

U.S. and Oklahoma Economic Outlook

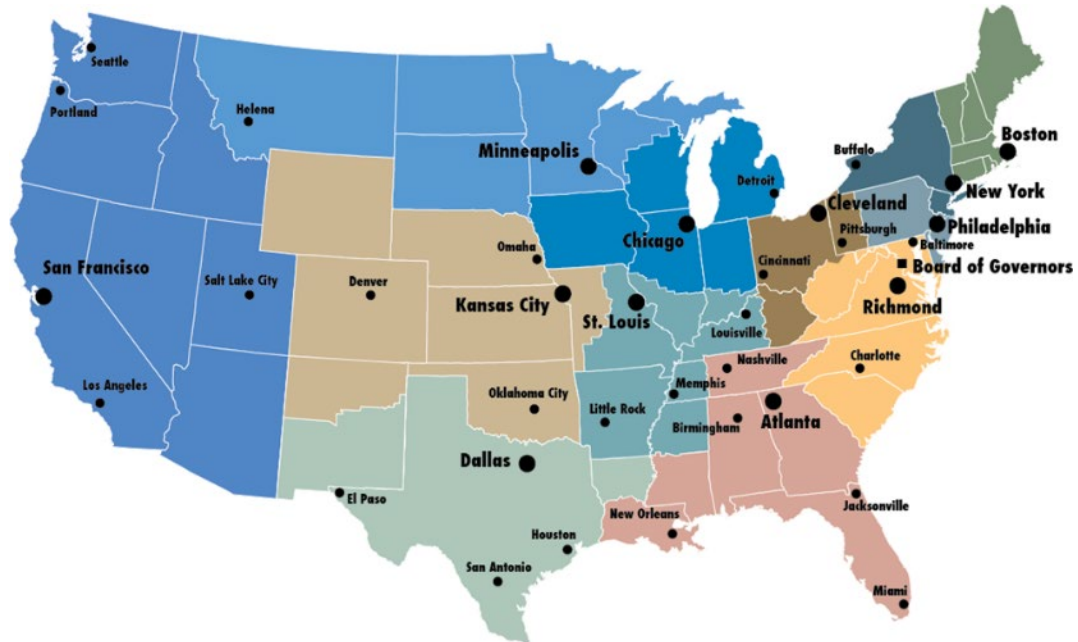
*West Oklahoma City Rotary Club
July 14, 2021*

Chad Wilkerson
Vice President and 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



The “Fed” consists of three main entities:

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

Primary responsibility areas:

- Monetary policy
- Bank regulation
- Financial services



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

www.kansascityfed.org/oklahomacity

OKC BRANCH 100

- **2020 was our Centennial**
- **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 and moderate income groups, workforce focus
 - Economic education and public outreach programming
- **2021 OKC Fed Branch Board of Directors**
 - **Tina Patel (chair)**, Co-Owner & CFO, Promise Hotels, Tulsa
 - **Walt Duncan**, President, Duncan Oil Properties, Oklahoma City
 - **Susan Plumb**, Chair & CEO, Bank of Cherokee County, Tahlequah
 - **Brady Sidwell**, Principal, Sidwell Strategies, Enid
 - **Chris Turner**, President & CFO, First State Bank, Oklahoma City
 - **Katrina Washington**, Owner/Broker, Stratos Realty, Oklahoma City
 - **Dana Weber**, Chair & CEO, Webco Industries, Sand Springs



Other Oklahoma Fed Folks

Kansas City Board of Directors

- **Doug Stussi**, Executive Vice President and Managing Director, Love Family Office, Oklahoma City
- **Patricia J. Menard**, Chairman, President, & CEO, Southwest National Bank, Wichita

Economic Advisory Council

- **Clay Gaspar**, COO, Devon Energy, Oklahoma City
- **Jason R. Sanders**, Senior Vice President & Provost, University of Oklahoma Health Sciences Center, Oklahoma City
- **Peggy Simmons**, President and COO, Public Service Company of Oklahoma, Tulsa

Community Development Advisory Council

- **Raúl Font**, President, Latino Community Development Agency, Oklahoma City
- **Cecilia Robinson-Woods**, Superintendent, Millwood Public Schools, Oklahoma City

Community Depository Institution Advisory Council

- **Jill Castilla**, President & CEO, Citizens Bank of Edmond, Oklahoma City
- **T.W. Shannon**, CEO, Chickasaw Community Bank, Oklahoma City
- **Alicia Wade**, President & COO, Valliance Bank, Oklahoma City



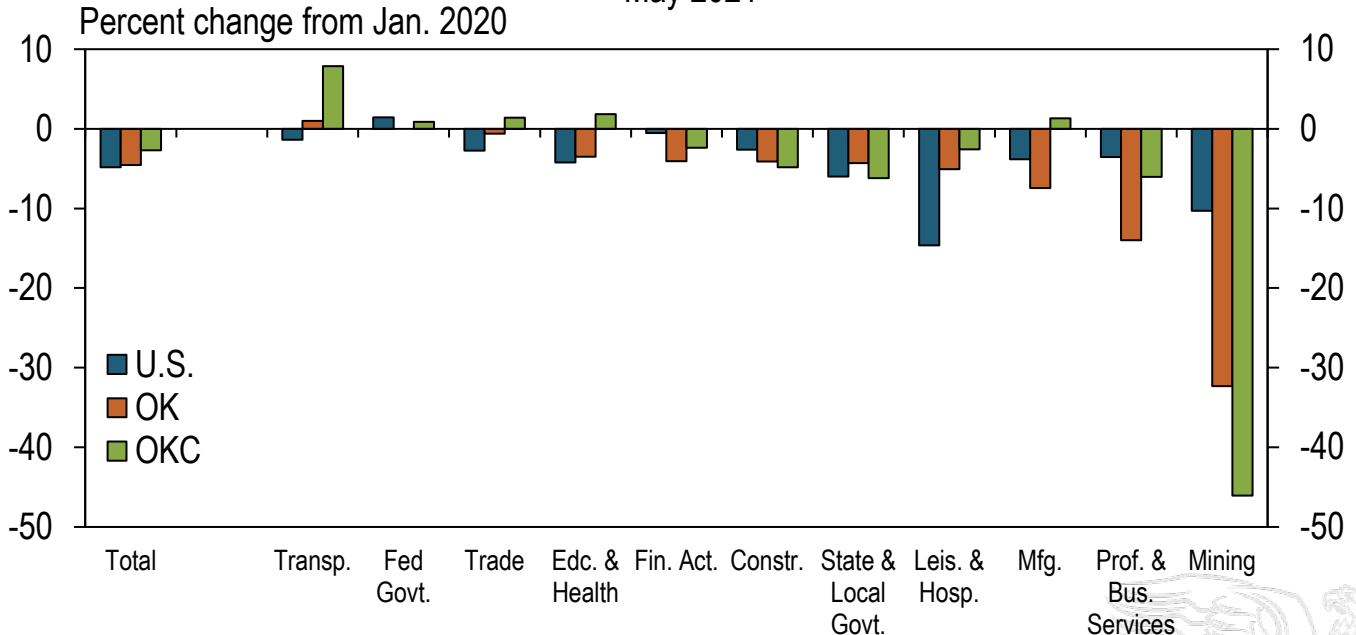
Overview

- Employment in OK is still down from pre-pandemic, but labor markets also appear to be very tight
- Businesses are optimistic, despite rising prices and labor shortages, with more implementing labor-saving technology
- Energy activity is up and likely to rise further with high oil prices
- The national economy continues to recover, and the median FOMC participant now anticipates rate increases by 2023



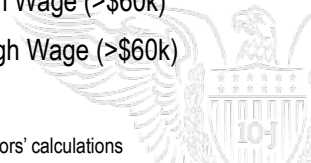
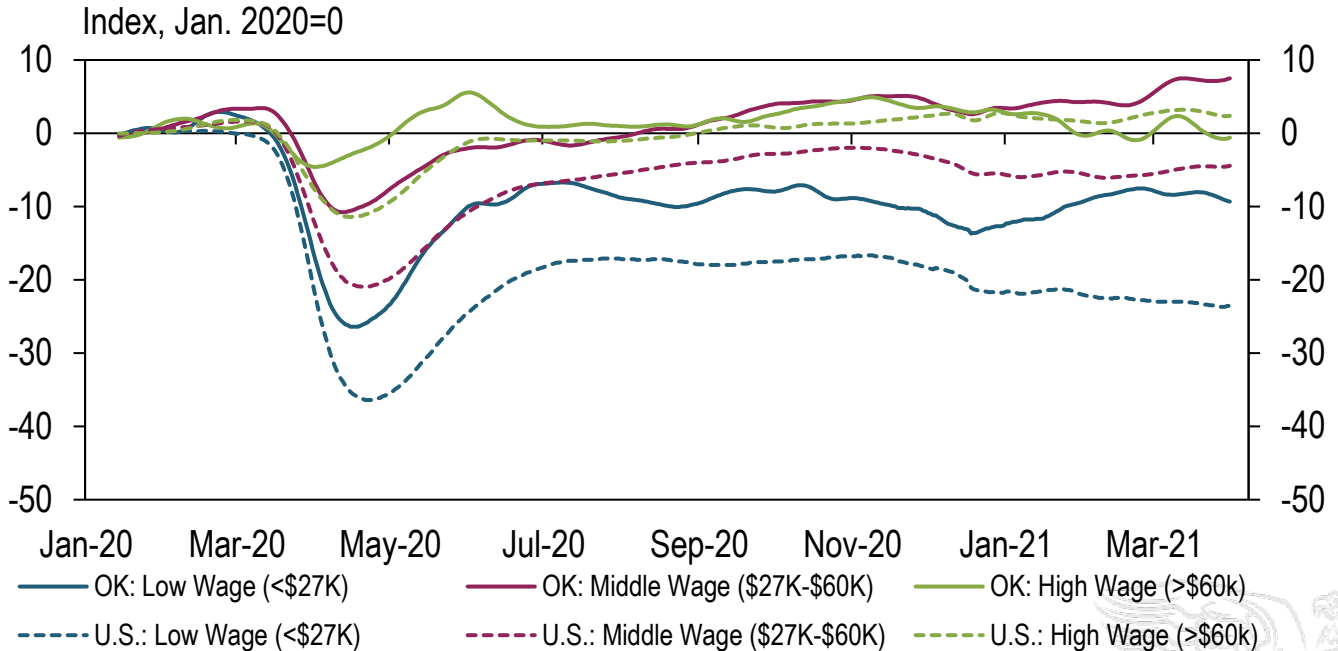
State and metro jobs are down most in mining and professional services, in contrast to hospitality in U.S.

Job Growth by Industry
May 2021



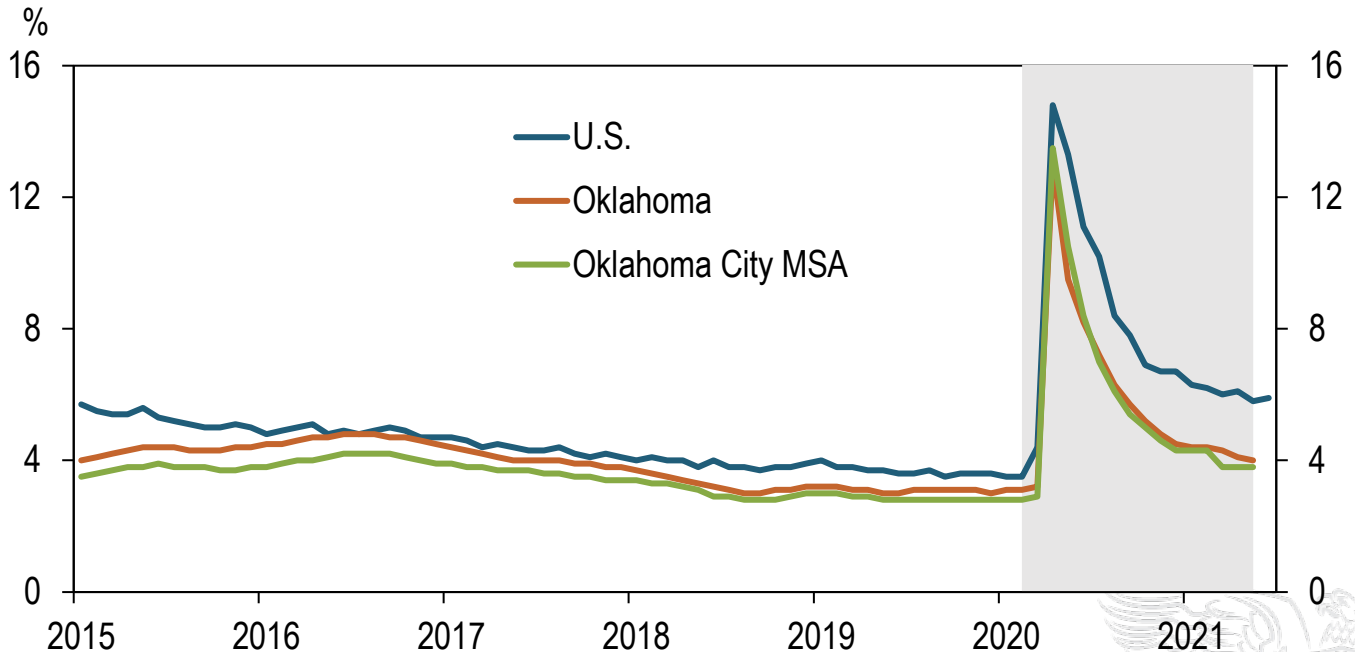
Job growth continues to vary widely by wage level, with the lowest-paying jobs down the most

Employment by Income Level



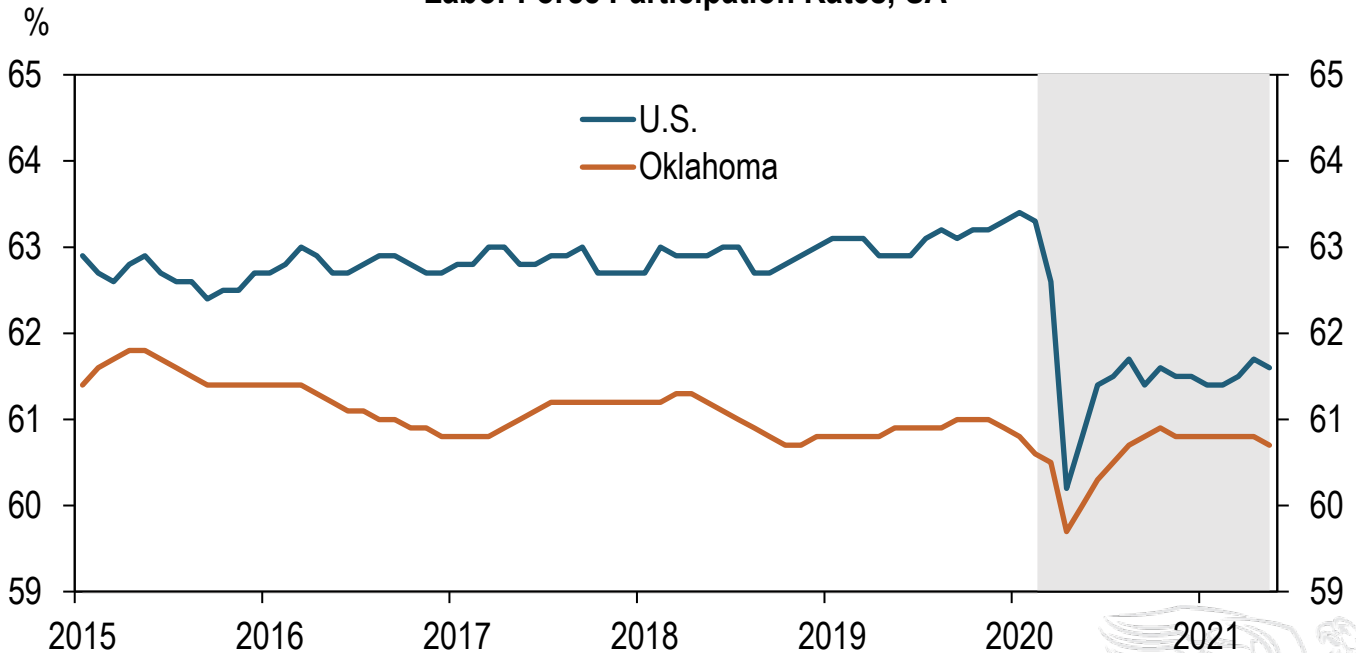
Unemployment has fallen considerably, and OKC's rate was 3.8% in May, below the U.S. rate of 5.9% in June

Unemployment Rate



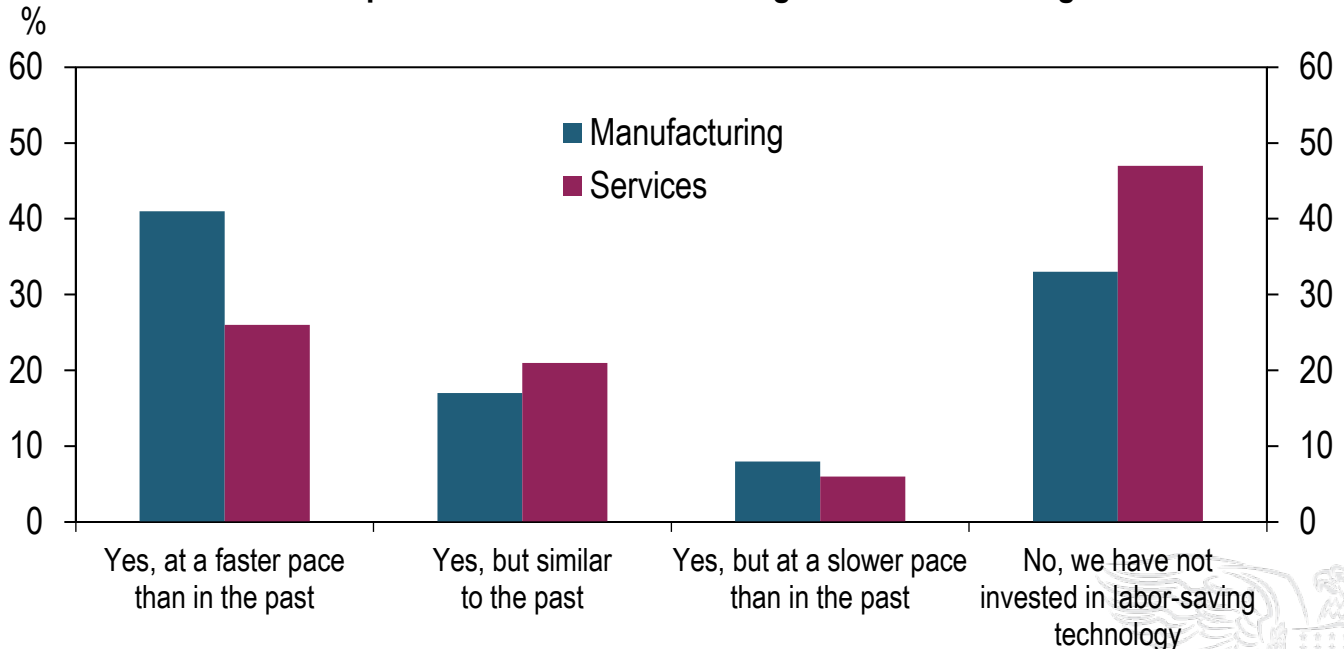
Labor force participation rates are almost at pre-pandemic levels in Oklahoma

Labor Force Participation Rates, SA



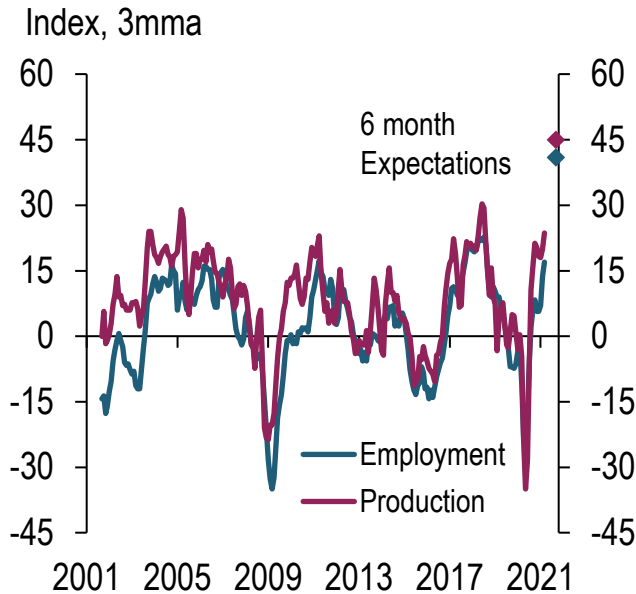
Many firms are automating more quickly due to labor shortages

June 2021 Survey SQ: "Because of labor shortages, has your firm invested or plan to invest in labor-saving automation strategies?"

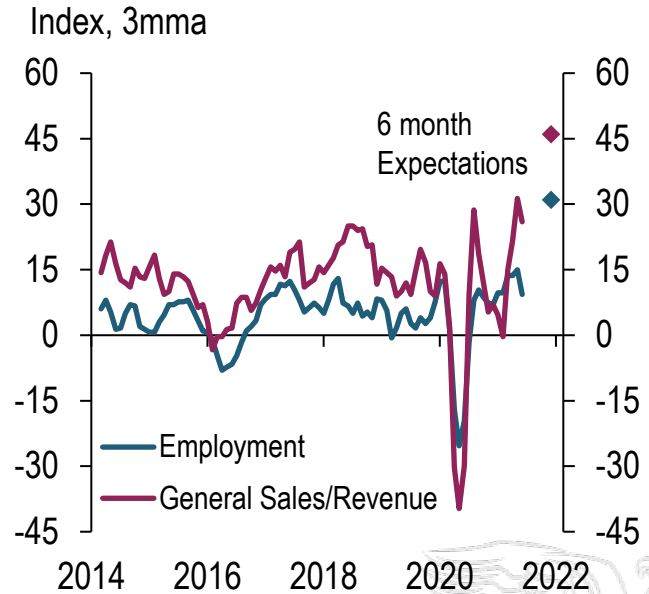


Regional surveys show that activity has continued to expand with strong outlooks

Manufacturing Survey

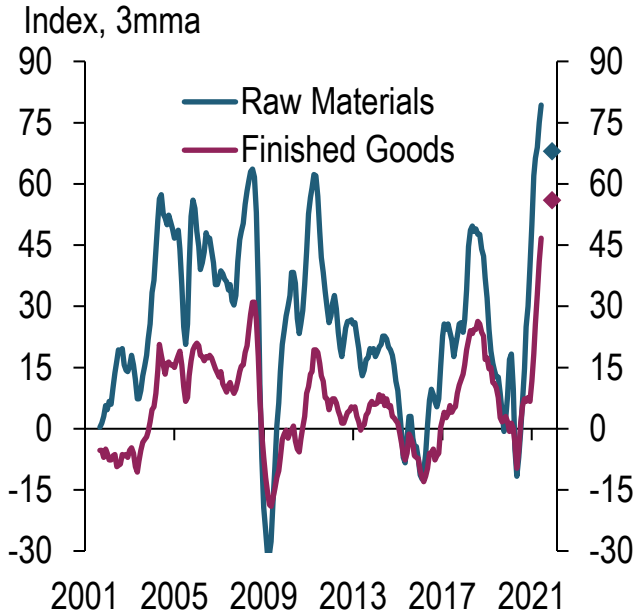


Services Survey

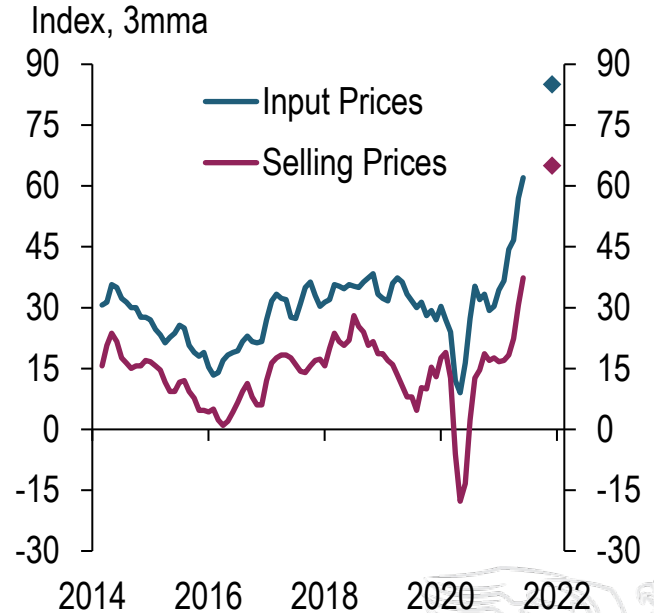


Input and output prices continue to rise at historic rates

Manufacturing Survey

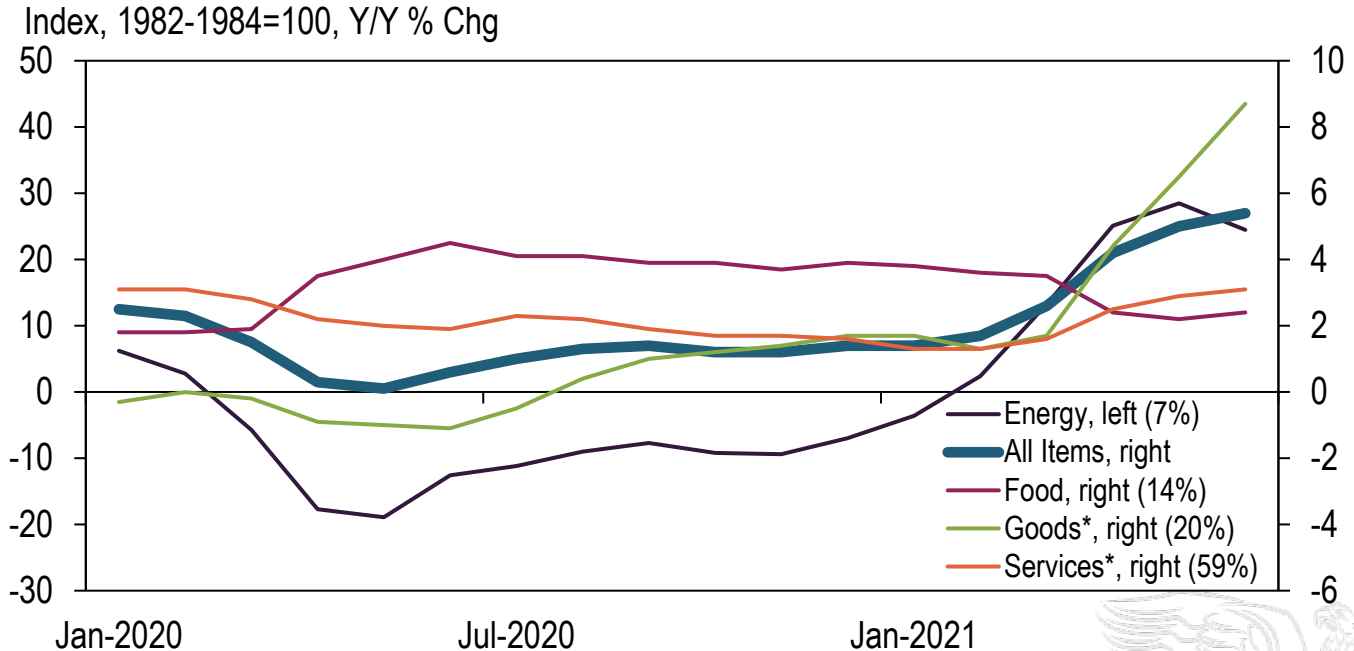


Services Survey



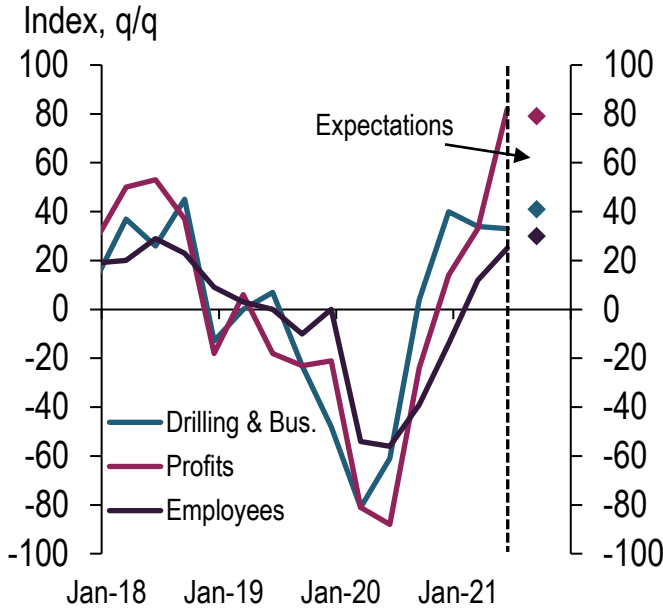
Energy and goods prices increased the most as components of inflation recently

Consumer Price Index

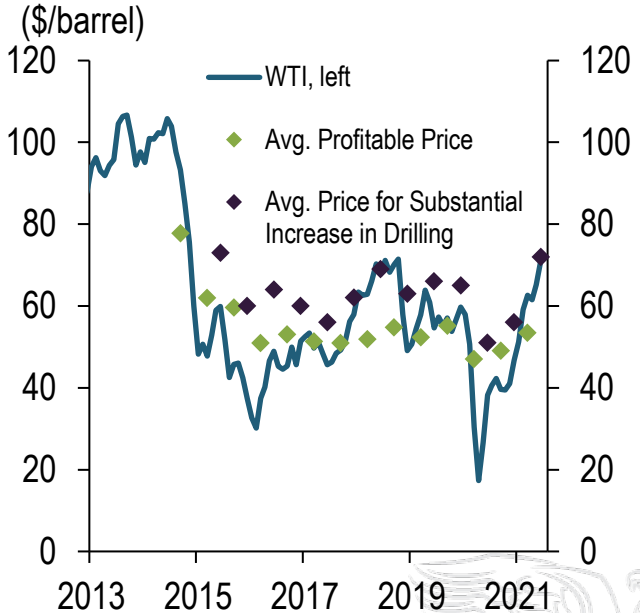


Energy activity is up along with prices, and expectations for future activity remain solid

Energy Survey

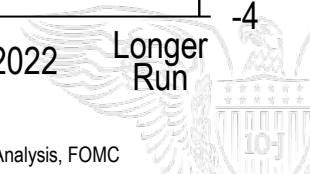
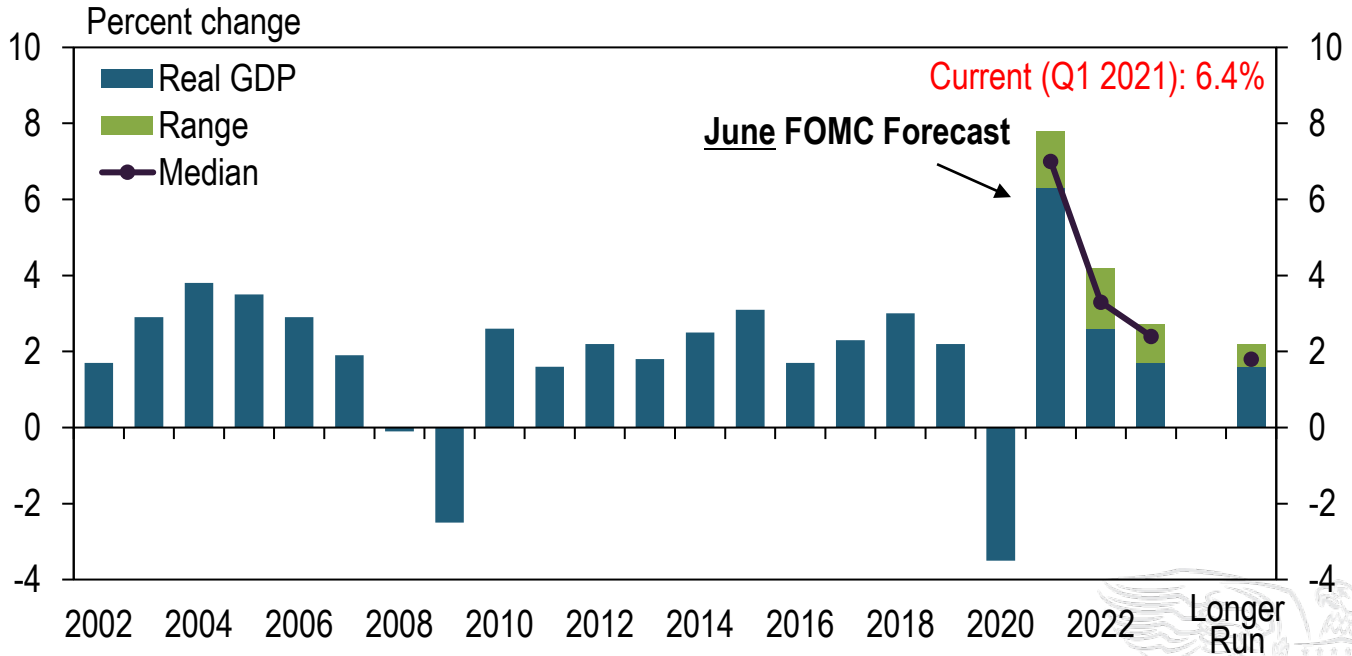


Energy Prices



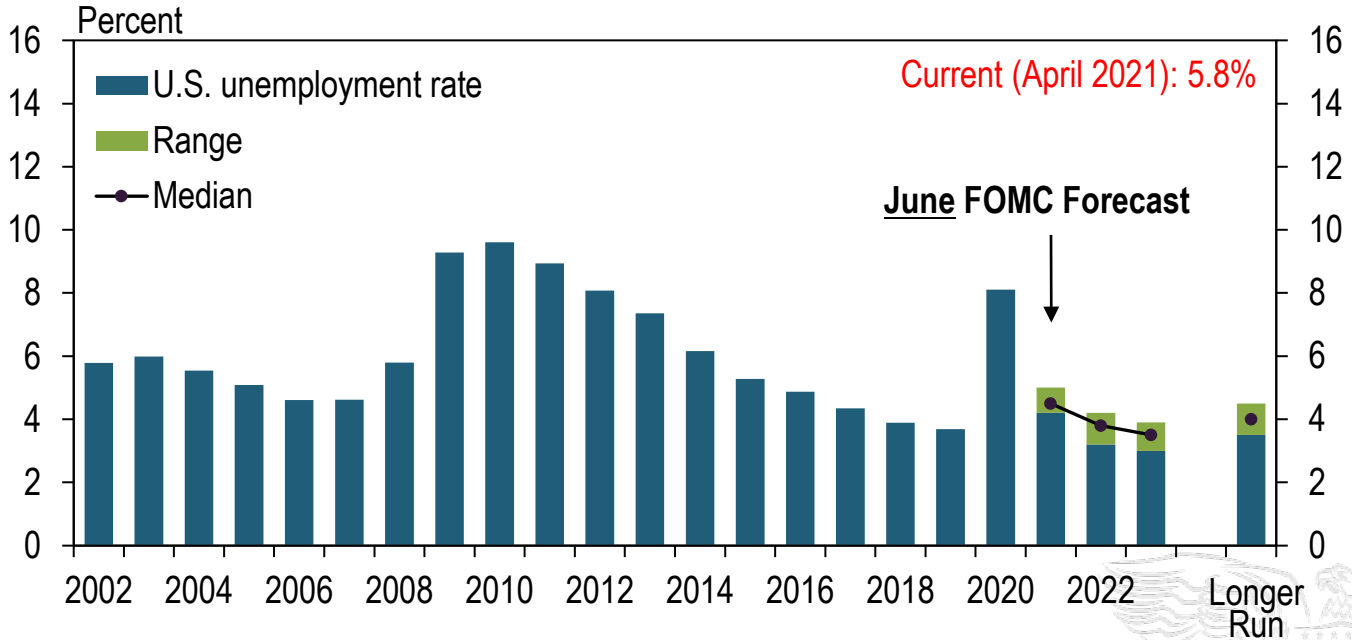
June FOMC: “Indicators of economic activity and employment have strengthened.”

Change in Real GDP



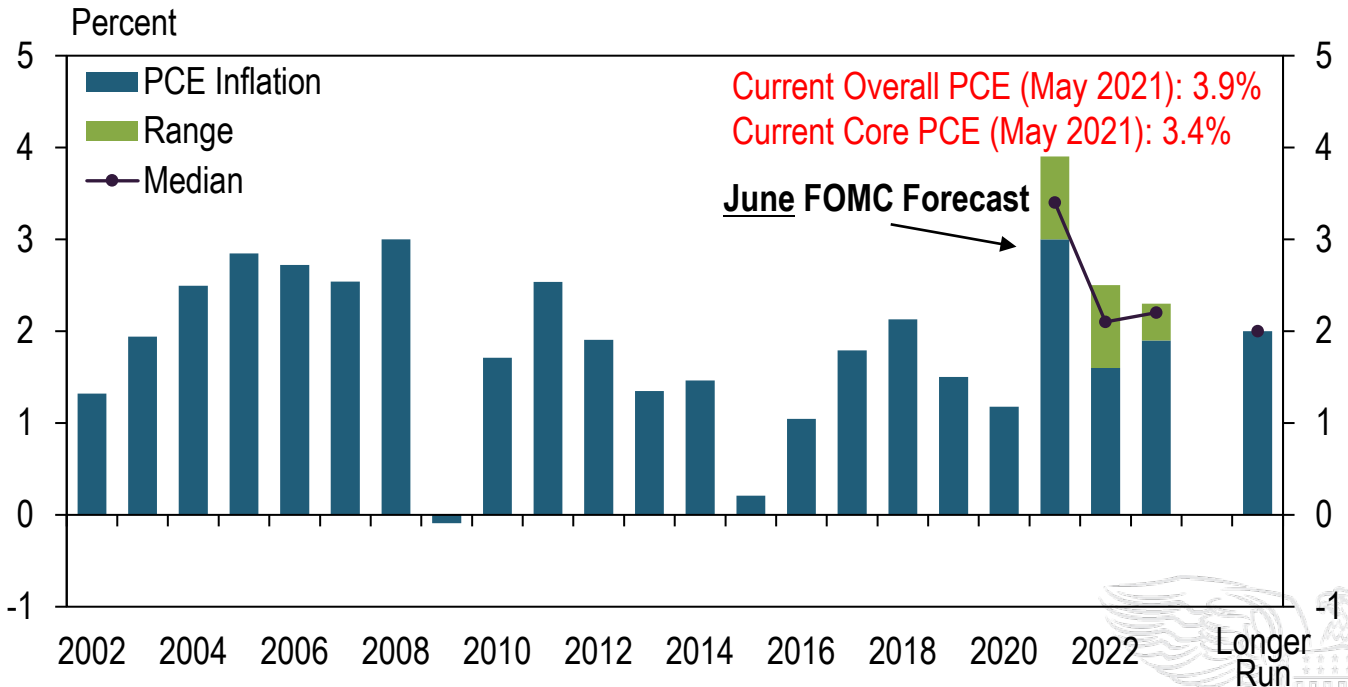
Unemployment is above year-end forecasts

U.S. Unemployment Rate



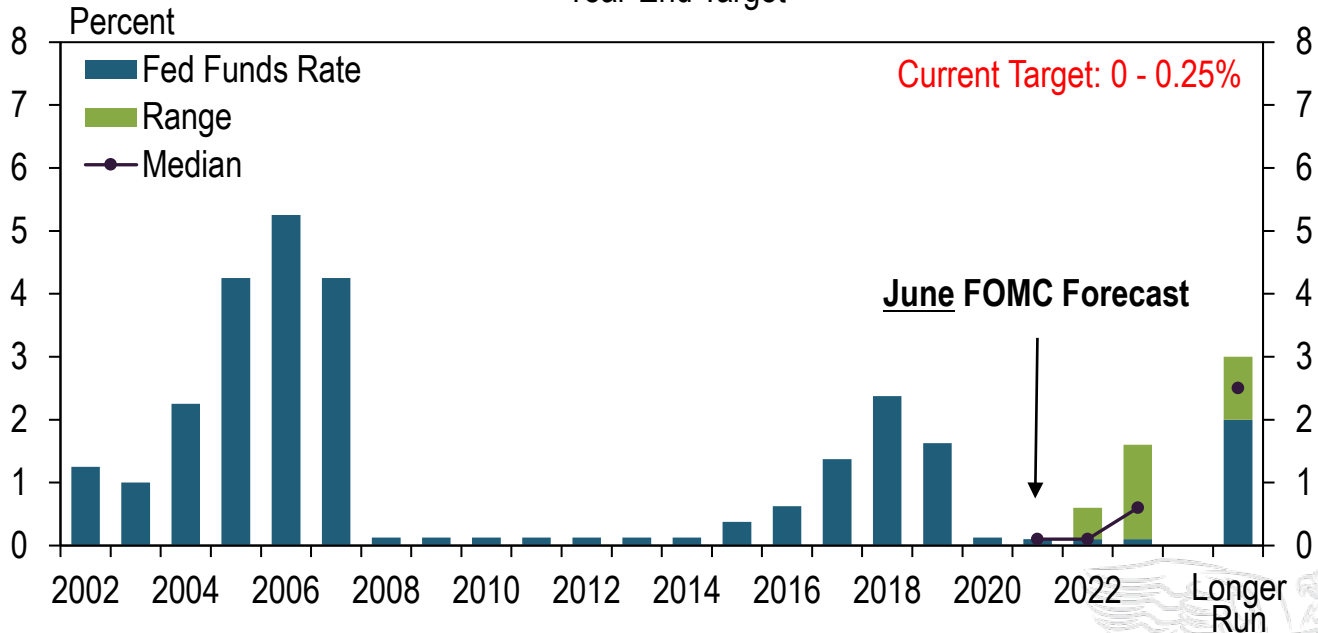
June FOMC: “Inflation has risen, largely reflecting transitory factors.”

PCE Inflation Index



June FOMC: “The [FOMC] decided to... maintain this target until... maximum empl. and inflation... on track.”

Federal Funds Rate
Year-End Target



Summary

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Questions?

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