

# U.S. and Oklahoma Economic Outlook

*Enid Rotary*

*August 21, 2023*

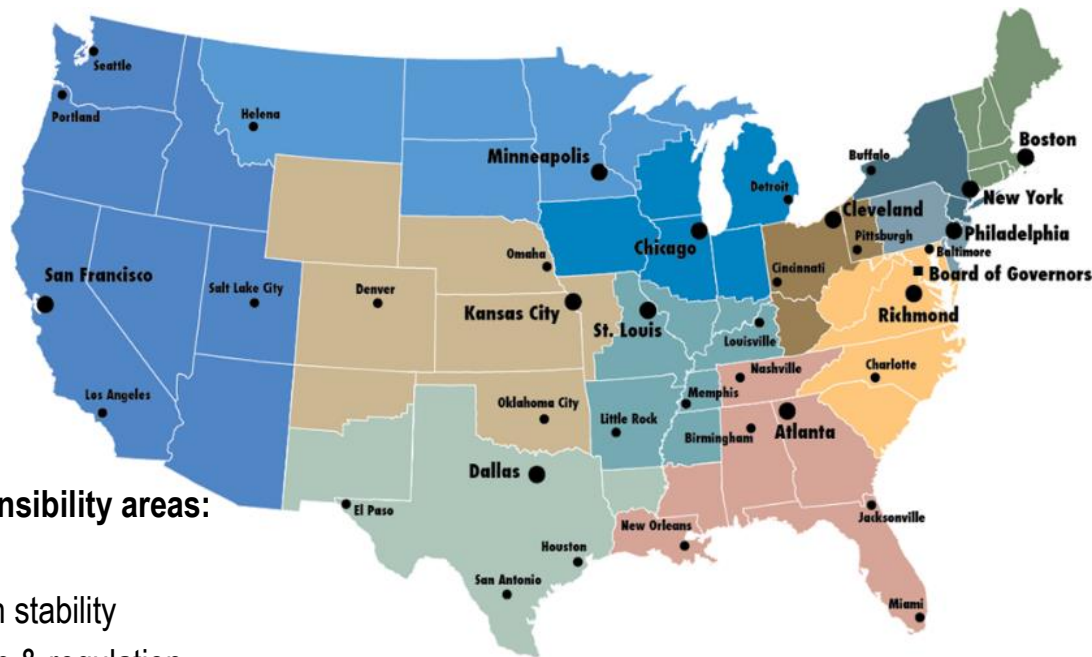


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*SVP & Oklahoma City Branch Executive*

\*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](http://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



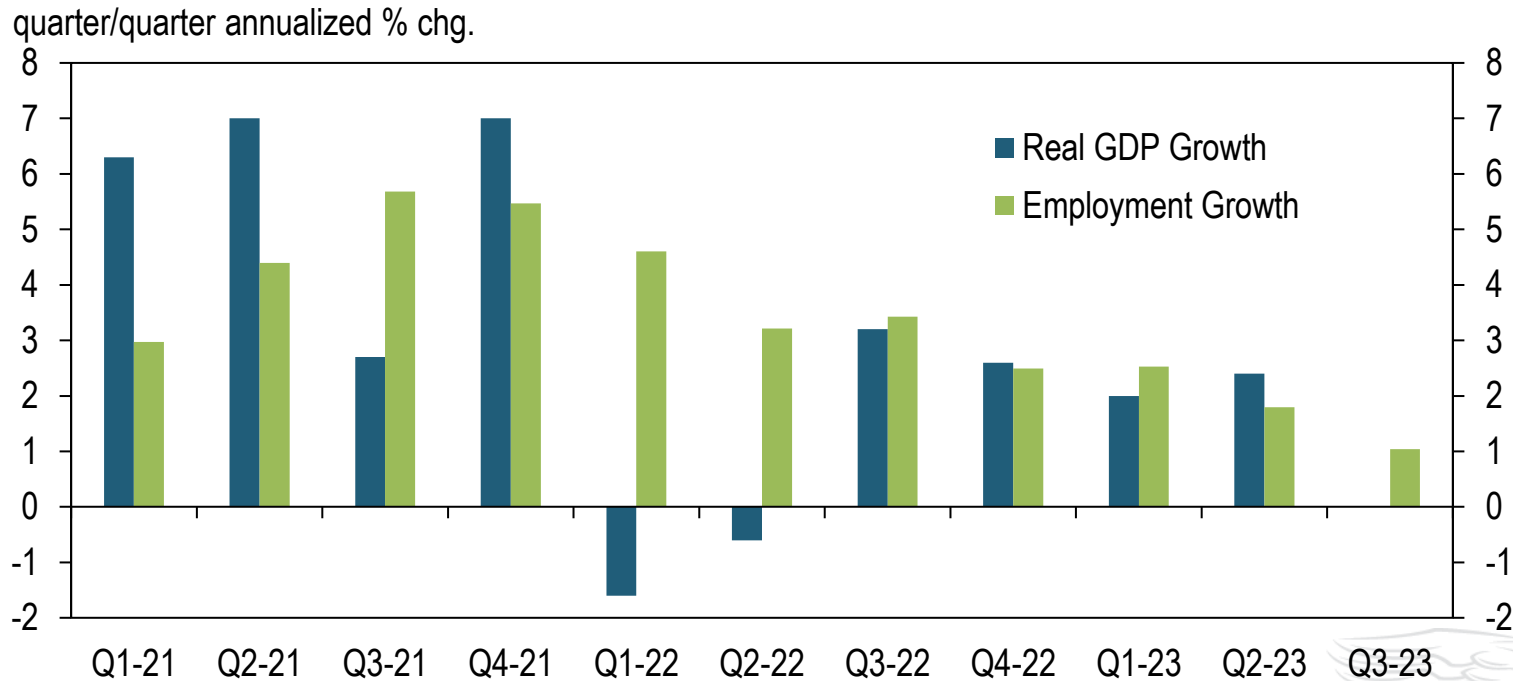
## Overview

- 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 more than 5%
- Oklahoma's economy continues to recover, but jobs remain below pre-pandemic levels in some sectors, especially energy
- Enid's economy remains solid with low unemployment and solid GDP growth over the past decade



# U.S. GDP and employment have slowed but remained positive through mid-2023

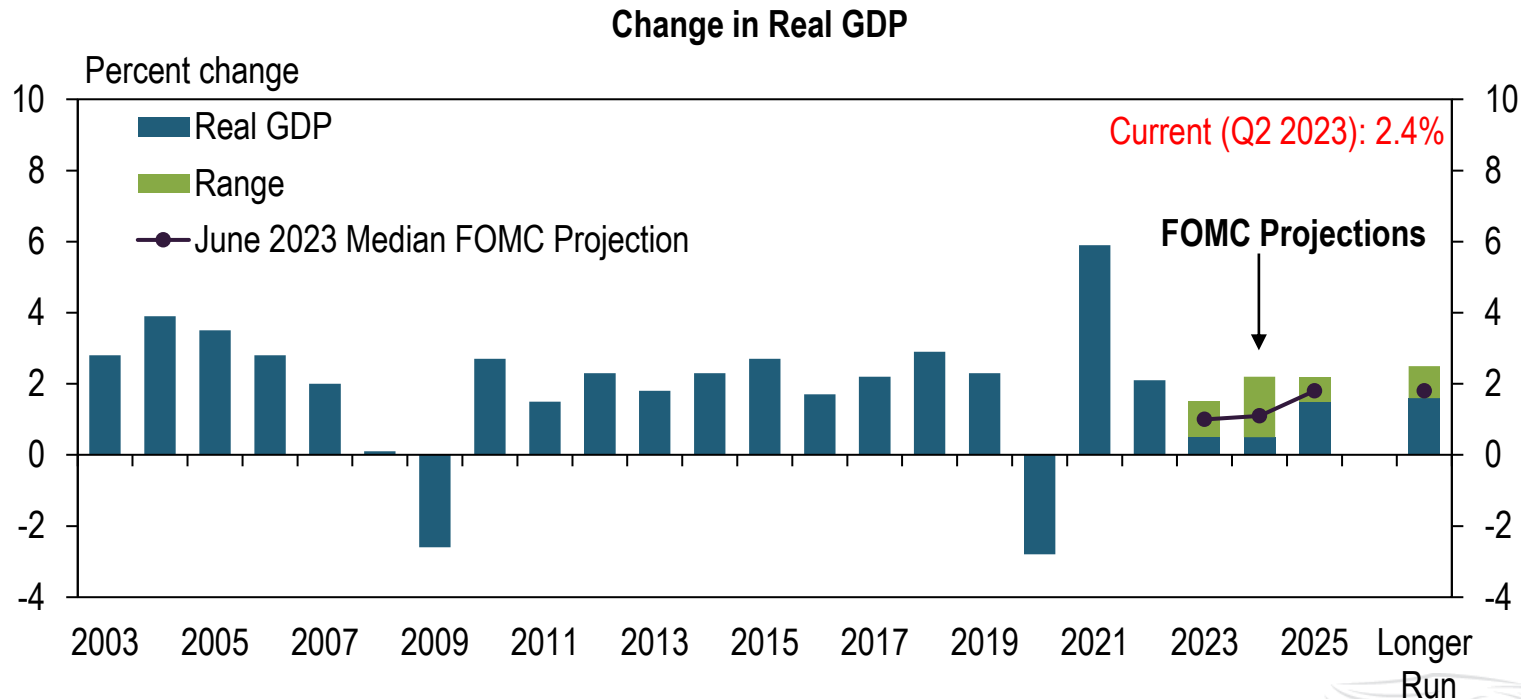
Quarterly U.S. Economic Growth



Sources: BEA, BLS/Haver Analytics

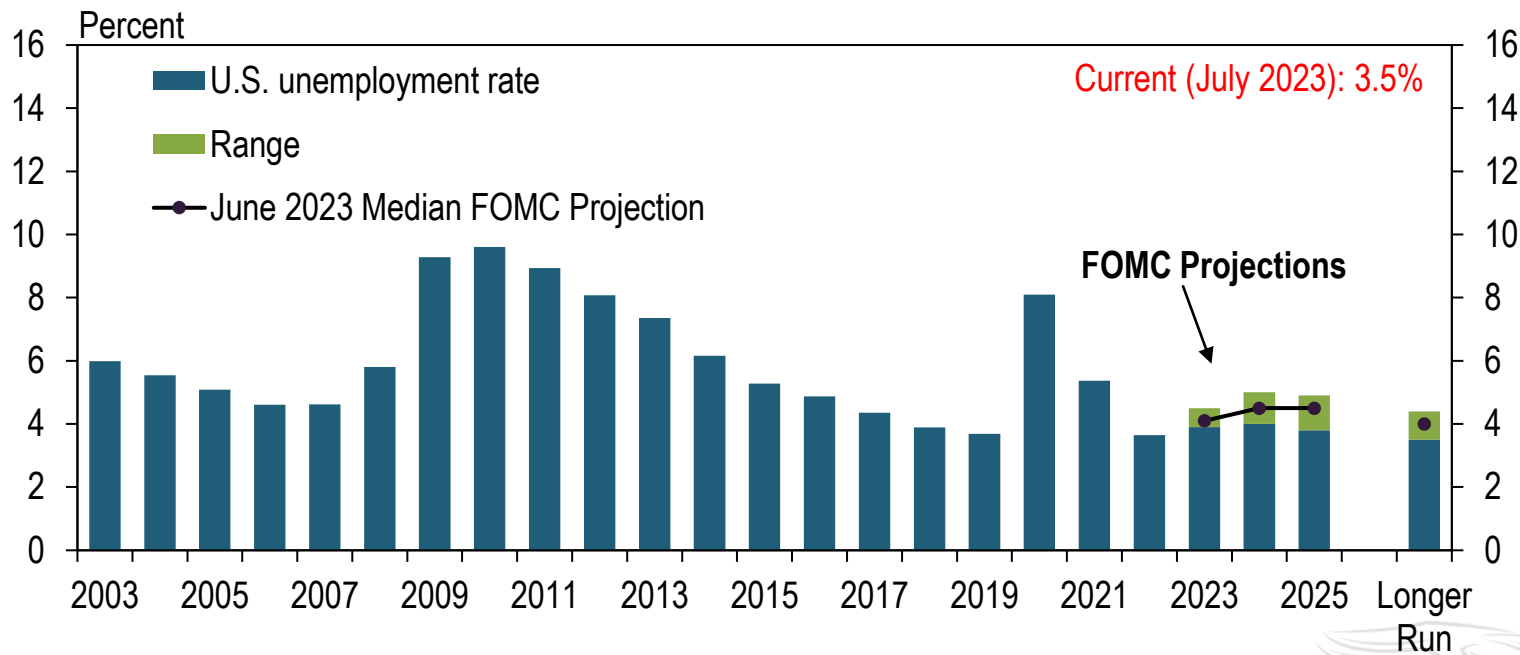


# GDP growth is expected to be somewhat sluggish in 2023 and 2024 before rebounding to near trend in 2025

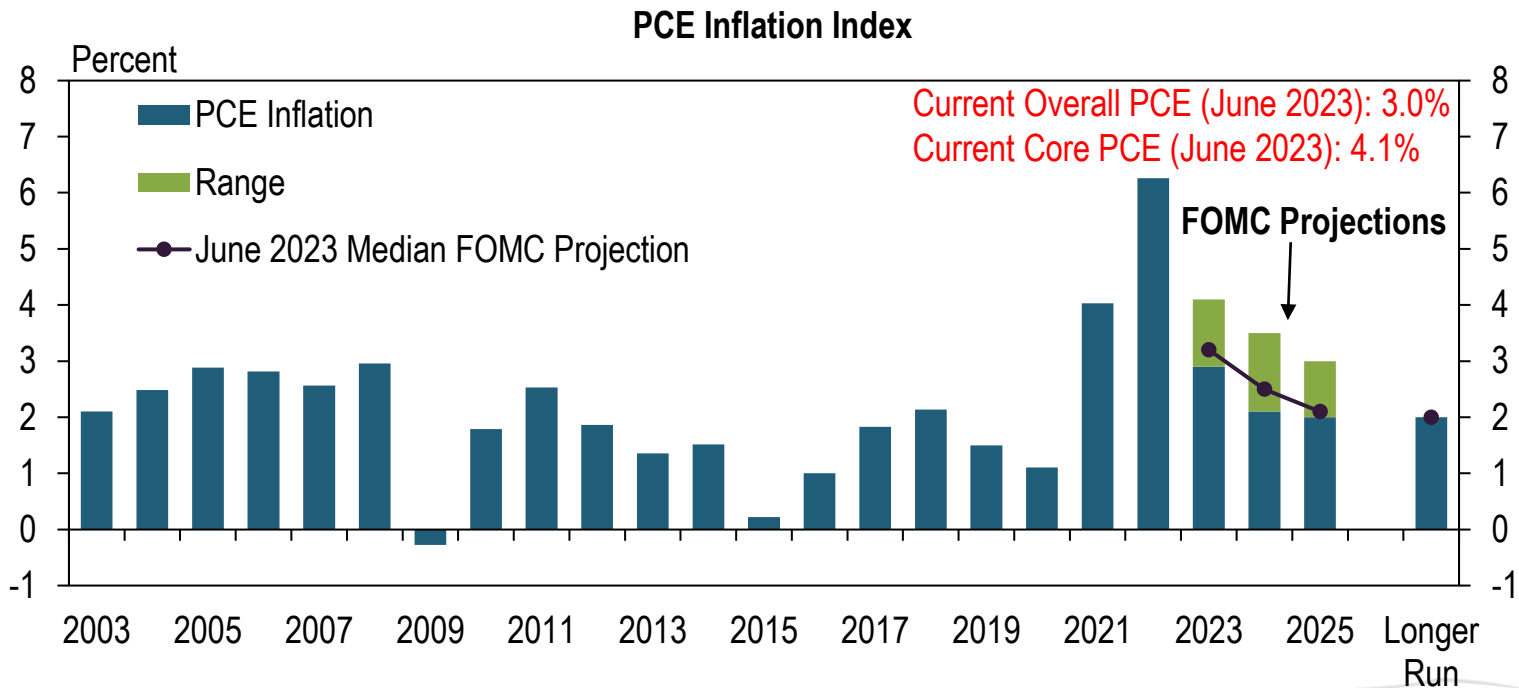


# U.S. unemployment remains historically low and is projected to rise only moderately in coming years

## U.S. Unemployment Rate

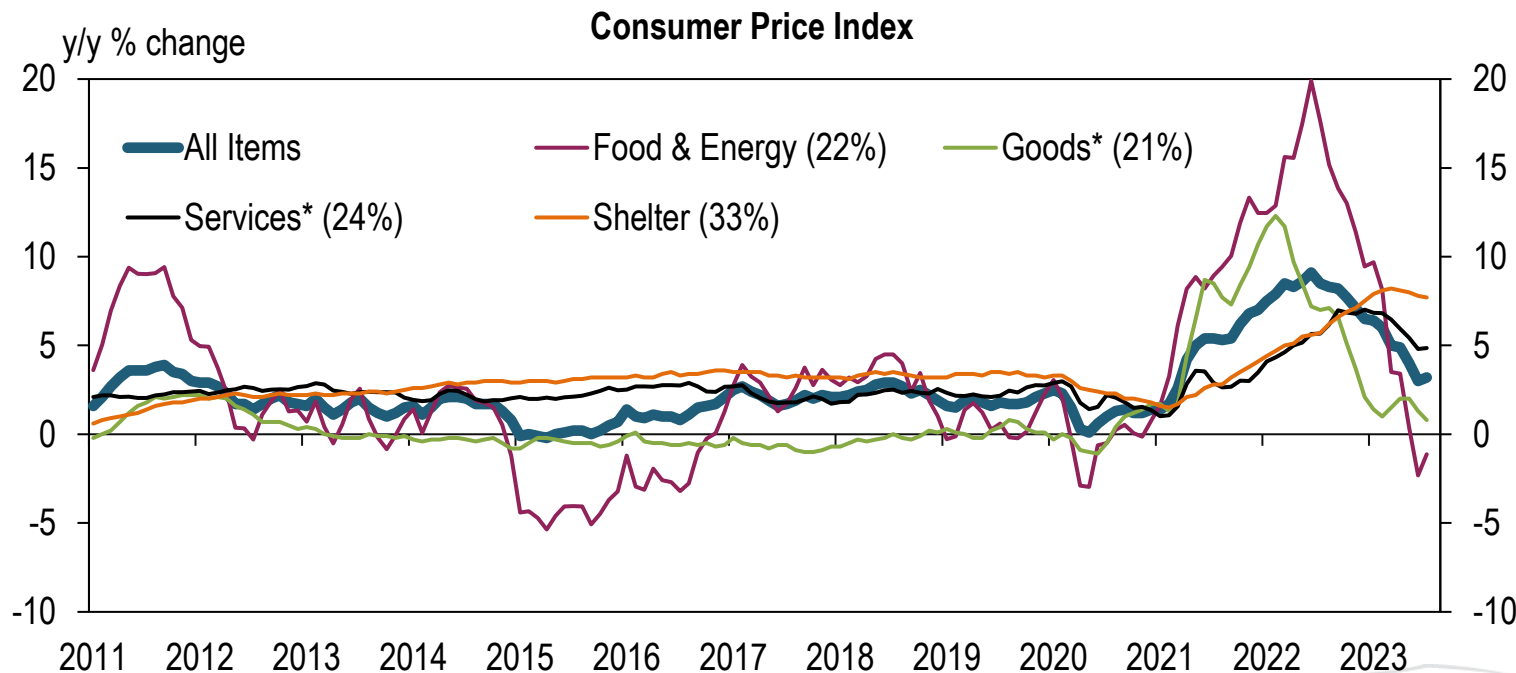


# Although inflation has come down from 2022 peaks and is expected to fall further, it remains elevated

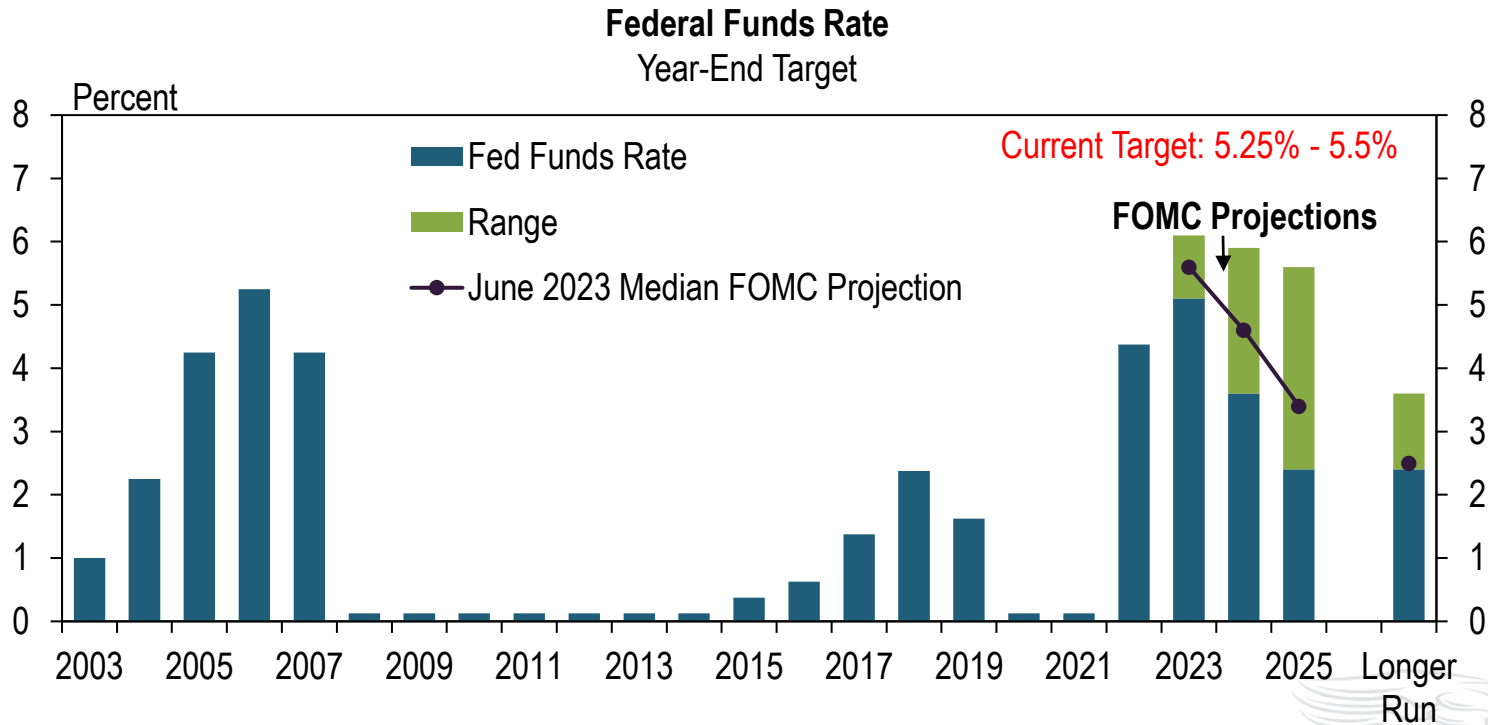




# CPI inflation ticked up slightly from 3.0% to 3.2% in July, with shelter and services inflation still high



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



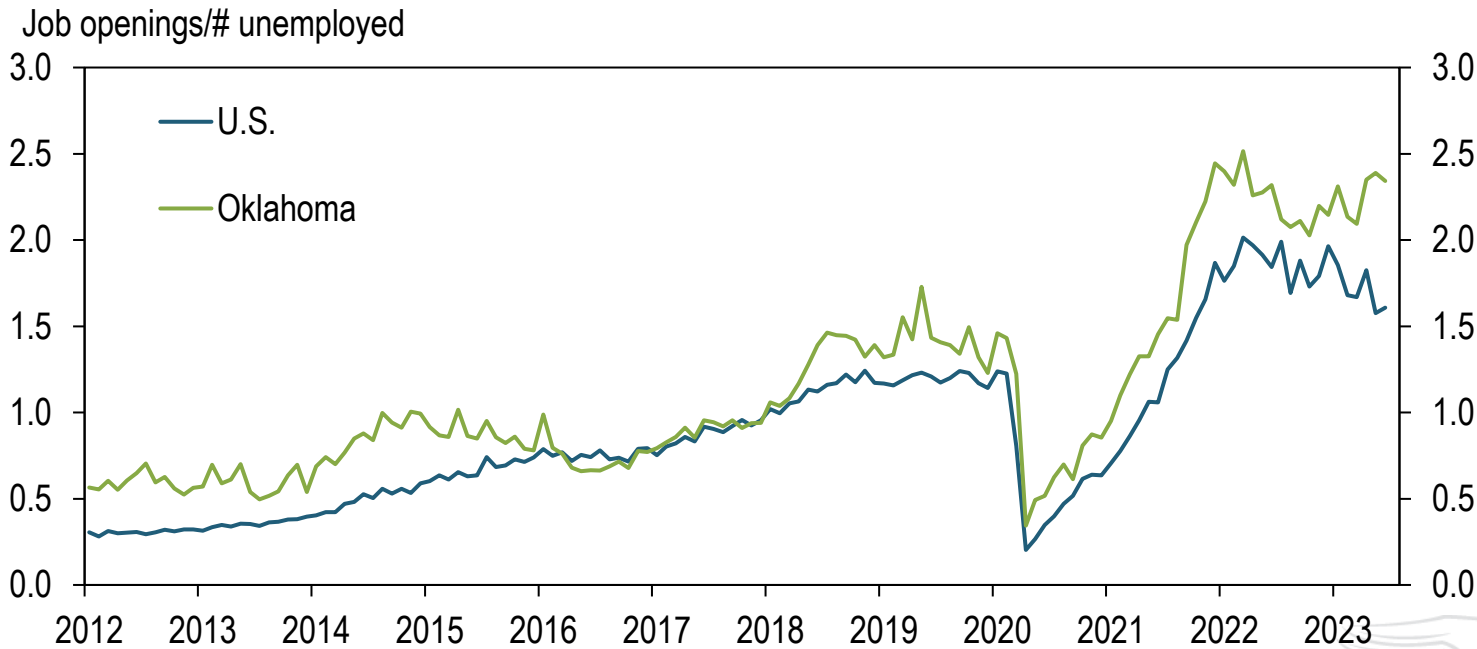
Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC



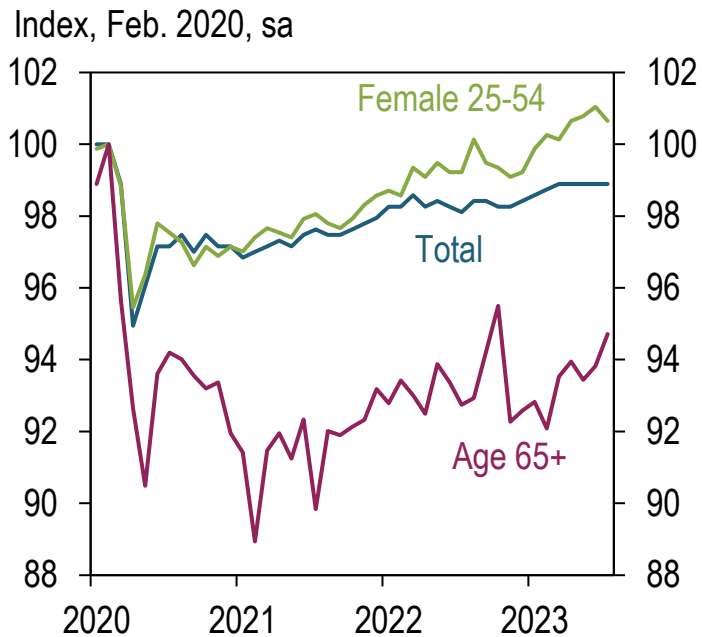
# Job openings still greatly exceed unemployed workers, but have fallen slightly at the national level, helping ease wage pressures

**Job Openings/Unemployment Ratio**

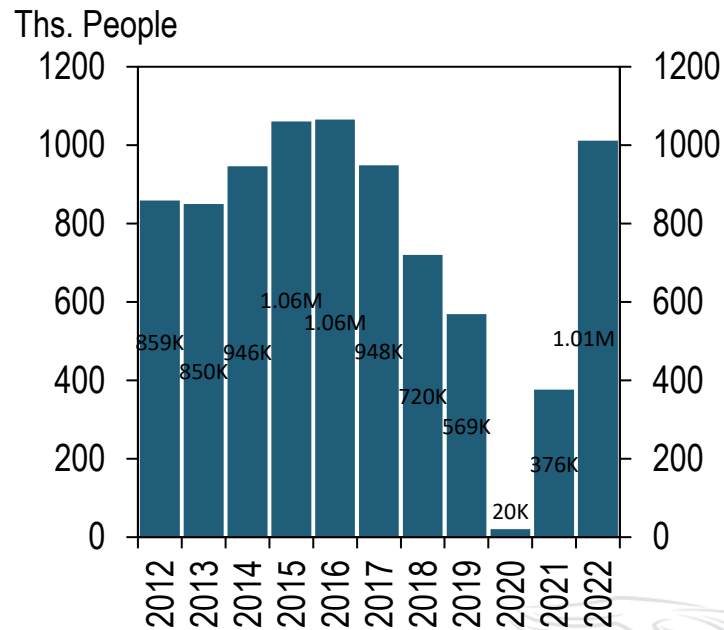


# Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

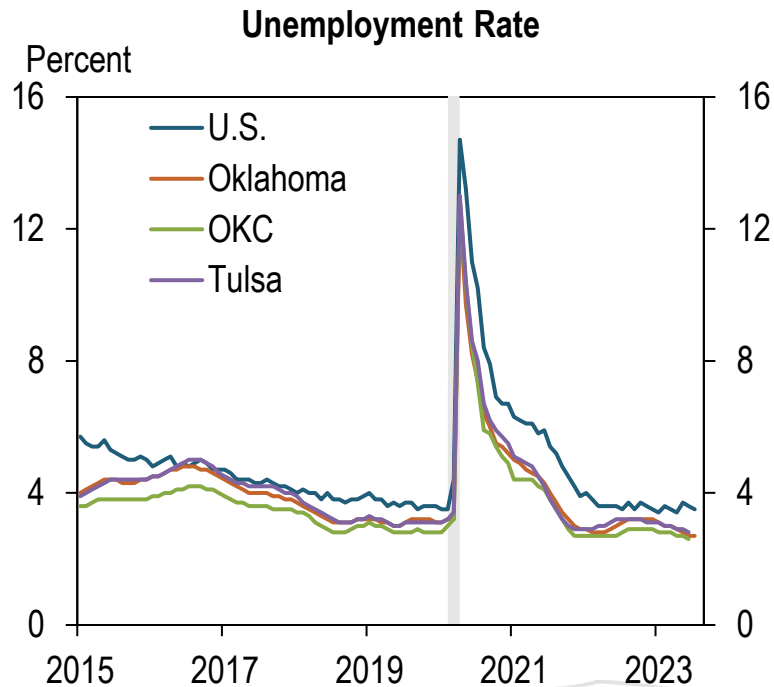
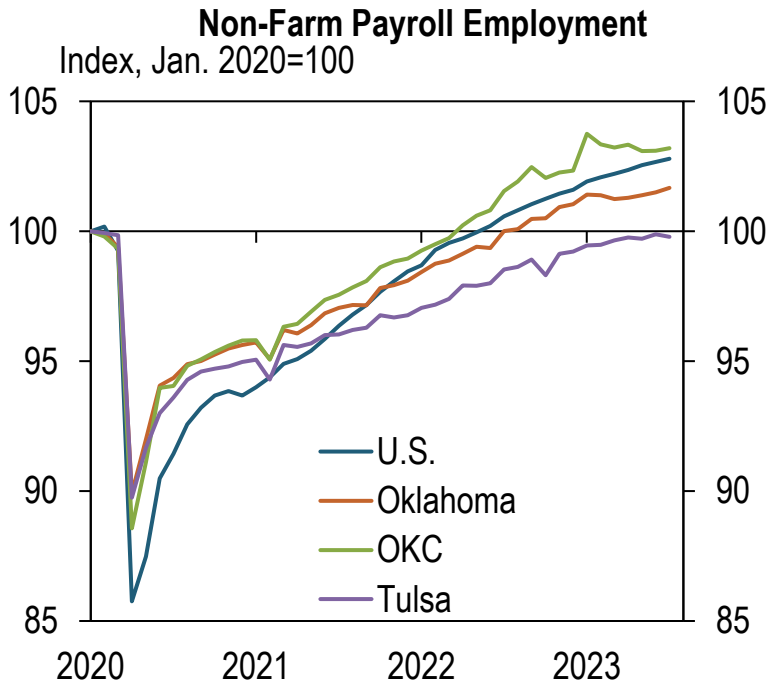
**U.S. Labor Force Participation Rate**



**Net International Immigration to the U.S.**

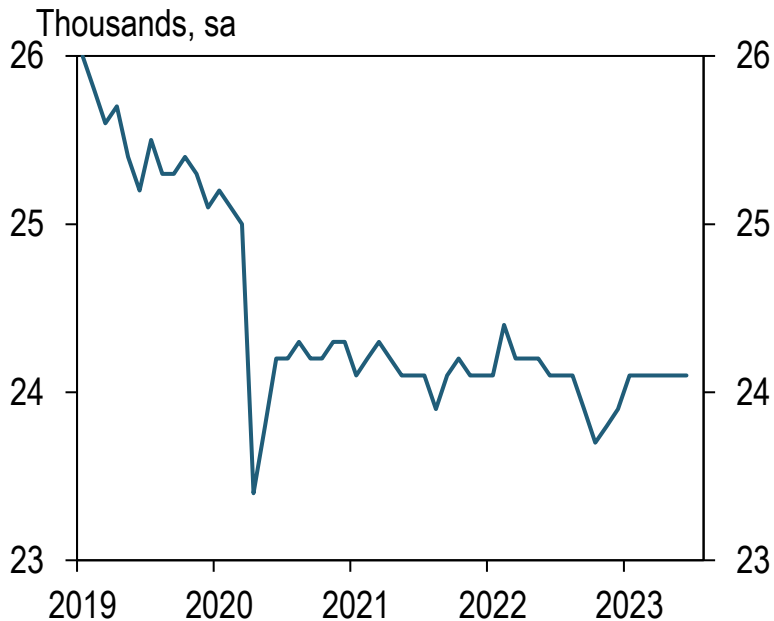


# Employment in Oklahoma has continued to improve, while unemployment remains at an all-time low

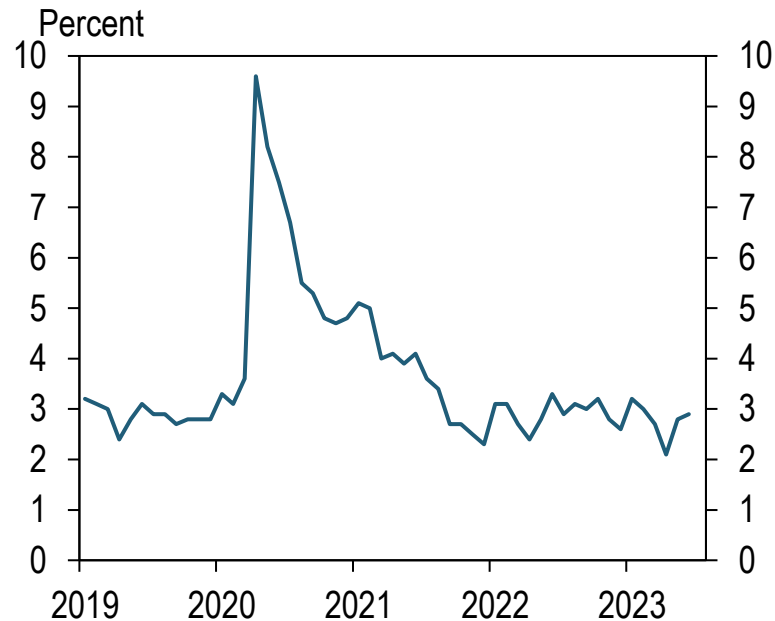


# Employment in Enid has been steady after dropping during the pandemic, with unemployment very low

**Enid Total Payroll Employment**

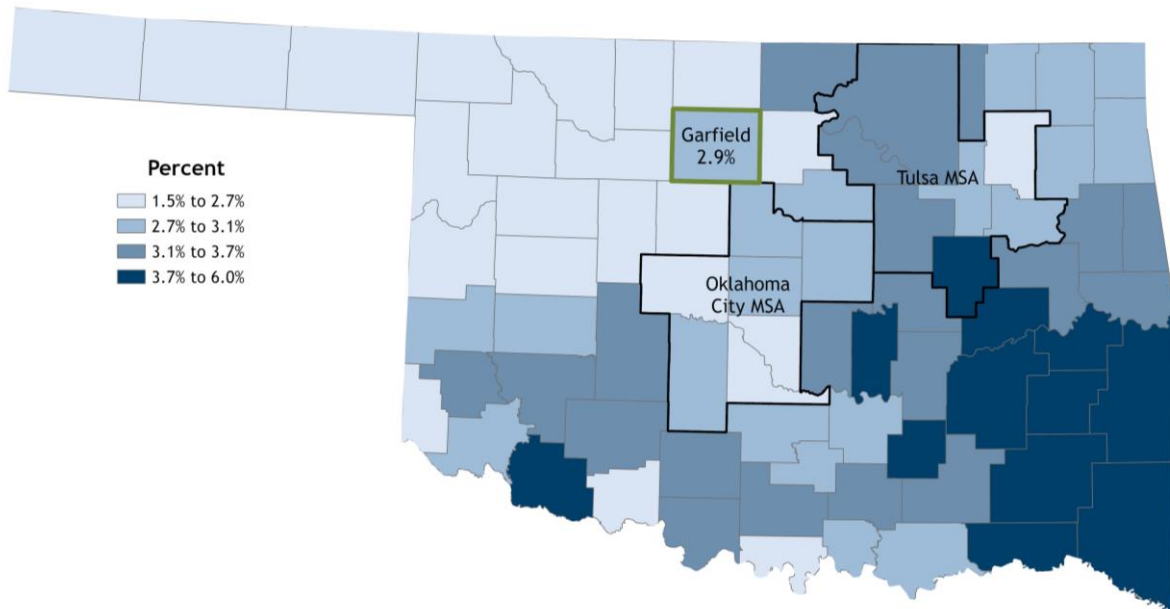


**Enid Unemployment Rate**



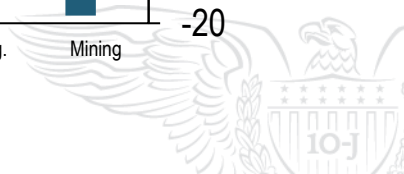
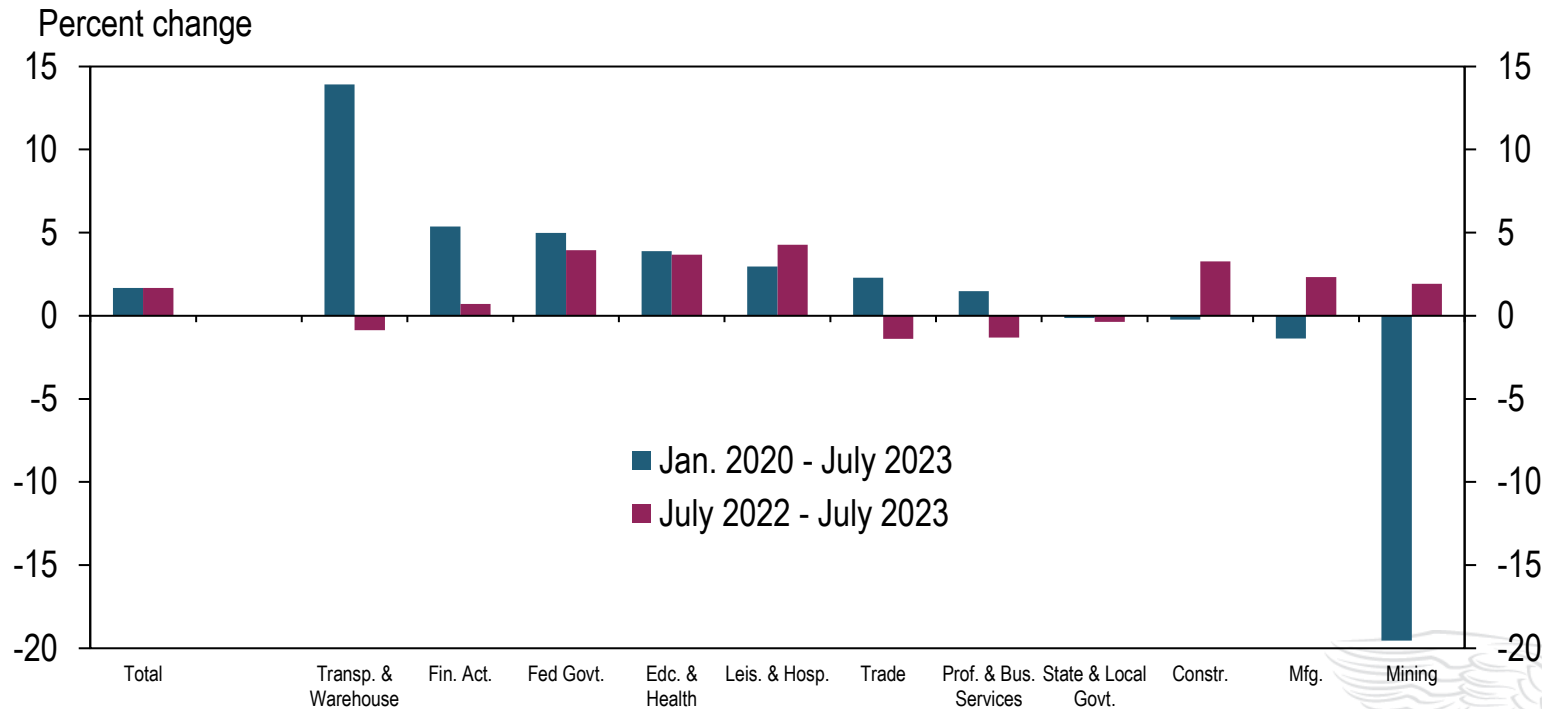
# Garfield County unemployment was 2.9% in June, and labor markets in the rest of NW Okla were even tighter

### June 2023 Unemployment Rate by County



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

Oklahoma Job Growth by Industry





# Garfield County jobs remained highly concentrated in energy in 2022, but somewhat less so than in the past

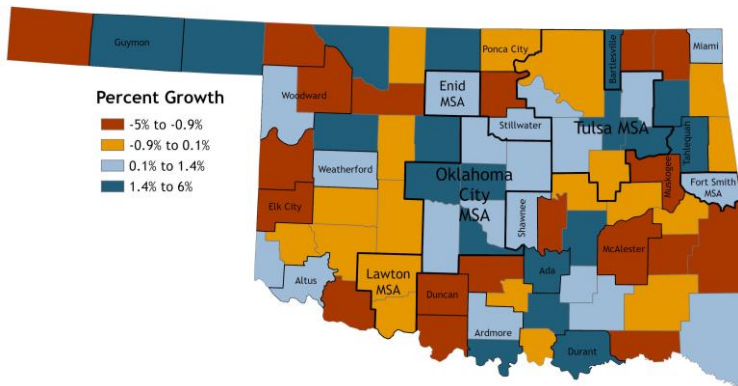
## Garfield County Industry Location Quotients

Industry	2022	2019
Mining, quarrying, and oil and gas extraction	7.7	11.0
Utilities	2.2	1.3
Retail Trade	1.3	1.3
Manufacturing	1.2	1.3
Administrative & support and waste management & remediation services	1.1	0.8
Accommodation and food services	1.1	0.9
Health care and social assistance	1.1	1.1
Wholesale trade	0.9	1.0
Arts, entertainment, and recreation	0.9	0.8
Construction	0.8	0.8
Transportation and warehousing	0.8	1.0
Agriculture, forestry, fishing and hunting	0.8	0.7
Finance and insurance	0.8	0.8
Other services (except public administration)	0.7	0.8
Real estate and rental and leasing	0.7	0.8
Information	0.5	0.4
Private educational services	0.3	0.2



# Enid's GDP grew over the past decade, especially during the oil boom from 2011 to 2015

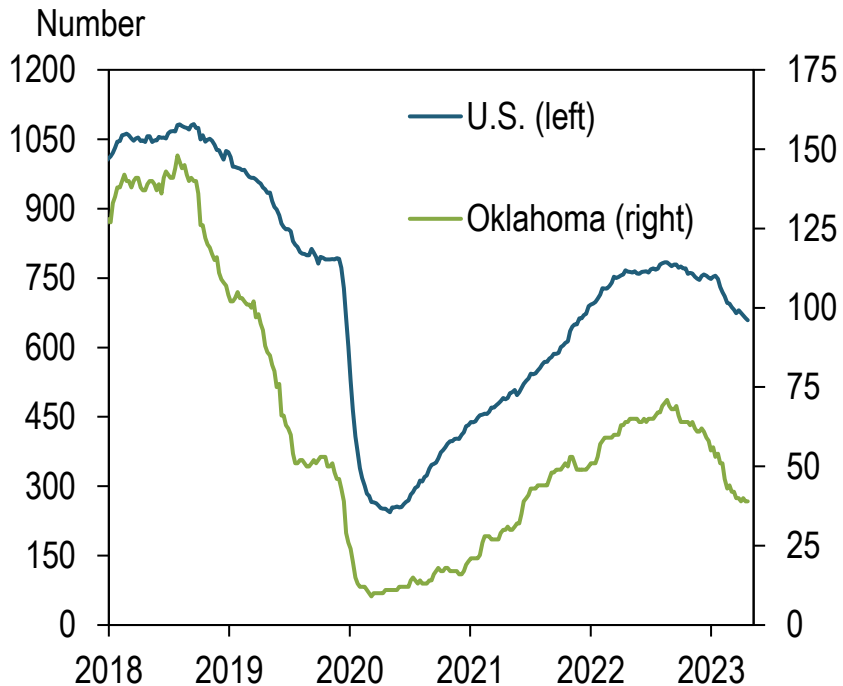
2011 to 2021 Annualized Real GDP Growth by County



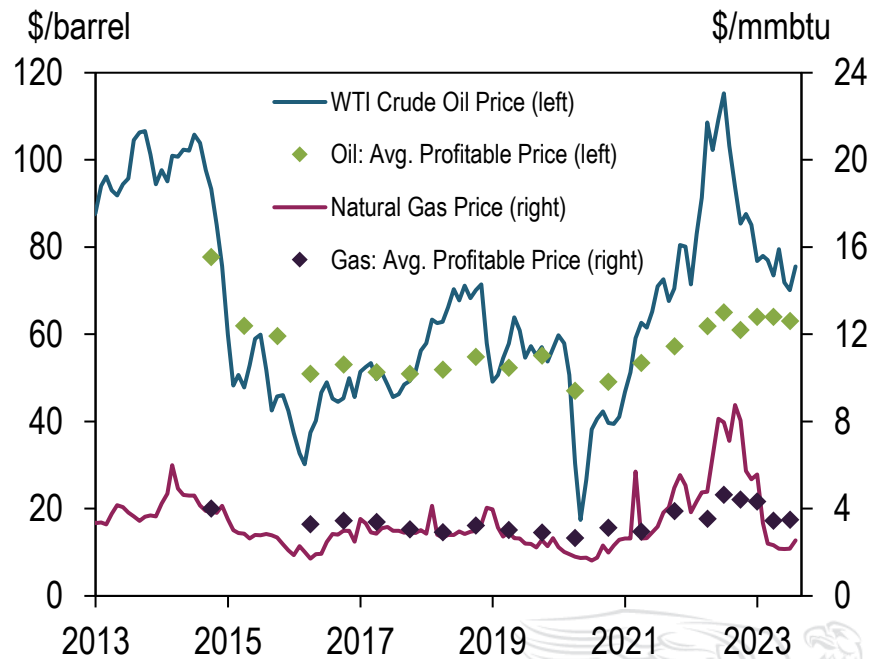
Area	Annualized Real GDP Growth			
	2011-2021	2011-2015	2015-2019	2019-2021
Guymon	5.3%	10.6%	3.6%	-1.3%
Bartlesville	4.2%	13.9%	3.0%	-10.8%
Durant	3.9%	3.0%	4.6%	4.2%
Ada	2.1%	1.5%	3.8%	-0.1%
Tahlequah	1.5%	0.3%	0.4%	6.3%
Shawnee	1.4%	2.1%	0.8%	1.2%
Altus	1.0%	-0.4%	1.3%	3.1%
Ardmore	0.8%	2.7%	2.0%	-5.2%
Weatherford	0.6%	3.2%	0.8%	-4.7%
Fort Smith	0.6%	-0.5%	1.6%	0.6%
<b>Enid</b>	<b>0.4%</b>	<b>8.8%</b>	<b>-7.3%</b>	<b>0.3%</b>
Miami	0.3%	0.0%	0.8%	-0.1%
Stillwater	0.2%	-0.3%	1.1%	-0.7%
Ponca City	0.0%	-1.2%	0.6%	1.0%
Lawton	-0.5%	-0.4%	-0.8%	-0.4%
McAlester	-1.1%	0.9%	-0.2%	-6.5%
Woodward	-1.2%	-0.1%	-0.3%	-4.9%
Muskogee	-1.4%	0.1%	-3.3%	-0.4%
Duncan	-1.8%	-0.3%	-2.8%	-2.7%
Elk City	-3.5%	-0.8%	-4.1%	-7.7%

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

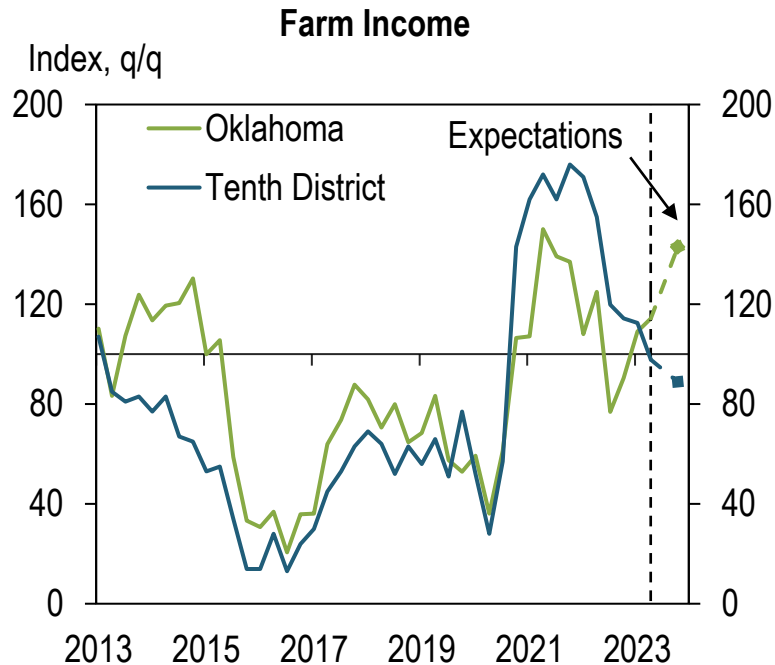
**Rig Counts**



**U.S. Energy Prices**

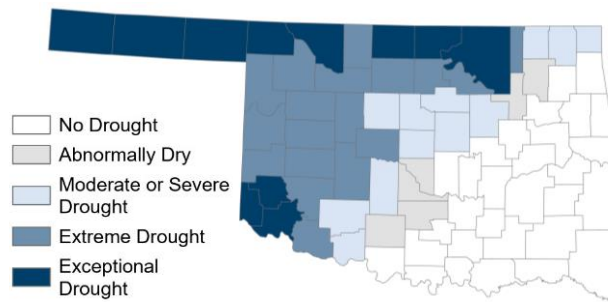


# Oklahoma farm income increased in Q2 2023 and was expected to rise further, as drought conditions improved

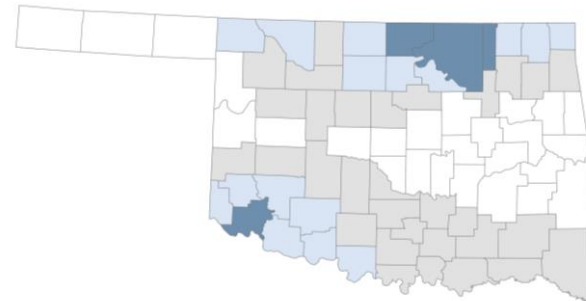


### Oklahoma Drought Map

5/16/2023



8/8/2023



## Summary

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# Questions?

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