

U.S. and Oklahoma Economic Update

*First National Bank Advisory Board
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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.



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

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- **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
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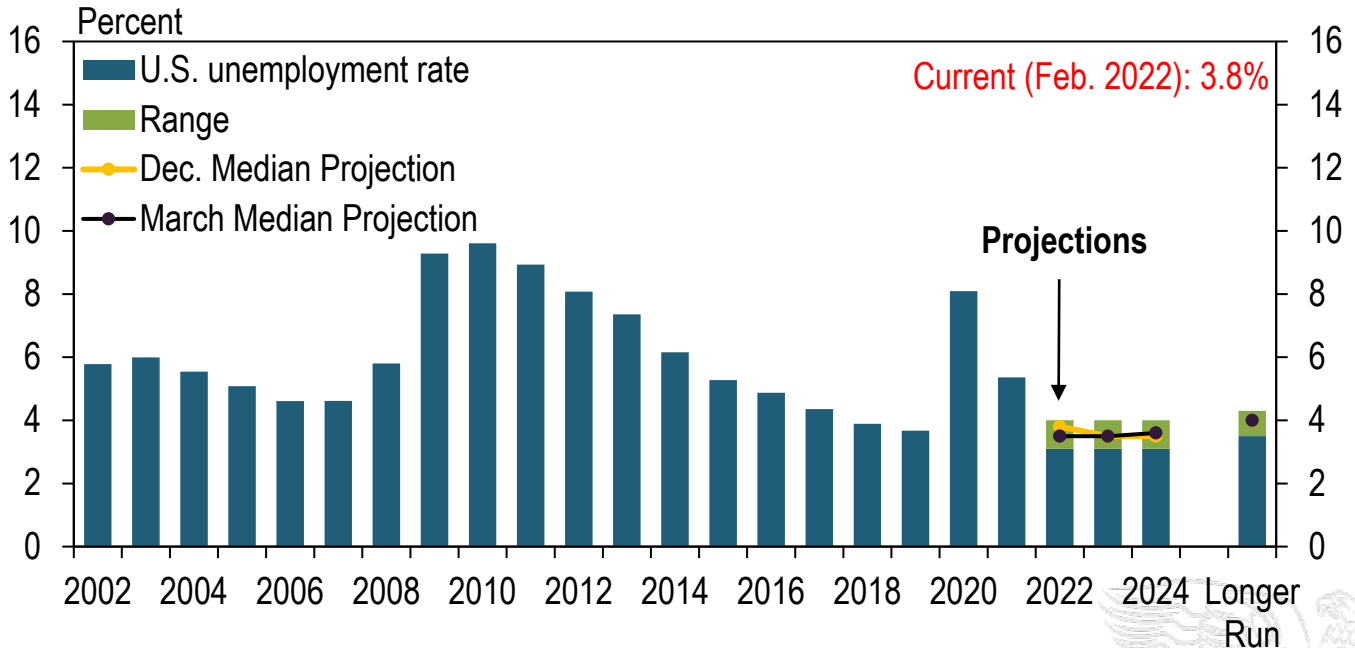
Overview

- With low unemployment and high inflation, several Fed rate increases and balance sheet reductions are projected in 2022
- Oklahoma's population grew more in 2021 than any year since 2015, despite a big increase in deaths, due to in-migration
- Employment continues to slowly recover in Oklahoma, but a gap remains compared to pre-pandemic, especially in energy
- Businesses are optimistic about future growth, though input price increases and supply chain issues remain



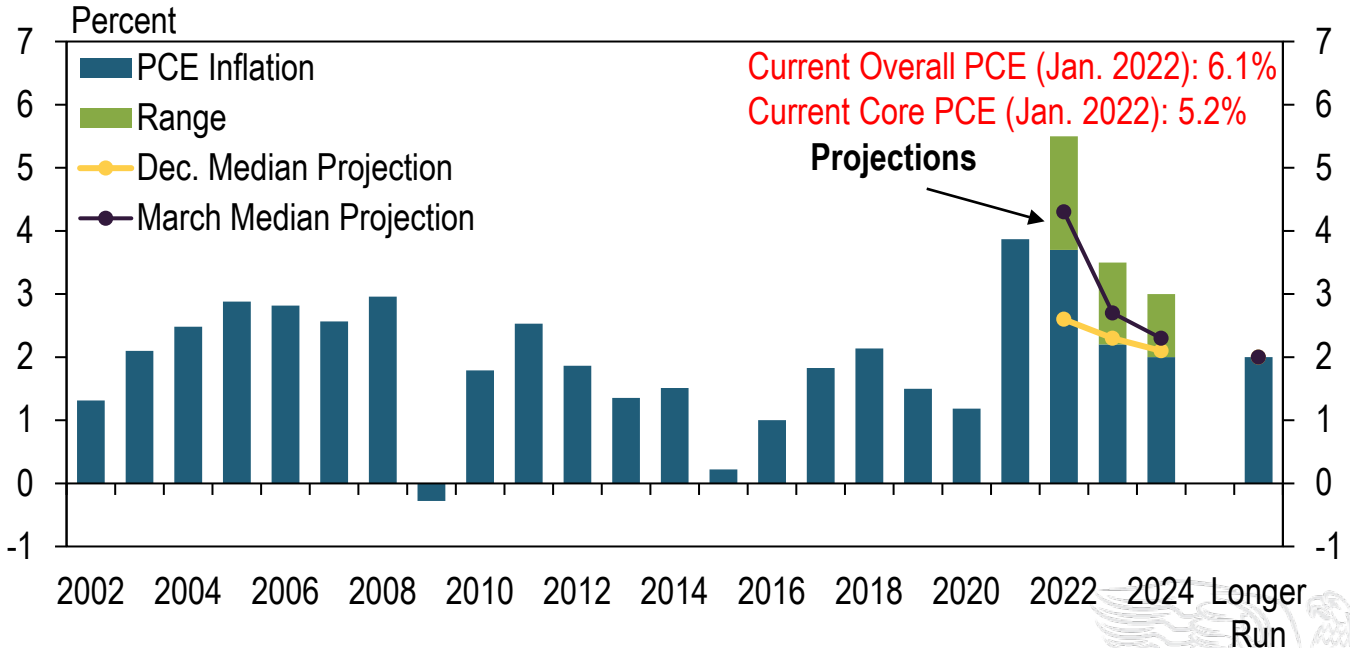
U.S. unemployment remains historically low and is projected to remain very low in coming years

U.S. Unemployment Rate



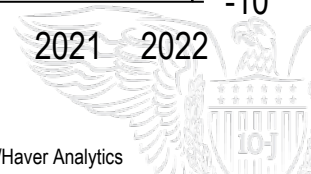
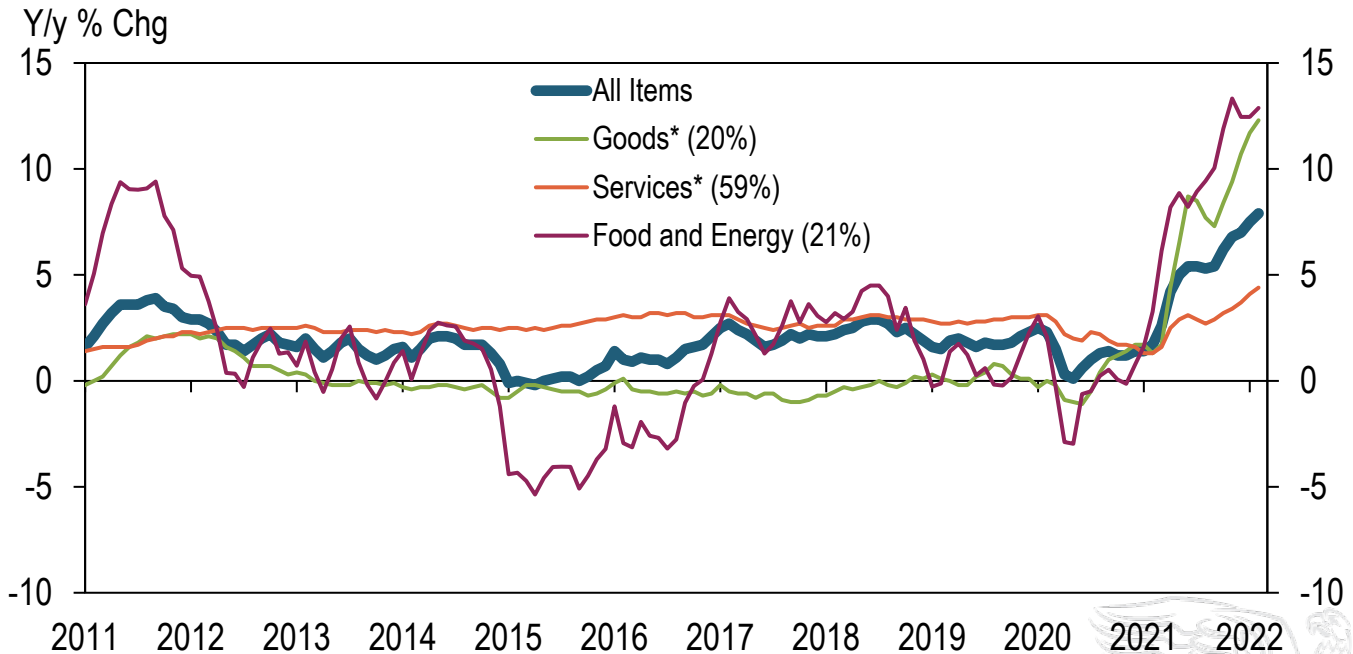
High inflation rates are expected to ease by year-end as pandemic related disruptions begin to improve

PCE Inflation Index



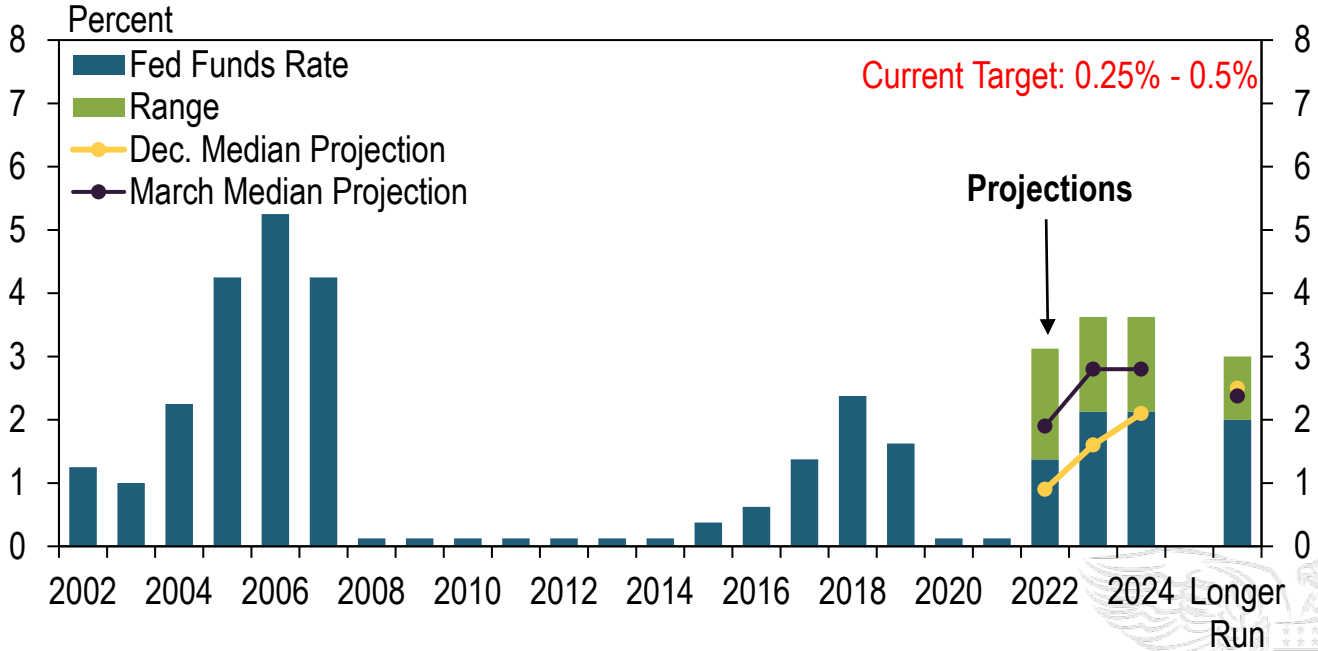
Most inflation pressure has been in goods, food and energy, but services prices are also rising

Consumer Price Index



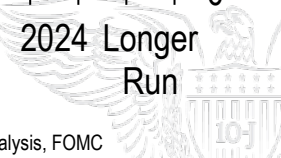
More rate increases are now expected in 2022 and 2023

Federal Funds Rate
Year-End Target



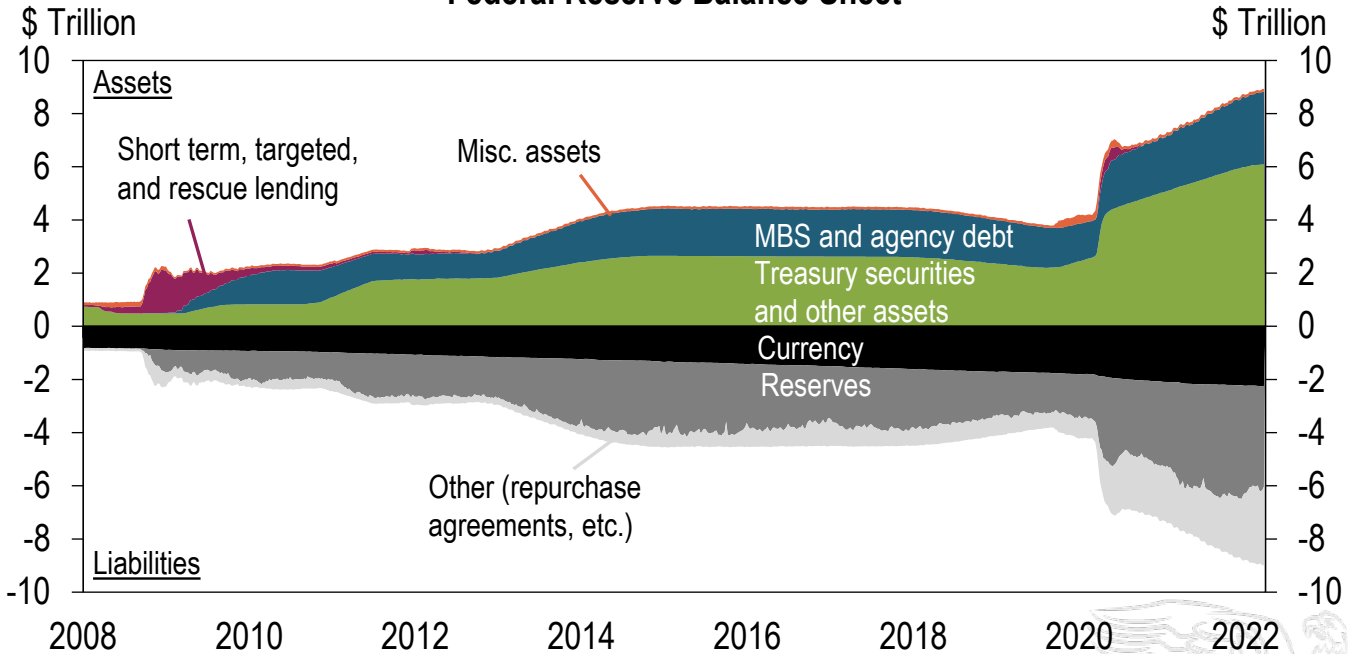
Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC



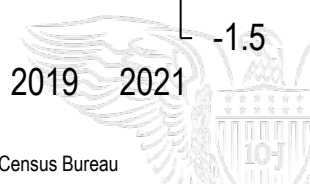
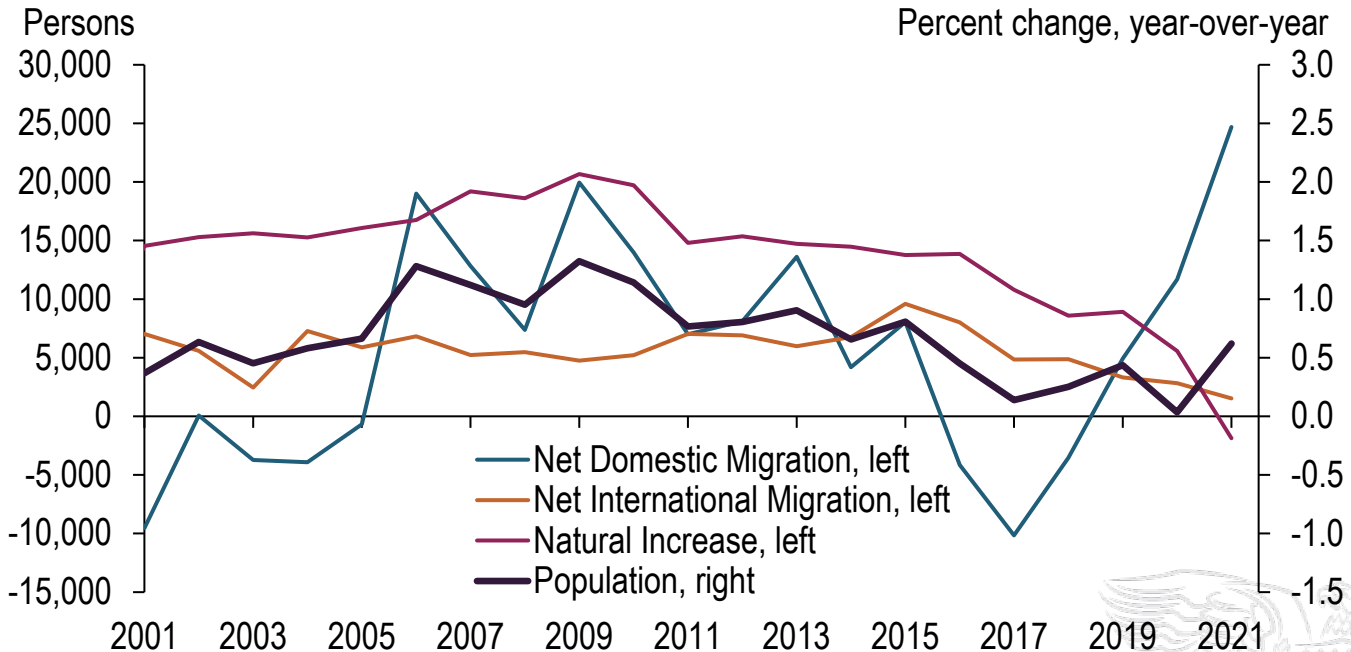
The Fed also plans to begin reducing its balance sheet

Federal Reserve Balance Sheet



In-migration to Oklahoma drove state population growth in 2021, despite a historic increase in deaths

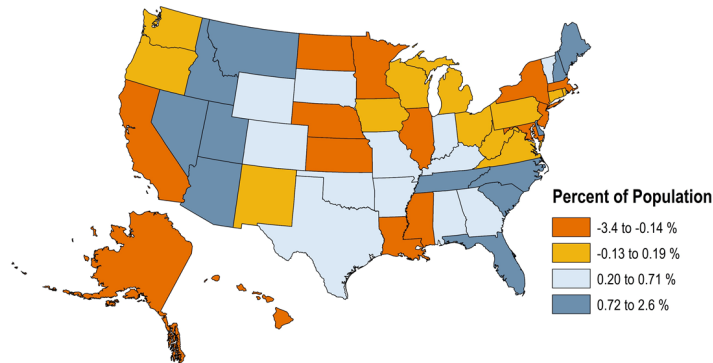
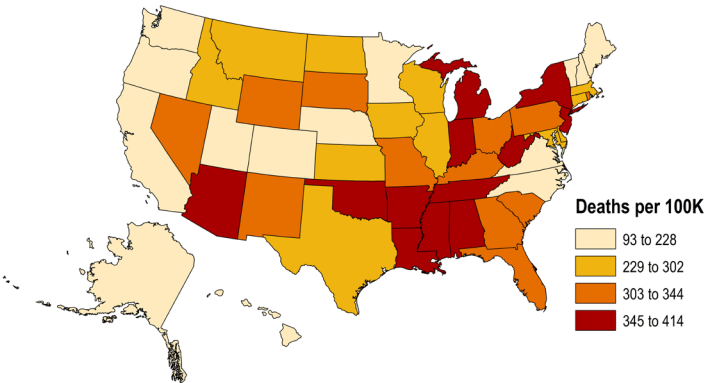
Oklahoma Population Changes by Component, 2001-2021



Oklahoma ranked highly in both COVID deaths per capita and net domestic in-migration in 2020 and 2021

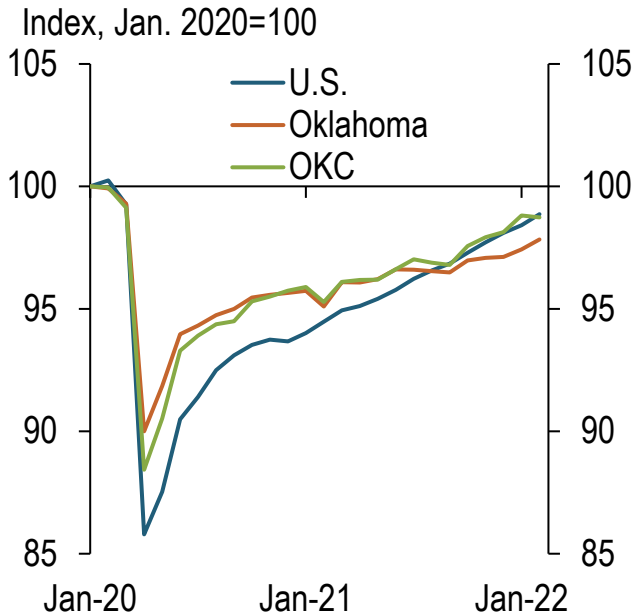
COVID-19 Death Rate
Jan. 2020 - March 2022

Net Domestic Migration
2020 - 2021

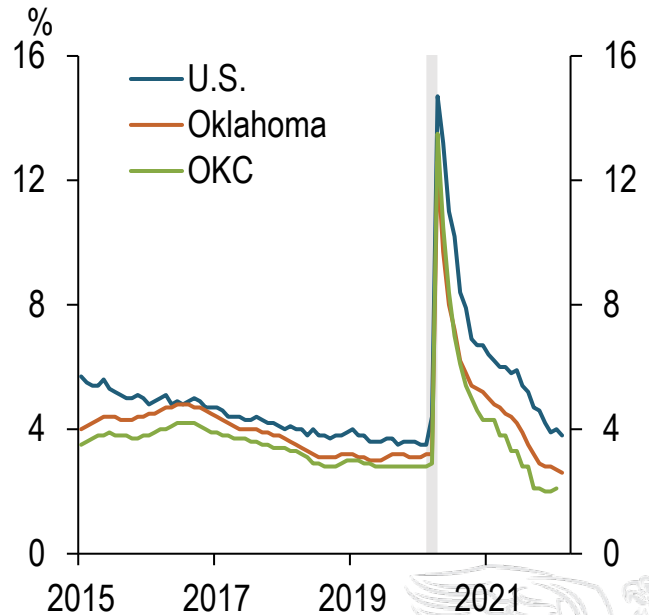


The number of jobs in Oklahoma is still down compared to pre-COVID, despite record low unemployment

Non-Farm Payroll Employment

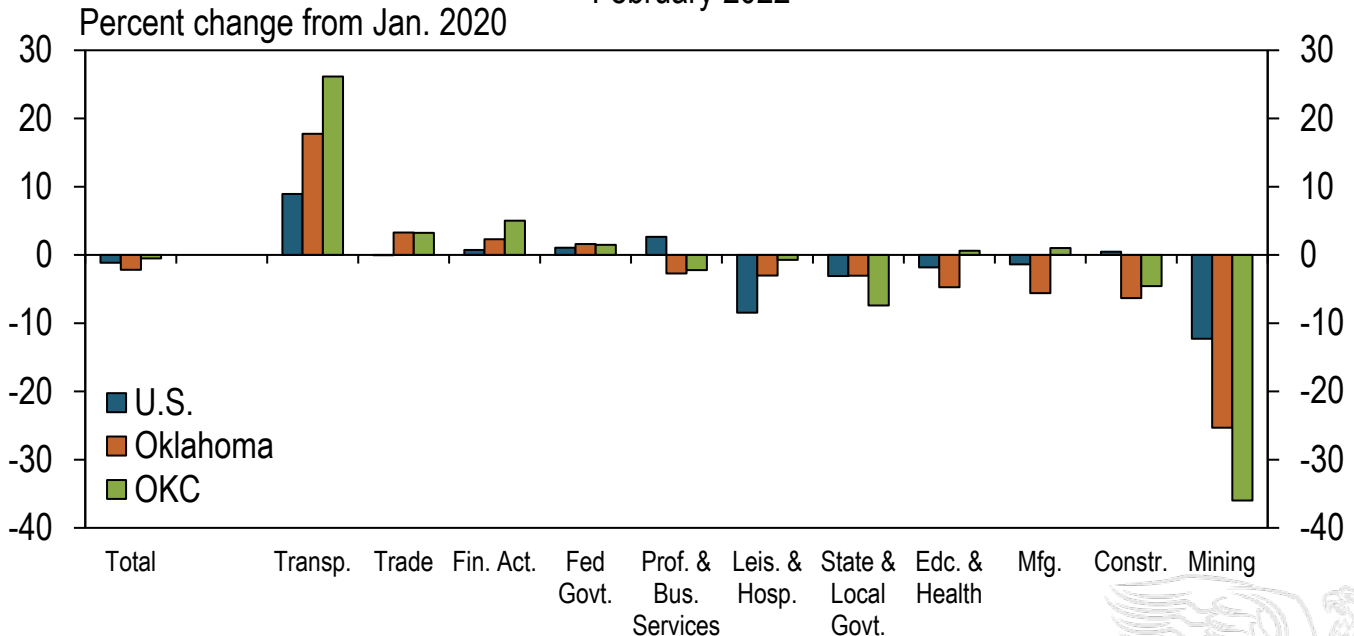


Unemployment Rate



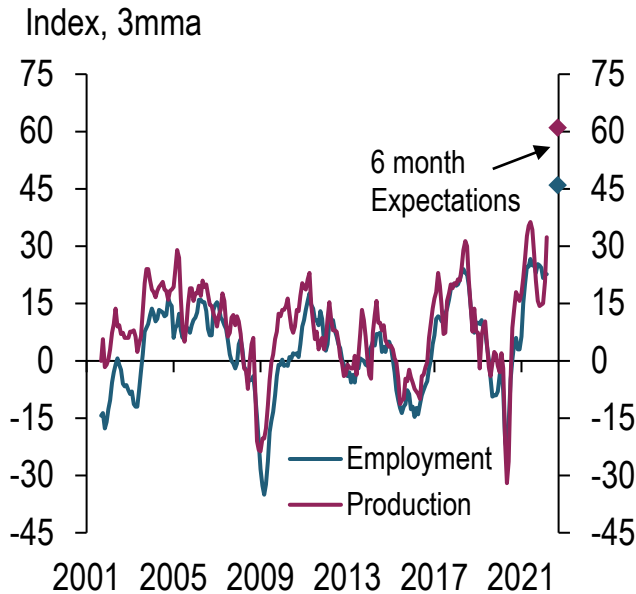
Energy jobs in Oklahoma are still down the most, by far, while transportation jobs have grown

Job Growth by Industry
February 2022



Manufacturing and services activity has increased in recent months, with strong outlooks

KC Fed Manufacturing Survey

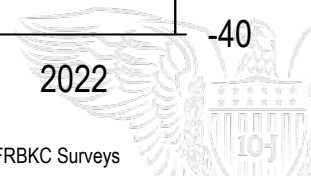
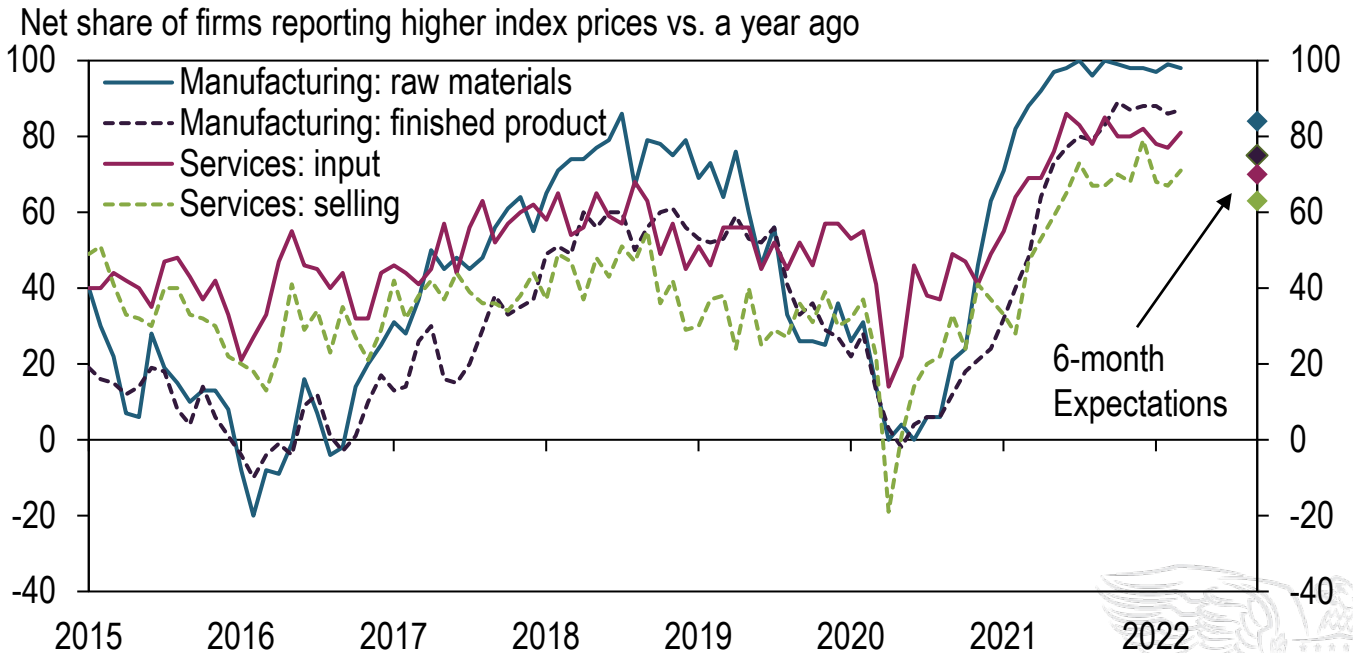


KC Fed Services Survey



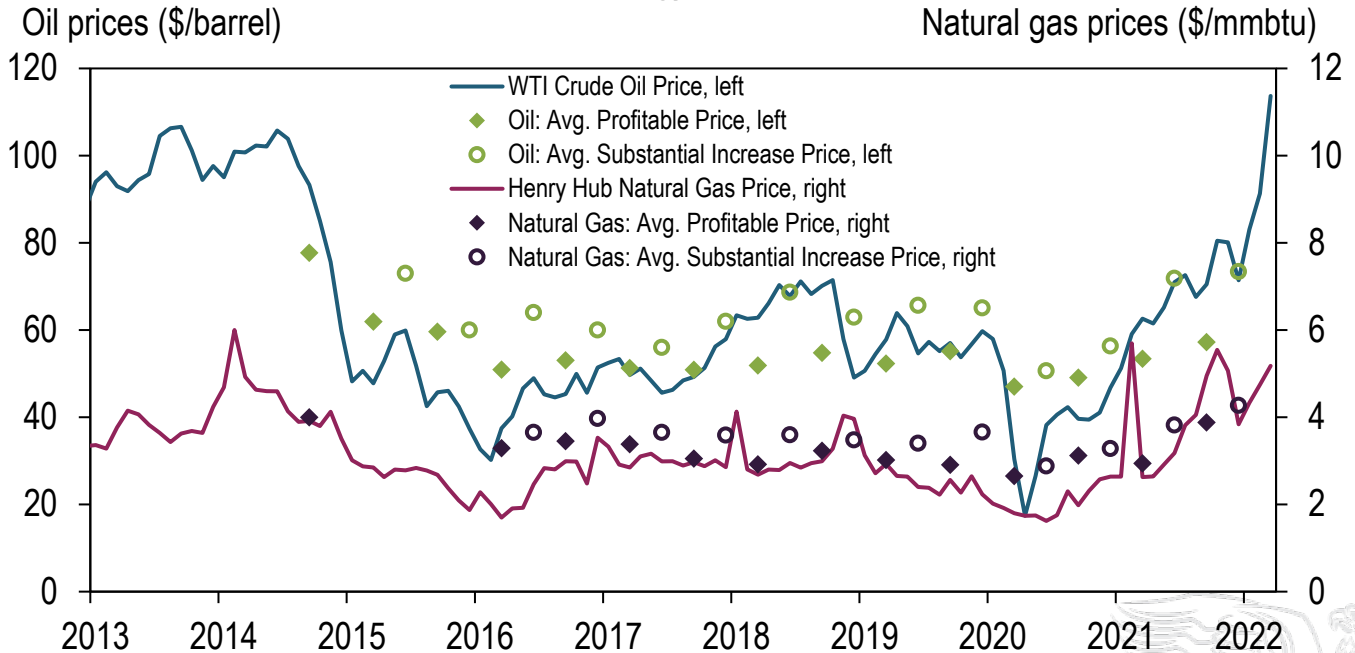
Nearly all firms reported higher input prices through February, but some expect fewer increases in the future

Survey Price Indexes



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

Energy Prices



Summary

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