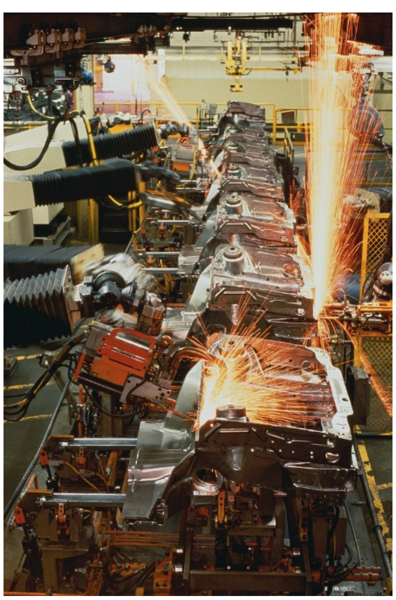

OKLAHOMA
Economic Indicators

January 2025

OKLAHOMA
ECONOMIC INDICATORS

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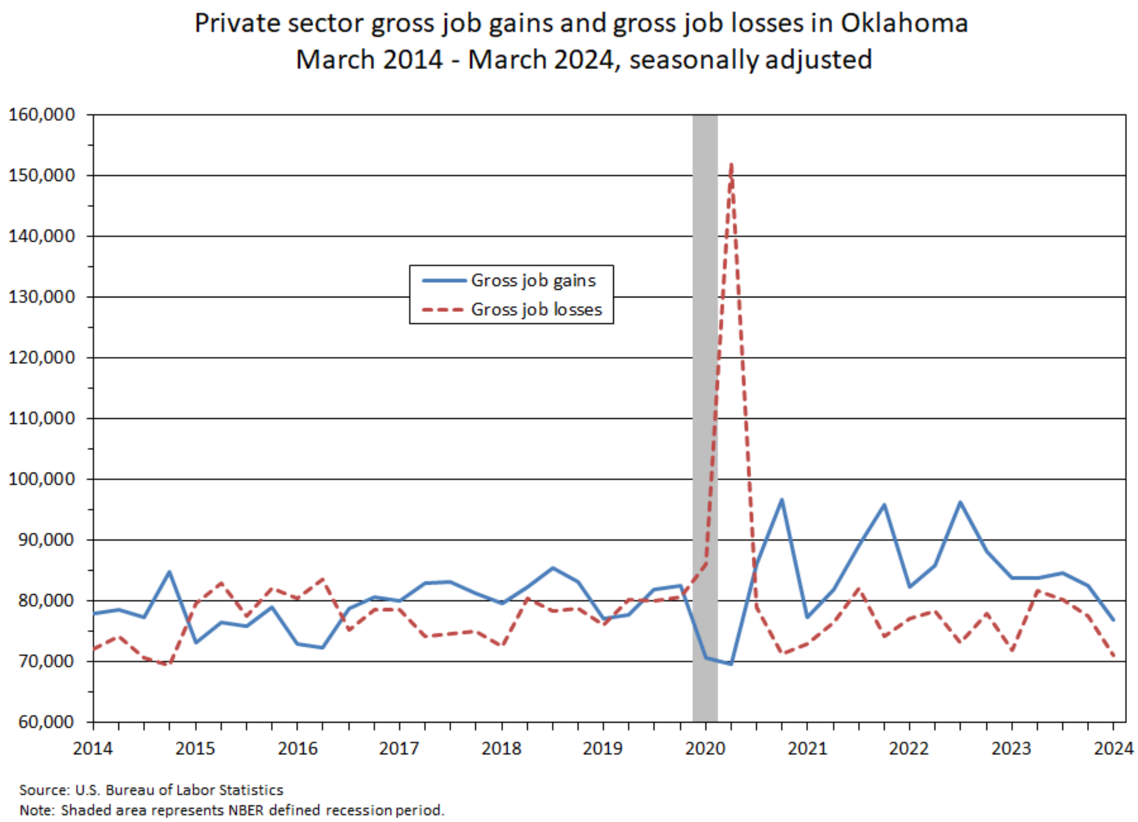
OKLAHOMA BUSINESS EMPLOYMENT DYNAMICS: 1st Quarter 2024
Gross Job Gains and Gross Job Losses: 1st Quarter 2024

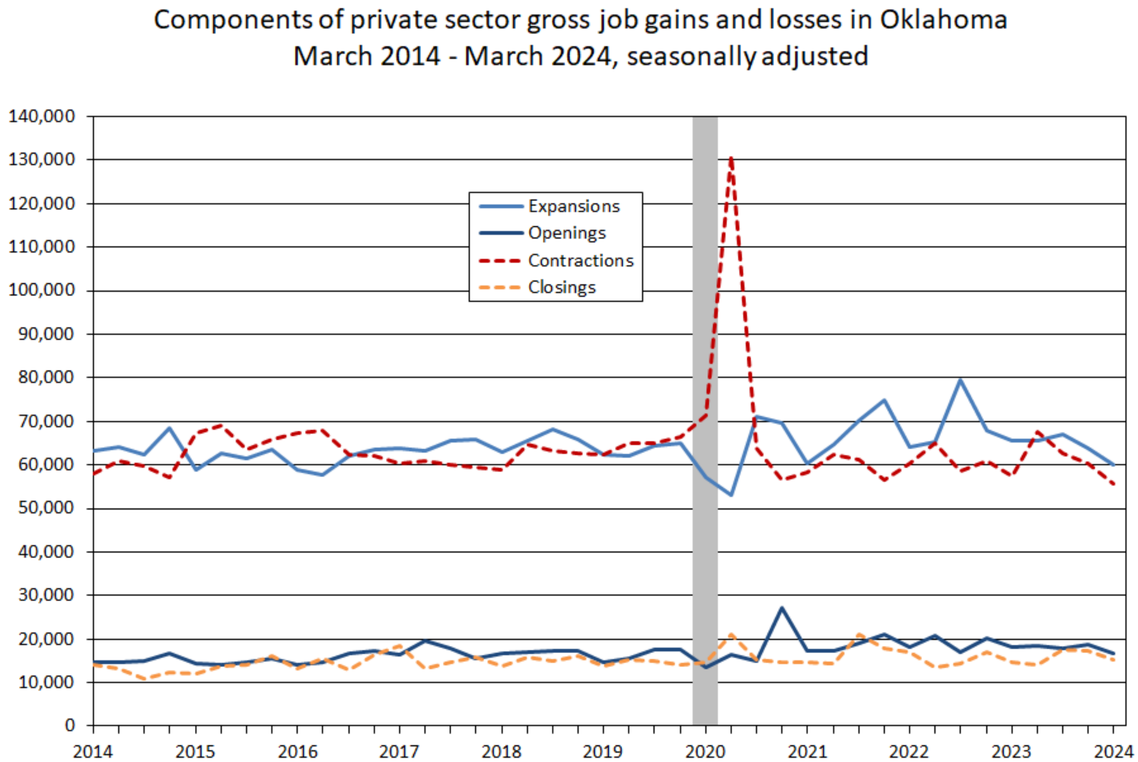
From December 2023 to March 2024, gross job gains from opening and expanding private-sector establishments in Oklahoma totaled 76,918, a decrease of 5,710 jobs from the previous quarter. Over this period, gross job losses from closing and contracting private-sector establishments were 71,037, a decrease of 6,478 jobs from the previous quarter, according to the Oklahoma Employment Security Commission, Economic Research and Analysis Division, and the U.S. Bureau of Labor Statistics, (see Chart 1, below and Table 1, page 6). The difference between the number of gross job gains and the number of gross job losses yielded a net employment gain of 5,881 jobs in Oklahoma's private sector during the 1st quarter of 2024.

Chart 1



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

Chart 2



Source: U.S. Bureau of Labor Statistics
Note: Shaded area represents NBER defined recession periods.

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

Gross job gains are the sum of increases in employment due to expansions at existing establishments and the addition of new jobs at opening establishments. Gross job gains at expanding establishments in Oklahoma totaled 60,167 in the 1st quarter of 2024, a decrease of 3,631 jobs compared to the previous quarter. Opening establishments accounted for 16,751 of the jobs gained in the 1st quarter of 2024, a decrease of 2,079 jobs from the previous quarter, (see Chart 2, above).

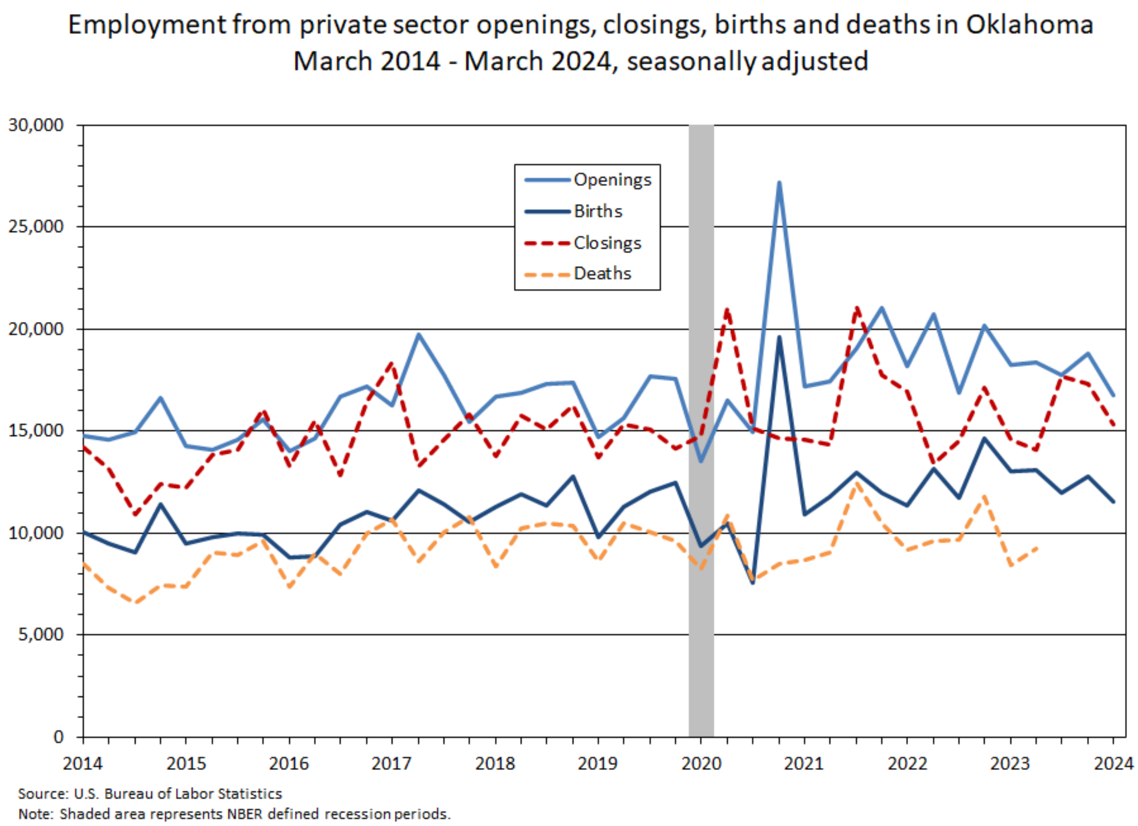
Gross job losses are the result of contractions in employment at existing establishments and the loss of jobs at closing establishments. Contracting establishments in Oklahoma lost 55,728 jobs in the 1st quarter of 2024, a decrease of 4,464 jobs from the prior quarter. In the 1st quarter, closing establishments lost 15,309 jobs, a decrease of 2,014 jobs from the previous quarter.

Establishment Births and Deaths

In Oklahoma, the number of private sector establishment births, (a subset of the openings data), increased by 196, for a total of 3,512 establishments in the 1st quarter of 2024. These new establishments accounted for 11,555 jobs, a decrease of 1,204 jobs from the previous quarter, (see Chart 3, next page).

Data for establishment deaths, (a subset of the closings data), are now available through the 2nd quarter of 2023, when 9,215 jobs were lost at 2,948 establishments, a decrease of 794 jobs from the 1st quarter of 2023, (see Chart 3, next page).

Chart 3



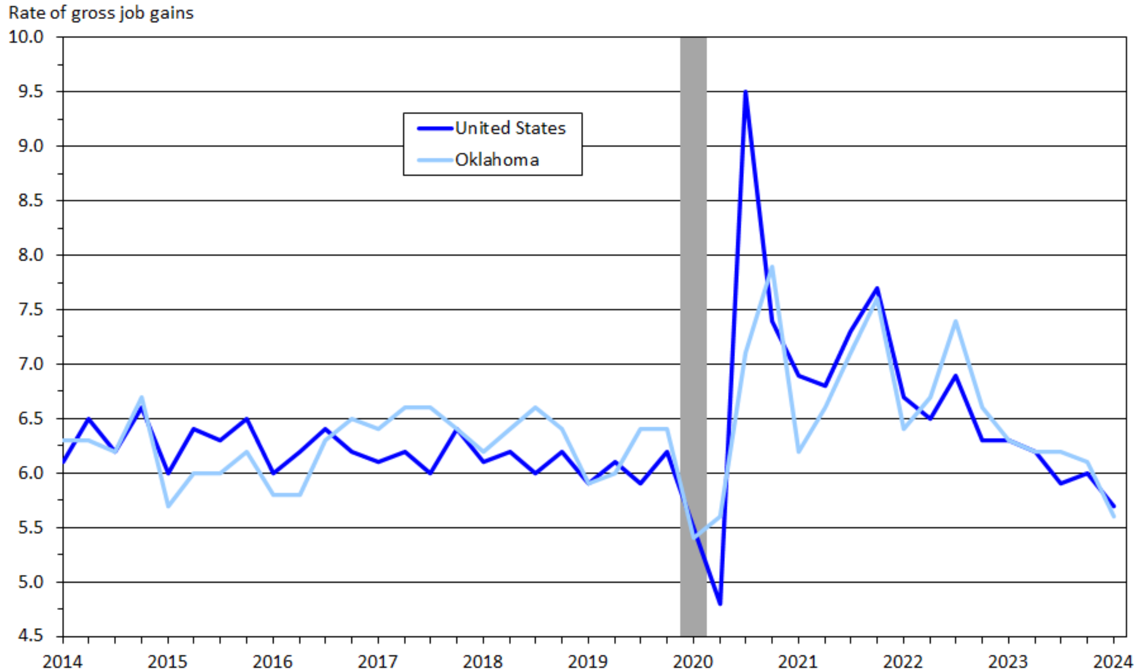
Gross Job Gains and Gross Job Losses: Percent of Total Private Sector Employment

In the 1st quarter of 2024, gross job gains represented 5.6 percent of private-sector employment in Oklahoma with expansions accounting for 4.4 percent of total private sector employment and openings contributing 1.2 percent. Nationally, gross job gains accounted for 5.7 percent of private sector employment in the 1st quarter of 2024. With few exceptions, Oklahoma's rates of gross job gains have generally tracked with the U.S. rates. However, beginning in the 1st quarter of 2015, the rate of Oklahoma's gross job gains slipped below the national rate for seven consecutive quarters, exceeded the U.S. rate in the following nine quarters and has lagged behind the U.S. rate in nine out of the past 21 quarters, (see Chart 4, page 4).

In the 1st quarter of 2024, gross job losses represented 5.2 percent of private-sector employment in Oklahoma, with contractions accounting for 4.1 percent and closings adding another 1.1 percent. The national rate of gross job losses was 5.4 percent in the 1st quarter of 2024. From the 3rd quarter 2013 forward, Oklahoma's rate of gross job losses has shown more volatility especially the period beginning 1st quarter 2015 through 1st quarter 2017, then tracking more with national trends from the 4th quarter of 2017 forward, (see Chart 5, page 4).

Chart 4

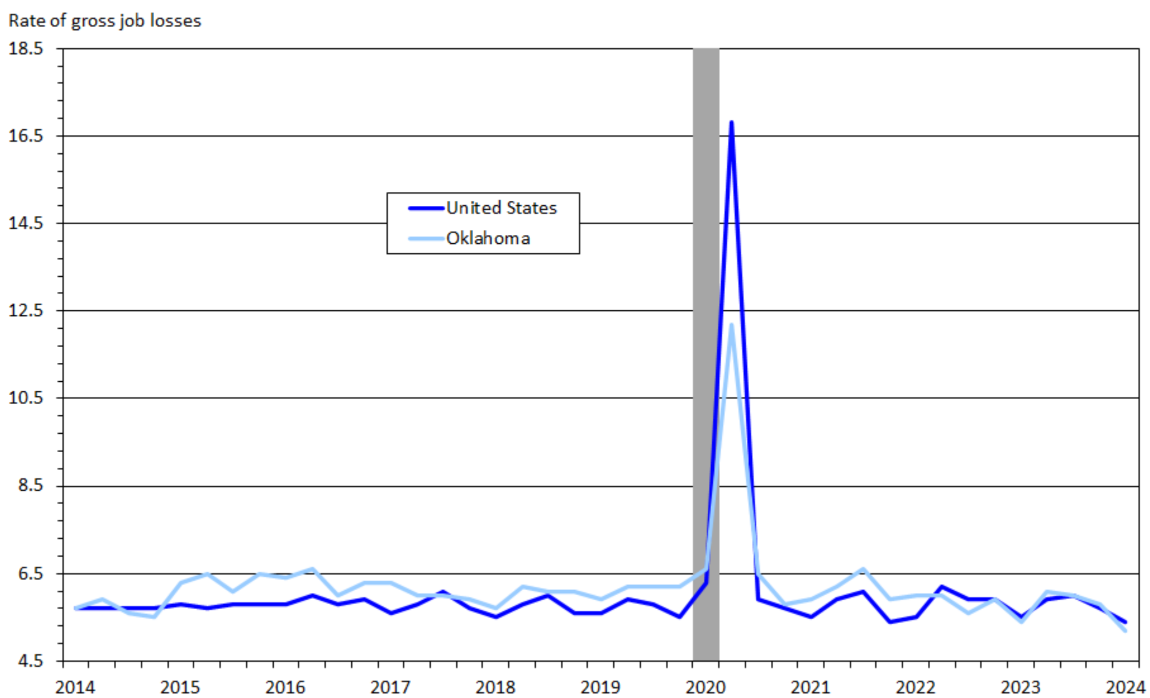
Private sector gross job gains as a percent of employment, United States and Oklahoma
March 2014 - March 2024, seasonally adjusted



Source: U.S. Bureau of Labor Statistics
Note: Shaded area represents NBER defined recession periods.

Chart 5

Private sector gross job losses as a percent of employment, United States and Oklahoma
March 2014 - March 2024, seasonally adjusted



Source: U.S. Bureau of Labor Statistics
Note: Shaded area represents NBER defined recession periods.

Table 1. Oklahoma: Three-month private sector gross job gains and losses, seasonally adjusted					
Category	3 months ended				
	March 2023	June 2023	Sep 2023	Dec 2023	March 2024
	Levels				
Gross job gains..	**83,818**	**83,811**	**84,727**	**82,628**	**76,918**
Expanding establishments	65,603	65,426	66,990	63,798	60,167
Opening establishments	18,215	18,385	17,737	18,830	16,751
Gross job losses......................................	**72,044**	**81,668**	**80,262**	**77,515**	**71,037**
Contracting establishments	57,466	67,565	62,591	60,192	55,728
Closing establishments	14,578	14,103	17,671	17,323	15,309
Net employment change[1]	11,774	2,143	4,465	5,113	5,881
	Rates (percent)				
Gross job gains..	**6.3**	**6.2**	**6.2**	**6.1**	**5.6**
Expanding establishments	4.9	4.9	5.0	4.7	4.4
Opening establishments	1.4	1.4	1.3	1.4	1.2
Gross job losses......................................	**5.4**	**6.1**	**6.0**	**5.8**	**5.2**
Contracting establishments	4.3	5.0	4.7	4.5	4.1
Closing establishments	1.1	1.1	1.3	1.3	1.1
Net employment change[1]	0.9	0.1	0.2	0.3	0.4

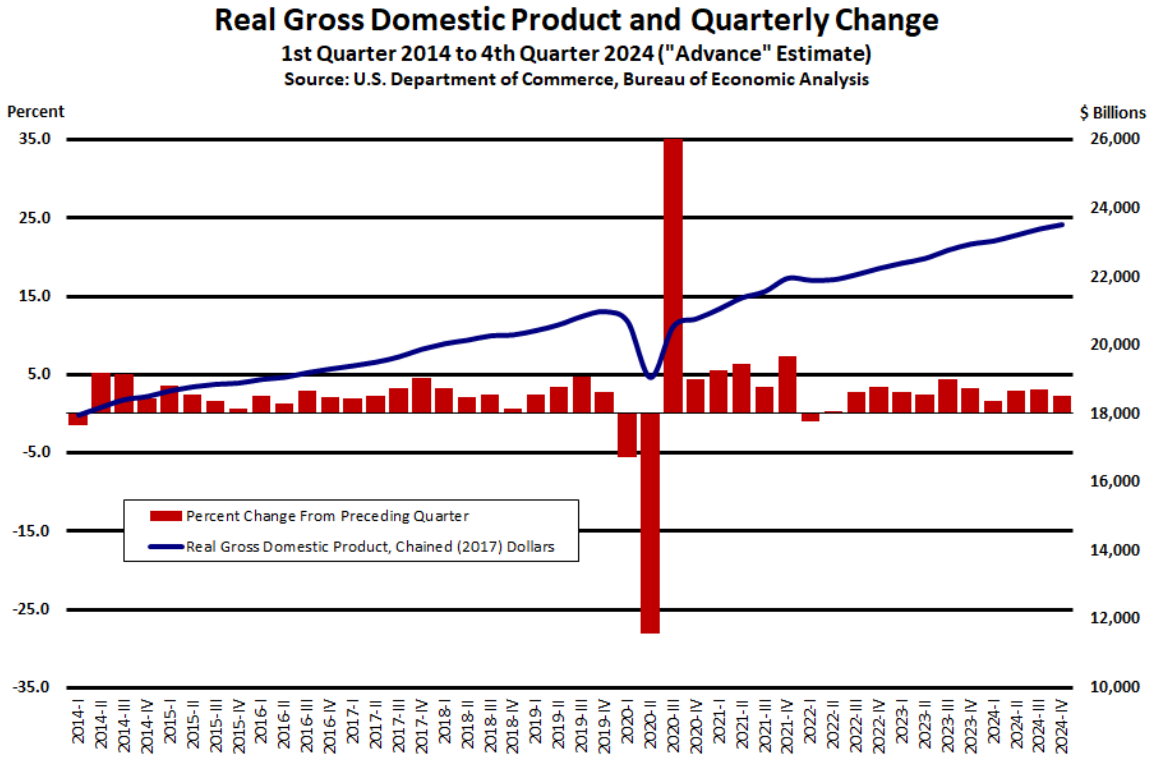
Source: U.S Bureau of Labor Statistics

[1]Net employment change is the difference between total gross job gains and total gross job losses.

More Information

A copy of the full 1st quarter 2024 Oklahoma BED report along with technical notes and detailed tables is available on the OESC website at: [Oklahoma Business Employment Dynamics - Q1/24]

Additional information about the Business Employment Dynamics program is available online at: http://www.bls.gov/bdm



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. Each revision is based on more complete economic data.

Background

There are four major components to GDP:

1. *Personal consumption expenditures:* Individuals purchase durable goods (such as furniture and cars), nondurable goods (such as clothing and food) and services (such as banking, education, and transportation).

2. *Investment:* Private housing purchases are classified as residential investment. Businesses invest in nonresidential structures, durable equipment, and computer software. Inventories at all stages of production are counted as investment. Only inventory changes, not levels, are added to GDP.

3. *Net exports:* Equal the sum of exports less imports. Exports are the purchases by foreigners of goods and services produced in the United States. Imports represent domestic purchases of foreign-produced goods and services and are deducted from the calculation of GDP.

4. *Government:* Government purchases of goods and services are the compensation of government employees and purchases from businesses and abroad. Data show the portion attributed to consumption and investment. Government outlays for transfer payments or interest payments are not included in GDP.

The four major categories of GDP—personal consumption expenditures, investment, net exports and government—all reveal important information about the economy and should be monitored separately. This allows one to determine the strengths and weaknesses of the economy.

Current Developments

U.S. economic growth slowed a bit in the last three months of 2024, as the fastest pace of consumer spending in nearly two years was offset by a drop in business investment and stockpiling. Real gross domestic product (GDP) increased at an annual rate of 2.3 percent in the 4th quarter of 2024, according to the "advance" estimate released by the Bureau of Economic Analysis (BEA). In the 3rd quarter, real GDP increased 3.1 percent.

Consumer spending, which accounts for more than two-thirds of U.S. economic activity, grew at a robust 4.2 percent pace, following a 3.7 percent rise in the 3rd quarter. Spending on durable goods, such as used light trucks, jumped 12.1 percent. Spending on nondurable goods, such as prescription drugs, rose 3.8 percent. Outlays on services, such as outpatient services, increased 3.1 percent. Personal consumption expenditures (PCE) added 2.82 percentage points to 4th quarter GDP growth.

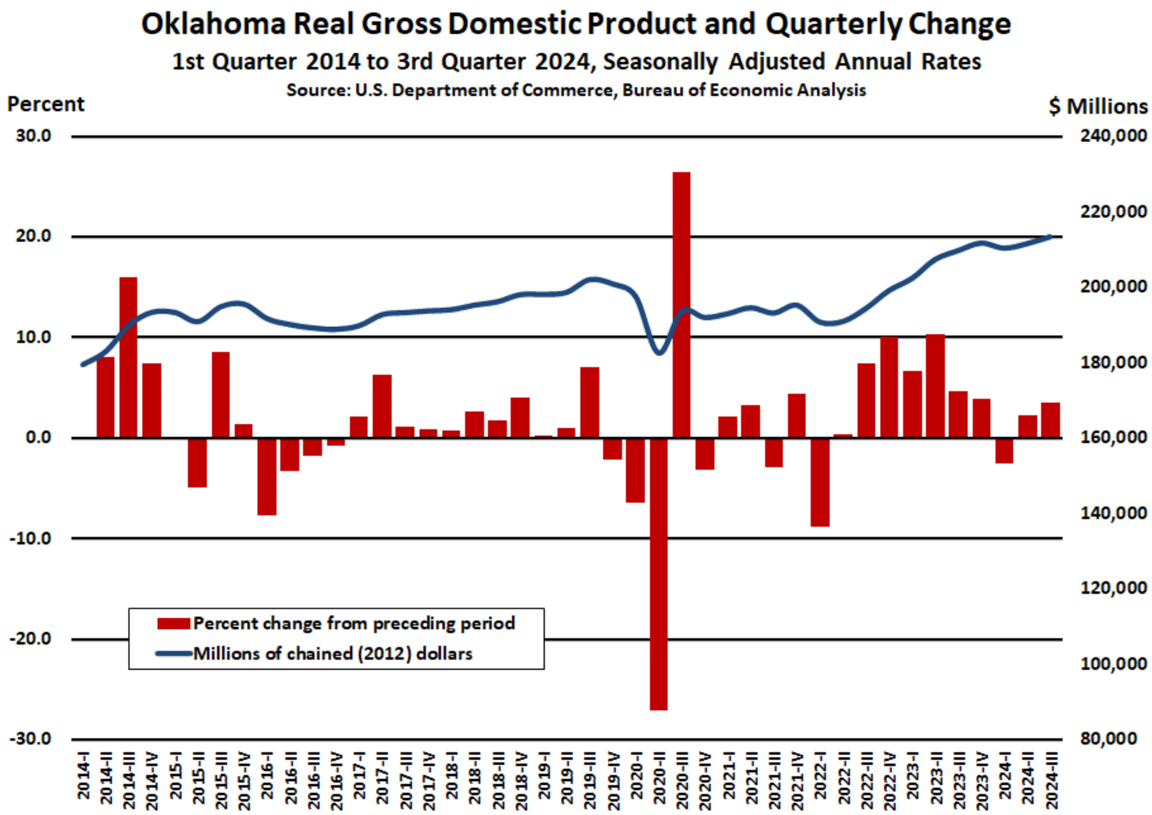
Business investment fell 2.2 percent in the 4th quarter, after rising 4.0 percent the prior quarter. Spending on equipment, such as computers, delivery trucks, factory machines, and other equipment tumbled 7.8 percent. Business outlays on intellectual property products rose 2.6 percent. Spending on buildings, oil rigs, and other structures slipped 1.1 percent. Nonresidential fixed investment subtracted 0.31 percentage point to 4th quarter GDP.

Businesses replenished their inventories more slowly in the 4th quarter, decelerating to a $4.4 billion rate, following a $57.9 pace in the 3rd quarter. The change in private inventories subtracted 0.93 percentage point to GDP growth in the 4th quarter.

Housing construction and renovation rose in the 4th quarter after declining the previous two quarters. Residential investment, a gauge of homebuilding, grew 5.3 percent in the 4th quarter, following a 4.3 percent decline in the previous quarter. Residential fixed investment added 0.21 percentage point from 4th quarter GDP.

Trade was a drag on growth in the 4th quarter, with imports, which subtract from the GDP calculation, off 0.8 percent, while exports also declined 0.8 percent. The widening trade gap subtracted 0.04 percentage points from 4th quarter GDP.

Government spending at both the federal and state level also contributed to 4th quarter growth. Federal government spending increased 3.2 percent, as national defense spending increased 3.3 percent, while nondefense spending rose 3.1 percent. Consumption outlays by state and local governments increased 2.0 percent in the 4th quarter. Government consumption expenditures and investment added 0.42 percentage point to 4th quarter GDP.



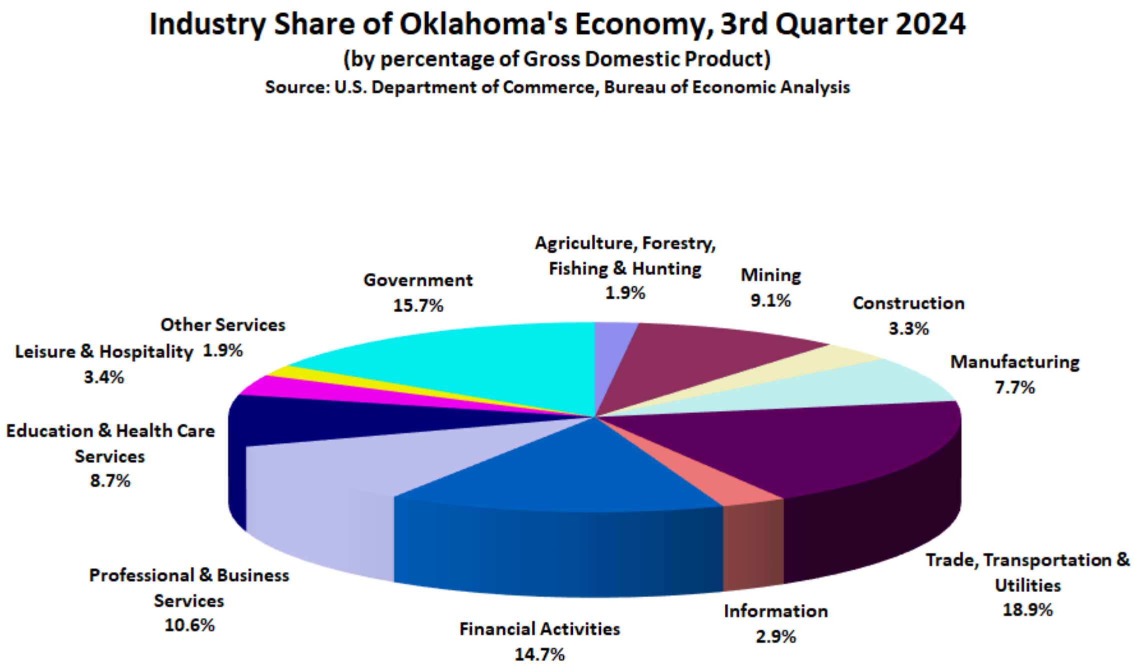
Definition & Importance

The U.S. Bureau of Economic Analysis (BEA) recently began producing statistics of quarterly gross domestic product (GDP) by state dating back to 2005. 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) by state—a measure of nationwide growth calculated as the sum of GDP of all states and the District of Columbia—increased in 46 states and the District of Columbia in the 3rd quarter of 2024, with the percent change ranging from 6.9 percent at an annual rate in Arkansas to –2.3 percent in North Dakota, according to the U.S. Bureau of Economic Analysis (BEA). Current-dollar GDP increased in 49 states and the District of Columbia, with the percent change ranging from 8.9 percent at an annual rate in Arkansas to –2.6 percent in North Dakota.

Oklahoma’s real GDP accelerated to a 3.5 percent rate in the 3rd quarter of 2024, up from a 2.3 percent increase in the 2nd quarter of 2024, ranking Oklahoma 19th among all other states and the District of Columbia. Statewide GDP was at a level of $213.5 billion (in constant 2017 dollars) in the 3rd quarter, up $1.8 billion from the 2nd quarter level of $211.7 billion.



In the 3rd quarter of 2024, real GDP for the nation grew at an annual rate of 3.1 percent. Real GDP increased in 16 of the 23 industry groups for which BEA prepares quarterly state estimates. Retail trade, health care and social assistance, and information were the leading contributors to growth in real GDP nationally.

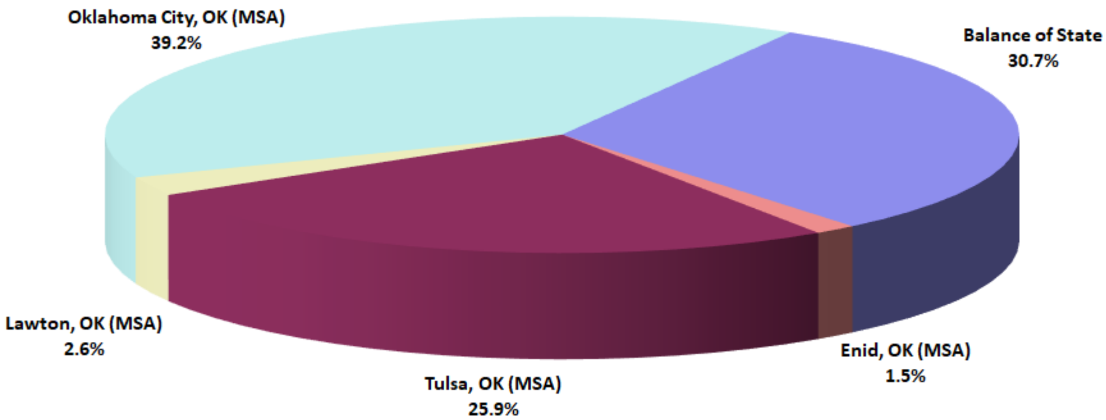
Agriculture, forestry, fishing, and hunting, which increased in 25 states including Oklahoma, was the leading contributor to growth in five states including Arkansas, Alabama, and Mississippi, the states with the largest increases in real GDP. In contrast, this industry was the leading offset to growth in 14 states including North Dakota, Nebraska, South Dakota, and Montana, the only states with declines in real GDP.

Retail trade, which increased in all 50 states and the District of Columbia, was the leading contributor to growth in 39 states including Oklahoma.

Mining, which increased in 17 states including Oklahoma, was the leading contributor to growth in West Virginia, the fifth-largest growing state.

Metropolitan Area Contribution to State Real Gross Domestic Product 2023

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



Definition & Importance

Metropolitan Statistical Areas (MSA) 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.

GDP by metropolitan area is the sub-state counterpart of the Nation's gross domestic product (GDP), the BEA's featured and most comprehensive measure of U.S. economic activity. GDP by metropolitan area is derived as the sum of the GDP originating in all the industries in the metropolitan area. Nationally, metropolitan statistical areas represent approximately 90 percent of total GDP. In Oklahoma, the four MSAs of Oklahoma City, Tulsa, Lawton and Enid accounted for 69.3 percent of total state GDP in 2023.

Current Developments

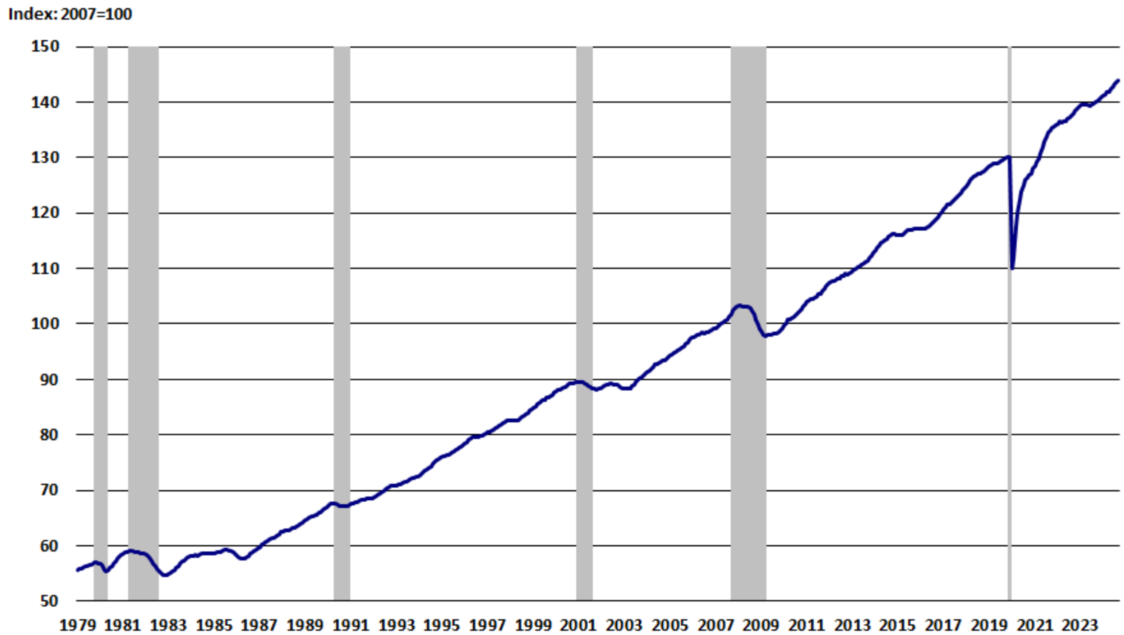
Real gross domestic product (GDP) increased in 347 out of 384 metropolitan areas in 2023, according to the U.S. Bureau of Economic Analysis (BEA). The percent change in real GDP by metropolitan area ranged from 42.9 percent in Midland, TX to -9.3 percent in Elkhart-Goshen, IN. Real GDP for U.S. metropolitan areas increased 2.7 percent in 2023.

In 2023, all of Oklahoma's four metropolitan areas experienced GDP growth. Oklahoma City MSA real GDP grew 6.9 percent in 2022 to a level of $81.6 billion, ranking it 14th among 384 metro areas. Enid MSA real GDP increased 6.8 percent to a level of $3.1 and was ranked 16th. Tulsa MSA grew 4.4 percent to $53.9 billion and ranked 66th. Lawton MSA real GDP increased 1.8 percent in 2023 to a level of $5.4 billion, and ranked 66th among U.S. metro areas among 384 U.S. metropolitan areas in 2023.

Coincident Economic Activity Index for Oklahoma, 1979-2024

Source: Federal Reserve Bank of Philadelphia, retrieved from FRED, Federal Reserve Bank of St. Louis

Index: 2007=100



NOTE: Shaded areas represent National Bureau of Economic Research defined recession periods.

Definition & Importance

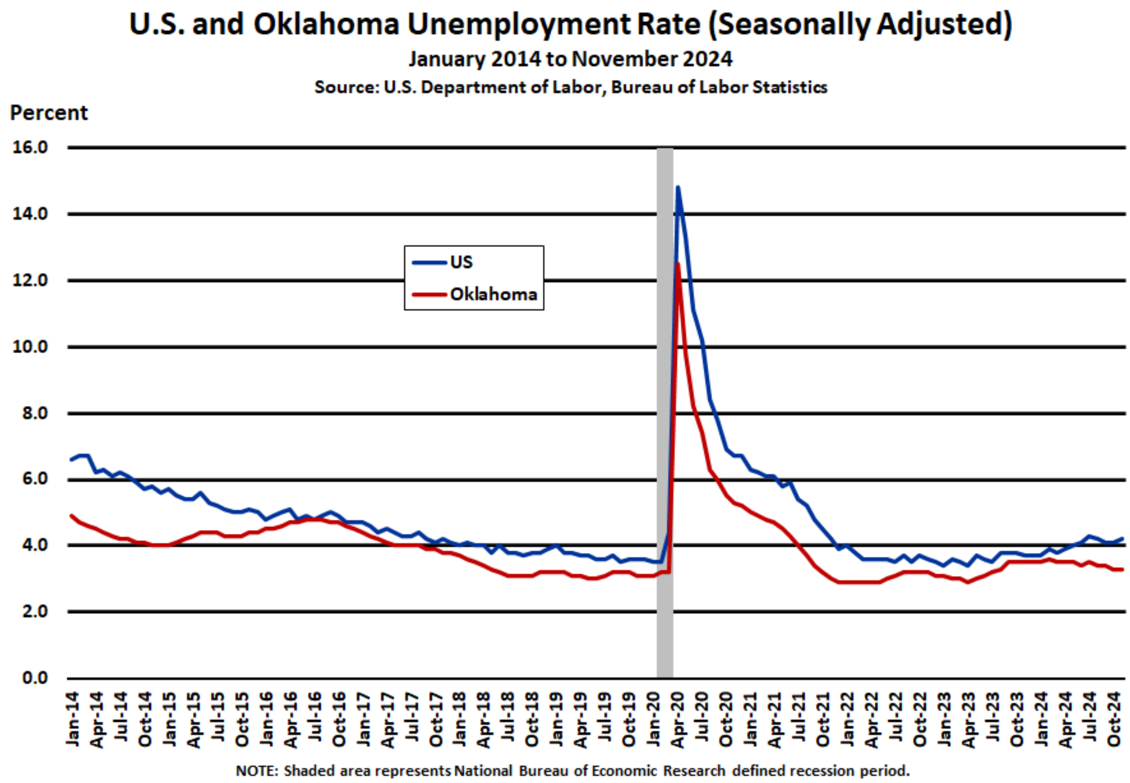
The Federal Reserve Bank of Philadelphia produces leading indexes for each of the 50 states. The indexes are calculated monthly and are usually released a week after the release of the coincident indexes. The Bank issues a release each month describing the current and future economic situation of the 50 states with special coverage of the Third District: Pennsylvania, New Jersey, and Delaware.

The coincident indexes combine four state-level indicators to summarize current economic conditions in a single statistic. The four state-level variables in each coincident index are nonfarm payroll employment, average hours worked in manufacturing by production workers, the unemployment rate, and wage and salary disbursements deflated by the consumer price index (U.S. city average). The trend for each state's index is set to the trend of its gross domestic product (GDP), so long-term growth in the state's index matches long-term growth in its GDP.

Current Developments

The Federal Reserve Bank of Philadelphia has released the coincident indexes for the 50 states for December 2024. Over the past three months, the indexes increased in 37 states, decreased in 10 states, and remained stable in three, for a three-month diffusion index of 54. Additionally, in the past month, the indexes increased in 30 states, decreased in nine states, and remained stable in 11, for a one-month diffusion index of 42. For comparison purposes, the Philadelphia Fed has also developed a similar coincident index for the entire United States. The Philadelphia Fed's U.S. index increased 0.6 percent over the past three months and 0.3 percent in December.

In the three months to December, the coincident index for Oklahoma increased 0.9 percent. The level of payroll employment increased over the past three months, while the unemployment rate held steady. Moreover, average hours worked in manufacturing increased. Overall, Oklahoma's economic activity as measured by the coincident index has risen 2.8 percent over the past 12 months.



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.

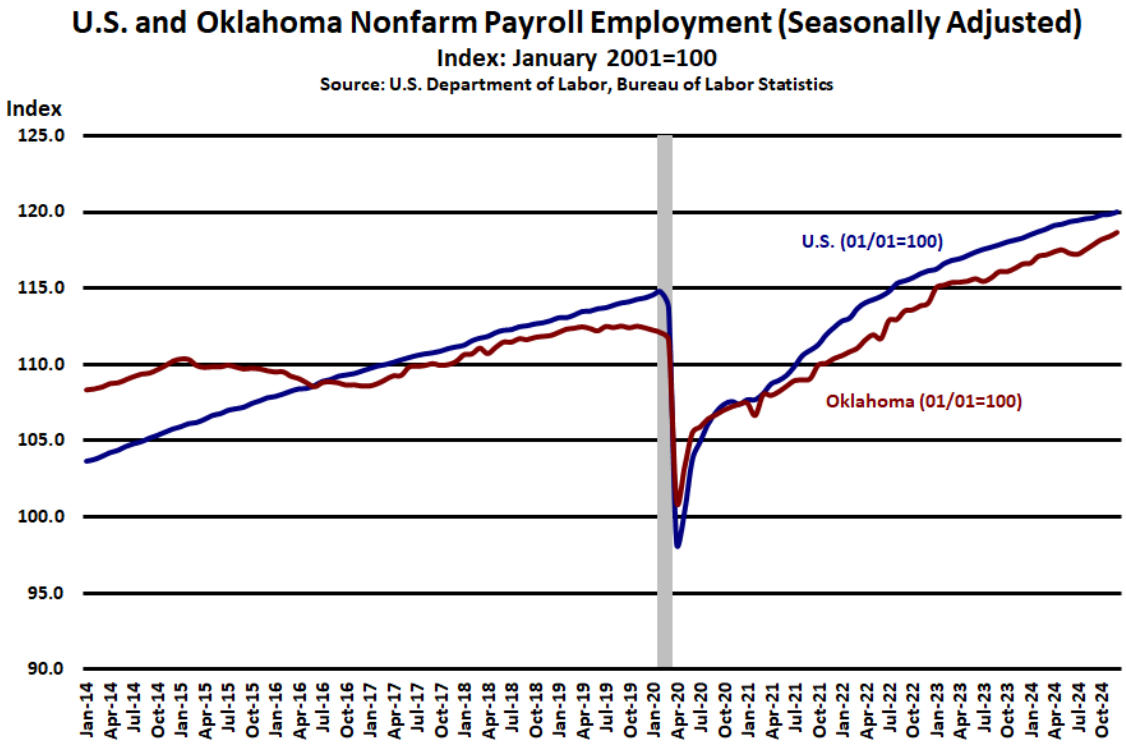
The unemployment rate is a lagging indicator of economic activity. During a recession, many people leave the labor force entirely. As a result, the jobless rate may not increase as much as expected. This means that the jobless rate may continue to increase in the early stages of recovery because more 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 increased in November after holding steady for the past two months, reflecting weakness in household employment. The unemployment rate increased 0.1 percentage point to 4.2 percent in November, according to the Bureau of Labor Statistics (BLS). A year earlier, the jobless rate was 3.7 percent.

Oklahoma's seasonally adjusted unemployment rate held steady at 3.3 percent in December. Over the year, the state's seasonally adjusted unemployment rate was 0.2 percentage point lower than December 2023.

In November, Haskell County posted Oklahoma's highest county unemployment rate at 5.0 percent. Latimer County reported the second-highest rate for the month. Dewey County reported the lowest county unemployment rate of 1.5 percent in November. Unemployment rates in November were lower than a year earlier in 65 counties, higher in 6 counties, and unchanged in 6 counties.



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

Definition & Importance

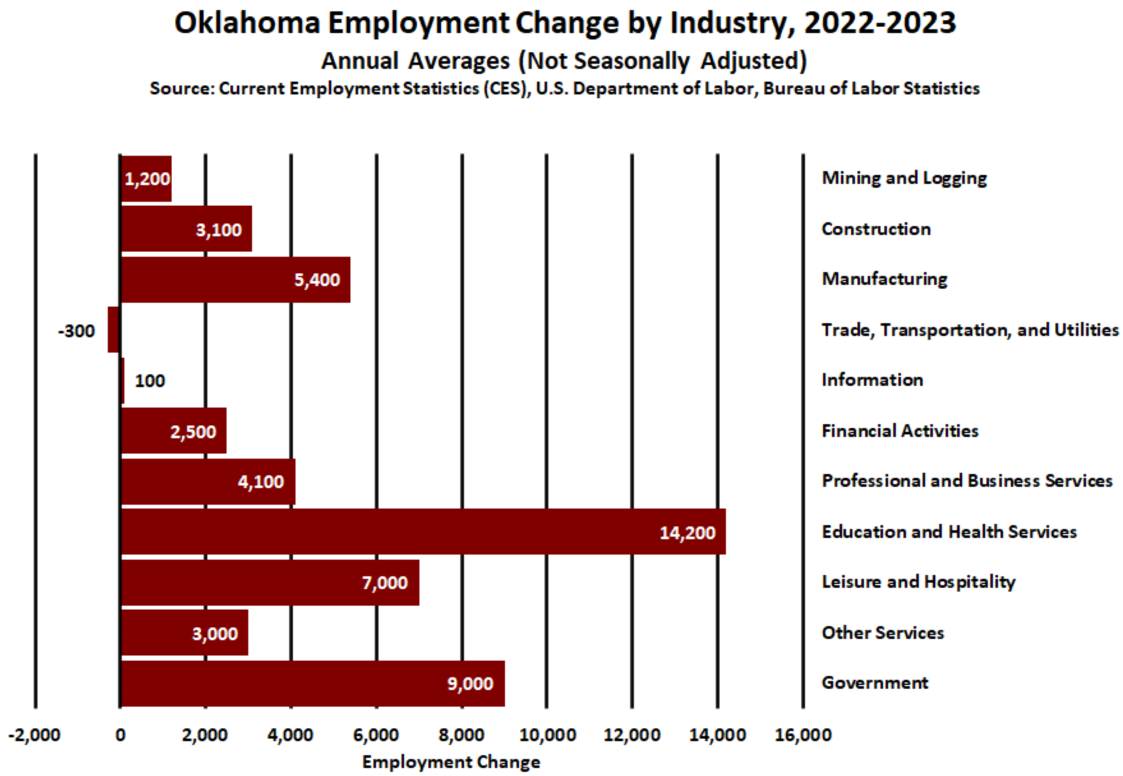
Nonfarm payroll employment data is produced by the Current Employment Statistics (CES) program of the Bureau of Labor Statistics (BLS). The CES Survey is a monthly survey of approximately 145,000 businesses and government agencies representing approximately 697,000 worksites throughout the United States. 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. job growth accelerated in December, as the labor market ended the year with continued resilience. Total nonfarm payroll employment rose by 256,000 in December, according to the Bureau of Labor Statistics (BLS). In December, employment trended up in health care (+46,000 jobs), government (+53,000 jobs), government (+33,000 jobs), and social assistance (+23,000 jobs). Retail trade added 43,000 jobs in December, following a 29,000 job loss in November.

Oklahoma's seasonally adjusted nonfarm employment added 4,200 jobs (0.2 percent) over the month in December, to a level of 1,800,500 while the November estimate was upwardly revised to 1,796,300. In December, eight of Oklahoma's supersectors added jobs, as leisure and hospitality (1,800 jobs) followed by construction and government (1,600 jobs) reported the largest job gains over the month. Trade, transportation, and utilities (-1,400 jobs) posted the largest over-the-month job losses in December.



Definition & Importance

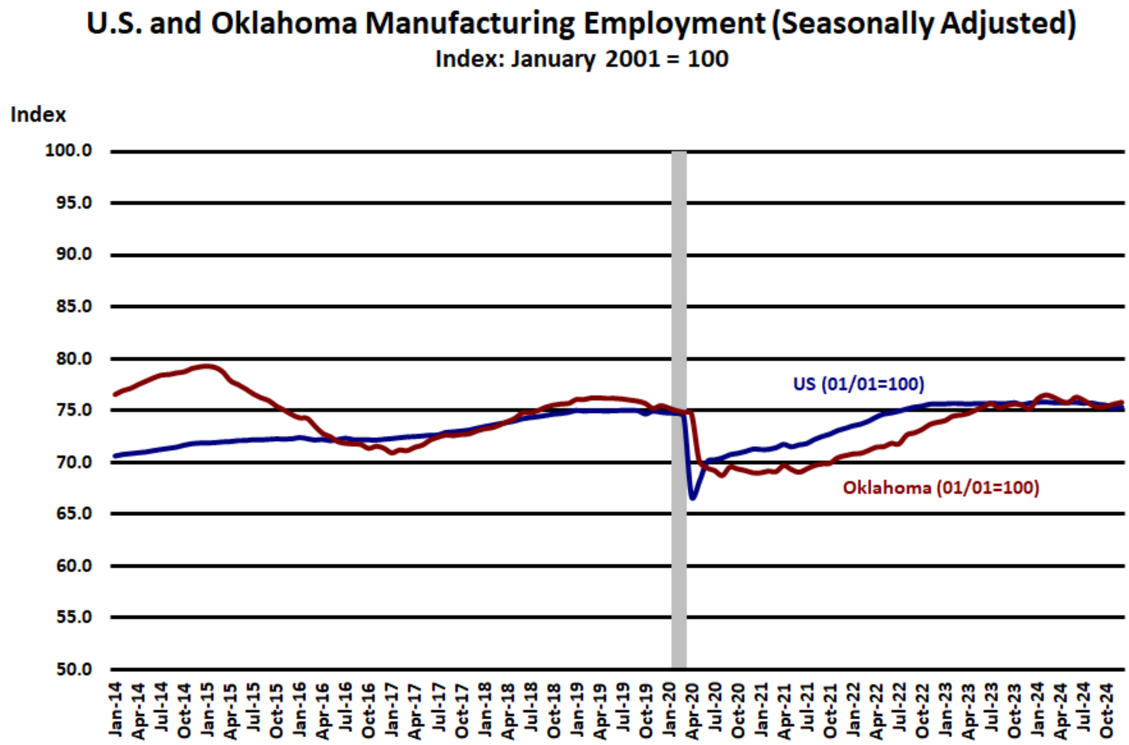
Employment growth by industry identifies the types of jobs being created in the state. Conversely, industries with a declining employment trend indicate those which are becoming less important in the state's economy. There may also be industries which behave more cyclically, growing during expansion 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's annual average nonfarm employment added jobs in 2023, as the pace of hiring decelerated. Total nonfarm employment added a non-seasonally adjusted 49,200 jobs (2.9 percent) in 2023. For comparison, in the previous year annual average nonfarm employment added 55,200 jobs (3.3 percent).

In 2023, 10 of 11 of Oklahoma's supersectors reported job gains. Education and health services saw the largest job gain adding 14,200 jobs (5.8 percent), as health care and social assistance (12,800 jobs) accounted for most of the job gains. Leisure and hospitality added 7,000 jobs (4.0 percent) and manufacturing added a non-seasonally adjusted 5,400 jobs (4.0 percent). Other sectors adding jobs in 2023 were professional and business services (4,100 jobs), construction (3,100 jobs), other services (3,000 jobs), financial activities (2,500 jobs), mining and logging (1,200 jobs), and information (100 jobs). Trade, transportation and utilities (-300 jobs) was the only declining sector in 2023.

Government employment added 9,000 jobs (0.9 percent) over the year in 2023, as local government (5,800 jobs) accounted for most of the job gains.



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

Definition & Importance

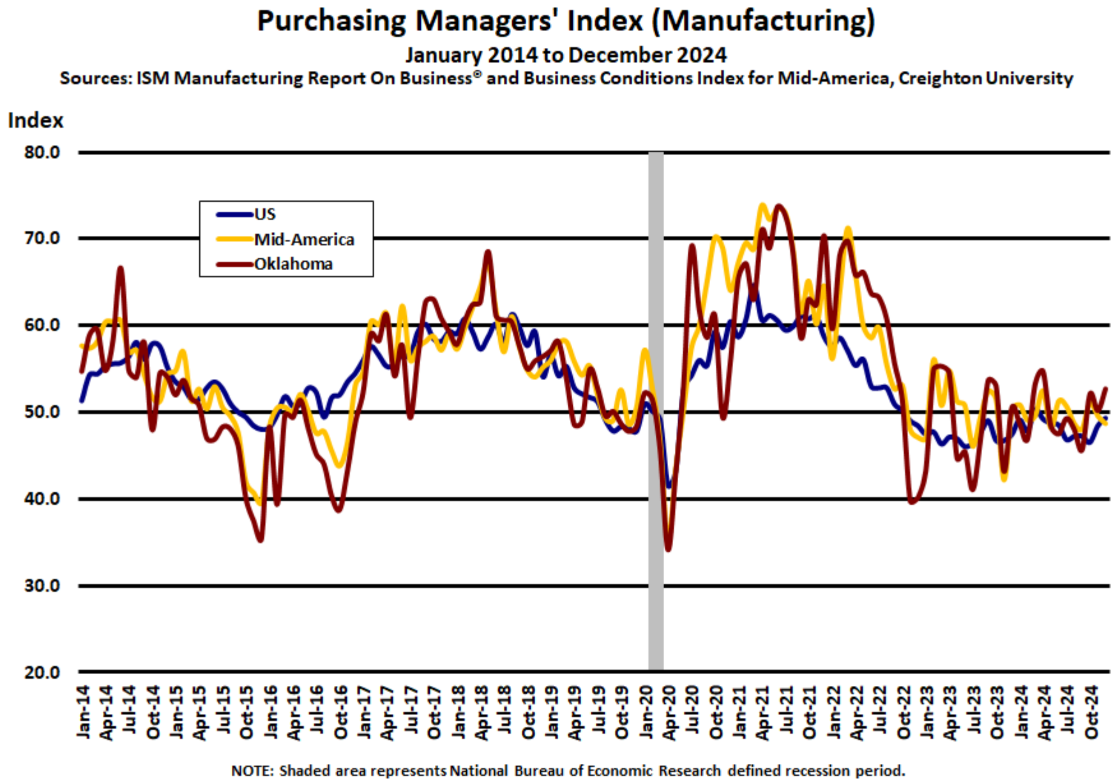
Manufacturing employment data is also produced by the Bureau of Labor Statistics' Current Employment Statistics (CES) program. Manufacturing and production are still important parts of both the U.S. and Oklahoma economies. According to the *2022 County Business Patterns*, the manufacturing sector was the 5th-largest employer, employing 12.2 million workers in the United States—and the top 10 average annual employee payroll at $69,846. 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. factories lost jobs in December, following a sizable gain in November. Manufacturing employment decreased by 13,000 in December, according to the Bureau of Labor Statistics (BLS). Most of the job losses in December were in computer and electronic product manufacturing (-6,200 jobs).

Oklahoma manufacturing employment added a seasonally adjusted 300 jobs (0.2 percent) over the month in December to a level of 140,400. In December, durable goods manufacturing employment gained 200 jobs, while non-durable goods manufacturing employment added 100 jobs over the month.

Over the year, statewide manufacturing employment shed a seasonally adjusted 300 jobs (-0.2 percent) compared to December 2023, as non-durable goods manufacturing employment added 900 jobs (1.9 percent), while durable goods manufacturing employment lost 1,200 jobs (-1.9 percent) over the year.



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

Definition & Importance

Economists consider the [Institute for Supply Management's Purchasing Managers' Index (PMI™)] a key economic indicator. The Institute for Supply Management (ISM®) surveys more than 300 manufacturing firms on employment, production, new orders, supplier deliveries, and inventories. The ISM® manufacturing index is constructed so that any level at 50 or above signifies growth in the manufacturing sector, which accounts for about 12 percent of the U.S. economy. A level above 43 or so, but below 50, indicates that the U.S. economy is still growing even though the manufacturing sector is contracting. Any level below 43 indicates that the economy is in recession.

For the region, since 1994, the Creighton Economic Forecasting Group at Creighton University has conducted a monthly survey of supply managers in nine states (including Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, and South Dakota), to produce leading economic indicators for the Mid-America economy using the same methodology as the national survey by the ISM®.

Current Developments

U.S. manufacturing activity moved closer to recovery in December, with production rebounding and new orders rising further. The Manufacturing PMI® registered 49.3 percent in December, and 0.9 percentage point higher compared to the 48.4 percent recorded in November. This is the highest Manufacturing PMI® reading since March, according to the latest Manufacturing ISM® *Report On Business®*.

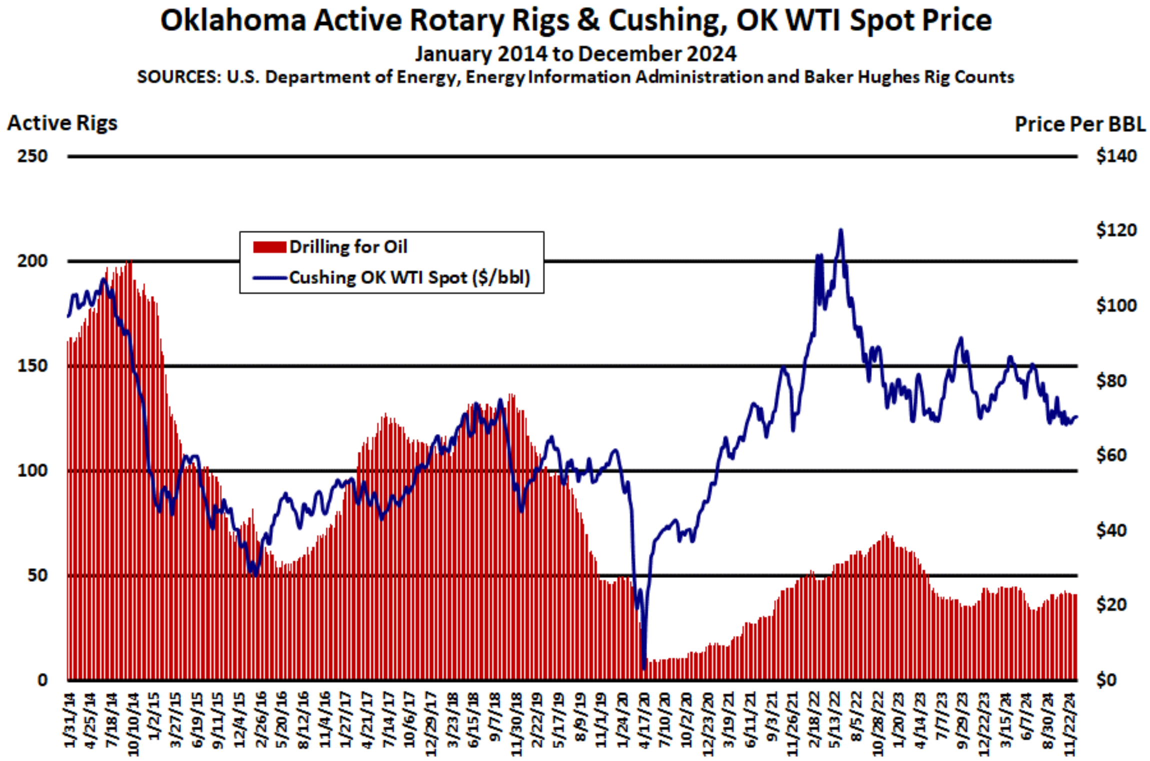
The survey's forward-looking new orders sub-index increased to 52.5 from 50.4 in November, which marked the first expansion since March. Factory employment contracted further, with the survey's manufacturing jobs index falling to 45.3 from 48.1 in November. Production at factories rebounded after contracting for months. The survey's measure of prices paid by manufacturers rose to 52.5 from 50.3 in November. The survey's gauge of supplier deliveries increased to 50.1 from 48.7 in November. A reading above 50 indicates slower deliveries.

For the seventh time this year, the Creighton University Mid-America Business Conditions Index, a leading economic indicator for the nine-state region stretching from Minnesota to Arkansas, sank below the 50.0 growth neutral threshold in December. The Business Conditions Index, which uses the identical methodology as the national Institute for Supply Management (ISM) and ranges between 0 and 100 with 50.0 representing growth neutral, slumped to 48.7 from 49.6 in December. The index has vacillated slightly above and below growth neutral every month in 2024.

“Manufacturers in the nation and region continue to shed jobs. In terms of impending economic threats, such as an East/Gulf Coast longshoreman strike looming on January 15, approximately 45 percent of supply managers expect a recession in the first half of 2025,” said Ernie Goss, Ph.D., director of Creighton University’s Economic Forecasting Group and the Jack A. MacAllister Chair in Regional Economics in the Heider College of Business.

Oklahoma’s Business Conditions Index for December climbed to 52.7 from 50.2 in November. Components of the overall December index were: new orders at 46.6; production or sales at 49.6; delivery lead time at 57.1; inventories at 55.8; and employment at 54.6.

“According to the latest U.S. International Trade Administration data, Oklahoma expanded 2024 year-to-date manufacturing exports by $1.1 billion from the same period in 2023 for a 21.0 percent gain,” noted Goss.



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.

The benchmark price in the domestic spot market for the U.S. crude oil known as West Texas Intermediate (WTI-Cushing) is set at Cushing, Oklahoma, which is home to about 14 percent of the nation's commercial crude oil storage capacity. Rig counts typically follow changes in the WTI price with about a four-month lag.

Background

The discovery of oil transformed Oklahoma's economy. By the time Oklahoma became a state in 1907, it was the largest oil producer in the nation. Excluding federal offshore areas, Oklahoma was the 6th-largest crude oil producer among the states in 2023, accounting for over 4 percent of the nation's crude oil production (at 419,000 barrels per day). Crude oil wells and gathering pipeline systems are concentrated in central Oklahoma. The state's largest producing field, and the 11th largest in the United States, the Sho-Vel-Tum field, in eastern Stephens and western Carter Counties has continuously produced crude oil since its discovery in 1905.

The city of Cushing, in central Oklahoma, is home to about 14 percent of the nation's commercial crude oil storage capacity and 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. As of January 2022, those refineries had a combined distillation capacity of more than 524,000 barrels per day—roughly 3 percent of the total U.S. refining capacity.

Current Developments

For the past six years in a row, the United States produced more crude oil than any nation at any time, according to the U.S Energy Information Administration (EIA) International Energy Statistics. Crude oil production in the United States, including condensate, averaged 12.9 million barrels per day (bbl/d) in 2023, breaking the previous U.S. and global record of 12.3 million bbl/d, set in 2019. Average monthly U.S. crude oil production established a monthly record high in December 2023 at more than 13.3 million bbl/d.

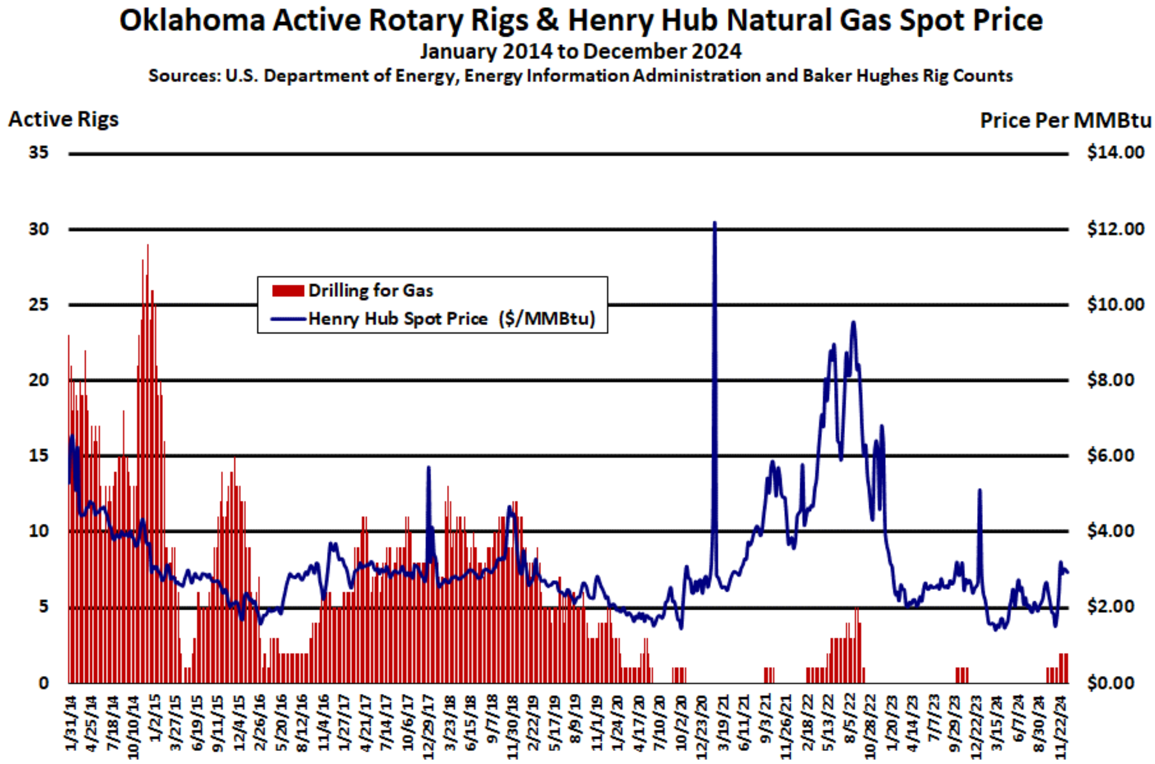
According to the EIA, the United States, Russia, and Saudi Arabia accounted for 40 percent (32.8 million bbl/d) of global oil production in 2023. These three countries have produced more oil than any others since 1971 (counting production in the Russian Federation of the Soviet Union prior to 1991), although the top spot has shifted among them over the past five decades. By comparison, the next three largest producing countries—Canada, Iraq, and China—combined produced 13.1 million bbl/d in 2023, only slightly more than what was produced in the United States alone.

Crude production in Oklahoma increased over the month in September—the most recently reported monthly data point. Statewide field production of crude oil was at a preliminary level of 11,903,000 bbl in September, up 16,000 bbl (0.1 percent) from August's revised level of 11,887,000 bbl, according to data reported by the EIA. Compared to a year ago, Oklahoma crude production was down 740,000 bbl (-5.9 percent) from the September 2023 production level of 12,643,000 bbl. For 2023, statewide crude production was at a level of 157,243,000 bbl, up 5,708,000 bbl (3.8 percent) from the 2022 production level of 151,535,000 bbl.

West Texas Intermediate (WTI-Cushing) crude oil for delivery at Cushing, Oklahoma, averaged $70.12/bbl in December, down 17 cents from the November average of $69.95/bbl.

The U.S. oil-directed rig count held steady rigs at a level of 480 over the week ending December 27, 2024, according to oil field services company Baker Hughes. Compared to a year ago, the nation's rig count was down 17 from 500 rigs reported on December 29, 2023.

For the week ending December 27, 2024, Oklahoma's total active rig count was unchanged at 43 over the week, according to Baker Hughes. Oil-directed rigs accounted for 95 percent of total rig activity in December. Over the year, Oklahoma's active rig count was down 1 rigs from 44 rigs reported operating on December 29, 2023.



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's proved natural gas reserves and marketed production were the 5th-largest in the nation in 2022. The state has 8 percent of the nation's total proved reserves and contains all or part of 14 of the 100 largest U.S. natural gas fields, as measured by proved reserves. Annual natural gas production was at an all-time high of almost 3.2 trillion cubic feet in 2019. The state has 8 percent of the nation's total proved reserves and contains all or part of 14 of the 100 largest U.S. natural gas fields, as measured by proved reserves. In 2022, Oklahoma was the nation's 5th-largest producer of marketed natural gas. Statewide annual natural gas production was at an all-time high of more than 3.0 trillion cubic feet in 2019.

In 2022, Oklahoma was the nation’s 6th-largest consumer of natural gas on a per capita basis. The electric power sector and the industrial sector together use slightly more than four-fifths of the natural gas delivered to consumers in Oklahoma, and the residential and commercial sectors consume almost all the rest.

Current Developments

In the January 8th *Today in Energy*, the U.S. Energy Information Administration (EIA) reported that in 2024, the U.S. benchmark Henry Hub natural gas spot price averaged $2.21 per million British thermal units (MMBtu), the lowest average annual price in inflation-adjusted dollars ever reported. The annual average Henry Hub natural gas spot price in 2024 decreased by 16 percent from its 2023 average and 68 percent from its 2022 average, the largest two-year decline on record. The monthly average Henry Hub spot natural gas price in 2024 ranged from $3.25/MMBtu in January to an all-time low of $1.51/MMBtu in March, reflecting a narrower $1.74/MMBtu range of monthly prices across the year than the average range of $2.32/MMBtu over the prior five years.

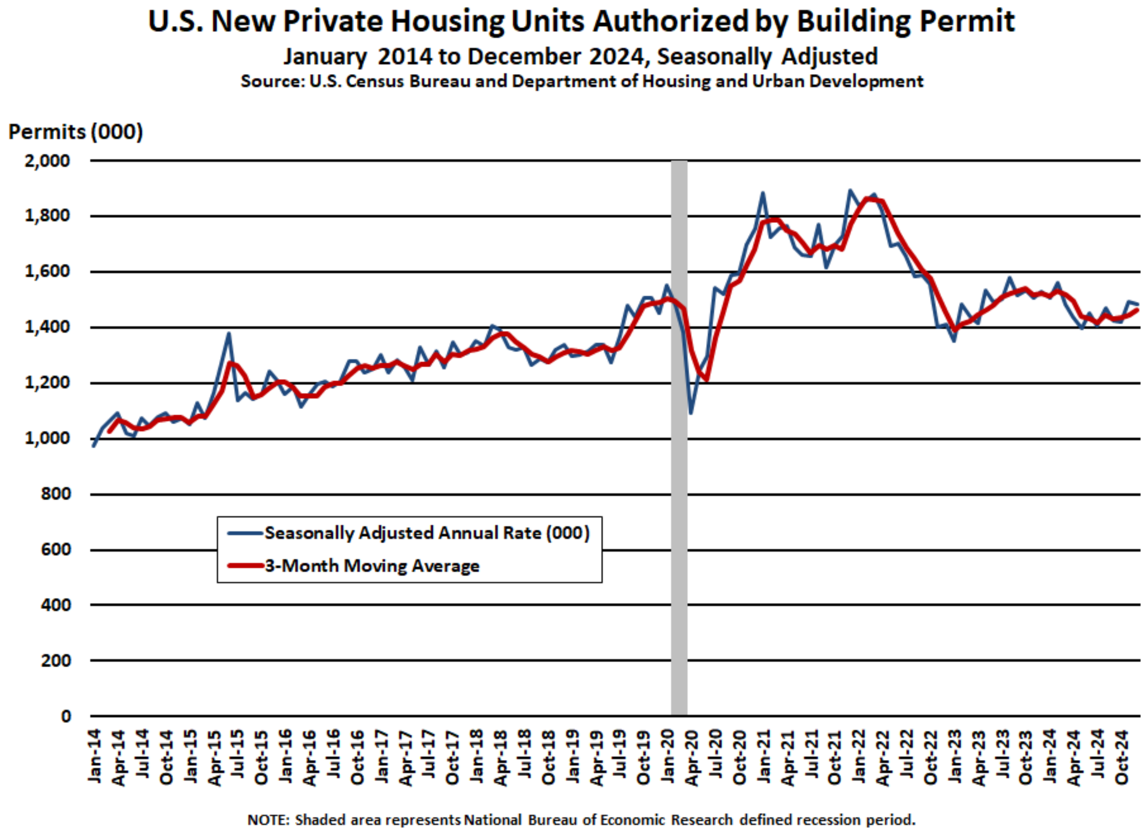
According to the EIA, the Henry Hub natural gas price set numerous daily and monthly low-price records in 2024, as robust U.S. natural gas supply and constraints on demand reduced prices for most of the year. On an inflation-adjusted basis, average monthly prices in February, March, April, and August were the four lowest ever recorded, and the four lowest daily prices ever recorded also occurred during 2024.

Oklahoma natural gas production decreased over the month in September. Statewide natural gas gross withdrawals were at a preliminary level of 224,308 million cubic feet (MMcf) in September, down 6,945 MMcf (-3.0 percent) from the previous month's level of 231,253 MMcf. Over the year, statewide natural gas production was down 9,927 MMcf (-4.2 percent) from the September 2023 level of 234,235 MMcf.

The spot Henry Hub natural gas price began to increase in December due to closer-to-normal seasonal winter temperatures that increased demand for space heating. The Henry Hub spot price averaged $3.01/MMBtu in December, up 89 cents from $2.12/MMBtu in November.

Over the year, Baker Hughes Company reported 102 active natural gas-directed rigs in the United States for the week ending December 27, 2024, 18 less than 120 rigs reported on December 29, 2023.

Oklahoma drillers reported 2 active natural gas-directed rigs for the week ending December 27, 2024, up 1 over the month, according to Baker Hughes.



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.

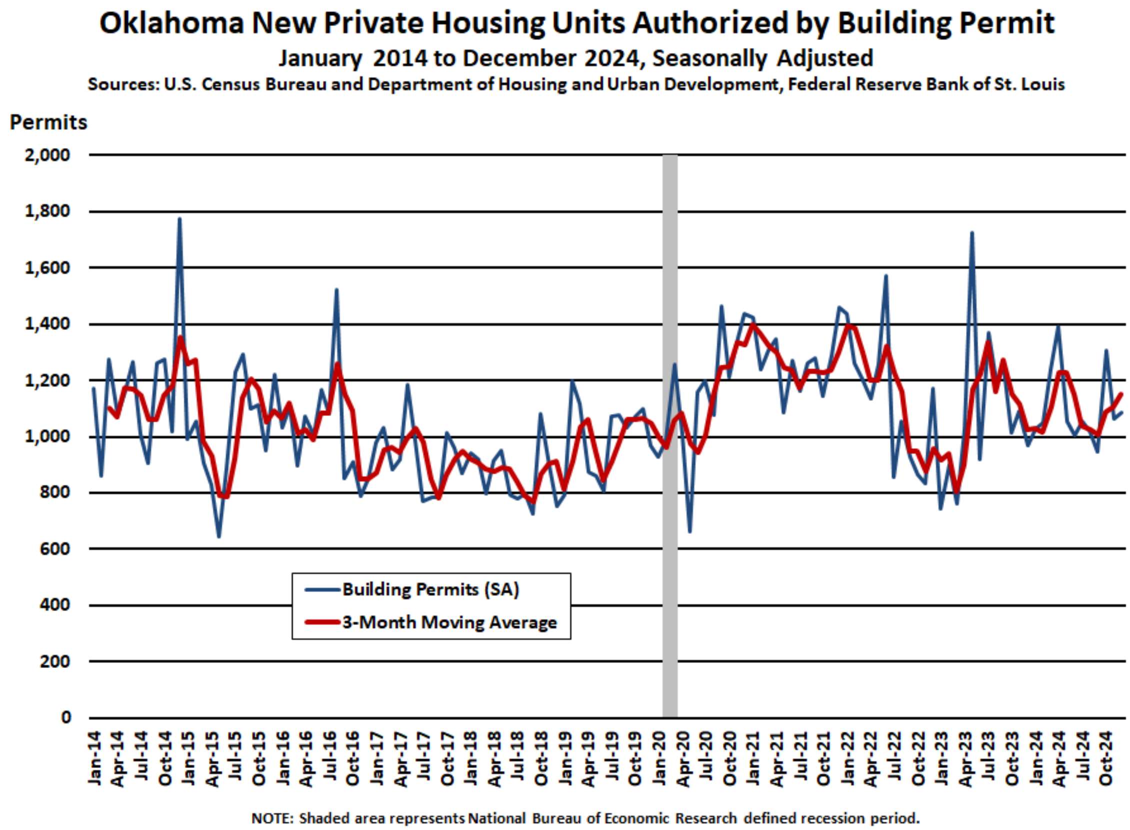
While home construction represents a small portion of the housing market, it has an outsize impact on the economy. Each home built creates an average of three jobs for a year and about $130,000 in taxes, according to the National Association of Home Builders. Overall, homebuilding fell to its lowest levels in 50 years in 2009, when builders began work on just 554,000 homes.

Current Developments

U.S. building permits, a sign of future construction, as a whole slipped in December, while permits for single-family homes rose to the highest level since last February. Privately-owned housing units authorized by building permits in December were at a seasonally adjusted annual rate of 1,483,000, 0.7 percent below the revised November rate of 1,493,000, and 3.1 percent below the December 2023 rate of 1,530,000, according to the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.

Single-family permits were at a rate of 992,000 in December, 1.6 percent above the revised November figure of 976,000. Permits to build apartments were at a rate of 437,000, a decline of 5.8 percent over the month.

According to the Census Bureau, an estimated 1,471,200 housing units were authorized by building permits in 2024. This is 2.6 percent below the 2023 figure of 1,511,100.



Definition & Importance

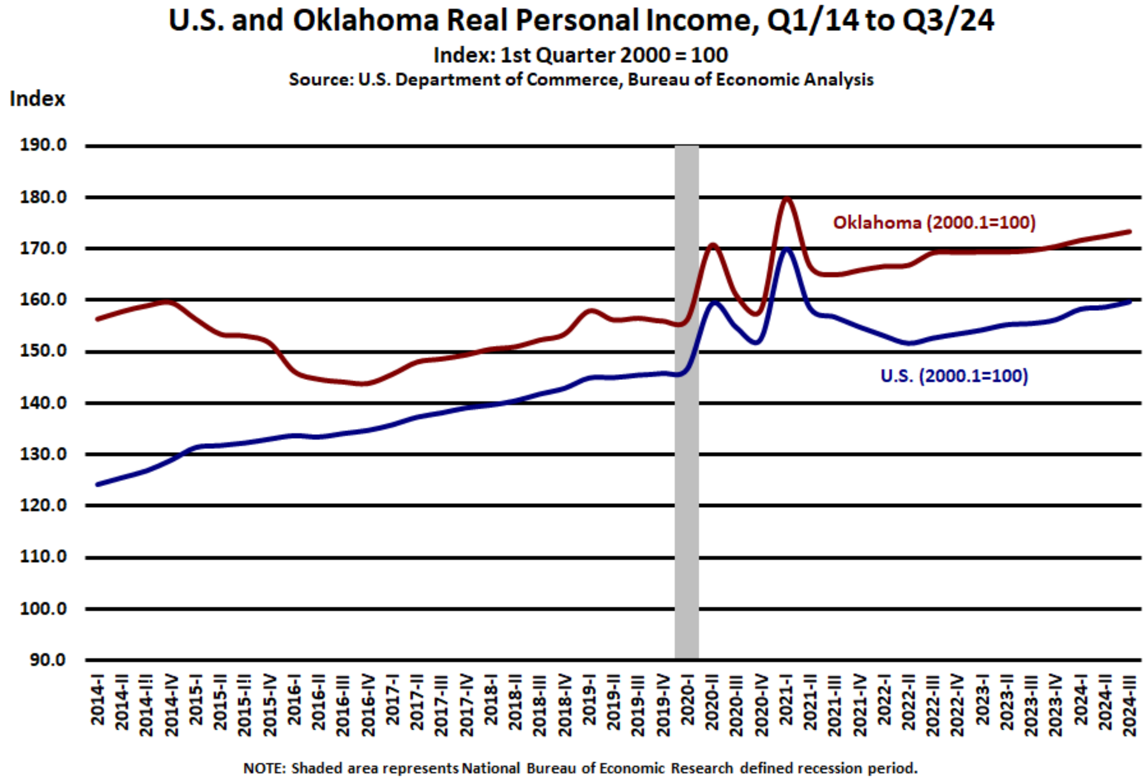
The data services of the Federal Reserve Bank of St. Louis produce a seasonally adjusted series including monthly state level data on the number of new housing units authorized by building permits. These adjustments are made using the X-12 Procedure of SAS to remove the seasonal component of the series 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

Statewide residential permitting edged up in December, finishing the year on the upswing. Total residential permitting in December was at a seasonally adjusted level of 1,086, up 20 (1.9 percent) from the upwardly revised November level of 1,066, and up 117 (12.1 percent) from the December 2023 level of 969 permits, according to figures from the U.S. Census Bureau and the Federal Reserve Bank of St. Louis.

In December, permitting for single family homes was at a seasonally adjusted level of 957 units, up 15 (1.6 percent), from a level of 942 in the previous month. Multi-family permitting was at a seasonally adjusted level of 129 in December, up 5 (3.9 percent) from the previous month's level of 124. Single-family permitting accounted for 88.2 percent of total residential permitting activity in December while the more volatile multi-family permitting accounted for 11.8 percent.

Statewide residential construction bounced back in 2024 after declining in the previous year. Total residential permitting for 2024 was at a preliminary seasonally adjusted level of 13,246 permits, 281 permits (2.2 percent) more than the 12,965 total permits issued during 2023. In 2024, single-family permits were up 811 (7.4 percent) over 2023, while permits to build apartments declined 530 (-22.8 percent).



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

Americans' personal income and consumer spending increased in December, amid strong demand for a wide range of goods and services. Personal income increased $92.0 billion (0.4 percent at a monthly rate) in December, according to estimates released today by the U.S. Bureau of Economic Analysis (BEA). Disposable personal income (DPI)—personal income less personal current taxes—increased $79.7 billion (0.4 percent) and personal consumption expenditures (PCE) increased $133.6 billion (0.7 percent). The PCE price index increased 0.1 percent. Excluding food and energy, the PCE price index increased 0.1 percent.

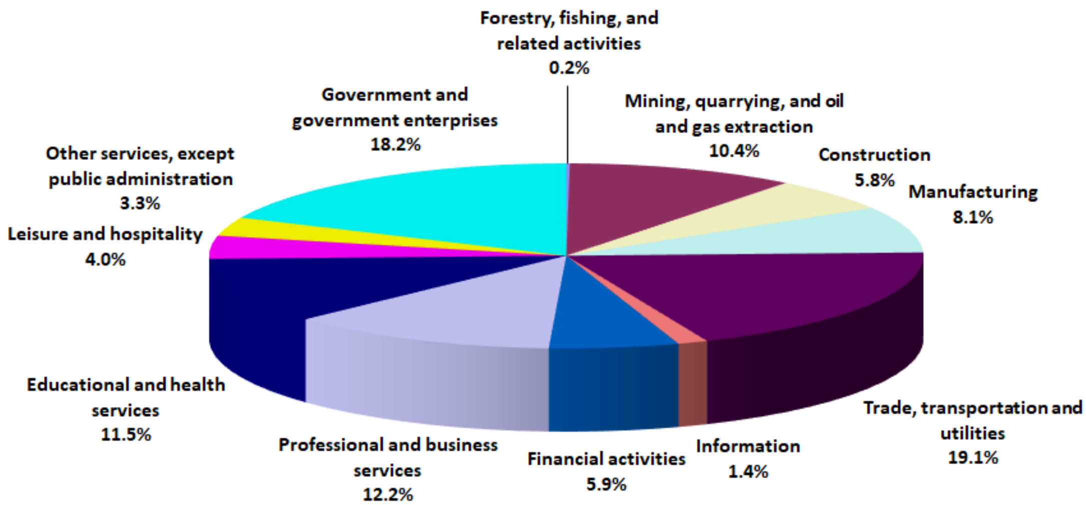
In December, outlays on goods increased 0.9 percent over the month, as nondurable goods spending increased 1.0 percent and durable goods increased 0.6 percent. Spending on services increased 0.6 percent.

With spending outpacing incomes, the personal savings rate—personal saving as a percentage of disposable personal income—fell to 3.8 percent in December from 4.1 percent in November.

Oklahoma Nonfarm Industry Contribution to Earnings

Third Quarter 2024

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.

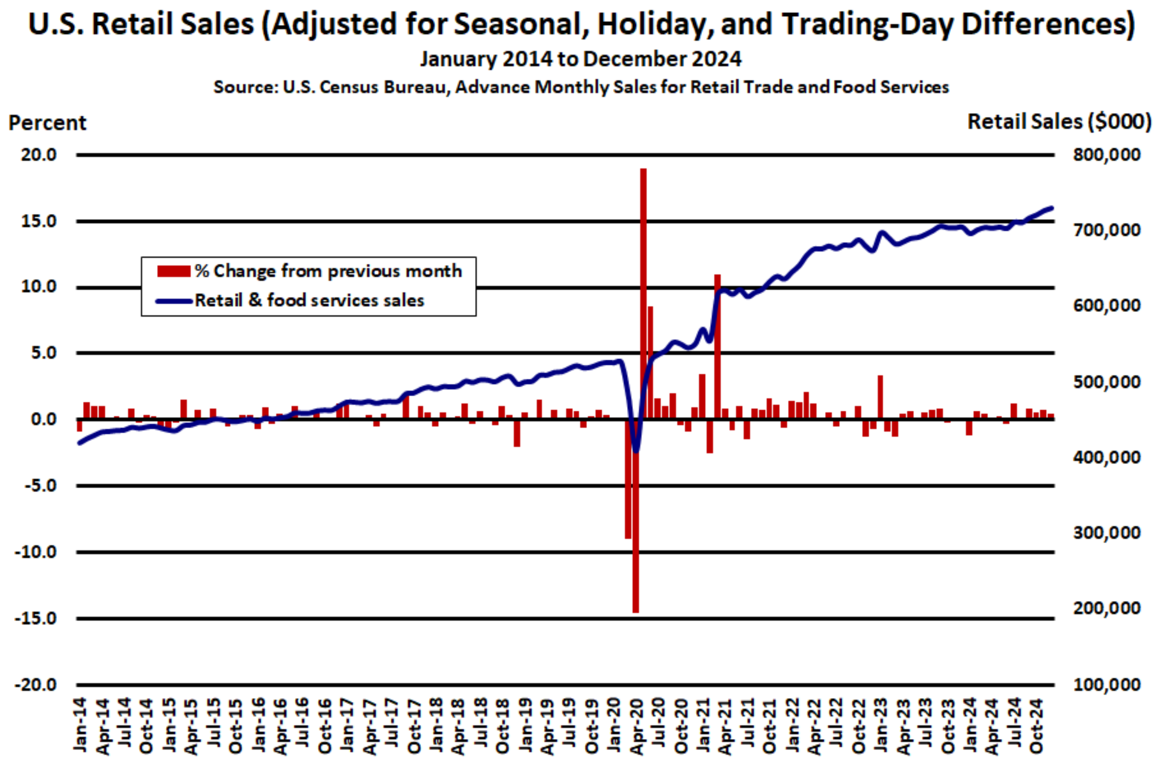
Current Developments

State personal income—a measure of nationwide income calculated as the sum of personal income of all states and the District of Columbia—increased in 46 states, including Oklahoma, and the District of Columbia in the 3rd quarter of 2024, with the percent change ranging from 6.9 percent at an annual rate in Arkansas to –2.3 percent in North Dakota, according to estimates by the U.S. Bureau of Economic Analysis (BEA).

Oklahoma's personal income decelerated to a 2.6 percent rate in the 3rd quarter of 2024, to a level of $258.0 billion, ranking the state 36th among all states. For the 2nd quarter of 2024, Oklahoma's personal income was revised downward to $256.3 billion (4.8 percent) from the previous estimate of $256.8 billion (5.4 percent).

Earnings increased in 49 states, including Oklahoma, and the District of Columbia, while growing 3.8 percent nationally. The percent change in earnings ranged from 10.5 percent in Arkansas to –1.9 percent in North Dakota. Earnings was the largest contributor to growth in personal income in 47 states and the District of Columbia. In Oklahoma, earnings increased 2.8 percent in the 3rd quarter of 2024.

Earnings increased in 17 of the 24 industries for which BEA prepares quarterly estimates. In Oklahoma, state and local government (0.38 percentage point) was the leading contributor to 3rd quarter earnings. Professional, scientific, and technical services (0.34 percentage point) was the second-leading contributor to statewide earnings growth, followed by farm earnings (0.32 percentage point).



Definition & Importance

Retail sales measure the total receipts at stores that sell merchandise and related services to final consumers. Sales are by retail and food services stores. Data are collected from the Monthly Retail Trade Survey conducted by the U.S. Bureau of the Census. Essentially, retail sales cover the durables and nondurables portions of consumer spending. Consumer spending accounts for roughly two-thirds of the U.S. GDP and is therefore essential to Oklahoma's economy. Retail sales account for around one-half of consumer spending and economic recovery calls for consumption growth.

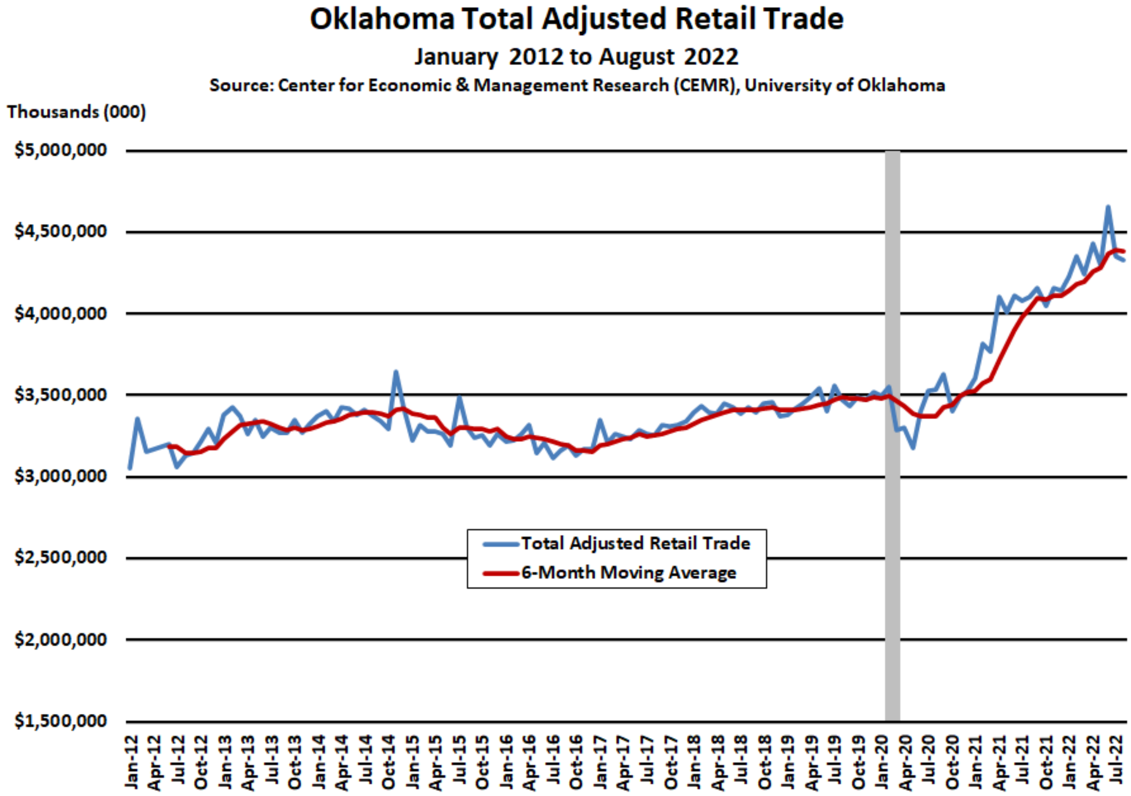
Current Developments

U.S. retail sales increased in December as households bought motor vehicles and a range of other goods, pointing to strong demand in the economy. Advance estimates of U.S. retail and food services sales for December 2024, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were $729.2 billion, an increase of 0.4 percent from the previous month, and up 3.9 percent from December 2023, according to the U.S. Census Bureau. Total sales for the October 2024 through December 2024 period were up 3.7 percent from the same period a year ago. The October 2024 to November 2024 percent change was revised from up 0.7 percent to up 0.8 percent.

Sales at auto dealerships rose 0.7 percent in December, after accelerating 3.1 percent in November. Higher gasoline prices boosted receipts at services stations by 1.5 percent. Excluding sales at gas stations and auto dealers, sales rose 0.3 percent in December.

Sporting goods, hobby, musical instrument and bookstore sales jumped 2.6 percent. Receipts at furniture stores climbed 2.3 percent while those at clothing retailers rebounded 1.5 percent. Receipts at miscellaneous store retailers, including gift shops and florists, soared 4.3 percent. Online store sales rose only 0.2 percent. But receipts at food services and drinking places, the only services component in the report, fell 0.3 percent after edging up 0.1 percent in November

The less volatile "core" or retail-control group sales which are used to calculate gross domestic product, and strips out automobiles, gasoline, building materials, and food services sales surged 0.7 percent in December after an unrevised 0.4 percent gain in November.



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

NOTE: As of August 2022, the Center for Economic and Management Research (CEMR) Price College of Business, at the University of Oklahoma discontinued publication of the Oklahoma Business Bulletin and the Oklahoma Monthly Retail Sales Series. We are currently exploring options for replacing this dataset.