

U.S. and Oklahoma Economic Outlook

Tulsa Conference of Accountants
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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



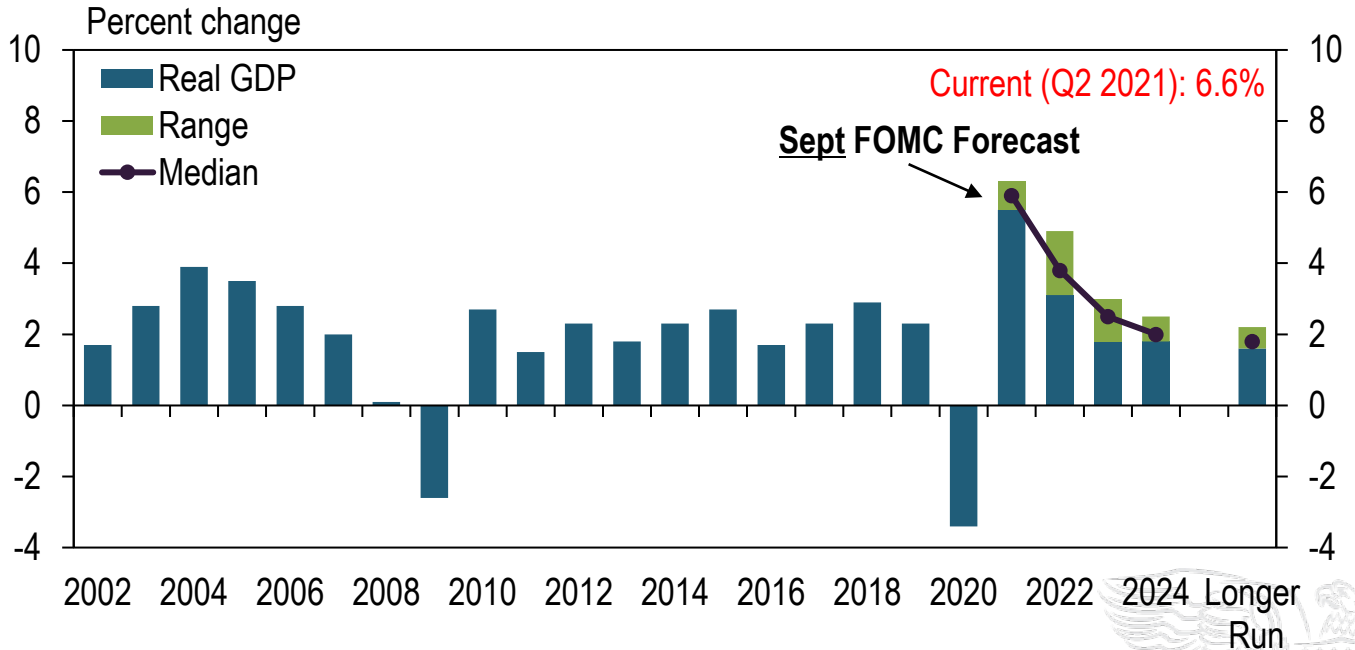
Overview

- The national economy continues to recover, with strong GDP and job growth in 2021, but above normal inflation
- Regional businesses are optimistic, despite rising prices and labor shortages, and energy activity is up
- Oklahoma jobs are still down from pre-pandemic levels, though, especially in energy
- The latest surge in COVID cases and hospitalizations has not resulted in much slowdown in economic activity



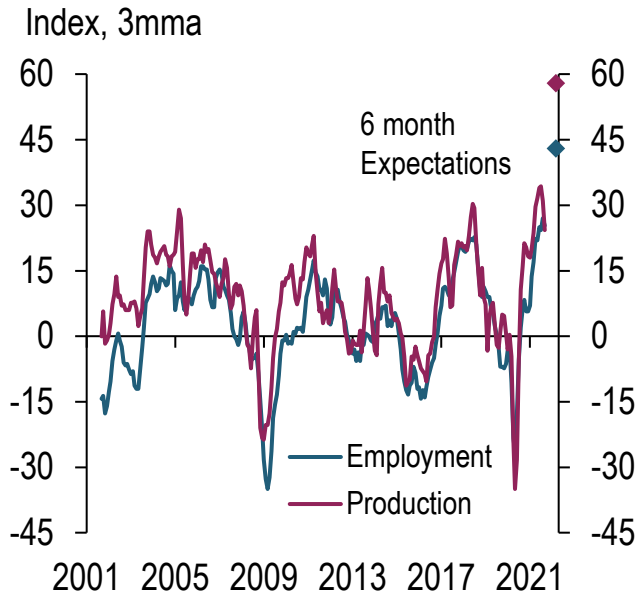
Sept FOMC: “Indicators of economic activity and employment have continued to strengthen.”

Change in Real GDP

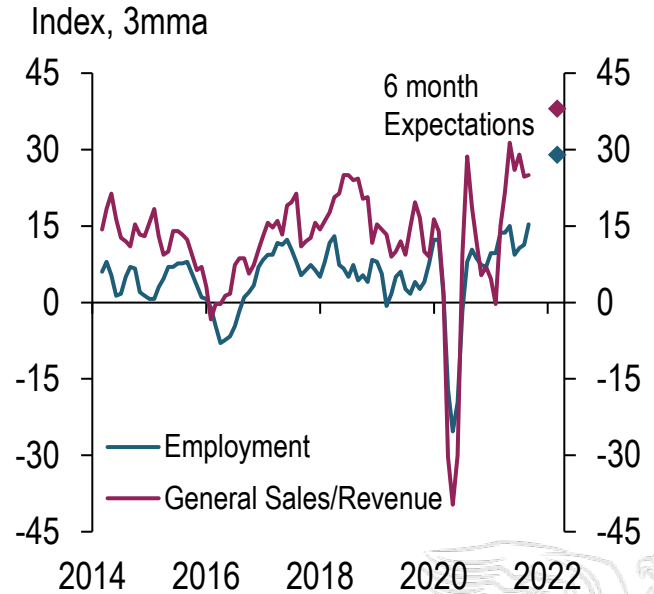


Surveys show that business activity in Oklahoma's region has expanded further, with strong outlooks

KC Fed Manufacturing Survey

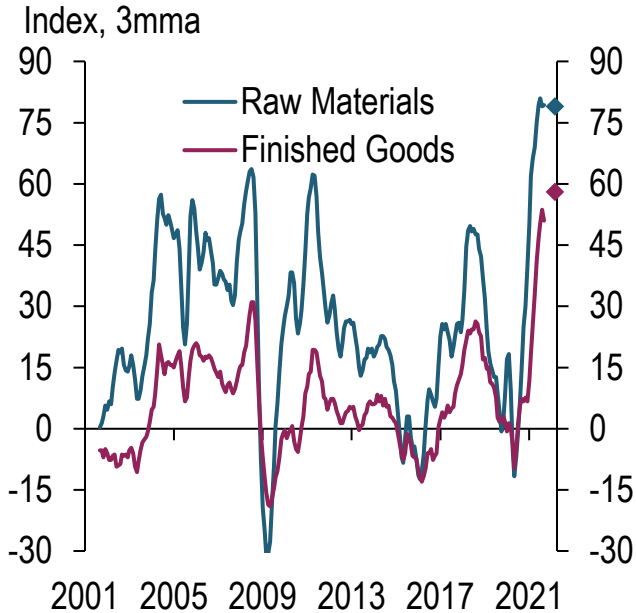


KC Fed Services Survey

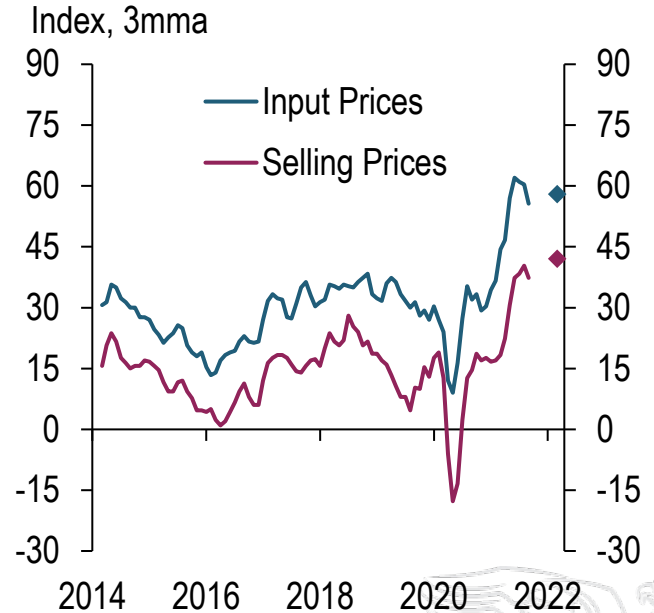


This is despite input and output prices continuing to rise near record high rates

Manufacturing Survey

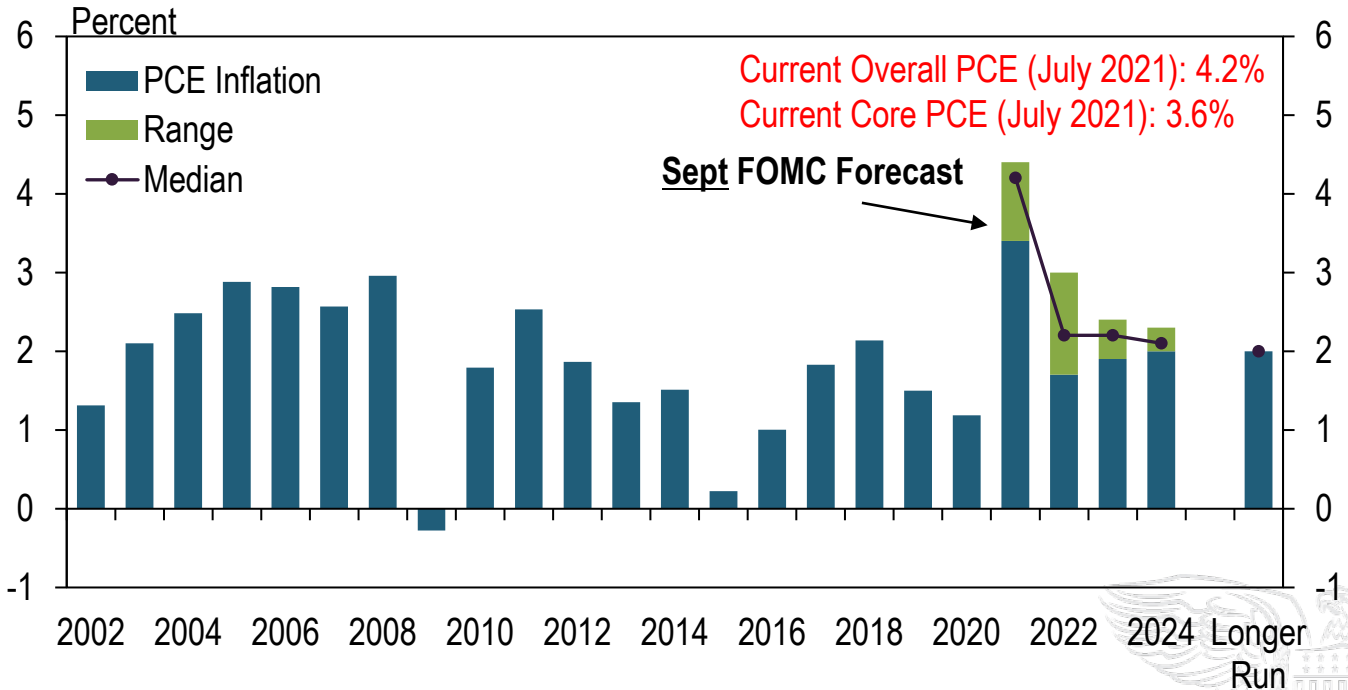


Services Survey



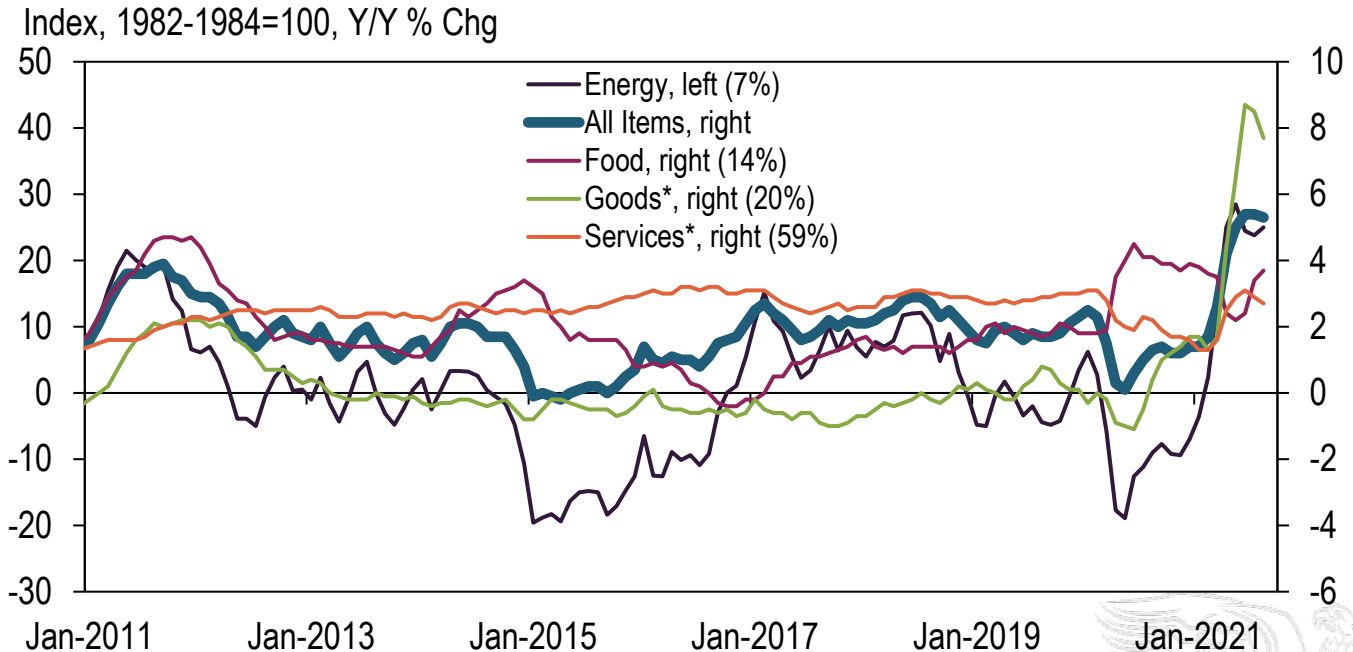
Sept FOMC: “Inflation is elevated, largely reflecting transitory factors.”

PCE Inflation Index



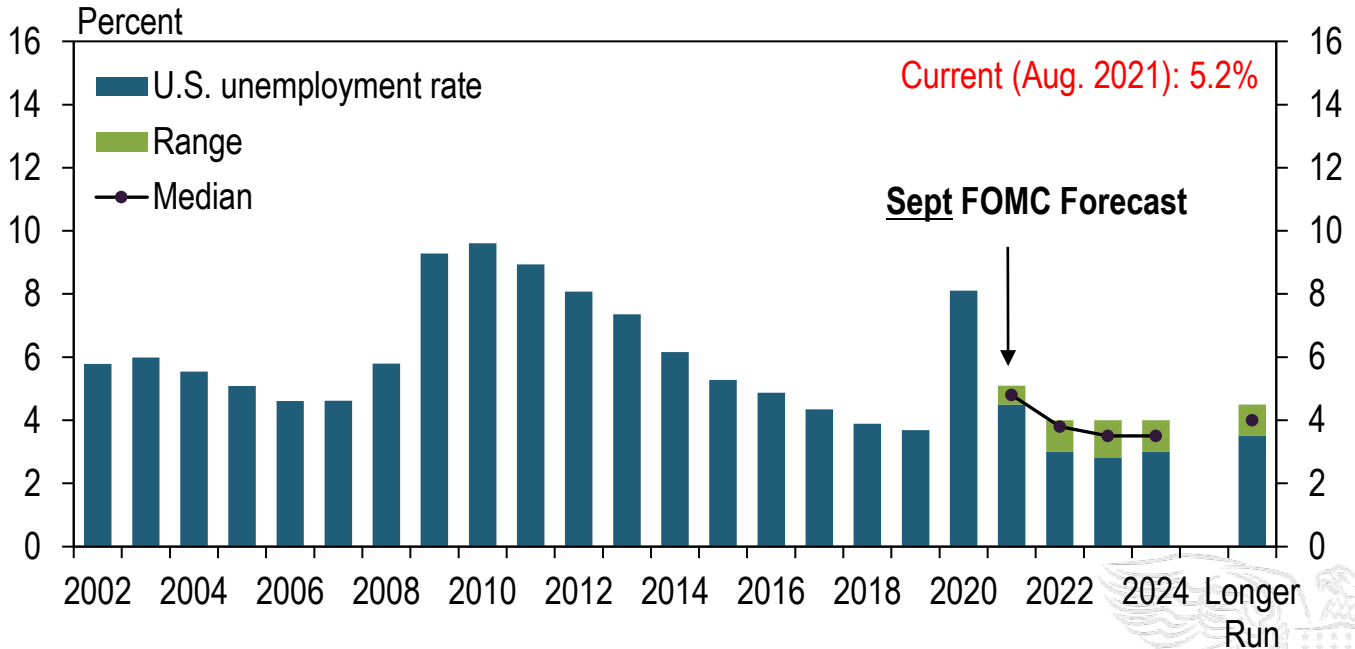
Year-over-year CPI growth leveled in July and August, at just over 5%, following sizable previous increases

Consumer Price Index



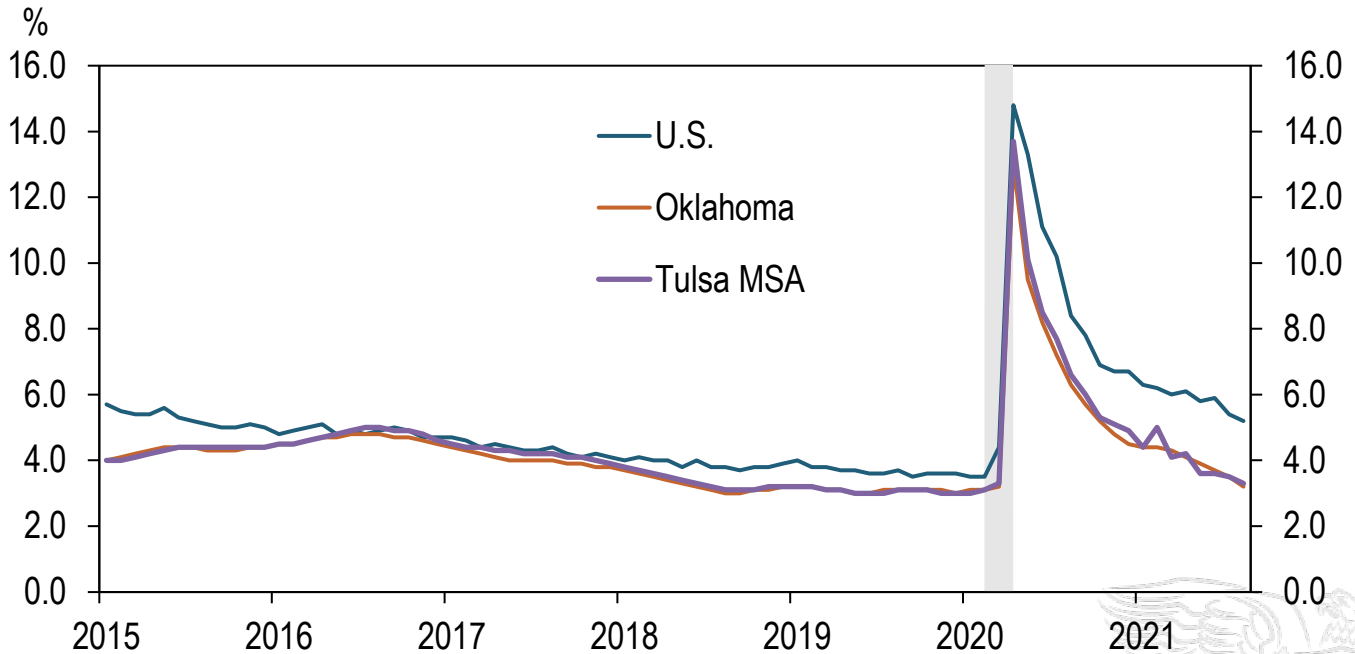
The median FOMC projection is for U.S. unemployment to fall to 4.8% by year-end

U.S. Unemployment Rate



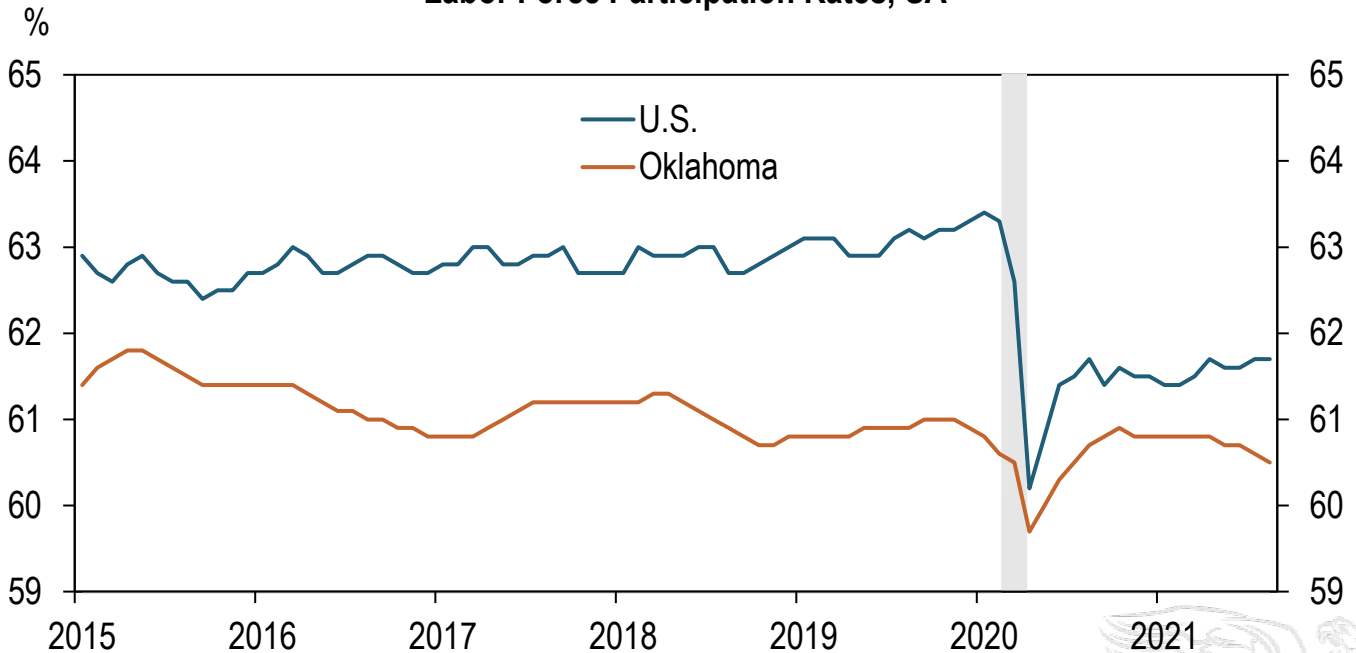
Unemployment in Oklahoma has fallen more, and metro jobless rates were near pre-COVID levels in August

Unemployment Rate



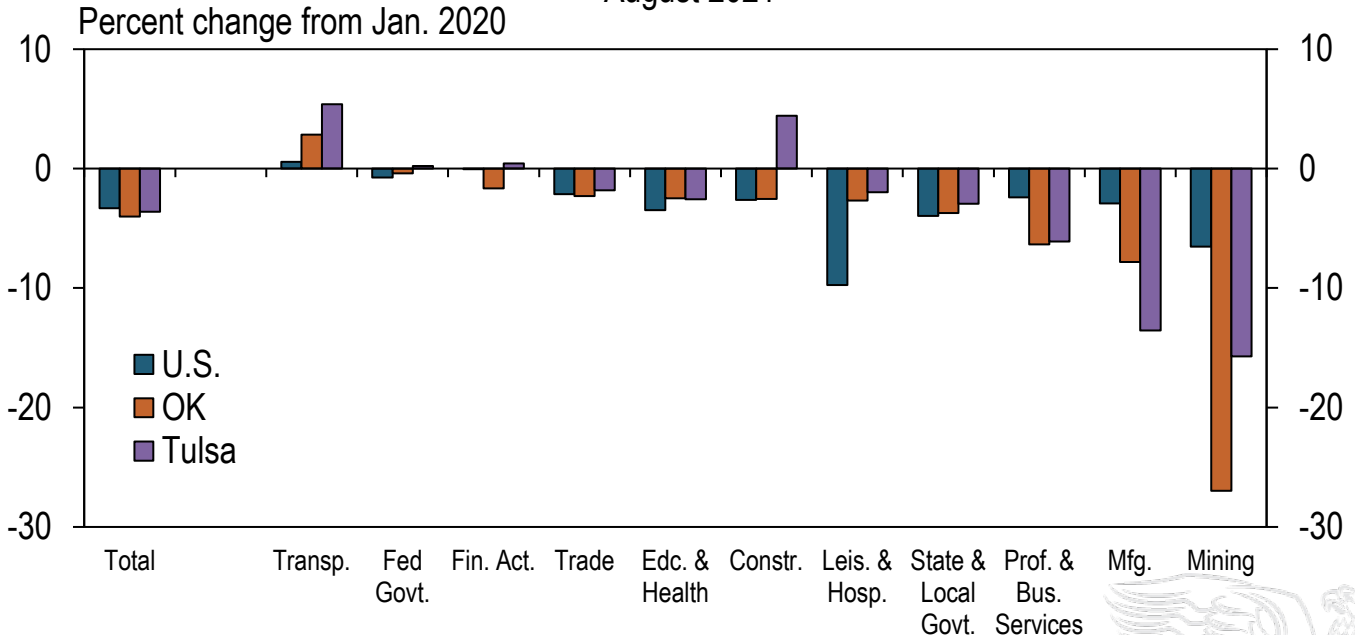
Labor force participation is also almost at pre-pandemic levels in Oklahoma, although it has eased recently

Labor Force Participation Rates, SA



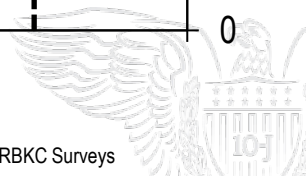
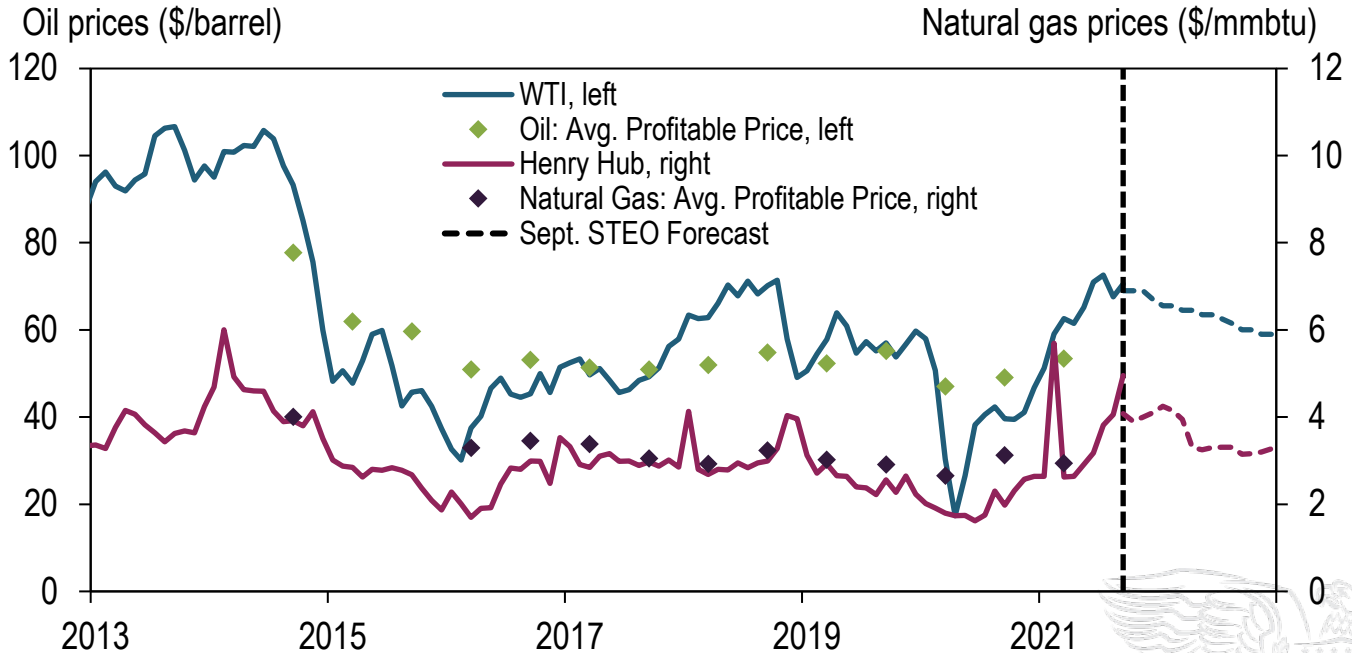
Still, jobs in some sectors, especially manufacturing and mining, remain down considerably from early 2020

Job Growth by Industry
August 2021

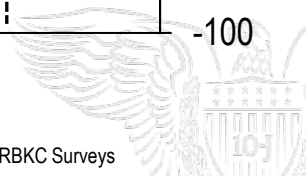
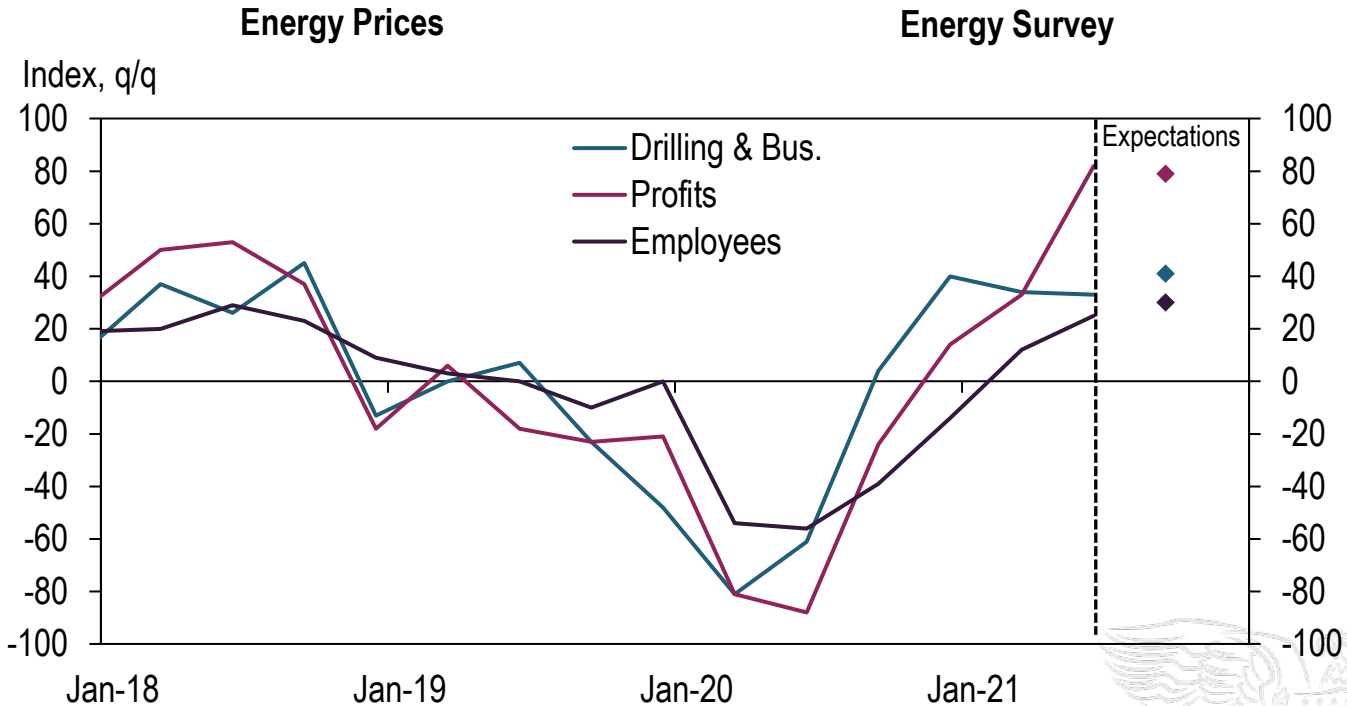


Oil and natural gas prices have risen considerably, and are highly profitable for most regional firms

Energy Prices

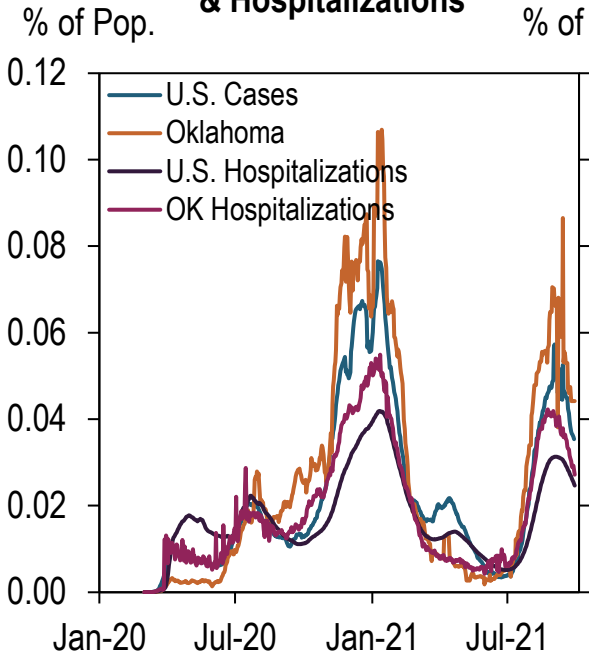


As a result, energy activity is rising again, and expectations for future activity remain solid

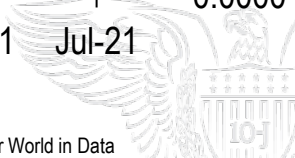
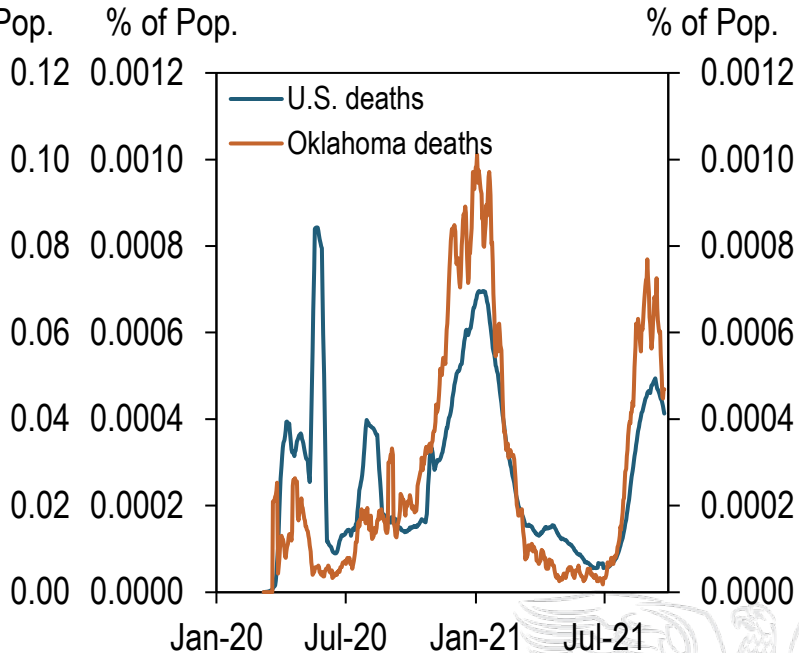


COVID-19 cases, hospitalizations, and deaths have declined slightly from a few weeks ago but remain high

Number of New COVID Cases & Hospitalizations

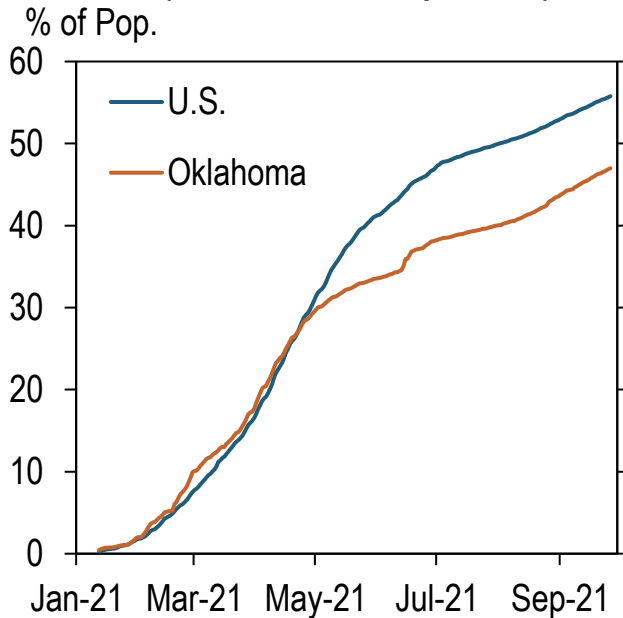


Current COVID-19 Deaths

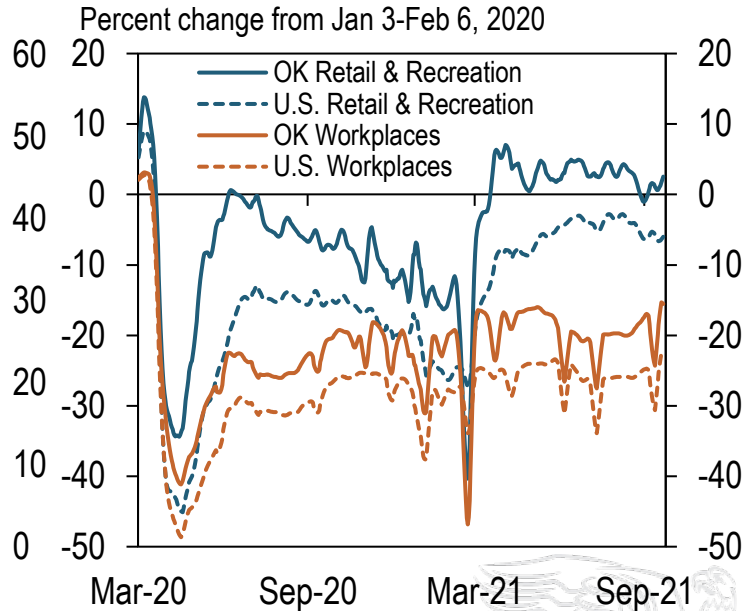


Our vaccination rate lags markedly, though has moved up, while retail foot traffic has eased in September

Fully Vaccinated
(Share of Total Population)



Google Mobility Data



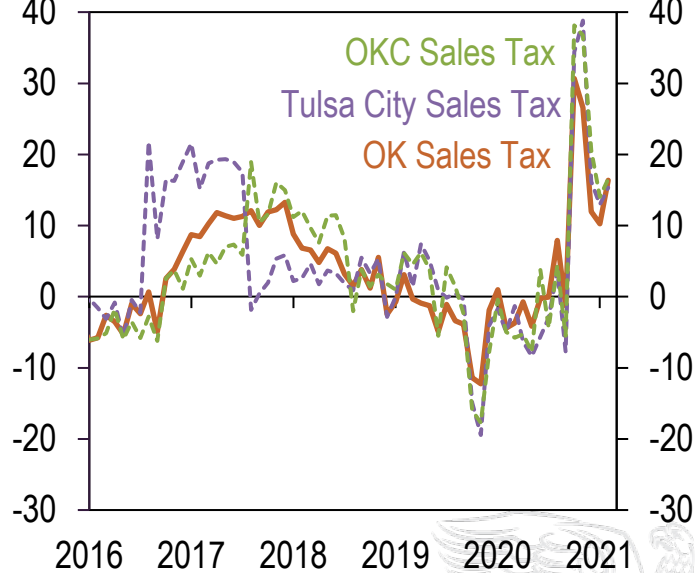
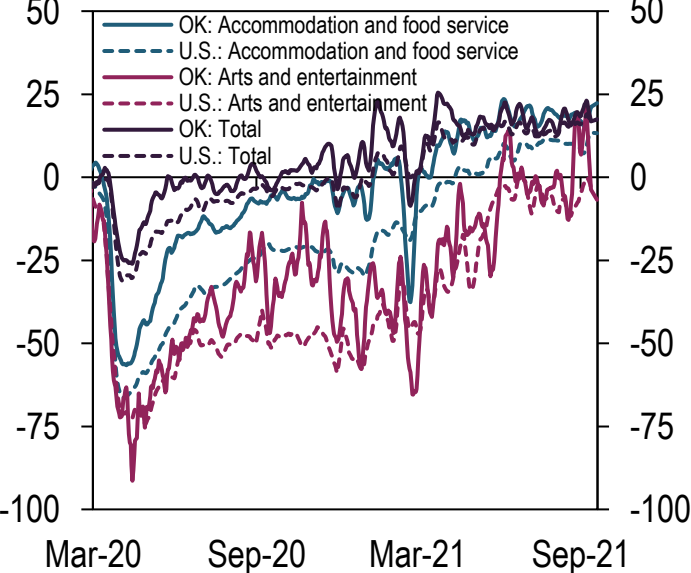
Consumer spending and sales tax receipts have held up with online purchases and stimulus

Consumer Spending

Oklahoma Monthly Tax Revenues

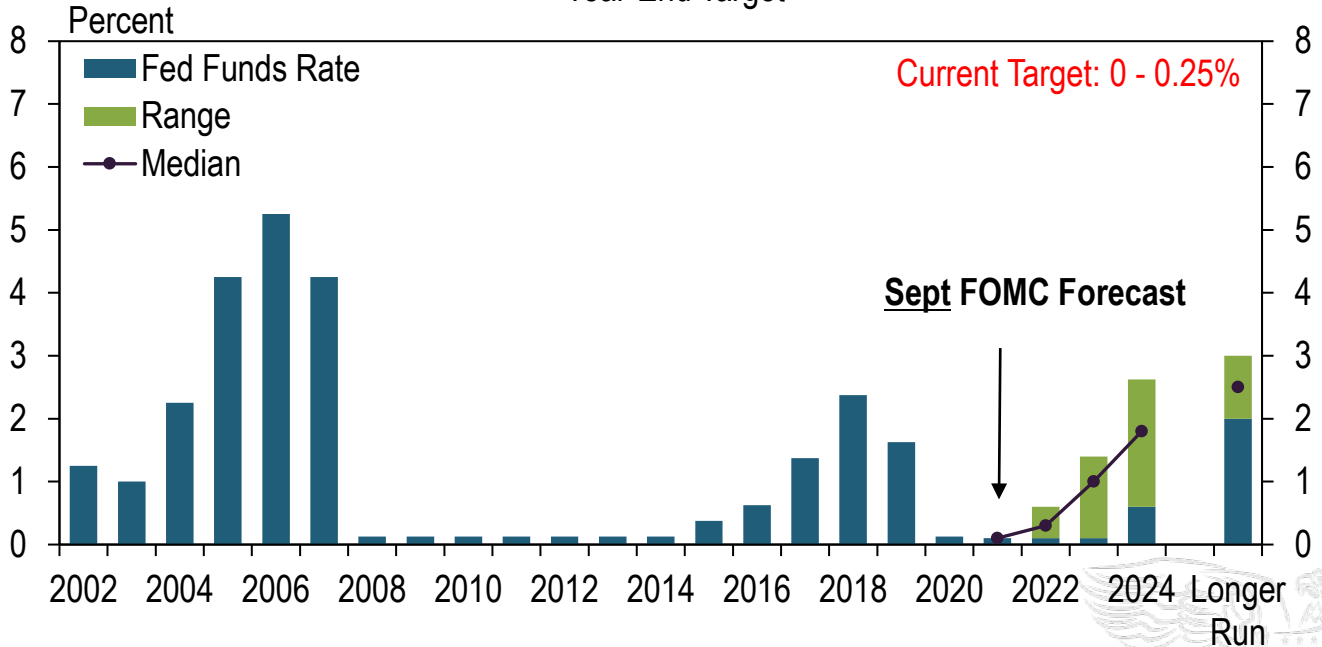
Percent change, from Jan. 2020

Percent change, year-over-year



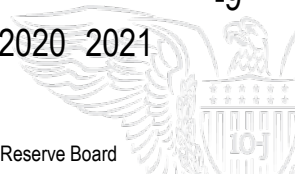
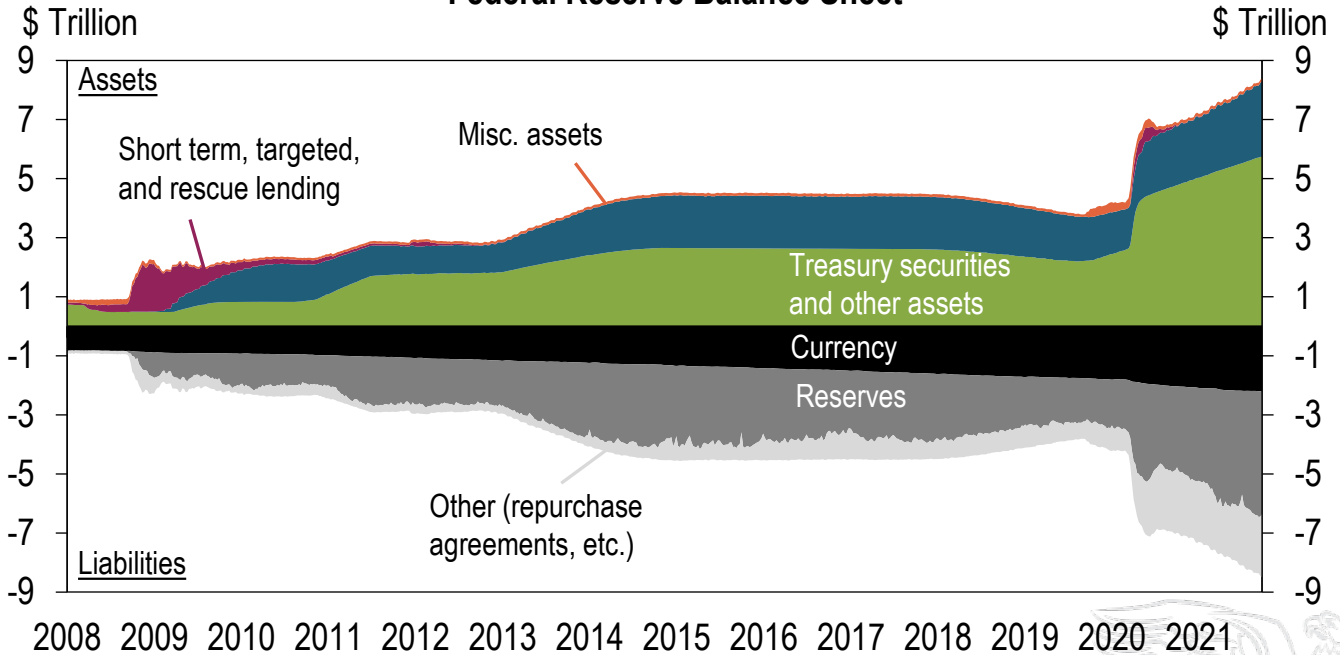
Sept FOMC: “The [FOMC] decided to... maintain this target until... maximum empl. and inflation... on track.”

Federal Funds Rate
Year-End Target



The Fed's balance sheet continues to steadily increase

Federal Reserve Balance Sheet



Summary

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