

# U.S. and Oklahoma Economic Outlook

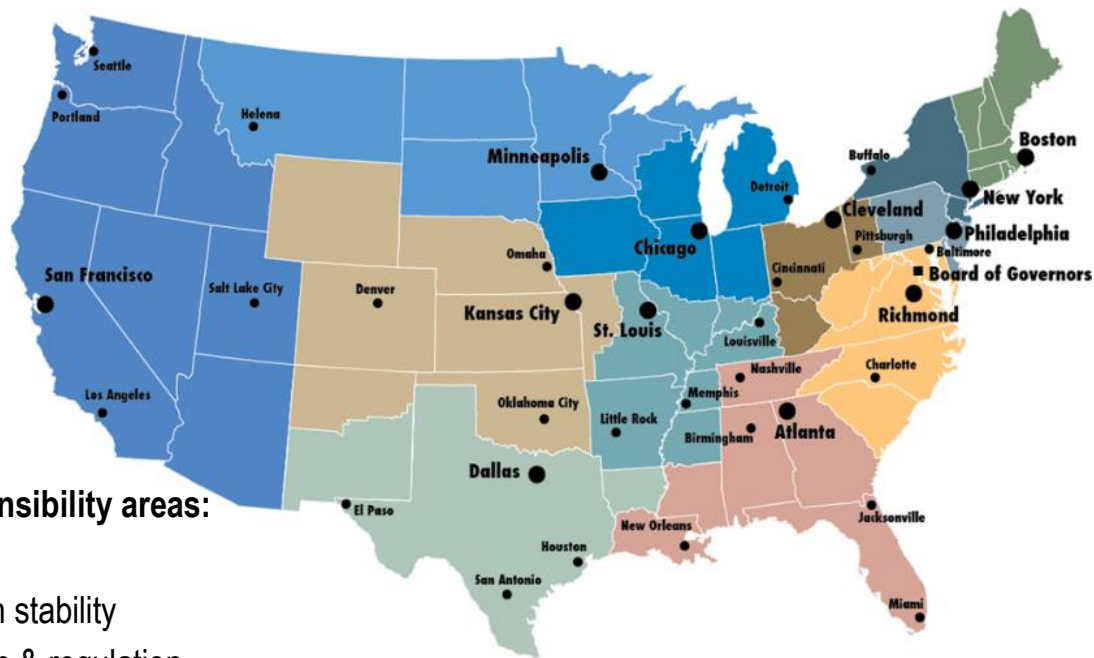
*American Business Club of Edmond  
February 2, 2024*

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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

- **2024 OKC Branch Board of Directors**

- **Dana Weber (chair)**, Chair & CEO, Webco Industries, Sand Springs
- **Mark Burrage**, CEO, FirstBank, Antlers/Atoka
- **Scott Case**, President, Case & Associates Properties, Tulsa
- **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



## Overview

- U.S. economic growth stayed strong in 2023 and, while employment growth has cooled somewhat, unemployment remains 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 also continues to grow, and unemployment is low
- Oklahoma's population growth has outpaced the nation in recent years, driven by strong domestic in-migration

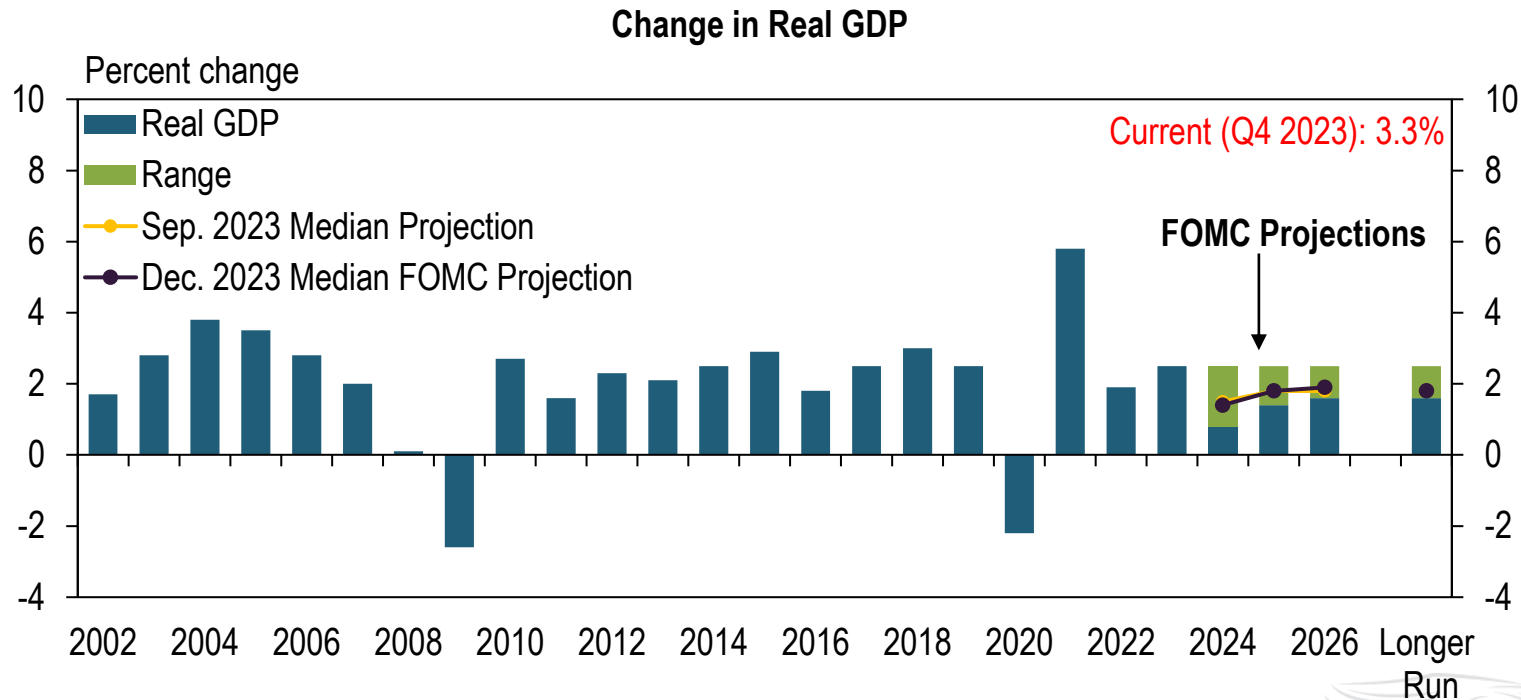


# U.S. GDP growth exceeded estimates in Q4, and employment growth has slowed but remained positive

**Quarterly U.S. Economic Growth**

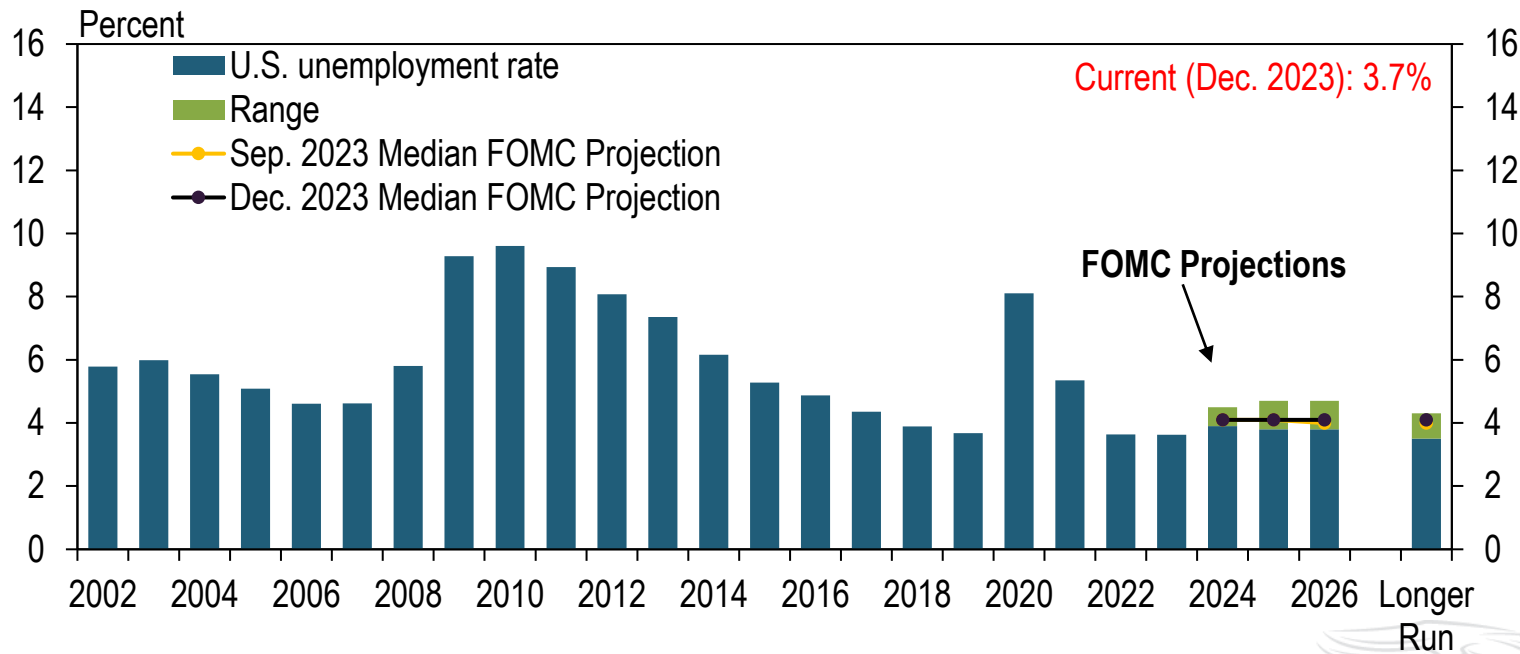


# U.S. GDP growth is expected to slow slightly in 2024 before rebounding to near trend in 2025 and 2026

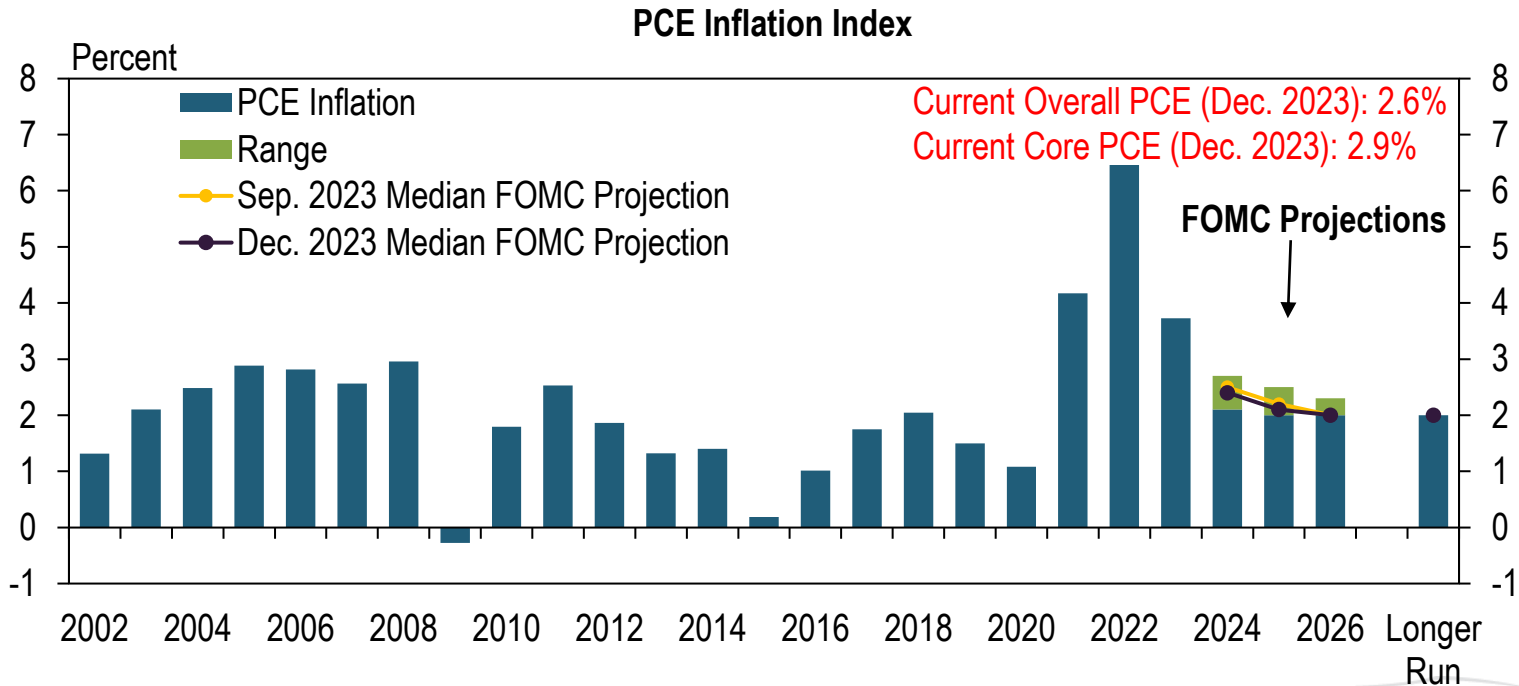


# U.S. unemployment remains historically low and is projected to rise only moderately in coming years

## U.S. Unemployment Rate

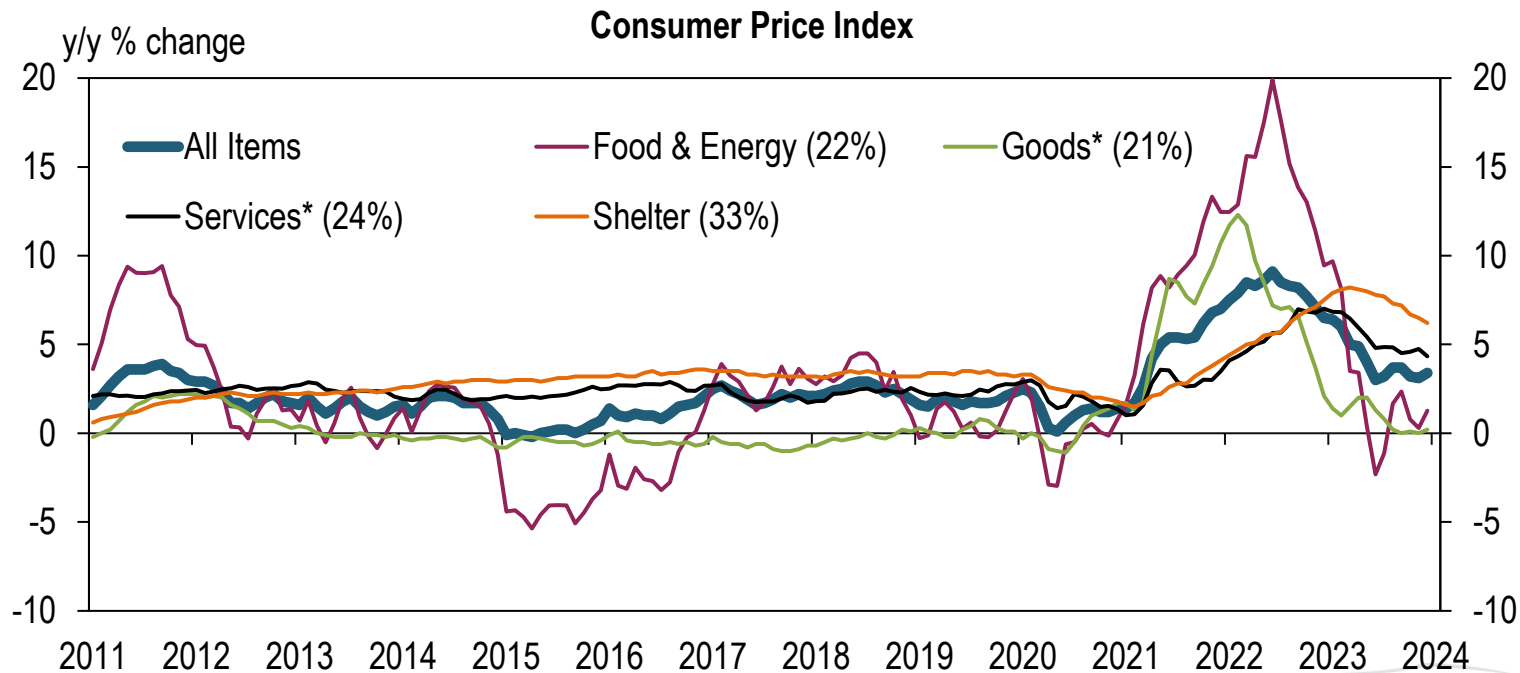


# Although inflation has come down from 2022 peaks and is expected to fall further, it remains above longer-run levels





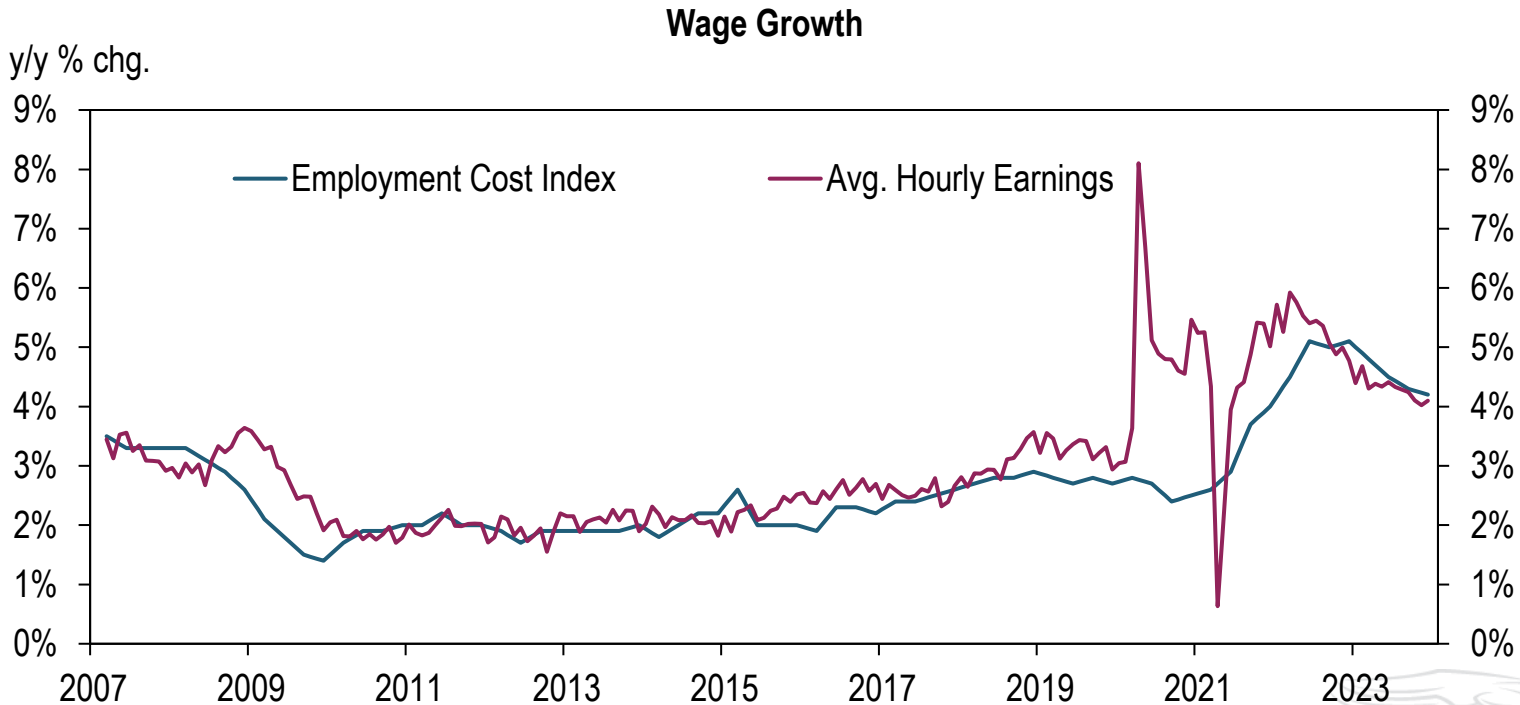
# CPI inflation ticked back up to 3.4% in December, as energy price growth rose and shelter inflation eased



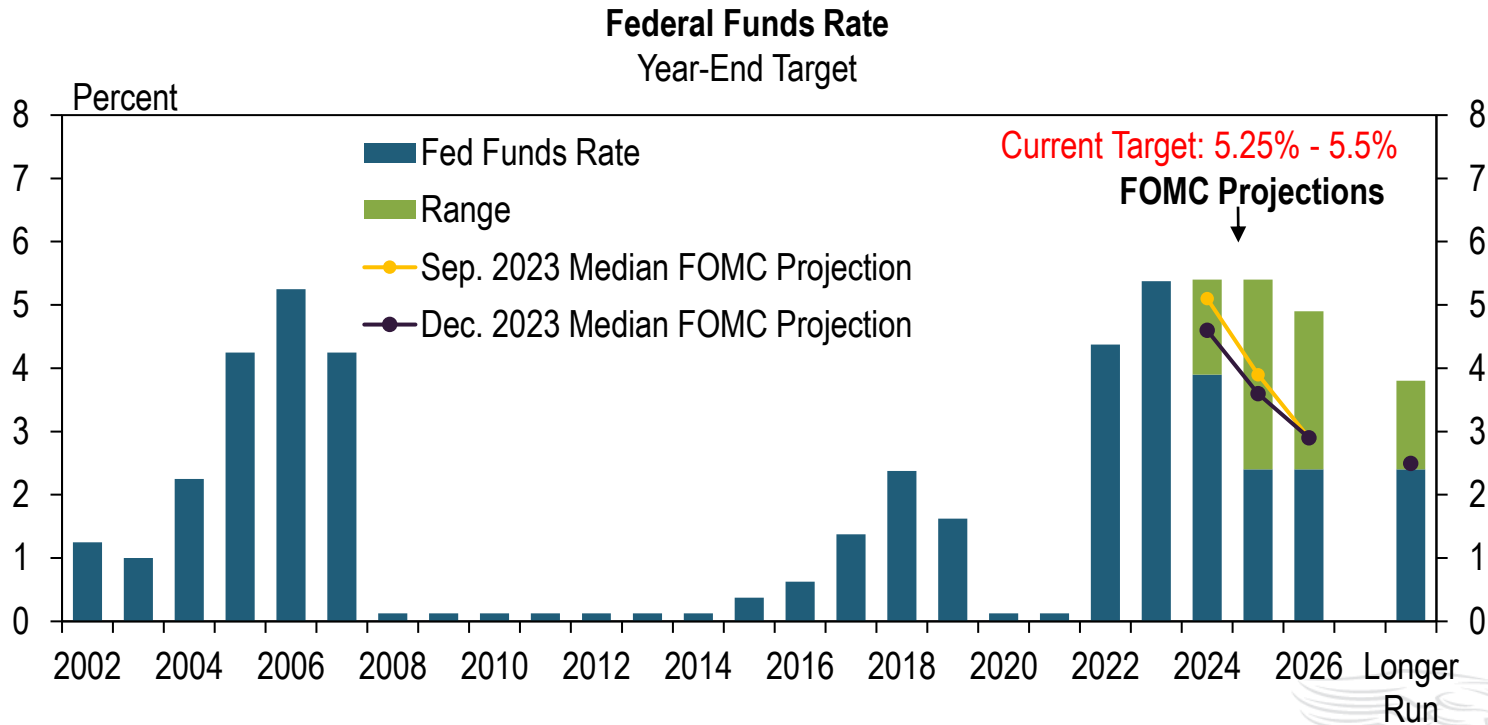
\*Goods excluding Food; Services excluding Energy.  
 Note: Relative Importance as Share of CPI shown in parenthesis.



# Wage growth is a key factor keeping services inflation high, and has come down moderately from recent highs



# The Fed held the federal funds rate steady again in January, after lowering future projections somewhat in December



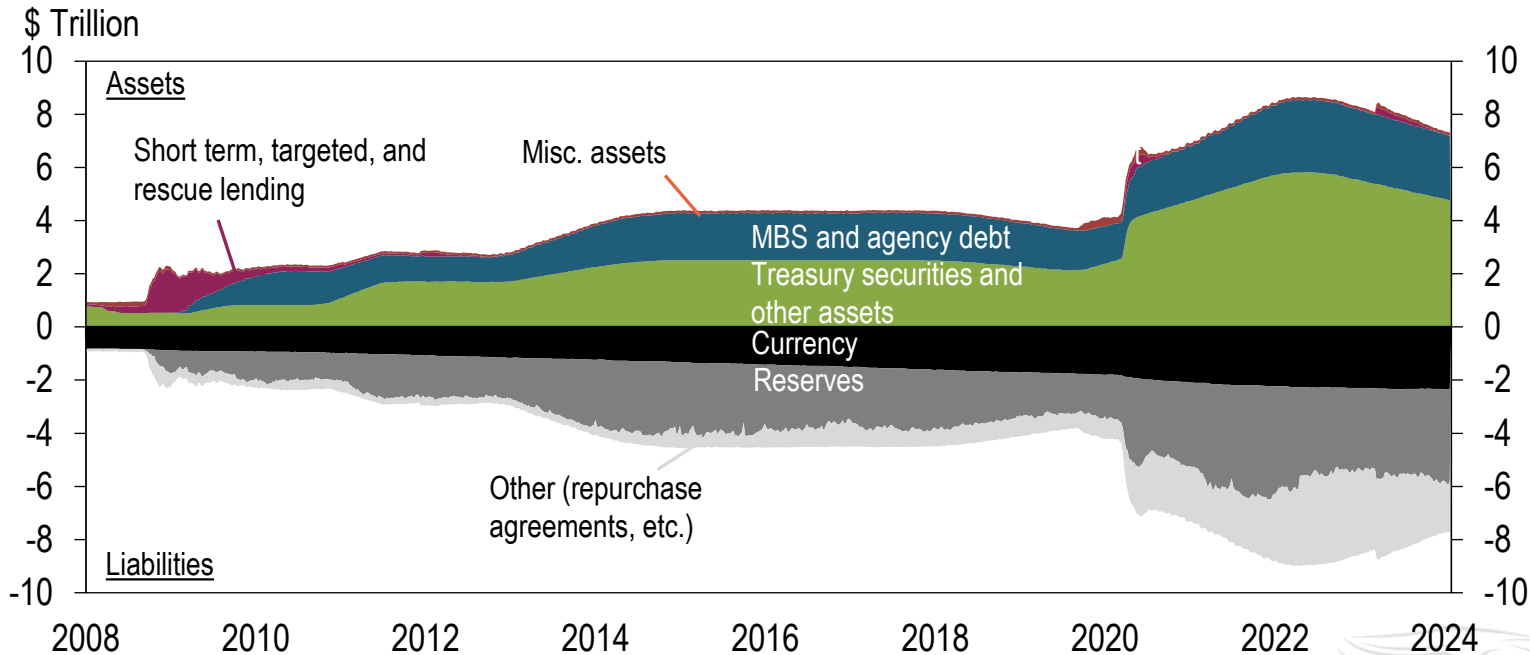
Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC



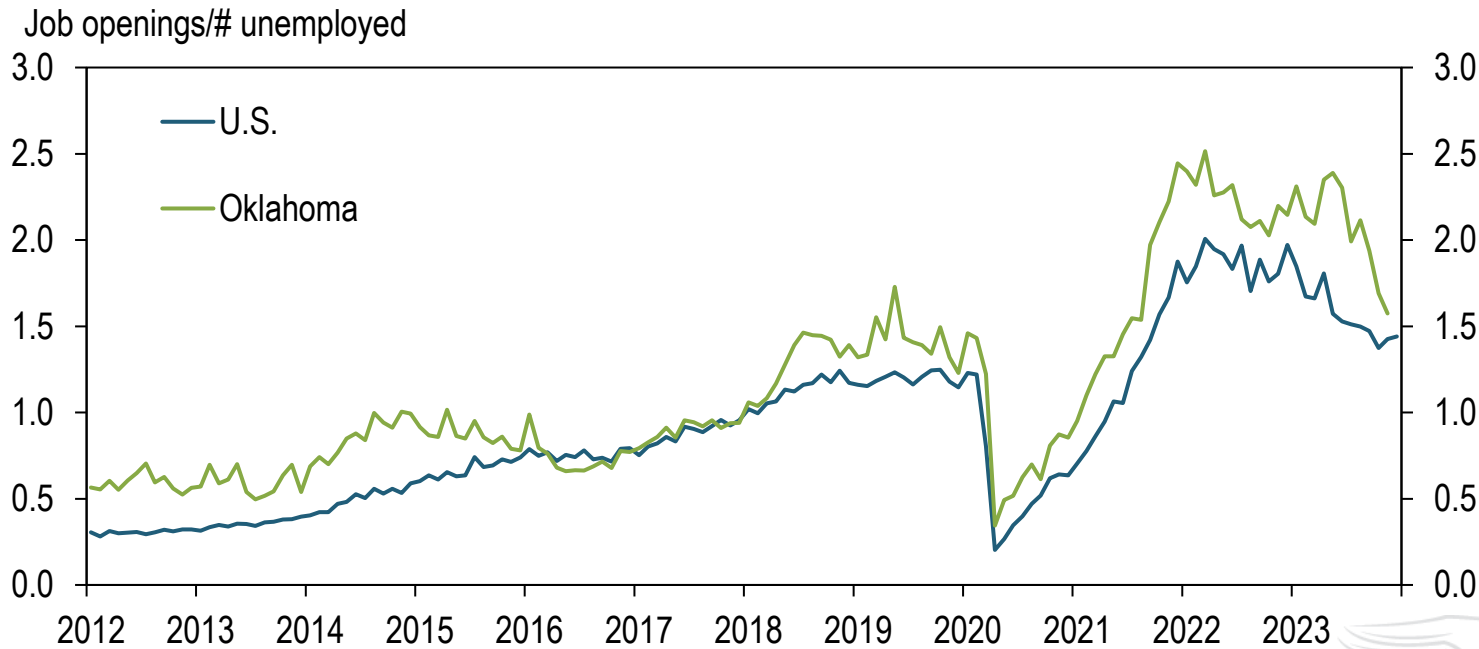
# The Fed also continues to reduce its balance sheet of high-quality securities

**Federal Reserve Balance Sheet**



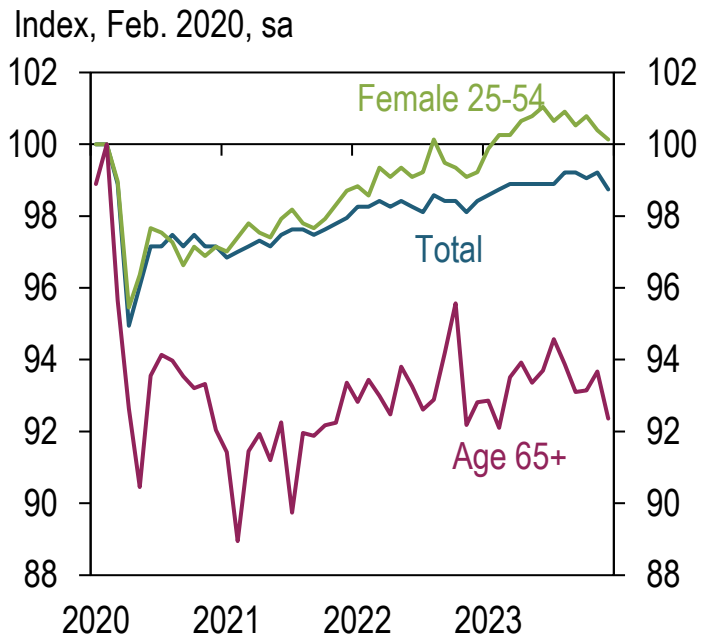
# Job openings still greatly exceed unemployed workers, but have fallen slightly, helping ease wage pressures

**Job Openings/Unemployment Ratio**

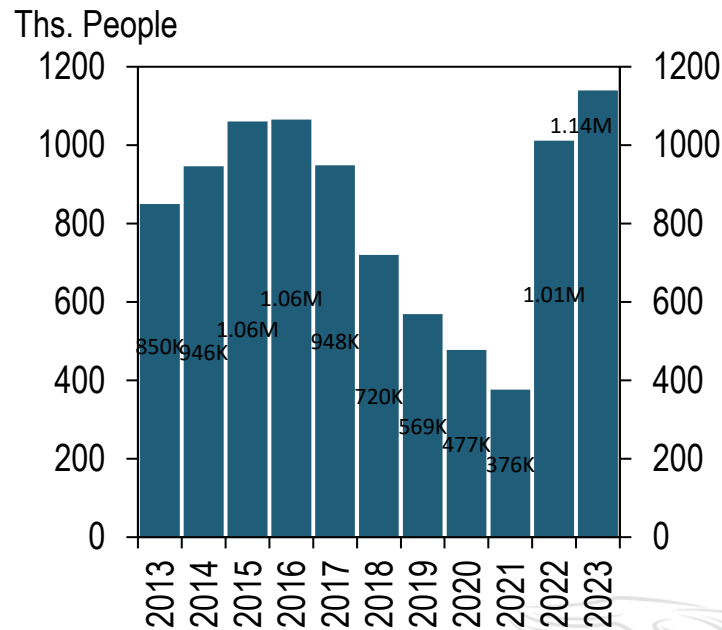


# Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

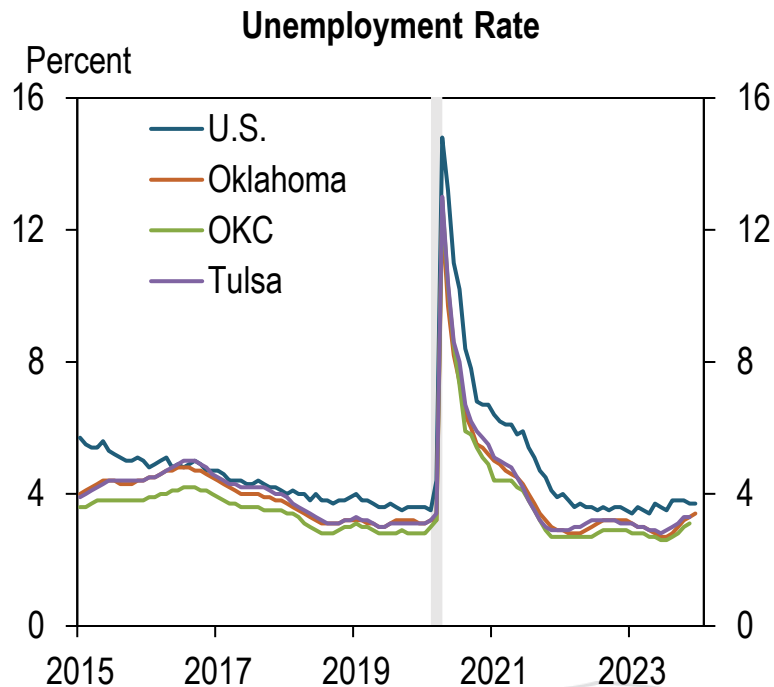
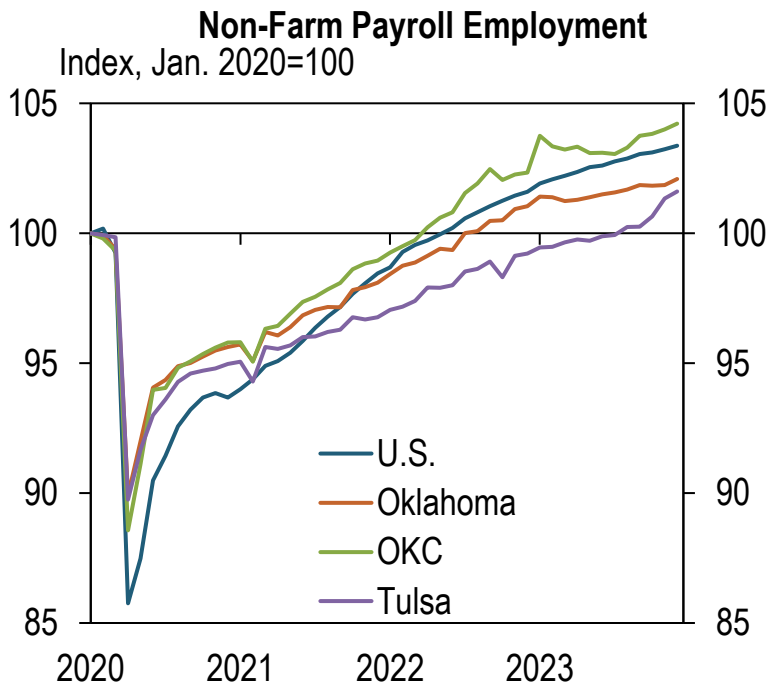
**U.S. Labor Force Participation Rate**



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

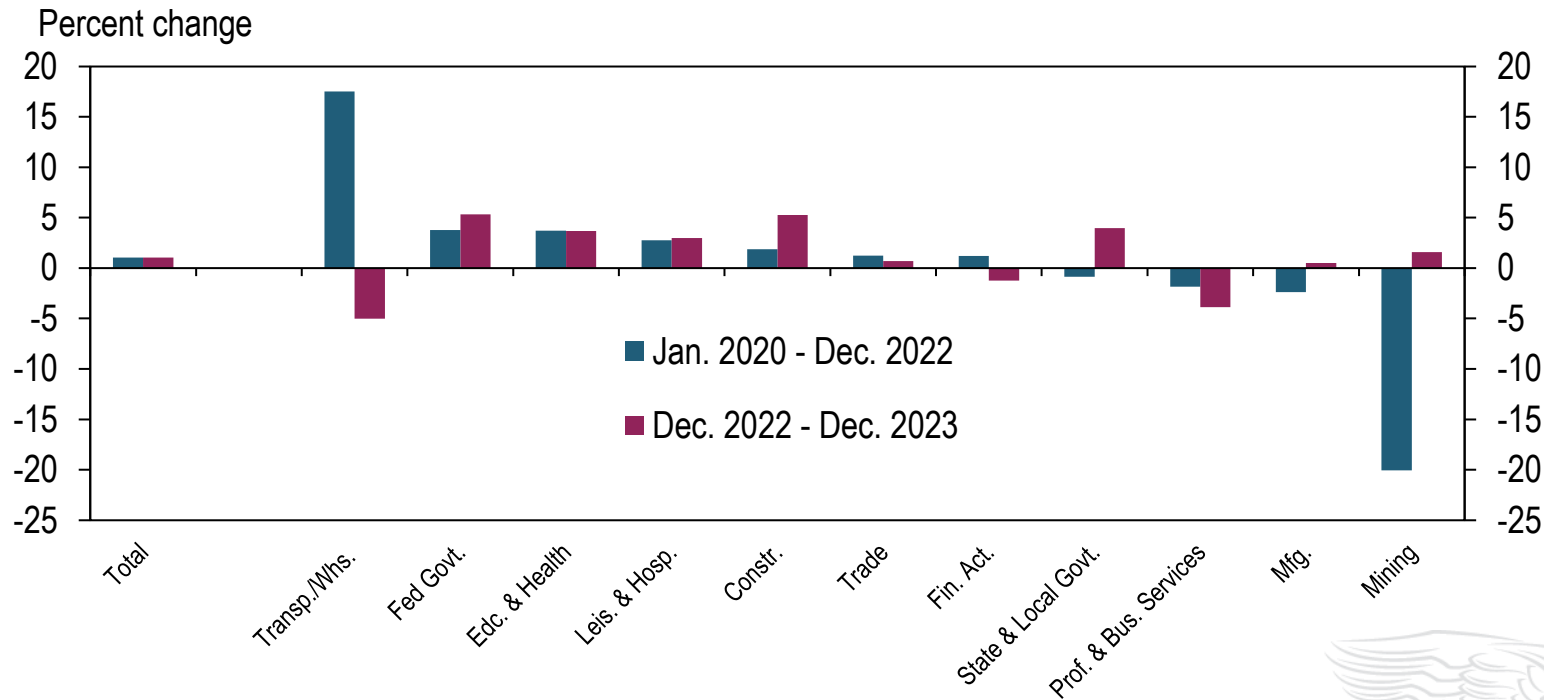


# Jobs in Oklahoma have leveled off in recent months above pre-pandemic levels, while unemployment remains very low



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

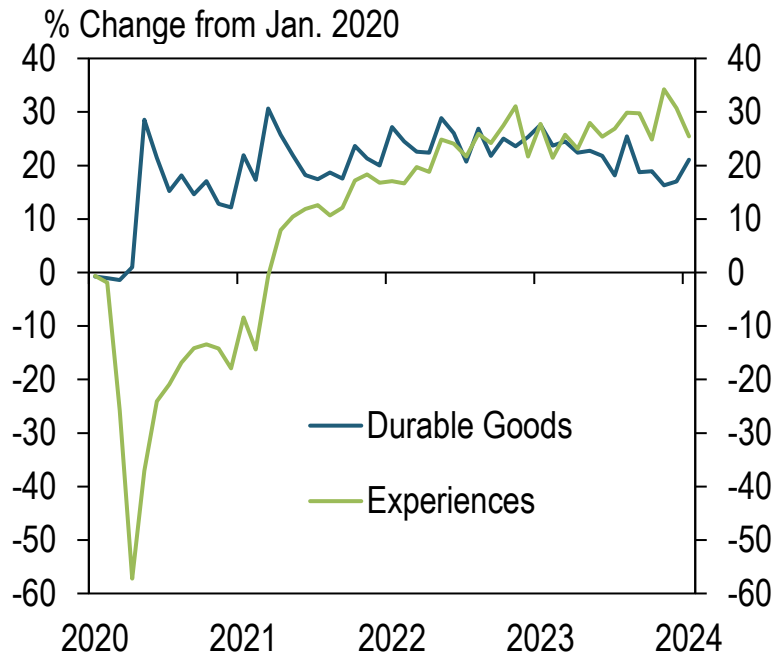
Oklahoma Job Growth by Industry



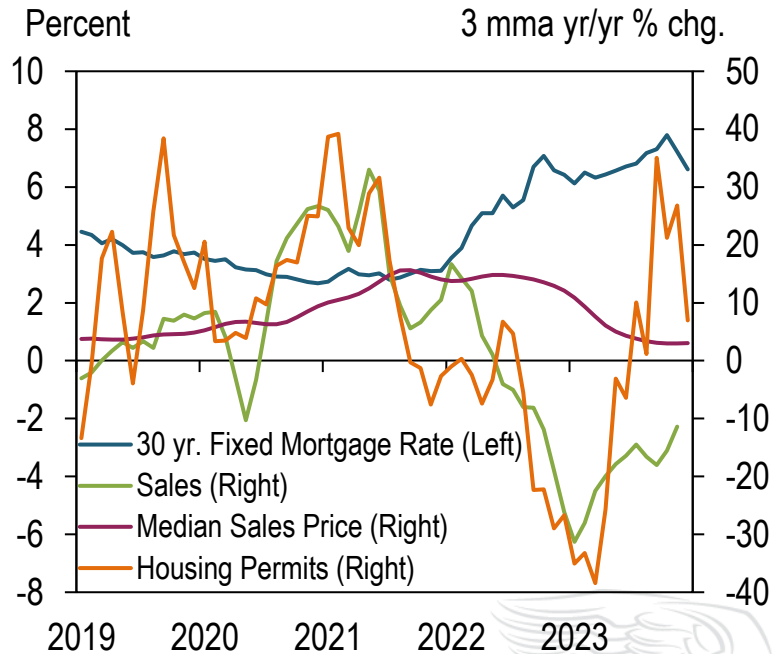


# Consumer spending on “experiences” in Oklahoma remains strong while purchases of goods have slowed, as has housing

### Oklahoma Nominal Consumer Spending Growth

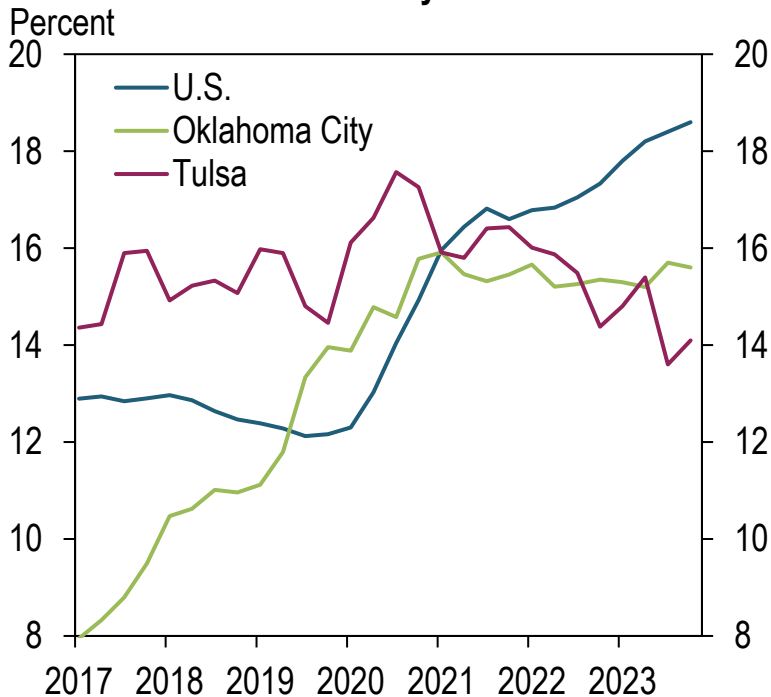


### Oklahoma Housing Market Indicators

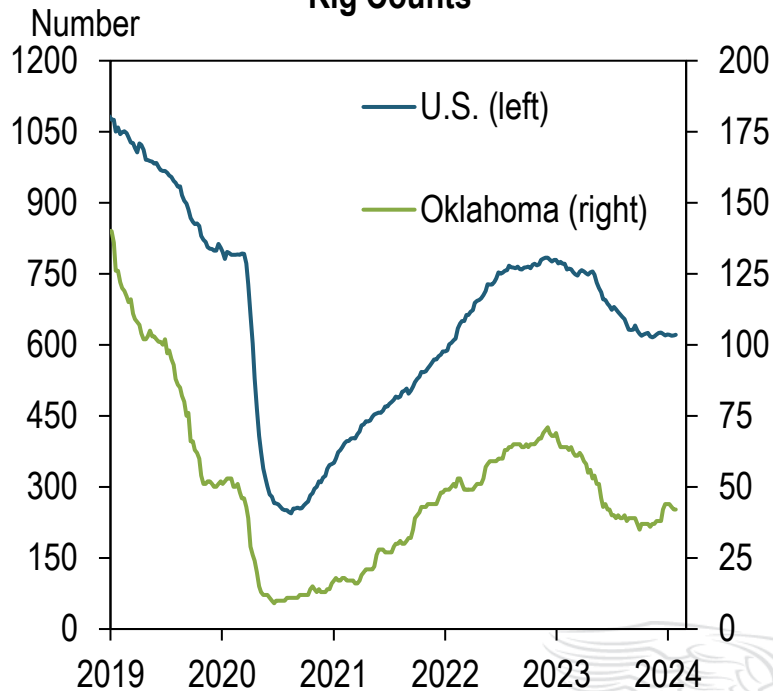


# Office vacancy rates in Oklahoma have not risen like in the nation, but rig counts have fallen more here since last year's peaks

**Office Vacancy Rates**

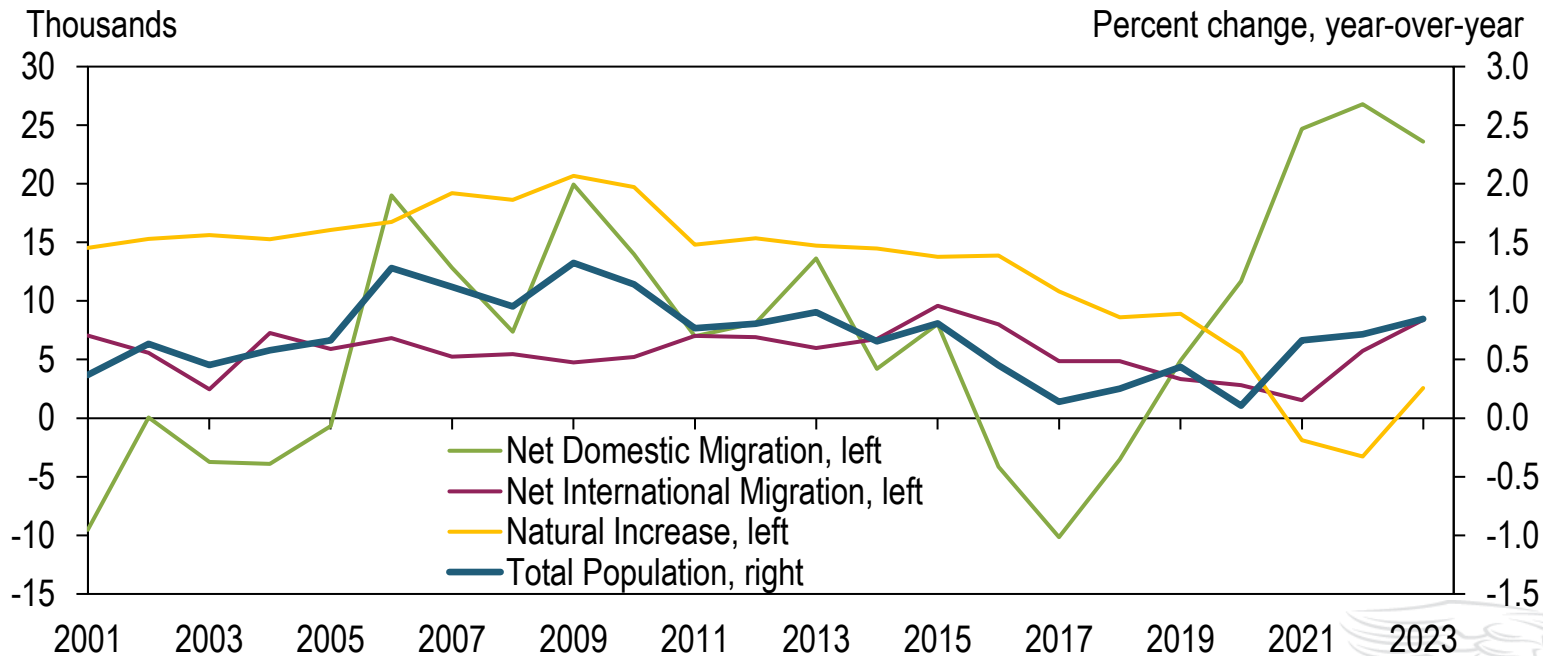


**Rig Counts**



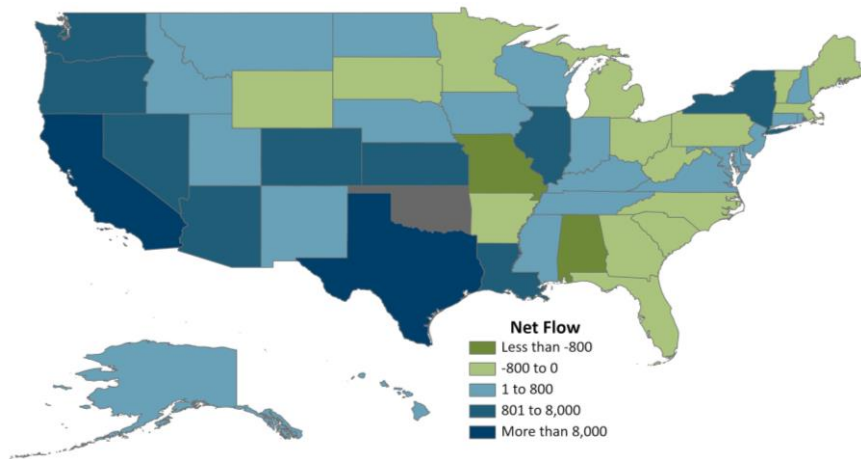
# Oklahoma's population grew in 2023 again, primarily due to elevated domestic migration, but also with increases in other components

**Oklahoma Population Change by Component**

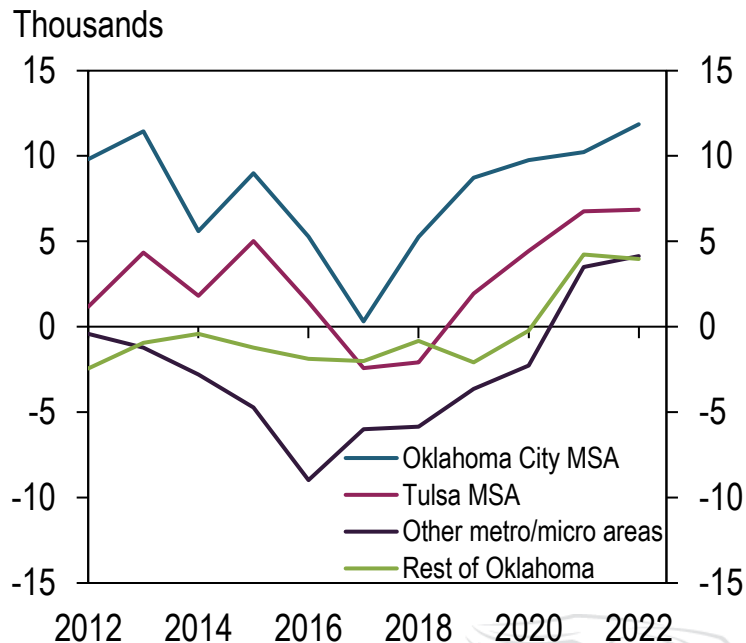


Many people moved to OK from CA and TX since the pandemic, mostly to the metros but also to many other parts of the state

Migration to Oklahoma During 2020 - 2023



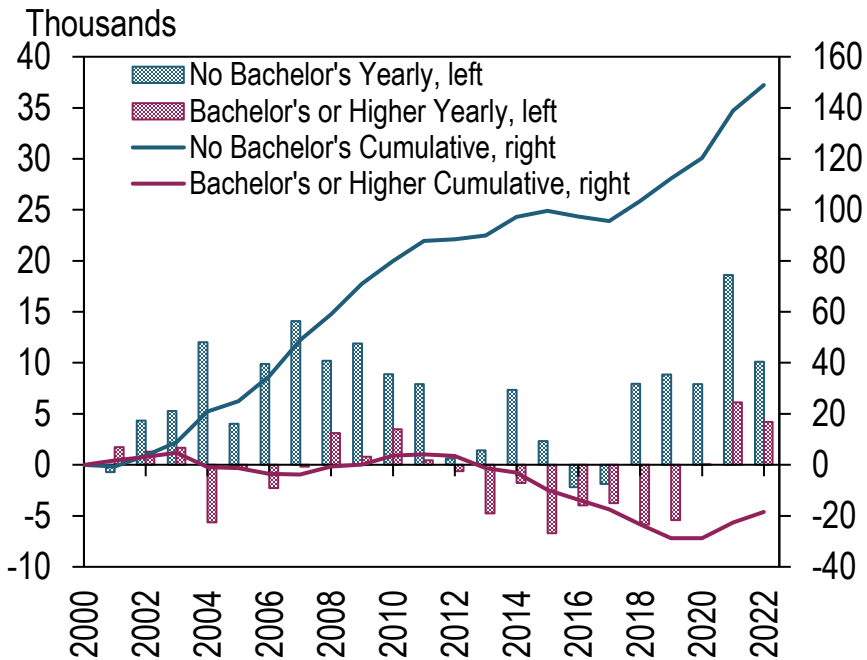
Oklahoma Net Domestic Migration



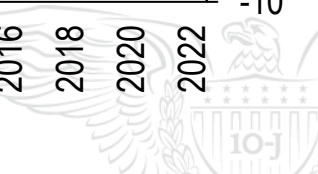
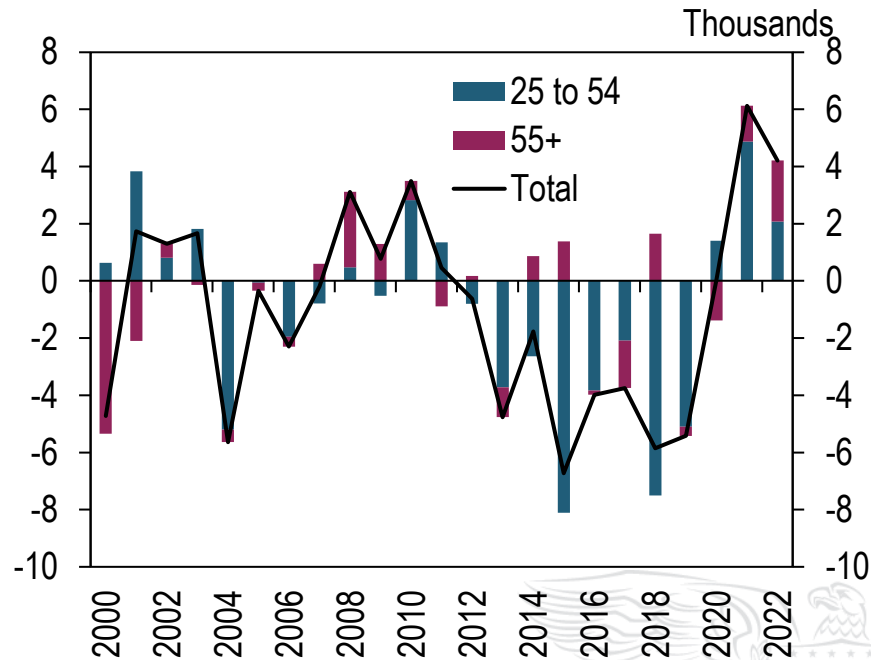
# Oklahoma also finally had net inflow of prime-age college graduates in recent years, but has not yet fully made up for “brain drain” losses from the 2010s

## Oklahoma Net Domestic Migration by Educational Attainment

### Bachelor's Degree vs. Non-Bachelor's Degree

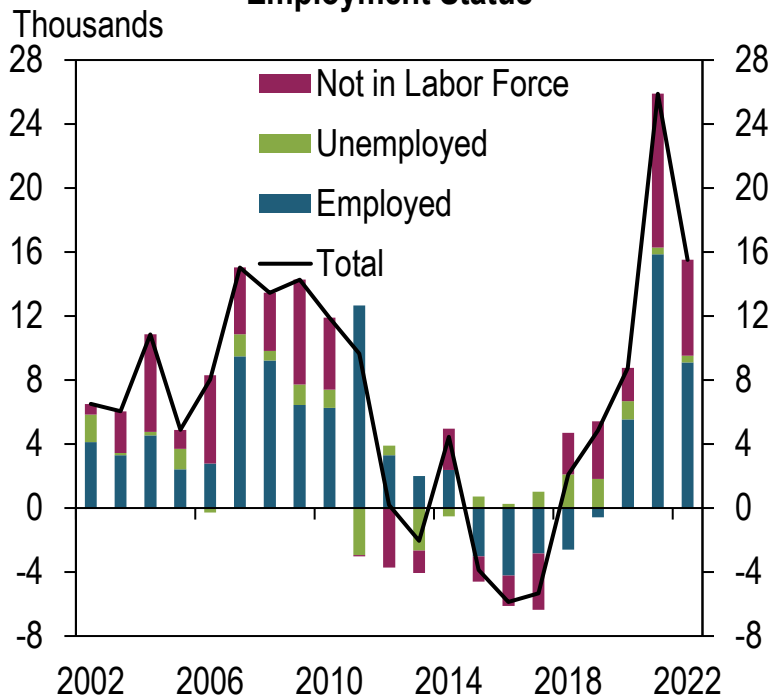


### Migration of Bachelor's Holders by Age

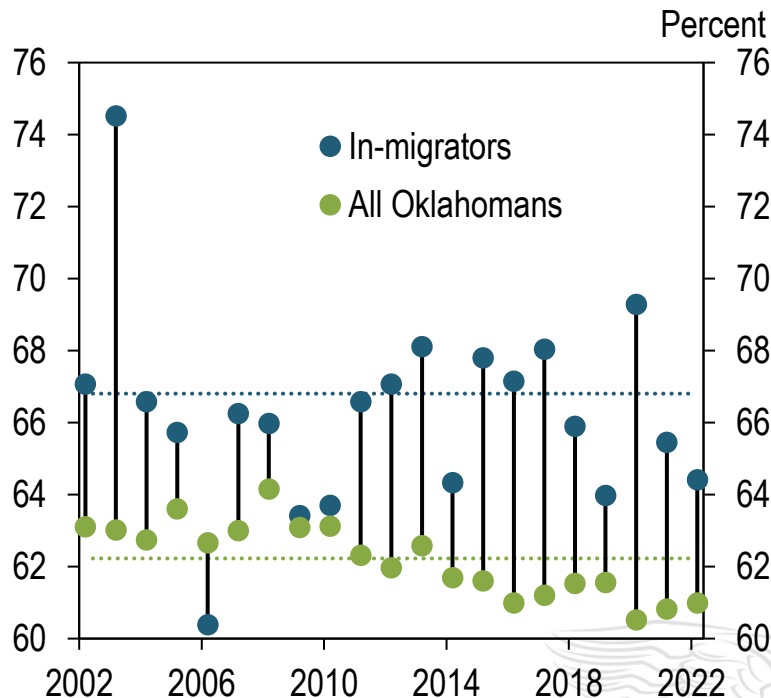


# Most new Oklahoma residents have been employed, and this has helped raise the state's labor force participation rate slightly

### Oklahoma Net Domestic Migration by Employment Status



### Oklahoma Average Labor Force Participation Rate

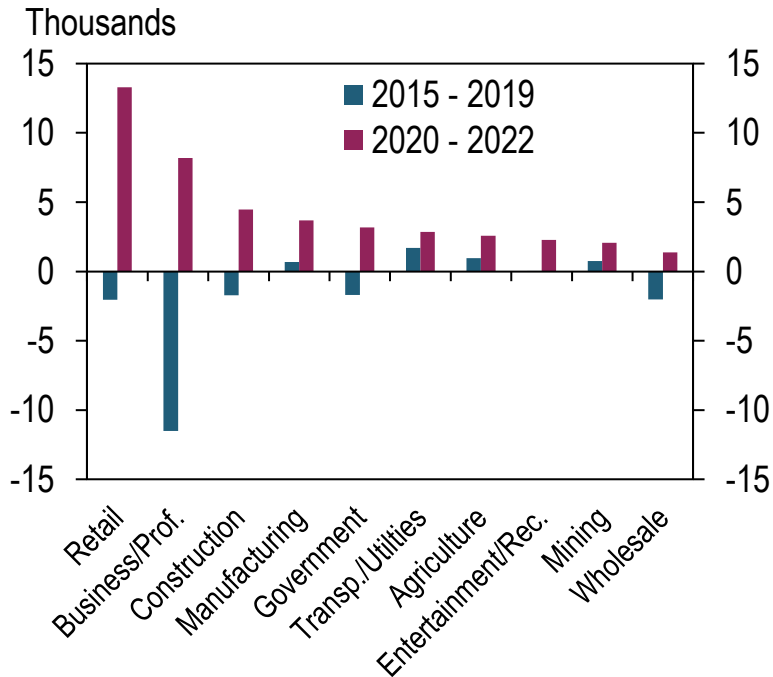


Note: Sample is limited to those age 25+ who reported employment status. Dotted lines in right chart indicate average rates.  
 Sources: ACS 1-year estimates/IPUMS USA, University of Minnesota, [www.ipums.org](http://www.ipums.org), authors' calculations

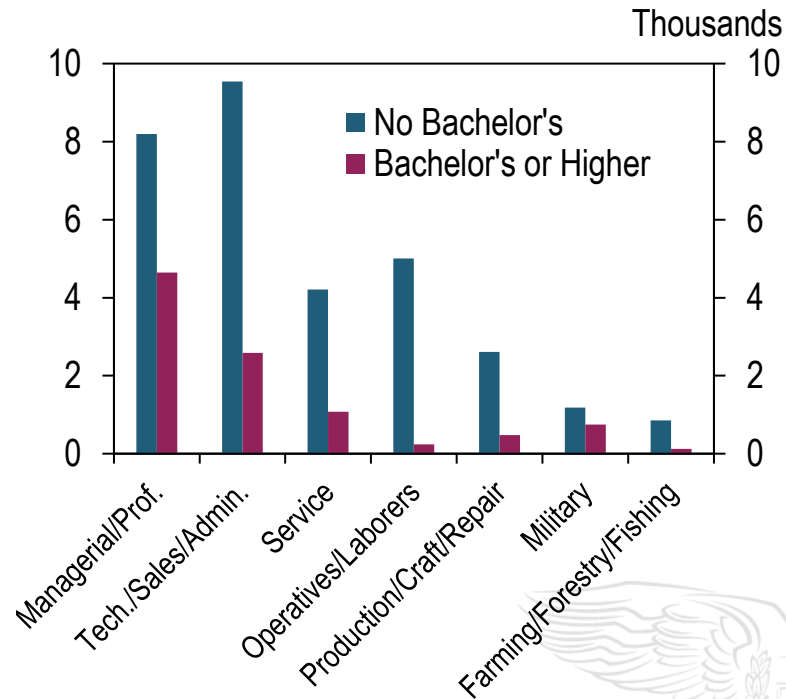
# All industries and occupations had a net gain of residents since 2020, reversing some previous trends, with sizable numbers of college grads

## Oklahoma Net Domestic Migration

### In-migration by Industry and Time Period



### In-migration by Occupation and Education, 2020 - 2022

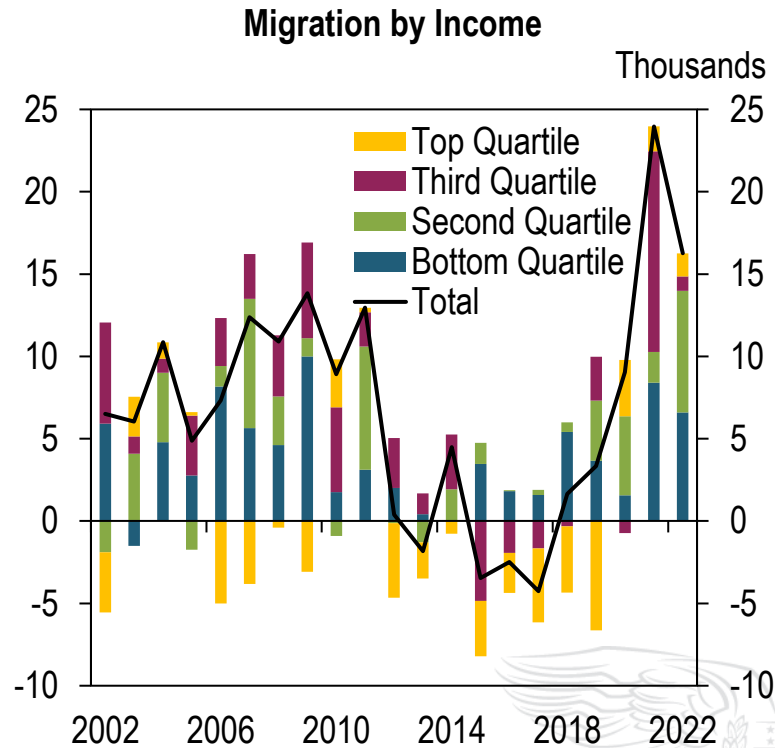
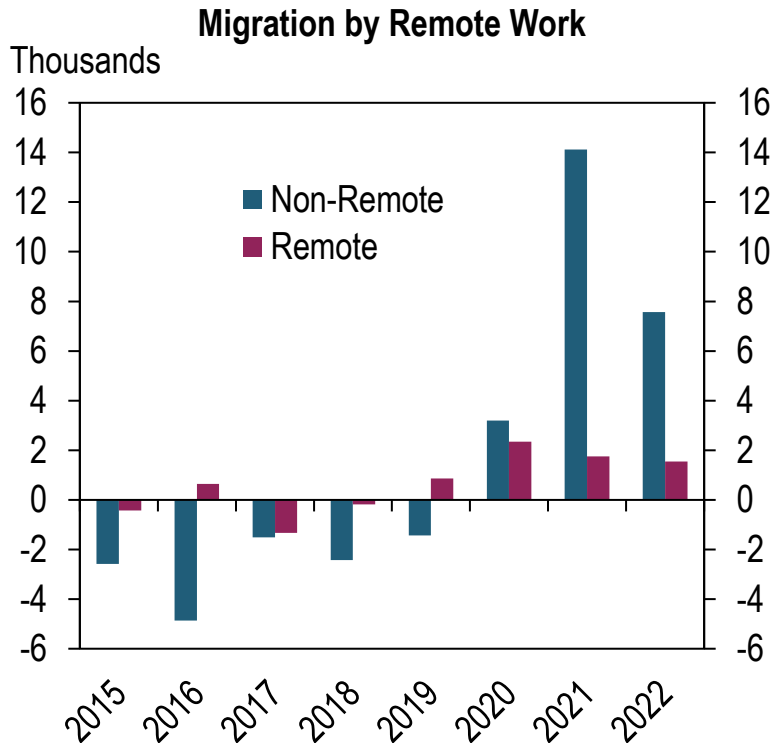


Note: Sample is limited to employed individuals age 25+.  
 Sources: ACS 1-year estimates/IPUMS USA, University of Minnesota, www.ipums.org, authors' calculations



# Remote workers were part of the gains since 2020, but not the driving factor, and Oklahoma also stopped losing high earners to other states

## Oklahoma Net Domestic Migration



Note: Sample is limited to individuals age 25+.  
 Sources: ACS 1-year estimates/IPUMS USA, University of Minnesota, www.ipums.org, authors' calculations



## Summary

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# Questions?

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