

Regional Asset-Building and the Current Economic Environment



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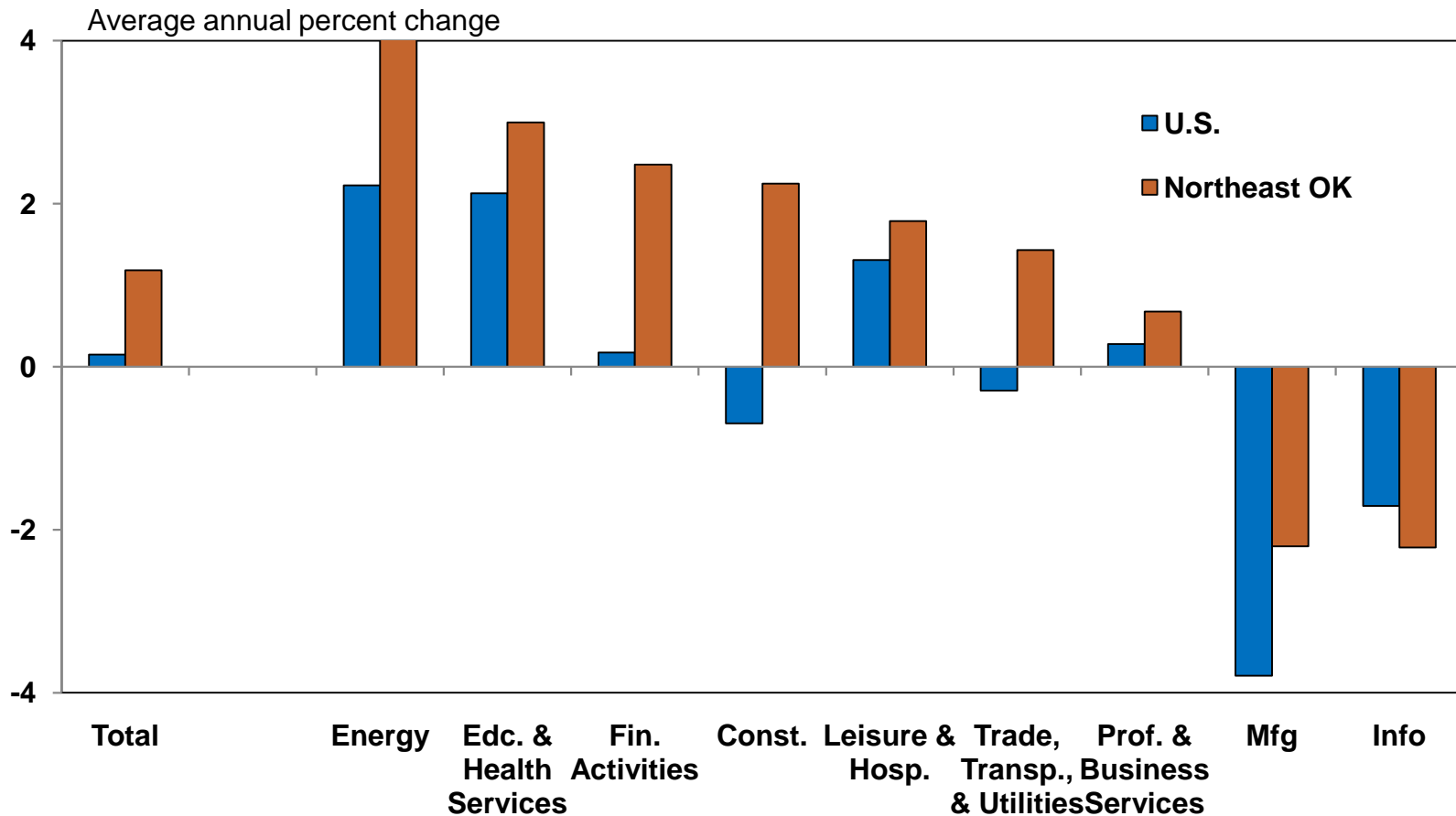
Overview

- Importance of regionalism in building non-metro assets
- Assessment of the industrial assets of northeast Oklahoma
- Economic environment in which the plan will be implemented



Northeast Oklahoma's economy has greatly outperformed the nation the past decade

Annual Employment Growth
1999 - 2009



Source: Bureau of Labor Statistics



Several manufacturing and retail industries “define” the region, along with energy

The Top Ten Defining Industries of Northeast Oklahoma

Rank	Industry	LQ 2009	U.S. Annual Growth '99-'09	OK Average Wage
1	Nonmetallic Mineral Mfg.	5.3	-1.0	\$41,672
2	Machinery Mfg.	5.1	-0.8	\$48,129
3	Fabricated Metal Mfg.	4.2	-0.2	\$43,017
4	Gasoline Stations	3.7	1.1	\$16,581
5	Oil and Gas Support	3.7	11.2	\$56,732
6	Department Stores	3.6	4.1	\$21,588
7	Auto Dealerships	2.4	0.5	\$30,929
8	Utilities	2.4	3.3	\$53,859
9	Nursing & Res. Care	2.3	5.2	\$19,438
10	Building Supply Stores	2.2	2.5	\$24,298



Outlook for region's defining industries

- ❑ Manufacturing is likely to ease somewhat overall due to productivity gains and high foreign competition. However, nonmetallic mineral manufacturing is expected to increase slightly due to a recovery in construction, and machinery manufacturing will likely be positive for agriculture and energy equipment. Exports also provide upside risk.
- ❑ Employment in retail industries is expected to increase very slightly, with some offsets due to gains in technology.
- ❑ The energy support industry is projected to fall modestly due to productivity gains from new drilling techniques, but potential natural gas policy changes provide upside risk.
- ❑ Nursing care facilities are expected to increase moderately, with an aging population, offset only partially by more elderly patients using home care or assisted living facilities



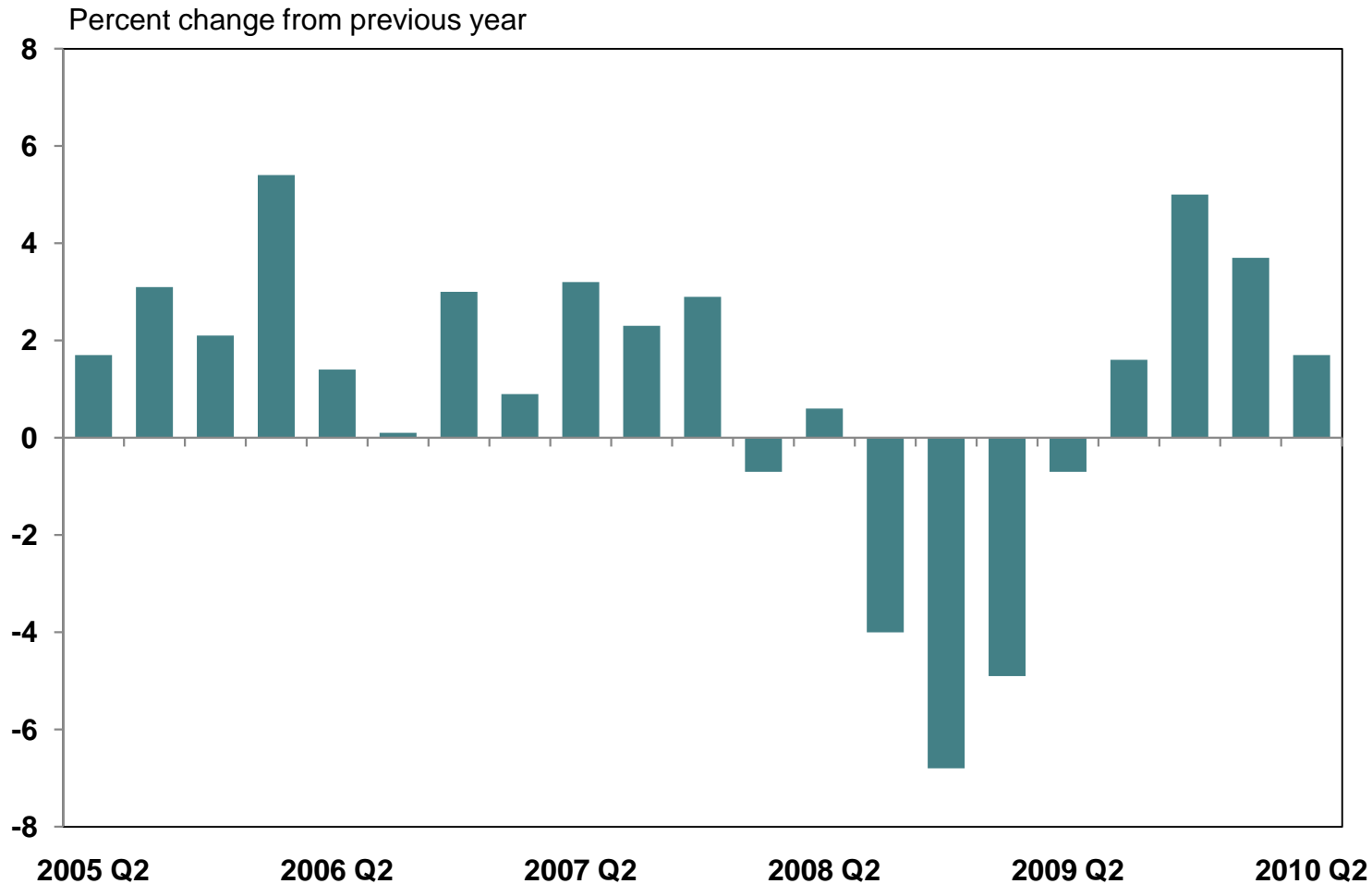
The Economic Environment in Which the Plan Will be Implemented

- U.S. recovery is proceeding moderately, but full employment not expected soon
- Consumer debt levels remain very high, though savings rates have risen recently
- Northeast Oklahoma is likely to return to full employment faster than the nation



The recession ended in June 2009, and real GDP has now grown for 4 quarters

Real GDP Growth
Seasonally adjusted, annual rate

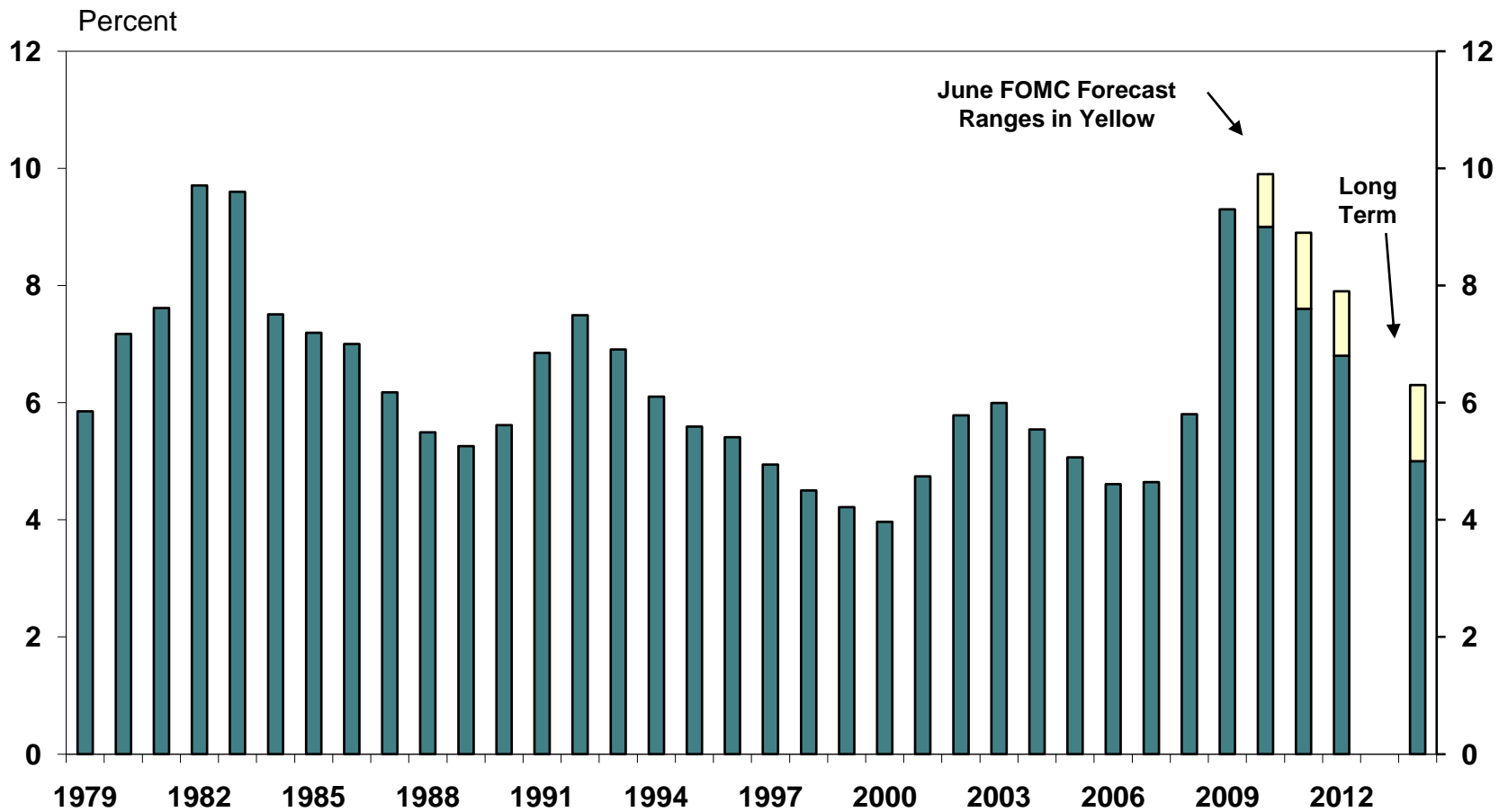


Source: Bureau of Economic Analysis



But with unemployment remaining high for some time

Unemployment Rate
Seasonally Adjusted

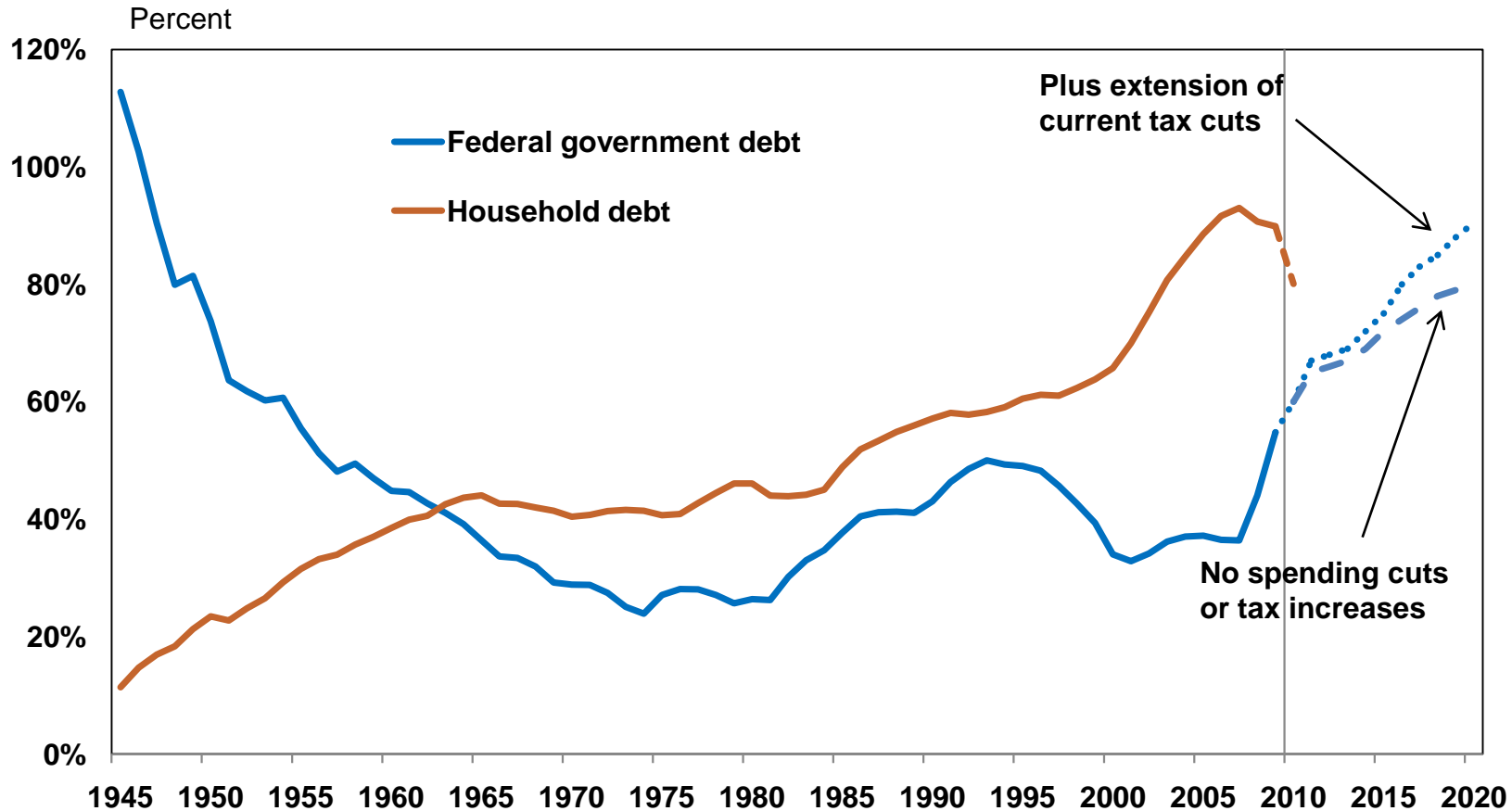


Source: U.S. Bureau of Labor Statistics, FOMC



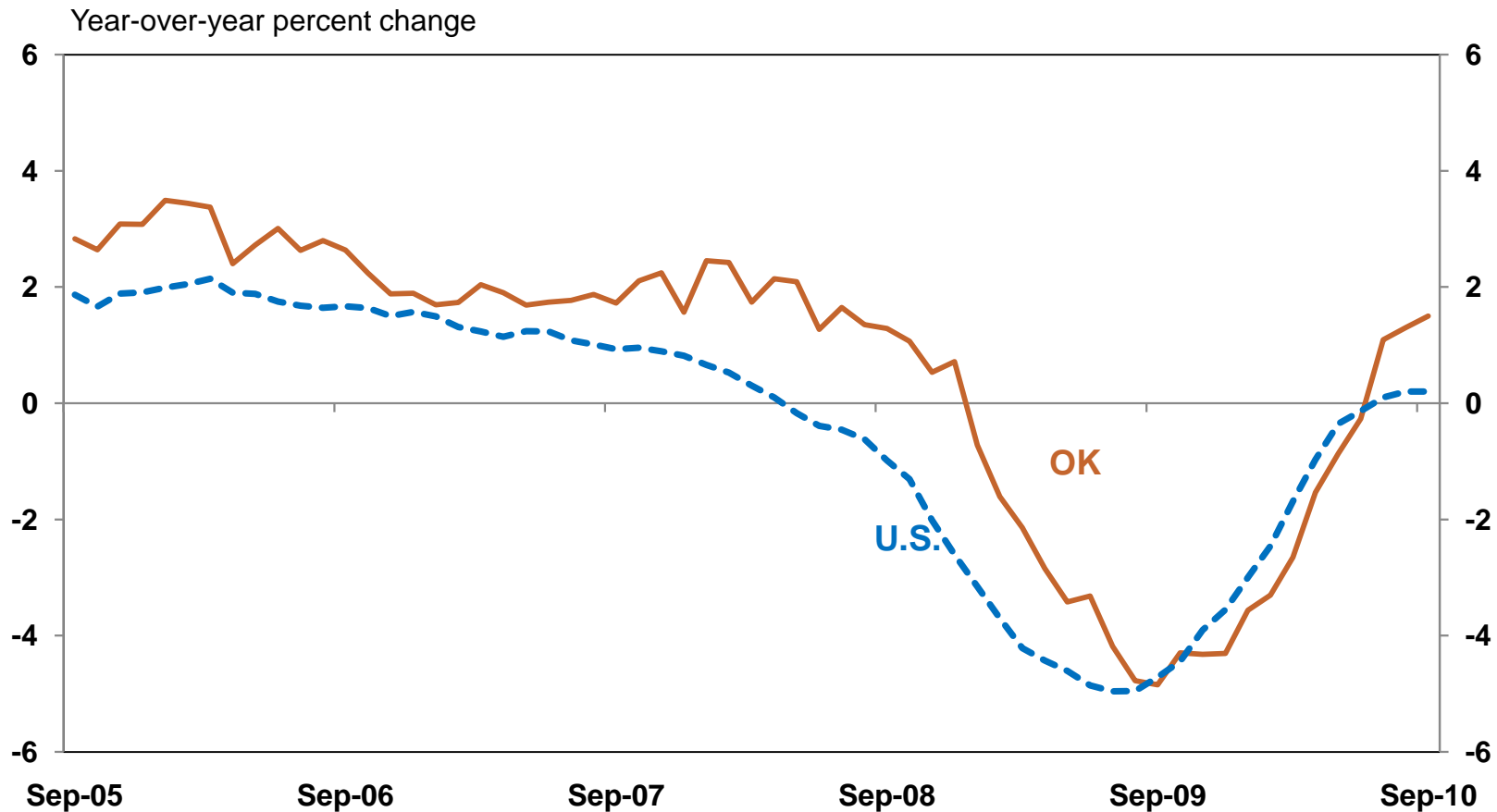
Consumer debt could constrain short-run growth and federal debt a longer-term concern

U.S. Debt as a Share of GDP



As usual, Oklahoma entered this recession late, but is now outpacing the nation

Payroll Employment



Source: U.S. Bureau of Labor Statistics



Northeast Oklahoma should return to full employment levels before the nation

County	August Unemployment Rate
Sequoyah	10.7
Okmulgee	9.7
U.S.	9.6
McIntosh	8.7
Mayes	8.6
Nowata	8.5
Muskogee	7.9
Adair	7.6
Rogers	7.2
Wagoner	7.1
Oklahoma	7.0
Delaware	6.4
Ottawa	6.2
Washington	5.9
Craig	5.8
Cherokee	5.6



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

- **Branch functions and key contacts**

- 35 staff involved in economic research, examining banks, public outreach
- Branch Executive Chad Wilkerson: chad.r.wilkerson@kc.frb.org
- Community Affairs Advisor Steve Shepelwich: steven.shepelwich@kc.frb.org
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- **2010 branch board of directors**

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