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# Long-Term Economic Outlook: 2014-2024

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Prepared for presentation at OG&E Energy Corporation  
July 28, 2014

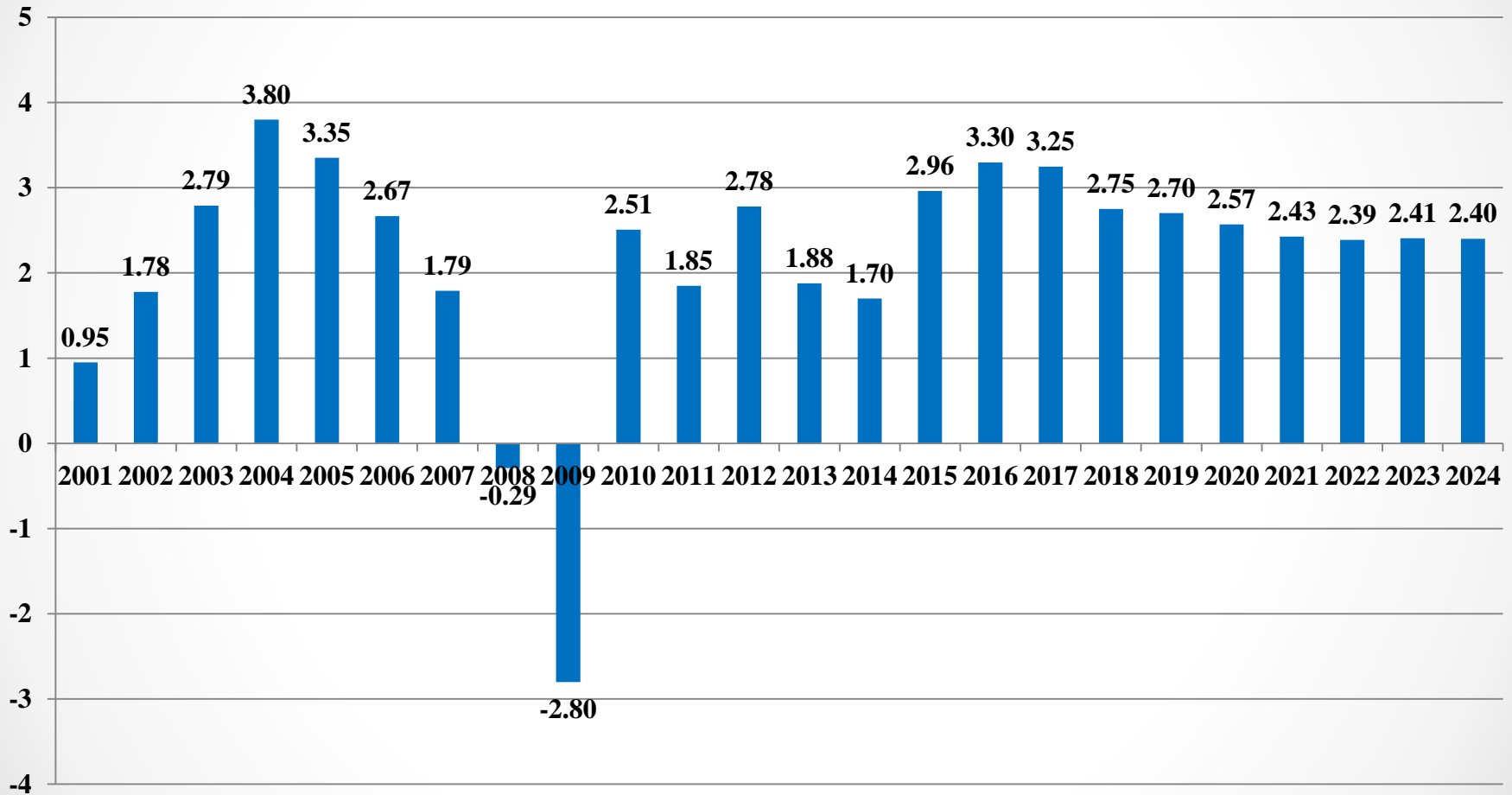


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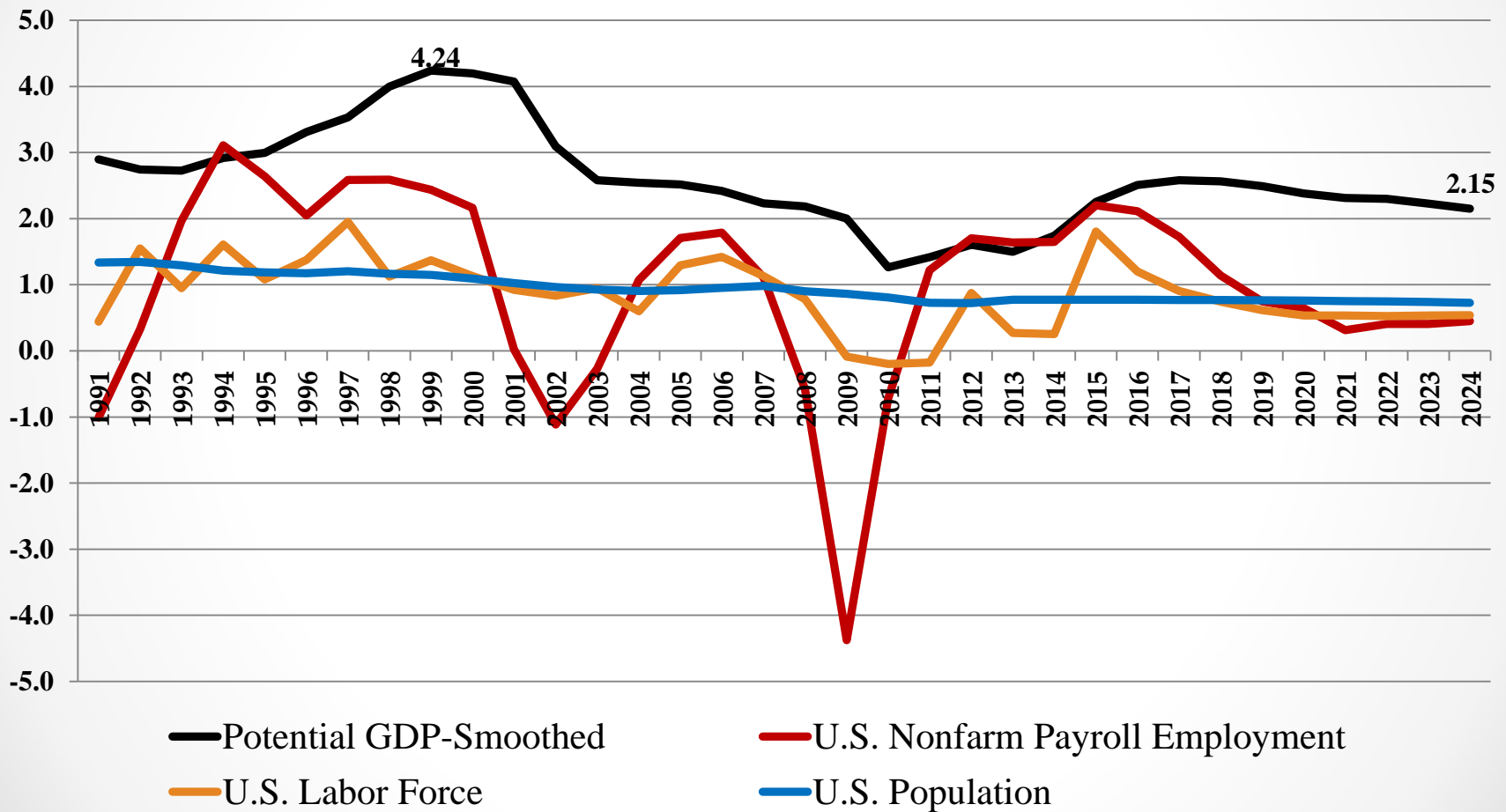
<http://economy.okstate.edu/>

# U.S. Real Gross Domestic Product Growth (%): (IHS Global Insight, Inc. Forecast)

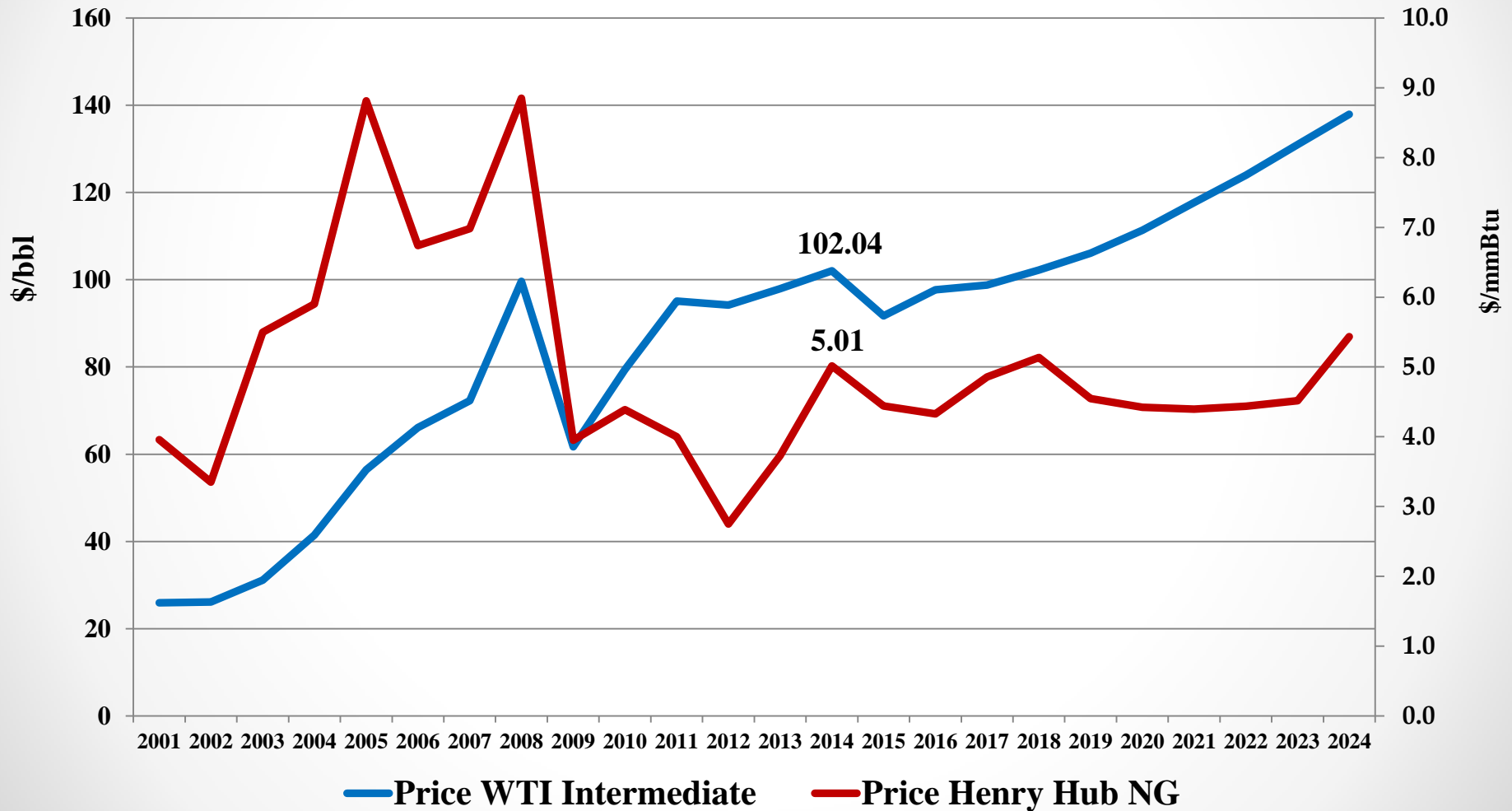


■ U.S. Real GDP

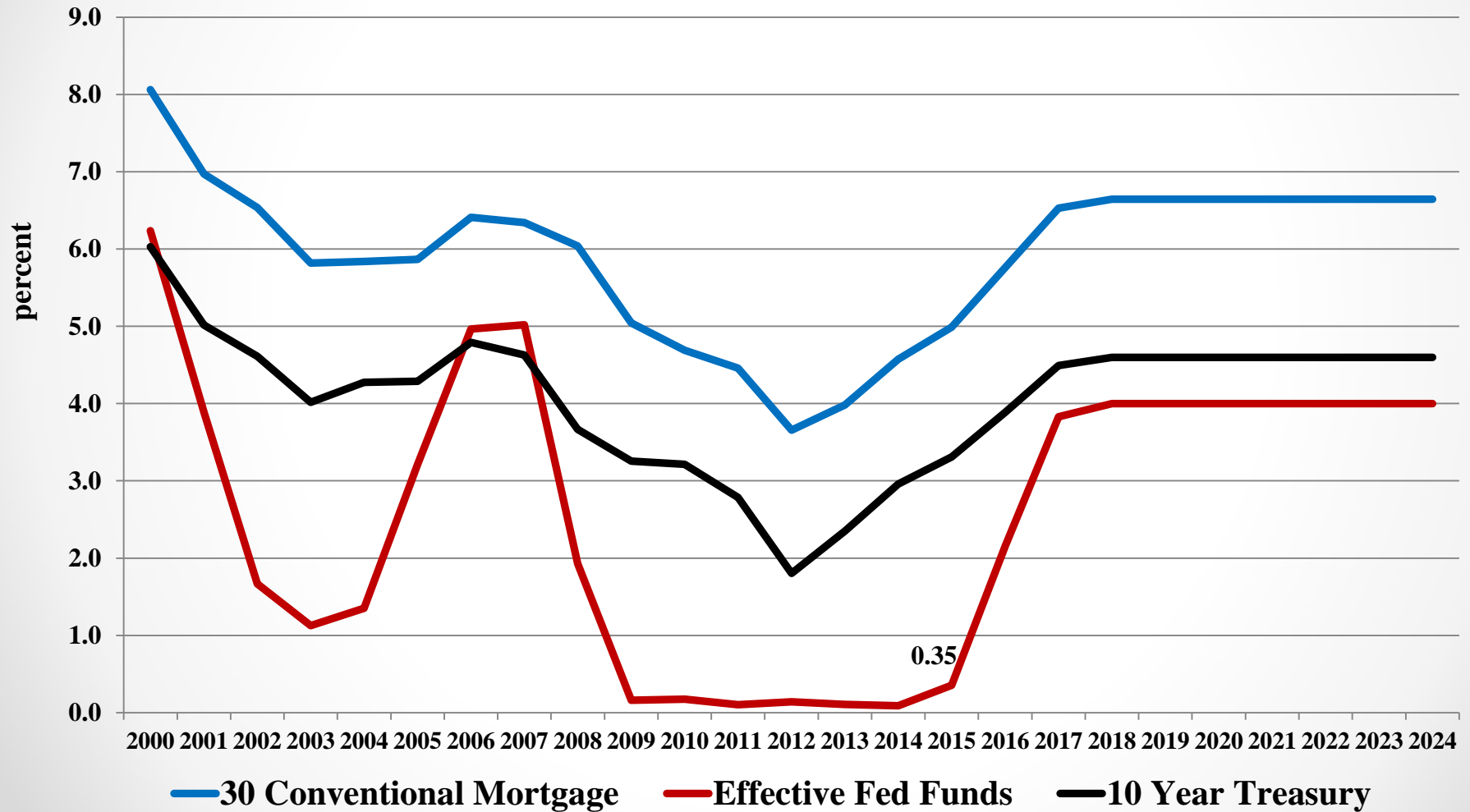
# U.S. Potential GDP Growth: Population and Labor Force Growth Constraints



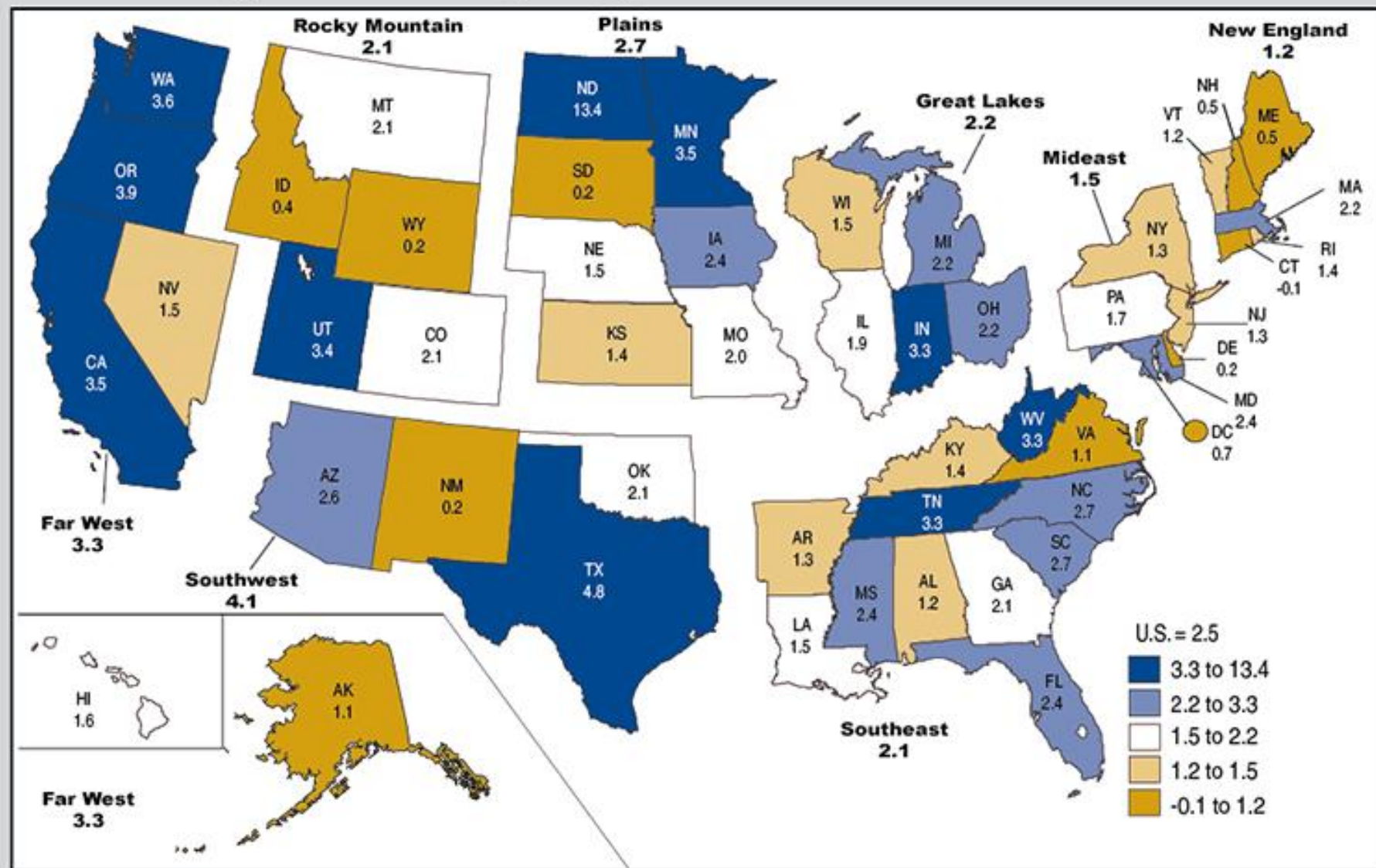
# Energy Prices (IHS Global Insight, Inc.): West Texas Intermediate Oil (WTI) and Henry Hub Natural Gas (PNGHH)



# Interest Rates (IHS Global Insight, Inc.)



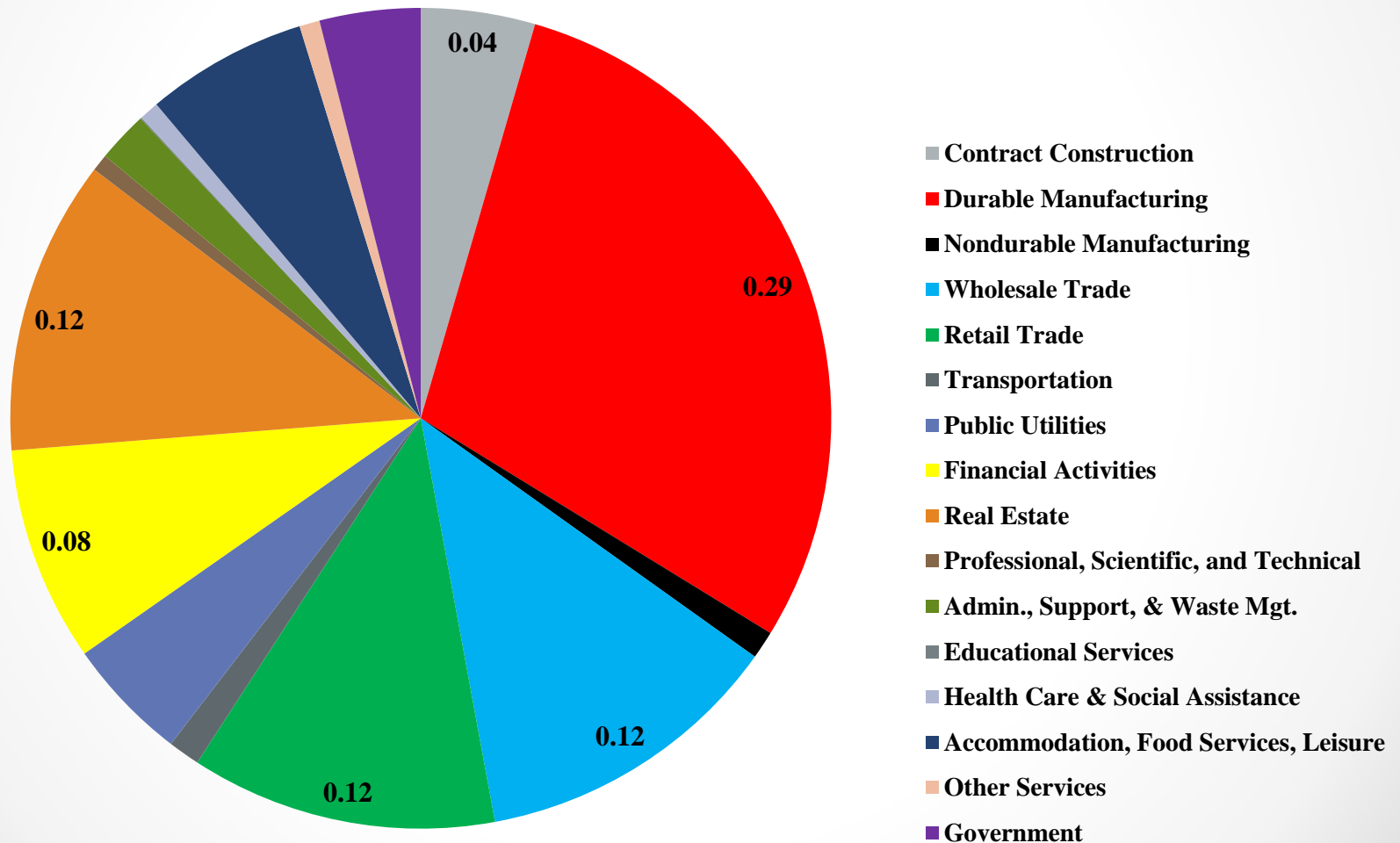
# Percent Change in Real GDP by State, 2012



# State GDP Growth Patterns (U.S. Bureau of Economic Analysis)

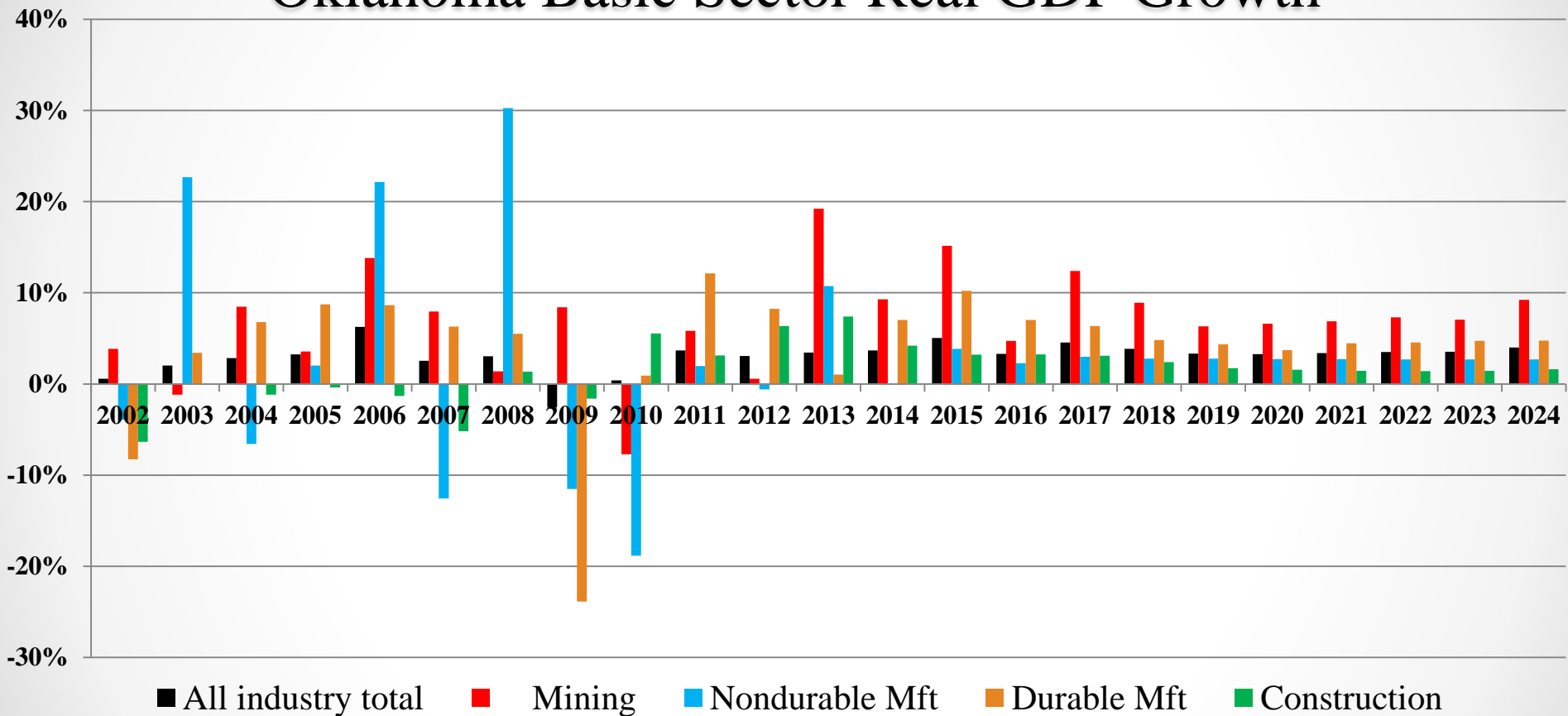
- Largest Contributor (BEA):
  - Durable-goods manufacturing:
    - “increased 9.1 percent in 2012, after increasing 6.8 percent in 2011
    - **leading contributor** to real GDP growth in **seven of the eight BEA regions** and in **22 states**. Durable-goods manufacturing contributed 2.87 percentage points to growth in Oregon and 1.70 percentage points to growth in Indiana”
- Leading Contributors (BEA):
  - Finance and insurance
    - “increased 3.6 percent in 2012, rebounding from -0.6 percent in 2011
    - contributed to **growth in seven of eight BEA regions** and was the leading contributor to growth in the **Mideast region**.
    - contributed 0.75 percentage point or more to the growth of real GDP in **Utah, South Dakota, and Delaware**”
  - Mining
    - “was not a major contributor to real GDP growth for the nation, it was a large contributor in **North Dakota, West Virginia, and Texas**. In North Dakota, the fastest growing state in 2012, mining contributed 3.26 percentage points to real GDP growth of 13.4 percent” (large multiplier effects in ND)
  - Construction
    - “turned up in 2012, after eight consecutive years of contraction; increasing by 3.2 percent nationally
    - contributed to **real GDP growth in 43 states** and the District of Columbia”
  - Agriculture, forestry, fishing, and hunting
    - “**subtracted from real GDP growth** in 2012 in six of eight BEA regions and in **35 states**.
    - South Dakota- subtracted 2.03 percentage points from real GDP growth”

# 2012 Oklahoma Sector Shares of Real GDP Growth

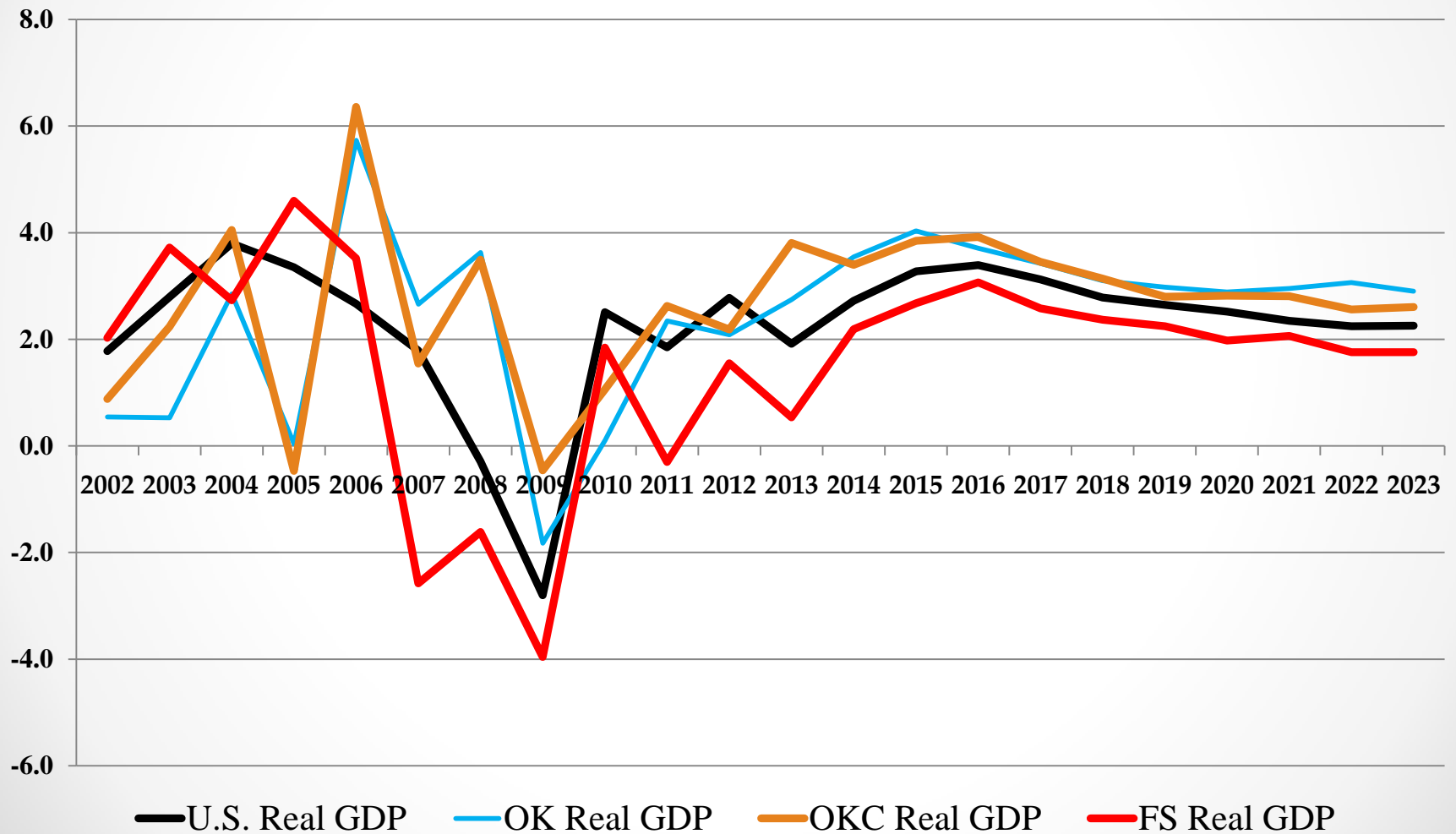




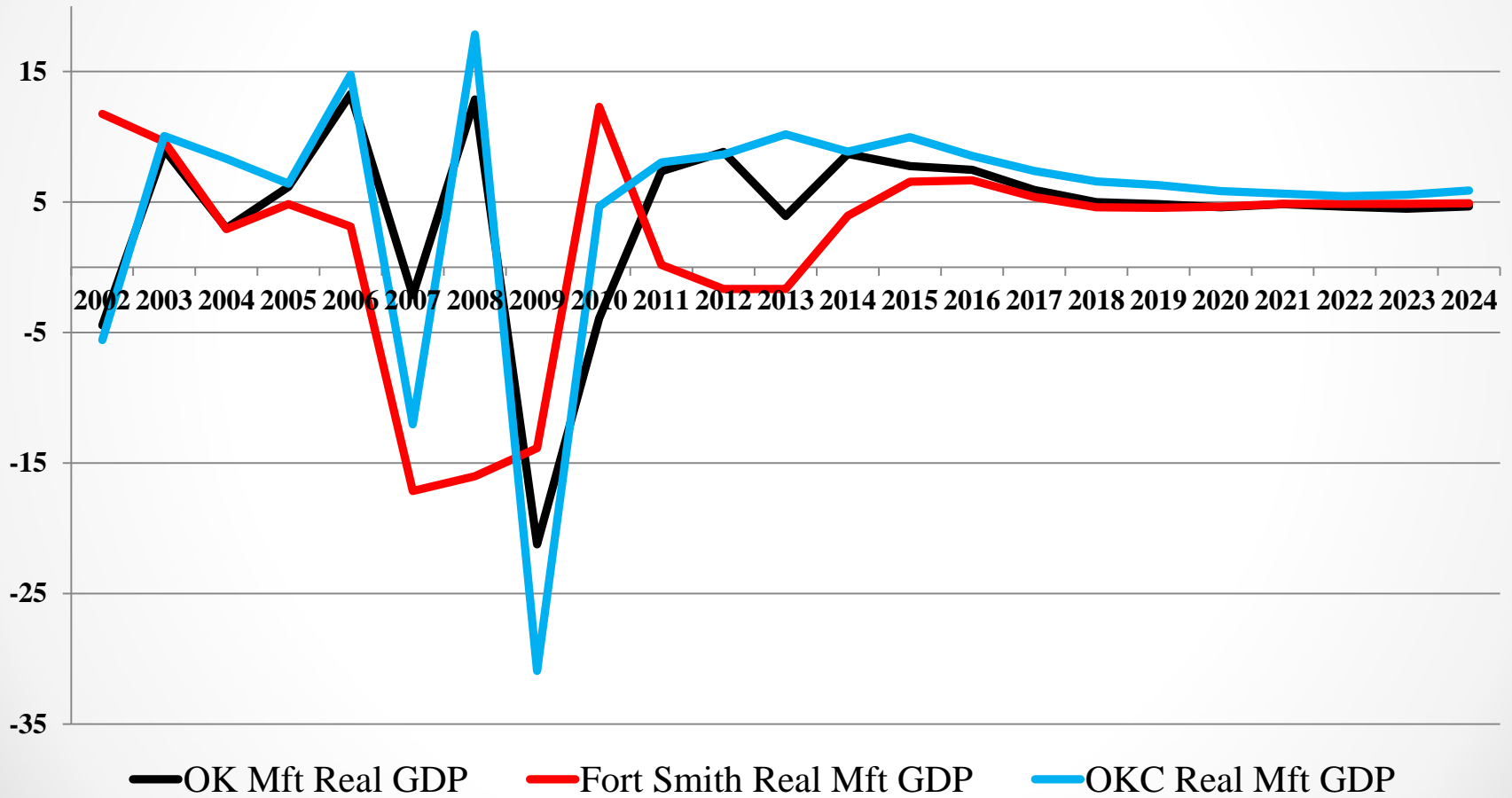
# Oklahoma Basic Sector Real GDP Growth



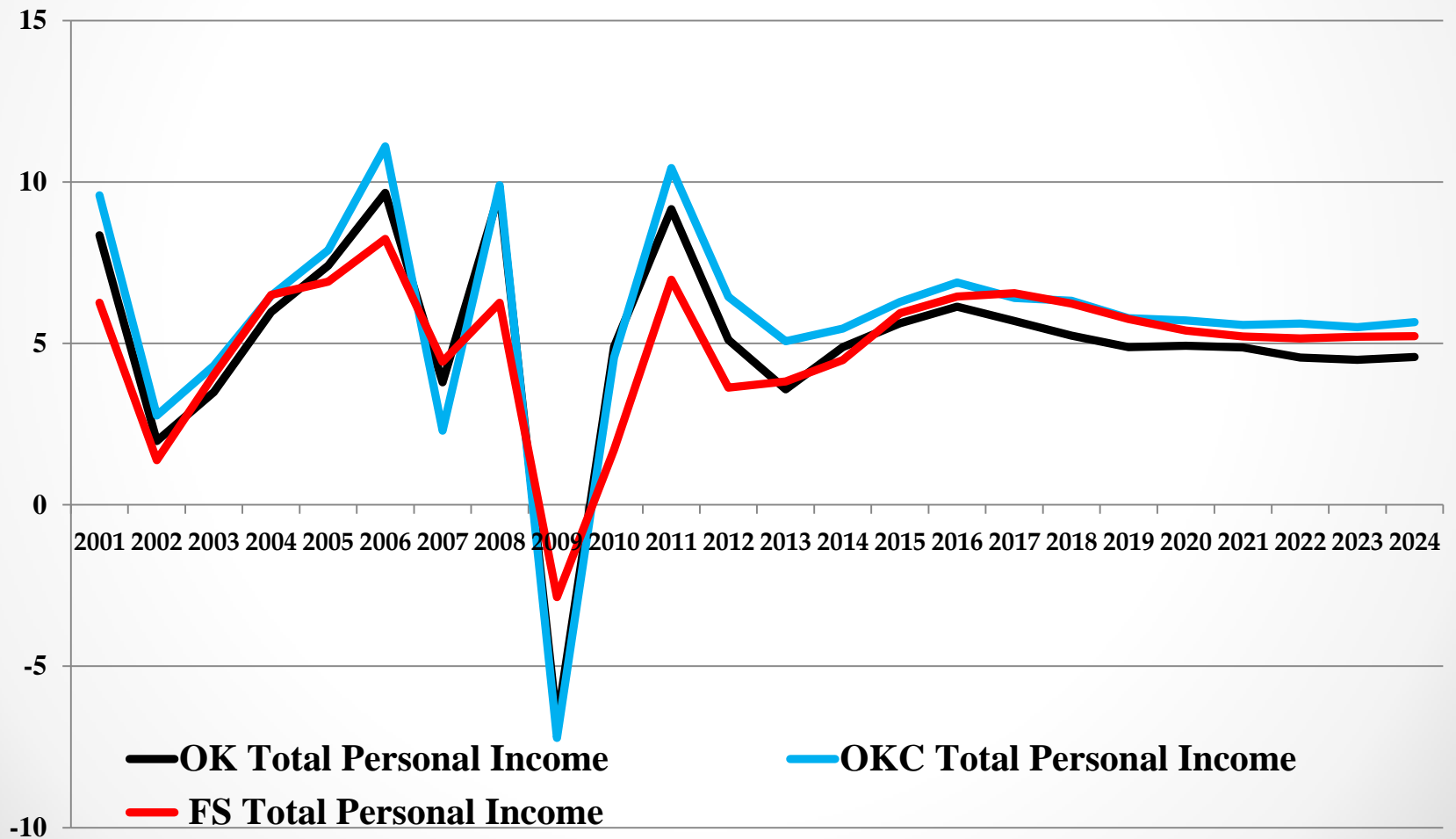
## Real GDP Growth Comparison (%)



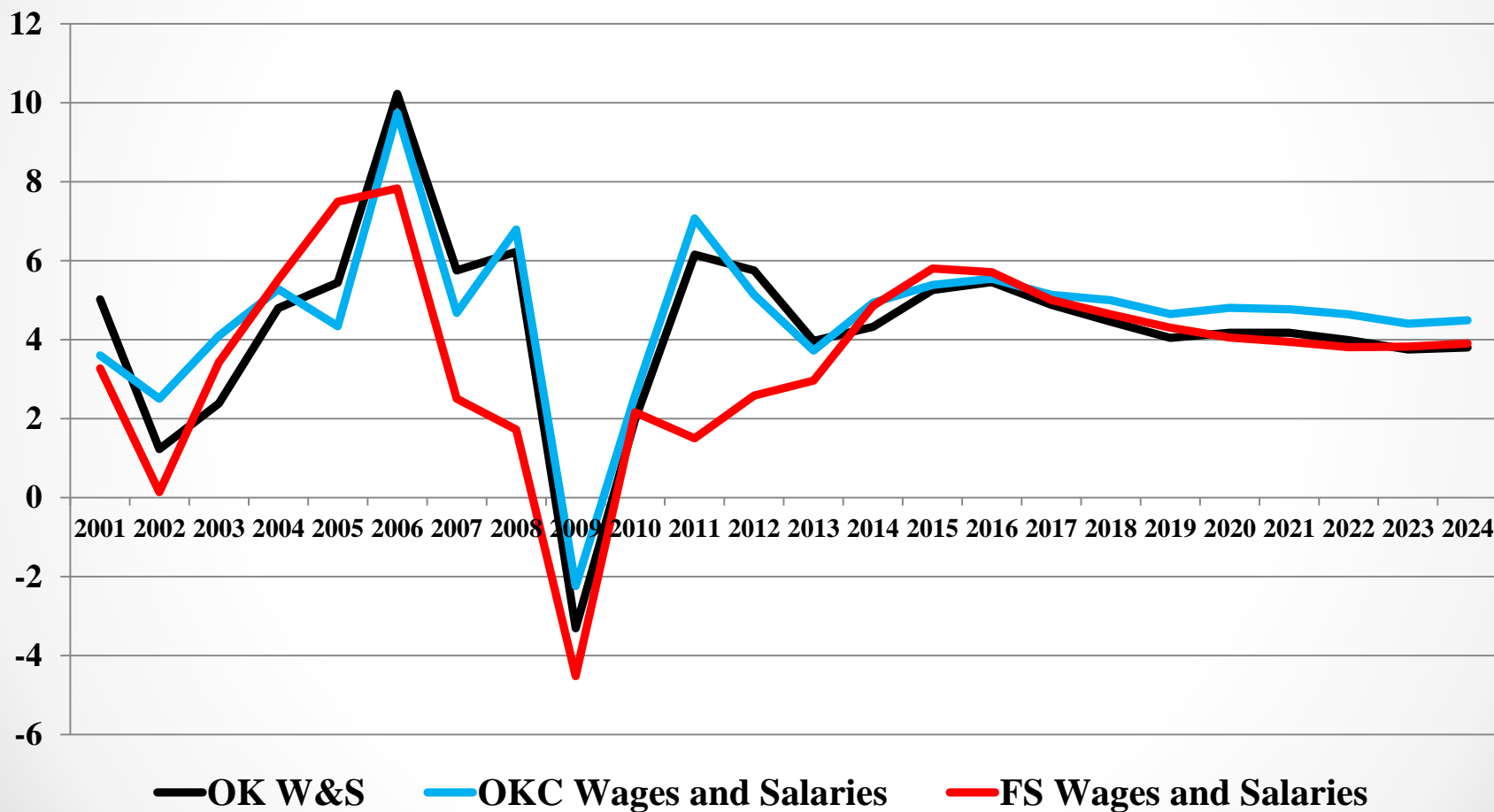
## Real Manufacturing GDP Growth (%)



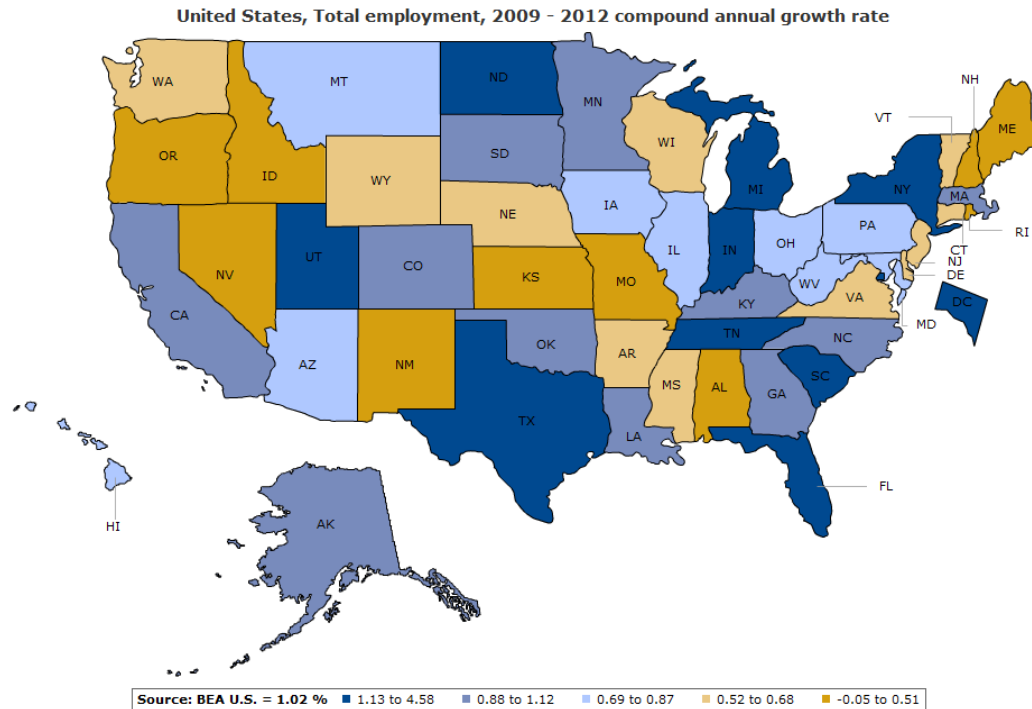
# Total Personal Income Growth (%)



## Wage and Salary Growth (%)

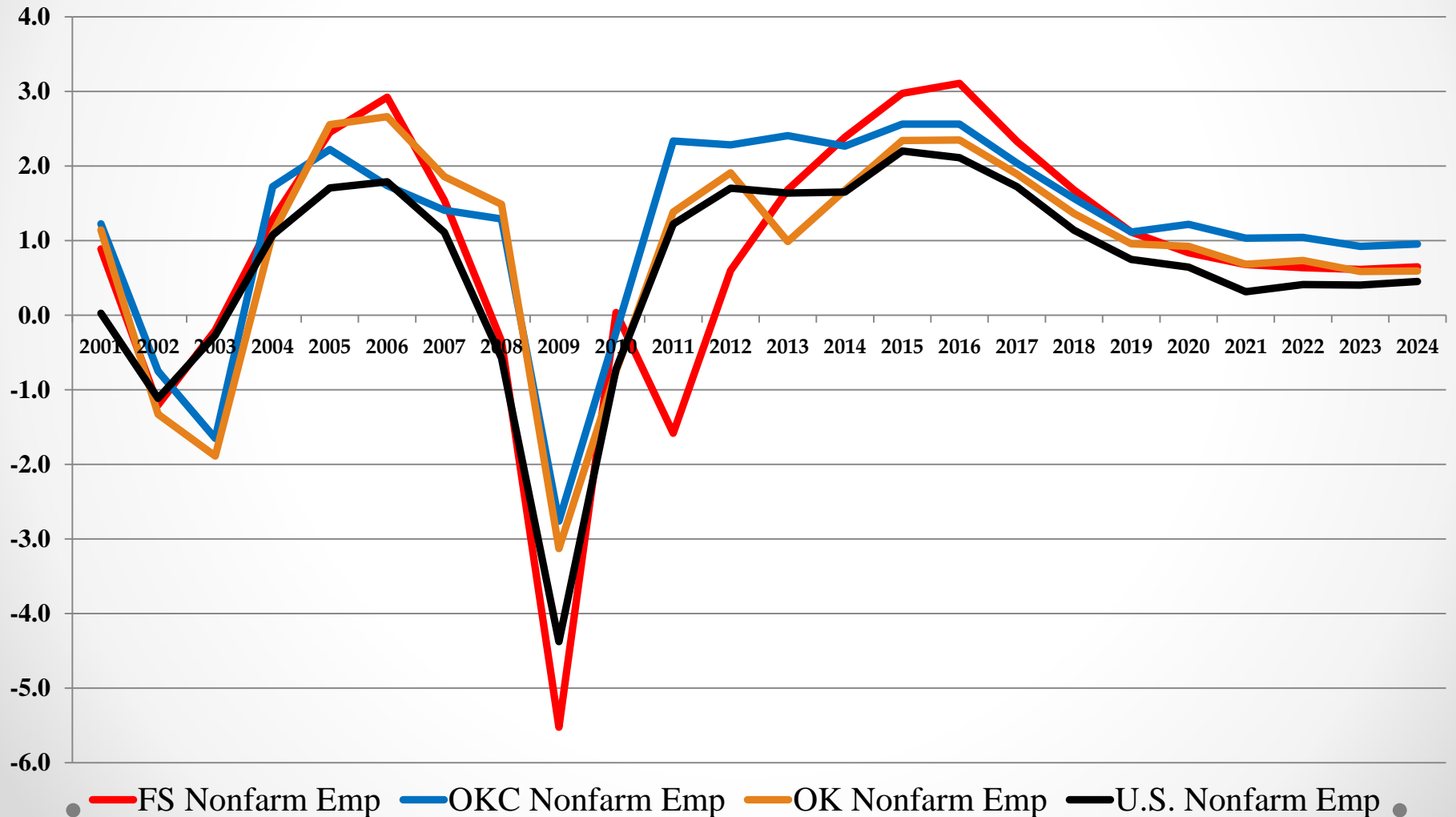


# State Total Employment Growth 2009-2012 (annual compounded rate)

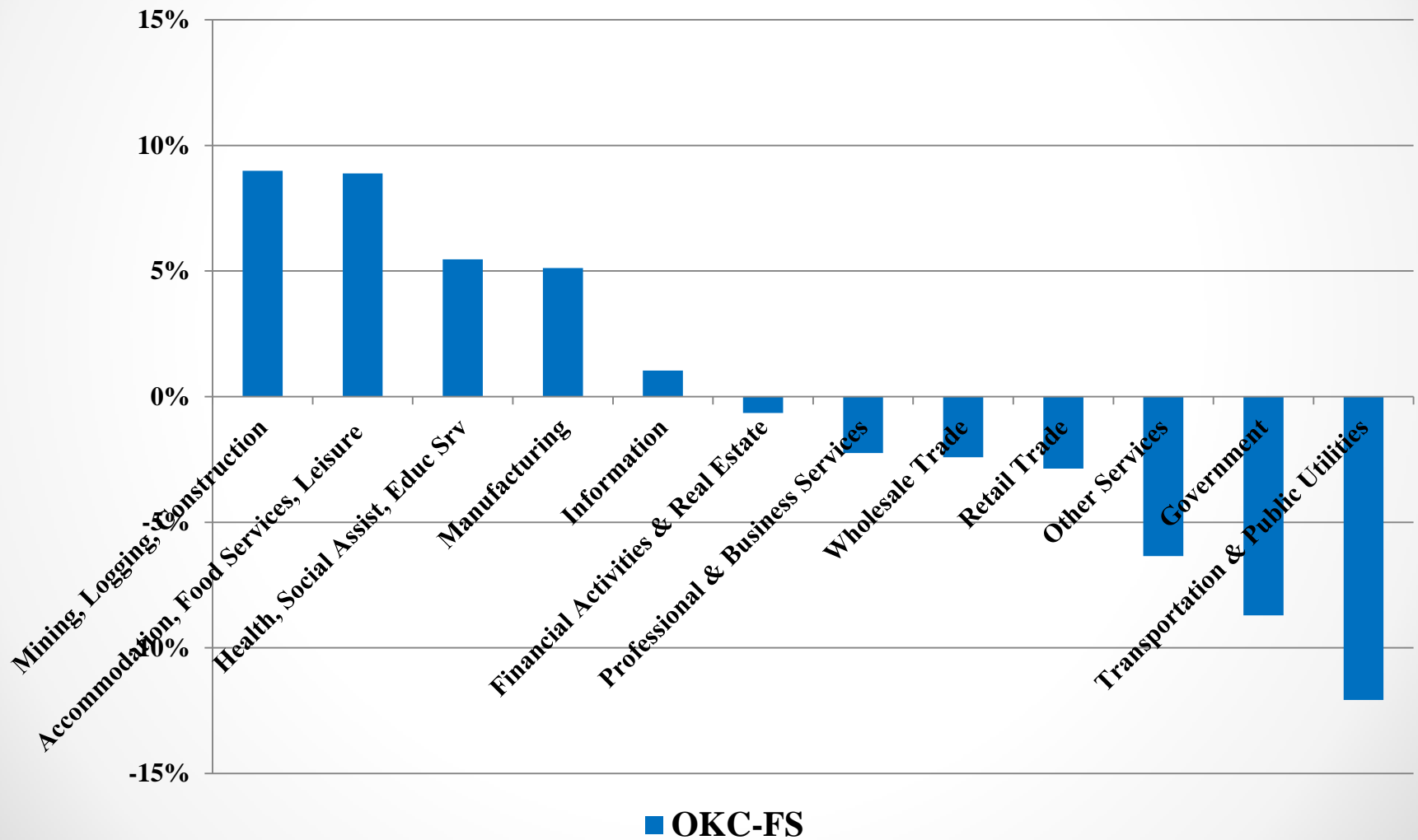


AR: 0.58%; OK: 1.04%

## Nonfarm Payroll Employment Growth (%)

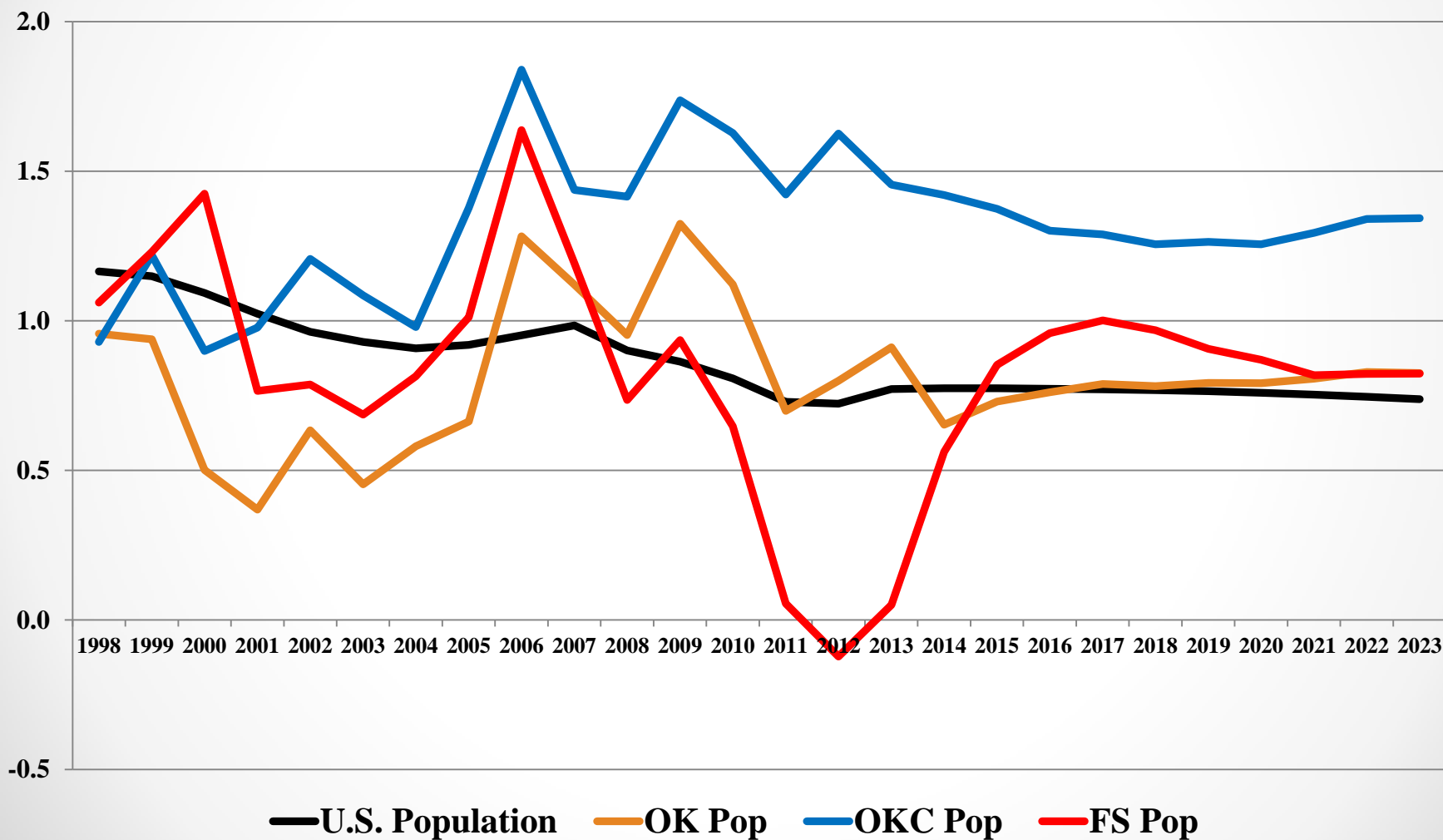


## Share of Employment Growth 2014-2024: OKC-FS

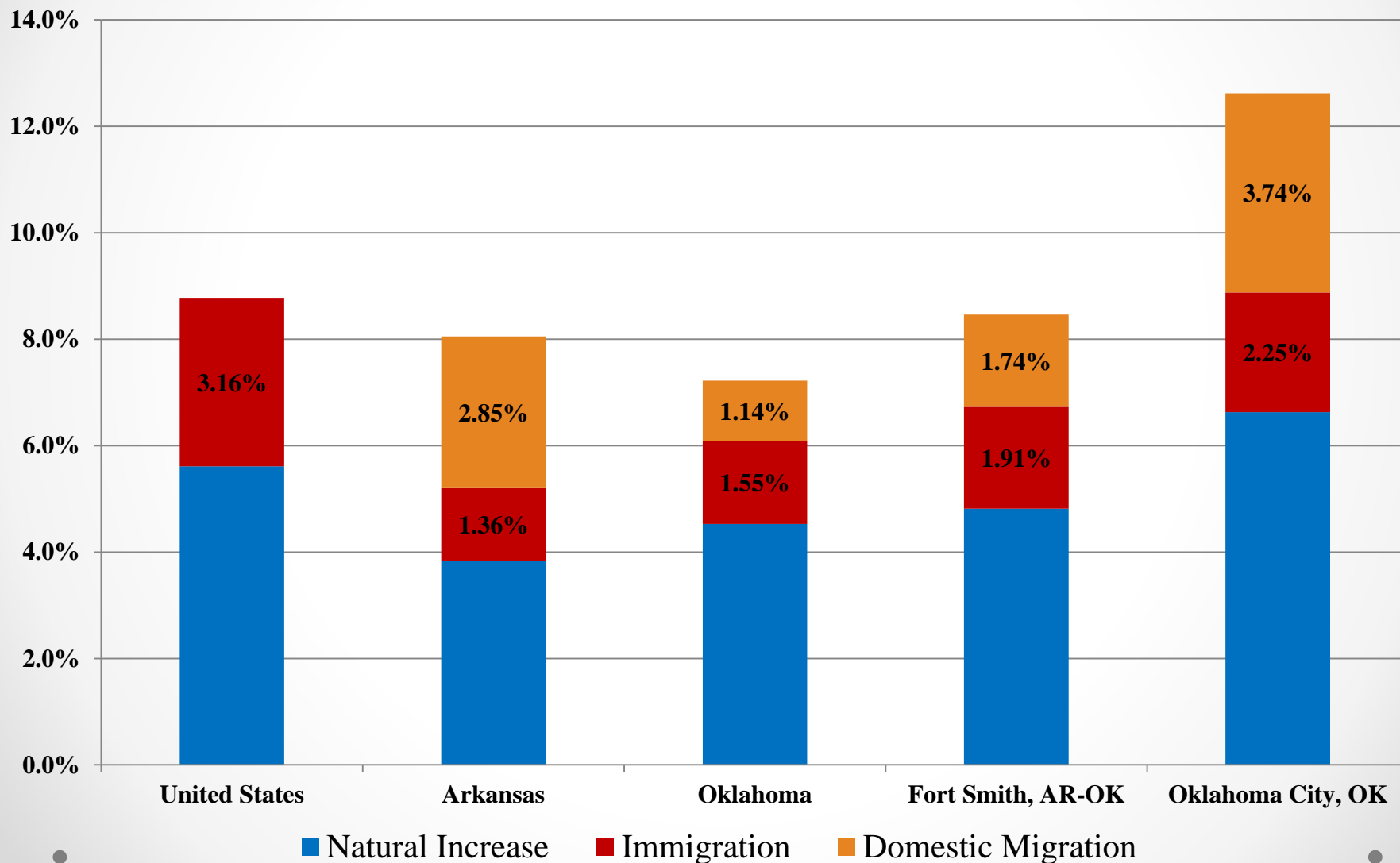




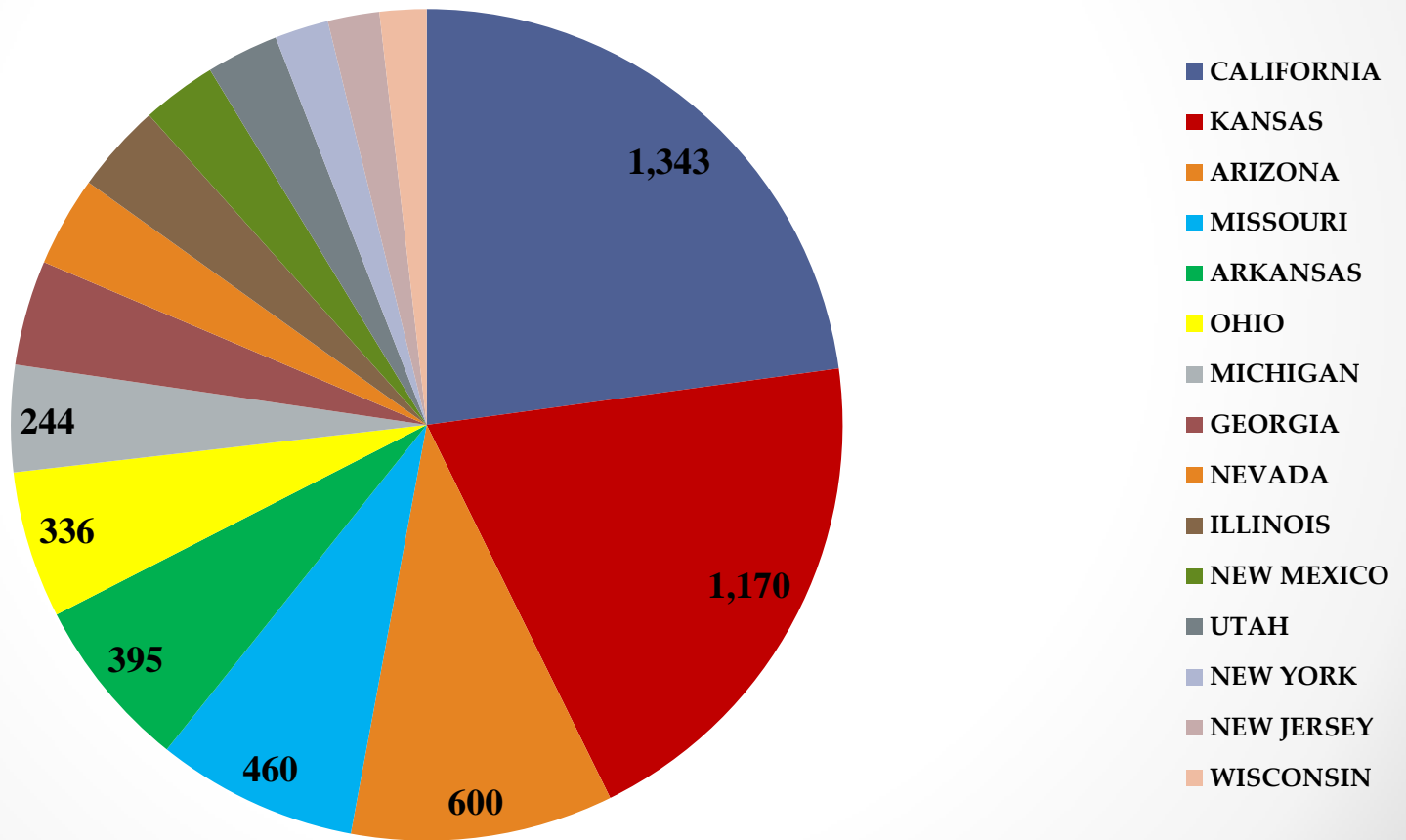
## Population Growth (%)



# Components of Population Growth: 2000-2009 (does not reflect 2010 Census)

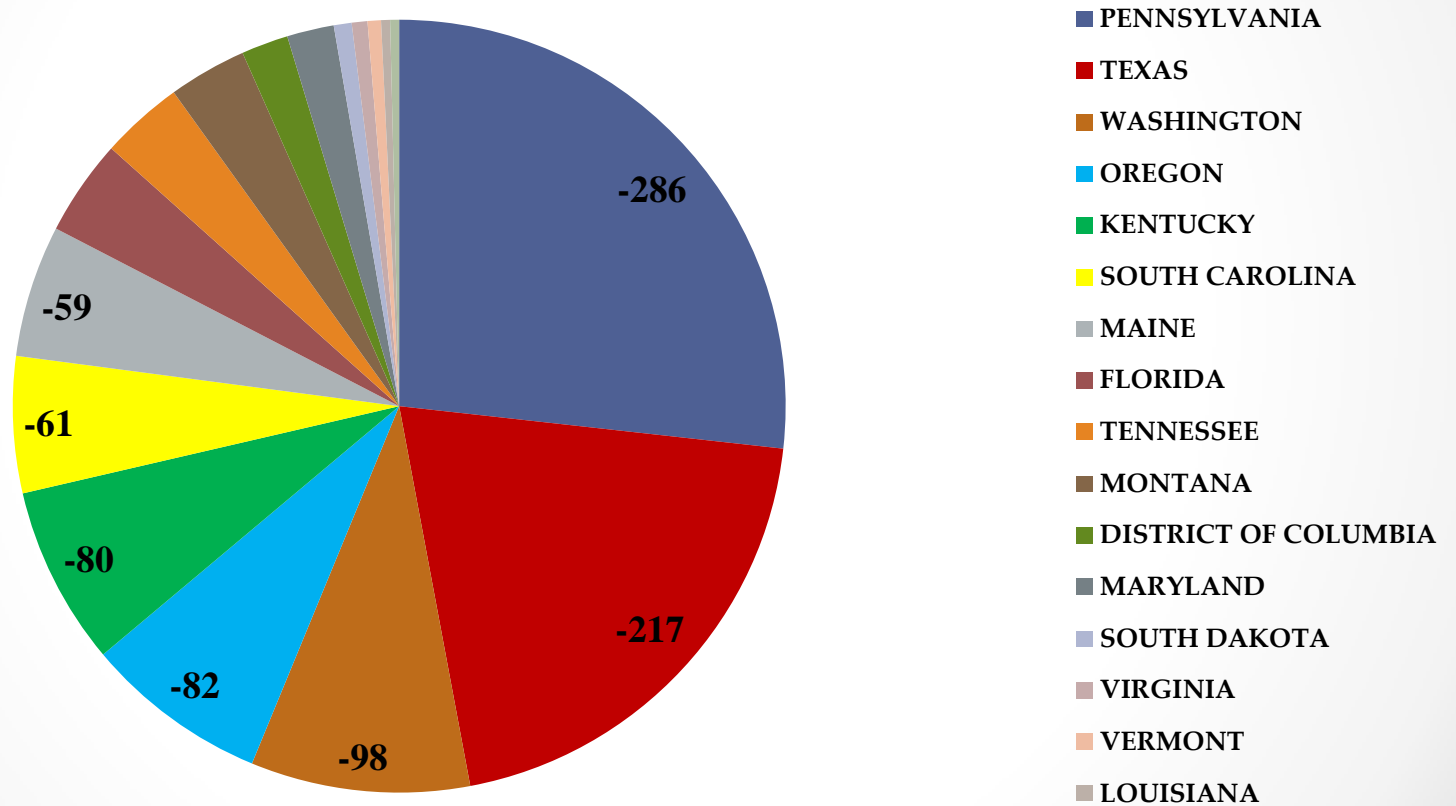


# Sources of Oklahoma Positive Net Migration: 2010-2011



Total: 6,635

# Sources of Oklahoma Negative Net Migration: 2010-2011



Total: -1,069

# Broad Population Trends

## Stronger population growth in metropolitan areas (2000s)

- Higher rates of immigration and greater increases in natural population growth in metropolitan areas
- Internal migration from nonmetropolitan (rural) to metropolitan areas (all else equal)
  - Exceptions include: energy-producing areas; high natural amenity areas (slowed with the Great Recession)
  - Location responsiveness of households to regional differentials in economic rewards has diminished post-2000, collapsed further during the Great Recession
    - Possible reasons: differentials in rewards across regions smaller; greater occupational mobility within industries; Millennials unwilling to move for jobs

## Broad Population Trends

- Aging of the population and labor force, slowing employment and potential GDP growth nationwide
- Attracting human capital (Brookings Institution)
  - 1970-Top 20 metropolitan areas received 24.6 percent of college graduates
  - 2010-Top 20 metropolitan areas received 43.4 percent of college graduates
  - Technology Hubs:
    - Boulder, CO-57% (1980-2010 change 20.6%);
    - Durham, Chapel Hill 42.9% (1980-2010 change 17.8%)
- OKC: 26.2% (1980-2010 change 9.1%) (64<sup>th</sup> out of largest 100 metros)
  - Columbus, OH: 32.5% (1980-2010 change 14.5%)
  - Richmond, VA: 30.7% (1980-2010 change 13.3%)
  - Milwaukee, WI: 30.9% (1980-2010 change 13.8%)
  - Memphis, AR: 24.7% (1980-2010 change 10.6%)

Thank you for your attention