Oklahoma Economic Indicators October 2011

Oklahoma Employment Security Commission
Economic Research and Analysis
http://oesc.ok.gov

OKLAHOMA
ECONOMIC INDICATORS

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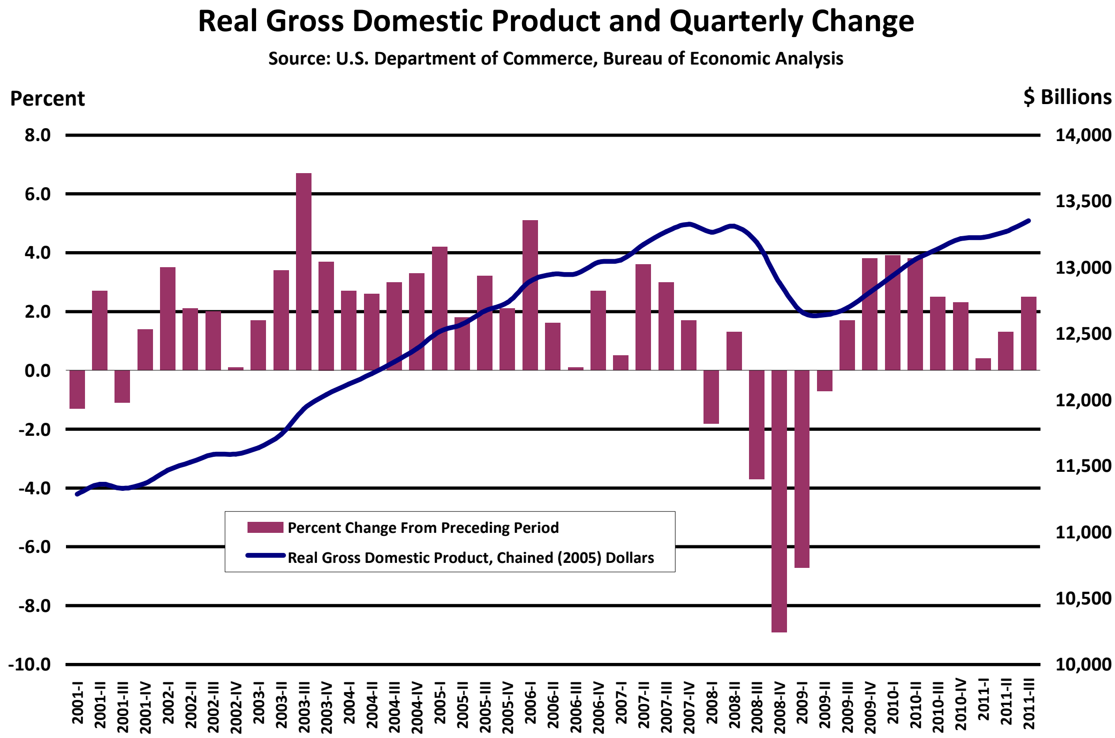
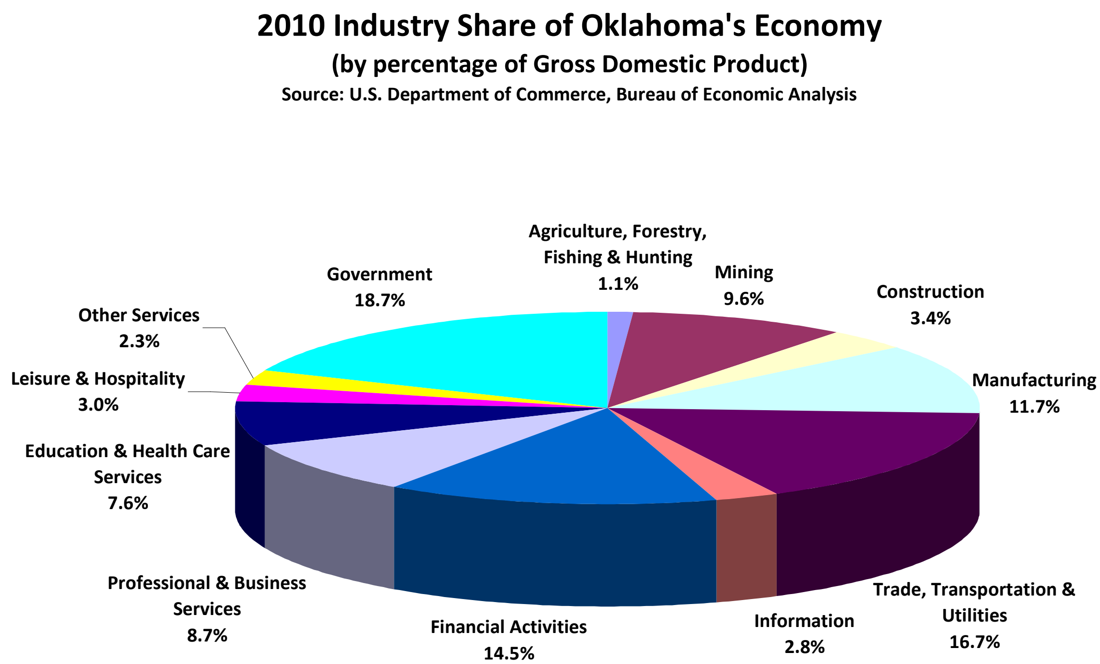


Gross Domestic Product (GDP)—the output of goods and services produced by labor and property located in the United States—is the broadest measure of economic activity. It is also the measure that is most indicative of whether the economy is in recession. In the post-World War II period, there has been 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 U.S. economy grew nearly twice as fast in the summer, as consumers and businesses shrugged off fears of a new recession. Real gross domestic product increased at an annual rate of 2.5 percent in the 3rd quarter of 2011 according to the "advance" estimate released by the Bureau of Economic Analysis (BEA). In the 2nd quarter, real GDP increased 1.3 percent.

Growth in the 3ird quarter was fueled by Americans who spent more while earning less and by businesses that invested in machines and computers, not workers. Personal consumption expenditures (PCEs) advanced 2.4 percent, following a 0.7 percent rise the prior quarter. Strength was led by durable goods with services also accelerating. Nondurables growth was soft. Net exports improved but at a slower rate. Inventory growth was positive but at a slower pace. Government purchases, on weakness in state and local spending, were flat but an improvement over a modest dip in the 2nd quarter. Residential investment posted a modest gain but slowed from the prior quarter.

The rise in GDP, suggests the economy is regaining some traction after events earlier this year, including a surge in gasoline prices and waves of stock-market turmoil, that led consumers and businesses to pull back on spending.



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.

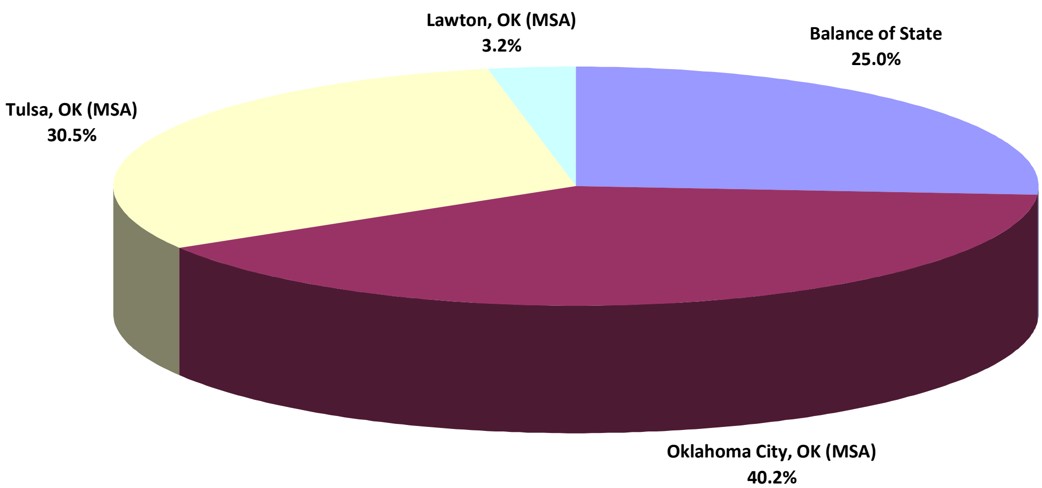
According to the advance estimate from the Bureau of Economic Analysis (BEA), Oklahoma was among 48 states and the District of Columbia experiencing growth in real GDP in 2010. However, Oklahoma's 2009 advance estimate was significantly revised downward primarily due to updated prices for natural gas.

The BEA's advance estimate for 2009 state GDP showed Oklahoma's real GDP had grown by 6.6 percent, leading the nation. The largest contributor to real GDP growth was mining, accounting for 7.23 percentage points of the total growth in real GDP. However, based on updated information, mining actually declined by 0.99 percent in 2009. That adjustment caused the state's GDP to fall to -1.0 percent, ranking Oklahoma 15th in GDP growth among states in 2009.

Oklahoma registered a real GDP of $133.5 billion in 2010, a 1.0 percent gain from the revised $132.1 billion in 2009; U.S. real GDP grew at 2.6 percent during the same period. Retail trade contributed to real GDP growth in every state in 2010 and was the leading contributor in Oklahoma, accounting for 0.42 percent of total growth. Durable goods manufacturing was the second-largest contributor to real GDP growth in Oklahoma accounting for 0.40 percentage point of the total growth. Government (0.25 percent) was the state's third-largest real GDP contributor with state and local government accounting for nearly 70 percent of total government real GDP.

Metropolitan Area Contribution to State Real Gross Domestic Product 2010

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

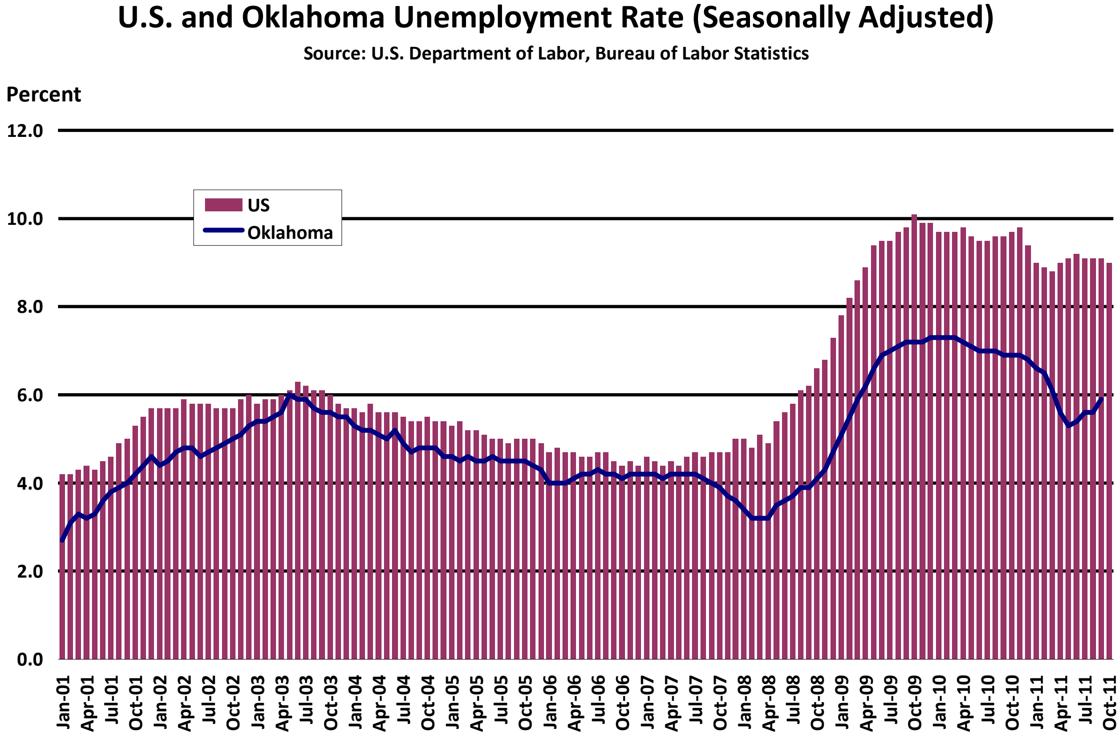


Metropolitan Statistical Areas (MSA) are the county-based definitions developed by the Office of Management and Budget for federal statistical purposes. A metropolitan area is defined as a geographic area consisting of a large population nucleus together with adjacent communities having a high degree 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 2009.

Real U.S. GDP by metropolitan area increased 2.5 percent in 2010 after declining 2.5 percent in 2009, according to new statistics released today by the U.S. Bureau of Economic Analysis (BEA). The economic growth was widespread as real GDP increased in 304 of 366 (83 percent) metropolitan areas, led by national growth in durable-goods manufacturing, trade, and financial activities.

In terms of growth in real GDP, Lawton MSA ranked 15th out of the 366 U.S. metropolitan areas growing by 6.9 percent to $4.21 billion in 2010. Oklahoma City MSA ranked 205th growing by 1.7 percent to $53.7 billion followed by Tulsa MSA ranked at 329th declining by -0.6 percent to $40.7 billion.



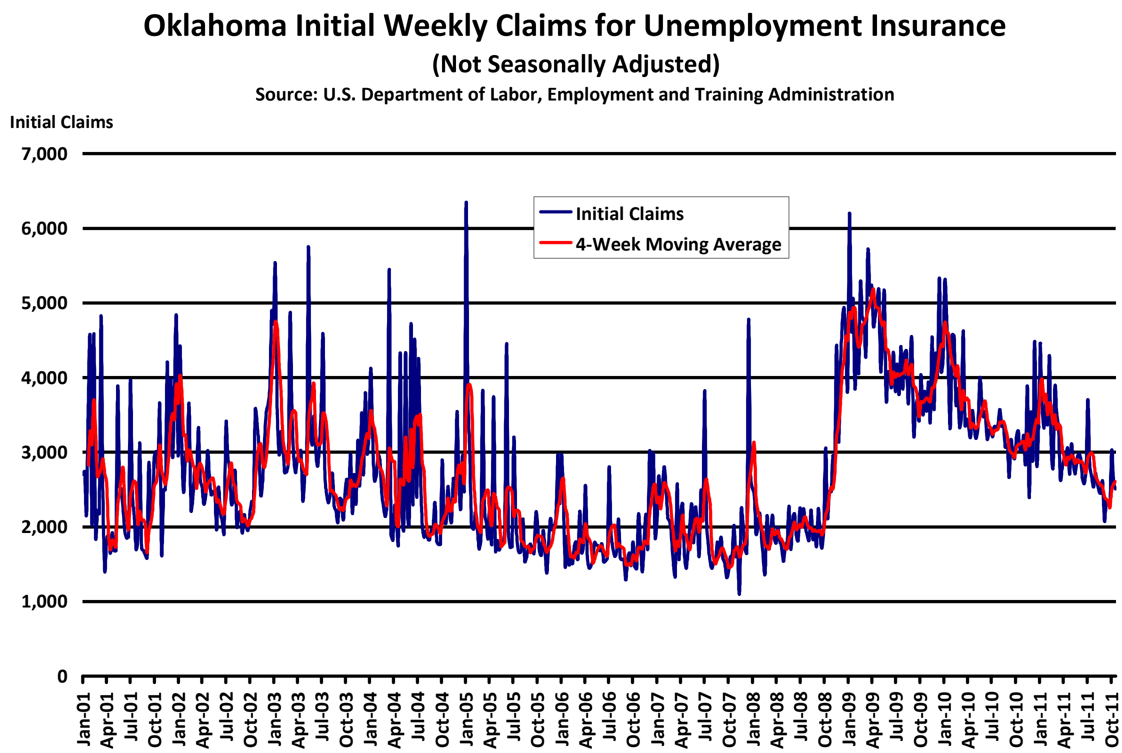
The unemployment rate measures the percentage of people who are without work and is calculated by dividing the estimated number of unemployed people in the state by the civilian labor force. The result expresses unemployment as a percentage of the labor force.

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. It reveals the degree to which labor resources are utilized in the economy.

October's job gains made only a small dent in the high unemployment rate. The unemployment rate was little changed at 9.0 percent from a 9.1 percent reading in September, according to the U.S. Bureau of Labor Statistics (BLS). The unemployment rate has remained in a narrow range from 9.0 to 9.2 percent since April.

Oklahoma's seasonally adjusted unemployment rate rose by 0.3 percentage points to 5.9 percent in September, slipping to the seventh-lowest, (from fifth in August), unemployment rate among all states. Nevada continued to report the highest unemployment rate among the states, 13.4 percent in September, while North Dakota again registered the lowest jobless rate, 3.5 percent. Over the year, Oklahoma's seasonally adjusted unemployment rate has declined by 1.0 percentage point.

In September, 73 of Oklahoma's 77 counties reported unemployment rate increases over the month.



Initial unemployment claims are compiled weekly to 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 in that 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 smoothes out weekly volatility.

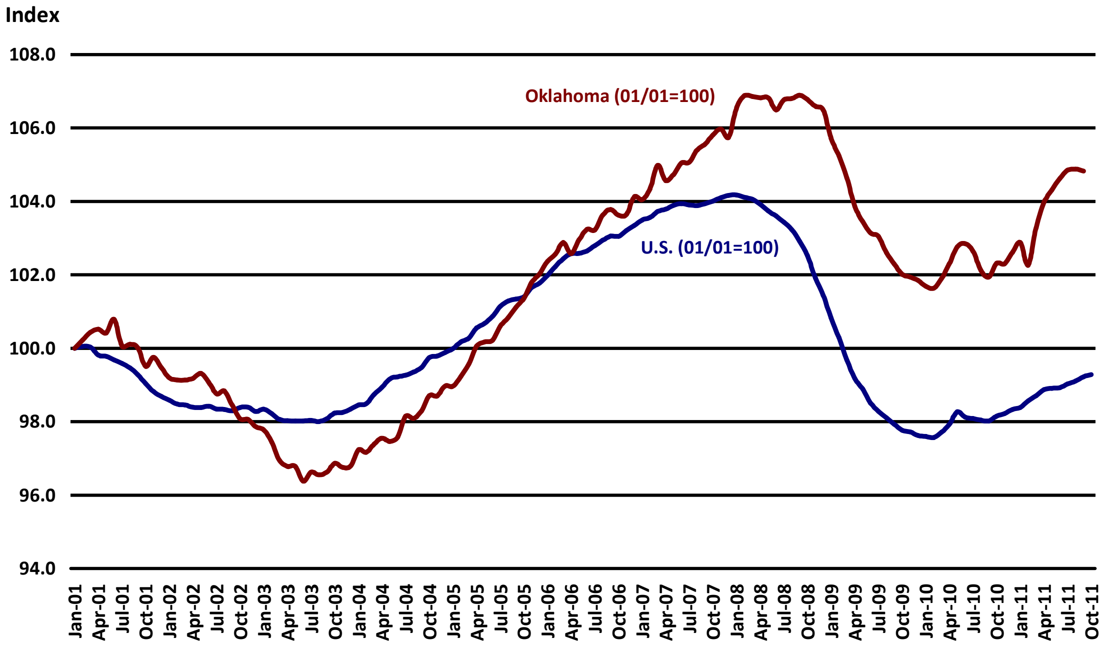
Fewer people applied for unemployment benefits last week, a hopeful sign that the job market might be picking up. In the week ending October 29, the advance figure for initial claims dropped 9,000 to a seasonally adjusted 397,000, the lowest level in five weeks, according to the U.S. Department of Labor (DOL). The four-week average of applications, a less volatile measure, fell to 404,500, a decrease of 2,000 from the previous week's revised average of 406,500. It was the fifth drop in the past six weeks, suggesting that companies are laying off fewer workers.

In Oklahoma, initial claims for unemployment continued to trend down in October. Initial jobless claims fell by 230 from 2,278 to 2,508 for the file week ending on October 22nd. During the same period, the initial claims four-week moving average dropped by 345 from 2,263 to 2,608. Continued claims dropped by 115 and the insured unemployment rate remained at 1.6 percent in the October 22nd file week.

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

Index: January 2001=100

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



Nonfarm payroll employment measures the number of jobs in the state. The number of jobs and the industries that create those jobs are important indicators of a state's economic health. Payroll employment is one of the most current and reliable indicators of economic conditions and recessionary trends.

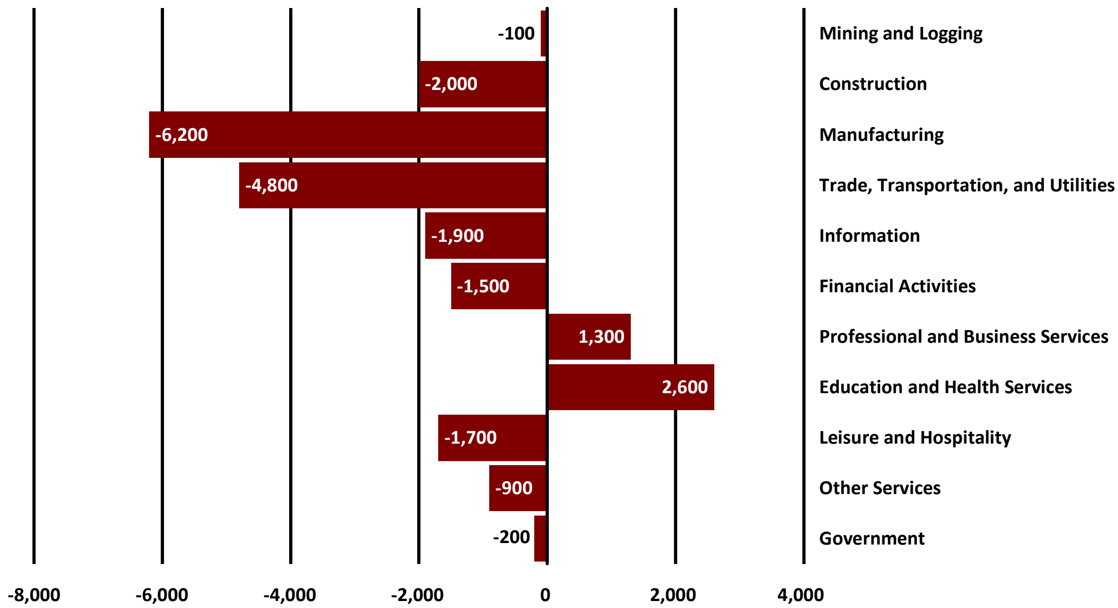
U.S. companies continued adding workers to their payrolls in October, although at a slower pace, and data for the previous two months were revised higher. Total nonfarm payroll employment continued to trend up in October, adding 80,000 jobs, according to the Bureau of Labor Statistics (BLS). Payrolls data for the previous two months were revised up by a total of 102,000 to show 158,000 jobs were added in September and 104,000 jobs in August.

Over the past 12 months, payroll employment has increased by an average of 125,000 per month. In October, private-sector employment increased by 104,000, with continued job growth in professional and business services (+32,000), leisure and hospitality (+22,000), health care (+12,000), and mining (+6,000). Government employment continued to contract in October shedding 24,000 jobs.

Oklahoma's seasonally adjusted nonfarm employment edged down in September, shedding 800 jobs. All the goods-producing supersectors registered over-the-month job gains led by construction (+2,100), mining (+1,000), and manufacturing (+1,000). However, all but one of the services-providing supersectors reported job gains with the largest monthly job loss coming from leisure & hospitality (-1,600 jobs), with the bulk in arts, entertainment & recreation. Nine statewide supersectors posted job gains over the year in September, led again by manufacturing (+11,400 jobs). Only the other services (-1,500) and information (-200) supersectors posted over-the-year losses in September.

Oklahoma Employment Change by Industry
2009 - 2010

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



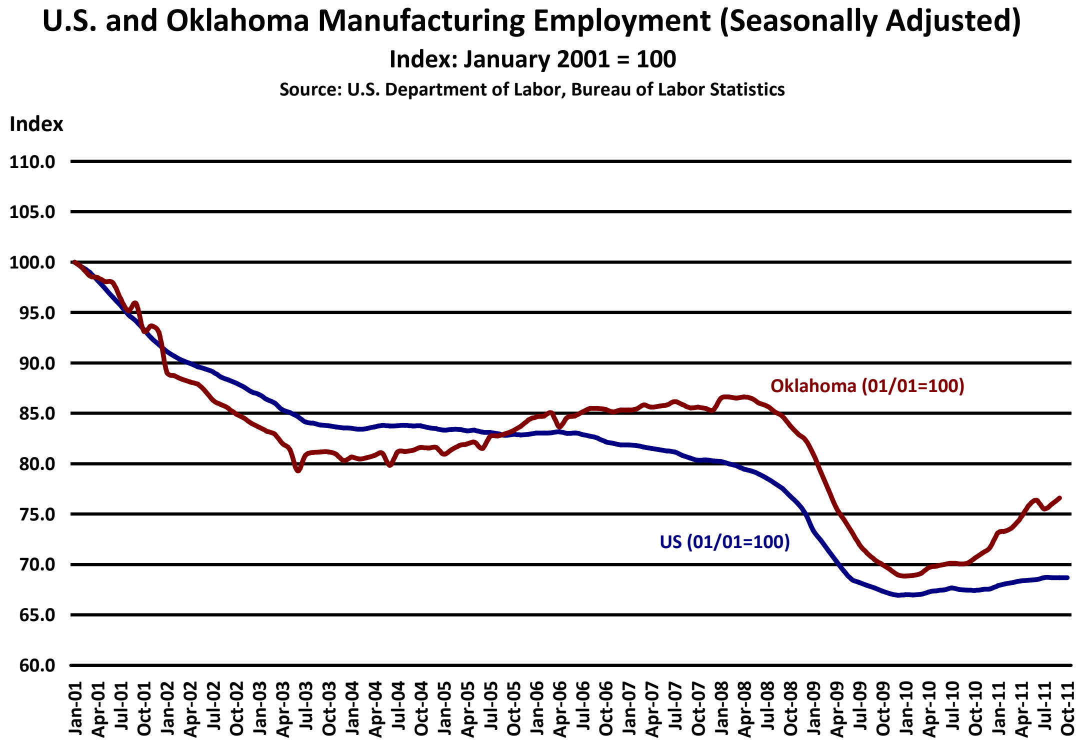
Employment growth by industry identifies the types of jobs being created in the state. Conversely, industries with a decreasing employment trend indicate those which are becoming less important to the state's economy. There may also be industries which behave more cyclically, growing during expansion 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 reemployment, retraining, and other workforce and economic development programs is contained within these data.

Job losses continued in 2010 albeit at a much slower pace than 2009 which, in terms of number of jobs lost (-50,800), was the worst year since record keeping began in 1939. Oklahoma total nonfarm employment shed 15,500 jobs in 2010 contracting 1.0 percent.

Job losses in 2010 were fairly widespread among most industry groups with education and health services (+2,600) and professional and business services (+1,300) being the only sectors experiencing job growth in 2010. Nearly all employment growth in education and health services came from the ambulatory health care service and hospital sectors. Professional and business services growth was led by employment services.

As in 2009, manufacturing suffered the largest employment losses in 2010 dropping 6,200 jobs after losing 20,500 in 2009. Durable goods manufacturing lost 5,400 jobs while non-durable goods manufacturing declined by 900 jobs. The broad trade, transportation and utilities sector followed with an over-the-year loss of 4,800 jobs. Leading the losses in this sector were truck transportation, retail trade and wholesale trade. Construction lost 2,000 jobs in 2010 with the bulk of the job losses being in specialty trade contractors.

The information sector employment fell by 1,900 jobs in 2010 with most of the job losses occurring in telecommunications and reflecting further consolidation in that industry. Leisure and hospitality employment fell by 1,700 with the majority of job losses in accommodation and food services. Other services employment dropped by 900 jobs, government lost 200 jobs and mining and logging edged down 100 jobs.

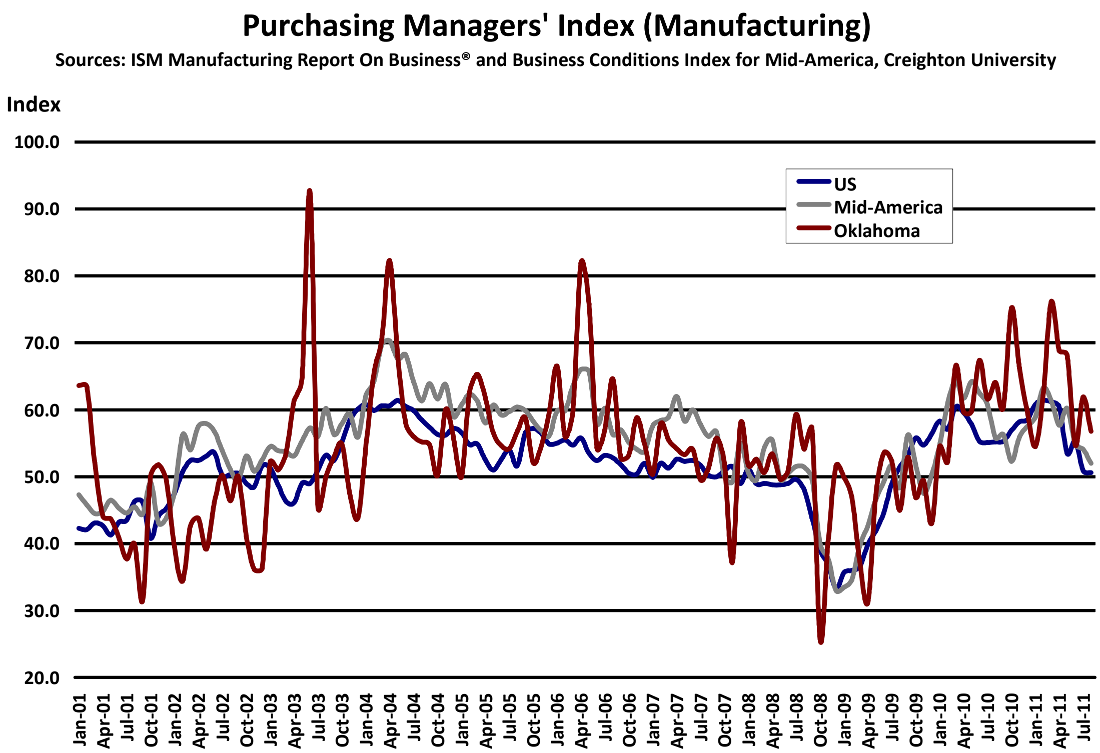


Manufacturing and production are still important parts of both the U.S. and Oklahoma economies and have been seriously adversely affected by the recession. In Oklahoma, manufacturing accounts for the largest share of private output in the state and one of the largest shares of employment. In addition, many manufacturing jobs are among the highest paying jobs in the state.

At one time, manufacturing made up 38 percent of the nation's employment. However, manufacturing employment in the United States has been declining since 1979, as productivity, technology gains, and the transfer of manufacturing to locations outside the United States have reduced the demand for traditional manufacturing employment. Furthermore, current shifts in the industry away from heavy sectors, such as automobiles and basic chemicals toward higher-tech products like computer chips are also accelerating manufacturing's long-term shrinkage.

Manufacturing, a big creator of jobs for most of the recovery that began in mid-2009, was little changed for the third month in a row. Manufacturing employment changed little in October (+5,000) and has remained flat for 3 months, according to the U.S. Bureau of Labor Statistics (BLS). In October, job gains in transportation equipment (+10,000) were partly offset by small losses in other manufacturing industries.

Oklahoma manufacturing employment added a seasonally adjusted 1,100 jobs in September for a 0.8 percent monthly growth rate. Almost all of the manufacturing job gains in September were in durable goods led by fabricated metal products, transportation equipment, and machinery manufacturing. Employment in manufacturing led all industry supersectors over the year growing 9.3 percent and adding 11,400 jobs.



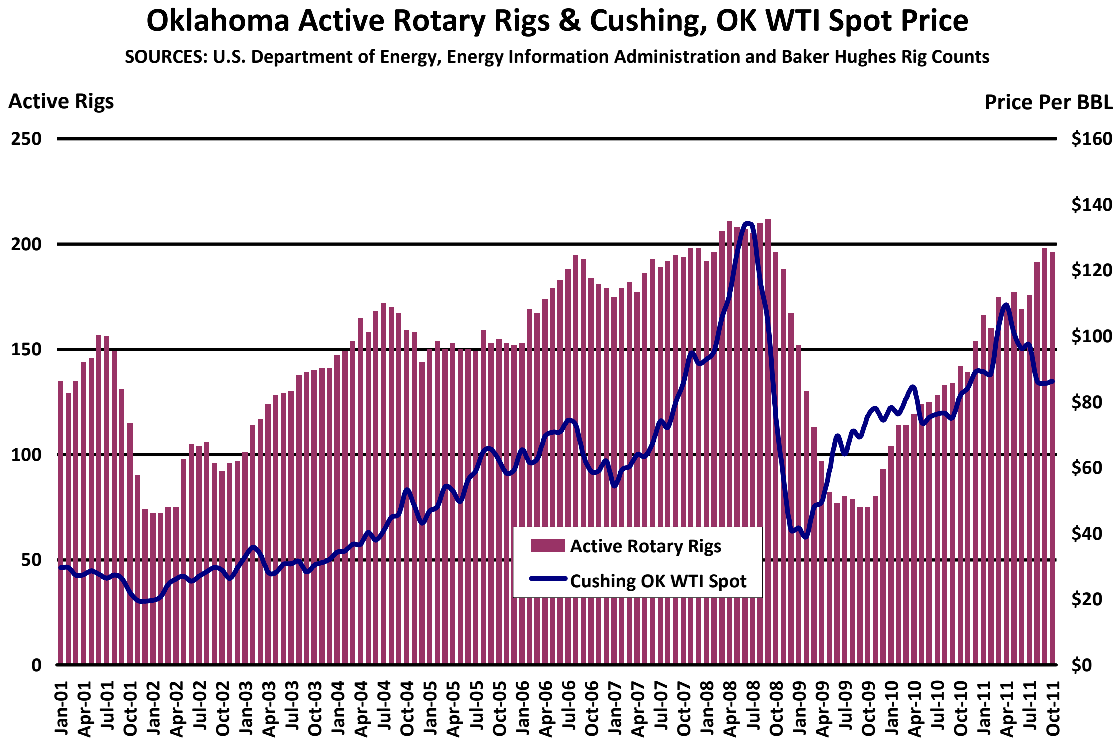
Economists consider the Institute for Supply Management's Purchasing Managers' Index (PMI) a key economic indicator. The Institute for Supply Management (ISM) surveys more than 300 manufacturing firms on employment, production, new orders, supplier deliveries, and inventories. The ISM manufacturing index 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.

U.S. manufacturing grew more slowly in October due to weaker demand for exports and slower production at factories. The PMI registered 50.8 percent, a decrease of 0.8 percentage point from September's reading of 51.6 percent, still indicating expansion in the manufacturing sector for the 27th consecutive month, according to the Institute for Supply Management (ISM).

However, manufacturing may be about to pick up steam based on the ISM's new orders index which, after three straight of months of marginal contraction, improved with a nearly three point gain to 52.4. With new orders up, manufacturers worked down their backlogs with that index up six points to 47.5. Employment was little changed at 53.5 to indicate moderate hiring in the sample.

For the first time since November 2009, the Business Conditions Index for the nine-state, Mid-America region plunged below growth neutral. The Business Conditions Index sank to 49.9 for October from September's 52.2, according to the Creighton Economic Forecasting Group. The index, a leading economic indicator from a monthly survey of supply managers, continues to point to anemic growth for the region for the next three to six months with an increasing risk of a recession. For a third straight month, the employment index moved below growth neutral to 49.0 from 49.6 in September.

The Business Conditions Index for Oklahoma from a monthly survey of supply managers declined slightly in October to 53.9 from September's 54.1. Components of the leading economic indicators for October were new orders at 56.0 (up from 52.0 in September), production or sales at 53.6 (up from 52.2), delivery lead time at 67.3 (down from 84.6), inventories at 45.7 (down from 47.4), and employment at 58.9 (up from 57.9). Oklahoma's index has remained above the growth-neutral level of 50 since January 2010.



The Baker Hughes rig count is an important indicator for the energy industry and Oklahoma. Rig counts generally rise following increased oil and gas company development and exploration spending, which is influenced by the current and expected price of oil and natural gas (among other factors). Therefore, the rig count reflects the strength and stability of energy prices.

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.

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.

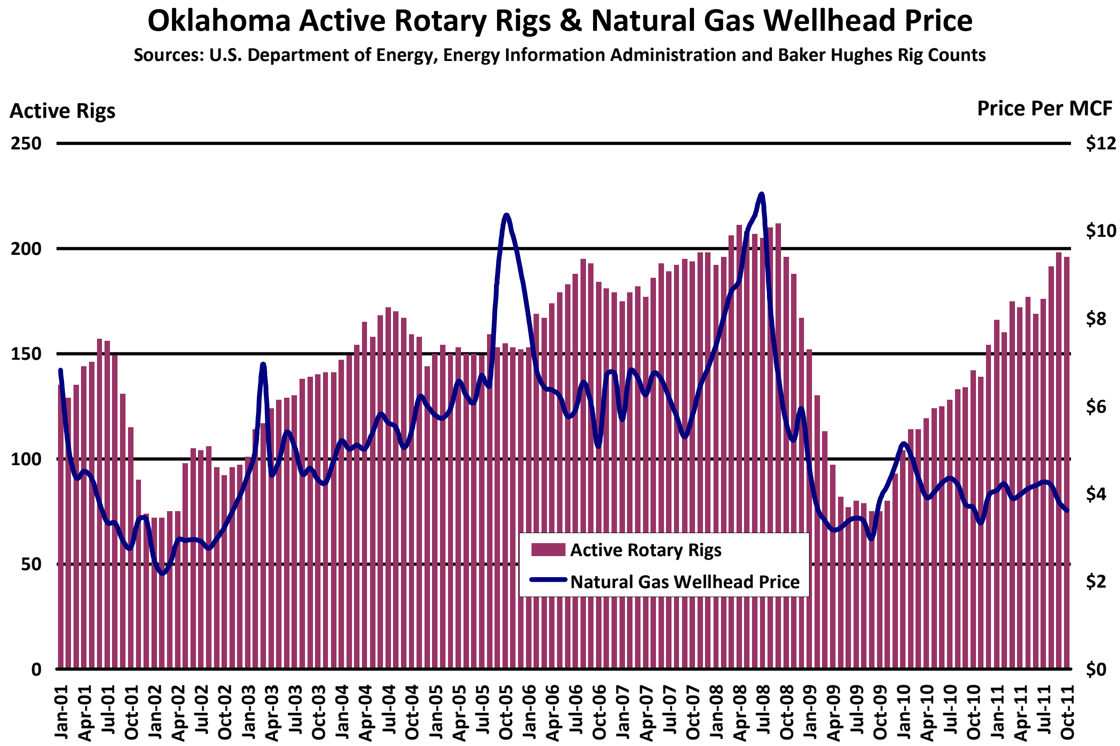
The city of Cushing, in central Oklahoma, is a major crude oil trading hub connecting Gulf Coast producers to Midwest refining markets. In addition to Oklahoma crude oil, the Cushing hub receives supply from several major pipelines that originate in Texas. Traditionally, the Cushing Hub has pushed Gulf Coast and Mid-Continent crude oil supply north to Midwest refining markets. For this reason, Cushing is the designated delivery point for 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.

Since the beginning of 2011, the spot price of West Texas Intermediate (WTI) crude oil, a traditional benchmark for the U.S. market, has trailed the spot price of other crude oils, including Brent, a global benchmark, and Louisiana Light Sweet (LLS), a Gulf Coast crude oil similar to crudes run by many U.S. refiners, according to the Energy Information Administration (EIA). Because few U.S. refiners have easy access to WTI crude oil, this price divergence has not directly translated to lower prices for U.S. refined petroleum products, such as gasoline and heating oil. Instead, these product prices have more closely tracked the prices of Brent and LLS. Through October 25, the prices of Brent and LLS are up 20 percent and 18 percent in 2011, respectively; the prices of wholesale diesel fuel and gasoline on the U.S. Gulf coast are up 21 percent and 13 percent, respectively; meanwhile, the price of WTI is up only 2 percent.

Because transportation constraints make it easier to bring crude to the Midwest (including Oklahoma) than away from the area, relatively few U.S. refiners have the ability to benefit from the currently discounted WTI prices. Given price movements this year, using WTI as a proxy for a market-wide oil price could mislead people to the conclusion that crude oil prices are down, thus, product prices should also be down. In 2011, this relationship has not held for WTI.

West Texas Intermediate (WTI) crude oil spot prices edged up to $86.32 per barrel in October, up 69 cents from September's $85.63 per barrel average.

Oklahoma's rotary rig activity fell slightly to 196 in October, 2 rigs less than the August count of 198. Over the year, Oklahoma's active rotary rig count has grown by 54 rigs from October 2010.

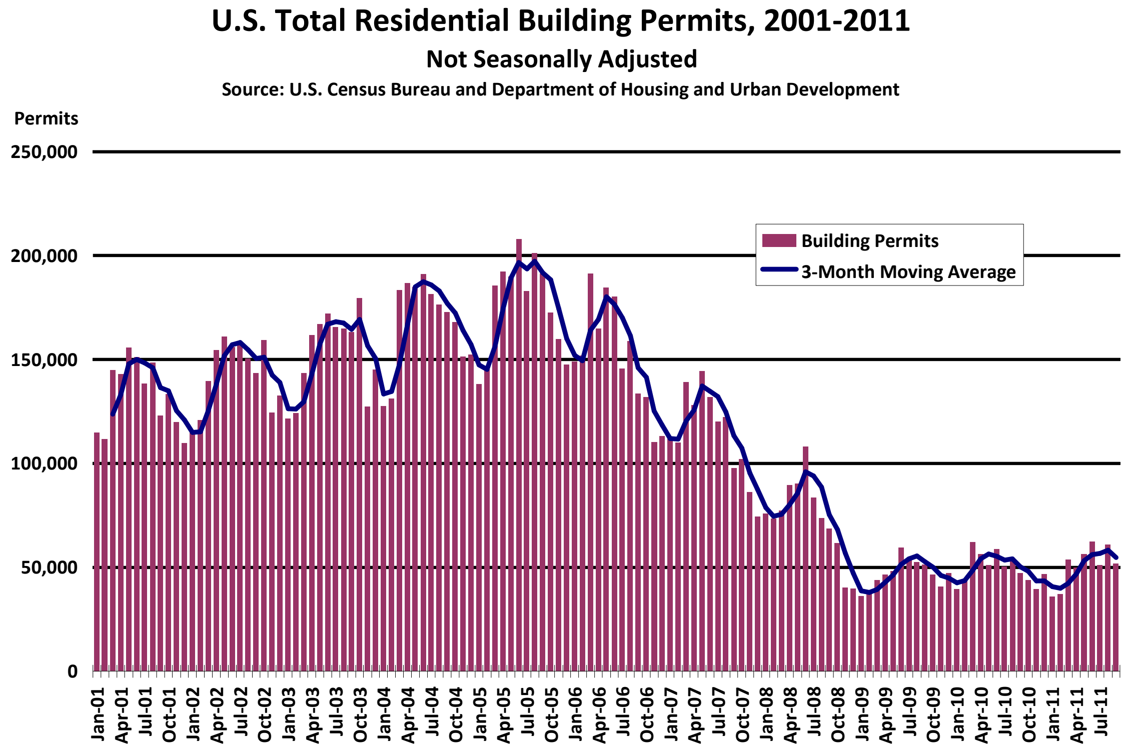


Oklahoma is one of the top natural gas producers in the United States with production typically accounting for almost one-tenth of the U.S. total. More than a dozen of the 100 largest natural gas fields in the country are found in Oklahoma and proven reserves of conventional natural gas have been increasing 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.

For the second month in a row, natural gas prices continued to fall from their $4 support level. Estimated average natural gas wellhead prices dropped 20 cents from $3.82 per Mcf in September to $3.62 per Mcf in October.

Nationally, the natural gas rotary rig count, as reported October 28 by Baker Hughes Incorporated, increased by 7 to 934 active units. This is the highest level of activity since December 22, 2010. Oil-directed rigs, on the other hand, fell by 1 unit but remains at a historically high level of 1,078. Compared to the same time a year ago, the natural gas rig count has dropped 3.4 percent, while the oil rig count has risen 54.9 percent. The increase in oil rigs is likely related to increases in oil prices year over year. Though natural gas rigs have fallen year over year (and declined substantially from record highs in 2008), production has continued to rise. This is likely a combination of increases in associated production from the oil rigs, as well as increases in production per rig.



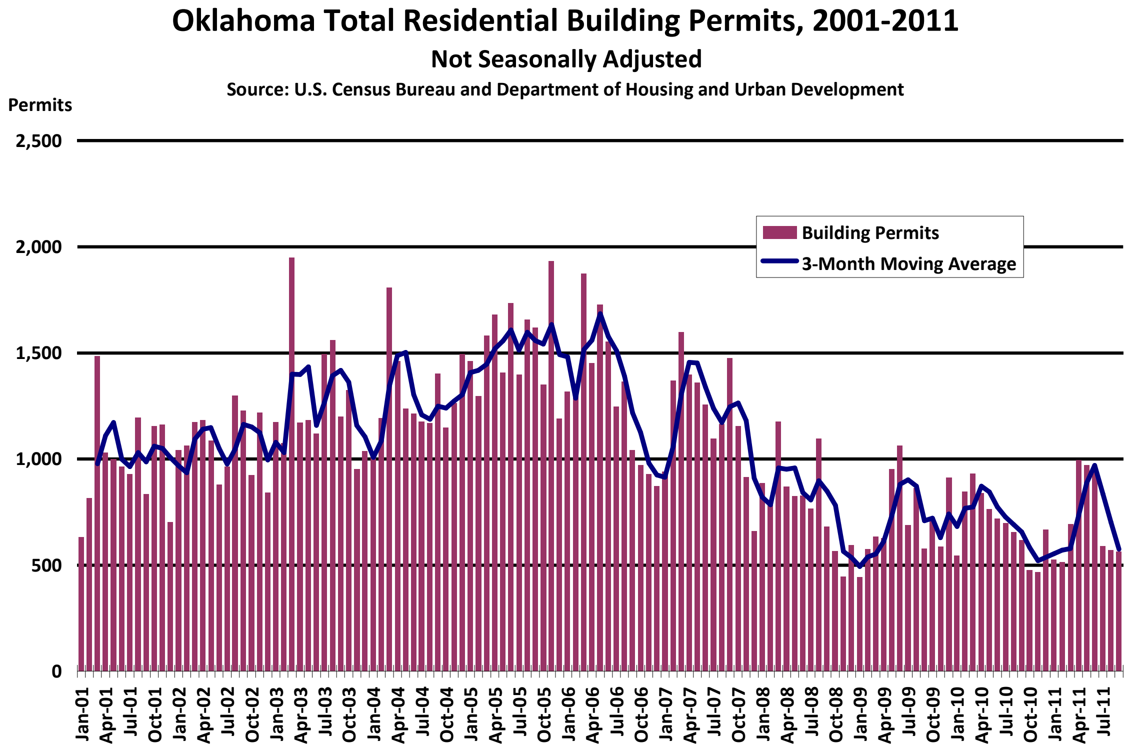
This indicator measures the number of permits issued for housing units (single family home or apartment) authorized for construction. Because permits precede construction, they are considered a leading indicator for the residential construction industry and the overall economy. Most of the construction begins the same month the permit is issued. The remainder usually begins construction during the next three months. Consequently, we have depicted total permits relative to a three-month moving average.

Housing contributes to GDP in two basic ways: through private residential investment and consumption spending on housing services. According to the National Home Builders Association, residential investment has historically averaged roughly 5 percent of GDP while housing services have averaged between 12 and 13 percent, for a combined 17 to 18 percent of GDP.

September housing data appears in part to be coming off hurricane effects in August as starts jumped and permits eased back. Privately-owned housing units authorized by building permits in September slipped 5.0 percent after rebounding 4.0 percent in August, according to the U.S. Census Bureau. Over the year, September permitting activity was up 5.7 percent.

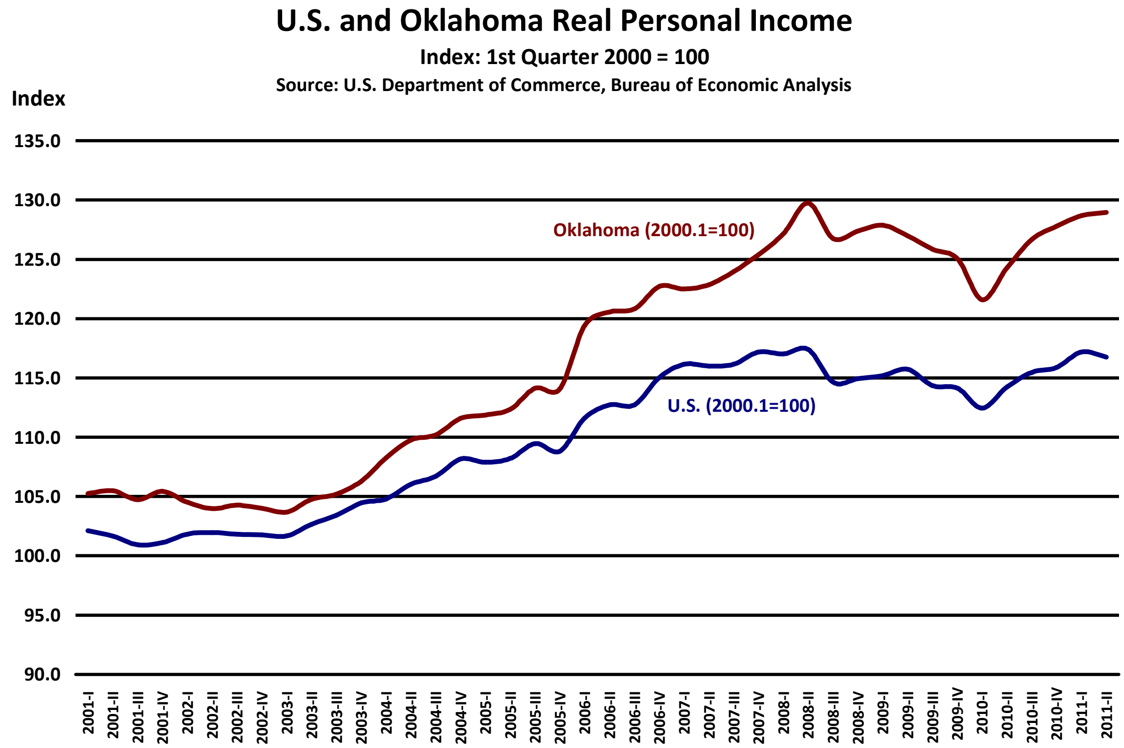
Housing starts in September rebounded a sharp 15.0 percent—the fastest pace in 17 months—after declining 7.0 percent the month before. But most of the gain was driven by a surge in volatile apartment construction, a sign that many are choosing to rent rather than own a home.

Builders are struggling to compete with foreclosures and short sales—when lenders accept less for a house than a mortgage is worth. Those homes are selling at an average discount of 20 percent, and they are lowering neighboring home values.



Total residential permitting in Oklahoma edged down 1.7 percent in September according to the U.S. Census Bureau. Single family permitting declined 9.6 percent from August while multi-family permitting grew by 288.2 percent. The percentage increase in multi-family permitting reflects the fact that permitting in this area fell to almost nothing during the first two months of the 3rd quarter. The September gain represents an improvement of 49 permitted units over August. In the 2nd quarter of this year there were a total of 934 multi-family permits issued compared to only 92 in the 3rd quarter.

Year to date, total residential permitting during the first nine months of 2011 was down 3.8 percent from the same period in 2010. Year-to-date single family permitting was down 10.9 percent from 2010 while multi-family permitting was up 27.5 percent compared to 2010.



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 hugely 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.

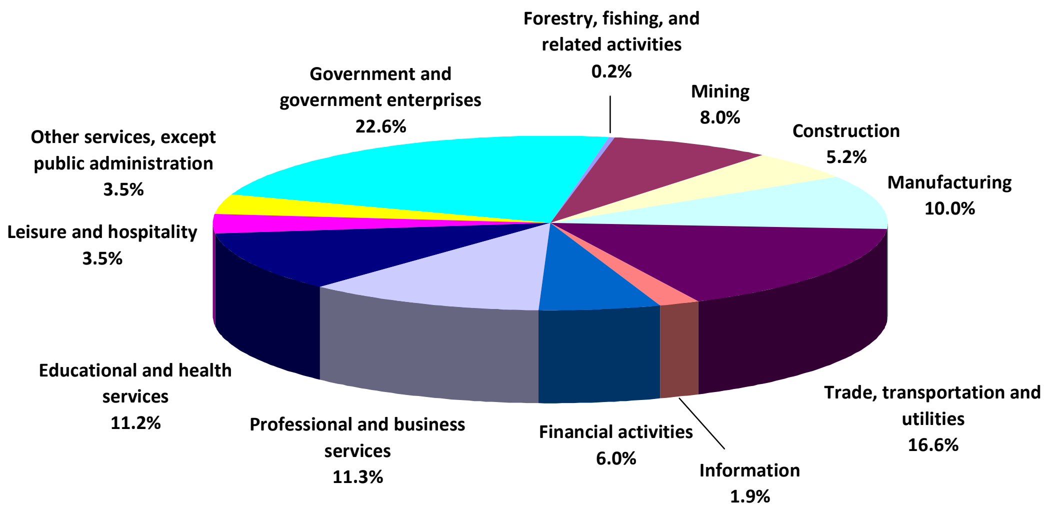
Consumers are spending more but saving less, a warning sign that the pickup in economic growth in recent months might not be sustainable. Personal income increased $17.3 billion, or 0.1 percent, and disposable personal income (DPI) increased $12.9 billion, or 0.1 percent, in September, according to the Bureau of Economic Analysis (BEA). Personal consumption expenditures (PCE) increased $68.7 billion, or 0.6 percent. That mismatch led to a drop in the saving rate from 4.1 percent in August to 3.6 percent in September—the lowest since December 2007. That trend can't last long, as consumers will eventually tap out their savings or pull back on spending.

September's 0.6 percent boost in PCE was driven by a 2.2 percent jump in durable goods purchases following a 1.1 percent decline in August. Nondurables increased 1.1 percent, after a 0.6 percent rise in August. Services rose 0.2 percent after a 0.3 percent gain in August.

Oklahoma Nonfarm Industry Contribution to Earnings

Second Quarter 2011

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



State personal income growth slowed to 1.1 percent, on average, in 2nd quarter 2011, down from 2.1 percent in the 1st quarter, according to estimates released today by the U.S. Bureau of Economic Analysis (BEA). Growth rates ranged from 2.2 percent in Nebraska and South Dakota to 0.7 percent in the states of Washington and Georgia. Inflation, as measured by the national price index for personal consumption expenditures, decreased to 0.8 percent in the 2nd quarter from 1.0 percent in the 1st quarter of 2011.

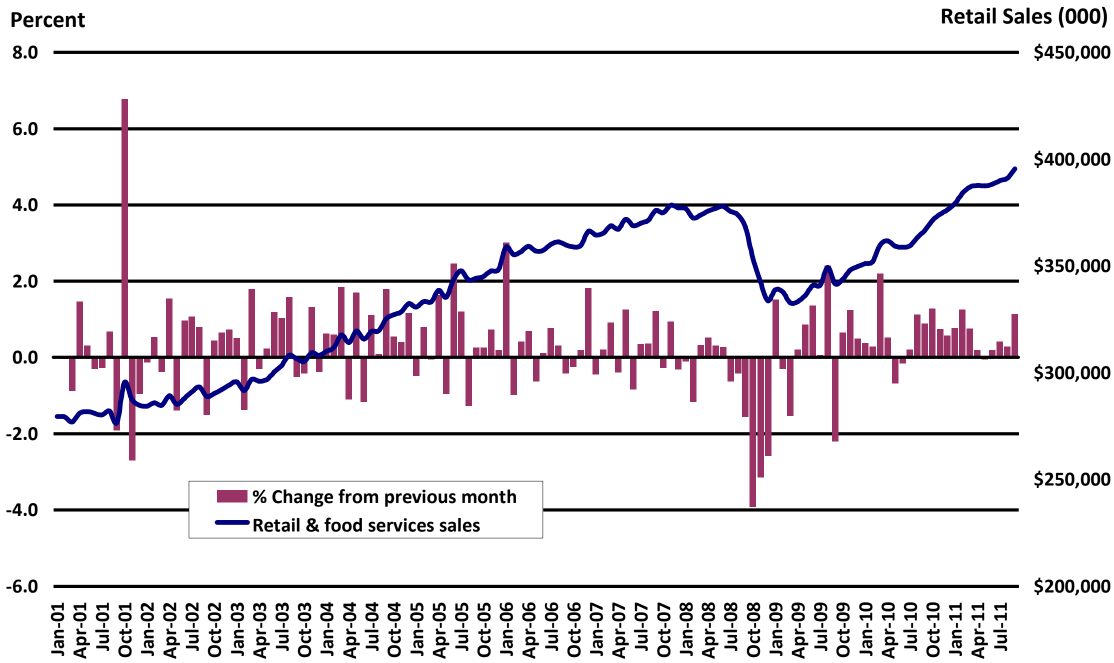
The deceleration in the 2nd quarter brought personal income growth back to the rate prevailing in the last two quarters of 2010. Personal income growth had been boosted 0.8 percentage point in the 1st quarter by a reduction in the personal contribution rate for social security, one of the provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

Earnings in health care and professional services grew in all states in the 2nd quarter. What distinguished the fastest growing states from the others were the contributions of their farming, mining, and durable goods manufacturing industries.

Oklahoma's personal income growth rate of 1.7 percent in the 2nd quarter of 2011 ranked it the 4th fastest growth rate among all states. Personal income rose to $141.3 billion, up from a revised $138.9 billion in the first quarter. However, the state's income growth has slowed from 2.2 percent at the same time last year. Total earnings grew by 1.38 percent with the largest contributors to earnings growth being durable goods manufacturing (0.26 percent), followed by mining (0.25 percent), and professional, scientific, and technical services; and administrative and waste services (each at 0.10 percent).

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

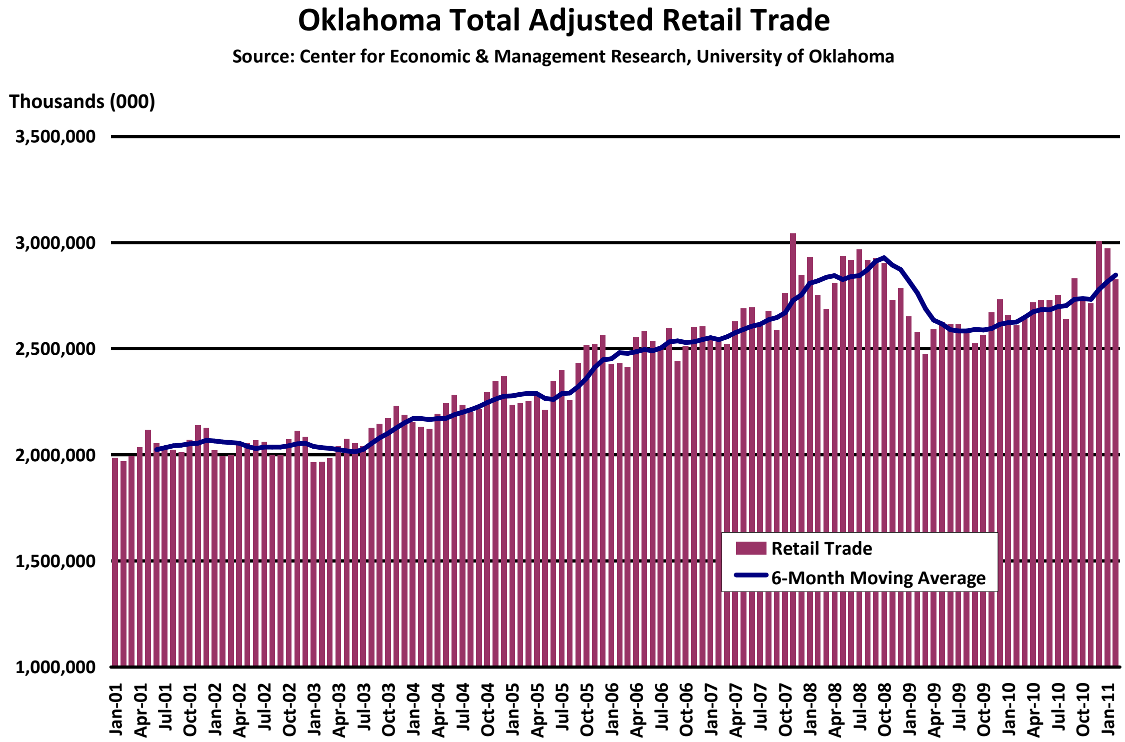


Consumer spending accounts for two-thirds of the U.S. economy and is therefore essential to Oklahoma's economy. Retail sales account for around one-half of consumer spending and economic recovery calls for consumption growth

U.S. consumers stepped up their shopping of retail goods in September, spending more on autos, clothing and furniture. Retail sales rose 1.1 percent to $395.5 billion in September—the biggest jump since February, according to the U.S. Census Bureau. August figures were also revised to show a 0.3 percent increase, up from its initial report of no gain. Retail sales on a year-ago basis in September stood at 7.9 percent, compared to 7.5 percent in August.

September gains in retail sales were broad-based with only a few components showing declines. Leading the pack was motor vehicles and parts, up 3.6 percent after a 0.8 percent dip in August. Gains were also seen in clothing & accessories, up 1.3 percent; gasoline stations, up 1.2 percent; food services & drinking places, up 1.2 percent; furniture & home furnishings, up 1.1 percent; miscellaneous store retailers, up 0.9 percent; general merchandise, up 0.7 percent; nonstore retailers, up 0.7 percent; health & personal care, up 0.3 percent; and electronics & appliance stores, up 0.2 percent. Declining were sporting goods, hobby, book & music stores, down 0.3 percent; food & beverage sales, down 0.2 percent; and building materials & garden equipment, down 0.1 percent.

High unemployment and steep gasoline prices forced many consumers to cut back on spending this spring. Without more jobs or higher pay increases, consumers are likely to keep spending cautiously.



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.

After falling in February, Oklahoma retail sales picked up in March. Total adjusted retail trade saw a $100.8 million or 4.9 percent improvement from February and was 8.1 percent over March 2010, according to OU's Center for Economic and Management Research.

Monthly gains in March were led by non-durable goods sales advancing 5.2 percent from February. Estimated gasoline sales saw the largest increase rising 28.6 percent following a 25.7 percent drop in February. Other gains in non-durable goods sales were seen in miscellaneous non-durable goods (13.9 percent), apparel (12.8 percent), and liquor (0.4 percent). Losses in other non-durable goods categories included eating & drinking sales (-13.4 percent), food sales (-8.1 percent), general merchandise sales (-4.8 percent), and drugs sales (0.8 percent).

Durable goods sales declined 1.2 percent from February with losses seen in lumber & hardware (-7.4 percent), auto accessories & repair (-1.0 percent). Gains were seen in other durable goods categories with electronics & music stores (3.2 percent), miscellaneous durables (3.0 percent), used merchandise (2.8 percent), and furniture (0.8 percent).