

Economic Update

Chad Wilkerson

Vice President and Branch Executive

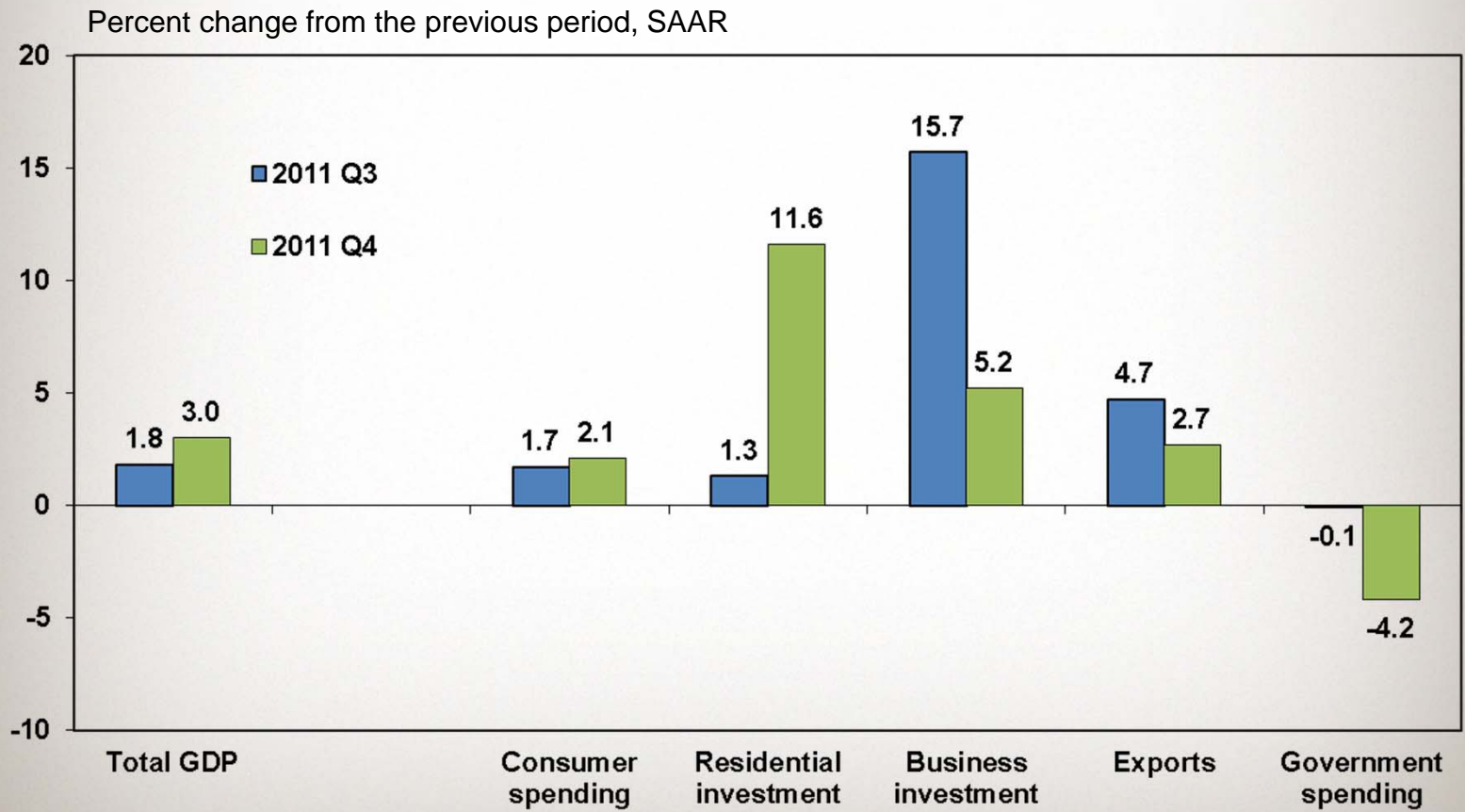
Oklahoma City Branch

2012
Regulatory Update
— SEMINAR —

Federal Reserve Bank of Kansas City

GDP growth improved in Q4, led by faster growth from consumers and housing

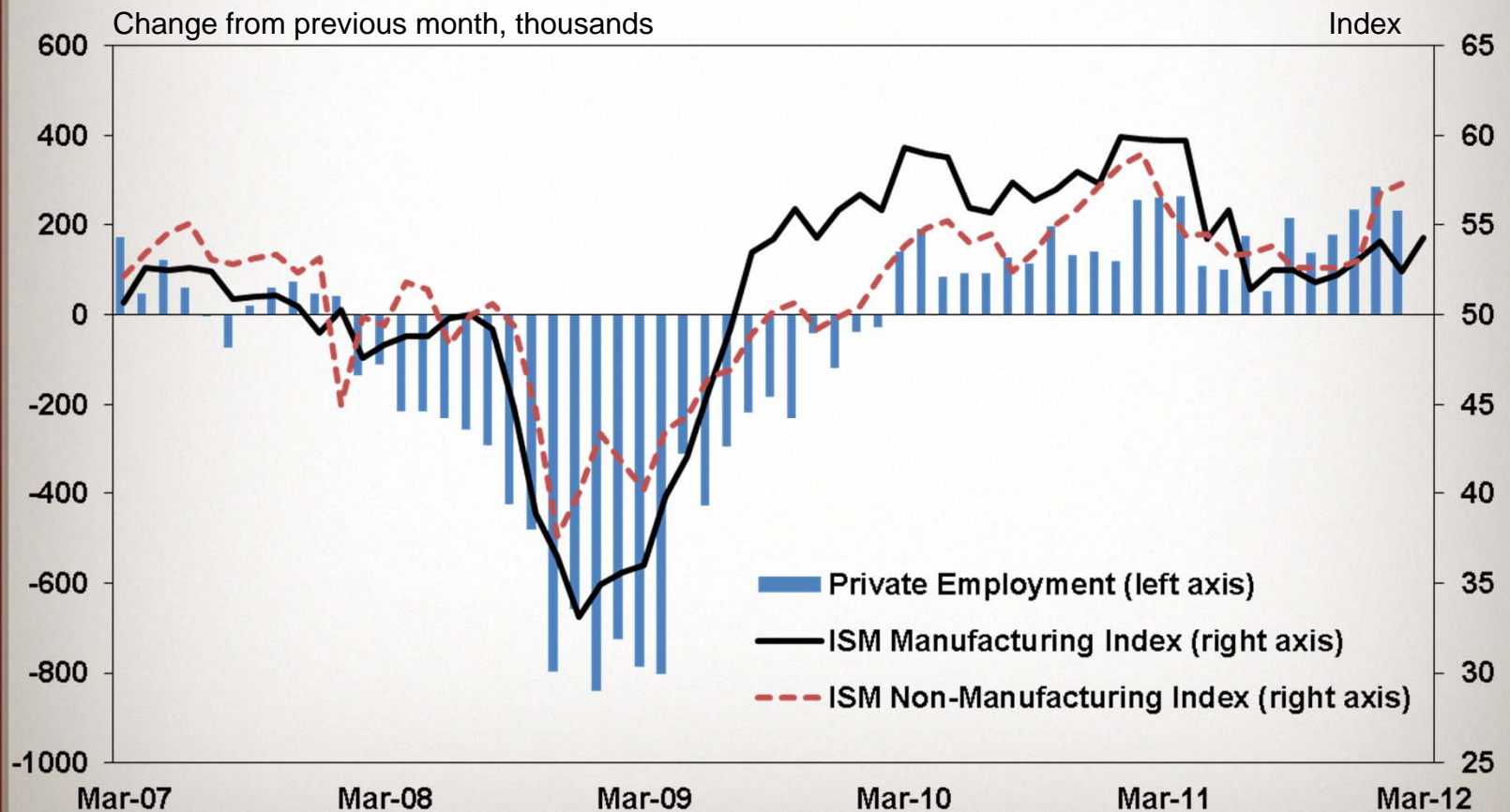
Growth in Components of Real GDP



Source: U.S. Bureau of Economic Analysis

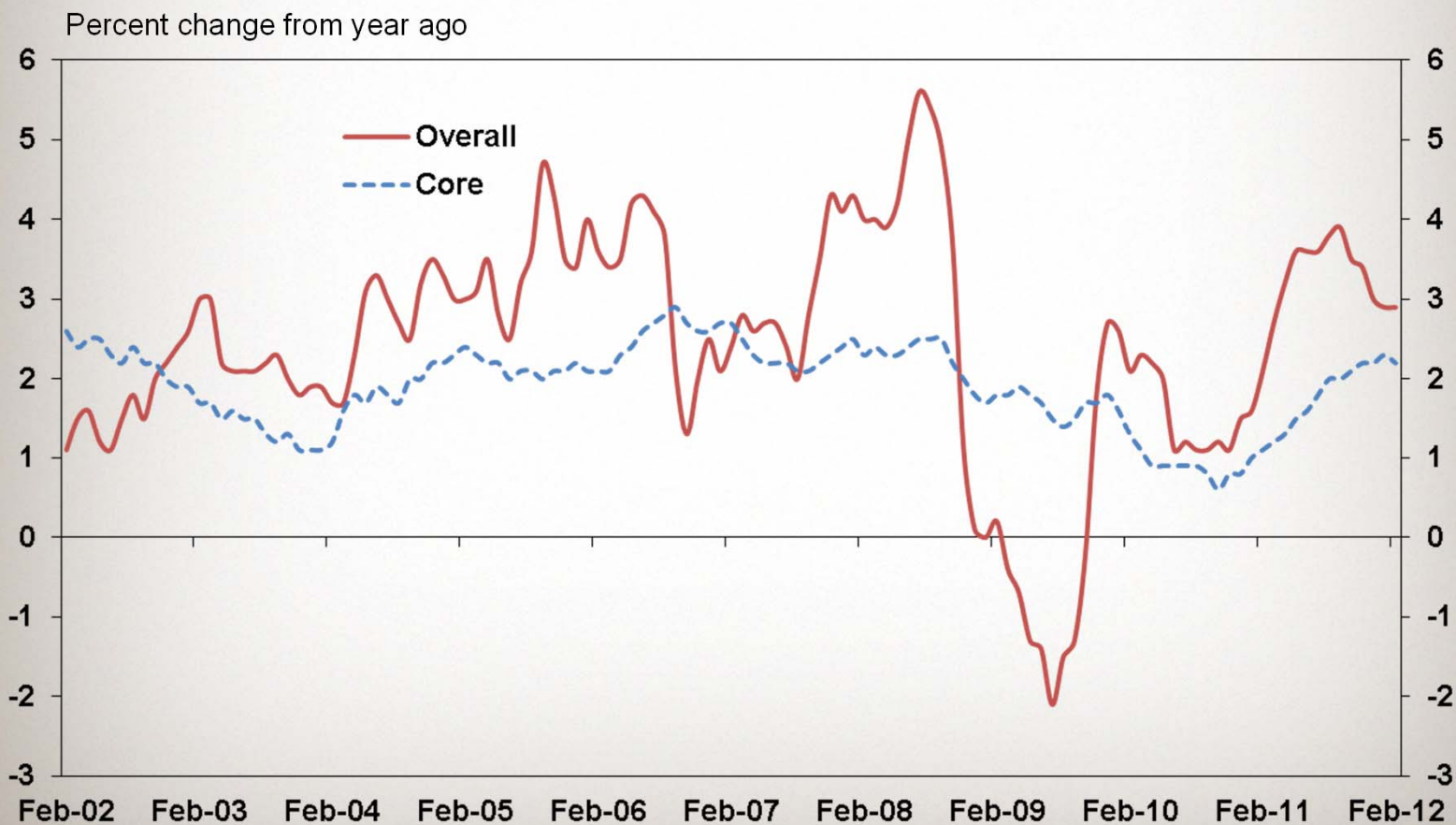
Early 2012 U.S. data show continued solid rates of growth

U.S. Private Payroll Employment and Business Indexes



Both overall and core inflation remain elevated, but have eased slightly

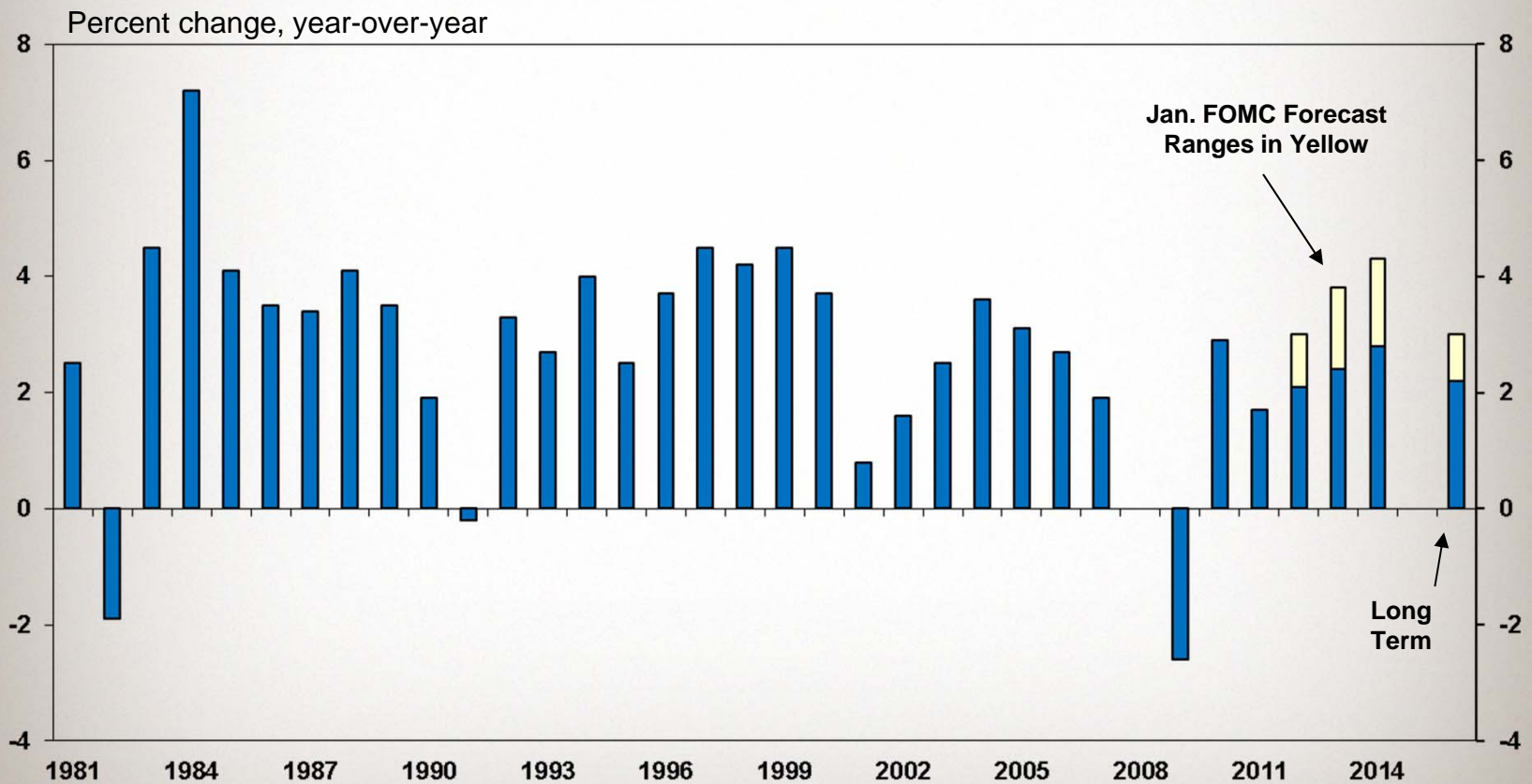
Consumer Price Index



Source: U.S. Bureau of Labor Statistics

In its latest forecasts, the FOMC expected solid GDP growth in 2012

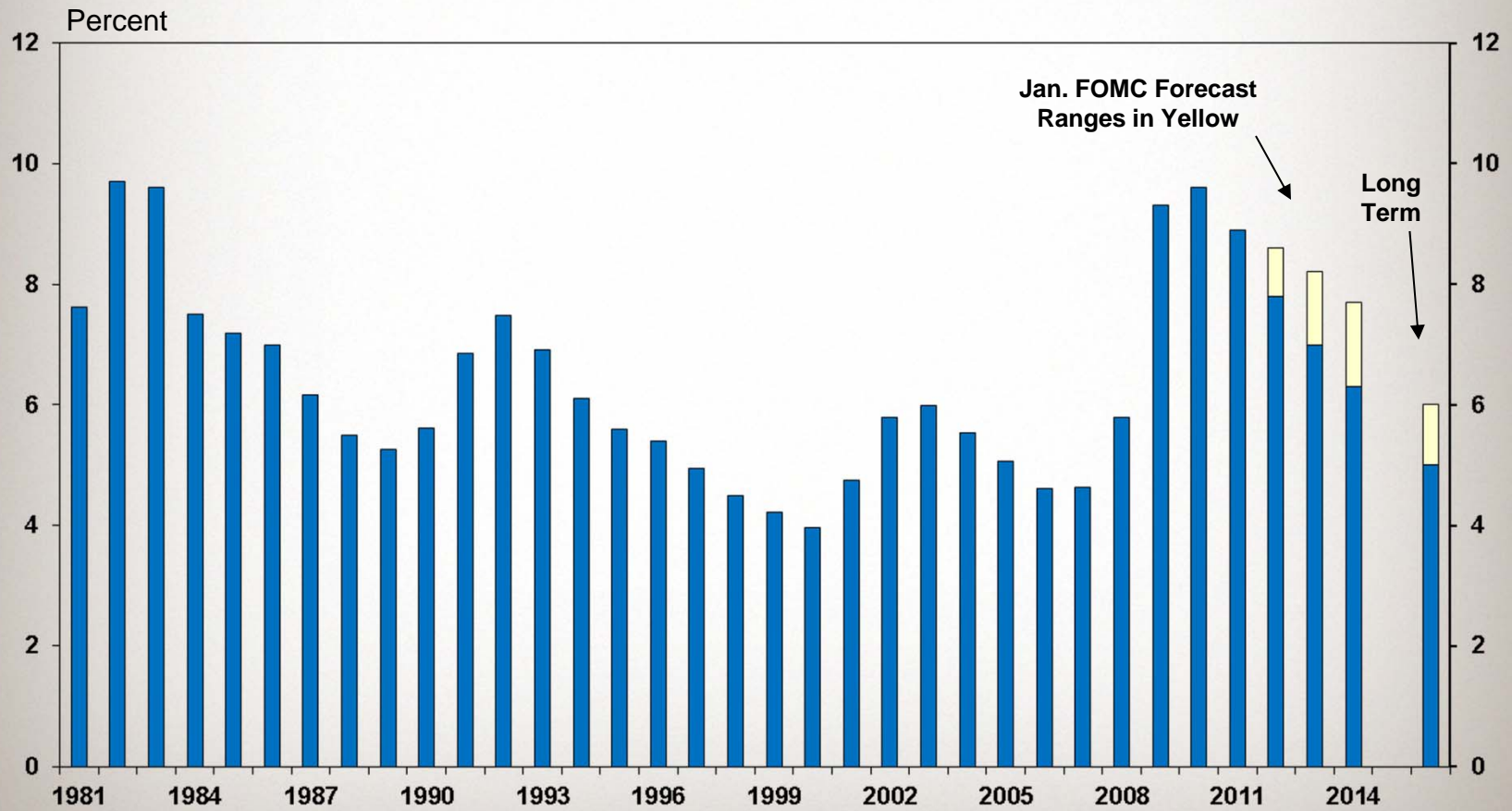
Real Gross Domestic Product



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

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

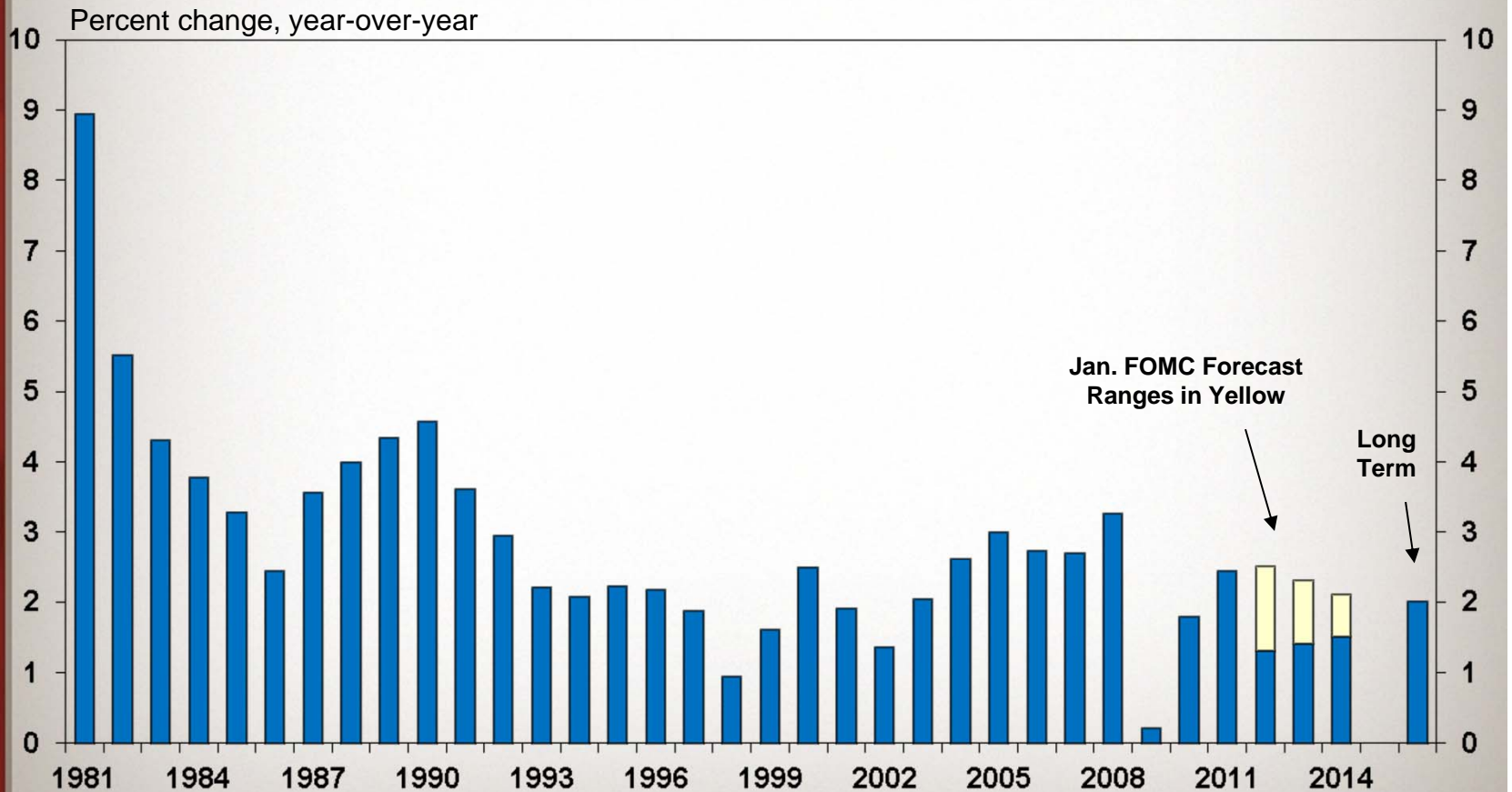
Unemployment Rate
Seasonally Adjusted



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

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

PCE Inflation Index

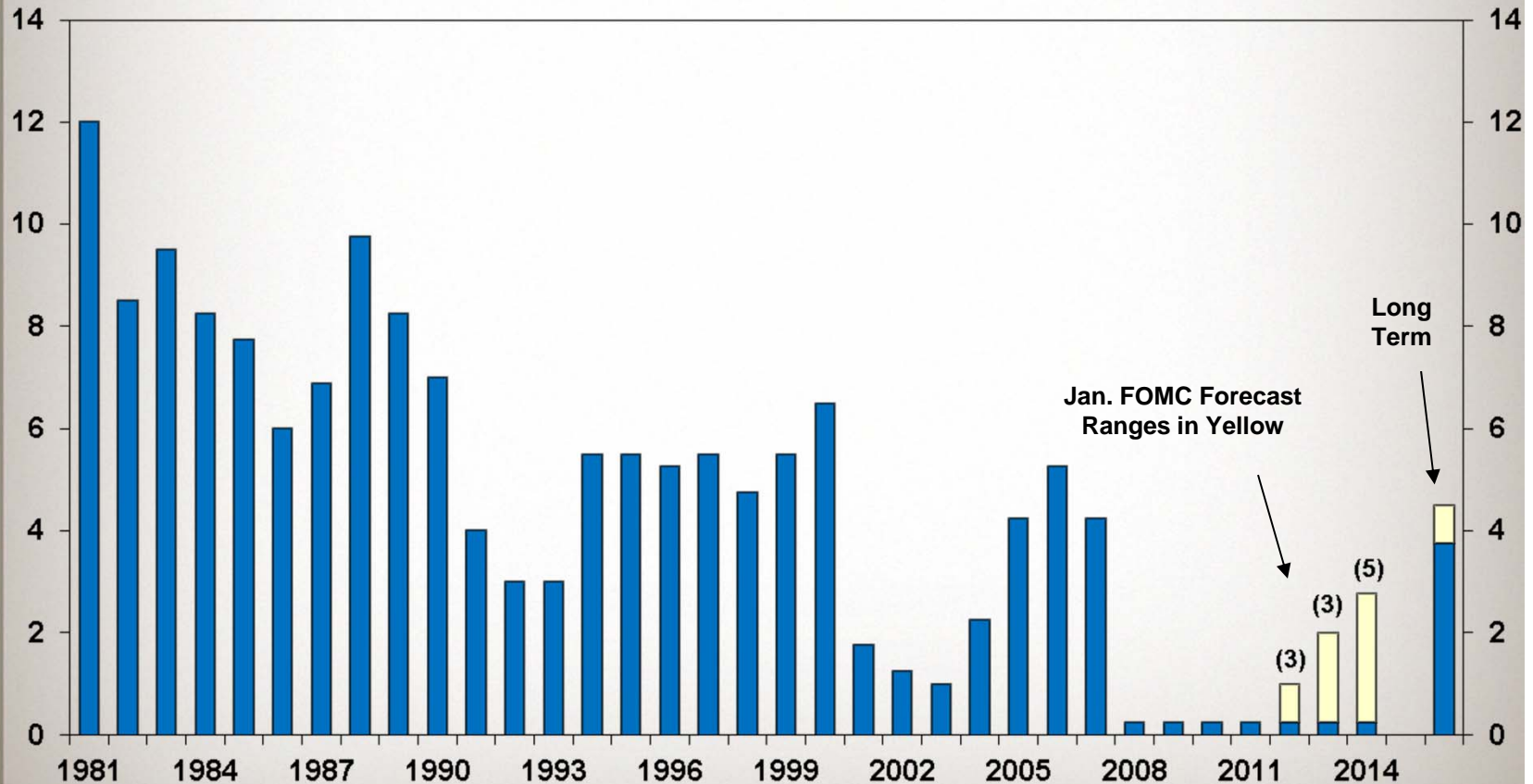


Source: U.S. Bureau of Economic Analysis, FOMC

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

Federal Funds Rate
Year-end target

2012 REGULATORY UPDATE SEMINARS
FEDERAL RESERVE BANK OF KANSAS CITY

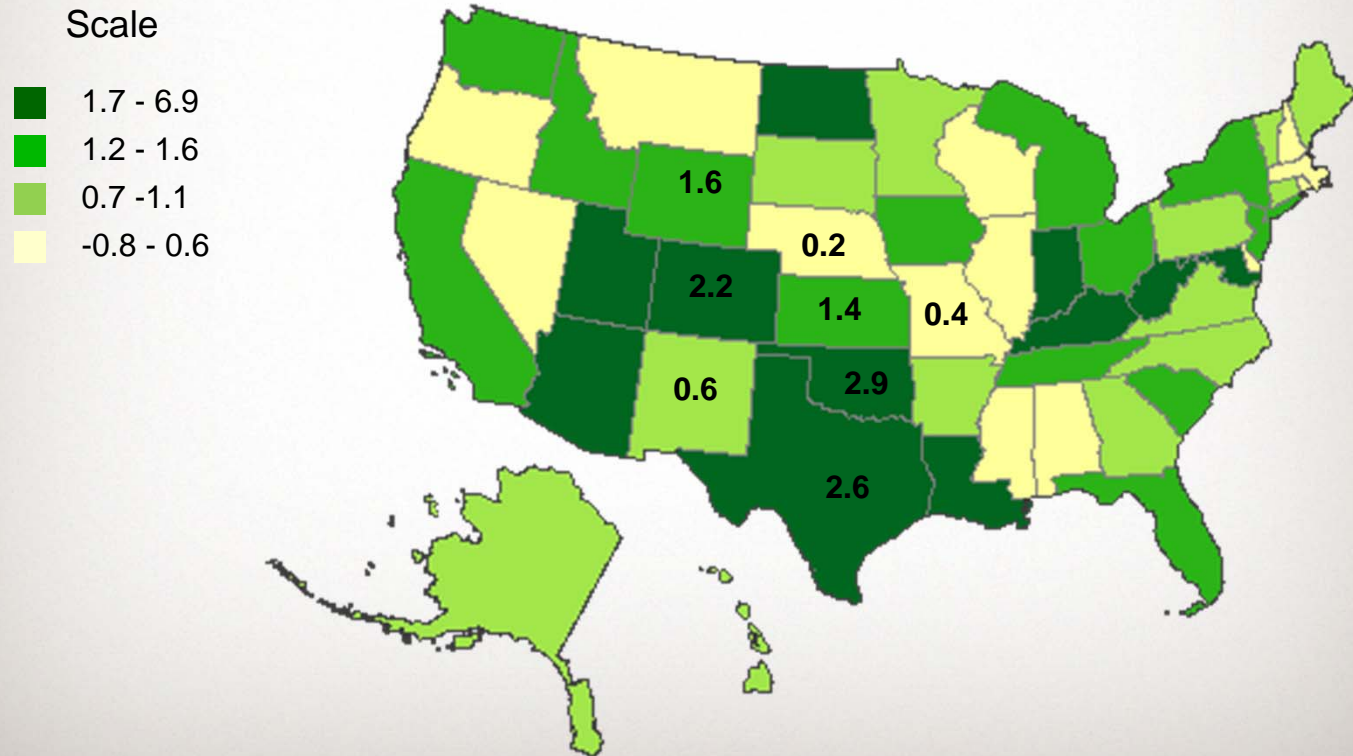


Note – Number of participants who project the initial increase will occur in the specified year in parenthesis

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

There remains considerable variation in economic strength across the nation

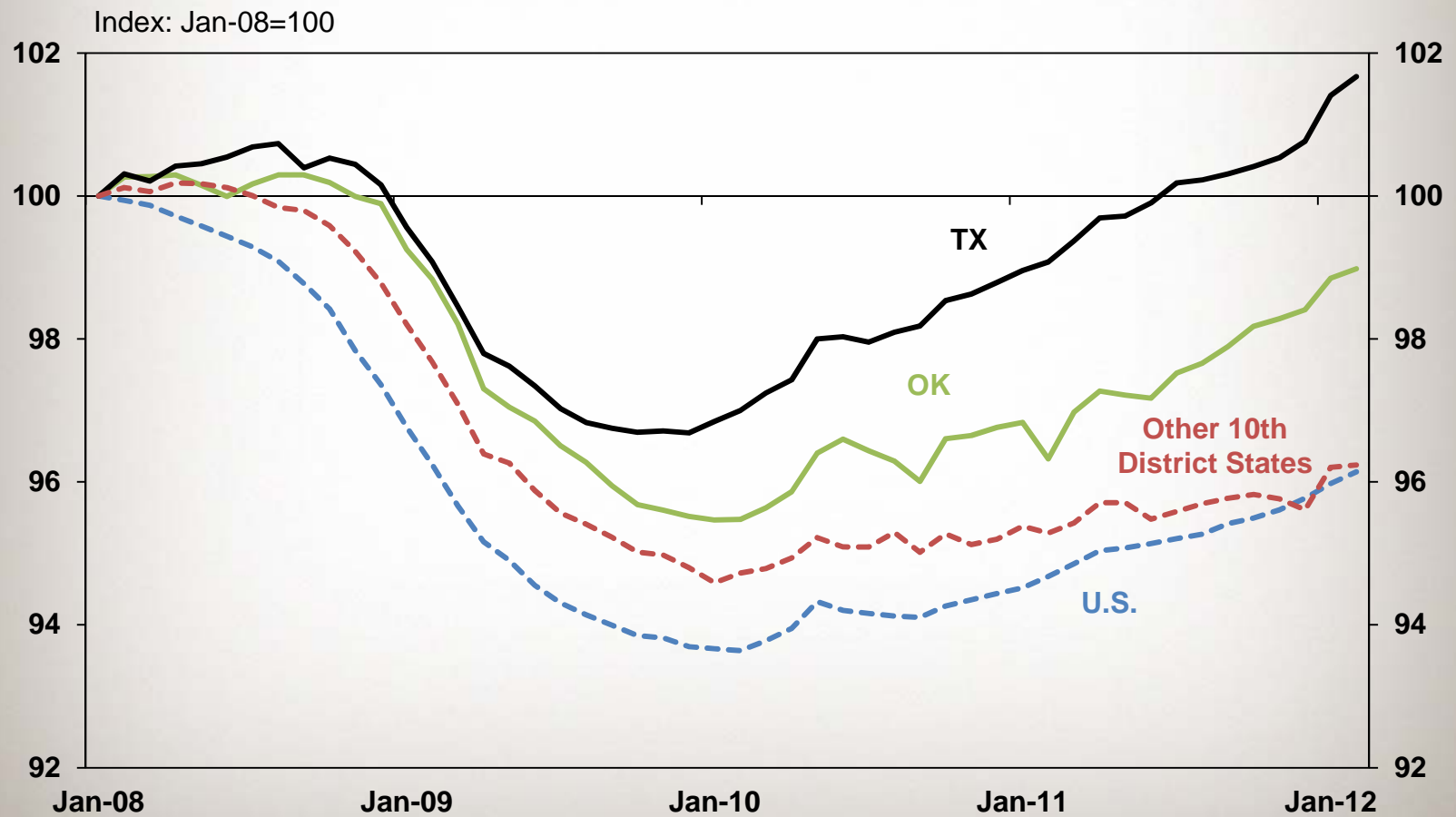
Employment Growth, Year-over-Year (percent)
February 2012



Source: U.S. Bureau of Labor Statistics

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

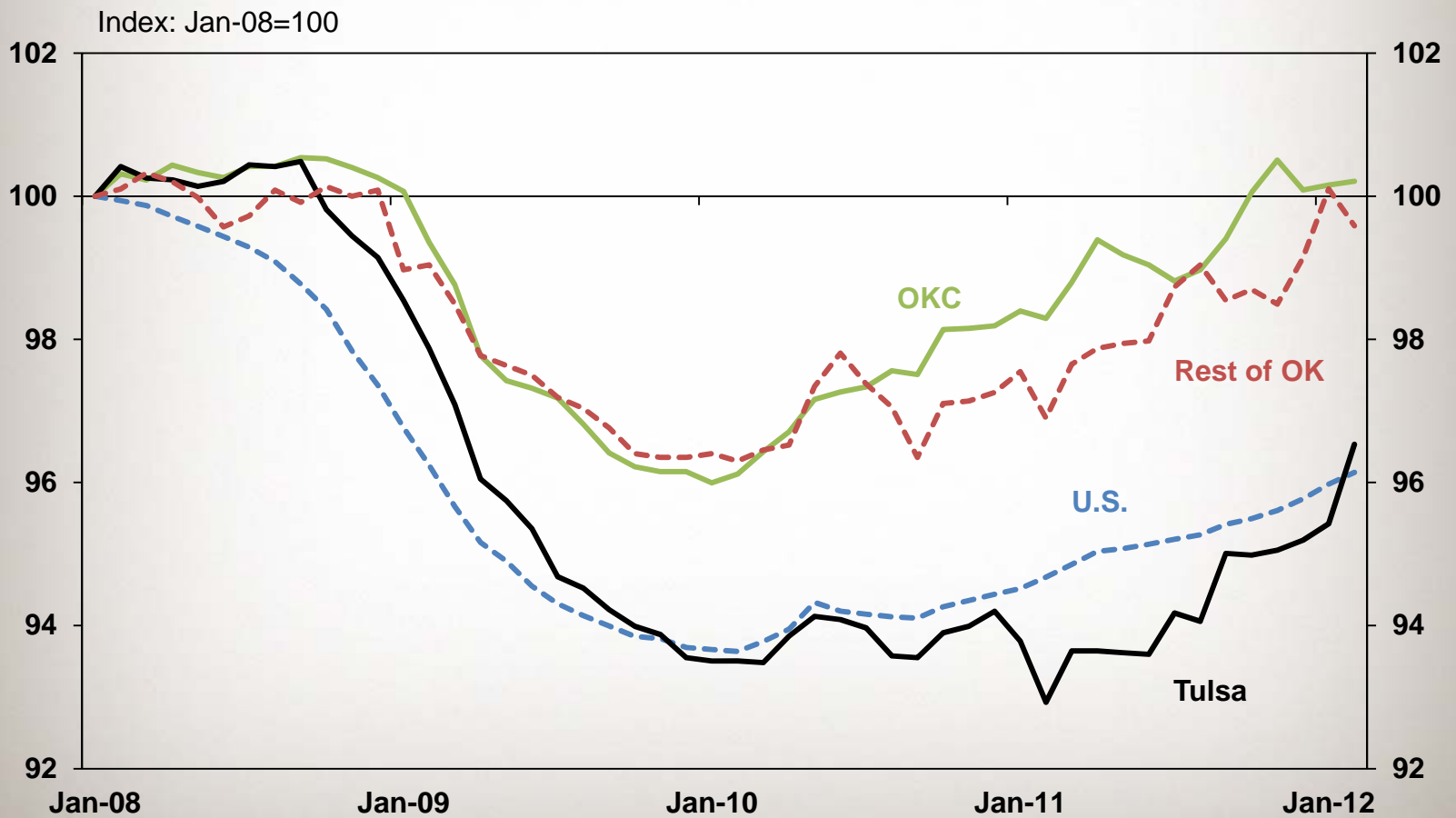
Level of Payroll Employment
Through February 2012



Source: U.S. Bureau of Labor Statistics

Excluding Tulsa, the state has returned to pre-recession job levels

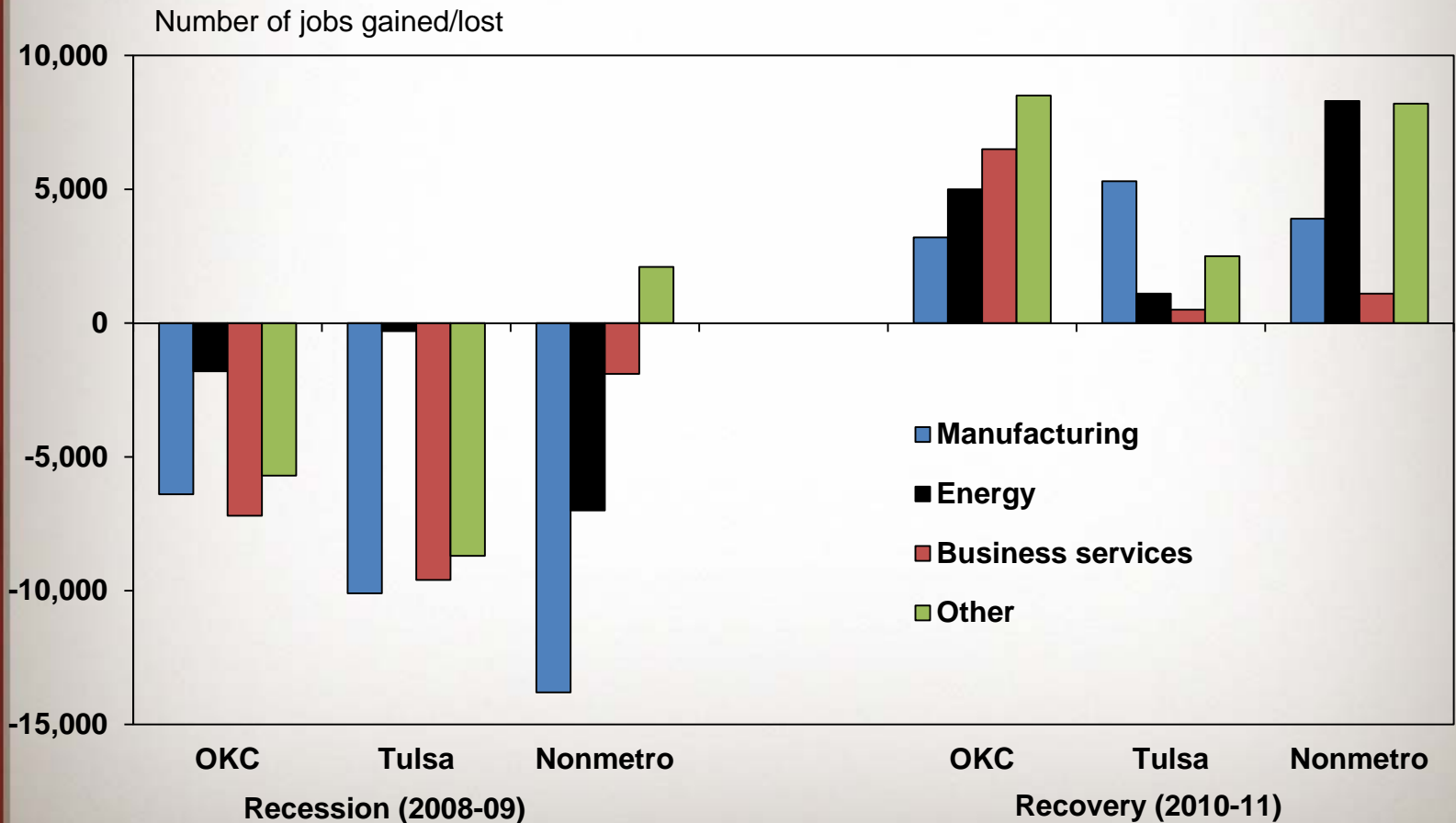
Level of Payroll Employment
Through February 2012



Source: U.S. Bureau of Labor Statistics

Tulsa had much deeper losses during the recession, and has had a slower recovery

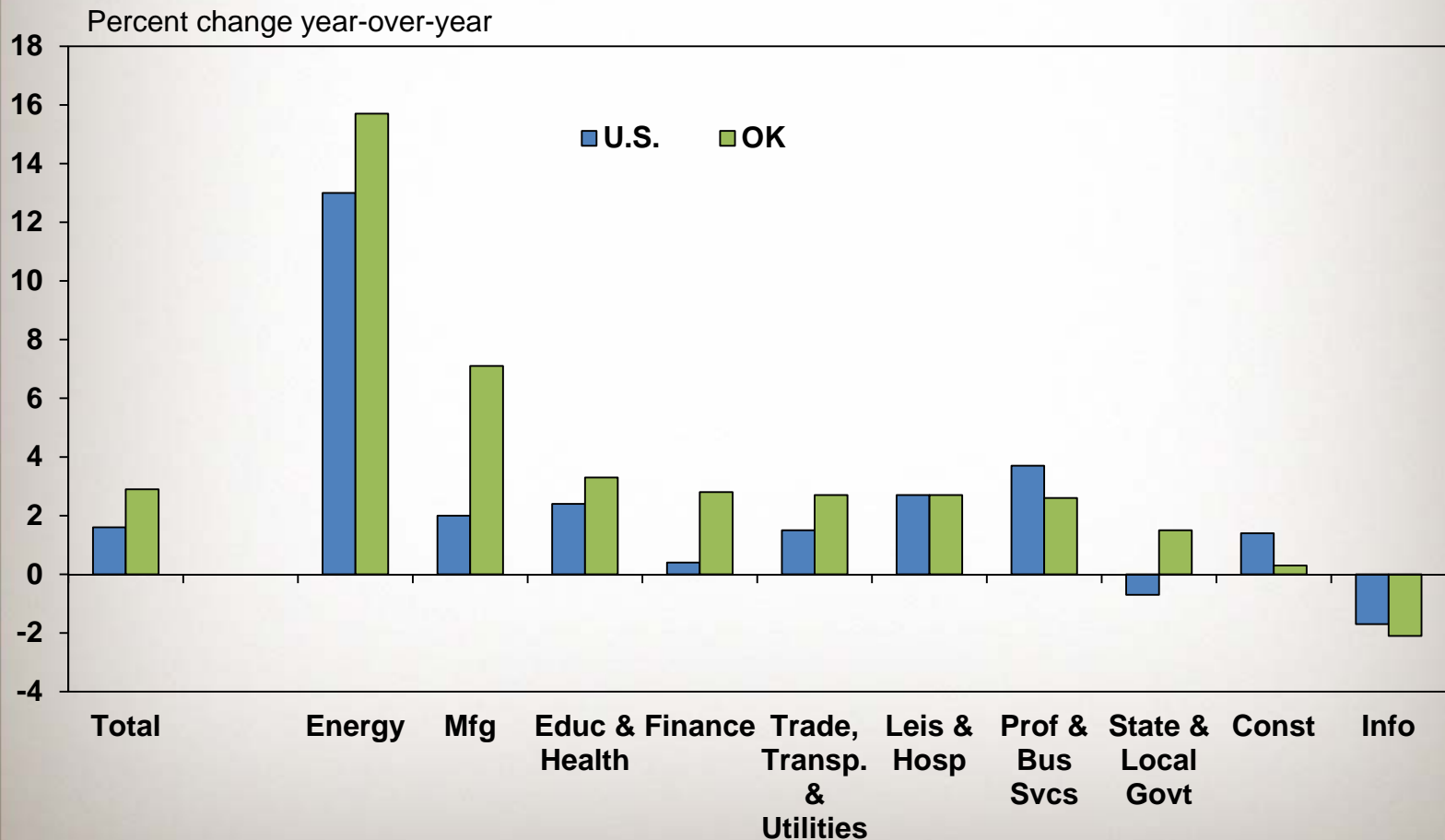
Oklahoma Job Growth in Recession and Recovery



Source: Bureau of Labor Statistics

Recent solid growth in Oklahoma has been driven largely by energy and manufacturing

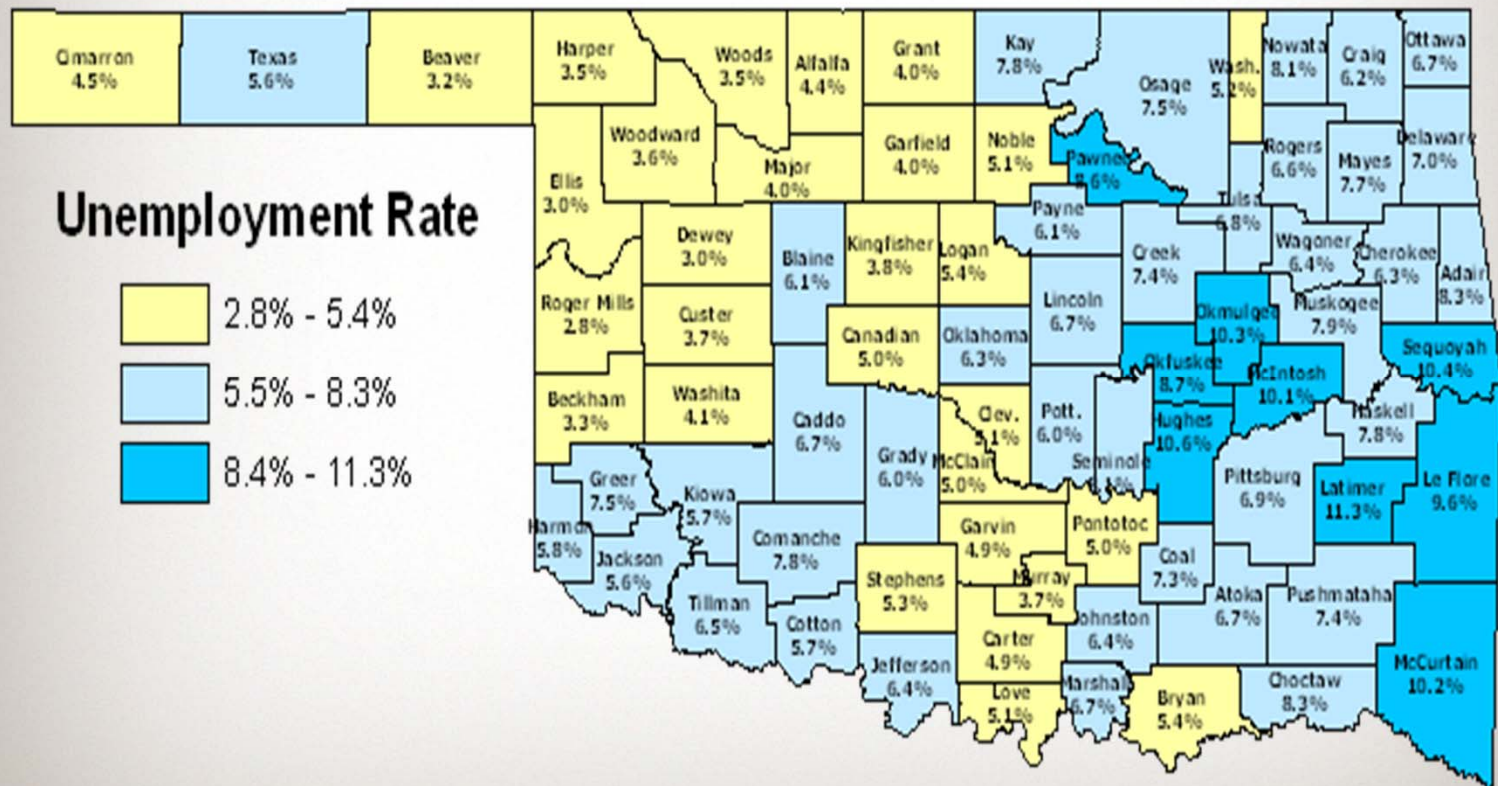
Employment Growth February 2012



Source: Bureau of Labor Statistics

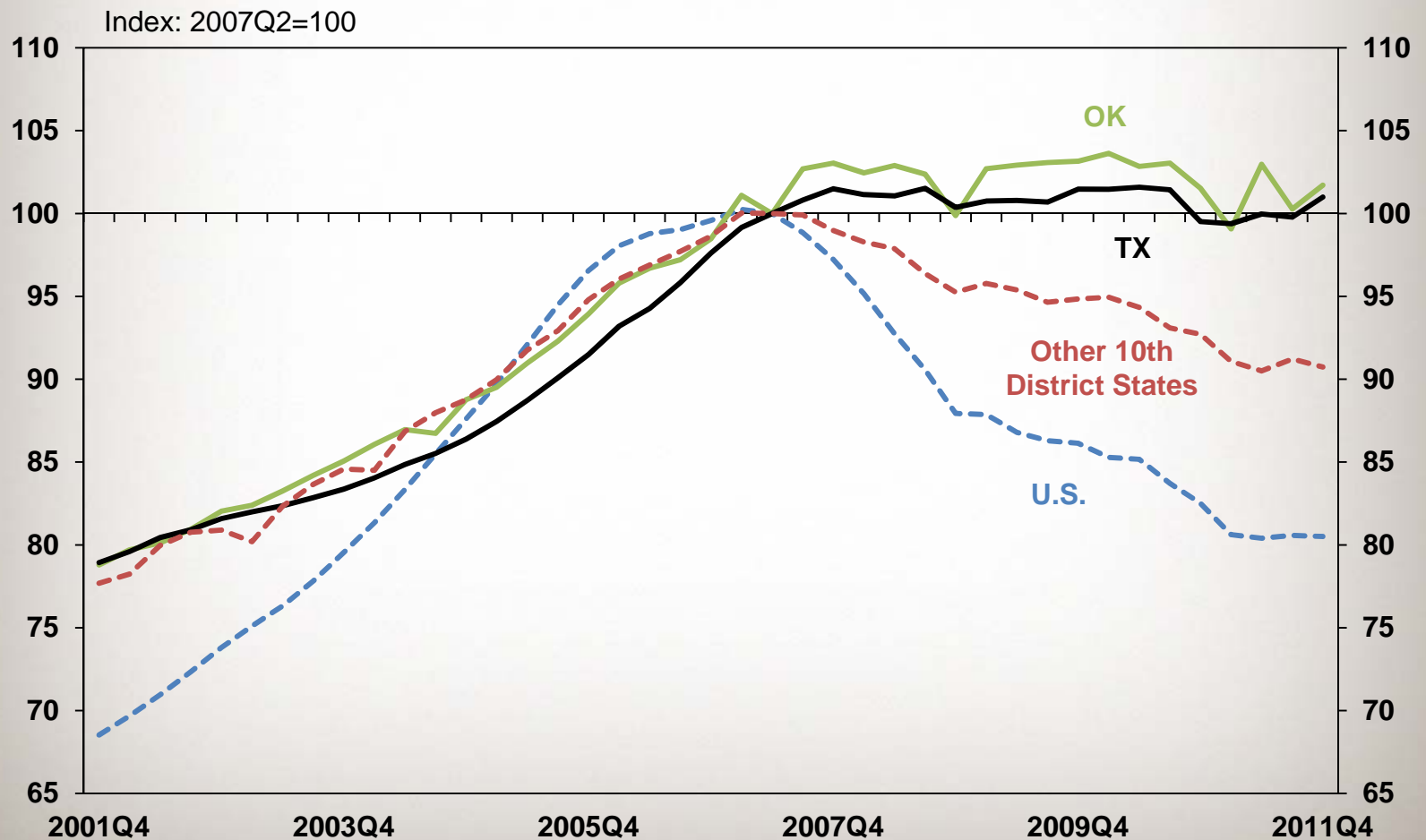
Unemployment in most of Oklahoma is well below the national average

Unemployment Rate by County
January 2012



And home prices continue to hold up better, even as national prices fail to find a bottom

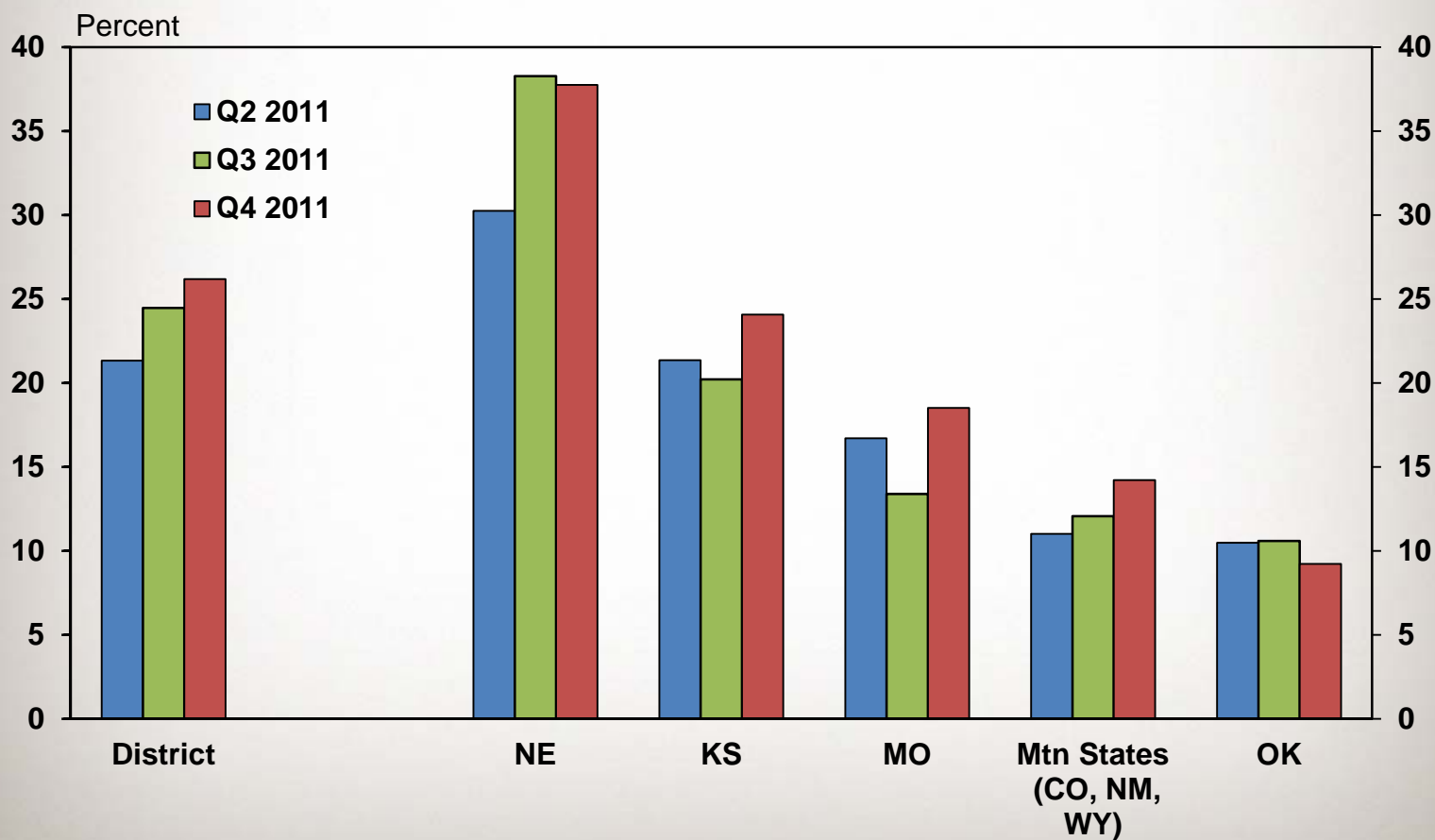
Home Price Index
Purchase-Only



Source: FHFA

Regional farmland prices continue to surge, but not as much in Oklahoma so far

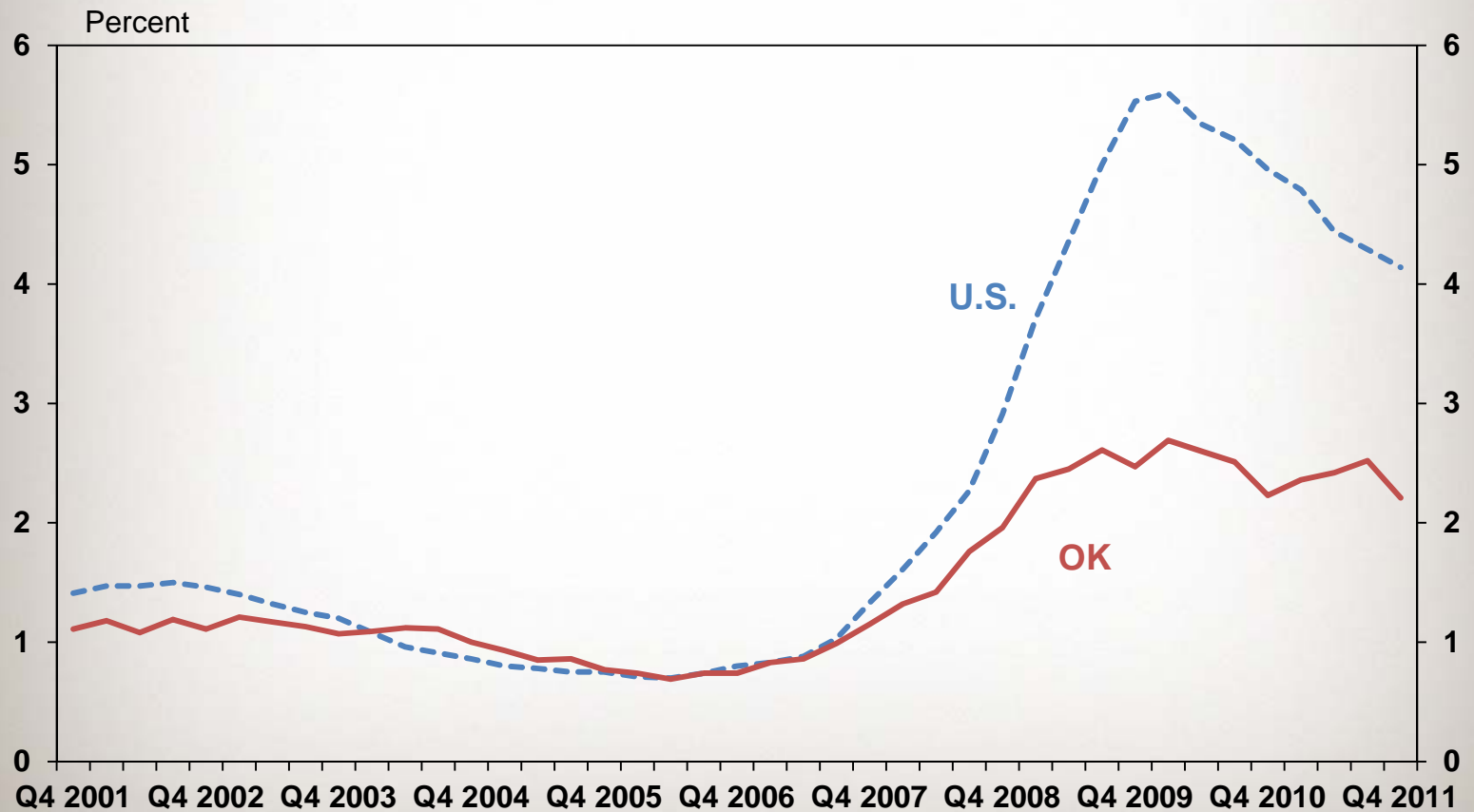
Tenth District Non-Irrigated Cropland Values
Percent Change, Year-over-year



Source: FRBKC Agricultural Credit Survey

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

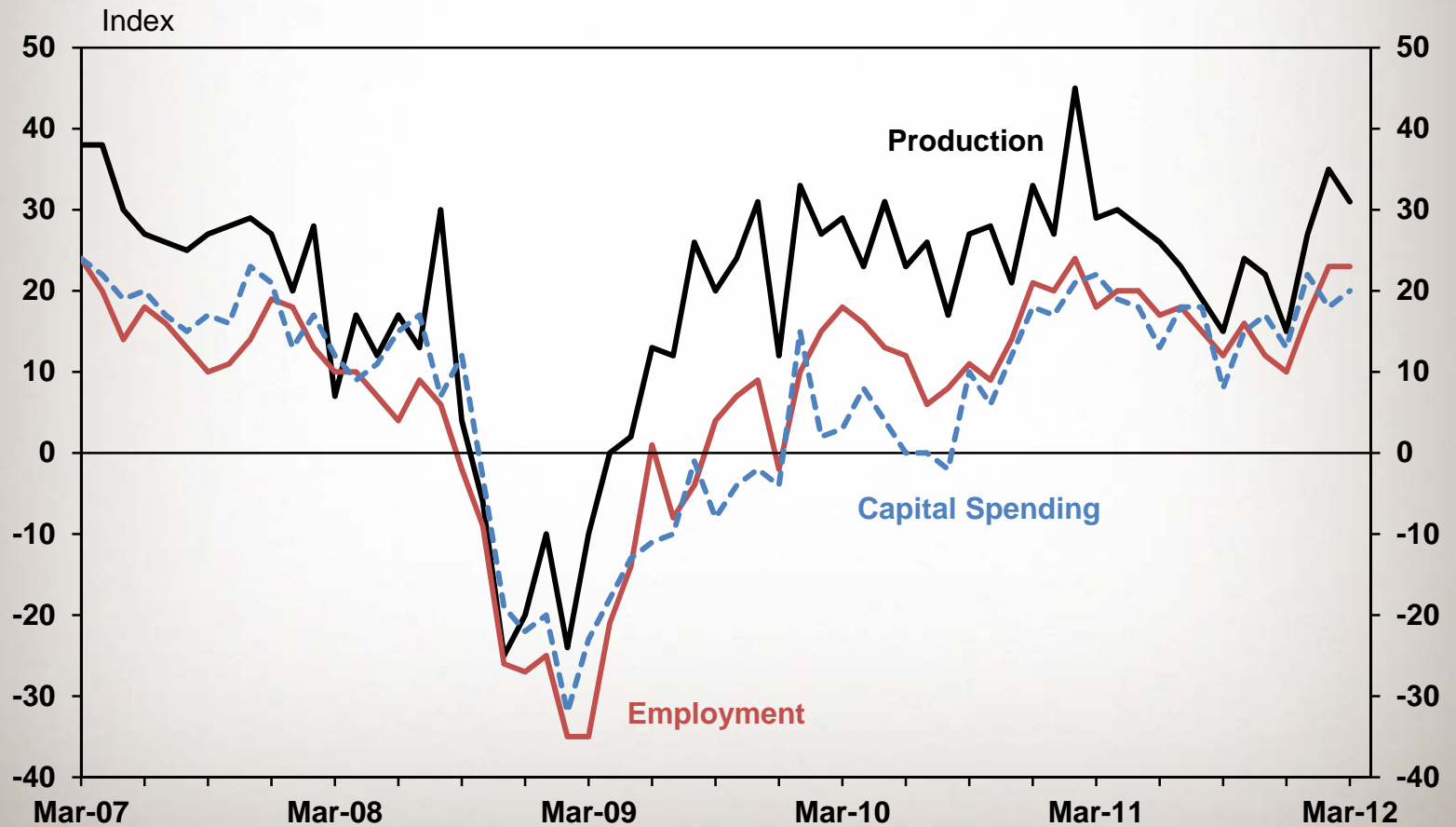
Noncurrent Loans as a Share of Total Loans
Commercial Banks



Source: FDIC

Purchasing managers in the region remain fairly optimistic about 2012 growth

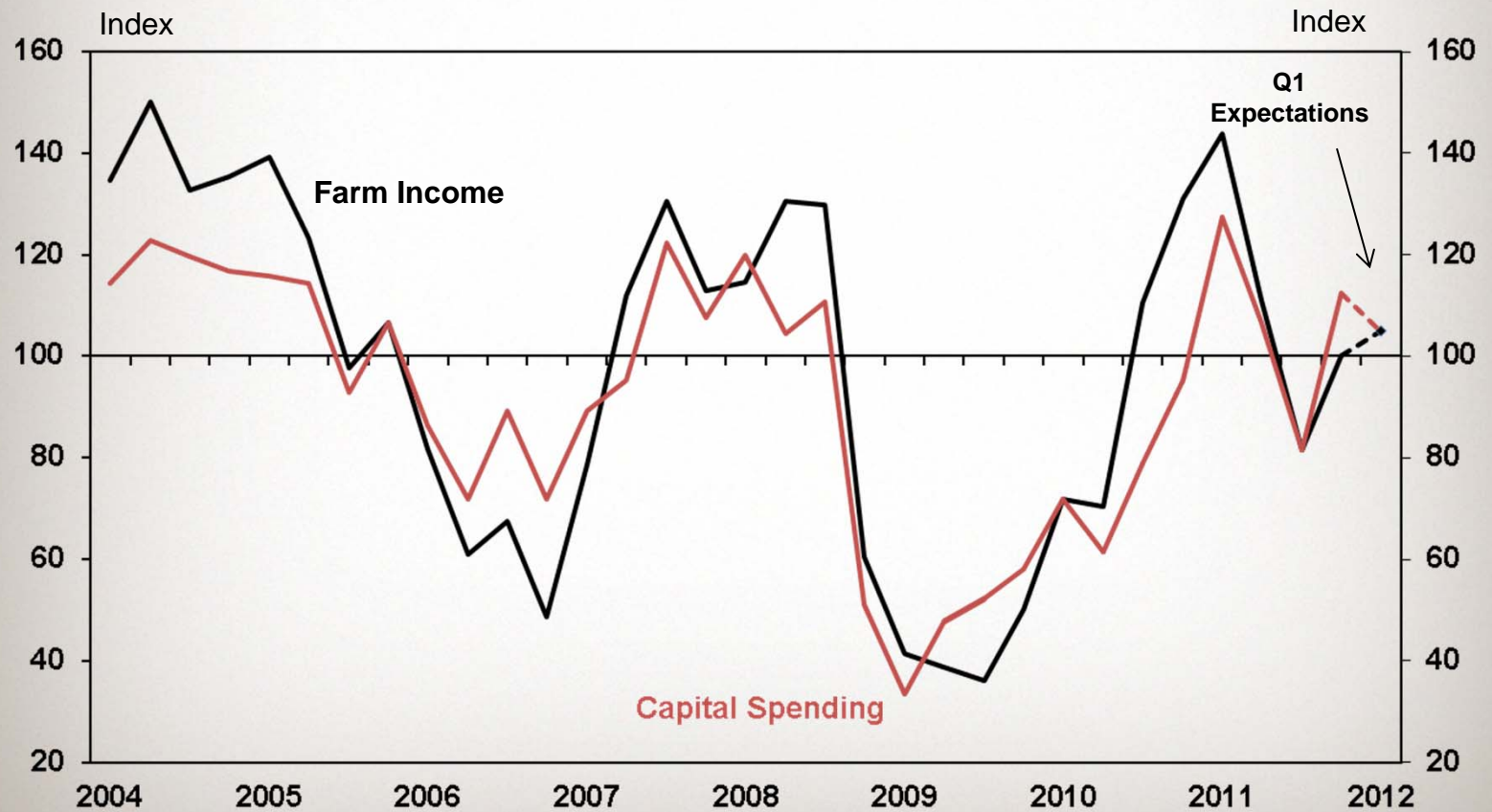
Tenth District Manufacturing Expectations
Six-Months Ahead, Seasonally Adjusted



Source: KC, Dallas FRB Manufacturing Surveys

Agricultural conditions in the state have improved after last year's drought

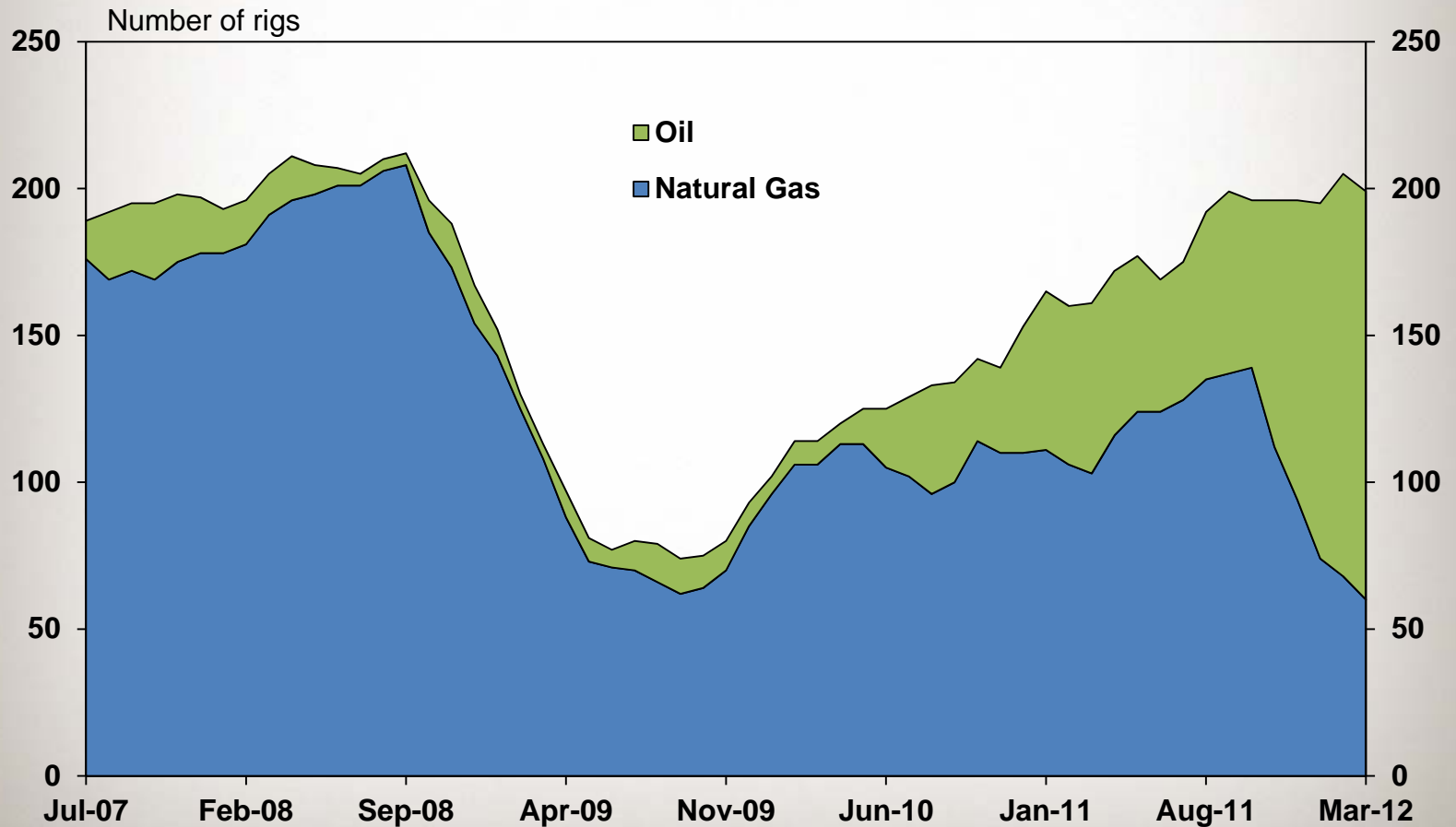
Oklahoma Agricultural Conditions



Source: KCFRB Ag Credit Survey

Energy activity remains strong but has leveled with lower natural gas prices

Oklahoma Rig Count



Source: Baker Hughes

Conclusions

- The U.S. economy continues to grow moderately, amid limited inflation, but growth varies widely across states
- Growth in Oklahoma remains better than the nation and region, driven largely by energy and manufacturing

Questions?



For more information about the Oklahoma economy, subscribe to the quarterly **Oklahoma Economist** at: www.kansascityfed.org/publications/research/oke