

The Federal Reserve System & Economic Outlook

Rotary Vocational Day

August 1, 2023



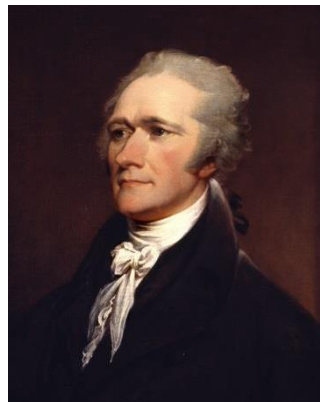
Chad Wilkerson
SVP & Oklahoma City Branch Executive



*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.

Why was the Federal Reserve Created?

First Bank of the United States
(1791-1811)



Second Bank of the United States
(1816-1836)



Senator Robert L. Owen



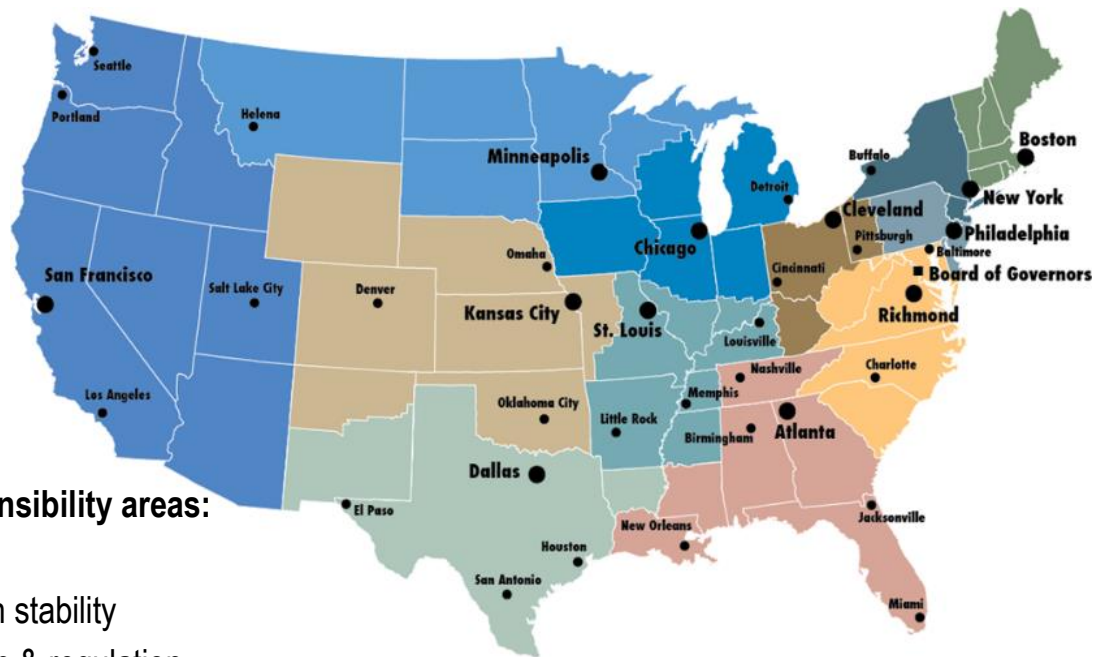
Federal Reserve Act of 1913



President Woodrow Wilson signed the Federal Reserve Act into law on Dec. 23, 1913.



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 Fed is Independent Within the Government

- Created by Congress
- Reports to Congress
- Does not receive any money from Federal budget
- Self-funded through Open Market Operations and providing services to financial institutions



Kansas City Fed – 10th District

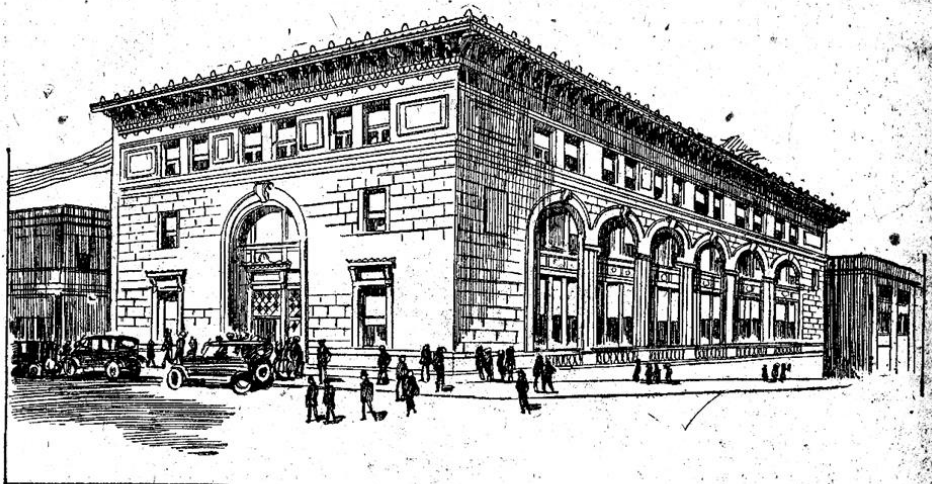
- President serves on the Federal Open Market Committee
- The Kansas City Fed shares the rotation with the Minneapolis and San Francisco Feds
- The Kansas City Fed president votes again in 2025



Kansas City Fed – Oklahoma City Branch



RESERVE BANK BUILDING TO BE THREE STORIES HIGH



Proposed Federal Reserve Bank.



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

- **2023 OKC Branch Board of Directors**

- **Katrina Washington (chair)**, Exec. Dir., Neighborhood Housing Services, OKC
- **Mark Burrage**, CEO, FirstBank, Atoka
- **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
- **Dana Weber**, Chair & CEO, Webco Industries, Sand Springs



Oklahomans on Districtwide Fed Advisory Councils

- **Federal Advisory Council (FAC):**
 - **Jill Castilla**, CEO, Citizens Bank, Edmond
- **Economic Advisory Council (EAC):**
 - **Scott Case**, President, Case & Associates Properties, Tulsa
 - **Clay Gaspar**, COO, Devon Energy, Oklahoma City
 - **Rebecca Thompson**, CFO, AAON, Inc., Sand Springs
- **Community Development Advisory Council (CDAC):**
 - **Michelle Bish**, Executive Director, Northeast Workforce Development Board, Catoosa
 - **Quintin Hughes, Sr.**, Program Director, Northeast Oklahoma City Renaissance, Inc., Oklahoma City
 - **Cindy Logsdon**, Executive Director/CEO, Citizen Potawatomi Community Development Corp., Shawnee
- **Community Depository Inst. Advisory Council (CDIAC):**
 - **Barry Anderson**, President, F&M Bank, Guthrie
 - **Alicia Wade**, President, Valliance Bank, Oklahoma City



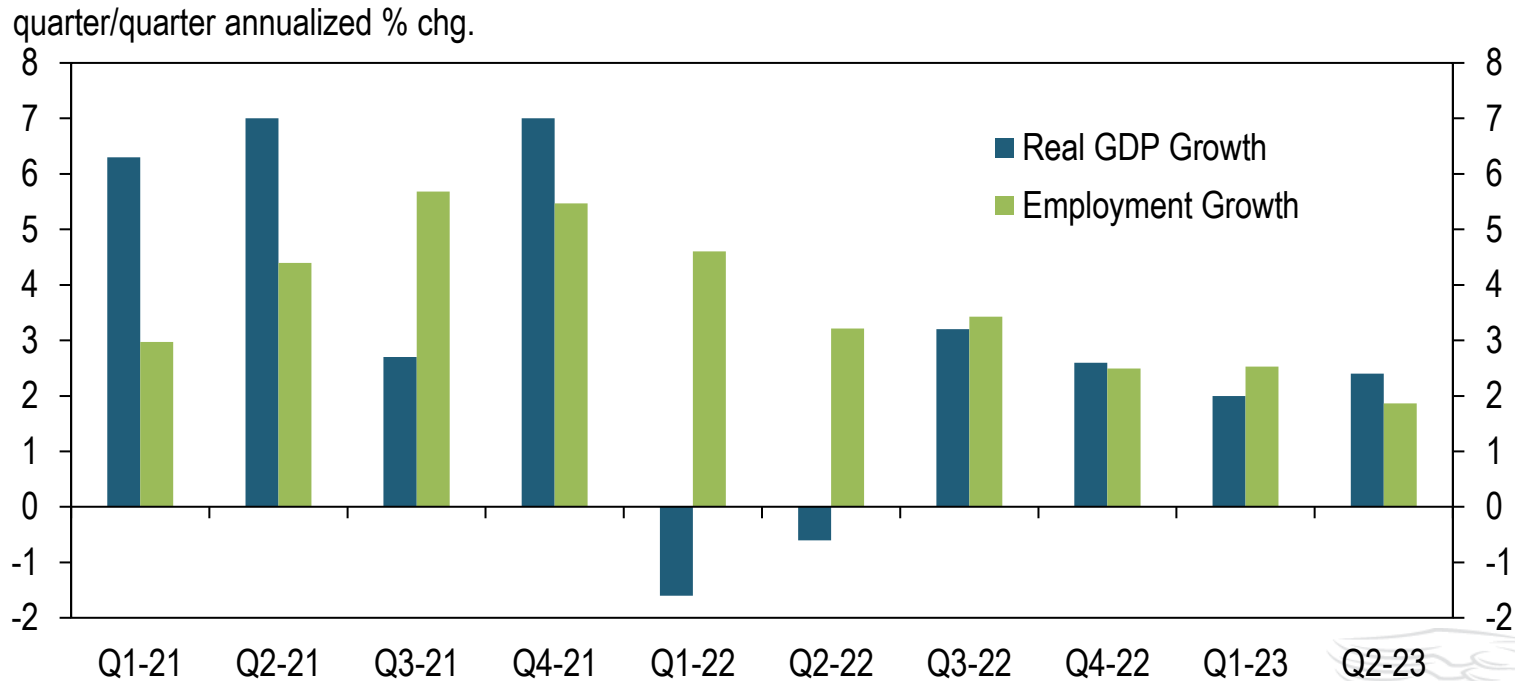
Economic Overview

- U.S. economic growth has slowed in 2023 but remains positive, and unemployment remains very low
- Inflation remains too high, despite coming down from 2022 peaks
- Oklahoma's economy continues to recover, but jobs remain below pre-pandemic levels in some sectors, especially energy
- Oklahoma's population growth has outpaced the nation in recent years, driven by strong domestic in-migration



U.S. GDP and employment growth remain resilient in the first half of 2023

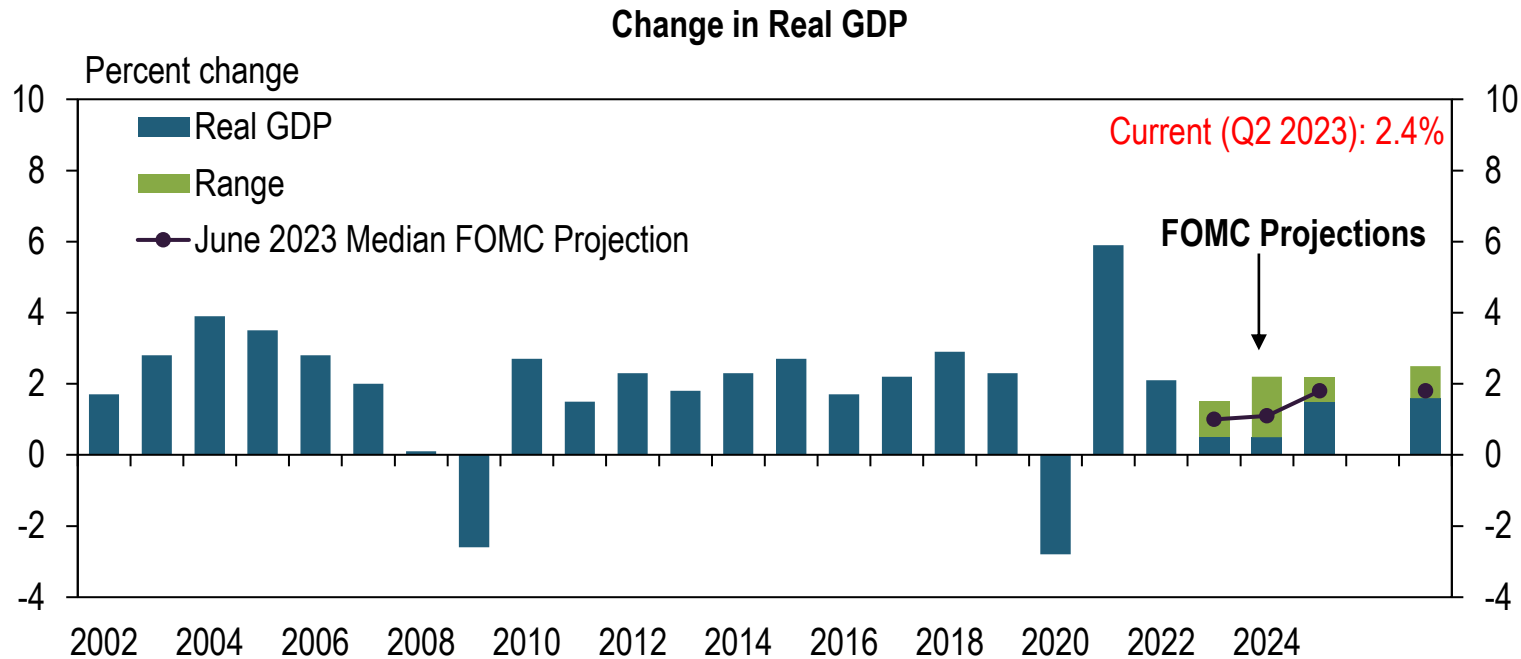
Quarterly U.S. Economic Growth



Sources: BEA, BLS/Haver Analytics

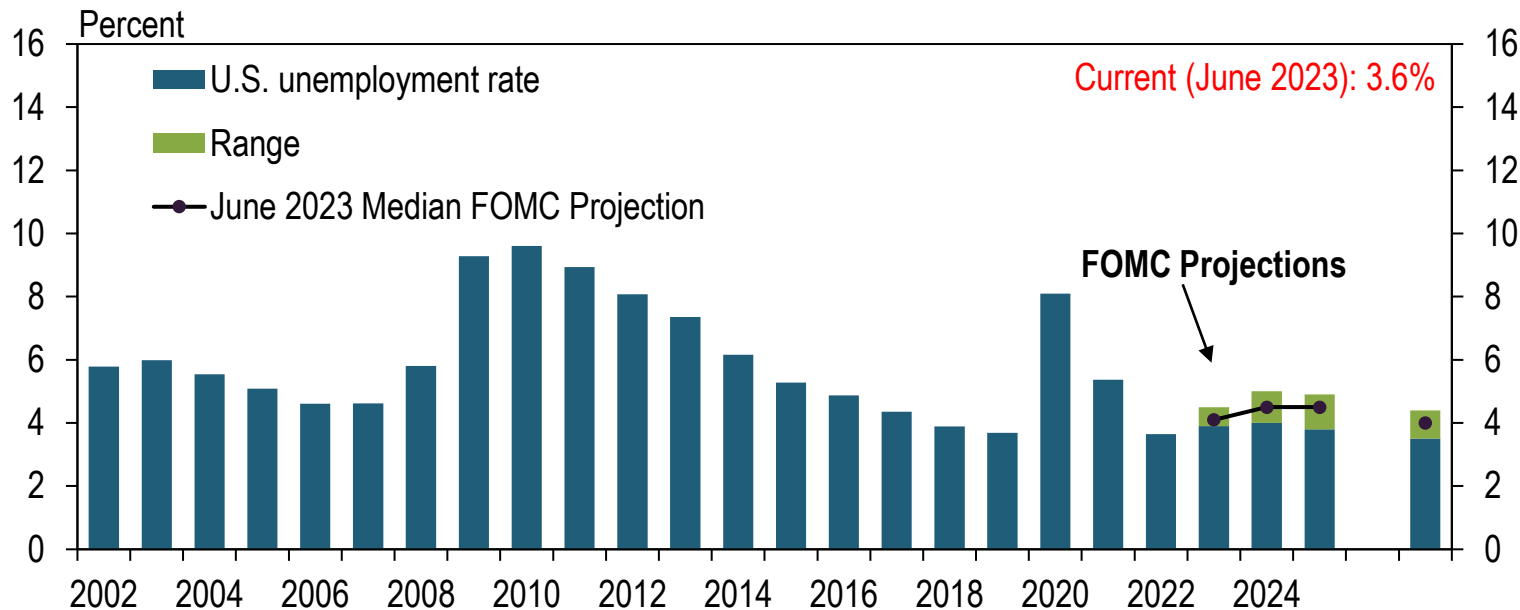


GDP growth is expected to be somewhat sluggish in 2023 before rebounding to trend in 2024 and 2025

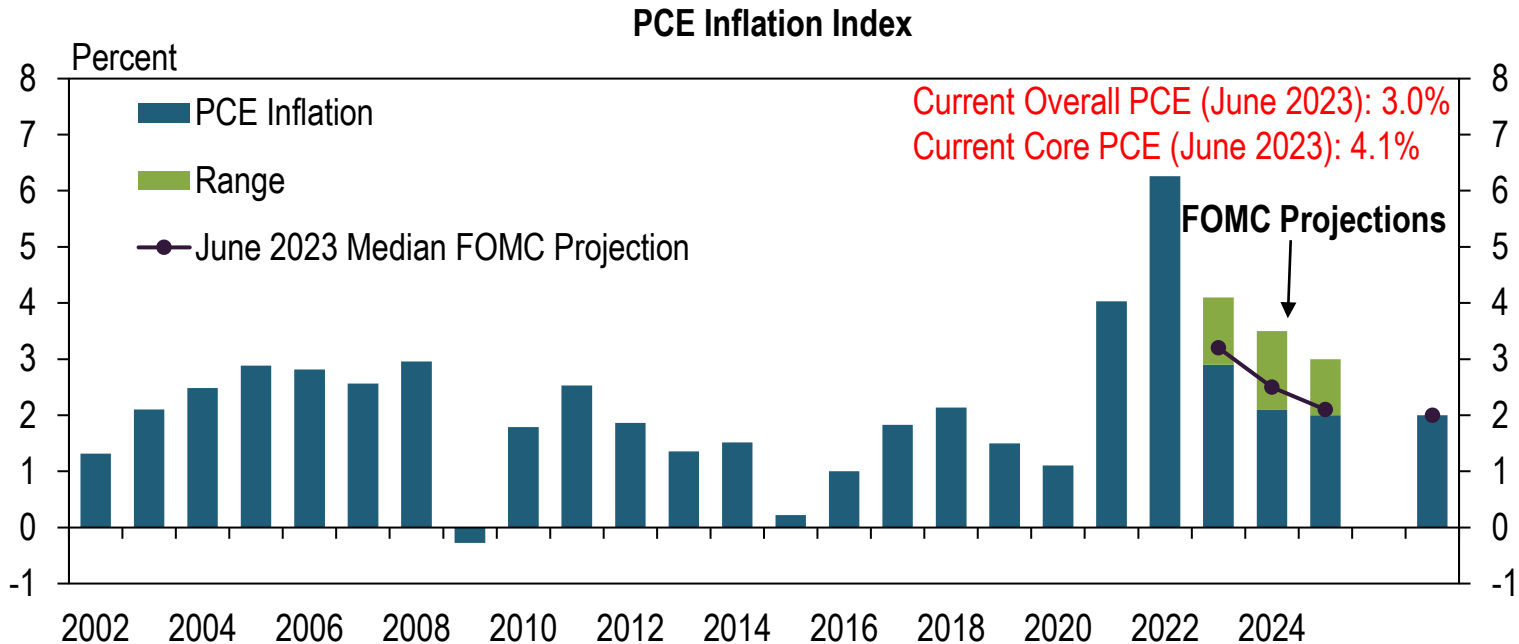


U.S. unemployment remains historically low and is projected to rise only moderately in coming years

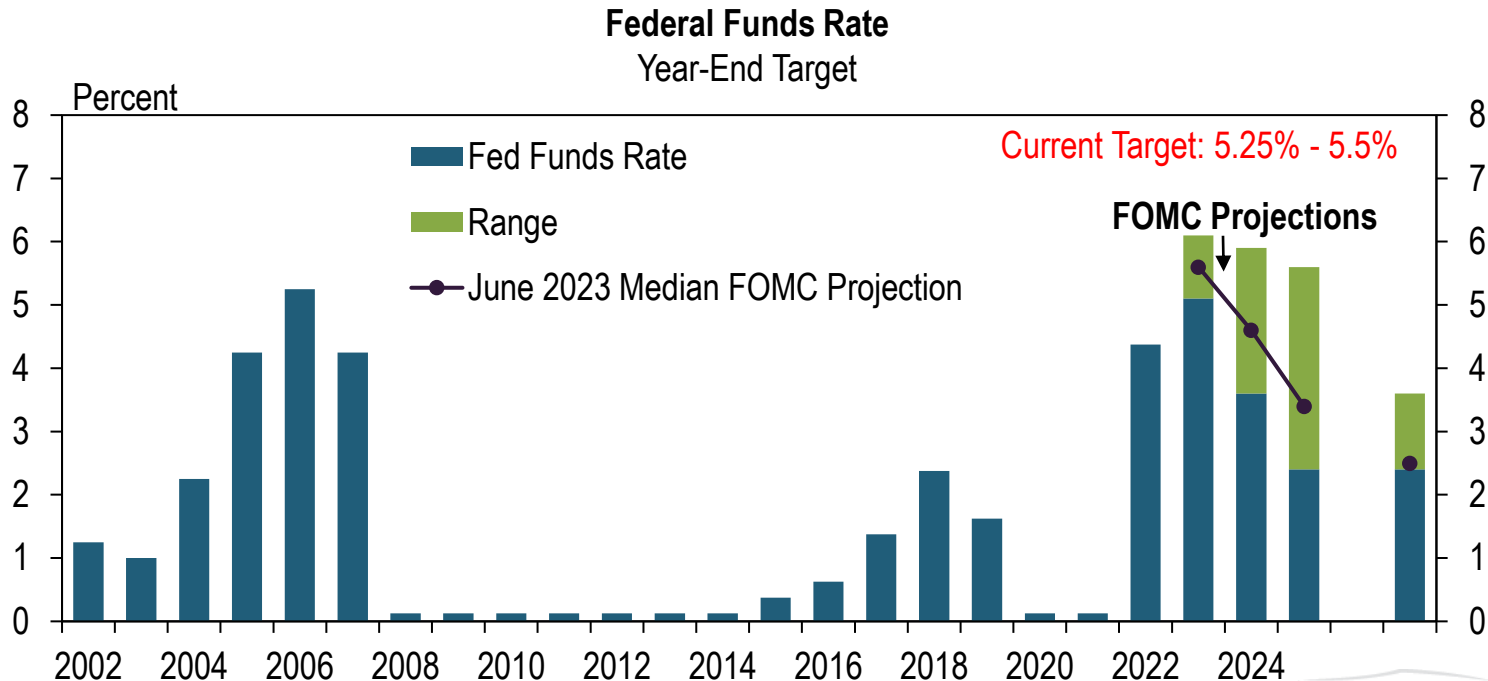
U.S. Unemployment Rate



Although inflation has come down from 2022 peaks and is expected to fall further, it remains elevated

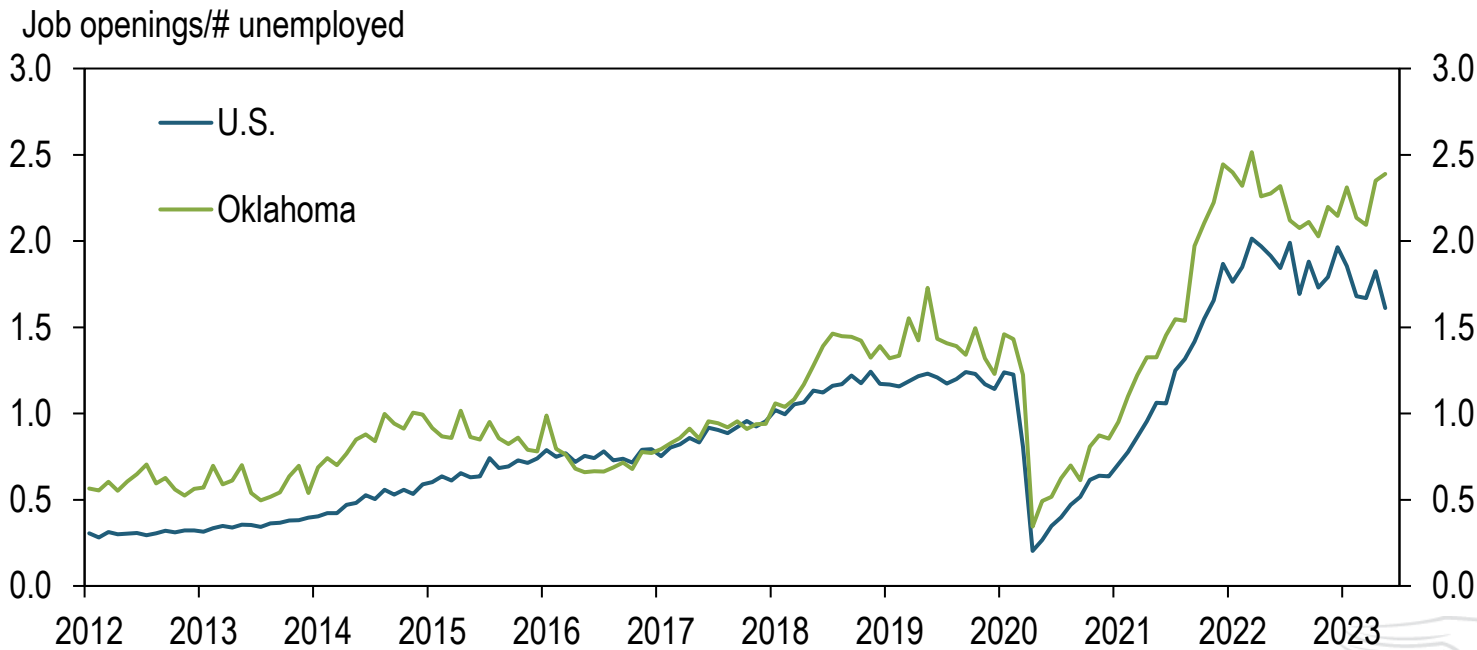


The Fed raised the federal funds rate by 25 bps in July, and the latest projections are shown

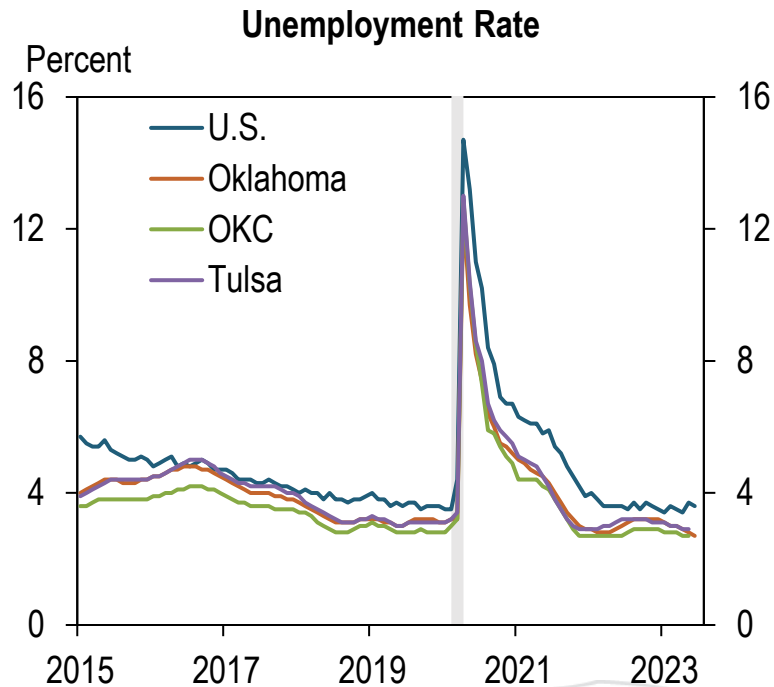
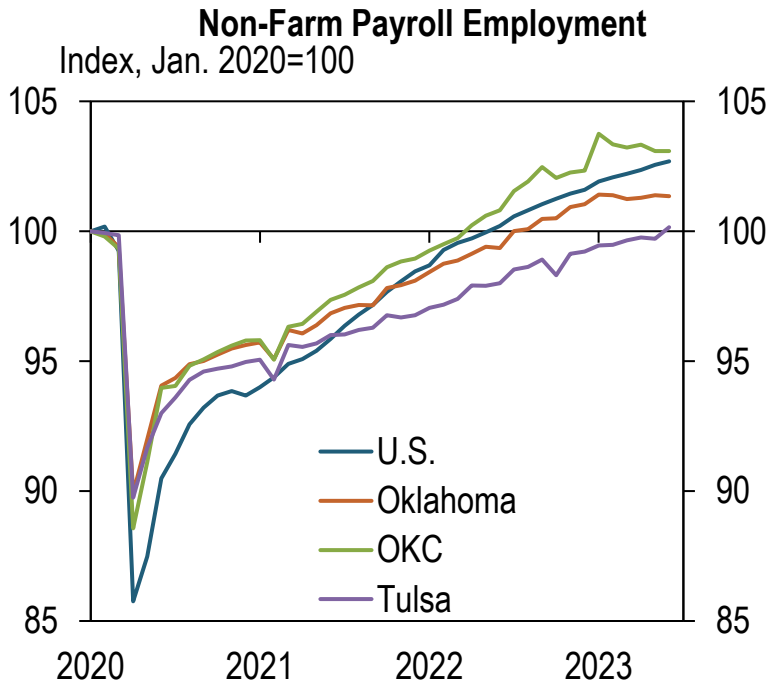


Job openings still greatly exceed unemployed workers, keeping wage pressures from easing much, but have fallen slightly

Job Openings/Unemployment Ratio

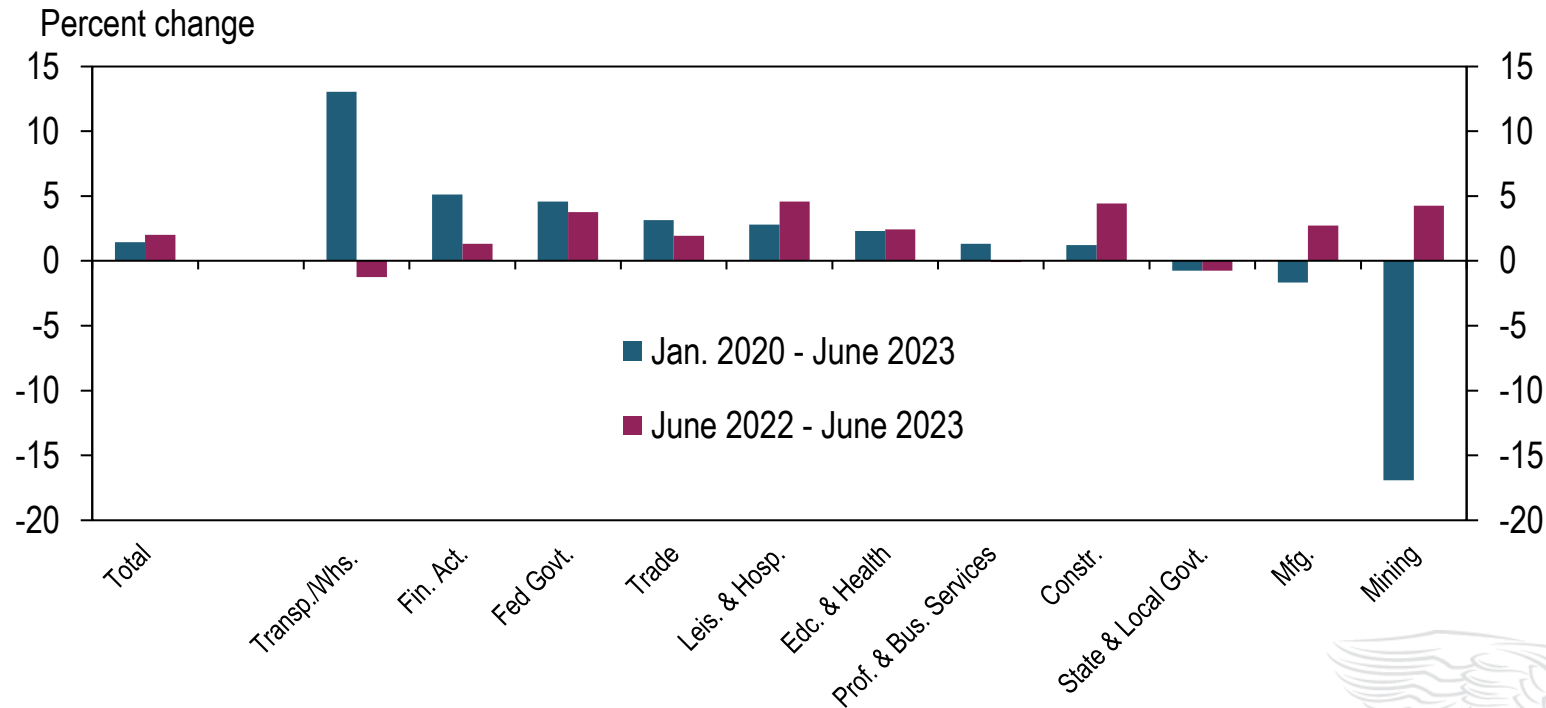


Jobs in Oklahoma have mostly continued to grow, while unemployment stays low



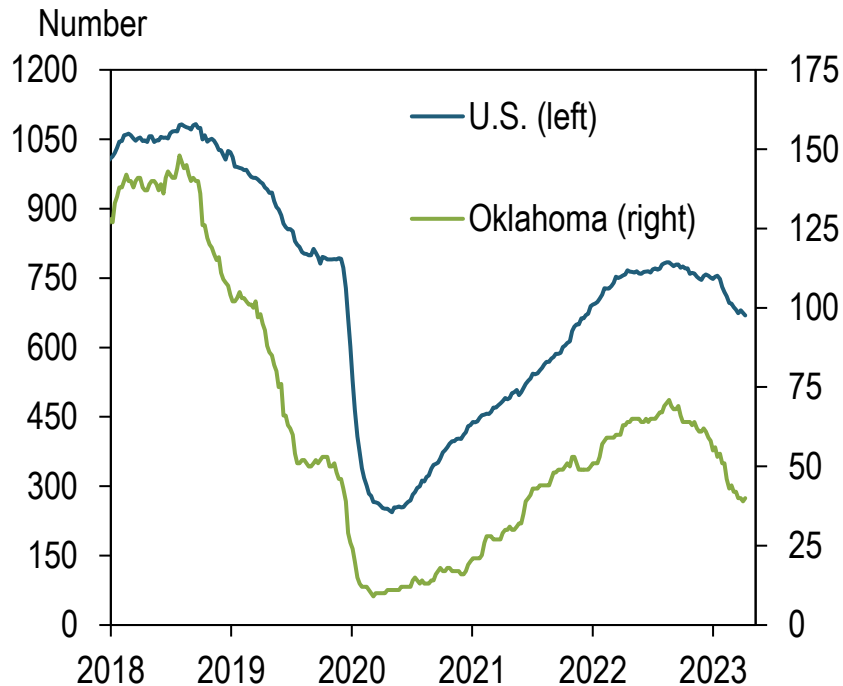
Energy and manufacturing jobs in OK are still below pre-pandemic but up during the past year

Oklahoma Job Growth by Industry

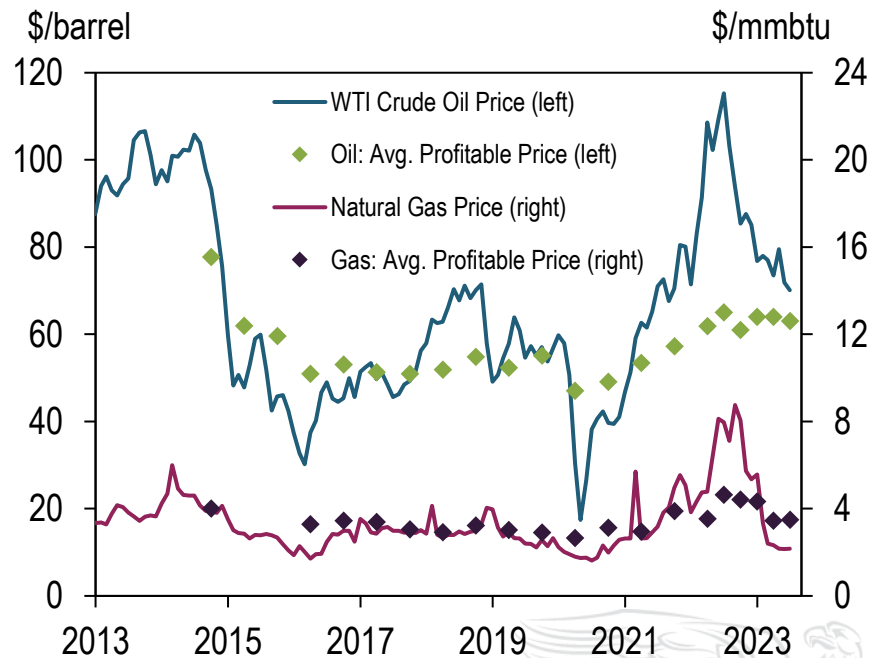


Oil and gas drilling has fallen in Oklahoma with lower profitability, even moreso than in the nation

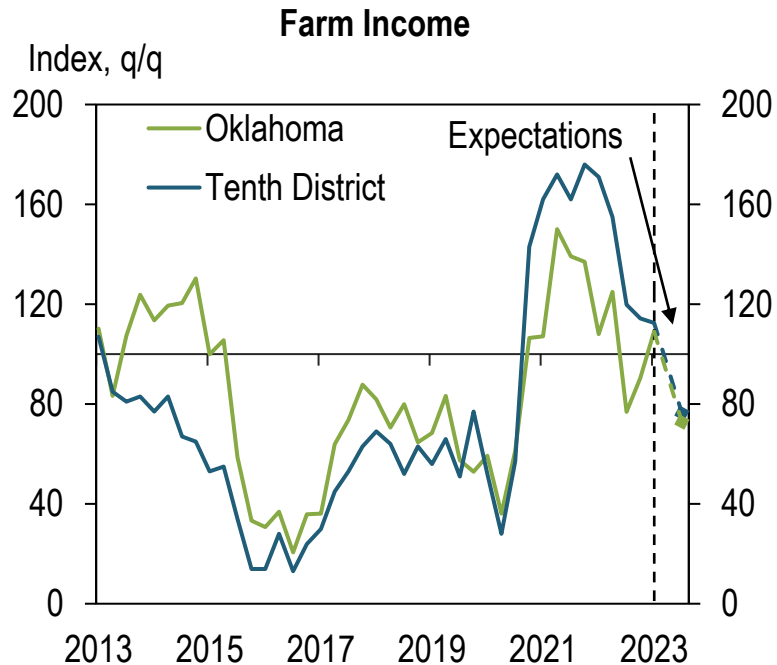
Rig Counts



U.S. Energy Prices

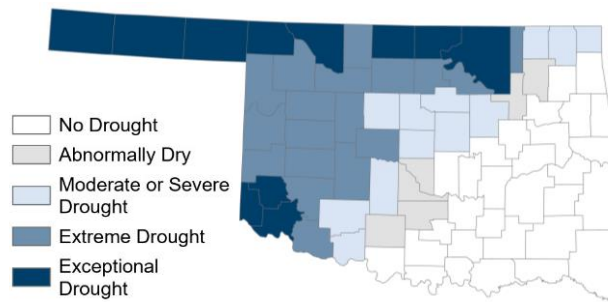


Oklahoma farm income increased in Q1 2023, but is expected to decline, and drought has improved in the north and west

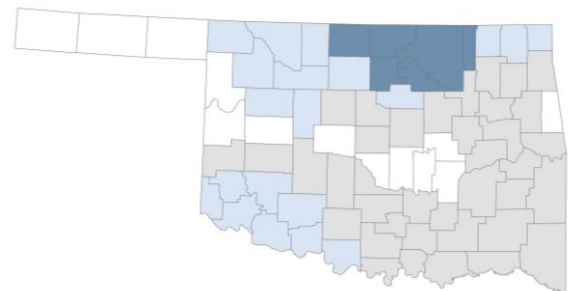


Oklahoma Drought Map

5/16/2023

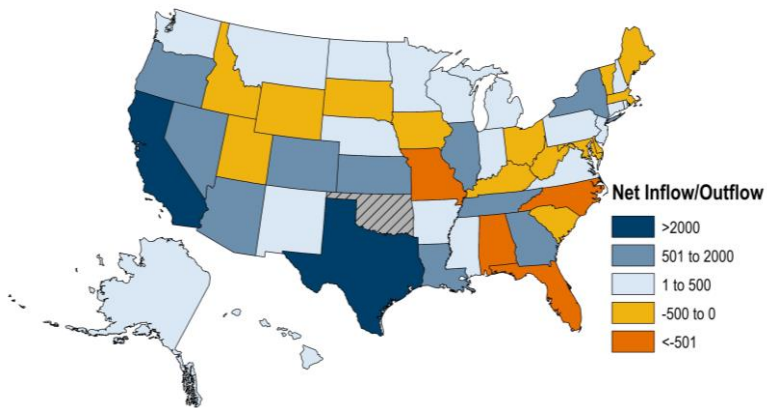


7/25/2023

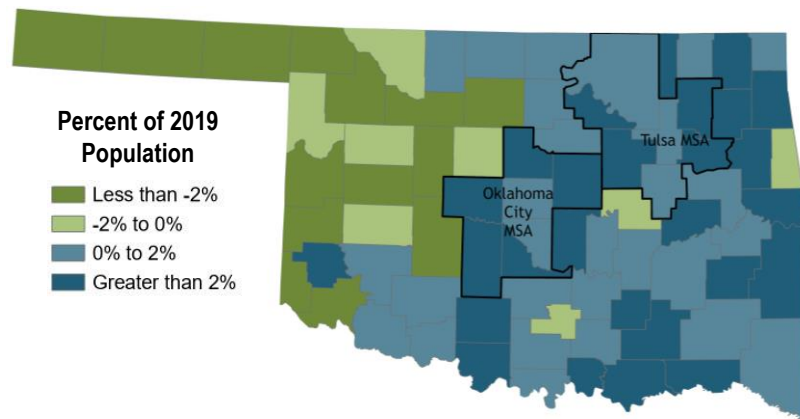


Many people moved to OK from CA and TX, mostly to the metros but to many other parts of the state, too

**Net Domestic Migration to Oklahoma
2020 and 2021**



2019-22 Net Domestic Migration by County



Summary

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Questions?

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Oklahoma's economy

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