U.S. and Oklahoma Economic Update

Perry Lion’s Club
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Overview of the Federal Reserve System

• The “Fed” consists of three main entities:
  • Board of Governors: 7 members appointed by U.S. President
  • Federal Reserve Banks: 12 total; semi-independent by design
  • Federal Open Market Committee: 19 members; 12 voting

• As with most central banks, the Fed’s primary responsibilities fall within four general areas:
  • Lender of last resort – provide liquidity in times of crisis
  • Monetary policy – promote full employment and low inflation
  • Bank regulation – ensure safety and soundness of banks
  • Financial services – bank for banks, bank for federal govt.
Federal Reserve Districts and Office Locations
The Oklahoma City Branch of the Federal Reserve Bank of Kansas City

- **Functions – 40 staff**
  - Research on U.S. and Oklahoma economies
  - Economic and financial education outreach
  - Examinations of Oklahoma financial institutions

- **2014 board of directors**
  - **Jim Dunn (chair)**, Chairman, Mill Creek Lumber & Supply, Tulsa
  - **Clint Abernathy**, Owner, Abernathy Farms, Inc., Altus
  - **Linda Capps**, Vice Chairman, Citizen Potawatomi Nation, Shawnee
  - **Michael Coffman**, CEO, Panhandle Oil & Gas, Inc., Oklahoma City
  - **Pete Delaney**, Chairman & CEO, OGE Energy Corp., Oklahoma City
  - **Chuck Hall**, Chairman & CEO, Exchange Bank & Trust, Perry
  - **Jane Haskin**, President & CEO, First Bethany Bank & Trust, Bethany
The U.S. Economy and Monetary Policy
The U.S. economy continues to recover.
Unemployment continues to fall and could reach long-term levels by 2015

Sources: U.S. Bureau of Labor Statistics, FOMC
Inflation remains low and is expected to stay relatively subdued through 2016.

Sources: U.S. Bureau of Labor Statistics, FOMC
Most FOMC participants project the first federal funds rate increase in 2015

Federal Funds Rate
Year-end target

Note – Number of participants who project the initial increase will occur in the specified year in parenthesis

Sources: Federal Reserve Board, FOMC
The Oklahoma Economy
Employment continues to rise and is back to or above pre-recession levels in the state.
Oklahoma outpaced the U.S. and all but three other states in 2013 GDP growth.
Unemployment is low throughout the state, especially northwest and south central Oklahoma.

**Oklahoma County Unemployment Rates**

*May 2014*

*Source: OK Employment Security Commission*
In June, energy and government jobs were down from last year, but others were up.

Oklahoma Job Growth by Industry
Jun-14

Percent change year-over-year

Source: Bureau of Labor Statistics
State banking conditions have nearly returned to “normal,” in terms of past dues.
Recent rains have helped, but drought conditions persist in much of Oklahoma.

U.S. Drought Monitor, July 2014

Source: USDA
Summary

• U.S. economic growth continues, and the outlook appears favorable for both unemployment and inflation.

• Oklahoma’s economy continues to grow solidly, with unemployment in most of the state below the U.S. rate.
Questions and Links

For more information about the Oklahoma City Branch of the Federal Reserve Bank of Kansas City, visit our website at:

http://www.kansascityfed.org/oklahomacity/

For more information about the Oklahoma economy, subscribe to the quarterly Oklahoma Economist at:

www.kansascityfed.org/publications/research/oke