

BOK Financial

U.S. Economic and Market Outlook

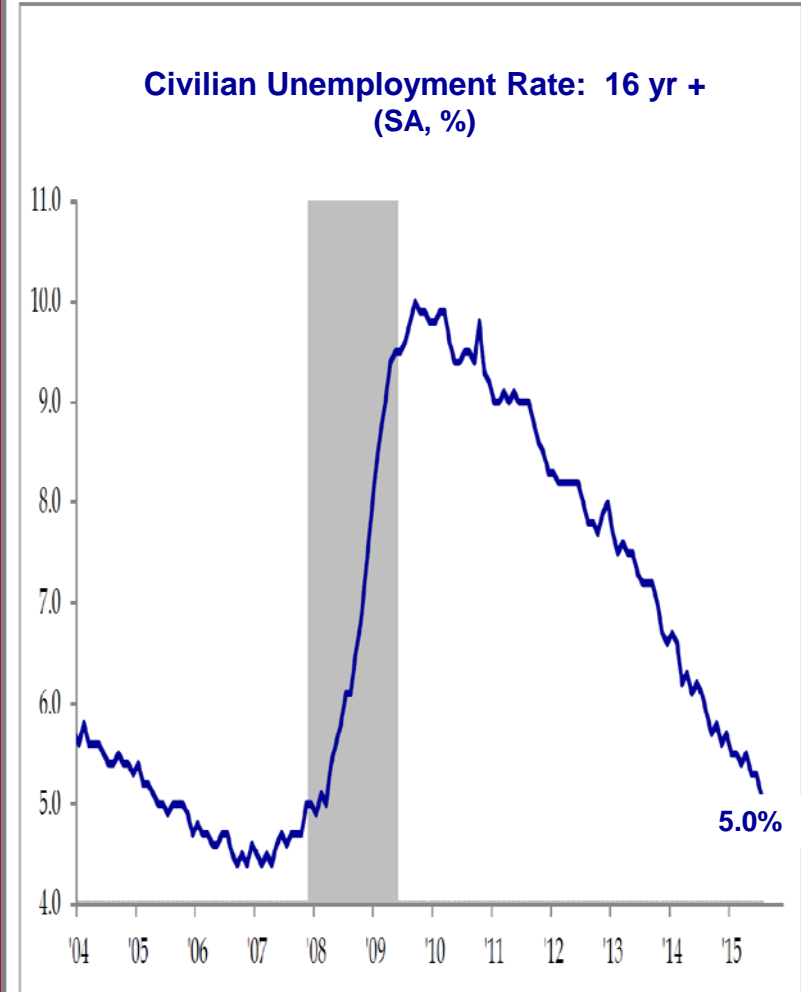
2016 Oklahoma Economic Outlook Conference – Oklahoma City
Tuesday, December 8, 2015

Jim Huntzinger, Chief Investment Officer | BOK Financial Corporation



Labor Market Tightening

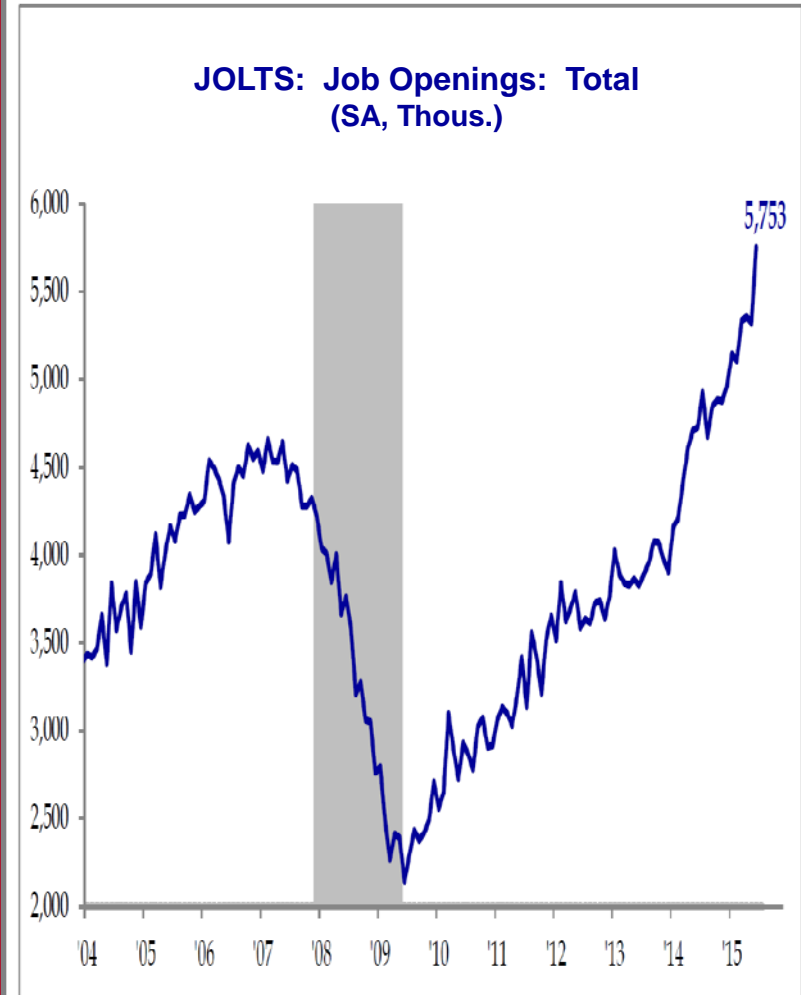
- Unemployment down to 5.0%.
- Pool of available workers shrinking as job generation continues.



Source: Strategas Research Partners, LLC

Labor Market Tightening

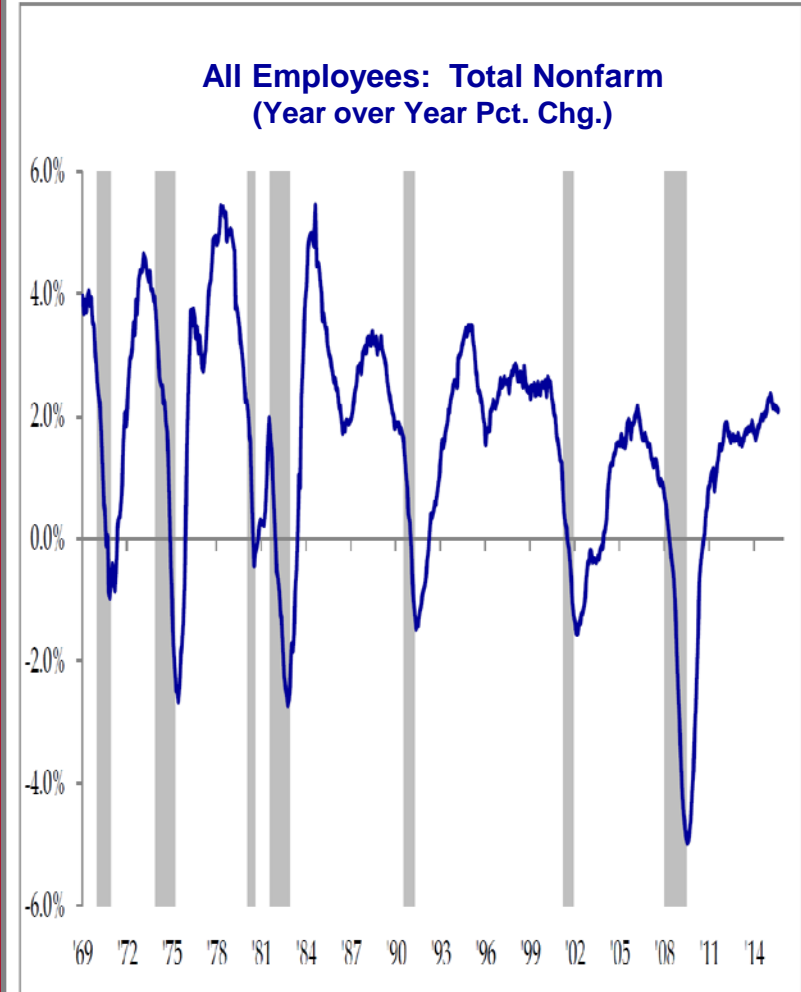
- Job openings and labor market turnover. Created by Bureau of Labor Statistics to measure job vacancies.
- Job openings have jumped significantly.



Source: U.S. Bureau of Labor Statistics

Labor Market Tightening

- Indicators do not point to recession.
- Payroll growth has been slow but steady.

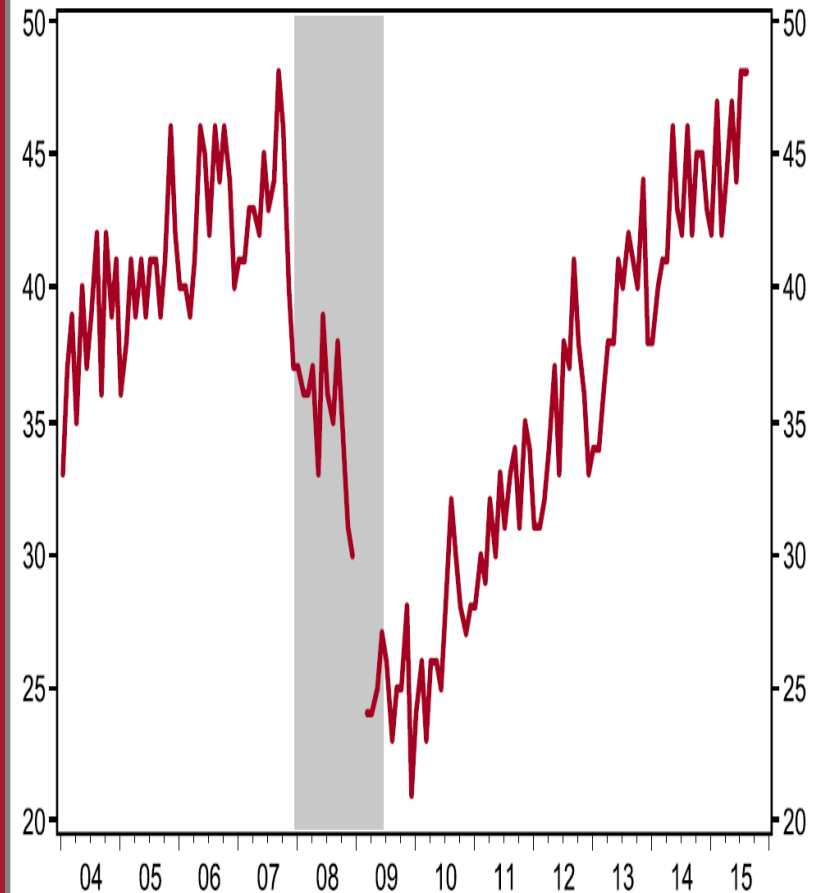


Source: Strategas Research Partners, LLC

Labor Market Tightening

- Small businesses are finding qualified workers tough to come by.

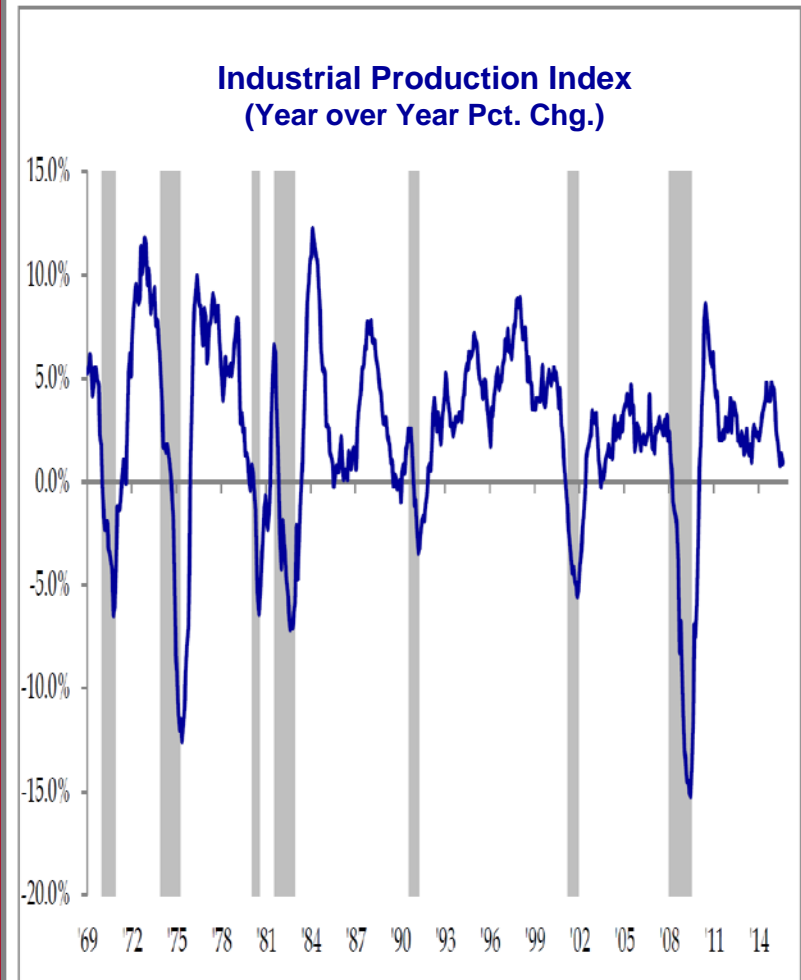
**NFIB: Businesses with Few or No Qualified Applicants for Job Openings
(SA, %)**



Source: National Federation of Independent Business

Industrial Production

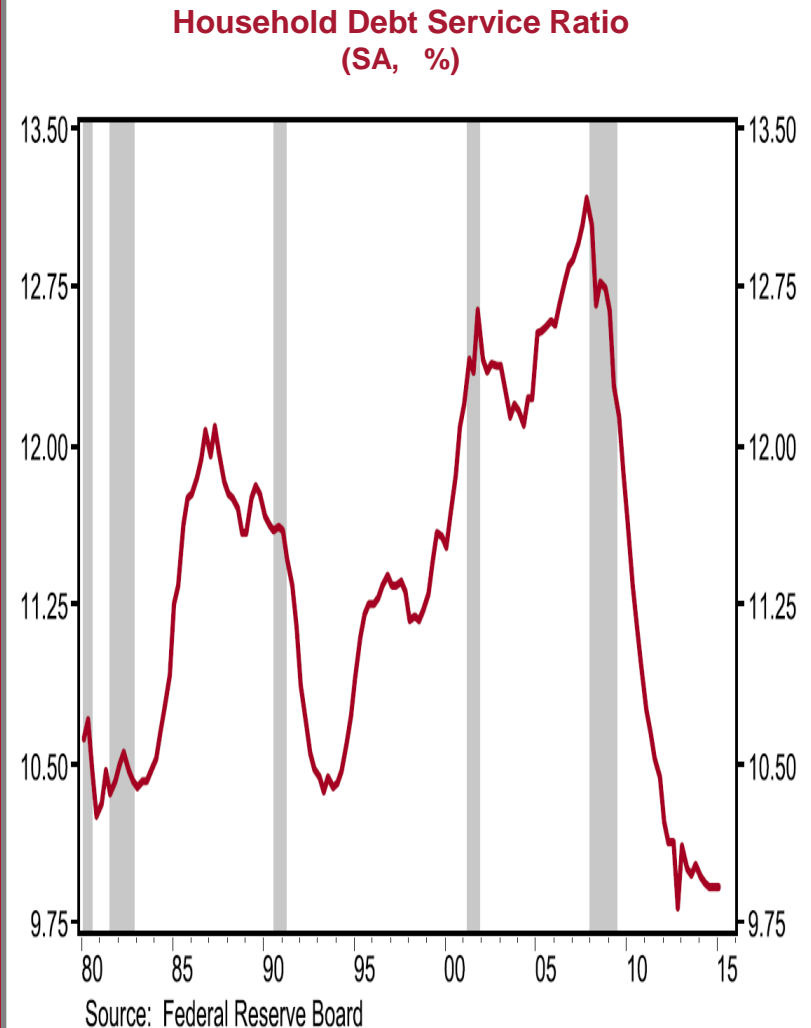
- Industrial production positive...but U.S. dollar strength creating headwinds.



Source: Strategas Research Partners, LLC

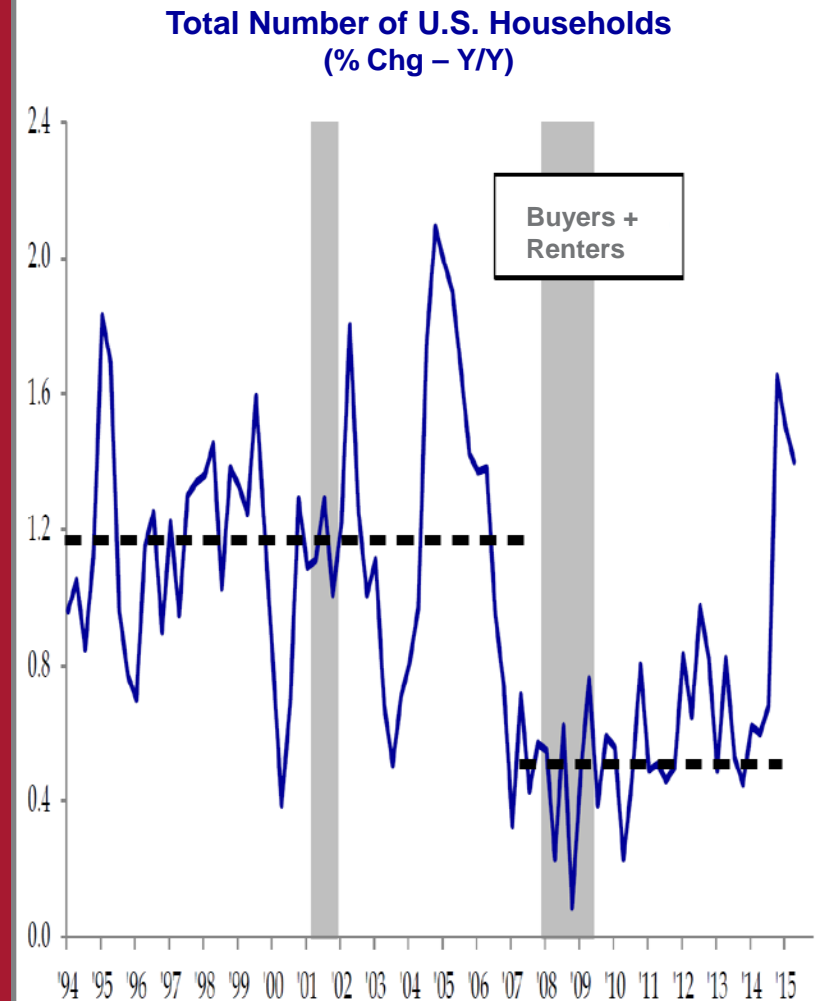
Vast Improvement In Debt Service

- U.S. consumer balance sheets are in good shape.



Household Formation

- Trend up in U.S. household formation suggests momentum developing...

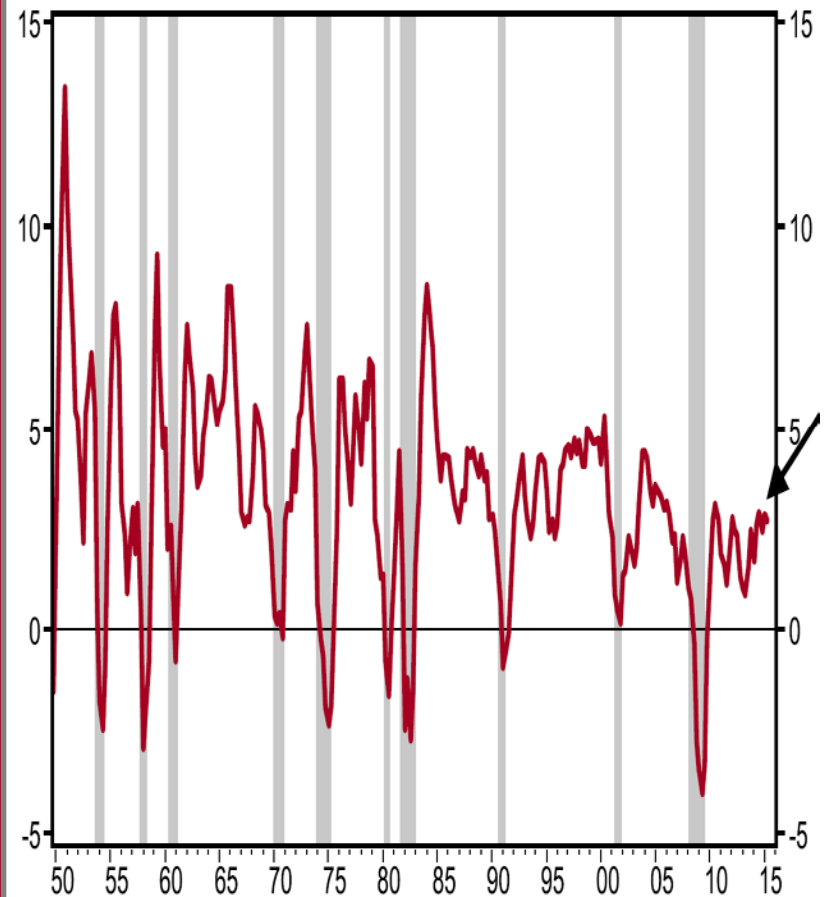


Source: Strategas Research Partners, LLC

U.S. Gross Domestic Product

- U.S. growth may be subpar today, but recession is still not the base case.
- First quarter (GDP) + 0.6% and second quarter (GDP) + 3.9%. However...run rate is probably centered around + 2.0%.

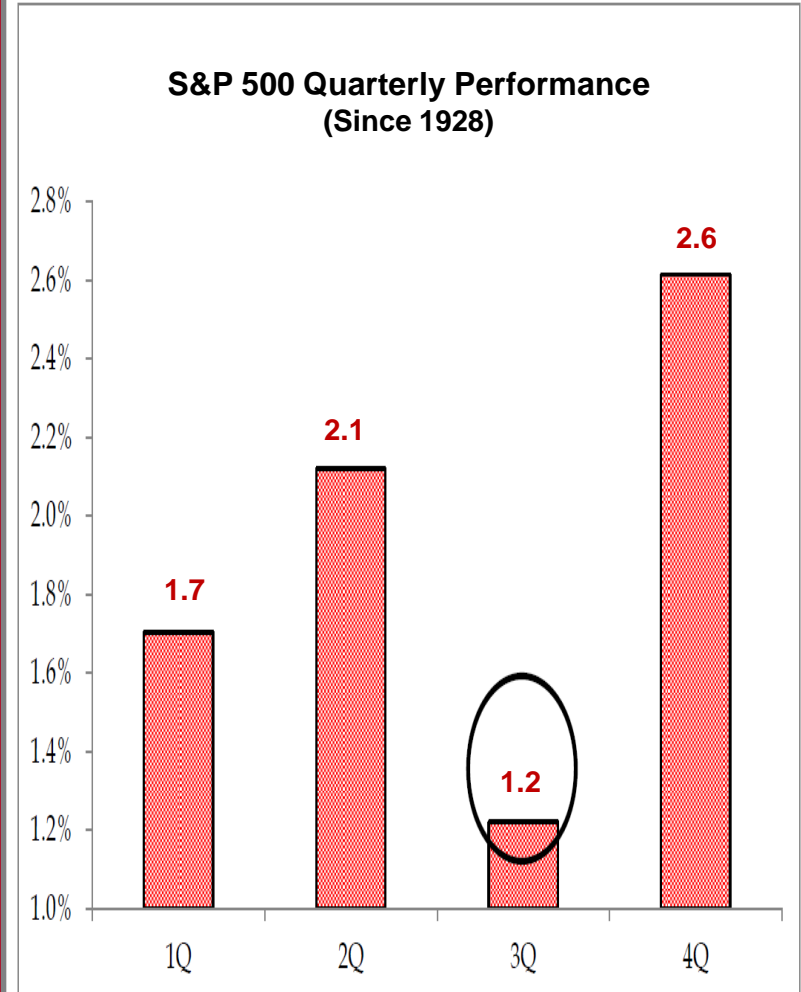
**Real Gross Domestic Product
% Change – Year to Year
SAAR, Bil. Chn. 2009\$**



Source: Bureau of Economic Analysis

Taking A Look At Seasonals

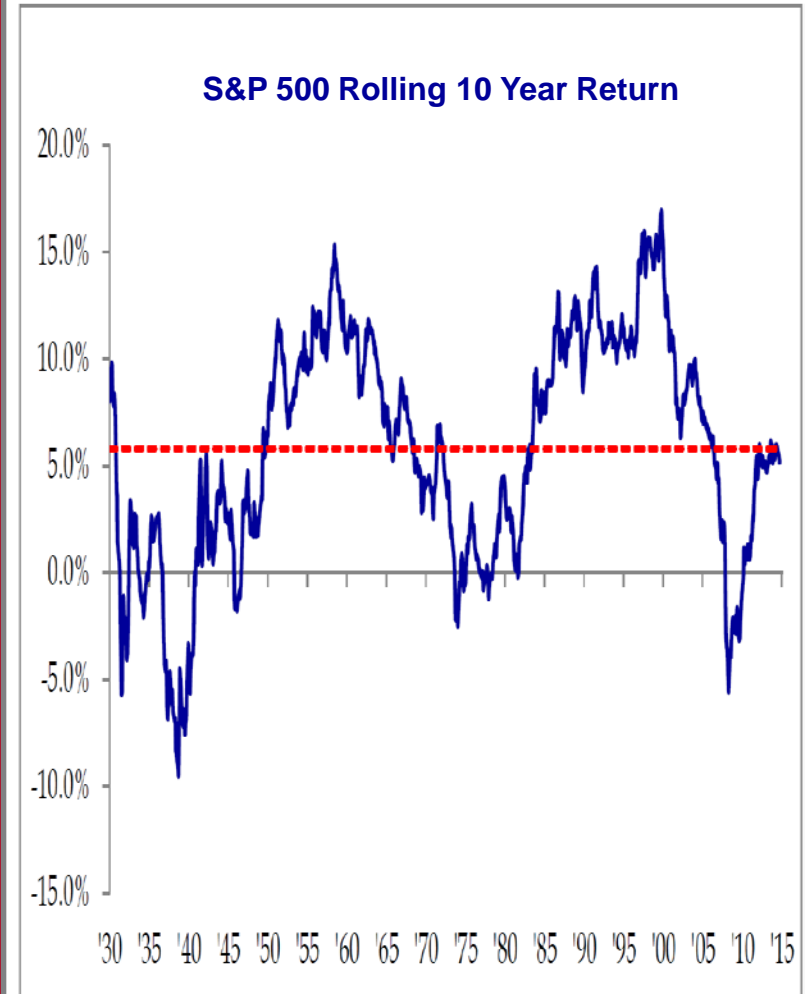
- Historically, third quarter the worst for equity market performance.



Source: Strategas Research Partners, LLC

Long Term Rolling Returns

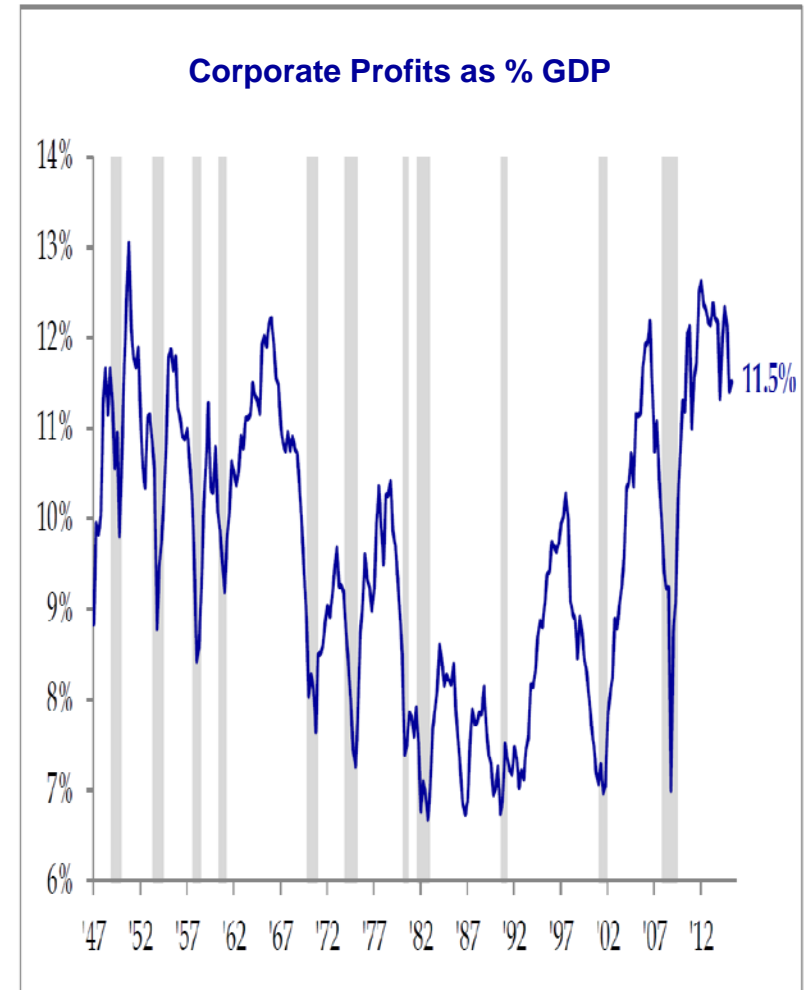
- 10 year rolling return at long term average.



Source: Strategas Research Partners, LLC

Corporate Profits

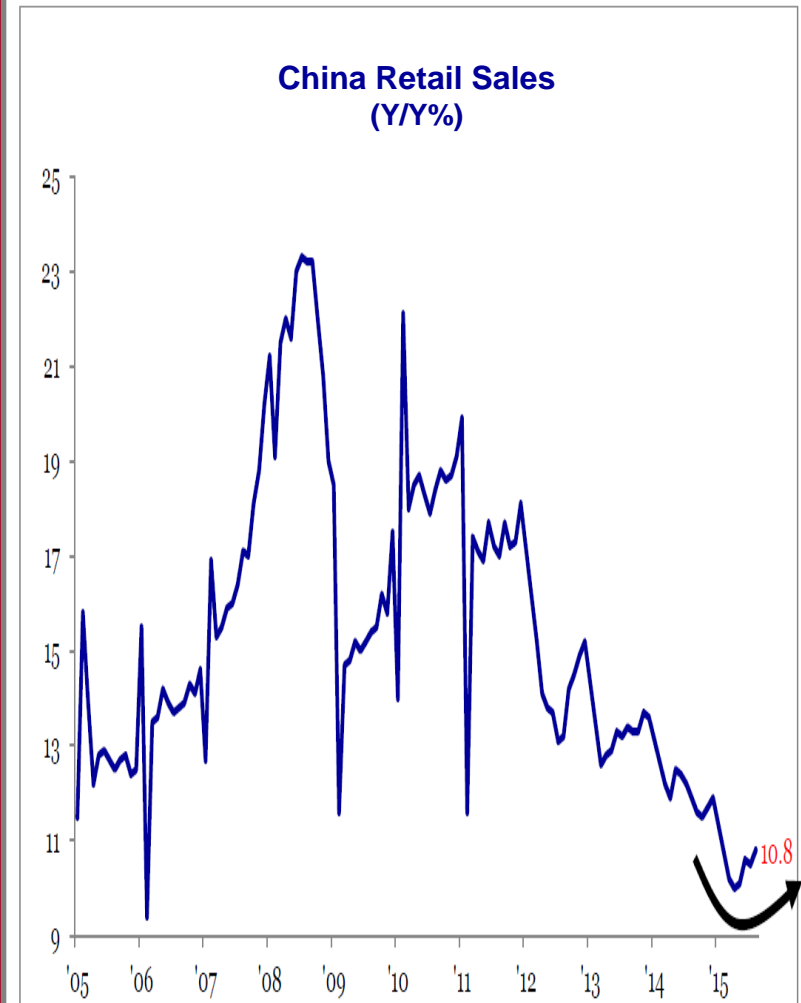
- Margins typically peak before market peaks.



Source: Strategas Research Partners, LLC

China's Slowing (But Stabilizing?) Economy

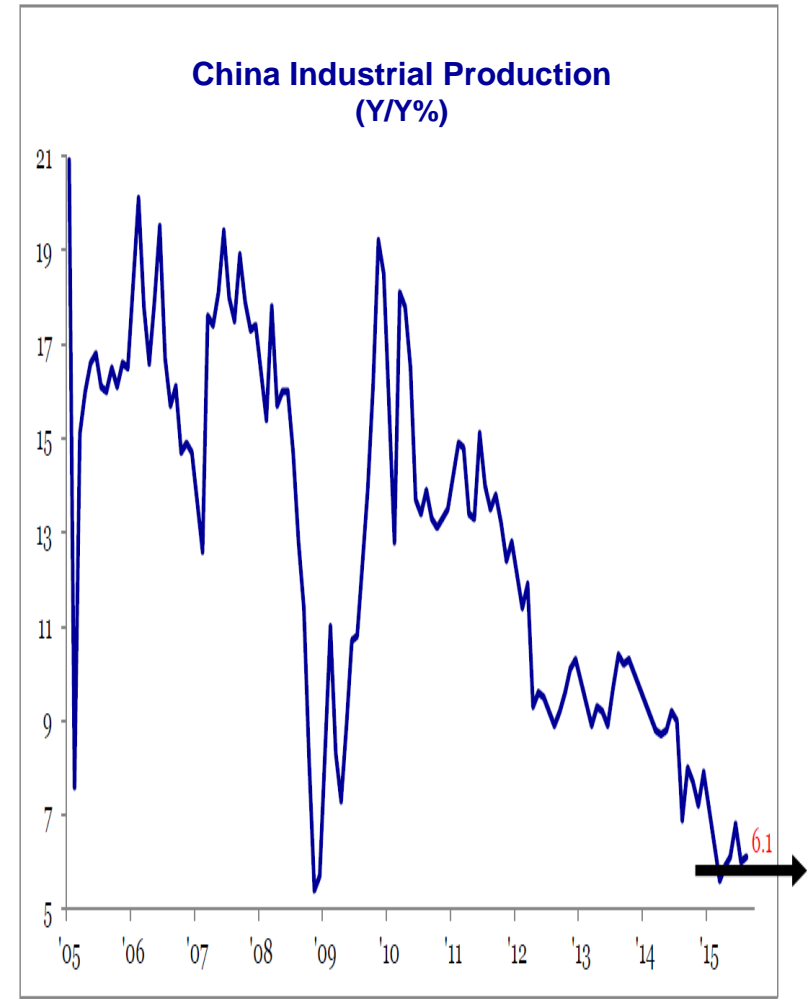
- Reflecting a weakening economy. Chinese retail sales appear to be stabilizing.



Source: Strategas Research Partners, LLC

China's slowing (But Stabilizing?) Economy

- Industrial production has been in decline for 5 years, but also seems to be stabilizing.

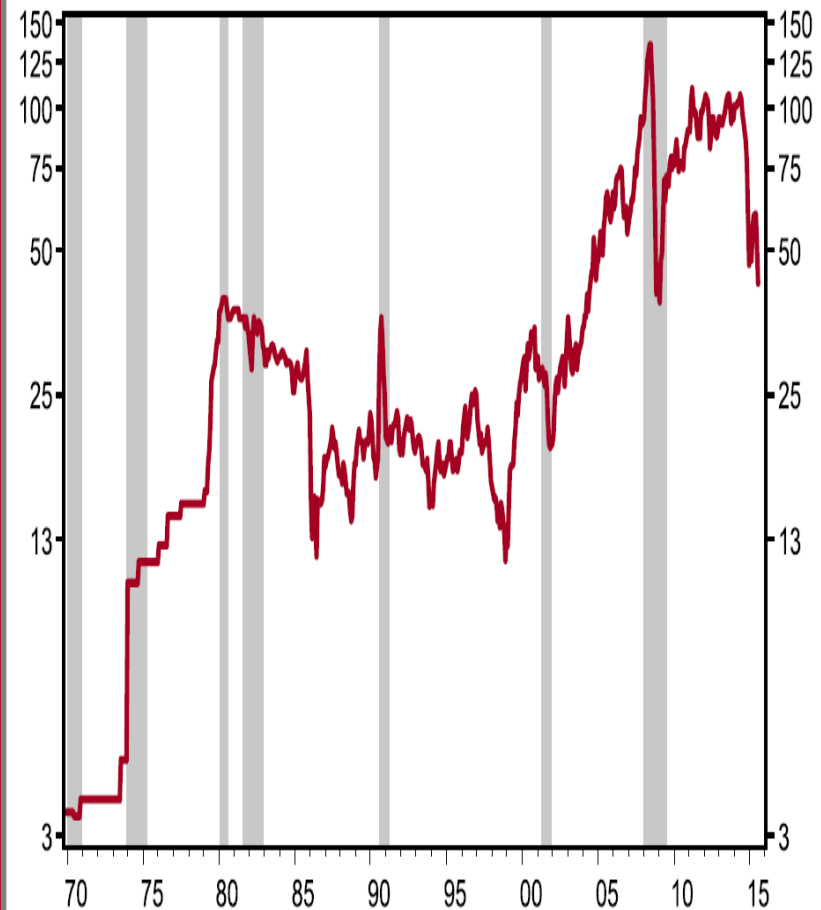


Source: Strategas Research Partners, LLC

Oil Prices And Recessions

- Typically, rising oil prices lead to recession...not falling prices.

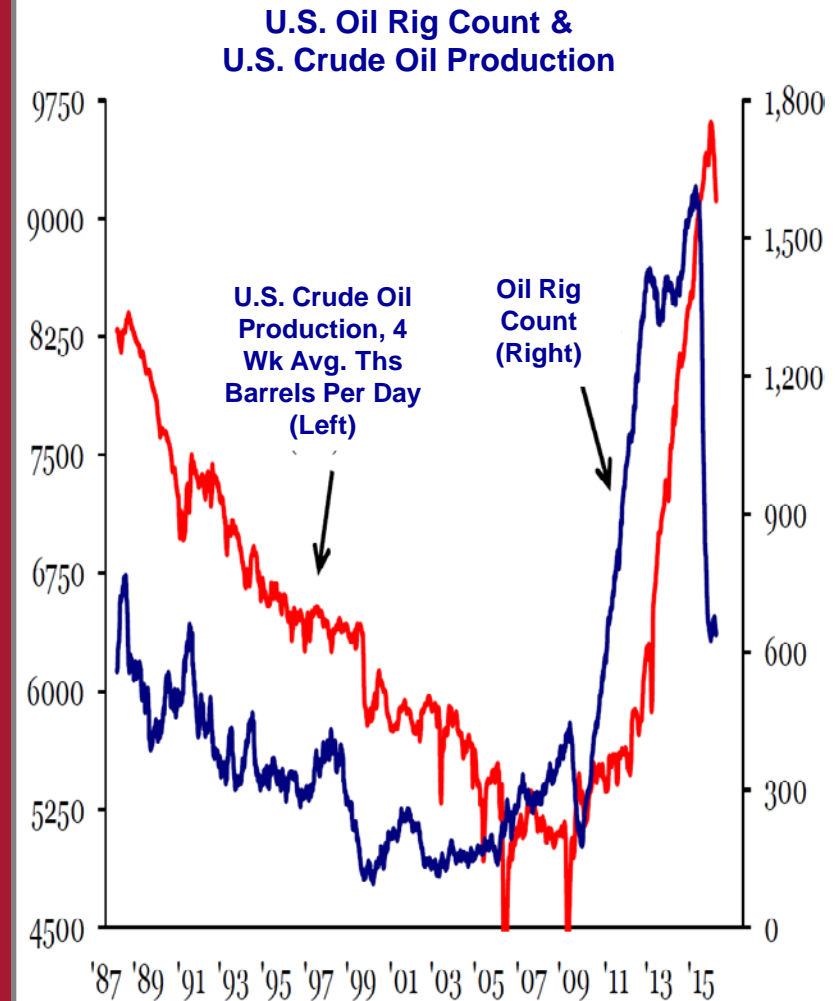
Spot Oil Price: West Texas Intermediate
[Prior'82=Posted Price]
\$/Barrel



Source: Energy Information Administration/Wall Street Journal

Rig Count And Production

- U.S. crude production has begun to roll over, but...

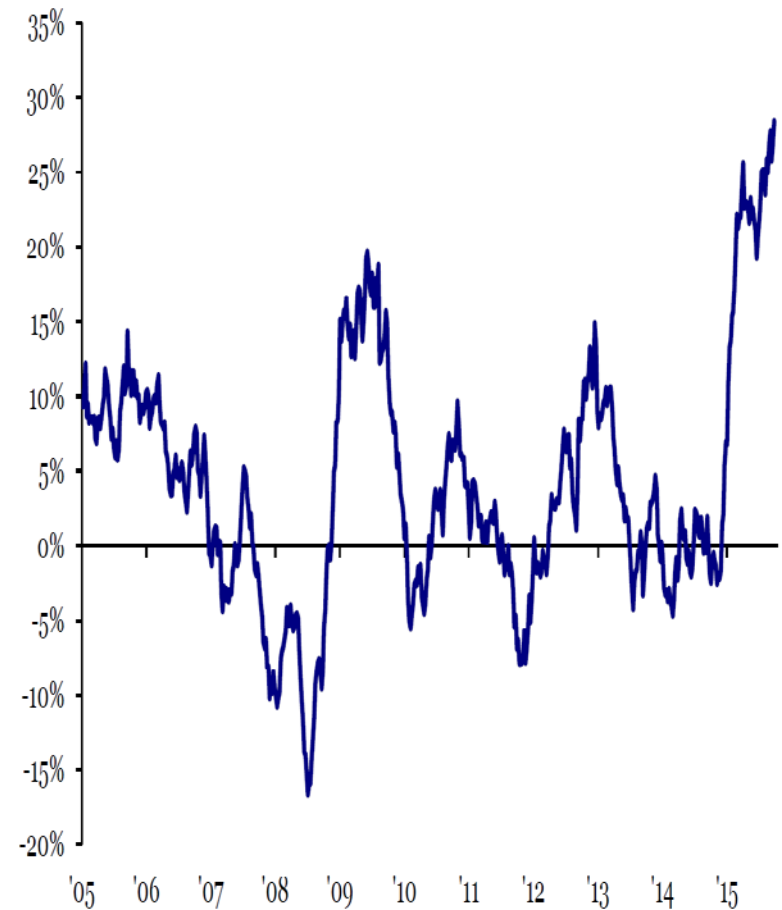


Source: Strategas Research Partners, LLC

Rig Count & Production

- Inventories remain at elevated levels.

**US Weekly Crude Inventories Y/Y Pct Change
(Excluding SPR, EIA)**



Source: Strategas Research Partners, LLC

Economic & Market Outlook

2015-2016 Themes

Economy

- U.S. ...l o n g – s l o w, sustainable recovery.
- GDP not surging...but indicates stable growth.
- Central bank easing and QE is global, and will be ongoing.
- U.S. and Euro economies doing okay, despite Chinese weakness.
- Federal Reserve now ready for a slight increase in rates in December 2015.

Market

- Cash will remain near zero, bond yields on a slow track higher.
- U.S. equities still okay, despite the turmoil...but still priced on high side of normal.
- Fed cycle is changing, increasing volatility.

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