PONCA CITY â€” The rising number of oil rigs in Oklahoma has tapered off, Chad Wilkerson, Oklahoma City branch executive for the Federal Reserve Bank of Kansas City, told the Ponca City Economic Forum on Wednesday. The slow down is due to the price of oilâ€™s not advancing above $50 a barrel, he said. â€œI think you are going to need oil to be at $60 a barrel for there to be an increase in rig exploration,â€• Wilkerson said. â€œRight now at $50 a barrel, oil firms are somewhat profitable and can maintain some of their activity.â€• Wilkerson pointed out that in the earlier part of this decade, the stateâ€™s oil industry believed profitability was at $80 a barrel but that technological advances and cutting service costs on equipment and oil sites had reduced the dollar amount. The Oklahoma oil industry saw oil crashing downward to almost $25 a barrel in the early part of 2016. Since then a barrel of oil has close to doubled in price.

The ripple effect of the rise in oil can be seen in the increased hiring in construction, professional and business services, and moderate growth in health and the hospitality fields. The state is still seeing a decline in trade and transportation. Manufacturing output in the state is also projected to increase â€” especially when connected to the needs of the oil patch. â€œTechnology in the oil field is going to continue to advance, but the impact of cutting service costs is going to rise, eventually affecting profitability,â€• Wilkerson said. Another economic negative for the Oklahoma oil industry is the strength of the U.S. dollar overseas. â€œThe strength of the dollar has hurt oil prices,â€• Wilkerson noted. Although $50 a barrel oil may slow Oklahomaâ€™s current economic rebound, the state has seen improvement in a number of sectors. The rig count did rise strongly during the first part of the year. The current slowdown is now in the area of exploration. Although the agriculture sector remains weak in the state as compared to 2014, it has shown a slight improvement over last yearâ€™s economic indicators. â€œOklahomaâ€™s agriculture sector was being held up longer than the national average by what Oklahoma farmers were getting for their cattle, but cattle prices finally took a tumble in 2015,â€• Wilkerson said. Wilkerson pointed out that the stateâ€™s agricultural sector is still doing better than most states within the federal 10th District, which includes Oklahoma, Kansas, Nebraska, Colorado, Wyoming, northern New Mexico and western Missouri. The value of farmland in Oklahoma has also declined only marginally in comparison to other states in the 10th District. Sales tax collections are up over last year in nearly all Oklahoma counties, and the state has almost closed the gap in job growth with the U.S. average, at nearly 2 percent over last year, he said. Oklahomaâ€™s unemployment rate now mirrors the nationâ€™s at roughly 4.5 percent. These factors contributed to the financial condition of the stateâ€™s banks being on par with the national level. One worry, though, is the lag in wages. â€œWages have not increased,â€• Wilkerson said. â€œI believe that is because the economic improvement has drawn in people who had dropped out of the labor pool and the fact that organized labor is as strong as it was.â€• Data from the Federal Reserve Bank of Kansas City show that one of the primary driving economic forces for northeastern Oklahoma is manufacturing, while for northern Oklahoma it is still oil and agriculture. Tribal government expansion is credited as a major economic factor for southeastern Oklahomaâ€™s economy.