



2009 Oklahoma Economic Outlook

Owasso Economic Summit

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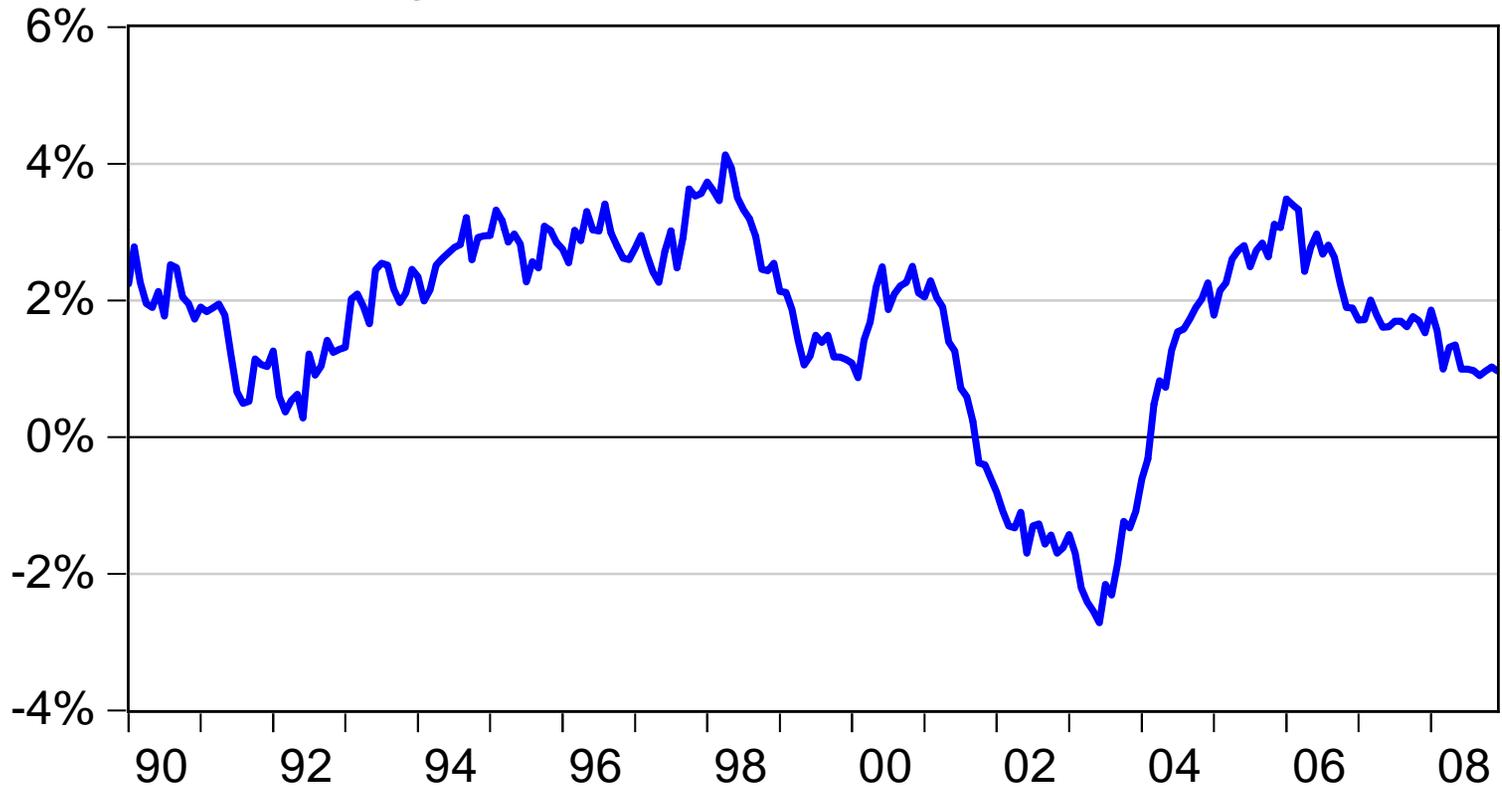
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Job Growth Remains Well Above U.S.

Growth in OK Wage & Salary Employment
Percent change, annual rate

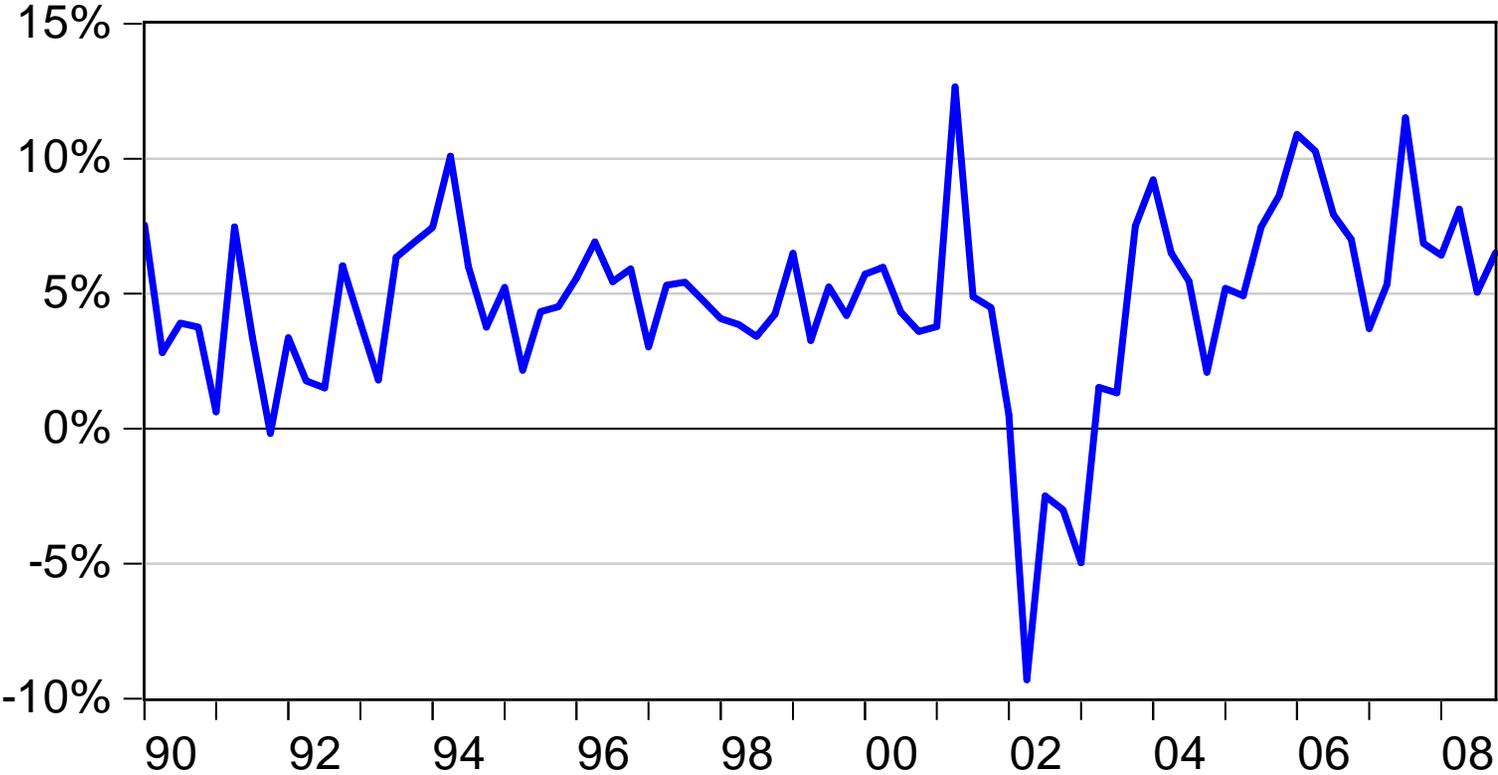




Retail Sales Suggest Strength

Growth in OK Taxable Retail Sales

Seasonally adjusted, annual rate



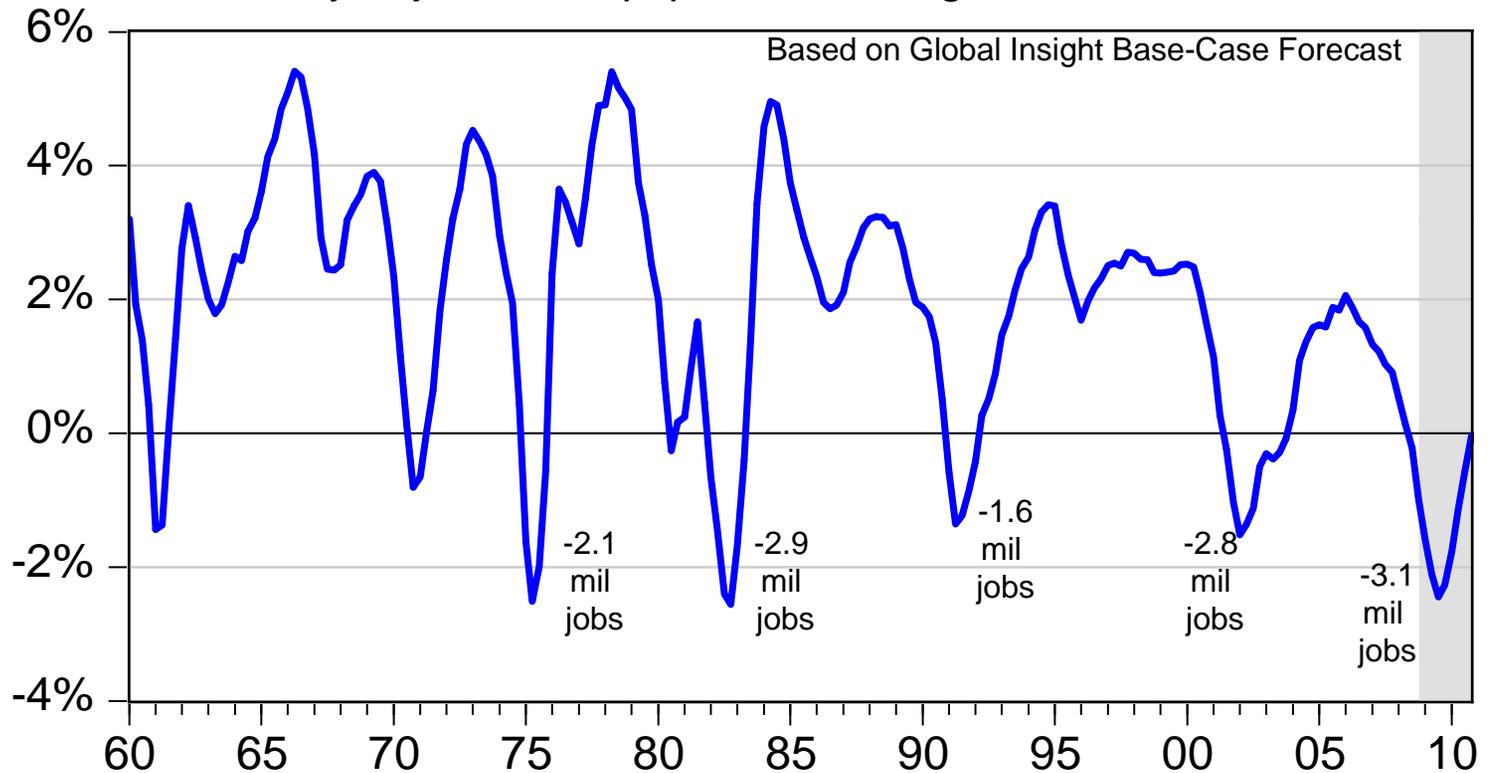


Forecast Assumes Severe US Recession

2008Q4-2009Q2

Growth in U.S. Non-Farm Employment

Seasonally adjusted, 4-qr percent change



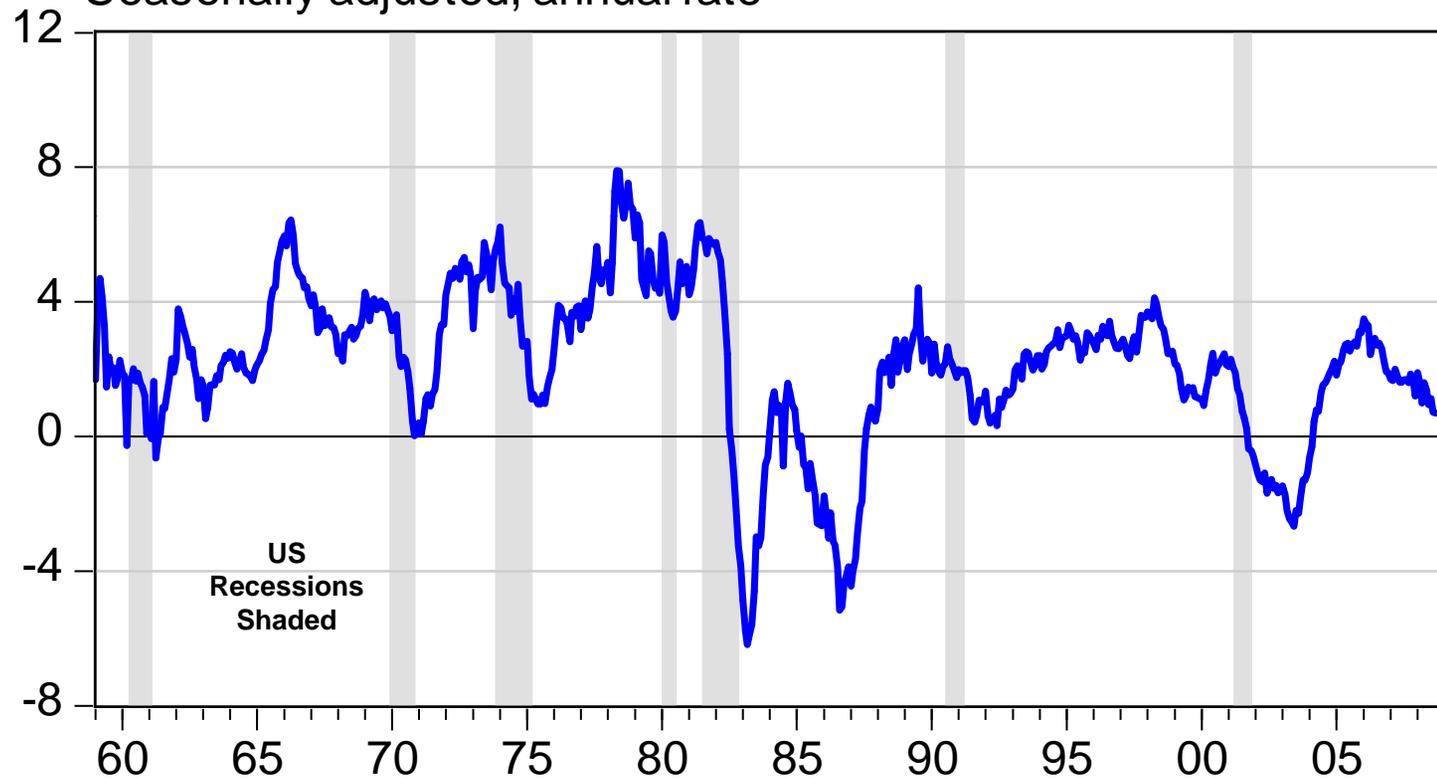


Will Energy Insulate OK in 2009?



Growth in OK Non-Farm Employment

Seasonally adjusted, annual rate





Oklahoma Response

Oklahoma's '09 outlook depends upon 2 factors:

Momentum:

- 1% job growth (top 10 in U.S.)
- 5%+ retail sales growth

Energy sector:

- Threshold - \$45-50 oil / \$6 natural gas



2009 U.S. Base Forecast Assumptions*

Weakness in 2008Q4, 2009Q1-Q2

- Recession extends through 2nd Qtr of 2009
- Job losses through 4th Qtr of 2009 (-1.5% in '09)
- Oil: \$50/bbl. in 2009, \$60 in 2010
- Nat. gas: \$6.50/mcf in 2009, \$7.50 in 2010
- Very weak manufacturing sector (Int'l trade)
- Unemployment rate from 6.5% to 8.25%

*Global Insight



2009 Oklahoma Economic Outlook

Job Losses Arrive in '09

| Selected Oklahoma Indicators | 2008e | 2009f | 2010f |
|---|------------------|------------------|------------------|
| Non-Farm Employment (Thou) | 1582.6 | 1,580.5 | 1598.1 |
| (% Change) | 1.1% | -0.1% | 1.1% |
| Personal Income (\$Mil) | 133,557.4 | 137,763.0 | 142,602.3 |
| | 5.8% | 3.1% | 3.5% |
| Unemployment Rate | 3.7% | 4.9% | 5.2% |
| | -13.0% | 31.4% | 5.3% |
| OK Population (Thou) | 3,621.9 | 3,656.3 | 3,682.8 |
| | 1.2% | 0.9% | 0.7% |
| OFHEO Oklahoma Housing Price Index | 214.02 | 225.19 | 238.71 |
| | 4.2% | 5.2% | 6.0% |





Metro Job Gains Reflect State Pattern

Wage & Salary Employment Forecast (Thousands)

| Region | 2007 | 2008e | 2009f | 2010f |
|------------------|---------------|---------------|----------------|---------------|
| Oklahoma | 1565.9 | 1582.6 | 1,580.5 | 1598.1 |
| | 1.7% | 1.1% | -0.1% | 1.1% |
| OKC MSA | 566.94 | 574.48 | 575.85 | 582.74 |
| | 1.2% | 1.3% | 0.2% | 1.2% |
| Tulsa MSA | 425.83 | 427.72 | 427.06 | 430.0 |
| | 1.6% | 0.4% | -0.2% | 0.7% |





Pessimistic Case Assumptions

- U.S. GDP growth negative thru 4th Qtr 2009
- 10 Quarters of U.S. job losses thru 2nd Qtr 2010
- Oil: \$35/bbl. in 2009, \$50 in 2010
- Nat. gas: \$5.75/mcf in 2009, \$6.75 in 2010
- Unemployment rate from 6.5% to 9.3% in 2010





2009 Oklahoma Economic Outlook

Pessimistic Case

| Selected Oklahoma Indicators Pessimistic Scenario | 2008e | 2009f | 2010f |
|--|------------------|------------------|------------------|
| Non-Farm Employment (Thou) | 1,582.3 | 1,572.8 | 1,583.5 |
| (% Change) | 1.1% | -0.6% | 0.7% |
| Personal Income (\$Mil) | 133,510.8 | 136,138.1 | 138,714.5 |
| | 5.7% | 2.0% | 1.9% |
| Unemployment Rate | 3.8% | 5.2% | 5.9% |
| | -12.8% | 38.9% | 12.2% |
| Taxable Retail Sales (\$Mil) | 45,114 | 46,366 | 47,347 |
| | 6.4% | 2.8% | 2.1% |





Owasso Forecasting Model

- Driven by available data at city/zip level
- Wage & salary employment – 12 industry sectors
- Wage and salary income (not by sector)
- Sales and use tax revenue
- Business establishments
- Population (school enrollments)
- Building permits (single family)
- No: govt. sector, unemployment, total income





Owasso 'Growth Spurt'

- Job growth >10% annually the past decade
- Population growth 5-7% annually
- School enrollment up 3-4% annually
- # of business establishments up 3-5% annually
- 300-500 new houses each year
- 15% annual wage and salary income growth
- Regional retail hub (retail 10%+ > pop 5%+)
- Limited boost from oil/gas and tribal activity



Clear Signs of Moderating Growth in '08

- '06 was peak growth year (20% job gain)
- Job growth rate slowed in both '07 and '08
- School enrollment nearly flat in '07/'08 (0.7%)
- Retail sales downshifted to 7% range in '07/'08
- Building permits down 40% since 2005
- Hiring slowdown in traditional cyclical sectors



2009 Owasso Outlook Summary

Selected Owasso Economic Indicators

Base Scenario

| Indicator | 2007e | 2008e | 2009f |
|---|-------------------------|-------------------------|-------------------------|
| Wage & Salary Employment (% Change) | 10,325 14.6% | 11,118 7.7% | 11,229 1.0% |
| Wage & Salary Income (\$Mil) | \$243.8 16.3% | \$275.0 12.8% | \$285.0 3.7% |
| Population | 26,352 4.9% | 27,580 4.7% | 28,760 4.3% |
| Taxable Retail Sales (\$Mil) | \$535.83 7.5% | \$575.10 7.3% | \$588.51 2.3% |





2009 Owasso Outlook, Cont.

- Hiring gains in health services, financial services, wholesale & retail trade
- Job losses in manufacturing, construction, professional & business services (temporary employment)
- Housing will remain weak but near bottom

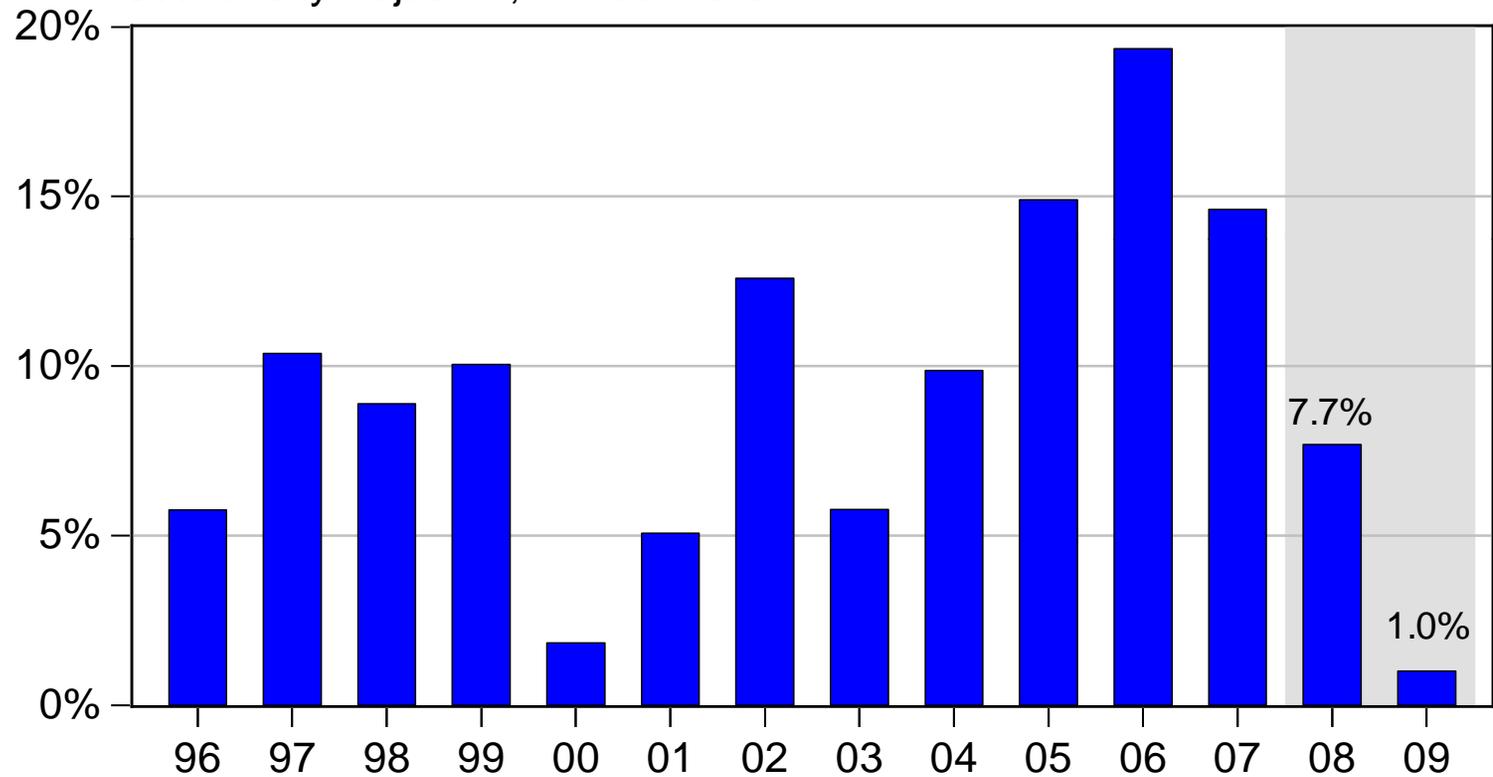




Job Market Not Immune to Slowdown

Growth in Owasso Wage & Salary Employment

Seasonally Adjusted, Annual Rate

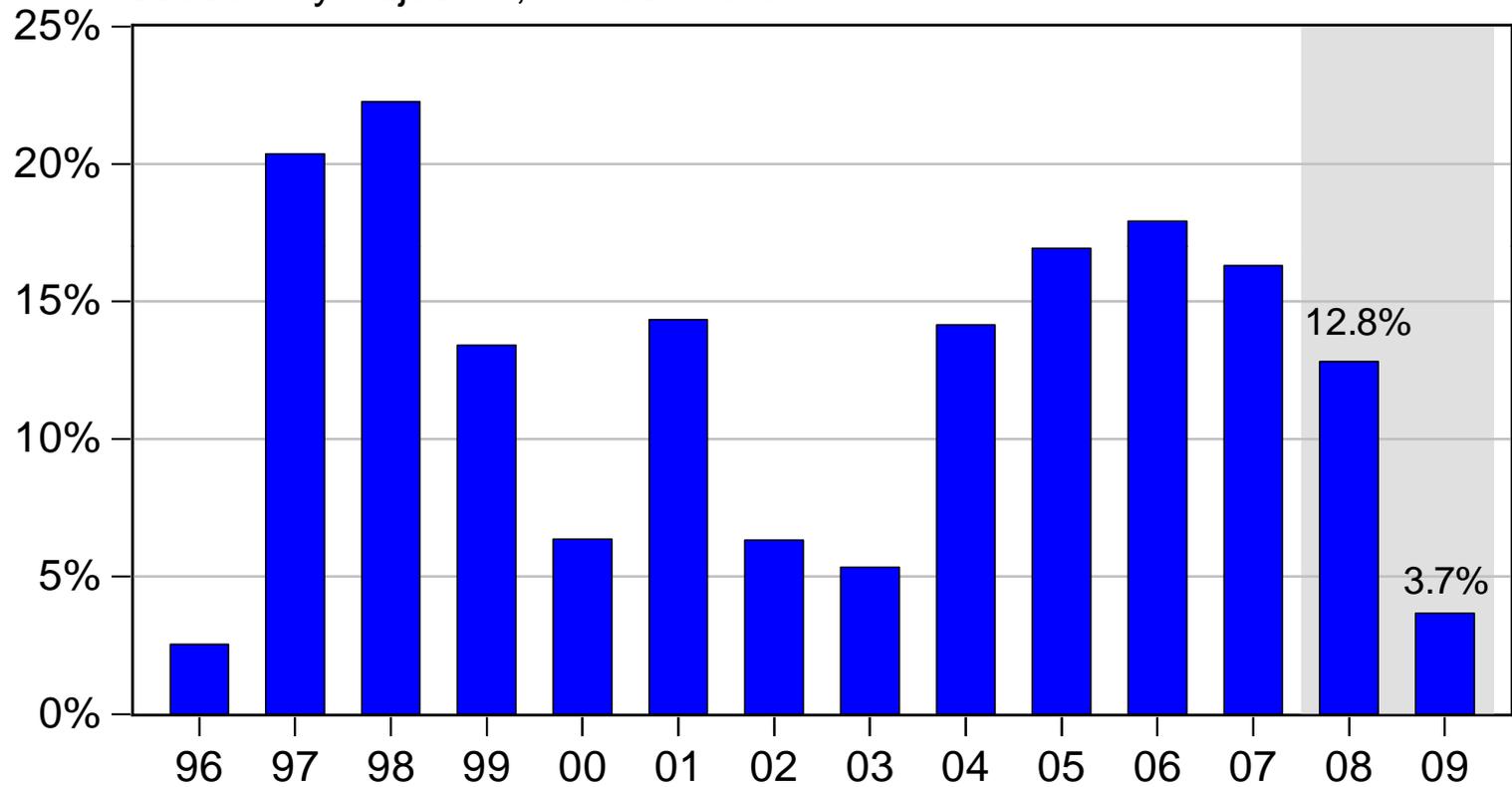




Wage Growth Slows to Levels in Last Recession

Growth in Owasso Wage & Salary Income

Seasonally Adjusted, Annual Rate

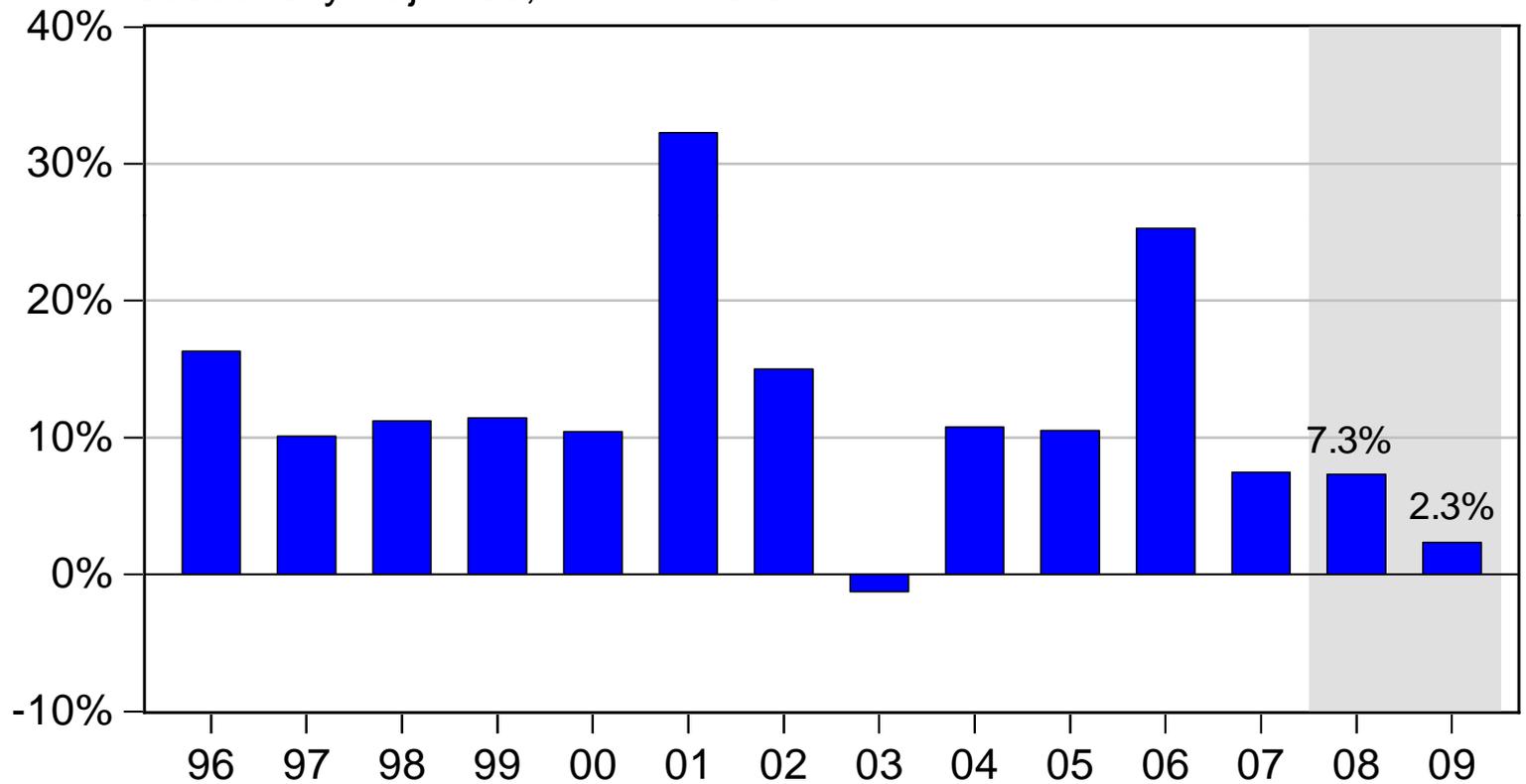




Retail Follows Income

Down from 7% in '07/'08

Growth in Owasso Taxable Retail Sales
Seasonally Adjusted, Annual Rate



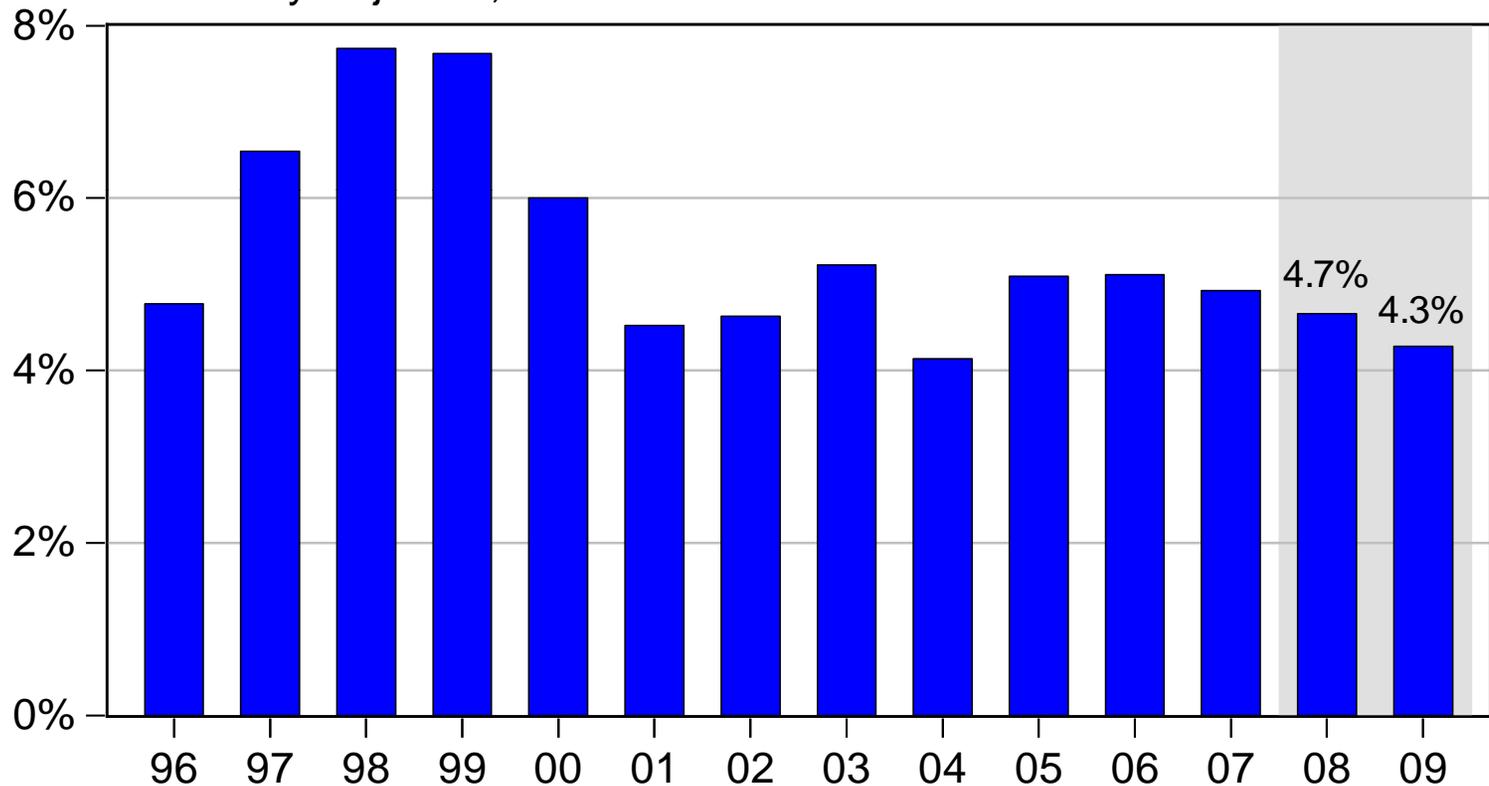


Population Gains Continue

Housing, Job Market Much Better Than Nation

Growth in Owasso Population

Seasonally Adjusted, Annual Rate





2009 Owasso Outlook, Cont.

- ‘Growth spurt’ has slowed
- Cyclical slowdown at state/national level will further dampen local growth
- Owasso should add a small number of jobs in ‘09
- Hiring gains in health services, financial services, wholesale & retail trade
- Job losses in manufacturing, construction, professional & business services (temporary employment)





**Full forecast releases are available
online at:**

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