

# U.S. and Oklahoma Economic Outlook



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## U.S. Economic Outlook

“Recent indicators have been mixed, and the adjustment in the housing sector is ongoing. Nevertheless, the economy seems likely to continue to expand at a moderate pace over coming quarters. Although inflation pressures seem likely to moderate over time, the high level of resource utilization has the potential to sustain those pressures. In these circumstances, the Committee's predominant policy concern remains the risk that inflation will fail to moderate as expected.”

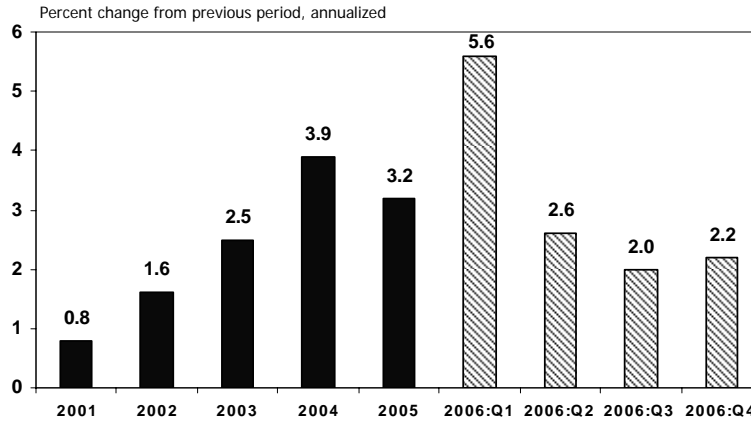
--March 21 FOMC Statement

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## National economic growth slowed in the middle of 2006 but remains moderate

### Gross Domestic Product

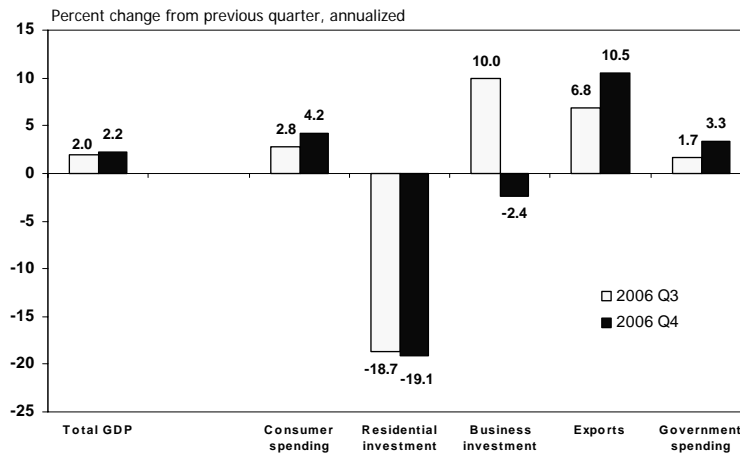


Source: U.S. Bureau of Economic Analysis

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## Housing has been the biggest drag on growth, but business investment has also weakened

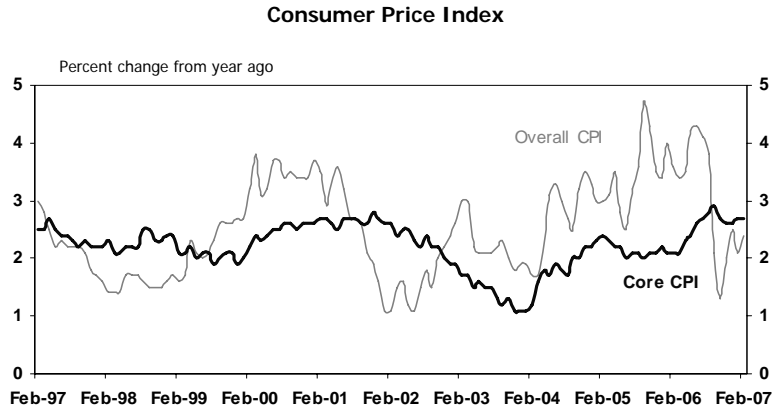
### Growth in Components of GDP



Source: U.S. Bureau of Economic Analysis

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## Core inflation remains somewhat elevated after easing slightly in late 2006

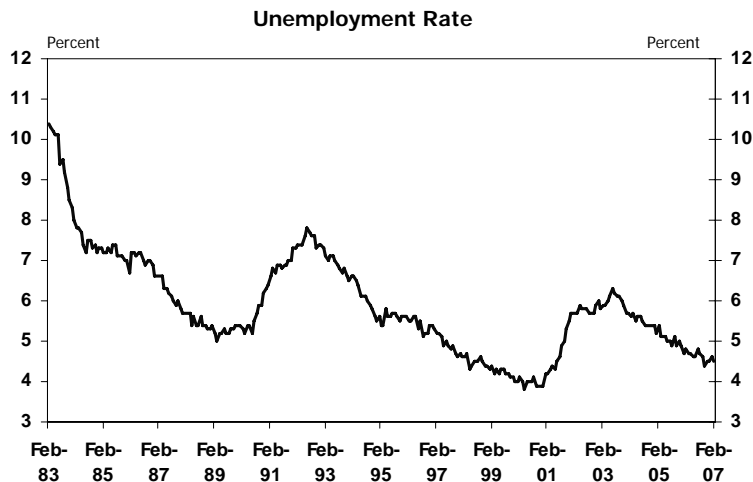


Source: U.S. Bureau of Labor Statistics

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## The share of Americans out of work is quite low by historical standards



Source: U.S. Bureau of Labor Statistics

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## The Fed is forecasting slightly faster growth, with inflation pressures easing

### Federal Reserve Central Tendency Forecasts February 2007

	2007	2008
Real GDP	2.5 to 3.0%	2.75 to 3.0%
Core inflation	2.0 to 2.25%	1.75 to 2.0%
Unemployment	4.5 to 4.75%	4.5 to 4.75%

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## National Economic Summary


- U.S. economic growth has slowed, driven by weakness in housing and manufacturing
- Inflation remains somewhat elevated, and labor markets are tight
- Growth is expected to pick up slightly through 2008, while inflation is expected to ease

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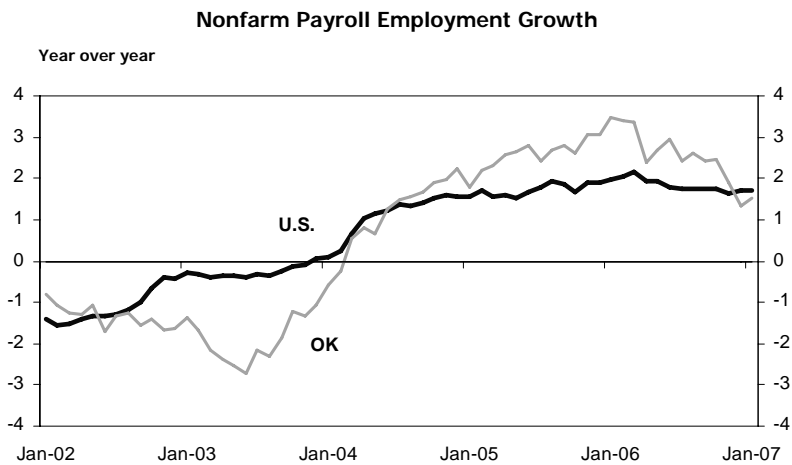


## Oklahoma Economic Outlook


- Versus other states
- By industry
- Across the state

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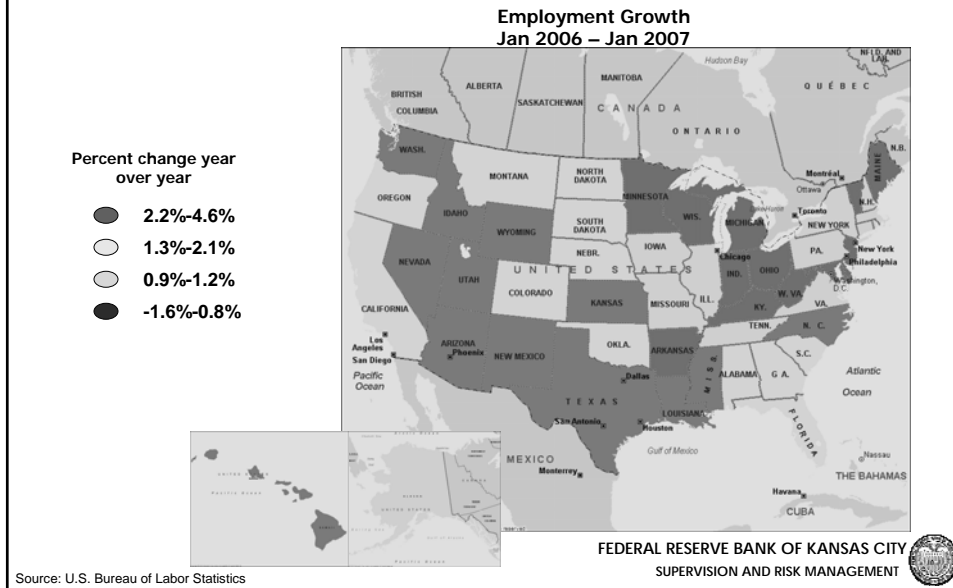
## Oklahoma job growth has slowed recently but remains as strong as in the nation



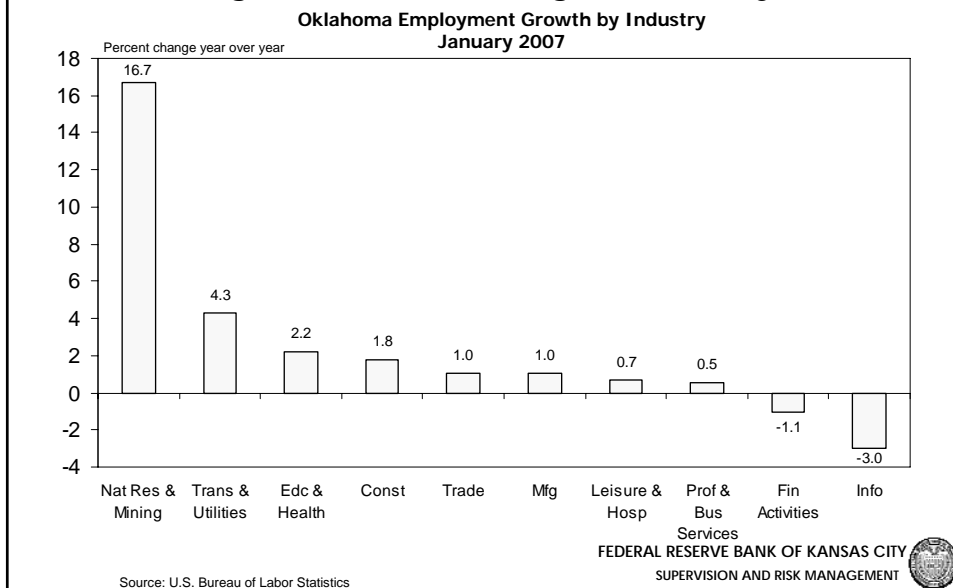
Source: U.S. Bureau of Labor Statistics

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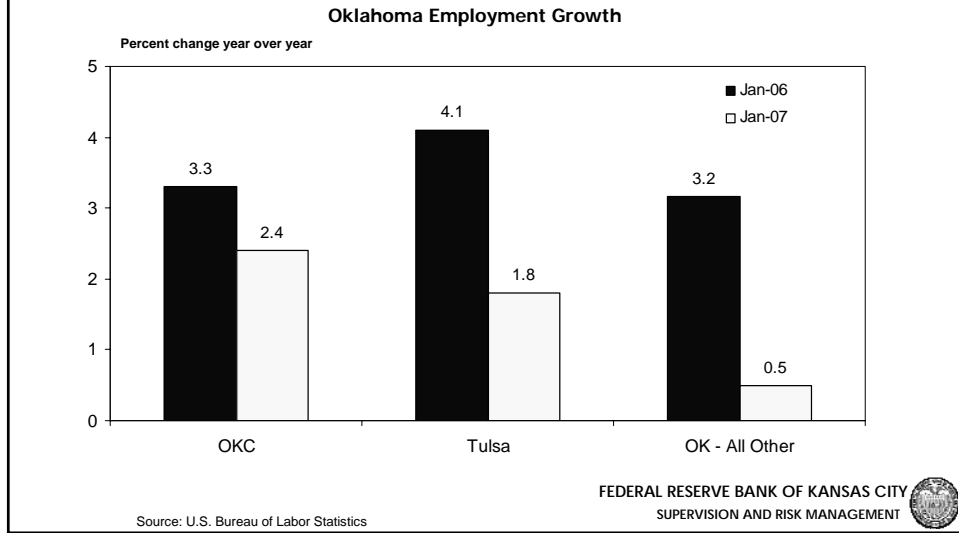
## Oklahoma still ranks in the top half of states for recent job growth



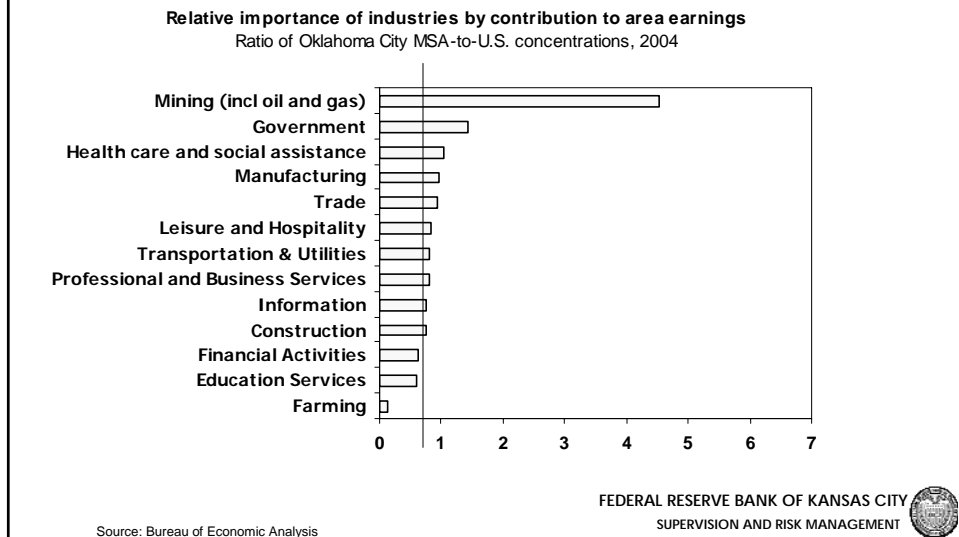
## Recent Oklahoma job growth has been especially high in the oil and gas industry



## Employment growth has slowed across the state since last year

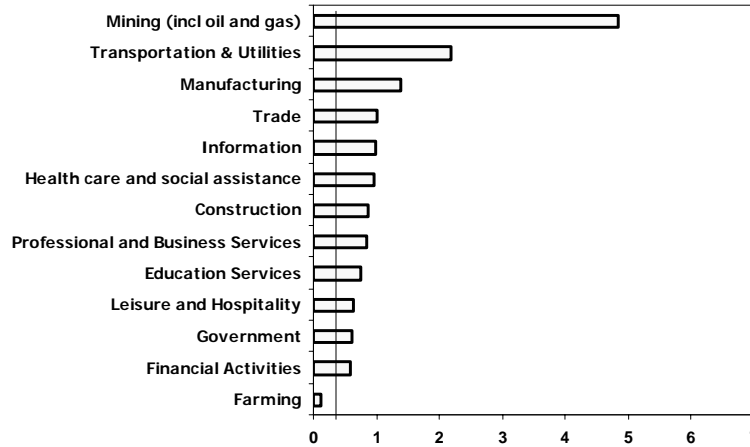


## Oklahoma City has high concentrations in the energy and government sectors



## While Tulsa is concentrated in energy, transportation, and manufacturing

Relative importance of industries by contribution to area earnings  
Ratio of Tulsa MSA-to-U.S. concentrations, 2004



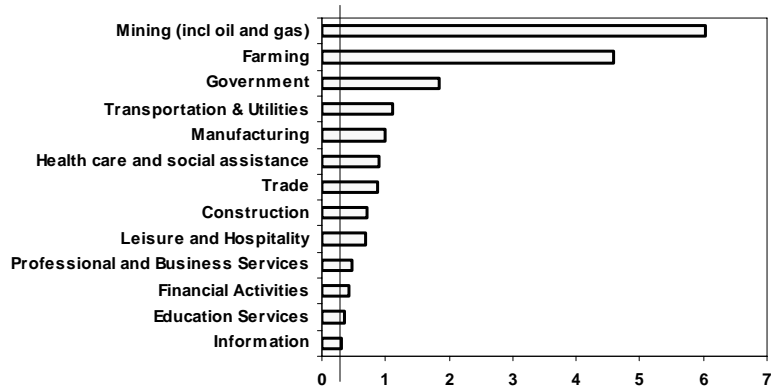
Source: Bureau of Economic Analysis

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## The remainder of Oklahoma is concentrated in energy, agriculture, and government

Relative importance of industries by contribution to area earnings  
Ratio of All Other Oklahoma-to-U.S. concentrations, 2004



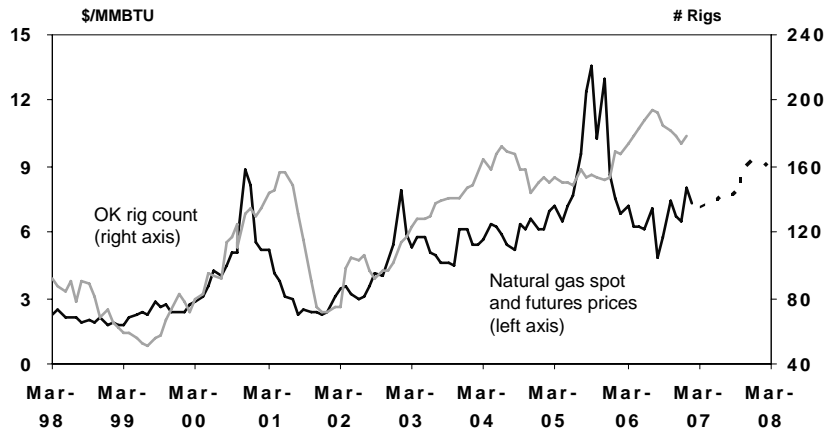
Source: Bureau of Economic Analysis

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State oil and gas activity has eased slightly but remains strong, and futures prices are high

Count of Active Drilling Rigs and Natural Gas Prices

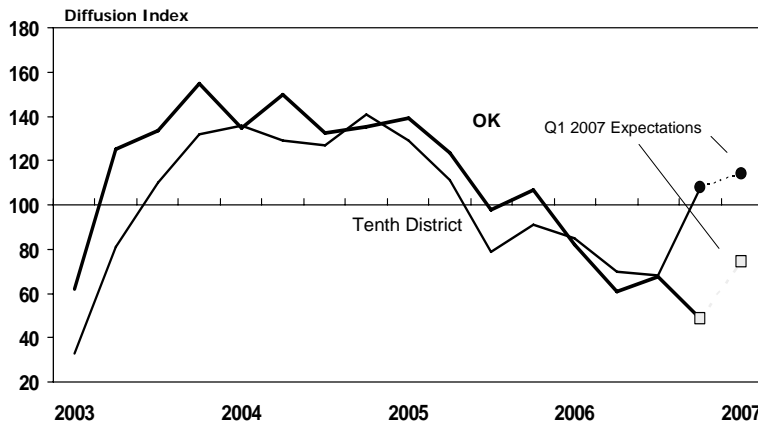


Source: Baker-Hughes

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Oklahoma ag conditions are expected to turn around, but not as much as in other District states

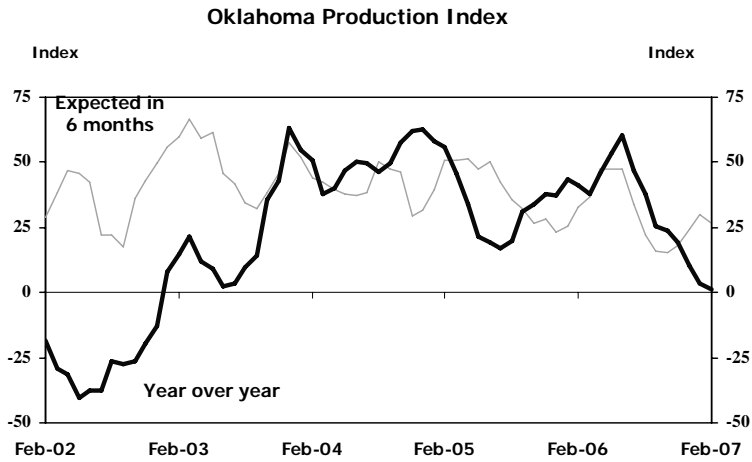
Farm Income



Source: KCFRB Ag Credit Survey

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State manufacturing activity has slowed, but firms expect solid growth in the months ahead

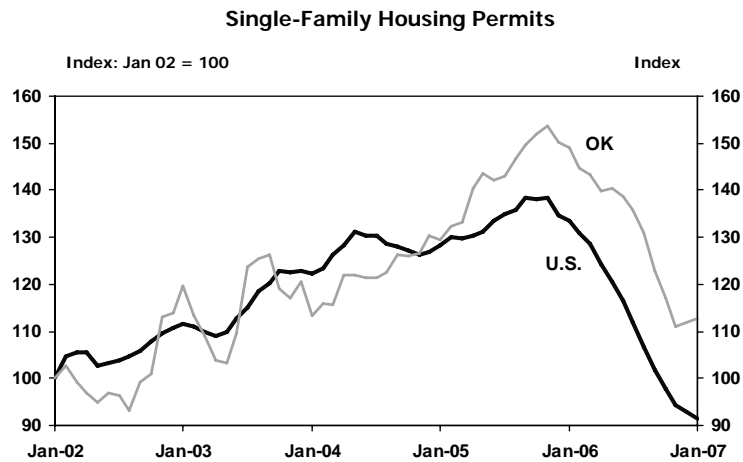


Sources: KCFRB Mfg Survey

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State housing activity is down from recent peaks but appears to be leveling off

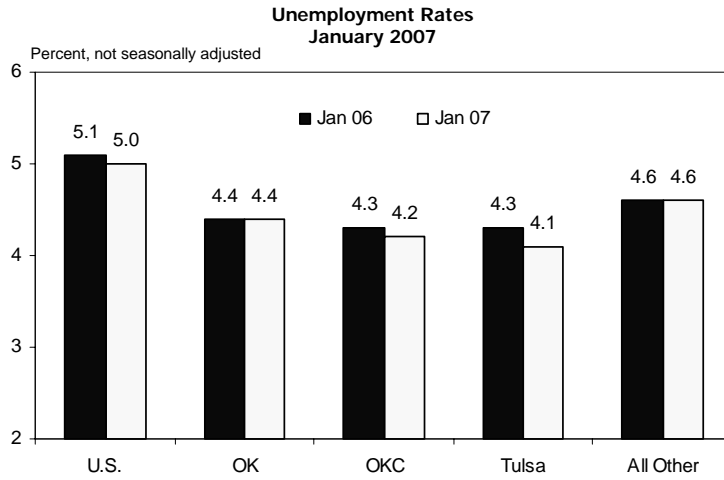


Source: U.S. Census Bureau

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## Unemployment rates have edged down slightly in some areas of the state and remain lower than in nation

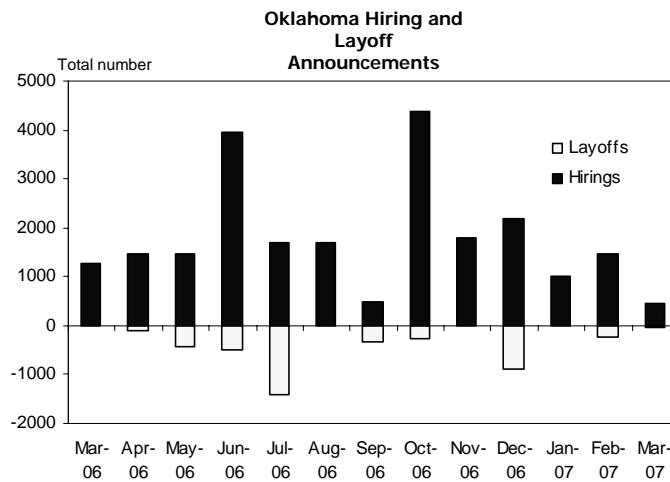


Source: U.S. Bureau of Labor Statistics

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## Hiring announcements in Oklahoma continue to outpace layoffs, a good sign for 2007

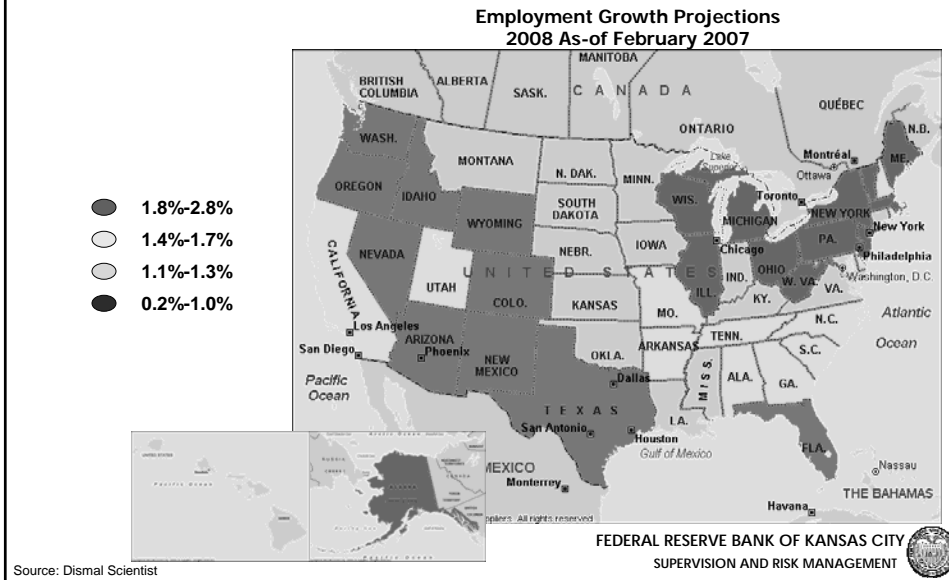


Source: Federal Reserve Bank of Kansas City

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## Oklahoma ranks near the middle of states for 2008 forecasted job growth



## Oklahoma Economic Summary

- As in the nation, economic growth has slowed and labor markets are tight
- The outlooks for important industries are generally solid
- The state as a whole seems poised for further moderate growth, if workers can be found