



Spears School
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2011 ECONOMIC OUTLOOK: NATIONAL CONDITIONS AND LOCAL FORECASTS

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Oklahoma Conditions: 2009-2010

- Oklahoma loses 80,000 jobs in recession; one-time monies allow Oklahoma City to weather recession ahead of Tulsa, but rainy day fund is tapped and additional federal dollars unlikely
- Unemployment rates remain elevated by Oklahoma standards, but well below national rates; modest job gains in 2010 with OKC recovering ahead of Tulsa
- Oil/Gas activity plummets in 2009, recovers modestly in 2010; employment in the industry follows similar patterns; manufacturing returns to its trend contraction; residential and commercial construction stall (with a few notable exceptions)
- Commodity prices, transfers sustain rural regions; rural areas return focus to economic development strategies





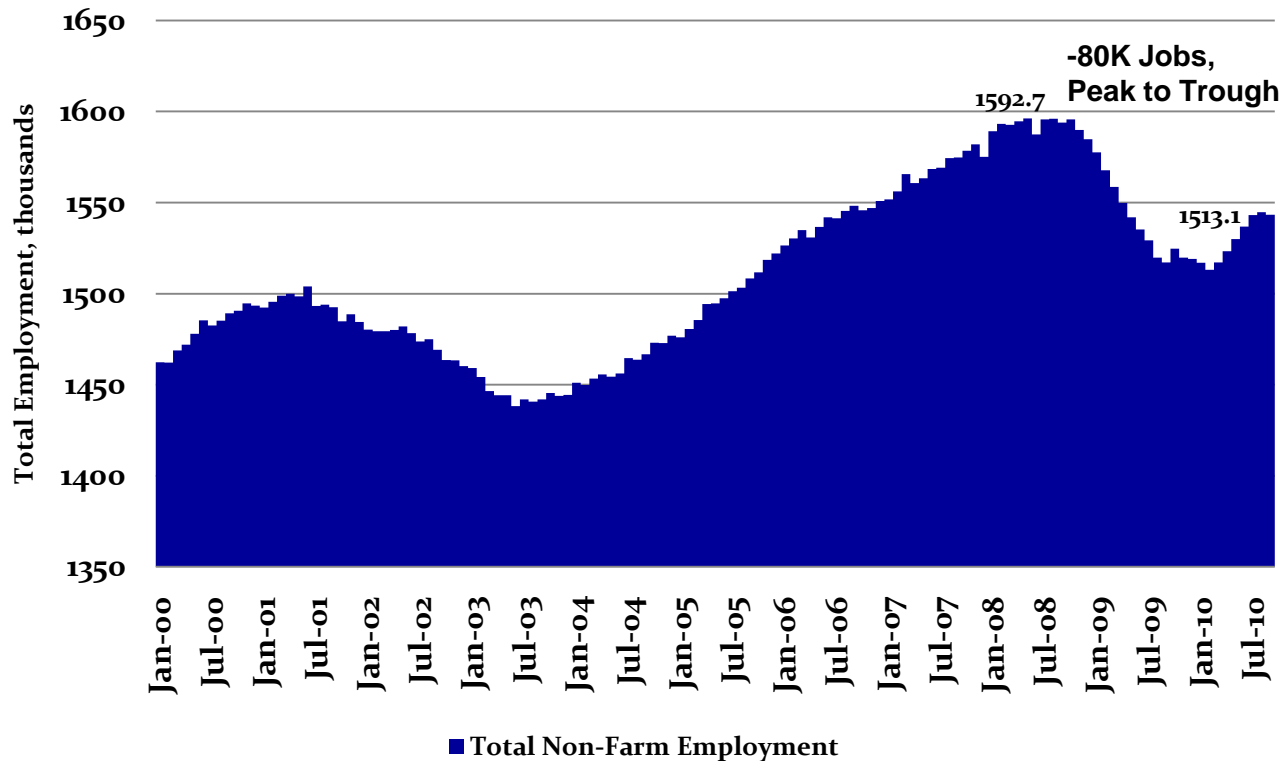
Oklahoma Conditions: 2011-2012

- Recovery gains momentum in 2011 and carries into 2012; 2011 will feel like recovery
- Tulsa closes the recovery gap on Oklahoma City, as OKC deals with tight government budgets
- Oil/Gas activity pick up modestly in 2011 and 2012; hiring continues as investment dollars look for projects
- Labor force increases keep unemployment rates elevated before falling in the latter half of 2011 and into 2012



Oklahoma Employment

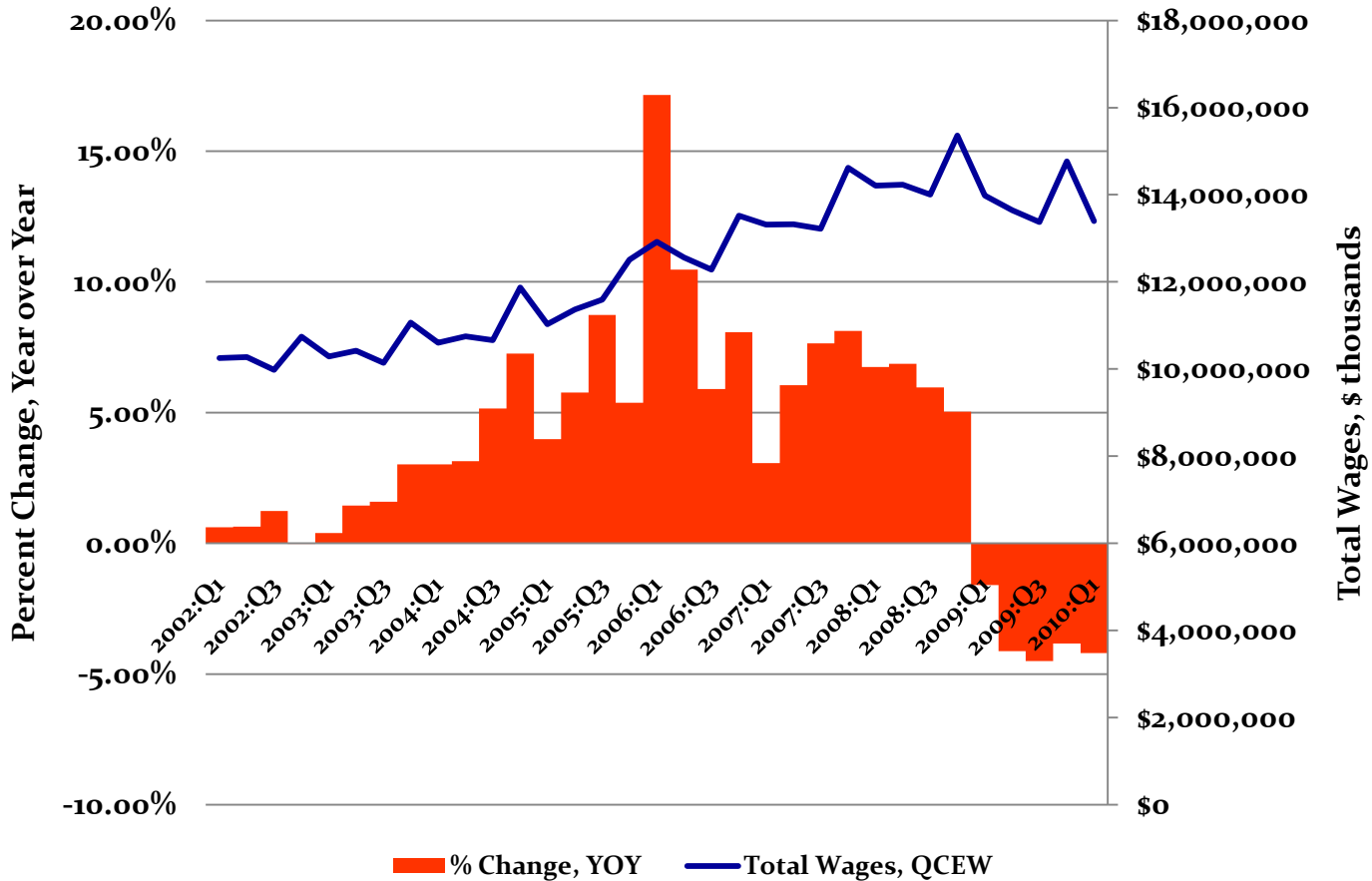
OK Total Non-Farm Employment, CES





Oklahoma Wages

OK Total Wages, QCEW





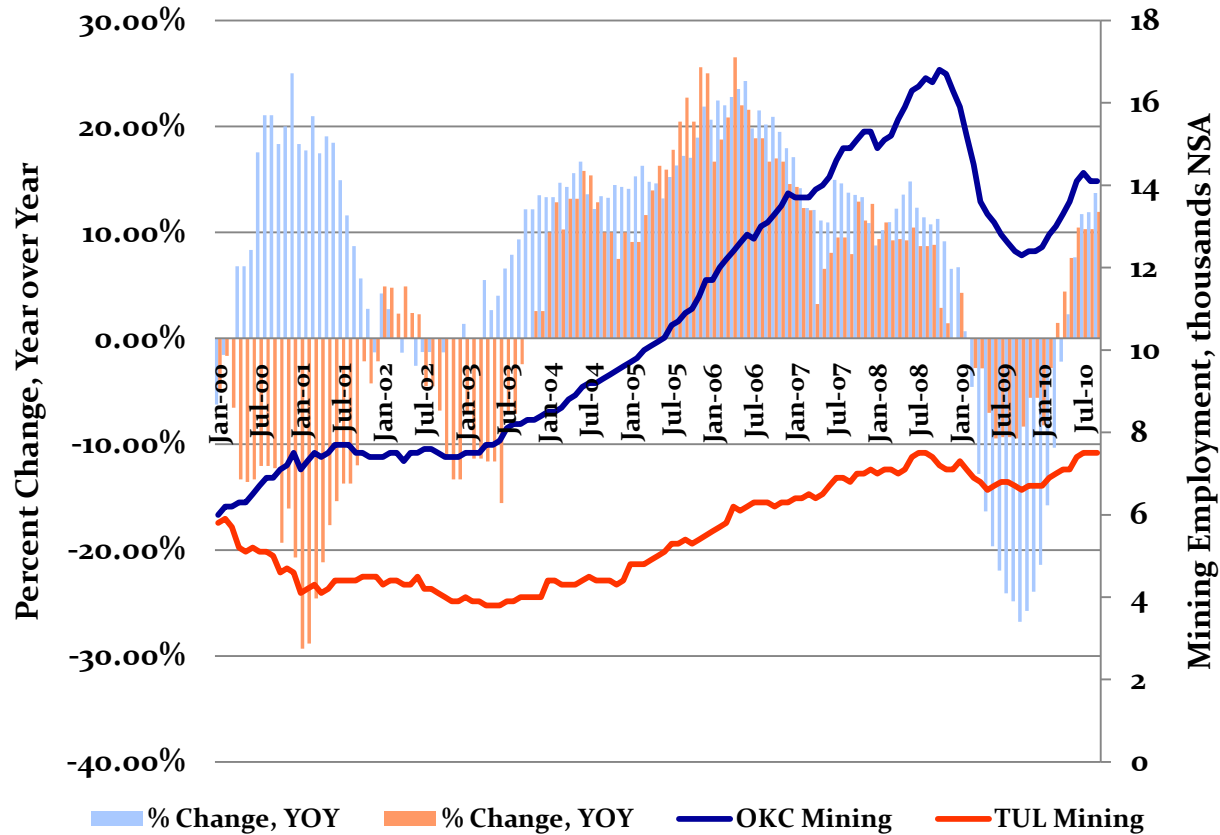
Oklahoma: Hardest Hit Industries

- Mining – collapse of oil/natural gas prices combined with regulatory uncertainty stall activity; modest optimism as hiring and exploration resume
- Construction – modest home construction ‘bubbles’ in OKC and Tulsa prior to recession; residential and commercial inventory still considerable
- Manufacturing – activity stalls, jobs lost as firms upgrade equipment and rely on increased productivity; both OKC and Tulsa revert to declining employment trends



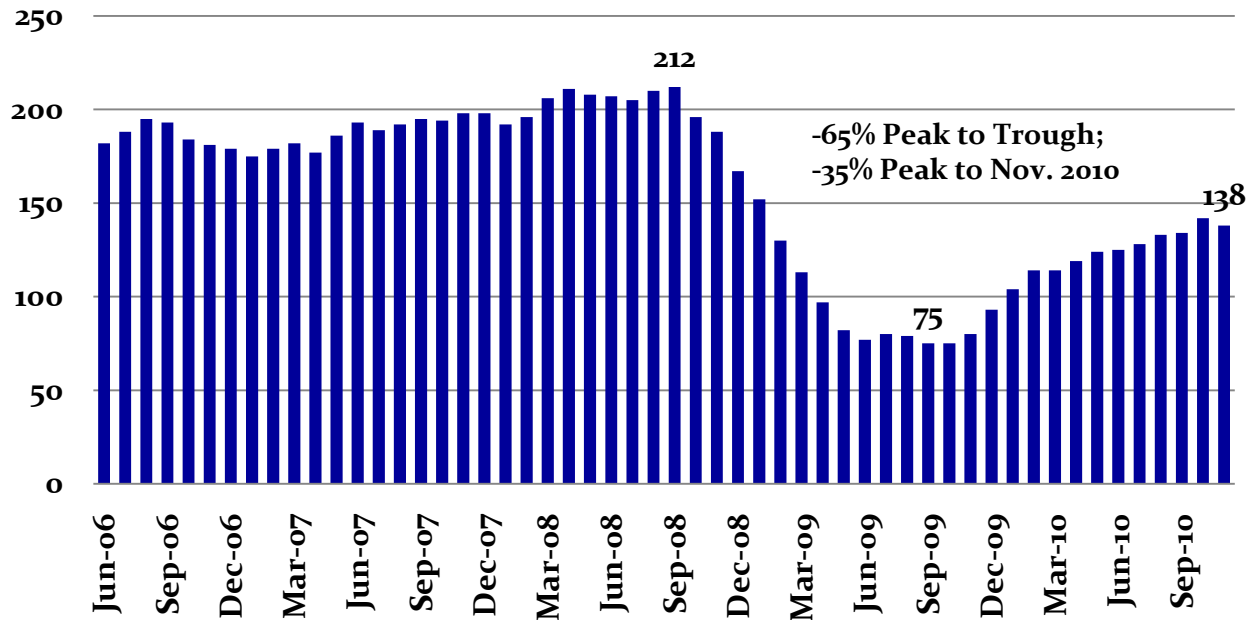
Oklahoma Mining Employment

OKC and Tulsa Mining Employment



Oklahoma Rig Counts

OK Monthly Rig Count

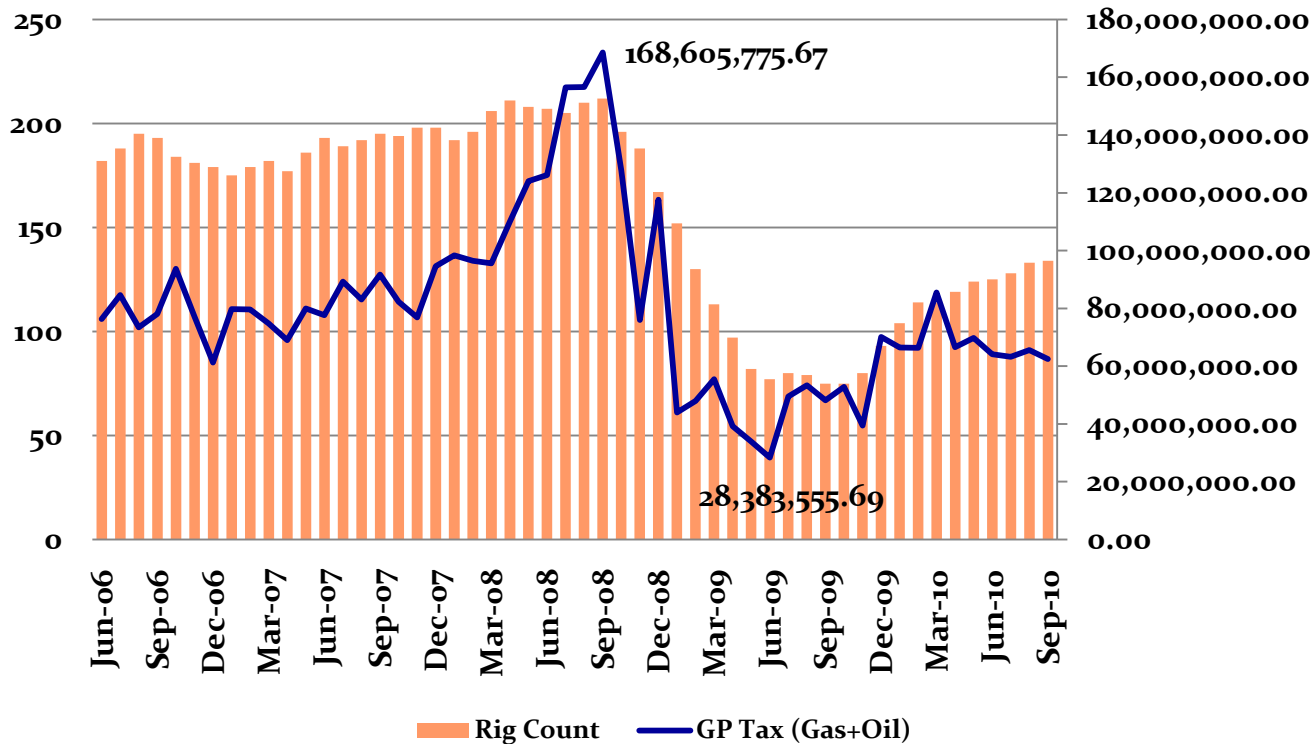


Source: Baker Hughes

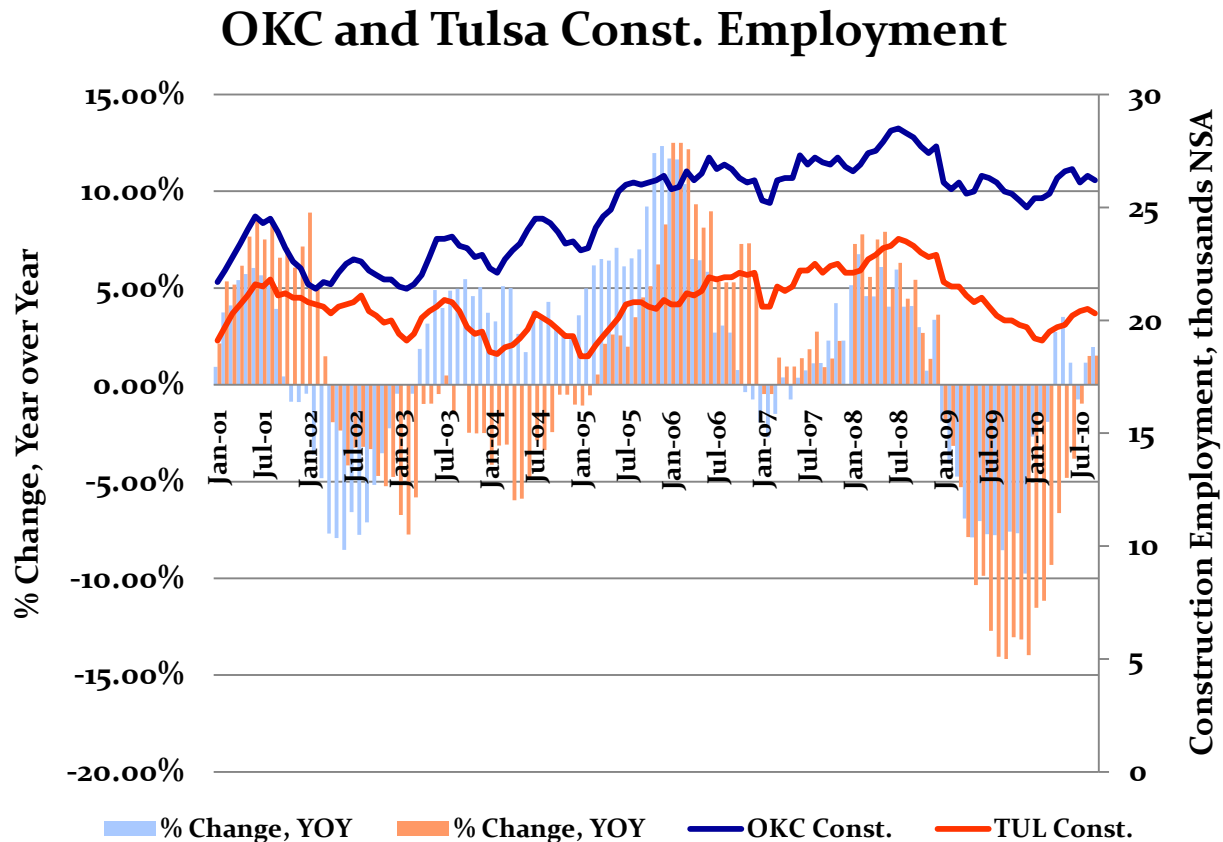
■ OK Monthly Rig Count

Oklahoma Rig Count and Severance Tax

Rig Count and Severance Tax Collections

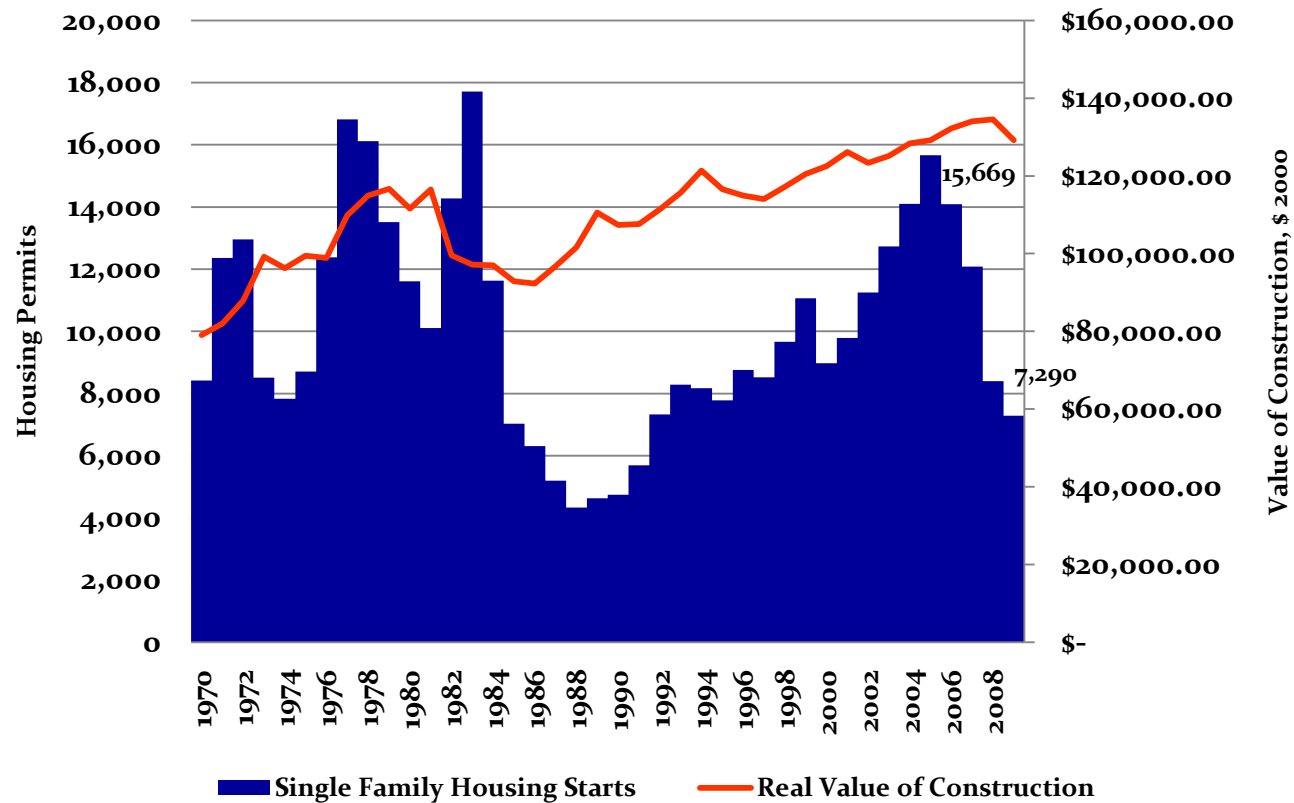


Oklahoma Construction Employment



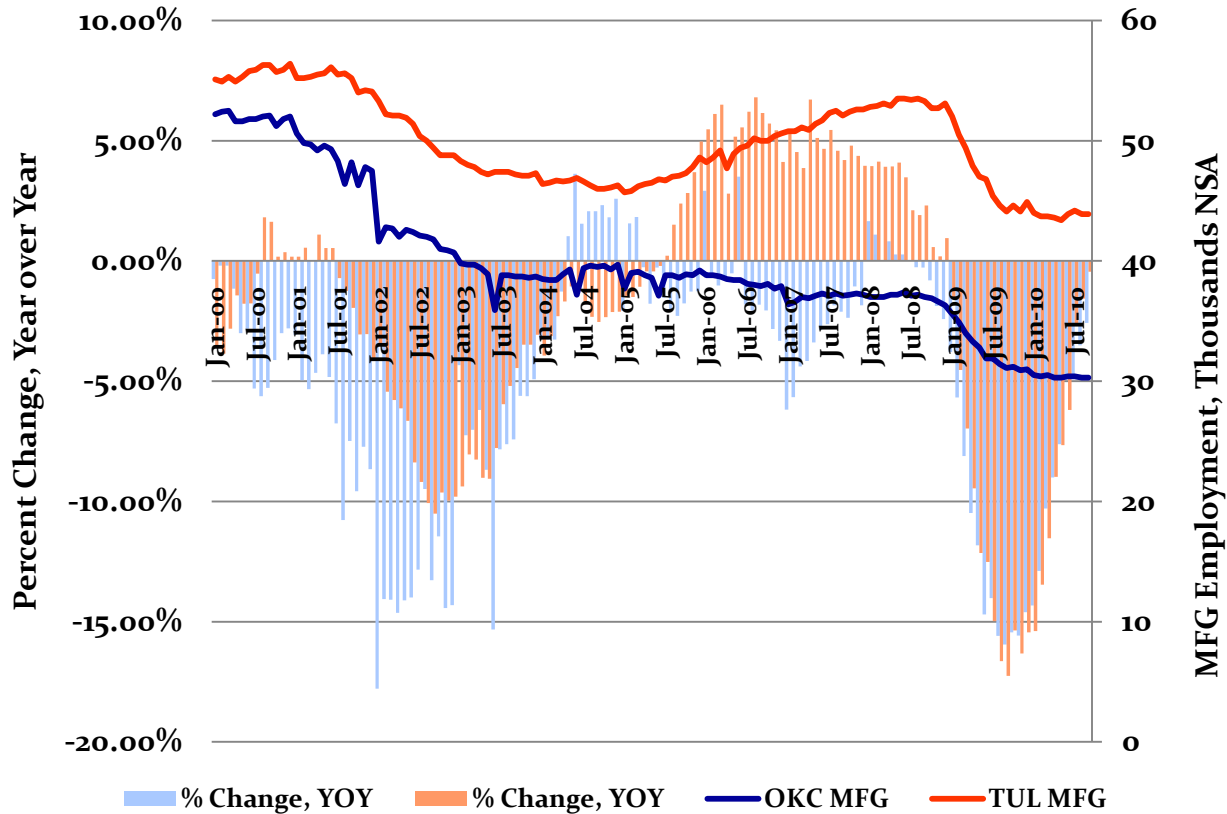
Oklahoma Housing Permits and Value

OK Housing Permits and Construction Value



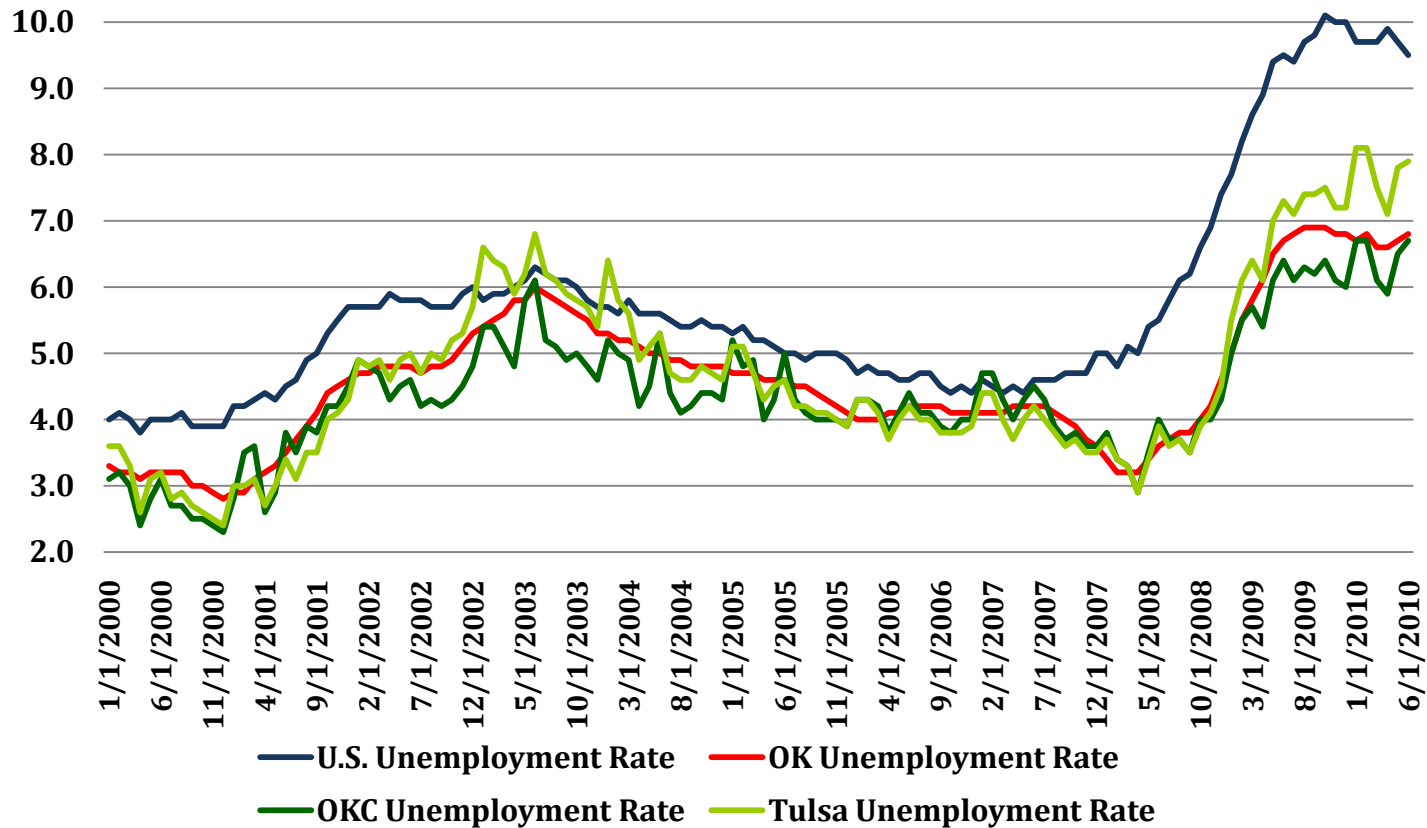
Oklahoma Manufacturing Employment

OKC & Tulsa MFG Employment



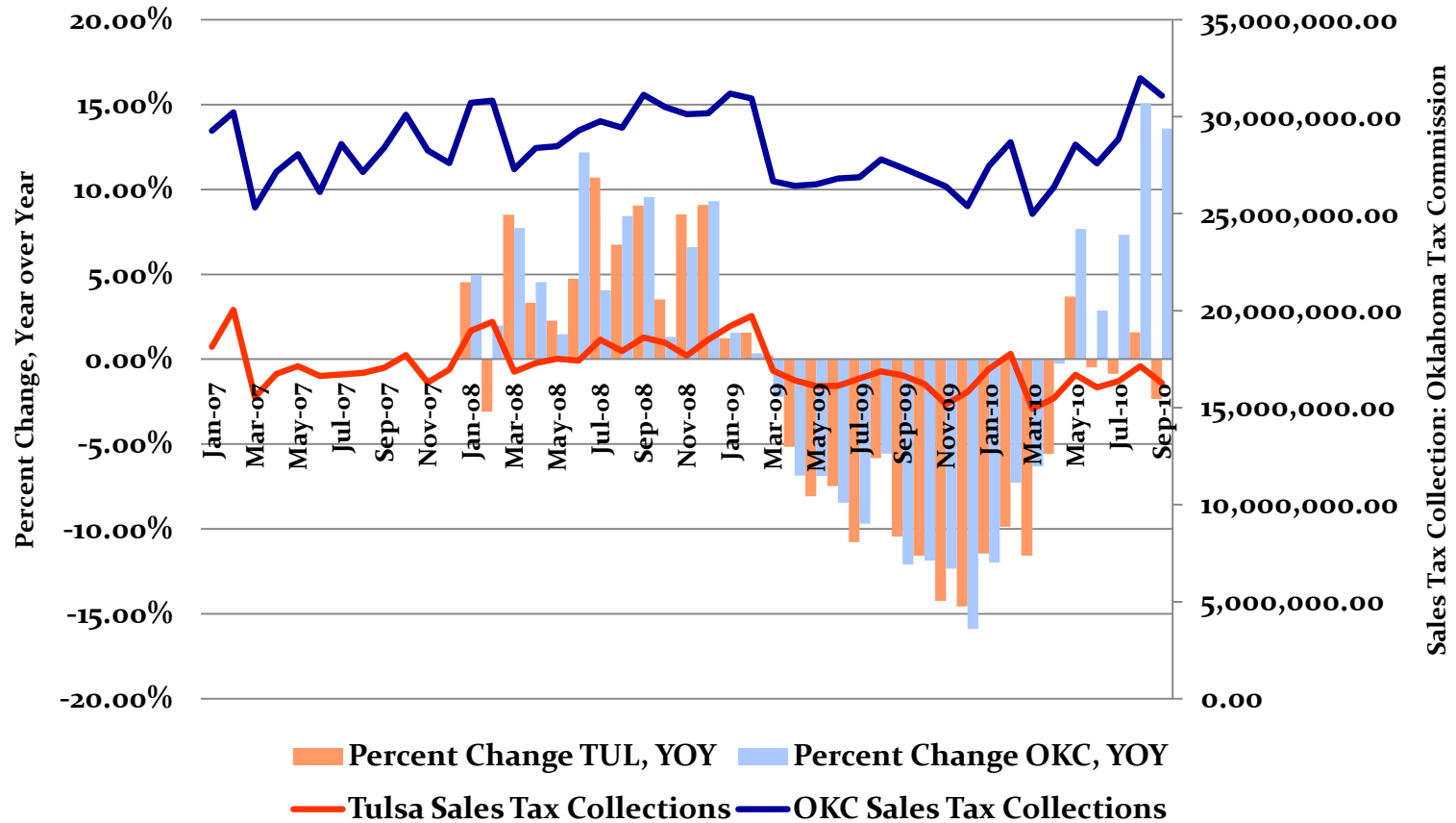
US and Oklahoma Unemployment Rates

Unemployment Rates



Oklahoma Retail Sales

OKC / Tulsa Retail Sales





US Outlook

- Recovery holds; no double dip; US Real GDP grows at 2.3% in 2011 before approaching 3% in 2012
- Unemployment rates remain elevated; hiring accelerates in the second half of 2011
- Prices stable in the short run





Oklahoma Forecast

- 2011 feels like recovery; employment and income gains accompanied by firming budgets
- Data point towards Tulsa closing the gap on OKC, but OKC continues to strengthen
- Good news will outweigh bad news; Oil/Gas activity could surprise
- Public sector job loss offset by private sector job gains; Oklahoma feels healthy again by late 2012





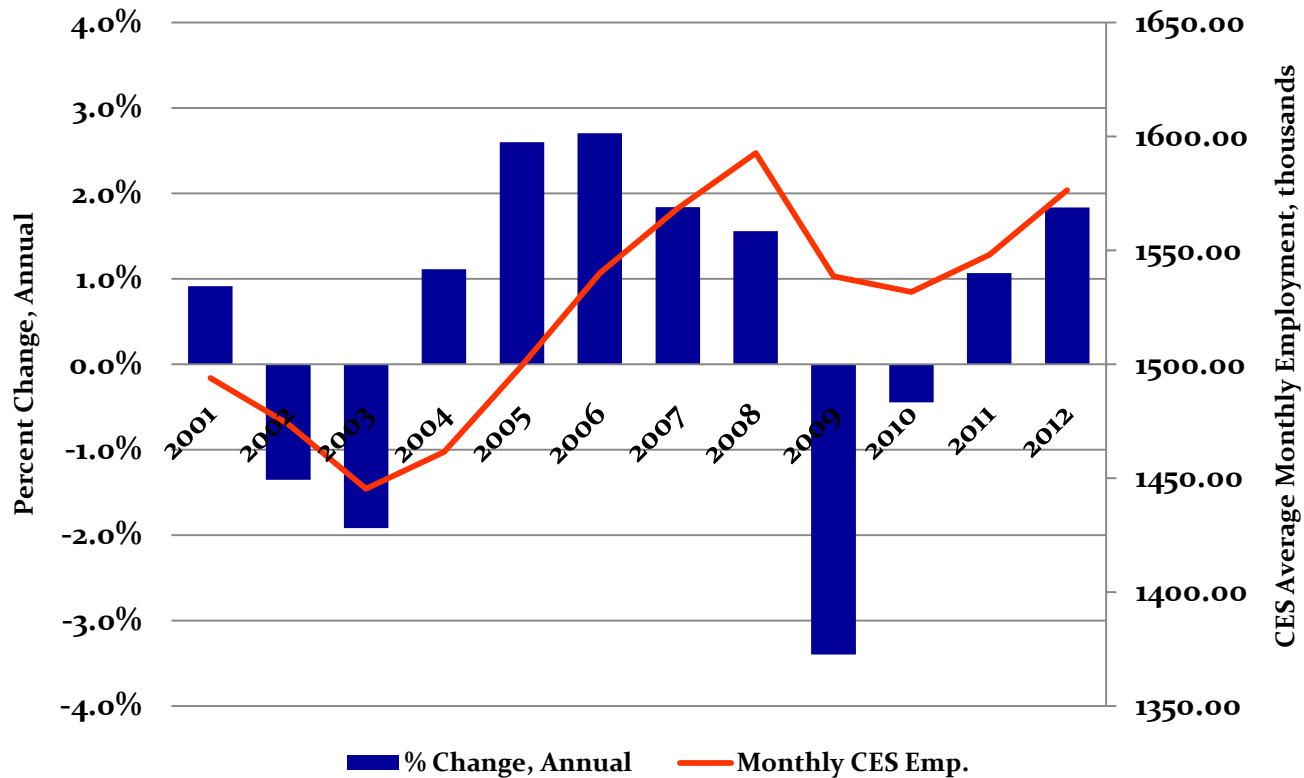
Tulsa 2010 Forecast Revisited

- Non-farm wage and salary employment follows state/national patterns
 - *Forecast: -0.3%; Projected: -0.9%*
- Tulsa MSA unemployment rate rises before it falls; will likely stay above 7% for much of 2010
 - *Peak: 8.1%; 2010 Monthly Average: 7.6%*
- After growing aggressively for much of the decade, real income growth slows in 2010 and 2011
 - *Nominal Income: +3.0%*
- Manufacturing continues to contract
 - *Forecast: -9.1%; Projected: -6.2%*



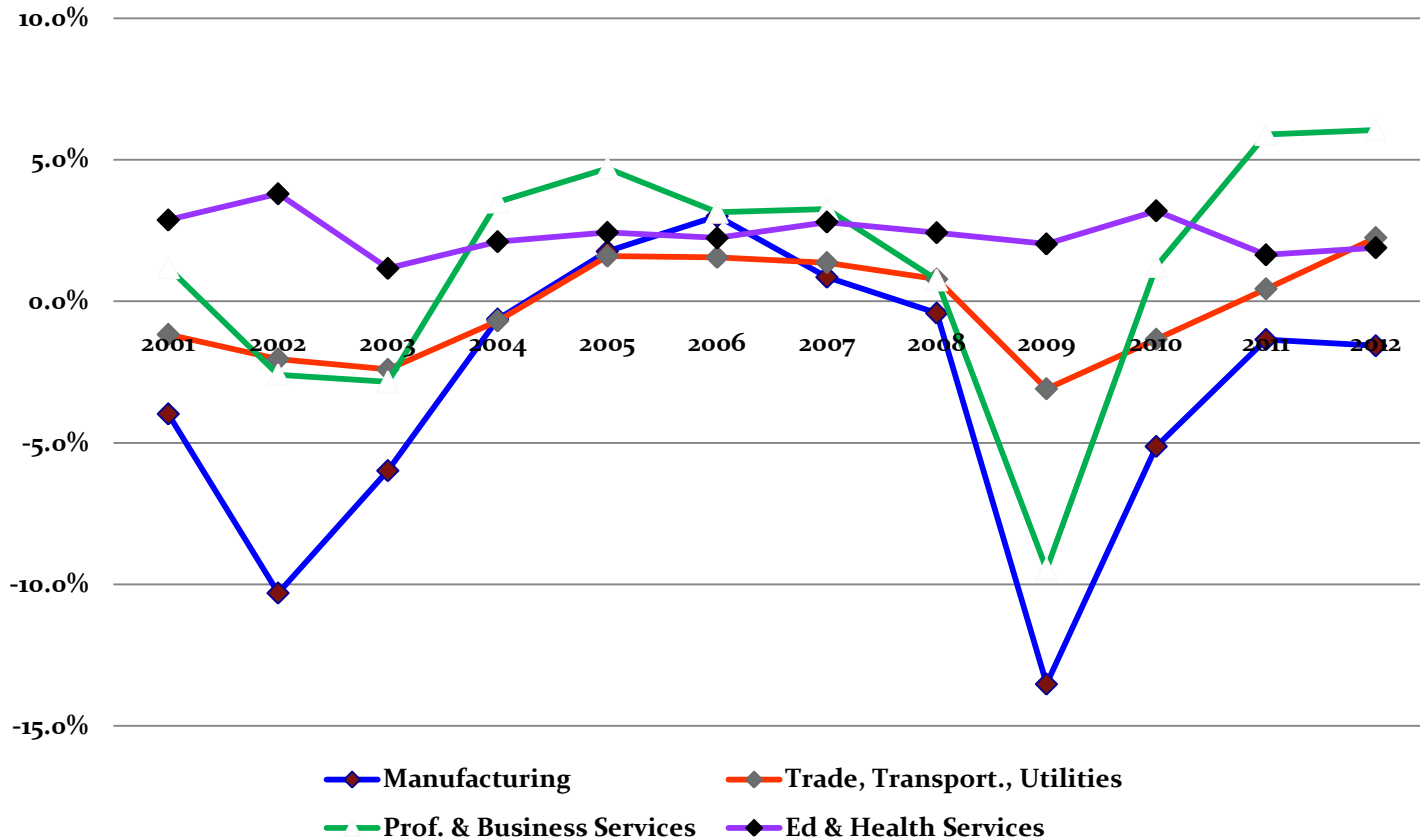
Oklahoma Payroll Employment

OK CES Monthly Employment

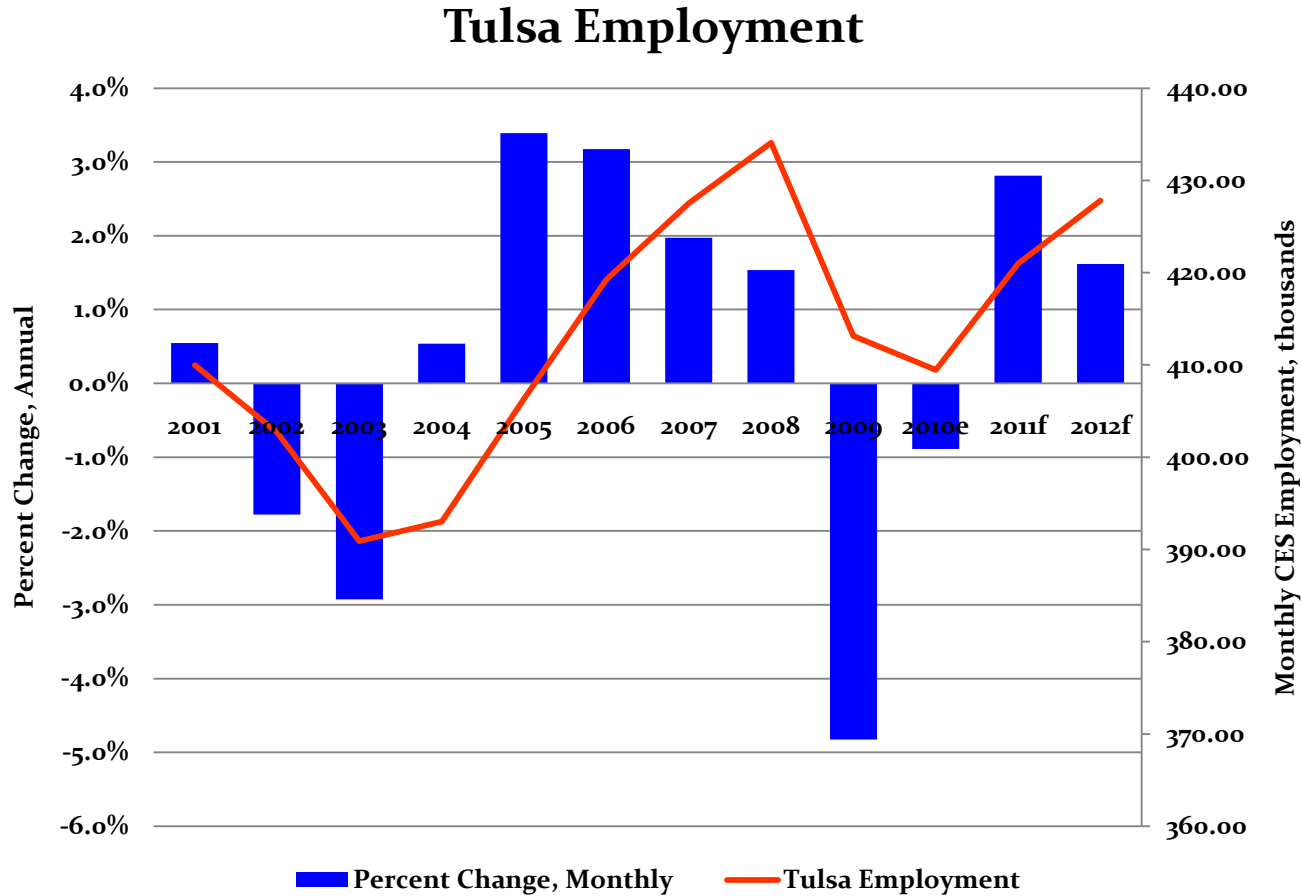


Oklahoma Employment Projections

Percent Change, Average Monthly Employment

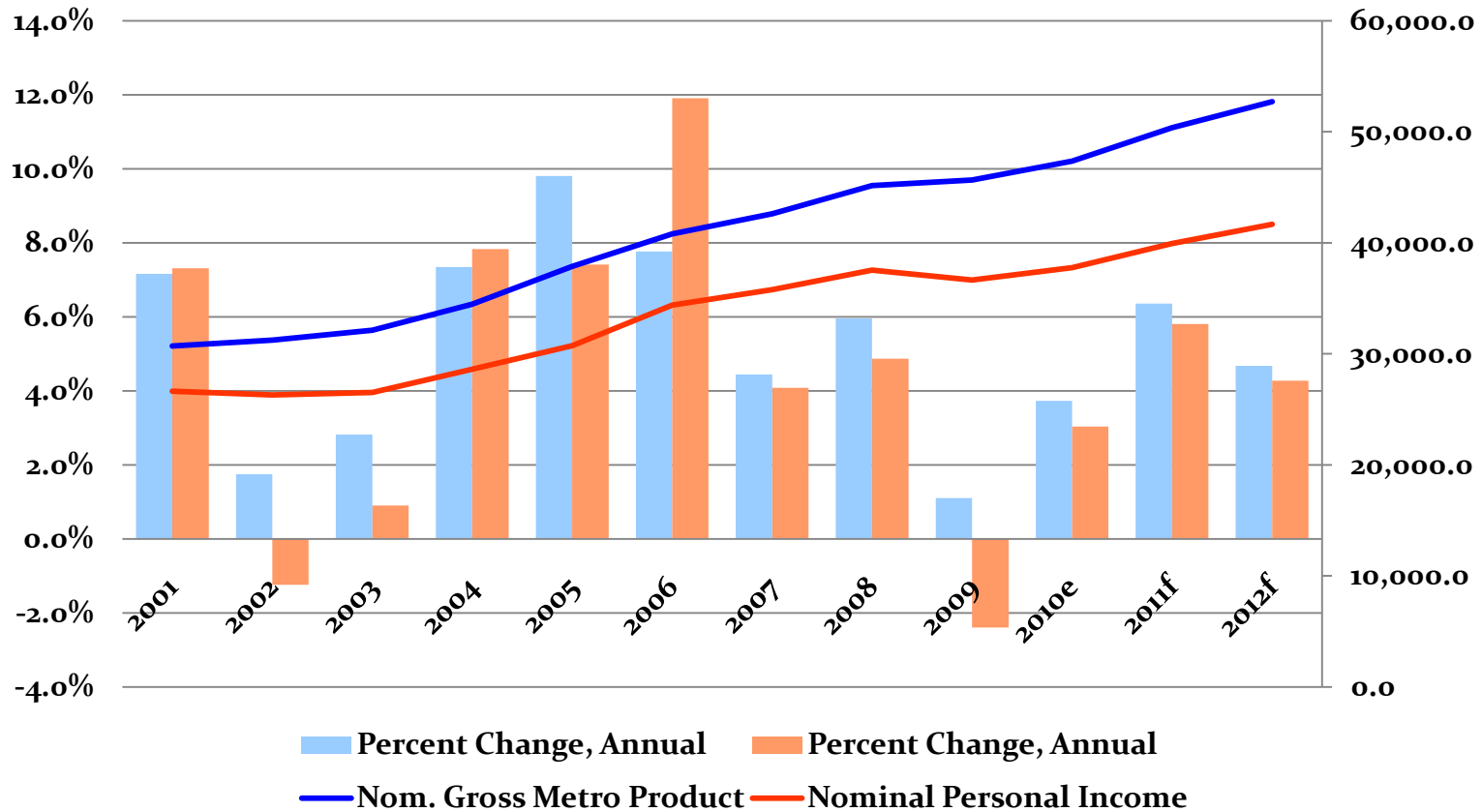


Tulsa Employment



Tulsa Production and Income

Tulsa Gross Metro Product and Personal Income





Concluding Comments

- US recovery holds; Oklahoma recovers roughly at the pace of the nation – 2011 is a year of genuine recovery
- Tulsa should close the performance gap on OKC after OKC races ahead in recovery; Tulsa looking to gain momentum where OKC looks to maintain momentum
- Rural areas relatively insulated; stable commodity prices and a return to oil/gas activity should help many communities
- Budgets strained at the Capitol through FY 2011; FY 2012 budgets will seem pain-free by comparison



Tulsa MSA Non-Farm Wage & Salary Employment

(Seasonally adjusted, in Thousands)

		Sector	2006	2007	2008	2009	2010e	2011f	2012f
		Total			419.25	427.52	434.09	413.14	409.47
			3.2%	2.0%	1.5%	-4.8%	-0.9%	2.8%	1.6%
PRIVATE	GOODS	Natural Resources & Mining	6.11	6.71	7.21	6.81	7.23	7.22	6.97
			19.0%	10.0%	7.3%	-5.5%	6.1%	-0.1%	-3.5%
		Construction	21.56	21.79	22.94	20.67	20.03	20.71	21.28
			8.3%	1.1%	5.3%	-9.9%	-3.1%	3.4%	2.8%
		Manufacturing	49.40	51.77	53.12	46.78	43.89	43.57	42.95
		5.5%	4.8%	2.6%	-11.9%	-6.2%	-0.7%	-1.4%	
		Trade, Transportation, & Utilities	83.43	84.99	85.59	83.28	82.66	82.15	83.05
			3.1%	1.9%	0.7%	-2.7%	-0.7%	-0.6%	1.1%
		Wholesale Trade	17.63	18.07	17.40	16.21	15.83	15.99	16.23
			2.4%	2.5%	-3.7%	-6.9%	-2.3%	1.0%	1.5%
		Retail Trade	44.56	44.89	45.62	45.09	45.54	45.14	45.75
			2.1%	0.7%	1.6%	-1.2%	1.0%	-0.9%	1.4%
		Information	10.06	9.96	9.83	9.07	8.49	8.43	8.82
			-6.3%	-1.0%	-1.3%	-7.8%	-6.4%	-0.7%	4.6%
		Financial Activities	25.43	25.01	24.59	23.80	23.71	24.04	24.46
			1.4%	-1.6%	-1.7%	-3.2%	-0.4%	1.4%	1.7%
		Professional & Business Services	61.22	62.31	65.04	61.92	61.43	63.30	65.43
			2.7%	1.8%	4.4%	-4.8%	-0.8%	3.0%	3.4%
		Admin., Support, & Waste Mgt.	35.37	36.28	38.96	37.67	38.23	39.85	41.79
			4.0%	2.6%	7.4%	-3.3%	1.5%	4.2%	4.8%
	Education & Health Services	55.73	57.68	57.68	58.71	60.41	61.71	63.17	
		3.3%	3.5%	0.0%	1.8%	2.9%	2.2%	2.4%	
	Educational Services	6.97	7.15	6.65	6.53	6.73	7.02	7.31	
		5.0%	2.5%	-7.0%	-1.8%	3.2%	4.2%	4.2%	
	Health Care & Social Assistance	48.76	50.54	51.02	52.19	53.68	54.70	55.86	
		3.1%	3.6%	1.0%	2.3%	2.9%	1.9%	2.1%	
	Leisure & Hospitality	36.41	36.68	36.82	37.34	35.70	35.42	35.73	
		3.2%	0.7%	0.4%	1.4%	-4.4%	-0.8%	0.9%	
	Other Services	17.43	18.27	18.15	17.47	17.34	17.80	18.27	
		1.9%	4.8%	-0.6%	-3.8%	-0.7%	2.7%	2.7%	
GOVERNMENT	Total Government	52.47	52.36	53.87	55.14	55.57	56.65	57.68	
		1.3%	-0.2%	2.9%	2.3%	0.8%	1.9%	1.8%	
	Federal Government	4.70	4.70	4.70	4.74	5.03	4.92	4.91	
		-1.4%	0.0%	0.0%	0.9%	6.1%	-2.1%	-0.3%	
	State & Local Government	47.77	47.65	49.17	50.39	50.55	51.73	52.78	
		1.6%	-0.2%	3.2%	2.5%	0.3%	2.3%	2.0%	
^e Estimate ^f Forecast			2006	2007	2008	2009	2010e	2011f	2012f

Tulsa Area Economic Indicators

(Seasonally Adjusted)

Sector	2006	2007	2008	2009	2010e	2011f	2012f
Non-Farm W&S Employment (Thou)	419.25 3.2%	427.52 2.0%	434.09 1.5%	413.14 -4.8%	409.47 -0.9%	420.99 2.8%	427.81 1.6%
QCEW Wage & Salary Employment	408,569 3.2%	416,046 1.8%	421,349 1.3%	401,505 -4.7%	394,893 -1.6%	405,318 2.6%	411,099 1.4%
Nominal Personal Income (\$Mil)	34,392.5 11.9%	35,796.4 4.1%	37,540.2 4.9%	36,641.8 -2.4%	37,754.5 3.0%	39,947.1 5.8%	41,656.0 4.3%
Nominal Gross Metro Product (\$Mil)	40,806.0 7.8%	42,617.0 4.4%	45,157.0 6.0%	45,654.0 1.1%	47,356.7 3.7%	50,367.7 6.4%	52,722.9 4.7%
Nominal Manufacturing Output (\$Mil)	5,466.0 22.5%	5,842.0 6.9%	6,325.0 8.3%	5,594.7 -11.5%	5,493.9 -1.8%	5,460.7 -0.6%	5,394.5 -1.2%
Per-Capita Personal Income (\$Thou)	38.529 10.5%	39.524 2.6%	40.981 3.7%	39.442 -3.8%	40.014 1.5%	41.679 4.2%	42.850 2.8%
Ratio Tulsa/US Per Capita Income	102.4% 3.8%	100.3% -2.0%	100.9% 0.6%	99.7% -1.2%	99.5% -0.2%	101.4% 1.9%	101.3% -0.1%
Tulsa MSA Population (Thou)	892.64 1.2%	905.68 1.5%	916.04 1.1%	929.02 1.4%	943.53 1.6%	958.44 1.6%	972.14 1.4%
Labor Force - HH Survey (Thou)	445,721 0.5%	443,078 -0.6%	442,994 0.0%	444,581 0.4%	443,804 -0.2%	444,410 0.1%	446,765 0.5%
Employment - HH Survey (Thou)	427,936 1.0%	425,744 -0.5%	426,813 0.3%	414,135 -3.0%	410,587 -0.9%	411,390 0.2%	415,521 1.0%
Unemployed - HH Survey (Thou)	17,785 -8.6%	17,334 -2.5%	16,181 -6.6%	30,446 88.2%	33,217 9.1%	33,019 -0.6%	31,243 -5.4%
Unemployment Rate - HH Survey (%)	4.0 -9.1%	3.9 -1.9%	3.7 -6.6%	6.8 87.4%	7.5 9.3%	7.4 -0.7%	7.0 -5.9%
OFHEO Tulsa MSA Housing Price Index	157.98 3.4%	164.81 4.3%	169.81 3.0%	172.06 1.3%	172.24 0.1%	175.01 1.6%	174.14 -0.5%
Wage & Salary Earnings QCEW (\$Mil)	15,373.5 10.2%	16,201.2 5.4%	16,943.4 4.6%	16,098.4 -5.0%	16,685.4 3.6%	17,322.7 3.8%	17,999.2 3.9%
^e Estimate ^f Forecast	2006	2007	2008	2009	2010e	2011f	2012f