

U.S. and Oklahoma Economic Outlook

Bixby Development Foundation
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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.



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

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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



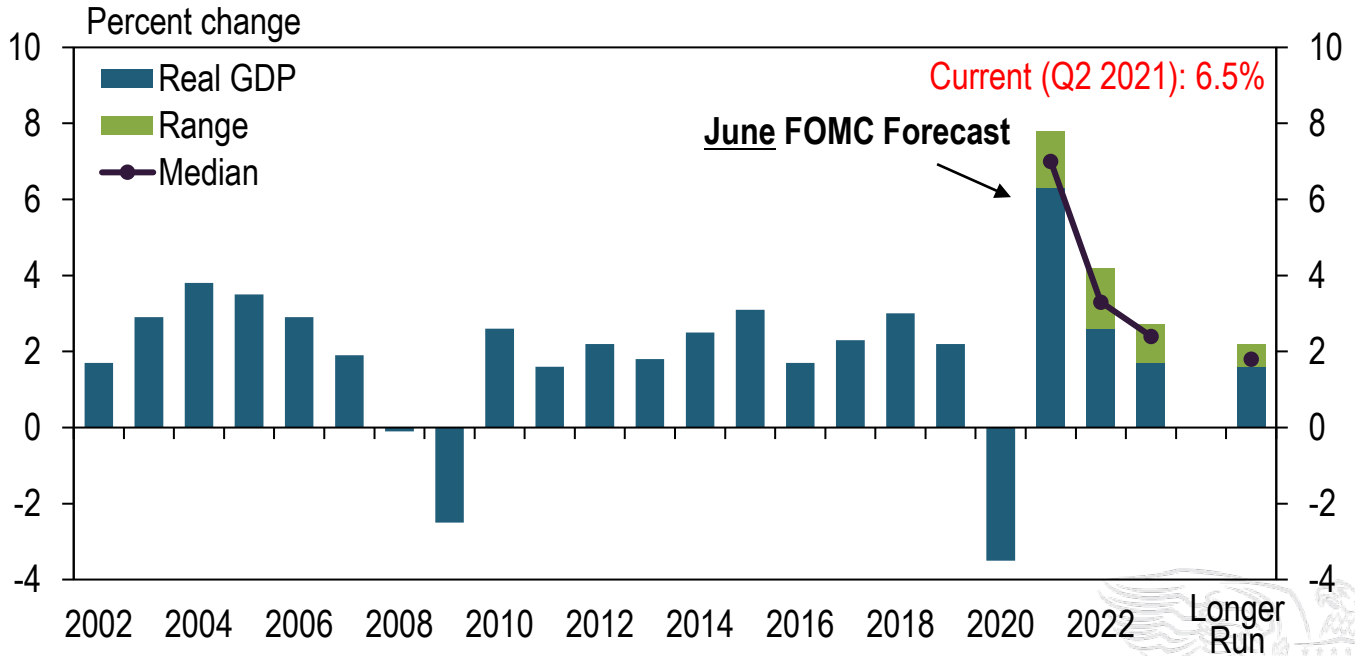
Overview

- The national economy continues to recover, with strong GDP and job growth so far in 2021
- Regional businesses are optimistic, despite rising prices and labor shortages, and energy activity is up
- Employment is still down from pre-pandemic levels, though, especially in the energy sector and in lower-paying jobs
- The latest surge in COVID cases and hospitalizations presents a risk to some Oklahoma sectors



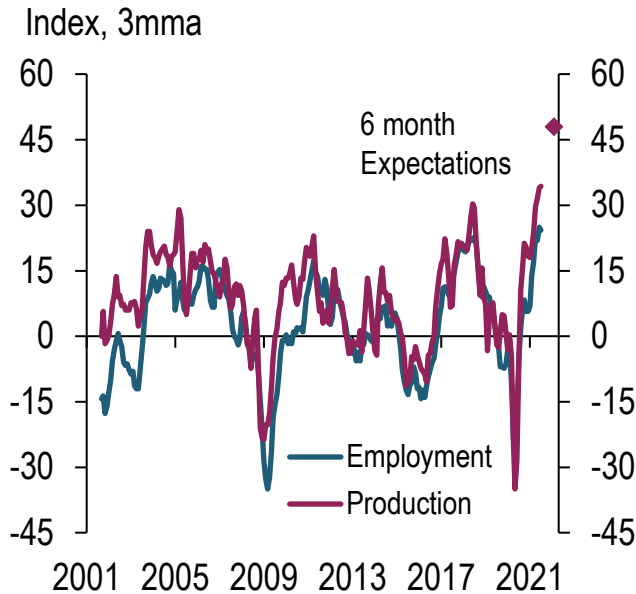
July FOMC: “Indicators of economic activity and employment have continued to strengthen.”

Change in Real GDP

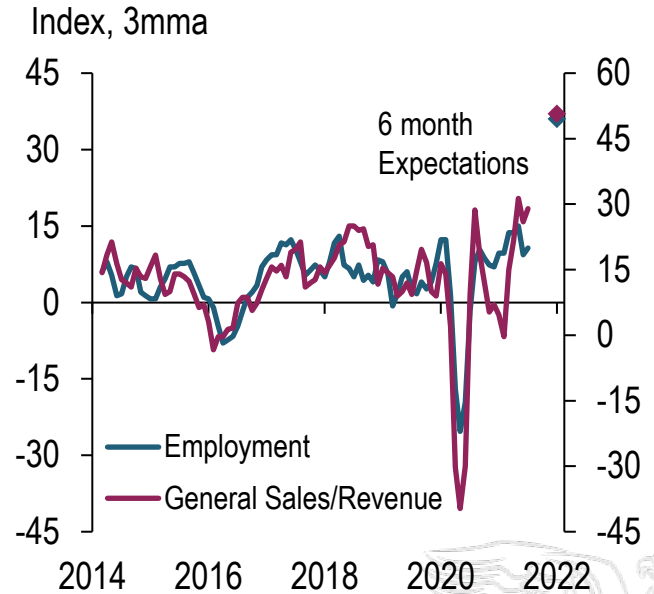


Surveys show that business activity in Oklahoma's region has continued to expand, with strong outlooks

KC Fed Manufacturing Survey

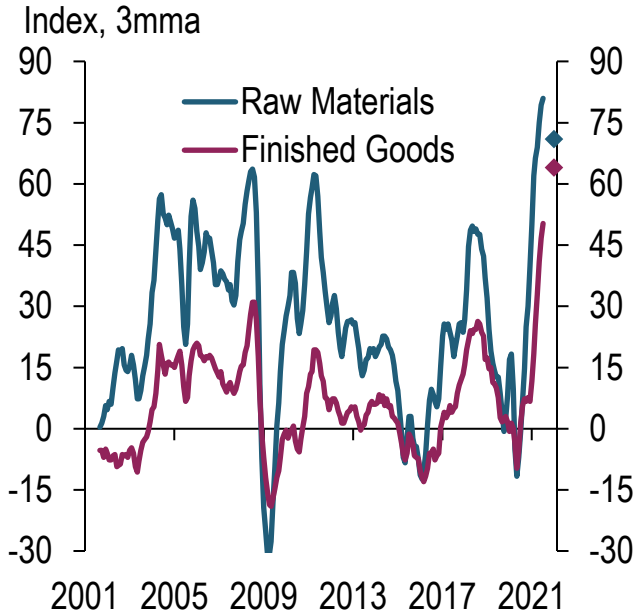


KC Fed Services Survey

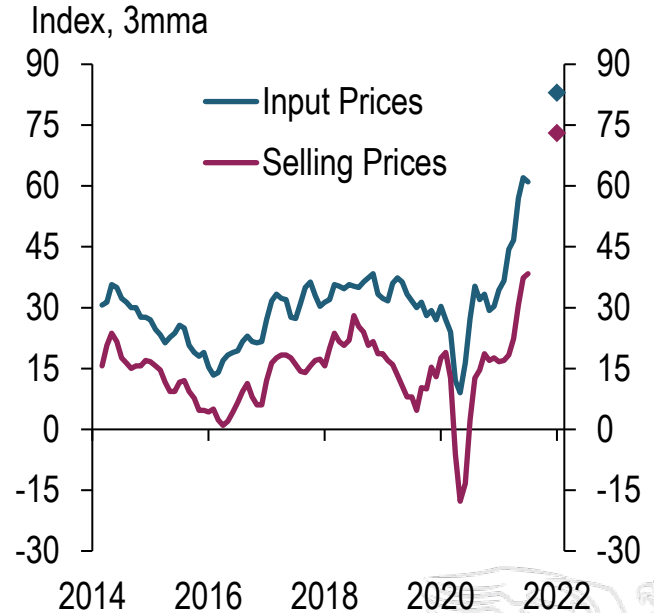


This is despite input and output prices continuing to rise at historic rates

Manufacturing Survey

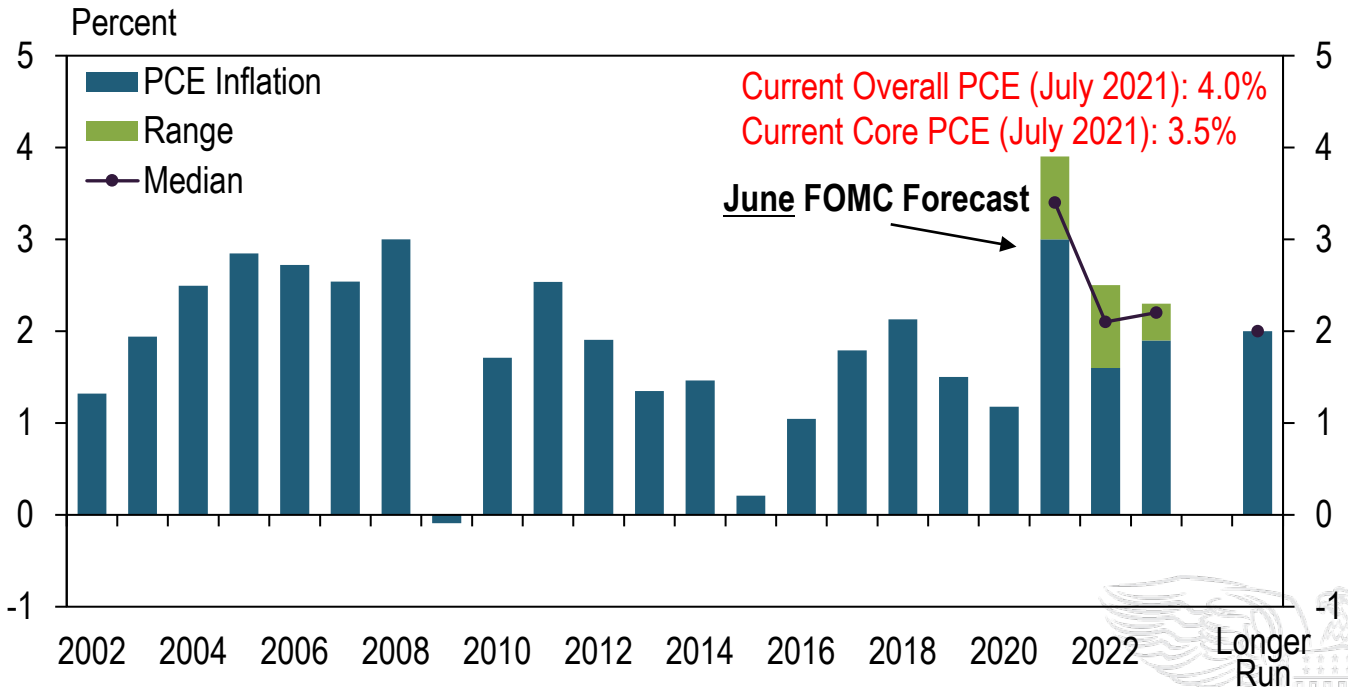


Services Survey



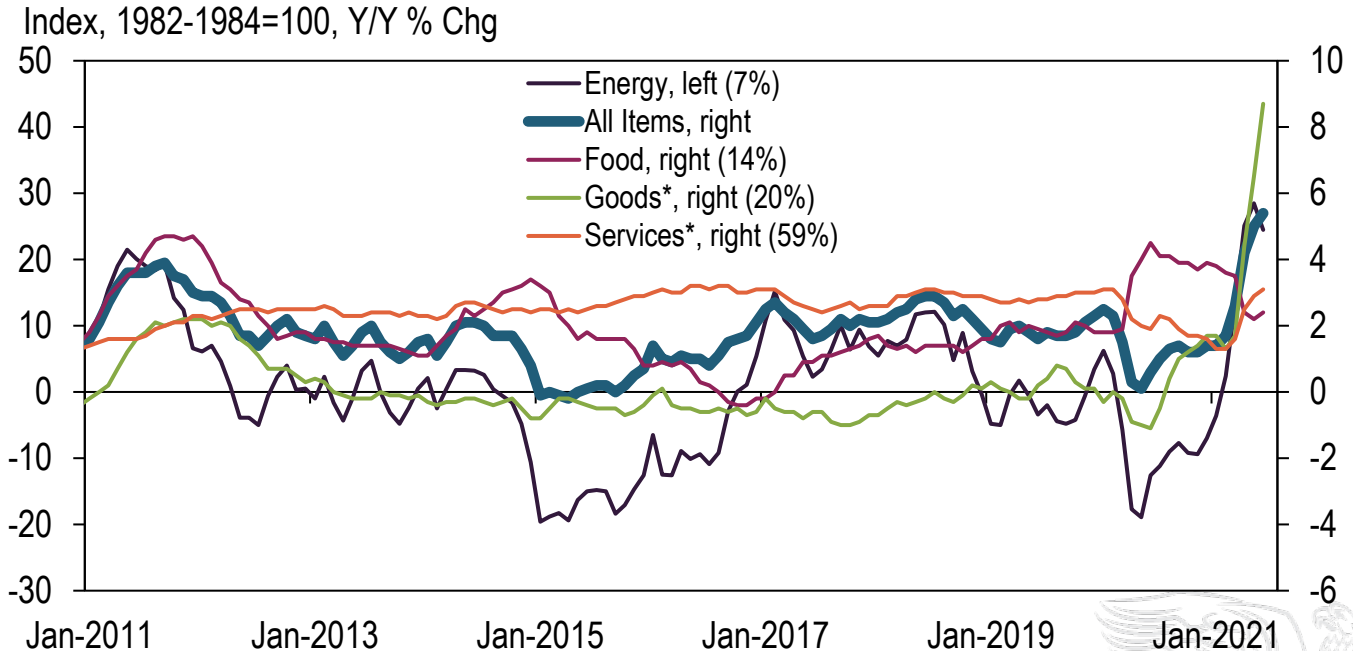
July FOMC: “Inflation has risen, largely reflecting transitory factors.”

PCE Inflation Index



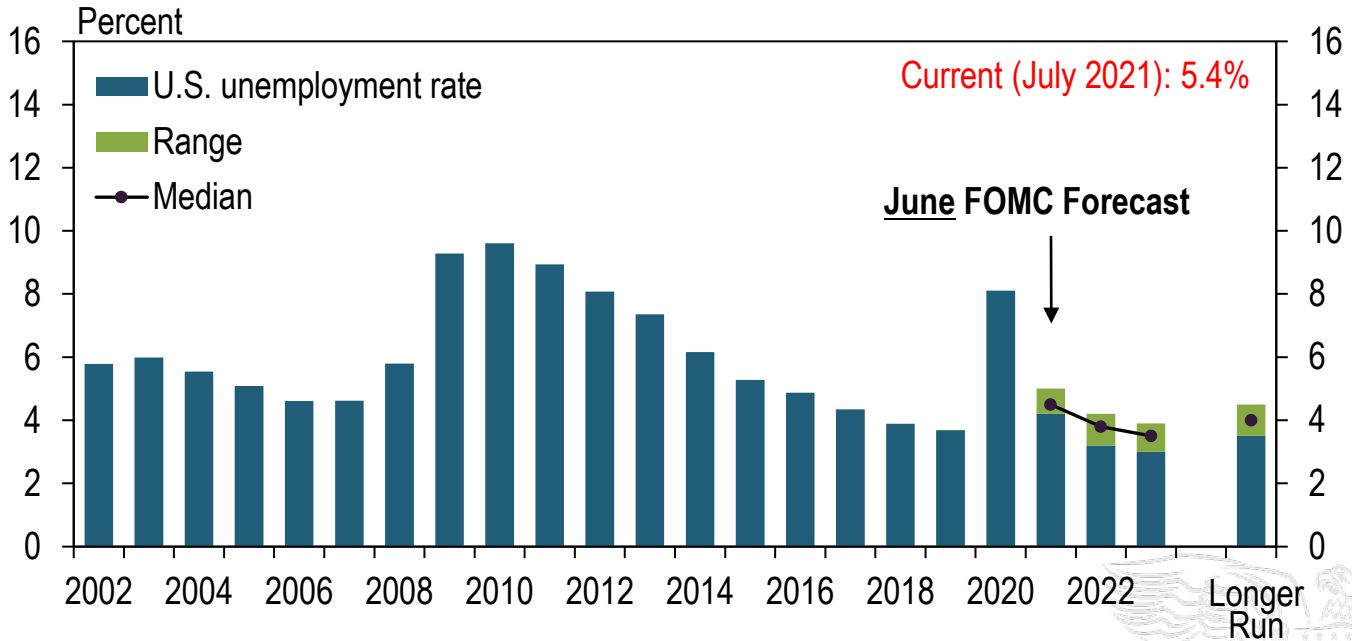
All major categories of prices are rising, but with sizable variation across and within categories

Consumer Price Index



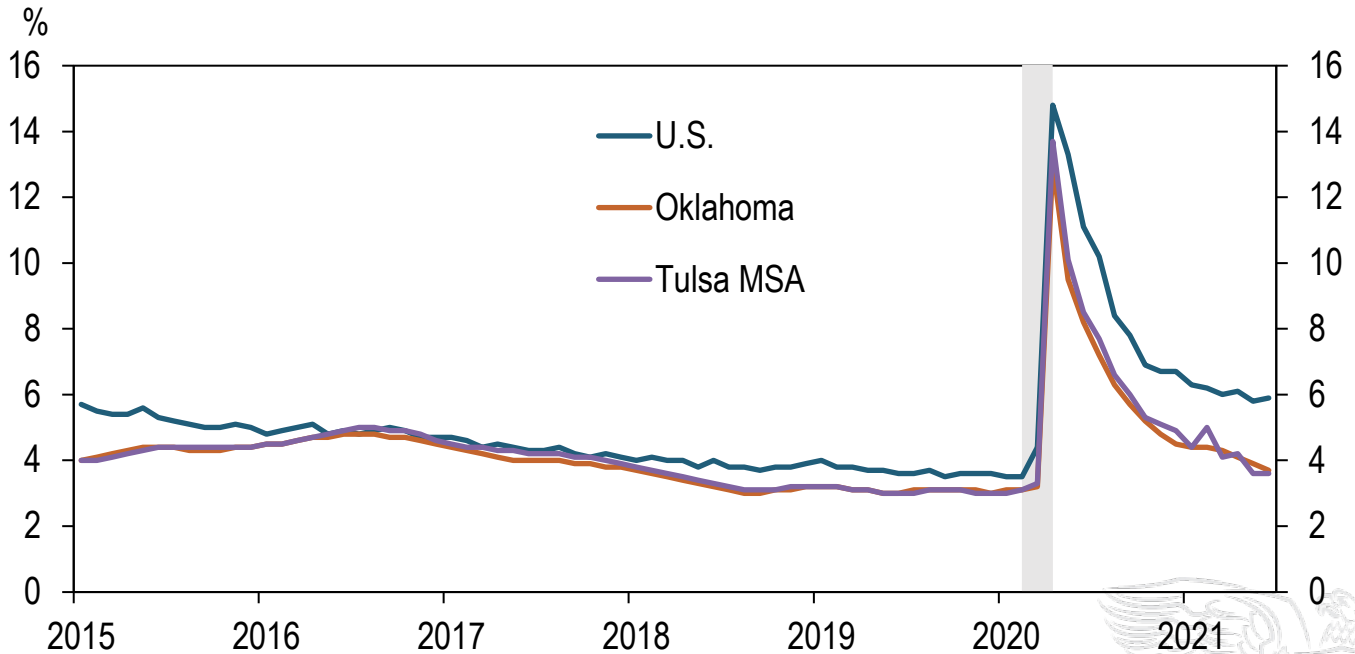
The median FOMC projection is for U.S. unemployment to fall to 4.5% by year-end

U.S. Unemployment Rate



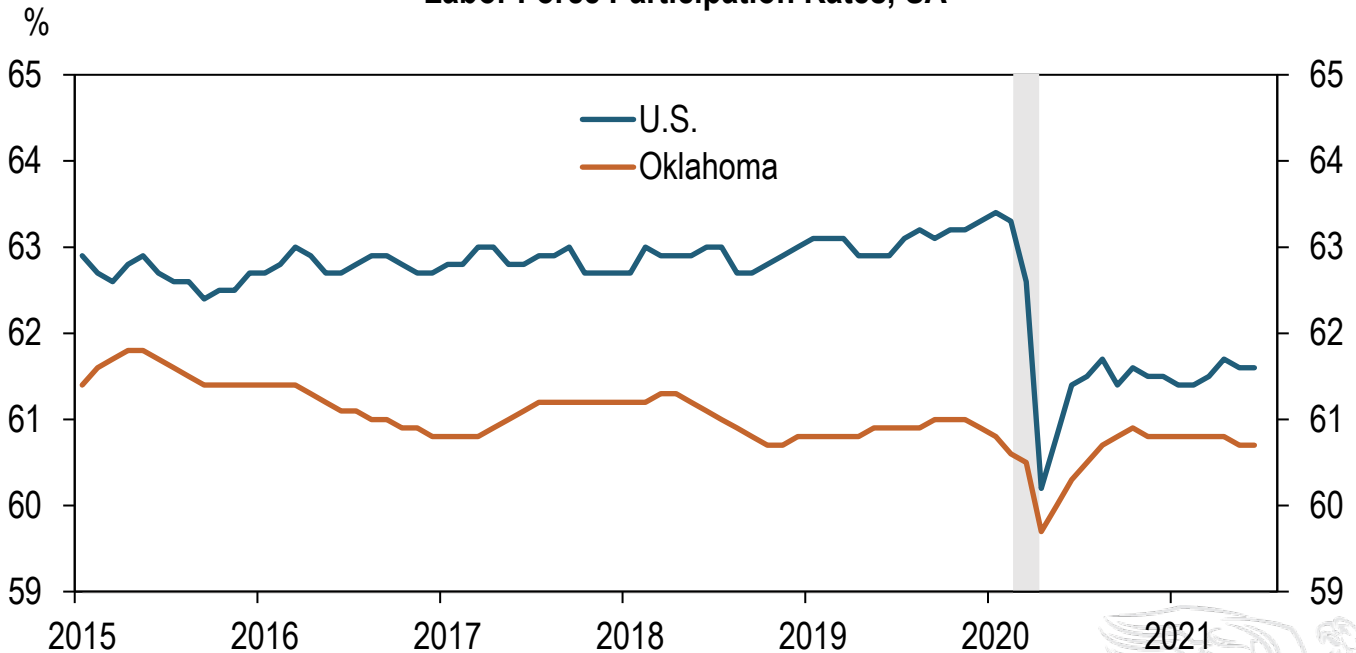
Unemployment in Oklahoma has fallen by even more, and the Tulsa metro area's rate was 3.6% in June

Unemployment Rate



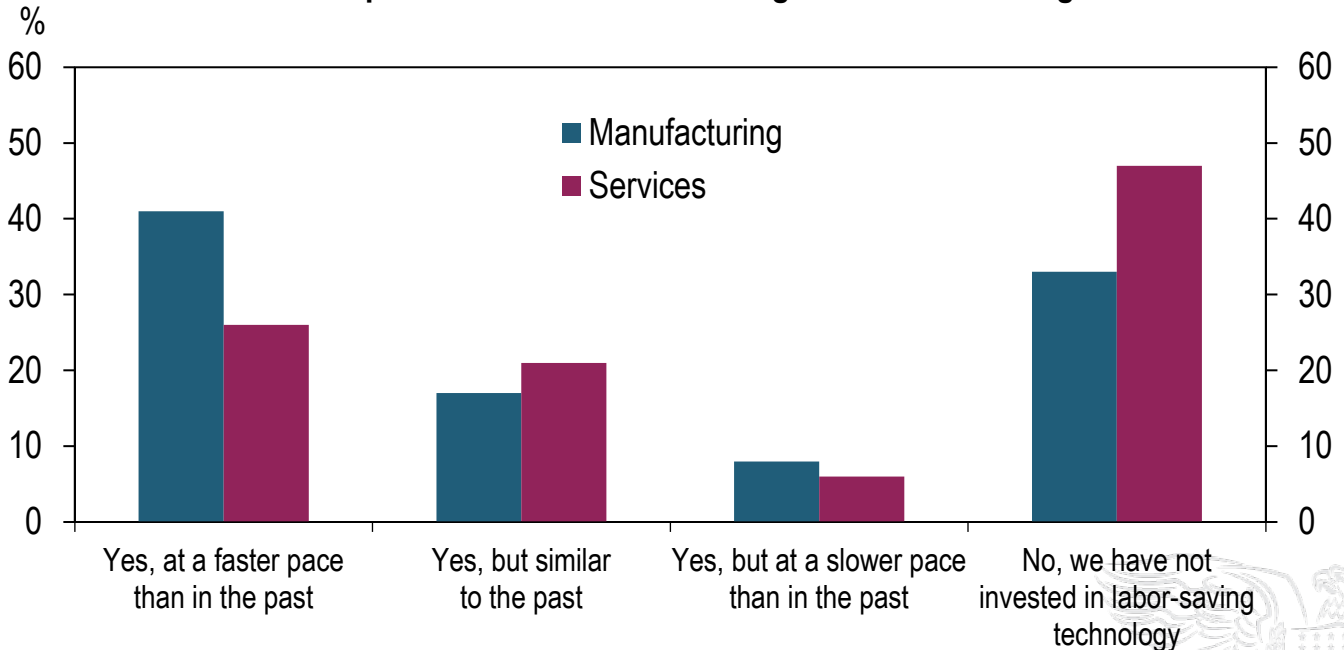
Labor force participation is almost at pre-pandemic levels in Oklahoma, although still down from 2015

Labor Force Participation Rates, SA



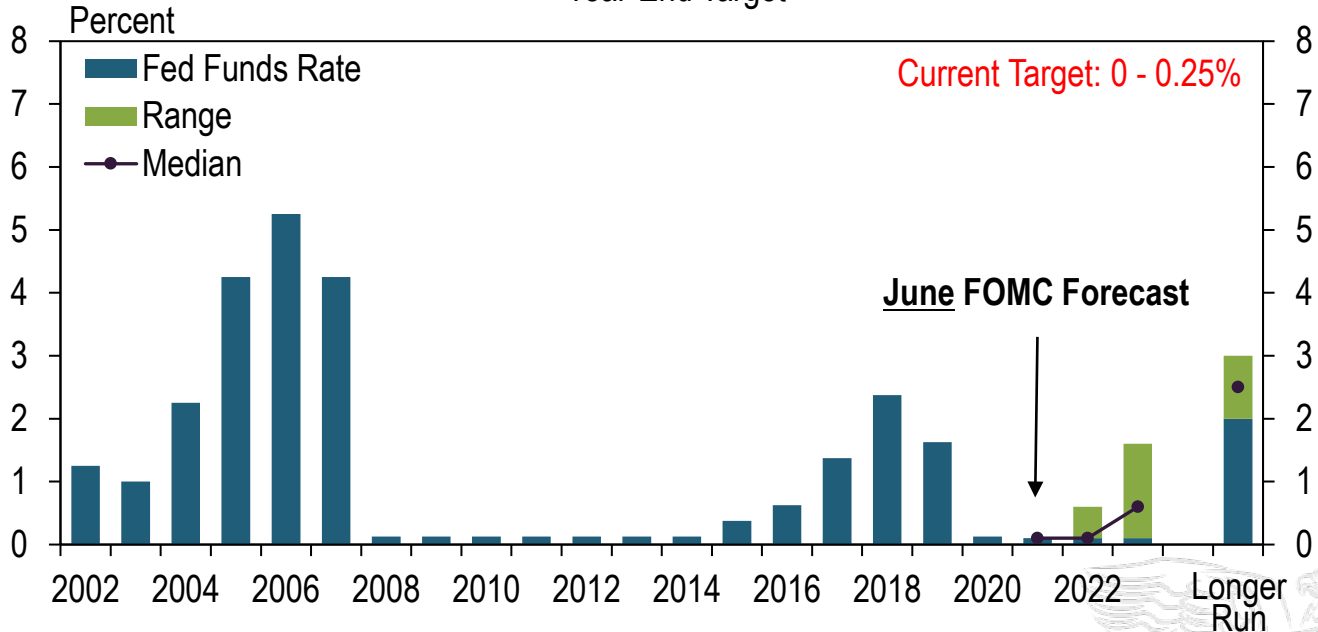
Many firms in our region are automating more quickly due to labor shortages

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



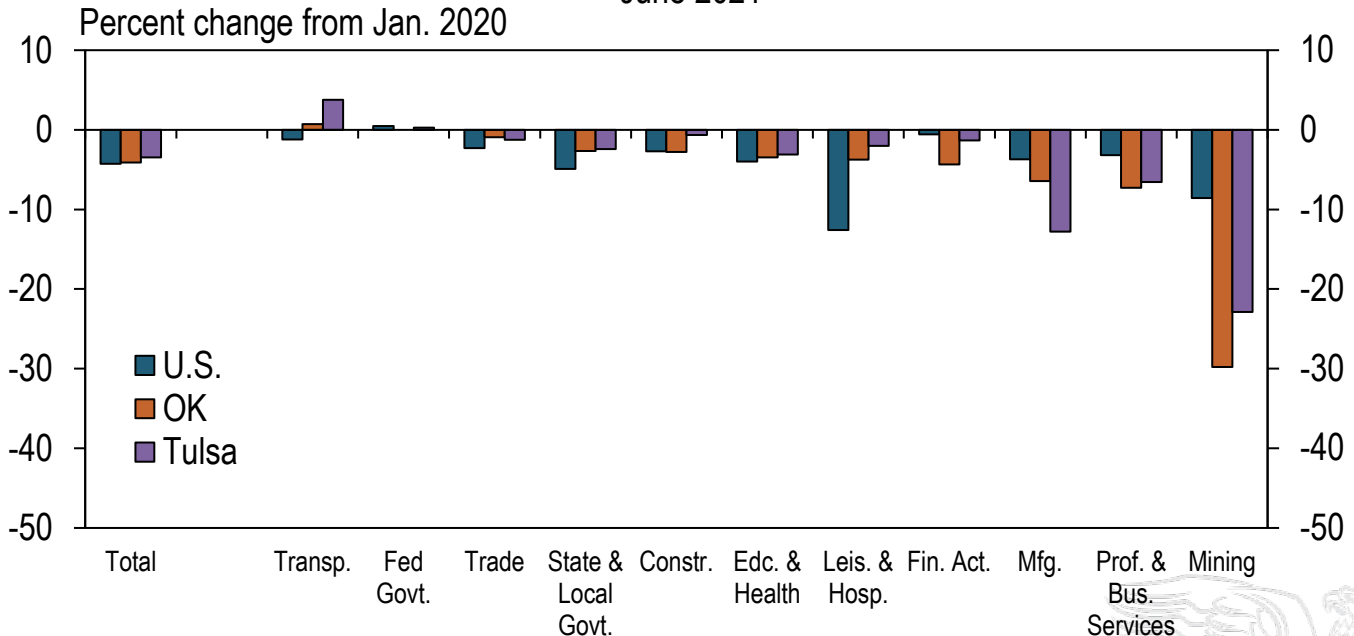
July FOMC: “The [FOMC] decided to... maintain this target until... maximum empl. and inflation... on track.”

Federal Funds Rate
Year-End Target



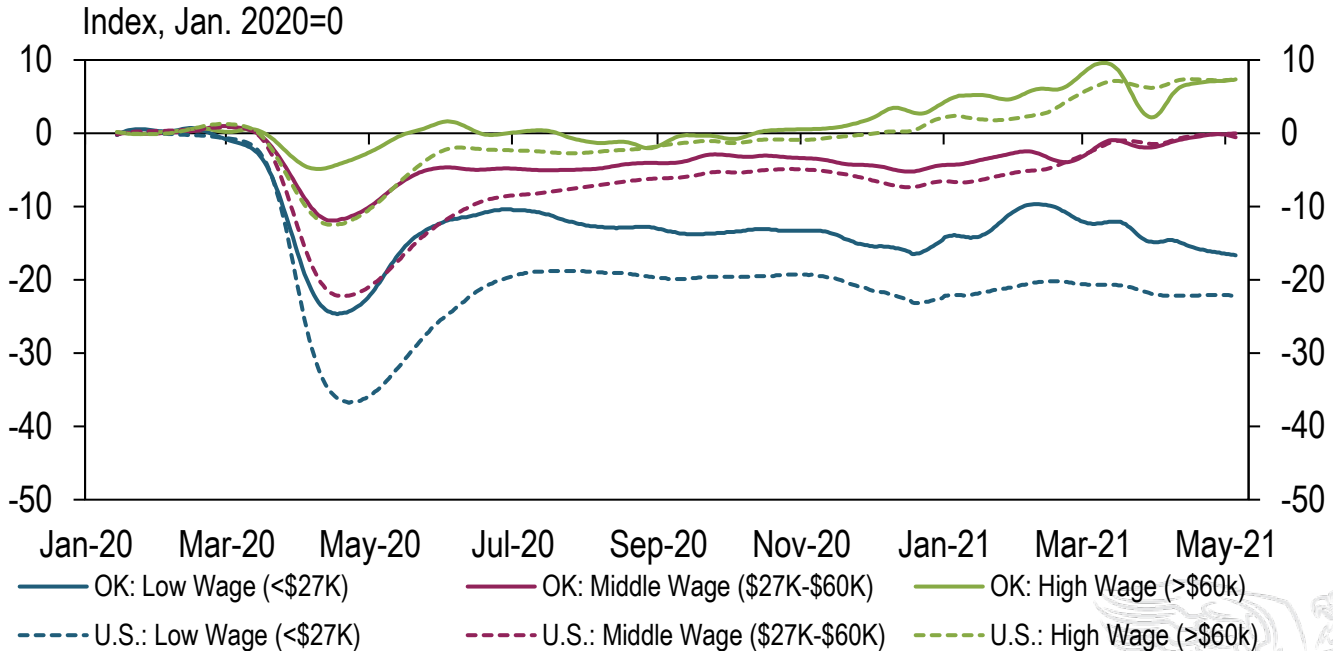
Oklahoma and metro jobs are down most in mining and professional services, in contrast to hospitality in U.S.

Job Growth by Industry
June 2021



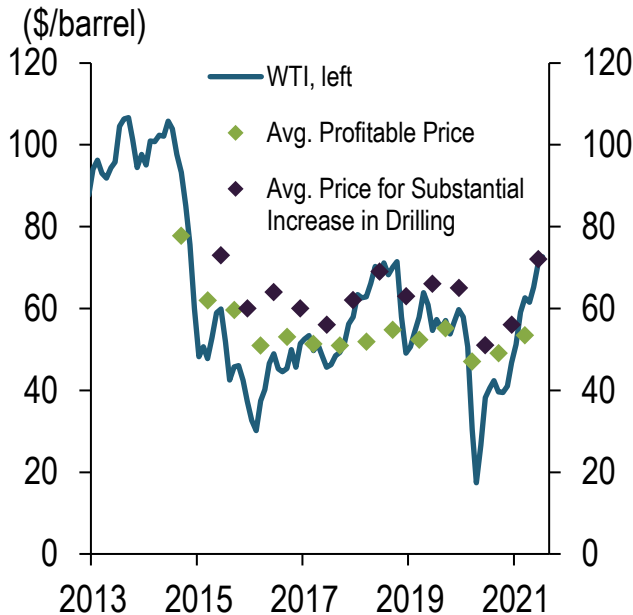
U.S. and Oklahoma job growth continues to vary widely by wage level, with the lowest-paying jobs down most

Employment by Income Level

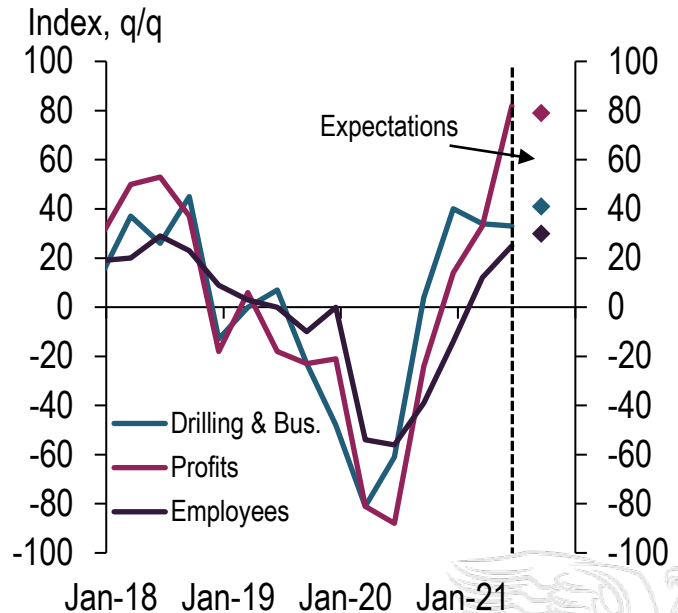


Energy activity is up along with oil (and natural gas) prices, and expectations for future activity remain solid

Energy Prices

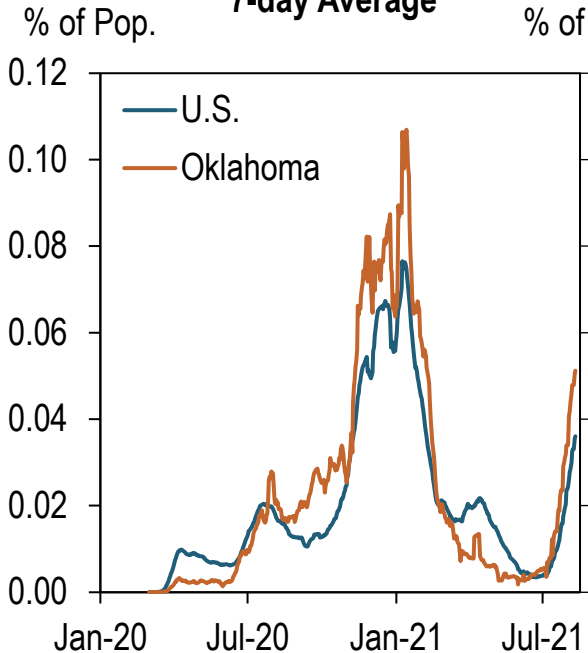


Energy Survey

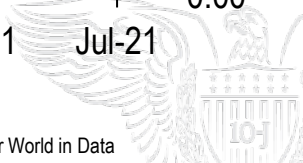
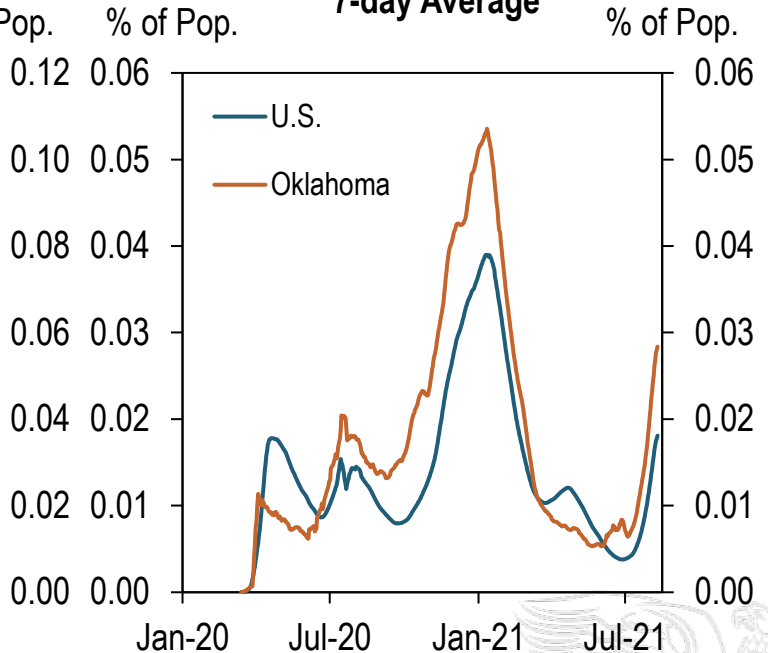


COVID-19 cases and hospitalizations have increased again, and faster in Oklahoma than the rest of the U.S.

Number of New COVID Cases
7-day Average

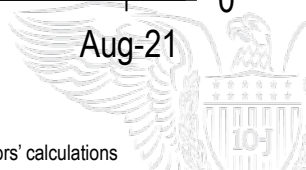
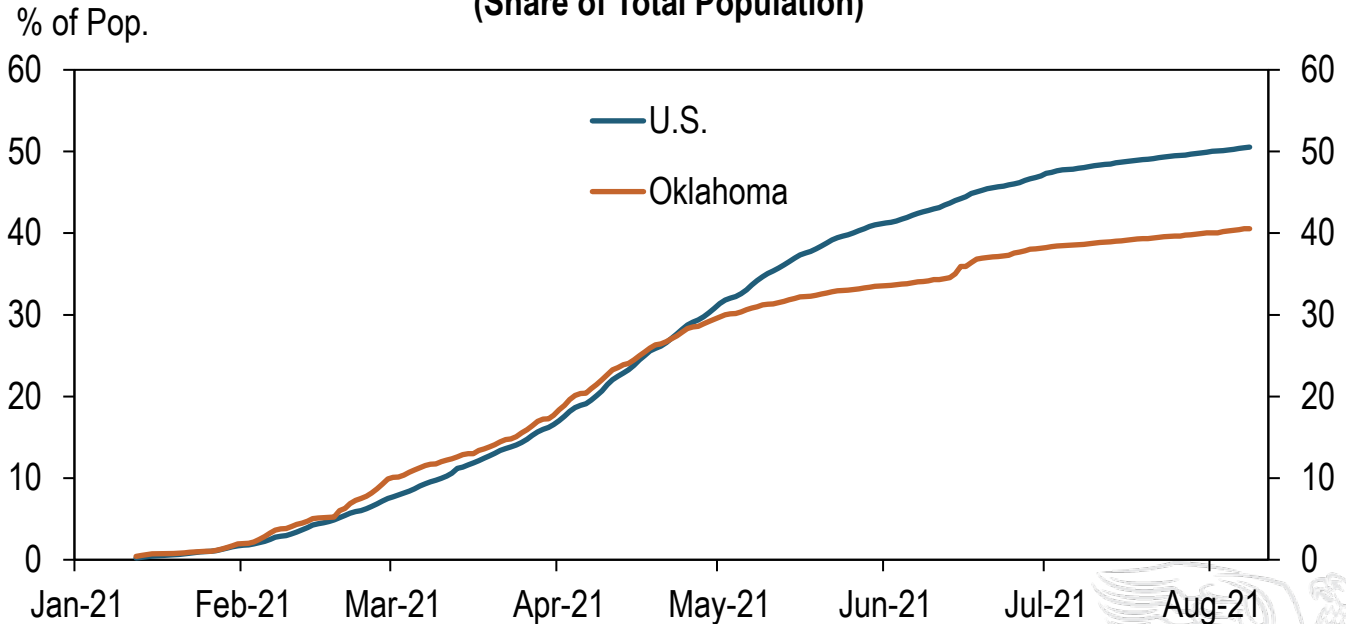


COVID Hospitalizations
7-day Average



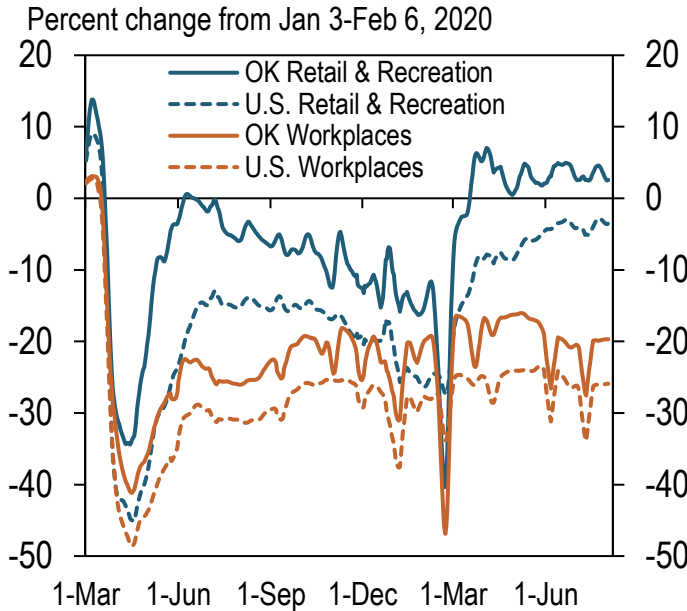
The percentage of fully vaccinated Oklahomans lags the rest of the U.S. by a considerable margin

Fully Vaccinated
(Share of Total Population)

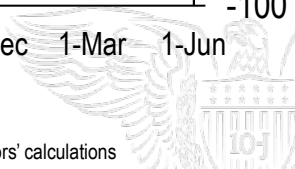
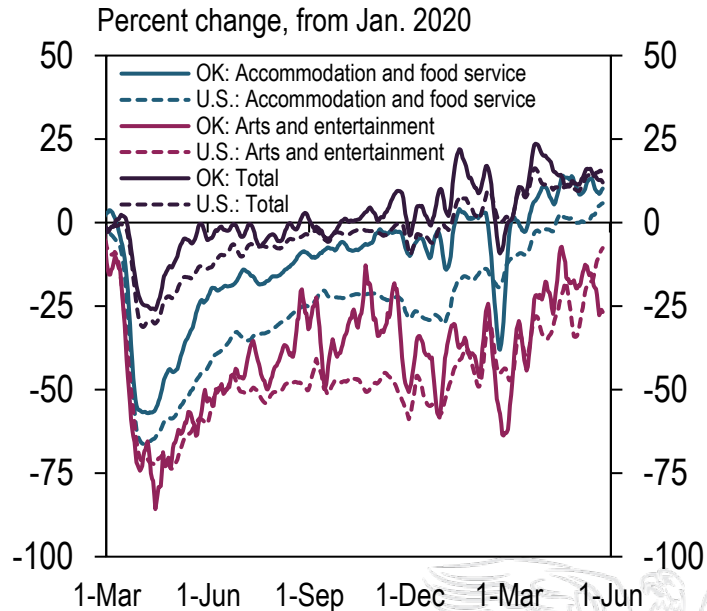


Past COVID surges have hurt foot traffic in Oklahoma, but with less impact on consumer spending

Google Mobility Data



Consumer Spending



Summary

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