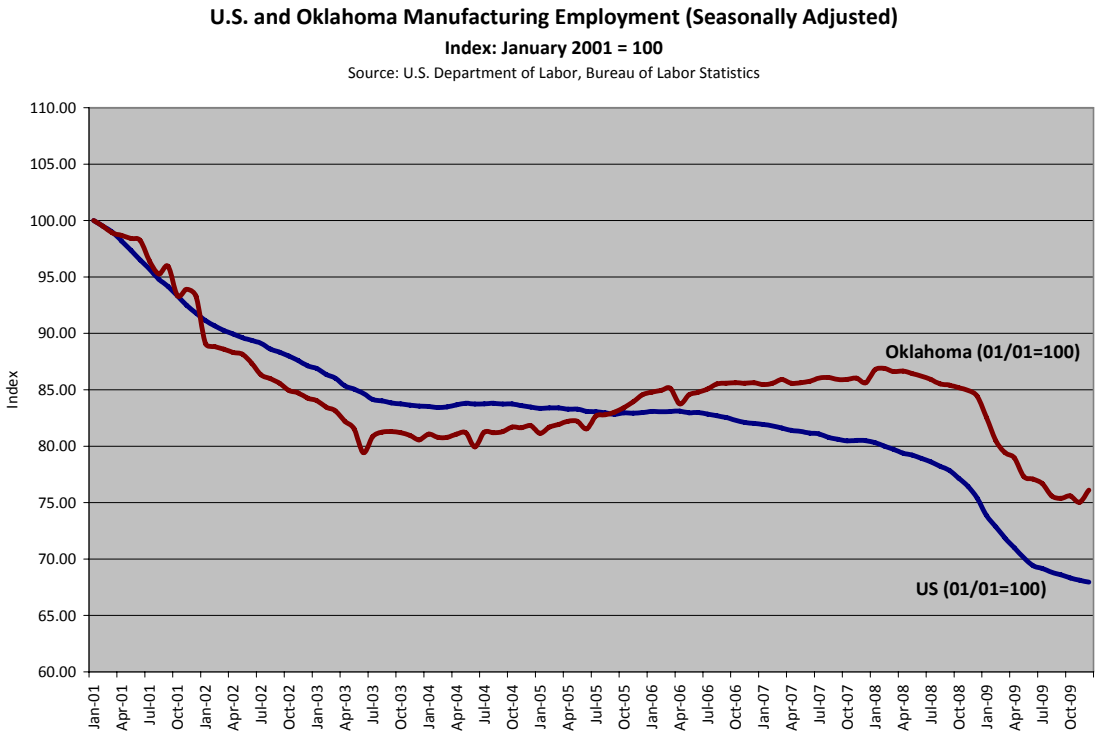
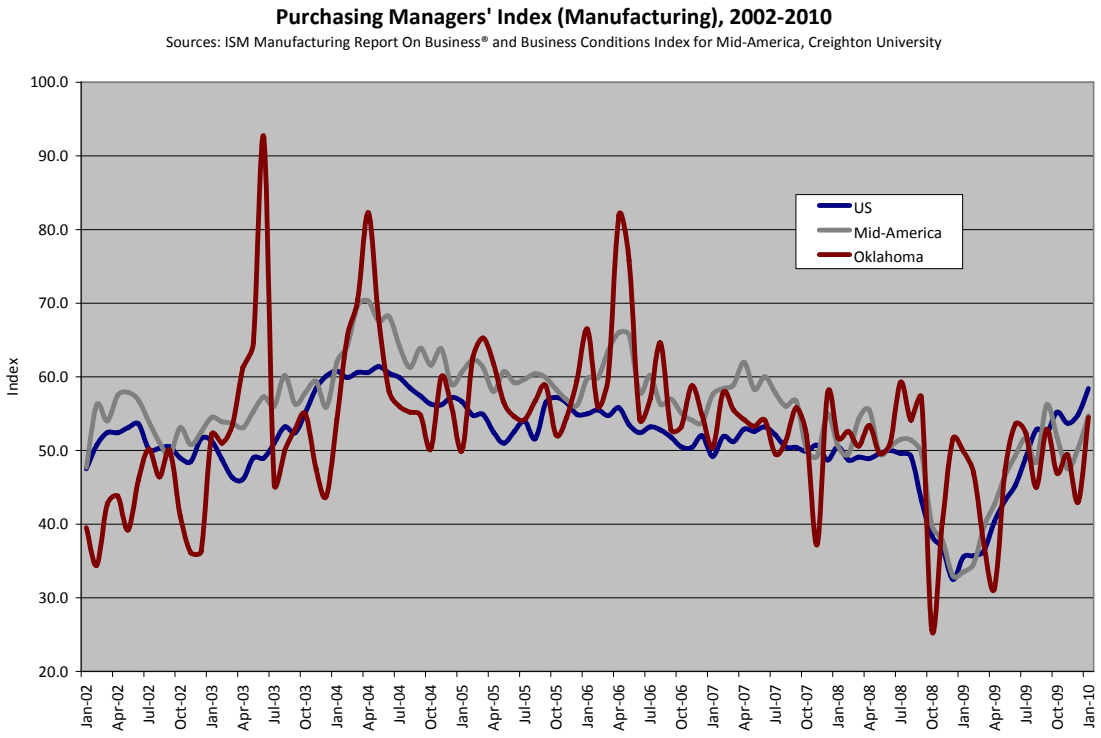


Manufacturing and production are still important parts of both the U.S. and Oklahoma economies and have been seriously adversely affected by the recession. In Oklahoma, manufacturing accounts for the largest share of private output in the state and one of the largest shares of employment. In addition,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

U.S. manufacturing employment has declined by nearly 1.3 million jobs in the last year—a decrease of 9.9 percent. 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.

Oklahoma manufacturing sector employment has seen similar losses. Manufacturing employment began to slowly decline during 2008 with the pace of job losses accelerating in 2009. By December 2009, there were 133,500 manufacturing jobs in the state, a decrease of 14,700 or 9.9 percent from a year ago, matching the national rate of decline. On a monthly basis, Oklahoma manufacturing employment improved from November, adding 1,500 jobs with almost all of the gains in durable goods.



Economists consider the Institute for Supply Management's Purchasing Managers' Index (PMI) a key economic indicator. The PMI measures such factors as new orders, production, supplier delivery times, backlogs, inventories, prices, employment, import orders and exports, Typically, a score greater than 50 indicates an expansionary economy, while a score below 50 forecasts a sluggish economy for the next three to six months.

The PMI has been improving at the national level since bottoming out in late-2008 and early 2009. The manufacturing sector grew for the sixth consecutive month in January as the PMI rose to 58.4 percent, providing significant assurance that the manufacturing sector is in recovery.

The January Business Conditions Index for the Mid-America region, a leading indicator from a survey of supply managers in a nine-state area (including Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma and South Dakota), rose to a healthy level. The January index expanded to 54.7—up from December's 50.3 reading.

Oklahoma's PMI climbed above growth neutral for the first time since August 2009 according to the monthly Mid-American Business Conditions Index. Oklahoma's index advanced to 54.5 from December's 43.0 and November's 49.4. Components of January's overall reading were new orders at 49.7, production, or sales at 49.4, delivery lead time at 76.4, inventories at 45.5 and employment at 51.5.