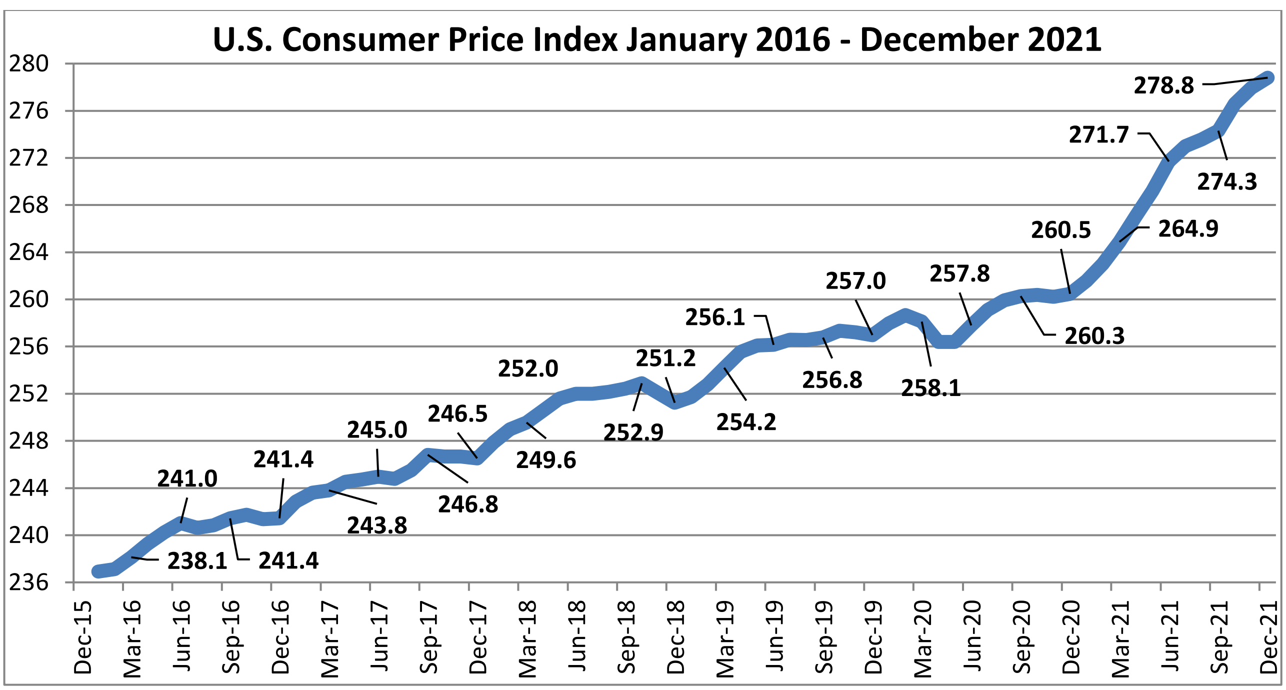
4th Quarter 2021 Consumer Price Index Report — February 2022

Executive Summary

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by American consumers for goods and services. The Consumer Price Index is measured by the U.S. Bureau of Labor and Statistics and reported monthly and is often used as a measure for cost of living and economic conditions. The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 87 urban areas across the country from about 4,000 housing units and approximately 26,000 retail establishments--department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments.

The 4th quarter average Consumer Price Index (US City Average) increased to 277.8 from its 273.6 level last quarter showing strong inflationary pressures on the US economy. Monthly CPI has generally been trending upwards since November 2016 with periodic declines in December 2017 and 2019. The effects of the COVID-19 pandemic caused the CPI to decline from a high of 258.7 in February 2020 to 256.4 in April and May 2020. As the economy gradually reopened, prices rose steadily with CPI reaching 260.5 by December 2020. The effects of the economy reopening, supply chain challenges, and the demand for goods led prices to increase significantly in the 1st and 2nd quarters of 2021 with CPI reaching 271.7 in June. The 3rd quarter did not see as significant of an increase with CPI reaching 274.3 in September. However, the effects of variants led prices to increase significantly in the 4th quarter with CPI reaching 278.8 in December. The current levels of inflation (6.22% in October, 6.81% in November, and 7.04% in December) are well above the level that the Federal Reserve generally considers acceptable.

The yearly levels keep trending upwards: 2021 annual average CPI rose to 271.0, compared to the 2020 average of 258.8 and 2019 average of 255.7. The current YTD inflation rate is at 4.7% with a 271.0 YTD average CPI.



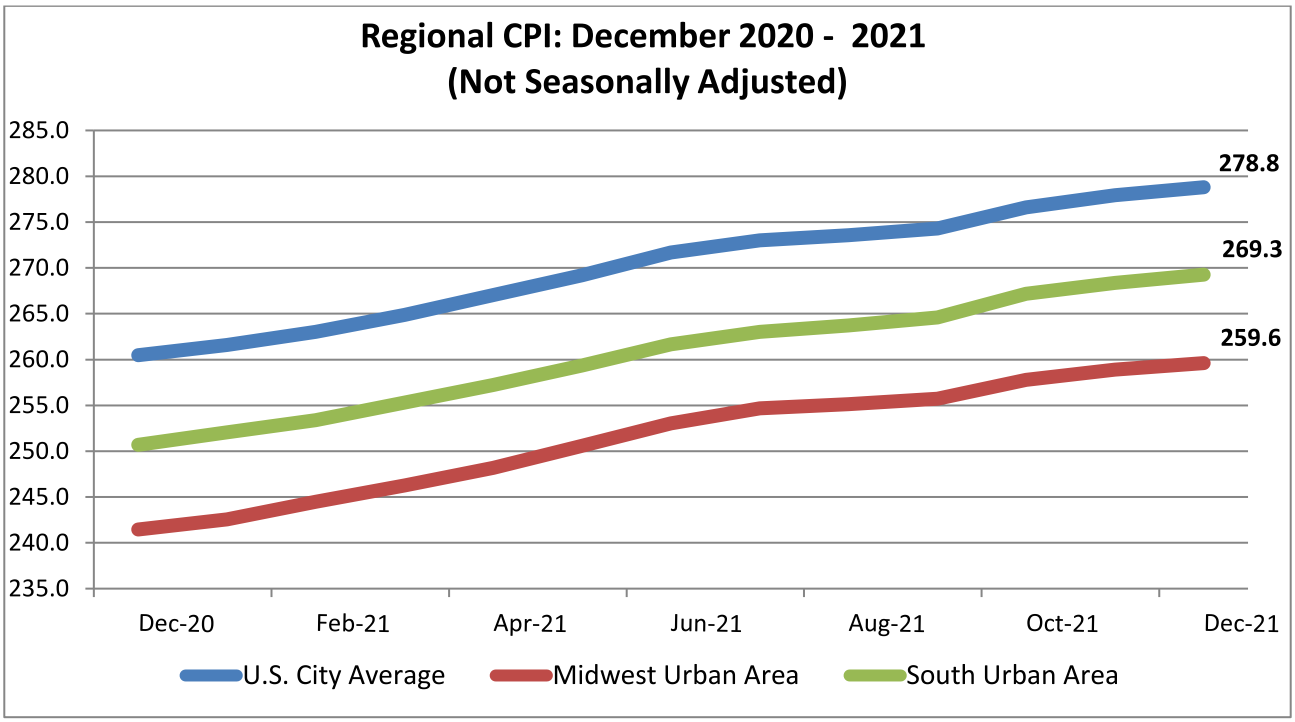
U.S. City Average ***Not Seasonally Adjusted*** *– December 2021 – 278.8*

Regional Consumer Price Index

Oklahoma is the most northwestern state in the Southern region, as defined by the Bureau of Labor Statistics. Oklahoma shares many characteristics with the Midwest region, given that it is in such close proximity. The South region is comprised of: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. The Midwest region is comprised of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

The Midwest and the South Urban Areas' CPIs increased by 7.03% and 6.82%, respectively, over the 12-month period, while the national CPI increased 6.58%. Gains in the costs of food, gasoline, and rent were primarily driven by the pandemic, major winter storms and significant disruptions in the supply chains of many industries that are very gradually recovering.

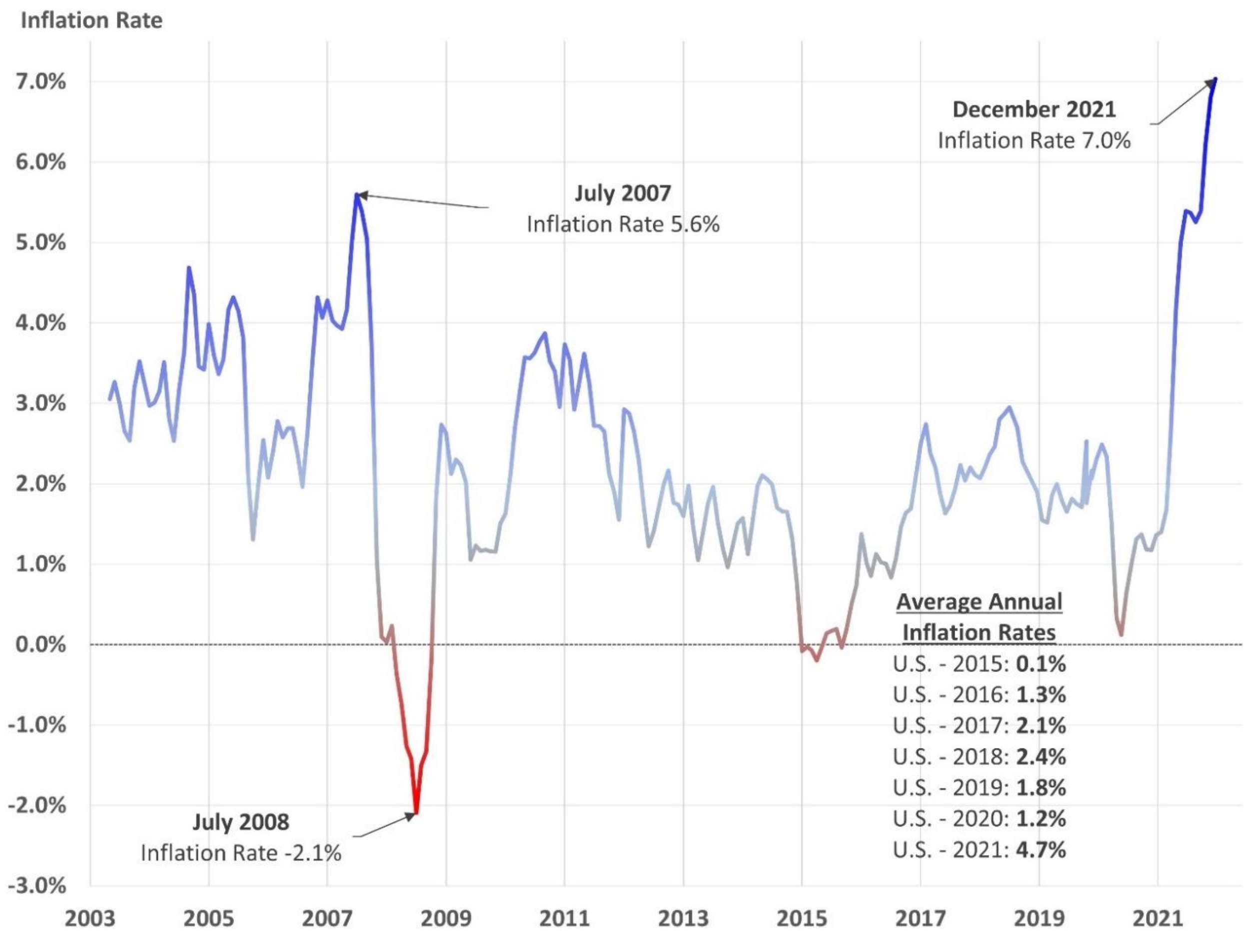
The graph below shows a 12-month moving average for the U.S., as well as the South and Midwest Regions.



12-Month Moving Average: **U.S.** – 271.0, **Midwest Urban Area** – 252.2, **South Urban Area** – 261.3

Inflation Rate (Month over Month)

The inflation rate is a measure of the rise in the general price levels of goods and services over a period of time. The chief measure of price inflation is the percentage change in the Consumer Price Index.



Observations:

From late 2015 to the present, the US has not seen any deflation year over year, but the Federal Open Market Committee's target of two-percent inflation was only hit once in 2016. Moving forward in 2017 and 2018, meeting the 2% goal proved to be more successful. Inflation was over the 2% mark for most months in 2017, except for May through August (when it fluctuated between 1.633% and 1.939%), and remained above 2% throughout 2018, until December. This is partially why the Federal Reserve continued to raise interest rates in December 2017 and three times in 2018, bumping up target inflation to 2.5% at the end of 2019. The Federal Reserve had to reverse the trend during the pandemic, but as stimulus funds were dispersed and the economy continued to recover inflation rates had been consistently over 2% in 2021, settling at 4.7% for the year. Although the current high rates can largely be attributed to an economic recovery peppered by variants, global supply chain issues, as well as labor market issues, there is growing public concern. As rates continue in this upward trend the federal reserve will try to counteract inflationary pressures with a series of rate increases starting spring of 2022.

Methodology: The graph above illustrates month-over-month inflation levels using the U.S. City Average measure of the CPI. For example, the December 2021 inflation level of 7.0% was calculated by comparing the CPI of the preceding December (2020) to the December 2021 figure.

Consumer Price Index - All Urban Consumers - Not Seasonally Adjusted- All Items

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Average YTD	Inflation Rate YOY
2004	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9	190.9	191.0	190.3	188.9	2.7%
2005	190.7	191.8	193.3	194.6	194.4	194.5	195.4	196.4	198.8	199.2	197.6	196.8	195.3	3.4%
2006	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8	201.6	3.2%
2007	202.4	203.5	205.4	206.7	207.9	208.4	208.3	207.9	208.5	208.9	210.2	210.0	207.3	2.9%
2008	211.1	211.7	213.5	214.8	216.6	218.8	220.0	219.1	218.8	216.6	212.4	210.2	215.3	3.8%
2009	211.1	212.2	212.7	213.2	213.9	215.7	215.4	215.8	216.0	216.2	216.3	215.9	214.5	-0.4%
2010	216.7	216.7	217.6	218.0	218.2	218.0	218.0	218.3	218.4	218.7	218.8	219.2	218.1	1.6%
2011	220.2	221.3	223.5	224.9	226.0	225.7	225.9	226.5	226.9	226.4	226.2	225.7	224.9	3.2%
2012	226.7	227.7	229.4	230.1	229.8	229.5	229.1	230.4	231.4	231.3	230.2	229.6	229.6	2.1%
2013	230.3	232.2	232.8	232.5	232.9	233.5	233.6	233.9	234.1	233.5	233.1	233.0	233.0	1.5%
2014	233.9	234.8	236.3	237.1	237.9	238.3	238.3	237.9	238.0	237.4	236.2	234.8	236.7	1.6%
2015 U.S. City Average	233.7	234.7	236.1	236.6	237.8	238.6	238.7	238.3	237.9	237.8	237.3	236.5	237.0	0.1%
2015 Midwest Urban Area	221.5	222.3	223.6	223.8	224.7	225.9	225.9	225.8	225.2	225.1	224.0	222.7	224.2	-0.5%
2015 South Urban Area	226.9	227.9	229.3	230.0	230.9	232.0	231.7	231.3	230.9	230.9	230.4	229.6	230.1	-0.2%
2016 U.S. City Average	236.9	237.1	238.1	239.3	240.2	241.0	240.6	240.9	241.4	241.7	241.4	241.4	240.0	1.3%
2016 Midwest Urban Area	223.3	223.2	224.6	225.6	226.5	227.8	226.8	227.1	227.6	227.4	226.7	226.8	226.1	0.8%
2016 South Urban Area	229.5	229.6	231.0	232.0	232.9	233.8	233.3	233.5	234.1	234.3	234.0	234.2	232.7	1.1%
2017 U.S. City Average	242.8	243.6	243.8	244.5	244.7	245.0	244.8	245.5	246.8	246.7	246.7	246.5	245.1	2.1%
2017 Midwest Urban Area	228.3	228.6	228.8	229.7	229.7	229.8	229.8	230.4	231.0	230.7	231.1	230.5	229.9	1.7%
2017 South Urban Area	235.5	236.1	236.2	236.7	236.8	237.3	236.9	237.9	239.6	239.1	238.9	238.5	237.5	2.0%
2018 U.S. City Average	247.9	249.0	249.6	250.5	251.6	252.0	252.0	252.1	252.4	252.9	252.0	251.2	251.1	2.4%
2018 Midwest Urban Area	232.0	232.5	232.9	233.9	235.1	235.5	235.3	235.3	235.5	235.7	234.3	233.5	234.3	1.9%
2018 South Urban Area	239.8	241.1	241.6	242.5	243.3	243.8	243.8	243.6	243.6	244.2	243.5	242.2	242.7	2.2%
2019 U.S. City Average	251.7	252.8	254.2	255.5	256.1	256.1	256.6	256.6	256.8	257.4	257.2	257.0	255.7	1.8%
2019 Midwest Urban Area	233.8	235.4	236.8	237.5	238.2	238.3	238.8	238.8	238.8	239.2	238.9	238.7	237.8	1.5%
2019 South Urban Area	242.6	243.9	245.6	246.8	246.7	246.5	247.3	247.0	246.9	247.4	247.4	247.3	246.3	1.5%
2020 U.S. City Average	258.0	258.7	258.1	256.4	256.4	257.8	259.1	259.9	260.3	260.4	260.2	260.5	258.8	1.2%
2020 Midwest Urban Area	240.0	240.4	239.2	263.5	237.3	239.3	240.4	241.4	241.9	241.7	241.3	241.5	242.3	1.9%
2020 South Urban Area	248.0	248.4	248.1	246.3	245.7	247.2	248.6	249.6	250.2	250.5	250.3	250.7	248.6	1.0%
2021 U.S. City Average	261.6	263.0	264.9	267.1	269.2	271.7	273.0	273.6	274.3	276.6	277.9	278.8	271.0	4.7%
2021 Midwest Urban Area	242.6	244.5	246.2	248.2	250.6	253.0	254.7	255.1	255.1	257.8	258.9	259.6	252.2	4.1%
2021 South Urban Area	252.1	253.4	255.3	257.2	259.3	261.7	263.0	263.7	264.6	267.2	268.4	269.3	261.3	5.1%

The table above, All Items Consumer Price Index for All Urban Consumers (CPI-U) is the Bureau of Labor Statistics' broadest and most comprehensive index. The base index year is 1982-1984 = 100. Source: U.S. Bureau of Labor Statistics, www.bls.gov/data