



OKLAHOMA Economic Indicators

March 2016

OKLAHOMA ECONOMIC INDICATORS

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SPECIAL REPORT:

OKLAHOMA JOB QUARTERLY EARNINGS PERCENTILE CHANGES: 2006-2015

A time series analysis of earnings is an important economic indicator of the relative health of Oklahoma's businesses as well as our workforce well-being. While we have always been able to measure the change in average earnings using administrative records, we have not been able to see changes in earnings across the income spectrum. To address this, the Economic Research & Analysis team at OESC used our agency administrative earnings records to construct a ten-year history and four-year recent changes in earnings as measured by percentiles. At present, we have completed the analysis for the earnings of an aggregate of all industries in this report. The following report highlights three key findings of that analysis and illustrates these findings with a few appropriate charts and tables.

The first key finding is between the years 2005 to 2015 the highest 95th and 99th percentiles grew at faster rates than any other percentile level, while the lowest 5th and 10th percentiles grew at the slowest rates. The 20th through 90th middle percentile levels grew at rates similar to each other over the decade. These change rates for these three different portions of the percentile levels are shown in Chart 1 below.

Chart 1. Job Quarterly Earnings Percentile Percent Change, All Industries: 2005 to 2015

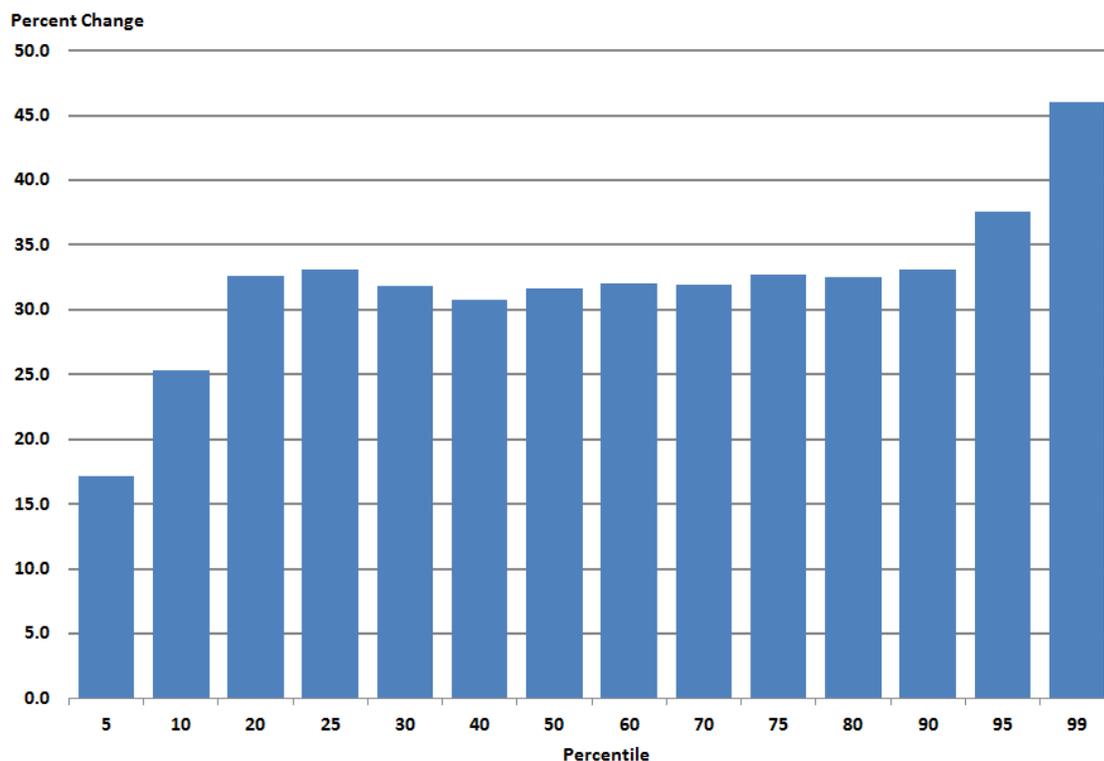


Chart 1 shows that the 5th and 10th percentiles levels grew the slowest, the 95th and the 99th grew the fastest, while the 20th through the 90th percentile levels grew at similar rates.

The second key finding is that the pace of earnings growth has been uneven during the decade with the lower percentile levels outperforming the higher ones during the three years, 2006 to 2009, while during the three years afterward (2009 to 2012), these same lower percentile levels job earnings slowed. Percentage earnings growth for most percentile levels was slower in the 2012-2015 period than it was in the preceding three years. This might be due to layoffs in the

energy sector occurring in the first half of 2015. Table 1 below summarizes the percentile earnings percent change revealed in the second key finding.

Table 1. Job Quarterly Earnings Dollar Amounts by Percentile for Years 2006, 2009, 2012 & 2015

Percentile	2006	2009	2012	2015	2006-09 % Change	2009-12 % Change	2012-15 % Change
5	559	631	650	656	12.9	3.0	0.9
10	883	1,038	1,086	1,105	17.6	4.6	1.7
20	1,725	2,088	2,202	2,262	21.0	5.5	2.7
25	2,261	2,723	2,873	2,970	20.4	5.5	3.4
30	2,857	3,388	3,558	3,708	18.6	5.0	4.2
40	4,088	4,697	4,947	5,212	14.9	5.3	5.4
50	5,311	5,990	6,365	6,750	12.8	6.3	6.0
60	6,657	7,415	7,988	8,450	11.4	7.7	5.8
70	8,359	9,179	10,006	10,554	9.8	9.0	5.5
75	9,450	10,361	11,316	11,947	9.6	9.2	5.6
80	10,782	11,812	12,936	13,608	9.6	9.5	5.2
90	14,787	16,267	17,685	18,698	10.0	8.7	5.7
95	18,750	20,790	22,877	24,641	10.9	10.0	7.7
99	35,351	39,682	44,495	48,176	12.3	12.1	8.3
Total Jobs	1,602,805	1,587,094	1,673,232	1,730,040	-1.0	5.4	3.4

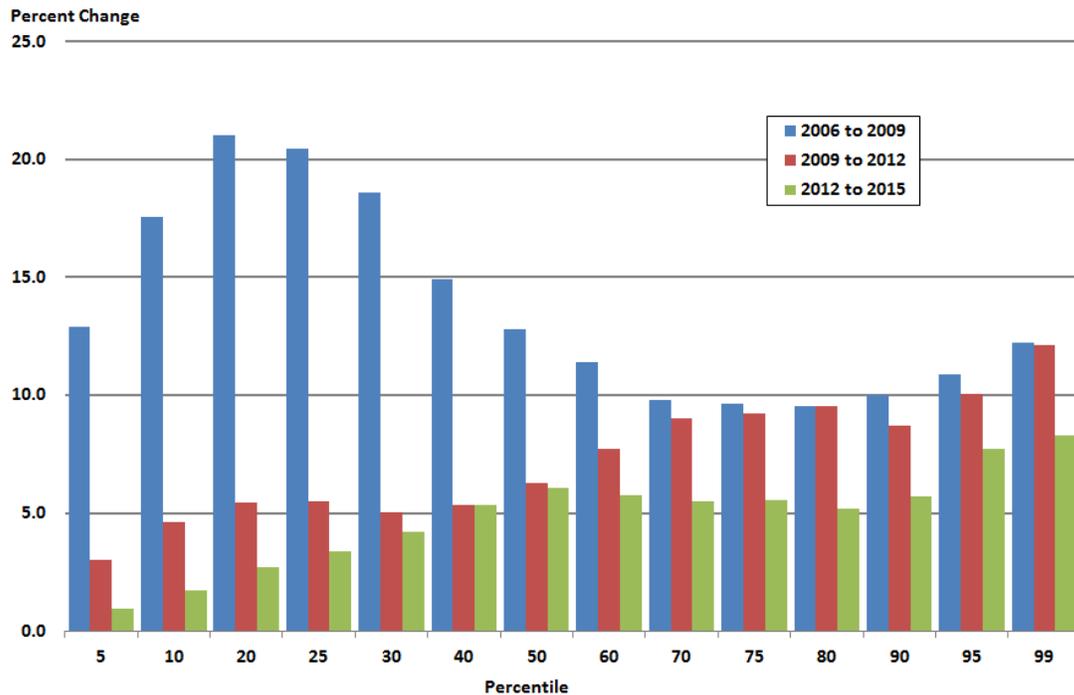
Note¹: Earnings are second quarter job totals, excluding Federal jobs.

Note²: Cases where earnings are less than \$300 removed.

Note³: The unit of analysis is a job.

Chart 2 illustrates the percentile earnings percent change revealed in the second key finding.

Chart 2. Job Quarterly Earnings Percentile Percent Change, All Industries 2006 to 2015



The third key finding is that the earnings gap in dollars between the 5th and 95th percentile grew by \$6,634 between 2005 and 2015. However, the earnings gap in dollars between the 95th and 99th percentiles grew by \$8,446. Table 2 provides the dollar amounts for the period 2005 to 2015 for the third key finding,

Table 2. Job Quarterly Earnings in 10-Year Interval by Percentile: 2005 to 2015

Percentile	2005	2015	Numeric Change	Percent Change
5	\$560	\$656	\$96	17.1
10	\$882	\$1,105	\$223	25.3
20	\$1,706	\$2,262	\$556	32.6
25	\$2,231	\$2,970	\$739	33.1
30	\$2,812	\$3,708	\$896	31.9
40	\$3,986	\$5,212	\$1,226	30.8
50	\$5,127	\$6,750	\$1,623	31.7
60	\$6,400	\$8,450	\$2,050	32.0
70	\$7,998	\$10,554	\$2,556	32.0
75	\$9,005	\$11,947	\$2,942	32.7
80	\$10,268	\$13,608	\$3,340	32.5
90	\$14,053	\$18,698	\$4,645	33.1
95	\$17,911	\$24,641	\$6,730	37.6
99	\$33,000	\$48,176	\$15,176	46.0
Total Jobs	1,531,846	1,730,040	198,194	12.9

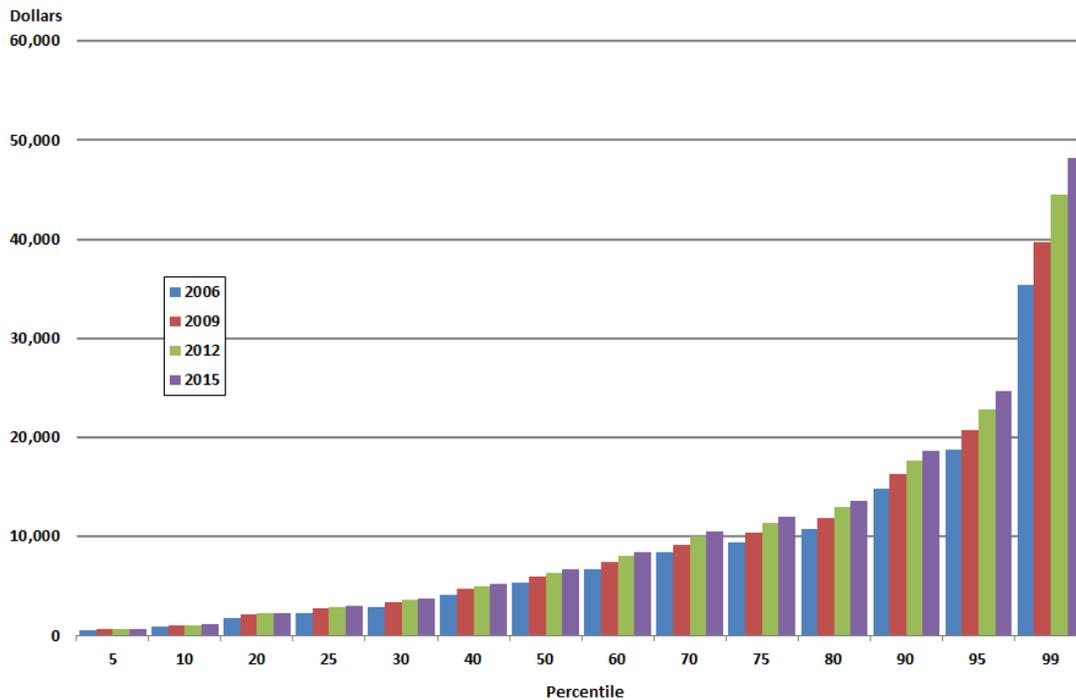
Note¹: Earnings are second quarter job totals, excluding Federal jobs.

Note²: Cases where earnings are less than \$300 removed.

Note³: The unit of analysis is a job.

Chart 5 displays the percentile dollar amounts in the period 2005 to 2015, for the third key finding.

Chart 3. Quarterly Earnings Dollar Amounts by Percentile: 2006, 2009, 2012 & 2015



Summarizing the three key findings, in the decade from 2005 to 2015 the job earnings lowest 5th and 10th percentile levels grew slower than the highest 95th and 99th percentile levels. However, the pace of growth of the different percentile levels was uneven, with the same two lower percentiles outperforming the same higher two percentiles in 2006 to 2009, and slowing in the years afterward, 2009 to 2015. Most percentile levels job earnings percent change slowed even more during and between 2012 and 2015. The dollar earnings amount gaps between the lowest 5th percentile and the next to the highest 95th percentile as well as the dollar amount gap between the 95th and 99th percentiles widened significantly during the decade 2005 to 2015.

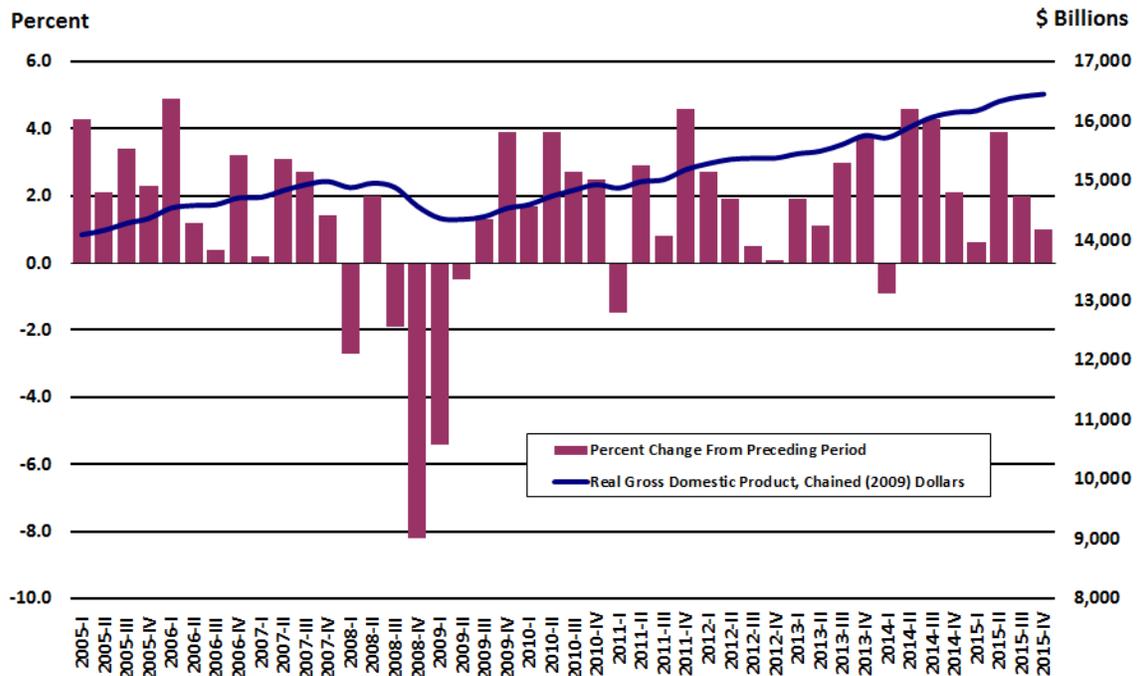
More Information

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

https://www.ok.gov/oesc_web/documents/lmijobearningsreport.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 U.S. economy grew in the 4th quarter at a slightly faster rate than previously estimated, boosted by stronger household spending. Real gross domestic product (GDP) increased at an annual rate of 1.4 percent in the 4th quarter of 2015, according to the "third" 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 upwardly revised. Household purchases rose at a 2.4 percent annual pace, compared with a previously estimated 2.0 percent rate. More spending on services than previously estimated accounted for the revision. Spending on durable goods, such as cars, and nondurable goods was revised to a 3.8 percent pace instead of the previous estimate of 3.4 percent. Spending on non-durable goods, such as clothing, was revised down to 0.6 percent in the 4th quarter. Personal consumption expenditures added 1.66 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 2.1 percent instead of -1.9 percent rate reported earlier. Business spending on nonresidential structures contracted at a 5.1 percent rate rather than the -6.6 percent pace reported last month. Business spending on equipment contracted at a -2.1 percent rate last quarter, compared to the previously reported -1.8 percent rate.

Inventory investment was revised lower in the October to December period. Businesses accumulated \$78.3 billion worth of inventory rather than the \$81.7 billion reported previously. The change in private inventories subtracted 0.22 percentage point from GDP growth instead of the previously reported 0.14 percentage point.

Investment in residential construction remained a bright spot in the 4th quarter as it was revised upward to an 10.1 percent pace instead the previously reported 8.0 percent rate, adding 0.33 percentage points to overall growth in the 4th quarter.

The trade deficit widened in the 4th quarter but not as much as previously estimated because exports were not as weak as previously thought. Exports fell at a 2.0 percent annual rate, not the 2.7 percent decline estimated a month ago. Trade subtracted 0.14 percentage point from growth in the 4th quarter, less than the 0.25 percentage point previously estimated.

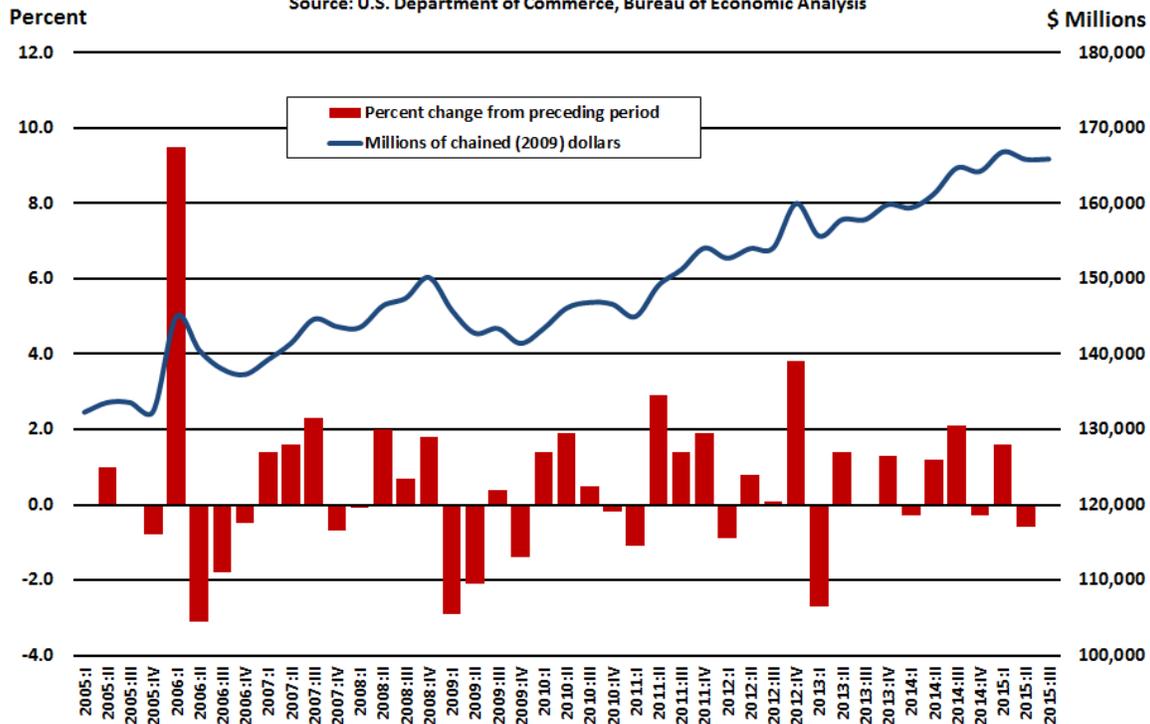
Government purchases actually grew in the 4th quarter at a rate of 0.1 percent rather than declining -0.1 percent as previously reported. Federal government expenditures were upwardly revised to 2.3 percent from the previous 2.2 percent estimate. The 2.7 percent gain in federal defense spending reported earlier was upgraded to a 2.8 percent pace. Meanwhile, state and local government spending slipped 1.2 percent in the 4th quarter instead of -1.4 percent. With those upward revisions, government consumption expenditures added 0.02 percentage points to 4th quarter GDP rather than subtracting 0.01 percentage point.

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.

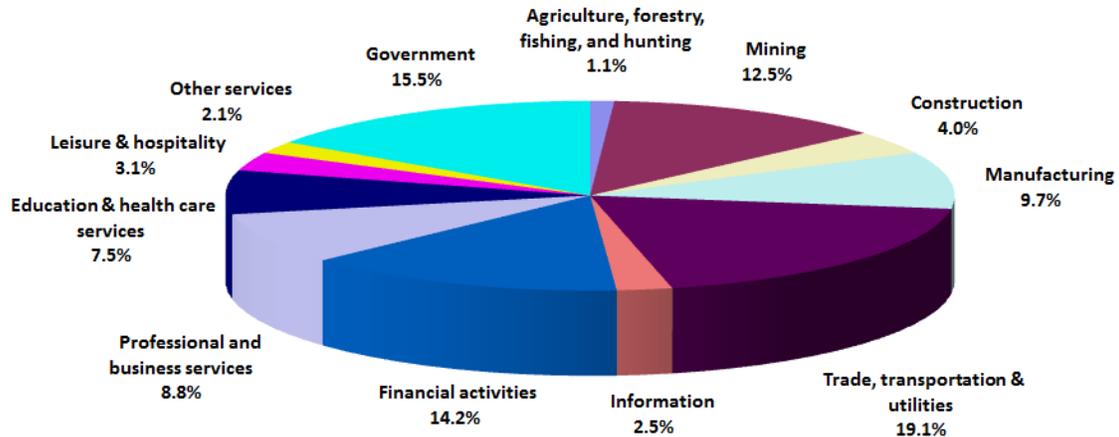
Ongoing reduced commodity prices that caused Oklahoma’s real GDP to contract in the 2nd quarter of 2015 continued to weigh on GDP in the 3rd quarter. Statewide GDP was at a level of \$165.9 billion in constant 2009 dollars in the 3rd quarter, barely growing from \$165.8 billion in the 2nd quarter. Oklahoma’s 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

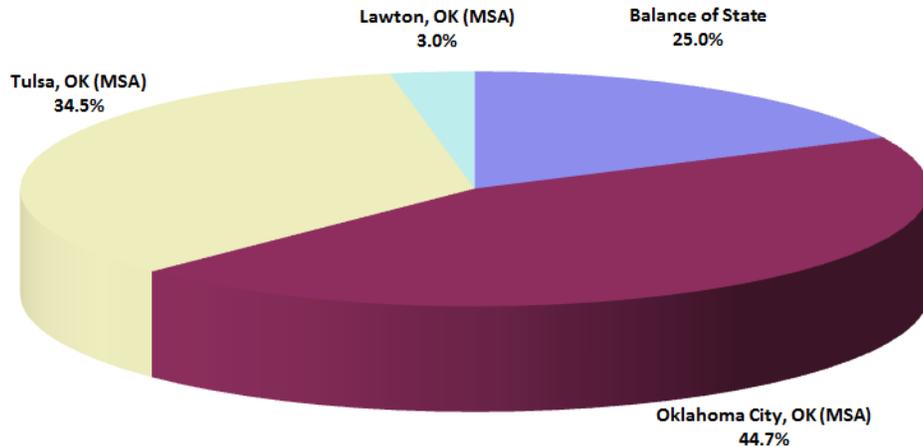
Oklahoma was among 48 states and the District of Columbia experiencing growth in real gross domestic product (GDP) in 2014, according to new statistics from the Bureau of Economic Analysis (BEA). U.S. real GDP grew 2.2 percent in 2014 after increasing 1.9 percent in 2013.

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.

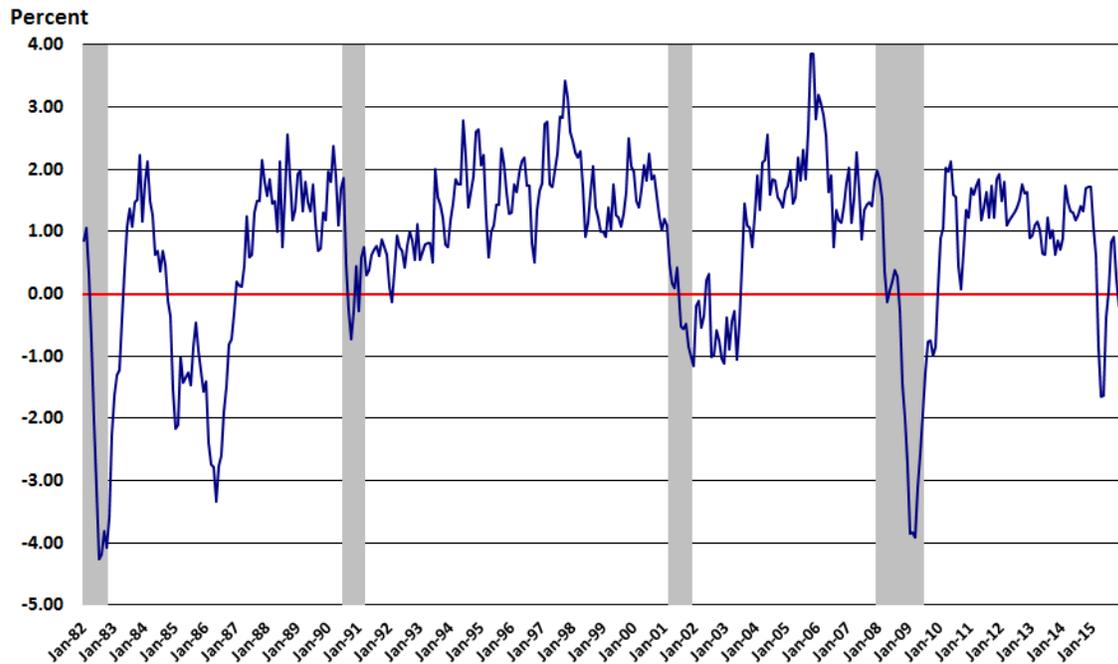
Current Developments

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

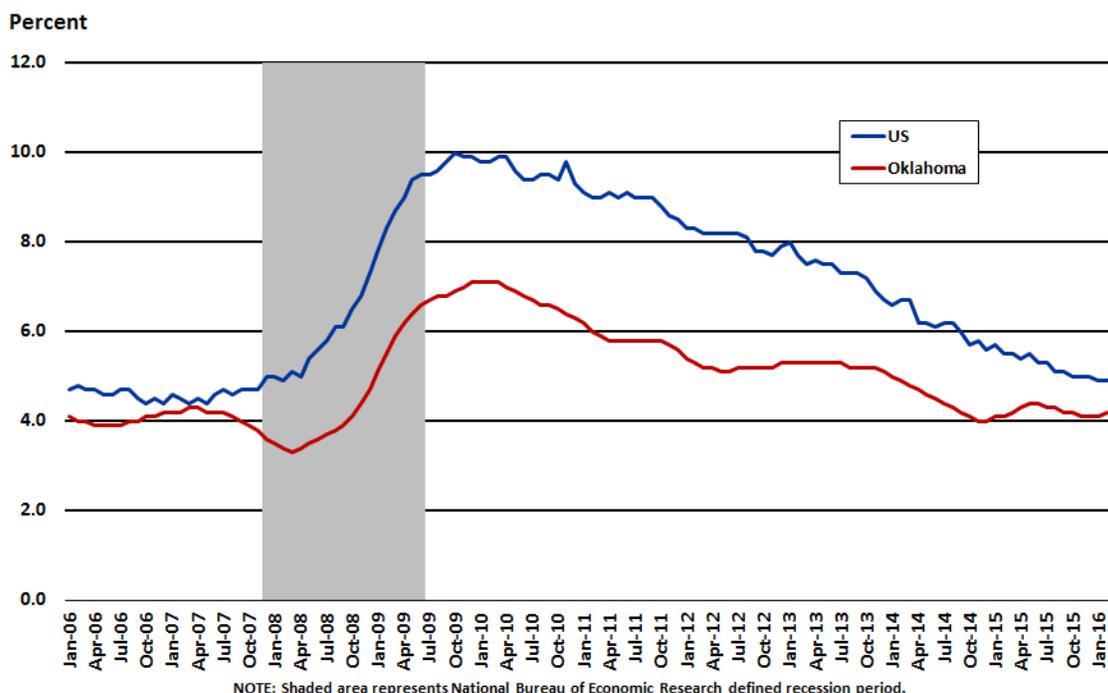
Declining oil and natural gas prices have weighed on Oklahoma's economy since the beginning of 2015. Oklahoma's leading index began falling at the end of 2014 and saw six consecutive months of decline, slipping into negative territory in March, April and May.

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.

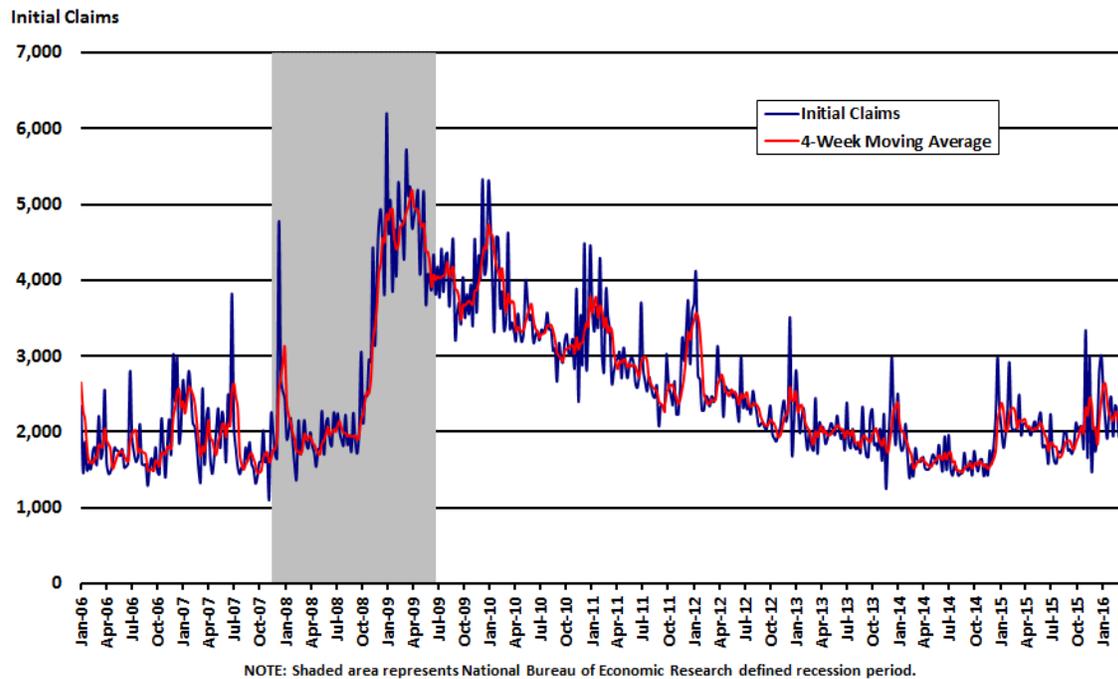
Current Developments

The U.S. unemployment rate edged up in March as even more Americans were looking for work. In March, the unemployment rate rose to 5.0 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, increased for the fifth time in the past six months to 63.0 percent. Over the year, the unemployment rate has fallen by 0.5 percentage point.

Oklahoma's seasonally adjusted unemployment rate edged up 0.1 percentage point to 4.2 percent in February. Oklahoma's jobless rate was the 15th lowest jobless rate, (tied with Arkansas, Missouri and Montana), among all states in February. Over the year, the state's seasonally adjusted unemployment rate was 0.1 percentage point more than 4.1 percent reported in February 2015.

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

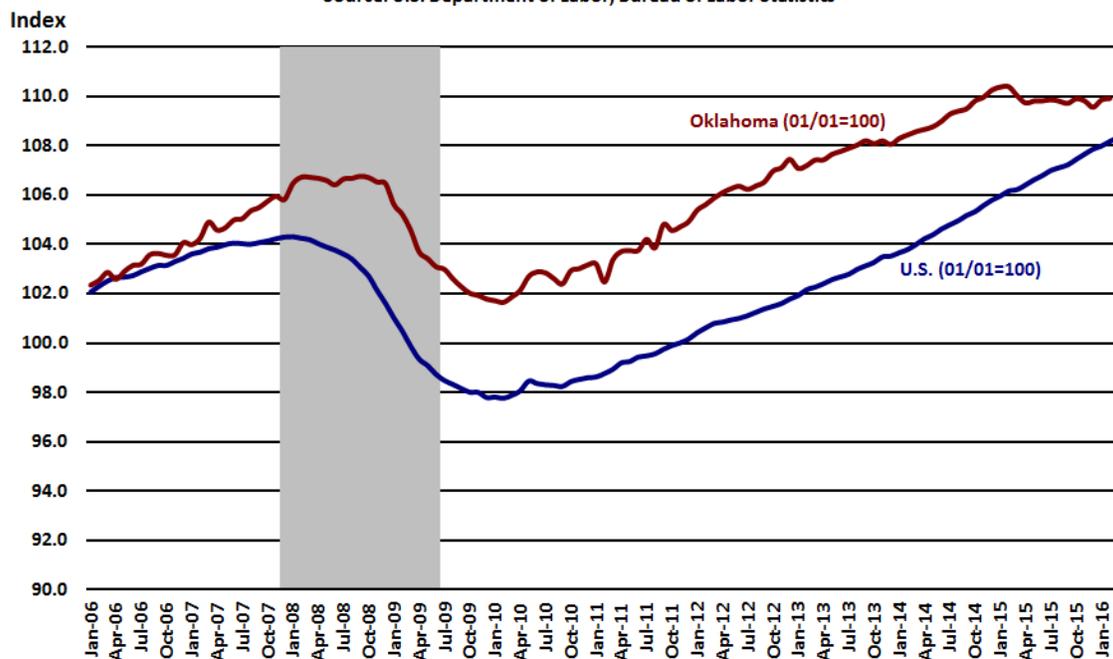
More Americans sought jobless benefits in the last week of March, but applications remain near record lows indicating a stable job market. In the week ending March 26, the advance figure for seasonally adjusted initial claims was 276,000, an increase of 11,000 from the previous week's unrevised level of 265,000, according to figures released by the U.S. Labor Department (DOL). The less volatile 4-week moving average was at a level of 263,250, an increase of 3,500 from the previous week's unrevised average of 259,750.

The number of Oklahomans filing initial claims for unemployment insurance benefits climbed in March, reflecting ongoing energy sector layoffs. For the file week ending March 19, initial claims for unemployment insurance benefits were at a level of 2,420, up 169 from the previous week. For the same file week ending, the less volatile four-week moving average moved up 19 to 2,222. For the same file week ending on March 19, continued claims declined 61 to a level of 23,207 while the continued claims four-week moving average increased 92 to 23,089.

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

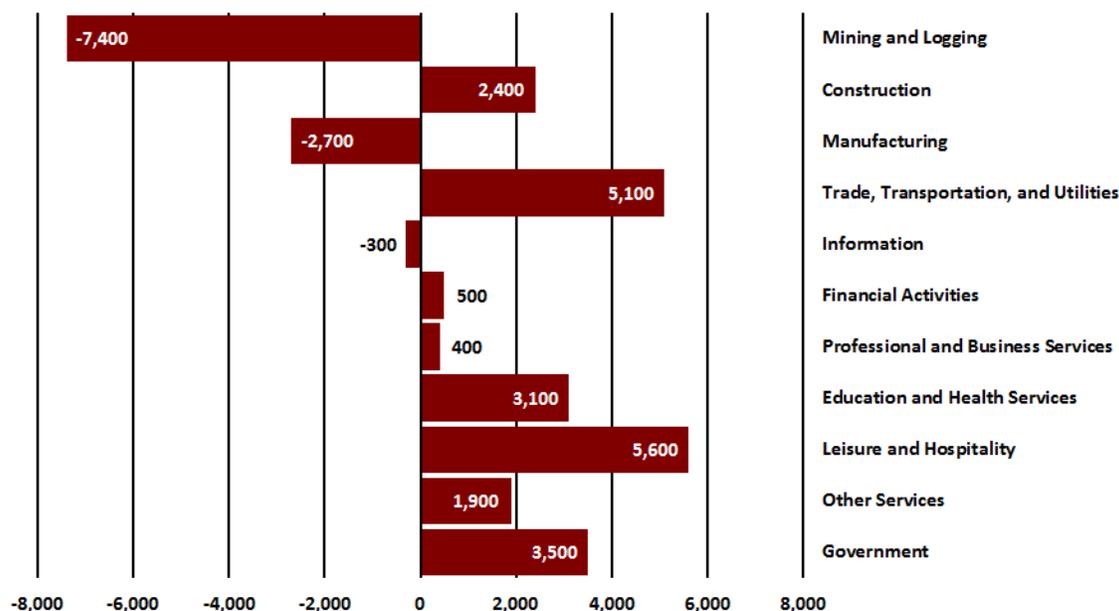
U.S. employers notched another month of solid hiring in March as retailers, construction and health care providers drove employment gains. Total nonfarm payroll employment rose by 215,000 in March, according to the Bureau of Labor Statistics (BLS). Data for January and February were revised slightly down to show 1,000 fewer jobs created than previously reported.

Oklahoma nonfarm employment added a seasonally-adjusted 900 jobs (0.1 percent) in February. Eight of Oklahoma's 11 supersectors added jobs in February, as leisure & hospitality (+1,300 jobs) posted the largest monthly gain followed by education & health service (+1,000 jobs). Manufacturing reported the largest over-the-month loss (-2,400 jobs).

Over the year, statewide total nonfarm employment shed 7,200 jobs (-0.4 percent) led by manufacturing (-11,500 jobs) and mining & logging (-12,900 jobs). Leisure & hospitality (+8,600 jobs) also 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).

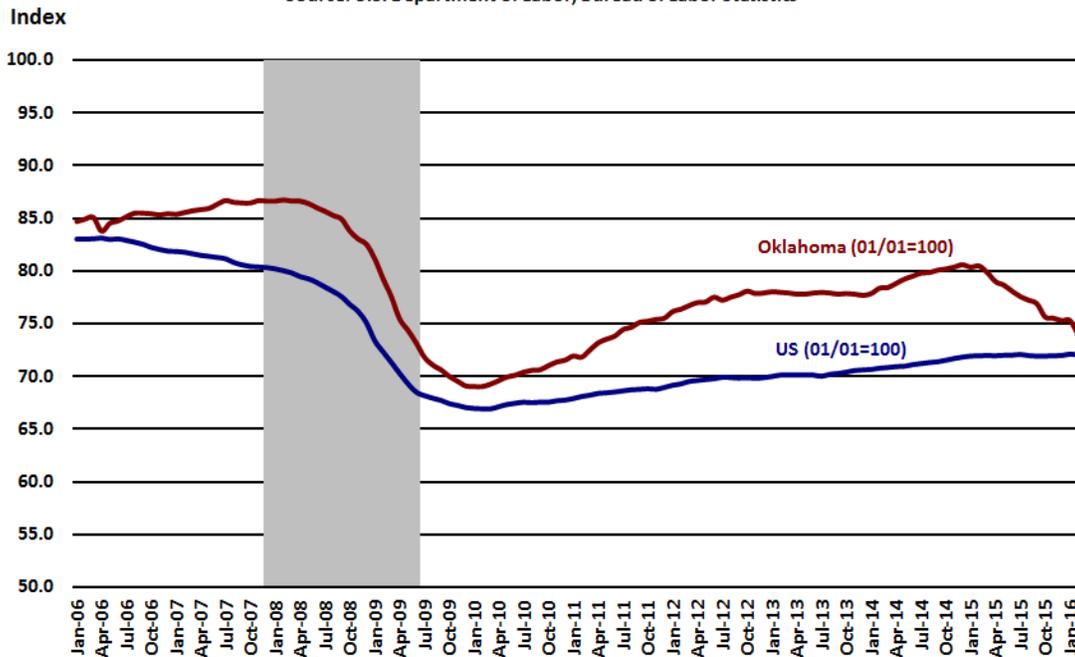
In 2015, eight out of Oklahoma's 11 statewide supersectors recorded job growth. Leisure & hospitality led all other supersectors adding 5,600 jobs with the greater part of hiring occurring in food services and drinking places. The broad trade, transportation & utilities sector added 5,100 jobs with the 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

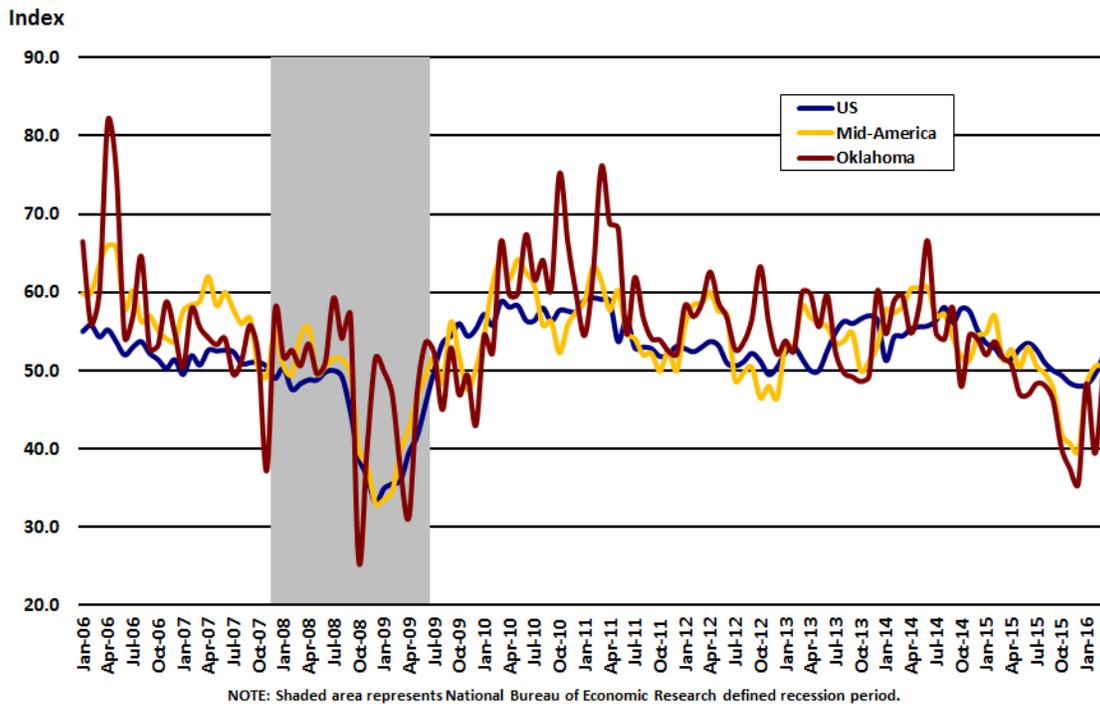
U.S. manufacturers cut jobs in March, as the sector is still hindered by a strong U.S. dollar and a weak overseas economy. Employment in manufacturing declined by 29,000 in March, according to the Bureau of Labor Statistics (BLS). Most of the job losses occurred in durable goods industries (-24,000 jobs), including machinery (-7,000 jobs), primary metals (-3,000 jobs), and semiconductors and electronic components (-3,000 jobs).

Oklahoma's manufacturing employment shed a seasonally-adjusted 2,400 jobs in February. Almost all of February's job losses occurred in durable goods manufacturing led by fabricated metal products (-900 jobs) and machinery manufacturing (-700 jobs). Non-durable goods manufacturing lost a seasonally-adjusted 200 jobs over the month.

Over the year, statewide factory employment has plunged by a seasonally-adjusted 11,500 jobs (-8.1 percent) with all of the job losses coming from durable goods manufacturing. Machinery manufacturing dropped a non-seasonally adjusted 5,700 jobs over the year while fabricated metal product manufacturing lost 3,900 jobs from February 2015 to February 2016. Non-durable goods manufacturing employment was flat over the year.

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

The U.S. manufacturing sector resumed growth in March, lifted by strength in new orders and production. The March PMI® registered 51.8 percent, an increase of 2.3 percentage points from the February reading of 49.5 percent, according to the latest Manufacturing ISM Report On Business®. Manufacturing registered growth for the first time since August 2015, as 12 out of 18 industries reported growth, and 13 out of 18 industries reported an increase in new orders in March.

The New Orders Index, which is widely watched and is actually a component of the index of leading economic indicators, climbed to 58.3 percent from a 51.5 reading in February while a measure of prices paid index rose to 51.5 percent from 38.5 percent. Production registered 55.3 percent, 2.5 percentage points higher than the February reading of 52.8 percent. The Employment Index registered 48.1 percent, 0.4 percentage point below the February reading of 48.5 percent.

The Creighton University Mid-America Business Conditions Index for March, a leading economic indicator for a nine-state region stretching from North Dakota to Arkansas, expanded for a third straight month and moved above growth neutral for a second consecutive month. The March Business Conditions Index, which ranges between 0 and 100, improved to a still soft 50.6 from February's 50.5, according to the Creighton Economic Forecasting Group. The regional index, much like the national reading, has indicated 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. The strong U.S. dollar not only undermines exports, it also reduces the value of foreign earnings. The strong dollar has made U.S. goods much less competitively priced abroad," said Ernie Goss, Ph.D., director of Creighton University's Economic Forecasting Group.

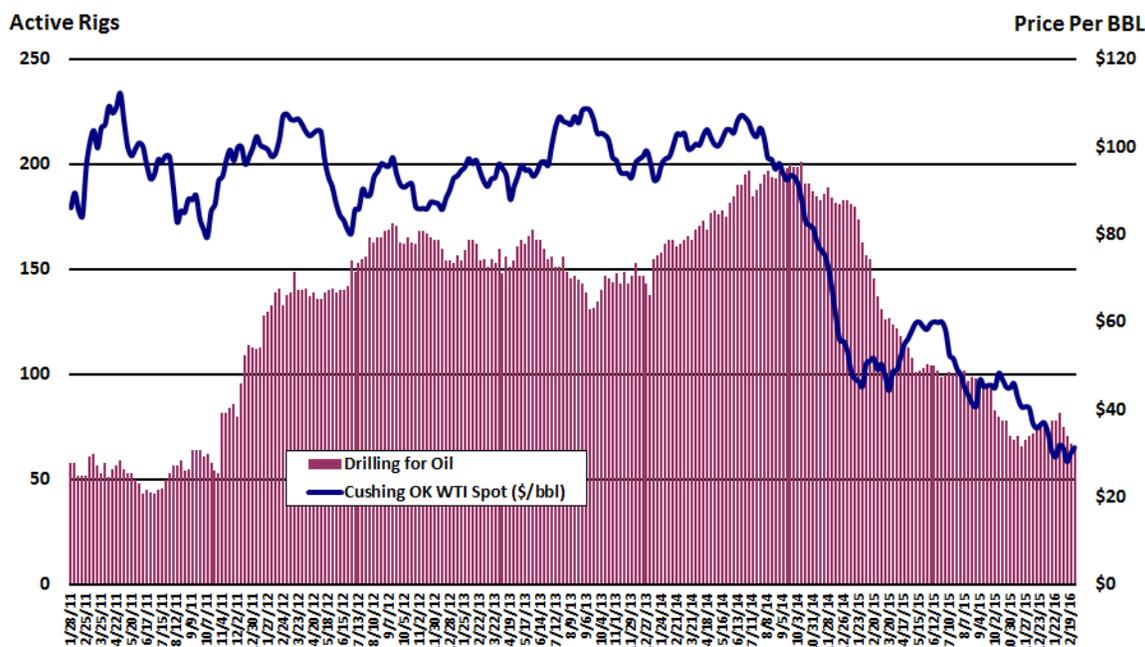
The March Business Conditions Index for Oklahoma slumped below growth neutral for an eleventh straight month. However, the index from a monthly survey of supply managers did increase to 49.7 from 39.4 in February. Components of the March survey of supply managers were new orders at 52.5, production or sales at 49.7, delivery lead time at 51.1, inventories at 50.0, and employment at 45.3.

"Since the beginning of the recovery in 2009, Oklahoma's manufacturing sector has added more than 7,000 jobs while output per worker has fallen by 6.4 percent, the worst productivity performance among the nine states. Creighton's surveys over the past several months point to a contraction in manufacturing output and jobs over the next three to six months," 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

In the latest *Short-Term Energy Outlook*, the U.S. Energy Information Administration noted that international benchmark North Sea Brent crude oil prices averaged \$32/barrel in February, an increase of \$1/barrel from January. Brent crude oil prices are forecast by the EIA to average \$34/barrel in 2016 and \$40/barrel in 2017, \$3/b and \$10/b lower respectively than forecast last month. Domestic benchmark West Texas Intermediate (WTI) crude oil prices are expected to average the same as Brent in 2016 and 2017, according to the EIA. The lower forecast prices reflect oil production that has been more resilient than expected in a low-price environment and lower expectations for forecast oil demand growth.

The EIA also noted in a separate report that U.S. crude production from the Lower 48 states from new wells (drilled since the start of 2014) made up 48 percent of total U.S. crude oil production in 2015, up from 22 percent in 2007. Production from new wells has grown as advances in horizontal drilling and completion techniques led to growth in oil production from low-permeability tight reservoirs. In 2015, production from tight formations—including, but not limited to, shale plays—accounted for more than 4 million barrels per day (b/d), or half of total U.S. oil production. However, low oil prices and reduced capital expenditure for drilling new wells have been reflected in declining crude oil production in the United States since May 2015.

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.

The recent two-month rally of crude prices may be fading as supply continues to rise. After falling as low as \$26.19/barrel, West Texas Intermediate (WTI-Cushing) spot prices had risen more than 50 percent since mid-February. However, after the EIA reported domestic crude inventories reached record highs for a seventh straight week, WTI-Cushing spot prices retreated to finish the month at \$37.99/barrel

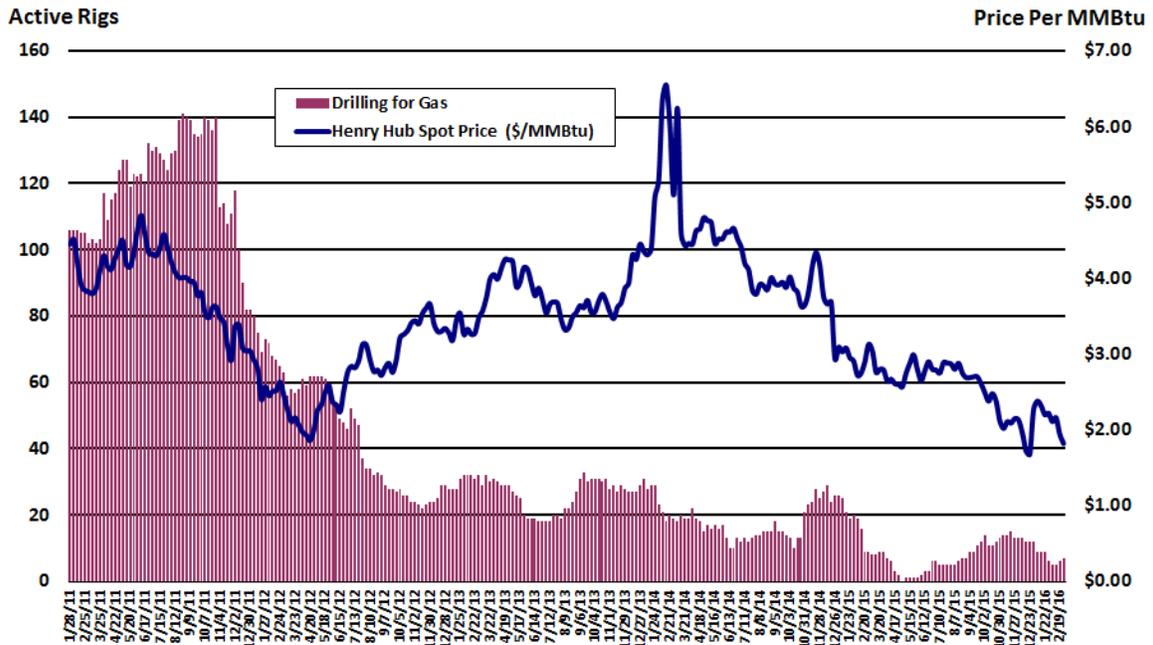
The U.S. oil rig count fell by 12 to 464 for the week ending March 24, 2016, according to oil field services company Baker Hughes. The U.S. rig count peaked at 4,530 in 1981 and bottomed at 488 in 1999.

Oklahoma's active rotary rig count fell to 63 for the week ending March 24, the lowest level since 62 rigs were active for the week ended October 8, 1999. Oil-directed rigs accounted for approximately 97 percent of total rig activity (61 active rigs). Over the year, Oklahoma's rig count was off by 70 rigs operating March 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 U.S. Energy Information Administration (EIA) expects natural gas will fuel the largest share of electricity generation in 2016 at 33 percent, compared with 32 percent for coal, according to the *March Short-Term Energy Outlook*. This would be the first time that natural gas provides more electricity generation than coal on an annual average basis. In 2017, natural gas and coal are both forecast to fuel 32 percent of electricity generation, according to the EIA report.

Natural gas working inventories were 2,536 billion cubic feet (Bcf) on February 26. That is 46 percent higher than during the same week last year and 36 percent higher than the previous five-year average (2011–15) for that week. The EIA forecasts that inventories will end the winter heating season (March 31) at 2,288 Bcf, which would be 54 percent above the level at the same time last year. Henry Hub spot prices are forecast to average \$2.25/million British thermal units (MMBtu) in 2016 and \$3.02/MMBtu in 2017, compared with an average of \$2.63/MMBtu in 2015.

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 March. The Henry Hub spot price began the month at \$1.57 per million British thermal units (MMBtu) and finished the month at \$1.78/MMBtu, for a gain of 21 cents per MMBtu over the month.

There were 92 active natural gas-directed rigs as of March 24, 2016, according to Baker Hughes Inc. This represents a decline of 5 units from the week ending March 4, when rigs fell below 100 for the first time in Baker Hughes's 29-year rig data history. Natural gas-directed rigs are currently 63 percent below their year-ago level and 89 percent below their level five years ago.

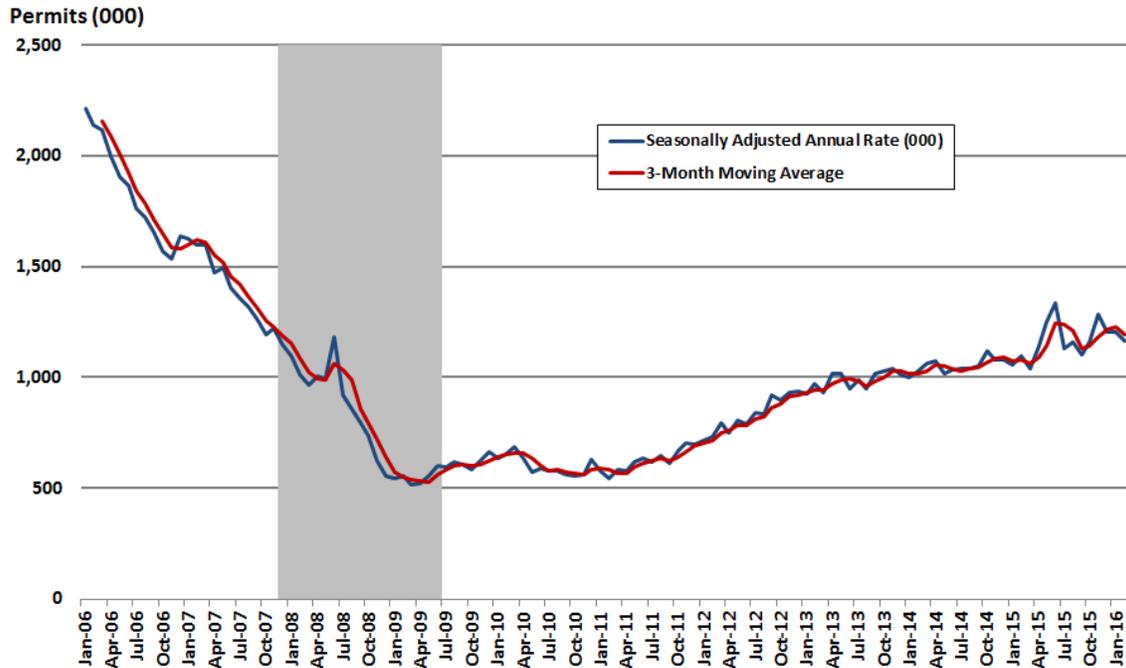
While rigs have declined dramatically in the past several years, production has grown steadily, indicating that drilling has become more efficient. Production data have only recently begun to show some signs of flattening after hitting a record high in September 2015.

Oklahoma's natural gas-directed drilling rig count finished the month at a level of 2 active rigs. Over the year, the number of rotary rigs searching for natural gas was down 7 rigs from 9 reported for the week ended March 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.

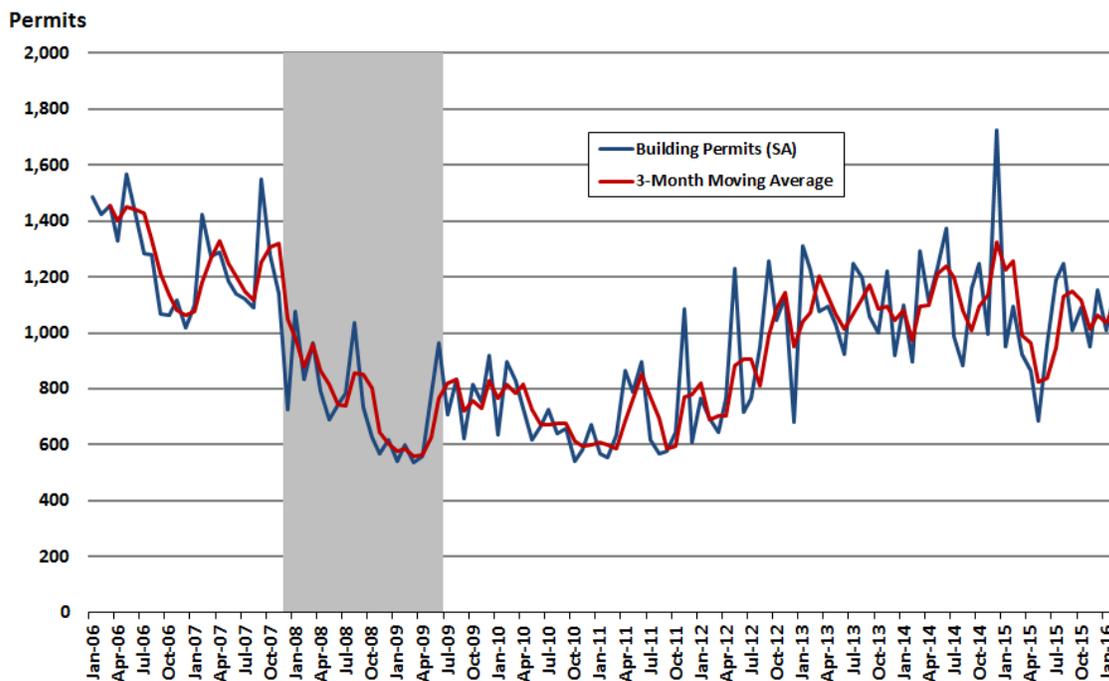
Current Developments

Applications for building permits were weak for a third month in February but housing starts rose to the highest level in five months. Privately-owned housing units authorized by building permits in February were at a seasonally adjusted annual rate of 1,167,000, or 3.1 percent below the revised January rate of 1,204,000, but is 6.3 percent above the February 2015 estimate of 1,098,000, according to the U.S. Census Bureau and the Department of Housing and Urban Development. Permits for single-family homes were up 0.4 percent to 731,000 while multi-family permits were down 9.1 percent to a 441,000 rate.

Meanwhile, National Association of Home Builders/Wells Fargo builder sentiment index was unchanged at 58 for March, down further from a decade-high 65 reading in October. Readings above 50 indicate more builders view sales conditions as good rather than poor.

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 picked up in February after back-to-back declines in December and January. Total residential building permitting for February was at a seasonally-adjusted level of 1,154, which is 145 or 14.4 percent more permits than the January level of 1,009 and 58 or 5.3 percent above the February 2015 estimate of 1,096 units, according to figures from the Federal Reserve Bank of St. Louis.

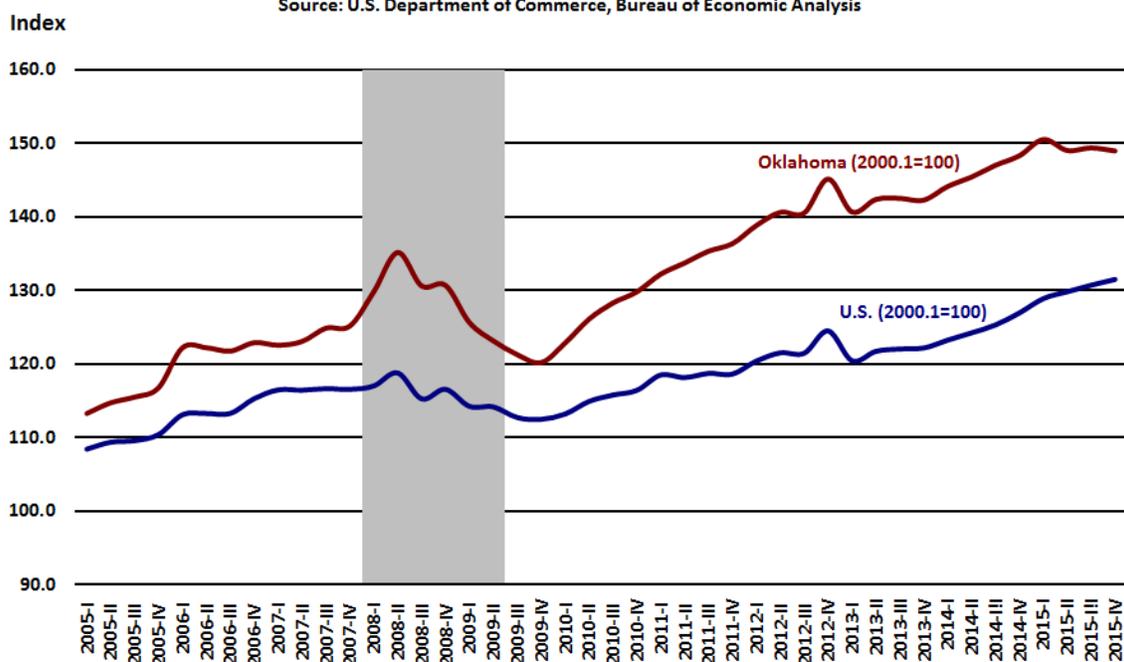
Single-family permitting accounted for approximately 74.4 percent of total residential permitting activity in February while multi-family permitting accounted for 22.8 percent. Applications for single-family homes were at a non-seasonally adjusted level of 764, or 7.3 percent more than January's revised level of 712 permits. The more volatile multi-family permitting was at a level of 234 in February, or 24.4 percent less than January's level of 308 units.

Over the year, residential permitting was 4.4 percent above the February 2015 seasonally adjusted level of 984. Single-family permits were 5.4 percent below the February 2015 non-seasonally adjusted level of 808 permits. Multi-family permitting was 52.9 percent greater than last year's non-seasonally adjusted level of 153 permits.

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

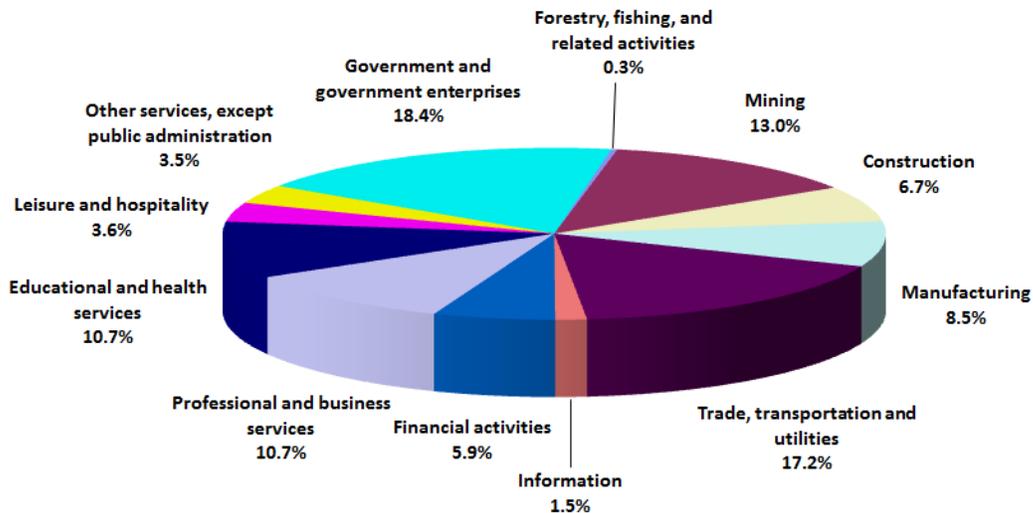
Consumer spending posted another modest gain in February while personal income growth slowed considerably. Personal income increased \$23.7 billion, or 0.2 percent, and disposable personal income (DPI) increased \$23.7 billion, or 0.2 percent, in February, according to the Bureau of Economic Analysis. Personal consumption expenditures (PCE) increased \$11.0 billion, or 0.1 percent. In January, personal income increased \$72.7 billion, or 0.5 percent, DPI increased \$57.2 billion, or 0.4 percent, and PCE increased \$10.7 billion, or 0.1 percent, based on revised estimates.

Spending on goods and services climbed 0.1 percent for a third month in February. Spending on durable goods rose 0.3 percent in February with automobile sales accounting for about half the increase. Outlays for non-durable goods fell 0.3 percent in February. Household outlays on services increased 0.3 percent in February after adjusting for inflation.

Wages & salaries fell 0.1 percent in February after a 0.6 percent advance in January. The savings rate, (personal saving as a percentage of disposable personal income), increased 5.4 percent in February from 5.3 percent in the previous month.

Oklahoma Nonfarm Contribution to Earnings Fourth 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 on average 4.4 percent in 2015, the same rate as in 2014, according to estimates by the U.S. Bureau of Economic Analysis (BEA). Growth of state personal income—the sum of net earnings by place of residence, property income, and personal current transfer receipts—ranged from -0.2 percent in North Dakota to 6.3 percent in California.

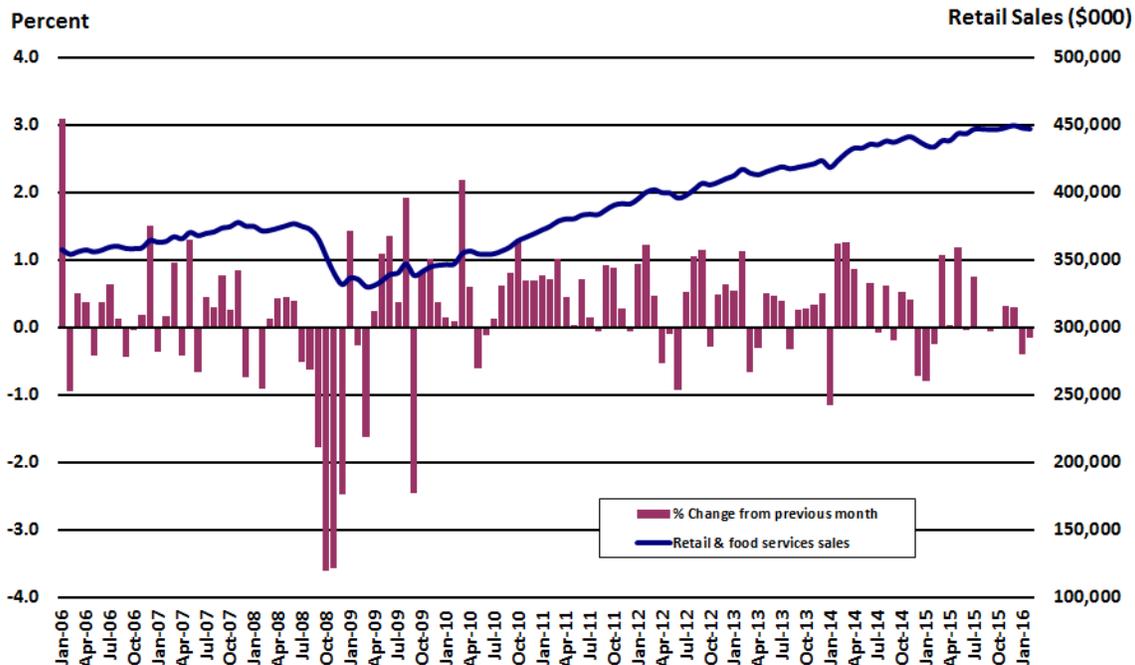
Oklahoma's personal income grew at a 2.3 percent rate, to a level of \$173.2 billion, ranking the state 44th among all states and the District of Columbia in 2015.

Net earnings grew 4.2 percent on average in 2015, down from 4.6 percent in 2014, according to the BEA. Earnings grew in 21 of the 24 industries for which BEA prepares estimates, with professional and business services, healthcare, and construction contributing the most to overall income growth in 2015. Construction earnings increased for the fifth consecutive year and is now higher than its previous peak before the Great Recession. Earnings in mining and farming, however, fell due to declines in global prices for energy and agricultural commodities.

In Oklahoma, net earnings grew at a 1.6 percent pace in 2015, contributing 1.1 percentage points to the percent change in personal income. Earnings grew in 17 of 24 industries with construction (0.28 percentage points), healthcare (0.28 percentage points, and state & local government (0.23 percentage points), contributing the most to overall income growth in 2015. Subtracting from net earnings growth in 2015 were mining (-0.31 percentage points); durable goods manufacturing (-0.16 percentage points), utilities (-0.15 percentage points), wholesale trade (-0.10 percentage points) farm (-0.06 percentage points), and military (-0.05 percentage points).

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

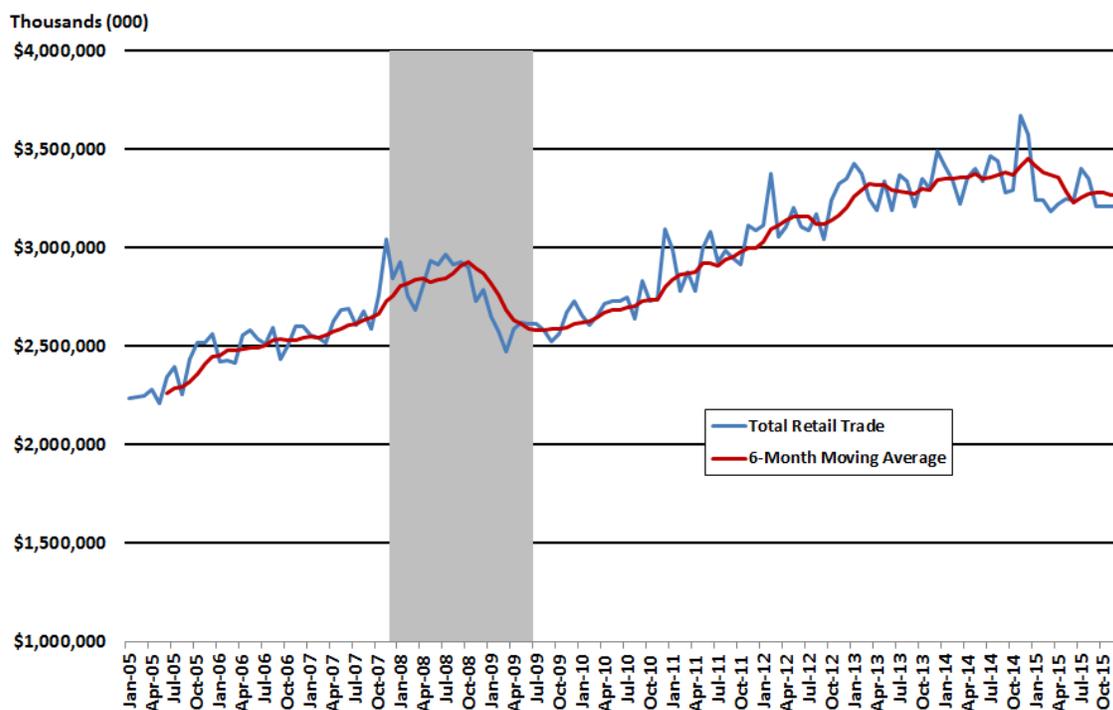
It appears that U.S. retail sales did not get off to a good start in 2016 after all, as Americans spent much less in January than previously estimated. Advance estimates of U.S. retail and food services sales for February, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$447.3 billion, a decrease of 0.1 percent from the previous month, and 3.1 percent above February 2015, according to the U.S. Census Bureau. Total sales for the December 2015 through February 2016 period were up 2.9 percent from the same period a year ago. The December 2015 to January 2016 percent change was revised sharply lower from +0.2 percent to -0.4 percent.

Cheaper gasoline continued to undercut receipts at service stations in February as low pump prices depress dollar sales. Gas station sales, which aren't adjusted for changes in price, plunged 4.4 percent. Excluding gas, retail sales were up 0.2 percent in February. Sales at auto dealers retreated -0.2 percent in February but were up 6.8 percent over the year. Excluding both vehicles and gasoline, retail sales were up 0.3 percent over the month and 4.3 percent over the year.

The less volatile "core" sales, which strip out automobiles, gasoline, building materials and food services was unchanged after a downwardly revised 0.2 percent increase in January (previously reported to have risen 0.6 percent).

Oklahoma Total Adjusted Retail Trade, 2005-2015

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

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).