WILL THE OKLAHOMA ECONOMY "STALL OUT"?

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Oklahoma City, OK
OUTLINE

- Current State of the Oklahoma Economy
  + Unemployment
  + Real estate
  + Retail sales
- Previous Experience
  + Kansas City Fed District vs. other Fed Districts
  + Industrial structure
  + Commodity prices
- Looking Forward
  + Deflation
  + Diversified economy
Unemployment Rate Relative to US (9.4%), July 2009

- **42.55% - 50%**
- **50.01% - 75%**
- **75.01% - 100%**
- **100.01% - 122.34%**

Average New Home Prices, US vs. South, 2005-2009

Mortgage Delinquency Rates, June 2009

Delinquency rates are defined as the percentage of mortgages that are 90 or more days behind in payments; national delinquency rate was 5.81-9.24%, according to TransUnion LLC and Mortgage Bankers’ Association, respectively. Both are up since the previous year. SOURCE: Federal Reserve Bank of New York, http://www.newyorkfed.org/mortgagemaps/, accessed 9/11/09 at 3:30 pm.
MORTGAGE DELINQUENCY RATES RATE OF CHANGE, 2008-2009

Mortgage Delinquency Rates, % Chg 2nd Qtr 2008 to 2009

-3.15% - -1.82%
-1.61% - -0.53%
-0.52% - 0%
0.01% - 0.71%
0.72% - 1.1%
1.11% - 1.7%
1.71% - 3.9%
No data

SOURCE: Federal Reserve Bank of New York, http://www.newyorkfed.org/mortgagemaps/, accessed 9/14/09 at 11:00 am
Delinquency rates are defined as the percentage of bank cards that are 60 or more days behind in payments; national delinquency rate was 1.17%, according to TransUnion LLC. SOURCE: Federal Reserve Bank of New York, http://www.newyorkfed.org/mortgagemaps/, accessed 9/11/09 at 3:30 pm.
CREDIT CARD DELINQUENCY RATE OF CHANGE, 2008-2009

Bank Card Delinquency Rates, % Chg 2nd Qtr 2008 to 2009

-1.43% - -0.7%
-0.69% - -0.22%
-0.21% - 0%
0.01% - 0.29%
0.3% - 0.73%
0.74% - 1.48%
No data

SOURCE: Federal Reserve Bank of New York, http://www.newyorkfed.org/mortgagemaps/, accessed 9/14/09 at 11:00 am
PERCENT CHANGE IN RETAIL SALES, AUG 2008-AUG 2009

Retail Sales, Percent Change Aug 08-09

-65.5% - -25.2%
-25.1% - -6.7%
-6.6% - 0%
0.1% - 4.9%
5% - 15.4%

SOURCE: Oklahoma Tax Commission
Looking Back at the 1980s and 2000s Recessions for Clues

SO, WHAT SHOULD WE EXPECT GOING FORWARD?
U.S. RECESSIONS BY FEDERAL RESERVE DISTRICT, 1957-PRESENT

Employment Growth Since the End of the 2001 Recession

* Through Q2 2009, estimated based upon preliminary state-level data. Expansion and recession size is based on actual District timing.

OKLAHOMA UNEMPLOYMENT RATE, MONTHLY, 1980-JUL. 2009

unemployment rate

http://data.bls.gov/PDQ/servlet/SurveyOutputServlet
GOVERNMENT (ALL LEVELS)

Government Employment

Government Output

Percent of Total Employment

Percent of Gross State Product

0% 2% 4% 6% 8% 10% 12% 14% 16% 18% 20%

15% 16%


15% 16% 17% 18% 19% 20%

COMMODITY PRICES: NATURAL GAS

Monthly U.S. Natural Gas Wellhead Price

Source: U.S. Energy Information Administration
COMMODITY PRICES: WHEAT

US Monthly Average Wheat Farm Price Received for the 1980/1981 - 2009/2010 Marketing Year(s)

COMMODITY PRICES: CATTLE

US Monthly Average Cattle Farm Price Received for the 1980 - 2009 Calendar Year(s)

TAKE AWAY

- State and local budgets have been/will be hit hard by recession
  - State Level: Gross Production Receipts and Sales Tax Revenues
  - Local Level: Sales Tax Revenues; little impact on ad valorem revenues
- Though some similarities between ‘81-’83 recession, there isn’t the construction “boom” fall out
- Plenty of labor, now and in the future; will there be jobs? Which sectors?
- Change in consumer behavior?