

U.S. and Oklahoma Economic Outlook

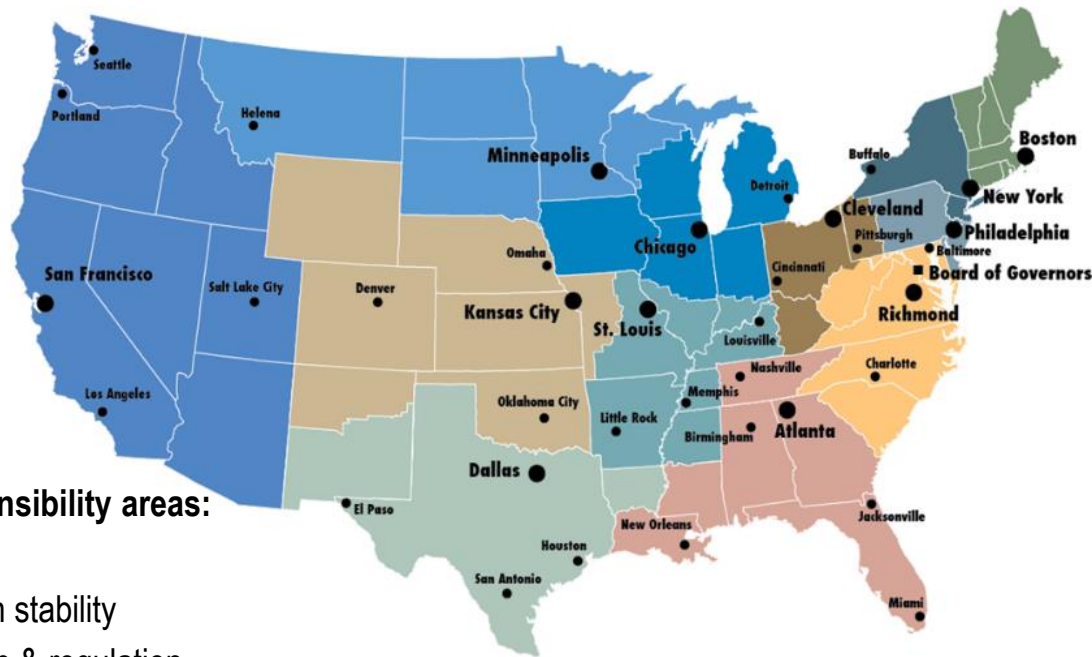
*Tulsa Risk Management Association
February 13, 2024*

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 programming for low/moderate income groups, workforce focus
- Economic education and public outreach programming

- **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 Strategies, Enid



Overview

- U.S. economic growth remained solid in late 2023 and 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

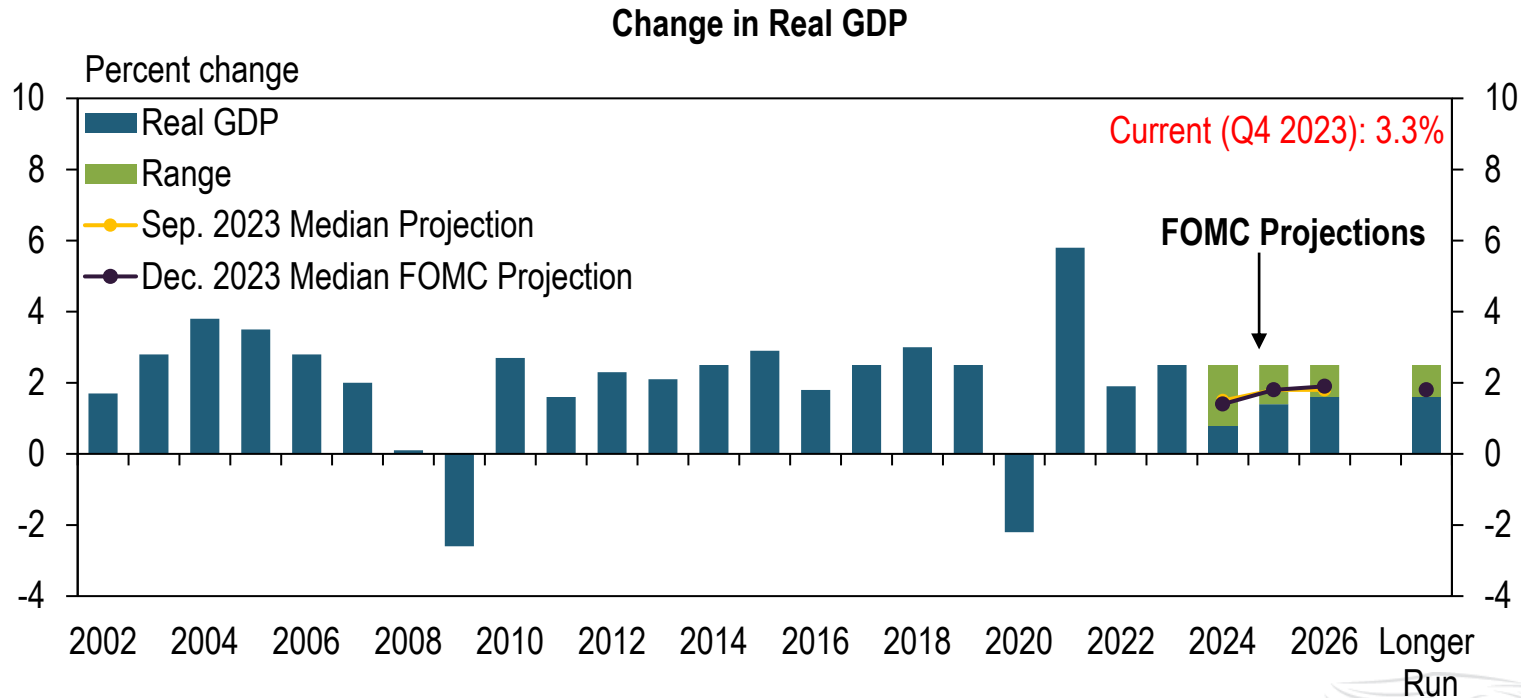


U.S. GDP growth exceeded estimates in Q4, and employment growth has slowed but remained positive

Quarterly U.S. Economic Growth

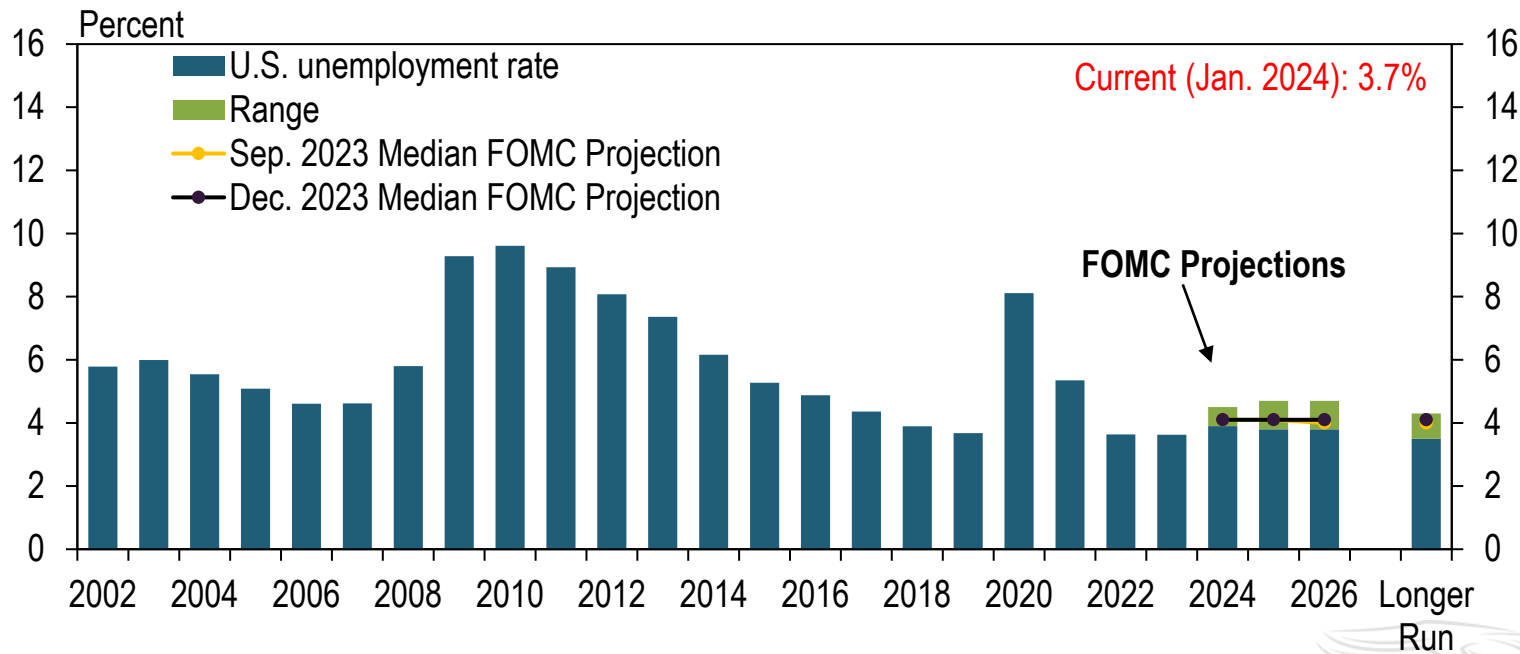


U.S. GDP growth is expected to slow slightly in 2024 before rebounding to near trend in 2025 and 2026



U.S. unemployment remains historically low and is projected to rise only moderately in coming years

U.S. Unemployment Rate

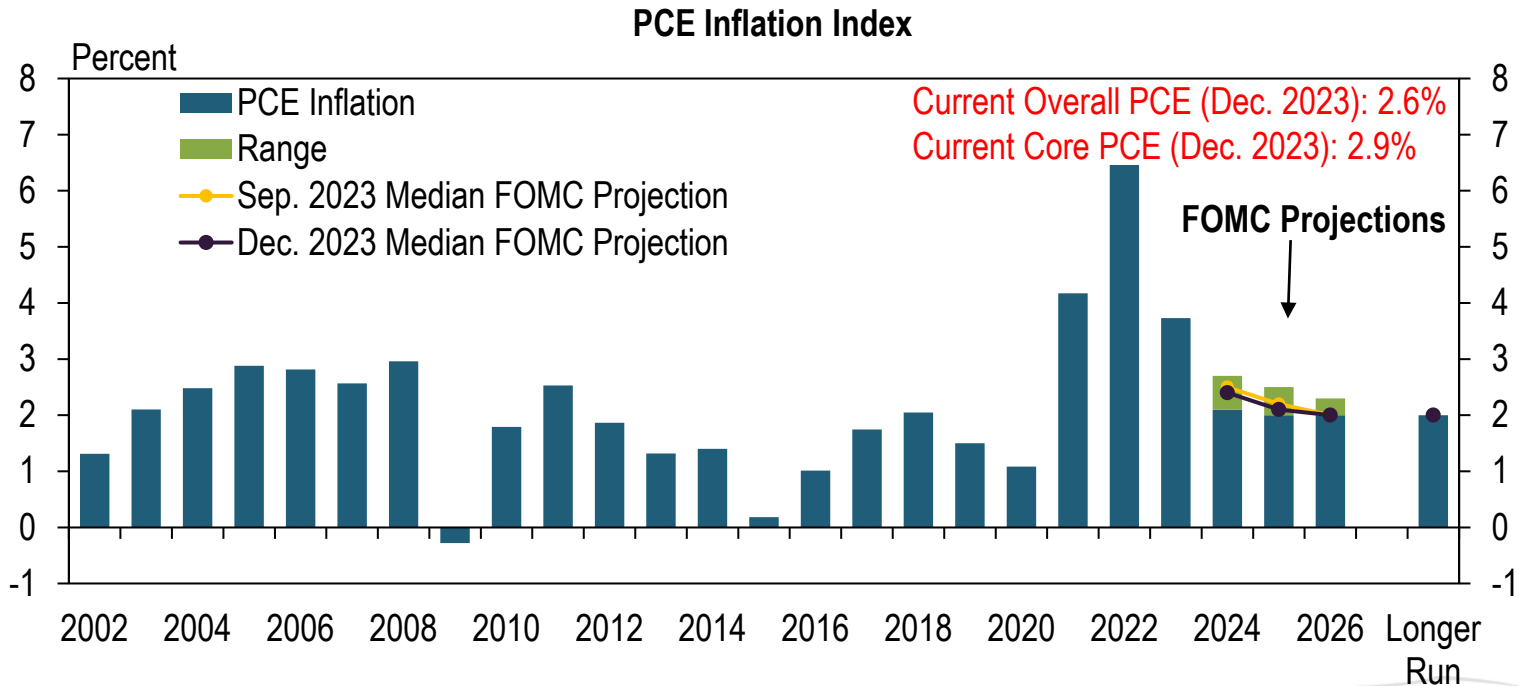


Note: Data and FOMC projections are for year-end.

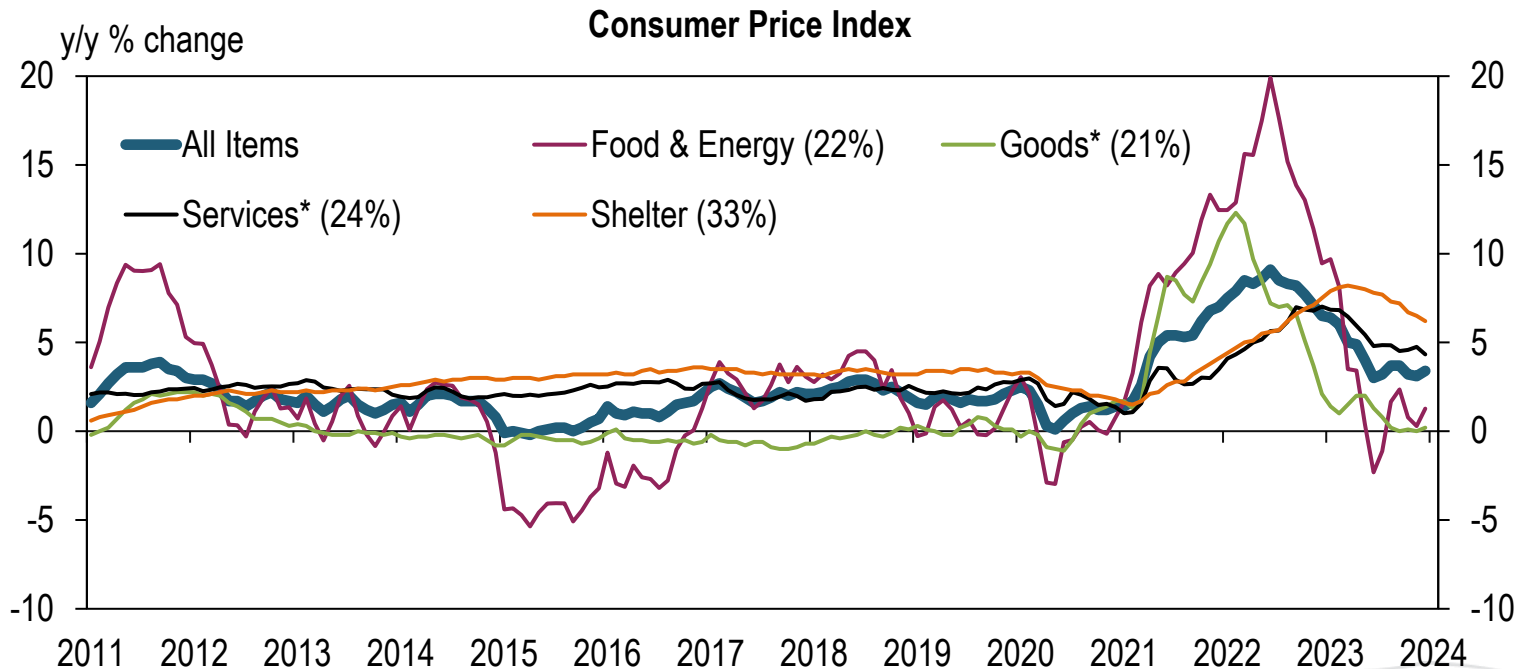
Sources: U.S. Bureau of Labor Statistics, FOMC



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



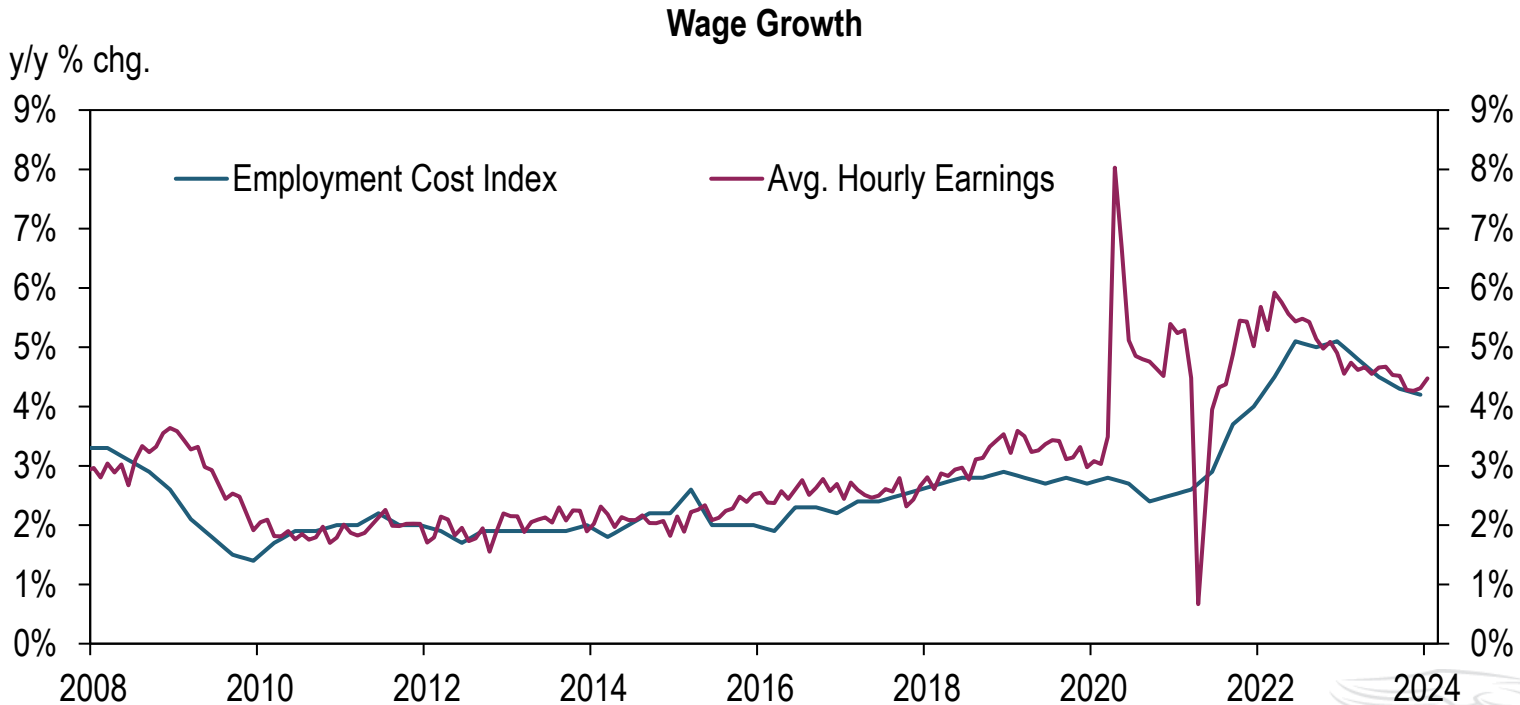
CPI inflation ticked back up to 3.4% in December, as energy price growth rose and shelter inflation eased



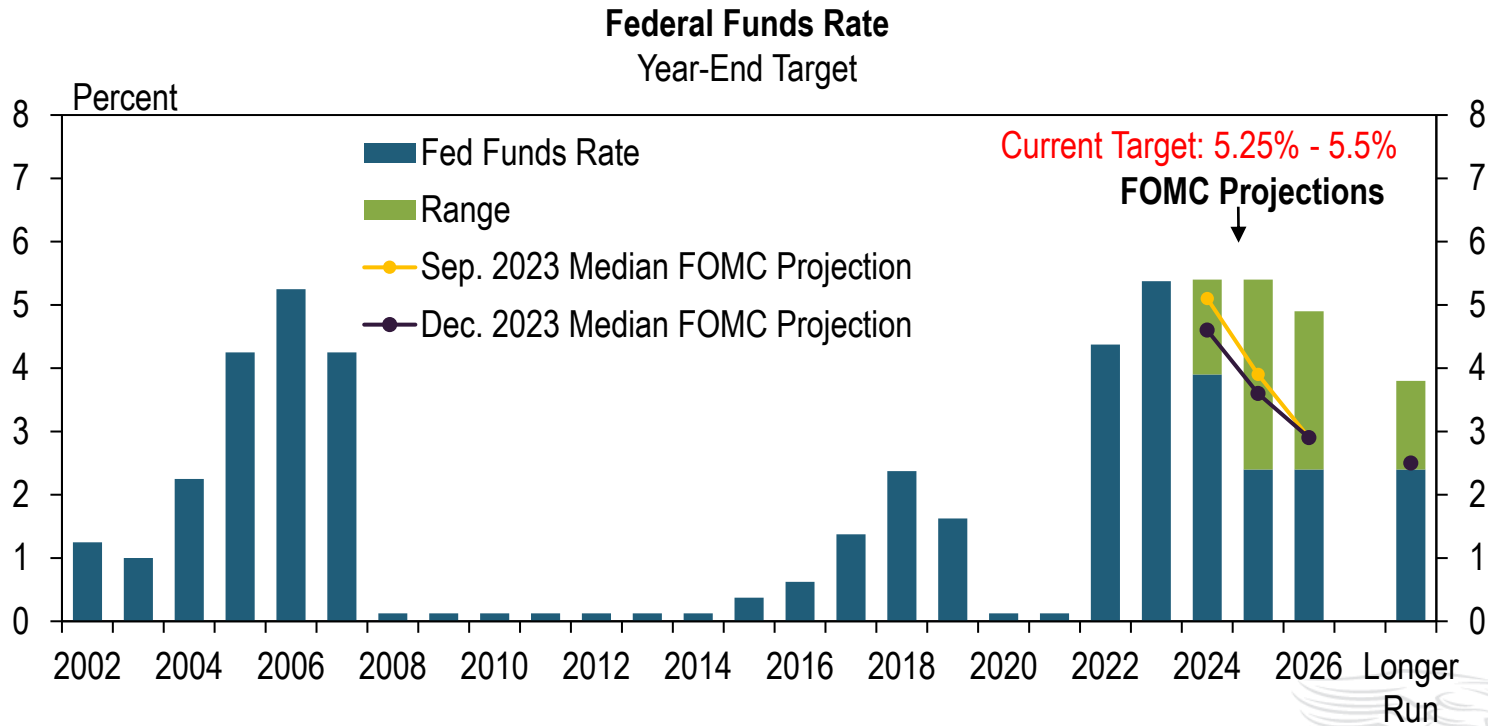
*Goods excluding Food; Services excluding Energy.
 Note: Relative Importance as Share of CPI shown in parenthesis.



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

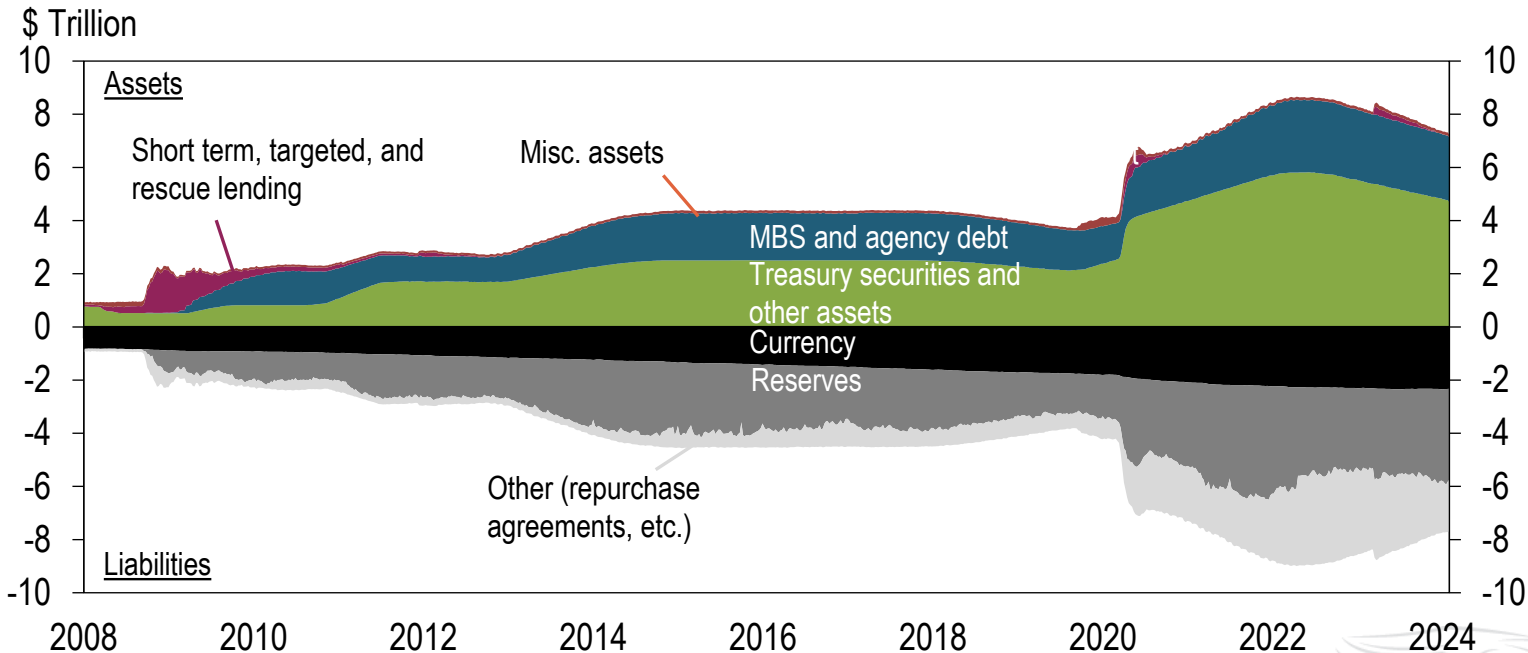


The Fed held the federal funds rate steady again in January, after lowering future projections somewhat in December



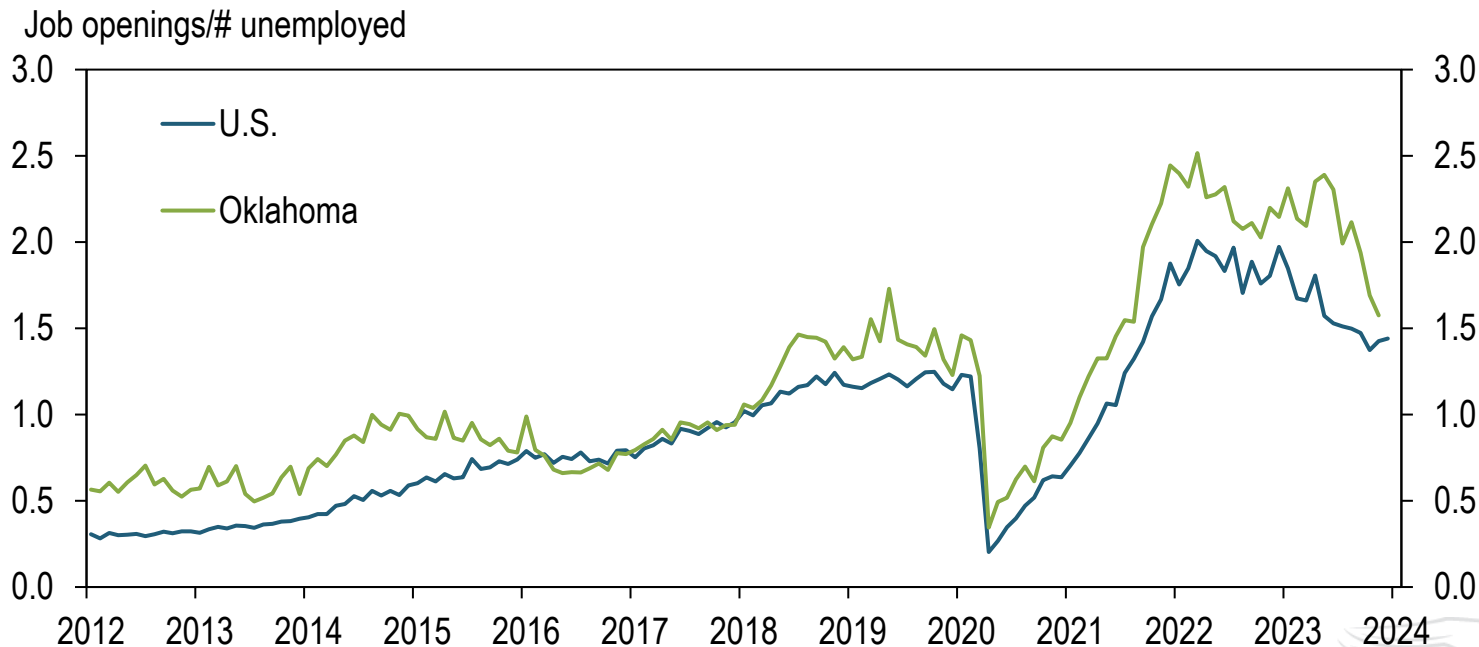
The Fed also continues to reduce its balance sheet of high-quality securities

Federal Reserve Balance Sheet



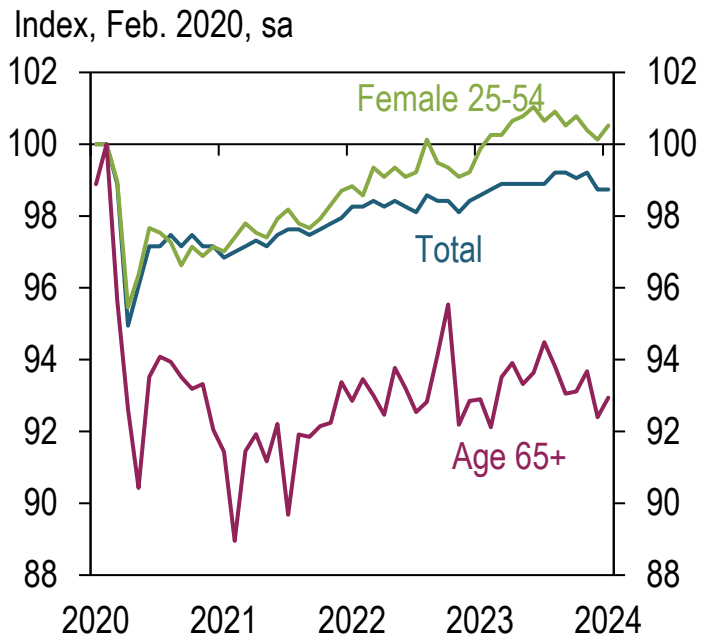
Job openings still greatly exceed unemployed workers, but have fallen slightly, helping ease wage pressures

Job Openings/Unemployment Ratio

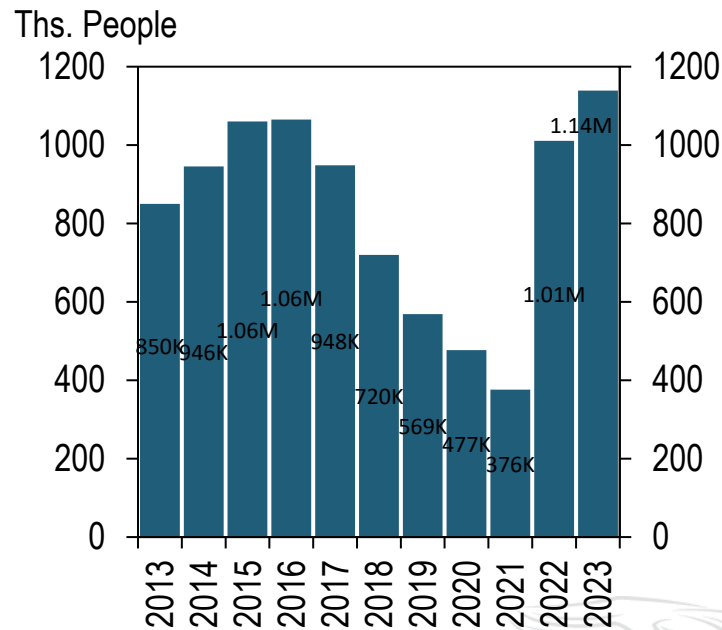


Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

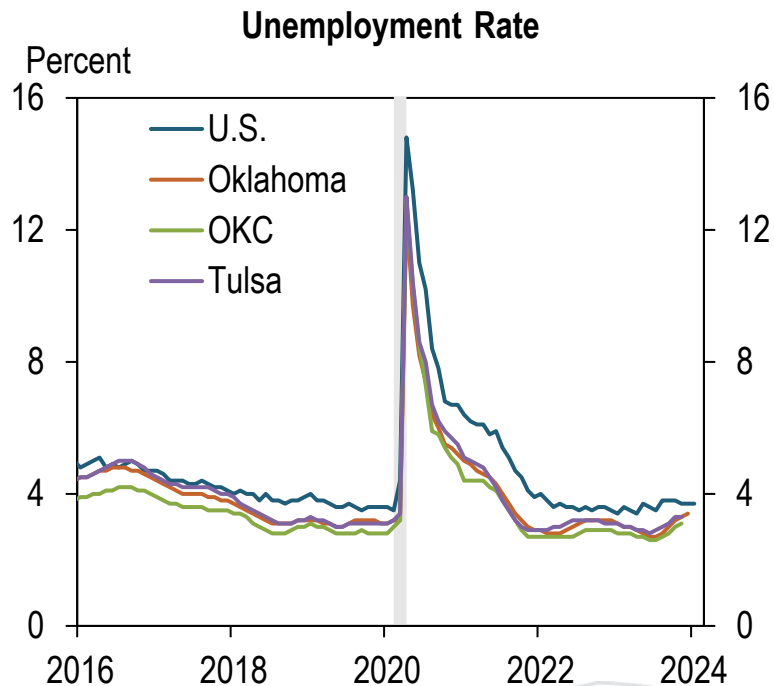
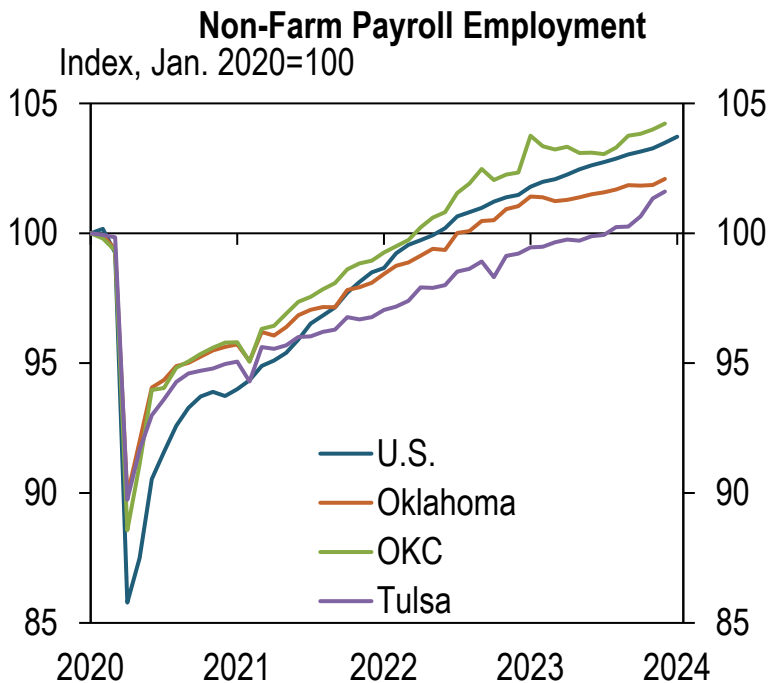
U.S. Labor Force Participation Rate



Net International Immigration to the U.S.

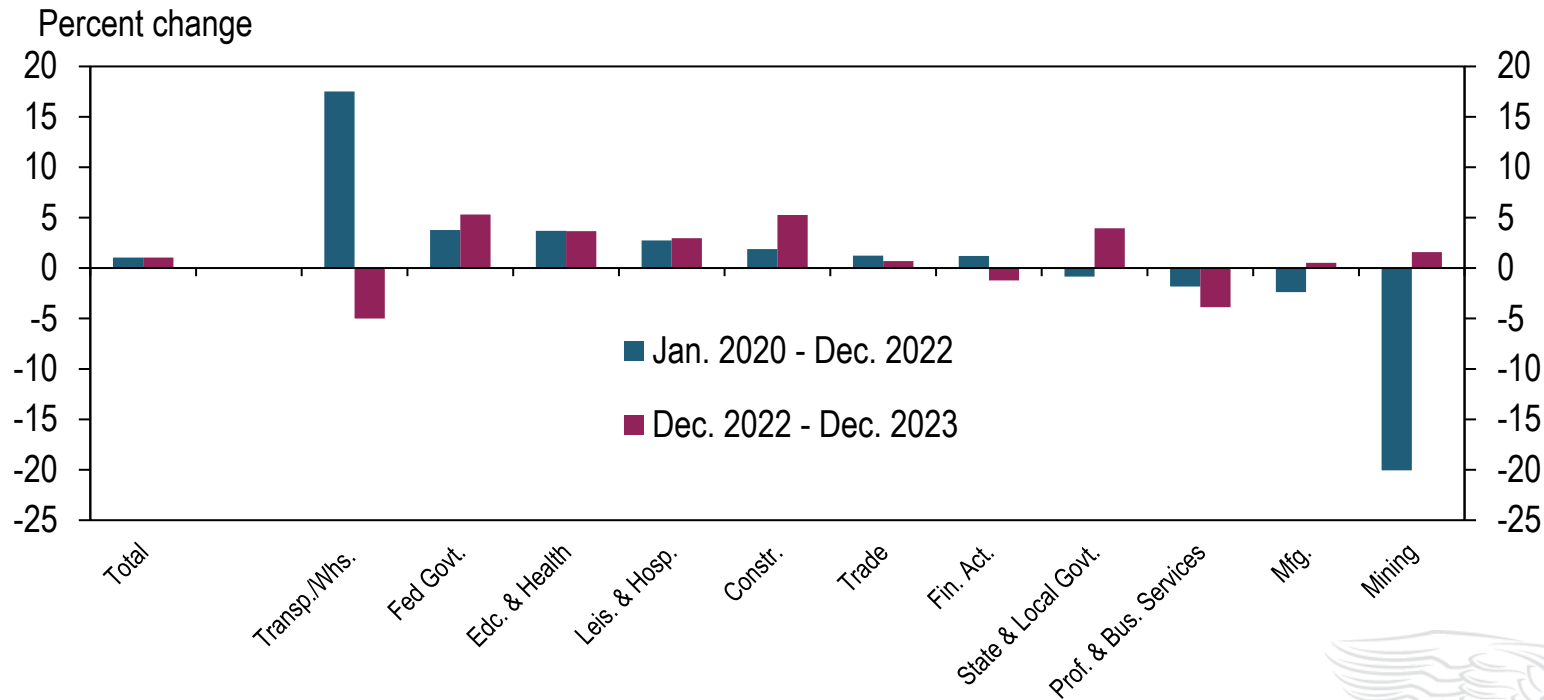


Jobs in Oklahoma have leveled off in recent months above pre-pandemic levels, while unemployment remains very low



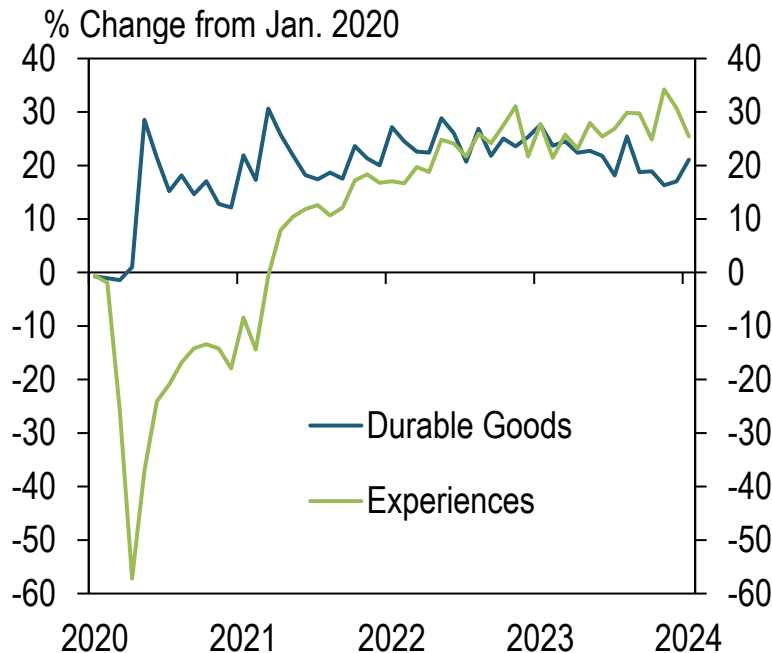
Most Oklahoma sectors added jobs over the past year, but job growth still varies widely relative to pre-pandemic levels

Oklahoma Job Growth by Industry

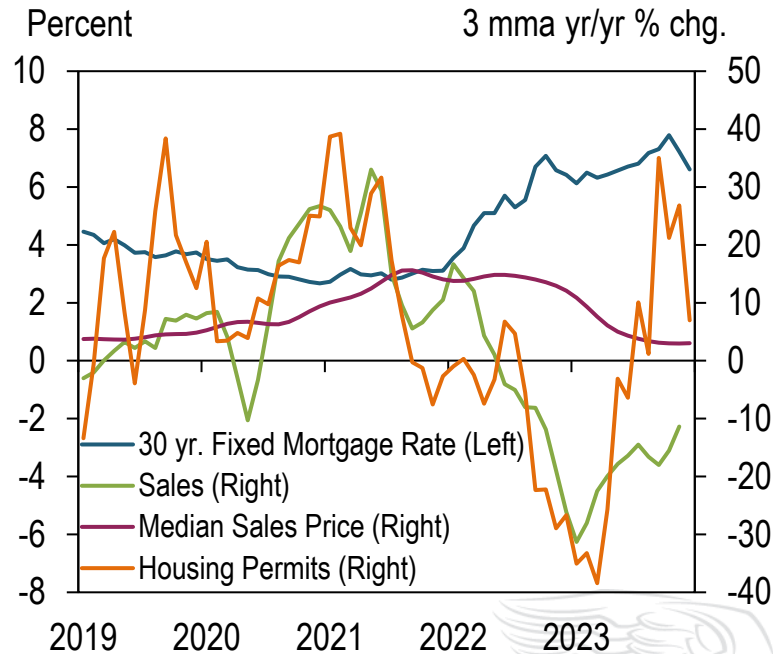


Consumer spending on “experiences” in Oklahoma remains strong while purchases of goods have slowed, as has housing

Oklahoma Nominal Consumer Spending Growth

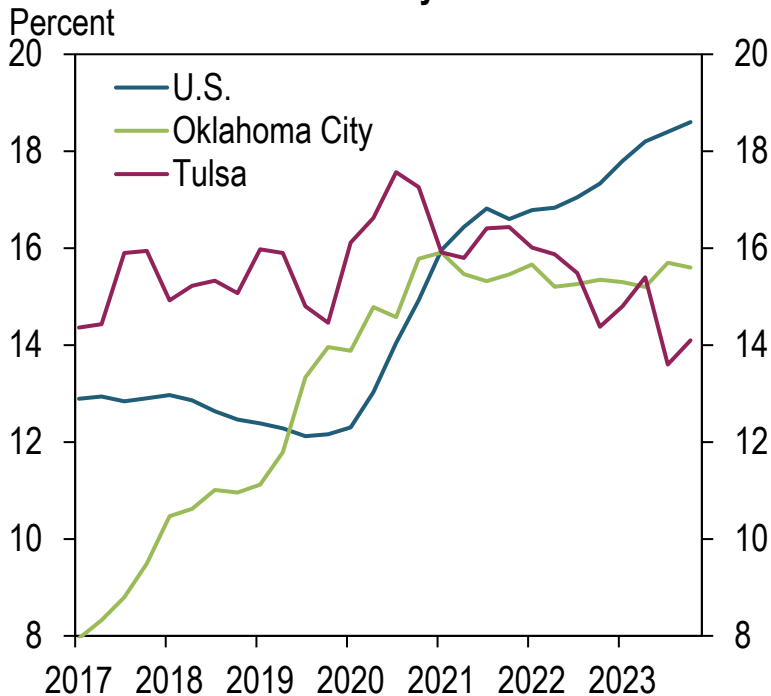


Oklahoma Housing Market Indicators

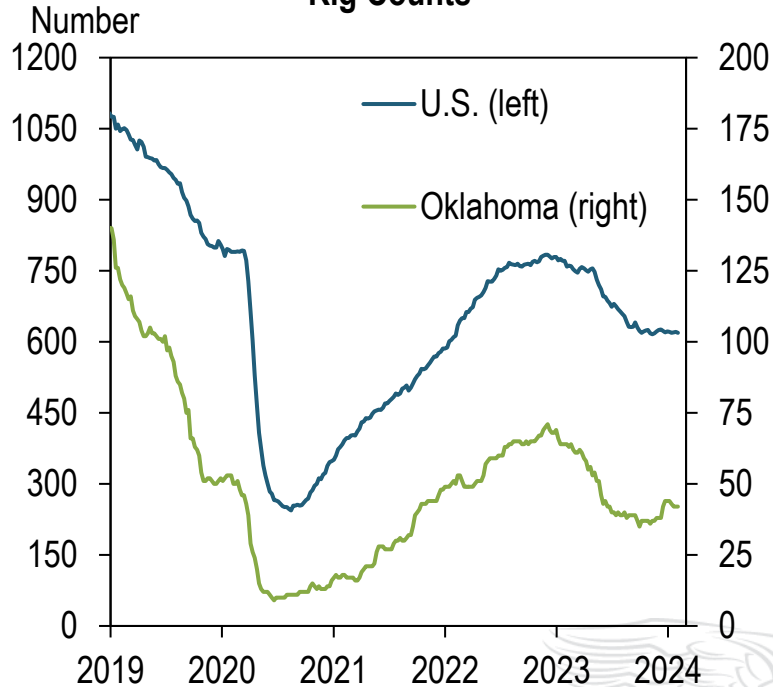


Office vacancy rates in Oklahoma have not risen like in the nation, but rig counts have fallen more here since last year's peaks

Office Vacancy Rates

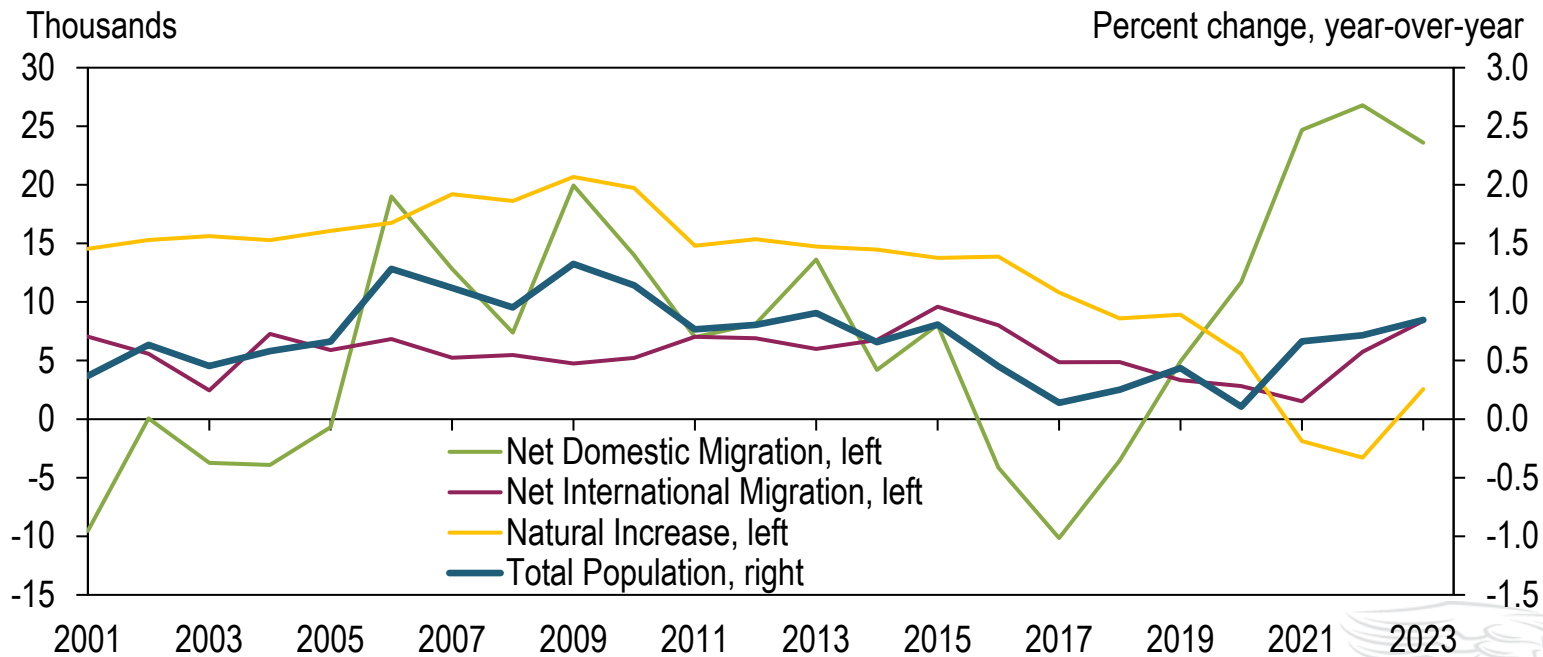


Rig Counts



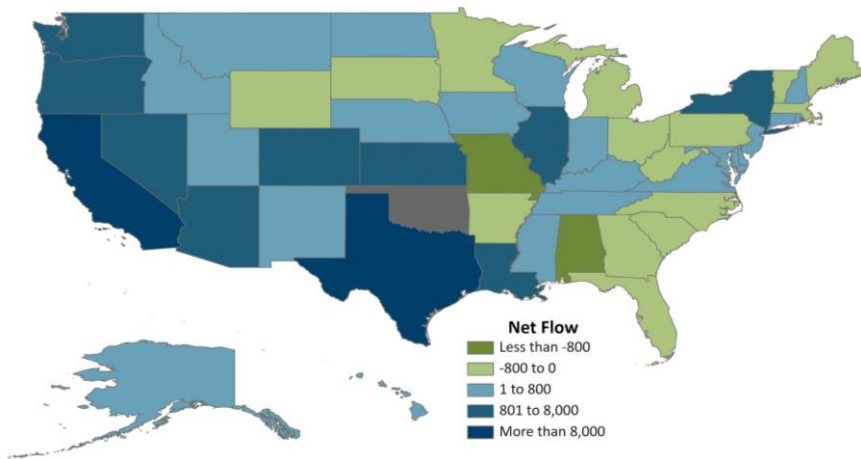
Oklahoma's population grew in 2023 again, primarily due to elevated domestic migration, but also with increases in other components

Oklahoma Population Change by Component

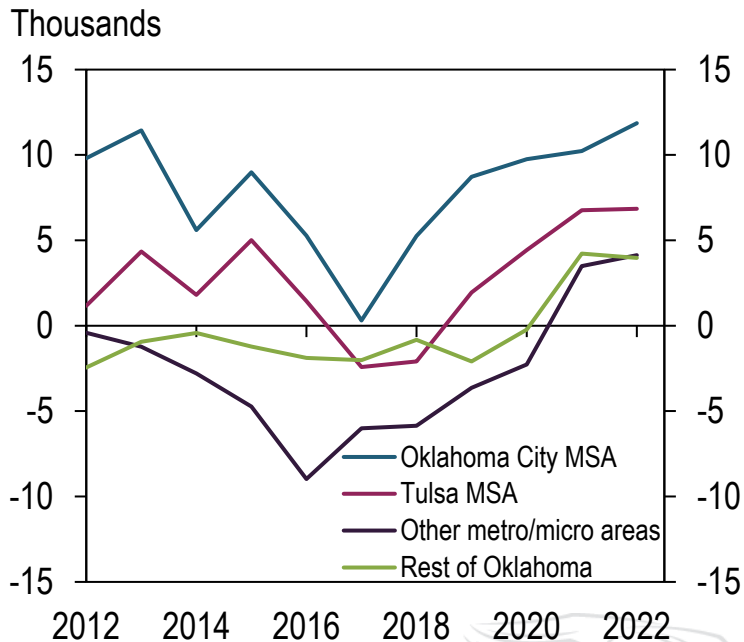


Many people moved to OK from CA and TX since the pandemic, mostly to the metros but also to many other parts of the state

Migration to Oklahoma During 2020 - 2023

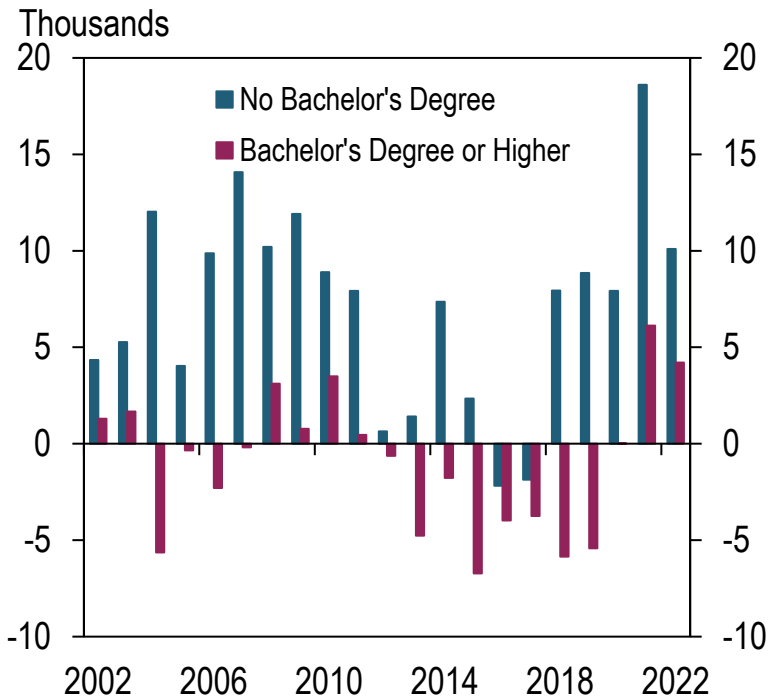


Oklahoma Net Domestic Migration

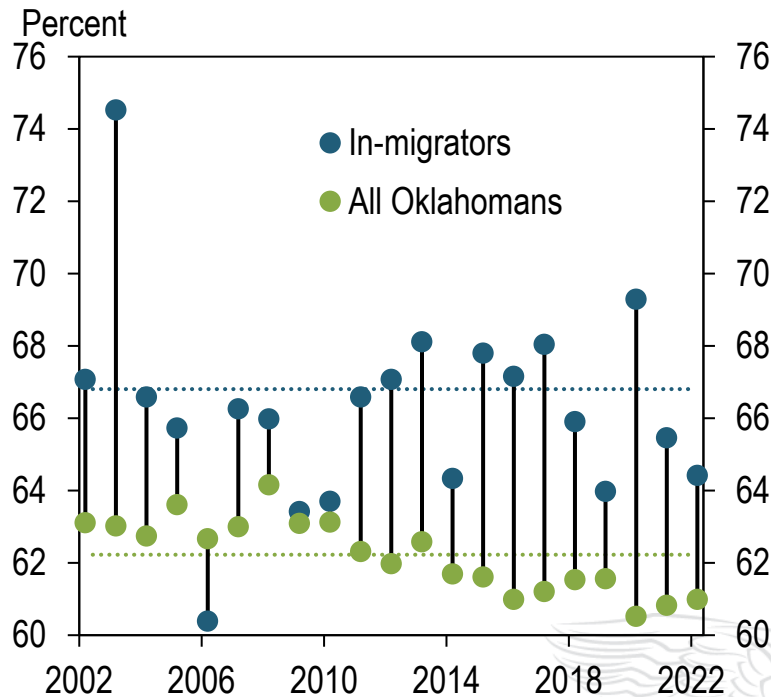


Oklahoma also finally had net inflow of prime-age college graduates in recent years, but has not yet fully made up for “brain drain” losses from the 2010s

Net Domestic Migration by Educational Attainment



Average Labor Force Participation Rate

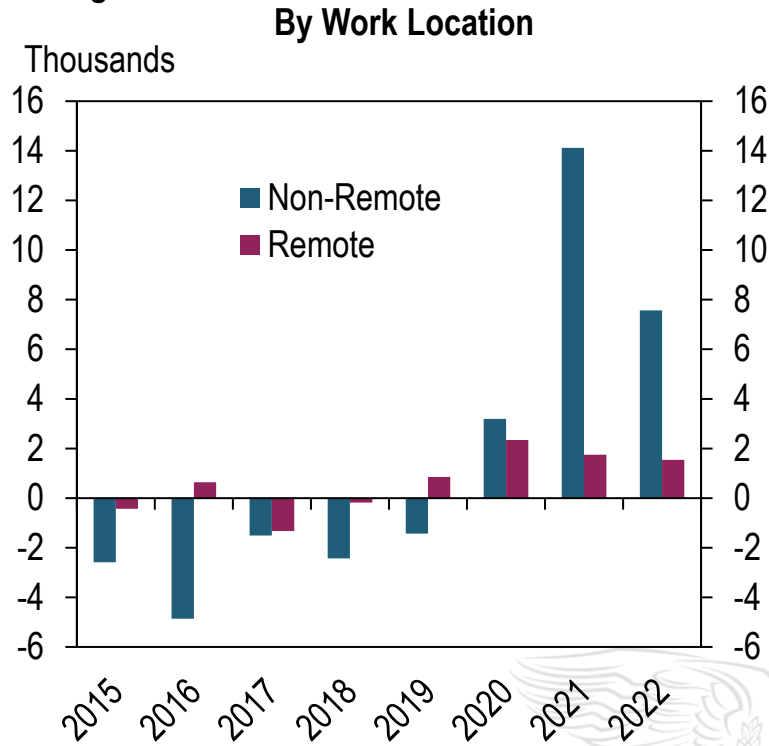
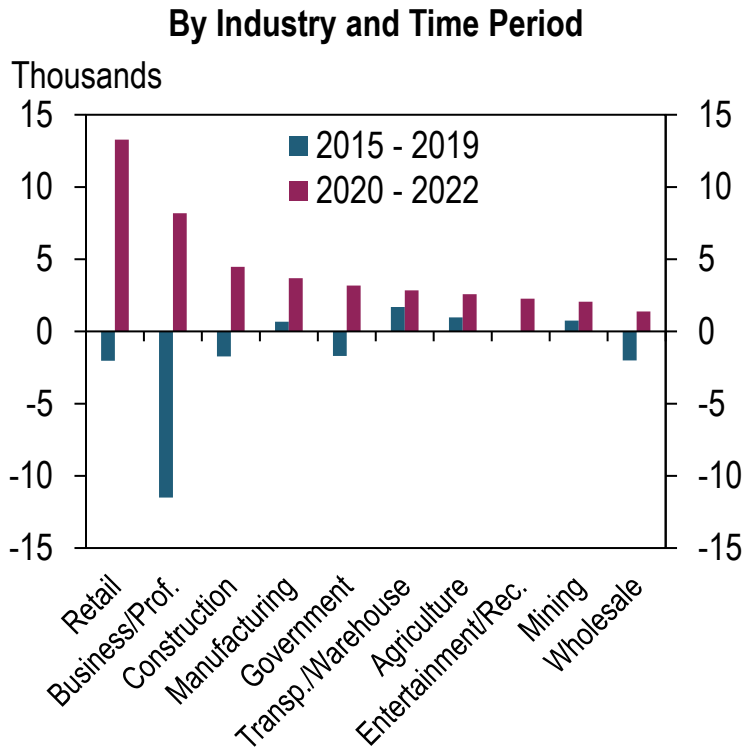


Notes: The sample is limited to those age 25+ who reported educational attainment. Cumulative change is relative to 2000.
 Source: ACS 1-year estimates/IPUMS USA, University of Minnesota, www.ipums.org, authors' calculations



All industries and occupations had a net gain of residents since 2020, reversing some previous trends, with sizable numbers of college grads

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

- U.S. economic growth remained solid in late 2023 and 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



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!

