

U.S. and Oklahoma Economic Outlook

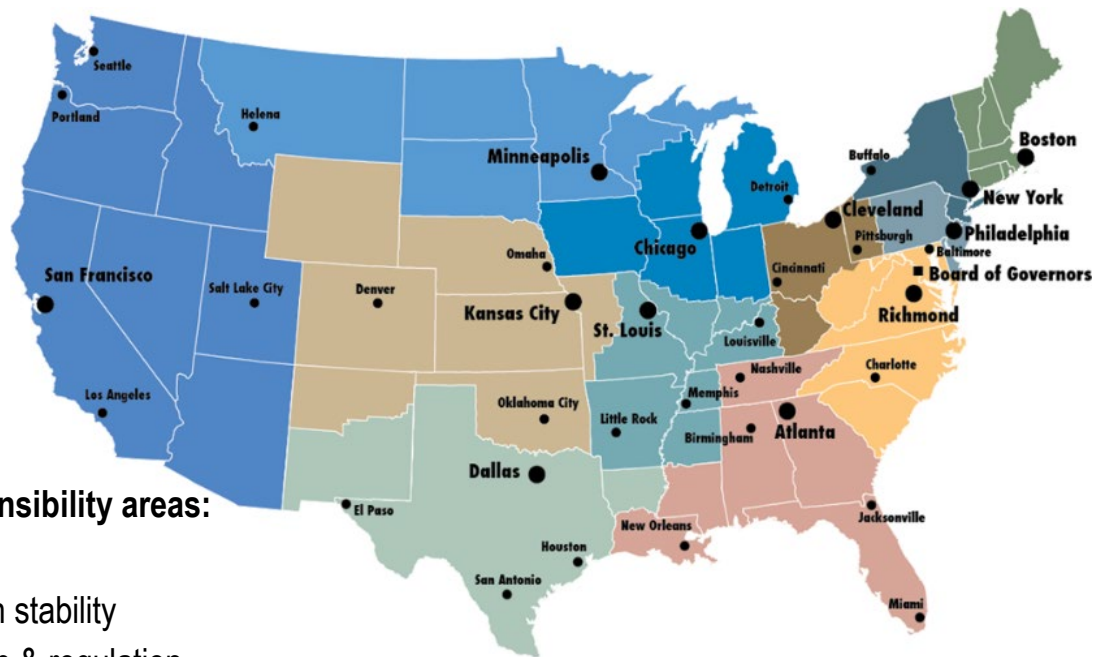
*Grove Rotary
February 5, 2025*

Megan Williams
Associate Economist & Senior Manager, Oklahoma City Branch

*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
- **2025 OKC Branch Board of Directors**
 - **Rhonda Hooper (chair)**, President & CEO, Jordan Advertising, OKC
 - **Mark Burrage**, CEO, FirstBank, Antlers/Atoka
 - **Scott Case**, President, Case & Associates Properties, Tulsa
 - **Jason A. Garner**, Crawley Petroleum Corporation, OKC
 - **Terry Salmon**, President, Computer System Designers, OKC
 - **Brady Sidwell**, Principal, Sidwell Enterprises, Enid
 - **Rebecca Thompson**, CFO, Treasurer, & VP Finance, AAON, Inc., Tulsa

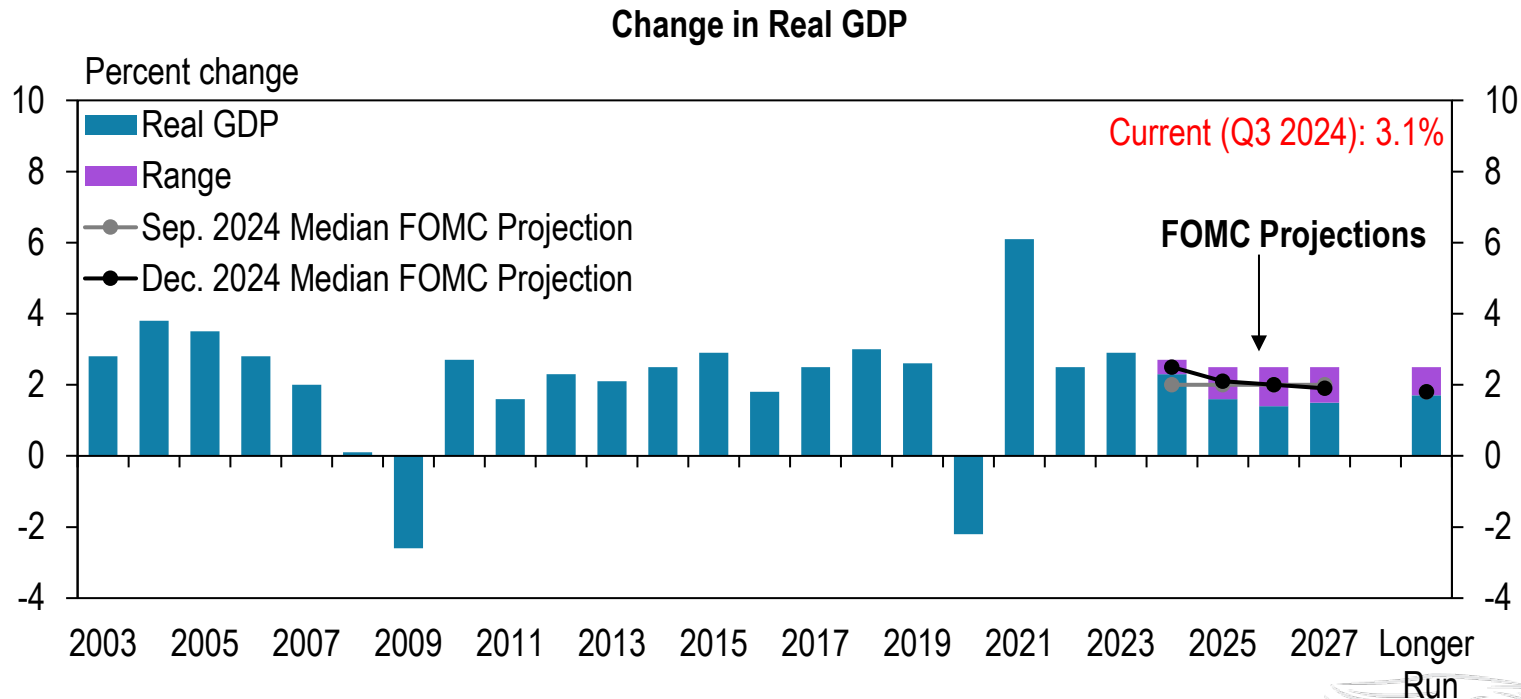


Overview

- U.S. economic growth has slowed but remains solid in 2024, and unemployment is up slightly but remains near long-term averages
- Inflation has come down to near 2%, and the Fed has lowered interest rates
- 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

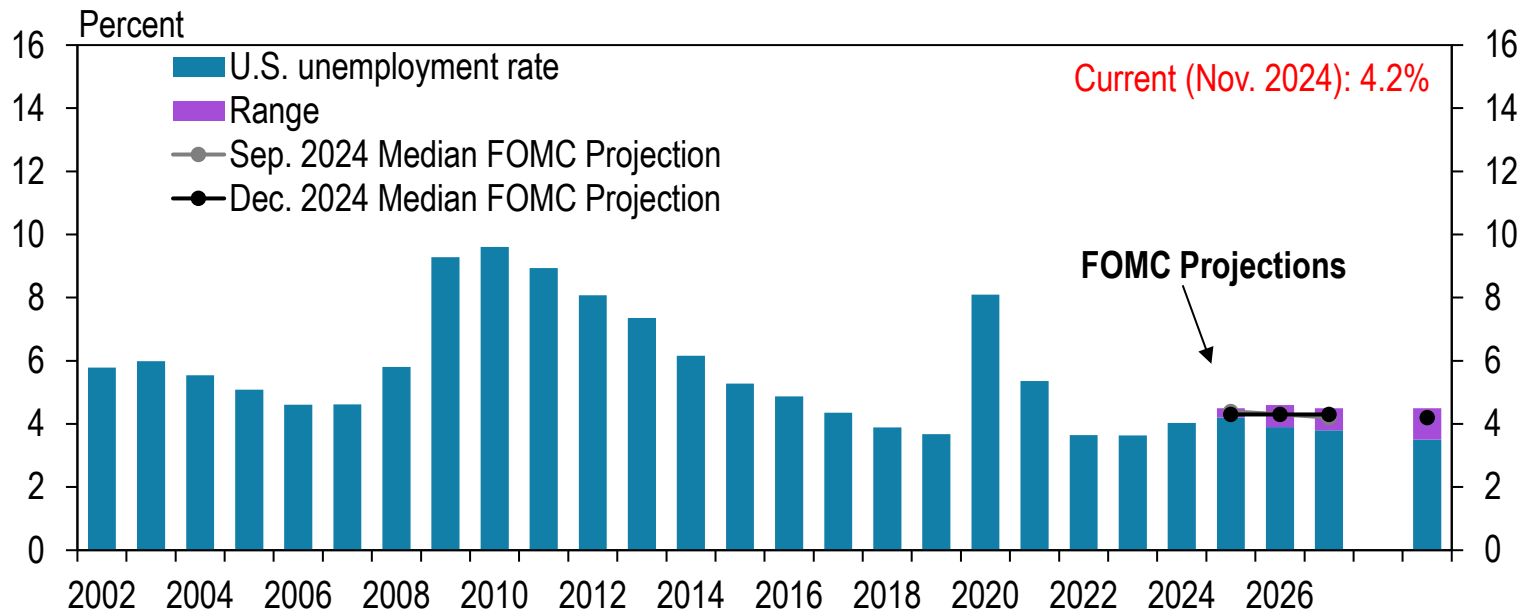


U.S. GDP growth is still expected to remain solid in the coming years

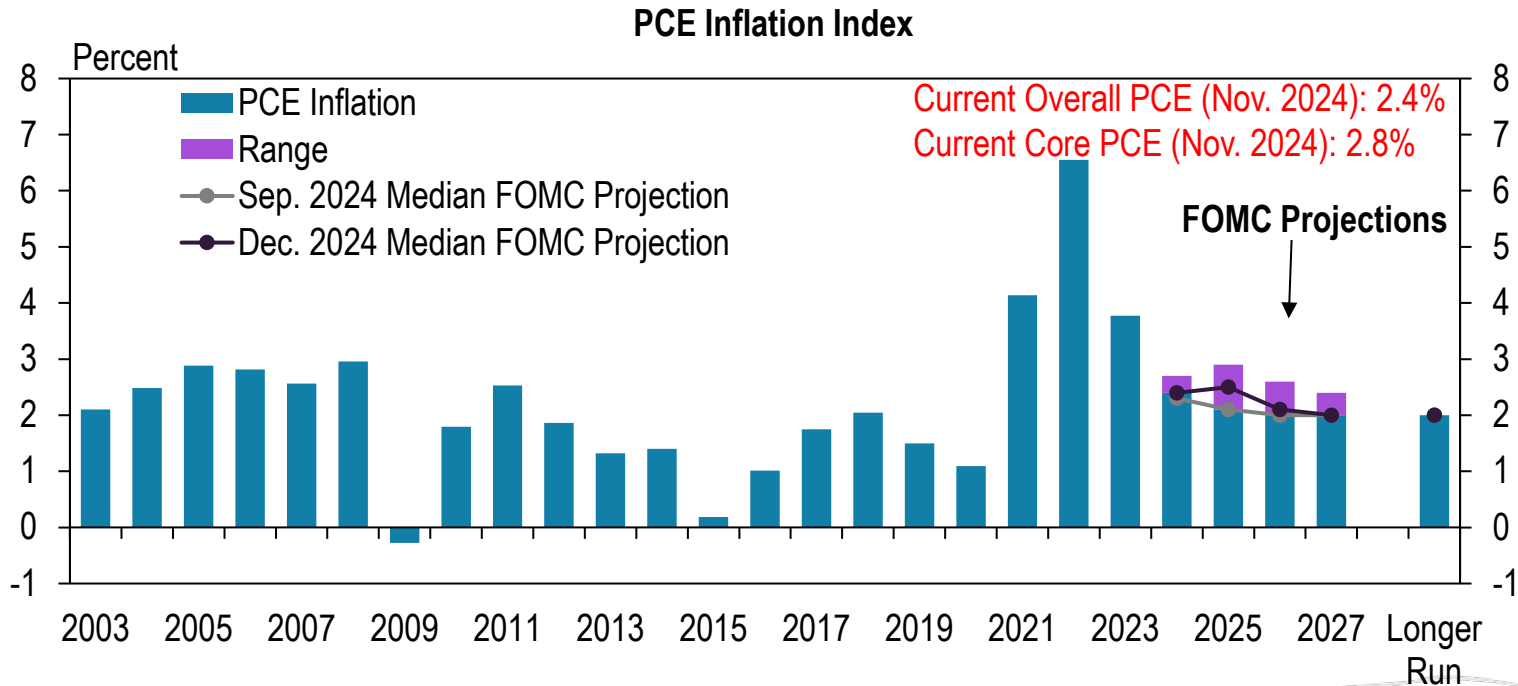


U.S. unemployment remains historically low and is projected to remain low moving forward

U.S. Unemployment Rate

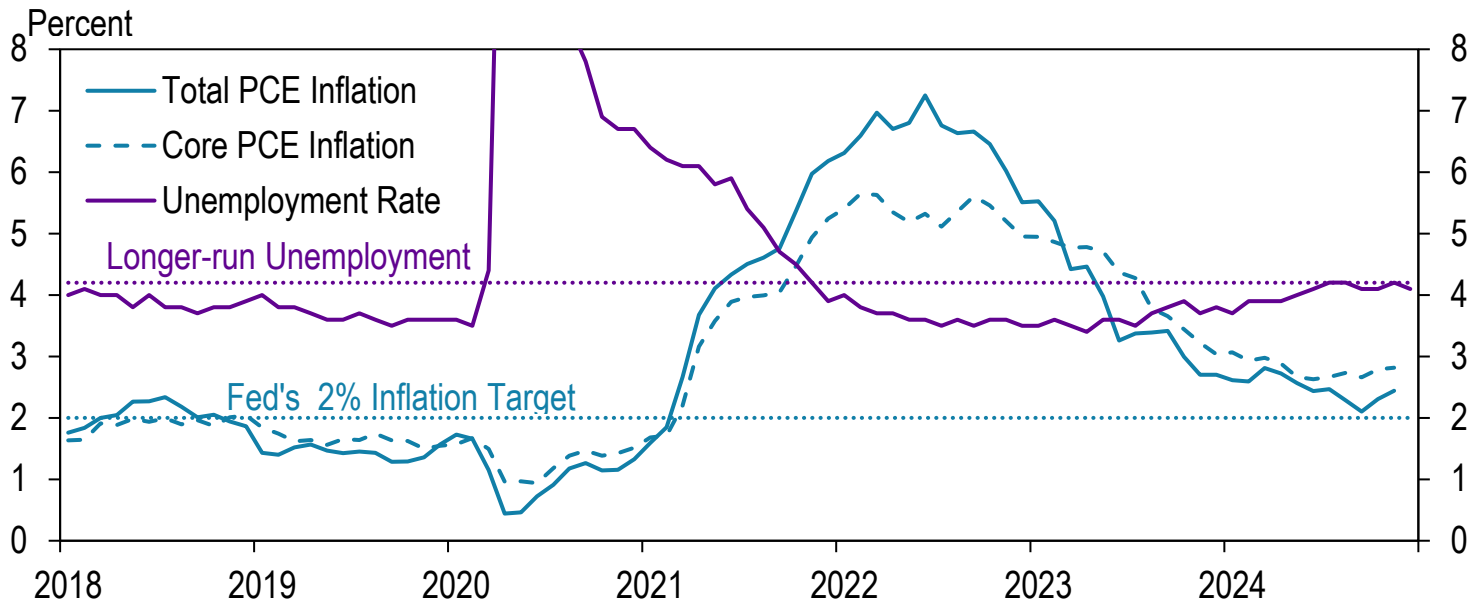


Although inflation has come down from 2022 peaks, it has remained more elevated than previously projected

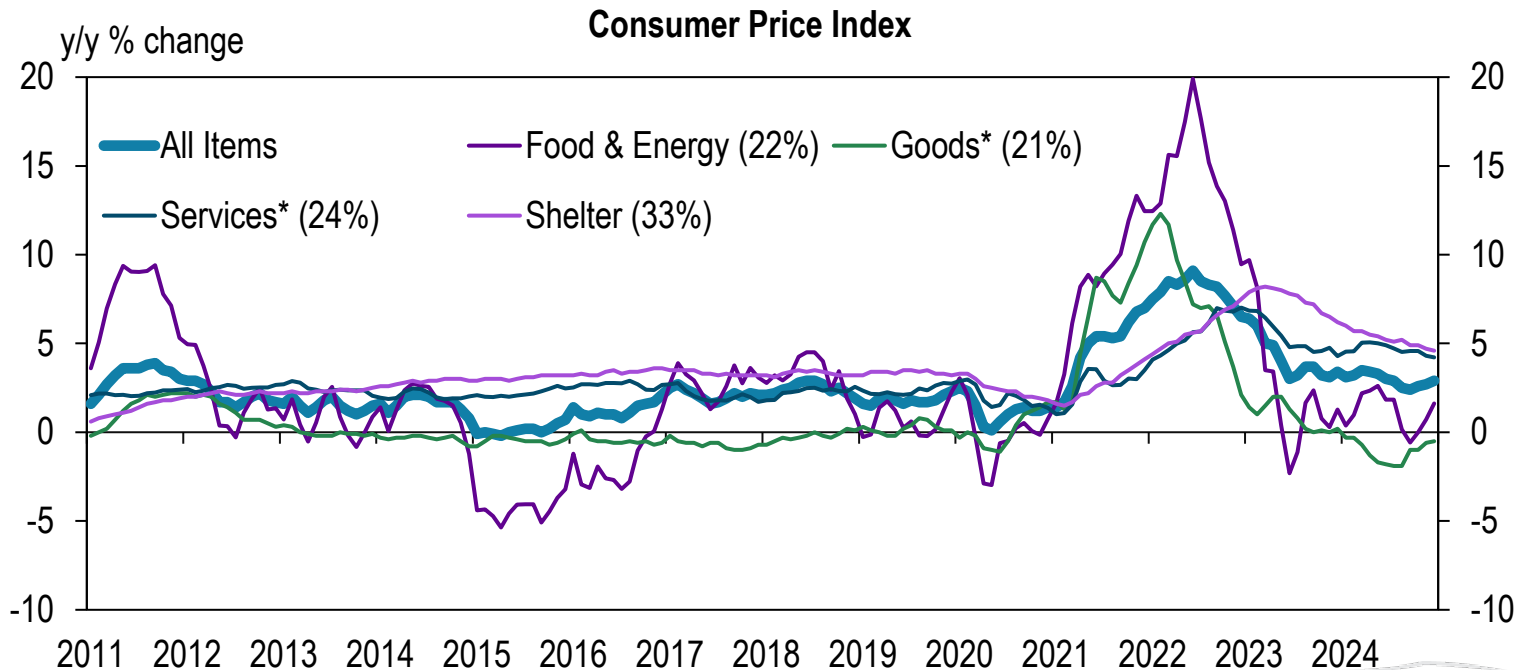


The balance of risks in the Fed's dual mandate has shifted slightly in recent months as the economy normalizes

U.S. Inflation and Unemployment



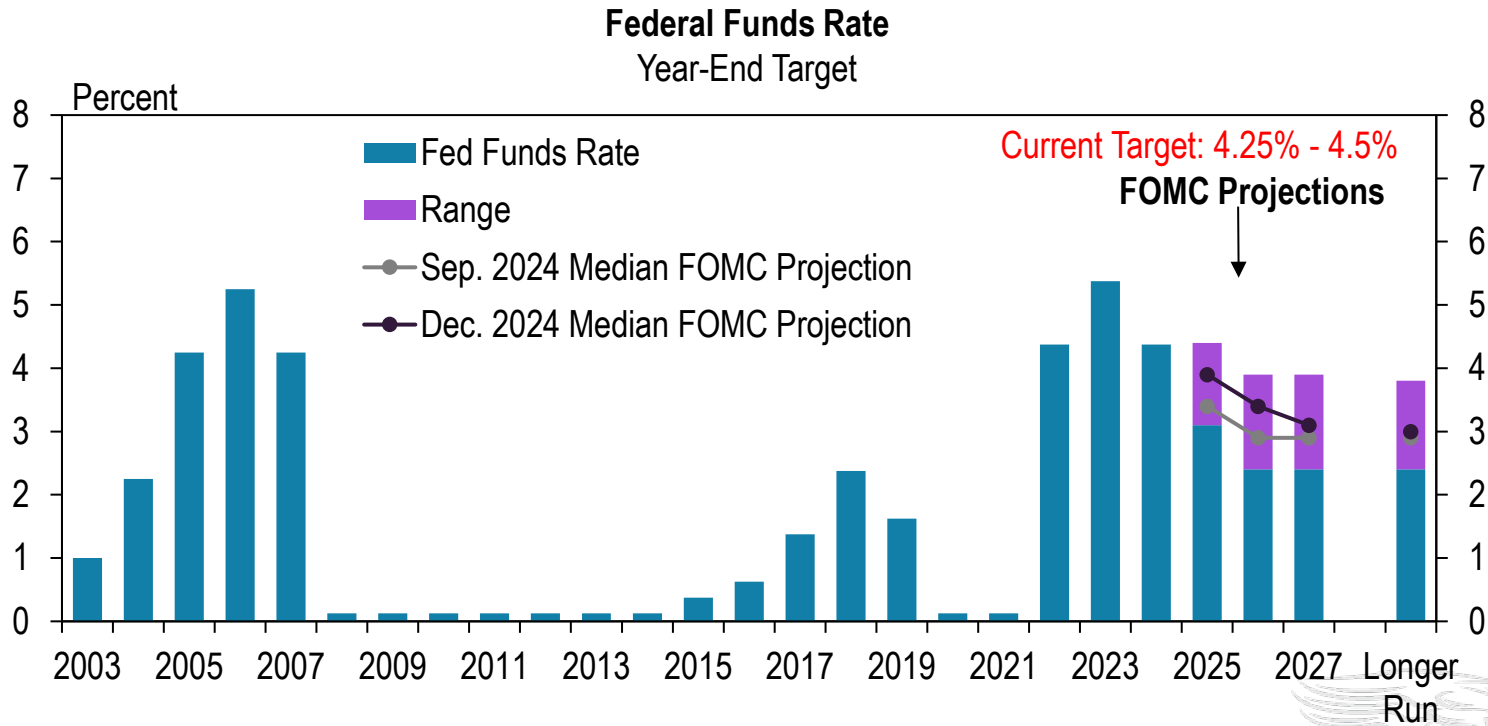
CPI inflation ticked up to 2.9% in December, as and commodity prices rebounded while services and shelter remain elevated



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

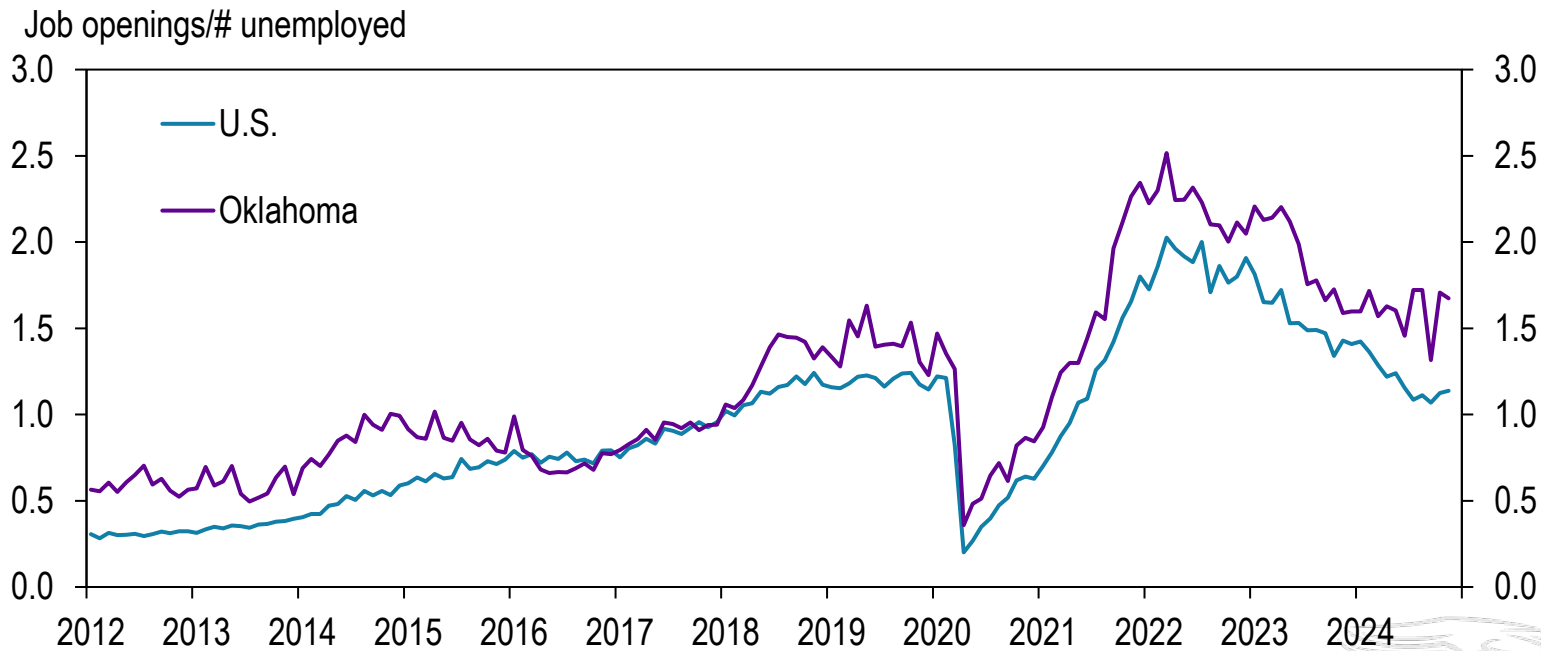


The Fed lowered the federal funds rate again in December, but revised their projections to only two cuts in 2025



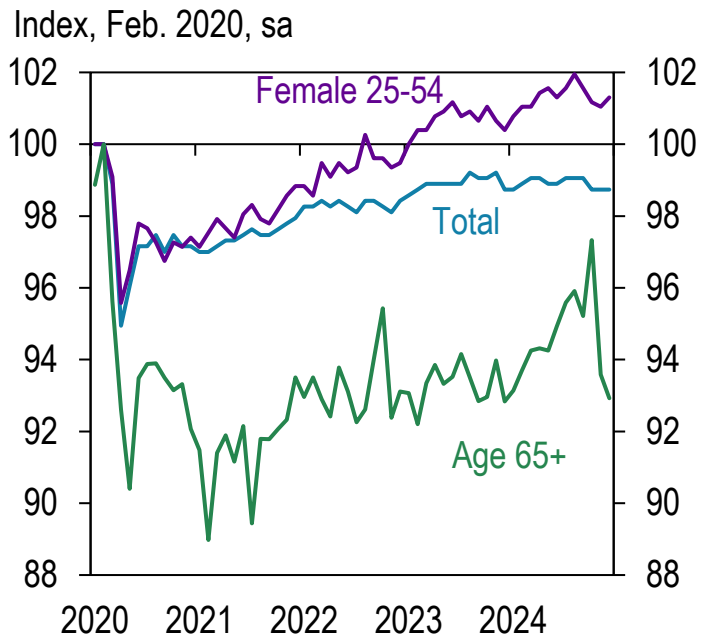
Job openings still exceed unemployed workers, but have returned to near pre-pandemic levels

Job Openings/Unemployment Ratio

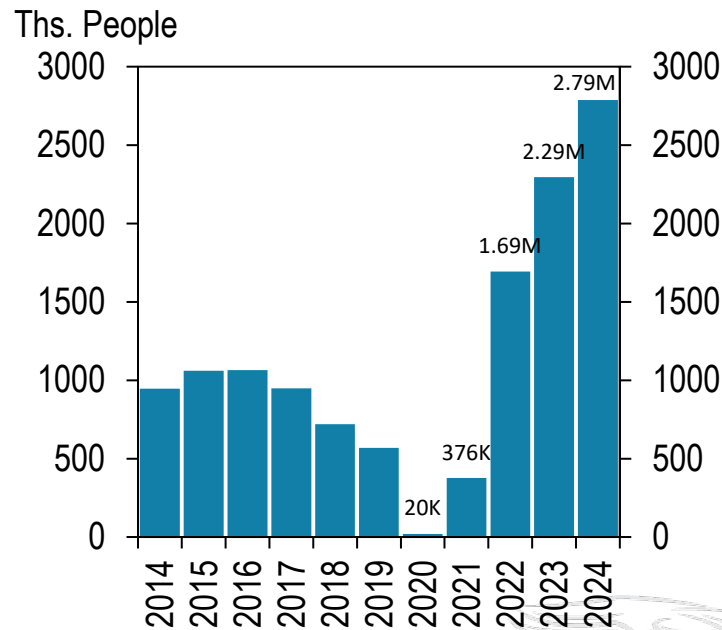


Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

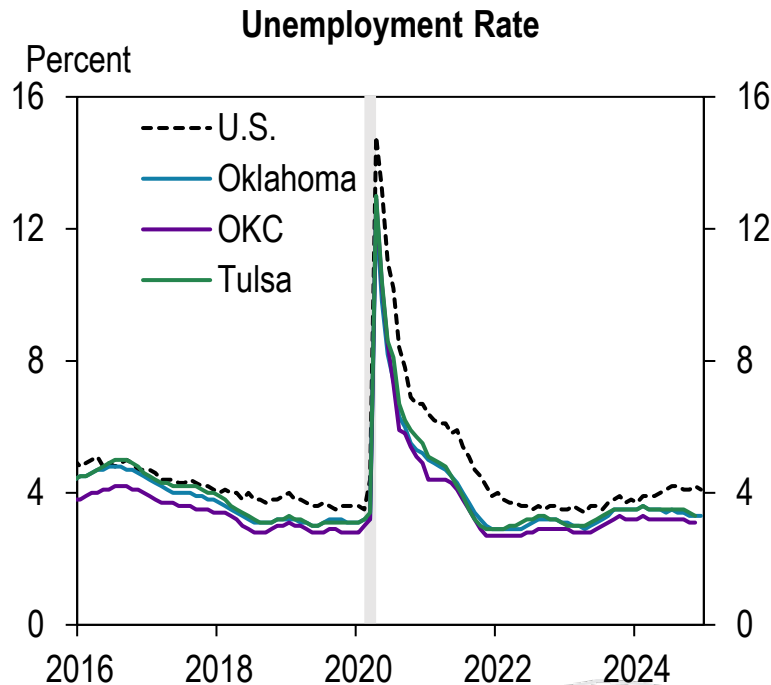
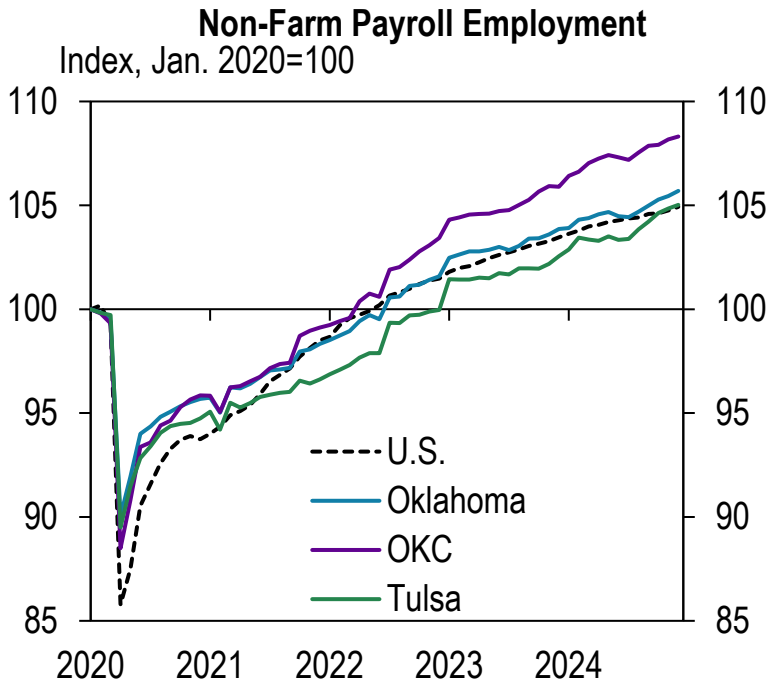
U.S. Labor Force Participation Rate



Net International Immigration to the U.S.

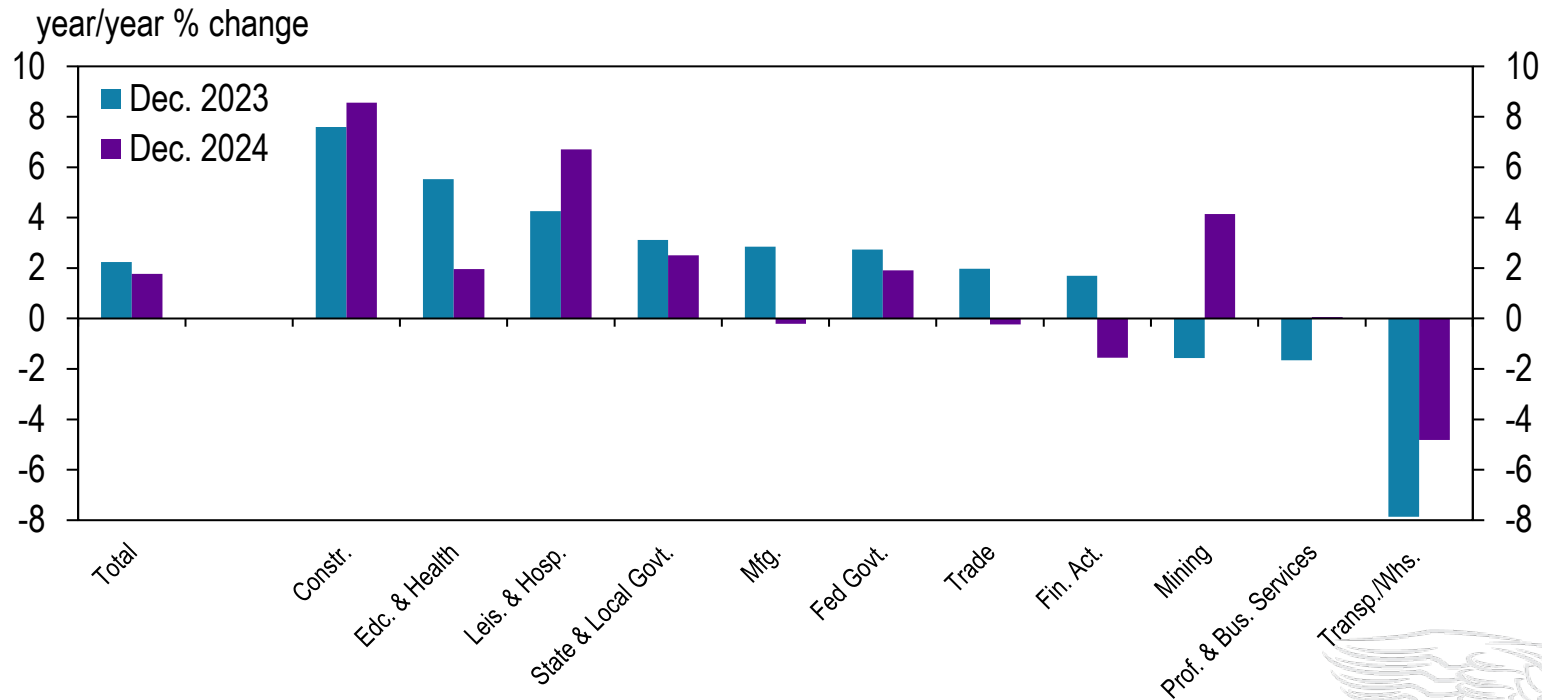


Jobs in Oklahoma have continued to grow in 2024, while unemployment remains very low



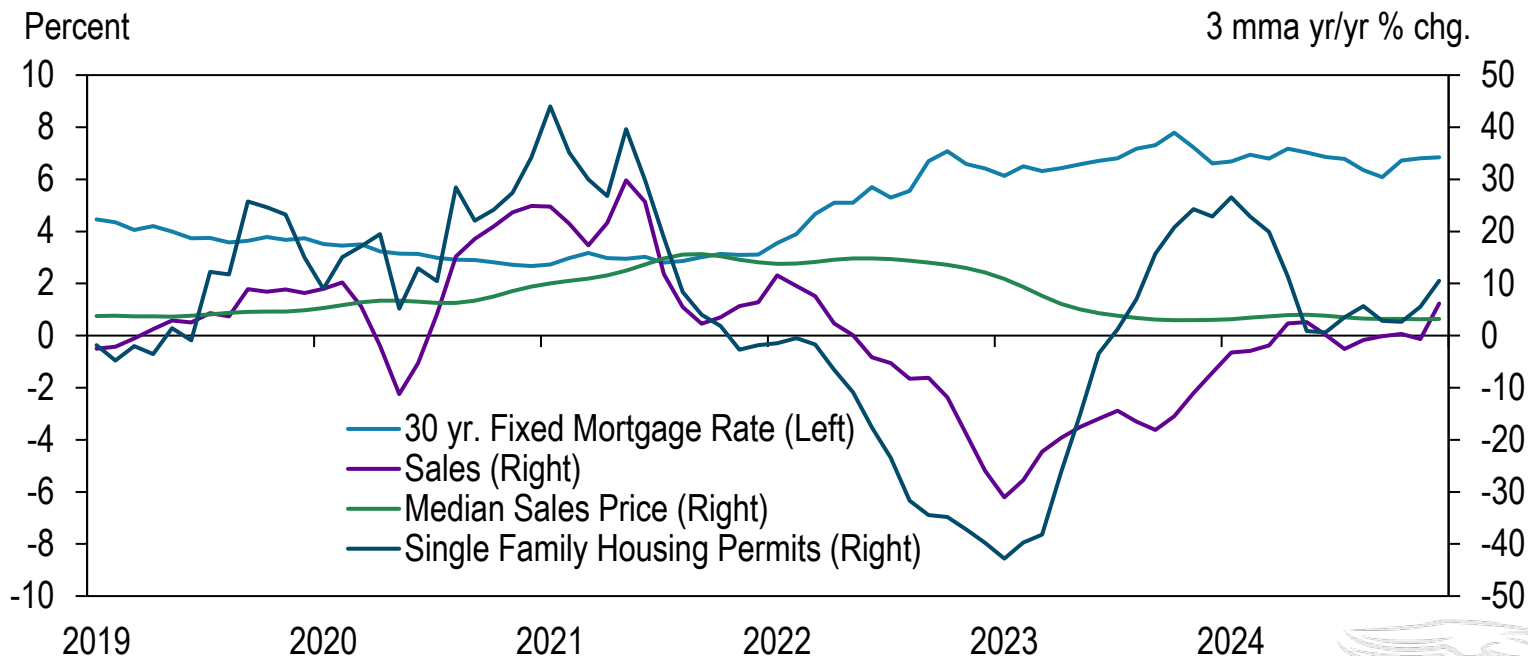
Most OK sectors added jobs over the past year, but the pace of job growth has slowed

Oklahoma Job Growth by Industry



The Oklahoma housing market eased with higher interest rates, but home prices have held up and permits have risen

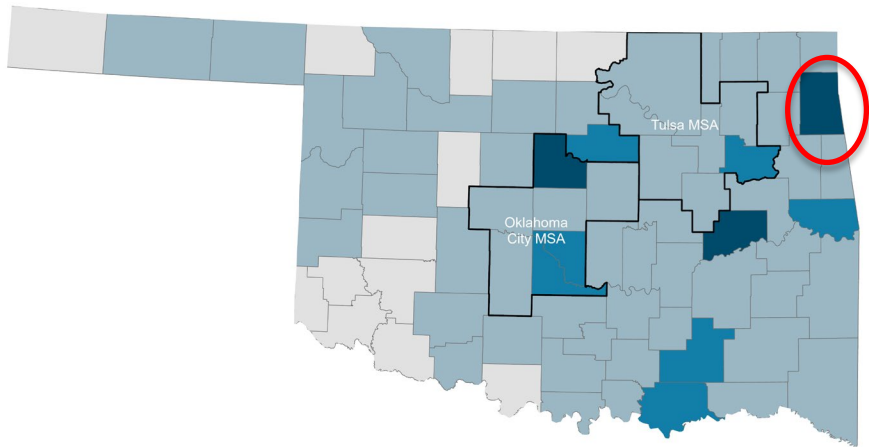
Oklahoma Housing Market Indicators



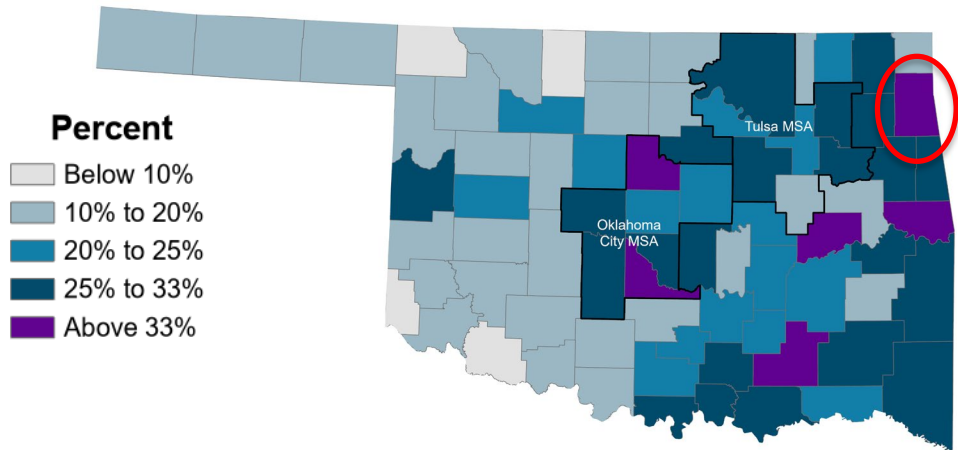
Homeownership for first-time buyers became less affordable across Oklahoma in recent years

First-Time Homeownership Costs as a Share of Household Income

2018-2019

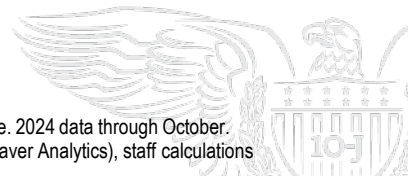


2024



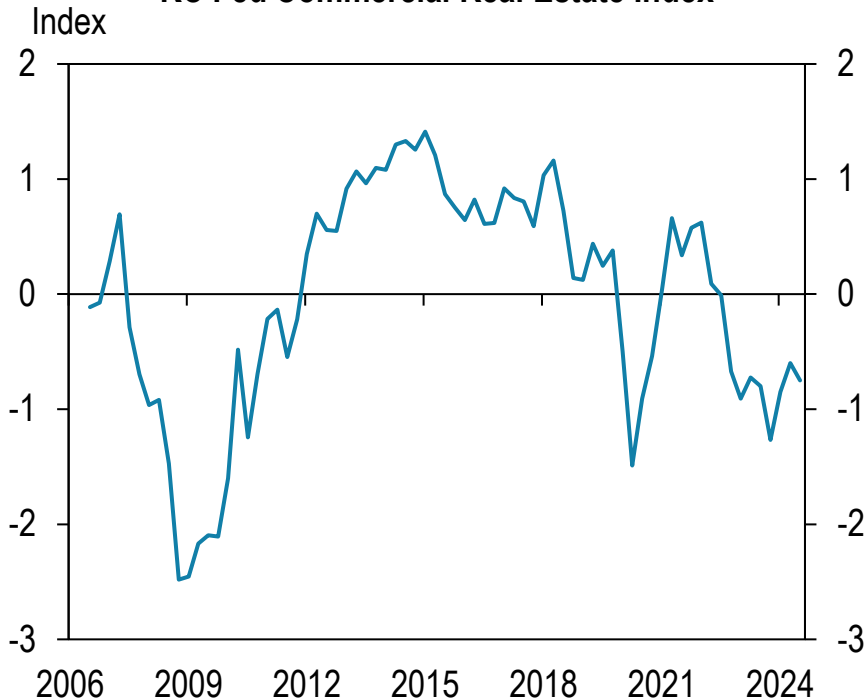
Percent

- Below 10%
- 10% to 20%
- 20% to 25%
- 25% to 33%
- Above 33%

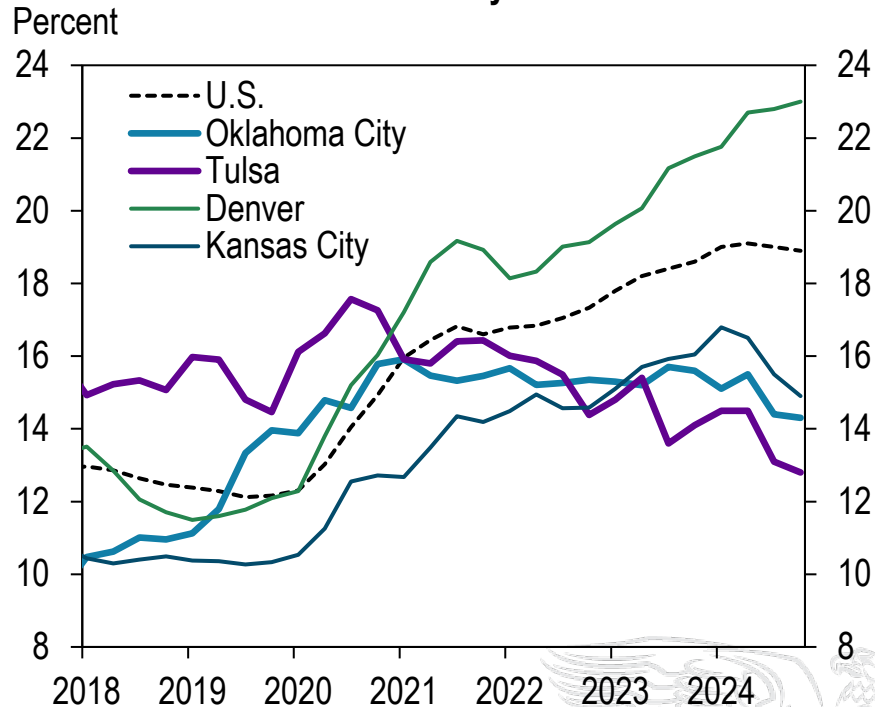


CRE activity has deteriorated in the region, but office vacancy rates in Oklahoma have not risen like in neighboring markets

KC Fed Commercial Real Estate Index

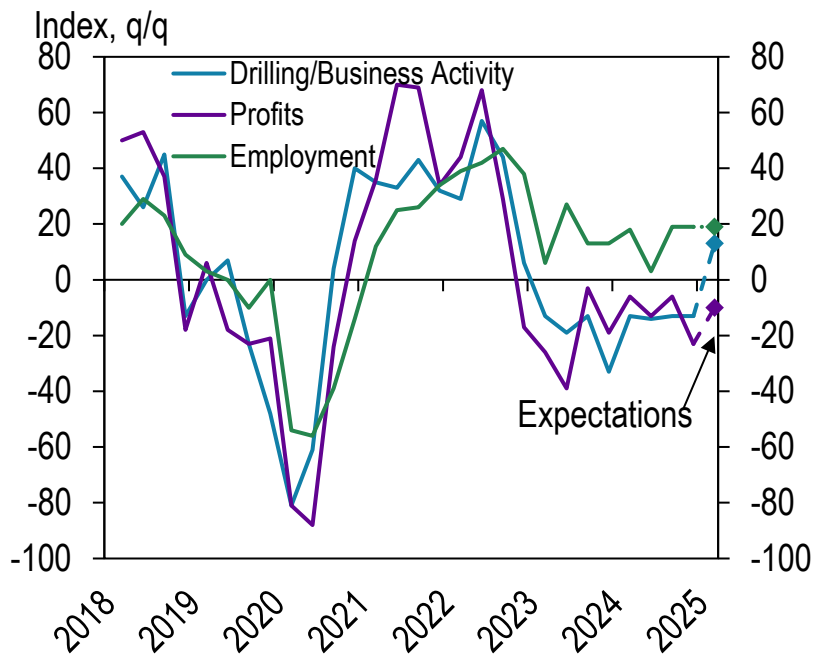


Office Vacancy Rates

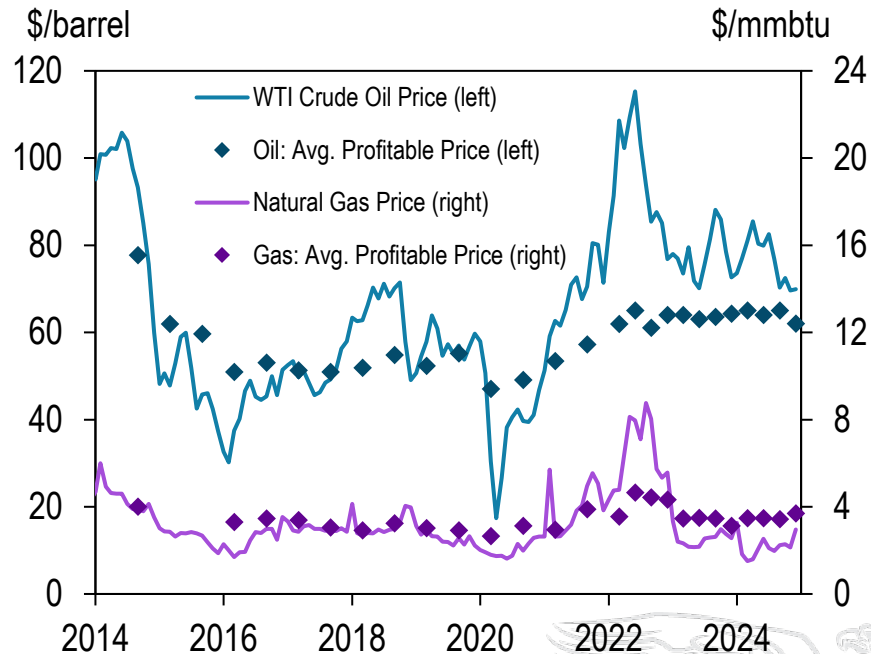


Tenth District oil and gas activity continued to decline in Q4, but is expected to pick up in the next six months

KC Fed Energy Survey Indexes

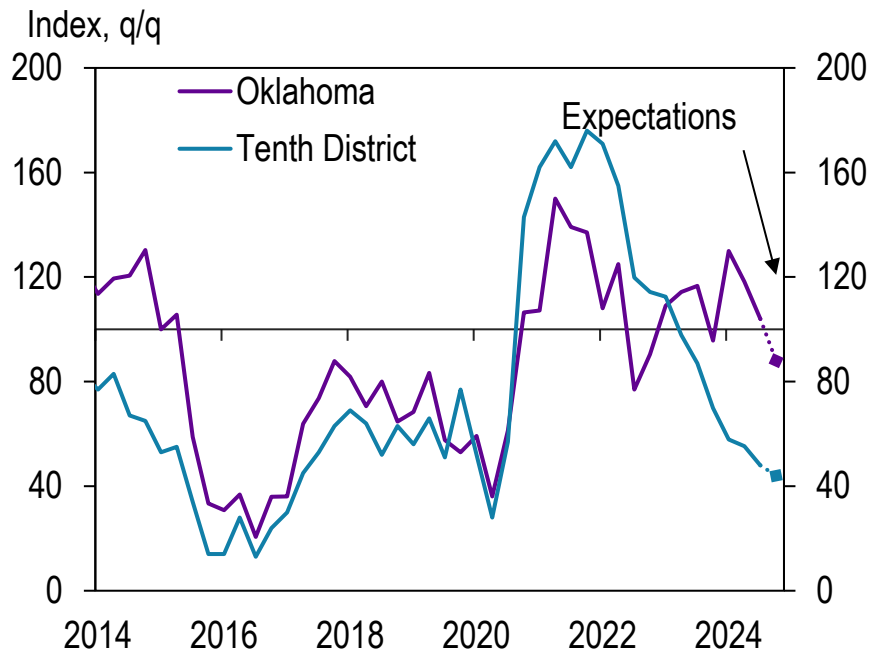


U.S. Energy Prices

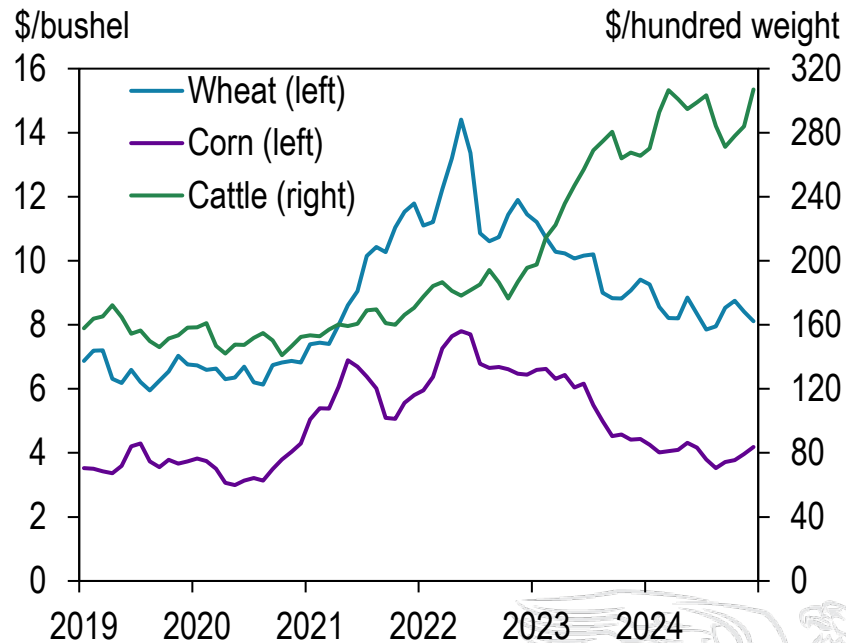


Oklahoma farm was flat in Q3 while it declined in border states, partially due to higher cattle prices

Farm Income

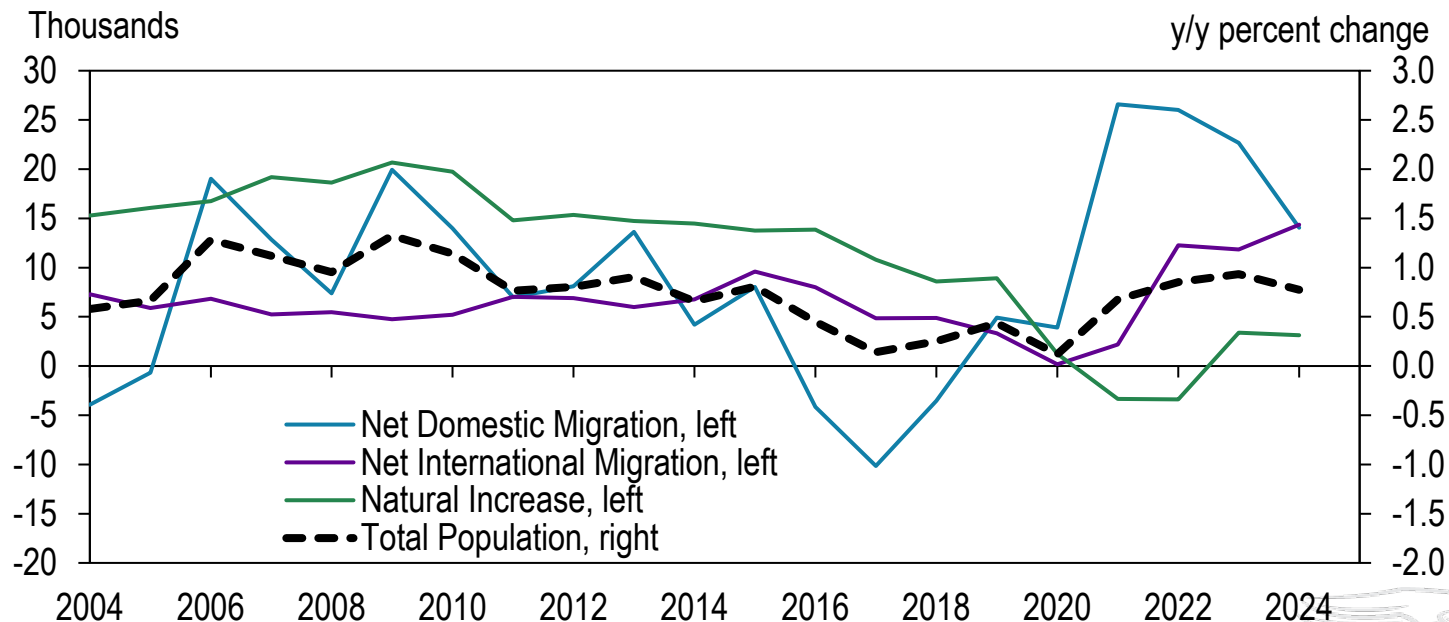


Agricultural Commodity Prices



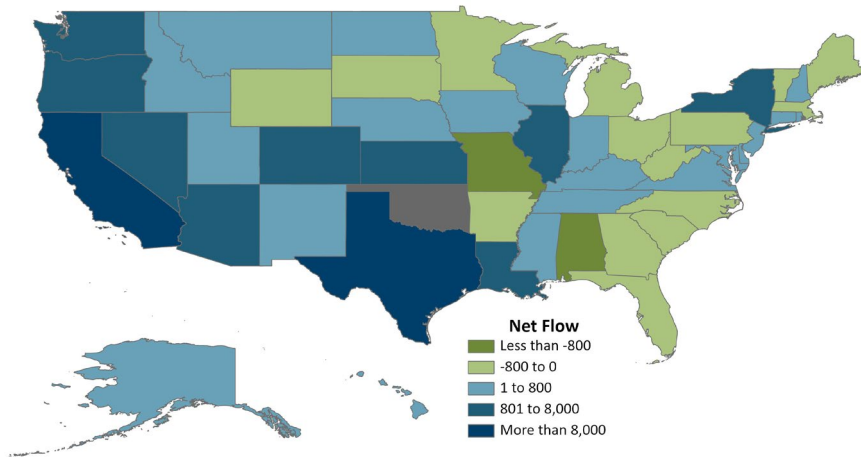
Oklahoma's population grew at a slightly slower pace in 2024, as net domestic migration slowed from pandemic-era highs

Oklahoma Population Change by Component

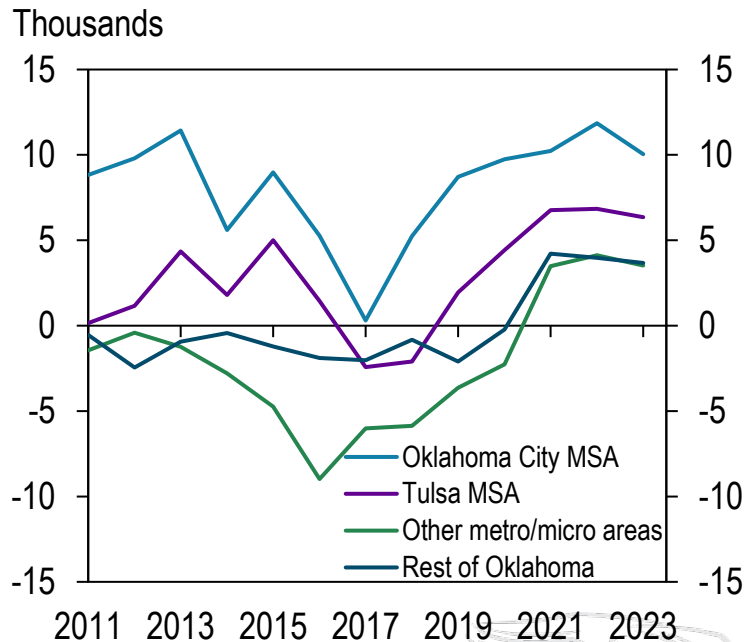


Many people moved to OK from CA and TX since the pandemic, mostly to the metros but to many other parts of the state, too

Migration to Oklahoma During 2020 - 2023

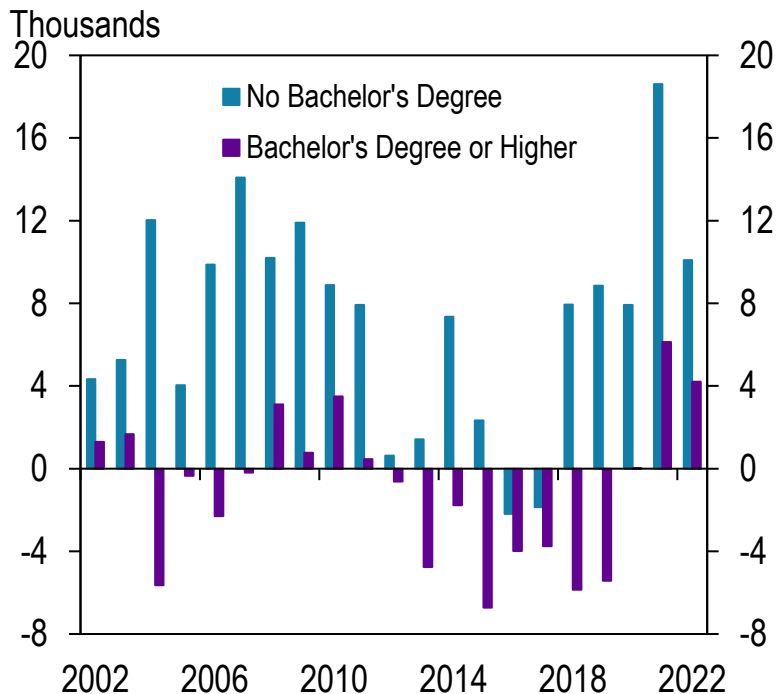


Oklahoma Net Domestic Migration

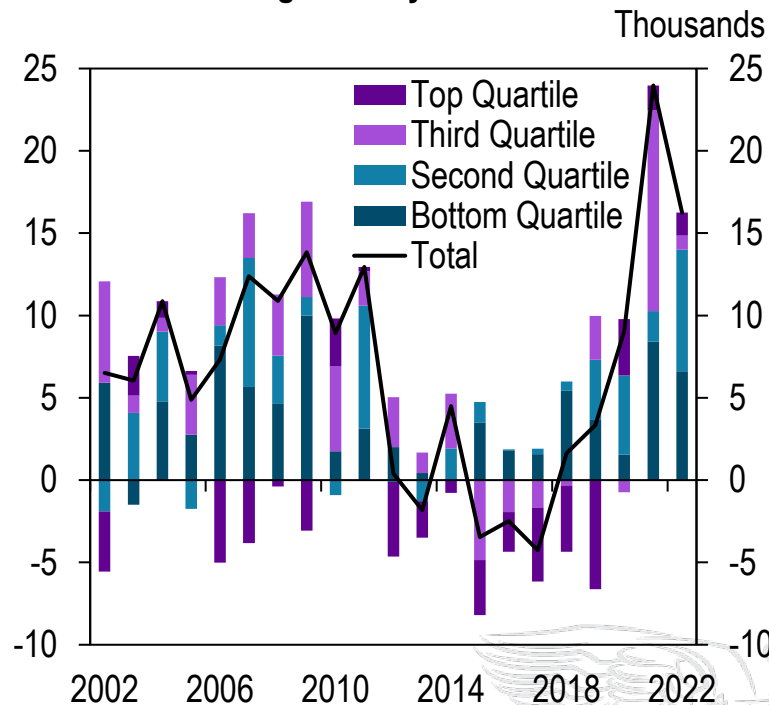


Oklahoma also finally had net inflow of prime-age college graduates with higher incomes in recent years, but has not yet fully made up for losses from the 2010s

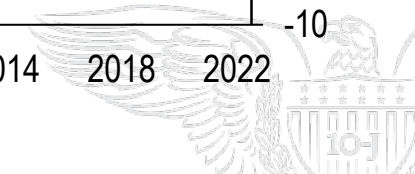
Net Domestic Migration by Educational Attainment



Migration by Income



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, authors' calculations



Summary

- U.S. economic growth has slowed but remains solid in 2024, and unemployment is up slightly but remains near long-term averages
- Inflation has come down to near 2%, and the Fed has lowered interest rates
- 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



Questions?

RECEIVE REGULAR UPDATES ABOUT
Oklahoma's economy

For more analysis of the Oklahoma economy, regional manufacturing conditions and regional energy conditions, subscribe to receive e-mail alerts from the KANSAS CITY FED.

Visit *kansascityfed.org/lealert* to subscribe!

