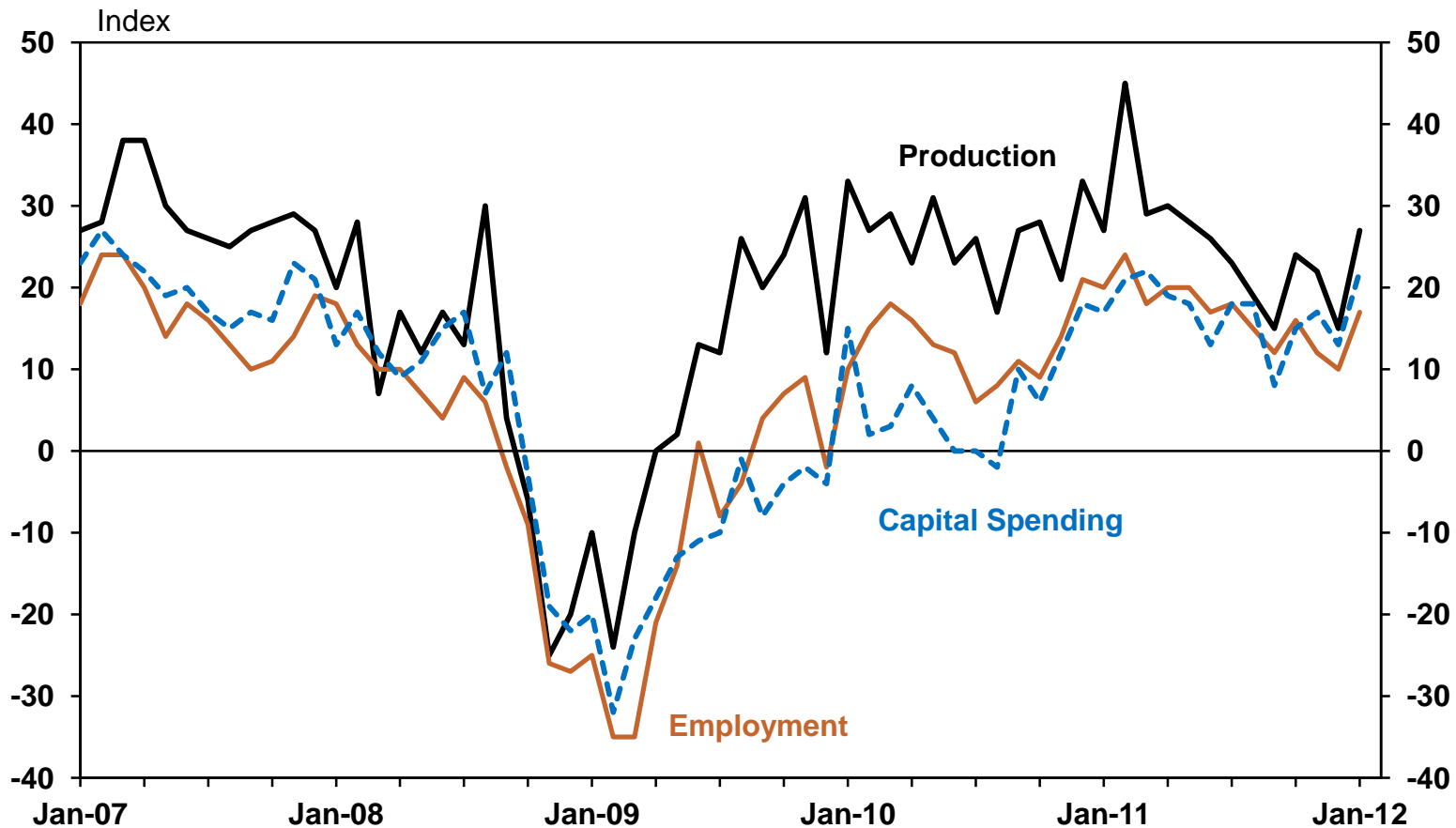


Source: FDIC



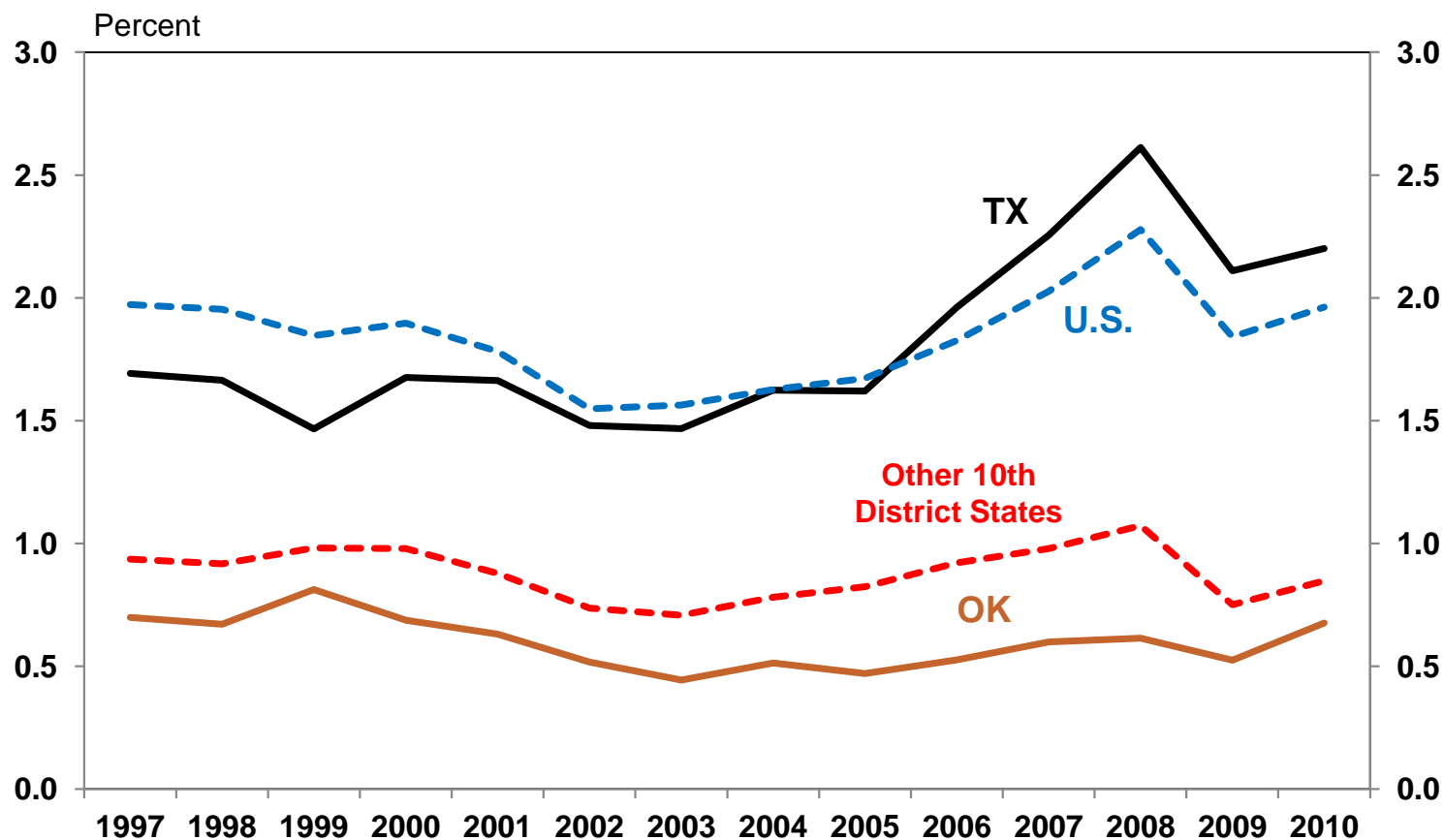
# Purchasing managers in the region remain relatively optimistic about 2012 growth

**Tenth District Manufacturing Expectations**  
Six-Months Ahead, Seasonally Adjusted



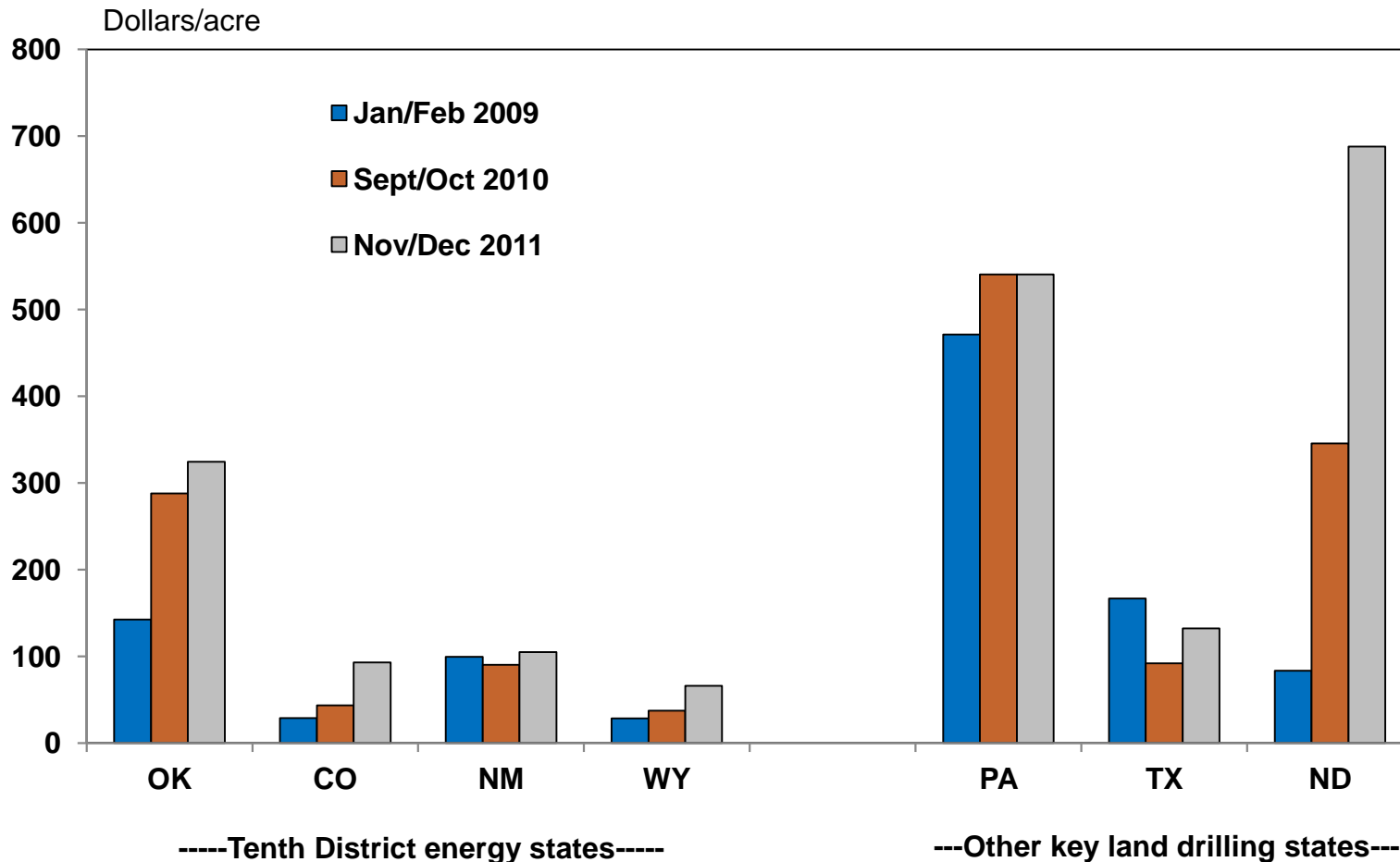
# Oklahoma has much less trade exposure to Europe than the U.S. as a whole

## Exports to Europe as a Share of GDP



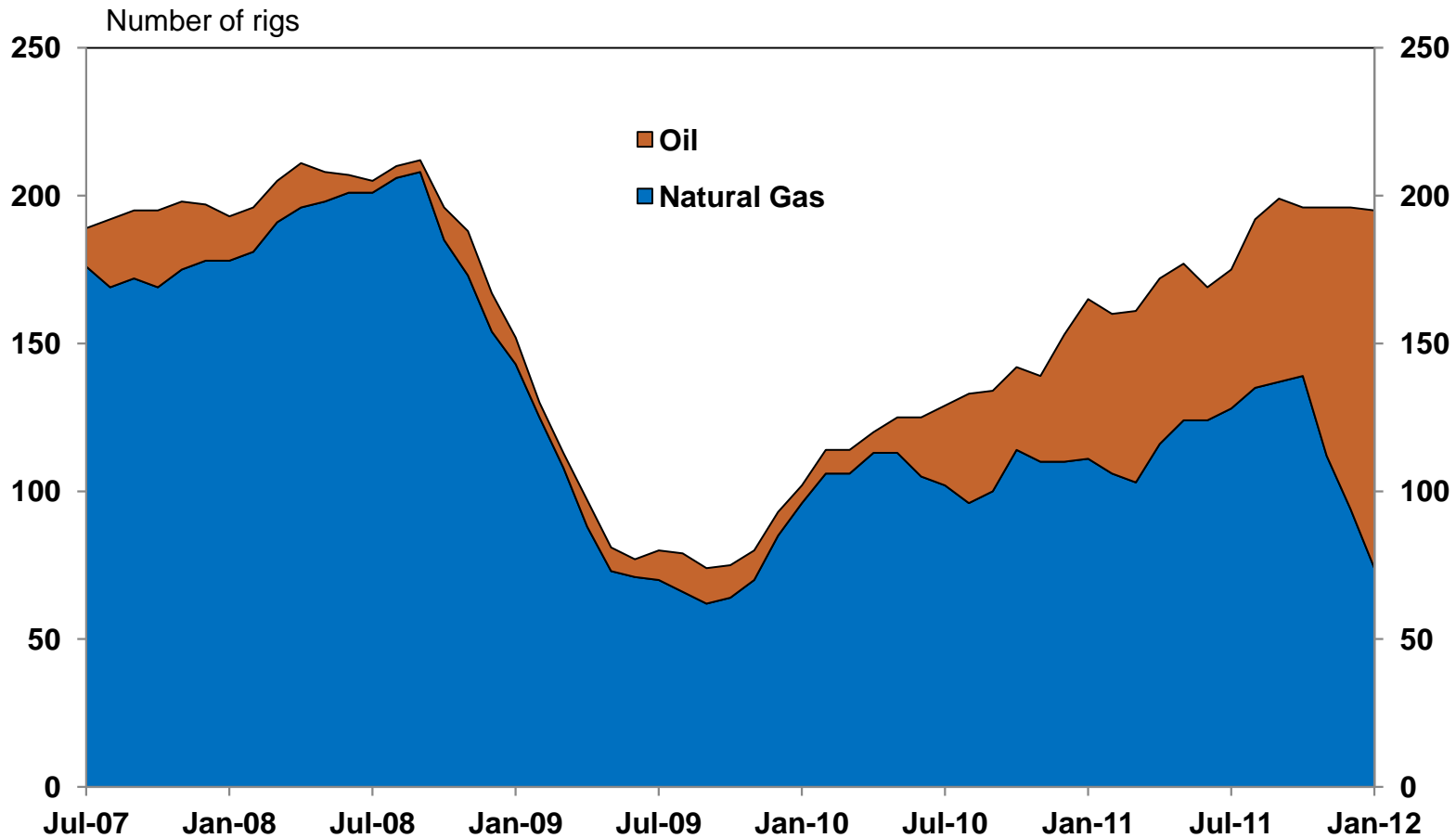
# Oil and gas lease rates have continued to rise in Oklahoma and other energy states

**Oil and Gas Lease Rates**  
Most common bonus



# Natural gas drilling has fallen sharply in the state, but oil has so far replaced the dropoff

## Oklahoma Rig Count



Source: Baker Hughes





# Conclusions

- The U.S. economy continues to grow moderately, amid limited inflation and continued risks from Europe
- Growth in Oklahoma has slowed a bit recently but conditions remain much better than in the nation as a whole



# Questions?



For more information about the Oklahoma economy, subscribe to the quarterly **Oklahoma Economist** at:

[www.kansascityfed.org/publications/research/oke](http://www.kansascityfed.org/publications/research/oke)

