OKLAHOMA Economic Indicators

October 2018
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SPECIAL REPORT:
Characteristics of Older Workers in Oklahoma, 2001-2017

Introduction
As the baby-boom generation, defined as persons born between 1946 and 1964, begins joining the ranks of those aged 65 and over, the graying of the American workforce is only just beginning. According to the Bureau of Labor Statistics (BLS), between 1977 and 2007, employment of people 65 and over doubled while employment for everyone 16 and over increased by less than 60 percent. The BLS also noted that about 40 percent of people ages 55 and older were working or actively looking for work in 2014. That number, known as a labor force participation rate, is expected to increase fastest for the oldest segments of the population—most notably, people ages 65 to 74 and 75 and older—through 2024. In contrast, participation rates for most other age groups in the labor force aren’t projected to change much over the 2014–24 decade. Chart 1, below, shows U.S. labor force shares by age groups from 1970 through 2016 (and projected 2016 to 2026). The labor market share of workers in the age group of 55 years and older has grown steadily since the early 1990s, nearly doubling from 11.8 percent in 1991 to 22.8 percent in 2017. This age group is also projected to grow to 24.8 percent by 2026.

![Chart 1: U.S. Labor Force Shares by Age, 1970 to 2016 and Projected 2016-26](chart.png)

This analysis re-examines a previous study of the characteristics and trends of older workers in Oklahoma using the Quarterly Workforce Indicators (QWI) Explorer from the U.S. Census Bureau’s Longitudinal Employer-Household Dynamics program along with supporting data from the Bureau of Labor Statistics’ Current Population Survey (CPS) and the Employment Projections program. We will use these datasets to describe Oklahoma’s older workers in terms of employment, gender, industries, earnings and more.

Oklahoma’s labor force has also displayed trends similar to the U.S. over the past as the labor market share of workers in the age group of 55 years and older grew from 16.1 percent in 1999 to 23.4 percent in 2017—adding approximately 164,000 workers (61.7 percent). During the same timeframe, the labor market share of workers 16 to 24 years old shrank from 15.3 percent (in 1999) to 13.2 percent in 2017, while the 25 to 54 year old share declined from 68.6 percent to 63.5 percent (see Chart 2, below).

Within the group of workers in the age group of 55 years and older, the 65 years and older group has more than doubled from 1999 to 2017, adding a remarkable 60,000 workers for a growth rate of 101.7 percent.

Characteristics of Older Workers in Oklahoma, 2001-2017 (Quarterly Workforce Indicators)

The Quarterly Workforce Indicators (QWI) data produced by the U.S. Census Bureau provide local labor market statistics by industry, worker demographics, employer age and size. Unlike statistics tabulated from firm or person-level data, the QWI source data are unique job-level data that link workers to their employers. Because of this link, labor market data in the QWI is available by worker age, sex, educational attainment, and race/ethnicity. This allows for analysis by demographics of a particular local labor market or industry—for instance, identifying industries with an aging workforce.

Employment of workers age 65 and older in Oklahoma also more than doubled, growing from 43,083 in 2001 to 93,214 in 2017, adding 50,131 workers (see Table 1, next page). During this period, female workers slightly outpaced male workers, adding 25,135 workers (121.5 percent) while males grew at a 111.6 percent rate, adding 24,996 workers. Male and female workers were fairly evenly split in the 65 years and older group in 2017; the male share was 50.8 percent while the female share was 49.2 percent.
### Table 1. Oklahoma: Employment by Gender and Age Group, Annual Averages, 2001-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>14 to 24 years old</th>
<th>14 to 24 years old</th>
<th>25 to 54 years old</th>
<th>25 to 54 years old</th>
<th>55 years and older</th>
<th>55 years and older</th>
<th>65 years and older</th>
<th>65 years and older</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
<td>female</td>
<td>male</td>
<td>female</td>
<td>male</td>
<td>female</td>
<td>male</td>
<td>female</td>
</tr>
<tr>
<td>2001</td>
<td>244,828</td>
<td>122,289</td>
<td>122,537</td>
<td>975,250</td>
<td>498,635</td>
<td>476,613</td>
<td>191,111</td>
<td>97,182</td>
</tr>
<tr>
<td>2002</td>
<td>236,984</td>
<td>116,786</td>
<td>120,197</td>
<td>952,731</td>
<td>482,160</td>
<td>470,570</td>
<td>200,672</td>
<td>100,758</td>
</tr>
<tr>
<td>2003</td>
<td>225,889</td>
<td>110,234</td>
<td>115,653</td>
<td>930,261</td>
<td>471,138</td>
<td>459,074</td>
<td>217,277</td>
<td>107,808</td>
</tr>
<tr>
<td>2004</td>
<td>224,623</td>
<td>109,468</td>
<td>115,155</td>
<td>930,213</td>
<td>472,501</td>
<td>467,758</td>
<td>230,007</td>
<td>113,836</td>
</tr>
<tr>
<td>2005</td>
<td>230,043</td>
<td>112,417</td>
<td>117,625</td>
<td>947,793</td>
<td>480,035</td>
<td>476,705</td>
<td>252,217</td>
<td>116,171</td>
</tr>
<tr>
<td>2006</td>
<td>234,900</td>
<td>115,599</td>
<td>119,301</td>
<td>964,142</td>
<td>491,639</td>
<td>482,501</td>
<td>273,672</td>
<td>121,078</td>
</tr>
<tr>
<td>2007</td>
<td>234,800</td>
<td>115,479</td>
<td>119,321</td>
<td>978,454</td>
<td>498,668</td>
<td>479,785</td>
<td>295,300</td>
<td>128,482</td>
</tr>
<tr>
<td>2008</td>
<td>233,375</td>
<td>115,262</td>
<td>118,112</td>
<td>994,592</td>
<td>508,139</td>
<td>486,452</td>
<td>318,527</td>
<td>136,091</td>
</tr>
<tr>
<td>2009</td>
<td>211,586</td>
<td>102,009</td>
<td>109,576</td>
<td>963,573</td>
<td>484,079</td>
<td>479,492</td>
<td>344,819</td>
<td>142,031</td>
</tr>
<tr>
<td>2010</td>
<td>198,619</td>
<td>95,766</td>
<td>102,852</td>
<td>945,902</td>
<td>476,487</td>
<td>469,411</td>
<td>373,295</td>
<td>138,826</td>
</tr>
<tr>
<td>2011</td>
<td>200,527</td>
<td>98,086</td>
<td>102,439</td>
<td>955,538</td>
<td>489,863</td>
<td>465,672</td>
<td>394,501</td>
<td>145,702</td>
</tr>
<tr>
<td>2012</td>
<td>207,656</td>
<td>102,531</td>
<td>105,124</td>
<td>967,757</td>
<td>500,500</td>
<td>467,255</td>
<td>408,152</td>
<td>152,542</td>
</tr>
<tr>
<td>2013</td>
<td>213,059</td>
<td>105,678</td>
<td>107,387</td>
<td>974,586</td>
<td>505,973</td>
<td>468,612</td>
<td>428,356</td>
<td>159,548</td>
</tr>
<tr>
<td>2014</td>
<td>218,249</td>
<td>108,196</td>
<td>110,052</td>
<td>983,378</td>
<td>510,567</td>
<td>472,810</td>
<td>448,508</td>
<td>165,203</td>
</tr>
<tr>
<td>2016</td>
<td>212,422</td>
<td>102,811</td>
<td>109,607</td>
<td>971,865</td>
<td>495,228</td>
<td>476,635</td>
<td>494,608</td>
<td>171,254</td>
</tr>
<tr>
<td>2017</td>
<td>209,175</td>
<td>101,437</td>
<td>107,735</td>
<td>962,888</td>
<td>490,187</td>
<td>472,699</td>
<td>514,774</td>
<td>171,983</td>
</tr>
</tbody>
</table>

**SOURCE:** Quarterly Workforce Indicators, U.S. Census Bureau, (qwiexplorer.ces.census.gov)

By industry, the largest number of older workers was employed in NAICS 62 Health Care and Social Assistance, with 12,690 workers 65 years and older employed and comprising 5.9 percent of total employment in this industry in 2017. NAICS 62 Educational Services and NAICS 44-45 Retail Trade also had high concentrations of workers 65 years and older. In general, those industries with higher concentrations of workers 65 years and older tended to correspond to the industries hiring workers in this age group.

Compared to workers in the 14 to 24 years old and 25 to 54 years old age groups, workers 65 years and older saw the largest increase in earnings, growing 89.0 percent from 2001 to 2016. NAICS 21 Mining, Quarring, and Oil and Gas Extraction was the highest paying industry for workers 65 and over with an average monthly wage of $7,947 in 2016. The lowest-paying industry for older workers was NAICS 72 Accommodation and Food Services with an average monthly wage of $1,576 in 2016.

People are working later in life for a number of reasons. They are healthier and have a longer life expectancy than previous generations. They are better educated, which increases their likelihood of staying in the labor force. And changes to Social Security benefits and employee retirement plans, along with the need to save more for retirement, create incentives to keep working.

**More Information**

Gross Domestic Product (GDP)—the output of goods and services produced by labor and property located in the United States—is the broadest measure of economic activity. It is also the measure that is most indicative of whether the economy is in recession. In the post-World War II period, there has been no recession in which GDP did not decrease in at least two quarters, (the exceptions being during the recessions of 1960-61 and 2001).

The Bureau of Economic Analysis (BEA), U.S. Department of Commerce releases GDP data on a quarterly basis, usually during the fourth week of the month. Data are for the prior quarter, so data released in April are for the 1st quarter. Each quarter’s data are revised in each of the following two months after the initial release.

There are four major components to GDP:

1. **Personal consumption expenditures**: Individuals purchase durable goods (such as furniture and cars), nondurable goods (such as clothing and food) and services (such as banking, education and transportation).

2. **Investment**: Private housing purchases are classified as residential investment. Businesses invest in nonresidential structures, durable equipment and computer software. Inventories at all stages of production are counted as investment. Only inventory changes, not levels, are added to GDP.

3. **Net exports**: Equal the sum of exports less imports. Exports are the purchases by foreigners of goods and services produced in the United States. Imports represent domestic purchases of foreign-produced goods and services and are deducted from the calculation of GDP.

4. **Government**: Government purchases of goods and services are the compensation of government employees and purchases from businesses and abroad. Data show the portion attributed to consumption and investment. Government outlays for transfer payments or interest payments are not included in GDP.
The four major categories of GDP—personal consumption expenditures, investment, net exports and government—all reveal important information about the economy and should be monitored separately. This allows one to determine the strengths and weaknesses of the economy.

Current Developments
The U.S. economy grew at a robust pace during the July-September quarter, boosted by the strongest consumer spending in nearly four years. Real gross domestic product (GDP) increased at an annual rate of 3.5 percent in the 3rd quarter of 2018, according to the "advance" estimate released by the Bureau of Economic Analysis (BEA). In the 2nd quarter, real GDP increased 4.2 percent.

Consumer spending, which accounts for more than two-thirds of U.S. economic activity, surged to an annual rate of 4.0 percent in the 3rd quarter, the best showing since 4th quarter 2014. Spending on durable goods, such as automobiles, was up 6.9 percent in the 3rd quarter, following a 8.6 percent gain in the 2nd quarter. Nondurable goods outlays jumped 5.2 percent. Personal consumption expenditures (PCE) contributed 2.69 percentage points to 3rd quarter GDP after adding 2.57 percentage points in the previous quarter.

Business investment plunged to a 0.8 percent rate in the 3rd quarter, after climbing to at an 8.7 percent pace in the 2nd quarter. Business spending on structures dropped 7.9 percent in the 3rd quarter, after rising 14.5 percent in the previous quarter. Outlays on equipment increased at a 0.4 percent rate—the slowest pace in two years—after growing 4.6 percent in the 2nd quarter. Nonresidential fixed investment contributed 0.12 percentage points to 3rd quarter GDP growth, after adding 1.15 percentage point in the 2nd quarter.

Inventories increased at a $76.3 billion rate in the 3rd quarter, after declining at a $36.8 billion pace in the 2nd quarter. The change in private inventories added 2.07 percentage points to 3rd quarter GDP growth—the biggest contribution since the 1st quarter of 2015—after trimming 1.1 percentage points from output in the 2nd quarter.

The housing market continued to be a drag on GDP growth in the 3rd quarter, as residential fixed investment has now fallen for three quarters in a row. Higher interest rates appear to be pressuring the housing market, which contracted 4.0 percent in the 3rd quarter Residential investment subtracted 0.16 percentage point from 3rd quarter GDP growth for the July to September quarter.

Exports of goods, such as soybeans which had surged in the 2nd quarter as producers tried to beat higher retaliatory tariffs being imposed by China, fell in the 3rd quarter. Exports tumbled to a 3.5 percent rate in the 3rd quarter, after climbing 9.3 percent in the 2nd quarter. Meanwhile, imports jumped 9.1 percent in the 3rd quarter. The widening trade gap shaved 1.78 percentage points from GDP growth in the 3rd quarter.

Government spending increased 3.3 percent in the 3rd quarter, as both federal and state government expenditures grew. Federal outlays grew at a 3.3 percent pace, boosted by a 4.6 percent rise in national defense spending. Federal nondefense spending increased 1.5 percent during the 3rd quarter. State and local government expenditures increased 3.2 percent in the 3rd quarter. Government consumption expenditures and investment added 0.56 percentage point to 3rd quarter GDP growth after a 0.41 percentage point contribution in the 2nd quarter.
The U.S. Bureau of Economic Analysis (BEA) recently released prototype statistics of quarterly gross domestic product (GDP) by state for 2005–2013. These new statistics provide a more complete picture of economic growth across states that can be used with other regional data to gain a better understanding of regional economies as they evolve from quarter to quarter. The new data provide a fuller description of the accelerations, decelerations, and turning points in economic growth at the state level, including key information about changes in the distribution of industrial infrastructure across states.

**Current Developments**

U.S. real gross domestic product (GDP) by state—a measure of nationwide growth calculated as the sum of GDP of all states and the District of Columbia—increased in 48 states and the District of Columbia in the 1st quarter of 2018, according to the Bureau of Economic Analysis (BEA). The percent change in real GDP in the 1st quarter ranged from 3.6 percent in Washington to -0.6 percent in North Dakota.

Overall growth in real GDP by state decelerated to a 1.8 percent pace in the 1st quarter from 2.7 percent the 4th quarter of 2017. Real estate and rental and leasing along with information services were the leading contributors to the increase in real GDP nationally in the 1st quarter, according to the BEA.

In the 1st quarter of 2018, the pace of Oklahoma’s real GDP slowed after accelerating in the previous quarter. Oklahoma’s real GDP grew at a 1.7 percent rate in the 1st quarter, ranking the state 22nd among all other states and the District of Columbia. Statewide GDP was at a level of $176.5 billion (in constant 2009 dollars) in the 1st quarter, up $0.7 billion from the 4th quarter’s level of $175.8 billion.
Real estate and rental and leasing increased 3.3 percent nationally, for the 11th consecutive quarter of growth. This industry contributed to GDP growth in 47 states and the District of Columbia in the 1st quarter of 2018. In Oklahoma, real estate and rental and leasing was the leading contributor to 1st quarter GDP growth adding 0.37 percentage point.

Information services increased 6.8 percent nationally in the 1st quarter and was the leading contributor to GDP growth in Washington. In addition to Washington, this industry was the leading contributor to the increase in real GDP in Colorado and contributed to growth in every other state, including Oklahoma and the District of Columbia.

Nondurable goods manufacturing increased 3.8 percent nationally in the 1st quarter. This industry contributed to growth in 46 states and the District of Columbia. However, in Oklahoma nondurable goods manufacturing subtracted 0.12 percentage point from 1st quarter GDP.

Durable goods manufacturing increased 3.2 percent nationally—the eighth consecutive quarter of growth. This industry was the leading contributor to the increases in real GDP in the Great Lakes states of Indiana, Michigan, and Wisconsin. In Oklahoma, durable goods manufacturing contributed 0.19 percentage point to 1st quarter GDP growth.

Mining increased 5.5 percent nationally—the sixth consecutive quarter of growth. This industry was the leading contributor to the increases in real GDP in Texas and West Virginia. Mining added 0.17 percentage point to 1st quarter GDP growth in Oklahoma.

Agriculture, forestry, fishing, and hunting decreased 4.6 percent nationally. Although this industry declined nationally, it was the leading contributor to the increases in real GDP in South Dakota and Wyoming, which were among the fastest growing states. Agriculture, forestry, fishing, and hunting contributed 0.33 percentage point to Oklahoma’s GDP growth in the 1st quarter of 2018.
Definition & Importance
Metropolitan Statistical Areas (MSA) are county-based definitions developed by the Office of Management and Budget for federal statistical purposes. A metropolitan area is defined as a geographic area consisting of a large population nucleus together with adjacent communities having a high degree of economic and social integration with the nucleus.

GDP by metropolitan area is the sub-state counterpart of the Nation's gross domestic product (GDP), the BEA's featured and most comprehensive measure of U.S. economic activity. GDP by metropolitan area is derived as the sum of the GDP originating in all the industries in the metropolitan area. Nationally, metropolitan statistical areas represent approximately 90 percent of total GDP. In Oklahoma, the four MSAs of Oklahoma City, Tulsa, Lawton and Enid accounted for 74.3 percent of total state GDP in 2017.

Current Developments
Real gross domestic product (GDP) increased in 312 out of 383 metropolitan areas in 2017, according to the U.S. Bureau of Economic Analysis (BEA). The percent change in real GDP by metropolitan area ranged from 12.1 percent in Odessa, TX to -7.8 percent in Enid, OK. Real GDP for U.S. metropolitan areas increased 2.1 percent in 2017, led by growth in professional and business services; wholesale and retail trade; and finance, insurance, real estate, rental, and leasing.

In 2017, three of Oklahoma’s four metropolitan areas experienced negative growth. Natural resources and mining subtracted from growth in Enid MSA (-7.8 percent), ranking it last among the 383 metro areas in 2017. Tulsa MSA’s GDP contracted 1.1 percent (ranked 353rd), pulled down by natural resources and mining and construction. Lawton MSA declined 0.1 percent to $5.2 billion in 2017 and ranked 318th among U.S. metro areas. Oklahoma City MSA grew 2.3 percent to $74.9 billion and ranked 142nd, lifted by natural resources and mining and professional and business services.
Definition & Importance
The Federal Reserve Bank of Philadelphia produces leading indexes for each of the 50 states. The indexes are calculated monthly and are usually released a week after the release of the coincident indexes. The Bank issues a release each month describing the current and future economic situation of the 50 states with special coverage of the Third District: Pennsylvania, New Jersey, and Delaware.

The leading index for each state predicts the six-month growth rate of the state's coincident index. In addition to the coincident index, the models include other variables that lead the economy: state-level residential housing permits (1 to 4 units), state initial unemployment insurance claims, delivery times from the Institute for Supply Management (ISM) manufacturing survey, and the interest rate spread between the 10-year Treasury bond and the 3-month Treasury bill.

Current Developments
Oklahoma's leading index, a six-month forecast of the state's coincident index, expanded again in August, reaching its highest level in nearly 23 years. The state's leading index was 3.52 percent in August after a downwardly-revised 3.24 percent reading in July. The index level for June was revised down to 2.96 percent from the previous estimate of 3.12 percent, according to the latest figures from the Federal Reserve Bank of Philadelphia.

From March 2015 through March 2016, Oklahoma's leading index was in negative territory for five out of 13 readings. However, the state's economy has turned around. Beginning April 2016, the leading index returned to positive readings for the past 29 months. Overall, Oklahoma's leading index for July suggests expansion in the state's economy into the 1st quarter of 2019.
Definition & Importance

The Bureau of Labor Statistics Local Area Unemployment Statistics (LAUS) program produces monthly estimates of total employment and unemployment from a national survey of 60,000 households. The unemployment rate measures the percentage of people who are without work and is calculated by dividing the estimated number of unemployed people by the civilian labor force. The result expresses unemployment as a percentage of the labor force.

The unemployment rate is a lagging indicator of economic activity. During a recession many people leave the labor force entirely. As a result, the jobless rate may not increase as much as expected. This means that the jobless rate may continue to increase in the early stages of recovery because more people are returning to the labor force as they believe they will be able to find work. The civilian unemployment rate tends towards greater stability than payroll employment on a monthly basis and reveals the degree to which labor resources are utilized in the economy.

Current Developments

The U.S. unemployment rate held steady at a 49-year low in October, as the labor market continues to tighten. The unemployment rate was unchanged at 3.7 percent in October, according to the Bureau of Labor Statistics (BLS). The labor force participation rate—the share of working-age Americans who are employed or looking for work—increased by 0.2 percentage point to 62.9 percent.

Oklahoma’s seasonally adjusted unemployment rate dropped to 3.5 percent in September, dipping to its lowest level in over ten years. Over the year, Oklahoma’s seasonally adjusted unemployment rate has declined by 0.6 percentage point compared to September 2017.

In August, jobless rates declined over the month in 74 of Oklahoma’s 77 counties and was unchanged in three counties. Latimer County had the state’s highest county unemployment rate at 6.1 percent, while Grant County had the lowest unemployment rate at 1.8 percent. Unemployment rates in August were lower than a year earlier in all of Oklahoma’s 77 counties.
Definition & Importance

Initial unemployment claims are compiled weekly by the U.S. Department of Labor, Employment and Training Administration and show the number of individuals who filed for unemployment insurance benefits for the first time. This particular variable is useful because it gives a timely assessment of the overall economy.

Initial claims are a leading indicator because they point to changes in labor market conditions. An increasing trend signals that layoffs are occurring. Conversely, a decreasing trend suggests an improving labor market. The four-week moving average of initial claims smooths out weekly volatility and gives a better perspective on the underlying trend.

Current Developments

New applications for state unemployment benefits fell in the last week of October while number of Americans currently receiving jobless benefits was the lowest in 45 years. In the week ending October 27, the advance figure for seasonally adjusted initial claims was 214,000, a decrease of 2,000 from the previous week's revised level of 216,000, according to the Department of Labor (DOL). The less volatile 4-week moving average was 213,750, an increase of 1,750 from the previous week's revised average of 212,000.

Both initial and continued claims for jobless benefits in Oklahoma showed little change in October. For the file week ending October 20, non-seasonally adjusted initial claims for unemployment insurance benefits were at a level of 1,254, a decrease of 155 from the previous week's level of 1,409. For the same file week ending, the less volatile four-week moving average was 1,257, an increase of nine (9) from the previous week's average of 1,248.

For the same file week ending October 20, statewide continued claims for unemployment insurance benefits were at a level of 11,675, an increase of 209 from the previous week's level of 11,4668.
Nonfarm payroll employment data is produced by the Current Employment Statistics (CES) program of the Bureau of Labor Statistics (BLS). The CES Survey is a monthly survey of approximately 140,000 nonfarm businesses and government agencies representing approximately 440,000 individual worksites. The CES program has provided estimates of employment, hours, and earnings data by industry for the nation as a whole, all States, and most major metropolitan areas since 1939. In order to account for the size disparity between U.S. and Oklahoma employment levels, we have indexed the data with January 2001 as the start value.

Payroll employment is one of the most current and reliable indicators of economic conditions and recessionary trends. Increases in nonfarm payrolls translate into earnings that workers will spend on goods and services in the economy. The greater the increases in employment, the faster the total economic growth.

**Current Developments**

U.S. payroll growth rebounded sharply in October and wages recorded their largest annual gain in nearly a decade, reflecting a tightening labor market. Total nonfarm payroll employment increased by 250,000 in October, following an average monthly gain of 211,000 over the prior 12 months, according to the Bureau of Labor Statistics (BLS). Job gains occurred in health care (+36,000 jobs), manufacturing (+32,000 jobs), construction (+30,000 jobs), and transportation and warehousing (+25,000 jobs). Over the year, average hourly earnings have increased by 83 cents, or 3.1 percent—the fastest year-over-year increase since 2009.

Statewide nonfarm employment added a seasonally-adjusted 2,800 jobs (0.2 percent) in September, to a level of 1,700,900 while August’s estimate was upwardly revised to 1,698,100. Five of Oklahoma’s 11 supersectors added jobs over the month as leisure and hospitality (+1,700 jobs) posted the largest monthly gain. Education and health services and other services both reported the largest over-the-month job losses (-600 jobs) followed by information (-300 jobs).
Definition & Importance
Employment growth by industry identifies the types of jobs being created in the state. Conversely, industries with a declining employment trend indicate those which are becoming less important in the state’s economy. There may also be industries which behave more cyclically, growing during expansion and decreasing in times of economic slowdown or contraction. These changes are crucial in that they help to recognize the types of jobs being lost by individuals. Anticipating what will happen in recovery helps identify whether those jobs will return or what types of new jobs will be created. Consequently, key information for planning re-employment, retraining, and other workforce and economic development programs is contained within these data. For this analysis, we are using CES non-seasonally adjusted annual averages to compare year-over-year employment changes.

Current Developments
Statewide annual average employment growth gained steam in 2017, as the mining sector added jobs after 20 consecutive months of declines (from January 2015 to August 2016). Total nonfarm employment gained a non-seasonally adjusted 8,700 jobs for a 0.5 percent growth rate. For comparison, 14,600 jobs were lost in 2016 for a -0.9 percent decline.

In 2017, six out of Oklahoma’s 11 statewide supersectors recorded job gains. Professional & business services led all other supersectors adding 3,900 jobs (2.1 percent). Mining & logging and other services both gained 3,800 jobs each. Leisure & hospitality improved by 2,700 jobs (1.6 percent). Education and health services grew by 900 jobs (0.4 percent) and financial activities added 400 jobs (0.5 percent) over the year.

The largest annual average over-the-year job losses were seen in the broad trade, transportation and utilities supersector which lost a non-seasonally adjusted 2,900 jobs (-0.9 percent) as retail trade lost 4,600 jobs (-2.5 percent) but was offset by a 1,800 job gain in transportation, warehousing & utilities. Government shed 2,200 jobs (-0.6 percent) with most of the losses coming from state (-1.6 percent) and local government (-0.5 percent).
Definition & Importance

Manufacturing employment data is also produced by the Bureau of Labor Statistics’ Current Employment Statistics (CES) program. Manufacturing and production are still important parts of both the U.S. and Oklahoma economies. During the 2007-09 recession, employment in manufacturing declined sharply. Although manufacturing plunged in 2008 and early 2009 along with the rest of the economy, it is on the rebound today while other key economic sectors, such as construction, still suffer. In Oklahoma, manufacturing accounts for one of the largest shares of private output and employment in the state. In addition, many manufacturing jobs are among the highest paying jobs in the state. In order to account for the size disparity between the U.S. and Oklahoma employment levels, we have indexed the data with January 2001 as the starting value.

Current Developments

U.S. factory employment continued to trend up in October, reflecting gains in durable goods industries. In October, employment in manufacturing increased by 32,000, according to the Bureau of Labor Statistics (BLS). Most of the increase occurred in durable goods manufacturing, with a gain in transportation equipment (+10,000 jobs). Manufacturing has added 296,000 jobs over the year, largely in durable goods industries.

Oklahoma manufacturing employment was flat in September, as both durable and non-durable goods sectors reported no change in employment over the month.

Over the year, statewide manufacturing employment expanded by a seasonally-adjusted 2,100 jobs (1.6 percent) in September, as job gains in durable goods manufacturing were partially offset by job losses in non-durable goods manufacturing (-2,000 jobs).
Definition & Importance
Economists consider the Institute for Supply Management’s Purchasing Managers’ Index (PMI™) a key economic indicator. The Institute for Supply Management (ISM®) surveys more than 300 manufacturing firms on employment, production, new orders, supplier deliveries, and inventories. The ISM® manufacturing index is constructed so that any level at 50 or above signifies growth in the manufacturing sector, which accounts for about 12 percent of the U.S. economy. A level above 43 or so, but below 50, indicates that the U.S. economy is still growing even though the manufacturing sector is contracting. Any level below 43 indicates that the economy is in recession.

For the region, since 1994, the Creighton Economic Forecasting Group at Creighton University has conducted a monthly survey of supply managers in nine states (including Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma and South Dakota), to produce leading economic indicators for the Mid-America economy using the same methodology as the national survey by the ISM®.

Current Developments
U.S. manufacturing activity slipped for a second straight month in October, falling to the lowest level in six months, as tariffs are driving up costs and limiting supplies. The October PMI® registered 57.7 percent, a decrease of 2.1 percentage points from the September reading of 59.8 percent, according to the latest ISM Manufacturing Report On Business®. Of the 18 manufacturing industries surveyed, 13 reported growth in October led by textile mills and electrical equipment manufacturers.

ISM’s gauge of new orders fell below 60 percent for the first time since April 2017 to a reading of 57.4 in October from 61.8 in September. Production dropped to 59.9 percent after a 63.9 percent reading in the previous month. The survey’s measure of export orders fell to 52.2 percent in October from last month’s 56.0 percent. The report’s employment index declined to 56.8 from a reading of 58.8 in September. Meanwhile, the Prices Index shot up 4.7 points to 71.6 percent.
The Creighton University Mid-America Business Conditions Index, a leading economic indicator for a nine-state region stretching from North Dakota to Arkansas, fell to its lowest level since January 2017, but remained above growth neutral, and continues to point to positive economic growth for the next three to six months, according to the latest monthly survey results. The Business Conditions Index, which ranges between 0 and 100, fell to 54.9 from September’s strong 57.5. This is the 23rd straight month the index has remained above growth neutral 50.0.

“The regional economy continues to expand at a healthy pace. However, as in recent months, shortages of skilled workers remain an impediment to even stronger growth. Furthermore, supply managers are reporting mounting negative impacts from tariffs and trade skirmishes. I expect expanding tariffs, trade restrictions, and rising short-term interest rates from a more aggressive Federal Reserve, to slow regional growth to a more modest, but still positive pace in the months ahead,” said Ernie Goss, Ph.D., director of Creighton University’s Economic Forecasting Group.

Oklahoma’s Business Conditions Index sank to a solid 55.0 from September’s 57.6 reading, and has remained above the 50.0 threshold for the last 15 months. Components of the overall October index were new orders at 58.2, production or sales at 55.7, delivery lead time at 60.5, inventories at 46.6, and employment at 54.3.

“Over the past 12 months, Oklahoma nondurable goods manufacturers shed 2,000 workers for a minus 4.9 percent loss making the state number nine among the nine states in terms of the rate of growth. During this same period of time, durable goods producers in the state boosted jobs by 4,300 for a 4.9 percent gain, pushing the state to number two among the nine states in terms of the rate of growth,” said Goss.
Definition & Importance
Crude oil is an important commodity in the global market. Prices fluctuate depending on supply and demand conditions in the world. Since oil is such an important part of the economy, it can also help determine the direction of inflation. In the U.S. consumer prices have moderated whenever oil prices have fallen, but have accelerated when oil prices have risen. The U.S. Energy Information Administration (EIA) provides weekly information on petroleum inventories in the U.S., whether produced here or abroad.

The Baker Hughes rig count is an important indicator for the energy industry and Oklahoma. When drilling rigs are active they consume products and services produced by the oil service industry. The active rig count acts as a leading indicator of demand for products used in drilling, completing, producing and processing hydrocarbons.

West Texas Intermediate (WTI-Cushing) is a light crude oil produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams and which is traded in the domestic spot market at Cushing, Oklahoma.

Background
Oklahoma produces a substantial amount of oil. Excluding federal offshore areas, Oklahoma ranked 6th in the nation in crude oil production in 2017 (at 161,678,000 barrels). Crude oil wells and gathering pipeline systems are concentrated in central Oklahoma. Two of the 100 largest oil fields in the United States are found in Oklahoma.

The city of Cushing, in central Oklahoma, is a major crude oil trading hub connecting Gulf Coast producers to Midwest refining markets. In addition to Oklahoma crude oil, the Cushing hub receives supply from several major pipelines that originate in Texas. Traditionally, the Cushing Hub has pushed Gulf Coast and Mid-Continent crude oil supply north to Midwest refining markets. However, production from those regions is in decline, and an underused crude oil pipeline system has been reversed to deliver rapidly expanding heavy crude oil supply produced in Alberta, Canada to Cushing, where it can access Gulf Coast refining markets. For this reason,
Cushing is the designated delivery point for the New York Mercantile Exchange (NYMEX) crude oil futures contracts. Crude oil supplies from Cushing that are not delivered to the Midwest are fed to Oklahoma’s five refineries, which have a combined distillation capacity of more than 511,000 barrels per day—roughly 2.7 percent of the total U.S. refining capacity.

**Current Developments**

According to the U.S. Energy Information Administration (EIA), the United States is pumping record amounts of oil, surpassing Russia to become the world’s biggest producer of crude. The most recent EIA Petroleum Supply Monthly reported that U.S. crude oil production reached 11.3 million barrels per day (b/d) in August 2018, up from 10.9 million b/d in July. U.S. crude oil production exceeded the Russian Ministry of Energy’s estimated August production of 11.2 million b/d, making the United States the leading crude oil producer in the world.

Monthly crude oil production reached a record high in several states in August. Texas had the highest record level at 4.6 million b/d, followed by North Dakota at 1.3 million b/d. Other states that had record-high production levels included New Mexico, Oklahoma, Colorado, and West Virginia.

Oklahoma crude oil production surged again in August and remains well above production levels of the previous year. Oklahoma field production of crude oil in August was at a level of 17,445,000 barrels (bbl), 696,000 bbl (4.2 percent) more than the downwardly-revised July production level of 16,749,000 bbl. For the first eight months of 2018, statewide crude production was at a level of 130,169,000 bbl, which is 24,372,000 bbls (23.0 percent) more than the 105,797,000 bbls produced in the first eight months of 2017.

WTI-Cushing spot prices averaged $70.23/barrel (b) in September, up from the August average of $68.06/b. EIA’s Short-Term Energy Outlook forecasts the average spot price for WTI to remain near that level in the 4th quarter of 2018. The higher crude oil prices at the end of 2018 and throughout 2019 will likely support increased U.S. crude oil production.

The number of rigs drilling for oil and natural gas in the U.S. was up one (1) rig for the week ending October 26, 2018 raising the total rig count to 1,068 rigs, according to Houston oilfield services company Baker Hughes Inc. Of that total, 875 rigs (81.9 percent) drilled for oil and 193 (18.1 percent) explored for natural gas. Compared to a year ago, the nation’s rig count increased 159 from 909 rigs reported on October 27, 2017.

Oklahoma’s active rig count for the week ending October 26, 2018 was at 141 rigs, the same as the previous week’s total, according to Baker Hughes. Oil-directed rigs accounted for 130 active rigs (92 percent) of total rig activity. Over the year, Oklahoma’s rig count was up 16 from 125 rigs reported on October 27, 2017.
Definition & Importance

The U.S. Energy Information Administration (EIA) provides weekly information on natural gas stocks in underground storage for the U.S., and three regions of the country. The level of inventories helps determine prices for natural gas products. Natural gas product prices are determined by supply and demand—like any other good or service. During periods of strong economic growth, one would expect demand to be robust. If inventories are low, this will lead to increases in natural gas prices. If inventories are high and rising in a period of strong demand, prices may not need to increase at all, or as much. However, during a period of sluggish economic activity, demand for natural gas may not be as strong. If inventories are rising, this may push down oil prices.

The Henry Hub in Erath, Louisiana is a key benchmark location for natural gas pricing throughout the United States. The Henry Hub is the largest centralized point for natural gas spot and futures trading in the United States. The New York Mercantile Exchange (NYMEX) uses the Henry Hub as the point of delivery for its natural gas futures contract. Henry Hub “spot gas” represents natural gas sales contracted for next day delivery and title transfer at the Henry Hub. The settlement prices at the Henry Hub are used as benchmarks for the entire North American natural gas market. Approximately 49 percent of U.S. wellhead production either occurs near the Henry Hub or passes close to the Henry Hub as it moves to downstream consumption markets.

Background

Oklahoma is one of the top natural gas producers in the nation, ranking 4th among all states in U.S. gross production in 2016, (excluding offshore production), at 2,468,312 million cubic feet (7.6 percent of U.S. gross production). More than a dozen of the 100 largest natural gas fields in the country are found in Oklahoma and proven reserves of conventional natural gas have been increasing in recent years. 

Most natural gas in Oklahoma is consumed by the electricity generation and industrial sectors. About three-fifths of Oklahoma households use natural gas as their primary energy source for
home heating. Nevertheless, only about one-third of Oklahoma's natural gas output is consumed within the state. The remaining supply is sent via pipeline to neighboring states, the majority to Kansas, including the natural gas trading hubs in Texas and Kansas.

**Current Developments**

In the October *Natural Gas Monthly*, the U.S. Energy Information Administration (EIA) reported that net natural gas imports (imports minus exports) were minus 65 billion cubic feet (Bcf), or minus 2.1 billion cubic feet per day (Bcf/d), in August 2018, making the United States a net exporter. Total imports were 7.8 Bcf/d, a decrease of 2.4 percent from the 8.0 Bcf/d in August 2017. Total exports were 9.9 Bcf/d, an increase of 24.3 percent from the 8.0 Bcf/d in August 2017. The increase in exports continues to be driven by liquefied natural gas (LNG). LNG exports in August 2018 were more than twice the level in August 2017. In August 2018, the United States exported 3.0 Bcf/d of LNG to 13 countries.

For the second month in a row, statewide natural gas production reached the highest monthly level since record-taking began (in January 1991) in August. Oklahoma natural gas gross withdrawals were at a level of 258,669 million cubic feet (MMcf), 6,661 MMcf (2.6 percent) more than July's downwardly revised level of 252,008 MMcf. For the first eight months of 2018, statewide natural gas production was at a level of 1,909,606 MMcf, or 282,330 MMcf (17.3 percent) more than 1,627,276 MMcf produced in the first eight months of 2017.

U.S. benchmark Henry Hub natural gas spot prices rose in October, averaging $3.27 per million British thermal units (MMBtu), 27 cents more than the September average of $3.00 MMBtu.

According to oil services company Baker Hughes, for the week ending Friday, October 26, the U.S. natural gas rig count was at 193 rigs, shedding one (1) rig from the previous week but adding 21 rigs over the year.

Oklahoma's natural gas-directed drilling rig count stood at 11 units for the week ending October 26, 2018, the same as the previous week. Over the year, the number of statewide rotary rigs exploring for natural gas was up one (1) unit from ten (10) reported for the week ended October 27, 2017.
Definition & Importance
The U.S. Census Bureau and the Department of Housing and Urban Development jointly provide monthly national and regional data on the number of new housing units authorized by building permits; authorized, but not started; started; under construction; and completed. The data are for new, privately-owned housing units (single and multifamily), excluding "HUD-code" manufactured homes. Because permits precede construction, they are considered a leading indicator for the residential construction industry and the overall economy. Most of the construction begins the same month the permit is issued. The remainder usually begins construction during the following three months; therefore we also use a three-month moving average.

While home construction represents a small portion of the housing market, it has an outsize impact on the economy. Each home built creates an average of three jobs for a year and about $90,000 in taxes, according to the National Association of Home Builders. Overall, homebuilding fell to its lowest levels in 50 years in 2009, when builders began work on just 554,000 homes.

Current Developments
U.S. residential building permit activity, an indicator of future housing demand, fell for a second straight month in September, sinking to the lowest level in nearly one and a half years. Privately-owned housing units authorized by building permits in September were at a seasonally adjusted annual rate of 1,241,000, 0.6 percent below the revised August rate of 1,249,000 and 1.0 percent below the September 2017 rate of 1,254,000, according to the U.S. Census Bureau and the Department of Housing and Urban Development.

Permits to build single-family homes, which account for the largest share of the housing market, rose 2.9 percent in September to a pace of 851,000 units, while permits for the construction of apartments declined 7.6 percent to a pace of 390,000 units in September.
Definition & Importance
The data services of the Federal Reserve Bank of St. Louis produces series that are seasonally adjusted including monthly state level data on the number of new housing units authorized by building permits. These adjustments are made using the X-12 Procedure of SAS to remove the seasonal component of the series so that non-seasonal trends can be analyzed. This procedure is based on the U.S. Bureau of the Census X-12-ARIMA Seasonal Adjustment Program.

Current Developments
Oklahoma home builders requested fewer permits in September as statewide residential permitting activity plunged to the lowest level in over three years. Total residential permitting was at a seasonally-adjusted level of 773 in September, down 39 permits (-4.8 percent) from the downwardly-revised August level of 812 and down 49 permits (-5.9 percent) less than the September 2017 estimate of 822 permits, according to figures from the U.S. Census Bureau and the Federal Reserve Bank of St. Louis.

In September, permits for single-family homes were at a seasonally-adjusted level of 652, down 141 permits (-17.8 percent) from the downwardly-revised level of 792 permits in August. Multi-family permitting was at a seasonally-adjusted level of 122, up 102 permits, (506.0 percent), from 20 units permitted in August. Single-family permitting accounted for 84.2 percent of total residential permitting activity in September while the more volatile multi-family permitting accounted for 15.8 percent.

Despite declines in statewide residential permitting in recent months, permitting activity through September 2018 was at a higher level than the previous year. Year to date, Oklahoma total residential permitting was at a level of 7,640 permits (3.6 percent), compared to 7,374 permits for the first nine months of 2017.
Definition & Importance

Personal income is a broad measure of economic activity and one for which relatively current data are available. Personal income includes earnings, property income such as dividends, interest, and rent and transfer payments, such as retirement, unemployment insurance, and various other benefit payments. It is a measure of income that is available for spending and is seen as an indicator of the economic well-being of the residents of a state. Earnings and wages make up the largest portion of personal income.

To show the vastly different levels of total personal income for the U.S. and Oklahoma on the same chart, these data have been converted to index numbers. This chart shows a comparison of Oklahoma and U.S. growth in real personal income with 1st quarter 2000 as the base year.

Current Developments

U.S. consumer spending rose for a seventh straight month in September but personal income had its smallest gain in more than a year, indicating the pace of spending may not be sustainable going forward. Personal income increased $35.7 billion (0.2 percent) in September according to estimates by the Bureau of Economic Analysis (BEA). Disposable personal income (DPI) increased $29.1 billion (0.2 percent) and personal consumption expenditures (PCE) increased $53.0 billion (0.4 percent). Real DPI increased 0.1 percent in September and Real PCE increased 0.3 percent. The PCE price index increased 0.1 percent.

Spending on durable goods, such as automobiles, rose 1.4 percent in September, following a 0.6 percent advance in August. Nondurable goods purchases gained 0.3 percent. Spending on services, such as health care, improved 0.3 percent in September.

The ‘core’ personal consumption expenditures (PCE) price index, which excludes food and energy, rose 0.2 percent after being flat in August, pushing it to the Federal Reserve’s 2.0 percent target for the fifth consecutive month.

With spending rising more than incomes, the personal saving rate slipped to 6.2 percent in September—the lowest rate this year.
Definition & Importance
Quarterly estimates of state personal income are seasonally adjusted at annual rates by the Bureau of Economic Analysis (BEA). Quarterly personal income estimates are revised on a regular schedule to reflect more complete information than the data that were available when the estimates were initially prepared and to incorporate updated seasonal factors.

Current Developments
State personal income increased 4.2 percent, at an annual rate, in the 2nd quarter of 2018, a deceleration from the 5.0 percent increase in the 1st quarter, according to estimates by the Bureau of Economic Analysis (BEA). Personal income increased in all states and the District of Columbia. The percent change in personal income across all states ranged from 6.0 percent in Texas to 1.6 percent in Washington.

Oklahoma’s personal income grew at a 4.5 percent rate, to a level of $181.4 billion, ranking the state 15th among all states in the 2nd quarter of 2018. For the 1st quarter of 2018, Oklahoma’s personal income was revised upward to 6.0 percent (from the previous 4.0 percent estimate).

For the nation, earnings increased 4.5 percent in the 2nd quarter of 2018, after increasing 5.1 percent in the 1st quarter. Earnings was the leading contributor to personal income growth in most states, including the four states with the fastest personal income growth — Texas, Louisiana, Kentucky, and North Dakota. Oklahoma’s net earnings grew 5.4 percent, contributing 3.7 percentage points to personal income growth in the 2nd quarter of 2018.

In Oklahoma, earnings in mining, quarrying, and oil and gas extraction (1.37 percentage point), durable goods manufacturing (0.41 percentage point), professional, scientific, and technical services (0.37 percentage point), and administrative and support and waste management and remediation services (0.37 percentage point) were the leading contributors to earnings growth in 2nd quarter 2018.
Retail sales measure the total receipts at stores that sell merchandise and related services to final consumers. Sales are by retail and food services stores. Data are collected from the Monthly Retail Trade Survey conducted by the U.S. Bureau of the Census. Essentially, retail sales cover the durables and nondurables portions of consumer spending. Consumer spending accounts for roughly two-thirds of the U.S. GDP and is therefore essential to Oklahoma’s economy. Retail sales account for around one-half of consumer spending and economic recovery calls for consumption growth.

U.S. retail sales edged up a slightly in September, as gains in motor vehicle sales was offset by big drops in restaurant and department store spending. Advance estimates of U.S. retail and food services sales for September 2018, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were $509.0 billion, an increase of 0.1 percent from the previous month, and 4.7 percent above September 2017, according to the U.S. Census Bureau. Total sales for the July 2018 through September 2018 period were up 5.9 percent from the same period a year ago. The July 2018 to August 2018 percent change was unrevised at 0.1 percent.

Auto sales jumped 0.8 percent in September after a 0.5 percent decline in the previous month. Receipts at service stations fell 0.8 percent, reflecting a moderation in pump prices. Excluding autos, retail sales fell 0.1 percent following a 0.2 percent gain in August. Sales at general merchandise stores rose 0.3 percent while sales at department stores fell 0.8 percent. Spending at restaurants and bars dropped 1.8 percent—the biggest decline in nearly two years and likely impacted by Hurricane Florence in September.

The less volatile “core” or retail-control group sales which are used to calculate gross domestic product, and strips out automobiles, gasoline, building materials, and food services sales jumped 0.5 percent in September, following a downwardly-revised 0.0 percent in August.
Definition & Importance

The Center for Economic and Management Research (CEMR) Price College of Business, at the University of Oklahoma produces the Oklahoma Monthly Retail Sales Series containing monthly estimates of retail sales for Oklahoma, the Oklahoma City, Tulsa and Lawton Metropolitan Statistical Areas and 48 selected cities in Oklahoma. The series is based on sales tax collection data provided by the Business Tax Division, Oklahoma Tax Commission (OTC). In order to take out monthly volatility, we have used a six-month moving average.

Current Developments

Statewide retail spending slumped in September, pulled down by lower estimated gasoline sales. Total adjusted retail trade for September was at a level of $3.40 billion, a 0.6 percent decline from the revised July level of $3.42 billion. Over the year, total adjusted retail sales were 2.7 percent more than the September 2017 level of $3.31 billion. Excluding gasoline sales, total retail sales for September increased 0.4 percent over the month.

Total durable goods sales rose 0.5 percent in September as automobile accessories & repair sales gained 0.9 percent, miscellaneous durables were also up 0.9 percent, sales at electronics & music stores grew 0.6 percent, used merchandise (0.5 percent), and lumber and hardware (0.3 percent). The only declining durable goods category in September was furniture (-0.3 percent).

Nondurable goods purchases sank 0.9 percent in September as the volatile estimated gasoline sales (amounting to 14.2 percent of total nondurable goods sales) dropped 8.0 percent over the month. Advancing nondurable categories in September were eating & drinking places (0.5 percent); general merchandise stores (0.4 percent); liquor stores (1.4 percent); miscellaneous non-durable goods (0.3 percent); and food stores (0.3 percent). Declining nondurable goods categories in September were drugstores (-0.5 percent) and apparel (-0.2 percent).