

# U.S. and Oklahoma Economic Outlook

*CFO Roundtable*

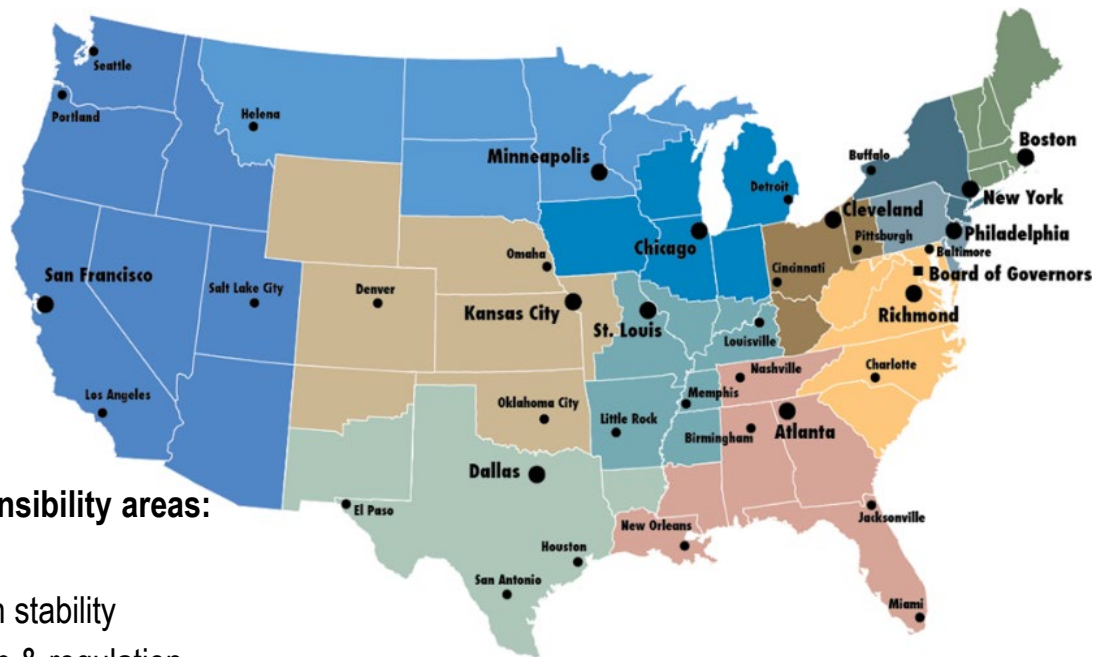
*June 20, 2024*

Chad Wilkerson  
SVP & Oklahoma City Branch Executive

\*The views expressed herein are those of the presenter only and do not necessarily reflect the views of the Federal Reserve Bank of Kansas City or the Federal Reserve System.



# Structure & Functions of the Federal Reserve



## 5 primary responsibility areas:

- Monetary policy
- Financial system stability
- Bank supervision & regulation
- Payment system safety & efficiency
- Consumer protection & community development

## 3 primary entities:

- Board of Governors: 7 members appointed by U.S. President
- Federal Reserve Banks: 12 total; semi-independent
- Federal Open Market Committee: 19 members; 12 voting





# The Oklahoma City Branch of the Federal Reserve Bank of Kansas City

[www.kansascityfed.org/oklahomacity](http://www.kansascityfed.org/oklahomacity)

- **Functions and purposes ~ 50 staff**
  - Research on U.S. and Oklahoma economies; energy sector and business survey focus
  - Examinations of Oklahoma financial institutions (~45 banks, ~175 holding cos.)
  - Risk analysis and IT development for bank exams; exam assistance for other Fed offices
  - Community development and economic education programming for low/moderate income groups and students
- **2024 OKC Branch Board of Directors**
  - **Dana Weber (chair)**, Chair & CEO, Webco Industries, Sand Springs
  - **Mark Burrage**, CEO, FirstBank, Antlers/Atoka
  - **Scott Case**, President, Case & Associates Properties, Tulsa
  - **Walt Duncan**, President, Duncan Oil Properties, OKC
  - **Rhonda Hooper**, President & CEO, Jordan Advertising, OKC
  - **Terry Salmon**, President, Computer System Designers, OKC
  - **Brady Sidwell**, Principal, Sidwell Enterprises, Enid



## Overview

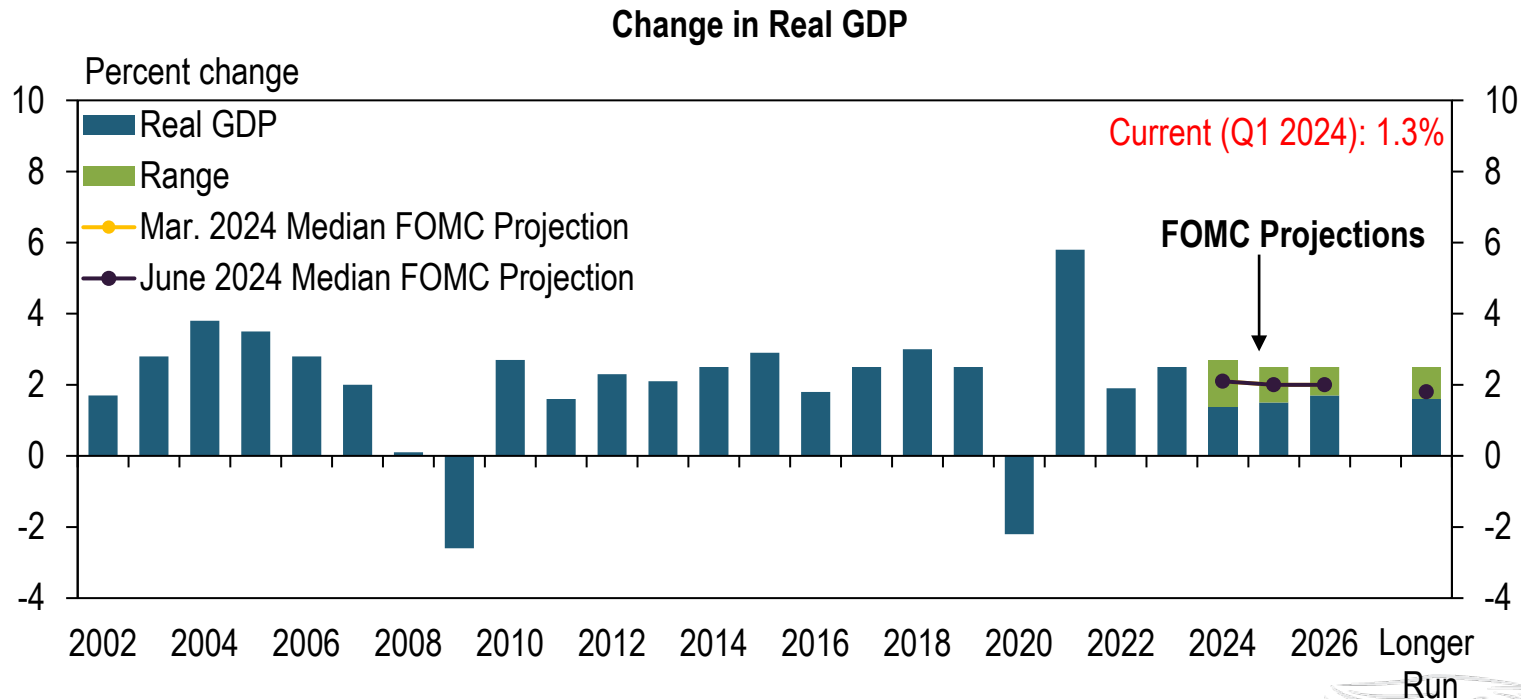
- U.S. economic growth has slowed but remains solid in early 2024, and unemployment is near 50-year lows
- Inflation remains too high, despite coming down from 2022 peaks
- The Fed has raised the overnight interest rate to over 5%
- Oklahoma's economy also continues to grow, and unemployment is low
- Oklahoma's population growth has outpaced the nation in recent years, driven by strong domestic in-migration, including to rural areas



# U.S. GDP growth slowed in Q1, and employment growth has eased in Q2

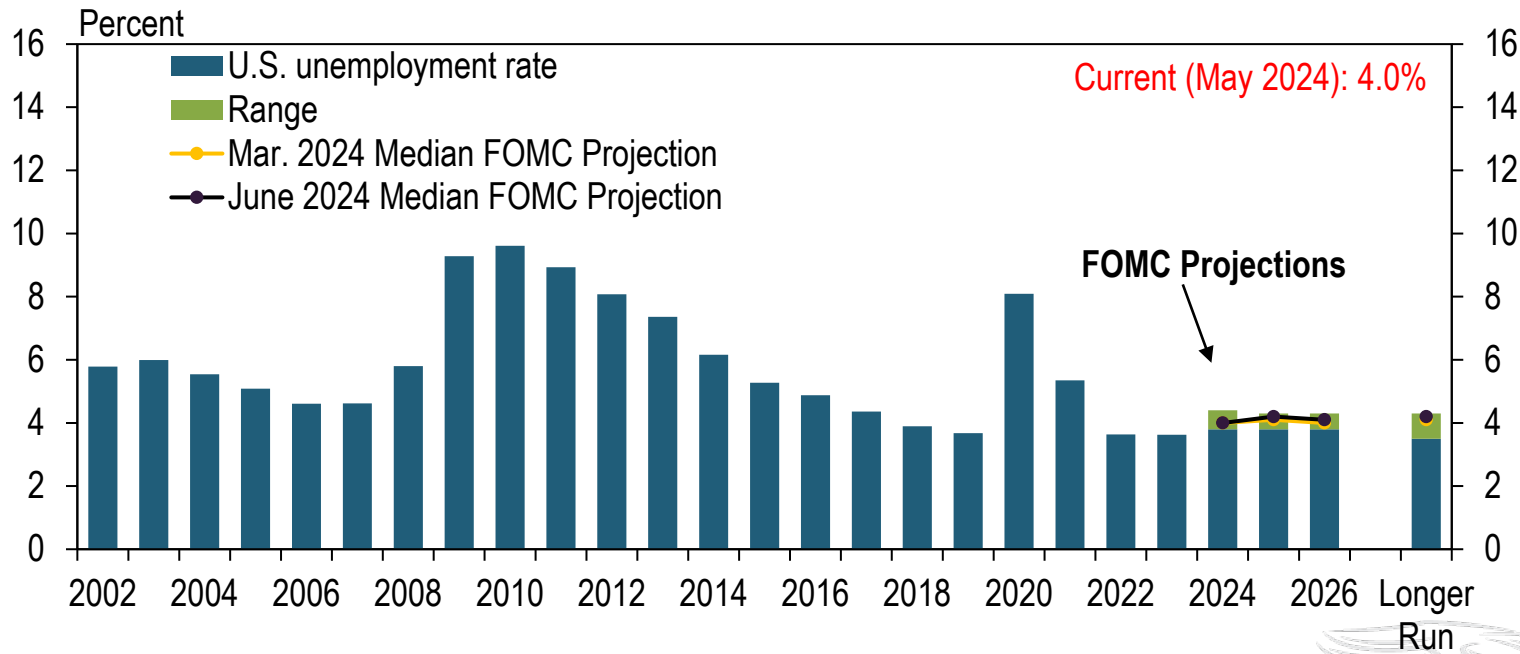


# U.S. GDP growth is still expected to remain solid in 2024 and be around the longer-term trend in 2025 and 2026

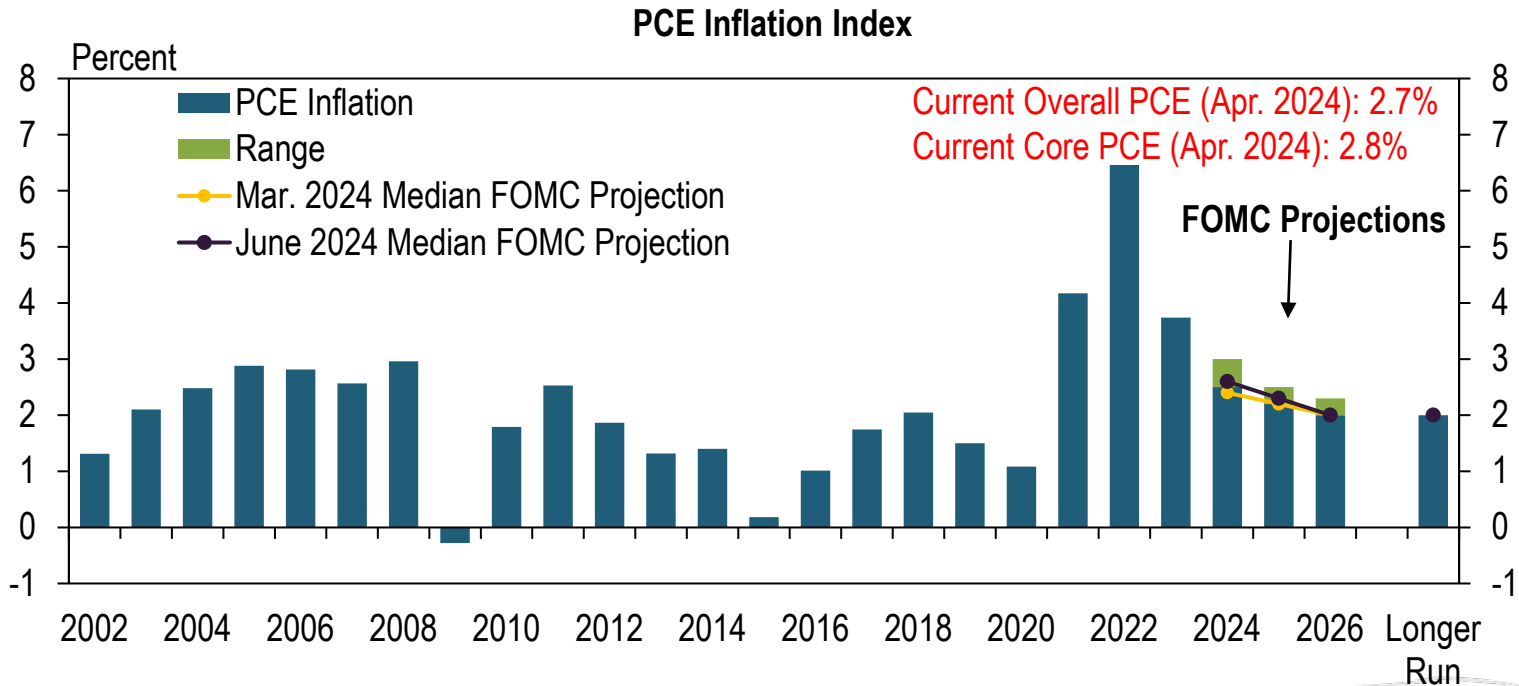


# U.S. unemployment remains historically low and is projected to remain low in coming years

## U.S. Unemployment Rate

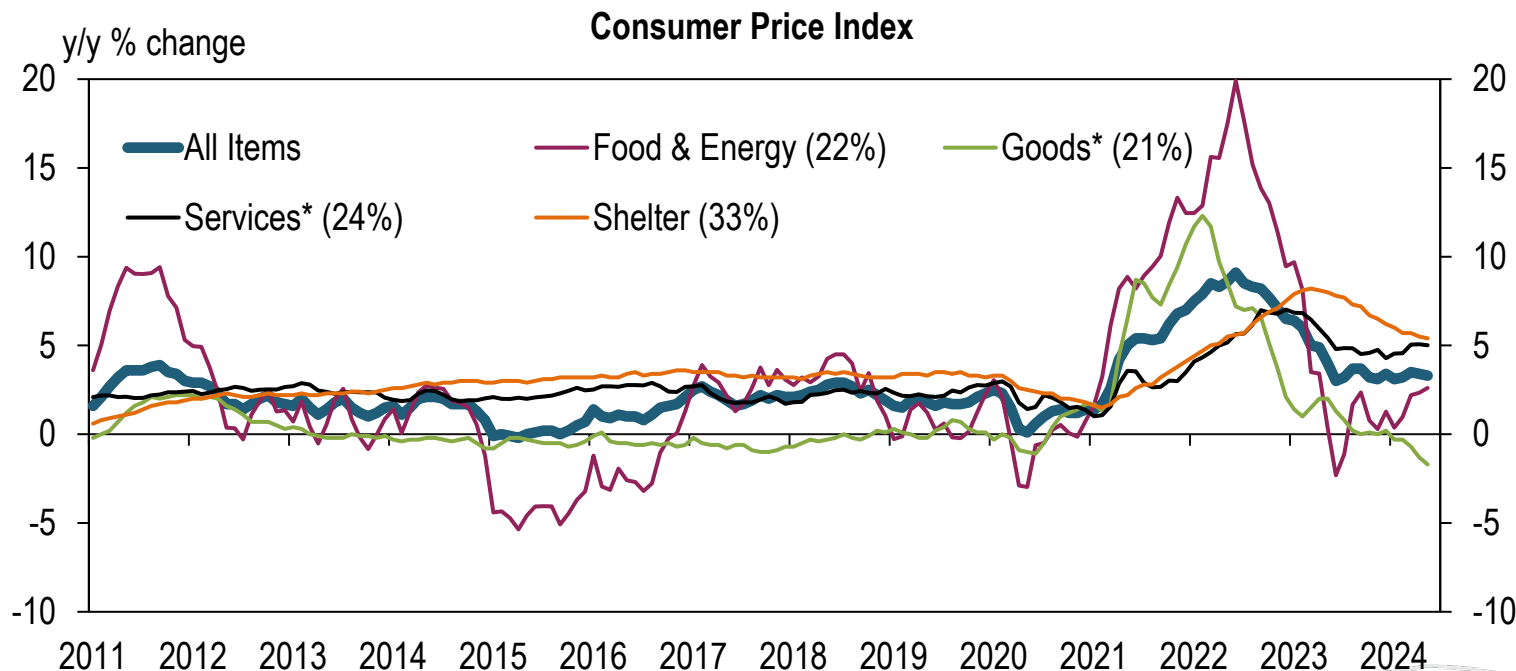


Although inflation has come down from 2022 peaks and is expected to fall further, it remains above longer-run levels





# CPI inflation ticked down to 3.3% in May, as goods prices fell but energy prices rose while services and shelter remain elevated



\*Goods excluding Food; Services excluding Energy.  
 Note: Relative Importance as Share of CPI shown in parenthesis.



# Wage growth is a key factor keeping services inflation high, and has come down moderately from recent highs

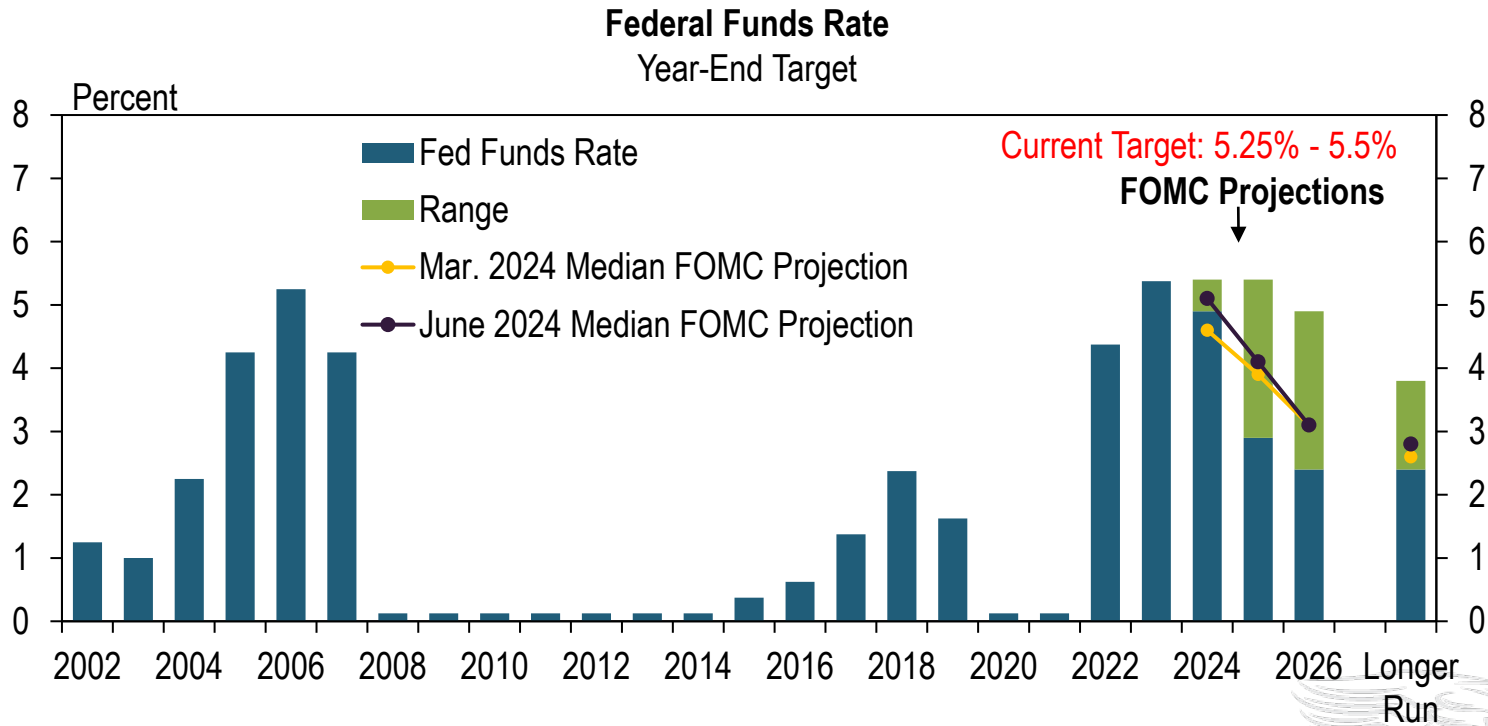


Note: Employment Cost Index data are interpolated between quarters

Sources: BLS/Haver Analytics



# The Fed held the federal funds rate steady again in May, after raising future projections again in June



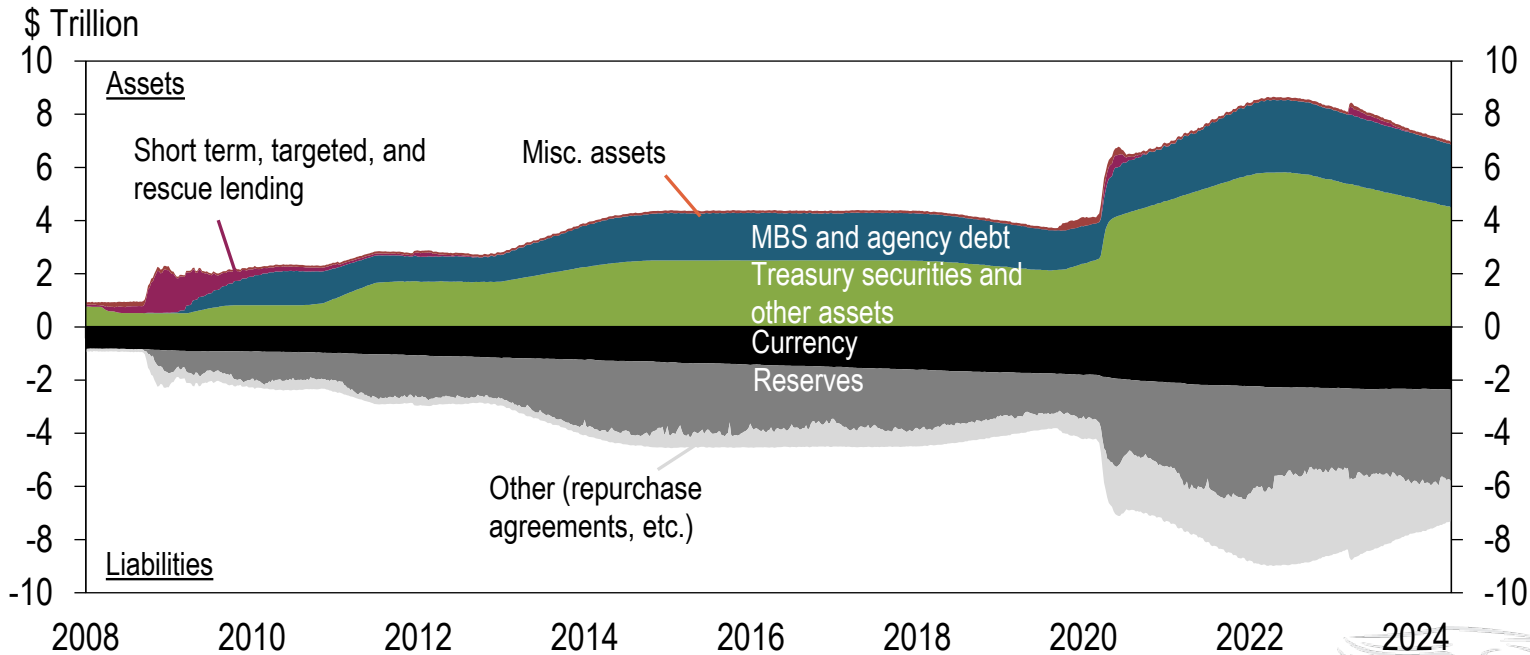
Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC



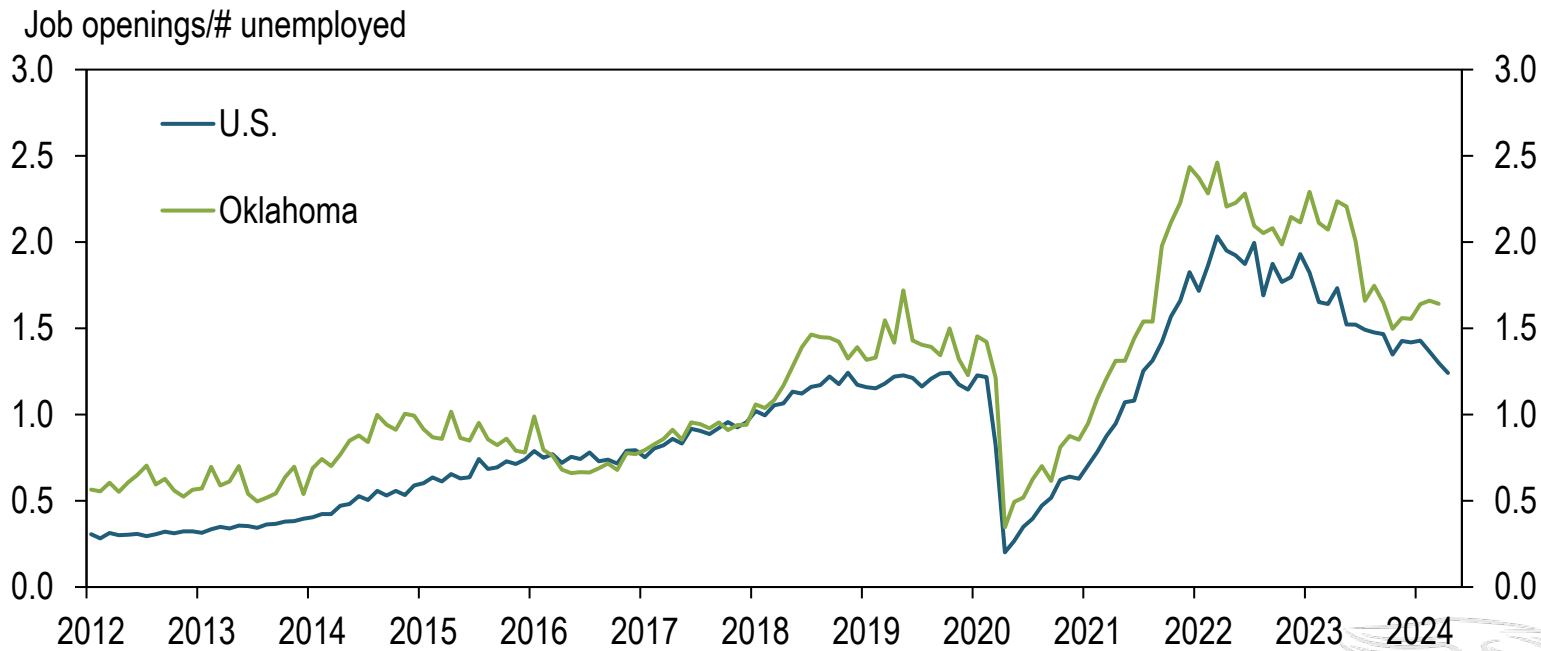
# The Fed also continues to reduce its balance sheet of high-quality securities, but diminished the planned pace in May

**Federal Reserve Balance Sheet**



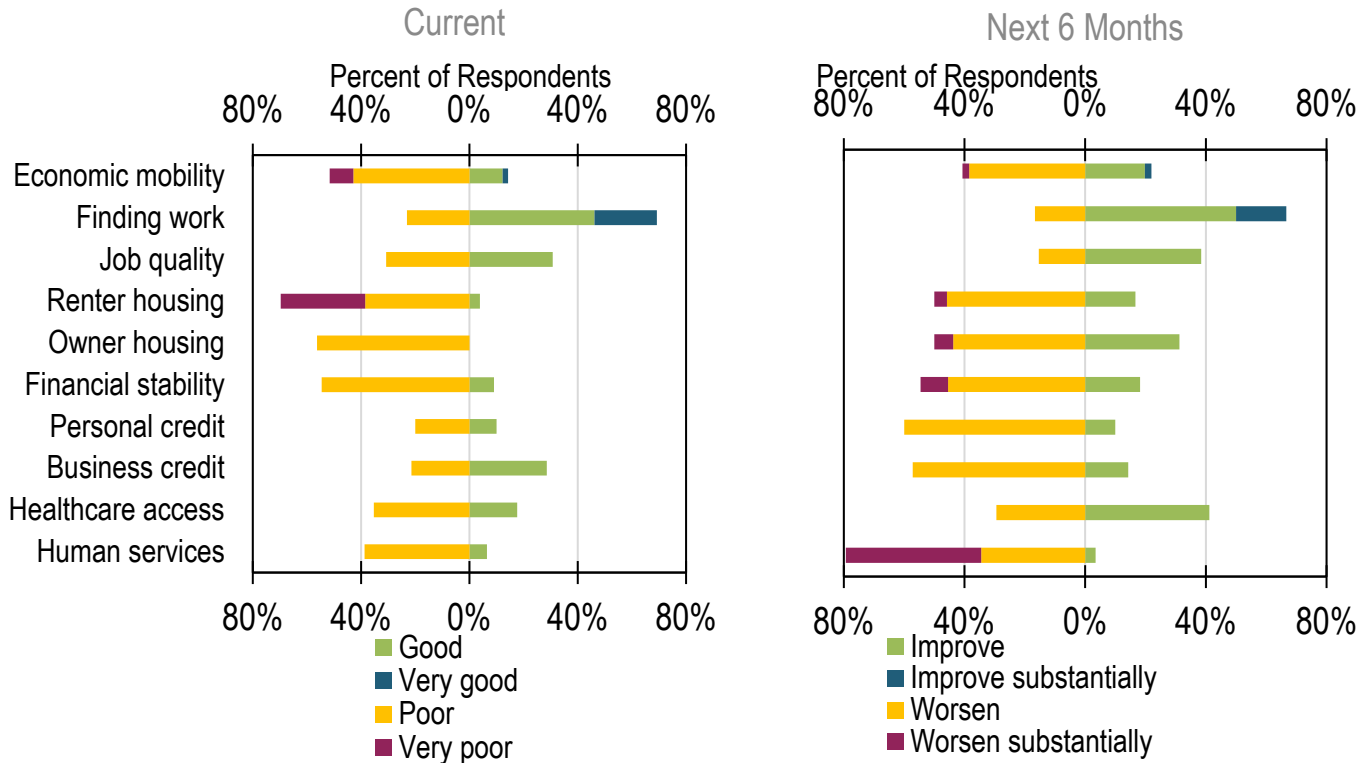
# Job openings still exceed unemployed workers, but have returned to near pre-pandemic levels nationally

**Job Openings/Unemployment Ratio**



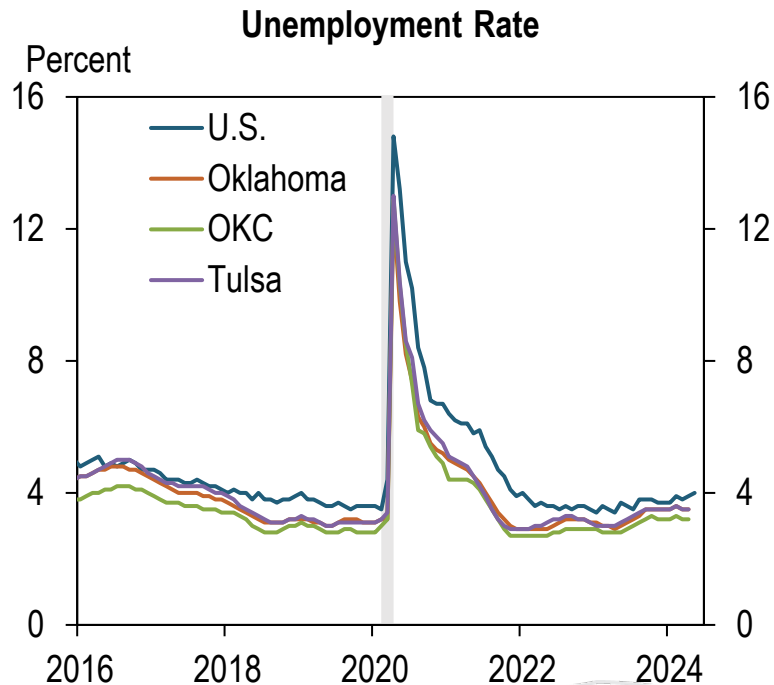
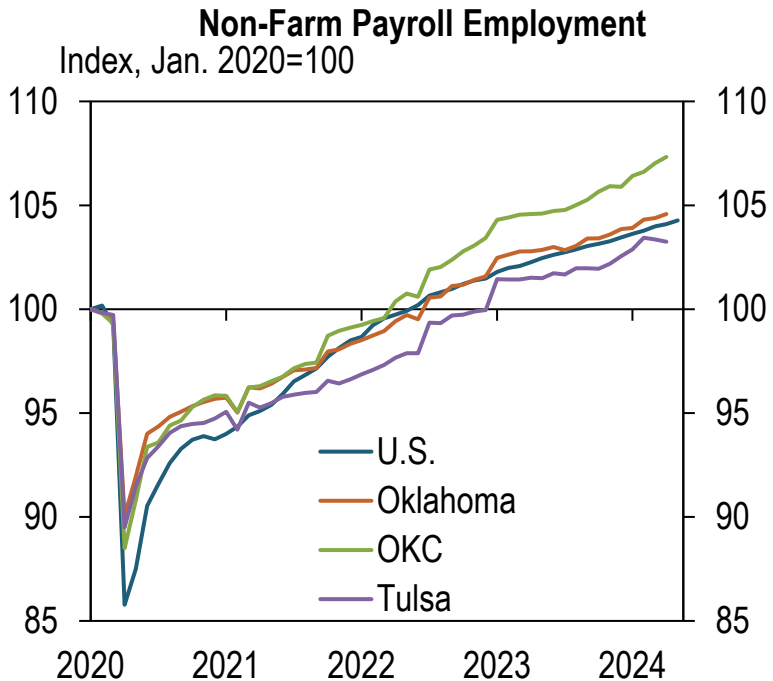
# The ability to find work has been good for lower income communities and job quality has improved, but most other conditions have been poor

## Tenth District Low- and Moderate-Income Community Conditions, 2<sup>nd</sup> Half 2023



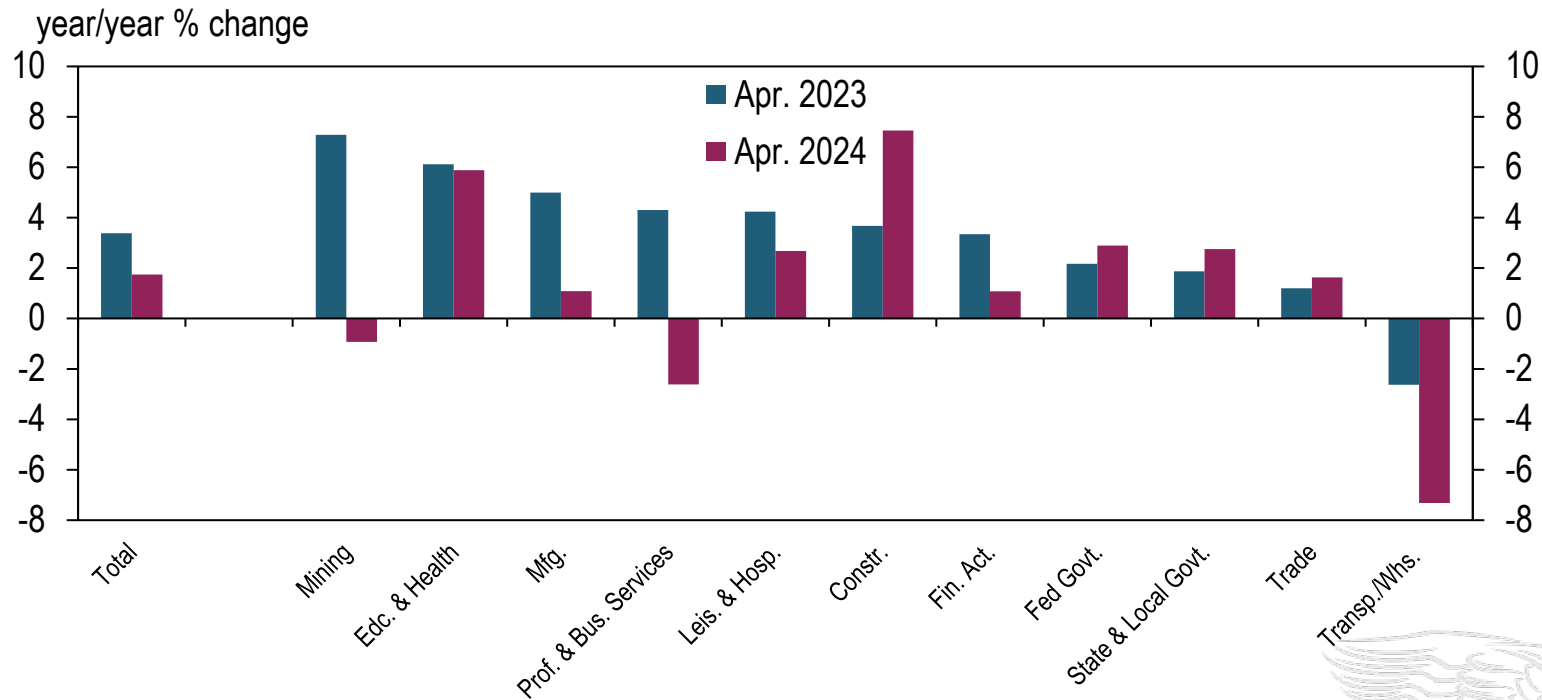


# Jobs in Oklahoma have continued to grow in 2024, while unemployment remains very low



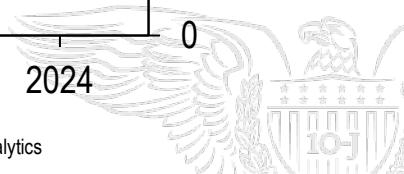
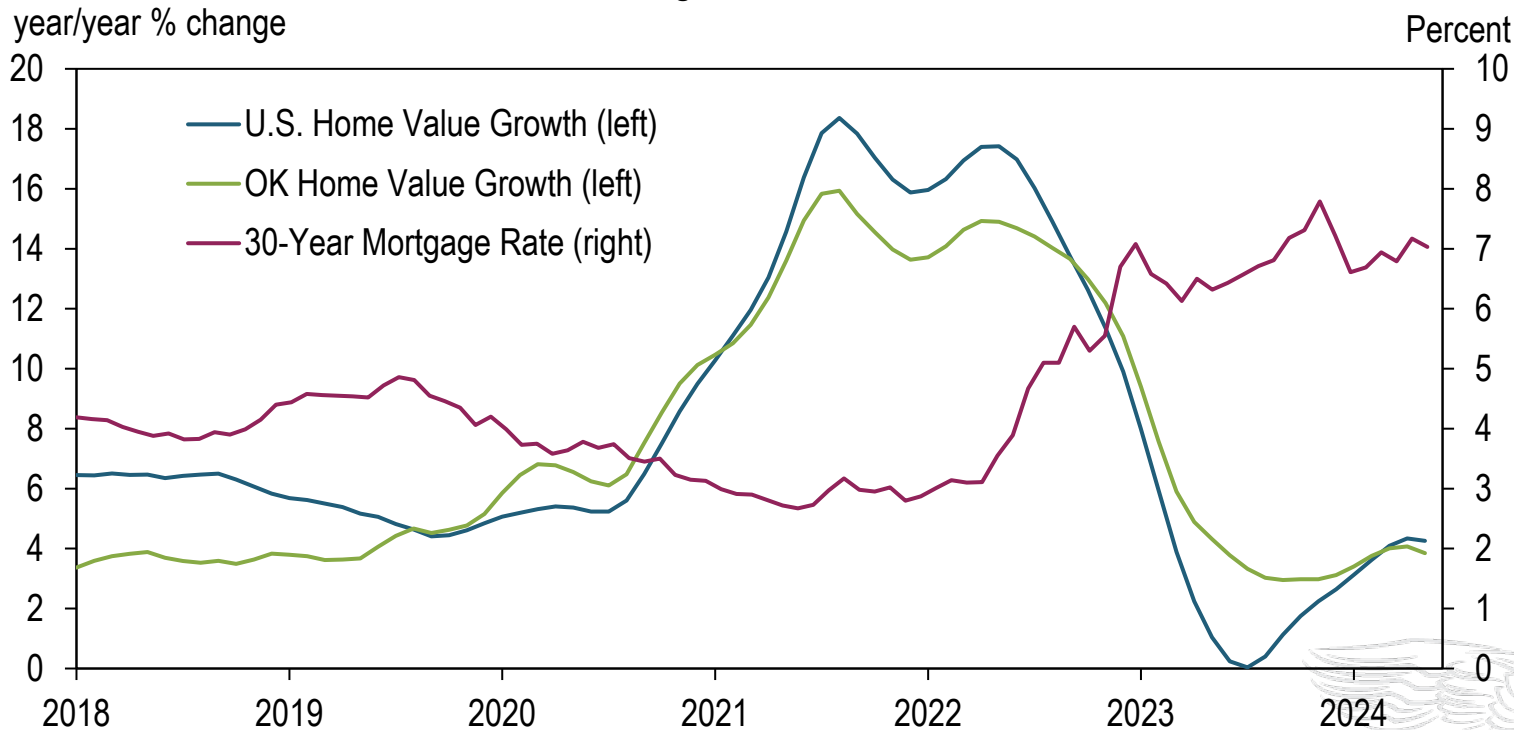
# Most OK sectors added jobs over the past year but the pace of job growth has slowed, driven by less energy, transportation, and professional services activity

Oklahoma Job Growth by Industry



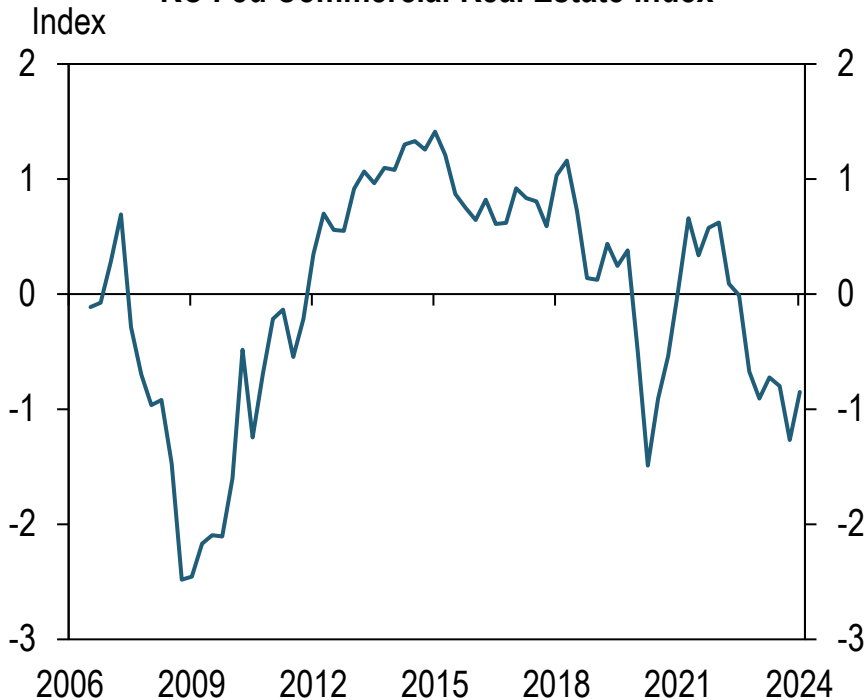
# Home values spiked following the pandemic, but growth has eased with higher interest rates

Housing Market Indicators

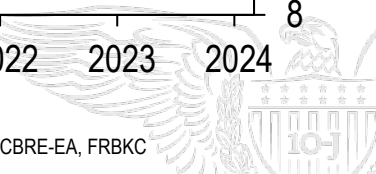
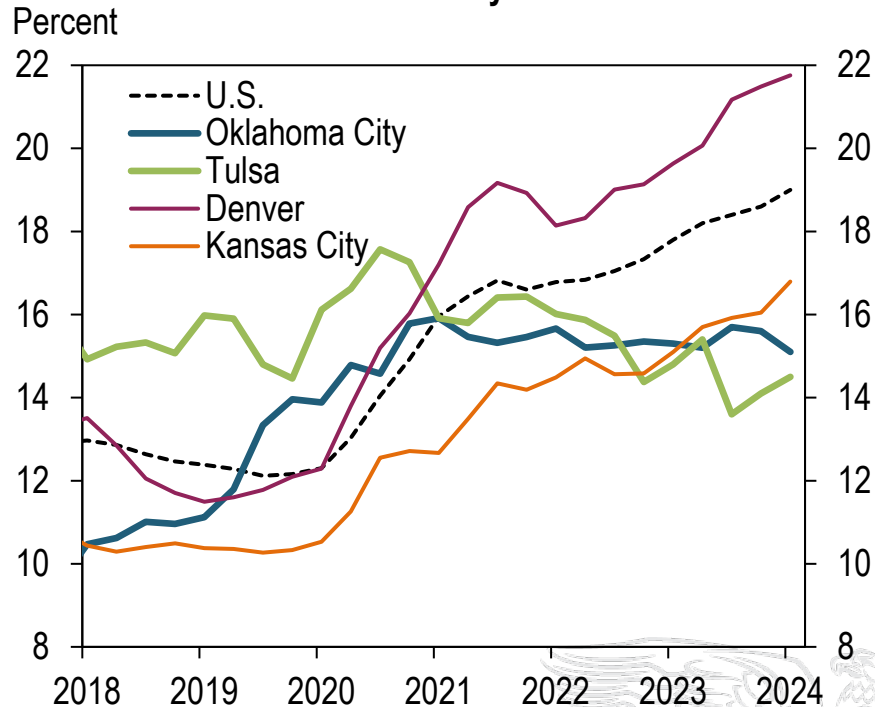


# CRE activity has deteriorated in the region, but office vacancy rates in Oklahoma have not risen like in neighboring markets

**KC Fed Commercial Real Estate Index**

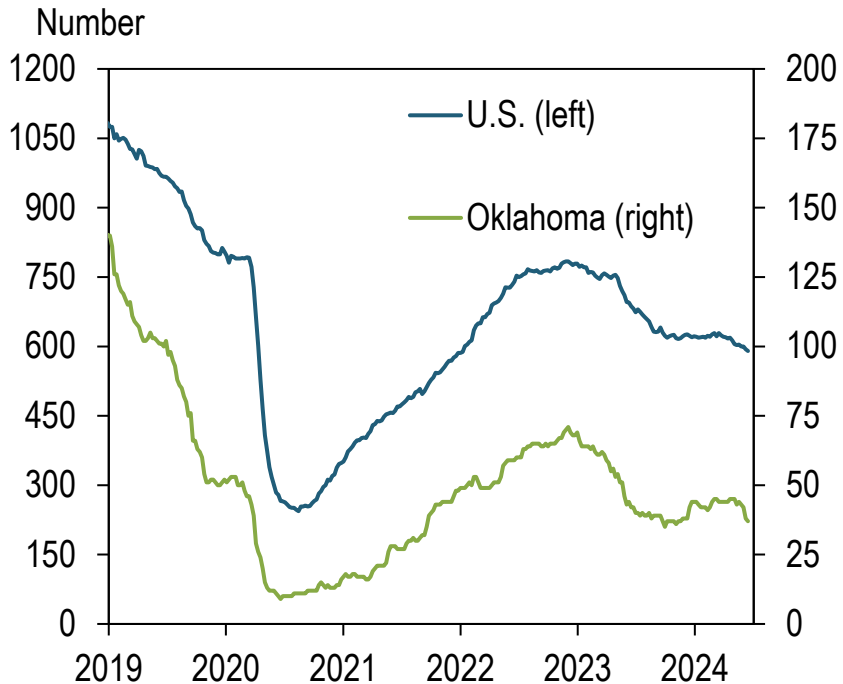


**Office Vacancy Rates**

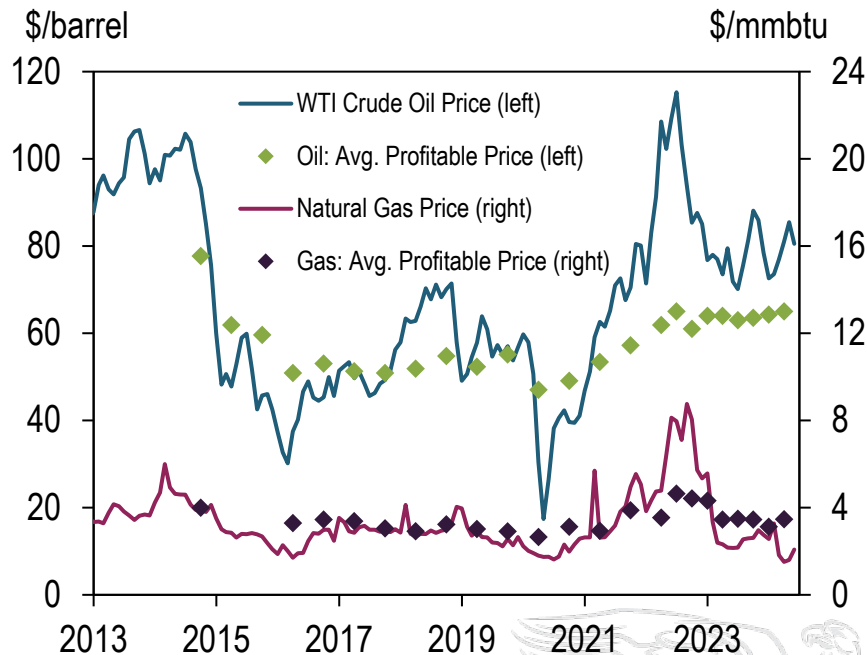


# Oil and gas drilling has fallen in Oklahoma as oil prices remain high, while natural gas prices have sunk this year

**Rig Counts**

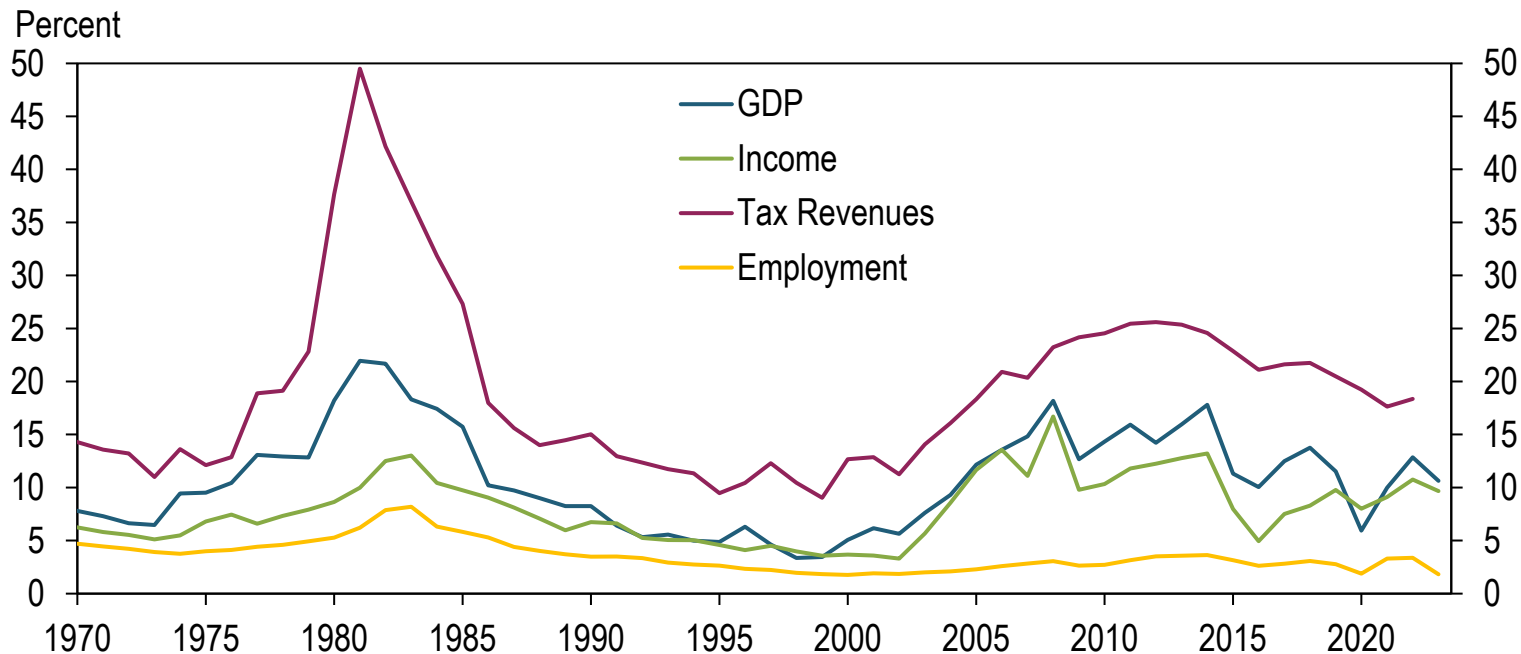


**U.S. Energy Prices**



# The oil & gas sector's share of Oklahoma's economic output has decreased somewhat over the past decade

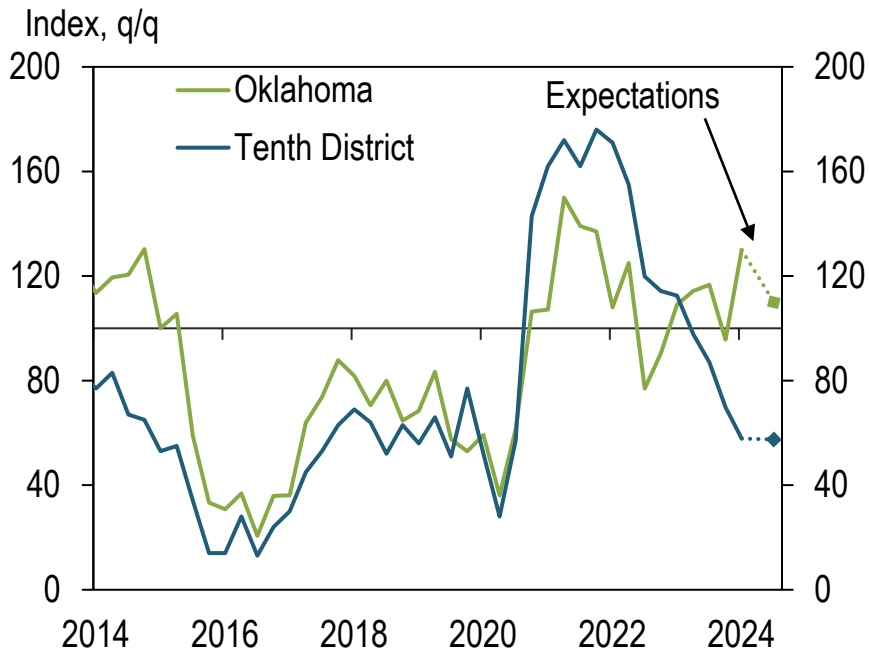
**Oil & Gas Share of Oklahoma Economy**



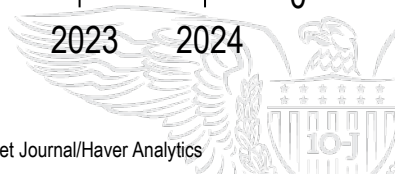
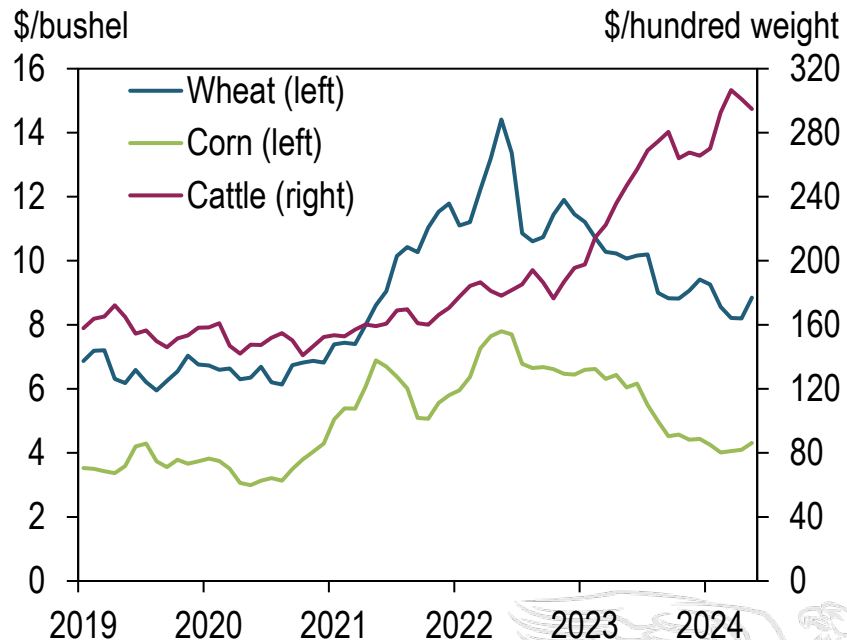


# Oklahoma farm income grew in Q1 while it declined in border states, partially due to higher cattle prices

**Farm Income**

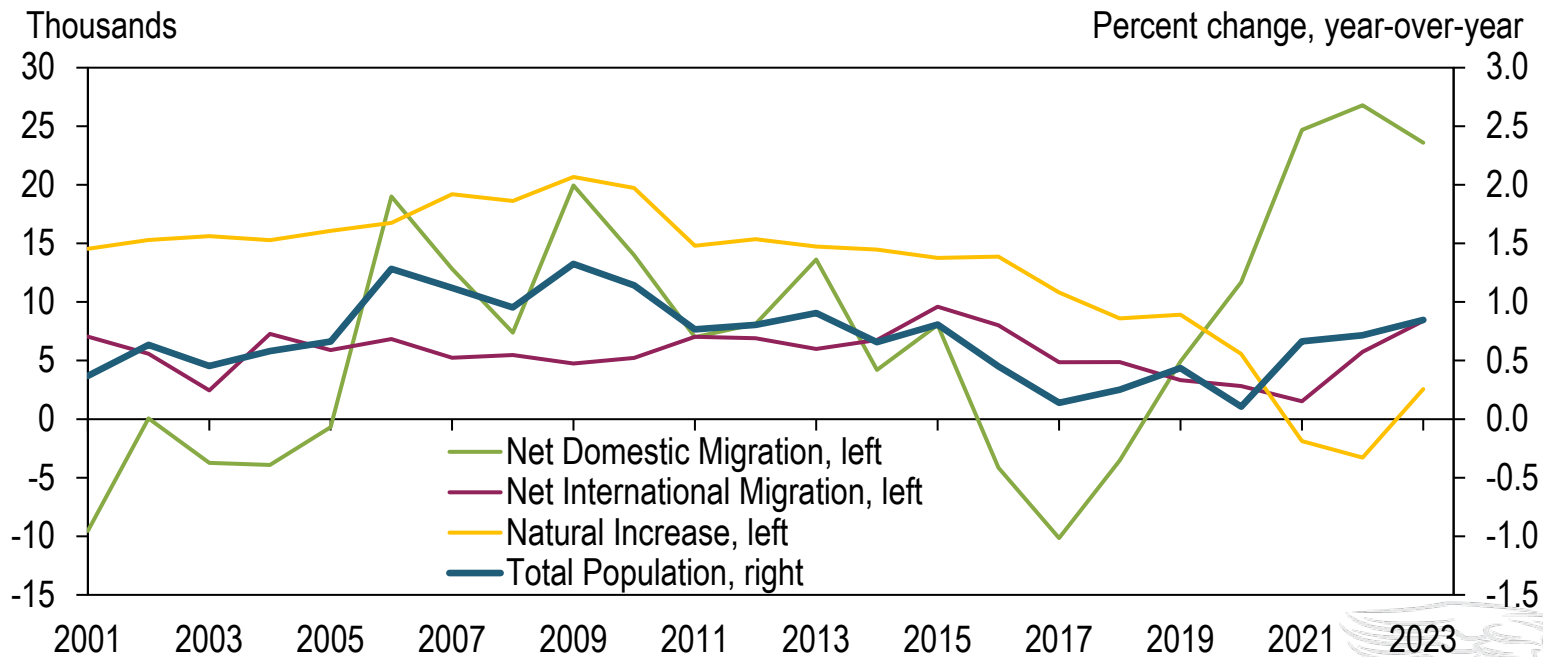


**Agricultural Commodity Prices**



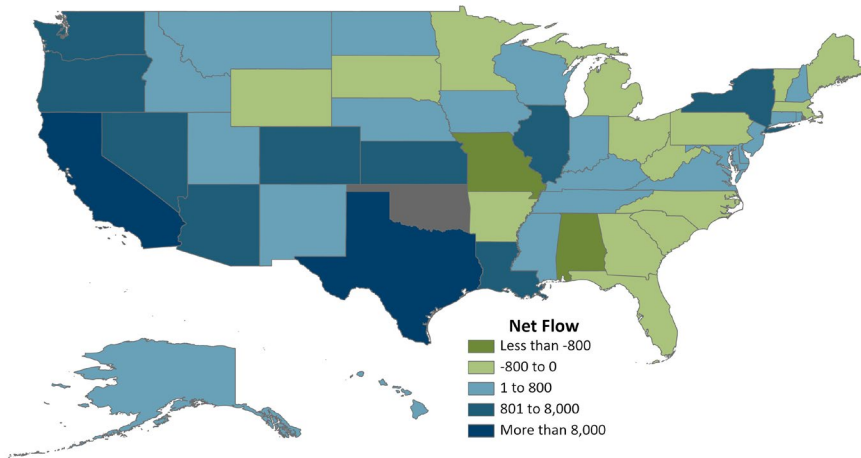
# Oklahoma's population grew again in 2023, primarily due to elevated domestic migration, but also with increases in other components

## Oklahoma Population Change by Component

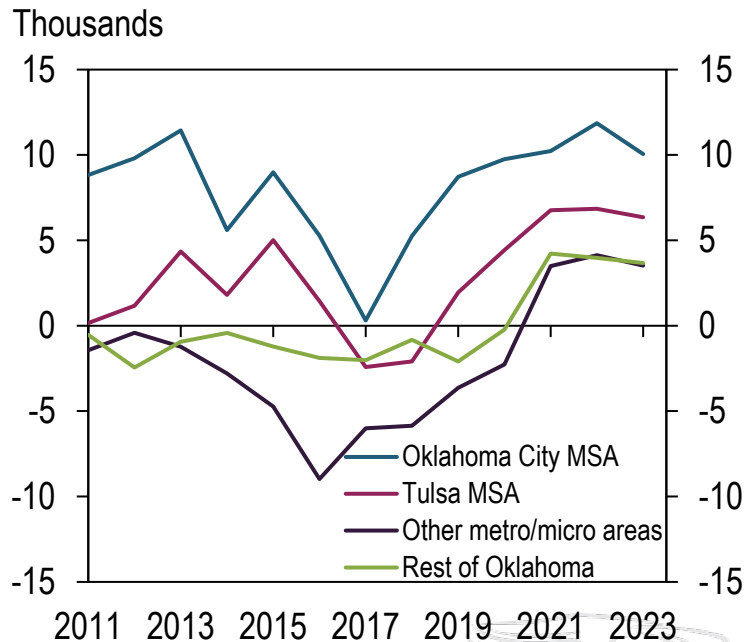


# Many people moved to OK from CA and TX since the pandemic, mostly to the metros but to many other parts of the state, too

Migration to Oklahoma During 2020 - 2023

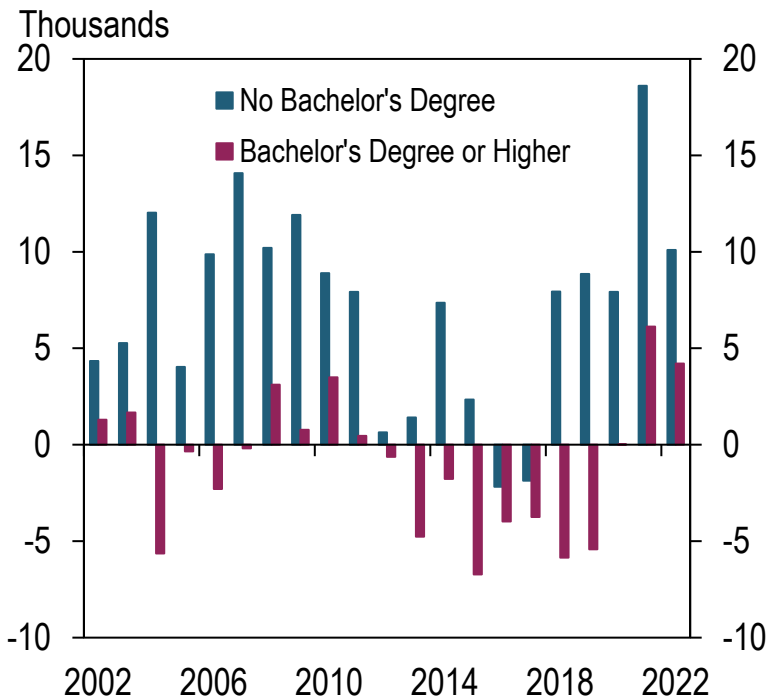


Oklahoma Net Domestic Migration

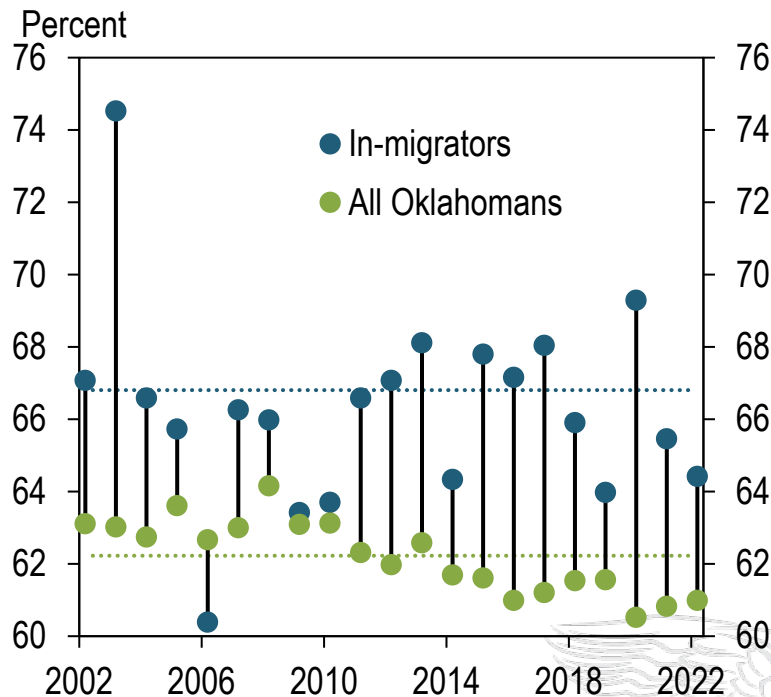


# Oklahoma also finally had net inflow of prime-age college graduates in recent years, and new residents have higher participation in the labor market

### Net Domestic Migration by Educational Attainment



### Average Labor Force Participation Rate



Notes: The sample is limited to those age 25+ who reported educational attainment. Cumulative change is relative to 2000.  
 Source: ACS 1-year estimates/IPUMS USA, University of Minnesota, www.ipums.org, authors' calculations



# Oklahoma has seen the largest change in net domestic migration of nurses, retail salespeople, and teachers since 2020

## Oklahoma Net Domestic Migration by Occupation

Occupation	2020-2022	2015-2019	Change
Nurses	3,043	-1,203	4,246
Retail Salespersons	2,151	-1,780	3,931
Postsecondary Teachers	1,682	-1,681	3,363
Elementary/Middle School Teachers	642	-2,441	3,083
Cashiers	2,475	-416	2,891
Administrative Assistants	1,116	-1,752	2,868
Computer Scientists/Web Developers	2,002	-454	2,456
Construction Managers	901	-1,281	2,182
Human Resources	1,373	-737	2,110
Designers	485	-1,453	1,938
Military	599	-957	1,556
Lawyers and Judges	-35	-1,292	1,365
Production Clerks	73	-1,292	1,365
Freight/Material Movers	5	-1,307	1,312
Construction Equipment Operators	1,051	-223	1,274



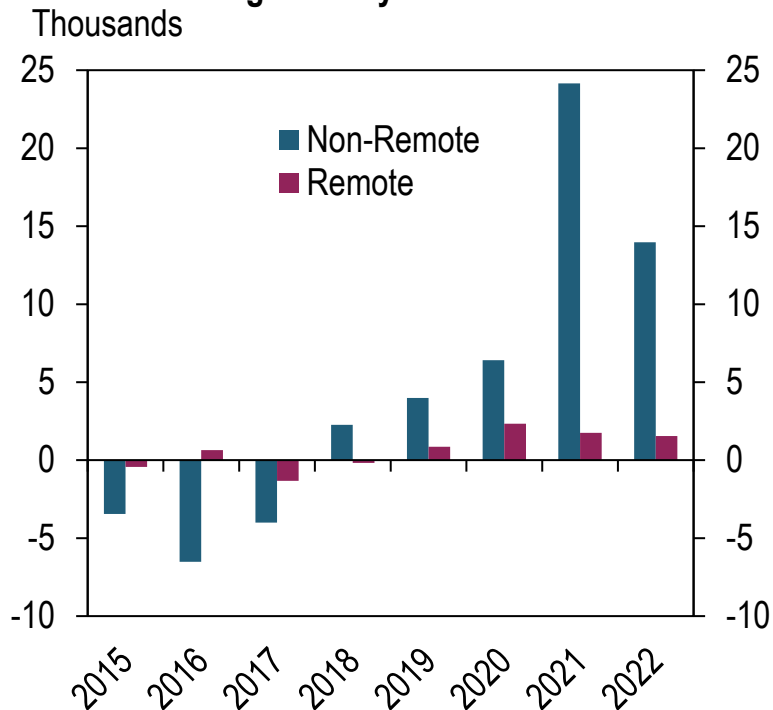
Note: Sample is limited to employed individuals age 25+.

Sources: ACS 1-year estimates/IPUMS USA, University of Minnesota, [www.ipums.org](http://www.ipums.org), authors' calculations

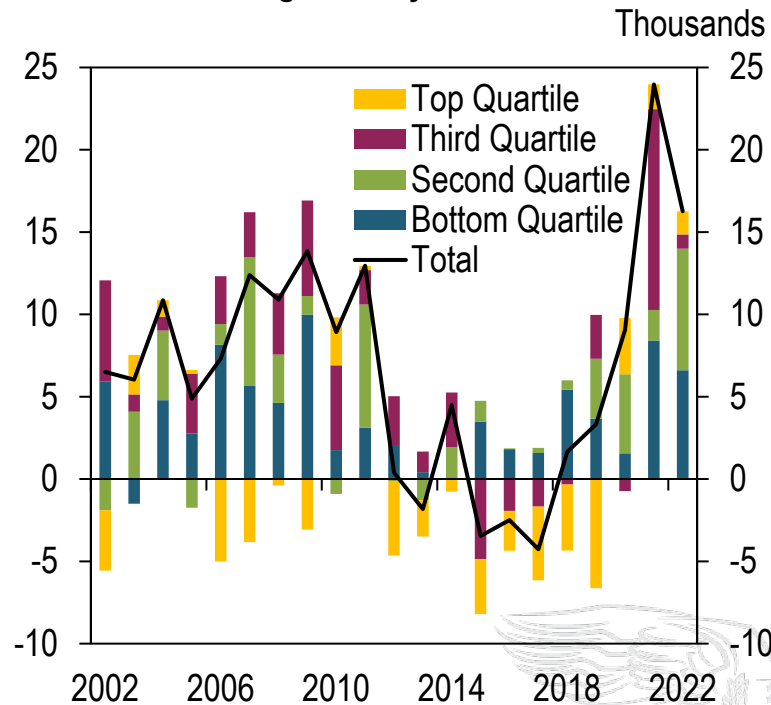
# Remote workers were part of the gains since 2020, but not the driving factor, and Oklahoma also stopped losing high earners to other states

## Oklahoma Net Domestic Migration

### Migration by Work Location



### Migration by Income





## Summary

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# Questions?

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