Weathering the Storm: Oklahoma’s Economy and Housing Markets

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* The views expressed herein are those of the presenter only and do not necessarily reflect the views of the Federal Reserve Bank of Kansas City or the Federal Reserve System.
Federal Reserve Districts and Office Locations
The Oklahoma City Branch of the Federal Reserve Bank of Kansas City

- Functions and purposes – 45 staff
  - Connect the nation’s central bank to Oklahoma communities, businesses, and banks
  - Research on U.S. and Oklahoma economies, economic education and outreach
  - Examinations of Oklahoma financial institutions (49 banks, 178 holding companies)

- 2017 OKC Fed Branch Board of Directors
  - Pete Delaney (chair), Chairman & CEO (retired), OGE Energy Corp., Oklahoma City
  - Clint Abernathy, Owner, Abernathy Farms, Inc., Altus
  - Susan Chapman Plumb, COO, Bank of Cherokee County, Tahlequah
  - Michael Coffman, CEO (retired), Panhandle Oil & Gas, Inc., Oklahoma City
  - Chuck Hall, Chairman & CEO, Exchange Bank & Trust, Perry
  - Tina Patel, Co-Owner & CFO, Promise Hotels, Tulsa
  - Katrina Washington, Owner/Broker, Stratos Realty, Oklahoma City

- Oklahomans on Kansas City Fed head office Board
  - Rose Washington (chair), Exec. Director, Tulsa Economic Development Corp., Tulsa
  - Doug Stussi, EVP & CFO, Love’s Travel Stops & Country Stores, Oklahoma City
The U.S. Economy and Monetary Policy
Most monthly data show U.S. economic growth remained solid in the first half of the year.
U.S. unemployment has fallen below long-term average levels

Unemployment Rate
Seasonally Adjusted

Current (May 2017): 4.3%

Sources: U.S. Bureau of Labor Statistics, FOMC
FOMC: “Inflation should stabilize around the Committee’s 2 percent objective over the medium term”

PCE Inflation Index

Percent change, year-over-year

Current (Apr. 2017): 1.7%
Current Core (Apr. 2017): 1.5%

June FOMC Forecast Ranges in Yellow

Sources: U.S. Bureau of Labor Statistics, FOMC
“The [FOMC] expects that economic conditions…will warrant …gradual increases in the federal funds rate”
Trends in the Oklahoma Economy and Housing
2016 was the largest divergence between U.S. and Oklahoma job growth since the 1980s

Payroll Employment Growth

Source: U.S. Bureau of Labor Statistics
But employment in the state has stabilized, and the metro has begun to add jobs again lately.
Jobs in most industries are above year-ago levels, but lag in state/local government and consumer spending.
Oil prices’ recent rise to $50/barrel has been followed by a near-doubling in the rig count.
State and city tax revenues have finally risen back to year-ago levels, after falling for 2 years.

Note: Q2-17 includes April and May for OK and only April for OKC.
State and metro unemployment ticked up last year but has since moved back down.

Unemployment Rates
Seasonally Adjusted

Source: U.S. Bureau of Labor Statistics
In housing, home price growth has slowed in the state and metro, but remains moderately positive.
Metro area homebuilding slowed once oil prices fell, likely keeping markets from getting oversupplied.

Single-Family Housing Permits and Inventories

Source: U.S. Census Bureau
As in the nation, metro homeownership has fallen lately, especially since oil prices started falling in 2014.
Summary

• The U.S. economy continues to grow, and the Fed has raised interest rates

• The Oklahoma economy has been hurt by low commodity prices and spillover to commodity-related industries

• But conditions in local labor markets and housing markets have held on fairly well, and some growth and optimism has returned
More Resources

Detailed information about financial planning can be found at:
https://www.kansascityfed.org/community/disasterrecovery

Other resources related to housing and personal finance are also available at:

www.federalreserveeducation.org
www.consumerfinance.gov
www.mymoney.gov
www.neighborworks.org