



# OKLAHOMA Economic Indicators

August 2016

# OKLAHOMA ECONOMIC INDICATORS

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## August 2016

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# TABLE OF CONTENTS

SPECIAL REPORT: OKLAHOMA HEALTH JOB QUARTERLY EARNINGS PERCENTILE CHANGES: 2005-2015 .....	2
U.S. Real Gross Domestic Product and Quarterly Change.....	6
Oklahoma’s Real Gross Domestic Product and Quarterly Change.....	8
Industry Share of Oklahoma’s Economy.....	9
Metropolitan Area Contribution to State Real GDP .....	10
Leading Index for Oklahoma.....	11
U.S. and Oklahoma Unemployment Rates .....	12
Oklahoma Initial Claims for Unemployment Insurance.....	13
U.S. and Oklahoma Nonfarm Payroll Employment .....	14
Oklahoma Employment Change by Industry.....	15
U.S. and Oklahoma Manufacturing Employment.....	16
Purchasing Managers’ Index (Manufacturing) .....	17
Oklahoma Active Rotary Rigs and Cushing, OK WTI Spot Price.....	19
Oklahoma Active Rotary Rigs and Henry Hub Natural Gas Spot Price.....	21
U.S. Total Residential Building Permits.....	23
Oklahoma Total Residential Building Permits.....	24
U.S. and Oklahoma Real Personal Income.....	25
Industry Contribution to Oklahoma Personal Income.....	26
U.S. Adjusted Retail Sales .....	27
Oklahoma Total Adjusted Retail Sales.....	28

## SPECIAL REPORT:

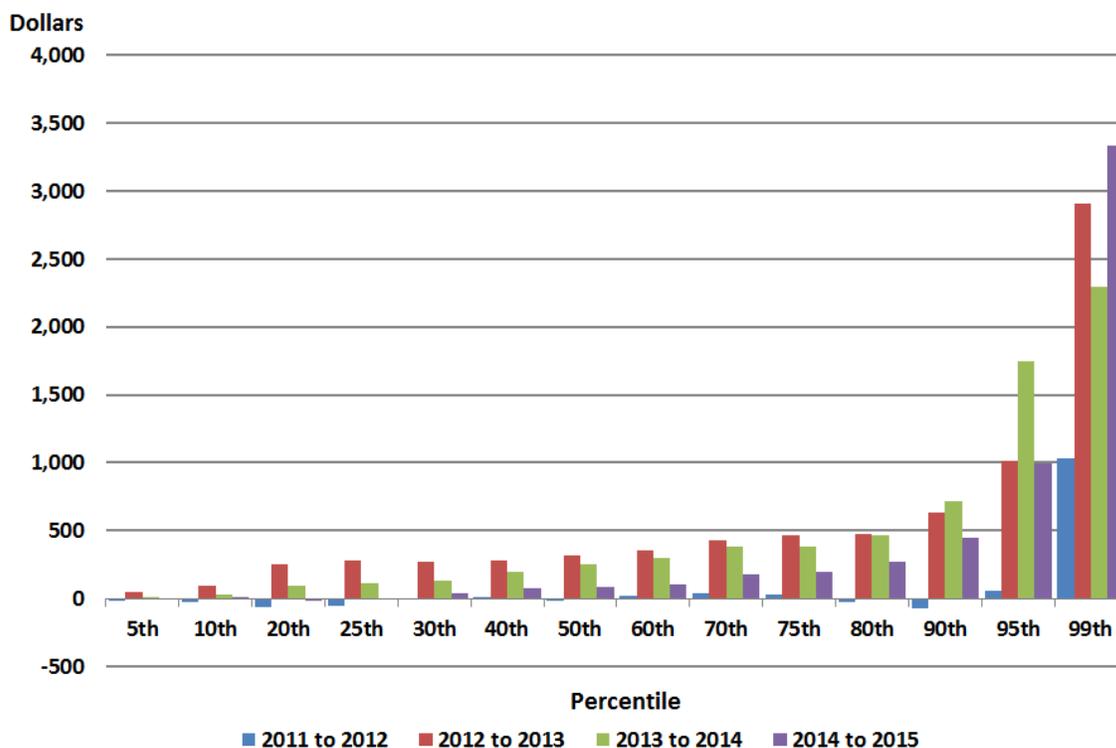
### OKLAHOMA HEALTH JOB QUARTERLY EARNINGS PERCENTILE CHANGES: 2005-2015

According to the most recently released 2014 Quarterly Census of Employment and Wages (QCEW), Oklahoma's health industry employs the largest number of employees (at 13 percent of total employment) along with the largest total annual payroll (at \$9,123,782,431). The health industry's employment, including social assistance, is projected to increase by 21.9 percent between 2012 and 2022, largely due to Oklahoma's demographically aging population. Therefore, an analysis of the percentile earnings changes in Oklahoma's health industry provides an important indicator of economic and business trends, as well as job growth for the state.

The complete report and findings of the analysis, *Oklahoma Job Quarterly Earnings Percentile Changes: Health Report* is now available on the OESC website (please refer to the link at the end of this report). This special report summarizes the earnings percentiles occurring in 1-year changes, 3-year changes and by 10-year changes in key years 2005 to 2015. A few tables and charts illustrate these highlights.

The 1-year interval analyses of health job earnings percentile dollar amounts and percent earnings amount changes for intervals 2011 to 2015 reveal an uneven percentile change from interval to interval. In the interval 2011 to 2012, the earnings dollar amount change was small for most percentiles, with eight of the fourteen percentiles showing dollar amount decreases. Both intervals 2012 to 2013 and 2013 to 2014 had significant earnings dollar amount increases, with the amounts larger as the percentile level increased. The interval 2014 to 2015 again showed small earnings dollar amount increases, with the 5th and 20th percentiles decreasing. Chart 1, below shows these changes.

**Chart 1. Health Job Quarterly Earnings Percentile Dollar Change Per Year: 2011 to 2015**



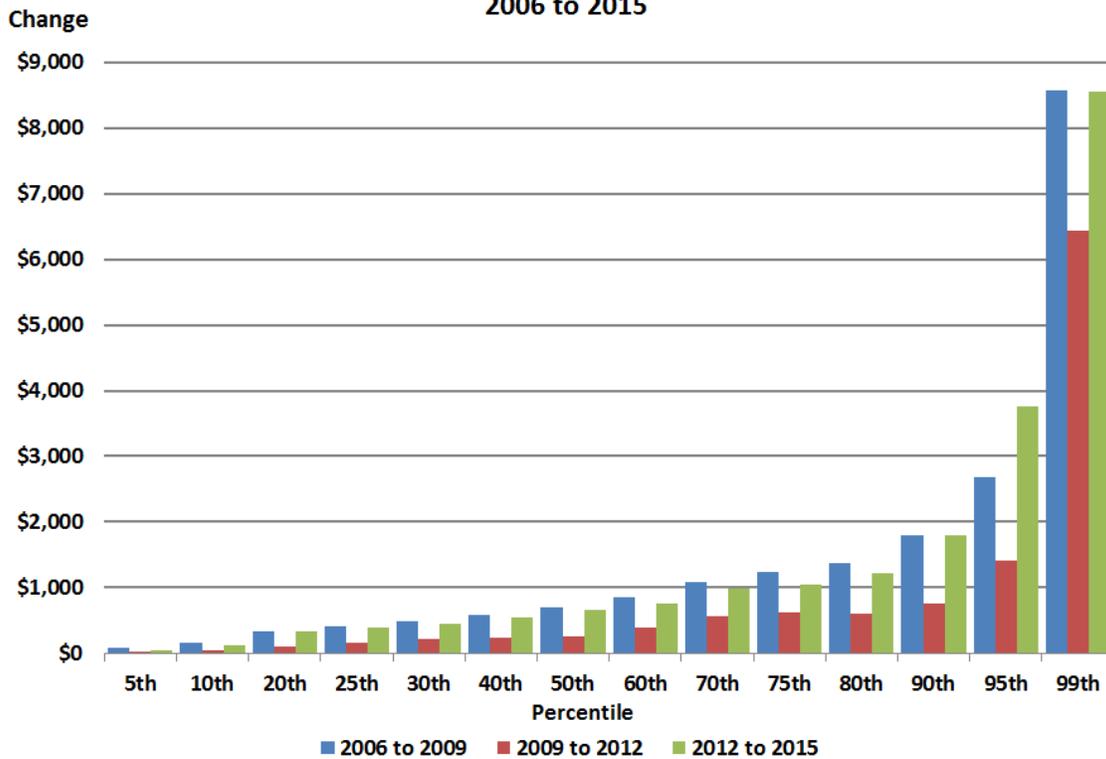
Note<sup>1</sup>: Earnings are second quarter job totals, excluding Federal jobs.

Note<sup>2</sup>: Cases where earnings are less than \$300 removed.

Note<sup>3</sup>: The unit of analysis is a job

The 3-year interval analyses of health’s dollar amount and percent amount earnings changes from 2006 to 2015 determined the following. The 3-year interval 2006 to 2009 had the largest dollar amount earnings changes for each percentile, with the exception of the 95th percentile. The 95th percentile dollar amount earnings changes in 2012 to 2015 were larger than those in any other percentile in any of the 3-year intervals. Years 2009 to 2012 had the least amount dollar amount earnings change of all three 2006 to 2015 3-year intervals. The dollar amount earnings change for these three intervals increased the higher the percentile levels. These 3-year dollar amount changes are shown in Chart 2, below.

**Chart 2. Health Job Quarterly Earnings Percentile Dollar Change, 3-Year Intervals:  
2006 to 2015**



Note<sup>1</sup>: Earnings are second quarter job totals, excluding Federal jobs.  
 Note<sup>2</sup>: Cases where earnings are less than \$300 removed.  
 Note<sup>3</sup>: The unit of analysis is a job.

An examination of the total dollar amounts of the key four years 2006, 2009, 2012 and 2015 in each of the three 3-year intervals determined that all percentiles increased steadily from 2006 to 2015; with the percentile amounts becoming larger as the percentile level increased, as shown in Table 9 and Chart 5.

On the next page, Table 1 gives exact health job earning total amounts for each of the four individual years occurring in the three 3-year intervals from 2006 to 2015. Table 1 shows that these percentile earnings dollar amounts for each of these four years increase as the percentile level increases. Table 1 also shows that the earnings dollar total amounts increased for each percentile as time advances.

**Table 1. Health Job Quarterly Earnings Dollar Amounts by Percentile: 2006, 2009, 2012 & 2015**

Percentile	2006	2009	2012	2015	2006-09 % Change	2009-12 % Change	2012-15 % Change
5th	655	735	746	792	12.2	1.5	6.2
10th	1,093	1,246	1,292	1,411	14.0	3.7	9.2
20th	2,159	2,499	2,608	2,937	15.7	4.4	12.6
25th	2,770	3,177	3,340	3,732	14.7	5.1	11.7
30th	3,320	3,803	4,015	4,455	14.5	5.6	11.0
40th	4,307	4,889	5,128	5,680	13.5	4.9	10.8
50th	5,282	5,984	6,250	6,905	13.3	4.4	10.5
60th	6,428	7,279	7,665	8,427	13.2	5.3	9.9
70th	8,040	9,121	9,681	10,671	13.4	6.1	10.2
75th	9,183	10,420	11,038	12,082	13.5	5.9	9.5
80th	10,613	11,985	12,594	13,813	12.9	5.1	9.7
90th	14,754	16,560	17,308	19,100	12.2	4.5	10.4
95th	19,494	22,177	23,585	27,342	13.8	6.3	15.9
99th	60,000	68,566	75,000	83,545	14.3	9.4	11.4
<b>Total Jobs</b>	<b>169,676</b>	<b>179,062</b>	<b>187,664</b>	<b>182,923</b>	<b>5.5</b>	<b>4.8</b>	<b>-2.5</b>

Note<sup>1</sup>: Earnings are second quarter job totals, excluding Federal jobs.

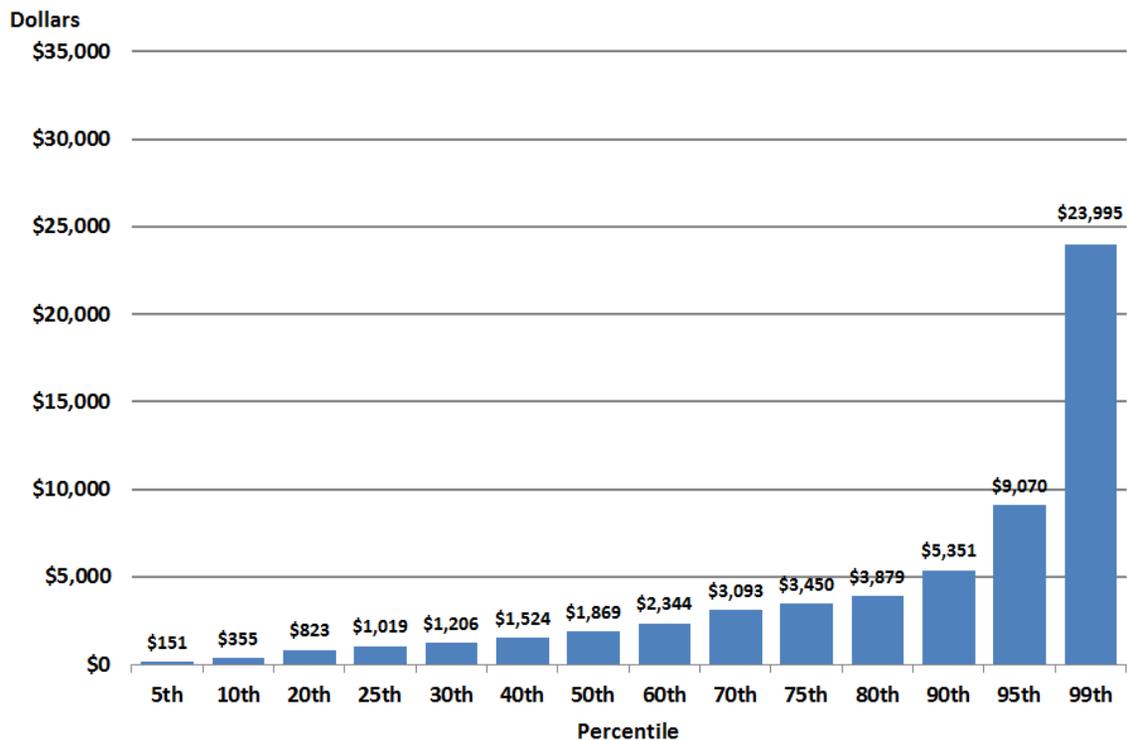
Note<sup>2</sup>: Cases where earnings are less than \$300 removed.

Note<sup>3</sup>: The unit of analysis is a job.

A fourth way that health percentile earnings and earnings changes can be examined is by quarterly job earnings dollar amounts and percent changes for the 10-year interval from 2005 to 2015.

Chart 3, below, illustrates the dollar amount change for this 10-year interval.

**Chart 3. Health Job Quarterly Earnings Percentile Dollar Change: 2005 to 2015**



Note<sup>1</sup>: Earnings are second quarter job totals, excluding Federal jobs.

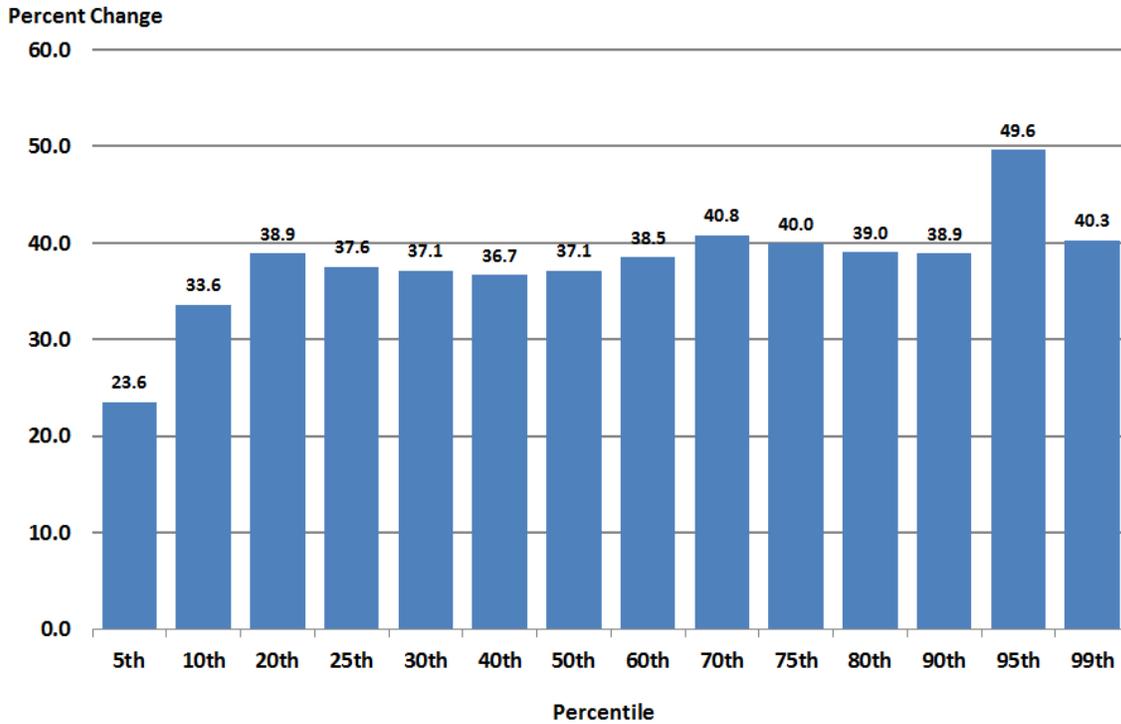
Note<sup>2</sup>: Cases where earnings are less than \$300 removed.

Note<sup>3</sup>: The unit of analysis is a job.

Chart 3 shows that between 2005 and 2015, the dollar amounts for health job earnings increased for all percentile levels, with dollar amount increasingly larger as the percentile level increases.

Chart 4 below, displaying the percent change for this ten-year period did not show a steady increase from lower levels to higher levels. The 5th percentile had the lowest job earnings percent change while the 10th percentile had the second-lowest percent change. The 95th percentile showed the largest percent change with the remaining percentiles varying by only 4.1 percentage points in job earnings percent change during the 10-year interval.

**Chart 4. Health Job Quarterly Earnings Percentile Percent Change: 2005 to 2015**



Note<sup>1</sup>: Earnings are second quarter job totals, excluding Federal jobs.

Note<sup>2</sup>: Cases where earnings are less than \$300 removed.

Note<sup>3</sup>: The unit of analysis is a job.

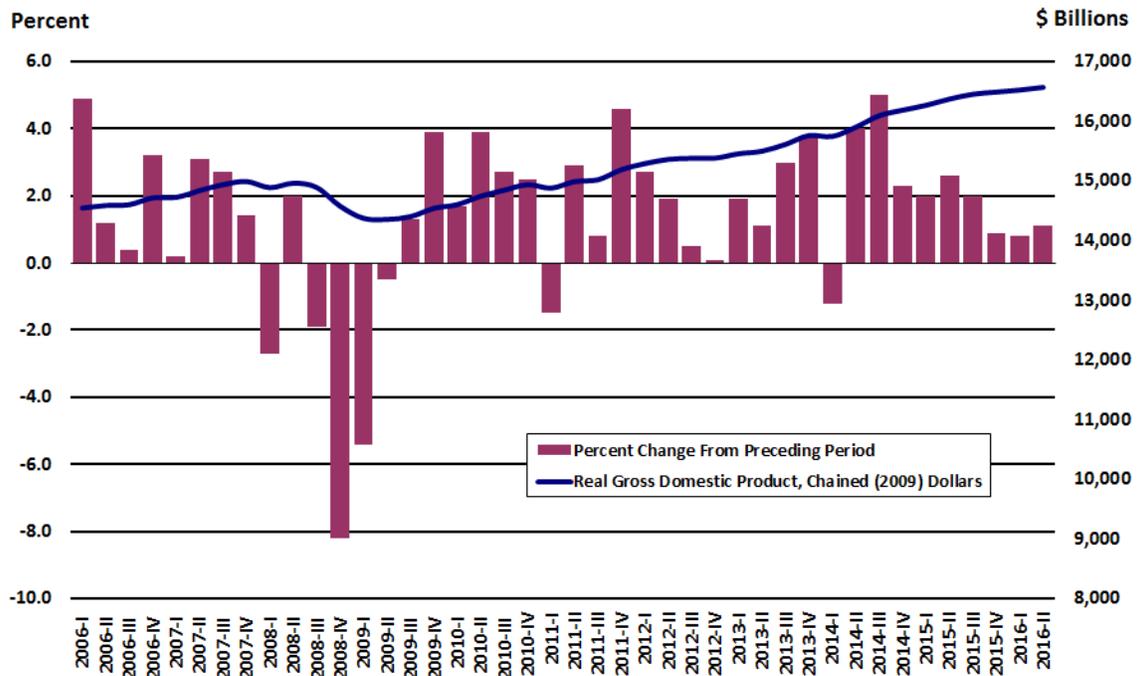
**More Information**

A copy of the full Oklahoma Health Job Quarterly Earnings Percentile report is available on the OESC website at:

[https://www.ok.gov/oesc\\_web/documents/lmiearningschangehealthreport2015.pdf](https://www.ok.gov/oesc_web/documents/lmiearningschangehealthreport2015.pdf)

## Real Gross Domestic Product and Quarterly Change

Source: U.S. Department of Commerce, Bureau of Economic Analysis



### Definition & Importance

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.

### Background

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 pace of U.S. economic growth in the 2nd quarter was more sluggish than first thought as strong consumer spending gains were offset by a pullback in business inventory investment. Real gross domestic product (GDP) increased at an annual rate of 1.1 percent in the 2nd quarter of 2016, according to the "second" estimate released by the Bureau of Economic Analysis (BEA). In the 1st quarter, real GDP increased 0.8 percent.

Consumer spending, which accounts for more than two-thirds of U.S. economic activity, picked up this spring, surging at an upwardly revised annual rate of 4.4 percent, the fastest pace since 4th quarter 2014. Spending on durable goods, such as automobiles, increased at a 9.9 percent rate while spending on nondurable goods, such as clothing, expanded a 5.7 percent pace. Spending on services, such as transportation grew 3.1 percent in the 2nd quarter. Personal consumption expenditures (PCE) added 2.94 percentage points to 2nd quarter GDP growth rather than the 2.83 percentage points estimated earlier.

Business investment dropped in the spring for a third straight quarter, reflecting declines in both structures and equipment. Nonresidential fixed investment declined at a -0.9 percent rate instead of the -2.2 percent reported earlier. Nonresidential fixed investment subtracted 0.11 percentage point from GDP growth in the 2nd quarter, less than -0.28 percentage point previously reported.

Business inventory investment fell for the first time in nearly five years in the 2nd quarter, shrinking by an annualized \$12.4 billion. The reduction in inventories was more than first reported, pulling down 2nd quarter GDP 1.26 percentage points instead of 1.16 percent previously estimated.

Home construction was weaker than previously thought in the 2nd quarter, plunging to an annual rate of -7.7 percent, (up from the previous -6.1 percent estimate), reflecting weakness in both single-family and apartment construction. Residential fixed investment sliced 0.30 percentage point from 2nd quarter GDP growth, rather than the previous estimate of 0.24 percentage point.

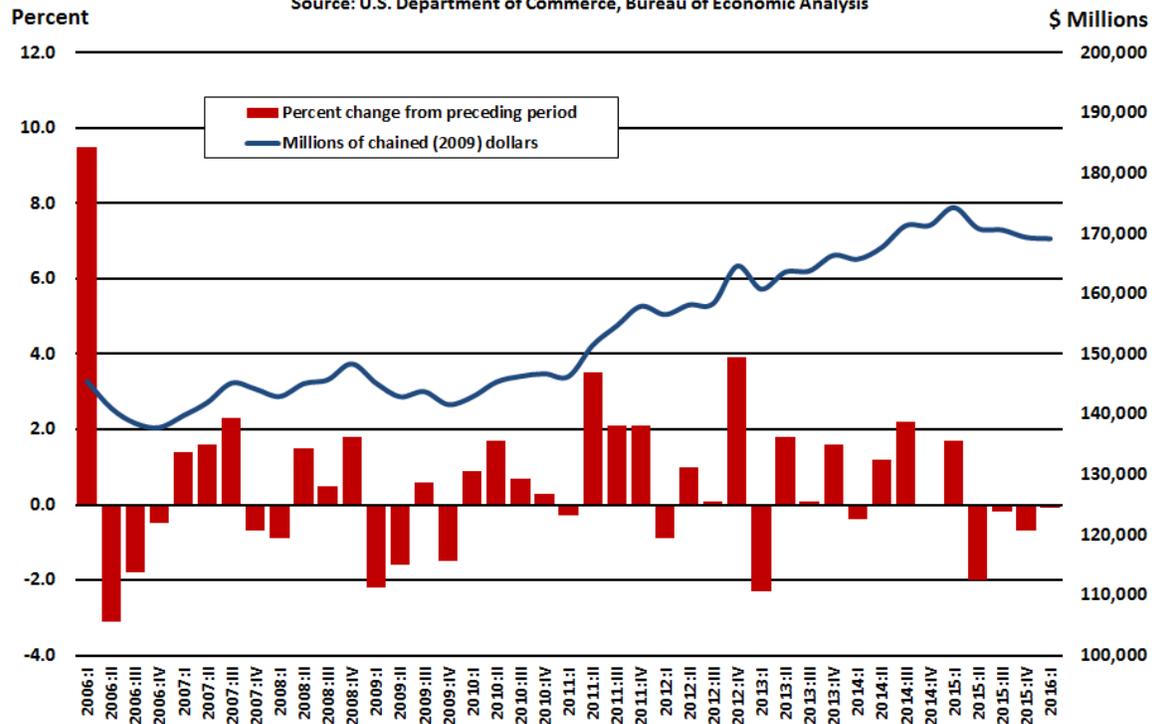
Imports rose, rather than fell, in the 2nd quarter widening the trade gap. Exports grew at an annualized 1.2 percent rate (instead of 1.4 percent), while imports advanced 0.3 percent, rather than declining 0.4 percent. With those adjustments, trade added only 0.10 percentage point to 2nd quarter GDP growth, rather than 0.23 percentage point reported earlier.

Government purchases also trimmed growth more than first thought in the 2nd quarter as federal, state and local governments pulled back on spending. Federal government expenditures decreased at an annualized 0.3 percent rate, held back by a 3.1 percent decline in national defense spending. Federal non-defense spending grew 3.8 percent instead of the previous estimate of 3.9 percent. State and local government spending dropped 2.2 percent in the 2nd quarter, more than the -1.3 percent decline reported earlier. Government consumption expenditures subtracted 0.27 percentage points from GDP growth in the 2nd quarter instead of -0.16 percentage points as estimated earlier.

## Oklahoma Real Gross Domestic Product and Quarterly Change

1st Quarter 2006 - 1st Quarter 2016, Seasonally Adjusted Annual Rates

Source: U.S. Department of Commerce, Bureau of Economic Analysis



### Definition & Importance

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

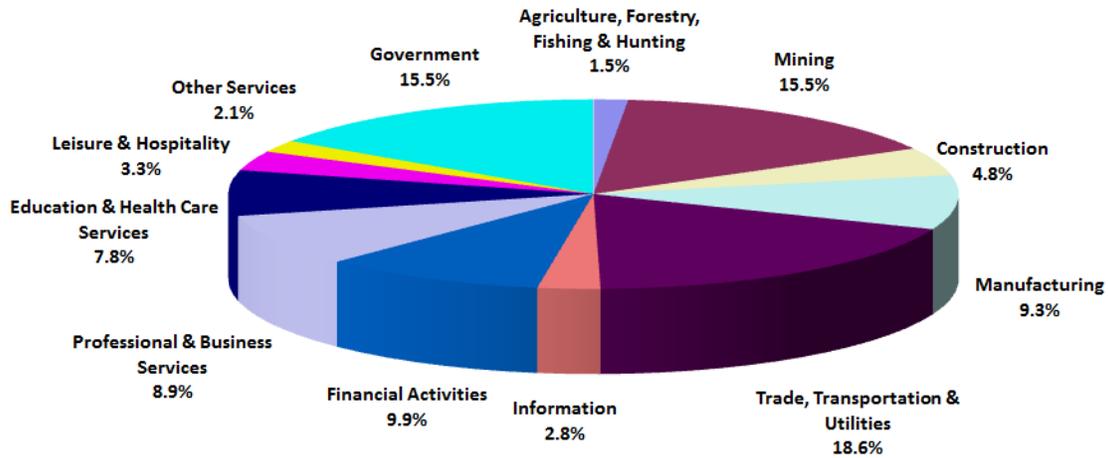
Growth of U.S. real GDP by state—a measure of nationwide growth calculated as the sum of GDP of all states and the District of Columbia—slowed to an annual rate of 1.2 percent in the 1st quarter of 2016 after increasing 1.7 percent in the preceding quarter. Real gross domestic product (GDP) increased in 37 states and the District of Columbia in the 1st quarter of 2016, according to the Bureau of Economic Analysis (BEA). Real GDP by state growth, at an annual rate ranged from 3.9 percent in Arkansas to -11.4 percent in North Dakota. Construction; health care and social assistance; and retail trade were the leading contributors to U.S. economic growth in the 1st quarter.

In the 1st quarter of 2016, Oklahoma’s real GDP contracted for the fourth consecutive quarter, slipping -0.5 percent and ranking the state 39th among all other states and the District of Columbia. Statewide GDP was at a level of \$176.8 billion (in constant 2009 dollars) in the 4th quarter, down \$2.48 billion from 3rd quarter’s level of \$179.3 billion.

It also appears that Oklahoma’s economy did not perform as well as previously thought. The state’s real GDP growth in 2nd quarter 2015 was slashed from -2.4 percent to -7.7 percent while 3rd quarter 2015 growth was revised downward from 1.0 percent to -0.6 percent.

## Industry Share of Oklahoma's Economy, 1st Quarter 2016 (by percentage of Gross Domestic Product)

Source: U.S. Department of Commerce, Bureau of Economic Analysis



Based on overall U.S. real GDP growth by state, construction grew 9.0 percent in the 1st quarter of 2016—the eighth consecutive quarter of growth for this industry. Construction contributed to growth in 47 states and the District of Columbia including Oklahoma where it added 0.7 percentage point to the state’s real GDP growth.

Health care and social assistance grew 3.8 percent in the 1st quarter. This industry contributed to growth in every state and the District of Columbia. In Oklahoma, health care and social assistance added 0.21 percentage point to GDP growth.

Retail trade grew 4.8 percent in the 1st quarter. This industry contributed to growth in 47 states and the District of Columbia and added 0.22 percentage point to real GDP in Oklahoma.

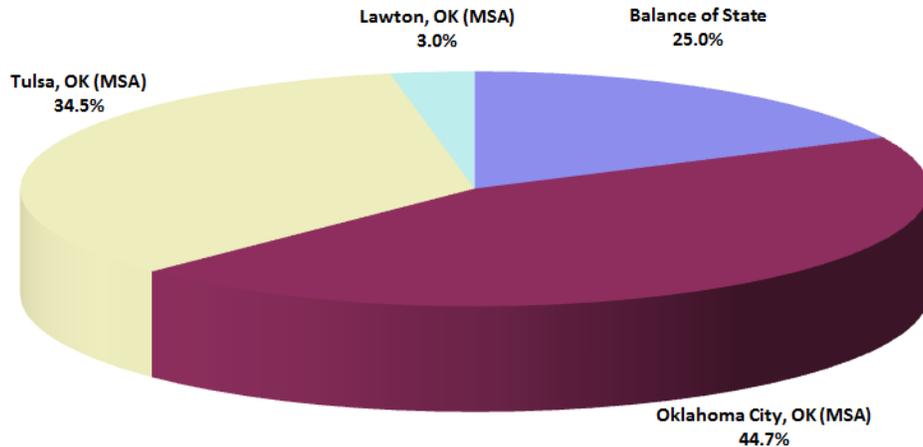
Although agriculture, forestry, fishing, and hunting was not a significant contributor to real GDP growth for the nation, it had an important impact on economic growth in several states including Oklahoma. This industry contributed 0.83 percentage points to real GDP growth in Oklahoma—the largest contributor to the state’s GDP growth in the 1st quarter.

Mining declined 11.1 percent for the nation in the 1st quarter. Mining subtracted 0.73 percentage point from real GDP growth in Oklahoma and was the largest drag on the state’s GDP growth in the 1st quarter

Transportation and warehousing declined 8.8 percent for the nation in the 1st quarter. This industry subtracted from real GDP growth in all states and the District of Columbia including Oklahoma where it subtracted 0.53 percentage point from real GDP growth.

## Metropolitan Area Contribution to State Real Gross Domestic Product 2014

Source: U.S. Department of Commerce, Bureau of Economic Analysis



### Definition & Importance

Metropolitan Statistical Areas (MSAs) 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.

Nationally, metropolitan statistical areas represent approximately 90 percent of total GDP. In Oklahoma, the three MSAs of Oklahoma City, Tulsa and Lawton accounted for roughly 75 percent of total state GDP in 2010.

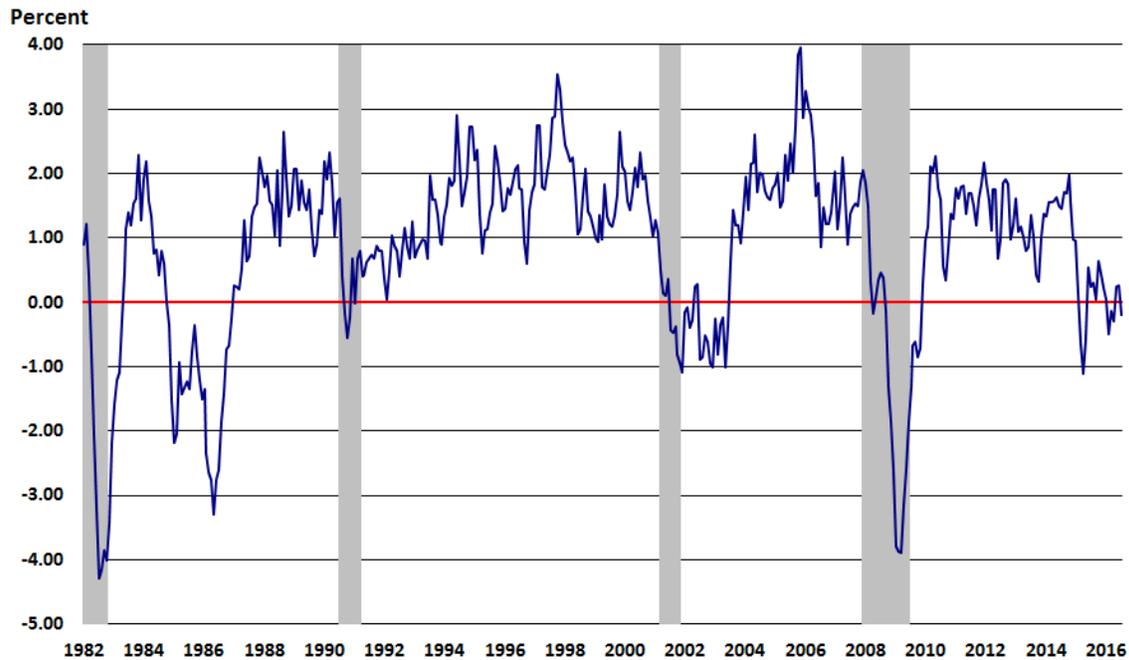
### Current Developments

Real GDP increased in 282 of the nation's 381 metropolitan areas in 2014, led by growth in several industry groups: professional and business services, wholesale and retail trade, and the group of finance, insurance, real estate, rental, and leasing, according to the U.S. Bureau of Economic Analysis (BEA). Natural resources and mining remained a strong contributor to growth in several metropolitan areas. Collectively, real GDP for U. S. metropolitan areas increased 2.3 percent in 2014 after increasing 1.9 percent in 2013.

Two of three Oklahoma metropolitan areas outpaced the U.S. metropolitan area real GDP growth in 2014. Tulsa MSA's real GDP grew at a rate of 3.7 percent to \$49.5 billion and ranked 51st (out of 381 metro areas). Oklahoma City MSA grew by 2.6 percent to \$64.5 billion and ranked 99th. Lawton MSA contracted 1.5 percent to \$4.4 billion in 2014 and ranked 344th among U.S. metro areas.

## Leading Index for Oklahoma, 1982-2016

Source: Federal Reserve Bank of Philadelphia (retrieved from FRED, Federal Reserve Bank of St. Louis)



NOTE: Shaded areas represent National Bureau of Economic Research defined recession periods.

### 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.

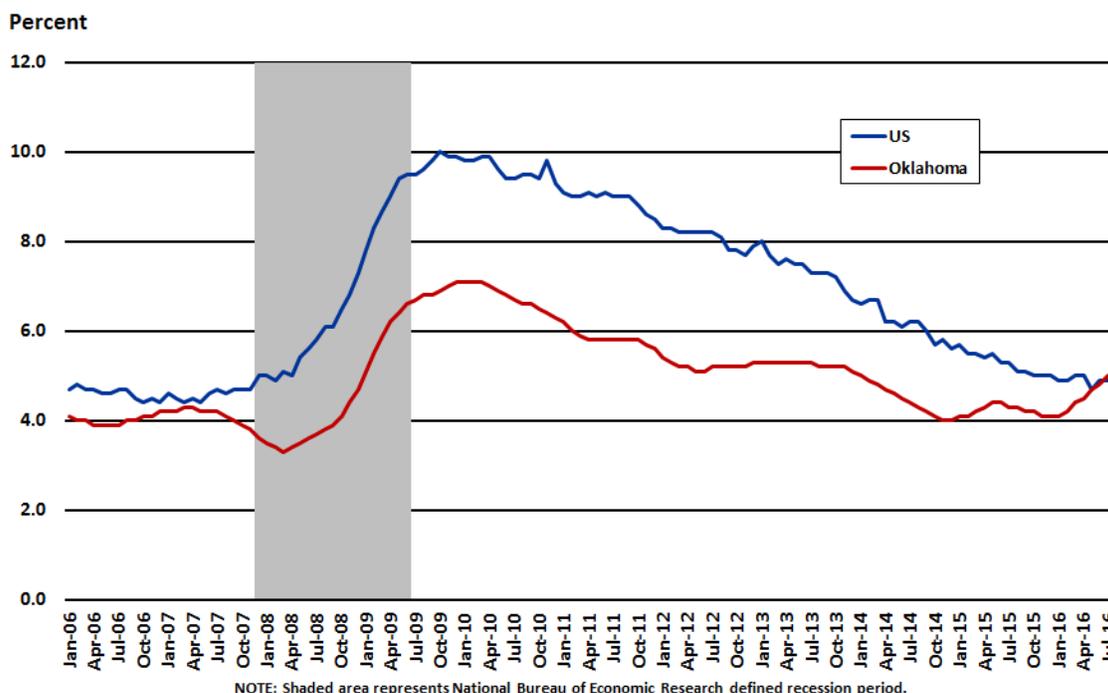
### Current Developments

Oklahoma's leading index, a six-month forecast of the state's coincident index, fell back into negative territory in July. After climbing to a revised 0.25 percent, (down from a previous 0.43 percent reading), in May and 0.26 percent in June (from the previous 1.04 percent estimate), Oklahoma's Leading Index registered -0.20 percent in July, according to the latest figures from the Federal Reserve Bank of Philadelphia. Overall, Oklahoma's leading index for July suggests contraction in the state's economy through the 1st quarter of 2017.

Prolonged declining commodity prices continued to depress Oklahoma's economy in the 1st quarter of 2016 as oil prices sunk to 15-year lows. Oklahoma's leading index began falling at the end of 2014, posting seven consecutive months of decline, and slipping into negative territory in March, April and May of 2015. After rebounding mid-year, Oklahoma's leading index began falling again in late 2015 for another six-month string of declines and plunged back into negative territory in February (-0.50 percent), March (-0.13 percent), and April (-0.29 percent).

## U.S. and Oklahoma Unemployment Rate (Seasonally Adjusted)

Source: U.S. Department of Labor, Bureau of Labor Statistics



### 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

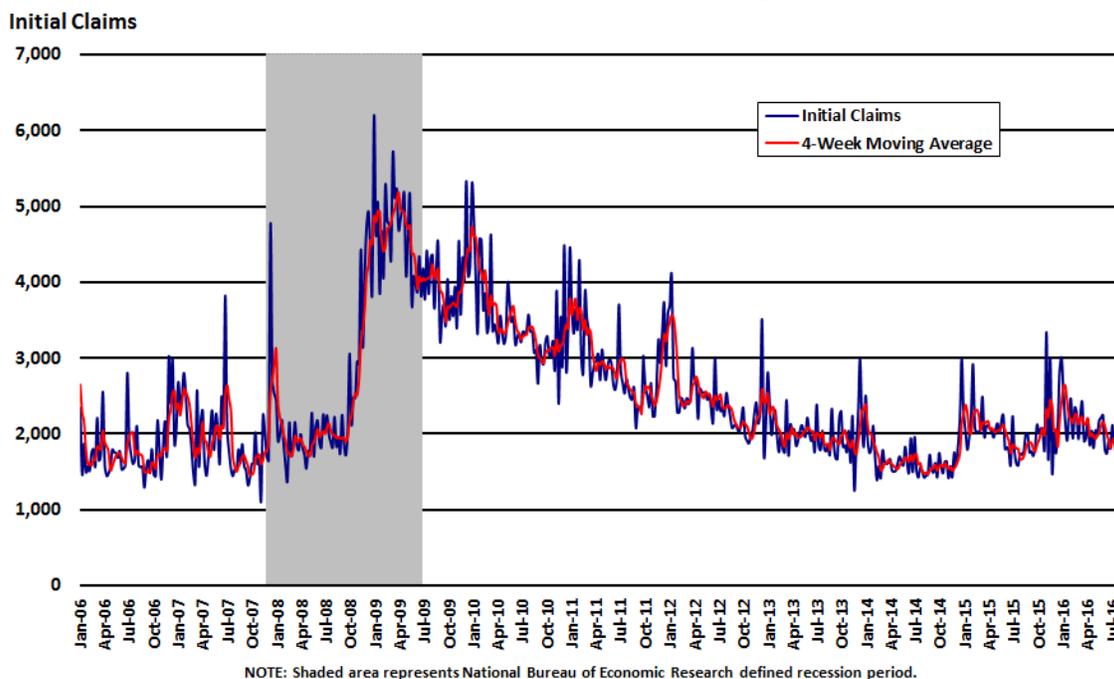
The U.S. unemployment rate held steady for a third consecutive month in August. The unemployment rate was unchanged at 4.9 percent in August, according to the Bureau of Labor Statistics (BLS). The labor force participation rate—the share of working-age Americans who are employed or looking for work—remained unchanged at 62.8 percent in August.

Oklahoma’s seasonally-adjusted unemployment rate rose for the sixth consecutive month in July jumping to 5.0 percent, a gain of 0.2 percentage point from the previous month. Over the year, the state’s seasonally-adjusted unemployment rate was 0.7 percentage point more than 4.3 percent reported in July 2015.

In July, Stephens County again posted Oklahoma’s highest county unemployment rate at 10.9 percent followed by Latimer County (9.9 percent) and McIntosh County (9.3 percent). Grant County again claimed the lowest county unemployment rate of 3.1 percent.

## Oklahoma Initial Weekly Claims for Unemployment Insurance (Not Seasonally Adjusted)

Source: U.S. Department of Labor, Employment and Training Administration



### 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

Initial claims for unemployment insurance were slightly higher in the last week of August but remain at historically low levels. In the week ending August 27, the advance figure for seasonally adjusted initial claims was 263,000, an increase of 2,000 from the previous week's unrevised level of 261,000, according to figures released by the U.S. Labor Department (DOL). The less volatile 4-week moving average was at a level of 263,000, a decrease of 1,000 from the previous week's unrevised average of 264,000. This marks 78 consecutive weeks of initial claims below 300,000, the longest streak since 1970.

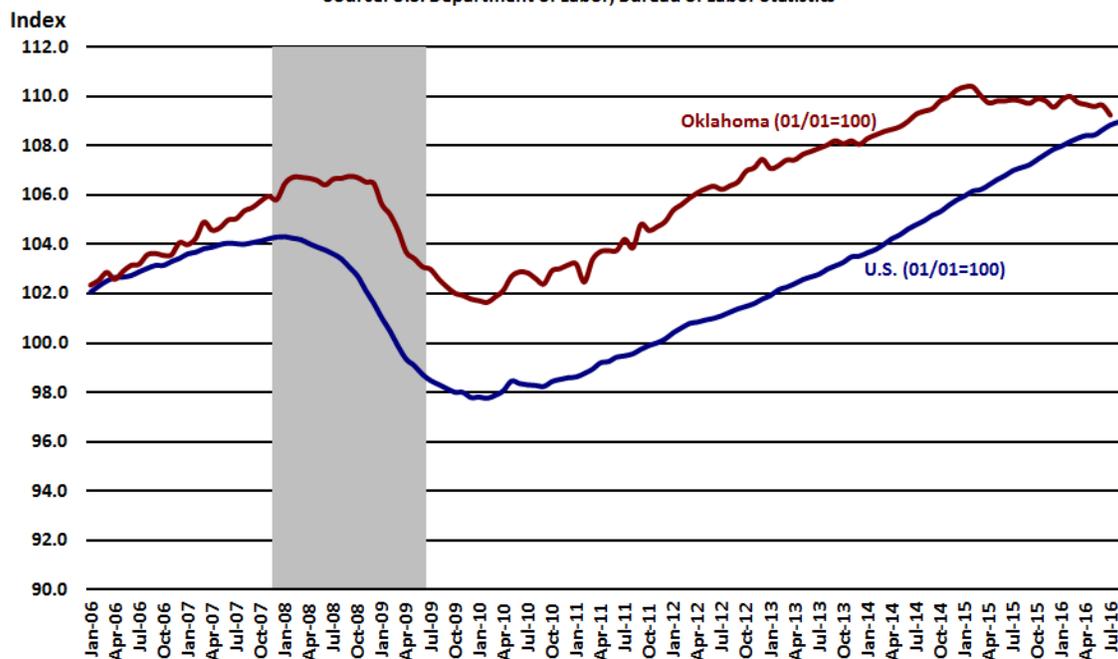
More Oklahomans filed jobless claims in August after trending down a bit in July. For the file week ending August 20, initial claims for unemployment insurance benefits were at a level of 1,822, down 544 from the previous week but up 79 over the month. For the same file week ending, the less volatile four-week moving average increased 20 to 1,934. For the same file week ending on July 30, continued claims jumped 522 to a level of 23,516 while the continued claims four-week moving average fell 243 to 23,462.

Over the year, statewide initial jobless claims were 43 more than the August 22, 2015 level of 1,779 while continued claims were 1,356 more than 22,160 for the same file week ending.

## U.S. and Oklahoma Nonfarm Payroll Employment (Seasonally Adjusted)

Index: January 2001=100

Source: U.S. Department of Labor, Bureau of Labor Statistics



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

### Definition & Importance

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 of 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

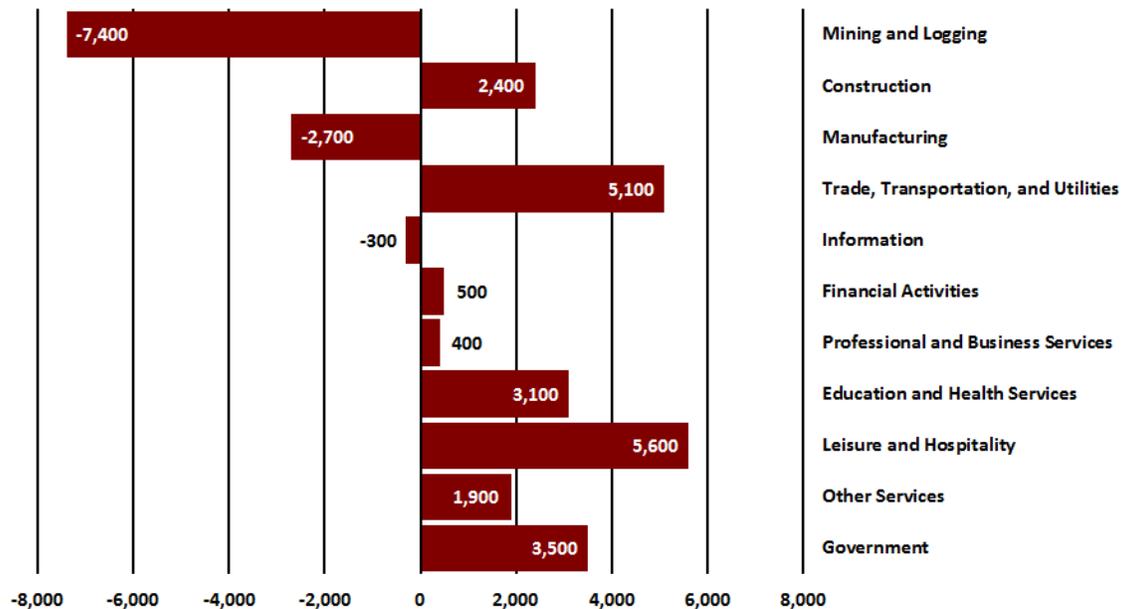
Job growth continued to be steady in August as U.S. employers pulled back slightly in hiring. Total nonfarm payroll employment increased by 151,000 in August, according to the Bureau of Labor Statistics (BLS). Nonfarm payroll employment gains for June were downwardly revised to 271,000, from an initial estimate of 292,000. Nonfarm payroll employment for July was upwardly revised to 275,000 from 255,000.

Oklahoma nonfarm payrolls dropped by a seasonally-adjusted 6,200 jobs (-0.4 percent) in July. June's job gains were revised downwards 1,400 to 1,664,500. Four of Oklahoma's 11 supersectors added jobs over the month as professional & business services (300 jobs) posted the largest monthly job gain in June. Education and health services reported the largest over-the-month loss (-2,500 jobs) followed by trade, transportation & utilities (-1,900 jobs).

Over the year, statewide total nonfarm employment lost 9,500 jobs (-0.6 percent) led by manufacturing (-11,100 jobs) and mining & logging (-10,800 jobs). Leisure & hospitality (8,800 jobs) once again claimed the largest job gain over the year.

## Oklahoma Employment Change by Industry, 2014-2015 Annual Averages (Not Seasonally Adjusted)

Source: Current Employment Statistics (CES), U.S. Department of Labor, Bureau of Labor Statistics



### 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

Oklahoma annual average employment growth slowed further in 2015, as mounting energy sector layoffs weighed on overall job growth. Total nonfarm employment added a non-seasonally adjusted 12,100 jobs for a 0.7 percent growth rate, (compared to 2014, when 21,300 jobs were added at a 1.3 percent growth rate).

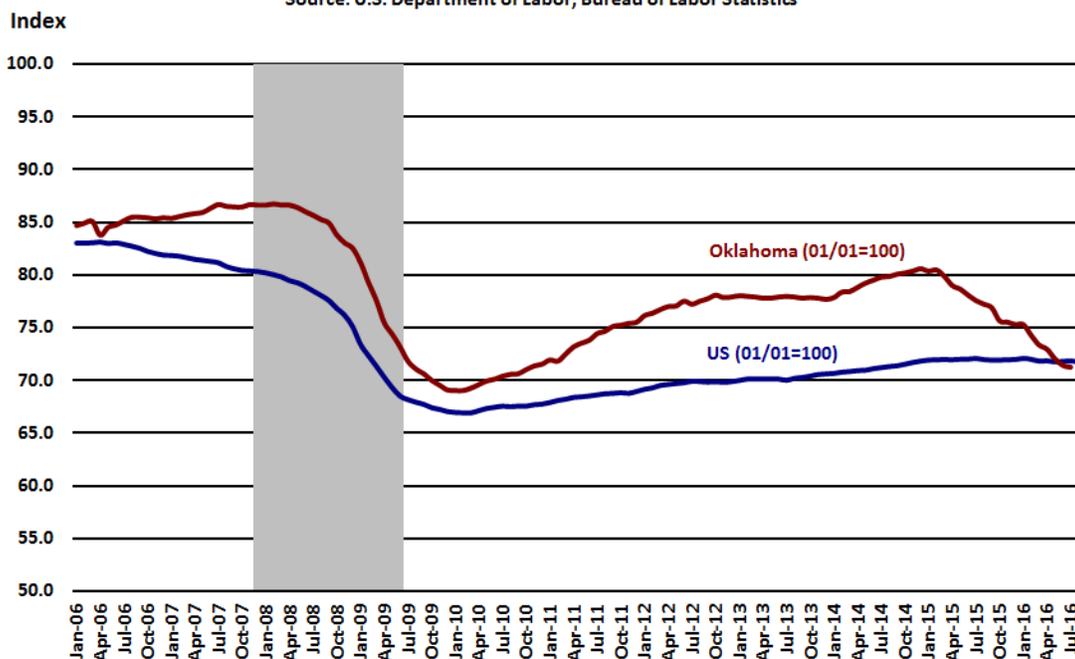
In 2015, eight out of Oklahoma's 11 statewide supersectors recorded job growth. Leisure & hospitality led all other supersectors adding 5,600 jobs with the greater part of hiring occurring in food services and drinking places. The broad trade, transportation & utilities sector added 5,100 jobs with the largest part of growth coming from retail trade. Government added 3,500 employees with most of the growth in local government. Construction added 2,400 jobs with nearly all the job growth in specialty trade contractors.

The largest annual average over-the-year job losses were seen in mining & logging which dropped a non-seasonally adjusted 7,400 jobs (-12.0 percent). Manufacturing employment lost 2,700 jobs mostly in durable goods manufacturing. Information shed 300 jobs in 2015.

## U.S. and Oklahoma Manufacturing Employment (Seasonally Adjusted)

Index: January 2001 = 100

Source: U.S. Department of Labor, Bureau of Labor Statistics



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

### 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

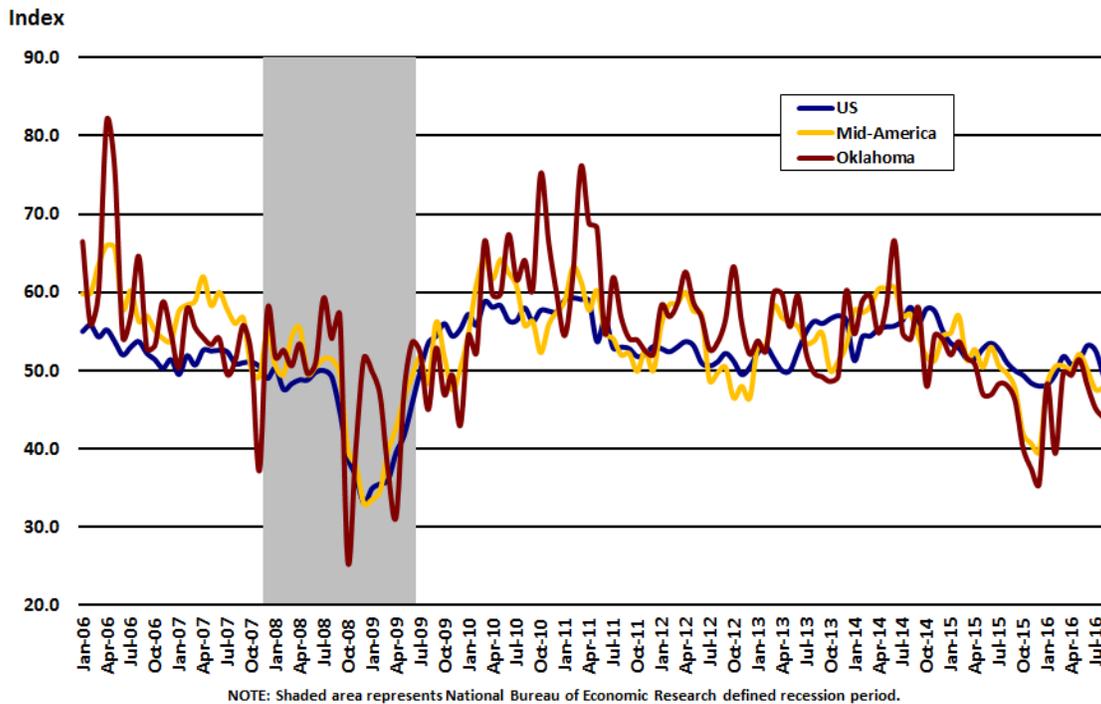
U.S. factory hiring weakened in August as employers cut workers. Manufacturing employment lost 14,000 jobs in August, according to the Bureau of Labor Statistics (BLS). Durable goods manufacturing shed 16,000 jobs in August while non-durable goods manufacturing added 2,000 jobs.

Oklahoma factory employment declined for a sixth consecutive month in July dropping 300 jobs (-0.2 percent) to a seasonally-adjusted 125,200 jobs. Manufacturing employment for June was revised upward to 125,500 (from 125,400). The bulk of June's manufacturing job losses once again occurred in durable goods manufacturing.

Over the year, statewide manufacturing employment dropped a seasonally-adjusted 11,100 jobs (-8.1 percent) with nearly all of the job losses coming from durable goods manufacturing. Machinery manufacturing lost a non-seasonally adjusted 4,000 jobs over the year while fabricated metal product manufacturing fell by 4,500 jobs. Non-durable goods manufacturing employment lost a seasonally-adjusted 400 jobs (-1.0 percent).

## Purchasing Managers' Index (Manufacturing)

Sources: ISM Manufacturing Report On Business® and Business Conditions Index for Mid-America, Creighton University



### 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. 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 contracted unexpectedly in August for the first time since February after five consecutive months of expansion. The August PMI® registered 49.4 percent, a decrease of 3.2 percentage points from the July reading of 52.6 percent, according to the latest Manufacturing ISM® *Report On Business*®. Manufacturing contracted in August for the first time since February of this year, as only six of 18 industries reported an increase in new orders (down from 12 in July), and eight of 18 industries reported an increase in production (down from nine in July).

A gauge of employment fell to 48.3 for the second straight month of decline, a sign that manufacturers are laying off workers. A measure of new orders fell to the lowest level since December, dropping to 49.1. Production plunged to the lowest level in four years at 49.6. One positive take way was exports, unchanged at 52.5, which have expanded now for six straight months.

For a second straight month, the Creighton University Mid-America Business Conditions Index, a leading economic indicator for a nine-state region stretching from North Dakota to Arkansas, was below growth neutral 50.0. The August Business Conditions Index, which ranges between 0 and 100, increased slightly to 47.8 from July's 47.6, according to the Creighton Economic Forecasting Group. Over the past several months the regional index, much like the national reading, has indicated the manufacturing sector is experiencing anemic to negative business conditions.

"Weakness among manufacturers linked to agriculture and energy continue to weigh on regional economic conditions. Due to the heavy dependence of the region on these two sectors, I will expect to see the regional economy to continue to underperform the national economy. Over the past 12 months, for example, the region has experienced nonfarm job growth of 0.7 percent compared to 1.7 percent for the U.S. This gap is likely to continue for the remainder of 2016," said Ernie Goss, Ph.D., director of Creighton University's Economic Forecasting Group.

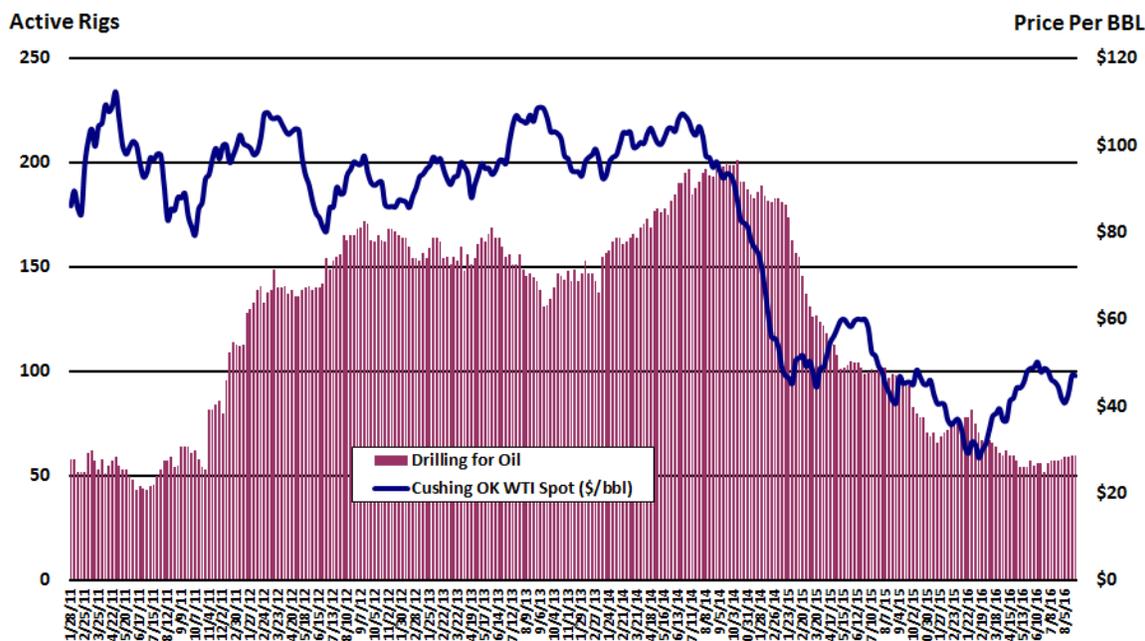
After moving above growth neutral for May, Oklahoma's Business Conditions Index has been below growth neutral 50.0 for three consecutive months. The August index sank to a regional low of 44.0 from 45.2 in July. Components of the overall August index from a survey of supply managers in the state were new orders at 42.8, production or sales at 43.7, delivery lead time at 45.6, inventories at 45.6, and employment at 42.0.

"Metal producers and machine manufacturers have cut jobs and experienced downturns in economic activity for many months in the state," reported Goss.

## Oklahoma Active Rotary Rigs & Cushing, OK WTI Spot Price

January 2011 to August 2016

SOURCES: U.S. Department of Energy, Energy Information Administration and Baker Hughes Rig Counts



### 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, with annual production typically accounting for more than 3 percent of total U.S. production in recent years. 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 over 500 thousand barrels per day—roughly 3 percent of the total U.S. refining capacity.

### **Current Developments**

In the August 2016 *Short-Term Energy Outlook*, the U.S. Energy Information Administration (EIA) expects that U.S. regular gasoline retail prices this summer, measured from April through September, will average \$2.19/gallon, or 6 cents/gallon lower than forecast in last month's *Short-Term Energy Outlook* and 44 cents/gallon lower than last summer. U.S. regular gasoline retail prices are forecast to average \$2.06/gal in 2016 and \$2.26/gal in 2017.

Oklahoma's statewide average price for regular gasoline has risen 14 cents since August 1 to \$2.065 per gallon—the highest since July 2, according to AAA.

The EIA reported that U.S. crude oil production averaged 9.4 million barrels per day (b/d) in 2015. Production is forecast to average 8.7 million b/d in 2016, up 0.1 million from last month's *Short-Term Energy Outlook*. EIA estimates that crude oil production for July 2016 averaged 8.6 million b/d, almost 0.2 million b/d below the June 2016 level, and 1.1 million b/d below the 9.7 million b/d level reached in April 2015

Monthly statewide crude oil production levels have been gradually declining over the past year but still remain at historically high levels. Oklahoma's crude production in June was at a level of 12,497,000 barrels, or 770,000 barrels (5.8 percent) below May's revised production level of 13,267,000 barrels. Oklahoma's crude production for the first half of 2016 was 77,445,000 barrels, 5.5 percent less than the 81,928,000 barrels produced during the first six months of 2015.

West Texas Intermediate (WTI-Cushing) spot prices hovered near \$47 a barrel at the end of August following a 2016 peak of \$51.67/barrel reached in June. Over the year, WTI-Cushing domestic crude prices were down \$11.30/barrel, (-18.8 percent) from \$60.01/barrel for the week ending June 26, 2015.

The number of rigs searching for oil and natural gas in the U.S decreased by two to 489 for the week ended Friday, August 26, according to oil field services company Baker Hughes. That compares to a year ago, when 877 rigs were active. The U.S. rig count peaked at 4,530 in 1981 and reached an all-time low of 404 in May.

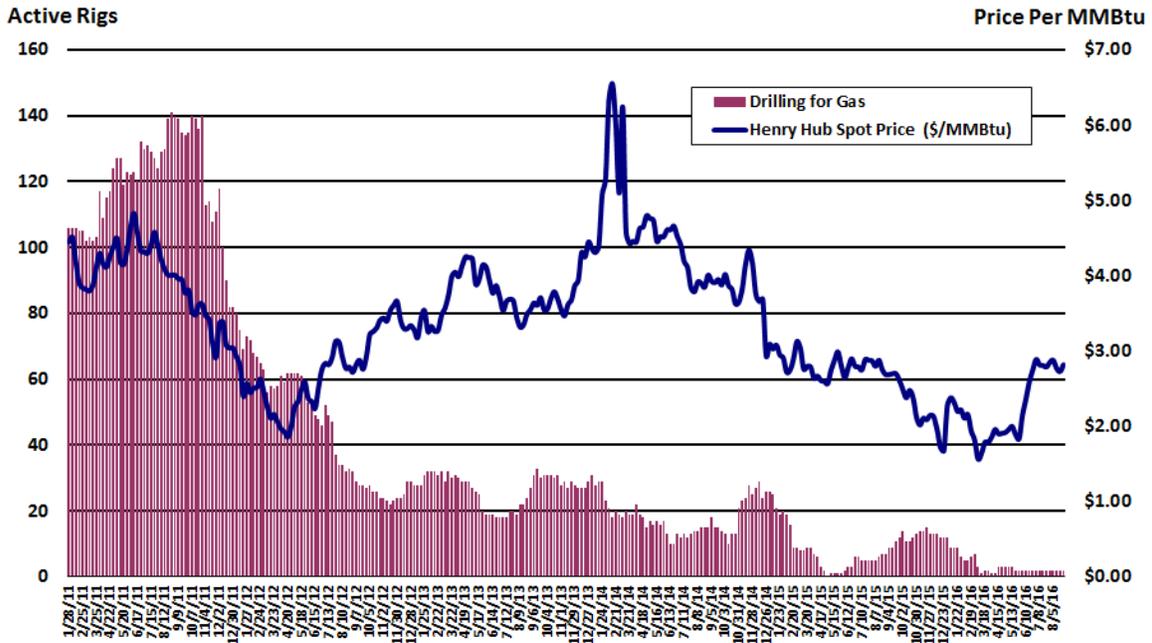
The number of U.S. oil-directed drilling rigs was unchanged at 406 for the week ending August 26, following eight consecutive weeks of increases.

Baker Hughes reported Oklahoma's active rig count for the week was unchanged at 62. Oil-directed rigs accounted for approximately 97 percent of total rig activity (60 active rigs). Over the year, Oklahoma had 105 active rigs operating August 28, 2015.

# Oklahoma Active Rotary Rigs & Henry Hub Natural Gas Spot Price

January 2011 to August 2016

Sources: U.S. Department of Energy, Energy Information Administration and Baker Hughes Rig Counts



## 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 United States with production typically accounting for almost one-tenth of the U.S. total. 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**

According to the August 2016 *Short-Term Energy Outlook*, the U.S. Energy Information Administration (EIA) estimates that the amount of electricity generated using natural gas reached a record high during July, surpassing the previous record set in July 2015. The EIA noted that the record natural gas-fired generation was driven by competitive economics compared with coal (despite recent natural gas price increases) and by warmer-than-normal temperatures that boosted overall electricity generation. For 2016, EIA expects natural gas to fuel 34 percent of electricity generation compared with 30 percent for coal. In 2015, natural gas was used to generate slightly less than 33 percent of electricity, and coal was used to generate slightly more than 33 percent of electricity.

Natural gas production in Oklahoma eased a bit in June. Statewide natural gas gross production in June was at a level of 201,673 MMcf, for a decline of 9,544 MMcf (4.5 percent) from the May production level of 211,217 MMcf. For the first half of 2016, Oklahoma natural gas gross withdrawals were at a level of 1,246,233 MMcf, 907 MMcf (0.1 percent) more than 1,245,326 MMcf produced in the first six months of 2016.

Warmer weather this summer has helped drive up the price of natural gas as power plants consume more gas as people turn on their air conditioners. Natural gas spot prices began to rise at the end of May and continued to climb through July. In August, Henry Hub spot prices began the month at \$2.97/MMBtu and ended at the same price.

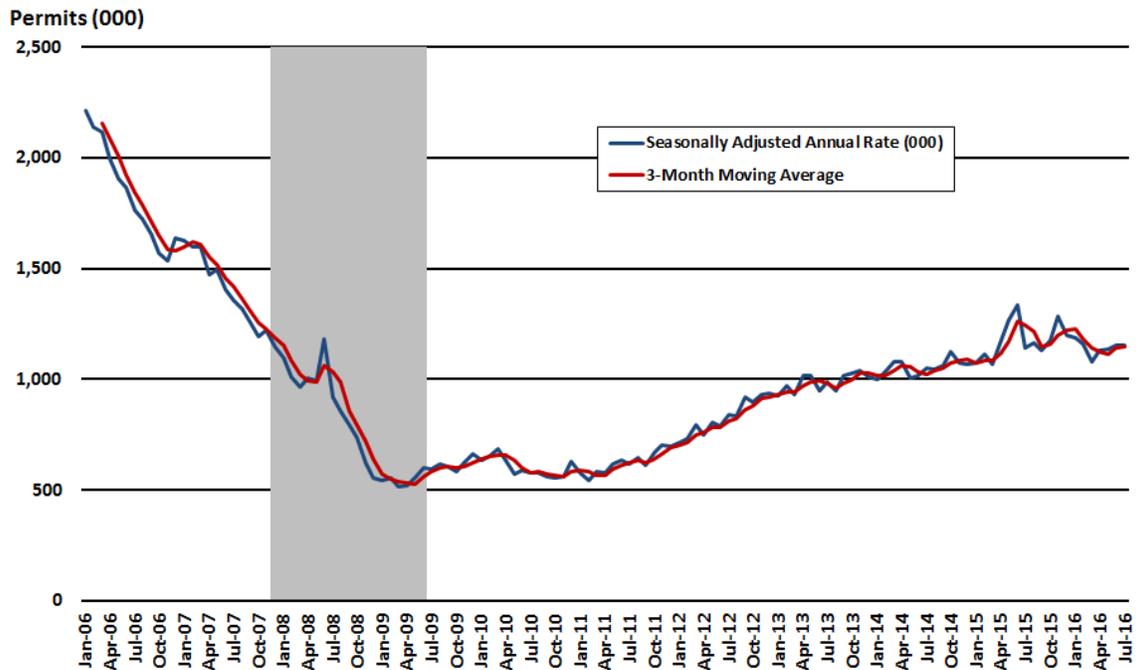
In the U.S. there were 81 active rigs searching for natural gas as of August 26, 2016, a loss of two units from the previous week and a loss of 121 rigs over the year, according to oil services company Baker Hughes Inc.

Oklahoma's natural gas-directed drilling rig count finished the month flat at a level of two active rigs, the same number active rigs in the previous month. Over the year, the number of statewide rotary rigs exploring for natural gas was down five rigs from seven reported for the week ended August 28, 2015.

## U.S. New Private Housing Units Authorized by Building Permit, 2006-2016

### Seasonally Adjusted

Source: U.S. Census Bureau and Department of Housing and Urban Development



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

### 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 outside 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. housing starts reached the strongest pace in six months in July, outpacing permits for future construction. Privately-owned housing units authorized by building permits in July were at a seasonally adjusted annual rate of 1,152,000, 0.1 percent below the revised June rate of 1,153,000, but 0.9 percent above the July 2015 estimate of 1,142,000, according to the U.S. Census Bureau and the Department of Housing and Urban Development.

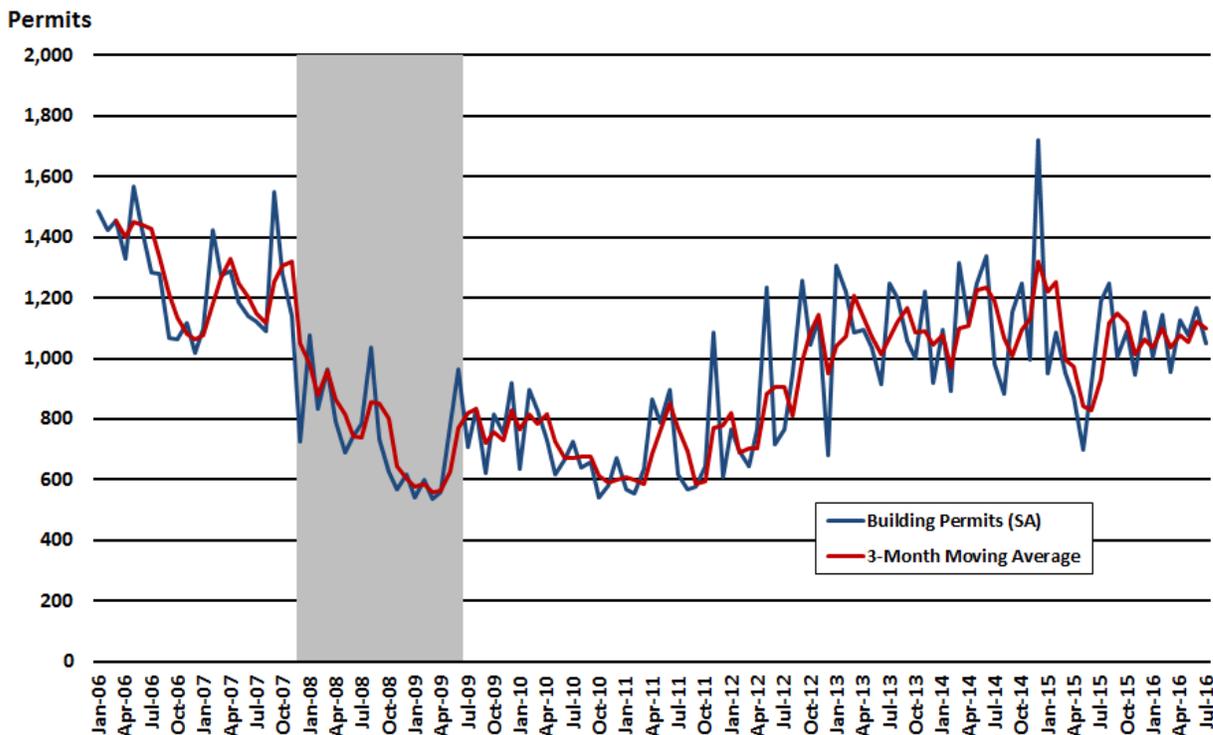
Permits for single-family homes fell 3.7 percent in July to a 711,000-unit rate, the lowest level since September 2015, while multi-family building permits rose 6.5 percent to a 441,000-unit pace.

The National Association of Home Builders/Wells Fargo builder sentiment index rose two points to 60 in August following a downwardly revised reading of 58 in July.

# Oklahoma New Private Housing Units Authorized by Building Permit, 2006-2016

## Seasonally Adjusted

Sources: U.S. Census Bureau and Department of Housing and Urban Development, Federal Reserve Bank of St. Louis



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

### 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 pulled back their applications for residential construction in July, as permitting dropped to the lowest level since January. Total residential building permits for July was at a seasonally adjusted level of 1,051, 10.0 percent (-117 permits) less than June's downwardly revised level of 1,168 and 11.6 percent (-138 permits) below the June 2015 estimate of 1,189 units, according to figures from the Federal Reserve Bank of St. Louis.

Single-family permitting accounted for approximately 66.4 percent of total residential permitting activity in July while multi-family permitting accounted for 31.3 percent. Applications for single-family homes were at a non-seasonally adjusted level of 712, plunging 20.0 percent from June's level of 890 permits. The more volatile multi-family permitting was at a non-seasonally adjusted level of 336 in July, up 15.1 percent, (44 units), from June.

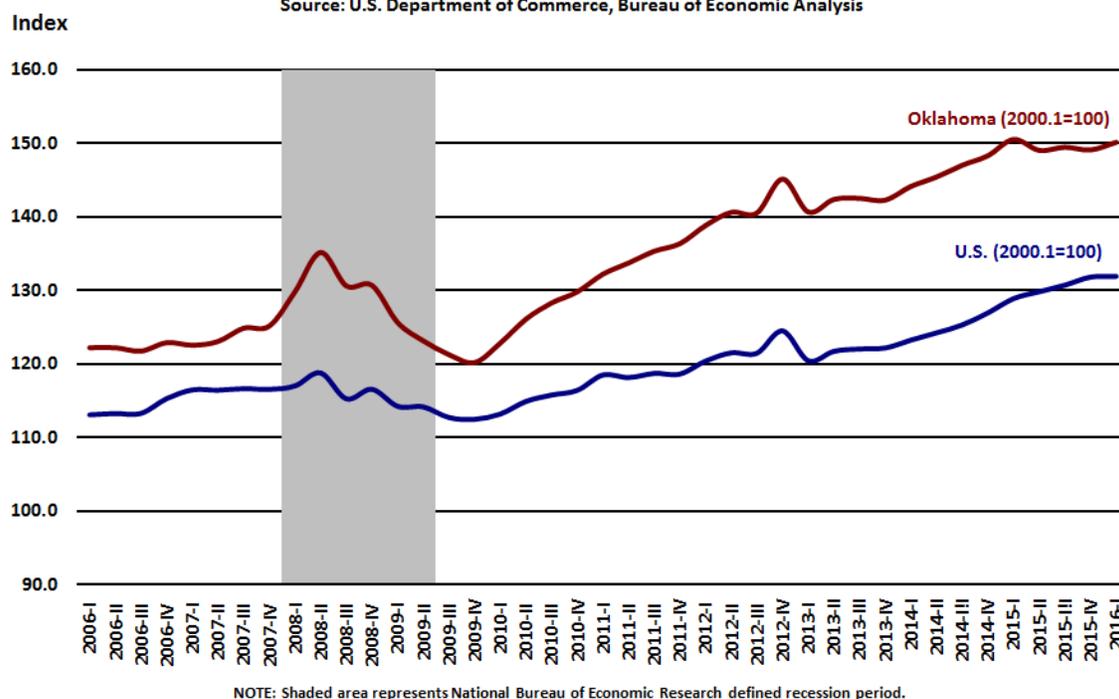
Over the year, the number of single family permits was 25.1 percent less than the July 2015 level of 950 permits. Apartment permitting activity was 63.9 percent more than the July 2015 level of 205 permits.

Year to date, statewide residential permitting hasn't been keeping up with 2015 levels. Total residential permitting was at a seasonally adjusted level of 6,564 permits or 2.2 percent below the first seven months of 2015.

## U.S. and Oklahoma Real Personal Income

Index: 1st Quarter 2000 = 100

Source: U.S. Department of Commerce, Bureau of Economic Analysis



### 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

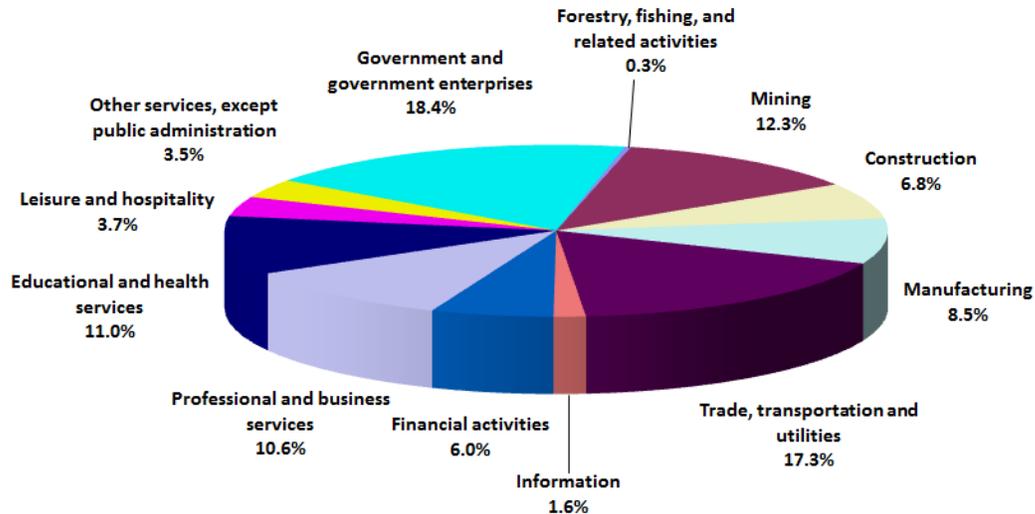
Americans saw their incomes rise for a fifth consecutive month in July as a tightening labor market is lifting wages. Personal income increased \$71.6 billion (0.4 percent) in July according to, according to the Bureau of Economic Analysis. Disposable personal income (DPI) increased \$60.1 billion (0.4 percent) and personal consumption expenditures (PCE) increased \$42.0 billion (0.3 percent). June personal income growth was upwardly revised to 0.3 percent (from 0.2 percent) while PCE was revised to 0.5 percent (from 0.4 percent). The PCE price index was unchanged from June. Excluding food and energy, the PCE price index increased 0.1 percent in July.

Spending on durable goods, such as autos and appliances, rose 1.6 percent in July following a 0.3 percent gain in June, reflecting strong demand for automobiles. Spending on nondurable goods fell in July, pulled down by price effects for energy. Spending on services rose a healthy 0.4 percent pace in July.

With income increasing by slightly more than spending, the personal saving rate ticked up to 5.7 percent in July from 5.5 percent in the previous month.

## Oklahoma Nonfarm Contribution to Earnings First Quarter 2016

Source: U.S. Department of Commerce, Bureau of Economic Analysis



### 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 grew 1.0 percent on average in the 1st quarter of 2016, the same pace as in the 4th quarter of 2015, according to estimates by the U.S. Bureau of Economic Analysis (BEA). Personal income grew in every state except Wyoming and North Dakota with 1st quarter personal income growth rates ranging from -1.3 percent in North Dakota to 1.5 percent in Washington.

Oklahoma's personal income grew at a 0.6 percent rate, to a level of \$174.6 billion, ranking the state 43rd among all states and the District of Columbia in the 1st quarter of 2016.

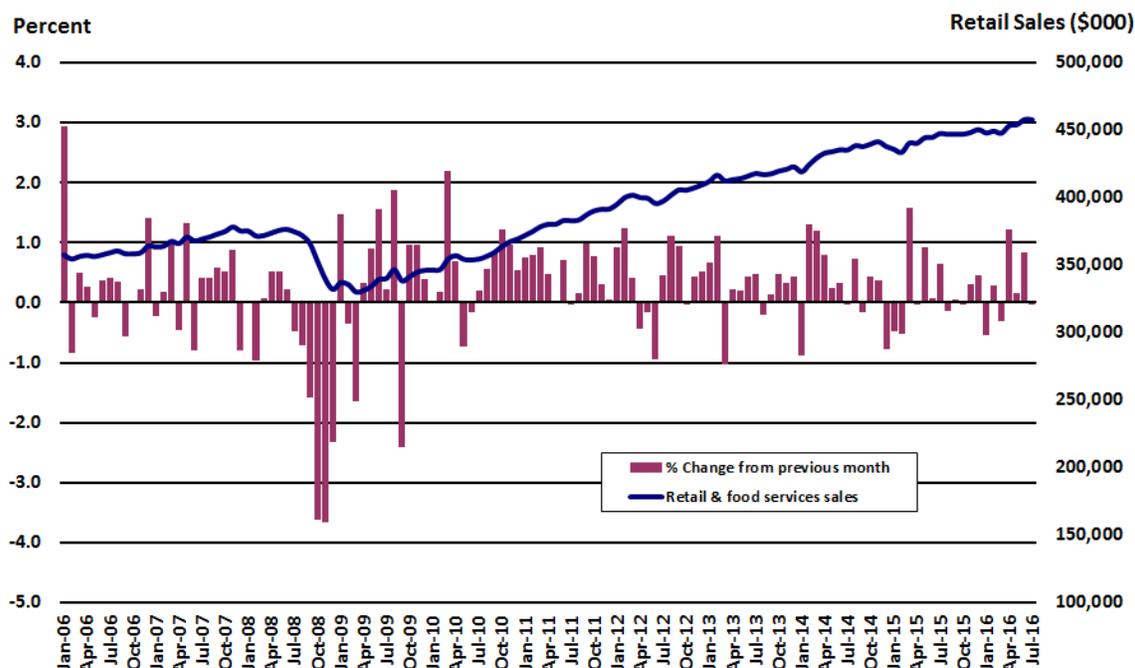
Overall, net earnings increased 1.1 percent in the 1st quarter of 2016 and was the leading contributor to growth in personal income in most states including Oklahoma where net earnings grew 0.6 percent and contributed 0.4 percentage point to personal income growth.

In Oklahoma, growth in farm earnings was the leading contributor to earnings growth in the 1st quarter of 2016, adding 0.22 percentage point to personal income growth. Growth in construction earnings contributed 0.17 percentage point to personal income growth while health care and social assistance added 0.11 percentage point in the 1st quarter of 2016.

Mining earnings declined 4.4 percent in the 1st quarter of 2016, the fifth consecutive quarterly decline, and was a major contributor to declining incomes in Wyoming and North Dakota. In Oklahoma, mining earnings declined 3.6 percent and shaved 0.32 percentage point from 1st quarter income growth. Since peaking in the 4th quarter of 2014, mining earnings have declined 15.8 percent nationally and 12.4 percent in Oklahoma.

## U.S. Retail Sales (Adjusted for Seasonal, Holiday, and Trading-Day Differences)

Source: U.S. Census Bureau, Advance Monthly Sales for Retail and Food Services



### Definition & Importance

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.

### Current Developments

Americans spent more on autos and internet shopping in July but not on much else as retail sales came in flat for the month. Advance estimates of U.S. retail and food services sales July, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$457.7 billion, virtually unchanged from the previous month, and 2.3 percent above July 2015, according to the U.S. Census Bureau. Total sales for the May 2016 through July 2016 period were up 2.5 percent from the same period a year ago. The May 2016 to June 2016 percent change was upwardly revised from 0.6 percent to 0.8 percent.

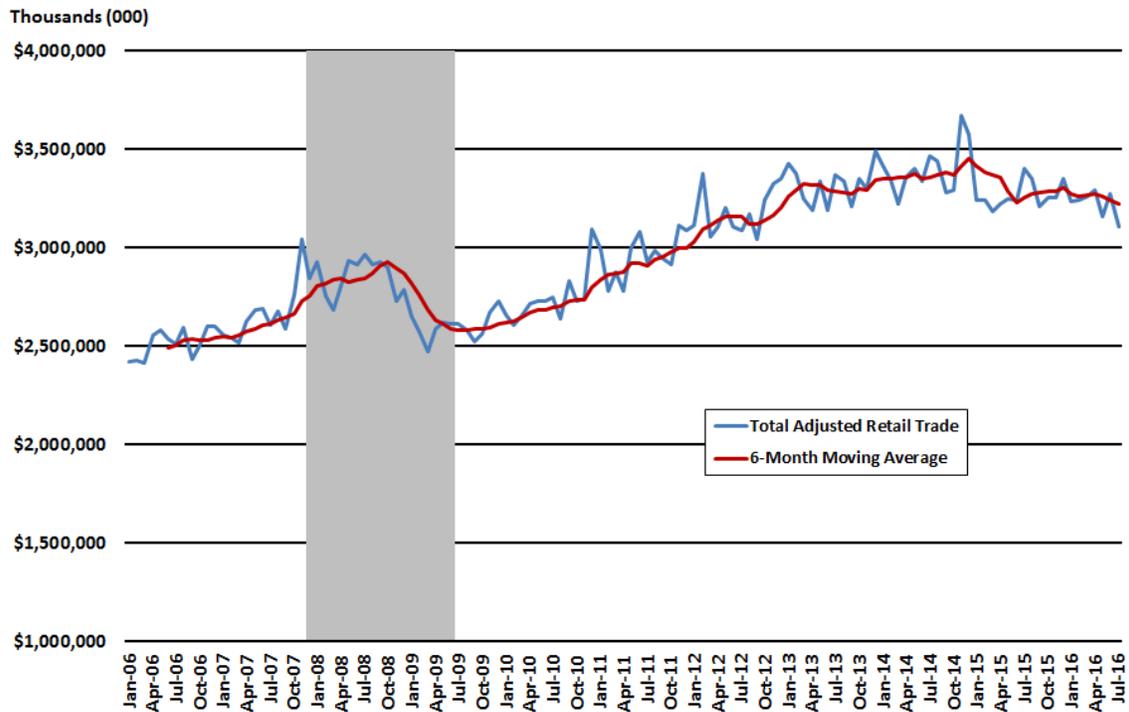
Sales at auto dealerships increased 1.1 percent in July after rising 0.5 percent in June. Gasoline station sales, falling on lower pump prices, dropped 2.7 percent in July and 11.0 percent over the year. Excluding automobiles and gasoline, retail sales improved slightly in July but are still down 0.1 percent for the first decline since January.

The less volatile "core" sales used to calculate gross domestic product, which strips out automobiles, gasoline, building materials and food services was also unchanged in July after an unrevised 0.5 percent increase in June.

Online retail sales jumped 1.3 percent in July while receipts at clothing stores fell 0.5 percent. Consumers cut back on most discretionary spending items in July, as sales at sporting goods and hobby stores fell 2.2 percent and food & beverage store sales dropped 0.6 percent.

## Oklahoma Total Adjusted Retail Trade, 2006-2016

Source: Center for Economic & Management Research, University of Oklahoma



NOTE: Shaded area represents National Bureau of Economic Research defined recession period.

### 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

Retail spending in Oklahoma dropped in July as plunging gasoline prices pulled down overall spending. Total adjusted retail sales for July were at a level of \$3.11 billion, a 5.0 percent decline from the June level of \$3.27 billion. Over the year, total adjusted retail sales fell 8.6 percent.

Total durable goods sales slipped -0.5 percent in July led by declining miscellaneous durable goods (-3.6 percent); computer, electronics & music stores sales (-2.7 percent); furniture (-0.6 percent); and auto accessories & repair (-0.1 percent). Durable goods categories with over-the-month gains included lumber, building materials & hardware (1.6 percent) and used merchandise (0.1 percent).

Oklahomans enjoyed some of the lowest pump prices since April but it appears that savings windfall didn't translate to spending on other retail items. Nondurable goods spending sank 6.5 percent in July, held back by a big slide in estimated gasoline sales (-38.7 percent). Other declining non-durable goods categories for the month were apparel (-1.5 percent); apparel (-2.5 percent); drugstore sales (-2.5 percent); liquor (-1.3 percent); and general merchandise stores (-1.0 percent). Advancing non-durable categories in July were eating & drinking (1.1 percent); miscellaneous non-durables (0.6 percent); and food (0.1 percent).