

U.S. and Oklahoma Economic Outlook

First Fidelity

August 15, 2023

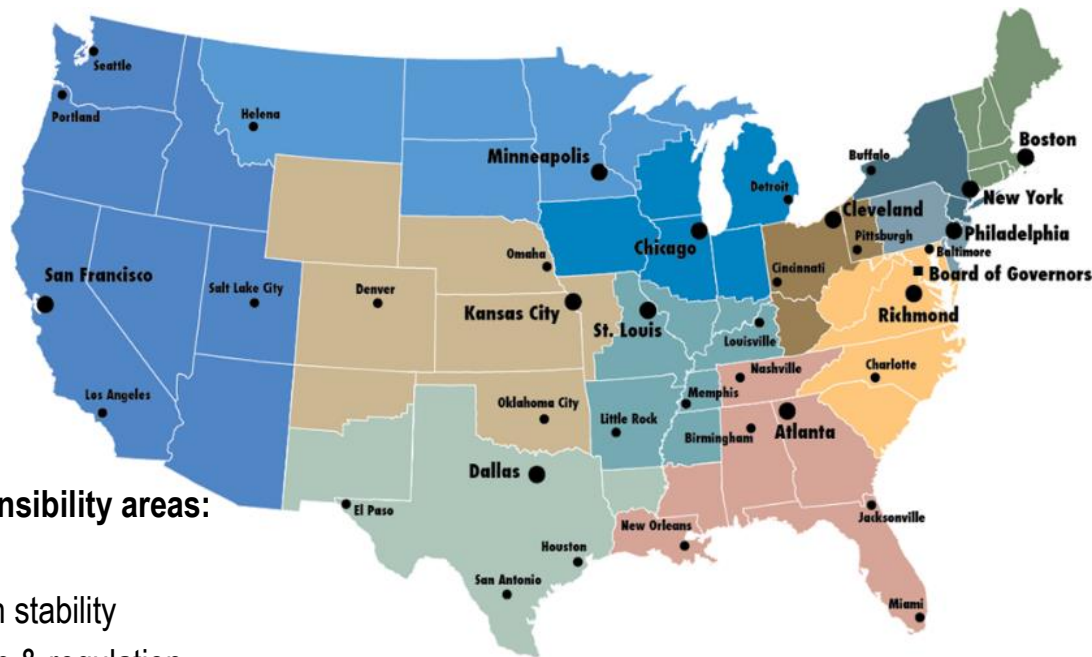


Chad Wilkerson
SVP & Oklahoma City Branch Executive



*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.

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 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



Overview

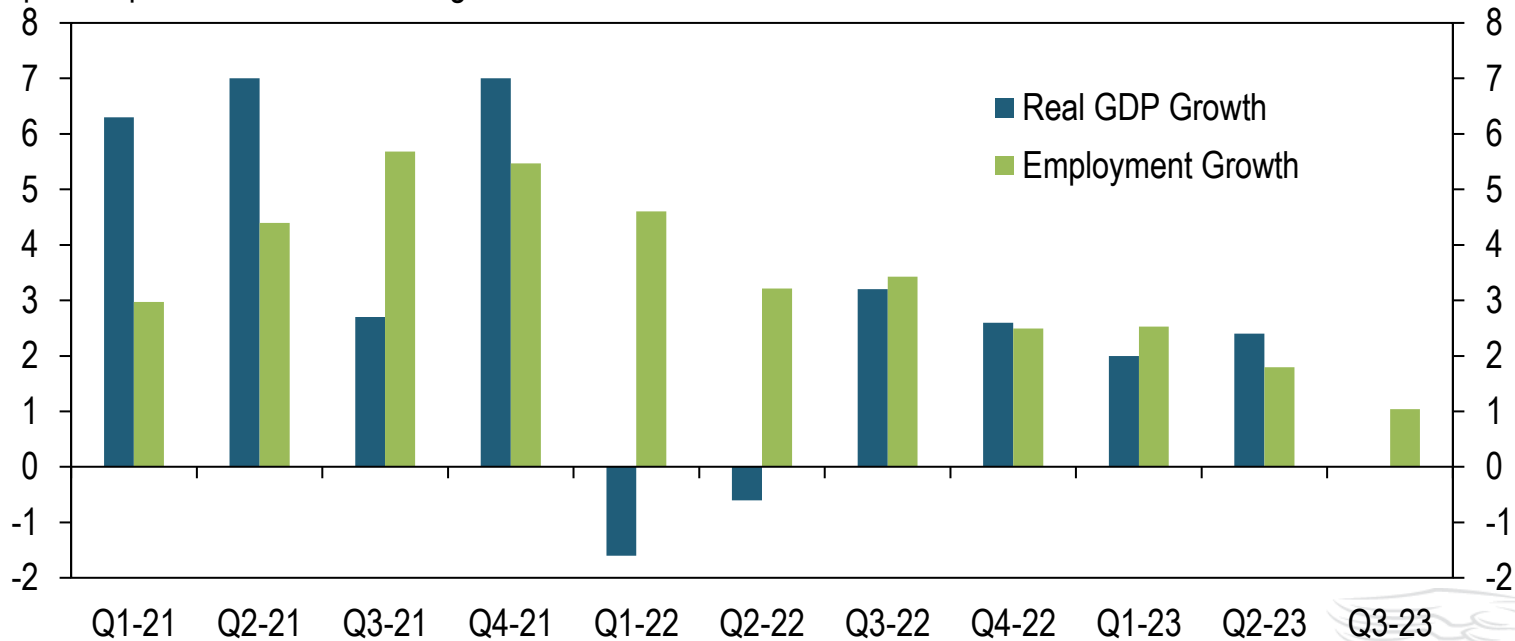
- U.S. economic growth has slowed in 2023 but remains positive, and unemployment remains very low
- Inflation remains too high, despite coming down from 2022 peaks
- The Fed has raised the overnight interest rate to over 5%
- Oklahoma's economy continues to recover, but jobs remain below pre-pandemic 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 have slowed but remained positive through mid-2023

Quarterly U.S. Economic Growth

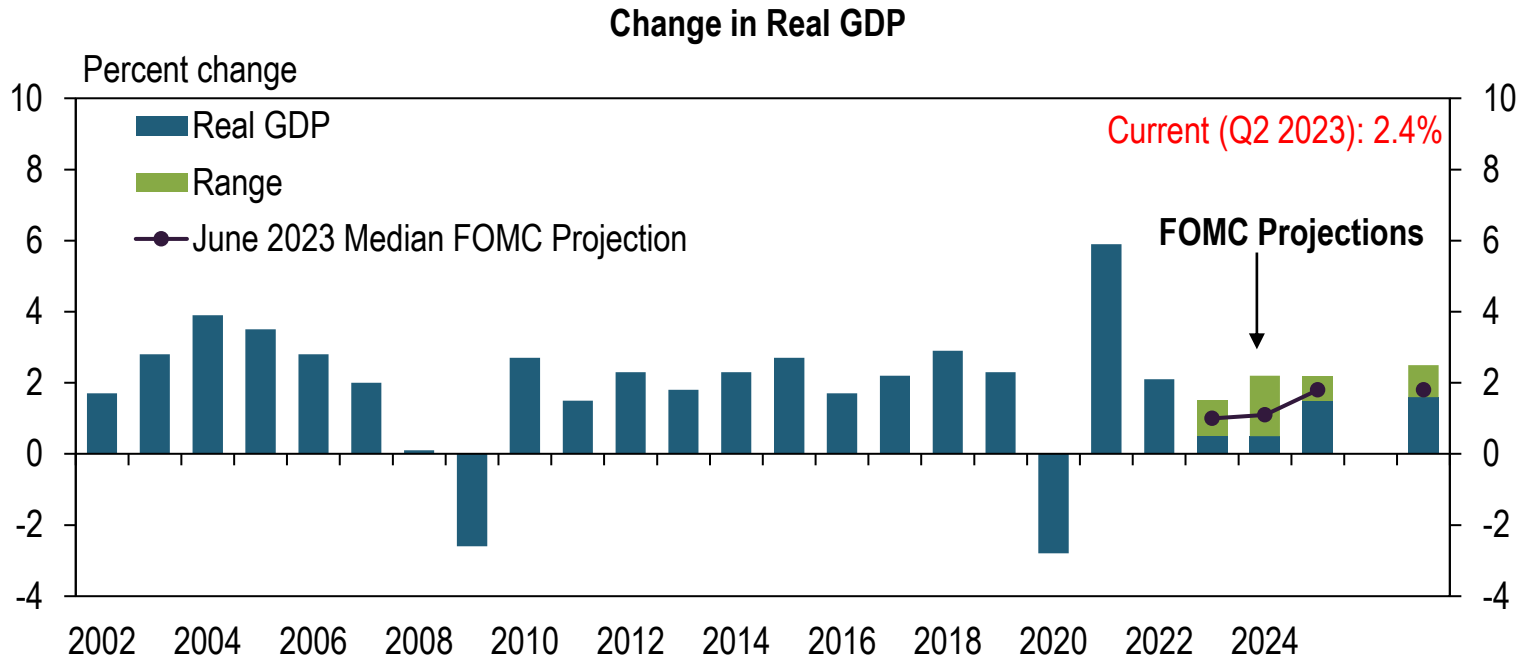
quarter/quarter annualized % chg.



Sources: BEA, BLS/Haver Analytics

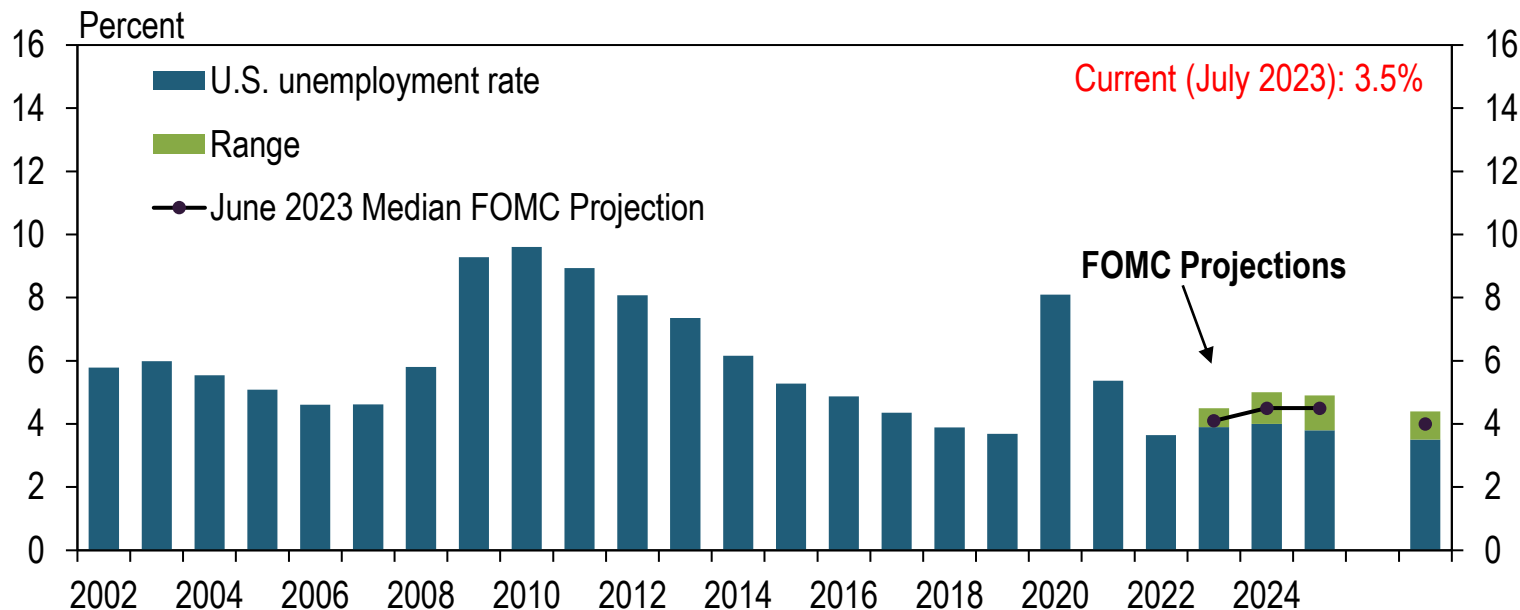


GDP growth is expected to be somewhat sluggish in 2023 and 2024 before rebounding to near trend in 2025

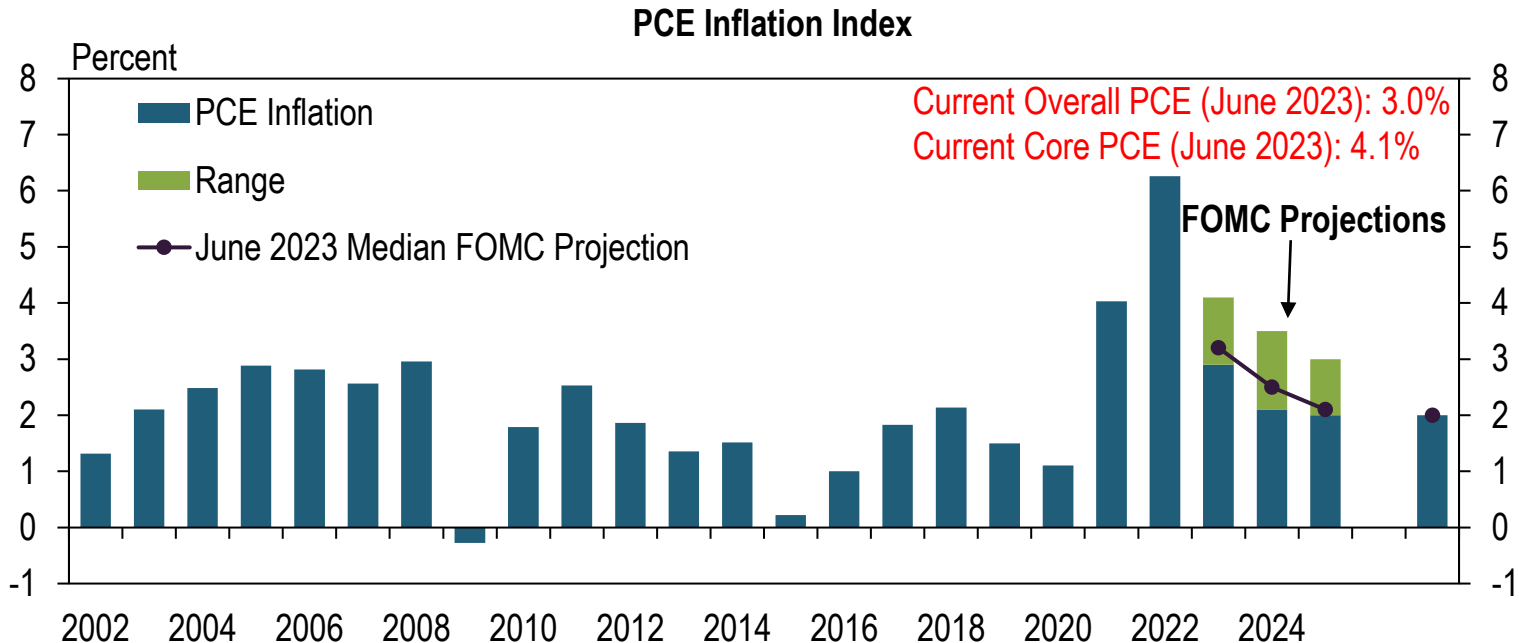


U.S. unemployment remains historically low and is projected to rise only moderately in coming years

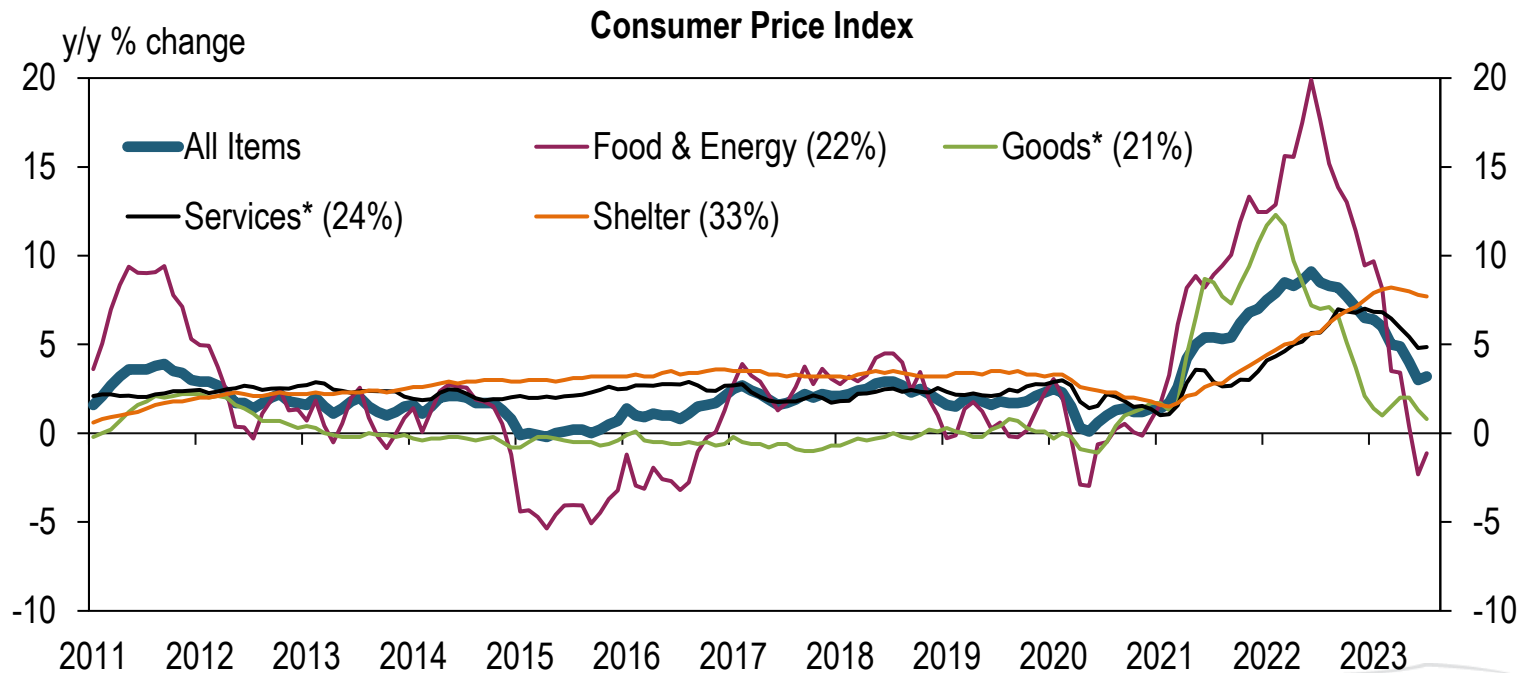
U.S. Unemployment Rate



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



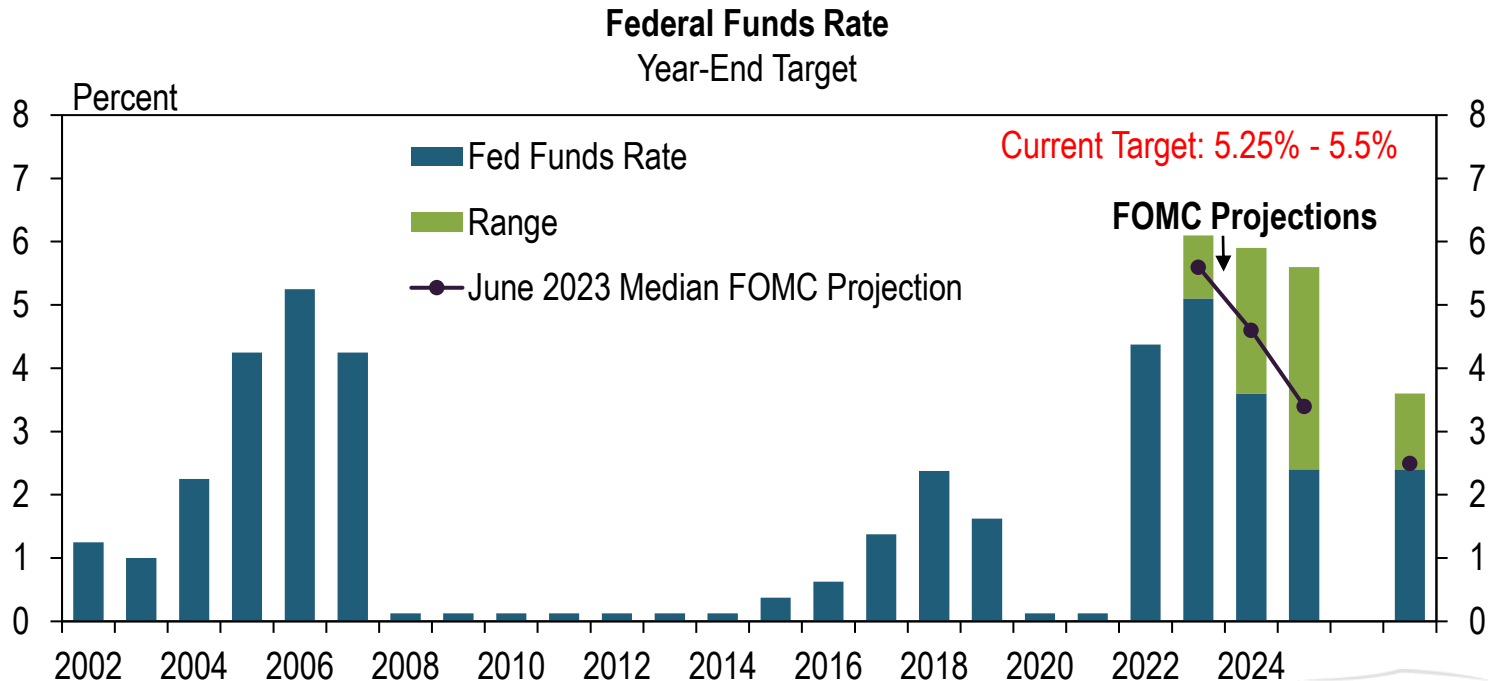
CPI inflation ticked up slightly from 3.0% to 3.2% in July, with shelter and services inflation still high



*Goods excluding Food; Services excluding Energy.
 Note: Relative Importance as Share of CPI shown in parenthesis.



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



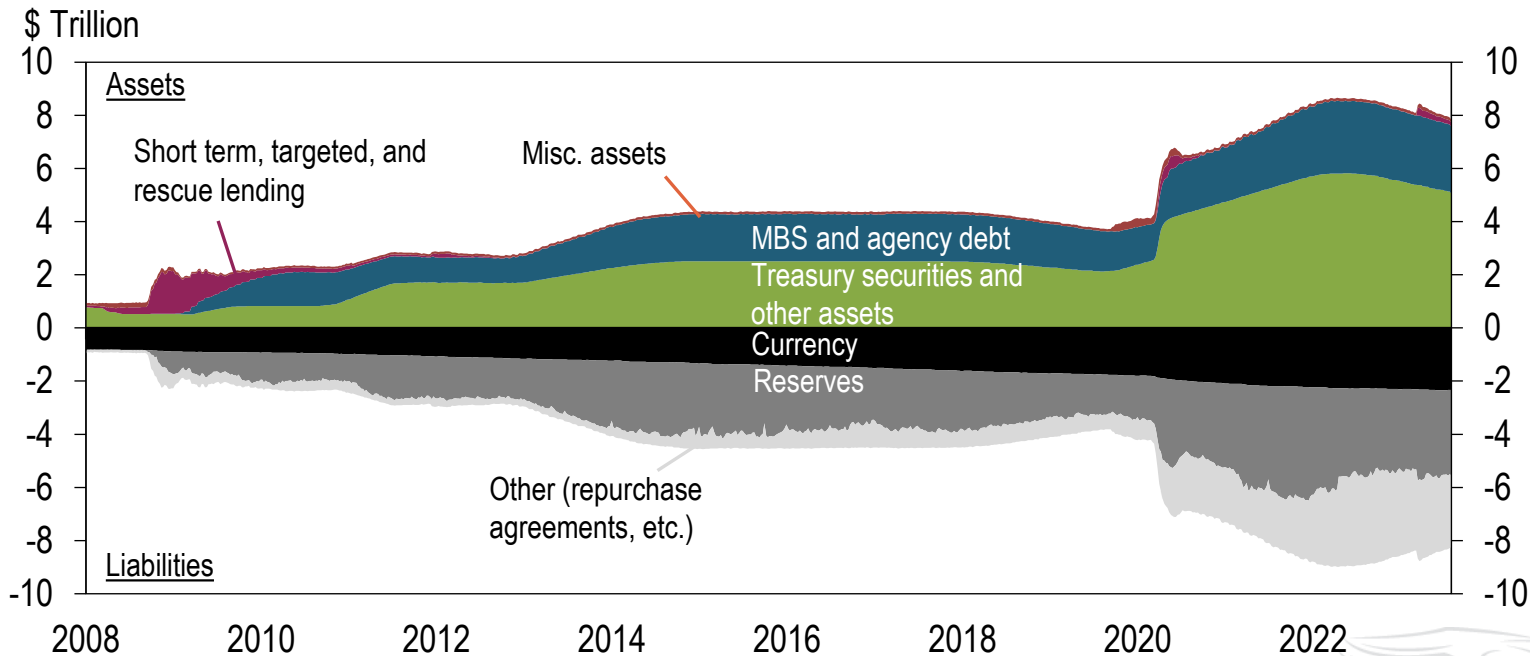
Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC



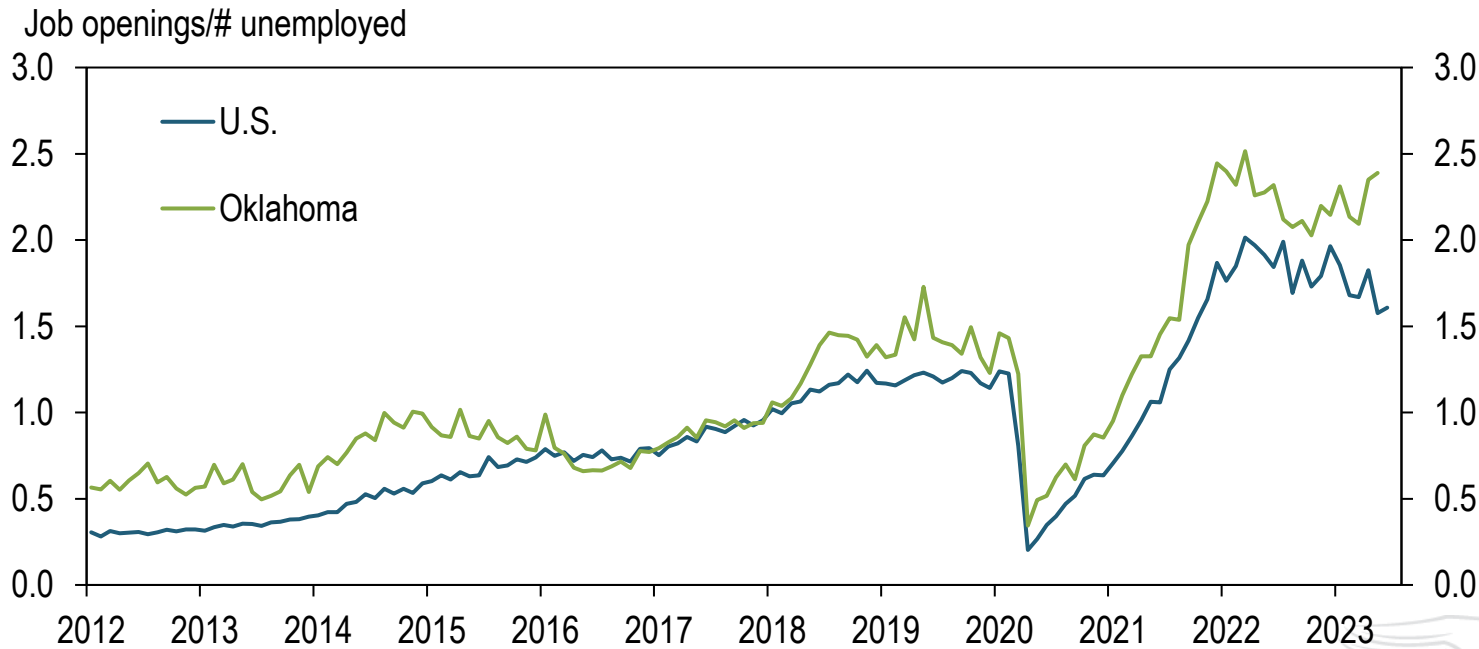
The Fed also continues to reduce its balance sheet of high-quality securities

Federal Reserve Balance Sheet



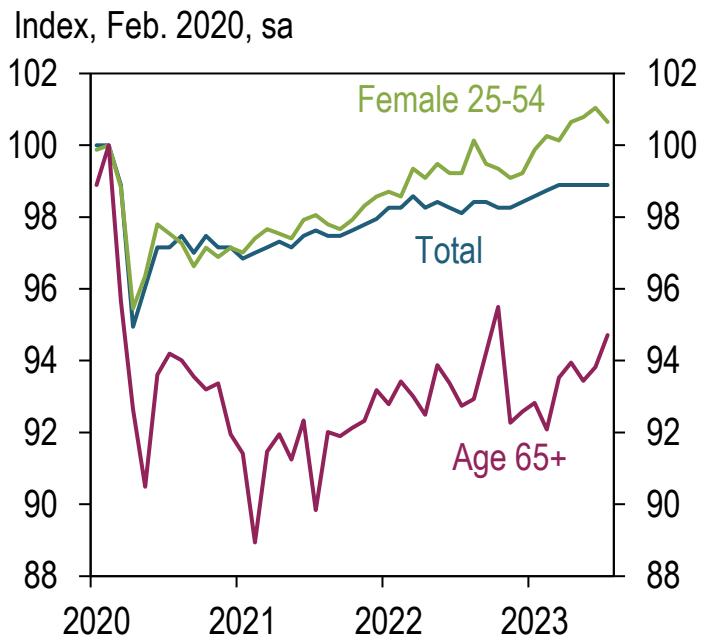
Job openings still greatly exceed unemployed workers, but have fallen slightly at the national level, helping ease wage pressures

Job Openings/Unemployment Ratio

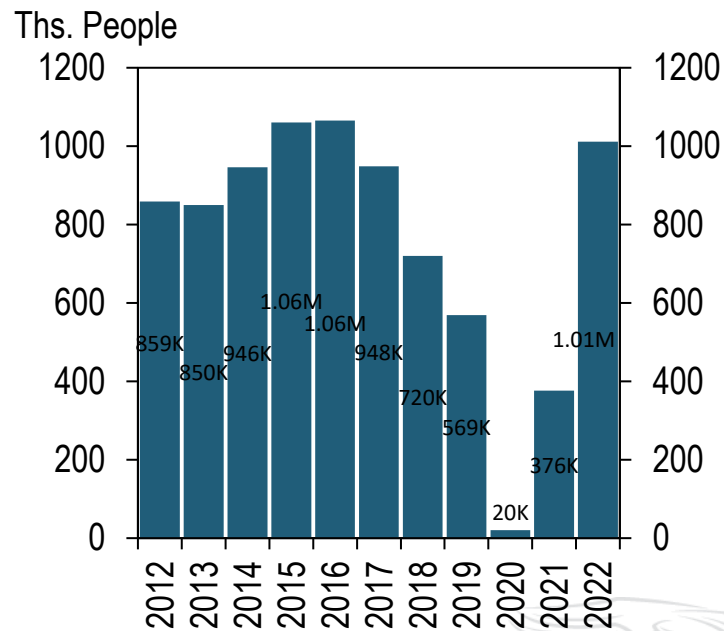


Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

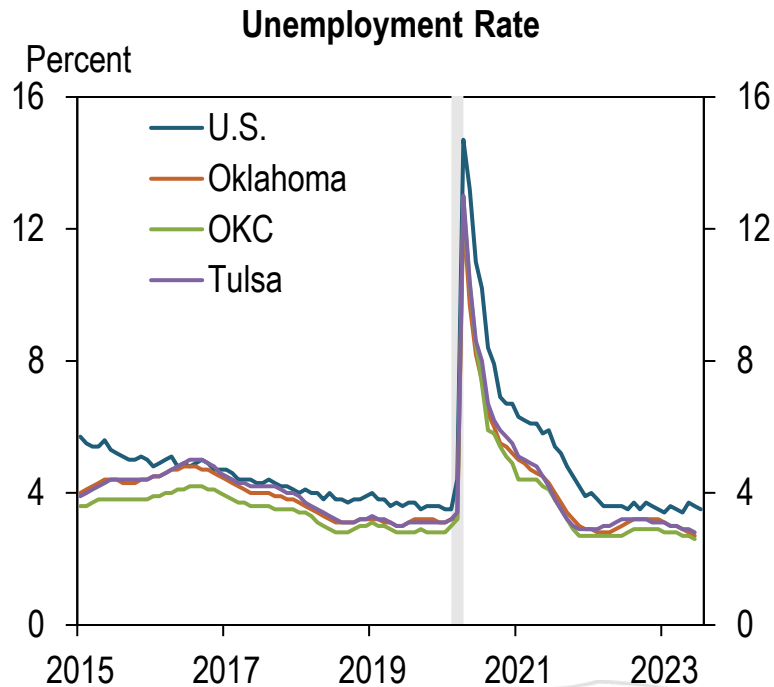
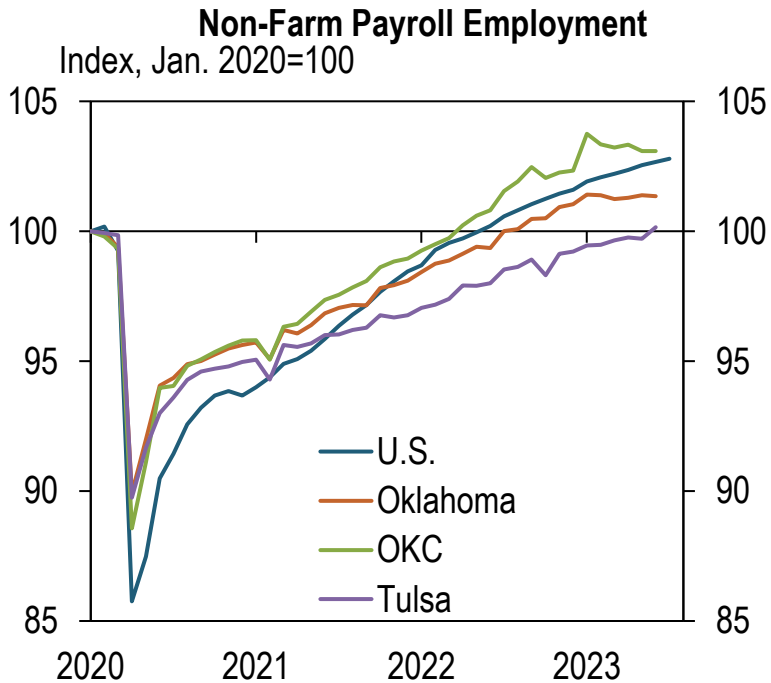
U.S. Labor Force Participation Rate



Net International Immigration to the U.S.

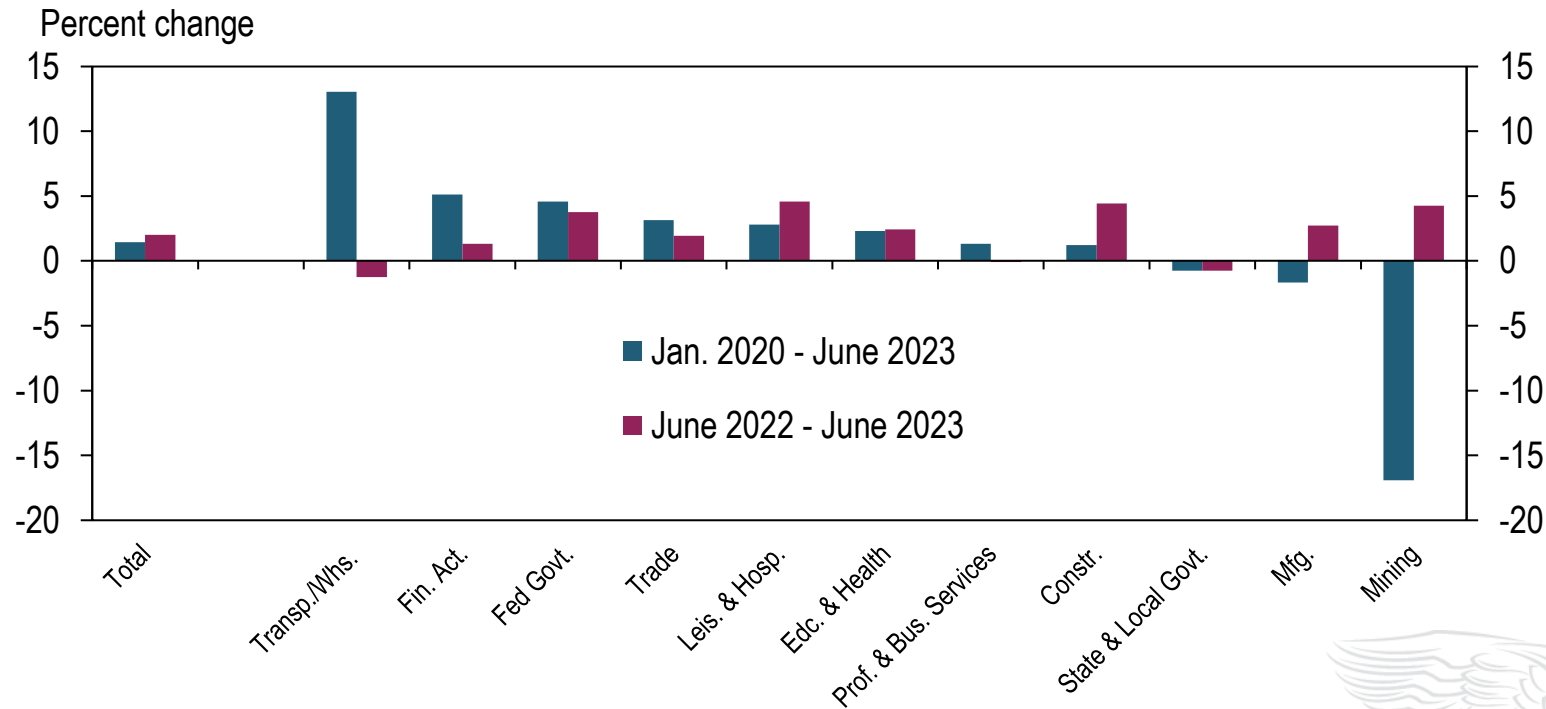


Jobs in Oklahoma have leveled off in recent months at above pre-pandemic levels, while unemployment remains very low



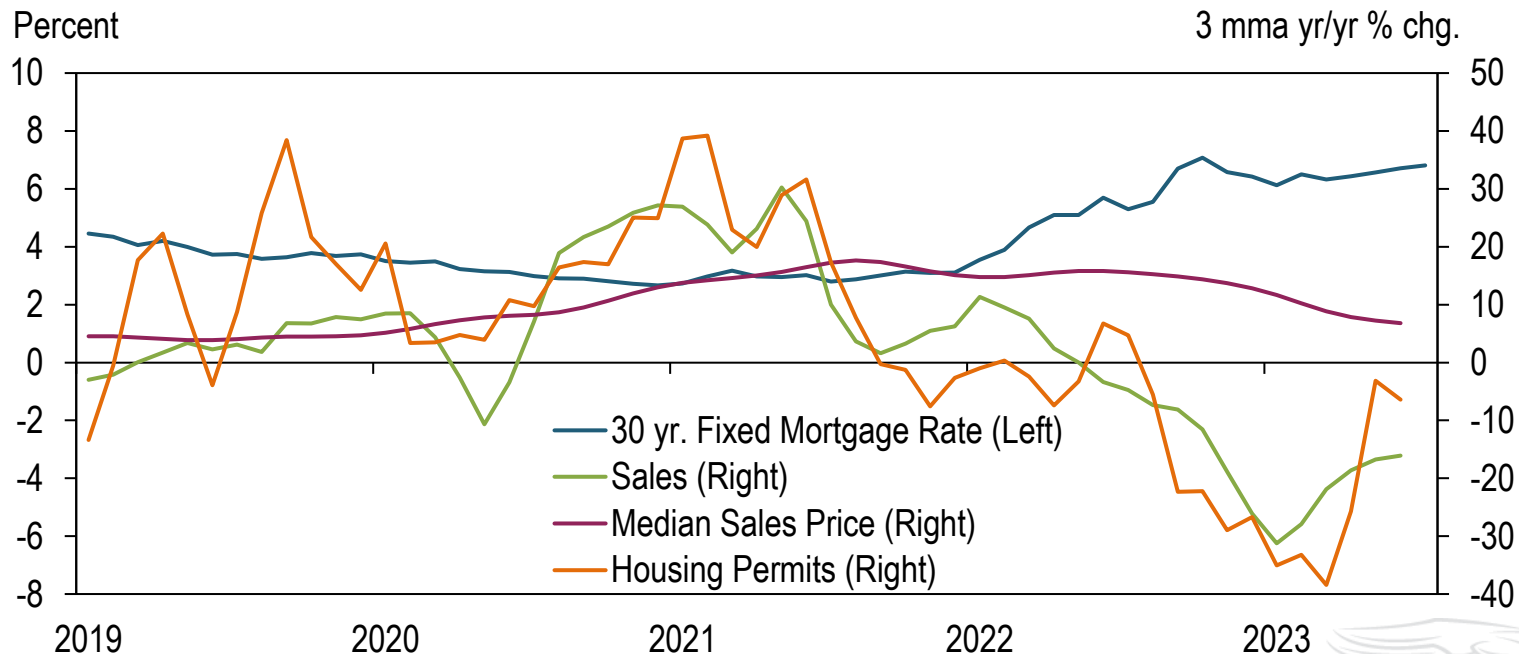
Most Oklahoma sectors added jobs over the past year, but job growth varies widely relative to pre-pandemic levels

Oklahoma Job Growth by Industry



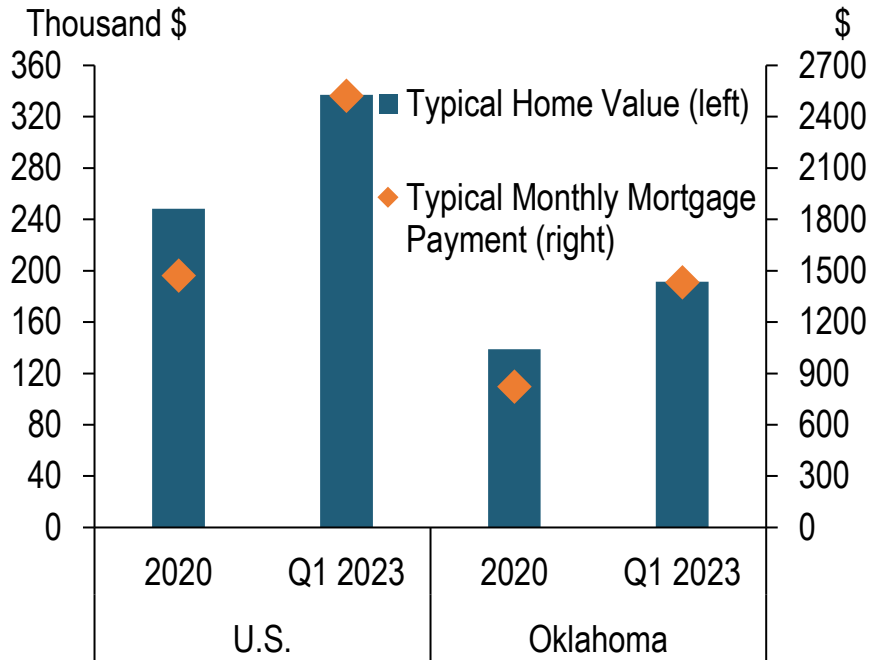
The Oklahoma housing market eased with higher interest rates, but home prices have held up and permits have risen

Oklahoma Housing Market Indicators

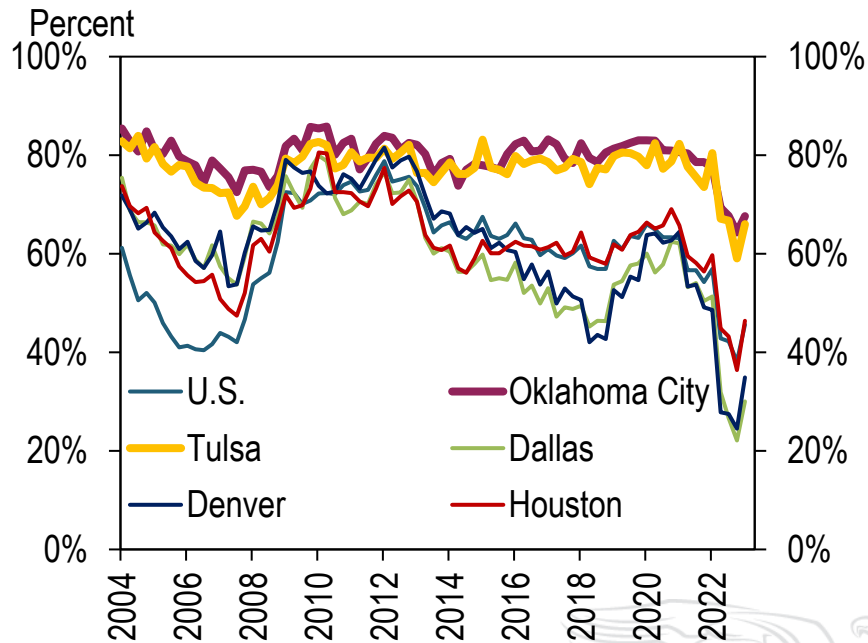


Much higher mortgage rates and home prices than a few years ago have greatly increased housing costs, but Oklahoma is still relatively affordable

Housing Affordability Indicators

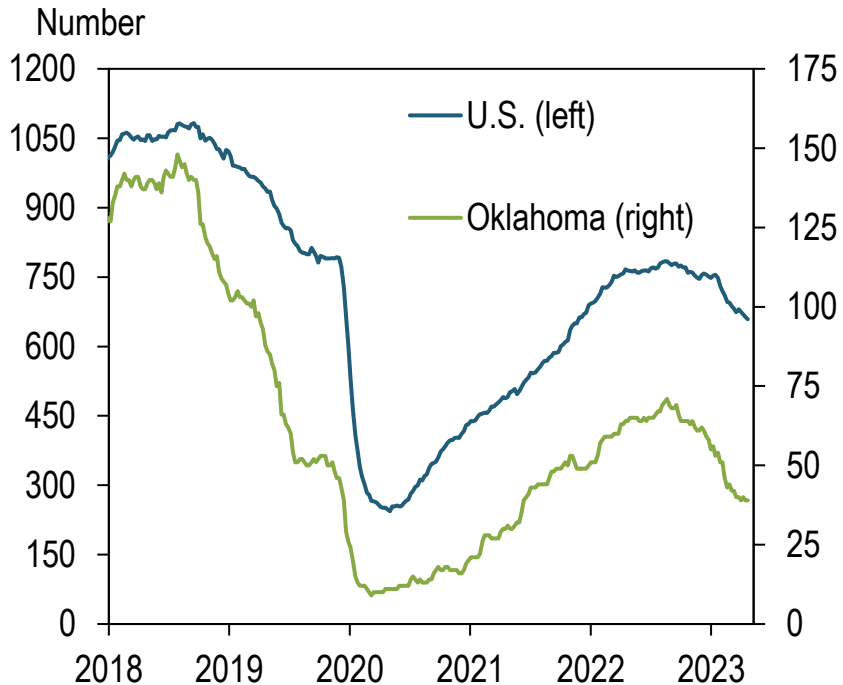


Share of Affordable Homes

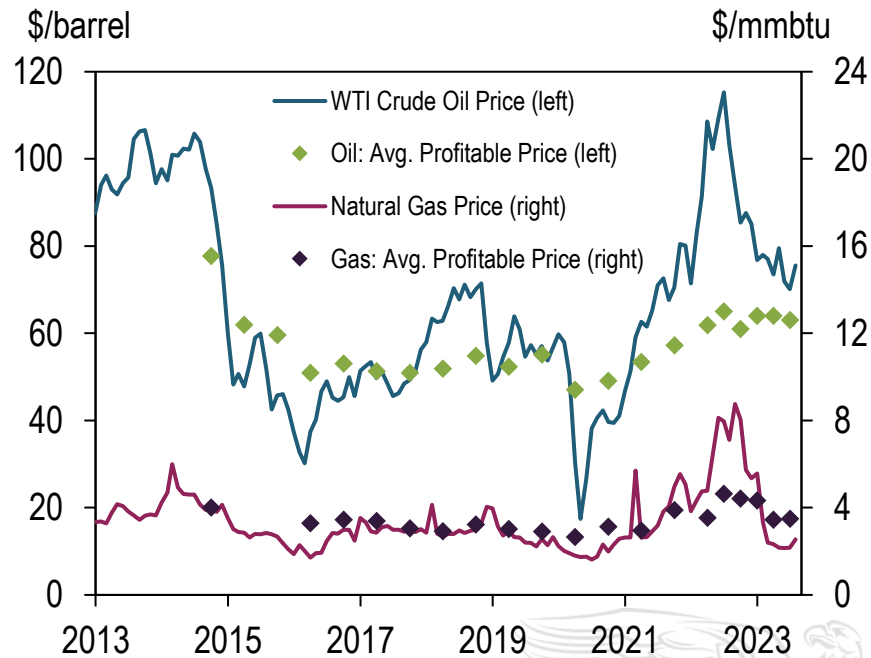


Oil and gas drilling has fallen in Oklahoma with lower profitability, moreso than in the nation

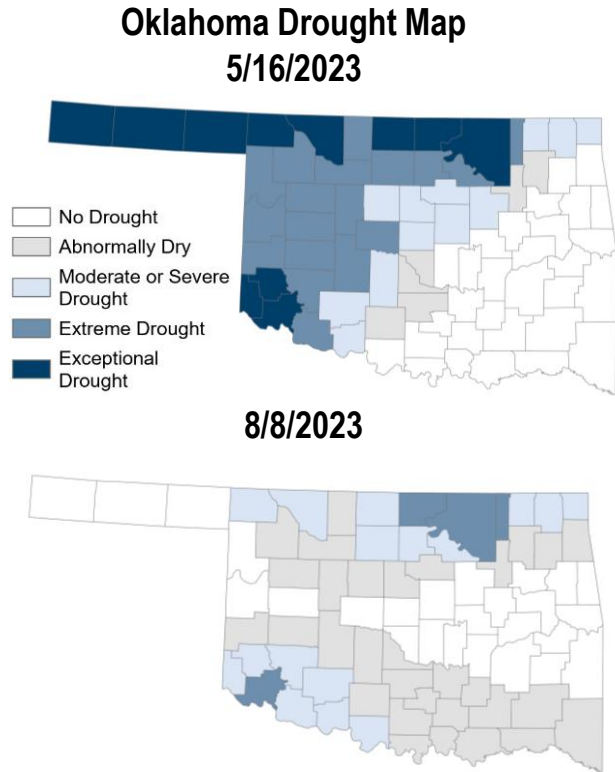
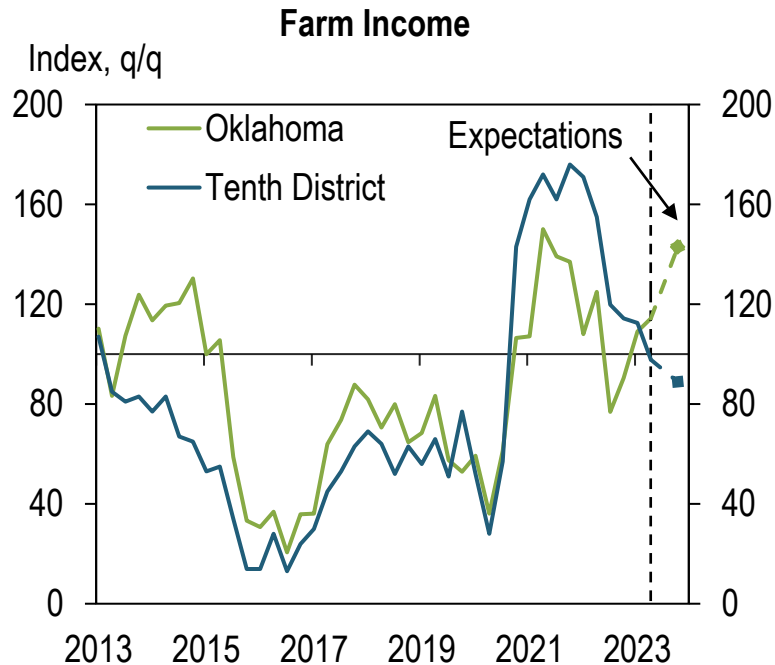
Rig Counts



U.S. Energy Prices

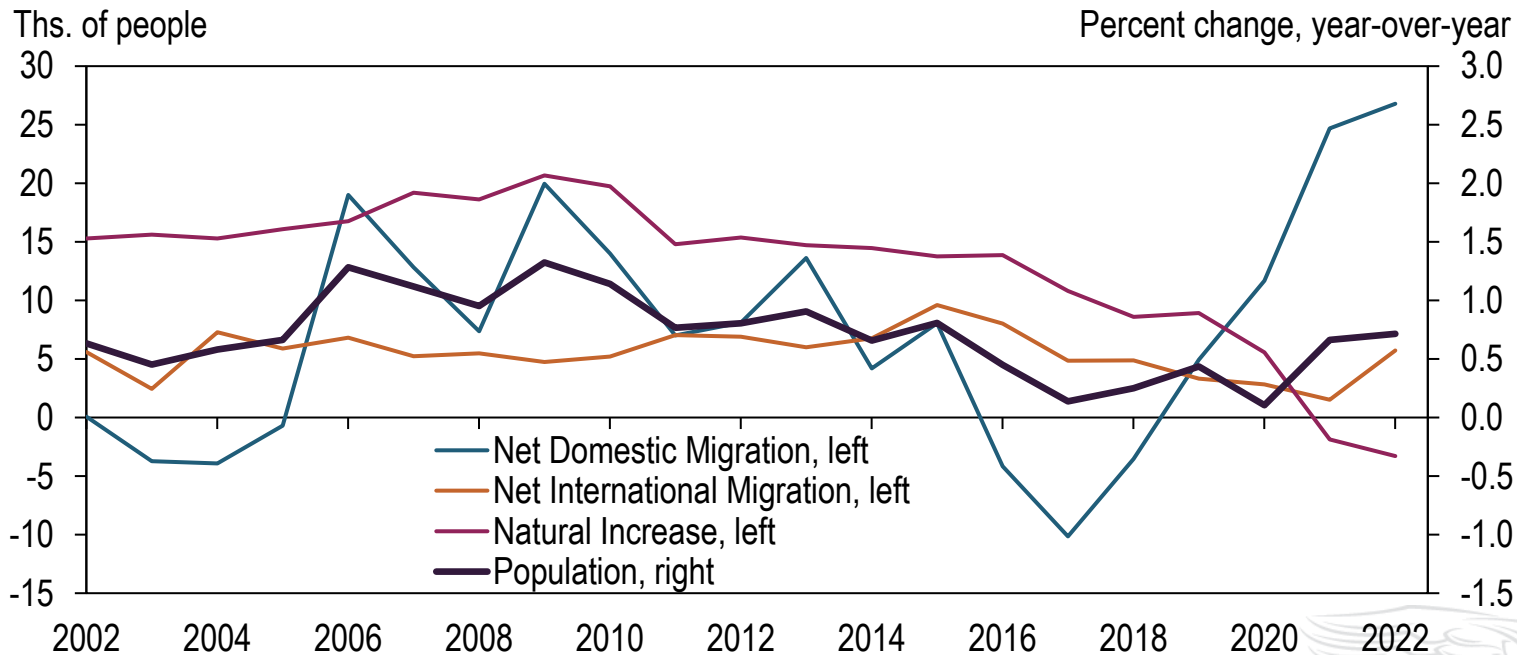


Oklahoma farm income continued to increase in Q2 2023 as drought has improved somewhat in the north and west



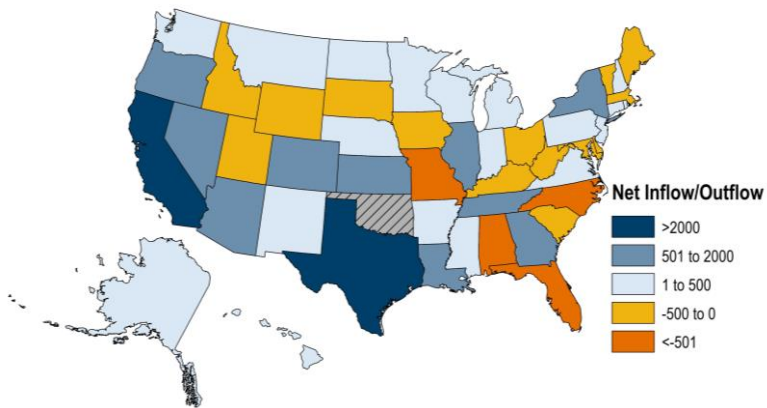
Oklahoma's population grew in 2021 & 2022, despite a historic increase in deaths, due to massive in-migration

Oklahoma Population Changes by Component, 2001-2022

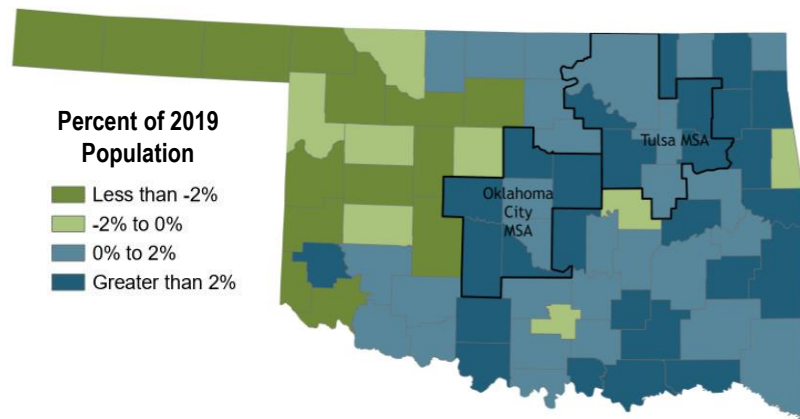


Many people moved to OK from CA and TX, mostly to the metros but to many other parts of the state, too

**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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