

U.S. and Oklahoma Economic Outlook

*Enid Regional Development Alliance
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Vice President and Oklahoma City Branch Executive

*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.



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*Permanent voters in bold; 2019 rotating voters in red; 2020 rotating voters in blue



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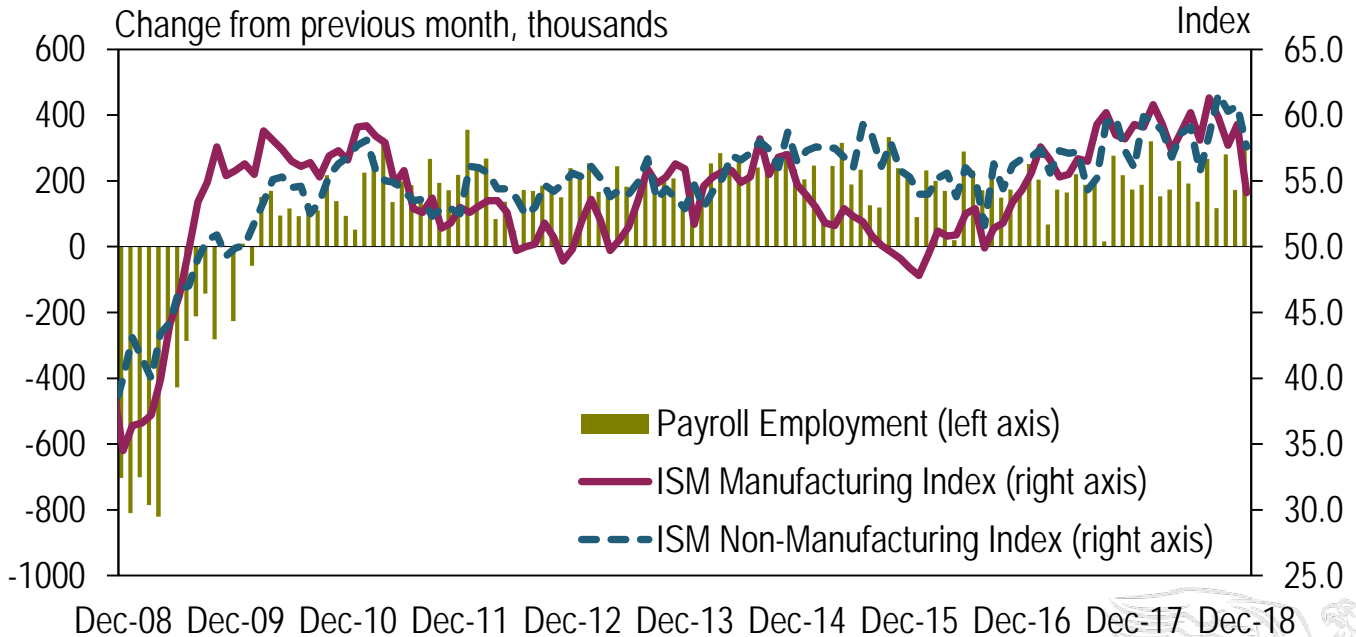


U.S. Economic Outlook



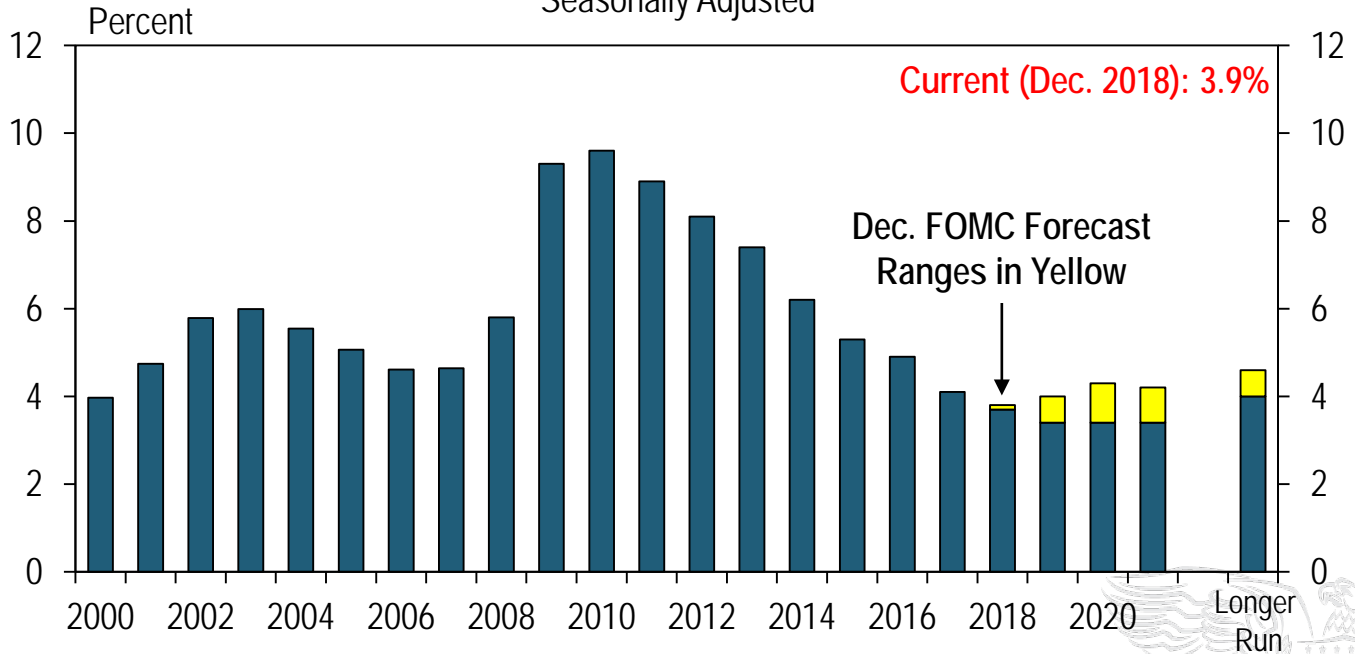
Monthly data on U.S. business activity show economic growth slowed in December but remains positive

U.S. Payroll Employment and Business Indexes



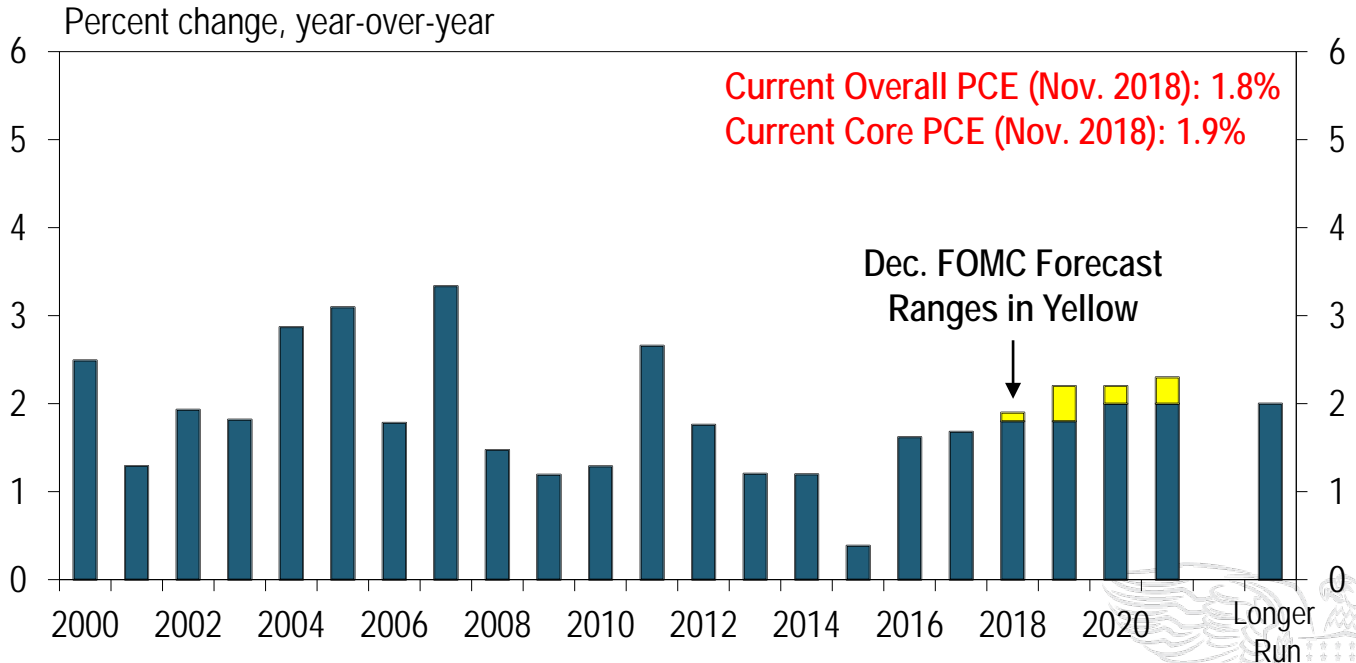
“Job gains have been strong, on average, in recent months, and the unemployment rate has remained low.”

U.S. Unemployment Rate,
Seasonally Adjusted

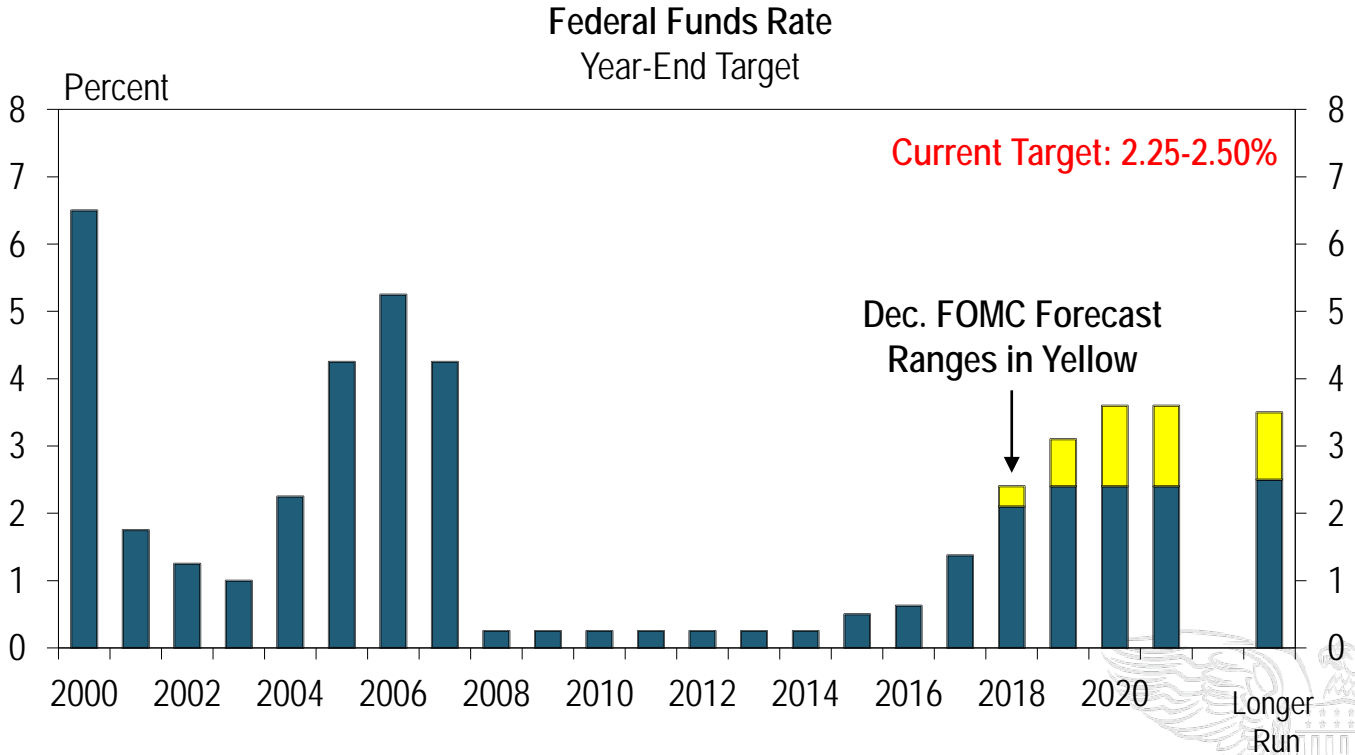


“On a 12-month basis, both overall inflation and inflation for items other than food and energy remain near 2%.”

PCE Inflation Index

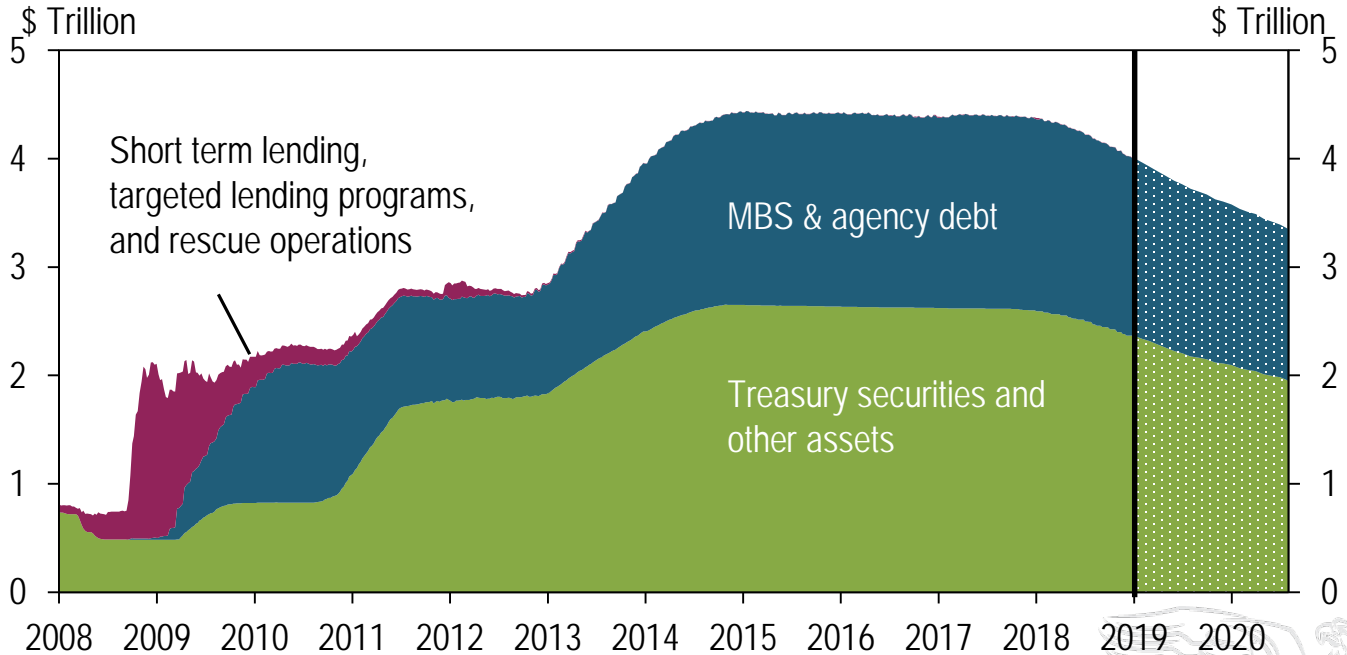


“The [FOMC] expects...some further gradual increases
 ...will be consistent with sustained expansion”



The Fed also continues to reduce its balance sheet

Federal Reserve Balance Sheet

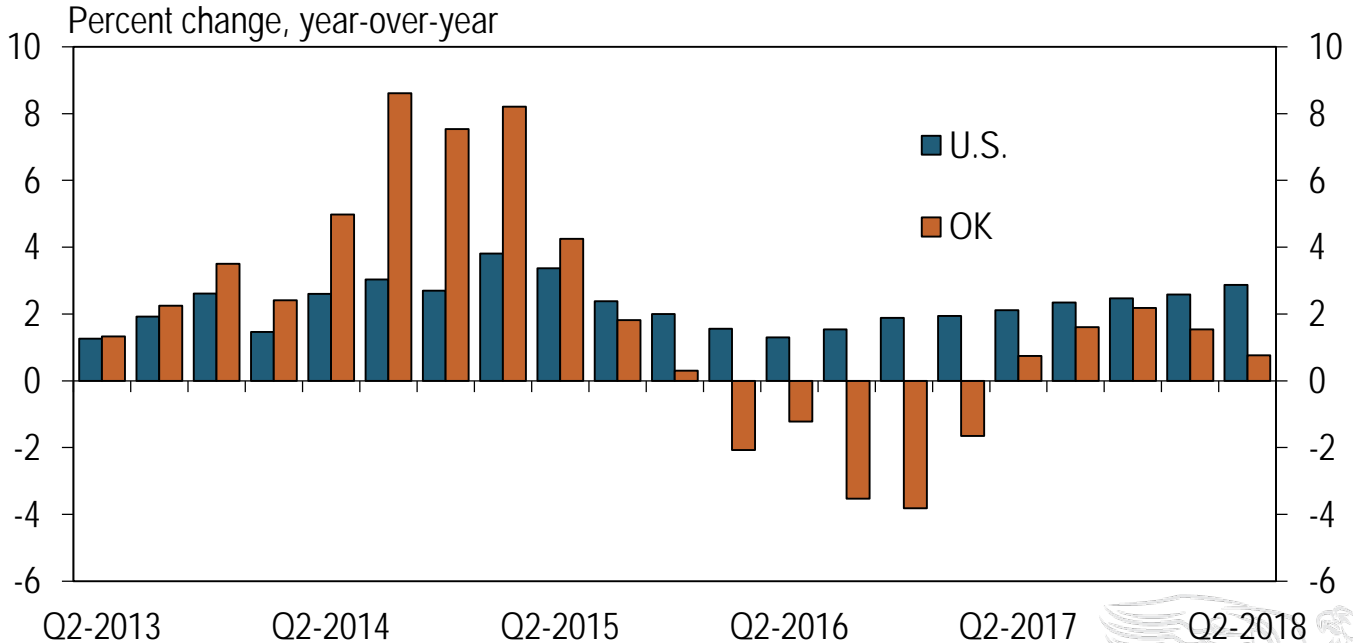


Oklahoma and Enid Area Economic Outlooks



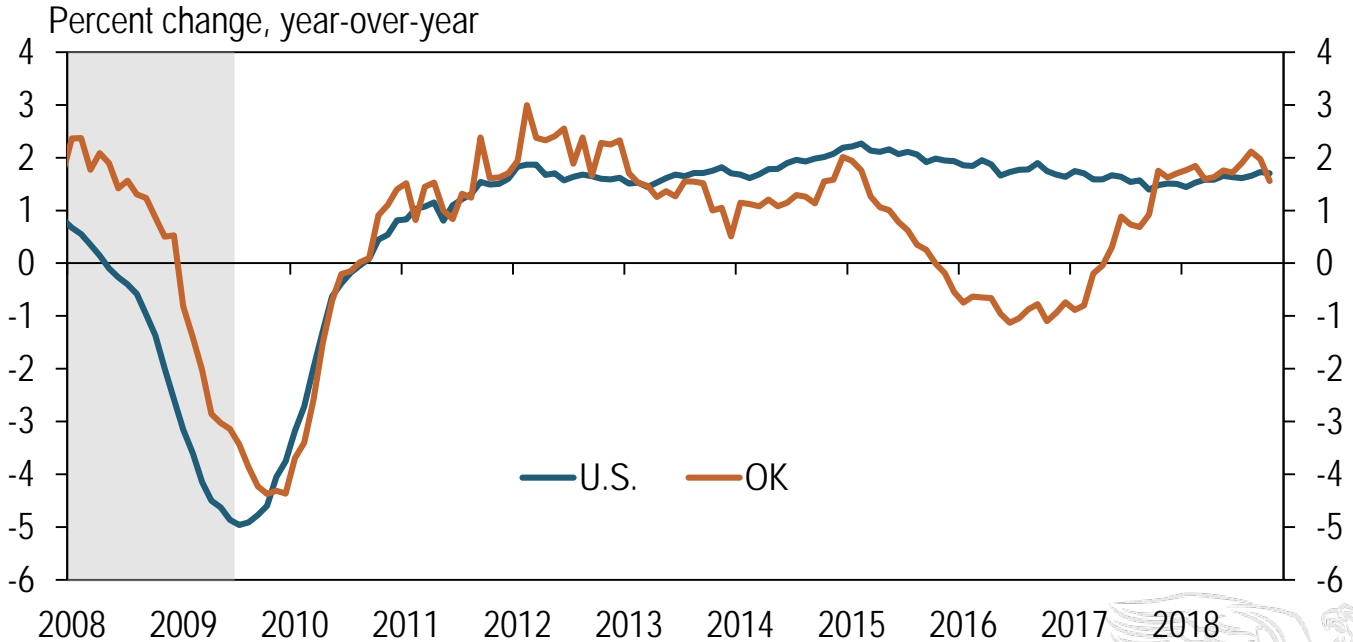
Oklahoma GDP dropped considerably in 2015-16, after oil prices fell, but has grown moderately since

Real Gross Domestic Product



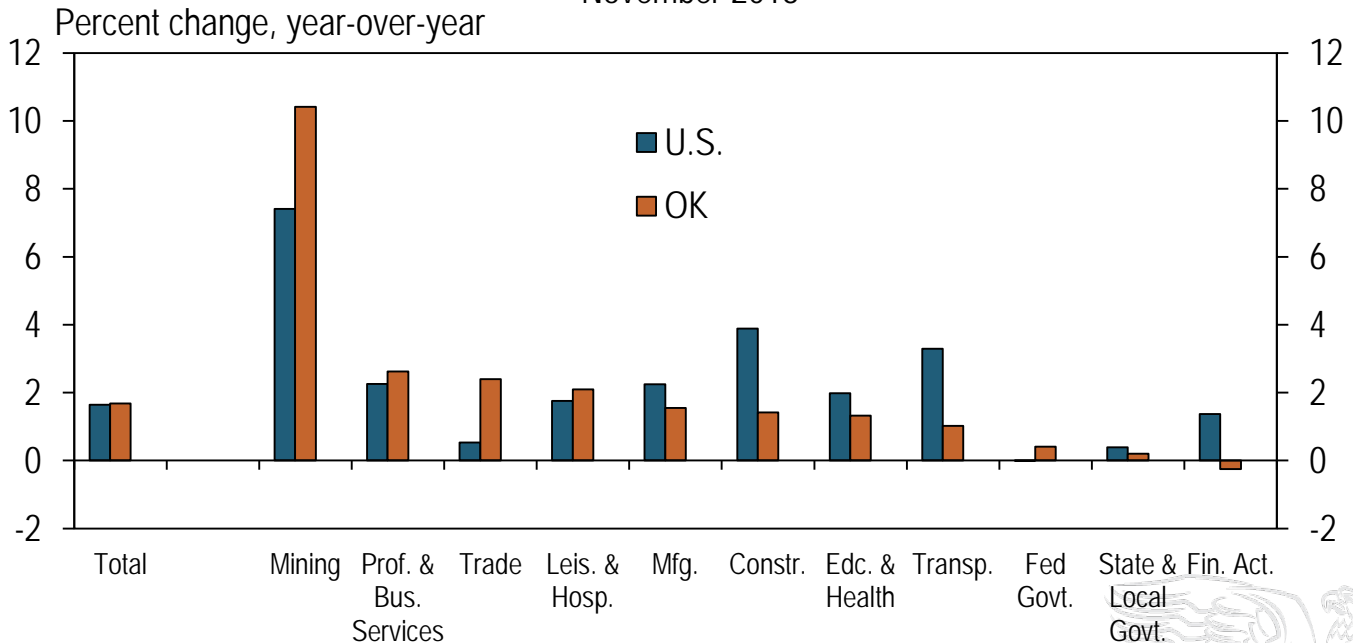
State job growth matched the nation in 2018 after falling below for several years

Nonfarm Payroll Employment Growth



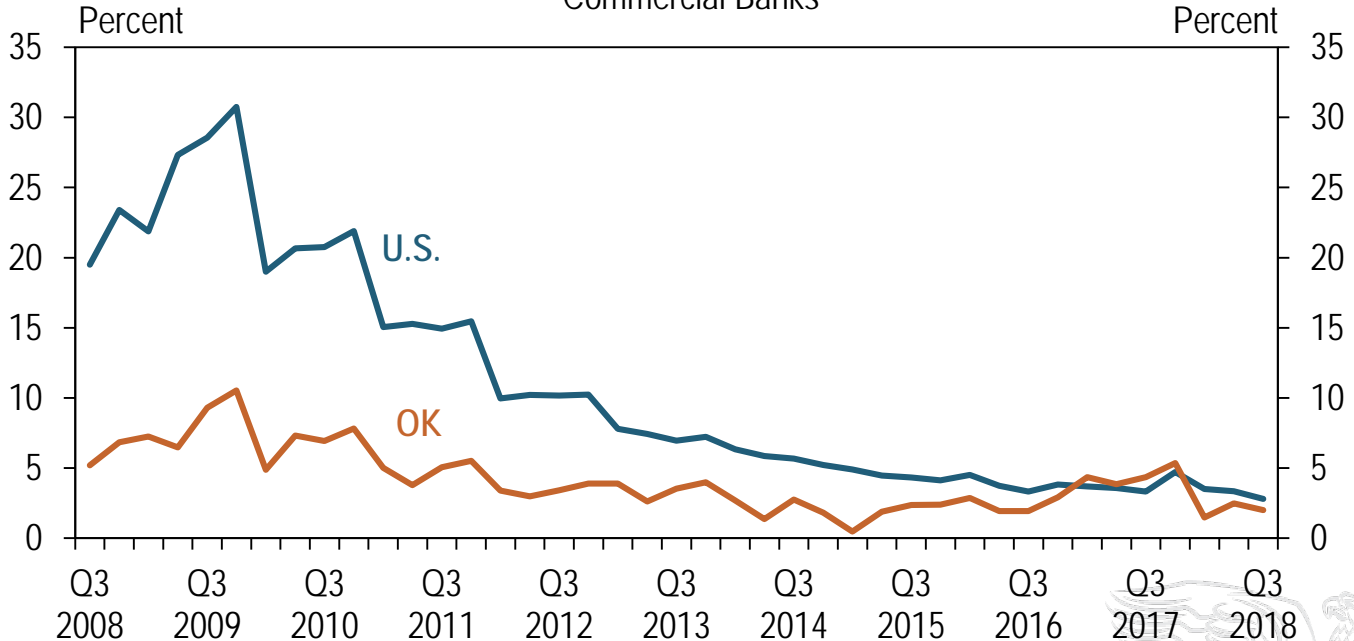
State job gains in 2018 were led by mining (oil & gas), but nearly all sectors added jobs last year

Oklahoma Job Growth by Industry
November 2018



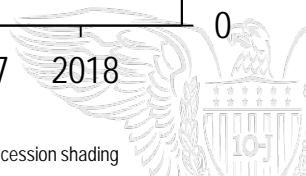
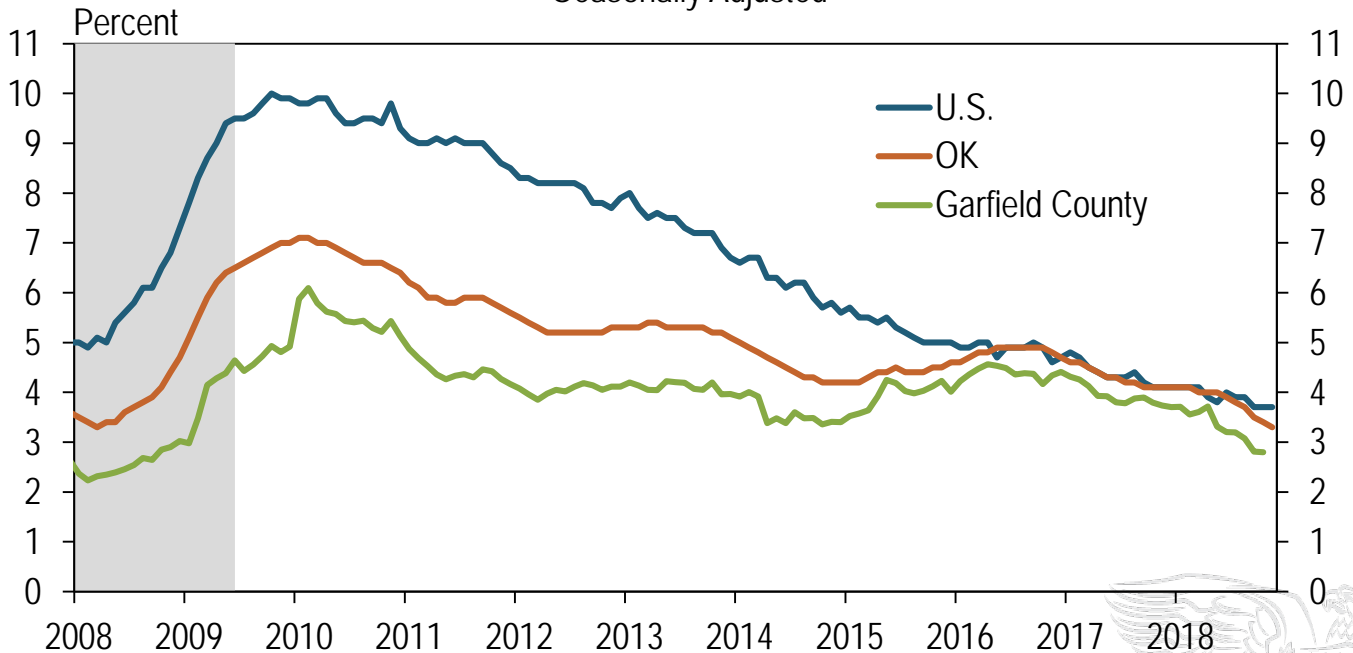
Banking conditions in Oklahoma also remain very good despite the 2015-16 economic slowdown

Share of Banks Not Making a Profit
Commercial Banks



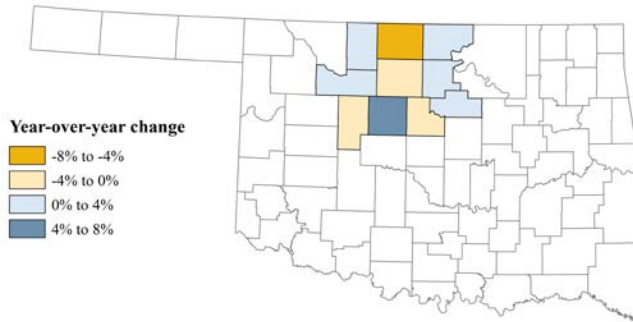
Unemployment has come down to exceptionally low levels in Oklahoma and in Garfield County

Unemployment Rates
Seasonally Adjusted

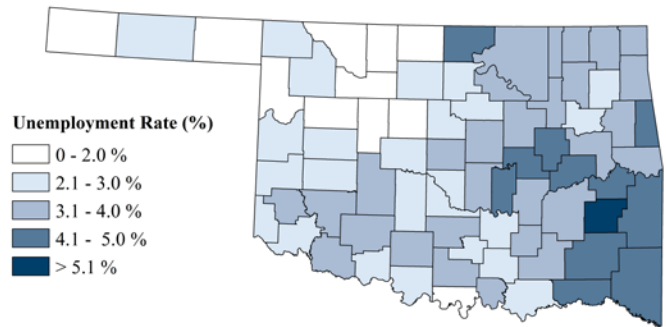


Job growth in northwest Oklahoma was mixed in 2018, but with low unemployment, workers are hard to find

County Employment Growth, June 2018



Unemployment by County, Nov. 2018



Note: Employment growth shown using the most recent QCEW data.

Source: U.S. Bureau of Labor Statistics



Key industries in north central Oklahoma include ag, energy, govt., & const., as well as mfg./trade in Enid

Employment Share by Industry, 2017

Industry	Percent of Total Income				Location Quotient		
	U.S.	OK	Garfield County	10 County Area	OK	Garfield County	10 County Area
Mining	0.8	6.2	9.5	8.9	8.0	12.4	11.5
Agriculture	1.3	3.4	2.7	5.6	2.5	2.0	4.2
State & Local Government	10.0	12.5	8.7	16.9	1.2	0.9	1.7
Construction	5.4	5.7	6.0	5.8	1.0	1.1	1.1
Trade	13.1	12.6	14.3	11.9	1.0	1.1	0.9
Federal Government	2.4	3.6	4.9	2.0	1.5	2.0	0.8
Manufacturing	6.8	6.1	7.1	5.3	0.9	1.1	0.8
Leisure & Hospitality	9.8	8.6	7.7	7.3	0.9	0.8	0.8
Financial Activities	5.4	4.6	3.8	3.2	0.9	0.7	0.6
Education & Health	13.7	10.8	11.4	7.8	0.8	0.8	0.6
Transportation & Utilities	4.2	3.7	3.7	2.3	0.9	0.9	0.5
Professional & Business Services	20.9	16.4	9.0	9.8	0.8	0.4	0.5

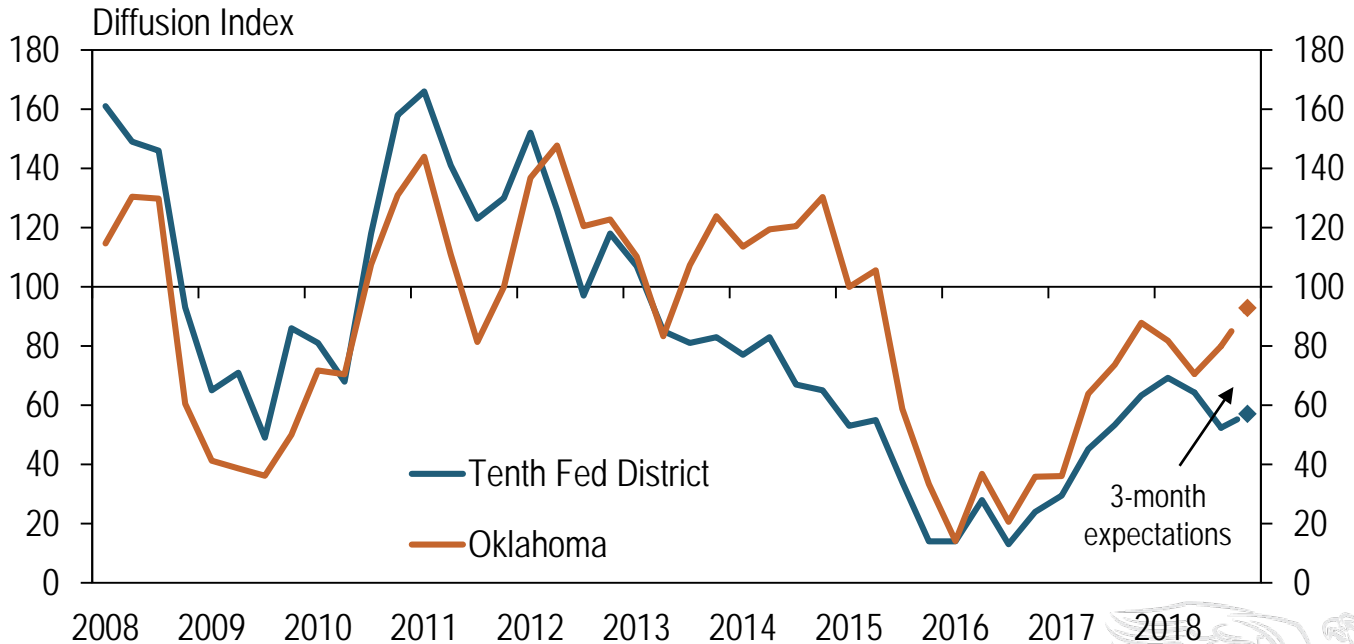
Note: Location quotient is the division of local share by national share. Red denotes industries with a higher concentration than the U.S.

*10 County Area includes the following counties: Alfalfa, Blaine, Garfield, Grant, Kay, Kingfisher, Logan, Major, Noble, and Payne.



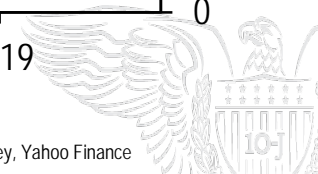
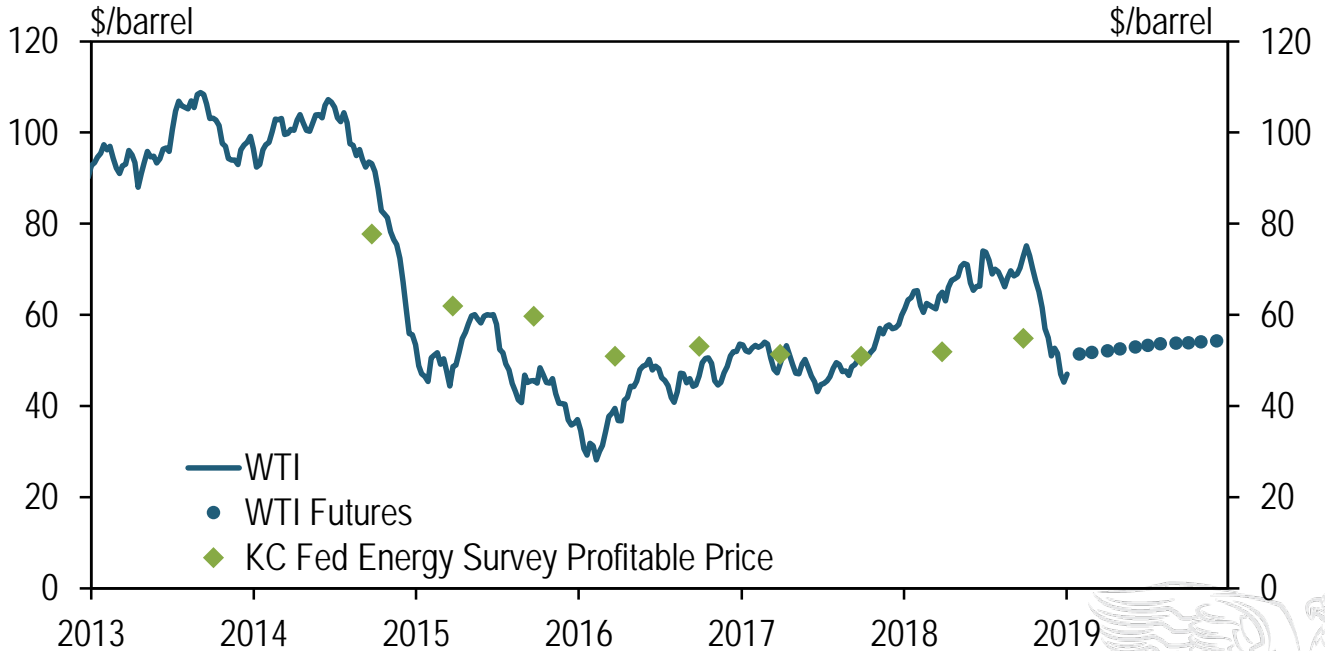
The Oklahoma agriculture sector has improved from a year ago, but conditions remain challenging overall

Farm Income



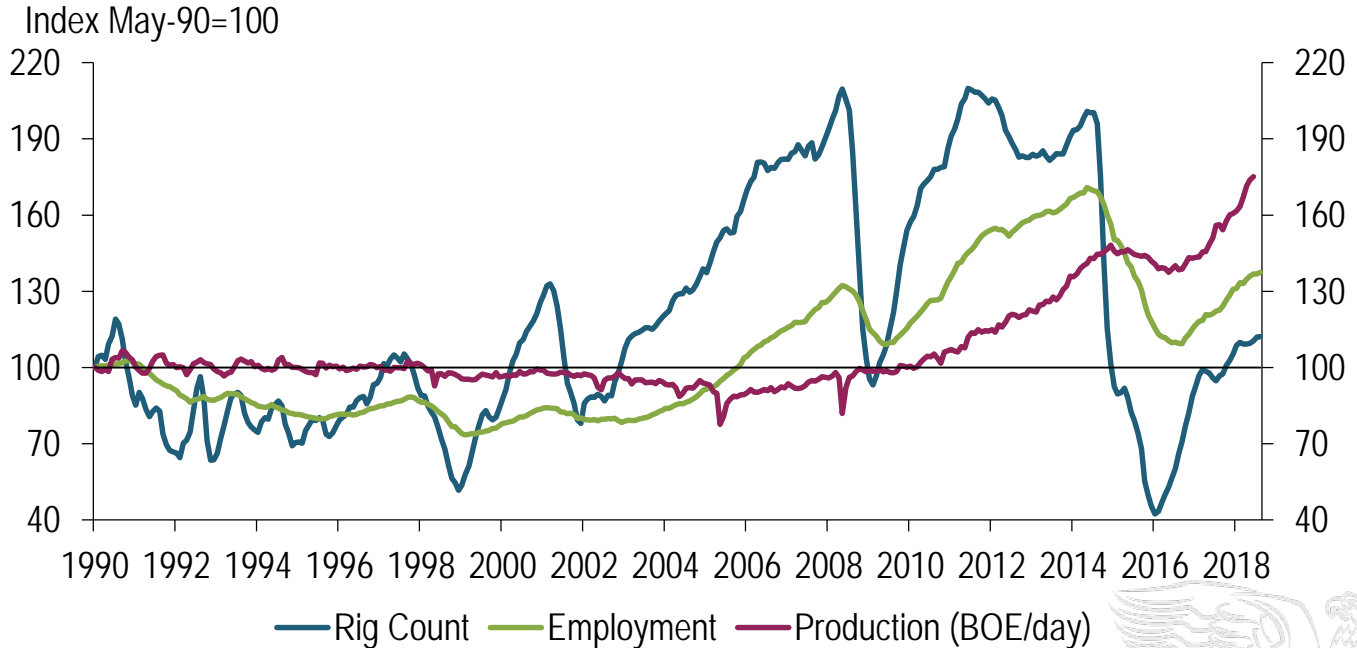
Oil prices have fallen considerably since October, to just below profitable levels on average

Oil Profitability and Prices



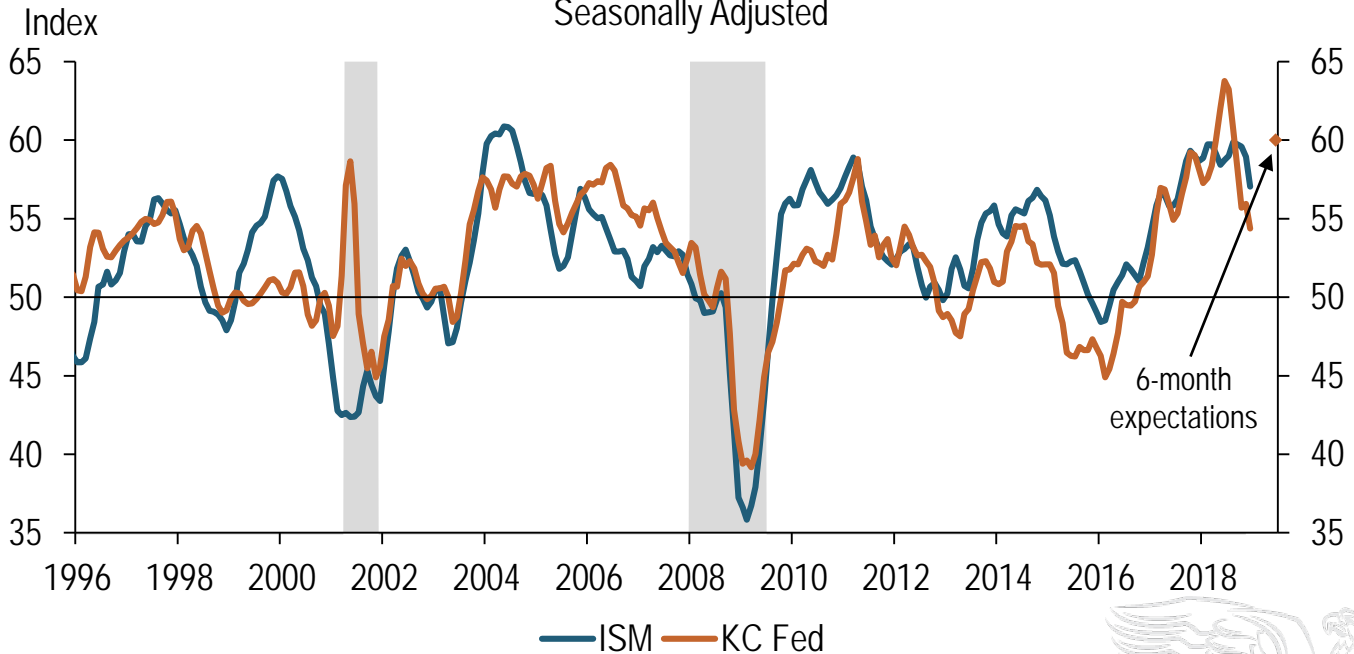
U.S. oil and gas production is at a record high, but with considerably fewer rigs and workers than in 2014

U.S. Oil & Gas Rig Count, Employment, and Production



Regional factory growth remains solid, but has slowed from a record pace earlier in 2018

Monthly Manufacturing Composite Indexes
Seasonally Adjusted



Summary

- The U.S. economy continues to grow despite headwinds, and the Fed has been raising interest rates and reducing its balance sheet.
- The state and Enid area economies have very low unemployment, and most industries added jobs in 2018.
- Agriculture remains weak and falling oil prices have created some concerns, but manufacturing continues to expand despite trade fears.



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