

Oklahoma Economic Outlook in the Midst of COVID-19 and Low Oil Prices

AGC of Oklahoma Building Chapter
September 17, 2020

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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.



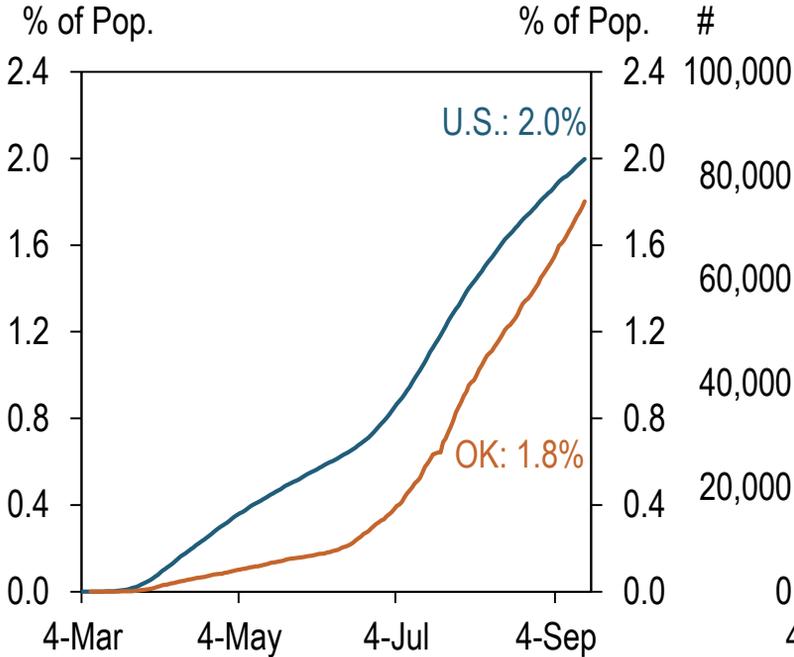
Overview

- Oklahoma's economy was already slowing in late 2019 and early 2020, due largely to difficulties in the state's important energy sector
- COVID initially spread less quickly here, PPP takeup was strong, and some indicators were normalizing by June, but many have leveled off at less than year-ago levels
- The state's economic and energy sector outlooks continue to depend on how the virus evolves and affects consumer and business activity

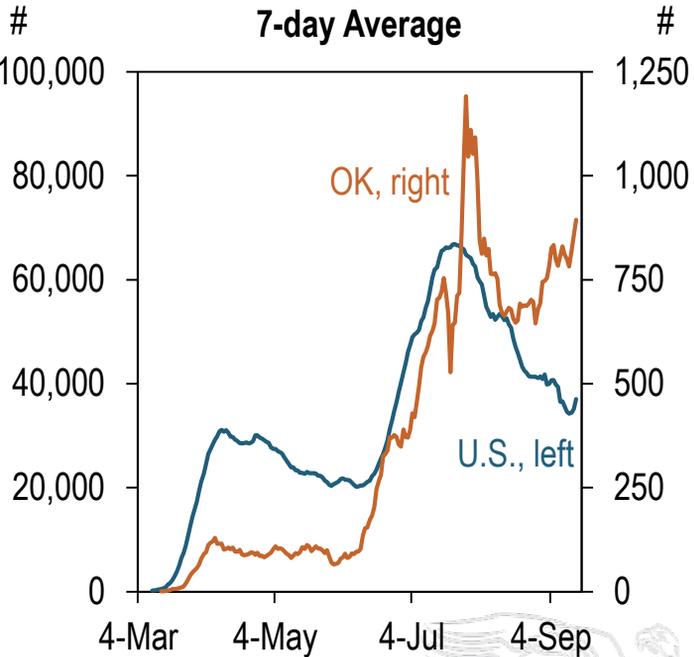


COVID-19 initially spread much less in Oklahoma, but then new cases outpaced the U.S., and still remain high

Confirmed Cases

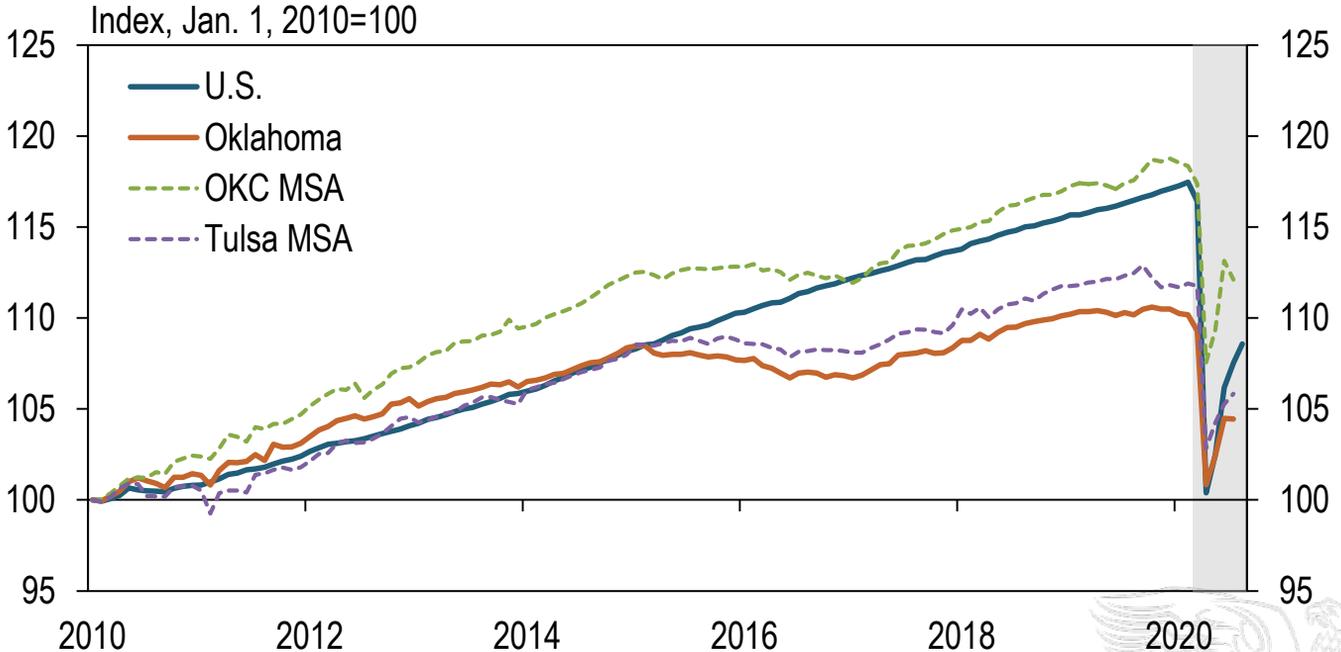


Number of New Cases
7-day Average



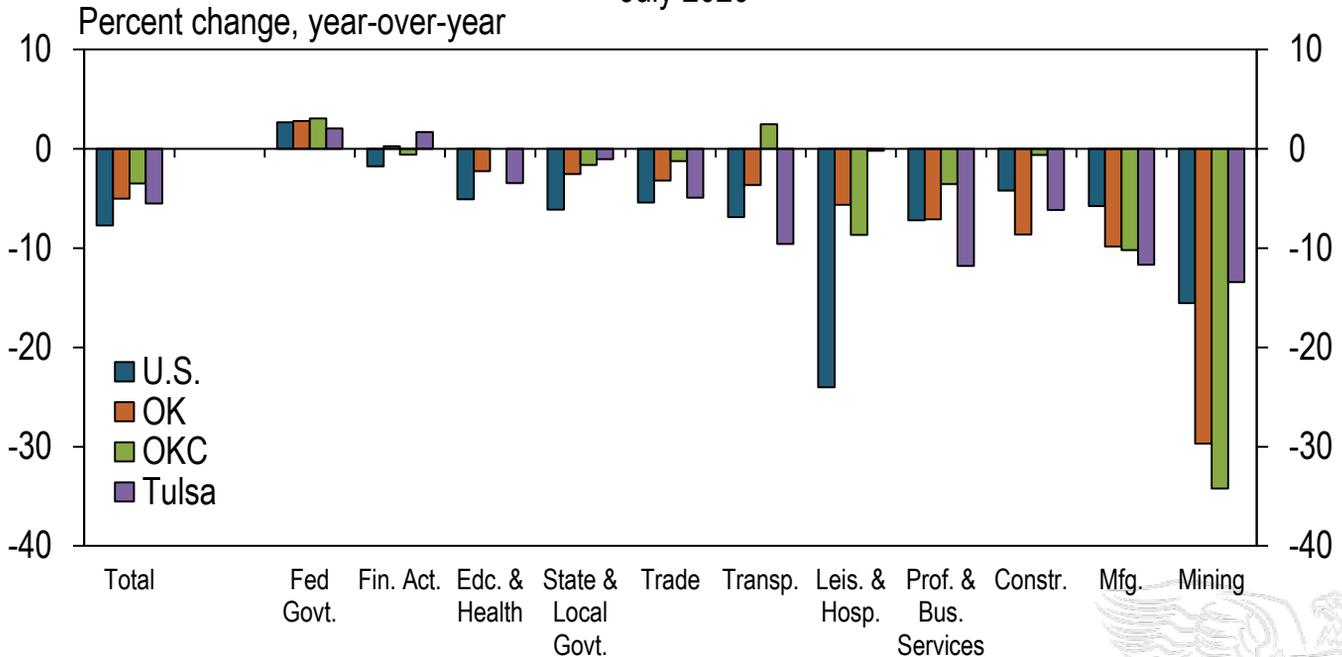
7+ years of U.S. and Oklahoma job growth were lost in March/April, but there has been some recovery since

Nonfarm Payroll Employment Growth



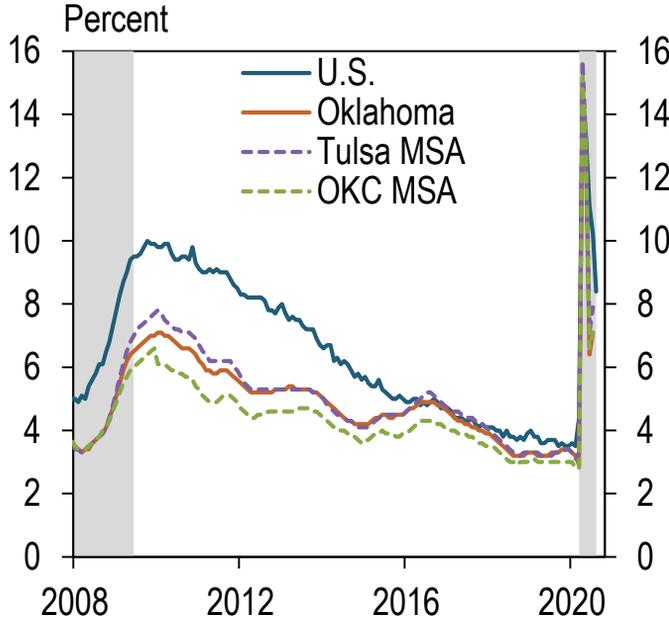
Oklahoma mining job losses far outweighed those in the U.S. through July, but hospitality job cuts were less

Job Growth by Industry
July 2020

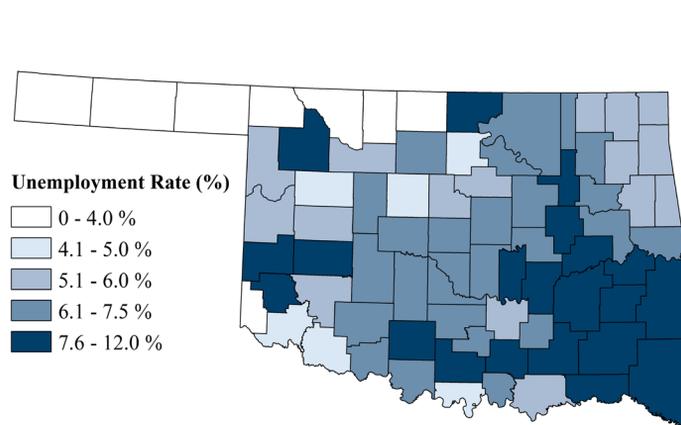


OK unemployment rose slightly to 7.1% in July, while the U.S. rate declined to 8.4% in August

Unemployment Rates
Seasonally Adjusted

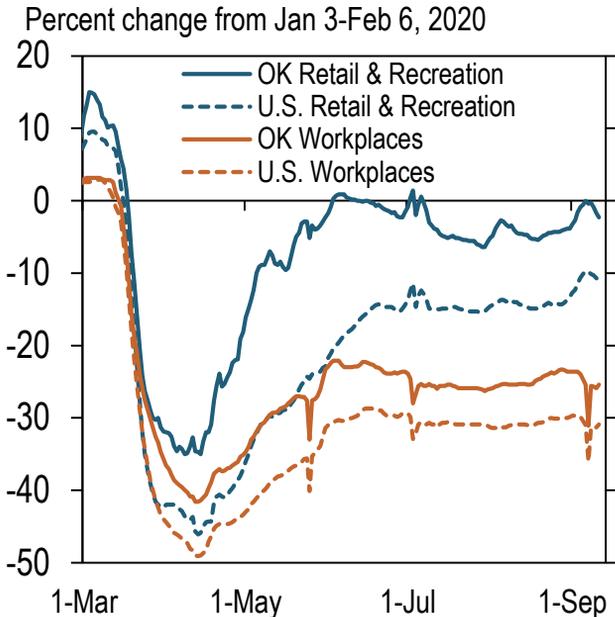


July County Unemployment Rates
Seasonally Adjusted

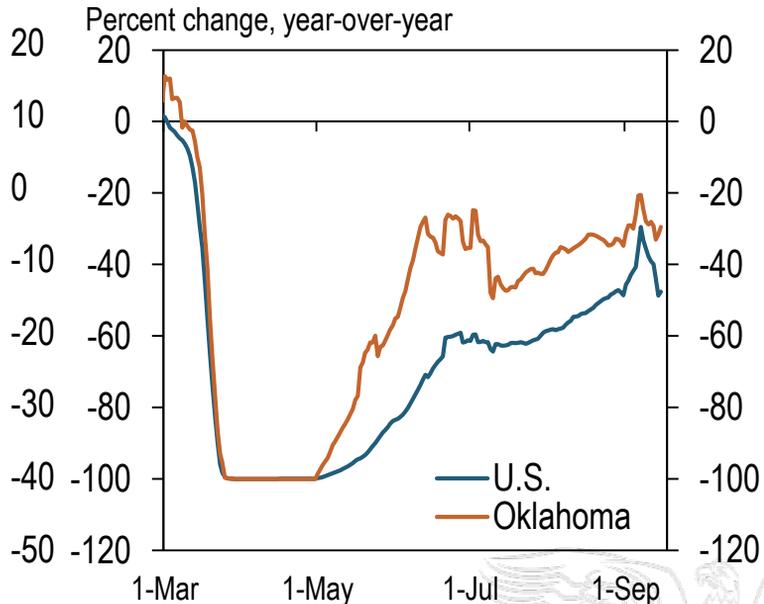


Foot traffic at Oklahoma businesses rose steadily through mid-June, but evened out in July & August

Google Mobility Data



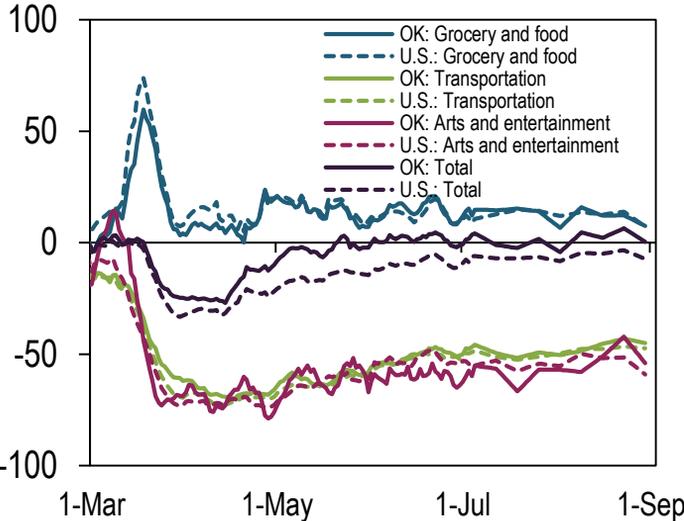
Seated Diners at Restaurants
7-day Average



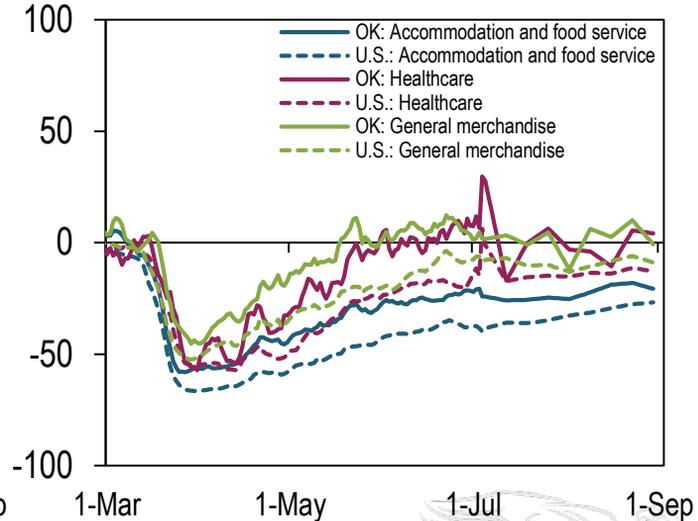
Consumer spending in some segments has closely resembled the nation, and exceeded it in others

Oklahoma vs. U.S. Consumer Spending

Percent change, from Jan. 2020

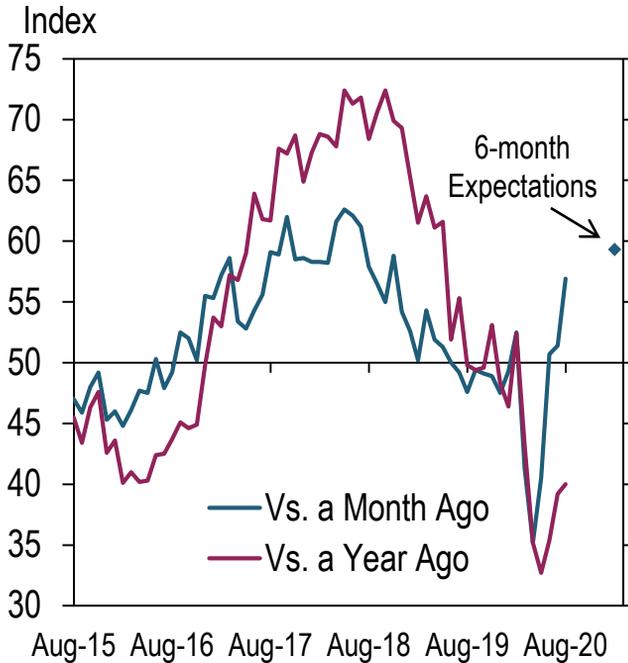


Percent change, from Jan. 2020

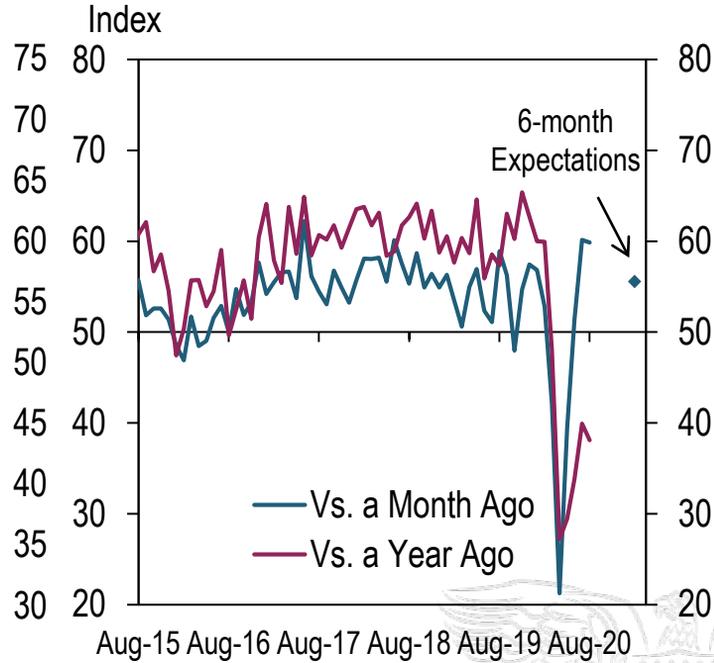


Regional factory and services activity expanded further in August, and expectations were positive

Manufacturing

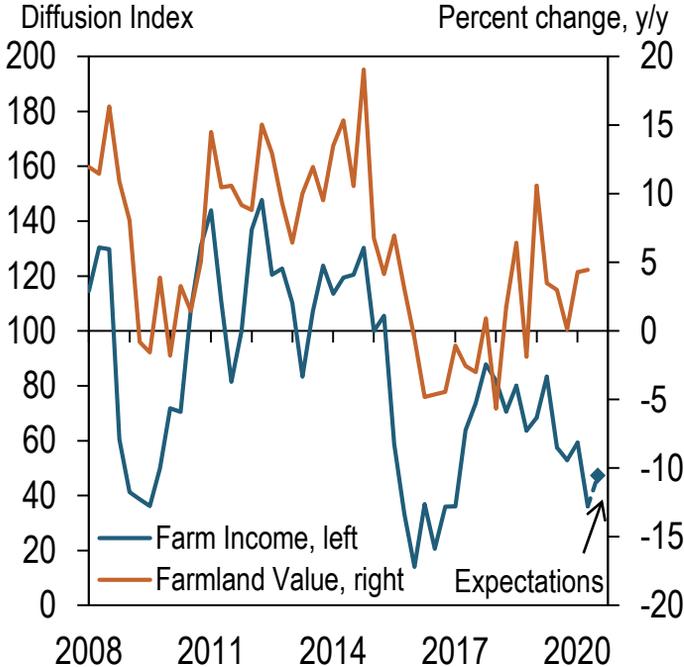


Services

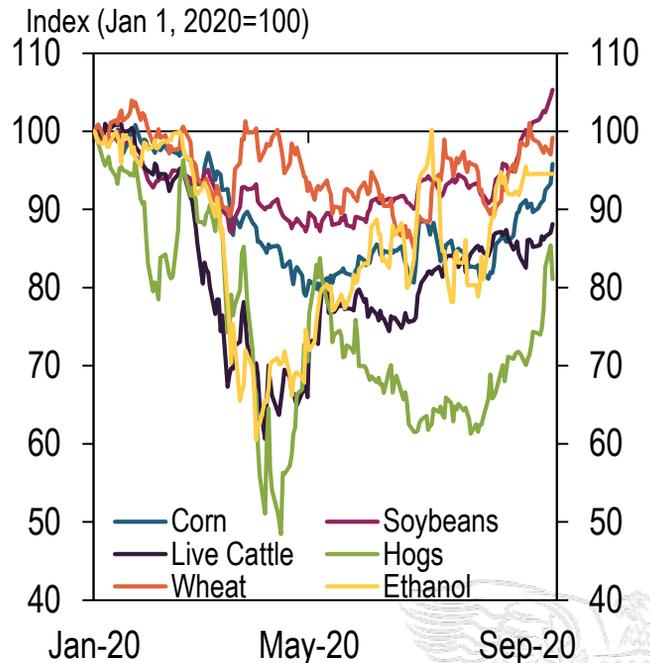


State ag incomes continued to decline in Q2 2020, but land values have held up and prices have risen some

Oklahoma Farm Income and Farmland Values

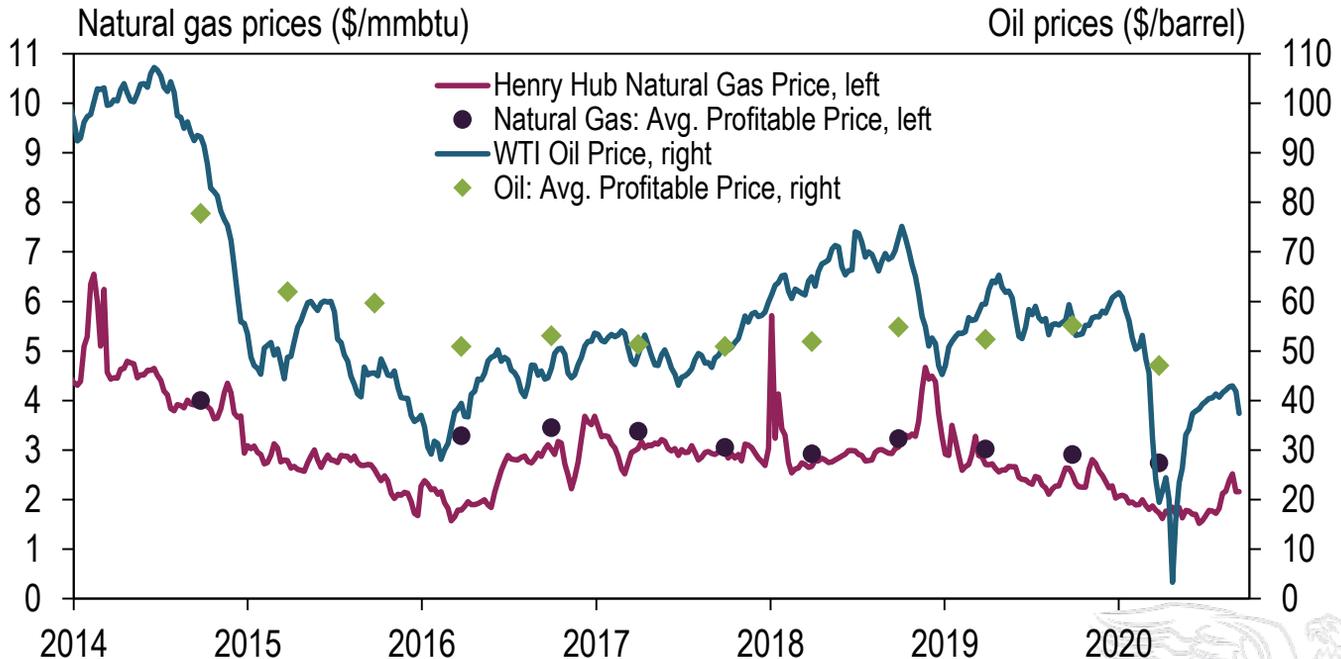


Commodity Prices



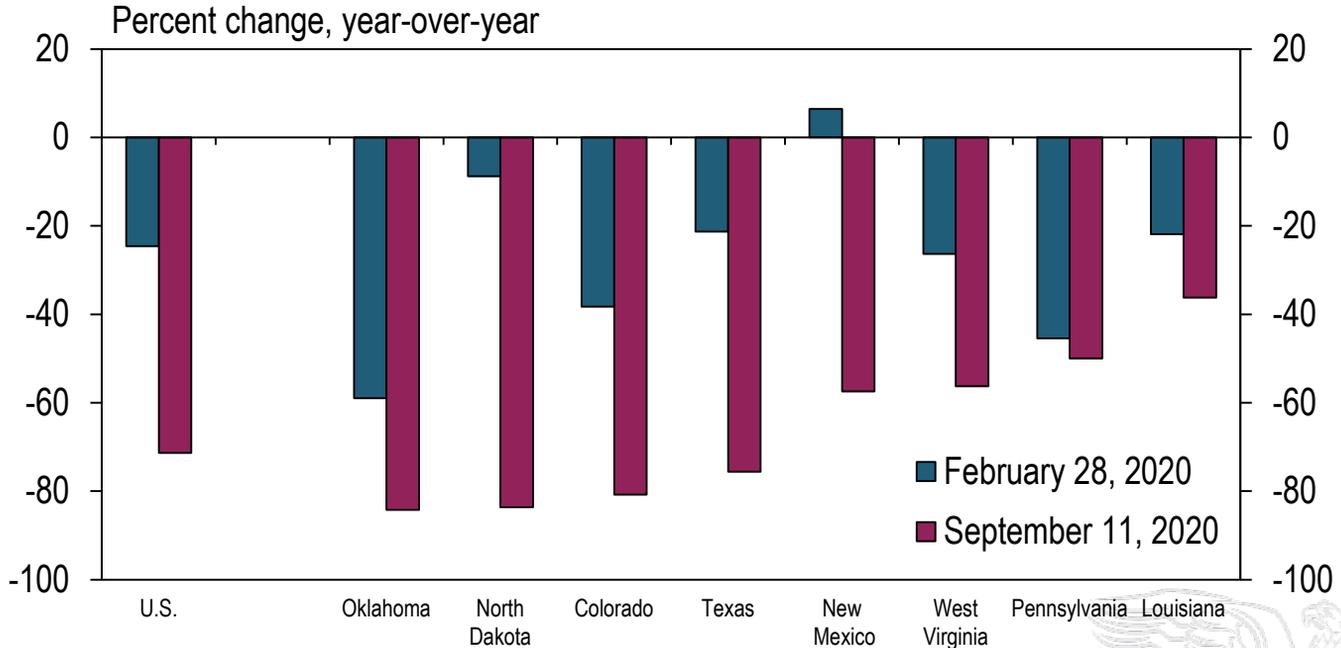
Oil prices have rebounded somewhat, but remain below profitable drilling levels for most regional firms

Oil & Natural Gas Profitability and Prices



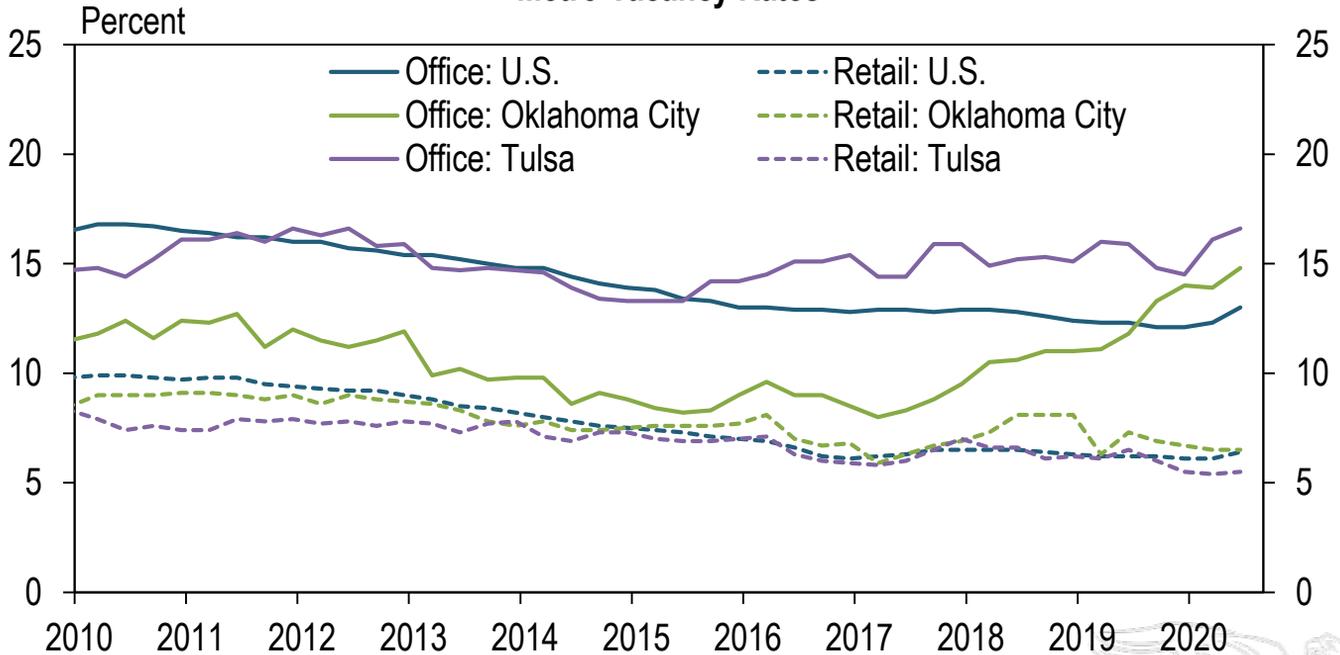
Rig counts in energy states have decreased dramatically across the U.S., especially in Oklahoma

Active Drilling Rig Count, Top 8 Oil- and Gas-Producing States



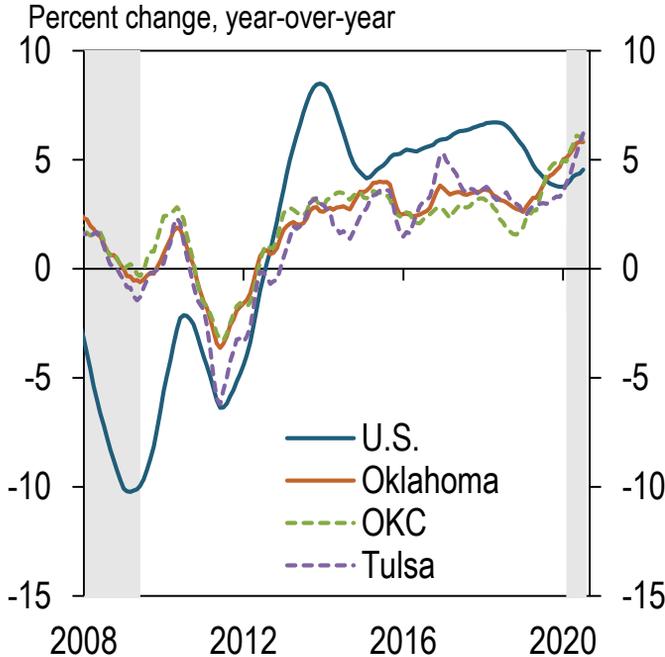
Energy city office markets were already struggling before COVID, but retail vacancy was still low in Q2

Metro Vacancy Rates

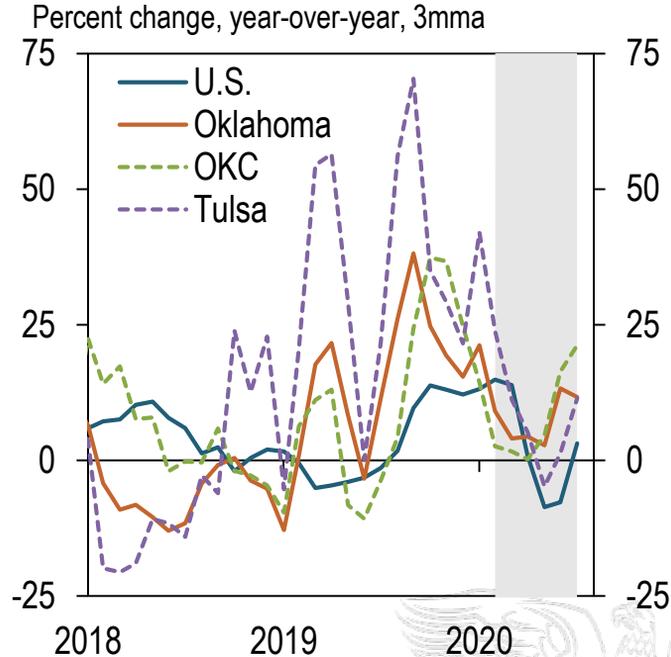


Through July, housing prices and new building permits in Oklahoma continued to rise faster than the U.S.

Housing Price Index

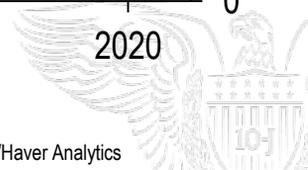
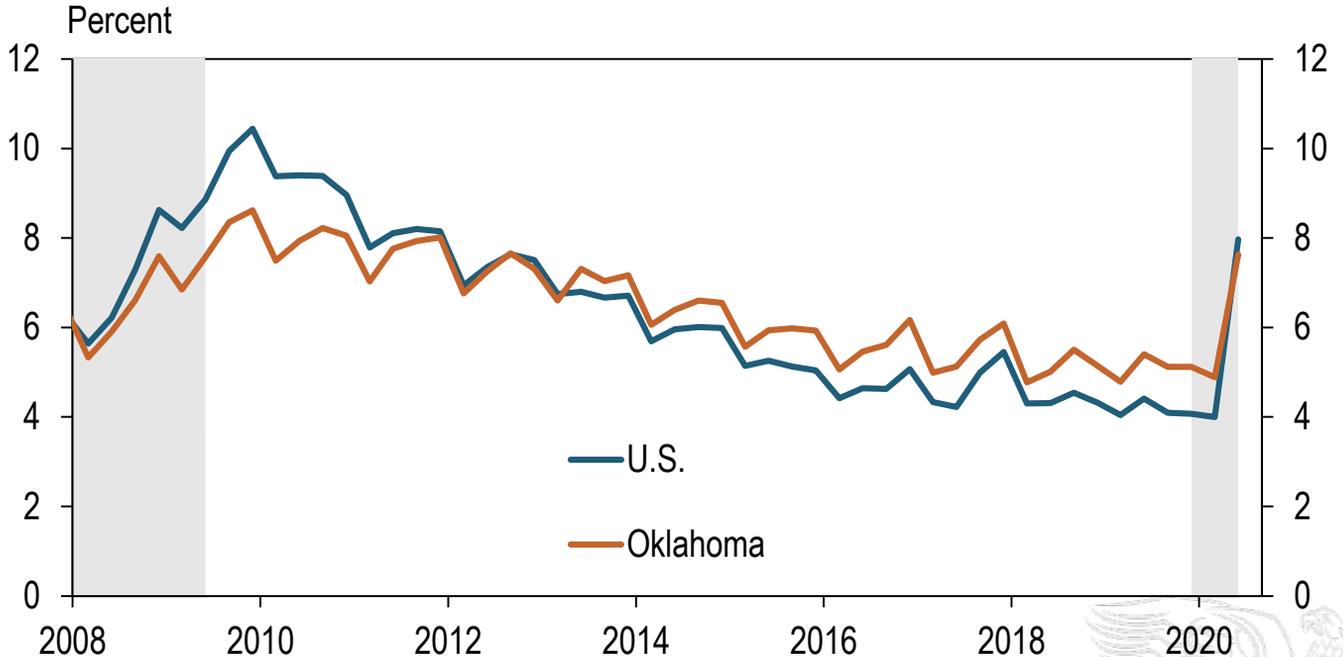


New Housing Permits



Through Q2, mortgage delinquencies also increased, though more in the U.S. overall than Oklahoma

All Mortgages Past Due



Summary

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