

U.S. and Oklahoma Economic Outlook

Oklahoma Central Chapter, Financial Planning Association

April 15, 2025

Megan Williams

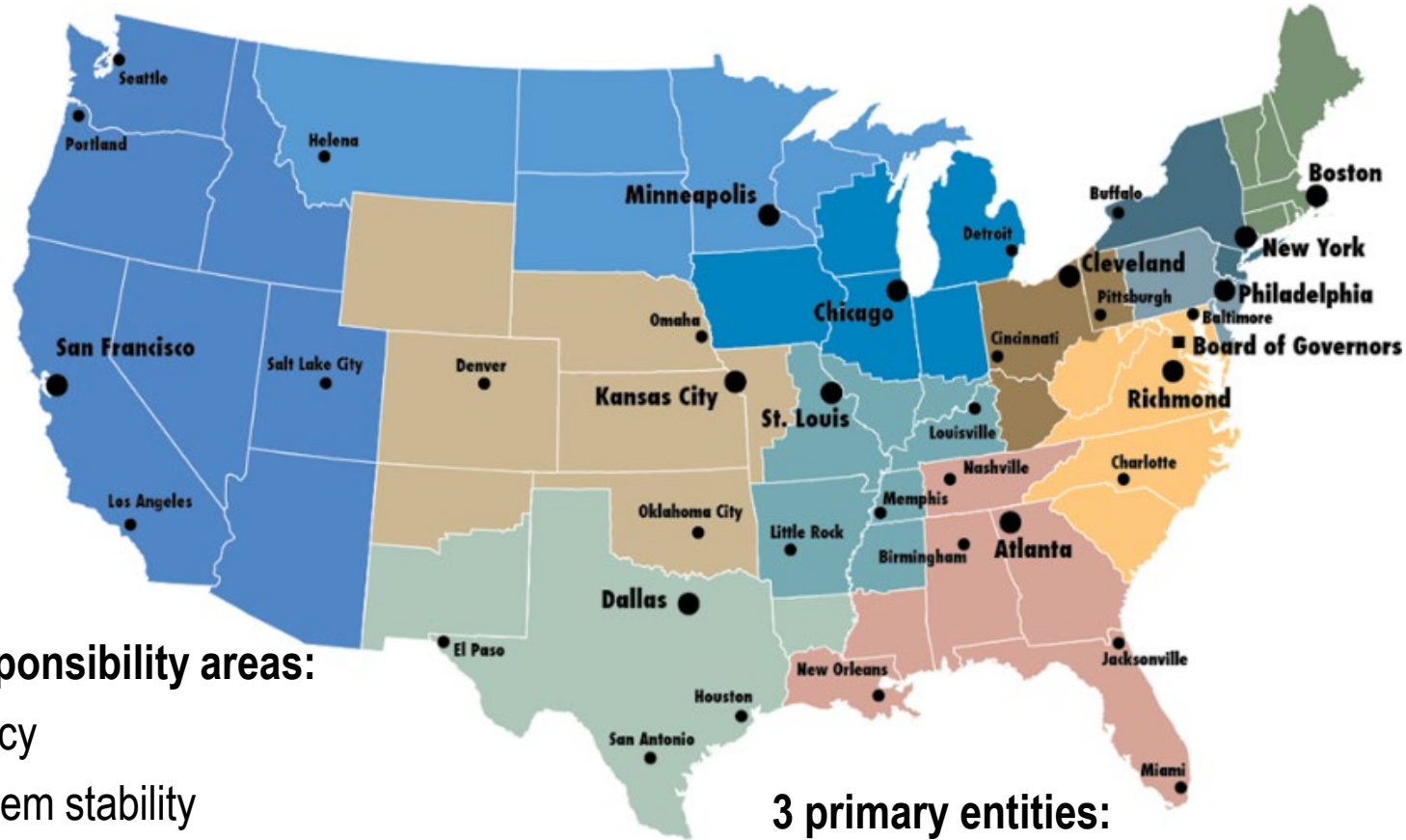
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*The views expressed herein are those of the presenter only and do not necessarily reflect the views of the Federal Reserve Bank of Kansas City or the Federal Reserve System.



Denver / Oklahoma City / Omaha

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

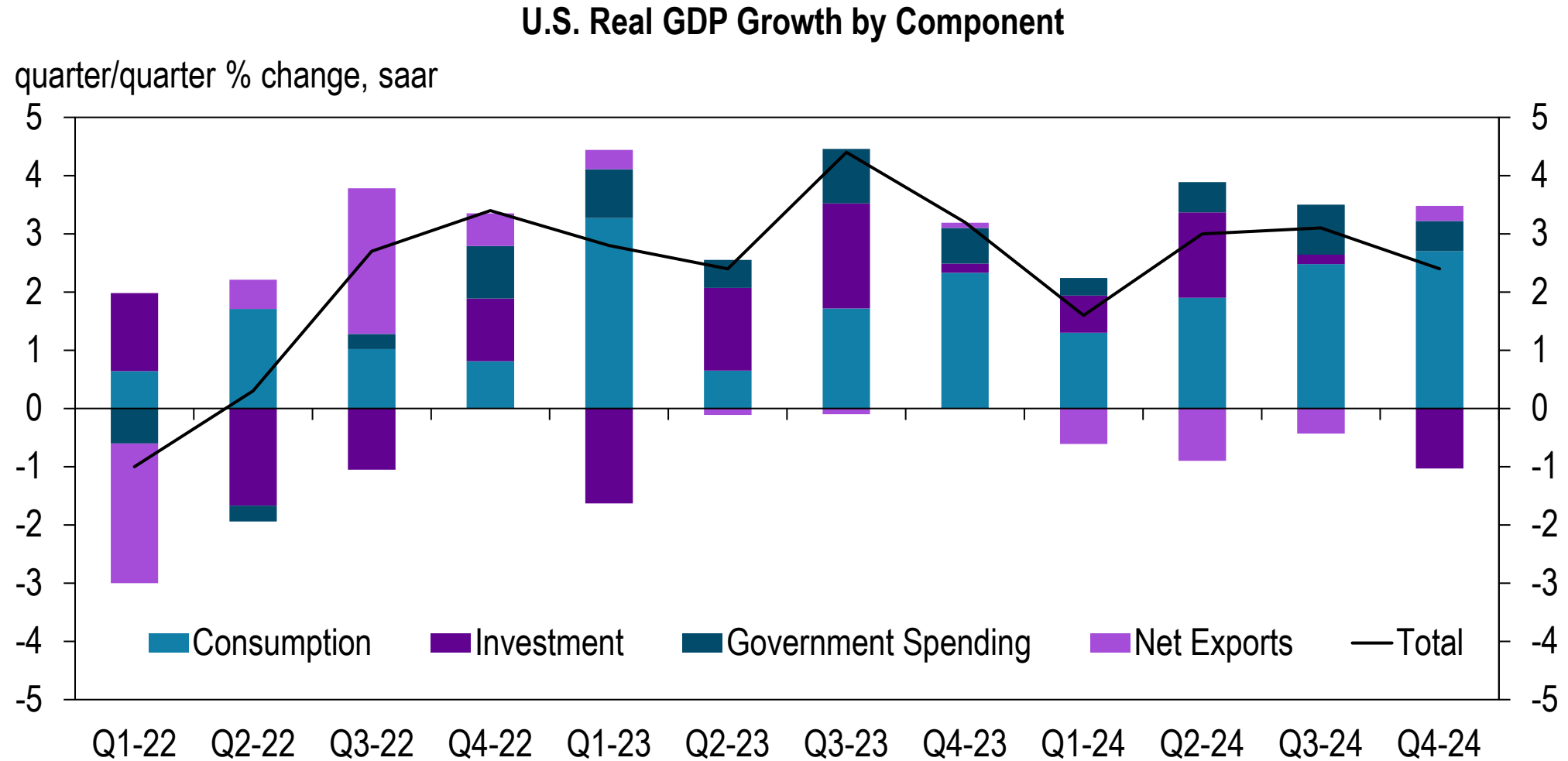
- **2025 OKC Branch Board of Directors**

- **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

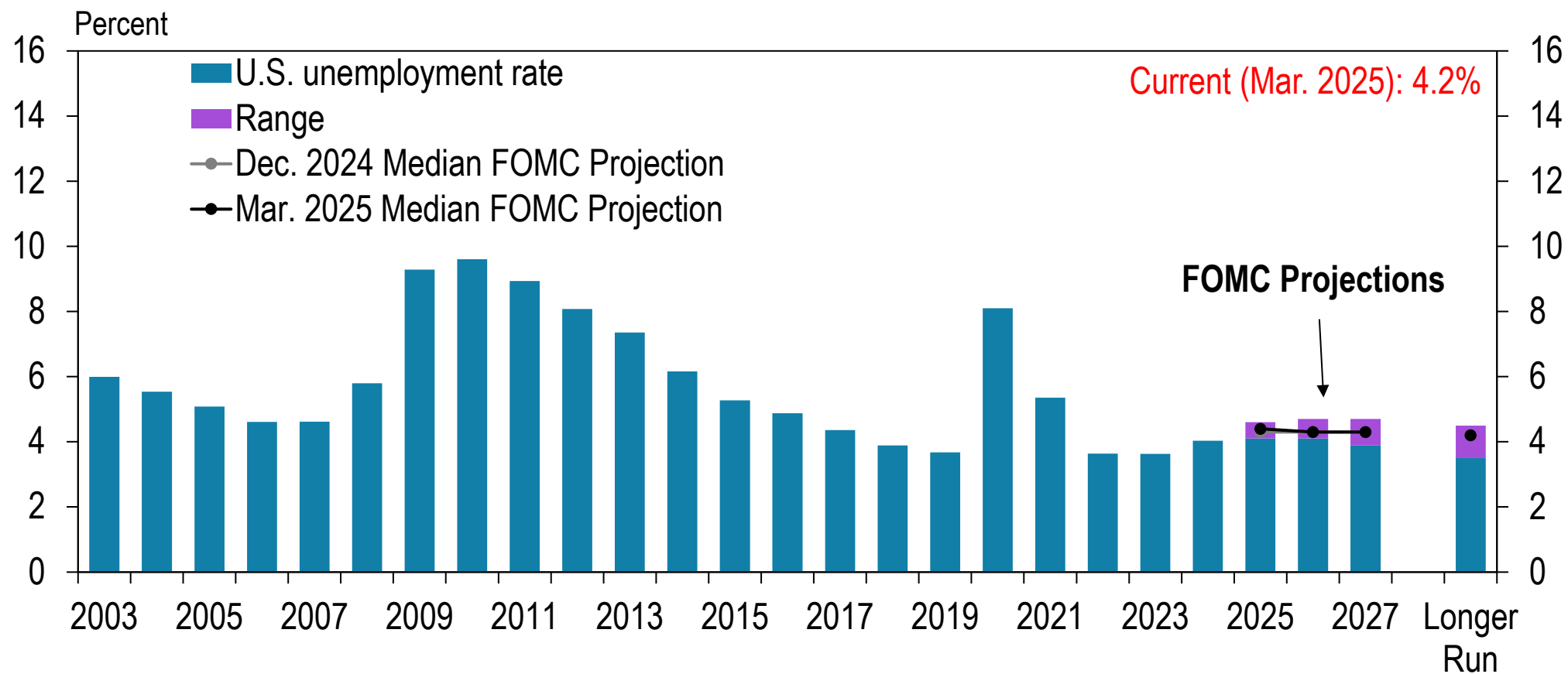
- U.S. economic growth has slowed but remained solid in 2024, and unemployment is up slightly but remains near long-term averages
- Inflation has come down to near 2%, and the labor market remains strong
 - But upside risks have increased for both
- Oklahoma's economy also continues to grow, and unemployment is low
- Oklahoma's labor force participation rate met the national average for the first time in over three decades, driven primarily by Native Americans

U.S. economic growth remains healthy, primarily driven by consumption



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

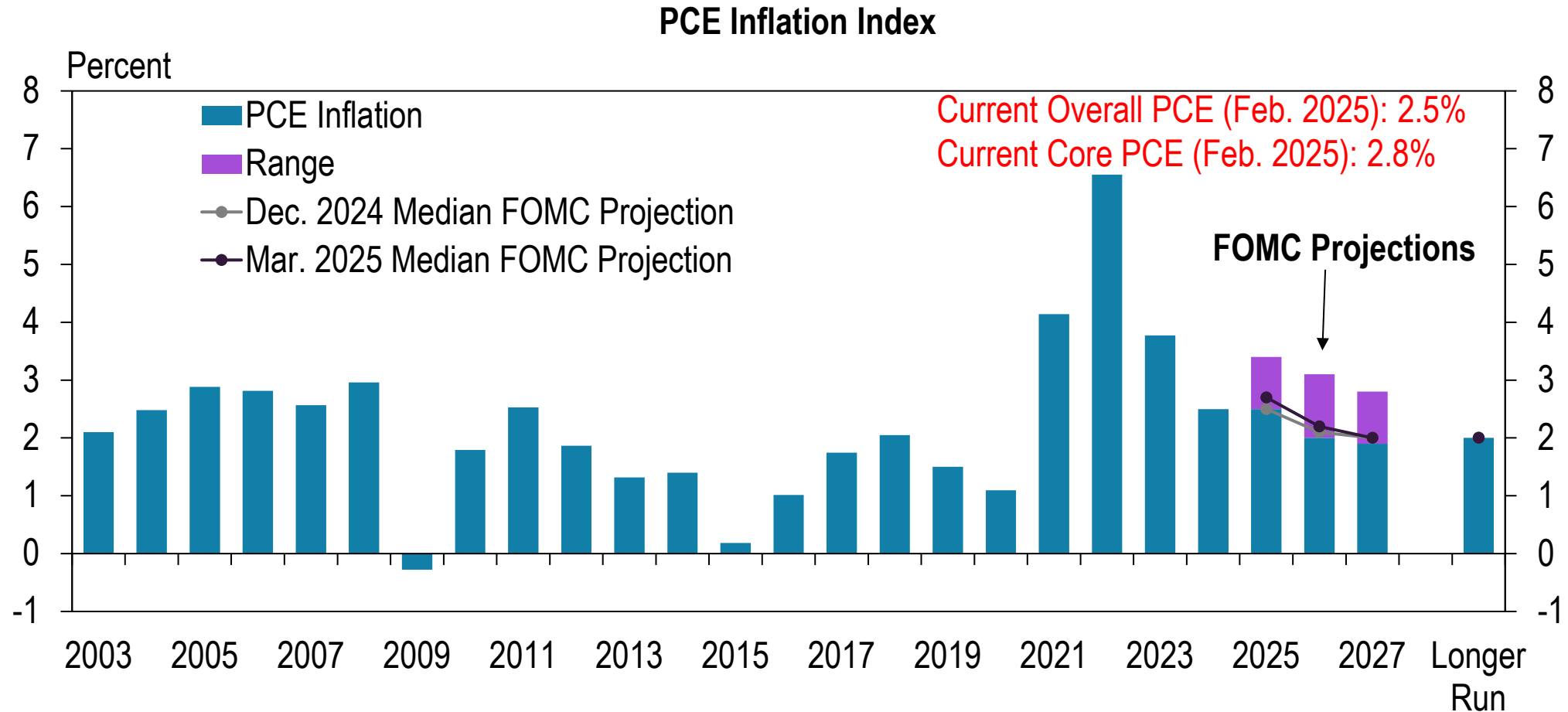
U.S. Unemployment Rate



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

Sources: U.S. Bureau of Labor Statistics, FOMC

Inflation has come down from 2022 peaks, but is projected to tick up this year

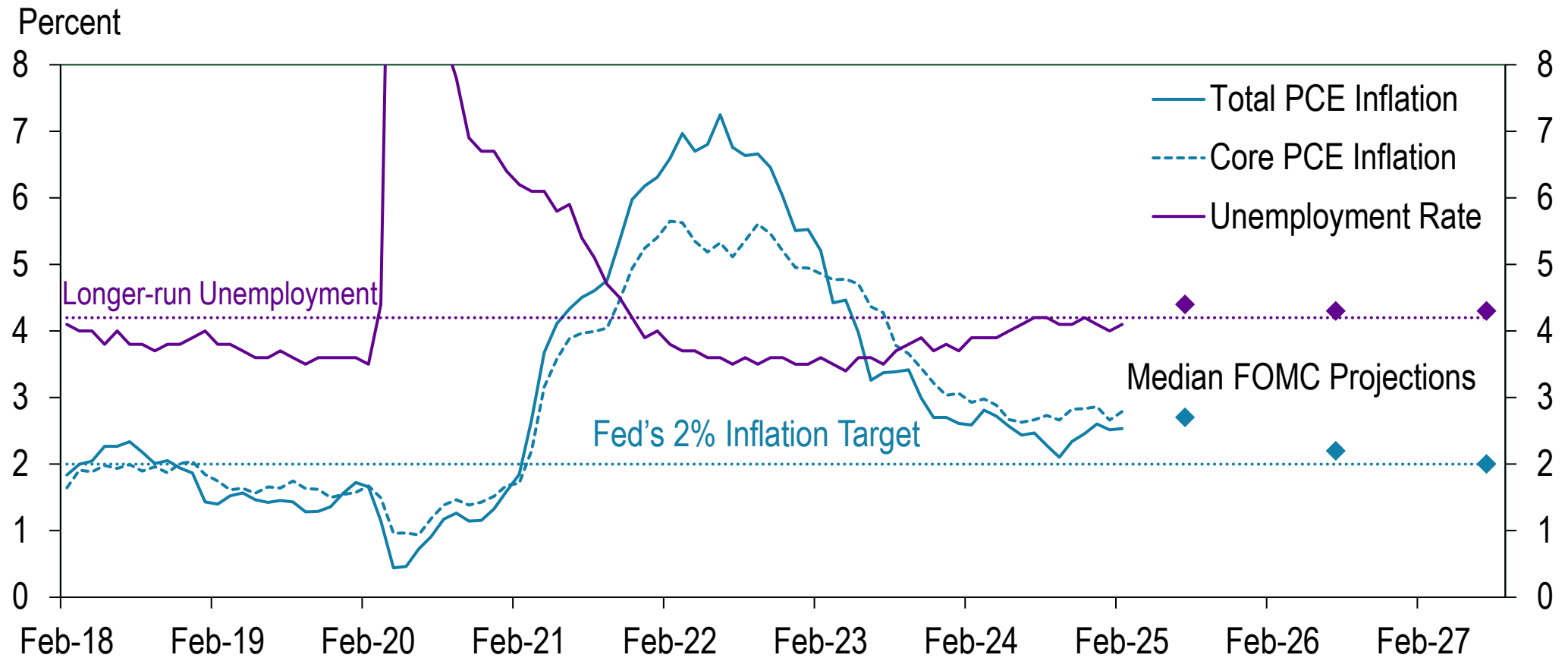


Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC

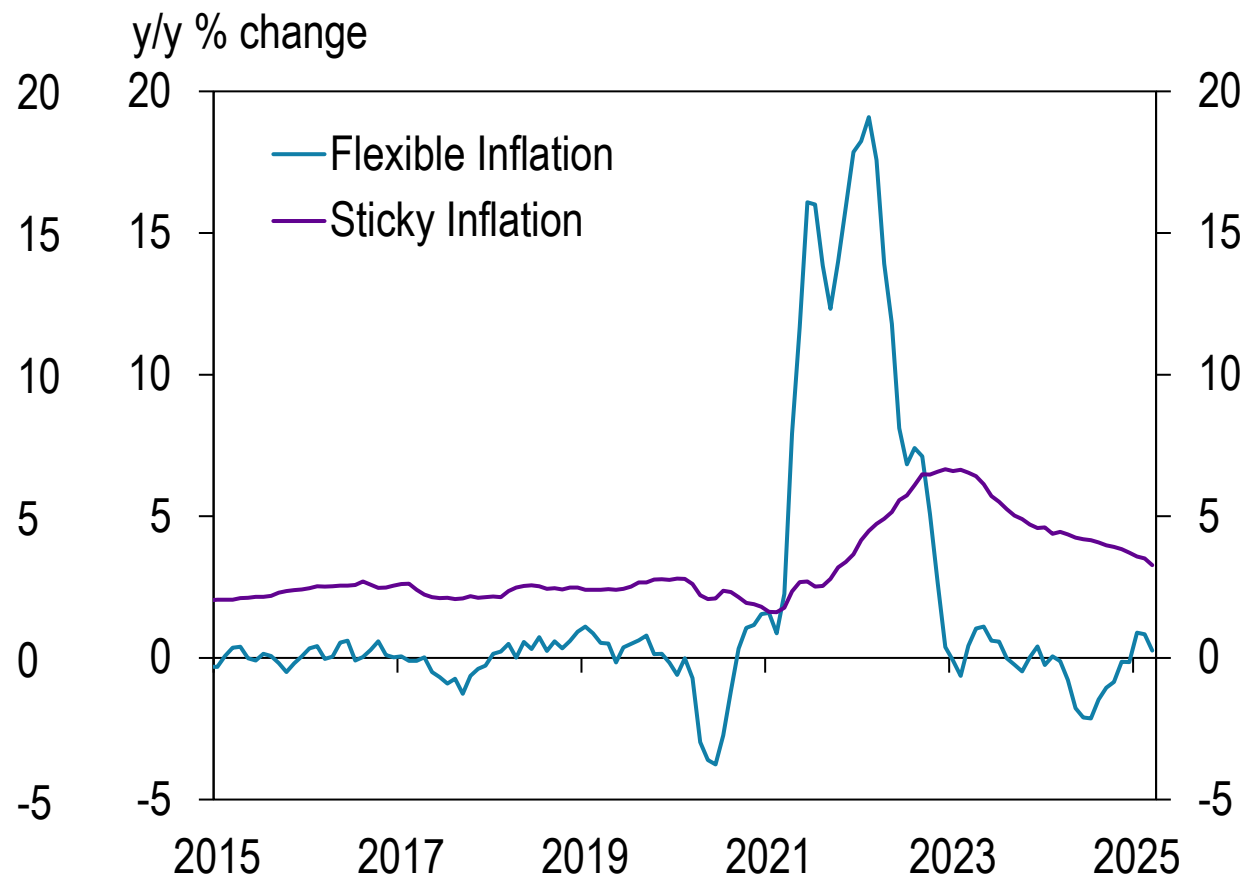
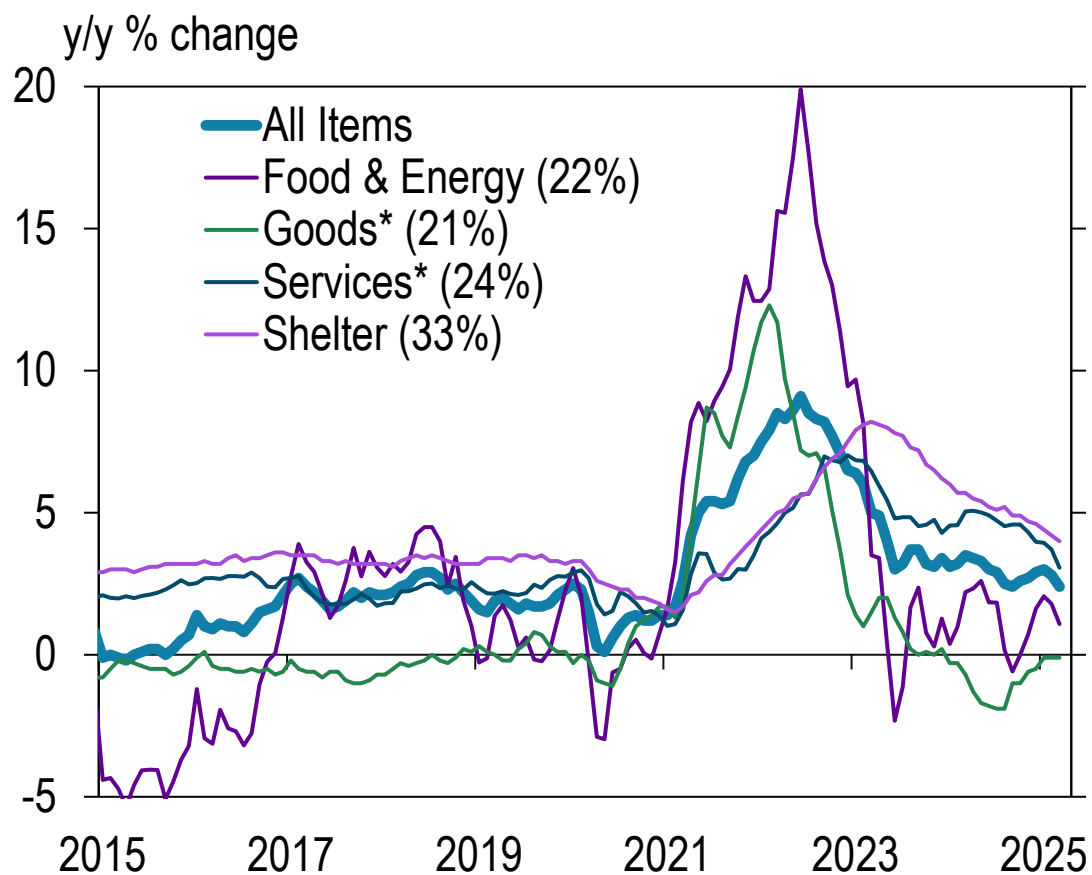
Inflation and unemployment have come closer to the Fed's targets, but there are upside risks to both

U.S. Inflation and Unemployment



CPI inflation eased to 2.4% in March, as services and energy cooled and shelter inflation remains elevated

Consumer Price Index by Component

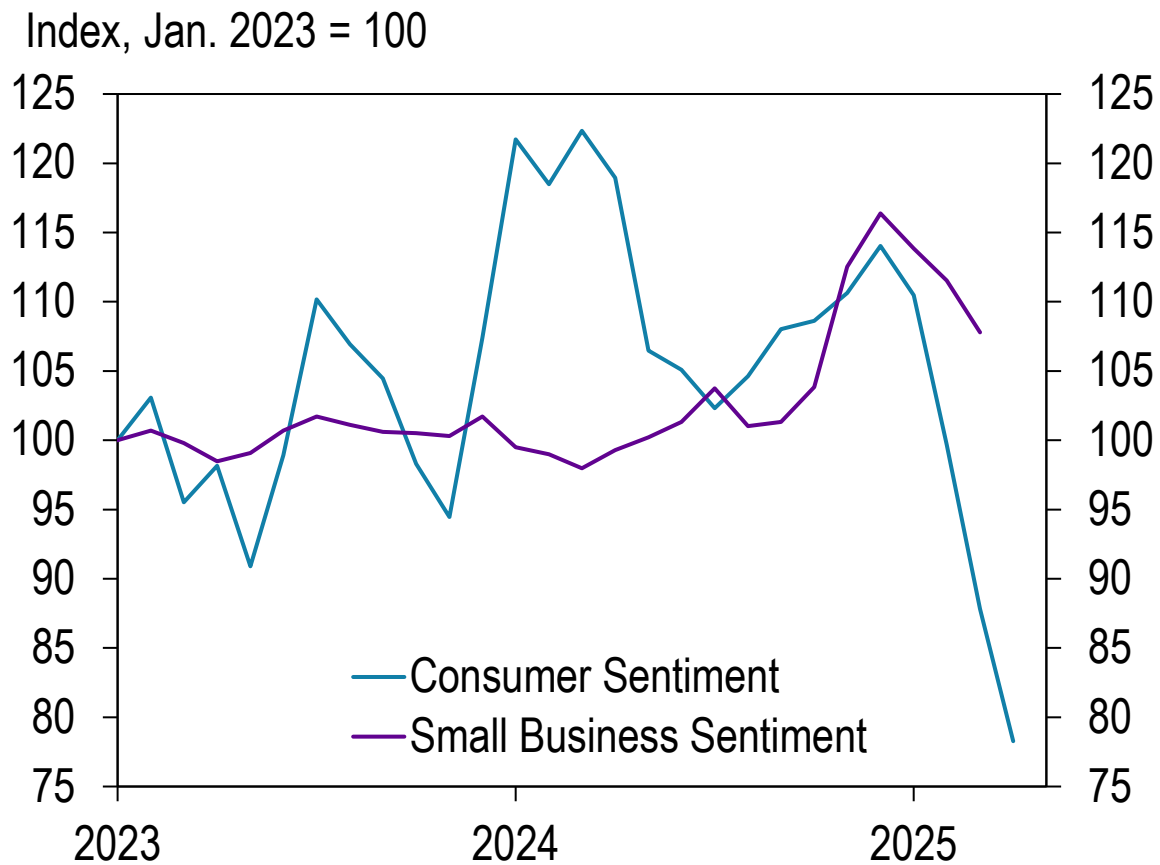


*Goods excluding Food; Services excluding Energy.
Note: Relative Importance as Share of CPI shown in parenthesis.

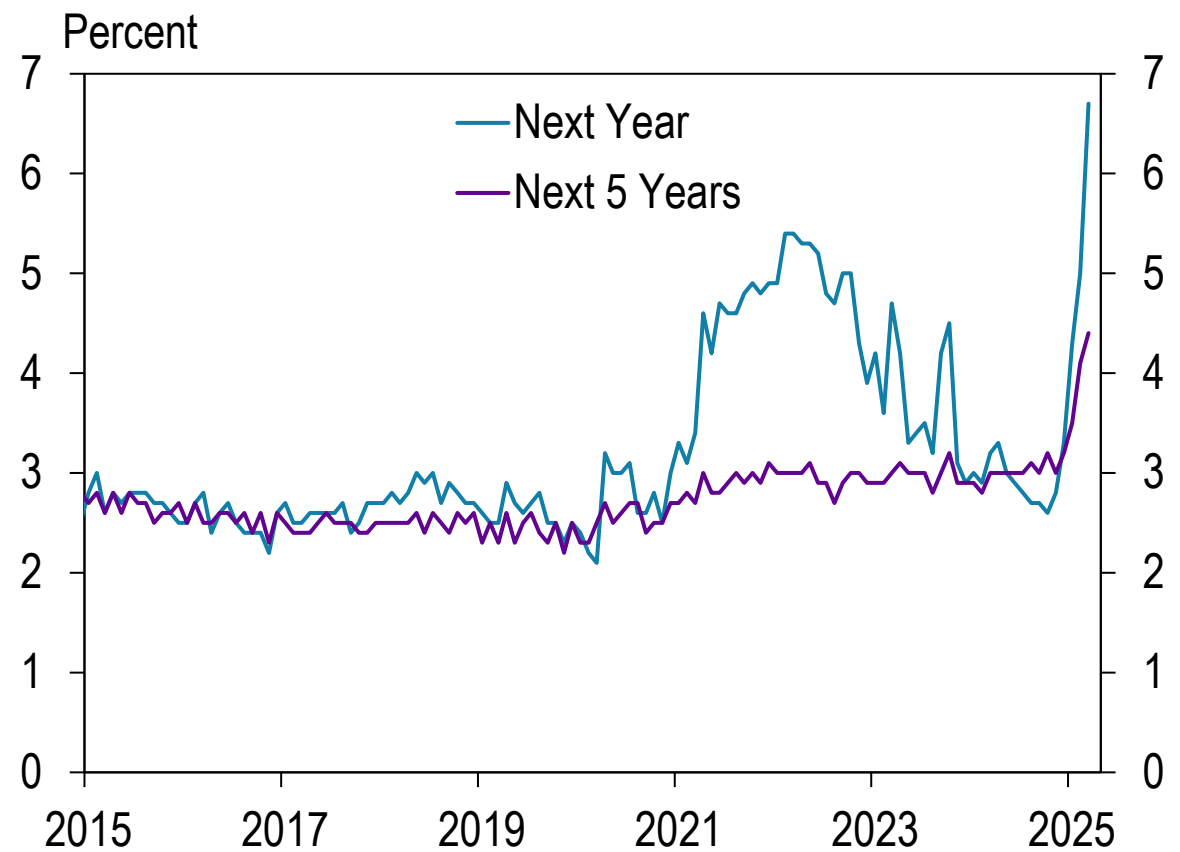
Sources: BLS, Atlanta Fed/Haver Analytics

Consumer confidence has fallen sharply, while inflation expectations reached 40-year highs

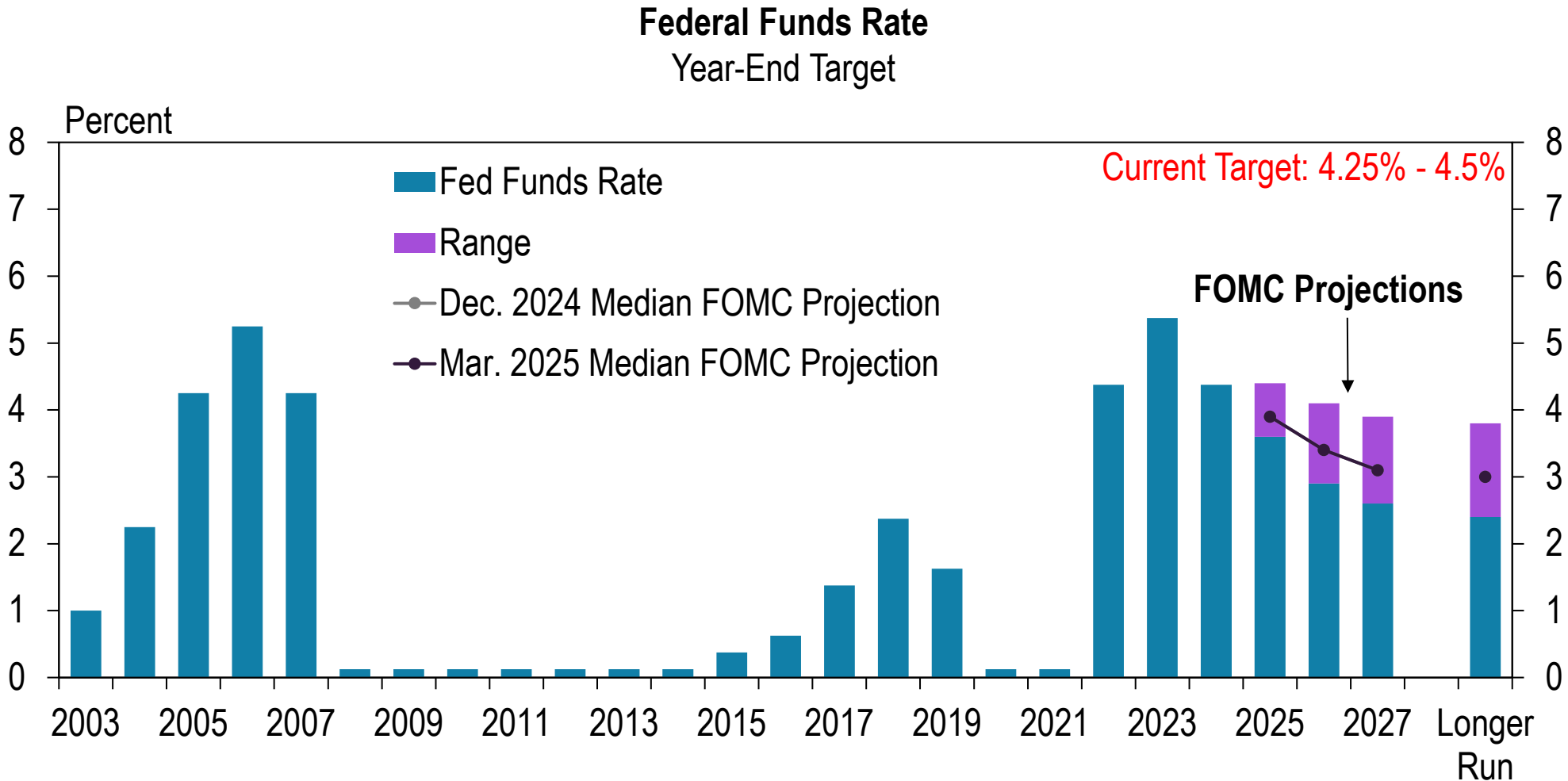
U.S. Consumer and Business Sentiment



Expected Inflation Rate



The Fed held the federal funds rate steady in March, and the median projection was unchanged

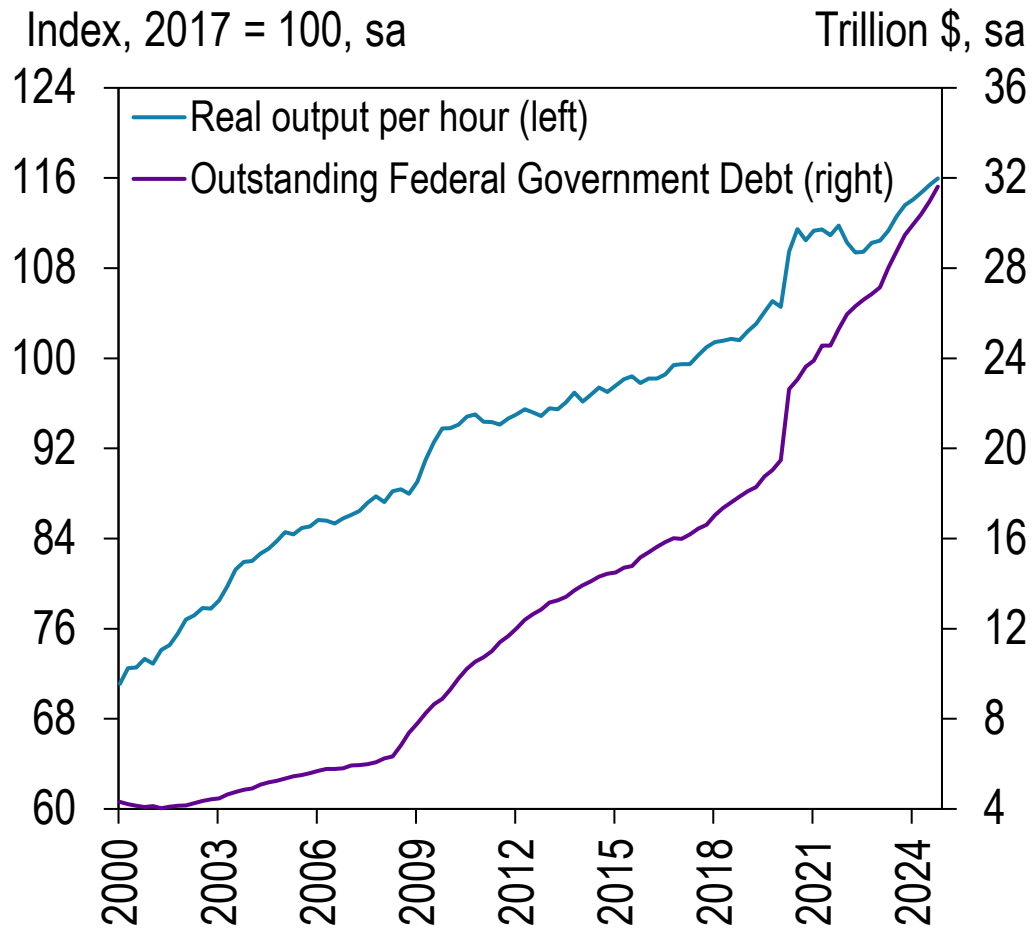


Note: Data and FOMC projections are for year-end.

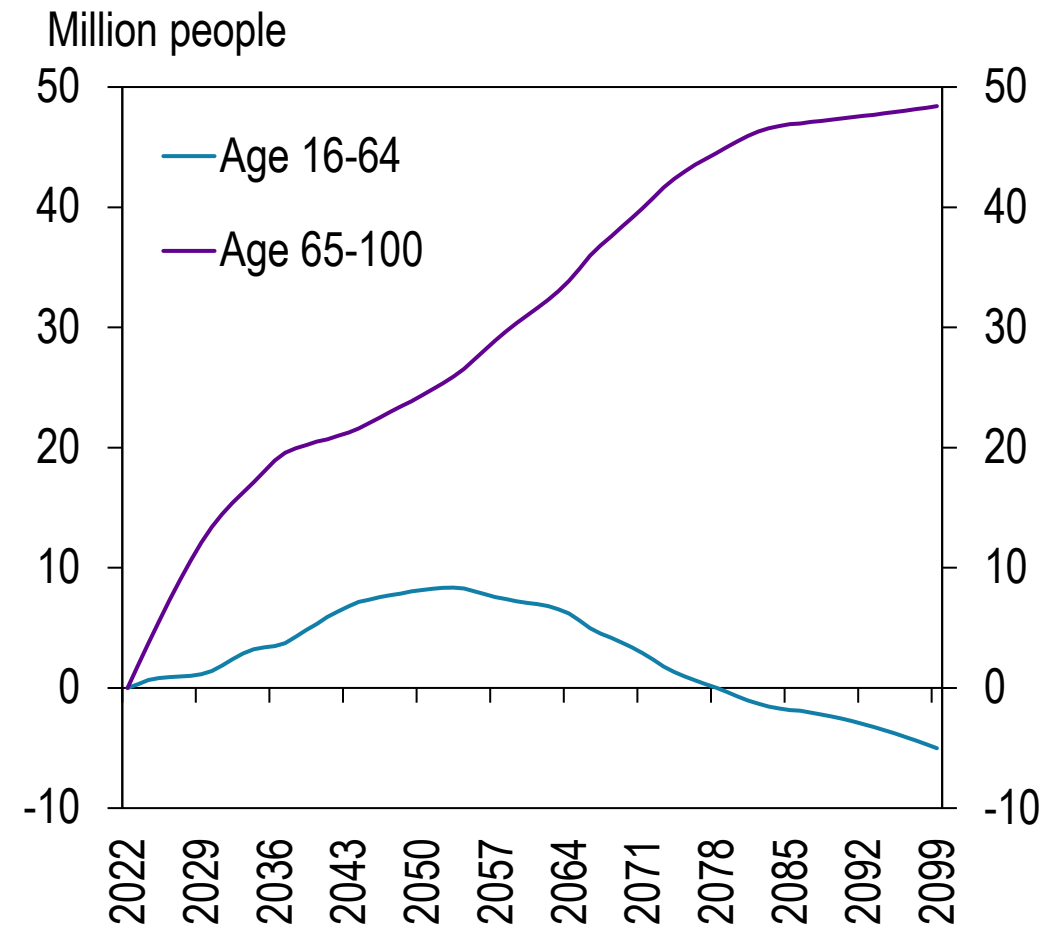
Sources: Bureau of Economic Analysis, FOMC

Long-term, productivity and government debt could push interest rates higher, but demographic trends could push them lower

U.S. Productivity and Debt

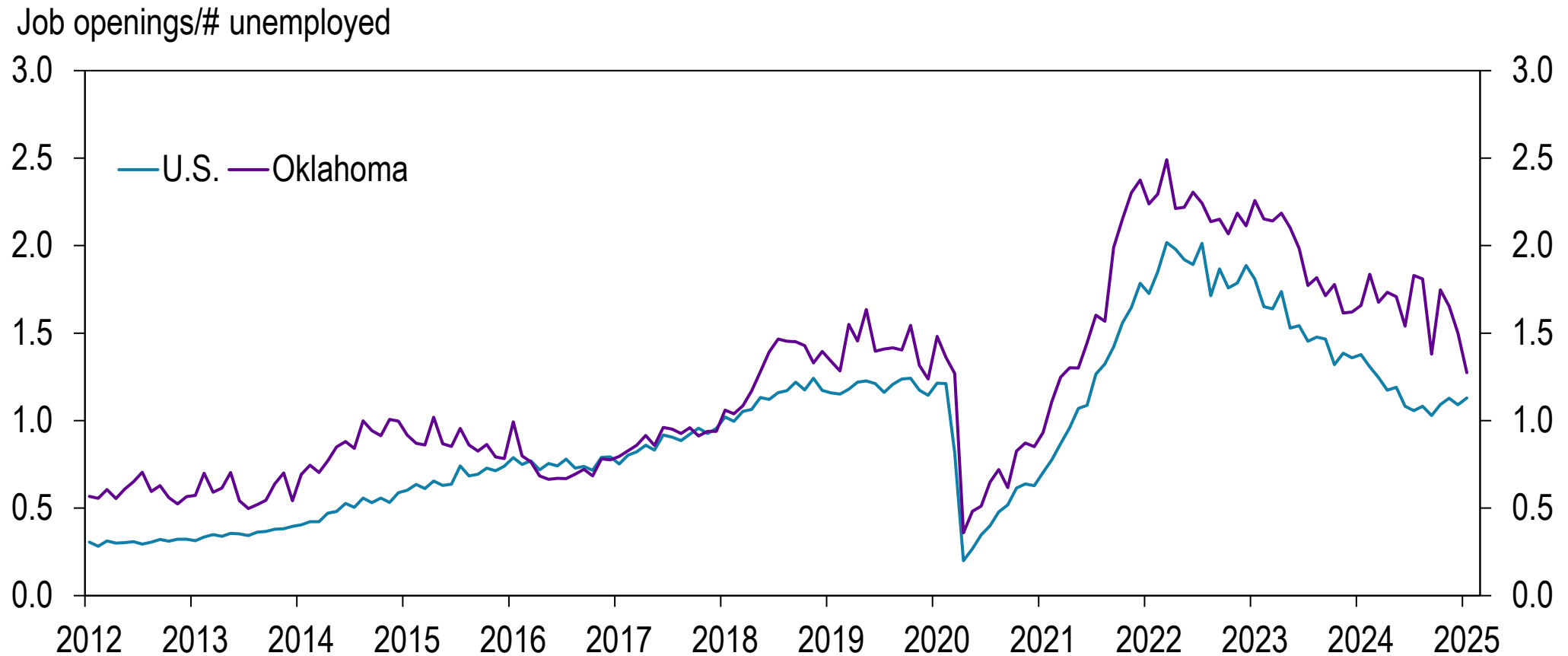


U.S. Projected Population Change from 2022

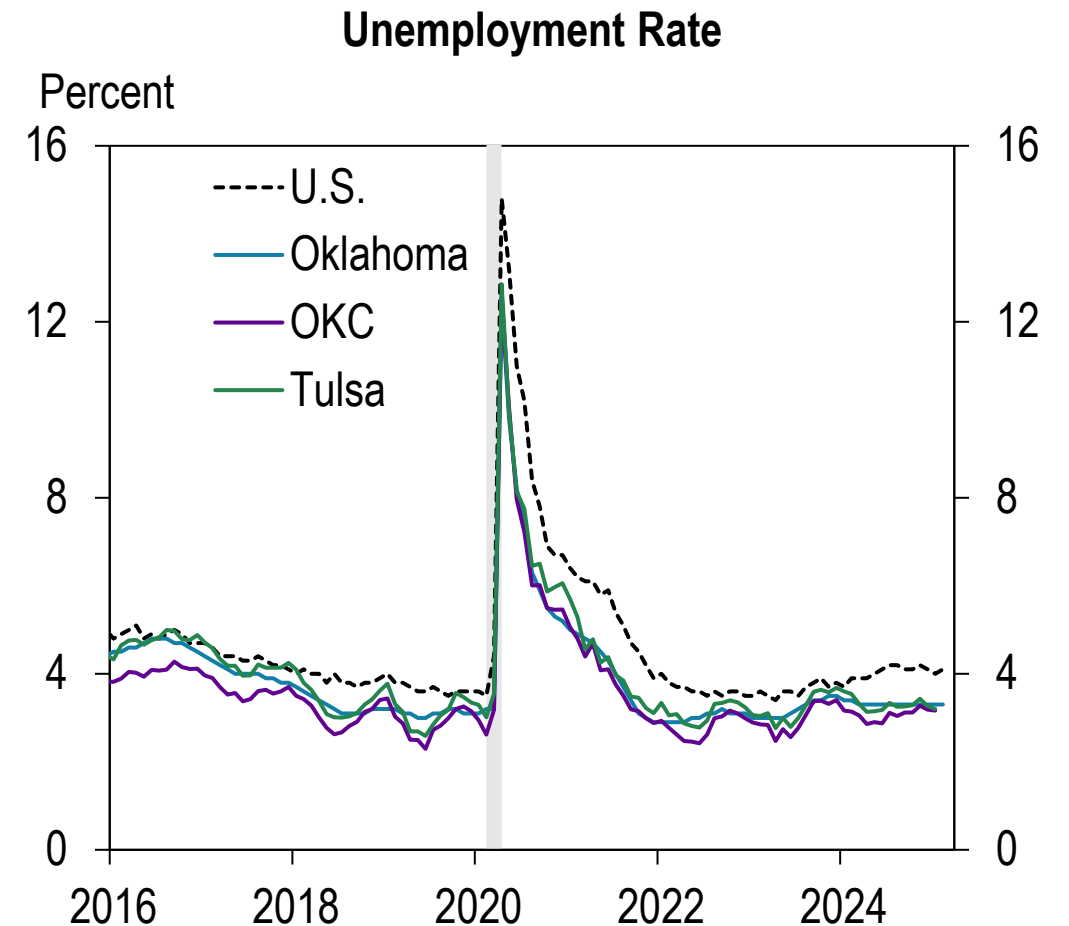
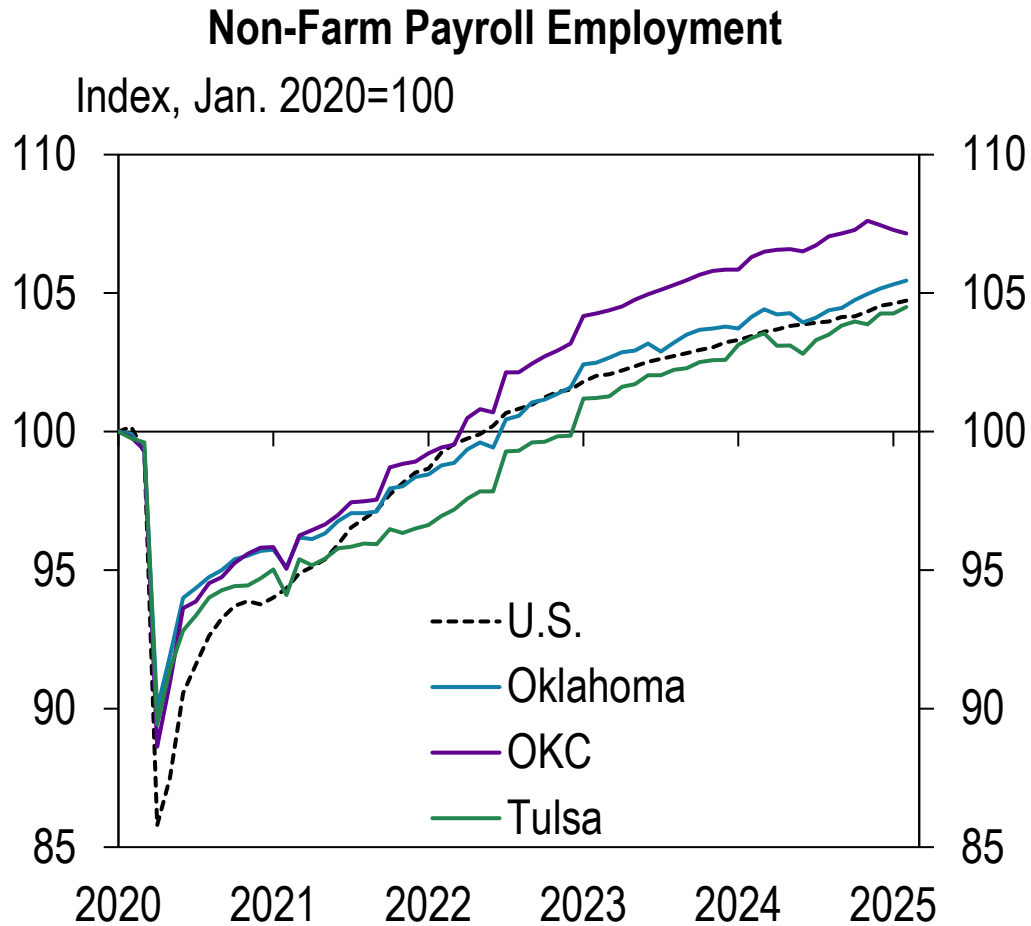


Job openings still exceed unemployed workers, but have returned to near pre-pandemic levels

Job Openings/Unemployment Ratio

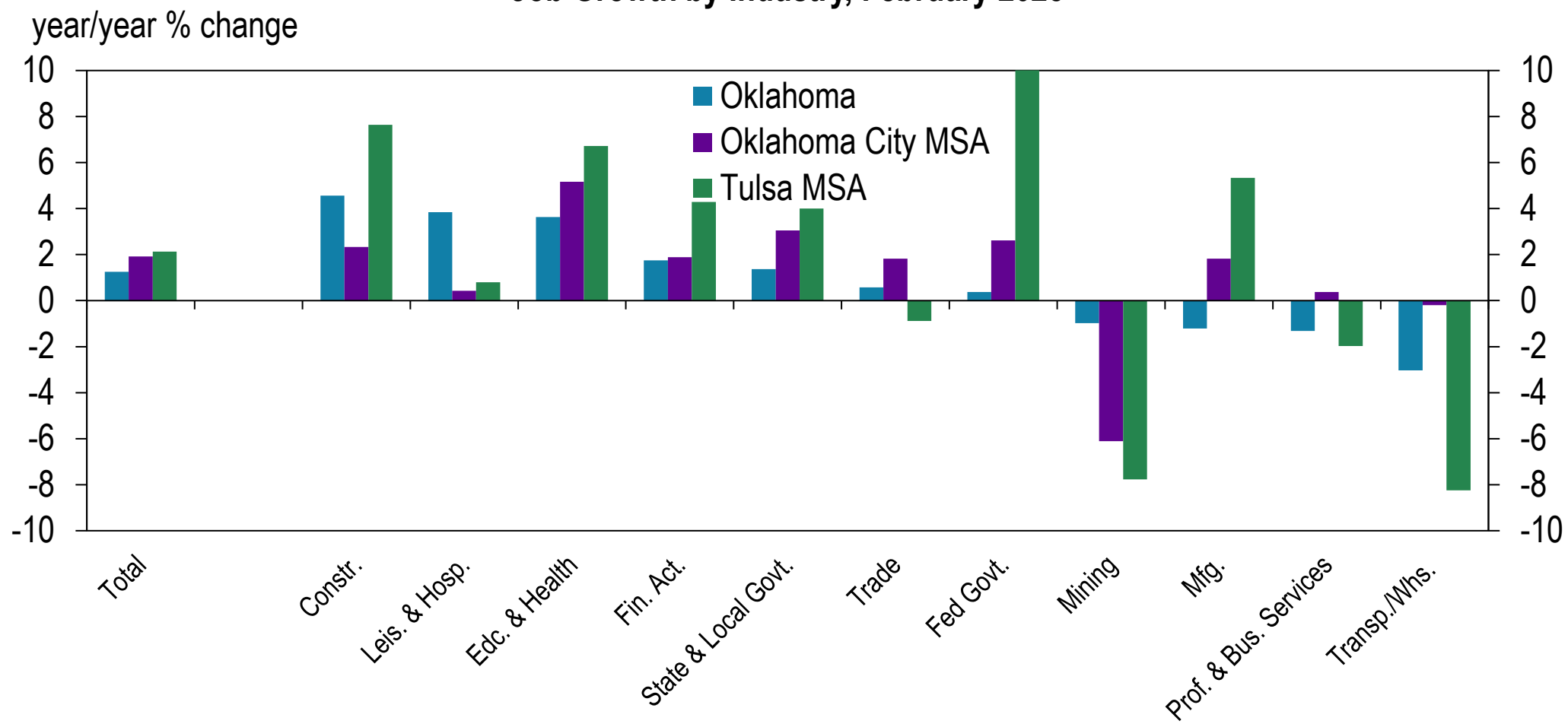


Jobs in Oklahoma have continued to grow in 2024, while unemployment remains very low



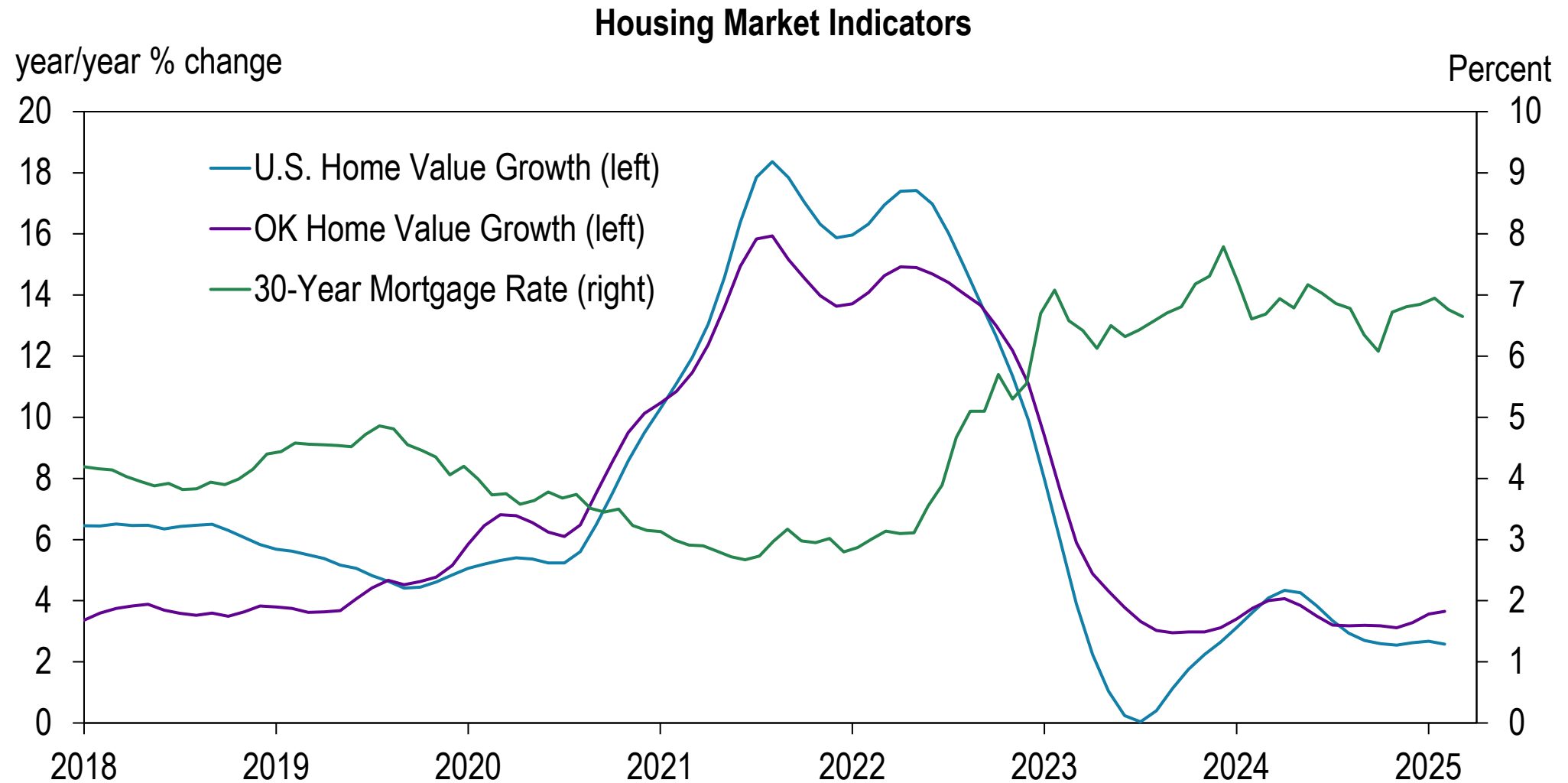
Oklahoma City's job gains outpaced the state average over the past year, driven by education & health and manufacturing

Job Growth by Industry, February 2025



Sources: U.S. Bureau of Labor Statistics/Haver Analytics

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

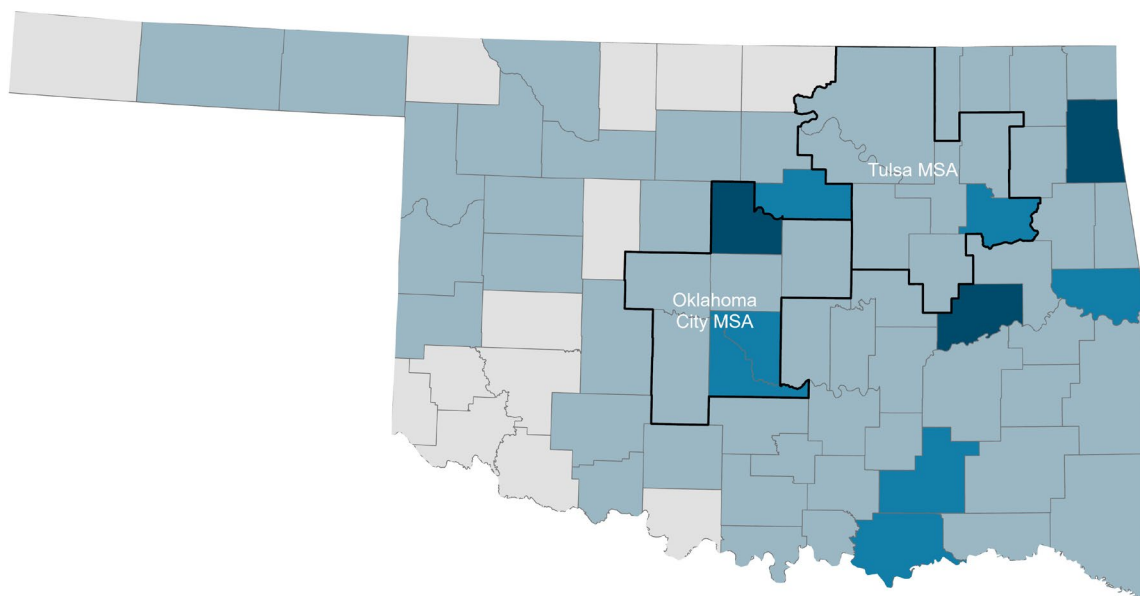


Sources: Freddie Mac, Zillow/Haver Analytics

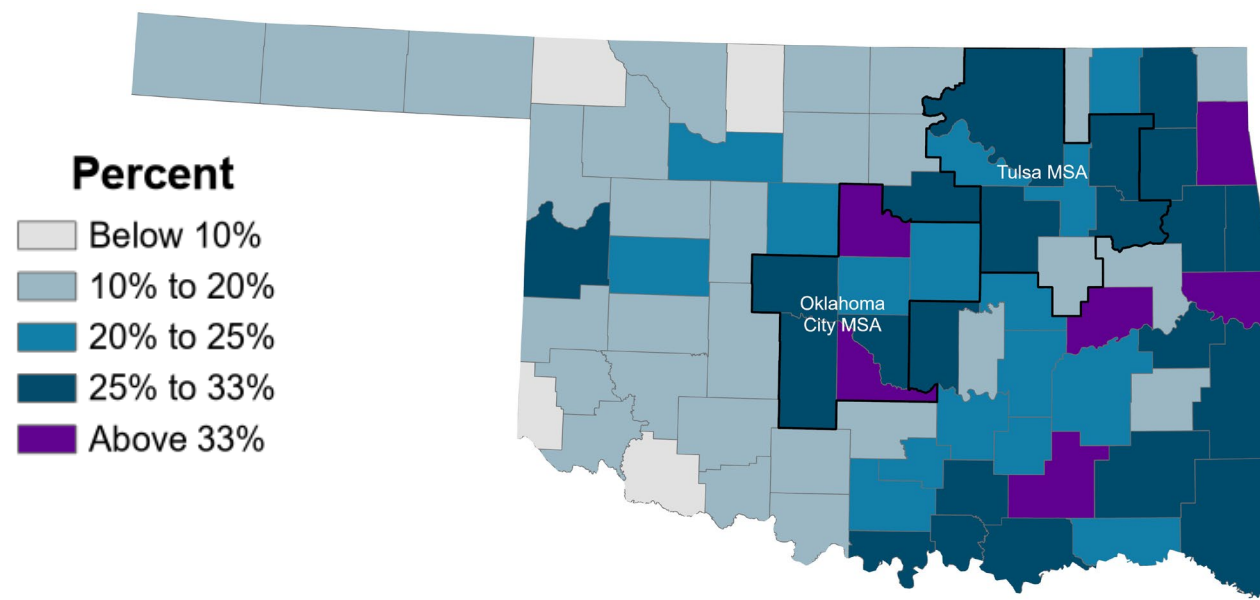
Homeownership for first-time buyers became less affordable across Oklahoma in recent years

First-Time Homeownership Costs as a Share of Household Income

2018-2019



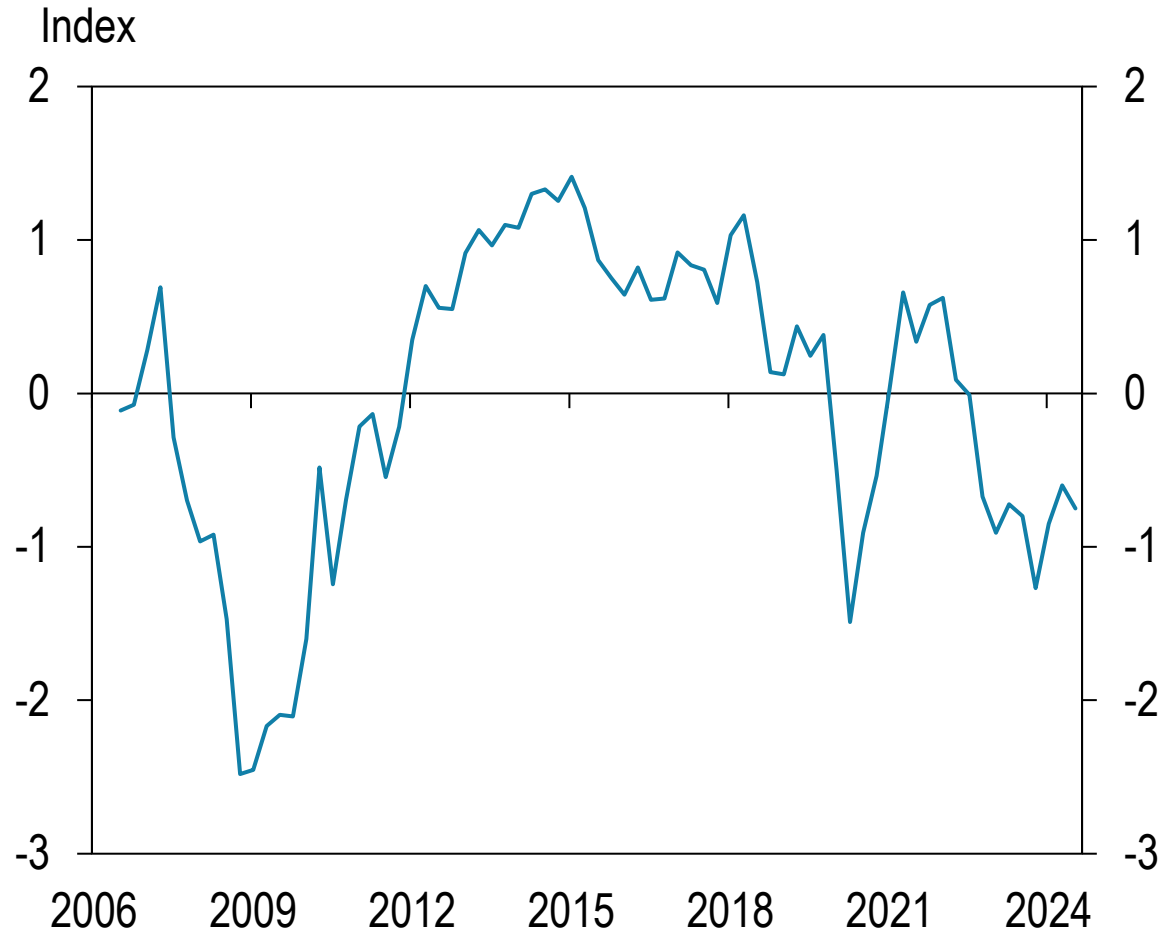
2024



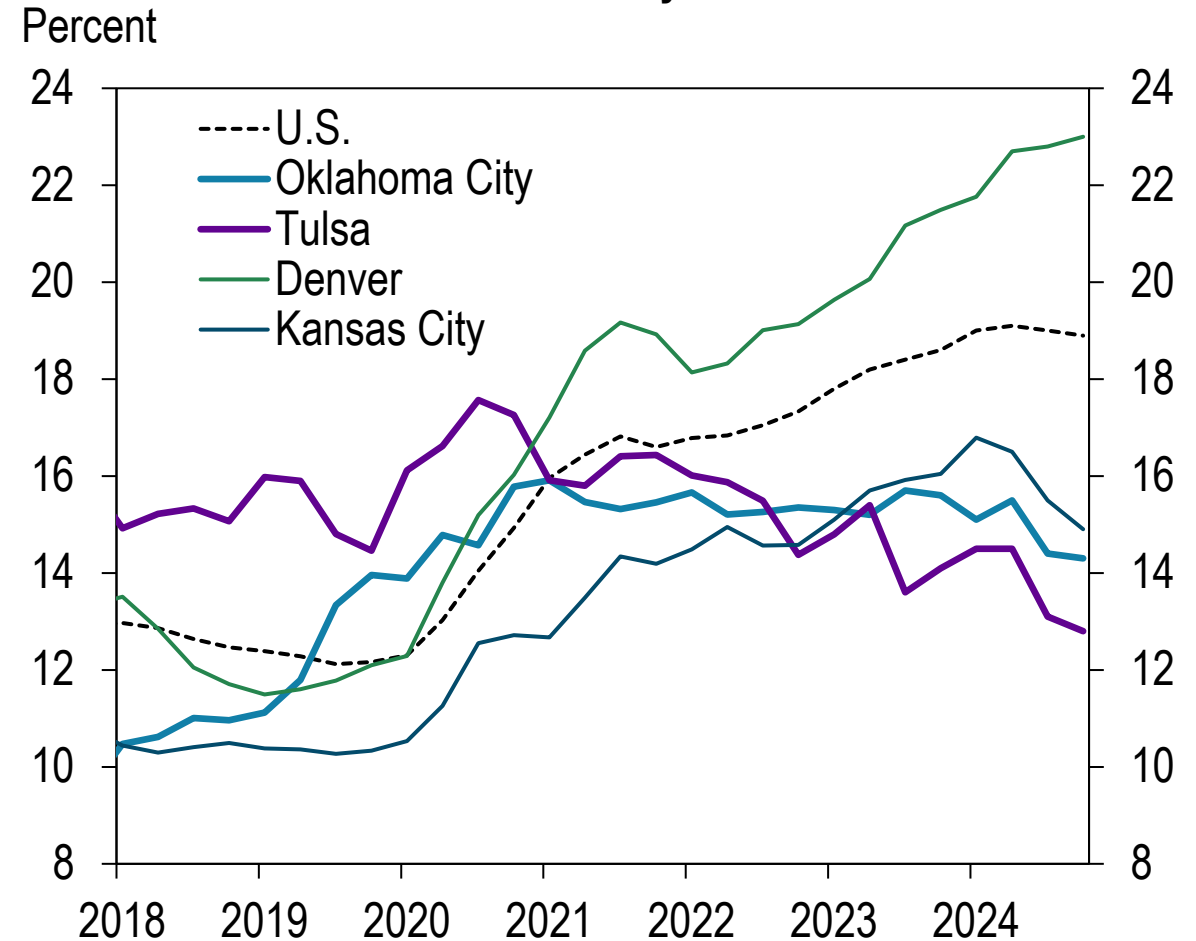
Notes: Costs include mortgage payment, insurance, and maintenance. 2024 data through October.
Sources: Zillow, BLS, U.S. Census Bureau (IPUMS NHGIS), WSJ (Haver Analytics), staff calculations

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



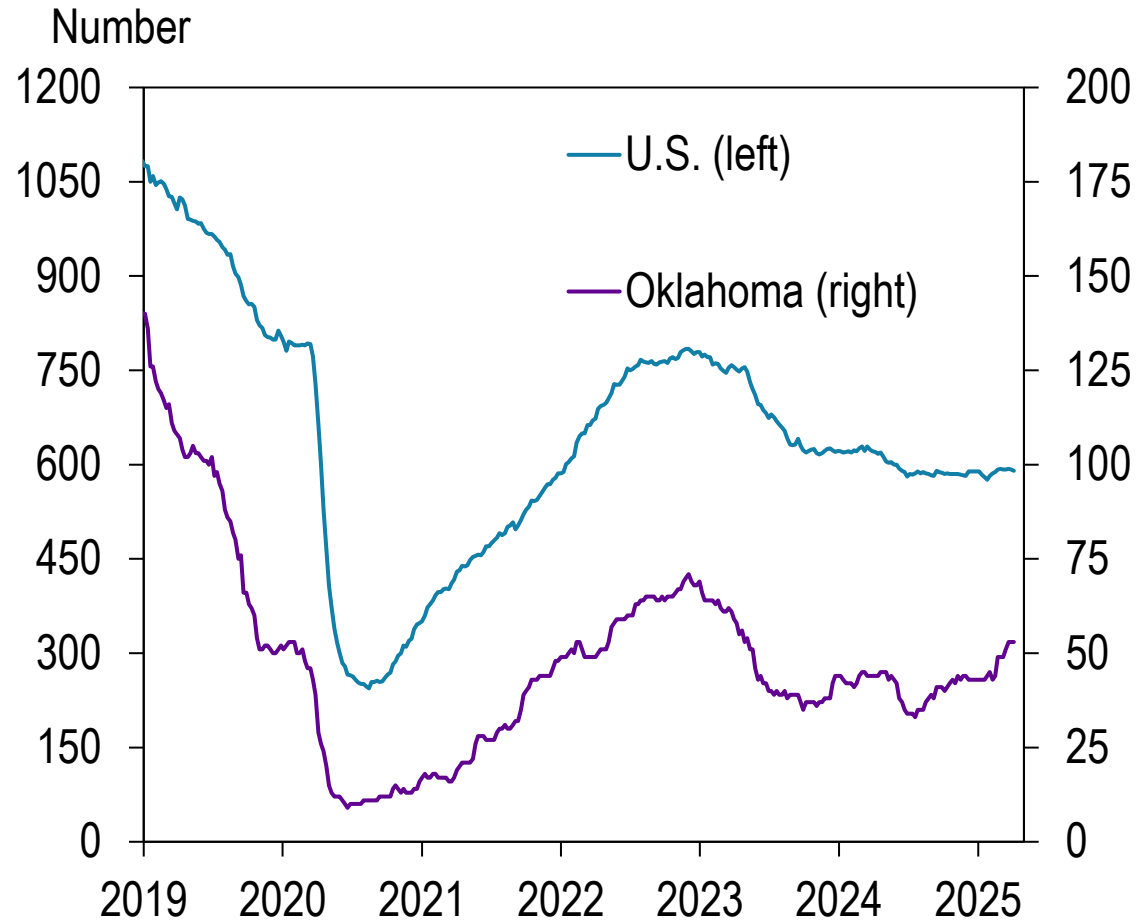
Office Vacancy Rates



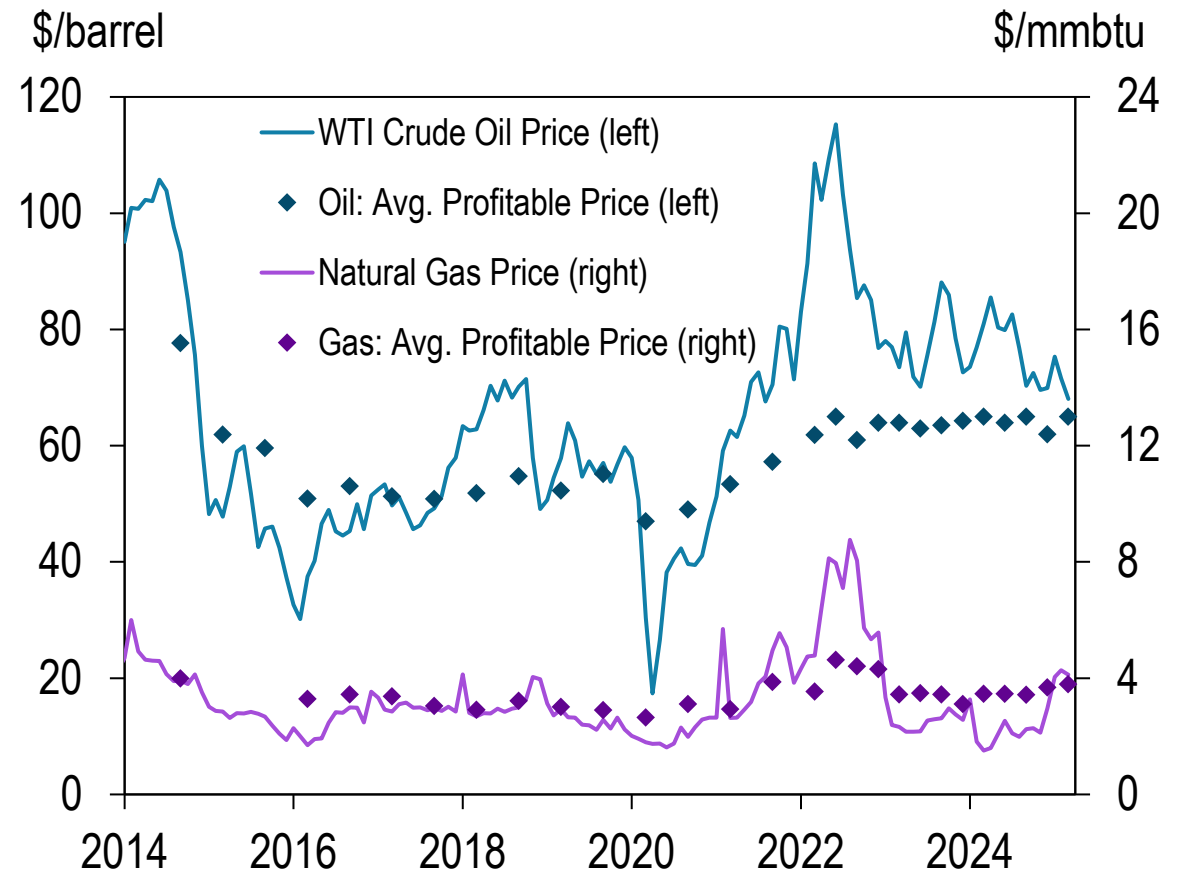
Sources: CBRE-EA, FRBKC

Oil and gas drilling has picked up somewhat in Oklahoma as natural gas prices rise above profitable levels

Rig Counts

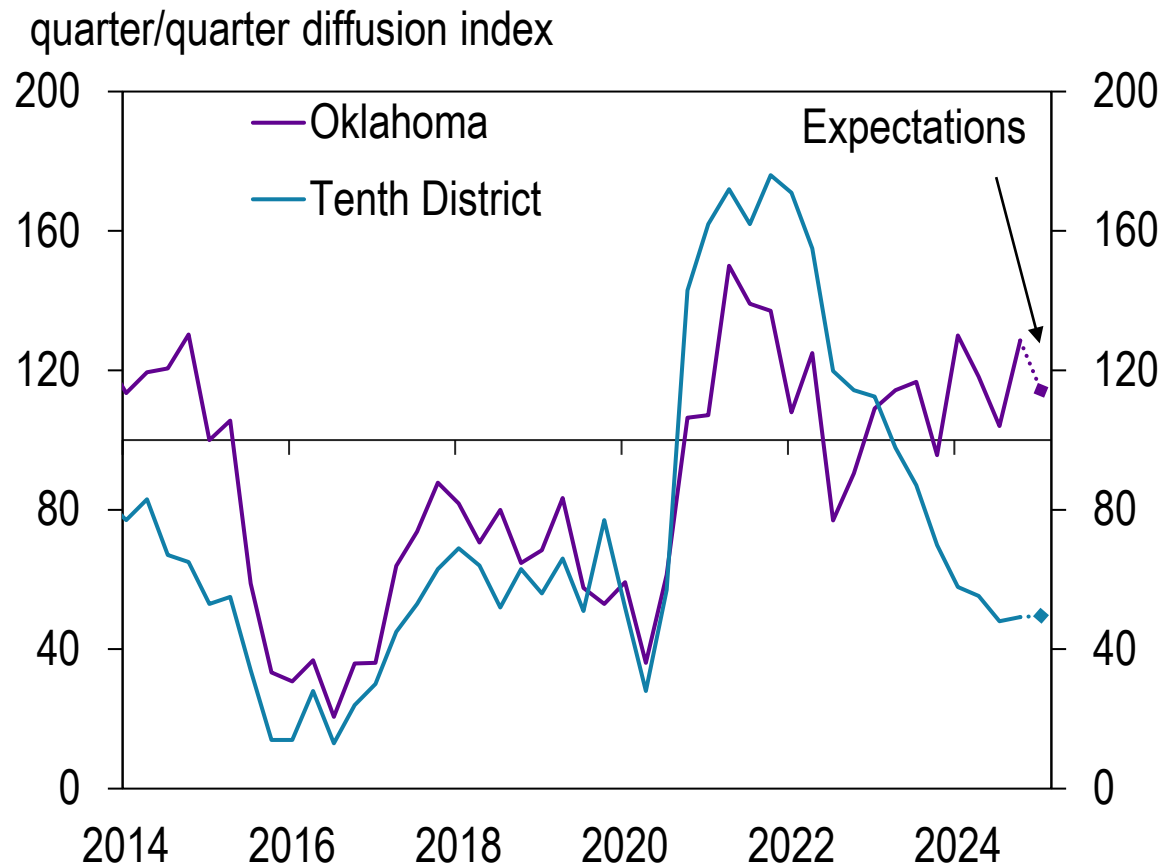


U.S. Energy Prices

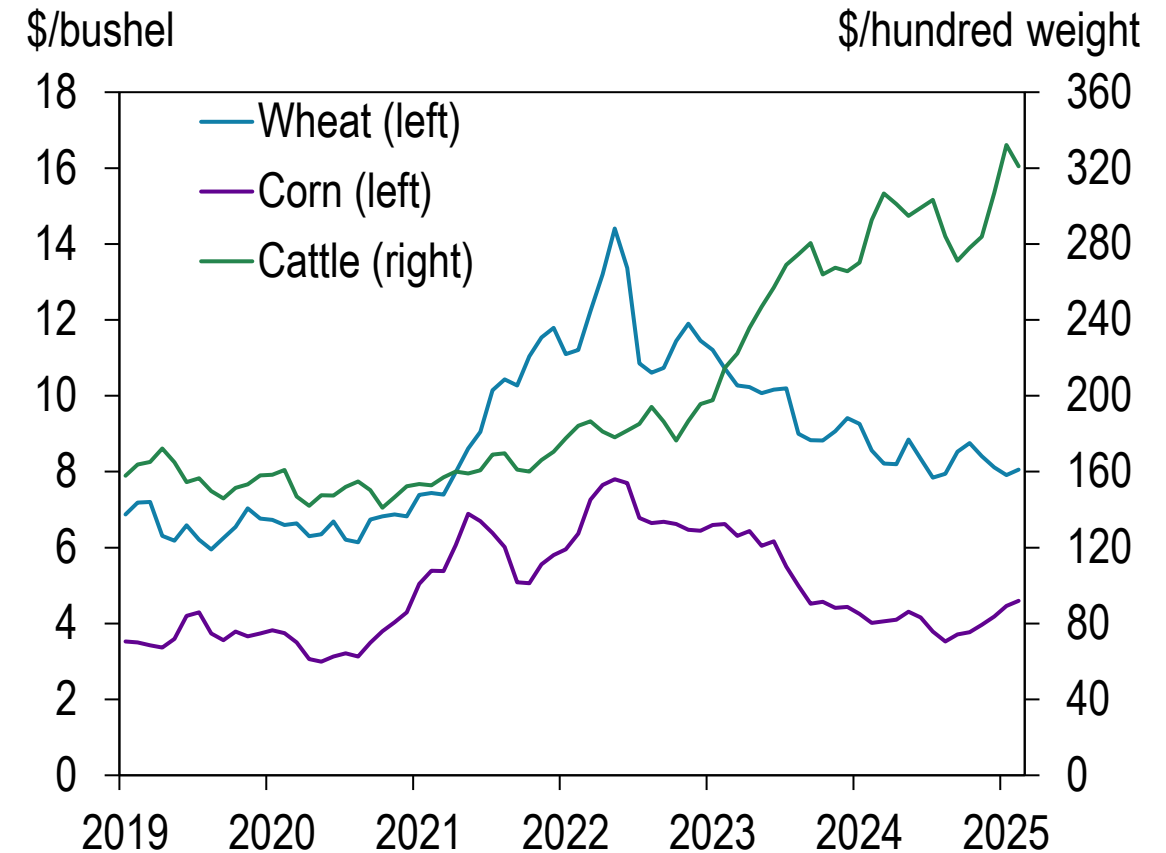


Oklahoma farm income grew in Q4 while it declined in other District states, partially due to higher cattle prices

Farm Income

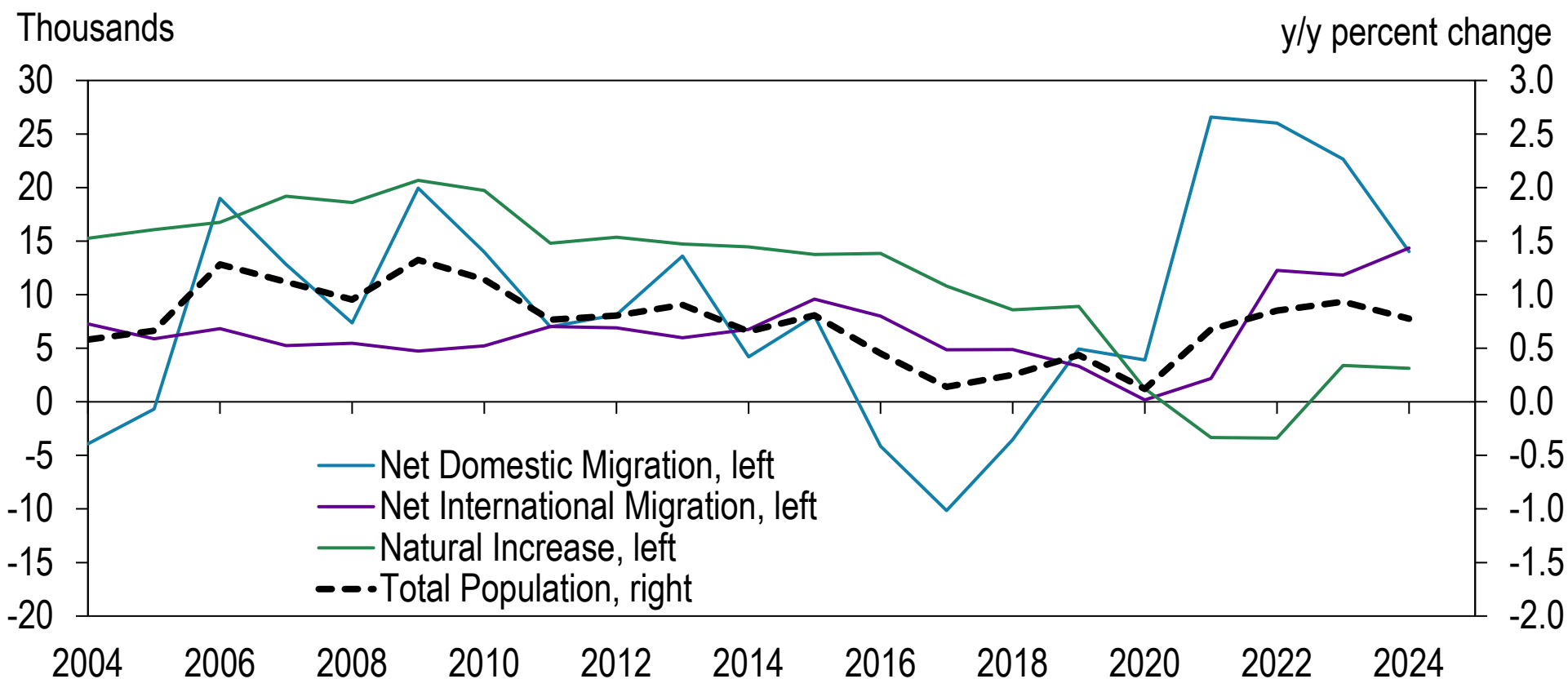


Agricultural Commodity Prices

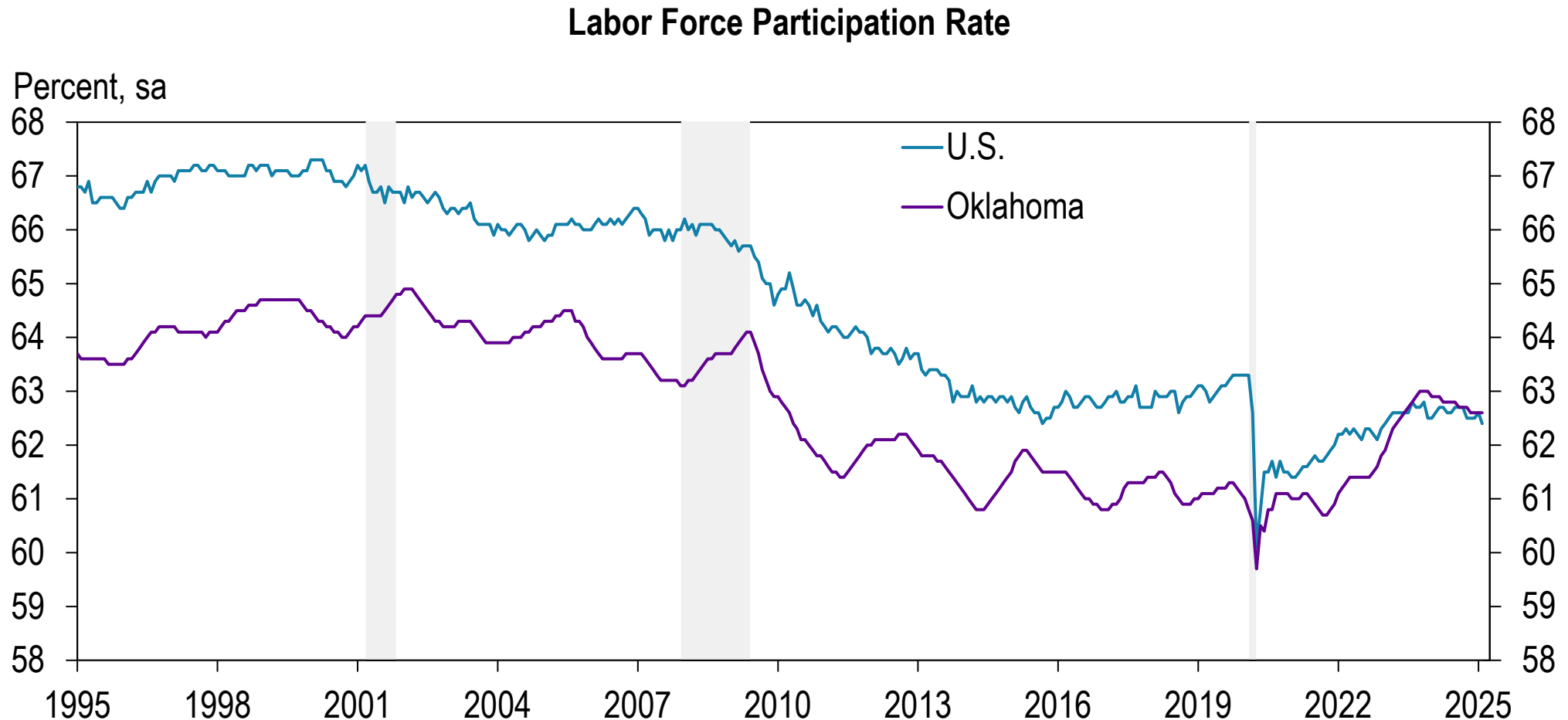


Oklahoma's population grew at a slightly slower pace in 2024, as net domestic migration slowed from pandemic-era highs

Oklahoma Population Change by Component



Oklahoma's labor force participation rate has been higher than the U.S. since June 2023

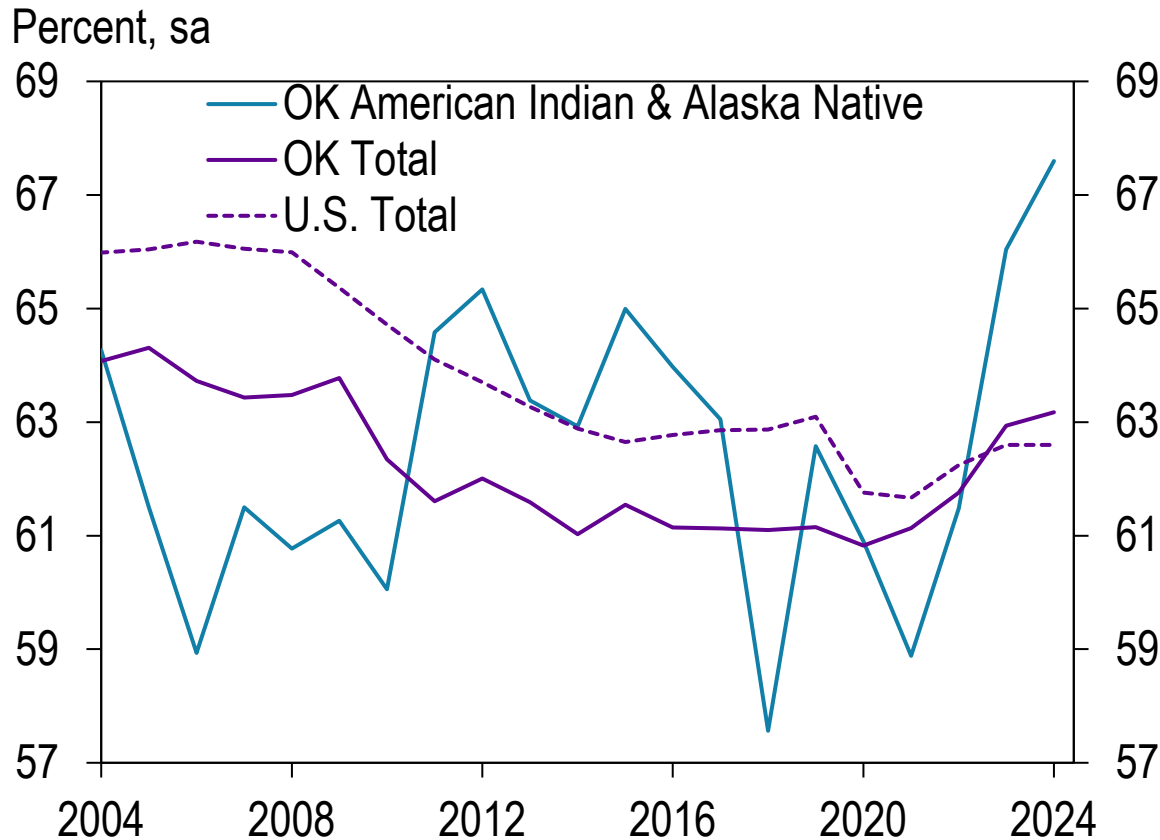


Note: Shading denotes NBER-defined recessions.

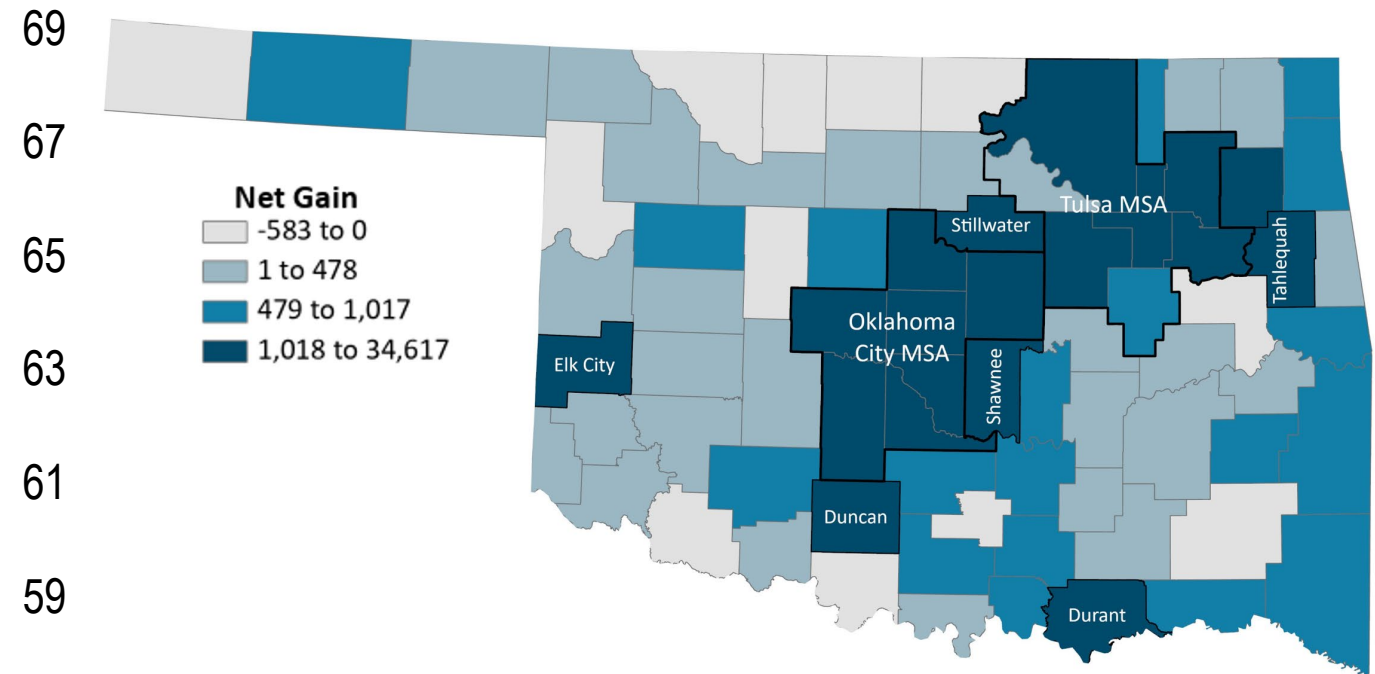
Sources: BLS, NBER/Haver Analytics

Oklahoma's Native American participation reached its highest level in over two decades, and the tribal-heavy southeastern corner of the state gained workers

Labor Force Participation Rate



Labor Force Gains by County, 2021-H1 2024

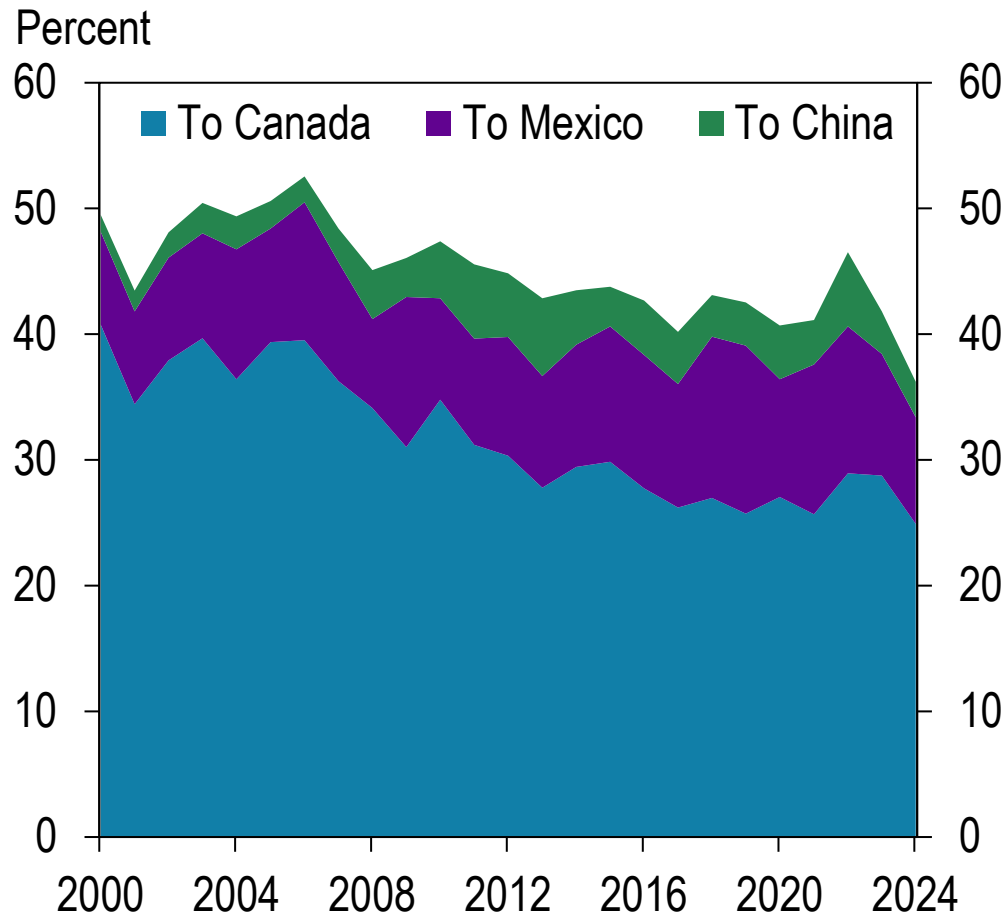


Note: 2024 rates are the average monthly rate for H1 2024 (January to June).

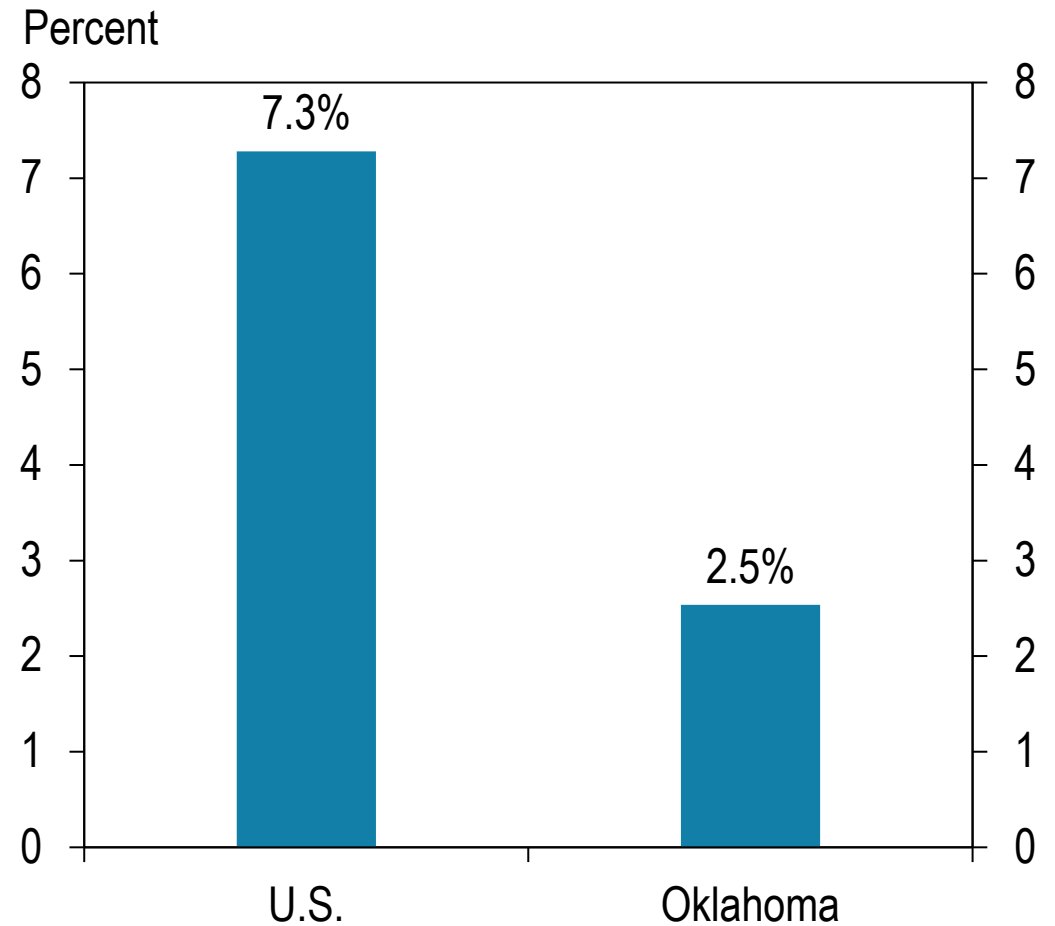
Sources: BLS, CPS, staff calculations

Over a third of Oklahoma's exports go to Canada, Mexico, or China, but the share has fallen in recent years, and export values are small relative to GDP

Share of Oklahoma's Exports by Country



Export Value as a Share of GDP, 2023



Summary

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Questions?

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