

Regional Economic Outlook



Chad Wilkerson

Oklahoma City Branch Executive and Economist

Federal Reserve Bank of Kansas City

www.kansascityfed.org/oklahomacity

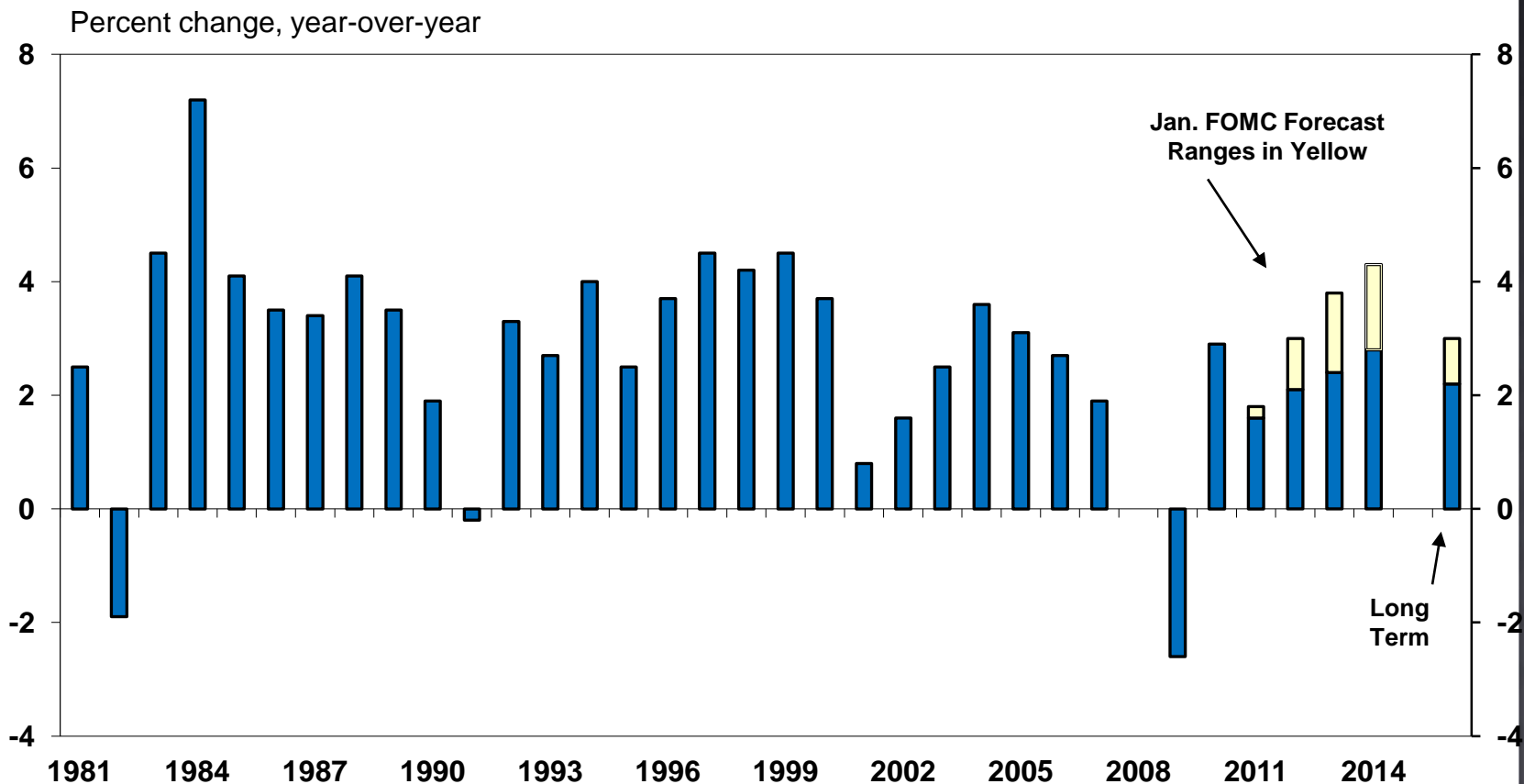


Federal Reserve Districts and Office Locations



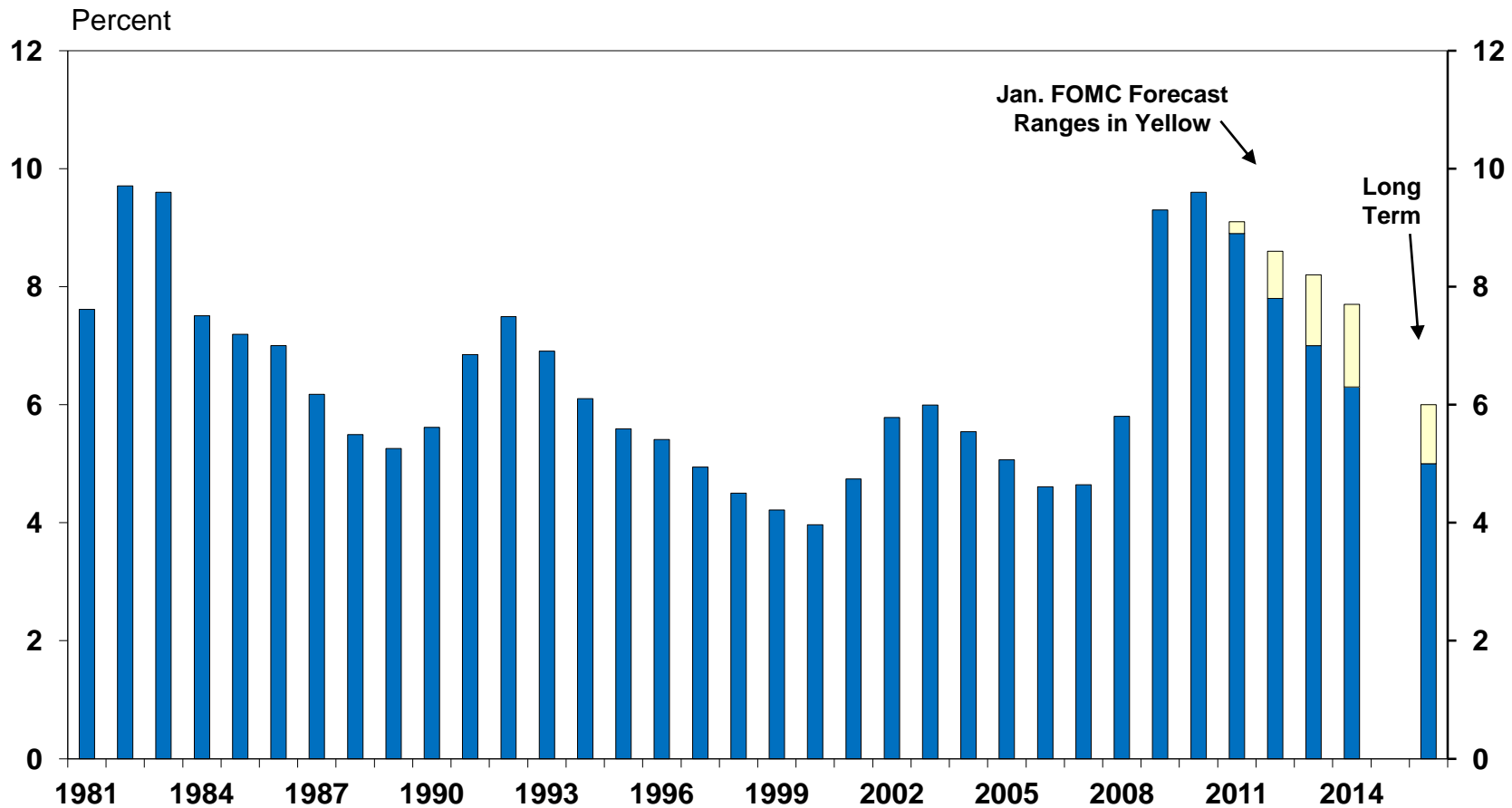
At its meeting this week, the FOMC expected solid GDP growth in 2012

Real Gross Domestic Product



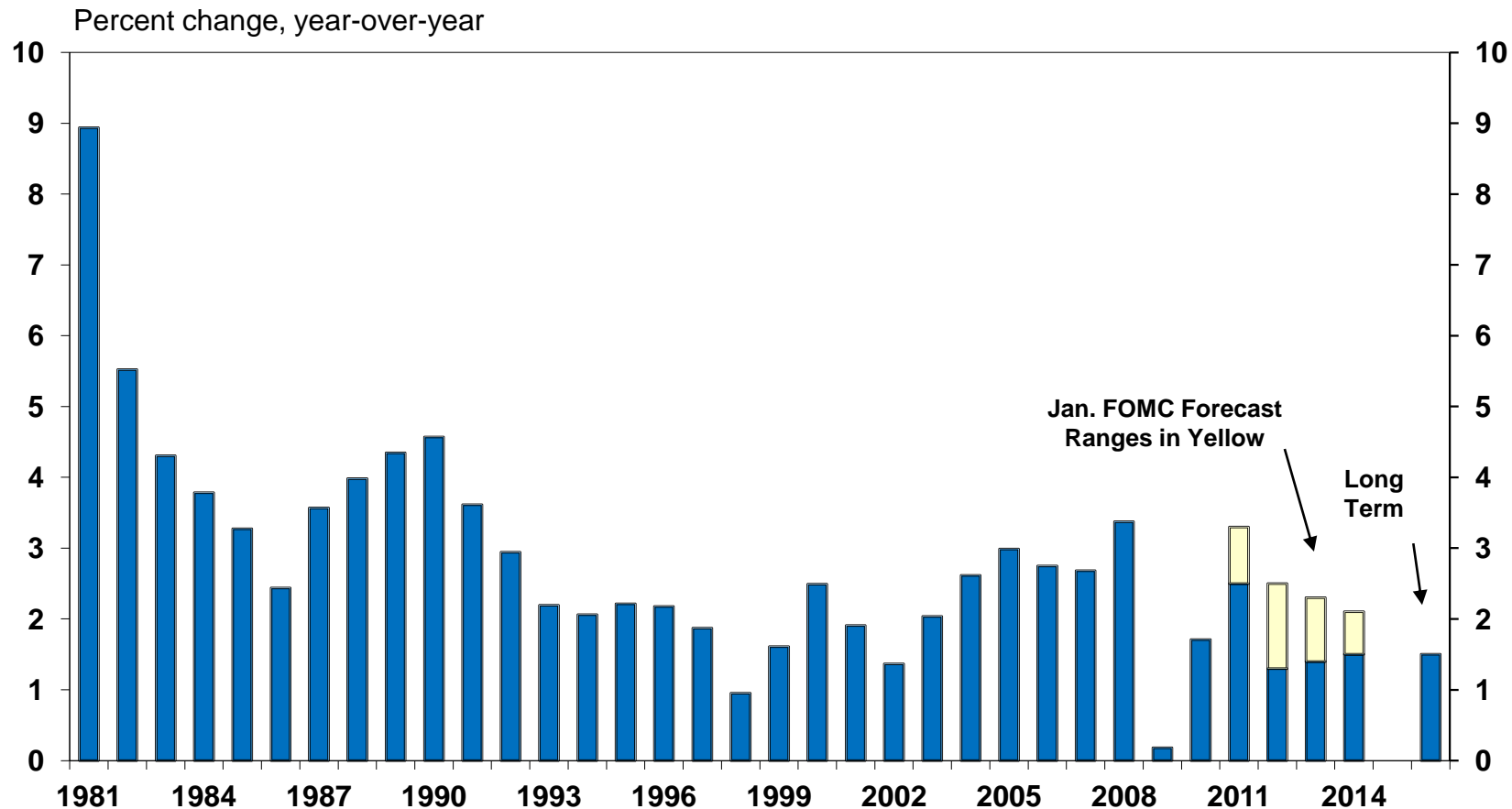
But for unemployment to only come down slowly the next few years

Unemployment Rate Seasonally Adjusted



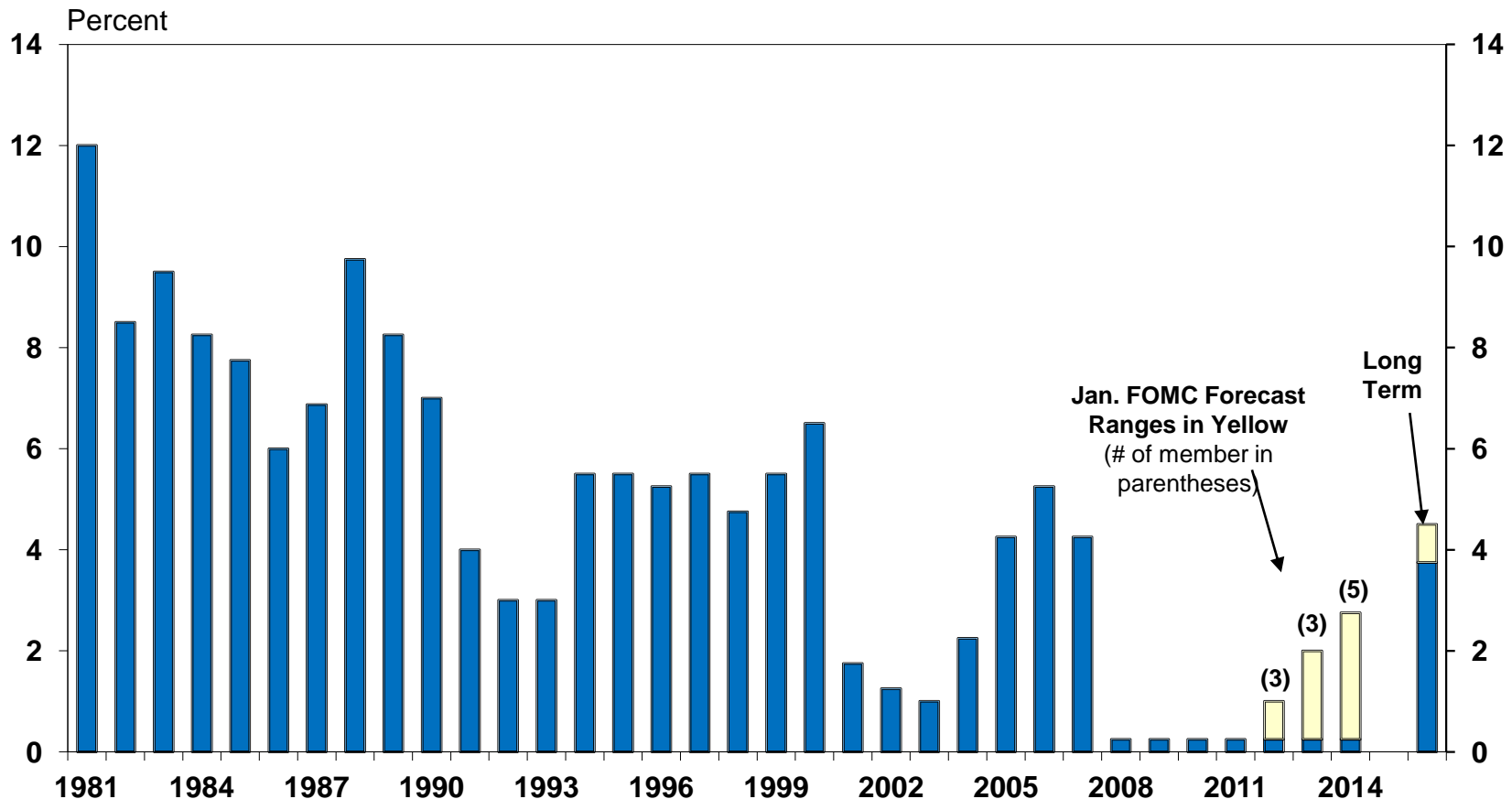
And for inflation pressures to ease slightly after rising with oil and food prices in 2011

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

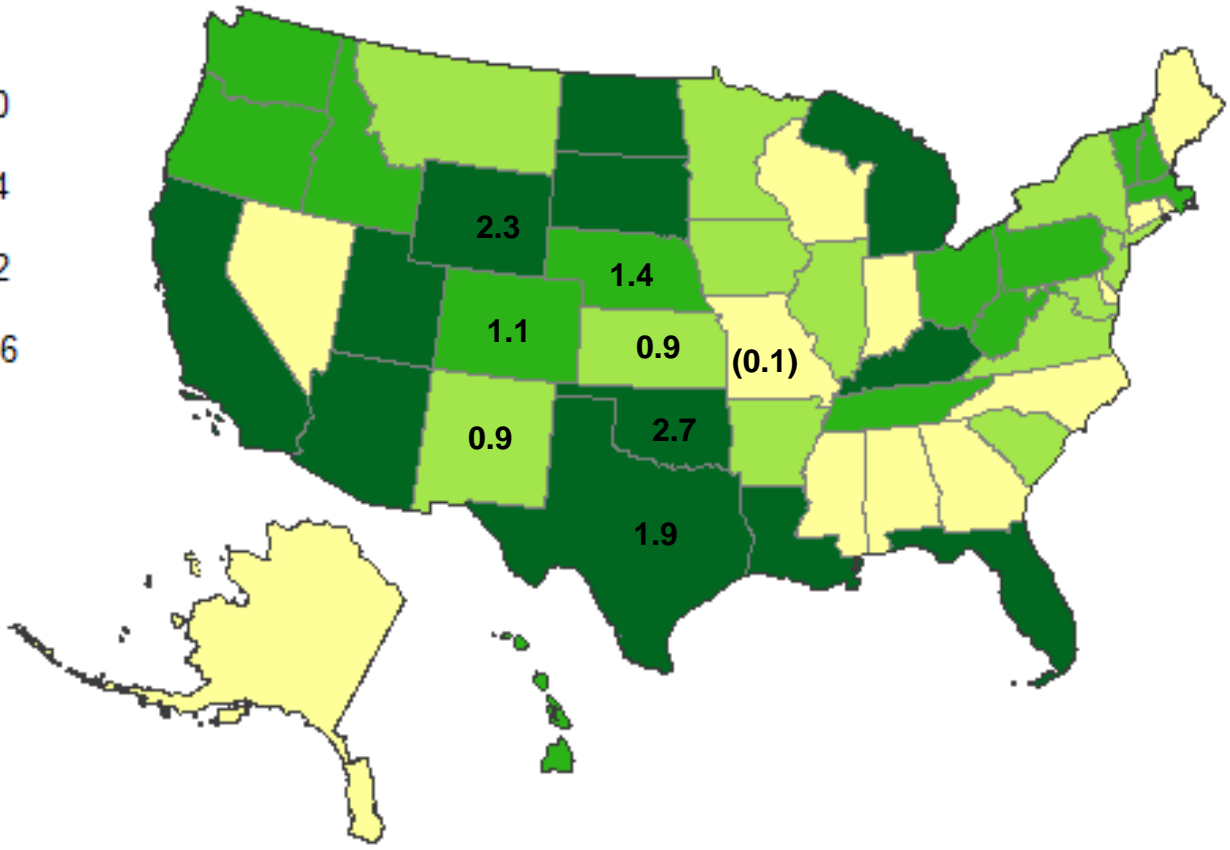


There is considerable variation in economic strength across the nation

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

Scale

- 1.54 - 5.70
- 1.02 - 1.54
- 0.66 - 1.02
- 0.70 - 0.66

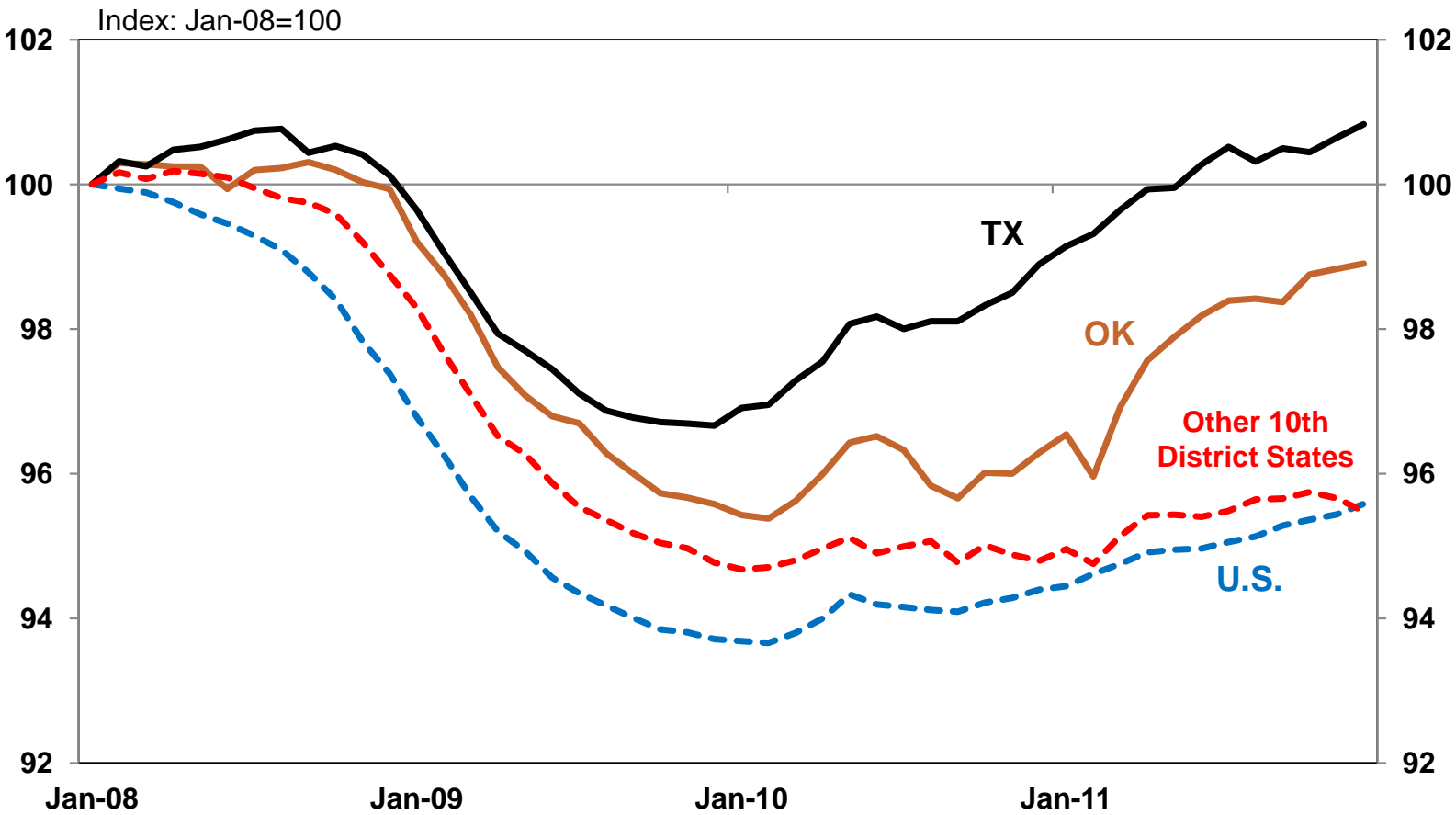


Source: U.S. Bureau of Labor Statistics



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

Level of Payroll Employment

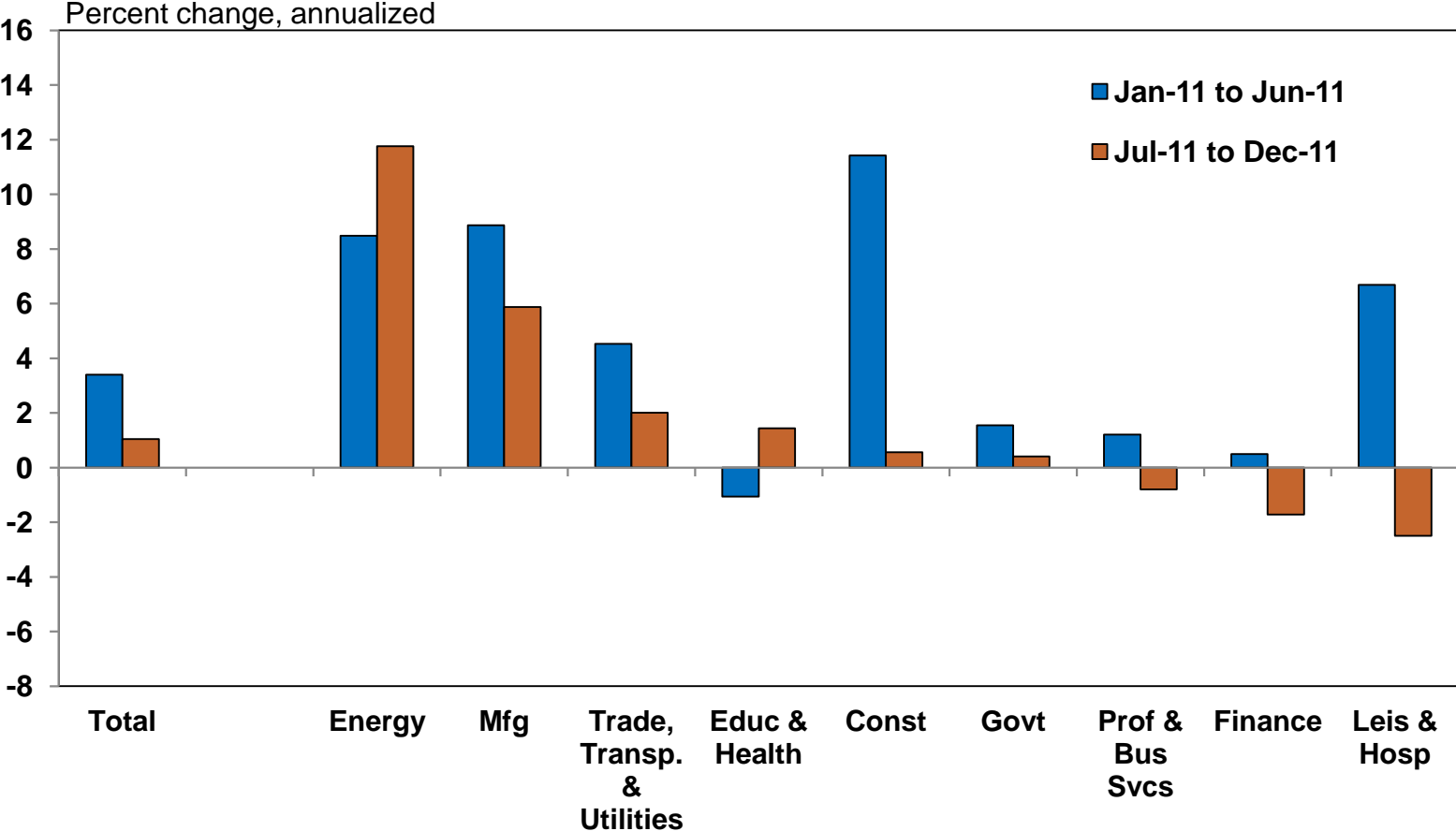


Source: U.S. Bureau of Labor Statistics



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

Oklahoma Employment Growth

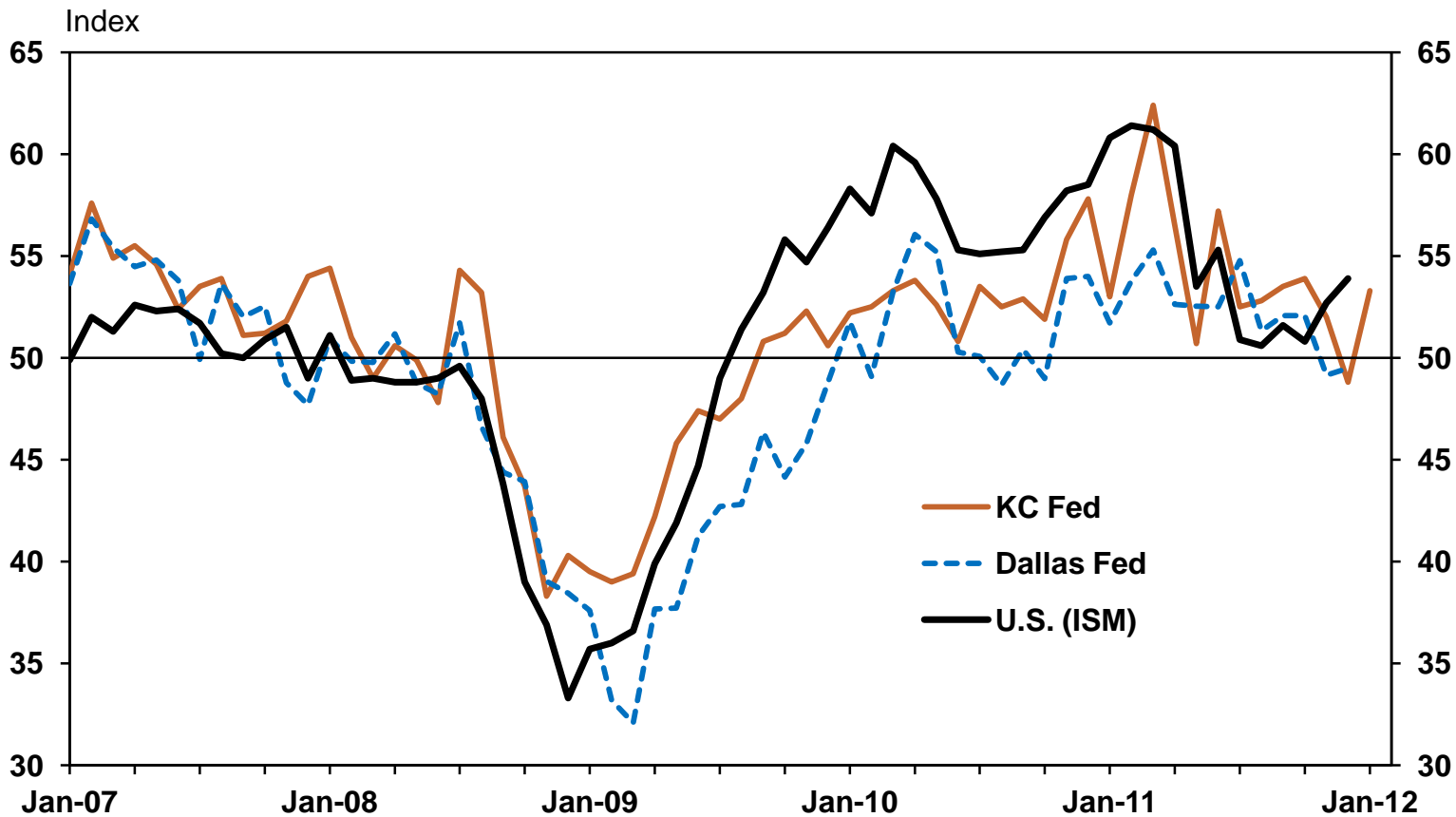


Source: Bureau of Labor Statistics



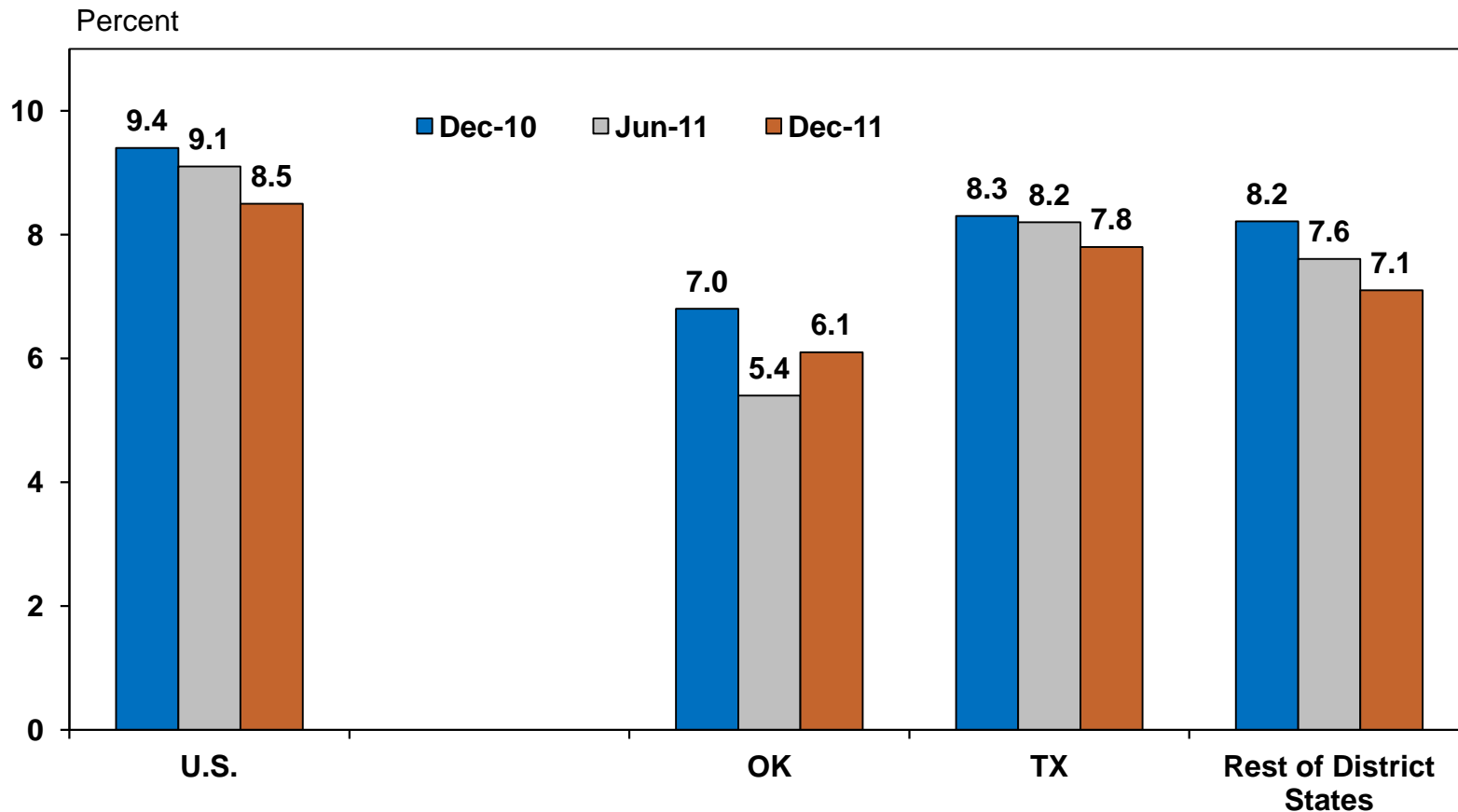
January data on regional manufacturing suggest growth remains moderate

Manufacturing Composite Activity
Seasonally Adjusted

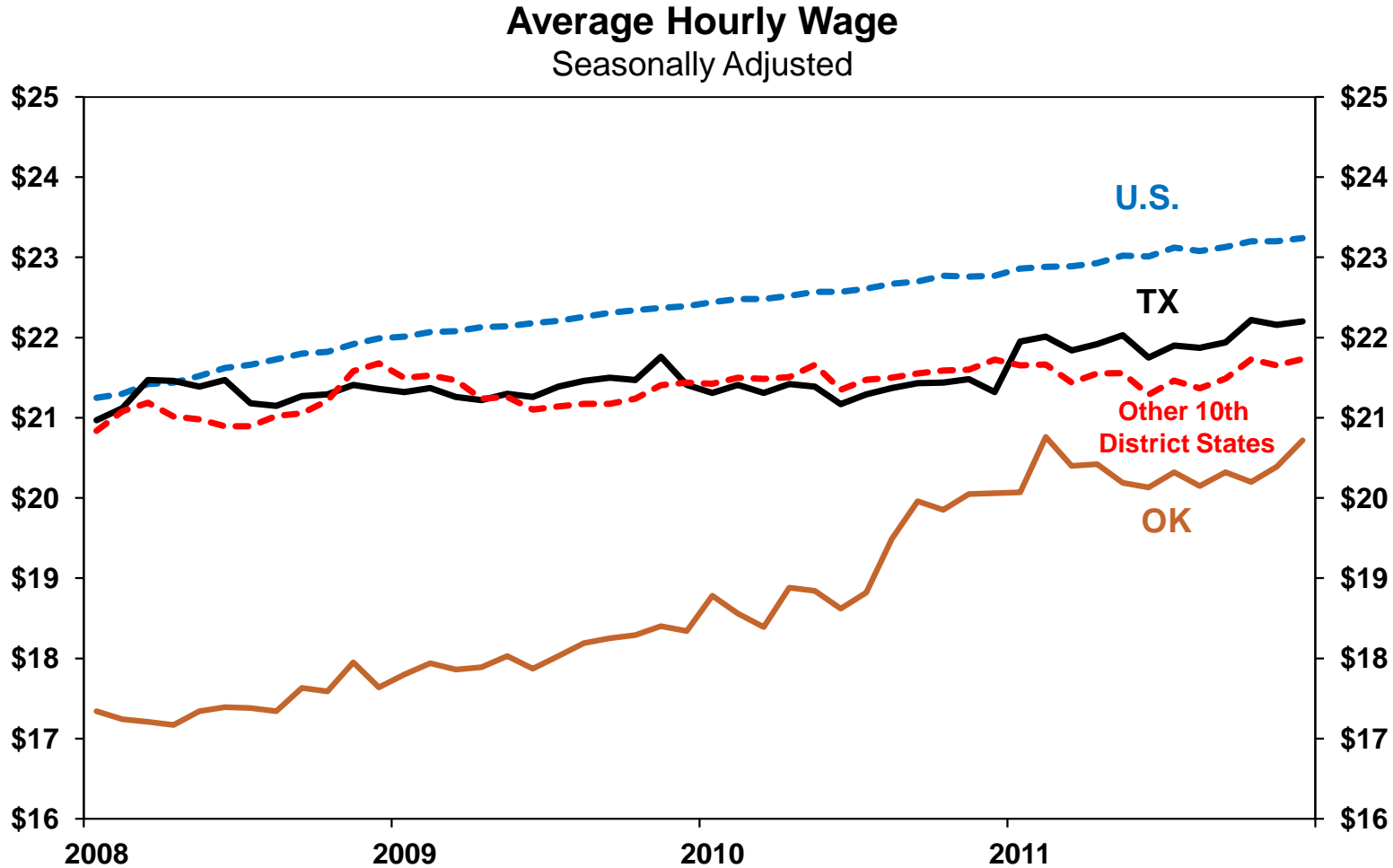


Oklahoma's unemployment rate has risen, as workers resume searching for jobs

Unemployment Rate Seasonally Adjusted*



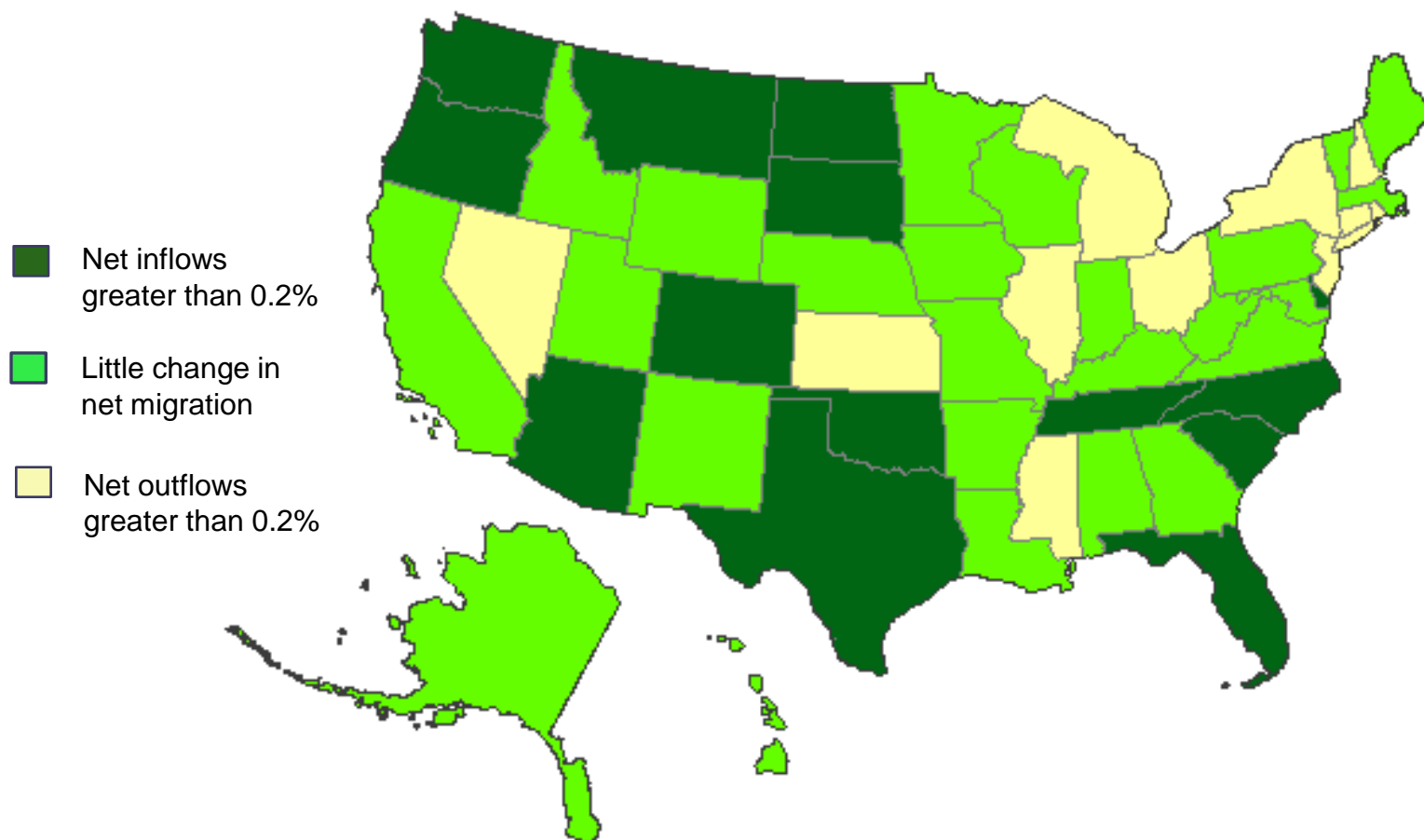
Oklahoma wages are catching up to those in surrounding states and the nation as a whole



Oklahoma has seen net in-migration from other states since the 2010 Census

Net Domestic Migration

April 1, 2010 - July 1, 2011

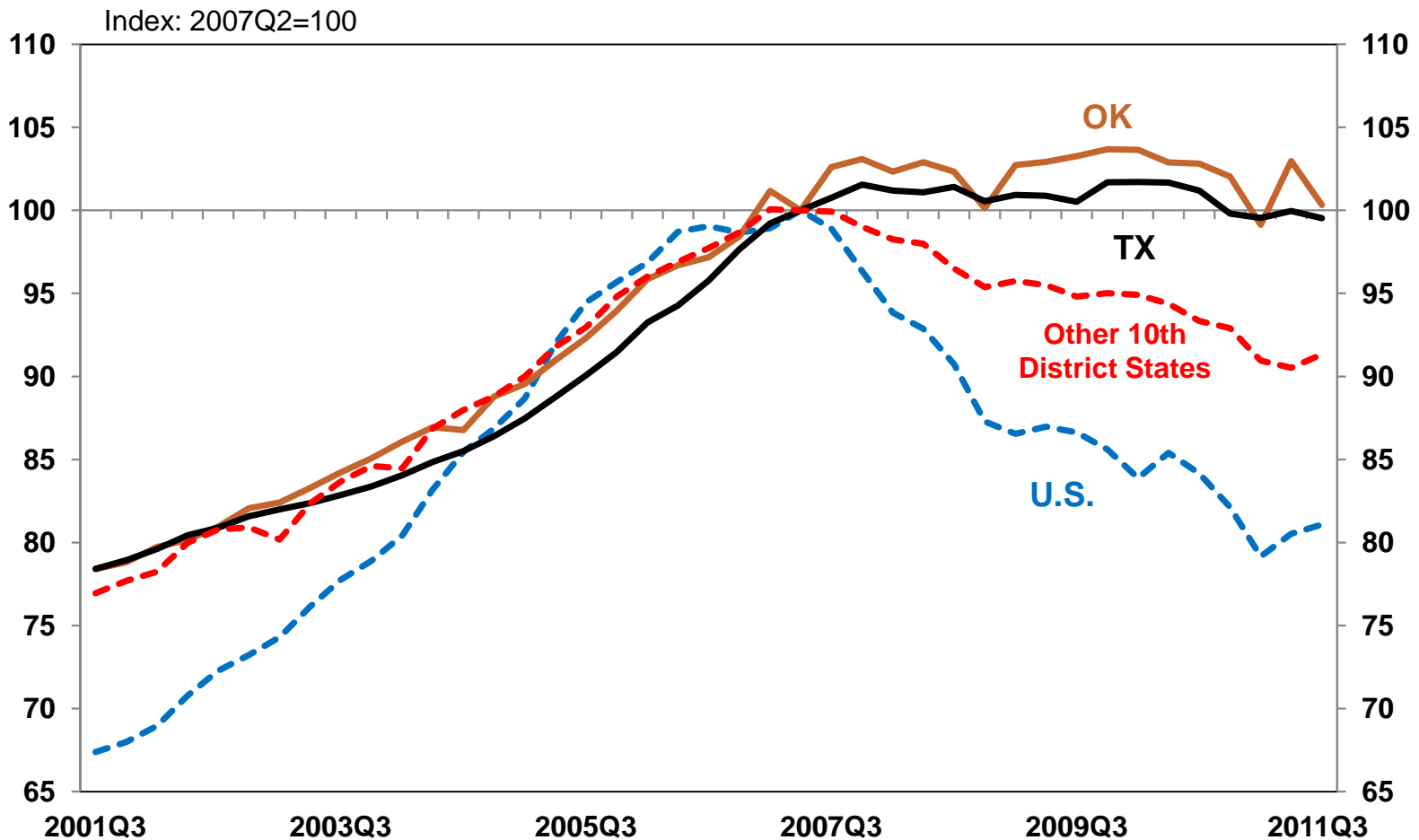


Source: U.S. Census Bureau



Home prices have held up considerably better than in the nation as a whole

Home Price Index
Purchase-Only

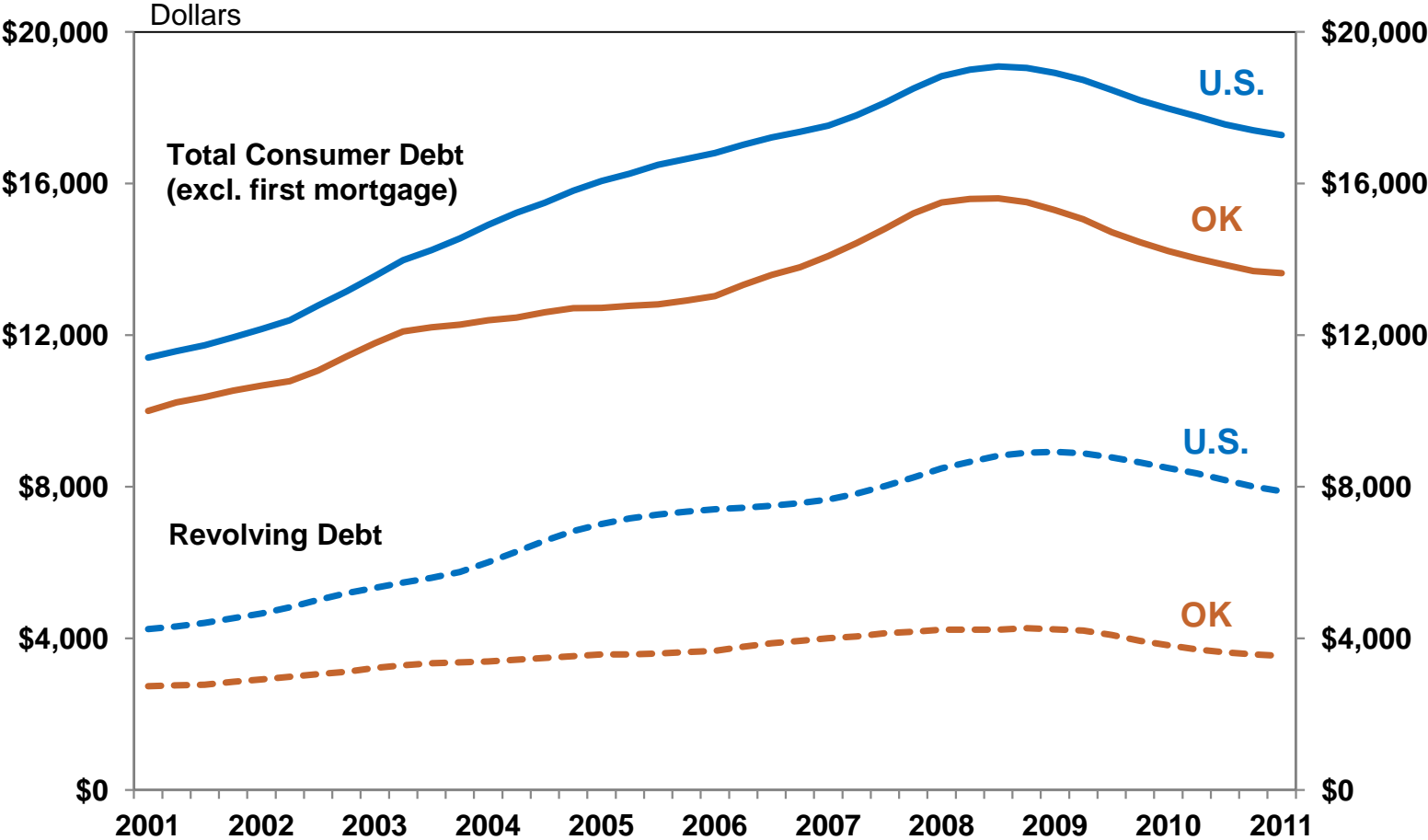


Source: FHFA



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

Average Debt Per Consumer

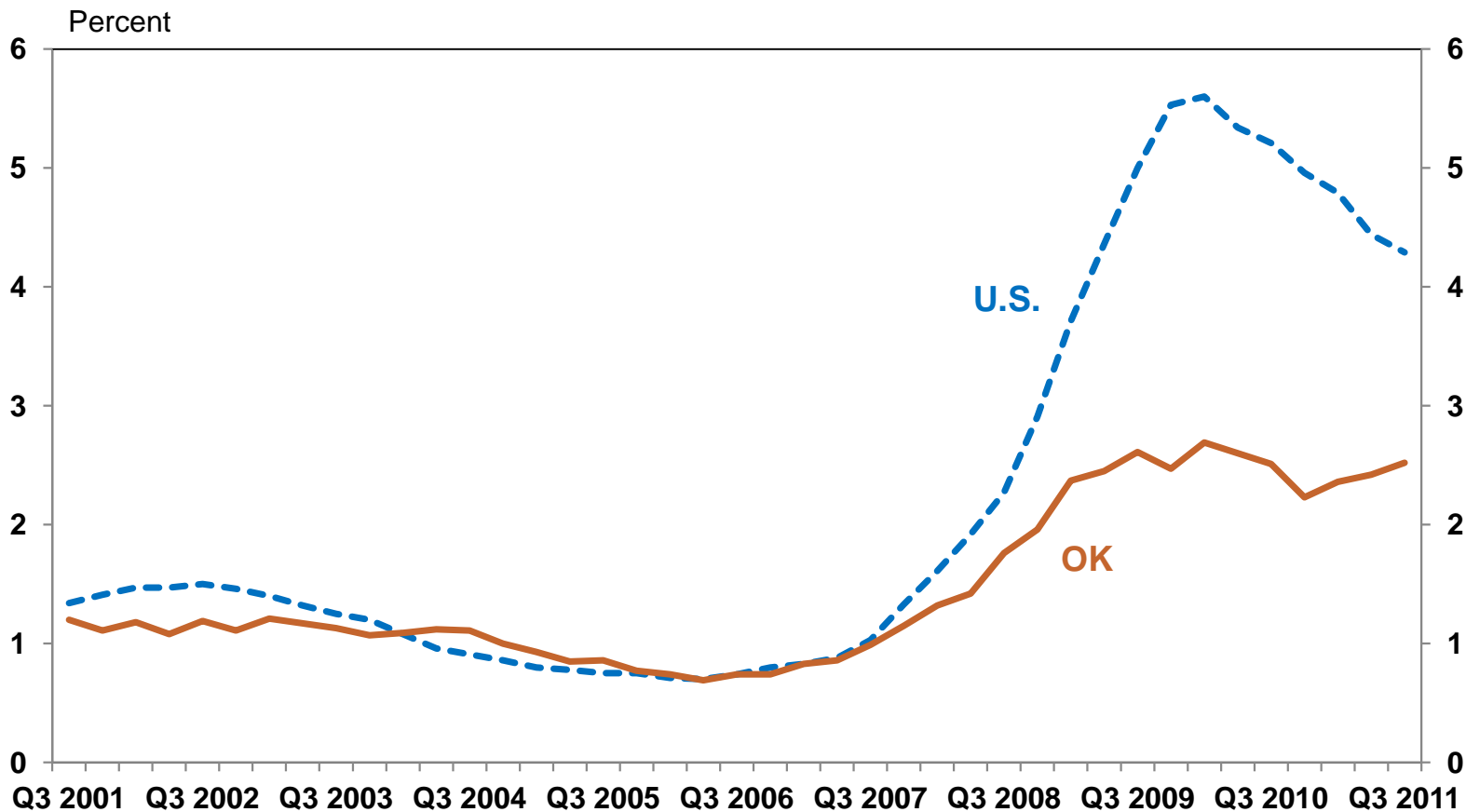


Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax



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

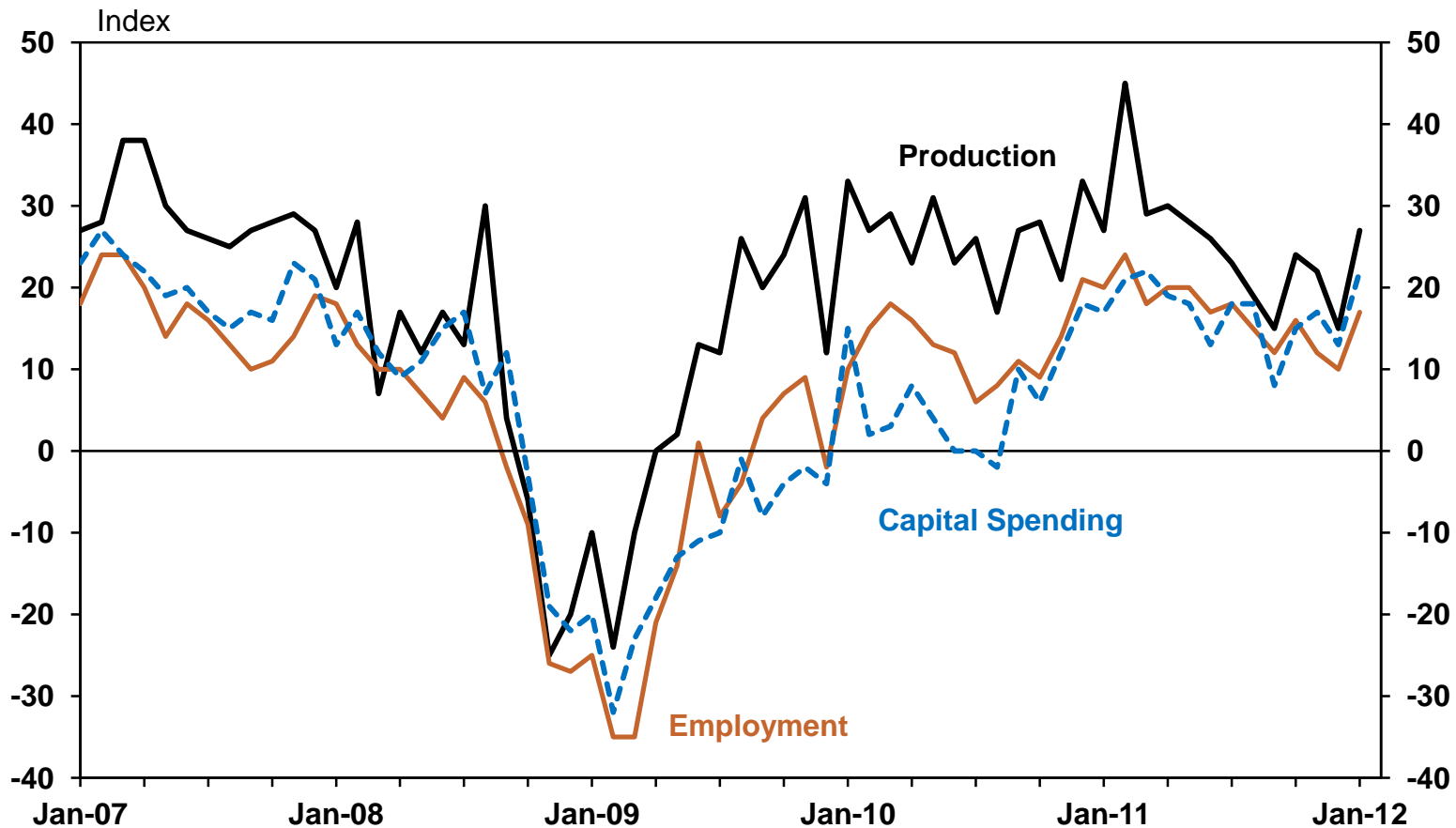


Source: FDIC



Purchasing managers in the region remain relatively optimistic about 2012 growth

Tenth District Manufacturing Expectations
Six-Months Ahead, Seasonally Adjusted

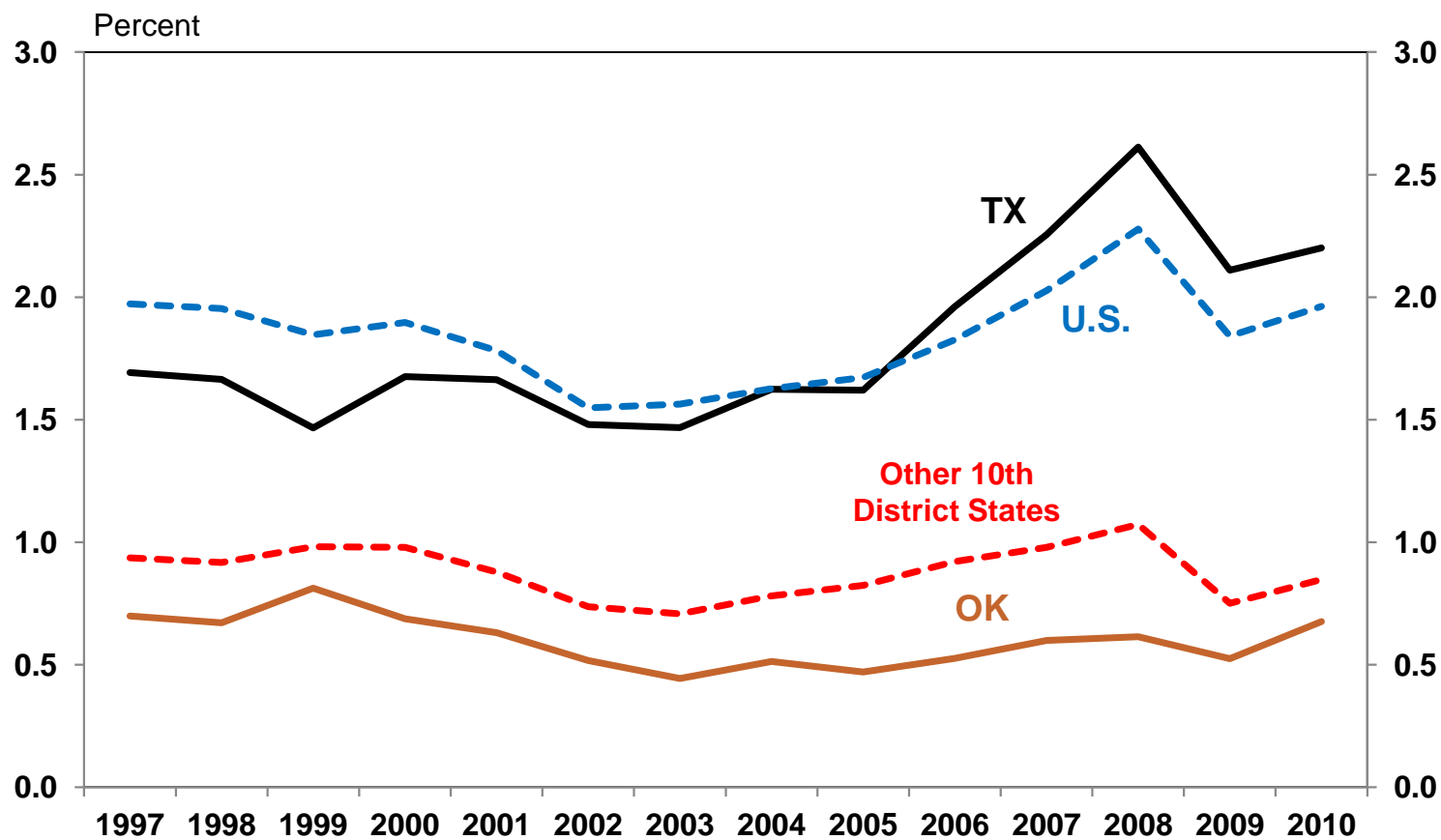


Source: KC, Dallas FRB Manufacturing Surveys



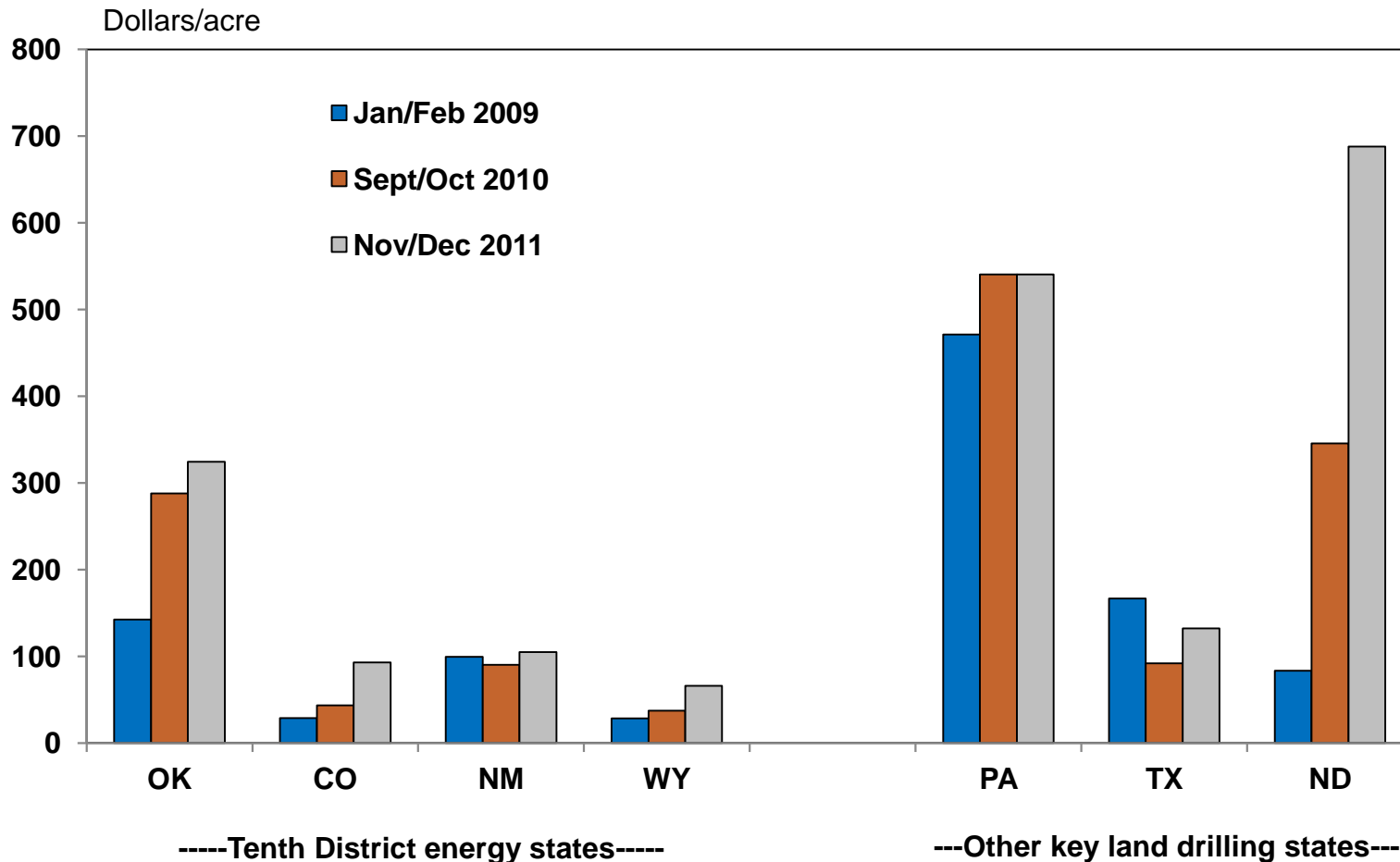
Oklahoma has much less trade exposure to Europe than does the U.S. as a whole

Exports to Europe as a Share of GDP



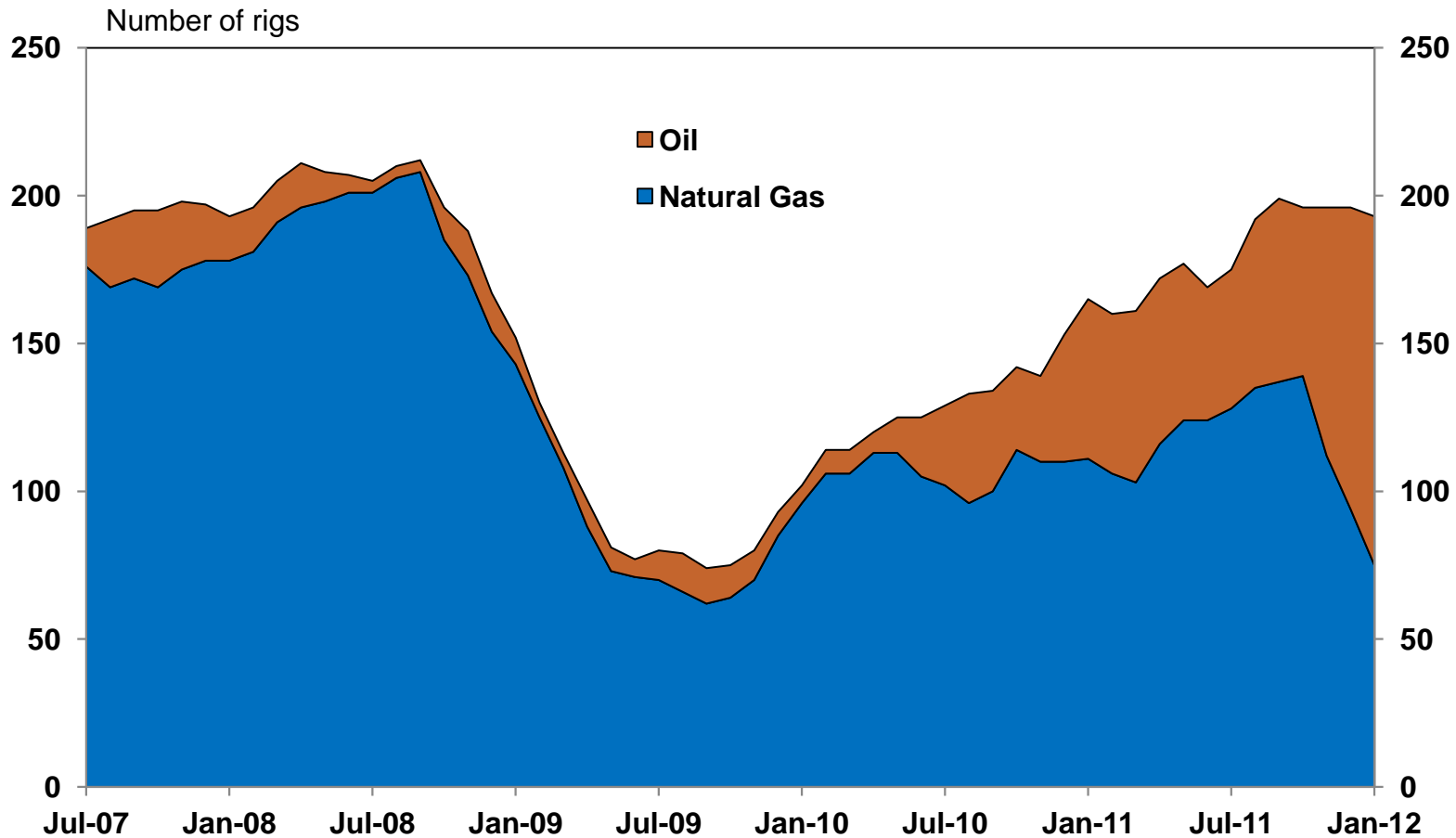
Oil and gas lease rates have continued to rise in Oklahoma and other energy states

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

- ❑ Oklahoma grew much faster than the nation in 2011, and banking and real estate conditions are better
- ❑ Growth slowed in the second half of 2011, but conditions still appear good for moderate growth in 2012



Questions?



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