

U.S. and Oklahoma Economic Outlook

Northeast Oklahoma Regional Alliance

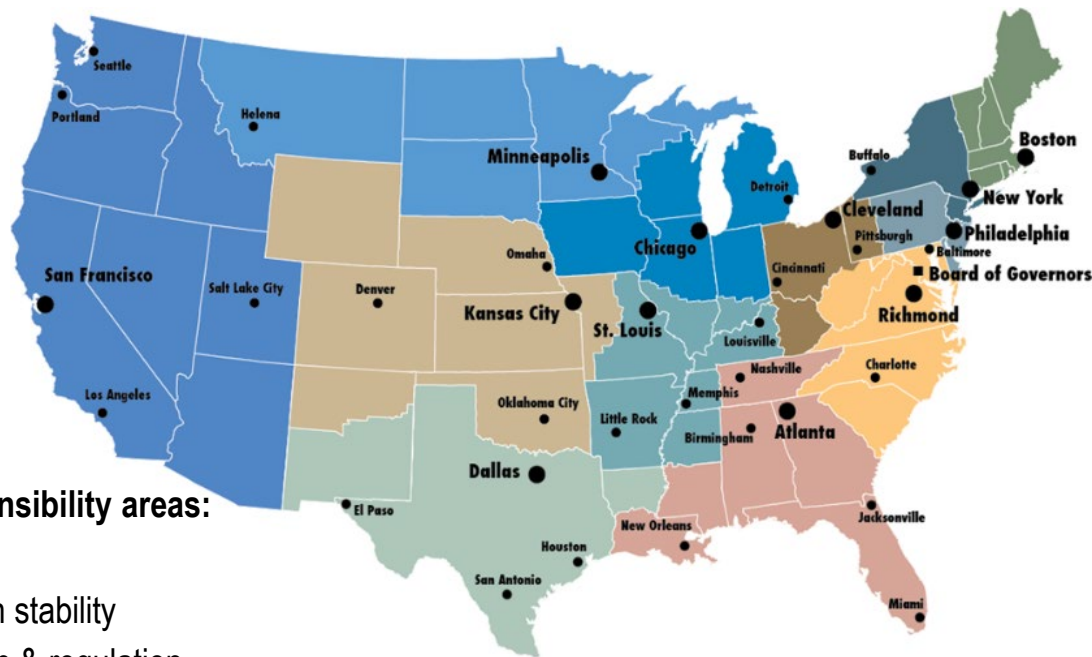
June 26, 2024

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

- **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



Oklahomans on National and Regional Fed Advisory Councils

- **Federal Advisory Council (National):**
 - **Jill Castilla**, CEO, Citizens Bank, Edmond
- **Community Advisory Council (National):**
 - **Bruce Shultz**, VP of Community Development Banking, Gateway First Bank, Tulsa
- **Economic Advisory Council (10th District):**
 - **Jason Garner**, President, Crawley Petroleum, Oklahoma City
 - **David Nimmo**, CEO, Chickasaw Nation Industries, Norman
 - **Rebecca Thompson**, CFO, AAON, Inc., Tulsa
- **Community Development Advisory Council (10th District):**
 - **Michelle Bish**, Executive Director, Northeast Oklahoma Regional Alliance, Tahlequah
 - **Quintin Hughes, Sr.**, Program Director, Northeast Oklahoma City Renaissance, Inc., Oklahoma City
 - **Cindy Logsdon**, Executive Director/CEO, Citizen Potawatomi Community Development Corp., Shawnee
- **Community Depository Inst. Advisory Council (10th District):**
 - **Barry Anderson**, President, F&M Bank, Guthrie
 - **Jerold Phillips**, COO, Citizens Bank, Ardmore



Overview

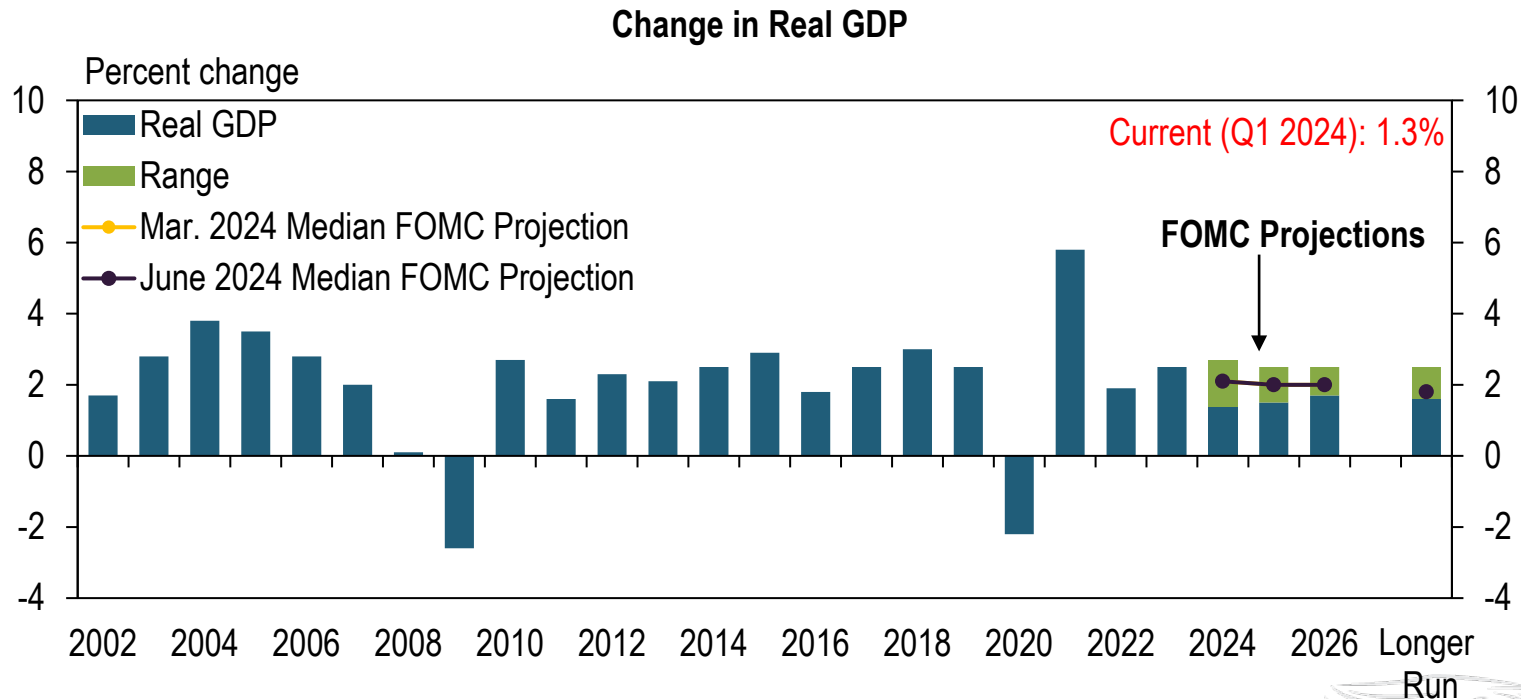
- U.S. economic growth has slowed but remains positive in early 2024, and unemployment is near 50-year lows
- Inflation remains too high, despite coming down from 2022 peaks
- The Fed has raised the overnight interest rate to over 5%
- Oklahoma's economy also continues to grow, and unemployment is low
- 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

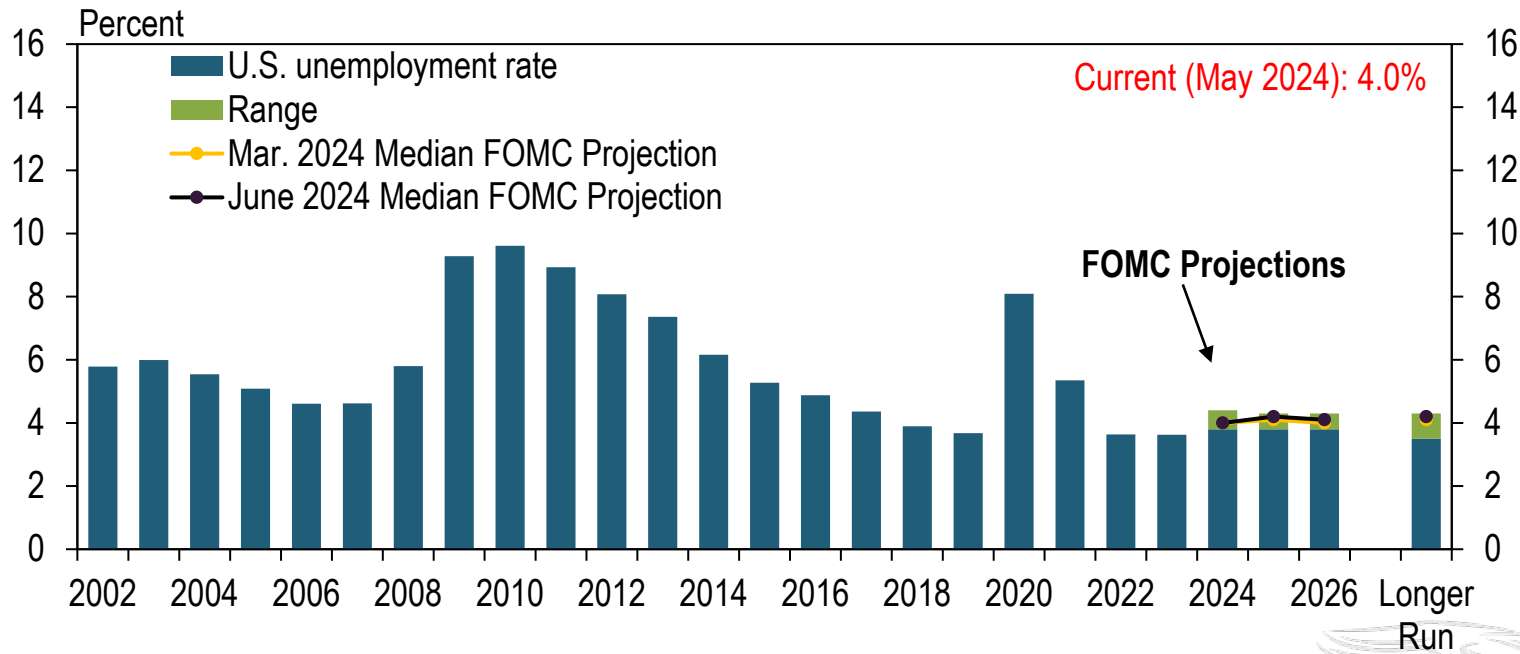


U.S. GDP growth is still expected to remain solid in 2024 and be around the longer-term trend in 2025 and 2026

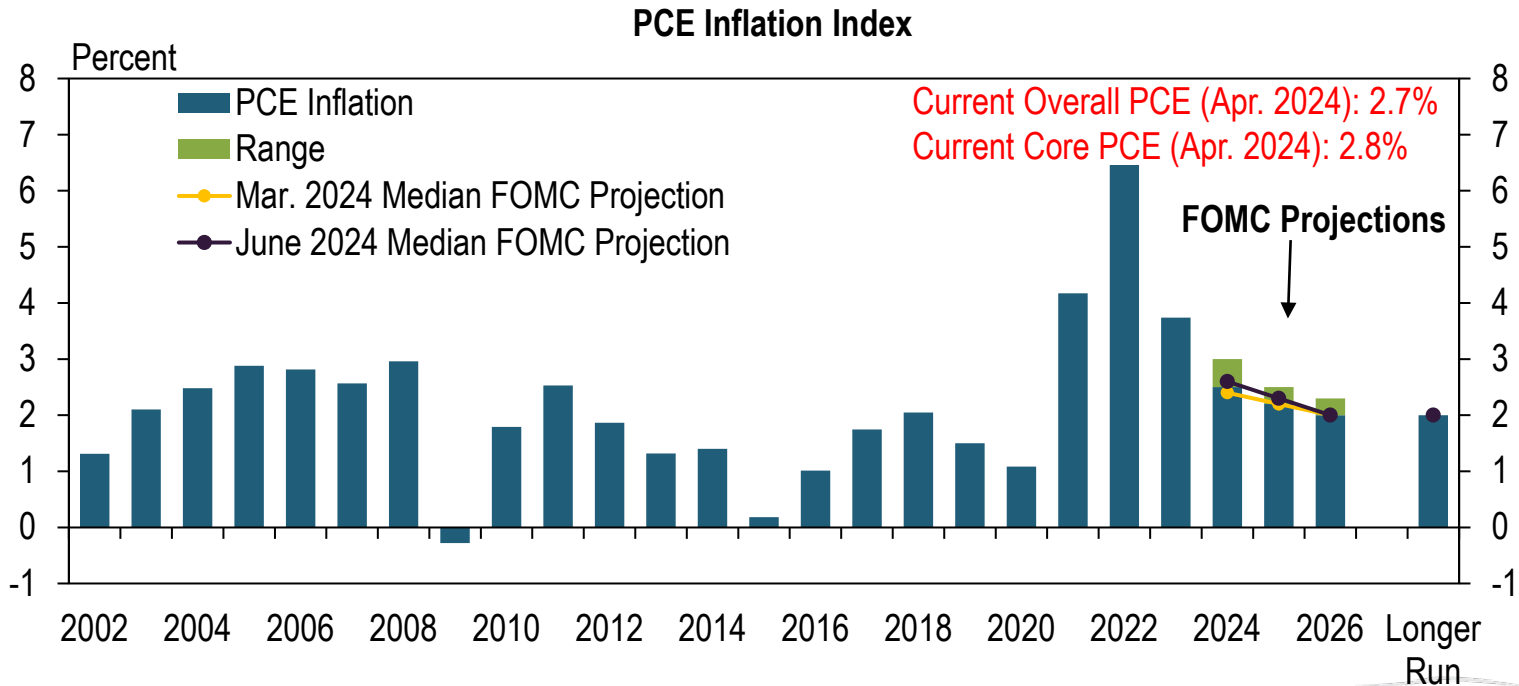


U.S. unemployment remains historically low and is projected to remain low in coming years

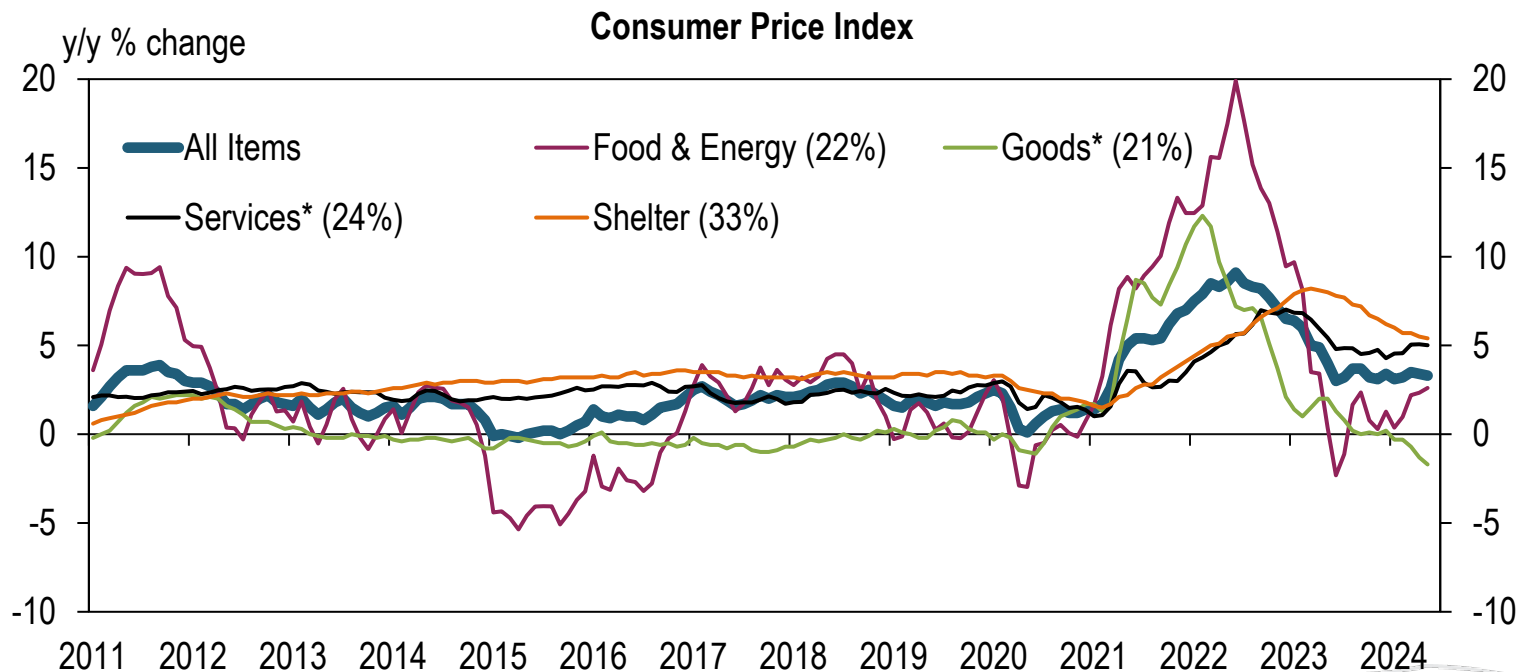
U.S. Unemployment Rate



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



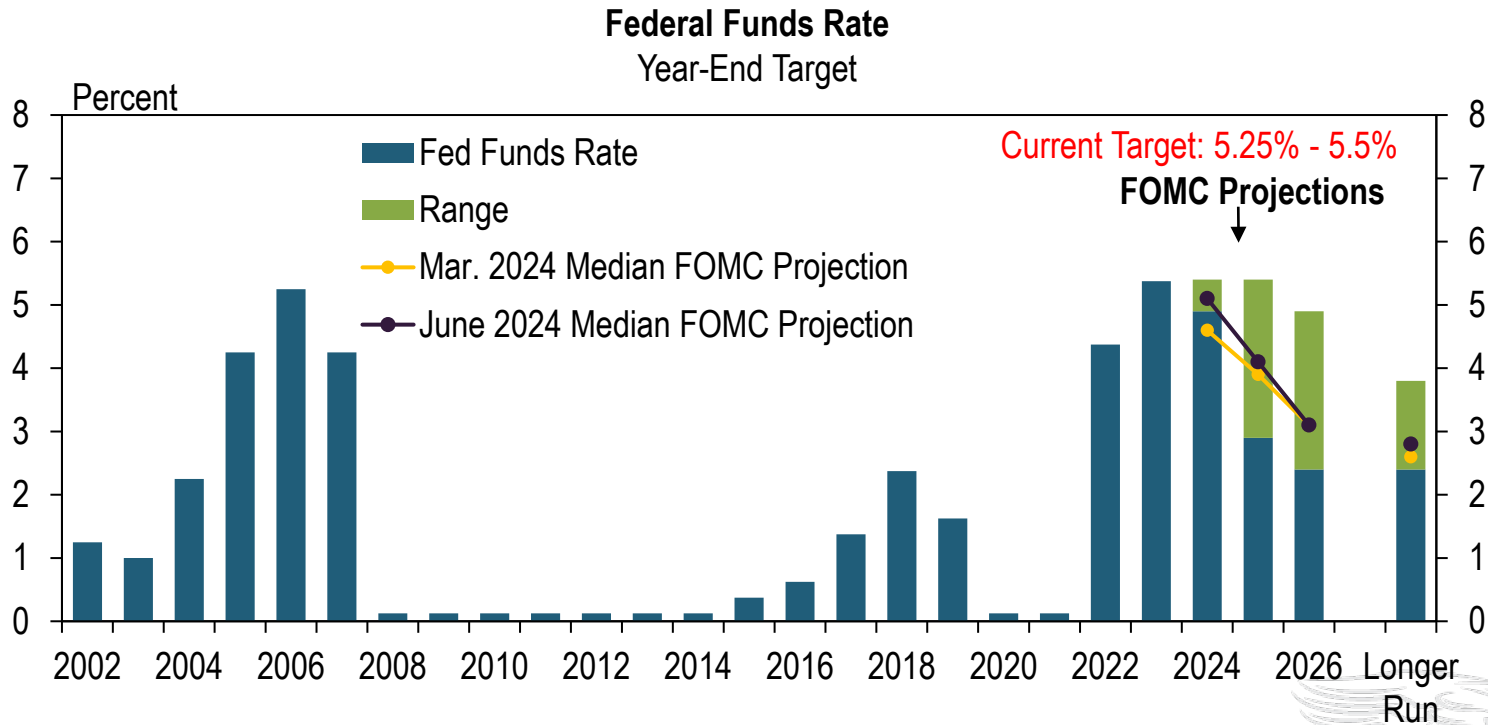
*Goods excluding Food; Services excluding Energy.
 Note: Relative Importance as Share of CPI shown in parenthesis.



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

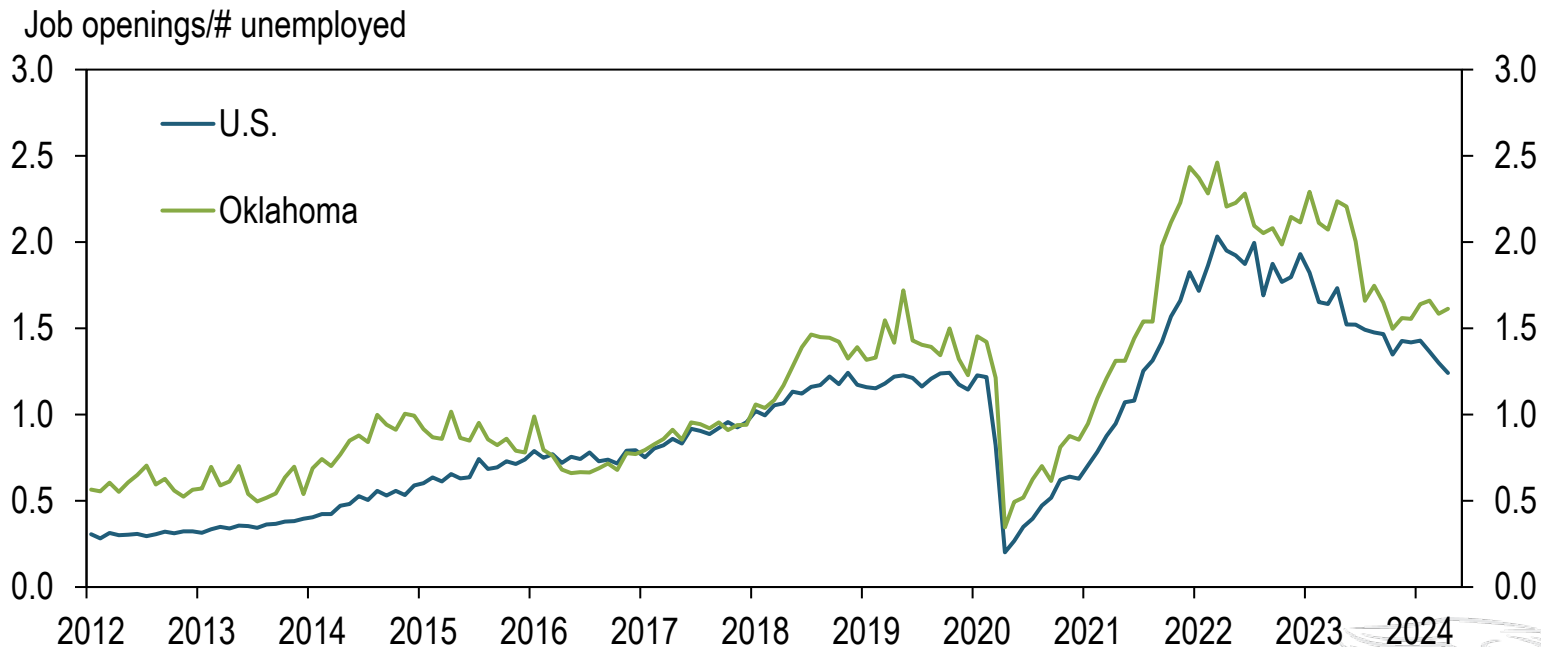


The Fed held the federal funds rate steady again in May, after raising future projections again in June



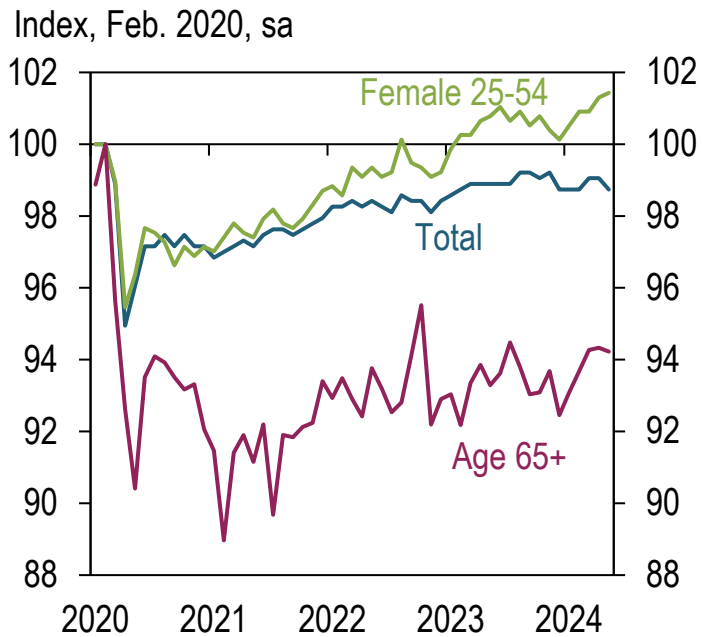
Job openings still exceed unemployed workers, but have returned to near pre-pandemic levels nationally

Job Openings/Unemployment Ratio

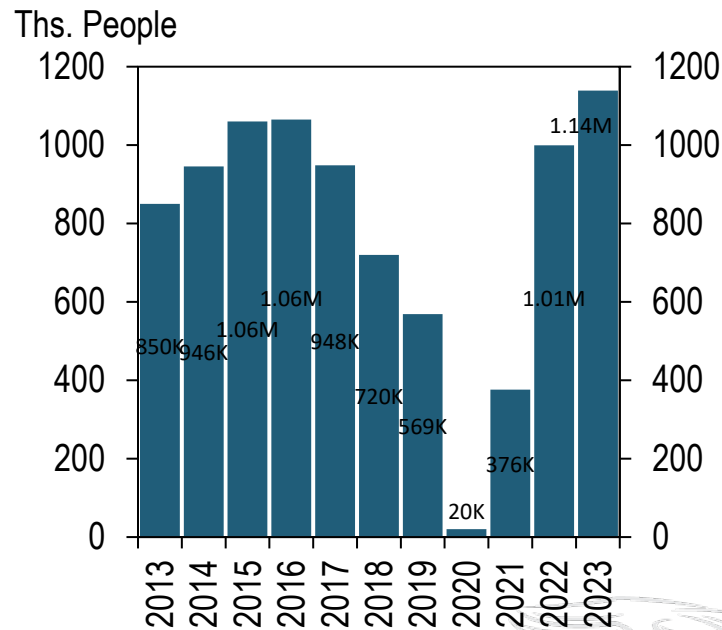


Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

U.S. Labor Force Participation Rate

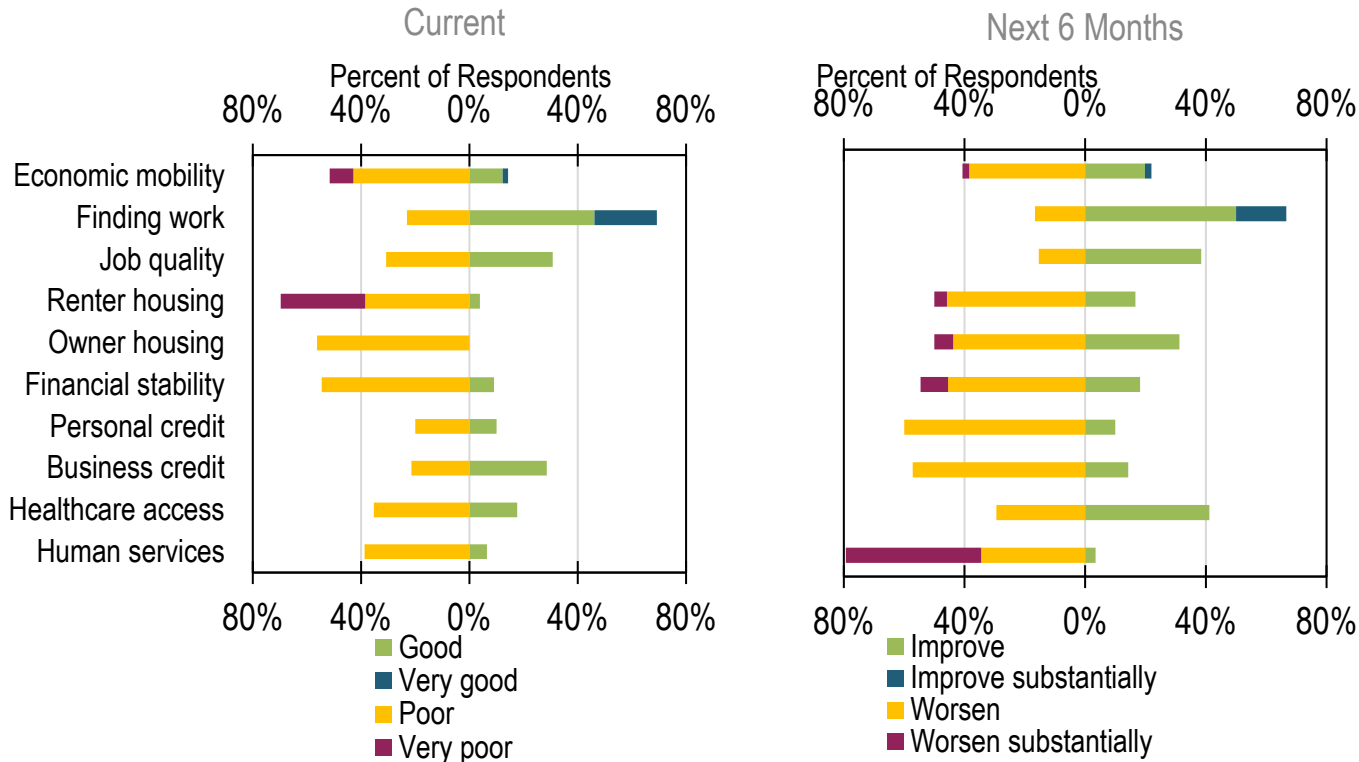


Net International Immigration to the U.S.



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

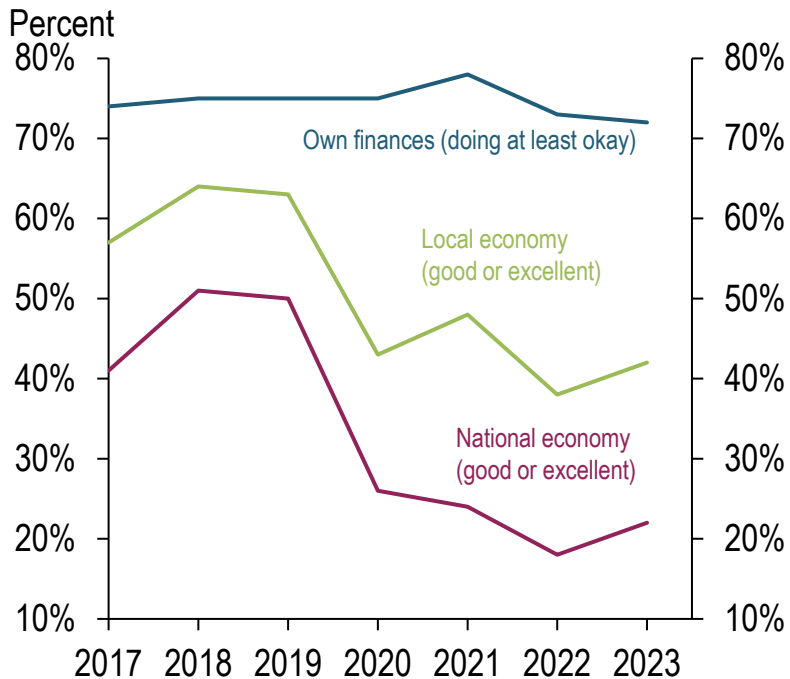
Tenth District Low- and Moderate-Income Community Conditions, 2nd Half 2023



Source: FRBKC Community Conditions Survey

Most Americans would not call the economy good or excellent, and their own financial well-being fell slightly last year and varies widely by income

Assessment of Financial & Economic Well-Being



Financial Well-Being by Income (October 2023)

Percent

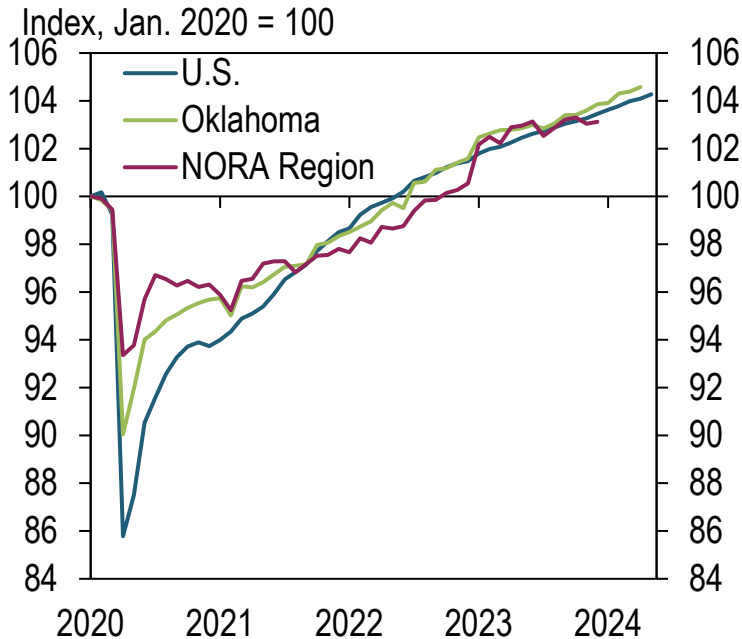
Family Income	Percent doing at least okay financially		Percent who could cover \$400 expense*	
	2019	2023	2019	2023
Less than \$25,000	44	46	35	40
\$25,000 to \$49,999	63	57	58	58
\$50,000 to \$99,999	78	74	75	75
\$100,000 or more	91	91	90	92

*Note: This percent includes those who would cover expense with cash and those who would pay off their credit card statement at the end of the month.

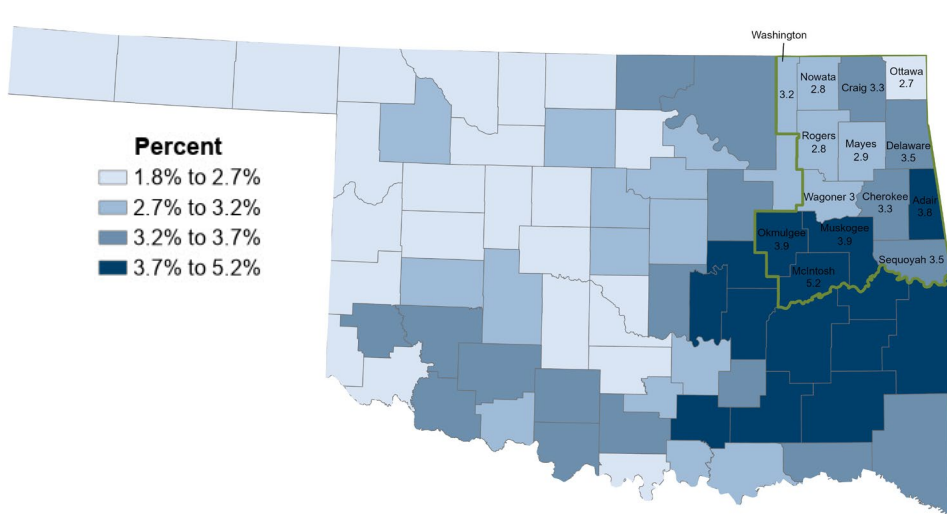
Source: Survey of Household Economics and Decision Making, Federal Reserve Board (released May 2024)

Job recovery in Northeast Oklahoma has caught up to the state and nation, but unemployment is higher than average in some areas

Non-Farm Payroll Employment



Unemployment Rate by County, April 2024



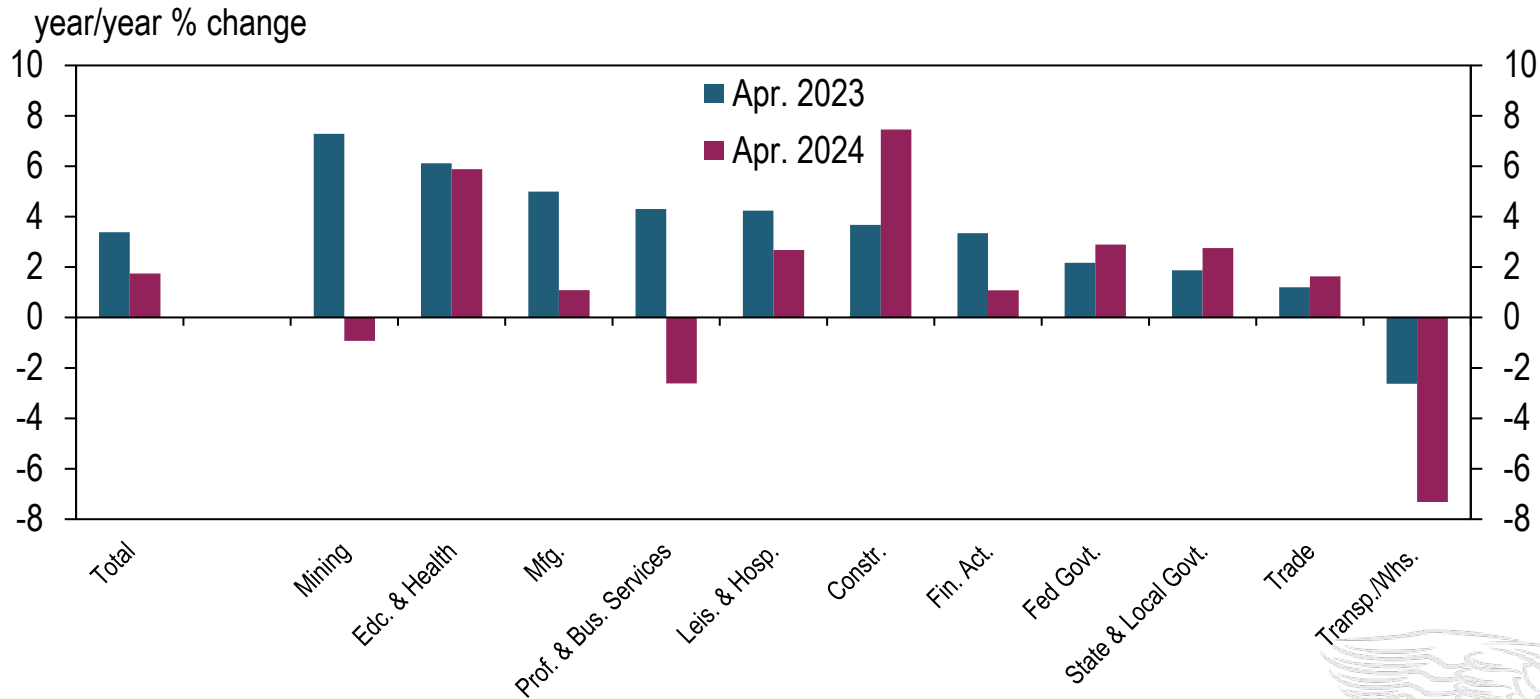
Northeast Oklahoma jobs are more concentrated in oil & gas, public administration, utilities, and manufacturing than the state and nation

NORA Region Industry Location Quotients, Q4 2023

Industry	NORA Region	Oklahoma
Mining, quarrying, and oil and gas extraction	5.7	4.8
Public administration	2.7	1.5
Utilities	2.2	1.7
Manufacturing	1.6	1.0
Retail	1.5	1.1
Agriculture, forestry, and fishing	1.3	0.7
Construction	1.2	1.0
Accommodation and food service	1.1	1.1
Other services (except public administration)	0.9	0.8
Transportation and warehousing	0.9	0.9
Administrative and waste services	0.8	1.0
Finance and insurance	0.7	0.8
Health care and social assistance	0.7	0.9
Real estate	0.7	0.9
Wholesale	0.6	0.9
Arts, entertainment, and recreation	0.6	1.4
Information	0.6	0.6
Education	0.5	1.0
Professional, scientific, and technical services	0.3	0.7
Management	0.1	0.8

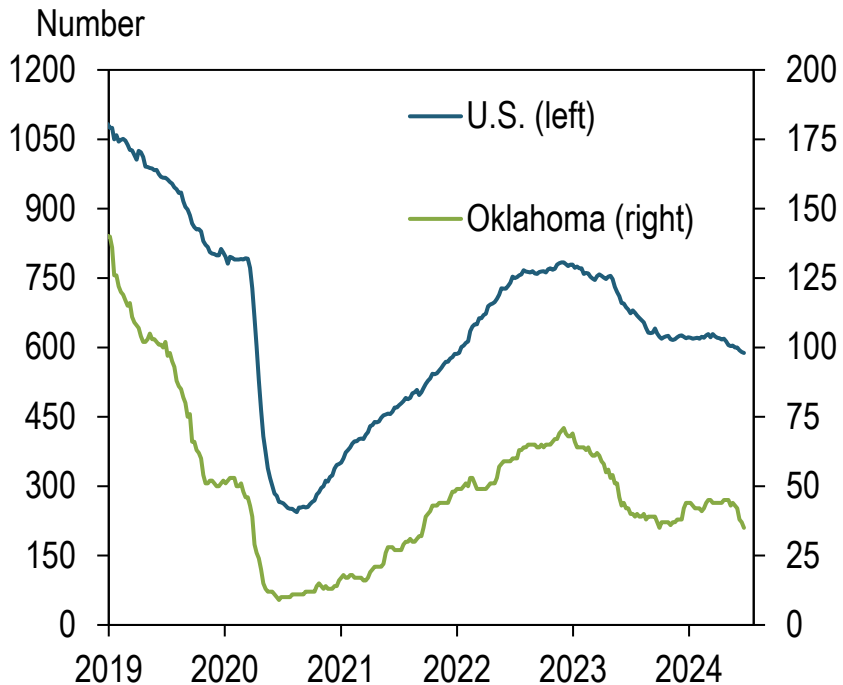
Most OK sectors added jobs over the past year but the pace of job growth has slowed, driven by less energy, transportation, and professional services activity

Oklahoma Job Growth by Industry

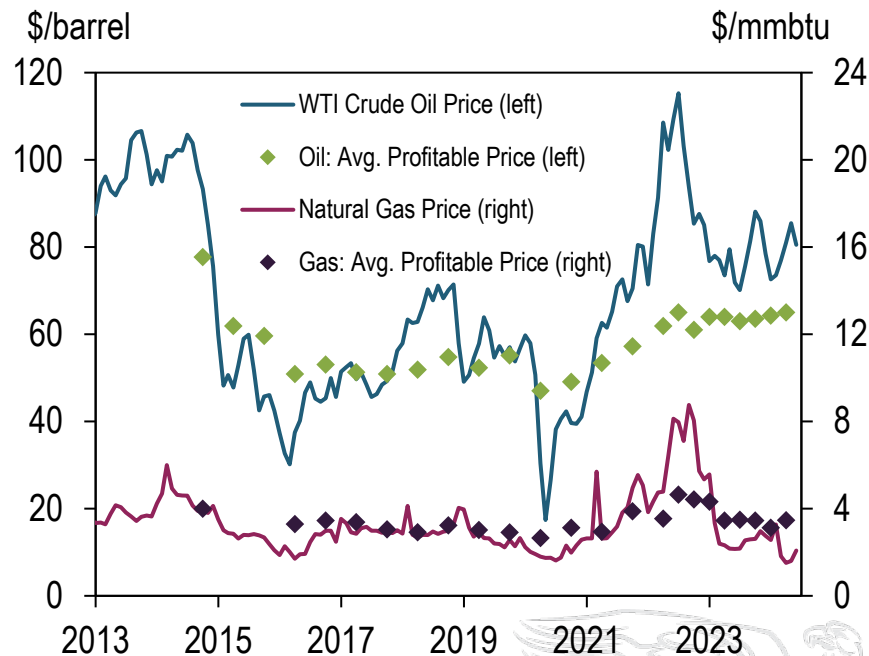


Oil and gas drilling has fallen in Oklahoma as oil prices remain high while natural gas prices have sunk this year

Rig Counts

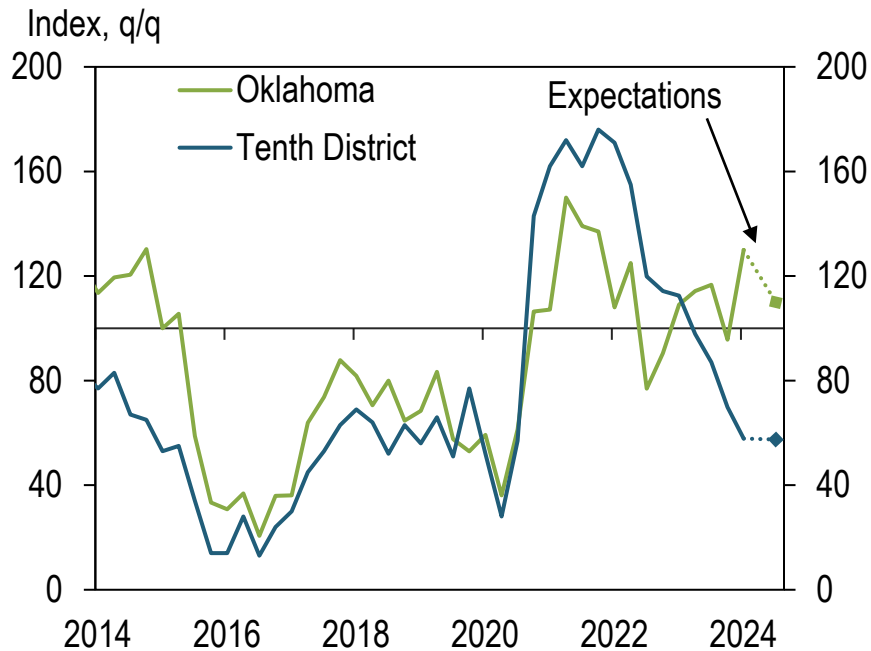


U.S. Energy Prices

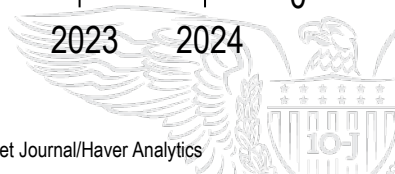
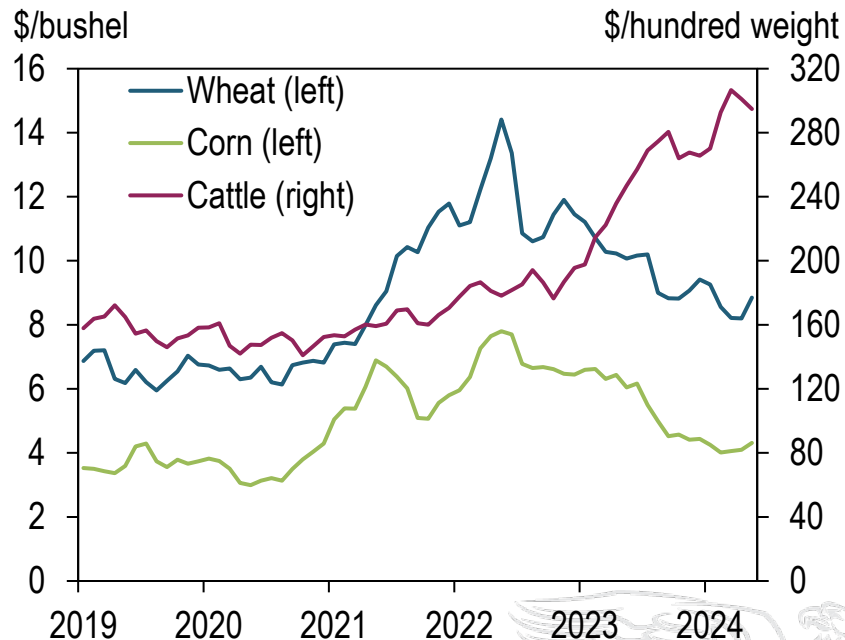


Oklahoma farm income grew in Q1 while it declined in border states, partially due to higher cattle prices

Farm Income

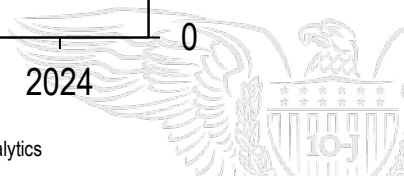
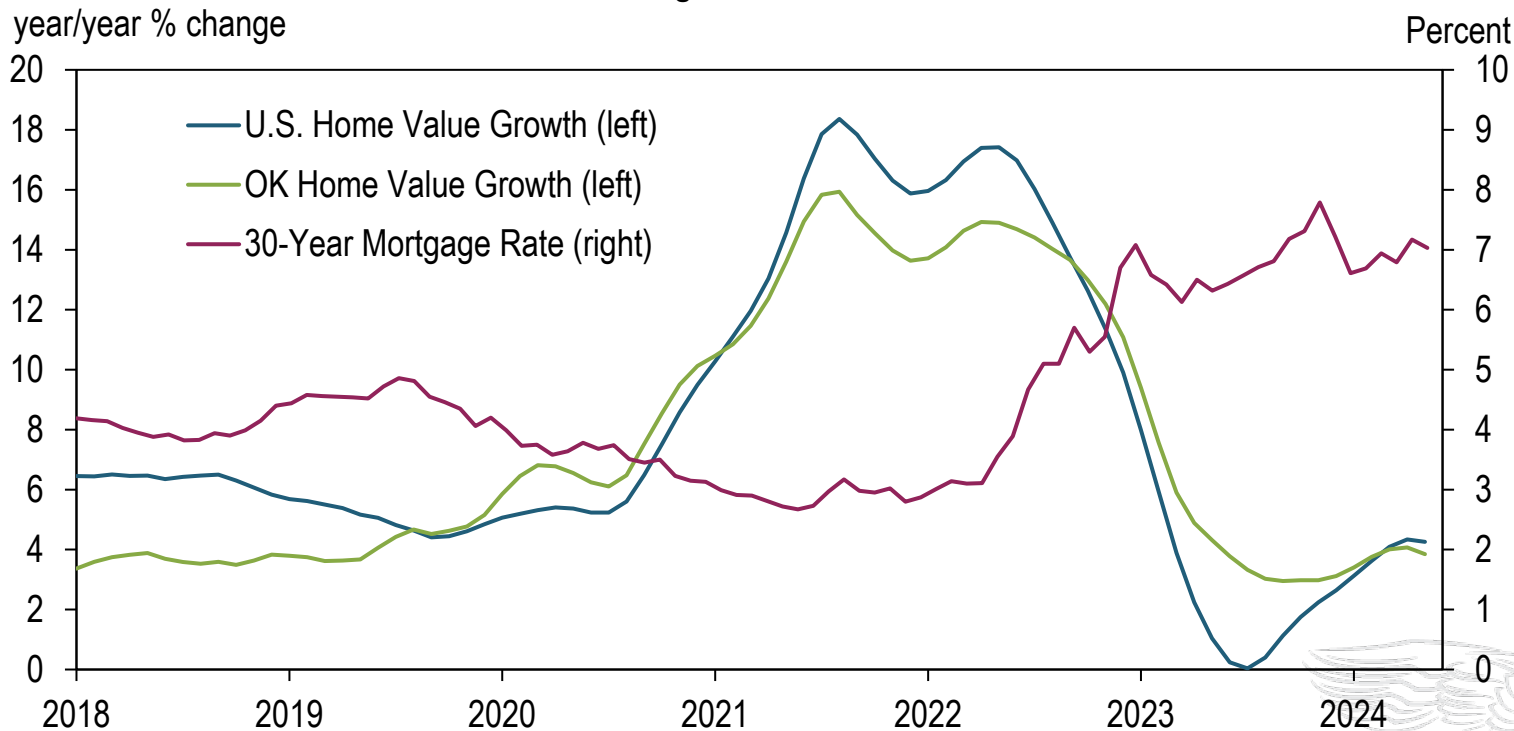


Agricultural Commodity Prices



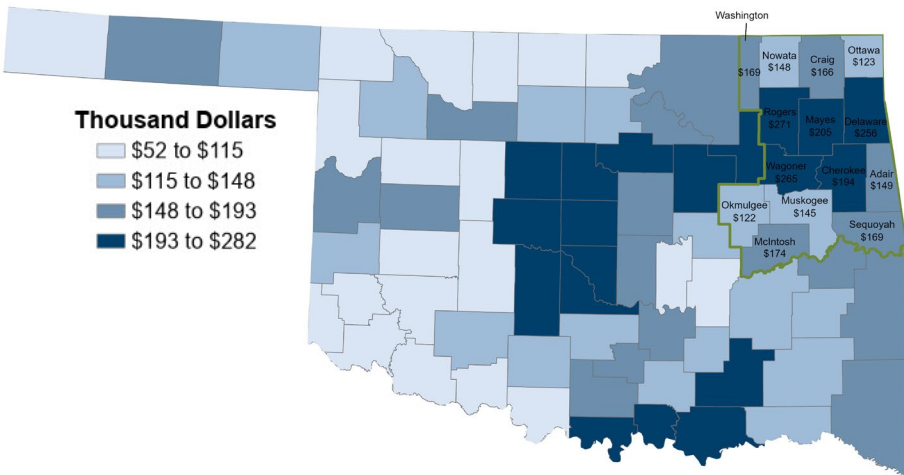
Home values spiked following the pandemic, but growth has eased with higher interest rates

Housing Market Indicators

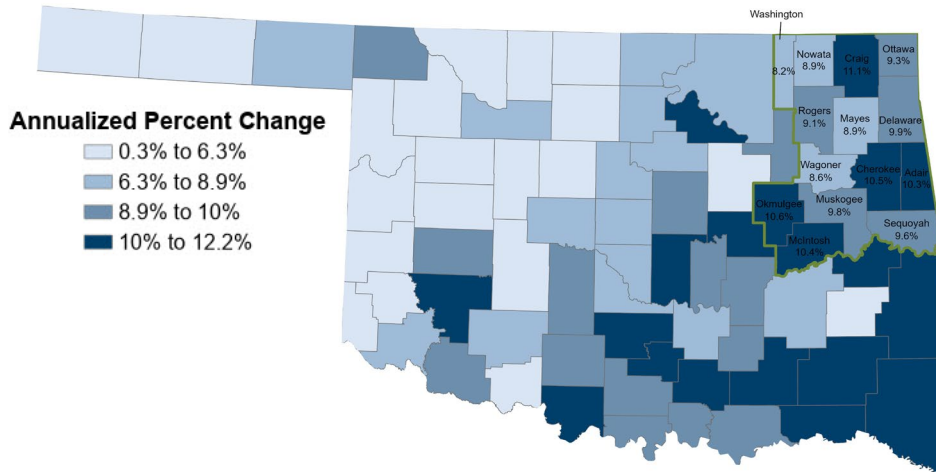


Much of northeast Oklahoma has seen home value growth above the state average, and some northeast areas have higher home values too

**Typical Home Value by County
May 2024**

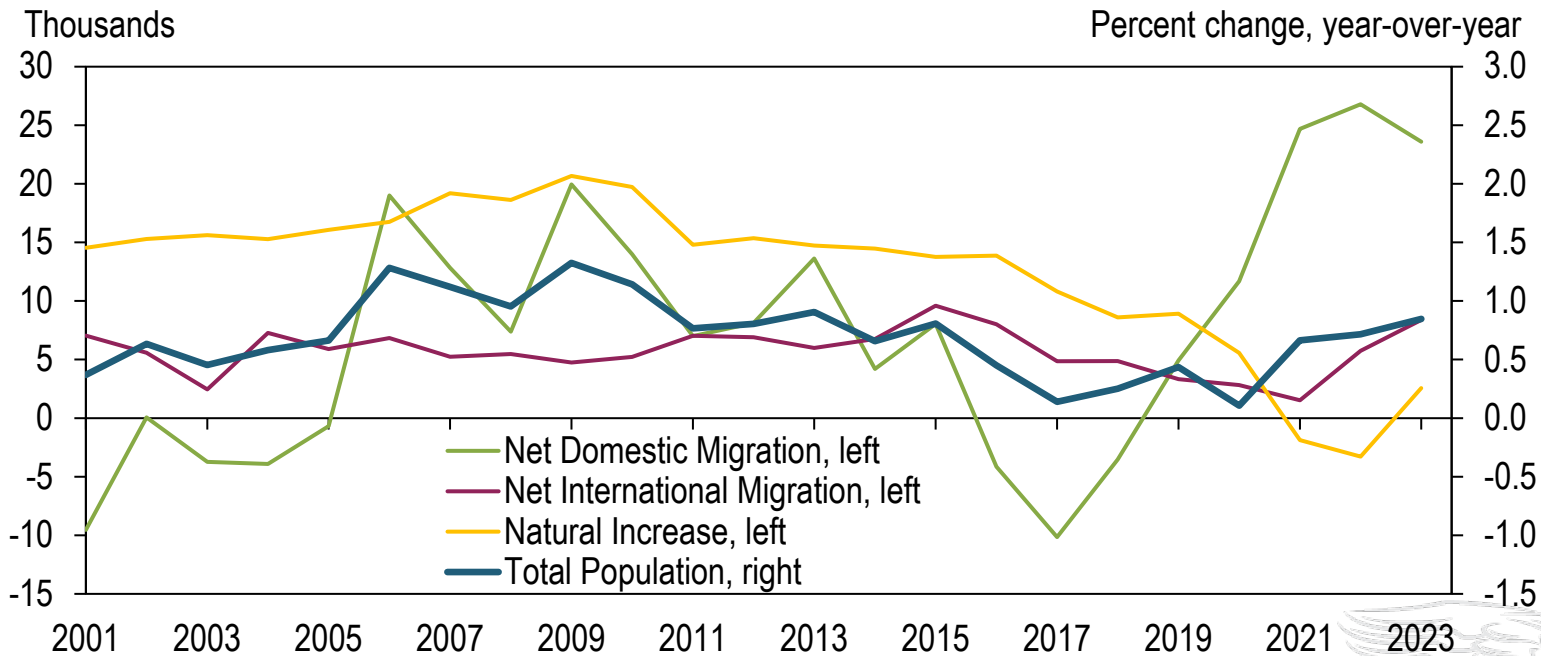


**Typical Home Value Growth by County
Jan. 2020 to May 2024**



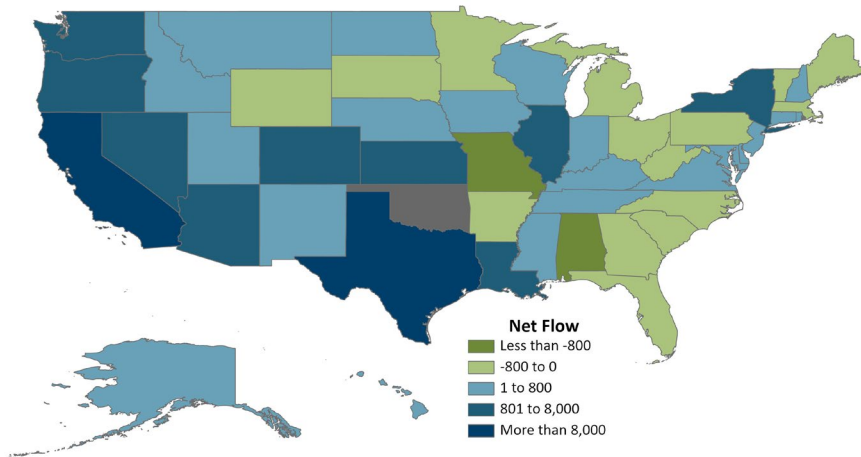
Oklahoma's population grew again in 2023, primarily due to elevated domestic migration, but also with increases in other components

Oklahoma Population Change by Component

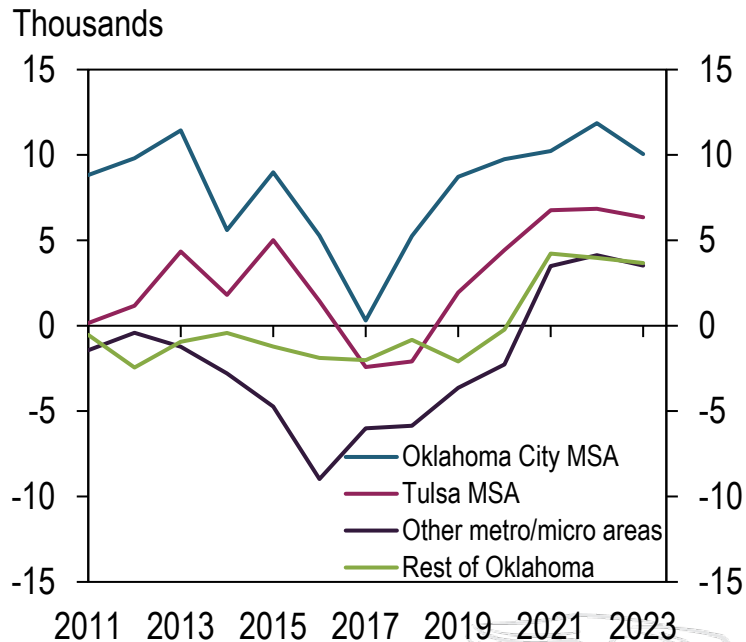


Many people moved to OK from CA and TX since the pandemic, mostly to the metros but to many other parts of the state, too

Migration to Oklahoma During 2020 - 2023

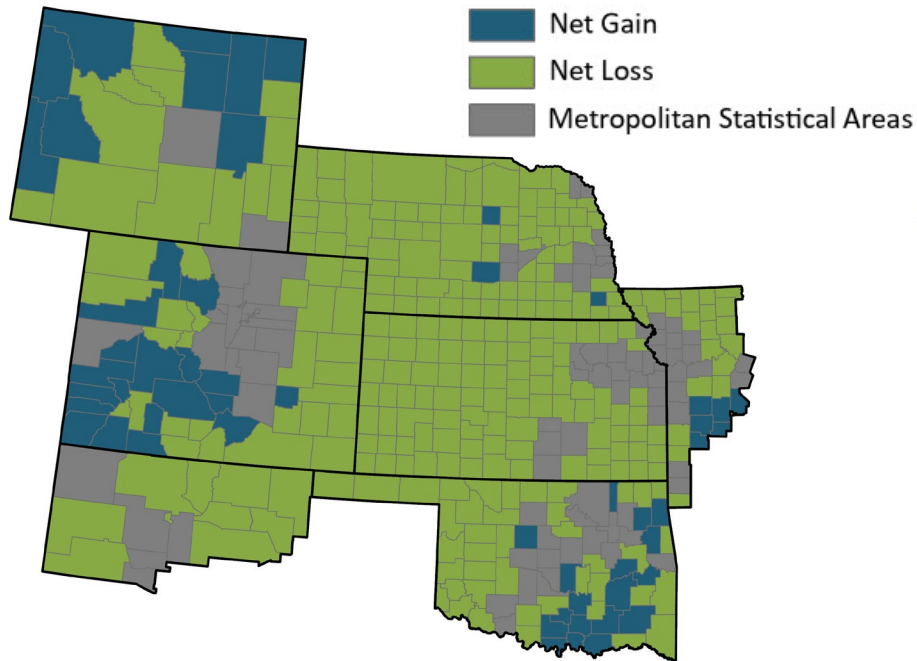


Oklahoma Net Domestic Migration

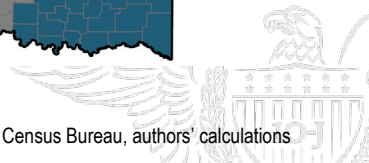
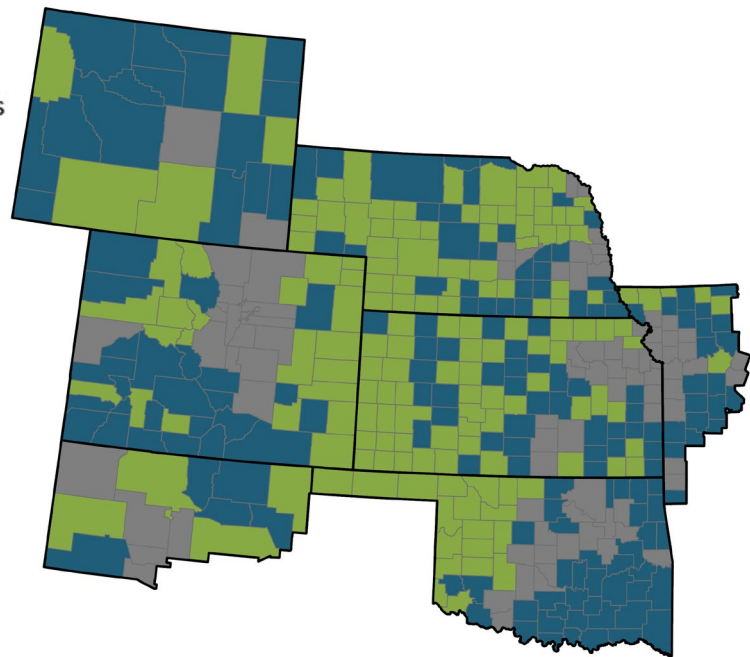


Since 2020, many non-metropolitan areas of Oklahoma and nearby states experienced net inflows of new residents for the first time in two decades

Net Domestic Migration, 2000 to 2020



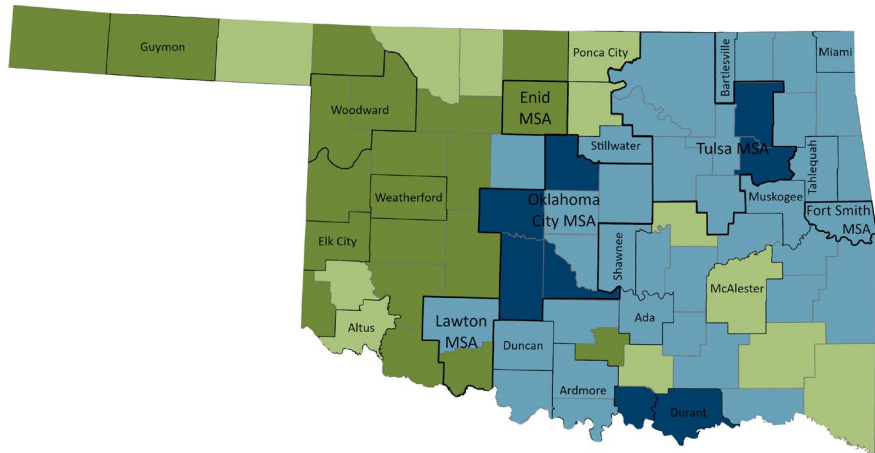
Net Domestic Migration, 2020 to 2023



All of northeast Oklahoma had population growth and net domestic in-migration since 2020, including some counties with the fastest inflows

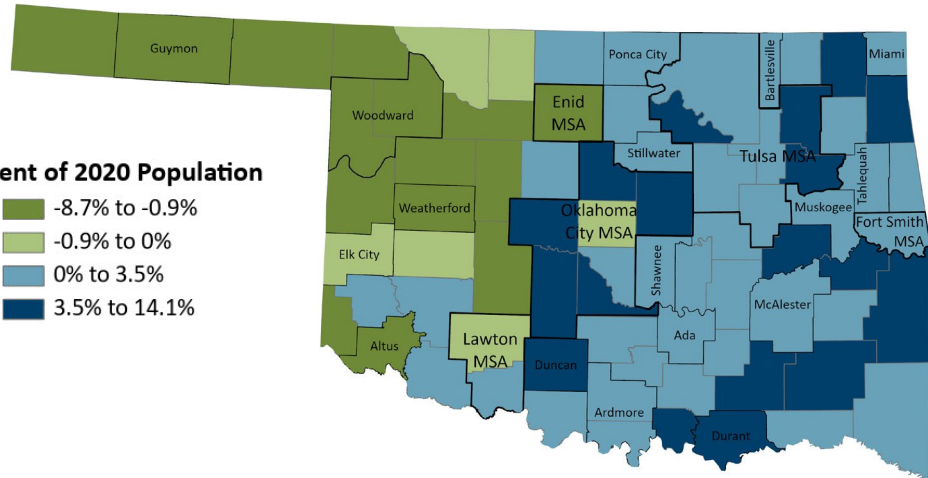
2020 – 2023 Total Population Change by County

2020 – 2023 Net Domestic Migration by County



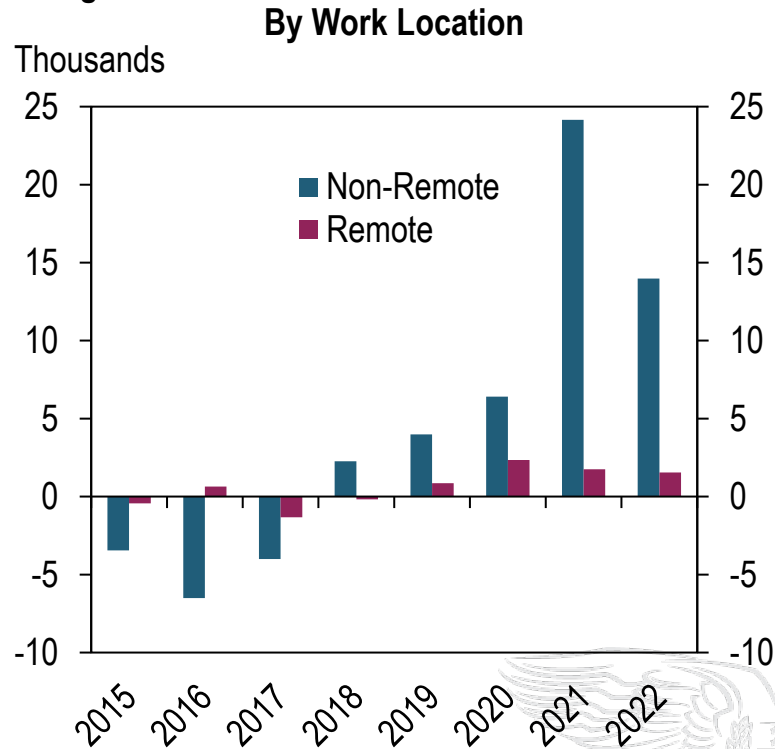
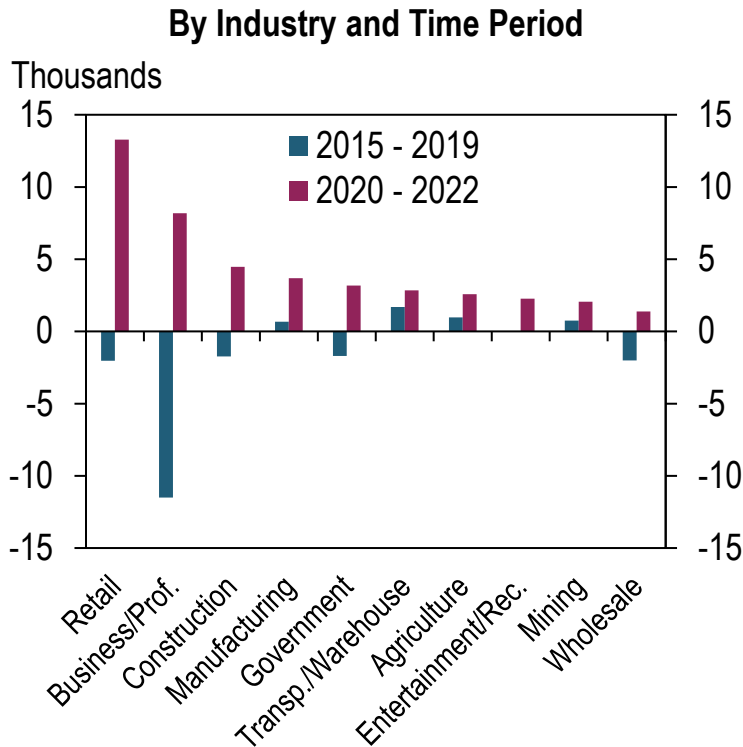
Percent of 2020 Population

- 8.7% to -0.9%
- 0.9% to 0%
- 0% to 3.5%
- 3.5% to 14.1%



All industries had a net gain of residents since 2020, reversing some previous trends, and most new workers do not work remotely

Oklahoma Net Domestic Migration



Note: Sample is limited to employed individuals age 25+.
 Sources: ACS 1-year estimates/IPUMS USA, University of Minnesota, www.ipums.org, authors' calculations

Summary

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- Inflation remains too high, despite coming down from 2022 peaks
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