

U.S. & Oklahoma Economic Outlook



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www.kansascityfed.org/oklahomacity



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**

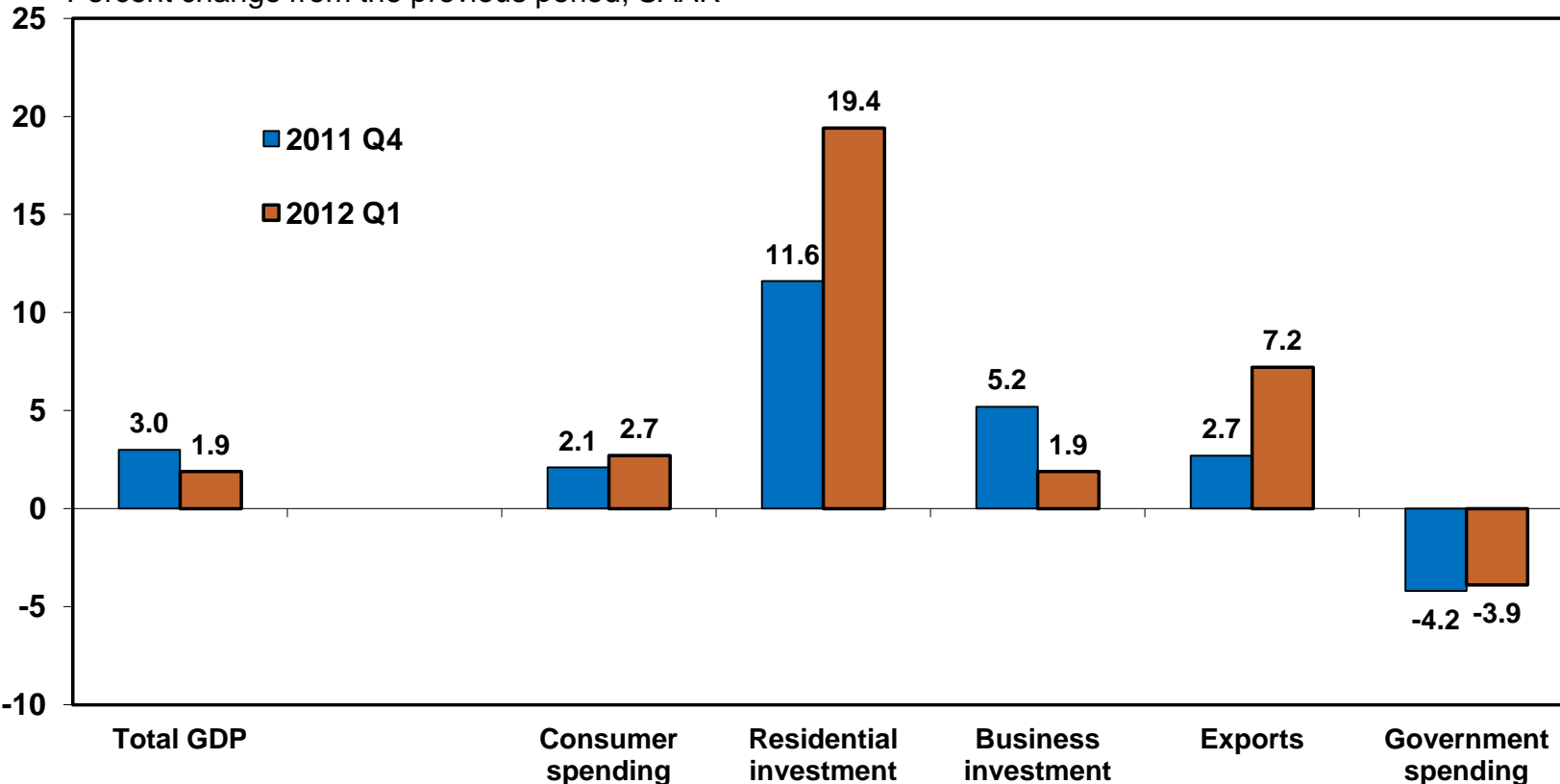
- **Jim Dunn (chair)**, Chairman, Mill Creek Lumber and Supply, Tulsa
- **Linda Capps**, Vice Chairman, Citizen Potawatomi Nation, Shawnee
- **Pete Delaney**, Chairman, CEO, & President, OGE Energy Corp., OKC
- **Jacque Fiegel**, Senior EVP and COO, Coppermark Bank, OKC
- **Doug Tippens**, President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



U.S. GDP growth eased slightly in Q1, while housing investment rose sharply

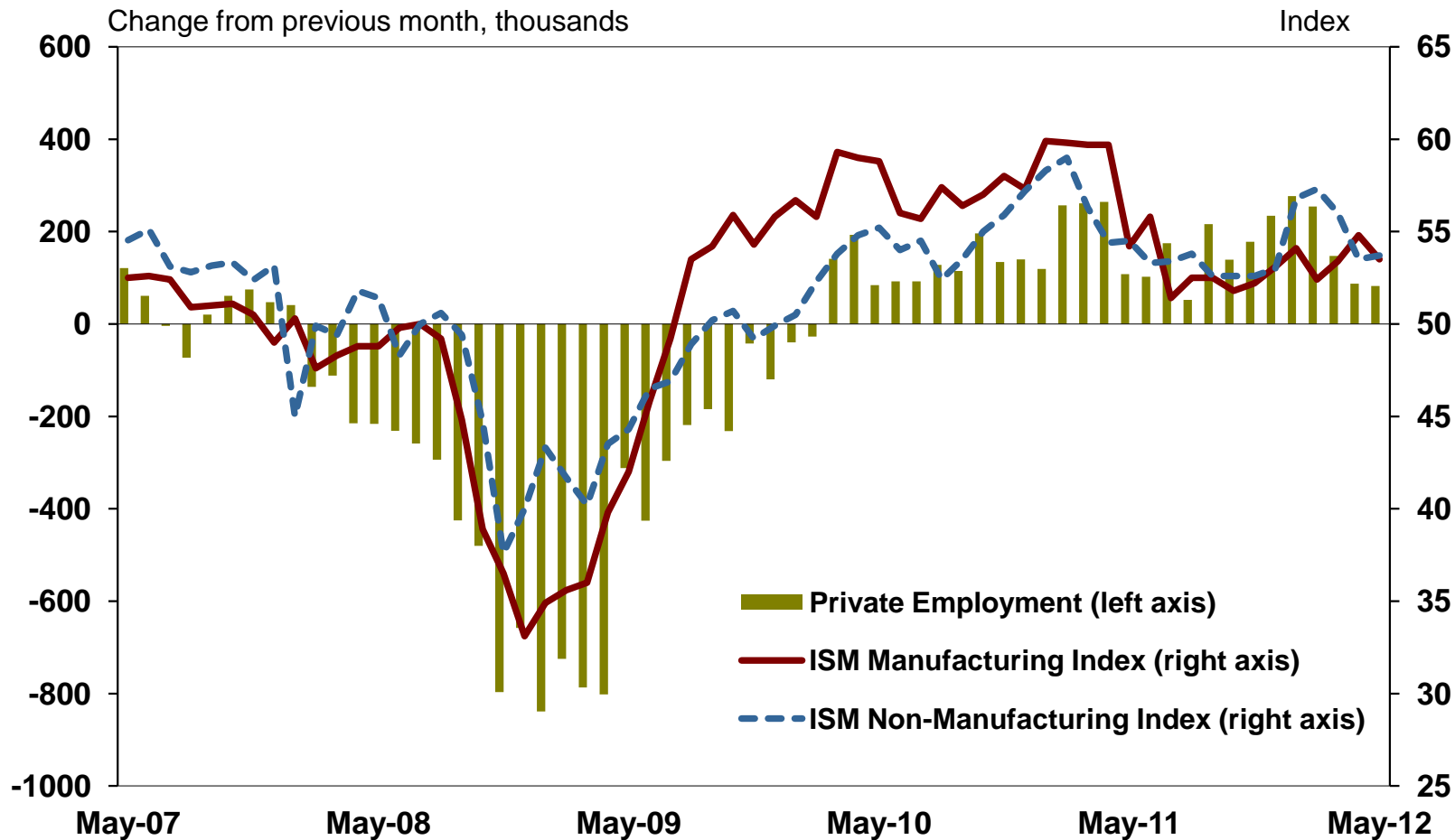
Growth in Components of Real GDP

Percent change from the previous period, SAAR



Early Q2 data suggest moderate growth continues in the U.S. economy

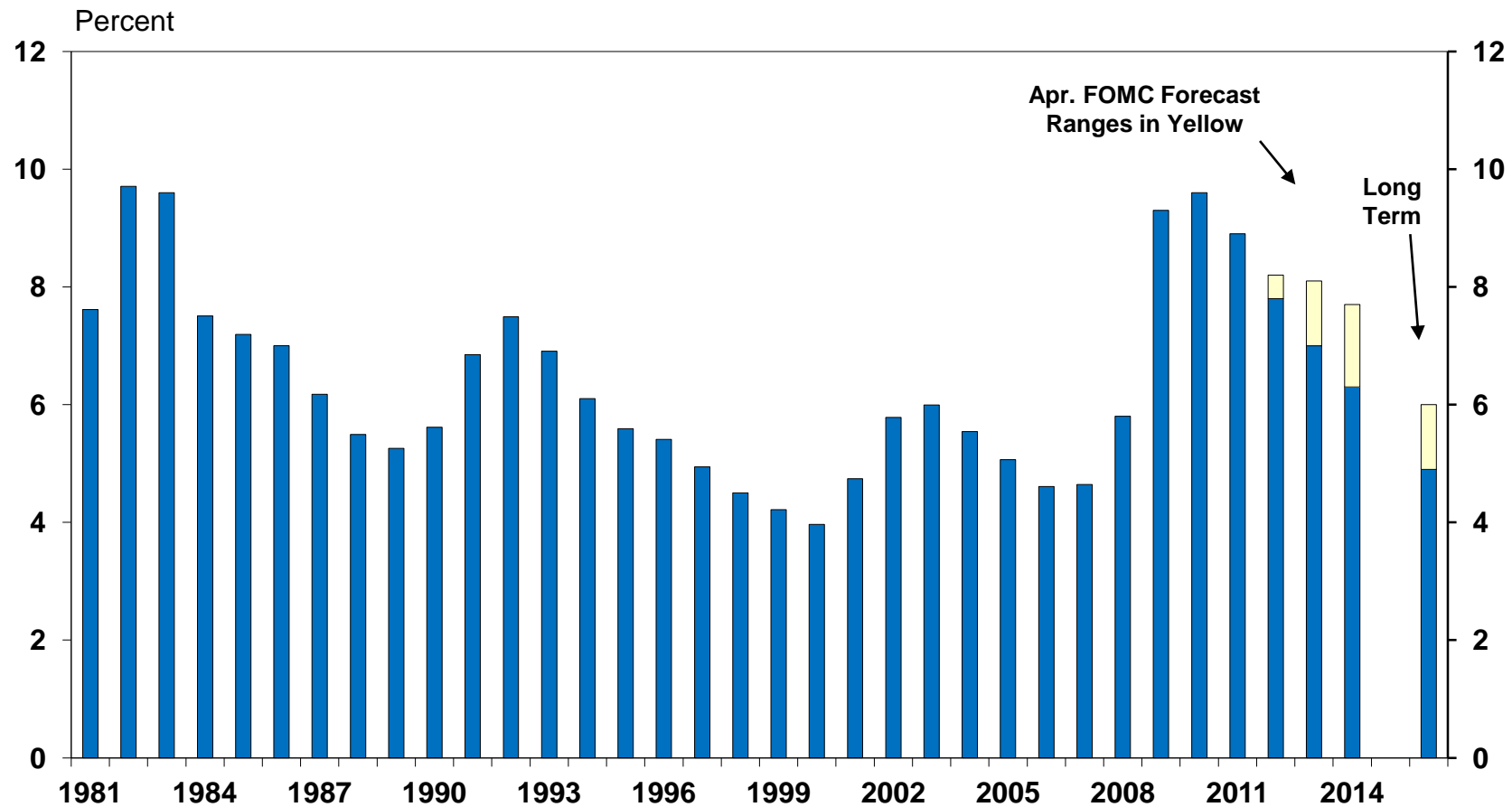
U.S. Private Payroll Employment and Business Indexes



At its last meeting, the FOMC expected unemployment to gradually fall further

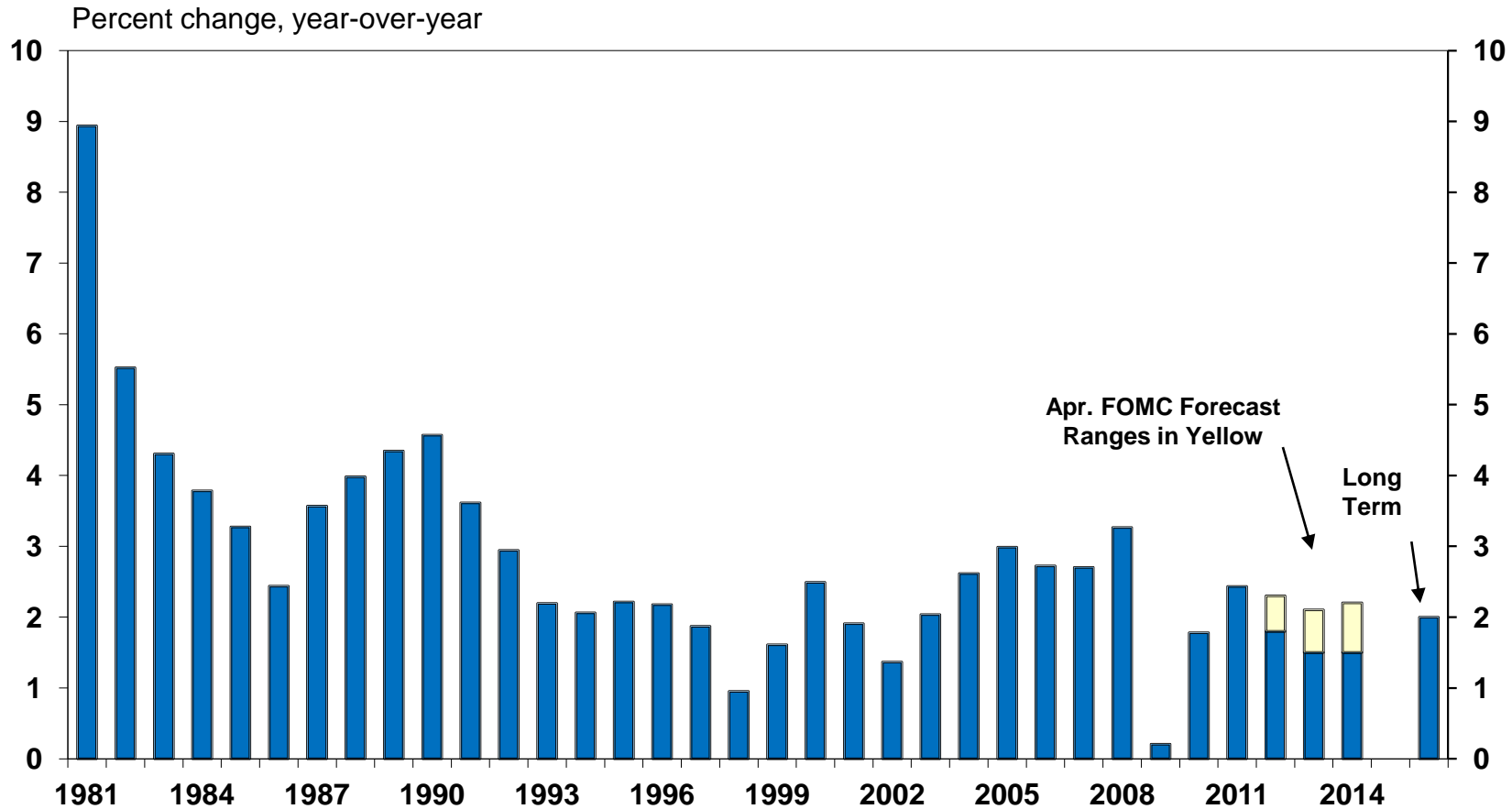
Unemployment Rate

Seasonally Adjusted



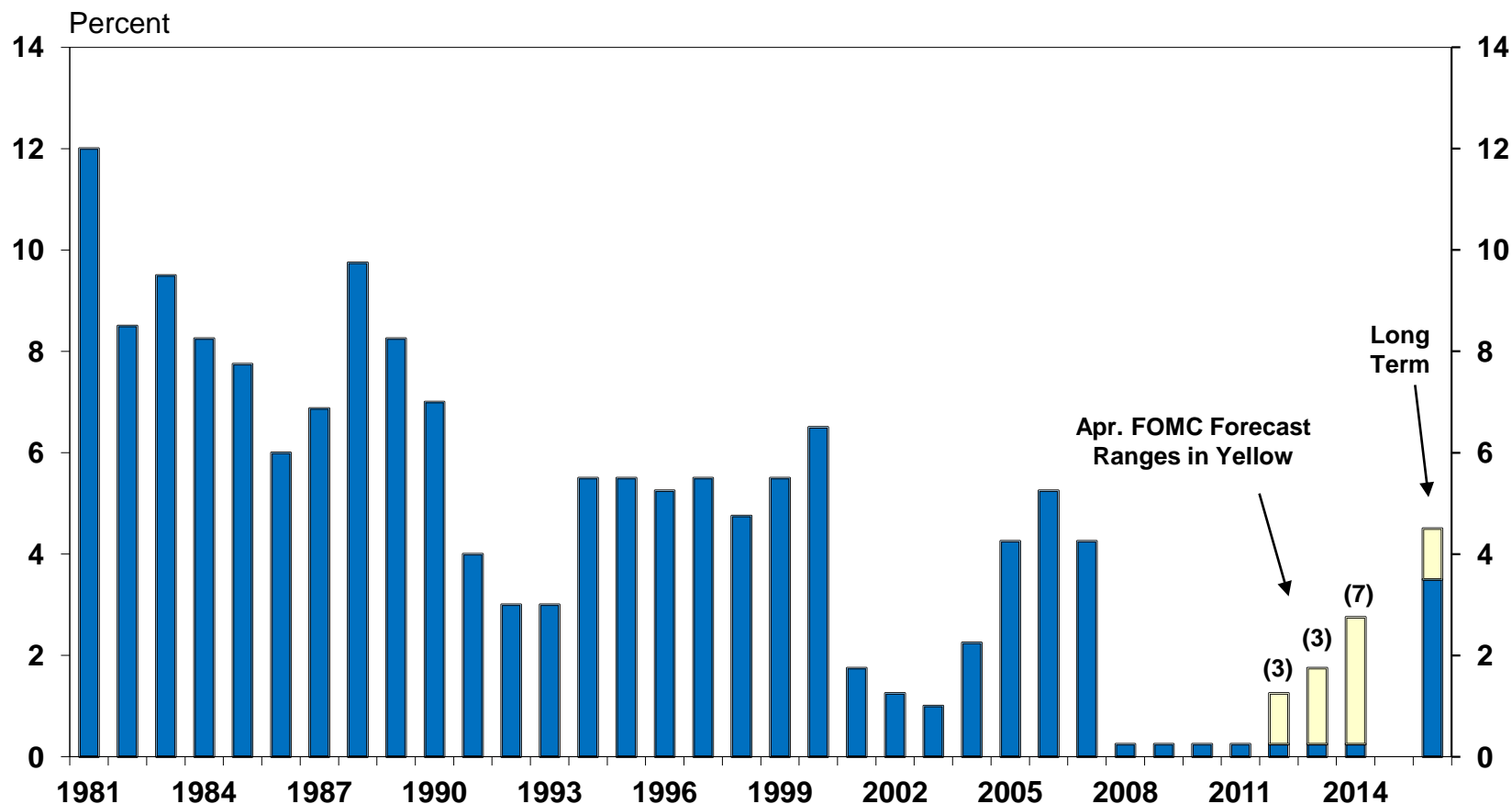
And for inflation pressures to stabilize after rising with oil and food prices in 2011

PCE Inflation Index



The majority of FOMC members expect interest rates to stay low through 2014

Federal Funds Rate
Year-end target



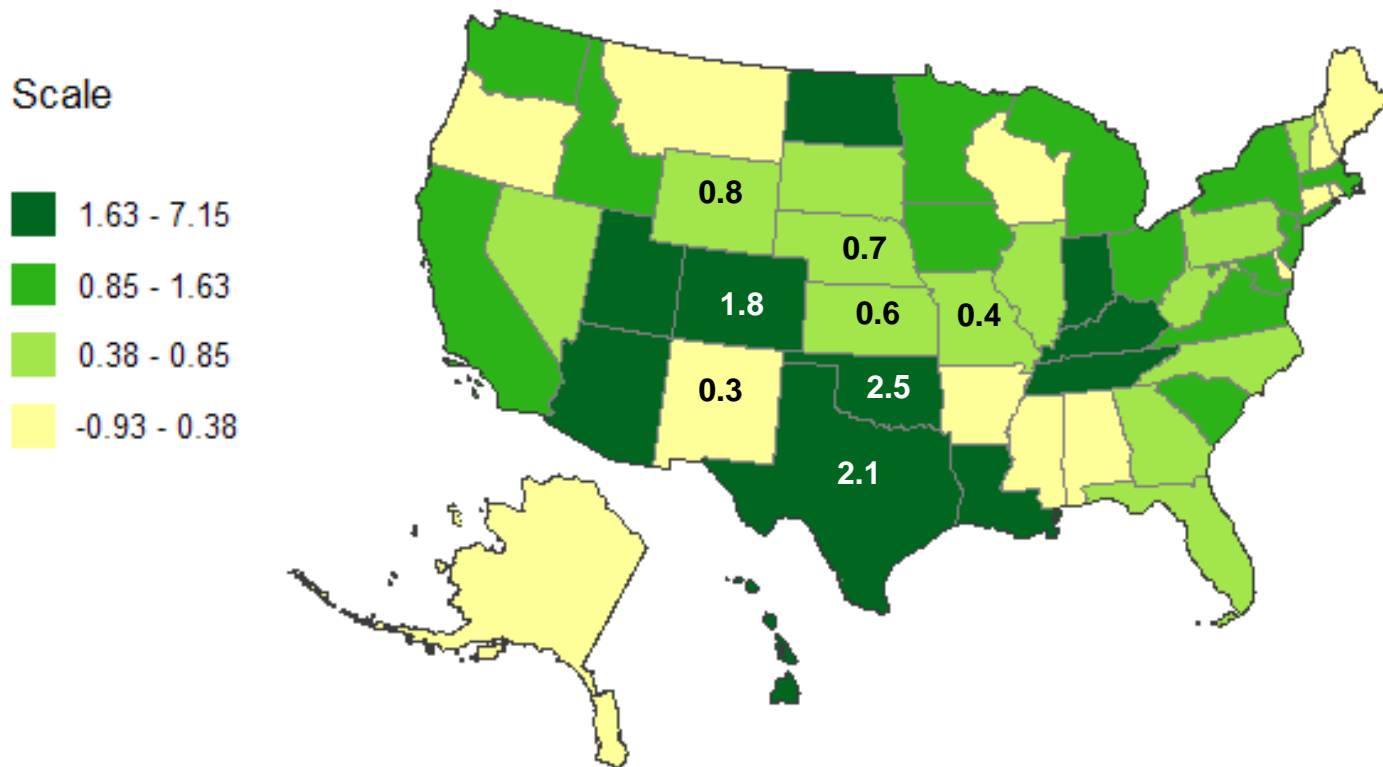
Note – Number of participants who project the initial increase will occur in the specified year in parenthesis

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



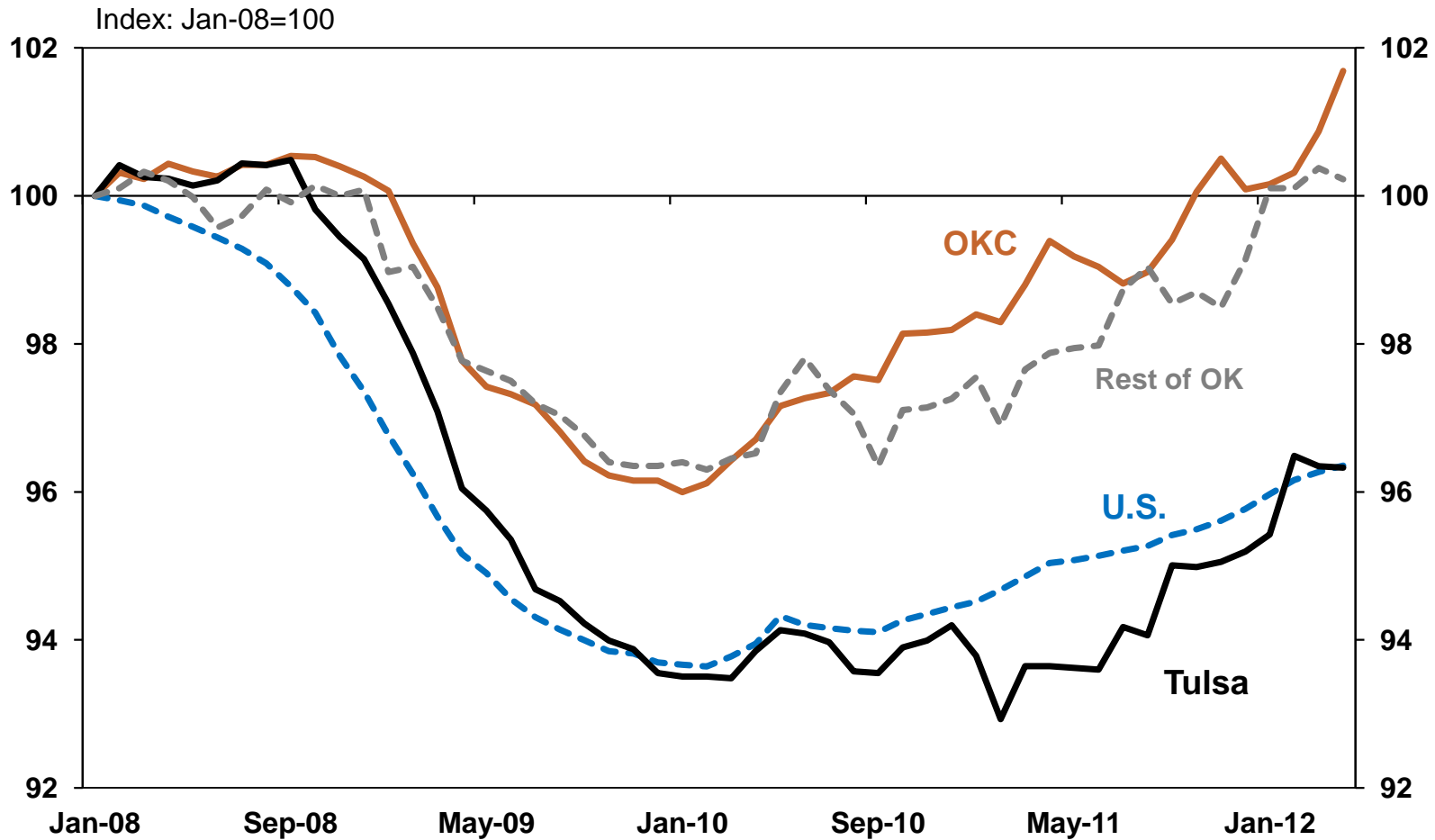
There remains considerable variation in economic strength across the nation

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



Employment in Oklahoma is back above pre-recession levels...if Tulsa is excluded

Level of Payroll Employment
Through April 2012

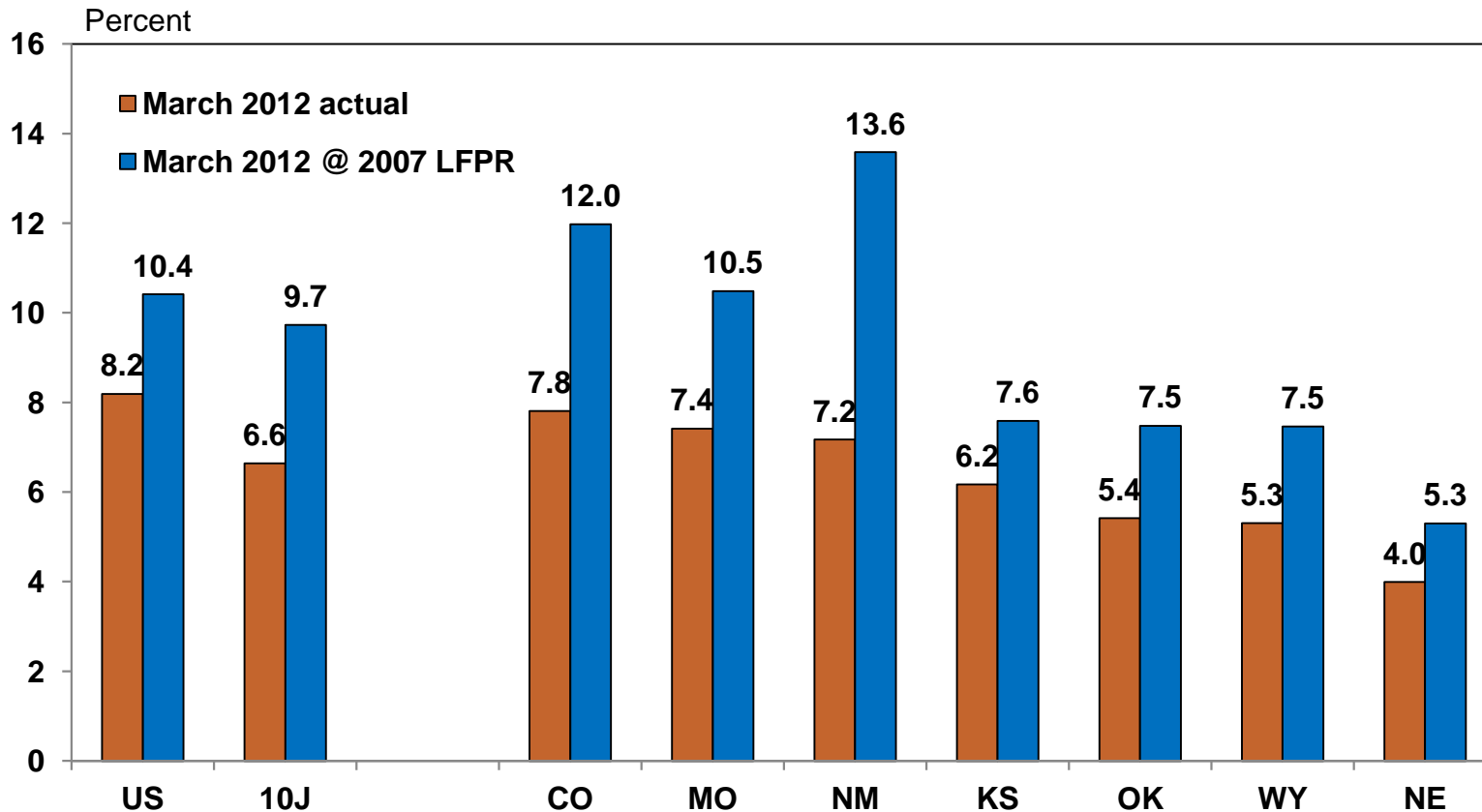


Source: U.S. Bureau of Labor Statistics



OK unemployment is now quite low, but labor force dropouts are part of the reason

Unemployment Rates by State
Seasonally Adjusted



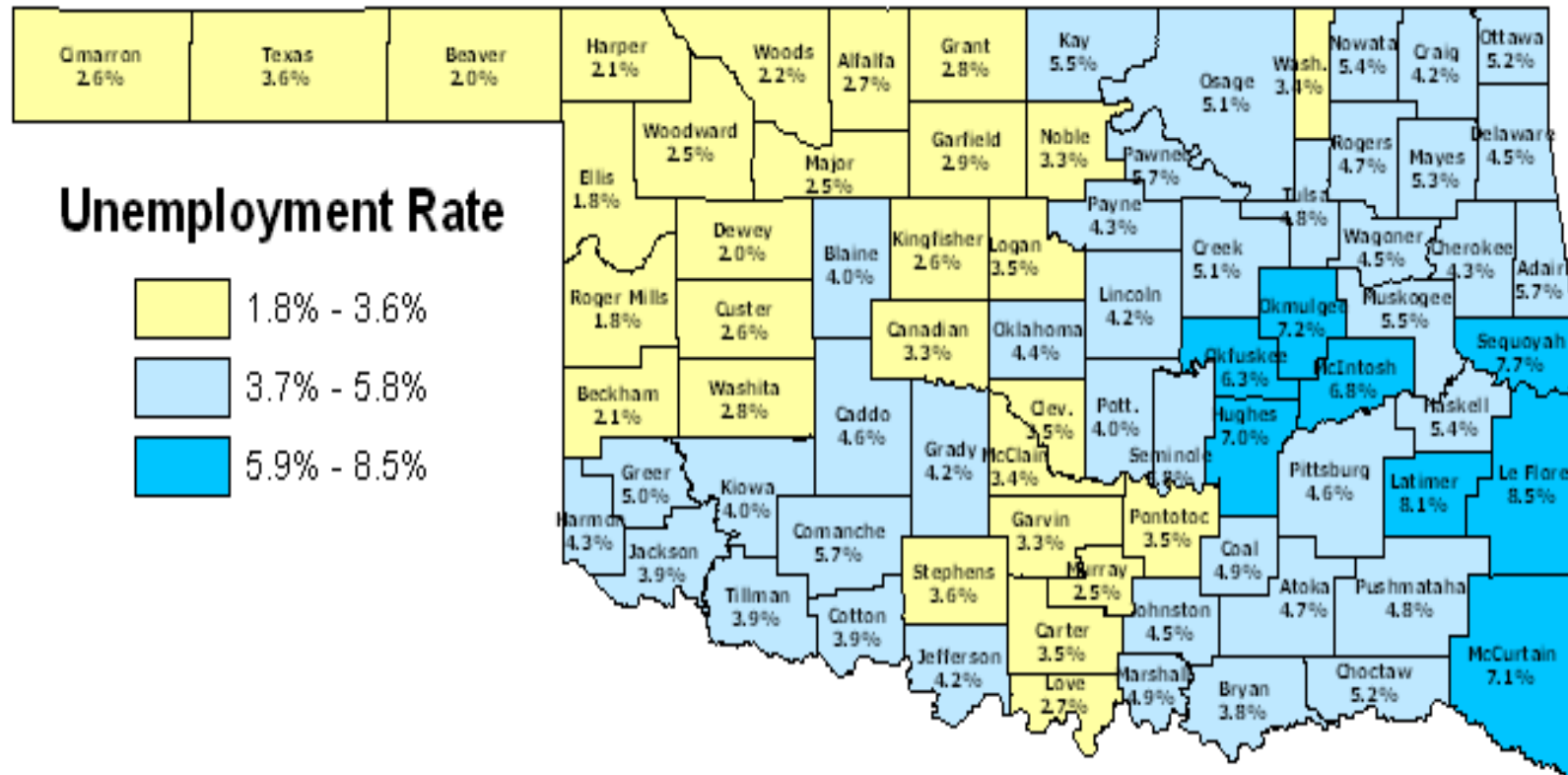
LFPR=Labor Force Participation Rate



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

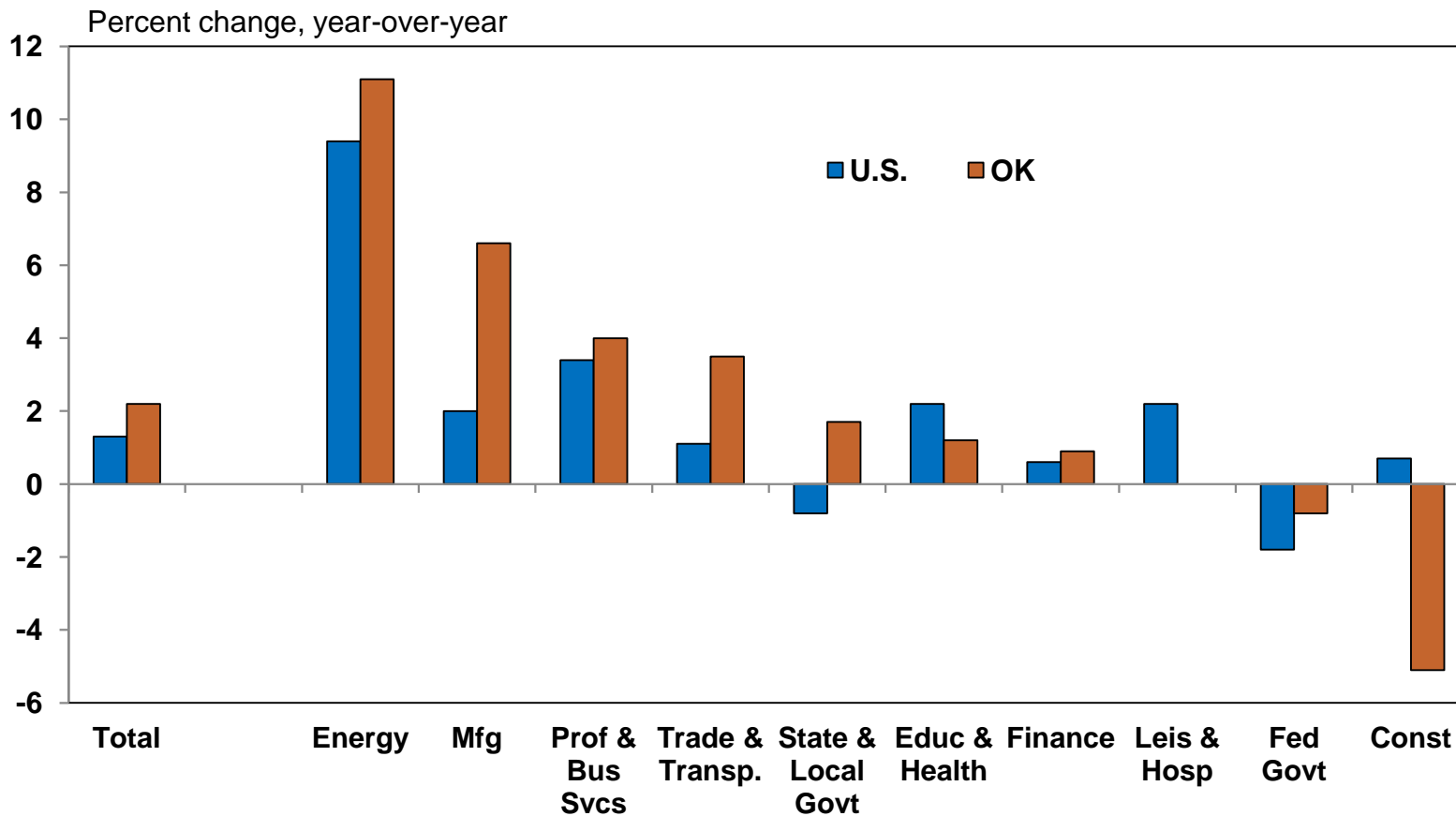
County Unemployment Rates

April 2012



Job growth in most Oklahoma sectors has been better than the nation

Oklahoma Employment Growth April 2012

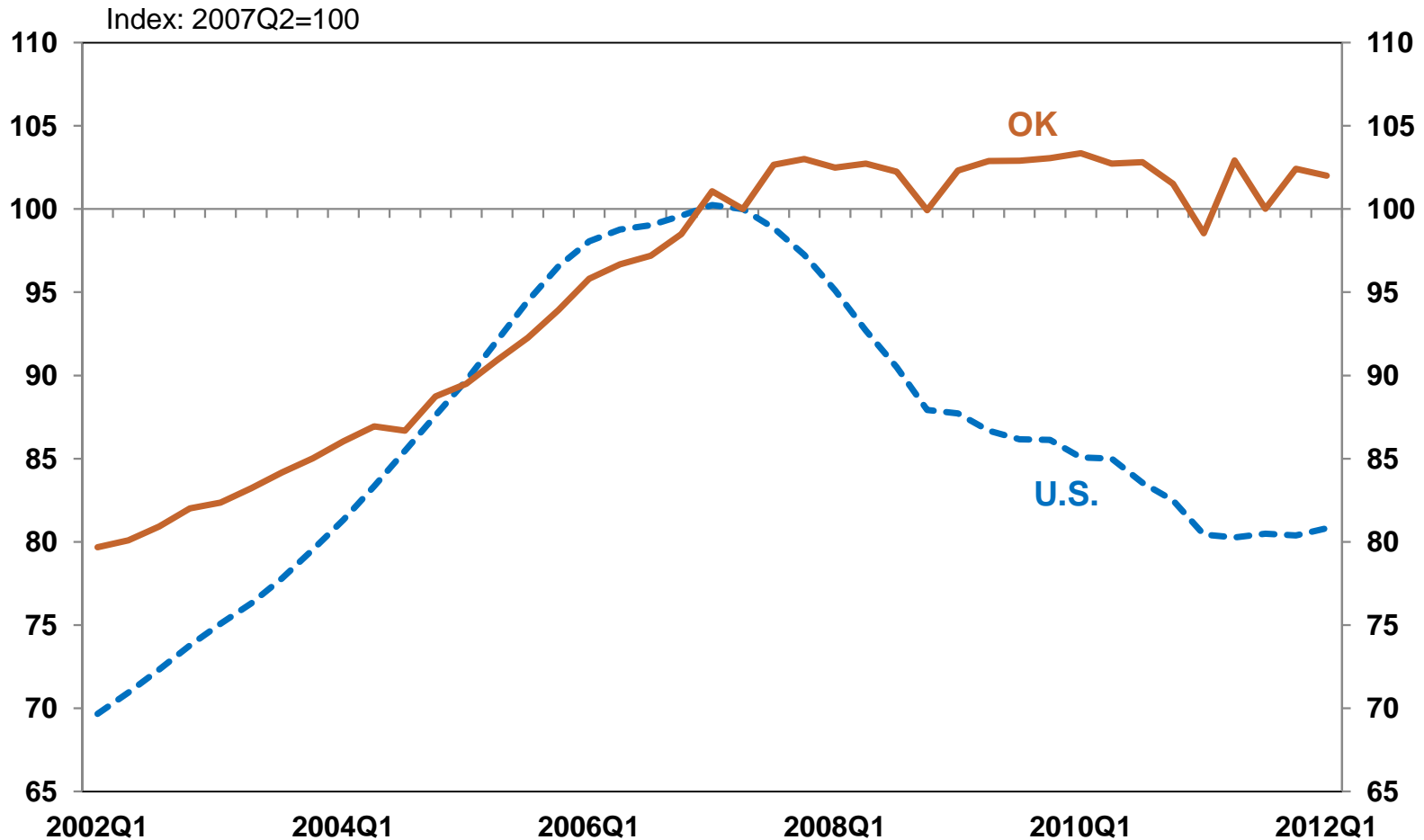


Source: Bureau of Labor Statistics



Home prices have held up much better in Oklahoma than in the nation

Home Price Index

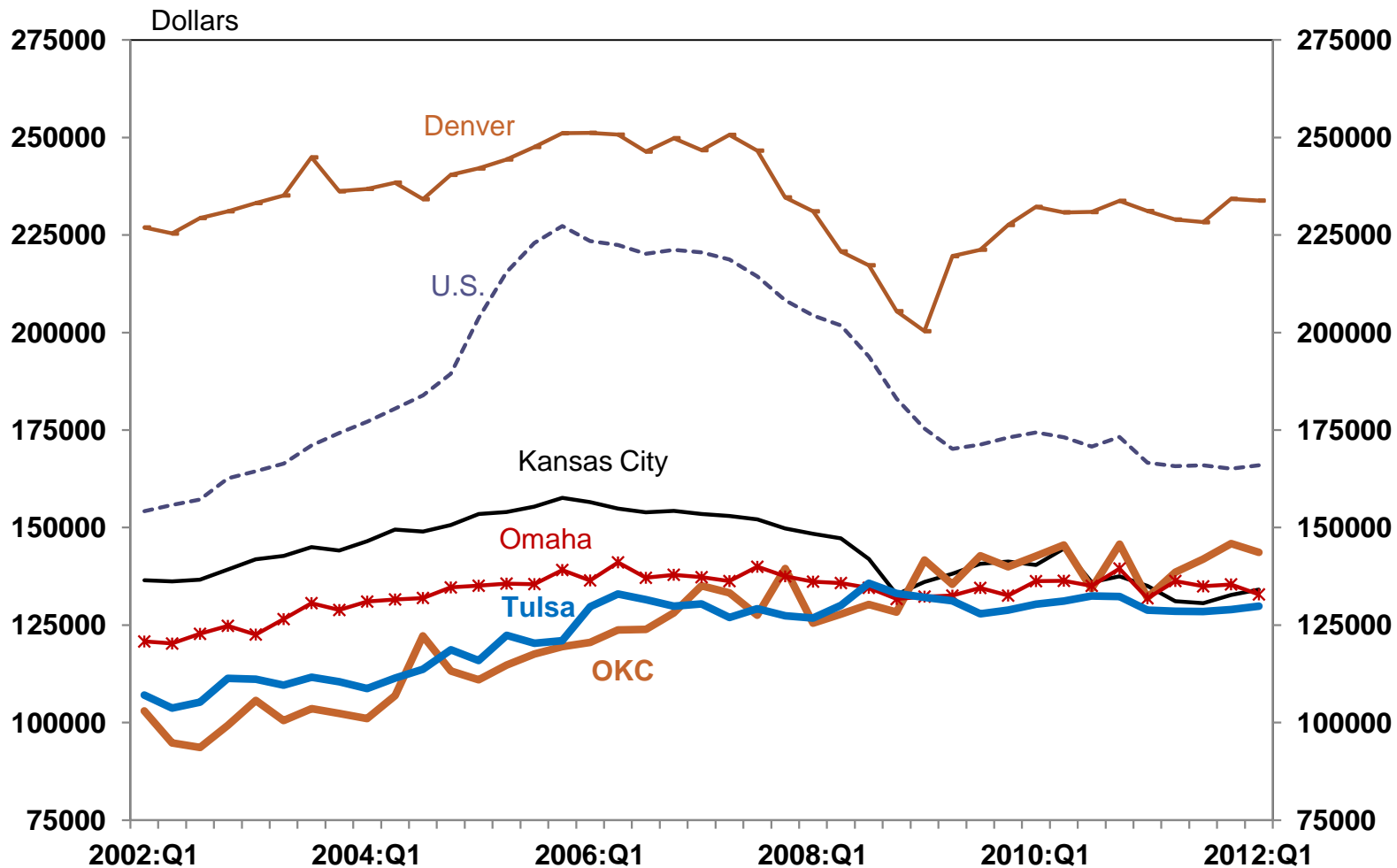


Source: FHFA



As a result, OKC and Tulsa home prices now match other regional cities

Median Home Prices in U.S. and Large Tenth District Cities



Source: NAR

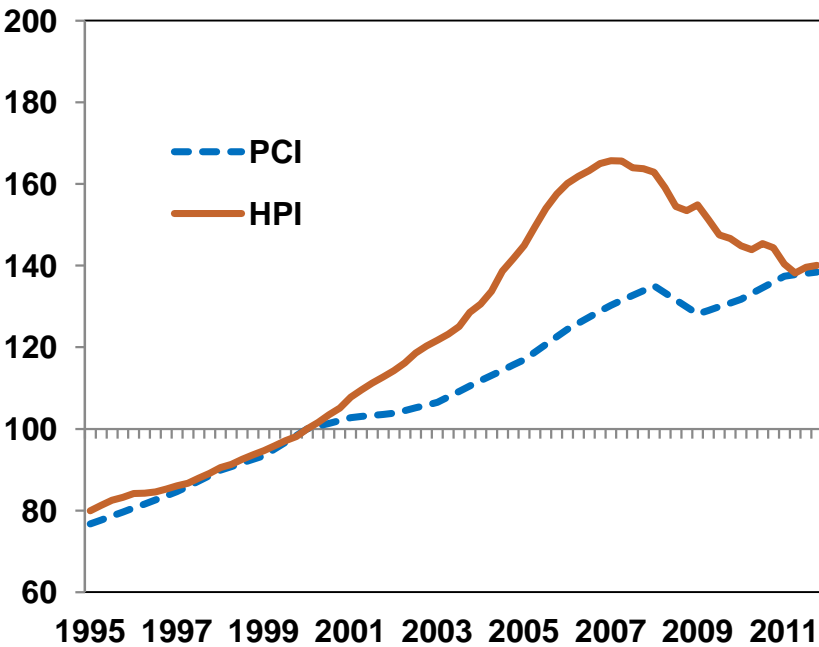


Income fundamentals suggest Oklahoma is at less risk of future home price declines

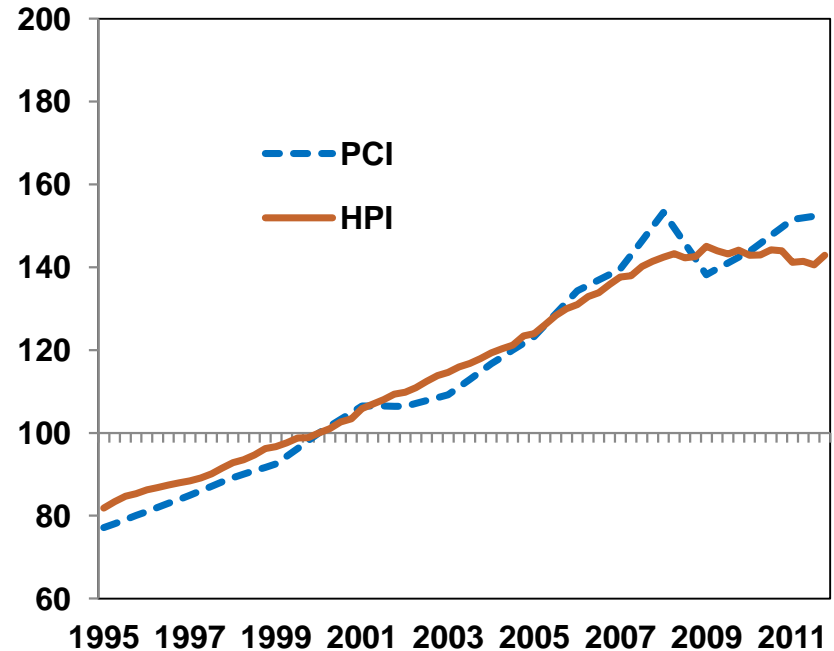
Home Prices and Per Capita Income Levels

Index: 2000=100

U.S.

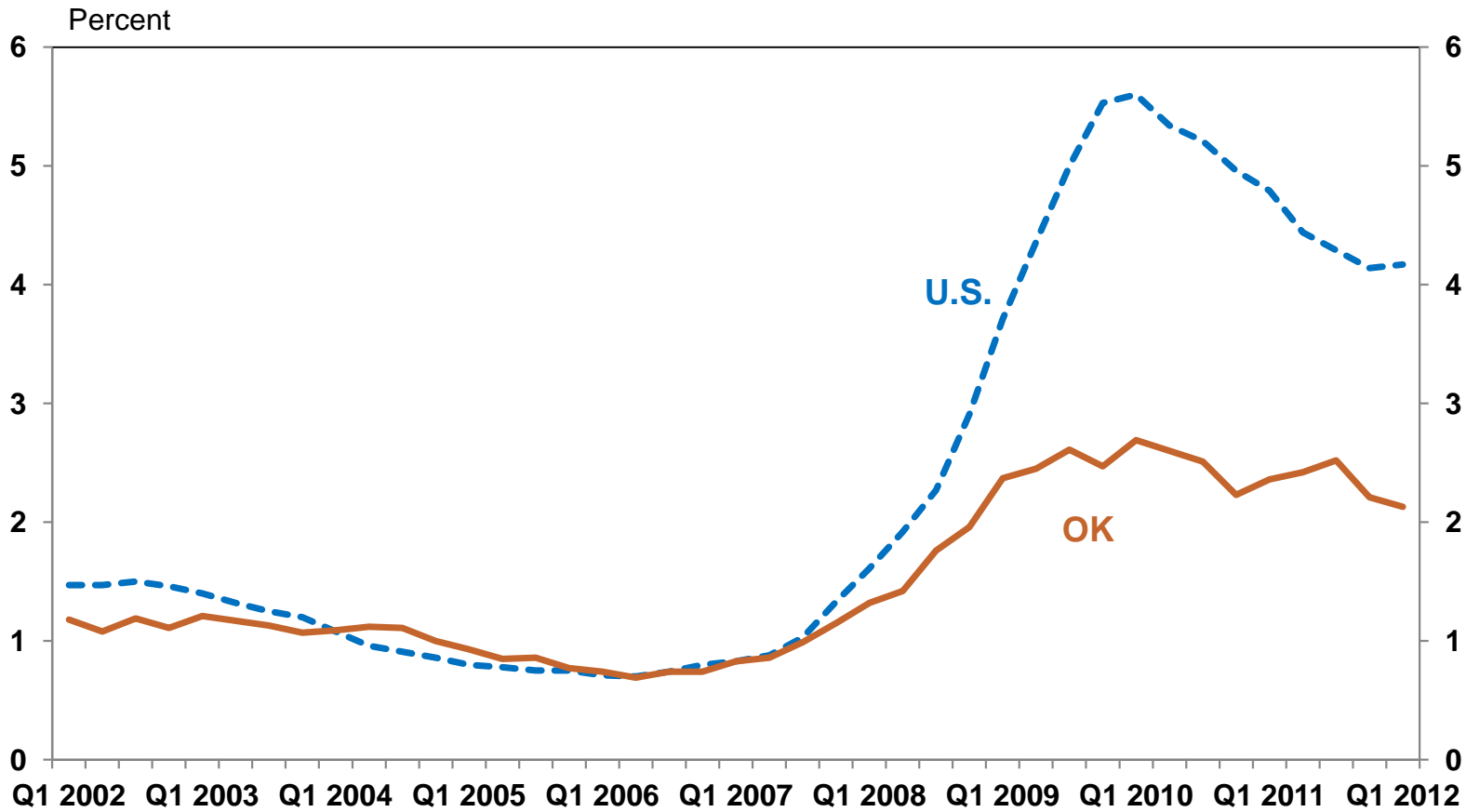


Oklahoma



Overall, problem loans are much less elevated at Oklahoma banks than nationally

Noncurrent Loans as a Share of Total Loans Commercial Banks



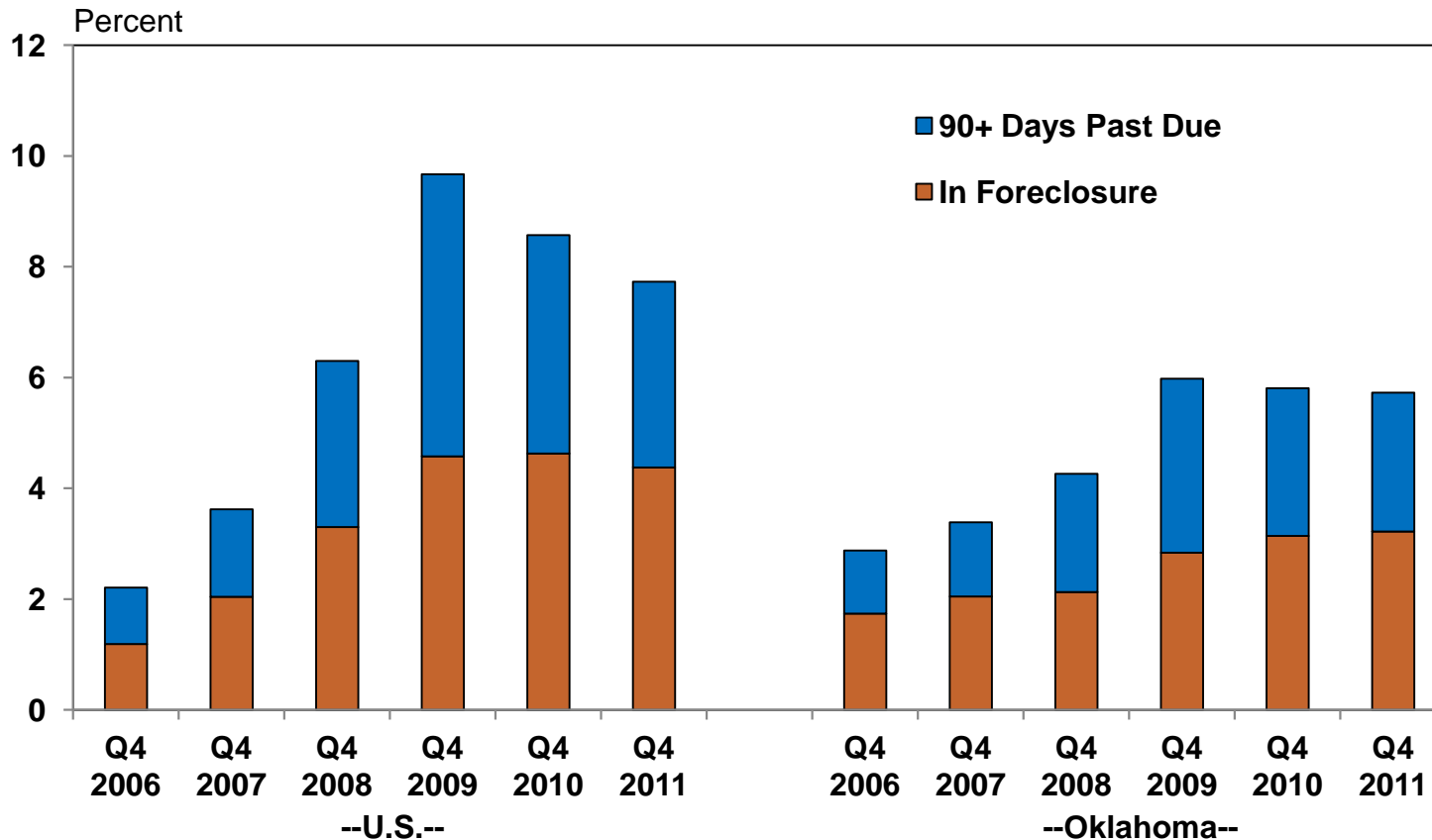
Source: FDIC



Past due mortgages have eased a bit, but still remain well above pre-recession levels

Share of Mortgages Seriously Delinquent

In foreclosure or over 90 days past due

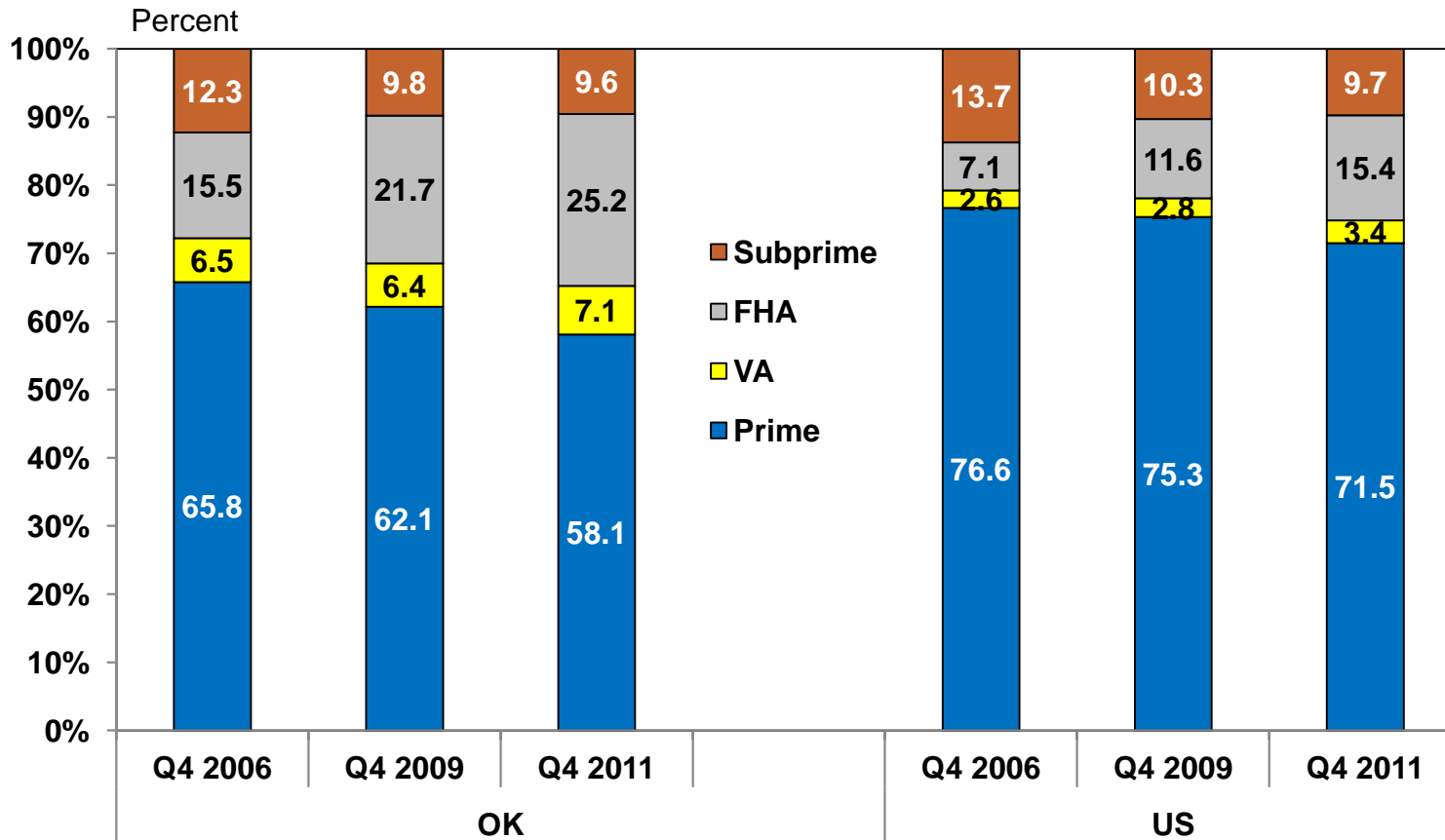


Source: MBA



Oklahoma mortgages are made up of fewer prime loans than in the nation

Share of Mortgages Outstanding by Type

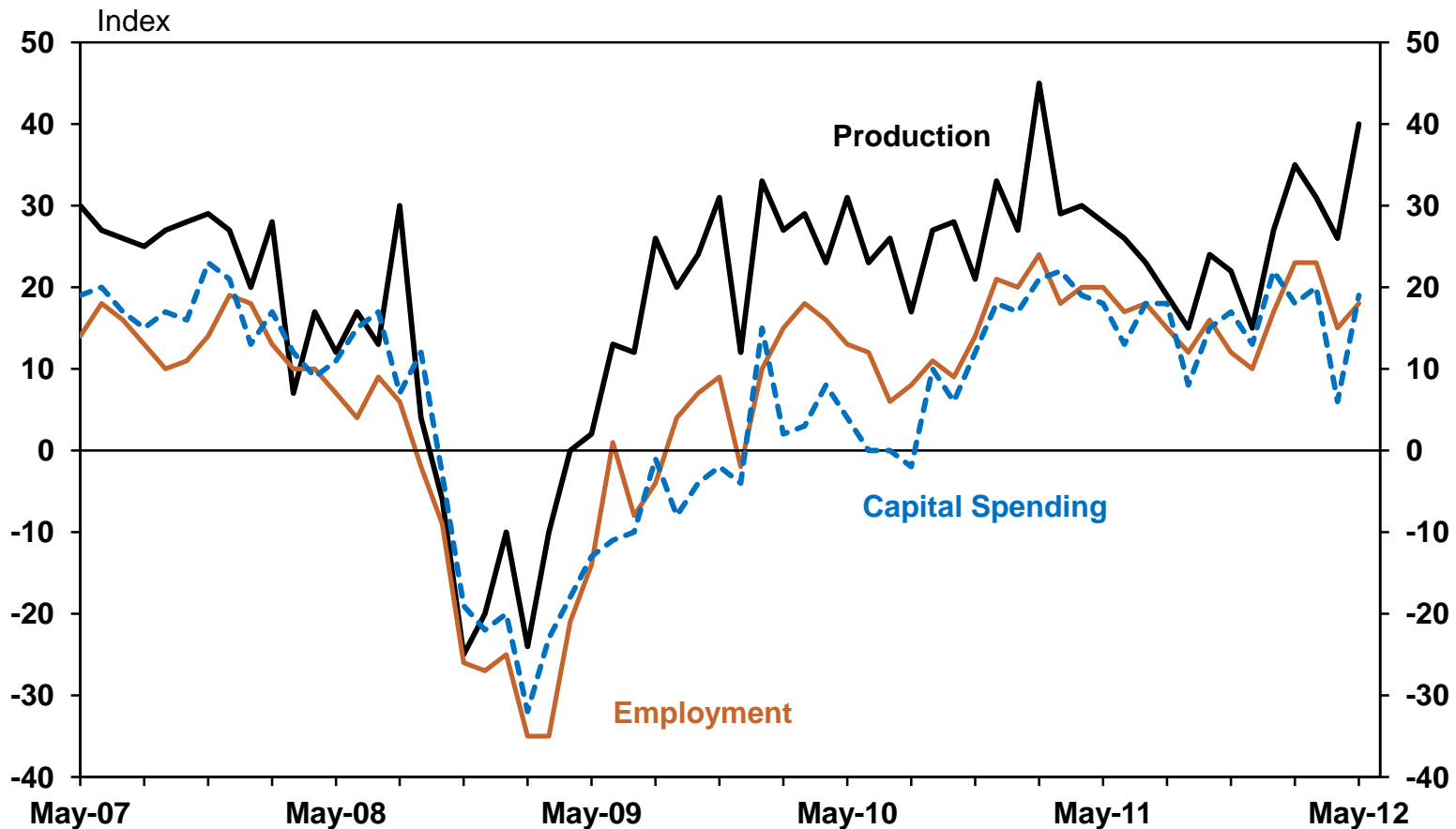


Source: MBA



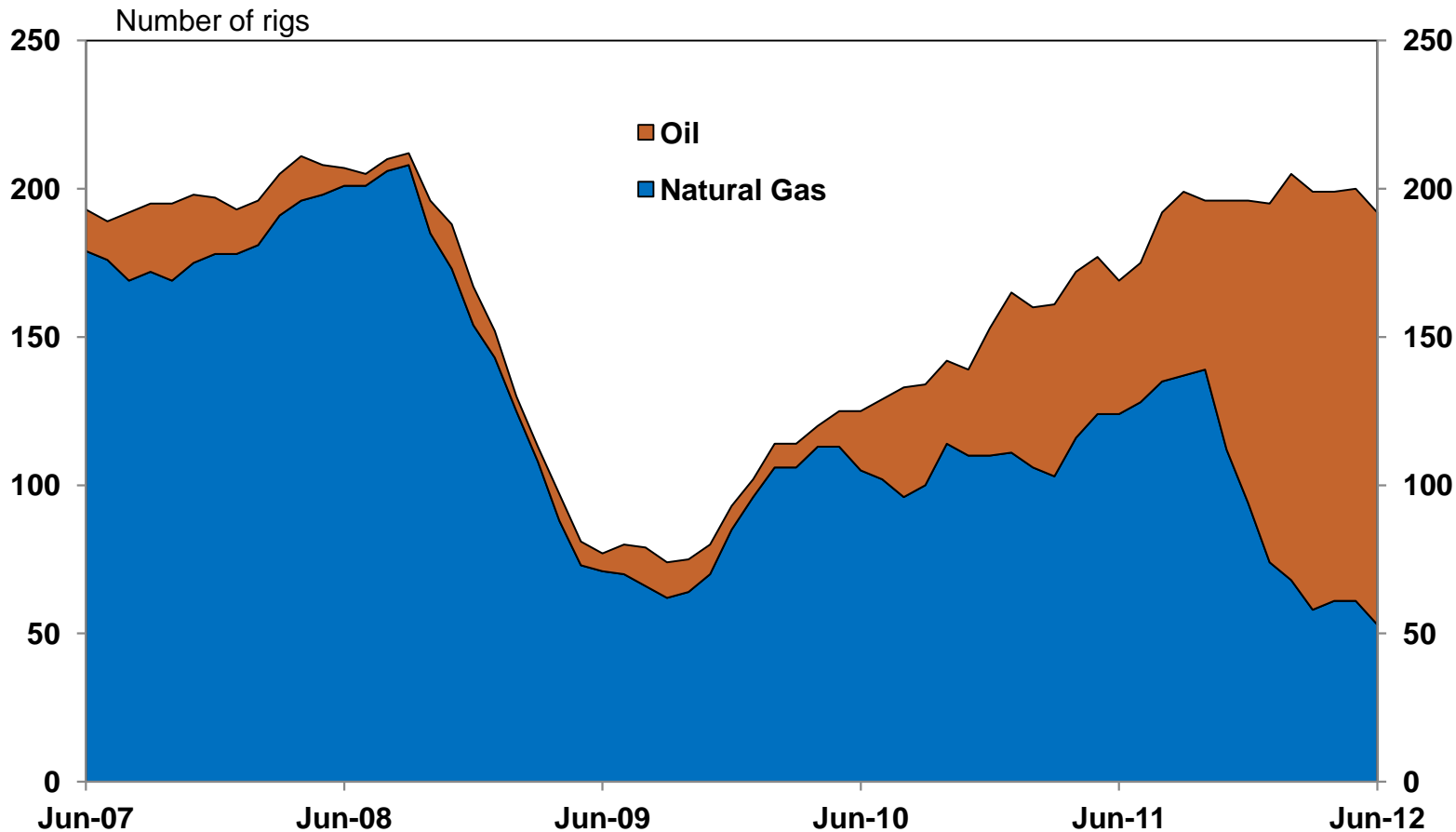
Looking ahead, purchasing managers in the region showed favorable optimism in May

Tenth District Manufacturing Expectations
Six-Months Ahead, Seasonally Adjusted



But Oklahoma energy activity is leveling off somewhat with low natural gas prices

Oklahoma Rig Count



Source: Baker Hughes



Conclusions

- The U.S. economy continues to grow moderately, amid limited inflation, with housing showing some recent strength
- Oklahoma economic growth and housing activity remains better than the nation and region, but growth may slow slightly



Questions?



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