



OKLAHOMA Economic Indicators

February 2016

OKLAHOMA ECONOMIC INDICATORS

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SPECIAL REPORT:

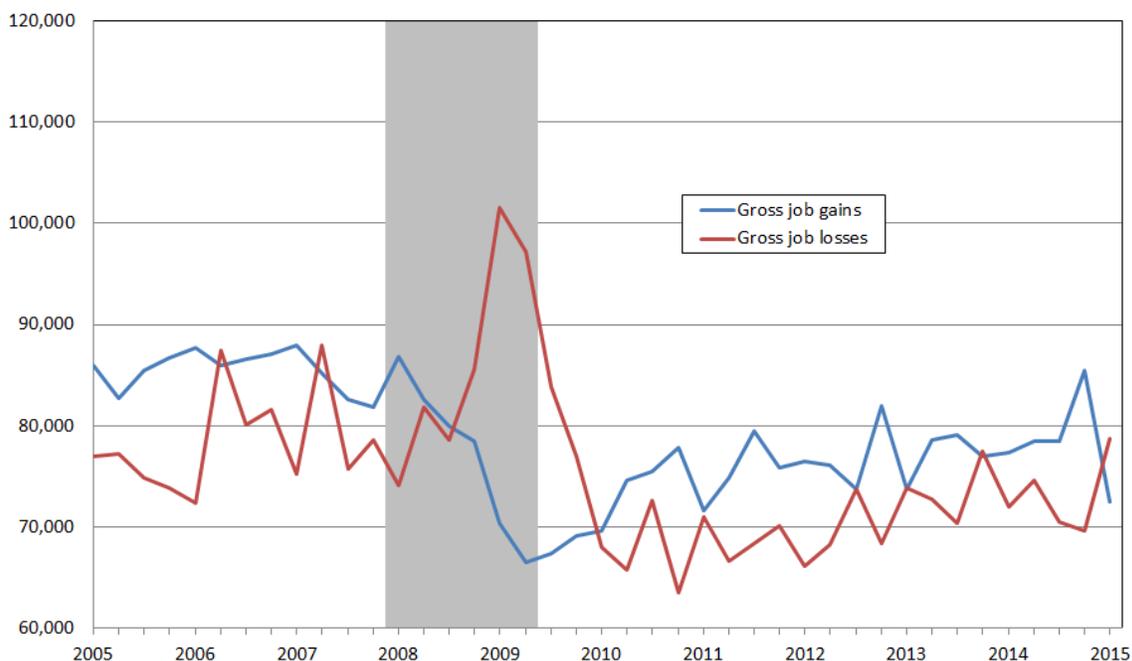
OKLAHOMA BUSINESS EMPLOYMENT DYNAMICS: 1st Quarter 2015

Gross Job Gains and Gross Job Losses: 1st Quarter 2015

From December 2014 to March 2015, gross job gains in Oklahoma totaled 72,454, while gross job losses numbered 78,715, according to the Oklahoma Employment Security Commission, Economic Research and Analysis Division, and the U.S. Bureau of Labor Statistics, (see Chart 1, below and Table 1, page 7). Gross job losses exceeded gross job gains by 6,261, the second highest level since December 2009. During the previous quarter, gross job gains exceeded gross job losses by 15,840.

Chart 1

Private sector gross job gains and gross job losses in Oklahoma
March 2005 - March 2015, seasonally adjusted



Source: U.S. Bureau of Labor Statistics

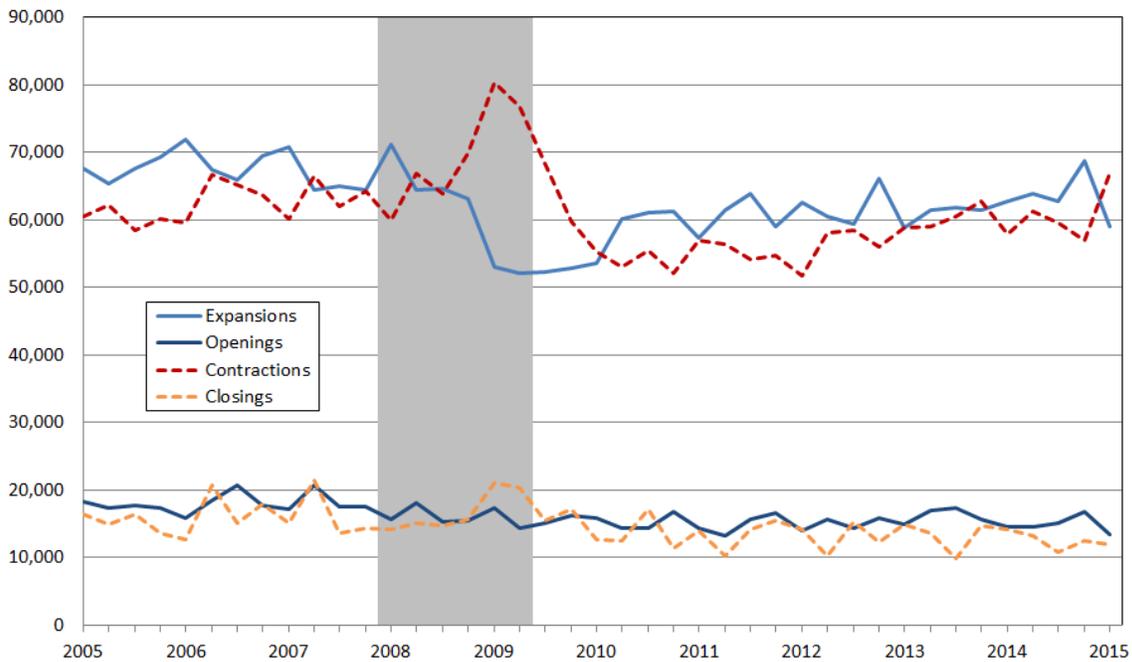
Note: Shaded area represents NBER defined recession period.

The change in the number of jobs over time is the net result of increases and decreases in employment that occur at all businesses in the economy. Business Employment Dynamics (BED) statistics track these changes in employment at private business establishments from the third month of one quarter to the third month of the next. Gross job gains are the sum of increases in employment from expansions at existing establishments and the addition of new jobs at opening establishments. Gross job losses are the result of contractions in employment at existing establishments and the loss of jobs at closing establishments. The difference between the number of gross job gains and the number of gross job losses is the net change in employment.

The number of gross job gains in Oklahoma dropped by 13,004 between December 2014 to March 2015, (see Chart 1, above and Table 1, page 7). Oklahoma's gross job gains had remained above 75,000 for previous seven consecutive quarters. After falling in the previous quarter, gross job losses rose by 9,097 for the three months ended in March 2015. In the past ten years, job losses in the state peaked in 1st quarter 2009 when 101,565 jobs were lost.

Chart 2

Components of private sector gross job gains and losses in Oklahoma
March 2005 - March 2015, seasonally adjusted



Source: U.S. Bureau of Labor Statistics
Note: Shaded areas represent NBER defined recession periods.

Gross Job Gains and Losses: Openings vs. Closings and Expansions vs. Contractions

Contracting establishments in Oklahoma lost 66,818 jobs in the 1st quarter of 2015. This number represents 9,787 more jobs lost from the previous quarter. Expanding establishments gained 58,992 jobs, a decrease of 9,720 jobs compared to the 4th quarter of 2014, (see Chart 2, above).

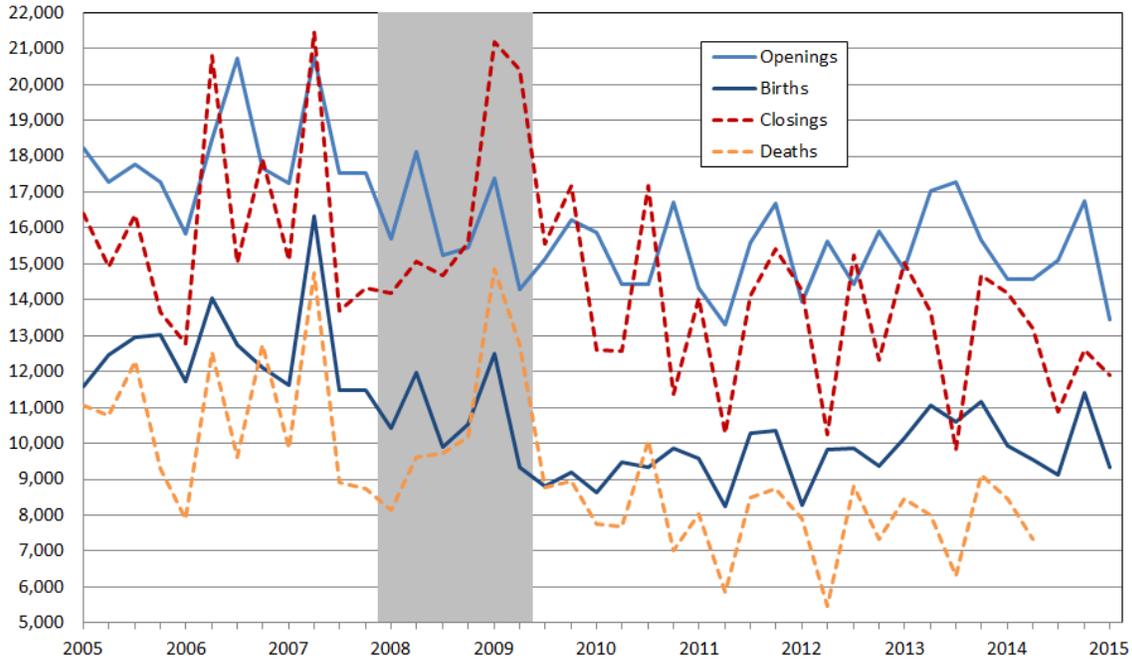
Closing establishments lost 11,897 jobs from December 2014 to March 2015. This represents 690 fewer jobs lost than the prior quarter. Opening establishments gained 13,462 jobs during the 1st quarter of 2015. This represents 3,284 fewer new jobs from private sector establishment openings than in 4th quarter 2014.

In Oklahoma, the number of private sector establishment births, (a subset of the openings data), decreased by 156 to 2,341 in the 1st quarter of 2015. These new establishments accounted for 9,324 jobs or 2,098 fewer jobs than the previous quarter, (see Chart 3, next page).

Data for establishment deaths, (a subset of the closings data), are now available through the 2nd quarter of 2014. From March 2014 to June 2014, 7,322 jobs were lost at 1,983 private sector establishments in Oklahoma. In the prior quarter, 8,440 jobs were lost at 2,492 private sector establishments.

Chart 3

Employment from private sector openings, closings, births and deaths in Oklahoma
March 2005 - March 2015, seasonally adjusted



Source: U.S. Bureau of Labor Statistics
Note: Shaded areas represent NBER defined recession periods.

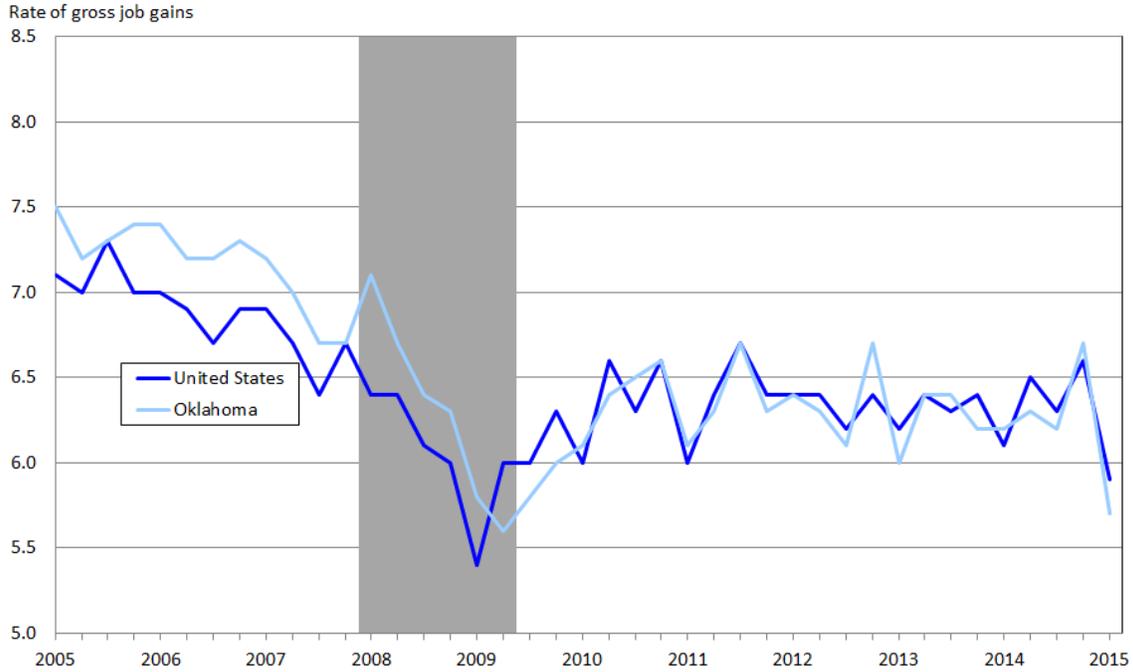
Gross Job Gains and Gross Job Losses: Percent of Total Private Sector Employment

Gross job gains represented 5.7 percent of total private sector employment in Oklahoma in the quarter ended March 2015 with expansions accounting for 4.6 percent of total private sector employment and openings contributing 1.1 percent. Nationally, gross job gains accounted for 5.9 percent of private employment in the 1st quarter of 2015. With few exceptions, Oklahoma's rates of gross job gains have generally tracked with the U.S. rates, (See Chart 4, page 5).

In the 1st quarter of 2015, Oklahoma's rate of gross job losses as a percent of total private sector employment was 6.1 percent, with contractions accounting for 5.2 percent and closings adding another 0.9 percent. That was higher than the national rate of 5.7 percent. The rate of gross job losses in Oklahoma mirrored the national rate from 1st quarter 2011 to 4th quarter 2012, but has shown more volatility in recent quarters, (See Chart 5, page 5).

Chart 4

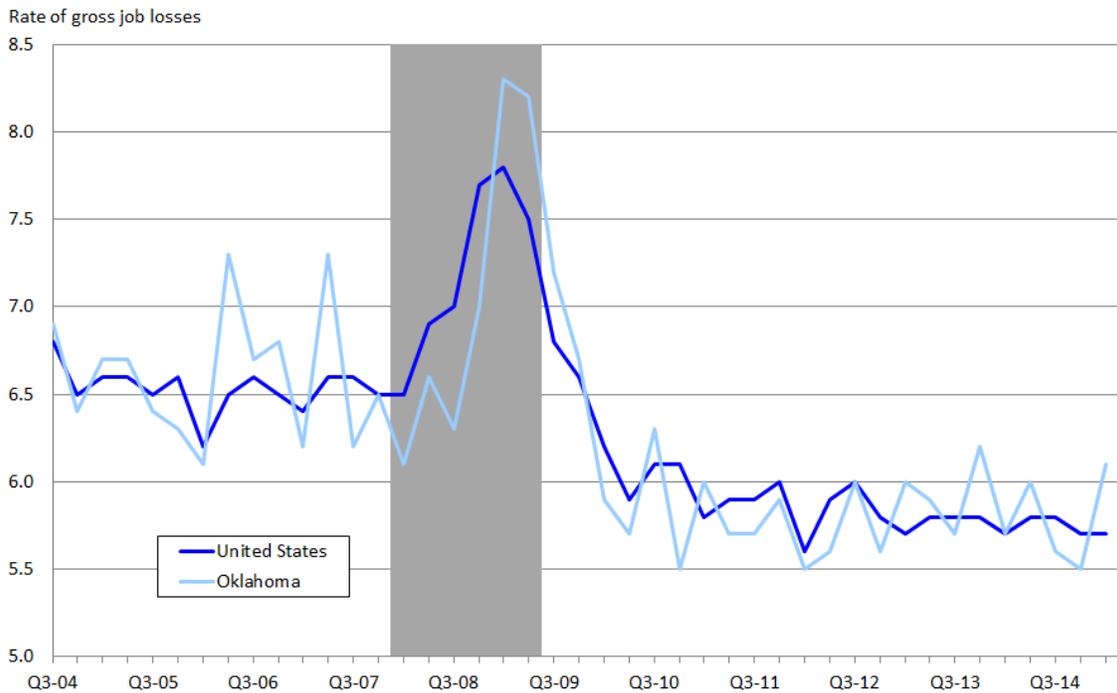
Private sector gross job gains as a percent of employment, United States and Oklahoma
March 2005 - March 2015, seasonally adjusted



Source: U.S. Bureau of Labor Statistics
Note: Shaded areas represent NBER defined recession periods.

Chart 5

Private sector gross job losses as a percent of employment, United States and Oklahoma
March 2005 - March 2015, seasonally adjusted



Source: U.S. Bureau of Labor Statistics
Note: Shaded areas represent NBER defined recession periods.

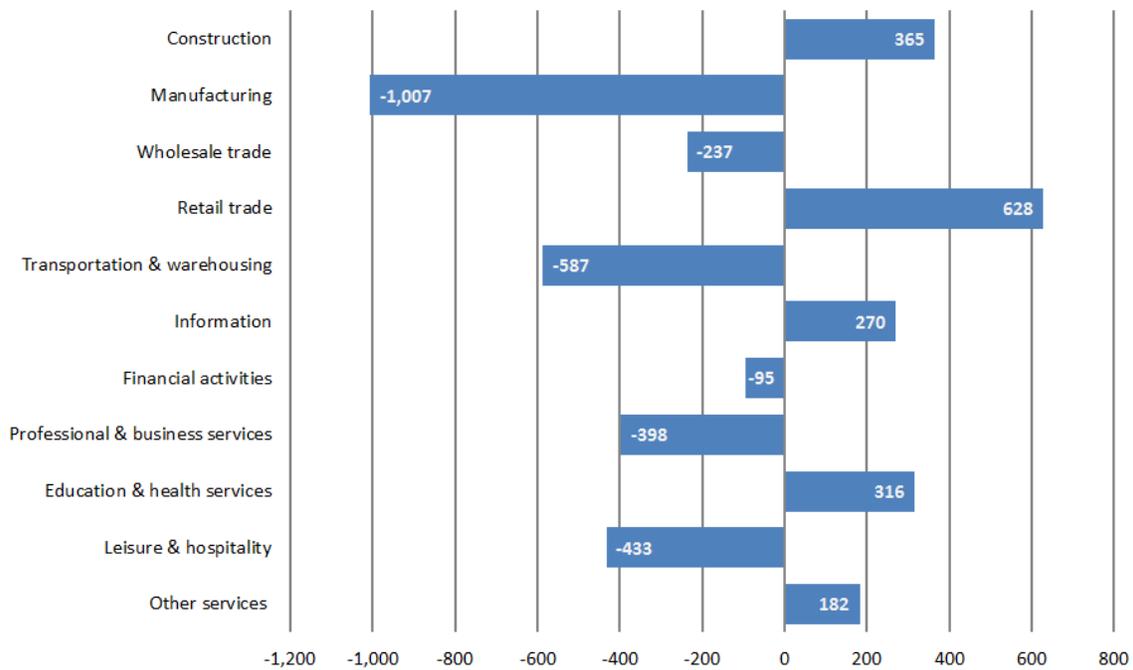
Gross Job Gains and Gross Job Losses by Industry: 1st Quarter 2015

During the 1st quarter of 2015, gross job losses exceeded gross job gains in six of the 11 industry sectors in Oklahoma. Manufacturing saw the largest negative net change in jobs as gross job losses exceeded gross job gains by 1,007 jobs. While 4,544 jobs were created at opening and expanding manufacturing establishments, 5,551 jobs were lost at closing and contracting establishments for the three months ending in March 2015. In transportation & warehousing, the gain of 2,036 jobs at opening and expanding establishments was offset by the loss of 2,623 jobs at closing and contracting establishments, resulting in a net job loss of 587 jobs.

Retail trade had the largest positive net change in jobs in the 1st quarter of 2015, as gross job gains exceeded gross job losses by 628 jobs. Construction followed with a net gain of 365 jobs. Professional and business services led all industry sectors in terms of both gross job gains and gross job losses with nearly 14,000 of each, and producing a net change of -398 jobs, (See Chart 6 below).

Chart 6

Private sector net change in jobs by industry, Oklahoma
March 2015, seasonally adjusted



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

Table 1. Oklahoma: Three-month private sector gross job gains and losses, seasonally adjusted					
Category	3 months ended				
	March 2014	June 2014	Sep 2014	Dec 2014	March 2015
	Levels				
Gross job gains.....	77,375	78,476	77,829	85,458	72,454
Expanding establishments	62,818	63,888	62,731	68,712	58,992
Opening establishments	14,557	14,588	15,098	16,746	13,462
Gross job losses.....	72,002	74,533	70,508	69,618	78,715
Contracting establishments	57,831	61,333	59,641	57,031	66,818
Closing establishments	14,171	13,200	10,867	12,587	11,897
Net employment change ¹	5,373	3,943	7,321	15,840	-6,261
	Rates (percent)				
Gross job gains.....	6.2	6.3	6.2	6.7	5.7
Expanding establishments	5.0	5.1	5.0	5.4	4.6
Opening establishments	1.2	1.2	1.2	1.3	1.1
Gross job losses.....	5.7	6.0	5.6	5.5	6.1
Contracting establishments	4.6	4.9	4.7	4.5	5.2
Closing establishments	1.1	1.1	0.9	1.0	0.9
Net employment change ¹	0.5	0.3	0.6	1.2	-0.4
Source: U.S Bureau of Labor Statistics					
¹ Net employment change is the difference between total gross job gains and total gross job losses.					

More Information

A copy of the full 1st quarter 2015 Oklahoma BED report along with technical notes and detailed tables is available on the OESC website at:

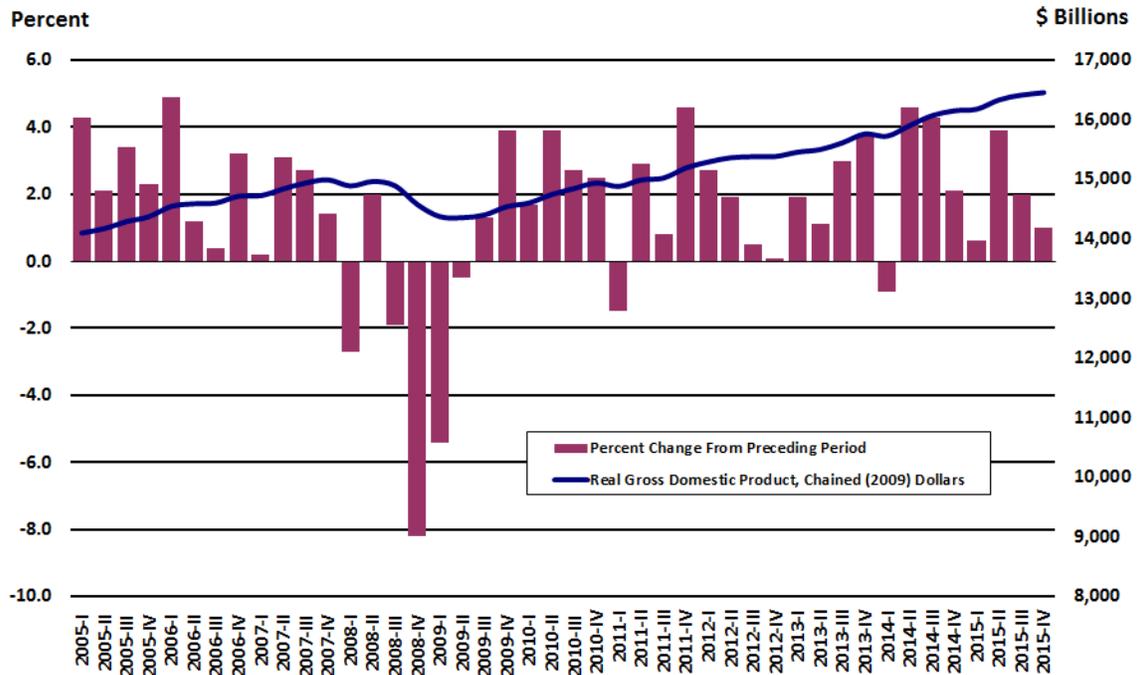
https://www.ok.gov/oesc_web/documents/lmibedpub1q2015.pdf

Additional information about the Business Employment Dynamics program is available online at:

<http://www.bls.gov/bdm>

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

U.S. economic growth slowed in the 4th quarter but not as sharply as previously estimated thanks to an upward revision of inventory growth. Real gross domestic product (GDP) increased at an annual rate of 1.0 percent in the fourth quarter of 2015, according to the "second" estimate released by the Bureau of Economic Analysis (BEA). In the 3rd quarter, real GDP increased 2.0 percent.

Personal consumption expenditures, which account for more than two-thirds of U.S. economic activity, were revised downward. Consumer spending grew at a 2.0 percent rate in the 4th quarter, down from an initial estimate of 2.2 percent. Spending on durable goods, such as cars, and nondurable goods grew 3.4 percent. Spending on non-durable goods, such as clothing, grew 1.2 percent in the 4th quarter. Spending on services was upwardly revised from 2.0 percent to 2.1 percent, adding 0.96 percentage points to 4th quarter GDP growth.

Cutbacks in business investment spending, which has been hit especially hard by the mining and energy sectors, provided another drag on 4th quarter GDP growth, falling 1.9 percent instead of -1.8 percent rate reported earlier. Business spending on nonresidential structures contracted at a 6.6 percent rate rather than the 5.3 percent pace reported last month. Business spending on equipment contracted at a less steep 1.8 percent rate last quarter, compared to the previously reported 2.5 percent rate.

The downturn in business stockpiling was less severe than the government's first estimate. Businesses accumulated \$81.7 billion worth of inventory in the 4th quarter rather than the \$68.6 billion reported last month. The change in private inventories subtracted only 0.14 percentage point from GDP growth instead of the previously reported 0.45 percentage point.

Investment in residential construction still remained a bright spot in the 4th quarter although it was also revised downward to an 8.0 percent pace instead the previously reported 8.1 percent rate. Residential investment added 0.26 percentage points to overall growth in the 4th quarter.

The upward revision to 4th-quarter GDP growth also reflected a smaller trade deficit than previously thought as imports contracted. Imports rose only 0.6 percent in the October to December period rather than 1.1 percent reported previously. Net exports subtracted 0.25 percentage point from 4th quarter GDP growth instead of the 0.47 percentage point reported earlier.

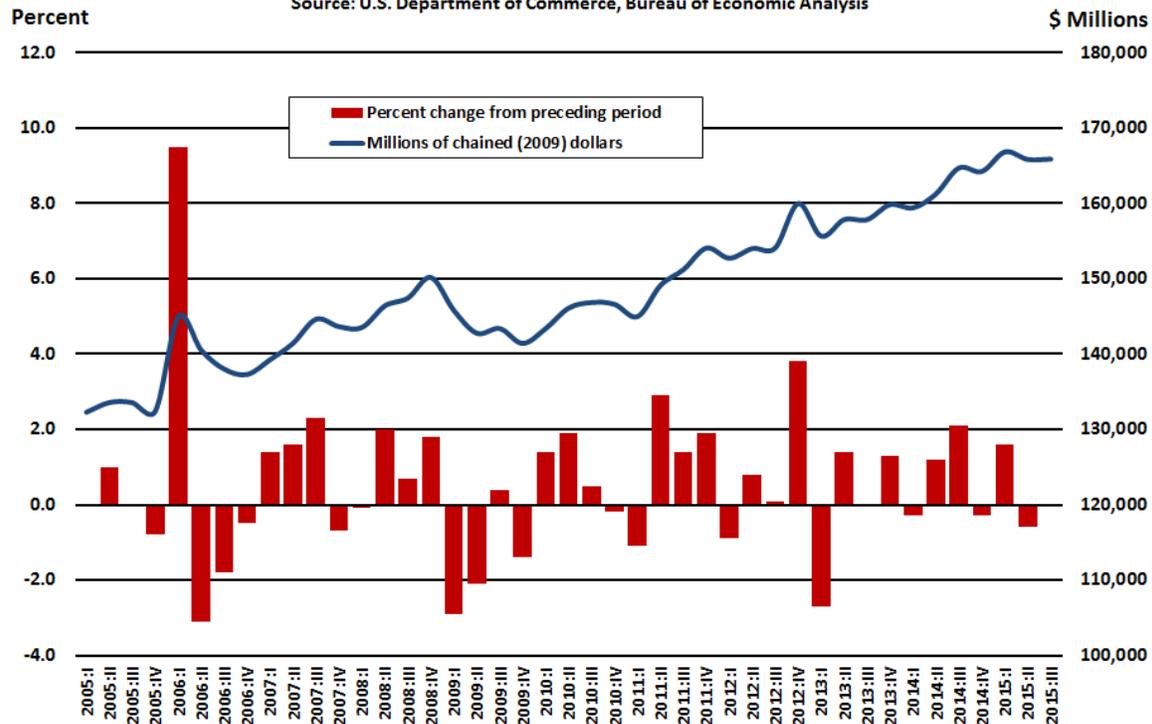
Government purchases, which fell at a 0.1 percent rate instead of a 0.7 percent rise first reported, also weighed on 4th quarter growth. Federal government expenditures were downwardly revised to 2.2 percent from the previous 2.7 percent estimate. The 3.6 percent gain in federal defense spending reported earlier was downgraded to a 2.7 percent pace. Meanwhile, state and local government spending slipped 1.4 percent in the 4th quarter instead of -0.6 percent.

Real GDP increased 2.4 percent in 2015, the same rate as in 2014, according to the BEA.

Oklahoma Real Gross Domestic Product and Quarterly Change

1st Quarter 2005 - 2nd Quarter 2015, 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

Real gross domestic product (GDP) increased in 47 states and the District of Columbia in the 3rd quarter of 2015. Overall, U.S. real GDP by state growth slowed to an annual rate of 1.9 percent in the 3rd quarter of 2015 after increasing 3.8 percent in the 2nd quarter, according to the Bureau of Economic Analysis (BEA). Retail trade, health care and social assistance, and agriculture, forestry, fishing, and hunting were the leading contributors to real U.S. economic growth in the 3rd quarter.

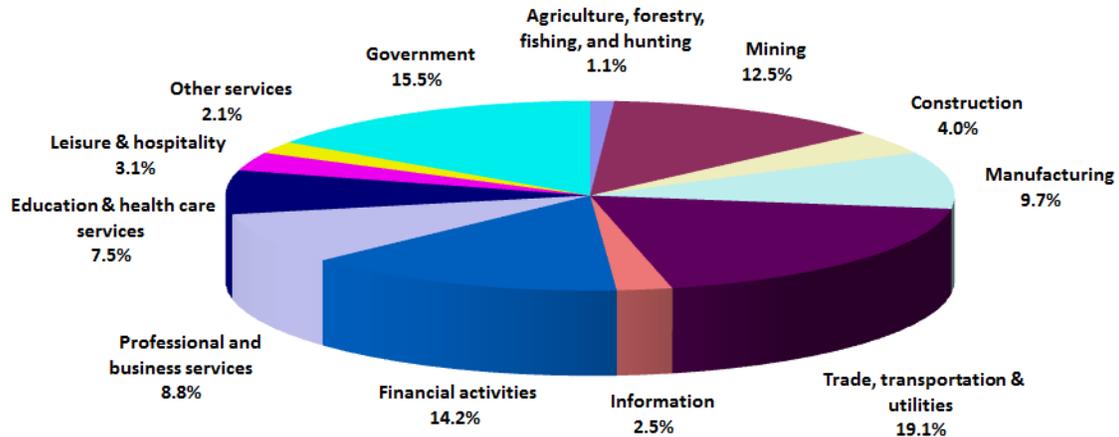
Ongoing reduced commodity prices that caused Oklahoma’s real GDP to contract in the 2nd quarter of 2015 continued to weigh on GDP in the 3rd quarter. Statewide GDP was at a level of \$165.9 billion in constant 2009 dollars in the 3rd quarter, barely growing from \$165.8 billion in the 2nd quarter. Oklahoma’s real GDP grew 0.1 percent in the 3rd quarter, ranking the state 47th among all other states and the District of Columbia. Agriculture, forestry, fishing, and hunting contributed 1.01 percentage points to real GDP growth followed by construction contributing 0.6 percent.

Mining declined 8.3 percent for the nation in the 3rd quarter of 2015. This industry slowed growth in most mining states and subtracted more than a percentage point from real GDP growth in North Dakota, West Virginia, Oklahoma, and Wyoming. In Oklahoma, mining shaved 1.57 percent from overall GDP in the 3rd quarter.

2014 Industry Share of Oklahoma's Economy

(by percentage of Gross Domestic Product)

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



Definition & Importance

Oklahoma's economy typically follows a similar trend to that of the nation. State GDP data lags behind national data and is only available annually. As a result, it is not a good indicator of current economic conditions and does not fully reflect the recent changes in Oklahoma's economic climate. However, it is still valuable to understand the state's growth trend compared to the nation and what industries are the largest contributors to Oklahoma's economy.

Current Developments

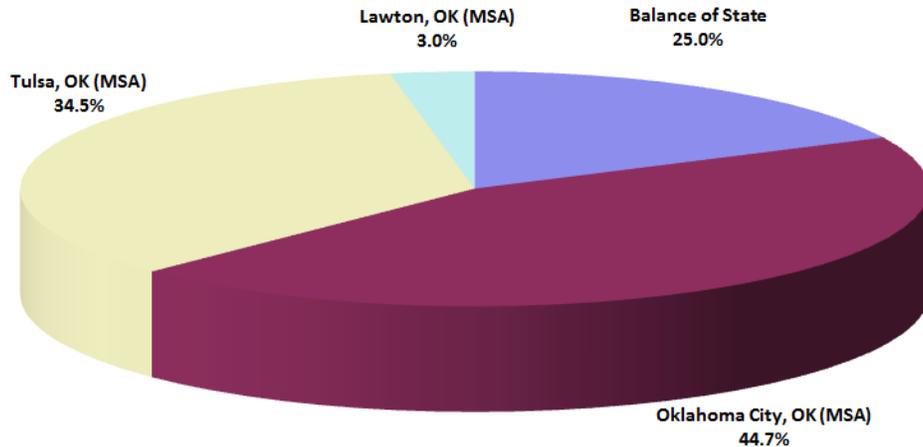
Oklahoma was among 48 states and the District of Columbia experiencing growth in real gross domestic product (GDP) in 2014, according to new statistics from the Bureau of Economic Analysis (BEA). U.S. real GDP grew 2.2 percent in 2014 after increasing 1.9 percent in 2013.

In 2014, Oklahoma's real GDP was at a level of \$162.4 billion, a 2.8 percent gain from the revised \$158.0 billion in 2013. Oklahoma's real GDP growth rate was the 10th highest among all states and the District of Columbia in 2014. Oklahoma's 2013 advance GDP estimate was revised downward from 4.2 percent to 1.8 percent while the state's 2012 GDP was further revised upward from 3.0 percent to 3.5 percent. The Southwest region, which includes Oklahoma, was the fastest growing BEA region in 2014 growing at 4.3 percent, and led by Texas with a 5.2 percent increase.

Although mining was not a significant contributor to real GDP growth for the U.S. economy, it did play a key role in Oklahoma. Mining contributed 1.45 percentage points to statewide real GDP growth in 2014. Other industries adding to 2014 GDP growth in Oklahoma were utilities (0.57 percentage point); non-durable goods manufacturing (0.25 percentage point); wholesale trade (0.22 percentage point); retail trade (0.14 percentage point); and finance & insurance (0.11 percent). Subtracting from Oklahoma GDP growth were real estate, rental & leasing (-0.36 percentage point); construction (-0.22 percentage point); and government (-0.06 percentage point).

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.

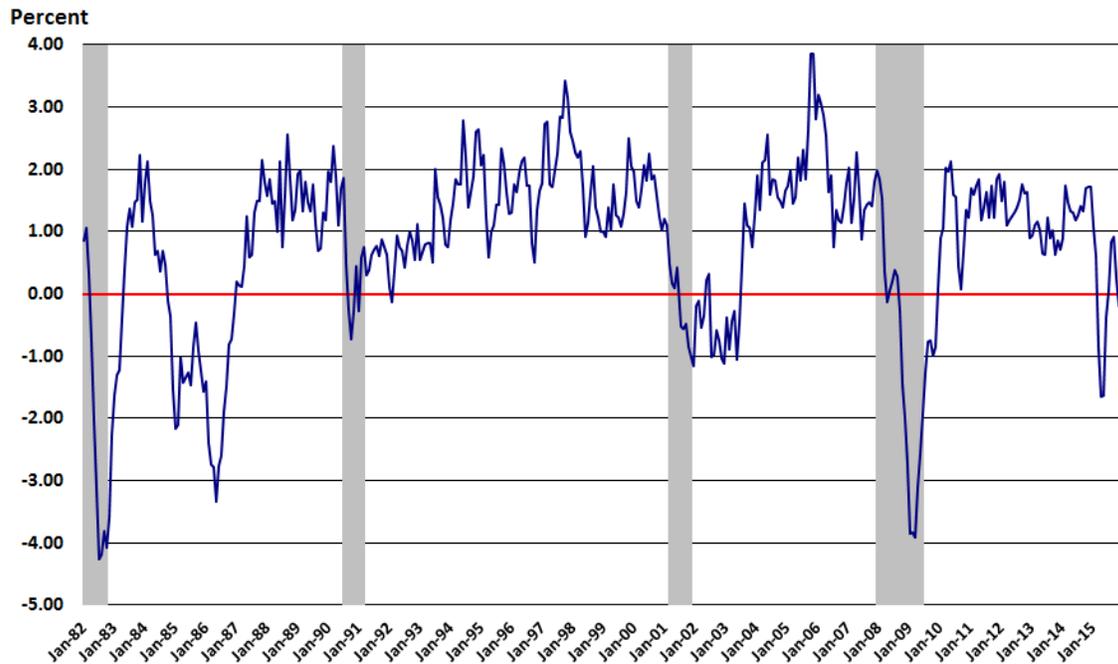
Current Developments

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, 1982-2015

Source: Federal Reserve Bank of Philadelphia



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

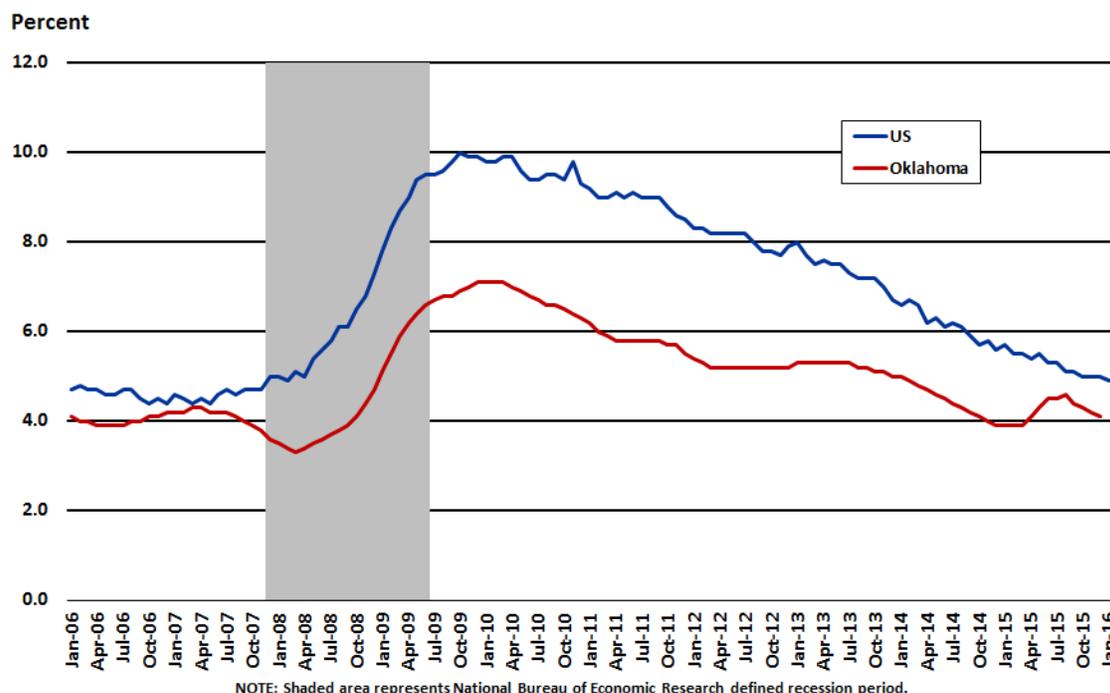
Declining oil and natural gas prices have weighed on Oklahoma's economy since the beginning of 2015. Oklahoma's leading index began falling at the end of 2014 and saw six consecutive months of decline, slipping into negative territory in March, April and May.

After climbing for several months, Oklahoma's leading index slipped back into negative territory in November and December. The Leading Index for Oklahoma registered -0.09 percent in December following a -0.20 percent reading in November, according to the latest figures from the Federal Reserve Bank of Philadelphia.

During the first half of 2015, energy sector layoffs translated into elevated initial claims for unemployment insurance while home builders statewide pulled back on applications for residential construction. After rebounding mid-year, initial claims have begun to climb again and residential permitting activity is slowing.

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

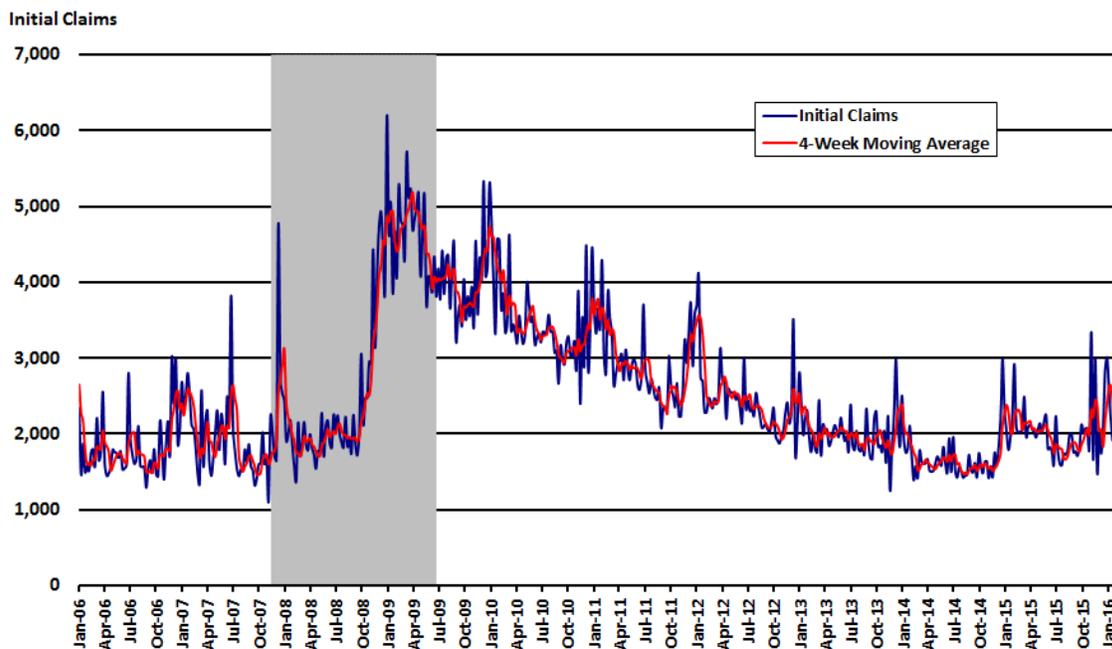
The U.S. unemployment rate held steady at an eight-year low in February as even more people entered the labor market. In February, the unemployment rate held at 4.9 percent, according to the Bureau of Labor Statistics (BLS). The labor force participation rate, the share of working-age Americans who are employed or looking for work, edged up to 62.9 percent in February. Over the year, the unemployment rate has fallen by 0.6 percentage point.

Oklahoma's seasonally adjusted unemployment rate declined 0.1 percentage point to 4.1 percent in December which was the 16th lowest jobless rate among all states for the month. Over the year, the state's seasonally adjusted unemployment rate was 0.2 percentage point more than 3.9 percent in December 2014.

Unemployment rates rose in only two of Oklahoma's 77 counties in December. McIntosh County had the highest jobless rates at 8.0 percent while Cimarron County once again had the lowest rate at 1.8 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

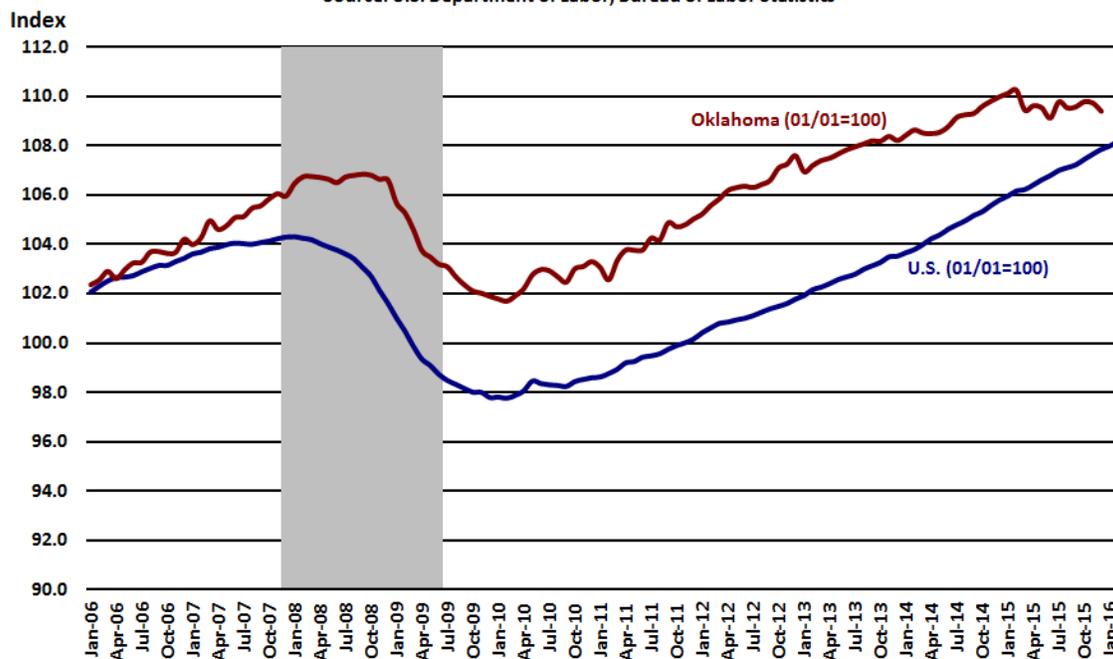
The number of Americans filing for unemployment benefits rose in the last week of February, but the overall pace of layoffs still points to a healthy job market. In the week ending February 27, the advance figure for seasonally adjusted initial claims was 278,000, an increase of 6,000 from the previous week's unrevised level of 272,000, according to figures released by the U.S. Labor Department (DOL). The less volatile 4-week moving average was 270,250, a decrease of 1,750 from the previous week's unrevised average of 272,000.

Statewide initial claims for jobless benefits have been growing in February reflecting ongoing energy sector layoffs. For the week ending February 13, initial claims for unemployment insurance benefits were at a level of 2,346, that is 405 more claims than the previous week. For the same week ending, the less volatile four-week moving average moved up 109 to 2,255. Continued claims climbed 217 to a level of 22,841 for the same 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

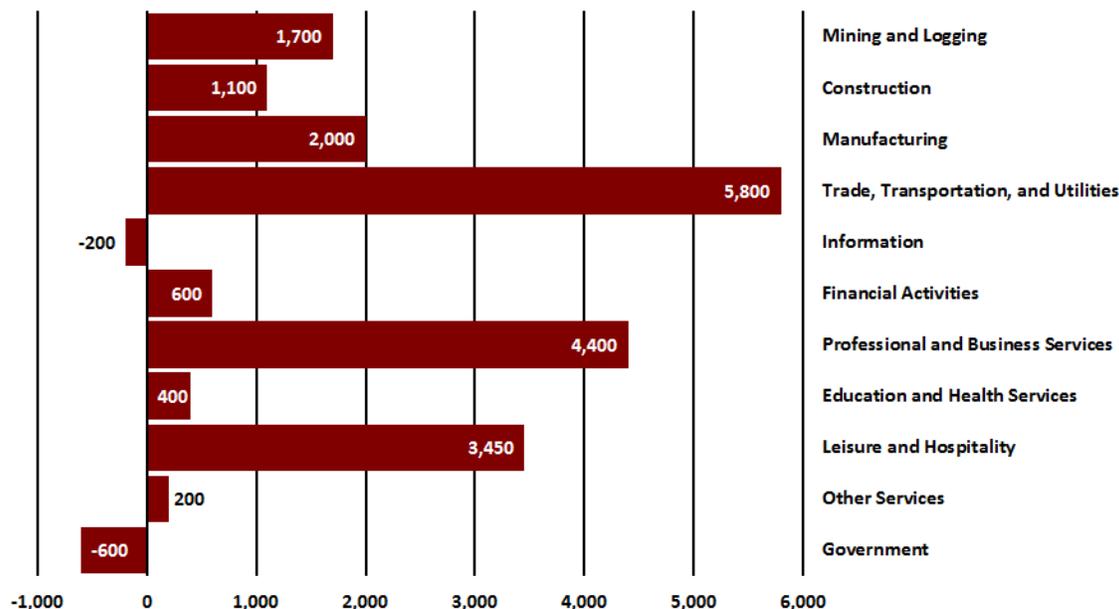
U.S. employers hired at a robust rate in February as retailers, restaurants and health care providers drove employment gains. Total nonfarm payroll employment increased by 242,000 in February, according to the Bureau of Labor Statistics (BLS). Job gains for December and January were revised up by a total 30,000. December's was revised to 271,000 from 262,000 and January's to 172,000 from 151,000.

Oklahoma's seasonally adjusted nonfarm employment dropped 5,100 jobs (-0.3 percent) in December. Two of Oklahoma's 11 supersectors added jobs in December, as construction (+1,300) posted the largest monthly gain followed by mining & logging (+500). Education & health services reported the largest over-the-month loss (-1,800 jobs).

Over the year, statewide total nonfarm employment shed 8,900 jobs (-0.5 percent) led by mining & logging (-12,200 jobs) and manufacturing (-8,900 jobs).

Oklahoma Employment Change by Industry, 2013-2014 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

Nonfarm employment growth eased a bit in 2014, adding a non-seasonally adjusted 18,900 jobs for a 1.2 percent growth rate, (compared to 2013, with 21,000 jobs added and a 1.3 percent growth rate).

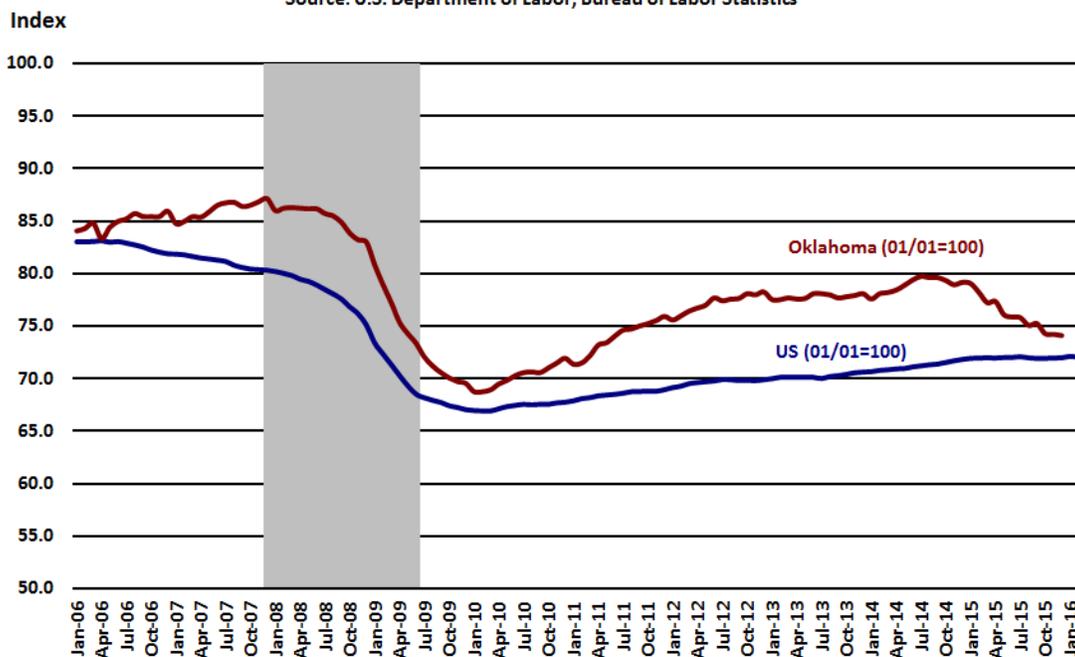
In 2014, nine out of Oklahoma's 11 statewide supersectors recorded job growth. The broad trade, transportation & utilities sector led all other supersectors adding a non-seasonally adjusted 5,800 jobs with the bulk of hiring occurring in retail trade. Professional & business services employment added 4,400 jobs with almost all of the growth coming from administrative & support and waste management & remediation services. Leisure & hospitality added 3,450 employees with most of the growth in accommodation & food services. Manufacturing employment grew by 2,100 driven by job gains in durable goods manufacturing. Mining & logging added 1,700 jobs led by support activities for mining. Construction added 1,100 jobs with nearly all the job growth in specialty trade contractors.

Over-the-year declines were seen in government (-400) and information (-200).

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

Factory hiring fell in February, as a strong U.S. dollar and falling commodity prices continue to provide strong headwinds. Manufacturing shed 16,000 jobs in February, according to the Bureau of Labor Statistics (BLS). In addition, data revisions subtracted another 13,000 workers from the December and January estimates. As such, manufacturers have added just 7,000 net new workers year-to-date through the first two months of 2016.

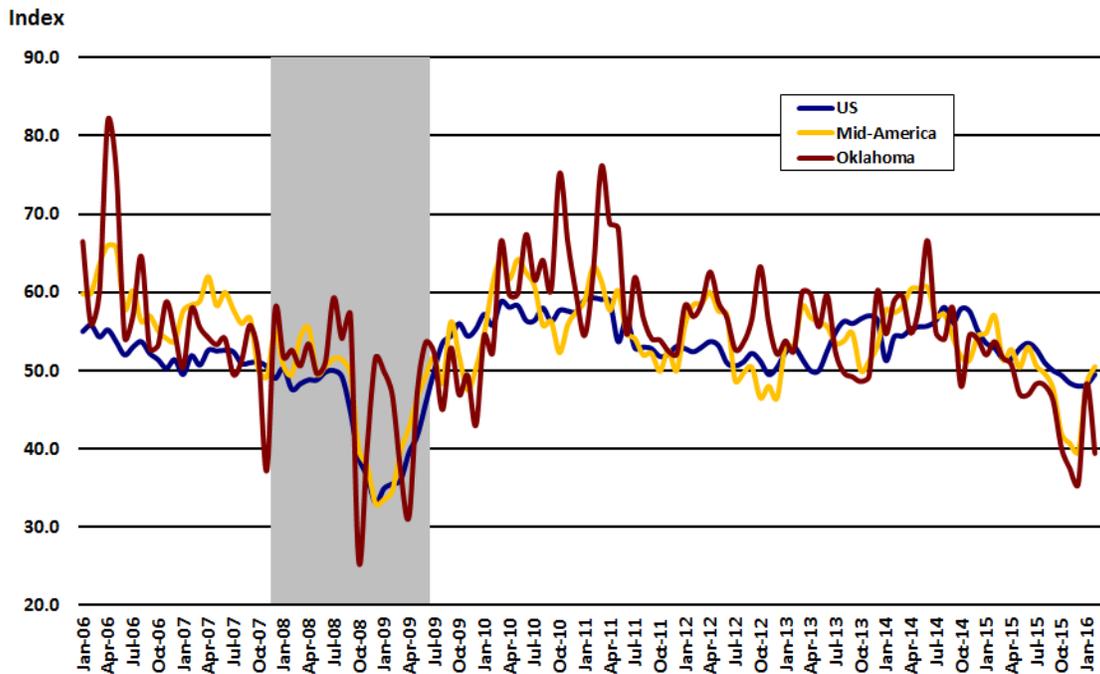
Statewide manufacturing employment shed 200 jobs in December. Non-durable goods manufacturing added 300 jobs over the month which were offset by the 500 jobs lost in durable goods manufacturing.

Over the year, Oklahoma non-seasonally adjusted manufacturing employment has dropped 8,900 jobs (-6.4 percent) with nearly all of the job losses coming from durable goods manufacturing.

**As of January 2013, due to employment stability in the Manufacturing and Information supersectors, the BLS has determined that they do not need to be adjusted for seasonal factors at this time.*

Purchasing Managers' Index (Manufacturing)

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



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

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. factory activity contracted for the fifth consecutive month in February, reflecting continued worldwide economic weakness. The February PMI® registered 49.5 percent, an increase of 1.3 percentage points from the January reading of 48.2 percent, according to the latest Manufacturing ISM Report On Business®. Of the 18 manufacturing industries surveyed, only nine reported growth in February.

The New Orders index held steady at a level of 51.5 and has been below 50 going into last year. Contraction in the Backlog Orders index slowed which is another positive although contraction in new orders for exports deepened slightly to 46.5 for the weakest reading since September. The Employment index also showed improvement in February, up 2.6 points to 48.5. The Production index was also a positive in the report, up 2.6 points to 52.8 for the best reading since August last year.

The Creighton University Mid-America Business Conditions Index for February, a leading economic indicator for a nine-state region stretching from North Dakota to Arkansas, expanded for a second straight month. The Business Conditions Index, which ranges between 0 and 100, improved to a still soft 50.5 from January's 48.3, according to the Creighton Economic Forecasting Group. The regional index, much like the national reading, has indicated that the manufacturing sector is experiencing anemic, but stabilizing, economic conditions.

"A strong U.S. dollar and weakness among the nation's chief trading partners remains a restraint on regional growth. For example, against the currency of region's primary trading partner, Canada, the U.S. dollar has strengthened by 30 percent since July 2014. This upturn has made U.S. goods much less competitively priced in Canada," said Ernie Goss, Ph.D., director of Creighton University's Economic Forecasting Group.

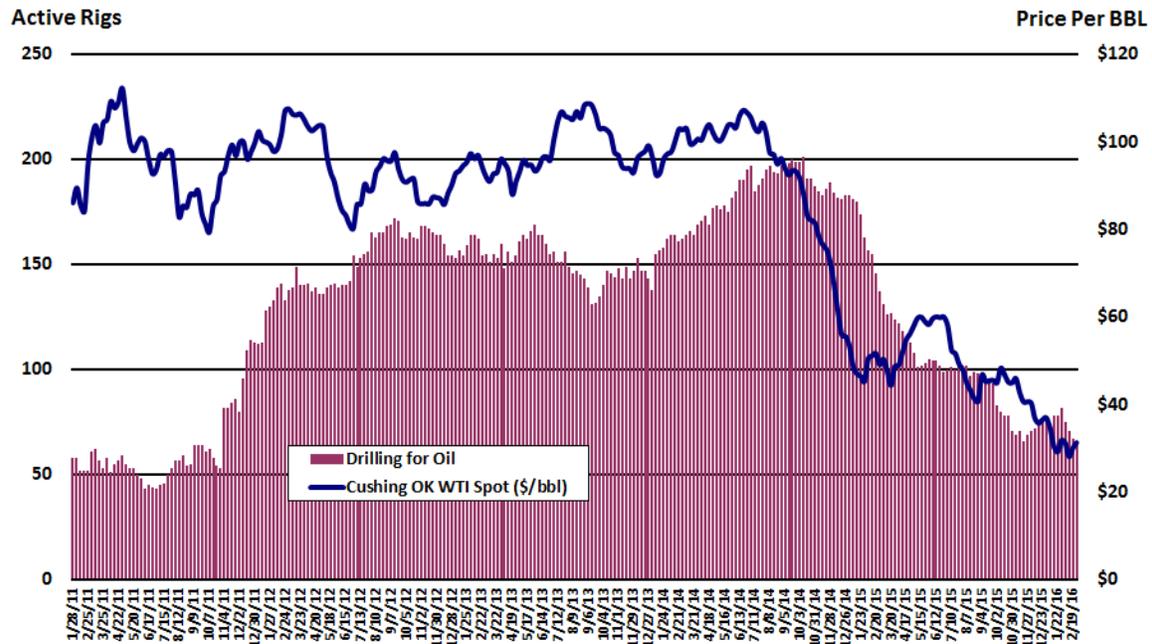
The February Business Conditions Index for Oklahoma slumped below growth neutral for a tenth straight month. The index from a monthly survey of supply managers fell to 39.4 from 48.3 in January. Components of the February survey of supply managers were new orders at 39.3, production or sales at 40.6, delivery lead time at 47.5, inventories at 36.3, and employment at 33.3.

"Over the past 12 months, the state has lost 8,900, or 6.4 percent of its manufacturing jobs. Our surveys over the past month indicate these job losses will continue, but at a slower pace in the next three to six months. These losses will push overall state job growth into negative territory for the second quarter of 2016," reported Goss.

Oklahoma Active Rotary Rigs & Cushing, OK WTI Spot Price

January 2011 to February 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

Following the path started in 2015, U.S. commercial crude oil inventories have continued to build in early 2016 and are nearing record highs, according to a recent report from the U.S. Energy Information Administration (EIA). Stocks in the Gulf Coast reached 264.3 million barrels for the week ending February 26, 2016, while stocks at Cushing, the country's largest commercial oil storage hub, reached their highest recorded level of 66.3 million barrels for the week ending February 26.

U.S. crude oil production averaged an estimated 9.4 million barrels per day (b/d) in 2015, and according to the EIA, it is forecast to average 8.7 million b/d in 2016 and 8.5 million b/d in 2017. The EIA estimates that domestic crude oil production in December fell 80,000 b/d from the November level.

Although monthly statewide crude oil production levels have been gradually declining this year, annual production levels reached a 32-year high in 2015. Oklahoma's crude production in December was at 12,414,000 barrels, a 1.3 percent increase from November's level of 12,256,000 barrels. For all of 2015, Oklahoma's crude production was at a level of 158,041,000 barrels, 30,994 barrels or 24.4 percent more than the 127,047,000 barrels produced during 2014.

Domestic crude prices, suffering from 15-year lows, recovered a bit in February. After beginning the month at \$31.62/barrel, West Texas Intermediate (WTI-Cushing) spot prices gained \$1.12 to close the month at \$32.74/barrel.

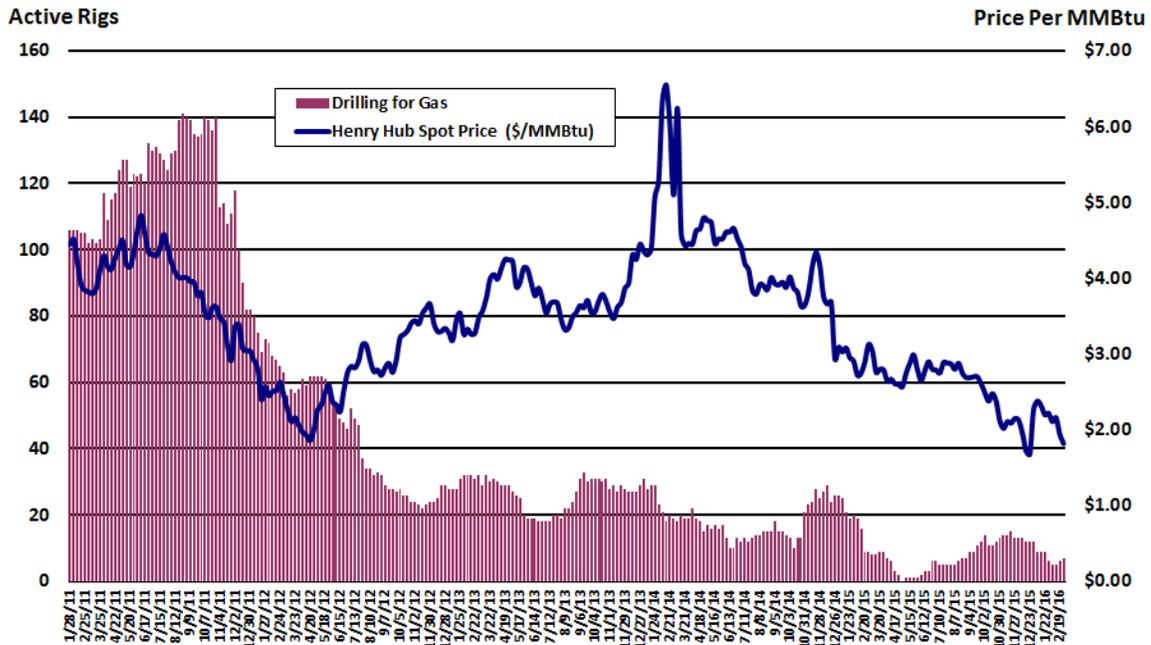
Oilfield services company Baker Hughes Inc. reported the number of rigs exploring for oil and natural gas in the U.S. declined by 12 to 502 for the week ending February 26, 2016. The U.S. rig count peaked at 4,530 in 1981 and bottomed at 488 in 1999.

Statewide, the active rotary rig count held steady at 73 for the week ending February 26, the lowest level since 69 rigs were active for the week ended September 18, 2009. Oil-directed rigs accounted for approximately 90 percent of total rig activity (66 active rigs). Over the year, Oklahoma's rig count was off by exactly half of the rigs operating February 27, 2015. Oklahoma's rig level is down 66 percent since peaking at 214 for the week ending November 28, 2014.

Oklahoma Active Rotary Rigs & Henry Hub Natural Gas Spot Price

January 2011 to February 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

The first export shipment of liquefied natural gas (LNG) produced in the Lower 48 states on February 24 was a milestone reflecting a decade of natural gas production growth that has put the United States in a new position in worldwide energy trade, according to the U.S. Energy Information Administration (EIA). With the rapid growth of supply from shale gas resources over the past decade, the EIA reported that U.S. natural gas production has grown each year since 2006. The resulting decline in domestic natural gas prices has led to rising natural gas exports, both via pipeline to Mexico and, since last week, to overseas markets via LNG tankers

In December, dry natural gas production was the highest for the month since the EIA began reporting dry natural gas production data in 1973. Preliminary dry natural gas production for December 2015 was 2,289 billion cubic feet (Bcf), or 73.8 Bcf/day. This level was a 0.4 Bcf/day (0.6 percent) increase from December 2014 production of 73.4 Bcf/day. Preliminary annual dry natural gas production for 2015 was 27,091 Bcf, or 74.2 Bcf/day, the highest annual total on record dating back to 1930

Oklahoma natural gas production reached a 48-year high in 2015 following another record-setting year in 2014. December natural gas gross withdrawals in Oklahoma were at a level of 206,487 MMcf, an increase of 5,783 MMcf (+2.9 percent) from November's production level of 200,704 MMcf. For all of 2015, Oklahoma natural gas gross withdrawals totaled 2,497,569 MMcf compared to 2,310,114 MMcf for 2014, that's 187,455 MMcf, or 8.1 percent, more than 2014 and puts 2015 at the highest natural gas production level since record-keeping began in 1967.

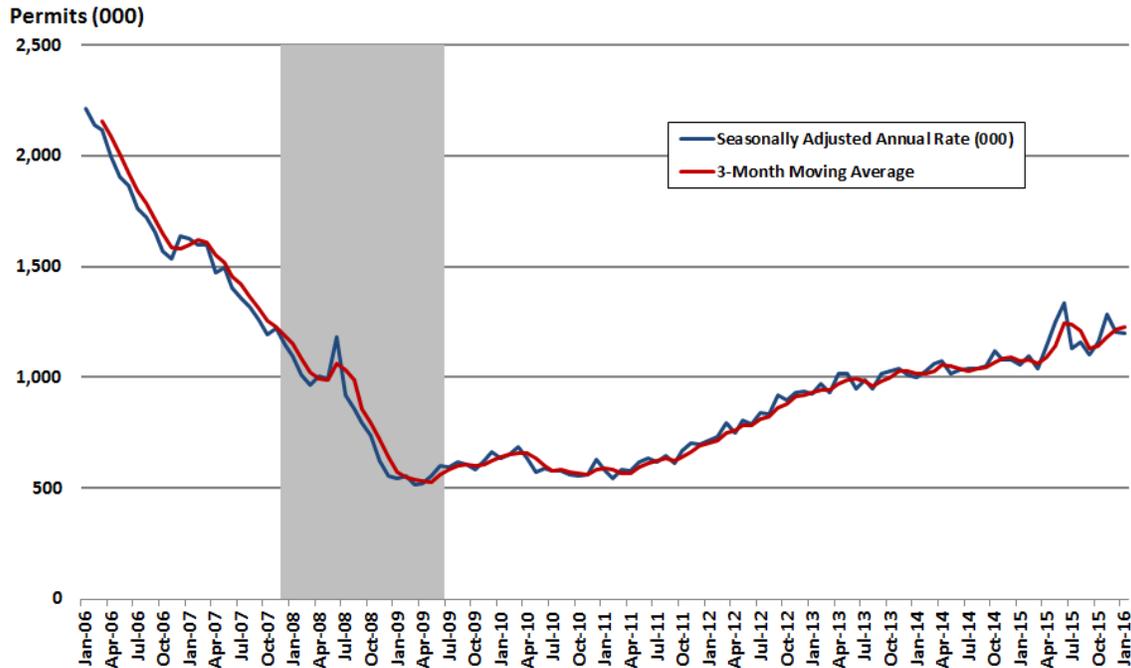
Increased production and record-high inventory levels continued to hold domestic natural gas prices lower in February. The Henry Hub spot price began the month at \$2.28 per million British thermal units (MMBtu) and finished the month at \$1.62/MMBtu, for a decline of 66 cents or -28.9 percent over the month.

Oklahoma's natural gas-directed drilling rig count added two rigs over the month to a level of seven active rigs. Over the year, the number of rotary rigs searching for natural gas was down two rigs from nine reported for the week ended February 27, 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

The pace of U.S. homebuilding dropped in January as winter weather hampered building activity in parts of the country. Privately-owned housing units authorized by building permits in January were at a seasonally adjusted annual rate of 1,202,000 or 0.2 percent below the revised December rate of 1,204,000, but is 13.5 percent above the January 2015 estimate of 1,059,000, according to the U.S. Census Bureau and the Department of Housing and Urban Development.

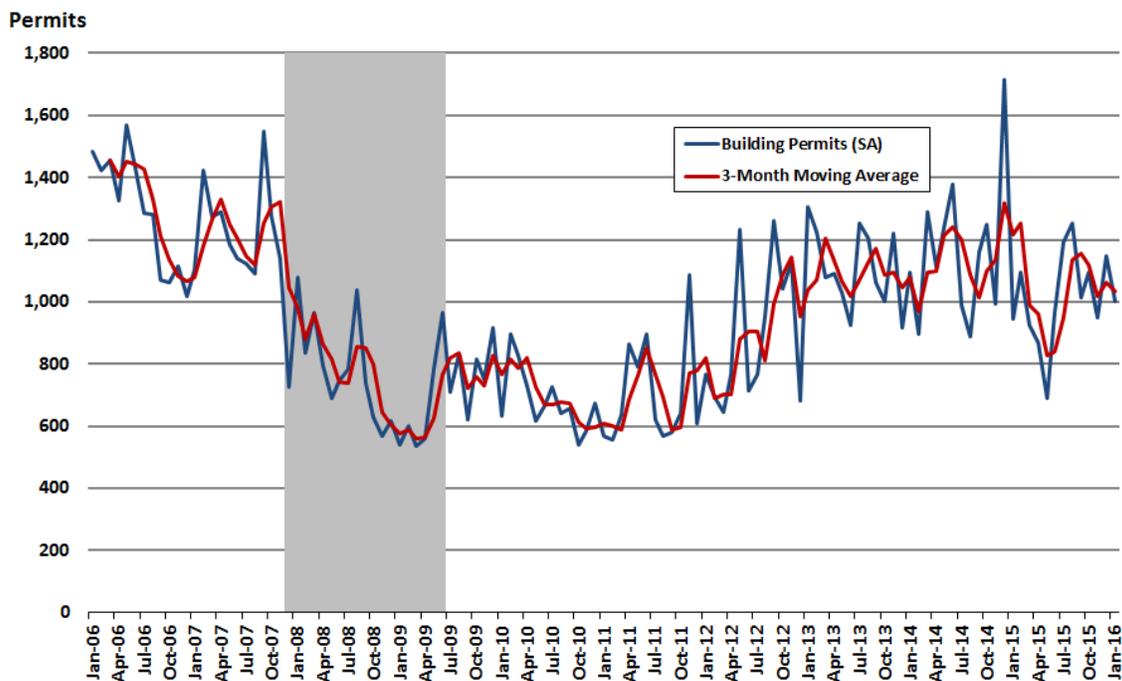
Permits for single-family homes fell 1.6 percent to 720,000 while multi-family permits rose a solid 2.1 percent to 482,000, pointing to strength in the future. Apartments remain the center of strength for the housing sector with year-over-year permitting up 19.9 percent.

Meanwhile, National Association of Home Builders/Wells Fargo builder sentiment index slipped to 58 in February, down three points from a revised reading of 61 in January.

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

The pace of statewide residential permitting activity slowed in January with reduced applications for both single- and multi-family permits. Total residential building permitting for January was at a seasonally-adjusted level of 1,002, this is 147 or 12.8 percent fewer permits than the December level of 1,149 but 56 or 5.9 percent above the January 2015 estimate of 946 units, according to figures from the Federal Reserve Bank of St. Louis.

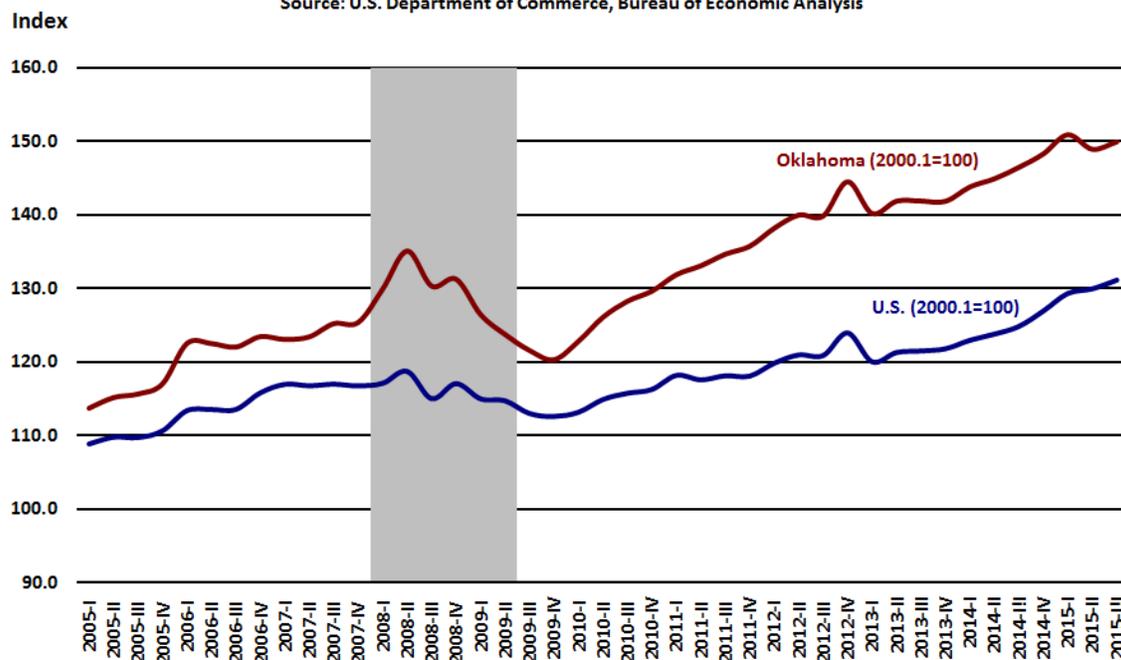
Single-family permitting accounted for approximately 78.0 percent of total residential permitting activity in January while multi-family permitting accounted for 20.8 percent. Applications for single-family homes were at a non-seasonally adjusted level of 776, or 9.6 percent more than December's level of 708 permits. The more volatile multi-family permitting was at a level of 207 in January, or 101 less than December's level of 308 units.

For all of 2015, statewide total residential permitting was at a revised seasonally-adjusted level of 12,134, which is 1,864 or 13.3 less than the 13,998 total permits issued in 2014.

U.S. and Oklahoma Real Personal Income

Index: 1st Quarter 2000 = 100

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



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

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

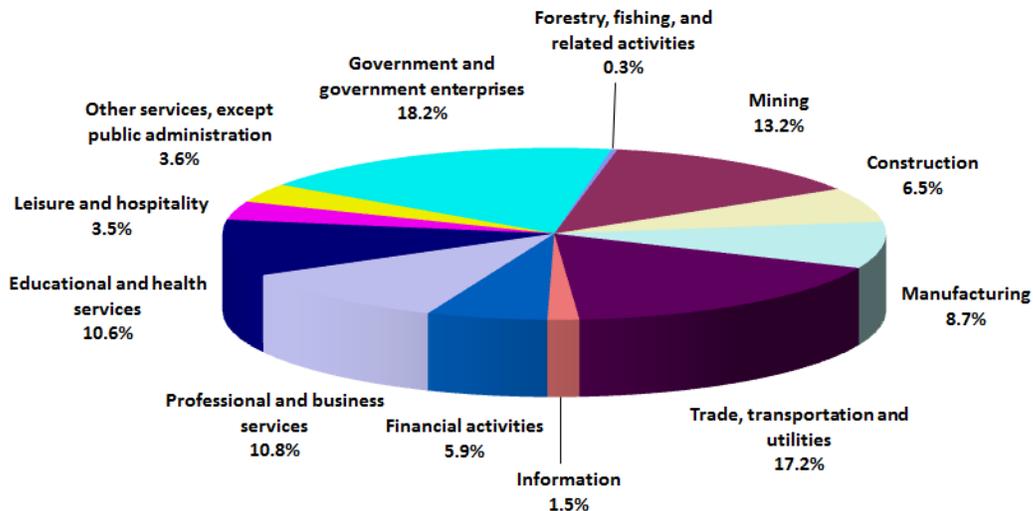
Consumer spending rose at the fastest pace in eight months in January while personal income jumped the most since June. Personal income increased \$79.6 billion, or 0.5 percent, and disposable personal income (DPI) increased \$63.5 billion, or 0.5 percent, in January, according to the Bureau of Economic Analysis. Personal consumption expenditures (PCE) increased \$63.0 billion, or 0.5 percent. In December, personal income increased \$45.6 billion, or 0.3 percent, DPI increased \$39.2 billion, or 0.3 percent, and PCE increased \$11.6 billion, or 0.1 percent, based on revised estimates.

Components on the spending side were led by durable goods which jumped 1.2 percent, reflecting strong vehicle sales during January. Spending on services rose 0.6 percent for the month.

Components on the income side were led by wages & salaries, up a very strong 0.6 percent for the third largest gain of the last four month. It also appears that consumers didn't draw from savings during January, with the savings rate, (personal saving as a percentage of disposable personal income), unchanged at 5.2 percent.

Oklahoma Nonfarm Contribution to Earnings Third Quarter 2015

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 1.3 percent on average in the 3rd quarter of 2015, the same pace as in the 2nd quarter, according to estimates by the U.S. Bureau of Economic Analysis (BEA). Personal income grew in every state with growth rates ranging from 0.6 percent in Alaska to 2.2 percent in Nebraska and South Dakota. Quarterly state personal income estimates for 1st quarter 2015 and 2nd quarter 2015 were revised.

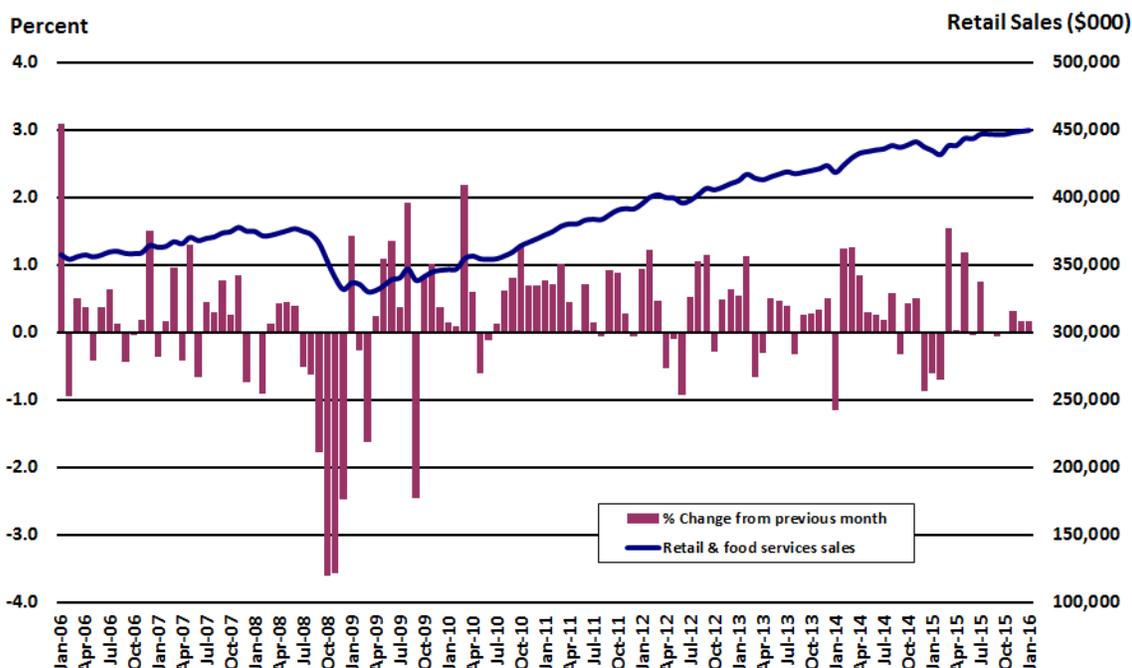
Oklahoma's personal income grew at a 1.0 percent rate, to a level of \$173.9 billion, ranking the state 45th among all states in the 3rd quarter of 2015.

As a result of falling oil prices, personal income gains in the nation's oil-producing states continued to slow during the 3rd quarter. Earnings fell 1.9 percent in mining in the 3rd quarter, after falling 5.5 percent in the 2nd quarter and 0.6 percent in the 1st quarter. This subtracted from personal income growth, particularly in Oklahoma (-0.21 percentage point), as well as North Dakota (-0.26), Wyoming (-0.26), West Virginia (-0.16), Alaska (-0.12), Louisiana (-0.11), and Texas (-0.11).

However, low fuel prices helped the nation's farmers bounce back in the 3rd quarter, as farm earnings grew 17.5 percent in the 3rd quarter after falling 4.5 percent in the 2nd quarter. In Oklahoma, farm earnings grew 22.1 percent in the 3rd quarter. Farm earnings contributed 0.25 percentage point to Oklahoma's personal income in the 3rd quarter.

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

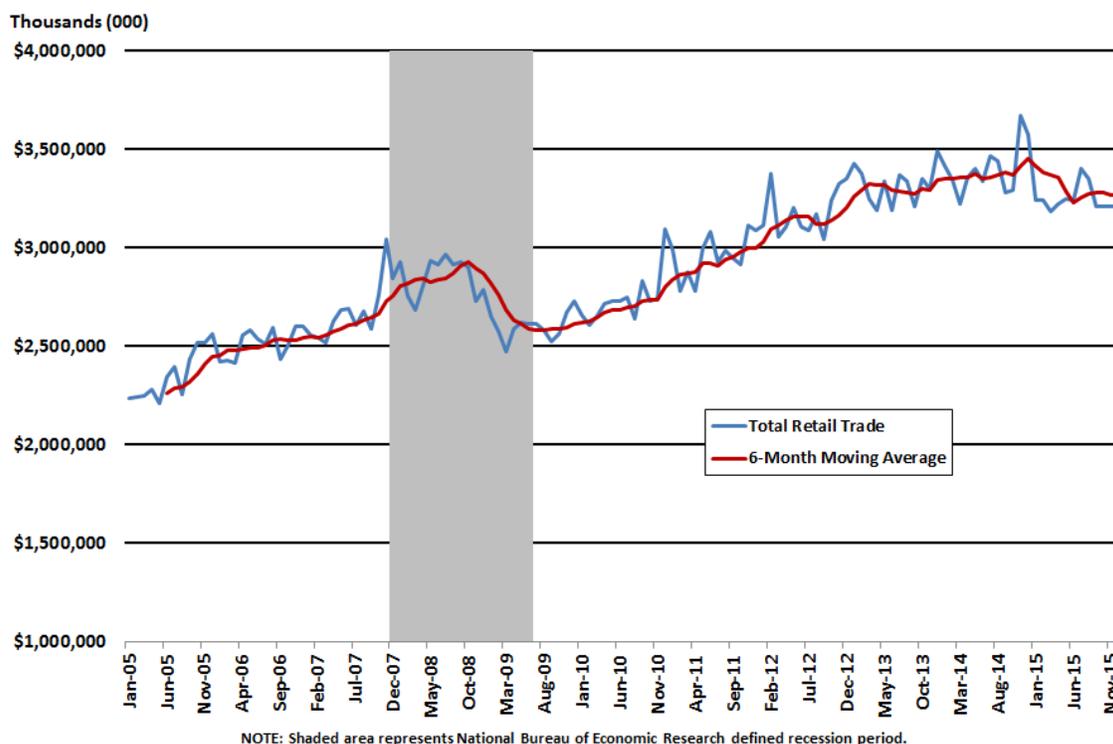
U.S. retail sales regained some momentum in January, as automobile sales helped lift overall sales. Advance estimates of U.S. retail and food services sales for January, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$449.9 billion, an increase of 0.2 percent from the previous month, and 3.4 percent above January 2015, according to the U.S. Census Bureau. Total sales for the November 2015 through January 2016 period were up 2.5 percent from the same period a year ago. The November 2015 to December 2015 percent change was revised from down 0.1 percent to up 0.2 percent.

Cheap gas continued drag down the overall retail sales figures in January. Sales at gasoline stations, which aren't adjusted for changes in price, dropped 3.1 percent. Excluding gas, retail sales were up 0.4 percent for a gain of 4.5 percent—the best over-the year pace since September. Sales at auto dealers advanced 0.6 percent in January. Excluding both vehicles and gasoline, retail sales were up 0.4 percent over the month and 3.8 percent over the year.

The less volatile "core" sales, which strip out automobiles, gasoline, building materials and food services increased 0.6 percent in January after an unrevised 0.3 percent decline in December. Sales at online retailers jumped 1.6 percent in January, while clothing stores gained 0.2 percent. Sales at electronics and appliance outlets edged up 0.1 percent. Receipts at sporting goods and hobby stores fell 2.1 percent.

Oklahoma Total Adjusted Retail Trade, 2005-2015

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



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

It appears that Oklahoma consumers opened their wallets for the holiday season in December. Total adjusted retail sales for December were at a level of \$3.31 billion, a 3.0 percent gain from the November level of \$3.22 billion and the second-largest monthly gain this year. For all of 2015, total adjusted retail trade was at a level of \$39.15 billion, 4.1 percent lower than \$40.83 billion in 2014.

Total durable goods sales grew 1.3 percent in December led by gains in miscellaneous durable goods (2.9 percent) and lumber & hardware sales (1.1 percent). Every durable goods category saw over-the-month gains in December including auto accessories & repair (0.8 percent); electronics & music stores (1.0 percent); furniture (0.9 percent); and used merchandise (0.5 percent).

It also appears that Oklahomans spent more time traveling by automobile in December. Nondurable goods spending increased 3.7 percent in December led by a big jump in estimated gasoline sales (24.4 percent). Other advancing categories were general merchandise stores (1.2 percent); apparel (1.8 percent); drugstore store sales (1.1 percent); liquor (1.2 percent); and food (0.1 percent). Declining categories in December were eating & drinking (1.5 percent) and miscellaneous non-durables (-0.1 percent).